



THE KERZNER BUILDING  
SCHOOL OF TOURISM & HOSPITALITY

**Restarting Tourism, Hospitality and Events Industries**  
**30 June 2021**  
**University of Northampton (UK) and University of Johannesburg (RSA)**

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SCHOOL OF TOURISM  
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COLLEGE OF BUSINESS & ECONOMICS



Post COVID-19 considerations for tourism in South Africa:  
Domestic tourism and other research agendas

Maisa Adinolfi, UJ STH

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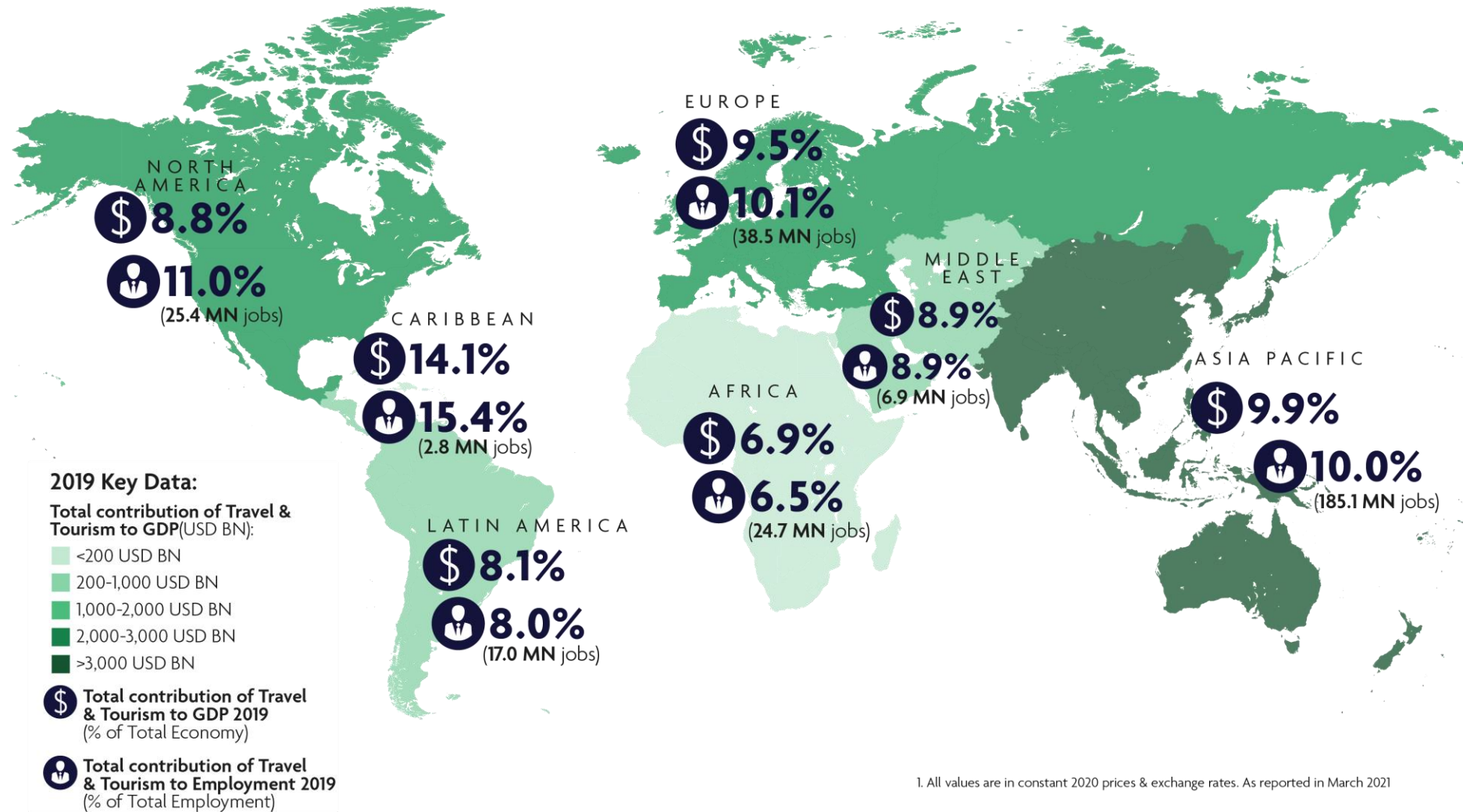
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# Introduction



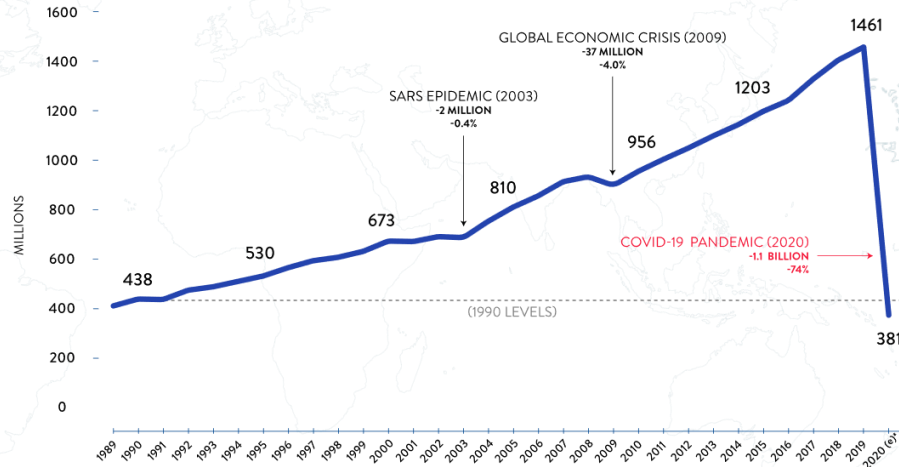
# COVID-19 and tourism

## 2020 INTERNATIONAL TOURIST ARRIVALS JANUARY-DECEMBER

### WORLD

2019: 1.5 BILLION (+4%)  
2020: 381 MILLION (-74%)

### INTERNATIONAL TOURIST ARRIVALS (MILLIONS)



(e) Estimate

\* Data for 2020 is preliminary and based on estimates for countries which have not yet reported results.



SOURCE: VARIOUS ISE INDICATORS  
JANUARY 2021

### AMERICAS

2019  
219 MN (+1%)

2020:  
69 MN (-69%)

### EUROPE

2019  
746 MN (+4%)

2020:  
221 MN (-70%)

### AFRICA

2019  
70 MN (+2%)

2020:  
18 MN (-75%)

### MIDDLE EAST

2019  
65 MN (+8%)

2020:  
16 MN (-75%)

### ASIA & THE PACIFIC

2019  
360 MN (+4%)

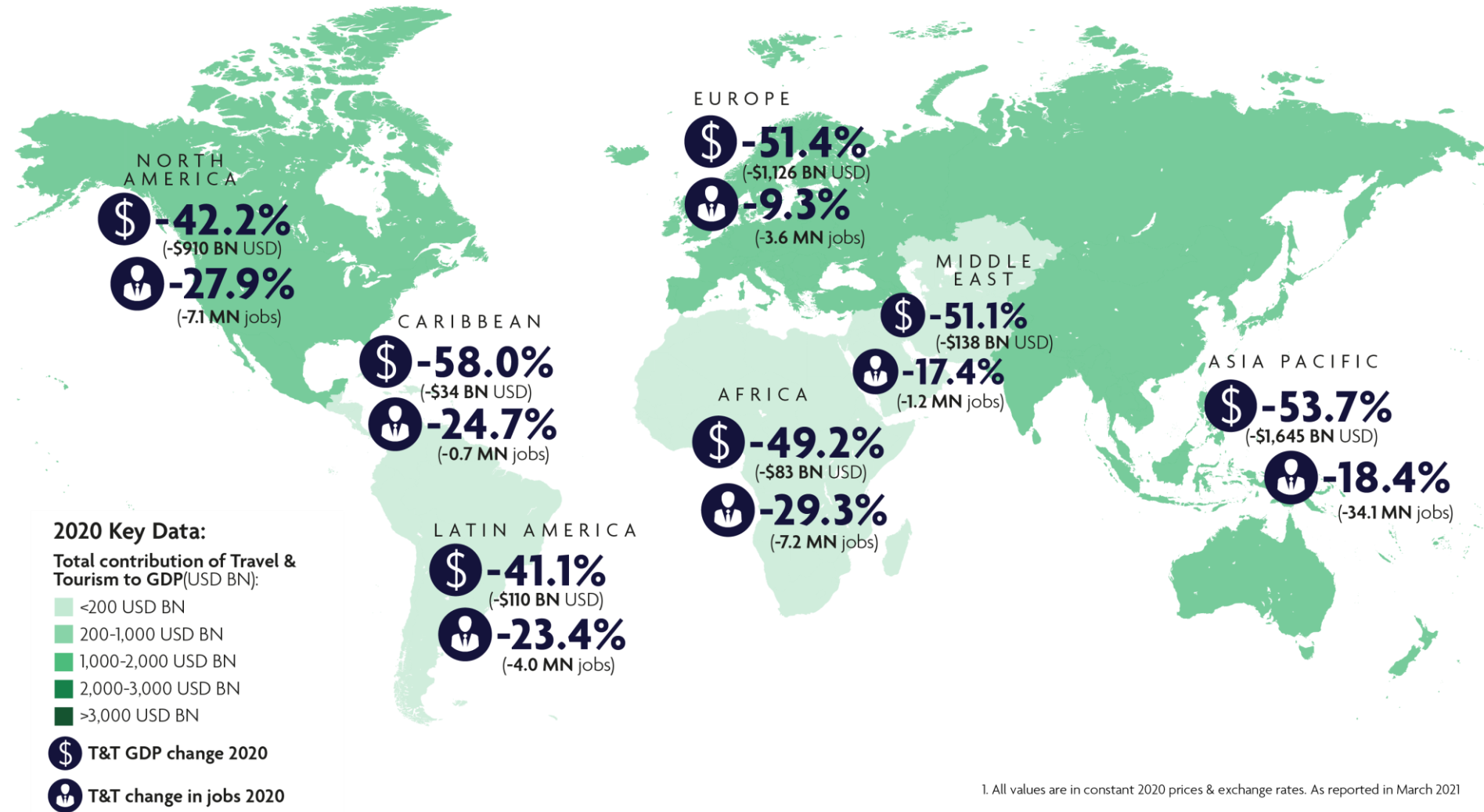
2020:  
57 MN (-84%)



SOURCE: WORLD TOURISM ORGANIZATION (UNWTO), JANUARY 2021



# Introduction



1. All values are in constant 2020 prices & exchange rates. As reported in March 2021

# Revising Africa's tourism research agenda

## Africa's new tourism research agenda as a result of COVID-19

### Market confidence

- Visitor and community health and safety

### Informal sector resilience

- The informal sector makes up a substantial portion of the continent's tourism economy
- Policy-informing research is crucial to support this resilient sector in the recovery process

### Overdependence on long-haul visitors

- High dependence on wealthy long-haul travellers for high value/premium tourism products and services
- Understanding unique country situations and the need for physical product, service and market investment

### Tourism and climate change after COVID-19

- Understanding how the reorganization of the tourism industry as a result of recovery will affect the environmental impact on sensitive destinations and communities

### Greater push for supporting regional, domestic and VFR tourism (demand evolution)

- Tourist numbers vs spend (international vs regional and domestic)
- Greater need to understand the nature of domestic and regional tourism in the African context
- Understanding the transition required and the gap that exists between facilities and services focused on international tourists vs those aimed at domestic tourists
- The need to leverage VFR tourism in the recovery process
- Shift towards more off the beaten track experiences (rural areas, small towns, etc)

### Addressing the present-mindedness of African tourism scholarship

- Greater emphasis on understanding the historical roots of tourism in Africa in order to make more informed policy based on the valuable lessons learned

- Source: [Rogerson & Baum \(2020\)](#)

### Redefining community-based tourism

- Understanding whether host communities should rethink their tourism offerings to suit a changing market (perhaps a shift to domestic tourists) or to reconsider tourism altogether

### Some other considerations with regards to South Africa:

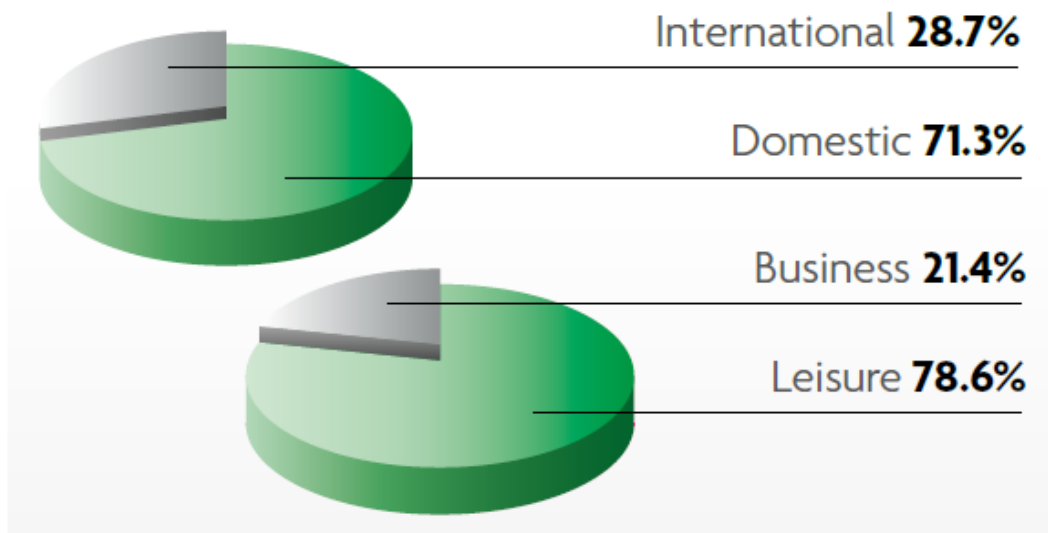
- Areas of vulnerability
- Geographic distribution of domestic tourism

# Domestic tourism and COVID-19

- The tourism sector in South Africa has experienced the overwhelming effects of the COVID-19 pandemic
- In response to the crisis national government is trying to build and implement a recovery plan.
- Similar to other countries, the promotion of domestic tourism is a core focus of the recovery plan
- The sheer impacts of the pandemic will restructure existing patterns of tourism demand and supply and we need to understand and research these changes in order to design appropriate policy interventions
- We need to consider the following [from [Rogerson & Rogerson \(2020\)](#)]:
  - 1. risk perceptions and the new tourism psyche;**
    - Tourism ethnocentrism, home is safer than abroad bias, shift in the perception of tourists as a potentially dangerous ‘infectious intruder’, shifts about ‘crowdedness’, ‘tourism xenophobia’
  - 2. travel intentions and changing mobilities;**
    - Shifts in choice of mode of transport, self-guided and self-driven trips, major concerns around cruise ships, possibilities for remotes and rural tourism destinations
  - 3. travel intentions and changing patterns of demand; and,**
    - Driven by safety, cleanliness and hygiene, preference for more remote, rural and natural areas, increased demand for outdoor and ecotourism activities, issues of affordability of tourism for domestic tourists
  - 4. the contactless economy and ‘untact’ tourism**
    - 4IR technologies, undoing contact, investment in robots, drones and self-drive vehicles

# The economic value of domestic tourism

**FIGURE 3: SECTOR CHARACTERISTICS**



<https://wttc.org/Research/Economic-Impact/moduleId/1445/itemId/91/controller/DownloadRequest/action/QuickDownload>

**FIGURE 6: TOP 15 LARGEST COUNTRIES IN TERMS OF TRAVEL & TOURISM GDP CONTRIBUTION**

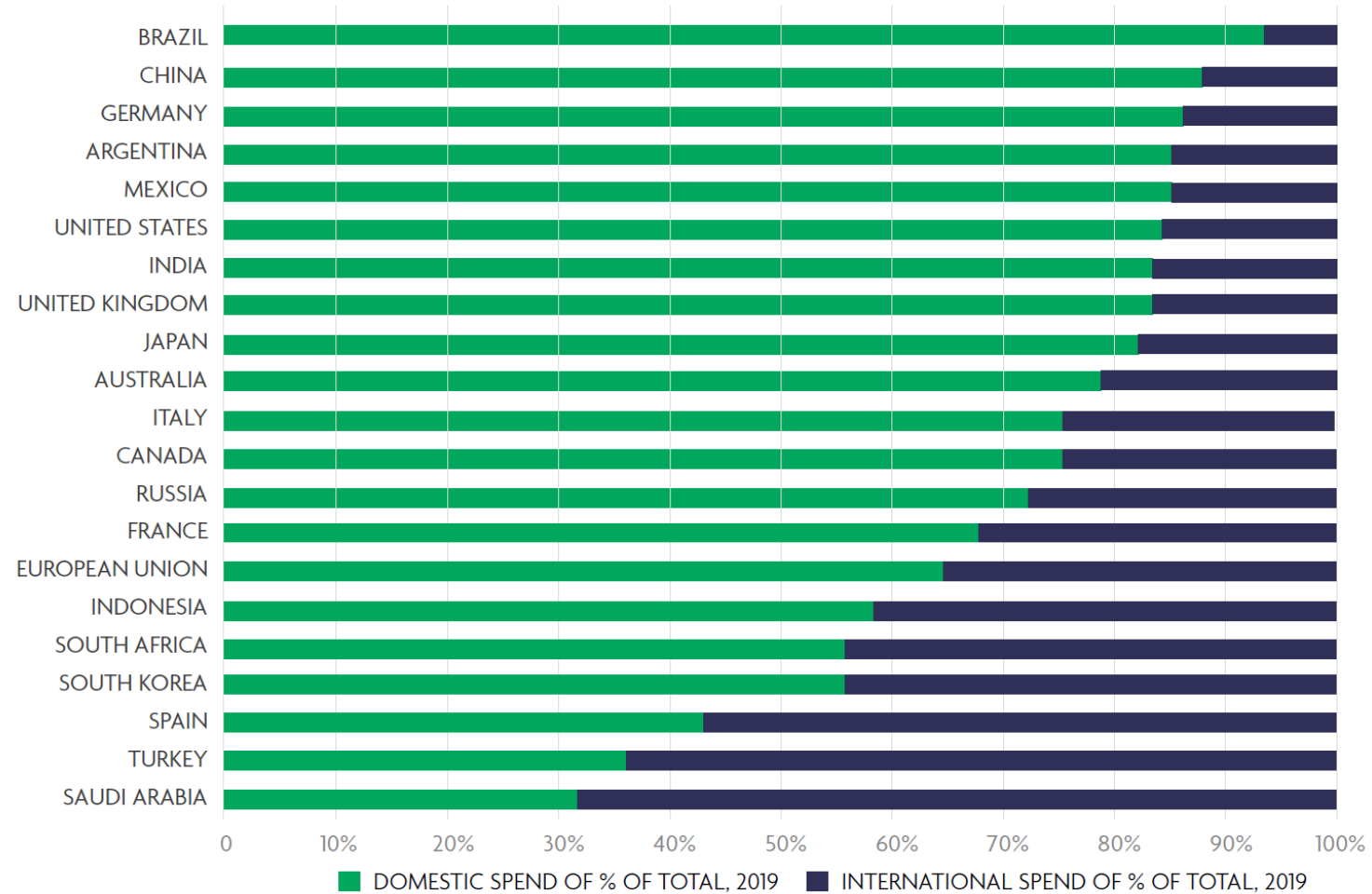
		T&T CONTRIBUTION TO GDP, 2019 (US\$ BN)	T&T GDP GROWTH 2019 (%)**	DOMESTIC SPEND % OF TOTAL, 2019	INTERNATIONAL SPEND % OF TOTAL, 2019	LEISURE SPEND % OF TOTAL, 2019	BUSINESS SPEND % OF TOTAL, 2019
1	UNITED STATES	1,839	2.3	84	16	70	30
2	CHINA	1,585	<b>9.3</b>	86	14	81	19
3	JAPAN	359	1.6	81	19	69	31
4	GERMANY	347	1.8	86	14	83	17
5	ITALY	260	2.2	76	24	81	19
6	UNITED KINGDOM	254	1.3	83	17	67	33
7	FRANCE	229	1.9	66	34	80	20
8	SPAIN	198	1.8	44	56	89	11
9	MEXICO	196	1.8	85	15	94	6
10	INDIA	194	<b>4.9</b>	83	17	94	6
11	AUSTRALIA	150	0.8	78	22	83	17
12	BRAZIL	140	3.0	94	6	89	11
13	CANADA	108	2.7	76	24	65	35
14	THAILAND	107	1.8	29	71	90	10
15	PHILIPPINES	91	<b>8.6</b>	85	15	66	34

\*\*Growth highlighted in green when it is above global T&T GDP growth of 3.5%



# The economic value of domestic tourism

FIGURE 8: RELIANCE ON DOMESTIC VS. INTERNATIONAL SPENDING FOR G20 ECONOMIES AND SPAIN



Source: WTTC and Oxford Economics.  
All values are in constant 2019 prices & exchange rates.  
As reported in March 2020.

# Domestic tourism in South Africa

Some key things to note about domestic tourism in South Africa:

- Historical political legacies that still have an impact on domestic tourism today
- Emphasis on international tourism
- Geographic distribution/concentration of domestic tourism
- Major barriers to participation in domestic tourism, particularly around:
  - The biggest one being affordability in terms of costs and low incomes (especially with the economic impacts of COVID-19)
  - Lack of interest in travel
  - Escalating costs of petrol and poor public transportation
  - Limited leveraging of VFR tourism
  - Limited volume of domestic business tourism
  - Limited tourism culture amongst South Africans

# Pushing to make domestic tourism more accessible and affordable

- Affordability and accessibility with regards to domestic tourism for many South African's is probably the biggest barrier
- Many initiatives over the years (e.g. Sho't Left) have tried to encourage domestic travel, especially amongst the youth
- A significant lack of travel culture, together with a political legacy and economic hardships which many South Africans face, has hampered the growth of domestic tourism in the country
- With COVID-19 shifting much attention to domestic tourism, it is now more important than ever to address these barriers to domestic tourism growth



# Travel stokvels, Leisure on Layby and Pay-at-your-pace

- In the South African context, as unemployment rates are relatively high, the ability of people to engage in domestic travel becomes constrained, and ultimately, a barrier to participation
- The use of travel stokvels and other payment options, as a tool to enable and encourage a (travel) savings culture amongst South Africans, could become instrumental in the removal of barriers to participation, and consequently, to the growth of domestic tourism in South Africa



# South African savings culture and the affordability of tourism

- Since the dawn of democracy, South Africa has been fighting an **ongoing economic battle** where unemployment is rife, particularly among the youth
- Literature on the savings habits of South Africans highlights the difficulty in developing a savings culture **due to previous economic circumstances and increasing household debt, particularly among the middle and poorer classes**
- When the majority of the country is concerned with how they will **survive economically**, commercial consumption tends towards basic needs such as food and shelter
- Thus, engagement in leisure tourism activities would inevitably be **considered somewhat of a luxury** and the thought of working towards it, through savings, would likely not be a priority for many
- The **affordability of tourism** in South Africa has been a long-time concern, more specifically the **perception of affordability around domestic tourism**, and the lack of pricing structures that are more inclusive
- As such, domestic tourism has not **grown as easily as international tourism** in the country
- The need to make domestic tourism more affordable **particularly to the youth** and the majority Black population has been emphasised in government growth strategies and the need to open up **opportunities for inclusion** as tourists to the poorest citizens has also been highlighted through a long history of **social tourism**
- **Marketing** efforts have **not been enough** and any further efforts will inevitably be unsuccessful, if tourism is not accessible or affordable to the average South African
- Thus, the availability of **alternative savings and payment options** such as stokvels and lay-bys may open up avenues for domestic tourism development alongside national marketing efforts



# Stokvels and lay-bys



- The word **“stokvel”** is said to originate from the **‘stock fairs’** or auctions of cattle in the early 19th century by English settlers in the Eastern Cape, where Black farmers and labourers gathered to exchange goods and news
- As these gatherings became more frequent, they began to take place independently from the cattle auctions and were no longer exclusively associated with stock fairs
- These were largely **social organisations** but later developed an economic component and became commonplace in urban areas as Black labour increased in the mining and industrial sectors
- Stokvels refer to a **collective, community-based, savings scheme among people wanting to achieve a common goal** where **official financial channels are inaccessible or non-existent**
- They can be defined more specifically as **“a type of informal credit-rotating association in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool on a weekly or monthly basis or as frequently as the members may agree upon”** (Schulze, 1997: 21)
- In the South African context, these **informal financial structures** developed out of the **inaccessibility to formal structures for Black South Africans** who had been economically excluded from many structures as a result of the country’s political history



# Stokvels and lay-bys



- Stokvels are ***big business***
- According to the National Stokvel Association of South Africa (NASASA) website, there are over ***800 000 registered stokvels***, which include over 11 million individuals and collectively contribute over ***R50 billion*** to the country's economy annually
- Although the stokvel system was initially an alternative to the formal banking system, it is interesting to note that by 2009 all major South African banks were offering stokvel or savings club banking products as a means to collect and manage money contributed by members
- Unlike using a traditional individual savings bank account, a collective account as part of a stokvel gives members **access to emergency funds** that may be larger than if collected individually
- In academic literature, stokvels have featured largely in the **business management, and some humanities domains**, where investigations into their economic and social impact has been the focus
- **Lay-bys, or layaways**, refer to a payment system whereby the consumer pays for goods in agreed-upon instalments with the seller, who retains the goods for a short period of time, after which the goods may be collected by the consumer upon completion of payment
- In South Africa, lay-bys have been a form of financing that has particularly served the **poorer end of the credit market**, thus providing financing options for those who would not qualify for traditional financing avenues
- The availability of these alternative avenues of financing could very successfully be applied in the context of tourism and **open up opportunities to increase the domestic tourism market**, while simultaneously **encouraging a travel culture** that is affordable to a larger portion of the population

# Travel stokvels, leisure on lay-by and pay-at-your-pace

- Travel stokvels are a relatively new phenomenon on the commercial market.
- 2001 - Likely the earliest record of a stokvel-like initiative being mentioned in tourism in South Africa, is the **Asambe Travel Club** by Asambe Investment Holdings where members pay a monthly contribution and earn “points” towards a holiday of their choice (more of a multi-level marketing set up)
- 2004 – SA Tourism launches **Sho’t Left campaign**
- 2013 – **Free State provincial government** released a media statement on their intention to promote what they termed as **stokvel tourism**. The aim was to encourage people to save towards holidays and to make use of state-owned resorts and reserves within the province
- 2014 – **Spotong** (township trade magazine) reported that SA Tourism had entered into a partnership with a company called A-Z Projects targeting the country’s millions of stokvel members under its existing Sho’t Left campaign, at the **annual National Stokvels and Societies Day expo**



# Travel stokvels, leisure on lay-by and pay-at-your-pace



- 2016 – SA Tourism further extended their interactions with stokvels by partnering with **NASASA**, in order to reach a wider audience of stokvel members and encourage the use of stokvels in tourism
- 2018 – **Flight Centre Travel Group's** (FCTG) launched their ***travel stokvel***
- 2019 – **Tourvest Travel Services** introduced a product called **Leisure on Layby (LOL)**, which offers customers a 'book now, pay later' option whereby they can pay off their trip between 3 and 9 months, interest free, and payment is completed 30 days before departure
- 2020 – A ***pay-at-your-pace*** programme has recently been introduced by the Mdluli Safari Lodge in the Kruger National Park. The lodge had only been open for 6 weeks prior to the national COVID-19-induced lockdown.
- ***pay your way by Club Travel*** (acquired by Travelstart in 2019), a company that has existed since 1987 but only recently introduced the payment option, also allows for customers to choose their payment terms, while completing payments 30 working days before departure
- **MSC Cruises** hosted a ***Stokvel Lifestyle Cruise*** from the 31st of January to the 3rd of February 2020 from Durban to the Portuguese Islands in Mozambique, and back





# THANK YOU

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**Maisa Adinolfi**

Lecturer

University of Johannesburg  
School of Tourism & Hospitality

[mcorreia@uj.ac.za](mailto:mcorreia@uj.ac.za)

