


Marketing Mzansi to South Africans

May, 2012

SA Tourism is the tourism marketing organisation of South Africa

South African Tourism is the official tourism marketing organisation of South Africa. We market across the world focusing on three groups of travellers – international leisure travellers, domestic and regional travellers who arrive by road, business tourists who travel to South Africa for conferences and incentives and those who travel to South Africa to attend events.

A key part of our business is to:

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

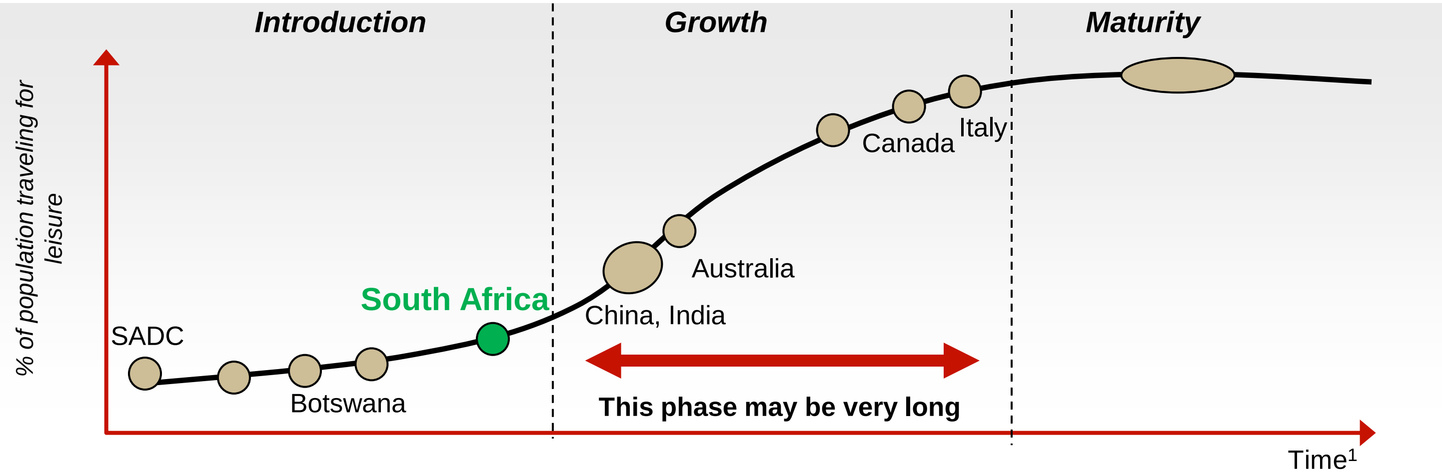
This booklet has been developed as a tool to assist in the marketing of domestic tourism in South Africa. It is based on various data sources including research conducted by SA Tourism in 2011 as part of the development of a new domestic tourism marketing strategy. Based on the information available, we have developed activation plans for this market. These plans are available from our office in Johannesburg (see address on back cover).

As the information in this booklet was sourced in the development of the marketing strategy, it does not include the latest data available on the domestic market. Current information on the domestic tourism market is available on our website www.southafrica.net/research.

Market Overview

South Africa is in the early stages of the tourism industry life cycle where most travel is purpose driven

Tourism Industry Life Cycle



		Introduction	Growth	Maturity
Market Symptoms	Consumer	• Uninformed, price insensitive, multi-purpose	• Seek information & opportunity; discover leisure	• Very informed, price sensitive, focus on leisure
	Product	• Very individualized • Status oriented	• Emergence of packages (seeking scale effects)	• Specialized packages
	Competitor	• Few • One-stop-shops	• Emerging specialization/focus	• High competition • Clear focus
	Channel	• Unsophisticated, isolated, experience based	• Integrate products; information/choice provider	• Specialization; information provider
Tourism Authority Actions	Marketing	• Combine with trade initiatives	• "Shout": get as many as you can	• Adapt trade and market to select segments
	Overall Strategy	• Develop positioning	• Facilitate scale effects (e.g., packages)	• Understand segments and select

Note: [1]The duration of the four phases of the life cycle may vary significantly; their graphical representation with equal distances may thus be misleading.
Source: Framework based on Michael Porter: Competitive Strategy, 1980, Chapter 8 (Industry Evolution)

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Country Overview

South Africa is the 26th largest economy in the world, with a GDP (PPP) of $527.5bn

Demographics (2010)

- **Area:** 1.2m square kilometres
- **Capital:** Pretoria (Administrative), Cape Town (Legislative), and Bloemfontein (Judicial)
- **Population:** 49.9 million
- **Population CAGR (2003–2010):** 1.06%
- **Population birth rate:** 21.33 (per ‘000)
- **Population death rate:** 13.9 (per ‘000)
- **Life expectancy at birth (Male):** 53.3 years
- **Life expectancy at birth (Female):** 55.2 years
- **Literacy[1]:** 89% (2007)

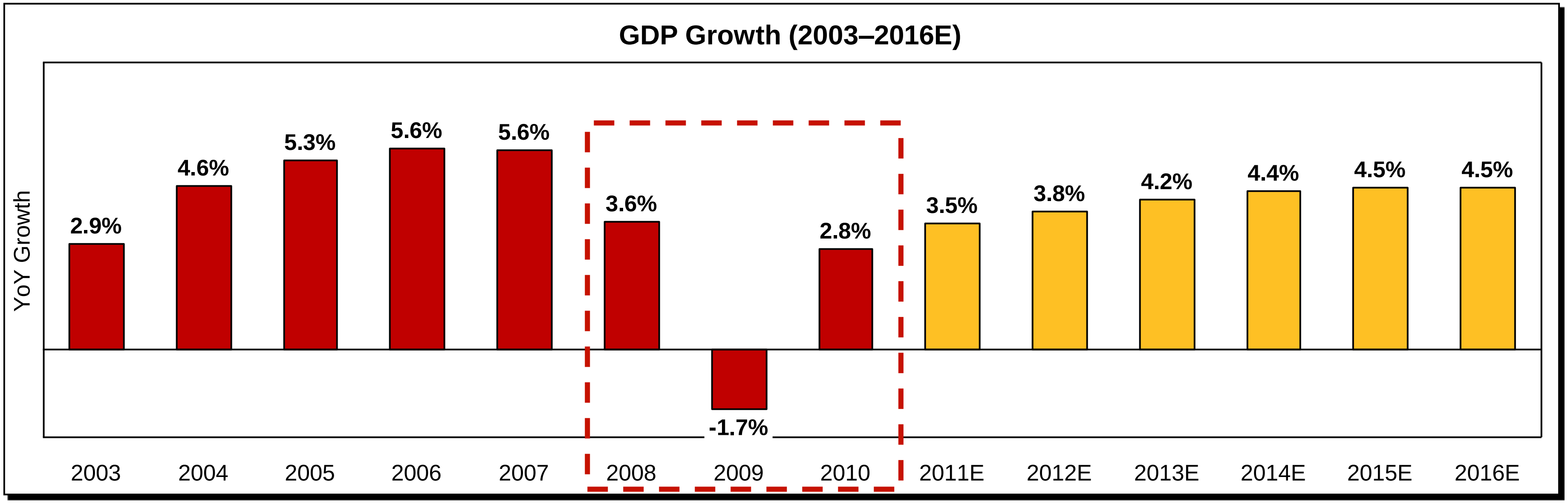
Key Economic Indicators (2010)

- **Currency:** Rand (ZAR), Symbol: R
- **GDP (PPP):** $527.5bn
- **GDP per capita[2]:** R36,730

Note: [1] Refers to the percentage of people above 15 years who can read and write short sentences, with understanding; [2] At constant prices
Source: Monitor/ Grail Analysis; “Mid-Year Population Estimates”, Stats SA, Jul 2010; “World Economic Outlook Database”, IMF, Apr 2011; “Gross Domestic Product; Fourth Quarter 2010”, Stats SA, Feb 2011; South Africa, CIA World Fact Book; IMF World Economic Outlook Database, April 2011

Economic Growth

The economy continues to grow, but not at the healthy rates experienced in the early 2000s, in part due to the global economic meltdown



Between 1993 and 2008, the South African economy experienced 62 quarters of uninterrupted expansion

The electricity crisis and resulting loadshedding by Eskom in 2008 added to price and interest rate pressures and the global financial crisis hit South Africa, leading to the country's first economic contraction in 17 years

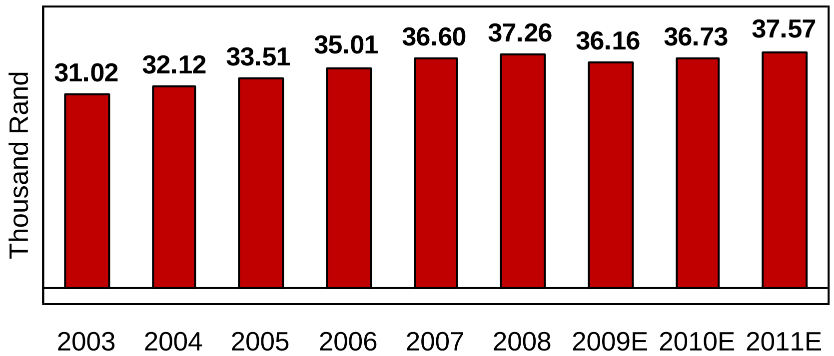
South Africa's economy returned to growth in the third quarter of 2009, ending three consecutive quarters of contraction. Economists are predicting continuing growth at the 3–4% level for the next few years

Source: Monitor/ Grail Analysis; IMF World Economic Outlook Database, April 2011; "South Africa: Economy Review", southafrica.info, "The South African Economy: A Review of 2008 and Outlook for 2009", Tendani Mantshimuli, Liberty Life; "Rand Strengthens after South Africa Reports End of Recession", Garth Theunissen, Bloomberg Nov 2009

GDP per Capita

Although South Africans are better off than they were in 2003, inequality remains a concern

GDP Per Capita[1] (2003–20011E)



Gini Coefficient[2] (2003–2008)

2003	2004	2005	2006	2007	2008
0.686	0.678	0.683	0.685	0.66	0.666

- South Africans are enjoying higher levels of prosperity, but inequality remains high
  - Wealthier segments of the population are experiencing income growth at a faster rate than those with lower income
- Although inter-racial inequality is declining slowly, intra-racial inequality among Black South Africans is on the rise

"From a policy point of view it is important to flag the fact that intra-African inequality and poverty trends increasingly dominate aggregate inequality and poverty in South Africa"

– Organisation for Economic Co-operation and Development

GDP per capita and the gini coeffecient must be considered in tandem as the GDP per capita does not always provide an accurate picture of how wealth is distributed within a population. A **gini coefficient of 0 is representative of a completely equal society** while a **gini coefficient of 1 represents a completely unequal society**. South Africa's Gini Coefficient is one of the highest in the world, with **Brazil's at 0.563[3] and China's at 0.415[3]**

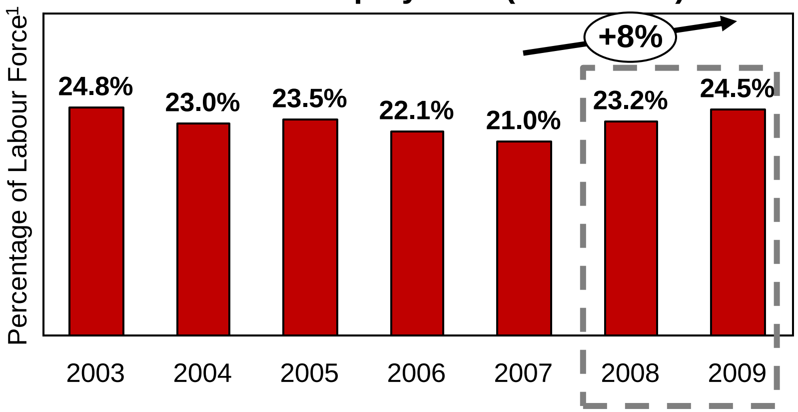
Note: [1] At constant 2005 prices, [2] Gini coefficient calculated based on AMPS data and published in The Presidency's Development Indicators Report, 2009; [3] 2005 World Bank figures

Source: Monitor/ Grail Analysis; IMF World Economic Outlook Database, Apr 2011; "Development Indicators 2009", The Presidency, Republic of South Africa; "South Africa: Inequality Not so Black and White", IRIN, Feb 2010; World Bank

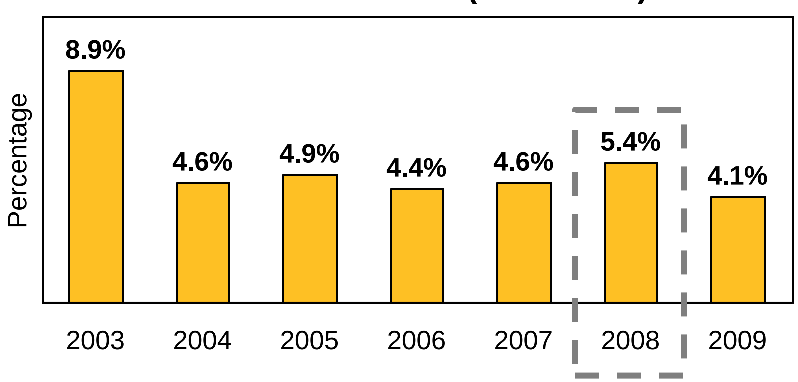
Effects of the Global Financial Crisis

Furthermore, South Africa was not immune to the global financial crisis, with unemployment reaching 2003 levels, and retail sales plummeting

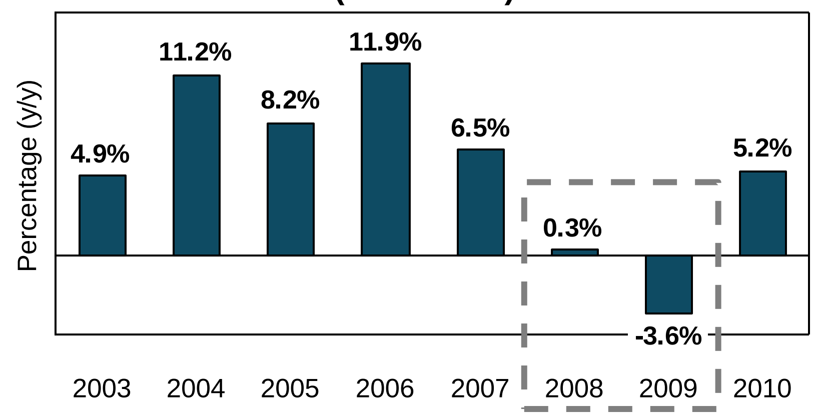
Rate of Unemployment (2003–2010)



Real Interest Rate (2003–2009)



South Africa Annual Retail Sales Growth (2003–2010)



- After three years in decline, **unemployment rose by 8% between 2007 and 2009**, with the South African economy losing over a million jobs during the recession
- In 2008, government **raised interest rates** in the hopes of controlling inflation, which reached a record high of 11.5%
- As a result, **consumer spending dropped dramatically**, a clear indicator of the effects of the global financial crisis on the South African economy

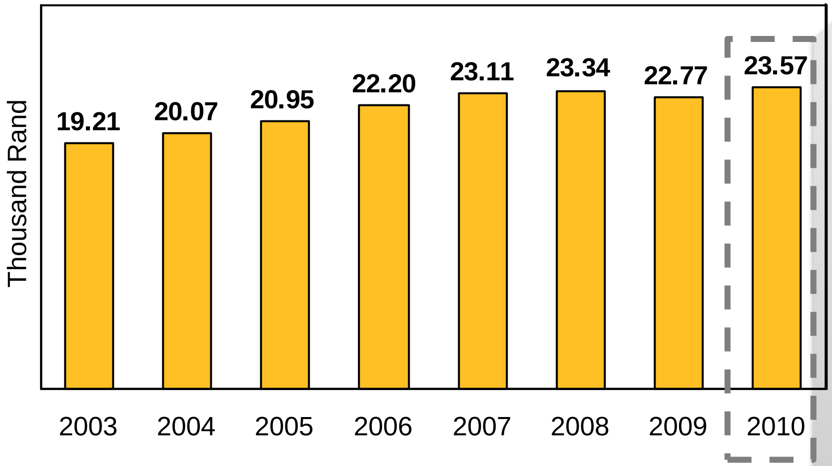
Note: [1] The labour force comprises people aged 15-64

Source: Monitor/ Grail Analysis; "Quarterly Labour Force Survey, Quarter 4, 2010", Stats SA, 2010; "Labour Force Survey: Historical Revision: 2000 to 2007", Stats SA, 2007; Stanlib Economic Focus, "SA Retail Sales Nov 2010"; The World Bank

Signs of Recovery — Overview

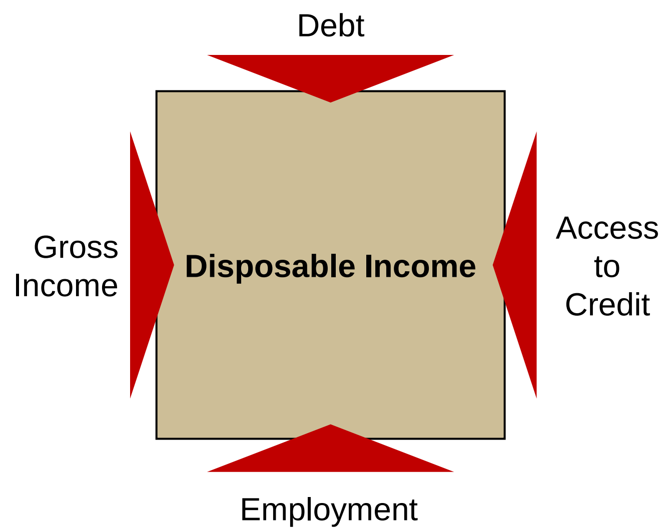
Fortunately, South Africa is now showing signs of recovery, with pressure on consumers starting to ease, as can be seen in rising levels of disposable income . . .

Disposable Income per Capita[1] at Constant Prices (2003–2010)



- The recovery from the global recession of 2008 to 2009 has been assisted by an increase in consumer spending
  - Household expenditure increased at an annualised 5.9% in Q3 of 2010
  - This increase in consumer spending is closely correlated to an increase in disposable income

MAJOR FACTORS INFLUENCING DISPOSABLE INCOME

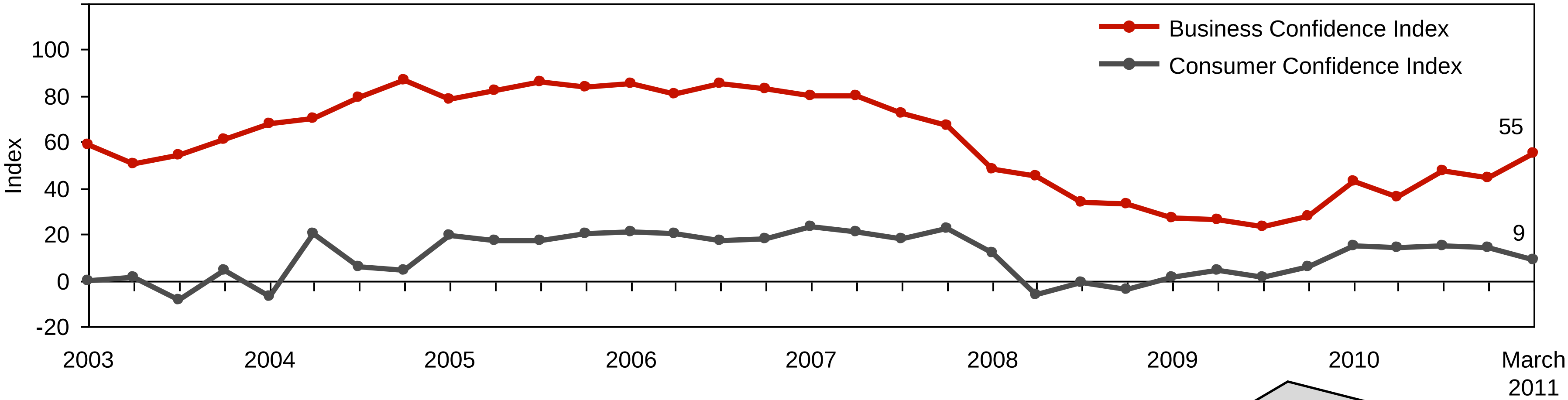


Note: [1] Constant 2005 Prices
Source: Monitor/ Grail Analysis; Reserve Bank, Quarterly Bulletin, Mar 2011; "South African Consumer Spending, Manufacturing Add to Recovery", Bloomberg, Dec 9, 2010

From the People's Perspective

Yet overall, the national mood is one of optimism about the future, with consumer and business confidence recovering from low levels during 2008 and 2009

Bureau for Economic Research Confidence Indices (2003–2011)



- South African business leaders are confident about the future of the country
  - 82% of South African CEOs are confident about their revenue growth prospects in 2011
  - 90% are committed to creating a skilled workforce in the country

There is an incredible sense of unity and patriotism among this generation (the youth). Their optimism about the future is also reflected in their number one career choice being to 'open my own company'"

– Jason Levin, MD of HDI Youth Marketeers

Note: The business confidence index varies between 0 and 100. A value of 50 is indicative of neutrality, 100 indicates extreme confidence and 0 indicates extreme lack of confidence. Consumer confidence is expressed as a net balance. The net balance is derived as the percentage of respondents expecting an improvement less the percentage expecting a deterioration

Source: Monitor/ Grail Analysis; Bureau for Economic Research; "Top 'Cool' Brands Selected by Generation Next", Biz Community, May 31, 2010; "14th Annual CEO Survey — 2nd South African Edition", KPMG, 2010

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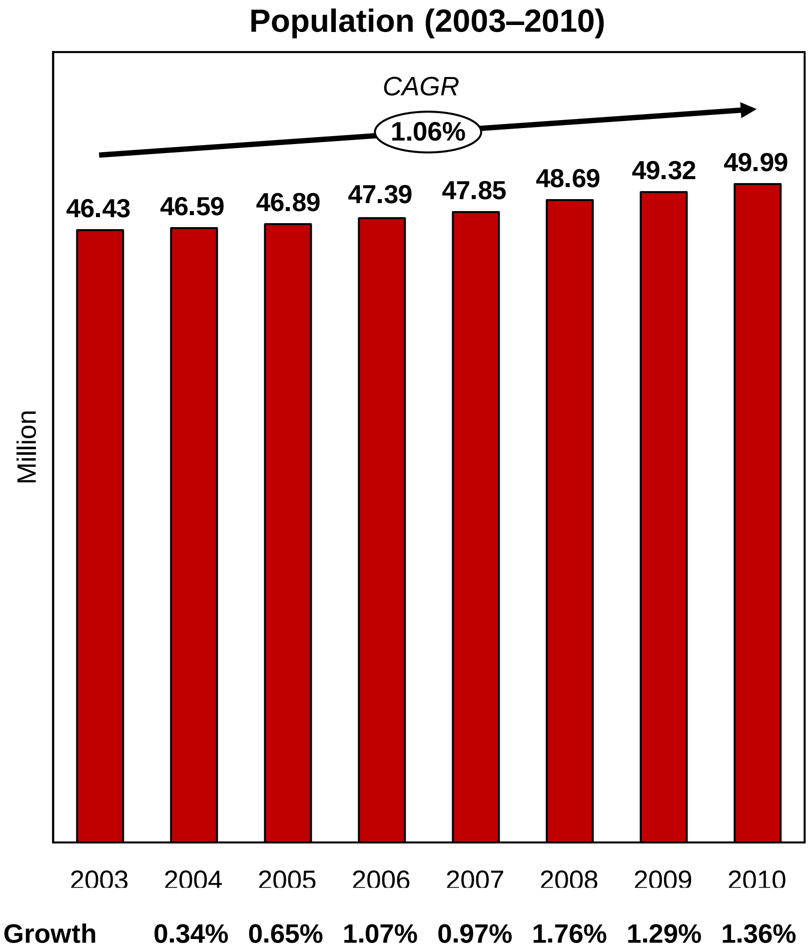
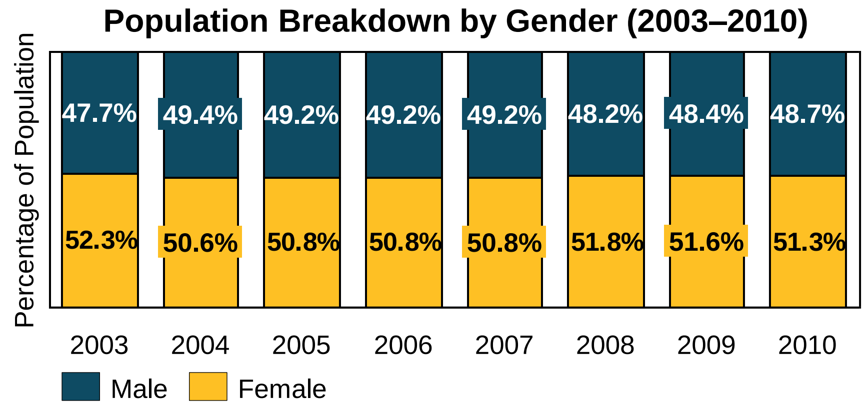
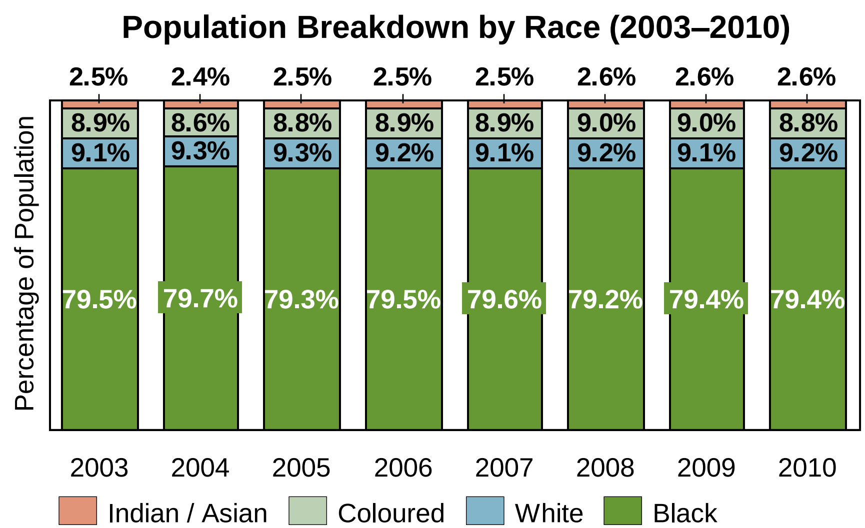
Population Overview (1/2)

South Africa's population has grown gradually over the last 8 years, with both the race and gender composition remaining relatively consistent





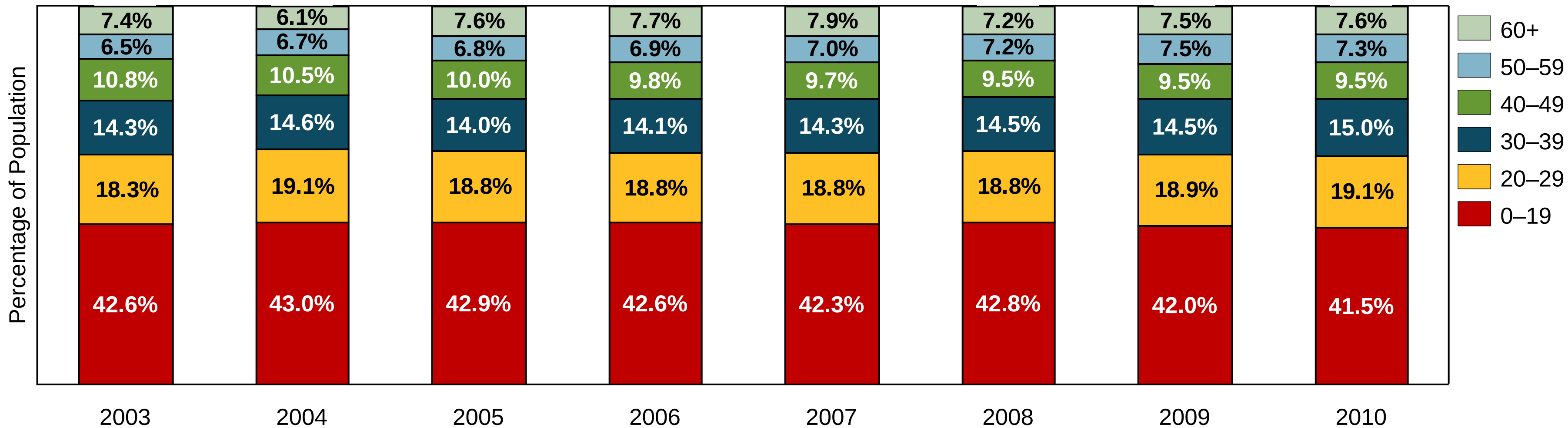


Source: Monitor/ Grail Analysis, Stats SA Mid-Year Population Estimates 2003–2010; IMF World Economic Outlook database, Apr 2011

Population Overview (2/2)

Although South Africa's population is still dominated by those aged 0–19, there has been a decline in that age group between 2003 and 2010, with growth in the 20–29 and 30–39 year old groups

Population Breakdown by Age (2003–2010)



KEY DATA

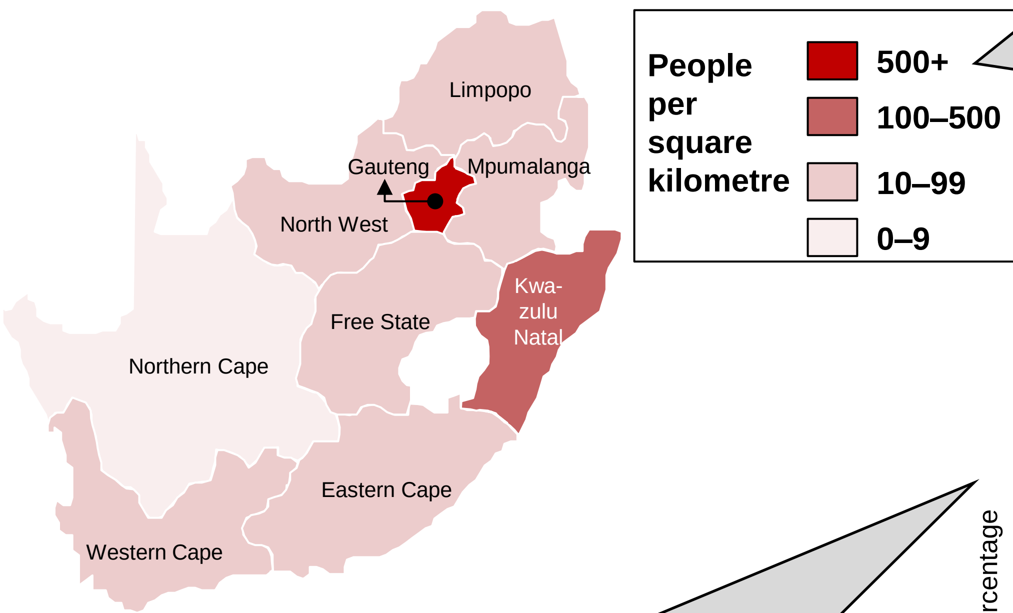
- The **average age** of the population is **estimated at 24.9 years**
  - One of the lowest in the world (world average is 29.1 years) and lower than most large emerging economies (e.g., BRIC countries)
- With 68% of the population younger than 35 years of age, the **youth has the potential to contribute strongly to economic growth in the coming years**

Source: Monitor/ Grail Analysis; "Mid-Year Population Estimates", Stats SA, for respective years from 2003–2010; "Quarterly Labour Force Survey, Quarter 4, 2010", Stats SA, 2010; "Labour Force Survey: Historical Revision: 2000 to 2007", Stats SA, 2007; Stanlib Economic Focus, "SA Population is the Youngest in the World"

Population Overview (2/2)

Unsurprisingly, Gauteng is the most densely populated province in South Africa as more and more of the population urbanises

Population Density by Province[1] (2010)

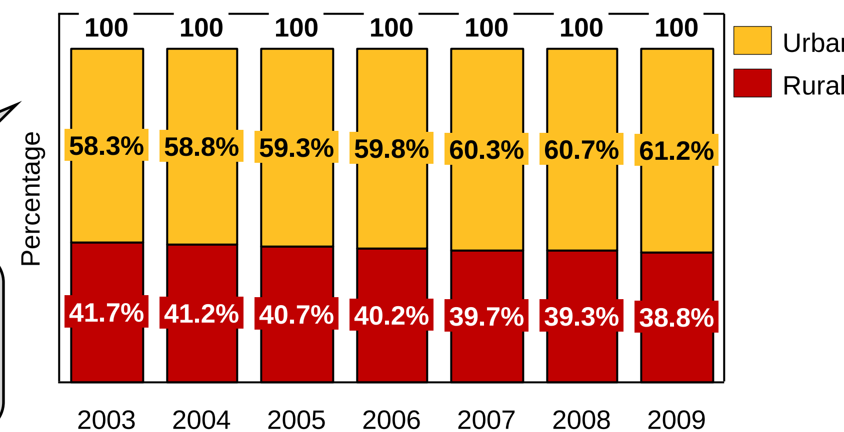


Population density in **Johannesburg is 2,194 people per square kilometre**, compared with **20,925 in suburban Mumbai**, 1,195 in Beijing and 5,266 in Rio de Janiero

"South Africans are consistently on the move in search of employment and a better life"

– FutureFact, 2007

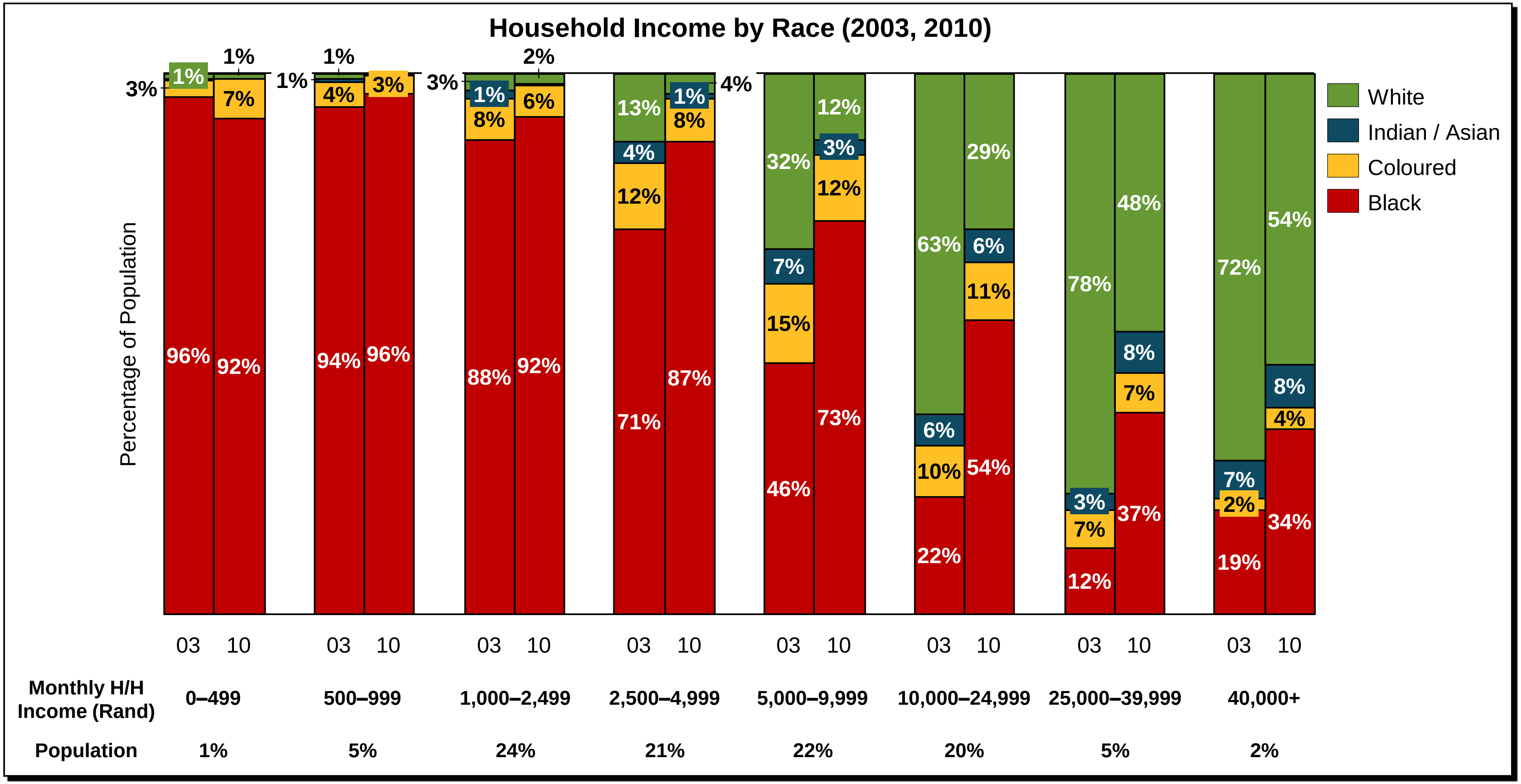
Urban / Rural Nature of the Population (2003–2009)



Source: Monitor/ Grail Analysis; World Bank; "Draft Funding Model for Ward Committees", Department of Provincial and Local Government: South Africa, Jun 2008; Census India, China Daily and Beijing Stats; Brazilian Institute of Geography and Statistics; CIA World Fact Book, South Africa, GCIS Communication and Project Management Unit

Income

From an income perspective, Black South Africans feature more prominently in middle- and high-income groups than they did in 2003



Source: Monitor/ Grail Analysis; AMPS 2003 and 2010, South African Advertising Research Foundation

Income

However, the average annual income of Black South Africans is still only about half that of the national average

Percentage of Total Household Income and Average Income by Race (2005–2006)

	Black	Coloured	Indian / Asian	White	South Africa
% of Total H/H Income	41.2%	8.7%	4.8%	45.3%	**100%**
Average Annual Income (Rand)	37,711	79,423	134,543	280,870	**74, 589**

Mean Household Income by Province (2005–2006)

South Africa's Average 74.6

Mean Household Income (Thousand Rand)

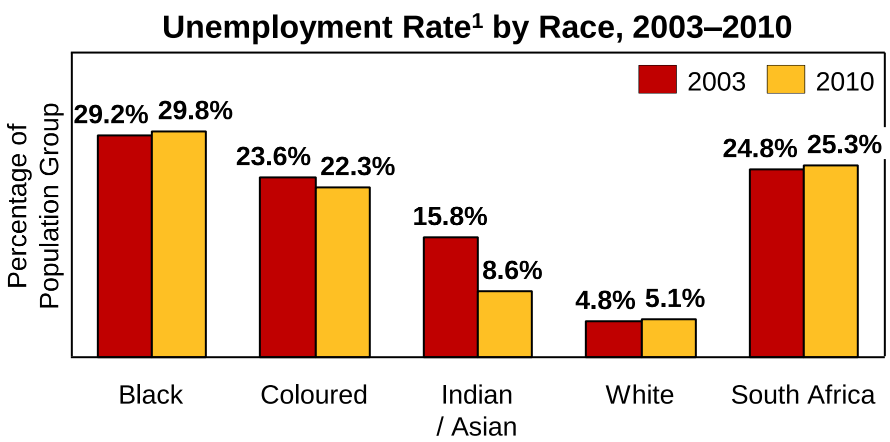
100+ **50–100** **0–50**

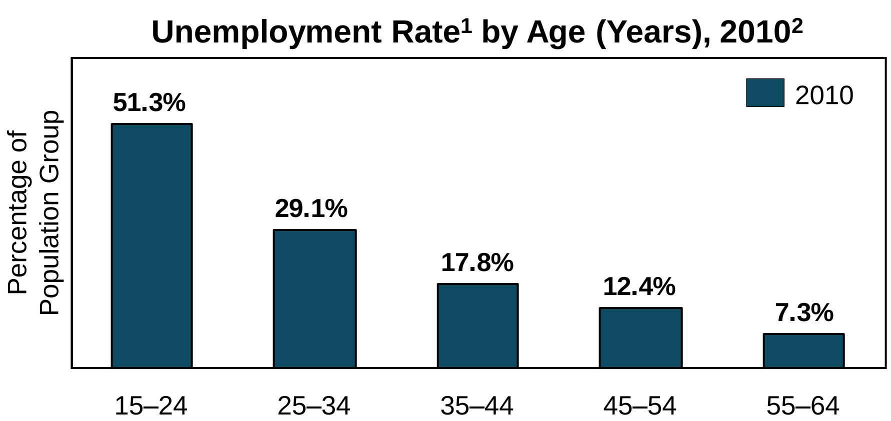
Gauteng and the Western Cape are South Africa's wealthiest provinces, while provinces containing former homelands (such as Limpopo and the Eastern Cape) have a much lower income profile

Source: Monitor/ Grail Analysis; "Income and Expenditure of Households 2005/2006", Stats SA, Mar 2008; "Income and Expenditure of Households: 2005–06", Stats SA, Mar 2008; "Draft Funding Model for Ward Committees", Department of Provincial and Local Government: South Africa, Jun 2008

Unemployment

In addition, 30% of South Africa's Black population was unemployed in 2010. Unemployment is particularly high in younger South Africans, constraining their potential as key contributors to economic growth





KEY DATA

- Unemployment rose from 24.8% to 25.3% between 2003 and 2010
  - Interestingly, **unemployment declined among Indian / Asian** and **Coloured** population groups during this time
  - Worryingly, 51.3% of South Africans aged 15–24 are unemployed
    - If South Africa is to take advantage of its young population to spearhead economic growth, unemployment at this level must remain a key priority

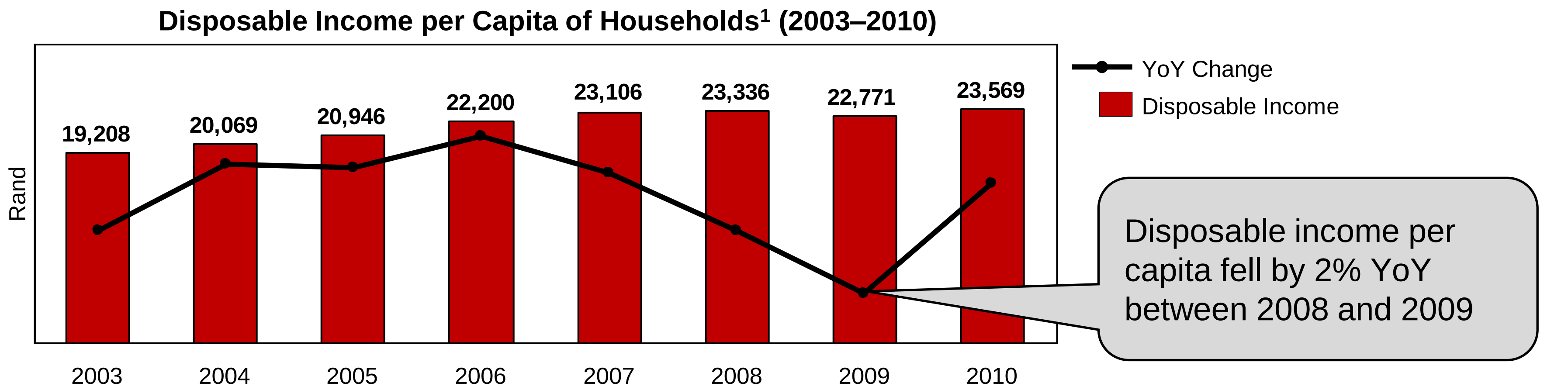
". . . Youth could give South Africa the competitive advantage that would see the economy emulate the economic successes of South Korea, Singapore and Japan"

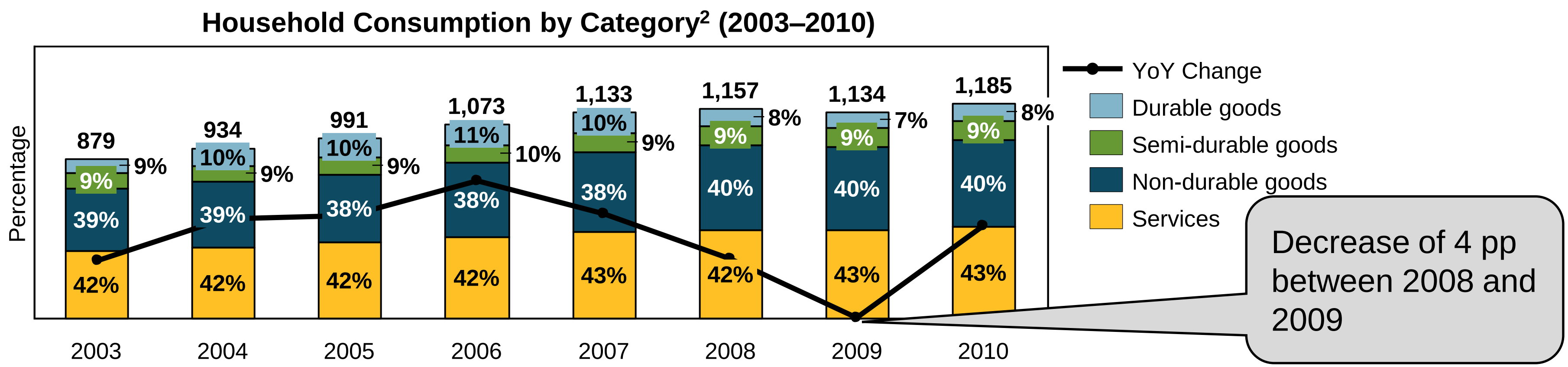
– Crispin Sonn, Old Mutual

Note: [1] Unemployment rate is the proportion of the labour force (those aged 15-64) that is unemployed [2] Based on unrevised figures from Stats SA
Source: Monitor/ Grail Analysis; "Quarterly Labour Survey", Stats SA, for Q3 of respective years

Consumption Habits & Trends

Consumer consumption has been affected by the economic downturn, with total household expenditure dropping 4 percentage points between 2008 and 2009

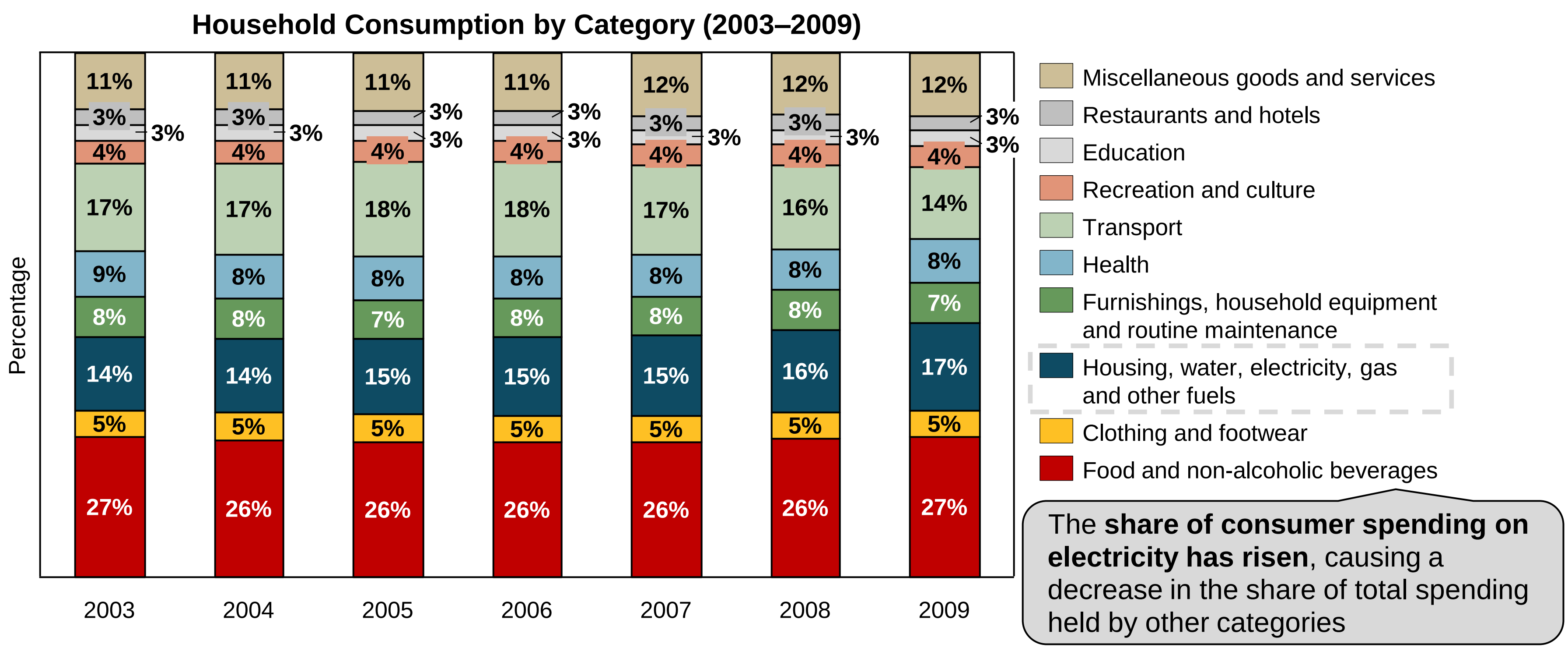




Note: [1] Disposable Income stated at constant 2005 prices; [2] Household consumption stated at constant 2005 prices
Source: Monitor/ Grail Analysis; "Quarterly Bulletin", South African Reserve Bank, Mar 2011

Consumption Habits & Trends

However, the composition of consumer spending has not changed dramatically. A 2010 Neilsen study showed that consumers were spending less on discretionary items such as restaurants and clothing . . .

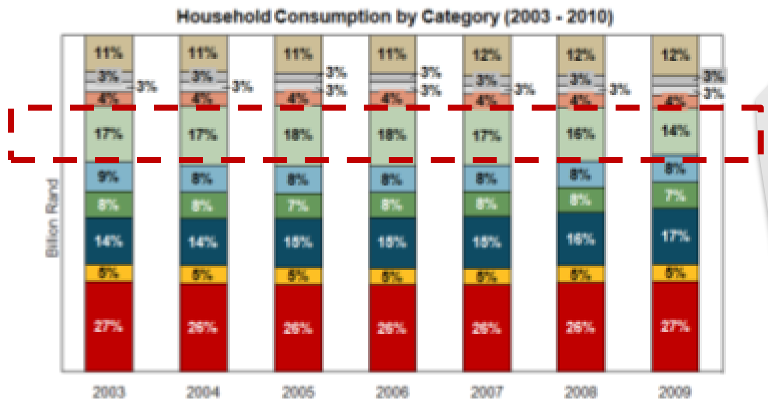


- According to the Nielsen Global Consumer Confidence Survey of Q4, 2010 **consumers are displaying cautious spending patterns**
  - South African consumers eat less takeaway meals, have cut down on out-of-home entertainment, are spending less on new clothes, and are switching to cheaper grocery brands

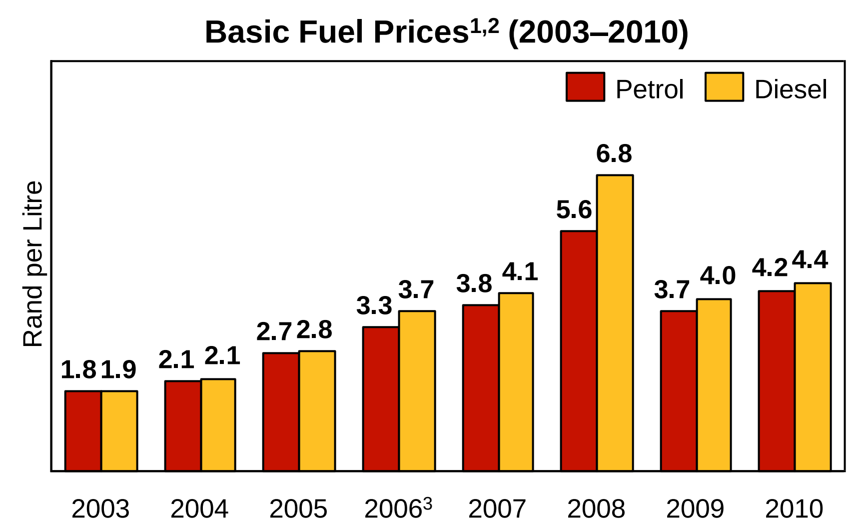
Note: [1] Disposable income values at current prices with percentage change based on constant 2005 prices
Source: Monitor/ Grail Analysis; "Individual Consumption Expenditure of Households at Current Prices", UN Data; "Consumer Confidence in South Africa Dipped 3 Points in Fourth Quarter of 2010 compared to Q3 2010", Nielsen, Jan 24, 2011

Consumption Habits & Trends

. . . and, despite the soaring fuel prices, consumers spent less on transport in 2009 than they did in previous years



Given the limitations of the public transport system, it isn't an automatic alternative to save on transport; South Africa's reliance on road transport also means that rising fuel prices have a knock-on effect on commodity and other prices



- South Africa is a net importer of oil and adjusts its fuel price each month to account for changes in the rand exchange rate, the international oil price and government levies
- Consumer petrol prices reached above the R10/l mark in May 2011

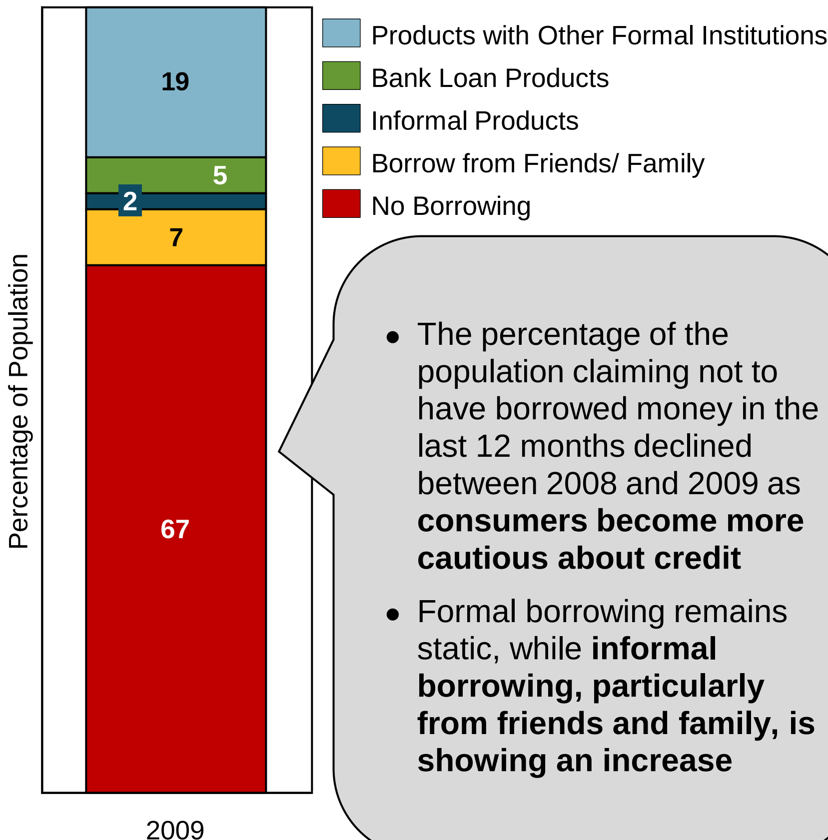
Note: [1] Fuel price (In bond landed cost) for Petrol 93 Unleaded and Diesel (0.05% Sulphur) have been taken. We have arrived at annual average price by taking the average of the monthly average prices; [2] Basic Fuel price (BFP), is based on what it would cost a South African importer to buy petrol from an international refinery and to transport the product onto South African shores; [3] Petrol prices were not classified into leaded and unleaded

Source: Monitor/ Grail Analysis; Department of Energy, Republic of South Africa; "How Fuel Prices are Calculated in South Africa", SASOL

Consumption Habits & Trends

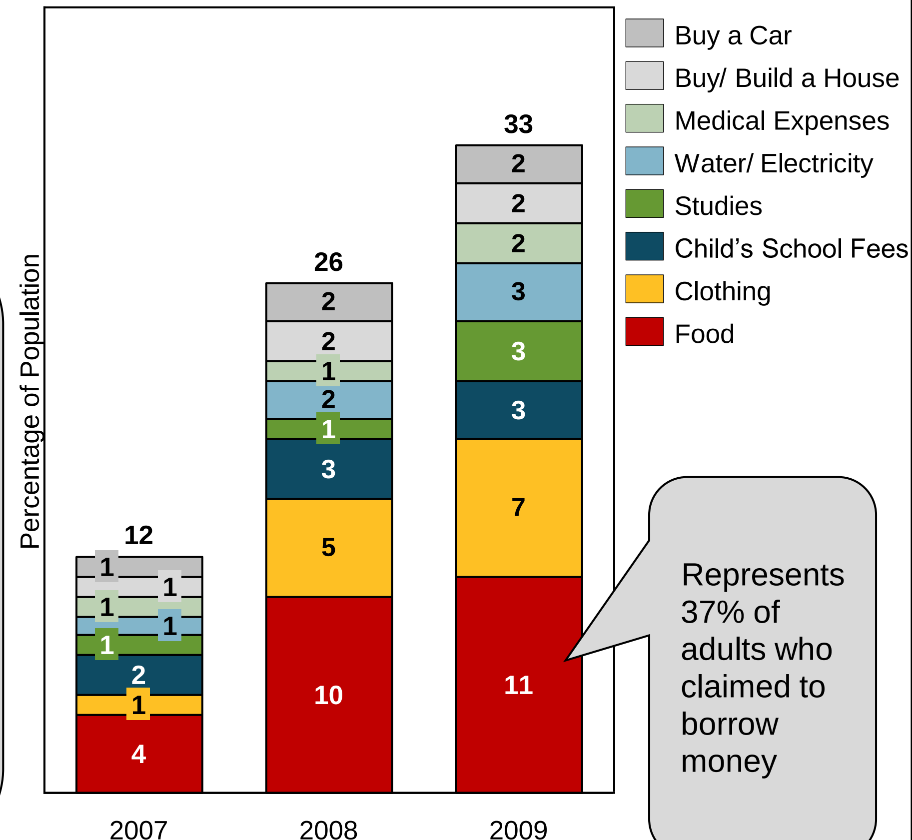
Interestingly, despite a decline in the use of credit, an increasing number of consumers claim to be using credit to sustain short-term consumption such as for buying food and clothing

Consumer Borrowing Behaviour (2009)



- The percentage of the population claiming not to have borrowed money in the last 12 months declined between 2008 and 2009 as **consumers become more cautious about credit**
- Formal borrowing remains static, while **informal borrowing, particularly from friends and family, is showing an increase**

Top 8 Reasons for Borrowing Money (2007- 2009)



Represents 37% of adults who claimed to borrow money

Source: Monitor/ Grail Analysis; FinScope Findings 2009, 2007, 2006

Technology Habits & Trends — Mobile Phone Usage

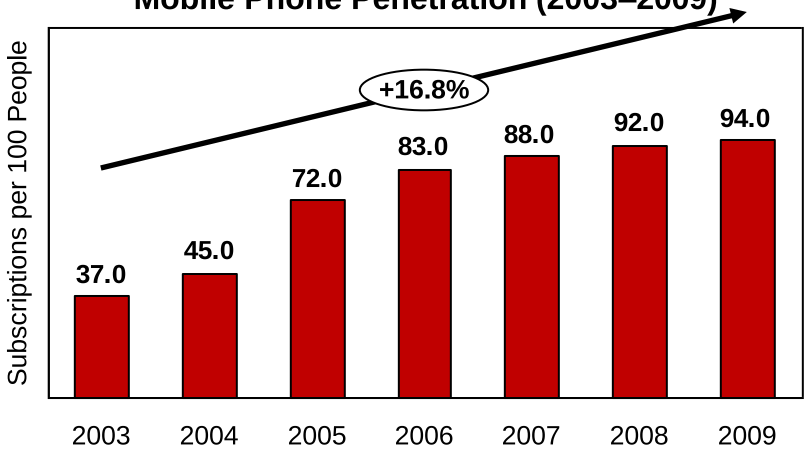
Mobile phone usage continues to grow rapidly, with the penetration rate in 2009 ~2.5 times greater than it was in 2003

- **4th fastest GSM market in the world** in terms of penetration growth
- **70% of the population owns a personal mobile phone[1], this figure is lower than the number of subscribers:**
  - Some people in lower income communities **share handsets**
  - Many **prepaid users have a SIM card for each major network** to avoid interconnection charges
    - In 2009, one third of South African mobile phone users had more than one SIM card
- **Penetration of Smartphones is growing rapidly**: ~16% in 2011, expected to reach 80% by 2014
  - Driven by low-cost Smartphones: **2 million purchase orders for the IDEOS by Huawei** retailing at USD150

"...Cell phones have become the most easily accessible and convenient way of offering services to remote areas"

– Len Pienaar, FNB

Mobile Phone Penetration (2003–2009)



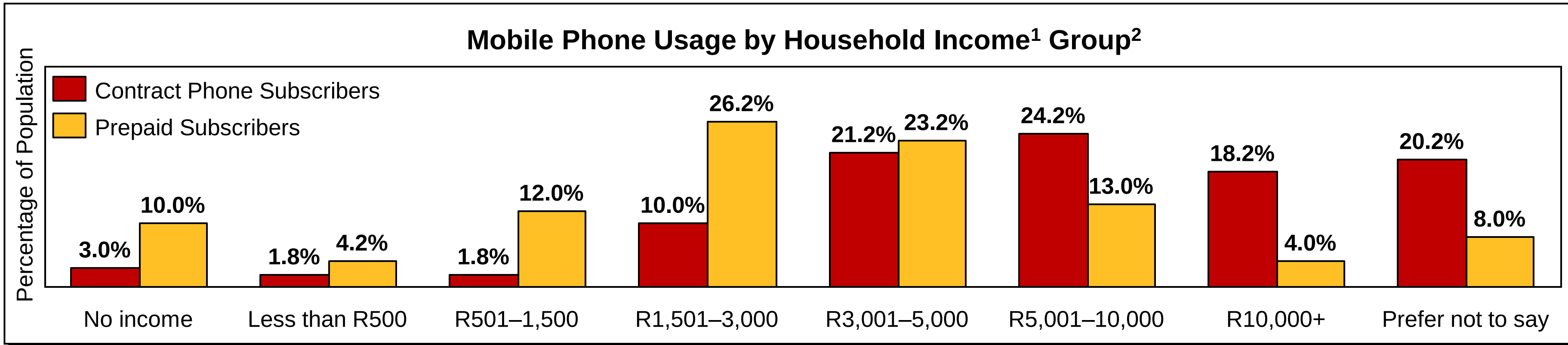
	2003	2009
Brazil	25.5	89.8
Russia	25	162.5
India	3.2	45.4
China	21	56.1

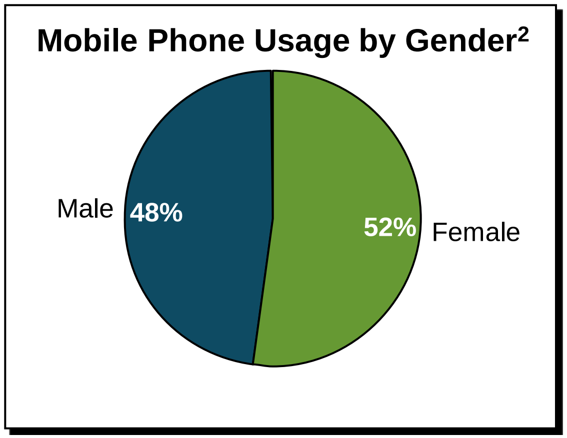
South Africa has the 2nd highest penetration among BRICS markets after Russia

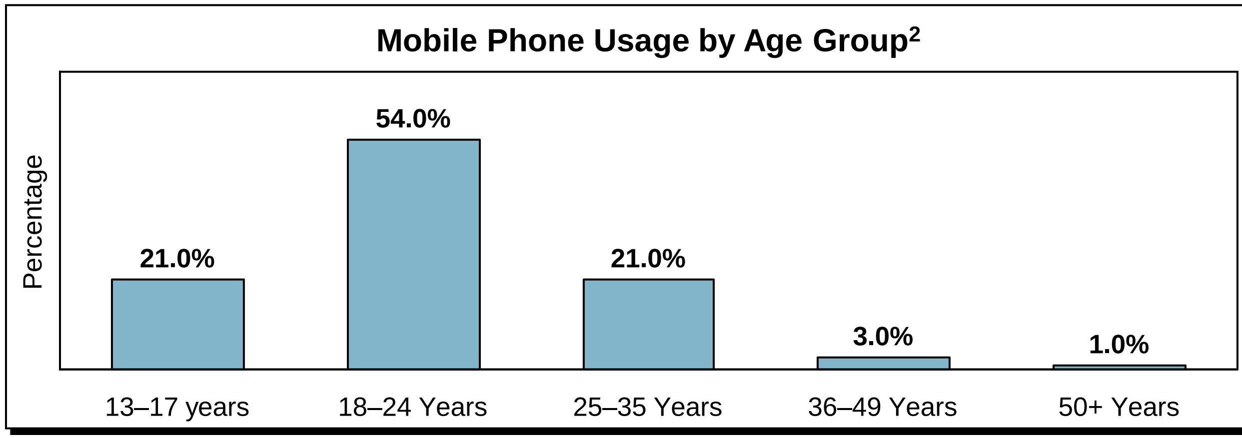
Note: [1] According to AMPS Survey 2009, [2] According to a study done by Synovate and reported in an article in May 2010
Source: Monitor/ Grail Analysis; "Burgeoning Telecoms Market", South Africa.info, Apr 28, 2009; "'Mobile Is My Soul': More About Cell Phones in the South of Africa", e-Literate, May 22, 2010; "Internet and Online Media Usage on Mobile Phones among Low-Income Urban Youth in Cape Town", Centre for Film and Media Studies: University of Cape Town, May 20–21, 2009; "S. African Cell Phone Penetration Could Double-MTN", Reuters, Mar 14, 2007; Mobility 2009 Study; "SMS and Smartphones", My Broadband, Feb 2011; " What Would a Sub-$100 Smartphone Mean for Africa?", Africa Report, Nov 2010

Technology Habits & Trends — Mobile Phone Usage

The use of mobile phones is more prevalent among the younger population, with around 54% falling in the age-group 18–24 years





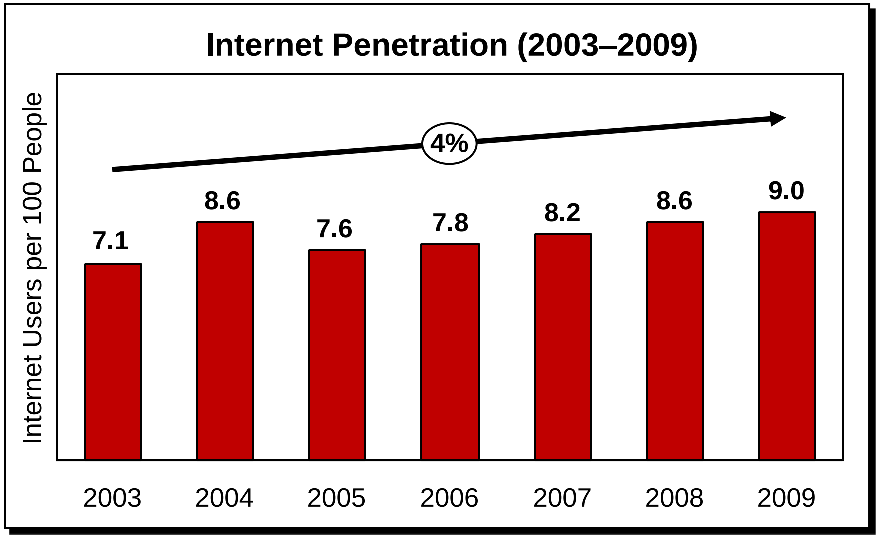


Note: [1] Figures have been taken from a graph published in a report dated Jun 2006, by using Scanit; [2] Data based on the preliminary findings of a survey conducted on the MXit platform

Source: Monitor/ Grail Analysis; "The Use of Mobile Phones by Generation Y", Unisa, Jun 2006; "Mobile Phone Users in South Africa", RLabs, Feb 01, 2011

Technology Habits & Trends — Internet Usage

Between 2003 and 2009, internet penetration also grew steadily as South Africans increasingly use their mobile phones to access the internet



Internet penetration is low compared to leading economies (e.g., USA — 78/100 people), **but penetration is high compared to other Sub-Saharan Africa countries** (e.g., Namibia — 6/100 people)

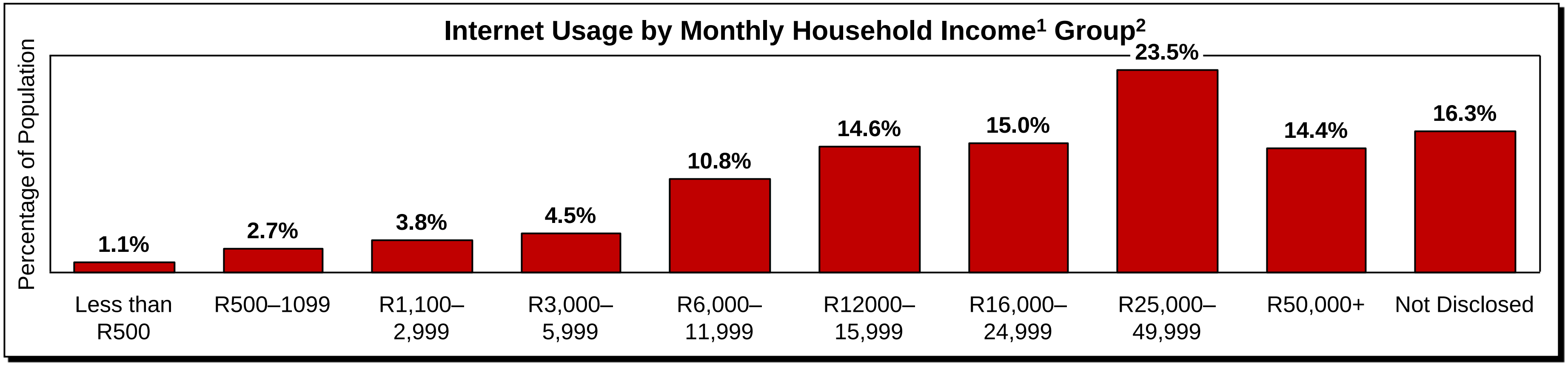
KEY TRENDS

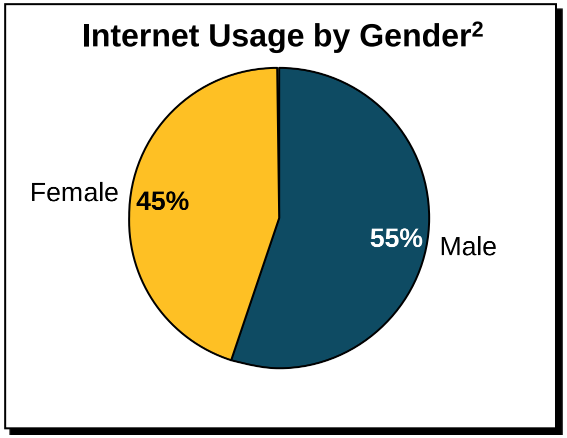
- **Black consumers accounted for the largest share amongst internet users** with 46%, followed by Whites (37%), Coloureds (10%), and Indians (7%)
- **Increasing popularity of broadband internet:**
  - Broadband users grew by more than 50% between 2008 and 2009
- **Mobile phones as a platform for accessing the internet:**
  - There are at least 6 million South Africans who can now access Internet on their phones
  - 39% of urban South African mobile phone users and 27% of rural users browse the internet using their phones
  - Amongst urban users, the mobile e-mail penetration rate increased from 10% in 2009 to 27% in 2010; for rural users the figures went from almost nil to 12%

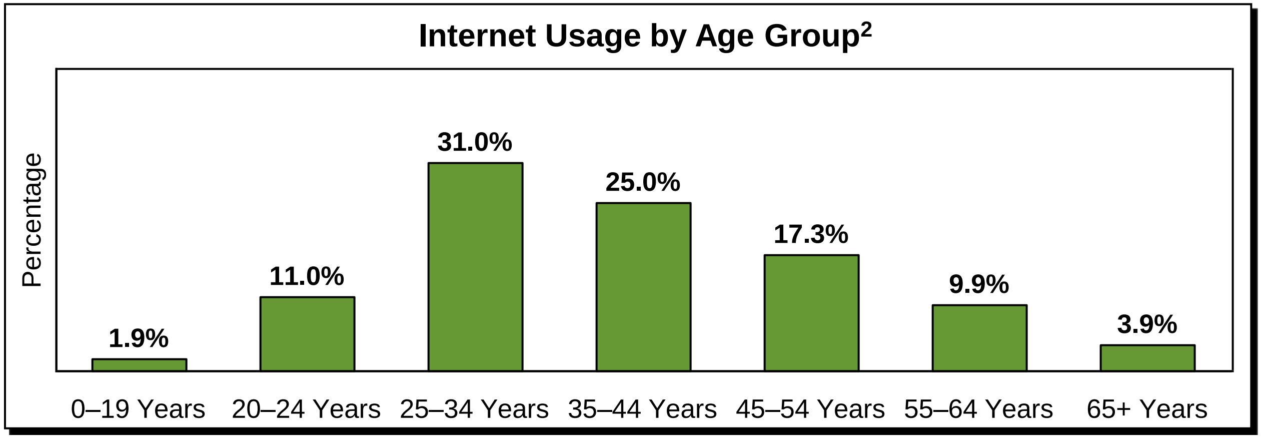
Source: Monitor/ Grail Analysis; The World Bank; Internet World Stats; “SA Internet Turnaround Has Begun”, South Africa.info, Dec 08, 2011; “New Undersea Cable to Double South Africa Internet Capacity”, The New Age, Apr 20, 2011; “Broadband Speeding Ahead”, World Wide Worx; “Internet Access to Double by 2014”, South Africa.info, Mar 26, 2009; “Blacks Take the Lead in Internet Use”, Times Live, Apr 2011; “SA Cell Phone Users Embrace Internet”, World Wide Worx, Feb 2011

Technology Habits & Trends — Internet Usage

Internet penetration is higher among the younger population of South Africa, with more than 50% of the internet users falling in the age group of 25–34 years







Note: R Refers to monthly personal income for all household members combined, including tax; [2] Statistics as reported in an article published in Jun 2010, from a survey conducted by Nielsen
Source: Monitor/ Grail Analysis; "South African Internet Demographics", MyBroadband, Jun 01, 2010

Technology Habits & Trends — Social Media

In recent years, South Africans have also become increasingly engaged with social media such as Facebook, Twitter, LinkedIn and Mxit...

"Mxit was the most popular service on cell phones and was used by 24% of cell phone users, while Facebook attracted 22% of cell phone users"

– Arthur Goldstuck, World Wide Worx

Facebook

- In Dec 2010, there were ~3.5 million Facebook users in South Africa
  - Growth rate of 9%
- According to Alexa, Facebook is the **2nd** most popular website in South Africa after Google
- Average age of users in South Africa is 33 years

Twitter

- Number of active users ~55,000[1]
- According to Alexa, Twitter is the **7th most visited website in South Africa**
- Average user in South Africa is 31 years old and lives in a major city such as Cape Town (33% of users) or Johannesburg (31.1% of users)

Mxit

- Penetration rate of **29% of internet users in South Africa**, making Mxit **one of the country's most popular social networking platforms**
- **Average age** of people using Mxit is **lowest amongst the social networking applications at 27 years**

LinkedIn

- According to Alexa, LinkedIn is the **11th most visited website in South Africa**
- Mostly popular among people in the age group of **35–54 years**
- Majority of LinkedIn users are from the Sales, Operations and Information Technology industries

Note: [1] According to a report published in 2010; [2] World Wide Worx is an organisation engaged in conducting studies on trends in information technology and telecommunications in South Africa It was the first organisation that developed benchmarks for website usability and strategy for the country

Source: Monitor/ Grail Analysis; "Internet Use on Cell Phones Surges in SA", Mail & Guardian online, Feb 02, 2011; "SA Twitter Report", Fuseware, 2010; Alexa Internet, Inc; "LinkedIn Statistics", Chess Plains Coaching, Jan 19, 2011; "Social Networking in South Africa", MyBroadband, Jan 25, 2010; Alexa Internet, Inc; "Mxit", Myquestions

Technology Habits & Trends — Most-Visited Websites

. . . and social media make up five out of the top 10 visited websites in South Africa as of January 2010

Top 10 Websites in South Africa Jan 2010

1	Google	Search engine	6	Gumtree	Online classifieds
2	facebook	Social media	7	twitter	Social media
3	YAHOO!	Web portal	8	Blogger	Social media
4	YouTube	Social media	9	news 24	News portal
5	Wikipedia The Free Encyclopedia	Social media	10	Windows Live	Search engine

Source: Monitor/ Grail Analysis; http://www.alexa.com/topsites/countries/ZA

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Key Indicators

Many of the key indicators for domestic tourism were down from 2009 levels in 2010. However, when looking at a more longitudinal picture, number of travellers and spend per trip and per day are actually up

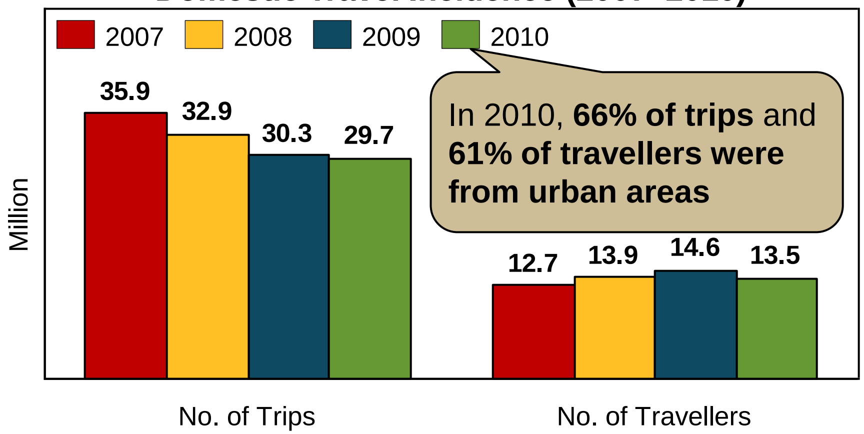
	2007	2008	2009	2010	2007 vs. 2010 Change
No. of Trips (Million)	35.9	32.9 ↓	30.3 ↓	29.7 ↓	↓
No. of Travellers (Million)	12.7	13.9 ↑	14.6 ↓	13.5 ↓	↑
Percentage of Adult Population	43.5%	46.5% ↑	47.6% ↑	43% ↓	↓
Expenditure on Domestic Travel (Billion Rand)[1]	20	23.5 ↑	18.3 ↓	16 ↓	↓
Average Spend per Trip[1]	R550	R716.8 ↑	R611.4 ↓	R560 ↓	↑
Average Spend per Day[1]	R120	R156.2 ↑	R144.1 ↓	R126.8 ↓	↑
Total Annual Bed Nights (Million)	157.8	149 ↓	128.4 ↓	130.8 ↑	↓
Average Nights per Trip	4.4	4.5 ↑	4.2 ↓	4.4 ↑	

Note: Arrows show year on year change; [1] Figures were recorded as nominal values and have been re-calculated here based on the CPI for each year to show constant 2007 prices
Source: Monitor/ Grail Analysis; "Highlights of Tourism's Performance in 2010", SAT 2010; "Domestic Tourism 2008 Performance", SAT, Jul 2009

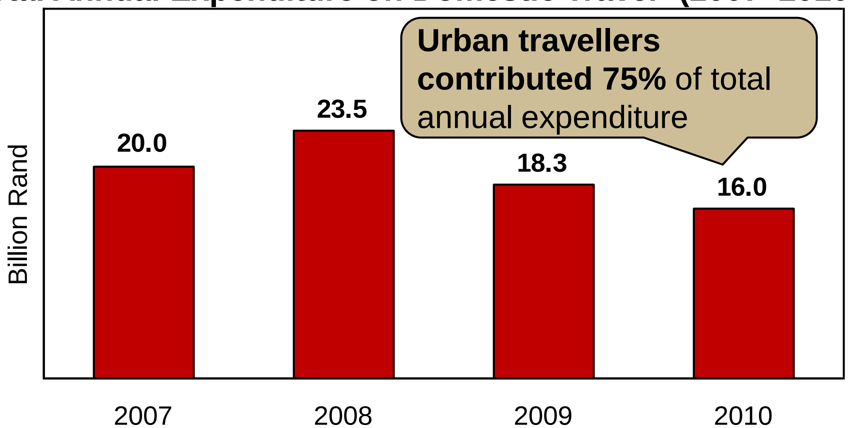
Overview of Domestic Tourism

Domestic trips continued to decline in 2010 and spend was down YoY, likely due to a displacement in domestic travel required to accommodate international visitors during the World Cup

Domestic Travel Incidence (2007–2010)



Total Annual Expenditure on Domestic Travel[1] (2007–2010)



Volume:

- ~43% of the adult population of the country travelled domestically in 2010

Value:

- Annual Expenditure on Domestic Travel: R21.1bn (2010)

- Consistently, urban areas produce higher numbers of travellers who travel more and contribute to spend in a significant way

"Host cities like Cape Town and Durban will 'swop' domestic holiday business for the World Cup demand. But the regular domestic holiday business linked to school holidays will be permanently displaced, as families have no other time to travel"

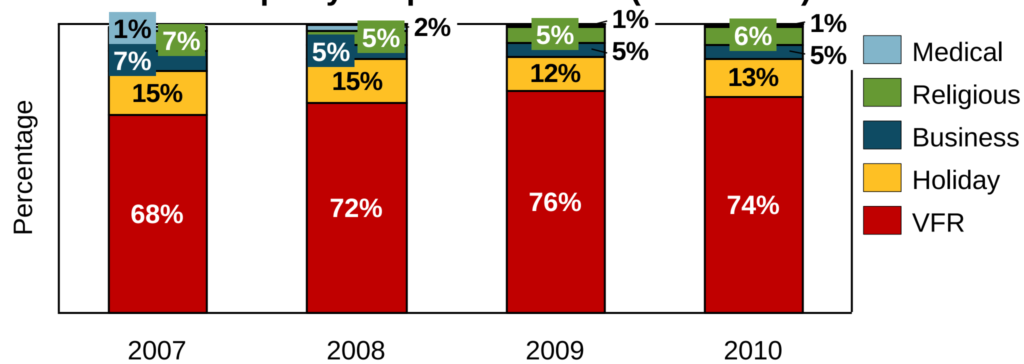
- Grant Thornton Advisory Services

Note: [1] Figures were recorded as nominal values and have been re-calculated here based on the CPI for each year to show constant 2007 prices
Source: Monitor/ Grail Analysis; "Slight Increase in Domestic Holiday Travel", SouthAfrica.net, Apr 01, 2011; "Domestic Tourism 2008 Performance", South African Tourism, Jul 2009; Ministry of Tourism, Brazil; "South African Domestic Tourism Headed for a Slump in 2010", Gillian Saunders, Grant Thornton Advisory Services, Mar 2010

Overview of Domestic Tourism

Since 2007, spend remains highest for VFR and Holiday trips and average spend per trip and per day have increased. In contrast, annual bed nights have decreased since 2007

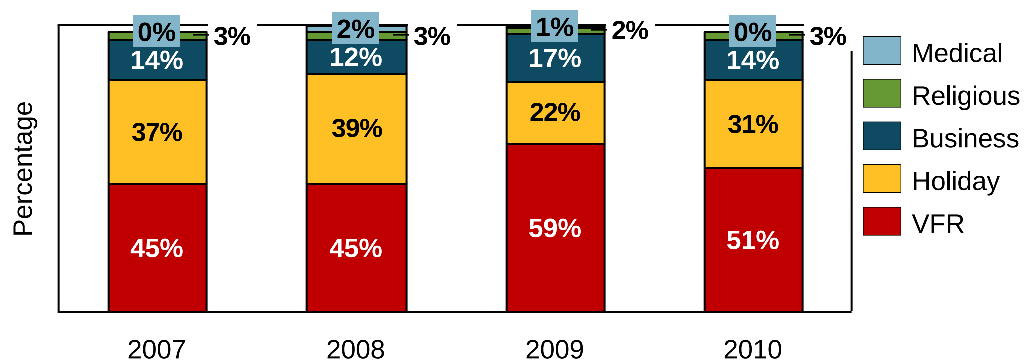
No. of Trips by Purpose of Travel (2007–2010)



Average Spend per Trip / per Day[1] (2007–2010)

	2007	2008	2009	2010
Average Spend per Trip (Rand)	550	716.8	611.4	560
Average Spend per Day (Rand)	120	156.2	144.1	126.8

Spend by Purpose of Travel (2007–2010)



Length of Stay (2007–2010)

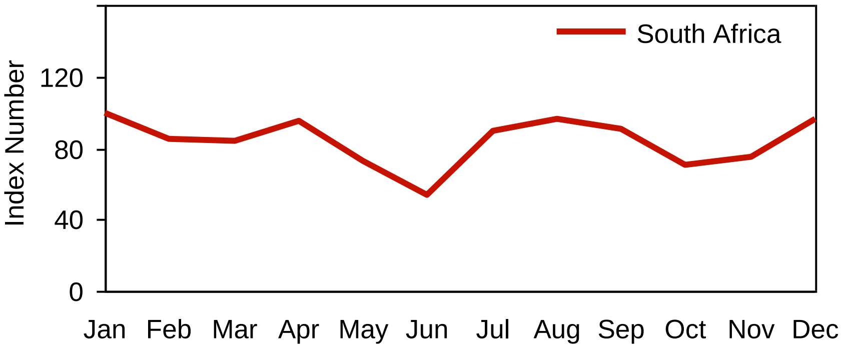
	2007	2008	2009	2010
Total Annual Bed Nights (Million)	157.8	149	128.4	130.8
Average Nights per Trip	4.4	4.5	4.2	4.4

Note: [1] Figures were recorded as nominal values and have been re-calculated here based on the CPI for each year to show constant 2007 prices
Source: Monitor/ Grail Analysis; "Domestic Tourism 2008 Performance", South African Tourism; "Highlights of Tourism Performance in 2010", Based on SAT Domestic Surveys for 2007–2010

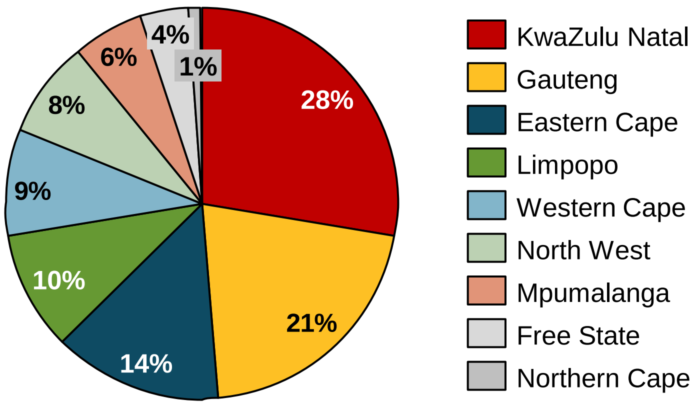
Overview of Domestic Tourism

Seasonality is driven by school holidays and warm weather, with peak months in April and January/ December. KwaZulu Natal is consistently the most visited province by domestic tourists

Seasonality of Travel



Provincial Market Share (2010)



- South Africa's domestic tourism market is **highly seasonal**
- The seasonality is very much **dictated by school holidays** over the Easter and Christmas periods
  - Peak months are **April and December/ January**
- Travel appears to also be **correlated to warmer weather,** with **more trips undertaken in the summer months**

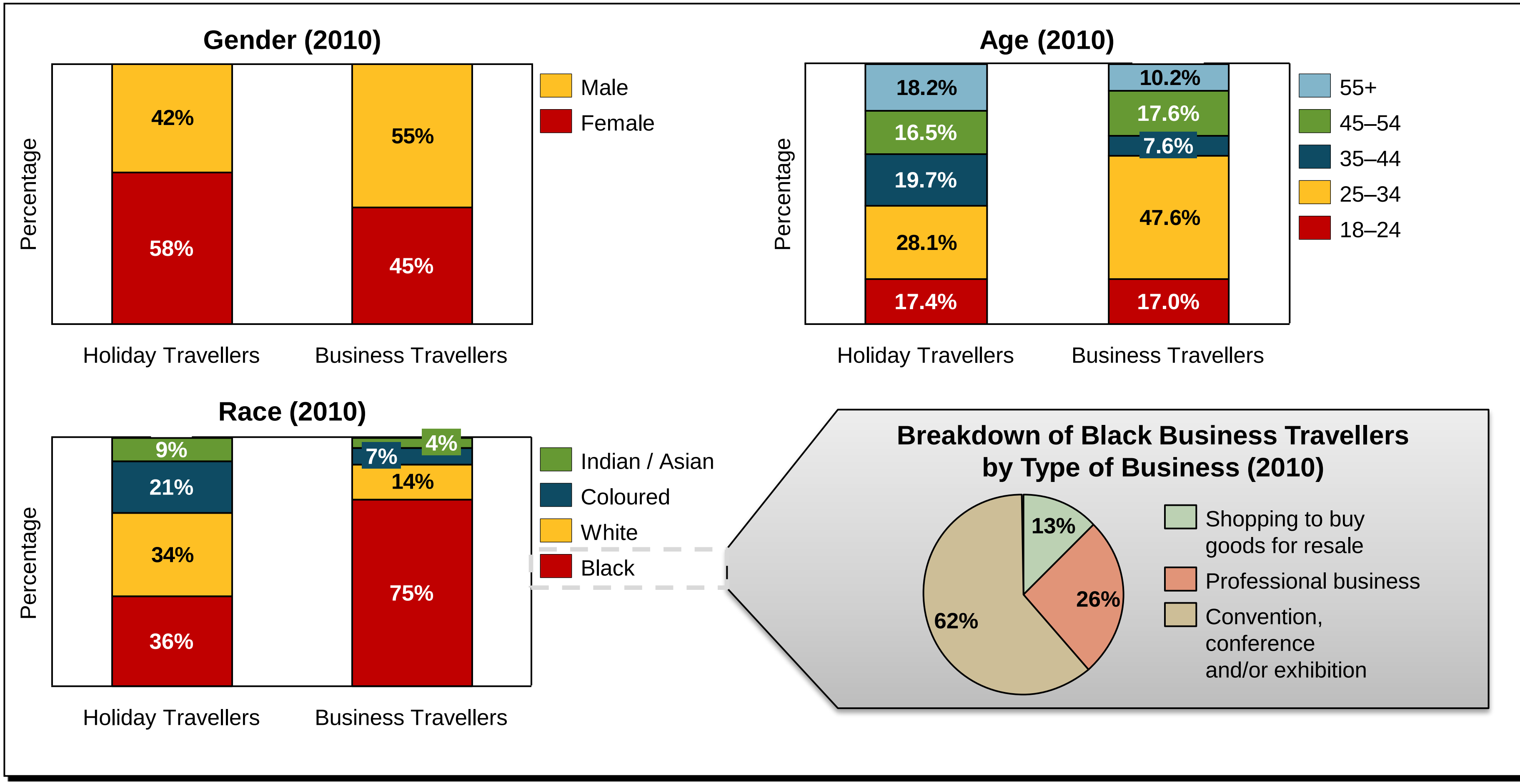
Top Five by Provincial Market Share (2007–2009)

	KZN	Gauteng	Eastern Cape	Limpopo	Western Cape
2007	29%	17%	14%	13%	8%
2008	32%	17%	14%	12%	7%
2009	29%	19%	17%	12%	6%

Note: [1] Figures for South Africa show the index number of domestic trips undertaken every month in 2008
Source: Monitor/ Grail Analysis; "Slight Increase in Domestic Holiday Travel", SouthAfrica.net, Apr 01, 2011; "Domestic Tourism 2008 Performance", South African Tourism, Jul 2009; "Highlights of Tourism Performance in 2010", Based on SAT Domestic Surveys for 2007–2010

Holiday vs. Business Travellers

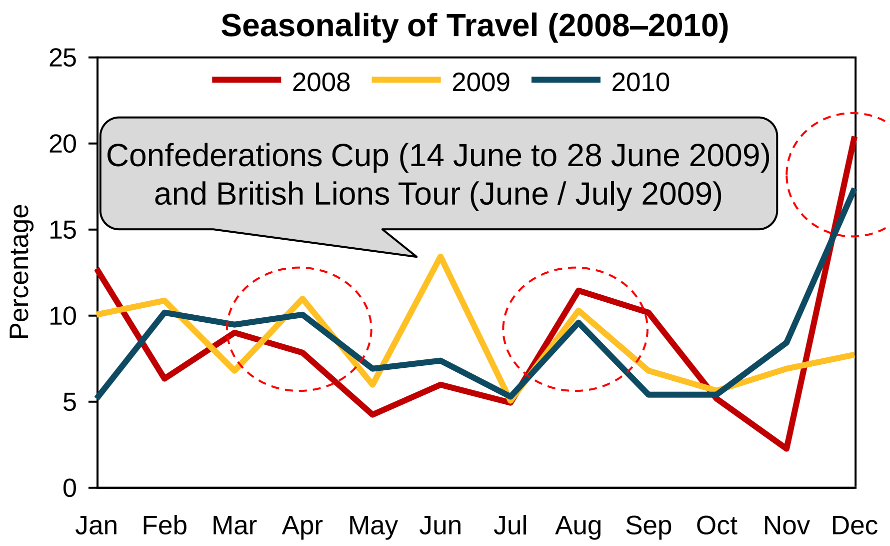
As can be expected, business travellers show a more specific profile than holiday travellers, who were relatively evenly spread across gender, age and race groups

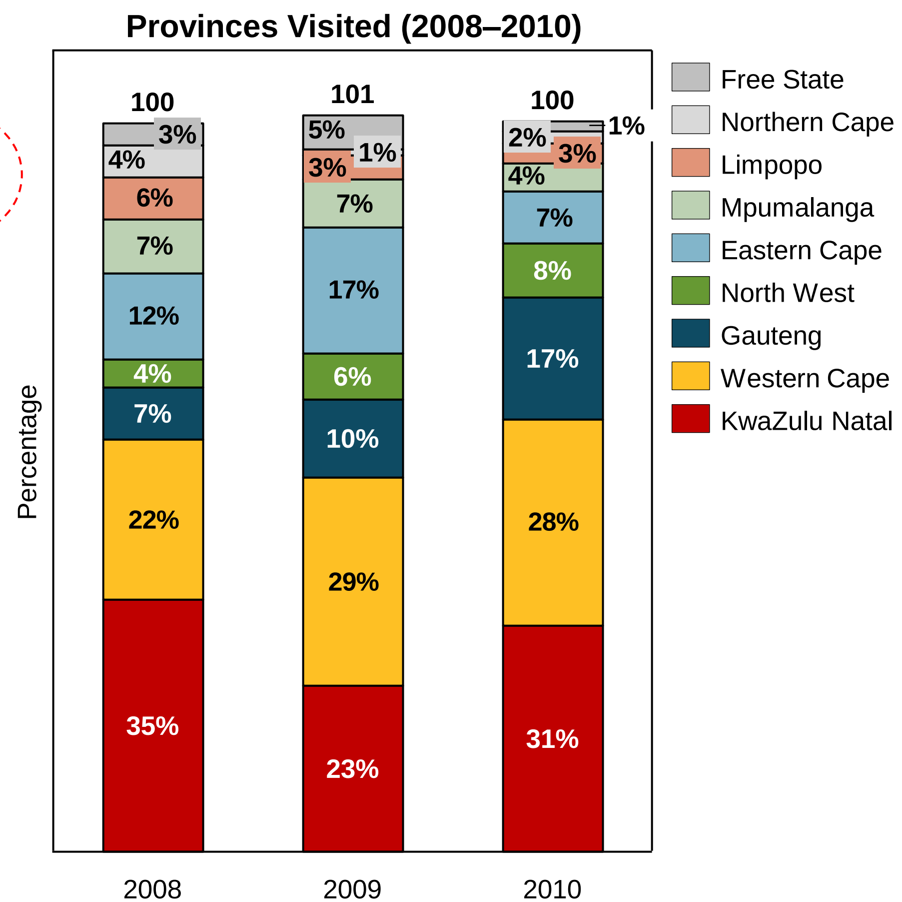


Note: Demographics profiled for travellers who took only a single trip in 2010
Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

Seasonality — Holiday Travellers

Seasonality of holiday travel follows the same patterns of general domestic seasonality, and KwaZulu Natal remains the favoured destination; the Western Cape moves into second position



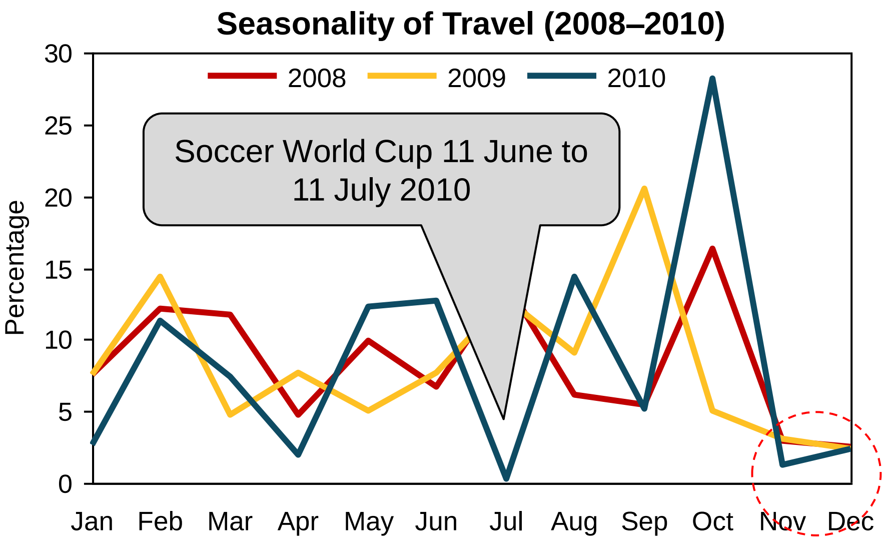


- Holiday travel experiences two smaller peaks during April and August, but the real **high season is over December and moving into January**
- Traditional **beach destinations** such as KwaZulu Natal and the Western Cape are favoured for holiday travel
  - **Eastern Cape moves down the list**, most likely as it is a **VFR destination**

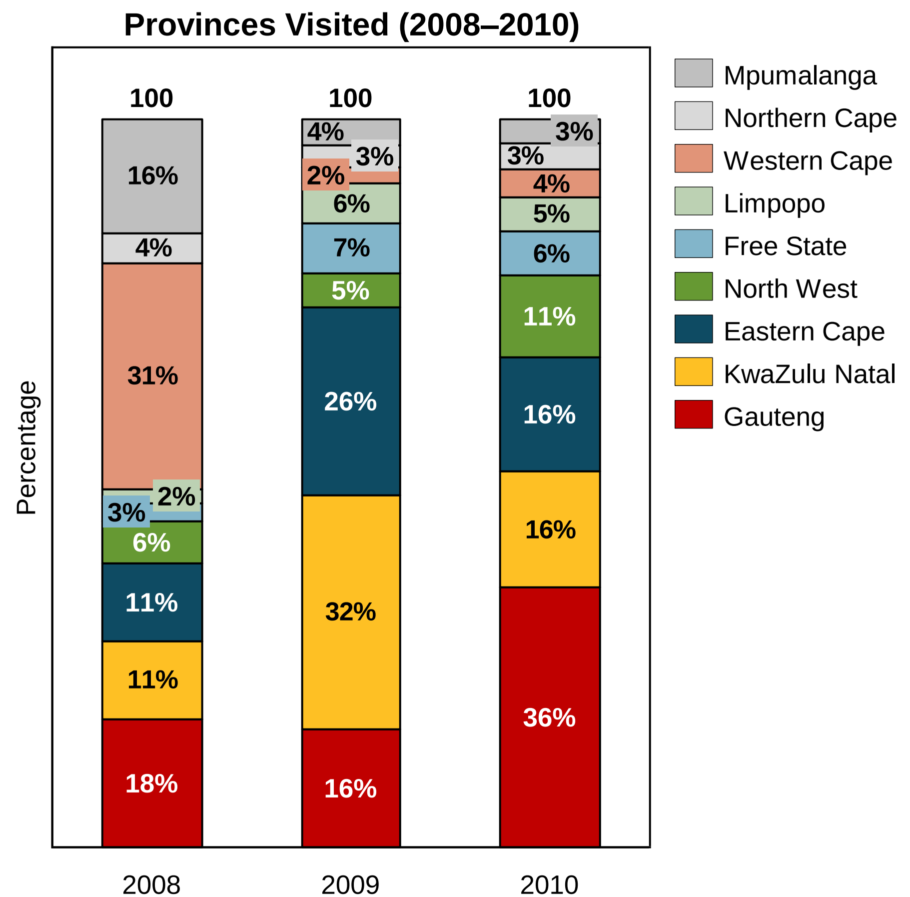
Source: Monitor/ Grail Analysis; SAT Domestic Survey 2008–2010

Seasonality — Business Travellers

Seasonality of business travel is almost opposite to that of holiday travel, with the highest peaks generally occurring in September and October. Unsurprisingly, Gauteng is the most visited destination by business travellers



- Business travel generally **drops in the months when holiday travel increases**, with the highest peaks late in the year (September and October)
  - In 2010, the **FIFA World Cup caused a significant dip during the months of June and July**
- **Gauteng is the most visited** destination by business travellers

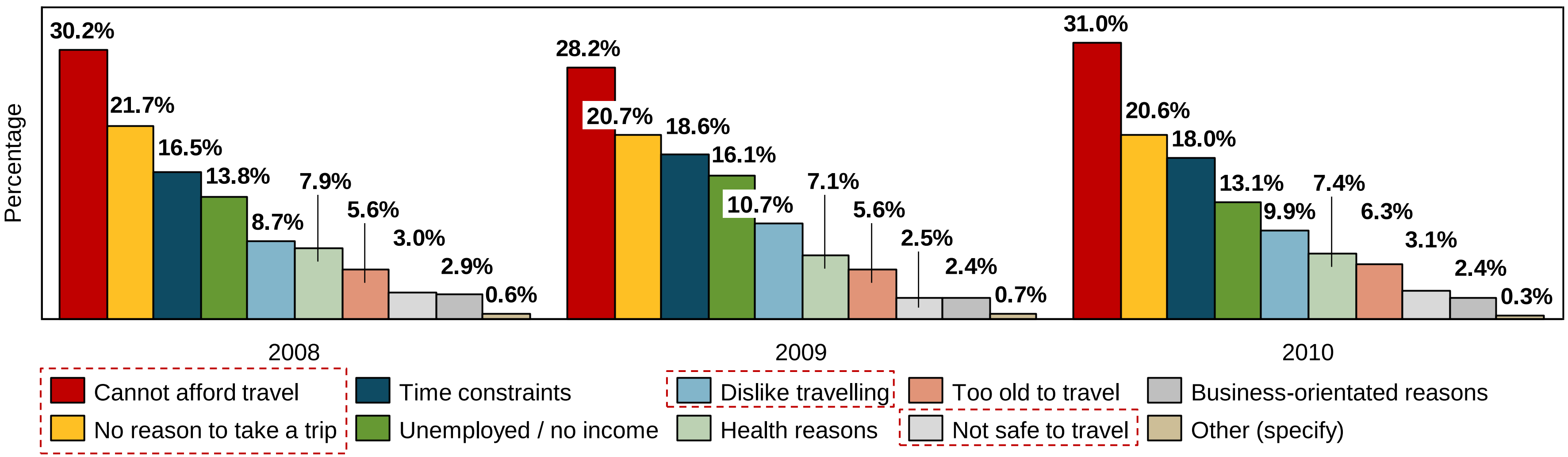


Source: Monitor/ Grail Analysis; SAT Domestic Survey 2008–2010

Domestic Tourism — Barriers

...a number of South Africans still don't travel domestically; most commonly because they cannot afford travel or because they felt that they had no reason to take a trip

Reasons for Not Having Taken a Trip (2008–2010)

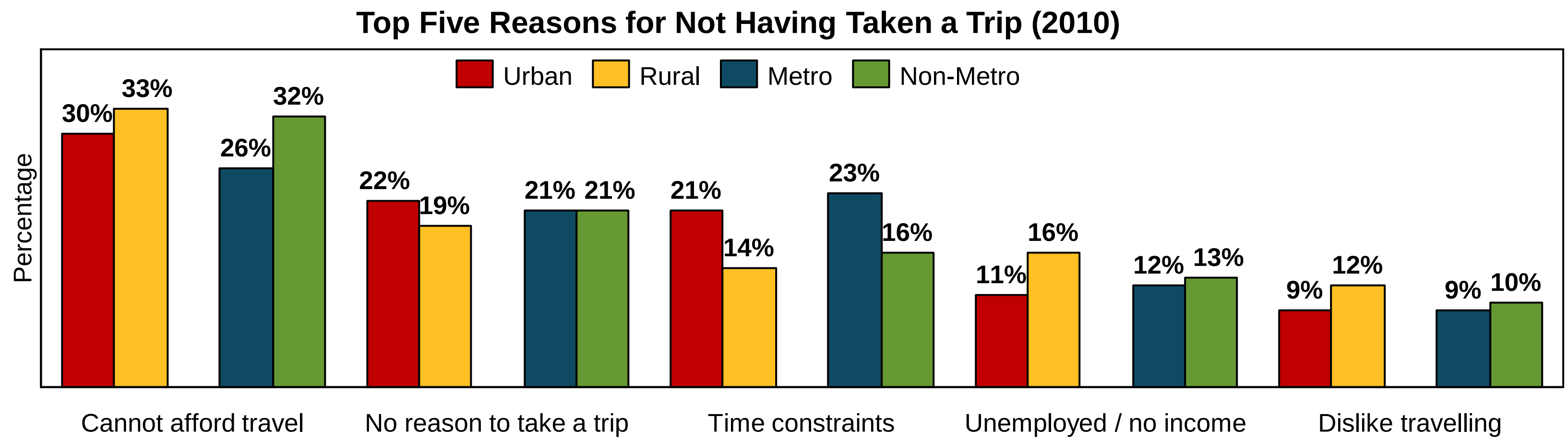


- Some of these barriers cannot be reduced by SAT. However, others raise **key questions to investigate**:
  - Cannot afford to travel: is this merely a **perception about the expense of travel** that SAT can work on changing, or does SAT need to **investigate development of "entry-level" product** that makes travel more affordable?
  - No reason to take a trip: can SAT help to **create reasons to travel domestically** in the form of activities, products and packages that appeal to these consumers, or **will fostering a culture of travel help to reduce these numbers?**
  - Dislike travelling or feel that it is not safe to travel: why is this the case and **what can SAT do to change this?**

Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

Domestic Tourism — Barriers

When drilling down from the national level, it becomes clear that the financial constraints to travel are more likely to affect rural and non-metro travellers and confirming that opportunity does exist in urban and metro areas



National: **31%** **20.6%** **18%** **13.1%** **9.9%**

Metro and urban travellers are under-indexed

Metro and urban travellers are over-indexed

Metro and urban travellers are under-indexed

- Although there is still a significant percentage of travellers in urban and metro areas that feel that they are financially constrained from travelling, the numbers are slightly lower in these areas than in rural and non-metro areas
  - This preliminary data suggests that there are **pockets of consumers in urban and metro areas in particular that can afford to travel, but face other barriers** such as time constraints or feeling as if they have no reason to take a trip

Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

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Quantitative Research Study

A quantitative survey covering 1,716 respondents across four provinces was undertaken to understand traveller perceptions, preferences, tourism offerings, information sources, etc.

Respondent Profile

- Target individuals:
  - Are over 18 years of age
  - Have lived in South Africa for more than 10 months
    - Reside in the Western Cape, Eastern Cape, Gauteng, or KwaZulu-Natal
  - Have a personal monthly income of more than R3,000
  - Have undertaken at least 1 overnight trip in the last 12 months

Fielding Dates

- The survey was in the field from July 08, 2011 to July 26, 2011

Sample Size

- Overall sample size: 1,716
  - Western Cape: 322
  - Eastern Cape: 308
  - Gauteng: 765
  - KwaZulu-Natal: 321

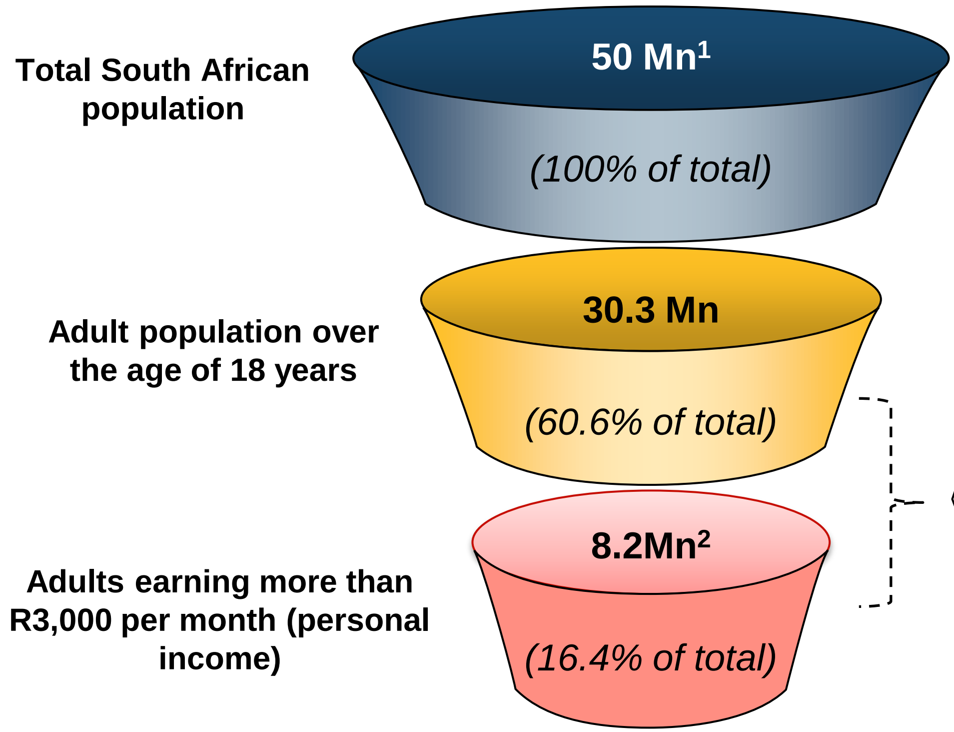
Removal of Bad Respondents

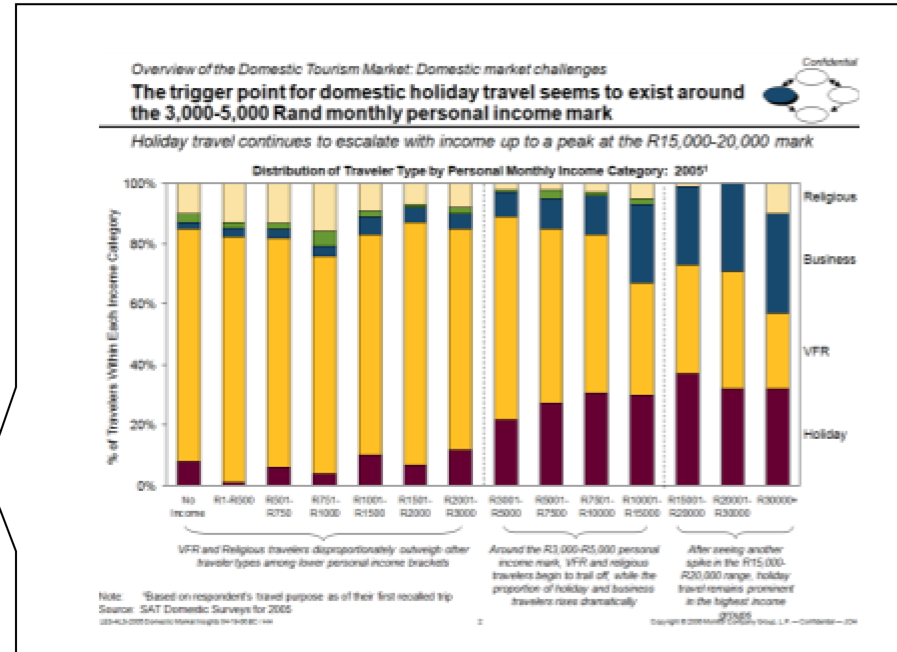
- We have removed 'Bad Respondents' on the basis of contradictory responses and straight lining to exclude outliers from the overall data

Source: Monitor/ Grail Analysis

Total Market Size - ~8.2 million people to target

Research has indicated that a trigger point for domestic holiday travel seems to exist around the R3,000 to R5,000 personal monthly income mark. This then leaves a potential target market of 8.2 million people.





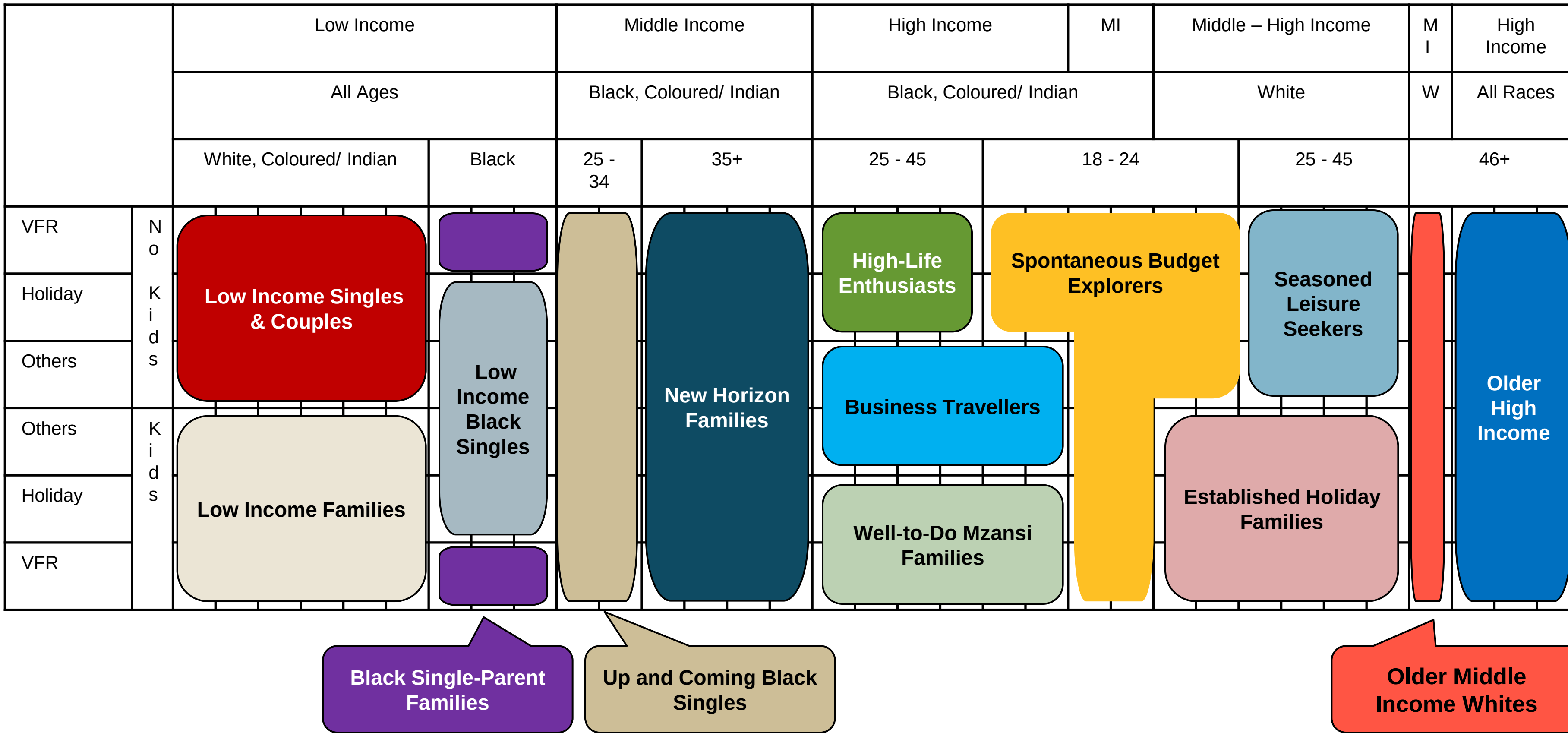
• A previous SAT study has shown that...

The target market represents 8.2Mn South Africans, all over the age of 18 and earning a personal monthly income of R3,000 or more

Note: [1] 2010 figures; As per UNISA, [2]~22 Mn people in SA earned less than ZAR 3,000-3,500 pm in 2010
Source: Monitor/ Grail Analysis; SAT Domestic Surveys

Understanding the market through segmentation

Using the action segmentation methodology, the available market is grouped into 14 distinct segments based on similarities in travel behaviour and preferences



High-Level Segment Overview

Low Income Older Singles & Couples
- Low-income Whites, Coloureds and Indians of all ages, with no kids

Low Income Families
- Low-income Whites, Coloureds and Indians of all ages, with kids

Black Single-Parent Families
- Low-income Blacks travelling for VFR, including all ages and family situations

Low Income Black Singles
- Low-income Blacks travelling for holiday and special/ religious/ business events, including all ages and family situations

Up & Coming Young Black Singles
- Middle-income, 25-35 year old Blacks, Coloureds and Indians with or without kids

New Horizon Families
- Middle-income Blacks, Coloureds and Indians over 35 years old . Most are married with kids

High-Life Enthusiasts
- High-income Blacks, Coloureds and Indians, aged 25-45, without kids and mostly single

Business Travellers
- High-income Blacks, Coloureds and Indians, aged 18-45, travelling for business

Well-to-Do Mzansi Families
- High-income Blacks, Coloureds and Indians with dependent kids, mostly middle-aged

Spontaneous Budget Explorers
- Middle- to high-income 18-24 years olds of all races and all family situations

Seasoned Leisure Seekers
- White, middle and high-income, 25-45 year old people without children

Established Holiday Families
- White, middle and high-income, 18-45 year old people with children

Older Middle Income Whites
- Middle-income Whites of all family situations, all over 46 years old

Older High Income
- Older, high income people of all races. Most are married and about half have dependent kids

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Identifying the Most Attractive Segments for Activation

NTSS Objectives Related to Domestic Tourism

Keeping in mind the targets set out in the NTSS, it is important to identify the most attractive segments on which to focus activation efforts

Objective	Measures and Targets	2009 Baseline	2015 Target	2020 Target	Consumer-level Job[1]
To grow the tourism sector's absolute contribution to the economy	Increase number of domestic tourists - No. of adult travellers - Population penetration - Total Domestic Trips	 14.6 Mn 48% 30.3 Mn	 16 Mn 40 Mn	 18 Mn 54 Mn	 Growth Growth Growth
Increase domestic tourism's contribution to the tourism economy	Domestic tourism as a contribution to tourism's overall contribution to GDP	52%	55%	60%	Growth
	Upper LSM consumers: change perceptions of taking a South African holiday versus outbound holidays	No baseline	-	-	Culture Transformation
	Middle LSM consumers: increase level of knowledge, understanding and propensity to take holidays	No baseline	-	-	Culture Transformation
	Increase in domestic holiday travel across all markets - No. of first-time holiday travellers - Levels of, and penetration into, black market for domestic leisure tourism - Holiday travel penetration by LSM - Increase affordable and accessible tourism experiences for the domestic market - Total no. of holiday trips	 No baseline No baseline No baseline No baseline 4 Mn	 - - - - 6 Mn	 - - - - 9 Mn	 Culture Transformation Culture Transformation Culture Transformation N/A Culture Transformation
Entrench a tourism culture among South Africans	Build a culture of embracing tourism among South Africans - Increase in levels of awareness of tourism and its value within South Africa - Increase in levels of community participation in the sector - Enhance social tourism programmes	 No baseline No baseline No baseline	 - - -	 - - -	 Culture Transformation N/A N/A
Address the issue of geographic, seasonal and rural spread	Increase geographic spread - Total domestic bed nights	 128.4 Mn	 20%	 34%	 Growth
	Increase the level of tourism to rural areas - Domestic arrivals and bed nights in rural areas	 No baseline	 -	 -	 Culture Transformation
	Decrease seasonality - Increase in share of bed nights spent in the low-season months	 5.3%	 7.1%	 10%	 Growth

Note: [1]The classification of the consumer-level job required is a subjective evaluation

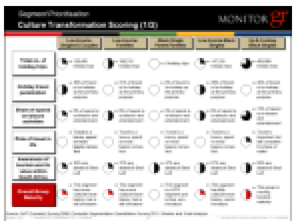
Source: Monitor/ Grail Analysis; National Tourism Sector Strategy, February 2011, Department of Tourism, Republic of South Africa

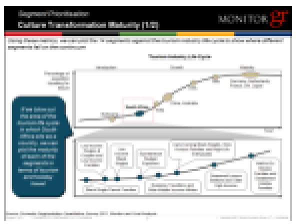
Objectives of Prioritisation

A robust view to guide identification of attractive segments has been developed by measuring culture transformation and growth in each of the segments and comparing those scores against SAT's ability to win

Objective 1:

Contribute to the transformation of domestic tourism culture in South Africa

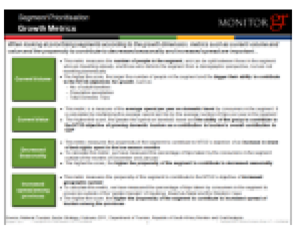


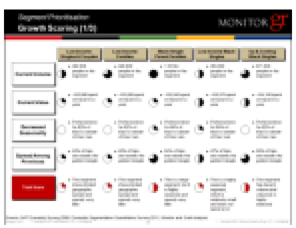


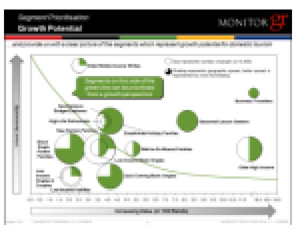
Define metrics informed by NTSS

Score each segment according to each metric...

...in order to arrive at a picture showing which of the segments are most relevant



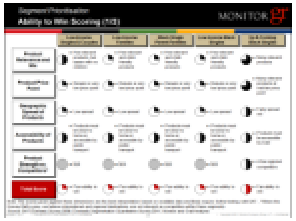


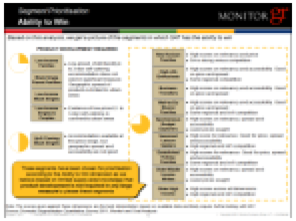


Objective 2:

Increase the participation of key segments in domestic tourism in South Africa

SAT's Ability to Win





Ability to Win scores determine the segments in which SAT has highest the potential to succeed

Combining these three views of the segments, we are able to determine which segments are most attractive for activation

Source: Monitor/ Grail Analysis

Integrated Prioritisation

Once all three dimensions are viewed in composite, nine segments emerge as viable choices. Five segments were then chosen based on additional strategic input...

	Low-Income Singles and Couples	Low Income Families	Black Single Parent Families	Low Income Black Families	Up and Coming Black Singles	New Horizon Families	High-Life Enthus-iasts	Business Travellers	Well-to-Do Mzansi Families	Spontan-eous Budget Explorers	Seasoned Leisure Seekers	Est. Holiday Families	Older Middle Income Whites	Older High Income
Culture														
Growth														
Ability to Win														
Size of Segment	318,840	579,691	1,218,055	394,130	870,873	1,302,274	108,894	137,609	286,005	293,884	566,634	917,461	306,525	820,528
% of Segment already Travelling	36%	34%	37%	37%	47%	43%	48%	54%	54%	37%	44%	45%	36%	49%
Spend	R2,079	R2,094	R2,042	R3,574	R4,146	R3,597	R3,859	R17,819	R5,333	R3,793	R8,173	R4,140	R2,526	R11,402

Low-Income Singles and Couples	Low Income Families	Black Single Parent Families	Low Income Black Families	Up and Coming Black Singles	**New Horizon Families**	**High-Life Enthusiasts**	**Business Travellers**	**Well-to-Do Mzansi Families**	**Spontaneous Budget Explorers**	**Seasoned Leisure Seekers**	**Established Holiday Families**	**Older Middle Income Whites**	**Older High Income**

Source: Monitor/ Grail Analysis; National Tourism Sector Strategy, February 2011, Department of Tourism, Republic of South Africa

Integrated Prioritisation

... Selecting the High-Life Enthusiasts, Spontaneous Budget Explorers, Seasoned Leisure Seekers, New Horizon Families and Well-to-Do Mzansi Families for active marketing activation

High-Life Enthusiasts | **Business Travellers** | **Spontaneous Budget Explorers** | **Seasoned Leisure Seekers** | **Older Middle Income Whites** | **Older High Income**

- Of the six segments that represented opportunities across culture transformation and growth, combined with a strong ability to win:
  - As SAT's focus is on leisure travel, the Business Travellers segment has not been prioritised
  - Older Middle Income and Older High Income segments have been chosen as segments that SAT will work to defend
- This leaves High-Life Enthusiasts, Spontaneous Budget Explores and Seasoned Leisure Seekers

+ New Horizon Families

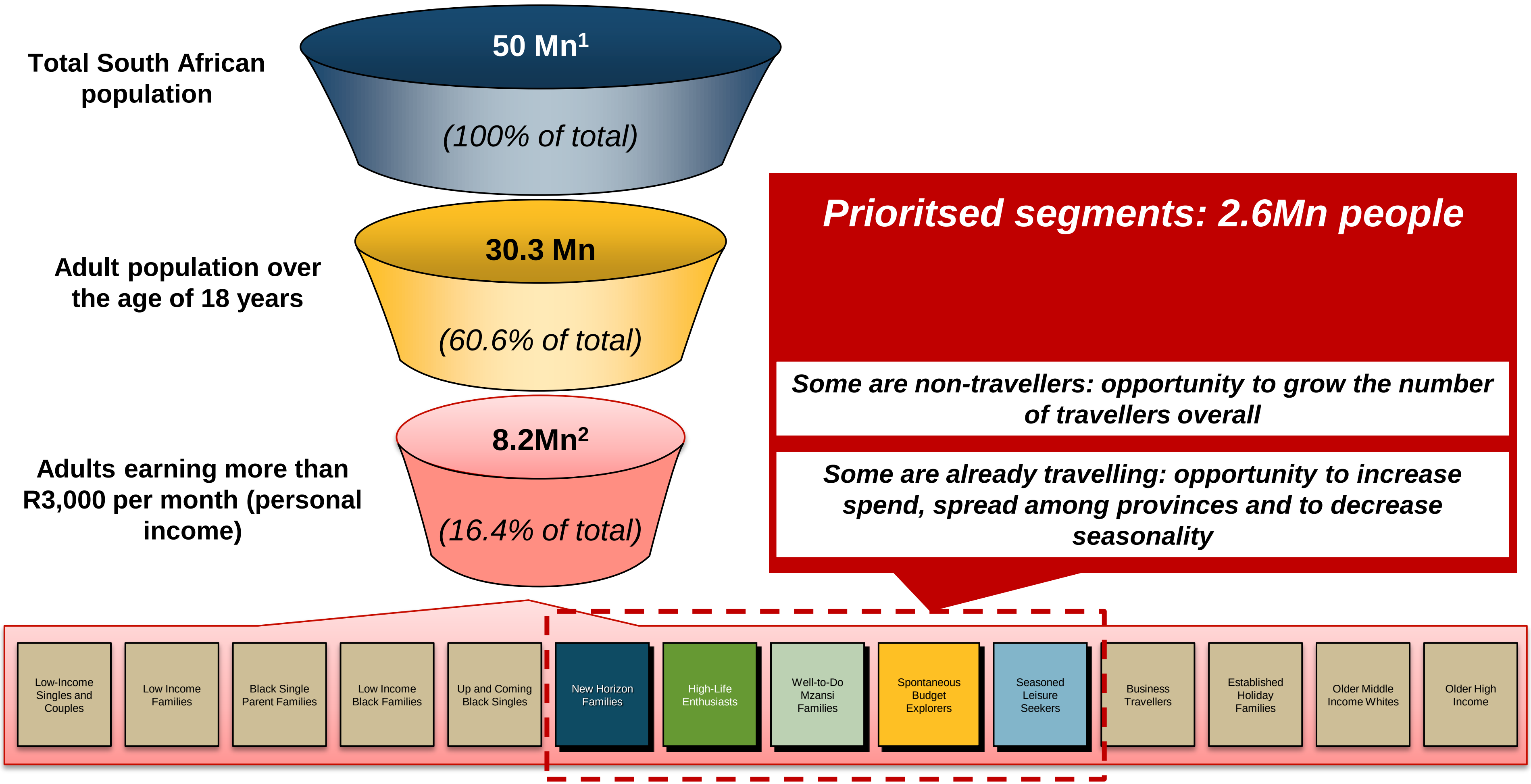
- The New Horizon Families represents a great opportunity from a culture transformation perspective, in that there are children in the families who are likely to be influenced by their parents' growing interest in holiday travel
- In addition, this segment is a segment in which SAT has the ability to win

+ Well-to-Do Mzansi Families | **Established Holiday Families**

- The Well-to-Do Mzansi Families and the Established Holiday Families are relevant from a growth perspective, as well as being segments in which SAT has the ability to win
- The Well-to-Do Mzansi Families segment has been prioritised, while the Established Holiday Families segment has been chosen as a segment that SAT will work to defend

Opportunity Represented by Prioritised Segments

These five segments represent an opportunity to target 2.6 million South Africans; both those who had travelled in the 12 months prior to the survey and those who had not



Note: [1] 2010 figures; As per UNISA, ~22 Mn people in SA earn less than ZAR 3000-3500 pm in 2010

Table of Contents

- Country Overview
- Domestic Tourism Market
- Understanding the South African Domestic Tourist Population
  - Researching and Segmenting the Population
  - Identifying the Most Attractive Segments for Activation
  - Understanding More About the Most Attractive Segments
- High-level Roadmap for reaching the NTSS targets

Overview of Prioritised Segments

Spontaneous Budget Explorers (293,884 people)	**New Horizon Families** (1,302,274 people)	**High-Life Enthusiasts** (108,894 people)	**Seasoned Leisure Seekers** (566,634 people)	**Well-to-Do Mzansi Families** (286,005 people)
• 18-24 • All races • Income range: R5,001+	• 35+ • Black, Coloured and Indian • Income range: R5,001- R10,000	• 25-45 • Black, Coloured and Indian • Income range: R10,001+	• 25-45 • White • Income range: R5,001+	• 18-45 • Black, Coloured and Indian • Income range: R10,001+
• Avg. Length of Stay: 5.4 nights • Trips/year: 3 • Avg. Spend: R1,252.00	• Avg. Length of Stay: 5.2 nights • Trips/year: 3.1 • Avg. Spend: R1,160.50	• Avg. Length of Stay: 4.5 nights • Trips/year: 3.1 • Avg. Spend: R1,265.54	• Avg. Length of Stay: 7.7 nights • Trips/year: 4.4 • Avg. Spend: R1,853.40	• Avg. Length of Stay: 5.6 nights • Trips/year: 3.2 • Avg. Spend: R1,687.80
Travel is a way to **discover new people, places and adventures**. Consumers in this segment travel to **get away from the monotony of daily life**; to add to their life experiences and fond memories	Travel is a way to **educate their children**, and to provide them with the opportunity to broaden their perspectives. It is also seen as quality time for the family to spend together, and **a reward for hard work**	Travel is a way to **boost one's social status**, and to experience **the finer things in life** in new and different settings	Travel is a **way of life and something of a necessity**. Having grown up going on regular holidays, this group of consumers understands the value of travel experiences and memories over commodities	Travel is all about **escaping the city, and being able to spend time with friends and family** in new and different locations. To a certain extent, travel is also about exposing the children to alternative ways of life and activities

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

General Overview

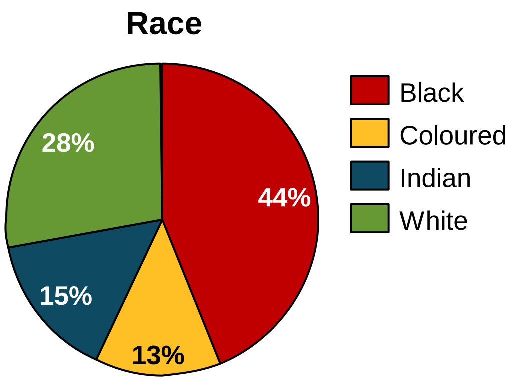
Generally young singles, Spontaneous Budget Explorers are well-educated and just starting out in their careers. Although they don't earn very high incomes, they are also not encumbered by heavy financial responsibilities yet

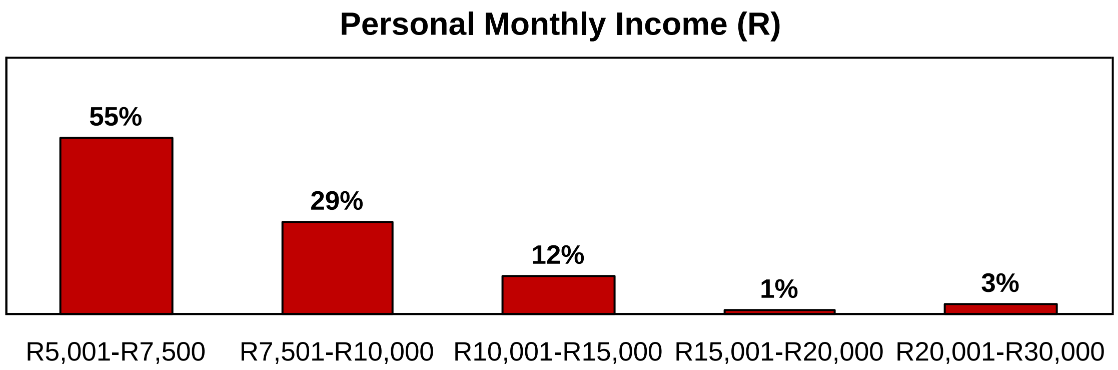
Average Age: 22 years

53% Male
47% Female

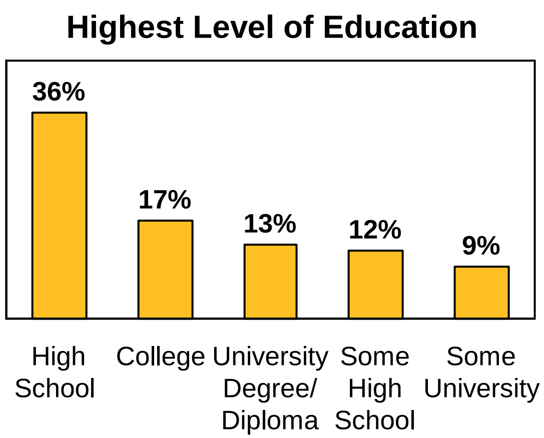
91% Single
7% Married/ Living Together

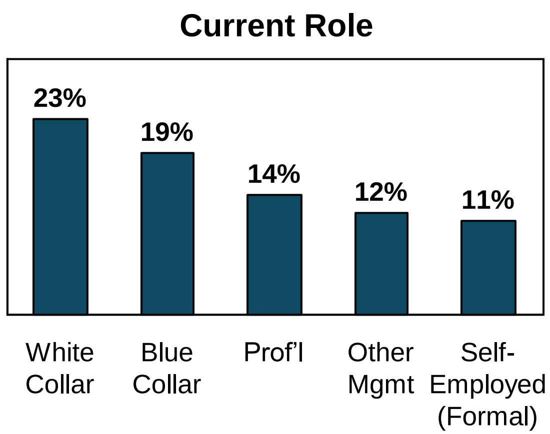
87% Do Not Have Dependent Kids
13% Have Dependent Kids





87% Working Full Time
12% Working Part Time





Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Spontaneous Budget Explorers

Travel Mindset

The combination of youth and limited responsibilities mean that the Spontaneous Budget Explorers are relatively adventurous and see the journey to a destination as part of the appeal of travelling domestically

For Spontaneous Budget Explorers, travel is a way to discover new people, places and adventures. Consumers in this segment travel to get away from the monotony of daily life; to add to their life experiences and fond memories

I travel because I feel a restless energy and a yearning to explore things outside of the world that I have always known. Travelling provides me with a way to have fun with my friends and gives me a chance to escape the stresses and pressure of trying to establish myself

I go to **coastal provinces like KwaZulu Natal and the Western Cape**, and really **enjoy city-breaks** to places like Johannesburg. Destinations that are **close enough for me to drive to** are great, because I sometimes enjoy the trip there more than the destination itself!

I like to travel **in March, April and September when there are long weekends**, and always take a longer family holiday in December, but I **will travel at any time during the year** if I can get away from studies/ work and **have enough money**

I would travel more if I had a little more disposable income. Although I don't have a lot of financial responsibilities yet, my earning power is still limited and travel does sometimes take a backseat to expenses like servicing my car or buying the latest Blackberry

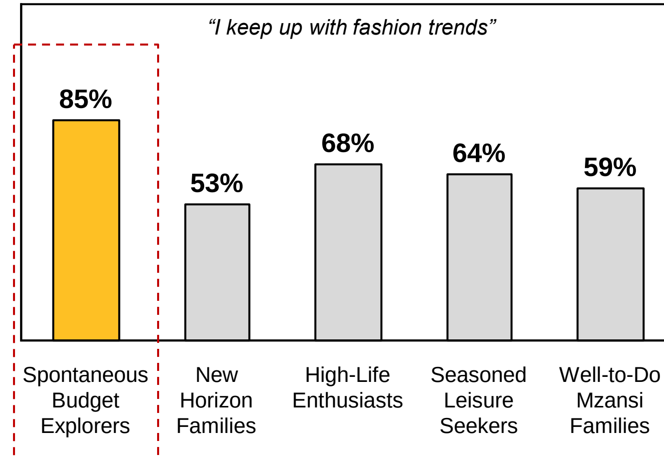
When I go away, I don't like to plan what I am going to be doing; things that are planned never really work out the way that they are supposed to! I like to spend time chilling out with friends, **drinking and chatting around a braai**. I love spending time in beautiful surroundings, especially on a beach. If I'm in a city, I will always check out the **shopping and nightlife**

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Who are They?

Meet Kabelo Sefoko, a typical Spontaneous Budget Explorer. Kabelo still lives at home with his parents in Kempton Park

At 22, KB isn't really thinking about a serious relationship and is much more interested in having fun with his friends



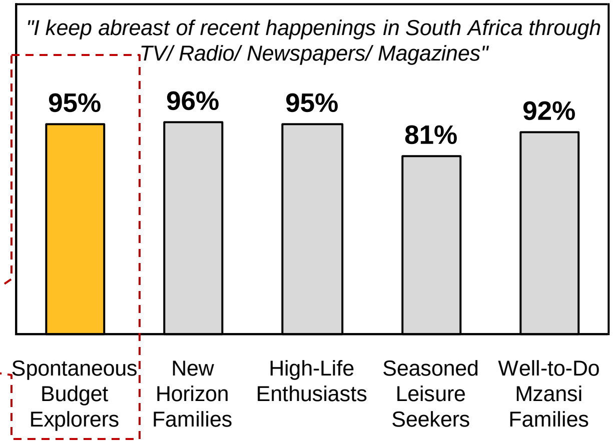
KB and his friends are extremely conscious of fashion trends

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Day

KB is working at a call centre while he finishes his studies. He gets up early every morning as he spends 1-2 hours in traffic getting to work

During his day at work, KB ensures that he keeps up-to-date with the news and latest happenings through Google and Facebook



After a long day at work, KB needs to get some studying done, so he generally doesn't have a lot of time for social activities during the week

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Spontaneous Budget Explorers

Typical Weekend

Friday and Saturday evenings are spent with friends and activities are decided on spontaneously. KB and his friends enjoy going out and partying, having braais or watching movies

Travelling for weekend getaways and taking day trips on a Saturday or Sunday are a favourite for KB's group of friends, especially when they have just been paid

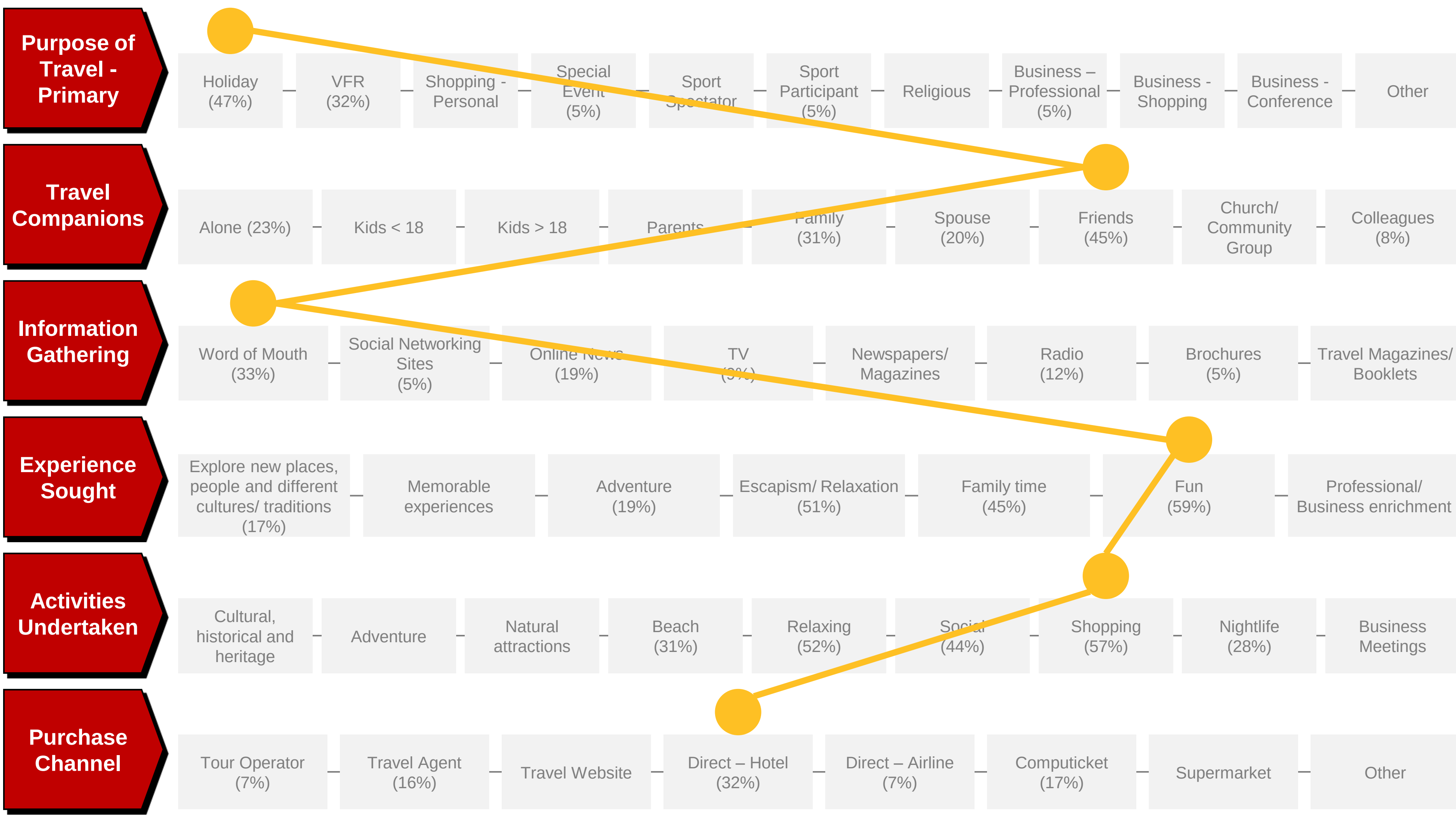
Typical Sundays involve going to church and then spending the day relaxing at home with friends or family

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Spontaneous Budget Explorers

Buying Process

The Spontaneous Budget Explorers travel primarily for holiday with friends based on information gathered via word of mouth. They look for fun experiences and like to shop when travelling



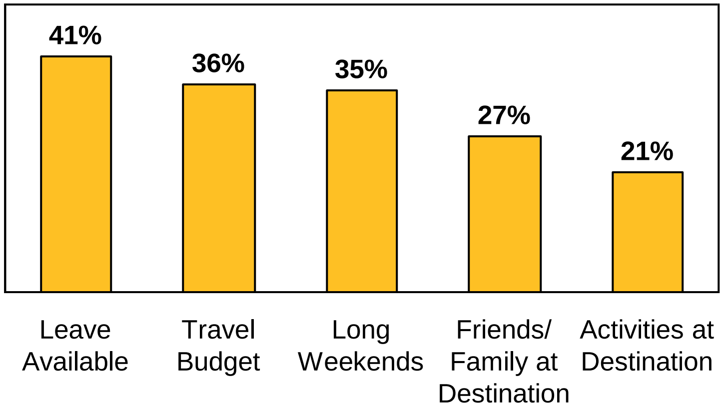
Travel Behaviour

This group travels most often in December, but use long weekends in March, April and September to get around constraints such as leave available. Although budget conscious, they still spend ~R1,200 per trip

Length of Stay:

5.4 nights

Drivers of Length of Stay



Average Spend per Trip[1]: R1,252.00

No. of Trips per Year: 3.0

Preferred Time to Travel Domestically[2]

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		8%	12%					11%			27%

15% of respondents said that they travel domestically all-year round and do not have a preferred time

Note: [1] Respondents were asked to estimate how much was spent in total on their most recent trip, including all expenses, such as travel, accommodation, food and beverage, entertainment, shopping, and so on; [2] The percentages for “Preferred Time to Travel” refer to percentage of responses given
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; SAT Domestic Survey, 2007- 2010

Spontaneous Budget Explorers

Recent Travel Experiences

Most memorable aspects of recent trips

- Spending quality time with family and friends (64%)
- Beautiful scenery (52%)
- Hospitality and friendly people (45%)
- Shopping (35%)
- Nightlife (33%)

Spontaneous Budget Explorers sighted these aspects as those that they were most satisfied with on recent trips:

- Activities (4.45)
- Natural attractions (4.41)
- Overall holiday (4.4)
- Quality of restaurants (4.37)
- Availability and variety of accommodation (4.28)

Unpleasant experiences during recent trips

- Nothing specific (55%)
- Expensive tourism offerings (19%)
- Poor/ inadequate signage/ road signs (8%)
- Unhealthy and unhygienic conditions (8%)
- Lack of tourist information centres (7%)

Spontaneous Budget Explorers sighted these aspects as those that they were least satisfied with on recent trips:

- Overall affordability (3.86)
- Affordability of car rental (3.81)
- Affordability of tourist attractions (3.71)
- Cost of air travel (3.71)
- Tour guides (3.69)

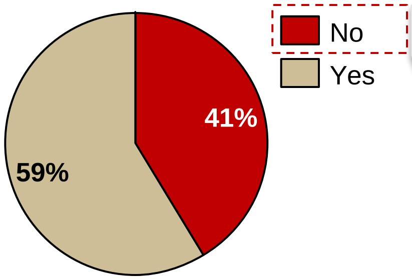
Overall, consumers in this group appear to be satisfied with the quality of the product and the experiences that they have when travelling domestically. However, there is a perception that travelling, and travel-related activities, are expensive

Note: Scores in brackets are out of five
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

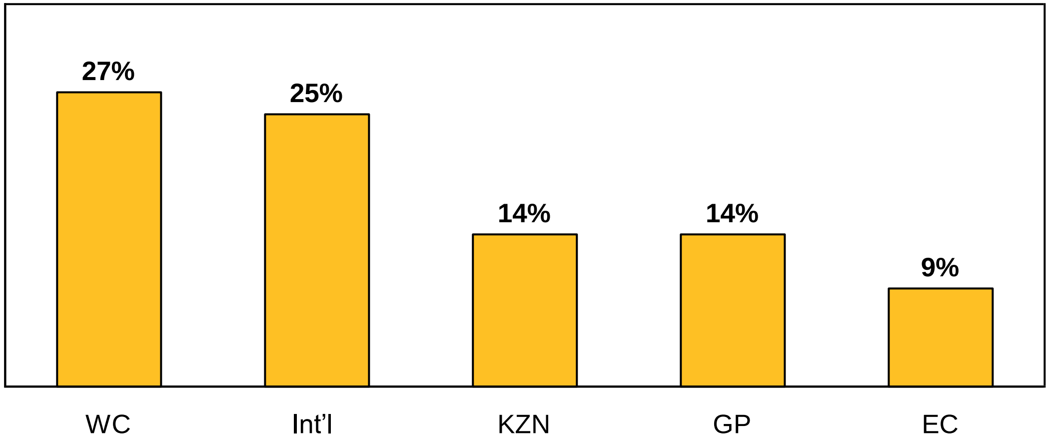
Competitors to Domestic Travel

More than half of the Spontaneous Budget Explorers that were surveyed are planning on taking a trip in the next 12 months, majority to coastal domestic destinations

Planning to Take a Leisure Trip in Next 12 Months



Most Likely Destination to Visit in Next 12 Months



- 59% of Spontaneous Budget Explorers say that they are planning to take a leisure trip in the next 12 months
  - The **Western Cape and KwaZulu Nata**l were the domestic destinations mentioned most often
  - **25% of responses sighted an international destination** as likely
- It is likely that domestic travel is competing primarily with **categories outside of travel:**
  - **Student loans**
  - **Unexpected expenses** (medical, repair of a vehicle after an accident)
  - Smart phones and other gadgets
  - Clothing and make-up

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Spontaneous Budget Explorers

Recommended Messaging (1/2)

South Africa needs to be positioned as an affordable destination, where fun times can be enjoyed with friends in new and exciting places and that people are friendly wherever you go

*Communication to Spontaneous Budget Explorers must position travelling within South Africa as an **affordable** way to have **fun in new/ different surroundings**, whether **with existing friends** or **meeting new friends** along the way*

*Affordability should emphasise that travelling domestically offers good **value for money** and that, due to its intangible value, spending on travel is not comparable to spending on material items*

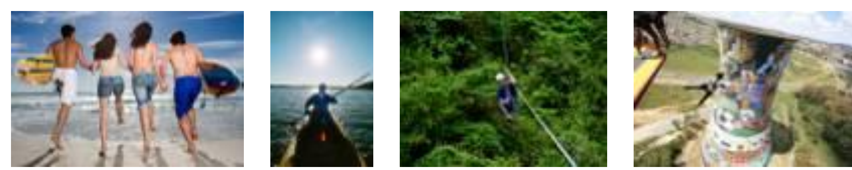
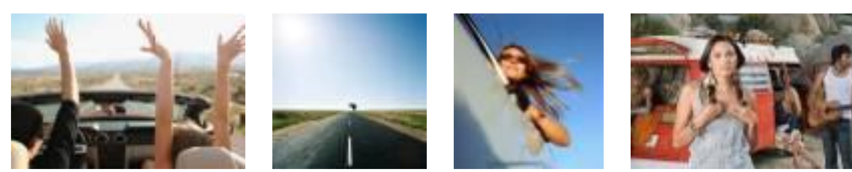
*As a fun destination, South Africa offers the chance to **socialise with friends**, while exploring new parts of their own country. The message should emphasise that fun times are just around the corner at any time for the **spontaneous and adventurous***

*Hospitality in South Africa should be highlighted. It should be clear that a **warm welcome** can always be expected and that **new friends** can be made while travelling*

Source: Monitor/ Grail Analysis

Recommended Messaging (2/2)

For Spontaneous Budget Explorers, this means socialising and having new and exciting experiences; for this group the journey is just as much fun as the destination

Fun Times		***Some illustrative examples***
SOCIALISING	*"I really like **hanging out** with friends and **meeting new people**"*	
SPONTANEITY	*"The best trip will be to get on the road, take a map and just go and **see what comes your way**"* *"You get **disappointed** a lot when you **plan things and they do not go according to plan**"*	
ADVENTURE	*"An ideal holiday for me involves **adventure** and **getting lost**"*	
ROAD TRIP	*"I **enjoy my journey there more than the destination**. Road trips are fantastic because we do crazy things along the way"*	

Source: Monitor/ Grail Analysis

Products: What the Segment Looks For

Spontaneous Budget Explorers are looking for trips that will allow them to take part in lots of activities in new surroundings with their friends; these packages must, however, not be too prescriptive

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

- Spontaneous Budget Explorers are looking to stay at **2- to 3-star BnB or self-catering accommodation**
- Typically, they **drive to the destination**
  - For further destinations, they may take a bus or fly on a low-cost carrier
- They will typically **pay ~R1,500 for a weekend** trip
- They take **~3 weekend trips during the year,** especially over long weekends
- They are likely to take a **week-long trip in December,** either with**:**
  - Family, in which case they are not paying for, or planning, the trip
  - A significant other or friends

WHAT IS THE DESIRED OUTCOME OF PRODUCT DEVELOPMENT FOR THIS SEGMENT?

- Products aimed at this segment should:
  - Be affordable
  - Be **activity-filled without being too prescriptive** about when the activities must be done
  - Take into account that the **journey must be as enjoyable as the destination**
  - Allow them to have a **space in which to socialise with their friends** (e.g., a communal outdoor area)
  - Take into account their propensity for **spontaneity and adventure**

79 % of Spontaneous Budget Explorers prefer a weekend holiday filled with activities compared to a quiet weekend getaway





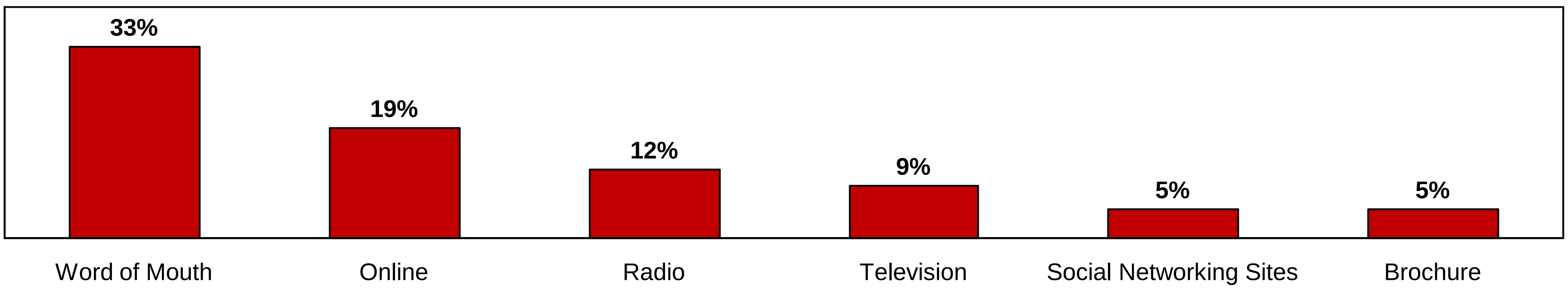


Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Media Channels Used (1/2)

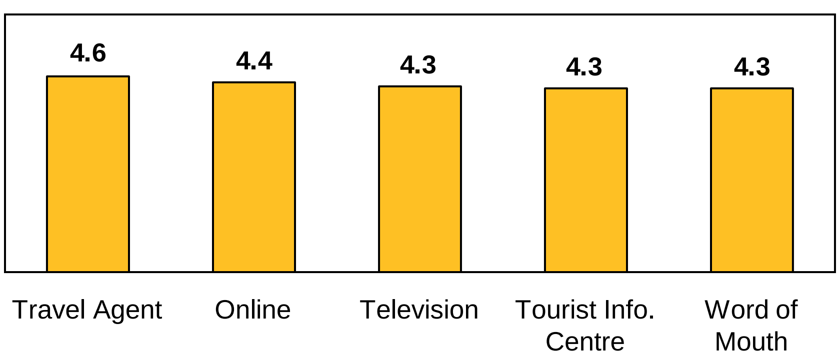
Spontaneous Budget Explorers consult a range of media to gather information. They prefer to source travel information via word of mouth, and are most interested in information about activities at the destination

Primary Source of Information

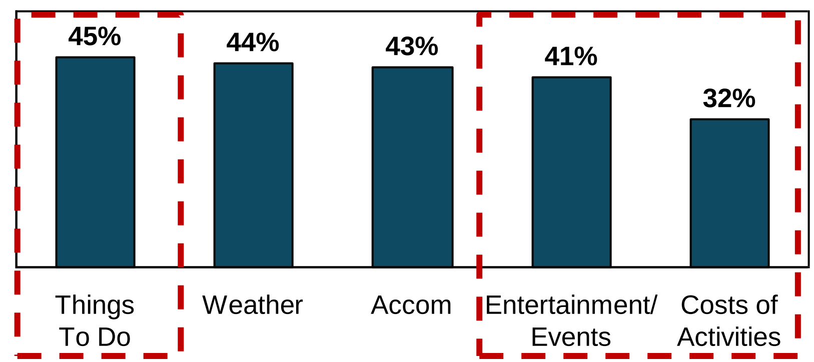


These sources are not necessarily sources that are used, but those that are considered to provide reliable information

Sources Most Trusted to Provide Reliable Information[1]



Topics on Which Information is Gathered



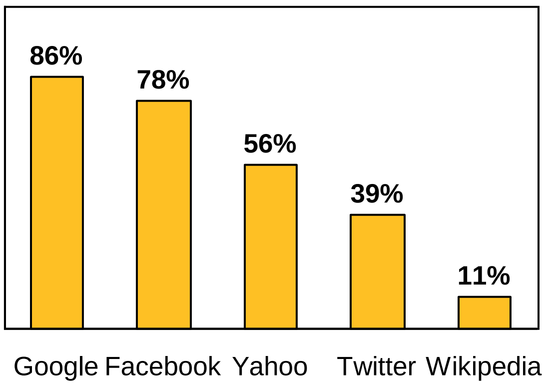
Activities at the destination are important to Spontaneous Budget Explorers. They gather a lot of information on what to do and how much it will cost

Note: [1] Scores are out of 5
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

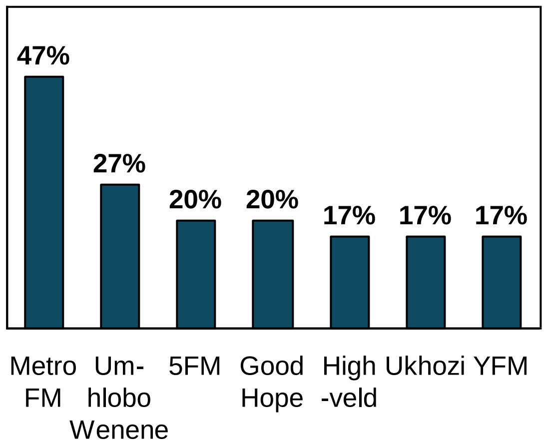
Spontaneous Budget Explorers

Media Channels Used (2/2)

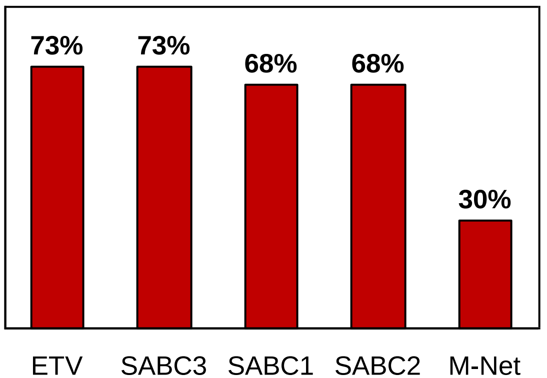
Websites



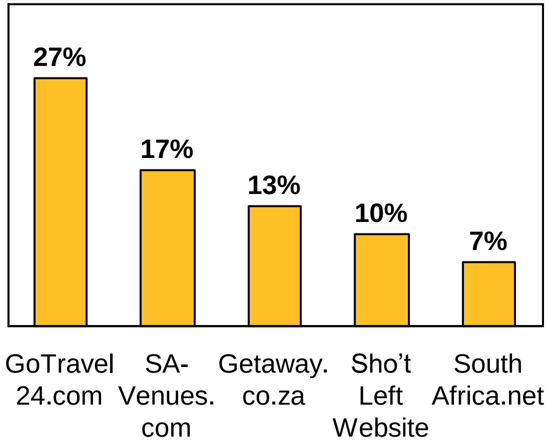
Radio



TV Channels

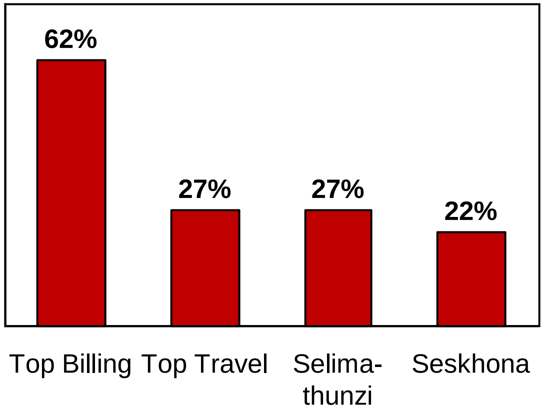


Travel Websites



In general, Spontaneous Budget Explorers can be reached via younger, urban radio stations, although vernacular language stations are also an option

Travel-Related TV Programmes



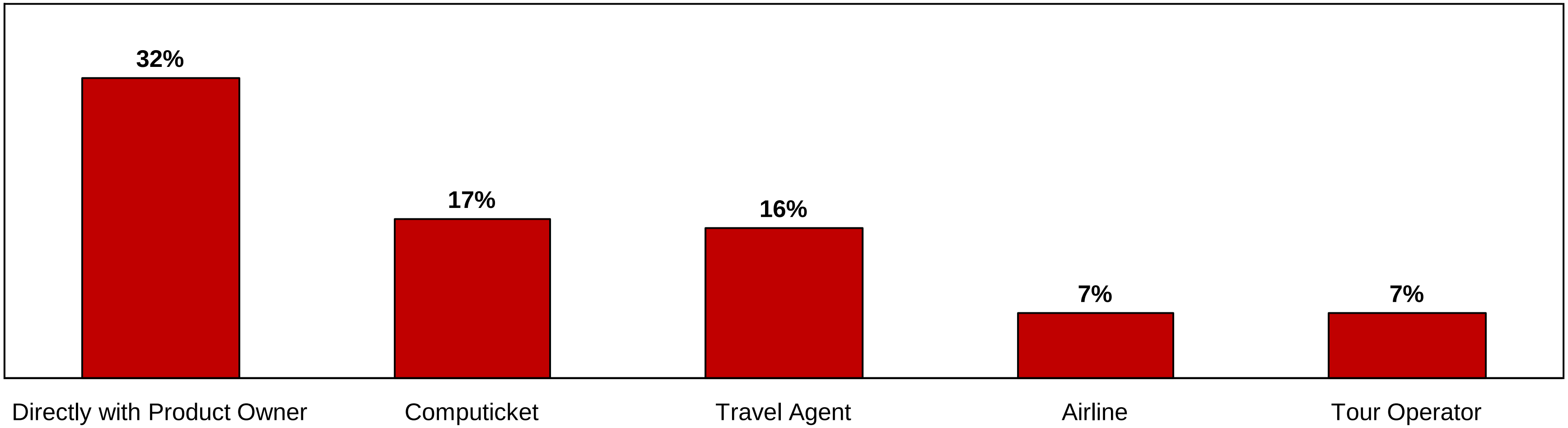
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Spontaneous Budget Explorers

Booking Channels Used

Spontaneous Budget Explorers mostly book directly with the product owner, but they do also use Computicket and travel agents

Booking Channels Used for Trips Within South Africa



- Spontaneous Budget Explorers mostly book directly with the product owner
- They use Computicket, which can be leveraged for event-driven packages as well as bus tickets for road trips
- This group also uses travel agents and tour operators for their domestic travels
  - These channels can be useful in allowing for payments for relevant packages without the use of credit cards, as well as to provide first time travellers with advice and assistance

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

New Horizon Families

General Overview

Consumers in this segment are generally older and married with dependent children. They work hard to provide for their families on limited income and are constantly trying to ensure a better future for their children

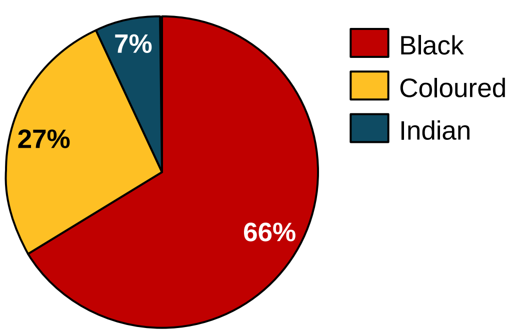
Average Age: 44 years

51% Male
49% Female

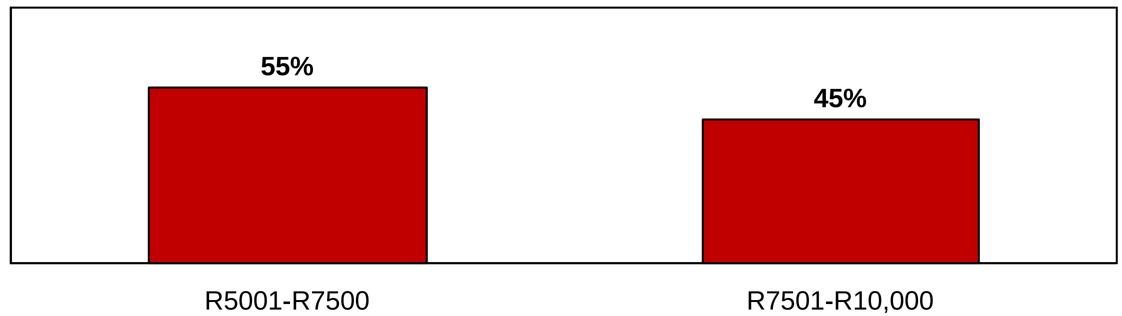
33% Single
42% Married/ Living Together
14% Divorced/ Widowed/ Separated

26% Do Not Have Dependent Kids
74% Have Dependent Kids

Race

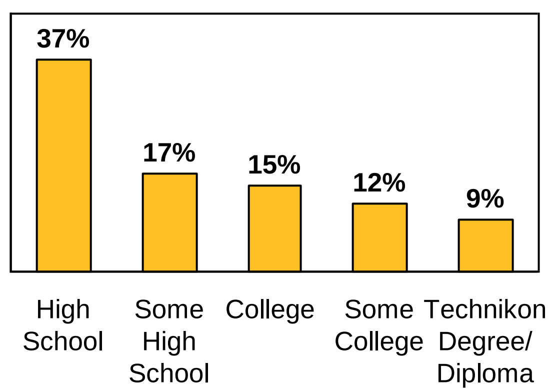


Personal Monthly Income (R)

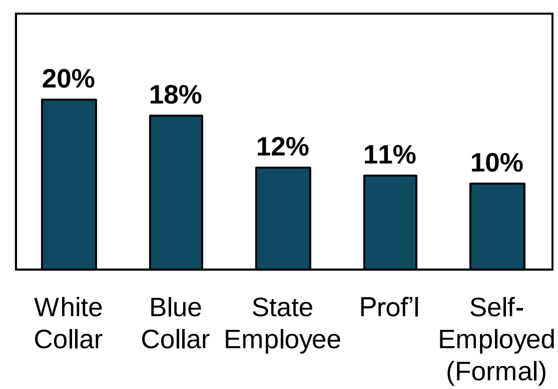


86% Working Full Time
9% Working Part Time
4% Retired/ Pensioner

Highest Level of Education



Current Role



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Travel Mindset

Travel is one of the ways in which New Horizon Families invest in their children, believing that exposure to different people and places is important. In addition, a holiday is an opportunity to relax at the end of a hard year

For New Horizon Families, travel is a way to educate their children about the world, and to provide them with the opportunity to broaden their perspectives. It is also seen as quality time for the family to spend together, and a great reward for hard work

I travel because I feel that I need to give my children an opportunity to experience more of the world than what is in their backyard. I want to give my children the opportunity to see places that I never did as a child. I also think that we deserve a break at the end of the year; we work so hard that we would go mad without a little relaxation

I would travel more if I had the time and the money to do so. I really think that travel is important and would go more often if I could, but I already have to save just so that I can take my family on one big trip a year

I go to **places where I have friends or family to visit**. Generally, I end up in places like KwaZulu Natal, Gauteng and the Eastern Cape. Because of the beaches, **KwaZulu Natal and the Eastern Cape are great for the kids too**

We generally end up travelling as a family over the **school holidays in December,** although we don't do a big trip in December every year. Sometimes we will take shorter trips in April or September

When on holiday, I like to spend time with my family and friends, **socialising and doing things that are different from what I can do at home,** seeing sights like Robben Island and going up the cable car in Cape Town. I also like to do some shopping and the kids really enjoy being at the beach

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Who are They?

Meet Nadira Mayet, a typical New Horizon Family consumer

Nadira is 38 years old and is married with two children

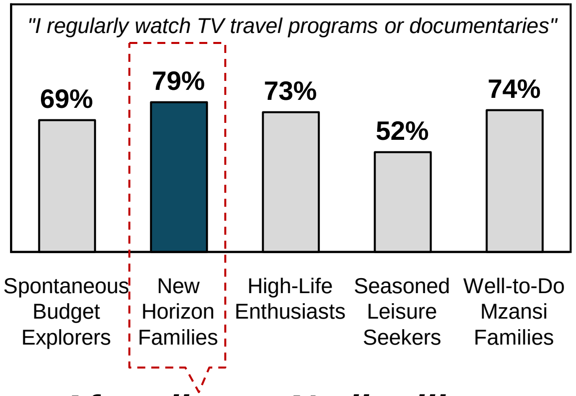
Nadira works as a clerk at a bank, which allows her to contribute to the household income

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Day

Nadira makes sure that the children get going for school and then makes her way to work

After a long day at work, she comes home and makes dinner for her family



After dinner, Nadira likes to relax and watch TV. She likes to keep abreast of what's happening in the country, and regularly watches TV travel programs like Top Billing

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

New Horizon Families

Typical Weekend

Weekends are reserved for spending time with family, often watching sport on TV as Nadira's husband sees Saturdays as "sports" days

Nadira's family often has friends around for a braai as it is a great way to socialise without spending a fortune

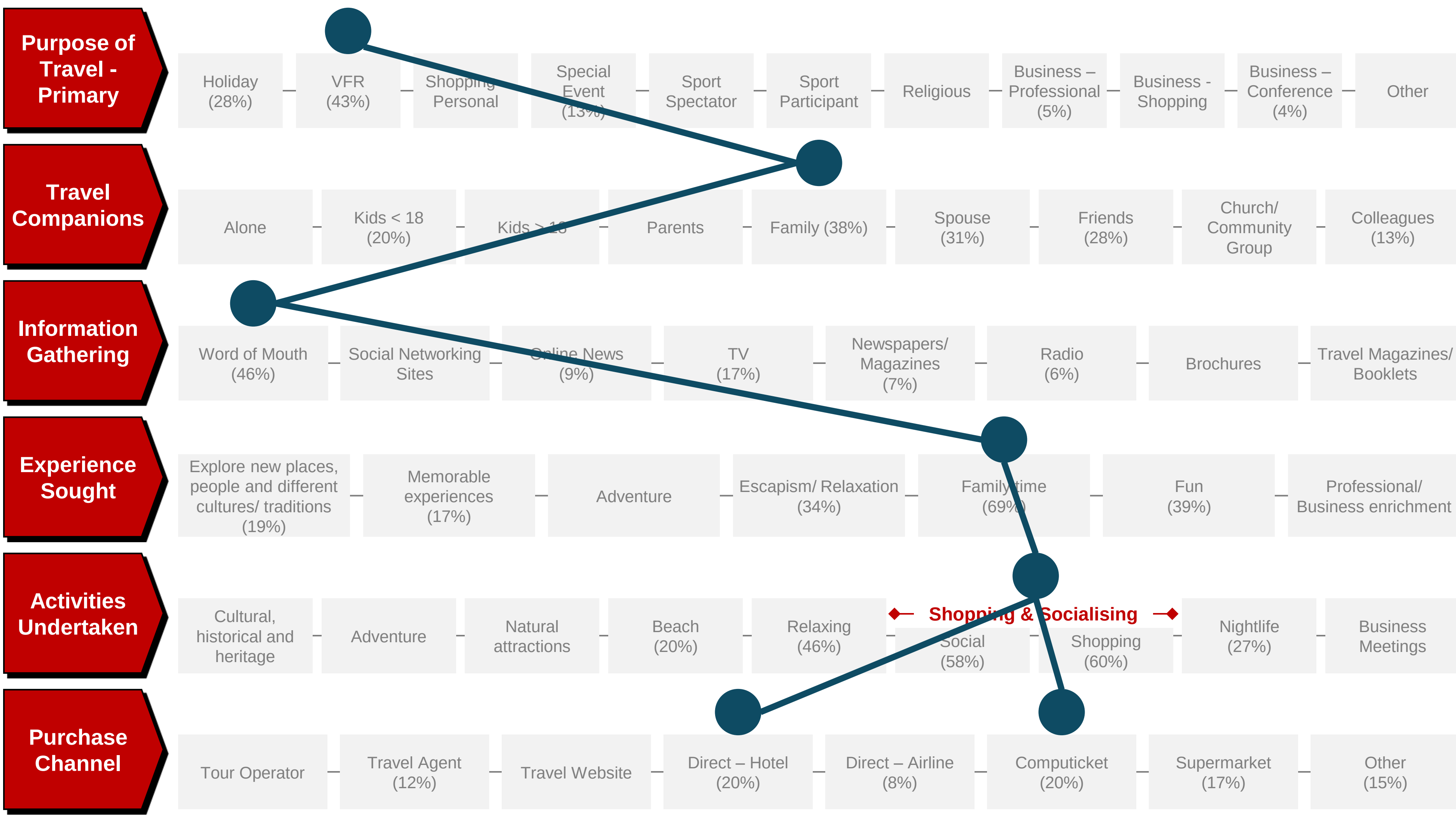
On Sundays, the family goes to church and sometimes enjoys a picnic or visit to a park

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

New Horizon Families

Buying Process

New Horizon Families primarily travel for VFR and seek to enjoy family time; they enjoy social activities and shopping when on a trip



New Horizon Families

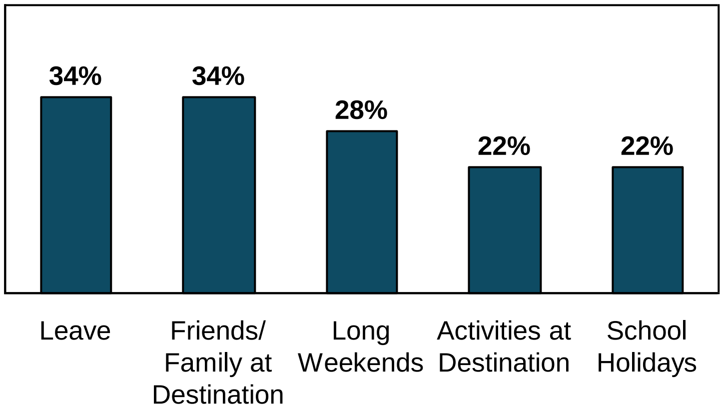
Travel Behaviour

Generally, New Horizon Families take ~3 trips per year at times dictated by school holidays and stay for 5 nights. Despite their lower income, they tend to spend decently on trips, as they save specifically for travel

Length of Stay:

5.2 nights

Drivers of Length of Stay



Average Spend per Trip[1] : R1,160.50

No. of Trips per Year: 3.1

Preferred Time to Travel Domestically[2]

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9%			13%		9%			11%			26%

School holidays are typically in June and December/ January, with shorter breaks over Easter and in September. This coincides with the preferred time to travel. 35% of responses from New Horizon Families show a preference to travel during main school holidays in December/ January

Note: [1] Respondents were asked to estimate how much was spent in total on their most recent trip, including all expenses, such as travel, accommodation, food and beverage, entertainment, shopping, and so on; [2] The percentages for "Preferred Time to Travel" refer to percentage of responses given
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; SAT Domestic Survey, 2007- 2010

Recent Travel Experiences

Most memorable aspects of recent trips

- Beautiful scenery (50%)
- Spending quality time with family/ friends (48%)
- Hospitality and friendly people (42%)
- Shopping (34%)
- Beaches (20%)

New Horizon Families sighted these aspects as those that they were most satisfied with on recent trips:

- Overall holiday (4.51)
- Natural attractions (4.32)
- Activities (4.32)
- Quality of restaurants (4.30)
- Ease of reaching destination (4.23)

Unpleasant experiences during recent trips

- Nothing specific (65%)
- Expensive tourism offerings (11%)
- Poor/ inadequate signage/ road signs (8%)
- Lack of tourist information centres (7%)
- Lack of general infrastructure (7%)
- Inadequate public transport facilities (7%)

New Horizon Families sighted these aspects as those that they were least satisfied with on recent trips:

- Tour guides (3.83)
- Affordability of car rental services (3.83)
- Information centre/ tourism offices (3.81)
- Affordability of tourist attractions (3.76)
- Cost of air travel (3.53)

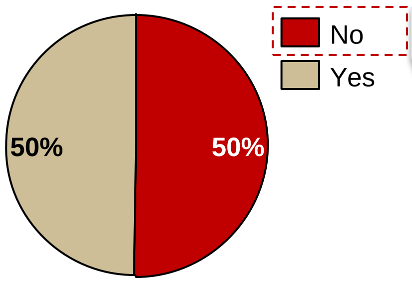
Consumers in this segment appear to be satisfied with the overall experience of their domestic holidays and have minor gripes about affordability. However, they would like more information and better sources of information because they are concerned with the exposure and educational aspect of travel

Note: Scores in brackets are out of five
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

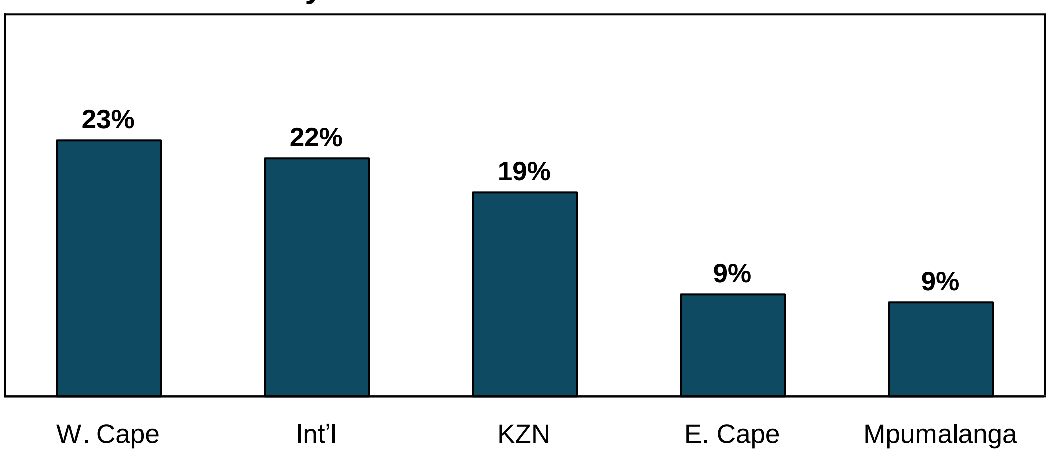
Competitors to Domestic Travel

Half of New Horizon Families are planning to take a trip in the next 12 months, once again to mostly coastal destinations domestically

Planning to Take a Leisure Trip in Next 12 Months



Most Likely Destination to Visit in Next 12 Months



- 50% of New Horizon Families say that they are planning to take a leisure trip in the next 12 months
  - The **Western Cape and KwaZulu Natal** are the most likely domestic destinations
  - **22%** of responses sighted an **international destination** as likely; however, it is likely that these are aspirational rather than truly possible due to the income of this segment
- It is likely that domestic travel **competes with things that New Horizon Families feel are beneficial to their children**:
  - Children's education (school fees, uniforms, books)
- However, because this segment believes that **travel has an educational aspect, they will always save for it**, rather than for commodities like a TV

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Recommended Messaging (1/2)

South Africa needs to be positioned as a destination that allows you to spend quality time with your family, provides invaluable exposure to your children through new experiences, and rewards you for all your hard work

*Communications to New Horizon Families must position travelling within South Africa as an accessible way to **broaden their children's horizons**, while spending **quality time as a family** and **rewarding themselves for their hard work in** providing for, and looking after, their family*

*Travelling in South Africa with family offers the chance to spend time together outside of the hustle and bustle of everyday life. The message should emphasise the value of spending **quality time with family away from normal surroundings***

*It is important to ensure that **children have a chance to broaden their horizons** and learn about their country. Highlight that travelling in South Africa with children provides them with **essential exposure** that they can only gain through experiencing different places*

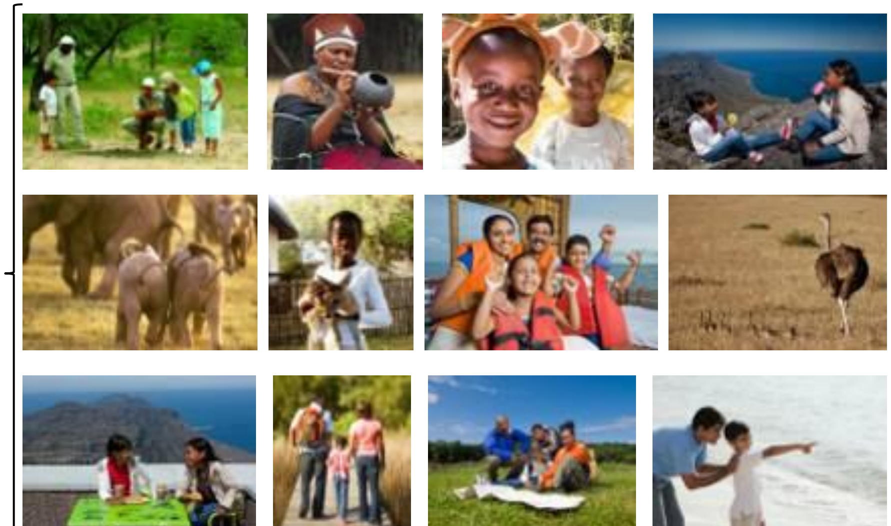
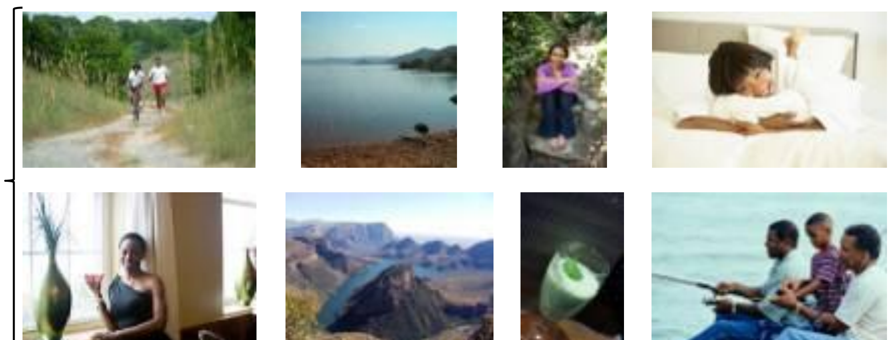
*The **relaxing and rewarding** element of travel within South Africa should be highlighted. Show that after putting in **a lot of hard work** for the sake of family, **taking a break is a well-deserved treat***

Source: Monitor/ Grail Analysis

New Horizon Families

Recommended Messaging (2/2)

For New Horizon Families, this means relaxing with family in beautiful surroundings, while learning a lot and being exposed to things that they wouldn't be exposed to if they stayed at home

Relaxing Family Time		***Some illustrative examples***
LEARNING	*"I travel because I feel that I need to give my children an opportunity to **experience more of the world than what is in their backyard**"* *"Travelling is a **necessity when you have children**. You have to take them places so that they don't just see animals or Table Mountain on TV, but they **see for themselves**"*	
REWARD FOR HARD WORK	*"Holiday is important for **relaxation purposes**. Since we **worked very hard** we need to just go and relax. We need a break; it is a way to **revitalise ourselves and refresh**"*	

Source: Monitor/ Grail Analysis

Products: What the Segment Looks For

New Horizon Families want affordable and accessible holidays for their families. Information on culture, heritage and nature in an area are a critical part of products aimed at this segment

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

- New Horizon Families are looking to stay at **3-star BnB or self-catering accommodation**
- They will **drive or take a bus** to their destination
- They will typically **pay ~R10,000 for a 10-day** trip with 2 adults and 2 children
- They may take weekend-long family trips during the year in self-catering accommodation or at camp sites
- This segment saves up for a **big family holiday** during the December school break
  - This big trip is typically taken every 2nd or 3rd year

WHAT IS THE DESIRED OUTCOME OF PRODUCT DEVELOPMENT FOR THIS SEGMENT?

- Products aimed at this segment should:
  - Be affordable
  - Be accessible by road
  - Be **child-friendly**, both in terms of facilities and activities
  - Offer access to **cultural/ nature/ heritage** activities
  - Include information; **information centres and/or tour guides** are critical for this group, as they want to learn new things while travelling

"A lack of information about a place deters me from travelling to it. I want to go to Durban because I've heard of uShaka Marine World but if there was no information on it, I wouldn't go there"



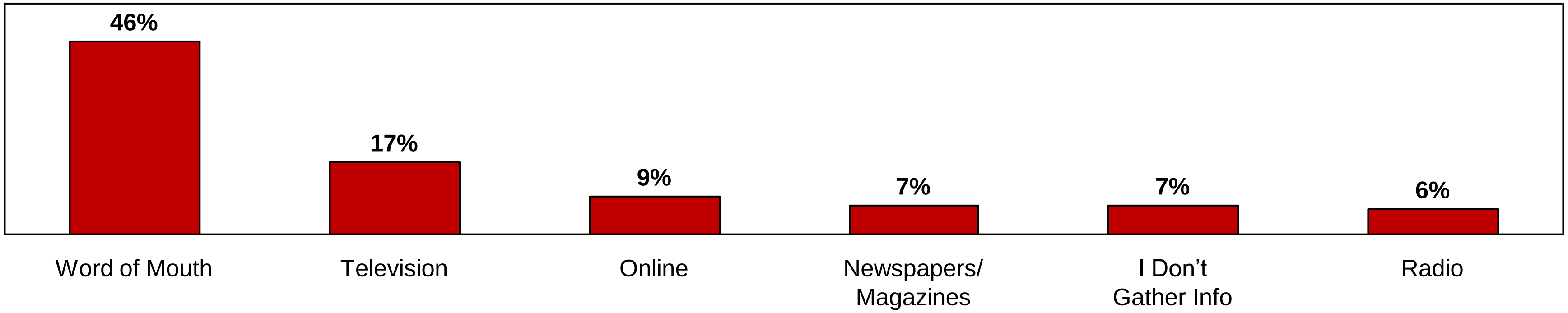



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

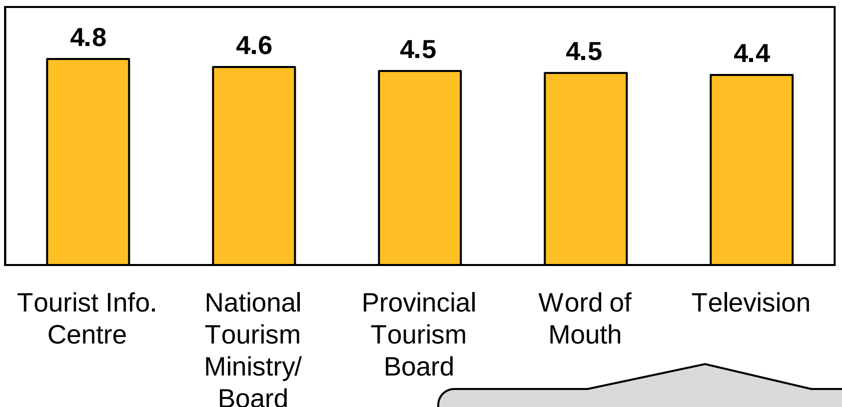
Media Channels Used (1/2)

New Horizon Families prefer word of mouth and television to source travel information, and find both sources quite reliable. They are mostly interested in gathering information on accommodation

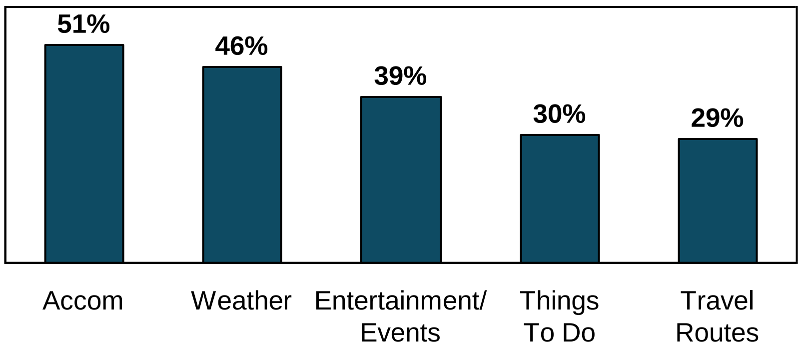
Primary Source of Information



Sources Most Trusted to Provide Reliable Information[1]



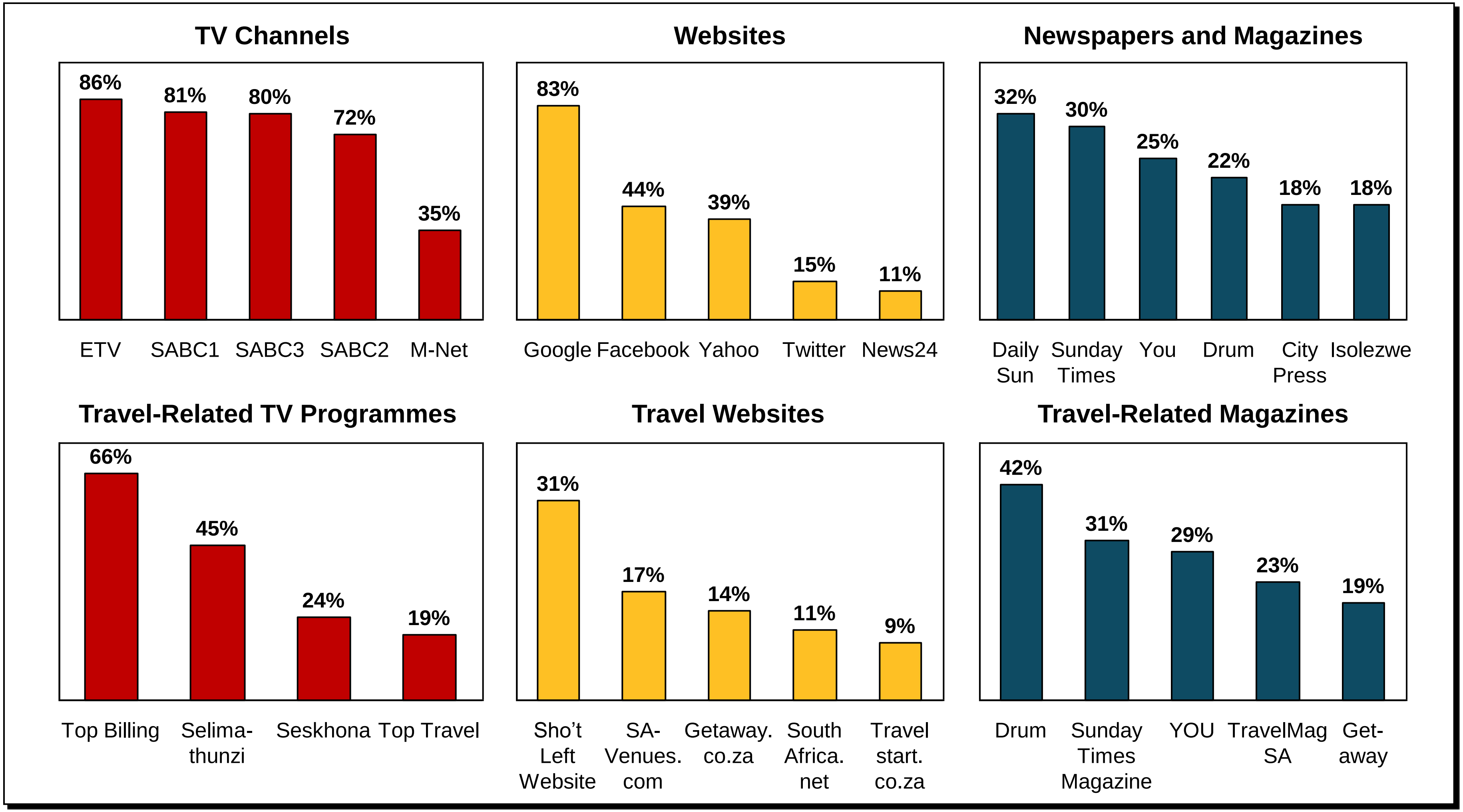
Topics on Which Information is Gathered



These sources are not necessarily sources that are used, but those that are considered to provide reliable information

Note: [1] Scores are out of 5
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Media Channels Used (2/2)

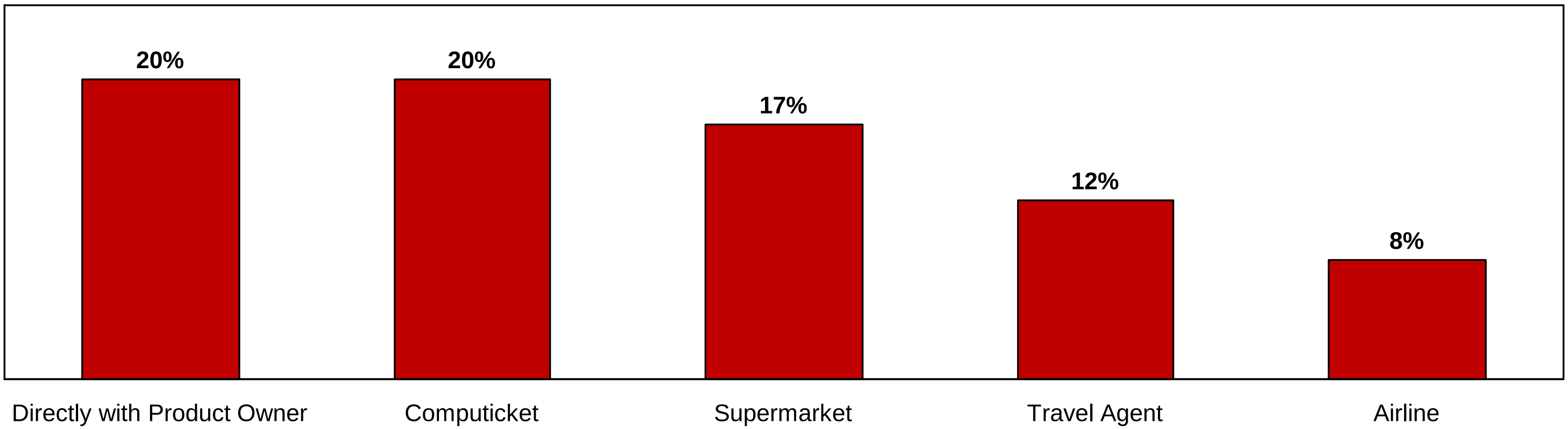


Note: Media are shown in order of importance as primary sources of information for the segment from left to right
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Booking Channels Used

New Horizon Families mostly book directly with the product owner or through Computicket. Their current use of travel agents should be encouraged further to allow for access to detailed information, which they value

Booking Channels Used for Trips Within South Africa



- New Horizon Families mostly book directly with the product owner or through Computicket
- They also use physical channels, such as supermarkets and travel agents
  - Very detailed information about nature, culture and heritage is important for this group, so encouraging the use of travel agents can result in better access to quality information

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

General Overview

High-Life Enthusiasts are well-educated professionals striving to build their wealth and reputations. Mostly single and none with dependent kids, this group has large disposable income that they like to treat themselves with

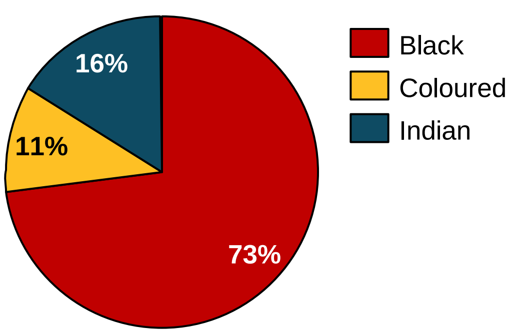
Average Age: 33 years

57% Male
43% Female

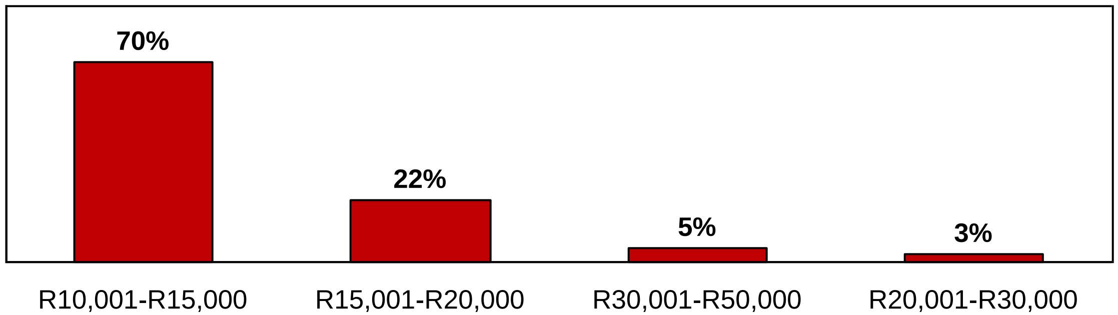
70% Single
30% Married/ Living Together

100% Do Not Have Dependent Kids

Race

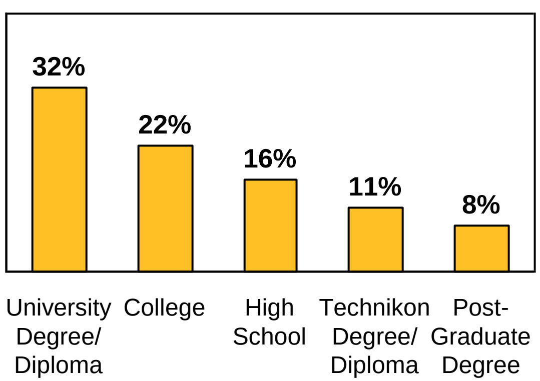


Personal Monthly Income (R)

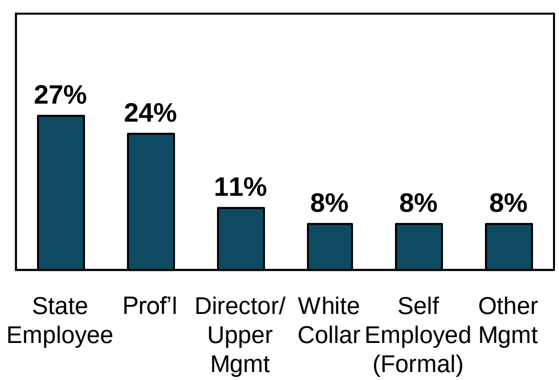


97% Working Full Time
3% Working Part Time

Highest Level of Education



Current Role



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Travel Mindset

High-Life Enthusiasts expect travel to fit into their lives seamlessly and enjoy doing the same things when they are travelling that they do when they are in their city of residence

For High-Life Enthusiasts, travel is a way to boost one's social status, and to experience the finer things in life in new and different settings

I travel because the places I have been to (cities, restaurants, nightclubs, events) tell other people who I am. I like to experience what other places have to offer and be able to tell great stories to my friends and family back at home

I would travel more if I really felt like a holiday was a better way to spend money than on designer clothes or a new car

I go to different places depending on what I am looking for from a holiday. KwaZulu Natal and the Western Cape are great because of the combination of beaches and city-activities, but I also go to the Eastern Cape occasionally to visit family and have a more relaxed time

I generally travel in December, June and September, although April, January and October are also desirable months to travel, if I can manage to take leave

Holidays must provide me with a real **wide range of activities**. First and foremost, I want to be able to **see friends and enjoy activities with them**. Some days while travelling I want to be on a **boat ride** in the morning and at a **club in the evening**, while other days I want to be able to go **shopping and eat at a nice restaurant** for lunch and then drink and have a **bonfire on the beach** in the evening

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Who are They?

Meet Palesa Moloi, a typical 29 year old High-Life Enthusiast

Palesa is single and lives in a trendy new penthouse in Braamfontein

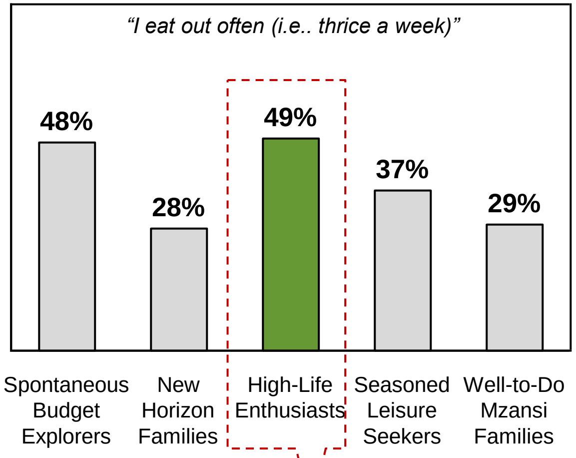
She is currently an associate at a reputable law firm

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Day

Palesa drives to work early everyday and picks up a coffee at the garage on her way in

She has a hectic day at work, trying to impress the partners at her firm



Palesa's evenings are often spent socialising with friends: having cocktails and eating out are favourite pastimes

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

High-Life Enthusiasts

Typical Weekend

On weekends, Palesa likes to pamper herself with a manicure or having her hair done...

...and often spends Saturday afternoons engaging in some retail therapy

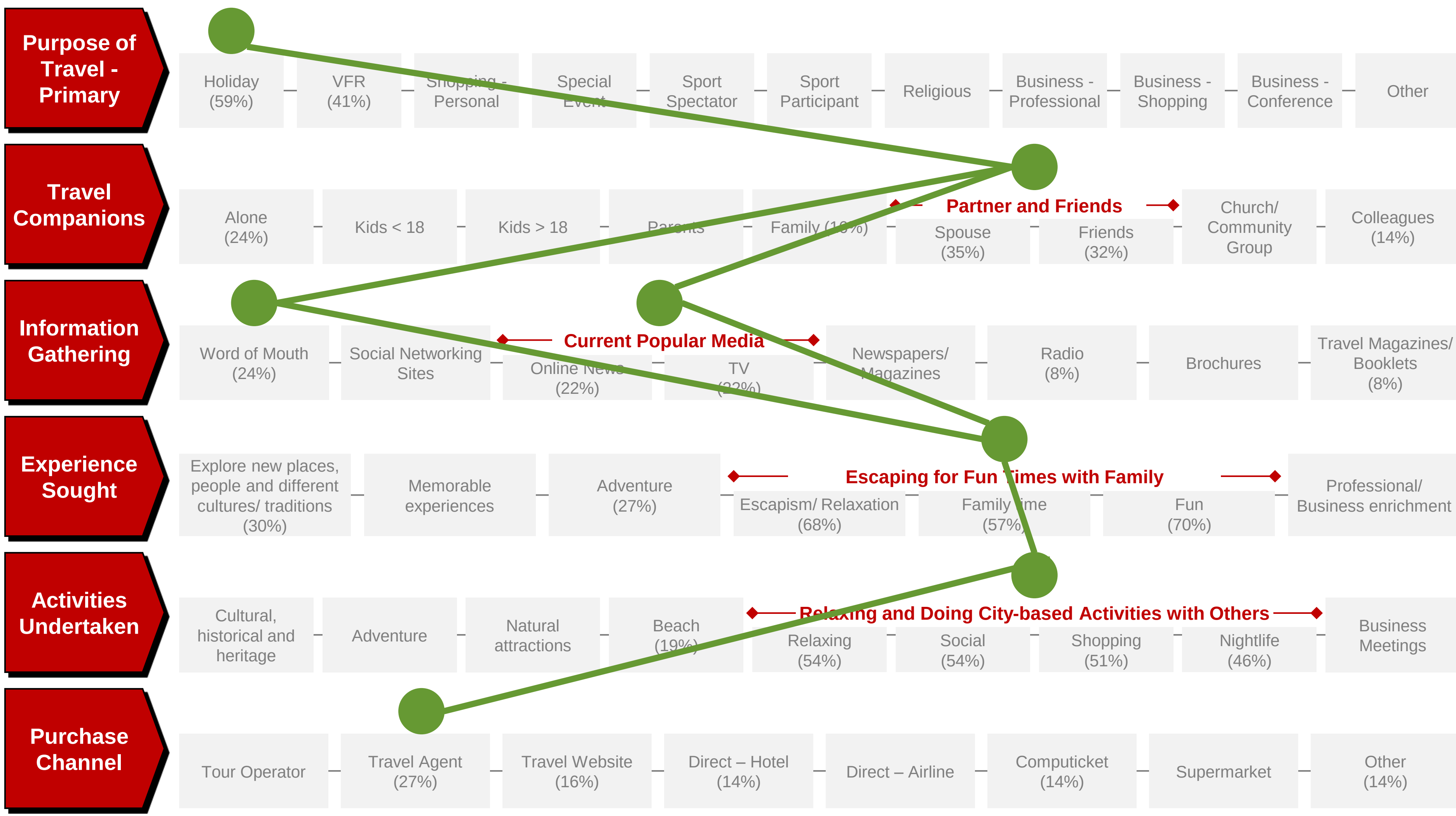
Friday and Saturday nights are spent socialising with friends

Sundays are often spent with friends and family relaxing and chatting over a long lunch

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Buying Process

This group generally travels on holiday with friends or their partner and really look to experience fun times with family and friends. High-Life Enthusiasts enjoy relaxing and doing city-based activities with others



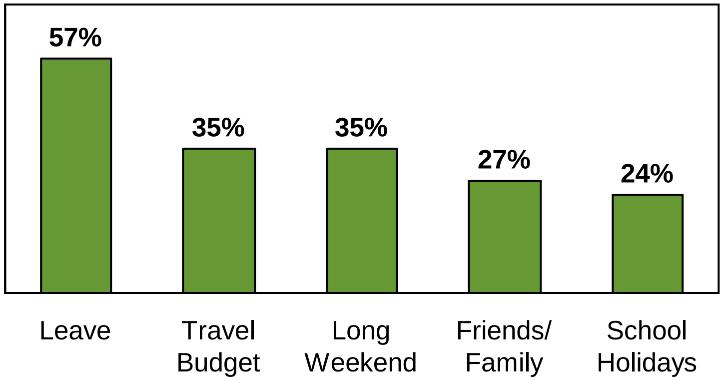
Travel Behaviour

Despite their relatively high income, High-Life Enthusiasts do not appear to be prepared to spend significantly on travel and choose shorter stays to keep their travel budget in check, and due to their ability to take time away

Length of Stay:

4.5 nights

Drivers of Length of Stay



Average Spend per Trip[1] : R1,265.54

No. of Trips per Year: 3.1

Preferred Time to Travel Domestically[2]

Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
7%			8%		15%			14%	7%		25%

Note: [1] Respondents were asked to estimate how much was spent in total on their most recent trip, including all expenses, such as travel, accommodation, food and beverage, entertainment, shopping, and so on; [2] The percentages for “Preferred Time to Travel” refer to percentage of responses given
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; SAT Domestic Survey, 2007- 2010

High-Life Enthusiasts
Recent Travel Experiences

Most memorable aspects of recent trips

- Spending quality time with family and friends (68%)
- Beautiful scenery (65%)
- Shopping (43%)
- Beaches (38%)
- Fun and adventure activities (27%)
- Nightlife (27%)

High-Life Enthusiasts sighted these aspects as those that they were most satisfied with on recent trips:

- Overall holiday (4.51)
- Natural attractions (4.41)
- Quality of restaurants (4.28)
- Quality of accommodation (4.26)

Unpleasant experiences during recent trips

- Nothing specific (54%)
- Expensive tourism offerings (16%)
- Lack of tourist information centres (11%)
- Poor/ inadequate signage/ road signs (8%)
- Poor quality of service at restaurants, hotels, etc. (8%)

High-Life Enthusiasts sighted these aspects as those that they were least satisfied with on recent trips:

- Local public transport (3.63)
- Affordability of car rental (3.55)
- Tour guides (3.53)
- Information centre/ tourism offices (3.52)
- Cost of air travel (3.31)

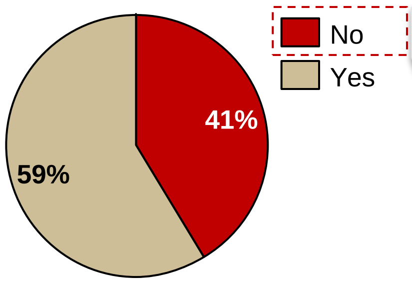
Consumers in this group are especially satisfied with beautiful scenery and spending time with friends and family. However, there is a perception that service levels are not satisfactory and that it is often difficult or expensive to get around. These consumers want to move freely and be treated as well as they are in their favourite places in their cities of residence

Note: Scores in brackets are out of five
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

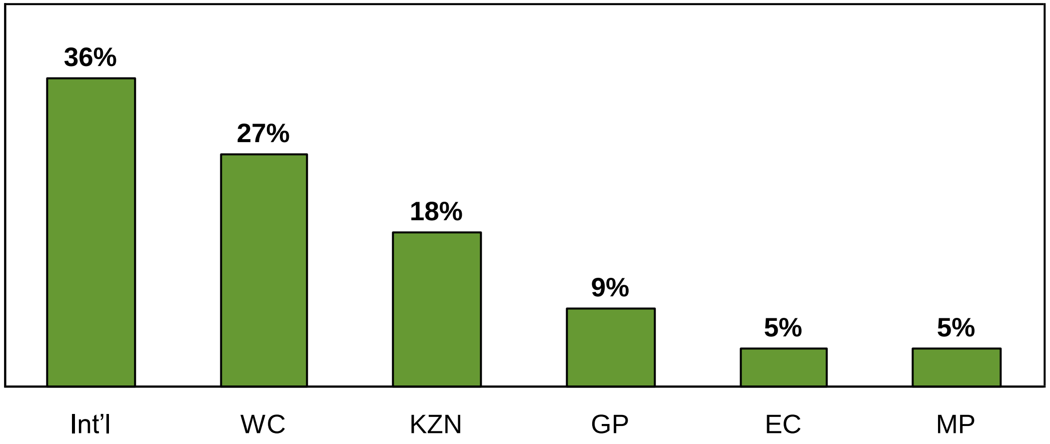
Competitors to Domestic Travel

59% of High-Life Enthusiasts are planning on taking a trip in the next 12 months; however, international and regional destinations are a major competitor to domestic travel in this segment

Planning to Take a Leisure Trip in Next 12 Months



Most Likely Destination to Visit in Next 12 Months



- 59% of High-Life Enthusiasts say that they are planning to take a leisure trip in the next 12 months
- 36% of responses sighted an international destination as likely
  - Consumers in this segment feel that **international and regional destinations are much better indicators of status** than domestic travel
  - **Regional destinations** like Swaziland, Lesotho, Botswana, Mozambique and Mauritius are **particularly popular** amongst this segment
  - International destinations mentioned included the UK, USA and Switzerland
- Apart from competition from regional and international destinations, in this segment, **travel competes with status and lifestyle items**:
  - Designer clothing
  - A trendy apartment
  - A car

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Recommended Messaging (1/2)

South Africa needs to be positioned as a destination where invaluable and enviable experiences can be enjoyed with utmost ease and convenience

Communications to High-Life Enthusiasts must position domestic travel as the quickest and easiest way to enjoy invaluable and enviable world-class (but home-grown) experiences

*Invaluable and enviable refers to **the intangible and irreplaceable** experiences to be gained from travel, and that memories from these experiences in exotic and exclusive places are **made to be shared** with friends and significant others; whether they travelled with you or they **just wish that they could have***

World-class experiences** should highlight the **quality and variety of experiences** on offer in South Africa, from the world's top restaurants in Franschoek to the highest commercially operated bungee jump in the world at Bloukrans. It should also be clear that these world-class experiences are **home-grown and something to be proud of as a true African

*Quickest and easiest should focus on the **ease and comfort of jumping on a plane or in a car** and seeing South Africa, and the way that it can fit a busy lifestyle without too much planning, and without having to compromise standards of style and comfort*

Source: Monitor/ Grail Analysis

High-Life Enthusiasts

Recommended Messaging (2/2)

For High-Life Enthusiasts, this means having world-class experiences on their doorstep

Invaluable and Enviable World-Class Experiences		***Some illustrative examples***
QUALITY	*"I'm used to nice things in my life, why should I settle for less when I travel"*	   
VARIETY	*"I want to be able to wake up and decide what to do and then do it. No matter where I am, I want to have options"*	  
	"My favourite type of trip is where I can go on a boat cruise in the afternoon, spend the evening at a great restaurant and then hit the clubs. Maybe the next day I'll be shopping or relaxing in the spa"	  
ENVIABILITY	*"I always Tweet or post what I'm doing to Facebook so that my friends get a glimpse into what I'm doing, where I'm staying..."*	   

Source: Monitor/ Grail Analysis

High-Life Enthusiasts

Products: What the Segment Looks For

High-Life Enthusiasts want glamour and comfort from their holidays. They want to be seen enjoying places South Africa has to offer

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

- High-Life Enthusiasts are looking to stay at **4- to 5-star accommodation**
- They drive to destinations close by and fly to further destinations
  - They are likely to hire a car if they fly somewhere, but **aren’t impressed having to drive a car that is less luxurious** than what they drive at home
- They consider **between R600 and R1,200**per person per night sharing as reasonable for a 4-star BnB
- They take **a couple of weekend breakaway trips** during the year
- Longer trips are usually taken in December with friends
  - It is easier to co-ordinate leave when everyone takes time off

WHAT IS THE DESIRED OUTCOME OF PRODUCT DEVELOPMENT FOR THIS SEGMENT?

- Products aimed at this segment should:
  - Be perceived as **value for money**, but not cheap
  - Be **glamorous** and/ or **offer comfort**: holidays must be the best that South Africa has to offer
  - Have the option for **numerous activities,** but allow the consumer to choose to do activities as and when they please
  - Offer convenience: **one price** for everything is attractive to this group, as it allows them to **plan their spending ahead of time** and then not have to worry about budgeting once they are at the destination

78 % of High Life Enthusiasts prefer a weekend holiday filled with activities compared to a quiet weekend getaway





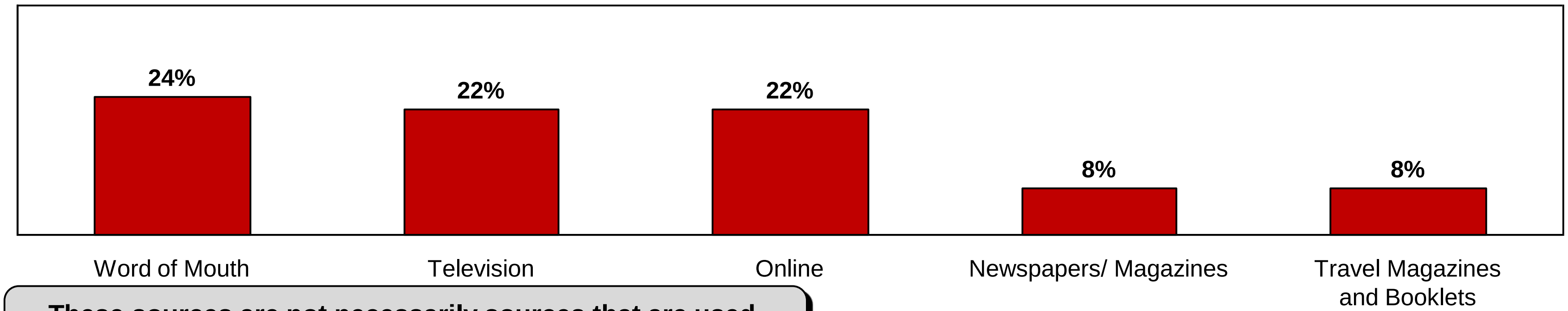


Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Media Channels Used (1/2)

High-Life Enthusiasts mostly use word of mouth to source travel information, but this is closely followed by TV and online media. They are mostly interested in where they are going to stay and what they will do once they are there

Primary Source of Information



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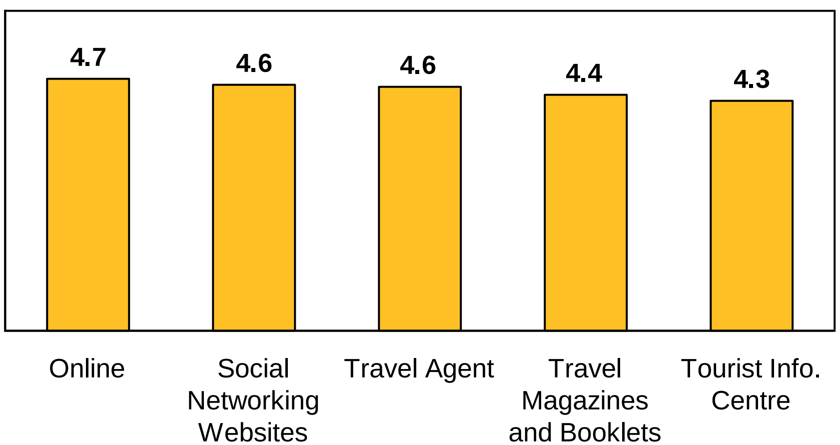
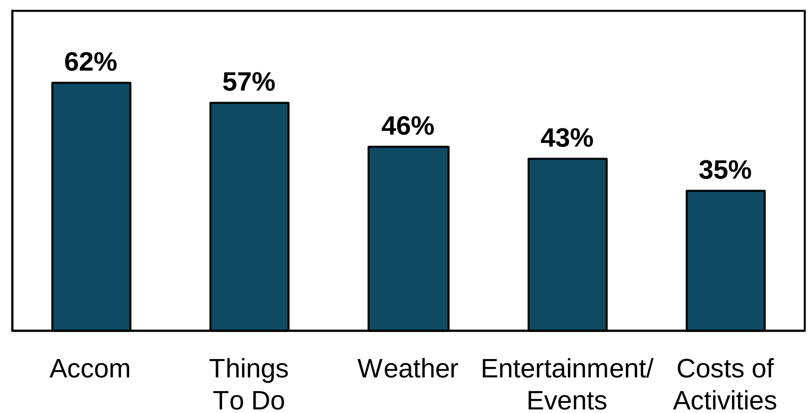
Sources Most Trusted to Provide Reliable Information[1]



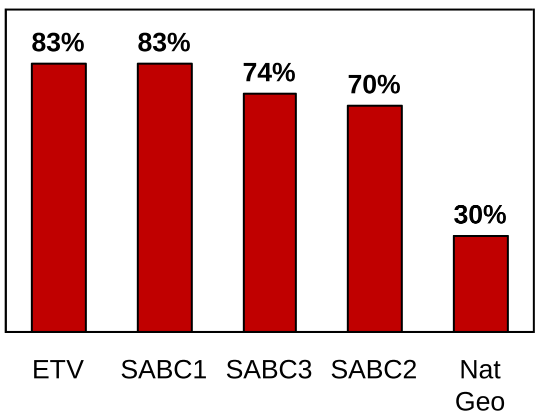
Topics on Which Information is Gathered



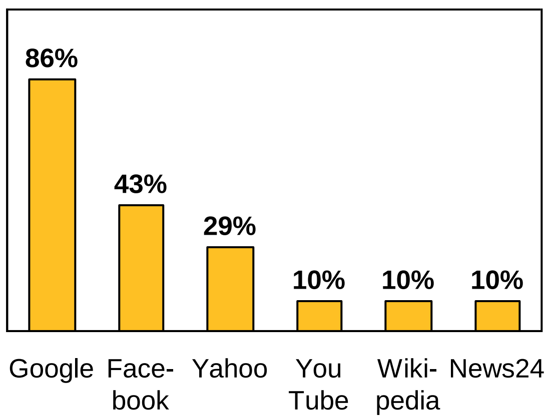
Note: [1] Scores are out of 5
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Media Channels Used (2/2)

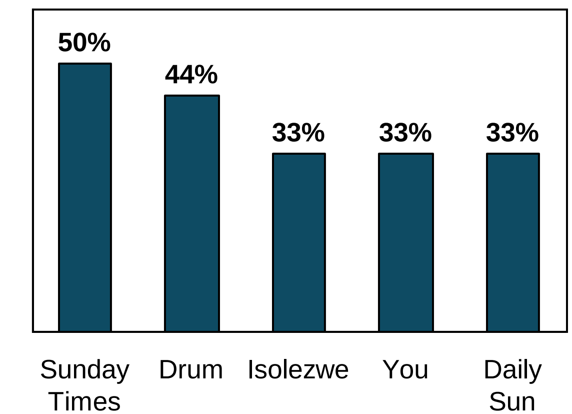
TV Channels



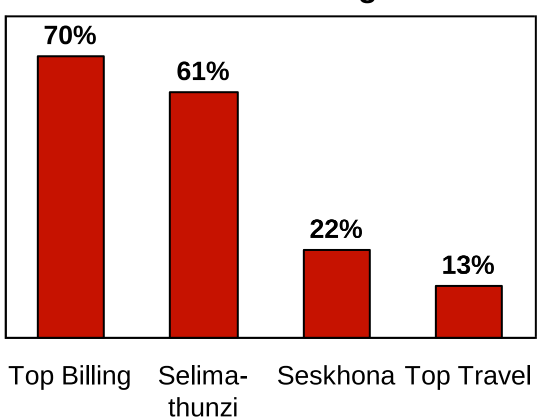
Websites



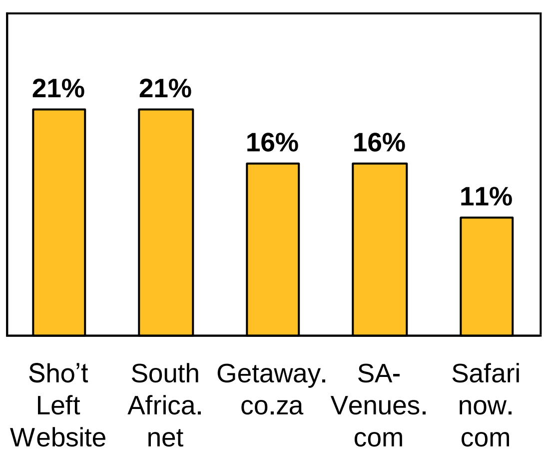
Newspapers and Magazines



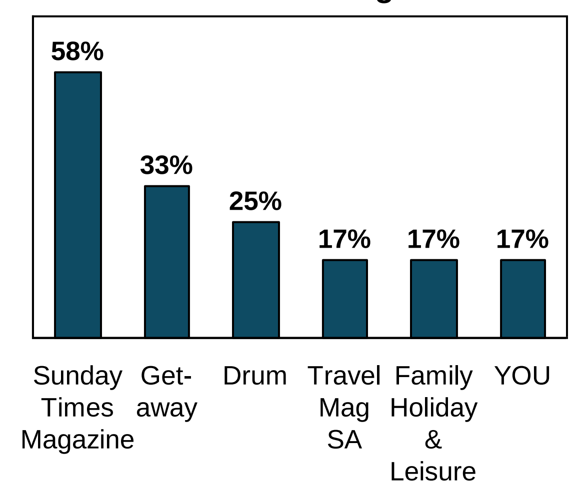
Travel-Related TV Programmes



Travel Websites



Travel-Related Magazines

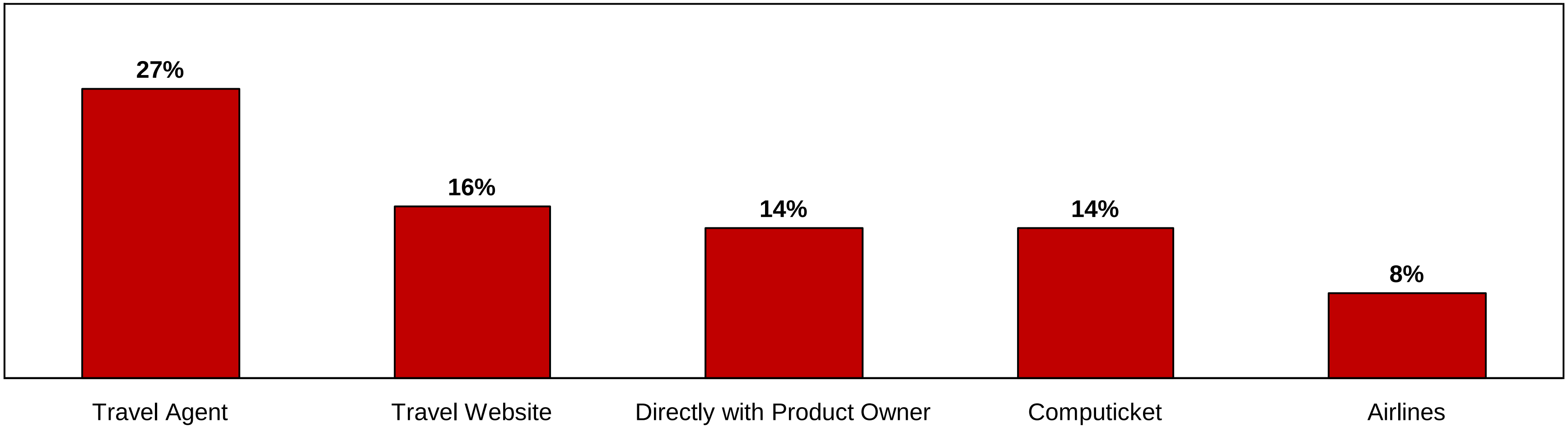


Note: Media are shown in order of importance as primary sources of information for the segment from left to right
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Booking Channels Used

High-Life Enthusiasts book through travel agents and travel websites; these channels offer convenience which is important to this group

Booking Channels Used for Trips Within South Africa



- High-Life Enthusiasts mostly book through travel agents
  - Domestically, this is mostly for flights, but the use of travel agents for complete holiday packages should be encouraged
- They also use travel websites
  - This offers them convenience, ease of use and packaged deals

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Seasoned Leisure Seekers

General Overview

Seasoned Leisure Seekers are young to middle-aged singles and couples, earning well. Couples in this segment enjoy dual salaries and do not have dependant children and the resulting costs that accompany them

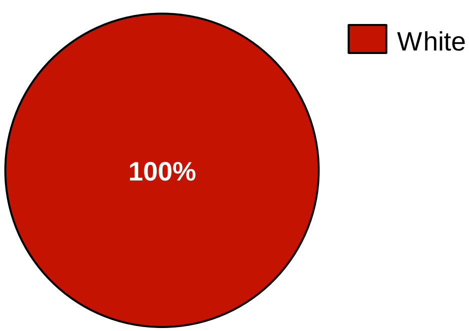
Average Age: 34 years

65% Male
35% Female

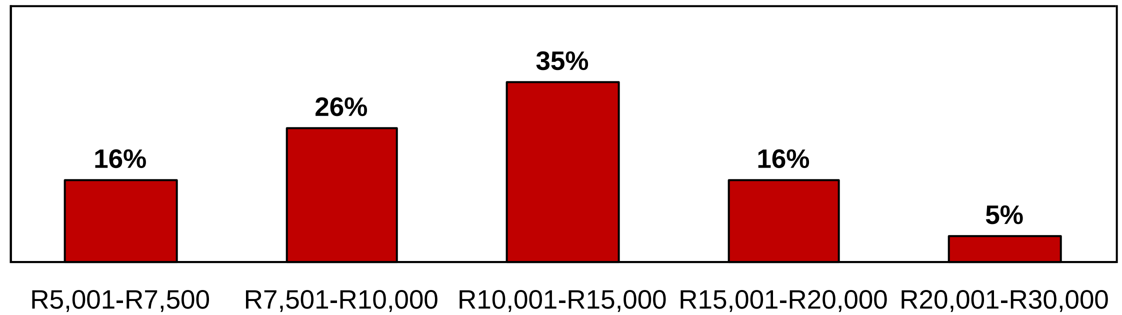
48% Married/ Living Together
47% Single
5% Divorced/ Widowed/ Separated

100% Do Not Have Dependent Kids

Race

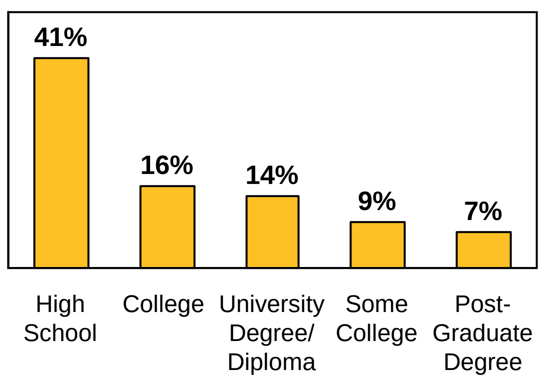


Personal Monthly Income (R)

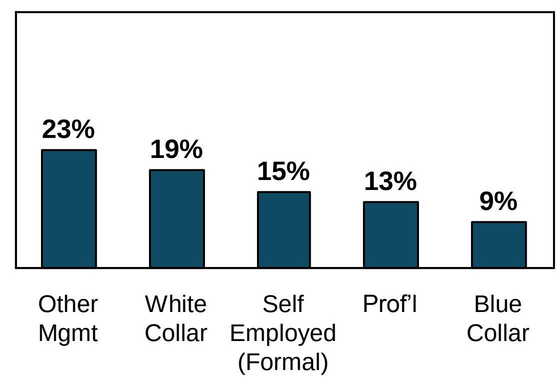


89% Working Full Time
9% Working Part Time

Highest Level of Education



Current Role



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Travel Mindset

Having grown up taking regular family holidays, travel for this group is really all about "getting away". These travellers often go to the same places and are not particularly adventurous when choosing domestic destinations

For Seasoned Leisure Seekers, travel is a way of life and something of a necessity. Having grown up going on regular holidays, this group of consumers understands the value of travel experiences and memories over commodities

I travel because it is a way of life for me and those around me. I don't even really think about why anymore as it is such a natural thing to do, but I know that travelling gives me the opportunity to get away from the pressures of city life and to build new memories that I will cherish forever

I would travel more if I could find the time to get away from work, although I do take every opportunity to have a weekend away, even if it is just to get two hours away from the city

I go to **coastal destinations** like the Western Cape, KwaZulu Natal and the Eastern Cape, often because my **family has a holiday home**

I tend to **travel whenever it suits me**, but, no matter when I travel during the year, I will always do a trip in December

When I travel domestically, I do it to be able to **spend quality time with my loved ones**. I want to be able **to relax in a different and beautiful environment** and not be bothered with the hectic pace of life in the city. I am very happy relaxing and reading, or taking walks in nature, but I don't necessarily want to be in a completely sleepy town where I can't do a bit of **exploring or shopping** for things like crafts or fresh produce. When I'm somewhere like Cape Town or Durban, I will definitely explore the nightlife and go out with my friends




Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Who are They?

Meet Georgie Stevens, a typical Seasoned Leisure Seeker

Georgie is 32 years old and has been in a relationship for a couple of years, but has no kids

She works as a marketing manager for a well-known South African brand

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Day

Georgie goes to gym every morning before work. She likes to make sure that she exercises every day

At work, she attends meetings and spends a lot of time surfing the net, spending time on Google and Facebook

Georgie likes to relax in the evenings with her boyfriend and eats out with friends about once a week

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Weekend

On weekends, Georgie likes to travel to her family holiday home 2 hours away...

...She likes being in a different environment and getting away from the buzz of the city

When Georgie and her boyfriend don't go away for the weekend, they tend to spend their weekends shopping for crafts and specialty produce and spending time with friends

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Buying Process

Seasoned Leisure Seekers are firmly holiday travellers, and travel with their spouse to escape and relax

Purpose of Travel - Primary

- Holiday (62%)
- VFR (23%)
- Shopping - Personal
- Special Event (1%)
- Sport Spectator (1%)
- Sport Participant
- Religious
- Business – Professional (7%)
- Business - Shopping
- Business – Conference (5%)
- Other

Travel Companions

- Alone (21%)
- Kids < 18
- Kids > 18
- Parents
- Family (25%)
- Spouse (38%)
- Friends (31%)
- Church/ Community Group
- Colleagues (6%)

Information Gathering

- Word of Mouth (38%)
- Social Networking Sites (7%)
- Online News (16%)
- TV (10%)
- Newspapers/ Magazines
- Radio
- Brochures
- Travel Magazines/ Booklets

Experience Sought

- Explore new places, people and different cultures/ traditions (20%)
- Memorable experiences
- Adventure (28%)
- Escapism/ Relaxation (67%)
- Family time (53%)
- Fun (58%)
- Professional/ Business enrichment

Activities Undertaken

- Cultural, historical and heritage
- Adventure
- Natural attractions (30%)
- Beach (30%)
- Relaxing (58%)
- Social (47%)
- Shopping (36%)
- Nightlife (30%)
- Business Meetings

Purchase Channel

- Tour Operator
- Travel Agent (11%)
- Travel Website (10%)
- Direct – Hotel (38%)
- Direct – Airline
- Computicket (16%)
- Supermarket
- Other (16%)

Seasoned Leisure Seekers

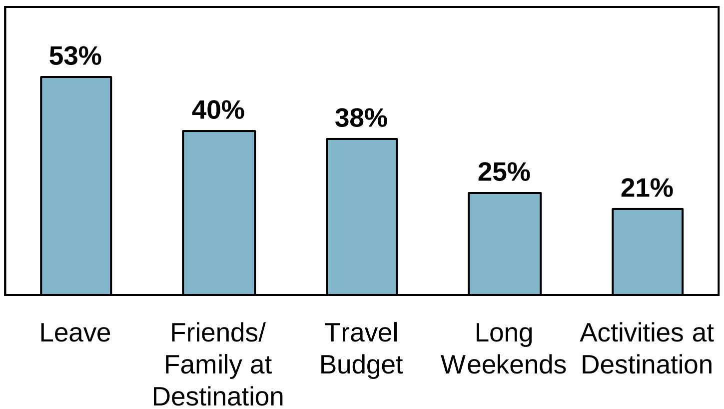
Travel Behaviour

Seasoned Leisure Seekers take more trips and stay longer than any of the other prioritised segments. They are less seasonally bound and spend significantly when they do travel

Length of Stay:

7.7 nights

Drivers of Length of Stay



Average Spend per Trip[1] : R1,853.40

No. of Trips per Year: 4.4

Preferred Time to Travel Domestically[2]

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9%			9%					9%			21%

16% of respondents said that they would travel domestically all-year round

Note: [1] Respondents were asked to estimate how much was spent in total on their most recent trip, including all expenses, such as travel, accommodation, food and beverage, entertainment, shopping, and so on; [2] The percentages for “Preferred Time to Travel” refer to percentage of responses given

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; SAT Domestic Survey, 2007- 2010

Recent Travel Experiences

Most memorable aspects of recent trips

- Beautiful scenery (65%)
- Beaches (47%)
- Spending quality time with family and friends (47%)
- Hospitality and friendly people (40%)
- Good service at hotels, airports, etc. (31%)

Seasoned Leisure Seekers sighted these aspects as those that they were most satisfied with on recent trips:

- Natural attractions (4.63)
- Overall holiday (4.51)
- Cultural, historical, and heritage sites (4.47)
- Availability and variety of accommodation (4.42)
- Quality of accommodation (4.41)

Unpleasant experiences during recent trips

- Nothing specific (69%)
- Expensive tourism offerings (11%)
- Poor/ inadequate signage/ road signs (9%)
- Lack of general infrastructure e.g. rail, road, etc. (6%)
- Lack of tourist information centres (4%)
- I was a victim of theft/ robbery/ crime/ violence (4%)

Seasoned Leisure Seekers sighted these aspects as those that they were least satisfied with on recent trips:

- Tourist information when planning trip (3.9)
- Tour guides (3.9)
- Service quality provided in flights (3.89)
- Affordability of tourist attractions (3.83)
- Local public transport (3.62)
- Cost of air travel (3.5)

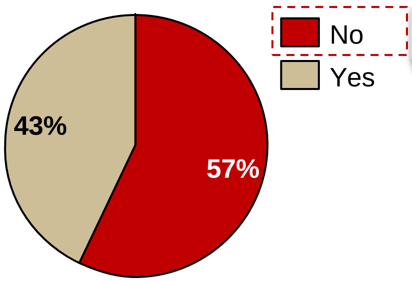
Consumers in this group appear to be most satisfied with the scenery and natural attractions on offer during their domestic travels. They are, however, concerned by a lack of information while planning their trips and during their travels; having travelled often, these consumers require more nuanced and specific information than first-time or unseasoned travellers

Note: Scores in brackets are out of five
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

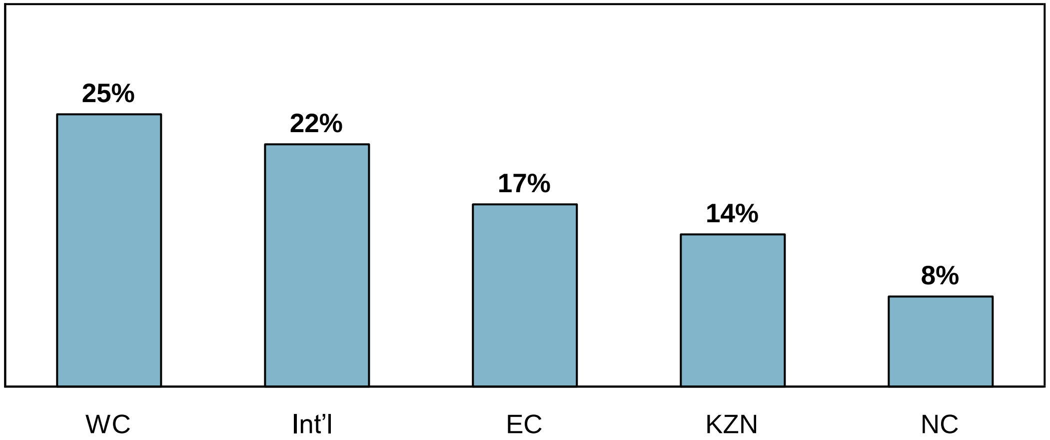
Competitors to Domestic Travel

57% of Seasoned Leisure Seekers said that they were not planning to take a leisure trip in the next 12 months, something that possibly points to the effects of the recession

Planning to Take a Leisure Trip in Next 12 Months



Most Likely Destination to Visit in Next 12 Months



- 43% of Seasoned Leisure Seekers say that they are planning to take a leisure trip in the next 12 months
  - Majority noted that **coastal destinations** in the Cape and KwaZulu Natal are likely destinations
  - **22% of responses sighted an international destination** as likely
- In this group, international and regional destinations are competitors to domestic travel, but travel also **competes with spending on other discretionary items, more so now than prior to the recession**:
  - Large investments (share portfolio, property etc.)
  - Gadgets (new TV, iPad)
  - Jewellery
  - Hobbies (e.g. mountain biking, horse-riding, photography)

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Recommended Messaging (1/2)

South Africa needs to be positioned as a unique and beautiful destination that always has something new to discover and explore with loved ones

For Seasoned Leisure Seekers, the message needs to focus on the different places and ways that South Africa has to offer so that they can escape, relax and spend quality time with loved ones

*Different places should focus on all of the **unique and beautiful places** that South Africa has to offer and show that there is **always somewhere new to discover.** The message should encourage Seasoned Leisure seekers to explore new places **instead of repeatedly taking holidays at the same destination***

*Escape and relax refers to getting away from the pace of the city and **being able to do very little**, except **explore the surroundings***

*Spend quality time with loved ones is all about Seasoned Leisure Seekers **having the time and space to enjoy** the company of the people that they love. In addition, it is about **sharing special memories with special people***

Source: Monitor/ Grail Analysis

Recommended Messaging (2/2)

For Seasoned Leisure Seekers, this means escaping and relaxing in beautiful, and memorable, surroundings, where they have the option to do nothing or to explore something new

Escapism and Relaxation		***Some illustrative examples***
MEMORABLE	*"You have to be able to remember where you have been; if it's not memorable, there is no point"*	  
QUALITY TIME WITH LOVED ONES	*"For me, something that is always important when I go somewhere is the people I am with"*	  
NATURAL BEAUTY	*"At the same time, you want beautiful scenery. It doesn't have to be a beach. It can be inland. Like nice mountain views and stuff"*	  
BALANCE	*"I am someone who lazes around and reads a book, but I don't want to be totally bored"*	  

Source: Monitor/ Grail Analysis

Products: What the Segment Looks For

Seasoned Leisure Seekers want products that may not necessarily be mainstream and popular, but allow them a chance to explore the culture, food and wine, and sceneries of different places within South Africa

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

- Seasoned Leisure Seekers are looking to stay at **3- to 5-star BnB or self-catering accommodation**
- They will drive to destinations close by, and fly to further destinations
- They feel that between **R800 and R1,400** is a reasonable price to pay per person per night sharing for a 4-star BnB
- They take **3 or 4 weekend breaks** during the year
  - If they have a holiday home, they may take more frequent weekend breaks
- 10 days in December are usually spent with family at a holiday home, or on an overseas break, but this group generally travels throughout the year and are **not limited to peak periods**

WHAT IS THE DESIRED OUTCOME OF PRODUCT DEVELOPMENT FOR THIS SEGMENT?

- Products aimed at this segment should:
  - Be perceived as value for money
  - **Not necessarily be mainstream or traditionally popular**; this group enjoys **special interest activities and hobbies**
  - Incorporate **something different and memorable**, such as **beautiful scenery or local culture and crafts**
  - Include **information on local activities and festivals, food and wine, and scenery**

"I like festivals like the Robertson Wine Festival and the Knysna Oyster Festival. Things like that promote the place and give me a reason to go there"



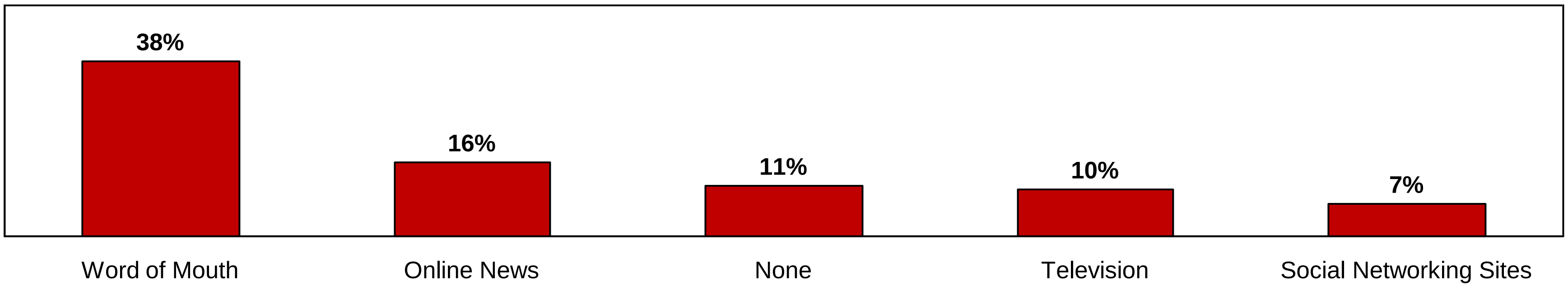



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

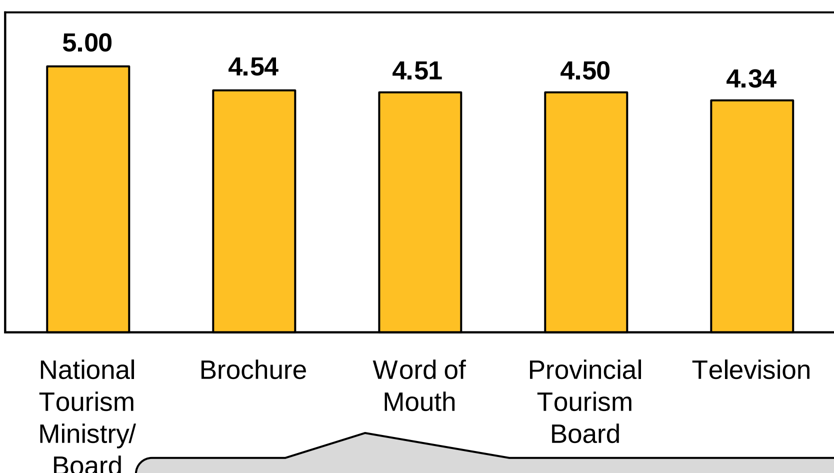
Media Channels Used (1/2)

Seasoned Leisure Seekers use mostly word of mouth as a travel information source and are mostly interested in finding out about places where they can stay

Primary Source of Information

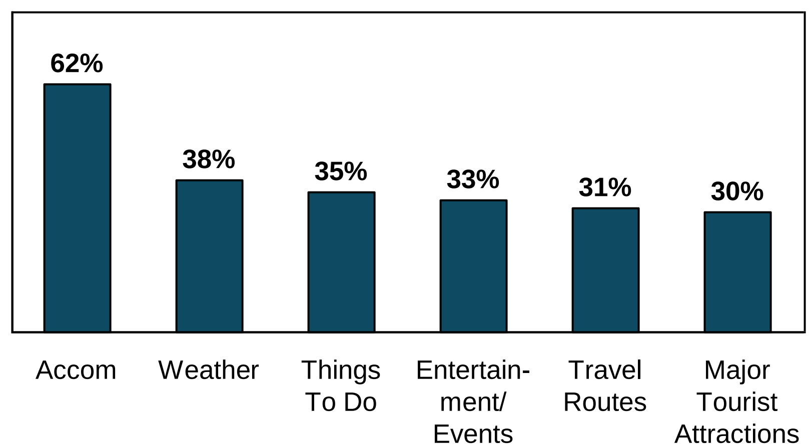


Sources Most Trusted to Provide Reliable Information[1]



These sources are not necessarily sources that are used, but those that are considered to provide reliable information

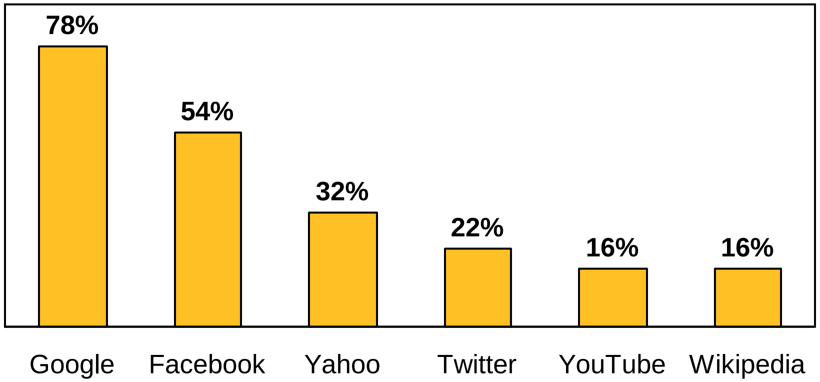
Topics on Which Information is Gathered



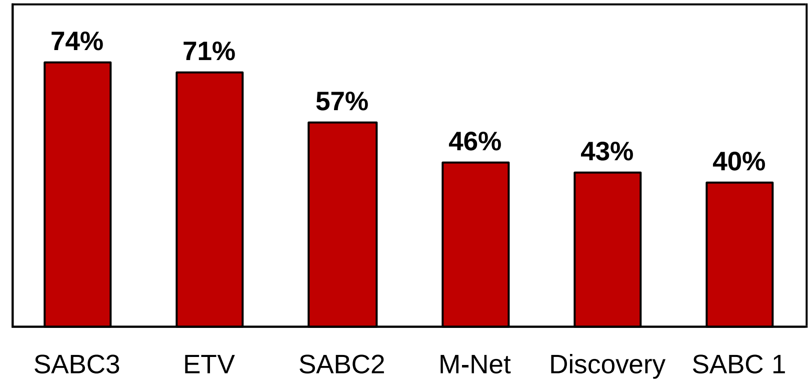
Note: [1] Scores are out of 5
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Media Channels Used (2/2)

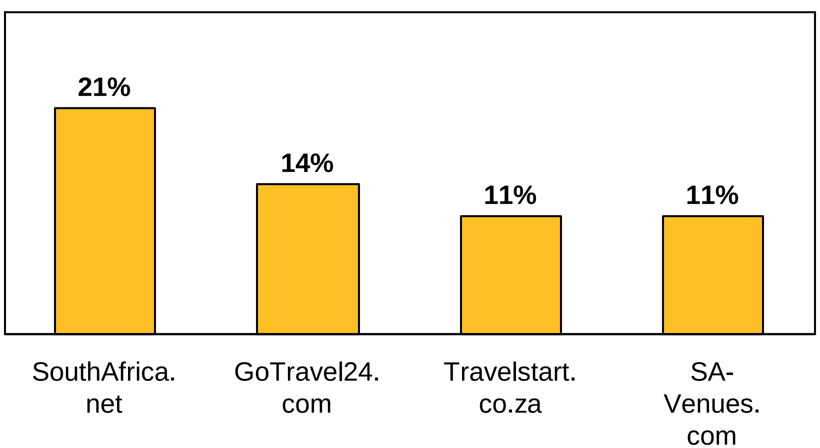
Websites



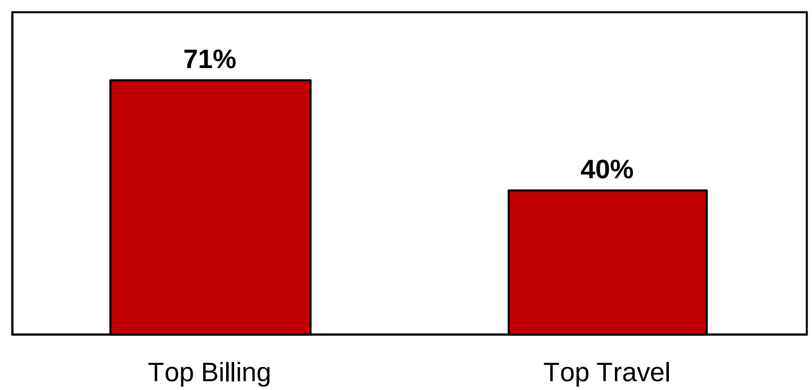
TV Channels



Travel Websites



Travel-Related TV Programmes

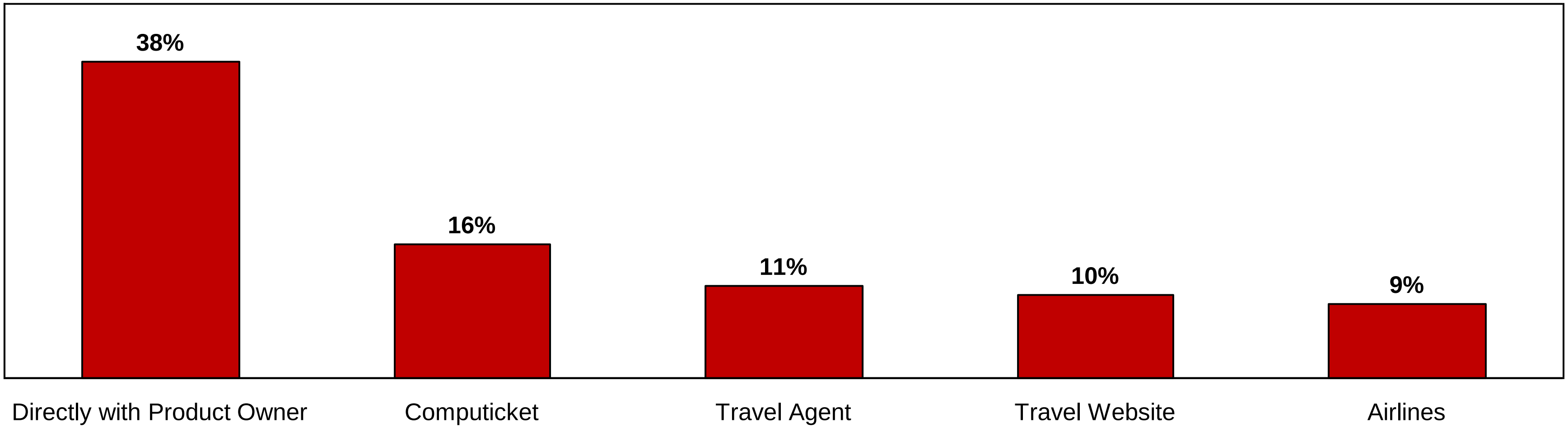


Note: Media are shown in order of importance as primary sources of information for the segment from left to right
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Booking Channels Used

Seasoned Leisure Seekers mostly book directly with the establishment, however driving additional use of travel websites represents an opportunity as this group is comfortable with making their own travel decisions

Booking Channels Used for Trips Within South Africa



- Seasoned Leisure Seekers mostly book directly with the product owner
- They use Computicket, which can be leveraged for event-driven packages
- This group consists of seasoned travellers who are comfortable with making their own travel choices, so further use of travel websites can be encouraged

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

General Overview

This segment is made up of well-educated and well-earning consumers. Majority are married and all have dependent children; because of high income levels, this group is not affected significantly by child-related costs

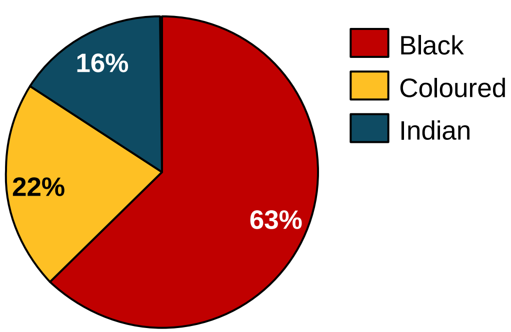
Average Age: 37 years

57% Male
43% Female

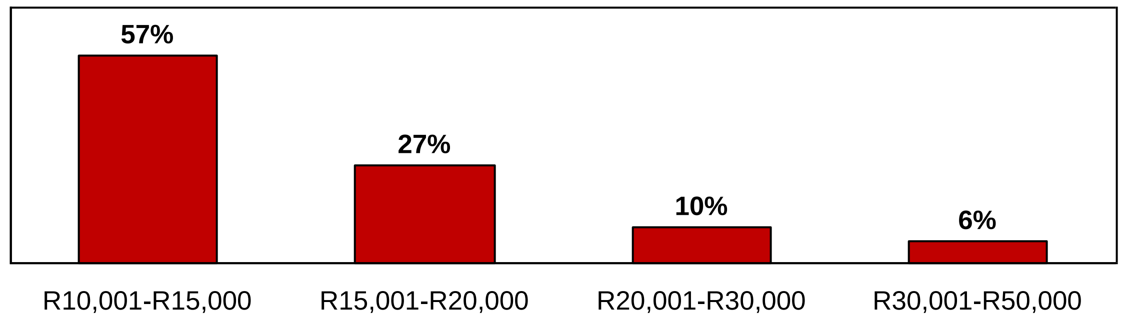
30% Single
65% Married/ Living Together
5% Divorced/ Widowed/ Separated

100% Have Dependent Kids

Race

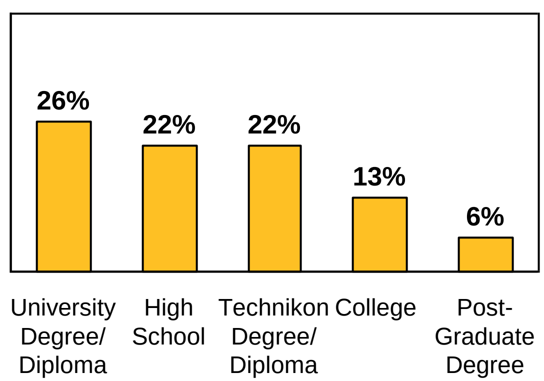


Personal Monthly Income (R)

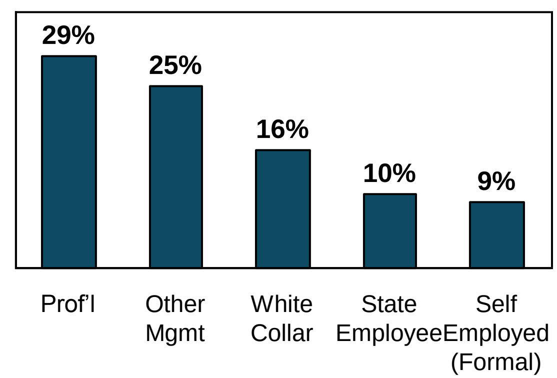


96% Working Full Time
3% Working Part Time

Highest Level of Education



Current Role



Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Well-to-Do Mzansi Families

Travel Mindset

Being very focused on work, the breadwinners in this segment feel that they need to get away from the city to spend quality time with their families and to relax and enjoy life in a new environment

For Well-to-Do Mzansi Families, travel is all about escaping the city, and being able to spend time with friends and family in new and different locations. To a certain extent, travel is also about exposing the children to alternative ways of life and activities

I travel because I enjoy taking my life and moving it to a new location every now and then. Getting away from the pressures of work and city-life so that I can spend time with my spouse and kids is really important. Sometimes I also need time away from my spouse and kids though, which makes a drinking weekend away with buddies a great option!

I go to a **wide range of destinations depending on what I want to do**. KwaZulu Natal and the Eastern Cape allow me to **visit family** and **go to the beach with my kids**, while the Western Cape and Gauteng are best for **city-breaks with friends or my spouse**

I travel mostly during my kids' school holidays, with a family holiday in December being a favourite time for all of us

When on holiday, I like to spend **time with my friends and family relaxing, shopping and socialising**. This could mean anything from drinking around a braai, to taking the kids out on a hike up in the Drakensburg, to shopping for clothing with my wife. I **don't like my days to be too planned out in advance** when I'm on holiday, I like to be able to decide what I want to do when I wake up and then get out there and do it

I would travel more if I could get more time away from work. Doing business often gets in the way of trips that I have planned because I am the breadwinner and I just can't put my business deals on hold to go away and relax

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Who are They?

Meet Bongani Khumalo, a typical Well-to-Do Mzansi Family consumer

Bongani is 37 years old and married with two children

Bongani is an entrepreneur running a number of successful enterprises

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Day

Most of Bongani's time during the week is spent at work. He is always rushing from meeting to meeting and often needs to travel to meet potential clients in other cities

In the evenings from Monday to Wednesday, he often meets with potential clients or partners for business dinners

Thursday and Friday evenings are often spent eating out with friends

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Typical Weekend

Bongani balances his time on weekends between activities with his family and his friends. Saturdays are generally family days, whilst Sundays are often taken up with business lunches or a game of golf

Bongani and his family often go away on weekends to their holiday home in Zimbali

They go away to enjoy some peace and quiet away from the city and spend the weekend socialising, eating and drinking together

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; Primary Research

Buying Process

Well-to-Do Mzansi Families travel mostly for holiday with their families or spouses and look to relax, socialise and do some shopping

Purpose of Travel - Primary

Holiday (60%) – VFR (40%) – Shopping - Personal – Special Event – Sport Spectator – Sport Participant – Religious – Business - Professional – Business - Shopping – Business - Conference – Other

Travel Companions

Alone – Kids < 18 (22%) – Kids > 18 – Parents – **Family**: Family (49%) – Spouse (46%) – Friends (30%) – Church/ Community Group – Colleagues (12%)

Information Gathering

Word of Mouth (29%) – Social Networking Sites – Online News (23%) – TV (17%) – Newspapers/ Magazines (9%) – Radio (5%) – Brochures – Travel Magazines/ Booklets

Experience Sought

Explore new places, people and different cultures/ traditions (21%) – Memorable experiences (17%) – Adventure – Escapism/ Relaxation (52%) – Family time (56%) – Fun (40%) – Professional/ Business enrichment

Activities Undertaken

Cultural, historical and heritage – Adventure – Natural attractions – Beach (26%) – **Just Being or Buying with Others**: Relaxing (51%) – Social (46%) – Shopping (47%) – Nightlife (29%) – Business Meetings

Purchase Channel

Tour Operator – Travel Agent (9%) – Travel Website (9%) – Direct – Hotel (26%) – Direct – Airline (12%) – Computicket (17%) – Supermarket – Other (22%)

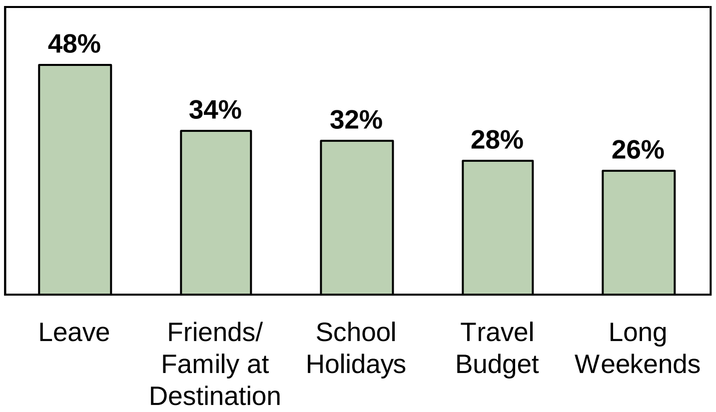
Travel Behaviour

Travellers in this segment take ~3 trips per year and tend to travel during school holidays. They stay on average just over 5 nights, although this is less driven by budget than other segments, and primarily due to work pressures

Length of Stay:

5.6 nights

Drivers of Length of Stay



Average Spend per Trip[1] : R1, 687.80

No. of Trips per Year: 3.2

Preferred Time to Travel Domestically[2]

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10%			13%		11%			8%			30%

School holidays are typically in June and December/ January, with shorter breaks over Easter and in September. This coincides with the preferred time to travel. 40% of responses from Well-to-Do Mzansi Families show a preference to travel during main school holidays in December/ January

Note: [1] Respondents were asked to estimate how much was spent in total on their most recent trip, including all expenses, such as travel, accommodation, food and beverage, entertainment, shopping, and so on; [2] The percentages for "Preferred Time to Travel" refer to percentage of responses given
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011; SAT Domestic Survey, 2007- 2010

Recent Travel Experiences

Most memorable aspects of recent trips

- Spending quality time with family/ friends (57%)
- Beautiful scenery (55%)
- Hospitality and friendly people (38%)
- Shopping (38%)
- Beaches (32%)

Well-to-Do Mzansi Families sighted these aspects as those that they were most satisfied with on recent trips:

- Overall satisfaction of the holiday (4.45)
- Natural attractions (4.35)
- Ease of reaching destination (4.34)
- Quality of accommodation (4.25)
- Activities (4.25)

Unpleasant experiences during recent trips

- Nothing specific (52%)
- Expensive tourism offerings (22%)
- Lack of tourist information centres (9%)
- Lack of general infrastructure (9%)
- Poor/ inadequate signage/ road signs (8%)

Well-to-Do Mzansi Families sighted these aspects as those that they were least satisfied with on recent trips:

- Information centre/tourism offices (3.74)
- Local public transport (3.70)
- Affordability of car rental services (3.66)
- Cost of air travel (3.56)
- Tour guides (3.54)

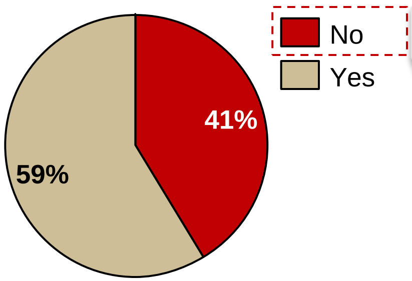
Well-to-Do Mzansi Families appear to be satisfied with the overall experience of their domestic holidays, but especially with natural attractions and scenery. They find infrastructure, information and signage inadequate and, despite their high income, feel that tourism offerings are expensive and that, even if you can afford high prices, there still needs to be a sense of value for money

Note: Scores in brackets are out of five
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

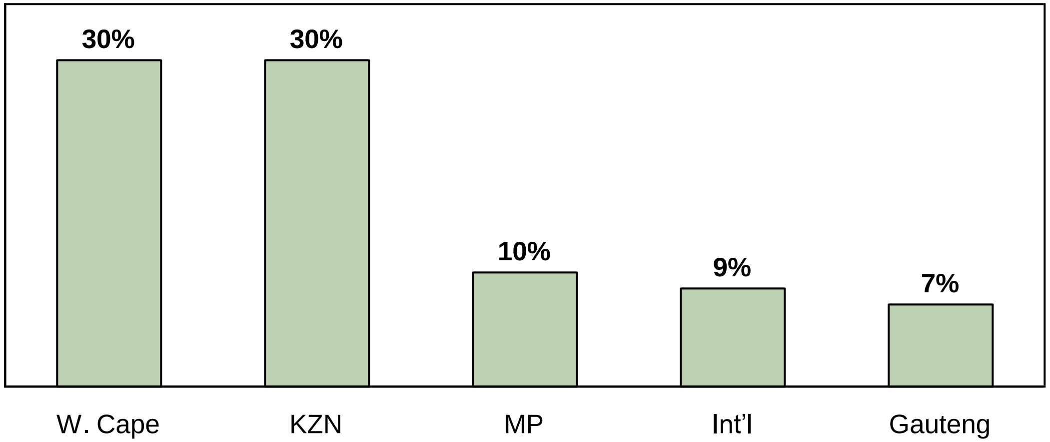
Competitors to Domestic Travel

59% of Well-to-Do Mzansi Families are planning on taking a trip in the next 12 months, and majority are interested in visiting domestic destinations

Planning to Take a Leisure Trip in Next 12 Months



Most Likely Destination to Visit in Next 12 Months



- 59% of Well-to-Do Mzansi Families say that they are planning to take a leisure trip in the next 12 months
  - Most popular destinations include the **Western Cape and KwaZulu Natal**, while **Mpumalanga is relatively high** for this segment when compared with others
  - **Only 9% of responses sighted an international destination** as likely
- In this segment, the **biggest reason for not travelling is not having the time;** although an international trip may compete for disposable income, domestic trips are generally affordable for consumers in this segment

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Recommended Messaging (1/2)

South Africa needs to be positioned as a destination that will allow Well-to-Do Mzansi Families to disengage from daily work pressures and the pressures of city life, while reconnecting with family or friends

*Communications to Well-to-Do Mzansi Families must position travelling within South Africa as a great way to **break away from daily pressures**, whether **relaxing with family** or having **good times with friends***

- *The importance of **disengaging from business/ work pressures and city life** through travelling domestically should be highlighted. It is important to show that breaking away every now and again is a fantastic way to **recharge batteries so that they can perform at their best***
- *Travelling to **new places** within South Africa with family should be shown as the **best way to spend quality family time** together. It is the only time that daily pressures can be completely left behind and **true connections forged***
- ***Travelling domestically with friends** is an affordable way to make sure that everyone **connects and has fun together**, while away from normal surroundings*

Source: Monitor/ Grail Analysis

Recommended Messaging (2/2)

For Well-to-Do Mzansi Families, this means being isolated, with friends and family, in comfortable surroundings

Breaking Away from Pressures

ISOLATION

*"The further **away** I am **from any kind of signal** the better. I don't want to be disturbed by the outside world when I'm on holiday"*

*"Holiday **time with my kids is non-negotiable**. I block that weekend off and **don't take any business calls**"*

SOCIALISING

*"Sometimes you just need to **get away with the guys**, and have a raucous boys' weekend"*

COMFORT

*"I **don't want to have to settle for less** when I travel. A plush executive apartment or 5 star BnB will do for me"*

Some illustrative examples

Source: Monitor/ Grail Analysis

Products: What the Segment Looks For

Well-to-Do Mzansi Families want products that are comfortable and hassle free, with a variety and abundance of activities and entertainment

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

- Well-to-Do Mzansi Families are looking to stay at **4- to 5-star accommodation**
- They **drive or fly**, depending on how close the destination is
- They feel that **R1,000 to R1,700** per person per night sharing is a reasonable rate for a 4-star BnB
- They take **numerous weekend breaks** during the year, depending on how much time they have
  - Children are not always taken on breakaways, as they feel comfortable leaving their children with nannies or grandparents for a night or two
- Longer trips are likely to be family trips to a holiday home or overseas and can **last for a week or two**

WHAT IS THE DESIRED OUTCOME OF PRODUCT DEVELOPMENT FOR THIS SEGMENT?

- Products aimed at this segment should:
  - Be perceived as value for money; although this segment is wealthy, they **do not like feeling as if they have been over-charged**
  - Be **hassle free**; paying one price upfront for everything is appealing to this group
  - Be **child-friendly** in terms of facilities and entertainment available
  - Be comfortable and luxurious
  - Offer **activities, without being too prescriptive**

"I don't want to have to constantly pull out my credit card once I'm there. If I can be given one price for everything and that's it, I'll be really happy"





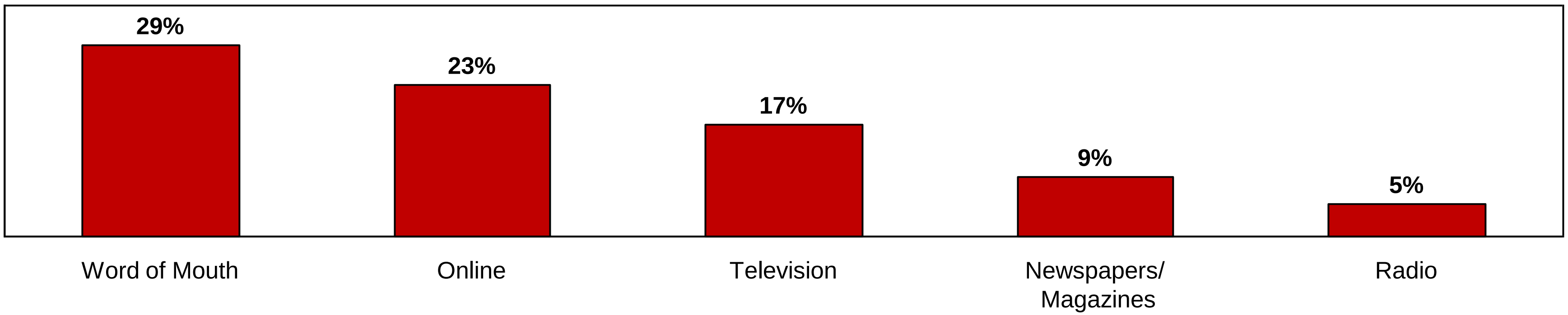


Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

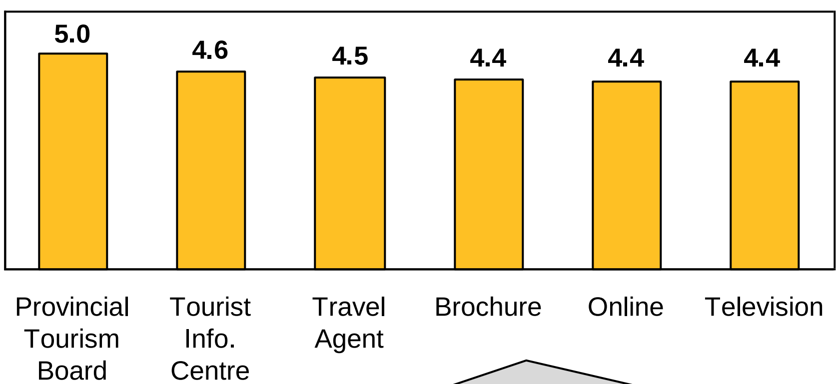
Media Channels Used (1/2)

Word of mouth is the most commonly used source of information, closely followed by online. This group usually searches for information related to accommodation and weather at the destination

Primary Source of Information

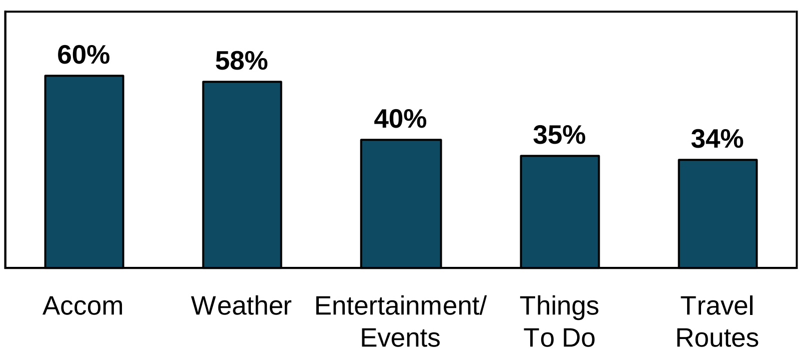


Sources Most Trusted to Provide Reliable Information[1]



These sources are not necessarily sources that are used, but those that are considered to provide reliable information

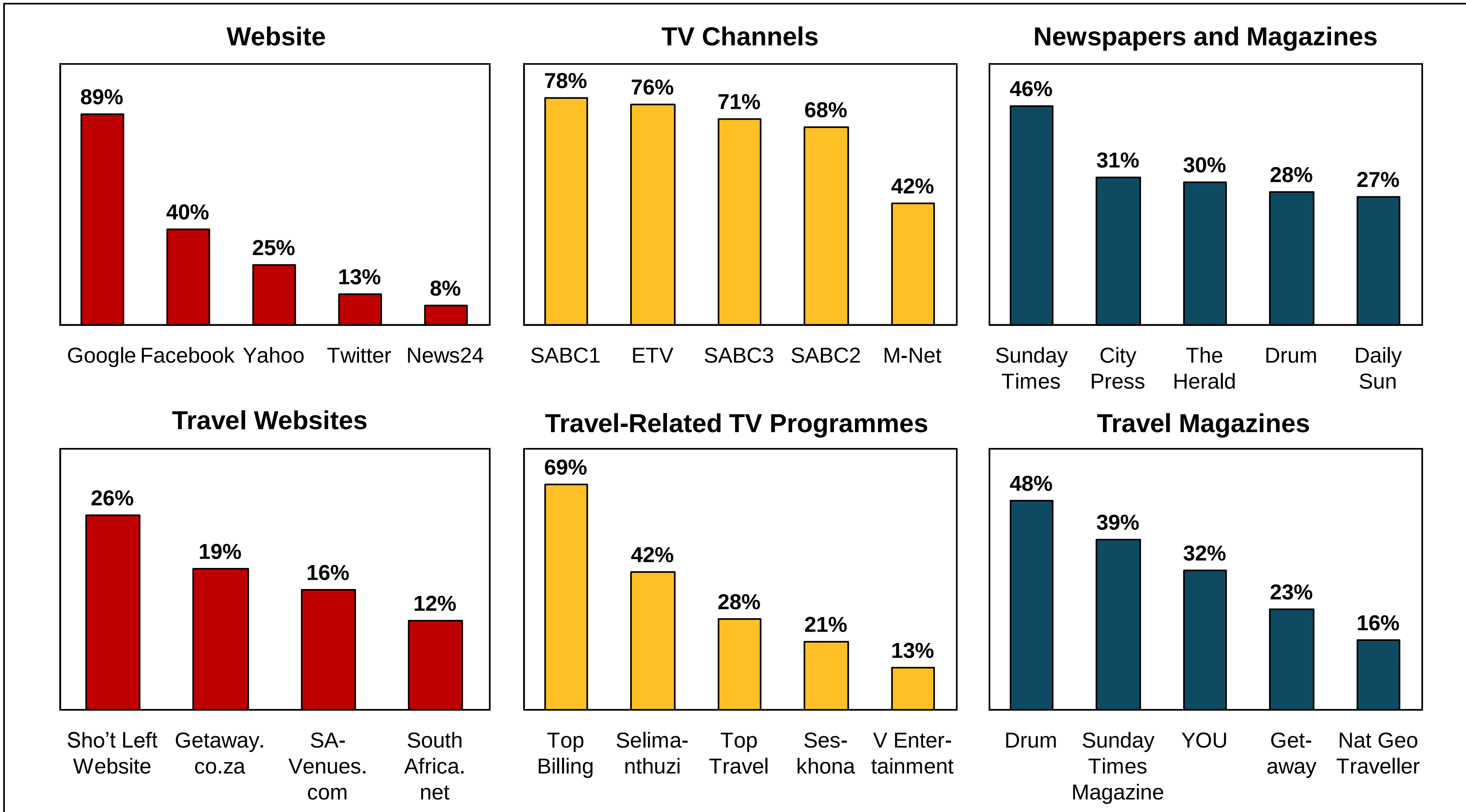
Topics on Which Information is Gathered



Note: [1] Scores are out of 5
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Well-to-Do Mzansi Families

Media Channels Used (2/2)

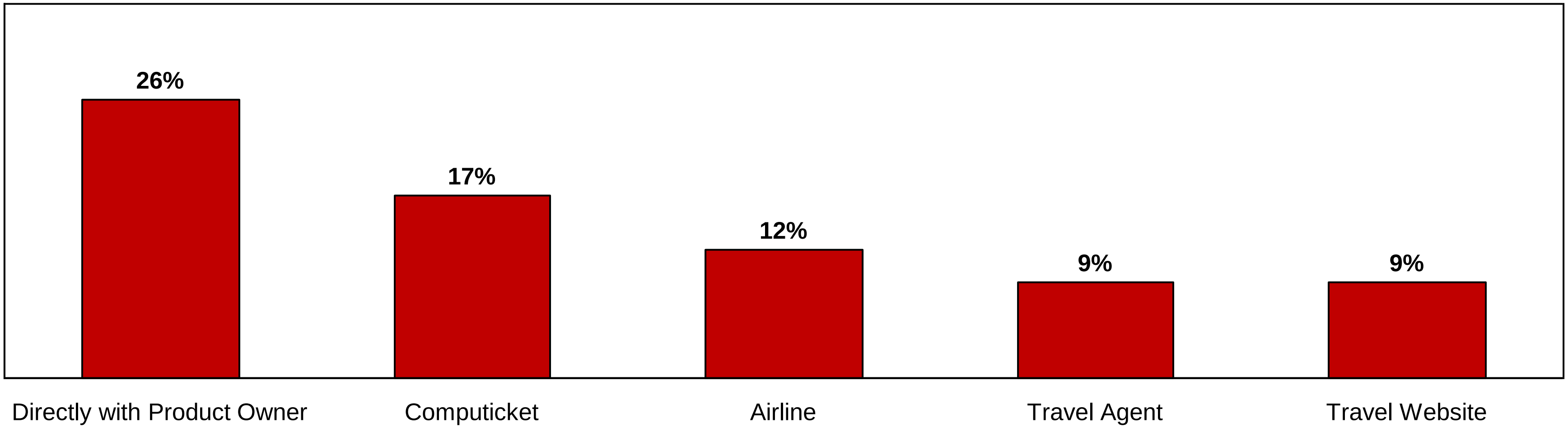


Note: Media are shown in order of importance as primary sources of information for the segment from left to right
Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

Booking Channels Used

Well-to-Do Mzansi Families mostly book with the product owner, but an opportunity exists to build the travel agent channel as this segment is willing to pay a little bit more to take the hassle out of booking a holiday

Booking Channels Used for Trips Within South Africa



- Well-to-Do Mzansi Families mostly book directly with the product owner
- They currently use travel agents and travel websites, but the use of these channels should be further encouraged to minimise the time and hassle involved in booking a holiday

Source: Monitor/ Grail Analysis; Domestic Segmentation Quantitative Survey 2011

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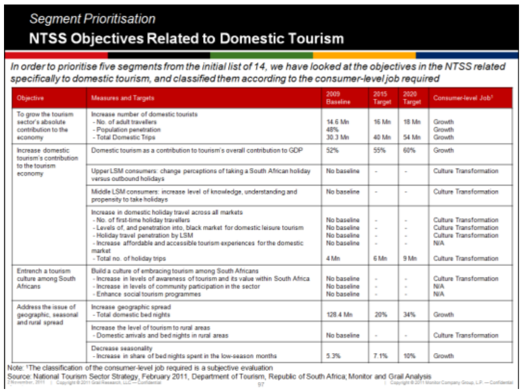
Overview

Although five segments emerged as most attractive for activation, it is important to build the activation strategies around the combination of consumer segments that will give SAT the greatest opportunity to reach its targets



Segment Prioritisation

NTSS Objectives Related to Domestic Tourism

In order to prioritise five segments from the initial list of 14, we have looked at the objectives in the NTSS related specifically to domestic tourism, and classified them according to the consumer-level job required

Objective	Measures and Targets	2009 Baseline	2015 Target	2020 Target	Consumer-level Job[1]
To grow the tourism sector's absolute contribution to the economy	Increase number of domestic tourists - No. of adult travellers - Population penetration - Total Domestic Trips	 14.6 Mn 48% 30.3 Mn	 16 Mn 40 Mn	 18 Mn 54 Mn	 Growth Growth Growth
Increase domestic tourism's contribution to the tourism economy	Domestic tourism as a contribution to tourism's overall contribution to GDP	52%	55%	60%	Growth
	Upper LSM consumers: change perceptions of taking a South African holiday versus outbound holidays	No baseline	-	-	Culture Transformation
	Middle LSM consumers: increase level of knowledge, understanding and propensity to take holidays	No baseline	-	-	Culture Transformation
	Increase in domestic holiday travel across all markets - No. of first-time holiday travellers - Levels of, and penetration into, black market for domestic leisure tourism - Holiday travel penetration by LSM - Increase affordable and accessible tourism experiences for the domestic market - Total no. of holiday trips	 No baseline No baseline No baseline No baseline 4 Mn	 - - - - 6 Mn	 - - - - 9 Mn	 Culture Transformation Culture Transformation Culture Transformation N/A Culture Transformation
Entrench a tourism culture among South Africans	Build a culture of embracing tourism among South Africans - Increase in levels of awareness of tourism and its value within South Africa - Increase in levels of community participation in the sector - Enhance social tourism programmes	 No baseline No baseline No baseline	 - - -	 - - -	 Culture Transformation N/A N/A
Address the issue of geographic, seasonal and rural spread	Increase geographic spread - Total domestic bed nights	 128.4 Mn	 20%	 34%	 Growth
	Increase the level of tourism to rural areas - Domestic arrivals and bed nights in rural areas	 No baseline	 -	 -	 Culture Transformation
	Decrease seasonality - Increase in share of bed nights spent in the low-season months	 5.3%	 7.1%	 10%	 Growth

Note: [1]The classification of the consumer-level job required is a subjective evaluation

Source: National Tourism Sector Strategy, February 2011, Department of Tourism, Republic of South Africa; Monitor and Grail Analysis

3 metrics from the NTSS have been analysed to determine the combination of segments that will give SAT the best opportunity to reach its targets

1. Number of holiday trips
2. Total number of trips
3. Number of travellers

An analysis has been run to show the CAGR required to achieve the above targets across three different scenarios:

Scenario 1

Only the five most attractive segments are activated to reach the targets

Scenario 2

All 14 segments on the segmentation frame are activated to reach the targets

Scenario 3

All 14 segments on the segmentation frame, as well as South Africans who are not represented on the frame are activated to reach the targets

Source: Monitor/ Grail Analysis

High-level Roadmaps for Reaching NTSS Targets

Scenario 1: Five Most Attractive Segments Only

If we look at activating only the five most attractive segments, the CAGRs that would be required to reach the targets, particularly by 2015, are very high

	1 Number of Holiday Trips	2 Number of Non-Holiday Trips	3 Number of Travellers
5 Most Attractive Segments	2011-2015: 84% 2015-2020: 8%	2011-2015: 111% 2015-2020: 6%	2011-2015: 70% 2015-2020: 2%

- In order to be successful in this scenario, SAT will need to focus relentlessly on the 5 most attractive segments:
  - Building demand through advertising on national platforms
  - Ensuring that interested consumers are converted through executions to support information gathering and to drive purchase in collaboration with trade partners
  - Ensuring that product available matches the product needs of the consumer perfectly, which is not currently the case
- However, even following extremely aggressive marketing activations, the 2011-2015 CAGRs would be difficult to obtain in such a short period of time

Targets for number of travellers are not possible for this scenario, unless economic growth leads to the segments growing through income increases

Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

Scenario 2: All 14 Segments

In this scenario, the major focus remains on the five most attractive segments, but the remaining 9 segments on the segmentation frame contribute additional growth towards the targets

	1 Number of Holiday Trips	2 Number of Non-Holiday Trips	3 Number of Travellers
5 Most Attractive Segments	2011-2015: 44% 2015-2020: 11%	2011-2015: 70% 2015-2020: 7%	2011-2015: 42% 2015-2020: 3%
Additional 9 Segments	2011-2015: 30% 2015-2020: 7%	2011-2015: 50% 2015-2020: 5%	2011-2015: 20% 2015-2020: 1%

- In scenario 2, the CAGRs required from both the 5 most attractive segments and from the additional 9 segments on the segmentation frame are more feasible
- In order to do so, an integrated marketing strategy should guide:
  - Disproportionate investment in terms of both budget and funding on growing the 5 most attractive segments through both demand-building and fulfilment
  - Lower levels of investment in defending those individuals in the additional 9 segments who are already travelling, as well as growing those who are not, primarily through demand-building activities

Targets for number of travellers are not possible for this scenario, unless economic growth leads to the segments growing through income increases

Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

Scenario 3: All 14 Segments + Others

In the final scenario, varying levels of focus are required on all 14 segments represented on the segmentation frame, as well as on those consumers earning less than R3,000 per month who are not on the frame

	1 Number of Holiday Trips	2 Number of Non-Holiday Trips	3 Number of Travellers
5 Most Attractive Segments	2011-2015: 15% 2015-2020: 13%	2011-2015: 14% 2015-2020: 8%	2011-2015: 8% 2015-2020: 6%
Additional 9 Segments	2011-2015: 12% 2015-2020: 10%	2011-2015: 9% 2015-2020: 7%	2011-2015: 2% 2015-2020: 2%
Other Segments	2011-2015: 9% 2015-2020: 6%	2011-2015: 6% 2015-2020: 5%	2011-2015: 5% 2015-2020: 2%

- Building on scenario 2, this scenario would require an integrated marketing strategy focused disproportionately on growing the 5 most attractive segments, as well as an educational campaign aimed at encouraging additional travel among those adults earning less than R3,000.00 per month
  - This campaign could be run in both schools and in workplaces to build awareness of tourism and its value, as well as to encourage people in lower income segments to travel both for holiday and for other reasons
  - This campaign will likely only have an effect in the medium-to-long-term

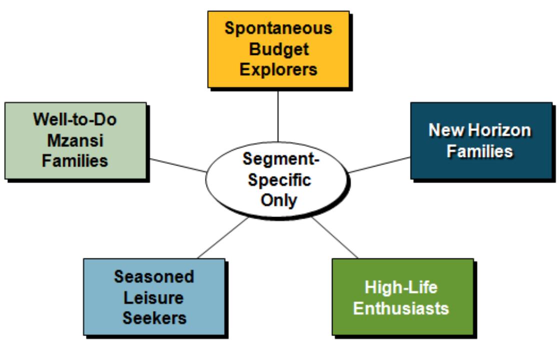
Source: Monitor/ Grail Analysis; SAT Domestic Survey 2010

Summary of Suggested Approaches

To reach the targets set out, the approach required would need to be targeted differently and complemented with different elements depending on the scenario chosen

Scenario 1

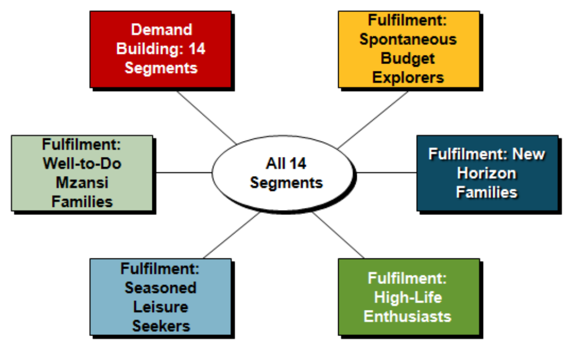
Only the five most attractive segments are activated to reach the targets



- Integrated marketing activations focused solely on the five most attractive segments

Scenario 2

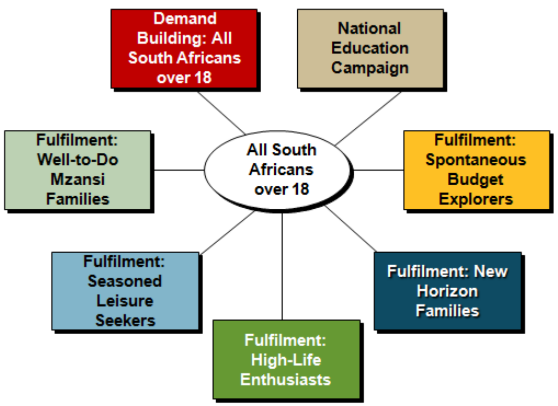
All 14 segments on the segmentation frame are activated to reach the targets



- Integrated marketing activations with demand-building activities focused across all 14 segments and fulfilment activities focused on the most attractive 5 segments

Scenario 3

All 14 segments on the segmentation frame, as well as South Africans who are not represented on the frame are activated to reach the targets



- Integrated marketing activations as in scenario 2, supported by educational activities aimed at lower income consumers

Source: Monitor/ Grail Analysis

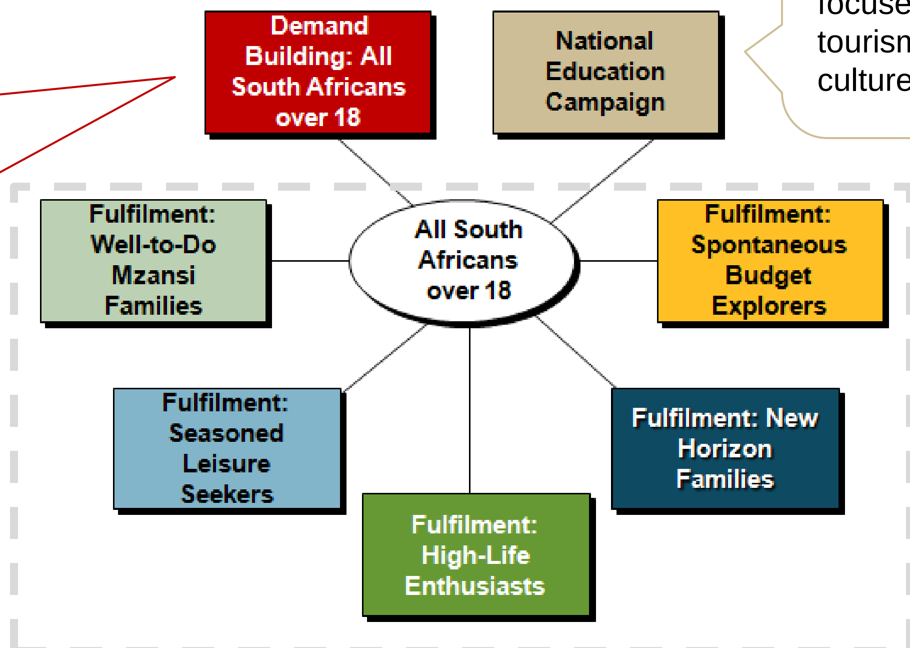
Recommended Approach

To reach the targets set out in the NTSS, both an integrated marketing activation, (demand building at a national level and segment-specific fulfilment), and a national education campaign is required

All 14 segments on the segmentation frame, as well as South Africans who are not represented on the frame, but are over 18 years of age, are activated to reach the targets

Advertising through mass media platforms: Messaging and media choices focus on the most attractive segments but have a broader impact

Education targeting lower income segments: Primarily focuses on improving awareness of tourism and its value to build the culture of tourism

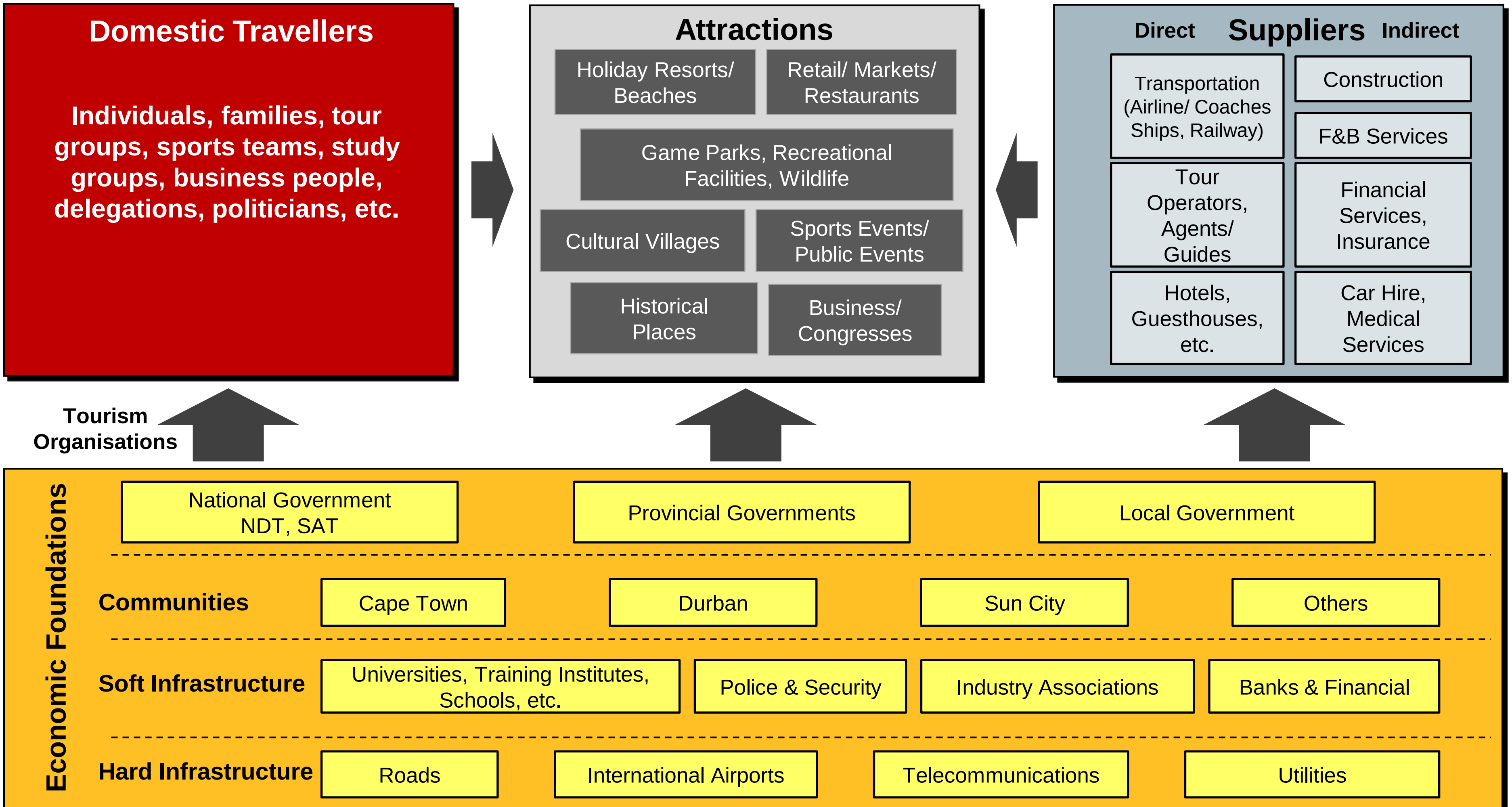


Fulfilment targeting most attractive segments: Primarily focuses on fulfilment to support information gathering and to drive purchase for the five most attractive segments

Source: Monitor/ Grail Analysis

Recommended Approach

In addition to the activation strategy, it is important for all players in the tourism cluster to assist in creating the right environment in which tourism can flourish...



Note: Cluster map has been created as is from the source
Source: The South African Tourism Cluster, The Cluster Consortium, 1999

Recommended Approach

...Including ensuring that more and more South Africans have the means to travel through increased income, that travelling in South Africa is safe, and that the product supply matches the desires of consumers

Domestic Travellers

Individuals, families, tour groups, sports teams, study groups, business people, delegations, politicians, etc.

Attractions

Direct **Suppliers** Indirect

- Supply needs to be developed in such a way that it **addresses consumer needs** in terms of:
  - **Affordability**
  - **Availability** of different product
  - **Safety and security**

Tourism Organisations

Economic Foundations

- The economic foundations supporting the tourism cluster must ensure that:
  - Destinations in the country offer visitors (both domestic and international) **solid infrastructure** which makes travel easy and hassle-free and a **safe and secure environment,** as well as **hospitable and welcoming communities**
  - The economic situation of South Africans is one that improves over time, so that **the number of people who can afford to travel for holiday increases**

Note: Cluster map has been created as is from the source

Source: The South African Tourism Cluster, The Cluster Consortium, 1999

Integrated Marketing Activation

The umbrella strategy combines aspects from all segments to create awareness and positivity around tourism for all South Africans

	Value Proposition	Products
Spontaneous Budget Explorers	• Have fun in new/ different surroundings, whether with existing friends or meeting new friends along the way	• Lots of activities with friends without being prescriptive
New Horizon Families	• Spend quality family time and broaden the family's horizons, while being rewarded for hard work	• Accessible and informative family holidays
High-Life Enthusiasts	• Domestic travel is the quickest and easiest way to enjoy invaluable and enviable world-class experiences	• Glamorous and comfortable holidays
Seasoned Leisure Seekers	• South Africa has so many different places and ways to escape, relax and spend quality time with loved ones	• Explore hidden cultural, culinary and landscape gems
Well-to-Do Mzansi Families	• Break away from daily pressures, whether relaxing with family or having good times with friends	• Hassle free and comfortable getaways
Umbrella Strategy	• Travelling in South Africa is not only a great way to explore the country and discover the many reasons why the rest of the world wants to visit, but also an accessible way to escape and have fun with family and friends	

Source: Monitor/ Grail Analysis

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