Leisure and Tourism Risks 2016

KPMG presents our view of the top risk by value driver faced by corporates in the Leisure and Tourism sector

Global

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Emergence of fast evolving digital technologies, increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. KPMG Risk Consulting assists clients to develop robust risk mitigation methods by interpreting the underlying drivers of global risks.

- Risk of over-supply of upscale product, wherein brands are failing to cater to the increase in numbers of domestic travelers within highly populated emerging markets such as China and India.
- Competitive pressures due to emergence of internet-based tour operators resulting in changes in the structure of the industry.
- Continuing dependency and financial viability of travel agent distribution system, air service providers and other key vendors in supply chain.
- Dependence on seasonal demand, and risks of natural catastrophes including unusual weather conditions and contagious diseases.
- Credit risk, which can be attributed to financial loss due to customer failing to meet its obligations.
- The risk of adverse movements in interest rates and exchange rates.
- Transactions subject to payment-related risks, including credit card fraud.
- Regulatory and compliance risk due to changes in international and domestic laws, rules, policies, tax regulations, technical standards and trade policies.
- Passenger liability risk owing to an accident or any other mishapening during the tour.
- Fraud, violations of the laws tariff/policies and cross-border legislations and changes in privacy law.

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