

Diversifying composition of tourism industry could unlock domestic tourism potential

If the domestic tourism industry expands so that it caters for everyone in the country rather than focusing on traditional tourists, it has the potential to contribute significantly more to the economy. Lee-Anne Bac, director: advisory services at Grant Thornton says: “The domestic tourism sector has provided strong support for the national industry, but it is still only focused on a limited portion of the market by offering the same ‘traditional’ products to the same type of tourists that have dominated expenditure in this area for the past 50 years.”



©Milan Ilic via [123RF](#)

Existing products might not appeal to new entrants

This approach excludes a key part of the potential market: “Product providers assume their existing products would also be appealing to new entrants to the discretionary spending economy, when, in fact, they have very different needs.”

“These travellers are not defined by racial demographics, but are rather differentiated by their demand for new and different tourism experiences which are not covered by the current product set,” says Bac.

Factors that influence travel choices for emerging local tourists – often high-earning and high-spending – include family size, value for money, food and beverage options, activities that appeal to their interests and accessibility.

The 2016 Domestic Tourism Survey conducted by Statistics South Africa show that domestic overnight trips decreased by 11% over a year since 2015, to 42.8 million trips. Of these, only 7.4 million were leisure trips – a decrease of 13% from 2015.

International travel the biggest disruptor to domestic tourism

According to Bac, one of the biggest disruptors for domestic tourism over the past decade has been the growth and improved accessibility of international travel.

“Local tourism operators have to realise that they are competing with international tourism options, to a much greater extent than in the past. Younger tourists are often inclined to travel overseas, as they perceive other emerging markets as offering better value for money and experiences than they can find on home soil. These factors become increasingly important as economic conditions tighten for consumers making decisions about discretionary leisure expenditure.”

She believes the industry could be doing a lot more to attract this market, especially given the scarcity of economic growth. “This provides real opportunity to expand the industry by understanding what drives the purchasing decisions of the various emerging market segments, and adapting products and tourism experiences to cater for all types of tourists,” she says.

Scope for new product lines and suppliers to enter the market

Bac highlights trips categorised as ‘visiting friends and relatives’ (VFR) as a potential area to capitalise on. These trips decreased by 9% from 2015 to 20.5 million trips in 2016. “Even though the category recorded fewer trips, there is still significant opportunity for tourism operators to tap into, by offering products that would appeal to these travellers while they are on their VFR trip, or even to convince them to take a leisure holiday instead of a VFR trip,” she says.

“This does not mean that existing businesses should give away a portion of their market share or products. Instead, there is scope for new product lines and suppliers to enter and expand the market,” she explains.

Diversification of tourism ownership

Importantly, this would also serve to diversify the composition of the tourism industry ownership, which is crucial for the sustainability of the sector. “For the past two decades, we have relied on feeding the informal – mostly crafting – sector into the more formal tourism supply chains, to achieve diversification of ownership and products, but we need more than this,” she says.

“We see a clear opportunity for small- to medium-sized black-owned businesses – ranging from adventure operators to hotel and resort groupings – to grow the available product set and to make the domestic tourism market accessible to more consumers.” If the industry manages to grow in this manner, it would go a long way to making domestic tourism even more resilient.

“We are encouraged by the increase of 23% for domestic tourists travelling by air in 2016, though this still represents only 1.5 million trips out of the 42.8 million domestic trips in total,” says Bac.

“It is critical that we strengthen the foundations of the local industry, as this provides important support to the international tourism sector. In order to achieve this, all stakeholders need to see the value in the big picture – for the economy – in expanding the product offering, the ownership landscape and the consumer base.”

Local domestic tourism market ripe for meaningful change

She adds: “We need to see proactive efforts from the government by offering more land and space for new entrants, as well as existing suppliers to allow and welcome new product providers to add products that cater to the underserved audience, without compromising existing supply lines or crowding out ‘traditional’ tourists.”

Bac concludes: “The local domestic tourism market is ripe for meaningful change which goes beyond focusing on improving B-BBEE scorecards. It is robust enough to allow for expansion that would cater for all types of tourists in different market segments, all over the country.”

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