



STAYING IN STYLE

Africa is rapidly emerging as the next frontier in high-end hospitality. Here, industry insiders reveal to Wings what's powering the success, and describe a new era for African tourism

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"Hotels are a good barometer of a region's rate of economic development or decline," says Arthur Gillis, CEO of Protea Hotel Group, a wholly owned South African company, with approximately 130 properties across the continent. "Hotels start going up where there's travel to sustain them."

The stage is set. Economic growth has increasingly made Africa a competitive destination for business and tourism, creating demand for upscale accommodation. Rapid urbanisation in commercial capitals such as Accra, Lagos and Luanda has spurred a boom in what has been a relatively underdeveloped hospitality industry. What's more, experts see attitudes to tourism evolving among local tourists, who have their own ideas about what defines 'luxury'.

Under Arthur Gillis, The Protea group is in the process of opening another property in early 2014, and Protea Hotel Select Takoradi brings the total value of the company's portfolio across the continent

to over \$100 million. Takoradi is popularly known as Ghana's oil city, and is a recent contributor to the country's economic boom. Hence, it comes as no surprise that the continent's largest hospitality company would choose to make the coastal city the prime location of its new hotel in its ninth African country. The demand for the hospitality services offered by a group like Protea is underpinned not only by the presence of more international and business travellers, and foreign holidaymakers but also by the local populace, who have more disposable income than in previous years.

Pride of Africa

As PHG breaks ground in Ghana, it is simultaneously developing six other hotels within the continent. African Pride Hotels is the PHG's portfolio of luxury hotels, which was established in 2001 and has a presence in three African countries. Gillis describes African Pride Hotels as the signature of luxury, because it was established with the



Local Flavour
A suite at Tribe Hotel,
part of African Pride
Hotels Group



(Clockwise) Country
Life South Africa's
Steenburg Hotel,
focuses on
showcasing its
breathtaking setting





sole purpose of extending the understanding and experience of five-star hotel accommodation. "As Africa grows in popularity as a destination of choice for discerning tourists from different parts of the world," says Gillis, "demand for first-class service and superior luxury steadily increases." The company broke ground in Lagos, Nigeria in 2012, with its debut luxury hotel, African Pride Avalon Hotel And Spa, which is currently under construction. Though PHG has had a presence in Nigeria for years, with over 11 Protea Hotels already in operation, Gillis says the time is right to open their first African Pride Hotel in Nigeria. "It's arguably the most exciting market in Africa at the moment, with an economic growth rate predicted at seven per cent this year."

Gillis optimism is well founded. According to the W Hospitality Group, a Lagos-based consultancy, sub-Saharan Africa (with the exclusion of South Africa) had over 50,000 hotel rooms operated by international chains in 2012 – and that figure was expected to rise by 42 per cent by the end of 2013.

"There's a lot of attention on Africa, not only in the hospitality industry," says Shamim Ehsani, Marketing Director of Tribe Hotel, which also belongs to the African Pride Hotels stead. In his view, the continent's hospitality market is now in a state of transition after decades of stagnation. "It's the new gold rush. The increased discretionary income of the African middle-class is attracting attention from the financial sector. The hospitality industry is merely supporting this demand, and benefiting from the growth across different market segments"

As international luxury hotels push for a presence on the continent, one region of Africa that has seen a steep rise in the

"When African-owned luxury hotels are authentic and original, they possess an incredibly warm and magnetic quality that really sets them apart from big chain hotels" Shamim Ehsani

number of luxury hotels is the West; with Nigeria leading the trail. Simon Grindrod is the General Manager of the Wheatbaker, a premier hotel based in Ikoyi, Lagos and part of the Legacy Hotels And Resorts chain, also an African-owned group, in operation since 2011.

"West Africa is the new commercial frontier, and there's no doubt that Nigeria is a very serious economic powerhouse," says Grindrod. "Foreign visitors and domestic travellers alike are demanding better quality and value from hotels, and the hotel companies are responding to this. At the Wheatbaker, we balance the needs of foreign travellers with the equally important requirements of our distinguished Nigerian patrons."

Nigeria's challenges, from security to infrastructure, are well documented in the media. However, the Legacy Hotel Group are confident of the Wheatbaker's success. "Despite the very real challenges, Nigeria remains, and will continue to be, a vibrant destination for new hotels. We choose to focus on the best facets of Nigeria – of which there are many – and we are proud to be here at this exciting period in Nigeria's development," says Grindrod.

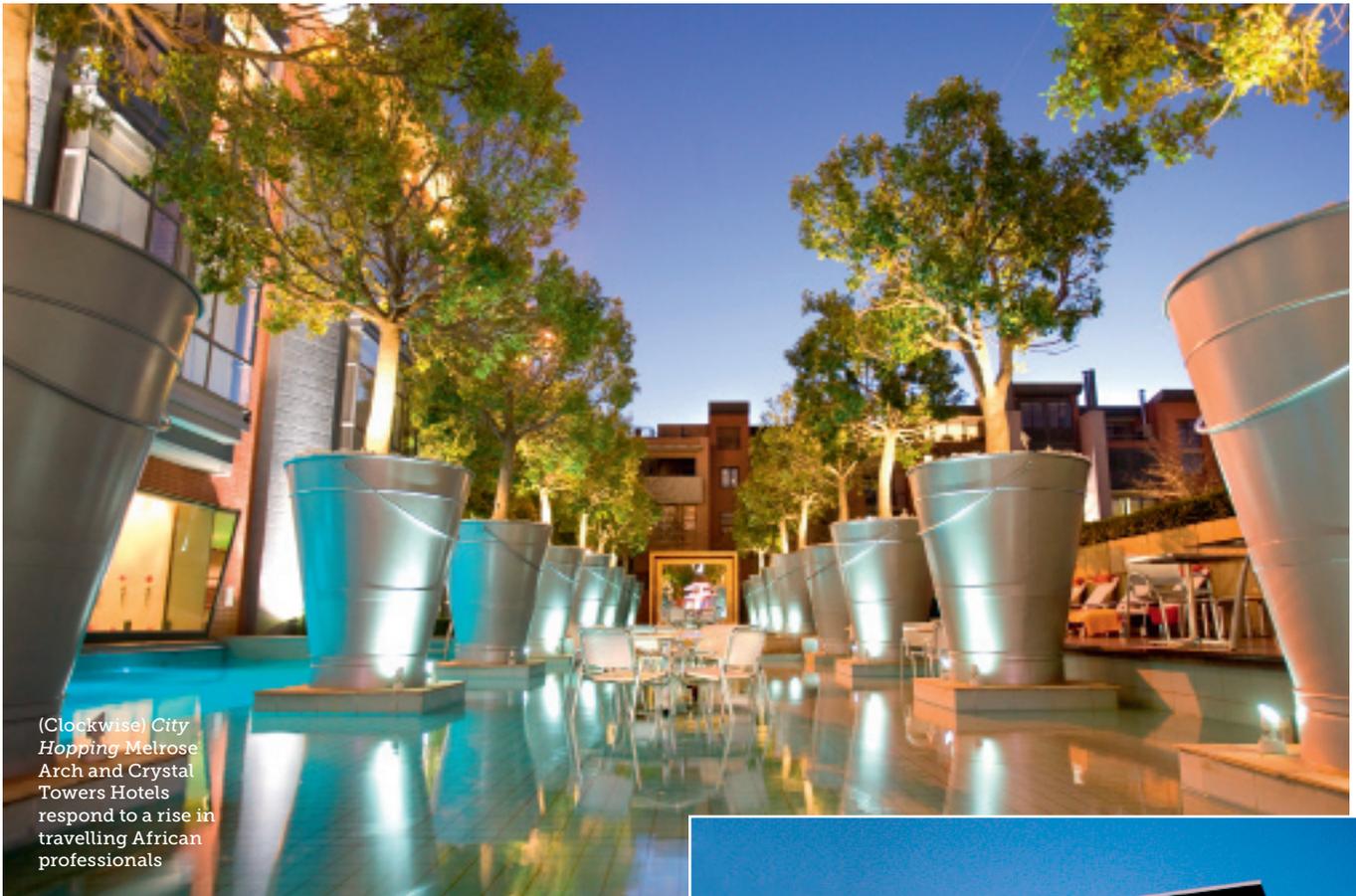
In neighbouring Ghana, Villa Monticello, a Ghanaian-owned entity, has been in operation for two years, and is making an impact on the market. General Manager Charles Meares explains: "Our hotel concept had not been explored in Ghana before the inception of Villa Monticello. We combine modern luxury with the richness of traditional Ghanaian culture. We have created an exclusive retreat that features 14 individually decorated suites, each designed to feel more like a home and less like a hotel."

Numbers game

Of course, it's the increase in global tourism and business travel that's spurring on the new wave of high-end hotels on the continent. But according to Meares, the benefits are being felt locally as well as nationally. "Tourism has been on the rise in Africa and supports a good number of countries by contributing significantly to their annual GDP. Businesses now find it easy to operate virtually anywhere, and most travellers will need accommodation and ancillary services."

Africa's economy is experiencing unprecedented growth. McKinsey Global Institute said that four years ago, the continent's





(Clockwise) City Hopping Melrose Arch and Crystal Towers Hotels respond to a rise in travelling African professionals

collective GDP was more than £1.5 trillion, and by 2030, that figure will account for the combined spending power of only Africa's top 18 cities, ignoring major economic drivers like the energy sector.

Combined with increasingly democratic and stable governments, this makes Africa more attractive to travellers and tourists alike. Statistics show there was a rise in the number of tourism arrivals to the continent, which went up from 37 to 63 million between 2003 and 2010 – that year, tourism earned the continent \$4billion, according to the State Of Tourism In Africa Report. In 2011, the United Nations World Tourism Organisation (UNWTO) barometer confirmed that Africa attracted 50 million tourists and a six per cent growth was expected for 2012.

Lap of luxury

While tourism has played its part, savvy travellers are also having a say in the kind of services they expect. Gaby Gramm is the Managing Director of LuxtravelEx, providing travel-industry representation to independent luxury hospitality products across South Africa. She is also former General Manager of the Steenberg Hotel, Cape Town. "The luxury traveller is looking for an authentic experience. They want to go somewhere where they can experience not only the hotel and service but the area – and it must be original," she says. "Travellers have changed: they're so well informed now. They want to get away from the hectic business of the world. I think any hotel that can provide that can call itself a luxury hotel."

"African consumers are also more exposed than ever before. They have a genuine appreciation for luxury, and place a high value on comfort and service" Shamim Ehsani



Apart from travellers who are seeking pleasure during their holidays, Gramm, Meares, Grindrod, Eshani and Gillis all emphasise the crucial role that business travellers with spending power also play in the growth of the sector. They all agree that while they have a diverse clientele, their customers have one thing in common: "They know what they want!" And although this outlook is predominantly held by foreigners – The Steenberg, for example, which is independently owned, has a guest patronage that is 85 percent foreign and 15 percent according to Gramm – Eshani also draws attention to the role of the trendy African consumer, at a time when Africa's middle-class is the driving force behind consumer demand.

According to the World Bank, consumer spending on the continent accounted for more than 60 percent of Sub-Saharan Africa's buoyant economic growth, and predicts it will accelerate to more than 5 percent over the next three years, far outpacing the global average. "Demand from the African consumer is growing. Image and perception play a big role in consumerism in Africa. Whereas 'foreign' companies need to present an increasingly frugal or spend-conscious appearance, the African consumer is placing a

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higher importance on an impression of opulence and wealth. African consumers are also more exposed than ever before. They have a genuine appreciation for luxury and place a high value on comfort and service," he adds.

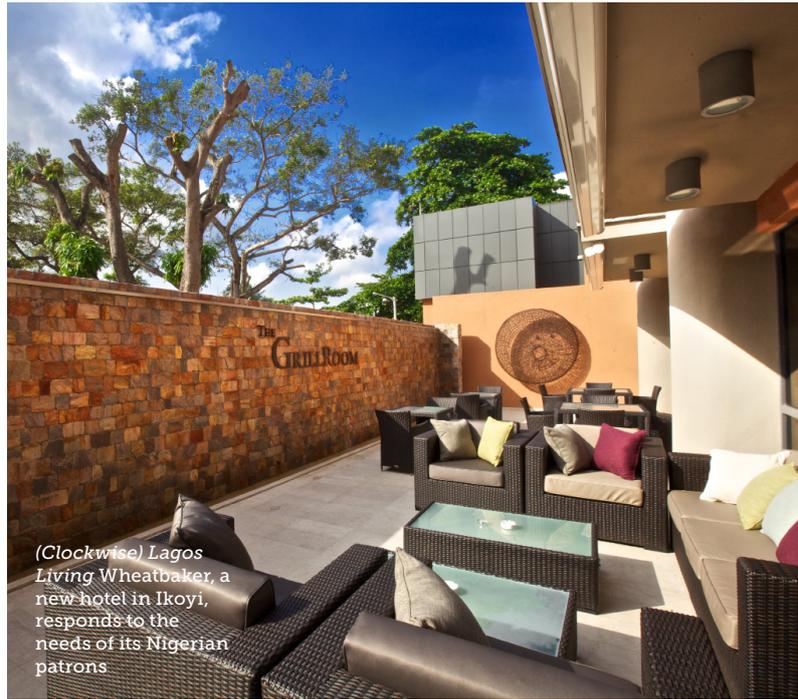
Powering change

How does the hospitality sector counteract the daily challenges of running a luxury hotel in regions that have had relatively dormant economies and challenges with infrastructure? Transportation and energy are two thorny issues the sector deals with in the day-to-day running of their businesses. In Nigeria, where electricity is still a challenge, Grindrod explains: "The hospitality sector is coming of age in this region, and the Wheatbaker has invested in a significant back-up plant to ensure our guests stay in the comfort and luxury they deserve." Unfortunately, power costs do impact on the hotel's pricing, but Grindrod is hopeful that progress will be made in power generation and supply.

In Ghana, Meares from Villa Monticello says: "The government has continued to invest a lot in road infrastructure within the city limits, and our road links are superior compared to others in the region." Gramm, on the other hand, raises the issue of accessibility – especially where intra-Africa travel is concerned. However, she also adds that "the domestic flight situation within Africa is much better".

Eshani sees infrastructure as a symptom of the wider picture. He says: "Infrastructure and transportation are vital to every growing economy, but so are political stability, education and the provision of basic human needs. Business investors need to have confidence if Africa wants to be competitive and attract their spending. Ultimately, hospitality is supporting the growth of emerging economies across the continent – without investor confidence and prospects for growth, Africa's current boom will be limited." But Gillis is confident that "infrastructure across the continent is improving at a rapid rate".

African Pride Hotels, The Steenberg, Villa Monticello, and The Wheatbaker are all award-winning hotels – with international awards ranging from recognised bodies like Condé Nast Traveller and The World Travel Awards. Eshani says one factor that has contributed to



(Clockwise) Lagos Living Wheatbaker, a new hotel in Ikoyi, responds to the needs of its Nigerian patrons

the unique selling point of luxury hotels based on the continent is simply that "the people in Africa, are inherently warm, friendly and hospitable – its population is the continent's biggest asset." For Ashani, expressing this uniqueness is the key: "When African-owned luxury hotels are authentic and original, they possess an incredibly warm and magnetic quality that really sets them apart from big chain hotels. Locally owned hotels have the opportunity to operate outside the corporate constraints of foreign-owned chains – to express creativity, and create an experience that is genuinely African." ➤

