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, the domestic and regional traveller, and business tourists who travel to South Africa for conferences and incentives.

A key part of our business is to:

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

This booklet is the fourth edition in the series of reports designed to help market South Africa to the Indians. The foundation of the report sits on research conducted by South African Tourism in India in 2012 to understand the changes to the market as a result of the rapid economic growth in India. This edition, based on a detailed in-market research study, presents the information on the target consumers, the messages, channels and experiences to be marketed in India.

Current information on tourists from India to South Africa are available on our website www.southafrica.net/research.
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- Political and Economic Environment
  - Consumer Landscape
  - Travel and Tourism Landscape
  - Outbound Travel
  - Travel to South Africa
  - Consumer Segmentation
  - Messages, Channels and Experiences
Political and Economic Environment

Country Overview

India is the second most populous country in the world, with a population of 1.19 billion people in 2010

Demographics (2010)

- Area: 3,287,263 sq km
- Capital: New Delhi
- Population: 1.19 bn
- Population Birth Rate: 20.97 births per 1,000
- Population Death rate: 7.48 deaths per 1,000
- Life Expectancy at Birth (Male): 65.77 years
- Life Expectancy at Birth (Female): 67.95 years
- Languages: Hindi is the most widely spoken language and primary tongue of ~40% of the population; English enjoys the status of subsidiary official language but is the most important language for national, political, and commercial communication; there are 14 other official languages

Key Economic Indicators (2010)

- Currency: Indian Rupee (INR)
- GDP at Current Prices: USD 1,631.97 bn
- GDP (PPP): Current International Dollar 3,408.40 bn
- GDP per Capita (Current Prices): USD 1,370.8
- Unemployment (2008 / 2009): 9.4% of the labour force

The Indian economy has managed to achieve significant economic growth in recent years, and is expected to become the 3rd largest by 2030, with domestic demand helping to limit the impact of global economic uncertainties.

- The Indian economy is currently the 9th largest economy in the world and is expected to become the 3rd largest economy by 2030, behind China and the United States.
  - Economic reforms in 1991, following the balance-of-payments crisis, have helped drive this growth.
- The Indian economy is driven largely by domestic demand, thus economic uncertainties in developed markets have had limited impact.
  - Such an economic policy differentiates India from other ‘Asian Tigers’ such as China and Japan, which have followed export-led growth strategies.

Note: 1Base year: 2004 / 2005; 2Based on GDP current prices in USD;
The services sector, which contributes ~55% of total GDP output, has played a major role in driving this economic growth.

**Sector Share of GDP Output**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2001</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Sector</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Industrial Sector</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>Services Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Other Activities</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Wholesale, Retail Trade,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurants, Hotels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining, Manufacturing,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport, Storage,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Sector Outlook**

- The contribution of agriculture to GDP has been steadily declining, despite employing ~60% of the country’s workforce.
- "Increasing agricultural growth is critical not only for India to sustain high growth rates, but also to move millions out of poverty" - Goldman Sachs, Jun 2008
- The contribution of the services sector is extremely important to the Indian economy:
  - Significant driver of the overall economic growth
  - Provides employment for ~25% of the workforce
  - Accounts for more than one-third of total exports
- India has managed to achieve a global brand identity in the software service sector.

Note: ¹Sector share may be more than 100% due to rounding errors; ²Other activities include financing, insurance, real estate and business services.

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- Political and Economic Environment
  
  ▪ Consumer Landscape
    
    - Travel and Tourism Landscape
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**Consumer Background**

**Population Overview**

*India is the second most populous country in the world, with a population of 1.2 billion people*

- India, with a population of 1.2 bn, is currently the 2nd most populous country in the world
  - India is expected to overtake China by 2025 to become the most populous country in the world
- The two main religions in India are Hinduism and Islam
  - Hinduism constitutes 80.5% of the population, Islam constitutes 13.4%, with other religions such as Christianity and Sikhism constituting the remainder
  - The Hindu population is divided into different caste groups practicing different forms of Hinduism

---

**Population, 2001–2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1,044</td>
</tr>
<tr>
<td>2002</td>
<td>1,060</td>
</tr>
<tr>
<td>2003</td>
<td>1,076</td>
</tr>
<tr>
<td>2004</td>
<td>1,093</td>
</tr>
<tr>
<td>2005</td>
<td>1,110</td>
</tr>
<tr>
<td>2006</td>
<td>1,126</td>
</tr>
<tr>
<td>2007</td>
<td>1,142</td>
</tr>
<tr>
<td>2008</td>
<td>1,158</td>
</tr>
<tr>
<td>2009</td>
<td>1,174</td>
</tr>
<tr>
<td>2010</td>
<td>1,191</td>
</tr>
</tbody>
</table>

**Population by Gender, 2010**

- Female: 48% (1,110 million)
- Male: 52% (1,181 million)

---

India’s demographic profile will have economic implications, with the proportion of working age population expected to increase significantly in the coming decades.

- India’s working-age population, as a percentage of the total population, is expected to continue to grow over the coming decades and peak significantly later (~2025) than in other countries.
  - An increasing proportion of working age population typically means fewer younger and older dependents and thus greater disposable income.
- By 2030, the global labour force is expected to grow by 300 million people with India contributing towards two-thirds of this growth.

“India’s powerful demographic advantage drives a superior [economic] growth profile”
- Goldman Sachs Asset Management, June 2010

Source: Monitor and Grail Research and Analysis; U.S. Census Bureau; ‘India Revisited’, Goldman Sachs Asset Management, Jun 2010
**Consumer Background**

**Size of Household**

Indian households are significantly larger than households in other emerging markets, with extended families typically either living together or in close proximity.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Persons or More</td>
<td>14%</td>
<td>14%</td>
<td>9%</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>5 Persons</td>
<td>12%</td>
<td>23%</td>
<td>13%</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>4 Persons</td>
<td>19%</td>
<td>22%</td>
<td>25%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>3 Persons</td>
<td>8%</td>
<td>17%</td>
<td>30%</td>
<td>24%</td>
<td>15%</td>
</tr>
<tr>
<td>2 Persons</td>
<td>9%</td>
<td>15%</td>
<td>17%</td>
<td>28%</td>
<td>18%</td>
</tr>
<tr>
<td>1 Person</td>
<td>4%</td>
<td>6%</td>
<td>22%</td>
<td>4%</td>
<td>19%</td>
</tr>
</tbody>
</table>

- The **average household size in India (5.3)** is **significantly greater** than in South Africa (3.9), Brazil (3.7), China (3.4) and Russia (2.8).
  - In India, the average size **differs by region**, with states in the **North** typically displaying **larger average sizes** than those in the South.
- The **average household size** of ‘Joint families’ is **significantly greater** than that of other family types (e.g., nuclear families).
  - The ‘**Joint family**’ describes a family arrangement in India whereby the **extended family live together under one roof**, with the males all typically blood relatives.
  - In 1999, joint families represented ~20% of urban households and ~25% of rural households.
- The **proportion of nuclear families** has **increased** over the past years, however clusters of relatives typically remain living in close proximity and have a tradition of visiting frequently.
  - “**Indian tourists also often travel as a family, quite often either bringing younger children and teenagers or older members of the family**”
    - Tourism New Zealand, 2011

Note: ¹Nuclear families consist of a mother, father and their children

Consumer Background
Vegetarianism in India

Vegetarianism is widespread in India, however the proportion of the population that is vegetarian appears to be declining

![Estimation Range of Vegetarian Population in India](image)

- **Range**
- **Best Estimate**

The most recent data available (2006) estimates the vegetarian population at 40% of total population

![](image)

Emerging Trends in Vegetarianism

- Vegetarianism in India appears to be declining with meat consumption rising on the back of improved income levels
  - Consumer studies suggest that of the non-vegetarian Indian population, income is more of a limiting factor in eating meat than personal preference
- As income levels and meat consumption levels continue to rise, more and more exotic restaurants offering foreign meat dishes are appearing in India
  - These factors have resulted in meat increasingly being seen as a status symbol in India
- India may well see a decline in its current vegetarian population, however there will always be a sizeable portion of the population that is vegetarian due to religious considerations

- “… in the new affluent urban India, meat has become a status symbol.”
  - NPR India, Feb 2012
- “Indian society will have to adjust to the new eating habits, which the elite are adopting.”
  - Asian Conversations Magazine, Jan 2011

Source:
## Consumer Background

### Urbanisation

The majority of India’s population reside in rural areas, although the urban population is expected to increase significantly in the coming decades; large socio-economic differences exist between urban and rural households.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population, % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>27%</td>
</tr>
<tr>
<td>2000</td>
<td>28%</td>
</tr>
<tr>
<td>2005</td>
<td>29%</td>
</tr>
<tr>
<td>2010</td>
<td>30%</td>
</tr>
</tbody>
</table>

- India’s urbanisation levels remain relatively low compared to other nations.
  - Three of the four other BRICS have urbanisation levels more than double that of India (Brazil 87%, China 45%, Russia 73%, South Africa 62%)

- The Indian government has estimated that the India’s urban population will double to 611 million people by 2031.

### Comparison of Socio-Economic Factors between Urban and Rural India

<table>
<thead>
<tr>
<th></th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Income (2004 / 5)</td>
<td>USD 986</td>
<td>USD 364</td>
</tr>
<tr>
<td>Expected CAGR: Average Household Disposable Income (2005–2025)</td>
<td>5.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Unemployment Rate (2010)</td>
<td>7.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Literacy Rate (2001)</td>
<td>72.9%</td>
<td>46.1%</td>
</tr>
<tr>
<td>Access to Improved Water Source (2008)</td>
<td>96%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Eight Indian cities currently have populations greater than five million people

Note: The definition of Tier I, II and III cities is included in back-up, together with the definition
Seventeen Indian cities are expected to have populations greater than five million people by 2031, with many tier-two cities in the South and West currently experiencing significant growth.


Legend

<table>
<thead>
<tr>
<th>City</th>
<th>Rank</th>
<th>Population Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai</td>
<td>1</td>
<td>0.7%</td>
</tr>
<tr>
<td>Delhi</td>
<td>2</td>
<td>2.4%</td>
</tr>
<tr>
<td>Kolkata</td>
<td>3</td>
<td>0.7%</td>
</tr>
<tr>
<td>Chennai</td>
<td>4</td>
<td>2.9%</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>5</td>
<td>3.5%</td>
</tr>
<tr>
<td>Bangalore</td>
<td>6</td>
<td>4.1%</td>
</tr>
<tr>
<td>Indore</td>
<td>7</td>
<td>3.7%</td>
</tr>
<tr>
<td>Coimbatore</td>
<td>8</td>
<td>2.9%</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>9</td>
<td>1.4%</td>
</tr>
<tr>
<td>Surat</td>
<td>10</td>
<td>5.0%</td>
</tr>
<tr>
<td>Palghar</td>
<td>11</td>
<td>0.7%</td>
</tr>
<tr>
<td>Bhopal</td>
<td>12</td>
<td>2.6%</td>
</tr>
<tr>
<td>Lucknow</td>
<td>13</td>
<td>1.9%</td>
</tr>
<tr>
<td>Kanpur</td>
<td>14</td>
<td>0.7%</td>
</tr>
<tr>
<td>Patna</td>
<td>15</td>
<td>2.6%</td>
</tr>
<tr>
<td>Vijayawada</td>
<td>16</td>
<td>3.7%</td>
</tr>
<tr>
<td>Bhopal</td>
<td>17</td>
<td>2.6%</td>
</tr>
<tr>
<td>Patna</td>
<td>18</td>
<td>2.6%</td>
</tr>
<tr>
<td>Indore</td>
<td>19</td>
<td>3.7%</td>
</tr>
<tr>
<td>Surat</td>
<td>20</td>
<td>5.0%</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>21</td>
<td>3.5%</td>
</tr>
<tr>
<td>Bangalore</td>
<td>22</td>
<td>4.1%</td>
</tr>
<tr>
<td>Nashik</td>
<td>23</td>
<td>3.1%</td>
</tr>
<tr>
<td>Mumbai</td>
<td>24</td>
<td>1.1%</td>
</tr>
<tr>
<td>Pune</td>
<td>25</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>26</td>
<td>1.4%</td>
</tr>
<tr>
<td>Agra</td>
<td>27</td>
<td>2.8%</td>
</tr>
<tr>
<td>Ghaziabad</td>
<td>28</td>
<td>9.8%</td>
</tr>
<tr>
<td>Kanpur</td>
<td>29</td>
<td>0.7%</td>
</tr>
<tr>
<td>Lucknow</td>
<td>30</td>
<td>2.6%</td>
</tr>
<tr>
<td>Patna</td>
<td>31</td>
<td>1.9%</td>
</tr>
<tr>
<td>Kanpur</td>
<td>32</td>
<td>0.7%</td>
</tr>
<tr>
<td>Bhopal</td>
<td>33</td>
<td>2.6%</td>
</tr>
<tr>
<td>Patna</td>
<td>34</td>
<td>2.6%</td>
</tr>
<tr>
<td>Indore</td>
<td>35</td>
<td>3.7%</td>
</tr>
<tr>
<td>Surat</td>
<td>36</td>
<td>5.0%</td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>37</td>
<td>3.5%</td>
</tr>
<tr>
<td>Bangalore</td>
<td>38</td>
<td>4.1%</td>
</tr>
<tr>
<td>Nashik</td>
<td>39</td>
<td>3.1%</td>
</tr>
<tr>
<td>Mumbai</td>
<td>40</td>
<td>1.1%</td>
</tr>
<tr>
<td>Pune</td>
<td>41</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ludhiana</td>
<td>42</td>
<td>1.4%</td>
</tr>
<tr>
<td>Agra</td>
<td>43</td>
<td>2.8%</td>
</tr>
<tr>
<td>Ghaziabad</td>
<td>44</td>
<td>9.8%</td>
</tr>
<tr>
<td>Kanpur</td>
<td>45</td>
<td>0.7%</td>
</tr>
<tr>
<td>Lucknow</td>
<td>46</td>
<td>2.6%</td>
</tr>
<tr>
<td>Patna</td>
<td>47</td>
<td>1.9%</td>
</tr>
<tr>
<td>Kanpur</td>
<td>48</td>
<td>0.7%</td>
</tr>
<tr>
<td>Bhopal</td>
<td>49</td>
<td>2.6%</td>
</tr>
<tr>
<td>Patna</td>
<td>50</td>
<td>2.6%</td>
</tr>
<tr>
<td>Indore</td>
<td>51</td>
<td>3.7%</td>
</tr>
<tr>
<td>Surat</td>
<td>52</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Note: The definition of urban agglomeration for cities in Kerala was revised for Census 2011, thus the growth rate was calculated for these cities using the population if the definition had not been revised.

Regional differences also exist, with Southern and Western states experiencing greater per capita income levels and displaying higher levels of human development.

Human Development Index and Per Capita Income by Federal State, 2007 / 2011

Note: 1Per capita income not available for Delhi; 2Weighted average across the seven federal states
**Consumer Background**

**Income**

The size of the Indian middle class has increased significantly over the past decade...

- **Proportion of Households by Income Bracket, 2000 / 2005 / 2010**

- **Annual Income Levels**

- **CAGR 2000–2010**

- **# of HH, 2010 (Million)**

- **India displays far lower levels of income inequality than other emerging economies**
  - India’s gini co-efficient of 0.37 is lower than that of Brazil (0.56), China (0.42), Russia (0.38) and South Africa (0.68)

Note: 1Gini co-efficient data is for 2005
Source: Monitor and Grail Research and Analysis; EIU; World Bank; "Development Indicators 2009", The Presidency, Republic of South Africa
Technology and media consumption is greatest amongst younger Indians, particularly the use of the internet.

Technology and Media Consumption by Age Group, 2007

Source: Monitor and Grail Research and Analysis; ‘First ever Indian Youth trend Insights blog’, INgene,
Mobile phone penetration levels have increased significantly over the past decade, although penetration levels remain lower than in other emerging economies.

**Mobile Subscriptions Growth and Penetration Rates, 2000–2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Subscribers (mln)</th>
<th>Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4</td>
<td>0.3%</td>
</tr>
<tr>
<td>2001</td>
<td>7</td>
<td>0.6%</td>
</tr>
<tr>
<td>2002</td>
<td>13</td>
<td>1.2%</td>
</tr>
<tr>
<td>2003</td>
<td>34</td>
<td>3.0%</td>
</tr>
<tr>
<td>2004</td>
<td>52</td>
<td>4.7%</td>
</tr>
<tr>
<td>2005</td>
<td>90</td>
<td>7.9%</td>
</tr>
<tr>
<td>2006</td>
<td>166</td>
<td>14.4%</td>
</tr>
<tr>
<td>2007</td>
<td>234</td>
<td>19.9%</td>
</tr>
<tr>
<td>2008</td>
<td>347</td>
<td>29.1%</td>
</tr>
<tr>
<td>2009</td>
<td>525</td>
<td>43.5%</td>
</tr>
<tr>
<td>2010</td>
<td>752</td>
<td>61.4%</td>
</tr>
</tbody>
</table>

**Mobile Phone Penetration, 2009/2015E**

<table>
<thead>
<tr>
<th>Country</th>
<th>2009 Penetration</th>
<th>2015E Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>44%</td>
<td>75%</td>
</tr>
<tr>
<td>Brazil</td>
<td>86%</td>
<td>113%</td>
</tr>
<tr>
<td>China</td>
<td>57%</td>
<td>84%</td>
</tr>
<tr>
<td>Russia</td>
<td>141%</td>
<td>155%</td>
</tr>
<tr>
<td>South Africa</td>
<td>114%</td>
<td>145%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Statistics are number of SIM card subscriptions divided by the total population.

- **Mobile Growth** in India over the past couple of years has been driven by **steady declines in tariffs** and the **emergence of local brands** that offer a price-functionality proposition far superior to that of established brands.
  - Rates for voice calls are currently as low as USE 0.006 per minute and price promotions are abundant.
- **The smart-phone market** is currently **relatively small**, with 21 million smart-phones, however it is expected to increase significantly to ~100 million smart-phones by 2015.
Internet penetration levels remain well below those of other emerging economies; internet users are engaging primarily in email with lesser involvement in social networking and e-commerce sites.

**Internet Penetration Rates, 2005-2010**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.4%</td>
</tr>
<tr>
<td>2006</td>
<td>2.8%</td>
</tr>
<tr>
<td>2007</td>
<td>4.0%</td>
</tr>
<tr>
<td>2008</td>
<td>4.4%</td>
</tr>
<tr>
<td>2009</td>
<td>5.1%</td>
</tr>
<tr>
<td>2010</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

- 0.5% broadband internet penetration
- ~80 million internet users

**Comparison with BRIC**

<table>
<thead>
<tr>
<th>Activity</th>
<th>India 2009</th>
<th>Brazil 2009</th>
<th>China 2009</th>
<th>Russia 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Penetration, 2009</td>
<td>5%</td>
<td>33%</td>
<td>28%</td>
<td>47%</td>
</tr>
<tr>
<td>Internet Users (mn), 2009</td>
<td>59</td>
<td>68</td>
<td>384</td>
<td>44</td>
</tr>
<tr>
<td>Internet Penetration, 2015E</td>
<td>19%</td>
<td>74%</td>
<td>47%</td>
<td>55%</td>
</tr>
<tr>
<td>Internet Users (mn), 2015E</td>
<td>237</td>
<td>155</td>
<td>650</td>
<td>76</td>
</tr>
</tbody>
</table>

**Percentage of Internet Users Engaging in Online Activities¹, 2009**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2009 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>95%</td>
</tr>
<tr>
<td>Job Hunting</td>
<td>73%</td>
</tr>
<tr>
<td>Instant Messaging</td>
<td>62%</td>
</tr>
<tr>
<td>Reading News</td>
<td>61%</td>
</tr>
<tr>
<td>Online Music</td>
<td>60%</td>
</tr>
<tr>
<td>Sports</td>
<td>57%</td>
</tr>
<tr>
<td>E-Greetings</td>
<td>57%</td>
</tr>
<tr>
<td>Online Gaming</td>
<td>54%</td>
</tr>
<tr>
<td>Online Video</td>
<td>53%</td>
</tr>
<tr>
<td>Dating and Friendship</td>
<td>51%</td>
</tr>
<tr>
<td>Search Engines</td>
<td>50%</td>
</tr>
<tr>
<td>Social Networking</td>
<td>23%</td>
</tr>
<tr>
<td>E-Commerce</td>
<td>17%</td>
</tr>
</tbody>
</table>

Note:¹Based on Comscore survey of internet users aged 15 and above, accessing internet from home or work; ²Figures from BCG report except India 2009 figure, based on International Telecommunication Union report

Consumer Background

e-Commerce

India’s e-Commerce market has increased by ~287% since 2007, with the online travel industry accounting for ~80% of transactions; the majority of online travel transactions are for domestic air tickets and rail tickets.

- India is the world’s third largest e-Commerce market and has seen significant growth (~287%) since 2007
  - The total size of the Indian market is expected to reach ~USD 10 billion by the end of 2011
- Online travel bookings are expected to contribute 80% of online transactions in 2010
  - The majority of these transactions are domestic air tickets (~63%) and rail tickets (~28%); international air tickets, hotel bookings, bus tickets, tour packages and tour insurance account for the remaining ~9%
- Many internet users continue to search for information online before physically purchasing the item
  - In 2009, 12.6 million internet users looked for information online; of these, only 7.5 million users actually purchased a product online
  - Lack of trust remains the primary reasons for such users purchasing the item physically rather than online
  - Only 25 million Indians had credit cards² in 2009; another potential reason explaining the trend of using the internet for ‘looking’ rather than buying

Note: ¹Converted from INR to USD using average exchange rates for each year; ²Only 28% of ‘affluent Indians’ have credit cards according to Visa Source: Monitor and Grail Research and Analysis; 'Digital Commerce', IAMAI, March 2011; 'Online Travel Trends In India, Travel Distribution Summit – India 2010', Comscore, 2010; ‘An outlook on Asia Pacific’s e-Commerce statistics, ecommerce zen, June, 2010’; ‘Indian netizens world’s third biggest online shoppers’, expressindia.com, Jan 2008; ‘Lack of trust hindering e-commerce in India’, SME Times, Nov 2011; “Market Insights: India”, European Travel Commission, March 2010;
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Travel and Tourism Landscape

Trade Overview

The trade industry is highly fragmented with more than 20,000 retail agents; online travel sites are increasingly being used to research trips however the majority of outbound travel still goes through conventional travel agents.

### TRAVEL AGENCIES AND TOUR OPERATORS

- The Indian trade industry is **highly fragmented** with over **20,000 retail agents** spread across the country,
  - The majority of retail agents are ticketing agents focusing on the domestic travel market and on selling tickets and pre-packaged tours
- The trade industry can be categorised as follows:
  - **Large tour operators**
    - E.g., Cox & Kings, Thomas Cook and SOTC / Kuoni
  - **Medium sized operators**
    - Wholesalers or retailers **catering for FIT or group travel**
    - **Operate regionally** with moderate marketing budgets and **specialise in ~ 8-10 destinations**
  - **Small operators**
    - Retailers **catering predominantly for FIT customers**, though they usually copy the itineraries of the large tour operators
    - **Operate in a single city** with miniscule budgets
  - **Niche operators** (e.g., Fans on Stands, Beyond Boundaries, IndjaPink)
  - **Ticketing agents**
- There is **strong competition** between large and medium sized travel agencies with **aggressive marketing and tactical promotions**
  - E.g., ‘buy now, pay later’ promotions

### ONLINE TRAVEL MARKET

- There has been an **increasing trend** for Indian travellers to **research their trips online**, however the vast majority of outbound travel bookings still go through **conventional travel agents**
  - Internet was the **2nd most popular source of information** (60% of respondents), just behind friends and family (70%), according to a 2008 survey of Indian leisure travellers

**Top Online Travel Agencies (OTA), by Percentage of Unique Visitors to Travel Sites**¹, Apr 2011

<table>
<thead>
<tr>
<th>Agency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make my Trip</td>
<td>20.9%</td>
</tr>
<tr>
<td>Yatra Online</td>
<td>19.0%</td>
</tr>
<tr>
<td>ClearTrip.com</td>
<td>11.6%</td>
</tr>
<tr>
<td>Expedia Inc</td>
<td>9.9%</td>
</tr>
<tr>
<td>HolidayIQ.com</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Note: ¹Unique visitors (Apr 2011) do not include visitation from public computers such as Internet cafes or access from mobile phones or PDAs. Source: Monitor and Grail Analysis; ‘Digital Commerce’, IAMAI, March 2011; “Market Insights: India”, European Travel Commission, March 2010; ‘The Indian Outbound Travel Market’, World Tourism Organisation, 2009
Travel and Tourism Landscape

Booking Channels

Travel agents are the primary channel for booking both long-haul flights and accommodation, with consumers booking in person, online or through a call centre.

**Booking Channel used for Long-Haul Flights, 2012**

- **Travel Agents / Tour Operators**: 27%
- **Airlines**: 33%
- **Others**: 40%

**Booking Channel used for Accommodation at Long-Haul Destinations, 2012**

- **Travel Agents / Tour Operators**: 19%
- **Airlines**: 17%
- **Hotels**: 15%
- **Others**: 10%

Note: 1 Respondents who noted that they booked flights through hotels were thus not included in the graph, hence the percentages do not add up to 100%;
2 Others include Booking directly, Booking at promotion events, and Other channels;
3 Others include Travel Booking Websites (as Online), and Direct Bookings, at promotion events, or other channels (as Personal Visit)
Source: Monitor and Grail Analysis; India Quantitative Survey, Dec 2011
Several trends are currently occurring in the Indian travel market including: industry consolidation, international players entering the market, existing online players exploring new avenues for revenue, ...

1. **Consolidation of the Industry**
   - The Indian travel market is currently fragmented with numerous domestic and international players, and further growth in the industry is expected to lead to consolidation (M&A, IPOs)
     - Thomas Cook India acquired Travel Corporation India (TCI) in 2006 to enhance its travel services
     - “Mergers and acquisitions are strengthening organizations all over the world and India is no exception. In view of the future of the travel industry, the complementary strengths of both the companies will leave the group well placed to meet any challenges”
     - In Oct 2010, Yatra Online acquired Travel Services International, a wholesale ticket consolidator, to enhance its customer base in the B2B segment

2. **International Players Entering the Indian Market**
   - High growth in the Indian tourism market has led to international players coming to India through acquisitions or joint ventures
     - Kuoni acquired SOTC, an Indian outbound tour operator, in 1996 to enter the Indian market
     - In Apr 2005, TUI Travel entered into a joint venture with Le Passage to India to form TUI India
     - In Jan 2006, Travelocity acquired Zuji, an online travel company based in Singapore, and leveraged its online presence to enter the Indian market in 2007–08

3. **Online Websites Branching Out into Non-Air Business**
   - Online websites are expanding their offerings and services to increase their revenue streams
     - In 2009, Travelocity acquired Travelguru, an Indian online hotel distribution network, to enhance its existing hotel connectivity in India with Travelguru’s portfolio of over 4,000 hotels
     - In Aug 2011, Yatra Online acquired MagicRooms, a hotels aggregation site, to expand its holiday and hotel booking business
     - In Nov 2011, Make My Trip acquired a 29% stake in My Guest House Accommodations (MGH) to strengthen its accommodation inventory with MGH budget lodging options and service apartments

Source: Monitor and Grail Analysis; ‘Travel and Tourism – India’, Euromonitor, Apr 2011; ‘Travel Retail – India’, Euromonitor, Apr 2011; Thomas Cook Website; India Digital Review Website; SOTC Website; India Outbound 2011- MICE travel, Today’s Traveller Newswire, 2011; Business Standard Website; M-Travel Website; VCCircle Website;
Travel and Tourism Landscape

Evolution of the Trade Environment (2 of 2)

... Indian travel companies strengthening operations in South-East Asia, and consumers in India seeking niche forms of travel

4 Expansion into South-East Asia

- Indian travel companies are increasingly scaling up operations in South-East Asia, chasing higher margins on all-inclusive holiday packages to the region, a popular travel destinations for Indian travelers:
  - In May 2011, Make My Trip acquired 79% stake in Luxury Tours and Travels, a Singapore based travel agency, to strengthen its supplier base in South-East Asian markets (Singapore, Malaysia)
  - In Sep 2011, Expedia (India) entered into a joint venture with Air Asia, enabling it to offer more affordable travel packages to travelers for South-East Asian destinations, using its 140,000 hotel inventory and Air Asia’s low-cost flight network

- “E-commerce companies have a tremendous ability to scale operations because of the very nature of business… an online travel portal can overnight start offering holiday packages across the world at a minor incremental cost. After the initial phase, the risks are less and rewards much higher for e-commerce companies. Hence everybody is betting on them”
  – Raj Halve, Principal Consultant, Samara Capital, Oct 2011

5 Emergence of Niche Travel Forms (e.g., Sports Tourism, Adventure Tourism, and Cruises)

- Increase in consumer awareness due to exposure to online media, and growing focus on incentive trips from corporates, are driving demand for less traditional forms of tourism

- “With outbound sports tourism gaining prominence in India, we see sports enthusiasts travelling abroad to play or watch sporting events, cricket and football being the main draws. However, it is corporate travel (incentives for dealers and employees) that is driving the growth in sports tourism”
  – Kashmira Commissariat, COO (Outbound Division), Kuoni India, May 2010

- “There is growing demand for adventure tourism. These trips are primarily taken by youngsters looking for unconventional holiday in form of adventurous activities”
  – Travel and Tourism: India, Euromonitor, Apr 2011

- “The profile of cruise package customers is changing, as previously it was more honeymoon couples, but now more families … in order to spend some time with their loved ones … with no interruptions”
  – Travel Retail: India, Euromonitor, Apr 2011

Source: Monitor and Grail Analysis; ‘Travel and Tourism – India’, Euromonitor, Apr 2011; ‘Travel Retail – India’, Euromonitor, Apr 2011; Business Standard Website; Medianama Website; Expedia Website; Economic Times Website
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Travel has increased significantly over the past five years with ~755 million trips taken in 2010; domestic travel accounts for the majority of these trips (~98%)

Number of Trips by Domestic versus Outbound, 2006–2010

- **Domestic trips** continue to account for the majority of travel by Indians, and have increased at a greater rate (13.7% p.a.) than **outbound travel** (10.8%) since 2006
- This **growth in domestic travel** is expected to **continue** in the short-term
  - Domestic trips are **significantly cheaper** than international trips, with the recent depreciation of the Rupee against major currencies compounding this factor
  - The Ministry of Tourism will **continue** to run its ‘Incredible India’ tourism campaign, which was extended in 2009 to target the domestic sector
- **Bus** remains the primary form of transport for domestic travel, representing ~70% of all trips, with train (~20% of all trips) the second most popular form of transport

Outbound travel has increased by ~11% per annum since 2006, with 22.5 million outbound trips expected in 2015; leisure remains the primary purpose, accounting for 68% of trips, with business representing 32% of trips.

The number of outbound trips by purpose of travel from 2006 to 2015E is as follows:

- **2006**
  - Million Trips: 8.3
  - Leisure: 67%
  - Business: 33%

- **2007**
  - Million Trips: 9.8
  - Leisure: 68%
  - Business: 32%

- **2008**
  - Million Trips: 10.9
  - Leisure: 68%
  - Business: 32%

- **2009**
  - Million Trips: 11.1
  - Leisure: 68%
  - Business: 32%

- **2010**
  - Million Trips: 12.6
  - Leisure: 68%
  - Business: 32%

- **2011E**
  - Million Trips: 14.0
  - Leisure: 67%
  - Business: 33%

- **2012E**
  - Million Trips: 15.6
  - Leisure: 67%
  - Business: 33%

- **2013E**
  - Million Trips: 17.6
  - Leisure: 67%
  - Business: 33%

- **2014E**
  - Million Trips: 19.9
  - Leisure: 67%
  - Business: 33%

- **2015E**
  - Million Trips: 22.5
  - Leisure: 67%
  - Business: 33%

- Departures from India have increased significantly since 2006, with India recognised as one of the fastest growing countries for outbound travel.
  - Business trips and leisure trips have increased at a similar rate.
  - This trend is expected to accelerate over the coming years, with the number of outbound trips increasing to 22.5 million by 2015.

- Over the past year, departures increased by ~13% with the recovering economy, improved consumer confidence and attractive tourist packages drivers of this growth.
  - The introduction of low-cost carriers such as Air Asia have helped decrease the cost of tourist packages.

Notes: ¹Slide in back-up profiling business travellers.
Outbound MICE travel is part of business travel and is estimated to represent between 3% and 9% of the total outbound travel market.

Outbound travel market by purpose of travel, 2010

<table>
<thead>
<tr>
<th>Purpose of Travel</th>
<th>Million Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICE Travel</td>
<td>12.6</td>
</tr>
<tr>
<td>Other Travel(^1)</td>
<td></td>
</tr>
<tr>
<td>~70% of Trips</td>
<td></td>
</tr>
<tr>
<td>~30% of Trips</td>
<td></td>
</tr>
<tr>
<td>10%-30% of Trips</td>
<td></td>
</tr>
<tr>
<td>MICE travel(^2)</td>
<td></td>
</tr>
<tr>
<td>Long-Haul Travel</td>
<td></td>
</tr>
<tr>
<td>Short-Haul Travel</td>
<td></td>
</tr>
</tbody>
</table>

Note:\(^1\) Includes leisure and business travel; \(^2\) Slides in back-up describing the MICE-travel market and the decision making process.


The estimated market size of the long-haul outbound MICE travel market is between 3% and 9% of all outbound trips, i.e., between 400,000 and 1,200,000 trips per annum.
**Travel and Tourism Landscape**

**Length of Stay**

The length of outbound travel has not changed markedly over the past five years, with the majority of trips greater than seven days long.

![Graph showing length of outbound departures, 2006–2010](image)

- The **length of stay** of Indian outbound travellers has **not changed significantly** over the past 5 years.
  - The **majority** of trips (~52%) are longer than seven days.

- **Globally** the trend since the global recession in 2008 and 2009 has been for international travellers to **decrease the length of their stay**.

Outgoing tourist expenditure has increased by ~11% per annum since 2006, with accommodation and shopping forming the two major expenditure categories.

- **Outgoing tourist expenditure** has **steadily increased** over the past five years.
- **Credit cards** are used as the **primary method of payment**, representing ~53% of the total expenditure value in 2010, whilst travellers cheques are experiencing a decline in popularity, only accounting for ~20% of the total expenditure value.
- **Accommodation** and **shopping** represent close to half (~46%) of total expenditure by Indian travellers when travelling abroad.
  - There has been little change to the proportional breakdown of outgoing tourist expenditure over the past five years.

Notes: ¹CAGR between 2006 and 2010 in Indian Rupees (INR) is 11.1%; ²Converted at the average exchange rate for that year.
Major outbound destinations for Indian travellers in 2010 include Singapore, UAE, Thailand, Malaysia and the United States.

- **United States** 572.5
- **UAE** 763.3
- **Singapore** 875.9
- **Malaysia** 655.7
- **Thailand** 665
- **China** 421.3
- **Hong Kong** 410.9
- **Indonesia** 193.8
- **UK** 363.3
- **France** 304.4
- **China** 421.3
- **India** 72,234
- **South Africa** 72,234 Indian arrivals in 2010

Note: 1Destinations ranked 1–5 by total number of trips in 2010; 2Destinations ranked 6–10 by total number of trips in 2010; 3Based on SAT Departure Survey: Traveller's Weight (Weight 1) has been used.

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**Travel to South Africa**

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Travel and Tourism Landscape
Indian Travellers to South Africa – Overview

The number of outbound travellers to South Africa has increased considerably over the past five years, with net inbound tourism spend growing at a slightly slower rate.

Number of Arrivals, 2006–2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousand Travellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>40.4</td>
</tr>
<tr>
<td>2007</td>
<td>49.1</td>
</tr>
<tr>
<td>2008</td>
<td>49.7</td>
</tr>
<tr>
<td>2009</td>
<td>57.6</td>
</tr>
<tr>
<td>2010</td>
<td>72.2</td>
</tr>
</tbody>
</table>

Growth rate: 15.6%

Total Net Inbound Tourism Spend (NITS), 2006–2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Billion Rand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.0</td>
</tr>
<tr>
<td>2007</td>
<td>1.0</td>
</tr>
<tr>
<td>2008</td>
<td>1.4</td>
</tr>
<tr>
<td>2009</td>
<td>1.6</td>
</tr>
<tr>
<td>2010</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Growth rate: 12.4%

According to SAT’s Arrivals data, there were 101.5 thousand arrivals from India in 2011, an increase of 27.2% from 2010.

Note: 1Outgoing travel expenditure for Indian travellers to any destination converted from Rupees into Rands at the average exchange rate for that year; 2Traveller’s Weight (Weight 1) has been used for the years 2006–2010; 3CAGR between 2006 and 2010 in Indian Rupees (INR) is 10.4%

Indian travellers to South Africa in 2010 were typically male, aged 25 to 34 and residing in Mumbai and visiting for the first time; they stayed, on average, 25 nights and spent just under R1,000 per day.

Profile of Indian Travellers, 2010:
- Gender: 90% Male, 10% Female
- Age:
  - 18-24: 8%
  - 25-34: 40%
  - 35-44: 15%
  - 45-54: 30%
  - 55-64:
  - 65+:
- City of Residence:
  - Mumbai: 49%
  - Chennai: 6%
  - Bangalore: 9%
  - Pune: 6%
  - Delhi: 14%

Average Nights per Trip, 2006–2010:
- 2006: 23.2
- 2007: 22.1
- 2008: 25.5
- 2009: 21.4
- 2010: 24.5

Average Expenditure (NITS) per Day, 2006–2010:
- 2006: INR 7,113
- 2007: INR 5,341
- 2008: INR 5,701
- 2009: INR 7,595
- 2010: INR 5,583

Note: 1Tourist Weight (Weight 2) has been used for the year 2010; 2Traveller’s Weight (Weight 1) has been used for the years 2006-2010
Indian travellers to South Africa are typically either staying between 4 and 6 nights, or for a significantly longer period (20+ nights).

Note: ¹Traveller’s Weight (Weight 1) has been used for the years 2006-2010; QANights has been used to analyze length of stay
The majority of these travellers were travelling alone, visiting South Africa for the first time and stayed in hotels . . .
Travel and Tourism Landscape
Activities – Overview

... with shopping, nightlife and business the three main activities undertaken during their stay

Activities undertaken whilst visiting South Africa¹, 2010²

- Shopping: 91%
- Nightlife: 89%
- Business: 70%
- Natural attractions: 34%
- Wildlife: 31%
- Casinos: 27%
- Theme parks: 26%
- Cultural, historical and heritage attractions: 21%
- Beach: 19%
- Social: 16%

Note: ¹Respondents can note multiple activities thus percentages can add up to greater than 100%; ²Tourist Weight (Weight 2) has been used for the year 2010
Source: Monitor and Grail Research and Analysis; SAT Departure Survey 2010
These travellers typically booked their trips through travel agents, less than one month before they travel.

**Booking Channel, 2010**

- **Travel Agent**: 84%
- **Tour Operator**: 2%
- **Direct with Airline via Internet**: 2%
- **Direct with Airline**: 2%
- **Others**: 10%

**Lead Time to Booking Trip, 2010**

- **1 Week or Less**: 23%
- **2 Weeks**: 25%
- **3 Weeks**: 11%
- **4 Weeks**: 18%
- **5–8 Weeks**: 9%
- **9–12 Weeks**: 7%
- **13+ Weeks**: 7%

Notes:

- Tourist Weight (Weight 2) has been used for the year 2010
- Source: Monitor and Grail Research and Analysis; SAT Departure Survey 2010
Business travellers represent the majority of travellers to South Africa, and contribute the most in terms of expenditure, a trend at odds with Indian travellers in general.
Holiday travellers to South Africa in 2010 were typically male, aged 25 to 34 and residing in Mumbai and visiting for the first time; they spent just over R2,000 per day and stayed, on average, 12 nights ...

Profile of Holiday Travellers, 2010¹

Gender
- Male: 14%
- Female: 86%

Age
- 18%: 65+
- 20%: 55–64
- 32%: 45–54
- 18%: 35–44
- 9%: 25–34
- 5%: 18–24

City of Residence¹:
- Delhi: 14%
- Mumbai: 61%
- Chennai: 4%
- Bangalore: 5%
- Pune: 1%

First-Time Visitors²:
- First-Time Visitors (Blue): 18%
- Repeat Visitors (Green): 82%

Average Nights per Trip, 2006–2010²

- 2006: 17.7
- 2007: 15.0
- 2008: 15.1
- 2009: 14.4
- 2010: 11.6

Average Expenditure (NITS) per Day, 2006–2010²

- 2006: INR 9,494
- 2007: INR 8,639
- 2008: INR 11,079
- 2009: INR 11,733
- 2010: INR 13,065

Note: ¹Tourist Weight (Weight 2) has been used for the year 2010; ²Traveller’s Weight (Weight 1) has been used for the years 2006-2010
Travel and Tourism Landscape

Length of Stay – Holiday Traveller

... with the most common length of stay between 4 and 15 nights

Note: ¹Traveller’s Weight (Weight 1) has been used for the years 2006-2010
Travel and Tourism Landscape

Seasonality – Holiday Traveller

Holiday travellers typically visit between May and July, during summer school holidays in India...

Note: 1Traveller’s Weight (Weight 1) has been used for the years 2006-2010
... and spend the majority of their time in Gauteng and the Western Cape

Province Market Shares as a Percentage of Total Nights Spent, 2006–2010

Note: ¹Traveller’s Weight (Weight 1) has been used for the years 2006-2010
Travel and Tourism Landscape

Reasons for Visiting SA – Holiday Traveller

The majority of Indian holiday travellers chose South Africa to experience a different country or to go on a safari or wildlife experience ...

<table>
<thead>
<tr>
<th>Reason for Visiting</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>To experience a different country</td>
<td>24%</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>To go on safari / wildlife experience</td>
<td>19%</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>FIFA 2010 World Cup / Sport</td>
<td>13%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>To see the natural scenery</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>To be able to relax and escape</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>To visit friends/relatives</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>South Africa’s uniqueness</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Business/investment interests</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>To experience South Africa’s different cultures</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: 1Traveller’s weight (Weight 1) has been used for the years 2008-2010
Source: Monitor and Grail Research and Analysis; SAT Departure Survey 2008-2010
... whilst most of these travellers (~80%) did not have a bad experience during their stay although poor transport facilities was noted as the primary reason for those with a bad experience in 2010.

<table>
<thead>
<tr>
<th>Experience</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
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<tr>
<td>Poor transport facilities</td>
<td>1.2%</td>
<td>1.2%</td>
<td>5.2%</td>
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<tr>
<td>Personal experience</td>
<td>1.0%</td>
<td>1.2%</td>
<td>3.8%</td>
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<td>Safety and security</td>
<td>2.1%</td>
<td>2.0%</td>
<td>5.9%</td>
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<tr>
<td>Personal safety</td>
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<td>3.3%</td>
<td>5.7%</td>
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<tr>
<td>Poor airport service</td>
<td>1.6%</td>
<td>1.5%</td>
<td>2.6%</td>
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<tr>
<td>Expensive</td>
<td>1.3%</td>
<td>3.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>The service was below my expectations</td>
<td>1.0%</td>
<td>2.2%</td>
<td></td>
</tr>
</tbody>
</table>

~80% of the respondents in 2008 - 2010 answered ‘I had no bad experience’
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- Consumer Segmentation
- Messages, Channels and Experiences
Prioritisation of Consumer Segments

Total Size of the Frame

The segmentation frame represents 2.3 million Indians; i.e., people aged 18 or above, residing in the thirteen focus cities and with a household income greater than INR 1,600,000

- Household income of INR 1,600,000 million was found to be the threshold for Indians who regularly participate in long-haul leisure travel
- The greatest opportunity lies in the largest cities, as well as those cities which display strong socio-economic factors
- Adults (aged 18 or above) are the key participants in the travel buying process

Note: ¹The prioritised cities are: Ahmedabad, Amritsar, Bagalore, Chandigarh, Chennai, Delhi, Hyderabad, Kolkata, Ludhiana, Mumbai, Pune, Surat, Vadodara
Source: Monitor and Grail Research and Analysis; IMF; Indian Census, 2011, 2001; Oanda.com; EIU; United Nations, Department of Economic and Social Affairs
Developing the Segmentation Frame
Creating the Segments – Frame

The frame consists of 15 segments

<table>
<thead>
<tr>
<th>Traditional Traveller</th>
<th>Exotic Traveller</th>
<th>Worldly Traveller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Metros and Cities</td>
<td>Other Metros and Cities</td>
<td>Other Metros and Cities</td>
</tr>
<tr>
<td>A 5.3%</td>
<td>B 6.5%</td>
<td>C 3.7%</td>
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<tr>
<td>D 13.8%</td>
<td>E 5.5%</td>
<td>F 8.0%</td>
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<tr>
<td>G 6.4%</td>
<td>H 5.0%</td>
<td>I 11.3%</td>
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<tr>
<td>L 7.2%</td>
<td>J 8.3%</td>
<td>K 5.2%</td>
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<tr>
<td>M 6.8%</td>
<td>N 3.4%</td>
<td>L 3.4%</td>
</tr>
<tr>
<td>G</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Percentages represent the number of consumers in the segment as a proportion of the total market size
Source: Monitor and Grail Research and Analysis; ‘Quantitative Research Survey – India’, SAT, Jan 2012
Developing the Segmentation Frame

Creating the Segments

Younger, Traditional, Couples
- Couples, with young children, the majority of whom live in other metros and prefer to stay with friends and family or in guesthouses and B&Bs when on holiday
- Volume = 5.3% of total market
- Value = INR 0.87 mn per person p.a.

Younger, Exotic and Worldly, Couples
- Couples, with young children, who mainly live in super metros, travel fairly frequently and typically seek a romantic holiday
- Volume = 6.5% of total market
- Value = INR 0.89 mn per person p.a.

Younger, Worldly, Very High Income Families
- Couples, with dependent children, who travel very frequently and stay in B&Bs and guesthouses
- Volume = 3.7% of total market
- Value = INR 2.39 mn per person p.a.

Younger, Traditional, Singles and Couples
- Singles and couples with no children who travel fairly regularly and look to have romantic holidays when they travel
- Volume = 13.8% of total market
- Value = INR 0.48 mn per person p.a.

Younger to Middle-Aged, Exotic and Worldly Couples
- Couples with no children who travel infrequently but enjoy exploring new cultures and destinations while on holiday
- Volume = 5.5% of total market
- Value = INR 0.53 mn per person p.a.

Middle-Aged, Traditional, Couples
- Couples, with grownup children that have left home, who typically travel to visit friends and family
- Volume = 6.4% of total market
- Value = INR 0.53 mn per person p.a.

Older, Traditional and Exotic, High-Very High Income Couples
- Couples with no children who predominantly live in super metros and travel fairly frequently
- Volume = 5.0% of total market
- Value = INR 0.85 mn per person p.a.

Younger, Worldly, Singles and Couples
- Singles and couples with no children, who travel very frequently and seek adventure or romantic holidays
- Volume = 8.0% of total market
- Value = INR 1.27 mn per person p.a.

Younger to Middle-Aged, Exotic and Worldly Couples
- Couples with no children who travel infrequently but enjoy exploring new cultures and destinations while on holiday
- Volume = 5.5% of total market
- Value = INR 0.53 mn per person p.a.
Developing the Segmentation Frame
Creating the Segments

Middle-Aged, Worldly, Very High Income Couples
- Couples, some with children, who travel very frequently and stay in five star hotels fairly regularly
- Volume = 11.3% of total market
- Value = INR 2.02 mn per person p.a.

Middle-Aged, Traditional and Exotic, High Income Couples
- Couples, with dependent children, the majority of whom reside in other metros and travel infrequently
- Volume = 8.3% of total market
- Value = INR 0.36 mn per person p.a.

Middle-Aged, Worldly, High Income Couples
- Couples, with dependent children, who live mainly in super and other metros, travel very frequently
- Volume = 5.2% of total market
- Value = INR 1.04 mn per person p.a.

Middle-Aged to Older, Traditional, Very High Income Couples
- Couples, with dependent children, who travel fairly frequently and tend to visit friends and family during holidays
- Volume = 7.2% of total market
- Value = INR 0.55 mn per person p.a.

Middle-Aged to Older, Traditional and Exotic, Very High Income Couples
- Couples, with dependent children, who predominantly reside in super metros and travel infrequently
- Volume = 6.8% of total market
- Value = INR 0.48 mn per person p.a.

Older, Traditional, High Income Couples
- Couples, with dependent children, who mainly stay in other metros and travel infrequently, visiting friends and family during holidays
- Volume = 3.4% of total market
- Value = INR 0.62 mn per person p.a.

Older, Exotic and Worldly, High Income Families
- Couples, with dependent children, who travel frequently, usually going on family holidays
- Volume = 3.4% of total market
- Value = INR 0.45 mn per person p.a.
Identifying priority segments will likely involve considering current volume and value, as well as the segment’s propensity to visit South Africa.

**Prioritisation Matrix**

- **Propensity to come to South Africa** by segment:
  - Recently considered visiting South Africa again
  - Recently visited South Africa, would visit again (not necessarily soon)
  - Visited South Africa, would visit again but not recently considered
  - Never visited South Africa, not considered visiting recently
  - Visited South Africa, but would not visit again

- **Total Revenue** by segment:
  - Existing volume contribution
  - Existing value contribution
    - Frequency of Long-hauls per annum
    - Expenditure per Trip
Prioritisation of Consumer Segments

Prioritised Segments

Segments I, F and C are the three segments which will be prioritised, whilst segment D will also be analysed to better understand the ability to win over the short-term within this segment.

Source: Monitor and Grail Research and Analysis; ‘Quantitative Research Survey – India’, SAT, Jan 2012

Legend
- Bubble size represents volume of segment
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  - Seasoned Leisure Seekers
Seasoned Leisure Seekers

General Overview

Seasoned Leisure Seekers are predominantly middle-aged couples with kids, residing in the super metros; they have very high incomes, are well-educated and occupy mostly senior management positions in the workplace.

- **Average Age:** 36 years
- **Gender:**
  - 75% Male
  - 25% Female
- **Marital Status:**
  - 11% Single
  - 89% Married / Living Together
- **Children:**
  - 16% Do Not Have Kids
  - 69% Have Dependent Kids
  - 11% Have Independent Kids

**Worldly Travellers**

- **City of Primary Residence:**
  - Delhi: 26%
  - Mumbai: 13%
  - Bangalore: 13%
  - Ahmedabad: 9%
  - Chennai: 8%
  - Other Cities: 11%

**Annual Household Income (INR)**

- **INR 1.6–2.5 mn:** 38%
- **INR 2.5–4.0 mn:** 30%
- **INR 4.0–6.0 mn:** 32%
- **INR 6.0–8.0 mn:**
- **INR > 8.0 mn:**

- **Very high income, thus none of Seasoned Leisure Seekers fall into these brackets**

**Highest Level of Education**

- **Some College:** 2%
- **Grad / Post-Grad (General):** 21%
- **Grad / Post-Grad (Specialist):** 72%
- **Other:** 5%

**Current Role**

- **Self-Employed (Formal):** 5%
- **Specialist / Professional:** 30%
- **Other Mgmt:** 18%
- **Director / Upper Mgmt:** 41%
- **Other:** 6%

- **96% Working Full Time**
- **2% Working Part Time**

**Note:**
1. Of the remaining percentage, 1% are unemployed, 1% are retired and 1% are housewives; Percentages may not add to 100% due to rounding; 2. Visited both traditional destinations (e.g., Europe, United States, Australia) and exotic destinations (e.g., Africa, Mauritius, South America, North Asia)

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Seasoned Leisure Seekers
Who Are They?

Meet Mundhir Agarkar, a 44 year old Seasoned Status Seeker

Mundhir is married and has two children, a daughter and a son

He regards himself as internet savvy and spends a lot of time using his Smartphone to surf the internet

Note: 1 Average shown is across all segments and is not limited to the prioritised segments only
Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
**Seasoned Leisure Seekers**

**Typical Day**

Mundhir works as a vice president for a software company

His job is very demanding and his typical day is stressful and frenetic

In the evening after work, Mundhir enjoys watching TV with his family, specifically travel programs

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Note: ¹ Average shown is across all segments and is not limited to the prioritised segments only

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Seasoned Leisure Seekers

Typical Weekend

During the weekend, Mundhir catches up on some domestic chores including maintaining his car.

He often takes his wife and kids away for the weekend, driving to domestic destinations.

He spends his free time with his family, often going to watch his son play cricket.

“I prefer a weekend filled with activities compared to a quiet weekend getaway”

- Seasoned Status Seekers: 85%
- Social Explorers: 77%
- Young Family Adventurers: 60%

Average = 72%

Note: ¹ Average shown is across all segments and is not limited to the prioritised segments only.

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
**Seasoned Leisure Seekers**

**Travel Mindset**

Travelling allows Seasoned Leisure Seekers to spend time with their family, treating them to a memorable time; when taking a leisure trip, they look for a wide range of activities including shopping and visiting natural attractions.

Seasoned Leisure Seekers are experienced travellers and thus look to derive the most out of their trips to new destinations. They prefer having a full itinerary consisting of a wide range of activities that allow them to explore new places while still enjoying some family time away from their usual busy lives.

**Motivators**

I typically travel with my spouse and children, although on some trips my parents will also join us. My family enjoys exploring a new destination where the experience is different from what we have done before. When I return home I can impress my friends with details of these new experiences. My spouse and I usually plan the trip, although my children may influence the choice of destination.

**Activities**

I like to visit places that have many natural attractions and a wide range of activities. At a destination, I look to explore its culture and heritage as I find it an enriching experience that teaches me new things. Shopping is an important part of the trip that everyone in the family enjoys. Indian cuisine is relatively important to me and my family. Lastly, the destination should offer some kind of adventure that the whole family can enjoy; things like scuba diving, or mountain trail hiking are ideal.

**Travel Behaviour**

I usually travel internationally two or three times a year. I enjoy going to places like the United States, Australia and South Africa. The duration of my trip, usually two weeks long, is determined by my travel budget and how much leave I have available. I may also spend slightly shorter at a destination if it has a limited number of activities. I tend to travel in May and June when my children are on holiday and the weather in India is unbearable hot.

**South Africa**

I think South Africa has amazing wildlife and natural beauty. Its beaches and culture are also great. I would be interested in visiting the traditional villages in South Africa; whilst in Kenya, I visited the Masai Mara villages and loved the experience. I do, however, have some concerns over safety.

Many of my friends have also travelled to South Africa in the past, visiting Cape Town, Johannesburg and Durban. They loved the wildlife and shopping. They also enjoyed the theme parks. Almost all of them said that they would visit again if they had the chance.

Source: Monitor and Grail Analysis
Seasoned Leisure Seekers

Products: What the Segment Looks For

These consumers seek well-located, good-quality accommodation; their trip should be filled with activities, the majority of which are suitable for the whole family.

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

Length of Stay and Expenditure:
- Seasoned Leisure Seekers would expect to stay **ten to twelve days** in South Africa and **spend** between **INR 175,000–225,000 per person** (~USD 3,500–4,500)

Accommodation:
- Seasoned Leisure Seekers look to stay in **four-to-five star hotels**
  - Accommodation should be **well-located** and provide important facilities such as **internet access** in your room, **swimming pool**, **gym**, and preferably a spa

Type of Package:
- **Partial packages** (flights, accommodation, airport transfer, limited activities) are preferred as they allow the traveller an opportunity to also do their own activities
  - **Tour guides** should be included to provide local knowledge

Other:
- The product should emphasise South Africa is a **safe destination**
- The **availability** of **Indian and vegetarian food** in South Africa should be noted

WHAT KIND OF ACTIVITIES WOULD THIS SEGMENT LOOK FOR?

- Seasoned Leisure Seekers like to have their **trip filled with activities**. The activities need to be **suitable for the whole family**. Potential activities include:
  - Exploring the country’s **natural attractions**, including the **Table Mountain**, Cape Point, **Drakensberg** mountains and game reserves
  - Visiting **historical sites** and museums and learning about **local cultures** and traditions
  - Having fun with the entire family by taking part in **adventure activities** such as **water sports**, **scuba diving** or **hiking**
  - Visiting **theme parks** and **water parks** such as Gold Reef City and Ushaka Marine World
  - **Dining out** or exploring the nightlife at the **V&A Waterfront** or Sun City
  - **Shopping** to purchase the **latest designer brands** or **local curios** and souvenirs

Source: Monitor and Grail Analysis; Consumer Interviews and Focus Group Discussions, India, Feb 2012
Seasoned Leisure Seekers

Source of Awareness and Booking Channels

Online media and social networking websites play an important role in the lives of Seasoned Leisure Seekers, including in gathering travel-related information and as a booking channel.

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**Media Consumption**
- Online media and social networking websites play an important role in the everyday lives of these consumers.
  - In their leisure time, almost half of this segment (49% vs. 44% avg) spend the most time on online media compared to other more traditional sources of media, whilst ~19% (vs. 16% avg) spend the most time on social networking websites.
- Such a trend is expected, given that nearly everyone in this segment owns a smartphone (91% vs. 81% avg) and almost half of the segment own tablet devices (40% vs. 22% avg).

**Travel-Related Information**
- In terms of gathering travel-related information, online media and social networking websites play a relatively more important role for this segment than for other segments.
  - Online media is the primary source of travel-related information.
  - Social networking websites play a relatively more important role (10% vs. 3% avg).
- Such travellers are interested in exploring the destination, thus the primary topic which they gather information on is major tourist attractions.
  - Gathering information on local people and culture is relatively more important for this segment than for other segment (55% vs. 41% avg).

**Booking Channels**
- Online channels, including travel websites, are viewed by ~45% of Seasoned Leisure Seekers as the primary channel for booking airfare and accommodation.
  - Many of the consumers prefer to book directly on the airline’s or hotel’s website rather than on the travel agent’s website.
- Travel agents are treated with scepticism as many consumers find them to have limited knowledge about a destination.
  - Travel agents are however preferred when Seasoned Leisure Seekers are visiting a destination for the first time.

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Source: Monitor and Grail Analysis
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  - Social Explorers
Social Explorers

General Overview

Social Explorers are young singles and couples without kids who have high to very high annual household incomes; they are very well-educated and tend to work as specialists or professionals.

- **Average Age:** 27 years
- **Gender:** 81% Male, 19% Female
- **Marital Status:** 58% Single, 42% Married / Living Together
- **Dependent Kids:** 100% Do Not Have Dependent Kids

### Worldly Travellers

- **City of Primary Residence**
  - Delhi: 22%
  - Bangalore: 15%
  - Mumbai: 13%
  - Hyderabad: 13%
  - Chennai: 13%
  - Other Cities: 13%
  - Ahmedabad: 11%
  - Kolkata: 10%
  - Other Cities: 8%

- **Highest Level of Education**
  - Some College: 4%
  - Grad / Post-Grad (General): 19%
  - Grad / Post-Grad (Specialist): 76%
  - Other: 1%

- **Current Role**
  - Self-Employed (Formal): 7%
  - Specialist / Professional: 44%
  - Other Mgmt: 20%
  - Director / Upper Mgmt: 22%
  - Other: 7%

**Note:**

1. Remaining 1% are students / scholars
2. Visited both traditional destinations (e.g., Europe, United States, Australia) and exotic destinations (e.g., Africa, Mauritius, South America, North Asia)

**Source:** Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Social Explorers

Who Are They?

Meet Parthiv Jhonsa, a 24 year old Social Explorer

Parthiv recently completed his MBA and has been working for a year at a bank. Parthiv is unmarried

Note: 1 Average shown is across all segments and is not limited to the prioritised segments only
Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Social Explorers

Typical Day

Parthiv typically works till 19h30 every day

When he gets home after work, he is quite tired. He has dinner and catches up with friends on the phone or over the internet

On some nights, Parthiv goes out with his friends but is usually back home by 22h30

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Saturdays are half work days for Parthiv, where he usually works until 14h00.

He spends the rest of Saturdays with his friends, going to the movies or out for drinks.

Sundays are spent catching up with his family at home.
Travel Mindset

Travelling allows Social Explorers to be free and unrestricted whilst exploring a new place and engaging in exciting activities; they relish meeting new people and visiting popular pubs and clubs.

Social Explorers enjoy the thrill of seeing new places and meeting new people. This segment is comprised of a diverse range of travellers — at one end of the spectrum are couples looking to go on a romantic holiday, at the other end are singles travelling with friends looking to have fun, enjoy the nightlife and take part in adventure sports. The common theme across this segment is that everyone is looking for fun, freedom and a relaxing time.

Motivators

Nowadays, I travel with my spouse to more romantic destinations. Before getting married last year, I used to travel with my group of friends, who used to plan the trip, to destinations offering adventure activities and great nightlife.

Activities

I look to travel to places with fantastic natural beauty or where I can experience new cultures and lifestyles. Travelling gives me the opportunity to socialise with people from other countries who have different perspectives. The types of activities that I am interested in has changed slightly since getting married — previously visiting trendy nightspots or taking part in adventure activities were an important component because it let me have fun whilst feeling free and unrestricted. Now I am looking to relax at a beautiful, romantic location with a young, vibrant atmosphere.

Travel Behaviour

I typically travel internationally twice a year and my favourite destinations are the United States and Australia. I usually take two weeks off when taking an international holiday. I would like to travel for longer, but am constrained by my travel budget and leave available. I tend to travel whenever I can get leave from work which is usually in May and June or in December.

When I think about South Africa, Cape Town springs to mind. Apparently the nightlife in Cape Town is wonderful. I also tend to think about its wildlife and natural beauty, as well as its beaches.

Many of my friends have already visited South Africa. They visited Cape Town, Johannesburg and Durban. Most of them did a lot of shopping, enjoyed the nightlife and experimented with local cuisines. The majority of them said that they would visit again.

Source: Monitor and Grail Analysis
Social Explorers

Products: What the Segment Looks For

These consumers seek comfortable and clean accommodation and want packages that allow them to have some time to themselves; the activities should ensure that these travellers have a fun and memorable trip.

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

Length of Stay and Expenditure:

- Social Explorers would expect to stay for **seven to ten days** in South Africa and **spend** approximately **INR 175,000 per person** (~USD 3,500)

Accommodation:

- Social Explorers typically look to stay in **three-to-four star hotels**
  - The room should be of a **decent size**, and the hotel should be **comfortable and clean** and provide **basic facilities** (e.g., swimming pool)

Type of Package:

- **Partial packages** (flights, accommodation, airport transfer, limited activities) are preferred as they allow the traveller an opportunity to also do their preferred activities

WHAT KIND OF ACTIVITIES WOULD THIS SEGMENT LOOK FOR?

- Social Explorers place **large importance** on the **activities** available at a destination
  - **Fun, thrilling experiences** allow them to achieve the **sense of being free** of the restrictions of their daily lives

- Potential activities include:
  - Exploring the **major attractions** (e.g., Table Mountain, Cape Point, wildlife)
  - Taking part in **adventure-related activities**
  - Having fun at **trendy nightspots**
  - **Relaxing** by the beach or by going to spas
  - **Shopping** for the latest designer brands
  - For **couples**, the product should contain a **romantic element**

Source: Monitor and Grail Analysis
Social Explorers

Source of Awareness and Booking Channels

Travel agents are an important source of travel-related information for Social Explorers, with these consumers typically comparing deals across different providers in order to find the best value-for-money offer.

Media Consumption

- Social Explorers are fairly representative of wealthy, Indian long-haul traveller in terms of the media channels which they use the most during their leisure time.
  - The majority of Social Explorers spend the most time on online media (46% vs. 44% avg), television (19% vs. 23% avg) and social networking websites (14% vs. 16% avg).
- The majority of this segment own a smartphone (92% vs. 81% avg) however not many Social Explorers own a tablet (29% vs. 22% avg).

Travel-Related Information

- “Word of mouth” and online media are the primary sources used to gather travel-related information:
  - Travel agents are regularly used to gain a basic understanding of potential destinations, thus they are regarded as a relatively more important source (12% vs. 9% avg) for Social Explorers than for other segments.
  - Social Explorers are interested in having fun at the destination, rather than gaining a deep understanding of the country’s cultural or historical side, thus topics which they gather information on include the essentials, such as accommodation and weather at the destination.
  - Understanding the cost of activities is relatively more important for this segment than for other segment (59% vs. 50% avg).

Booking Channels

- Social Explorers look for the deal offering the best value-for-money and will typically compare websites and quotes of various airlines, hotels and travel agents before deciding on the best option.
- Online channels, including travel websites, are viewed by ~45% of Social Explorers as the primary channel for booking airfare and accommodation.
  - Booking directly on the airline’s or hotel’s website is the preferred option when booking airfare or accommodation respectively.

Source: Monitor and Grail Analysis
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- Consumer Segmentation
  - Young Family Adventurers
Young Family Adventurers

General Overview

Young Family Adventurers are young, very high income, married couples with kids, who typically reside in the larger metros; they are well-educated and occupy senior positions in the workplace.

- Average Age: 28 years
- 66% Male, 34% Female
- 8% Single, 92% Married / Living Together
- 100% Have Dependent Kids
- Worldly2 Travellers

![City of Primary Residence](chart)

**Annual Household Income (INR)**

- Very high income, thus none of Young Family Adventurers fall into these brackets
- 50% INR 4.0–6.0 mn
- 16% INR 6.0–8.0 mn
- 34% INR > 8.0 mn

**Highest Level of Education**

- 2% Some College
- 31% Grad / Post-Grad (General)
- 60% Grad / Post-Grad (Specialist)
- 7% Other

**Current Role**

- 20% Specialist / Professional
- 25% Other Mgmt
- 41% Director / Upper Mgmt
- 14% Other

Note: 1 Remaining 1% are housewives; 2 Visited both traditional destinations (e.g., Europe, United States, Australia) and exotic destinations (e.g., Africa, Mauritius, South America, North Asia)

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Young Family Adventurers
Who Are They?

Meet Ravi Shehri, a 30 year old Young Family Adventurer

Ravi has been married for five years and has a three year old son

Every morning Ravi reads the newspaper for 30 minutes with particular interest in world news

Note: ¹ Average shown is across all segments and is not limited to the prioritised segments only
Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Ravi is an IT manager who must meet constant deadlines at work.

His day revolves around his work hours which depend on the country in which his project is based.

Most of his projects are based out of the United States, thus his days start later. By the time he comes home, his son is already asleep.

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Ravi also enjoys eating out with his wife and friends and does so regularly on weekends.

The family often spends Saturday afternoon at the local mall, shopping or watching a movie.

Weekends provide an opportunity for Ravi to spend quality time with his family.

Note: ¹ Average shown is across all segments and is not limited to the prioritised segments only.

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Young Family Adventurers

Travel Mindset

Travel is a way for Young Family Adventurers to bond with their families while exploring new cultures and places; it also offers a chance to spend time away from their busy and stressful daily lives, relaxing and rejuvenating.

With the increased responsibility of a young family, Young Family Adventurers are interested in broadening their horizons and exploring new cultures and traditions, whilst having fun and spending some quality time with their family. Finally, travelling relaxes and rejuvenates them, providing new impetus when they return to work.

Motivators

When I travel, I look for a place that will let me spend quality time with my young family, exploring the destination. My spouse and I plan the trip, although my child may influence the destination. I like to increase my knowledge about the destination, thus, when I return home I have a sense of achievement because I have learnt new things.

Activities

The activities at the destination should be suitable for the whole family. Once at a destination, I love to explore the country, see the beautiful scenery and be close to nature. In addition, relaxing and shopping are a must whilst adventure activities, such as water-skiing or snorkelling, are always fun for my husband and myself. My children love to visit theme parks, which my spouse and I also enjoy. When travelling I like to visit monuments and cultural attractions.

Travel Behaviour

I typically travel internationally four to five times a year and my favourite destinations are Australia, the United States and Switzerland. My international trips are typically two weeks long. I would like to travel for longer, but am constrained by my leave available and my travel budget. The best time of the year for international trips is between April and June because India is hot during these months and it is a good time to be away.

South Africa

South Africa strikes me as a beautiful place with great wildlife and safaris. I also think it has rich culture and heritage, which is appealing to me. My one concern is the safety and security of my family.

Friends who have visited South Africa went to Cape Town, Johannesburg, Durban and Sun City. They did a lot of shopping, visited some theme parks, and relaxed on the beach. Most of them said it was a good experience and that they would visit again.

Source: Monitor and Grail Analysis
Young Family Adventurers

Products: What the Segment Looks For

These consumers seek decent, clean accommodation which is not necessarily lavish but should be child-friendly; activities should be structured to provide a relaxing time with many family-orientated activities.

WHAT KIND OF PRODUCTS DOES THIS SEGMENT LOOK FOR?

Length of Stay and Expenditure:
- Young Family Adventurers would expect to stay for seven to ten days in South Africa and spend between INR 150,000–200,000 per person (~USD 3,000–4,000)

Accommodation:
- Young Family Adventurers look to stay in 3-star hotels
  - Accommodation should be comfortable and clean and provide basic facilities (e.g., swimming pool)
  - Such travellers also regularly stay in guesthouses and BnBs

Type of Package:
- The trip should not be a whirlwind tour of South Africa as such travellers prefer to take their time to fully explore the destination
  - Partial packages should be offered (flights, accommodation, airport transfer, limited activities)

Other:
- A major concern may be safety and security — the product should emphasise South Africa is a safe destination

WHAT KIND OF ACTIVITIES WOULD THIS SEGMENT LOOK FOR?

- Young Family Adventurers seek a wide variety of activities, with the majority of these activities appealing to the entire family
- Potential activities include:
  - Visiting South Africa’s major attractions whilst learning about the country’s culture and heritage
  - Exploring the country’s scenic beauty, including the Table Mountain, Cape Point and game reserves
  - Relaxing by the beach
  - Having fun with the entire family at theme parks and water worlds
  - Participating with your spouse in adventure activities such as scuba diving, hot-air ballooning and water sports

Source: Monitor and Grail Analysis; Consumer Interviews and Focus Group Discussions, India, Feb 2012
Young Family Adventurers

Source of Awareness and Booking Channels

More traditional media channels are relatively more important for Young Family Adventurers than for other segments, including to gather travel-related information, with travel agents often used as a booking channel.

<table>
<thead>
<tr>
<th>Media Consumption</th>
<th>Travel-Related Information</th>
<th>Booking Channels</th>
</tr>
</thead>
</table>
| • Young Family Adventurers keep up-to-date with the latest technology, with the majority of this segment owning a smartphone (94% vs. 81% avg) and 47% of the segment (vs. 22% avg) owning a tablet device | • In terms of gathering travel-related information, “word of mouth” is the primary source however more traditional media play a relatively more important role than for other segments  
  – Newspapers and magazines and radio are each regarded as the primary source by 8% of this segment (vs. 5% avg and 2% avg respectively)  
  • Such travellers are interested in exploring and learning about the destination, thus they seek information about its major tourist attractions and activities  
  – Gathering information on major tourist attractions (76% vs. 70% avg) and on activities to do (53% vs. 44% avg) are relatively more important for this segment than for other segments | • Travel agents are frequently used due to the convenience factor which they provide, even though travel agents may be more expensive  
  – Young Family Adventurers lead busy lives thus some of these consumers are willing to pay a premium for someone else to handle their travel-related issues  
  – Flights are usually booked during personal visits to the travel agent with accommodation booked over the telephone (either through the travel agent, or directly with the hotel)  
  • Online channels, including travel websites, are used by only ~30% of Young Family Adventurers |
| • Online media plays an important role in the everyday lives of these consumers, but not as important as for other consumers, with traditional media channels featuring more prominently than for other segments  
  – In their leisure time, 39% of this segment (vs. 44% avg) spend the most time on online media, whilst 18% (vs. 12% avg) spend the most time reading newspapers or magazines and 6% (vs. 1% avg) spend the most time listening to the radio | | |

Source: Monitor and Grail Analysis
Table of Contents

- Political and Economic Environment
- Consumer Landscape
- Travel and Tourism Landscape
- Outbound Travel
- Travel to South Africa
- Consumer Segmentation

- Messages, Channels and Experiences
**Centre of Gravity**

**Recommended Messaging: Centre of Gravity**

The Centre of Gravity will ensure that a message is communicated that Indian travellers from the three priority segments are able to identify with.

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**SAT’s Centre of Gravity in India**

- The Centre of Gravity (CoG) is the area in which the travel behaviour of Indian consumers from different segments intersect.
- By positioning South Africa as a destination within this CoG, ensures that a message that resonates in some way with Indian travellers from priority segments is communicated.

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**Messaging is based on …**

…the key drivers of one’s travel behaviour:

- **Purpose of Travel**
- **Experience Sought**
- **Activities Undertaken**

…and targeted towards:

- **Travel Planners**
- **Travel Companions**

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Source: Monitor and Grail Analysis
Center of Gravity

Recommended Messaging: Buying Process

Legend:
- Young Family Adventurers
- Social Explorers
- Seasoned Leisure Seekers

Purpose of Travel — Primary
- Adventure Holiday
- Romantic Holiday
- Family Holiday

Leisure
- VFR
- Shopping — Personal
- Religious
- Sport Spectator
- Special Event
- Backpacking
- Other

Multipurpose Driven by Personal Need
- Travel Agent
- Travel Agent / Tour Operator
- Company Travel Desk
- Colleagues
- Tour Groups
- Business

Travel Planners
- Self
- Kids Aged< 18
- Parents
- Family

Travel Companions
- Alone
- Kids Aged 10–18
- Parents
- Family

Primary Information Source
- Word of Mouth
- Mass Media
- Internet
- Travel Agent
- Online — Travel Agent / Operator
- Personal Visit — Travel Agent / Operator
- Telephone — Travel Agent / Operator
- Telephone — Airline / Hotel

Experience Sought
- Word of Mouth
- Radio
- Television
- Newspapers / Magazines
- Travel Magazines and Booklets
- Online News, Articles, Webpages, Blogs
- Social Networking Websites
- Travel Agents / Tour Operators
- Travel Booking / Review Websites

Activities Undertaken
- Explore New Places, People and Different Cultures / Traditions
- Shopping
- Adventure
- Escapism / Relaxation
- Family Time
- Fun
- Natural / Scenic Beauty

Online
- Online — Travel Agent / Operator
- Online — Airline / Hotel
- Travel Booking Websites
- Personal Visit — Travel Agent / Operator
- Personal Visit — Airline / Hotel
- Telephone — Travel Agent / Operator
- Telephone — Airline / Hotel

Purchase Channel
- Self
- Spouse
- Friends

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
**Recommended Messaging: Common Themes**

The priority segments share a desire to explore a unique destination that has a diverse range of activities, providing an entertaining as well as relaxing holiday; quality family time is important for two of the segments.

### Seasoned Leisure Seekers

Communications to Seasoned Leisure Seekers must position South Africa as an aspirational destination that sets travellers apart from their friends and colleagues; and as a family-friendly destination that is unique and distinctive and thus provides families with the opportunity to explore somewhere new whilst having fun.

- South Africa has a diversity of offerings, including amazing natural beauty and wildlife, ensuring that Seasoned Leisure Seekers are entertained throughout their trip.
- It provides an opportunity to explore somewhere new and experience a destination that is far-removed from India.

### Social Explorers

Communications to Social Explorers must position South Africa as a fun and vibrant destination which offers something for everyone; an ideal destination for those wishing to explore somewhere new. It provides the opportunity for these young travellers seeking relaxation to escape their daily lives.

- South Africa, with its wide array of activities, caters for diverse needs of Social Explorers.
- The country’s unique natural attractions and vibrant culture provide an opportunity for new experiences.
- South Africa allows Social Explorers to escape their daily lives and have a fun and relaxing time.

### Young Family Adventurers

Communications to Young Family Adventurers should position South Africa as a destination where families can spend quality time together, having fun, escaping their stressful daily lives, and broadening their horizons by exploring this unique destination.

- South Africa is an ideal destination for families to spend quality family time together, escaping their frantic lifestyles, and providing much-needed rest, relaxation and rejuvenation.
- The country’s unique culture and heritage allow parents to broaden their horizons and learn about a new country and its culture whilst ensuring their family is entertained.

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Source: Monitor and Grail Analysis
Common themes in the communication messages include quality family time, escapism and relaxation . . .

**Experience Sought**

1. **Quality family time** is important to Indians — travelling provides an opportunity to spend time together bonding as a family, away from the hustle and bustle of everyday lives
   - Seasoned Leisure Seekers and Young Family Adventurers seek family holidays with their spouse and children
     - Their time on holiday provides an opportunity to bond together in an environment far removed from their frantic lives back home
     - Such travellers seek a destination which has activities for the whole family
   - Family plays an important role in the everyday lives of Social Explorers however these consumers are looking for a fun and exciting holiday with their spouse, partner or friends and thus do not necessarily always travel with their family

2. **Escapism and relaxation** is a priority for Indians — travelling provides a much-needed break from work with the traveller returning home rested and rejuvenated
   - Relaxation and escaping their busy lives is key for travellers from each of these three segments
     - Such travellers are looking for rest and relaxation, enabling them to return from their holiday rejuvenated and ready for another stint of hard work
   - Relaxation for many of these consumers means removing oneself from one’s busy life, and travelling to a destination where one is not bothered with work-related phone calls and emails, and is able to enjoy the peace and quiet in a beautiful setting
   - Social Explorers are also looking to escape the restrictions and limitations of their daily lives, and enjoy themselves whilst on holiday

Source: Monitor and Grail Analysis
... exploring a new destination, and having fun

3. Exploring a new destination is a driver for all of the priority segments who are looking for an opportunity to experience another country’s natural beauty, culture or lifestyle

- Each of the priority segments are interested in exploring new destinations and seeing things that cannot be seen in India
- Nuances do however exist:
  - Both Seasoned Leisure Seekers and Young Family Adventurers enjoy exploring the natural beauty and culture of a destination, with the former finding the experience enriching and the latter gaining a sense of achievement from learning new things
  - Social Explorers discover the destination on a more superficial level, visiting the major attractions and experiencing the social life

4. Having fun whilst on holiday is a necessity for the prioritised segments and is all about doing the activities which one enjoys most with friends or family

- Indian travellers often choose destinations based on which one they believe will offer the most fun, with fun being closely associated with value-for-money
- The prioritised segments relate fun to exploring a new destination, taking part in the activities which one enjoys the most, and spending time with family or friends
- To some degree, having fun encapsulates each of the experiences already mentioned and is essentially what drives travellers to take a leisure trip

Source: Monitor and Grail Analysis
Centre of Gravity

Summary of Experience Sought

Thus the communication message needs to capture the essence of each of these four key experiences sought:

1. **Quality family time**
   
   … the opportunity to bond uninterrupted with your spouse and children

2. **Escapism and relaxation**
   
   … being able to get away from your daily schedule and your busy life, and not having to think about work

3. **Exploring a new destination**
   
   … seeing things you cannot see in India such as unique natural attractions, and different cultures and lifestyles

4. **Fun**
   
   … exploring a new destination and doing activities which you enjoy the most, with the people most important in your life

Source: Monitor and Grail Analysis
These segments are all looking for a wide range of activities, with the activities related to the uniqueness of the destination.

**Activities**

- **Seasoned Status Seekers**
- **CoG**
- **Young Family Adventurers**

**A**

Indian travellers seek a **wide range of activities** at a destinations in order to cater for the differing needs of the group and to keep the group entertained throughout their holiday.

- It is important for each segment that the destination provides a diverse offering of activities.
  - Both Seasoned Leisure Seekers and Young Family Adventurers often travel with their children and thus look for a range of activities that are suitable for the whole family.
  - Social Explorers are typically either a group of friends looking for a fun time, or a couple seeking a romantic holiday, thus the destination needs to offer a number of different activities to cater for the broad spectrum of requirements.

**B**

Visiting a unique destination that offers something different is important to all of these segments of experienced travellers.

- Travellers from each of these priority segments are typically worldly travellers who have previously taken quite a few international trips. Thus when travelling they are seeking new experiences and activities that are unique and one-of-a-kind.
- When returning to India, travellers can relate their unique experiences, impressing friends and family.
  - This is especially true for Seasoned Leisure Seekers, where visiting a new international destination is regarded as a status symbol.

Source: Monitor and Grail Analysis
## Centre of Gravity

### Summary of Activities

Thus the activities included in the product need to capture these two aspects

<table>
<thead>
<tr>
<th>Wide range of activities</th>
<th>Visiting a unique destination that offers something different</th>
</tr>
</thead>
<tbody>
<tr>
<td>... seeing things you cannot see in India such as unique natural attractions, and different cultures and lifestyles</td>
<td>... the opportunity to bond uninterrupted with your spouse and / or children</td>
</tr>
</tbody>
</table>

Examples of the wide range of activities in South Africa that would appeal to these segments include:

- Spotting the ‘Big Five’ at Kruger National Park or one of the many private game reserves
- Shopping for exclusive brands and exploring the scenic beauty at V&A Waterfront in Cape Town
- Wine tasting at one of the many world-class wine estates around Stellenbosch and Franschhoek
- Relaxing on one of the blue-flag beaches in Cape Town or Durban
- Sky-diving in Cape Town or Johannesburg
- Exploring the vibrant nightlife along Long Street in Cape Town or Florida Road in Durban
- Having fun at theme parks such as Ratanga Junction, uShaka Marine World and Gold Reef City
- Enjoying one of the many cultural events such as the Cape Town Jazz festival

Examples of unique features of South Africa that would appeal to these segments include:

- Exploring the unique natural beauty of the Western Cape, including Cape Point and Table Mountain
- Seeing the African penguins at Boulders Beach in Cape Town
- Watching whales, including Humpback and Killer whales, at Hermanus, one of the world centres for such an activity
- Bungee jumping off Bloukrans river bridge, the highest commercially operated bungee jump bridge in the world
- Shark-cage diving in Gansbaai, just outside Cape Town, one of the world-renown venues for such an activity
- Experience the cultural diversity and age-old traditions of Zulu culture at a rural Zulu village in Kwa-Zulu natal
Centre of Gravity
Recommended Messaging
These travellers are looking for partial packages with a trip length of between seven and twelve days, a spend of ~INR 175,000 per person and three to five star hotels. Safety and cuisine are priorities for the family segments.

### Products and Activities (1 of 3)

#### Seasoned Leisure Seekers
- Look to stay for **ten to twelve days**
- Spend of ~INR 200,000 (~USD 4,000) per person
- Seek well-located, **four to five star hotels**
- Prefer **partial packages** including tour guides
- Concerns over **safety and security**, and availability of **Indian and vegetarian food**
- Typically travel to Cape Town, Johannesburg and Durban

#### Social Explorers
- Look to stay for **seven to ten days**
- Spend of ~INR 175,000 (~USD 3,500) per person
- Seek comfortable and clean **three to four star hotels**
- Prefer **partial packages**
- Typically travel to Cape Town, Johannesburg and Durban

#### Young Family Adventurers
- Look to stay for **seven to ten days**
- Spend of ~INR 175,000 (~USD 3,500)
- Seek **three star hotels**, guesthouses and BnBs
- Prefer **partial packages** with special rates for young kids
- Concerns over **safety and security**, and availability of **Indian and vegetarian food**
- Typically travel to Cape Town, Durban, Sun City and Jo’burg

### Activities

#### Enjoy having a full itinerary filled with a **wide variety of activities suitable for the whole family**
- Key activities include:
  - Natural attractions including wildlife
  - Cultural attractions
  - Theme parks
  - Adventure activities

#### Look for **fun, thrilling activities** that give the sense of being free and unrestricted
- Key activities include:
  - Visiting major attractions
  - Adventure activities
  - Nightlife
  - Relaxing
  - Shopping

#### Seek a **wide variety** of fun, **family-orientated activities**
- Key activities include:
  - Visiting major attractions
  - Natural attractions including wildlife
  - Relaxing
  - Shopping
  - Adventure activities
Partial packages would appeal to travellers from all segments as it leaves some time for travellers to explore on their own or simply relax; trips to South Africa should comprise visits to the major cities and locations.

### Type of Package
- **Partial packages** (flights, accommodation, airport transfers and limited activities) are preferred as they allow travellers the chance to explore a destination at their own pace.
  - For example, a ten day package could consist of six days of pre-arranged activities and four days for travellers to explore by themselves or simply relax.
- Indian travellers would look to stay between seven and twelve days in South Africa and spend between INR 150,000 and INR 225,000 (USD 3,000–4,500).
- These consumers seek accommodation that is clean, comfortable and well-located; there are, however, subtle differences in what each segment looks for.
  - Seasoned Leisure Seekers prefer luxury while Social Explorers and Young Family Adventurers seek a decent standard of accommodation.
- **Special rates for children** would appeal to the family segments and should be incorporated into packages for these segments.
  - E.g., entry fees for visits to theme parks could possibly be incorporated into packages for Young Family Adventures or Seasoned Leisure Seekers.

### Destinations
- **Packages to South Africa** should several of the major cities and locations, ensuring that Indian travellers fully appreciate the diverse range of activities and experiences on offer.
  - Major cities such as **Cape Town, Durban and Johannesburg** provide Indian travellers with the chance to explore urban life in South Africa, visit major tourist attractions, relax on beaches where possible and engage in a wide variety of activities.
  - **Kruger National Park** offers Indian travellers the opportunity to view South Africa’s amazing wildlife and natural scenic beauty.
  - **Sun City** and the “Valley of the Waves” provides a family experience and is regarded as a status symbol due to its previous hosting of the IIFA.¹
  - For example, a ten day trip to South Africa could include four nights in Cape Town, two nights in Durban, two nights at the Kruger National Park and one night apiece at Sun City and in Johannesburg.

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¹ International Indian Film Awards

Source: Monitor and Grail Analysis

Note: (International Indian Film Awards)
Activities involving adventure, exploring and sightseeing are popular across all segments although some subtle differences exist between segments; Indian and vegetarian food is a significant consideration for Indian travellers.

**Activities**

- Each of the priority segments seek holidays where they can **explore the destination** and participate in a **wide-range of activities**, where the activities offer **something different** from what they can **experience back in India**.
- Typical activities include exploring the **natural scenic beauty** and **culture**, visiting the **major tourist attractions**, **nightlife**, **shopping** and **adventure**.
  - In terms of **nightlife**, **Social Explorers** are looking to **visit popular bars** and clubs whereas **Seasoned Leisure Seekers** are looking to **dine-out and explore the local culture** at night.
  - Each segment’s definition of adventure activities differs slightly:
    - **Seasoned Leisure Seekers** and **Young Family Adventurers** look for “**safe adventure**”, e.g., snorkelling or water-skiing.
    - **Social Explorers** seek out more **thrilling activities** that provide them with the **adrenaline rush** and **feeling of escape**.
- Both **Seasoned Leisure Seekers** and **Young Family Adventurers** look for **family-orientated activities** that appeal to both young children as well as adults (e.g., theme parks, water parks, shopping or shows).

**Cuisine**

- Indian travellers have specific food requirements with the **availability of Indian or vegetarian** cuisine at a destination influencing their choice of destination.
- While some Indian travellers do like to **explore the local cuisine** at a new destination, having the option to have either Indian food or pure vegetarian food is **extremely important** across all segments.
  - Most Indian travellers prefer to have **Indian food** during their trip although they would be willing to have local cuisines on some nights.
    - SAT is currently producing a guide to the **Top 100 Indian restaurants** in South Africa.
  - Many Indian travellers are **vegetarian**. Although they can bring along ready-to-mix packets, **destinations which cater for them are preferred**.
    - The vegetarian options need not necessarily be **Indian in style**.
    - SAT is currently producing a guide to the **vegetarian restaurants** in South Africa’s major cities. This guide should be made available on the SAT website and shared with the major tour operators to **emphasise** that **South Africa does cater for vegetarians**.

Source: Monitor and Grail Analysis
The Centre of Gravity will ensure that channels that Indian travellers from the three priority segments are typically use are targeted.

SAT’s Centre of Gravity in India

- The Centre of Gravity (CoG) is the area in which the travel behaviour of Indian consumers from different segments intersect.
- By positioning South Africa as a destination within this CoG, ensures that a message that resonates in some way with Indian travellers from priority segments is communicated.

Channels are based on …

…the key drivers of one’s travel behaviour:

- Primary Information Sought
- Booking Channel

Source: Monitor and Grail Analysis
Centre of Gravity
Recommended Messaging: Buying Process

Legend:
- Young Family Adventurers
- Social Explorers
- Seasoned Leisure Seekers

Purpose of Travel — Primary
- Leisure
  - Adventure Holiday
  - Romantic Holiday
  - Family Holiday
  - Exploration Holiday
  - VFR
  - Shopping — Personal
  - Religious
  - Sport Spectator
  - Special Event
  - Backpacking
  - Other

Travel Planners
- Self
  - Alone
  - Kids Aged< 18
  - Parents
  - Family
  - Spouse
  - Friends
- Family
  - Self
  - Kids Aged< 10
  - Parents
  - Family
  - Spouse
  - Friends
- Friends
  - Travel Agent
  - Company Travel Desk
  - Tour Groups
  - Business
- Business
  - Colleagues

Travel Companions
- Alone
- Family
- Friends

Primary Information Source
- Word of Mouth
- Mass Media
  - Radio
  - Television
  - Newspapers / Magazines
  - Travel Magazines and Booklets
  - Online News, Articles, Webpages, Blogs
  - Social Networking Websites
  - Travel Agents / Tour Operators

Experience Sought
- Explore New Places, People and Different Cultures / Traditions
- Shopping
- Adventure
- Escapism / Relaxation
- Family Time
- Fun
- Natural / Scenic Beauty

Activities Undertaken
- Cultural, Historical and Heritage
- Adventure
- Natural Attractions
- Beach
- Theme Parks
- Eating at Restaurants
- Shopping
- Exploring
- Nightlife
- Wildlife / Safari

Purchase Channel
- Online
  - Online — Travel Agent / Operator
  - Travel Booking Websites
- Personal Visit
  - Personal Visit — Travel Agent / Operator
- Telephone
  - Telephone — Travel Agent / Operator
  - Telephone — Airline / Hotel

Source: Monitor and Grail Analysis; “Quantitative Research Survey — India”, SAT, Jan 2012
Online media plays an important role in the everyday lives of the priority segments, with these segments interested in finding out about the major tourist attractions at a destination, as well as activities to do.

**Media Consumption**
- Online media and social networking websites plays an important role in the everyday lives of each of these priority segments
  - **Seasoned Leisure Seekers** are the priority segment where online media and social networking plays the biggest role, with almost half of this segment (49% vs. 44% avg) spending the most time on online media, whilst ~19% (vs. 16% avg) spend the most time on social networking websites
  - Online media does not play as important a role for Young Family Adventurers as for other consumers, with traditional media channels featuring more prominently than for other segments

**Travel-Related Information**
- Although “word of mouth” is the primary source for gathering travel-related information for two of the three priority segments, it plays a relatively less important role than for other Indian long-haul travellers
  - Each of the priority segments have nuances around the sources which they regard as relatively more important
- All three priority segments are interested in exploring the destination, thus two of the three segments regard major tourist attractions as the most important topic to seek information on, and all three segments regard activities to do and local people and culture as relatively more important topics than other Indian long-haul travellers

**Booking Channels**
- Each of the priority segments have different preferred booking channels
  - Online channels, including travel websites, are viewed by ~45% of Social Explorers and Seasoned Leisure Seekers as the primary channel for booking airfare and accommodation, but only ~30% of Young Family Adventurers
  - Travel agents are frequently used by Young Family Adventurers due to the convenience factor which they provide, and used by Social Explorers if they offer the best deal, but are treated with scepticism by Seasoned Leisure Seekers

Source: Monitor and Grail Analysis
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