

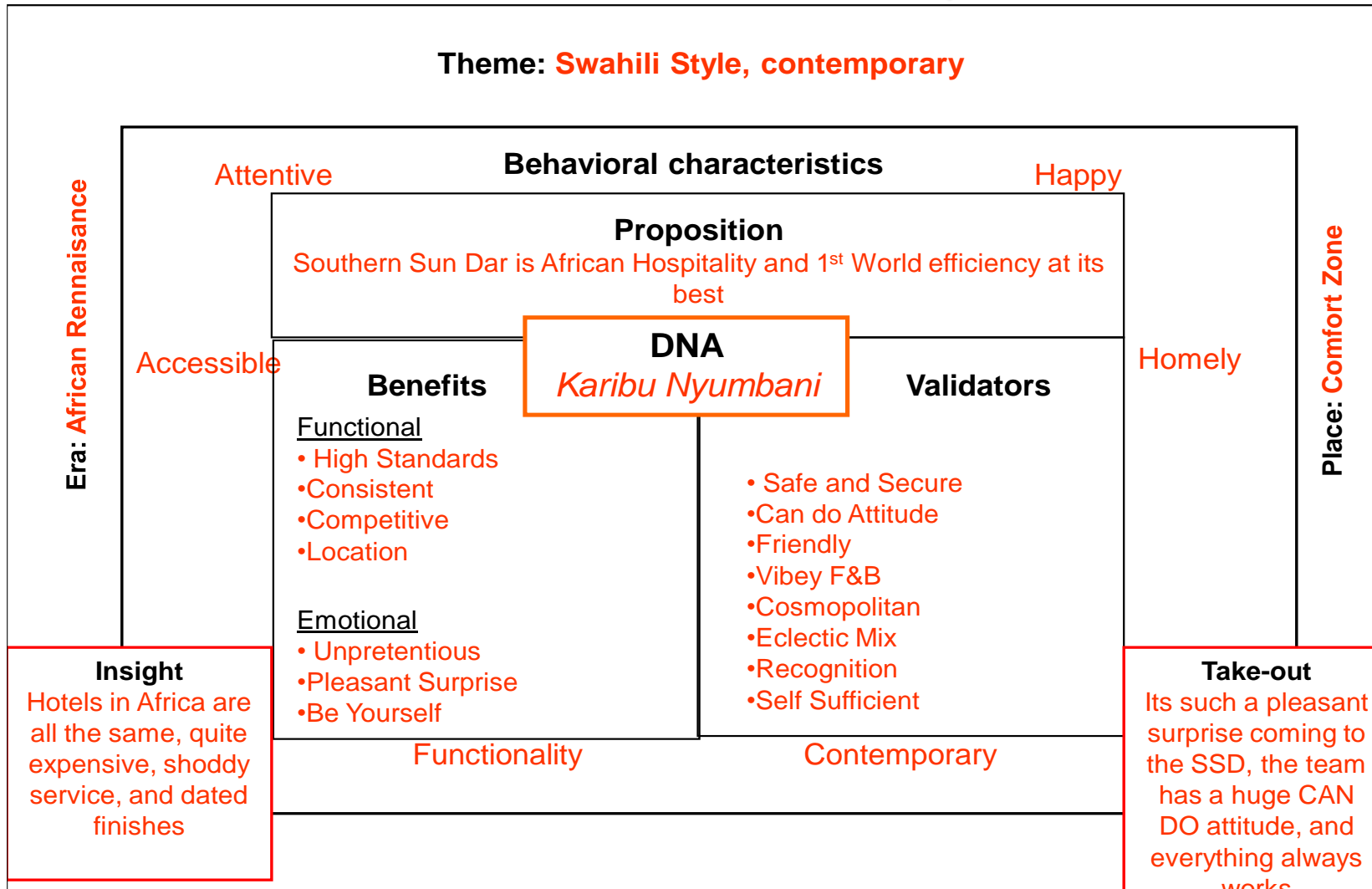


 **Southern Sun**
DAR ES SALAAM

BUSINESS PLAN HIGHLIGHTS

Our DNA

Southern Sun Dar es Salaam - Brand Map



PEST

Economic Overview	<p>Tanzania's economy has been resilient, growing by 5.2% in 2023 compared to 4.6% in 2022. The services sector remained the main driving force behind Tanzania's overall economic growth, expanding by 7.3%, supported by buoyant economic activities in financial and insurance, transport and storage, and trade and repair subsectors. Despite recurrent droughts and floods, the agriculture sector grew at 3.4% in 2023. Inflationary pressures continued to be moderate in Tanzania. Headline CPI inflation receded from 4.9% in January 2023 to 3.0% in January 2024 due to eased global commodity prices, moderate and timely fiscal subsidies, and tightening monetary policies. Notably, the Bank of Tanzania adopted an interest-rate-targeting monetary policy regime in January 2024 to strengthen inflation controls and anchor inflation expectations.</p> <p>https://www.worldbank.org/en/country/tanzania/overview</p>
Social and Technology Overview	<p>Tanzania's government has implemented several initiatives to drive digital economic transformation, as evidenced by the approval of the National Digital Economy Strategy 2024-2034.</p> <p>The revised National ICT Policy 2016 and the development of 14 new guidelines will support the management of the ICT sector, promoting international standards, digital literacy, and inclusivity. accomplishments over the past year are noteworthy, including reviewing the National ICT Policy of 2016 and the National Telecommunications Policy of 1997 and preparing a draft of the National ICT Policy 2024 and a draft Tanzania Startup Policy. In a nutshell, Tanzania's journey towards a digital economy is gaining momentum, driven by strategic policies and infrastructure development. The 2024/25 fiscal budget reflects a forward-thinking approach, positioning Tanzania as a regional leader in digital transformation and a hub for technological innovation.</p> <p>https://thechanzo.com/2024/05/22/see-how-tanzanias-journey-towards-digital-economy-is-gaining-momentum/</p>
Competition Overview	<p>The fundamentals for domestic and foreign market competition exist in Tanzania but have a weak institutional framework. Although the majority of former state-owned enterprises have been privatized, the government still controls pricing in the agriculture sector, telecommunications, banking, energy and transport. International investment is largely concentrated on mining, services (telecommunications, finance and tourism) and construction, and, to a lesser extent, in manufacturing industries. Labor regulations are not efficient. The informal sector contributes a significant – though difficult to quantify – share to economic activity. According to the International Labor Organization, in 2020, the informal employment rate stood at 93.3%. The government has undertaken insufficient steps to support small enterprises and to formalize the informal sector.</p> <p>After assuming the presidency, Samia Suluhu Hassan fundamentally changed the interventionist and often-erratic economic policies of her predecessor. Her market-friendly economic policy has significantly improved the investment and business climate by enhancing the regulatory environment, addressing challenges in the nonetheless unfriendly taxation system, streamlining the issuance of work permits to foreigners and reducing trade barriers</p> <p>https://bti-project.org/en/reports/country-report/TZA#pos9</p>



Game Changers 2024/25



- 01** **Completing Flagship and Strategic projects**
Implementation of energy projects; Construction of railway- the Standard Gauge Railway (SGR), Completion of construction of the Julius Nyerere Hydropower Project (2115 MW), Revamping Air Tanzania Company Limited (ATCL); Construction of bridges and flyovers; Construction of Fishing harbour and procurement of fishing vessels
- 02** **Strengthening Production sectors**
Enhance value addition for agriculture, livestock, and fishing products as well as minerals, precious metals and natural gas, through strengthening of infrastructure and the enabling environment for industrial production
- 03** **Enhancing human capital development**
Implementation of programs aimed at improving human lives, especially projects and programs in the social sectors. These projects include; education and skills training; health, welfare and community development; social security and protection; water and sanitation services; urban planning, and environmental conservation and mitigation of climate change.
- 04** **Increasing the use of ICT**
Increase the use of ICT, continue to improve ICT Infrastructure systems in service delivery and enacting a new national ICT policies which will include ICT start ups
- 05** **Improving the business environment and investment.**
Stimulate local production and promote domestic and foreign trade through improving business environment and investment; citizens' economic empowerment; private sector participation; and diplomatic economic relations with foreign countries.

Source: Bank of Tanzania. (2024). Monthly Economic Review: May 2024



Game Changers

- Incremental room stock

	<u>Rooms</u>	<u>Opening date</u>
Radisson Hotel Dar es Salaam	138 – 94bedroom and 44 apartments	Mid 2025

- Government – All Government Ministerial Offices have reallocated to Dodoma
” *Capital City*” in central Tanzania. These include the PM, All Ministers and Permanent Secretaries.
- No rate increase anticipated for Gov, STO and Corporate Accounts post COVID-19 shutdown
- Refurbishments
 - New Africa Hotel to conform with 4 points by Sheraton
 - Delta by Marriot fmr Double Tree - completed
 - Serena Hotel Dar es Salaam – All Bedrooms Renovations to start in October
Public Areas, Reception and Conference Facilities facelift complete
 - Onomo Hotel Dar es Salaam – Public Areas – Rooftop Bar and Exterior paint



Economic Indicators

	2024	2025	2026	2027	2028	2029
Inflation Rate	3.4%	3.5%	3.5%	3.6%	3.7%	3.4%
Exchange Rate						
GDP % Growth USD\$Bn	\$79.61	\$86.13	\$93.74	\$103.02	\$113.48	\$124.97

<https://www.statista.com/statistics/447604/gross-domestic-product-gdp-in-tanzania/>



Unique Selling Points

- Proximity to the Historical and Monumental Botanical Gardens
- Modern Contemporary design and feel
- Location – High end CBD area with Diplomatic and Financial Institutions within 2km Radius
- Access to largest Convention Centre - Julius Nyerere international Convention Centre
- Service – Highest Ranking among OTA's i.e. Booking.com and Expedia in service delivery and value for money



Competitive Landscape – City CBD

Name	Star	Number of Rooms	Year Opened	Major Strength	Natural Market Share %	Distance from hotel
Hyatt Regency	5	180	2005	Brand, star status, conference facilities, preferred by TZ Gov for group delegations, parking	12%	1.5 km
Serena Hotel	4	230	1995	Large Rooms, Conference and Banquet facilities, parking, part of serena hotels with 7 properties in the country, popular with Kenyan market	15%	1 km
Four Points by Sheraton	4	152	1993	International Brand name – newly renovated Public areas and bedrooms	10%	1.5 km
Holiday Inn Dar es Salaam City Centre	4	124	2009	Brand name	8%	1.5km
Rotana Johari Hotel	5	253	2019	Brand name, Large rooms and conference facilities, multiple eateries	16%	2km
Crowne Plaza	4	148	2018	International Brand Name	10%	2km



Competitive Landscape – Peninsula

Name	Star	Number of Rooms	Year Opened	Major Strength	Natural Market Share %	Distance from hotel
Coral Beach Dar es Salaam	3	62	2005	Location, Beach front, large garden and marquee area, popular with expat community for sundown	4%	1.5km
Delta By Marriott Hotel	4	150	2011	Brand name, beach front	10%	7km
Sea Cliff Hotel	4	90	1997	Conference facilities, large rooms, recreation/leisure facilities around	6%	8km



Market Share – Prior Year

Hotel Set	Occ %		ADR		RevPAR		Percentage Change		
	Current Year	Last Year	Current Year	Last Year	Current Year	Last Year	Occ	ADR	RevPAR
Total Market	47.5%	52.7%	\$103.7	\$114.73	\$49.28	\$60.48	-5.2%	\$(11.03)	\$(11.2)
Market	45.5%	50.3%	\$129.2	\$138.3	\$58.86	\$69.63	-4.8%	\$(9.10)	\$(10.77)
Southern Sun Dar es Salaam	66.3%	44.0%	\$112.98	\$124.06	\$74.96	\$58.86	22.3%	\$(11.08)	\$16.10
Premium/Market *	47.6%	52.7%	\$121.6	\$128.37	\$48.11	\$58.14	-5.1%	\$(6.77)	\$(10.03)
Premium/Market % *									

* Premium Market stats available from September 2019 - sub market



Market Trends

- **Corporate and Government Trends**

- Corporate visitors are mostly Consultants, Engineers, auditors and skilled individuals.
- Most visitors originate from South Africa and Kenya on whom the Hotel is reliant. However, despite this Southern Sun represents a product that understands their needs well.
- CBD congestion is driving corporate offices to the suburbs especially the so-called Peninsula. Longer-term corporates such as those from extractive industries tend to be accommodated in company owned or rented accommodation.
- Southern Sun's CBD location remains key to this market situated as it is to government offices and mid-way between the Airport and Outlying suburbs.
- New avenues for Transit business as domestic travel - flight and Rail connections have significantly improved

- **Local Business Trends**

- Large gas deposits in the Southern Region of Mtwara has led to international oil and gas ex companies setting up in Tanzania.
- Their room production potential in this segment is significant, though highly discounted. However, room night production in the budget period is likely to be subdued whilst government establishes the regulatory environment.
- SGR – Newly commissioned passenger train to Dodoma will increase demand for dar es salaam due to availability of hotels in Dodoma and the ease of transport to and from.
- The convention Centre adjacent to the Hotel (JNICC) has increased hold on MICE in the EA region. Now its competing with Nairobi, Addis Ababa and Kigali for regional and international events.
- Garden Avenue continues to remain a good address for diplomatic business
- Resumption of SAA flights to Dar es Salaam
- EACOP – East African Crude oil Pipeline – construction of pipeline comes with increased RNS demand for transit business



Market Trends

- Competitive/Related Industry Trends

- Activity at other known 5* Hotel sites remains dormant.
- Numerous unbranded hotels continue to open (and close) at the lowest end of the market. They tend not to be competitive in Southern Sun's Market.
- Reliance on Kenya Airways for traffic rich Nairobi route.
- Air Tanzania building strong hold in Asian and African market

- Leisure Trends

- The Zanzibar resident market is the strongest leisure market in Dar es Salaam region. Southern Sun retains close linkages with this community. Up country leisure tends to frequent the Northern Beach resorts in Dar or in Zanzibar.

- STO Trends

- Zanzibar booming with activity and demand
- Southern Circuit remains relatively slow due to availability of accommodation and expense factor – picks up during hunting season – July -Dec
- Northern Circuit Strong however – minimum impact on Dar due to increased international flights to Kilimanjaro



Hotel SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • Our Friendly People –"Karibu Nyumbani" • Successful Brick walling strategy • Unique Geographical position in CBD • Brand Strength: brand values well represented engendering brand loyalty amongst existing and new guests • Loyalty Programme • Good reputation with Suppliers • Minimal use of Expat Labour • Brand Values 	<ul style="list-style-type: none"> • Small Bedrooms • Limited conference facilities • No Mini bar • Slightly dated product • Somewhat bureaucratic • Restaurant in danger of falling out of fashion as new restaurant offerings open up
Opportunities	Threats
<ul style="list-style-type: none"> • Maximized use of sister TS sales teams in SA and Offshore • New Convention centre – JNICC • E-channels and Use of BAR rates • Technology adaption of robust Apps • New Africa common Market(COMESA, EAC, SADC) • Conversion of Kivulini to a Conference Space 	<ul style="list-style-type: none"> • Shilling Inflation not in sync with USD Inflation • New Hotel builds in CBD - Ramada • CBD Congestion • Node Shift to Peninsular • Loss of key employees to new Hotels and Telecoms • Unregulated growth in hotel sector • Fully furnished and serviced apartments offering lower rates



Source of Business

Country	F20 YTD%	F18%	F17%
South Africa	19.50%	18.30%	20.5%
Kenya	11.80%	12.90%	13.0%
Tanzania	16.0%	13.70%	13.7%
Uganda	4.80%	5.30%	4.7%
Rest of Africa	6.00%	7.10%	7.2%
United Kingdom	8.80%	8.80%	8.1%
Middle East	4.00%	4.80%	4.9%
Asia	5.30%	5.60%	5.1%
Rest of Europe	6.50%	6.00%	7.4%
Canada	4.60%	4.50%	3.4%
USA	9.00%	9.00%	7.9%
Rest of America	3.60%	4.20%	4.1%
Grand Total	100%	100%	100%



Key Sales Strategies

Task	Requirements	Who	Deadline
Updating of Group Tracker	Groups Tracker will be reviewed, updated and actioned/ followed up as a team 3 times a week (Monday, Wednesday, and Friday) as a team. – during WAR meetings and Weekly sales GM meeting	Reservations	Weekly
Southern Sun Sales Tools/Collateral	Personalized presentation on iPad's, on board setup 365 soon, PR, sunset Bar, Residents cocktail, Give a ways	GM and Sales Team	Review monthly basis
Sales Champion	On-going Sales Champion – Set up goals and communication channel as all intro's are done	Sales Team Champions	Monthly Reviews
Key accounts opportunity identification	Target new customers and Business – Peninsular Strategy with rates including transfers, look at offering weekend corporate rate in 2025" F26", Brick walling top 30 KEY accounts.	Sales Team	No end
Rate and volume driver identification	Sales team is to continue identify their key accounts by those that deliver rate, those that deliver volume and those that deliver both rate and volume. maintain current growth of ARR	Sales and Reservations	Daily
E-Channels	Monitor production, rate parity, marketing and business opportunities – GDS, Travelclick OTA's	Revenue and E-Commerce	Weekly



Key Sales Strategies

BAR Rate	Dynamic Framework V8Final		July
Election Observers	SADC,AU,EU,EAC – confirmation of Election observers for 2025	Allen/Sales	May 2025
Quick wins/ new leads	Monitor school holiday/Ramadan periods – need to secure/buy in business	Sales with GM approval	November
Sales Trips	Nairobi Consultant for Sales and Marketing	Allen	October
	Karibu Trade Fair 2026 – awareness campaign to all agents, see what competition is up to e.g. Ramada, Serena, MOU with AICC/JNICC and travel trade with hotels	Sales	November
	Sales Conference June	Allen	August
	Mini Indaba – Pretoria and Jo’burg	Allen	July
	Mwanza and Mtwara – regional Blitz	Sales	September/October



Key Sales Strategies

Recovery & boost of C&B business	The Sales associates in conjunction with the C&B Sales. Evaluate the top 20 C&B accounts production versus last year to ascertain the rationale behind this year's production trends	Sales and Judy	October
Sales strategy for next quarter and ROY	Emphasis on G&C to drive Occupancy and REVPAR, continue strong hold on Keep Corp and Gov accounts, training and enforce BAR strategy to Reservations and Sales	Allen and GM	December
Radisson defence strategy	Managers meeting to identify potential risk of Radisson in the market – sales to identify potential loss of customers and ensure to have replacement of accounts strategy	HOD's, Sales Department and Sales champions	November
Competition	Update Competition List and SWOT	Sales	September
Reservations Best in Class	Responsive, accurate, deal makers	Front office and Allen	Ongoing
Caretaking of top accounts Building Area synergies on accounts	The General Manager, F&B Manager, Chef and Sales Manager are to develop strategic guidelines for caretaking of top accounts.	GM, Sales, F&B	September
	The Sales Manager will develop a plan on accounts with potential for Area synergies, e.g., NBC/ABSA/Barclays, Standard Chartered, Diplomatic Missions, World Bank, ADB, etc.		
Training	Southern Sun Values and Brand	GM and Allen	September



Sales Opportunities- Corporate

Corporate	Competitor	No. of rooms	Rate
Pan African Energy	Serena Hotel	800	\$165.00
JTI/TCC	Serena	500	\$165.00
Geita Gold Mine	Serena	1000	\$140.00
PWC/American Embassy	Delta by Marriot	800	\$205.00
Citi Bank	Hyatt	500	\$220.00



PR & Marketing Plan October - March

Time of the year	Special
October	Inhouse show runs
November	Swahili International Tourism Expo
December	SABF, Festive Season specials
January	Wine Festival
February	STO Cocktail
March	Corporate Cocktail



5 Year Occupancy Projection

	F25	F26	F27	F28	F29
Room Nights Sold	7,994	30,514	33,288	35,604	38,836
Room Nights Available	27,664	55,480	55,480	55,632	55,480
Room Occupancy %	28.9%	55.0%	60.0%	64.0%	70.0%
Average Room Rate	\$107.64	\$111.37	\$115.31	\$119.47	\$123.87
Revenue per Available Room	\$31.10	\$61.25	\$69.18	\$76.46	\$86.71



