

# HOTEL Yearbook 2015

FORESIGHT AND INNOVATION IN THE GLOBAL HOTEL INDUSTRY

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and the even bigger picture:  
our world in 2025*

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Here come the robots*






























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# Africa: Moving beyond the handshake

by Trevor Ward 

**The African continent is awash with hotel development opportunities... and to some extent, the major players are indeed moving in, signing deals and getting projects underway. But as Trevor Ward, Managing Director at Lagos-based W Hospitality Group, explains, many of these ambitious plans have stalled. Why? And what is to be done?**

Africa. It's big, is Africa. Fifty-four countries at the last count. That's more than Europe (however you count the latter!) Fifty-four different legal systems. Four major languages, and thousands of others – every country, every tribe, every village with its own. So why do we keep generalizing about the opportunities in Africa, and the challenges of the continent?

There's divergence and convergence at the same time. Every country is different, with different resources, different economic drivers, different opportunities for hotel development. Developing a new hotel in Lagos will have a different rationale to developing one in Abidjan, or in Cape Town. But there is convergence too, particularly in East Africa, where the East African Community (EAC) is enabling trade between the five countries there, and there is a common visa regime now between four of them. A common currency may not be far behind. In southern Africa, SADC is increasingly bringing countries together, and Zambia and Zimbabwe have just announced a single visa regime. ECOWAS, in West Africa, is less effective, but there are hopes for the future.

But however much they converge, they will remain different nations – I don't see Gadhafi's "United States of Africa" becoming a reality just yet!

Challenges abound, and the hotel industry in some countries has been particularly hard hit by the Ebola crisis in 2014. Confined mainly to three small countries in West Africa, namely Guinea, Sierra Leone and Liberia, it also had a serious

impact on most other countries in the region, including Nigeria and Ghana, as borders were closed, flight schedules suspended, and severe restrictions placed on travel. But my goodness, did people generalize about Africa when it came to their travel plans! Trips from Asia to Tanzania's Northern Circuit were cancelled at the last minute due to Ebola, with no reported incidents of the virus within 5,000 km of the area. Cape Town (7,000 km away), Nairobi, Kampala – all were affected. Get the map out: would you cancel a trip to the UK because of an epidemic in Italy?

It has been a difficult year all round in Africa, with terrorist attacks and threats in many countries including Nigeria, Mali, Uganda and Kenya, currency devaluation in Nigeria and Ghana, civil unrest in Mali, the Central African Republic, Mozambique and much of North Africa. But those of us who live and work in Africa can look beyond these problems, and know that the opportunities will not diminish because of them.

The international hotel chains are increasingly devoting resources to sub-Saharan Africa – Carlson Rezidor, Hilton, Marriott, Starwood, Taj, Accor and Hyatt all have development offices in the region.

There are still 11 countries in Africa, 20% of the total, where there are no internationally-branded hotels – Angola, Burundi, Central African Republic, Comoros, Eritrea, Liberia, Mauritania, Niger, Republic of Congo, Somalia and South Sudan. Those are all opportunities. Granted, not the multi-location opportunities in the likes of Nigeria, but



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opportunities all the same. There are two international hotels planned in Juba, the capital of South Sudan, and two also in Nouakchott (Mauritania). The unlikeliest of places, perhaps, but five years ago who would have thought that there would today be seven hotels, most under construction, in Libya?

But while deals are being signed, they are not finding it that easy to get the hotels open – of the 142 hotels in 33 countries tracked by us in our Chain Hotels Pipeline Survey 2014, only just over 50% of the 23,300 rooms are on-site. OK, so that means there are several new deals in the pipeline, but the figures also include several hotels, particularly in West Africa, where construction has stalled, in some cases for several years. IHG, reported to be the largest hotel company in the world, opened just two hotels in sub-Saharan Africa in the last two years, and Accor, the second largest hotel group in the continent, only one. Marriott (the brand) has currently no presence in sub-Saharan Africa.

Ambitious development programs are being somewhat stifled. What should the hotel chains do about this? Three things:

- 1 Choose their owners more carefully. Easier said than done, I know, but many deals are just not coming to fruition because of the inability of the owner to perform. And I know of several deals that are being cancelled by the chains for that reason, with several years lost on both sides.

- 2 Use their balance sheets, or mobilise others! Asset-light doesn't seem to be working too well in Africa. Without a financial involvement, the chains have little leverage to get things moving, and to get them moving in the right way. Carlson Rezidor and Accor are already dipping their toes into this scenario...

- 3 Be far more pro-active in the development stages, not just providing technical assistance, but also acting as "shadow project managers", again to get, and keep, things moving.

I have lived and worked in Africa for 12 years now. It is no longer "the dark continent", except when irrational generalizations are applied, and people show their ignorance. At times it is frustratingly slow getting anything done, and in some countries – but by no means all – there does seem to be a tendency to take one step forward in the morning and one step backwards in the afternoon.

But the GDP growth in many countries is world-beating, the demographic dividend is there to be exploited, air travel is growing faster in the region than anywhere else in the world except for the Middle East – but I'm repeating what we all know about Africa: the opportunities are there, and will always be there. Just treat every country, every city as different – just like you would anywhere else in the world.

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