Chapter 6

Innovating Ansoff Growth Strategies in the Hotel Industry in Ghana

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ABSTRACT

In the twenty first century Africa has seen an increased momentum and an infusion of economic vibrancy in various sectors of the economy. In most of the countries there has been the development of a strong private sector participation in business and the application of technology in business is introducing new opportunities. The face of business is changing as the new impetus is redefining new relationships with customers. One major contributor to GDP growth in Africa is Tourism. Africa is endowed with many natural and beautiful tourist attractions. However this natural endowment alone is not enough to bring about growth and revenue so desired by investors. Managers in the Tourism sector must therefore give investors value for money by embarking on innovative growth strategies. Ansoff growth Strategies have been identified in marketing literature to provides insights for understanding and growing businesses. They include the market penetration strategy, market development strategy, product development strategy and diversification strategy. This study seeks to examine how innovating Ansoff growth strategies can bring about customer retention and business growth in the Hotel Industry in Ghana and Africa. The study will be conducted using in-depth interviews with management of ten leading hotels and customers in Ghana. Secondary data on tourism from other African countries such as South Africa will be used. Thematic and content analysis will be used to analyze both secondary and primary data. The study seeks to find how innovating Ansoff growth strategies could bring about sustainable competitive advantage in the Tourism Sector in Ghana and Africa. The tourism sector is developing very fast and studies in this area

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are laudable. Also it will contribute to existing literature on tourism marketing management from a developing country perspective. Managers in the tourism sector will know which strategies work and why. There is very little research on innovative marketing strategies development in Ghana and Africa as a whole. This is an exploratory study on the application of Ansoff growth strategies within the African Tourism development context. Findings will also serve as a guide for both local and foreign investors and policy makers. The competitive environment in which tourism firms operate requires that business leaders/investors have good market information in order to build capabilities to win on the market.

INTRODUCTION

The development of the hotel industry is closely linked to the development of the tourism industry globally. The tourism industry has been described as one of the largest growing industries globally as the largest employer in the world and one of the major contributors to GDP in many countries (Riege & Perry, 2000; Petrevska, 2013). According to UNWTO (2012) while Europe continues to be the most popular destination worldwide, Asia and the Pacific recorded the strongest growth in arrivals, followed by Africa. The significance of the tourism industry in today’s global economy has resulted in competition among nations to attract the most tourist revenue on an annual basis. In the face of competition, there is a need for various countries to ensure splendid tourist attractions; complete with adequate facilities and support services for sustainability in the industry. These support services include accommodation, food, transport, travel and tour agencies, tour guides, recreation, sports and entertainment, health, insurance, etc. Thus, the hotel industry forms part of the accommodation service sector providing support to the travel and tourism sector. Indeed, an essential component of national tourism campaigns is the inclusion of a promise of comfortable, luxurious, affordable accommodation facilities for interested parties.

In Africa, reference to the tourism and the hotel industry was for decades limited to South Africa and other countries such as Morocco, Algeria and Egypt. There has however been a recent interest in Sub-Saharan regions such as Nigeria and Ghana which have witnessed increased tourism infrastructure in recent times. In 2012, the Sub-Saharan region alone recorded a 54% increase in the development of hotels (Ernst & Young, 2013) in addition to other service sectors which provide support to the tourism sector.

Tourism in Ghana is characterised by numerous historical, cultural and environmental attractions such as a forest canopy walk, renowned historical castles (which are UNESCO heritage sites), water bodies, game reserves and beaches. Ghana, like many developing countries in the world, is shifting from a primarily agrarian based market to a market based one and has recognised the tourism and hospitality sectors as the major drivers of this market (Bokpin & Nyarko, 2009). Recent statistics have acknowledged tourism as a major foreign exchange earner; the third after gold and cocoa exports. While it can be argued that most of these are yet to be fully developed to realise their full potentials as tourist destinations, mention must be made that there are efforts at developing, packaging and marketing these sites to attract more tourists, investors and more revenue.

Government investment into the tourism sector is as a result of the recognition accorded to it as a provider of employment and infrastructure and as a means of decreasing poverty and increasing revenue for development. To demonstrate its commitment to the sector, successive governments have set up a number of boards, ministries and agencies to oversee tourism activities in the country. These have been coupled with various policy initiatives aimed at improving the sector. Some of these are outlined below:
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