



The real size of travel markets in Sub-Saharan Africa



Background

Mark Essien (Founder and CEO)

Biggest online hotel
booking agency in
Nigeria.

Went from 200 hotels
to 7,000 hotels in last 3
years.



hotels.ng

A decorative background featuring a network of interconnected nodes and lines, resembling a molecular or data structure, in shades of blue and grey.

Data about Africa is generally unreliable

“

“And [African surveys] are not done in the same way, which makes comparing countries or combining data from different countries very difficult - and illustrates how hard it is to know the ‘real’ number”

- Guardian

**Estimates for Number of Hotels in Nigeria before Hotels.
ng**

2,500 - 3,000

We have found 7,000 already, and adding 50 weekly





Evaluating the true size/growth of an African market

As hotels.ng expand across Africa

\$514.96bn

Nigeria GDP (2013)

181 million

Population (2015)

93 million

Number of Internet users (2015)

600,000 people

Tourists, number of arrivals (2013)



Nigeria


But those big numbers are not real

Two factors make Africans relevant in global travel commerce:

1. Income
2. Sophistication

The relevant number is the 'educated middle-class'



A network diagram background consisting of various nodes (circles) connected by lines, some solid and some dashed, scattered across the white background. The nodes vary in size and some have concentric circles around them.

**Can we figure
out the real
addressable
travel market?**

As **Hotels.ng** expands across the African continent, we use the following metrics to make investment decisions



Facebook Users

Measures
'sophistication'



Airport Travel

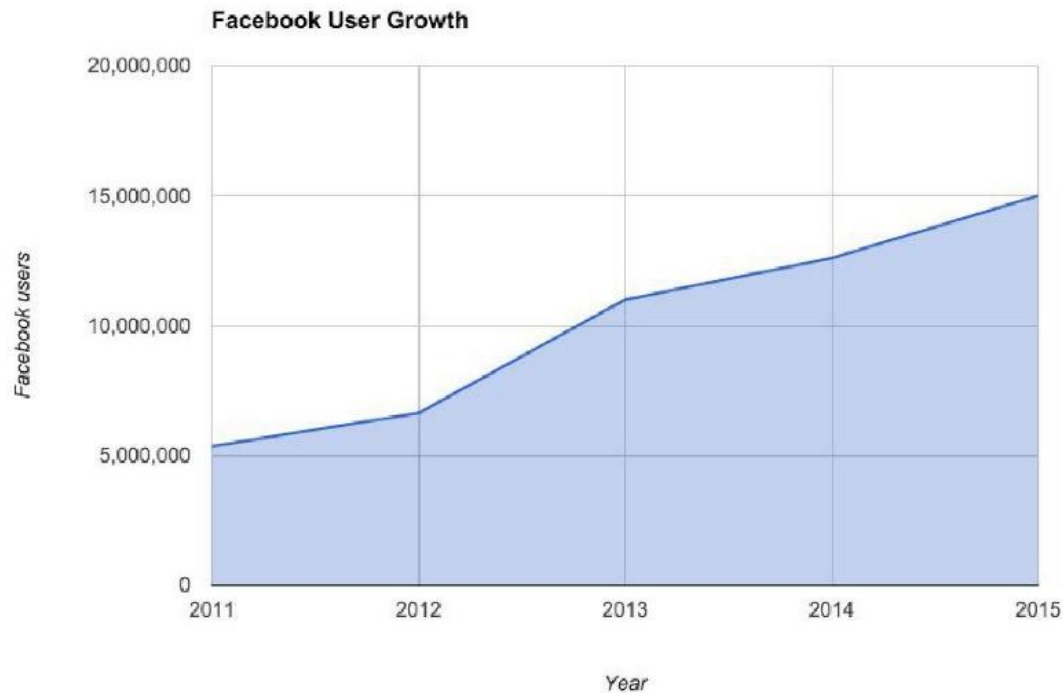
Measures high-income travel



Online Hotel Spend

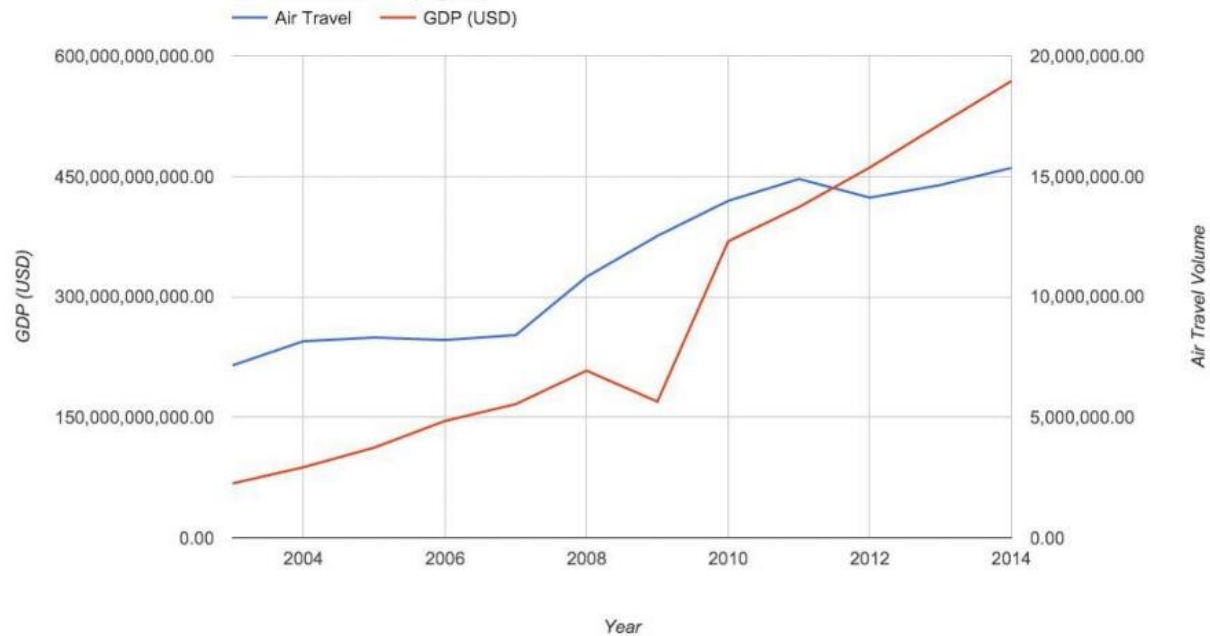
Combined Travel +
Sophistication
metric

Growth of Facebook Users in Nigeria



An average of 30% annual growth.
Current total max market size: 15m people.

Growth in Airline Travel in Nigeria



An average of 7.5% annual growth.

Current total max market size: 15m people.

Growth in Online Hotel Bookings in Nigeria

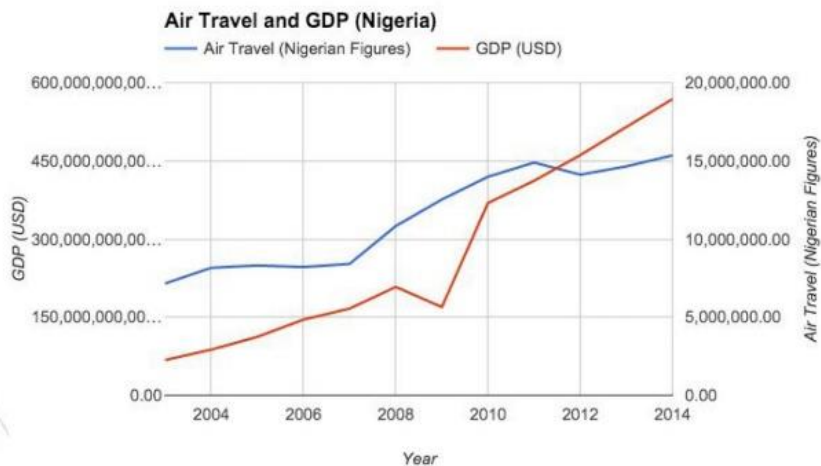
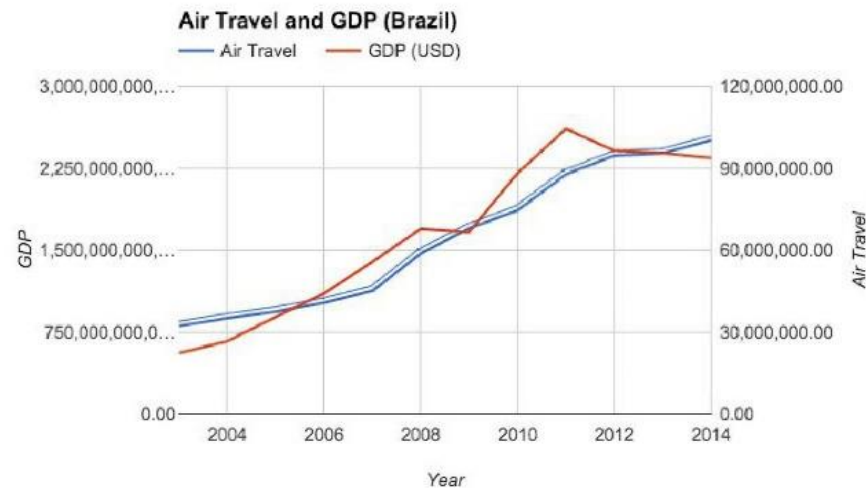
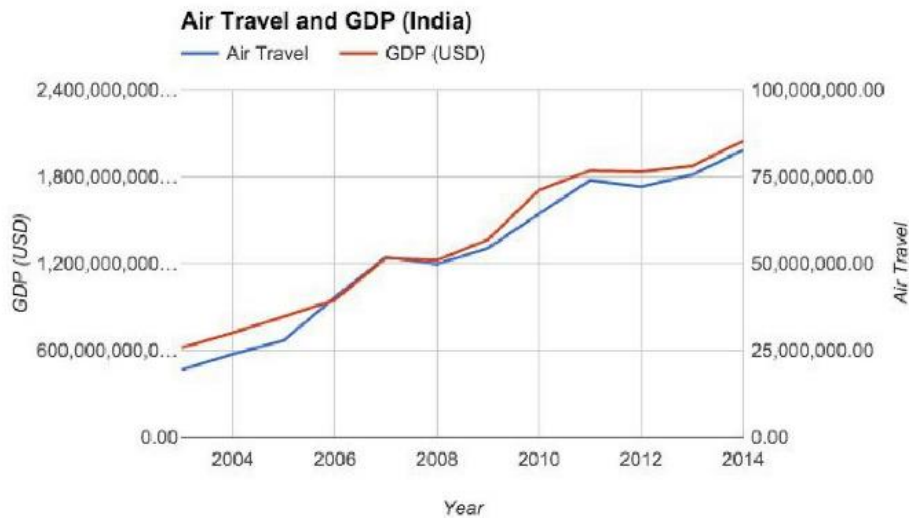


An average of 50% annual growth.
Current total max market size: 100k people.



Some assumptions

- ◎ Facebook user number gives absolute upper limit of market
 - ◎ Online hotel bookings show how mature the travel market is
 - ◎ Airline/GDP growth shows where the country is on the India/Brazil growth scale
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- Nigeria is presently at the 2004 stage of the Indian travel market
- 10 years from now, the Nigeria travel market will be ½ of Brazil's right now
- 10 years from now, the Nigeria travel market will be equivalent to India's current scale

In Conclusion

The method used can be used to evaluate market size and market growth.

Depending on the particular travel business, one can then decide if the timing is right.







Thanks!

Any questions?

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References

Statistics and numbers references:

- ⊙ Facebook figures from [Reuters](#)
- ⊙ GDP figures from [World Bank](#)
- ⊙ Internet subscriber figures from [NCC](#)
- ⊙ Tourism figures from [World Bank](#)
- ⊙ Population figures from [countrySTAT](#)