



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

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NATIONAL ASSEMBLY:

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Mr M S F de Freitas (DA) to ask the Minister of Tourism:

(a) How is the new Marketing Investment Framework linked to the Tourism Recovery Plan, (b) what are the details of the new Marketing Investment Framework, particularly in response to the COVID-19 in the affected core markets, (c) how are travel restrictions going to affect the implementation of the new Marketing Investment Framework, (d) what are the new markets that have been incorporated in the new Marketing Investment Framework and (e) what is the focus of the new Marketing Investment Framework with regard to (i) African, (ii) Asian, (iii) European, (iv) North American and (v) South African markets?

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REPLY:

(a) In 2016/17, SA Tourism, in partnership with the Tourism industry, developed a Marketing Investment Framework (MIF) that was focused on identifying markets, optimising marketing investments across the identified target markets, and distributing resources to help meet the set objectives. Every three to five years, SA Tourism then reviews its portfolio in order to improve its ability to dynamically and effectively allocate and manage its budgets and resources

In 2020, SA Tourism initiated a revision of the Marketing and Investment Framework using 2019 as the base year to review the portfolio. The review came at an opportune time as the global markets are facing the challenges presented by COVID 19 pandemic. The framework will further assist in the implementation of the strategic interventions of the recovery plan. The

process of the review made use of key variables related to performance, outlook, South Africa's ability to win in the market, return on past investments, and other criteria.

It should be noted that the Tourism Recovery Plan is currently in the process of being submitted to cabinet.

- (b) Details of the new Marketing Investment Framework. The framework process considered four (4) main stages of evaluating the markets.

Level 0 - Data availability

For market prioritisation, the framework considered all the 54 countries in the continent, and shortlists markets based on their data availability across mandatory indicators such as Urban population, GDP PPP per capita purchasing power parity rates), currency exchange rate, political stability index and education index.

Level 1 - Attractiveness (The size of travel in each country and what drives it)

The purpose of this stage is to quantify which macroeconomic indicators are important in driving travel. Considered indicators in the final model were political stability index, GDP PPP (purchasing power parity rates), Inflation rate, Unemployment percentage, Inequality in income, Currency exchange rate, education index, urban population, internet penetration and proximity to SA.

Level 2 Travel potential

The purpose of this stage is to rate countries based on their travel potential. A regression model is developed using the following indicators such as total outbound trips, size of domestic trips, passport index, tourist outbound expenditure, propensity to travel short haul vs long haul, business outbound trips, holiday trips, spend in SA and length of stay in SA.

Level 3 – SA's ability to attract those markets

The purpose is to assess how easy would be for SA to operate in those countries. The indicators looked at visa regulation by SA. Furthermore, the model looked at SA's presence in those countries, trading across border index, airports with direct flight, average cost of travel, hygiene index (covid19)

- (c) The challenges of the unprecedented COVID-19 pandemic have decimated the ability of many of these source markets to travel to South Africa. Source market travel restrictions, international government regulations and slashed airline routes will continue to severely impact the ability of international travel to South Africa for several months to come. Consequently, the relative priority of the 24 markets (as mentioned in (d)) must be considered, in conjunction with dynamic and up to date information of variables that will affect the likelihood of travel from each market. This includes:

- COVID-19 pandemic severity and outlook: Which is detailed by the current total cases of COVID-19, the current growth rate of COVID-19 (measured as weekly change per 10 000 of the population), and the projected COVID19 growth rate for Quarter 1 of 2021.

- Government Stringency Index: Source market government policies to control the pandemic, such as border control, travel advisories which include quarantine (isolation), and local movement regulations which will influence the readiness of individuals to external travel.
- Accessibility: Level of impact of travel to and from South Africa (land, air and sea).
- Vaccination rollout: The pace, impact and resultant confidence levels for travel

(d) New markets that have been incorporated in the new Marketing Investment Framework.

In total, 24 markets / countries are identified for prioritisation, segmented into 16 “Growth” and 8 “Defend” markets, with an additional set of markets ear marked as “Watchlist”. The 24 prioritised markets accounted for 92% of all international trips in 2019. The selection, to meet the 21 million target, comprises:

- Eight (8) Africa Land markets
- Two (2) Africa Air markets
- Three (3) American markets
- Seven (7) European markets
- Four (4) Australasia and Middle East Markets (AAME)

The selection portfolio in 2019 accounted for

- 83% of holiday arrivals,
- 77% of MICE arrivals (Meetings Incentives Conference and Exhibitions)
- 92% of total international arrivals to South Africa in 2019

(e) For the next 12-15 months, given the fast-changing dynamic of the COVID-19 pandemic and related uncertainty, the broader South African Tourism strategic focus is on domestic, regional and select global markets. In each market, a dual business and leisure focus will be adopted, as follows:

(i) South African Markets

Accelerate domestic demand and associated revenue for sustained growth

(ii) African Markets (Land and Air Markets)

Develop break through communication and content that drive brand positivity messaging to increase arrivals and spend for sustainable growth.

(iii) Global Markets (Europe, Americas and Asia)

Return the core business to marketing.