

Wesgro

cape town & western cape research

an inspiring place to know

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1. Overview of India

About India		
Where is India?	India is located in southern Asia, on and around the piece o the continent known as the Indian peninsula. It Borders Pakistan, China, Nepal, Bhutan and Bangladesh.	
Population (millions)	1 306.5 (2018)	
Time Difference	South Africa is 3.5 hours behind India	
Language	Hindi mainly, and a little English	
Economy	The Indian economy is in an upswing, and is set to become the third-largest economy in the world in 2030.	
Formal Greeting	'Namaste' (naa-maas-tay)	
	Restaurants	
	Indians are very particular about the food they eat and prefer quality Indian restaurant options.	
	Meals are eaten with the hands and meal choices generally exclude beef and pork. Around 40% of Indians are vegetarian and require non-meat dishes.	
	Indians are amongst the world's lowest consumers of alcohol, so best to enquire before placing wine bottles on the dinner table.	
Indian Etiquatta	Attention to detail	
Indian Etiquette	Older Indian travellers prefer age-appropriate, fun and safe experiences. They appreciate small unexpected gestures like masala chai tea in the morning.	
	Cricket is very popular in India, so a visit to a cricket match is a great gesture.	
	Theme parks are popular amongst younger Indian travellers and scuba diving as well as hiking are fun family activities.	
	Dislikes	
	Pointing with your finger is considered rude and ill-mannered.	

2. Economic Overview of the Indian Travel Market

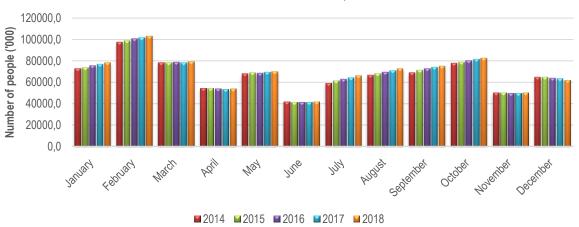
- India's economy is expected to see healthy growth in 2019. Real GDP decreased to 6.8% in 2018 from 7.2% in 2017 and it is expected to be about 7.1% per year in 2020.
- A rapidly expanding middle class as well as pay hikes provide support for the increase of 8,1% in the real value of private final consumption in 2018.
- In recent years, India has been the fastest growing of the world's economies, supported by steady gains in consumption, a surge in FDI inflows and lower oil prices.
- India's current population is close to 1.3 billion and with a relatively high fertility rate and still relatively low median age (27,6 years in 2018), it is expected that India will overtake China as the world's most populous country by 2030.
- In 2018, India's savings amounted to 19.6% of disposable income and consumer expenditure per capita amounted to Rs85,920 (US\$1.256).
- Consumer spending is expected to grow at an average annual rate of 6.4% over the 2019 2030 period. Income inequality is high in India. According to the World Bank, 76% of India's population live on less than US\$2 per day.
- Despite high levels of income inequality, consumer spending has increased by nearly 20% (real terms) since 2012. Young, urban working consumers are the driving force behind the growth in consumption including the growing demand for international leisure travel.
- A joint study by Expedia and CAPA reveals that leisure travellers spend approximately US\$1,687 per trip per person on an average long-haul vacation. Spending on accommodation accounts for 35% to 50% of the travel budget and half of respondents indicated to budget US\$75 – US\$150 per room per night.
- Online shopping in India is still in its infancy when compared to other countries. A 2017 study by
 Morgan Stanley reveals that only 14% of Indian internet users shop online compared to 64% of
 Chinese internet users. However, online shopping is being adopted at a rapid rate amongst urban
 consumers and it is expected to be driven by deeper penetration of smartphones.
- Indian consumers are becoming increasingly conscious of the benefits of a healthy diet on their overall wellbeing and there is a paradigm shift towards produce that boosts health and wellness.
- Many Indian consumers are heavily influenced by celebrity culture. Bollywood stars and sport stars, as well as non-celebrity social media influencers have a strong impact on fashion and lifestyle trends.

3. Overview of the Indian Travel Market

India Travel Market	
Largest Cities % of total population, number of people	 Mumbai: 1,0% (12.7 million) Delhi: 0,9% (11.4 million) Bangalore: 0,8% (10 million) Hyderbad: 0,6% (7.8 million) Ahmedabad: 0,5% (6.5 million)
Disposable income Per capita, US\$ 2017	1,375
Savings As % of disposable income	23.9%
Median Age	27.3 years
Paid Holidays (2019) Public Holidays (2019) Annual Leave (2019)	20.0 15.0 35.0
Outbound Departures ('000 trips)	1. 2016: 16,670.2 2. 2017: 18,334.8 3. 2018: 20,228.7
Top 3 Outbound Destinations ('000 trips, 2018)	 UAE: 2,886.2 Saudi Arabia: 1,614.0 Thailand: 1,596.8
Events impacting outbound travel	Oman, Russia, Taiwan and UAE eases visa rules for Indian nationals.
Type of Outbound Trips	Leisure: 67.9% Business: 32.1%

Seasonality Patterns





4. The Indian traveller to South Africa

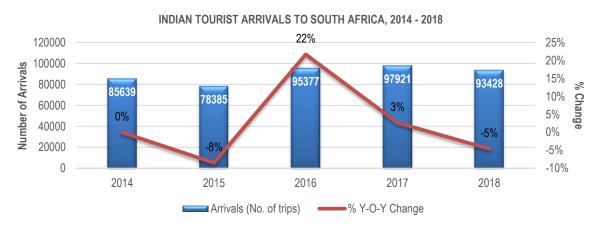
India Travel Market		
Number of Arrivals	2015: 78 385 2016: 95 377 2017: 97 921 2018: 93 428	
Purpose of visit to South Africa (2017)	Leisure (40,9%) Business (50,9%)	
Average length of stay in South Africa (Number of nights)	2016: 18,6 2017: 25,0 2018: 24,8	
Age profile (2018)	18 – 24 yrs (11,1%) 25 – 34 yrs (41,0%) 35 – 44 yrs (24,8%) 45 – 54 yrs (11,3%)	
Repeater Rate of Indian Travellers (2018)	 First Time: 54,5% 2 -3 times: 19,3% 	
Accommodation Usage (2018)	 Friends & Family (511 625) Hotels (495 707) Self Catering (447 267) 	
Total Foreign Direct Spend in South Africa (R in millions)	2016: R 1 202 2017: R 1 367 2018: R 1 300	
Average Spend in South Africa	2016: R 14 900 2017: R 16 591 2018: R 15 742	
Most positive experiences for Indian visitors in South Africa (2017)	 The scenery The hospitality and friendly people The diverse experience 	

SEASONALITY PATTERNS: INDIAN TRAVELLERS TO SOUTH AFRICA BY MONTH, JAN - DEC 2015 - 2018



4. The Indian traveller to South Africa

4.1. Visitor Arrivals to South Africa



4.2. Purpose of visit to South Africa

Indian visitors travelling to South Africa are predominantly visiting for the purpose of business, MICE, and holiday. They are most impressed with South Africa's beautiful scenery, and the hospitality and friendliness of people. They typically visit Gauteng, the Western Cape and Kwazulu Natal province and their length of stay in the country is on average 24.8 nights.

They are typically between the ages of 25 and 44 years, with 41,0% in the 25-34 years category and 24,8% are in the 35-44 years category. In 2018, 54,5% of Indian travellers to South Africa were first time visitors to the country and 45,5% were repeat visitors.

Top reasons for travel to SA	
MICE (26,4%)	
Business (25,4%)	
Holiday (22,9%)	
Average length of stay (2018) 24,8 nights	

4.3. Activities in South Africa

Top activities undertaken
1. Business
2. Theme parks
3. Wildlife
4. Visiting natural attractions
5. Sporting – spectator

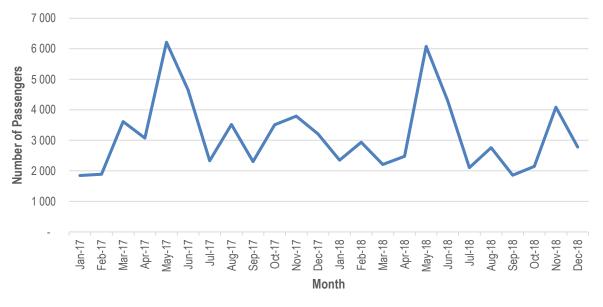
Business, theme parks, wildlife, sporting – spectator, and visiting natural attractions were amongst the top activities undertaken by Indian tourists while in South Africa. In 2018 their average spend was R15 742 per tourist.

They are more likely to stay with family and friends or book hotel accommodation. Many Indian guests also make use of Self-Catering and Guesthouse accommodation.

5. The Indian traveller to the Western Cape

India Travel Market	
Number of Arrivals	2015: 23 730 2016: 29 169 2017: 37 210 2018: 31 412
Total Foreign Direct Spend in the Western Cape (R in millions)	2015: 147 2016: 186 2017: 304
Average Spend in the Western Cape	2015: R 7 200 2016: R 7 800 2017: R 9 900
Average length of stay in the Western Cape (Number of nights)	2015: 9,7 2016: 9,3 2017: 10,1
Total bed nights spent in the Western Cape	2015: 204 000 2016: 238 000 2017: 338 000
Total number of *formal bed nights spent in the Western Cape	2015: 147 000 2016: 193 000 2017: 238 000

INDIAN PASSENGER MOVEMENT THROUGH CAPE TOWN INTERNATIONAL AIRPORT, JAN 2017 – DEC 2018



Sources: SA Tourism, OAG Traffic Analyser, 2019

*Formal bed nights = Hotels, B&B's, Guesthouses, Self-catering units, Game Lodges and Backpackers

5. The Indian traveller to the Western Cape

5.1. Visitor Arrivals to the Western Cape

The Western Cape has seen an increase in Indian visitors since 2016, despite visa challenges. This comes after a decrease in Indian tourist arrivals in 2015. Visitor numbers have since recovered, however, tourist arrivals have decreased by 15,6% from 2017 to 2018. This could be due to the water crisis in the Western Cape as well as strict visa regulations.

The top airlines operating between India and Cape Town are Emirates, Ethiopian Airlines, Kenya Airways, Qatar Airways, and Etihad Airways.

Period	Tourist Arrivals	Y-O-Y % Change
2014	25 128	-
2015	23 730	-5,6%
2016	29 169	22,9%
2017	37 210	27,6%
2018	31 412	-15,6%

5.2. Passenger Traffic through Cape Town International Airport

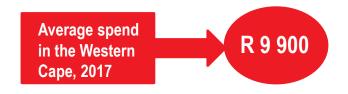
Inbound Passenger Performance: India – Cape Town				
Country	Passengers 2018	% Change 2017-18	Passengers Jan - Aug 2019	% Change Jan - Aug 2018- 19
India	36 064	-10%	29 418	17%
Total	36 064	-10%	29 418	17%

	Top 5 Cities: India – Cape Town					
Rank	City	Passengers 2018	% Change 2017-18	Passengers Jan - Aug 2019	% Change Jan - Aug 2018-19	
1	Mumbai	21 160	-6%	19 937	37%	
2	Delhi	6 848	-19%	4 525	-12%	
3	Bengaluru	2 229	5%	1 564	8%	
4	Hyderabad Rajiv Gandhi	1 237	0%	743	-19%	
5	Chennai	1 518	12%	737	-29%	

5.3. Spend Patterns

In 2017, the Indian market contributed R304 million to the Western Cape's economy making it the second most lucrative Asian source market for the province after China.

On average, Indian tourists spent R9 900 per trip in the Western Cape in 2017. Total Foreign Direct Spend has increased steadily between 2015 and 2017, growing by a significant 63,4% from 2016 to 2017.



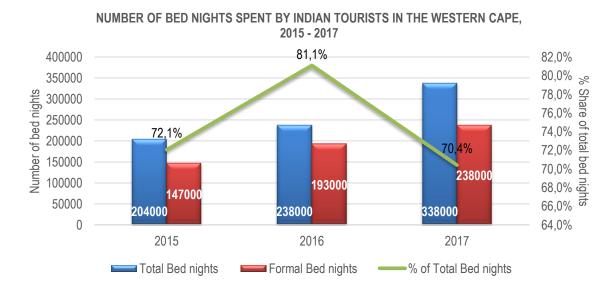
TOTAL FOREIGN DIRECT SPEND IN THE WESTERN CAPE, 2015 - 2017



5.4. Bed nights and Average Length of Stay in the Western Cape

In 2017, Indian travellers spent 338 000 bed nights in the Western Cape, of which 238 000 were spent in the *formal accommodation sector. The number in total bed nights increased by 42,0% and formal bed nights increased by 23,3% when compared to the 2016 figures.





^{*}Formal Bednights refers to Hotels, B&Bs, Guesthouses, Self-catering units, Game Lodges and Backpackers.

6. Indian Traveller Trends

6.1. Consumer profile

To better understand the market it is important to identify who the target audience is, what they are searching for and where they find information. A Market Insights Study on 'what Indian travellers want' published in May 2017 by Amadeus gives insight into Indian consumer behaviour throughout the travel purchase journey.

The majority of Indian travellers surveyed were between the ages of 25 and 44 years, close to 70% of survey respondents were male, taking 1-7 trips in a year. They are open to sharing personal information with travel service providers for more relevant offers and personalised services. They are most interested in cost saving tips and safety recommendations.

According to a Euromonitor Consumer Lifestyles Report, international leisure trips increased by 50% between 2012 and 2017. This is due to rising incomes, a growing sophistication amongst holiday-makers and the confidence of adventurous millennials seeking international travel experiences.

6.2. Media consumption habits

The Market Insights Study on 'what Indian travellers want' by Amadeus further indicates that Indian travellers make use of travel blogs, traveller reviews, social media, brochures, and travel agents when planning their trip. They are likely to plan their travels during weekends or while on holiday.

In general Indian travellers are open to sharing personal information with travel service providers. They receive the most relevant travel recommendations through online channels. Indian travellers are more likely than other Asia Pacific travellers, to make use of roaming packages while travelling abroad and in addition to Wi-Fi, hotel-provided smartphone devices with free data and local calls are useful for this market segment.

Top Travel Resources for planning a trip
Travel Blogs
Traveller Reviews
Social Media
Brochures
Travel Agent

Indian travellers are avid users of sharing economy apps such as Uber and Airbnb for the ease of use and cost saving it provides. Those who travel more often (8 or more trips in a year) are more likely to use sharing economy apps than those who travel less often (1-2 trips in a year).

6. Indian Traveller Trends

6.3. Outbound travel trends

In 2018, a total of 20 228 700 Indian international outbound trips were made with an expenditure of INR 2.4 billion, which is expected to increase to INR 4,4 billion by 2024. The UAE, Thailand, Saudi Arabia, USA and Singapore were the top five outbound destinations for Indian travellers in 2018 which accounted for 44% of all outbound trips.

Indian travellers have, on average, 35 days annual leave per year. Seasonality patterns indicate that they are most likely to travel during February, October and March, respectively. Of all outbound trips in 2018, 67,9% were for the purpose of leisure.

They are most likely to book their accommodation in advance or at the same time of booking their flight or transportation and the travel recommendations they find most useful are those related to their safety, comfort, and exposure to new experiences.

Whilst travelling, they like keeping up to date with what is happening in the world, their work/business and meeting new people using travel and social apps. Safety and convenience are of high importance to the Indian traveller. The top 3 mobile apps used by Indian travellers while travelling are MakeMyTrip, WhatsApp, and Google Maps.

Language is an important factor for Indian travellers, with more than two thirds wanting staff and tour guides who speak a language they understand or speak, and TV programmes/newspapers in a language they understand or speak.

6.4. Destination considerations

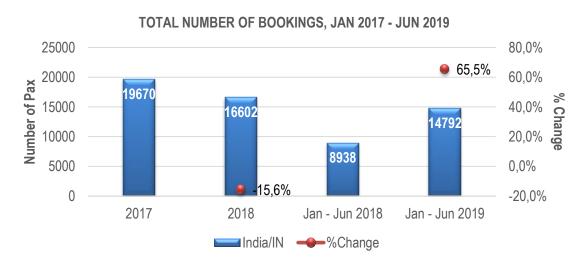
Top Media Channels
Email
MakeMyTrip
WhatsApp
Google Maps

The top source of influence in destination choice for Indian travellers are online sites such as Expedia and Skyscanner. Traveller reviews and recommendations from family, friends, and colleagues via word of mouth or social media also play an important role in the planning phase of the trip.

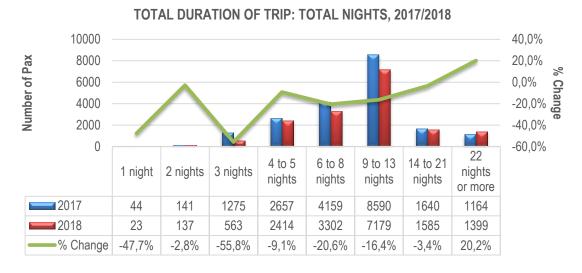
When planning their trip, Indian travellers showed great interest in a 360 degree interactive video that allows them to experience something they would see on their trip.

7. Indian Traveller Booking Trends

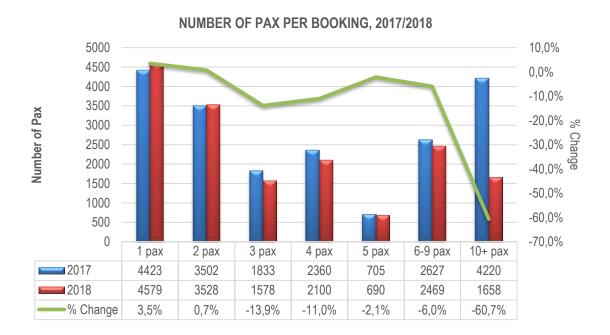
This section provides an overview of traveller booking trends obtained from ForwardKeys, an established data, IT and business intelligence company. ForwardKeys offers a new approach to traveller operational business intelligence, leveraging global flight reservation information and other data to monitor and qualify traveller flows, map global demand, and forecast trends. ForwardKeys receives fresh data daily from different BI providers, ranging from capacity data, to flight searches, and booked air plane tickets. It is therefore important to note that the sample of bookers represent travellers who have conducted bookings at the respective BI providers aligned with ForwardKeys, and does not represent the complete travel market.



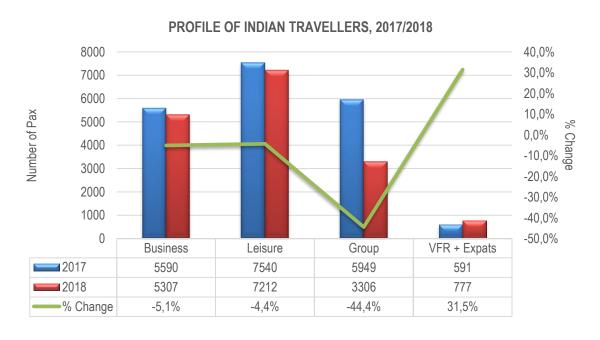
Travel bookings from India to the Western Cape declined by 15,6% from 2017 to 2018, most likely due to the Cape Town water crisis during that period. This decline thus affects all aspects of the booking trends analysis. The total duration of trip saw a decrease in all categories except for the 22+ nights category. In addition the proportion of visitors staying overnight increased in the categories 4 nights and above, indicating that although there were less travellers Indian travellers spent a longer time travelling in 2018 than they did in 2017. Bookings have however recovered remarkably, increasing by 65,5% in the first half of 2019 when compared to the same period in 2018.



7. Indian Traveller Booking Trends

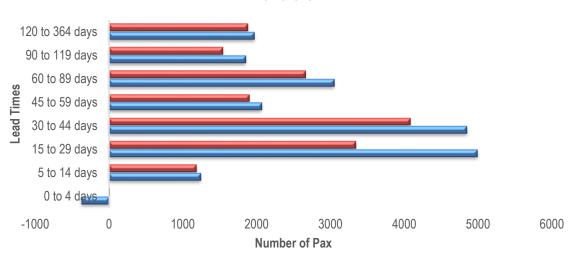


The number of passengers per booking indicates that Indian travellers are more inclined to travel alone or in pairs. The year-on-year change increased only in the 1 pax (+3,5%) and 2 pax (0,7%) categories, despite an overall decline in visitor arrivals from this market. Trends indicate that group travel of 10+ pax is on the decline which supports the trend that more Indian tourists are travelling in smaller groups with family and friends. Business Travel saw a slight decline in 2018 but still remains the predominant reason for Indian bookings to South Africa.



7. Indian Traveller Booking Trends





Booking trends indicate that Indian tourists are more likely to book their flights 15 to 44 days before the actual flight day. The use of Online Travel Agencies (OTA's) grew by 4,9% from 2017 to 2018, however, Retail Travel Agency remains the top distribution channel used by Indian travelers when making bookings.

DISTRIBUTION CHANNELS USED BY INDIAN TRAVELLERS, 2017/2018



8. Key Findings

- Indian visitors travelling to South Africa are predominantly visiting for the purpose of business, MICE, and holiday. They are most impressed with South Africa's beautiful scenery, and the hospitality and friendliness of people.
- Despite high levels of income inequality in India, consumer spending has increased by nearly 20% (real terms) since 2012. Young, urban working consumers are the driving force behind the growth in consumption including the growing demand for international leisure travel.
- According to a Euromonitor Consumer Lifestyles Report, international leisure trips increased by 50% between 2012 and 2017. This is due to rising incomes, a growing sophistication amongst holidaymakers and the confidence of adventurous millennials seeking international travel experiences.
- In 2017, the Indian market contributed R304 million to the Western Cape's economy making it the third most lucrative Asian source market for the province.
- The Market Insights Study on 'what Indian travellers want' by Amadeus indicates that Indian travellers
 make use of travel blogs, traveller reviews, social media, brochures, and travel agents when planning
 their trip. They receive the most relevant travel recommendations through online channels.
- The top source of influence in destination choice for Indian travellers are online sites such as Expedia and Skyscanner. Traveller reviews and recommendations from family/friends/colleagues via word of mouth or social media also play an important role in the planning phase of the trip.
- Indian travellers are avid users of sharing economy apps such as Uber and Airbnb for the ease of use
 and cost saving it provides. Those who travel more often (8 or more trips in a year) are more likely to
 use sharing economy apps than those who travel less often (1-2 trips in a year).
- Language is an important factor for Indian travellers, with more than two thirds expecting staff and tour
 guides who speak a language they understand or speak, and TV programmes/newspapers in a
 language they understand or speak.
- When planning their trip, Indian travellers showed great interest in a 360 degree interactive video that allows them to experience something they would see on their trip.
- Travel bookings from India to the Western Cape declined by 15,6% from 2017 to 2018, most likely due
 to the Cape Town water crisis during that period. Bookings have however recovered remarkably,
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9. List of Sources

- 1. South African Tourism
- 2. Euromonitor International
- 3. OAG Airline Passenger Traffic Analyser
- 4. ForwardKeys
- 5. Amadeus, Journey of Me: What Asia Pacific travellers want (India report), 2017

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