

# **Lesotho, a tourism destination: An analysis of Lesotho's current tourism products and potential for growth.**

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*Published in Angelo A. Camillo (editor) "Handbook of Research on Global Hospitality and Tourism Management", IGI Global Publ., Hershey, Penn. 2015, chapter 17, pp 312-333*

## **Abstract**

The objective of this chapter is to map and analyze the available tourism assets and products in the Kingdom of Lesotho. The analysis will include assessments on how to better improve the performance and sustainability of the tourism industry in the country including greater utilization of existing tourism infrastructure and further development of Lesotho's tourism products. This chapter will also address the strategic issues of tourism development and how Lesotho can increase the number of its tourists. In 2011, it received a total number of 398,000 tourists, representing USD 35million in revenue or 1.4% of the economy for the Kingdom's economy.<sup>4</sup>

Tourism development has been identified by the government of Lesotho, the International Monetary Fund as well as the United Nations World Tourism Organization as a sector that can reduce poverty as well as absorb many low or semi skilled labor. Boosting the tourism sector in the Kingdom will inevitably work towards alleviating poverty in the Kingdom overall. This chapter applies a case approach in order to illustrate potential investment opportunities and tourism performance improvements in an existing ski resort in Lesotho.

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## Introduction

The United Nations World Tourism Organization (UNWTO) research reports that tourist arrivals surpassed 1 billion for the first time in 2012. Despite occasional shocks, international tourist arrivals have enjoyed virtually uninterrupted growth – from 277 million in 1980 to 528 million in 1995, and 1.035 billion in 2012. Developing countries are playing an increasingly prominent role in this growing sector. Tourism is one of the top three exports for the majority of developing countries and for at least 22 LDCs (including Lesotho).<sup>5</sup>

Currently as of 2012, according to the World Economic Forum, the Tourism industry in Lesotho is worth USD152.3million, almost 7% of the country's economy (WEF, 2013).<sup>6</sup> The industry is slated to grow 4.4% in value during the time period 2013 – 2022.<sup>7</sup> It currently employs 34,000 Lesotho natives representing 6% of the workforce. With the expected growth of the international tourism industry, Lesotho should take the opportunity to use the tourism sector as a primary driver for their national economy.

Aside from the pure economic benefit, tourism has many other social benefits that are intangible according to UNWTO's Secretary-General Taleb Rifai<sup>8</sup>, including:

### 1. Jobs

- Especially for young people to enter the market. Smooth and soft entry
- People don't have to move, jobs are where they are/grew up
- Every 1 Tourism job, 1.4 extra jobs are created in parallel sectors – multiplier effect

A hotel employing 100 persons creates 250 indirect jobs, according to ILO's figures.

### 2. Infrastructure Development

- Roads and other forms of transit are usually built or improved upon with the onset of tourism operations. While this facilitates the tourists who visit it also directly benefits the local community who now have access to these public goods. Additionally, more often than not, tourism in LDCs tend to be in rural areas – meaning rural areas would benefit from infrastructure development not otherwise extended to them.

Tourism development has been identified by the Lesotho government, International Monetary Fund as well as the United Nations World Tourism Organization as a sector that will reduce poverty as well as absorb many low or semi skilled labor. <sup>9</sup> Boosting the tourism sector in the Kingdom will inevitably work towards alleviating poverty in the Kingdom overall. If developed well, tourism could effectively lead a LDC country like Lesotho out of poverty like it did for Cape

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<sup>5</sup> Aid for Trade 4<sup>th</sup> Annual Review Program. 8<sup>th</sup> July 2013. accessed on 23.07.2013 at. [http://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm)

<sup>6</sup> World Economic Forum. *The Travel & Tourism Competitiveness Report 2013*. Page 228.

<sup>7</sup> World Economic Forum. *The Travel & Tourism Competitiveness Report 2013*. Page 228.

<sup>8</sup> Rifai, Taleb. "Tourism and Value Chains". Aid for Trade 4<sup>th</sup> Annual Review. 8<sup>th</sup> July 2013.

<sup>9</sup> Rifai, Taleb. "Tourism and Value Chains". Aid for Trade 4<sup>th</sup> Annual Review. 8<sup>th</sup> July 2013.

Verde, a small chain of islands off the west coast of Africa who graduated from LDC status in 2007.<sup>10</sup>

## Mapping the Tourism Landscape of Lesotho

Mobility and accommodations are two fundamental factors in determining the volume, costs and eligibility of tourism. As a result, these basic infrastructure would affect the attractiveness of tourist operations and investment from abroad. A detail analysis of the macro picture including the border entry, existing hospitality establishment and other facilities is presented here.

### Points and Means of Tourist Entry into Lesotho

Lesotho is a landlocked country completely surrounded by the Republic of South Africa. One of the biggest challenges facing many international tourists planning a trip to Lesotho is how to get to the Kingdom. The follow section will review the entry points tourists can make use in order to gain entry into the Kingdom and related transport service provision.

#### 1. Moshoeshoe I International Airport

IATA Code: MSU

The Moshoeshoe I International Airport is the main airport in Lesotho serving the capital city, Maseru. The airport complex has one terminal building and is located about 10 km away from downtown Maseru. The only runway at the airport is 10498 ft (3199.79 m) long. A Boeing 747-400 (the most commonly flown B747 model by commercial airlines) requires 3,490m of runway for take off and 2,134m to land.<sup>11</sup> It would however be suitable to support the take off and landings of a standard Boeing 737 model aircraft that requires 1,676m to take off and 1,207m to land.<sup>12</sup>



Figure 1: Map indicating the relative closeness of the airport to the capital city, Maseru.  
(Source: Google Maps)

<sup>10</sup> Cape Verde's GDP in 2011 is USD1.9 billion. Cape Verde graduated from LDC status in 2007. "UN advocate salutes Cape Verde's graduation from category of poorest States", UN News Centre, 14 June 2007.

<sup>11</sup> The Boeing Company. [www.boeing.com](http://www.boeing.com)

<sup>12</sup> The Boeing Company. [www.boeing.com](http://www.boeing.com)

SA Link is the only airline that currently serves Lesotho via the Moshoeshoe I International Airport. SA Link provides three daily departures and arrivals connecting Maseru with Johannesburg. SA Link is a privately owned airline based in Johannesburg that links smaller towns, regional centers and hubs throughout South Africa. South African Airways has a codeshare agreement with SA Link into and out of Moshoeshoe - which is the country's main link to the world outside of South Africa. SA Link is also part of the leading global Star Alliance network. Via the Star Alliance network, Lesotho (and the Moshoeshoe I International Airport) is technically connected via air to 195 destination countries and 1,329 destination airports.<sup>13</sup>



Figure 2: Panoramic view of the Moshoeshoe I International Airport Terminal Building



Figure 3: A satellite image of the Moshoeshoe I International Airport and the City of Maseru. The Airport runway can be seen at the top right corner of the image.

## 2. Road Points of Entry

Travel into the country is easiest through the road connection with the highway system of South Africa. Table 1 illustrates the various border crossing points between these two countries.

Table 1: Border Crossings between Lesotho and South Africa by road

<sup>13</sup> Star Alliance. [www.staralliance.com](http://www.staralliance.com)

Lesotho		South Africa		Opening hours	Notes
Road	Border post	Road	Border post		
A2	Maseru Bridge	N8	Maseru Bridge	24 hours	Maseru branch line railway also crosses here.
	Peka Bridge		Peka Bridge	8:00–16:00	
	Maputsoe		Ficksburg Bridge	24 hours	
	Caledonspoort		Caledonspoort	6:00–22:00	
	Monantsa Pass		Monantsa Pass	8:00–16:00	
	Sani Pass		Sani Pass	8:00–16:00	Four-wheel drive vehicle required.
	Ngoangoana		Boesmansnek	8:00–16:00	Closed to vehicles.
	Ramatseliso's Gate		Ramatseliso's Gate	8:00–16:00	
	Qacha's Nek		Qacha's Nek	6:00–22:00	
	Ongeluksnek		Ongeluksnek	8:00–16:00	Four-wheel drive vehicle required.
A24	Tele Bridge	R393	Tele Bridge	6:00–22:00	
	Makhaleng Bridge		Makhaleng Bridge	8:00–16:00	
	Sepapu's Gate		Sepapu's Gate	8:00–16:00	
	Van Rooyen's Gate		Van Rooyen's Gate	6:00–22:00	

Figure 4: Map of Lesotho with Border Crossing Points Marked



Amongst these individual border crossings, the Maseru Crossing was the most frequented with a total of 131,428 entries in 2011.<sup>14</sup> The Maputsoe border crossing was a close second with 123,651 entries in that same year. The Caledon crossing rounded off the top 3 points of entry with 70,554 crossings in 2011.<sup>15</sup> The Moshoeshoe I International Airport by contrast accounted for only 11,784 arrivals in 2011.<sup>16</sup> By comparison, the Sani Pass, which requires travelers to use a four-wheel drive vehicle to pass through accounted for 12,253 of the arrivals into Lesotho in the year 2011. The table 2 below illustrates the arrivals by the different ports and the purpose of the individual arrivals as documented in the arrival documents collected at immigration.

Table 2:

<sup>14</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

<sup>15</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

<sup>16</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

### Arrivals by Purpose of Visit and Port of Entry, January – December 2011

Purpose	Port Of Entry										Total
	Caledon	Makhaleng	Maputsoe	Maseru	Airport	Peka	Qacha	Sani	Tele	Vanrooy	
Business	7,325	116	7,620	25,439	6,277	481	0	158	358	3,021	<b>50,795</b>
Employment	454	5	310	714	138	15	0	4	52	116	<b>1,808</b>
Holiday	40,396	971	20,266	30,288	1,372	1,555	0	10,989	2,329	8,369	<b>116,535</b>
Returning	295	1	532	346	60	8	0	0	18	92	<b>1,352</b>
School	65	0	190	183	29	1	0	30	14	36	<b>548</b>
Others	21,955	758	94,586	74,325	3,885	1,711	10	1,068	6,474	21,907	<b>226,679</b>
No Response	64	6	147	133	23	2	0	4	8	45	<b>432</b>
<b>Total</b>	<b>70,554</b>	<b>1,857</b>	<b>123,651</b>	<b>131,428</b>	<b>11,784</b>	<b>3,773</b>	<b>10</b>	<b>12,253</b>	<b>9,253</b>	<b>33,586</b>	<b>398,149</b>

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Source: 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

Out of all 398,149 international tourist arrivals in 2011, only 3% arrived via air travel. The overwhelming majority – 97% arrived via road.<sup>18</sup> The majority of business travelers arrived by air however. This statistic could be attributed to the fact that over 93% of all international tourists arrivals came from South Africa and only about 5% of all arrivals were from outside the African continent.<sup>19</sup>

The Lesotho Department of Research and Development<sup>20</sup> attributes this statistic to the fact that the majority of all tourist arrivals comes from South Africa who visit Lesotho for business or personal reasons including visiting relatives or maintaining their second homes. Additionally the most populous towns in Lesotho, including the capital Maseru share the western border with South Africa and that's where the majority of arrivals come from – the Maseru Crossing and Maputsoe border crossing. Major roads in South Africa like the N8 link these major border crossings into Lesotho, which could be a reason why they are most used.

### 3. The Maseru Branch Railway

The Maseru Branch Railway (a form of mass public transit) also enters Lesotho via the Maseru Crossing into the capital city and is Lesotho's connection to the rest of the South African Railway network with the connection at Marseilles, Free State.

<sup>17</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

<sup>18</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

<sup>19</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

<sup>20</sup> Lesotho Department of Research and Development: [www.bos.gov.is](http://www.bos.gov.is)



Figure 5: The Maseru Rail Station, Lesotho.



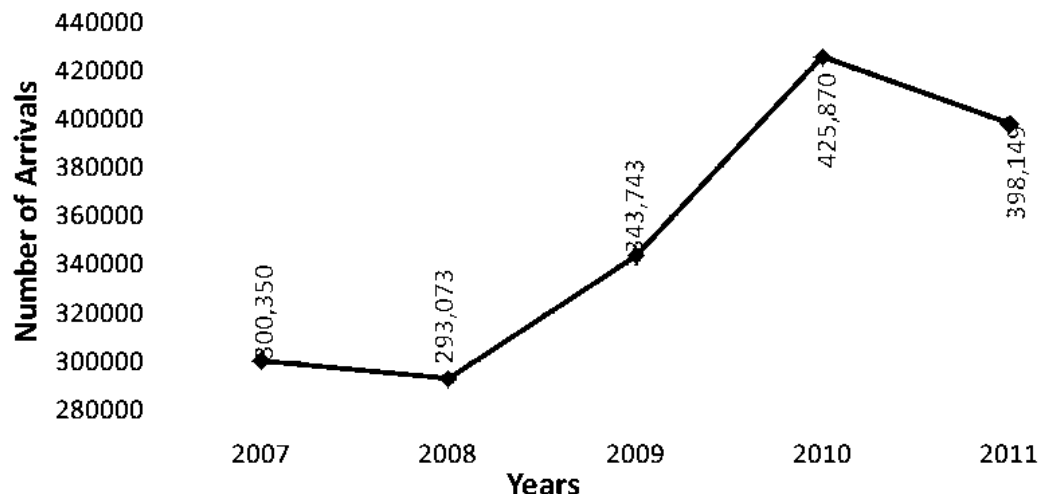
Figure 6: An aerial of the Maseru bridge, the Checkpoint and border crossing and the adjoining Maseru Branch Railway line.

Overall, Lesotho does have the basic infrastructure – international airport and functioning border crossings. The potential is there for Lesotho to receive more than the almost 400,000 tourist arrivals it received in 2011 based on the infrastructure already on the ground.

Table 2: Arrival Figures into Lesotho from 2007 -2011



**Figure 1: Distribution of Arrivals by Year , 2007 - 2011**



(Source: 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.)<sup>21</sup>

The two major border crossings of Maseru and Maputsoe are already operating at 24 hours a day 7 days a week while the Moshoeshoe I International Airport is currently underutilized at less than 50% utilization level with only 2 inbound and 2 outbound flights a day. SA Link would almost certainly increase the number of inbound and outbound flights if there were a demand for additional flights.

Other rival African airlines would also almost certainly add the Moshoeshoe I International Airport to its routes if there were sufficient demand for air travel from the airports they currently serve. One way to do this is to increase arrivals from other cities and create new airlinks to Maseru on a seasonal basis. Figure 2 below from the Lesotho Department of Research and Development clearly indicates that travel into Lesotho increases steadily during the months of November and December annually – the southern hemisphere summer months – and there could therefore be summer season flights (from new destinations) established to capitalize on the demand for Lesotho during the summer time and bring even more tourists in.

The Moshoeshoe I International Airport is operating currently at less than 50% utilization level with only two outbound and inbound flights a day and this is evident with the airport closing for periods during the day when there are no scheduled arrivals or departures. There is therefore no immediate need to expand the transportation infrastructure of Lesotho to support any additional tourist arrivals and the focus should instead be turned instead to how to bring these additional tourist numbers to fully utilize the infrastructure that is already in place.

<sup>21</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012.

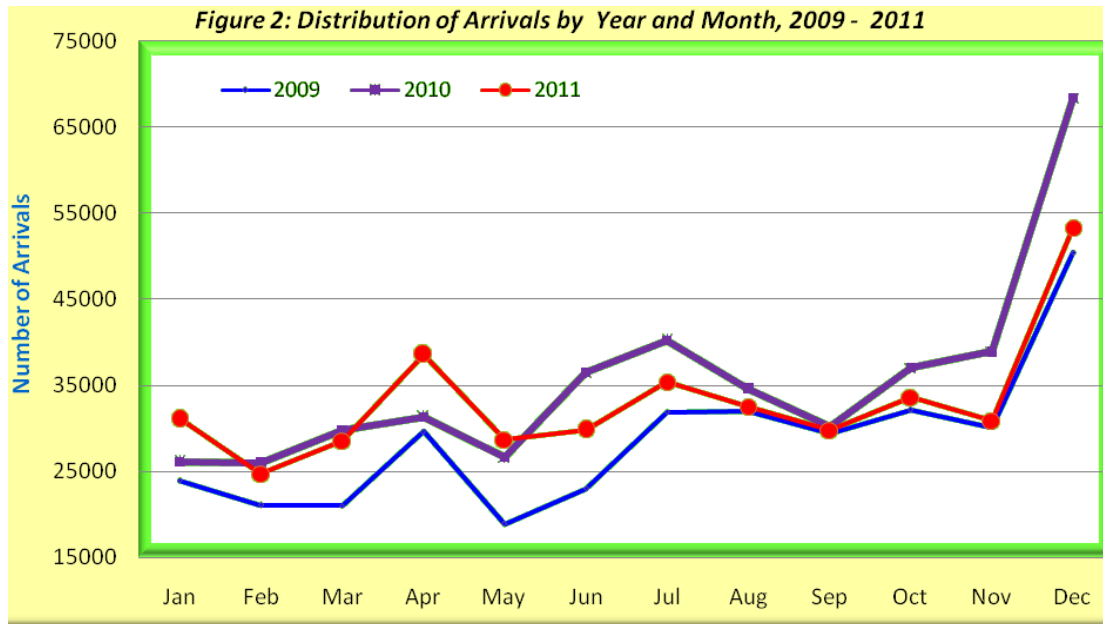


Figure 7: Number of Arrivals by year and month at the Moshoeshoe I International Airport (2009-2011)

### **Accommodation products in Lesotho**

According to the Lesotho Tourism Development Corporation there are almost 70 different accommodation products in Lesotho. These accommodation options are concentrated in the major tourist regions of Maseru (the Capital), the Berea District, the Leribe District, the Butha-Buthe District (Skiing), the Mokhotlong District, the Thaba Tseka District, the Mafeteng District, the Mohale's Hoek District, the Quthing District and the Qacha's Nek District. The variety of accommodations that are available in Lesotho range from the luxury Lesotho Sun Hotel and Casino in Maseru to smaller lodges and beds and breakfasts sprinkled all over the country. There is also one ski resort the Afriski Ski and one Mountain Resort in Butha-Buthe.

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#### **1. Current Market Details**

**Hotels:** There are 21 registered hotels in the country offering over 1,400 beds, of which 75% are in Maseru (the Capital). The quality of hotels is varied with, by international standards, 2 three-to four-star hotels, the rest ranging from 2 stars to no stars. All hotels are registered and licensed by the Lesotho government.<sup>23</sup>

**Guest Houses/Bed and Breakfast/Lodges:** There are 17 guesthouses and bed and breakfasts around the Kingdom and there are 16 lodges (all registered), several of which are of relatively good quality.<sup>24</sup>

<sup>22</sup> Ezilon Maps. <http://www.ezilon.com/maps/africa/lesotho-maps.html>

<sup>23</sup> The World Bank. <http://siteresources.worldbank.org>. Accessed on July 16<sup>th</sup>, 2013.

<sup>24</sup> The World Bank. <http://siteresources.worldbank.org>. Accessed on July 16<sup>th</sup>, 2013.

**Home stays:** Several have been set up by HNRRIEP<sup>25</sup> in the Highlands; Malealea Lodge works with home stays in several of the villages around Mafeteng which it uses for guests who take their overnight treks; and in Quthing there are at least 10 home stays in villages set up with the help of the German DeD and the Quthing Wildlife Trust. (For regional locations please refer to map above)

**Campsites:** Many of the lodges allow camping on their grounds. There are 14 organized campsites although visitors can camp anywhere in the country as long as they inform the 'chief' of the area for security purposes.

Average Length of stay: 2.82 Nights<sup>26</sup>

### Industry Price Range

(Highest Value Double Room)

M700> (or USD70) = 7 Properties or 10% of the market

M350-700 (or USD35-70) = 19 Properties or 27% of the market

M<350 (or USD35) = 45 Properties or 63% of the market

As derived from the market details above, the average length of stay as determined by The World Bank is 2.82 nights. Additionally, Lesotho overnight accommodation rates are priced fairly low compared to its neighboring Republic of South Africa. The Kingdom only has 7 properties priced over USD 100 per night for a double occupancy room. The majority of properties, 63%, are priced less than USD 50 per night in double occupancy room. This raises two observations, on one hand it could be argued that the accommodation options in Lesotho are competitively priced relative to its other competitors in Southern Africa but it also projects to the potential traveler a sense of a cheap lodging industry offering inferior, wanting products. That being said, the prices are right to attract a large number of young, adventurous travelers looking for a different Southern Africa experience.

In 2007, a group of World Bank economists and surveyors visited and surveyed a total of 82 accommodation enterprises in Lesotho between December 22, 2006 and January 11, 2007.<sup>27</sup> Through a combination of the two scores, each of the establishments was classified into one of three categories: MARKET READY, NEARLY MARKET READY, and NOT MARKET READY.<sup>28</sup> Market Ready product is product that is globally competitive product and is ready to be listed and sold to the international marketplace today.<sup>29</sup> Nearly Market Ready product is product that is close to being market ready with just a few capacity building issues to be addressed.<sup>30</sup> Not Market Ready product is product that does not meet international standards for offering, management or product quality and will take a much more intensive improvement before reaching Market Ready status.<sup>31</sup> As found and classified by the group, 37.5% of the accommodation facilities in Lesotho are considered Market Ready, while 23.75% are almost market ready and 38.75% are not market ready. The high percentage of accommodation

<sup>25</sup> Highlands Natural Resources and Rural Income Enhancement Project. No web link available.

<sup>26</sup> The World Bank. <http://siteresources.worldbank.org>. Accessed on July 16<sup>th</sup>, 2013.

<sup>27</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

<sup>28</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

<sup>29</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

<sup>30</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

<sup>31</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

products that do not fall into the market ready segment – 62.5% is a worrisome statistic for a country trying to grow and develop their tourism industry.

Accordingly, the existing hotels in Lesotho in 2007 was classified as below:

Market Ready Accommodations	Nearly Market Ready	Not Market Ready
Afri-Ski Leisure Kingdom Aloes Guesthouse • Black Swan Guest House • Durham Link and Maseru Backpackers • Foothills Guest House • Golden Hotel • Hotel Mount Maluti • Khali Hotel • Lancer's Inn Hotel • Lesotho Sun Hotel • Malealea Lodge, Adventure & Pony Trek Centre • Maseru Sun Hotel • Mmelesi Lodge • Mohale Lodge • Molengoane Lodge • Moorosi Chalets • Morija Guest House & Tours • Mountainside Hotel • Mpilo Lodge • New Oxbow Lodge • Palace Hotel • Phokeng Gardens B&B • Phomolo Self Catering Guest House • Ramabanta Trading Post Adventures • Sani Top Chalet • Semonkong Lodge • The Mamohase Guest House • The Trading Post Guest House • Tribute Guest House • Victoria Hotel	Anna's B&B • Blue Mountain Inn Hotel • Boikhutsong B&B • Catholic Training Centre • J&E Cyaara B&B • Ka Pitseng Guest House • Khotsong Lodge • Lapeng B&B • Letloepe Lodge • Likileng Lodge • Mafeteng Hotel • Maly's B&B • Marakabei Guest House • Mashai Lodge • Molumong Guest Housel • Mountain View Hotel Nthatwoa Hotel • Sekekete Cazi Brothers Hotel • Senqu Hotel • Tlounge B&B	Boikhethelo Guest House • Butha-Buthe Youth Hostel • Chock's Centre B&B • Cindi Lodge • Crocodile Inn Hotel • Crown Lodge • DR Guest House • Fuleng B&B • Granny & 4 Sisters • Katse Lodge • Lakeside Hotel • Lenonyeling Guest House • Liphofung Cave Heritage and Cultural Center • Mabela Guest House • Mabotle Guest House • Mahloenyeng Lodge • Maluti Guest House • Mokhotlong Hotel • Monateng Lodge • Mountain Delight • Mountain Star Guest House • New Central Guest House Ntina Guest House • Orange River Lodge • Pyramid Gardens B&B • Sehlabathebe Lodge • Seilatsatsi B&B • St James Lodge • Thimo B&B • Ts'ehlanyane Nature Reserve • Umbrella B&B

Source: McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page.

## The Kingdom's Problem of Low Occupancy

While the Lesotho Sun Resort and Casino remains relatively successful according to Sun International's Annual Financial Statements, the rest of the accommodations and lodging industry in Lesotho has continued to struggle to maintain a decent occupancy rate. The average occupancy rate for the quarter across the Kingdom is 19.4% and even in the popular market section – lodge accommodations in Mafeteng, it struggles to hit 40%.

By contrast, neighboring Republic of South Africa managed 53% National Occupancy Rate for the Financial Year 2011, see figure 4 below. The American Hotel and Lodging Association reports the national occupancy rate in 2011 to be 60%.<sup>32</sup> While the American national rate is hardly comparable to Lesotho, due to the different level of developments experienced by both countries, the occupancy rate of the Republic of South Africa would be a better indicator given its close geographical proximity and the economic dependence Lesotho has on the Republic. Additionally, according to figure 4 below, the occupancy rate in South Africa is slated to grow to up to 70% by 2017.

Lesotho has the opportunity to latch on to this upward trend of its neighbor if it employs the right strategies and tactics moving forward since most of its inbound tourists are coming from South Africa as an additional side visit site. Accordingly, the attached table of the revenue generated by area and type of lodging accommodation shows the capital, Maseru, generating the most revenue in the hotel sector (M11million in the 4<sup>th</sup> quarter), most likely benefitted from the effects of being home to the Lesotho Sun Hotel and Casino.

The table below shows the bed occupancy rate for the 4<sup>th</sup> quarter of 2011, it is segregated into the district the accommodation is located in as well as the type of accommodation. Note, Lesotho's Tourism Development Corporation reports the data by bed occupancy rates, international standards report findings based on Room Occupancy rates.

**Table 2: Bed Occupancy Rates by Type of Establishment and District, Quarter 4 2011**

District	Hotel	Lodge	Other	Total
Berea	15.2	-	4.1	<b>13.2</b>
Botha	14.4	11.9	2.6	<b>10.6</b>
Bothe				
Leribe	32.2	28.8	15.9	<b>26.0</b>
Mafeteng	31.2	36.4	9.0	<b>22.8</b>
Maseru	32.7	15.7	19.7	<b>23.1</b>
Mohale's	15.6	-	13.9	<b>15.1</b>
Hoek				
Mokhotlong	22.6	-	12.9	<b>17.6</b>
g				
Qacha's	25.9	22.2	12.7	<b>16.2</b>
Nek				
Quthing	16.8	5.4	4.9	<b>6.8</b>
Thaba	9.0	12.5	14.3	<b>13.2</b>
Tseka				

<sup>32</sup> American Hotel and Lodging Association. <http://www.ahla.com/content.aspx?id=34706>. Accessed July 16<sup>th</sup>, 2013.

**Total**                    25.9                    18.9                    14.6                    **19.4**

(Source: Lesotho Accommodation Statistics, Quarter 4, 2011. Lesotho Tourism Development Corporation)

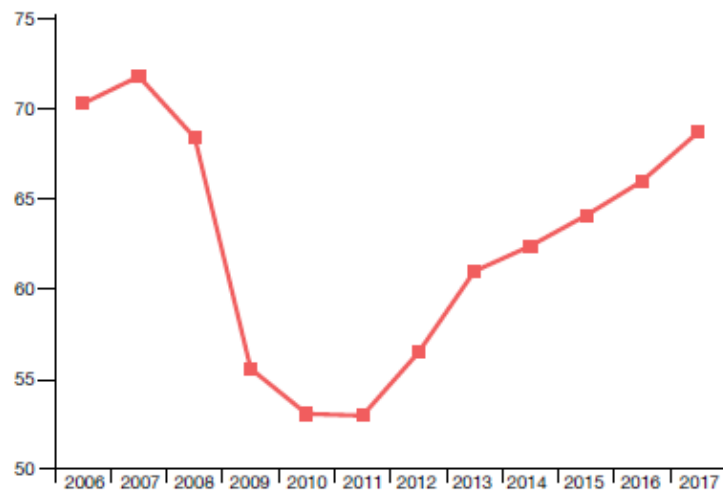
**Table 3: Revenue Accrued from Accommodation by Type of Establishment and District, Quarter 4 2011**

<b>District</b>	<b>Hotel</b>	<b>Lodge</b>	<b>Other</b>	<b>Total</b>	<b>% Share</b>
<b>Berea</b>	1 334 132	-	74 580	<b>1 408 712</b>	<b>4.0</b>
<b>Botha</b>	460 774	559 576	29 460	<b>1 049 810</b>	<b>3.0</b>
<b>Bothe</b>					
<b>Leribe</b>	6 027 571	263 826	1 331 164	<b>7 622 561</b>	<b>21.4</b>
<b>Mafeteng</b>	1 045 627	788 468	158 590	<b>1 992 685</b>	<b>5.6</b>
<b>Maseru</b>	11 115 475	1 269 386	4 072 465	<b>16 457 326</b>	<b>46.3</b>
<b>Mohale's</b>	1 662 281	-	196 950	<b>1 859 231</b>	<b>5.2</b>
<b>Hoek</b>					
<b>Mokhotlong</b>	965 544	0	458 480	<b>1 424 024</b>	<b>4.0</b>
<b>Qacha's</b>	401 019	253 359	500 550	<b>1 154 927</b>	<b>3.2</b>
<b>Nek</b>					
<b>Quthing</b>	178 260	87 730	575 416	<b>841 406</b>	<b>2.4</b>
<b>Thaba</b>	423 035	282 900	1 055 230	<b>1 761 165</b>	<b>5.0</b>
<b>Tseka</b>					
<b>Total</b>	<b>23 613 717</b>	<b>3 505 245</b>	<b>8 452 885</b>	<b>35 571 847</b>	<b>100.0</b>
<b>% Share</b>	<b>66.4</b>	<b>9.9</b>	<b>23.8</b>		<b>100.0</b>

(Source: Lesotho Accommodation Statistics, Quarter 4, 2011. Lesotho Tourism Development Corporation)

For benchmarking purpose, Figure 10 shows the occupancy rate from South Africa and future trend projected (2006-2017). It is noteworthy that recovery from the impact of the 2008 global economic downturn has been reverted steadily. The project of occupancy rate will reach again at 70% level by 2017. Should this upward trend continues and sustains, windfall effect from South Africa could also bring greater number of tourists to the Kingdom.

**Figure 4: Hotel occupancy rates in South Africa (%)**



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

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**Figure 10: Actual and Projected Hotel occupancy rates in South Africa**

### **Detrimental Factors in the Accommodations Sector**

Before the Lesotho Tourism Development Corporation can move forward with new strategies for improving the number of inbound tourists, certain factors that currently exist within the accommodations sector have to be addressed. In their report about accommodation products in Lesotho after their 2007 visit, World Bank economists led by Jodi McKeeman and Zachary Rozga found that the following impediments that exist in the industry:

*“Low-levels of understanding of tourism and essentials like Hospitality & Customer Care - One of the biggest issues and common findings is that there is a very low understanding of “What is tourism?” in the hotels, both at a management and staff level. The employees at these enterprises see the tourist as a burden and simply go through the motions of servicing them. Customer service or customer care is nearly non-existent. In general there is very little tourism awareness among tourism industry employees and very little understanding of the great levels of service that are involved to create a welcoming environment. The tourism employees have very little sensitivities to the needs of leisure tourists; on the whole, they have no concept of what leisure tourists want to do or why leisure tourists are in Lesotho, how important leisure tourists are to the country (bringing in foreign currency), nor how important their role is in the promotion of tourism.”<sup>34</sup>*

Another problem McKeeman and Rozga found was that a lot of the accommodation statistics were skewed in that the Kingdom’s government contracts a vast majority of these hotel and

<sup>33</sup> PriceWaterhouseCoopers. [http://www.pwc.co.za/en\\_ZA/za/assets/pdf/hospitality-outlook-june-2013.pdf](http://www.pwc.co.za/en_ZA/za/assets/pdf/hospitality-outlook-june-2013.pdf). Accessed July 16, 2013.

<sup>34</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 10-11.

lodging facilities for government workshops and conferences. In some hotel's cases their business is 90-95% generated from government contracts. While this government created demand might be good for revenues of the individual lodging accommodations that were lucky enough to benefit from earning a government contract, the negatives are that "this form of business has created an environment of stagnation."<sup>35</sup> McKeeman and Rozga have found on their visits to such establishments that,

*"...apathy in employees and management is rife in these properties because there is no need to apply customer service practices because the workshop attendees, in general, are easily pleased and do not have high service demands. Also government workshop attendees are not looking for tourist activities such as curio shopping, site-seeing or cultural activities, so the accommodations have not developed them or do not know of their existence."*<sup>36</sup>

This government inflated demand for hotel accommodation does not bode well for an industry struggling to find its feet. In this instance, government driven demand might be helpful to nurture a tourism industry at its infancy. However in the mid-term horizon, the critical task is to increase the number of arrival by creating greater customer values and branding as an attractive destination.

### **Areas within the Tourism Industry that needs immediate improvement**

After an analysis of the current situation of the lodging and accommodation facilities industry, the following areas have been identified as areas that need to be immediately addressed and improved in order to bring about a significant improvement on the current tourism products on offering.

*1. Tourism Awareness Training* – As the UNWTO reports<sup>37</sup> have noted there is a general lack of understanding of the tourism industry. This point was illustrated strongly by the McKeeman and Rozga World Bank report when managers interviewed by the team "did not understand the terms seasonality or occupancy rates.

*2. Market Access and commission system*– In 74% of the lodging and accommodation establishments in Lesotho, there are not an established system of commissions for bookings.<sup>38</sup> The tourism industry is built on commissions and it is essential for the growth of the destination that the individual properties learn the basics of market access and start to source business of their own – one way to do it is via commissions – rather than remain reliant on government sector demand for the bulk of their business.

*3. Customer Service/Customer Care* – This issue has been identified as a major constraint for growth of the tourism industry in Lesotho. "Good customer service is not just missing in the accommodations sector but in the service industry as a whole in Lesotho."<sup>39</sup> Customer service must be addressed at a national level and radically transform the industry if its done right.

<sup>35</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 11.

<sup>36</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 11.

<sup>37</sup> UNWTO, *Support to Institutional and Capacity Strengthen of the Tourism Sector*, (Oct 2006)

<sup>38</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 13.

<sup>39</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 13.



4. Hospitality Business Management – Evident from the McKeeman and Rozga World Bank report is the lack of adequate hospitality and management training of the top managers in the majority of Lesotho's tourism accommodations, with the exception of the Lesotho Sun Hotel and Casino. This is evident not only in Lesotho but on the African continent in general where the general lack of hospitality education and training continues to impede the growth of the local communities and their access to the possible and potential benefits of the growing tourism sector.

In 2006, The Lesotho Sun Hotel and Casino provided raining for some small accommodation providers in Maseru.<sup>40</sup> The training was a two-week course covering hospitality, customer service, housekeeping and food & bar service. It was provided by Lesotho Sun at no charge and only a handful of establishments were involved. Lesotho Sun has however not provided this service since. The market awaits a entrepreneurial education provider or professional services training provider – possibly from South Africa or internationally – to fill this training and education gap in the domestic Lesotho market.

## Business Opportunities

### A. The Lesotho Sun Hotel and Casino: The jewel in the Kingdom's Crown



The Lesotho Sun Hotel and Casino is a 4-star hotel and casino destination situated on a hillside overlooking Maseru, the capital of Lesotho. Regarded as one of the best places to stay in Lesotho by Discovery Travel and Living Magazine, this elegant, modern sandstone building is designed to offer guests beautiful views of both the city and the Drakensberg Mountains in the background.

The resort is located on Hilton Road and can easily be accessed from the capital city of Maseru via principal highway A2 heading southeast. The resort also offers a variety of transportation options from The Moshoeshoe I International Airport for their international guests and arrangements can be accommodated at reservation. The location of the resort is marked with the red drop sign in the map below.

<sup>40</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 23.



Fully operational as of November 2009, Lesotho Sun is equipped with premium comforts and facilities. Its 158 bedrooms and suites are decorated to give an elegant chic feel. While the definition of a 4-star hotel varies slightly between American and European standards, The European Hotelstars Union defines a 4-star level accommodation to be one that has the following services and amenities as a basic requirement:

- Reception opened 18 hours, accessible by phone 24 hours from inside and outside
- Lobby with seats and beverage service
- Breakfast buffet or breakfast menu card via room service
- Minibar or 24 hours beverages via room service
- Upholstered chair/couch with side table
- Bath robe and slippers on demand
- Cosmetic products (e.g. shower cap, nail file, cotton swabs, vanity mirror, tray of a large scale in the bathroom)
- Internet access and internet terminal
- "À la carte" restaurant

The Lesotho Sun Hotel and Casino does not have its 4-star designation awarded by the European Hotelstars Union<sup>42</sup> but follows these guidelines carefully and has each and every one of the basic requirements met. The Lesotho Sun Hotel and Casino also has a sizeable Conference and Events space on site. 58 former guests of the hotel have given it an average of 3.5 Stars out of 5 on the popular travel website, TripAdvisor.com and it has the highest ratings of any hotel in Lesotho.<sup>43</sup> A worrying statistic for Lesotho's premier hotel is that the majority of respondents rates the Lesotho Sun as an 'average' hotel under TripAdvisor's 5 categories of Excellent, Very Good, Average, Poor, Terrible. The Cape Grace Hotel in the neighboring Republic of South Africa, benchmarking hotel, was voted as the top hotel in South Africa by the same website,

<sup>41</sup> Google Maps. [www.maps.google.com](http://www.maps.google.com). Accessed July 16<sup>th</sup>, 2013.

<sup>42</sup> European Hotel Stars Union. The European Union's awarder of hotel ratings and standards. [www.hotelstars.eu](http://www.hotelstars.eu)

<sup>43</sup> TripAdvisor.com [http://www.tripadvisor.com/Hotel\\_Review-g293803-d305110-Reviews-Lesotho\\_Sun\\_Hotel-Maseru\\_Maseru\\_District.html](http://www.tripadvisor.com/Hotel_Review-g293803-d305110-Reviews-Lesotho_Sun_Hotel-Maseru_Maseru_District.html). Accessed on July 25<sup>th</sup>, 2013.

TripAdvisor.com, and received a 5 star rating from 661 reviewers with a majority 583 of reviewers giving the hotel the 'excellent' rating.<sup>44</sup>

If Lesotho wants to latch onto South Africa's booming tourism economy and becoming either an alternative tourism destination to South Africa or an accompaning destination, its top hotels need to be of a closer standard to the its top rivals in South Africa, and by accounts of guests at both hotels the current disparity is clear.



Figure 8: A luxury King Room at The Lesotho Sun Hotel and Casino



Figure 9: A standard Twin Room at The Lesotho Sun Hotel and Casino

The average daily rate (ADR) at the Lesotho Sun Hotel varies by season with the ADR during the winter months hovering around M 2,800 (Lesotho Loti) (Conversion = USD281) and M 2,955 (USD296).

## **B. Afriski Ski and Mountain Resort**

AfriSki is the only skiing resort in Lesotho, located 3222 m above sea-level in the Maluti Mountains, near the northern border of Lesotho and South Africa. The resort is 4.5 hours' drive from Johannesburg, or Pretoria South Africa via the Moteng pass and the Mahlasela pass; it sits along Highway A1.<sup>45</sup>

<sup>44</sup> TripAdvisor.com. [http://www.tripadvisor.com/Hotel\\_Review-g312659-d302595-Reviews-Cape\\_Grace-Cape\\_Town\\_Central\\_Western\\_Cape.html](http://www.tripadvisor.com/Hotel_Review-g312659-d302595-Reviews-Cape_Grace-Cape_Town_Central_Western_Cape.html). Accessed on July 25th, 2013.

<sup>45</sup> Afriski Ski and Mountain Resort. [www.afriski.net](http://www.afriski.net). Web.

Figure 11: Relative Distance of Afriski (indicated in red) to the capital city of Maseru.  
(Source: Google Maps)



The ski resort is open from June through September annually, during the southern hemisphere winter months and has about 1.4km of ski slopes combined over a main slope and a beginner slope. There are also four dedicated ski lifts to serve patrons. Daily lift tickets at the resort go for about ZAR 350,- or £25.<sup>46</sup> In addition to ski facilities, Afriski operates similar to most international ski resorts like Kolsters or Aspen in that it has food and beverage facilities in the form of The Sky Restaurant for a full service meal and the Gondola Café for more self serve options. Afriski also has the capabilities to host conferences and has continually hosted the Kings Cup Ski Championships in July and the Quiksilver sponsored SA National Snowboarding Championships in August. These two events attract significant participation within the African skiing community during the southern hemisphere winter months.

In the summer months, from November to March, the resort stays open to host mountain adventure sports. Summer activities at Afriski include guided quad bike and motorbike trails, abseiling, fly fishing and hiking.



Figure 12: Live Webcam Picture of the main slopes @ Afriski. 02/07/2013.

<sup>46</sup> Afriski Ski and Mountain Resort. [www.afriski.net](http://www.afriski.net). Web.

Afriski, shares the distinction of being one of only two ski resorts outside North Africa with the Tiffindell Ski Resort in South Africa's Eastern Cape. Afriski's elevation is slightly higher than Tiffindell and its slopes are 0.1km longer than Tiffindell's.<sup>47</sup> Afriski's strength in the African ski industry (if it exists) is that it is one of the only few premier options available to skiers who want to ski in Africa. Given the differences in climate between Northern Africa and Southern Africa, the ski resorts in Lesotho and South Africa are the only viable ski options for skiers and boarders who wish to hit the slopes during the months of June – September, the Southern Hemisphere winter. This leaves Tiffindell as Afriski's principal rival in the African skiing market. Afriski has been operational for 8 ski seasons now and the fact that the older Tiffindell Resort recently embarked on a 150million rand expansion indicates that Afriski is gaining momentum and getting successful enough to challenge the old standard bearer.

### Target Audience

Afriski has a unique niche market it can tap on going forward – rich, young customers who are interested in coming for practice skis in preparation for the more serious winter skiing months in Europe or North America. If Afriski successfully markets itself to this young, rich, Aspen and Kolsters goes, Afriski would be having many more successful ski seasons to come.

### Lodging Accomodations

The lodging accomodations at the resort sleeps about 250 people. The lodging accomodations on the resort are mainly 8 person lodges which can be rented out as a whole for big parties wanting to have complete privacy in the lodges or it can function like a hostel/dormitory style accomodation where individual borders are placed together in a 8 person lodge with shared common facilities like bathrooms and kitchen areas.

The average rate per person as quoted on the Afriski website is between R513 – R 1150 (between USD 50-100) for both the summer and winter months. A 10-sleeper superior Chalet, the most luxurious accomodation option at Afriski goes for R12,375 (USD 1,200) a night during the winter peak season. Comparably, The St. Mortiz Lodge and Condominiums in Aspen, Colorado – deemed the affordable option by most visitors – charges USD 48 for a hostel style shared room during the non peak season to USD 498 for a 2 bedroom condominium that sleeps up to 6 during the peak Christmas – New Year's period. Afriski's direct rival, Tiffindell in South Africa does not publish its accomodation rates online. Detailed lodging rates of both resorts can be found in the Appendix Section.

Occupancy rates in the Botha-Bothe region (where Afriski is located) remained around the 12.5% mark through 2011.<sup>48</sup> One inference drawn from this could be that most of the visitors to Afriski be it in the summer or winter months are day tourists from neighboring South Africa. These day tourists come in for either the half day or full day ski lift tickets and return home at the end of the day. Indicating that very few skiers at Afriski are actually from abroad.

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<sup>47</sup> Tiffindell Ski Resort. [www.tiffindell.co.za](http://www.tiffindell.co.za). Web.

<sup>48</sup> Lesotho Accomodation Statistics, 2011. Lesotho Tourism Development Corporation.

## Tour Operating

The tour operating and tour-guiding sector of the tourism industry has been growing rapidly in the last 5 years with the onset of increased tourist arrivals to the Kingdom.<sup>49</sup> Presently, the country depends very heavily on South African based tour operators to manage and coordinate tour packages and organize trips in Lesotho. These same South African based tour operators are also responsible for the majority of tour groups entering the Kingdom.<sup>50</sup> There is therefore the possibility and opportunity to develop a credible tour operation business within Lesotho rather than remain dependent on the South African tour operators. Local tour operators would be able to better collaborate with local attractions and gives the traveler a more authentic local experience.

The main observation from the McKeeman and Rozga World Bank report about the local Lesotho tour operators are that they are “indeed weak”, and “do not operate like a professional tour operation businesses” of international standard.<sup>51</sup> Additionally they do not have connections into the regional or international market place. The number one complaint of the operators is that South African companies come into Lesotho with their guests and then leave without ever interacting with the local Lesotho companies, completely bypassing them. One of the major gaps that was acknowledged by the tour operators is that “there is no formal training process or accreditation to become an operator or a guide, which causes a lack of confidence in them as operators.”<sup>52</sup>

With the previous Lesotho Tourism Board (LTB) there was no role in the economy for tour operators, “because the LTB had a monopoly on tour operation.”<sup>53</sup> As with any new industry there needs to be a start somewhere and there are growing pains to be endured. In order to facilitate an environment where tour operation can get off the ground, a national guide program and a national guide school is needed – something that the Lesotho Tourism Development Corporation could look into. This process will legitimize the tour operators by giving them local knowledge that their South African counterparts will not be privy to and thus establish for the local Lesotho tour operators a niche and competitive advantage, and at the same time give them the accreditation they need in order to interact with the international market.

## Lesotho’s Unique Selling Points (USP) and SWOT Analysis

The following are a list of the USPs that the World Bank team noticed while touring the country in the southern hemisphere summer of 2006 - 2007:

- Lesotho is a true Mountain Environment in Africa
- Lesotho does receive regular snowfall
- The highlands culture is authentic and unique to other African cultures

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<sup>49</sup> 2011 Arrival Statistical Report. Lesotho Department of Research and Development. June 2012. Print.

<sup>50</sup> "Tourism." *Lesotho Review*. Wade Publications, n.d. Web. 10 Jul 2013. <<http://www.lesothoreview.com/tourism.htm>>.

<sup>51</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 21.

<sup>52</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 21.

<sup>53</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 21.

- Water is in abundance
- Recreational activity development is in its infancy
- A large and viable demand market on its doorstep<sup>54</sup>

## **Lesotho's Tourism Products that do not meet standards**

Tourism is about selling experiences and meeting tourist expectations. One of the detrimental activities a destination can do for its image is to not meet the tourist Expectations of the place they are visiting. McKeeman and Rozga's World Bank report illustrates this point through specific encounters during their 2007 trip to the Kingdom to survey the tourism products available. Below are examples of tourism products that don't meet tourist expectations for a whole variety of reasons.

### ***"Katse Dam – Advertising Product that Doesn't Exist***

*While interviewing the manager of the Katse Lodge he lamented that he has many international clients that have booked for three nights but end up leaving after staying only one day because there is nothing to do in the area besides the dam tour and the botanical garden. However, in printed national marketing material and on signposts on major roads there are advertisements of pony trekking, rock climbing, canoeing, trekking, and fly-fishing.*

### ***Ts'ehlanyane National Park – Product Deterioration***

*The park is a beautiful gem with massive potential, but the existing infrastructure is deteriorating. The bridge to the rondavels and tent sites has been washed away, so travellers must forge a dangerous river. The tent sites are totally derelict and not useable. The rondavels are threatened to be destroyed by erosion. One of the cottages has been stripped of its furniture and the other has broken furniture in it. The ranger who was interviewed said that most guests who have booked to stay overnight end up returning to town without staying.*

### ***Dinosaur Footprints – Mismanagement Destroying the Product***

*One of the proclaimed tourist attractions in Quthing is the Dinosaur Footprints yet there is very little to actually see or experience. The manager was not there at the time of our visit and his son had been put in charge. The boys had very little information to tell us about the footprints nor did they speak much English nor was there any significant written information about the site inside the structure. The footprints are completely exposed to the weather and therefore very faded and growing more and more difficult for anyone to actually see. We were not required to sign the visitor's log yet we were asked to pay the visitation fee which is supposed to go towards site protection and enhancement. In addition, there was a young boy begging outside of the site and the "managers" did nothing to curb it."<sup>55</sup>*

The danger of Lesotho continuing to have tourism products that do not meet tourist expectations is that they will lose an entire market segment – return customers. Returning visitors is vital for the tourism industry – hotels and specific tourist attractions including National Parks, Theme

<sup>54</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 15.

<sup>55</sup> McKeeman, Jodi, and Zachary Rozga. "Private Sector Competitiveness Project." *Worldhotel-link.com*. n. page 12

Parks, Zoos and Aquariums. It is more difficult to convince a brand new individual to visit or stay at a place for the first time but it is easier to have your guest come back if they enjoyed the experience.

## **Sustainable Tourism in Lesotho**

“Sustainable Tourism” is the IT word in the 21<sup>st</sup> century for marketing tourism products and destinations around the world. As the size of the global middle class continues to grow and with them comes and increasingly educated population with disposable income to spend on vacations. These groups of travelers are increasingly conscious of their environment and the impact of climate change. Their disposable incomes allow them to exercise decisions that they feel would positively impact the environment and preserve it for future generations.

Many tourism products have acknowledged this trend and have set policies and products catered specifically towards this group of travelers including sustainable hotels, carbon footprint offsetting credits for air travelers and sustainable leisure activities like sustainable golfing or whale watching.

Lesotho’s relatively under-developed tourism industry puts it in an ideal position to capitalize on this market segment with low transition costs since not much in terms of infrastructure has been solidly put in place yet. What the Lesotho Tourism Development Corporation has to be wary off is that marketing the destination as a sustainable tourism destination or as an ecological tourism destination brings about the burdens of actually following through with the marketing statement. Tourist who visit so-called eco-tourism or sustainable tourism sites but realize its nothing more than a marketing ploy do not tend to return and Lesotho has to depend very much in the future for repeat tourists if it wants to sustain a high number of tourist arrivals every year and not just for a year or two.

The Lesotho Tourism Development Corporation should focus on dedicated eco-tours showing casing the unique natural flora and fauna that is native to Lesotho and its high altitudes. There could be dedicated tours that specifically showcase Lesotho’s natural beauties. This would be a good source of employment for many locals who are very familiar with Lesotho’s natural landscape and would require minimal additional content training.

## **Recommendations**

### **Expanding Afriski and turning Lesotho into a Winter Wonderland**

Given Afriski’s location on the slope of the Drakensberg Mountains in southern Africa and the fact that there are currently only two developed slopes in the facility, there is potential room for significant expansion. Expansion, however, should only happen if Afriski reaches its full capacity during the ski seasons. Currently, Afriski sees about 5000 skiers during the winter months and is not yet reliably profitable.<sup>56</sup> Should maximum capacity be reached during the coming years

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<sup>56</sup> Peng, Mike W. *Global Strategy*. Dallas: University of Texas, 2008. Print.



with the right marketing strategy, Afriski's owners and potential investors could look at expanding the number of slopes available at the resort. The limitation would be that any additional slopes added to the resort would not be significantly higher or steeper than the current trails given the elevation of the Drakensberg. The Drakensberg Mountains are not tall by Alpine standards rising to about 3000m above sea level. Fortunately for Afriski, its principal rival Tiffindell is located on the same mountain with similar elevations meaning any Tiffindell expansion would probably also be in number of slopes and expanding lodging and dining facilities rather than steeper and more challenging courses.

Afriski's future expansion plans – should it happen – should be modelled closely to that of Nashoba Valley in Westford, Massachusetts, USA. Nashoba Valley, like Afriski is set on a relatively small area, is not of an alpine standard and like Afriski is surrounded by several bigger industry players. Yet Nashoba Valley has held its own all these years, in part attributed to the right business strategies. The Nashoba Valley Ski Resort is set on an elevation of 422ft in the Nashoba Valley in Western Massachusetts. The elevation of 422ft is the equivalent of 128m, the Drakensberg Mountains that Afriski is set on is over 3000m above sea level and dwarfs Nashoba Valley. Afriski's longest run is more than twice the length Nashoba has to offer but Nashoba does have 17 different trails for skiers to experience.<sup>57</sup>



Trail Map of Nashoba Valley Ski Resort

While Nashoba Valley cannot compete with the ski resorts in the neighboring White Mountains in New Hampshire, it has managed to hold its own since 1964. Nashoba's longevity is attributed to its cleverly designed ski courses. The Nashoba Valley Ski Resort despite its low elevation has 5 Black Diamond trails<sup>58</sup>, Afriski on the other hand has none. Given the higher elevation of the Drakensberg Mountains, it is definitely possible to pencil in a black diamond trail in future expansions. Black diamond trails would be the key to attracting top level international skiers to consider Afriski as a destination for skiing during the southern hemisphere winter months. The

<sup>57</sup> Nashoba Valley Ski Resort. [www.skinashoba.com](http://www.skinashoba.com). Web.

<sup>58</sup> Ski trails marked with a black diamond at U.S. and Canadian resorts are considered to be difficult, typically with steep gradients exceeding 40 percent. Double black diamond trails are for experts. Only exceptional experts should try triple black diamond runs. Appendix G: Mountain Specifications Summary, Draft Environmental Impact Statement for The Timberline Express Proposal. USDA, U.S. Forest Service.

Tomahawk Trail and the Nashoba Trail are interestingly designed course because of their meandering ways on the far right and left side of the park. With innovative designs, Afriski would be able to pencil in trails that would meander and weave making them more thrilling and challenging to be skiing on. If Afriski were to adopt similar courses to Nashoba's two outer trails, given its elevations, it would most definitely be able to create trails as long and as challenging at those at premier alpine locations.

Additionally, Afriski is presently somewhat inaccessible by the local population. While it has a decent community outreach program by offering skiing lessons to both adults and children, many in Lesotho are unable to reach or do not consider Afriski as a viable recreation destination during the winter months. Most of Afriski's clientele are instead wealthier South Africans or other African and international skiers. What Afriski and the Lesotho government can collaborate on is to make the only ski resort in the country more accessible to the local population by offering discount life tickets for locals as well as heavily discounted ski lessons for the local population. This way skiing would be promoted as an activity on the national level and Afriski stands to benefit from the increased number of skiers frequenting the resort, Lesotho though small has a population of over 2 million, meaning an additional market of 2million.

Access to the ski resort should also be expanded by implementing a shuttle bus system that runs once a day in the morning taking skiers from major cities like Maseru to Afriski, with a return bus taking the skiers back in the evening. Nashoba Valley operates a similar system by running a daily bus service from major cities in the area like Boston, Manchester and Springfield.

### **Lesotho: High Performance Sports Acclimatization Ground**

The natural geography of Lesotho allows it to be a premier sport destination by virtue of its high elevation and rugged terrain. In the 2010-2011 government budget, M177million (USD 15million) was set aside for the Ministry of Gender and Youth, Sport and Recreation for sports development. Provisional plans have been drawn up by the Sport Ministry to develop a High Altitude Sports Center in Maseru. This should be followed through and international consultants should be involved in the development process. There is real potential here for Lesotho being the next destination for High Altitude Sport training, given its high elevation and rugged terrain. Altitude training usually takes place at elevations of 2,400m above sea level and higher where the oxygen levels are lower than the usual sea-level average of 20%.<sup>59</sup> While the Swiss have an Olympic Training Base in St. Moritz at over 1,800m elevation many countries without this natural geographic endowment have to do their altitude training somewhere else. If Lesotho follows through with this development right, it would be in a prime position to capitalize on this niche market popularized by the 1968 Olympic Games held in Mexico City.<sup>60</sup> (over 2,200m above sea level)

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<sup>59</sup> West, J.B.. (October 1996). "Prediction of barometric pressures at high altitude with the use of model atmospheres". *J. Appl. Physiol.* 81 (4): 1850-4.

<sup>60</sup> West, J.B.. (October 1996). "Prediction of barometric pressures at high altitude with the use of model atmospheres". *J. Appl. Physiol.* 81 (4): 1850-4.



The St. Moritz Olympic Training Center in St. Moritz, Switzerland. <http://www.stmoritz.ch/en/summer/activities/altitude-training.html>

With the plans for the premier high altitude sports center should come the question of financing. Financing of sports facilities today could be easily and cheaply be accomplished by the selling of naming rights of the facility as well as selling the access rights. One way the Ministry of Gender and Youth, Sport and Recreation could be to source a financial backer for the project – usually a major corporate brand who wish to have their brands associated with the development. Similar recent developments include the Emirates Stadium in London, England and the Allianz Arena in München, Deutschland.<sup>61</sup> Additionally, Ministry of Gender and Youth, Sport and Recreation could also look at partnering with other national sports bodies or selling the access rights of the facility. Many national sports bodies would appreciate the opportunity to engage their top flight athletes in high performance altitude training especially during a lead up to a major sports event like the Olympics, Commonwealth Games, World Championships or FIFA Soccer World Cup. Many countries find access to high altitude training facilities scarce given the necessary geographic requirements for such a facility to come into being. These countries at times tend to be rich countries too (oil-rich Gulf states, developed East and South East Asian countries) who crave sporting success to compete with the traditionally dominant OECD countries. These countries would pay to have access to such a training facility or even partner the Ministry to build it to their unique specifications. Lesotho should capitalize on their natural geographic endowments and they could yet turn this into a very successful venture.

### **High Performance Sports Academies**

Building on the high altitude training facilities, the Ministry of Gender and Youth, Sport and Recreation could develop the idea further and turn Lesotho into a training academy for some

<sup>61</sup> These two sports stadiums have signed naming rights agreements to bear the names of the respective corporate sponsors. In November, 2012 Emirates Airlines announced that it was renewing its naming right agreement through 2028 for \$240million. <http://www.bloomberg.com/news/2012-11-23/arsenal-signs-emirates-sponsorship-deal-valued-at-239-million.html> Accessed July 24th, 2013.

sports that would be doable in Lesotho year round. The idea would come off the State of Florida in the United States – which is internationally renowned for its premier tennis academies like the Nick Bollettieri Tennis Academy which produced tennis greats like the Williams sisters, Maria Sharapova and Andre Aggassi. The reason for Florida being a successful place to host these premier tennis academies is its sunny and warm tropical climate. Lesotho should make use of its high altitude, rugged terrain and constantly cooler temperatures, even in the summer – which makes sporting activities more comfortable and minimizes the risk of heat exhaustions and other heat related conditions. As it stands, Lesotho is being viewed as an ideal destination for motocross and dirt bike racing because of its terrain.

The Kingdom of Lesotho has been host to the premier international motocross race, **The Roof of Africa**, for the last decade. *Dirt Bike Magazine* calls The Roof of Africa „the mother of all real hard enduro racing.“<sup>62</sup> *Motorsport* says of the race,

„...without question, there are certainly numerous offroad races on the planet, including difficult, brutal races, but there are not many hard-core events of the calibre of the Roof of Africa Rally.“<sup>63</sup>

Every year over 200 top riders gather in Lesotho to compete at what is considered the most important off road event in southern Africa.<sup>64</sup> The Roof, as it is fondly known as by motocross enthusiasts offers every element a daredevil rider could ask for, from brutal heat and dust right up to continuous, unforgiving rain which proves challenging when riders have to cross impassable rivers. The rally also passes through the 3000m high Maluti Mountains which can be bitterly cold. Depending on the climatic conditions during the race, „the drop out rate can average 90%,“ with the most common cause being physical exhaustion.<sup>65</sup>

The success of the Roof of Africa rally has been noted by both organizers and the Lesotho government with the Lesotho Off-Road Association (LORA) announcing in 2011 that it is launching a revised version of the event which will see the traditional off-road spectacle divided into five editions in response to the increased calls for participation from both spectators and racers alike. From 2012, the LORA will host the Quad Roof of Africa in February, the Junior Roof of Africa (for both motorcycles and quad bikes) in April, the Enduro 5 Roof of Africa in July, the Roof of Africa Cars in August and the old Roof of Africa (for motorcycles) in November.<sup>66</sup> This is a clear indicator of the success of the original Roof of Africa event to warrant such an expansion in scale and scope.

If Lesotho could team this up with the building of premier academies for motocross and dirt bike sports it would capitalize on the fact that there is now a Junior Roof of Africa – which would encourage more participation in the sport from adolescents. Many of the participants in the Roof of Africa are South Africans and other international racers, meaning the demographic of the junior version would probably be similarly international. These international motocross enthusiasts are generally well heeled and can afford to send their children to academies to further hone their skills at the sport. While many South Africans would prefer to train within

<sup>62</sup> Dirtbike Magazine. “*Roof of Africa Rally*”. November 19<sup>th</sup>, 2008.

<sup>63</sup> Motorsport. “*Off Road Rallies*”.

<sup>64</sup> Dirtbike Magazine. “*Roof of Africa Rally*”. November 19<sup>th</sup>, 2008.

<sup>65</sup> Dirtbike Magazine. “*Roof of Africa Rally*”. November 19<sup>th</sup>, 2008.

<sup>66</sup> "Tourism." *Lesotho Review*. Wade Publications, n.d. Web. 10 Jul 2013. <<http://www.lesothoreview.com/tourism.htm>>.

South Africa, Lesotho could provide competition to that by being more price competitive and offering an all-inclusive option that a training academy (with room and board) would.

### **Upgrading Lesotho's existing accommodation facilities.**

As seen from earlier in the report, the Kingdom is still home to many accommodation facilities that are nearing or do not meet the minimum standards of being inhabitable by international guests. (More than half of all available accommodation in the Kingdom falls in this category) These accommodation facilities, which include a wide variety from hotels, bed and breakfasts to lodges, are detrimental to the development of tourism as a whole for Lesotho. The image of Lesotho right now is that of cheap, low quality accommodation – save for the Lesotho Sun Hotel and Casino. While revamping all these accommodation options to bring them up to international standards would be extremely costly and difficult for the Department of Tourism to finance – Ministry should turn towards looking at micro-financing which has grown tremendously over the last 5 years. Individual micro-finance deals could go towards the upgrading of the accommodation products in Lesotho and bring them up to the international standards necessary to attract international visitors, who have the spending power to continue the momentum of the growing tourism industry in Lesotho.

Another alternative would be for the Ministry of Tourism to actively source international hotel chains that might be interested in setting up international standard hotels in Lesotho. The draw of Lesotho for many international hotel chains is that due to the relatively under-developed state of the tourism industry, whichever chain enters the Lesotho hotel market would enjoy the much sought after first-mover advantage and the chance to dominate the market in the future. In order to draw these international hotel chains in, the Ministry would have to embark on a series of liberalization policies that would make Lesotho extremely conducive and attractive for foreign hotel firms to enter.<sup>67</sup> Tax breaks and tax relief as well as preferable star-up policies should be considered. According to the policy paper, *Mainstreaming Tourism Development in Least Developed Countries* by The Centre for Socio-Economic Development in Genève, Suisse Lesotho's current government policies are not conducive for encouraging foreign direct investment in the country which also applies to getting foreign hotel chains to set up shop in Lesotho. The paper found that among other inhibitions, "Foreign investors do not have direct access to land title. Under Lesotho's leasehold land title system only Lesotho citizens and commercial entities majority controlled by Lesotho citizens may lease land. Foreign citizens and investors may only sub-lease from Sesotho-owned entities. All transactions in leases and sub-leases, including issue, transfer and mortgages require Ministerial approval."<sup>68</sup> Land ownership is one of the key components of hotel ownership and if this primary facet of ownership is made impossible for foreigners, it would be extremely challenging, almost impossible for quality foreign hotel chains to enter and improve the market. Additionally, the current fiscal regime "does not encourage investment in the non-manufacturing sectors – in particular in tourism, property development

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<sup>67</sup> Lichia Yiu & Raymond Saner with Mario Filadoro, *Mainstreaming Tourism Development in Least Developed Countries: Coherence and Complementarity of Policy Instruments*. Centre for Socio-Economic Development. Genève, Suisse. August 2011. Print, p.58

<sup>68</sup> Lichia Yiu & Raymond Saner with Mario Filadoro, *Mainstreaming Tourism Development in Least Developed Countries: Coherence and Complementarity of Policy Instruments*. Centre for Socio-Economic Development. Genève, Suisse. August 2011. Print., p.58

and mining that require more competitive arrangements to attract investment, especially FDI.”<sup>69</sup> Lesotho should instead look to its African neighbor, Cape Verde for parallels in liberalizing the tourism industry to make it favorable for foreign investors. The Cape Verde government has used this very successfully to attract international hotel chains (including Melià Hotels International) to enter the market to complement the local offerings.

## **Structural Government Improvement Projects that would aid Tourism Growth**

### **Ineffective Investment Promotion for Tourism Related Infrastructure**

Lesotho Tourism Development Corporation, according to the Tourism Act of 2002, “is responsible to steer tourism promotion for Lesotho.” A 2010 paper written by Masters students at Paris’ Sciences Po University outlines the possibilities and direction the Lesotho government and in particular the Lesotho Tourism Development Corporation needs to work on to be more effective with attracting investment for tourism infrastructure. The report states that the “Government agency needs to gear up its capacity to drive the promotion strategy, such as the development of a comprehensive annual promotion program; a promotion performance measurement framework; as well as a reliable and sustainable tourism statistic database.”<sup>70</sup> Tourism Related Infrastructure (TRI) investment promotion and facilitation is essential to enable private investment decision of both foreign and local investors to participate in TRI development. Without accurate and accessible data, for example, investors would be more difficult to evaluate the investment risk and profitability of the TRI projects, as these projects usually incur high initial capital input and longer duration for return on investment.

### **Official Tourism Data Are Not Accurate and Sufficient to Facilitate Private Investors’ Decision**

One fundamental piece of information that can influence the investment decision of private sectors is the official tourism data, which enables investors’ assessment of business opportunities and risks related to investment in TRI. According to the same Sciences Po paper, under the current arrangement, the Lesotho Tourism Development Corporation “releases the Visitors’ Arrival Statistics Report on an annual basis to keep track of inbound tourism activities in Lesotho.”<sup>71</sup> “The analysis focuses on the profile of visitors, the nature and characteristics of visits as well as the trends of visitor flow over years. According to the LTDC, the empirical data are collected, by the Department of Immigration of the Ministry of Home Affairs (MHA), via the use of entry and departure cards visitors submitted before entering or leaving the country at the

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<sup>69</sup> Lichia Yiu & Raymond Saner with Mario Filadoro, *Mainstreaming Tourism Development in Least Developed Countries: Coherence and Complimentarity of Policy Instruments*. Centre for Socio-Economic Development. Genève, Suisse. August 2011. Print., p..58

<sup>70</sup> Imam Baweh, Anna Amalina, Lo, Chris; Snow, Brendan; Werner, Jonathan. *AN ANALYSIS OF THE POLICY FRAMEWORK FOR INVESTMENT IN INFRASTRUCTURE OF THE KINGDOM OF LESOTHO AND ITS IMPACT ON TOURISM-RELATED INFRASTRUCTURE*. MA thesis. Sciences Po, 2011. Print.

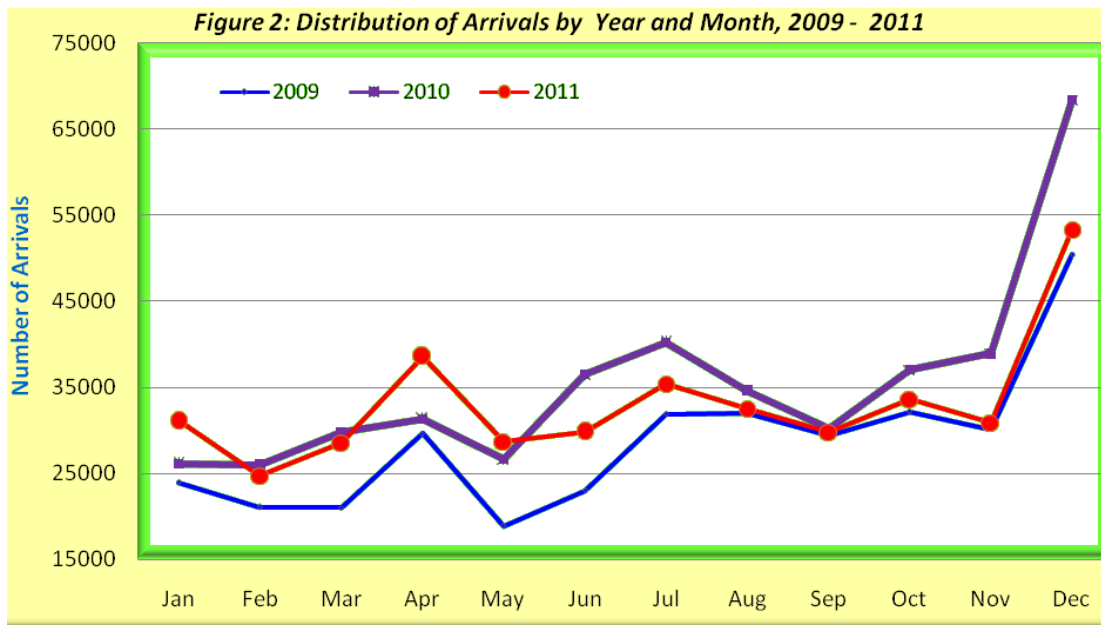
<sup>71</sup> Imam Baweh, Anna Amalina, Lo, Chris; Snow, Brendan; Werner, Jonathan. *AN ANALYSIS OF THE POLICY FRAMEWORK FOR INVESTMENT IN INFRASTRUCTURE OF THE KINGDOM OF LESOTHO AND ITS IMPACT ON TOURISM-RELATED INFRASTRUCTURE*. MA thesis. Sciences Po, 2011. Print.

nine border ports.<sup>72</sup> The Bureau of Statistics (BOS), together with LTDC, conducts the data analysis on a periodic basis. On the other hand, entry form data of citizens of Lesotho are not processed. According to the Lesotho Statistics Yearbook, a portion of tourism statistics before 2003 were not available, and the data set was not complete in 2004 and 2005. A complete set of official tourism data from the Government of Lesotho is only available from 2006 onwards.<sup>73</sup><sup>74</sup> This lack of tourism data can therefore impede potential investor's decisions to making tourism investments in the Kingdom and should proper tourism entry data and records should be kept from hereon forth to eliminate this questionable data situation facing potential investors.

### **Expanding air links to Lesotho**

Lesotho's Tourism Ministry and the Tourism Development Corporation should look at expanding air links into Lesotho to encourage more international travelers to come to the Kingdom. Currently, only one entry point by air exists – from Johannesburg to Maseru via SA Link. New airlinks should be created first on a seasonal basis, before being expanded to permanent links. These links should reach northern African cities as well as European cities if the aim is to bring it more international tourists to Lesotho for skiing or for sporting pursuits.

Figure 2 below from the Lesotho Department of Research and Development clearly indicates that travel into Lesotho increases steadily during the months of November and December annually – the southern hemisphere summer months – and there could therefore be summer season flights (from new destinations) established to capitalize on the demand for Lesotho during the summer time and bring even more tourists in.



<sup>72</sup> The ten check ports include Caledon'spoort, Moshoeshoe I International Airport, Van Rooyen's Gate, Maputsoe Bridge, Sani Pass Border Post, Peka Bridge, Tele Bridge, Sephaphos Gate, Makhalleng Bridge as well as Maseru Bridge. 80% of the visitors passed via Maseru Bridge, Maputsoe and Caledonspoort.

<sup>73</sup> Lesotho Statistical Yearbook (2010).

<sup>74</sup> Imam Baweh, Anna Amalina, Lo, Chris; Snow, Brendan; Werner, Jonathan. *AN ANALYSIS OF THE POLICY FRAMEWORK FOR INVESTMENT IN INFRASTRUCTURE OF THE KINGDOM OF LESOTHO AND ITS IMPACT ON TOURISM-RELATED INFRASTRUCTURE*. MA thesis. Sciences Po, 2011. Print.

The Moshoeshoe I International Airport is operating currently at less than 50% utilization level with only two outbound and inbound flights a day and this is evident with the airport closing for periods during the day when there are no scheduled arrivals or departures. There is therefore no immediate need to expand the airport facilities even if the number of inbound and outbound flights increases as a result of new connections.

## **10. Conclusion**

In conclusion, it can be fair to say that Lesotho has a relatively undeveloped tourism sector, even by African standards, compared to its neighbors South Africa and other premier African destinations like Tanzania, Morocco or Egypt. The reality of the situation is that whole Lesotho has many unique selling points like its high elevation and rugged terrain, many of the tourism products remain underdeveloped and service standards remain appalling by international standards. These factors contribute to the already negative image placed on African countries as tourist destinations and perpetuate the cyclical situation making it unfavorable for international travelers who are not just looking for a cheap, low quality destination, to consider Lesotho as their next vacation destination.

The government and its relevant tourism agencies like the Lesotho Development Corporation should invest heavily on ensuring the tourism products in the country are of international standard and that service standards are up to par before marketing the country as an attractive tourist destination to the world.

Successfully marketing alone would do nothing if visitors are unconvinced upon their first visit that Lesotho is a quality leisure destination worth visiting again. Or worse, if visitors are let down on their initial visit by sub-standard products and service. Word of mouth is a powerful tool in tourism and if negative words get associated with Lesotho's tourism industry it would be harder to rectify that reputation.



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