Marketing South Africa in Angola

May 2012
South African Tourism is the official tourism marketing organisation of South Africa. We market across the world focusing on three groups of travellers – international leisure travellers, the domestic and regional traveller, and business tourists who travel to South Africa for conferences and incentives.

A key part of our business is to:

- Understand the market
- Choose the attractive segments
- Market the destination

Angola has been identified as a core market in the SA Tourism portfolio of markets and a route to market strategy was developed in 2011 to define SA Tourism’s entry strategy into the market and define marketing strategies to grow tourism from this market. This booklet has been developed to help market South Africa in Angola. Detailed information on our marketing plans in each market is available from our Regional Director: Africa & Middle East (see address on the back cover).

As the information in this booklet was sourced in the development of the marketing strategy, it does not include the latest data available on the Angolan market. Current information on the Angolan market is available on our website www.southafrica.net/research.
Agenda

- Angola within SA Tourism’s portfolio
  - Angolan Market Context
  - Angolan Tourism Market
  - Angolan Travellers
  - Messages, Channels and Products for the Angolan Market
Africa accounts for the largest share of inbound arrivals to South Africa. It was also the fastest growing tourism market for South Africa, from 2003–2010.
Context: Africa is Important

Regional Contribution to Tourism of South Africa

A few countries from Africa and the Middle East are responsible for ~76% of international arrivals to South Africa.

Africa Land (AFRL)
- Countries where more than 60% of arrivals to South Africa use land-based transport
- Accounts for 73.9% of foreign arrivals to South Africa

Africa Air (AFRA)
- Countries where more than 60% of arrivals to South Africa use air transport
- Accounts for 1.8% of foreign arrivals to South Africa

Africa (AFR)
- 75.7% of international arrivals to South Africa

Note: 1 Africa Land (AFRL) includes South Africa in this slide only
Source: Grail Research & Monitor Analysis; SAT 2010
**Context: Africa is Important**

**Focus Markets Within Africa**

Below is the outcome of the fourth portfolio review process that took place during July/August 2009 and which covers the period 2011/12 to 2013/14

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Africa</th>
<th>Americas</th>
<th>Asia &amp; Australasia</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Markets</strong></td>
<td>Angola, Botswana, Kenya, Nigeria, South Africa¹</td>
<td>USA¹</td>
<td>Australia¹, India</td>
<td>France¹, Germany, Netherlands, UK¹</td>
</tr>
<tr>
<td><strong>Investment Markets</strong></td>
<td>DRC, Mozambique</td>
<td>Brazil, Canada</td>
<td>China (incl. Hong Kong), Japan</td>
<td>Belgium, Italy, Sweden</td>
</tr>
<tr>
<td><strong>Tactical Markets</strong></td>
<td>Lesotho, Swaziland</td>
<td></td>
<td>New Zealand</td>
<td>Ireland</td>
</tr>
<tr>
<td><strong>Watch-list Markets</strong></td>
<td>Malawi, Namibia, Zambia, Zimbabwe</td>
<td>Argentina</td>
<td>Republic of Korea</td>
<td>Austria, Denmark, Portugal, Spain, Switzerland</td>
</tr>
<tr>
<td><strong>Strategic Importance</strong></td>
<td>Bahrain, Oman, Qatar, Saudi Arabia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategic Air Links/Hubs</strong></td>
<td>Egypt, Ethiopia, Ghana, Mauritius, Senegal, Tanzania, UAE</td>
<td></td>
<td>Malaysia, Singapore</td>
<td></td>
</tr>
</tbody>
</table>

Note: ¹indicates business tourism hubs
Context: Africa is Important
Market Phase and Key Characteristics

Tourism in African markets is still in a nascent stage

Tourism Industry Life Cycle

- Introduction
- Growth
- Maturity

Market Symptoms

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Product</th>
<th>Competitor</th>
<th>Channel</th>
<th>Tourism Authority Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Uninformed, price insensitive, multi-purpose</td>
<td>- Seek information &amp; opportunity; discover leisure</td>
<td>- Very informed, price sensitive, focus on leisure</td>
<td>- Uninsophisticated, isolated, experience based</td>
<td>- Combine with trade initiatives</td>
</tr>
<tr>
<td>- Very individualised</td>
<td>- Emergence of packages (seeking scale effects)</td>
<td>- Specialised packages</td>
<td>- Few</td>
<td>- “Shout”: get as many as you can</td>
</tr>
<tr>
<td>- Status oriented</td>
<td>- Emerging specialisation/focus</td>
<td>- High competition</td>
<td>- One-stop-shops</td>
<td>- Adapt trade and market to select segments</td>
</tr>
<tr>
<td>- Few</td>
<td>- Specialisation; information provider</td>
<td>- Clear focus</td>
<td>- One-stop-shops</td>
<td>- Understand segments and select</td>
</tr>
</tbody>
</table>

Overall Strategy

- Develop positioning
- Facilitate scale effects (e.g., packages)

Note: 1The duration of the four phases of the life cycle may vary significantly; their graphical representation with equal distances may thus be misleading.

Source: Framework based on Michael Porter: Competitive Strategy, 1980, Chapter 8 (Industry Evolution)
Angola recorded a 3% growth in arrivals and a 2% increase in average spend in South Africa between 2009 and 2011.
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The Angolan economy has enjoyed steady high growth since the end of the civil war in 2002, but its rate of growth is declining.

- The Economist and the IMF ranked Angola as the fastest growing economy from 2001 to 2010, with an annual average GDP growth rate of 11.1%.

- However, analysts predict that Angola will not be among the top 10 countries in the world between 2011 and 2015.

**Country Comparison, by GDP, GDP per Capita and GDP Growth Rate, 2010**

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (USD Bn)</th>
<th>GDP per Capita (USD)</th>
<th>GDP Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>206.7</td>
<td>1,324</td>
<td>7.4%</td>
</tr>
<tr>
<td>Angola</td>
<td>85.8</td>
<td>4,812</td>
<td>5.9%</td>
</tr>
<tr>
<td>Kenya</td>
<td>32.4</td>
<td>888</td>
<td>4.1%</td>
</tr>
<tr>
<td>DRC</td>
<td>12.6</td>
<td>189</td>
<td>5.4%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>10.2</td>
<td>473</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

Note: 1 At constant prices
A Finite Source of Revenue

Angolan Oil Revenues 1990–2030E

- Angola is the largest producer of oil in Sub-Saharan Africa, having surpassed Nigeria in 2009
- It is unclear when Angola's oil will run out, but its reserves are small by any standard

Breakdown by Oil & Gas vs. Other Activities in Angola, 2009

- 52% of GDP
- 97% of Exports

A shortfall that will need to be bridged

Note: After this prediction, additional discoveries have been made, with the DOE predicting peak oil in Angola in 2015.
The main challenge for Angola is ensuring continued economic growth in the years to come, which will depend on a diversification strategy that has already begun.

### Sector Contribution to GDP, 2008–2010, USD Bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Petroleum</th>
<th>Agriculture</th>
<th>Construction</th>
<th>Market Services</th>
<th>Diamond</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>49</td>
<td>15</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>2009</td>
<td>34</td>
<td>8</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>2010</td>
<td>41</td>
<td>17</td>
<td>9</td>
<td>6</td>
<td>5</td>
<td>1%</td>
</tr>
</tbody>
</table>

**% Change '08–’10**

- Petroleum: -8.5%
- Agriculture: 7.8%
- Construction: 29.4%
- Market Services: 16.5%
- Diamonds: 10.5%
- Others: 1.2%
- Other: 0.1%

### A Strategy for the Diversification of the Economy

- Post the 2009 economic crisis, government has worked to diversify the oil-driven economy.
  - Key sectors include mining (diamond, iron ore), construction, agriculture, and manufacturing.
- Government announced in 2009 that it would spend USD 2 Bn on agriculture.
- Special Economic Zones (SEZ) created to promote economic diversification and industrial output.

**Macro-Economic Outlook**

**Economic Diversification**

Increasing Foreign Exchange Reserves

- Increased export earnings led to a rise in foreign exchange reserves
- Increased from ~USD 12.5 Bn in June 2009 to ~USD 14.1 Bn in March 2010

Currency Fluctuations

- Both the US Dollar and the Angolan Kwanza are widely used throughout Angola
- From 2007 to 2009, the Kwanza has been stable against the dollar, but started to depreciate in 2010

Decreasing Inflation Rate

- IMF estimates that the rate of inflation will decrease from 13.7% in 2009 to 13.3% in 2010
- Expected to finally reach 10.9% in 2012

Declining Government Debt

- Government debt is expected to decline from 38.3% in 2009 to ~26% in 2012 due to regulation of public expenses

Financial indicators suggest sound macro-economic management by the Angolan government

Luanda is the most important province in the country, accounting for ~90% of Angola’s economic activity. It is also the most populated province in the country.

**CABINDA**
- ~60% of the oil resources in Angola are situated in the Cabinda province.

**LUANDA**
- Luanda is the most active region in terms of the economy.
  - Most of the country’s wealth is concentrated here.
  - It is the most populous region in the country, accounting for one third of the country’s population.

**UPCOMING CITIES**
- Although Luanda remains the centre of activity in Angola, there are people who have decided to move/return to other cities:
  - Benguela
  - Lobito
  - Lubango
  - Huambo
- These cities are perceived to offer better lifestyles and/or business opportunities.

*Luanda is the most important city economically, and is likely to remain so for the foreseeable future.*

Reconstruction and development made possible by oil-backed credit spurred a construction boom, particularly in the nation’s capital.

### Oil-Backed Credit for Reconstruction
- Reconstruction started with USD 2 Bn of oil-backed credit from the Export Import Bank of China (EximBank) in March 2004.
- Other countries looking to access Angola’s oil supply soon followed suit.

### Continuing Construction in Luanda
- Luanda was originally designed and built to house 500,000 people but is currently occupied by an estimated five million.
- Construction boom post war across a number of sectors (real estate, office spaces, hotels, hospitals).
- Real estate market switched focus in 2009 from luxury houses to medium-cost homes, while government is working to develop low-cost housing.

### Top Five Foreign Funders of Angolan Reconstruction Projects, 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Value — Most Recent Projects¹ (USD MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1,640</td>
</tr>
<tr>
<td>China</td>
<td>1,380</td>
</tr>
<tr>
<td>Portugal</td>
<td>503</td>
</tr>
<tr>
<td>Germany</td>
<td>441</td>
</tr>
<tr>
<td>European Union</td>
<td>269</td>
</tr>
</tbody>
</table>

Note: ¹Most recently completed or committed to.


“The city itself resembles one huge construction site, with construction cranes racing to complete luxury office blocks, condominiums and recreational areas such as cinemas and gymnasiums”

— John Grobler, Mail & Guardian
New buildings and public infrastructure are still under construction in Angola. However, the pace has slowed considerably after the global economic recession of 2008 and 2009.

Oil boom from 2004 to 2008 led to rapid infrastructural growth in Angola...

- Construction industry in Angola showed double-digit growth from the end of civil war in 2002 until 2008, owing to:
  - Increased expenditure on infrastructure by the government in an attempt to diversify from the oil-based economy
  - Increased private investment as many foreign companies were attracted to the growing oil economy

- However, in 2008 and 2009, the Angolan economy weakened due to global oil price fluctuations
  - This resulted in a slowing of growth in the construction industry in Angola

...Construction is still important, however the pace has decelerated

- Post the 2009 economic crisis, the construction industry is still growing, however the pace has slowed

- Growth in construction of public infrastructure (roads, railways, airports and other government projects) was partially sustained thanks to the 2010 Africa Cup of Nations hosted by Angola in January 2010

- However, the rate of growth is slow owing to:
  - The spill-over effect of outstanding government domestic arrears after the economic slowdown in 2008 and 2009
  - Uncertainty regarding oil prices in the global market
  - Increased control and conservatism of banks around giving finance to private investors

- Analysts at IMF expect the growth rate of construction in Angola to increase in 2011
Macro-Economic Outlook
Development of Infrastructure and Banking

Development has been evident in the areas of infrastructure and banking

Infrastructure

- Government has utilised oil-backed credit lines to rehabilitate and build roads and railways
  - Chinese credit alone estimated to be worth as much as USD 8 Bn; additional investment has been garnered from Brazil, South Korea, and Spain
  - Dual-lane highways now connect Luanda with cities in the interior
  - Rehabilitation of the Benguela Railway Line

Banking

- Number of domestic and foreign banks in Angola has increased from 3 in 2003 to 20 in 2010

“The financial system is daring a frontier moment, producing at the same time strong growth in the deposit basis and, on the other hand, an increased competition with the entry of new players that are making banks more aggressive and segmented”

– Pedro Barreto, Deloitte

Angolan Consumers

Angola’s Growing Middle Classes

The Angolan demographic landscape is changing, with a wealthy upper middle class emerging emerging

Growth in the Middle Classes...


CAGR ’08–’10

A: -3%
B: +23%
C: +30%

...Leading to Increased Consumerism

- This group is focused on status and are thus big spenders
  - Prefer international, luxury brands (e.g.: Prada shoes, Louis Vuitton bags, Hermès scarves)
  - Drive large luxury SUVs (e.g.: Toyota Prado / VX, Range Rovers)

“A chauffeur guides a shining 4x4 BMW out of a gated condominium, ferrying a smartly-dressed executive…Leaving her air-conditioned office, our executive will pay $100 for lunch at a beachfront café and think nothing of spending $300 on a few items of imported food from an up market grocery store”

– Louise Redvers, Inter Press Service

Note: Assume SEC class is linked to income groups: A = >10,000 USD per month, B = 5,000–10,000 USD per month, C = 2,000–5,000 USD per month
# Angolan Consumers

## Living in a Developing Economy

For Angola’s people, the everyday challenges related to living in a developing economy create a stressful environment in which to live.

### Customer Service Non-Existent

- **Laissez-faire attitude** results in no sense of urgency
- **Customers** generally not offered assistance or information; only received upon request, if at all

  ![Image](image.png)

  “They’re not very friendly and they act superior…it’s a power thing”
  – Foreign Diplomat posted in Luanda

### Extremely Expensive

- Ranked the **most expensive city** in the world in 2010

<table>
<thead>
<tr>
<th>Hotel Alvalade, Luanda</th>
<th>Michelangelo Hotel, Sandton</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 420.00 will get you:</td>
<td>USD 430.00 will get you:</td>
</tr>
<tr>
<td>- Four-star hotel</td>
<td>- Five-star hotel</td>
</tr>
<tr>
<td>- Buffet restaurant</td>
<td>- Renowned restaurant</td>
</tr>
<tr>
<td>- Basic amenities and lobby</td>
<td>- Full amenities</td>
</tr>
<tr>
<td>- Elegant lobby</td>
<td>- Elegant lobby</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pina Colada at Cais de Quattro on Ilha de Luanda</th>
<th>Pina Colada at Taboo Nightclub in Sandton</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 16.00</td>
<td>USD 10.00</td>
</tr>
</tbody>
</table>

Source: Monitor and Grail Primary Research and Analysis
Angolan Consumers
Leisure Habits of Angolans

“Stay at home”, “watch television” and “listen to music / radio” are the most common leisure activities in Angola, while internet is not very common.

Where do Angolans go During their Leisure Time?

- Stay at Home: 73.5%
- Visit Family and Friends: 58.0%
- Go to Church: 55.3%
- Walk/Wander: 30.2%
- Participating: 24.2%
- Go to the Beach: 18.5%
- Go for Shopping: 5.2%
- Go to Cinema: 5.1%

Activities Undertaken by Angolans in Leisure Time

- Watching Television: 65.0%
- Listening to Music: 49.4%
- Reading: 33.6%
- Talking: 30.6%
- Listening to Radio: 27.8%
- Participating in Sports: 23.1%
- Sleeping: 22.2%
- Studying / Using Computer: 19.1%
- Using Internet: 6.1%

- Most Angolans prefer staying home to going out on weekends and other holidays.
- Visiting family and friends, and having them come over to one’s place, is another popular leisure activity for Angolans.
- Watching television and listening to music are the most common leisure activities undertaken by Angolans.
- Spending time on the computer, or on the internet, is among their least common leisure activities.

Note: “Stay at Home” includes visiting friends and relatives.
Angolan Consumers
Current Usage of Technology: Internet

While internet penetration is increasing in Angola, it remains low compared to other countries in the region

Internet Penetration is Increasing in Angola...

- The number of internet users in Angola has grown from 30,000 in 2000 to more than 600,000 by 2010
- Internet penetration in the country has increased to **4.6 users per 100 people (June 2010)** from only 0.2 users in 2000
  - However, the penetration rate is significantly lower than the African average (9.6% in 2010)
  - In South Africa, the internet penetration rate is even higher at 10.8% (as of June 2010)
- However, in economic classes A and B, 93% and 56% of the population have access to internet respectively

…But Broadband Users Remain Significantly Low

- Broadband internet subscriptions are significantly low in Angola, with **only 0.1 users per 100 people (2009)**
  - The low broadband penetration rate conforms to the overall African average (less than 1% in 2010)
  - In South Africa, the broadband penetration is relatively high at ~7%¹
- However, **demand for broadband is increasing** in Angola, though costs are still high due to lack of wired infrastructure
  - Due to inadequate fixed line infrastructure, ISPs in Angola have started to deploy wireless technologies, such as WiMAX and CDMA

“Internet penetration is particularly low in the lower income population. Overall, internet speed and connectivity in the country is poor”

– Angolan Resident

“Angola’s demand for broadband connectivity, coupled with the lack of wired infrastructure, makes WiMAX technology an ideal solution for the country”

– Tzvika Friedman, CEO, Alvarion, Aug 2009

– In 2009, the country had plans to develop a national fibre network and launch new international fibre systems to increase broadband penetration and lower costs

Note: ¹As reported in article published in December 2010
Angolan Consumers

Internet Usage Behaviour

Majority of the population in Angola still use the internet occasionally, with cyber café’s as the most popular location to access it.

Internet Access by Location

<table>
<thead>
<tr>
<th>Location</th>
<th>% of Population Accessing Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber Café</td>
<td>43.9%</td>
</tr>
<tr>
<td>At Home</td>
<td>30.9%</td>
</tr>
<tr>
<td>Mobile Phone</td>
<td>19.2%</td>
</tr>
<tr>
<td>Work/School</td>
<td>17.9%</td>
</tr>
<tr>
<td>Other Locations</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Very popular among lower income population

Internet Access by Frequency

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Share of Population Using Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyday</td>
<td>41.4%</td>
</tr>
<tr>
<td>Almost Everyday</td>
<td>17.5%</td>
</tr>
<tr>
<td>At Times</td>
<td>16.2%</td>
</tr>
<tr>
<td>Rarely</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

Source: Monitor and Grail Primary Research and Analysis; "Media & Market Overview: Angola", Executive Centre, 2011
Agenda

- Angola within SA Tourism’s portfolio
- Angolan Market Context

**Angolan Tourism Market**

- Angolan Travellers
- Messages, Channels and Products for the Angolan Market
Angolan Tourism Market

Market Size

Although Angola’s population is approximately 13 million, the market potential is just under 400,000.

Potential Consumers in Angola

- Total Angolan Population: 13.10 million
- Population Outside Luanda: 8.10 million
- Population Aged <25 and >54: 3.38 million
- Population with Low-Average Income: 1.25 million
- Angola Market: 0.37 million

Assume Luanda has a population of 5 million.
Assume 69% of the population is younger than 25 and older than 54.
Assume 77% of the population is low income.
Assume 20,000 expats.

Note: Assumes that age is distributed consistently across geography; assumes that income is distributed consistently across age groups.
Source: Monitor and Grail Primary Research and Analysis.
Angolan Tourism Market

International Tourism

Angolan travellers are increasingly choosing international destinations for their trips, with South Africa the top destination.

- Although declining in relative share, South Africa remains the top international air destination for Angolan travellers, accounting for approximately one third of travel.
- Brazil is seeing significant growth due to language and cultural similarities, popularity in the trading sector, and greater accessibility (flights and visas).
- Portugal’s growth remains steady as the main reasons for travel to this destination are VFR and / or shopping.
- Namibia is expected to see significant growth in the future as a result of the recent visa waiver.

Note: Figures include both business and leisure trips; Number of trips by air to Namibia estimated as 25% of total trips (assumption based on consumer interviews where 1 in 4 trips was via air to Namibia).
Source: Monitor and Grail Primary Research and Analysis, Euromonitor
Portugal, Brazil, and South Africa are the major international destinations for Angolans, with Dubai and Namibia emerging as other popular destinations.

Note: ¹ Only the number of trips made by air have been considered here; ² This is the approximate figure for people travelling to Namibia by air (calculated as ~25% of the total Namibia trips); UK, France, China and UAE were included in “others”, and hence a figure for each could not be calculated.

Source: Monitor and Grail Primary Research and Analysis; Euromonitor
Angolan Tourism Market
Potential Market Growth in Volume

Based on the tourist arrival pattern and global average passenger load factor, an additional ~6,000 Angolans could travel from Angola to South Africa annually.

The difference between the average arrivals and peak arrivals indicates an availability of ~12,100 seats annually.

The peak load factor experienced on the Angola – South Africa route is 90-95%, as against the average load factor of 70-75%.

- However, the globally achieved average load factor lies between 80-85%.
- Thus, additional arrivals of ~6,000 per annum are realistically possible with the current airlift capacity.

Note: This analysis is based on the responses of Angolans (by nationality) residing in Angola; number of additional potential travellers has been calculated as the difference between the number of passengers in peak season and the monthly average number of passengers from Angola to South Africa.

Source: Monitor and Grail Primary Research and Analysis; SAT Arrival’s Survey; South African Tourism Index July to September 2010
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**Angolan Travellers**

- Messages, Channels and Products for the Angolan Market
Angolans Visiting South Africa
Overview (1/2)

In 2009, 35,125 Angolans visited South Africa, an increase of ~8.6% from 2008. The Angolan travellers to South Africa are generally 30–39 years old, and are either single with no children or married with children.

- In 2009, the number of Angolans visiting South Africa increased to 35,125 from 32,347 in 2008.
- The major groups travelling to South Africa were single Angolans with no children and married Angolans with children.
  - In 2009, 32% of travellers were single and 54% were married with children.
  - However, despite the high number of travellers who are married with children, most Angolans travel to South Africa alone.
- Angolans across income segments were aware of South Africa, and were willing to visit South Africa.
  - However, their purpose of visit varied from business-related to multipurpose to leisure.

Source: Monitor and Grail Primary Research and Analysis; SAT Departure’s Survey
Angolans Visiting South Africa
Overview (2/2)

Angolans visiting South Africa are mostly repeat visitors, who spend between 7 and 8 days mainly in Gauteng. They spend ~USD 1,888 on average during their stay, with December and January being the most popular time for their visits.

**Provinces Visited, Money Spent and Length of Stay**

- Most of the Angolans visit the **Gauteng province in South Africa** (around 84% of the respondents), with **Western Cape being the second most preferred** destination (corresponding to 12% of the respondents).

- The **overall total spend** in South Africa by Angolans **has increased over the last 2 years**
  - The average spend increased from USD 1,162 in 2007 to USD 1,888 in 2009.

- The **average length of stay** for an Angolan in South Africa is 7–8 days.

- Capacity wise, **an additional ~1,100 travellers** could fly to South Africa per month (except Dec-Jan).

**Frequency of Angolans Visiting South Africa**

- South Africa has become more of a repeat destination for Angolans, than a single visit destination.

**Monthly Arrivals from Angola to South Africa (2008–2010)**

- **Low seasonality:** Angolans visit South Africa all through the year, with an increase in travel in Dec–Jan, when schools and businesses are closed for holidays.

- **Weekly travel pattern:** During a week, weekends are busy days and Wednesday is a low-load day.

Source: Monitor and Grail Primary Research and Analysis; SAT Departure’s Survey; South African Tourism Index July to September 2010
Consumer interviews were focused on understanding the buying process for international travel and yielded a number of choices made by consumers at different stages within the process.

**Purpose of Travel**
- Multipurpose Leveraging Business Trip
  - Business - Professional
  - Business - Conference
  - Shopping (Business)
- Multipurpose Driven by Personal Need
  - Medical
  - Event-Driven
  - Study
- Leisure
  - VFR
  - Shopping (Personal)
  - Holiday

**Travel Companions**
- Alone
- Spouse
- Family / Children
- Friends
- Colleagues / Associates
- Tour Groups

**Information Gathering**
- Travel Agent
- Word of Mouth
- Internet
- Personal Experience from Previous Trips
- Mass Media
- Outdoor

**Experience Sought**
- Value for Money Experiences
- Luxury World Class Experiences
- Traditional Tourist Pastimes
- Restaurants & Entertainment
- Shopping
- Nightlife
- Casino
- Shopping - Luxury
- Spa
- Arts, Culture & Sights
- Adventure, Nature & Wildlife
- Sports Matches
- Theme Parks
- Restaurants & Entertainment - Luxury
- Casino
- Shopping - Luxury
- Spa
- Arts, Culture & Sights
- Adventure, Nature & Wildlife

**Purchase Channel**
- Friends or Family
- Company
- Travel Agent
- Hotel or Airline (excluding online)
- Online

**Usage and Assessment**
- Recommends to Others
- Does Not Recommend to Others

Source: Monitor and Grail Primary Research and Analysis; SAT Departure’s Survey
Angolan Travellers
Consumer Groups

The buying process was then mapped for different consumer groups created according to different variables. Lifestyle was proven to be the most significant indicator of travel behaviour.

- When analysing the data, it became clear that **income was not always a good indicator of lifestyle and travel behaviours**, instead, a lifestyle indicator was assigned:
  - Older **respondents earning in a high income bracket** could not always afford to lead lifestyles correlated to their income due to **large numbers of dependents** or other financial burdens.
  - Younger **respondents** from wealthy families may not be earning in the high-income bracket, but **benefit from familial wealth** which allows them to live a “Luxury Seekers” lifestyle.
  - In one case, spending clearly indicated that a respondent had not been truthful about his income.

### 3 CONSUMER GROUPS EMERGED

#### Budget Travellers
- **Usually leverage a business trip** and stay a little bit longer for leisure or buy for trade.
- **Mainly travel alone**.
- **Rely on friends or colleagues to gather information about what to do and where to stay**.
- **Look to take advantage of “paying less for the same”** by eating out at **inexpensive restaurants**, relaxing in **public parks**, shopping at **discount stores**.
- **Use travel agents to book hotel and flights**.

#### Rising Nouveau Riches
- **Travel usually driven by a personal need** (Medical, Event, Study, VFR).
- **Travel alone, but when possible bring family along** (one child at a time).
- **Rely on friends but also use internet** to gather information about where to go.
- **Look to take advantage of “getting much more for the same price”** by eating at **luxury restaurants**, shopping at **high-end stores** and partying in **chic nightclubs**.
- **Use travel agents to book hotel and flights**.

#### Luxury Seekers
- **Besides traveling for business**, **frequently travel for pure leisure**.
- **Travel alone, but when possible enjoy the company of friends and family**.
- **Rely on friends but also use internet** to gather information about where to go.
- **Look for experiences that cannot be obtained in Angola**, such as new and different cultures, **museums**, **sights**, **natural beauty**.
- **Use internet to book hotel and flights more often**.

Note: Lifestyle income p.a for each consumer group: **Budget Travellers**: USD20k-USD50k; **Rising Nouveau Riches**: USD50k-USD100k; **Luxury Seekers**: 100k+
Source: Monitor and Grail Primary Research and Analysis; SAT Departure’s Survey
Angolan Travellers

Differences in the Buying Process

As consumers lead wealthier lifestyles, their travel buying behaviour becomes increasingly sophisticated.

Source: Monitor and Grail Primary Research and Analysis
Rising Nouveau Riches Consumer Group

Consumer Portrait

This group of consumers is extremely aspirational and visits places like South Africa in order to experience world class luxuries at prices that they can afford

Meet Isis, a 26 year old Angolan

- Isis is single and has no children
- She makes a good salary working in Total's HR department, and recently bought herself a sedan
- She understands the value of money and will never shop for clothes in Luanda as she believes that it is way too expensive. She would much rather save up for an international trip to do her shopping, and while there stay at a 3 star B&B and spend some time immersing herself in the local culture
- Isis is very conscious of living a healthy lifestyle. She goes to gym regularly and is focused on eating well
- On weekends, she spends a lot of time out with friends partying and eating out at the local favourites, but she cannot afford to frequent Luanda’s most exclusive venues; she does like to treat herself to a luxury night out once a month though
- Isis says that she needs to travel at least every three months because Luanda is so chaotic. She generally likes to spend more than 10 days away to really feel relaxed
- Isis was not aware that travel agents could offer packages, but she would be interested in buying a package that didn’t mandate too many activities. When she goes to a new place, she likes to have time to explore for herself

Meet Marco, a 39 year old Angolan

- Marco is single and has no children
- He has a job as a retail salesman but makes regular trips to Portugal and Spain to buy shoes and clothes to sell for extra money
- He is a very aspirational person and is driven to move up in life. As a result, status is extremely important to him and he likes to show things like his cellphone off and the upgrades he has made to his Toyota Pick-up
- Marco is also extremely price-sensitive; he is always on the lookout for deals and tries to travel internationally when he can find the cheapest air tickets. When there he usually stays at 2-3 star hotels or with family
- Marco only ever travels to Spain and Portugal because he feels comfortable there and knows all of the best places to shop. He can be very effective in using his trips to purchase high-quality merchandise for his business, but also in terms of maximising his relaxation time
- Marco is thinking about visiting a new destination like Dubai or Singapore, because his friends have been talking a lot about them
- He hasn’t considered travelling to South Africa because has heard it is difficult to get a visa

I say trust: I feel at home in relation to language, people and places, and already know the products I need and trust the quality

Source: Monitor and Grail Primary Research and Analysis
Budget Travellers Consumer Group

Consumer Portrait

Despite not generally choosing their destination, these travellers are focused on getting as much out of international trips as they can, especially shopping for everyday items that are expensive in Angola

Budget Travellers

Meet Ernesto, a 49 year old Angolan

- Ernesto is married with 8 children and lives in a home in Viana
- Although Ernesto earns good money (~USD 70,000 per annum) as a colonel in the Angolan Naval Force, he finds it hard to keep up with the cost of living in Luanda
  - He is always saving to pay for his children’s education and to buy them clothing, and is looking to move up from his beat-up Corolla
- Ernesto travels internationally quite regularly for business and always tries to add on a few days for leisure
- He also saves to be able to go on one international trip once every 1–2 years, where he buys items such as furniture or appliances. He rarely spends superfluously on these trips, choosing budget accommodation and skipping the high-end living / dining experience
  - For these trips, Ernesto will decide where to go based on what he needs to buy and where he thinks he can find those things for the lowest price
  - He regrets not being able to take his wife and children with him when travelling, because he thinks it is important to learn about new places and to experience new things
- Ernesto generally books his tickets through a travel agency but is sure to shop around for the best price

Meet Branca, a 26 year old Angolan

- Branca is a single mother of 1 and lives in a informal house in Prenda
- Branca earns ~USD 25,000 per annum working as a computer operator, but also has an entrepreneurial venture of her own trading clothes
- She is not a flashy person and works hard to afford the basics
- She travels extensively for business but has not really been exposed to travel outside of the places to which her company chooses to send her. When she travels, she is usually on a shoe-string budget and stays at hostels /backpackers
- Branca always takes the opportunity to buy a few things when she goes travelling so that she can come home and sell them for additional income
- Branca relies on information from people who have travelled to a country before her
  - She is interested in whether or not there is crime and whether there are good places to shop
- Branca always books directly with a travel agent and is very price-sensitive when it comes to booking any international travel
- Branca enjoys the time she spent in the shopping malls in South Africa the most, and usually spends on only one good dinner when she travels

I usually go through a travel agency because TAAG is a lot of confusion

I do business; take advantage of buying a few things to sell

Source: Monitor and Grail Primary Research and Analysis
Luxury Seekers Consumer Group

Consumer Portrait

These consumers are aware of the social value that is placed on travel and are interested in being able to interact with their peers when it comes to discussing the most interesting travel destinations.

Luxury Seekers

Meet Jose, a 43 year old Angolan

- Jose is a married entrepreneur with 3 children
- As a self-made man, Jose has a very strong work ethic and only sleeps 4–5 hours every night
- He gets up early to go to gym as often as he can, and tries to maintain a healthy lifestyle, even with his hectic work schedule
- Jose owns a large mansion in Talatonia, where he lives with his family. His 4-car garage houses his 4x4s and family sedans
- Jose is not restricted in his travel behaviour by money at all: he recently spent 47 nights at the Sheraton in Dubai with his entire family
- Although Jose enjoys travelling internationally and does so often, he still travels domestically more frequently
- Jose has taken advantage of fully inclusive packages before, but believes that the prices charged for packages in Angola are inflated
- Jose travels to ensure that he is exposed to new cultures and people. He thinks that knowledge is one of the most valuable things in life and wants to be exposed to lots of new and different things
- He also thinks that life is short and sees international travel as a way of living life to the fullest

Travel agents in Angola are not serious — they don’t have enough information and provide poor service

Meet Patrick, a 26 year old Angolan

- Patrick is single and has no children
- His work as a consultant does not bring in a lot of money, but he has a very wealthy European family who has bought him his LandCruiser and who pays for his apartment
- Despite his affluent background, Patrick still has aspirations of making it on his own and is very aware of the world around him, from politics to popular culture
- Patrick understands that living in Luanda has de-sensitised him to the value of a dollar, as he easily spends over USD 400 on a night out
- Patrick is very image conscious and spends time going to gym and taking care of his appearance. He always dresses well but is never flashy
- He uses the new iPhone but doesn’t feel like he needs to flash it around as a status symbol
- Patrick likes to travel purely for leisure and always prefers to go with friends. He usually stays at 5 star hotels / resorts and lives large on these trips
- He likes to read up on a destination through travel blogs and magazines before he goes there, identifying the ‘cool’ places to visit and things to do
- Patrick does not ever buy packages, but would be interested in being able to customise one for himself. He doesn’t use travel agents except for business trips as he doesn’t trust them

I always Google the top 5 nightclubs before I go

Source: Monitor and Grail Primary Research and Analysis
Agenda

- Angola within SA Tourism’s portfolio
- Angolan Market Context
- Angolan Tourism Market
- Angolan Travellers

- Messages, Channels and Products for the Angolan Market
Messages, Channels and Products for the Angolan Market

Centre of Gravity

The Centre of Gravity (CoG) is the area in which the travel behaviour of Angolan consumers from different lifestyle groups intersects.

Key Consumer Behaviour

- **Purpose of Travel**
  - Angolans engage in some component of leisure travel even if it is not the primary purpose of travel

- **Travel Companions**
  - Angolans mostly travel alone, but when possible will travel with family and friends

- **Information Gathering**
  - Angolans primarily use word of mouth to gather information about the destination and use of internet is growing

- **Experience Sought**
  - Angolans seek world class city living

- **Purchase Channel**
  - Angolans primarily purchase airline tickets (and less often accommodation) through travel agents

Key Message, Channel and Product Objectives

- **Increase length of stay** by increasing leisure component of travel to South Africa
- **Increase frequency of travel to South Africa** by attracting Angolans seeking world class experiences and encouraging Angolans to travel to South Africa with friends and family
- **Increase spending** in South Africa on “world class” leisure activities

Source: Monitor and Grail Primary Research and Analysis
### Messages, Channels and Products for the Angolan Market

#### Using the CoG to Develop an Integrated Approach

To encourage Angolans to visit South Africa for leisure, there is a need to build awareness of South Africa’s brand positioning, and then support that awareness with targeted information to drive purchase at channel level.

<table>
<thead>
<tr>
<th><strong>Overview</strong></th>
<th><strong>Value Proposition</strong></th>
<th><strong>Channel(s)</strong></th>
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</table>
| Build Awareness of South Africa’s Brand Positioning | Highlight that South Africa offers **chic city living** that is great to **enjoy with friends and family** | • TV  
  • Internet and Social Media |
| Support Information Gathering at Channel Level | Communicate that luxury living and good service are **affordable** in South Africa  
Emphasise that South Africa is only a short flight away: **cost-saving and convenience** | • Internet and Social Media  
• Travel Agents |
| Drive Purchase at Channel Level | Highlight the **huge amount that there is to see and do**  
Provide **specific options** and some **information on pricing**: places to go and activities and events to attend  
- Encourage **longer and / or more frequent trips** and **group activities** | • Internet and Social Media  
• Travel Agents |

**Source:** Monitor and Grail Primary Research and Analysis

- **Highlights**
  - Position South Africa as an **affordable world class leisure destination,** ideal for short getaways.
  - Highlight that South Africa offers **chic city living** that is great to **enjoy with friends and family**
  - Communicate that luxury living and good service are **affordable** in South Africa
  - Emphasise that South Africa is only a short flight away: **cost-saving and convenience**
  - Consumers who are aware of South Africa must be able to **find more focused information** that will drive purchase
  - Highlight the **huge amount that there is to see and do**
  - Provide **specific options** and some **information on pricing**: places to go and activities and events to attend  
  - Encourage **longer and / or more frequent trips** and **group activities**

**Products**

- Communicate the fact that there are different **packages** available  
  - Off-peak / seasonal **promotions**  
  - **Group discounts** and **packages**

- Purchase channels must be equipped to **encourage and facilitate purchase**
  - Product offerings must be developed to match consumer desires
Messages, Channels and Products for the Angolan Market

Build Awareness – Message

South Africa has various city-based activities and is a place where people from all around the world come to visit, and live.
Angolans aspirations for world class experiences makes certain destinations and activities in South Africa more attractive than others for promotion purposes.

### What Angolans Want from a Destination

**Cosmopolitan, World class**

“I enjoy the cosmopolitan feel of Cape Town — the **restaurants, nightlife, and shopping** — it’s very European”

— Frequent Angolan traveller to Cape Town

“A set of well-to-do Angolans want to experience the traditional luxury holidays that may include the Cape Winelands — the wine, nice restaurants, small boutiques...”

— Successful Angolan Entrepreneur

**Shopping**

“Angolans love the shopping in Sandton City — other than business it’s the main reason they spend any time in Johannesburg”

— Executive Centre

### What Angolans Don’t Want from a Destination

**Wildlife, Safaris**

“Wildlife for Angolans is something they find in their backyard... A safari is something that interests expats more than the Angolans, who are more interested in experiencing the life of the developed world...”

— Sales agent at an Angolan travel agency
Communication Messages & Channels

Key Messages

South Africa’s messaging will need to emphasise value for money, in a way that talks to both the Budget Travellers and the Rising Nouveau Riches.

Value for Money:
“Getting much more for the same price”

Hotel Alvalade, Luanda
USD 420.00 will get you:
- Four-star hotel
- Buffet restaurant
- Basic amenities and lobby

Michelangelo Hotel, Sandton
USD 430.00 will get you:
- Five-star hotel
- Renowned restaurant
- Full amenities
- Elegant lobby

Value for Money:
“Paying less for the same quality”

Pina Colada at Cais de Quattro on Ilha de Luanda
USD 16.00

Pina Colada at Taboo Nightclub in Sandton
USD 10.00

What Consumers Want

“You can go to Benguela for a weekend but it’s just as expensive as going to Cape Town – hotels are easily 400 USD per night”
– Angolan consumer

“In Angola, I wouldn’t get world-class service quality, no matter what I am willing to pay... Travelling internationally lets me live the good life!”
– Angolan consumer

“I prefer international destinations to travelling domestically, as I can get a lot more for my dollars there – be it shopping, standard of living, or the services...”
– Angolan Doctor and frequent international traveller

Source: Monitor and Grail Primary Research and Analysis
Messages, Channels and Products for the Angolan Market

Support Information Gathering – Message

Once consumers are aware of South Africa’s positioning as a cosmopolitan city getaway, it is important for other channels to provide more specific details about where to go and what to do, as well as some pricing information.

Support Information Gathering...

- Currently, Angolan travellers to South Africa generally spend time only in Gauteng, and occasionally also in the Western Cape.
- It is important to widen Angolans’ knowledge of what South Africa has to offer to encourage longer stays and/or more frequent trips.
- In addition, providing some idea of what things will cost is also important at this stage in the buying process.
- Key messages from travel agents and online sites:

  “There is so much to see you’ll want to stay longer”
  “There’s too much to do in only one trip”

Cape Town is a must-see for all visitors to South Africa.

Gauteng offers beautiful weather, great restaurants and world-class shopping.

Visit uShaka Marine World in Durban.

The Garden Route is a great trip for nature lovers.

Visit some of the world’s best wineries in Stellenbosch.

Source: Monitor and Grail Primary Research and Analysis
Angolans do not like the idea of traditional packaged holidays crammed with activities, but would be open to simple packages that bundle flights and accommodation.

**BASIC PRODUCT OFFERING**

- **Airfare**
  - Return airfare in economy class

- **Transfer**
  - Transfers (airport > hotel > airport)

- **Hotel**
  - 4- or 5-star hotel in a major city (e.g.: Johannesburg, Cape Town, Durban)
    - Angolans travelling to South Africa are used to paying “South African 4-star hotel prices” for much lower quality accommodation in Angola

- **Length of Stay**
  - 4 nights or 7 nights

- **Price**
  - ~ USD1,800 for 4 nights, ~USD 2,500 for 7 nights

**Additionals**

- These packages can also be used to drive increased spend by adding a shopping component to the itinerary or ensuring that the accommodation is linked to a shopping centre (e.g. Michelangelo)
  - Angolans who travel almost always include some shopping in their trips

- In addition, it is important for these packages to include information on the world class activities nearby (e.g.: restaurants, nightclubs and even spa’s)

**Components of a Package**

- Return Airfare
- Transfer
- 4- or 5-Star Accommodation, preferably linked to a shopping centre (e.g.: Sandton Sun and Towers in Johannesburg, Radisson Blu Cape Town)

**Notes:**
1. Based on the range of nights spent by the majority of Angolans when in South Africa; 2. Prices based on normal rate; they may decrease when negotiated

Source: Monitor and Grail Primary Research and Analysis
Additional elements and “reasons to travel” can be added to the basic package to create limited offer promotions, event-driven packages and wedding-destination packages.

**OFF-PEAK PROMOTIONS**
- Offering the same basic package at lower prices during off-peak months
- Drive consumers to travel during low seasons to ensure that available airlift is used throughout the year
  – Increased frequency

**Components of a Package**

- Return Airfare
- **Transfer**
- 4- or 5-Star Accommodation, preferably linked to a shopping centre (e.g.: Sandton Sun and Towers in Johannesburg, Radisson Blu Cape Town)

**EVENT-DRIVEN PACKAGES**
- Event-driven packages can be used to drive increased frequency
- In addition, it can be used to trigger travel in Angolans considering South Africa, but who have not done so yet
- International concerts and shows

**Components of a Package**

- Return Airfare
- **Transfer**
- 4- or 5-Star Accommodation (e.g.: Beverly Hills Umhlanga, Michelangelo Johannesburg)
- Memorable Event (e.g.: Durban July, Cirque du Soleil, U2)

**WEDDING DESTINATION**
- South Africa is a popular wedding destination for couples from developed countries all over the world
  – Low prices and beautiful scenery
- In the longer-term, SAT could promote South Africa as a convenient and memorable wedding destination for Angolan couples
  – Increase frequency of travel and spend

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Source: Monitor and Grail Primary Research and Analysis
In addition, it will be important to ensure that travel agents and online sites encourage consumers to stay longer, return more regularly and bring their friends and family to South Africa through highlighting specials offered by collaborators and/or groundhandlers.

**DRIVING INCREASED LENGTH OF STAY**

- Highlight hotels which offer free / bonus nights
- Drive customers to visit more than one region in South Africa
  - Create deals whereby consumers stay with one hotel group wherever they travel in exchange for bonus nights (e.g.: Shop South Africa’s 3 major cities with Radisson and get 2 free nights)

**DRIVING INCREASED FREQUENCY**

- Highlight hotel frequent guest programmes
- Link to events throughout the year (e.g.: Visit South Africa for these 3 events in 2011 and receive 10,000 bonus points on your frequent guest programme)

**ENCOURAGING TRAVEL WITH FRIENDS AND FAMILY**

- Highlight hotel offers where kids stay free
- Link to kid-friendly activities (e.g. uShaka Marine World, Gold Reef City)
For more information contact our Johannesburg office:

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