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*- an end in sight*

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## Editor's note

It's hard to believe we've passed the mid-year mark and we're on the downhill slope to the end of 2015 – where has the time gone?

It's been a troubled start to the year, with travel weighed down by the Eskom crisis, xenophobic attacks and controversy around new visa and immigration regulations, which have had a massive impact on the tourism sector specifically.

But business travel plods along.

In fact, investment into Africa continues to grow. Diners Club International is taking its charge card into sub-Saharan Africa, adding three new regions to its portfolio: Mozambique, Nigeria and Angola. BON Hotels has launched a West African operation with the takeover of several Protea Hotels in Nigeria. SAA, too, has strengthened its West Africa hub with the launch of non-stop flights between Accra, Ghana, and Washington D.C.

And there's more good news ahead – airfares will continue to decline in 2015, with popular destinations in Asia Pacific, Europe, Latin America and North America showing price drops ranging from 4% to 6% year-over-year. This is

according to a mid-year study conducted by Expedia and Airlines Reporting Corporation (ARC), titled Travel check-up: Air Travel Trends 2015.

It's an interesting time for the aviation industry. Lufthansa's controversial plans to introduce a surcharge for GDS bookings will penalise TMCs and, as a result, corporates, say industry authorities (see page 3). In our Airline Alliances feature, we also look at whether or not these alliances have run their course, with joint ventures, equity stakes and less formal partnerships challenging existing alliance structures and operations.

Also in this issue, we put a spotlight on the vibrant city of Johannesburg and its world-class conferencing facilities.

For helpful tips on what you need to know about buying Forex see our Ask an Expert column on page 10.

Last but not least, for daily news updates, travel alerts, specials – and so much more – visit our website [www.tam.co.za](http://www.tam.co.za).

Keep reading!

**Natasha Schmidt**  
([natashas@nowmedia.co.za](mailto:natashas@nowmedia.co.za))

## COVER

Air Liquide upholds vigilant regulations when it comes to the safety of its employees. Travel co-ordinator, **Heidi Kratochvil**, reveals more on the organisation's best practice for duty of care. Cover photograph by **Shannon Van Zyl**.

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## Visas, xenophobia deter China from starting SA service

**A**IR China has cancelled the launch of its much-anticipated direct flights to South Africa.

**Trudy Pietersen** of Acsa told *Travel Buyer* the airline had cancelled its slots for the season running from August 31 to October 23. "Hopefully, they will reapply for the new season, commencing end October 2015," she said.

This is the second time the carrier has delayed the launch of its direct service from Beijing

to Johannesburg. It had first announced a March launch of its operations to South Africa, which was postponed to August 30.

According to a reliable source, who wished to remain anonymous, the airline cited safety and security concerns following recent xenophobic attacks in South Africa as well as SA's new onerous visa regulations as deterrents, which, the airline feared, would impact on its revenue on the route.

"It's a natural response to

the lunacy of our new visa requirements," said **David Frost**, ceo of SATSA. He added that once the new Victoria Falls Airport was completed, a massive shift of international travellers could be expected away from South Africa to Victoria Falls for travel into Africa. "We'll all know who we can thank when this will happen. Thank you, Minister Gigaba, for driving away international travellers from South Africa!" he said.

### Diners Club expands into Africa

**A**S PART of an expansion plan, Diners Club International is taking its charge card into sub-Saharan Africa, with two new regions (Mozambique and Nigeria) to be targeted before the end of 2015.

Diners Club South Africa md, **Ebrahim Matthews**, says the company is advancing into three African countries over the next year, the third being Angola. "South Africa is invested in sub-Saharan African countries, and Diners Club is proud to be making inroads into these new markets," he says.

Matthews says offering this service will benefit international travellers.

"By offering Diners Club facilities in each of these countries, we are giving businessmen new opportunities within the African travel space."

The launch sees the introduction of a range of new Diners Club card products in each country, including a new Diners Club credit card offer, which is not yet available in South Africa.

Diners Club will partner and work exclusively with Standard Bank Mozambique, and with Stanbic IBTC in Nigeria.

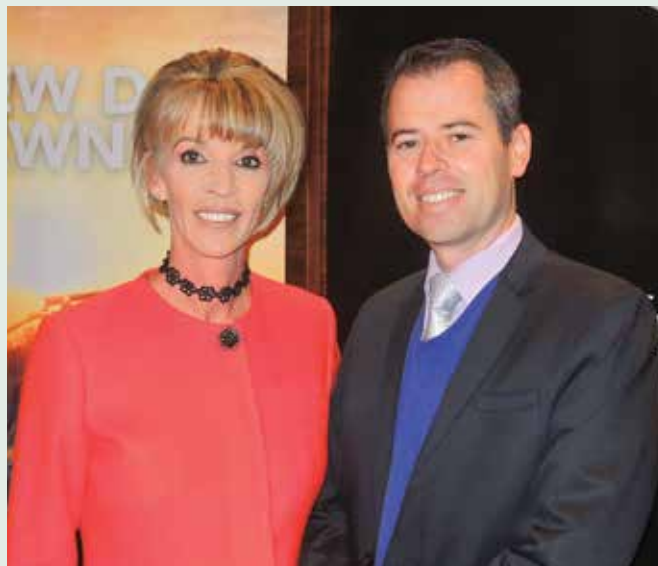


PHOTO: DEBBIE BADHAM

*Pictured at the launch event held at Crowne Plaza Johannesburg – The Rosebank, Voyager's Suretha Cruse and Tourvest's Clive Jones celebrate the start of a new partnership.*

### Shop more, earn more!

SAA Voyager members can now earn miles by shopping for duty-free products, thanks to a partnership between Voyager and Tourvest Inflight Retail Services.

Miles can be earned on both international and regional flights by shopping either on board SAA flights or through the online duty-free shopping facility, FlySAA Duty Free. Miles are awarded according to a member's tier status.

"This partnership complements our efforts to actively expand our range of elite partners for

our valued members and is in alignment with Voyager's envisaged expansion for redemption of miles on selected non-airline partners," says SAA executive of Customer Loyalty, **Suretha Cruse**.

The partnership is expected to expand later this year, enabling Voyager members to use miles when buying duty-free items. "This partnership with Voyager allows us to deliver on our strategy to meet the very specific retail needs of individuals that fly on SAA," says **Clive Jones**, ceo of Tourvest Inflight Retail Services.

## UK re-examines work visas

**T**HE UK plans to restrict its Tier 2 work visas in an effort to stop businesses using foreign workers to undercut wages. This is according to Prime Minister, **David Cameron**, who was conducting his weekly question and answer session in Parliament on June 10. Cameron said UK Home Secretary, **Theresa May**, had written to the Migration Advisory Committee, asking them to report back on how to significantly reduce work-related migration from outside Europe. "They're going to advise on restricting our work visas to genuine skill shortages and specialities," he said.

The UK government will also look at putting a time limit on exactly how long a sector can claim to have a skills shortage, "because, frankly, they should be dealing with it," he said. A skills levy is also on the cards for businesses that recruit foreign workers. The UK Office for National Statistics said that 641 000 people had immigrated to the UK in 2014 and that 11 007 more work-related visas were granted (main applicants) last year compared with 2013 – a 10% increase. This included a 6 842 (15%) increase for skilled workers. "In the past, it has been, frankly, too easy for some businesses to bring in workers from overseas, rather than to take the long-term position and train our workforce here at home," Cameron said.

### New airline gives it a second go

**N**EW premium airline, FlyGoAir, plans to launch flights on June 29. In 2012, FlyGoAir made its first attempt to take to the skies, but the airline only flew once from Lanseria to Kruger Mpumalanga Airport, after which it stopped all operations. The airline recently announced on social media that it had opened online bookings for its premium flights from Johannesburg to Cape Town from R1 485, all inclusive. According to its website, FlyGoAir will operate on Mondays, Wednesdays and Fridays.

# Lufthansa booking fee to hit corporates

**L**UFTHANSA'S controversial plans to levy a surcharge for GDS bookings will penalise travel management companies and, as a result, their clients, industry authorities say. The Lufthansa Group will levy a surcharge of €16 (R218) for every ticket issued by global distribution systems from September 1.

The airline group said in a statement that the reason for introducing the Distribution Cost Charge was that the costs for using the GDS were much higher than any other booking method and amounted to a "three-digit million" euro amount yearly. The group said travel agencies would still be able to book tickets without the DCC using Lufthansa's online agent portal. Corporate customers will be able to book their individually negotiated contract rates, excluding the DCC,

direct online.

Corporate clients are likely to be the hardest hit, as they will find their travel management programmes severely disrupted, says **Claude Vankeirsbilck**, chief sales and marketing officer of Tourvest Travel Services. Lufthansa's strategy is one of disintermediation and will significantly increase TMC inefficiencies, he says.

The travel agency portal on Lufthansa's website, where travel agents can book tickets without additional charges, isn't linked to agencies' mid- and back-office systems, agencies' customer profiles or to corporate travel policies, says **Henry Hartevelde**, American travel industry analyst and adviser. "These shortcomings will force agencies to do extra work for any Lufthansa bookings."

## Bookings on SA's busiest route made easy

**T**RAVELSTART has launched Flapp for iOS and Android – "a two tap booking app" for flights between Johannesburg and Cape Town.

"The local airline industry is seeing a shift in power back into the hands of travellers. Flapp is a direct response to this evolution," says spokesman, **Russell Jarvis**.

"Real-time fares from all airlines are the first thing visible when tapping on the Flapp app. Results can be filtered by either price or

departure time, and a user's credit card details can be saved," says Travelstart head of innovation, **Sergio Mello**. He adds that same-day bookings (up to two hours before a flight departs) are also available.

Flapp offers a seven-day window of fares bookable for the week ahead. This lightweight design reduces app load time and data costs of the end user.

The app is available for free download from the Google Play Store and Apple App Store.

## Major African airline to fly to CT

**E**THIOPIAN Airlines will launch flights to Cape Town from, Addis Ababa, on June 30.

The airline will operate six scheduled flights to the Mother City. Three flights will depart Addis on Tuesday, Thursday and Saturday at 09h30, arriving in Cape Town at 17h30. Another three flights will depart Addis Wednesday, Friday

and Sunday at 23h30 and arrive in Cape Town at 7h50 the next morning.

Our new flights to Cape Town will give our customers more convenient connectivity options when travelling within, to and from the continent, said Ethiopian group ceo, **Tewolde Gebremariam**.



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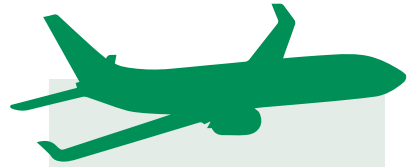


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## Air Mauritius cancels morning flights



**A**IR Mauritius will cancel its morning departures out of Johannesburg, effective August 21. The flights were introduced in July last year to offer travellers a more favourable schedule.

"We have been reviewing the flights on an on-going basis and,

despite all our efforts to make a success of these departures, the cost impact versus the revenue generations is not commercially viable for Air Mauritius any longer," says Carla da Silva, regional manager: SA and Latin America.

"Parking the aircraft overnight, coupled with crew and handling

costs, came at a huge cost for the airline, and the revenue did not justify the costs on these operations."

Air Mauritius's Sunday service will be upgraded from an A319 to an A340, seeing Air Mauritius operate wide-bodied aircraft on Tuesdays, Thursdays, Saturdays and Sundays.

## Pretoria gets domestic airport

**C**OMMERCIAL flights will soon be available from Wonderboom Airport, north of Pretoria.

Tshwane Mayor, **Kgosientso Ramokgopa**, announced the news during a State of the Capital address. He said scheduled passenger flights would be available from Wonderboom Airport to Cape Town International Airport from August.

"We are proud to welcome SAA and Airlink in this regard, who have entered into a commercial joint venture for the purpose of providing new scheduled air services at the airport," he said.

## DHA opens 'one-stop-shop' visa centre for corporates

**T**HE Department of Home Affairs opened its Premium Visa and Permit Centre in Sandton on May 20.

The centre aims to alleviate the pressure of visa applications for foreign senior executives of companies. Corporate clients and their families can apply for and collect visas, permits,

waivers and exemptions at the centre, which is managed by VFS Global. Clients will also have access to immigration-related advice and information from dedicated Home Affairs staff.

The centre is open to large businesses, organisations and employers who are accredited with the Corporate Accounts Unit based on specific criteria,

which include:

- The number of visas required in key positions.
- National priorities and relevance of the visa requested to the development of national infrastructure.
- Proof that at least 60% of the total staff complement within the company are South African.

## Max – more than you expect

**M**AX Executive Apartments has a location that alone justifies its slogan, 'More Than'. It is situated at the heart of Sandton's economic and entertainment hub, a natural choice for business and leisure travellers from South Africa and abroad. Close to Sandton City, the Sandton and Rosebank Gautrain Stations, Wanderers Stadium and Golf Club, Melrose Arch and Rosebank, it offers easy access to business and entertainment options.

The apartment options are many and diverse – smartly-designed studio apartments suitable for a singleton and two- and three-bed apartments with stylish unfussy interiors and luxurious amenities. For short or long stays, single travellers, small groups of corporate travellers, or even families of up to six, Max has the right apartment for travellers who want the comforts of home, completely hassle-free. Every bedroom has satellite TV and the apartments have well-equipped kitchens so guests can microwave a meal or make a cup of tea.

Max also offers a concierge service, a matter of some pride,



*The Max team is ready for bookings! Pictured here (from left) are: Ajay Chathley, Sarah Blythe-Mills, Danielle Nagel and Priya Chathley.*

according to **Priya Chathley**, owner. "We use the concept of working within the community to provide every possible service to our customers. It's a European concept – we offer to book high-quality services located near our property on behalf of our clients. If a client wants his fridge stocked with deli food and fine wines, we will place an order

with Thrupps. We book personal trainer sessions at Planet Fitness, a four ball at the golf club, or a hairdresser's appointment or a massage session for our clients." The service includes shuttles to the Gautrain.

The Seconds Lounge is Max's on-premises restaurant and bar. It offers breakfast and an all-day menu in a relaxed atmosphere.

Guests unwind here after a day of business. An intimate warm, softly furnished library is perfect for a private one-on-one meeting or the perfect place to while away a couple of quiet hours with a good book. If your clients need a venue for a business meeting, Max's modern boardroom has full meeting facilities for up to 16 delegates.

# BON bursts on to African scene

**B**ON Hotels has taken over the management, sales and marketing of four Protea hotels in Nigeria. This follows the group's recent launch of BON Hotels International West Africa.

The acquisition is just the first step in a series of major developments throughout West and East Africa, says founder and ceo of BON Hotels, **Guy Stehlik**.

The group's ultimate strategy is to dominate the hotel management space in West Africa, he says, adding that it currently has "many" other hotels under negotiation in Nigeria. "It can be difficult for South African companies to get into Nigeria. However, we feel we have the right infrastructure on the ground and the right existing regional set-up in terms of senior staff and

management and people who understand the local trading conditions."

The team involved in negotiations include founder of Protea Hotels, **Otto Stehlik**, who is executive chairman on the board of BON Hotels International West Africa. While Otto is not operationally involved in the hotel group's expansion into Africa, the group will leverage off his strong connections in the region, Guy says.

In East Africa, BON has signed a master licence agreement with a "well-known and experienced" hotel operator, Guy says. He adds that the deal was very recently concluded and will see the operator take on the BON licence to roll out the brand across five African countries – Rwanda, Tanzania, Zambia, Kenya and Uganda.

BON has a working arrangement with Marriott International under a bare licence agreement, whereby some of the newly acquired Nigerian properties will be managed by BON Hotels, using the Protea Hotels brand, while others will become fully fledged BON Hotels. These are Protea Hotel Abuja, Protea Hotel Delta, Protea Hotel Ikeja and Protea Hotel Victoria Island. The four hotels were among eight properties that Marriott International ceased to manage earlier this year. See article in *Travel Buyer* May 2015.

Guy says BON Hotels has positioned itself alongside a number of large hotel groups such as Marriott in order to assist in taking on properties that they may consider too small for their portfolios.

## Book exit row seats on Kulula

**K**ULULA passengers can now pre-purchase emergency exit row seats, which offer more leg-room and comfort. They are located over-wing and at the front of the aircraft on kulula domestic flights. The front-row emergency exit seats also allow passengers to disembark first.

"The emergency exit row seats are in high demand. We believe this new product offer will greatly enhance the kulula customer experience," says head of marketing, **Shaun Pozyn**.

Customers who have purchased an emergency exit row seat must check in at the airport counters so that agents can confirm compliance, as online check-in is unavailable for these seats.

Customers wishing to pre-purchase seats can do so at the time of booking, or by adding it to their booking through the 'add extras' function on the kulula.com website or via the kulula contact centre.

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## Comair 'explores possibilities' with China

**A**T A time when SAA has pulled its loss-making China route and Air China has delayed direct flights to Johannesburg, Comair says it is exploring "possibilities" with China's HNA Group.

The group, which includes flagship carrier, Hainan Airlines, recently acquired a 6,2% shareholding in Comair from the Thelo Consortium, Comair's only BEE partner, for R160m.

**Erik Venter**, ceo Comair, told TNW: "Comair is honoured to have HNA International, which owns China's fourth-largest carrier, Hainan Airlines, as one of its investors and we look forward to exploring whether there is any potential work we can do with our new Chinese shareholder."

At this stage, however, Venter says HNA's investment has no impact on Comair's operations and no codeshare agreements

have been put in place.

Although Comair is a well run and profitable airline, it is unlikely that HNA invested in it purely for financial return. The two carriers could have great potential to provide additional feed traffic beyond South Africa, says **Linden Birns**, md of Plane Talking. "Comair's kulula.com operation now serves Nairobi. It is probably not coincidental that last October Hainan requested approval to open nine new long-haul routes, including Nairobi, which would be its first African gateway."

HNA was rumoured to be in talks with SAA about acquiring a stake in the national carrier earlier this year, which SAA denied. The Chinese group has already invested in two other African carriers, Africa World Airlines in Ghana and Astral Aviation in Kenya.



PHOTO: DARISE FOSTER

## Hot topics in travel

THE GBTA Southern Africa Workshop brought industry stakeholders together to discuss contentious issues in business travel. Held at the Protea Hotel Fire and Ice Menlyn, the workshop looked at the impact of terrorism in East Africa, the shared

economy that is emerging from the increased popularity in services such as Air BnB and Uber, and the current controversy around the SAA incentive commission. Pictured here at the event (from left) are **Monique Diez** (Sabre) and **Althia McLeod** (BCD Travel). ■



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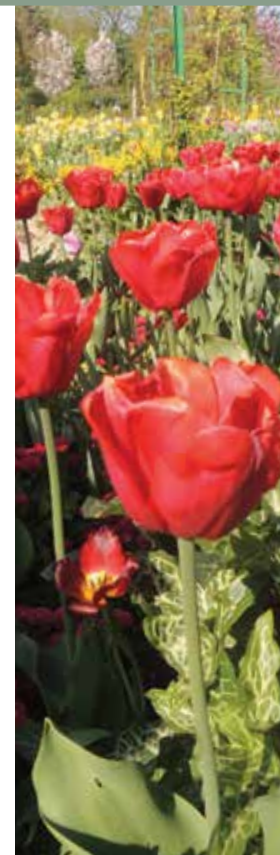
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PHOTOS: KATE NATHAN

# In-Seine incentive!

Travel Buyer's **Kate Nathan** sailed along the Seine as the guest of Amadeus Cruises, represented in SA by Austria Connection.

## Why a river cruise?

It's hard to imagine a more luxurious and aspirational leisure experience for an incentive group than a river cruise in Europe.

It's no secret that the European market's suitability for incentive programmes has already taken hold as is evidenced by the cruise lines plying European rivers.

Consider all that Amadeus River Cruises' Paris and River Seine seven-day cruise offers:

\* Beautifully appointed, chic, comfortable cabins/suites.

\* Fine dining, five-course meals, with proper table service, along with fine wines from the region.

\* Local red and white wines from the region served every evening.

\* Coffee and tea available in the library all day and night.

\* One evening has a Normandy folklore show and another the Captain's Gala dinner.

## Excursions

The standard, optional excursions have enormous appeal for those who are interested in European history, art, excellent food and beautiful gardens. Guests have

access to all of that, in the lap of luxury, and they only have to unpack their bags once. The most economical way to purchase excursions is in a bundle prior to the cruise.

Below is a round-up of

what's on offer:

- Auvers sur Oise – Vincent Van Gogh's last abode.
- Rouen – Joan of Arc, plus two 7th Century abbeys.
- Etretat and Honfleur – fishing villages beloved by the Impressionists. Stunning views

from the white cliffs at Etretat and the dinky traditional fishing harbour of Honfleur, steeped in history.

- Bayeux, Caen and Pont l'Eveque – the 70m, iconic Bayeux Tapestry depicting the conquest of England by William of Normandy in 1066. Authentic Normandy lunch with local cider followed by a Calvados tasting and tour.
- Battlefields of Normandy – WWII 170 000 Allied troops landed on the beaches, heralding the liberation of France. Lunch included.
- Les Andelys – Chateau Gaillard, built by Richard the Lionheart, then on to Giverny, to the house and garden of famous impressionist, Claude Monet. Here he painted his most-loved landscapes with water lilies.
- Versailles – priority access to the world-famous palace built by Louis XIV. Extravagance taken to the highest degree. Last tenants were Louis XVI and Marie Antoinette.
- City Tour of Paris – so much to

see – Eiffel Tower, Notre Dame, Les Invalides and the Louvre to name just a few sights. A night cruise down the Seine, viewing 'the City of Lights' from a tourist boat is memorable.

But **Inge Dobihal** ([www.austriacconnection.co.za](http://www.austriacconnection.co.za)) w/wowner of Austria Connection says the company can also make arrangements for special excursions, specific to the incentive group, using private transport and tour guides. Additionally, the operator can add in tours or excursions before and at the end of the cruise, plus pre-cruise and post-cruise accommodation, in those cities where the cruise starts and ends.

A group of this nature will be seated for all meals at their reserved tables and special meals can be provided. It is also possible to arrange a private cocktail function either on the sun deck or in the restaurant or bar/lounge.

For every 20 paying guests one additional guest will be accommodated free of charge in a double cabin. ■

**Excursions have enormous appeal for those who are interested in European history, art, excellent food and beautiful gardens.**



## Air Liquide puts safety first

A supplier of gases, technologies and services for industrial and healthcare sectors, Air Liquide is no stranger to strict procedures when it comes to the safety of its employees – and its travel policy is no exception. **Debbie Badham** speaks to travel co-ordinator, **Heidi Kratochvil**, about the company's travel policy, which features an intricate duty of care programme.

**T**HE considerable growth of multinational Air Liquide in South Africa – and consequently the number of employees travelling on behalf of the company – has necessitated a more focused approach to corporate travel.

When **Heidi Kratochvil** first joined the company in 2003 as a personal assistant to the financial director, the organisation was comparatively small and travel was booked with the assistance of the company's PAs.

However, it soon grew to such an extent that it became evident a central travel desk was needed, at which point it was decided that Kratochvil would shift the majority of her focus on to dealing with the company's travel requirements, which extend from its branch in Johannesburg to a number of different regions, including offices in bordering countries and subsidiaries.

With a background in accounting, Kratochvil has gained the bulk of her travel experience on the job, or, as she puts it, "I have a diploma in QBE – otherwise known as qualified by experience". Stressing the importance of keeping up to date with industry developments, she joined

the Global Business Travel Association (GBTA) last year and regularly furthers her knowledge through topical workshops and related literature.

Kratochvil is the organisation's sole travel booker. While the company makes use of an online booking tool belonging to American Express Travel Services South Africa, not just anyone may use it. "Initially only five different people were authorised to use the booking tool but we found that the approval process became too much of a challenge. It was evident that someone was needed who could be accessible as and when travellers needed to have travel approved."

Essentially, this ensures compliance as Kratochvil is able to decline requests that are out of policy as soon as they are put through. "There is simply no avenue for travellers to book outside of policy."

Air Liquide is cost-centre based, which means that each division works according to its costings, and one of her responsibilities is to ensure that each cost centre remains within its allocated travel budget. This is made easier by notifications that pop up when a booking falls outside

of policy. However, this also means that that the system needs to be continuously updated to remain relevant.

### Stringent security

Kratochvil says Air Liquide's travel policy is simple and fairly standard in most ways, with the exception of its safety requirements. This is not surprising given the organisation's overall emphasis on safety procedures throughout its dealings. "This relates particularly to our travel into Africa," she notes. "As it is, we travel a lot into Africa and this is only increasing."

For Air Liquide, safety starts with advance planning – Kratochvil says travel bookings for Africa must be made well in advance. She explains that the moment a request is issued, International SOS is brought into the picture and the company's local security department is alerted. "We automatically receive pages of information from them on safety procedures relevant to the destination in question. Our policy also stipulates that the traveller must have an Air Liquide host to meet them once they arrive at their destination." A 'meet and greet' is mandatory for every booking, and what's more, travellers are not allowed to make use of car hire while travelling in Africa. Instead, a host from Air Liquide in that region is contacted to assist with

“ In cases where the country is high risk, travellers must prove that there is a genuine need to travel. ”



## “ I LOVE educating people about TRAVEL.”

PHOTO: SHANNON VAN ZYL

caring for the traveller for the duration of their stay.

As Air Liquide is a multinational, it follows the safety procedures implemented by its head office in Paris. These procedures, contained in the Bluebook Security Policy, are followed in all instances and act as the 'bible' for the company's traveller security. Policy stipulates that all travellers headed for African countries need to do e-learning training for each country together with security procedures before departure. What's more, each destination is rated according to the potential security threat it poses. "There are insignificant, moderate, high and extremely high-risk countries. Due to the volatile situation in some African countries, at times travel may be restricted altogether," she explains. "However, even in cases where the country is high risk, travellers must prove that there is a genuine need to travel."

### Educating travellers

Kratochvil says her most significant day-to-day challenge is persuading travellers to be more flexible. This ultimately comes down to their limited understanding of the travel policy and why they are not allowed to make use of certain suppliers. She uses the example of travel to and from the Republic of the Congo, where most of the airlines are banned in the company's travel policy. Because these airlines have been banned for various safety reasons, travellers are forced to reroute via other cities. "Often this means that they are required to stop in a number of different cities, which suddenly turns a three-day trip

into a five-day journey. Travellers simply don't understand why they have had to make a far more difficult journey because of a simple clause in policy."

Lack of understanding also becomes a challenge when it comes to itinerary changes. "Travellers simply don't understand that changes can often cost more than the actual ticket itself," notes Kratochvil. Currently, the Air Liquide travel policy states that local bookings must be made seven days in advance and 14 days in advance for international bookings. The nature of the company's travel does sometimes involve breakdowns and repairs, which means travellers are required to travel almost immediately. However, she says only a portion of travel is emergency travel. The balance of the 'trouble' travel has more to do with educating travellers so that they are more aware of the challenges around changes, booking in advance and so on. "I would like to believe that the traveller is the company's gold mine! Educate your traveller and we all gain."

In line with this, Kratochvil is actively trying to educate the company's travellers. "We want to host workshops with management every three months to help address problem areas – the idea is that what we teach them will then filter down to the rest of the staff."

### Global contracts

As a multinational, Air Liquide negotiates global contracts when it comes to its TMC partners. Kratochvil says that, to date, one of her greatest challenges was as the result

of a contract change over a year and a half ago. "When Amex won the Air Liquide contract globally, we had to move our systems across 21 countries in Africa over to Amex," she explains. "To make matters more complicated, Amex was not present in all the countries in which we operate, so we had to switch over to partners that work with Amex."

However, she says that the hard work paid off in the end. "The Amex team in Africa were amazing – we did it eventually and things still seem to be running smoothly."

### Increasing travel

Air Liquide in South Africa continues to grow and flourish and, having been awarded a large contract recently, the amount of travel required is expected to double. Kratochvil, who still performs the role of a personal assistant, says that the travel side of her job is increasingly taking up more and more time. "Amex has been handling this increase in volume quite well but we may have to investigate additional measures such as having our own consultant or increasing assistance in-house."

In the meantime, she is enjoying taking up the challenge of operating in a constantly changing environment. "I love educating people about travel. I have also learned that patience is number one when it comes to travel. It's a highly emotional line of work – you have to know how to deal with different personalities...and the travellers have to deal with me – which is not always easy," she quips. ■



# What you need to know about buying forex

With the traveller's cheque going the way of the dinosaur, *Travel Buyer* takes a look at the advantages and disadvantages of other foreign exchange products. **Michelle Colman** speaks to **Craig MacFarlane**, head of Inland Operations at Bidvest Bank.

**A**T THE end of December last year, the traveller's cheque took its final South African bow as foreign exchange dealers phased out the payment method. First issued way back in 1772, the traveller's cheque has been in decline since the 90s, elbowed out of contention by cash cards and ATM withdrawals.

While the cheque remains in limited circulation in other countries, it is increasingly difficult to cash and commissions climb as high as 10%. In fact, recommends **Craig MacFarlane**, head of Inland Operations at Bidvest Bank, anyone still hoarding a supply (which also happens to be against South African Reserve Bank rules) should cash them in as soon as possible as the process is getting tougher. What's more, if the amount is sufficiently large, Reserve Bank approval may be required for cashing in, and penalties may be applied.

## Forex allowances

More recent products in the foreign currency market are more practical, cost-effective and secure. Understanding them, however, needs to be done against a background of the foreign exchange allowances set by the Reserve Bank.

The bank's Financial Surveillance department (formerly Exchange Control) permits adults over 18 a

single discretionary foreign exchange allowance of R1 million a year. This covers an individual's travel abroad, gifts and investments and, in the 2015 National Budget Speech delivered in February, was extended to include 'any legal purpose abroad' (see box). A tax clearance certificate is not required in this instance.

For business travel purposes, however, corporates can apply for an omnibus travel allowance, determined by the company's travel schedule and estimated expenses in a calendar year.

"The application for an omnibus travel allowance to the Reserve Bank is done through a foreign exchange provider," says MacFarlane. "The process is relatively easy; we've never had an application refused," he continues. "We have clients with authority for annual limits of R30-R40 million."

While foreign exchange purchases can be made up to 60 days ahead of travel, MacFarlane says 80% of local travellers leave their purchase to the last minute and buy two to three days ahead of departure. The Reserve Bank also stipulates that all foreign exchange not used during a trip must be repurchased within 30 days of return.

## Products

### • Travel Money Cards

Pre-paid cards now dominate the foreign currency landscape. Bidvest Bank offers the World

Currency Card in 18 currencies that include – besides the obvious hard currencies – the Thai baht, the Chinese yuan, the UAE dirham and the Israeli shekel. The PIN-protected card is a preloaded, Visa-branded debit card with wide acceptance. It carries no charges at point of sale, and ATM withdrawal fees are significantly less than on other cards. Travellers are also given a free second card in case of loss or damage to the primary card.

MacFarlane suggests that travellers take a small amount of cash on overseas travels, with the bulk of their spending money in card form set to a daily limit. If travelling to multiple countries, the rule of thumb for travellers is to take a card in the currency of the country where they will spend most of their time. The cards work well cross-country – for example travellers could use a US dollar card in Brazil but this may incur small conversion costs. This has to be weighed against taking a range of cards in different currencies (such as US dollar and Brazilian real), which can be a hassle.

Reloading of cards is easy and takes a few minutes on instruction to the bank. This appeals to companies that send staff overseas on secondment for months at a time. Instead of loading full allowances in advance, deposits can be made into staff cards at suitable intervals with less impact on cash flow.

Further, daily limits can be

changed for a stipulated period during the trip. If travellers know that they will need to up their daily spend during three days of a two-week trip for example, or on the day their hotel bill is due, the limit can be preset.

Statements, obtainable online, make expenses easy to reconcile and contribute to an efficient audit trail and good corporate governance.

Exchange rates on money cards are set upfront at the time of purchase and are not affected by any variance during the travel period. While the rand's strengthening is usually quite measured, its falls can be dramatic and the user is protected from this risk.

The World Currency Card also carries the Visa Platinum Purchase Protection, which provides coverage against loss or damage of an item bought during the period of travel, within 24 months (double the manufacturer's warranty) of purchase.

### • Bank notes

While an amount of cash in local currency is recommended for use on arrival – to pay for airport/hotel taxi transfers for instance – most countries impose import limits on large amounts of cash. Undeclared cash over a specified limit may be confiscated or incur fines. These measures are usually instituted as steps against money laundering. Bidvest Bank carries cash in 60 currencies.





#### • Bank draft

Bank drafts are still in use, although declining in popularity. "They are essentially cheque payments," explains MacFarlane, "and thus subject to a clearing process, which takes time."

#### • Telegraphic transfers

Telegraphic transfers are also utilised by corporates, particularly when paying costs associated with MICE events, such as land arrangements for group travel or conferences abroad.

#### • Money transfers

Money transfers, or electronic transfers of funds, are an excellent means of obtaining foreign exchange in emergencies. Bidvest Bank has recorded instances where travellers have had to pay urgent deposits for hospitalisation before they could be admitted for treatment. Companies with global reach, such as Moneygram and Western Union, facilitate these services, generally up to limits of US\$10 000 per day.

### Negotiating costs

Corporates should note that it is possible to negotiate pricing on foreign exchange products and services with their foreign exchange provider. Commissions are paid to TMCs should they be involved.

## Beware!

**S**OUTH Africans are 'bitter einders', leaving their foreign currency purchases till the last minute. But rushing to an airport-based foreign exchange branch minutes before departure will leave travellers chewing their fingernails. Purchases involve completion of forms as well as FICA verification, which calls for proof of identity and residential address. "Airports don't lend themselves to corporate forex," says MacFarlane. It's far better to organise the purchase in advance, even taking advantage of delivery services that many foreign exchange providers offer (albeit at a small service charge to cover security).

Travelling executives issued with credit cards can overspend and cash advanced to a credit card can be absorbed by banks to settle outstanding balances. This is not the case with a pre-loaded debit card.

Using a reputable foreign exchange provider is imperative. Corporates that fall foul of Reserve Bank regulations are unlikely to be able to blame the foreign exchange supplier or claim ignorance of the law. Some of the inconvenient aspects of a foreign exchange purchase, like FICA, may be a drudge to complete but are forms of protection too.

In emergencies, a 24-hour call centre operated by a foreign exchange provider is enormously beneficial to travelling staff, particularly when time differences are considerable.

## No cross-country conversion

**A**MERICAN Express offers the Global Travel Card, which, until January 31, 2016, carries a 0% cross-country conversion fee. It is available in three currencies – US dollar, euros and pounds. It comes with a free back-up card with separate PIN, a free expedited replacement card in emergencies, free emergency access to funds and round-the-clock medical, legal, and other assistance.

## Miles more

**B**ENEFITS such as frequent flyer miles are often part of a foreign currency purchase. Bidvest Bank offers one SAA Voyager mile per R25 loaded on their prepaid World Currency cards, and there is no deduction if left-over foreign currency is cashed in. Most credit cards tend to offer miles on actual spend.

## When to buy

**F**OREIGN currency providers are continuously asked by clients for their predictions on the performance of the rand. "There's no crystal ball, therefore no definitive advice on when to buy," says MacFarlane.

Corporates with high travel spend often employ rand cost averaging (RCA) to optimise their

purchases – buying more when the rate of exchange is favourable and less as it climbs. Clients will advise the bank of parameters where they would consider buying; for example between R11,20 and R11,30 to the dollar. The bank's dealers then advise clients when trading is at their specified level.

## Allowance changes

**T**HE following threshold changes, effective April 1, 2015, and applicable to all South African residents, have been announced by the SA Reserve Bank:

### Individuals

- Foreign capital allowance increases from R4 million to R10 million per annum or upon emigration, or R20 million per family unit on emigration. A tax clearance certificate is required.
- The sub-categories under the individual single discretionary allowance are removed and the annual R1 million allowance may be used for any legal purpose abroad.

### Corporates

- Corporate Investments increased from R500 million to

R1 billion per annum. Unused allowances for corporates may be carried forward to the following year.

- Miscellaneous payments for imports, services and subscriptions by means of debit and credit cards.
- The dispensation for credit card usage limited to individuals is now extended to corporates.
- This allows for small imports, services, and subscriptions of R50 000 per transaction to be paid by means of card, as opposed to other payment methods.

**Note:** This dispensation does not absolve corporates from ad valorem excise and custom duties or from complying with the requirements imposed by Customs. ■



## HOW GALA EVENTS ARE EVOLVING

Glitzy and glamorous, there is no denying the attraction of a gala event, but clients are demanding more bang for their buck than ever before. **Liesl Venter** consults industry experts about how these events are adapting.

**M**OST organisers agree: Gala events will always be popular as they offer an escape from reality. "Gala events will always be enjoyed by audiences as they normally come with a delicious dinner and entertainment, while giving the opportunity to dress up," says **Megan Buchanan**, owner of Event Affairs.

She explains that while gala events are still regarded as "a nice night out", they also form part of a changing landscape. Adding variety to events certainly proves to be more effective in creating a memorable experience, explains Buchanan. Different venues, entertainment options and style of event all open up new possibilities. "It's all about creating an experience for the attendees and one needs to create as many opportunities as possible to deliver that wow factor without spending a fortune."

**Adriaan Liebetrau**, ceo of the Southern Africa Association for the Conference Industry (SAACI), agrees. "Gala events will always be trendy but the format has seen some change and different elements are being incorporated in an effort to keep it new and fresh."

There has most certainly been a shift from the round tables and band-style gala dinners, notes Buchanan. "Specifically, there is more focus on different and unique venues rather than upmarket venues per se."

### Innovation draws budget

Gala events are still all about budgets. "Budgets are tight but not as much as a few years ago," says Buchanan. "The difference is that budgets are no longer as open-ended as they were in the past. They are definitely not as generous and

what has to be delivered within budget is far tighter now."

What's more, the days when corporates would just gather clients and suppliers together for a sit-down do costing thousands are over. "You have to be able to deliver events that speak to a specific purpose even when it comes to galas," she says.

While this means that gala dinners and large-scale events have seen a downturn in recent years, Liebetrau says organisers who can think out of the box and deliver events that incorporate new and innovative elements will still find clients willing to fork out. "The emphasis is now on the networking element more than anything else," he says, "and the entertainment has become central to delivering an outstanding gala event."

### Details deliver excellence

Buchanan agrees and says entertainment, excellent food and excellent service always leave a lasting impression. "Décor and furniture add to the 'detail' of an event so that it will be remembered and stand out. A well executed theme can also go a long way," she says, "but I think as long as your guests have plenty of food, excellent and friendly service and are comfortable – warm in winter, cool in summer – you are already well on your way to delivering a good gala."

It's not just one element that makes it work, agrees Liebetrau, but rather the attention to detail. "Having a variety of entertainment ensures you will have impact on more people than when you have one band performing, for example. It is about creating an environment where every guest feels they were personally

looked after and cared for."

The latest trend, according to Buchanan, is the 'walking dinner', with canapés and bowl food all presented cocktail style with informal seating.

### Attention impresses clients

Buchanan says: "Gala events are a great way to show your clients or potential clients that you care by treating them to good food, good wine and excellent entertainment. A guest must always feel comfortable and that they've been looked after. But at the same time, it is important to know what you want to achieve with the event. Is it a product launch? An attempt to gain more clients? Or a mere treat for a longstanding relationship?"

"We recently did an event for an international airline to celebrate its 10 years' service to South Africa. The event was a cocktail-style dinner in a stunning photographic studio with the most incredible views," she says. "The décor and furniture were modern and slick. There were waves and waves of incredible food, service staff were attentive to the guests' needs and there was loads of entertainment: Cellosphere (cello in a bubble) on arrival, Cindy Nell was the MC, aerial performers and a hot DJ to keep the energy of the night up. There were also fantastic giveaways to the airline's clients throughout the night and a 'business class' goodie bag on the way out."

Buchanan concludes by saying that a gala event is definitely most effective for treating current clients and showing them you appreciate their business, as well as inviting potential clients to show how you would care about them should they come on board.



# Know when to go **BIG**

The trend in recent years has been towards smaller, more intimate events that create experiences for delegates. But what impact has this had on gala-type events? **Liesl Venter** investigates.

**B**IG events are yet to make a comeback, says **Adriaan Liebetrau**, ceo of the Southern African Association for the Conference Industry. "The trend is still very much towards smaller events where people can really connect. Where large-scale events are taking place there is a big demand on planners to deliver in such a way that the crowd does not get bored and that there are fun elements that keep them entertained and engaged in what is happening."

Conferences are no longer just about arriving, sitting in a large room and listening to endless talks. "Long, drawn-out events with large numbers where no one really gets to meet anyone are no longer a draw card. Besides anything else, people get bored and bored

delegates do not make for a good conference," says Liebetrau.

In spite of this, he still believes that large-scale events have a role to play. "But they have to be entertaining and incorporate elements of interactivity that draw the crowd in. If you are not making delegates part of a large-scale event you are not going to achieve the goal of making it an experience for them."

Event organiser and owner of Cape Town-based Event Affairs, **Megan Buchanan**, agrees saying there is definitely a move towards cocktail-style functions when it comes to large-scale events. "This allows for a better networking environment that is more relaxed and engaging."

More often than not at big events groups are divided into

smaller groups to bring about more interaction or to ensure the right messages are reaching the right audiences, says Liebetrau.

## Budgets are a challenge

Both Buchanan and Liebetrau note that budget has definitely contributed to this state of affairs.

Buchanan points out that there is also a lack of venues that cater for large numbers. Consequently, the venues that are available are costly or they require event planners to bring in a lot of infrastructure and equipment which shoots costs up, she explains.

"Large-scale events can be costly and there has to be a definite take away from the event. Large just for the sake of large is not going to provide that," says Liebetrau,

who advocates a far more focused approach for events whether large or small.

According to Buchanan, budget does determine the size of an event but the purpose of the event is even more of a deciding factor.

While budgets have, in general, improved compared with two or three years ago, the corporate client is now also aware that they can get more for less. "As planners we need to be as resourceful as possible," says Buchanan. "Negotiations with suppliers are important but so is pushing back with the client as, at the end of the day, things cost money and for an event to be spectacular, you need to spend that money. It's a balancing game, ensuring that you deliver what the client wants and what the delegate expects."



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# World-class conferencing in Jo'burg

With event planners spoilt for choice, Johannesburg's conference offerings are much like the city itself – vibrant and diverse. **Liesl Venter** finds out more.

**J**OHANNESBURG is well on its way to becoming a world-class conferencing destination. Having developed a strategy that targets the conferencing sector specifically, the city has already experienced growth in the number of conferences and events that it hosts.

**Nonnie Kubeka**, who heads up the Gauteng Conferencing and Events Bureau, says beyond Johannesburg, conferencing in the province at large is increasing although it is also still facing some real challenges. The replacement of face-to-face conferencing with virtual meetings is a concern. "While the number of conferences is increasing, the average number of delegates is not, which may be a result of technology like Skype. What's more, although association and corporate conferencing continue to grow, government conferencing has not," she comments.

In spite of these challenges, Johannesburg continues to work towards its goal of positioning itself as one of the leading cities in the world for conferencing.

"The benefits of conferencing in Joburg are endless," says **Laura Vercueil**, PR and communication manager for Johannesburg Tourism. "First and foremost, it is easily accessible from anywhere in the world and it is well located in South Africa, offering top services, venues and service providers. Not to mention its excellent infrastructure, with a huge stock of conferencing venues and accommodation available."

## Choosing the right venue

According to Kubeka choosing a conference venue is not always

simple because of the wide range of factors that need to be taken into account. "One of the first considerations is access, both initially, which means air transportation for delegates arriving from far, and also during the conference, which means shuttles or other transport between the conferencing venue and the selected hotels. Obviously, the proximity of appropriately graded hotels to the conferencing venue is another one of the critical considerations."

The expected number of delegates clearly also influences the choice of both conference venue and hotel, which should be co-ordinated as seamlessly as possible. Facilities with a track record of service delivery for events with a similar capacity generally fare better when it comes to bids. Speedy service is expected of business events service providers, because breaks for refreshments or meals need to consume as little time as possible during a high-level conference. Amenities are an added attraction, especially when there are easily accessible dining, nightlife and shopping options, which usually prove attractive to delegates. Joburg scores well in all these regards.

It would be difficult to determine a specific hotspot for conferencing within the city, says Vercueil. "It is largely dependent on what kind of event is being planned and what goals need to be achieved. If it is big and corporate then the Convention Centre would probably best suit the event's needs, whereas exhibitions are more likely to be better serviced at a Gallagher Estate type of venue."

She says it is the variety of venues available that are capable



of handling anything from ten to thousands of people in which Joburg's strength as a conferencing destination lies.

## Moving up the rankings

The numbers prove that Joburg is a growing destination of choice. According to the International Congress and Convention Association (ICCA), based on the number of rotating international association meetings hosted in a particular destination, Joburg has continued its steady climb, clocking in at position 136 in 2013 and then position 101 in 2014. In addition, it has moved up the African rankings, from number four in 2013 to number two in 2014.

"As a conference destination it makes sense," says Vercueil. "The City of Johannesburg can comfortably host any event – from small, professional meetings

to mega global conferences and sporting events. There are approximately 130 venues in Johannesburg, varying in capacity, including the four biggest, which are capable of accommodating over 5 000 delegates. Moreover, we have the accommodation stock to match – from ultra-deluxe hotels to small bed and breakfast establishments."

In association with its stakeholders, the city's Convention Bureau continues with its bidding efforts and there is no doubt that these are bearing fruit, contributing substantial economic benefits to the local industry. "The economic benefit generated for the events held last year and submitted for this year's ICCA rankings is an estimated R145 401 200," Vercueil says. "The estimated economic impact of the list of forthcoming events (2015-2017) is R 179 200 000."



# 4 Jozi venues with a difference

There's no denying the vibrancy of Johannesburg. It's the quintessential boom town that never stopped booming, says the city's PR and communication manager, **Laura Vercueil. Liesl Venter** asks her advice on conference and event venues with a difference.

**T**HERE is something for everyone in Johannesburg. Hip, funky, down-to-earth, extraordinary or simply your good old standard event – the city can deliver the goods. While it is home to four of the biggest conference venues in the country, Johannesburg has worked hard to establish some different venues that are not always top of mind.

## Maboneng Precinct

Maboneng encapsulates the rapidly changing face of Johannesburg's inner city. Where decay and decline once ruled supreme now stands an inner city precinct that truly represents regeneration.

"The precinct was one of the city's no-go zones, but it has been

transformed into a gem," says Vercueil. Maboneng is a creative hub. With a mix of cafés, studios and galleries, it boasts several venues that can offer an out-of-the-box experience.

Arts on Main – a converted early 1900s bonded warehouse – has capacity for up to 450 people while the Life Rooftop Bar on Main Street gives a view of the city unlike any other. Other options include the Museum of African Design, a multi-disciplinary exhibition and performance space or Open, a space ideal for meetings and collaborations.

## Soweto

Soweto remains one of the most vibrant areas in Johannesburg, says

Vercueil. "And there are a variety of options to look at, be it a conference or an activity." The Soweto Hotel in Kliptown, one of the oldest areas in Soweto, gives visitors a real glimpse of what living here is like.

Vercueil says Soweto also offers some real experiences for delegates. Whether it is jumping off a cooling tower, cycling through a township or having a local beer at a shebeen, they all promise to be memorable.

## Cradle of Humankind

The Cradle of Humankind World Heritage Site is technically not in Johannesburg but is an easy enough drive from the city for a conference that is different. The caves and surrounding area take delegates on a discovery through

ancient times, providing insight into humankind's existence on earth.

## Sky Dining

It does not get more 'out of the box' than holding your event midair. "Sky Dining really is an extraordinary experience for meeting planners looking to do something different for a meeting or as an event," says Vercueil. "An added benefit is the culinary aspect as one is dining, lunching or breakfasting high in the sky."

Up to 60 metres in the sky – wherever you want the event to be – in the city, the country or on a cultural site, it is an experience of a lifetime, transforming what would be an ordinary sitting at a table into something spectacular and unique.

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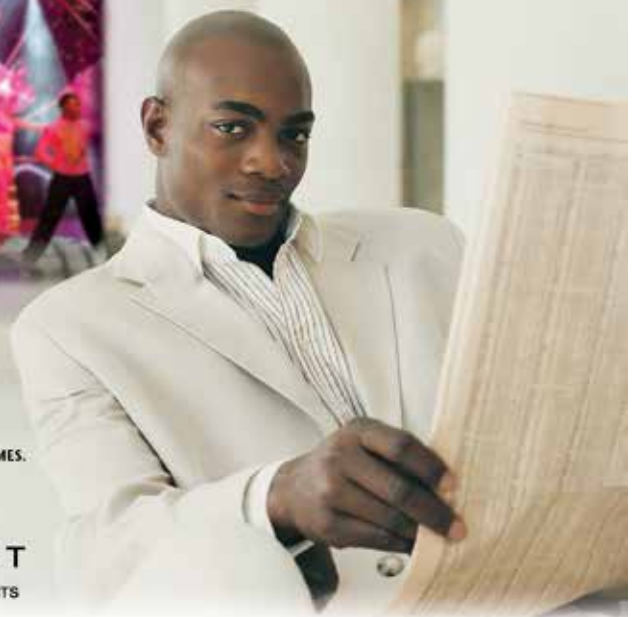
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Abu Dhabi is enjoying a new profile among South African travellers. The destination holds particular appeal for meeting and incentive groups. **Lisa Witepski** reports.

## Abu Dhabi events – the latest buzz

**W**ITH Abu Dhabi more accessible to South Africans than ever before – thanks largely to a second daily flight made possible through SAA and Etihad Airways' expanded codeshare – the timing seemed right for the establishment of a local branch of the Abu Dhabi Tourism & Culture Authority (TCA Abu Dhabi), says the organisation's country manager, **Tracey Krog**.

Although the office officially opened only in March, Abu Dhabi has already seen growth of over 50% in tourist arrivals from South Africa. "The addition of a daily SAA flight and the introduction of the new office have gone a long way to raising awareness about the destination. It offers the kind of variety that will appeal to travellers from all walks – leisure, corporate, families, singles and so on. Abu Dhabi is far more than just a popular stopover destination," comments Krog.

It has much to offer South African travellers, in particular. With a large number of Muslims calling South Africa home, TCA Abu Dhabi's Halal Tourism programme, promoting self-guided visits to culturally important sites, is on target, she

says. Cultural attractions like the Sheik Zayed Grand Mosque are a significant draw card. To this end, TCA Abu Dhabi is joining forces with specialist tour operators in South Africa, such as Legend Tours, who are able to speak directly to the target market.

The MICE market will be the destination's key focus, says Krog. "With two daily flights, accessibility is assured. The destination is well priced, within R1 500 per person

per night sharing. With a plethora of hotels and conference venues, it is well equipped for conventions and has, in the past year, hosted significant international events such as the Eye on Earth Summit."

She says the destination has specifically invested in experiences that will appeal to the MICE market.

"Abu Dhabi now offers a more compelling incentive programme than those on offer elsewhere and our distinctive approach will continue as we continue to develop exceptional products," says **Mubarak Al Shamisi**, director of the Abu Dhabi Convention Bureau. "As incentive organisers continue

to search for new and exciting destination products, Abu Dhabi will stand out by delivering new options and exciting programmes."

The destination boasts a number of attractions for sports fans, from Ferrari World to the only links course in the United Arab Emirates. Events such as the Abu Dhabi International Triathlon and Abu Dhabi HSBC Golf Championship are further draw cards.

For art lovers, the Louvre Abu Dhabi is set to open at the end of the year and Guggenheim Abu Dhabi will open its doors in 2017.

Yas Waterworld and the Arabian Wildlife Park satisfy the need for leisure add-ons that cater for families, while the Yas and Marina malls offer excellent shopping opportunities.

"There are a range of fantastic events year-round that appeal to all tastes, from Date Festivals to Summer Season which is currently being held," notes Krog.

Not surprisingly the destination has experienced sizeable growth in business events over the past five to ten years. "Recent statistics from the ICCA show that the number of events taking place in the emirate has grown steadily from four in 2005 to 24 in 2013, dropping just marginally to 22 in 2014," says Krog.

She says the destination holds significant appeal for event organisers because of the quality of venues on offer. "The Abu Dhabi National Exhibition Centre

(ADNEC) is Abu Dhabi's premier events venue and a world-class facility. Recently named among the 'Top 100 Busiest Global Meeting Destinations' by ICCA, it offers 133 000 sqm of event space, is within easy reach of the international airport and is surrounded by superb hotels, including two on the ADNEC site."

According to Krog, other great options include the Al Ain Convention Centre, 90 minutes from Abu Dhabi, which offers 20 000 sqm of exhibition space and can cater for up to 7 000 delegates. "There are also luxury hotels like Emirates Palace and Jumeirah at Etihad Towers – to name just two of many – which offer world-class event venues in their own right."

“As incentive organisers continue to search for new and exciting destination products, Abu Dhabi will stand out by delivering new options and exciting programmes.”



**Tracey Krog**, country manager, TCA Abu Dhabi



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# Halal tourism is on the rise

**A**BU Dhabi is positioning itself to become a leading destination for halal tourism – a fast emerging concept in the tourism industry that offers a range of holiday packages adhering to Islamic beliefs and practices.

The global market is estimated to be worth US\$140 billion (R1,74 trillion), expected to rise to US\$192 billion (R2,39 trillion) by 2020, according to Crescent

Rating agency.

“Abu Dhabi is firmly rooted in Arabia’s Islamic traditions and we believe our culture, heritage and product base have great appeal with the Muslim traveller,” says **Mubarak Al Nuaimi**, director Promotions & Overseas Offices, TCA Abu Dhabi.

Multiple self-guided halal holidays are promoted by TCA Abu Dhabi, including tours to Sheikh Zayed Grand Mosque and other culturally

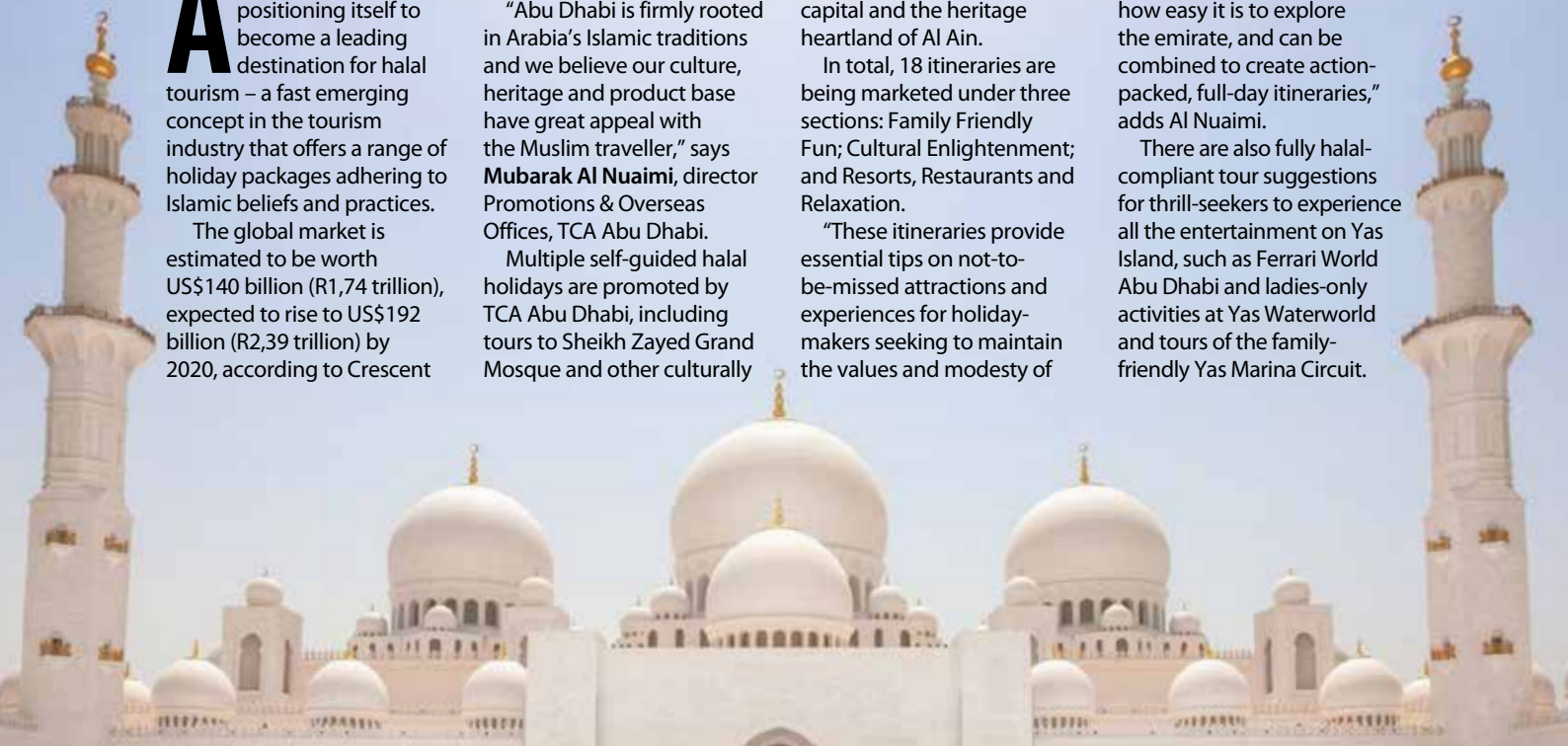
important sites across the capital and the heritage heartland of Al Ain.

In total, 18 itineraries are being marketed under three sections: Family Friendly Fun; Cultural Enlightenment; and Resorts, Restaurants and Relaxation.

“These itineraries provide essential tips on not-to-be-missed attractions and experiences for holiday-makers seeking to maintain the values and modesty of

Muslim travellers. They show how easy it is to explore the emirate, and can be combined to create action-packed, full-day itineraries,” adds Al Nuaimi.

There are also fully halal-compliant tour suggestions for thrill-seekers to experience all the entertainment on Yas Island, such as Ferrari World Abu Dhabi and ladies-only activities at Yas Waterworld and tours of the family-friendly Yas Marina Circuit.



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# Attention boosts travel to the Middle East

**W**HILE Abu Dhabi works to raise its profile among South African travellers, industry professionals believe this increased attention will help boost travel to other Middle Eastern destinations.

Dubai welcomes the new development. "Abu Dhabi and Dubai are two of the seven Emirates that make up the Union of the UAE. They are only one hour apart and currently many visitors to the country visit both these destinations," says **Wendie White**, director of the Dubai Department of Tourism and Commerce Marketing Southern Africa.

Increased exposure will benefit the entire Gulf region by increasing focus on the area, she says. "Our experience is that many people want to know more about other Emirates, and while our focus is on Dubai, we realise that SA travellers are seeking to gain the most out of their experience in the region."

Indeed, Saudi Arabia is also enjoying increased interest from South African travellers. Sales manager for Saudi Arabian Airlines, **Shaheed Rasdien**, says there has been a significant increase in demand for the destination compared with previous years. The airline attracts a current market share of around 70% of the traffic that travels to Saudi Arabia.

While leisure travel to Saudi Arabia is minimal, Rasdien reveals that the destination receives a great deal of "religious movement". "Business travel has increased as well," he says. Because Saudi Arabia's primary market is religious tourism, Rasdien says the destination lends itself to combined trips with other destinations in the Gulf, enabling visitors to first experience Saudi's cultural and religious offering, and then move on to experience what other destinations have to offer.

Dubai remains crystal clear on its own unique strategy within

the region. "There is a clear focus that is being rolled out over the next five years as we follow up of the UAE and ruler of Dubai, **HE Sheikh Mohammed bin Rashid Al Maktoum's**, vision to welcome two million visitors to the Emirate by 2020. In addition, as the Emirate prepares to host the

World Expo 2020, our marketing efforts will continue as planned for 2015 and beyond with our focus on family travel, new markets and MICE, for example."

Dubai's popularity as a destination is increasing as it experiences something of an evolution, says **Johann Strydom**, md of World Leisure Holidays. "In the past, Dubai was known primarily as a stopover or shopping destination but it's increasingly becoming thought of as a destination in its own right. We're seeing more people booking five- to seven-night stays in the city."

**John Ridler**, Cullinan Outbound Tourism's media and PR manager, agrees, adding that Dubai's popularity has been boosted by the element of the "spectacular". "There are so many unique attractions, like Ski Dubai and 4x4 dune safaris. Add to that, swimming with dolphins, fabulous resorts, and year-round good weather." ■



*Johann Strydom, md, World Leisure Holidays*



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# Airline alliances – an end in sight?

Have airline alliances run their course? **Dorine Reinstein** investigates.

**A**VIATION analyst, OAG, recently released a report on the state of the air transport market titled *The Fight for Global Markets – Is Three the Magic Number?* The report maintains that, “airline alliances have run their course and will not survive”.

**John Grant**, executive vice president of OAG, explains that

joint ventures, equity stakes and less formal partnerships will increasingly challenge existing alliance structures and operations. This trend, he predicts, will trigger a new round of aviation consolidation. “Alliances are not a long-term solution – they are a fixed solution that has run its course for many circumstances,” he says.

Grant illustrates his point with the example of Qatar Airways buying a 10% stake worth about £1.2 billion in British Airways’ parent company, International Airlines Group. Although both carriers are members of the oneworld alliance, he says this is an example of how traditional relationships between airlines are changing.

According to Grant, airlines are also looking outside their alliances. Korean Air, a member of the SkyTeam alliance, recently announced a code-share deal with American Airlines, a key member of oneworld. “Airlines will make decisions outside their alliances which are in their best interests – their need to remain flexible outweighs their membership.”

**Chris Zweigenthal**, ceo of the Airlines Association of Southern Africa (AASA), agrees that we can expect to see dynamic changes within the industry with more and more airlines looking for codeshare agreements outside their alliances. “We will continue to see independent commercial agreements between airlines regardless of their alliance. We won’t be able to put the airlines into specific boxes any more, as their behaviour will be dynamic,” he says.

According to Zweigenthal, the best example for South Africa of this new trend is the recent codeshare agreement between SAA and Etihad. “SAA is part of Star Alliance, while Etihad is not part of any alliance. That’s a dynamic relationship,” he says.

**Sylvain Bosc**, chief commercial



**Chris Zweigenthal**, ceo, airline association of Southern Africa

officer of SAA, shares this opinion, saying that airlines have started realising the increased importance of codeshare agreements regardless of alliances. He explains that Etihad for example, owns airberlin, which is part of oneworld, as well as Alitalia, which is part of SkyTeam, and also has a codeshare with SAA, which is part of Star Alliance.

“Many airlines are wondering whether alliances still make sense for them,” adds Bosc. He says mid-sized carriers in particular, such as SAA, are questioning the costs and benefits of being members of an alliance versus creating their own alliance through a network of tight partnerships with other airlines.

The benefit of teaming up with a few airlines instead of joining an alliance, according to Bosc, is that the airline has more freedom. “When you join an alliance, you get married to a group. Of course, when you get

▶ *Article continues on p22*

TB1976SD



# Virtual card solutions – the TMC's perspective



There's no doubt that the advent of virtual card solutions is a step up for travel management companies (TMCs) from multiple points of view.

**Pine Nel**, senior manager Integrated Solutions at Carlson Wagonlit South Africa, refers to two of the most significant advantages built into dynamically-generated primary account or card numbers.

"From a security perspective (and this should not be confused with compliance requirements) the dynamic /per transaction nature of these card numbers greatly reduces the fraud risk posed by external actors," states Nel.

"On the more 'business' side of things, this solution has a significant positive impact on the complexities experienced with transaction matching (when it comes to reporting and reconciliation). We no longer need to look for a needle in a stack of needles, as every transaction can be represented as the sole transaction on that card."

Diners Club launched a virtual card product, the Dynamic Virtual Card in April. Kevin Lomax, head: Commercial Card, Diners Club and Standard Bank SA, details numerous other benefits associated with virtual cards, which can be used to pay any supplier that accepts card payments

## Q: Why should a TMC use a dynamic virtual card?

**KL:** The benefits of virtual cards to a TMC can be found in many areas, including cost control through the elimination of the need for credit facilities, keeping merchant costs with the merchant and reducing the costs associated with managing bill backs. The virtual card also enhances the data that TMCs require in order to reconcile trips and spend-related information, thus making TMCs far more efficient at transaction matching and reconciliation. All of this allows TMCs to focus on their core business and value adds.

A large benefit is the virtual card's suitability for land arrangements bookings, which removes the need to manage bill backs, a process that is not ideal in the travel industry. Importantly, there's no need to change any processes with suppliers or other intermediaries.

**Q: According to chief sales and marketing officer of Tourvest, Claude van Keirsbilck, if implemented correctly, virtual cards do afford the TMC the ability to reduce the overhead cost of processing bill backs, however the downside at present is that the card solutions available are based on a prefunded option by the TMC and this would impact management of cash flow.**

**KL:** Historically this has been the case, and probably one of the reasons that the take-up of the solution has been slow. However, with the latest development at Diners Club, cardholders enjoy all the working capital benefits of a traditional card. The cards are issued from the lodge card facility and thus enjoy extended repayment periods, rewards and other

benefits. Overall, this is a far more compelling proposition than a pre-funded option.

**Q: In the realm of credit card payments, TMCs often find themselves in the uneasy role of merchant, incurring costs and extending credit. How does the virtual card remedy this situation?**

**KL:** Virtual cards relieve TMCs of this burden in its entirety, by moving the transaction processing, or acquiring function, to the merchant. TMCs no longer have to pay suppliers in advance. Cash flow is improved, the balance sheet looks healthier, and cost benefits from the reduction in merchant discount rates (MDR) and the lower cost of managing bill backs are achieved.

**Q: Earlier you spoke about data collection. Can you elaborate on this?**

**KL:** Virtual card solutions offer enriched data from the point of sale. They have the ability to provide third level data, which is crucial in the reconciliation process.

This impacts positively on the efficiency of reconciliation, matching of transactions, consolidating spend on the lodge card, and of course, general reporting.

**Q: How does the virtual card fit into the booking process?**

**KL:** After requesting a booking and receiving the supplier's response, your request for a virtual card is automatically built in, including the amount involved and dates of travel. You then issue only the card number to the corporate traveller. No plastic changes hands, and details are restricted to a bare minimum for travel. Note that the virtual card is valid for single use.



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► Article continues from p20

married, you make a vow that you are not going to cheat. As a member of Star Alliance we can't sign an agreement with a member of oneworld for example." He points out, however, that alliance management boards are well aware of these constraints and there seems to be a trend towards greater leniency.

Despite the fact that airlines might question the benefits of alliances, exiting an alliance is not easily done, says Bosc.

Grant admits that "it would be a brave step for an airline to walk away from an alliance and it would take years to unwind the operational arrangements".

While Grant, nevertheless, foresees the end of airline alliances and a new era of airline consolidation, Bosc isn't so sure this will happen. "No, it's absolutely not the end of the alliances. I think alliances will stay but they will be a much less exclusive club."

## The benefits

There are still quite a few benefits of belonging to an alliance. According to Bosc, the primary value of SAA's Star Alliance membership is its relationship with Lufthansa as a dependable and trustworthy partner.

In fact, Jimmy Eichelgruen, director of sales for Africa Middle East & Indian SubContinent Delta Air Lines, says: "The joint venture agreement Delta signed with fellow SkyTeam partners Air France, KLM and Alitalia six years ago, and which has become the blueprint



**Sylvain Bosc**, chief commercial officer, SAA

for partnerships of this kind, continues to be the backbone of our transatlantic network."

Also, for the consumer, the alliances still offer numerous benefits, according to Zweigenthal and Bosc. They say frequent flyer agreements, shared lounges and the airlines' increased footprints are major benefits the alliance offers for both the airline and the consumer.

Eichelgruen agrees: "One benefit of alliances is that they are able to implement best practice from one carrier across all of their members. For example, after Delta launched SkyPriority, offering enhanced services such as priority check-in and boarding to its premium customers, SkyTeam rolled the

initiative out across all its members."

Other customer benefits, he says, include the ability to earn frequent flier miles across

member airlines and reciprocal lounge access in airports where individual airlines do not have their own facilities.

**"We won't be able to put the airlines into specific boxes any more, as their behaviour will be dynamic."**

## Future focus

According to Bosc, the future will be tough for small- to medium-sized airlines as they will need to compete against the giants like Etihad and Emirates. Most airlines will also not be in a position to consolidate as they will be restrained by competition regulations. "Emirates, for example, can't buy SAA because every country has ownership rules that prevent foreign ownership from controlling the airlines."

Zweigenthal adds that the competition authorities are watching the alliances and codeshares closely. He says a product needs to remain competitive at all times as well as satisfy the demand of the market.

Bosc maintains that the true consolidation of airlines took place in the US but it didn't happen anywhere else in the world because of ownership clauses. He adds that Europe has had a single aviation market since the 1970s, which has led to some consolidation in that market – such as Air France and KLM or BA and Iberia – but the process has been slow. This is partly due to political interference and partly due to the fact that mergers are complex and tedious.

For consolidation to happen in Africa, the continent would first need to have a single aviation market, explains Bosc. "In reality, I'm not sure many countries are ready to let another country's carrier take over their national carrier. There is still a lot of national pride attached to airlines," he says, adding that there are about 250 airlines in Africa when the reality is that 30 airlines could address the continent's needs. However, governments will not allow a real pan-African airline to take over.

## Who will dominate?

**C**HINA, Indonesia and Turkey will most likely be the markets where the three most dominant global airlines will be based in ten years' time. This is according to an OAG report, *The Fight for Global Markets – Is Three the Magic Number?*

John Grant says China will most likely overtake the US as the world's largest market. "While the target of the US concern has been Gulf carriers, it could equally have been Chinese carriers. Chinese airlines will operate 140% more seats to the US in a typical week in April 2015 compared with 2010. In contrast, the US carriers will have increased capacity by 80% in that time, leaving the US carriers with slightly more capacity on China-US routes. However, the Chinese carriers are closing in and within seven years, China will have replaced the US as the world's largest aviation market."

Sylvain Bosc for the most part agrees with this prediction. He says having a huge domestic market is a huge advantage for any airline. Both China and Indonesia have huge domestic markets to tap into, which will boost these countries' airlines considerably.

According to Bosc, Turkey will emerge as a powerful aviation market thanks to its geographic location between Europe and Asia. "It's going to be a powerhouse for sure," he says.

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# What about the consumer?

**T**HE changing dynamic of airline alliances combined with the emergence of joint ventures, codeshare agreements and increased consolidation have had a significant impact on the aviation industry. But how will these changes impact on the consumer?

Most airlines tout the benefits of codeshare agreements to the consumer. When SAA recently announced its codeshare with Etihad, it said the collaboration would improve passenger options with a large number of codeshare destinations.

At the time of the

announcement, **Barry Parsons**, SAA's chief strategy officer, said the alliance worked well for both parties. "Etihad is free to allow SAA to specialise in Africa on its behalf while it focuses on other new international routes."

What's more, **Peter Baumgartner**, Etihad Airways' chief commercial officer, said there would also be reciprocity across the airlines' respective loyalty programmes, sharing of lounge facilities and the review of the airlines' cargo, training and procurement operations.

However, according to a report by IATA, competition authorities are sometimes

concerned that a potential lessening of competition as a result of consolidation might offset the consumer benefits that result from co-operation. They fear reduced competition could potentially also lead to higher prices for consumers.

The latest example of this was when Australia's consumer watchdog said it planned to reject a proposal by Qantas and China Eastern to more closely co-ordinate their operations, saying it would harm competition. The Australian Competition and Consumer Commission said the co-operation between the airlines

would "likely result in significant public detriment".

But **Sylvain Bosc** says it's impossible in the current climate to reach a situation whereby the consumer won't win as airlines globally are doing everything they can to seduce the consumer. "This is a very competitive market. There are very few businesses as competitive as the airline business. We all have the same product and more or less the same aircraft. If the consumer starts finding something they don't like, they will find a way to make it known and switch airlines," he says.

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## SAA, Virgin Atlantic cancel codeshare

**T**HE codeshare agreement between SAA and Virgin Atlantic will end in September.

The partnership has been running since October 2004.

A date has been fixed, September 26, on which the airlines will terminate the codeshare on domestic routes, SAA spokesperson **Tlali Tlali** told *Travel Buyer*. "As we do not codeshare on any trunk routes, this will

effectively terminate the codeshare."

**Darrin Thomas**, marketing and communications executive of Virgin Atlantic, says: "We have had a valuable partnership with SAA over the last ten years at a time when our networks complemented each other well. Following network changes and a shift in focus from both airlines, our codeshare agreement is coming to a natural end." ■

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## 1. Paris

Air Seychelles. Return economy fare from Johannesburg to Paris via Seychelles from R7 456. Fare includes airport taxes. Special is valid for sales until June 26 and for travel until November 30.

## 2. London

Kenya Airways. London promotion – fares are from R7 236, departing Johannesburg. Travelling via Nairobi, including taxes. Offer is available for travel until March 31. Offer is available online until December 31

## 3. Italy

Edusport Travel. F1 Italian Grand Prix – land-only packages are from R7 295 per person sharing for three nights. Offer includes breakfast daily, two-day official general admission event tickets plus Saturday and Sunday circuit transfers. Rate is valid from September 4-7.

## 4. Las Vegas

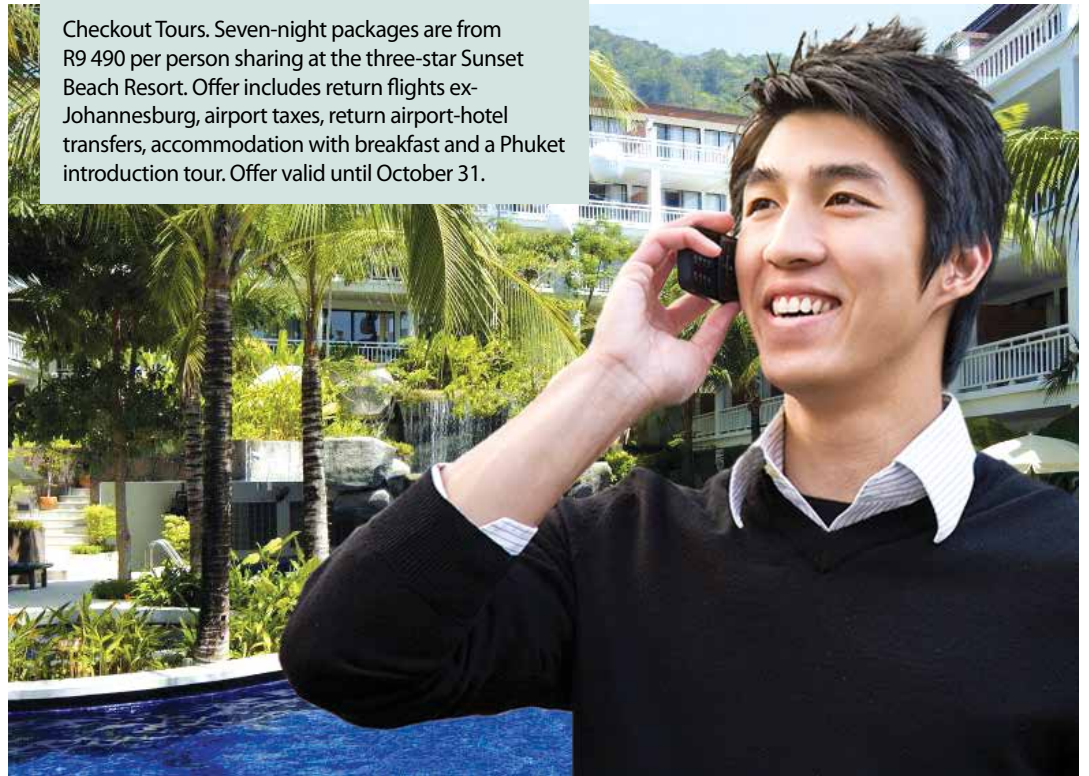
Holiday Tours. Harrah's Las Vegas. Five-night packages are from R4 380 per person sharing. Rate includes return airport-hotel transfers, five nights' accommodation at Harrah's Las Vegas, full-day bus tour to the Grand Canyon South Rim and IMAX tickets. Offer is valid from August 1-31.

## 5. Cape Town

Bantry Bay Suite Hotel. Rates are from R622.50 per person sharing. Special includes accommodation in a deluxe suite with breakfast and parking. Kids under 12 stay free, including breakfast. Offer

## 6. Phuket

Checkout Tours. Seven-night packages are from R9 490 per person sharing at the three-star Sunset Beach Resort. Offer includes return flights ex-Johannesburg, airport taxes, return airport-hotel transfers, accommodation with breakfast and a Phuket introduction tour. Offer valid until October 31.



expires July 31. Booking code PROMO (TI).

## 7. Bali

Perfect Destinations. Packages are from R11 750 per person sharing. Offer includes flights ex-Johannesburg, airport taxes, return airport-hotel transfers, seven nights' accommodation with daily breakfast plus three tours. Booking deadline is September 30. Offer is valid for travel from September 5 to December 24.

## 8. Holland

United Europe. Experience Holland on a bicycle and on a boat from R11 660 per person sharing. Package includes seven nights' accommodation on board

MS Serena, all meals, bike rental and daily briefing of bike tours. Electric bike rental upgrade available from R1 590 per person. Between 30km and 60km is cycled daily on mostly flat and easy to cycle routes. Tour starts and ends in Amsterdam and is valid for Saturday departures until August 31.

## 9. Seychelles

Thompsons Holidays. Seven nights at the four-star Avani Seychelles Barbarons Resort and Spa from R19 022 per person sharing. Package includes return flights ex-Johannesburg to Mahé on Air Seychelles, return airport-hotel transfers, accommodation, including breakfast daily, free WiFi, yoga lessons and snorkelling. Offer is

valid from September 1-30.

## 10. Limpopo

Zebula. 'Luxury winter warmer special' – rates are from R4 500 per couple sharing midweek or R5 500 per couple sharing on the weekend. Special includes two nights' stay for two people in a luxury Bush Lodge room with a fireplace, breakfast, 30-minute couple's hot-stone massage and 30-minute Jacuzzi session, one bottle of Pongracz Champagne to enjoy with the Jacuzzi session, assorted truffles and a gift. Special is valid until July 31. ■

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- ★ Syndicate purchased the lodge from French heiress who built and ran it as 5-Star lodge for ten fortunate guests at a time.
- ★ Recently refurbished including re-decking, re-thatching and new vehicles.

***Great times! Look at the gallery on [www.tsheshepe.co.za](http://www.tsheshepe.co.za)***

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