

# Tourism needs urgent boost to survive

Protea Hotels' chief executive Arthur Gillis is not happy about the 60% room occupancy levels across SA's hotel industry.



"Now we have price wars, sometimes down to R250 a night," said Gillis at the Hotel Investment Conference Africa (Hica) in Durban. "I defy anyone who's not a money-laundering specialist to make money on that."

He believes 1,200-bed hotels generally aren't profitable even at R600 a night. Location is often the problem for some newer hotels.

"There are excellent hotels trying to survive on occupancy rates of between 15% and 20% and others built for R1bn that have never opened their doors. Sandton boomed, but even there four hotels closed their doors last year," he said.

This can be resolved by doubling international arrivals with government support, Gabriel Matar, Middle East and Africa director for Jones Lang LaSalle Hotels, suggests. Getting tourism working is critical, agrees Helder Pereira, chief executive of Redefine Hotels, noting long-standing European favourite destination Portugal "still has shocking numbers compared with its potential".

Undeterred, Tsogo Sun's managing director Graham Wood sees opportunity to expand by buying distressed hotels, which would be cheaper than building them.

And tourism minister Marthinus van Schalkwyk has announced an Industrial Development Corporation audit of under-utilised state properties for development into tourist attractions.

## Boutique hotels

It's even possible, depending on the property, that a few of these could follow the European model of boutique hotels, such as Spain's paradores.

Tourism consultant Paul Bannister of Ignite has long cherished the idea of a SA chain of holiday camps to introduce first-timers to the holiday concept, as they did 50 or more years ago in Britain with the Butlin's holiday camps. Intriguingly, Van Schalkwyk also announced a feasibility study for a pilot budget resort chain "aimed at an under-served markets of would-be

travellers earning less than R5,000 a month".

Certainly, high on SA Tourism's chief executive Thulani Nzima's wish list is driving domestic tourism past 2011's R101bn level and also up from 75% to 80% or 90% of the market. But his suggestion that this should be financed by credit seems strange, when concern over consumer over-indebtedness is so high.

SA National Parks already boasts strong growth in black tourists to 434,216 in its 2012/13 financial year. This includes an impressive 19,4% increase in black overnight visitors in national parks, says SANParks managing executive Glenn Phillips.

SA Tourism profiles show domestic tourists generally prefer self-catering accommodation. Van Schalkwyk says there's an economic purpose and political imperative to develop the lower-spending SA domestic market. Tsogo Sun's Wood sees great potential here for the multiplying effect of job creation.

## **Support for smaller businesses**

"We're already supporting 60 SMMEs through the Tsogo Sun book-a-guesthouse scheme," he says. "They've created about 200 jobs between them. If we all try this, adding new or extended opportunities in sectors from catering and supplies to building and transport, we can really make a dent in the 6m or so jobs needed across the country."

Supporting fledgling SMMEs properly was one of Wood's caveats. Figures from the Small Business Project show this does succeed: more than 50% of businesses supported by the Tourism Enterprise Partnership increased employment (against 16% non-supported), and turnover by 44% (against 33%).

Domestic heritage and culture tourism strategies could mesh with a shift in focus among visitors from SA's established markets of the US and Europe to result in a double win, boosting SA profits and jobs.

The 2008 global crisis sparked a vogue for "staycations" - local gems where they could holiday closer to home, says Grant Thornton's Gillian Saunders. "Now when these consumers holiday internationally, they look for discovery travel, intrigued by heritage and cultures that reflect their yearning for self-expression," she says.

## **Museums, heritage sites**

Tourism Indaba 2013's annual squad of hosted international journalists, joined this year by key travel bloggers, was often amazed at how much South Africans embraced their history. Says Olanireti Adekoge, Luanda-based representative of Nigeria's Tour Brokers International: "I thought I knew a lot about SA but I didn't realise there were so many wonderful museums and sites to visit. It was really well presented."

To her, Vusi Mahlasela's performance set at the heritage and culture speed-marketing trade show represented that surprise: "I thought, who's this old man? Then he started to play and I was dancing! I'm going to buy his CDs," she added.

Adekoge is looking for experiences like this for her clients - all eager travellers who also favour the Middle and Far East.

Tourism Indaba 2013 buzzed as usual with diamond giveaways, beach partying and airline announcements. Air China is to introduce flights complementing SAA's direct link to Beijing, Air Mauritius is reinstating direct Durban flights, SAA is code sharing with Air Seychelles, Etihad and Jet Airways.

But the basic message was to create jobs by promoting tourism to and in SA. Such pitches are expected from politicians such as Van Schalkwyk and KZN economic development and tourism MEC Mike Mabuyakhulu, especially ahead of an election year. They also echo the theme of the latest Travel and Tourism report - reducing barriers to economic growth and job creation - diplomatic since this is a World Economic Forum report and the WEF meeting was simultaneously held in Cape Town.

But Hica's corporate heads were making similar noises. The consensus that it's time to drive tourism arrivals (better flight pricing and easier visas) as well as look for inspired job creation. They know a stable, developing economy works for them too, and eventually so might staff from SMME startups.

As Bannister puts it: "Tourism is a perfect industry for developing unskilled and semi-skilled people, because it's all about the right attitude if you want to succeed."

Source: Financial Mail via I-Net Bridge

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