

HOTELS

'It is going to be a long, slow recovery for hospitality industry'

No doubt, the hospitality industry is among the worst hit by the impact of coronavirus pandemic since the first quarter of this year. As countries are now relaxing travel restrictions and restarting their economies, there seems to be hope of recovery for the industry. In this interview with Obinna Emelike, Trevor Ward, managing director, W Hospitality Group, x-rays the industry's current position, the impact, trends, recovery among other related issues.

No doubt, Covid-19 has dealt a deadly blow on the global hospitality industry with huge revenue and job losses. In your view, how much is the impact on the African and Nigerian hospitality industry?

The impact differs from country to country, but in general terms Africa and Nigeria have fared much worse than the USA, but about the same as Europe. STR released some statistics a few weeks ago that said that whilst in the USA 17 percent of hotels had closed, and the balance were achieving 37 percent room occupancy, in Africa 80 percent were closed and those still trading were achieving 14 percent occupancy – a huge difference. The reason the data paint such a different story is that in several African countries, including Nigeria, governments have ordered hotels to close, and the domestic and international flights have stopped operating (plus in Nigeria no inter-state road travel either). Hotels depend on travel, particularly air travel, for their customers. And whilst in the UK and other European countries government has provided financial support to companies who have furloughed staff, contributing a large part of the salaries of employees who cannot work, or are not needed, so that they are not sacked, there are no such palliatives available in Nigeria.

How will the losses impact business going forward?

It is going to be a long, slow recovery, it could take as much as 4 to 6 years (but in reality we don't know, we've never been in this situation before) to get back to 2019 levels of business. There will be really tough times for the staff no longer required, and for their families.

What are the new trends or new normal to expect in the industry going forward?

I don't see that, there will be much of a long-term impact on the way the hotel industry operates. In my opinion, social distancing will "fade away", particularly when a vaccine or other "cure" is available for the COVID-19 virus (but note that it will be a long time before a vaccine can actually be delivered to everybody). There will be a



Trevor Ward

greater awareness of cleanliness, that's here to stay – but shame on those who weren't clean already!

Do you see recovery for the continent and Nigeria soon?

We can recommence trading properly once the borders and skies are reopened. Whilst countries like South Africa and Kenya can look to the domestic market for demand, as they can drive to hotels, in Nigeria we rely on air travel for our domestic and international guests, so without flights, no guests. Then, there is the fact that for many cities in Africa the demand is almost entirely commercial and/or government, and unheard of reductions in GDP, and therefore corporate and state incomes, means there will be a reduction in demand from those sources. "Soon"? No, I don't believe it will be soon, but then the resilience of Africa and the Africans is legendary, and a return to growth is not so far away.

What measures should the sector adopt to survive, especially now that government palliatives are not getting to them?

The same as every business, look inwards to how we operate, and whether we can reengineer the processes to cut costs, and look outwards to our customers, maintain contact, inform them about the steps being taken to ensure their safety when they return. When hotels do reopen it is going to be extremely competitive,

and owners and managers are strongly advised not to seek to attract market share by abnormal discounting, as that is a lose-lose situation, and will result in more business failures than would otherwise have been the case.

Considering growth projections for the sector this year, how has the pandemic impacted it, and are pipeline projects still realisable this year?

All budgets, forecasts and projections made for 2020 are out of the window, and at present it is impossible to know what will be the situation, both in terms of supply (who will reopen, who will not) and demand (who will travel, what will consumer behaviour be like). As I said before, we've no experience of this "total reset". As for the pipeline, many planned openings are going to be delayed to next year or beyond, for a variety of reasons: there's no point opening into such a poor market (low demand); funding may not be available to complete the hotel; technicians and others cannot travel to commission plant and equipment; a reduction in capacity for cargo shipping (and airfreight) can delay materials and other needed items; and so on.

Are there brands that are holding on despite the impact of the pandemic and which brand is worst hit?

The pandemic shows no favouritism, so everyone is hit equally, whatever the brand, and those with no brand, all

are suffering.

Despite government order that hotels should open, why are many still shutdown, especially international brands?

It is not a matter of government "ordering" hotels to reopen! Hotels and tourism are matters for the Nigerian states to regulate, and each has different policies although most had shutdown the sector completely, along with bars, restaurants, night-clubs, event centres among others. In Lagos, after some confusion regarding the state government's policies, it has been confirmed that hotels can open to the public for their overnight accommodation, and guests staying in the hotel can use the restaurant and bar so long as social distancing and other regulations are adhered to. In order to open bars, restaurants and other facilities to the (non-resident) public, hotels must obtain a certificate from the Lagos State Safety Commission first, and then await an announcement from the State Governor that they may open their doors. That announcement is still awaited.

Do you think Nigeria can issue and enforce a uniform health and safety protocol for hotels and can hotels maintain the protocols?

Yes and yes. We are on the whole a highly professional industry, and the safety of our guests and staff has always been a priority, it's not as if this is something out of the blue for us. It's just that the new reality has brought new requirements, which will take some getting used to, but in a short time we will do just that, and the social distancing and other requirements will become second nature.

When hotels fully open, what do you think would-be guests will be looking for?

Hotel owners and managers will need to give their guests and potential guests the reassurance that all measures have been taken to ensure that they will not be infected by COVID-19 whilst on their premises. People are going to be very nervous at first, after so many weeks of lockdown, social distancing and so on, that the thought of being in close proximity to others will naturally bring anxiety.

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Four Points by Sheraton Hotel
(Oniru Chiefatancy Estate, Lekki)
Tel: +234 1 448 9444



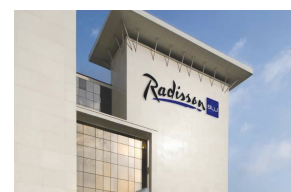
Transcorp Hilton Abuja
1 Aguiyi Ironsi Street Maitama, Abuja
Tel: +234-708-060-3000

The Wheatbaker
#4 Onitolo (Lawrence Road), Ikoyi, Lagos.
Tel: 01 277 3560



Hawthorn Suites by Wyndham Abuja
1 Uke St, Garki, Abuja.
Tel: +234 9 4603900, +234 805 7522500

Lagos Continental Hotel
Plot 52, Kofo Abayomi St, Lagos
Tel: 01 236 6666



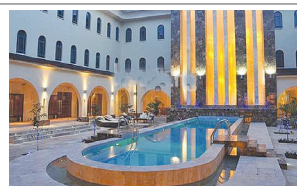
Radisson Blu Hotel Ikeja
#38/40 Isaac John St, Ikeja
GRA100271, Ikeja
Tel: +234-908-780 5555

206 Exclusive Hotel
Plot 206 Oladipo Diya Road
Opposite Olympia Estate
By Games Village Second Gate
Durumi2 Abuja



Novotel Port Harcourt
Address: 3 Stadium Road
Rumuomasi, Port Harcourt
Rivers State,
Tel: 0809 713 5734

Radisson Lagos Ikeja
#42-44 Isaac John Street,
GRA Ikeja, Lagos



Southern Sun Ikoyi Hotel
Address: 47 Alfred Rewane Road, Ikoyi, Lagos
Tel: +234 1 280 5200 / +234 1 280 0630
Email: ssikoyi.reservations@tsogosun.com

Radisson Blu Anchorage Hotel
1A, Ozumba Mbadiwe, Victoria Island.

