

Strong rand hits World Cup fans

By [Julius Baumann](#)

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The continuing strength of the rand is hurting SA's tourism industry, particularly in the run-up to the Soccer World Cup, says Adrian Gardiner, CEO of hotel and leisure group Mantis.

"The rand is about 30% overvalued and many fans are being turned off by the high cost of travelling to SA," he said yesterday, 13 April 2010. "The strong rand is making hotel accommodation expensive even if we have not raised our rates."

Gardiner said the group was using its high season rates during the World Cup and was not charging a premium for its rooms. "I know our prices are right because it is dictated by our return on investment. If we charged any less we would not be able to build any hotels."

Based on Mantis's bookings for the World Cup, Gardiner believes that arrival numbers will be far below the 450000 visitors the industry had expected last year. "While our properties in Johannesburg, such as The Monarch in Rosebank, are fully booked over the entire World Cup, many of our other properties are going to have a very poor World Cup.

"At Last Word Franschhoek we do not have a single booking while at Grand Roche in Cape Town a Dutch tour operator that had taken all five weeks of the tournament has so far only sold a fraction of the rooms," said Gardiner.

While the group normally trades at occupancies of between 70%-80%, based on present bookings Mantis expects occupancies of about 30%.

Gardiner believes that the South African tourism industry would only reap the benefits of hosting the World Cup in the years to come.

"We expect to see a huge increase in tourist arrivals next year, 2012 and 2013, much in the same way that Germany did following the World Cup in 2006."

The hotel and leisure group continues to grow its global footprint, with 40 properties around the world.

Mantis, which is owned largely by Gardiner, turns over between R450m and R500m a year.

"In these economic times there are always opportunities for growth.

"We are exploring new possibilities in North America and have identified three properties in the Bahamas, Miami and

Mexico. Our wildlife team is also visiting the US next week to explore a joint venture to develop some concessions in US parks."

Mantis recently partnered with US sales and marketing group Preferred Hotels in a bid to boost the group's global presence. Preferred Hotels represents 700 properties around the world and its extensive sales channels will open new markets for the Mantis Group.

Gardiner points out that Mantis is built on five sectors which includes hospitality, marketing, education, development and wildlife.

"We manage our portfolio using four contract types. The first, is where we take an equity stake, manage and market the property.

"The second contract we manage and market while the last two contracts involve solely marketing the property or badging where the property is included in our portfolio," said Gardiner.

Source: Business Day

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