STAYING POWER

The hotel industry is punch drunk from a year of lockdowns, alcohol bans and travel restrictions. While some are innovating to earn income from otherwise empty space, others are sticking to their core business, hoping to emerge intact on the other side of

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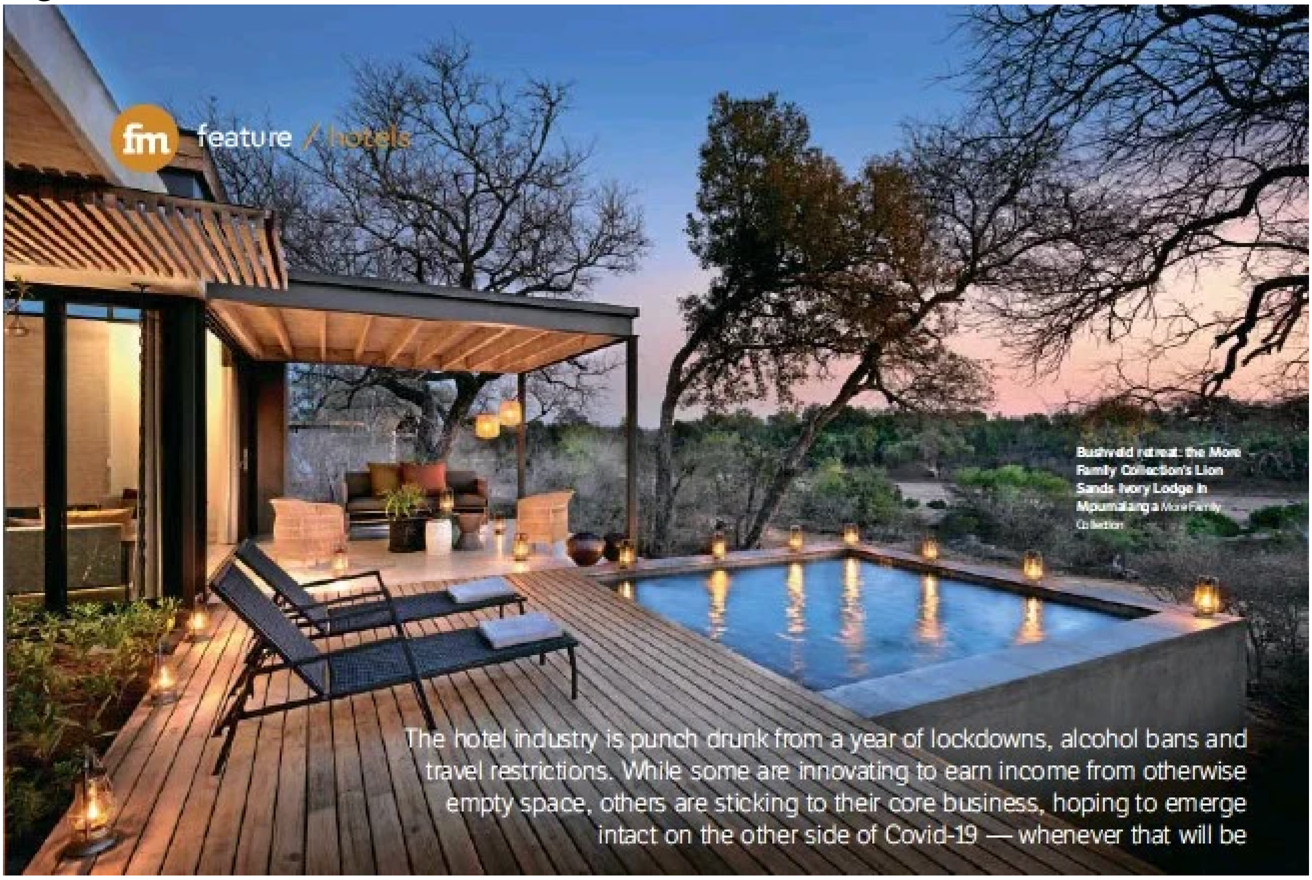
t London's Rosewood Hotel, guests can take a "workcation": a day stay in a room that comes with a workstation set up, and a butler service for tasks such as scanning and printing.



Bushveld retreat: the More Family Collection's Lion Sands Ivory Lodge in Mpumalanga More Family Collection

The hotel will even organise tutoring and babysitting for children.

In New Orleans, the Mercantile Hotel has reduced face-to-face interaction by deploying a state-of-the-art robot butler, according to online industry website Hospitality Net. It can deliver the newspaper, hand over welcoming snacks and mix drinks.

Closer to home, the Hotel Sky, which opened in Sandton late last year, tells guests three artificial intelligence robots are helping with guest relations, "answering all your questions about Hotel Sky, the local attracup

Ations, and the universe", as well as helping to carry luggage.

Elsewhere, empty hotel kitchens and banquet spaces are being rented out as "ghost kitchens": restaurateurs are paying cut-rate prices for cooking facilities to produce fare for delivery and takeaway only.

Other hotels have turned their rooms into residential rental stock. The More Family Collection, for example, has converted about half of its More Quarters in Cape Town into six-

to 12-month residential rentals. Where it once charged R7,500R8,000 a night for a room, it's now offering leases for about R10,500 a month.
These are just some of the ways hotels are trying to weather the Covid-19 storm.
In 2019, tourism contributed R125bn to SA's economy. And prior to the pandemic, corporate travel alone was expected to grow into a $1.7-trillion industry by 2023, according to Hospitality Net. Instead, lockdowns, travel restrictions, border closures and alcohol bans have pushed the industry to its lowest levels in 30 years, forcing hotels to find new ways to use their space to remain viable.
SA's Capital hotel group, for example, is offering "open air" workspaces — tents set in its gardens to create outdoor workspaces with a free flow of air.
It's not the group's only innovation. Shortly after the lockdown was announced in March last year, Capital advertised sanitised facilities for those wanting, or needing, to self-isolate. It also partnered with Discovery Health to offer a quarantine facility, the "Get Well Hotel", at the Capital Empire in Sandton.
It's paid off — as much as possible, given
the times. "We've kept our doors open and staff employed, which was our measure of success," says group MD Marc Wachsberger.
While the group has opted against renewing the lease on one of its Sandton properties, and has put another on the market, it's looking to future growth. Capital has broken ground on a new apartment hotel in Mbombela, due to be completed by January (it already has longer-term apartment tenants across its nine properties).
"We also have our sights on several other distressed hotels … that have recently become available due to the financial climate," says Wachsberger. "It's sad to see what is happening, but those that can survive will thrive."
The More Family Collection has worked to keep its luxury lodge and hotel business afloat by pivoting from the international to the domestic market. That's meant halving prices at its lodges to attract locals, who now account for about 90% of its guests — from about 10% before the pandemic.
The group has also waived single supplements — the cost guests incur to compensate a hotel when only a single person is using a room — to entice executive travellers to book remotelocation strategy and planning sessions.
There's a lot of inventory on the market, says CEO Robert More, so hoteliers need to be competitive. "Our word is 'hustle'," he says, "which is simply to ensure that any inquiry we get, we try to accommodate."
According to More, while people are again travelling in SA, it's the city hotels that have been hit particularly hard.
As a result, the group has closed all the hotels in its portfolio, bar the More Quarters in Cape Town. Of its lodge inventory, about half is operational, running at about 40% occupancy, says More. It's planning to reopen its Cape
Town stock in June, and its Victoria Falls properties
in March 2022.
Like many other hotel groups, and given the unpredictability of the market at present, the More Collection has shifted its focus from revenue to containing costs. By doing so, it will

be able to survive for at least the next 18 to 24 months, says More.
He believes the second part of 2021 will be better, and 2022 more so, which warrants keeping the core product ready and waiting.
And, when the sector does bounce back, he believes SA will be well positioned to benefit, given options for low-density tourism, a climate conducive to social distancing and the fact that many competitor regions will be closed.
Cape Town’s President Hotel will also be ready for the bounce-back, says its director, Jeremy Clayton. He tells the FM that the President depends heavily on the seasonal leisure market, with regular guests coming back every year from around the world. “So the hardest hit for us thus far has been [the loss of] international leisure [travel],” he says.
To keep things ticking over, the hotel has launched long- and short-term lets, long-term parking rentals and self-storage space (you can rent 10m² for R1,500 a month). It’s also letting out its rooms as office spaces and offers “daycation” cabanas, where guests who book a cabana for the day have access to hotel facilities, including the pool. There’s also a car-wash facility, and the hotel’s cakes are being sold for delivery to nearby homes.
The business travel segment has been equally hard hit. Just 46 of City Lodge’s 62 hotels are currently open. It’s set to unveil its 63rd hotel — the 168-room Courtyard Hotel Waterfall City in Midrand — in March. The rest of its properties will reopen as demand grows, says group COO Lindiwe Sangweni-Siddo.
While City Lodge has no plans to venture into apartments at this stage, it is focusing on long stays as part of its sales strategy. And it’s offering a remote-working deal called #YourPrivateOffice.
Even before Covid, City Lodge realised it had to put more effort into attracting the leisure segment, says Sangweni-Siddo. It began offering special rates for weekends and Valentine’s Day, and other package deals that incorporate a leisure or entertainment component.
Tsogo Sun Hotels — the largest hotel group in SA — showed itself to be particularly nimble during the lockdown, opening and closing hotels in as little as two days as demand waxed and waned.
“It’s not a normal world,” says Tsogo CEO Marcel von Aulock. “It’s a matter of switching off the heat, light and power when needed.”
Tsogo closed most of its properties during the first three months of the hard lockdown, before opening them again from June. By December all its Durban properties were up and running (it has since closed the Edward Hotel, as volumes dropped off dramatically after the holiday season). Its resorts are also open, as are most of its outlying hotels, in places such as Polokwane, Bloemfontein, Kimberley and Mthatha.
But Cape Town and Sandton have been particularly hard hit — the former because of its reliance on international clientele, the latter because it is the business hub of SA.
At present, about half of Tsogo’s Cape Town hotels remain closed, and the only Sandton ones that are up and running are Hyde Park and Sandton Sun, which attract business thanks to having outdoor decks for cocktails, afternoon drinks and snacks.
While Tsogo traditionally hosts a larger proportion of business travellers, the leisure market has now become its core source of cash flow, aided by its takeover of the Mount Grace

and Arabella Resort properties from Marriott.
Now it's about seeing how fast the sector can bounce back, says Von Aulock. "The demand for travel is there, but there's been a sense of fear around the second wave and the regulations."
But he's no great fan of current "innovations" in the sector, arguing that they're not enough to move the needle for a large hotel operator. For a start, there's nothing new in day use, he says. "It's a well-established concept."
He also doesn't believe pivoting will "turn a dead business into a thriving one". Instead, he says, survival is about sticking to the core business, chasing every inquiry, and giving a great experience to guests.
"We don't want to distract the teams operating in an already difficult environment with penguin projects from head office," he says, referring to projects that are never going to fly. "[We would] rather support them with sales and marketing where required and try to stay as close to customers as possible."
While potential buyers have approached
Tsogo with a view to acquiring some of its properties, Von Aulock says the gap between the bid and offer prices is vast. In fact, the only property it has sold was its 50% stake in the Maia Resort in the Seychelles — for R465m in July.
"We're not desperate. As a result of the actions we have taken over the past year, we have good liquidity and good credit lines with the banks. We're not interested in selling our core hotels as we intend to still be the leading hotel group in the country when this pandemic is over."
The Radisson group is also planning beyond
Covid. It went into the pandemic with a portfolio of 11 hotels in SA
(2,149 rooms). It opened its 12th hotel at
OR Tambo International Airport in October, and plans to open another in June, taking its room complement past the 2,500 mark.
William McIntyre, Africa director for the group, says Radisson is offering hybrid rooms that combine a state-of-the-art office with the comforts of a superior hotel room. It's also accommodating various segments, such as sports teams, by offering "bio bubbles", where a group can rent out the full hotel.
The Marriott International group also offers options for those working remotely, and it has entered the short-term rental space with its Homes & Villas offering.
Launched in 2019, Homes & Villas resembles Airbnb, but it's got the maintenance and management weight of an international group behind it. And there's no sharing space with a property owner.
With more than 200 properties in the US, Canada, Europe, the Caribbean, Latin America and now Africa, it's all about beautiful locations, flawless homes with pools, magnificent views, sophisticated penthouses, villas and waterfront residences.
SA listings include high-end houses clustered around Clifton and Camps Bay and lodges in the Nambiti Game Reserve, on the edge of Drakensberg Park.
Marriott vice-president for Sub-Saharan Africa Volker Heiden says South Africans are eager to travel locally, including for weekend getaways. He expects domestic travel to be

strong over the Easter and school holidays, with families looking to take road trips to neighbouring provinces.

“The ‘drive-to’ leisure destinations such as Umhlanga, Clarens, the Garden Route and Kruger National Park will be the popular choice for leisure travellers,” he says.

The holiday bounce will be good news for local operators, but broader recovery is still a long way off. Two of SA’s major tourism groups say it could take two to three years to return to prepandemic levels.

Tourism Business Council of SA CEO Tshifhiwa Tshivhengwa and SA Tourism

CEO Sisa Ntshona both told a webinar on the industry this week that the rollout of vaccines will be critical to rebuilding confidence in travel. And, said Ntshona, vaccination rates in SA will need to match — or better— those of the tourist target markets.

Recovery will also depend on SA taking action to improve visa, permit and other legacy issues, Tshivhengwa said, and working towards closer regional integration. “We need to move with speed if we want to be a competitive destination,” he added.

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