



# **BUSA7415A**

MBA Dissertation

## **New Business Venture Proposal**

**Topic:** Exploring Recreational and Accommodation Facilities  
in the Tourism Industry in Lesotho

*Submitted by*

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## **Executive Summary**

Tourists enjoy visiting Lesotho for its unique mountains, scenic views and culture and the country has attracted many tourists internationally. Tourism in Lesotho has been studied for years by many stakeholders as far back as 1980 by Lesotho government, United Nations and World Tourism Organisation (UNWTO) and others. The studies advised government to use tourism development as way to alleviate poverty and create jobs. The state of tourism in Lesotho is still in early development and various opportunities are available for new entrants to offer unique offering and experiences.

The study is a **New Venture Proposal** i.e. **startup** with focus to explore recreational and accommodation facilities in the sector. In this study tourists' needs are studied and analysed to identify customer needs prior. Demographics of Lesotho tourism is studied to identify market segment and what inspires the needs and demands for travelling. Although lack of customer services & market-ready tourism & accommodation facilities is found to be a challenge for the sector, in this proposal it is taken as a unique opportunity for new venture.

The theoretical models by Cohen and Plog were used to identify the type of tourists based on their needs and motivations for travelling. The Plog model shows that undeveloped tourist market (like Lesotho) attracts more of allocentric tourists i.e. the wanderers, and these are those of high-income brackets. However, the income bracket may not be a good measure as the Mid-Centric tourists are high in numbers, meeting the volumes for high sales with higher profit margins. This venture proposal is targeting Mid-Centric tourists, psychographic as well as allocentric as per Plog's model since the market has high demand and untapped supply.

The qualitative research methodology was used as this is exploratory type of research via interviews to study tourists and their needs/behaviours. The research participants included amongst others, entrepreneurs in the sector, industry leaders and general tourists to Lesotho. The data collected was structured via thematic analysis including demographics, travel patterns (length of stay in stay), motivations, interest, and customer satisfaction to identify market segment and marketing strategy for target customer.

Hotel Development with recreational amenities was found to be a suitable offering for the venture within the accommodation & recreational facilities and amenities sector. There is

only one hotel that offers a 5-star rating in the whole country, many are 3 and 4 stars. A suitable offering will comprise a mixture of 3, 4 and 5 stars depending on the level of service, amenity types and customers willingness to pay.

The development will be financed via a mix of both equity and debt financing to reduce high debt financing costs, while not losing ownership and powers of the business. Sensitivity analysis was done for 50 rooms with occupancy rate of 50% and 60% at room rate of R5000 and R4500 respectively. An average annual return on investment (ROI) of 12 % was calculated for 60% occupancy rate and 10 % for 50 % occupancy rate respectively. The cash-on-cash return was calculated to be at 20 % for 50 % occupancy rate, and 24% for 60 % occupancy rate respectively. 100 rooms were also used in the sensitivity analysis for 60 % occupancy rate, although the occupancy rate is favourable, the ROI remained unchanged at 12 %.

**Key Words:** Tourist needs, Tourists demands, Tourism facilities, Tourism Development, New Venture

## Plagiarism Declaration

I **Ntseuo Motsieloa** declare that this Applied Research Proposal- New Venture Proposal titled: ***Exploring Recreational and Accommodation Facilities in the Tourism Industry in Lesotho*** is my own work except as indicated in the references and Turnitin has been used to verify that similarity has been checked and verified and is below 10 %.

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Signed: 

Signed at: Alberton

On the: 25 May 2024

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- This research project was more than just getting MBA, but to contribute to knowledge regarding tourism industry in Lesotho and to promote pride of the country and what it can offer for investors and citizens of Lesotho.

## **Dedication**

- This research is dedicated to my kids; **Lereko**, **Lesedi** and **Lebohang**, that one day they follow their dreams and venture into new markets with courage and right skills.

## **Disclaimer**

- The stakeholders and participants were guaranteed with anonymity and confidentiality, and they signed consent forms & No Unintended Consequences Applicable
- Ethical Clearance certificate was attained for this research and is attached to this report in Annexure D. The consent forms were signed.
- Letter of approval to get information from Lesotho Tourism Development Corporation is also available attached in Annexure I

## Acronyms and Abbreviations

<b>BnB</b>	Bed and Breakfast
<b>GDP</b>	Gross Domestic Product
<b>GoL</b>	Government of Lesotho
<b>LHDA</b>	Lesotho Highlands Development Authority
<b>LSM</b>	Living Standards Measure
<b>LNDC</b>	Lesotho National Development Corporation
<b>LTDC</b>	Lesotho Tourism Development Corporation
<b>NMTP</b>	National Tourism Master Plan
<b>NPT</b>	The National Tourism Policy
<b>OR</b>	Occupancy Rate
<b>PPP</b>	Public Private Partnership
<b>PESTELG Analysis</b>	Political, Economic, Social, Technological, Environmental, Legal & Governance Factors
<b>ROI</b>	Return on Investment
<b>SA</b>	South Africa
<b>SADC</b>	South African Development Community
<b>StatsSA</b>	Statistics South Africa
<b>SIB</b>	Seychelles Investment Board
<b>SWOT Analysis</b>	Strength, Weaknesses, Opportunities, and Threads
<b>TT</b>	Travel & Tourism
<b>TTDI</b>	Travel & Tourism Development Index
<b>UN</b>	United Nations
<b>UNWTO</b>	United Nations World Tourism Organisation
<b>WTTC</b>	World Travel & Tourism Council

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## **1. Introduction**

### **1.1. Background**

Lesotho is a landlocked country in South Africa, situated, approximately 450-550 km from major cities in South Africa (Johannesburg, Pretoria, and Durban). Tourism industry in Lesotho has been studied by few scholars (Lekoatsa, 2023). Government of Lesotho (GOL), international development institutions (World Bank, & World Economic Forum) even private sector have been looking to invest or develop policies to improve livelihoods of the citizens or economic development (Bob, Swart, Perry & Gouden, 2020; Schwab, 2019; Makwindi & Ndlovu, 2022). Lesotho has natural resources such as diamonds, high altitudes mountains, thrilling landscape sceneries, including major dams exporting water to South Africa's largest economy of Gauteng (Tourism Guide Africa, 2023). "Katse Dam is the single biggest export product, making 23.5% of export basket" (Mantshantsha, 2007). Lesotho is untapped and least explored is its tourism economy, which is of pivotal value to make the country visible in its offering and to improve its attractiveness to the tourists and investors (Rasethuntsa, 2022b).

Tourism economy is influenced by the role the government plays to unlock it, all sectors of economy one way or the other have aspects of tourism such as "infra- structure, investment, labour training and supply, communications, utilities), agriculture, primary industry, health and welfare, education, youth development, small business, women's affairs, mining, customs & immigration" (Keois, 2019). In Lesotho and many parts of Southern Africa, the means of production for rural areas have changed dependence on food security from agriculture to tourism and other means of earning income. Makwindi *et al.* (2022) mentions that diversification and heritage tourism play a crucial role catering for the needs of the tourists in Lesotho.

### **1.2. Tourism Global Market**

In 2018, the global number of tourists reached 1.4 billion as it was estimated in 2016. The same year (2018) was the seventh in a row since the global tourism exports (+4%) superseded merchandise exports (+3%) (Calderwood & Soshkin, 2019). Sub-Saharan Africa is reported to have the largest improvement in Travel & Tourism Development Index (TTDI) although the region still lacks behind compared to the rest of the other regions due to other factors such as lack of infrastructure, marketing for the region/countries (World Travel & Tourism Council (WTTC), 2022). Mauritius ranks highest at 62 followed by South Africa at 68. Although South Africa is the largest (T&T) economy in Africa interns of volume

and development. Africa's tourism competitive advantage lies on many factors including low price and nature tourism, of which Lesotho has advantage if it wants to develop the sector and create jobs.

Looking at the growth rate of the global sector, Calderwood & Soshkin (2019) forecast that traveller's and tourists' growth will reach 1.8 billion by 2030. One of the drivers of tourism growth is the movement towards more inclusive industry as opposed to the historical monopolies of states which have made the industry unattractive. On the global landscape, tourism is perceived as one of the largest contributors to the economies of nations which curbs unemployment, contributes to community developments and GDP (Rasethuntsa C. B., 2022a).

One of the major challenges posed by the booming tourism is the environmental impact caused by overcrowding, poor capacity of facilities and poor management of the natural assets (Schwab, 2019). It is for this reason that the concept of responsible tourism is taking the centre stage as environmental experts within the industry advocate for sustainable tourism business in view of the future generations and the wellbeing of affected communities and environment.

There are several enabling factors to the global growth of travel and tourism. Currently, the most outstanding are the growing affordability of travelling. Many middle-upper class people are living beyond basic needs and travelling for leisure (Soshkin & Uppink, 2022), going to events/entertainment, is a norm, thus exploring the world becomes a necessity. Covid 19 lock down restriction introduced remote working for many companies and use of technology, mobile offices can have people working on their laptops while travelling and having meeting on zooms/teams anywhere in the world. Of note is the airline industry's affordability that has been a major force towards a flow of the global community into the emerging economies (World Travel & Tourism Council, 2022).

In 2019, Lesotho had about 1 million tourists ranking 91 in absolute terms, "smaller countries perform lower in a comparison of the absolute number of guests (LTDC, 2019). By putting the tourist numbers in relation to the population of Lesotho, the result is gives more comparable picture with 0.50 tourists per resident, Lesotho ranked 66th in the world and its ranked 2<sup>nd</sup>" in Southern Africa. Prior to Covid 19, Lesotho had approximately \$24mil

income from tourism receipts (World Tourism, 2023), approximately 0.96 % of its GDP at the time whereas South Africa with 3.9 million tourists generated \$2.72bn income (0.6% of its GDP) from tourists ranking 22 of most popular countries to travel to in the world.

### **1.3. Purpose of the study**

Tourism is one of the most important drivers of economic growth in many developing and developed countries (Calderwood & Soshkin, 2019). “It facilitates economic growth through job creation, tax revenues, foreign currency earnings, and attracting international investment” (Alam & Paramti, 2016). Lesotho National Development Corporation (LNDC) identifies tourism as one of its key strategic investment areas to spearhead economic growth through diversified tourism economy that spans across a series of government departments and national economy to address unemployment problem (Government of Lesotho, 2019). Lesotho Tourism Development Corporation (LDTDC) was established by GoL as a custodian to identify market opportunities, promote, and market Lesotho tourism and has been identified as one of the key stakeholders in this research for conducting research.

The study aims to research and develop a new sustainable venture in tourism industry in Lesotho within the identified opportunities such as; 1) **unique landscape**, 2) **unique culture**, 3) **industry is in its early stage of development**, 4), **large number of tourists**, 5) **lack of development/facilities in the sector** as identified by various research, public institutions, intuitive entrepreneurial approach and in-depth analysis of the industry through market research. The demand patterns in this market will be studied, the competitors and their behaviours will be analysed, and market opportunities explored where the new venture can find its place synonymous to research gap.

The strategy is to get into the market will be unique considering the geographical factors, landscape, marketing tools used to get access to the customers, and the need of various stakeholders such as; government institutions, the public, or investors.

### **1.4. Research Objectives**

This research aims to explore Lesotho tourism market with focus on accommodation and recreation facilities. To understand the accommodation and recreation sector, the industry will also be explored to identify the gaps and opportunities.

Unlike many countries in the world **Lesotho's tourism market is still in the early phase of development regarding tourism industry life cycle**. Thus, to establish the gap in the market the following objectives will be studied and analysed then one will be established to see which area the new venture will operate.

- A. To study the tourism industry in Lesotho and associated industry trends including the National Tourism Master Plan and other relevant literature
- B. To assess the market demographics and statistics for the Lesotho tourism industry
- C. To reveal the suitable tourism facilities and/or recreational places in the Kingdom of Lesotho and their critical success factors
- D. To determine the challenges and gaps in the tourism industry of Lesotho.
- E. To determine if there is a business in the gap
- F. To determine the best tourism facilities and places which may result into maximum returns for the venture
- G. To determine who is the customer in the tourism sector, and what they want
- H. Develop a new venture startup based on tourist's customer needs.

### **1.5. Delimitations of the Study**

Due to the small market size, and its early age stage, there are various opportunities to be explored in a form of new markets in the tourism industry as dictated by how the research questions and objectives are achieved. The size of the market, large number of tourists i.e., more than 1million on a population of 2.2 million shows that the country is a good destination for tourists. These tourists need to have places to stay, facilities to enjoy while in Lesotho. Thus, the study will focus more on recreational facilities and accommodation within tourism sector.

Although the country is still not much developed in infrastructure there is good access roads to Lesotho Highlands Water projects and Afriski, the infrastructure and facilities are seen to be the corner stone of the tourism industry with ample opportunities for developments. Investment on the infrastructure is key to unlock potential of tourism sector. The new venture will be limited to the recreational facilities in a tourist sector to offer accommodation to tourists who visits Lesotho to enjoy the countryside, scenic mountains, snow and other recreational facilities. The venture will evaluate existing opportunities and develop strategy for a sustainable competitive advantage.

## **1.6. Structure of the Business Venture**

The next section of this report will explore the literature review in detail and find statistics and data available in the market, synthesis the data together with the interviews to investigate why people travel to Lesotho, what they would like Lesotho to offer as a tourism destination. These will help refine the target market and segmentation thereof. Market Analysis including who the competitors are will be analysed in detail using known theoretical models such as; **SWOT Analysis**, **Porters Five Forces** and **PESTELG**. The strategy of the new venture will be proposed, will it be red ocean strategy, blue ocean strategy or connected strategy? These questions will be answered in a way that find best alternative method to position the venture as profitable company. Operational methods and strategies, processes will be formulated. Marketing strategies will be developed. The regulatory environment will also be discussed to protect the interest of investors. The cost of operating, marketing will be developed and funding models to raise required capital will be proposed to check viability of the business and calculate the return on investment (ROI) of the venture as well as any appropriate measures of returns for the investors.

## **2. Systematic Review of Literature**

### **2.1. Introduction**

The literature review will explore the tourism market globally, study travel patterns of tourists and what increases the demand for tourists in Lesotho and explore what factors inspire travellers in and out of Lesotho. The literature review will study Lesotho as a tourist destination. All the factors making up tourism market such as infrastructure, accessibility to and from point of attractions will be discussed including supply and demand factors.

The role of government and relevant stakeholders will be discussed in detail in how they make environment conducive for private sector to do business. National Tourism Policy (NTP), and the role of various stakeholders in tourism development will be discussed to make it easier for investors to understand the value chain of the market. Theoretical frameworks such as **PESTEL**, **SWOT Analysis** will be used to study Lesotho tourism industry. SWOT analysis tool will be used to identify the gap/opportunities in the market.

### **2.2. Benefits and Challenges**

#### **2.2.1. The National Tourism Policy (NTP)**

NTP is blueprint and guide for tourism stakeholders such as entrepreneurs to develop the market. Prior to Covid-19, government of Lesotho had already started on policies looking

into the future of tourism sector (Government of Lesotho, 2019). The vision of the tourism sector as enshrined by the NTP (2019) is that “*Lesotho’s tourism sector will be inclusive, robust and vibrant, making a major contribution to economic growth through responsible tourism practices, conservation, preservation and promotion of Lesotho’s environmental and cultural assets*”. The following are the foreseeable benefits for the sector and country as well, with these lies opportunities for development.

(1) *“Increase foreign earnings in a sustainable manner, thereby increasing **private** and government revenues and employment.*

(2) *Expand the development, promotion and **provision of services in remote areas ensuring that local communities benefit from tourism and contribute to the appeal of the country;***

(3) *Contribute to improved quality of life of the resident population by providing **recreational opportunities.***

(4) *Develop a favourable national image by (i) fostering national pride and cohesion, (ii) promoting travel in Lesotho, and (ii) encouraging local and foreign investment”.*

### **2.2.2. Tourism Sector Challenges**

One of the key challenges facing the industry is the lack of awareness, and visibility of the industry to the global market. Planning a trip to Lesotho can be challenge to international tourists as the country is land landlocked and tourist pass through South Africa. The accommodation and hotels are not up to par with international standards and bed occupancy rate can be as low as (20%) (Yiu, Saner & Lee, 2015). Lack of understanding of tourism essentials, hospitality and customer service, limited understanding of high level of service required in tourism industry (Rasethuntsa, 2022a). Mantshantsha (2007) mentioed that Katse Lodge overlooking the dam was in a state of disrepair due to abandonment by govnrment, there are also other toutism facilities not taken care such as Sehlaba Thebe National Park (Makwindi & Ndlovu, 2022).

The implication is that there are plans in Lesotho to not only handover tourism business to the private sector, but to also support private sector through promoting the tourism businesses and revenue creation. However, it is also worth noting that recreational activities are implied as a missing solution to the industry’s attractiveness. The involvement

of private sector is profit driven, the risks of **limited infrastructure, lack of facilities and maintenance** pose risks to profitability of facilities (Yiu, et al., 2015). International Trade Administration (2024) is one of the stakeholders calling for private sector's participation in as investors. One way of unlocking potential of the market is via strategic public partnership projects (PPP). PPP have been seen working in other countries in Africa i.e. Seychelles tourism master plan includes investor master plan with its tourism contributing about 30 % of its GPD and wanted to leverage investor power (Seychelles Investment Board (SIB), 2023). South Africa has also used many projects for PPPs via institutions such IDC responsible for economic development finance for infrastructure to create jobs. However, National Treasury Toolkit for tourism around National Parks still needs improvements to bridge policy and implementation (de Kock, 2020). In Lesotho, PPP have been done in health sector and was not successful and lessons can be learned from South Africa. An Example of failed PPP in Lesotho is Tshepong Hospital that was operated and financed by Netcare South Africa until 2021 although the PPP failed on 13<sup>th</sup> year due to both parties not fulfilling envisaged term of 18-year contract (Areff, 2021).

## **2.3. Empirical Review of Literature**

### **2.3.1. Introduction**

Rasethunsa (2022a) indicated that the tourists perspective on private sector showed distastisfaction on accomodation, cars, reasturants, retail shops and infrastructure. In this literature review more will be investigated regarding the tourists to better the offering of the market, this will include *viz*:

- who the tourists are,
- their demographics profile,
- evaluate and critic the state of the market,
- find out what courses the need for travelling,
- what motivates them to travel to Lesotho as place of destination?
- what challenges the industry has and what opportunities are there and finally?
- what does the market need per segments.

The synthesis of the literature is provided in Table 1 below per themes to identify what makes up the tourism market in Lesotho, how developed the market is, what are the needs



of the consumers and whether there are opportunities to be seized via a creation of a new venture.

**Table 1 Identification of Research gap/market opportunities**

Theme	No. of Articles	References	Research Gap/Business Opportunity
Job Creation	5	Alan et al (2016)	<ul style="list-style-type: none"> <li>➤ Identifying market segments in tourism for viable business ventures to employ</li> <li>➤</li> </ul>
Market development	4	University of Pretoria (2018)	<ul style="list-style-type: none"> <li>➤ Latest date on supply &amp; demand in tourism industry</li> <li>➤ No mention in the literature regarding Maletsuinyane braai festival on seasonal tourism.</li> <li>➤ Profitability</li> </ul>
Tourism Development	6	Keois et al (2019) Soshkin et al (2022)	<ul style="list-style-type: none"> <li>➤ Lesotho has natural attractions.</li> <li>➤ Lack of tourism infrastructure</li> <li>➤ Industry still in early development</li> </ul>
Limited Tourism Facilities	3	Keois et al (2019), (Rasethuntsa, 2022a)	<ul style="list-style-type: none"> <li>➤ Need for new tourism facilities.</li> <li>➤ Need new Tourism offering product differentiation.</li> </ul>
Tourism Awareness	6	Yiu et al (2015) Benett et al (2023)	<ul style="list-style-type: none"> <li>➤ Customer needs in Lesotho tourism market</li> <li>➤ <b>The needs of South African tourists in Lesotho (market analysis),</b></li> <li>➤ <b>Identifying opportunities for a new venture</b></li> </ul>
Customer Service	4	Bob et al (2022) Yiu et al (2023)	<ul style="list-style-type: none"> <li>➤ Basotho lacks customer care in tourism industry</li> <li>➤ Needs of international tourists in Lesotho</li> </ul>
Tourism Marketing & Market Access	3	Makwindi et al (2022)	<ul style="list-style-type: none"> <li>➤ Cultural behaviour in tourism industry</li> <li>➤ Business tourism research in Lesotho</li> </ul>

### 2.3.2. Demographics Profile

In the following section, the discussions focus on the composition of Lesotho tourism market prior to the pandemic.

#### 2.3.2.1. Annual Tourist Arrivals

According to the Lesotho Visitor (Lesotho Development Corporation, 2017) each year, tourists visit Lesotho for scenic spots, mountains, and rich culture. These tourists get their information mainly from their friends and relatives, websites, and the guidebook. Visitors predominantly organize these trips themselves, with only a few using travel agents. Figure 1 below shows that there are varying numbers of visitors to Lesotho each year. The highest number of visitors was in 2016, with a total of 1 196 214, while the lowest numbers were in 2014, with a total of 1 078 510, 2019 experienced a decline of 2.6%. This could be attributable to various factors, including the beginning of the COVID-19 pandemic, which restricted movement across borders. The fact that friends and relatives are major sources of information confirms that there is very little that is done to market tourism in Lesotho.

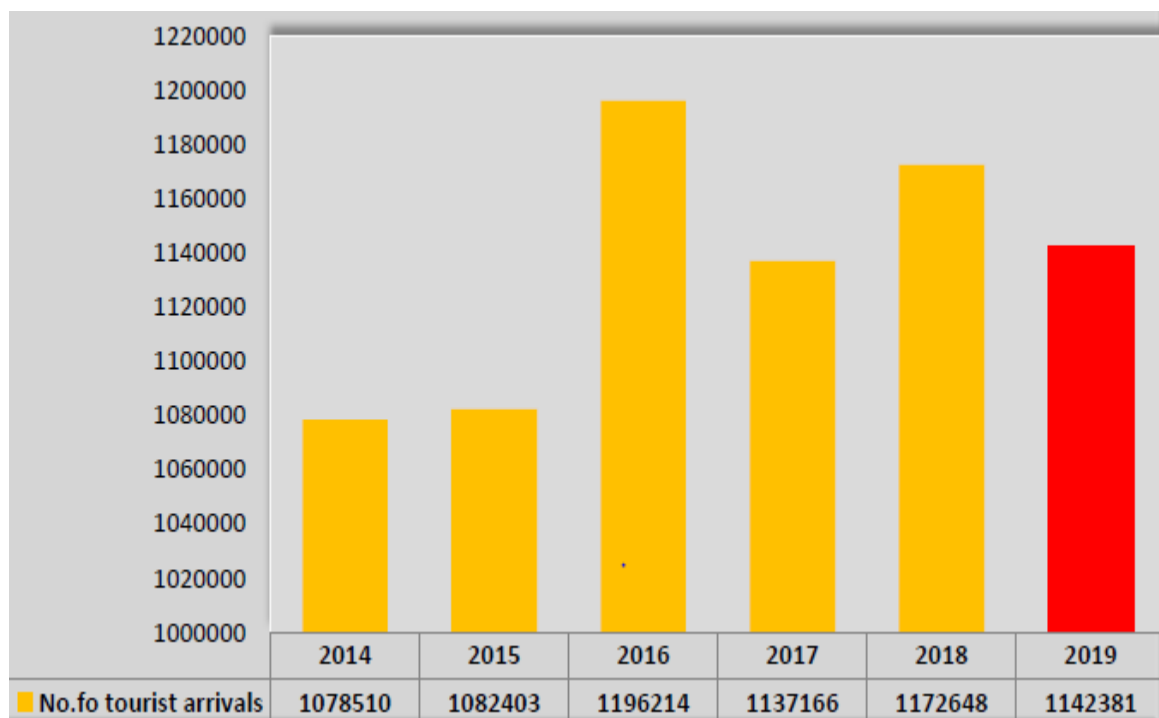


Figure 1: Number of arrivals by year Source: (LTDC, 2019)

Most of the visitor's access the country through Maseru bridge, followed by Maputsoe bridge, as shown in Figure 2 below. This is mainly due to ease of access, better

infrastructure, and their proximity to the capital city of Maseru, and the second largest town of Maputsoe. Lesotho is landlocked in South Africa's via well-developed road network via a total of 15 border gates, with most arrivals coming from and via SA and main ports of entry are; Maseru Bridge (43.6 % of arrivals), Ficksburg (30.7 %), Caledonspoort (11.6 %). With 13,652 arrivals, Moshoeshoe airport accounted for only 1.1% of visitor arrivals. The main national trunk routes are the A1 from Maseru to Butha-Buthe and on to Mokhotlong (280 km) and Sani Pass, and the A2, tarred road from Maseru to Moyeni (Quthing), Mount Moorosi and on to Mphaki (248 km)".

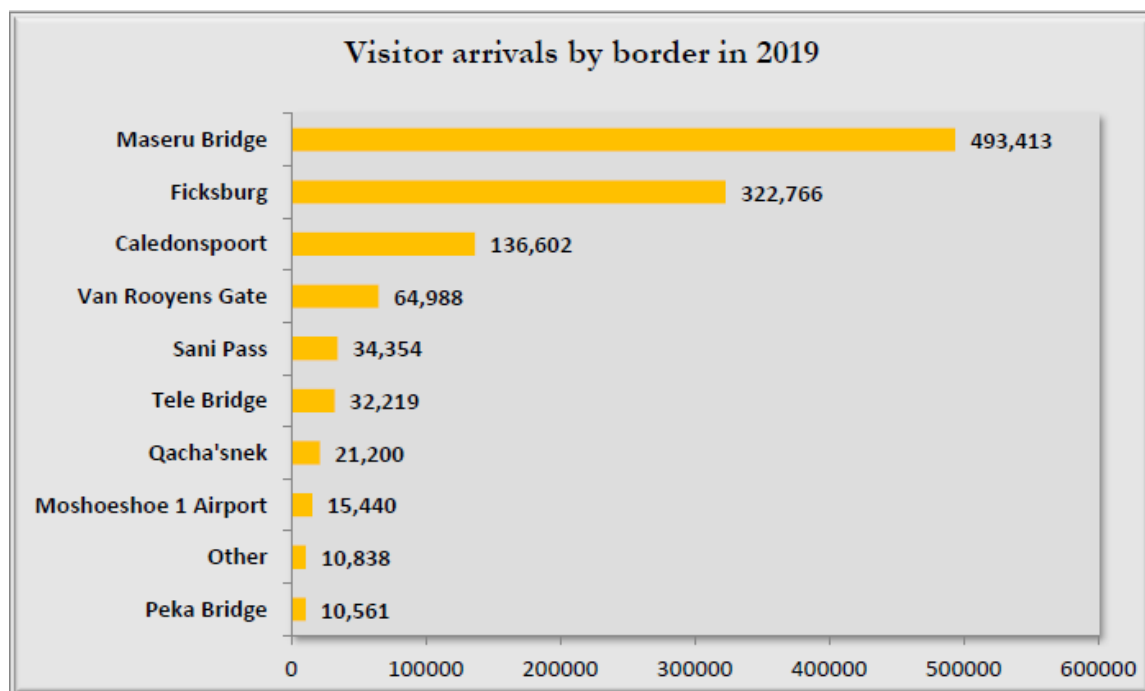


Figure 2: Visitor arrivals by border in 2019. Source: (LTDC, 2019)

Over 90% of the visitors are coming through the borders and almost the same percentage of the market comes from SA by which Lesotho is completely landlocked. "With 12,401 arrivals in 2015 and 13,652 arrivals in 2016, Moshoeshoe I International Airport is operating currently at a low utilization level with only three outbound and inbound flights a day operated by South African Airlink." (Keois, 2019). Considering the contribution that good aviation infrastructure has on tourism in many countries, it can be concluded that the low functionality of the Moshoeshoe 1 airport is a contributing factor to low rate of international

visitors. But with some plans underway to “extend the runway and improve terminal building” it can be expected that international tourism will in the future improve.

### 2.3.2.2. *Arrival’s Mode of Transport and Purpose*

Figure 3 below confirms that over 95% of tourists enter the country by land transport. The reasons have been explained above, but it can be further determined that direct connection of airlines to Lesotho will in the future contribute to the increased tourism. World Travel & Tourism Council (2022) has explained that the more open the developing countries are to the international community and the ease of reaching such destinations contributes to increased demand for tourism exports. Figure 3 also indicates that between 2010 and 2016, the number of vacation visitors has increased and to replace travelling for personal reasons.

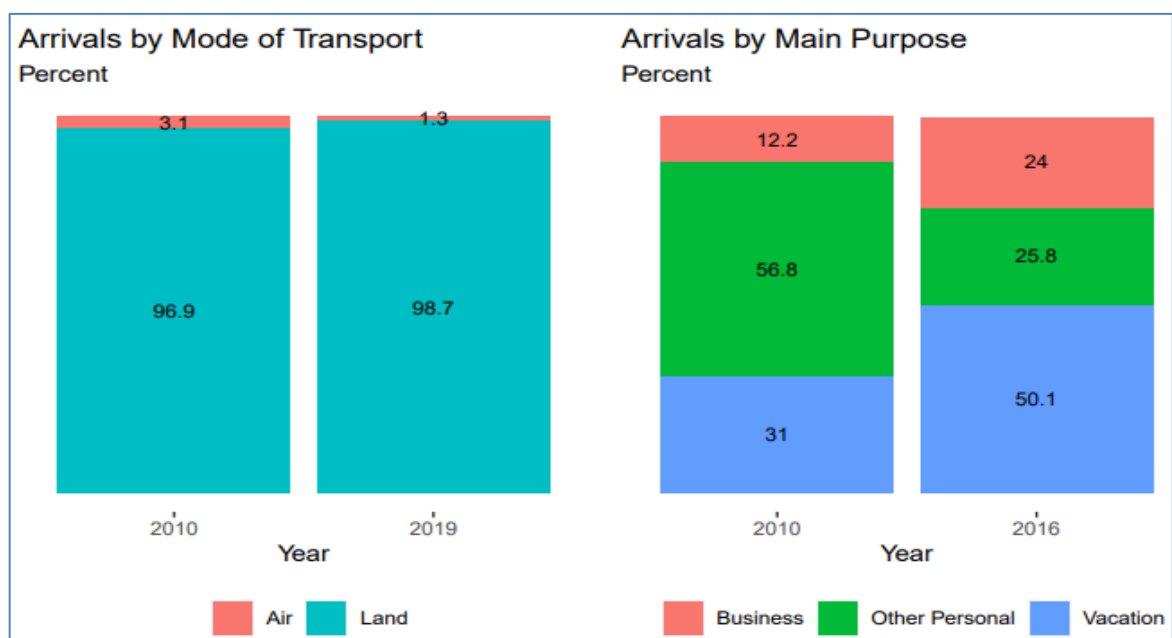


Figure 3: Arrival by mode of transport and purpose. Source: UNWTOe (2021).

### 2.3.2.3. *International Tourism Markets*

SA remains the main source of international arrivals to Lesotho. Over 90% of inbound tourism is from SA markets as per Table 2. This is mainly due to its proximity to the country. The 2017 visitor exit survey and the annual arrivals and accommodation report of 2019 also indicates that most visitors and tourists to Lesotho live in SA and travel for leisure purposes, just as do most visitors from Europe and North America. About 6% of the market is from overseas. Potentially, the greater market that visit SA could be drawn to Lesotho.

Table 2 below is more elaborate in that it shows the number of visitors over four years starting from 2014 to 2017, in essence it shows that there is a constant and reliable demand for Lesotho tourism. But the fact that it has been flat for some time may be seen as an indicator that the quality of Lesotho’s tourism output has remained unimproved.

Table 2: Number of arrivals in 2017. Source: Lesotho Visitor Exit Survey (2017)

Country of Residence	Total Visitor Arrivals	% Share
South Africa	1,081,227	90.4%
Zimbabwe	20,835	1.7%
USA	10,026	0.8%
Botswana	8,972	0.8%
Germany	7,955	0.7%
Netherlands	7,856	0.7%
Swaziland	5,006	0.4%
UK	4,970	0.4%
France	1,791	0.1%
Other	47,576	4.0%
Total	1,196,214	100.0%

Table 2 also shows that Lesotho’s market is heavily dependent on SA. Reaching Lesotho from overseas can be an inhibiting factor this is also an indicator that holistically, the quality of Lesotho’s product is not of a standard that draws the international market. A significant number of those who visit Lesotho from SA, do so because of some family bonds and because Lesotho is their motherland.

#### **2.3.2.4. Age Group of Visitors**

Figure 4 below indicates, visitors between the ages of 25 and 54 make the highest number of visitors. Of all the visitors, 58% are males, while 42% are females. The fact that it is the younger generation that visits Lesotho may be an indication that thrilling adventure can be a relevant product to sell.

Table 3: Leading source markets for visitors to Lesotho. Source: (Keois, 2019)

Source	2014 (,000)	2015 (,000)	2016 (,000)	2017 (,000)
South Africa	969	970	1,081	1,010
Zimbabwe	21	21	21	21
Botswana	7	7	9	8
Swaziland	4	5	5	4
China	10	8	7	8
India	5	4	4	5
USA	9	10	10	9
UK	6	6	5	6
Germany	4	6	8	9
Netherlands	4	6	8	9
Other	41	40	38	50
<b>Total</b>	<b>1,079</b>	<b>1,082</b>	<b>1,196</b>	<b>1,137</b>

Table 4: Lesotho's shares of overseas visitors to RSA. Source: (Keois, 2019)

Source	Visitors to Lesotho				Tourists to South Africa			
	2014 (,000)	2015 (,000)	2016 (,000)	2017 (,000)	2014 (,000)	2015 (,000)	2016 (,000)	2017 (,000)
Asia/Pacific	26	23	22	30	427	397	497	496
Europe	24	28	31	35	1,400	1,351	1,570	1,688
America	11	12	12	10	435	404	474	546
Other	1	1	1	1	15	14	12	13
<b>Total</b>	<b>61</b>	<b>63</b>	<b>65</b>	<b>76</b>	<b>2,277</b>	<b>2,166</b>	<b>2,553</b>	<b>2,743</b>

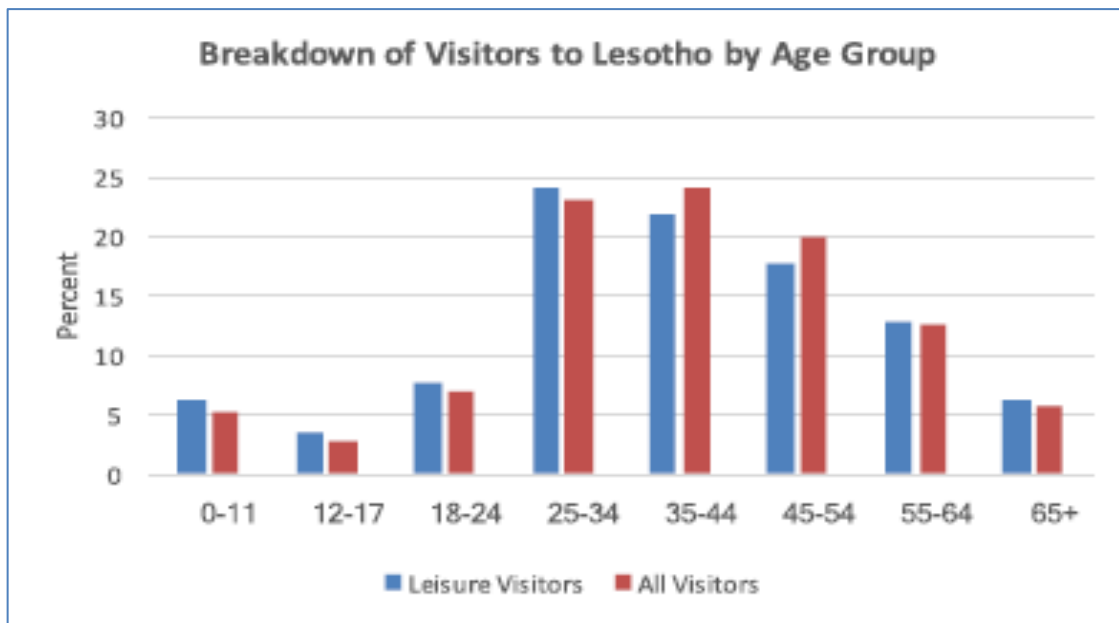


Figure 4: Breakdown of visitors by age group. Source: (Lesotho Development Corporation, 2017).

### 2.3.3. Tourists needs.

Any business exists purely to serve the needs of its customers (Neck, Neck, & Murray, 2021). Finding what the needs are and how the business can best position itself to capture the customers will eventually lead to sustainability of that business. Like any industry, tourism sector has drivers for demand. “In 2015, UNTWO statistics showed that 53% of international tourist’s arrivals were motivated by holidays, recreation, and leisure, 14 % for business related and 27 % by visiting friends/family, cultural and religious activities” (Bob, Swart, Perry & Gouden, 2020). As cited by Bob et al., (2020), Camilleri (2018), identifies key aspects driving motivations for tourists as follows:

- **Attraction**, a key initiator to travel to the destinations.
- **Accessibility**, the ease of getting to the destination.
- **Price**, the affordability of the tourist regarding the cost of travelling (transport, food, accommodation, leisure activities etc)
- **Amenities**, Level of service, availability of services, quality
- **Human resources**, trained personnel, or staff to enhance tourist experience.
- **Image, branding & perception**, associated with the destination, uniqueness, and experience by the tourist.

For the customer/tourist to have good experience at the end of their journey, their needs must be fulfilled to have memorable experience so they could recommend the place to their friends, or even come back. The establishment of any venture is to ensure that the customer needs are met throughout the value chain of the industry. The tourist's needs must be well researched and well known prior to picking up a segment of the market where the demand is. Tsambous, Moraiti & Cossu (2010) states the needs of tourist per segment in the transportation industry and at the destination as shown in Table 5. A lot can be learned from these needs in a new venture in the tourism industry to see which segment to venture into. If these needs are not met the tourist's stay at the destination may be affected.

Table 5 Needs per Tourists segment in the transportation sector (Tsambous et al., 2010).

<b>Tourist Segment</b>		<b>To and from destination</b>	<b>At Destination</b>
TS1	<b>High Income Groups</b>	"Autonomy, Rapidity Efficiency, Pleasure Comfort, Sustainability, Advance Information, Security"	"Autonomy, Rapidity& Efficiency, Pleasure & Comfort, Sustainability, Information, Security"
TS2	<b>Disabled</b>	"Accessibility, Convenience, Safety, Security, Advance Information, Pleasure & Comfort"	"Accessibility, Convenience, Safety, Security, Information"
TS3	<b>Students, Young People</b>	"Low/special prices, Conviviality, Autonomy, Advance Information"	"Safety& Security, Low/special prices, Information"
TS4	<b>Children Under 17</b>	"Safety& Security, Low/special prices, Advance information"	"Safety, Security, Convenience, Low/special prices, Information"
TS5	<b>Families with Children</b>	"Safety, Security, Convenience, Low/special prices, Advance Information, Accessibility"	"Autonomy, Information, Pleasure & Comfort, Sustainability, Conviviality "
TS6	<b>Adults, Singles, Couple</b>	"Autonomy, Advance Information, Pleasure & Comfort, Sustainability"	"Autonomy, Information, Pleasure & Comfort, Sustainability, Conviviality"



TS7	<b>Retired</b>	“Safety& Security, Convenience, Comfort, Low/special prices, Advance Information, Accessibility:”	“Safety& Security, Convenience, Comfort, Low/special prices, Information, Accessibility, Conviviality”
TS8	<b>Incoming (new &amp; old markets)</b>	“Convenience, Advance Information, Low/ special prices, Safety, Security “	“Convenience, Information, Low/special prices, Safety, Security “
TS9	<b>Business Tourists</b>	“Autonomy, Rapidity &Efficiency, Pleasure & Comfort, Sustainability, Advance Information, Security, Convenience”	“Autonomy, Rapidity& Efficiency, Pleasure &Comfort, Sustainability, Information, Security, Convenience “

The aim of the study is to make an offering with clear demand and still be able to meet customer needs so as the customer stay can be increased. Like any market, tourism market structure is governed by demand and supply (Bennett, Jooste, & Strydom, 2005), the research will investigate how both inter-relate, what the demand factors are, needs of customers, their motivation, and reasons for travelling. The supply side will look into what the industry and market can supply and what the motivation for tourism may be from consumer’s side and various stakeholders as shown in the theoretical model developed by (University of Pretoria, 2018) as shown in Figure 5. The attraction is the place where there is a common interest for state to have development plans and private sector to invest to develop the market (Lesotho Tourism Development Corporation, 2019).

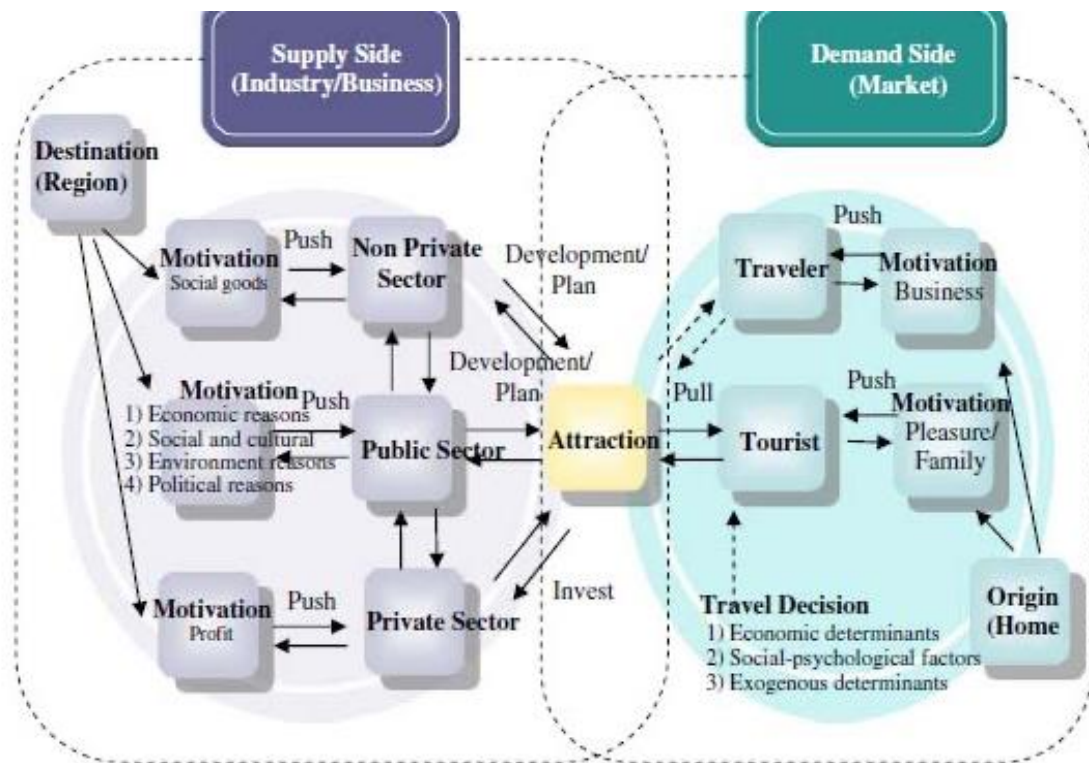


Figure 5 Tourism attraction theoretical model (University of Pretoria, 2018)

#### 2.3.4. Lesotho Tourism Domestic Market

Lesotho is relatively undeveloped country with unique features, mountains, scenic views and relatively low supply of infrastructure, recreational facilities and even accommodation making up the supply. Tourism industry has a significant potential to contribute to the country's economic growth (Lekoatsa, 2023). The natural beauty of its majestic mountains and rivers, good health implications of its clean air and waters, the historical tourism friendly atmosphere and unique culture – all of these and other natural features provide a potential to building a successful tourism industry (International Trade Administration, 2024). The economic potential of this industry hangs on the fact that the tourism industry cuts across all industries as much as its success depends on their successes. For instance, booming tourism in any country brings economical boosts to other industries such as communication, and so it depends on its efficiency. It contributes to the transport industry, which means that it also depends on the efficiency of that industry. It depends on good infrastructure, reliable security systems and environmental safety. One can deduct from the research that governments which desire to grow their economies via tourism business, need to formulate all other national plans in view of their contribution on tourism. Tourism

master plan highlights the key nodes where tourist attractions can be made to develop the market and identifying the roles of various stakeholders including private sector.

Due to limited amenities, recreational activities, and quality customer service in the tourism industry to fulfil tourist's fulfilment in Lesotho many tourists stay on average 2.8 days (Yiu et al., 2015). Leisure tourists on the other hand stay is on average 3.2 nights and the industry is very seasonal (Bob, et al., 2020). This signifies low supply of basic tourism services. The hotel and accommodation sector has on average 20 % bed occupancy rate. This seem to be very low compared to South Africa at which can be as high as 79 % as of December 2022 (StatsSA, 2023).

South Africa is the largest Tourism & Travel sector in South Africa and has market ready hotels, facilities appealing for the tourists both locally, from SADC region and internationally. Benett, Jooste & Strydom (2005) identified that the low occupancy rate for hotels in Lesotho might be due to majority of these hotels not meeting international standard i.e. not market ready, it was only 35 % of the accomoadtion facilities that were graded and met the standards, which is one of the reasons that could make tourist live only few days in Lesotho and leave to nearby South African townns with better facilities such as Clarence. The demand for use of tourism services in Lesotho is also made up of locals (2 million population) making up domestic demand (World Travel & Tourism Council, 2022).

### **2.3.5. Regional & International Tourism**

Lesotho's proximity to South Africa makes up regional demand of the tourism market in Lesotho. Ramukumba & Moeketsi (2020) have profiled the tourists travelling from South Africa and found that South African tourists who are majority of tourists to Lesotho travelling was motivated by; (in this order): "mountains, scenery, culture, curiosity, diversity of attractions, skiing, climate, tranquility, the visiting of friends and family."

Lesotho also attracts international tourists looking for unique climate, adventure tourism cultural experiences and nature/high altitudes etc. A direct economic contribution of tourism industry is about 3.8 % with total of 10.3 % supporting around 43 000 jobs at 6.8% of the country's total employment (World Travel & Tourism Council, 2022).

The economic contribution of inbound tourism in the country as depicted by Figure 6 below is currently very low. The highest contribution it has ever made to the GDP was 2.1% in 2016. Since then, it has been constant at a 0,9% for 2017, 2018 and 2019 consecutively.

There is more that is expended outside (import tourism) than what the country attracts in terms of foreign currency (export tourism) (UNWTOe, 2021). Does it mean that the country has very little to offer compared with the international community? Or is that a little has been done to entice the international community to market the national assets.

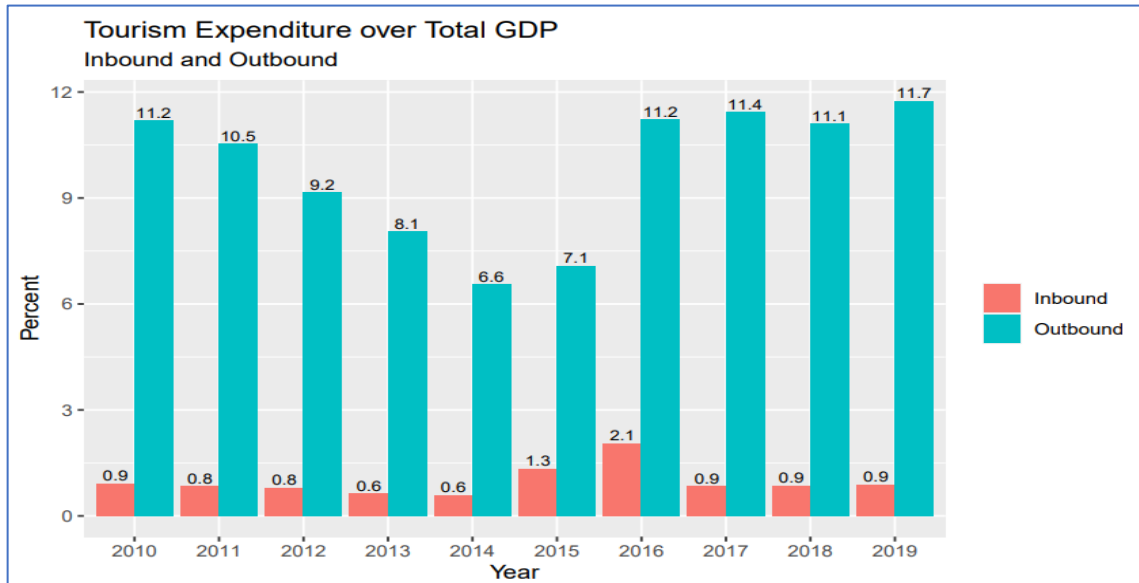


Figure 6: Tourism expenditure as a fraction of GDP. Source: UNWTOe (2021).

On average, a tourist spends US\$31 in Lesotho (Trading Economics, 2022). This is insignificant considering that among the SADC counterparts like SA and Namibia. On average a tourist spends about US\$150 and US\$164 respectively. Therefore, a possibility exists that few tourists who visit Lesotho, do not stay long enough or that there are few quality goods or services on which they can spend on. In fact, according to the NTMP, on average tourists stay for about 3.2 nights with 20% of the accommodation facilities not utilized, which means that there is very little activities and facilities that can hold visitors for longer stays. The sector currently is responsible for more than 3000 employments. The latest figures in Figure 7 below of 2019 indicated that there is about 2,700 employees within this industry. The figure could even be lower because of the effects of the pandemic.



Figure 7: Total number of employees within the industry. Source: UNWTOe (2021).

Similarly, Figure 8 below indicates that between the years 2010 and 2019, there has been a significant expenditure on outbound tourism. Expenditure on inbound travelling has not scarcely reached a 100 million mark.

### 2.3.6. Most Visited places in Lesotho

The main places of attraction for visitors to Lesotho are those that provide outdoor adventure (Tourism Guide Africa, 2023). The country's remote highlands, rocky escarpments, streams and rivers, and unpolluted mountain air are ideal for adventure seeking travellers. These places have paths, which have been created by years of Basotho travelling between villages and pasturelands and are ideal for trekking and hiking through scenic places, which also attract birdwatchers, while rivers and streams provide opportunities for trout fishing and fly-fishing.

Table 6 and Figure 9 below show the most visited places in Lesotho, which are predominantly characterized by the abovementioned features. Although tourism seems to be spread throughout the country, the top three places are Katse Dam, Sani Pass and Afriski which account for greater percentages are in the North of Lesotho.

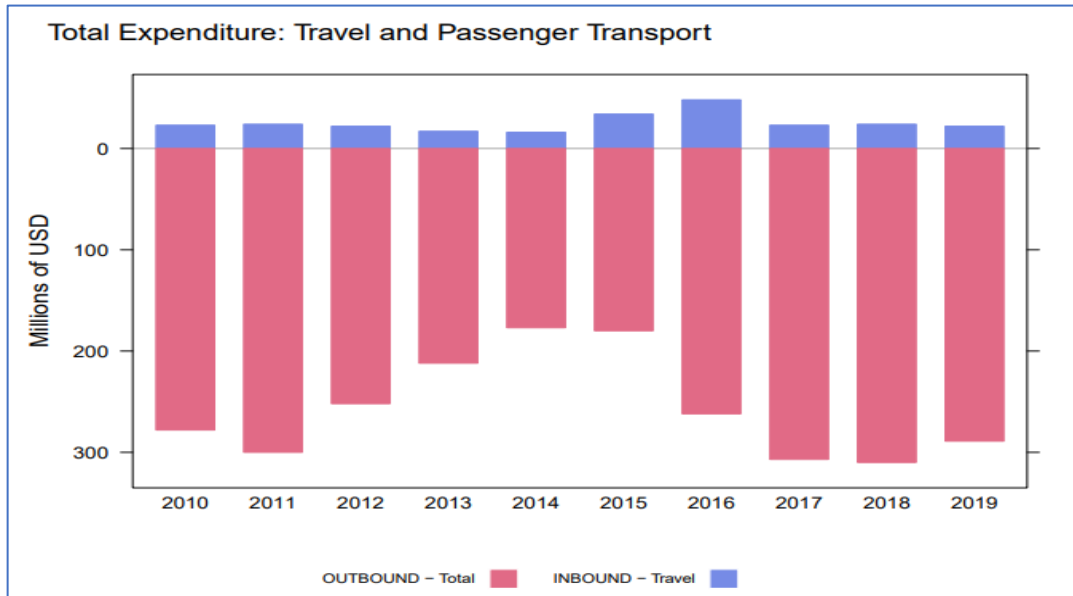


Figure 8: Tourism outbound and inbound travel. Source. UNWTOe (2021).



Figure 9: Most visited places in 2017 by percentage. Source: LTDC (2017)

Table 6: Most visited places by districts. Source: LTDC (2019).

	PLACE VISITED	DISTRICT	% share
1	Katse Dam	Thaba-Tseka	15%
2	Afri Ski	Mokhotlong	13%
3	Sani Pass	Mokhotlong	13%
4	Semonkong Village	Maseru	10%
5	Maletsunyane Falls	Maseru	7%
6	Thaba-Bosiu Heritage Site	Maseru	6%
7	Malealea Village	Maseru	6%
8	Oxbow	Butha-Buthe	6%
9	Tšehlanyane National Park	Butha-Buthe	3%
10	Mohale Dam	Maseru	6%
11	Morija Museum and Archives	Maseru	2%
12	Roma Dinosaur prints	Maseru	5%
13	Other		8%

### 2.3.7. Accommodation & Recreational Facilities

As much as there is little foreign income received from inbound tourism, and the fact that recreation accounts for an even lower income warrants a need to explore the demand patterns and customer's needs (University of Pretoria, 2018). Tourists spend less for cultural and recreational services than for any other tourism products such as accommodation and restaurants (Makwindi & Ndlovu, 2022). That is because there is very little creation of recreation services in the country than there is for other services. So, there is a little that tourists can do in Lesotho. So, the accommodation segment depends on the recreational activities within the industry. When there are attractive activities around, the visitors are likely to utilize the nearby accommodation. At the same time, when accommodation is available, tourist will most likely utilize the nearby recreational activities. This explains why tourists stay for a short period in Lesotho and why most accommodation establishments are not satisfactorily utilized. It is because there is very little activities which

have the potential to keep visitors longer. This in turns explains the reason for the little contribution of the industry to the economy. As a result of these gaps and demands in the market, a study was needed to identify a business gap within the industry for new industry entrants.

### **2.3.8. Most Undertaken Recreational Activities**

As noted in

Table 6, the main recreational activities offered by the visited sites in Lesotho includes sightseeing, 4x4 and pony trekking, hiking, and biking, with the special activity of skiing and snowboarding offered by Afriski. This is also noted in the study of LTDC (2017), which highlighted the same activities as shown in Figure 10. The figures indicate that sightseeing was the most popular activity for visitors, followed by hiking and pony trekking respectively. Hiking is mainly preferred by tourists coming from Europe and USA. For most leisure tourists, the top five most popular were General Sightseeing, Hiking, Skiing, 4x4 Trekking and Biking.

These are therefore clear leisure market activities in Lesotho. Lesotho offers very different activities at different times of the year. Analysis by month clearly shows the popularity of Skiing in July through August, Biking in December, fishing in January through April, and Rock Climbing in June-August. It is noted that general sightseeing is a common activity among all visitors with South Africans doing adventure activities such as 4x4 trekking, mountain biking and skiing. On the other hand, overseas visitors mainly visit iconic, well-publicised natural, cultural attractions.



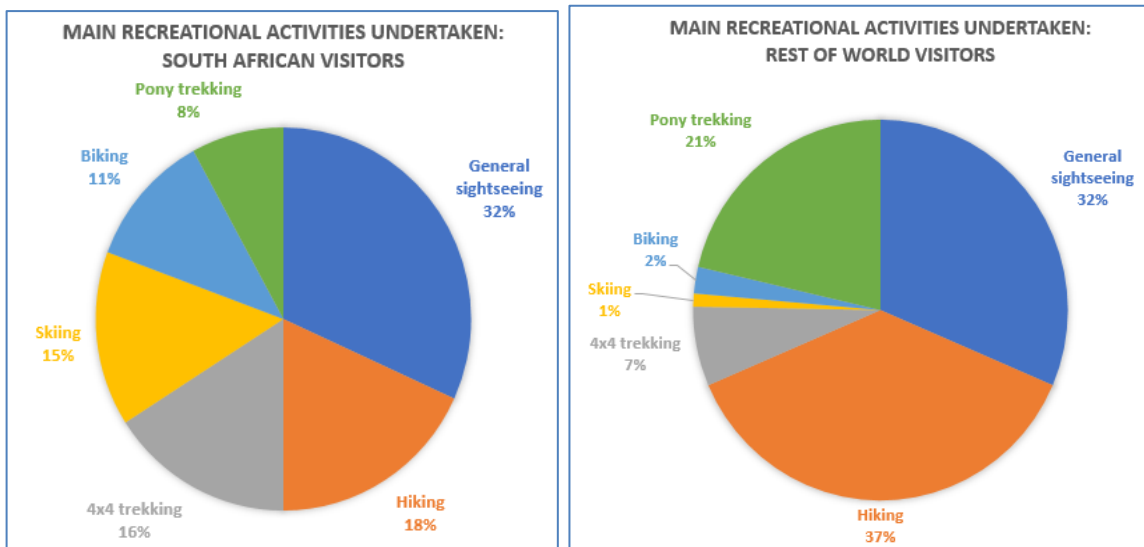


Figure 10: Main recreational activities: SA visitors: Source: Lesotho Exit Visitors Survey (2017).

### 2.3.9. Most Utilised Accommodation Establishments

Figure 11 below shows that by 2019, the number of accommodation establishments were less than 175. Since 2010 through 2019, there has been a flatter increase of these establishments.

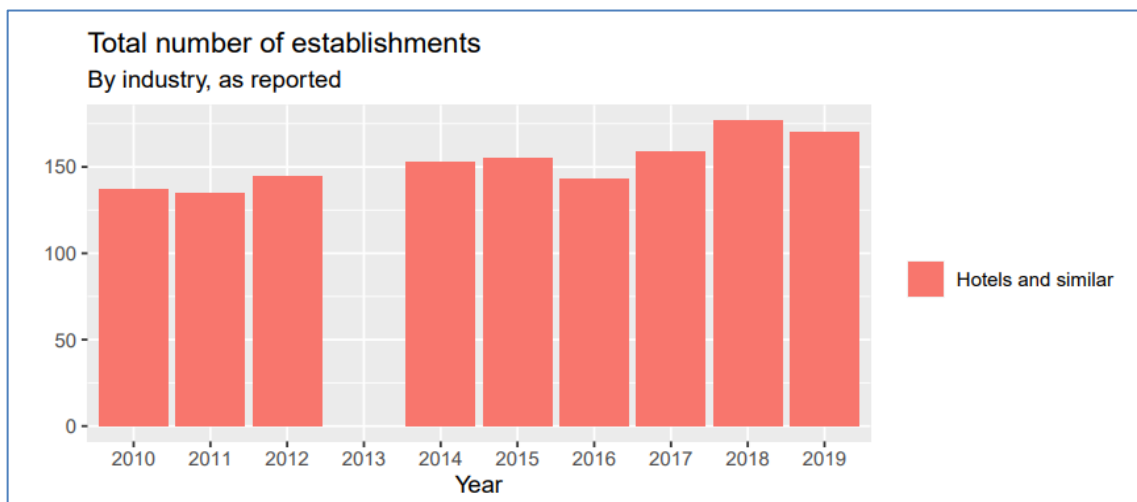


Figure 11: Total number of establishments. Source: UNWTOe (2021)

The Lesotho Visitor Exit Survey 2017 has revealed that majority of tourists prefer to stay in hotels or lodges. However, tourists from USA prefer to use either Bed and Breakfast establishments, camping, or staying with friends/family. This means that the tourism

industry in Lesotho needs to invest more in hotels, lodges and B&Bs, as per tourists' preferences. This is because statistics show that between 2018 and 2019, Lesotho had more guest houses than other types of accommodation, followed by lodges and B&Bs. Despite hotels being the most preferred by tourists, they rank fourth in terms of their availability in the country (see Figure 12 below).

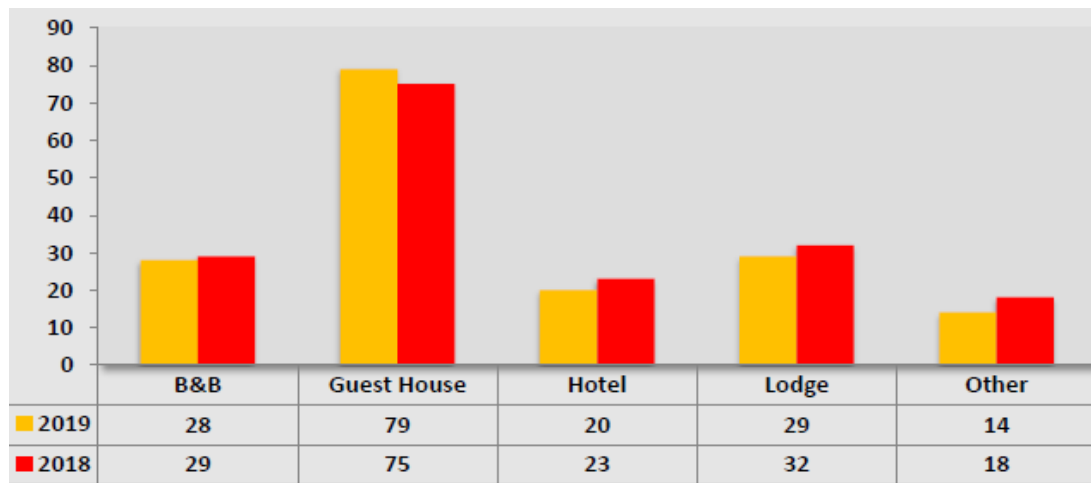


Figure 12: Number by types of accommodation establishment. Source: LTDC (2019).

### 2.3.10. Lesotho's Industry ranking

According to the Schwab (2019), Lesotho was ranked as low as 128<sup>th</sup> in 2017 and 124<sup>th</sup> in 2019 tourism global index. This number improved to 111 in 2021 (Soshkin & Uppink, 2022). One of the key factors contributing to the low rankings compared to other countries is that the industry is largely unexploited and still in the early stage of development. This reaffirms the notion that has already been raised that more work must be done to make the industry a world class tourism destination (World Tourism, 2023). The government of Lesotho has begun to see the role of the private sector as central to the advancement of the tourism industry. At an international level, UNWTO's expertise has also been co-opted to assist with the legal framework, strategy, research, and relevant models. Currently, the UNWTO is reviewing the existing strategies and policies (UNWTOc, 2021). Lesotho was named by New York Times as one of 52 places to visited by New York Times (MOTT, 2020) making it one of the places desired by international tourists.

### **2.3.11. Market Opportunity & Research Gaps**

According to Tsambous, Moraiti, & Cossu (2010) customer's needs is a driving force to establish new ventures and new markets. The factors making up the demand and supply in tourism industry in Lesotho have been identified,

The following are the unique attributes of the industry identifying where the possible business opportunities/research gaps can arise for investment purposes by private sector for consideration before launching new ventures:

- LDTC tourism master plan identifies its tourism industry as a unique opportunity because of its early stage of market development and breath-taking scenery of its landscape. (Mantshantsha, 2007)
- Lesotho has opportunity to reposition itself in a competitive position in SADC region to attract tourist from neighbouring countries in the Regions especially tourists from South Africa (Ramukumba & Moeketsi, 2020)
- Lesotho is a landlocked country in South Africa and must take opportunity to attract tourists from South Africa i.e., the largest Travel & Tourism Industry (T&T) in Africa
- South Africa's T&T market is a sophisticated one attracting tourists from all over the world and if Lesotho grow its numbers, the offering must have a mix of price sensitive products as well as for upmarket products with taste of international tourists.
- High altitude: The country is regarded as the only country in the world entirely 1000m above sea level (European Space Agency, 2007)
- The highest point in Southern Africa, Thabana Ntlenyana at 3482km above sea level, is found on the Drakensberg range that divides Lesotho and SA on the far North of the Mountain Kingdom
- The lofty mountains of Lesotho have formed thrilling passes and water falls which are a subject of every primary school social or history studies.
- The regular snow fall in the country is an attractive feature for tourists.
- The highlands culture is unique and authentic.
- Accommodation and Recreational and facilities for different offerings.

### **3. Research Framework & Methodology**

#### **3.1. Introduction**

This chapter is going to explore the steps that are needed to show how the new venture in tourism is going to be explored, the purpose of the study is to use existing literature, develop a framework to identify the gaps in tourism market, both in demand and supply side, and check where the opportunities are in line with the literature. This chapter gives methodology, study design overview, identifying relevant stakeholders and specifying the target market group and designing the interview, population size and sampling technique as per (Sekaran, 2003).

#### **3.2. Venture Proposal Approach**

The data given in the literature review is however broad and to narrow the scope, the study will focus on a qualitative /case study with interviews to get perspective of what the tourists want as far as recreational facilities and adventure tourism is concerned to increase the supply side of the tourism market. This venture proposal approach is going to be product based & customer centric approach. Tourism service is a highly customer focused industry (Yiu, et al., 2015; Elands & Lengkeek, 2000). Bennett et al., (2005) mentions that suppliers in tourism services must have a good understanding of their customers motivations and expectations to have a competitive advantage.

Rasethuntsa (2022), Dun & Bradstreet (2023) identified that the following needs from research gaps were identified:

- Need of tourism facilities
- Need of better service delivery (Basotho have limited understanding of tourism occupancy rate)- Marketing.

The unit of measure of analysis will both be the market and the customers (tourist). The venture proposal explores the market to see which idea would be explored within the market, the provision of recreational facilities has been identified. The proposal thus shall be set forth to achieve high customer service, good product liked by the consumer, below are opportunities, or markets to explore for a new venture:

- Limited infrastructure, tourism development is linked to infrastructure and influx of tourists appreciate good infrastructure to plan their trips.
- Limited recreational facilities, this is an opportunity for service offering for a new venture.

- Poor customer service, tourism is a service industry to increase occupancy rate customer service with marketing initiatives to appeal to a customer will have to be enhanced.
- No understanding of tourism market, tourism in Lesotho is still in early stage.
- Low occupancy rate
- Tourists visits Lesotho and sleep in hotels /BnBs in nearby South African Towns
- Strong cultural tourism
- Business tourism on the rise; limited places of entertainment, relax & play, conferencing.
- Kids & Entertainment places, there is no mention of this in the literature review.
- Adventure tourism but limited information on the supply & demand. The recommendations of national tourism master plan mention a few ideas.
- Implementation of tourism master plan and role of private sector is considered in this proposal as part of the ideas to base a new venture on.
  - BnBs across the country
  - Development of new venture based on entrepreneurial ideas.
  - Improvement of existing offerings to complement existing staffed market.

### **3.3. Tourist Needs & Theoretical Framework**

#### **3.3.1. Tourist Typologies/Mode of experience**

In both South Africa & Lesotho have traditionally tourism information has traditionally been done using demographics, socio-economic statutes, race, income group, geography (University of Pretoria, 2018). However, there has been increasing demand for understanding motivation for travelling leading to focus on psychographic typologies for both domestic and international tourist (Bennett et al., 2005). Typology of tourism is understanding the underlying the needs and reasons for travelling and develop the products that are best suited to customers' needs and tastes. Two theoretical models (cognitive normative) are used in this proposal namely, Cohen Model (Modern Pilgrimage) as shown Table 7 and Plog's model (Psychographic model) as shown in Figure 13 respectively.

Table 7 Phenomenology of tourism experiences (Elands & Lengkeek, 2000)

<b>Mode of experience</b>	<b>Explanation of the mode</b>
<i>The recreational mode</i>	This mode has to do with an unproblematic change, which gives a direct amplification on the everyday life; the experiences are directed to amusement and pleasure; several forms of recreational behaviour can be grasped by this; nature or an urban setting can be the scenery against which these activities take place.
<i>The diversionary mode</i>	When daily life is stressful and alienating escape works as a therapy; the leisure context can here be an important meaning for rest and recovery.
<i>The experiential mode</i>	The recreationist, tourist or nature lover is in a strong way aware of a valuable world which lies elsewhere; the own setting is experienced as limited and experientially impoverished; "there must be more than this."; people are searching for surroundings that reflect authenticity and enriching experiences.
<i>The experimental mode</i>	For the 'decentralised' personality, the touristic and recreational activities perform to get to refind oneself in a setting that makes it possible to get back to the authentic sides of the own person both spiritual and physical; nature can hereby form the context where in these experiences especially come as their right; rock climbing, for example, is a means to discover or expand your personal boundaries.
<i>The existential mode</i>	The tourist becomes emotionally detached from the own environment and tries to remain as much as possible in the real world which is elsewhere; original or primitive cultures, where people live closer to their roots, become an important destiny for these kind of tourists; nature refers to a world as it was or as it is meant to be; the traveller desires to be absorbed within the other world, elsewhere or in another time.

According to Cohen model, the tourism offering in Lesotho can meet all the criteria. However according to Plog, the psychographic continuum to explain the tourism behavior is categorised according to:

**Allocentric:** These tourists have impulsive interest patterns, they are explorers seeking under developed destinations (international tourist interested in adventure tourism travelling to Lesotho can be classified here). Undeveloped tourists destinations are classified in this region.

**Mid Centric:**

The normally distributed curve, with tourist numbers on the vertical axis shows the mid centric is where the tourism numbers are high and development also high. The aim is to push tourism development in Lesotho to near allocentric, to bring tourism developments hotels, restaurants, recreation, and other facilities.

**Psychocentric:** Tourists falling into this category are those travelling to familiar places, they are not adventurers.

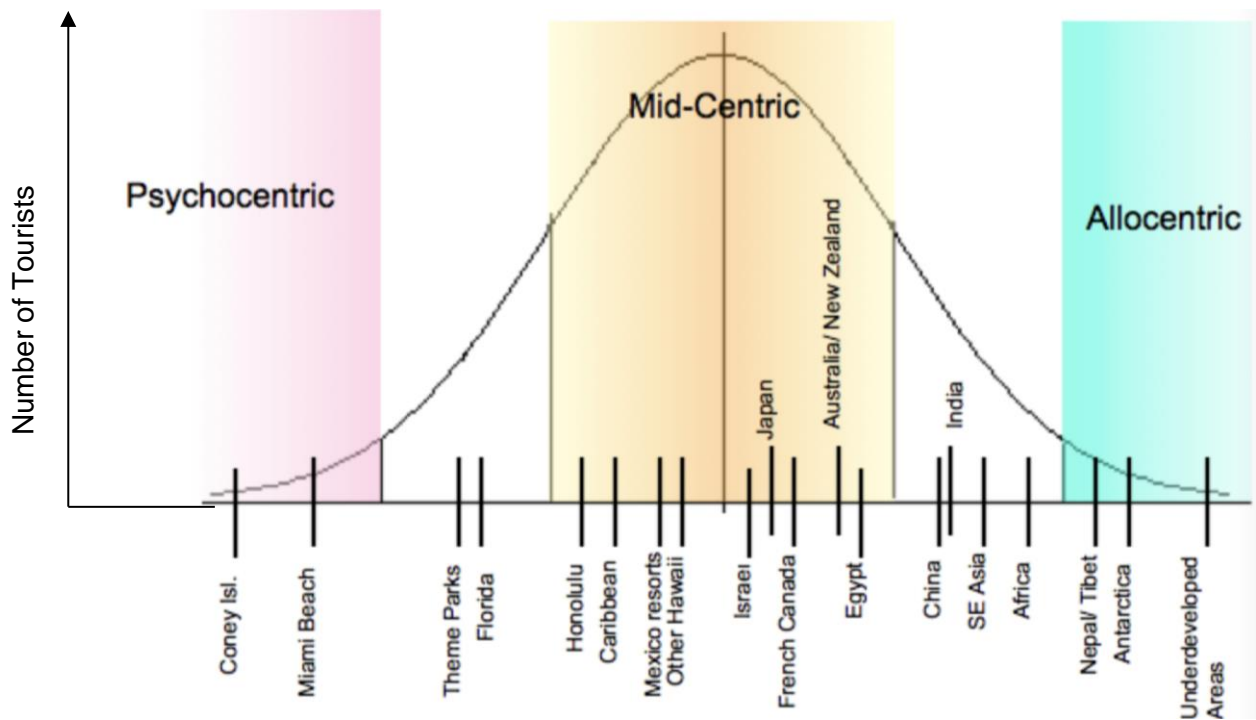


Figure 13 Psychographic Position of destinations

Plog's model can also be used to link income to different tourists, the lower income groups are said to be more psychocentric travelling to the place they know, with known budget and no surprises as they may be constrained by their income such as University students as well as low-income group families in Lesotho. The upper income groups are normally not constrained by income and are likely to be allocentric.

For a venture proposal, the interest to an entrepreneur & investor will be:

- Tourist numbers making up sales (volumes of the product offerings), As per Figure 13, Mid-Centric tourist are likely to be the target market
- Less cost of operations (better profit margins)
- Innovative product offering that cannot easily be copied by competitors.

Thus, the research interview will be set forth to give answers in terms of consumers want and package it in a way that appeals to the entrepreneur and investors.

### 3.4. Venture Proposal Design

The methodology seeks to find answer the following research questions by asking through being direct as opposed to general perspective of the literature review:

- What type of amenities can the tourists appreciate that will lead to company offering?
- Who is the target customer?
- What level of service (customer service) can the company have in line with international Standards
- What are the motivations for travelling to Lesotho?
- How much are customers willing to pay for world class tourism service in Lesotho?
- What type of marketing initiatives can the proposed venture use to get the right customers?
- Who are the stakeholders?
- The following stakeholders have been identified.
  - Domestic and International tourists.
  - Funders & Banks
  - Angel Investors
  - Government departments for various applications for legal approvals
    - (public works, water & sanitation, environmental
  - State Owned Companies:
    - Lesotho Development Corporation
  - NGOs
  - Tour operators
  - Competitors (other facilities suppliers, hotels)

### **3.5. Tourism Demand**

#### **3.5.1. Demographics & numbers**

The following demographics data is used as the guide to see where the consumers may come from, what makes up the numbers in the market, what market segment to explore:

- The highest number of visitors was in 2016, with a total of 1 196 214 in 2016, hitting 1.2mil in 2018 with 3.1% increase from 2017 as per (Lesotho Times , 2019)
- Most of the visitor's access the country through Maseru bridge 493413 and Ficksburg with 322 766 arrivals.
- Over 90% of the visitors are coming through the borders and almost the same percentage of the market comes from SA (1 081 227)



- The number of tourists visiting Lesotho has been flat for years, showing lack of improvement for quality of Lesotho tourism offering.

Source	2014 (,000)	2015 (,000)	2016 (,000)	2017 (,000)
South Africa	969	970	1,081	1,010

- Between 2014 -17,58% of visitors were male, and the age group was between 25-54
- The majority of visitors are 25-34 years, suitability for adventure tourism products.
- The top 5 most visited place are; Katse Dam, Afri-Ski, Sani Pass, Maletsuinyane Fall/Braai Festival, Mohale Dam, Thaba-Bosiu

### 3.5.2. Tourism Market Data

The following attributes in Lesotho Tourism market is noted to show demand in tourism in Lesotho (World Travel & Tourism Council, 2022):

- Tourism contributed 13.7 %, 10.6 % and 11.8 % to GDP in 2019, 2020 and 2021 respectively.
- 12.3 % of jobs created in Lesotho are in tourism
- In 2019, domestic tourists spent R4 914.6million (93 %) and international spending R344.2 mil (7%) i.e., 2% of the GDP
- In the same period, leisure spending for domestic market was \$22.7 mil (6%) and business spending was \$333.2 mil (94%)
- **Thus, tourism market in Lesotho is a significant market,**

The supply side on the industry is also noted by some researchers such Rasethuntsa, (2022) and Yiu et al., (2015) to have limited accomodation and recreational facilities not up to international standards.

### 3.5.3. Research Approach

The research is exploratory in nature, going into the market that is not fully established yet with a variety of possible ideas for a new venture, thus the methodology follows qualitative research approach structured via interviews to answer the study objectives & research questions. Exploratory research is undertaken when there is limited information available about the subject, extensive literature review is needed or detailed information can be obtained via qualitative surveys from subject surveys, interviews (Sekaran, 2003). Although, there is information available about Lesotho tourism market, this information is

at macro level and detailed qualitative survey would give a good indication in terms of how the research participants feel about the subject , who will be selected carefully for reliability of data.

#### **3.5.4. Population**

The population size will be treated as tourists that that have travelled to Lesotho both from Lesotho, South Africa or abroad, business owners or entrepreneurs in the tourism industry, industry leaders as shown in Annexure A of the interview questions.

#### **3.5.5. Interview Design**

The interview questions were sent to the relevant stakeholders. These stakeholders include:

- University students in South Africa
- Basotho in Lesotho
- Basotho in Diaspora
- International Tourists
  - a) **Basotho** in Lesotho (Domestic Market)
    - What are your travelling motivations and needs?
    - What are their challenges as tourists in Lesotho?
    - What would improve tourism market in Lesotho?
    - What type of services they would like?
    - How much are you willing to pay for tourism recreational facilities, accommodation?
  - b) **Basotho in Diaspora**
    - Location
    - How often do they visit home
    - What type of services would they prefer from tourism market in Lesotho
    - How much are you willing to pay for tourism services, accommodation, recreational facilities in Lesotho with international standard?
  - c) **South Africans travelling to Lesotho**
    - What are the needs of South African tourists in Lesotho?
    - What would like to see in Lesotho?
    - What would you like to do?

- How can the tourism market be improved? How much are you willing to pay for tourism services, accommodation, recreational facilities in Lesotho with international standard?

**d) International Tourists**

- Location (country)
- What tourism services would make you extend your stay in Lesotho?
- What are the types of tourism facilities that the tourists would like in Lesotho?
- How much are you willing to pay for tourism services, accommodation, recreational facilities in Lesotho with international standard?

**3.5.6. Sampling Technique**

The interviews were made available online to get info from the above-mentioned target groups via in-person interviews, online interviews distributed via various social media platforms such as Facebook, watsapp, linkedin and email. The results were analysed in terms of groups responses per themes such as; needs for travelling, motivations, tourism experiences, standard of accommodation facilities recreation, service of staff needs will be analysed. These themes have sub questions that will enable the research to understand the customer and hence the offering of the venture and determine the market segmentation.

**3.5.7. Data Collection**

The data collection method includes both primary and secondary data, primary data is from this research, questionnaire, and interviews. Whereas secondary data is from existing publications such as government publication (LTDC, 2019) and tourism industry in general (Dun & Bradstreet , 2023). All data used to make the decision regarding the viability of this venture proposal.

The primary data collection method used is a questionnaire and interviews attached in Annexure A that were sent on LinkedIn to reach a wide range of tourists that have travelled to Lesotho. The participants were selected randomly for people who have travelled to Lesotho.

The participants were select regardless of their background, education or geographic location and specifically used Accommodation Facilities or recreational Facilities in Lesotho to get their perspective of the market. The questionnaire and interviews have direct

interaction with the participant to get their insight on the subject and was structured in themes and standardised form as shown in Annexure A.

### **3.6. Data Analysis**

#### **3.6.1. Thematic Analysis**

Thematic analysis (inductive reasoning approach) is a qualitative approach used to organise, identify themes, and categories in the data (Bougie, 2019). The data is grouped to determine related themes, responses of similar nature. These themes can be derived from a carefully structured interviews questions as shown in Annexure A and responses analysed via a process of coding, in which relevant data segments were labelled or assigned codes (Soiferman, 2010). “The goal of thematic analysis is to identify themes, i.e. patterns in the data that are important and interesting and use these themes to address the research or say something about an issue” (Delahunt & Maguire, 2017).

## 4. Key Findings

### 4.1. Customer Needs for Tourists in Facilities and Recreation

The data collection for the tourists that have travelled to Lesotho, is used as an indication to find information on who is the customer, how they travel to place of destination, what are their interests and how can the market be segmented so the customers can be marketed on the offerings they want. The findings are summarised below:

- The responses and travelling patterns behaviours of the tourists interviewed is attached in **Annexure C**
- The demographic profile of people interviewed included age group of 32-51
- 8 males and 3 females, total of 11 participants
- All groups have diverse background, ethnicity, language, and countries of origin,
- The tourist countries of origin included: South Africa (4), Botswana (3), Zimbabwe (1) Lesotho (4) of which 3 are Basotho in diaspora with Lesotho being country of birth.
- A car is prevalent mode of transport though various border from South Africa, Maseru being the most common, other access through the country includes airplane through OR Tambo.
- 3/11 (27.2%) participants travelled to Lesotho for Business purposes.
- 5/11 (45.5%) participants travelled for leisure and to see family and friends.
- 8/11 (72.7) participants showed Interest in nature and culture as a leading attraction for travel to Lesotho.
- Lesotho Highlands Water Project is mentioned as a leading attraction by 5/11 (45.5%) participants as both tourist attraction place as well as place to visit for work purposes.
- Participant number Ref#6 believed Lesotho tourism Industry is still drive through Africa and has potential and good experience for doors looking for outdoors activities.
- Most of the participants have travelled abroad, and live in South Africa, and are aware of the tourism standard as a service, accommodation, and recreational facilities South Africa, which is the largest market in the Southern Africa and believed Lesotho tourism services are affordable with once participant saying with exception of Afriski.145

- The participants did not have any problem with the cost of accommodation facilities they used, some even saying its cheaper, one can argue that the cost is low because of lack of variety of services, leisure activities.
- The participants believed Basotho are friendly people and would want to go back to Lesotho again.
- Only one participant ref#11, who travelled for work purposes on one of the diamond mines believed that the cost of the facilities offered by the mine was expensive than in South Africa, this could be due to lack of supply and high demand in the area.

## **4.2. Segmenting Customers Accommodation and Recreational Facilities**

### **4.2.1. Limitations**

The study has limitation to collect data in the market to get a thorough understanding of customers profile, demographics, psychotropic and behavioural patterns due to limited time of conducting full market research as may be the case for real business plan.

### **4.2.2. Accommodation Facilities**

In establishing, the segment of the market for accommodation facilities and recreational facilities respectively, the following will be considered. Allen, Reichheld, & Hamilton (2006) metioned that in segmenting the market one has to understand the customer and develop a product and services meeting the needs of the customers . The following factors are key for makert segmentation. Development type, price, culture and marketing.

#### **a) Development Type**

- The participants mentioned a wide range of facilities available, on budget, however, Yiu et al., (2015) mentions that there are limited accommodation facilities available in Lesotho, with majority staying on average of 3.2 nights. This could be due to lack of recreational facilities except the sightseeing.
- According to Lesotho Tourism Development Corporation (2022), the hotel establishment in Lesotho have about 45% followed by guest houses at 28% which makes a hotel development with appealing facilities for the customer the right establishment for the new venture.

- Looking at the data published by World Tourism (2023), it shows that majority of the tourists to Lesotho are between 25 and 54, in this study 32-51 age group was studied. Thus, 25 -54 will be considered target group.

**b) Price**

- 1/11 (9%) participants believed that accommodation facilities are expensive, with Lesotho attracting international tourists with majority coming from South Africa, it is imperial that the offering be wide to cover a range of prices, in a form of 3 star- 5-star services.
- The package ranges can also offer special prices for team buildings, corporate clients and extended stays.
- Discounted onsite facilities for stay in tourists.

**c) Cultural Sensitivity**

- Travelling to Lesotho to see culture and way of living weighs highest among the respondents at 8/11 (72%), thus architectural design, customizing the décor, land scaping could reflect this.

**d) Marketing Strategy**

- In order to make the development profitable, increasing yield and margins, and effective marketing and promotions will be key.
- The campaigns that will increase brand awareness, attract more customers, and retain loyalty of existing customers will be part of the day responsibility of management team.

**4.2.3. Recreational Facilities**

To further make the development appeal to customers, variety of product and service offerings will be enhanced to supplement core business activities of the hotel, these will include viz:

- The site for the hotel will be critically selected to align with the country's planned master plan for infrastructure; water, roads and tourism nodes as described by:
  - ✓ Activity preference by tourists
  - ✓ Family friendly activities, including water theme parks
  - ✓ Wellness & Relaxation, SPA services
  - ✓ Adventure and Sports recreation

✓ Cultural Experience, tours to designated places of tourism, where tourists get travel to historical places.

- Events Spaces
- Accessibility to amenities
- Sustainability Initiatives
- Promotions and Partnerships with social media influencers.



## **5. Business Venture Proposal**

### **5.1. Executive Summary**

The market opportunities exist to develop tourism sector as one of the major contributors to the country's economy at 12.3 % GDP. Tourism is identified as one of the major employment contributors and attraction of foreign direct investments (Lekoatsa, 2023). Job creation and participation of private sector has also been identified by LDTC. The tourist's behaviour was explored, what the consumers want, their travel patterns, and how they feel about travelling to Lesotho, this new venture proposal seeks to give answers to meet customer demands. The market share of hotel & accommodation segment is identified is growing positively as the percentage of GDP, and investment in the industry will also result in double digit (12.8%) return on investment for 50 room hotel development with initial investment of R52mil i.e. Revenue generated in 2019, prior to covid used as the base.

### **5.2. Strategy**

#### **5.2.1. About the venture**

The new venture is about responding to the needs of the market, create jobs for the youth and contribute to economic development in one of the least developed countries in Africa.

#### **5.2.2. Business Strategy Framework**

The strategic framework to enter the market is via Value Creation Framework as shown in Figure 14. The model focuses on 8 key components for organizations to succeed: Sales & Customer Experience, Commercial Excellence, Supply Chain, People Development, Strategy, Innovation, Digitization, and Finance (Strategy Punk, 2023). Each component involves optimizing different aspects of the organization to maximize revenue and profitability, as well as to create value for customers and stakeholders.

#### **5.2.3. Vision, Mission & Objectives**

##### **5.2.3.1. Vision**

- Develop world class recreational facilities appealing to international tourists.
- Grow the customer base and retain the customers in domestic market, from South Africa and internationally.
- Be price competitive.
- Develop high customer service.

### 5.2.3.2. **Mission**

- Develop strong relationship with our stakeholders (strategic partners, customers, and staff)
- Employ and train qualified resources.
- Improve the occupancy rate in our operations.
- Develop value innovation model.

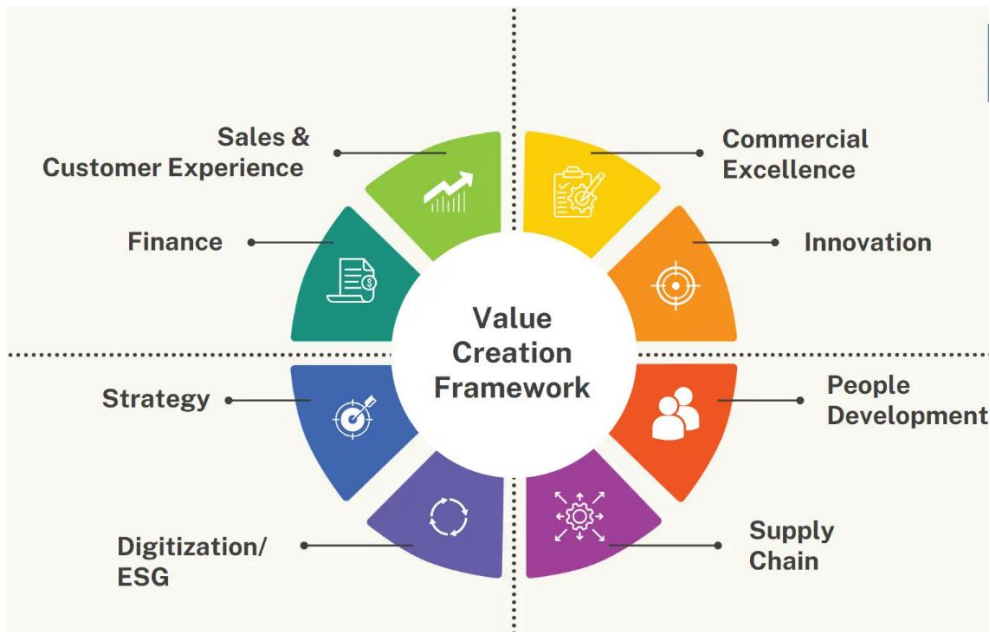


Figure 14 Value creation strategic model (Strategy Punk, 2023)

### 5.2.4. **Organisational Objectives**

The venture strategic objectives are.

- Capture value in accommodation and recreational facilities for the benefit of the consumer (tourist)
- Understand the consumer's needs and offer the product/s preferred by the consumer.
- Package and deliver the value to customer in a long run for sustainable competitive advantage.
- Lower cost of offering (remove costly factors), ease accessibility for the products,

### **5.3. Stakeholders Analysis**

#### **5.3.1. Customer Analysis**

The target customers are a group of people aged between 25 and 50 as shown in Figure 4 due to high demand of domestic tourists as well as Tourist from South Africa and abroad. The University Students are also a target group for the facilities. The segmentation of the target customers was analysed per the following:

- a) **Demographics:** factors include age, gender, income, education, and occupation of tourists visiting Lesotho.
- b) **Travel Patterns:** How often tourists travel, how they plan their trips, the duration of stay, mode of transportation, and their travel patterns.
- c) **Motivations and interests:** Why tourists choose to visit Lesotho and what activities of interests, such as cultural experiences, adventure activities.
- d) **Booking behaviour:** Understanding where tourists book, the channels they use, types of accommodations.
- e) **Customer satisfaction:** Studying satisfaction levels and experience in Lesotho, including the quality of tourism service, food, transport, experience.
- f) **Cost,** willingness to pay, budget, level of service, LSM range 8-10.

### **5.4. Situational Analysis (Environmental, Industry & Competitor Analysis)**

#### **5.4.1. Macro Environmental Analysis (Pestelg)**

Table 8 PESTELG: Macro Analysis for Tourism Industry in Lesotho

➤ Issue	➤ Impact on Business
<p><b>Political</b></p> <ul style="list-style-type: none"> <li>➤ Political uncertainty to stabilise due to new government honey face</li> <li>➤ New CEO of LHDA, former Marketing Director Mr Tebello Thoolo</li> <li>➤ Policy uncertainty</li> <li>➤ Acquiring land for commercial use, leasing,</li> </ul>	<ul style="list-style-type: none"> <li>➤ The new government still to proof and show what's their agenda and where they put tourism development.</li> <li>➤ Prime Minister Mr Ntsokoane Matekane is a businessman and in his campaigns, he showed interest to develop infrastructure, the industry is expecting meaningful collaboration with government.</li> <li>➤ Policy uncertainty can lead to hesitancy of investors.</li> <li>➤ The new CEO knows the industry and LTDC tourism mandate</li> </ul>
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>➤ Lesotho has achieved a 1.2million tourists prior to Covid in 2019,</li> <li>➤ Lesotho is landlocked country.</li> <li>➤ Rand is linked to the dollar, high inflation and high interests' rates has put pressure on consumers, affecting travelling and occupancy of recreational facilities.</li> <li>➤ Fitch predicted Lesotho's economic growth to contracts in 2023 from 2.2% to 1.5 %.</li> <li>➤ Customs receipts from South Africa declined from 9.3% of GDP to 6.2 % of GDP</li> <li>➤ 2019, 50.5% Gini coefficient indicates high inequality in Lesotho.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Investment in the sector is crucial to gain market share in a growing economy.</li> <li>➤ Lesotho's tourism sector 12.30 % contribution to GDP is significant and attractive.</li> <li>➤ Industrial Development Corporation has tourism development as part economic development.</li> <li>➤ Visit Lesotho &amp; LDTC continue to market.</li> <li>➤ International tourists have stronger currencies than Rand/Loti and continue to Visit Lesotho</li> <li>➤ The diamond mines &amp; Lesotho Highlands project continue to attract business tourists and there is less supply of tourism/accommodation facilities.</li> <li>➤ Improved trade agreements with trade partners (China) will continue to increase economic fiscus.</li> <li>➤ Lesotho to invest in its natural resources, improve tourism supply services to be self-sustainable.</li> </ul>
<p><b>Social</b></p> <ul style="list-style-type: none"> <li>➤ Youth Unemployment rate remain a challenge at 26.6 %.</li> <li>➤ Social frustrations due to lack of opportunities to remain an issue until the new government has delivered on its promises "Moruo" wealth for the nation.</li> <li>➤ About 56 % of Basotho are said to still live below a poverty line.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Basotho recently finds travelling and recreation as the new norm</li> <li>➤ A strong culture of Basotho remains their key asset to attract the rest of the world</li> <li>➤ Visit Lesotho campaigns get most attention in winter, Afriski attractions, beautiful mountain sceneries, and a "blanket culture" are more relevant</li> </ul>
<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>➤ The new era of social media can be leveraged, the world is interconnected, and Basotho are not left behind,</li> <li>➤ Unstable telecommunication networks on some parts of the country.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Use of social media, Instagram, facebook, twitter and LinkedIn are common.</li> <li>➤ The poor network in remote areas makes the areas undesirable to visit.</li> </ul>
<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>➤ Lesotho's vulnerability to climate change remains a challenge, erratic rainfall to erosion, land erosion.</li> <li>➤ The terrain in Lesotho is mountainous,</li> <li>➤ The mining wastes pose environmental degradation of sub-surface water and underground water.</li> <li>➤ Lack of maintenance of National Parks, National Heritage Site led to unattractiveness of the sites.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ecotourism is encouraged by LTDC and national environmental laws.</li> <li>➤ There are experts in Lesotho as well as South Africa to build infrastructure in line with regulatory bodies, locally and internationally, this can be managed by professional with minimal risks.</li> <li>➤ Funding to maintain tourists' sites will attract more tourists and through ripple effects, the tourist market can grow, there is opportunity for public private partnerships</li> </ul>
<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>➤ The legal framework of Lesotho is identified as clear and suitable enough for business.</li> <li>➤ There is a no clear line of demarcation between what constitutes the ministerial and LTDC powers and responsibilities. (NTMP, 2019)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ease of doing business in Lesotho is favourable: starting a business ranking 84 out of 190 economies, enforcing contracts 99 and paying taxes 110 as per World Bank report 84 for starting a business, while dealing with construction permits was most favourable at 165.</li> <li>➤ This can be an issue regarding the political interference on major projects</li> </ul>
<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>➤ Lesotho governance structure as set out in Company Act of 1967, amended in 2011, includes board of directors for strategic decisions of the company and have</li> </ul>	<ul style="list-style-type: none"> <li>➤ The structure promotes transparency, accountability &amp; clear governance for the interests of the shareholders while following compliance to legal requirements</li> </ul>

**5.4.2. Industry Analysis Porters' Five forces competitor model:**



### 5.4.3. Competitor Analysis

Table 9 Competitor Analysis of some of top 3 companies in Hotels & Accommodation Industry in Lesotho

		<b>Mpilo Botique Hotel</b>	<b>Avani Hotel (formerly owned by Sun International)</b>	<b>Maliba Lodge</b>
<b>Company profile</b>	<b>Company highlights</b>	A 4-star luxury hotel situated at the centre of Maseru, close to amenities	A 4-star chain of large Hotel Group across internationally (Formerly owned by Sun International), located in prime area including Royal Palace	<b>The only 5-star accommodation</b> Ideal location for adventures tourist who want to be surrounded by Tsehlanyane National Park, onsite restaurant (farm to table), private balconies, hiking trails, horse riding
<b>Key competitive Advantage</b>		Prime location, close to amenities, location, location, location	Well known in the industry, large customer base, high investment capital, machine, buildings & human resources	5 Star service in nature, discrete location and recreational facilities
<b>Target Market</b>	<b>Market information</b>	Business tourists, high up market domestic tourists	Business tourists, high end, conferencing	International tourists, upmarket tourists
<b>Market share</b>		Domestic market, international tourists as well as those from South Africa, Appro. \$7.5mil (15%) As shown in Table 11	Domestic market, international tourists as well as those from South Africa, 158 rooms Approx. \$5 mil dollars (10%) As shown in Table 11	International tourists and local tourists looking for exclusive luxurious accommodation experience, conferencing, wildlife. Market share appr. \$6.5mil (13%), As shown in Table 11
<b>Marketing strategy</b>		The hotel positions itself as premium brand in hotel sector for corporates in Lesotho	The Hotel positions itself for corporates and events, weddings	Luxurious spacious & exclusive chalets located in a National Park with scenic views, staff goes above and beyond for tourists
<b>Products &amp; services</b>	<b>Product information</b>	Caters for business clients, offers conferencing & dining on top roof, no swimming pool, good views of the city, onsite spar, wifi and gym	Multiple on-site restaurants, serving international cuisine, friendly staff who understand tourism service, onsite casino, panoramic views, spacious rooms	Gourmet restaurant & bistro and bar surrounded by nature. Offers guests the adventure activities, horse riding, hiking trails & kids club to offer parents a getaway experience
<b>Pricing</b>		Moderate pricing, ~ R1 800 per person per night	High end and expensive ~ R1800 - R3000 per person per night	High end and expensive ~ R4 500 per person/night
<b>Strengths</b>	<b>SWOT Information</b>	Strong positioning in the market, appears on search, bookings of Trivago,	Well established market access, knows its customers	Location is in a key attraction of the Tsehlanyane National Park
<b>Weaknesses</b>		The architecture is not appealing from the photos,	The price range for a 4 -star service is over the top; tourists can select other hotels/accommodation for similar service	Far from key amenities of the City, the National Park is not maintained, reduces attractiveness to returning tourists
<b>Opportunities</b>		Market needed new products, better service, it broad a new service to customers	Tourism market in Lesotho grows year on year, well positioned and have first mover advantage	Tourism market in Lesotho grows year on year, well positioned and have first mover advantage

<b>Threats</b>		Offers personalised luxury service to keep the customer	Has the human resources and technological capabilities to rebrand depending on market needs	Lack of customers awareness and management of public relation issues can tarnish the brand name,
<b>Trends</b>		Lesotho Government support for private sector to develop tourism industry is attractive to private sector	Sun International sold off non-profit making assets to maintain strong balance sheet, Lesotho chain of hotel is still profitable, but still competes for tourists in Lesotho)	The company has a unique location and offering, it will benefit on attracting international tourists, provided good relationships with domestic market is maintained

#### 5.4.4. SWOT analysis

Table 10 shows SWOT analysis for the Lesotho tourism market

Table 10 Lesotho Tourism Infrastructure & Facilities Market SWOT ANALYSIS

<b>STRENGTHS</b>	<b>OPPORTUNITIES</b>
<ul style="list-style-type: none"> <li>• Market demand of 1 million tourist on 2.2mil population, numbers have been growing steadily.</li> <li>• Tourism master plan developed by Lesotho Tourism Development Corporation (LDTC) shows government is willing to work with private sector to unlock opportunities.</li> <li>• Basotho have realized the national identity and need to improve Visit Lesotho brand via social media</li> <li>• There are many key attractions including the strong culture and history of Basotho, offering better facilities to embrace this can be a legacy</li> </ul>	<ul style="list-style-type: none"> <li>• Various key attractions (beautiful mountain scenic views, Lesotho Highlands Water projects remain key attractions</li> <li>• Revenue in tourism is good.</li> <li>• There are already other players such Afriski who have established that international tourist finds Lesotho attractive with the right and unique product.</li> <li>• Covid -19 has positively affected the need for people to travel and stay outdoors.</li> <li>• Marketing and branding visit Lesotho via tourist attractions &amp; attractive facilities is an opportunity for new entrants.</li> <li>• Limited offering of tourism services</li> </ul>
<b>WEAKNESSES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Limited and lack of infrastructure</li> <li>• Lack of maintenance of existing tourism infrastructure assets such as National Parks, Dinosaurs footprints and Moshoeshoe Village in Thaba Bosiu</li> <li>• Tourism is not well understood, staff in tourism do not understand the needs of tourists who bring foreign currency.</li> </ul>	<ul style="list-style-type: none"> <li>• The political instability in the country</li> <li>• Lesotho's economy is linked to South Africa's and recent continued hike in interest rates &amp; inflation have continuously put pressure on households' disposable income to spend on traveling/tourism activities.</li> <li>• The newly elected government is yet to be seen if they place tourism as much as the previous one</li> </ul>



## 5.5. Market analysis

### 5.5.1. Market & Strategic Analysis

#### 5.5.1.1. Target Market

The target market is people with high living standard measure (LSM) range 8-10, domestic tourists and international tourists. About 1 563 448 tourists were reported to travel to South Africa from Lesotho in 2019, spending on average R8 500 in 6 days (65 % from to Free State, 24 % to Gauteng) (South African Tourism, 2023). These are Sesotho speaking countries, showing a tight link to family and culture. Improving tourism & recreational facilities in Lesotho, will also target Basotho in diaspora to get used to quality life in Lesotho and tourism services. The venture is targeting to bring new **architecturally pleasing facilities** with adventure, **international tourism standard, value for money, ease access** and **one stop tourism in Lesotho**.

#### 5.5.1.2. Market size and trends

##### Assumptions

- Lesotho tourism's accommodation market in 2019 yielded R905 mil (Lesotho Times , 2019)), the year with over 1 million tourists who visited Lesotho.
- Dun & Bradstreet (2023), provides data on 11 Lesotho-based lodging and food service businesses, including revenues, location, rivals, and firmographic insights. The World Travel & tourist Council (WTTC) reports that Lesotho's tourist sector has been steadily expanding in recent years. The GDP of the lesotho's travel and tourism industry increased from 4.4% in 2011 to 7.7% in 2019. Lesotho welcomed 1.183,000 more foreign tourists in 2019 compared to the previous year, a rise of 3.7%.
- Table 9 shows market share of the top 3 competitors in accomodation services Lesotho,

#### 5.5.1.3. Projected Demand for Lesotho Tourism

- As cited by (Keois, 2019), National Tourism Master plan has developed 3 growth scenarios, low growth, medium growth & high growth of the industry. The growth charecterise future of tourism in Lesotho, depending on the extend to which NMTP is impalimented, notably the there scenarios indicate the growth is expected but to differing degrees.

##### a) Low Growth Scenario

In this scenario, it is expected that tourism will still grow slowly even if the recommendations of the NTMP are not implemented at all. This implies that the demand for Lesotho tourism is that certain. It also implies that if improvements are made, greater business and economic growth will certainly occur.

#### **b) Medium growth scenario**

This scenario assumes that tourism may moderately grow provided that the recommendations of the NTMP are implemented. Table 8 below indicates the projected growth under a moderate growth scenario. It is expected that if this scenario occurs, there will be a 2.5% increase in terms of length of stay of tourists. **The projected sector spending by tourists at the end of 2038 is R2.46bn, that is 188% growth from 2019 figures prior to covid.**

#### **c) High growth scenario**

The high growth of tourism in Lesotho is expected if a) the NTMP is fully implemented, b) the conditions for doing business are improved to match those of other African countries and c) if the GoL Lesotho promotes the industry adequately. The scenario also depends on the GoL channelling major investments into the following strategic pillars contemplated by the NTMP: (1) The appropriate institutional and legal framework, (2) the improvement of visitor experience, (3) the improvement and expansion of the product base, (4) the provision of infrastructure, (5) the marketing and branding of destination, (6) the creation of a favourable business investment climate and (7) the environmental and social sustainability. If these happen, leisure tourism is expected to triple while business, visiting friends & relative (VFR) and excursion tourism are expected to double. Leisure tourists will increase *their stay by 5% per annum.*

- *Taking into account of the complexity of Lesotho politics over the years and high growth rate of the industry, it is ideal to assume a medium growth scenario for the next 20 years.*
- *The investment analysis is also done for 20 years period to align with the above projections*

#### **5.5.1.4. Estimating Market Share & Investment Analysis**

Assuming a market growth rate of 3% year on year (conservative), a 5-year forecast using 2019 data, the hotels & accommodation facilities sector is estimated to be worth **R1 040 750 000.00** (World Travel & Tourism Council (WTTC), 2022).

- Assuming, the venture to take 5 % market share, **R52 037 500.00** will be the revenue or investment required (funding)
- The hotel **development size, number of rooms** will be estimated based on this revenue.
- The ROI for 50 rooms is about 12.8%, with the following assumptions based on the recent hotel developments.

#### **Assumptions**

- Start off with 50 rooms.
- Hotel room prices at R4500 per night average (a range of 3-star, 4 star & 5 star)
- Occupancy rate with improved marketing, (60 %).

##### **5.5.1.5. Financial Model**

The development will be financed via a mix of both equity and debt financing to reduce high debt financing costs and allowing access to experienced investors in this industry via equity, while not losing ownership and powers of the business. The finance model is shown in Annexure E. Sensitivity analysis was developed for 50 rooms with occupancy rate of 50% and 60% respectively higher than average of 40% in Maseru at room rate of R5000 and R4500 respectively.

An average annual return on investment (ROI) of 12 % was calculated for 60% occupancy rate and 10 % for 50 % occupancy rate. The cash-on-cash return was calculated to be at 20 % for 50 % occupancy rate, and 24% for 60 % occupancy rate respectively. 100 rooms were also used in the sensitivity analysis for 60 % occupancy rate, although the occupancy rate is favourable, the ROI remained unchanged at 12 % showing how crucial occupancy rate is.

##### **5.5.1.6. Marketing Strategy**

- a) Market Penetration Strategy The market penetration strategy will be implemented using 7Ps of marketing mix as shown in Table 13.

Table 11 Lesotho Tourism & Accommodation Facilities Market Share

		<b>Market Share</b>
Total revenue from Travel & tourism sector in Lesotho (2021)	<b>R72 000 000 000,00</b>	100%
Total revenue from Accommodation & Hotels Facilities (2018)	<b>R905 000 000,00</b>	<b>18 %</b>
Market growth 3.0 % year on year		
<b>Market share of the top 3 Accommodation Facilities</b>		
➤ Mpilo Botique Hotel	R135 000 000,00	15
➤ Avani Hotel	R90 000 000,00	10
➤ Maliba Lodge	R117 000 000,00	13
		38%

Table 12 Investment Analysis for a New Hotel Venture in Cost (see Annexure E for detailed financial information)

<b>Item</b>	<b>Amount</b>
<b>Initial Investment</b> (1/3 of the market share of top competitors)	<b>R52 03728 500.00</b>
Development Cost per Room (50 rooms)	R 3 500 000.00 (Maximum but expensive)
<b>Total Development Cost</b>	<b>R 175 000 000.00</b>
Interest Rate (i)	10 %
Number of payments	20 years
Interest Payment	<b>R1 750 000.00</b>
<b>Total Funding Required</b>	<b>R192 500 000</b>
Revenue per room	R4 500.00
Occupancy Rate	60 %
<b>Total Revenue per year</b>	<b>R13 140 000.00.</b>
Total Operating Cost per year	R7 830 000.000
Operating Cashflow (EBIT)	<b>R5 310 000.00</b>

<b>Net Profit per year before tax per year</b>	<b>R4 672 836</b>
Breakeven (Occupancy rate)	41 rooms
Return on Investment (ROI)	<b>12.8%</b>

Table 13 7 Ps of Marketing Mix for a new Venture in Tourism & Accommodation Facilities

<b>Marketing Penetration Strategy</b>	
<b>a) Product</b>	<ul style="list-style-type: none"> <li>➤ The product offering will be a hybrid of 5 Star hotel, 4-Star and 3-Star hotel with onsite amenities to appeal to various customer needs in line with the rating of the hotel.</li> <li>➤ 5-Star hotel rating to include: spa facilities, fine dining restaurant, luxury suites overlooking beautiful scenery, 4-star include fitness center, swimming pool, 3-Star hotel to include basic rooms, bed &amp; breakfast etc.</li> <li>➤ The key differentiator will be education programs for international tourists about Lesotho culture looking for unique Lesotho experience &amp; customized experience in line with company strategy of value creation for the tourist.</li> </ul>
<b>b) Price</b>	<ul style="list-style-type: none"> <li>➤ The pricing strategy will be based on higher price, pricing above the competitors because of high customer service in line with amenities and, customer service. Product variety leads to high unit cost. Thus, thus, to have high margins above 30%) the pricing must be above competitors.</li> </ul>
<b>c) Place</b>	<ul style="list-style-type: none"> <li>➤ The place is not known yet; however, the location will be in line with tourism master plan nodes developed by Lesotho Tourism Development Corporation. The distribution channels will include online bookings, social media influencers. Onsite bookings, phone calls, emails etc</li> </ul>
<b>d) Promotion</b>	<ul style="list-style-type: none"> <li>➤ Develop targeted promo campaign to raise awareness of the hotel to potential customers using social media campaigns, influencers using selling tactics to get sales up. The campaign shall communicate the value proposition (5 star, 4 start &amp; 3 star) hotel with onsite amenities and customer centric needs in mind.</li> <li>➤ The campaigns to include discounted room rates &amp; packages including tours to popular tourist destinations in Lesotho</li> </ul>
<b>e) People</b>	<ul style="list-style-type: none"> <li>➤ The hotel to invest in training of staff to ensure knowledge of the hotel &amp; its amenities &amp; services usage. The hotel to offer consistent high quality customer service, quality hospitality &amp; support throughout.</li> <li>➤ Staff to be knowledgeable about Lesotho history &amp; culture, resources to assists tourists with inside tips, understanding English &amp; be fluent as well as other languages that tourist speaks</li> </ul>
<b>f) Process</b>	<ul style="list-style-type: none"> <li>➤ The hotel will provide tourists with efficient &amp; reliable booking system, checking in, to ensure seamless stay &amp; customer experience during stay</li> <li>➤ Customer engagement initiatives to follow up on previous customers, tracking the previous &amp; common customers so the marketing can be made directly,</li> </ul>
<b>g) Physical Evidence</b>	<ul style="list-style-type: none"> <li>➤ The physical attractive appearance, building architecture, internal deco/rooms, investing in modern rooms, use of artificial intelligence, high security.</li> <li>➤ The unique aesthetic features &amp; amenities must reflect the hotel star-ratings</li> </ul>

## 5.6. Operational Plan

### 5.6.1. Geographical location

The location for the specific site is not yet known, but the site will be at one of the key nodes sites as the specific site is not yet known. The application for land and stakeholder engagement will be part of the process to find partners including finding land from designated tourism sites.

### 5.6.2. Management Operating Model

The Boutique Hotel Management Operating Model for a new venture in Lesotho will follow industry norm standards of a typical tourism business (Benett, Jooste, & Strydom, 2005). However, to be competitive, the delivery of the service will follow innovation route in each of the following elements:

- a) **Land Acquisition:** Search suitable land for your boutique hotel business venture. CEO to acquaint themselves with legal and regulatory requirements.
- b) **Concept Design and Interior Decoration:** Develop a concept design that aligns with the unique value proposition, brand standard, and target audience.
- c) **Human Resource Management:** Hiring staff that aligns with your brand culture and standards. You will need employees in departments such as housekeeping, front desk, and restaurant services to maintain your hotel operations.
- d) **Financial Budgeting and Forecasting:** Creating budgets and financial forecasts to manage the resources and fund, considering the various revenue streams such as room rental, food services, and special or custom offerings that the hotel can offer i.e. recreational facilities, bungee jumping, water theme parks, rock climbing directly or through partners.
- e) **Guest Services Management:** Develop operational policies and procedures for managing guest services, such as hospitality and concierge services, in-room services, leisure activities, and entertainment options.
- f) **Marketing and Sales:** Develop marketing strategies that attract your target audience, via social media channels, print, and online advertisement. The strategies should communicate the unique value proposition of your hotel.
- g) **Revenue and Yield Management:** Establish strategic room pricing strategies that can enable your hotel to maximize revenue while maintaining occupancy levels through the use of pricing software tools as necessary.

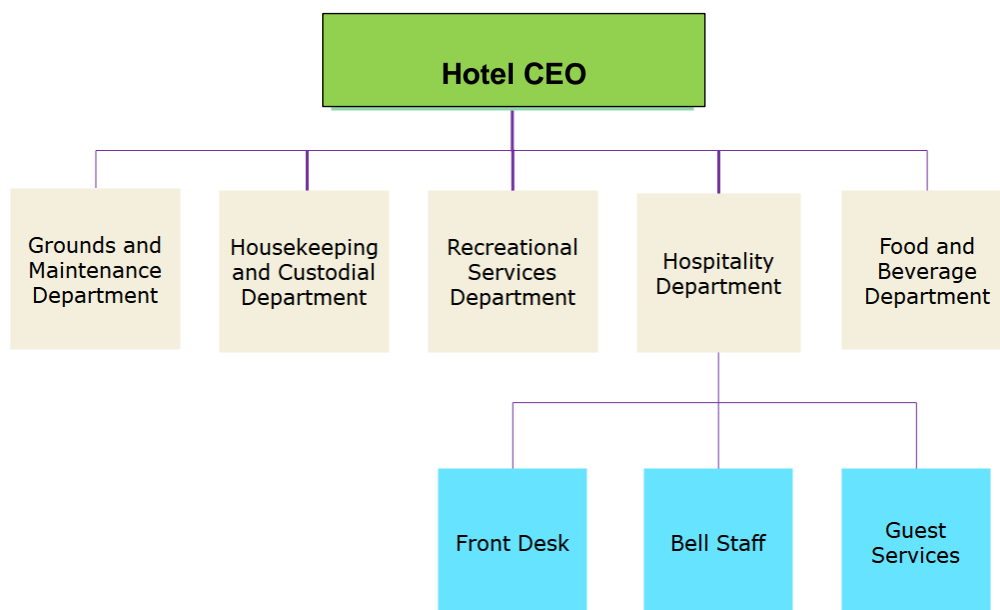
- h) **Technology Integration:** Invest in technology solutions like hospitality and property management software, point-of-sale systems, wireless network connectivity that can support efficient operations, and streamline guest experience (placing orders or room service with a click of button), bookings to include hotel 3 D- Scanning & views.

More details can be implemented as the business expands.

### 5.6.3. Team

The team shall comprise of one person until funding is secured, the person will be the CEO of the company, developing the strategies, as proposed her or amended as may be necessary to meet financing requirements.

During operations, the hotel estimated to be rolled out in 2 phases will start with 50 rooms, and another 50 later. Thus, the hotel will operate like a boutique hotel (less than 100 rooms). The following organogram structure will be proposed.



### 5.6.4. Regulatory and legal issues

Delivery of tourism related projects or services is part of other industries, below are some of the key tourism-related ACTs that are relevant to property development and tourism in Lesotho:

- **Tourism Act of 2008:**



- **Land Act 2010:**
- **Environmental Impact Assessment Act of 2008**
- **Physical Planning and Urban Development Act of 2010:**
- **Lesotho Town and Country Planning Act of 1966:**

These acts provide a regulatory framework for the development, management, and promotion of tourism.

### **5.7. Recommendations for future studies**

Although there is support for tourism development in Lesotho by government agency LTDC, and means to promote Lesotho as a tourism destination, the following were identifying as challenges offering opportunities for improvement as far as research is concerned:

- Starting a business venture is difficult for startups,
- It is recommended that government and private sector get together to ease the red tape for entrepreneurs and research topics on governance and management theories could be explored across disciplines.
- Research projects on entrepreneurship to study existing startups to be developed to find ways of making such businesses a success using case study approach.
- Ease of doing business in Lesotho is still not simple to manoeuvre, Lesotho was ranked 122 out of 190 countries in 2020 by World Bank ease of doing business index, this is low and major improvements are needed if business opportunities and new venture projects are to be a success.
- Land acquisition remains a stumbling block, various stakeholders regarding land for tourism developments must be readily accessible, research project could be one way of finding a working model that gathers data to link various stakeholders and government departments as one stop shop for investors.

### 5.8. Strategy & Project Implementation

Based on design and construction of hotel/ commercial building projects and similar projects in South Africa and Lesotho and experience the author as the structural engineer, and lessons learned from MBA core courses the implementation of the strategic decisions and development of the hotel will be as per the project schedule shown in Table 14

Table 14 Hotel Development Project Schedule

New Venture Hotel Ltd						Legend:	On track	Low risk	Med risk	High risk	Unassigned
Development Stage	Category	Assigned to	Start	End	Months						
<b>Preconstruction (Strategic Decisions)</b>											
a) Evaluate economic feasibility	Goal	CEO	Jul-23	Sep-23	2	01-Jul					
b) Relevent Stakeholder Engagement	Low Risk	CEO	Oct-23	Mar-24	6						
y) Obtain land & Zoning	Goal	Professionals	Feb-24	Feb-25	12						
c) Develop an Initial design & budget	Low Risk	Professionals	24-Jun	Feb-25	8						
d) Secure Necessary Permits	Milestone	Professionals	Oct-25	Mar-26	4						
e) Funding/Finance Application	Med Risk		Feb-26	Jun-26	6						
<b>Construction (Implimentation)</b>											
a) Site Prepartion & foundations	High Risk	Professionals	Jan-26	Jun-26	6						
b) Structural building & exterior finishes	On Track	Professionals	Jun-26	Jun-27	12						
c) Interior finishes & installation	Low Risk	Professionals	May-27	Nov-27	6						
l) Testing & Inspection	Milestone	Professionals	Jan-28	Feb-28	2						
e) Final Turnover for Occupancy		CEO	Jan-28	Mar-28	1						
<b>Post Construction (Implimentation of Strategic Decisions)</b>											
a) Recruitment and training of staff	On Track	CEO	Feb-28	May-28	3						
b) Pre-Opening Sales & Marketing	Med Risk	CEO	Apr-28	Sep-28	6						
c) Grand Opening and launch of Operattions	On Track	CEO	Oct-28	Oct-28	1						

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## **Annexure A: Interview Questions on Lesotho Tourism Market**

1. Which of this category do you fall under?
  - a. University student in Lesotho
  - b. University student in South Africa
  - c. Tourism Business Owner/ Industry leader
  - d. Mosotho in Diaspora
  - e. International Tourists
  
2. What is your profession ?
  
3. What is your job/role

### **Theme A: Demographics**

1. What is your age?
2. What is your gender?
3. What is your country of origin?
4. What is your primary language?

### **Theme B: Travel Patterns**

1. How did you arrive in Lesotho (e.g. plane, car, bus)?
2. How long is your trip to Lesotho?
3. Have you visited Lesotho before?
4. If this is your first visit, how did you hear about Lesotho?
5. What is your reason for visiting Lesotho?

### **Theme C: Motivations and Interests**

1. What are your main areas of interest (e.g. nature, culture, adrenaline activities)?
2. Which specific attractions did you visit in Lesotho during your stay?
3. How satisfied were you with the attractions you visited?
4. What type of activities did you participate in while in Lesotho?

### **Theme D: Booking Behaviour (distribution channel)**



1. How did you book your accommodation in Lesotho (e.g. online, travel agent, direct with hotel)?
2. What were the most important factors in your decision to book accommodation in Lesotho?
3. Did you book any activities (e.g. tours, excursions) before arriving in Lesotho?

#### **Theme E: Customer Satisfaction**

1. How satisfied were you with the customer service at your accommodation?
2. How satisfied were you with the facilities at your accommodation?
3. How satisfied were you with the overall cleanliness of your hotel room?
4. On a scale of 1-10, how likely are you to recommend Lesotho as a tourist destination to someone else?

#### **Theme F: Cost**

1. How would you rate the affordability of accommodation in Lesotho?
2. How would you rate the affordability of activities and attractions in Lesotho?
3. Did the cost of travel and accommodation influence your decision to visit Lesotho?
4. How do you rate the value for money for the activities and attractions in Lesotho?
5. How much do you spent for tourism/traveling related per trip.

**Annexure B:** Lesotho Tourism Growth (2018-2023): Projected tourism growth under the medium growth scenario. Source: NTMP (2018 – 2028)

		Visitor numbers					Days in Lesotho				Spending					
Source *		Tourists			Day	All	Tourists				Tourists			Day	All	
		Leisure (k)	Business (k)	VFR (k)	Visitors (k)	Visitors (k)	Leisure (k)	Business (k)	VFR (k)	Total (k)	Leisure LSL (k)	Business LSL (k)	VFR LSL (k)	Total LSL (k)	Visitors LSL (k)	Visitors LSL (k)
<b>2018</b>	Africa	71	30	296	611	1,008	176	91	2,664	2,931	158,722	72,559	266,400	497,681	183,295	680,976
	America	6	1	1	3	10	15	4	5	24	17,472	4,805	540	22,817	756	23,573
	Asia	15	6	1	8	30	36	18	12	67	43,701	20,305	1,170	65,176	2,292	67,468
	Europe	20	5	2	9	35	50	15	18	82	59,472	16,355	1,800	77,627	2,586	80,213
	<b>Total</b>	<b>111</b>	<b>43</b>	<b>300</b>	<b>630</b>	<b>1,084</b>	<b>278</b>	<b>129</b>	<b>2,700</b>	<b>3,107</b>	<b>280,837</b>	<b>114,716</b>	<b>270,000</b>	<b>665,553</b>	<b>188,989</b>	<b>854,543</b>
<b>2023</b>	Africa	82	34	318	433	866	229	101	2,858	3,188	216,085	84,126	296,668	596,879	204,121	801,001
	America	8	2	1	10	20	22	5	6	33	27,779	5,571	601	33,951	842	34,793
	Asia	20	7	1	28	57	58	21	13	91	73,414	23,542	1,303	98,259	2,552	100,811
	Europe	25	6	2	33	65	71	17	19	107	89,635	18,962	2,005	110,601	2,880	113,481
	<b>Total</b>	<b>135</b>	<b>48</b>	<b>322</b>	<b>505</b>	<b>1,010</b>	<b>381</b>	<b>144</b>	<b>2,897</b>	<b>3,422</b>	<b>408,914</b>	<b>133,004</b>	<b>300,677</b>	<b>842,596</b>	<b>210,462</b>	<b>1,053,058</b>
	5 Yr Growth	22%	11%	7%	-20%	-7%	37%	11%	7%	10%	46%	16%	11%	27%	11%	23%

<b>2028</b>	Africa	104	41	361	745	1,251	334	122	3,247	3,703	330,828	107,264	357,214	795,306	245,779	1,041,086
	America	11	2	1	3	17	37	6	7	49	48,396	7,103	724	56,223	1,014	57,237
	Asia	31	8	2	9	51	101	25	14	140	132,850	30,017	1,569	164,435	3,073	167,509
	Europe	36	7	2	11	55	114	20	22	156	149,969	24,177	2,414	176,560	3,468	180,028
	<b>Total</b>	<b>184</b>	<b>58</b>	<b>366</b>	<b>768</b>	<b>1,375</b>	<b>587</b>	<b>173</b>	<b>3,291</b>	<b>4,052</b>	<b>665,107</b>	<b>169,586</b>	<b>362,041</b>	<b>1,196,735</b>	<b>253,414</b>	<b>1,450,149</b>
	10 Yr Growth	65%	34%	22%	22%	27%	111%	34%	22%	30%	137%	48%	34%	80%	34%	70%
<b>2038</b>	Africa	155	55	440	908	1,552	633	164	3,959	4,679	689,552	158,569	478,986	1,270,919	329,564	1,591,626
	America	23	3	1	4	29	92	8	8	99	134,054	10,500	971	138,541	1,359	138,977
	Asia	68	11	2	11	86	278	33	17	293	403,858	44,374	2,104	414,862	4,121	415,889
	Europe	64	9	3	13	86	260	27	27	293	378,175	35,742	3,236	401,583	4,650	404,051
	Other/unknown	1	0	0	0	2	4	1	1	7	6,386	1,514	162	7,864	108	7,955
	<b>Total</b>	<b>303</b>	<b>78</b>	<b>446</b>	<b>936</b>	<b>1,744</b>	<b>1,241</b>	<b>233</b>	<b>4,012</b>	<b>5,284</b>	<b>1,575,175</b>	<b>250,700</b>	<b>485,459</b>	<b>2,151,854</b>	<b>339,802</b>	<b>2,460,886</b>
	20yr Growth	172%	81%	49%	49%	61%	346%	81%	49%	70%	461%	119%	80%	223%	80%	188%

**Annexure C: Classification of Data Collected**

Theme 1 : Demographics											
Name (Hidden for researh purposes tp protect identity)											
Respondent Ref #:	1	2	3	4	5	6	7	8	9	10	11
Sex	M	M	F	M	M	F	M	F	M	M	M
Ethnic Group	African	African	African	African	African	Caucasian	African	African	African	Indian	African
Country	South Africa	Botswana	Botswana	Lesotho	Lesotho/South Africa (Mosotho in Diaspora)	South Africa	Lesotho/South Africa (Mosotho in Diaspora)	Botswana	Zimbabwe	South Africa	Lesotho/South Africa (Mosotho in Diaspora)
Age	49	43	47	40-50	42	39	35	47	40	32	51
Home Language	Setswana	Setswana	Sekalaga/Setswana	Sesotho	Sesotho	English	Sesotho	Setswana	Isindebele	English	Sesotho
Job/Role	Consultant Mechanical Engineer	Travel Agent Managing Director	Civil Engineer	Entrepreneur	Phd Student	Uemployed, (Stay at home wife) previously Civil Eng.	Lecturer/Researcher	Civil Eng. Business Entrepreneur in Tourism Sector	Civil Eng. Technologist. Project Manager	Structural Engineer & Engineering Manager	Civil Eng, Design & Business Management
Theme 2 : Travel Patterns											
Mode of Transport	Car	Car	Bus	Car	Car	Car	Car	Car	Car	Car	Car
Length of Stay	4 days	7 days	3 days	Domestic Tourist	N/A	1 day, overnight and backout	2 dyas to few weeks	3 days	2 weels	3 days	Place of birth/family
Have you visted Lesotho Before	No	Yes	Once	N/A	N/A	Once , 2014	Yes, homeland, although No longer living there	Yes	Yes	No, first time	Yes, birth place
Reason for Visiting Lesotho	Business Trip (LHDWP) for Hydropower Installation at Katse & Muela Dam	Visiting friends	Sporting Activities organised by employer	Domestic Tourist	N/A	Tourism , See Katse Dam, its unique feature of double arch	Visit family and leisure	Visit family and leisure	Tourism	Business trip	Business/ Visit Home
Theme 3 : Motivations & Interest											
Tourism Attractions Interest	Nature and Culture	Culture, similar to Botswana, but humililty takes prize	Nature	Nature	Nature	Water Infrastructure, Nature	Culture, Communalistic ways of living in Lesotho that still remains todate	Nature and Activities	Nature & Culture	Snow & Cold Weather	Nature
Attractions Visited	Katse Dam & Mohale Dam for work	Maseru and TY	None	Sehlabathebe National PARK	My village	Camp site, Dam Downstream of the Dam Wall	Katse Dam, Afriski, Mohale Dam, Leisure life broadly in Maseru	Mohale Dam, Thaba Bosiu Cultural Village	Thaba-Bosiu	Diamond Mine for business trip	Lesotho Highlands Water Project,
Attractions Participated	Work at Katse Dam & Mohale which happen to be tourist attractions	Drinking local beer	No	Sight Seeing	Paying homage to family members	Drive on scenic roads, took pictures, picnic and camping	Visiting key tourist attractions: Katse, Afriski, Mohale, Life in the City	Clubbing in the City	Sight-Seeing	Structural Inspections for the mine	Sight Seeing, Entertainment, Restuarants
Theme 4: Booking Behaviour (Distribution Channel)											
How did you book Accom. (Online, agent, direct with owner)	Travel Agent, Via employer	Hosted by family friends	Direct Hotel booked by employer	Direct with Hotel	Direct home visit	It was out of season, camping site at the Dam	Direct with Hotel, sometimes through friends	Direct with Hotel	Friend Assistance	It was arranged a via the mine that I visited	Direct with Hotel
Important Factor In Accomodation selection	Hotel offering breakfast and supper	N/A	Accomodation near Sporting activities where colleagues are booked	Proximity to Points of interest, Security, Cost	To be close to family members	No Accomodation booked. Just camping	Cleanliness, Modest place	Amenities, Location, cleanliness/good customer service	Budget	As it was winter, heater, internet	Close to amenities, Price
Did you book any activities (touts, excursions?)	No, I was on a work trip and tine couldn't allow	Own vehicle to move around	None	N/A	No	No	Going to the te Dams	No, went to Lesotho 3 times, Conference, Wedding	A tour to Thaba-Bosiu	No. Unfortunately I didn't have time to enjoy any activities	No

Theme D: Customer Satisfaction (Scale 1-10)											
How satisfied were you with customer service	10, very friendly and warmly	N/A	10, Very Satisfied	8	N/A	8, Good, friendly people at Katse	Satisfied	Great Experience	High Satisfied	100%, Satisfied	Moderate
How satisfied were you with facilities @ your acc.	8, satisfied	N/A	10, Very Satisfied	9	N/A	7.Decent	5, Facilities are average, not below standard, not above standard	Great Experience	Pleased with Facilities	100%, Satisfied	Moderate
How saftisfied were you with Acc. Cleanness @ your hotel	Hotel was 5 Star and very clean	N/A	10, Very Satisfied	9	10	N/A	10, Very Satisfied	Satisfied	Room was clean, bedding changed daily	100%, Satisfied	High
On a scale of 1-10, how would you recommend Lesotho as a tourist destination?	9	9, Sometime cellphone network disappears	10	9	10	8, good trip, we loved it, the country is still a drive through Africa, many people still not in a mood for.	8	8	10	10	10
Theme F: Cost											
How would you recommdent Affordability of Les. Tourism	Very affordable	N/A	No information- to compare	Affordable	Cheap	Good, Fair	Affordable, there is a wide range of accomodation places, depends on budget or taste	Prices are good	Very Affordable compared to South Africa	From what I see, its more expensive than South Africa	Expensive
How would you rate the Affordability of Activities in Les?	Very affordable	Maluti on par with Rand and since I live in JHB, there was not difference	No activities done	Limited	Affordable	Don't know	With exception of Afriski, most attactions are very affordable	Very Reasonable	Affordable compared to similar place in Zimbabwe	Its more expensive	Moderate
Did the cost of travel & acc. Influence your decission to visit Les?	Visit was on work assignment	Not really, I budgeted to have fun, and was on plan	Not budgeted for as employer paid	No,	No	Fuel and Accomodation are decent	No	Yes	It did affect me becauese I did set the budget for the trip	Not at all, the business asignment took precedence	Yes
How would you rate value of money for activities & attractions?	Very affordable	Worth it, and I will do it again	N/A	Average	Affordable, compareed to places I have been	Don't know	Activities there were money worth	Good	Good value for money	Its more expensive	High Value for Money
How much do you spent per for tourism/travelling related trip?	R1000, Five start accomodation	R12k, also bought Basotho historic merchandize and clothes	R1000 excl. Acco.	Depends on location, nonetheless within Lesotho its affordable except a few place	R3 000,00	Main cost was camping and fuel, as it was ovrenight trip	R3000 to Lesotho all inclusive of travelling cost	P10k -P15k	R15 000	Business Trips including Accomodation is usually priced at R1500 per night	R7 000

## Annexure D: Ethics Clearance Form

Graduate School of Business Administration  
University of the Witwatersrand, Johannesburg



Wits Business School Ethics Committee  
Constituted under the University Human Research Ethics Committee (Non-Medical)

### Ethics Clearance Certificate

Ethics protocol number: WBS/BA1975785/356

*This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).*

Project title	Exploring recreational and tourism facilities in the tourism industry in Lesotho
Investigator / Researcher	Mr Ntseuoa Motsieloa
Nature of Project	MBA (Business Venture Proposal)
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.
Issue Date of Certificate	9/12/2023
Expiry date	Date of submission of the project / research report
Chairperson	Dr Pius Oba ☎ +27 11 717 3976 ☎ +27 82 733 6587 ✉ pius.oba@wits.ac.za

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#### Declaration by Researcher

*One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.*

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

*N. Motsieloa*

Signature

27 Feb 2024

Date:

## Annexure E: Finance Data & Financial Model for Return on Investment & Profitability Analysis

### Notes

- 1) The average price per hotel room in Lesotho ranges between **R3000 to R5000** per night, from online, depending on the luxury offering, location, quality of services, the 5-star hotels offer top tier amenities, in-room dining, gourmet, cuisine, 24-hour concierge services, airport shuttle, full spa.
- 2) The investment cost was taken from AECOM construction cost data, assuming 5-star hotel to cost R3 500 000, for this development its assumed R3 000 000 per key in Lesotho.

Hotels	Rate per key (excl. VAT)
Budget	R 730,000 – R 1,200,000
Mid-scale (3-star)	R 1,200,000 – R 1,750,000
Upper-scale (4-star)	R 1,750,000 – R 2,500,000
Luxury (5-star)	R 2,500,000 – R 3,500,000

*Hotel rates include allowances for furniture, fittings and equipment (FF&E).*

- 3) The hotel development is assumed to be high attraction for the region and above average occupancy rate of 60% is assumed, detailed market research will have to be done to verify this data. The average for the entire district is 40%.
- 4) The financing mix is used, assuming split of 40% equity and 60% debt financing
- 5) Operating cost is assumed to be 65% to 70% of revenue.



**Annexure F: Financial Model for ROI and Cashflow over 20-year period; 50 %Occupancy rate, Number of rooms 50, Room rate per day R5000 in the first year**

Notes and Assumptions												
1. Occupancy rate												
2. Average Room Price												
3. Number of rooms												
CAPEX Needed												
4. Capital needed= No.of Rooms*Cost of development per room												
5. Cost of Development per room												
Hotels Rate per key (excl. VAT)												
Budget												
Mid-scale (3-star)												
Upper-scale (4-star)												
Luxury (5-star)												
Hotel rates include allowances for furniture, fittings and equipment (FF&E)												
Cost of Hotel Development (Ref: AECOM, 2022)												
6.Financing Mix												
Equity:												
Loan:												
7. Interest Payment 10,00% Long Term												
8. Annual Revenue per room (Room Rate* Occupancy*365 days) R912 500,00 per year												
9. Tax Rate 27%												
10. Operating Cost (65% -70 % of Revenue) 0,7												
11. Net Profit = Annual Revenue- Operating Cost												
12. Net Profit After Taxes = Net Profit - Tax												
13. Cashflow = Net Profit After Tax + Loan Repayment												
14. (Net Profit After Tax/Total Development Cost)*100												
15. Cash on Cash Return = Net Profit after Tax/Equity Investment												
Yr	Room Rate (R)	Revenue (R) (Room rate*Occ.rate*# of rooms*365)	Less Operating Expense (0,7*Revenue) (R)	EBIT Net Profit (R)	Less Taxes (27% of revenue) (R)	Net Profit after tax (R)	Finance Cost Capital Repayment (Excluding interest) $PMT = \frac{PV}{\frac{1 - (1+r)^{-n}}{r}}$	Loan Interest (10%)	Cashflow (R)	Cumulative Cashflow (R)	Profitability Ratios ROI	Cash on Cash Return
1	R4 500	R41 062 500	R28 743 750	R12 318 750	R3 326 063	R8 992 688	R7 500 000	R450 000,00	R1 042 688	R1 042 688	6	15
2	R4 635	R42 294 375	R29 606 063	R12 688 313	R3 425 844	R9 262 468	R7 500 000	R450 000,00	R1 312 468	R1 312 468	6	15
3	R4 867	R44 409 094	R31 086 366	R13 322 728	R3 597 137	R9 725 592	R7 500 000	R450 000,00	R1 775 592	R1 775 592	6	16
4	R5 110	R46 629 548	R32 640 684	R13 988 865	R3 776 993	R10 211 871	R7 500 000	R450 000,00	R2 261 871	R2 261 871	7	17
5	R5 366	R48 961 026	R34 272 718	R14 688 308	R3 965 843	R10 722 465	R7 500 000	R450 000,00	R2 772 465	R2 772 465	7	18
6	R5 634	R51 409 077	R35 986 354	R15 422 723	R4 164 135	R11 258 588	R7 500 000	R450 000,00	R3 308 588	R3 308 588	8	19
7	R5 916	R53 979 531	R37 785 672	R16 193 859	R4 372 342	R11 821 517	R7 500 000	R450 000,00	R3 871 517	R3 871 517	8	20
8	R6 211	R56 678 508	R39 674 955	R17 003 552	R4 590 959	R12 412 593	R7 500 000	R450 000,00	R4 462 593	R4 462 593	8	21
9	R6 522	R59 512 433	R41 658 703	R17 853 730	R4 820 507	R13 033 223	R7 500 000	R450 000,00	R5 083 223	R5 083 223	9	22
10	R6 848	R62 488 055	R43 741 638	R18 746 416	R5 061 532	R13 684 884	R7 500 000	R450 000,00	R5 734 884	R5 734 884	9	23
11	R7 190	R65 612 457	R45 928 720	R19 683 737	R5 314 609	R14 369 128	R7 500 000	R450 000,00	R6 419 128	R6 419 128	10	24
12	R7 550	R68 893 080	R48 225 156	R20 667 924	R5 580 339	R15 087 585	R7 500 000	R450 000,00	R7 137 585	R7 137 585	10	25
13	R7 927	R72 337 734	R50 636 414	R21 701 320	R5 859 356	R15 841 964	R7 500 000	R450 000,00	R7 891 964	R7 891 964	11	26
14	R8 324	R75 954 621	R53 168 235	R22 786 386	R6 152 324	R16 634 062	R7 500 000	R450 000,00	R8 684 062	R8 684 062	11	28
15	R8 740	R79 752 352	R55 826 646	R23 925 706	R6 459 941	R17 465 765	R7 500 000	R450 000,00	R9 515 765	R9 515 765	12	29
16	R9 177	R83 739 970	R58 617 979	R25 121 991	R6 782 938	R18 339 053	R7 500 000	R450 000,00	R10 389 053	R10 389 053	12	31
17	R9 636	R87 926 968	R61 548 878	R26 378 090	R7 122 084	R19 256 006	R7 500 000	R450 000,00	R11 306 006	R11 306 006	13	32
18	R10 118	R92 323 316	R64 626 321	R27 696 995	R7 478 189	R20 218 806	R7 500 000	R450 000,00	R12 268 806	R12 268 806	13	34
19	R10 624	R96 939 482	R67 857 638	R29 081 845	R7 852 098	R21 229 747	R7 500 000	R450 000,00	R13 279 747	R13 279 747	14	35
20	R11 155	R101 786 456	R71 250 519	R30 535 937	R8 244 703	R22 291 234	R7 500 000	R450 000,00	R14 341 234	R14 341 234	15	37
Total		R1 332 690 583	R932 883 408	R399 807 175	R107 947 937	R291 859 238	R150 000 000	R9 000 000,00	Total Cash over term	R132 859 238		
										Average ROI	10	
										Average Cash on Cash Return		20,27

**Annexure G: Financial Model for ROI and Cashflow over 20-year period; 50 % Occupancy rate, Number of rooms 50, Room rate per day R4500 in the first year**

Notes and Assumptions												
1. Occupancy rate												
2. Average Room Price												
3. Number of rooms												
<b>CAPEX Needed</b>												
4. Capital needed= No.of Rooms*Cost of development per room												
5. Cost of Development per room												
<b>Hotels</b> <i>Rate per key (excl. VAT)</i>												
Budget												
Mid-scale (3-star)												
Upper-scale (4-star)												
Luxury (5-star)												
<i>Hotel rates include allowances for furniture, fittings and equipment (FF&amp;E)</i>												
<b>Cost of Hotel Development</b> (Ref: AECOM, 2022)												
<b>6.Financing Mix</b>												
Equity:												
Loan:												
<b>7. Interest Payment</b> 10,00% Long Term												
<b>8. Annual Revenue per room</b> (Room Rate * Occupancy * 365 days) R985 500,00 per year												
<b>9. Tax Rate</b> 27%												
<b>10. Operating Cost (65% -70 % of Revenue)</b> 0,7												
<b>11. Net Profit = Annual Revenue - Operating Cost</b>												
<b>12. Net Profit After Taxes = Net Profit - Tax</b>												
<b>13. Cashflow = Net Profit After Tax + Loan Repayment</b>												
<b>14. (Net Profit After Tax/Total Development Cost)*100</b>												
<b>15. Cash on Cash Return = Net Profit after Tax/Equity Investment</b>												
Yr	Room Rate (R)	Revenue (R) (Room rate*Occ.rate*# of rooms*365)	Operating Expense (0,7*Revenue) (R)	EBIT Net Profit (R)	Taxes (27% of revenue) (R)	Net Profit after tax (R)	Capital Repayment (Excluding interest) $PMT = \frac{PV}{1 - (1+r)^{-n}}$	Loan Interest (10%)	Cashflow (R)	Cumulative Cashflow (R)	Profitability Ratios ROI	Cash on Cash Return
1	R4 500	R49 275 000	R34 492 500	R14 782 500	R3 991 275	R10 791 225	R7 500 000	R450 000,00	R2 841 225	R2 841 225	7	18
2	R4 635	R50 753 250	R35 527 275	R15 225 975	R4 111 013	R11 114 962	R7 500 000	R450 000,00	R3 164 962	R3 164 962	7	19
3	R4 867	R53 290 913	R37 303 639	R15 987 274	R4 316 564	R11 670 710	R7 500 000	R450 000,00	R3 720 710	R3 720 710	8	19
4	R5 110	R55 955 458	R39 168 821	R16 786 637	R4 532 392	R12 254 245	R7 500 000	R450 000,00	R4 304 245	R4 304 245	8	20
5	R5 366	R58 753 231	R41 127 262	R17 625 969	R4 759 012	R12 866 958	R7 500 000	R450 000,00	R4 916 958	R4 916 958	9	21
6	R5 634	R61 690 893	R43 183 625	R18 507 268	R4 996 962	R13 510 305	R7 500 000	R450 000,00	R5 560 305	R5 560 305	9	23
7	R5 916	R64 775 437	R45 342 806	R19 432 631	R5 246 810	R14 185 821	R7 500 000	R450 000,00	R6 235 821	R6 235 821	9	24
8	R6 211	R68 014 209	R47 609 946	R20 404 263	R5 509 151	R14 895 112	R7 500 000	R450 000,00	R6 945 112	R6 945 112	10	25
9	R6 522	R71 414 920	R49 990 444	R21 424 476	R5 784 608	R15 639 867	R7 500 000	R450 000,00	R7 689 867	R7 689 867	10	26
10	R6 848	R74 985 666	R52 489 966	R22 495 700	R6 073 839	R16 421 861	R7 500 000	R450 000,00	R8 471 861	R8 471 861	11	27
11	R7 190	R78 734 949	R55 114 464	R23 620 485	R6 377 531	R17 242 954	R7 500 000	R450 000,00	R9 292 954	R9 292 954	11	29
12	R7 550	R82 671 696	R57 870 187	R24 801 509	R6 696 407	R18 105 101	R7 500 000	R450 000,00	R10 155 101	R10 155 101	12	30
13	R7 927	R86 805 281	R60 763 697	R26 041 584	R7 031 228	R19 010 357	R7 500 000	R450 000,00	R11 060 357	R11 060 357	13	32
14	R8 324	R91 145 545	R63 801 882	R27 343 664	R7 382 789	R19 960 874	R7 500 000	R450 000,00	R12 010 874	R12 010 874	13	33
15	R8 740	R95 702 822	R66 991 976	R28 710 847	R7 751 929	R20 958 918	R7 500 000	R450 000,00	R13 008 918	R13 008 918	14	35
16	R9 177	R100 487 963	R70 341 574	R30 146 389	R8 139 525	R22 006 864	R7 500 000	R450 000,00	R14 056 864	R14 056 864	15	37
17	R9 636	R105 512 362	R73 858 653	R31 653 708	R8 546 501	R23 107 207	R7 500 000	R450 000,00	R15 157 207	R15 157 207	15	39
18	R10 118	R110 787 980	R77 551 586	R33 236 394	R8 973 826	R24 262 568	R7 500 000	R450 000,00	R16 312 568	R16 312 568	16	40
19	R10 624	R116 327 379	R81 429 165	R34 898 214	R9 422 518	R25 475 696	R7 500 000	R450 000,00	R17 525 696	R17 525 696	17	42
20	R11 155	R122 143 748	R85 500 623	R36 643 124	R9 893 644	R26 749 481	R7 500 000	R450 000,00	R18 799 481	R18 799 481	18	45
<b>Total</b>		<b>R1 599 228 700</b>	<b>R1 119 460 090</b>	<b>R479 768 610</b>	<b>R129 537 525</b>	<b>R350 231 085</b>	<b>R150 000 000</b>	<b>R9 000 000,00</b>	<b>Total Cash over term</b>	<b>R191 231 085</b>		
											<b>Average ROI</b>	<b>12</b>
											<b>Average Cash on Cash Return</b>	<b>24,32</b>

**Annexure H: Financial Model for ROI and Cashflow for the proposed venture over 20 year period; 60 % Occupancy rate, Number of rooms 100, Room rate per day R4500 in the first year**

Notes and Assumptions												
1. Occupancy rate												
2. Average Room Price												
3. Number of rooms												
CAPEX Needed												
4. Capital needed= No.of Rooms*Cost of development per room												
5. Cost of Development per room												
Hotels												
Rate per key (excl. VAT)												
Budget R 730,000 – R 1,200,000												
Mid-scale (3-star) R 1,200,000 – R 1,750,000												
Upper-scale (4-star) R 1,750,000 – R 2,500,000												
Luxury (5-star) R 2,500,000 – R 3,500,000												
Hotel rates include allowances for furniture, fittings and equipment (FF&E)												
Cost of Hotel Development (Ref: AECOM, 2022)												
6.Financing Mix												
Equity: 40% R120 000 000												
Loan: 60% R180 000 000,00												
7. Interest Payment 10,00% Long Term												
8. Annual Revenue per room (Room Rate* Occupancy*365 days) R985 500,00 per year												
9. Tax Rate 27%												
10. Operating Cost (65% - 70 % of Revenue) 0,7												
11. Net Profit = Annual Revenue - Operating Cost												
12. Net Profit After Taxes = Net Profit - Tax												
13. Cashflow = Net Profit After Tax + Loan Repayment												
14. (Net Profit After Tax/Total Development Cost)*100												
15. Cash on Cash Return = Net Profit after Tax/Equity Investment												
Yr	Room Rate (R)	Revenue (R) (Room rate*Occ.rate*# of rooms*365)	Operating Expense (0,7*Revenue) (R)	EBIT Net Profit (R)	Taxes (27% of revenue) (R)	Net Profit after tax (R)	Finance Cost Capital Repayment (Excluding interest) $PMT = \frac{PV}{r} \cdot \frac{r}{1 - (1+r)^{-n}}$	Loan Interest (10%)	Cashflow (R)	Cumulative Cashflow (R)	Profitability Ratios ROI	Cash on Cash Return
1	R4 500	R98 550 000	R68 985 000	R29 565 000	R7 982 550	R21 582 450	R7 500 000	R900 000,00	R13 182 450	R13 182 450	7	18
2	R4 635	R101 506 500	R71 054 550	R30 451 950	R8 222 027	R22 229 924	R7 500 000	R900 000,00	R13 829 924	R13 829 924	7	19
3	R4 867	R106 581 825	R74 607 278	R31 974 548	R8 633 128	R23 341 420	R7 500 000	R900 000,00	R14 941 420	R14 941 420	8	19
4	R5 110	R111 910 916	R78 337 641	R33 573 275	R9 064 784	R24 508 491	R7 500 000	R900 000,00	R16 108 491	R16 108 491	8	20
5	R5 366	R117 506 462	R82 254 523	R35 251 939	R9 518 023	R25 733 915	R7 500 000	R900 000,00	R17 333 915	R17 333 915	9	21
6	R5 634	R123 381 785	R86 367 250	R37 014 536	R9 993 925	R27 020 611	R7 500 000	R900 000,00	R18 620 611	R18 620 611	9	23
7	R5 916	R129 550 874	R90 685 612	R38 865 262	R10 493 621	R28 371 641	R7 500 000	R900 000,00	R19 971 641	R19 971 641	9	24
8	R6 211	R136 028 418	R95 219 893	R40 808 525	R11 018 302	R29 790 224	R7 500 000	R900 000,00	R21 390 224	R21 390 224	10	25
9	R6 522	R142 829 839	R99 980 887	R42 848 952	R11 569 217	R31 279 735	R7 500 000	R900 000,00	R22 879 735	R22 879 735	10	26
10	R6 848	R149 971 331	R104 979 932	R44 991 399	R12 147 678	R32 843 721	R7 500 000	R900 000,00	R24 443 721	R24 443 721	11	27
11	R7 190	R157 469 898	R110 228 928	R47 240 969	R12 755 062	R34 485 908	R7 500 000	R900 000,00	R26 085 908	R26 085 908	11	29
12	R7 550	R165 343 392	R115 740 375	R49 603 018	R13 392 815	R36 210 203	R7 500 000	R900 000,00	R27 810 203	R27 810 203	12	30
13	R7 927	R173 610 562	R121 527 393	R52 083 169	R14 062 456	R38 020 713	R7 500 000	R900 000,00	R29 620 713	R29 620 713	13	32
14	R8 324	R182 291 090	R127 603 763	R54 687 327	R14 765 578	R39 921 749	R7 500 000	R900 000,00	R31 521 749	R31 521 749	13	33
15	R8 740	R191 405 645	R133 983 951	R57 421 693	R15 503 857	R41 917 836	R7 500 000	R900 000,00	R33 517 836	R33 517 836	14	35
16	R9 177	R200 975 927	R140 683 149	R60 292 778	R16 279 050	R44 013 728	R7 500 000	R900 000,00	R35 613 728	R35 613 728	15	37
17	R9 636	R211 024 723	R147 717 306	R63 307 417	R17 093 003	R46 214 414	R7 500 000	R900 000,00	R37 814 414	R37 814 414	15	39
18	R10 118	R221 575 959	R155 103 172	R66 472 788	R17 947 653	R48 525 135	R7 500 000	R900 000,00	R40 125 135	R40 125 135	16	40
19	R10 624	R232 654 757	R162 858 330	R69 796 427	R18 845 035	R50 951 392	R7 500 000	R900 000,00	R42 551 392	R42 551 392	17	42
20	R11 155	R244 287 495	R171 001 247	R73 286 249	R19 787 287	R53 498 961	R7 500 000	R900 000,00	R45 098 961	R45 098 961	18	45
Total		R3 198 457 400	R2 238 920 180	R959 537 220	R259 075 049	R700 462 171	R150 000 000	R18 000 000,00	Total Cash over term	R532 462 171		
										Average ROI	12	
										Average Cash on Cash Return		24,32

**Annexure I: Gateway Approval Letter (Lesotho Tourism Development Authority)**



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17<sup>th</sup> October 2023

Mr Ntseuoa Motsieloa  
University of Witwatersrand-Johannesburg

Mr Motsieloa,

**Re: Request for data**

This serves to inform you that your request for data on hotel occupancy rates, as part of data required for your academic research on Lesotho's tourism industry focusing on travelers' booking patterns.

We wish to take this opportunity to wish you success in your studies.

Your Sincerely

Tebello Thoola (Mr.)

Chief executive Officer *a.i.*

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