CHANGING THE PARADIGM OF TOURISM IN AFRICA

FROM DISRUPTED TO DISRUPTOR

Presented by: Dawn Drew
Founder + CEO MOSTE, Inc and DawnDrew Independent Productions
June 23, 2020

REINVENTION IS NOT OPTIONAL

REINVENTION IS NECESSARY

THE TRAVEL INDUSTRY

- Travel has become more logistically complex — more complex than after 9/11
- In 2019 there were 97 million outbound trips from the USA alone. There were 79 million in-bound trips to the USA
- Data analysts Tourism Economics estimates that outbound travel will drop about 40% globally this year
- Tourism Economics estimates that it may be a 4-year recovery period for international travel to return to 2019 levels
- Most governments are discouraging International travel for the foreseeable future

DON'T JUST MAKE TRAVEL SAFER.
MAKE TRAVEL BETTER.

This crisis presents an opportunity to fundamentally question everything that we assumed previously”

— Monina David Sengeh, Minister of Basic and Senior Secondary Education, Sierra Leone

CONSIDERING THE CONSUMER

- Global Sentiment
- Health concerns
- Readiness to Travel
- Planning

MCKINSEY GLOBAL SENTIMENT STUDY

Survey fielded from March 15 — May 25th in 42 countries. Our focus is on 12 core countries:

China

India

USA

Germany

South Africa

Brazil

UK

South Korea

Italy

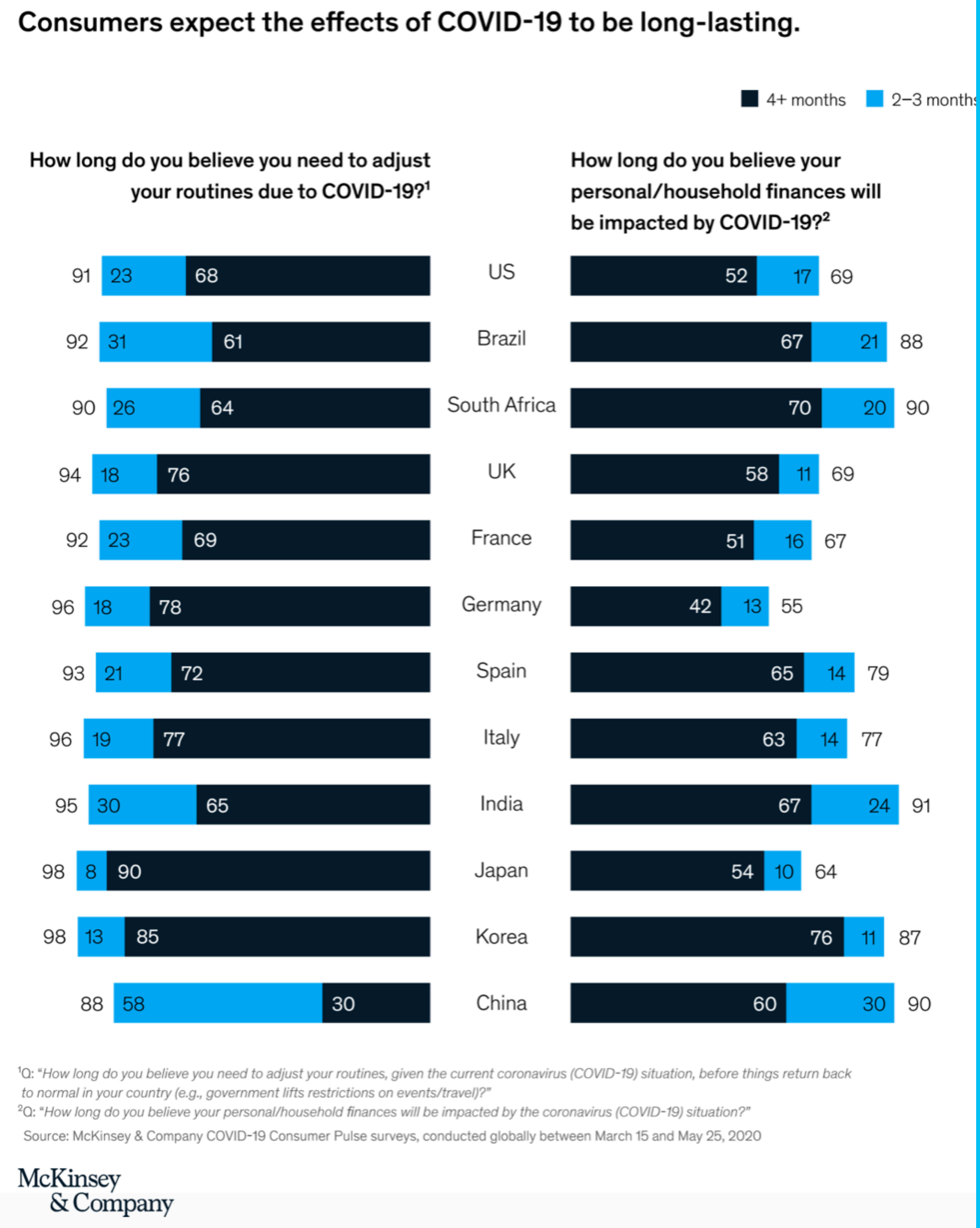
France

Spain

Japan

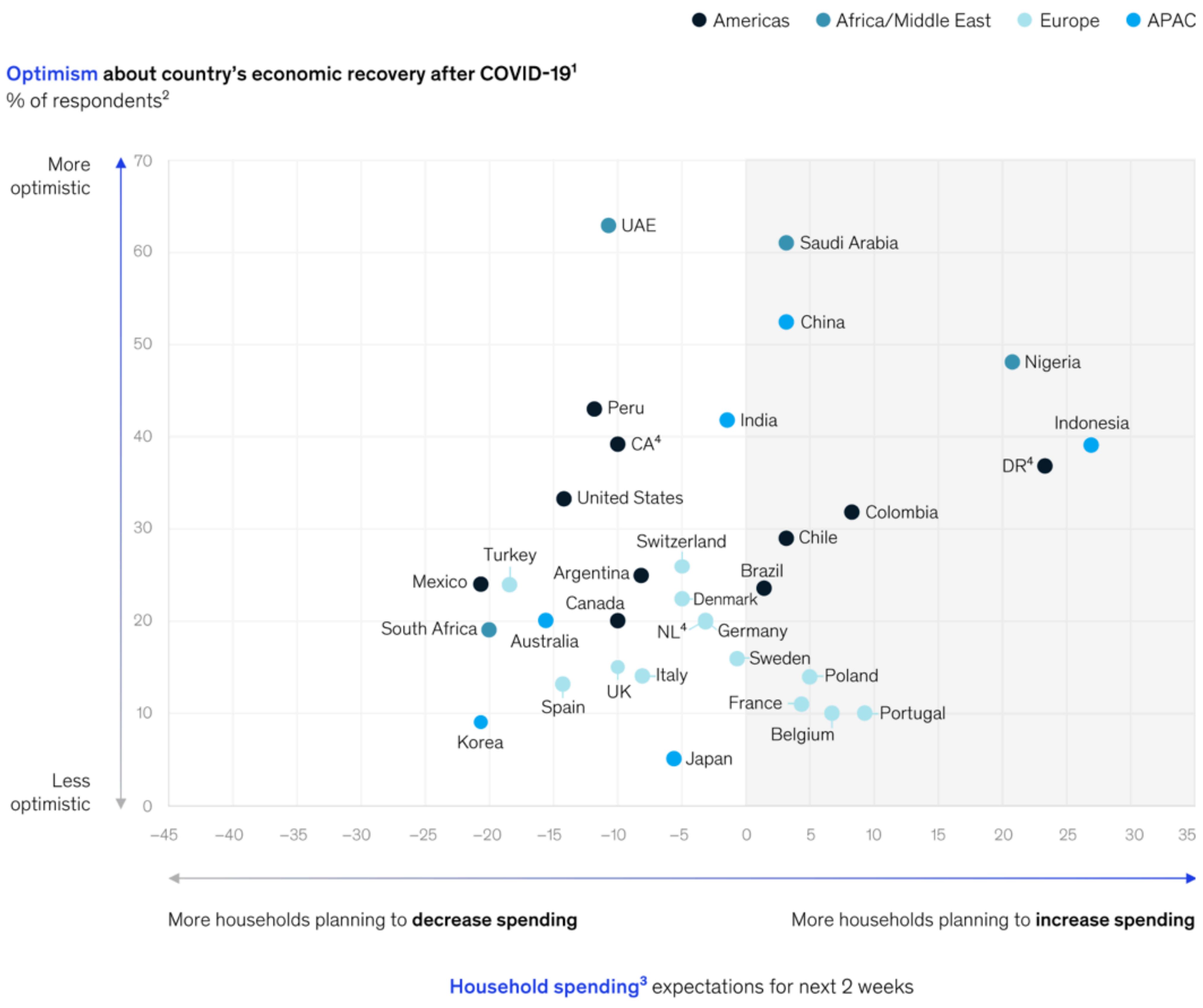
GLOBALLY, MOST CONSUMERS CONTINUE TO ANTICIPATE A LONG-LASTING IMPACT FROM COVID-19

- India and China are most optimistic
- Japan is least optimistic
- With the exception of Germany, more than 50% feel that Covid-19 will impact their personal finances for 4+ months



IN SOME COUNTRIES SPENDING INTENT IS HIGH

Optimism and anticipated spending are largely correlated globally.



[1]Q: "*How is your overall confidence level on economic conditions after the COVID-19 situation?*" – Rated from 1 "very optimistic" to 6 "very pessimistic."
[2]Percent of respondents who answered 1 "very optimistic" or 2 "optimistic"
[3]Q: "*How do you think your overall spending may change in the next two weeks?*" Number represents percent who indicate they will increase spending minus percent who indicate they will decrease spending.
[4]CA: Central America, DR: Dominican Republic, NL: Netherlands

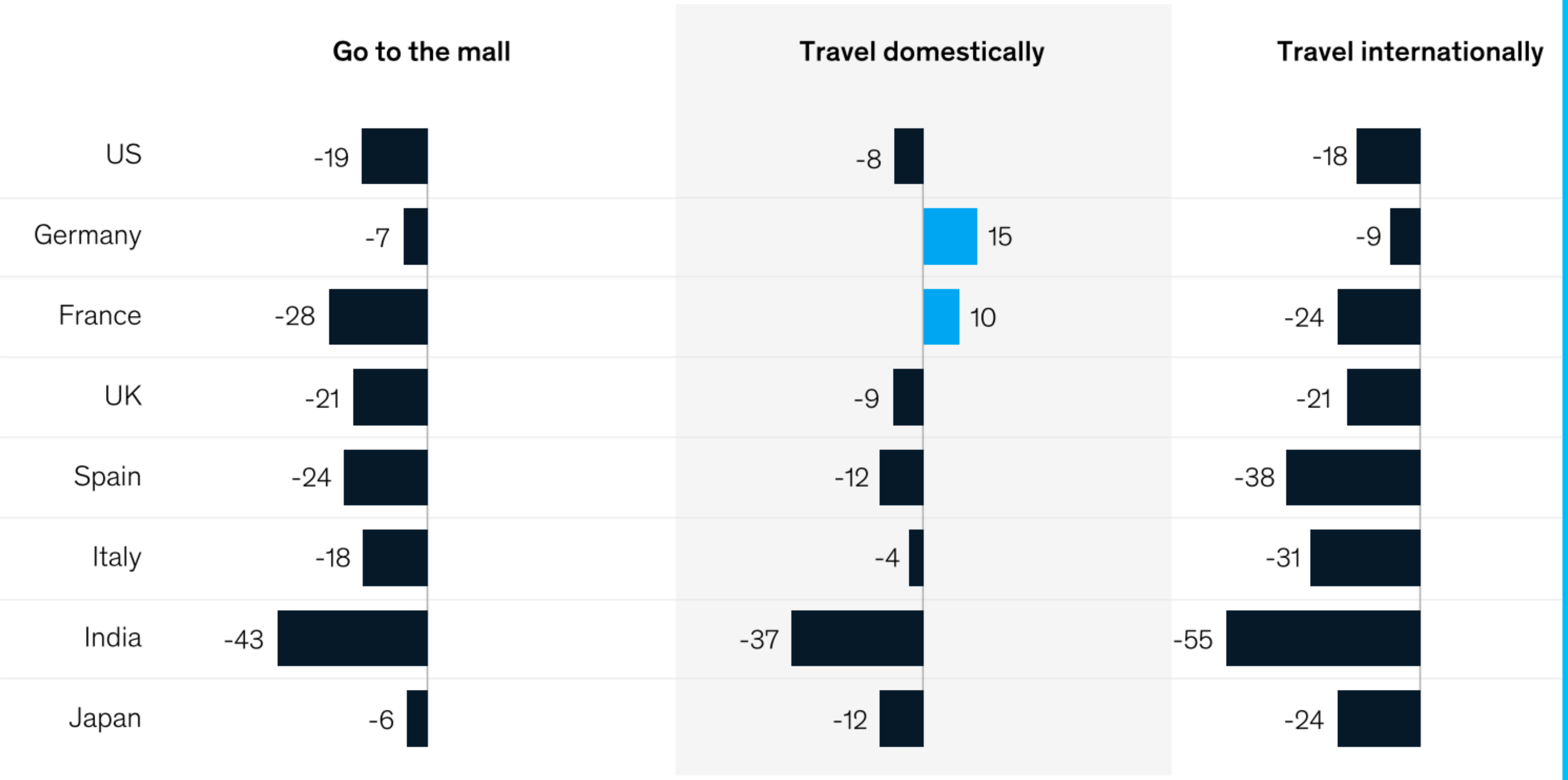
Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between March 15 and May 25, 2020

McKinsey & Company

Consumers anticipate changing behaviors post-COVID-19.

Expectations for consumer behavior after COVID-19, relative to pre-crisis[1]

Net intent %[2]



[1]Q: "*Once the coronavirus (COVID-19) situation has subsided, which of the following do you think you will do more or less compared to before the coronavirus (COVID-19) situation started?*"

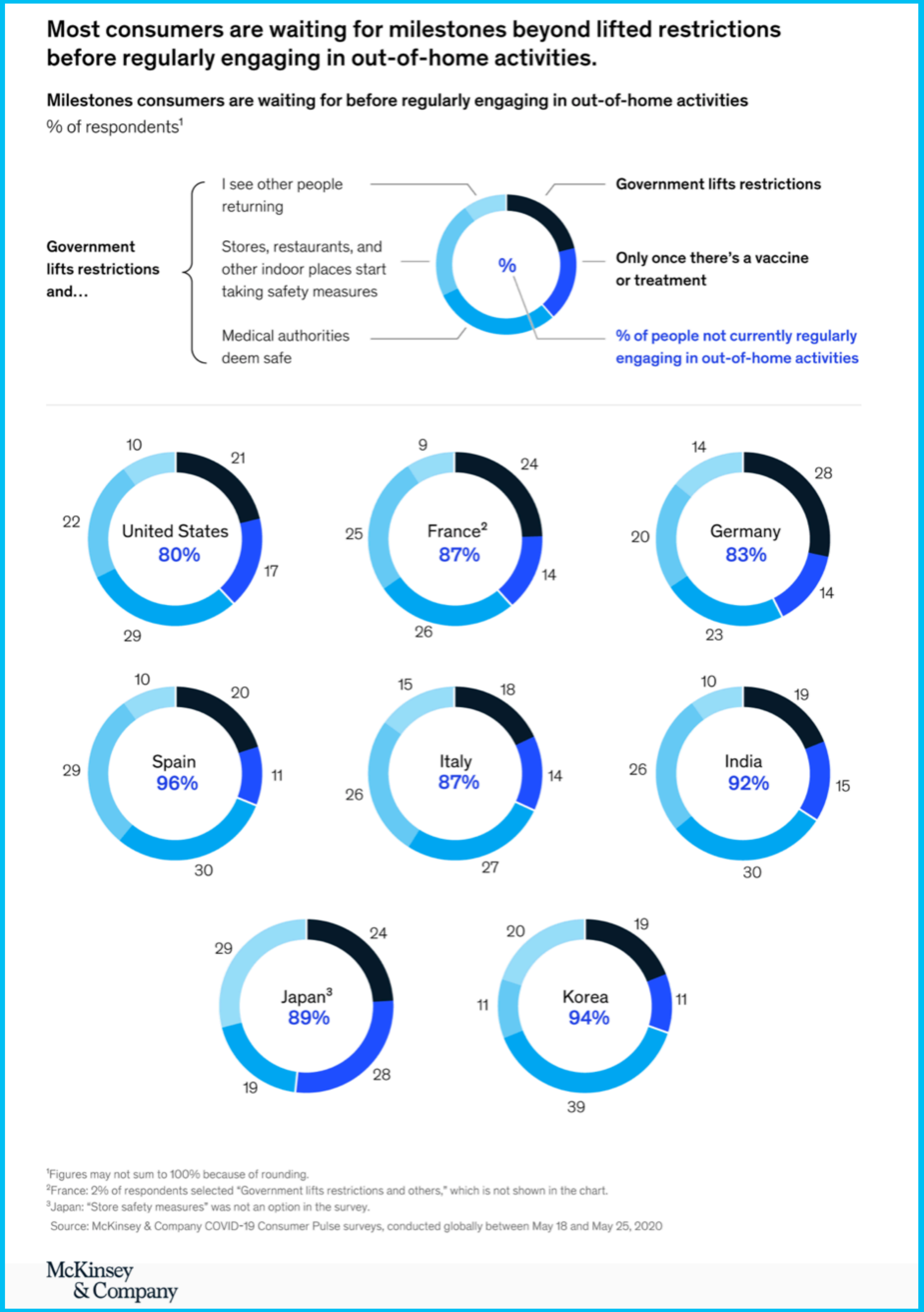
[2]Net intent is calculated by subtracting the percent of respondents stating they expect to decrease time spent from the percent of respondents stating they expect to increase time spent.

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between April 10 and May 25, 2020

McKinsey & Company

Much of the fluctuation is due to government border policies, quarantine requirements for foreign travelers, availability of flights and lodging by market.

80% OF CONSUMERS WANT MORE THAN A GOVERNMENT OK ...

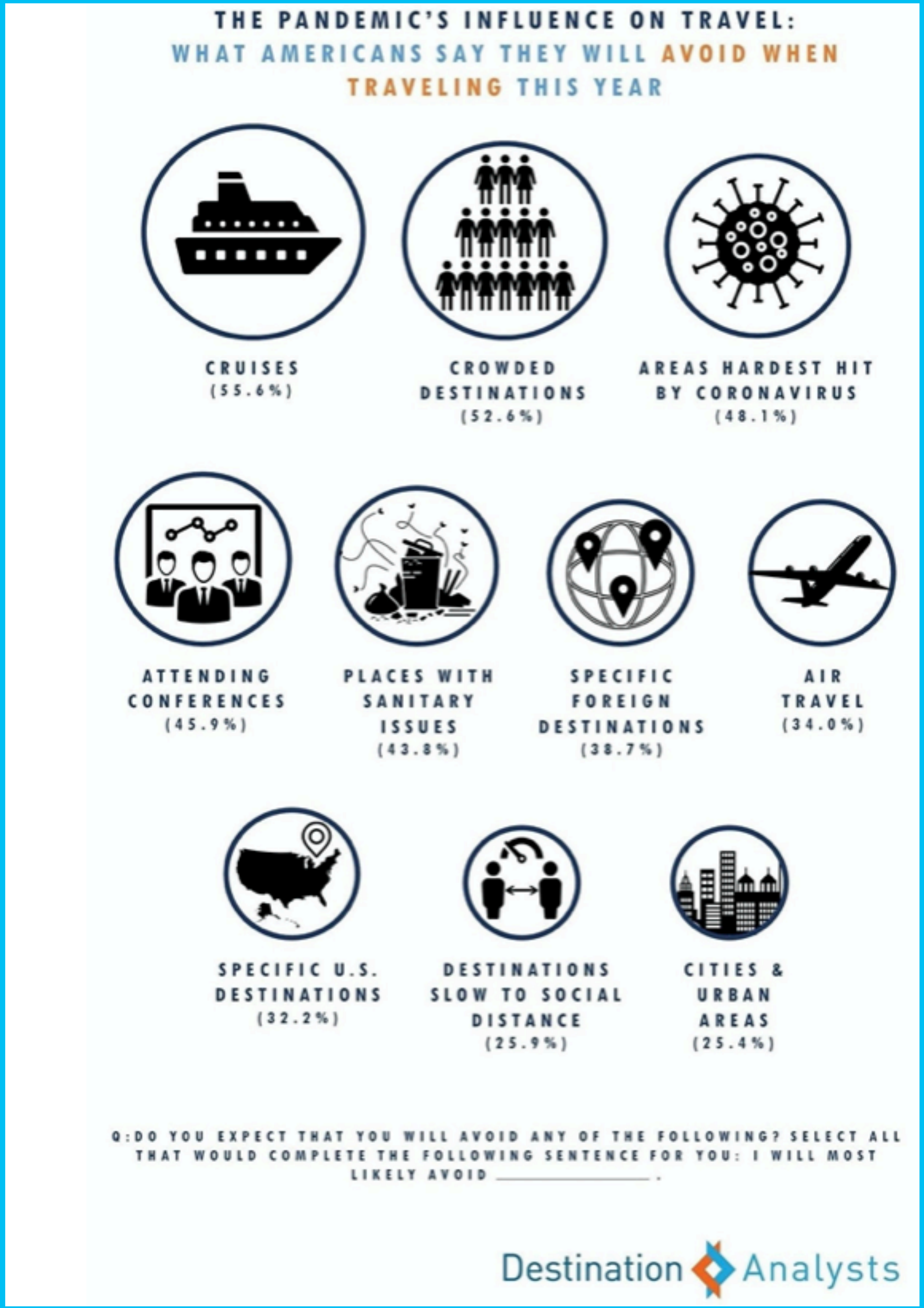


US TRAVELER SENTIMENT

- Weekly sentiment survey of 1200 travelers throughout the USA
- US represents one of the strongest outbound markets in the world (97 million outbound trips in 2019)
- Low consumer confidence in rapid economic recovery coupled by Coronavirus have stalled travel

US TRAVELER'S SENTIMENT

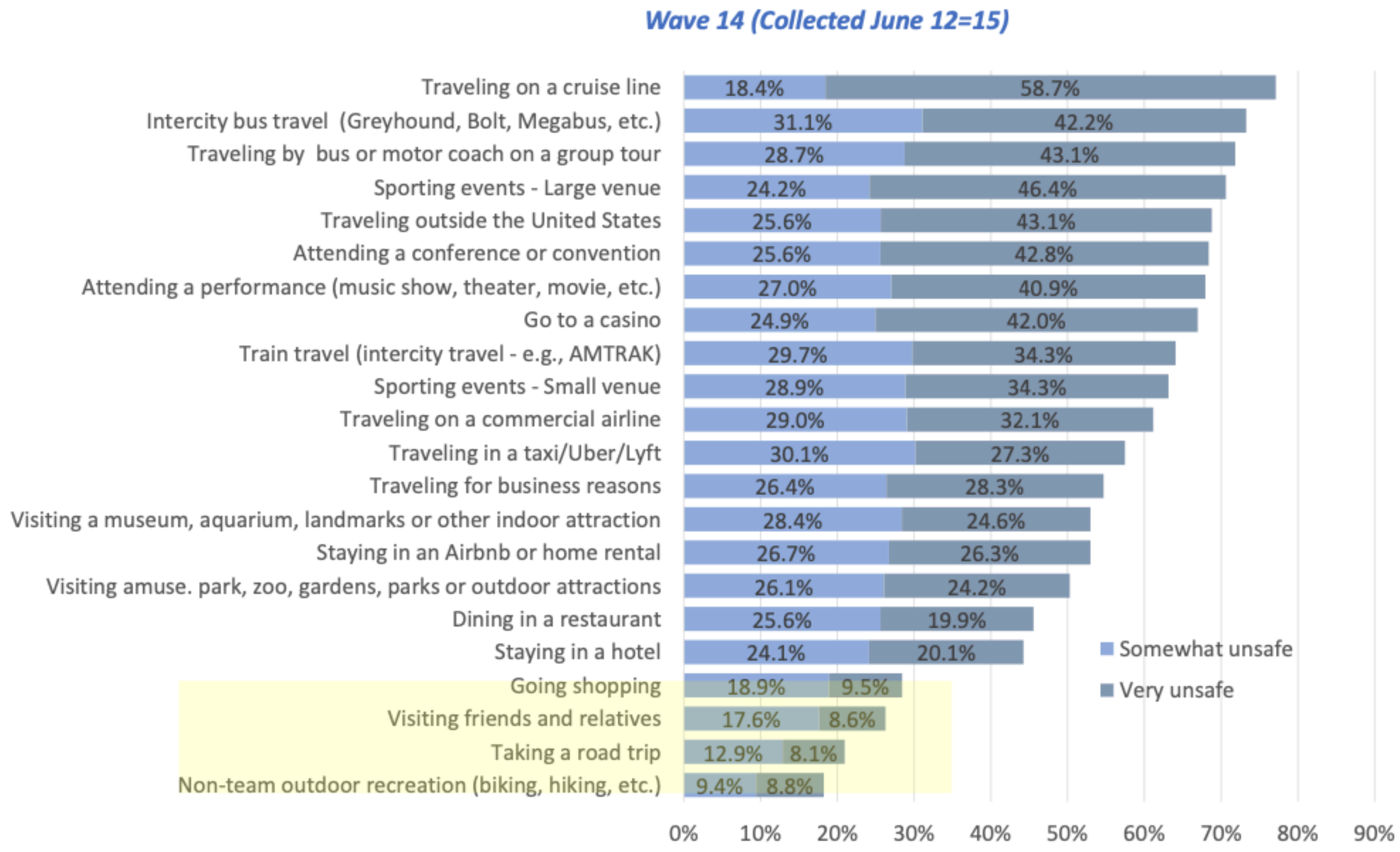
- The majority of America travelers who plan to travel in 2020 say they will avoid cruises and crowded destinations
- 43% will avoid places that have sanitary issues
- A little over ⅓ have noted specific domestic and international destinations to avoid
- This sentiment is due primarily to the impact of Covid-19



Perceived Safety of Travel Activities (Wave 14)

Question: **At this moment, how safe would you feel doing each type of travel activity?**

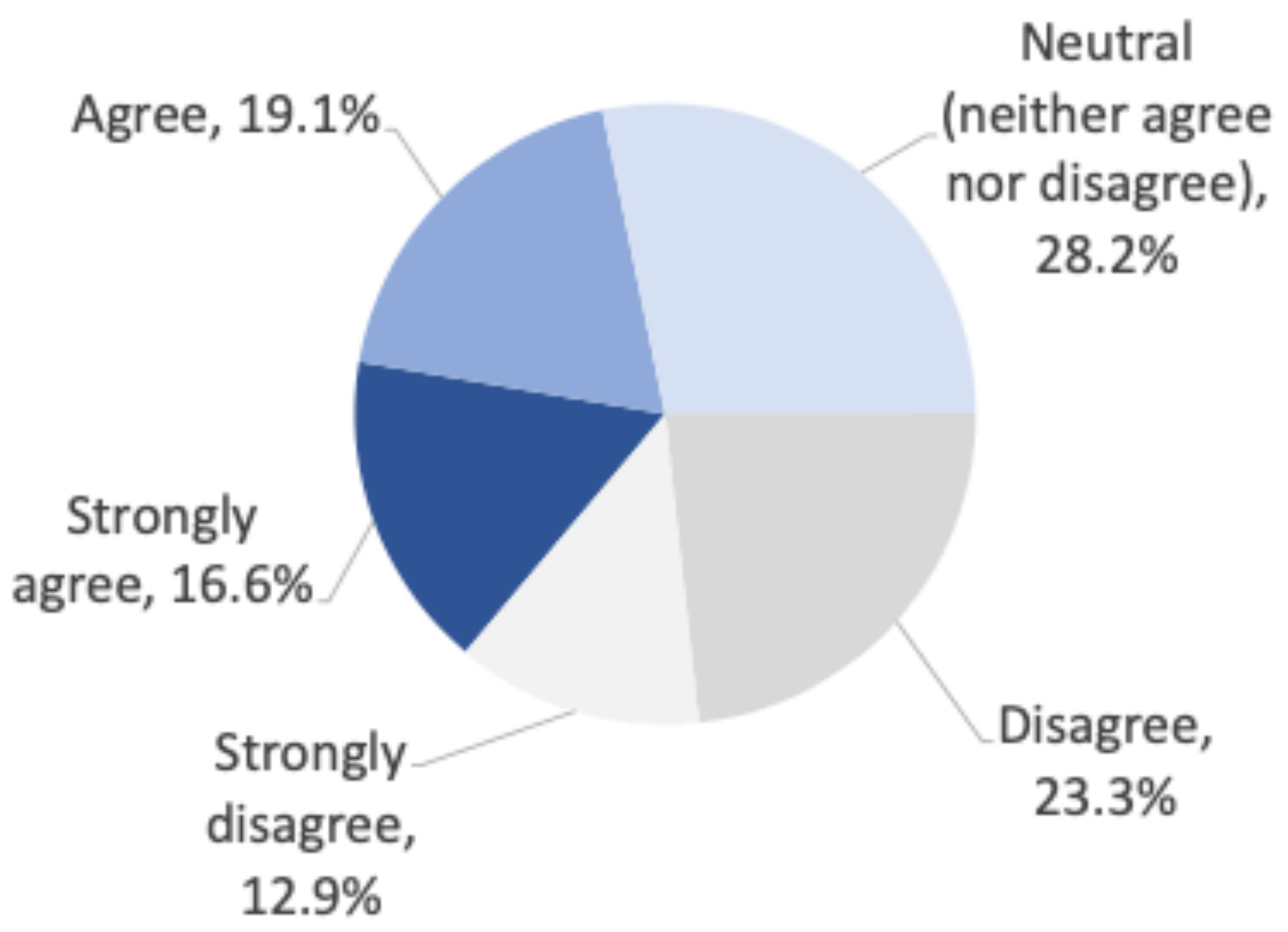
(Base: Wave 14 data. All respondents, 1,214 completed surveys. Data collected June 12-14, 2020)

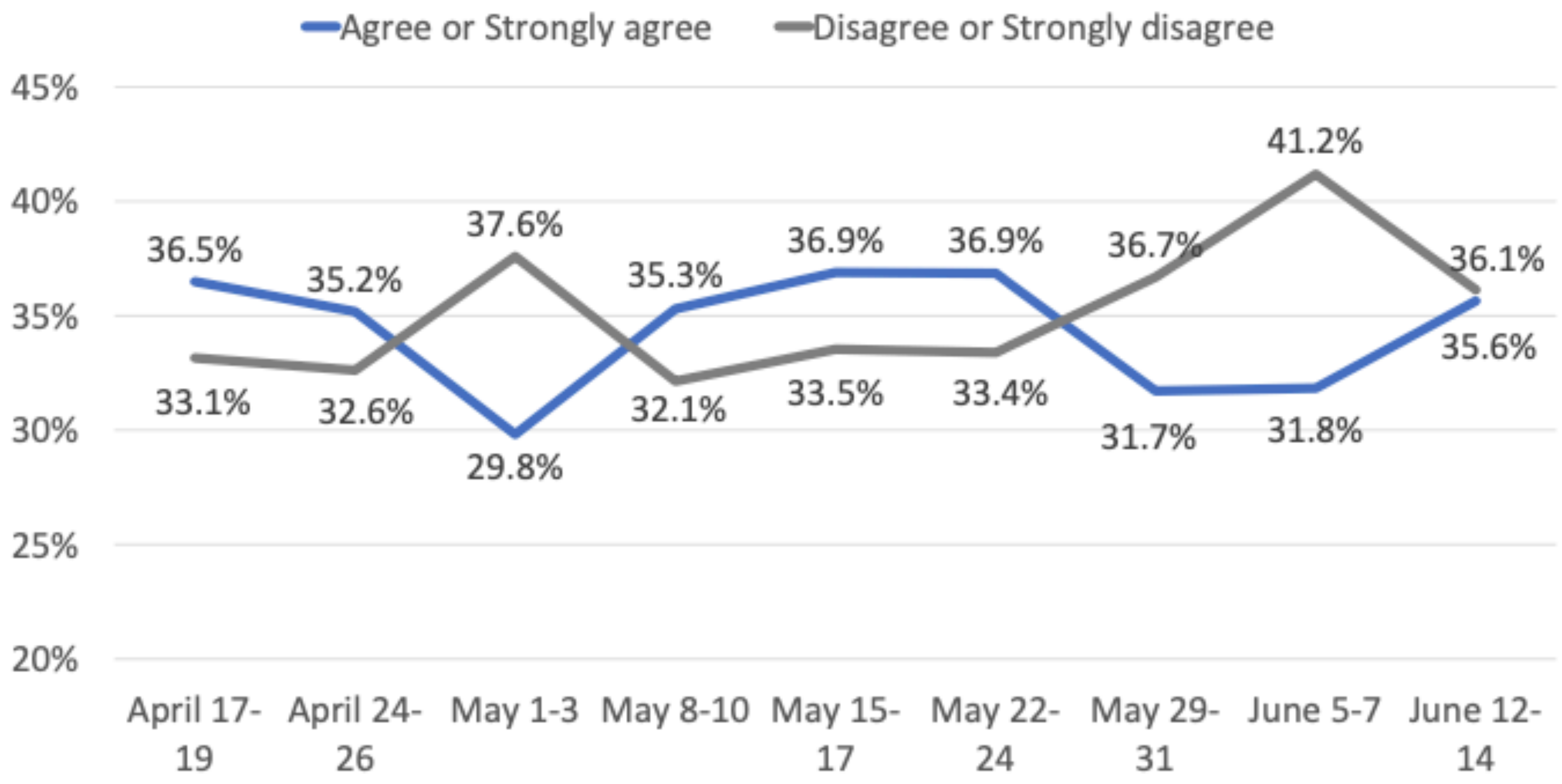


Destination Analysts DO YOUR RESEARCH

How much do you agree with the following statement?

Statement: I'm not traveling until there is a vaccine.





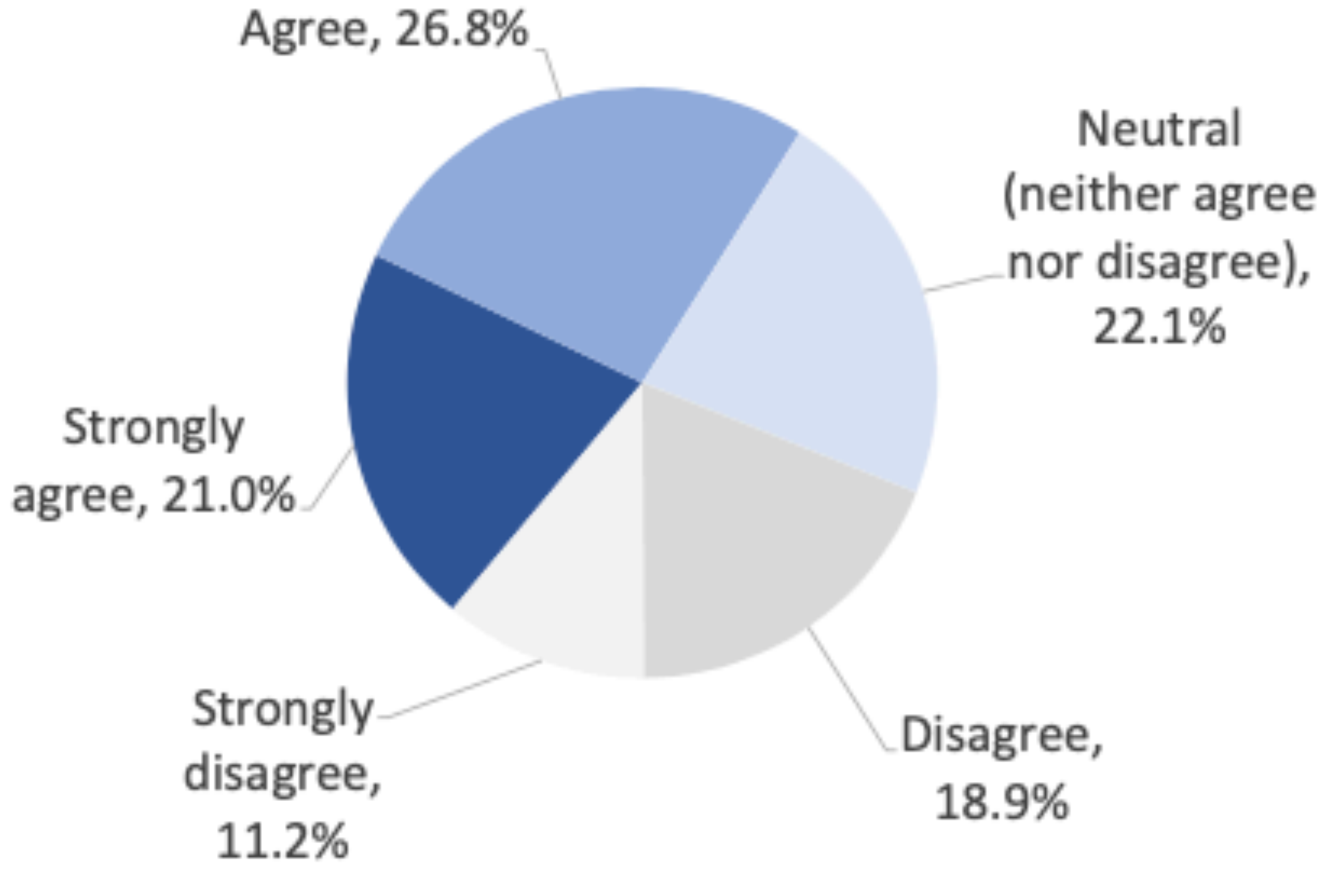
(Base: All respondents, 1,238, 1,208, 1,204, 1,200, 1,212, 1,223, 1,257, 1,214 and 1,214 completed surveys. Data collected April 17-19, 24-26, May 1-3, 8-10, 15-17, 22-24, 29-31, June 5-7 and 12-14, 2020)

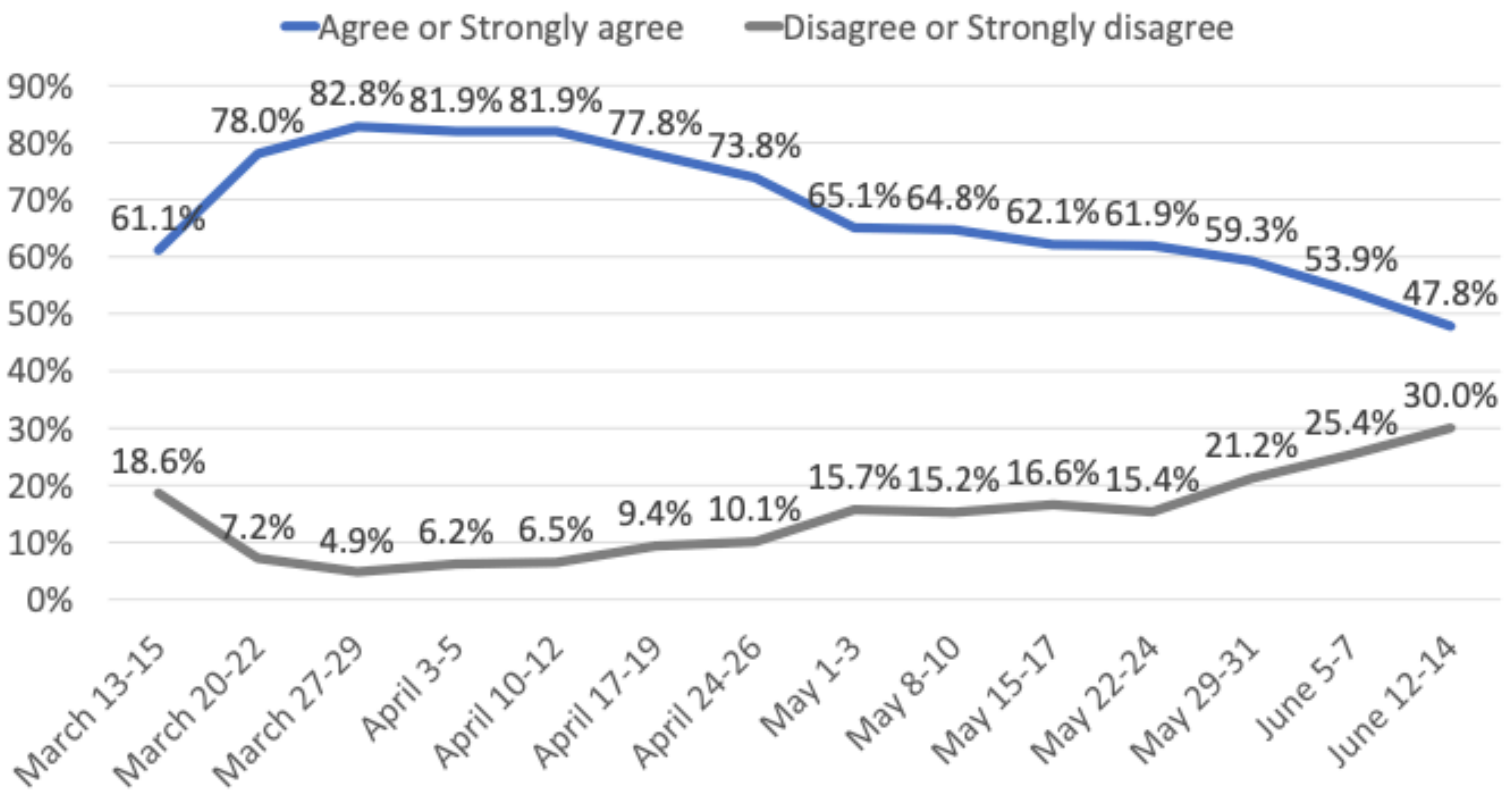
Destination Analysts DO YOUR RESEARCH

Avoiding Travel Until the Crisis Blows Over

How much do you agree with the following statement?

Statement: I'm planning to avoid all travel until the coronavirus situation blows over.



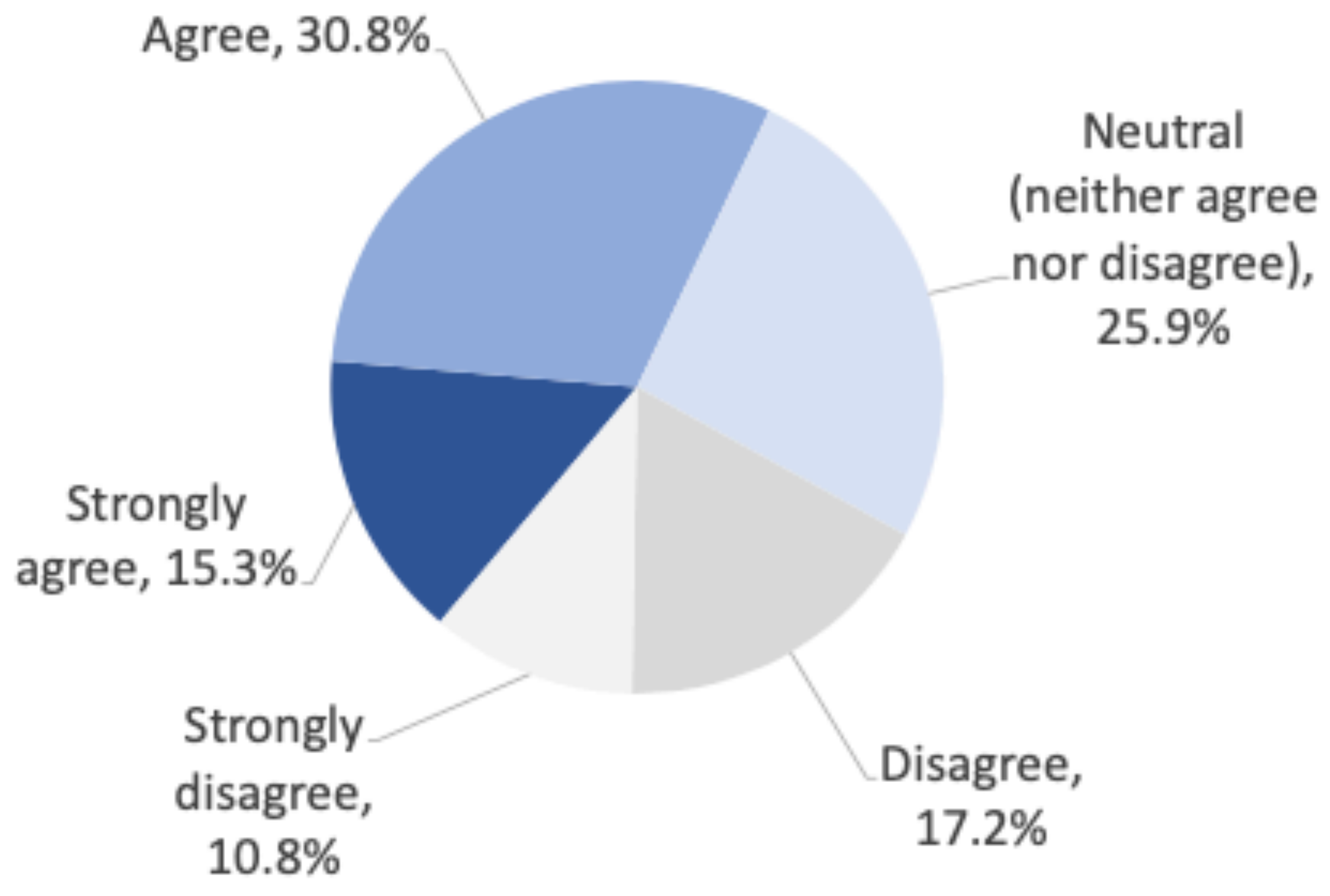


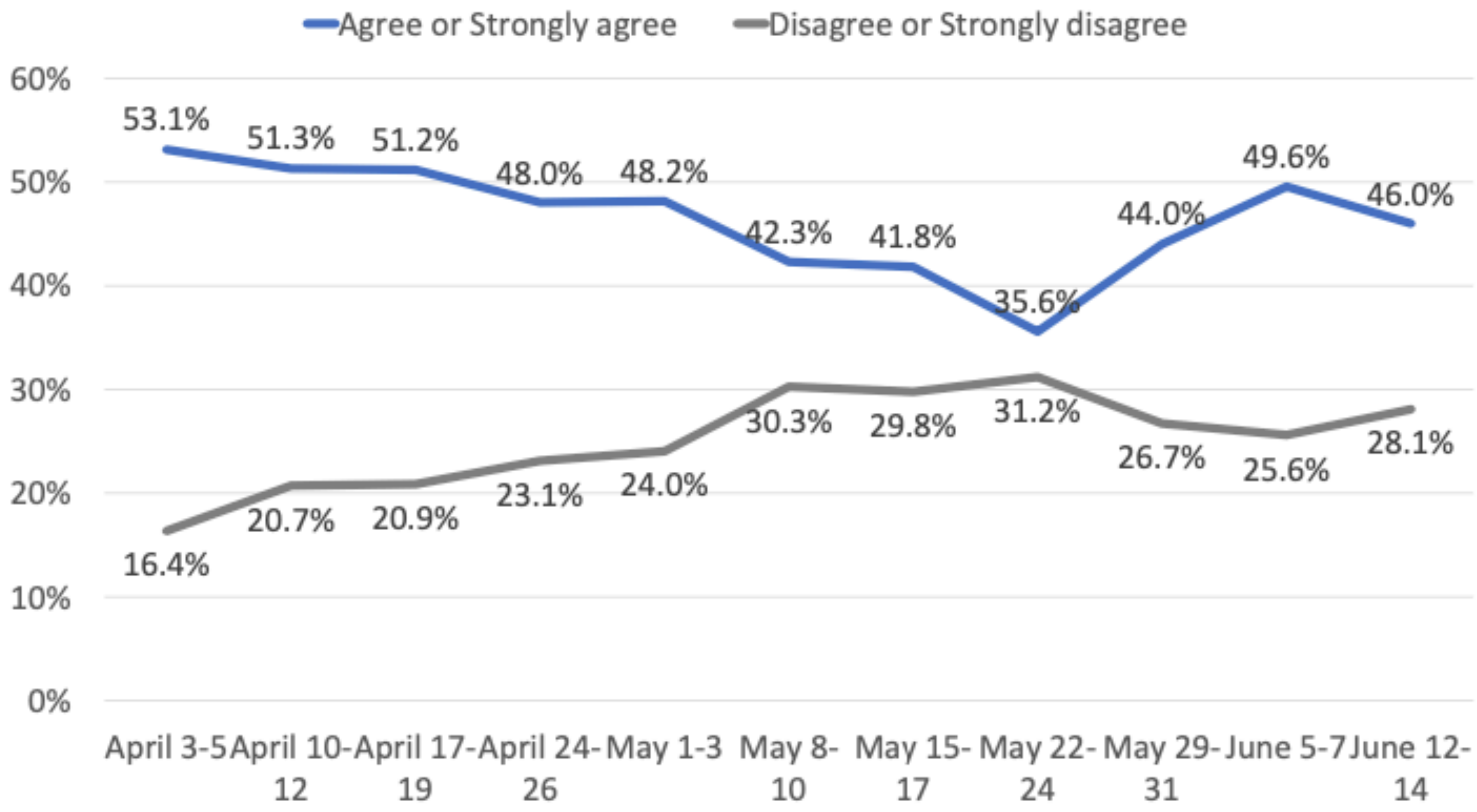
(Base: All respondents, 1,201, 1,200, 1,201, 1,216, 1,263, 1,238, 1,208, 1,204, 1,200, 1,212, 1,223, 1,257, 1,214 and 1,214 completed surveys. Data collected March 13-15, 20-22, 27-29, April 3-5, 10-12, 17-19, 24-26, May 1-3, 8-10, 15-17, 22-24, 29-31, June 5-7 and 12-14, 2020)

Expectations for Traveling in the Fall

How much do you agree with the following statement?

Statement: **I expect that I will be traveling in the Fall of 2020.**



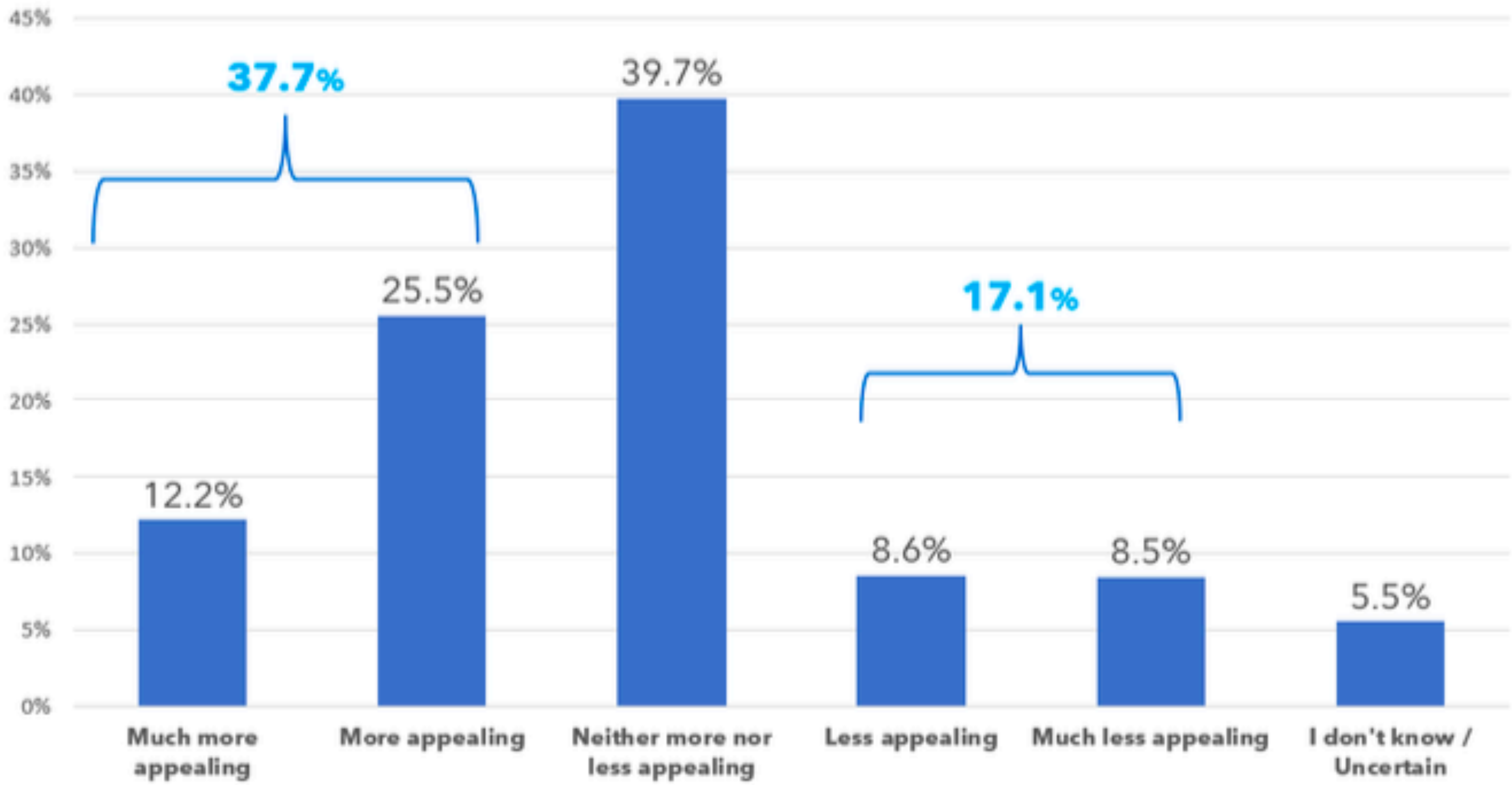


(Base: All respondents, 1,216, 1,263, 1,238, 1,208, 1,204, 1,200, 1,212, 1,223, 1,257, 1,214 and 1,214 completed surveys. Data collected April 3-5, 10-12, 17-19, 24-26, May 1-3, 8-10, 15-17, 22-24, 29-31, June 5-7 and 12-14, 2020)

Destination Analysts

The Appeal of New Destinations in the Time of Covid-19

In addition, many travelers are feeling drawn to destinations they are familiar with, rather than the siren of exploration. Over 60 percent said it was likely that the primary destination of their next leisure trip is one they have visited before. When asked about their interest in visiting destinations for the first time versus destinations they are familiar with, 37.7 percent reported that, in the current environment, destinations they are familiar with are more—or much more—appealing.

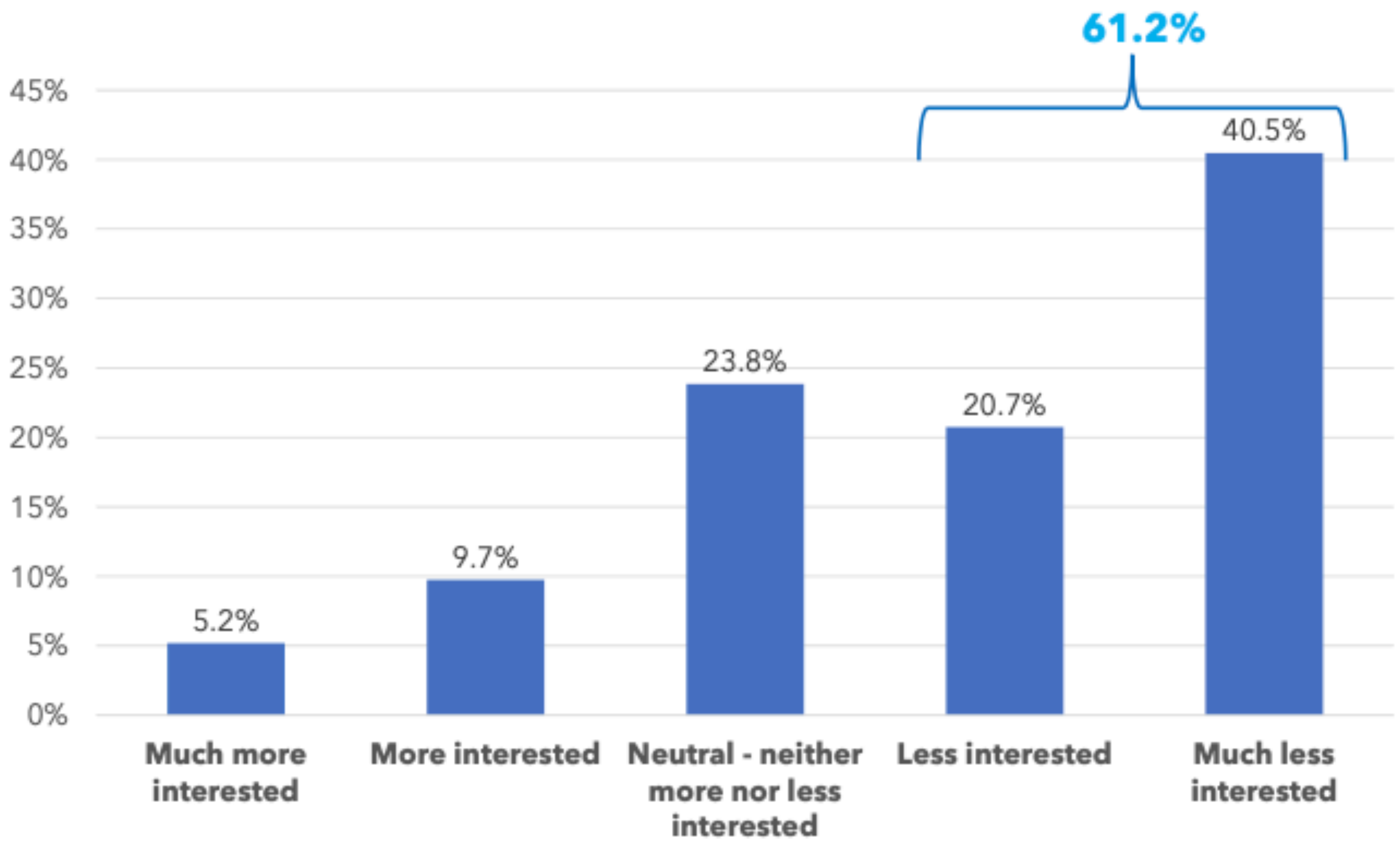


Question: Please think about your interest in visiting destinations for the first time versus destinations you are familiar with (because you previously visited). In the current environment, destinations I am familiar with are ______________

(Base: All respondents, 1,214 completed surveys. Data collected June 12-14, 2020)

Effect of Crowding on Interest in Visitation

Finally, poor "pandemic etiquette" behavior by others—and a perceived lack of official control over tempering that behavior—which is then outed in media will indeed adversely affect the desirability of and aspiration for travel destinations. When asked to think of a destination they are interested in visiting, then imagine if they saw media coverage of that destination being crowded or people not maintaining appropriate distance from each other, and then asked how that would affect their interest in visiting, 61.2 percent of American travelers said it would consequently make them less or much less interested in visiting that destination. This week, two-thirds of American travelers report seeing such kinds of coverage in the media.

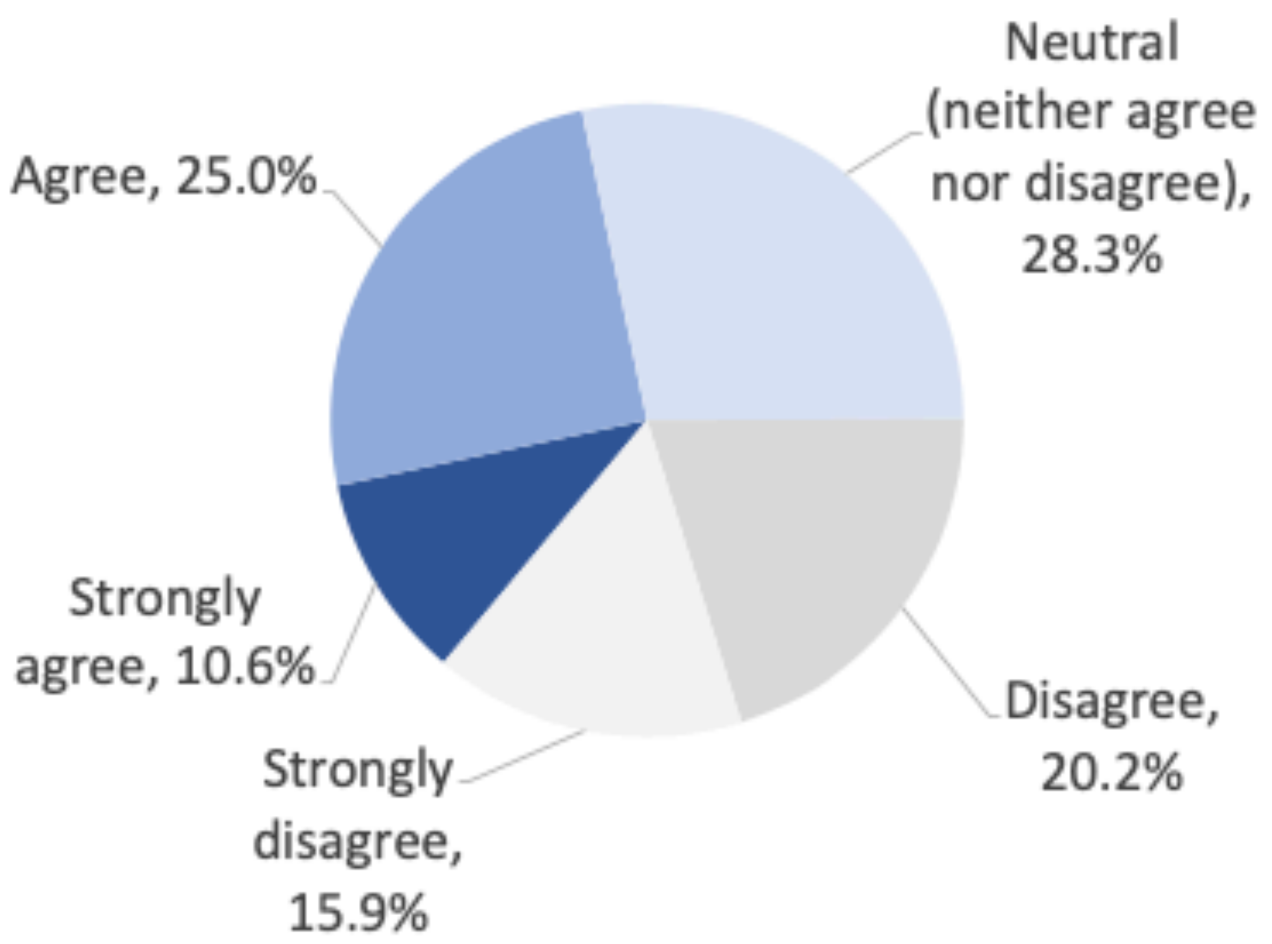


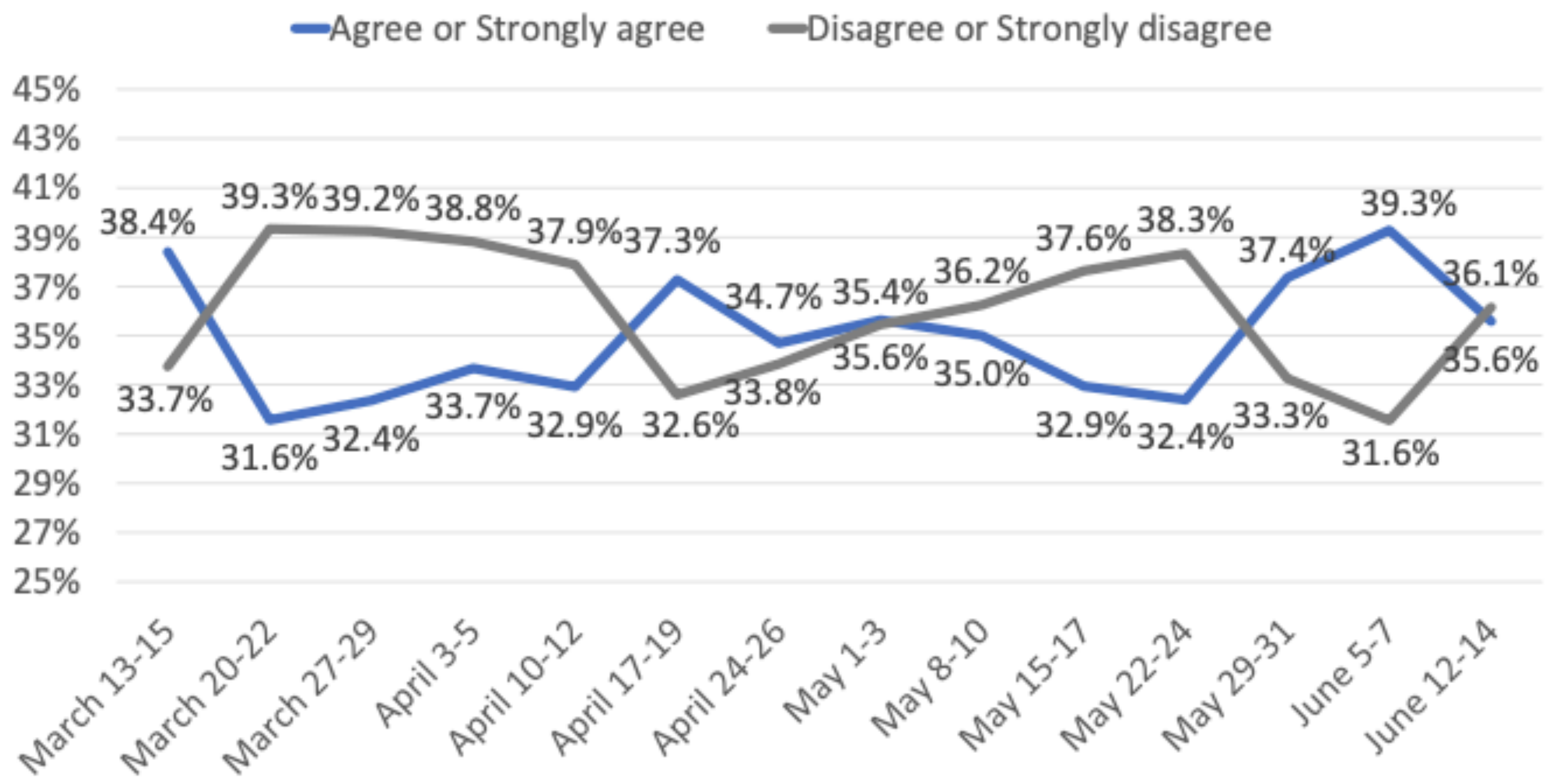
Question: Think of a destination you are interested in visiting. If you saw media coverage of that destination being crowded or where people were not maintaining appropriate distance from each other, how would it affect your interest in visiting? (Fill in the blank). I would be ______________ in visiting.

(Base: All respondents, 1,214 completed surveys. Data collected June 12-14, 2020)

How much do you agree with the following statement?

Statement: The coronavirus has led many travel providers to cut their prices. These discounts and price cuts (airline, hotel, etc.) make me more interested in traveling in the NEXT THREE (3) MONTHS.

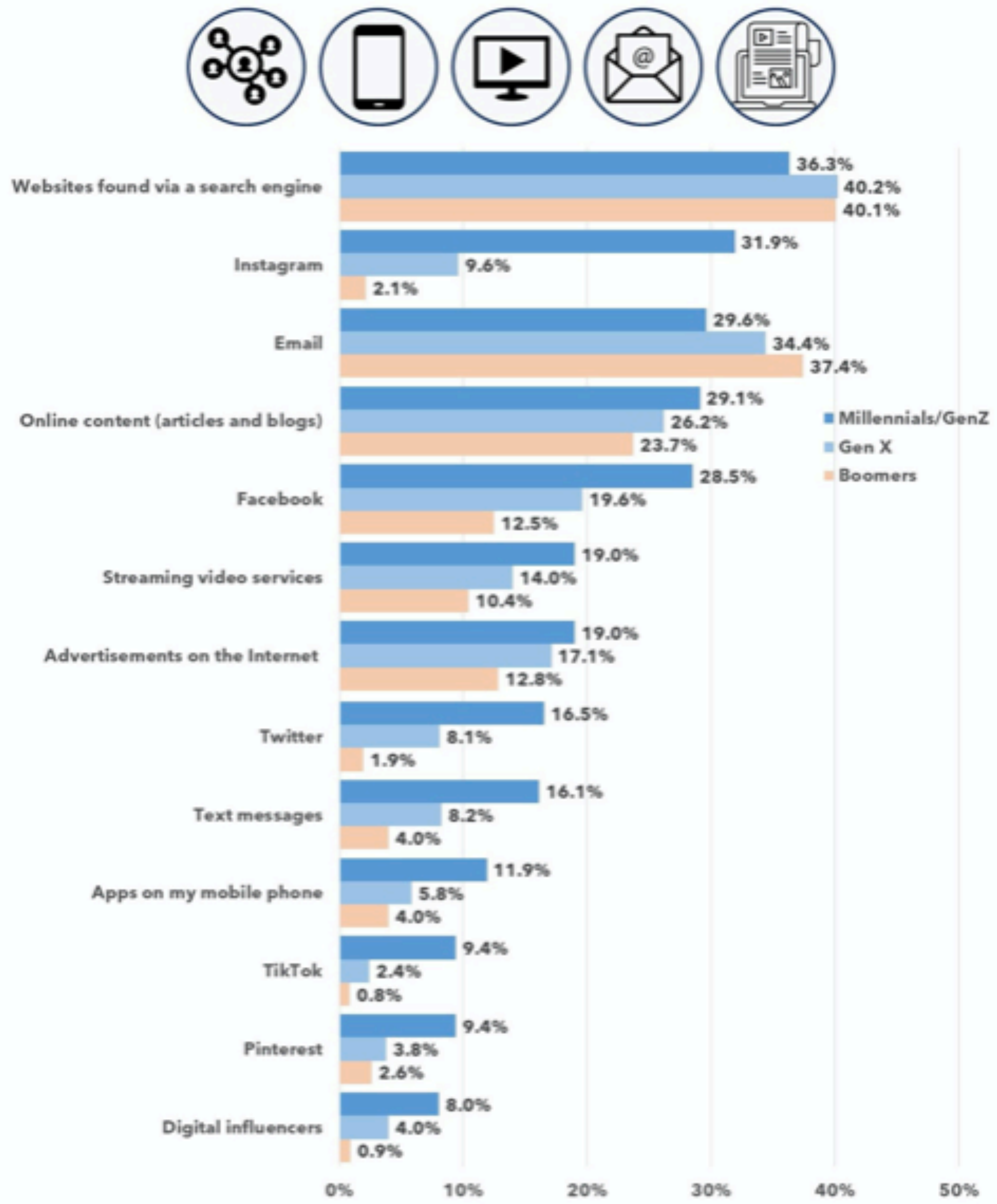




(Base: All respondents, 1,201, 1,200, 1,201, 1,216, 1,263, 1,238, 1,208, 1,204, 1,200, 1,212, 1,223, 1,257, 1,214 and 1,214 completed surveys. Data collected March 13-15, 20-22, 27-29, April 3-5, 10-12, 17-19, 24-26, May 1-3, 8-10, 15-17, 22-24, 29-31, June 5-7 and 12-14, 2020)

Destination Analysts DO YOUR RESEARCH

WHERE TRAVELERS ARE MOST RECEPTIVE TO DESTINATION MARKETING

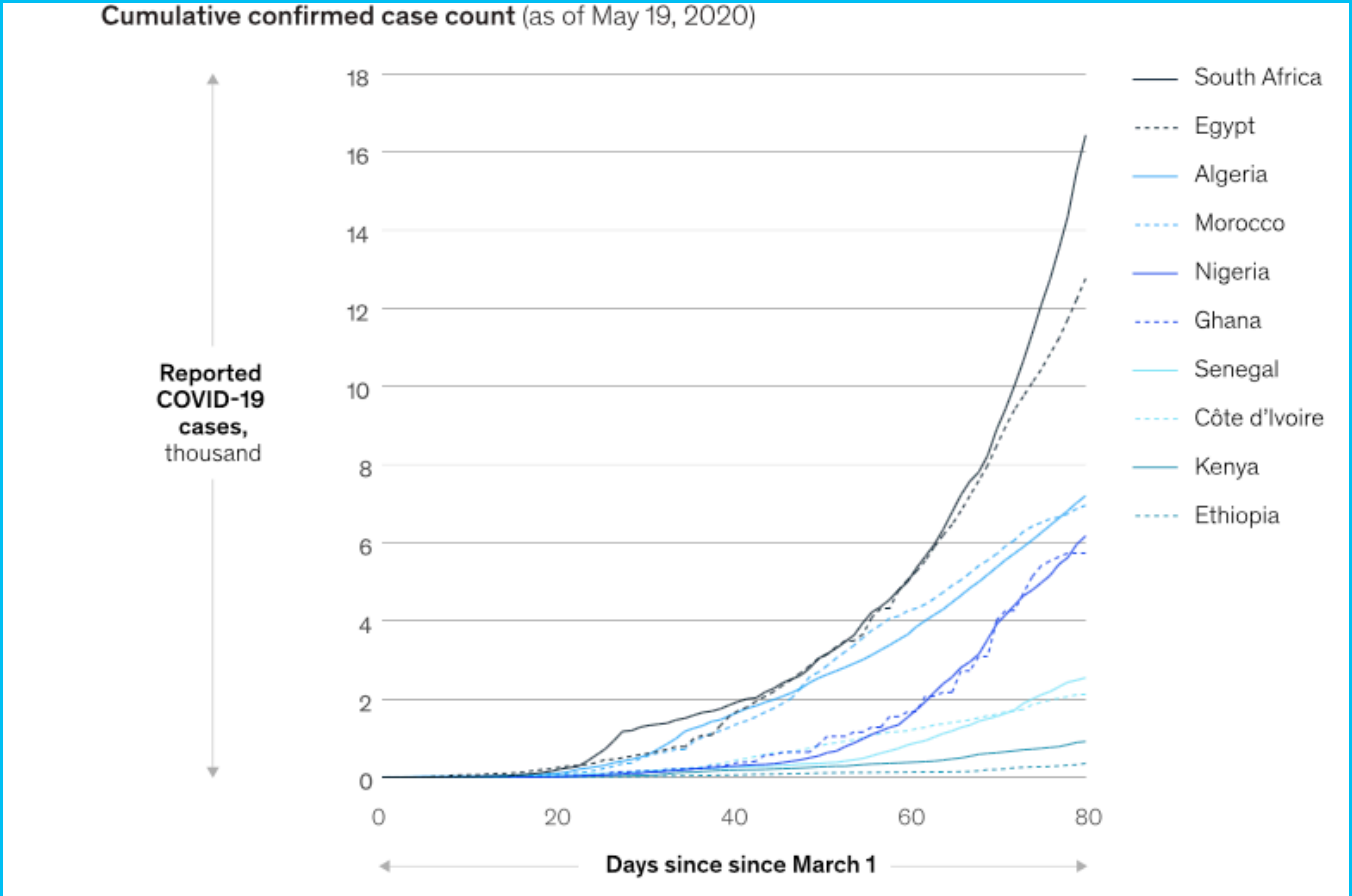


Q: Please think about how travel destinations could best reach you with their messages right now. Where would you generally be MOST RECEPTIVE to learning about new destinations to visit? (Please select all that apply)

Destination Analysts

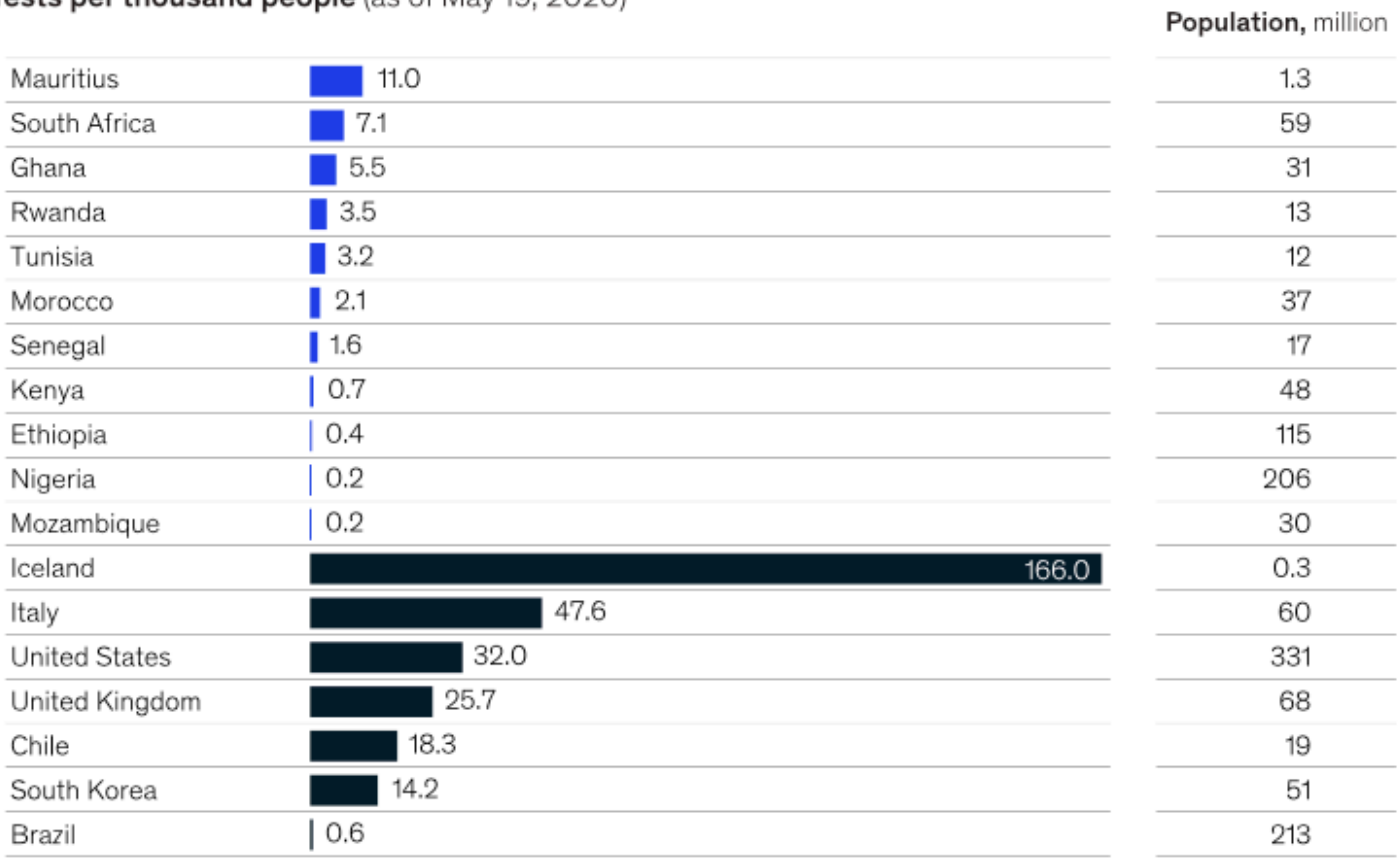
FIGHTING YOUR WAY BACK FROM COVID-19

- Accept Reality
- Question EVERYTHING
- New services
- Embrace Digital
- Consolidate
- Collaborate
- Innovate



Some African countries have begun to experience exponential growth in cases ...

Tests per thousand people (as of May 19, 2020)



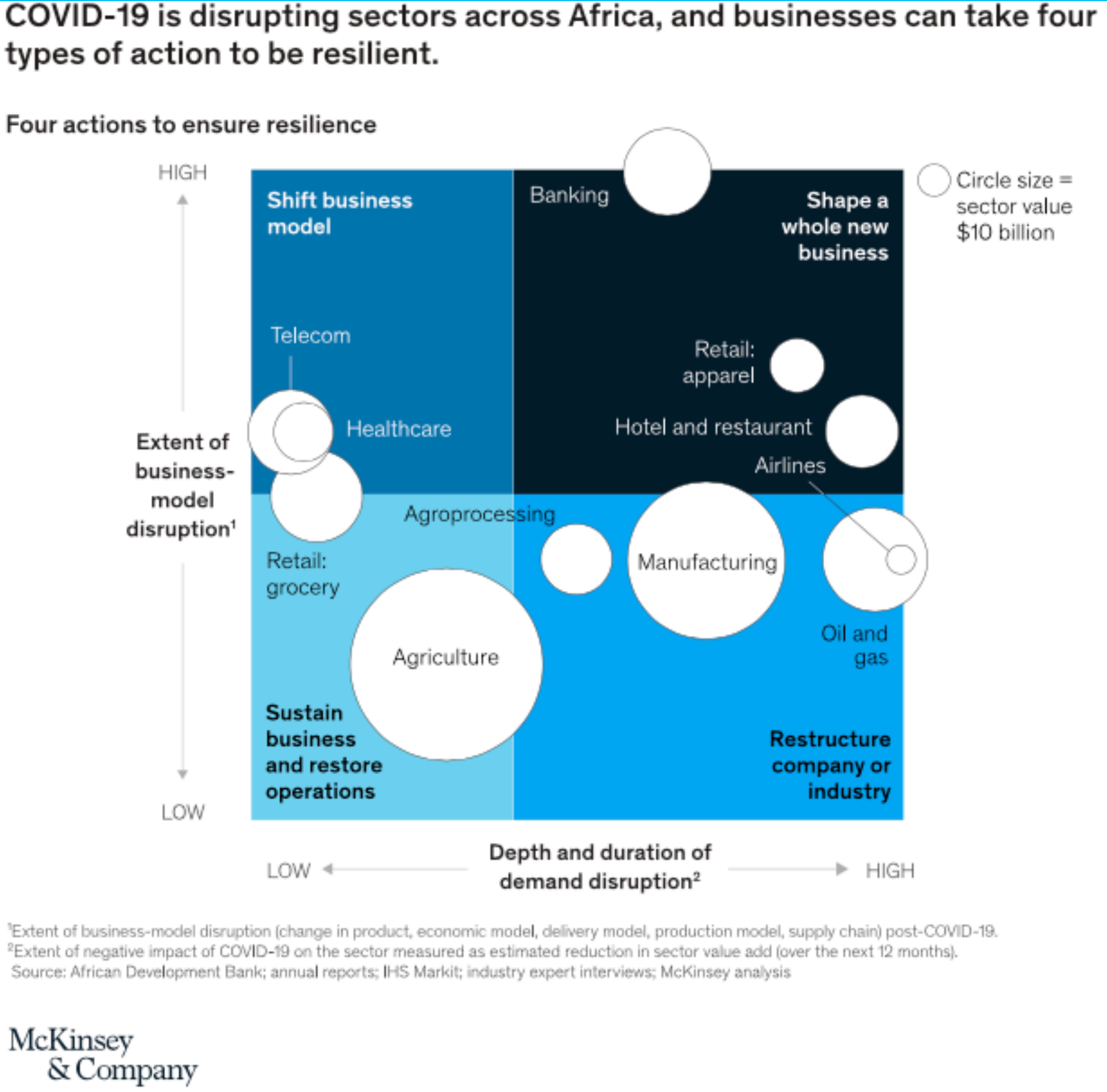
Source: European Centre for Disease Prevention and Control; Humanitarian Data Exchange (tests performed by country); World Health Organization

McKinsey & Company

...Even though testing levels are still generally low.

TRAVEL IS IN THE ENDANGERED SPECIES CATEGORY OF BUSINESS

- The same premise used to reshape other business should be considered to re-imagine travel
- Travel as an industry is in a position to shape an entirely new business model
- Embrace the opportunity to reinvent yourself



THE AFRICAN TRAVEL INDUSTRY MUST COLLABORATE WITH PUBLIC HEALTH

CONSUMERS HAVE SPOKEN

- The biggest consumer sentiment is FEAR. Travelers are afraid of getting sick
- Hand sanitizer and extra cleaning should have ALWAYS been done.
- It is now CRITICAL to identify and promote public health care readiness as a **routine part of your business**
- Travel industry associations in your country must work with governments to ensure the safety of citizens.
- No traveler will accept a destination where the citizens do not have the option to be healthy

THE AFRICAN TRAVEL INDUSTRY MUST FULLY EMBRACE DIGITAL

E-COMMERCE AND DIGITAL MARKETING WILL BE THE KEY TO RESILIENCE

- **Travel can no longer be a cash business.** Change all systems to accept digital payments. This includes guides and drivers.
- Allow your company to accept digital payments for advance tickets to attractions
- Allow mobile payments or “contact-less” or “no-contact” options such as Mpesa, Apple Pay or Level Up
- Enhance digital communications and online presence
  - Stay face-to-face. Conduct live video chats to increase customer interaction
  - Develop logistics apps and portals on your websites
  - Create a digitized crisis communications program that can be accessed on mobile or on the web

THE AFRICAN TRAVEL INDUSTRY MUST RE-THINK ITS SERVICES

TRAVELERS EXPECT AND WILL REQUIRE MORE HEALTH SERVICES FROM YOU

- Make your health changes ever-green. **Cleaner sheets, disinfected surfaces and hand sanitizer are not a big deal**. They will always be expected and should have always been done.
- If coronavirus is still a concern, **offer free testing** at a local public or private health facility
- **Provide local mobile cards** for calls home
- **Create partnerships with local health facilities** that are a part of your service. Inform your customers about your relationships in all of your marketing materials
- **Add tele-med health services** to your travel packages
- **Create emergency cards in the local language** for all of your travelers to carry in their wallets
- Anticipate the needs and interests of your customers. **Connect on social media** to get an idea of how to provide advance services. For example, people who run will appreciate the small touch or extra water and local road map when they arrive. This is especially effective with Millennials.

CONSOLIDATE
COLLABORATE
INNOVATE

BECOMING RESILIENT

- Collaborate — Seek areas where you and your partners can build on each others strengths rather than compensate for weakness. Consider collaboration with some of the subscription travel firms.
- Select partners on the basis of performance, but also on their capabilities and willingness to collaborate. This includes willingness to share information. Seek collaborations outside the industry (perhaps banking, telecom, fashion retail)
- Consolidate — In the face of a weak market it may be smart to consolidate services. This is especially important when a customer base shrinks and can not sustain the trade business. Consolidation can strengthen sector competitiveness, and create a lean, agile company.
- Innovate — Strong collaborations and smart consolidations will produce sharper market insight, product innovations, broader customer bases and a stronger, more resilient business model.
- Create a travel bubble with countries that have easy border crossings and have attributes to create a more broad experience

RETHINK, AND THEN RE-TARGET, YOUR CUSTOMERS

- Are your customers buying what you have?
- Or are you selling what they want?
- Have you defined your product, or has your someone else told you what you are, what you need and who will buy it?

THE 1%: AN EASY TARGET

THE OPERATIVE WORD IS: **PRIVATE**

- You have already curated the African travel market for the 1%. You are selling what they want to buy. These are:
- Travelers who have the money to spend and will opt for private experiences
  - Private jets for all flights
  - Private lodgings or villas
  - Private arrangements for themselves and their companions
  - Private (or exclusive) animal or nature experiences
- The new thing: <u>Exclusivity has evolved to mean safety</u>

AFRICAN (BLACK) AMERICANS
THE BIGGEST GROWTH MARKET IN TRAVEL

BLACK MARKET TRAVEL

- In 2018 African American travelers generated $63 Billion in travel receipts (that’s up from $48 billion in 2011) *
- In general African American travelers are interested in cultural experiences. They are engaged travelers that place high importance on African American heritage, history and attractions
- Millennials are more likely to engage in more nature and adventure activities
- 58% of Black travelers use search engines to research trips*
- Only 15% use print media or follow influencers*
- Nomadness Travel Tribe has 20,000 ($50 million in spending) members of the Tribe who travel, read about and research travel
- Nomadness Travel Tribe has curated more than 30 international group trips that are for millennial travelers
- FInd Black travelers: Travel Noire (Blavity), Nomadness, Tastemakers, Urban Events Global, Passport Posse, Back Girls Travel Too, Black Adventuristas

*Mandala Research 2018

AFRICA: SO MUCH MORE THAN ANIMALS

SELLING **EVERYTHING** YOU HAVE

CULINARY EXPERIENCES
HISTORY
MUSEUMS
MUSIC
FASHION
INDIGENOUS CULTURAL FESTIVALS
(Religious Festivals, Film, Fashion, Literature, Art, Photography)
CONFERENCES
EXTRAORDINARY NATURE AND ADVENTURE
WORLD HERITAGE SITES
SAFARIES
RIVER CRUISES

RE-THINKING YOUR BUSINESS
AN 8-POINT SELF-CHECK LIST

1. What are our true advantages and does my new strategy incorporate them?
2. Does our new strategy consider – and focus on – where to compete and the best objective segmentation? Have we adequately, tightly defined the segmentation?
3. Are we ahead of the trends? If we are right up with the trends, we will fail eventually. Know what is trending and what is future.
4. Are we using market insight to get ahead of trends?
5. Does out strategy embrace uncertainty? Are we ready for sudden change?
6. Does our strategy allow for a balance of commitment and flexibility?
7. Have we put bias into the strategy? In strategy, hindsight is 2020.
8. Is the conviction to act on the strategy developed?

BEFORE I SAY GOODBYE ...

AFRICA MUST SPEAK WITH A MORE UNIFIED VOICE ON THE WORLD STAGE

To a large degree Africa has allowed the global market to define the travel product throughout the continent. This has resulted in a negligible attention to what truly differentiates each African country from another: CULTURE.

It has created a “travel mono-culture” and resulted in competitors and monopolies in travel with an emphasis on animals and not people. It has robbed the African continent of its ability to have repeat travelers.

Italy has animals that live in their natural habitat – even dolphins! But travelers return to Italy over and over again to see the Colosseum, the Sistine chapel, the duomo in Florence, to drink wine, to eat pizza in Naples, make pasta, pick olives and eat cheese in rented Tuscan farmhouses, to buy clothes in Milan, to drive a Ferrari.

Africa is that nuanced, that diverse, that cultural … and that compelling for the repeat traveler.

Let’s re-define and re-imagine travel in Africa. Millions of lives and livelihoods depend on it.

Dawn Drew
MOSTE, Inc.
DawnDrew Independent Productions

www.dawndrew.com

ddrew822@gmail.com