2023

SOUTH AFRICAN
MID-YEAR REPORT

Join The Hoteliers Leading The
African Hospitality Industry

NIELS' FOREWORD

Hello! I am Niels Verspui, the Market Head for Southern Africa.

I always feel incredibly fulfilled working with South African clients because they are driven to get the best out of their hotel technology.

South African hoteliers take great pride in properly setting up their Hotel Management System, and it shows. Cape Town properties reached a peak of 80% occupancy in March 2023. We also saw our SA properties rake in approximately 22,530 bookings during the summer of 2023.

Through our expansion to other African countries, I've seen that SA is leading the pack in adopting hotel software. "Our SA clients had a total of 42,020 direct bookings since January 2021, with not a cent paid to OTAs for each reservation."

As one of the top travel destinations, there is ample opportunity for South African hoteliers to succeed, and adopting technology can help improve operations. From automated housekeeping to revenue management, hotel software helps do the heavy lifting.

Recently, we've also seen larger properties joining RoomRaccoon in Southern Africa. It is excellent to see both independent hotels and larger enterprises in Africa benefit from a hotel management system. From January 2021 to 2023, the average RevPAR increased from R327 to R1335, that's a 308% increase! While I'd love to stay and chat, you're here for the data and the stats. So let's take a dive into our South African properties and explore their performance over the past few years!
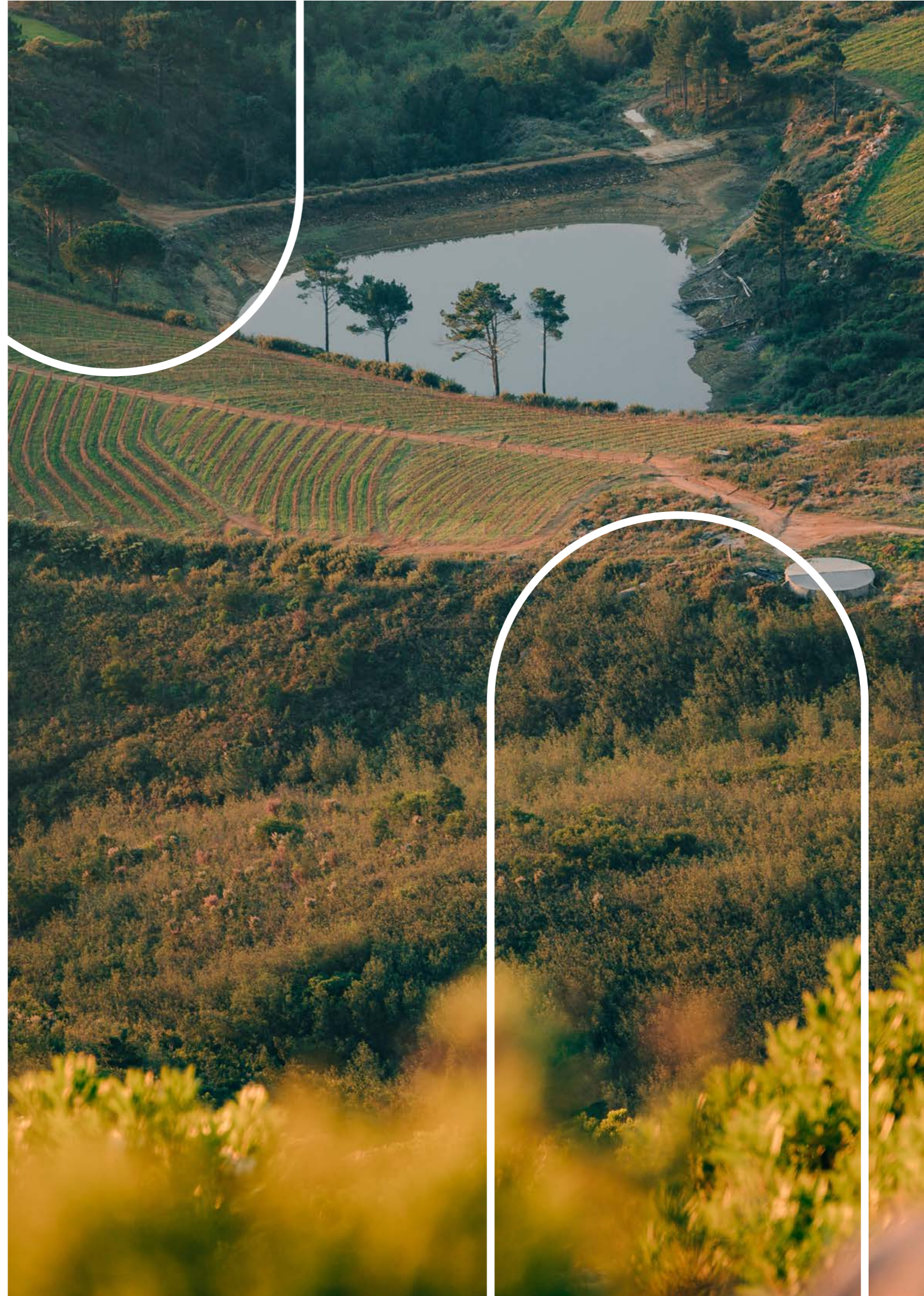
Niels Verspui
P.S. If you'd like to stay and chat, please schedule a call with me!

INDEX
SA MID-YEAR REPORT

INTRODUCTION

South African Properties Shine In The New Era of Hospitality

In recent years, the hospitality industry has seen some significant changes. Travel habits have not simply changed. They are constantly evolving. With the introduction of numerous online booking channels, prospective guests have more power over how much they pay for accommodation. With this shift in the booking journey dynamic, it begs the question – how can hoteliers maintain ownership of their revenue streams?

While new online channels may pose a threat, technology hasn't left hoteliers high and dry. There are multiple tech solutions to choose from that can help improve your hotel operations. Our personal favourite has to be a hotel management system. Admittedly, we may be a little biased. But as they say, numbers don't lie, so we'll provide the facts and leave the judgement up to you.

In this mid-year report, we're going to be reviewing data from our SA users to uncover some essential insights from 3813 rooms:

- *Hotel profitability*
- *Guest bookings*
- *Traveller behaviour*
- *Occupancy and more!*

At RoomRaccoon, we want to empower independent hoteliers. We'll focus on investigating, so you can focus on your priority. You providing the best possible experience for guests and running a successful hotel.
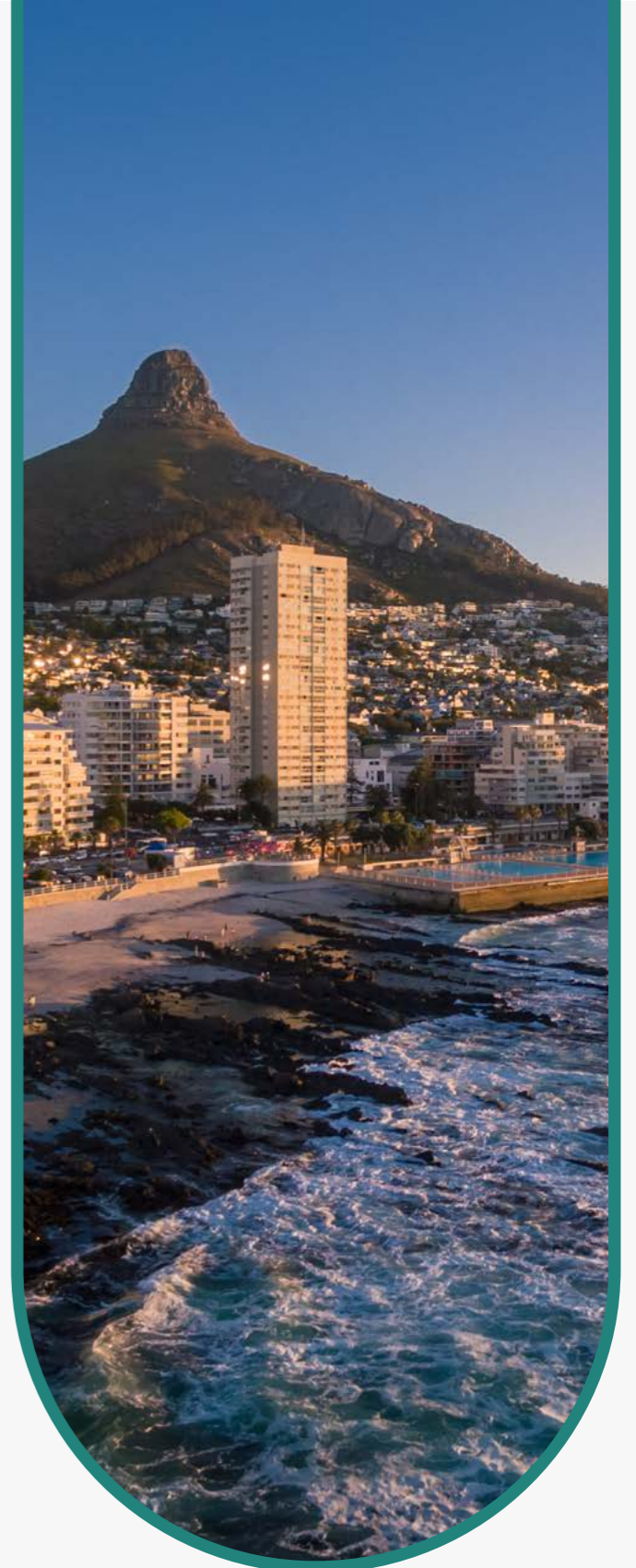
PROFITABILITY

Boost Revenue with Room Upgrades

When discussing profitability, it's imperative to remember that a property's revenue is not just its room rate! Hoteliers can offer personalised add-ons and upgrades to guests, ensuring extra revenue and enhanced guest experiences. RoomRaccoon offers fully customisable, automated and smart upselling options. This results in happier guests and fuller pockets for hoteliers.
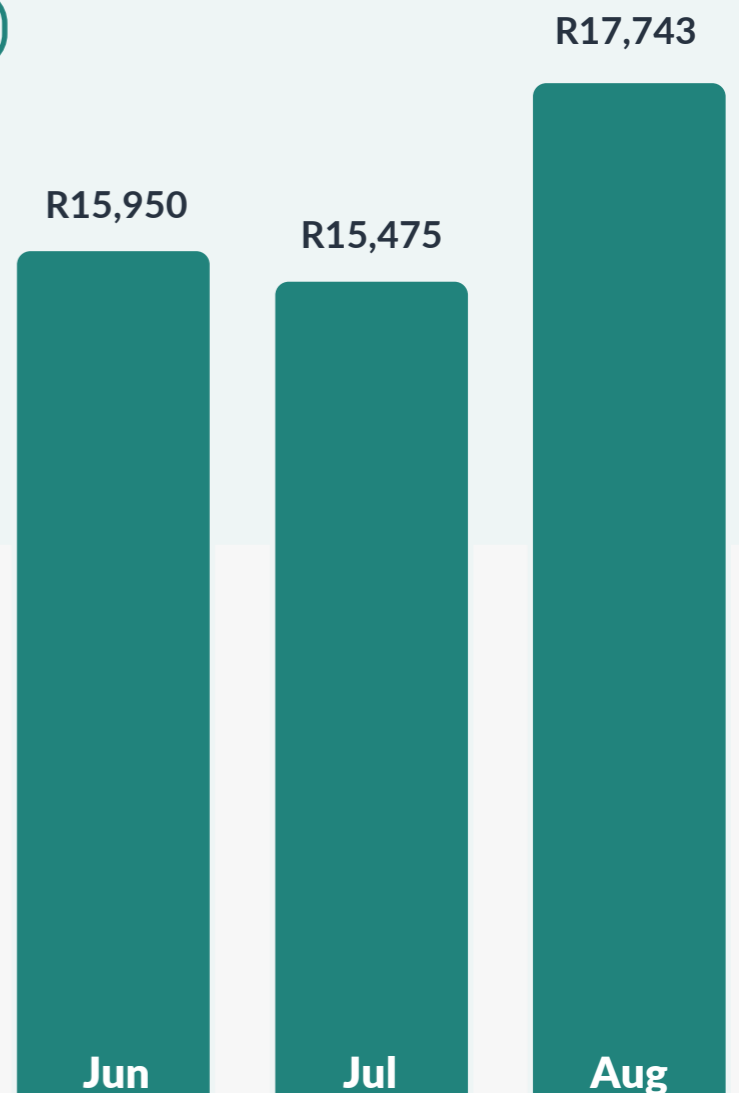
DATA ANALYSIS:

When guests are checking in ahead of time, the chances are they're pretty excited about their impending vacation. So that's the best time to offer them some fabulous add-ons and upgrades that will elevate their stay. RoomRaccoon targets this directly by enabling guests to purchase add-ons and upgrade their room type through a property's booking engine and online check-in.

Upsell: June - August 2022

In the winter of 2022, **SA RoomRaccoon users generated an additional average of R16,389 by upselling room upgrades.**

Undoubtedly, a figure to be celebrated in an off-peak season. Showing that upsell certainly provides extra revenue for your hotel, especially in times it is most needed.

Jun	Jul	Aug
R15,950	R15,475	R17,743

R32,884

R23,325

R15,749

| December	January	February

2022 - 2023

Our data reveals that hoteliers are making the most of the RoomRaccoon Upsell capabilities. Our Upsell figures exploded in the recent Summer months, where **hoteliers earned an additional R73,958 in revenue with room upgrades, on top of ancillary revenue generated by upselling** hotel amenities and services.

Upsell: December '21 compared to December '22

Year over Year from December 2021, our upsell amount per room type has increased by 106%.

Overall, upsell provides revenue over and above room rates. A sustainable strategy that works as the gift that keeps giving.

R25,325

R12,297

2021	2022
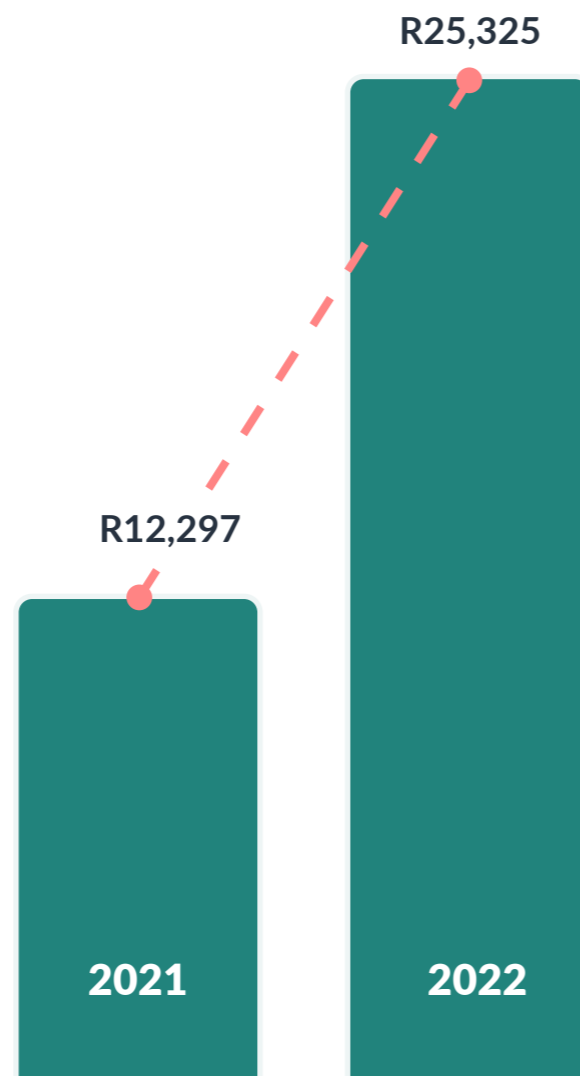
With the introduction of various online travel agents, the digital space is bursting at the seams with endless promotions and promises. This allows guests to be more mindful of price parity, potentially decreasing the opportunity for average daily rate improvement.

How can hoteliers combat this profit pothole? The secret lies within ancillary revenue streams. Upselling to guests allows you to diversify your return while improving their stay! Need help to figure out where to start? We have a great resource on how to get started by offering add-ons and room upgrades.

TOP TIP:
Remember to keep your hotel add-ons or packages on brand and intriguing on your booking engine.

Many properties provide standard promotions and bundles. Set your property apart by providing unique add-ons that add real value to your guests' stay. Entice your guests to opt in with high-quality aesthetic images and captivating descriptions.

Feel like an Upgrade?

Seafari Adventure - Day Trip
A fantastic general marine wildlife and nature experience, the Corryvreckan Wildlife Tour culminates in a visit to the infamous Gulf of Corryvreckan, home to the World's Third Largest Whirlpool. With 3 powerful open RIBs, Seafari Adventures offers the best in 'Corryvreckan Cruises

£ 40.00
£ 50.00

Spa Treatment
Spa Treatment at hotel

£ 25.00

RevPAR

RevPAR (revenue per available room) and ADR (average daily rate) are two of the most essential metrics for hoteliers to measure their business's success. RevPAR provides insights into pricing trends and fluctuations. While seasonality and global celebrations influence both metrics RevPAR & ADR, we saw a few new trends.
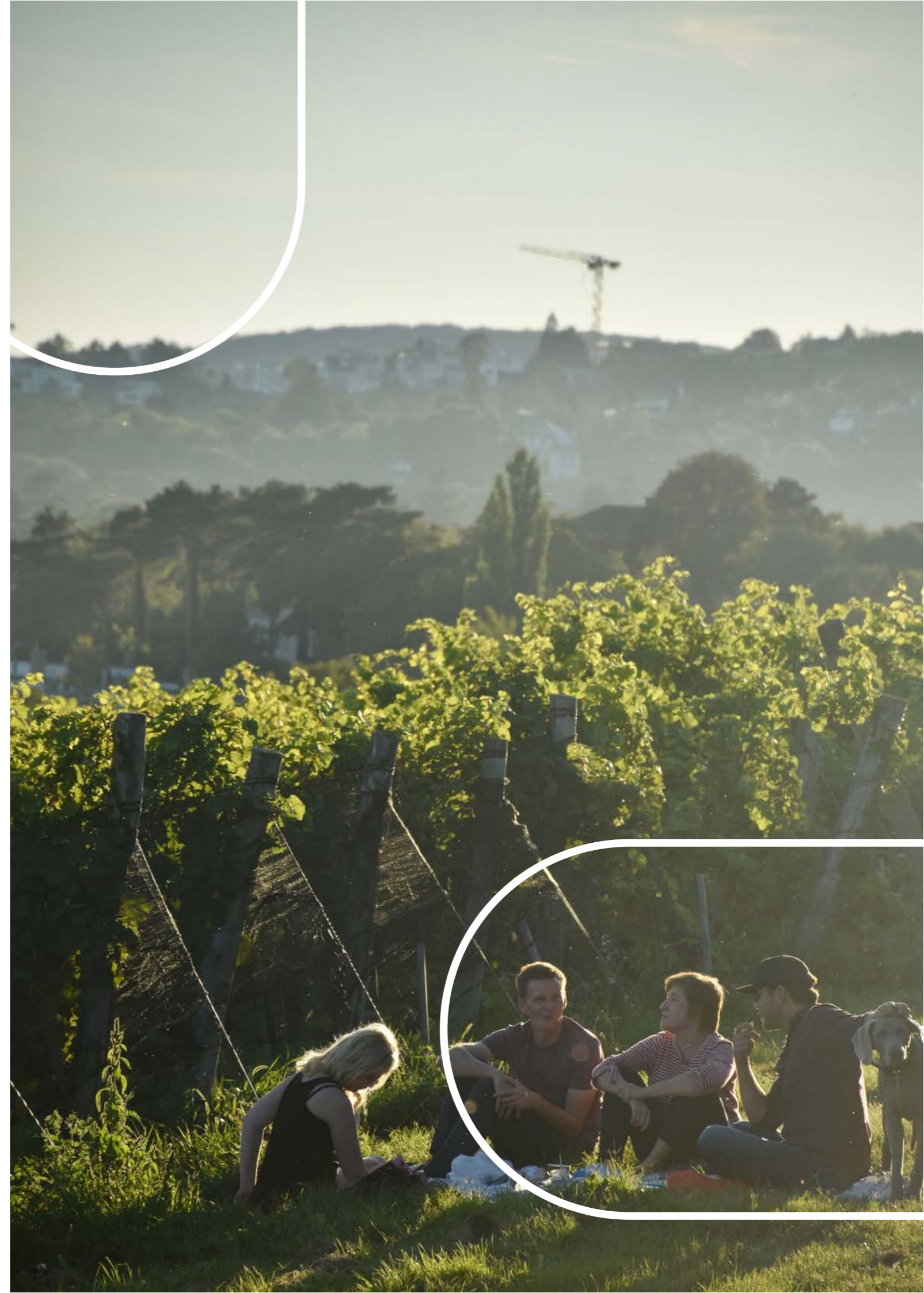
Revpar: Feb 2022 - 2023
— South Africa

R1132

FEB '22   FEB '23
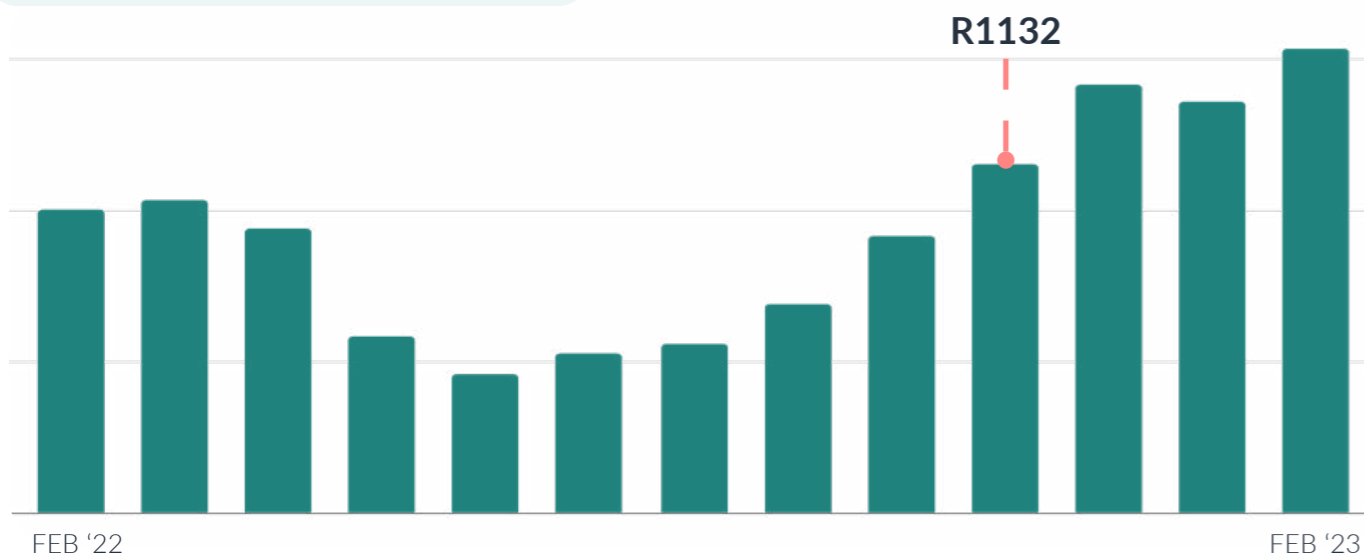
Our data reflects that RevPAR was stable in the winter months of 2022. With the average RevPAR at R508 in South Africa's low season. **As peak season approached, RevPAR more than doubled to R1,132 in November 2022.**

RevPAR peaked in February 2023, measuring R1,506, indicating that hoteliers saw the majority of their profits as summer was winding down. With a 79% occupancy rate in Cape Town during January and February 2023, we can clearly see when travellers like to touch down in SA.

How Local Events Influence RevPAR & Occupancy

Please note the below table contains extrapolation based on RoomRaccoon's Data from **July 2022 - April 2023.**

Date	RevPAR	Occupancy	Event in South Africa
22 AVG.	830	56%	
16 JUL '22	783	63%	Springboks vs Wales in (CPT)
6 AUG '22	995	72%	Springboks vs New Z Mpumalanga (ZA)
10 SEP '22	1059	64%	Rugby World Cup 7s (CPT)
01 OCT '22	1126	70%	Whale Festival Hermanus
24 SEP '22	1100	64%	Heritage Day (ZA)
26 NOV '22	1543	75%	Youth hip hop festival launch
17 DEC '22	1692	73%	Cape Town Chasing Sunsets, Unity On The Square (CPT)
31 DEC '22	2023	79%	New Years Eve (ZA)
11 FEB '23	1744	72%	Valentine's Weekend (ZA)
25 FEB '23	1947	77%	Formula E-Prix (CPT)
29 APRIL '23	1450	73%	Comic-con & Rage Expo (CPT), Electric Circus (ZA), Distortion Music Festival (CPT)

INSIGHT:

A popular destination with international and domestic travel, the city of Cape Town's metrics reflected higher RevPAR in conjunction with events. Events such as concerts, sporting competitions and large conferences directly increased the demand and, therefore these critical metrics.

We've outlined some of the most notable spikes in our data.

With this insight, it can be derived that dynamic pricing and demand should go hand in hand to maximise revenue. Our yield management tool works according to your pre-determined rules to ensure that you can increase RevPAR without spending hours manually changing your rates.

TOP TIP: Another tip for expanding your revenue is dynamic pricing. Dynamic pricing tools automatically adjust your daily rate depending on demand, so that you never leave cash on the table! You can take your revenue a step further by offering add-ons and upgrades to your guests on your website booking engine and online check-in. Ensure that the add-ons you offer are tailored to your room types and the guests' expectations.

Top Integrations

When working with a hotel management system, you'll be integrating with booking channels, POS systems and even digital key providers. RoomRaccoon offers over 300 integrations worldwide.

Our data reflects that South African hotelier's most popular integration categories are booking channels, online payment technology and revenue management tools. Exploring why these platforms are so popular, let's dive deeper into the reasons behind them.
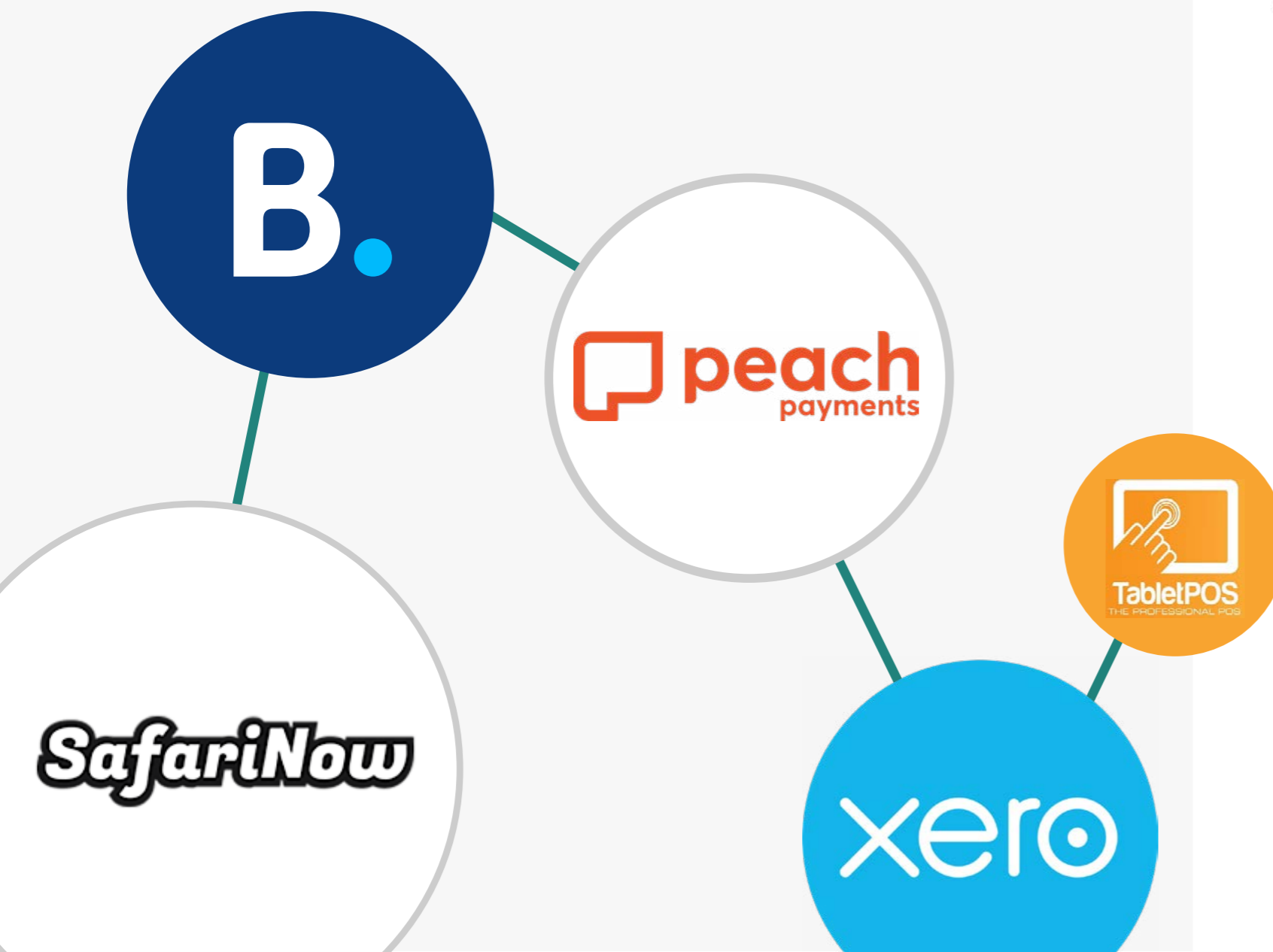
Online Travel Agency Bookings

— Cape Town   — South Africa

2021   **2022**   **2023**
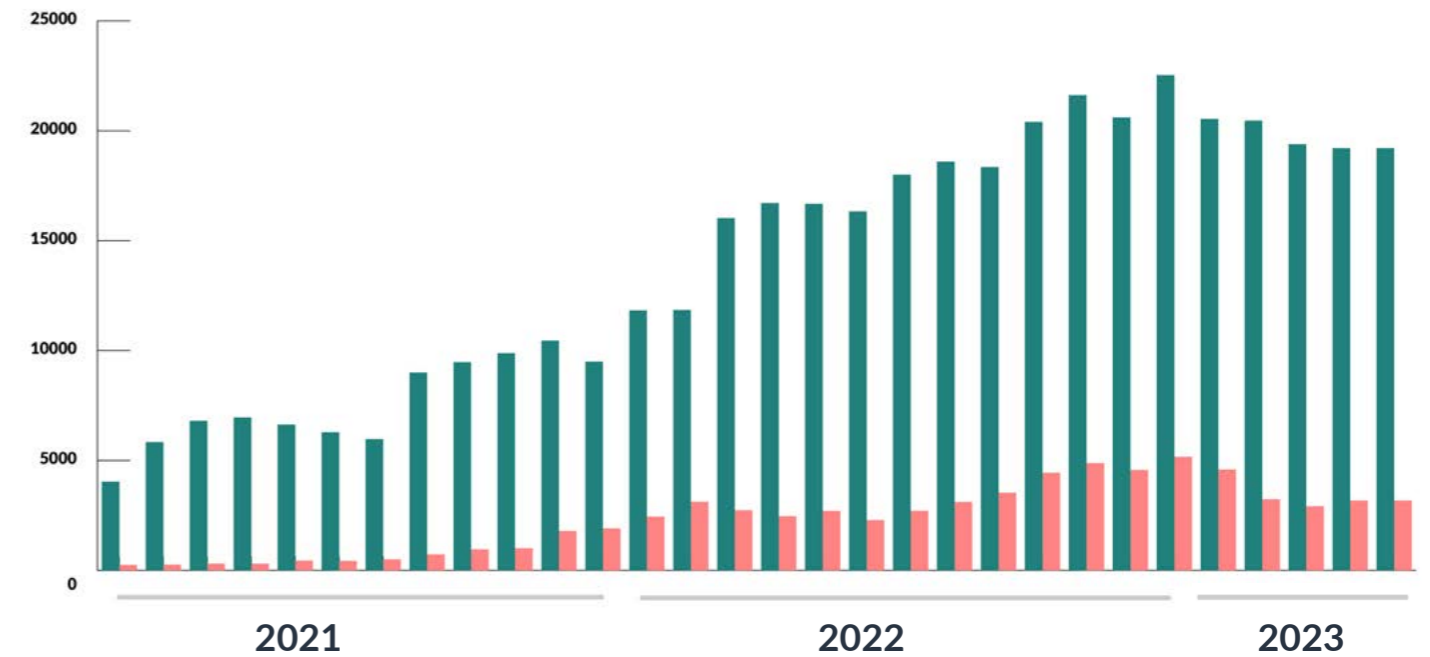
DATA ANALYSIS:
BOOKING CHANNELS

South Africa is frequented by tourists from around the globe.

Therefore SA hoteliers need to be connected with a variety of external booking channels. Some of the most popular booking channels include Booking.Com, Agoda and OpenGDS.

There have been approximately 399,993 OTA bookings in SA from 2021 to May 2023.

With OTA bookings climbing steadily, with a 15% year-over-year increase. We can see clearly that these integrations help expose SA properties to an ever-growing audience.

DATA ANALYSIS: ONLINE PAYMENT TECHNOLOGY

Online payment is incredibly popular in the South African hospitality industry. With countless paperless ways to pay in this century – it comes as no surprise!

Just from December 2021 to 2022, virtual credit card payments increased by 321%, from 363 transactions to 1529 in this popular vacation month.

Payments help drive the hotel's success, so they will always be a popular integration for hotel management systems. Some of the most used payment integrations are Xero and Peach Payments.

This could be due to pre-payments being the norm in the country, whereas overseas, things may run differently.
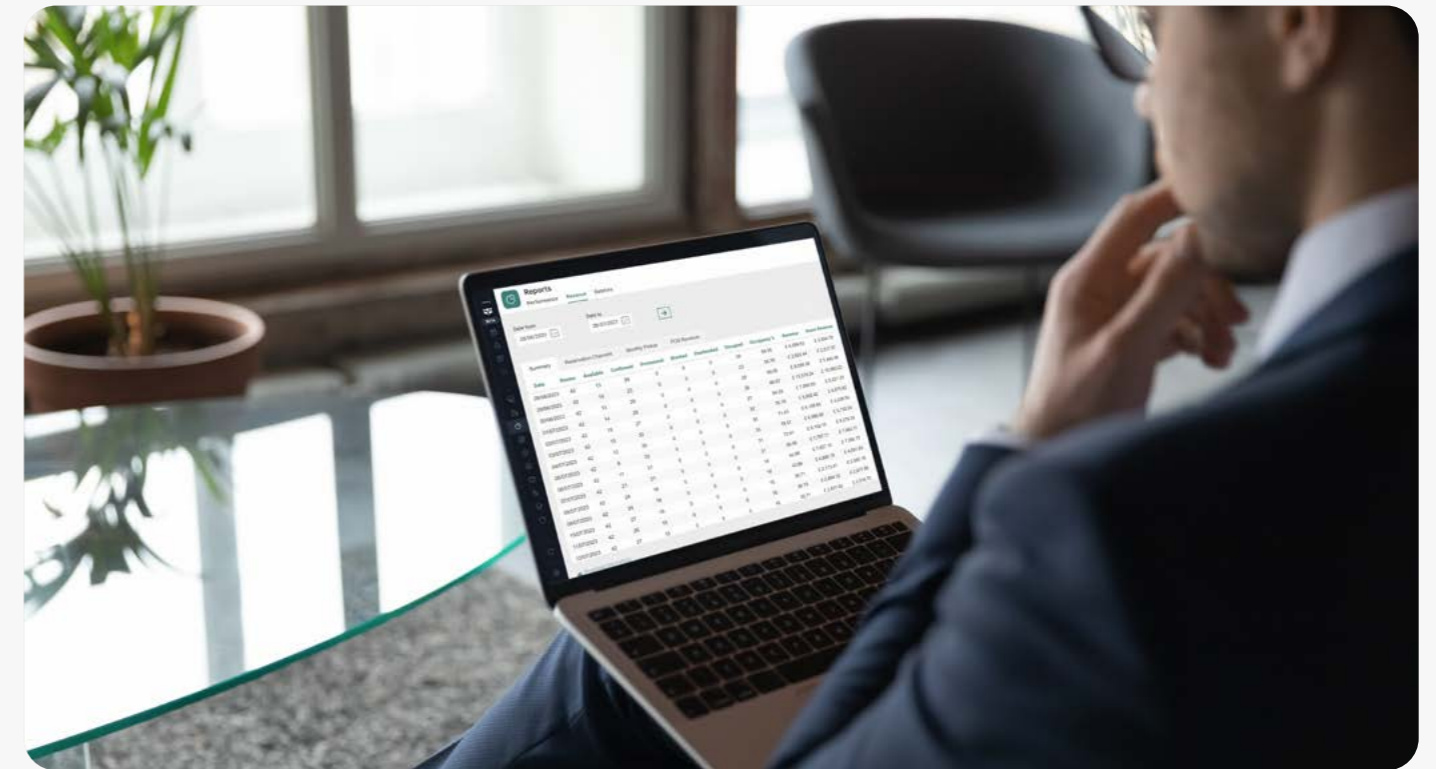
**Monthly Average
VCC Payments
Dec '21- '22**

—— Cape Town

—— South Africa
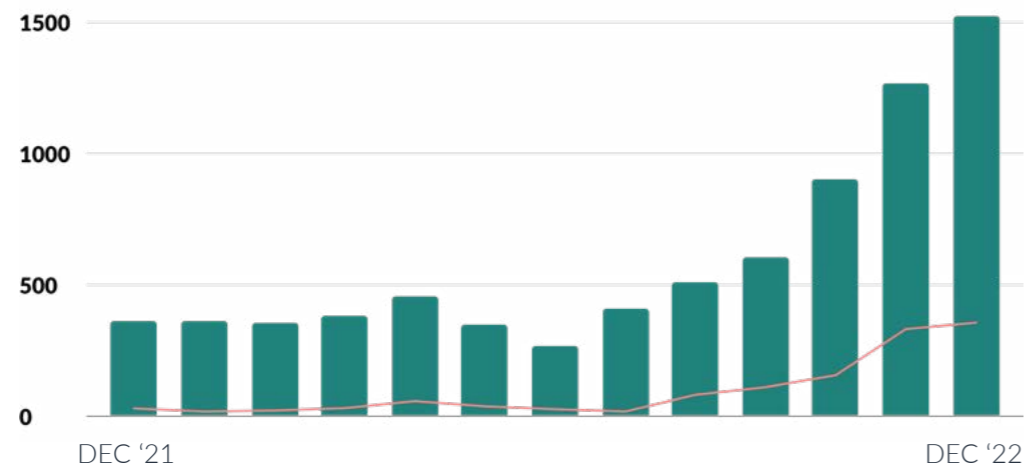
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Undoubtedly, a figure to be celebrated in an off-peak season. Showing that upsell certainly provides ancillary revenue, especially in times it is most needed.

DATA ANALYSIS: REVENUE MANAGEMENT TOOLS

Revenue is the regal head of all things payment. So why not invest in a tool to manage your revenue, as our hoteliers have done? Many of our clients have upgraded to use our additional revenue tools, RaccoonRev and RaccoonUpsell. Another popular option is RoomPriceGenie.

These tools take the hassle out of revenue management. So you spend less time manually adjusting rates and more time focusing on guests.

In May 2023, our global user base earned €29,000 with upsell, which is R589,366 extra revenue for hoteliers.

The possibilities for ancillary earnings are endless with the right revenue management tool.

Learn more about revenue management with RoomRaccoon.

We highly recommend that hoteliers work with a hotel management system that has extensive integration capabilities. It not only ensures that your property management system (PMS) will play nice with other applications or tools. It can open up opportunities for your hotel to use online tools, that further improve your hotel operations.

TOP TIP:

If you're an SA hotelier on the hunt for your perfect PMS, remember to double-check that it's already connected to your preferred property management solution. It's also a good idea to see if your PMS has the capacity for channel management integration.
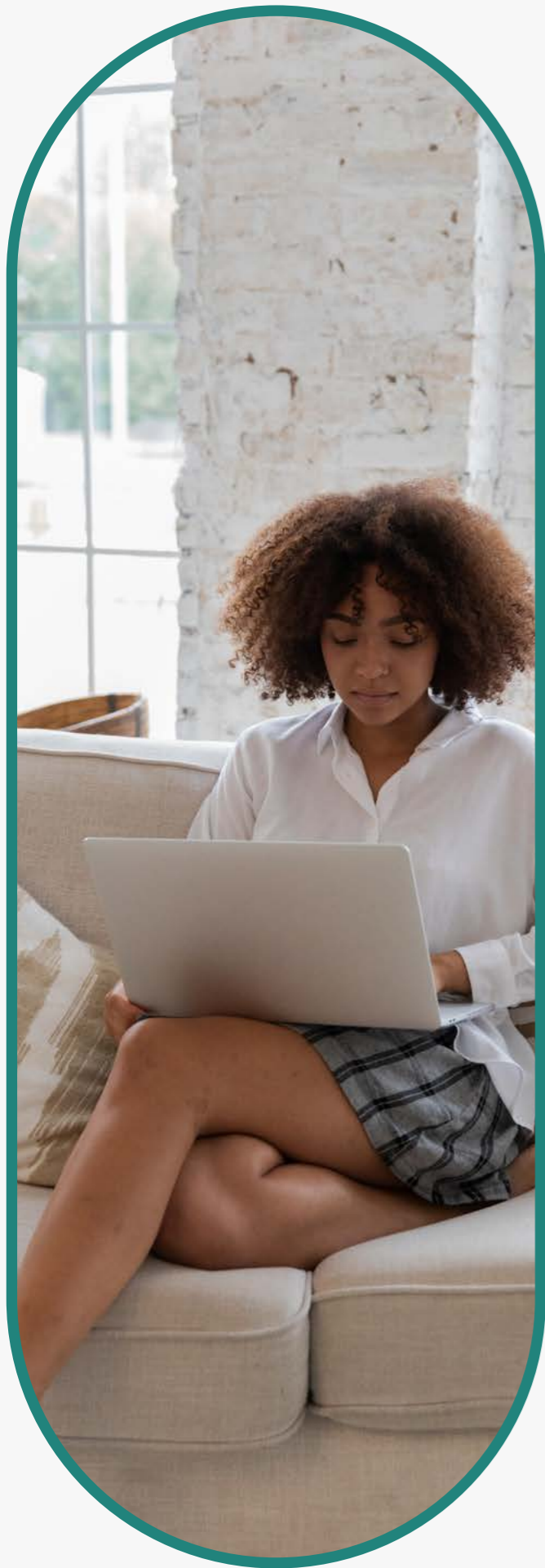
ALL ABOUT BOOKINGS

Bookings are the bread and butter of the hospitality industry. With hoteliers striving for high occupancy rates and RevPAR, it always begins with a booking.

As discussed, OTAs offer travellers more booking options than ever. But the golden nugget has and always will be direct bookings. So let's dive in and learn all about bookings in the South African market.

DATA ANALYSIS:

Our South African properties raked in 21,513 direct bookings in the past year from May 2022 to May 2023. That is over twenty thousand transactions for hoteliers with 0% commission paid to external booking channels. Resulting in more revenue and RevPAR. **In fact, our users direct bookings account for 9.5% of bookings in the past year.**

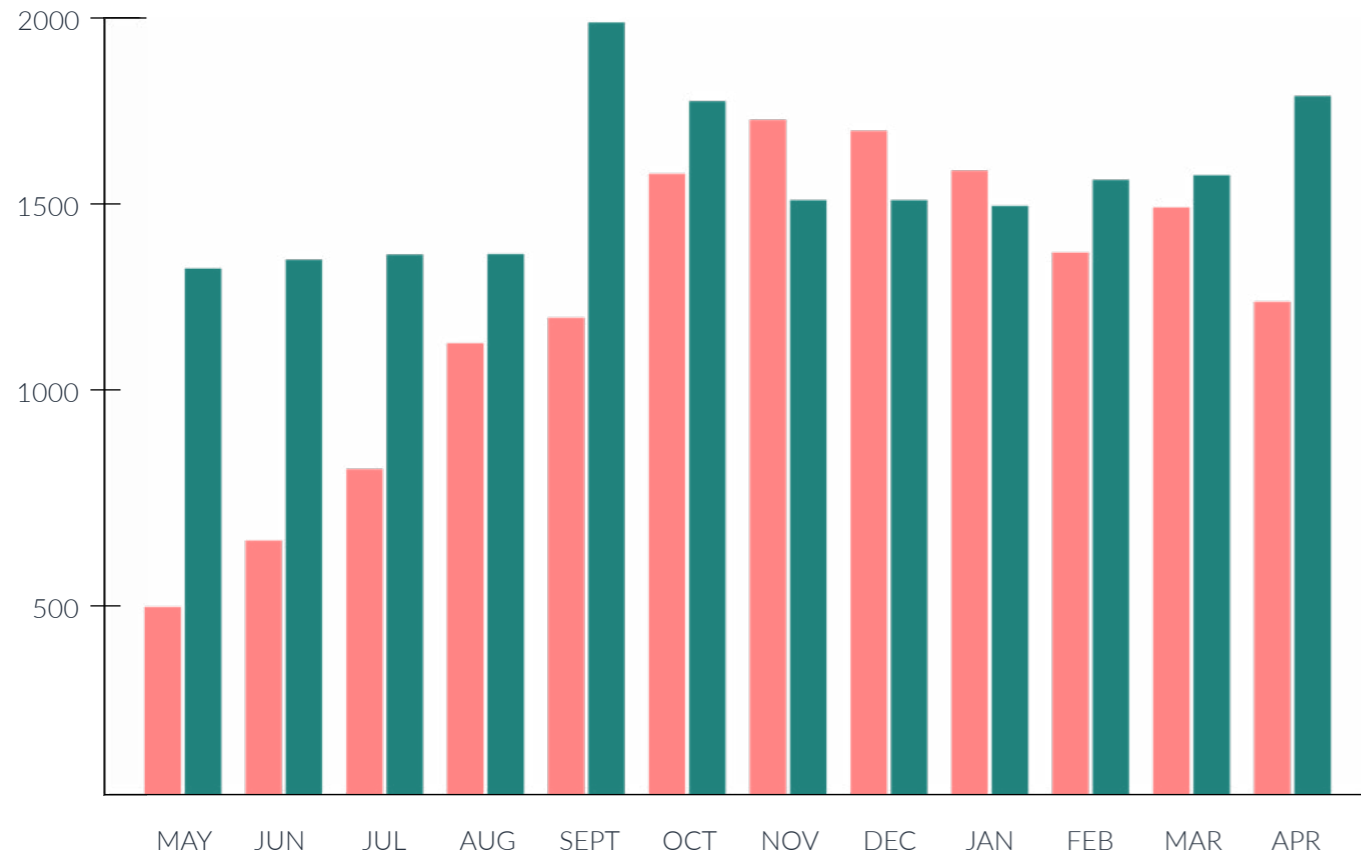**Direct Bookings**
— Cape Town   — South Africa
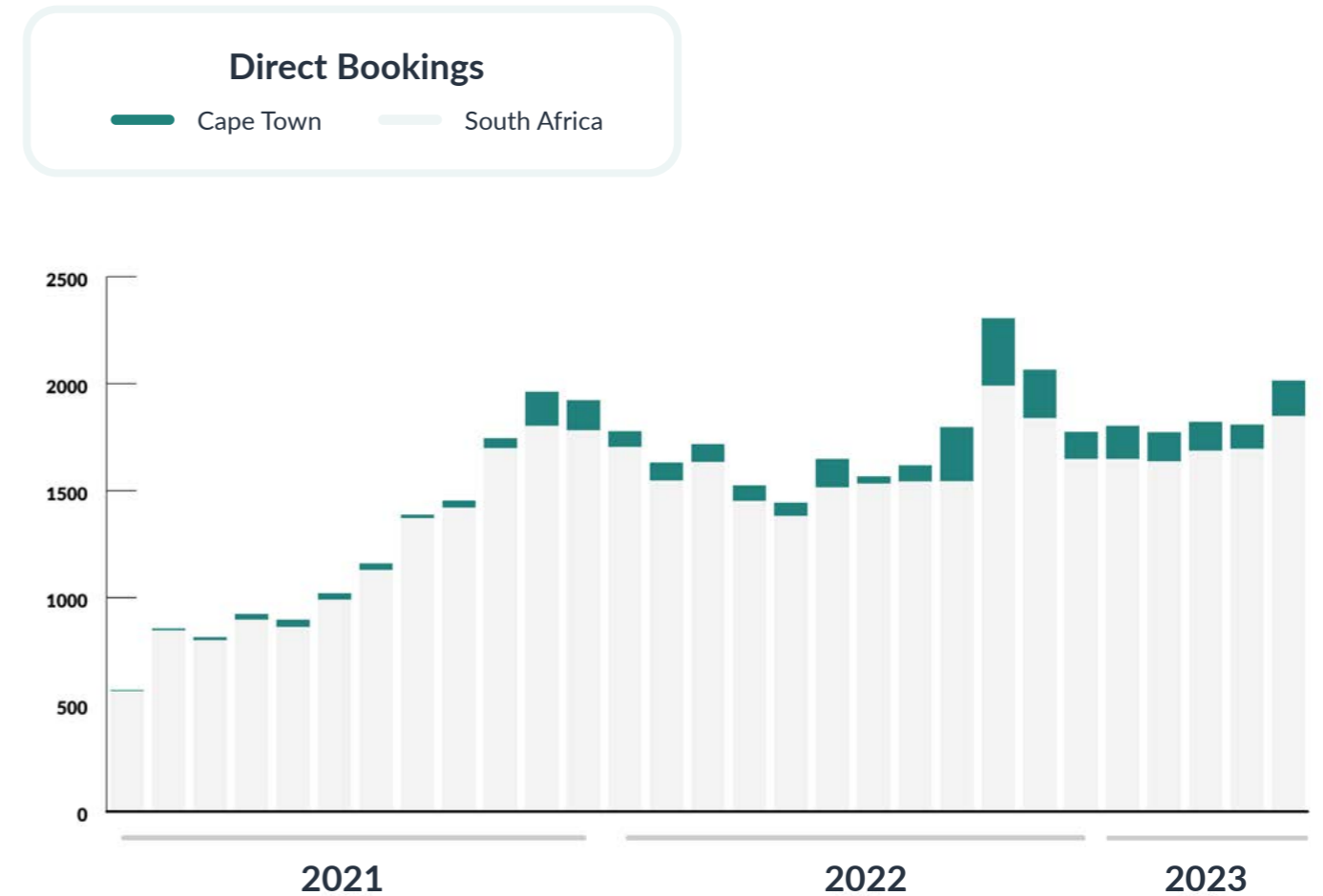
With 1,991 direct bookings in SA during October 2022, and an occupancy rate of 48% in December, we can see that travellers book ahead.

Specifically in Cape Town, where occupancy rose to 75% in December and peaked at 80% in March.

Direct Bookings ZA

— May 21 - Apr 22   — May 22 - Apr 23

May 21 - Apr 22 vs. May 22 - Apr 23

Since May 2021, we've seen direct bookings increase by 114.25%.
Our hoteliers also received a number of OTA bookings, with a total of 376,357 external bookings. With hoteliers paying a premium for external bookings, there's always room to optimise your hotel's online presence for more direct bookings.

INSIGHT:

The best way to improve online bookings directly on your website is by optimising your booking engine. Your hotel website should include a native booking engine so that guests can directly book a stay at your property. With endless online options for booking and browsing, guests want a frictionless and functional experience on your website.

So, a great booking engine goes hand in hand with a great website. Your website should have up-to-date information and images. When users can navigate your website easily to find all the information they need, they're more inclined to book directly. A website that has been optimised for search engines will also attract more visitors to your site – at no advertising cost!

HERE ARE SOME TOP TIPS:

1. Personalise your booking engine with brand colours & logo

2. Ensure all of your available rooms are listed

3. Use high-quality photos and intriguing room descriptions

4. Offer special discounts when guests book directly

5. Include special packages or add-ons

6. Always have a "Book Now" button in your website navigation

Does your current hotel tech solution provide these features? RoomRaccoon enables all the above optimisations and more with our booking engine!
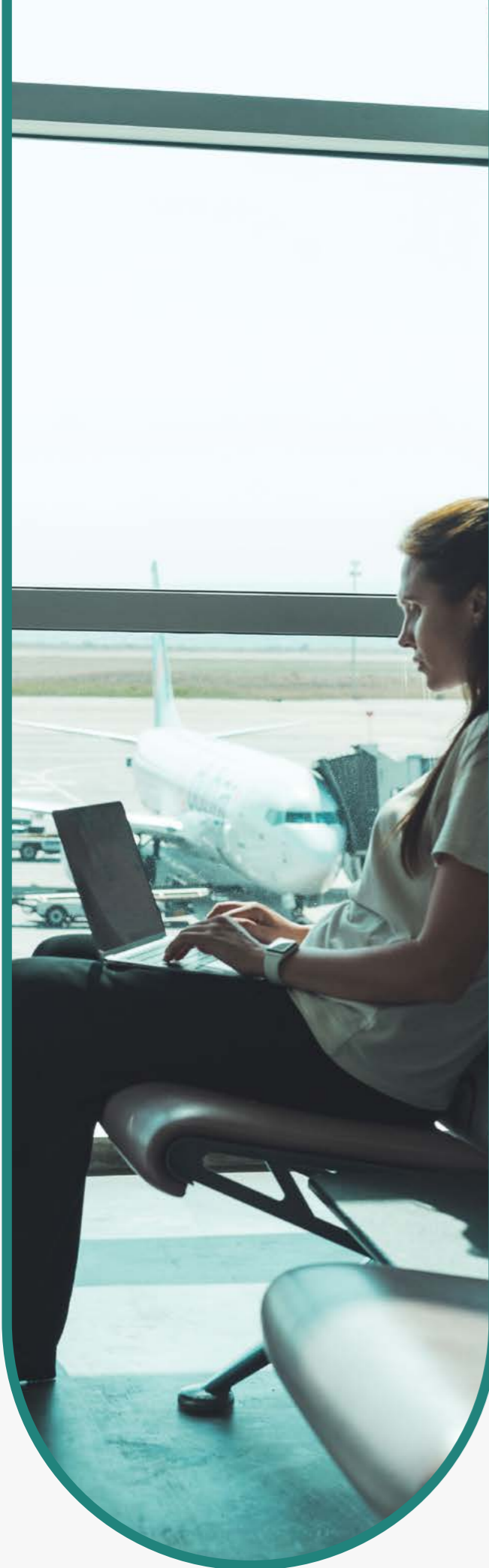
TRAVELLER BEHAVIOUR

Traveller behaviour was revolutionised post-2020.
As the hospitality industry would know, the effects of the pandemic were far-reaching and damaging to traveller behaviour. But once countries re-opened, travel returned with renewed velocity and new trends.

Digital nomads became more prevalent, with companies offering remote working options. This led to increased long-stay guests who worked and travelled, bringing about the boom of aparthotels (apartment hotels).

Cape Town is world-renowned for its metropolitan cityscape and spectacular natural beauty. This makes it a sought-after travel destination, especially for digital nomads. **This can be seen in the difference between the average length of stay overall in South Africa versus Cape Town.
Over a 12-month period, South African properties experienced an average occupancy of 39%, whereas Cape Town's rate was 56%.**
We've also seen how a variety of different events can influence occupancy and RevPAR in our previous insights.

Someone on holiday would ideally never leave. So what determines the average length of stay? It could be any variable from room availability to pricing. We recommend optimising your hotel's booking engine with all the relevant information travellers seek. Ensure that your availability is up to date, with a tool like a channel manager and use a revenue management tool to offer the best possible prices for travellers that outperform competitors.

Average Length of Stay

● South Africa   ● Cape Town

| | 2021 | 2022 | 2023 |
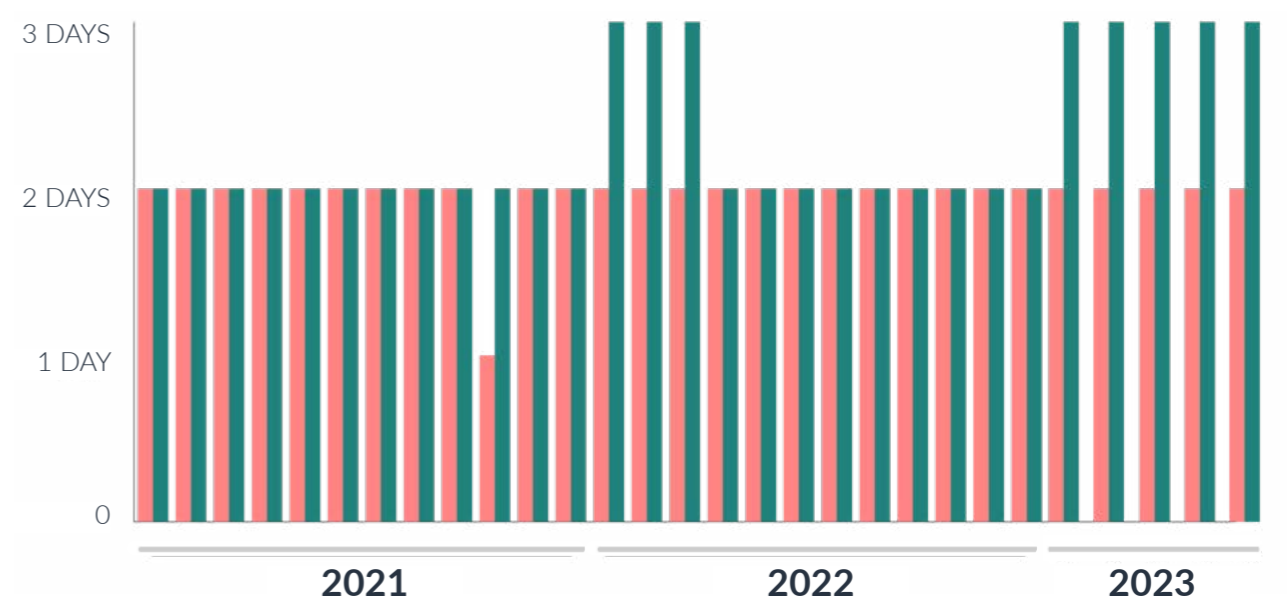
Another interesting insight is the purpose of travel. We have exclusive data on what our hotelier's guests are travelling for. Corporate travel indicates group bookings, whereas businesses can singular professional travel bookings. And of course, leisure is in the pursuit of relaxation and exploration.

Occupancy Split May '22-'23 ZA VS CPT

— Cape Town

— South Africa
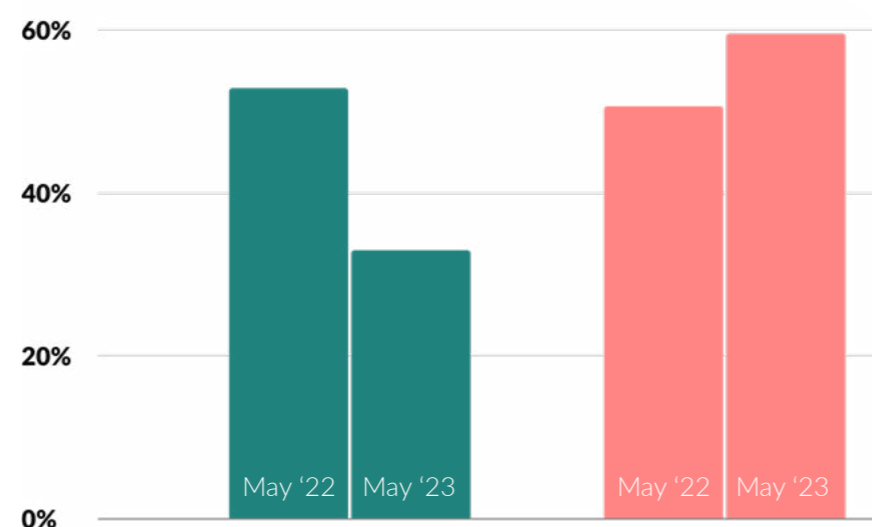
INSIGHT:

When it comes to types of travel, there are a few non-negotiables for guests. Whether travelling for business or pleasure, guests want a simple and swift check-in experience. RoomRaccoon's online check-in and check-out options allow your property to streamline this.

Another must-have across the board is cleanliness. Guests expect their space to be clean and neat on arrival after their often long journeys. When you invest in an all-in-one PMS, you can upgrade to our smart housekeeping module. This allows you to manage your employees and hotel more efficiently while keeping your property in top-notch condition.

OCCUPANCY

Occupancy reflects the occupied rooms of your property, and it can help improve your hotel's marketing strategy. This metric can also help hoteliers compare their performance to competitors. As a hotelier, you can also reflect on previous occupancy rates and statistics to track your performance over time.

RoomRaccoon has been working with some gorgeous properties based in Hoedspruit and Kruger Park. South Africans love a game lodge getaway, and foreign travellers almost always want to experience a safari.

This high demand means that all lodge owners can benefit from streamlining their operations with an HMS. Are you a lodge owner?

Check out our Lodge Management Software guide!
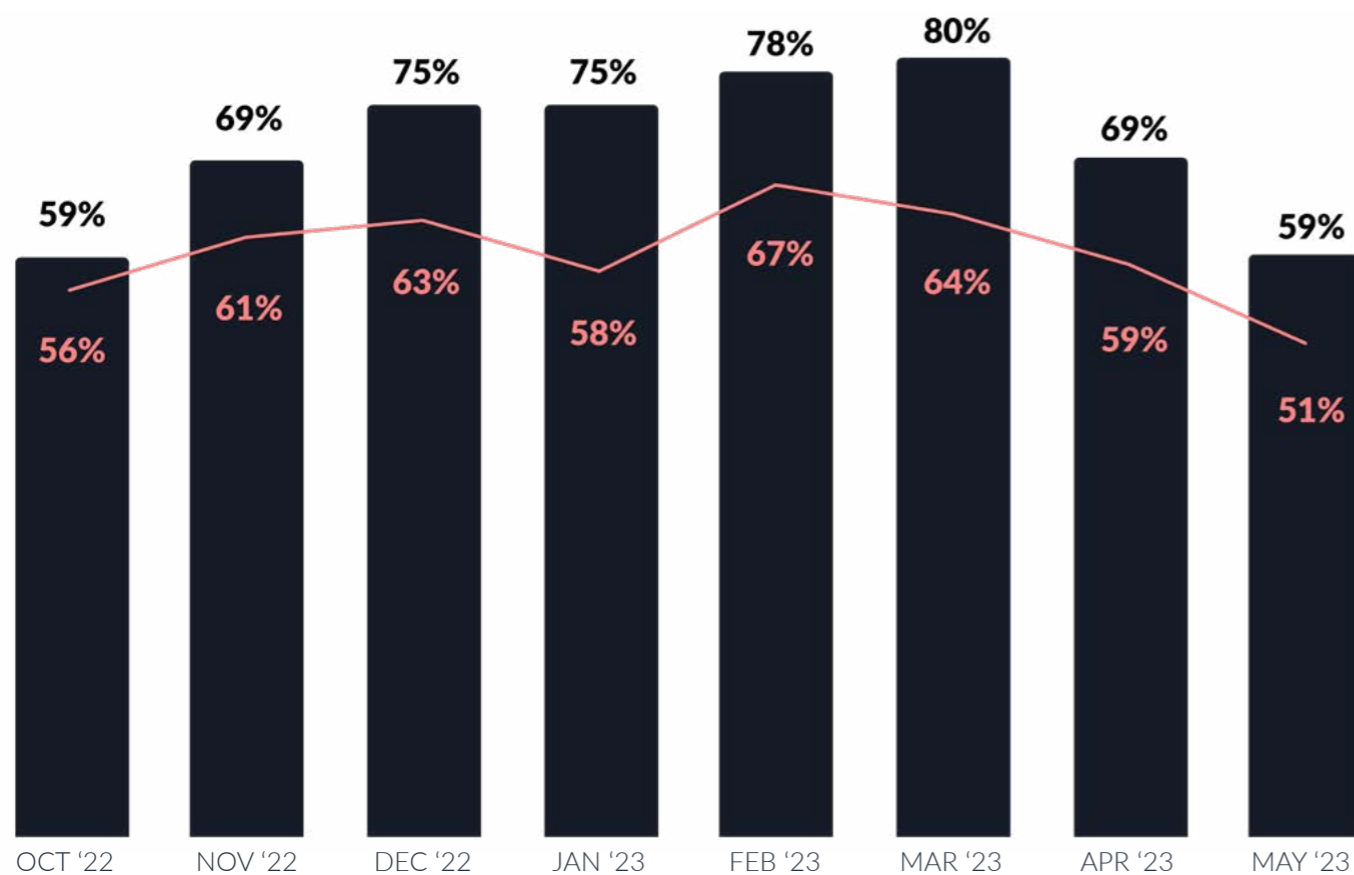
DATA ANALYSIS:

Cape Town revealed an interesting trend pattern of occupancy.

From December 2022, the average occupancy rate jumped to 75% but rose to 80% in March.

This indicates that the new fan-favourite for the mother city is March.

Monthly Average Occupancy of SA

━━ South Africa   ━━ Cape Town

Oct 2022 - May 2023

59%	69%	75%	75%	78%	80%	69%	59%
56%	61%	63%	58%	67%	64%	59%	51%
OCT '22	NOV '22	DEC '22	JAN '23	FEB '23	MAR '23	APR '23	MAY '23

When Winter arrives in South Africa, occupancy tends to drop off. However, in comparison to May 2022, May 2023 recorded a remarkable increase in occupancy levels, particularly in Cape Town.

Here, the figure rose from 26% in 2022 to 59% in 2023, representing an impressive 33% jump. This trend could signify improved occupancy rates throughout 2023, regardless of South Africa's season.
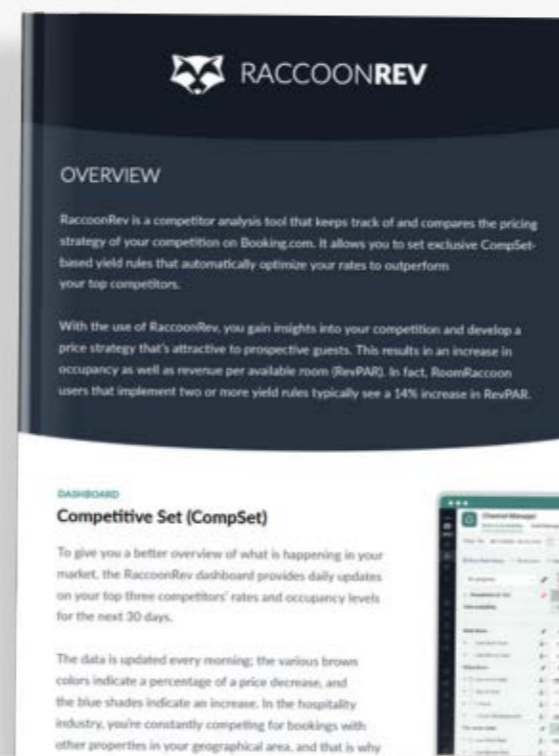
To make the most of your occupancy, you'll want to maximise your revenue per available room. So that even in low season, you can sell your rooms for the right price. We recommend using a tool that allows for dynamic pricing and competitor comparisons.

With a tool like RaccoonRev, you can compare up to 3 of your competitors and view their rates. The RoomRaccoon rate synch time is one of the fastest available - a mere 5 seconds. With this revenue management tool, you can automatically adjust rates so you're outpricing your competitors without outpricing your ideal guest.

PAYMENTS

—

Hotel payments have progressed far beyond cash passing from hand to hand. In 2023 there are so many ways to pay – it's never been easier to pay with effortless ease. As a hotelier, you need to provide guests with simple and secure payment options. It makes life easier for you and provides a better guest experience.

With a PMS like RoomRaccoon, you'll have a payments dashboard, customisable documents, confirmation emails, reporting and pre-payments. Our host of features allows you to manage your payments holistically.

In the past 12 months, South African hoteliers recorded a whopping 16,685 Virtual Credit Card payments through RoomRaccoon. This allows our hoteliers to capture payments with no manual effort and maximum security.

In January 2023, SA reached its highest record of VCC payments with 5136 payments. Whereas Cape Town's peak of VCC payments is directly correlated to its highest month of occupancy, March 2023.

VCC Payments Jan '21- May'23
— Cape Town   — South Africa

2021   2022   2023
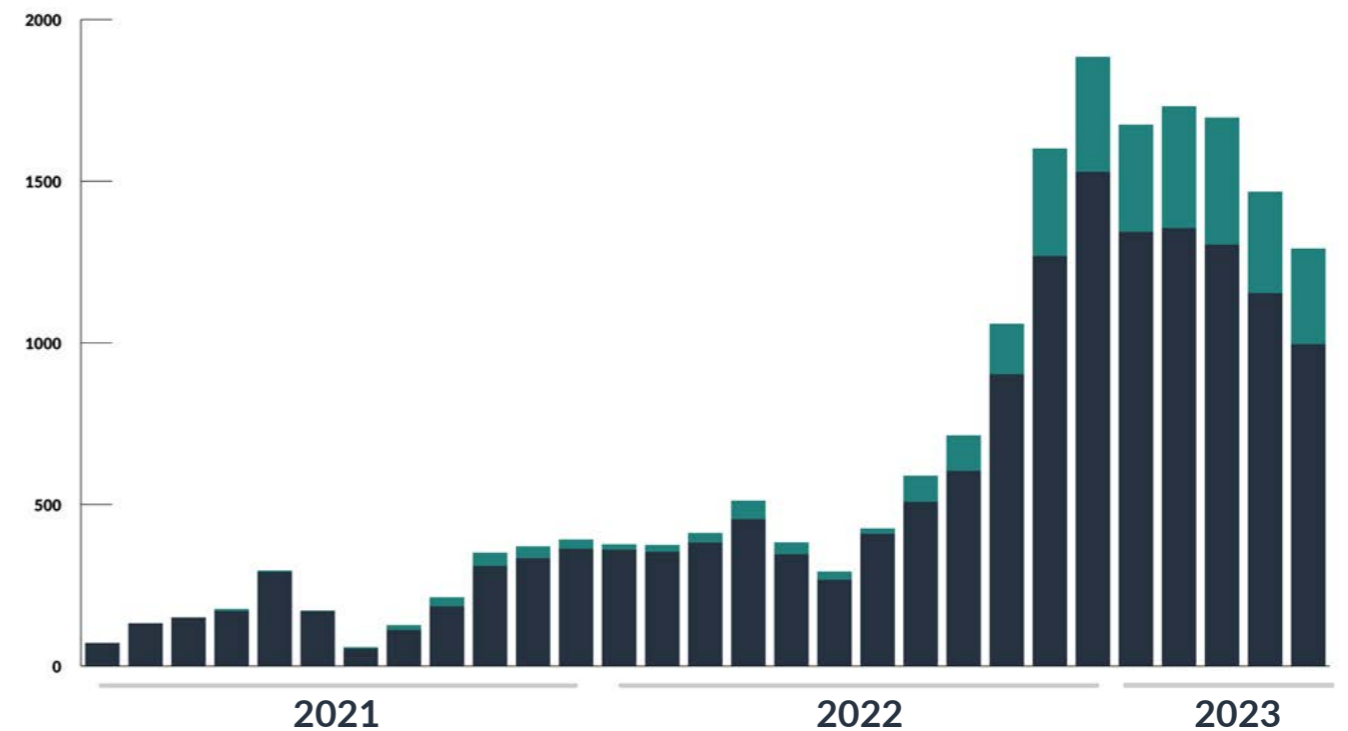
When comparing May 2022 to May 2023, RoomRaccoon's VCC payments increased by 187.86%. This shows a great level of guest adoption of online payments that offer a convenient alternative to in-person transactions.

Our data shows a telling insight into how guests are quickly adapting to new technology. Specifically with payments, where guests or consumers can be wary of new digital techniques. And this is great news for hoteliers.

No one knows better than a hotelier, the risks of working with credit cards. Chargebacks, false information and more can severely disrupt cash flow and impair guest relationships.
Online hotel payment processing through RoomRaccoon provides an all-in-one solution.

By using an integrated hotel management system, you can easily process transactions online and enable guests to pay at any point of the guest journey. All of your payments, payouts, refunds and more are in one place.

TOP TIP:

When setting up your payment processing, pay special attention to creating dedicated ledgers. Ledgers allow the correct tax information to be assigned to your guest's purchases.
It also allows for accurate reporting on your property's finances at a click of a button, with RoomRaccoon.

FORECAST

South Africa, like any other country, has its challenges to face. But I am positive that the hospitality industry will prosper. Hoteliers in SA are eager to invest in the right hotel management software and integrations.

"At RoomRaccoon, we've seen that our larger properties and independent hotels reap incredible benefits, mainly from yield management and our housekeeping feature. We've also been able to expand more into the lodge market."

With our client base expanding in South Africa, the data indicates that lodges are becoming more open to adopting technology to streamline their processes. This shows that lodge owners are moving forward with the times despite their traditional roots.

According to the data, Cape Town has become particularly popular for longer stays with 3-day stays being the most frequent. Hotels should be positioned to cater to the influx of digital nomads and bleisure travellers that are descending on Cape Town by investing in power back-up for load shedding, fast wi-fi and long-stay specials.

We've seen that events have a substantial effect on both RevPAR and occupancy. In line with this, hoteliers should pay close attention to any attractions hosted in their city. They can prepare by setting yield management rules to maximise room ROI. They can also ensure their add-ons are set up correctly to maximise revenue during these times.

South Africa is a beautiful country with hardworking and friendly people. There is unlimited potential for hoteliers to thrive, and I couldn't be more proud to be a part of the South African hospitality industry. I especially can't wait to see where we can take it with RoomRaccoon.

- Niels Verspui

JOIN THE HOTELIERS
LEADING THE AFRICAN HOSPITALITY INDUSTRY

RoomRaccoon empowers hoteliers with an integrated platform to better manage expenses, control operations, and delight guests through process automation. Our fully integrated platform comes with all the core tools you need: a powerful property management system, a built-in booking engine, and one of the world's fastest channel managers.

RoomRaccoon was a finalist for the Hotel Tech Report 2023 Best HMS and has recently been named the Best Ease of Use HMS 2023 by Capterra.