



South African Travel Retail Market



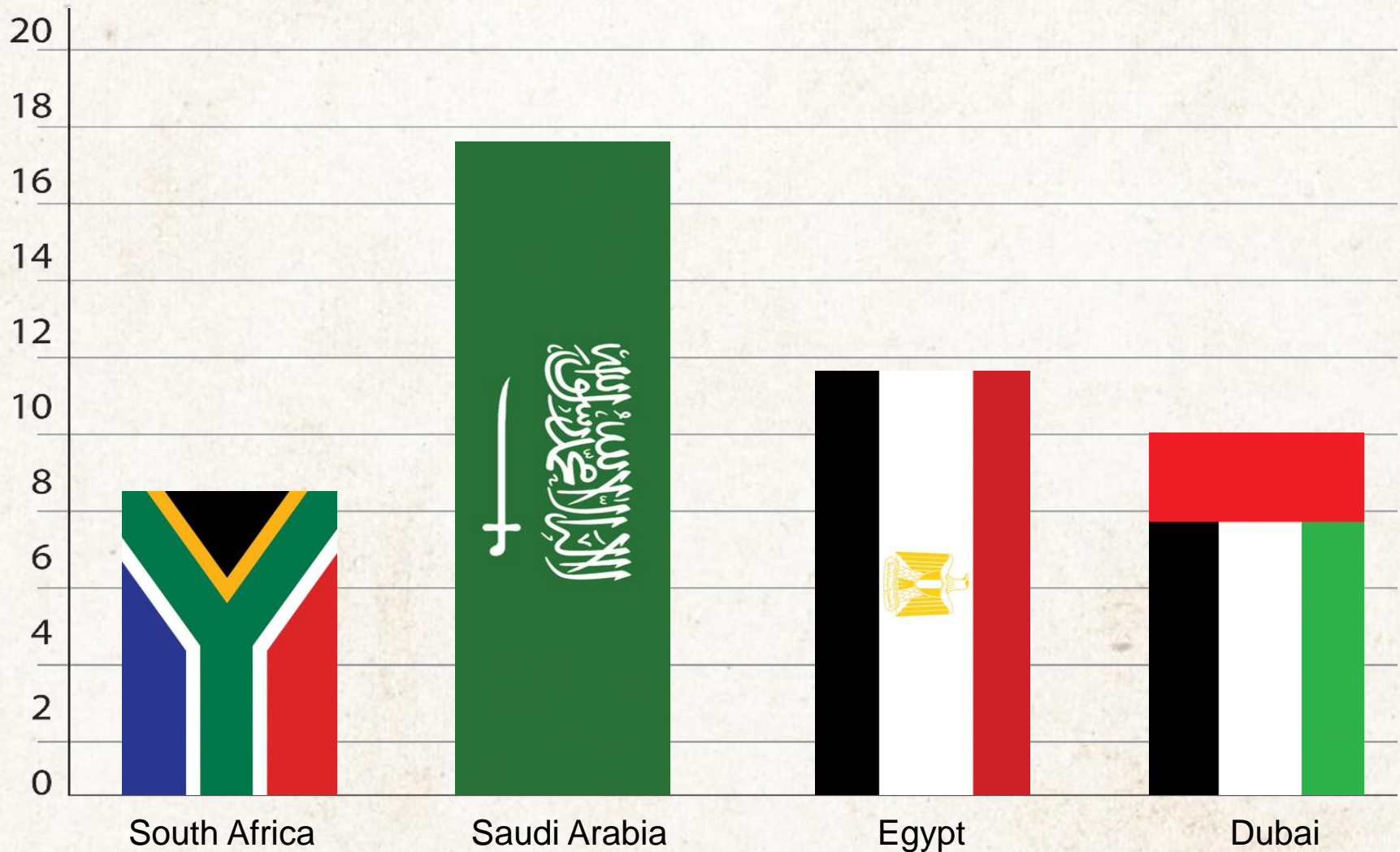
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Size of the Tourism Market

Official Tourist Figures

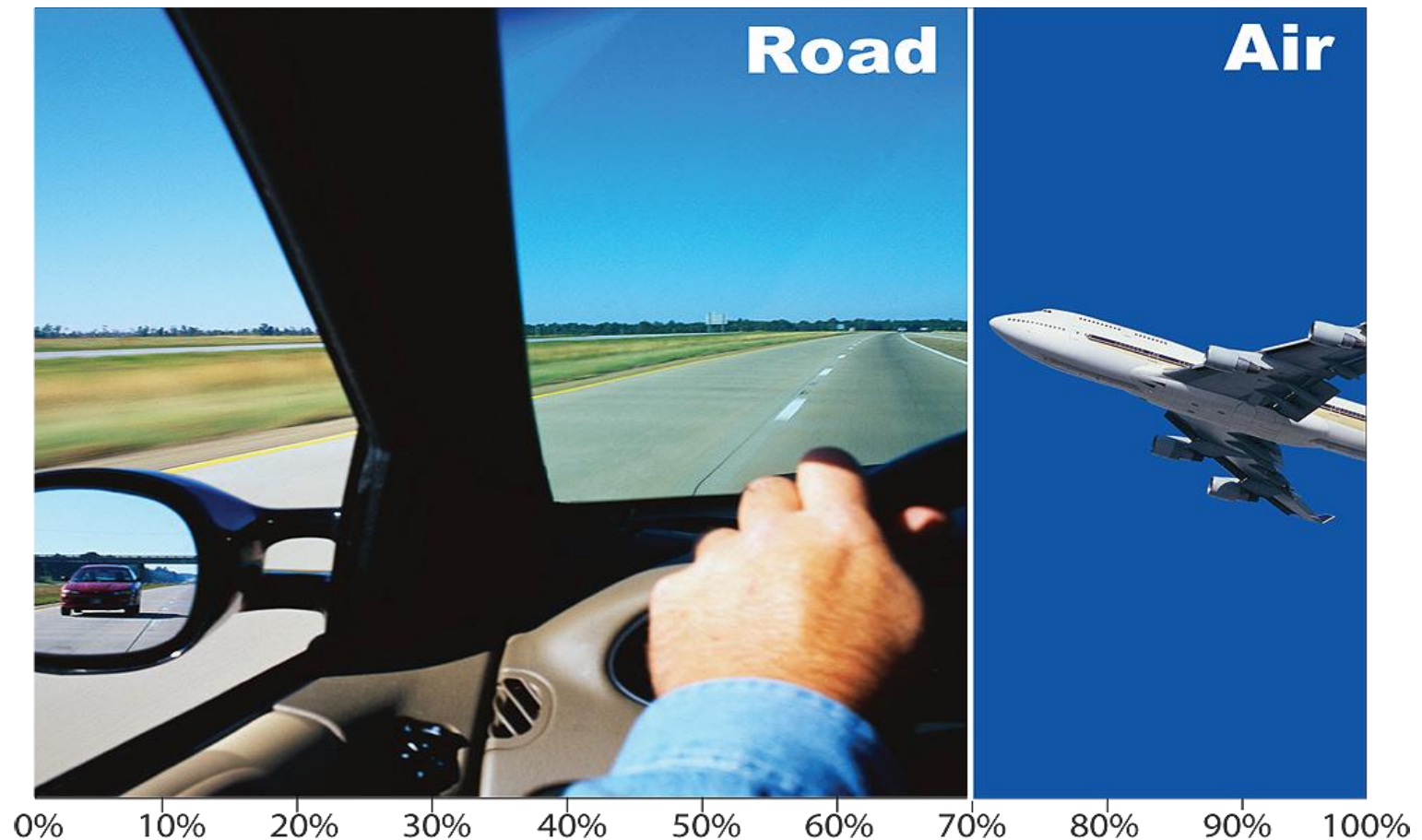
Source: 2012 Tourism highlights unto June 2012



Size of the Tourism Market

Source: Statistics SA Tourism 2011 report

70% come by road - not true tourists in travel retail sense - traders, workers etc.

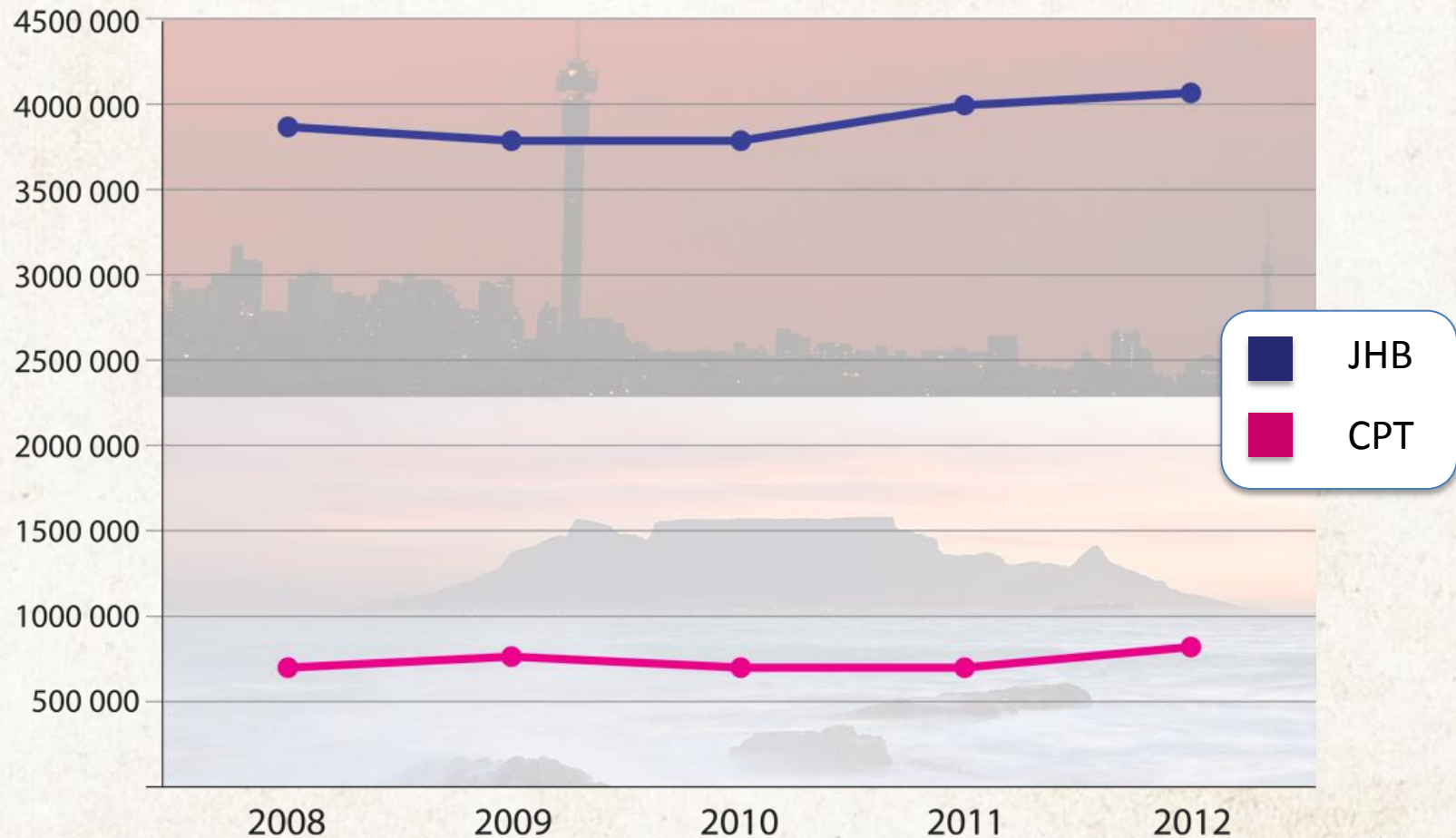


“True” Size of the Tourism Market



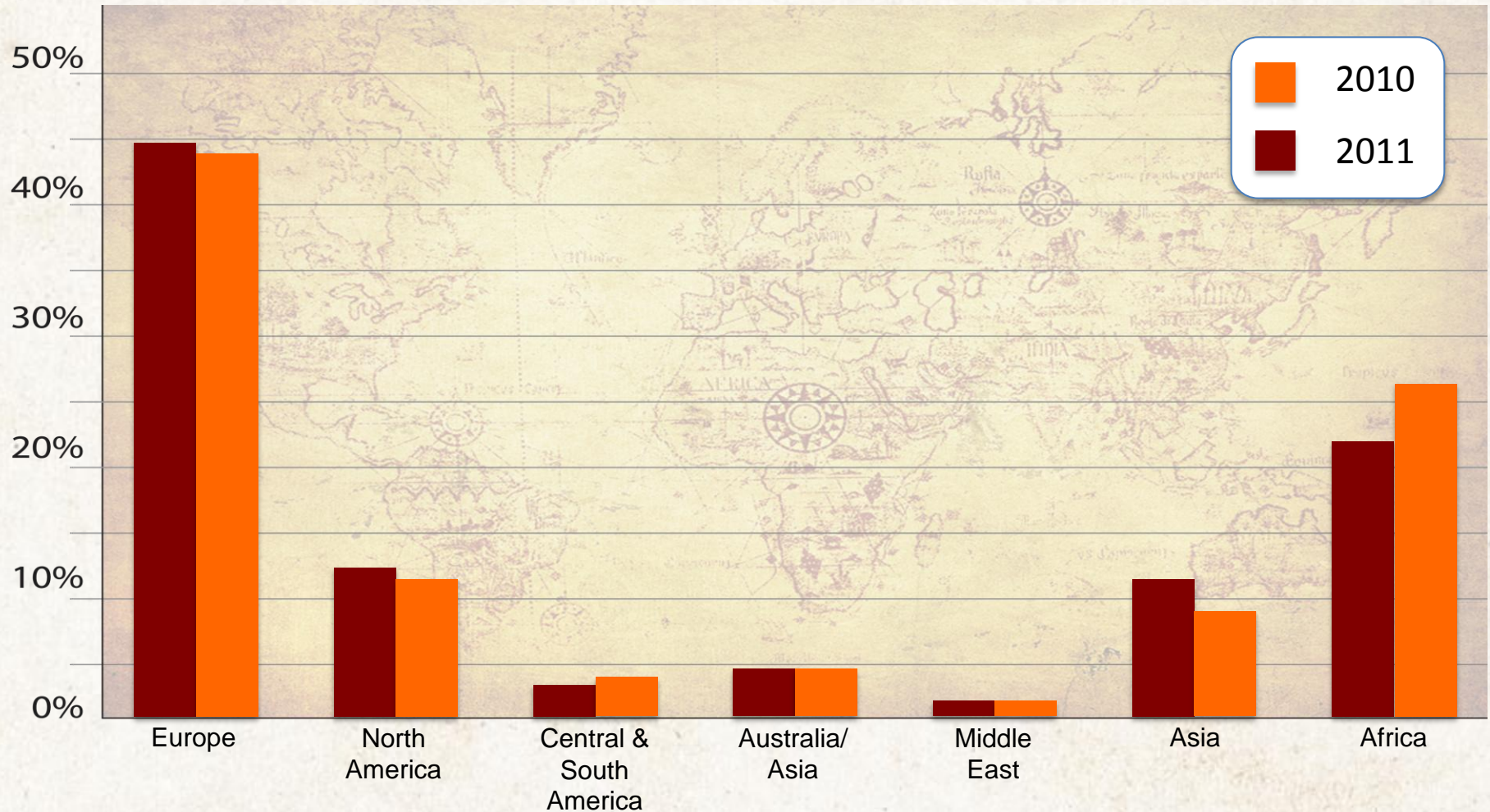
Source: ACSA stats

International Departing Pax Numbers



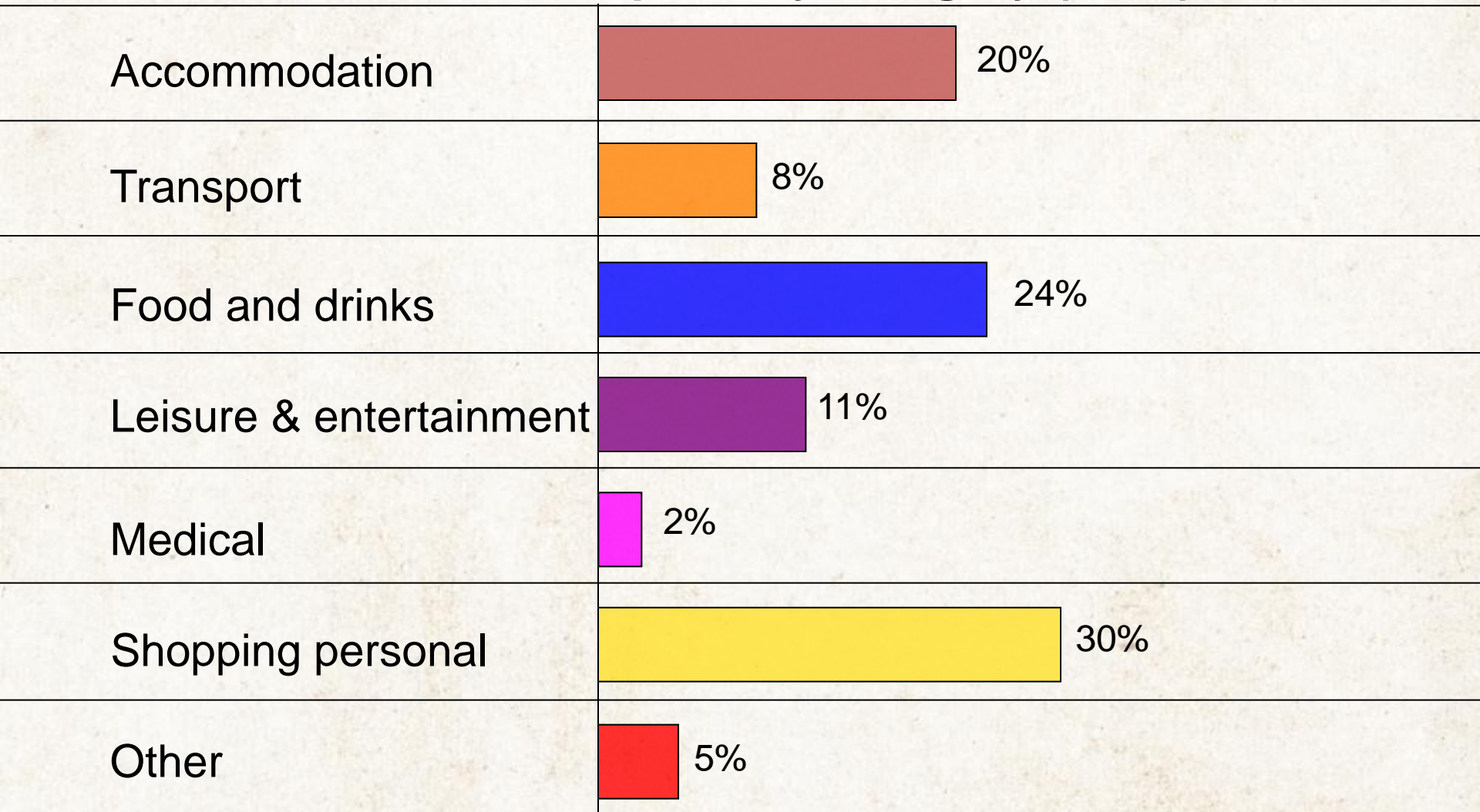
Key Source Markets - Tourists

Big 3 - UK, USA, Germany = 34%. UK alone almost 16%.



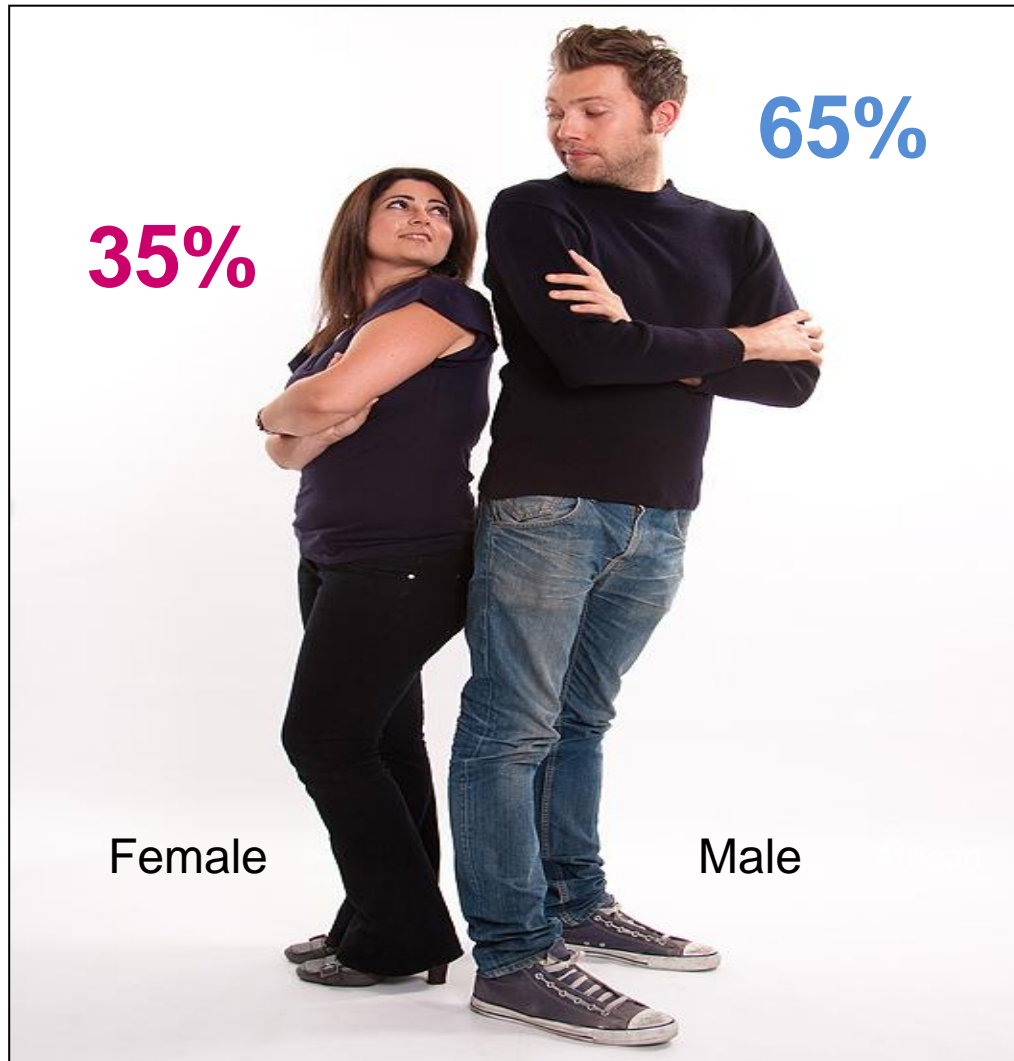
Broad Spending Pattern

Estimated Tourism spend by category (2012)



Airport Specific Profile

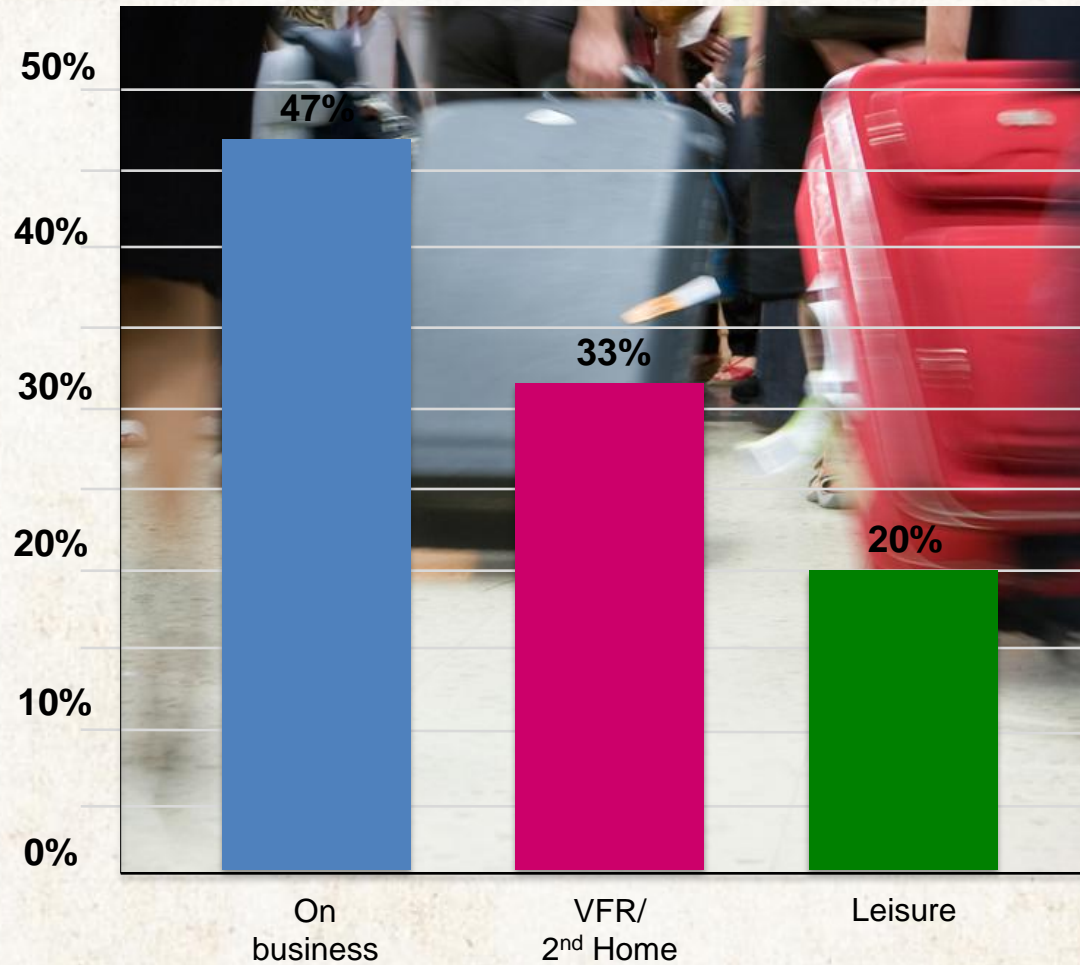
International Terminal: Gender split



Average age
39 years

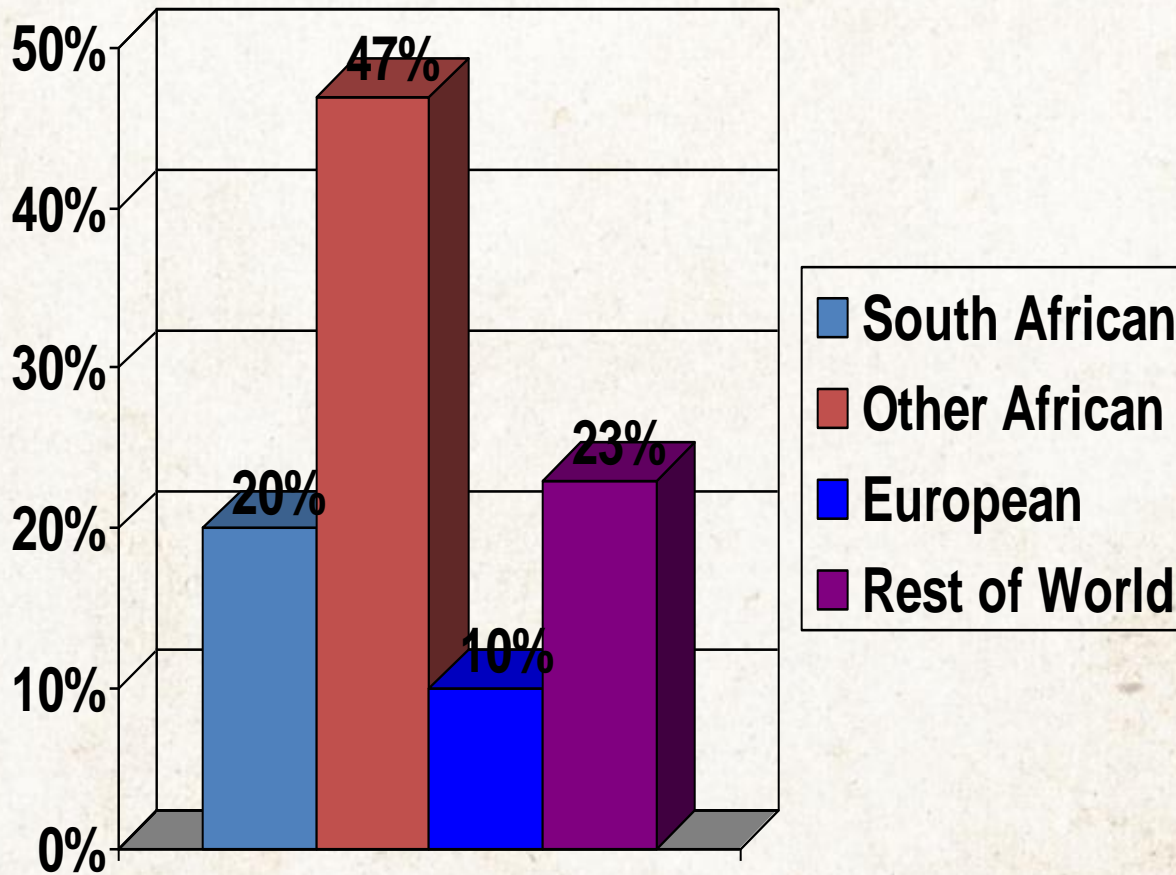
Airport Specific Profile

International Terminal – reasons for travel



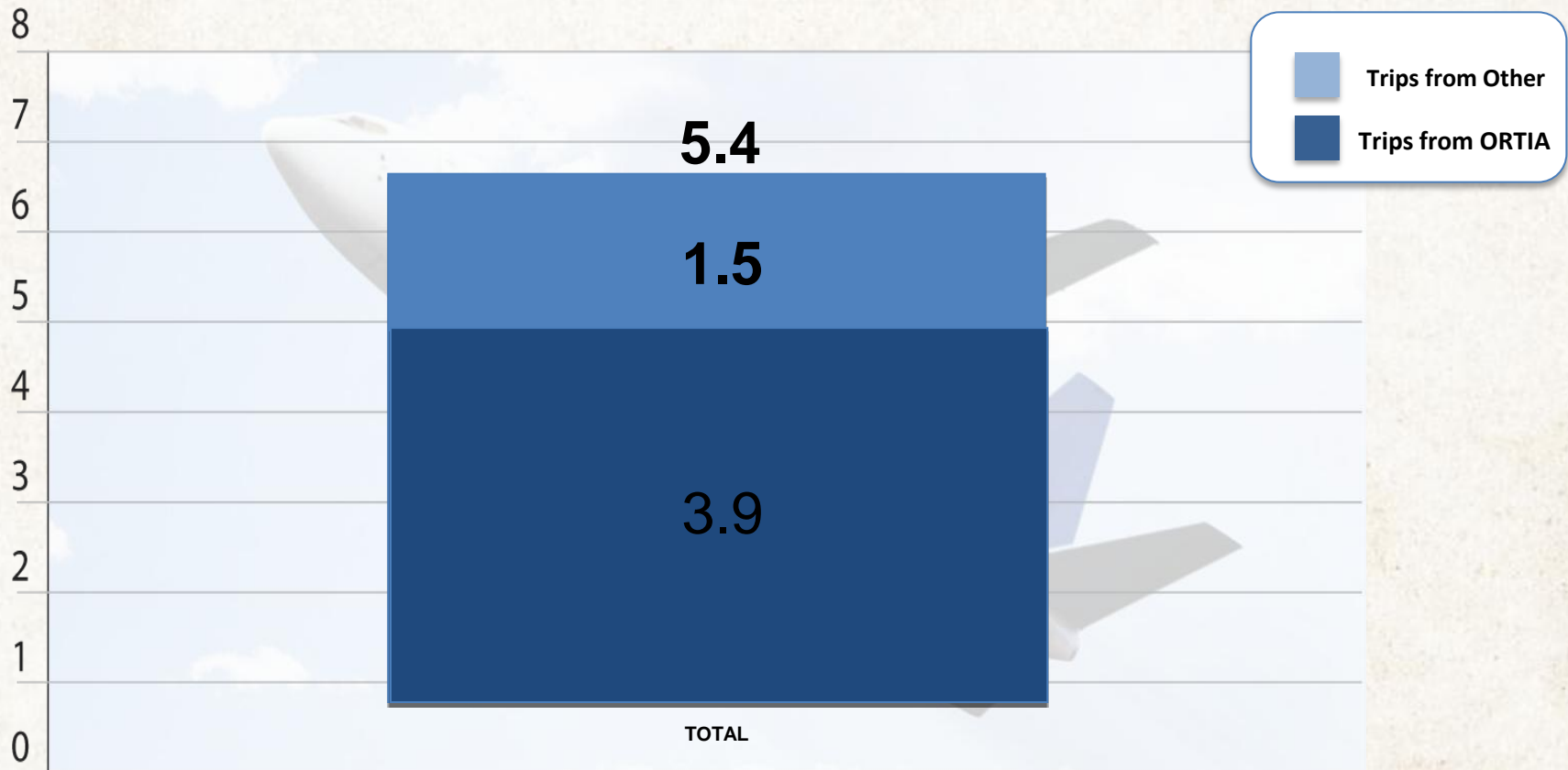
Airport Specific Profile

Source of Passengers



Southern African Hub High Levels of Repeat Travel

Number of International Flights per Annum



Airport Specific Profile

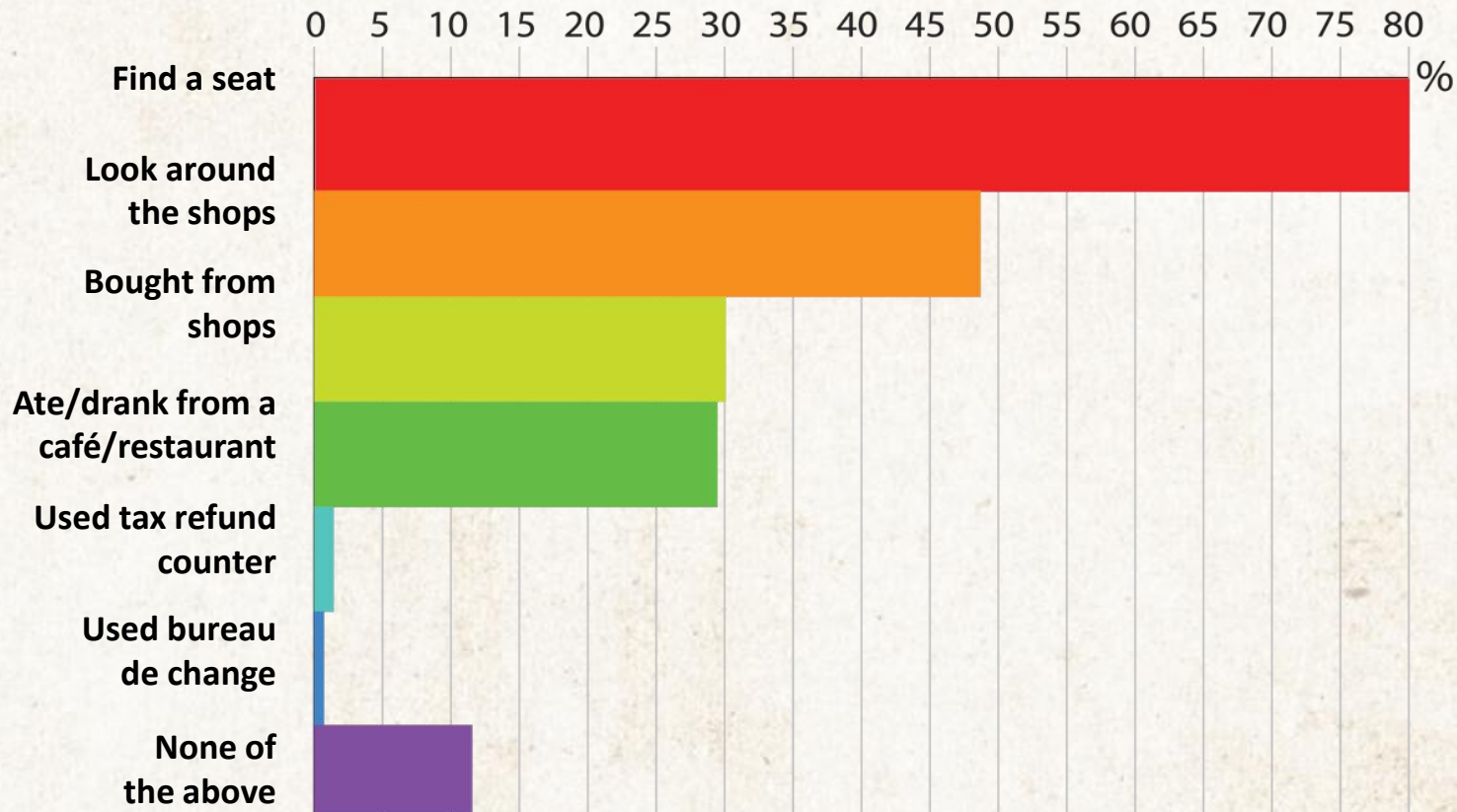


Airside Commercial Facility Usage

48% visited retail outlets

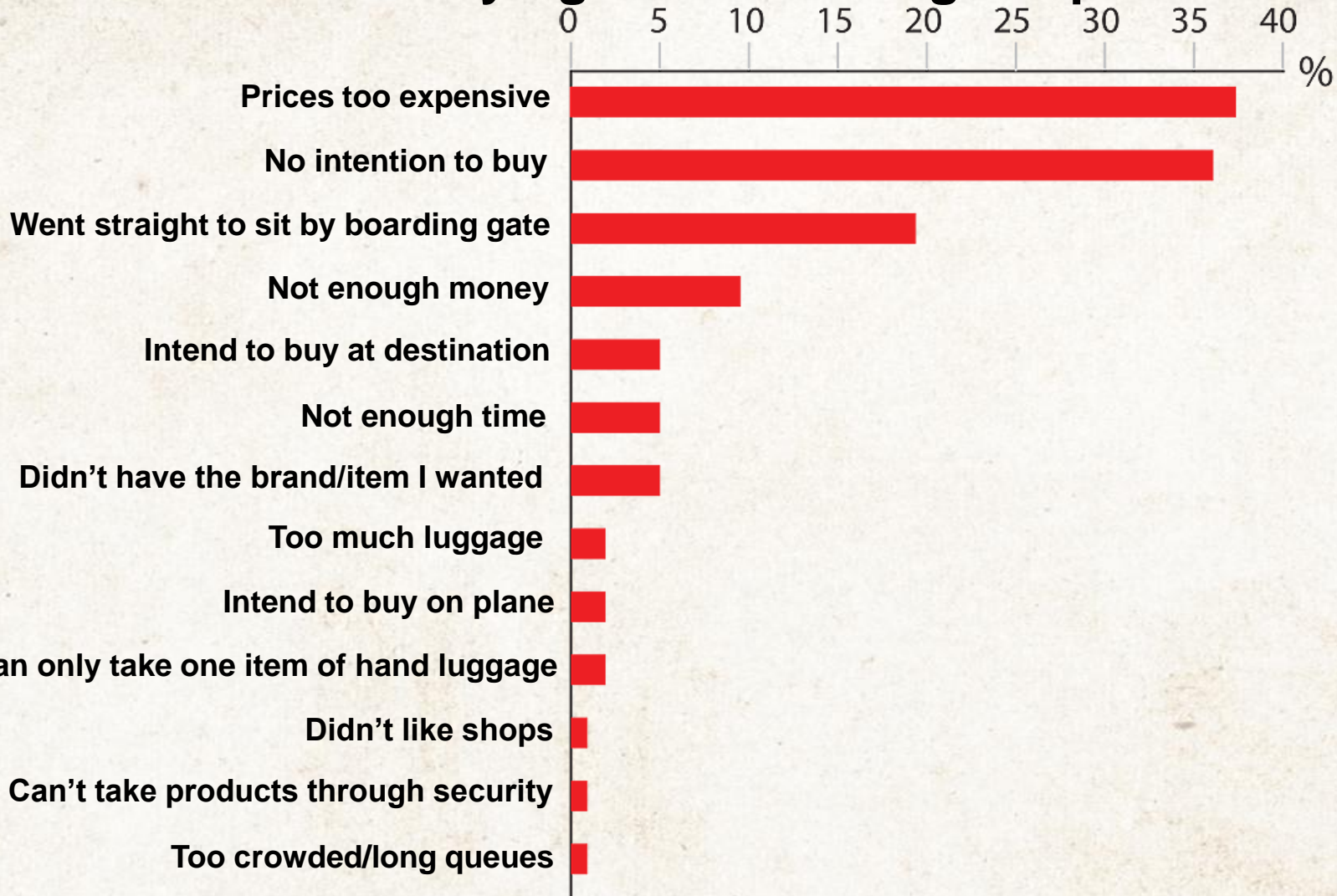
Only 30% purchased

63% conversion rate



Airport Specific Profile

Reasons for not buying from / Visiting shops



Airport Specific Profile

Relative Segment Value

	100	100	100	
	% of Pax	% of Buyers	% of Spend	<u>Spend Contribution</u> <u>Relative to Segment</u> <u>Size</u>
African Business	35%	30%	29%	-6%
Row Business	12%	17%	20%	+8%
African VFR/Vst 2 nd home	22%	18%	17%	-5%
Row VFR/Vst 2 nd Home	11%	11%	12%	+1%
African Other Leisure	10%	9%	9%	-1%
Row Other Leisure	10%	15%	13%	+3%

Airport Profile Summary



- **Decent volumes**
- **High business and VFR profile**
- **Low % of pax spend - opportunity**
- **African Hub – high African traveller component**
- **African Market not ideally catered for**
- **Low short term growth prospects**

Impact of Currency



1) People budget in their home currencies



2) Don't buy more items, but buy higher value items



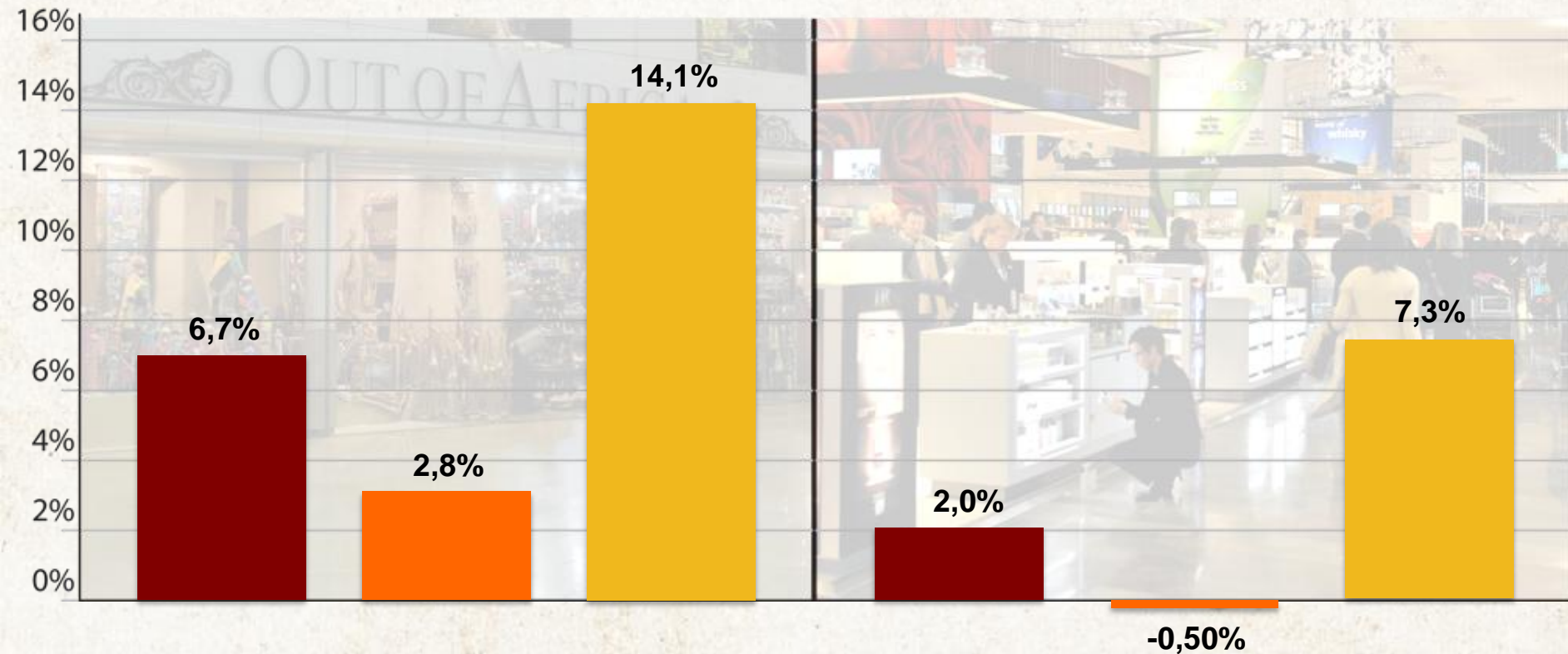
3) Trend not only in stores, but in accommodation and tours as well

Category Performance – Destination Retail

Category performance - destination retail versus other

Destination Retail Growth

Rest of Mall



2010



2011



2012

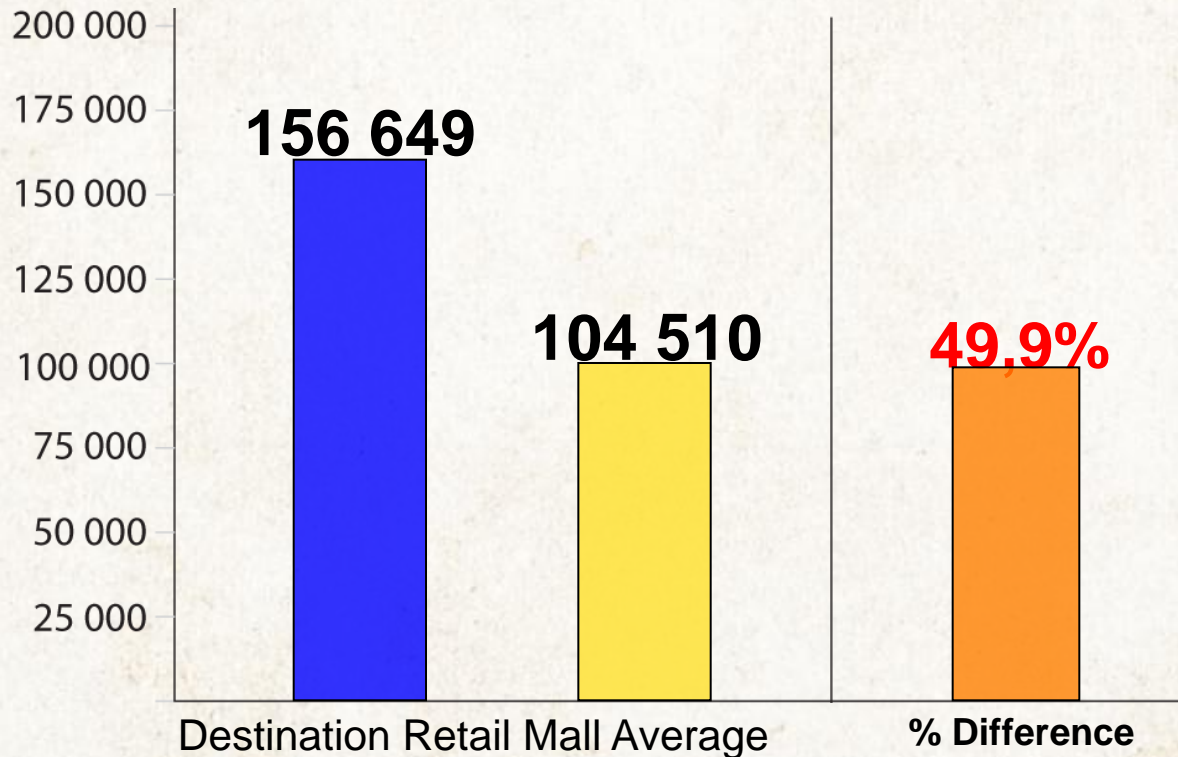
Increasing Share of Mall Spend

	2012	2011
Contribution to mall sales	14,92%	14,73%
Spend per pax	R57,35	R51,04
Average basket value	R386,00	R357,00



Healthy Trading Densities

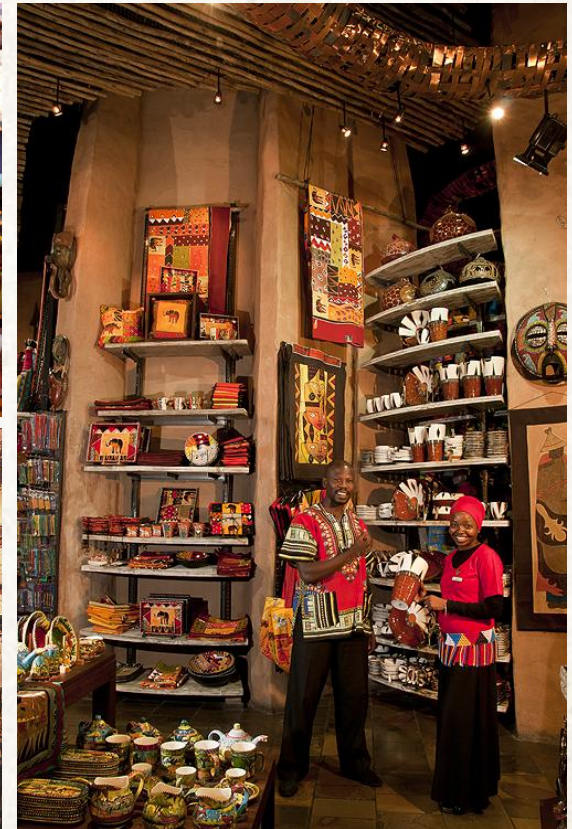
Trading density/square metre/annum



Varies according to size and location

Size Store	Quality of Location	Density
480m	A	R 238,000
45m	A	R 515,000
100m	C	R 35,000

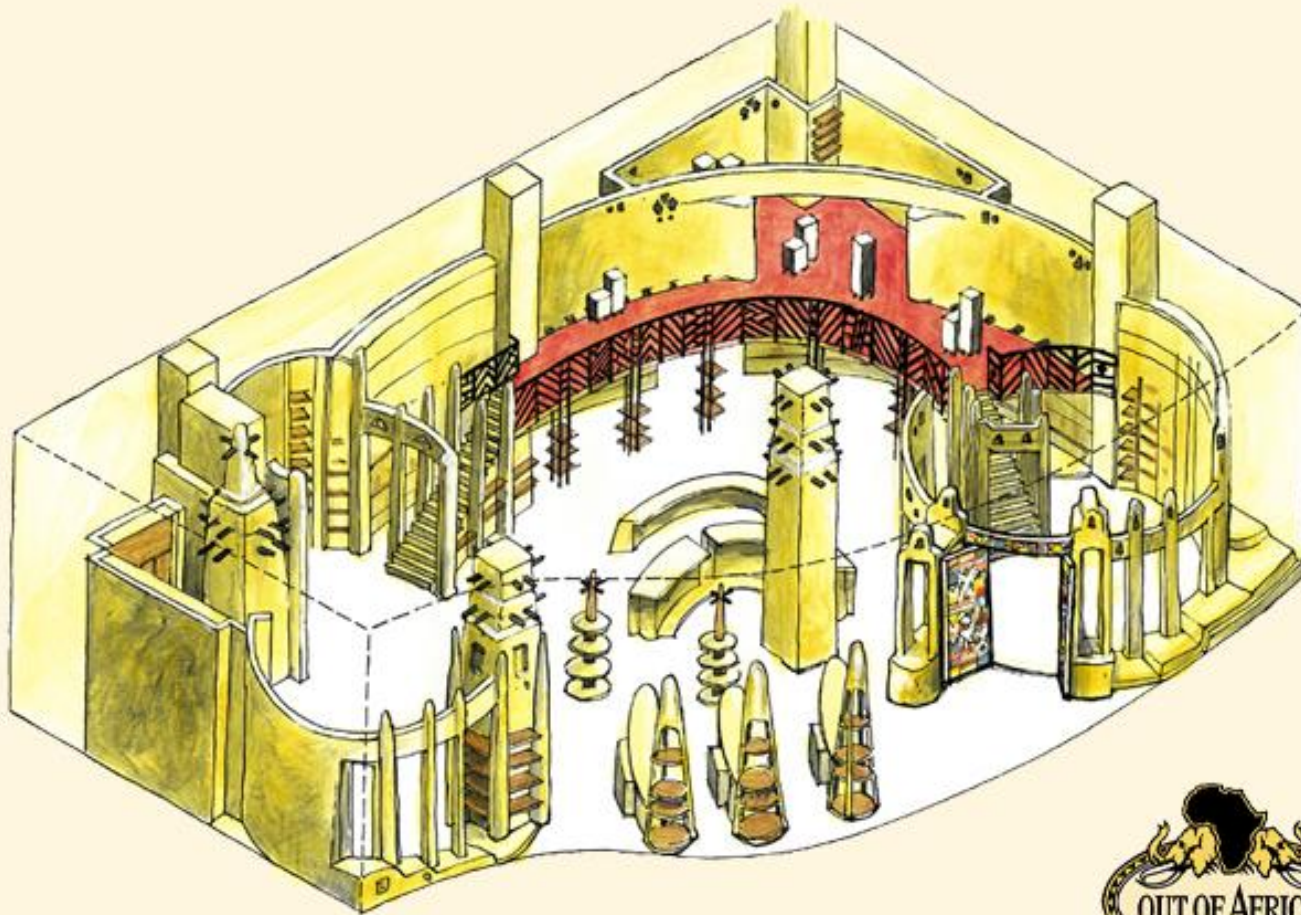
Why does Destination Retail work so well?



- Well suited to addressing customer boredom
- Prime gifting items appealing to a very wide segment of pax

Why does Destination Retail work so well?

Ideal opportunity to optimise on sense of place



Why does *Destination Retail* work so well?

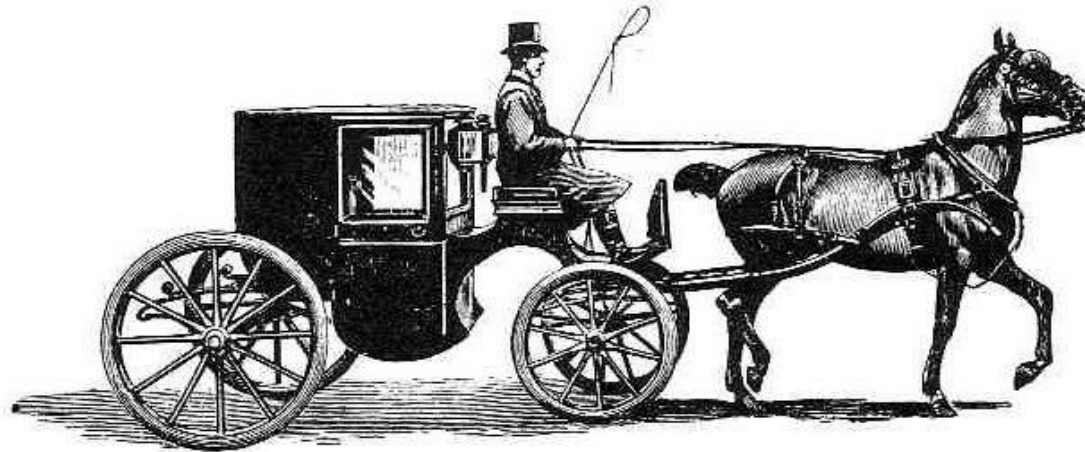


Why does Destination Retail work so well?



- **Merchandise offering is naturally differentiated**
- **Less price sensitive - not KVI**
- **Spoilt for choice - wide range of merchandise crossing many categories**
- **Play both ends of the price spectrum**
- **Not fashion oriented**
- **Split out into niches**

THEN



NOW



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Innovations in Duty Free in South Africa

- tough customs environment
- buy now, collect later
- pre-order, shop on-line
- shopping apps being developed
- tourism radio
- targeting lounges
- activities on the ground
- QR codes





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Innovations in Duty Free in South Africa

Interactive activities add retail theatre



Using QR codes to connect

What's a QR Code?



Short for "Quick Response", a QR code is a 2-dimensional digital symbol that one can scan with a mobile phone to get access to specific content via the mobile web.

Using a QR Code reader, most mobile phones can simply scan the code in order to be redirected to mobile web content that's exciting and engaging.

Using QR codes to connect

How does it work?



Using QR codes to connect



Gone Rural

The kingdom of Swaziland is one of the smallest countries in Africa...

Gone Rural boMake is committed to make a sustainable impact in rural Swaziland communities by bringing wellness, education and community development services to Gone Rural women artisans, complementing their income generation.

This project creates **sustainable income for over 700 rural women** by combining traditional skills with high end design.

Join the women of Gone Rural as they go about creating beautiful homewares...

Growth Drivers and Inhibitors



Future Expectations?



ACSA expectations

1,5% to 2% growth

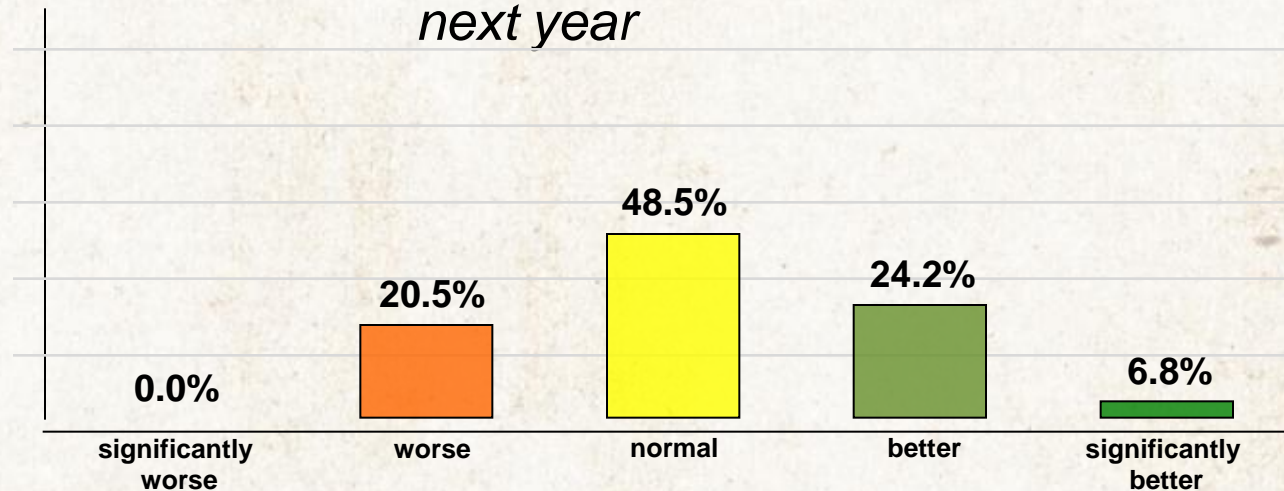
Industry expectations

5-6% growth in leisure and smaller growth in business

Grant Thornton tourism confidence Index

Grant Thornton produces a Tourism Business Index in South Africa which measures the general performance and confidence of the major players in the tourism arena. The index indicates that the industry seems to be in a more positive frame of mind.

Tourism Business: *expected performance relative to normal - next year*



A group of soldiers in olive drab uniforms and helmets are positioned in a trench. To their right, a dark-colored vehicle is overturned on its side, with a large tire visible. The soldiers are looking in various directions, some holding rifles. The scene is set in a dusty, outdoor environment.

**“They got us surrounded
from all sides!”**

**“Great we can attack
from every direction.”**



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Thank you for your time...