

For Immediate Release

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## **PRESS RELEASE**

### **TRAVEL AND TOURISM BUSINESS PERFORMANCE RISES IN Q4 2016**

**Pretoria, South Africa:** Despite the tough operating environment, the travel and tourism industry experienced slightly better than normal business performance in the last quarter of 2016, says the Tourism Business Council of South Africa (TBCSA).

Today, the Council published its 25<sup>th</sup> edition of the quarterly Tourism Business Index (TBI), which reports higher than anticipated business performance in the last quarter of 2016. Against a normal performance score of 100, the industry recorded an index of 104,5 - slightly higher than the anticipated index of 81.7.

Although, performance in this quarter was the best for 2016, overall 2016 performance was slightly below 2015, and continues the soft decline seen since the best years of 2013 when the average for the year was just below 110 – once again drawing attention to the challenges businesses are facing in the operating environment.

#### **Specific business segment performance**

In Q4 2016, the ‘Other Tourism Businesses’ segment (comprising of tour operators, coach operators, vehicle rental companies, airlines, travel agents, retail outlets, forex traders, conference venues and attractions) recorded better than normal performance with an index score of 116.1. This is significantly higher than the forecast score of 69.9. Meanwhile, the Accommodation segment performance was below normal levels with an index of 89.5 – a score that was notably also below the expected 109.4

“We welcome the general improvement in business performance over this period”, says TBCSA CEO, Mmatšatši Ramawela. However, indications of a steady decline in performance over the past three years are a cause for concern”.

She says the last quarter of the year is typically a busy time for those who largely cater for the domestic and the foreign leisure markets. “Seemingly, the index results are suggesting that operators were not as busy in q4 2016. In addition, there was a decline in the Accommodation index. Yes, the world is a completely different place today compared to 2013 but this trend is still worrisome to say the least”.

Deputy CEO and Head of Advisory Services at Grant Thornton, Gillian Saunders, believes a decrease in domestic leisure demand is likely to be the main culprit to the decline in the Accommodation index. “After analysing each individual accommodation type, we noted that self-catering establishments which are important suppliers to the domestic leisure market experienced poor performance during the surveyed months and performance was not as high as expected. Almost a quarter of accommodation respondents and more than a third of other business respondents cited insufficient domestic leisure demand as a negative constraint on performance. As 2016 was a tough year economically in South Africa, we believe a decline in domestic travel over the holiday months to be the cause for the decrease in the Accommodation index”.

### **Contributing Factors**

The cost of inputs once again featured prominently as the greatest negative contributing factor to performance (49% for Accommodation and 41% for Other Tourism Businesses); and it has remained one of the main negative contributing factors to business performance throughout 2016. On the positive side, strong overseas leisure demand was cited in the Accommodation index as a positive contributing factor, but this was not significant enough to lift up the overall performance for both Accommodation and ‘Other Tourism Businesses’ segments.

### **Outlook for Q1 2017**

Anticipated business performance for Q1 2017 is moderately low at an index of 96.0, reflecting a slightly depressed outlook. Performance for the Accommodation segment is expected to remain fairly flat, whilst the ‘Other Tourism Business’ segment looks forward to a continued positive run.

Looking ahead to the rest of the year, Ramawela says the industry looks forward to a less turbulent year.

There is no doubt that the major political and socio-economic developments that we saw unfold in 2016 will spill over to 2017. However, we remain cautiously optimistic that travel and tourism will roll with the punches and that overall improvement in business performance will rise even further in the coming months". Ends

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*This information is designed to assist individual businesses, policy-makers, investors and all other relevant stakeholders, understand the travel and tourism operating environment. The aim is to assist businesses to plan for the likely, future tourism environment. The TBI report is compiled on behalf of the TBCSA by Grant Thornton. Download the full TBI report on [www.tbcsa.travel/economic-reports/](http://www.tbcsa.travel/economic-reports/)*

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### **Editor's Notes**

**ABOUT TBCSA: We are an umbrella organisation representing the voice of business in South Africa's travel and tourism industry.** Organisations affiliated to TBCSA are:

1. AHI – Afrikaanse Handelsinstituut
2. AASA – Airlines Association of Southern Africa
3. AAXO - Association of African Exhibition Organisers
4. ASATA – Association of Southern African Travel Agents
5. BARSA – Board of Airline Representatives of South Africa
6. EXSA – Exhibition & Event Association of Southern Africa
7. FEDHASA – Federated Hospitality Association of South Africa
8. NAA –SA - National Accommodation Association of South Africa
9. PHASA – Professional Hunters Association of South Africa
10. SAACI – Southern African Association for the Conference Industry
11. SABOA – Southern African Bus Operators' Association
12. SATSA – Southern Africa Tourism Services Association
13. SAVRALA – Southern African Vehicle Rental and Leasing Association
14. SAYTC - South African Youth Travel Confederation

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