ZIMBABWE AND ZAMBIA SEGMENTATION REPORT

Compiled by:
Wayne Tifflin
Researcher
Tourism KwaZulu-Natal

Karen Kohler
Research Manager
Tourism KwaZulu-Natal

July 2015
TABLE OF CONTENTS

1. Introduction 3
2. Segmentation 3
3. Country Segmentation 4
   3a. Zimbabwe 5
   3b. Zambia 6
4. Outbound Travel 6
   4a. Zimbabwe 6
   4b. Zambia 7
5. Conclusion 8
6. Recommendations 8
1. Introduction

One of the core aspects upon which Tourism KwaZulu-Natal's (TKZN) Marketing Strategy is based, is an effective understanding of the KwaZulu-Natal (KZN) tourism markets and the careful selection of attractive segments within those markets.

Segmentation is one of the most important elements of a marketing strategy. This concept can be defined as the process of apportioning markets into segments of potential customers with similar characteristics who are likely to exhibit similar purchasing or travel behaviour.

Market segmentation is based on assumptions regarding the behaviour of population subgroups. The key assumption is that not all groups will behave in the same way towards products since these groups have different needs, motivations, spending power and the like. Businesses can therefore be more effective if they concentrate their marketing efforts on the most likely buyer groups, these being the markets whose needs can be satisfied by the products or services offered by those specific businesses.

2. Segmentation

Segmentation leads to more effective resource allocation since it usually leads to the targeting of fewer people and thus less marketing communication spend for each individual likely to purchase a particular product or service.

Market segmentation is part of a three-step process that involves:

- Studying the demand preferences of buyers;
- Forecasting how many people will be likely to use a particular product or service; and
- Breaking the overall population into groups of people with similar needs.

Some of the key conditions or characteristics that each segment should portray are the following – they should be:

- Measurable – size of the segment, how many buy certain products and services etc.
- Accessible – must be able to reach them by advertising, sales promotions etc.
- Substantial – must be large enough to provide a viable level of business.
- Sustainable – must last for a reasonable period of time.
- Actionable – must be possible to influence them.

There are a number of methods that can be utilised to segment a tourism market:

- Purpose of visit – holiday/leisure, business or visiting friends and relatives.
- Geographic location – place of residence.
- Socio-economic / demographic – age group, gender, income etc.
- Channel of distribution – whether or not they use travel agents or tour operators to book a tourism trip.

- Product-related – type of tourism experience or product that appeals to tourists.

- User frequency / seasonality – how often they travel.

- Psychographic – values, attitudes, preferred and actual tourism activities.

Segmentation is the first step required to develop a targeting and positioning strategy for a particular tourism destination. Targeting is the process of selecting the most attractive segment or segments to achieve desired objectives.

A product’s position is the way the product is defined by consumers according to important attributes. In other words, the place the product occupies in consumer’s minds relative to competing products. There are a number of factors that can be used to position a tourism product or service:

- Specific product attributes such as price and product features. There are two choices – cheap or providing right attractions. For example, the Hilton uses the reliability their brand provides to attract business customers.

- Needs that products fill or the benefits they offer. Psychographic segmentation is useful when a product can appeal to a specific need. A restaurant can be positioned as a fun place, for example.

- Certain classes of users. People, especially the right people, can be used to attract other people. By studying reference groups and identifying a product or service with them in a believable way, the right users can be attracted.

- Against existing competitors. Advertising the competitive advantages of a product against those of its competitors.

3. Country Segmentation

South Africa Tourism (SAT) conducted a market segmentation study of Zimbabwe and Zambia in 2012. Both countries are considered as part of South Africa’s land markets. The other land markets include Botswana, Lesotho, Mozambique, Swaziland, Malawi, and Namibia.
3a. Zimbabwe

Zimbabwe has a population of 13mn people. In 2014, Zimbabwe had a GDP US$13.7bn. Tourism contributes 5.6% to the national GDP (WTTC, 2014). Almost 60% of Zimbabwe’s population live in rural areas. According to the World Bank the GDP per capita was US$ 953 in 2013. Arrivals from Zimbabwe to South Africa were 1.9mn and 2.1mn in 2013 and 2014 respectively. In the tourism life-cycle, Zimbabwe as part of the SADC region is considered to be still in the ‘introductory stage’.

Figure 1: Political Map of Zimbabwe
3b. Zambia

The population of Zambia was estimated to be 15.6mn people in 2015. In 2014, Zambia’s GDP was US$22.38 billion. The GDP per capita was estimated to be US$1 844 in 2013 and the tourism contribution to GDP is estimated to be 5.2% in 2014.

Figure 2: Political Map of Zambia

4. Outbound travel

4a. Zimbabwe

Zimbabwe has about 663 000 outbound travellers of which 33 000 are long-haul travellers (SAT 2010). There are about 630 000 short-haul travellers with about 1 227mn foreign arrivals. About 46% of the travellers are married with children under 18 years old and 34% are married with children over 18 years old. Thus the indication is that there may be a significant portion of families and older couples who travel.

The proportion of female (54%) travellers to South Africa from Zimbabwe is higher than that of male (46%) travellers. Of all the SADC countries, only Lesotho has a highest proportion of female travellers (51%) to SA. The majority of travellers from Zimbabwe are between the ages of 25-44 years. However, most travellers from Zimbabwe are over 45 years of age.

Zimbabwe accounted for 16.8% of the total arrivals to SA from the African land markets between 2003 and 2008. About 63% and 18% of travellers to SA come from the cities of Harare and Bulawayo respectively.
Between 2003 and 2008, 44% of travellers to SA had a personal income of below R5 000 per month and 37% had a monthly income of over R10 000. The occupation of most travellers to SA were professional (36%) and executive-managerial (22%).

The reason for travelling to SA was for a holiday (35%), for personal shopping (28%) and VFR (21%). Most (44%) of the travellers from Zimbabwe prefer to travel with a spouse or partner, while 19% travelled with children over the age of 18 years.

**Table 1: Length of stay**

<table>
<thead>
<tr>
<th>Average length of stay</th>
<th>8.6 nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most common length of stay</td>
<td>3 nights</td>
</tr>
</tbody>
</table>

Zimbabweans spent between R3 900 and R11 180 per trip, which translates to between R8.1bn and R23.4bn, when using the 2014 arrivals into SA.

In 2008, Zimbabwean visitors spent R1 300 per day. Half of their spend was prepaid and the other half was spent in SA. Over half of the visitors (56%) stayed in unpaid accommodation. With regards to the type of items purchased while visiting SA, a large proportion of the money spent by Zimbabweans was on groceries (33%) and on clothing (24%). The number of provinces visited was 1.5, with about 43% visiting Gauteng, 35% visiting Limpopo and only 9% visiting KZN.

In terms of the activities that visitors from Zimbabwe participated in, 16% participated in beach activities, 14% in business, 13% visited natural attractions and 10% visited theme parks.

4b. Zambia

There were 168 541 and 176 972 arrivals from Zambia into South African in 2013 and 2014 respectively. Zambia has about 394 000 outbound travellers with about 8 000 of those being long-haul. There are 386 000 short-haul travellers with about 192 000 foreign arrivals. Further, about 74% of these travellers are male and 53% are married and living with children under the age of 18 years old. This indicates that a family destination is important.

Zambians accounted for 10.9% of the total arrivals from the African land markets to South Africa between 2003 and 2008. The proportion of male and female travellers to SA was 50% each. Further, in that same period, 43% of these travellers had an income of below R5 000 per month, 22% had an income of between R5 000 and R10 000 per month and 17% had an income between R10 000 and R20 000 per month.

The occupation of most travellers were professional (42%) and self-employed (18%). Most (71%) of the travellers live in Lusaka. A high proportion of Zambians travelling to SA were in the age groups of 35-44 (41%) and 25-34 (35%). The average number of provinces visited was 1.5, with the most visited province being Gauteng (57%), and only 13% visiting KZN.

**Table 2: Length of stay**

<table>
<thead>
<tr>
<th>Average length of stay</th>
<th>8 nights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most common length of stay</td>
<td>2 nights</td>
</tr>
</tbody>
</table>

Zambians spent between R1 720 and R6 800 per trip, which translates to between R304mn and R1.2bn, when using the 2014 arrivals into SA.
In 2008, the spending by visitors was R860 per day. However, 63% stayed in paid accommodation. Most of this spend was on groceries (37%), clothing (24%) and media (14%).

In terms of activities, 21% participated in business, 14% each in beach, cultural and historical, and natural attractions. The reasons for visiting SA were VFR (28%), business travel (24%) and holiday (24%).

5. Conclusion

Both the Zimbabwean and Zambian markets travel to SA on a regular basis. The outbound markets of both countries are small with a combined total of just over 1 million travellers.

The Zimbabwean market travelled mostly for leisure. In contrast the Zambian market travelled mostly for VFR, followed closely by business and leisure. Thus in terms of the reasons for travelling, these markets would seem to be attractive.

Both countries spend a good sum of money in SA. With the average length of stay being about 8 days for each country, visitors from these countries spend between R8 000 and R10 000 per trip, therefore the total value to SA is approximately between R8.4bn and R24.6bn, with the vast majority generated from Zimbabwe.

Both these countries have English as the official language of communication. This makes travel to SA easier in that language is not a barrier.

Further, KZN is a strong family destination, which is well aligned with how visitors from these markets travel. According to the 2014 KZN statistics, the target segments that Tourism KwaZulu-Natal (TKZN) is focussed in the SADC region are the business professional and traders. The core experiences that KZN offers are the beach, big cities, shopping, wildlife and heritage. Both the Zambian and Zimbabwean markets that travel to SA are self-employed, professional and business people. The activities that they participate in are:

- Business
- Beach
- Culture and heritage

Thus it is clear that there are some attractions and activities that KZN offers these markets and could be used to attract greater numbers.

6. Recommendations

The marketing efforts should be focussed on travellers from Lusaka (Zambia), Harare and Bulawayo (Zimbabwe). The packages should include the above-mentioned activities that visitors can add onto their business trips. These markets should be encouraged to bring their families along, while introducing the shopping opportunities that are available.

Although the total market segment from these countries is small, within the context of the SADC countries and, which all together is a substantial market, the Zimbabwean and Zambian markets are worthwhile pursuing.