

USA



September 2022

Kaizer M. Dhliwayo



SOUTH AFRICAN TOURISM

The USA is the third most populous country in the world, and its GDP is the second largest economy in the world behind China. The potential for travel from the US to competitor destinations (outbound expected to recover in 2024) is greater than the potential for travel to South Africa which is expected to recover in 2026.

Key Facts

Demographics

- **Area (Land):** 9,833,517 sq km
- **Capital:** Washington D.C.
- **Population¹, 2022:** 337.3 million
- **Birth rate¹:** 12.3 births / 1,000 population
- **Death rate¹:** 8.4 deaths / 1,000 population
- **Life Expectancy at birth¹:** 80.6 years
- **Literacy Rate²:** ~79%

Political Facts

- Federal constitutional republic
- **Head of State:** President Joseph R BIDEN
- **Head of Government:** President Joseph R BIDEN
- **Parliament:** Senate (100 seats; 2 members directly elected in each of the 50 state constituencies by simple majority vote except in Georgia and Louisiana. In addition to the regular members of the House of Representatives

Key Economic Indicators

- **Currency:** American Dollar USD
- **Gross Domestic Product**
 - **GDP Value³, 2020:** USD 19.85 Trillion
 - **GDP per Capita⁴, 2019:** USD 60,200
 - **GDP Growth Rate⁵, 2019:** 2.2%

- Outbound travel fell to 65% below 2019 levels in 2021 due to worldwide border closures brought in to curtail rising infection rates. Recovery is expected to get underway in 2022, with vaccine roll-outs allowing for the easing of restrictions
- The United States outbound travel is set to improve to 32% below 2019 levels. United States outbound is expected to return to 2019 levels by 2024, however, arrivals to South Africa are expected to only recover to 2019 in 2026
- Mexico and Canada are the top two international destinations for Americans with Laos, Cambodia, India, Indonesia, and Nepal top the growth from 2020-2025. Canada, Spain top growth in the Western world
- New York, Los Angeles, Chicago, Dallas, and Houston are the top source cities in the US while New York tops growth by over 30% from 2020 - 2025. Chicago, Houston, Dallas, and Los Angeles are also among the top growth cities up over 20%

	2020	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
Drivers						
GDP per capita (real, US\$)	53,337.3	5.3%	4.0%	2.2%	1.5%	1.4%
Population, total (mns)	329.8	0.5%	0.5%	0.5%	0.5%	0.5%
Employment, total (mns)	147.8	3.2%	4.1%	1.0%	0.4%	0.3%
% middle class households	96%	96%	96%	97%	97%	97%

CDC will no longer require air passengers traveling from a foreign country to the United States to show a negative COVID-19 viral test or documentation of recovery from COVID-19 before they board their flight. Make sure you are vaccinated and up to date with your COVID-19 vaccines before traveling to South Africa. Travel Advisory last update July 18, 2022 - Alert Level 2, Practice Enhanced Precautions

WHAT TRADER SHOULD KNOW

ENTRY TO SA:

- ★ Proof of vaccination is no longer required
- ★ Wearing a mask is no longer required
- ★ No more capacity limits and social distancing requirements on events and for venues



ALTHOUGH THE FOLLOWING ARE NO LONGER REQUIRED IT IS STILL RECOMMENDED THAT YOU:

- ★ Keep washing your hands regularly
- ★ Covering your cough and sneeze




KEY POINTS & RECOMMENDATIONS:

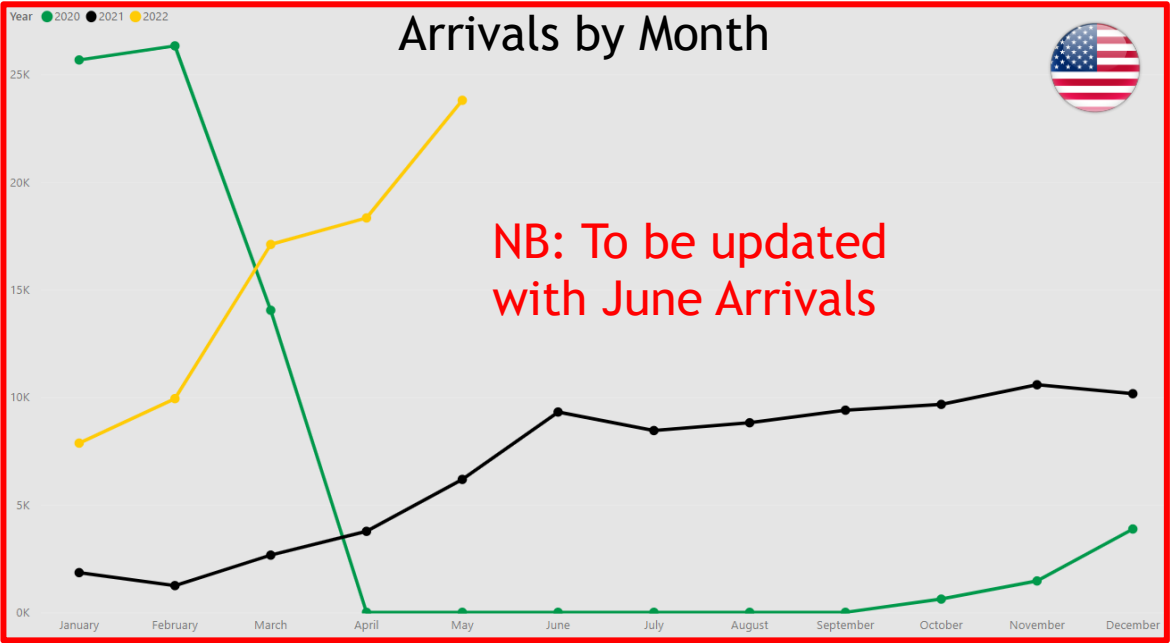
- The US market's performance in 2021 was very positive, leading all source markets in arrivals and spend. The American market reached 82 020 arrivals, despite this growth over 2020, this performance was -78% below 2019 baseline levels
- With restrictions eased across the globe, global tourism recovery is expected to continue in double digits over the next 4-5 years, slowing in the outer years from 96% growth in 2022 to just 7% in 2026. The year 2026 is also when US arrivals to South Africa are expected to recover fully to 2019 levels, despite the slowing growth trend in the outer years
- Wildlife and adventure are the South African brand's top attributes with competitor destinations Italy and Australia ahead on most of the attributes. South Africa leads Kenya on wildlife and a variety of things to do in the brand perceptions of American travelers
- US tourists need to be assured of the comfort and service experience; they are looking for accessible luxury, particularly in terms of accommodation establishments. Americans are looking for experiences to broaden their perspective and to interact with locals to understand how they live their modern lives. Americans are looking to see the urban lifestyles, as well as scenic natural landscapes, and revel at the opportunity for a safari experience
- Leisure drives the recovery in the market, holiday and VFR dominate travel and the holiday tourists are mostly taken by solo travelers or as couples for about 2 weeks while the VFR tourists are mostly traveling alone for about a month and likely drive the self-catering units and backpackers
- Most tourists planned and booked their travel over a year in advance of landing in South Africa - deferred trips booked pre-pandemic or during the period following the end of lockdowns and the loosening of restrictions.
- Hotels and game lodges have the most bednights overall in line with the desire for wildlife and comfortable experiences. These accommodation types also drive accommodation average spend, this was the highest despite food and shopping leading in overall total spend
- The increase in tourist arrivals drove the increase in tourism spend, in total bednights and benefited all the provinces which saw greater spend and bednights. They all saw longer stays and higher average spend, a much-needed boon for the recovery of the sector
- Airlines were a major contributor to the growth in arrivals, and bookings and have been central in the recovery of the market. Collaboration is important while seeking additional airlines that would either launch direct routes or work on joint campaigns with key hubs for connecting on in-direct flights
- Routes are needed the most from Los Angeles, Chicago, Dallas, and Houston as these are 4 of the top 5 outbound source cities behind New York where we have United Airlines direct flight
- Also, a direct flight to Kruger needs to be explored to consolidate South Africa's leadership on wildlife and safari and encourage greater awareness of the several regions in South Africa beyond Gauteng and Cape Town
- The significant barriers: perceptions of the high frequency of serious crime, general safety, and political uncertainty require a long-standing advocacy initiative and this needs to be always-on. It is important to be present in the market regularly to enable greater awareness and address misperceptions
- Beyond 2022 the US market will need a few big initiatives to sustain the growth and recovery as well as to meet the targets over the next 5 years

South Africa's Tourism Performance Context

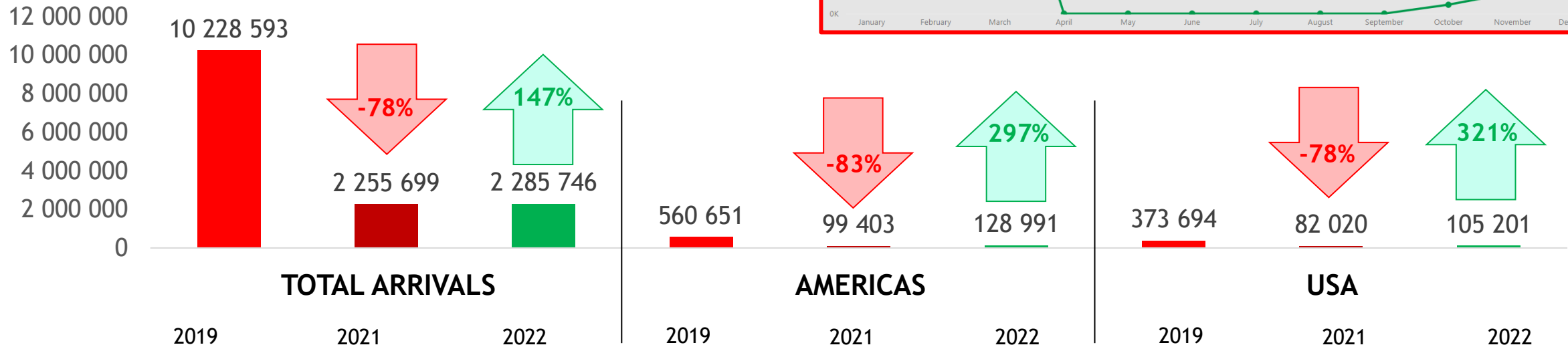
South Africa arrivals in the first half of 2022 have more than doubled from 2021 however, despite this growth, the 2022 recovery thus far is only 54% of 2019 levels. Arrivals from the US in 2022 thus far have exceeded the levels of arrivals for the full year of 2021

 UNWTO	2019	2021	2022*
WORLD	100%	71%	54%
AMERICAS	100%	62%	40%

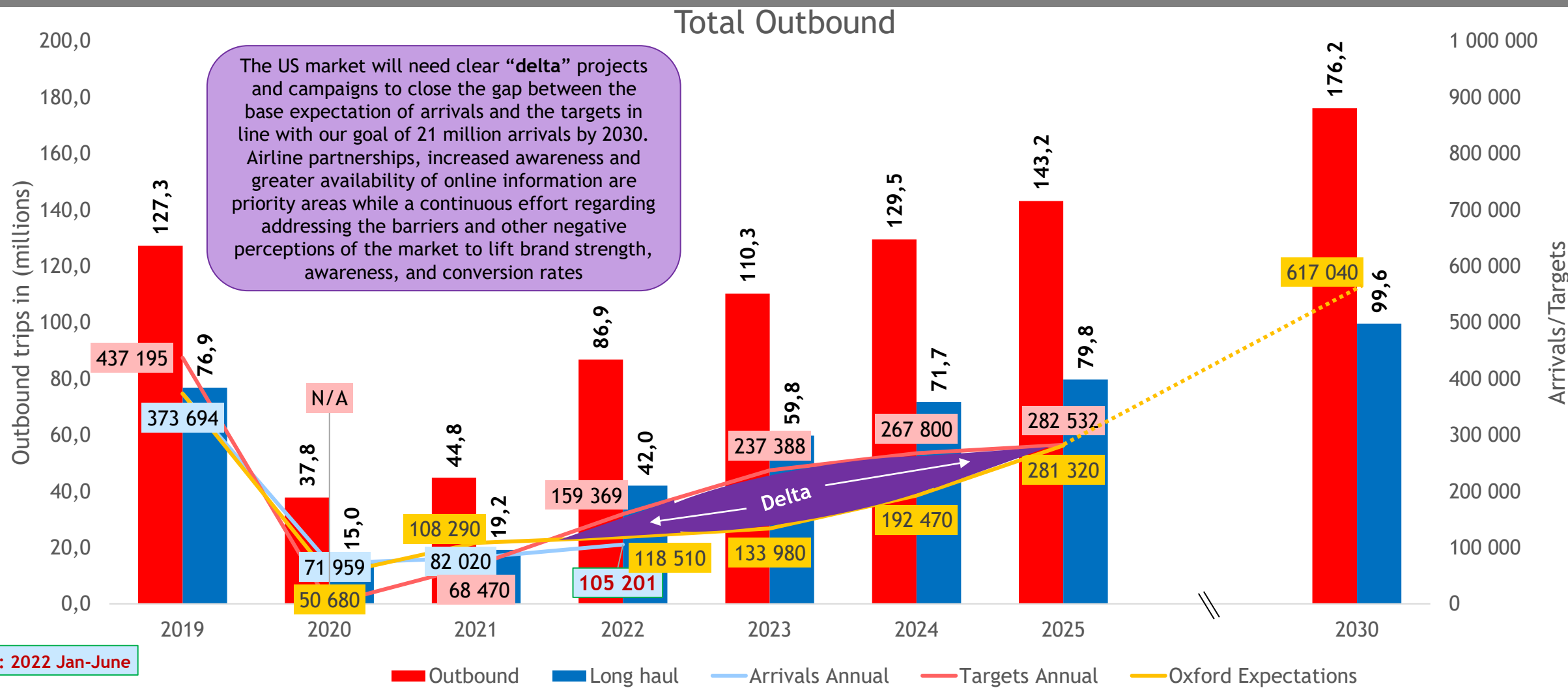
Total International Tourist Arrivals
Recovery % from 2019 baseline
* 2022 Jan-May



Arrivals by Region



South Africa’s arrivals are expected to gain share in 2022 however this is expected to slip by 2025. Gaining share is required to increase meet the targets set by the current administration to meet the 2030 targets of 21 million. Targets and Projections differ creating a delta from 2022 to 2025 and greater efforts beyond business as usual will be required to close this gap



SA Market Share	0,29%	0,19%	0,18%	0,21%	0,22%	0,21%	0,20%		0,24%
Share of Long Haul	0,49%	0,48%	0,43%	0,44%	0,40%	0,37%	0,35%		0,43%

Only Delta and United fly direct from the US with 57% of travel in 2022 thus far on these airlines with a further 22% through Europe, 10% through the Middle East, and just 2.2% flying through African airlines. Recovery of arrivals is expected to lag US outbound recovery by 2 years. The number of options open to tourists needs to increase to lower the cost of travel, increase convenience, and improve the travel experience

NB: SAA contributed 124 000 seats in 2019 (54% share of supply)

Top in-direct Airlines:



Total USA ↑
198 845 seats +181%

Johannesburg ↑
166 460 seats +147%

Cape Town ↑
32 380 seats +870%

Outbound to SA Projections



2022	118 510
2023	133 980
2024	192 470
2025	281 320
2026	381 130

South Africa Arrivals from USA in 2019

373 694

Average Fares by Airlines: (Jan-Jun 2022)



USD 1 197

-5% under 2021

CAGR from 2019 +4%

112% of 2019



USD 1 279

+44% over 2021

CAGR from 2019 +7%

85% of 2019



117 450 Seats **137%**



81 400 Seats **286%**

Source: Forward Keys, Oxford Economics

© South African Tourism 2018

South Africa faces stiff competition from other destinations and is hampered in growth by the fears for personal safety, high cost of travel, and uncertain political climate. Italy and Australia are the top competitors in the US; South Africa however remains ahead of Kenya

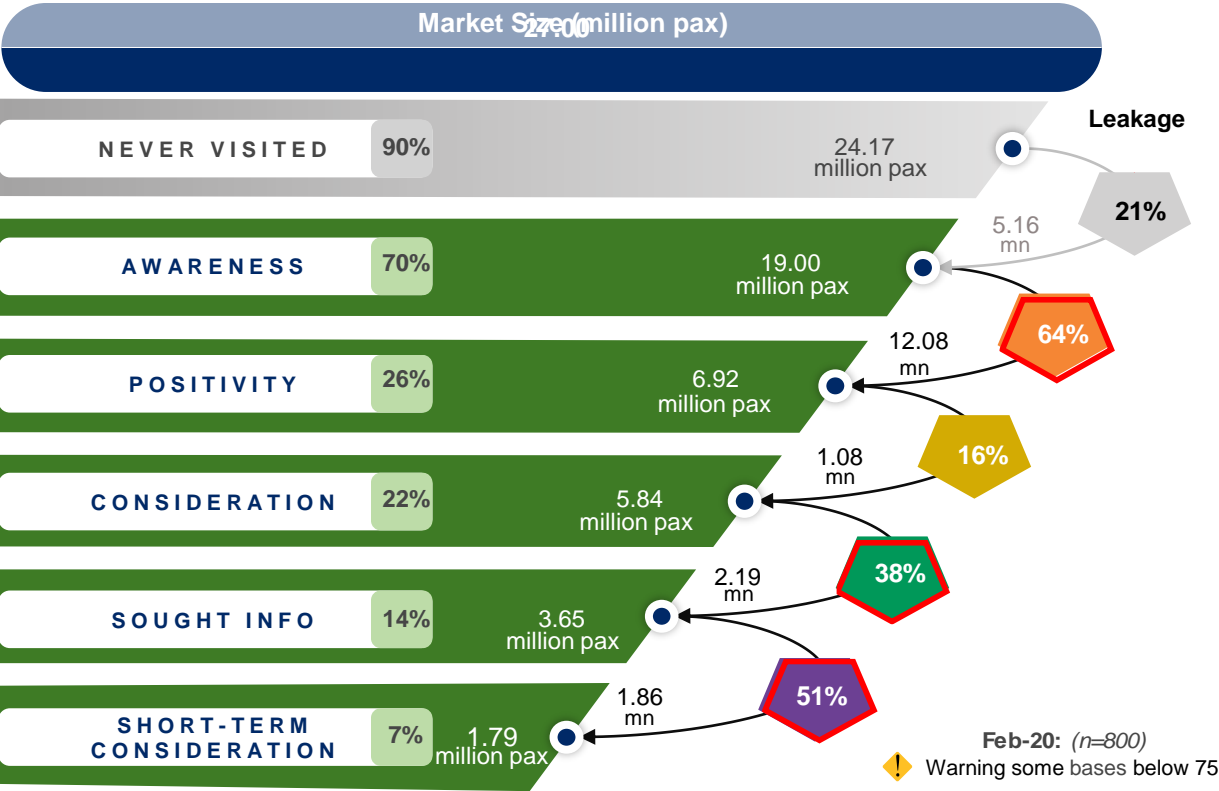
South Africa vs Competitors: Brand Personality Associations

Destination	Wildlife	Adventure	Welcome	Memorable	Variety	Breath taking	Enriching	Authentic	Value	Safety
South Africa	1 ★	3	5	7	7	4	7	6	7	7
Australia	2	1 ★	1 ★	3	3	2	4	2	4	1 ★
Italy	8	5	2	1 ★	1 ★	1 ★	1 ★	1 ★	3	3
Kenya	3	2	3	6	10	3	6	8	10	8

Leakage and Barriers

(based on all respondents)

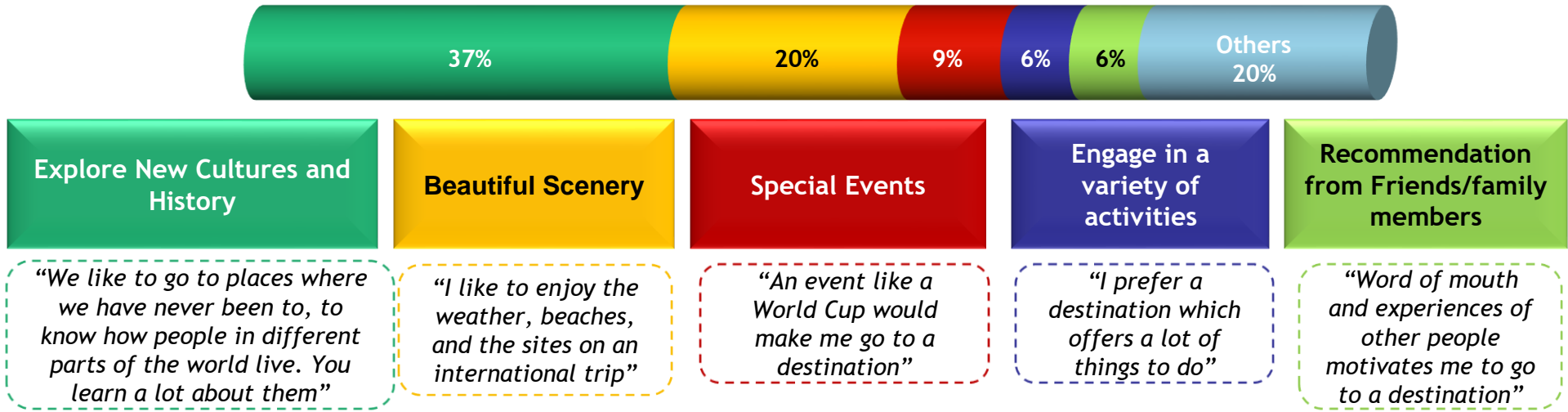
★ Highest Rank ■ Significantly Above Average (at 95% confidence level) ■ Significantly Below Average (at 95% confidence level)



Barriers		2	3	4	5
Safety	Concerns For My Personal Safety	32%	14%	22%	20%
	Uncertain About Political Climate	28%	19%	21%	17%
	Concern about Health Risks	20%	11%	10%	13%
Cost	Too Expensive to Get There	31%	30%	40%	50%
	Too expensive once there	11%	14%	15%	33%
Other	Another destination was more appealing	38%	25%	36%	37%
	Too much time to get there	27%	27%	33%	47%
	Don't know anyone there	14%	8%	7%	13%
	No particular reason	11%	21%	11%	10%
	Not a relaxing destination	10%	5%	2%	-
	Nothing interesting to do there	10%	5%	4%	-
	Bad Climate	3%	4%	-	-
	Difficult to get a VISA	3%	5%	3%	3%
		(n=358)	(n=97)	(n=109)	(n=30)

The USA consumer is intrigued by the mystique of SA; however, they don't know what or who South Africa really is. They want to know the true character/nature of this mystic to confirm she is worth the trouble. There is a desire to experience this now in the modern day. Ancient traditions and customs are completely unrelatable. By contrast, South Africa's contemporary history and culture have been unfolding in front of the American's eye - they seek Balancing the 'Off the beaten' and the 'Road well traveled'

Key Motivators for Visiting an International Holiday Destination



Key travel-related trends observed in the US

Consumer Shifts:
Personalized Travel because 'Value is King'. Time value and Money value

Travel patterns are increasingly influenced by the media and media is shifting online

People are "traveling to the source" in search of a Local "Authentic" Experience

Travelers want the thrill of adventure without sacrificing the luxuries of home

More people are opting-out of typical resort vacations to appreciate local color

Traveling to discover, transform, transcend. They seek to Engage not immerse

Consumer Shifts:
People no longer collect products. They gather experiences which they can share

Rise of real-time Web to share content with personal networks

People want to see landscapes in person before they vanish

Cruising is for the young, old and Baby-Boomers

Travelers are vacationing with a purpose to make a difference

The Wanderluster and NSSA segments are the primary targets for South Africa, these are large enough to be targeted and have a high potential for conversion. Although these segments differ in life stage, they have many commonalities including their being worldly travelers, relatively high disposable income, and a desire to explore, grow and become better people while interacting with other cultures and making a contribution

Segments

The 'Wanderluster' Segment



Ages: 25 - 40 (mostly)

Life stage: Young professionals

Occupation: Employed or Studying

They are:

Time starved worldly travelers, adventure seeking while looking to relax on holiday

Travel needs:

Variety, Adventure, Natural scenery, culture, food, tourist icons and safari

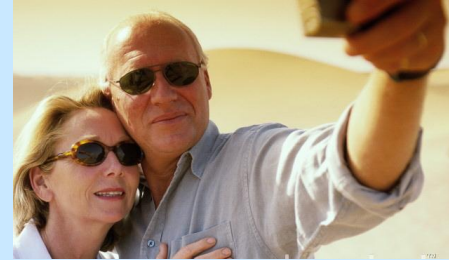
Perceptions of SA:

Positive about SA as a value for money destination with lots to offer including Safari and so much more

- Mostly travel to the Caribbean and Europe
- Italy and Australia are SA's biggest competitors in this segment
- Predominantly male
- Majority are single and decide on trip destination alone
- Generally, do not prefer or take group travel (cruises)
- Mostly first-timers to SA (in some cases to the entire continent)
- Open-minded, more inclined to have a favorable impression of destinations they are yet to visit
- Travel for shorter periods due to time pressures back at home (limited time off)
- Unique experiences and adventure is most appealing to this segment

Segments

The 'Next Stop South African' (NSSA) Segment



Ages: 40 +

Life stage: Empty nesters

Occupation: Retired or Employed in senior positions

They are:

Worldly travelers who have explored a variety of destinations

Travel needs:

Natural scenery, culture, food, tourist icons and safari

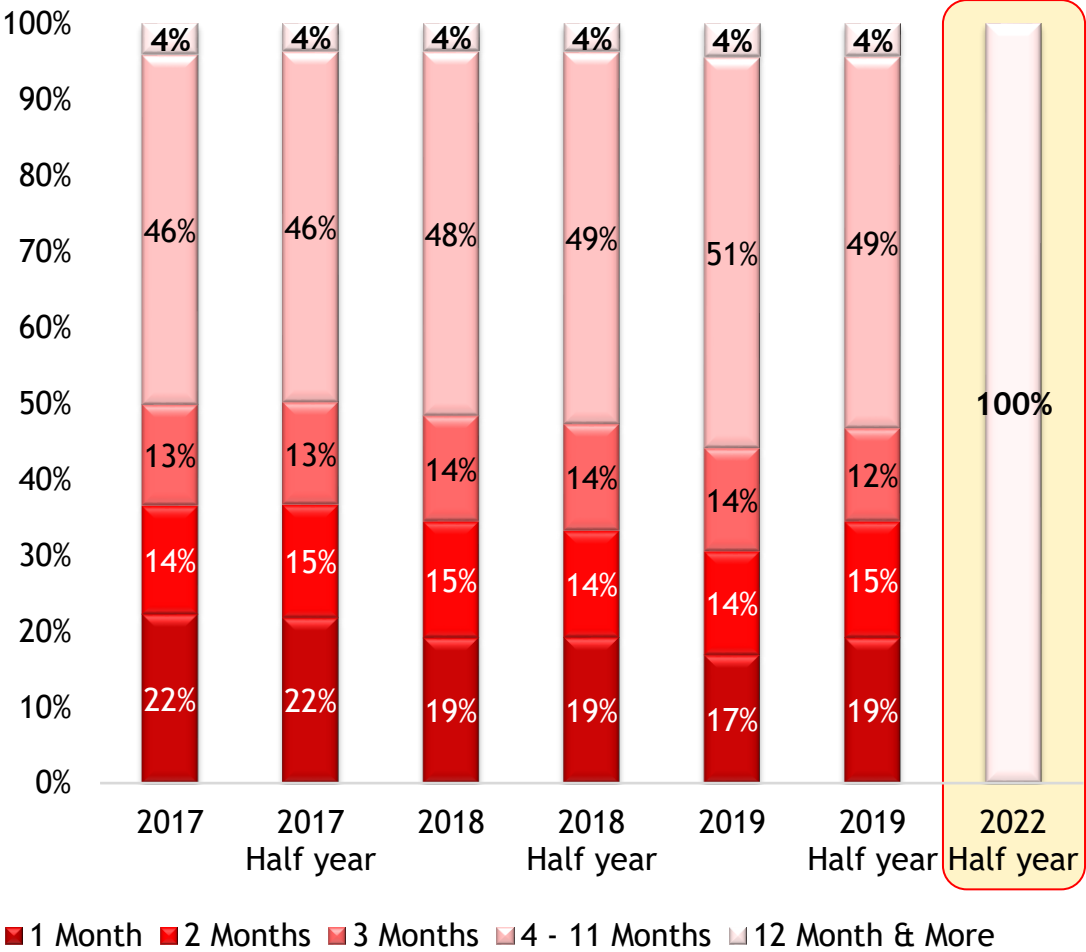
Perceptions of SA:

They do not know much about SA besides the beautiful landscapes, 'European' infrastructure, Safari, and Shopping

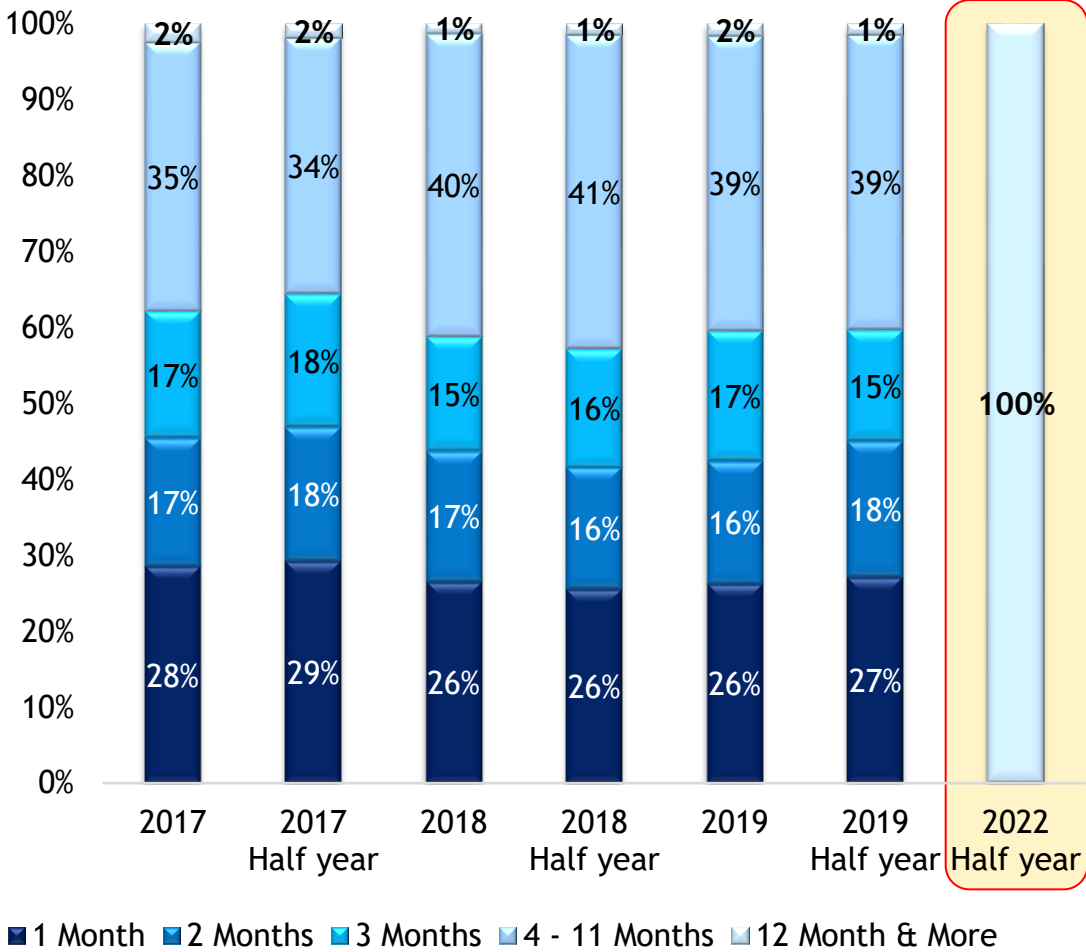
- This segment has the most time to travel with greater flexibility
- This segment is the most exposed to Asia, Africa, and the Middle East in addition to their regular travel to Europe and the Caribbean. SA's top competitors are Italy, Australia, and Thailand
- Balanced mix of gender and are likely to decide on destinations together as couples/families
- America's aging population makes this segment the largest in terms of size and value
- Although these experienced travelers are repeat visitors, they are not loyal to a destination and will consider any competitor destinations equally
- Are more inclined to package travel and luxury options
- More inclined to travel on cruise or package tours and are more sensitive to safety and health concerns

The decision to visit SA is taken well before the date of travel with over half of American tourists deciding 4 months or more in advance. For bookings, however, the majority are made within 3 months of travel. All the tourists in 2022 decided and booked over a year ago which indicates a latent demand due to cancellations and deferred travel during the pandemic as well as limited connectivity as aviation is not fully recovered.

When decision was made to visit SA?



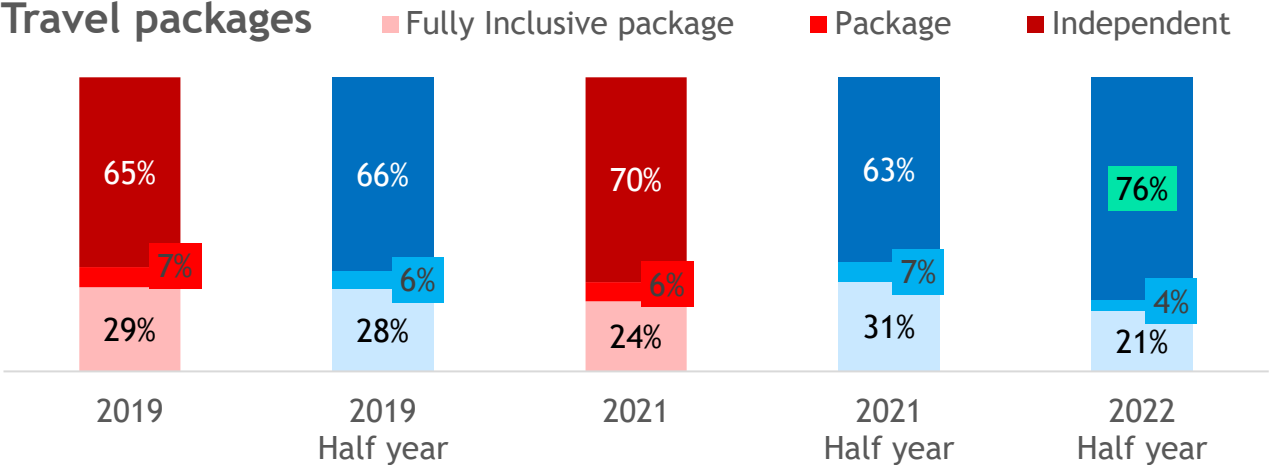
When bookings was made to visit SA?



Online aggregators were the top information source in 2019. However, 2022 saw a huge increase in travelers relying on information from their prior trips; three times higher than the same period in 2021. Independent travelers have continued to grow pre- and post-pandemic with over half of tourists booking accommodation and air tickets themselves

PURCHASING TRAVEL - Sources of information, travel type

Travel packages



Self bookings:

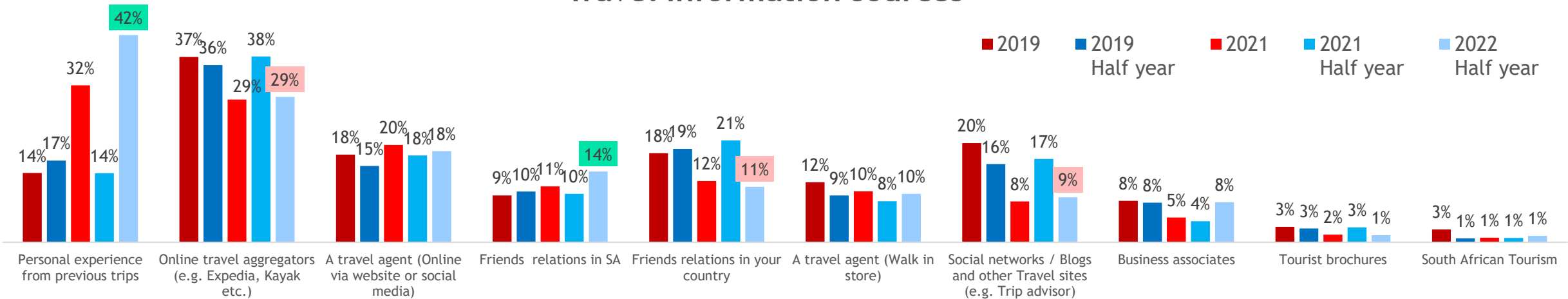


58% Made bookings myself



54% Made bookings myself

Travel Information sources

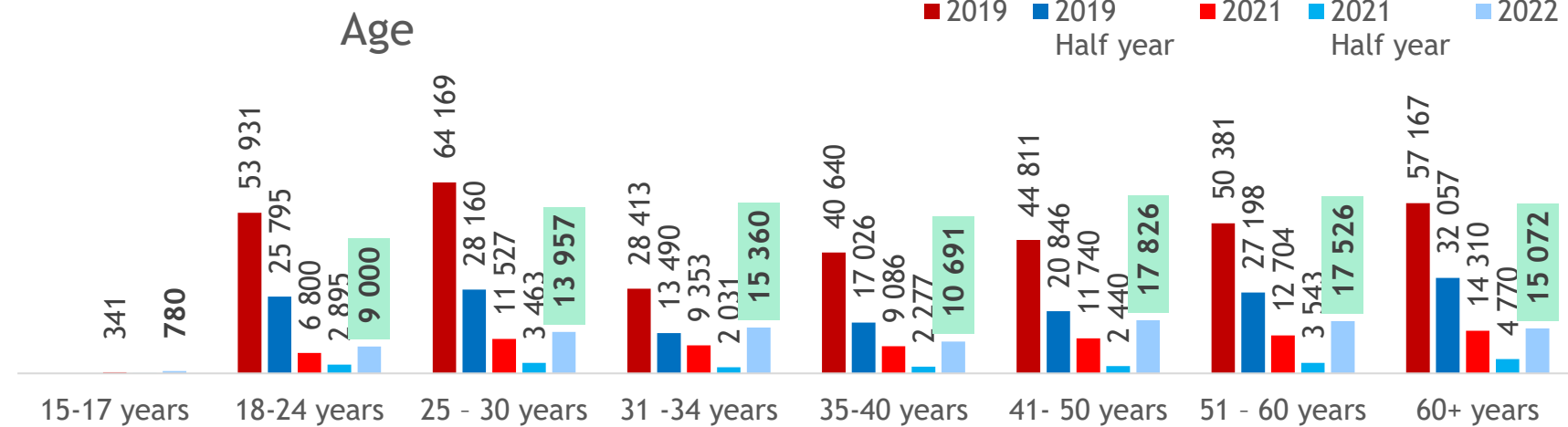
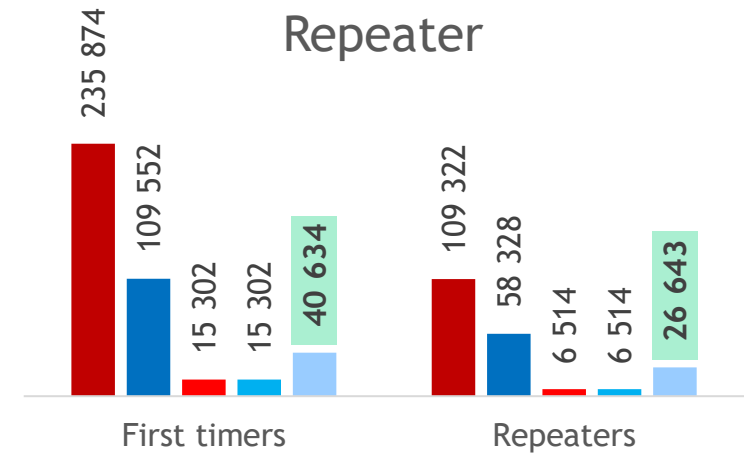
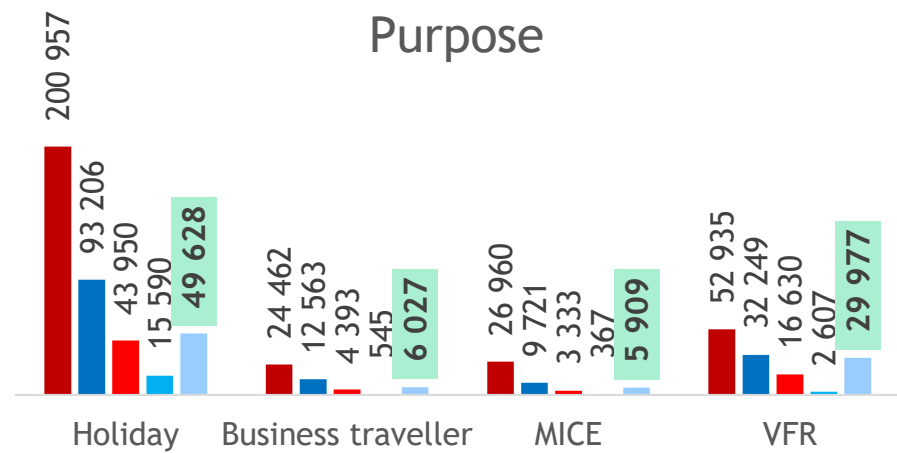


Who we are getting

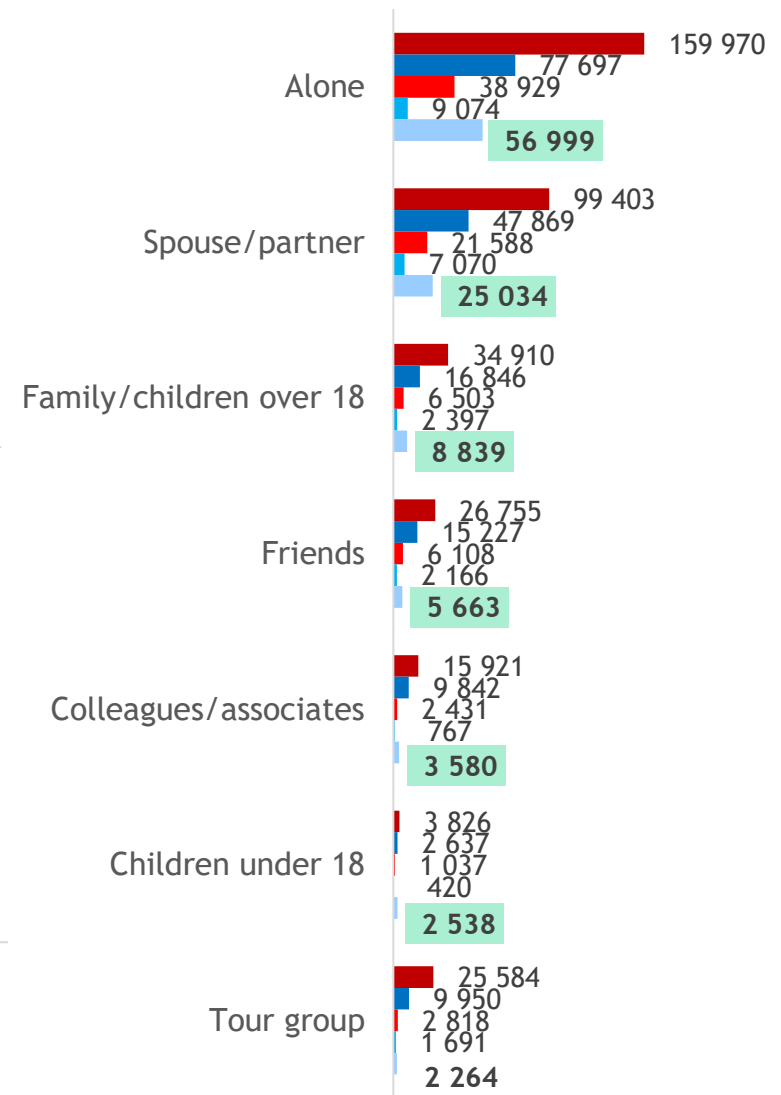
The majority of tourists are holidaymakers - however, the first half of 2022 was 10 times higher than the first half of 2021, for MICE, VFR, and Business

- First-time tourists increased while Repeater have gained share in 2022
- Solo travelers lead in number and growth (up more than 5 times the same period in 2021), travel with spouse and adult children also grew significantly - up 3- and 5-fold over
- All age groups saw increased volumes and even growth in older and younger age groups; under 35's up 366% and over 35's up 369%

TOURIST PROFILE - Who are we getting

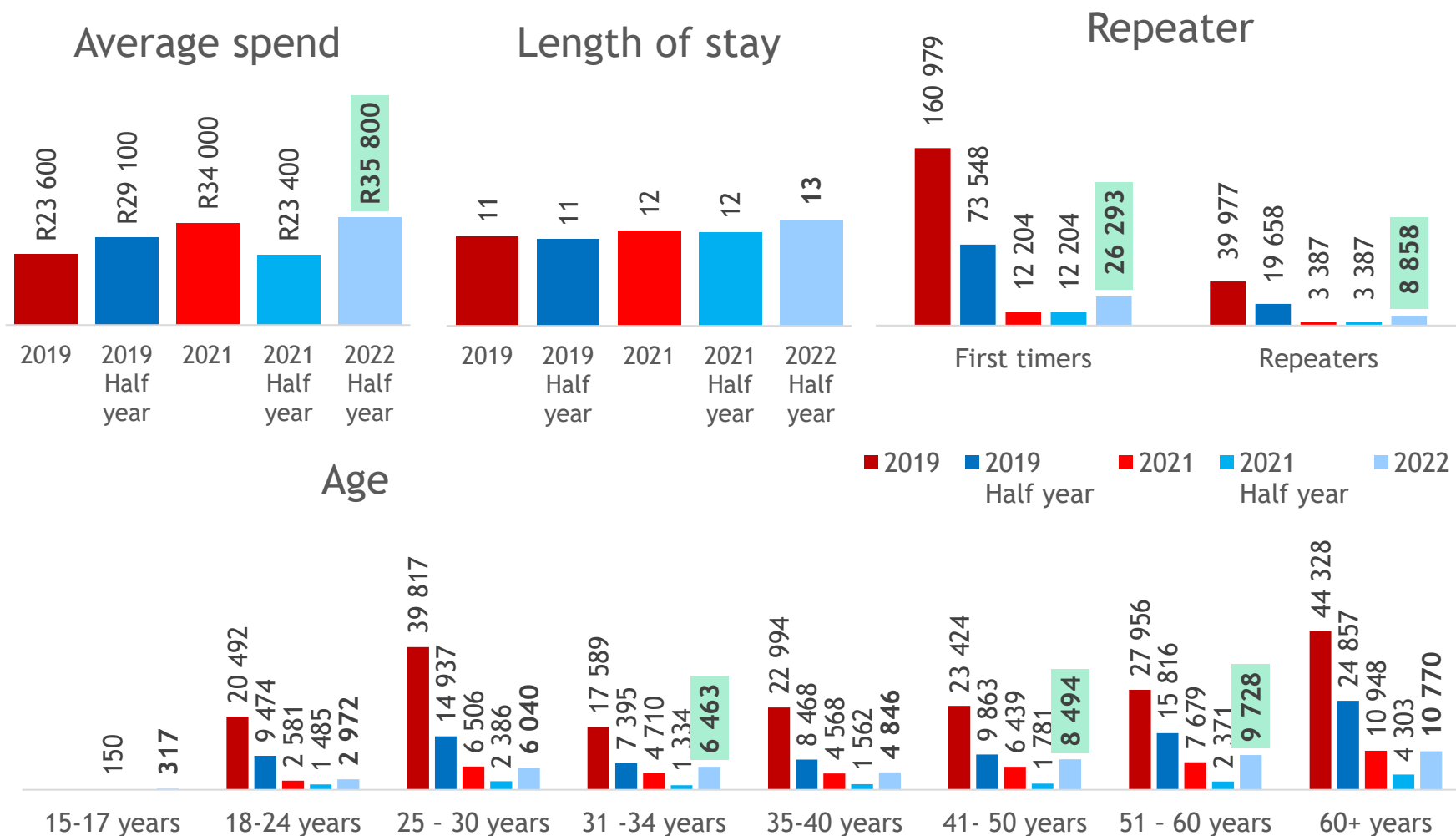


Travel party members



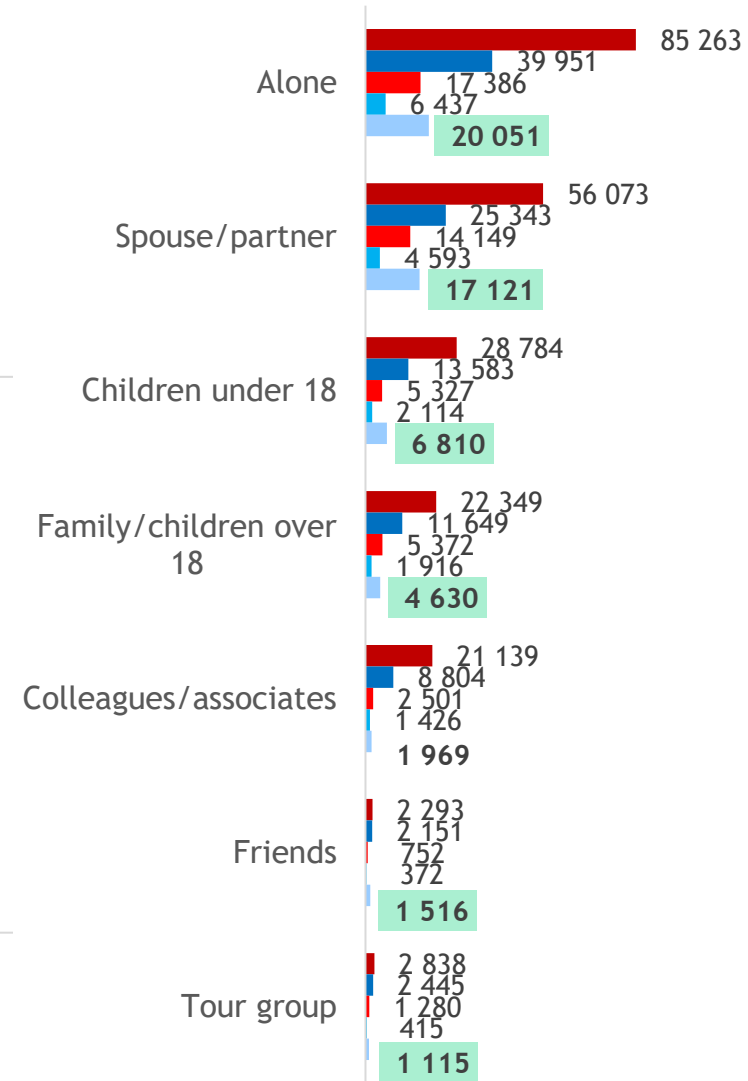
Holiday tourists:

- Holiday tourists stayed one night longer last year and one additional night thus far in 2022
- Their spend increased significantly over the same period in 2021, however, is on par with the full 2021 spend
- Growth was driven by the older tourists (NSSA's) among the Wanderlusters 31 to 34-year-olds lead growth
- Solo travelers and travel with spouse are at similar levels, both up significantly



■ 2019 ■ 2019 Half year ■ 2021 ■ 2021 Half year ■ 2022

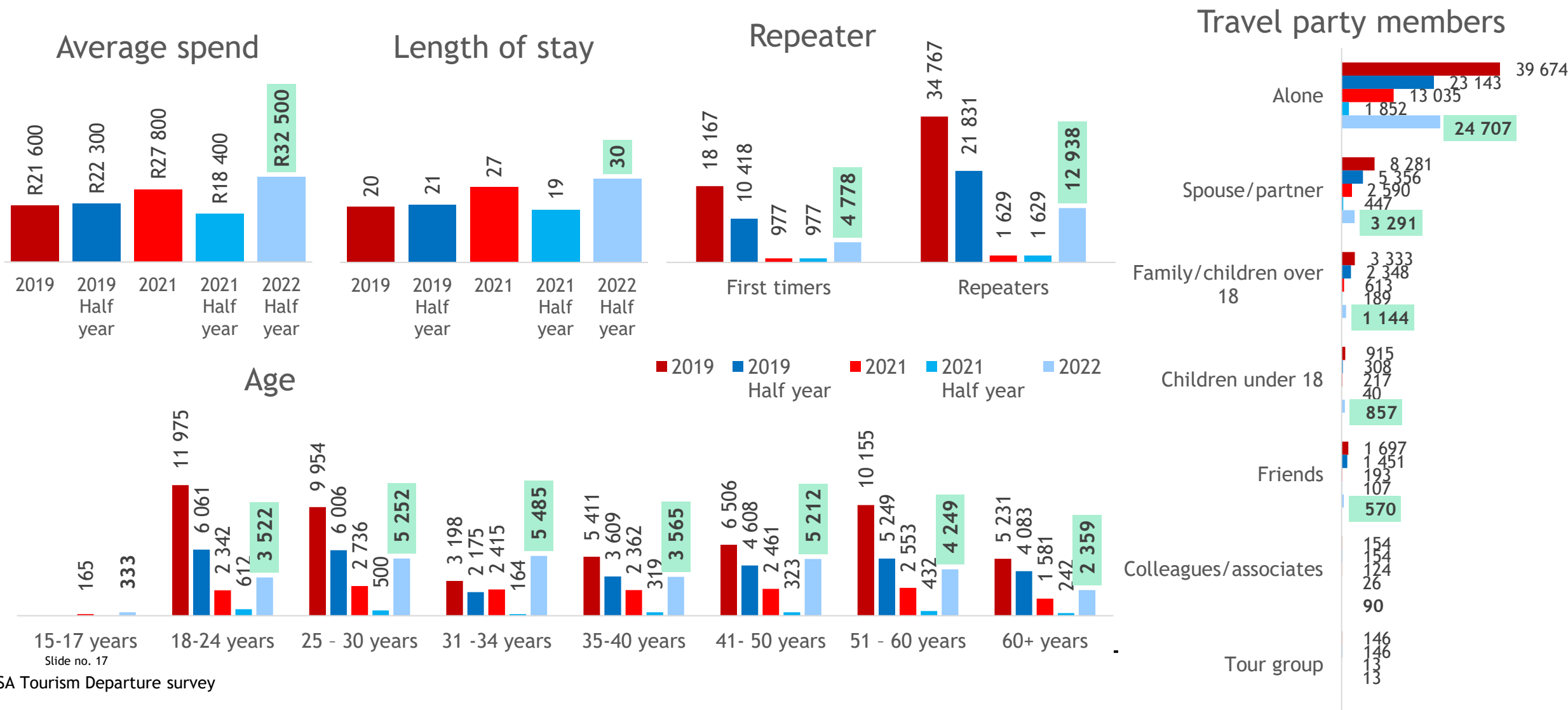
Travel party members



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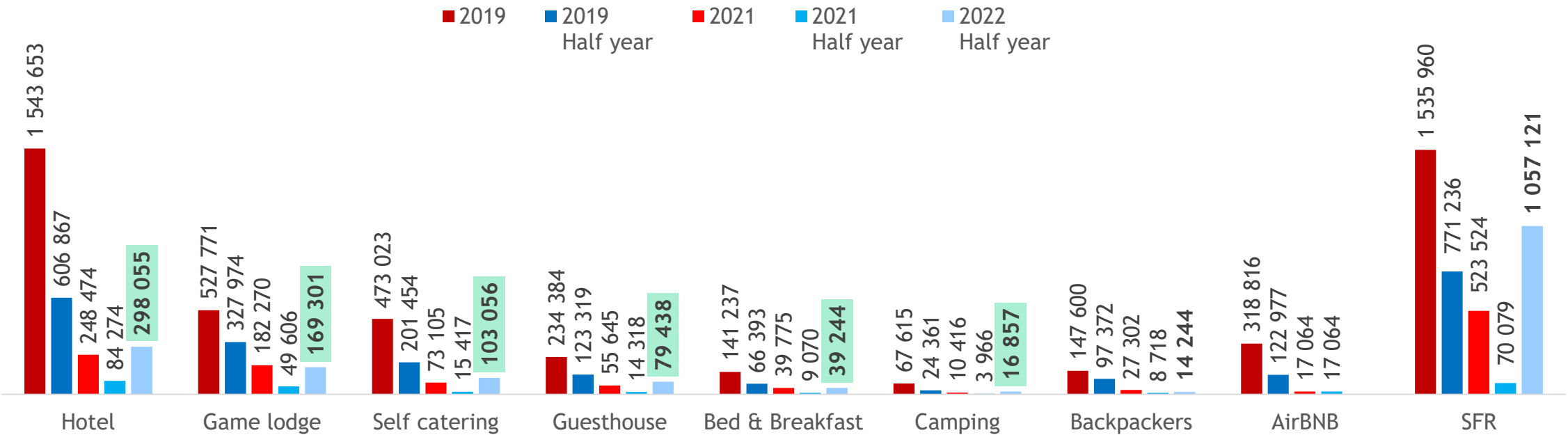
VFR Tourists:

- VFR tourists are mostly repeaters with massive growth from 2021
- The vast majority of VFR tourists are solo travelers - up to over the number of tourists in the first half of 2019
- VFR tourists spent more nights in this half than last year and similarly spend is the highest
- Each age group saw between 5 and 10 times the number of arrivals in H1 of 2022 compared to H1 of 2021, even surpassing the annual levels



US tourists stay the longest in self-catering units, backpackers, and guesthouses among the paid accommodations, however, 2022 has been dominated by staying with friends and family, with 5 times more bednights than hotels, which pre-pandemic were on par
Hotels and game lodges lead on the total paid bednights up over three times the levels over the first 6 months of 2021
Self-catering units led growth, up over 6 times the previous year while guesthouses grew over 5 times

BEDNIGHTS AND ACCOMMODATION TYPE

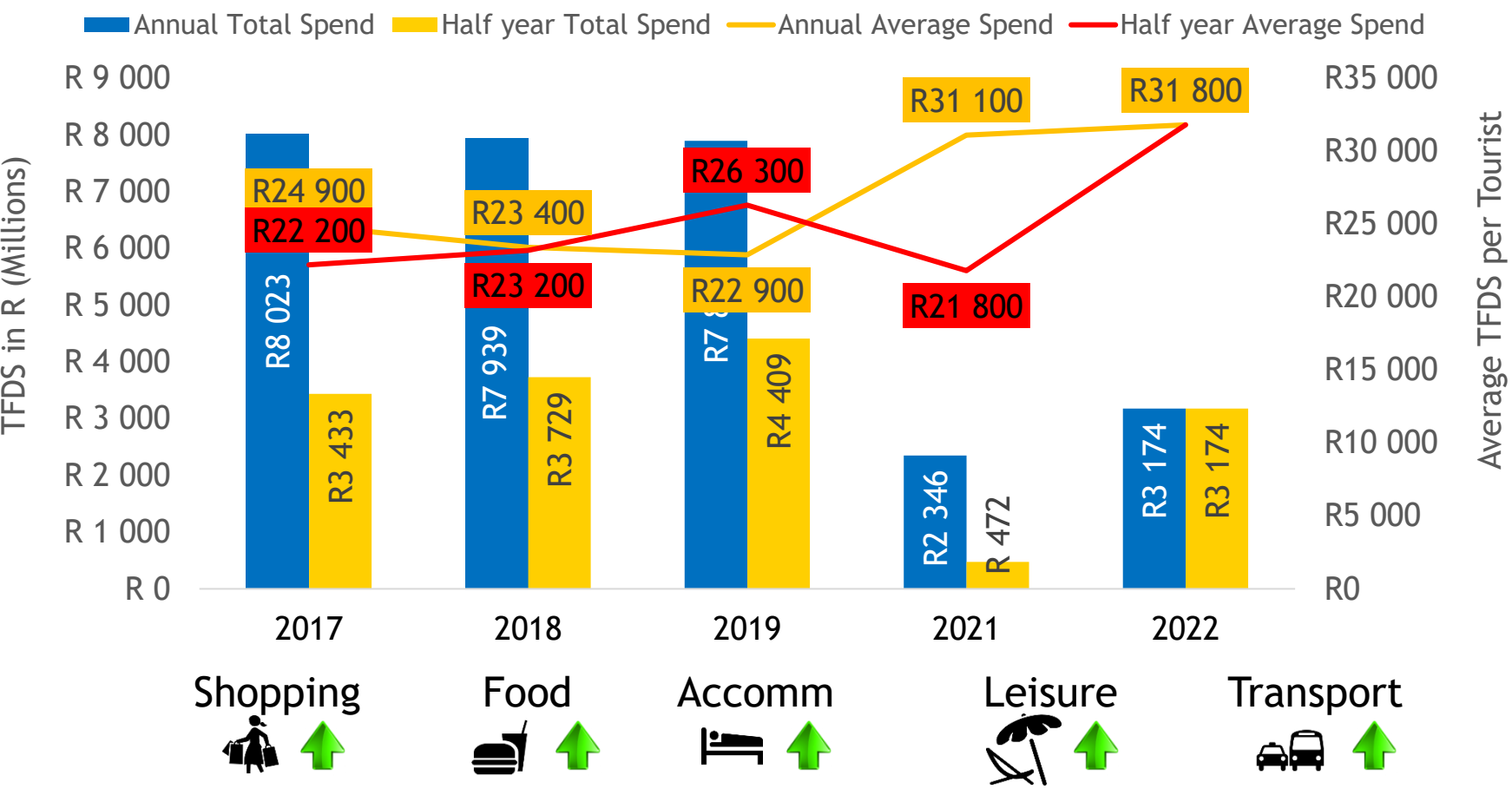


2019	7	6	42	8	8	10	12	10	24
2019 HY	7	6	38	9	8	6	13	8	21
2021	6	8	37	10	11	7	19	8	26
2021 HY	7	6	23	9	8	6	10	8	18
2022 HY	6	7	32	12	9	10	20	-	29

Spend in 2022 increased among US tourists driven by the massive increase in arrivals, length of stay, and a weakening rand
Shopping led spend in total terms, however, tourists spent the most on average on accommodation
Despite the R10 000 increase in average spend, spend per day was up only 4% due to the massive increase average length of stay

SPEND PATTERNS

Year on year change
(2021 HY vs 2022 HY)



Arrivals

↑ 321%

Spend per day

↑ 4.3%

Length of stay

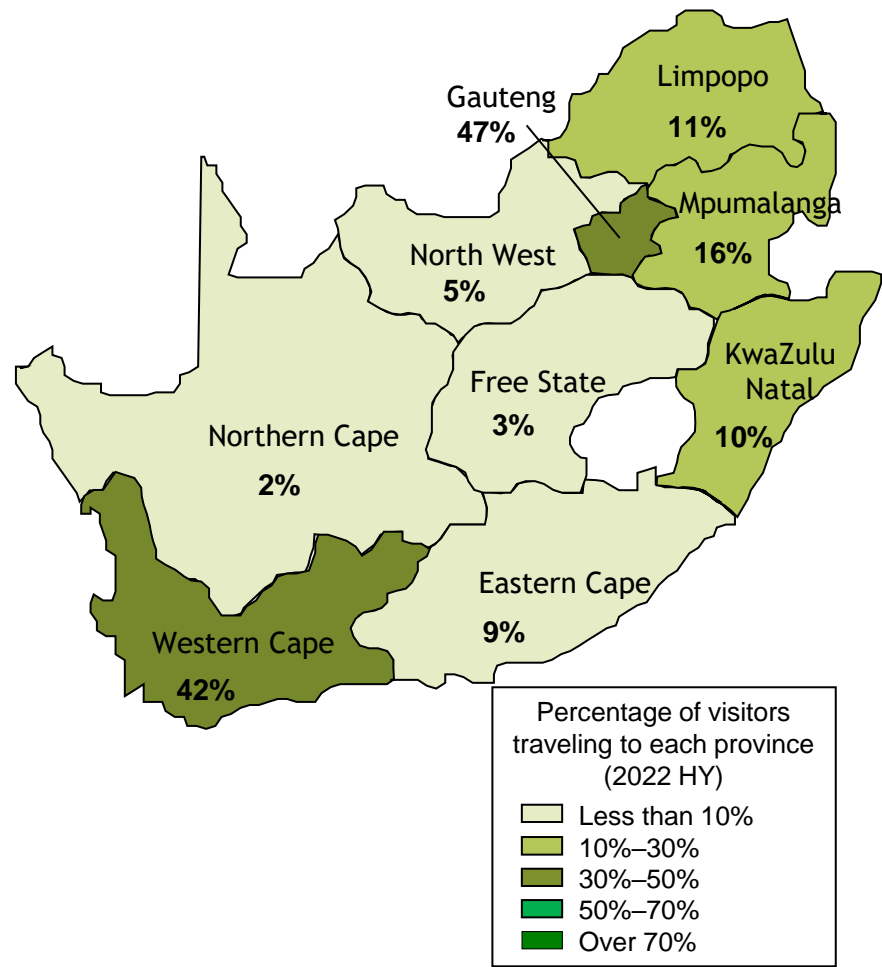
↑ 40.5%





Exchange rate

↑ 13.4%

Gauteng is the most visited province in 2022, up over the first half of the last year. Gauteng overtook Western Cape as the most visited province in 2021 and before the pandemic in 2019. All measures are up across all provinces due to the volume increases over the last year

Percentage of America Visitors Travelling to Each Province, 2022 HY



					
	Share of Arrivals	Average nights	Total Bednights	Provincial Spend Per person	Total Provincial Spend
	2022 HY	2022 HY	2022 HY	2022 HY	(in Millions) 2022 HY
Gauteng	47 018	10	479 674	R15 600	R733
Western Cape	42 118	13	564 634	R22 000	R923
Eastern Cape	9 239	20	188 543	R34 300	R315
KZN	9 648	17	163 663	R23 500	R227
Mpumalanga	15 588	8	131 640	R16 500	R256
Limpopo	10 865	12	135 638	R40 100	R434
North West	4 823	22	104 825	R28 200	R134
Northern Cape	1 714	27	45 589	R31 700	R54
Free State	3 039	24	71 653	R31 900	R97

The activities undertaken in South Africa remain consistent pre- and post-pandemic with eating out, shopping, and socializing topping the list, followed by natural attractions, wildlife and beach. In 2022 we saw lower participation in cultural experiences Western Cape attraction remain the most visited attractions in the country but saw significant declines, more than 10% fewer tourists in 2022, this is in part explained by the increase in VFR travel

