



TOURISM SECTOR IN QATAR
CURRENT STATE ASSESSMENT SERIES

2021





QDB

بنك قطر للتنمية
QATAR DEVELOPMENT BANK

CEO'S MESSAGE



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As part of Qatar's efforts to develop its private sector and bring progress to the country's Entrepreneurship, SME, and Innovation Ecosystems towards the realization of its national vision for 2030, Qatar Development Bank (QDB) continues to advance its role as the Entrepreneur's and SME's growth partner from ideation to fruition.

QDB continues to make strides in its transformation and reinvention journey while meeting the aspirations of Qatari business owners throughout their journey with a multitude of symbiotic initiatives and growth platforms that perpetually expand possibilities for forward-looking SMEs and entrepreneurs and empower them to play an even bigger role in Qatar's transformation into a diversified knowledge-based economy and a global leader in business and innovation.

In line with its objectives to establish reliable data and analysis as a prerequisite for the formation of new ventures on a sound and viable business basis, and extend meaningful support to Qatari entrepreneurs. QDB has published a series of five current state assessment reports across service sectors. To bring a fresh new outlook on potential services and arms entrepreneurs with relevant information and perspectives that can be leveraged to enter those sectors and their niches with confidence.

The report covers Qatar's Tourism sector with a focus on the local ecosystem, market drivers & trends and is regional adoption. Tourism contributed ~3% to Qatar's GDP and represented 5% of its workforce in 2019. As the world gradually emerges from the pandemic and strives to return to normal, this sector presents significant headroom for growth, innovation, and transformation. The spotlight is growing on incorporating new service opportunities – like tech-enabled bookings, luxury experiences, niche tourist attractions, and high-end amenities that engage the millennial traveler – to help foster a more resilient tourism ecosystem.

Strategic targets outlined in the Qatar National Tourism Sector Strategy 2030 include increasing the sector's GDP contribution to QAR 40 billion by 2023, ensuring sufficient supply and occupancy of accommodation, enhancing brand Qatar; and achieving rank #35 on the Travel & Tourism Competitiveness Index. The overall strategy is to advance Qatar's tourism proposition, to provide culturally authentic experiences while aligning with global trends, and to support the country's sustainable development, in line with the objectives of the Qatar National Vision 2030.

I invite readers to go through the report to gain valuable insights and in-depth knowledge and understanding of this sector's prospects.

Abdulrahman Hesham Al Sowaidi
Acting Chief Executive Officer



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APPENDIX: GLOSSARY OF TERMS

Table 1: Glossary of Terms

| | |
|-----------------|--|
| Bn/B | Billion |
| CAGR | Compound Annual Growth Rate |
| DMC | Destination Management Company |
| F&B | Food and Beverages |
| FIFA | Fédération Internationale de Football Association |
| GCC | Gulf Cooperation Council |
| GDP | Gross Domestic Product |
| GPS | Global Positioning System |
| ICT | Information and Communications Technology |
| MENA | Middle East and North Africa |
| MICE | Meetings, Incentives, Conferences and Exhibitions |
| MSC | Mediterranean Shipping Company |
| OTA | Online Travel Agency |
| QAR | Qatari Riyal |
| QDB | Qatar Development Bank |
| QNTC | Qatar National Tourism Council |
| SME | Small and Medium Enterprises |
| TA | Travel Agency |
| TMC | Travel Management Company |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| US | United States |
| USD/US\$ | United States Dollar |



INTRODUCTION

QDB has embarked key service sectors on a journey to achieve the National Vision 2030 and National Development Strategy 2018 -2022 objectives. As a result, to accomplish a diversified economy that gradually reduces the dependence on hydrocarbon industries, enhances the role of private sectors and maintains its competitiveness through sustainable development and localization of services in the state of Qatar.

Although the Services Sector is well-established in the region, preference is mostly given to international service providers. Focused sectors were assessed to highlight the asymmetrical deployment between services that are being offered locally and services sourced from outside.

The Tourism report is part of the 5 series of the Current State Assessment publication, this subsector was selected following a strict sector filtering and prioritization framework based on presence of local champions, sector size, growth and scalability as well as existence of opportunities emerging from the COVID-19 pandemic. Beyond the assessment of the sector, QDB has studied local gaps in the local market for Tourism-related services and subsequently identified investment opportunities for new services.

LOCAL ECOSYSTEM

There are four major regulatory and supervisory bodies that govern Qatar's tourism landscape.

- **Regulators:** Qatar Tourism (previously Qatar Tourism National Council, QNTC) oversees the tourism sector in the country. Qatar Tourism enables development of the sector through new policy guidelines; and has been working towards restructuring and consolidating Qatar's tourism industry.
- **Tourism-enabling entities:** The tourism industry is further underpinned by three other licensing and regulatory oversight bodies in Qatar.
 - The **Ministry of Commerce and Industry** stimulates and encourages investments in tourism.
 - The **Ministry of Municipality** focuses on rapid development of the state, thereby playing a key role in infrastructure development for the tourism industry as well.

The sector's key **delivery stakeholders** are travel agents, transport providers, accommodation providers and experience providers.

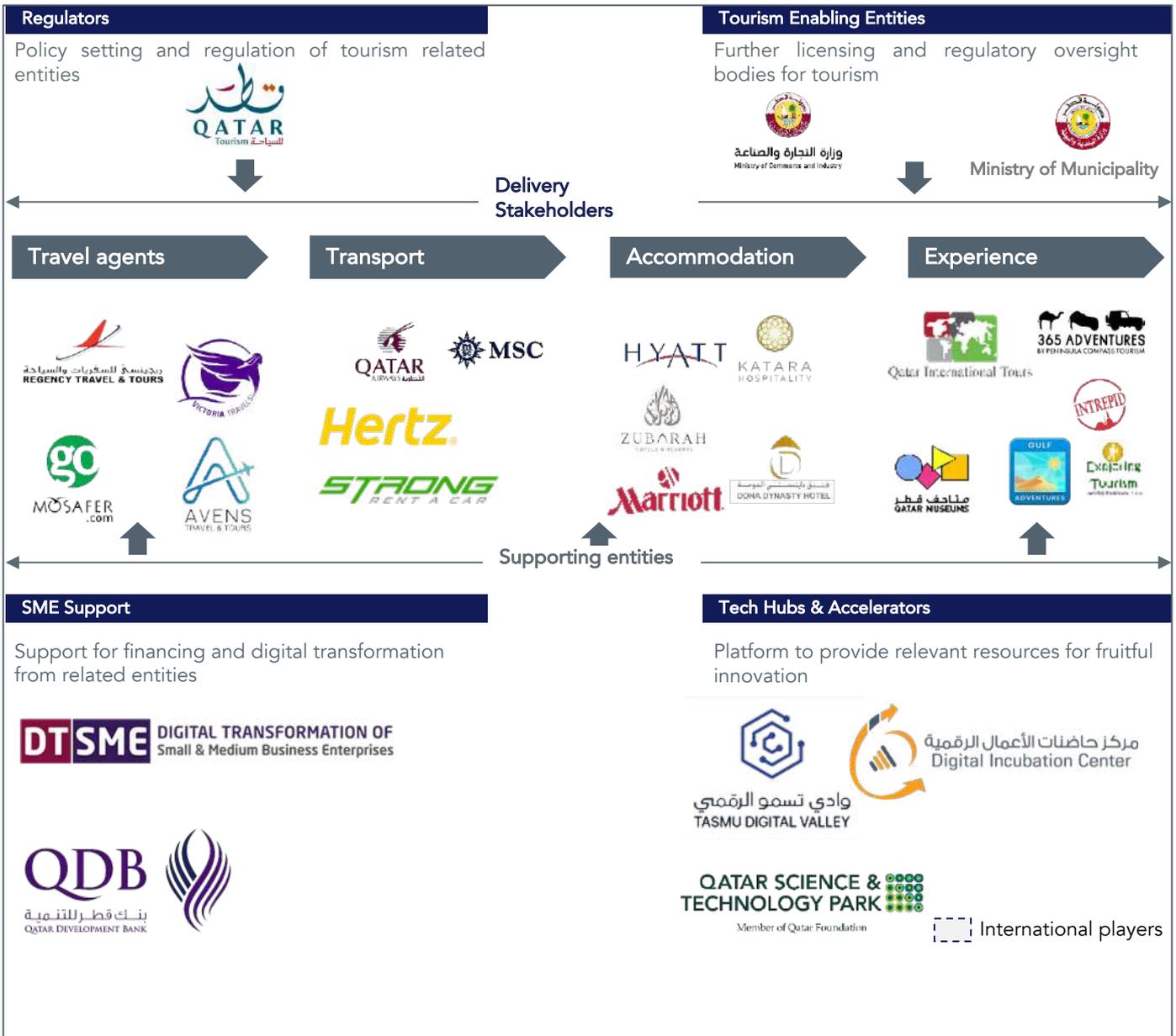
- **Travel agents** facilitate travel for leisure and business by providing information and services that ensure a smooth experience. They are often the first point of contact for a prospective tourist.
- **Transport providers** like airlines, cruise liners, bus and railway services, along with car rentals and taxis are an important aspect of the tourism industry. Their easy availability often defines the travel experience.
- **Accommodation providers** offer lodging across the spectrum of varying price points.
- **Experience providers** offer tourists various attractions such as museums, theme parks and so on.

Qatar's tourism industry is backed by a strong network of technology and finance players.

- **SME support:** Institutions like the Qatar Development Bank and initiatives such as the Ministry of Transport and Communication's 'Digital Transformation of Small and Medium Business Enterprises' programme facilitate financing and digital transformation services for related entities.
- **Tech hubs and accelerators** serve as a platform to provide relevant resources for effective innovation. Tasmu Digital Valley and Digital Incubation Centre, along with Qatar Science and Technology Park play a significant part in this.



Figure 1: Tourism & Leisure Ecosystem in Qatar



VALUE CHAIN

Table 2: Value Chain

Analysing Qatar’s tourism value chain provides a deeper understanding of its key stakeholders and services. The value chain comprises eight key elements and hosts both domestic and global players.

| Segment | Description | Activities/Services involved | Global players* | Local players* |
|-----------------------|--|---|--|---|
| Inspiration | Being influenced by peers, media or marketing campaigns | |   |  |
| Research | Gathering information about the destination | <ul style="list-style-type: none"> • Travel agency activities • Tour operator activities • Other reservation service and related activities • Other business support service activities |   |    |
| Book | Booking travel through agents including transport, insurance, lodging etc. | <ul style="list-style-type: none"> • Travel agency activities • Tour operator activities • Other reservation service and related activities • Other business support service activities |   |   |
| Outbound Travel | Availing modes of transport to reach the destination, including road, air, sea etc. | <ul style="list-style-type: none"> • Passenger rail transport, and interurban • Other passenger land transport • Sea and coastal passenger transport • Passenger air transport • Renting and leasing of motor vehicles |     |   |
| Lodging and transport | Availing accommodation such as hotels, guest houses and ways of transport, taxis, public transport, etc. | <ul style="list-style-type: none"> • Urban and suburban passenger land transport • Short-term accommodation • Camping grounds, recreational vehicle parks and trailer parks • Other accommodation |    |    |
| Experience | Availing tours, activities and excursions at the destination via destination management companies | <ul style="list-style-type: none"> • Restaurants and mobile food service activities • Event catering and other food service activities |    |    |



| Segment | Description | Activities/Services involved | Global players* | Local players* |
|---------------|--|---|-----------------|----------------|
| Experience | management companies | <ul style="list-style-type: none"> • Other food service activities • Beverage serving activities • Renting and leasing of recreational and sports goods • Renting and leasing of other machinery • Arts, entertainment activities and recreation • Libraries, archives, museums and other cultural activities • Museum activities and operation of historical sites and buildings • Botanical and zoological gardens and nature reserves activities • Activities of amusement parks and theme parks • Other leisure, entertainment and recreation activities • Other personal service activities | | |
| Return travel | Availing modes of transport to home location including road, air, sea etc. | <ul style="list-style-type: none"> • Passenger rail transport, and interurban • Other passenger land transport • Sea and coastal passenger transport • Passenger air transport • Renting and leasing of motor vehicles | | |
| Post-trip | Sharing of travel experience with friends online and through social media | | | |

*Non-exhaustive

SECTOR MARKET DRIVERS



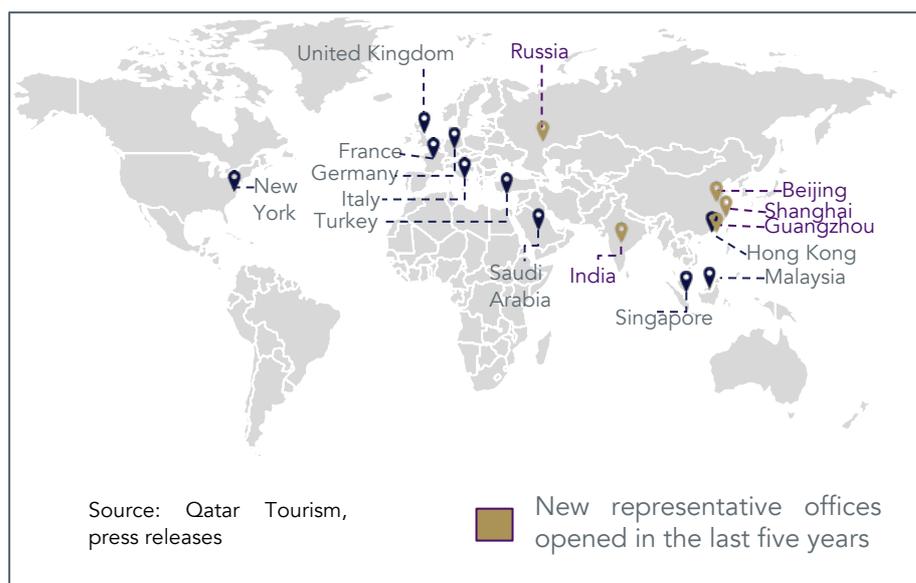
Various government initiatives, alongside evolving consumer behaviour is influencing the growth of the tourism industry in Qatar.

Diversification of Source Market [↑ Positive impact]

Qatar Tourism has actively diversified its tourist source markets by opening new representative offices, in the aftermath of the regional blockade.

With the steep decline in inbound arrivals from the Middle East, Qatar has been intent on diversifying the tourist source market to Asia Pacific and Europe. Qatar Tourism has reached the shores of China, India and Russia in the last five years, opening representative offices, which serve as brand ambassadors globally and promote Qatar as a premier tourist destination. Qatar also initiated visa-free arrivals for tourists from 80+ countries.

Figure 2: Qatar Tourism Offices





Marketing Campaigns [↑ Positive impact]

Effective campaigns for the target consumers have been key in driving inbound tourism to Qatar.

Qatar Tourism engaged with numerous corporate partners like TripAdvisor, Lonely Planet, CNN and other media sources to introduce a first-of-its-kind global destination campaign, 'Qatar, Qurated by You'. The objective was to position Qatar as an attractive tourist proposition, offering tailored experiences to international visitors. Promotions ran in 10 countries and 14 airports around the world, reaching 250 million people. Additionally, Qatar Tourism increasingly relies on social media as a hook to drive targeted marketing campaigns, inviting inbound tourists from various source markets.

Figure 3: Marketing Campaigns

| | | | | |
|---|--|---|---|---|
|  |  |  |  |  |
| <p>Qatar, Qurated by you</p> | <p>Huawei Partnership</p> | <p>Qatar Airways Doha Stopover</p> | <p>+Qatar Campaign</p> | <p>Qatar Live</p> |
| <p>Launched in 2018, QNTC partnered with TripAdvisor, Lonely Planet, CNN and other media sources to launch the promotional material as well as print campaigns in 10 countries and 14 airports around the world and reaching 250 million people</p> | <p>The partnership entailed a Huawei crew visiting Qatar to capture attractions to be used as wallpapers on Huawei phones, as well as promote on social media and video platforms. Huawei also opened a Qatari decor themed store in Shanghai for two weeks to promote Qatar</p> | <p>In 2018, global marketing campaign alongside Qatar Airways to encourage passengers to take free stopover without additional charges. This was in response to change in Qatar's visa policies with providing visa free entry to more than 88 nationalities.</p> | <p>Free one night stay at a hotel for transit passengers courtesy of Qatar Airways, with additional nights at a reduced fare of \$50 per night. This was further in response to visa free entry extended to 99 nationalities.</p> | <p>Qatar Airways with QNTC launched a series of music concerts and festivals in 2019 with global stars like Katy Perry, Maroon 5 and Maluma in attendance</p> |

Source: Qatar Tourism, Qatar Airways, press releases, PwC analysis

Non-exhaustive



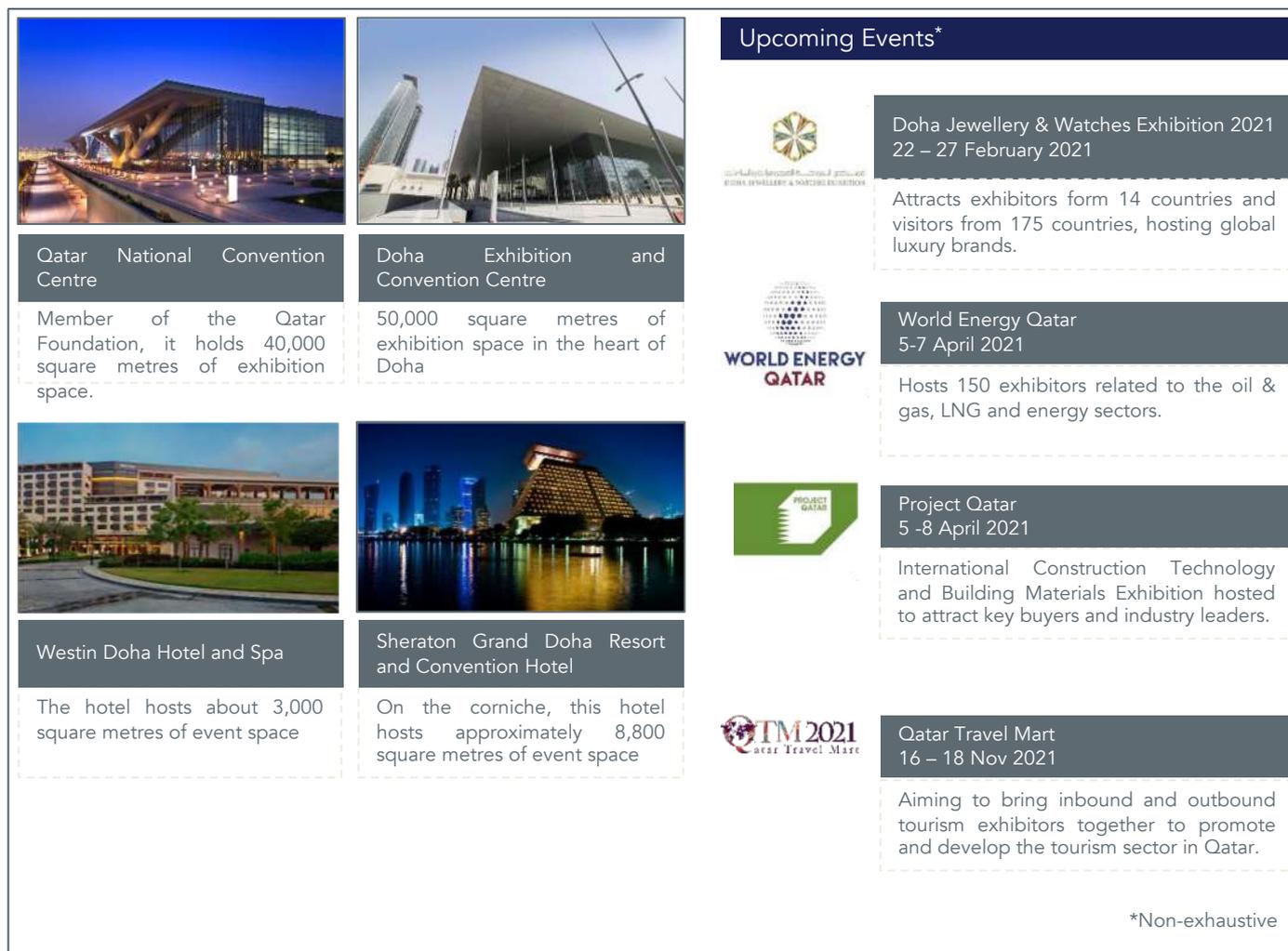
Tourism Infrastructure [↑ Positive impact]

With business travellers making up ~90% of inbound arrivals, Qatar is focused on enhancing their experience, with world-class MICE facilities and five-star hotels.

The country is also investing heavily in sports infrastructure (to cater to the upcoming FIFA World Cup 2022) as well as leisure infrastructure, such as museums and indoor family entertainment centres (to keep travellers engaged).

Over the years, Qatar has positioned itself as a key 'Meetings, Incentives, Conferences and Exhibitions' (MICE) destination and organised several events to showcase its excellent MICE ecosystem. The country has been steadily developing its tourism infrastructure, with an emphasis on superior hotels, convention centres, stadiums, museums, cultural events and family entertainment centres, among others.

Figure 4: Tourism Infrastructure



At the same time, Qatar has been regularly hosting sports events, providing a continuous stream of service opportunities in the sector. These events not just attract tourists and spectators, but also allow Qatar to display its hospitality and infrastructure.



Figure 5: Upcoming Large Scale Events

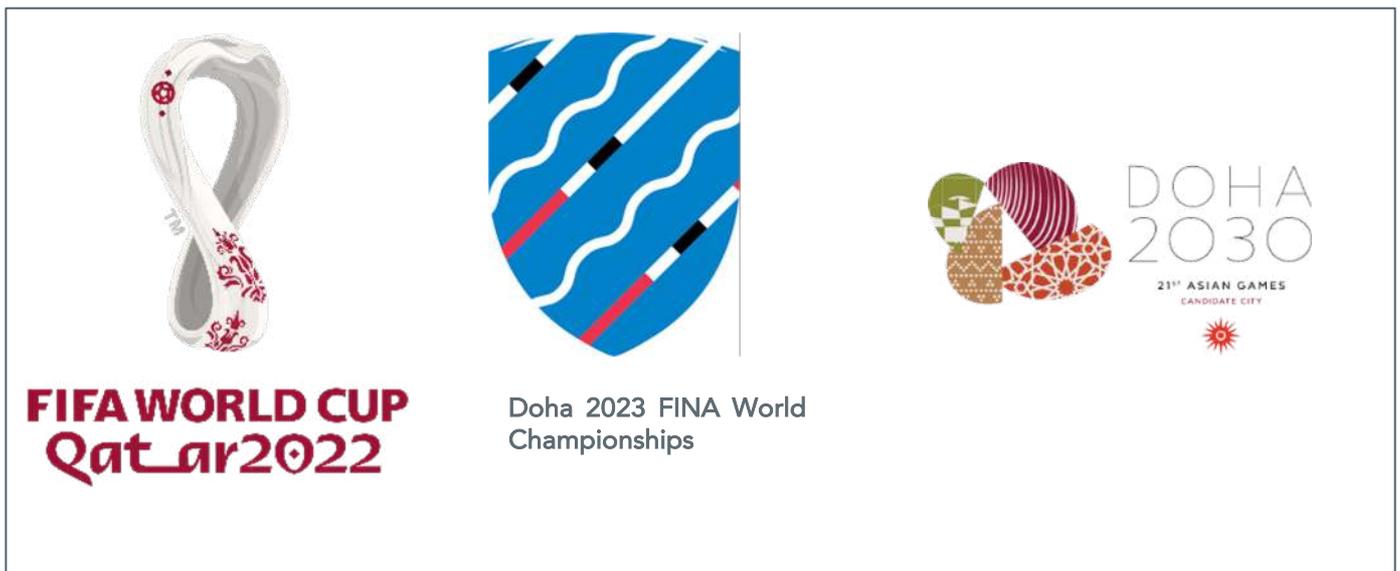


Figure 6: Upcoming Small Scale Events

- Commercial Bank International Equestrian Championship – Al Shaqab
 - FIBA World Cup 2023 Qualifiers
 - FINA Swimming World Cup 2021
 - GCC Swimming Championship
 - Asian Table Tennis Championships 2021
- Non-exhaustive**

Currently, the country is pursuing large-scale infrastructure investments in the run-up to the FIFA World Cup 2022. These include preparing eight stadiums (which are likely to serve as venues for future events as well) and developing ~14,000 keys (over half of them 5 star) to meet the demand for accommodation despite creating innovative solutions like temporary Bedouin-style camp hotels and cruise hotels.



Figure 7: Leisure, Cultural and Entertainment Venues in Qatar

| Museums | Cultural Centres | Family Entertainment Centres | |
|--|---|--|--|
|  <p data-bbox="124 880 395 913">Qatar Sports Museum</p> |  <p data-bbox="480 880 751 913">Museum of Islamic Art</p> |  <p data-bbox="836 880 1107 913">Katara Cultural Village</p> |  <p data-bbox="1190 880 1461 947">Doha Oasis Theme Park</p> |
|  <p data-bbox="124 1196 395 1263">National Museum of Qatar</p> |  <p data-bbox="480 1196 751 1263">Mathaf: Arab Museum of Modern Art</p> |  <p data-bbox="836 1196 979 1229">Souq Waqif</p> |  <p data-bbox="1190 1196 1414 1229">Angry Birds World</p> |



Cruise Tourism [↑ Positive impact]

With the Doha port redevelopment underway, Qatar intends to establish Doha as a premier cruise destination. Repurposed cruise liners will be used as temporary hotels during the FIFA World Cup 2022.

Cruise tourism faced a setback due to the pandemic; however, the long-term outlook of the industry remains positive. As such, Qatar is gearing up to become a top cruise destination, undertaking critical redevelopment projects to expand the Doha port and welcome an even greater number of visitors with world-class amenities. Moreover, Qatar will be utilising two cruise ships as temporary accommodation to supplement its hotel keys for the FIFA World Cup in 2022. To this end, Qatar has signed an exclusive partnership with Swiss-Italian global cruise line, MSC Cruises for MSC Peosia and MSC Europa to be docked at the Doha Port.

Figure 8: Cruise Tourism

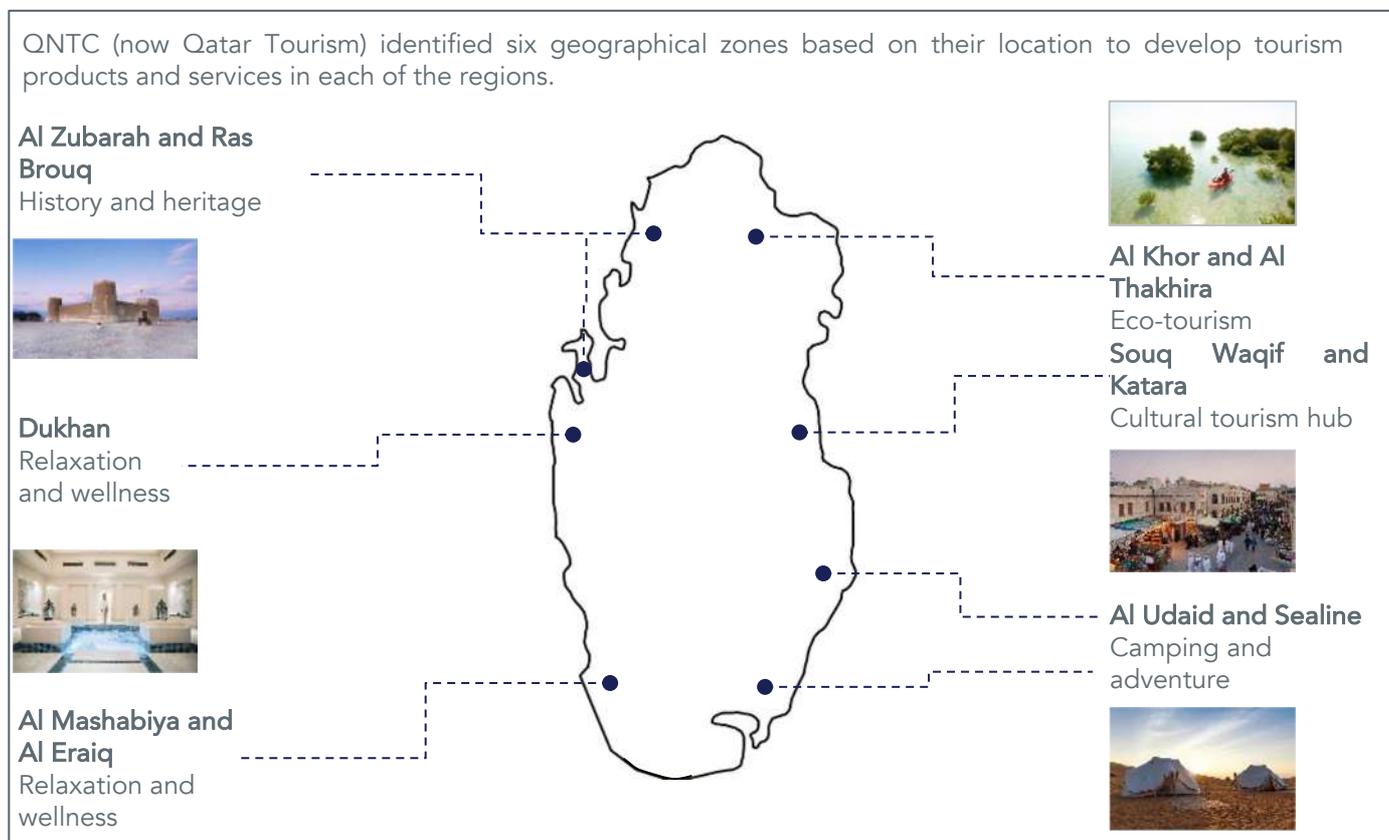


Other Development Projects [↑ Positive impact]

Qatar is operationalising its tourism strategy by developing key destinations and upskilling the tourism workforce.

Qatar aims to attract 5.6 million visitors in 2030 aided by Qatar's National Tourism Strategy 2030. The QNTC, now Qatar Tourism, has identified six geographical regions within Qatar to develop themed tourism products and services in each, and drive tourist traffic. Themes include eco-tourism, adventure tourism, culture and heritage, and health and wellness tourism.

Figure 9: Six Themed Tourism Zones



Tourism-centric partnerships in Qatar further bolster the sector's growth potential.

- The **Ministry of Commerce and Industry** along with QNTC (now Qatar Tourism) are promoting investment opportunities in the tourism sector with the aim of setting up public-private partnerships to establish large beach resorts.
- The QNTC (now Qatar Tourism) signed a Memorandum of Understanding with **Vodafone Qatar** for the implementation of the latter's Big Data and Advanced Analytics solutions, which will help identify visitation patterns and trends of tourists' behaviour and thus, identify opportunities to promote Qatar and its attractions.
- In 2017, the QNTC (now Qatar Tourism) had developed a programme called 'Tawash', which trained independent travel agents online to become ambassadors of Qatar.

GLOBAL TRENDS AND THEIR REGIONAL IMPLICATIONS



Technology is catalysing the tourism industry, disrupting the value chain and reshaping the traveller's journey, as tourists seek an experience different from the norm with niche and personalised activities. As travel resumes post the pandemic, Qatar will continue to penetrate the Asia-Pacific market and drive inbound tourism, by embracing the latest technologies and targeted upskilling of its tourism workforce.

1. Tech-Enabled Travel

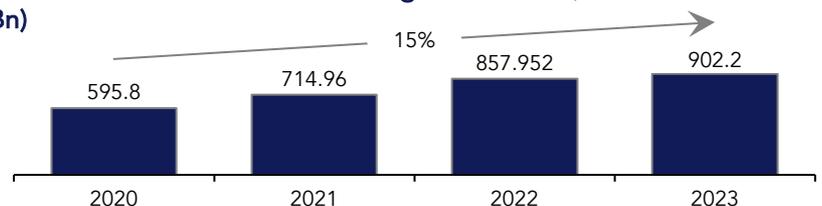
The exponential growth of big data, mobile apps, location-based services, geo-tag services, virtual reality, augmented reality and social networking services are changing how people travel across the globe. Tech-enabled planning, booking and travelling are on the rise, alongside the advent of 'shared economy' with the growth of firms like Airbnb and Uber.

Smartphone apps provide tourists with real-time travel plans and suggestions, facilitate GPS tracking, ticket booking and price comparisons, and collect timely feedback. While, on the other side of the spectrum, big data benefits the travel industry tremendously, as the latter can offer greater personalisation, real-time travel assistance and so on.

Market Dynamics

- The global online travel agent market saw a decrease of 20% from US\$744.7 billion in 2019 to US\$595.8 billion in 2020 due to the COVID-19 crisis, but the industry is expected to sharply recover to US\$900 billion in 2023 at a CAGR of 15%. Moreover, the tablet- and mobile-based segment is expected to be the fastest growing segment at 11.3%.

Chart 1: Global Online Travel Agent Market (USD Bn)



Regional Implications

- Accor partnered with **Saudi Arabia**-based Seera to provide the entire Accor portfolio on Seera's online and retail channels, including Almosafer and Tajawal.
- **Oman** partnered with Wego to promote itself as a key destination, leading to a 42% increase in searches between Q1 2018 and Q1 2019.
- Qatar is encouraging its tech-based start-ups to increase travel-related tech solutions, besides monitoring and incorporating a steady digital transformation in the industry. Turismo is Qatar's first and largest instant booking app for tourist attractions.
- Qatar is also leveraging its partnership with Vodafone to understand tourism patterns and develop tech solutions to ease the travel experience. The country has in place a digital strategy to evaluate the most-promising opportunities in key areas, such as digital marketing, digital experience and operations, among others.



Table 3: Trends Emerging Across The Tourism Value Chain

Analysing Qatar’s tourism value chain provides a deeper understanding of its key stakeholders and services. The value chain comprises eight key elements and hosts both domestic and global players.

| Segment | Trends | Impact | Implications |
|-----------------------|---|--------|--|
| Inspiration | <ul style="list-style-type: none"> New tech-enables sources of inspiration e.g., social media, user generated content sites Travel growing closer to the customer; accessing consumption information and providing tailored inspiration at relevant times | High | <ul style="list-style-type: none"> Suppliers are increasingly leveraging internet and digital technology to go direct and improve gross margins. Online intermediaries have experienced significant growth, particularly online travel agents. However, they face some disintermediation threat from tech entrants. If the tech entrants develop significant travel capabilities, the online travel agents’ ability to acquire customers will diminish. Tech-native companies, such as Google, Apple and Facebook, are increasingly investing in travel. They’ll look to own the customer relationship, own their sources of travel influences and control travel-related internet traffic. They will try to support the traveller’s end-to-end travel experience and hence disintermediate existing travel companies. There is a longer-term risk associated with technology companies playing a transactional role. |
| Research | <ul style="list-style-type: none"> Internet has eroded travel companies’ information asymmetry advantage; travellers are now better informed Semantic search may help naturalise search Digital assistants can use consumption information to support research | High | |
| Book | <ul style="list-style-type: none"> Travel booking flow less complex and problematic New players may develop travel distribution capabilities e.g., tech companies and non-travel companies with good customer access | High | |
| Outbound travel | <ul style="list-style-type: none"> Focus on reducing the pain of travel (online check-in, paperless boarding etc.) | Medium | |
| Lodging and transport | <ul style="list-style-type: none"> Increasing ease of booking of lodging using tech-enabled methods International platforms aiding in transport | Low | |
| Experience | <ul style="list-style-type: none"> Travel companies will provide travellers with personalised information/experiences, enabled by consumption information | Medium | |
| Return travel | <ul style="list-style-type: none"> Focus on reducing the pain of travel (online check-in, paperless boarding etc.) | Medium | |
| Post-trip | <ul style="list-style-type: none"> Travellers have a tech-amplified voice; this voice enriches the online world’s understanding of travel experiences and can inspire others to travel, triggering a virtuous cycle of tech-supported travel | High | |



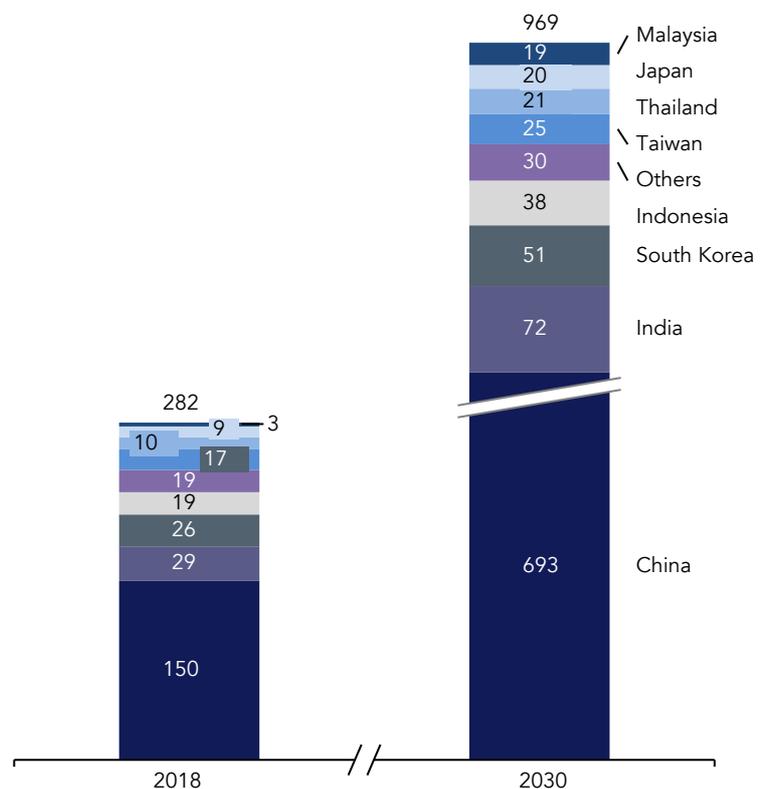
2. Emerging Alternate Source Markets

Asia Pacific is expected to witness ~1 billion outbound travellers by 2030, especially from China, India, Japan and Indonesia. According to a 2019 World Travel Monitor report, these four countries are expected to remain the largest source markets with higher-than-average spending per trip.

Market Dynamics

- In 2019, Asian travellers accounted for 15% of global outbound travellers and contributed to 21% of global travel expenditure, generating outbound travel expenditure of ~US\$300 billion. More Asian travellers (76%) are seeking to 'try something new' as compared to their global counterparts (69%). Among Asian tourists, Indonesian travellers (30%) are the biggest thrill seekers, followed by Indian and Thai travellers (29%).
- China's economy is one of the fastest growing in the world, with an annual real GDP growth of 6.1% (2019), even though the country's per capita income is still classified as below average by world standards. The Chinese outbound tourism market alone is expected to reach US\$365 billion by 2025.

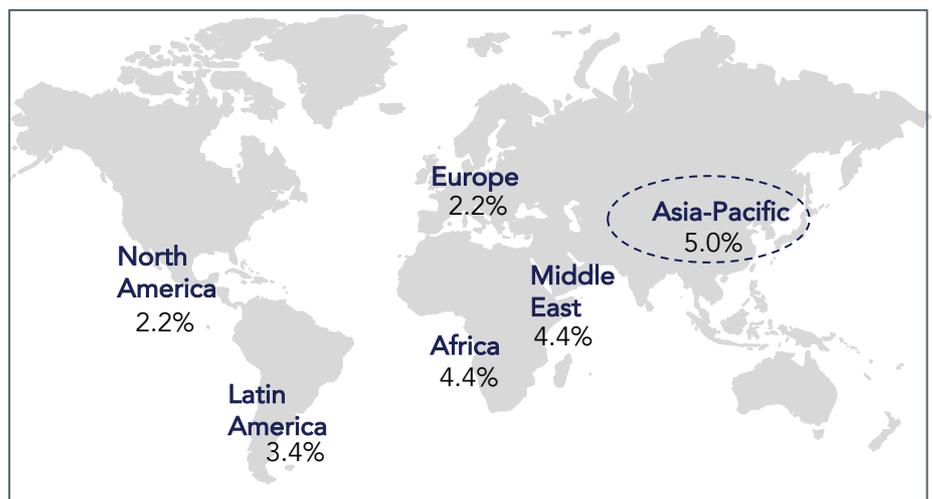
Chart 2 : Outbound Tourists by Country (Mn, 2018, 2030f)





Asia Pacific is expected to have the largest share of the international travel market and the highest growth as well

Figure 10: Growth in Passenger Journeys by Region (% , 2019-2039)



Regional Implications

- With Asia-Pacific set to witness the largest growth in global outbound travel by 2030, **Qatar** will continue to foray into Asian markets to source inbound tourists. The first step taken to focus on this region as a key market was to establish QNTC's (now Qatar Tourism) representative offices in **India, Malaysia, China** and so on.
- **Qatar** is also offering visa-free entry for Chinese and Indian travellers. Besides, it is upskilling the industry workforce by enabling language learning opportunities for tour guides, advisors and staff at shopping malls and hotels.
- **Qatar** is specifically aiming to appeal to Chinese tourists by initiating Mandarin-speaking services, ensuring acceptance of **China** UnionPay cards at hotels and running promotional efforts with Chinese tech company **Huawei**.



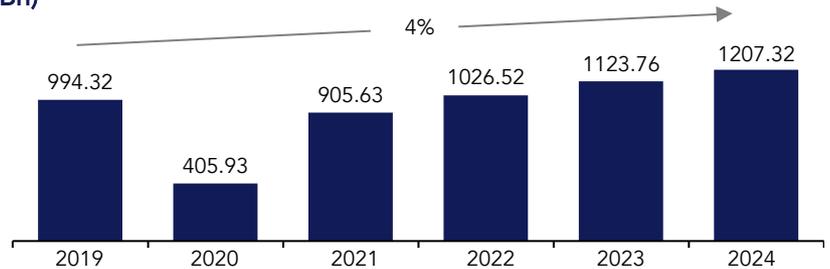
3. Luxury Tourism

The luxury travel market is driven by the growing inclination of people to explore unique and exotic holiday experiences, the rise in middle and upper middle-class spending and the increasing impact of social media on the travel industry.

Market Dynamics

- Recognising the impact of COVID-19, the revised global luxury travel market was estimated to be US\$406 billion in 2020. It is projected to reach US\$1.2 trillion by 2024 at a CAGR of 4%. 46% of luxury travellers in the Middle East are expected to travel internationally during 2021; while 52% are planning on a domestic holiday or staycation.

Chart 3 : Global Luxury Tourism Market (USD Bn)



Regional Implications

- Luxury tourism, especially luxury shopping, remains one of the key drivers of tourism in the Middle East. **Dubai** is ranked as a top preferred upscale destination in the Middle East, while other nations in the region are also gaining momentum as they develop their respective MICE and luxury travel sectors. Further, the Middle East offers some of the best shopping experiences in the world and has become synonymous with luxury products, propelling both high demand and high expectations.
- Currently, premium hotels and resorts such as the Four Seasons Doha and the Anantara Resort on Banana Island attract luxury travellers in **Qatar**. As the luxury travel ecosystem continues to evolve, increased demand for services related to luxury tourism can be met with helicopter tours, private concierge for shopping, exclusive dining and others.



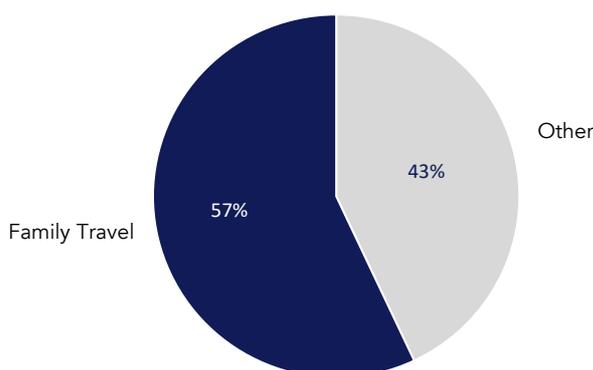
4. Multi-Generational Travel

As families are becoming scattered across states, countries and continents, travel is progressively seen as a way to reunite. A key result of this trend is multi-generational travel, which means traveling as a family with multiple generations such as with parents, children, grandparents, siblings, nieces and nephews, etc. Get-together options include cruises, safaris, guided genealogy tours and reunion activities for all ages.

Regional Market Dynamics

- The Middle East sees a higher share of multi-generational travel due to the existing demographics. Regional amusement park spending in the region is expected to reach US\$609 million by 2023.

Chart 4: Breakdown of Travel by Type for MENA Residents (% , 2018)



The top ranked occasions for family travel in the Middle East include visiting friends/family (29%), resort/beach holiday (25%), Eid holiday break (17%), shopping (15%), nature holidays (14%), city breaks (11%), sightseeing (9%) and religious tourism (9%).

53% of parents admitted to being influenced by their children and families on vacation destinations. 11% of millennials plan multi-generational international trips every year. 65% of the 65+ generation prefer to spend their holidays in their own country.

Regional Implications

- While no offerings are currently marketed as multi-generational within **Qatar**, cruise tourism and culture tourism generally appeal to family travel groups. The country is focused on developing family-friendly infrastructure and facilities, such as theme parks, to invite a greater number of multi-generational tourists. Associated services to support these attractions, including care for the elderly and children, present potential for growth.



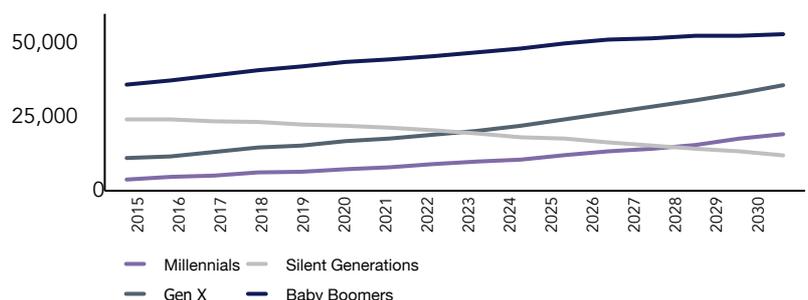
5. Rise of Millennial Travellers

Millennials represent the demographic cohort born after Gen X (born 1965-1976) and before Gen Z (born 1996-2011). Millennials are digitally savvy and make full use of online communities and social networking technologies. They are heavily influenced by social media as a search and discovery tool, including friends' recommendations and visitor reviews.

Market Dynamics

- Millennials are expected to represent 50% of all travellers by 2025. This is estimated to bring changes in travel norms and expectations across the world, as millennials spend two-thirds the amount spent by Gen X and Baby Boomers on entertainment.
- Millennials have now come into the age group for business travel and are more likely to take business trips than previous generations. They travel 4.7 times per year on business versus Gen X, who travel 3.6 times per year, and Baby Boomers, who travel 4.2 times per year among Baby Boomers.
- While still concerned about contracting COVID-19, they are willing to travel sooner and are less risk averse. 48% of millennials travelled for holiday weekends, whereas only 22% of Gen X and 27% of Boomers reported doing the same.
- In 2018, millennials in the **US** spent ~US\$200 billion on travel. Their financial wealth is projected to reach ~40% of the total net wealth by 2030.

Chart 5: Net Wealth (USD Bn)



Regional Implications

- **Qatar** is developing concept offerings that attract young/millennial tourists, with a focus on low-budget activities, along with a social media strategy to appeal to young/ millennial tourists seeking authentic, active experience. The Hamad International Airport was awarded the 'Best Airport Voted by Millennials' at the 2020 Travel Retail Awards for its shopping environment and F&B offerings.
- The country is also strengthening its Wi-Fi connectivity across tourist destinations, besides launching mobile applications for the ease of access or navigation throughout Qatar with information on attractions and tourist spots.



5. Leisure Travel Niches

Customised niche tourism is expected to grow as opposed to mass tourism in light of the increased focus on social distancing. Tourists now seek a travel experience different from the norm with targeted activities. Travellers are looking to travel with purpose, engaging in activities related to the environment, sports or the local culture.

Table 4: Market Dynamics & Regional Implications

| Trend | Key drivers | Market dynamics | Adoption in Qatar |
|----------------------|--|--|---|
| Ecotourism | <ul style="list-style-type: none"> Region-specific ethnic attractions, increasing government funding for tourism-related initiatives, and use of renewable energy and design – are expected to drive the eco-tourism market in the MENA region. | <ul style="list-style-type: none"> Eco-tourism in the region is expected to exceed US\$630 million by the end of 2027, at a CAGR of 3.3% from 2020., Public-private partnerships will provide transport to remote destinations. | <ul style="list-style-type: none"> Eco-tourism is underdeveloped in Qatar, with the two main sites being Al Reem reserve and Al Thakira mangroves. Expanding access and developing services related to these sites can help develop eco-tourism related services. |
| Heritage and culture | <ul style="list-style-type: none"> Heritage and culture tourists typically have higher education and spend more on their trips. According to UNESCO, the Middle East had 86 sites on the World Heritage List, as of 2019. | <ul style="list-style-type: none"> The cultural tourism market globally is expected to be US\$2.6 trillion by 2024. Saudi Arabia is targeting US\$20 billion investments to develop Al-Ula, an ancient civilisation heritage site for tourism. | <ul style="list-style-type: none"> Qatar is developing UNESCO Heritage Site Al Zubarah, a historical fort as a tourism attraction, and promoting local attractions, such as Souq Waqif. The intent is to target expatriates who live in Qatar and want to discover the culture and heritage of the country. |



Table 4: Market Dynamics & Regional Implications

| Trend | Key drivers | Market dynamics | Adoption in Qatar |
|----------------------|---|--|---|
| Sports and adventure | <ul style="list-style-type: none"> Adventure tourism includes mountain activities, free-fall activities like parachuting and bungee jumping, and water sports like cave/deep diving. The demand for such experiences that resonate on a deeper emotional level is driving more adventurous and personalised tourist activities. | <ul style="list-style-type: none"> The global adventure tourism market accounted for US\$1.6 trillion in 2019 and is expected to reach US\$1.7 trillion by 2024, growing at a CAGR of 9% during the forecast period. | <ul style="list-style-type: none"> Qatar is developing unique adventure sport opportunities like zip-lining in an urban setting or special rock-climbing challenges, while also creating hiking trails and supportive infrastructure for hikers. Similarly, adventure tour companies offer activities such as sand dune bashing and scuba diving as well. |
| Health and wellness | <ul style="list-style-type: none"> Major factors contributing to the increasing popularity of health and wellness are high to moderate disposable incomes, and an increasing proportion of younger generation and a simultaneously ageing population. Growing concerns with quality of life, the desire to stay healthy and to prevent illness are fuelling this trend. | <ul style="list-style-type: none"> The global wellness tourism industry is forecast to grow at a CAGR of 7% to reach US\$1.2 trillion by 2027. In 2019, domestic wellness trips accounted for 82% of total trips and is projected to grow at a CAGR of 4.7%. | <ul style="list-style-type: none"> Luxurious spas in Qatar such as the Bliss Spa Doha at the W Doha Hotel & Residences provide a myriad of wellness services. Such wellness programmes for meditation, yoga etc. hosted at resorts have become common tourist packages and can potentially bring in more tourists. |

COVID-19 IMPACT



Restrictions on mobility in the wake of COVID-19 significantly impacted the travel and tourism industry across the world. Global recovery is expected to take 18 to 36 months with long-term structural changes in consumer behaviour and travel preferences. However, easing of the regional blockade is likely to accelerate the recovery for Qatar. While larger players are expected to sustain operations through the downturn, smaller travel agencies may suffer due to lack of exposure and business.

Table 5: COVID-19 Impact on Travel Ecosystem Segments

| | Segment | Structural change and rationale | Long-term impact | Implications for Qatar |
|----------------|----------------------------|---|------------------|--|
| Suppliers | Airlines | <ul style="list-style-type: none"> Smaller, regional carriers may struggle to survive, particularly if there is oversupply (e.g., certain European routes). Flag carriers are expected to be kept afloat by government support; and large low-cost carriers, who have sufficient access to funding, might remain in business. | Medium | <ul style="list-style-type: none"> As Qatar's flagship airline and with consistent state aid, Qatar Airways will ride the recovery and sustain operations for the future. |
| | Hotels | <ul style="list-style-type: none"> Large players are expected to gain share, as supply temporarily contracts. However, as properties are difficult to repurpose, these will likely come back onto the market under different ownership as the industry recovers. | Low | <ul style="list-style-type: none"> Despite the short-term impact, traffic is expected to ramp up in Q3 of 2022 and the hotel sector is expected to bounce back. |
| Intermediaries | Online Travel Agency (OTA) | <ul style="list-style-type: none"> While all OTAs are likely to struggle with limited cash reserves, large OTAs are expected to be more able to access the necessary funding to support them through the crisis, as creditors view them as less risky. Global focus (vs country/region) and accommodation focus (vs flight) are likely to be better off in the early stages of market recovery. | Medium | <ul style="list-style-type: none"> Local OTAs may suffer due to lack of traffic on their platforms in the near term but bounce back when travel resumes. |



Table 5: COVID-19 Impact on Travel Ecosystem Segments

| | Segment | Structural change and rationale | Long-term impact | Implications for Qatar |
|----------------|--------------------------------------|--|------------------|---|
| Intermediaries | Travel Agency (TA) | <ul style="list-style-type: none"> TAs will struggle for some time, as they are more reliant on long haul, cruise and big-ticket travel segments. - There may be opportunities for larger operators who can invest in tech tools to leverage recent growth of video conferencing familiarity to scale up business more affordably. | High | <ul style="list-style-type: none"> Local TAs with little tech exposure may witness a downturn in demand in the short term. |
| | Travel Management Company (TMC) | <ul style="list-style-type: none"> Corporate travel is likely to be impacted in the longer term, as some changes to behaviours become embedded (e.g., the use of virtual forums for some internal meetings). High touch TMCs are likely to be better off as customers of low touch TMCs are more likely to remain very cost focused during any economic downturn following the crisis. Some of this may be offset by an increased penetration of managed business travel as corporates embrace duty of care requirements highlighted by COVID-19. | Medium | <ul style="list-style-type: none"> Corporate travel will likely recover faster despite the pandemic due to the removal of the regional blockade. However, a portion of corporate travel (e.g., internal) may not recover as fast. |
| | Destination Management Company (DMC) | <ul style="list-style-type: none"> DMCs with a high reliance on MICE will see a particularly severe impact on their business. Strength of DMCs to survive the long-term impact will depend on when borders open. DMCs reliant on markets which remain closed for an extended period will struggle While some may exit the market, setting up costs are relatively low; so new entrants are likely post crisis, if there are gaps left in the competitive offering. | Low | <ul style="list-style-type: none"> Large events planned for 2021 may suffer with low attendance or postponements or may utilise hybrid (online and offline) modes, resulting in some downward impact on DMCs in the near term. |



Table 6: Post COVID-19 Impact on Business and Leisure Travel

| Business travel | Leisure travel |
|---|--|
| <p>Corporates restricting travel</p> <ul style="list-style-type: none"> • Companies may use the lockdown period to determine a baseline for travel cost comparison. • Less travel is likely to be allowed for internal and non-client meetings. • Corporate travel policies may adjust away from premier class. | <p>Booking patterns shift as travellers seek greater control</p> <ul style="list-style-type: none"> • Countries may reinstate restrictions following regional virus outbreaks, leading to continued uncertainty and increased desire for control of bookings. • This may manifest either through short lead times or more flexible booking options. |
| <p>Corporates expected to reconsider MICE</p> <ul style="list-style-type: none"> • As corporates navigate new care considerations, big events and group activities may be postponed or cancelled. • Successful experiences of virtual events and webinars raise new considerations for what needs to be done in person. | <p>Growth of online channels in underpenetrated segments</p> <ul style="list-style-type: none"> • Share of online channels is expected to increase, as typically underpenetrated segments and geographies become more familiar with digital channels during lockdown. |
| <p>Increased use of virtual meetings – though unlikely to substitute some types of travel</p> <ul style="list-style-type: none"> • Video calls are substituting some travel, following successful work-from-home experiences. • However, only a fifth of corporate travel professionals expect businesses to pivot significantly towards virtual meetings e.g., sales and client activity will continue to rely on travel. | <p>Health screenings or documentation may make travel less attractive in the near term</p> <ul style="list-style-type: none"> • COVID-19 may drive increased requirements for proving health status (e.g., medical certifications as part of visa process, automated health screenings at airports etc.) • Similar to previous changes to how we travel (e.g., 9/11 and limitations on liquids), this, too, will become the new normal with limited long-term impact. |

SWOT ANALYSIS



Figure 11: SWOT Analysis



STRENGTHS

- Qatar is well connected to the world via Hamad International Airport (80% of the world's population is within a 6-hour flight from Qatar)
- Qatar provides visa-free entry to citizens of 88 countries
- Qatar Tourism has strong offline presence in source countries along with strong marketing campaigns to drive inbound arrivals to Qatar



WEAKNESS

- Lack of consistency in number of MICE events is hindering development of a flourishing MICE service provider ecosystem
- Lack of tourist destinations (beyond museums, souks and family entertainment centres) that are differentiated from propositions in neighbouring countries



OPPORTUNITIES

- The FIFA World Cup 2022 is expected to welcome 1 million visitors and create 1.5 million jobs
- Lifting of blockade is likely to revive inbound tourism from GCC countries to at least pre 2017 levels, after global recovery from COVID-19
- Expansion of Doha Port is expected to increase inbound tourism, as it becomes a port of call for international cruises



THREATS

- If global recovery from COVID-19 takes longer (beyond 2022) tourism SMEs' might face closure due to pressures on working capital
- Due to increased focus on leisure tourism destination development in Saudi Arabia, competition for inbound travellers has intensified in the region (along with existing competition from established destinations in UAE)

CONCLUSION



The tourism industry in Qatar is witnessing rapid growth, with milestones like hosting the FIFA World Cup 2022. Qatar Tourism, guided by the Qatar National Tourism Sector Strategy 2030, is liaising with various public bodies, policy advocates, tourism-enabling entities, private enterprises and media to improve the business environment, diversify the country's tourism portfolio and increase visitor traffic as well as spending.

Qatar strives to be counted among the top tourist destinations, both in terms of leisure and MICE tourism. Strong offline representation in Asia Pacific and European countries, alongside widespread marketing campaigns help highlight the country's tailored visitor offerings. While business travel will be the main driver for tourism services, leisure tourism should pick up on the back of diversification in source markets, lifting of the regional blockade, investments in sporting events and development of tourism infrastructure.

Looking ahead, global trends present several new service avenues within Qatar tourism. More and more luxury travellers are expected to embrace international travel again and seek out exotic holiday experiences. This trend is further bolstered by the rise in upper middle-class and luxury spending. Increased concern for personal wellbeing post-COVID-19 is likely to translate into more health and wellness-related travel and customised trips for smaller groups. And as technology continues to disrupt the tourism value chain, Qatar will have to track and leverage innovation in this field in order to stay abreast with leading economies.

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About Qatar Development Bank

Qatar Development Bank (QDB) was founded by Emiri Decree to grow Qatar's private sector and diversify its economy. His Highness Sheikh Hamad Bin Khalifa Al Thani, the Father Amir, identified these as vital tasks in developing Qatar into a modern state. Since its establishment in 1997, QDB has been at the forefront of these efforts. It has worked with thousands of Qatari entrepreneurs and enterprises and has provided investment and guidance to brand-new start-ups and well-established corporations. QDB has built a reputation for identifying promising investment opportunities. Its focus is on growing SMEs in key sectors by offering several services via a single window to support expected growth. Through smart, targeted financing products and advisory support services, QDB is nurturing a sound and sustainable knowledge-based economy for Qatar.

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