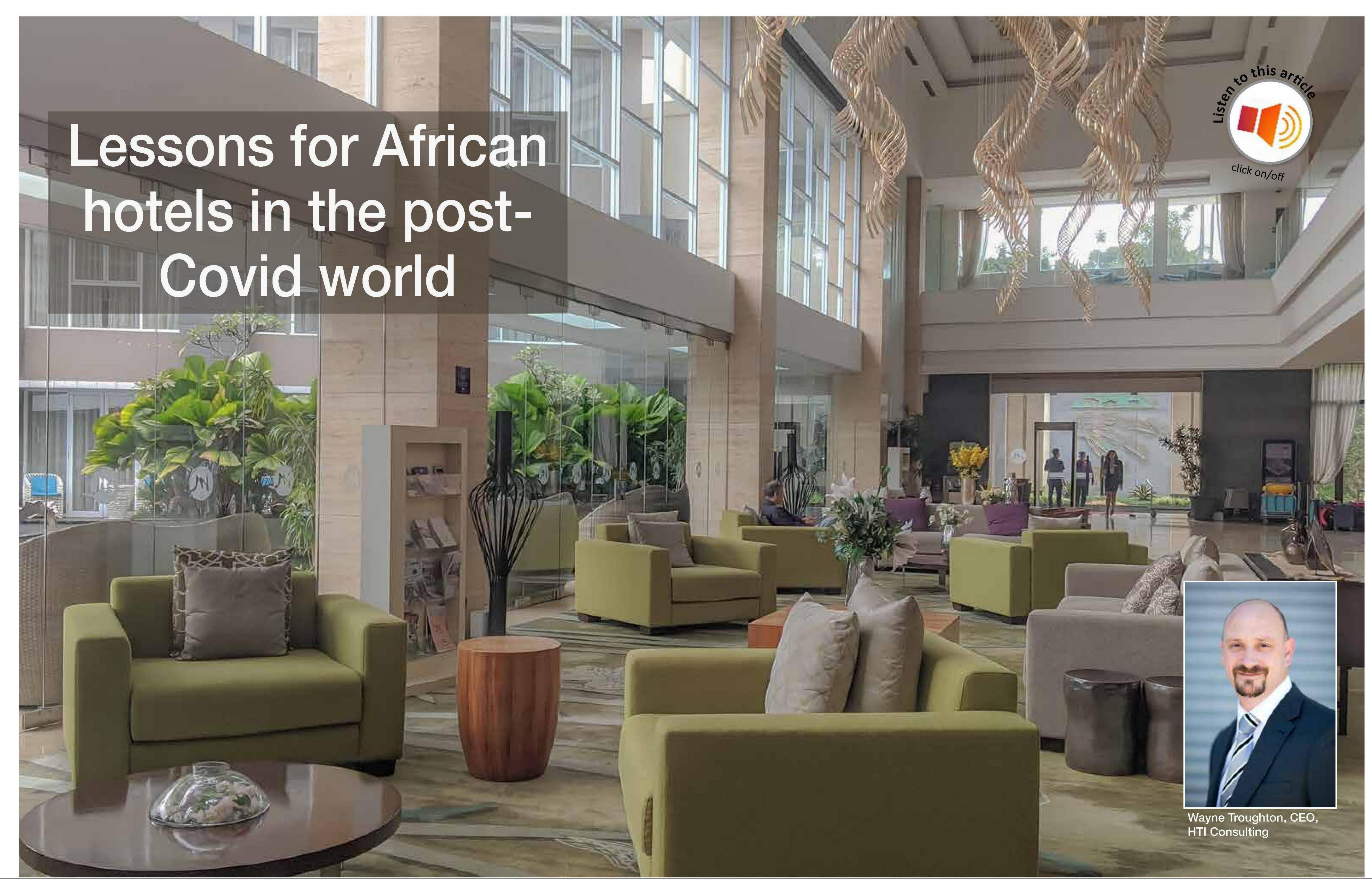
African Hotels



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## African Hotels

Hospitality

he global outbreak of Covid-19
paralysed travel and brought the
international hospitality industry to
a grinding halt almost overnight, bar
some establishments catering for essential
workers, offering quarantine facilities and
travellers not yet able to return to their
home countries.

There is currently much concern around how the international tourism landscape will change post-Covid-19. With the entire industry at a pivot-point, much emphasis is being placed on new hotel hygiene and cleaning protocols and what the 'new hotel experience' will look and feel like as markets slowly begin to open up and hotels once again resume operations.

Essentially, hotels will now need to work to assure customers that they are safe to use; reimagining their businesses (at least in the short-term) as safety companies first, hospitality providers second!

But, as several global centres begin to open, hotels face further important considerations when analysing and assessing business operations and guest experiences in the future face of tourism.

Today there are innumerable actions adapted to each market, establishment style, season of the year, environment etc. However, there are also lessons that can be learnt by African hotels in the wake of the current pandemic:

## Versatility and adaptability

African hotels that rely heavily on business travel and conferencing revenue will need to be adaptable to new demand channels and more versatile guest offerings.

Mid-market upscale hotels that focus on the domestic corporate market should be first to see a flow of business travellers return. There will undoubtedly be casualties with the loss of business travel if hotels don't adjust their offerings, but there still remains room to cater for domestic corporate travellers, and those that do are likely to benefit far sooner.

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Larger upmarket five-star establishments more reliant on the international business market, on the other hand, are likely to be harder hit throughout Africa. But fortunately, there is room for growth in various tourism sectors.

To maintain a foothold in the future face of tourism, the hospitality industry must appeal to the first travellers stepping out into the world after this global crisis, and demonstrate that these hotels are havens of safety and health compliance that go the extra mile for sanitation, cleanliness and hygiene.

#### Creativity can salvage revenue

One of the few areas of the Chinese economy to actually thrive through the coronavirus crisis has been food delivery. Many of the country's hotels turned to this new area in order to prevent total collapses in revenue. In February, Shangri-la Hotels announced they were offering food delivery in 14 cities, with information on the hotels and restaurants and all of the health and safety checks throughout the preparation and delivery process. At the beginning of March, the Intercontinental Hotel Group took to social media to promote its food delivery service, available in more than 20 cities throughout China. Hilton Hotels publicised food delivery and takeaway options in a March WeChat post, with an article featuring dishes from their hotels in Beijing, Guangzhou, and Chengdu, and a list of more than 45 Hilton properties, which delivery service to use and contact information.



In these instances, being creative was an imperative to salvaging revenue. In many African countries the hotel industry is generally perceived to be cleaner, safer and provides more space than freestanding restaurants and freestanding banquet halls. This fact alone offers opportunity for revenue generation.

Ultimately though, the question all hotels owners and directors should be asking themselves is, how can we become more

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profitable? Lower-income expectation means a requirement to match staff levels to service a much lower occupancy level to survive.

Therefore, hotels that can reconfigure their human resources will be well placed once tourism starts its long road to recovery. One of the ways is that hoteliers will perhaps need to identify which of their staff can multitask. Which staff members can check-in a guest and then serve them food in the bar or

restaurant afterwards? Employees who are able and prepared to do this will allow hotels to open with much-reduced staffing levels.

## Catering to a new 'budget business traveller'

Each year corporates and business travellers become increasingly budget-conscious and more and more insistent on achieving value for money. This trend looks set to increase in light of the current pandemic – and bodes well for future hotel cleanliness protocols.

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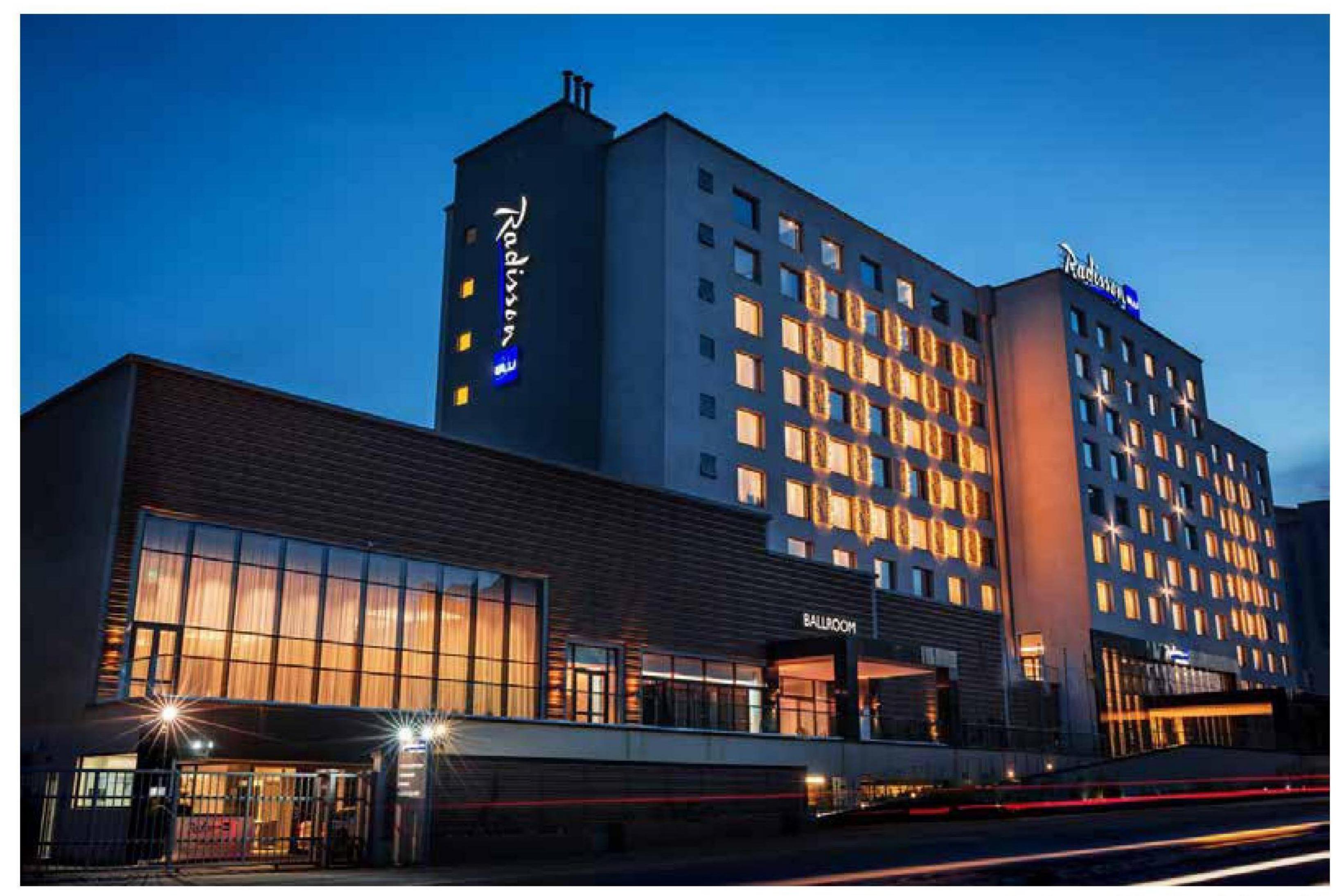
Midscale and economy hotels have been driving the recovery in China according to the latest STR Global stats, which bodes well for hotels in Africa focused on these segments of the market.

Uncompromisingly, these travellers want the best and the simplest WiFi. They want safety and security and they want a form of being looked after and entertained. They're increasingly looking for fewer frills like turn down services or special soaps, fumes that go into the bathroom and porters that carry your bags.

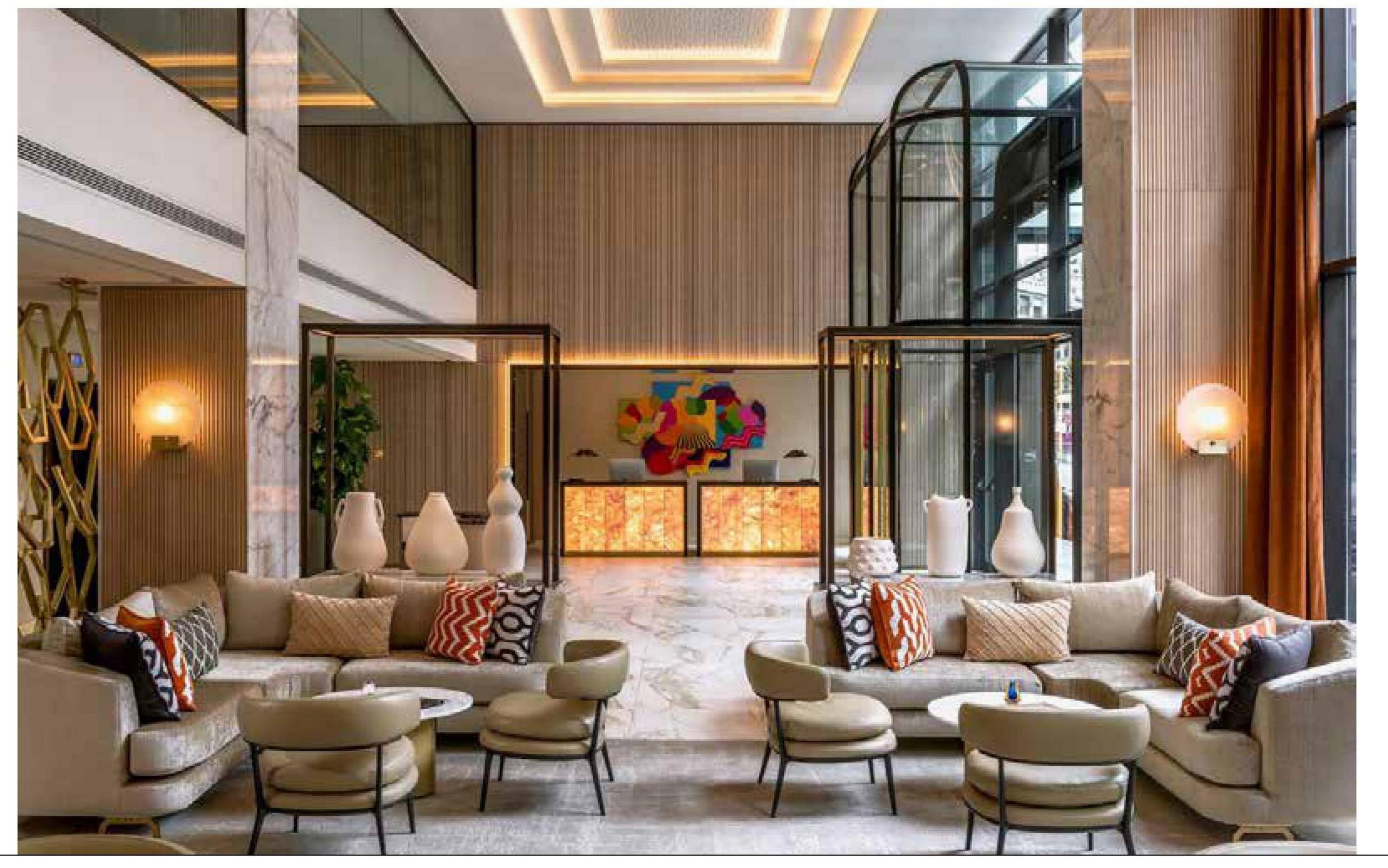
African hotels will therefore need to make a commitment to environmental safety and facing the Covid risk head-on by investing in clever ways to safely and hygienically make working and relaxing feel comfortable. Making provision for dual-purpose spaces, foldaway desks or tables, sleeper-couches, extra chargers and extensions, good lighting, and minimal clutter for easy sanitising would all prove good practice.

#### Pricing structures

Feasible operations are, of course, imperative at all times. Whilst pricing structures need to be carefully managed, the reality is that further operational costs will be incurred along the way to achieving new cleanliness standards, which will, in turn, increase pressure on room rates.



Radisson Blu Hotel, Nairobi



Hospitality

It is surprising to note the number of hotel owners unaware of critical factors such as break-even points (number of rooms to be sold at a certain price point in order to break-even). This will become increasingly important in an increasingly competitive environment when ensuring that at least a break-even (or above) price point is being reached will be an important factor for long-term sustainability.

Although the temptation is there to cut rates, hotels should avoid rate-cutting techniques as a means to securing business. Hotels should rather look to enhance value through their offering as a means of differentiation - a far more sustainable and long-term solution.

#### Technology as a contingency tool

As we already know, there is a clear need for a further digital transformation of the industry in order to meet the level of personalisation that guests demand. These tools may lead to an increase in direct bookings and lessen the dominance of the big OTAS. The online travel agencies will leverage markets through heavy investment in customer retention, loyalty, and acquisition tools, while hotels are investing in improving guests' stays.

The new normal under Covid-19 seems to be making it clear to the sector that investment in innovative technology must have a clear ROI where the impact can be measured, often by looking at the RevPar, amongst other factors.

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#### Flexibility measures

By offering flexibility to guests, hotels can give a degree of confidence to customers who are undoubtedly worried when booking accommodation due to the inherent insecurity of possible isolation situations, closing of borders, and flight cancellations.

Updating cancellation policies, including new measures specifically for epidemics, natural disasters, and different levels of international alert are now imperative. Other measures can include offering more flexible upgrades that allow guests to have a better room to be able to work from and to have more space in the case of unexpected quarantines. Being flexible with check-in and check-out times can also help to prevent guests waiting on the street or in common areas spending unnecessary time in close proximity to others.

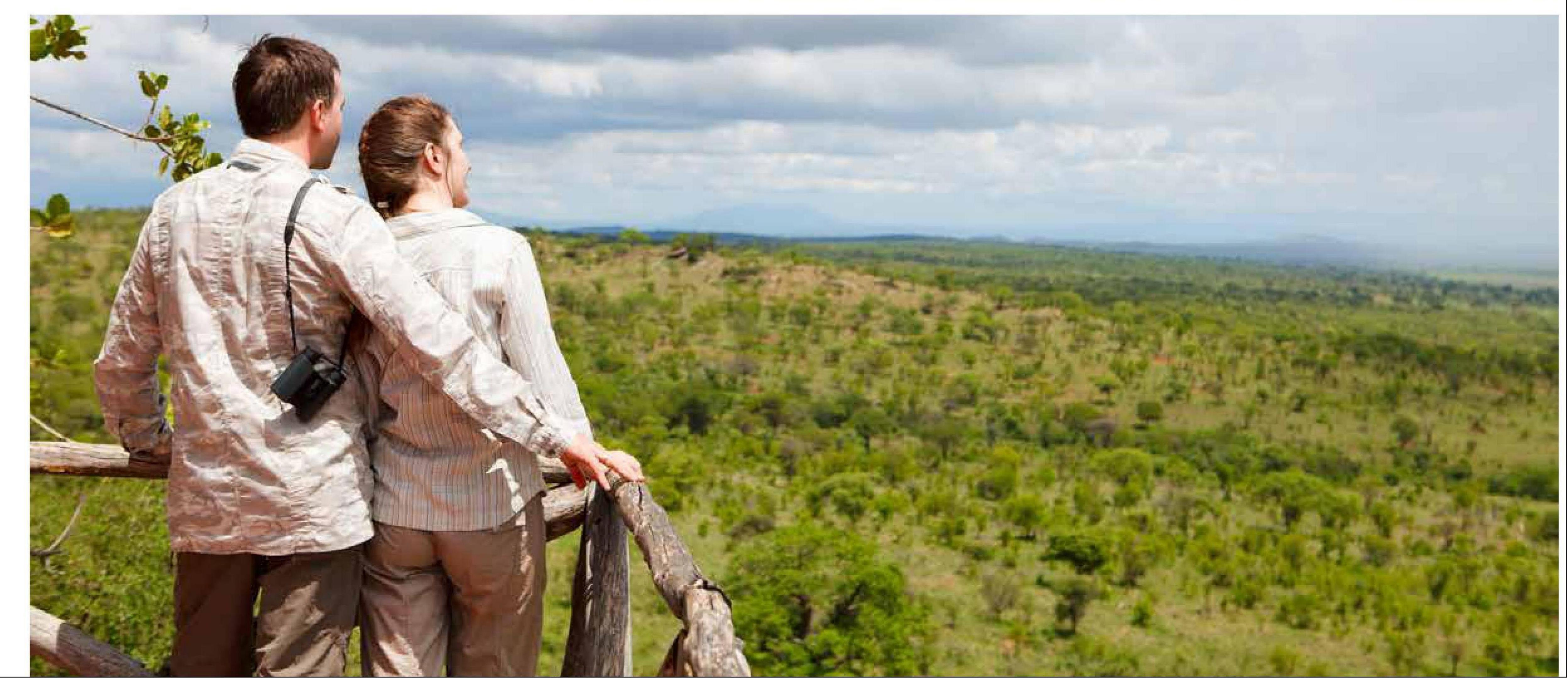
# Nurturing relationships and reaching new audiences

Hotel groups need to establish roadmaps for every single African destination in collaboration with local authorities, health-care experts and suppliers in order to prepare for a hospitality 2.0 approach. It is critical that a stronger and more inclusive dialogue is created between policy makers, operators, airlines and healthcare experts in order to create a real and wholesome exit strategy. Leaving this to individual decision-making processes could bring more harm than gain.

These are truly unprecedented times we find ourselves in. The magnitude of this pandemic affects tourism and hospitality colleagues, guests, and the communities in which hotels operate. It has revealed that these companies cannot and must never let their guard down.

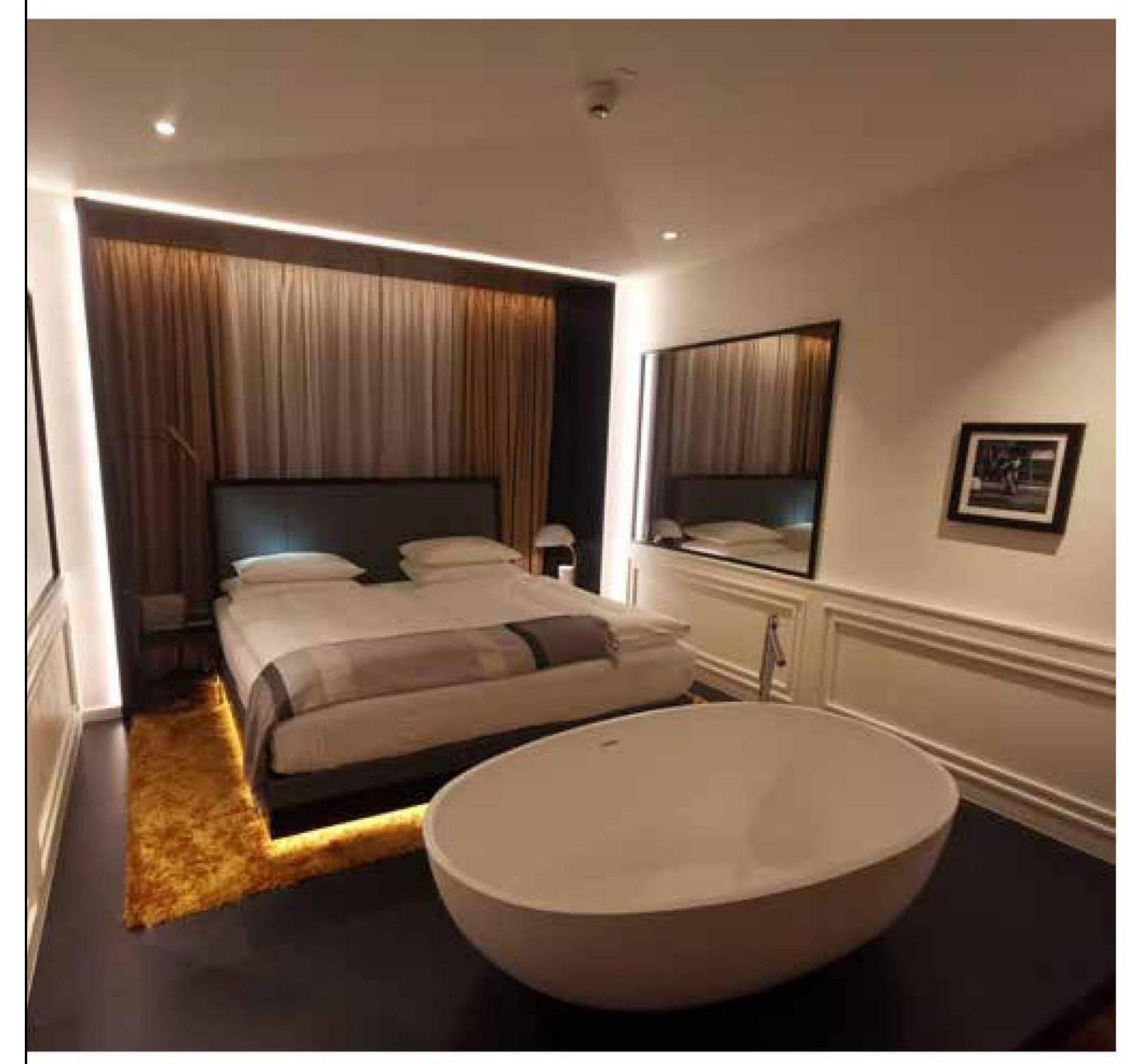
We have woken up to vulnerability and how this world is so connected by seeing how regional challenges can become global show-stoppers within a couple of days or weeks. Hotels, tourism entities and governments across our continent will need to work extremely hard to emerge from this crisis stronger and more united than ever.

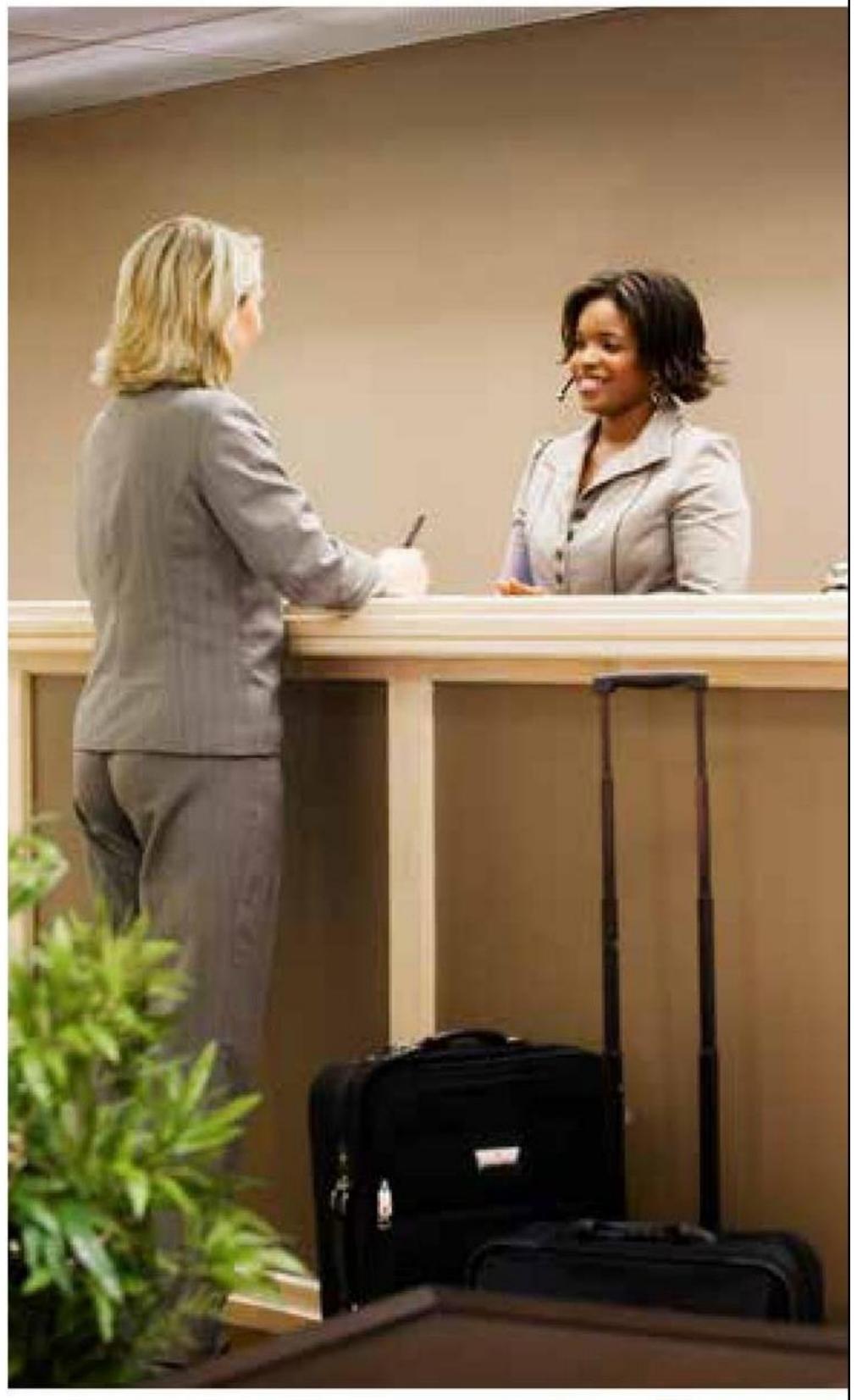




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#### What about development?

On the African hotel development front, we find investors are generally focused on a long-term view. I believe the African hospitality industry, which has been on an upward trajectory, will continue to expand, albeit slowly, and provided hotels are willing to adapt to new markets and cater for a new wave of consumers with different needs.

Prior to the pandemic, the African hospitality market was attracting significant investment. As the second-fastest-growing tourism region in 2018 (after Asia Pacific), with around 67 million international tourist arrivals, major investment has been made in the African hospitality industry in recent years by international hotel groups.

In December 2019, according to the Africa Hotel Projects Overview Construction Report, there were 282 projects in the African pipeline scheduled to bring more than 60 000 rooms to the region in predominantly four- and five-star establishments.

There remains great potential in the African market for hospitality businesses, but the tourism landscape will likely look very different after Covid. This is chiefly because, as mentioned, the African hospitality industry has relied on the prevalence of business travel across the continent and this will take some time to return to current levels. Market diversification is therefore ever more important for hotel development on the continent.

The leisure market represents a growing opportunity for Africa, particularly in less developed destinations where leisure resorts are sparse. If developed strategically and in line with an overall tourism development plan, the opportunities for leisure hotel development could be significant.

Hotel investors, owners and developers have also moved through different phases of operations and business development during the pandemic. The first phase was survival, where hotels were closed, developments paused and every means to reduce and cut costs were explored and implemented. This was followed by a shift towards preparing for the gradual opening up of economies, by preparing strategies and protocols ready for implementation.

In most economies we are now entering the next stage which has seen the opening up of economies and businesses with the realisation that we need to adapt to the current environment and learn to operate and be sustainable, as it is likely to remain this way for the foreseeable future.

Amidst the current conditions and the harsh reality of the continual impacts and effects of Covid-19, businesses are remaining positive and committed to adapting and pushing forward! We need to avoid the temptation to be managed and governed by fear and rather strive to move forward positively and fight adversity with opportunity and adaptability. **A+**