

Business travel key to boosting local tourism sector

In pre-Covid South Africa, the tourism sector contributed just over R130bn to [Gross Domestic Product](#) (GDP), which accounted for almost 3% of the country's total GDP.

In 2018, the sector contributed to 4.5% of total employment in South Africa. Today, in a socio-economic climate characterised by lockdowns and restrictions, the picture is very different. But the hardship is temporary, and recovery is on the horizon. The tourism sector might struggle to get back on its feet this year but by 2024, the industry will be back on track, driven primarily by the return of business travel.



Image source: [Gallo/Getty](#)

According to a report released by Statistics South Africa, foreign arrivals to South Africa dropped by just over 70% from almost R16m in 2019 to less than R5m in 2020. The tourism and hospitality sector were amongst the hardest hit by the countrywide lockdown that persisted for four months from late March 2020. The decline of the sector has led to many dire predictions that business travel will never return to its pre-Covid levels, but a case can be made to the contrary.

This is the opinion of Anton Roelofse, regional general manager at Business Partners Limited, who argues that the overly grim forecasts that business tourism reached a peak in 2019 to which it will not return, are overstated. To the contrary, Roelofse predicts that revenue streams for sub-sectors within tourism, such as the restaurant industry, will hover at 20% below 2019 levels for the next few months, but will continue to increase.

Where business travel is concerned, doomsayers point to the traction gained by virtual conferencing technology like Zoom, Microsoft Teams and Google Meet during the pandemic, as an unstoppable force that will hamper the recovery of the sector. However, according to Roelofse, competition for business contracts will drive business travel up again in the new normal.

Elaborating on this point, he asserts that, "the state of corporate travel is largely determined by competition for contracts. When travel opens up again, some companies will resume their business travel regime and will win contracts with firms that prefer and value face-to-face meetings. Other companies will feel compelled to maintain a competitive edge and will follow suit."

Having gained deep insight into the state of small businesses in South Africa and their relationship with business travel, Roelofse's opinion is that small-to-medium sized enterprises (SMEs) cannot afford not to travel. "There is simply no virtual replacement for the value of a face-to-face conversation and for SMEs this relationship building is vital to survival in the long term," he explains. "Guesthouses and travel-related services would therefore do well to target SME owners, who are bound to hit the road before big corporate travellers."

Furthermore, Roelofse points to the central role that conventions and conferences play as networking opportunities. Conferences where academics, public servants and society leaders and activists gather to discuss ideas and policy, may be slightly slower to return because they are not driven by the same intensely competitive dynamic as expos and conventions are. Nonetheless, Roelofse is optimistic about the recovery of this form of business travel, given that the same networking experience cannot be replicated online.

There is also intra-company travel to consider, where executives from the same multi-branch companies travel domestically and internationally to meet each other for team-building and collaboration. "Yes, technology has made it possible to meet remotely but this is in no way an indicator that in the future, we will not see the value of new team members meeting each other and interfacing in person," says Roelofse.

A case in point

Although many businesses in the tourism and hospitality sector were brought to their knees by the complete shutdown, there are many examples of South African small businesses who were able to summon the perseverance and determination to weather the storm. Among them was Business Partners Limited client, Annelene van Wyk, owner of Undulata Country Lodge, a luxury guest house in the Northern Cape town of Springbok.

Ten years ago, Business Partners Limited financed the venture, which went on to thrive and was on the brink of expansion when Covid-19 hit. All the business activities at the guest house were brought to a halt for three months, during which time van Wyk struggled to maintain its Temporary Employee Relief Scheme (TERS) and pay her six staff members. Business Partners Limited stepped in and supported her through the crisis with a R300,000 low-interest rate loan.

From mid-2020, guests began to trickle back to the guest lodge. Their intermittent presence was followed by a sudden influx of clients with a large Eskom contingent coming to town and booking out the guest house. It was an immense relief for van Wyk, who had remained optimistic that business travel would return to its pre-pandemic level and that the lodge would thrive once again.

Although Undulata has not yet reopened for functions, the noticeable return of clients has served as an assurance for van Wyk that being flexible and patient will go along way in rebuilding her business post-Covid.