Nelson Mandela Bay Tourism

Tourism Research Report

Quarter 1: Jan – March 2011

Table of Contents Page

List of Tables Page

NMBT Tourism Research Report

Q1 January – March 2011

1. Introduction

Prior to 2010, SA Tourism could only report on foreign visitor arrivals as there was no way of separating out day visitors from the overall arrivals. In 2009, Statistics SA for the first time was able to make the distinction between tourists and day visitors and started a data series for tourist arrivals that was aligned to the globally accepted definition of a tourist. As a result of this change, the weighting methodology has been revised and the results in this report are now not comparable to previous reports. The SA Q1 2010 report represents the beginning of a new series of Quarterly Reports and is identified by its green tables on the front page.

NMBT Quarterly Tourism Reports will be based on an analysis of secondary and primary research data. Comparative SA Quarterly Reports from 2004 to 2008 are included in this report for historic purposes.

2. Tourism Business Index (TBI)

The Tourism Business Index ("**TBI**") is an initiative of the Tourism Business Council of South Africa. It is sponsored by First National Bank, and is compiled by Grant Thornton. The purpose of the TBI is to provide individual tourism businesses with regular, up-to-date information on the performance of tourism businesses, including the outlook for performance over the next three months. It therefore tracks actual recent business performance in the sector and is an indicator of prospects for short-term future performance.

It is a business index that focuses on the performance and profitability of businesses operating in the sector, as opposed to a sector performance index. While in many instances the subtle distinction between the two approaches would not manifest in different indices, in certain circumstances, they may be different. For example, if there is significant over-capacity in the industry, business performance can be weak, while the industry could be experiencing strong growth and making an increasing contribution to GDP. As the TBI tracks and forecasts tourism business performance, it is not separated into domestic and foreign tourism. Many tourism businesses host or handle both inbound and domestic tourists and therefore demand and characteristics in both major markets are inextricably linked to business performance. The information is designed to help individual businesses understand the current tourism operating environment and plan for the likely future tourism industry environment.

For the first quarter of 2011 the TBI registered a performance index of 79.6 against a normal of 100. When compared to the expected industry performance index of 89.1 for the first quarter of 2011, the tourism industry overall has performed significantly worse than expected. Both the accommodation and other tourism business sectors performed worse that what was anticipated for the first quarter of 2011. The accommodation sector performance index for the first quarter of 2011 was 85.3. When compared to the expected performance index of 93.7, for this quarter, the result indicates that overall accommodation businesses have had a poor quarter compared to their expectations, and are operating well below normal levels.

Surprising then is the bullish outlook of the accommodation sector for the second quarter of 2011. Operators have recorded an expected performance index of 94 for the accommodation sector in the second quarter of 2011.

This poor accommodation sector performance index is largely influenced by the large hotel and lodge groups which, during the first quarter of 2011, performed well below normal. The accommodation index was also depressed by the worse than normal performance experienced by B&Bs and guest houses and the smaller independent hotels, self-catering and camping operators and game lodges. In contrast, the timeshare and large self catering group operators actually recorded higher than normal levels of performance.

Other tourism businesses had the lowest performance during the first quarter of 2011 with an index of 75.1. Once again, when this performance is compared to the sectors expected performance index of 91.9 for the first quarter, and this sector of the tourism industry therefore performed much worse than had been expected.

3. Foreign Tourism Bed Nights spent in South Africa

Table 1: Total Foreign Tourism Bed Nights spent in SA - Provincial Distribution

Rank	Province	Bed Nights 2008	Bed Nights 2009	Bed Nights 2010
1.	Gauteng	25,457,000 (33.8%)	26,854,000 (37.5%)	
2.	Western Cape	21,077,000 (28.0%)	17,924,000 (25.1%)	
3.	KwaZulu Natal	8,426,000 (11.2%)	7,458,000 (10.4%)	
4.	Mpumalanga	5,387,000 (7.2%)	4,773,000 (6.7%)	
5.	Eastern Cape	3,898,000 (5.2%)	3,090,000 (4.3%)	
6.	Free State	4,909,000 (6.5%)	4,588.000 (6.9%)	
7.	Limpopo	3,429,000 (4.6%)	3,774,000 (5.3%)	
8.	North West	2,023,000 (2.7%)	2,087,000 (2.9%)	
9.	Northern Cape	684,000 (0.9%)	653,000 (0.9%)	
	TOTAL	**75,294,000 (100%)**	**71,522,000 (100%)**	

(Source: Compiled from SA Annual Tourism Reports)

The above table indicates that on average the Eastern Cape has about 4% and 5% share of the total foreign tourist bed nights spent in South Africa.

The current concern is that the Eastern Cape has dropped from sixth to seventh place as a provincial destination for foreign tourists. This is reflected in the bed nights spent in the province compared to the other provinces. Once the SA Annual Tourism Report 2010 has been released then it will confirm if this downward trend is continuing, has stabilized or has improved.

Table 2: Foreign Tourism Bed Nights spent in the Eastern Cape Province

Quarter	Q1	Q2	Q3	Q4	Total	Distribution %
2004	917,681	784,864	816,563	950,072	3,469,180	7.5%
2005	948,778	754,971	833,718	1,238,363	3,775,830	7.5%
2006	1,233,708	953,195	856,998	1,215,273	4,259,174	6.4%
2007	1,146,204	754,347	1,031,012	1,020,437	3,952,000	5.8%
2008	1,147,693	853,543	908,941	988,346	3,898,523	5.2%
2009	874,950	687,767	751,475	776,223	3,090,415	4.3%
2010	734,670	758,487	826,003	1,049,310	3,368,470	5.1%
2011						

(Source: SA Tourism Index Quarterly Reports)

The SA Tourism Index for Q1 of 2011 has not been released yet.

Table 3: Accommodation Usage Foreign Tourism Bed Nights in South Africa

Accommodation Type	2007	2008	2009	2010
Hotels	13,894,191	13,326,332	13,725,139	
Guest Houses	4,892,735	5,714,942	5,958,392	
Bed & Breakfasts	3,692,741	3,519,622	3,270,380	
Game Lodges	2,767,692	2,752,308	2,347,136	
Self-catering units	7,979,865	10,006,047	8,576,622	
VFR	28,314,501	31,425,358	30,594,458	
Backpacking Hostels	2,794,567	3,670,936	2,737,323	
Camping & Caravan Parks	954,955	898,283	692,949	
Other	2,919,513	3,980,724	3,300,033	
TOTAL	**68,210,760**	**75,294,552**	**71,202,432**	

(Source: Compiled from SA Annual Tourism Reports)

The above table indicates that visiting friends and relatives account for 43% of the foreign tourist bed nights spent in South Africa followed by hotels with 19% of the foreign tourist bed nights.

However, tourists can be counted more than once e.g. a foreign tourist staying with friends and relatives in South Africa (unpaid accommodation) could also visit a nearby national park and stay overnight (paid accommodation), attend a three-day conference in another city or town (business tourism), and also conduct business in another city or town (business travel).

This is why the yardstick for measuring tourism growth is bed night sales rather than headcounts. However, foreign arrivals can be counted individually because each arrival has to complete a form on arrival and departure for the Department of Internal Affairs.

4. National Tourist Accommodation Statistics

Table 4: National Tourist Accommodation Statistics by Accommodation Type

Accommodation Type	January 2011	February 2011	March 2011
Hotels			
Average Occupancy	41.9%	51.2%	52.4%
Average Income Accommodation Sales	R 537.60	R 615.80	R 665.00
Average Income from Restaurant & Bar Sales	R 218.80	R 256.10	R 295.00
Other Income	R 270.30	R 259.70	R 291.80
Total Income	R1,026.70	R1,131.60	R1,251.80
Caravan Parks & Camping Sites			
Average Occupancy	12.1%	12.1%	17.6%
Average Income Per Stay Unit Sold	R 192.90	R 108.60	R 192.40
Guest-houses & Guest-farms			
Average Occupancy	49.50%	48.1%	45.8%
Average Income Accommodation Sales	R 498.90	R 501.70	R 467.90
Other Accommodation			
Average Occupancy	42.40%	45.20%	45.8%
Average Income Accommodation Sales	R 272.20	R 240.90	R 290.30
Average Income from Restaurant & Bar Sales	R 46.60	R 55.70	R 55.40
Other Income	R 34.00	R 27.60	R 32.30
Total Income	R 352.80	R 324.20	R 378.00

(Source: Compiled from Statistics SA Tourist Accommodation Monthly Release)

The results presented in the Stats SA statistical releases are derived from the monthly survey of the tourist accommodation industry. The survey is based on a sample of approximately 900 enterprises using stratified simple random sampling. The survey is conducted by mail, fax and telephone.

A stay unit is the unit of accommodation available to be charged out to guests, for example, a powered site in a caravan park or a room in a hotel.

Other accommodation includes lodges, bed & breakfast establishments, self-catering establishments and other establishments not elsewhere classified.

The average rate per stay unit is calculated by dividing the total income from accommodation by the number of stay unit nights sold in the survey period.

The occupancy rate is the number of stay unit nights sold, divided by the product of the number of stay units available and the number of days in the survey period, expressed as a percentage.

5. NMBT Local Tourist Accommodation Statistics Q1 January to March 2011

Table 5: NMBT Accommodation Statistics January 2011

	Facilities	Available Beds	Bed Nights Sold	Average Bed Occupancy	Average Bed Rate	Total Income
Hotel	33	5638	47,816	29.27%	R498.79	R23,850,082
Self-Catering	105	3971	58,612	49.2%	R235,53	R13,804,875
B & B	108	1546	22,429	48.36%	R349,11	R 7,830,317
Guest Houses	141	2137	29,016	45.26%	R321,52	R 9,329,284
Camping & Caravan	5	1448	39,787	91.59%	R158,37	R 6,310,019
Backpacker Lodges	14	757	9,288	40.90%	R130,86	R 1,215,479
TOTAL	**406**	**15,497**	**206,948**			**R62,331,055**

Table 6: NMBT Accommodation Statistics February 2011

	Facilities	Available Beds	Bed Nights Sold	Average Bed Occupancy	Average Bed Rate	Total Income
Hotel	33	5638	70,103	40.71%	R 401,80	R28,167,233
Self-Catering	105	3971	53,930	45.27%	R 286,36	R15,443,438
B & B	108	1546	21,695	46,99%	R 377,33	R 8,186,281
Guest Houses	141	2137	34,835	54,21%	R 334,52	R11,653,120
Camping & Caravan	5	1448	14,930	34,37%	R 158,37	R 2,364,516
Backpacker Lodges	14	757	8,294	36,52%	R 142,44	R 1,181,353
TOTAL	**406**	**15,497**	**203,787**			**R66,995,941**

Table 7: NMBT Accommodation Statistics March 2011

	Facilities	Available Beds	Bed Nights Sold	Average Bed Occupancy	Average Bed Rate	Total Income
Hotel	33	5740	69,810	40,54%	R411,08	R28,697,446
Self-Catering	105	3971	56,289	47,25%	R265,56	R15,004,376
B & B	108	1539	19,498	42,23%	R366,93	R 7,154,251
Guest Houses	141	2142	29,553	45,99%	R342,00	R10,107,186
Camping & Caravan	5	1448	19,313	44,46%	R158,37	R 3,058,667
Backpacker Lodges	14	747	8,344	36,74%	R152,95	R 1,276,162
TOTAL	**406**	**15,587**	**202,807**			**R65,298,087**

Table 8: NMBT Accommodation Statistics Consolidated Q1 2011

	Facilities	Available Beds	Bed Nights Sold	Average Bed Occupancy	Average Bed Rate	Total Income
Hotel	33	5706	187,728	36.56%	R437.22	R82,079,227
Self-Catering	105	3971	168,831	47.24%	R262.82	R44,371,610
B & B	108	1541	63,622	45.86%	R364.46	R23,187,550
Guest Houses	141	2140	93,405	48.49%	R332.68	R31,073,878
Camping & Caravan	5	1448	74,030	56.81%	R158.37	R11,724,202
Backpacker Lodges	14	747	25,926	38.05%	R142.08	R 3,683,615
TOTAL	**406**	**15,563**	**613,543**			**R196,120,082**

(Source: Compiled from NMBT Data Capture)

5.1 Foreign to Domestic Tourist Ratio NMB Accommodation

Table 9: Foreign to Domestic Tourism Ratio Overnight Visitors NMB Q1 2011

	Foreign Tourists	Domestic Tourists	Av Length of Stay
Hotel	30%	70%	1 to 2 nights
Self-Catering	2%	98%	N/A
B & B	10%	90%	2 to 3 nights
Guest House	15%	85%	2 to 3 nights
Country Lodge Luxury	70%	30%	1 to 2 nights
Backpacker Lodge	90%	10%	1 to 2 nights

(Source: Compiled from NMBT Data Capture)

Table 10: Foreign to Domestic Tourism Ratio Overnight Visitors NMB Q2 2011

	Foreign Tourists	Domestic Tourists	Av Length of Stay
Hotel			
Self-Catering			
B & B			
Guest House			
Country Lodge Luxury			
Backpacker Lodge			

(Source: Compiled from NMBT Data Capture)

Table 11: Foreign to Domestic Tourism Ratio Overnight Visitors NMB Q3 2011

	Foreign Tourists	Domestic Tourists	Av Length of Stay
Hotel			
Self-Catering			
B & B			
Guest House			
Country Lodge Luxury			
Backpacker Lodge			

(Source: Compiled from NMBT Data Capture)

Table 12: Foreign to Domestic Tourism Ratio Overnight Visitors NMB Q4 2011

	Foreign Tourists	Domestic Tourists	Av Length of Stay
Hotel			
Self-Catering			
B & B			
Guest House			
Country Lodge Luxury			
Backpacker Lodge			

(Source: Compiled from NMBT Data Capture)

6. Foreign Tourism Source Markets

Table 13: Foreign Tourist Arrivals SA Source Markets - Growth Trends 2005 - 2009

Country of Residence	2005	2006	2007	2008	2009	Growth %
United Kingdom	469,599	488,032	497,697	485,166	486,692	3.6%
Germany	249,504	258,517	254,934	238,306	210,917	-15.5%
USA	233,417	254,757	276,941	287,438	262,866	12.6%
Netherlands	116,244	124,689	129,022	128,097	122,604	5.5%
France	101,139	106,088	115,074	127,956	116,517	15.2%
Australia	77,238	89,396	95,571	100,133	92,650	19.9%
South America	47,818	54,421	57,473	62,988	65,211	36.4%
Canada	40,818	48,860	52,879	56,904	51,765	26.8%
Italy	51,464	53,605	54,807	55,545	59,899	16.4%
India	36,045	44,337	51,823	51,929	61,007	69.3%
Total Top 10	**1,423,286**	**1,522,702**	**1,586,221**	**1,594,462**	**1,530,128**	**7.5%**
Middle East	33,551	36,724	41,186	45,786	44,626	33.0%
Sweden	35,619	39,149	42,772	44,050	38,953	9.4%
Belgium	38,502	40,052	42,643	42,276	40,864	6.1%
Ireland	36,335	38,124	42,179	42,015	38,605	6.2%
China	44,228	41,962	47,378	40,320	45,326	2.5%
Switzerland	39,069	41,376	38,110	36,607	35,090	-10.2%
Spain	26,996	31,021	31,035	33,883	31,445	16.5%
Portugal	29,846	28,548	29,669	31,762	35,879	20.2%
Japan	27,284	31,989	31,855	27,621	24,655	- 9.6%
Denmark	21,027	24,892	26,010	26,747	24,718	17.6%
Total Next 10	**332,457**	**353,837**	**372,837**	**371,067**	**360,161**	**8.3%**
Rest of Overseas	183,471	202,165	216,460	216,601	205,036	
Total Overseas	**1,939,214**	**2,078,704**	**2,175,518**	**2,182,130**	**2,095,325**	**8.0%**
Africa by Air	376,157	247,000	280,831	306,961	209,052	
Africa by Land	4,997,510	6,037,344	6,626,731	7,022,142	7,553,869	
Total Africa	**5,373,667**	**6,284,344**	**6,848,640**	**7,329,103**	**7,762,921**	**44.0%**
Unspecified	55,861	32,785	48,987	61,071	75,720	
Grand Total	**7,368,742**	**8,395,833**	**9,090,881**	**9,591,828**	**9,933,966**	**34.8%**

(Source: Table compiled from SA Annual Tourism Reports)

The column under the heading growth percentage indicates volume growth over a five year period from 2005 to 2009. Germany, once the second most important source market for South Africa, has moved from stagnation to a declining market. This is an indication that key long-haul tourism markets are travelling much closer to home. The US market is now the second most important source market for South Africa averaging a growth rate of nearly 3% per annum. India, a short-haul tourism market, is fast becoming a major growth market for South Africa averaging a growth rate of 14% per annum. After stagnating at a growth rate of about 1.5% per annum compared to the top ten overseas tourism markets, Africa has picked up and is now averaging a growth rate of 9% per annum.

Table 14: Provincial Distribution Foreign Visitors to the Eastern Cape

The table below indicates the provinces visited by foreign tourists but not where nights were spent. This is an indication of potential foreign tourism source markets.

	2005	2006	2007	2008	2009	2010
Africa & Middle East	**3%**	**2%**	**1.8%**	**1.0%**	**0.8%**	
Lesotho	3%	4%	2.3%	-	-	
Malawi	10%	8%	3.9%	-	-	
Mozambique	7%	2%	0.5%	0.8%	0.7%	
Namibia	-	-	-	3.1%	-	
Nigeria	7%	-	4.3%	-	-	
Zambia	13%	5%	4.3%	-	-	
Zimbabwe	3%	3%	2.8%	1.6%	1.4%	
Other Africa & Middle East	7%	5%	5.0%	4.7%	3.3%	
Americas	**16%**	**15%**	**13.9%**	**13.2%**	**12.7%**	
Brazil	13%	9%	10.9%	9.6%	7.0%	
Canada	19%	18%	16.4%	16.5%	14.6%	
USA	16%	16%	13.9%	13.3%	13.6%	
Other Americas	16%	9%	12.0%	9.6%	8.2%	
Asia & Australasia	**10%**	**9%**	**10.0%**	**7.3%**	**7.5%**	
Australia	15%	14%	15.5%	12.6%	12.8%	
China	6%	8%	6.3%	3.5%	4.2%	
India	7%	5%	4.9%	4.3%	4.6%	
Other Asia & Australasia	11%	10%	11.1%	6.7%	6.8%	
Europe	**24%**	**23%**	**20.7%**	**19.2%**	**18.4%**	
France	23%	18%	15.3%	10.6%	7.1%	
Germany	29%	28%	29.0%	24.7%	24.7%	
Italy	24%	22%	15.6%	17.5%	14.5%	
Netherlands	27%	28%	25.0%	25.6%	24.7%	
Sweden	35%	21%	25.2%	20.3%	18.6%	
United Kingdom	20%	21%	18.3%	18.4%	18.7%	
Other Europe	22%	20%	18.1%	17.5%	16.2%	
All Foreign Tourists	**8%**	**7%**	**5.7%**	**4.2%**	**3.7%**	

(Source: Compiled from SA Tourism Annual Reports)

The figures in the above table do not represent market share but rather indicate provincial visitation from source markets based on the percentage of tourists who visit the Eastern Cape Province from the respective source markets. **The objective of destination marketing is to convert visits into overnight stays**. The Eastern Cape receives about 4.0% of the total foreign visitors to South Africa of which Europe is the main source market (18.4%). Only about 1% of visitors from the African countries visit the Eastern Cape mainly because the source markets from within Africa are not neighbouring countries e.g. provinces such as Western Cape, Limpopo, Mpumalanga, KZN and North West Province receive cross-border visitors from Namibia, Botswana, Zimbabwe and Mozambique.

7. SA Tourism Country Reports

SA Tourism compiled comprehensive Country Reports in 2010. These reports are designed to help market South Africa in foreign countries. The reports provide about 80 pages of relevant information. Currently the following country reports are available for downloading from the SA Tourism website: www.southafrica.net

- Marketing SA in Italy
- Marketing SA in India
- Marketing SA in Germany
- Marketing SA in Africa
- Marketing SA in Australia
- Marketing SA in Brazil
- Marketing SA in Canada
- Marketing SA in China
- Marketing SA in France
- Marketing SA in Japan
- Marketing SA in Sweden
- Marketing SA in the Netherlands
- Marketing SA in the UK
- Marketing SA in the USA

However, summary profiles and the latest tourism trends in these country markets will be included in the NMBT Quarterly Tourism Research Reports.

As an example, a current market profile and summary of consumer trends in the Italian market are included on the next page. For more detailed information readers should download the SA Tourism country report on Marketing SA in Italy.

7.1 Market Profile and Consumer Trends in the Italian Market

Italy is the 11th largest economy in the world based on a gross domestic product (GDP) of US $1.78 trillion in 2010. A rise in exports and investment, driven by the global economic recovery helped the economy to grow by about 1% in 2010 following a 5% contraction in 2009. The global recession worsened conditions in Italy's labour market, with unemployment rising from 6.2% in 2007 to 8.4% in 2010. In the long-term, Italy's low fertility rate and quota-driven immigration policies will put even more strain on its economy. This could adversely affect future travel from Italy.

Italy is a leading outbound travel market
Italy is the 6th largest outbound travel market after Germany, USA, the UK, France and Canada. Outbound travel from Italy has increased from 22 million travellers in 2000 to 29 million in 2009. This represents an average growth rate of 3.1% per annum, according to the *United Nations World Tourism Organisation* (UNWTO).

Italians are big spenders
Italians spent US $34.3 billion dollars on total outbound travel in 2009 or an average of US $1,181.31 per traveller. This represents a decline of 9.2% over 2008. Business travel was hit the hardest. Expenditure on outbound business travel form Italy declined by 15.6% from US $10.2 billion in 2008 to US $8.6 billion in 2009. Leisure travel declined by 7% over the same period. Prior to the global recession, total outbound expenditure from Italy was growing at a pace of 8.6% per annum between 2005 and 2008.

Italians travel closer to home
Short-haul or regional travel from Italy accounts for 88% of total outbound travel (Europe and Mediterranean). 7% of Italian long-haul trips are to Northern Africa followed by Asia/Pacific (4%), North America (4%) and the Caribbean and South America each accounting for 2%.

Italians love to holiday abroad
Three quarters of all outbound trips from Italy are for holiday purposes, 17% for business tourism purposes (MICE) and 9% for visiting friends and relatives (VFR) and other leisure purposes.

Holiday preferences of Italians
The holiday types that Italians prefer are tours (37%), sun and beach holidays (26%), city breaks (15%), cruise (3%), spa and wellness (2%) and winter sports (1%). Italians enjoy relaxing (77%), sunbathing (70%), and enjoying nature (39%) while on holiday, according to *World Travel Monitor*.

Future outlook
The future prospects for the Italian outbound travel market are moderate. Italy is a relatively mature travel market. With a slow economy and declining population base, do not expect any significant growth in travel volume from this market. *Source: UNWTO, 2011*

8. Domestic Tourism

A section on Domestic Tourism is now included in the SA Annual Tourism Reports. Based on the figures it is assumed that the drop in the number of domestic tourism trips in 2009 was for economic reasons i.e. less disposable income. The majority of domestic tourists spend their holidays with friends and relatives (unpaid accommodation) rather than in paid accommodation.

Inter-provincial is travel between provinces and intra-provincial is travel within the province by local residents. The main domestic tourism source markets for the Eastern Cape are: Gauteng, Free State and Western Cape.

Table 15: Domestic Tourism Trends Inter and Intra Provincial Distribution 2007 - 2008

Province	Total Trips 2007	Trips Inter 2007	Trips Intra 2007	% Inter 2007	Total Trips 2008	Trips Inter 2008	Trips Intra 2008	% Inter 2008
KwaZulu-Natal	10.4m	2.0m	8.4m	19.0%	10.4m	2.9m	7.5m	28.0%
Eastern Cape	6.2m	1.8m	4.3m	29.0%	5.4m	1.5m	3.9m	28.0%
Gauteng	5.1m	3.4m	1.7m	67.0%	4.8m	2.7m	2.1m	56.0%
Western Cape	4.5m	1.5m	3.1m	33.0%	4.1m	1.4m	2.7m	34.0%
Limpopo	2.7m	1.3m	1.4m	48.0%	2.4m	1.6m	0.8m	67.0%
Mpumalanga	2.2m	1.2m	0.9m	55.0%	2.2m	1.7m	0.5m	77.0%
Free State	2.2m	1.2m	1.0m	55.0%	1.5m	1.2m	0.3m	80.0%
North West	2.0m	1.3m	0.7m	65.0%	1.3m	0.9m	0.3m	69.0%
Northern Cape	0.6m	0.3m	0.3m	50.0%	0.9m	0.4m	0.4m	44.0%

(Source: Compiled from SA Domestic Tourism Reports)

Table 16: Domestic Tourism Trends Inter and Intra Provincial Distribution 2009 - 2010

Province	Total Trips 2009	Trips Inter 2009	Trips Intra 2009	% Inter 2009	Total Trips 2010	Total Inter 2010	Total Intra 2010	% Inter 2010
KwaZulu-Natal	8.8m	1.1m	7.7m	12.0%				
Eastern Cape	5.7m	1.3m	4.4m	22.0%				
Gauteng	5.0m	3.4m	1.6m	68.0%				
Western Cape	3.5m	1.2m	2.3m	34.0%				
Limpopo	1.9m	0.9m	1.0m	47.0%				
Mpumalanga	1.7m	0.6m	1.1m	38.0%				
Free State	1.7m	0.9m	0.8m	54.0%				
North West	1.4m	1.0m	0.4m	70.0%				
Northern Cape	0.6m	0.2m	0.4m	35.0%				

(Source: Compiled from SA Domestic Tourism Reports)

Domestic tourists made 30.3 million trips in 2009. Inter-provincial tourism accounted for 10.6 million of the total domestic tourism trips in 2009. The above tables indicate quite clearly that Gauteng (3.4m trips), KZN (1.1m trips) and Western Cape (1.2m trips) are the main inter-provincial domestic tourism source markets for the Eastern Cape Province.

These three provinces supply 54% (5.7m trips) of the inter-provincial domestic tourism trips. Intra-provincial tourism accounted for 65% (19.7m trips) of the total domestic tourism trips made in 2009.

NMBT is currently investigating a methodology for calculating the number of domestic tourism trips to Nelson Mandela Bay. It is significant that 78% of domestic tourism trips made in the Eastern Cape Province are intra-provincial (country-to-coast and coast-to-country movement).

Table 17: Domestic Overnight Trips to the Eastern Cape Province

	2007	**2008**	**2009**	**2010**
Total number of overnight travelers	6.2m	5.4m	5.7m	
Total revenue generated	R2.9bn	R3.1bn	R4.3bn	
Average revenue per trip	R530	R570	R740	
Ave number of nights per trip	5.0 nights	5.0 nights	4.5 nights	

(Source: Compiled from SA Domestic Tourism Reports)

Table 18: Domestic Day Trips to the Eastern Cape Province

	2007	**2008**	**2009**	**2010**
Total number of day trip travelers	9.7m	11.5m	11.5m	
Total number of day trips	23.8m	30.6m	28.6m	
Total revenue generated	R8.7bn	R7.3bn	R8.2bn	
Average revenue per trip	R366	R239	R287	
Average number of trips per traveler	2.4 trips	2.7 trips	2.5 trips	

(Source: Compiled from SA Domestic Tourism Reports)

8.1 Developing an Economic Model for Domestic Tourism Day Trips

It would appear from the above tables that in South Africa for every overnight domestic tourist there are five domestic day trips (28.6 million day trips divided by 5.7 million overnight stays).

However, before applying this 1 to 5 ratio model to Nelson Mandela Bay further research will be undertaken to benchmark this ratio against other destinations around the world where domestic tourism statistics are available.

9. NMBT Visitor Information Centre (VIC) Statistics

The NMBT Visitor Information Centres receive enquiries via telephone calls, walk in visitors, and emails. These enquiry statistics are an indicator of visitor activity but should not be used to measure tourism growth from source markets.

As an example, a coach full of foreign tourists might deliver its passengers to the Port Elizabeth International Airport without spending one night in Port Elizabeth. These passengers will be counted as foreign day visitors but not overnight foreign tourists. Some might visit the VIC at the airport but many will not.

Table 19: VIC Statistics Q1 (January, February, March)

	Donkin	Boardwalk	Uitenhage	Airport	Total
Q1 2009	611	4232	839	989	6671
Q1 2010	453	1942	338	1418	4151
Q1 2011	992	1380	310	2059	4741

Table 20: VIC Statistics Q2 (April, May, June)

	Donkin	Boardwalk	Uitenhage	Airport	Total
Q2 2009	878	2679	346	1057	4960
Q2 2010	927	1371	432	2720	5450
Q2 2011					

Table 21: VIC Statistics Q3 (July, August, September)

	Donkin	Boardwalk	Uitenhage	Airport	Total
Q3 2009	1004	1888	601	1261	4754
Q3 2010	979	1197	267	1823	4266
Q3 2011					

Table 22: VIC Statistics Q4 (October, November, December)

	Donkin	Boardwalk	Uitenhage	Airport	Total
Q4 2009	1071	3117	972	1588	6748
Q4 2010	929	1176	268	1339	3712
Q4 2011					

With reference to the nature of enquiries, the top ten enquiries received at all the NMBT Visitor Information Centres for Q1 included the following: SA National Parks, Internet Café, Browsing, Map, Attractions, Other Regions, Accommodation, Directions, Brochures, and Information Links.

10. NMBT Economic Impact Assessment of Conferences and Events

NMBT is currently developing an economic model for assessing the impact of all conferences and events hosted in Nelson Mandela Bay.

Table 23: Conferences and Events hosted in NMB Q1 2011

Number of Conferences Q1	Origin of Delegates	Number of Delegates
74	Local National International **Total**	8786 307 15 **9108**
Number of Events Q1	**Origin of Participants**	**Number of Participants**
16	Local National International **Total**	3272 1919 169 **5360**

(Source: Compiled from NMBT data capture)

10.1 Development of an Economic Model

At this stage, while the economic model is still work in progress, the model assumes a local spend of R200 per day for local conference delegates and event participants excluding registration fees. The model assumes a spend of R2500 per day for international and national conference delegates and national and international event participants,

If the economic impact assessment methodology on Page 15 is applied to the data captured by NMBT, then conferences hosted by NMB contributed a total amount of **R3.2 million** and events contributed a total amount of **R3.8 million** to the local economy in Q1 of 2011. However, this estimate does not include the economic impact of print and electronic media coverage which is quite substantial.

Conferences

In Q1 2011, a total of 9108 delegates attended 74 conferences and meetings in NMB over a total period of 115 days. This works out at an average of 123 delegates per conference.

Events

In Q1 2011, a total of 5360 participants competed in 17 events in NMB over a total period of 22 days. This works out at an average of 335 participants per event.

It is estimated that the economic impact of conferences and events hosted in NMB for Q1 2011 contributed a total amount of R7 million to the local economy.

The impact of media coverage has to be sourced from various offline and online news search services such as News Clip and Media Tenor. The 2010 FIFA World Cup was broadcast to 40 billion TV viewers in 204 countries.

10.2 Methodology for Conferences and Events Assessment Q1 2011

Conferences

6888 **local delegates** attended 74 conferences over a period of 115 days
115 days divided by 74 conferences = an average of 1.6 days per conference
6888 local delegates x 1.6 days x R200 = R2.2 million

115 **national delegates** attended 7 conferences over a period of 21 days
21 days divided by 7 conferences = an average of 3 days per conference
115 national delegates x 3 days x R2500 = R862 500

15 **international delegates** attended 1 conference over a period of 3 days
3 days divided by 1 conference = 3 days per conference
15 international delegates x 3 days x R2500 = R112 500

Events

2615 **local participants** competed in 16 events over a period of 17 days
17 days divided by 16 events = an average of just over 1 day per event
2615 local participants x 1 day x R200 = R523 000

787 **national participants** competed in 11 events over a period of 16 days
16 days divided by 11 events = an average of 1.5 days per event
787 national participants x 1.5 days x R2500 = R2.9 million

142 **international participants competed** in 7 events over a period of 8 days.
8 days divided by 7 events = an average of 1.1 days per event
142 international participants x 1.1 days x R2500 = R390 500

These preliminary figures indicate quite clearly the value of attracting and hosting national and international conferences and events.

The injection of new expenditure has a multiplier effect within the Nelson Mandela Bay local economy. Archer (1976) identifies three components of a multiplier effect:

1. A *direct component* by the first round of expenditure.

2. An *indirect component* which increases revenue, employment and income due to the increased demand created by the first round of expenditure.

3. An *induced component* which increases employment, income and revenue still further due to local wages and salaries increasing local consumption.

The above estimates therefore only indicate the direct component and not the multiplier effect. The model will require further research and development. As a benchmark, the 2007 Society for Conservation Biology (SCB) international conference convened at NMMU which was attended by just over 1000 international delegates, yielded total direct cash injection of R12,1 million but stimulated an extra R16,5 million increase in gross output (*NMMU Department of Economics*).

11. Desktop Research Business Tourism UK

Various studies on the Business Tourism sector have been undertaken in the UK which provides an economic model for conference and event tourism impact assessments. One major study conducted interviews with over 900 delegates at 29 conferences. The average spend per delegate day was estimated at £240 (R2640) in 2001. This has subsequently been adjusted recently to allow for the impact of inflation.

At this stage of developing an economic model for assessing the impact of conferences and events hosted in NMB, the amount of R2500 average daily spend per visiting delegates and participants is a conservative estimate. More research on delegate and participant expenditure patterns needs to be undertaken before final acceptance of the model.

Table 24: Economic Impact Assessment of Business Tourism in the UK

Business Tourism Category	Estimated Value £	Estimated Rand Value
Conferences and meetings	£10.3 billion	R113.3 billion
Exhibitions and trade fairs	£ 9.3 billion	R102.3 billion
Incentive travel	£ 1.2 billion	R 13.2 billion
Corporate events & corporate hospitality	£ 1.0 billion	R 11.0 billion
Outdoor events	£ 1.0 billion	R 11.0 billion
Total	**£22.8 billion**	**R250.8 billion**

(Source: UK Business Tourism Partnership)

11.1 Business Tourism Venues UK

- 53% of all venues are hotels
- 9% are dedicated conference and training centres
- 2% are major purpose-built convention and exhibition centres
- 6% are academic venues
- 12% are multi-purpose venues (e.g. leisure centres, community centres)
- 18% are unusual or unique venues

11.2 Breakdown of Average Expenditure

Item	Percentage
Accommodation	40%
Meals	22%
Events	12%
Entertainment	10%
Travel at destination	9%
Activities	6%
Other costs	2%
Total expenditure per participant day	100%

(Source: UK Business Tourism Partnership)