

Data Analysis – Nigerian Hospitality Report

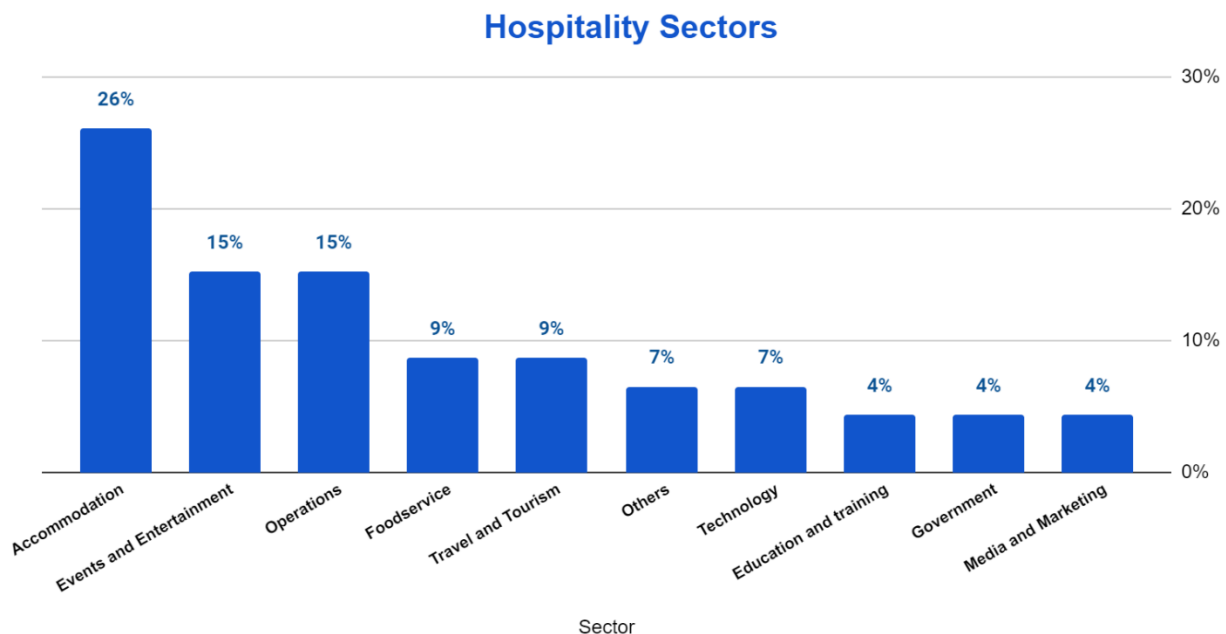
A survey was conducted among 46 respondents (C-suite managers and directors) from various hospitality sectors: travel and tourism, accommodations, operations and events and entertainment, media and marketing communication, technology, food services and government sector.

Thematic and content analysis were employed using NVivo software to query 576 classified response texts, and then used matrix coding queries to identify frequent themes and patterns in the respondents' qualitative responses.

Results

1. Sector representation

Fig 1



Source: Authors.

2. What are the strengths and opportunities that exist in the sector?

Most of the managers (40%) identified constant growth in the hospitality sector and the creation of more wealth and job as opportunities and strengths in the sector. These opportunities on other hand are driven heavily by the growing need for tourism which comes its travel benefits. The adoption of technology in the space contributes to the constant growth in the sector. The hospitality sector has also experienced increasing young demographics population with improved lifestyle preferences as a result of global trend (9%). There are more revenue and investment opportunities (9%), refocus within the West-African hospitality space (7%). Other identified opportunities are need for capacity building (7%), need for collaboration within the hospitality space, and the need for rebranding.

3. What are the weaknesses and threats that exist in the sector?

More than half (54%) of the managers say that the most common threats within the hospitality sector are the volatile business environment (13%), poor standards (17%), insecurity and infrastructure deficits (24%). Other highly rated threats are inflation, poor economy, multiple taxes, and high operations cost (17%), technology lag and low skilled (8%) human capital. Significantly, 16% of the managers say that the lack of government support and inconsistent policies to regulate are also threats in the space. Covid-19 (4%) also had its impact.

4. 20 years ago, what was the sector like?

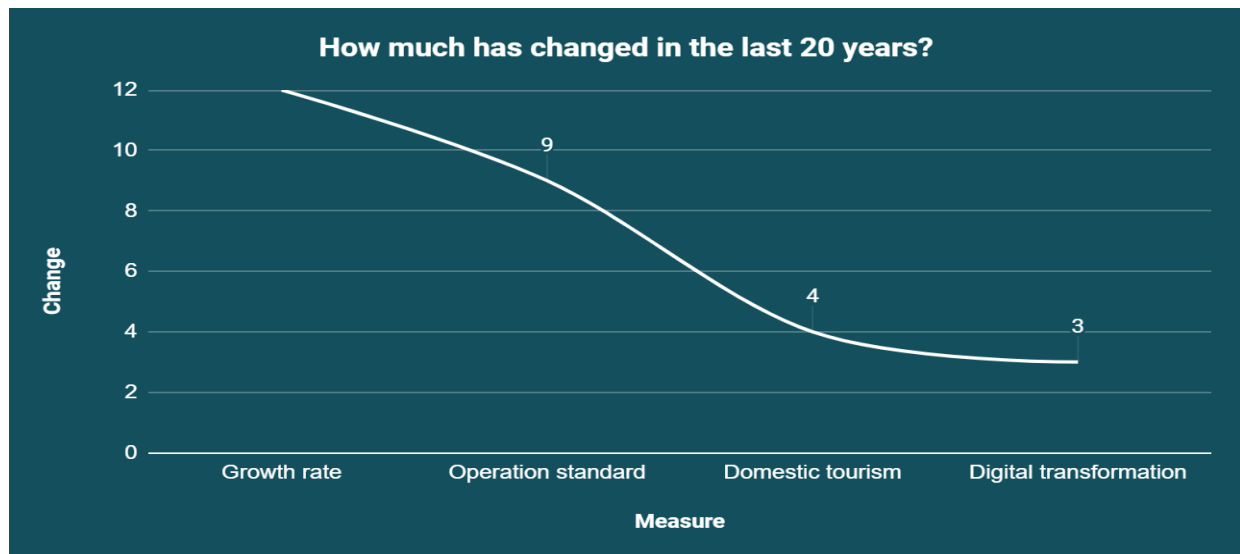
In retrospect, most of the managers (35%) opined that the hospitality sector held great promises of growth and was still emerging to its current state. Significantly, most operations were manual, and this led inefficiencies due to lack of technology (18%). They also experienced low competition (15%) with poor standards (11%), but the ones with high standards were perceived as elitist and emerging (4%). Domestic tourism had little or no status (4%), possibly due to high insecurity and limited options in an uncertain and unharnessed environment.

5. What is the sector like today?

As in the past, most managers (47%) maintain that the current state of the hospitality sector has taken a positive leap and is still growing. But especially, becoming saturated with high competitive standards. The hospitality sector is being digitally transformed (15%) at a moderate pace as businesses leverage new technology to drive their operations. A few (7%) say that the sector still remains the same with low adaptability (2%) to global standards, lack of government support (2%), and the negative impact of corruption and bribery (2%) in the system. Other current impacts are the vast, decentralized and regulated business environment (6%), a sudden interest or refocus towards domestic tourism (8%) due to COVID restrictions and then the influence of expatriates and other foreign investments (4%).

Note: This graph is optional.

What has changed in the past twenty years? Table 2



Source: Authors

From table 2 above, most managers say that they have experienced a gradual and consistent growth rate (+12%) in the hospitality sector over the past 20 years. This includes the adoption of technology (+3%) to drive operations, more refocusing on available domestic tourism options (+4%) due to improved operations' standards (+9%), such as more trained professionals with a good understanding of the business, better infrastructure and adaptation to the global standards and customers' lifestyle preferences.

6. What are the specific impacts of the COVID-19 pandemic on the sector?

Covid-19 pandemic had its toll on the hospitality sector. The greatest positive impact was the resort to automation and advanced technology (25%) to drive some operation processes. Other positive impacts were change in business approach (7%) and the dire need to refocus attention to domestic options (7%).

Evidently, the negative impact of Covid-19 outweighed the positive ones. The highest negative impact of the pandemic was job and revenue loss due to low customer demand, as accounted by the 43% of the managers, followed by travel restrictions (15%) and the VUCA¹ business environment.

7. What are the dynamics shaping the evolution of the sector?

Among the dynamics shaping the hospitality sector over time, more than half (52%) of the managers say that technology advancement and innovation shape the sector. This innovation involves adopting new operating models and policies. Other 'shapers' are the high customer demands and global behavioral changes, shaped by social media influence, availability of varieties, and exposure to international standards and networks, as indicated by 13% of the managers. Capital expenditures, collaboration between private and public sectors, government support are also among the shapers of the sector. Negatively, the sector is

¹ volatility, uncertainty, complexity, and ambiguity: VUCA.

affected by lack of infrastructure, low demands in a recovering economy, insecurity and inflated exchange rate, as accounted by 8% of the managers.

8. 20 years from now, what will the sector look like?

Looking ahead, most managers (65%) are very positive about the sector, especially the expected high growth rate in the sector. The expected growth spans promises of foreign investment in a safer business environment, government support and private sector inclusion, higher standards driven by high competition, innovation and change in lifestyle influenced by global trends through the social media, more Pan-African tourism opportunities and travel spaces, more foreign and interconnected networks, more trained professionals, job creation and sustainable income, and then, product variety.

Similarly, 24% of the managers maintained that technology advancement will be a major driver in the sector. Few managers (2%), however, have negative perceptions that the hospitality space would be constrained by regulations, high or multiple taxes, and an unsafe business environment.

9. What are the areas of constraints (bottlenecks) in the operations of the hospitality industry in Nigeria? How do these constraints affect the competitive priorities of cost, quality, speed of service, and flexibility within the hospitality value chain?

Note: most (48%) of the respondents ignored this question. They referenced it as same as No 3: threats and weaknesses in the sector.

Generally, a remarkable trend was observed. The Government has a lot to do minimize or eliminate some constraints highlighted by 28% of the managers. Government policies are to be revised since they pose operational constraints in the sector through bribery and corruption, multiple taxations, poor infrastructure, poor legislation and regulations and inflation due to poor economy.

Other constraints accounted for by 17% of the managers are high operations cost and weak supply chain, lack of technology due to high cost of technology such as SaaS², poor access to loans and incentives, slow response of both private and public establishments to changes in the sector.

10. What key insights, challenges and gaps, from the operations perspectives, have evolved since the last five years in Nigeria in comparison to other climes?

Note: most (48%) of the respondents ignored this question. Possibly, a reference to Q3: Strengths and opportunities.

- **Insights:** a sufficient proportion (26%) of the managers are positive that the key evolution in the hospitality sector in the last five years have been: availability of financial options, improved service quality and compliance with global standards, increased travel propensity, more online agents to drive digital transformation, international outreach and networks, technology advancement, and millennial job preferences.

² Software as a Service: SaaS

- **Challenges and Gaps:** 20% of managers say that there are gaps which pose challenges to the operations. They include climate change, poor legislation and laws, lack of government support, lack of understanding on how the sector works, more need for professional training, lack of hotel rating classification, poor infrastructure, and uncertain business environment.

Scroll down.



Word Cloud:

Further exploration using sentiment analysis gives some useful insights about the hospitality sector. From the responses of the manager participants, themes were coded to summarize and classify their perceptions about each of the questions they were asked. It was obvious that 'negative' questions generated negative responses, while positive questions generated positive responses.

The summary of the responses is represented in the sentiment matrix below:

Table 3:

Questions	Very negative	Moderately negative	Moderately positive	Very positive
Strengths and Opportunities	5	4	9	6
Weaknesses and threats	7	18	7	1
The sector 20 years ago	5	6	6	2
The sector today	5	6	9	5
COVID-19 Impact	7	19	9	4
Sector evolution	3	3	10	3
Future projection in 20 years	0	1	12	7
Operations constraints	3	15	3	0
Challenges and gaps	3	7	1	5

Results

Three areas were spotted as **moderately negative**. They are ranked as;

1. the **impacts of Covid-19**,
2. **weaknesses and threats** of the hospitality sector, and
3. the **constraints** that hinder the operations that affect business competitive priorities of cost, quality, speed of service, and flexibility within the hospitality value chain.

On the **positive** side, it was observed that despite the shortfalls of the hospitality sector, most of the managers feel optimistic that the hospitality sector is **still evolving** and holds great promises in the **future** (next 20 years).

By

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With THR Team, March 2022.