

Tourism SMEs optimistic ahead of restriction-free holiday season

Three quarters (74%) of small business owners in the South African tourism sector are feeling optimistic as they head into the first restriction-free holiday season in two years, according to new research from small business platform Xero.



Image source: [Gallo/Getty](#)

Despite their optimism, small businesses - who make up the majority of South Africa's tourism industry - have a large gap to close with over three quarters (77%) experiencing at least a 21% drop in revenue over the last two years. On top of this, a third (34%) said a lack of financial skills was their number one challenge, with 35% calling for more government investment in helping them with digital skills and innovation.

Colin Timmis, South Africa country manager at Xero, says: "There is a lot riding on this tourism season. The sector is a big contributor to GDP and a third of those we surveyed are looking to hire in the next 12 months. But small businesses won't be able to grow without more support in key areas like digitisation, financial management, load shedding, and reducing late payments from big businesses."



Travel industry SMEs urged to invest in understanding the post-pandemic traveller

4 Nov 2022



Over a quarter (27%) of small business owners wanted to see greater effort from the government to attract more tourists to South Africa this peak season, so it's positive to see flight and visitor numbers on the rise.

Alderman James Vos, City of Cape Town's mayoral committee member for economic growth highlighted the promising uptick in tourist numbers: "Between November and December, we are expecting 184 international flights per week. This will increase to 191 flights per week between January and March next year, amounting to approximately 1.5 million two-way seats between next month and March, generating a whopping R7.9bn in tourism spend. This shows the potential for our

city's small business community this summer."

Barriers holding small businesses back

Most small business owners (96%) said that disruption from load shedding over the last few months has had a negative impact on them. And corporates are continuing to flout agreed payment terms, with 35% of tourism businesses experiencing late payments month-on-month.

Digital adoption is the key to driving growth

Just under half (44%) of businesses are planning to invest in digital skills and training within the next 12 months, but many are being left behind when it comes to adopting digital tools. More than a third (38%) of tourism businesses are still managing their finances on spreadsheets.

And with 32% citing poor tax compliance as one of their top financial challenges, many could be improving their outlook by using digital tools that help to automate tax filing and give them greater control over their cash flow.

Timmis continues: "It's worrying to see so many businesses still using spreadsheets or even paper to manage their finances. These businesses risk being left behind and will struggle to do simple things like apply for funding in the future if they don't adapt. Our country desperately needs to invest in and promote the benefits of technology."

For more, visit: <https://www.bizcommunity.com>