



MIDDLE EAST & AFRICA: *Ghana West Africa*

THE IMAGE PROBLEM

Africa as a continent generates varied dialogue from different individuals. This originates from media, press articles and the internet. Most of the time the news looks bad; a pirate attack, a civil war or a political unrest.

A recent World Bank report states that out of the 15 countries in West Africa over the past 15 years, 55 % of West Africans lived on less than a dollar a day and the average economic growth rate averaged 2.5 percent in the past three years instead of the required 6-7% a year to eliminate poverty by the year 2015.

However it is very interesting to note that issues in one country do not reflect the true situation of the entire continent of 53 countries. There is so much opportunity hidden in this continent.

WHAT YOU SHOULD KNOW

West Africa has:

- ◇ 15 Countries in the Economic Community of West African States (ECOWAS)
- ◇ 245 million people
- ◇ 35 percent live in urban areas
- ◇ 15 percent are average to middle income
- ◇ A large Expatriate community
- ◇ Resource in oil, minerals, agriculture, timber, rubber, and fish
- ◇ Fast growing cities
- ◇ Some countries have had political stability for many years, Ghana for example has been politically stable for 22 years

It is very clear that the dialogue needs to focus on the positive side; Africa's potential and the Western world's opportunity.

THE SPA INDUSTRY IN WEST AFRICA

While Northern and Southern Africa are very well developed in the Spa industry, The Spa, a very new concept in the West African Sub-region, and is an industry that is very underdeveloped. Within



SPA INDUSTRY BRIEFING: *Ghana West Africa*

the 15 ECOWAS countries there are a total of approximately 12 “spas” in the real sense of the word. In Ghana there are two high end Spa’s. One is a Day Spa and the other a destination Spa. Hair and Cosmetology Salons particularly the micro businesses, on the other hand, number many thousands. So these spas have become trailblazers in leading the way to introduce the concept to their countries.

There are two primary markets in the region:

- ◇ The Expatriate market consisting of Tourists and Business Travelers who are already familiar with the concept and visit a spa as they would in their very own countries.
- ◇ The local market which consist of an emerging and growing middle class who are not familiar with the concept.

During the recent economic shift, globally there has been some level of reduction in spending patterns. In our market primarily in Ghana where the focus has been on corporate clients, Spa visits have decreased by approximately 25% since the beginning of the year. Most Spa related services are purchased as benefits for corporate top executives as memberships and packages and these are the immediate areas that have been cut back during budget reviews.

However on the other hand, stress related tensions have created a new opportunity for the business where you find individuals from the corporate world visiting the spa to find solace and relief. This has ended up striking a balance and making the impact less.

ALL THE RAGE

In West Africa there are notable International Brands currently playing in the hospitality sector such as Sheraton, Hilton, Le Meridien, Protea and Novotel. There are currently about 8 major hotel projects which are expected to have some level of Spa services or programs in Ghana including brands such as Hilton Hotels, Marriot Hotels and are under construction in Ghana alone and so far none have been placed on hold.

Africa Sun a leading hospitality group and hotel developer recently completed 6 projects, in West Africa including 4 resorts, 1 luxury Day Spa and Boutique Hotel. The group has managed high end brands such as the Intercontinental Hotel, Crowne Plaza and the Holiday Inn among others. African Sun stated that their strategy to enter the West African market was birthed from realizing the emerging opportunity in the region and matching it with its own capabilities. It also said its facilities currently meeting their group’s expectations in the region with over 70% in occupancy rates.

“Month on month, year by year, our expectations are being met” - Cornelius Nyahunda, Manager African Sun Hotels.

The African Sun Group has seen a gold mine in West Africa and plan to be there for a long time, growing the market and establishing their leadership by staying ahead of their competition with their consistent quality service delivery and strategic development.

The trend among West African countries’ Spa projects have been to focus on developing resorts because of the attractions of waterfalls, lakes, safaris and coastal areas. In the urban areas the trend has been the utilization of local flavors throughout the entire Spa concept. In addition, the wave of “wellness” and living healthy lives has recently just hit the region and some health facilities are including spa programs in their services.

RAW POTENTIAL

There are vast opportunities that have emerged out of the world economic crisis. Some International development companies, product and equipment suppliers are getting creative by beginning to look at markets, they would normally not consider such as West Africa, but which can give it high risk and high returns.

This is because:

- ◇ There is access to a large market of 245 million people
- ◇ Some markets are under-developed and largely uneducated about the Spa concept
- ◇ There is an emerging and growing middle class market
- ◇ There is a constant inflow of International visitors for business and tourism

As a result the markets in those regions begin to grow, infrastructure begins to develop, there is a high demand for services, such as hospitality and as a result certain industries begin to flourish. The Spa industry is one of the beneficiaries of such growth.

Because of this it is likely that revenues will not decrease but rather stay the same as 2008 or grow marginally by about 5 % in the region.

MIND YOU...

It is important to note however, that premium service is universal, and the key to capturing the hospitality and spa industry in West Africa, is to consistently deliver premium service as one would anywhere in the world and any business that focuses on investing in the industry and its opportunities in West Africa will consistently out perform their competitors.

In these times, where all projections are negative and expectations for the industry are limited elsewhere, West Africa is a place of potential, green and pure when it comes to Spa. It is a gold mine for future Spa opportunities.

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