

# African tourism trends in the age of developing smart cities

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Over the last eight years, travel and tourism have grown by 17.3% in the top 10 fastest-growing global destinations. This rate speaks to the rapid growth of tourism and how the industry, and an increasing priority for countries seeking new growth opportunities. In emerging markets tourism grew from 30% in 1980 to 45% in 2015 and is expected to reach 57% by 2030.



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Africa has not enjoyed the same growth rate, and although the continent offers a range of benefits, the sector remains largely an untapped opportunity. This is largely due to challenges facing the sector, including security concerns.

Recognising the economic importance to mitigating the challenges was high on the agenda during the 2017 World Tourism Conference held in Rwanda earlier this year. Sector leaders discussed how to maximise opportunities and also reviewed the needs of the sector to reach its full potential. The event was attended by tourism ministers from various African countries alongside tour operators, travel agents, hotels, airlines, some of the key private sector players. A set of challenges were identified and we broadly agreed that focusing on tackling them together, as industry leaders and the public sector, would make tangible differences to not only each of the African countries independently but also for the continent as a whole.

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## Easing of travel visa restrictions

Current travel visa restrictions prevent even Africans from exploring their own continent. The ministers highlighted the complexity behind removing visas, especially considering that there are a number of factors, including security that needs to be considered. However, keen consideration and solutions as to how countries can circumnavigate the concerns around the need for travel documents will go a long way to feed into the decision to remove the need altogether. Removing travel restrictions – particularly at an inter-African level – would boost the sector significantly.

## Developing infrastructure that allows for easy travel

Lack of adequate infrastructure, whether air, road or water, makes it complicated to travel between destinations. One such example is a traveller trying to go from Kigali to Cape Verde. Currently, they need to take a number of connecting flights and routes – costly and a real issue for business travellers. As it stands, there is a critical need to further develop a strong airline and road network that connects African locations as well as consideration of smart ways to utilise existing infrastructure. This speaks to the importance of developing smart, connected, cities across Africa – technology will go a long way to boosting efficiencies that will have a long-term benefit on tourism.

## Going cashless must be a priority for African economies

With 94 percent of retail transactions still in cash, there is a real need to displace cash given the countless benefits for consumers to shift behaviour. Additionally, benefits will benefit the sector and the overall economy. The focus should be placed on:

- **Safety:** Digital payments are far safer, and although in Africa the need still remains to have some cash available, it is important to develop a wider acceptance network that includes hotels and tourist hot spots.
- **Customer experience:** COMESA (Common Market for Eastern and Southern Africa) has launched a programme called from Cape Town to Cairo, providing travellers with a full itinerary to travel from, to and in-between these cities. The initiative is helping to take the pain out of having to carry multiple currencies when travelling. The collaboration highlights the importance of similar initiatives and a closer relationship between countries.
- **Increased tourism spending:** Hospitality providers and retailers benefit from higher footfall and greater purchase power from consumers given the ease of paying for goods digitally.
- **Contribution to GDP growth:** A Moody's study showed that increased use of electronic payments added 0.8 percent to the GDP across emerging markets and 0.3 percent for developed markets. This was driven by higher potential tax revenue, lower cash handling costs, guaranteed payment for merchants, a reduction in the grey economy due to lower unreported cash transactions, and greater financial inclusion.

The reality is that these seamless experiences will only be realised once sound infrastructure is implemented.

## Harnessing public, private partnerships

This level of collaboration is critical to enabling innovation, technology adoption and driving efficiencies and transparency.

## The use of data

Using data to understand travellers' spending behaviours, their habits as well as their preferences has the power to

increase the number of customers and the spend, and provide the traveller with a seamless experience. Mastercard is leading the way in data analytics, with products and services that combine the power of data and insights. For instance, our Tourism Insight Platform provides data on spend as well as natural language processing sourced from social media and search engines like Instagram, Google and Amadeus.

Our success has led us to discussions with the African ministers and tourism authorities where we unpacked and showcased how we can assist cities in differentiating themselves to attract travellers and ensure that the continent is being promoted in the right way. More than ever, such tools are required as destination marketing organisations (DMOs) budgets shrink, the need to be more effective in this more competitive environment is essential.

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