

SA business travel forecast shows positive trend for 2020

Based on the World Travel & Tourism Council's (WTTC) last annual review of the economic impact and social importance of the sector, South Africa's travel and tourism economy remains the largest in Africa. "It is a formidable and resilient sector, contributing around 8.9% to South Africa's Gross Domestic Product (GDP) in 2018," says Oz Desai, general manager of Corporate Traveller. "This includes 1.5 million jobs and R425.8bn in turnover, the data shows."



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According to the WTTC's economic report, business travel accounted for approximately 36% of total travel spend in South Africa in 2018, and projections for the corporate travel sector have remained largely positive.

Desai explains: "Corporate travel demand, which includes government travel, traditionally slows down around election time, and 2019 was a national election year. However, we are seeing more companies become aware of the benefits of travel and having a strong travel policy."

Case in point, Desai says, a recent study by Oxford Economics claims companies realise U\$12.50 (R185.98) in incremental revenue and US\$3.80 (R56.53) in new profits from every dollar (R14.87) invested in business travel.

Travel as an investment

Similarly, a 2019 report by the Harvard Business Review reported that businesses that see travel as an investment see up to 47% revenue growth. Based on the research, travelling companies saw double the rate of improvement in areas such as customer loyalty and retention (50% vs 21%), market share (43% vs 22%), and employee satisfaction (35% vs 15%).

The growth in business travel has benefitted the SME sector, traditionally overlooked, with suppliers increasingly rewarding loyalty and expanding products and services for this market. That includes perks associated with loyalty programmes and discounts usually reserved for firms with sufficient volumes says Desai. The result is that the traveller experience is improving across the corporate line: from smaller SMEs to large corporations.

He maintains: "More than any other year, 2019 has been about people and improving the traveller experience. Travel Management Company (TMC) services are now as concerned with meeting the needs of the traveller as they are with managing and optimising company spend. Furthermore, blended technology - the mix of Artificial Intelligence, machine and human interaction is improving service levels and offering travellers 24-hour live support."

Rand weakness and economic instability will remain a challenge for local customers, Desai says. However, he maintains, it is for the TMC to create efficiencies and provide a travel policy that fits each company.

"Looking ahead to 2020, all signs suggest the corporate sector will continue to grow as businesses pursue new opportunities. With the right TMC partner to guide them, entrepreneurs don't need to feel disenfranchised. Our message to South Africans SMEs is: Make 2020 the year to maximise your business travel investment and commit to a travel management policy that reflects your business' needs and specific requirements," concludes Desai.

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