

What will the hospitality industry face post-Covid?

As South Africa begins the journey along the government's phased approach to fully lifting lockdown, many businesses are gearing up for resuming operations, at least partially. What does this mean for the hospitality industry and how will the tourism landscape change post-Covid-19?



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BON Hotels CEO, Guy Stehlik believes the African hospitality industry, which has been on an upwards trajectory, will continue to achieve growth provided businesses are willing to adapt to newly-formed markets and cater to a different wave of consumers with different needs.

For the South African hospitality industry, there is still a long road ahead. Other than for the movement of goods and for 'exceptional circumstances' such as to attend funerals, inter-provincial travel will only be permitted when respective provinces reach levels one and two of the strategy. Restrictions on international travel prevail throughout all levels.

The widespread global outbreak of Covid-19 brought the hospitality industry to a grinding halt, almost overnight, bar some establishments catering to essential workers and travellers not yet able to return to their home countries.

According to Stehlik, hospitality and tourism companies must prepare for 'a new normal' when business does resume.

Pre-Covid-19

Prior to the pandemic, Stehlik explains that the African hospitality market was on the rise and attracting significant investment. In fact, the Jumia 2019 Hospitality Report Africa notes that the continent was the second-fastest growing tourism region in 2018 (after only Asia Pacific) with around 67 million international tourist arrivals.

He adds that major investment has been made in the African hospitality industry in recent years by big names in tourism. In December, 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.



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Business adaptability and versatility

Stehlik believes that there is still potential in the African market for hospitality businesses, but the tourism landscape will likely look very different after Covid-19. Of the total tourist expenditure in Africa in 2018, according to the Jumia report, a large contribution (29%) came from business travel.

"Historically, the African hospitality industry has relied on the prevalence of business travel across the continent," says Stehlik.

"There will be casualties with the loss of business travel if hotels don't adjust their offerings, but there is still room to cater to domestic corporate travellers and those who do will flourish far sooner."

"In a post-Covid-19 world, many businesses will continue to embrace remote and digital work processes. Businesses may also simply not have a budget for travel. This will significantly impact the hospitality industry if we are reliant on a large portion of business travel."

He stresses that establishments that rely heavily on catering to business travel and conferencing will have to be adaptable to more versatile offerings.

He believes mid-market upscale hotels that focus on the domestic corporate business market will be first to see a flow of business travellers return. Larger upmarket five-star establishments that are reliant on the international business market, on the other hand, will be hardest hit throughout Africa.

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Maintaining tourism's future foothold

Fortunately, he is confident that 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 tentative travellers stepping out into the world after this global crisis and unequivocally demonstrate that these hotels are havens of safety and health compliance that go the extra mile for sanitation, cleanliness and hygiene," adds Stehlik.

He predicts that there will be opportunities to capitalise on adventure tourism and religious tourism and to boost leisure tourism.

“ Tourism is a crucial contributor to economic growth. We need it to be feasible for travellers to visit African countries, to provide a foundation for us to highlight what the continent has to offer thereby boosting the tourism industry and the economy as a whole. ”

To achieve this, helping tourism and hospitality businesses across the board to continue to boost global economies, he approves of movements such as the Airline Passenger Experience Association's (APEX) recommendation for governments around the world to "issue immediate tax relief for the airline industry due to the unprecedented disruption caused by Covid-19".

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"For tourism businesses who take the time to understand the changing market we are facing, and are willing to adapt to drive new demand, the outlook remains good. Hospitality businesses must already be working on a strategy going forward to boost and highlight what they have to offer, whether it was their main focus before or not," concludes Stehlik.

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