

Ethiopia: Tourism Market Insights 2017

About Ethiopia

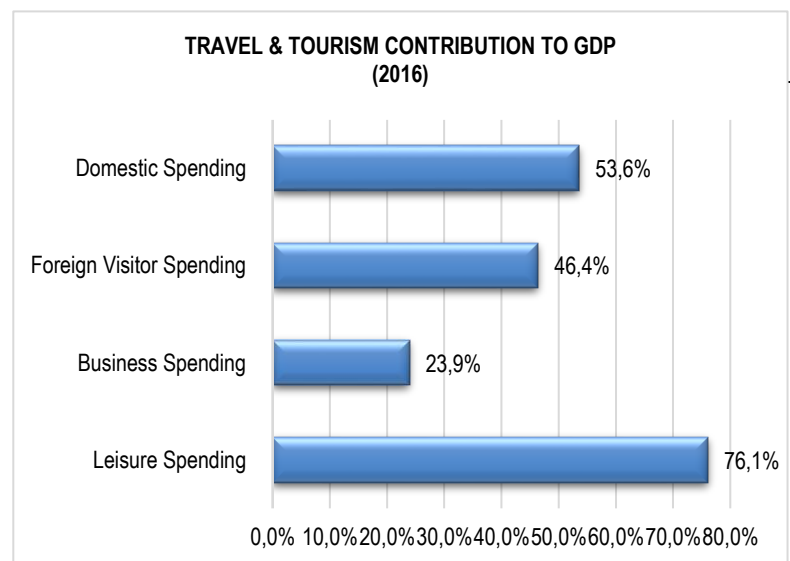
- Ethiopia is Africa's second-most populous country and according to the IMF has overtaken Kenya to become the largest economy in east Africa. Real GDP will grow by 7.5% in 2017 after gains of 8.0% in 2016 (Euromonitor International, 2017).
- The country's agricultural sector generates the bulk of export earnings. Coffee and tea are the main exports. The country has 1.2 million coffee farmers and the government estimates that about 15 million households are either directly or indirectly dependent on coffee for their livelihoods. The sector employs 7.6% of the workforce.
- According to the World Bank, tourism accounts for 15% of foreign exchange earnings and has significant growth potential. The real value of tourist receipts rose by 8.7% in 2016 while gains of 76.4% are expected in 2017.

Global Tourism Performance

- According to Business Monitor International (2017), the capital city of Ethiopia (Addis Ababa), is one of the busiest cities in Africa, and is seen as the busiest hub for East Africa.
- Outbound travel is expected to reach 317 570 in 2017, representing a 9.2% y-o-y growth by 2021 (453 350).
- World Travel & Tourism Council (2017), state that leisure travel spending inclusive (inbound and domestic) in Ethiopia generated 76.1% of direct Travel & Tourism

GDP in 2016 (ETB38,259.5mn) as compared with 23.9% for business travel spending (ETB12,002.9mn).

- The report further highlights that business travel spending is expected to grow by 8.0% in 2017 to ETB12,963.0mn, and rise by 5.2% pa to ETB21,484.8mn by the year 2027.
- Spend patterns in leisure travel are expected to grow by 9.4% in 2017 to ETB41,836.9mn, and rise by 6.7% pa to ETB12.963.0mn, by 2027.



Source: World Travel & Tourism Council (2017)



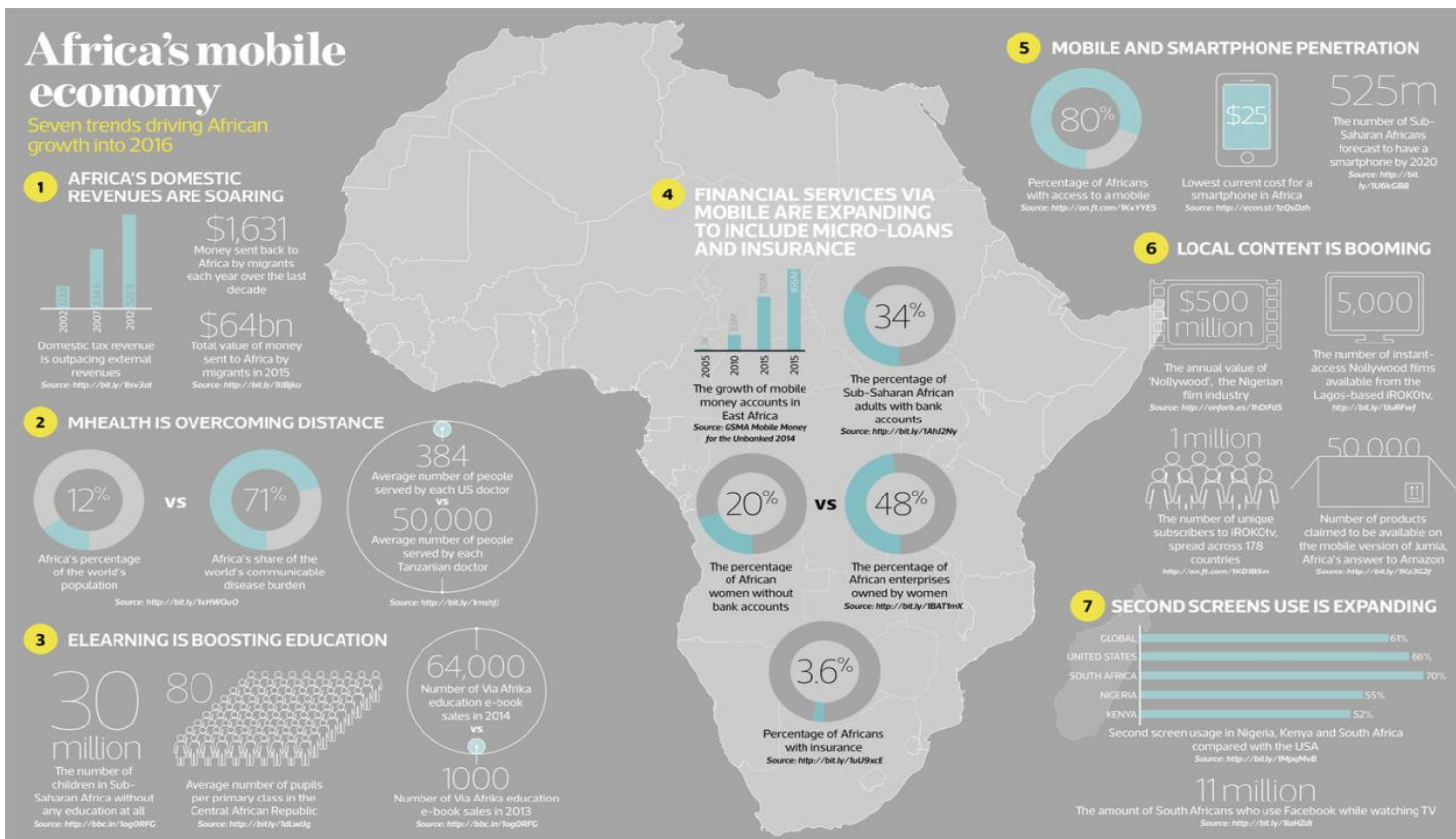
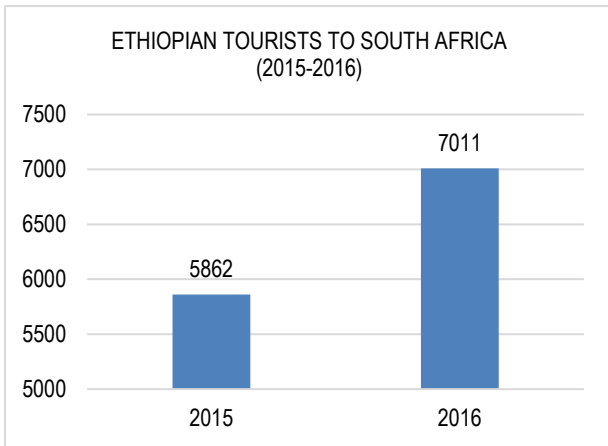


Figure 1: The Period Economy (2017)

- According to Nielson (2017), Ethiopia follows Nigeria as the second most populous nation in Africa, with 83 million people and two major ethnic groups that account for close to 60% of the population. The population growth rate is 2% annually.
- Nielsen identified seven consumer segments based on a face to face survey's were conducted of 5,000 respondents across Nigeria, Ethiopia, Uganda, Kenya, Tanzania, Zambia and DRC.
- Variables used were: attitudes, age, socio-economic class, education level, and mobile and media usage. The family theme reverberates strongly across all groups, as does affordability and trusting the same brand.
- However, segments vary in terms of other purchase drivers and media consumption. In terms of media popularity, TV and radio are the most popular media (92% and 80% penetration, respectively). Print media and Internet are not widespread in the country, which may be explained by the low literacy rate (30%).
- Nearly all Progressive Affluents aged between (30-45) years, read print and surf the Internet, while Trendy Aspirants (15-29 years) are much more likely to utilize these media than the rest of consumers. Nevertheless, 70 percent of those surveyed own a cell phone, typically used only for basic services, like text messaging.

Profile of Ethiopian Traveler to South Africa



Source: SA Tourism (2017)

- 2016 saw a 19.6% increase in the number of Ethiopian tourists coming into South Africa. Moving from 5862 in (2015) to 7011 in (2016).
- On average tourists from Ethiopia stayed in South Africa for 10 nights. In the first quarter of 2017 Ethiopian travelers stayed for 11.6 nights, followed by 14.5 nights in 2016 and 10.2 nights in 2015 for the same period (quarter 1).

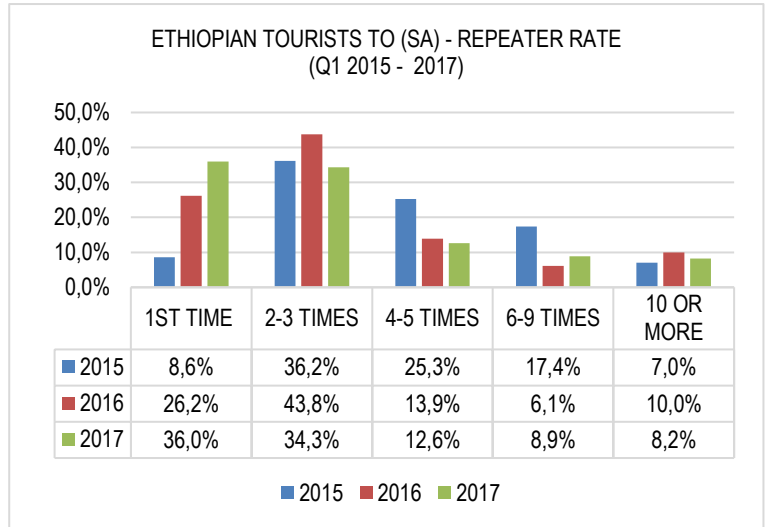


Source: SA Tourism (2017)

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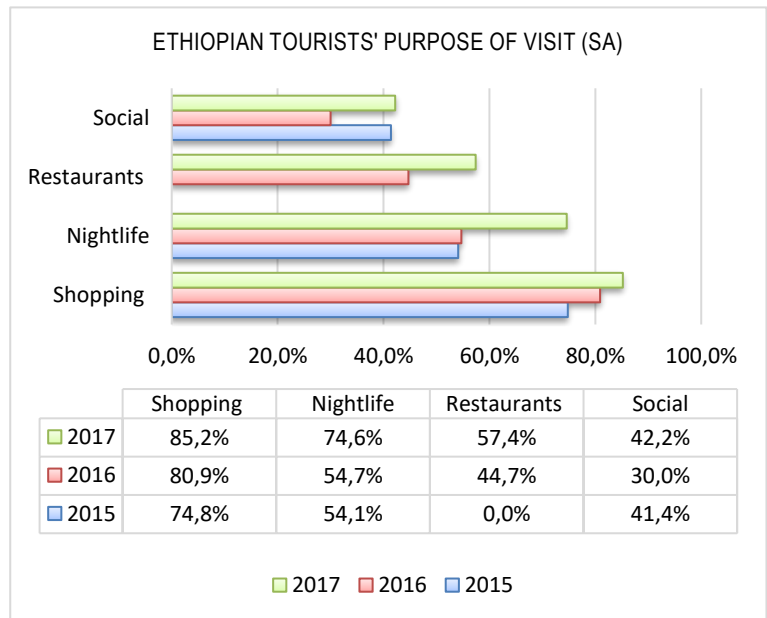
Majority of Ethiopian visitors to South Africa were repeat visitors throughout the period Q1 2015-2017. 2017 saw 36.0% first time travelers, followed by 34.3% who travelled for the 2nd or 3rd consecutive time to SA. 8.2% of

the visitors recorded were visiting the country for the 10th time or more.



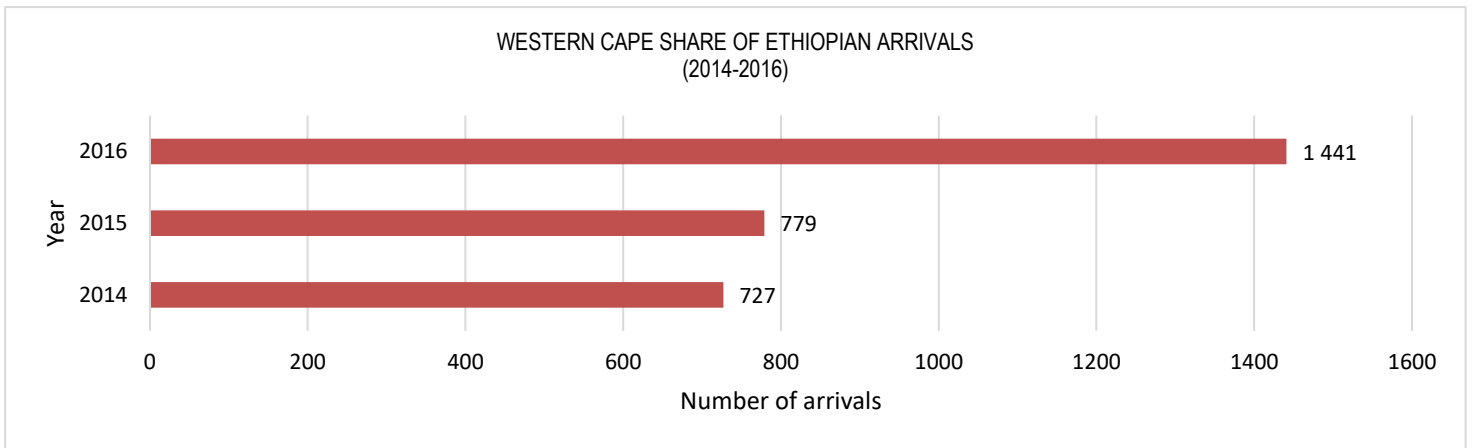
Source: SA Tourism (2017)

- Ethiopian tourists' main purpose for visiting South Africa can be grouped into the following four activities: Shopping, nightlife, Restaurants and Social.



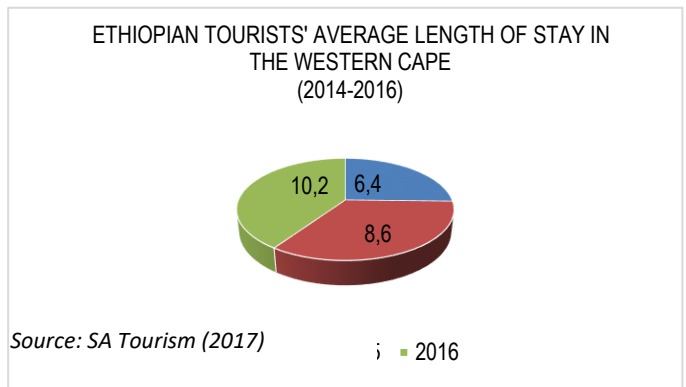
Source: SA Tourism (2017)

Profile of Ethiopian traveller to the Western Cape



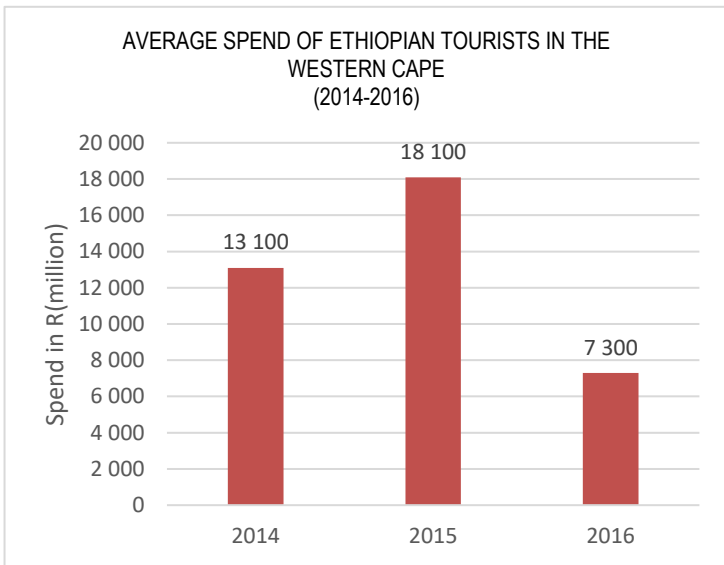
Source: SA Tourism (2017)

The Western Cape received a total of over 1000 travellers from Ethiopia in 2016 (1441), as compared to 779 in 2015 and 727 in 2014. A growth of almost 50% in arrivals from 2014-2016.



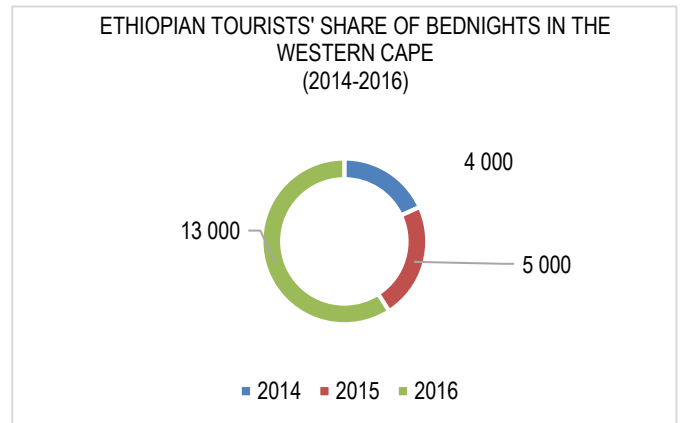
Source: SA Tourism (2017)

In 2016, Ethiopian tourists spent on average 10.2 nights in the Western Cape, followed by 8.6 in 2015 and 6.4 nights in 2014.



Source: SA Tourism (2017)

Ethiopian tourists and business travellers spent on average R7 300 in 2016, as compared to 2015 (R18 100) and 2014 (13 100). A decline in spend can be attributed to the Ethiopians being more spend cautious and the Rand vs Ethiopian Birr (ETB) exchange rate, where R1 is equivalent to 1.96 (ETB).



Source: SA Tourism (2017)

The Western Cape held 13 000 bednights from the Ethiopian market as compared to the 5 000 nights received in 2015 and 4 000 in 2014.

Conclusion and Recommendations

- Ethiopia as a whole provides an opportunity for South African producers and destination marketers to introduce its consumers and travelers be it for leisure or business to new categories in terms of services and experiences that the country offers as well as in the province.
- Ethiopians enjoy cultural experience's as they are also a culturally diverse nation as well, the rich history and diversity that the country has is second to none in the entire continent as a whole.
- Ethiopians in the Western Cape have the luxury of witnessing and visiting one of the many attractions offered in the Western Cape such as the V&A waterfront to enjoy the shopping experiences they enjoy as mentioned in their reasons for travelling, with a primary motivation being stated as shopping.
- According to Business Monitor International (2017), the low average household income levels of Ethiopians have hampered the development of the outbound market. However Ethiopians still travel regardless of the above.
- Destination marketers should continue managing online portals and creating packages that will be accessible to travelers as the journey now begins online.
- Increased direct flights from Ethiopia to the Western Cape can also be of effective use in attracting the Ethiopian traveler to the country.