



**You have had numerous years of experience within the industry and you have seen The Blue Water through 23 years. In your view, what have been the general trends in the hospitality industry and where do you see room for improvement?**

In the early days, Sri Lanka would predominantly attract budget travellers. However, now we have moved into a diverse market comprising three groups; high-end travellers, charter groups via tour operators and Airbnb and homestays. The latter is a growing

segment, while the former is now well established within the market. There is an opportunity for high-end travellers to come to Sri Lanka and receive a top-class experience due to the variety of luxury hotels in Sri Lanka.

I think there is room for improvement in the MICE (Meetings, Incentives, Conventions and Exhibitions) market. I believe there is a lack of a strong, purpose-built Convention Centre in Colombo and this is a requirement if we want to holistically excel in the hospitality industry.

## THE FUTURE OF THE HOSPITALITY SECTOR WITH **AJITH WIJEYASEKERA**

Ajith Wijesekera is the Founder Chairman/Managing Director of Union Resorts, the company that owns impressive luxury 5-star hotels - The Blue Water, Wadduwa and Water Garden, Sigiriya. Ajith shared his views on the opportunities, challenges, areas for improvement and future of the hospitality industry.

**The Blue Water and Water Garden are categorised as 'resorts' in the market. How do the types of resorts or hotels differ in terms of client profiles?**

They are completely two different markets and they cater to very different groups as well. Resort hotels are generally for tour operators who bring in bulk tourism where these groups travel throughout the Island for one week. The usual route is via Colombo, the cultural triangle, Kandy, the hill country, wildlife sanctuaries and finally down south, as a majority of travellers prefer to settle down in a resort by the beach.

Colombo is dominated by business and MICE tourism and on occasion, for tourists, a part of the tour group who want to experience the capital for one night. There is also the Indian market which comes to Colombo. Rather than wanting to experience the beaches or travel around the country, most of them come to Colombo for the nightlife, casinos and/or shopping.

However, The Blue Water has been a very popular destination for weddings and almost 20-25% of revenue comes from weddings and banquets. Corporates have also shown interest to hold their events outside Colombo hotels because of the more relaxed ambience. During event breaks, for example, it is nice to have the scenery of a lawn and a beach, compared to being confined to a lobby of a city hotel.

**Setting up a 5-star hotel must be quite a daunting task, especially from a financial point of view. Can you please provide an idea of the construction costs incurred for The Blue Water or Water Garden?**

The Blue Water was set up a long time ago and it would not be applicable in today's context. If you were to put up a 100-room hotel in Colombo or a resort, it would cost about LKR 3-4 billion. It is a tall order to recover those costs, especially at current room rates.

On top of initial construction costs, there are also annual maintenance costs and renovation costs. This is a key strength of ours as we constantly upgrade our facilities. When visiting The Blue Water, no one can gauge its age because it looks as if it was built only 2 years ago.

**The past two years with the Easter Sunday attack in 2019 and the prevalent COVID-19 pandemic with the ongoing third wave has had a significant impact on the tourism and hospitality sector in Sri Lanka. How have these unfortunate events affected Union Resorts?**

The Blue Water and Water Garden Sigiriya have been severely impacted by the COVID-19 pandemic and business has not been prosperous. The Easter Sunday attacks did have an impact. However, the peak months are during the first three months of the year, therefore our business was not too affected for the 2019 financial year.

In 2020, Sri Lanka had around 500,000 tourists and in 2019, despite the Easter Sunday attacks, we had about 1.9 million. However, in 2018, there were 3 million visitors and this was a rising number year on year.

Our guest profile includes 85% foreigners mainly from the UK and Germany and 15% locals. However, our business absolutely requires foreign travellers and it is virtually impossible for a hotel to solely rely on local business. The local market ties into the weekend and stays are for a maximum of 2 nights on average. In comparison, foreigners stay 3-5 nights and are active throughout the month or year.

The Blue Water was converted into a quarantine hotel during the early stages of May 2020 and this catered to those who were expatriated to Sri Lanka. Water Garden was open to both locals and foreigners and we had some favourable months up until April 2021 when the third wave began.

**What policies do you think the Government should implement to support those in your industry at this time?**

I do not think any other industry has experienced the losses the hospitality/tourism industry is currently facing during this time. Therefore, I do not think there is a limit as to the support our Government can provide all stakeholders in the industry.

The Government needs to take action to provide grants/loans on an individual basis based on the losses incurred. About 30-40% of the market will

be wiped out if there is no support provided. Numerous hoteliers have poured a great deal of hard work and commitment into this industry which is very capital-intensive and the return on investment is quite low. It would be a crime to put these individuals in the lurch and not provide any aid because this is not the time for new hoteliers to enter the market as it would be a daunting task with the existing conditions. I hope the Government finds proactive policies to bring the industry out of this vortex.

**The Colombo Port City development is a centre for all industries and it will have a snowball effect on many industries. In your opinion, how do you think it will affect the hospitality sector?**

Any development within this context is positive as it creates a new city which will draw much required foreign investment into the country. However, I do believe the hotel industry in Colombo might be hard-pressed to find business if there are new hotels that will be developed within the Port City. These new hotels may pose unnecessary competition for Colombo hotels.

There need to be other commercial activities in the Port City that will pave the way for Colombo hotels to accommodate ensuing visitors. We have over 10 luxury hotels in Colombo and we should make use of these facilities.

**What is in store for the future at Union Resorts? Are there any new resorts that are in development?**

Currently, we are in the process of completing our third project near Matugama, a luxury wellness resort. It is a high-end boutique hotel with 11 villas and the completion date is set for this year. Furthermore, we also have plans to build a resort in Kandy. However, we are patiently waiting for the right time to break ground with that project. We also had plans to venture into the Maldives, but due to the current investment climate, this is presently on hold.

I think in general, we have to be optimistic when operating in this industry and we should constantly be motivated to invest and think ahead.