

# Driving growth in African tourism

Africa's tourism industry shows incredible opportunity for growth and, despite some challenges, hotels and other tourism businesses show increasing interest in investing in the continent's tourism offerings. It's this potential that has led Tim Smith and his team at HVS to host the inaugural Tourism, Hotel Investment, and Networking Conference - THINC Africa. We asked Smith, managing partner of HVS Consulting in South Africa, to share his trends for tourism in Africa.



Tim Smith

## ***What are some of the most notable trends influencing the African tourism industry?***

Business tourism is becoming more and more dependent on local and regional businesses, rather than international. This is clearly great news and makes the sector much more stable and sustainable.

Long haul leisure tourism is still dominated by the Europeans, although Americans are now travelling again. There are new markets opening or growing such as China and India, which are very exciting.

One of the big global trends is for people looking for experiences, Africa is ideally placed for that. Adventure travel is now becoming mainstream, but people do want to reward themselves afterward, either with luxury or location. So bush to beach is back, but so are sporting trips, like the Cape Epic, or climbing Mount Kilimanjaro.

## **■ *What is the outlook for the hotel industry? What is the biggest driver for growth in this sector?***

There will be some bumps along the way, but the outlook is very positive. The biggest driver for growth is political and economic stability. Safety or perceived safety is still incredibly important. Peaceful and democratic elections in Kenya and Nigeria were big steps forward for the continent as a whole. If potential visitors understand and truly believe the people are warm and welcoming it could be the deciding factor in making that trip. With weak currencies in much of the continent, the cost once you get here is relatively low, combined with the natural attractions, there are many more reasons to come to Africa than to stay at home.

## **■ *Have perceptions of travel to Africa changed and how?***

Yes, but there's still a long way to go. It was once perceived as relatively dangerous and expensive, with either luxury accommodation or poor quality hotels. Now people understand you can have an amazing experience in a huge variety of locations without breaking the bank.

## **■ *What facilitated this change in perception?***

The growth in the number of hotel rooms has helped, people gain comfort from knowing what they are getting for their money. Plus the internet helps, with more information available and websites like Trip Advisor giving guest-led feedback, giving further comfort. Word of mouth recommendations also helps as more people return home with great stories which mean more want to come.



©Calin-Andrei Stan via [123RF](#) - tourists taking pictures at sunset over Jama el-Fna market in Marrakech, Morocco. Marrakech is the top destination in Africa according to the [2016 TripAdvisor Traveller's Choice Awards](#).

### ■ ***What is the biggest challenge facing the industry?***

The role of government - the government has such an important role, from open skies policies and limiting taxes on aircraft to make Africa accessible, to ensuring visas are easy to obtain, to providing safe cities and stable economies. Finally, they need to offer good infrastructure so people can travel around the country, cross borders and secure reasonable internet access.

### ■ ***What role does HVS play and how does HVS influence the industry regarding the availability of information, connections, etc.?***

One of the largest challenges facing investors is the lack of data. They cannot decide to invest in Africa if they cannot understand the risks associated with the investment. One of the key roles HVS takes is to provide data, this includes collating trading information from all hotels we review so all our reports are based on actual trading information. We publish several articles every year sharing our data and experiences, the most important of which is our Hotel Valuation Index which tracks the values of hotels in 21 cities.

Regarding connections, we are delighted to facilitate meetings and introductions to grow the industry. We are hotel people, we love hotels and we love seeing the industry flourish - if we can help then we are only too happy.

### ■ ***What influence or affect do events like THINC Africa have on the industry? What is the major aim(s) of hosting the event?***

One of our aims/roles is education, we need to share information and expertise to educate people to ensure hotel investment is sustainable and successful. Through our global expertise, we are able to learn from other regions and use those experiences to help investors and operators make their businesses as successful as possible. THINC Africa brings together market leaders, influencers, and decision makers to discuss and find solutions for the challenges facing the industry. By sharing our knowledge and information we all benefit.