

# Top insights into the business of outbound travel

According to a Travel Market Index study, the travel sector performed well in 2017, with a 6.2% growth in turnover from 2016, despite tough economic conditions.

Commissioned by the Association of Southern African Travel Agents (ASATA), which represents over 95% of South Africa's travel sector, the study conducted by Grant Thornton reveals that most of the outbound travel-acquired through ASATA-member travel agencies was corporate travel, accounting for 56% of all travel turnover, with large corporates accounting for a slightly higher share than SME corporates.



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Government spend on travel with ASATA-affiliated travel companies accounted for 21% of the total turnover, and leisure travel, only 20%.

"A significant amount of research is done into inbound tourism to South Africa, but there is no research into South Africa's travel industry, such as destinations to which South Africans travel, most popular travel suppliers for South Africans and how much they spend on travel," says Otto de Vries, ASATA CEO.

"This research study brought together individual travel companies' data to draw a comprehensive overview of the travel industry, from its size, turnover and BEE status, to preferred travel brands and traveller behaviour, such as seasonality of travel, domestic VS international travel and leisure VS corporate travel."

## Travel Index key findings:

- The travel sector consists of more than 1,780 branches or outlets, distributed across South Africa, with a dominant presence in Gauteng, the Western Cape and KwaZulu-Natal.

- Total turnover from the travel sector affiliated to ASATA was approximately R39,5bn in 2017, up 6,2% from R37bn in 2016.
- Corporate travel accounted for 56% of all travel turnover in 2017 (R22bn), with large corporates (29%) accounting for a slightly higher share than SME corporates (27%).
- Government spend on travel with ASATA-affiliated travel companies accounted for around R8,2bn in 2017 (21% of total turnover).
- The leisure market spent R7,8bn with ASATA-affiliated companies in 2017.
- Air travel accounted for 60% of all travel turnover – some R23,6bn from ASATA-affiliated travel companies in 2017.
- Nearly a quarter (22%) of total travel turnover was spent on accommodation/ venues, 7% on tour packages and 5% on car hire.
- Booking demand for air travel is influenced by holiday periods, with a reduced number of bookings in December, January, April and somewhat in July.
- For domestic flights, South African Airways is the top-selling airline by a considerable margin, followed by BA Comair and SA Airlink.
- South African Airways remains the top-selling airline for international flights, but Emirates the second-highest selling international airline also has a significant share of the market. British Airways, including BA Comair for regional flights, is the third-highest selling airline.
- Top South African destinations for air travel bookings, in order of demand are Johannesburg, Cape Town and Durban.
- Internationally, top destinations for air travel bookings are (in order of a number of segments booked): London, Dubai, Mauritius and Phuket.
- As with air travel, booking demand for accommodation is influenced by holiday periods, with a reduced number of bookings in December, January, April and somewhat in July. Except for the month of December, demand for international accommodation experienced fewer peaks and troughs when compared to the demand for domestic accommodation. Bookings for domestic room-nights peaked in September, October and November 2017.
- The top three domestic accommodation brands sold by ASATA-affiliated agencies in 2017 were the Protea/ Marriott Group, City Lodge Group and Tsogo Sun hotels.
- Internationally, the top-selling accommodation brand by South African travel companies is Hilton, followed closely by Marriott (including Protea) and then Holiday Inn and Radisson.

- Close to 9,000 people are directly employed in the travel sector. The sector is well represented by females and whilst not yet representative of the racial profile of the country, nearly two-thirds of employees are black.

### **Of all the travel sector employees:**

- 73% are female
- 64% are black
- 45% are black females
- 49% are travel consultants (without management responsibility)

"The Travel Market Index reveals insights into the business of outbound travel, providing ASATA-affiliated stakeholders with critical information that will help them grow their businesses and the travel sector's contribution to South Africa's economy.

"An executive summary, full report and B-BBEE profile of the travel industry will be made available to ASATA members, as well as industry stakeholders which need to understand the extent of the travel sector's contribution to the country and its economy," concludes de Vries.

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