



# Weak Rand keeps foreigners coming

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RISING food prices are hitting SA consumer pockets hard, but it makes little difference to tourists.

This is according to FNB Business tourism specialist Charnel Kara, who said inflation will not severely affect the tourism sector as it continues to stay resilient with increasing foreign arrivals boosted by the weak Rand.

The latest figures from the TBCSA Tourism Business Index revealed that the sector performed steadily in the first quarter of the year regardless of tough business conditions.

‘Despite the current challenges, the travel and tourism sector is still showing strong performances, especially in accommodation occupancy rates which are being driven by foreign and regional arrivals,’ said Kara.

‘Although the industry is experiencing a slowdown in domestic activities owing to tough economic conditions, forcing consumers to cut back on spending and luxuries, high food costs will not be a negative factor for foreign visitors because of the weakness of the Rand against major international currencies.

‘From a global perspective food has become an important part of tourism experiences and attractions for travellers who are keen to explore different cultures.

‘Many foreign visitors come to South Africa not only because of its beautiful weather and natural attractions, but also for its famous wines, seafood and traditional cuisines.

‘As a result, food and hotel restaurants



## Tourism sector safe despite food inflation

are now playing an important role in job creation, as well as generating profit and revenue for the sector.’

### Operators bear the brunt

Sadly, tourism operators are taking the strain from the surge in food prices and broader economic challenges.

‘The situation for operators is exacerbated by a drop in domestic tourism activities and high operating costs, driven by factors such as increasing electricity tariffs and high

labour costs.’

But she cautions tourism operators not to get desperate for increased revenue and unrealistically hike prices of accommodation, food and services.

‘Drastic price increases would not only harm the reputation and competitiveness of the sector, but could also slow down domestic tourism growth and create barriers to entry for future entrepreneurs.

‘On the contrary, food costs play an important role in the profitability of hotel restaurants, and it is therefore becoming essential for operators to constantly review their menu pricing strategies to strike the correct balance between input costs and meal prices.’