



## Middle East Regional Tourism Report

**WESGRO**  
cape town & western cape  
research

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# Contents

1. Global Tourism Trends: Middle East
2. National Tourism Trends: Middle East
3. Tourism Market Insights: Middle East
4. Tourism Marketing Insights: Profile of Muslim Traveller
5. Impact of technology on tourism in the Middle East
6. Middle East Country Profiles
  - 6.1 Saudi Arabia
  - 6.2 United Arab Emirates
  - 6.3 Oman
  - 6.4 Qatar
  - 6.5 Iran
  - 6.6 Kuwait
  - 6.7 Jordan
7. ForwardKeys Statistics: Middle East
8. Recommendations

# 1. Global Tourism Trends: Middle East

- An ever-increasing number of destinations worldwide have opened up to and invested in tourism, turning it into a key driver of socio-economic progress through the creation of jobs and enterprises, export revenues and infrastructure development
- Over the past six decades, tourism has experienced continued expansion and diversification to become one of the largest and fastest-growing economic sectors in the world.
- Tourism has boasted virtually uninterrupted growth over time, despite occasional shocks, demonstrating the sector's strength and resilience. International tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1,235 million in 2016.
- International tourism receipts earned by destinations worldwide have surged from US\$ 2 billion in 1950 to US\$ 104 billion in 1980, US\$ 495 billion in 2000 and US\$ 1,220 billion in 2016.
- Middle East received 54 million international arrivals and US\$ 58 billion in 2016.
- International tourism represents 7% of the world's exports in goods and services, after increasing one percentage point from 6% in 2015. Tourism has grown faster than world trade for the past five years.
- As a worldwide export category, tourism ranks third after chemicals and fuels and ahead of automotive products and food. In many developing countries, tourism is the top export category.

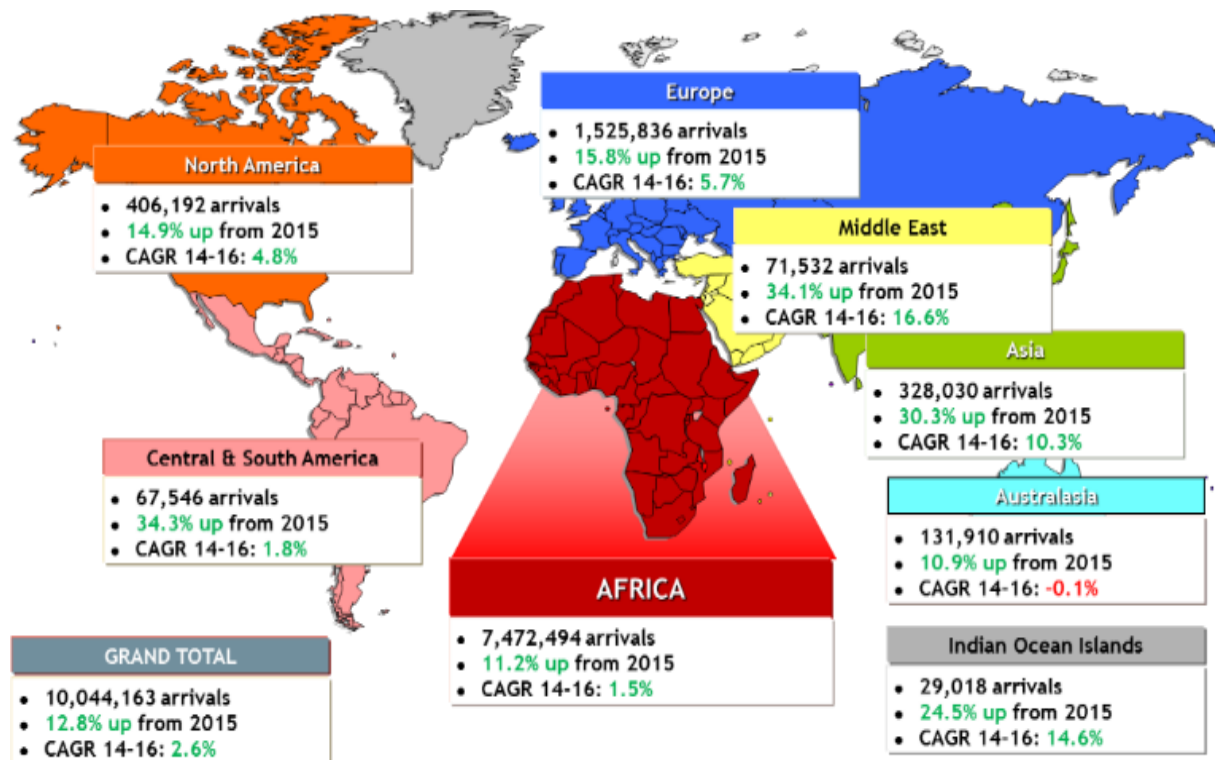


Source: UNWTO, 2017

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## 2. National Tourism Trends: Middle East

- International tourist arrivals have fully recovered from the 2015 decline and grew by 12.8% to reach a record high of 10.0Mn arrivals.
- This means that an additional 1.1Mn tourists have chosen to visit South Africa compared to other destinations.
- The growth in international tourist arrivals to South Africa were driven by the increase in arrivals across all regions with Central & South America, Middle East and Asia growing by over 30% (albeit from small base) while other regions grew in double-digits.
- The Middle East has significant double digit growth of 34,1% in 2016 when compared to the previous year.
- This is clear indication that tourist arrivals to South Africa from the Middle East is on upward projection.

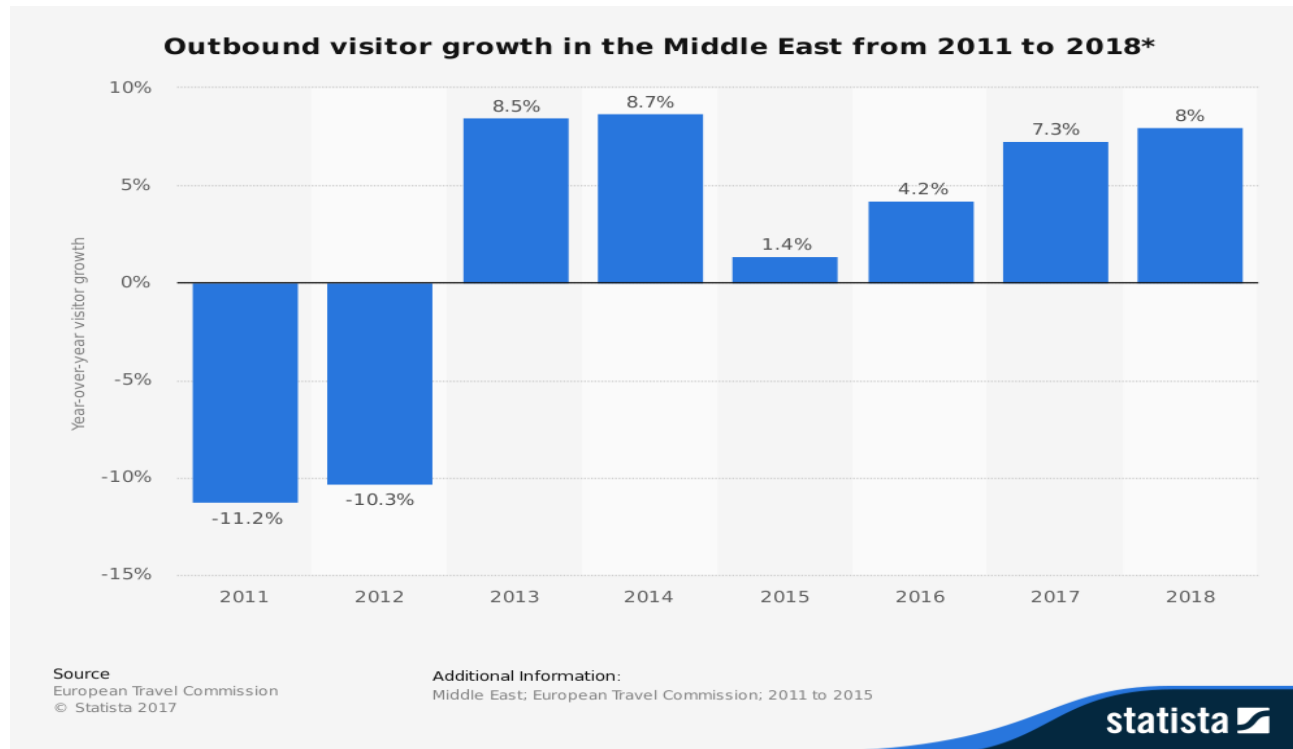


Source: SAT, 2017

## 3. Tourism Marketing Insights: Middle East

### Outbound visitor growth in the Middle East from 2011 to 2018

- This statistic shows outbound visitor growth in the Middle East from 2011 to 2018. In 2015 outbound visitor numbers from the Middle East grew by 1.4 percent over the previous year.
- By 2018, the Middle East is expected to have the highest growth of outbound tourism in the world. The region with the highest number of tourist arrivals in 2015 was Europe, with around 594 million international arrivals.



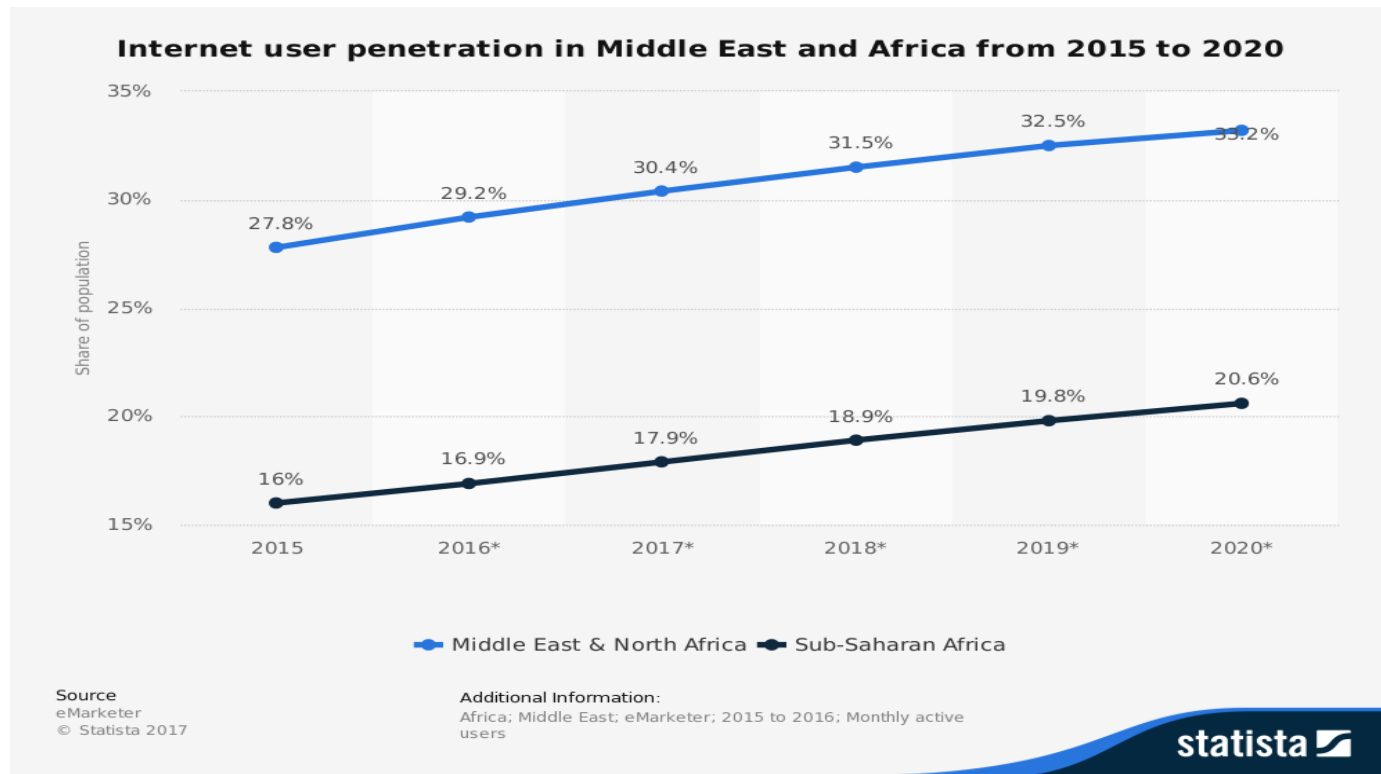
Source: Statista 2017 & European Travel Commission

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### 3. Tourism Marketing Insights: Middle East

## Internet user penetration in Middle East and Africa from 2015 to 2020

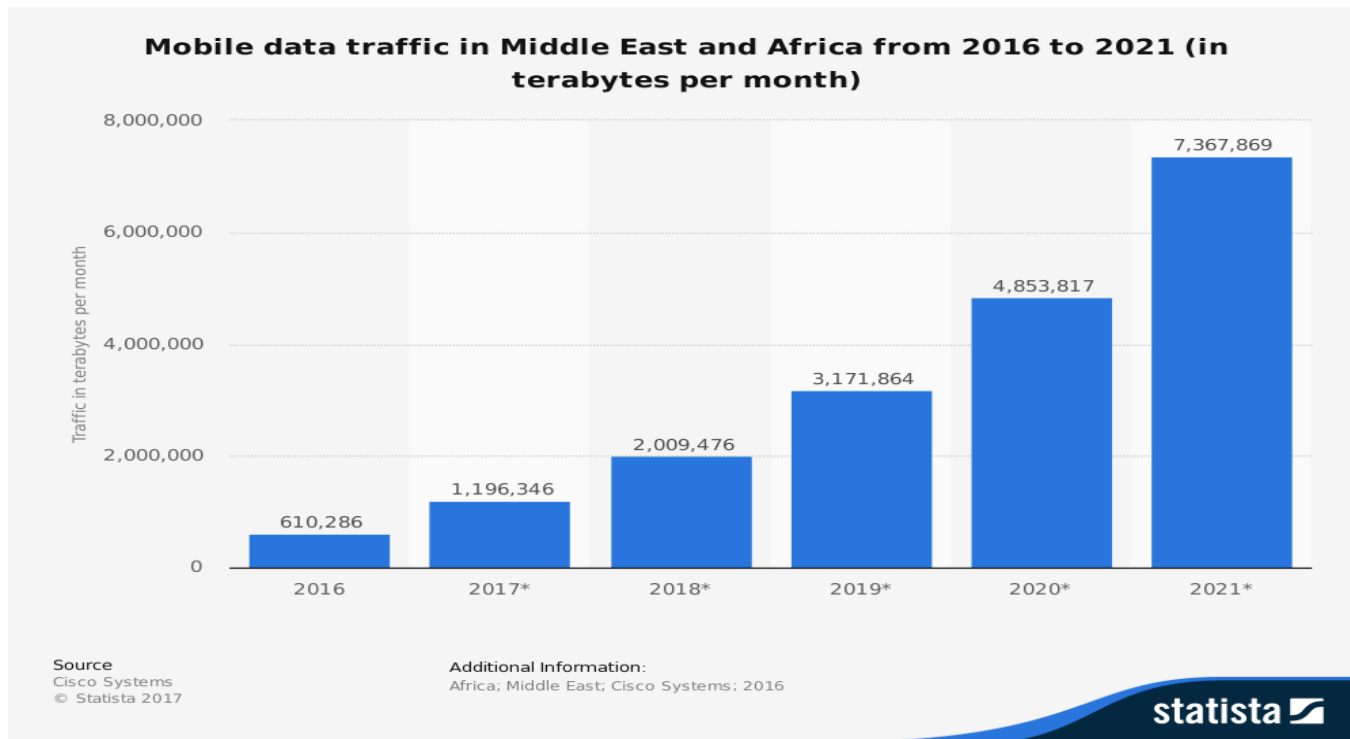
- This statistic provides information on internet user penetration in the Middle East and Africa from 2015 to 2020. In 2015, only 16 percent of the combined population in the Sub-Saharan region accessed the internet. This figure is projected to grow to 20.6 percent in 2020.



### 3. Tourism Marketing Insights: Middle East

#### Mobile data traffic in Middle East and Africa from 2016 to 2021 (in terabytes per month)

- This statistic gives information on the mobile data traffic in Middle East and Africa in 2016 with projections until 2021. In 2016, mobile data traffic in Middle East and Africa amounted to 610,286 terabytes per month.
- In 2020, regional traffic from mobile devices such as smartphones, laptops, tables, M2M connections and non-smartphones is projected to reach 7,367,869 terabytes per month. The projected compound annual growth rate (CAGR) amounts to 65 percent



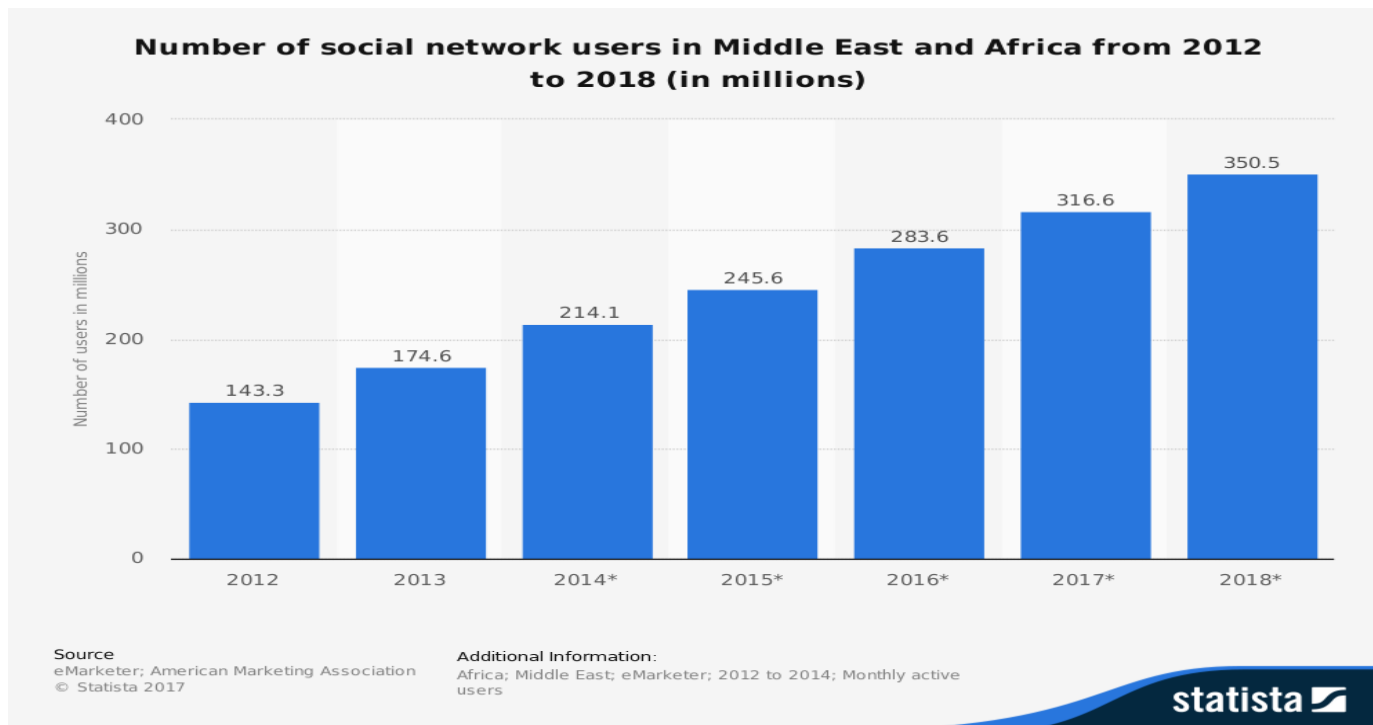
Source: Statista 2017 & European Travel Commission

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### 3. Tourism Marketing Insights: Middle East

#### Number of social network users in Middle East and Africa from 2012 to 2018 (in millions)

- This statistic shows the number of social network users in the Middle East and Africa from 2012 to 2018. In 2016, the number of social network users in the Middle East and Africa is expected to reach 283.6 million.



Source: Statista & European Travel Commission, 2017

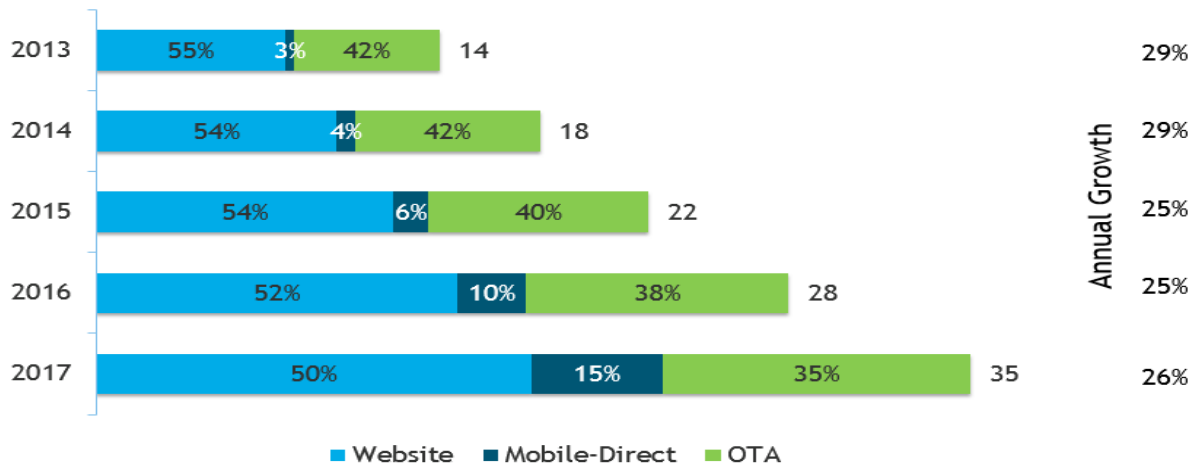
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### 3. Tourism Marketing Insights: Middle East

- The Middle East travel market is poised for enormous growth in the next three years, both online and off. High Internet penetration, improving technology infrastructure and a young population with an appetite for travel make the region very well-positioned for expansion.
- The Middle East is booming: Outbound travel has increased from 8.2 million in 1990 to 36.2 million in 2010. This makes the average annual growth rate of 9.9% the highest in the world, well above the global average of 3.4% for the same period.
- According to Google 75% of millennial travellers in the UAE have researched their most recent flights online, and 34% of all millennial travellers purchased flights online. This means that travel suppliers serving the region must be prepared with a variety of approaches to seize market share.
- The chart below from Phocuswright shows just how rapidly the region is growing especially in mobile direct bookings.

**Figure 6: Middle East Online Travel Gross Bookings (US\$B), Channel Share and Annual Growth (%)**



Note: 2015-2017 projected.

Source: Middle East Online Travel Overview Second Edition

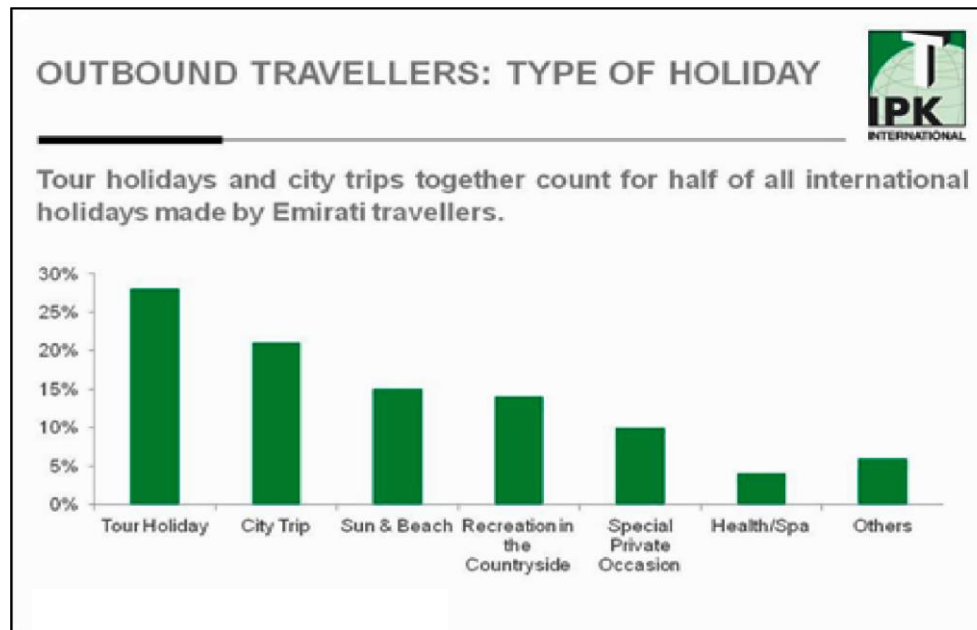
© 2015 Phocuswright Inc. All Rights Reserved

Source: Phocuswright's & Sabre Travel Experience, 2017

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### 3. Tourism Marketing Insights: Middle East

- The Arabian outbound travel market is growing into a lucrative niche business as well-off travellers venture more beyond their home region and spend heavily on up-market accommodation, shopping and entertainment.
- The Middle East outbound travel market was actually the world's fastest-growing market this year with a 9% increase in outbound trips over the first eight months of this year, according to preliminary World Travel Monitor® results from IPK International.
- Beside Saudi Arabia, the United Arab Emirates (UAE) is the most attractive outbound market in the region and both are characterised by high spending and long trips. There is a very high proportion of high-earners going on international trips and a high (about 50%) share of younger international travellers under the age of 34, according to World Travel Monitor® figures.
- Furthermore, close to one third of trips are made with children. More than 30% of outbound trips from the region were taken by immigrants with residence and work licences in the Middle East, mostly travelling abroad to visit friends and relatives.
- In 2016, about two thirds of outbound trips by Emiratis were for holiday purposes with a wide range of holiday types, ranging from tours and city trips to private events such as honeymoons and health-focused trips



Source: ITB Travel Trends Report, 2016

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## 3. Tourism Marketing Insights: Middle East

**According to SAT Manger for the Middle East these are the following tourist characteristics of the Middle East:**

- Middle East tourists travel to destinations for leisure and spending money on local food/cuisine
- Medical tourism very popular with Iran and Oman tourists and after their medical procedure they engage in leisure.
- The Middle East tourist usually have long length of stay in destination and enjoy going out at night for evening activities.
- They enjoy staying at hotels and sitting around the hotels relaxing so places within the hotel where they can sit and relax or have a meal is important.
- These tourists travel as big families to a destination so organising family related activities are important.
- When they decide to travel to a destination they rely on word of mouth heavily and safety and security is also main concern for them.
- The women are most likely to make the decision on the destination to visit and usually collect maps, brochures from agents to take home and source information from on the destination.
- Travel operators and travel agents are growing in the Middle East and online channels are being used to source information.
- Middle East tourists have high disposable income, high end tourists, millenialls, travel forms part of their culture.
- They have buying, selling and bargaining culture, also strong negotiators and incentive driven.
- They travel in our low season May-September therefore great market assist with overcoming seasonality challenges.

*Source: South African Tourism, 2017*

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### 3. Tourism Marketing Insights: Middle East

According to SAT Manager for the Middle East: Why is South Africa Attractive?



Source: South African Tourism, 2017

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### 3. Tourism Marketing Insights: Middle East

- Emirates-based travellers like to escape the summer heat and mostly go on international trips in the summer months (almost 60%) compared to about 40% in the winter season.
- Moreover, they tend to go on long trips, with an average trip lasting 14 nights, and almost 30% of them lasting 16 nights or more.
- UAE travellers are also good spenders, with the average spending per person per night at about 200 euros. The average cost of a trip per person therefore totalled about 2,800 euros, according to World Travel Monitor® figures.
- Ramzi Maaytah, Partner of IPK International Middle East, told the Pisa forum that many UAE residents have about 30–40 days a year available for holidays and often go on two or three trips a year, including one major international trip outside the region.
- The outbound travel market is driven by factors as culture, entertainment, accessibility and the desire to visit cities,” he said.
- With a high proportion of young couples, families and also more women travelling from the region, entertainment, shopping and other leisure activities are popular destination activities.
- Health-related travel is also a notable trend with well-off Arabs often going on long trips for medical purposes, accompanied by a large number of family members.
- Arabian tourists often book serviced apartments, for example, where a maid does the cooking and cleaning, he said. “There is also an interesting trend for people to visit long-haul destinations offering Islamic hospitality, such as Malaysia and Indonesia,” Maaytah pointed out.
- In general, Arabian tourists tend to make conservative choices when selecting their destination, he commented. “They prefer safe choices and want to know what they will get.”
- Another feature of the Middle East is the large number of immigrants living and working in the region, often in well-paid jobs. With a share of more than 30% of all trips, they contribute significantly to the outbound travel market as well. “Many of the expats go on holidays within the region or to countries like Turkey,” Maaytah explained.

*Source: ITB Travel Trends Report, 2016*

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## 4. Tourism Marketing Insights: Profile of Muslim Traveller

### The Muslim travel market continues to be one of the fastest-growing segments of the global travel industry.

- The **Global Muslim Travel Index**, which is the most comprehensive research on the halal travel and hospitality sector produced by MasterCard-Crescent Rating, estimated that in 2015 there were 117 million international Muslim travellers, which is 10% of the overall industry. This figure is expected to reach 168 million by 2020 (rising to 11% of the global total), with revenue generated by the Muslim travel segment to top USD 200 billion.
- This year, the United Arab Emirates (UAE) is listed in the top 10 preferred destinations for Muslim travellers. Thanks to its ability to cater to the needs of this segment, which include, for example, the availability of halal food, prayer facilities and family-friendly environment, the UAE is expected to rank second by 2022 and first by 2027.
- The behaviour and the profile of Muslim travellers have changed over the last two decades. Today's Muslim travellers are not looking just for destinations that take into account their specific needs, but they are increasingly looking for high levels of services and safety. Destinations that are looking to attract Muslim travellers, and industry operators, should provide at least some of these facilities, if they want to win this market segment.
- **Family-Friendly Destination:** More than 50% of Muslim tourists travel with their families. Some Muslims would prefer to avoid facilities that serve alcohol, have discotheques or that are adjacent to a gambling centre.
- **General Safety:** A safe and secure environment is key to attracting any tourist to a destination. The last 12 months have seen a heightened level of security concerns among travellers.
- **Halal Food:** For Muslim tourists, halal food is their primary concern when travelling.
- **Prayer Facilities:** Prayer is one of the central elements of Islamic practice. About 63% of Muslims perform the five daily prayers while travelling; therefore, having a prayer room will increase the chance of attracting more halal tourists.
- **Water-usage Friendly Washrooms:** Physical cleanliness is stressed as an essential component of being a Muslim. As such, special attention is given to hygiene in the washroom. This entails the use of water in the toilets, as it is discomforting for Muslim travellers when the set-up for water use is not available. Another important consideration is the cleansing ritual that Muslims perform before prayers. This requires the prayer rooms to have foot-washing facilities.
- **Ramadan Services:** Destinations looking to attract Muslim travellers during Ramadan must be able to accommodate their special needs during the month of fasting. One such example is catering of pre-dawn halal meals by hotels.
- **Recreational Facilities and Services with Privacy:** A sub-segment of Muslim travellers also is looking for recreational facilities that provide privacy for males and females, such as swimming pools, beaches and gyms with separate areas for males and females to enjoy leisure activities in privacy

*Source: ITB Travel Trends Report, 2016*

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## KEY DRIVERS FOR MUSLIM TRAVEL MARKET GROWTH

GROWING MIDDLE CLASS

DISPOSABLE INCOME

INCREASE AVAILABILITY OF  
MUSLIM FRIENDLY TRAVEL &  
SERVICES

INCREASING ACCESS TO  
TRAVEL INFORMATION ON  
DESTINATIONS

INCREASE & GROWING  
AIRCRAFT



Source: ITB Travel Trends Report, 2016

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SIX FAITH BASED NEEDS THAT ARE DEEMED AS THE MAIN REASONS MULSIMS CONSIDER WHEN THNEY TRAVEL TO A DESTINATION



Source: Master Card- Crescent Rating: 2016  
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**These are the main reasons why the Muslim travel and leisure market will be booming in the years to come:**

**Growing Muslim Population:** The Muslim population is growing rapidly and is expected to make up 26% of the world's population by 2030. This translates to one out of three people born between 1990 and 2030 being Muslim.

**Growing Middle Class / Disposable Income:** Countries with a large Muslim populations experienced a growth of the middle class and, consequently, an increase of disposable income for the Muslim consumer base.

**Increasing Access to Travel Information:** The proliferation of Internet access coupled with high penetration of smartphones have made travel planning easier in general. Muslim-majority countries, such as Saudi Arabia and the UAE, are among the top countries when it comes to smartphone penetration.

**Younger Population:** With a median age of 23 years (data from 2010 by Pew), Muslims are a young population. A younger more technologically-savvy population also means more Muslims are active on social media and use it to get information and are actively influencing the travel planning of their family holidays.

**Increasing Availability of Muslim-Friendly Travel Services and Facilities:** The last few years have seen many businesses and destinations beginning to adapt their products and services to cater to Muslim travellers

**TOP 10 DESTINATIONS FOR MUSLIM HOLIDAY MAKERS**

Rank	OIC Destination	Score	Non-OIC Destination	Score
1	Malaysia	81.9	Singapore	68.4
2	UAE	74.7	Thailand	59.5
3	Turkey	73.9	United Kingdom	59
4	Indonesia	70.6	South Africa	53.1
5	Qatar	70.5	Hong Kong	53
6	Saudi Arabia	70.4	France	51.6
7	Oman	70.3	Taiwan	50.1
8	Morocco	68.3	Japan	49.1
9	Jordan	65.4	Sri Lanka	49
10	Bahrain	63.3	United States	48.9

Source: ITB Travel Trends Report, 2016

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# Shaping the future of travel in the Gulf Cooperation Council (GCC)

amadeus

Tourism has been gradually emerging as a key sector for the economic vitality of the Gulf Cooperation Council (GCC) countries. This Amadeus-commissioned study shows that in the next 15 years, a combination of government policies, socio-economic trends, and geographical forces will usher in a radical change in the travel landscape of this region.

Here are the **five effects** that will impact on the nature of travel and the travel industry in the Gulf region.

1.

## The population effect

The population in the Gulf countries is younger and more family-oriented than travellers in other regions.

### The many types of traveller

#### The 'coming-of-age' traveller

Did you know that almost 20% of the GCC population is under 15-years-old?

**Tip:** When this generation eventually joins the pool of travellers, technology and social media will have shaped their behaviour. Travel providers need to invest in understanding this technology to reap the rewards.



#### The family traveller

60% of leisure travellers prefer to travel with family friends.

**Tip:** Travel providers need to understand the strong family orientation in the Gulf countries when tailoring their packages for intra-regional and internal travel.



#### The independent, middle-class, business & seasonal traveller

**Tip:** Travel providers need to be aware of these differentiated traveller profiles and that each will have its own divergent set of travel expectations and needs.



2.

## The beyond oil effect

Economies in the GCC are diversifying beyond oil, to broaden investment and grow the region's reputation as a base for businesses looking to expand.

### Investment in non-oil sectors

**Fact:** GCC countries have maintained an average GDP growth of more than 5% over the past 15 years, due to investment in non-oil sectors, including specialist tourism sectors, such as conferences, exhibitions and cruise tourism.



### The rise of medical tourism

A focus on pharmaceuticals and healthcare has led to an annual increase of medical tourists in Dubai of 10-15%.



3.

## The infrastructure effect

GCC countries are working to become more attractive to travellers by growing their infrastructure in various ways.

### Investment in infrastructure

The 2020 World Expo & 2022 FIFA World Cup are driving Dubai & Qatar's respective infrastructure investments, and they have chosen to focus on transport and accommodation.



### Investment in aviation

GCC airports are working on expanding, as they are targeting 400 million passengers by 2020.

Aviation companies in the region are expected to receive delivery of 100 aircrafts by 2020.



### Investment in rail

The region is also investing in high speed rail to reduce dependence on roads, provide more convenient modes of transport, and offer greater connectivity within the area.



4.

## The gateway effect

The GCC is working to make both intra- and extra-regional travel easier.

### 70% of the world requires a visa to visit the Middle East

It's no secret that nearly a 1/3 of travellers surveyed stated that visa issues were the main reason for not travelling as often as they would like to the GCC.

### Increase in intra-regional travellers

**Fact:** GCC countries are making intra-regional travel easier through simplifying visa rules, e-borders and introducing cruise specific visas.



5.

## The information effect

Increased smartphone usage and technological development will empower travellers.

Over 80% of travellers in the Kingdom of Saudi Arabia and Kuwait use their smartphones to plan a trip.

**Tip:** Focus on making your websites mobile friendly, increase your Arabic content and create mobile apps that allow for immediate bookings.



### **1.The Population Effect**

The steady rise in expatriate workers moving to the UAE, the importance of family and religious travel, and a comparatively robust natural population growth are contributing to a rise in inter-regional travel within the GCC. The report states: “Pivotal among these trends are a near 30% increase in population, a huge swath of under-15 population, and a desire for large families.”

### **2. The ‘Beyond Oil’ Effect**

In economics, the “Dutch Disease” refers to countries that are over-reliant on the exportation of natural resources, while under-developing their manufacturing and services sectors. The UAE’s diversification into aviation, tourism, trade, financial services and other industries is a direct response to that in the era of Peak Oil—the point where we’ve run out of cheap hydrocarbon resource supply.

### **3. The Infrastructure Effect**

The sheer scale of airport infrastructure in Dubai is unprecedented, with Dubai International welcoming over 67 million international passengers in the 12 months leading up to February 2014. That number is expected to rise to 100 million by 2020.

### **4. The Gateway Effect**

With Dubai and Abu Dhabi firmly established as in-transit hubs, there’s a push to convert more of that into stopover traffic. In January this year, for example, Abu Dhabi International Airport became the first Middle Eastern gateway to open a U.S. Customs Border Clearance Gate.

### **5. The Information Effect**

Online booking and digital travel content are two areas where the GCC is lagging among global top-tier travel destinations. The lack of bookings made online through smartphones is surprising, but represents a massive opportunity for the travel industry to improve its online presence and tap into the UAE and KSA [Kingdom of Saudi Arabia travellers who, more and more, are using their phones as a digital concierge.

# Western Cape Tourism Trends: Middle East

## Mastercard-CrescentRating Muslim Travel Shopping Index 2015 (MTSI 2015)

The Organisation of Islamic Cooperation (OIC) (formerly Organization of the Islamic Conference) is the second largest inter-governmental organization after the United Nations which has membership of 57 states spread over four continents.

The Organization is the collective voice of the Muslim world and ensuring to safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony among various people of the world.



South Africa is considered a non – OIC (Organisation of Islamic cooperation) destination.

However, Cape Town is one of the Leading city's in Africa in terms of Halal tourism. This is ranked according to the (OIC) : Organisation of Islamic cooperation.

Cape Town holds 9<sup>th</sup> position in the top 10, with the Muslim community in Cape Town being the largest in the country.

### The Top 10 OIC Destinations of MTSI 2015

1. Dubai	79.5
2. Kuala Lumpur	73.8
3. Istanbul	64.2
4. Antalya	61.2
5. Manama	59.6
6. Doha	59.5
7. Riyadh	59.3
8. Bali	58.2
9. Penang	56.9
10. Sharjah	55.3

### The Top 10 Non-OIC Destinations of MTSI 2015

1. Singapore	71.6
2. London	64.7
3. Paris	52.7
4. Bangkok	51.1
5. New York	49.9
6. Barcelona	46.6
7. Seoul	43.5
8. Phuket	41.8
9. Cape Town	39.4
10. Hong Kong	39.0

Source: Master Card- Crescent Rating: 2015

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# Western Cape Tourism Trends: Middle East Halal Travellers



## Halal Travellers 2016

- Strong influence from females in terms of travel motivation
- Different needs and expectations
- Halal travelers want to unlock untapped destinations and visit non-muslim countries as easily as muslim countries.



### Who are they?



60% under the the age of 30



Highly educated



high spending power



Seeks both familiar and 'new places'



### Western Cape halal tourism Potential and strengths

- Direct air connectivity with majority Muslim destinations (Dubai, Turkey).
- Diversity of products and experiences
- Cultural and historical links
- lifestyle
- Muslim heritage
- Family-friendly activities

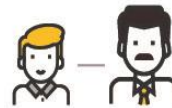


### Opportunities for the Western Cape

- Base of well established halal certification bodies
- Large numbers of halal certified suppliers
- Lifestyle, trends
- Relatively Muslim-Friendly
- Higher education facilities (University of Cape Town, Stellenbosch University)



### Generation M or the "Global Urban Muslim"



Aged 20-35



Urbanised and Middle Class



More likely to travel



Entrepreneurial



Often internationally educated



Interested in new food and service experiences, fashion and cosmetics

Source: Wesgro, 2016

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## 5. The Impact of technology on tourism in the Middle East

### Digital-savvy and young population feeds travel and tourism online

- Mobile devices, tablets and computers are frequently used in the Middle East for every aspect of trip planning, from browsing to booking, to even post-travel reviews. This is opening tremendous growth opportunities for key players in the industry as they utilize these devices to engage with current and prospective customers.
- Euromonitor International analyses the technologically-savvy, growing population's impact on the travel landscape, which is already creating a more connected and personalized experience.
- Digital-savvy and young population feeds travel and tourism online With extensive internet use via the online and mobile platforms, throughout all stages of the travel experience, players in the travel and tourism industry are adapting marketing strategies in order to maximise their visibility and to maintain competitive advantage.
- Moreover, there is a clear shift in booking patterns toward mobile and tablet booking devices. According to Euromonitor International, Middle East online travel penetration will grow from 18% in 2013 to 22% in 2014.
- It is believed that among the Middle Eastern travellers who plan their trips online, 48% have used a smartphone during the previous 12 months to carry out travel-related activities, and about 70% of them have used either tablets or smartphones to plan their trip.
- In addition, Euromonitor International estimates that 50% of travellers from UAE and 35% of travellers from Saudi Arabia access online services via their smartphones, providing travel companies great marketing opportunities to engage with potential customers.
- Mobile internet potential is expected to intensify with the growth of the younger and more digital-savvy population in the region. Strong growth of the mobile platform is expected to play an important role in the business strategies of travel and tourism businesses throughout the region.
- In 2013, about 85% of business travellers used mobile apps, 62% used them on every business trip and about 90% claimed that mobile apps improved their travel experience.

*Source: Euromonitor International, 2017*

## Key travel and technology trends

- In 2012, online travel penetration in the Middle East accounted for 18% and is expected to reach 22% in 2014. By 2030, the region is predicted to have nearly 81 million outbound travellers.
- The young make up 60% of the population in the Middle East, with over 50% under the age of 25. This age group is typically technologically-savvy and the strongest consumers of smart phones and iPads. This youth-demographic economy represent strong potential for the travel market in the forecast period;
- The region has strong market potential in value terms, as Middle Eastern spending in the Middle East is relatively high while traveling. Outbound travel tends to be amongst larger groups and for longer periods of time. Euromonitor International estimates that in 2014, one in six travellers booked their trip online;
- UAE tourism receipts are forecast to rise by 67% by 2018. The region is entering a new era of stability, increased connectivity and expansion of existing infrastructure. Euromonitor International expects UAE's hospitality market to reach US\$7.5 billion by 2016, up from US\$4.5 billion in 2011, a 67% increase;
- Tourist arrivals in the UAE are expected to grow at a CAGR of 5% between 2012 and 2022, with hotel supply expected to increase from the current 96,992 hotel rooms in Dubai and Abu Dhabi, to a total of 125,383 hotel rooms in 2016. In November 2012, year-to-date occupancy reached 80%, up 2% from the same period in 2011;
- Dubai International Airport recorded total passenger traffic in 2012 at more than 52 million travellers, up 13% from previous year, with passenger numbers forecast to reach 98 million by 2020. Abu Dhabi alone welcomed 2.3 million hotel guests in 2012 in hotels and hotel apartments, an increase of 13% from the previous year;
- Hotel revenues also witnessed strong growth over 2012-2020, up 6% to US\$1.2 billion. Ras Al Khaimah plans to position itself as a nature-focused tourism destination, aiming to add 10,000 rooms by 2016.
- "Visiting family" is cited as the number one reason for travel across United Arab Emirates and Saudi Arabia. Travel for this purpose account for 71% of trips for Saudi Arabia travellers, and 55% for UAE travellers.

## Strong impact of online travel agencies on travel and tourism revenue

- In 2014, online travel agency sales in the Middle East have reached USD\$3 billion, representing about 17% of total sales. Online travel agencies are leading direct sales in the Middle East, with 34% of this total in 2013 coming from hotels. Online travel agencies have a compound average growth rate of 18%, with Expedia.com and Booking.com the key players in the market.
- The Booking.com model has a strategic advantage in the region as it allows the Arab traveller to book online and to pay offline on arrival at the hotel. Smaller players, such as MakeMy Trip and Cleartrip.com, have experienced strong growth in current value terms since their entrance in 2011, mainly due to their focus on developing web pages with Arabic content.
- Strong potential still exist for online travel agencies in the region, the market being relatively untapped. Taking the example of Saudi Arabia, where 80% of Google searches are done in Arabic, traditional travel agencies remain core to the country. Despite the fact that travellers search on Expedia.com and Booking.com, when it comes to transactions, a large number of travellers still go to a travel agency to book hotels at the online travel agency rate.

*Source: Euromonitor International, 2017*

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## Smartphone and social media influences Middle East travelers

- The internet is playing a key role in the decision making process for both leisure and business travellers in the Middle East. Amongst travellers using an online platform to plan their trips, 50% used mobile for their travel decisions in the past year.
- Middle Eastern travel has a great opportunity to engage with customers using the mobile platform and to convert these mobile travellers into bookings. In fact, bookings made online through smartphones represents a strong opportunity for the travel industry, and last minute booking is high in Saudi Arabia for both leisure and business travellers.
- The internet is playing a key role in the decision making process for both leisure and business travellers in the Middle East. Amongst travellers using an online platform to plan their trips, 50% used mobile for their travel decisions in the past year.
- Middle Eastern travel has a great opportunity to engage with customers using the mobile platform and to convert these mobile travellers into bookings. In fact, bookings made online through smartphones represents a strong opportunity for the travel industry, and last minute booking is high in Saudi Arabia for both leisure and business travellers.

### United Arab Emirates tops technology-tourism

- In Dubai alone, 60% of airline booking and ticketing came from online purchases in 2014. One indicator influencing online travel is that 44% of the population in the Middle East/North African region (MENA) is less than 20 years old and the region's youth are confident internet users.
- Despite the fact that traditional travel agencies remain important for Middle East travellers, online travel agencies are experiencing a strong increase in popularity. In the UAE, half the population uses the online platform while planning or purchasing travel products. Amongst leisure travellers, 39% use the internet to plan their trips, while 12% book their travel online.
- Moreover, 46% of airline tickets in the UAE are booked online, followed by Kuwait (34%), Saudi Arabia (23%), Lebanon (18%) and Egypt (12%). Hotel rooms are less commonly purchased online, with 12% of hotel bookings in Saudi Arabia conducted online, 9% in both UAE and Egypt, 6% in Lebanon, and 5% in Kuwait. If there is room for growth in terms of online booking, the low conversion purchase rate is mainly explained by the mistrust or inconvenience of online payment solutions offered.

*Source: Euromonitor International, 2017*

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## 6.1 Middle East Country Profile: Saudi Arabia

- Saudi Arabia is a conservative kingdom, where culture and traditions are highly valued by its residents. The law restricts and limits the existence of modern entertainment facilities and encourages general gender segregation – a scenario that further complicates the development of the travel industry. With new key initiatives, developments can be seen, such as the government relaxing a few cultural norms, which has been welcomed by the residents. The government plans to diversify the economy and reduce its dependence on oil by developing other industries, including tourism and entertainment, which is expected to create a modern jobs market for its residents. In light of this, both generations X and Y in the Kingdom of Saudi Arabia are becoming more exposed to international cultures and appreciating relaxed social norms.
- Internet and smartphone accessibility and usage continue to increase within the country. With more tech-savvy travel companies moving to the online channel to reach and serve their customers, the SCTH is making its online presence more accessible to residents with regular news updates. Airlines, hotels and car rental companies are seizing the opportunity to connect to their customers this way too. The growing reliability of internet transactions thanks to secure and protected online payment systems, and the preference for online transactions for travel, are driving the rapid growth of online travel in Saudi Arabia.
- The travel market in Saudi Arabia is increasingly influenced by the growth of low-cost carriers, such as Flynas. The airline provides a great network of destinations – even international routes at low fares – value for money and the possibility for many travellers to fly both domestically and internationally. National carrier Saudi Arabian Airlines is also offering competitive fares in the low-cost carriers category in Saudi Arabia. Moreover, the expected economic recovery will allow more people to travel to, within and from the country.
- Saudi Arabia has a relatively large population of around 32.7mn (estimated in 2017), and there is a strong tradition of domestic travel in the country. In part this is due to the difficulty of overseas travel, as Saudi passport holders only benefit from visa-free or visa-on-arrival travel to 66 countries globally, primarily in Africa and Central Asia, with advance visas required for popular European and North American destinations. Despite this, Saudi travellers are lauded as among the highest-spending globally, with government reports stating that Saudi travellers spend over USD14bn overseas annually. The government is keen to keep more of this spending at home and has some USD11.6bn tourist projects planned or underway in order to encourage more local travel.
- However, outbound tourism is expected to increase significantly over the next five years from 13.6mn in 2017 to 17.5mn in 2021, detracting from the potential domestic travel market. As with the inbound-travel market, a large proportion of these (over 85%) will be to other countries in the Middle East and North Africa due to strong business and cultural ties in the region and because there is no visas required for travel between Gulf Cooperation Council states. Business trips tend to be shorter, but Saudi Arabians also travel for cultural and retail purposes, often to countries without the restrictions prevalent in their homeland. While government investment in the domestic tourism market will encourage greater travel within the country, domestic tourism will continue to face major competition from overseas travel, particularly as transport connections are improved and visa restrictions are potentially eased.

*Source: Business Monitor International & Euromonitor International, 2017*

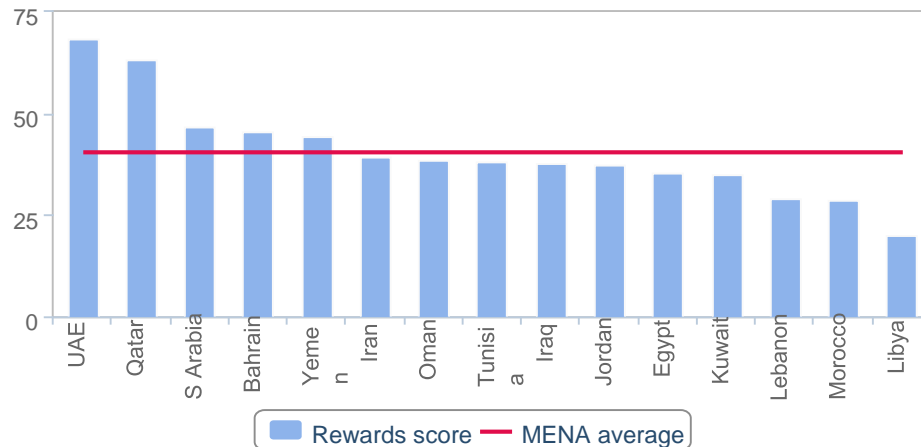
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**Table: Tourist Departures and Consumption (Saudi Arabia 2014-2021)**

	2014e	2015e	2016e	2017f	2018f	2019f	2020f	2021f
Outbound, total departures, '000	11,504.04	12,244.45	12,852.40	13,601.43	14,420.70	15,355.33	16,383.48	17,532.39
Outbound, total departures, % y-o-y	7.2	6.4	5.0	5.8	6.0	6.5	6.7	7.0
Average Tourist departure per 1000 of the population	372.46	388.22	399.66	415.40	433.05	453.78	476.73	502.60

The Rewards section gives an evaluation of the sector's size and growth potential in each state, along with broader industry/state characteristics that may inhibit its development. It takes into account the numbers and percentage growth of tourist arrivals over the past year and our forecasts for growth in 2017 and beyond. The Industry Rewards score takes into account the size and value of the tourism market, factoring in growth potential and ease of doing business. The Country Rewards score takes into account labour costs and infrastructure for the tourism sector. The United Arab Emirates and Qatar perform significantly more strongly than any other countries in MENA for Rewards, driving their overall lead in the index. Only three other countries outperform the regional average.

**MENA Tourism Rewards, Q4 2017**



Source: BMI

Source: Business Monitor International & Euromonitor International, 2017

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## 6.2 Middle East Country Profile: United Arab Emirates

- Shifts in traveller behaviour regarding managing travel expenditure and the popularity of low cost carriers for short-haul destinations led scheduled airlines to undergo strategic changes. These included rightsizing, improving operational processes, product and service review and redesigning destination routes through the development of wider code-share networks to increase destination reach.
- Demand for affordable lodging continued to grow during 2017, as the country experienced a change in visitor profile, along with changes in source markets, as well as millennial travellers actively seeking the best deals and making convenient, budget-friendly choices. Budget hotels saw the fastest growth in lodging, followed by mid-market hotels, whilst luxury hotels continued to face challenges in attracting influential customers. Regulation of the holiday homes sector through Airbnb's collaboration with Dubai Tourism has also set the stage for the growth of short-term rentals in the country.
- Online travel sales continue to grow at a remarkable pace, as global booking sites such as Booking.com, as well as regional OTAs, fuel growth in the online segment through increasing partnerships with hoteliers, the development of mobile apps and spring-boarding price comparison sites. Whilst airlines direct online sales pose a challenge to the growth in airlines sales through intermediaries, growth in the online segment is also set to stagnate growth in offline travel sales.
- Although a comparatively small market, outbound travel from the UAE is expected to increase by 5.4% in 2017 to reach 3.2mn departures. Notably, while the government does not break down population statistics by nationality, research carried out in the country indicates that a large share of the UAE's population is born outside of the UAE (some reports note as little as 10% of the population is of UAE nationality). This explains the relatively high number of people in the country travelling abroad. The local population, living for the most part outside of the Abu Dhabi and Dubai emirates, enjoys high average household income level, with many people preferring to travel within the UAE, which would explain the relatively average tourist departure rate.
- These trends are expected to remain unchanged throughout the forecast period, with the number of Emirati tourists travelling abroad reaching 3.7mn by 2021. The vast majority of these travellers will head for Middle Eastern destinations (around 50%), with most travelling to Saudi Arabia (over 1.6mn in 2018). This is due to the country's proximity and good road and air transport connections. Europe (around 25%) will be another main tourist destination, driven mostly by the increasingly frequent flights between European countries and Dubai as well as the weakened euro against the dollar.
- Many of these tourists will head for the UK (448,810 in 2018), most likely due to the large number of UK nationals residing in the UAE and travelling home for the holidays. We expect these trends to remain unchanged through to 2021, although Dubai and Abu Dhabi are attempting to develop a stronger domestic tourism market, particularly through medical tourism. A large number of Emiratis currently seek medical assistance abroad. The increasing number of theme parks will also contribute to domestic tourism and this has been an important factor in the development of this area of the tourism industry. As some of the less high-profile emirates begin to develop resorts and shopping facilities to rival those in Dubai and Abu Dhabi, we will see more investment in these areas and consequently more tourism infrastructure attracting domestic and foreign tourists.

*Source: Business Monitor International & Euromonitor International, 2017*

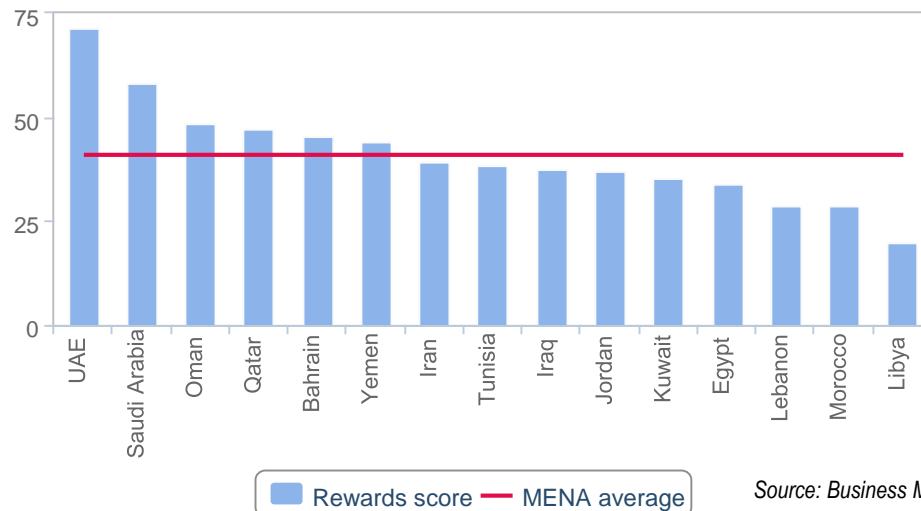
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**Table: Tourist Departures and Consumption (United Arab Emirates 2014-2021)**

	2014e	2015e	2016e	2017f	2018f	2019f	2020f	2021f
Outbound, total departures, '000	2,538.11	2,850.94	2,906.44	3,047.42	3,212.27	3,385.04	3,565.76	3,750.60
Outbound, total departures, % y-6.6	12.3	1.9	4.9					
					5.4	5.4	5.3	5.2
Average Tourist departure per 1000 of the population	279.81	311.43	313.54	324.19	336.66	349.62	363.37	377.42

The Rewards section gives an evaluation of the sector's size and growth potential in each state, along with broader industry/state characteristics that may inhibit its development. It takes into account the numbers and percentage growth of tourist arrivals over the past year and our forecasts for growth in 2017 and beyond. The Industry Rewards score takes into account the size and value of the tourism market, factoring in growth potential and ease of doing business. The Country Rewards score takes into account labour costs and infrastructure for the tourism sector. The United Arab Emirates performs significantly more strongly than any other country in MENA for Rewards, driving its overall lead in the index. Saudi Arabia places second, with almost a 10-point lead over third-placed Oman. Across the region as a whole, the average for Rewards is almost 12 points lower than that for Risks.

**MENA Tourism Rewards, Q1 2018**



Source: Business Monitor International & Euromonitor International, 2017

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## 6.3 Middle East Country Profile: Oman

- Oman is home to a large and growing population, an increasing number of expatriate workers and a large proportion of younger segments with 50% of the total population below the age of 25. This is contributing to healthy growth in domestic travel, as well as a growing number of travel bookings via intermediaries for outbound trips. While this may be threatened by a challenging economic situation in the short term, the potential for growth is strong and should be leveraged by local operators.
- Outbound departures from Oman reached 2.4 million in 2017, after a decline of 12%. This was much weaker than the 4% growth witnessed in 2016 and in fact the weakest performance of the review period. This can once again be attributed to the feeling of uncertainty, lower consumer confidence and spending power stemming from the weakening economy. Omanis and expatriates residing in Oman were both less inclined to take frequent trips.
- Airlines records retail value growth of 9% to reach OMR191 million in 2017 Growth is driven by the strong performance of online sales with 13% value growth in 2017. There is a growing trend to fly to longer-haul, and therefore more expensive, destinations in 2017 Growth in air transportation retail value sales was stronger in 2017 than in 2016. New and more distant destinations are being favoured by Omanis and Omani residents, especially when it comes to leisure travel.
- Intermediaries in the Arab world have yet to feel the impact of independently organised travel using online travel services, as the majority of travellers in the region continue to book their holidays through travel agencies and prefer to deal directly with an agent. Intermediaries therefore continued to record growth in value sales in 2017.
- Intermediaries is expected to record a 6% retail value CAGR at constant 2017 prices over the forecast period, driven by increased demand for travel among the local population. A growing population and number of expatriate workers, and the very large proportion of young travellers in the country will fuel growth.
- The youth segment will likely bring about changes in the type of demand and destinations to which Omanis will travel. Adventurous, experience-based destinations in South America, Asia and Africa may become more popular and agencies will need to adapt by creating new packages to these destinations.
- Being the main adopters of new technologies, the youth segment and millennials will also likely be behind the 15% constant retail value CAGR for online bookings over the forecast period. As a small country with a population of around 4.7mn (estimated in 2017), Oman's domestic tourism market is relatively small, particularly as a large share of the population consists of low-paid immigrant workers who are unlikely to be able to afford domestic travel. In contrast to this, private final consumption among the more affluent portions of the population is increasing rapidly, which indicates potential for more spending on luxury items, including travel.
- The outbound-travel market from Oman is also small; however, high levels of growth are expected over the forecast period, reaching 2.427mn by 2021. Omani passport holders face some restrictions when travelling abroad: they have visa-free (or visa-on-arrival) travel to less than 70 countries globally. For many, the cost of long-haul travel is also prohibitively high, which means that neighbouring and nearby states such as the UAE, Saudi Arabia, India, Qatar and Bahrain dominate the outbound-travel market. Over the longer term, as average household income rises and international air travel beyond the Middle East and North Africa regions expands, an already-small domestic industry will potentially be disrupted.

*Source: Business Monitor International & Euromonitor International, 2017*

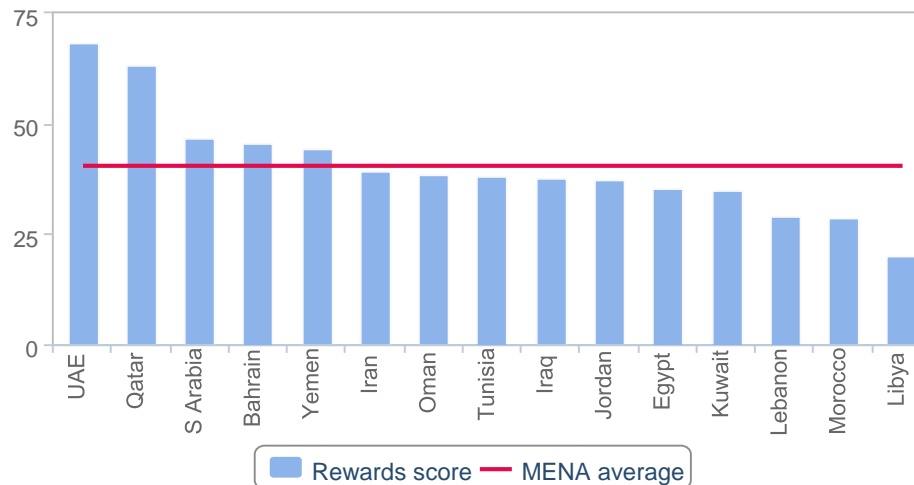
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**Table: Tourist Departures And Consumption (Qatar 2014-2021)**

	2014	2015	2016e	2017f	2018f	2019f	2020f 2
<b>021f</b>							
Outbound, total departures, '000 ,204.92	1,472.45	1,728.72	1,875.89	2,068.74	2,303.75	2,576.34	2,874.35 3
Outbound, total departures, % y-o-y	15.0	17.4	8.5	10.3	11.4	11.8	11.6 1
Average tourist departure per ,287.20	677.90	773.35	818.68	884.80	968.62	1,066.56	1,172.16 1

The Rewards section gives an evaluation of the sector's size and growth potential in each state, along with broader industry/state characteristics that may inhibit its development. It takes into account the numbers and percentage growth of tourist arrivals over the past year and our forecasts for growth in 2017 and beyond. The Industry Rewards score takes into account the size and value of the tourism market, factoring in growth potential and ease of doing business. The Country Rewards score takes into account labour costs and infrastructure for the tourism sector. The United Arab Emirates and Qatar perform significantly more strongly than any other countries in MENA for Rewards, driving their overall lead in the index. Only three other countries outperform the regional average.

**MENA Tourism Rewards, Q4 2017**



Source: BMI

Source: Business Monitor International & Euromonitor International, 2017

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## 6.4 Middle East Country Profile: Qatar

- The majority of outbound travellers from Qatar visit Saudi Arabia, which is the chosen destination for religious tourism and for pilgrims visiting Mecca and Medina during Hajj and Umrah. Nonetheless, a small but growing number of leisure tourists are considering a more diverse range of destinations, especially in Asia, such as Thailand, Indonesia and Malaysia, but also Eastern European countries like Bulgaria.
- The Qatari population and a large number of expatriates can easily afford to travel to more distant destinations. This provides opportunities for intermediaries to develop and grow their market by diversifying, especially as a prolonged GCC crisis would force the high number of outbound travellers bound for Saudi Arabia to search for other destinations.
- Qatar's economy is one of the strongest in the world, with per capita GDP of USD59,330, according to World Bank's 2016 figures. The small emirate experienced double-digit GDP growth up to 2011, but the growth rate has declined significantly since then. Qatar, nonetheless, remains one of the wealthiest economies, with strong oil and gas revenues enabling the government to invest in a myriad of infrastructure developments.
- The Gulf crisis also had a strong impact on outbound departures from Qatar. There were more than 1.9 million outbound trips each year between 2013 and 2017, with an average spend per trip of QAR4,000-5,000. However, in 2017, outbound departures fell by 3% to reach two million trips while retail value sales dropped by 4% to reach QAR9.7 billion.
- The vast majority of outbound departures were to Saudi Arabia, with 1.3 million trips in 2017. Most trips to Saudi Arabia occurred during Hajj and Umrah or for business purposes. With this outbound source market likely to complete disappear as long as the diplomatic crisis lasts, this is more bad news for the country's tourism industry, especially Qatar Airways.
- Another leading destination is the United Arab Emirates, where Qataris can enjoy more freedom, fun and entertainment than they do at home. Qataris and residents of Qatar made more than 150,000 trips to the United Arab Emirates in 2017. That said, this figure was well down on the year-earlier total, contrasting with the growing outbound departure numbers to regions such as Asia Pacific and Eastern Europe.
- While many nationals from these regions live and work in Qatar, there is also increasing interest in visiting Eastern European countries like Russia, Bulgaria and Macedonia. These and other countries in the region have intensified their marketing efforts to lure Qataris. In addition, Greece has become an increasingly popular destination for Qataris.
- In 2017, all these developments benefited outbound travel and the demand for air travel services by Qataris and residents of Qatar, who spent significant sums on air travel in the past 10 years.
- A 5% retail value CAGR at constant 2017 prices is projected for airlines over the forecast period, but this will depend on the emirate's ability to recover from GCC crisis. Both Qatar Airways and Hamad International Airport remain giants in the region's travel industry. Ongoing route expansions and fleet expansions have helped Qatar Airways to effectively compete with Emirates and Etihad Airways and on the global level.

- Travel agencies have developed an increasing number of leisure tourism packages targeting wealthy Qataris and the expatriate population living and working in the emirate, as these are the consumers who can generally afford to take several trips each year.
- Cruise holidays have become increasingly popular along with health and wellness trips, mostly to Asian countries. Although a majority of Qataris prefer to travel to destinations like London, Paris, Dubai and other cities with which they are familiar and which require limited intermediary services, they have been experimenting with more exotic travel destinations and packages in recent years.
- International travel has so far outstripped domestic travel in Qatar and this has largely been a result of the lack of investment in local attractions, particularly outside of Doha. With increasing investment in other parts of the country as well as improving infrastructure, there may well be an increase in domestic tourism and a resultant upswing in tourism receipts.
- However, with Qatar attempting to expand its tourism sector and improve transport links between itself and other countries, it is unlikely that there will be a substantial shift towards domestic holidays. With flights becoming both more frequent and cheaper, and visa rules being relaxed as country relationships improve, travelling abroad will become increasingly easier. With a population of 2.2mn there is more to be gained from attracting foreign visitors than encouraging domestic holidaying and this is the direction that the sector is taking.
- As some of the wealthiest people in the world, Qataris tend to travel abroad for their holidays rather than stay within the country. Having said this they do not travel far, with outbound trips almost entirely made within the Middle East. Potential improvements in the relationship with the UAE should see travel into the country increase in the coming years. Outbound travel to regions such as Asia Pacific, Europe, North America, and Latin America are expected to see stellar growth over the forecast period, while Africa and the Middle East will see declines in outbound travel in 2017, slowly recovering to positive growth by 2018.

**Table: Tourist Departures And Consumption (Qatar 2014-2021)**

	2014	2015	2016e	2017f	2018f	2019f	2020f	2021f
Outbound, total departures, '000	1,472.45	1,728.72	1,875.89	2,068.74	2,303.75	2,576.34	2,874.35	3,204.92
Outbound, total departures, % y-o-y	15.0	17.4	8.5	10.3	11.4	11.8	11.6	11.5
Average tourist departure per	677.90	773.35	818.68	884.80	968.62	1,066.56	1,172.16	1,287.20



## 6.5 Middle East Country Profile: Iran

- While international tourism is booming, a very large untapped potential exists for outbound and domestic tourism with a population of 81 million Iranians and a growing middle class. Purchasing power is also increasing and Iranians are keen to explore the world. Only nine million domestic trips and five-million international trips were taken by the local population in 2017, which is a figure that could easily double if the economy sustains its growth, travel infrastructure improves, and Iranians fill their pockets.
- On the other hand, Iranians are increasingly likely to take trips abroad thanks to the increasing number of flights and connections, and the appreciation of the local currency which is making it easier for them to spend money abroad.
- Outbound departures grew by 6% in 2017, to reach five-million trips being taken abroad. Turkey was the preferred destination for Iranians before the spate of terror attacks that took place in this country. Travel to Armenia, Georgia and Azerbaijan is now becoming increasingly popular.
- Growth in outbound and domestic tourism will see airlines record a 5% CAGR at constant 2017 prices over the forecast period.
- Air transportation should continue to grow, with a 5% CAGR expected during the forecast period at constant 2017 prices. This will be driven by growth in domestic and outbound travel due to the improving consumer confidence and purchasing power of Iranians, along with an ever increasing number of airlines servicing the country with seat capacity reaching historic highs.
- Iranians currently travel mostly to destinations like Istanbul in Turkey and Dubai in the United Arab Emirates for weekend breaks, shopping and entertainment. In addition, they also favour Asian markets such as Bangkok in Thailand, Kuala Lumpur in Malaysia and Singapore both for business and leisure.
- The most popular destinations for holidays include more exotic places in Thailand like Pattaya, Phuket, Koh Samui, Penang and Langkawi. The lifting of sanctions should see stronger growth in departures to Europe and the US, with London, Paris, Rome, Milan, Florence and the main cities in Germany and Spain emerging as the favourite destinations for Iranians.
- Iranians enjoy shopping including for brands, to which they have had poor access to due the sanctions that were previously in place. This may be one of the key drivers behind increased travel to Europe and the US.
- Meanwhile, agencies will continue to cater to the growing number of middle-class Iranians wishing to take an increasing number of trips abroad. With Turkey seeing a series of terrorist attacks in 2015 and 2016, package tours to destinations like Dubai and Lebanon are favoured alternatives for short trips and weekend breaks.

*Source: Business Monitor International & Euromonitor International, 2017*

## 6.6 Middle East Country Profile: Kuwait

- In a country of 4 million inhabitants, over 4 million trips abroad are taken every year, more than half of which are to Saudi Arabia for the annual Hajj or Umrah pilgrimage. This represents an opportunity for intermediaries that already offer Hajj and Umrah services. There are also opportunities for growth in outbound leisure travel, as many regional countries continue to target Kuwaitis, who are known to be high-spending tourists.
- The domestic travel market is limited in Kuwait, with just 17,000 trips taken each year, most of which are for business purposes to industrial cities and areas outside of Kuwait City. Few hotels exist outside of Kuwait City and the majority of tourists are far more likely to return to their home residences rather than spend a night at a hotel. However, hotels continued to introduce heavy discounting and target the local population at a time of low tourism activity in the country. There were 4,000 domestic leisure trips taken in Kuwait in 2017.
- Outbound travel is the most developed travel category in Kuwait, with five million trips taken abroad in 2017. This category registered a slight downward trend in recent years, although 2% growth in the number of trips was registered in 2017. The main reason for travel is religious travel in the form of Hajj and Umrah to Saudi Arabia. There were 2.6 million trips taken to Saudi Arabia by Kuwaitis in 2017, the majority of which were religious trips.
- Kuwaitis also visit Saudi Arabia for business and occasionally even leisure purposes, although religious tourism dominates and remains the most resilient type of outbound tourism, which is seen as a duty in the Muslim faith. Despite slight decline in 2015 and 2016, departures to Saudi Arabia achieved positive growth in 2017.
- Outbound departures is expected to register a CAGR of 5% over the forecast period – slower than the review period CAGR of 6% – to reach six million trips in 2022. The slower growth will be due to a weak economy and slower population growth as the number of foreigners moving to Kuwait for work declines.
- However, outbound departures remained robust and disproportionate compared to the country's population size, with four million trips taken by a population of four million people
- Online bookings will continue to experience healthy growth, with lodging online expected to register a retail value CAGR of 5% at constant 2017 prices over the forecast period compared with a CAGR of 1% for lodging offline. This will be driven by the growing trend for online purchases among GCC travellers.
- More than 50% of the region's population is between 18 and 34 years old and these millennials are more likely than ever before to make decisions and bookings online, including lodging bookings. They compare prices and may book directly at the property or through an aggregator.
- Intermediaries registers current retail value growth of 6% to reach KWD69 million in 2017. Strong demand for Hajj and Umrah packages and leisure travel packages drives growth. Recovery in outbound travel benefits the category.
- Intermediaries depend on outbound travel due to the absence of a well-developed inbound category Intermediaries to register a retail value CAGR of 4% at constant 2017 prices over the forecast period to reach KWD83 million in 2022, driven by growth in the online category.

Source: *Business Monitor International & Euromonitor International, 2017*

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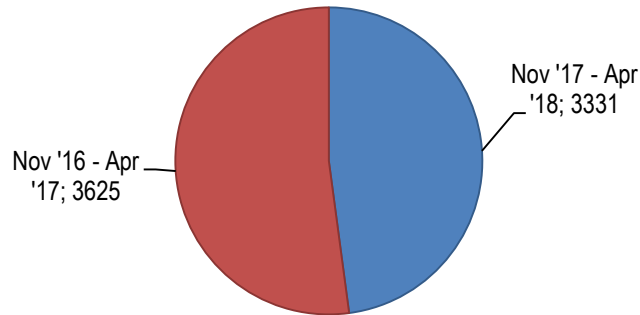
## 6.7 Middle East Country Profile: Jordan

- A few niche segments are being leveraged by the government as holding strong potential for growth and for helping the country's recovery. This includes film tourism, a trend which has been growing in recent years, with the production of many blockbuster movies in Jordan. Adventure tourism is also being developed with the creation of the Jordan Trail, a new hiking trail to cover 640km across the country. Last but not least, religious tourism holds strong potential for further growth in a country of religious and cultural diversity.
- Outbound travel has declined in the past few years, with departures to Saudi Arabia reduced to almost half of their 2010 numbers. The underlying reason is the weak economic situation both in Jordan and in the GCC, with business travel having suffered significantly, and outbound leisure tourism is feeling the lower spending power of Jordanians. Royal Jordanian Airlines is enduring the consequences of this, as it recorded losses in 2016.
- Jordan's intermediaries have long been focused on the inbound travel market, with outbound travel services often developing on the back of inbound business growth. As such, they have remained largely under-connected, with old and outdated websites, no on-line booking platforms and a generally weak presence on social media. This has made it easier for on-line travel agencies, like booking.com, to succeed in this market. Global OTAs are being challenged by regional OTAs, which have built sustainable business models and have started to expand in the region.
- While domestic tourism continues to grow, outbound travel is fluctuating, with departures dropping from 4.4 million in 2012 to 2.9 million in 2017. This sharp decrease in outbound travel is associated with the dire situation in Egypt and Lebanon, which were the two main leisure tourism destinations for Jordanians, and to a strong decline in the number of trips taken to Saudi Arabia.
- Saudi Arabia is the main destination for Jordanian travellers, mainly religious tourists, with 1 million trips taken in 2017. This is less than half of 2010's 2.8 million trips. Fewer trips taken to Saudi Arabia are associated with the weak economy in Jordan and lower consumer confidence.
- Intermediaries' value sales are predicted to grow by a 3% CAGR during the forecast period, mostly driven by the spread of on-line travel agencies and booking platforms, rather than local intermediaries. Some international on-line travel agencies are increasingly targeting the Middle East, such as Travelstart, which has launched Arabic versions of its website in the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait, Oman, Egypt and Morocco. More similar activity is expected by international OTAs, and this could shift existing trends in Jordan.

*Source: Business Monitor International & Euromonitor International, 2017*

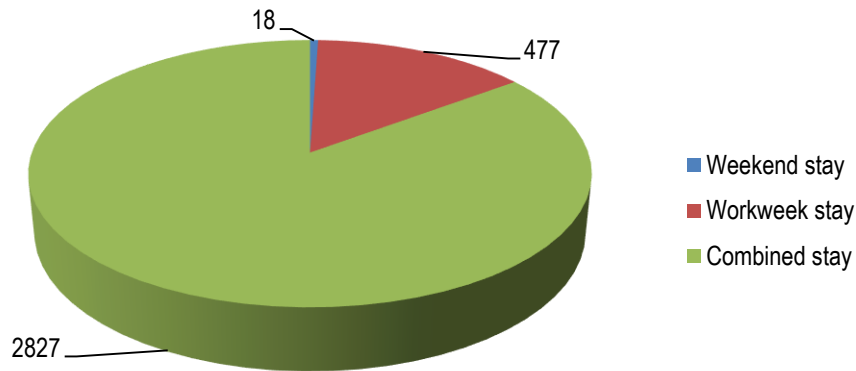
## 7.ForwardKeys Statistics: Middle East

FORWARD KEYS BOOKINGS:2017/2018



- The ForwardKeys booking data on the Middle East indicates that Cape Town International Airport received 3625 bookings from November 2016-April 2017 and 3331 booking from November 2017 to April 2018, slightly lower to the 2016/2017 period.

TYPES OF STAYS, 2017/2018



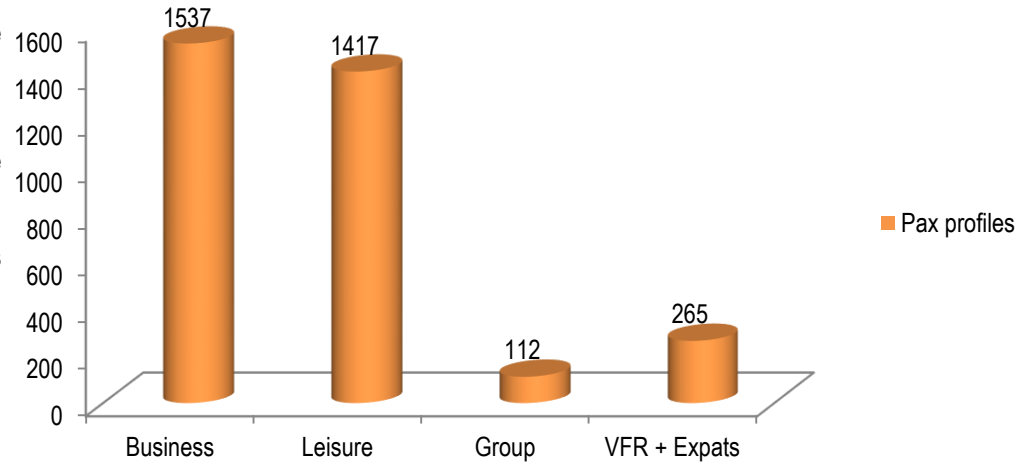
- Types of stay indicates that tourists from the Middle East that majority of tourists enjoy work and weekend stay in the Western Cape.
- It also illustrates that tourists from Middle East enjoy staying for longer periods of time in the province and preferring 7 day or longer tour packages.
- This makes positive contribution to the accommodation sector in the Western Cape.

Source: Forwardkeys,2017/2018

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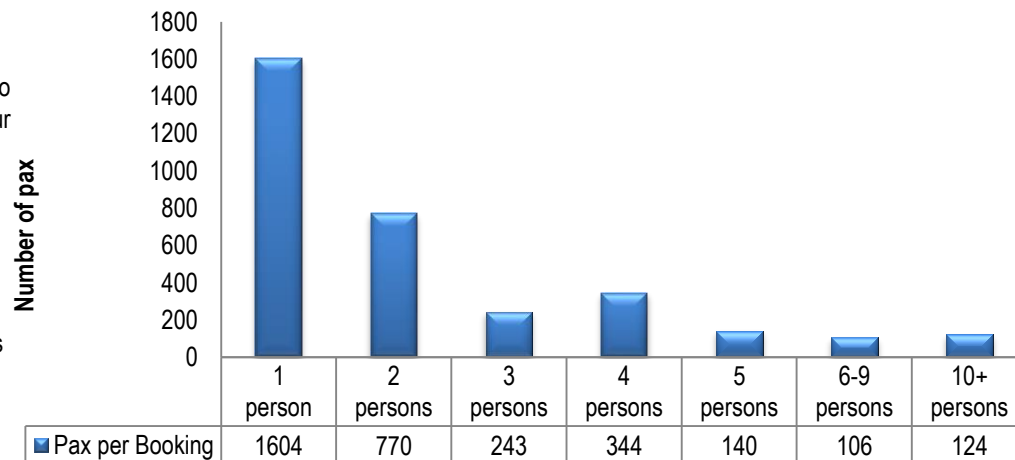
### PAX PROFILES, 2017/2018

- The passenger profiles indicate that majority of tourists from the Middle East visit the Western Cape for business purposes.
- Followed closely by leisure as purpose of visit to the Western Cape, therefore also making the province a favourable leisure destination for the Middle East.
- Passenger profiles indicated visiting friends and family and expats also as main purpose of visit for Middle East travellers.

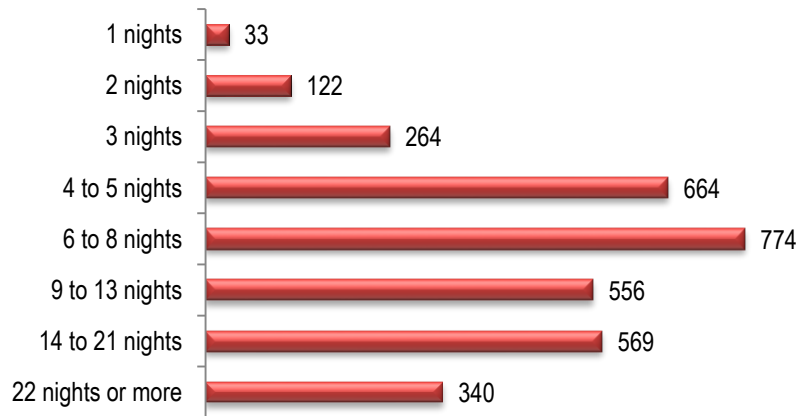


- The number of passengers per booking indicates that majority of visitors to the Western Cape from Middle East are single travellers, this could be your business travellers.
- This was followed closely by two persons, which could be your couples coming to province for their honeymoon as the province is popular as a honeymoon destination.
- Travelling in groups are four was very popular, which could be your families of four from the Middle East as this region enjoy travelling with their families on holiday.

### PAX PER BOOKING, 2017/2018



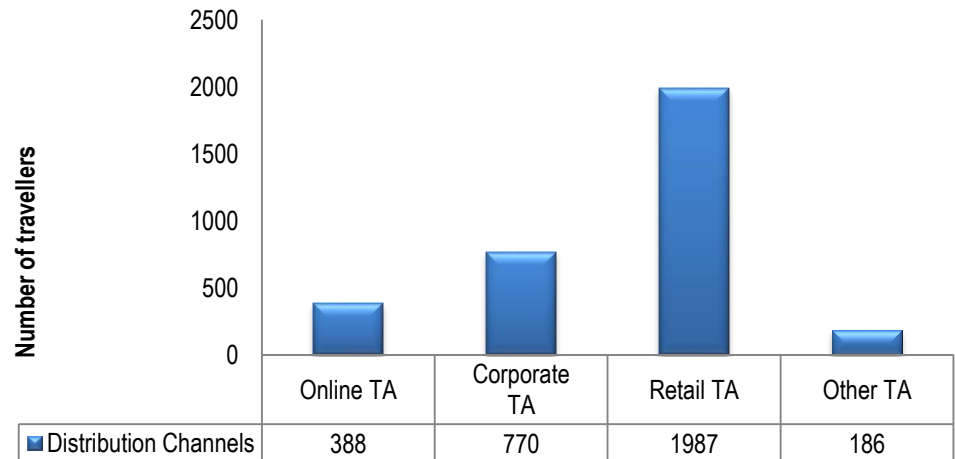
## LENGTH OF STAY (NIGHTS) AT POINT OF INTEREST, 2017/2018



- Distribution channels for the Middle East indicates that retail travel agents are the preferred choice, followed by corporate travel agents, which could be your business tourists.
- Online travel agents are not that popular amongst travellers from the Middle East, but still positive number of these travellers using online option.

- The length of stay indicates that travellers from the Middle East enjoying staying in the province for 6-8 nights mostly, followed by 4-5 nights and 14-21 days.
- Therefore, Middle East travellers prefer to stay long in the Western Cape this contributes positive to the Western Cape tourism industry and accommodation sector as sub sector of the tourism industry.

## DISTRIBUTION CHANNELS, 2017/2018



## 8.Recommendations

- Traveler expectations are changing on a daily basis, therefore we need we need to focus and try and meet these expectations that encourage tourists from Middle east to keep returning to the Western Cape.
- Travelers hailing from the Middle East have a different set of expectations, prioritizing a luxury-forward travel experience that is differentiated from a standard travel journey.
- Tourist offerings need to consist of added-value packages which can help create a unique selling proposition for the Western Cape.
- The passenger profiles indicate that majority of tourists from the Middle East visit the Western Cape for business purposes, therefore the province can capitalise on the iche tourism area creating more business events to attract the Middle Eats tourist combined with leisure activities.
- Distribution channels for the Middle East indicates that retail travel agents are the preferred choice, followed by corporate travel agents, which could be your business tourists. Therefore working closely with retail travel agents on package deals to increase tourist arrivals to the Western Cape.
- Online travel agents are not that popular amongst travellers from the Middle East, but still positive number of these travellers using online option. Online option could be marketing tool target the younger millennial generation of Middle East or expats.
- The Arabian outbound travel market is growing into a lucrative niche business as well-off travellers venture more beyond their home region and spend heavily on up-market accommodation, shopping and entertainment. This is great selling point for the Western Cape as we offer top class accommodation and travel luxury.
- The Middle East outbound travel market was actually the world's fastest-growing market this year with a 9% increase in outbound trips over the first eight months of this year, this illustrates that more and more tourists are choosing to travel abroad therefore positioning the Western Cape as the main choice is vital to get big bite of these outbound trips.
- Beside Saudi Arabia, the United Arab Emirates (UAE) is the most attractive outbound market in the region and both are characterised by high spending and long trips. There is a very high proportion of high-earners going on international trips and a high (about 50%) share of younger international travellers under the age of 34, according to World Travel Monitor® figures.
- Furthermore, close to one third of trips are made with children. More than 30% of outbound trips from the region were taken by immigrants with residence and work licences in the Middle East, mostly travelling abroad to visit friends and relatives, therefore promoting family travel packages and activities is important when targeting this market.
- Therefore the Middle East travellers have the high disposal income and could increase spend in the Western Cape contributing positively to the economy of the province.

## 8.Recommendations

- One of the pieces to managing change in travel is the ability to successfully harness emerging technologies, as well as manipulating existing platforms to play well with the new kids on the block within the tourism sector, for example the millennials.
- As the adoption of mobile and online travel is growing enormously in Middle East, therefore you need be ready to leverage this technology and serve travellers at anytime, anywhere on the device they prefer.
- In 2016, outbound trips by Emiratis were for holiday purposes with a wide range of holiday types, ranging from tours and city trips to private events such as honeymoons and health-focused trips
- In South Africa, The Middle East had significant double digit growth of 34,1% in 2016 when compared to the previous year, therefore showing great potential growth the Middle East has to grow tourism in the country.
- By 2018, the Middle East is expected to have the highest growth of outbound tourism in the world, therefore great market to capitalize on and market to in order to get more tourists to our shores in the Western Cape, especially during off peak season when most tourists from this region travel.
- In 2016, the number of social network users in the Middle East and Africa is expected to reach 283.6 million, therefore using social networks as marketing tools are important. According to Google 75% of millennial travellers in the UAE have researched their most recent flights online, and 34% of all millennial travellers purchased flights online. This means that travel suppliers serving the region must be prepared with a variety of approaches to seize market share.
- The Middle East travel market is poised for enormous growth in the next three years, both online and off. High Internet penetration, improving technology infrastructure and a young population with an appetite for travel make the region very well-positioned for expansion.
- The Middle East is booming: Outbound travel has increased from 8.2 million in 1990 to 36.2 million in 2010. The makes the average annual growth rate of 9.9% the highest in the world, well above the global average of 3.4% for the same period.