Backpacking and Youth Travel in South Africa

Photo © South African Tourism

the dti

Department: Trade and Industry
REPUBLIC OF SOUTH AFRICA

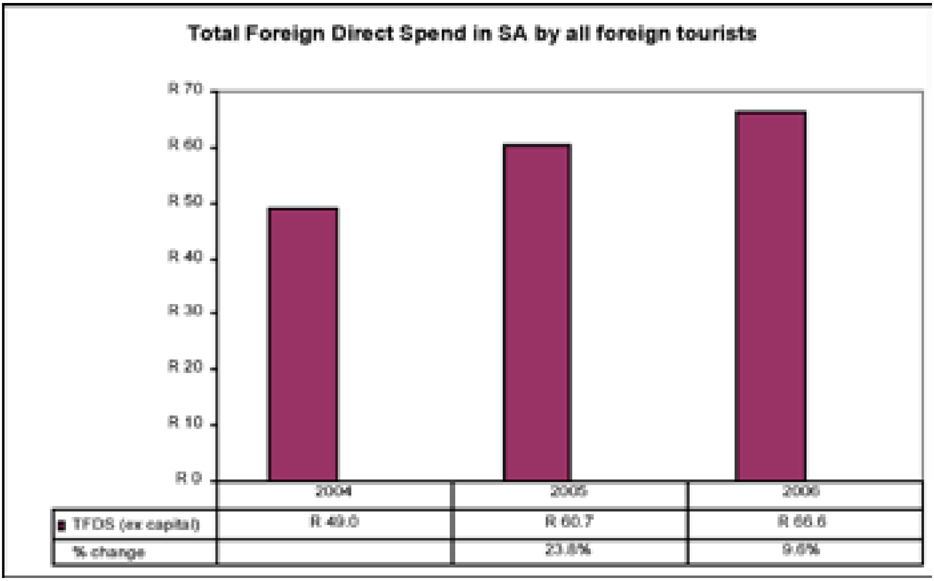
the dti and partner institutions will be publishing a series of trend sheets on niche markets. This will be of interest to existing tourism businesses, aspirant entrepreneurs, industry associations, and government bodies involved in tourism business development and support. This trend sheet is the first in the series. It draws on the findings of research into the backpacking industry conducted by Christian Rogerson on behalf of ECI Africa for NEDLAC.

1. BACKGROUND: TOURISM PERFORMANCE IN SOUTH AFRICA

1.1 Tourism's contribution to the economy

The World Travel and Tourism Council (WTTC) estimates that tourism contributes over 8% to the country's Gross Domestic Product and employs almost one million people. Tourism has been identified in the Accelerated and Shared Growth Initiative of South Africa (ASGISA) as one of three industries that can assist to accelerate economic growth to 6% in order to halve unemployment and poverty by 2014. The tourism sector is also a major source of foreign exchange earnings for South Africa as highlighted in Figure 1.

Figure 1: International arrivals' contribution in 2006

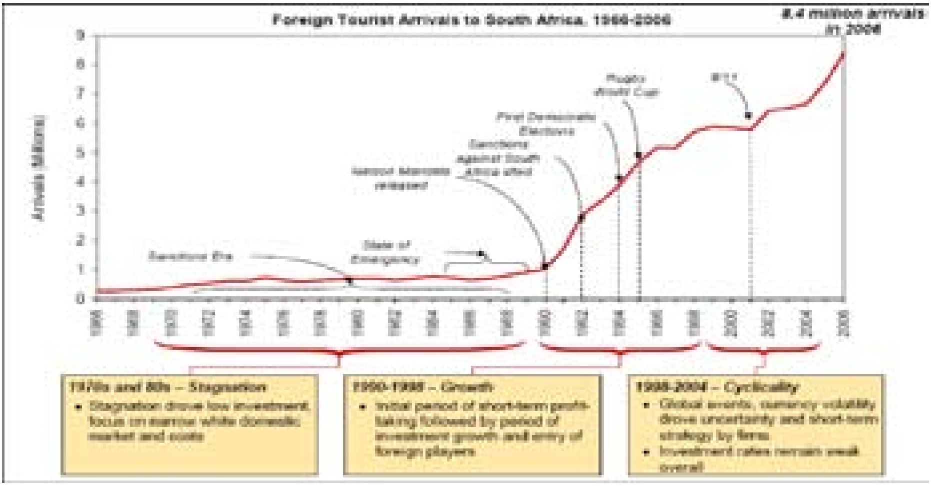


Source: South African Tourism, Annual Report 2006.

1.2 International arrivals

South African Tourism (SAT) 2007 arrivals' report indicates that foreign tourist arrivals reached an all-time high of 8, 4 million in 2006 as shown in Figure 2. This is a 13.9 % increase on 2005 and far exceeds the global average growth rate of 4.5% for the same period.

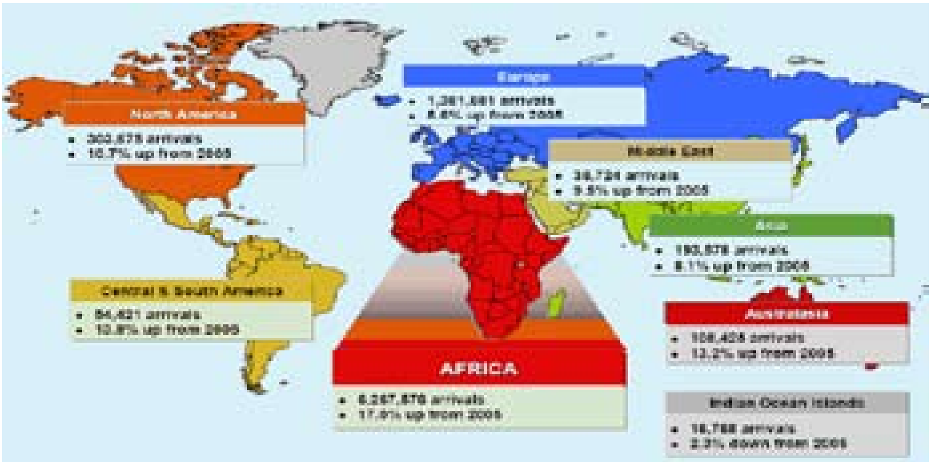
Figure 2: Foreign Tourist Arrivals to South Africa



Source: South African Tourism, Annual Report 2006.

Phenomenal growth in arrivals in 2006 was driven primarily by African land arrivals as illustrated in Figure 3 below. Other regions such as North America and Europe also showed positive growth except for the Indian Ocean Islands which showed a slow down.

Figure 3: Origin of international arrivals

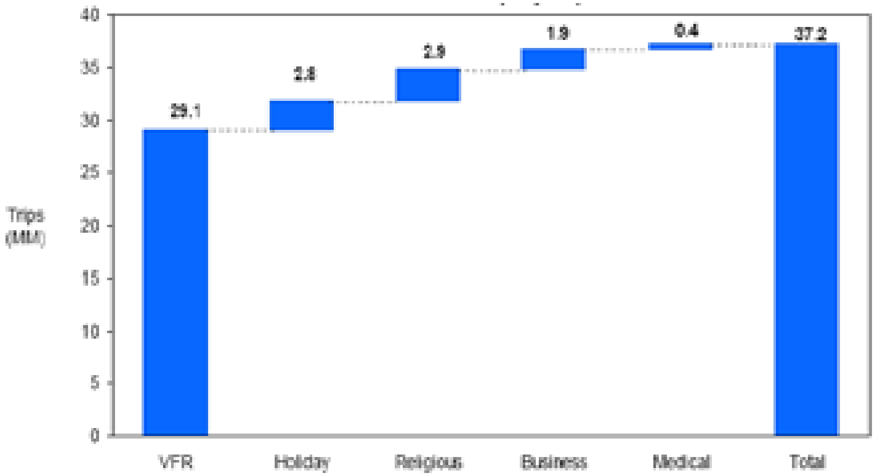


Source: South Africa Tourism, Annual Report 2006.

1.3. Domestic travel

SAT's 2006 Annual Report indicates that domestic travel increased by 2, 6% in 2006 with 37 million domestic trips undertaken. Figure 4 shows that in 2006, 78% of the tourists were Visiting Friends and Relatives (VFR). Revenue from domestic tourism was approximately R16.5 billion in 2006, with VFR travellers generating two thirds of this. In 2006 the two highest revenue-generating purposes of domestic travel - holiday and business - declined in comparison to 2005**.**

Figure 4: Number of Domestic Trips by Purpose in 2006



Share of Total Trips	78%	7%	8%	5%	1%	100%

Source: South Africa Tourism, Annual Report 2006.

1.4 Markets prioritised by South African Tourism

SAT has identified important foreign markets and classified them according to four value determinations, i.e. Core markets (for greatest opportunity), Tactical markets (for specific tactical opportunities), Watch-list markets (watching for value segments) and Investment markets (attractive, but difficult). For each value determinant, countries have been classified based on their significance to South Africa. These are shown in Figure 5.

Figure 5: Core, Investment, Tactical, Watch- List markets (2008 – 2010)

	AFRICA	AMERICAS & the UK	ASIA & AUSTRALASIA	EUROPE
CORE MARKETS	Botswana Domestic Kenya Nigeria	USA*# UK*#	Australia* India #	France*# Germany*# Netherlands*#
INVESTMENT MARKETS	Angola DRC Mozambique Zimbabwe	Canada*#	China (incl. Hong Kong) Japan #	Italy # Sweden #
TACTICAL MARKETS	Ghana Lesotho Swaziland Tanzania	Ireland	Singapore	Switzerland*#
WATCH-LIST MARKETS	Egypt Namibia UAE	Brazil	Malaysia New Zealand Rep of Korea	Austria*# Belgium*# Denmark*# Norway Spain
STRATEGIC IMPORTANCE	Bahrain, Oman, Qatar, Saudi Arabia			
STRATEGIC LINKAGES	Ethiopia, Zambia, Senegal	Argentina	Thailand	Greece

Source: South Africa Tourism, Tourism Growth Strategy 2008 to 2010, 2007

Note: * = associations and # = incentives and corporate meetings

Within these prioritised markets, South African Tourism has identified certain attractive segments. The "Wanderluster" segment is one such identified segment and it broadly includes Backpacking.

The "Wanderluster" segment is made up of younger singles or couples who do not have children. They are usually urban professionals with high incomes and considerable travel experience. Their desired experience centres on nature, culture and adventure with a strong liking for "urban vibe". While they are concerned with safety and comfort, the emotional appeal and diversity of a destination is also important to them.

2. TOURISM NICHE MARKETS IN SOUTH AFRICA

2.1 What are tourism niche markets?

Niche markets are core groups of people within a larger target audience who have similar occupational and/ or lifestyle characteristics towards which a tourist product may be targeted. Niche markets may also be explained as the existence of consumer groups with identifiable tastes and life-styles, for instance, bird watchers, backpackers, culture enthusiasts, or stargazers[1]. Niche tourism is also sometimes referred to as special interest tourism.

1 Price, S & etal. 2004. Report back. Adventure and Backpackers Industry Conference 2004 "Moving with the Times"

2.2 The value of niches to the tourism sector

Niche markets are important to tourism as they encourage the diversification of offerings, and assist in growing tourist numbers. These niche markets are also easy to communicate with due to their particular interests and consumer behaviour.

South African niche tourism can contribute towards the tourism sector's objectives of increasing tourists' length of stay, spend, geographical distribution, volumes, reducing seasonality and driving transformation in the sector[2]. It also has the ability to make a significant contribution to ASGISA through employment creation and poverty alleviation.

2.3 High growth tourism niche markets in South Africa

Although many products targeting niche markets in South Africa already exist, little substantive research has been conducted to estimate the size of the various niches from a supply or demand perspective. Backpacking appears to be one of the larger and more organised niches in South Africa. One indicator of its level of organisation is the existence of a membership-based sector organisation called Backpacking South Africa (www.backpackingsouthafrica.co.za). Another significant niche with similar organisational character is Birding, which is represented by BirdLife South Africa (www.birdlife.org.za), BirdLife Travel (birding travel agency) and over four formal and operational birding routes in the country. These are driven by services of over 300 BirdLife South Africa- trained local bird guides (look out for Niche Market Trends Sheet 2, which will cover Birding in South Africa, and is due for release in 2008).

3. RECENT RESEARCH FINDINGS ON BACKPACKING

3.1 Why Backpacking?

According to recent research conducted by the WYSE Travel Confederation (an organisation of more than 550 members representing a global community of youth travel, student travel, cultural exchange and international education specialists), backpacking and youth travel is the fastest growing tourist segment representing over 20% of all international visitors and generating about 109 Billion US Dollars annually (Richards, 2007)[3]. As a result of the growing significance of this market, the United Nations World Tourism Organisation (UNWTO) and WYSE Travel Confederation have entered into a partnership (Cooper, 2007)[4]. The aim of the partnership is to promote the industry by encouraging governments to actively support and develop youth tourism products and services.

---

2 Birding tourism for instance has since the year 2000 trained over 300 young black South Africans as local bird guides and most of these young people work in various capacities within the tourism economy today

3 Richards, G. 2007. New Horizons 11- The Young Independent Traveller, 2007. WYSE Travel Confederation: Amsterdam

4 Cooper, S. 2007. Youth Tourism – The Travel Industry's Boom Sector. WYSE Travel Confederation: Istanbul

In South Africa, this backpacking and youth niche market is important for a number of reasons. In the first place, South Africa has a growing international backpacking and youth travel market estimated at approximately 90 000 in 2006. In addition, backpacking has a tendency to be resilient and less affected by global terrorist and health hazards like 9/11 in the USA and Bird Flu for instance[5]. This market is complementary to South Africa's tourism mandate of halving unemployment and poverty because it offers greater opportunities for the involvement of many local communities in rural areas than do other forms of tourism[6]. In Australia, one of South Africa's key competitor destinations, backpackers spent a total of AUS $ 2.2 Billion in 2003 (www.tra.australia.com). This figure represents 20% of total expenditure by international visitors in the same year. A recent international visitor survey indicates that the increase in spend by backpackers in that country has pushed the value of the backpacking tourist market to AUS $3 Billion[7].

3.2 Backpackers defined

There is much debate on the definition of backpackers. Tourism Research Australia defines a backpacker as "a visitor who stayed at least one night in backpacker/hostel accommodation during travel in Australia"[8]. Backpackers tend to travel alone or with a companion. A number of qualities distinguish Backpackers from other travellers. For instance, they have a desire to experience places, are cost conscious, tend to travel independently, prefer budget accommodation, place emphasis on meeting other travellers, have independently organised and flexible travel schedules, travel for a longer period, and are keen on informal and participatory holiday activities.

Indeed research into the international youth and student travel market indicates that the main motivation of travel tends to be to explore other cultures (83%), followed by excitement (74%) and increasing knowledge (69%) – demonstrating the desire to encounter 'different' people and places[9]. Other motivations include the desire to acquire new language skills, to study or work abroad and travel for volunteering purposes (Richards, 2007).

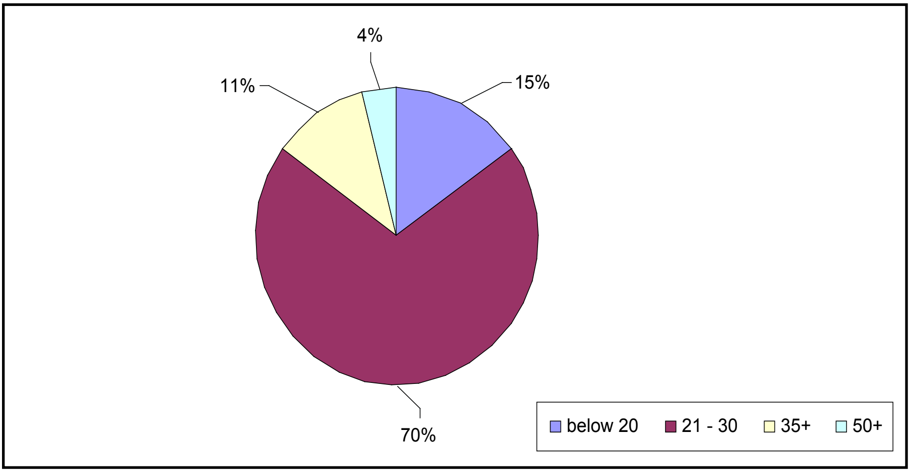
3.3 Who are backpackers?

Backpackers are generally young professionals and students with a high education level aged below 26 years (although there are also increasing numbers of backpackers between 26 and 35 years, as well as older backpackers known as 'grey gappers'). Although their incomes are lower (given their age and experience), backpackers are

5 ECI Africa, 2006. Backpacking Tourism Sector Study; Main Report with Strategic Recommendations. NEDLAC: Johannesburg
6 Referenced under 4 above
7 Tourism Research Australia, June 2007. Quarterly Results of the International Visitor Survey
8 ECI Africa, 2006. Backpacking Tourism Sector Study; Main Report with Strategic Recommendations. NEDLAC: Johannesburg
9 Richards, G & Wilson, J. 2003. Today's Youth Travelers: Tomorrow's Global Nomads. New Horizons in Independent Youth and Student Travel. A report for the International Student Travel Confederation (ISTC) and the Association of Tourism and Leisure Education (ATLAS). International Student Travel Confederation (ISTC): Amsterdam

prepared to save and/or work during their travels to increase their spending power. In 2006 the largest share of international backpackers visiting South Africa – more than two-thirds of the sample - were aged 21-30 years (see Figure 6 below). A total of 15 percent of the people included in the sample were below 20 years and 11 percent aged 35 years or more.

Figure 6: Age breakdown of backpackers to South Africa



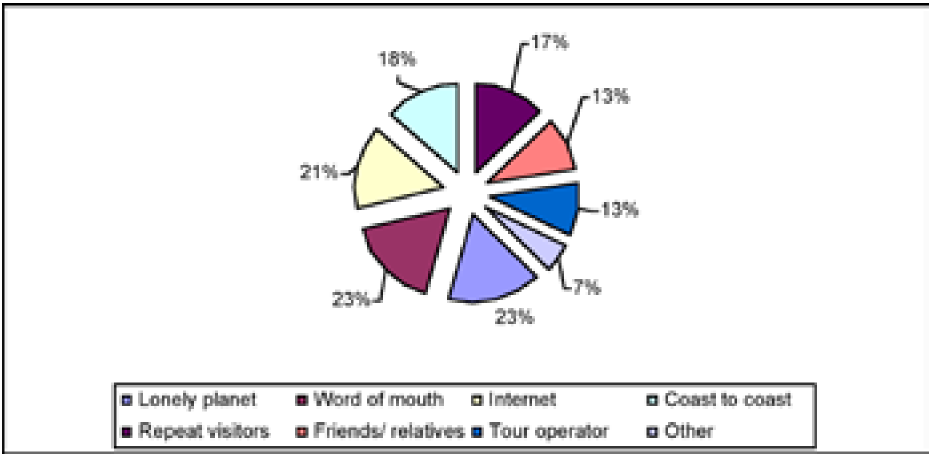
Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report 2006.

3.4 What information sources are used for planning a Backpacking trip?

The Internet is the core information source for backpackers, as shown in Figure 7, both for planning to visit South Africa or for planning itineraries across South Africa[10]. Important websites used by international backpackers in preparing for their visit to South Africa are Lonely Planet (www.lonelyplanet.com) and South African Tourism (www.southafrica.net). Other referenced websites are Greyhound (www.greyhound.co.za), Alternative Route (www.alternativeroute.net) and About Cape Town (www.aboutcapetown.com). Backpacking specific websites include Hostel World (www.hostelworld.com), STA Travel (www.statravel.co.za), the Baz Bus (www.bazbus.com) and Coast-to-Coast (www.coastingafrica.com).

10 ECI Africa, 2006. Backpacking Tourism Sector Study; Towards Policy Support. NEDLAC: Johannesburg

Figure 7: Information Sources for Backpackers



Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report 2006.

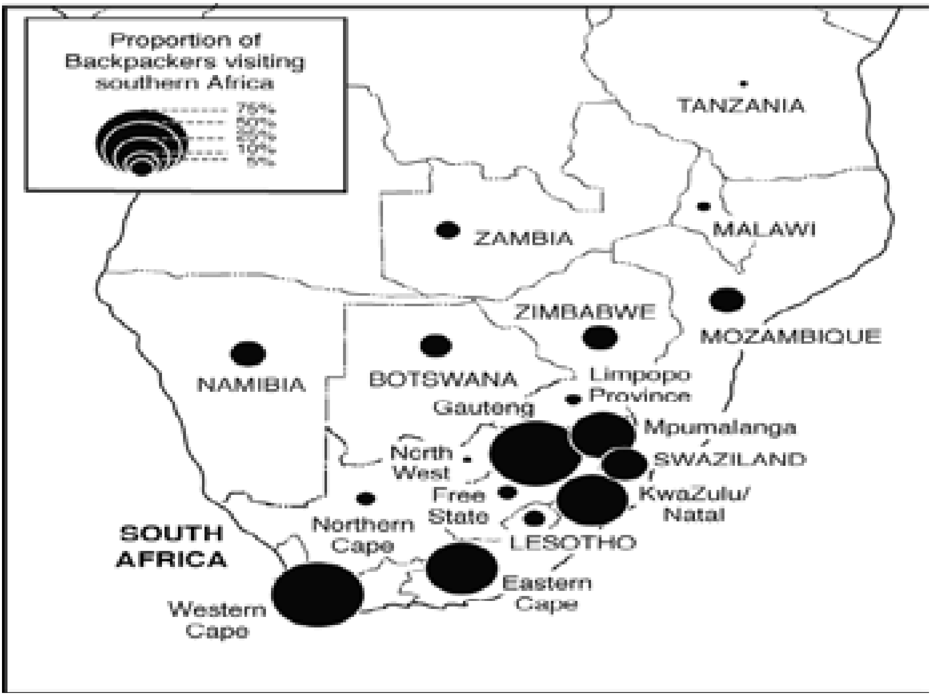
3.5 How do they book their travel, accommodation and activities?

In addition to websites, a variety of travel agents are used for booking travels to South Africa. Two of the more established travel agencies servicing the Backpacker market are STA Travel (www.statravel.co.za) and Flight Centre (www.flightcentre.co.za).

3.6 Where do they go?

The Western Cape, particularly Cape Town, is the main attraction for international backpackers visiting South Africa. Most international backpackers visiting South Africa stay at least one night in Cape Town. On a provincial basis, the average international backpacker visits 3.84 of the country's nine provinces. This is the highest visitor rate in the leisure tourist market. The provinces most frequently visited are the Western Cape, Gauteng, Eastern Cape, KwaZulu-Natal and Mpumalanga. Figure 8 shows South Africa's most visited destinations for international backpackers in 2006.

Figure 8: Where do backpackers go?

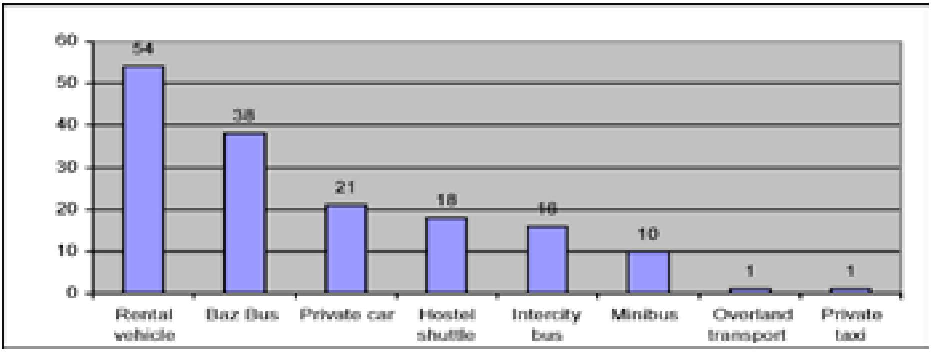


Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

3.7 How do they reach their destinations?

A dedicated transport channel for backpackers called Baz Bus is a popular means of transport. However, rental cars are used more often than Baz Bus as shown in Figure 9. In bigger cities like Cape Town and Johannesburg, hostel shuttles also play a role.

Figure 9: Percentage Transportation Usage by Backpackers

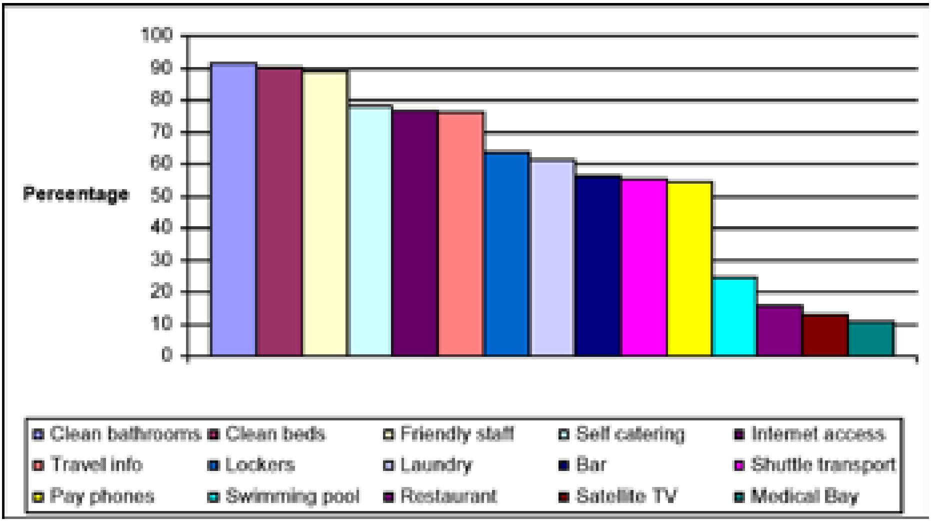


Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006

3.8 Where do they stay?

Backpacker hostels are the most popular by far, followed by accommodation provided by friends and relatives. Research shows (see Figure 10) that clean bathrooms, clean beds, friendly staff and self- catering options are key considerations when choosing a backpacking accommodation option. A great backpackers lodge is however not merely one that is clean with sufficient tourist facilities, but one that has a strong, unique atmosphere and environment. Uniqueness gives a backpacker lodge a selling edge that can contribute towards successful operations if well managed and creatively marketed.

Figure 10: Accommodation choice factors for Backpackers



Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

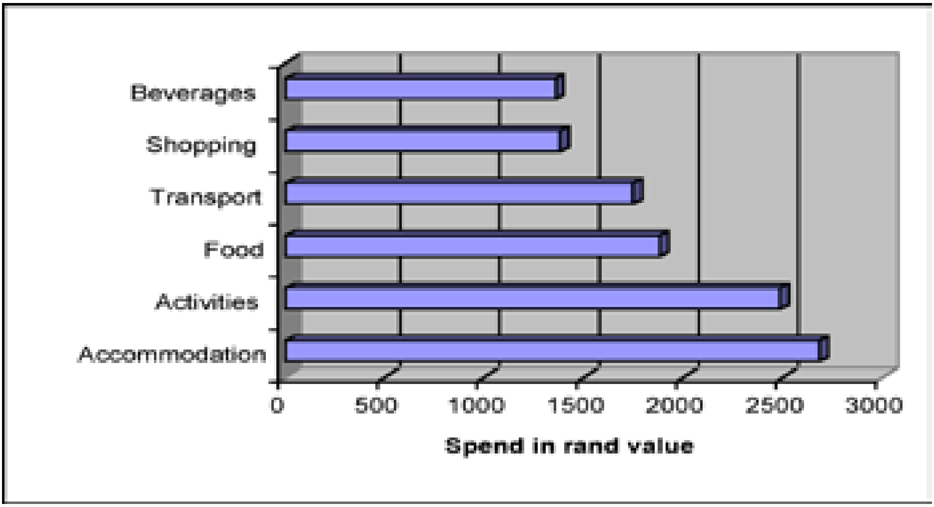
3.9 How long do they stay?

Total average length of stay for a backpacking trip to South Africa is 42 days with most backpackers staying for between 22 and 31 days. Distinct geographical variation occurs with length of stay. In Cape Town average length of stay of backpackers was estimated to be 6-7 nights, as compared with 2 nights in other Western Cape centres, 2 nights across the Eastern Cape, KwaZulu-Natal, Gauteng and Mpumalanga and, between 1-2 nights in other areas.

3.10 How much do they spend?

The average total spend per backpacker in South Africa is R10 294 per trip. Expenditure on accommodation represents the major cost item, followed by 'activities'. The average spend per visitor is R388.51 per day. Figure 11 below illustrates average spend by backpackers per item. While the average daily spend of backpackers may be lower than that of other leisure tourists to South Africa, their length of stay (at an average of 42 days) is much longer compared to that of 10 days for leisure tourists in general.

Figure 11: Average spend, international backpackers



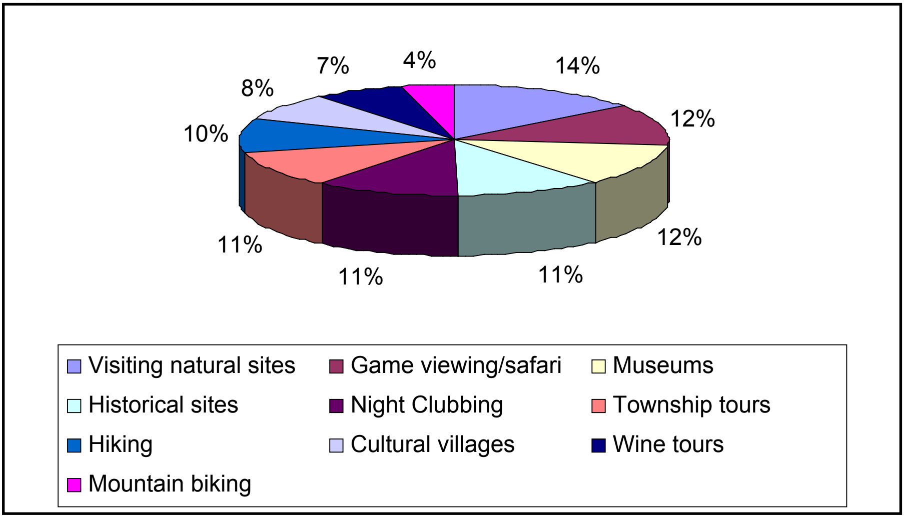
Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

3.11 What do they do on their travels?

Apart from adventure tourism activities, the major activities undertaken by international backpackers are not significantly different from those of international tourists as a whole. Moreover, research has shown that apart from participation in surfing, bungee jumping and skydiving, there are little differences in the activities undertaken by those backpackers aged over 35 as compared with those less than 35 years of age. Figure 12 provides a breakdown of activities in which backpackers typically participate.

Photo © South African Tourism

Figure 12: Major backpacker activities



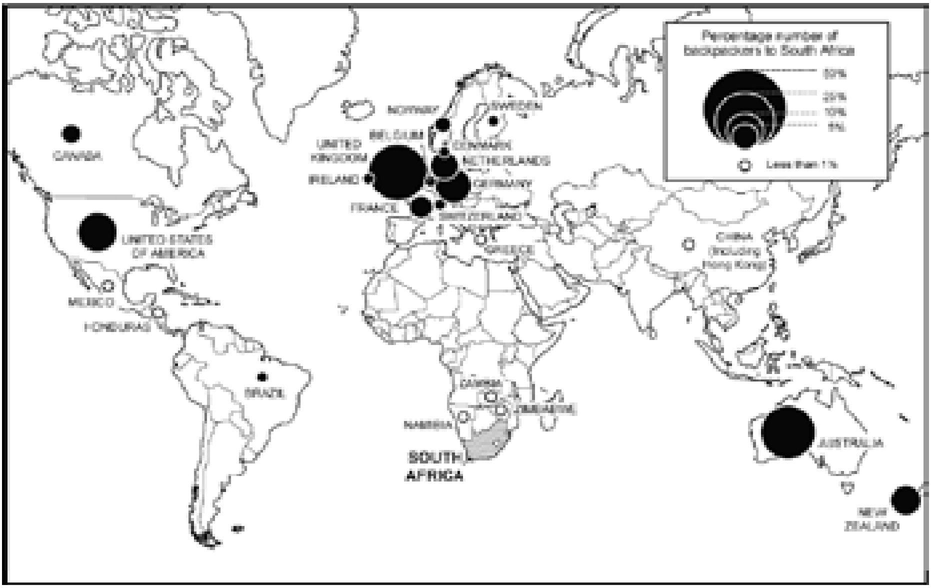
Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

3.12 Where do they come from?

More than half of the international backpackers to South Africa hail from source countries in Western Europe. Australasia and North America are also important source regions as shown on Figure 13.

Photo © South African Tourism

Figure 13: Major Source Countries for International Backpackers Visiting South Africa



Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

3.13 South African Backpacking services and products

South Africa's backpacking industry is characterised by a cluster of between 500-600 formal enterprises, which are spread across three segments of the industry, namely accommodation, travel and tours, and suppliers of adventure tour products. Most backpacking businesses are small businesses owned by individuals or families, partnerships or groups. The greatest number of enterprises serving the backpacking market is concentrated in the Western Cape, Eastern Cape and KwaZulu-Natal Provinces.

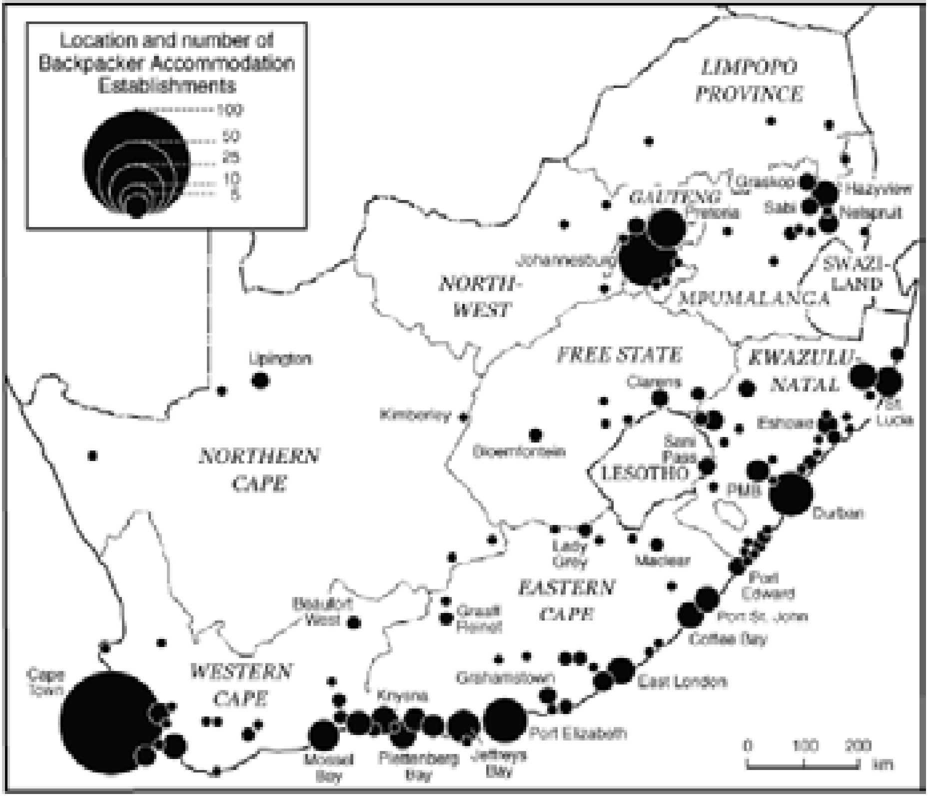
Figure 14: Backpacking services value chain

Suppliers	Producers	Intermediaries	Consumers
- Marketing services e.g. Coast to Coast, BSA, etc - Insurance - Cleaning - Security - Design - Construction - Financial services - Furniture and fittings - Accreditation and Grading services e.g. FTTSA and TGCSA	- Food & Beverages, Restaurants, Fast Food, shopping and retail. - Crafts, Museums, Heritage & Cultural Products, such as Story Telling, Traditional healing and Bone Throwing. - Accommodation such as Hostels providers, lodges, bed and breakfasts - Transport provider, such as Baz Bus, Greyhound, car rental companies - Entertainment and Night clubbing - Specialised activities such Whale watching, Mountain biking, Township tours etc	- Tour operators (e.g. Volunteers) - Travel agents (e.g. STA travel) - Incoming operators (such as SASTS) - Ground handling agents - Tour Brokers - Wholesalers - Consolidators	- Backpacking tourists such as volunteer and education travellers, gray gappers and students - Domestic and foreign

Photo © South African Tourism

About 425 backpacker accommodation establishments are spread across the country. Strong clusters exist in the country's major urban centres, dominated by the overwhelming strength of the Cape Town cluster[11]. There are also significant clusters of backpacker accommodation providers along the ribbon of the Garden Route, Wild Coast, the KwaZulu-Natal coast and some areas in the West Coast. Figure 15 illustrates the distribution of backpacking accommodation supply.

Figure 15: Geographical distribution and locality of backpacking accommodation



Source: ECI Africa, Backpacker Tourism Sector Study: Primary Research Report, 2006.

There are nearly 60 suppliers of transportation and tour services catering to backpackers of which more than half are based in the Western Cape. Outside of the Western Cape, it is evident that the only significant small clusters of transportation, travel service or tour suppliers are those based in Johannesburg and the specialist group of tour operators, mainly based in Nelspruit for safari tours in and around Kruger National Park.

11 ECI Africa, Backpacker Tourism Sector Study; Towards Policy Support, 2006

A number of activity-based operators service the backpacker market. The activities of outdoors and adventure tourism are extraordinarily diverse, and range from extreme sports to mountain-biking, surfing, hiking to horse riding, to mention few.

4. FINDING OUT MORE ABOUT BACKPACKING OPPORTUNITIES

4.1 Site visits

It is crucial to visit a number of existing backpacker lodges to experience their unique atmospheres. Backpacker lodges capitalise on various forms of attractions such as beach, mountain, river, and culture, rural, urban, Zulu or Rastafarian themes for their specific offerings. Whatever the focus, it is important to realise that a successful backpacker venture must establish a unique identity, strong brand and marketing strategy.

4.2 Market research

There is a need to understand the size, nature and economic performance of the niche globally, domestically, and within a local context. Go to www.backpackingsouthafrica.co.za and www.wystc.org for more information on backpacking. Information on tourism in South Africa is available on the South African Tourism website (www.southafrica.net).

4.3 Consult "How to Start & Grow your Tourism business" booklet

The Department Environment Affairs and Tourism has a publication titled "How to start and grow a tourism business". This may be obtained from the department's offices, provincial government or SMME development agencies like the Tourism Enterprise Programme (TEP). It provides a step-by-step approach to the establishment of a thriving small tourism enterprise and has contact details of relevant private, agency and government resources for advice and support.

4.4 Write a business plan

A business plan is important to translate ideas into business proposals and provide a road map for businesses operations. The business plan should be based on market and financial research. This is critical when applying for financing and non- financial assistance from banks and SMME development agencies. TEP has developed a variety of toolkits to assist small business operators. Contact details for TEP and other sources of information appear in section 6 of this publication.

5. RELEVANT INDUSTRY ASSOCIATIONS

5.1 Backpacking South Africa

Backpacking South Africa (BSA) was established in 1998 as a non-profit organisation. Its mission is to market South Africa globally as a preferred backpacker destination by offering distinctive, world-class backpacker experiences in a unique environment. Its express purpose is to ensure that tourists who visit the country as backpackers or independent travellers are assured that there is a local organisation interested in making their stay the most enjoyable in the world. The organisation's services are accessible on www.backpackingsouthafrica.co.za or via email at welcome@backpackingsouthafrica.co.za

5.2 Federated Hospitality Association of Southern Africa (FEDHASA)

Established in 1949, Fedhasa represents the South African hospitality industry at a local, provincial, national and global level to protect the interests of all stakeholders of the industry, thereby enabling members to achieve their objectives. To get information on this association phone 011 467 5009, email fedhasa@fedhasa.co.za or visit www.fedhasa.co.za.

5.3 Southern Africa Tourism Services Association (SATSA)

The Southern African Tourism Services Association is the leading body representing the private sector of the incoming tourism industry in Southern Africa. It offers membership to tourism operators and is contactable at +27 (0) 86 12 SATSA or +27 (0) 86 12 72872. For more information, go to www.satsa.co.za.


Photo © South African Tourism

6. OTHER TOURISM SMME SUPPORT SERVICES

SMME support agencies and government departments	
Tourism Enterprise Programme Tel: 011 804 5750 Fax: 011 802 8448 www.tep.co.za	**Small Enterprise Development Agency (SEDA)** Tel: 012 441 1000 Fax: 012 441 2212 www.seda.org.za
Department of Environmental Affairs and Tourism Tel: 012 310 3911 Fax: 012 322 2682 www.deat.gov.za	**Department of Trade and Industry** Tel: 012 394 1185 Fax: 012 394 2185 www.thedti.gov.za
Sources of financial assistance	
Commercial Banks Most of the big commercial banks have tourism finance desks and can be approached	**Khula** Tel : 012 394 5560 Fax: 012 394 6560 www.khula.org.za
National Empowerment Fund Tel : 011 305 8000 Fax : 011 305 8001 www.nefcorp.co.za	**Business Partners- Tourism Fund** Tel: 011 480 8700 Fax: 011 642 2791 www.businesspartners.co.za
Umsobomvu Youth Fund Tel: 011 651 7000 Fax: 011 805 9709 http://www.youthportal.org.za	**Industrial Development Corporation** Tel: 011 269 3000 Fax: 011 269 3116 www.idc.co.za

Interesting links

World Youth Student Tourism Conference (WYSTC) WYSTC was established in 1992 as the joint trading, networking, and information- sharing platform for members of the Federation of International Youth Travel Organizations (FIYTO) and the International Student Travel Confederation (ISTC). Its mission is to provide the youth, student and educational travel industry with a global event where specialist organizations gather to exchange knowledge, experience and expertise - and to trade with trusted partners. www.wystc.org	**Coast to Coast** This is a publication and website that provides information on backpacker accommodation, places to visit, transport to various destinations and general travel information. www.coastingafrica.com
The World Youth Student & Educational (WYSE Travel Confederation) WYSE Travel Confederation is a non profit organisation comprising over 550+ members which represent the global community of youth, student and international educational specialists travel. www.wysetc.org	**Association for Tourism and Leisure Education (ATLAS)** The Association for Tourism and Leisure Education (ATLAS) was established in 1991 to develop trans-national educational initiatives in tourism and leisure. ATLAS provides a forum to promote staff and student exchange, trans-national research and to facilitate curriculum and professional development. ATLAS currently has members in more than 70 countries. www.atlas-euro.org
South African Tourism The vision of South African Tourism is to make South Africa the preferred tourist destination in the world by implementing a world class tourism marketing strategy for the country. www.southafrica.net	**Hostelworld.com** An online booking service, with a database of over 10 000 hostels worldwide. www.hostelworld.com **Hostelling International** Hostelling International is the brand name of more than 90 Youth Hostel Associations in over 80 countries, operating 4,000+ hostels. www.hihostels.com