into Africa

Africa has untapped potential for travel and tourism and Marriot has seized the initiative with its plans to acquire hotel chain Protea. David Harper looks at the challenges that lie ahead for hotels on the African continent

When Marriott finalised its plans to acquire African chain Protea Hotels for $186m last month it meant the US company would become the largest hotel operator in sub-Saharan Africa in terms of hotel numbers.

Protea Hotels manages, franchises and leases hotels across the 104-strong Protea Hotels brand, with 80 hotels in South Africa, a country Marriott has been trying to enter for a number of years.

In addition Protea has a significant presence in Malawi, Namibia, Nigeria, Tanzania, Uganda and Zambia, again countries where Marriott has been trying to secure a platform until this deal.

With the final terms of the deal being finalised at time of going to press, industry analysts expect the best-quality hotels in the portfolio to be rebranded under one of the Marriott brands, while the Protea brand will remain on those that do not conform to such brand standards. Branding these properties with an easily recognisable internationally renowned name, with the benefits of one of the strongest central reservations system could be vital to future success.

Room to boom

The logic behind the deal for Marriott is clear cut. Sub-Saharan Africa is an economic hotspot, with commentators comparing it to the South Asian market just before its rise in fortunes. The estimate by Renaissance Capital is that by 2050 Africa: "Will produce more GDP than the US and the eurozone combined today, and that Africa can build its economy quicker and has the greatest 'room to boom' than any other."

What has taken other economies centuries to do will take Africa just decades and this means – with a growing middle class – there will be an estimated 1bn Africans on the move in that time.

Africa has been the world's second-fastest-growing economic region in the past 10 years, with average annual growth of 5.1% in the past decade, driven by greater political stability and economic reforms that have unleashed the private sector in many countries.

Poverty is also on the retreat and a new consuming class has taken its place: since 2000, 31m African households have joined the world's consuming class.

Hotels are leading the way in investment, despite the fact the continent is undersupplied as a whole in terms of international standard hotel rooms; Africa has only 6% of the supply found in Europe, and less than 1% found in the US.

Sub-Saharan Africa is the least-well-supplied region, with 23.3% of branded bedrooms on the continent, while having almost 73% of the total population. Almost 49% of all bedrooms are located in North Africa, with the remaining 28% located in Southern Africa.

The deal will ensure Marriott has more flags in the region than any other hotelier, although it will still trail behind Accor in terms of bedrooms, according to W Hospitality Group, the Nigerian-based hospitality consultants, headed by Trevor Ward.

He says: "There has been a tremendous amount of development activity in