Sustaining growth in tourism

The TBCSA FNB Tourism Business Index (TBI), a business index that tracks and forecasts tourism business performance in South Africa, reported that tourism growth during the last quarter of 2013 exceeded expectations by reaching 114.6 points compared to a forecast of 110.8.

Wiza Nyondo - FNB's head of tourism

Wiza Nyondo, head of tourism at FNB Business says, "The recent growth is a great boost for South Arica because the travel and tourism sector remains a fundamental pillar of the South African economy. In the short term, the weaker Rand will have a positive impact for the inbound tourism by making this destination competitive against our competitor holiday spots. However, in the medium to longer term, it is undeniable that the negative side effects of the depreciation could erode these gains through increased fuel cost and food prices in the economy."

While it can be argued that a weaker Rand might be beneficial for the tourism sector, Nyondo cautions that the country cannot afford to solely rely on the strength or weakness of its currency to sustain growth. "South Africa remains an attractive destination because of unique product offerings not found elsewhere, as marketed by SA Tourism (SAT). SAT has an ongoing strategy to enhance South Africa's position as the business travel destination of choice to increase sustainable growth in domestic tourism.

"Despite the obvious headwinds that the sector faces, we remain optimistic of the outlook of growth in travel and tourism in the country which will be made possible by improving economy, positive investor sentiment, and continued effective private-public sector partnerships," concludes Nyondo.

TBI is a flagship project of the Tourism Business Council of South Africa (TBCSA), sponsored by First National Bank (FNB) and compiled by Grant Thornton. The project was launched in 2010.