UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY 2014

TITLE OF PAPER	:	INTRODUCTION TO TOURISM MARKETING
COURSE CODE	:	BA 325
TIME ALLOWED	:	THREE (3) HOURS

INSTRUCTIONS :

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
2. SECTION A IS COMPULSORY
3. ANSWER ANY (3) QUESTIONS IN SECTION B
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONGSIDE THE QUESTION.

NOTE:

MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT TO BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

MAJOR HOTEL PLAYERS BED DOWN AFRICA DEALS
Continent the setting for latest brand roll-outs.

Africa is becoming the new battleground for global domination among hotel groups. Just as the Middle East was for several years the region where the likes of Marriott, Hilton, Starwood and InterContinental Hotels Group fought for market share, so sub-Saharan Africa is now the setting for the latest roll out of their global brands.

Marriott set the pace late last year with the $200 million-plus (R2 billion) takeover of Protea, a 116 hotel group spanning seven African nations. "Honestly, I think Africa is the next big thing," said Michael Wale, head of Europe, Africa and Middle East at Starwood. But he sounded a note of caution amid the hype. " I am absolutely clear it won't be easy, and won't be done in the short term."

For decades, Africa has attracted foreign tourists to game reserves, fuelling the construction of safari reports. In 2012 international arrivals surpassed the 50 million mark for the first time, generating $ 33 billion in revenue, according to the United Nations World Tourism Organisation, which forecasts that arrivals will top 85 million by 2020.

But tourists are not the travelers exciting the big international hotel groups. Alex Kyriakidis, who heads the Middle East and Africa business at Marriott, said the "big prize is domestic and regional business" travelers.

The emergence of business travellers hopping between Lagos, Nairobi, Johannesburg, Luanda and other African commercial capitals is a clear reflection of the continent's recent period of strong economic growth and relative political stability dubbed by many observers as "Africa rising".

The International Monetary Fund forecasts that sub-Saharan Africa will grow 6% this year, second only to the 6.5% growth rate in the developing Asia region, which includes China and India, and well above the global rate of 3.6%.

Rick Menell, a banker at Credit Suisse in Johannesburg, said the new African commuters had few places to stay. "The hospitality market has great potential because it is under served," he said.

Regional business travelers are also paying top dollar for their hotels. According to the Mercer consultancy, Luanda, the capital of Angola, and N'Djamena, the capital of Chad, are among the worlds' five most expensive cities for business travellers and expats in terms of food, transport and accommodation costs. In Luanda, it is difficult to find a business class hotel room for less than $500 a night.

Hotel industry executives are flying around the continent to explore how to meet this growing demand. The merger and acquisitions route looks difficult. Marriotts deal with

Protea, which has established the group as Africa's biggest by number of hotels, has reduced the list of potential targets.

Among the remaining regional groups is TPS Eastern Africa, the Nairobi listed group that owns the Serena brand with 32 hotels, and Tsogo Sun Holdings the Johannesburg listed group that runs a portfolio of more than 90 hotels and casinos.

City Lodge Hotel Group also listed in Johannesburg and with 55 hotels, is another potential target, although its sole focus in South Africa is a handicap.

With little else in terms of takeover targets to satisfy the global hotel groups predatory instincts, Trevor Ward, head of Lagos based consultancy W. Hospitality Group, said further growth in the region would be organic. "All of the global players now have deal makers based in sub Saharan Africa, and the payback is evident from the growing number of signed branding and management deals,"
At the beginning of last year, the pipeline of new hotels being built in the region – those for which binding deals had been signed was 207 up nearly 40% from 2011, according to W. Hospitality Group.

French group Accor leads the way on planned hotels with 30 while Carlson Rezidor of the US plans 28 and Marriott 22 hotels. Starwood plans 15 new hotel openings. Hilton has 17 hotels planned and IHG nine.

Organic expansion will not be easy however. Global hotel companies face a key obstacle: a fragmented continent with a population of about a billion people split among 54 countries, which in turn means dozens of different legal systems and languages. Worse many of those countries are what executives call one single place. Just one hotel in the capital with little prospect of expansion.

Meanwhile China has roughly the same population with only one legal system and language and the potential of expanding beyond Beijing.

Pascal Gauvin, head of India Middle East and Africa at InterContinental, said the fragmentation and difficult working conditions would force companies to adapt.

"You can't go at the same speed everywhere," he said.
Across the continent, Nigeria is the most sought after location for investment, with 49 new hotels and 7500 rooms planned. Kenya, Ghana and Gabon are also popular.

Oil rich Angola is the location that every executive talks about as having the ideal combination of a booming economy and natural resources to attract business travelers, who currently have to pay top dollar for their accommodation.

But the country remains a difficult place to do business, and developments have been very slow. Angola has spotted the opportunity, and it plans to use its sovereign wealth

fund the $5 billion Fundo Soberano to invest in the hospitality sector. locally and regionally.
Jose Filomeno dos Santos, the chairman of the nascent sovereign wealth fund , said last year that the Fondo Soberano was targeting “a hotel fund “for Africa, which could roll out a portfolio of 50 hotels across the continent. African executives are also trying to profit. Yerim Sow, a Senegalese entrepreneur behind a new indigenous African hotel group called Mangalis, is investing $315 million (about R4.6 billion) to build 15 hotels in west and central Africa across four new brands.

A few years ago financing would have been difficult. But with the continent now firmly on international investors radar, in spite of conflicts like South Sudan, money is not a problem.

Sunday Times, January 19, 2014

SECTION A

Q.1 “Africa is the next big thing” Who is and why are they setting the pace?
(14 marks)

Q.2 What strategies are the international players using? Discuss with examples.
(12 marks)

Q. 3 What obstacles stand in the way of global hotel brands building their own in Africa?
(8 marks)

Q. 4 African hotels are also in the mix of the new roll-out. What and how are they doing to be competitors in this profitable hospitality market?
(6 marks)

SECTION B

Q. 1 Tourism is about temporary/short term movement of people to destinations outside their normal places of work and living. It also involves activities plus facilities at destination. Discuss with examples the dimensions when defining a tourist. (20 marks)

Q. 2 A tourist purchases a complete experience, which is made up of several phases. Discuss with examples. (20 marks)

Q. 3 The tourist area life cycle is actually the service product life cycle. Although useful in explaining the life span of a tourist area, it also has important limitations. Discuss with examples. (20 marks)

Q. 4 Briefly discuss the following with examples :

(a) Uniqueness of tourism marketing.
(b) Marketing segmentation in tourism.
(c) Target marketing in tourism.
(d) Positioning in tourism marketing (20 marks)

Q. 5 Online marketing is a relatively new marketing communication tool, and is particularly useful in tourism marketing. It has positive spinoffs/ripple effects for both the Consumer and the Marketer. Discuss with examples. (20 marks)