

SPEECH DELIVERED BY MR MARTHINUS VAN SCHALKWYK
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OPENING OF THE TRAVEL CORPORATION 2010 INTERNATIONAL CONFERENCE

Programme Director

It is a great honour to welcome you to South Africa and for our country to be hosting 350 global tourism leaders at the Travel Corporation's once-a-decade international sales conference here in Cape Town.

2010 has really been a momentous year for tourism in our country. Not only did we have the privilege of hosting the 2010 FIFA World Cup, but we are also seeing exponential growth in foreign arrivals. Tourism plays a critical role in our economy. It is truly our new gold in developing South Africa as a society, economy and destination.

Overall, the World Cup was about more than hosting a great event in an exemplary fashion. Ultimately, it was about nation branding. It was about a country coming of age and standing its ground alongside other emerging economies; alongside the BRIC countries (Brazil, Russia, India and China), but also in the broader global community; and with the full exposure provided by an international stage and the global media networks.

As a country and a people, we were under a global magnifying glass for four weeks, and I believe we delivered. I believe this event placed us on a steady path towards the top 20 tourism destinations of the world. Domestically, we unlocked massive social capital: South Africans had fun together; we shared in the pride, and we broadcast our unity of purpose by waving our flag at an unprecedented scale.

But, it would be a big mistake to be complacent after this golden milestone. That is why we are continuing to ask how each of us, in Government and industry, can continue to turn this success story into further advantage for our country, our people and the business of tourism. In this respect you, our international partners, are highly valued. We appreciate your commitment to building South Africa through tourism.

This leads me to the broader theme that I want to address today, namely where we are heading over the next decade as a global tourism community. From the side of Government, we have outlined our thinking, which we have developed hand in hand with industry, on the overall direction for tourism, and the targets that we will strive to achieve in the medium term. This is captured in our Five Year Strategy for the growth of the sector.

But where should we focus the attention of our national tourism project over the next decade or two? What kind of tourists should we target? Where would they come from? How will we reach them?

These are critical questions that Government and industry continuously grapple with in its planning, such as the regular portfolio reviews by SA Tourism, the Tourism Competitiveness Study and the country's broader foreign policy.

Peeking at this crystal ball is, of course, a risky business and not an exact science. I believe, after the global financial crisis, we all understand very well how important our risk management approach has been to balance our efforts of developing global markets, and unlocking the domestic, neighbouring and core short-haul markets. Into the future, we will continue to build our domestic market as a driver of value, and the mainstay of sustainability in the tourism sector.

Also, we understand very well that the consumer has changed. In our traditional markets, people face later retirements; they are more price-conscious, and they are very likely to travel closer to home and for shorter periods – a direct consequence of the destruction of trillions of dollars of wealth worldwide, followed by an uneven recovery. Some of our international markets have reached maturity, and some are following the broader global economic trend of a decline in outbound travel.

Just last month, we heard that China's economy has now surpassed that of Japan, officially making China the world's second-largest economy. With 11 million arrivals, China has overtaken Japan as the leading Asian tourism source market to Europe in 2008 already.

The good news is that these changes bring new opportunities as well. The United Nations World Tourism Organisation (UNWTO) Tourism 2020 Vision forecasts that international arrivals will reach nearly 1,6 billion by the year 2020 – 1,7 times the number recorded in 2008. Of these, 378 million will be long-haul.

The rise of the BRIC countries, coupled with their faster rebound from the 2008/9 financial crisis when compared to the advanced economies, have major implications for future travel and tourism patterns. And to stay ahead of the game into the next decade, we must seize these opportunities. The growing middle-income countries will become the leading outbound markets of the future.

All indications are that, by 2050, China's economy will be some 70% larger than that of the USA, with India's economy being the third-largest, followed by Brazil, Russia, and only then by the UK, Japan, France and Germany. This does not render the traditional markets insignificant, and income per capita in these markets will still overshadow those in the emerging markets. But overall, the long-term opportunity lies in the fact that we have not yet reached peak growth in the world middle class; that the middle class will increasingly be found in China, India, Africa and Latin America, and that the share of discretionary spending and consumption in these markets will increase dramatically.

Where we are, here at the southern tip of this amazing continent, I certainly do not need to emphasize why we should radically grow our share of intra-African tourism.

We also need to prepare for a new decade, in which the ageing baby-boomer market of Europe and the USA will decline as they move into a consolidation phase of their lives. Some will still travel, but their travel preferences will change. Ahead of us lies a decade in which we will have to compete for the new emerging travellers from those regions, but, increasingly important, also from other parts of the world. What is more, we will have to compete while preserving our value-for-money, experience-based offering.

The existing range of products and experiences that our destination offers needs little elaboration. This is our bread and butter. However, this does not mean that we should not also be exploring new frontiers in product innovation – whether we do that through the development and packaging of niche and/or theme-based tourism products; pursuing a more aggressive events and convention strategy; packaging even more authentic cultural and nature-based experiences, and so forth.

With the changing demographics of travellers, there are new opportunities for industry as well. Just witness the post-recession global market for ‘voluntourism’, where cash-strapped, time-rich young people become ‘funemployed’; the growing appeal of female-only hotels; the emergence of hip, urban ‘pop-up’ hotels, which have the co-benefit of regenerating deprived areas; the popularity of ‘nano breaks’ – one-night holidays by cash-strapped travellers in tough economic times; the emergence of food and wine tourism, and lifestyle-choice extreme sports, such as surfing, base-jumping and rock-climbing, and the latent potential to roll out concierge travel services to a much broader market. Some of these innovations were unthinkable a decade ago, but suddenly, they hold much potential for global travel in the next decade.

Programme director, over the next two decades, we would not only have to find new offerings for new consumers in new markets, but we would also need to find new ways of communicating with them.

Every tourist will have to become our salesperson. Viral marketing will be key, as will be e-marketing campaigns of a more social nature: Twitter, Facebook, Flickr, and whatever comes next. We will have to move even faster to adopt the new technologies that make long-haul destinations more accessible in the global market place, such as providing information and online booking services. In Europe, the percentage of online bookers has already risen to 45%, and in China, there is a strong trend towards self-tailoring of holiday packages.

Consumers will also demand that we do much more to deploy technologies that ‘take the hassle out of travel’ through paperless check-in, online visa applications, mobile maps, social networks, virtual 3D tours, blogs and podcasts. A recent survey revealed that more than 60% of corporate and leisure travellers already use mobile handheld devices for flight notifications, weather forecasts, finding hotel locations and travel guides.

All of this does of course not mean that we should suddenly neglect more conventional sources of

expert information, and the role of traditional travel agents in providing customer service, but it does point to a need to be flexible as we move with the times.

Finally, industry would have to change the way it does business in a carbon-constrained world. I believe that, in far less than a decade, a low-carbon value chain for the tourism sector will be an increasingly important driver of competitiveness.

Not only will industry in the near future be faced with changing preferences of consumers who want to travel responsibly, as well as increased shareholder activism, but, from the side of Government, they can also expect a much tighter regulatory framework on issues of the green economy. Consumer and shareholders may not be at that point yet, but it is not far off.

We need to challenge ourselves continuously to understand our consumers better; to position ourselves in emerging markets before the space becomes overcrowded; to master the new technologies that will give us a competitive edge; to innovate on the supply side, and to do all of this in a more environmentally sustainable way.

By way of conclusion, allow me to thank the Tollman family for choosing South Africa, their home country, for the 2010 TTC Conference. We appreciate your commitment to the future of our nation. Also allow me to invite each and every delegate to utilise the week ahead to feel, see, hear and be touched by destination South Africa. I trust you will all return home as ambassadors for our country, not only to share your experiences, but also to inspire travellers to visit our shores.

I thank you.

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