

Inbound and Outbound Tourism Performance: 2017

1. Inbound Tourism Performance

According to the World Tourism Organisation (2017), the demand for international tourism remained strong during the Northern Hemisphere summer peak season. International tourist arrivals in July and August grew by over 300 million for the first time ever as reported in the issue of the UNWTO World Tourism Barometer. Between January and August 2017, destinations worldwide welcomed 901 million international tourist arrivals when compared to the previous year there was 56 million more tourists travelling internationally with 7% growth. These statistics illustrate positive outcomes for the rest of the remaining months of 2017 and is the eight consecutive year of continued solid growth for international tourism. The United National World Tourism Organisation regions illustrate the strongest growth in Africa (+9%) and Europe (+8%), followed by Asia and the Pacific (+6%), the Middle East (+5%) and the Americas (+3%).

This strong performance is confirmed by experts from around the world and the last four months of 2017 remain also resilient according to the experts. The UNWTO Secretary General Taleb Rifai stated that "Tourism is a major economic engine and employment generator, contributing to the improvement of livelihoods of millions of people around the world"

1.1 Regional Results

In Europe international arrivals grew by 8% and recovered in both Southern and Mediterranean Europe by 12% and Western Europe by 7% following a weak 2016. Tourist arrivals grew by 6% in Northern Europe and by 4% in Central and Eastern Europe between January and August 2017. International arrivals to Africa grew positively by 9% recording the fastest growth among all five regions, due strong rebound in North Africa (+15%) and sound results of Sub-Saharan Africa (+5%). South Asia grew by 10% and led growth in Asia and the Pacific of 6%, followed by South-East Asia (+8%) and Oceania (+7%), while results in North-East Asia (+3%) were mixed.

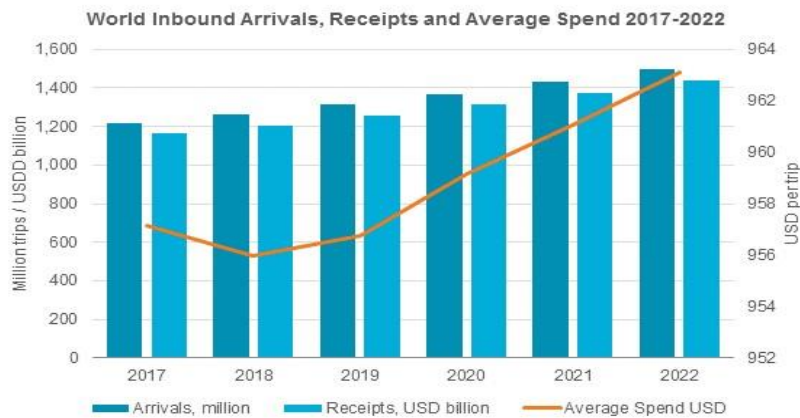
Most destinations in the Americas (+3%) continued to enjoy positive results led by South America (+7%) followed by Central America and the Caribbean (both +4%). In North America (+2%), robust results in Mexico and Canada contrast with decrease in the United States, the region's largest destination. The Middle East grew by 5% but are mixed with some destinations strongly rebounding from negative growth in previous years, while others reported declines through August. Inbound visitor growth across world destinations was fuelled by strong outbound demand from the majority of source markets.

OUTLOOK FOR INTERNATIONAL TOURIST ARRIVALS 2016/2017			
Indicator	Jan-Aug 2016	Jan-Aug 2017	Projections 2017
World	3.9	6.6	+3% and +4%
Europe	2.4	8.2	+2% and +3%
Asia & the Pacific	7.8	5.6	+5% and +6%
Americas	3.6	3.3	+4% and 5%
Africa	8.0	8.7	+5% and +6%
Middle East	-2.4	4.8	+2% and +5%

Source: World Tourism Organisation (UNWTO), 2017

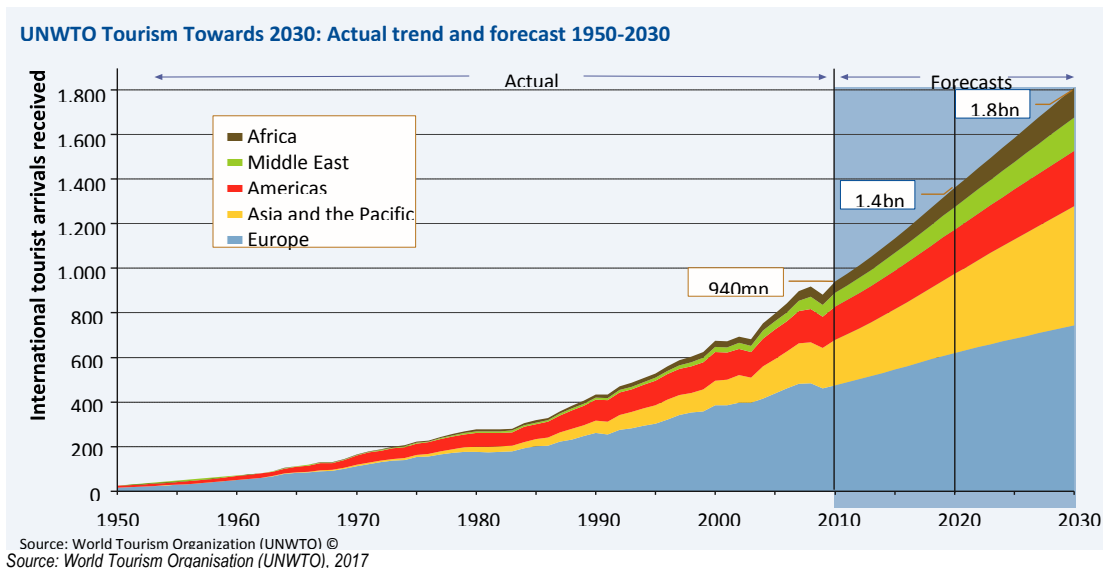
According to Caroline Bremner, Head of Travel at Euromonitor International (Passport) "Travel and tourism continues to remain on track, outperforming the global economy, with arrivals set to grow by 3.7% and inbound receipts at a stronger rate of 4.1% over 2017, compared to world GDP at 3.5%. Pricing pressure will remain in the near term as there are major uncertainties buffeting the world economy, namely the rocky Trump administration, Brexit, as well as the flaring up of regional tensions across the world with a stand-off looming with North Korea and Japan, and the United States."

Further according to Caroline Bremner, the value growth for 2017 is expected to be strong at 4.1% in 2017, decelerating to 3.1% in 2018, due to dark clouds gathering on the horizon as uncertainty escalates, and a minor economic deceleration is expected in China.



Source: Euromonitor International, 2017

According to the UNWTO Tourism Towards 2030 (UNWTO's long-term outlook and an assessment of the development of tourism over the two decades from 2010 to 2030). The number of international tourist arrivals worldwide is expected to increase by an average of 3.3% a year over the period 2010 to 2030. It is expected that the rate of growth will gradually decrease over time, slowing from 3.8% at the beginning of the period to 2.9% towards 2030. However, it should be noted that this is on top of growing base numbers. In absolute numbers, international tourist arrivals will increase by some 43 million a year, compared with an average increase of 28 million a year during the period 1995 to 2010. At the projected rate of growth, international tourist arrivals worldwide are expected to reach 1.4 billion by 2020 and 1.8 billion by the year 2030.



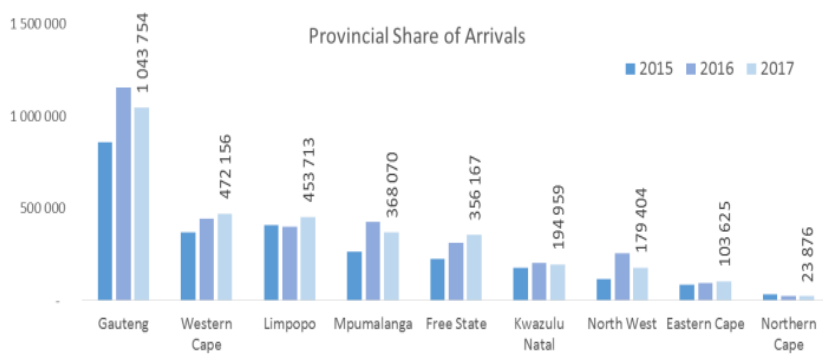
1.2 South African Inbound Tourism Performance

The size of South Africa's tourism market contracted by 29.8% in the first quarter of 2017, to 7 million trips (compared to 10 million in the first quarter of 2016). This was made up of 4.4 million domestic trips and 2.6 million international tourist arrivals.



Tourism, 2017

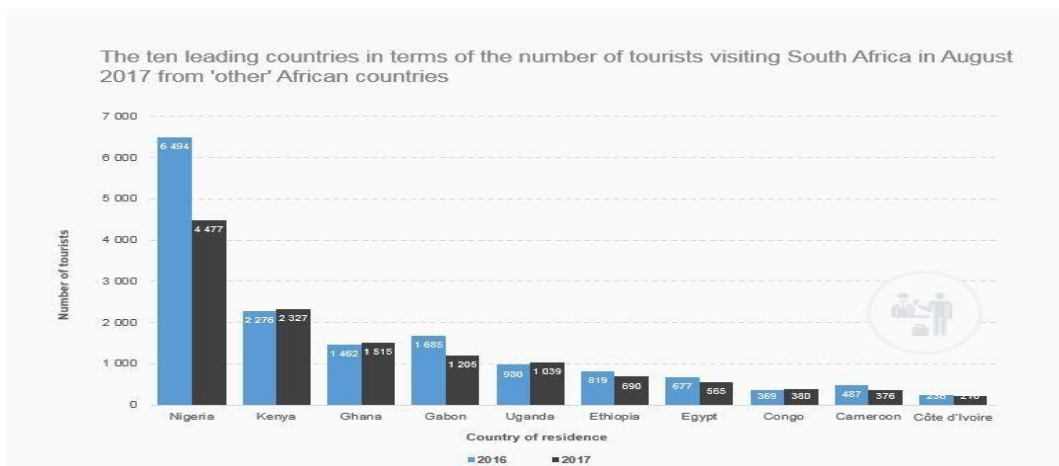
The majority of the foreign tourists who came to South Africa in the first quarter visited Gauteng with more than a million arrivals and the Western Cape attracted 472 000 tourists and Limpopo 453 000 tourists. Collectively, these three provinces attracted 60% of international arrivals.



Source: South African Tourism, 2017

According to the latest Tourism and Migration Survey released by Stats SA, almost 3, 5 million travellers passed through South African ports of entry in August 2017. However, since August 2016, there has been a slight drop in the volume of arrivals and departures of foreign travellers. The top five overseas countries with the largest number of tourists visiting South Africa were the United States, United Kingdom, Germany, the Netherlands and France. Tourists arriving in South Africa from the African continent, mostly came from SADC countries, which were. Zimbabwe tops the list at 31%, followed by Lesotho, Mozambique, Swaziland and Botswana.

The ten leading countries in terms of the number of tourists visiting South Africa in August 2017 from 'other' African countries were: Nigeria, Kenya, Ghana, Gabon, Uganda, Ethiopia, Egypt, Congo, Cameroon, and Côte d'Ivoire. While Nigeria comprised nearly 30% of tourists arriving in South Africa, it was one of six countries that showed a year-on-year decrease.



Source: STATS SA, 2017

The survey also revealed that 97% of travellers were in South Africa for a holiday, while the rest were here for business and study purposes. Students made up 4,7% of tourists from 'other' African countries compared with 0,6% from the SADC countries. Of all travellers, 74% were non-South African. Many of these especially those from neighbouring countries visit South Africa for a just a single day to trade and to shop, for example. Those staying overnight, however, are regarded as tourists.

1.3 Western Cape Inbound Tourism Performance

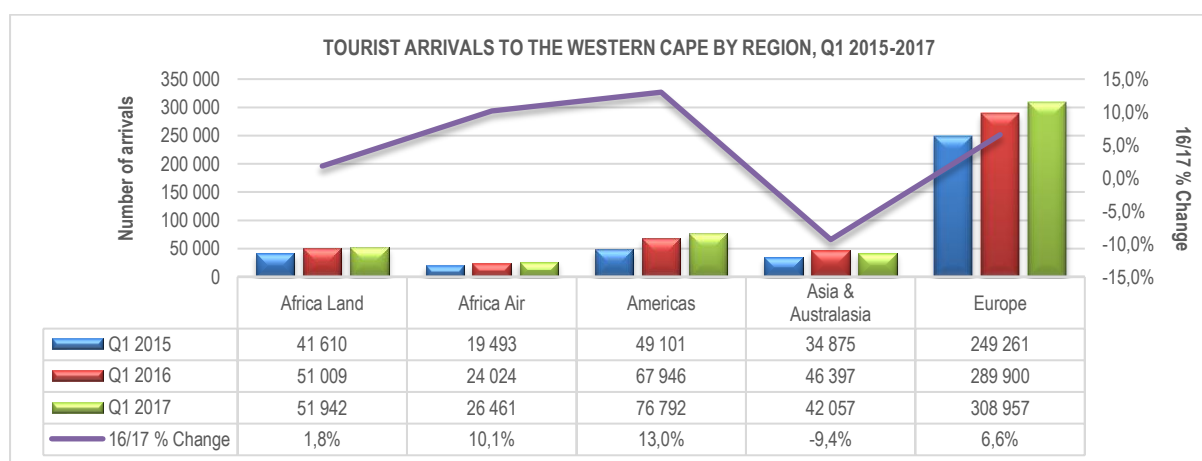
In Quarter 1 (Jan-Mar) 2017 the Western Cape accounted for 18.0% of all South African tourist arrivals. The Western Cape held the following share of South African tourists during Q1 2017:

- **2.9%** of **Africa land** tourists visiting South Africa
- **35.3%** of **Africa air** tourists visiting South Africa
- **60.0%** of **Americas** tourists visiting South Africa
- **39.7%** of **Asia & Australasia** tourists visiting South Africa
- **61.7%** of **European** tourists visiting South Africa

In Quarter 1 2017 the Western Cape attracted the following TOP 10 International Markets:

Ranking	Source Market	Q1 2017 Arrivals	16/17 % Change in tourist arrivals	Number of formal bed nights: Western Cape
1	UK	87,607	-7.2%	624,600
2	Germany	73,190	+7.2%	653,600
3	USA	44,885	-3.5%	236,000
4	France	34,131	+40.9%	208,400
5	Netherlands	26,750	+20.5%	202,000
6	Namibia	24,684	-5.9%	62,500
7	Switzerland	13,398	+6.7%	123,200
8	Sweden	12,564	+25.2%	96,900
9	Canada	12,548	+9.4%	84,100
10	Brazil	11,714	+147.8%	95,900

In Quarter 1 2017 the Western Cape received the highest tourist arrivals from Europe and the Americas



Source: SA Tourism, 2017

2. Outbound Tourism Performance

According to a special analysis by the World Travel Monitor, conducted by IPK International and commissioned by ITB Berlin. Tourism statistics indicate that Chinese outbound travel grows despite decline in trips to Europe In 2016. China registered a 13% increase in outbound trips. City trips and sun & beach holidays are becoming more and more important to the Chinese. The behaviour of the Chinese in 2016 illustrated that while international travel grew by about 4%, China registered a growth rate of 13%. Therefore, further consolidating its position as **one of the world's most important source markets for international travel**. Thus, China exceeded the Asian/Pacific average outbound growth rate, which was at nearly nine per cent in 2016.

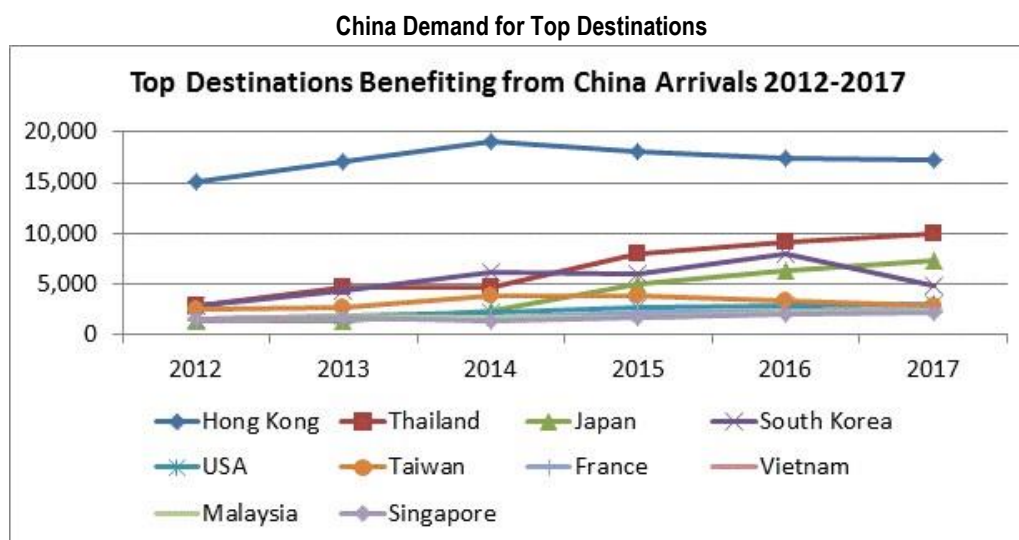
In 2016, the Chinese went on 51.2 million international trips with overnights, compared to the previous year that amounts to an additional six million trips and an increase of 13%. China also strengthened its position as the world's fourth-largest source market behind Germany, the USA and the UK, while further distancing fifth-placed France. Around 3 out of 4 outbound trips from China are to destinations within Asia/Pacific, with the top 5 destinations being within the region, such as South Korea and Thailand.

The USA is China's sixth most popular destination to which some 2.8 million trips have been made in 2016. The most preferred European destinations are Germany, Spain, France, Switzerland and Austria. However, following seven years of consecutive growth, Chinese trips to Europe declined by 4% in 2016 compared to the previous year, resulting in a total of 16% of all Chinese outbound trips going to Europe.

The first trends for 2017 indicate a positive development again regarding Chinese trips to Europe. City trips and Sun & Beach holidays are gaining ground. Holidays are the reason for over 80% of Chinese outbound trips. Above all, holiday trips only (without visiting friends or relatives) have a significantly higher share among Chinese travellers (72%) compared to the global average of 57%. For some years, the most popular type of holiday has been round trips, whereas city trips as well as sun & beach holidays have been catching up recently.

However, even though the share of business trips in 2016 was rather small (15%), the number grew by 22% compared to 2015, while holiday trips increased by 11%. The average length of stay abroad was nearly 6 nights, which represents a slight increase compared to the previous year, while spending per night remained at the same level. Preference for first class hotels and above average travel agency bookings.

According to Caroline Bremner Head of Travel, "By 2022, we expect that China will be the world's largest source of outbound tourism demand, with 128 million trips, overtaking the US as the country with the highest propensity for travel abroad. Growth is set to be very strong, at 8.4% over the period 2017-2022. Outside of Asia, the US and France are likely to benefit the most, due to their China-ready approach. Japan saw the strongest increase in China arrivals growth over 2013-2017, with a CAGR of 54%, amounting to an additional six million Chinese arrivals thanks to simplifying the visa process and the weak yen."

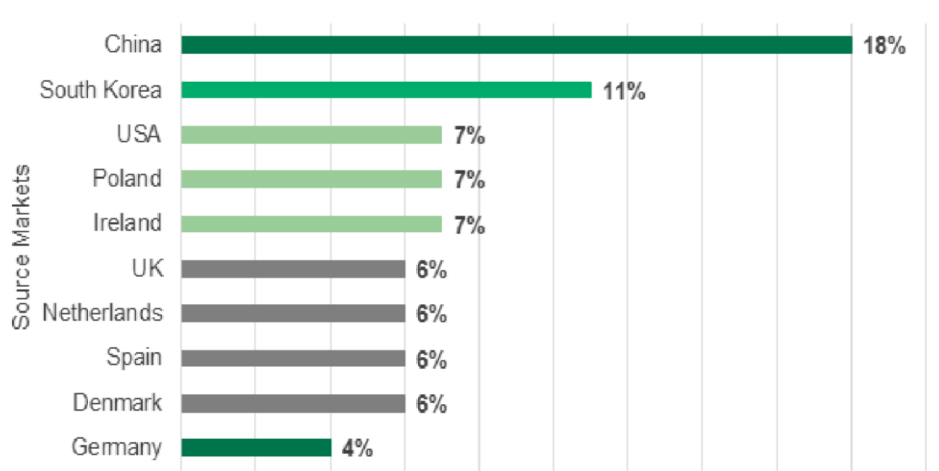


Source: Euromonitor International, 2017

According to the ITB World Travel Trends Report 2016/2017, the number of worldwide outbound trips grew by 3.9% in the first eight months of this year, according to World Travel Monitor figures presented at the Pisa forum. Asia was once again the world's growth driver with a dynamic 11% increase in outbound trips, with very strong performances by China (+18%) and the Republic of Korea (+11%). North America grew well with a 6% rise in international trips, driven by the strong US market (+7%), but South America, where Brazilian outbound travel plummeted by 15%, showed only a 1% increase. European outbound travel increased by a solid 2.5%, with good growth from the UK (+6%) and Germany (+4%) as well as smaller markets outweighing a double-digit decline in international trips by Russians.

International travellers went on slightly longer trips on average in 2016, with growth in longer holidays outpacing shorter trips. The average spending per trip increased slightly as well. Taking all these figures into account, IPK International predicts that the world outbound travel market turnover for the full year 2016 will top the \$2 trillion mark for the first time, which would be an increase of around 7 to 8% compared to 2015.

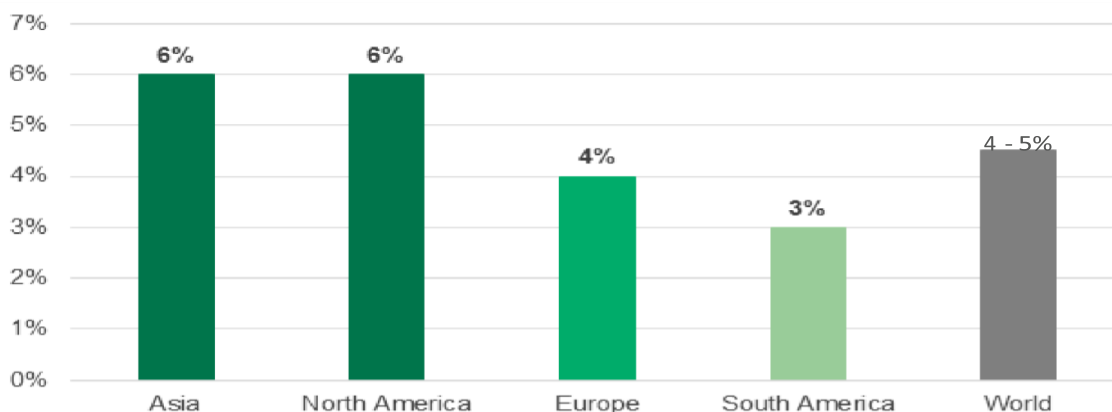
BEST PERFORMING OUTBOUND MARKETS 1-8, 2016



Source: World Travel Monitor® 1-8, 2016, IPK International, 2016/2017

The outlook for travel in 2017 is very positive, according to IPK International. The consultancy forecasts an increase in worldwide outbound trips of between 4 and 5%. IPK International sees particularly strong growth for outbound trips from Asia, with a likely rise of 6%, along with increases of about 5% for outbound trips from North, Central and South America and of 4% from Europe. The forecasts are based on IPK's World Travel Confidence Index, which is compiled annually based on the views of the survey participants about their travel intentions for the coming 12 months.

IPK'S OUTBOUND TRAVEL FORECAST 2017



Source: World Travel Monitor® 1-8, 2016, IPK International, 2016/2017

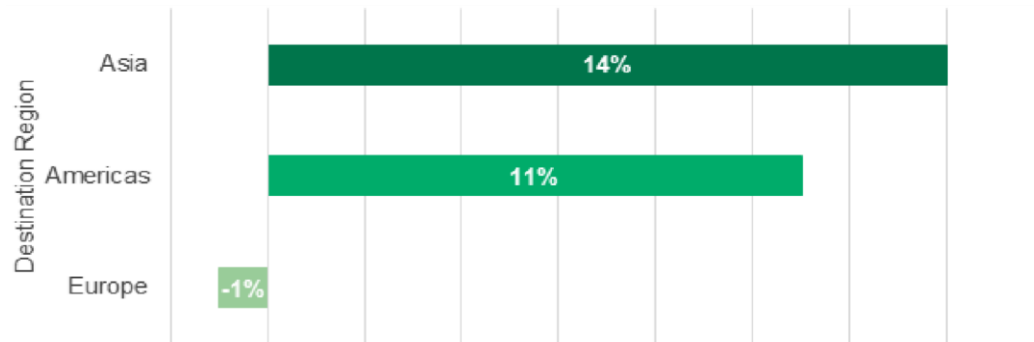
ASIA TRAVEL BOOM TO CONTINUE IN 2017

Asians travelled more than ever so far this year, with a surge in trips to destinations within the region and including many more beach holidays. China was once again the growth driver. After a double-digit rise in international trips this year, the outlook remains strong for 2017. Those were some of the results of the 24th World Travel Monitor® Forum. The Asian economy continued to grow well in 2016 and is expected to maintain on a solid growth path, according to figures from the info Institute for Economic Research in Munich. After GDP growth of 4.8% in 2015, the region is forecast to grow by 4.6% in 2016 and also in 2017, slowing to a 4.4% increase in 2018.

DYNAMIC DOUBLE-DIGIT GROWTH IN OUTBOUND TRAVEL

Against this positive economic background, outbound travel by Asians grew by a dynamic 11% in the first eight months of 2016, according to World Travel Monitor® figures. There was a very strong 14% rise in trips to destinations within Asia and also a high 11% increase in travel to the Americas. But the number of trips to Europe dropped by 1% between January and August 2016. Once again, China was the driving force for growth with an 18% rise in outbound trips (excluding to Hong Kong and Macao). But the Republic of Korea also performed very well this year with an 11% rise in international travel, according to World Travel Monitor® figures.

ASIAN OUTBOUND TRAVEL TRENDS 1-8, 2016

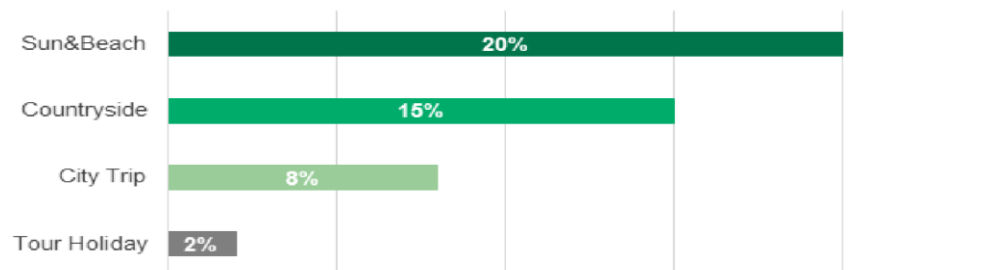


Source: World Travel Monitor® 1-8, 2016, IPK International, 2016/2017

Rolf Freitag, IPK International founder and president, commented: "This year's boom in Asian outbound travel, especially by the Chinese, is remarkable. Moreover, we can observe an important long-term trend. Asians are starting to go on fewer sightseeing trips taking in several countries. Instead, many of them dream of relaxing on sun & beach holidays. In other words, they are gradually becoming 'normal holidaymakers' like in Western countries."

The social-demographic profile of Asian outbound travellers reflects this trend towards more short-haul holidays within Asia. They are mostly relatively young. About 38% of Asians taking international trips are aged between 15-34 while a further 49% are aged 35-54, and only 13% are aged over 55, according to World Travel Monitor figures. The proportion of older international travellers is much higher in Europe and North America. Asian outbound travellers are on average also slightly better educated and better off than their counterparts in Europe and North America. Against this very positive background, the outlook for Asian outbound travel remains good. IPK International predicts a 6% rise in Asian outbound trips in 2017, based on its Travel Confidence Index which measures travel intentions for the next year.

TYPE OF HOLIDAY ASIAN OUTBOUND TRAVEL TRENDS 1-8, 2016



Source: World Travel Monitor® 1-8, 2016, IPK International, 2016/2017