

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Ghana

**Post:** Accra

### **Ghana's Growing Hotel Sector an Opportunity for U.S.**

#### **Exporters**

**Report Categories:**

Food Service - Hotel Restaurant Institutional

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**Report Highlights:**

The hotel industry in Ghana grew rapidly over the past ten years, catering to an expansion of both business and tourism. The number of hotels and lodges in Ghana increased from 1,250 to 2,914 during 2008-2017, a 54 percent expansion. During this period, a number of internationally branded hotels opened, primarily in Accra, with others planned in the near future. The industry plays a major role in the food service sector, and is one driver of the country's growing imports of high-value food and beverage products. This sustained growth in the hotel sector creates opportunities for U.S. exporters of food and agricultural products. Opportunities exist across various products and product groups, including poultry, beef, rice, seafood, dairy, prepared foods, beverages (alcoholic and non-alcoholic), and many others.

## **SECTION 1: MARKET SUMMARY**

Ghana is one of the most rapidly growing economies in the world. Despite sluggish growth in 2014-16 (less than 4%/year), since 2011, the country still averaged over 7% annual growth, was the 4<sup>th</sup> fastest growing economy in 2017 at 8.4%, and is projected to experience continued strong growth over the next several years (IMF World Economic Outlook). As a result of these conditions, Ghana's hotel sector has grown considerably in the last ten years. According to the Ghana Tourist Authority (GTA), the number of hotels and lodges in Ghana grew at an average of 54 percent during 2008-2017, an increase from 1,250 in 2008, to 2,914 in 2017. Hotels meeting international standards are few but rapidly increasing. The growth in the hotel industry is a development that is generating increased interest from international brands and promoting competition among industry players. There are a wide range of accommodations for the growing number of business and tourist visitors, with hotels of varying elegance and convenience. There are also a number of high-end establishments located along the beaches and coastal areas, which are becoming increasingly popular destinations for both international visitors and urban vacationers from Accra.

Following are the major drivers of this rapid growth:

- Stable economic growth, a stable political climate, and a rapidly increasing private sector;
- A boom in hotel projects, operated by national and international brands, underlines current investor's confidence in Ghana;
- An expanding market of more than 28 million people and growing preference of young professionals to meet business contacts at hotel/restaurants;
- A youthful population with a preference for western style meals;
- Ghana is an increasing business destination for travelers from United Kingdom, the United States, Canada, the European Union (Netherlands, France, Germany etc), China, Lebanon, Ivory Coast and Nigeria;
- A growing middle class and an increase in foreign visitors;
- An expanding expatriate community in Ghana;

Ghana is of the leading tourist markets in Africa. Higher end hotels cater primarily to business visitors and tourists in major urban areas. In the past few years, the tourist industry has demonstrated impressive growth with an average of one million visitors annually. The expansion of the hotel industry has seen tremendous improvements with massive penetration and modernization fused with advancement in technology. In recent years, numerous international brands of hotels, mostly in Accra, have entered the Ghanaian market and have generated a significant increase in supply and a fast upgrading of the market, the impact being mainly in five-star and four-star hotels.

Ghana offers investors an improving infrastructure environment such as accessible roads, airport expansions, increasingly reliable electricity, water supply, and communication (mobile phones and internet). Other improvements are electronic hotel booking, improvements in the banking sector, with efficient networked systems and operations of ATM machines (visa and master cards), and the acceptance of major credit cards by most hotels. This growth will continue as new hotels come online.

This expanding hotel sector offers excellent business opportunities for U.S. exports of food products such as poultry products, beef, rice, seafood, dairy, prepared foods (sauces, seasonings, potato chips,

pastry mixes, breakfast cereals), beverages (alcoholic and non-alcoholic), and other high-value products. According to the industry, there are no suppliers of food products specifically for the hotel sector. The hotel industry currently depends on the supermarkets and open market distributors who generally supply mixed products. As such, the supply of food products and food ingredients to the sector is inconsistent, with preferred food products often not being readily available. Buyers for the sector often have to go to several different suppliers to obtain all food ingredients required (such as dairy, beverages, condiments, spices, etc). There is an emerging market for U.S. beef, wheat, and dairy products in Ghana. This is a result of the changing eating habits of the growing middle class, who increasingly seek high protein foods; creating a small but expanding opportunity for U.S. suppliers and exporters.

**Table 1: Advantages and Challenges for U.S. Exporters**

Advantages	Challenges
Ghana’s population of more than 28 million is growing at about 2.1 percent per annum (2017) according to the Ghana Statistical Service (GSS).	Ghana’s average GDP per capita income is estimated at \$4,600 (2017) according to the Ghana Statistical Service (GSS).
Ghanaian consumers associate U.S. food products with being of high quality and value. U.S. products are always in high demand.	The current monthly minimum wage is approximately \$43 per month. Many Ghanaians still subsist on very low wages outside the formal economy, and the rapid growth in prosperity is not necessarily broad-based.
The Ghanaian market is relatively open with low tariff rates banded at zero, five, ten and twenty percent.	U.S. consumer ready foods are not widely available in Ghana due to high freight costs.
Increasing rural to urban migration is raising demand for consumer ready foods.	Competition is strong from traditional suppliers in EU, Asia and South Africa.
The expanding hotel sector and the growth in tourism is demanding more consumer ready products and ingredients.	Some U.S. exporters lack sufficient information regarding the Ghanaian market, and have misconceptions about doing business in Africa.
Ghanaian consumption patterns have changed towards Western foods due to urbanization, and shifting lifestyles of the large youth population. Expatriate population is also expanding.	U.S. consumer ready foods have shorter shelf life labeling and longer transit times, reducing the shelf life of U.S. products in Ghana.
Ghana is a potential access point to neighboring West African countries (a market of 250 million).	Some U.S. firms view Ghana as too small a market for entry. There are few freight consolidators who are willing to meet the requirements of the Ghanaian importers
Insufficient domestic production and processing means import demand in Ghana for consumer ready food products will remain	The infrastructure for processing, storage and distribution of consumer ready foods and other perishable products is limited in Ghana.

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## **SECTION 2: ROAD MAP FOR MARKET ENTRY STRATEGY**

Ghana's hotel sector offers a growing market opportunity for U.S. exporters of food products and ingredients. U.S. exporters can approach the Ghanaian food market through established importers, distributors, agents or representatives. The first point of contact for entry into the Ghanaian market is typically the importer/distributor. U.S. exporters can follow one or a combination of these strategies to enter the Ghanaian market.

- Directly contact selected importer/distributors or a local agent, who would usually register the products with the Foods and Drugs Authority (FDA). (Product samples could be sent when necessary).
- Target distributors and wholesalers that stock a wide range of items, as the hotels are looking to 'one-stop-shop' distributors who can offer a wide range of dry and frozen products.
- Identify and sell through consolidators based in the United States who are already serving the West African region. Such consolidators usually already have a good understanding of local market practices.
- Exhibit at trade events such as the National Restaurant Association (NRA) show in Chicago, which Ghanaian importers often attend and where follow-up contacts/face-to-face meetings can be held.
- Offer flexible shipping volumes, small-sized packaging indicating readable manufacture, and expiry dates.
- Build brand awareness through advertising and promotion.
- Contact the Agricultural Attaché/Agricultural Specialist at the USDA/FAS office located in the US Embassy in Accra, Ghana, to assist in selecting one or more importer/distributors.

Regardless of strategy, personal contacts are highly recommended to get to know the buyer. The Ghanaian partner should be well known to the U.S. exporter before any permanent contractual arrangement is made, and should be able to provide updated information on the market consumer trends, and on current market developments and trade practices.

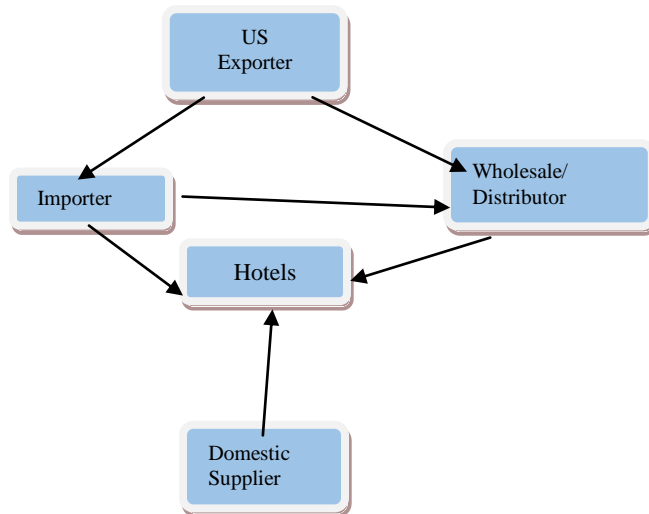
### **Distribution Channels/Market structure**

Following is a brief description of the distribution channels:

- Approximately 90 percent of the food products and ingredients used in the hotel sector are fresh produce, poultry products, seafood and beef, and other food ingredients sourced locally.
- Hotels buy products not produced in Ghana at different points of the distribution chain, reflecting each product's particular nature. Fresh foods are bought in produce markets and the open markets. Most hotels in Ghana have in-house departments that source and purchase local food products.

- Numerous independent food distributors dominate Ghana’s food service industry. This means that the food service operators need to deal with a large number of distributors and wholesalers in order to meet their requirements. Most hotel operators prefer to make their purchases from a small number of wholesalers who provide several lines of food and beverages at competitive prices.

**Figure 1: Market Structure**



### **Infrastructure Development**

The demand for hotel accommodation has been significantly increasing due to Ghana’s economic growth, a stable political climate, and a rapidly increasing private sector. As such, the business environment is favorable to investors in the hotel industry. Ghana is positioned to be one of the leading tourist markets and is attracting foreign investors in the industry through the establishment of high-rated hotels. Additionally, it is estimated that arrivals of business travelers/tourists accounts for over 50 percent of the total hotel demand (GOG sources). Hotels meeting international standards are rapidly increasing. The international demand for hotels originates from the United Kingdom, the United States, European Union (Netherlands, France, Germany etc), China, Lebanon, India, Ivory Coast, and Nigeria (GTA). With an increasing number of tourists and business travelers, it is expected that there will be continuous growth in the hotel industry.

A number of significant improvements in hospitality/tourism infrastructure have been made by the GOG to attract investment in hotels. After years of major shortages and supply disruptions, Ghana has relatively reliable and adequate electricity and about 78 percent of the population has access. Water supply is also gradually improving with about 58 percent of the population having access to safe water. There is improvement in transportation infrastructure with significant investments in road expansion and repair. Port operations have also been enhanced through automation and the introduction of electronic and technological improvements to surveillance, security, data interchange, and cargo handling. The Kotoka International Airport (KIA) in Accra is being expanded with the construction of a third terminal to accommodate the increase in travelers and flights. Ghana has three domestic airports in Kumasi,

Tamale and Takoradi that are in full operation. Presently, 35 airlines operate out of KIA, offering non-stop flights to 29 cities, with at least 341 international and 75 domestic flights are in operation. There are 34, 28 and 13 weekly domestic flights out of Kumasi, Tamale and Takoradi to Accra respectively. Other smaller domestic airports are to be improved to cater for the increase in travelers. Currently there are two direct flights from the United States to Accra, Delta Airlines and South African Airlines, operating out of JFK and Dulles airports, respectively.

Telecommunication is the fastest growing sector of the Ghanaian economy, reaching about 30 percent growth during 2012–16. There are five main telecommunication networks currently in Ghana; namely MTN, TIGO, VODAFONE, AIRTEL and GLO. They operate the mobile voice, data and internet services. Ghana has a reliable fixed telephone system that is being operated by the Ghana Telecom. There is also massive improvement in the banking sector over the last ten years with most institutions offering online banking through a variety of channels including ATM services (visa and master card), mobile banking and internet banking. With the growth in this sector comes not only the influx of business visitors utilizing the improving pool of hotels, but the mobile infrastructure in place is creating a far more ideal climate for conducting business of all kinds. Most hotels now accept major credit cards and have online services for making reservations.

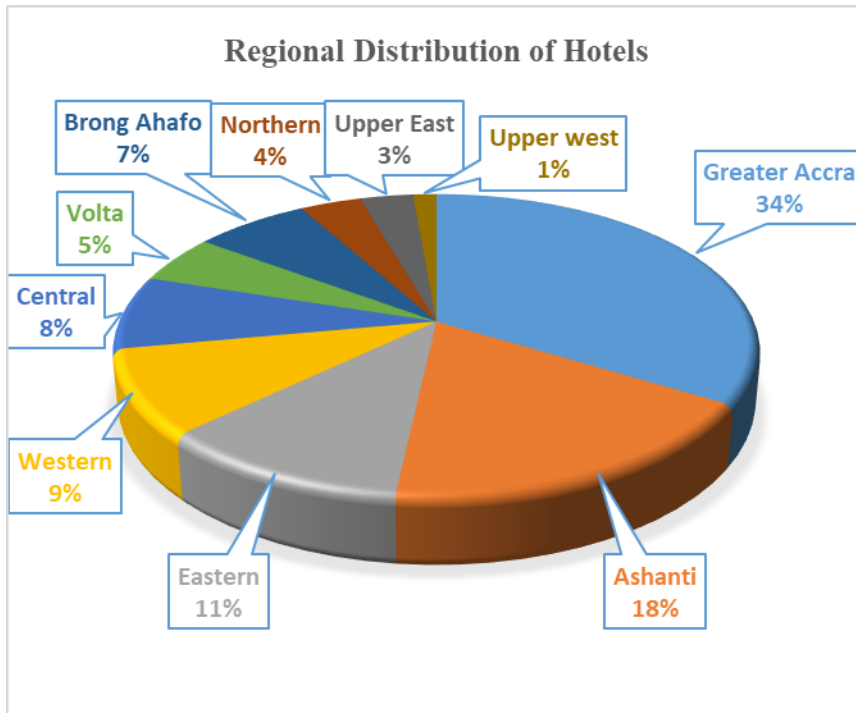
According to GOG sources, the primary reasons for visiting Ghana are 1) business, conferences or study/training, 2) visiting friends and family, 3) holiday travel, and 4) general tourism.

### **Hotel Sector Profiles - Market Data**

Ghana now offers a wide range of hotel accommodation for the growing business and tourist industry. Hotels meeting international standards have rapidly increased. GTA has upped its effort at making sure that operators in the hospitality industry meet set standards as the nation aggressively pushes towards improving hotels in the country, recognizing the important role both business and leisure travelers will play in developing the economy.

The number of hotels and lodges in Ghana grew at an average of 54 percent during 2008-2017, an increase from 1,250 in 2008 to 2914 in 2017 (GTA). As indicated in Figure 2, Greater Accra has the highest number of hotels (34 %) followed by Ashanti region (18%), Eastern (11%) with Upper West region (1%) having the least number of hotels.

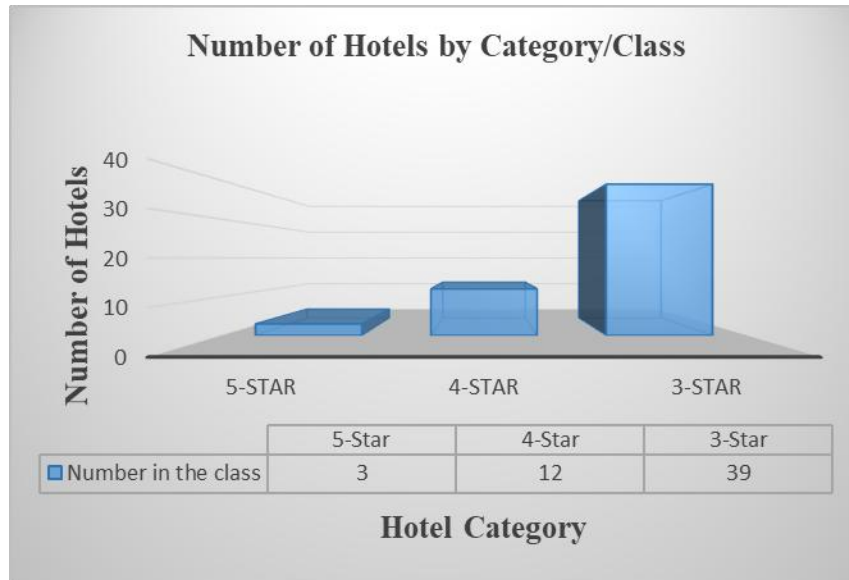
### **Fig 2: Regional Distribution of Hotels**



Source: Ghana Tourist Authority (GTA), Hospitality Association of Ghana

Ghana's hotels are classified according to the international star rating system, with five-star as the highest and one-star the minimum internationally acceptable quality. In addition, there are other local budget hotels which include hostels. Presently, the hotel sector in Ghana is made up of 3 five-star, 12 four-star hotels, and a significant number of three, two, and one-star hotels and guesthouses. The various categories of lodging is summarized in Figure 3 below.

Fig 3: Number of Hotels by Category/Class (2016)



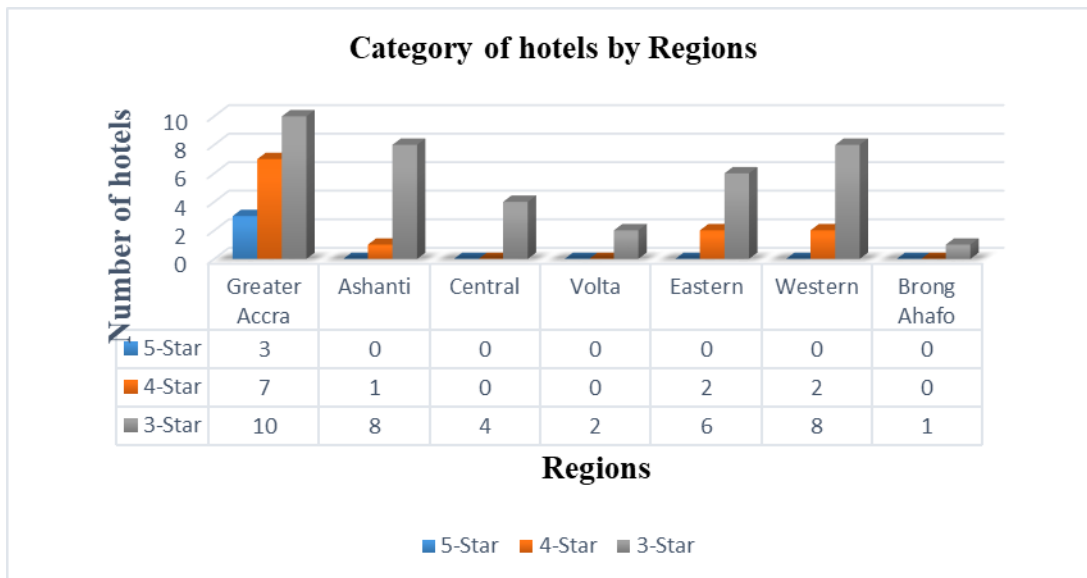
**Source: Ghana Tourist Authority (GTA), Hospitality Association of Ghana**

As indicated in Figure 4 below, the five-star hotels are all located in Accra in the Greater Accra region, and they meet international tourist standards and have the highest occupancy rates. The four-star hotels are also located in four capital cities namely Accra (Greater Accra), Kumasi (Ashanti), Takoradi (Western), and Koforidua (Eastern) regions. There are also high-end, exclusive resorts on the beaches, and near other major tourist areas such as the Mole National Park and Volta River. While these facilities have limited capacity, they offer guests a luxury experience in which U.S. food and beverage products could play a role.

Each of the five-star and four-star hotels is equipped with a swimming pool, at least one restaurant, and conference facilities. Some also contain onsite casino facilities. Most three and two-star hotels have swimming pools and restaurants, although these may not be tourist class. Thus the four and five-star hotel market offer the best opportunity for U.S. investors. While the high-end segment of the market continues to grow hotels rated one to three-star still account for more than 60% of rooms (GTA data 2017).

**Fig 4: Categories of Hotels by Regions**





**Source: Ghana Tourist Authority (GTA), Hospitality Association of Ghana**

### **Key Suppliers of Hotels**

Expanding hotel infrastructure is a stated GOG priority, since the business climate is dynamic, benefitting from the political stability and economic growth in the country. Hotels and resorts meeting international standards are still limited but increasing. The current growth in the hotel industry is robust and continues to promote competition among industry players. This of course includes offering guests creative and high quality food and beverage experiences in their dining and entertainment facilities. Most properties will offer a diverse menu, including continental dishes catering to international/cosmopolitan tastes, as well as local Ghanaian favourites.

Massive improvements in infrastructure with good accessible roads, social amenities, state-of-the-art accommodation and other modern facilities have increased the convenience of living in Ghana for both affluent residents and visitors alike, contributing to an increase in the hotel industry. As a result, excellent business and investment opportunities exist, and the demand for four and five-star hotel accommodation is growing. Although over 70 percent of the national supply of hotels in Ghana are dominated by local independent low-end and midscale properties with uneven quality of service and product, numerous international brands of hotels have entered the Ghanaian market. These include Kempinski, Kingdom Hotels (Movenpick), Legacy (Labadi Beach and La Palm Royal Beach), Accor Hotels (Ibis), Best Western, Intercontinental (Holiday Inn) and Starwood (Marriott). These brands and others have been involved in the development of new luxury hotels and upgrading/renovation of old properties that have generated a significant increase in supply and a fast upgrading of the market. These brands have significantly increased lodging and dining capacity and have helped to meet the needs for anticipated growth in convention, business, and leisure tourism. The dearth of tourist-class hotels with international standards for safety, sanitation, comfort and service, represents a good opportunity for investors to develop new hotel facilities or refurbish old ones. Accra has proven to be a strong market with limited risks and has become a starting point and a key destination for new operators wishing to enter the African market.

The five-star luxury hotels are located in Accra and they include: 1) Kempinski Hotel Gold Coast City (135 rooms); 2) Movenpick Ambassador hotel (260 rooms), developed by the Kingdom Holding Company, a Saudi-based enterprise; and 3) Labadi Beach Hotel, recently upgraded/refurbished (164 rooms), operated by the South African Legacy Group Holdings. The Accra Airport City enclave houses other four-star luxury branded hotels such as the Holiday Inn, the Ibis Style Hotel, and the Marriott Hotel (newly opened in May 2018). Other branded/luxury hotels include four-star Golden Tulip Hotels in Accra and Kumasi; and four-star Best Western Premier Atlantic hotel in Accra and Takoradi. Some international hotel chains currently in the process of building hotels in Ghana include the Hilton and Sheraton. Hilton is in the process of building the first modular hotel, a 280-room Hilton Garden Inn in Accra to be opened in 2019. Modular construction is slowly finding its way into the hotel industry. It is being developed by Hilton in cooperation with Independence Properties Ltd. The hotel will be on Liberation Road, which is a main artery connecting central Accra with Kotoka International Airport.

Hotels represent a growing opportunity for sales of imported food products and food ingredients. The hotel subsector is the third most popular place for buying a meal, ranking behind fast food chains and non-fast food restaurants (industry sources). Generally, Ghanaians attach high quality to products of U.S. origin and are willing to pay a premium for them. China, South Africa and the EU are the major competitors for the market.

### **Rates for Five-star Hotels in Ghana**

Hotel prices of the luxury branded hotels in Ghana are relatively high at the moment due to the lack of supply. However, the industry believes rates will normalize as the supply increases. The hotel rooms are rated according to the type of bed/room and the room features and are not uniform for hotels which are even in the same category/class. Room rates often includes buffet breakfast. The room features for the five-star hotels generally includes a living area, business desk, complimentary wireless internet, interactive flat screen TV, an in-room safe, minibar, individual climate control, direct dial telephone, an in room ironing facilities and 24 hour in room dining. The bathroom includes either a bath tub or a shower cabin as well as a separate toilet complimented with luxurious amenities. Services such as local newspaper, mineral water upon arrival, access to the pool and gym is complimentary. Welcome drink and cold towel to freshen up on arrival. They also provide complimentary airport shuttle upon request. There are car and limousine rentals available on site.

**Table 1. Room Rates Kempinski Gold Coast City**

Kempinski Gold Coast City, Accra-Ghana. PMB 66 Ministries. Gamel Abdul Nasser Avenue, Ridge-Accra, Ghana Hotel Rating***** Rates are per room per night inclusive of breakfast and tax on room basis only. Tel: 233-242-436000 <a href="mailto:Reservations.accra@kempinski.com">Reservations.accra@kempinski.com</a> <a href="http://www.kempinski.com">www.kempinski.com</a>		
<b>Type of Room</b>	<b>Occupancy</b>	<b>Rates (USD)</b>
Superior room King	Single/Double	375-450
Superior room Twin	Single/Double	375-450
Deluxe Room King Bed	Single/Double	450-550
Deluxe Room Twin Bed	Single/Double	450-550

Executive Room King Bed	Single/Double	375-450
Executive Room twin Bed	Single/Double	550-660
Junior Suit Pool View	Single/Double	660-800
Executive Suite	Single/Double	850-1000
Executive Corner Suite	Single/Double	1500-2000
Presidential Suite AS1	Single/Double	9500-10000

Kempinski Hotel Gold Coast City in Accra was opened in June 2013, and is located in the downtown area close to the Accra Sports Stadium, the Accra International Conference Centre and the National Theatre. The hotel has 269 luxury rooms (largest room size in Accra), 22 suites, has a mix of room categories ranging from Superior rooms to Presidential suit. The Kempinski hotel, runs a very dynamic room rate structure system, where the rates change every day depending on room availability. In this regard, the room rates are not specific so a rate range is provided as indicated in the table 1 above.

**Table 2: Room Rates of Movenpick Ambassador Hotel**

Movenpick Ambassador hotel Accra-Ghana. Independence Avenue, Ridge, PMB CT 343 Accra, Ghana. Hotel Rating***** Number of rooms - 260 Number of beds - 350 Rates are per room per night inclusive of breakfast and tax on room basis only. Tel: 233-611000; Cell: 233-501-260273 <a href="mailto:hotel.accra.reservations@movenpick.com">hotel.accra.reservations@movenpick.com</a> <a href="http://www.movenpick.com">www.movenpick.com</a>		
Type of Room	Room Rates (USD)	
	Single Occupancy	Double Occupancy
Superior Twin City	535	535
Superior King City	570	570
Superior Twin Pool	580	580
Superior King Pool	585	585
Deluxe King	595	595
Executive Twin City	645	645
Executive King City	650	650
Executive Twin Pool	660	660
Executive King Pool	665	665
Deluxe Suite Pool View	765	765
Executive Suite Pool View	805	805
Ambassador Suite	5,500	5,500
Presidential Suite	12,000	12,000

The Mövenpick Ambassador Hotel, with 260 luxury rooms, is set in an urban oasis within the Accra city center business district, and is 7km from the airport. The room rates are based on single or double occupancy as indicated in Table 2. The Accra Financial Centre, World Trade Centre, International Conference Centre and Government Ministries are all close to the hotel. It has a mix of room categories

ranging from Superior Twin city to Presidential suits that can meet the needs of both corporate and conference visitors.

**Table 3: Rates of Labadi Beach Hotel**

Labadi Beach hotel Accra, Ghana, PO Box 1, Trade Fair, Accra-Ghana. Hotel Rating***** Number of rooms - 164 Number of beds - 188 Rates are per room per night inclusive of breakfast and tax on room basis only. Tel: 233-302-772501 Cell: 233-302-773026 <a href="mailto:labadi@legacyhotels.co.za">labadi@legacyhotels.co.za</a> Website:  June 12, 2018		
Type of Room	Occupancy	Rates (US\$)
Superior Room	Single	320
Superior / Twin Room	Double	350
Luxury Room	Single	360
Luxury Room	Double	390
Superior Suite	Single/Double	700
Executive Suite	Single/Double	900
Presidential Suite	Single/Double	2,500

The Labadi Beach hotel, the first five-star hotel in Ghana, was built in 1992 and remodeled in 2011. The room rates are quoted based on single or double occupancy as indicated in table 3. It has a mix of room categories ranging from Superior room to Presidential suit that can meet the needs of both corporate and conference visitors. Labadi Beach hotel is located within easy access of both the city of Accra and the Kotoka International Airport and is set amidst tropical landscaped gardens, overlooking one of the most beautiful beaches in Accra. The venue is 8 km away from Kwame Nkrumah Memorial Park and 7 km to Accra city center. There are car and limousine rentals available on site.

### **SECTION 3: BEST FOOD PRODUCT PROSPECTS**

Products of highest sales potential include frozen poultry, packaged rice, vegetable oil, meat, and seafood. Other products showing promise include baking mixes, non-alcoholic beverages (Tea, Coffee, fruit drinks), breakfast cereals, spices and condiments, dairy, pasta products, and confectionery products (candies, gums, dessert products), and health foods. Overall, as the hotel customer base expands and demands higher-end products, available data, consumer preferences, and local industry trends point to wine, spirits, beef, dairy, seafood, and wheat as product groups with the most growth potential.

### **POST CONTACT AND FURTHER INFORMATION**

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