

'Samoa's unique appeal lies in the combination of its pristine Pacific setting, vibrant Polynesian culture ... and in the genuine warmth of its people.'

TOURISM INVESTMENT

MARKETING PARADISE

Samoa has outstanding natural assets and a Government that is determined to develop the tourism sector.

Five years ago Samoa's tourism industry existed only on a small scale, but its Government had already identified tourism as central to the country's future prosperity.

As Prime Minister the Hon. Tuilaepa Lupesoli' ai Sa'ilele Malielegaoi, told the 2007 Pacific Islands Forum in Tonga 'it is a sector where Pacific Island countries have a comparative advantage and can compete internationally.'

With his own country lacking natural resources but able to count on attractive landscapes and beaches, sound infrastructure and a reputation for being safe and politically stable, this rationale could not have been more applicable.



CREDIT: JACQUELINE BENNETT

SAMOA'S MAIN TOURIST OFFICE IN APIA.

NEW AIRLINE OPENS MARKET

The turning point came in 2005 with the inception of Polynesian Blue, an innovative joint venture between the Samoan Government and Australia's rapidly growing regional airline Virgin Blue. The new airline replaced the loss-making national carrier Polynesian Airlines on international flights (see box on page 12). The resulting extra flights and lower fares acted as a catalyst for the industry.

At about the same time, Samoa's first major resort development, Aggie Grey's Lagoon, Beach Resort & Spa, opened its doors. Sister hotel to the iconic Aggie Grey's Hotel in Apia, owned by the Grey family, it placed Samoa on the radar of travel agents in the main target markets of New Zealand and Australia for the first time.

Other markets of interest are the USA (there is currently one weekly flight with Air New Zealand), and China (Samoa already has 'approved destination' status, and there are scheduled flights between Beijing and Auckland, New Zealand.)

NEW FOREIGN INVESTMENT

Visitor numbers to Samoa have risen by almost 10% per annum since 2005, and this looks set to continue with two more major resorts on their way, this time financed by foreign investors the Reddy Group and Warwick International Hotels (see page 13).

The value to Samoa's fledgling tourism industry of investors of such calibre is hard to overstate. Not only do they have a proven track record, but they can also leverage powerful international sales and marketing networks to promote Samoa. Such activities will be complemented by the revamped national tourism website (www.samoa.travel), launched in August 2008. Besides showcasing the country's natural beauty, it is more user-friendly and offers interactive functionality for both consumers and travel agents.

A higher profile for the destination is also good news for the growing army of small hotel operators who may have a lot to offer but often struggle to communicate with their potential market. The Samoa Hotel Association also plays a vital role in this process with its own website that offers online bookings (samoa-hotels.ws).

CRUISE LINERS LINE UP

Another interesting development has been an increase in cruise ships visiting Samoa. With over 20 ships now coming each year, and more expected when the Panama Canal is widened in 2013, there is considerable scope for further growth. Apia's attractive 50-berth marina also makes it a popular port of call for yachts.

Samoa's unique appeal lies in the combination of its pristine Pacific setting, vibrant Polynesian culture (it is the birthplace of fire-dancing) and in the genuine warmth of its people. These elements combine to make it the perfect place to relax:

'Have a massage, eat well, unplug and unwind, Samoa is a place where you can find complete relaxation,' says Sonja Hunter, CEO of the Samoa Tourism Authority. ■



CREDIT: SAMOA HOTELS ASSOCIATION

INVESTMENT OPPORTUNITIES IN SAMOAN TOURISM



BLOWHOLES ON THE ISLAND OF SAVAI'I.

As recent developments suggest, excellent opportunities exist for investing in Samoa's tourism sector, and not necessarily on a large scale. Tax incentives are competitive, on a par with neighbouring Fiji, which has set the benchmark in developing its tourism sector over the past decade. There is also no doubting the will of the Samoan Government to develop this sector. When it comes to getting larger projects off the ground, such support can prove crucial.

However, the backbone of Samoa's tourist industry is made up of the smaller operators, with their boutique resort or beach fale (traditional thatched hut) offerings, appealing to anyone from backpackers to families, honeymooners and retirees. According to Managing Director of ANZ Bank Samoa Manager Peter Johnson, this area is also expanding: 'There has been a recent proliferation of smaller, boutique properties, of 20 units or less, and there are still good SME [small-to-medium enterprise] opportunities in the tourism sector,' he told *Business Advantage*.

Then there's Savai'i, Samoa's largest island, which boasts attractions such as blowholes, waterfalls and volcanic craters, but has so far seen minimal tourism development. That may be set to change though, with a Hawai'ian investor recently making an initial commitment to build a resort there.

At the same time, potential investors need to tread carefully. As prominent local lawyer Daryl Clarke, of Latu, Ey & Clarke, puts it 'there are solid investment opportunities, providing the potential investor goes about it the right way.'

For instance, the consensus among business leaders we spoke to was that finding the right local partner or advocate is essential, no matter what size of foreign investment is being considered (both the Reddy Group and Warwick Hotels have followed this advice). Foreign entrepreneurs will also receive a warmer welcome if they actually have the means to raise capital off-shore, rather than relying heavily on local finance.

Another major consideration is land. About 85% of land in Samoa is customary owned, making it hard for potential investors to secure a watertight contract. In fact, only about 7% of total land area is freehold (the balance belongs to the Government), making potential resort sites harder to find. On Savai'i, for instance, freehold land is reportedly quite limited. Strata title legislation would certainly make things easier, as it has done in Vanuatu.

And while no one in Samoa disputes the potential benefits to the country of tourism development, there is real concern regarding the possible side-effects of mass-tourism. Among the business community the chorus is 'we don't want to become another Hawai'i.'

As such, tourism development, on whatever scale, will always need to be low-rise, and in harmony with both the surrounding environment and traditional Samoan culture.

Further information

Samoa Tourism Authority (Visit Samoa): www.samoa.travel
Samoa Hotels Association: www.samoahotels.ws

SUMMARY OF OPPORTUNITIES

- Resorts: large- and small-scale, themed (island, eco etc)
- Serviced apartments/long-stay accommodation in Apia
- Ancillary tourism services such as restaurants and other tourist attractions (especially in Apia).

CASE STUDY: POLYNESIAN BLUE DRIVES TOURISM ARRIVALS

Business Advantage's first visit to Samoa in August 2008 coincided with an announcement that bodes well for the country's tourism industry.

Polynesian Blue Airlines, the joint venture between the Government of Samoa, Virgin Blue Airlines and Aggie Grey's Hotels Limited, announced a record pre-tax profit of NZD\$9.18 million (US\$6.16 million) for the 2007/08 financial year—a 71% increase on the previous financial year.

The launch of Polynesian Blue in October 2005 ushered in a new era of air travel for Samoa, following years of subsidisation of former national carrier Polynesian Airlines. Fares have dropped sharply under the new arrangement and the new airline is also benefiting from Virgin's extensive international marketing apparatus.

'It is a tremendous achievement for any airline to be making money in the current aviation climate and Polynesian Blue is well and truly performing like a seasoned player in the global arena, generating a good profit when airlines around the world are collapsing under the weight of industry challenges,' Virgin Blue Chief Executive Brett Godfrey said of the recent profit announcement.

The airline has already repaid a third of the start-up capital provided by its shareholders. It has also contributed to a dramatic rise in the number of tourists visiting Samoa. Holiday arrivals from Australia and New Zealand have

increased by over 50% since the airline's launch. With an additional weekly flight from Auckland already added and a new Brisbane-to-Apia route opening in December 2008, this trend looks set to continue.

The partnership provides a model that other Pacific nations are studying with interest, and is a clear vindication of the Samoan Government's aviation policy. The Hon. Tuilaepa Lufesoli'ai Sa'ilele Malielegaoi, Prime Minister of Samoa, welcomed the airline's most recent financial result with these words:

'Our decision to join with Virgin Blue Airlines in creating a national airline that would be financially viable and provide our country with growth and financial stability has again been vindicated by the ongoing profitability of Polynesian Blue. Samoa has benefited greatly from the success.'



FIRST LARGE-SCALE RESORT MAINTAINS SAMOAN TRADITION



Aggie Grey's Resort, Lagoon and Beach Club is located on the western tip of the island of Upolu, just 10 minutes drive from Faleolo International Airport. As Samoa's first and largest premium resort, it is not only symbolic of the increasing diversification and size of Samoa's tourist offering, but has also set the benchmark by which future resorts in Samoa will be measured.

The resort was created under a joint venture between Aggie Grey's Hotels Limited (which also owns Aggie Grey's Hotel in Apia), the Government of Samoa, and other private investors. It was announced at a time when a major shortage of hotel rooms appeared to be holding back development of tourism in Samoa, and its completion in 2005 was widely welcomed.

The four-star 140-room resort, set on its own lagoon, was designed and built by New Zealand-based Fletcher Construction using traditional materials and architectural features. It is laid out in over 50 acres of tropical gardens, and is adjacent to a spa and an 18-hole championship golf course, which opened in mid-2007.

The original Aggie Grey, who died aged 90 in 1988, was believed to be the model for the character of Bloody Mary in James Michener's celebrated novel *Tales of the South Pacific* (the source of the musical *South Pacific*), and much has been done at the resort to recreate the atmosphere of Michener-era Samoa. This is undoubtedly enhanced by original World War Two gun mounds and bunkers dotted around the grounds.

Clearly, the resort has met a very real need in the market. When *Business Advantage* visited during the Australasian winter, occupancy was 100%, with a predominantly New Zealand clientele. Its size and facilities are also allowing Samoa to play a role in the regional conference circuit. In mid-October 2008, for example, the resort was scheduled to play host to the high-profile Pacific Islands Private Sector Organisation (PIPSO) Small, Medium and Micro-Enterprise conference.

Neither is the resort resting on its laurels. According to Aggie Grey's Hotels Limited's Fred Grey, Phase Two of the resort will include 30 deluxe rooms and a 200-plus person conference centre, with five restaurants and five bars to cater for the additional capacity.

TWO MAJOR HOTEL PROJECTS TO TAKE TOURISM TO THE NEXT LEVEL

Samoa's tourism industry has come of age over the past three years, and its next phase of development will take the form of two major new hotel projects.



PLANS FOR REDDY GROUP'S NEW BEACHFRONT HOTEL ADJACENT TO APIA'S PORT.

By early 2009, construction work is expected to have commenced on a four-star waterfront hotel in Apia, as well as a five-star resort at Vavau, in the south of the main island of Upolu. Not only will these properties boast excellent locations, but the companies behind them are two of the region's most respected and experienced hoteliers.

ABSOLUTE BEACHFRONT IN APIA

The Apia project is a joint venture between Fiji's Reddy Group, which runs Fiji's Tanoa Hotel chain, and the Samoa Ports Authority (SPA). The latter's involvement stems from the fact it owns the land, Apia's only beachfront site. This is located adjacent to Apia Port (about one kilometre from the commercial centre of Apia), overlooking Palolo Deep, a popular scuba-diving spot.

Business Advantage understands that the intention is to build a 100-room low-rise four-star property, combining modern rooms with some traditional fales (some of them over water). With the inclusion of conference facilities, the hotel will appeal to the business, leisure and meetings markets alike. Work is expected to start before the end of 2008.

The SPA itself is eager to see Samoa realise its tourism potential. It has already built a 50-berth marina in the port area and hopes one day to relocate the port itself and turn the whole area over to tourism-related projects.

FIVE-STAR RESORT WITH THE WARWICK TOUCH

Warwick International Hotels (WIH) operates over 40 hotels around the world but, unlike most of its peers, has been quick to realise the potential of the South Pacific. Its resorts in Fiji and Vanuatu are highly regarded, and it has recently assumed control of a property in French Polynesia.

In the case of Samoa, it is starting from scratch, having signed a lease on an idyllic site at Vavau in the south east of Upolu a few years ago. The location combines a lagoon with beautiful landscape overlooked by cliffs that have spring water running down them. It has been described by WIH's President Richard Chiu as 'probably the most beautiful site in the Pacific.'

In January 2009 it expects to start constructing a 120-villa five-star resort there. Warwick's total investment has been estimated at US\$30 million and the resort expects to employ about 250 people once it is complete. It should find a receptive market in Australia and New Zealand, where its other Pacific resorts have built a loyal following among travel agents and tourists alike.

But just what kind of resort will it be? In a visit to Samoa, Richard Chiu gave the following insight:

'We don't want to make the hotel too formal, we don't want to make something traditional or classic, we want something that is easy, comfortable and showing people the uniqueness and the natural beauty of Samoa.' ■

Further information

www.reddygroup.co.nz, www.warwickhotels.com



Who's who

BANKING & FINANCE

ANZ Bank (Samoa)

+685 69 955
www.anz.com/Samoa

Westpac Bank Samoa

+685 66 182
www.westpac.com.ws

Development Bank of Samoa

+685 22 861
www.dbsamoa.ws

National Bank of Samoa

+685 23 077
www.nationalbanksamoa.com

Samoa National Provident Fund

+685 64 832
www.npf.ws

Samoa International Finance Authority

+685 24 071
www.sifa.ws

Central Bank of Samoa

www.cbs.gov.ws

Commercial Bank of Samoa

+685 31 233
ray@scbl.ws

Ministry of Finance/Treasury

+685 34 333
www.mof.gov.ws

BUSINESS ORGANISATIONS

Samoa Chamber of Commerce & Industry

+685 31 090
www.samoachamber.com

Women in Business

+685 21 959
www.womeninbusiness.ws

Samoa Association of Manufacturers and Exporters

+685 7774325
www.same.org.ws

Small Business Enterprise Centre

+685 22 770
mmalua@ipasifika.net

REGIONAL BUSINESS ORGANISATIONS

Pacific Islands Trade & Investment Commission (PITIC)

Sydney
+61 2 9290 2133
www.pitic.org.au

Auckland
+64 9 302 0465
www.pitic.org.nz

Beijing (Pacific Islands Forum)
+86 10 6532 6622
www.pifto.org.cn

Tokyo (Pacific Islands Centre)
+81 3 3268 8419
www.pic.or.jp

Australia Pacific Islands Business Council

+61 7 3348 5142
yourn@apngbc.org.au
www.apngbc.org.au

New Zealand Pacific Business Council

+64 9270 3746
www.nzpbc.co.nz

Austrade Fiji office (covers Samoa)

+679 338 2825
fijiinquiries@austrade.gov.au

New Zealand Trade & Enterprise Fiji (covers Samoa)

+679 330 6090

BUSINESS SERVICES

Latu Ey & Clarke Lawyers

+685 30 363

Lesama Penn

+685 20 321
www.lesamapenn.ws
Chartered accountants

Cadden Crowe

+61 7 3003 0466
www.caddencrowe.com.au
Regional human resources specialist

Siva Afi Designs

sivaafi@ipasifika.net
Printers and restaurateurs

DIPLOMATIC MISSIONS IN SAMOA

Australia

+685 23 411
www.samoa.embassy.gov.au

China

+685 22 474

New Zealand

+685 21 711

USA

+685 21 631

INFRASTRUCTURE/ TRANSPORT

Digicel

www.digicelsamoa.com

SamoaTel

+685 67 714
www.samoatel.ws

Computer Services Ltd (CSL)

+685 20 926
www.csl.ws

Samoa Airport Authority

+685 23 201

Samoa Port Authority

+685 23 552
www.spasamoa.ws

Summit Cargo Samoa

+685 23 067

Samoa Shipping Corporation

+685 20 935
ssc@samoa.ws

Ah Liki Construction

+685 20 643

Fletcher Construction

+684 699 4323
www.fletcherconstruction.co.nz

Kramer Group

+685 30 353/30 354
www.kramer.com.au

Polynesian Blue

+61 7 3295 2284
www.polynesianblue.com

Pacific Air Cargo

+61 7 3268 6633
www.pacificaircargo.com.au

Swire Shipping

+61 2 9272 9261
www.swireshipping.com

MANUFACTURING/ INDUSTRY

Yazaki EDS Samoa

www.yasaki.ws

Pacific Water Company

www.southpacificwatercompany.com

Samoa Breweries

+685 20 200
www.vailima.ws

British American Tobacco Samoa

+685 23 312
www.bat.com

Natural Foods International

+685 24 117
percival@ipasifika.net

Apia Export Fish Packers

+685 23 247

Taubmans Paints (Samoa)

+685 20 881
samoapaints@samoa.ws

Samoa Hotel Association, Apia Samoa

Your online booking experts for Samoa

PO 3973, Apia, Samoa, T: (+685) 30160 E: info@samoa-hotels.ws

www.samoa-hotels.ws