tourism market insights MIDDLE EAST MUSLIM MILLENNIALS

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Contents

1. Overview of the Middle East and Muslim-Friendly Travel

- The Middle East is a transcontinental region located between Asia, Europe and North Africa. According to the UNWTO, Middle East Member States are Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen.

- For the purpose of this report the Middle East countries are defined according to the UNWTO member states and thus excludes Israel even though it is geographically located in the Middle East region.

- Holding a 3% share of the world's outbound travel, the Middle Eastern region recorded 39,8 million outbound tourist arrivals in 2017, a growth of 5.8% from 2016 (UNWTO).

- In terms of travel to South Africa, the two key source countries from the Middle East are Saudi Arabia and United Arab Emirates.

- In 2018, South Africa welcomed 8149 visitors from Saudi Arabia and 2431 visitors from United Arab Emirates. Combined Outbound Departures from these two countries amount to close to 15 million international departures (Euromonitor International) which makes up 38% of all Middle Eastern outbound travel and 12% of the estimated 131 million Muslim arrivals worldwide (Crescentrating GMTI 2018).

- According to Crescent Rating, Muslims are estimated to have contributed US$142 billion to global travel in 2014, a figure which is expected to grow to US$300 billion by 2026.

- The Gulf Cooperation Council states which include Saudi Arabia and the UAE, represents the biggest outbound market by spending. Other significant markets include Malaysia, Indonesia, Turkey, and Iran.

- Muslims travelling from South African key source markets like United Kingdom, Germany, and France account for approximately 10-12% of overall Muslim outbound travel spending.

- It is estimated that 60% of Muslim trips go to Asia which includes the Middle East. Of those who travel to Europe, the most popular destination is Germany.

- A much younger population is driving digital trends particularly around mobile applications and online bookings. According to the Mastercard-CrescentRating Halal Travel Frontier 2019 report, mobile phones and web-based applications are becoming part of the Muslim lifestyle in assisting with their faith-based needs.

- As highlighted by Crescent Rating and HalalTrip, the Muslim population is made up of a variety of nationalities and cultural identities bound together by specific shared values which are much stronger than among other communities. Faith-based needs such as halal food, prayer facilities, washrooms, Ramadan services, halal-friendly activities and recreational facilities are common amongst Muslims but the degrees may vary. In addition, the cultural needs of Muslim travellers will differ from country to country. Destinations are thus left with the task of accommodating these common needs while at the same time understanding the diversity within the Muslim population as a whole.

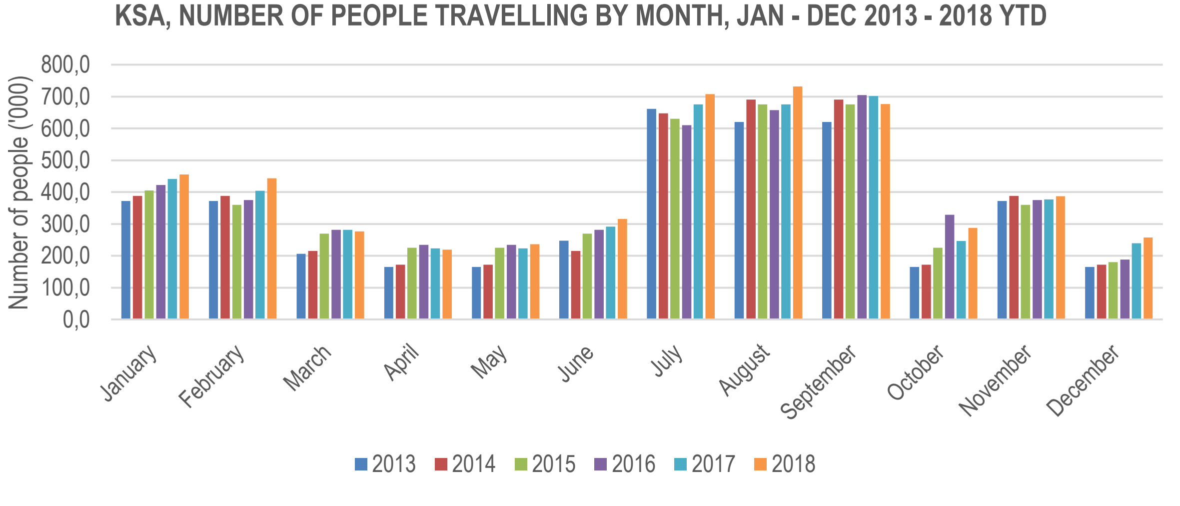
2. General Overview of Muslim Travellers

About Muslim Travellers	
World Muslim Population (2018)	1,8 billion (ITB, 2018)
Age Category	75% are between 25 and 44 years (ITB, 2018)
Activities	Strong focus on shopping in addition to sightseeing and family activities.
Faith-based needs	Muslims' level of adherence to faith based needs may vary but the vast majority will at the very least look for halal food while travelling. *Salah* (prayer): Muslims are obligated to pray at specific times on a daily basis. Salah involves specific movements and recitations and Muslims are required to face the direction of *qiblah* – the direction which leads to the ka'ba in Saudi Arabia – during the salah. The *salah* can be performed anywhere as long as the area is clean. It is important for tourism establishments to be able to advise Muslims on *salah* times in their area and the direction of *qiblah* as well as the nearest/ most convenient place for them to perform the *salah*. *Wudu* (ablution): A specific cleansing ritual to be performed prior to the *salah*. Wudu facilities involve an area with lower than normal taps to accommodate the washing of the feet. *Jumuah* (congregational prayer): Muslim men are obligated to attend weekly congregational prayers every Friday and it is optional for women to attend. Information on the nearest local mosque is thus vital. Halal Food: Food that is permissible to eat according to Islamic teachings. Washroom: It is part of Muslim etiquette when using the toilet to use water for cleaning oneself. A number of options are available to cater for this need eg. hand shower, bidet, or jug. *Ramadan*: The month in which Muslims abstain from eating, drinking, smoking, and intimacy from dawn to dusk. It is customary for Muslims to break their fast with dates. An additional congregational prayer called *Tarawih* is performed by most Muslims every night during the month of Ramadan. Dress Code: Islam provides specific guidelines for both males and females. Most notable is the head scarf worn by women.

3. Overview of the Saudi Arabian Travel Market

Saudi Arabian Travel Market	
Largest Cities % of total population, number of people	1. Riyadh: 20,1% (6.6 million) 2. Jeddah: 12,9% (4.2 million) 3. Mecca: 5,6% (1.8 million) 4. Medina: 4,1% (1.3 million) 5. Dammam: 3,3% (1.1 million)
Disposable income Per capita, US$ 2017	8,450
Savings As % of disposable income	0,4%
Median Age	30.9 years
Paid Holidays (2018) Public Holidays (2018) Annual Leave (2018)	21.0 9.0 30.0
Outbound Departures ('000 trips)	1. 2016: 10,380.9 2. 2017: 10,594.3 3. 2018: 10,839.4
Top 3 Outbound Destinations ('000 trips, 2018)	1. Bahrain: 2,571.0 2. UAE: 2,178.6 3. Egypt: 743.2
Events impacting outbound travel	The Saudi Arabian authorities announced the suspension of diplomatic relations with Qatar.
Type of Outbound Trips	Leisure: 93.5% Business: 6.5%

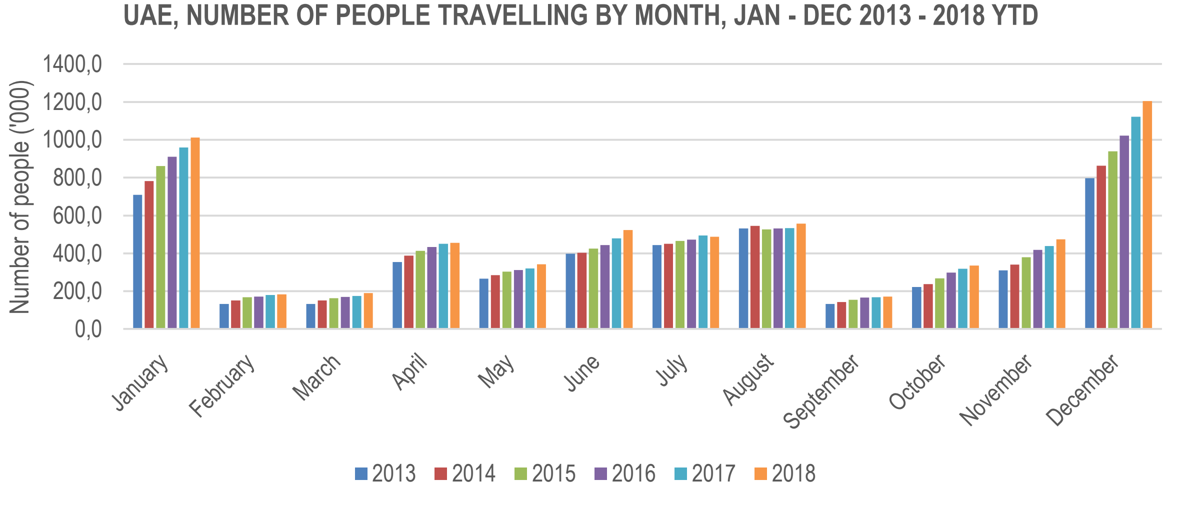
Seasonality Patterns



4. Overview of the United Arab Emirates Travel Market

Saudi Arabian Travel Market	
Largest Cities % of total population, number of people	1. Dubai: 27,2% (2.4 million) 2. Ash-Shariqa: 18,7% (1.6 million) 3. Abu Dhabi: 13,0% (1.1 million) 4. Al – Ayn: 5,6% (500,200) 5. Ajman: 4,1% (365,100)
Disposable income Per capita, US$ 2017	27,059
Savings As % of disposable income	15,8%
Median Age	33.2 years
Paid Holidays (2018) Public Holidays (2018) Annual Leave (2018)	22.0 12.0 34.0
Outbound Departures ('000 trips)	1. 2016: 4,087.8 2. 2017: 4,352.0 3. 2018: 4,480.6
Top 3 Outbound Destinations ('000 trips, 2018)	1. Saudi Arabia: 995.1 2. Oman: 847.3 3. United Kingdom: 385.1
Events impacting outbound travel	The UAE authorities announced the suspension of diplomatic relations with Qatar.
Type of Outbound Trips	Leisure: 72.5% Business: 27.5%

Seasonality Patterns

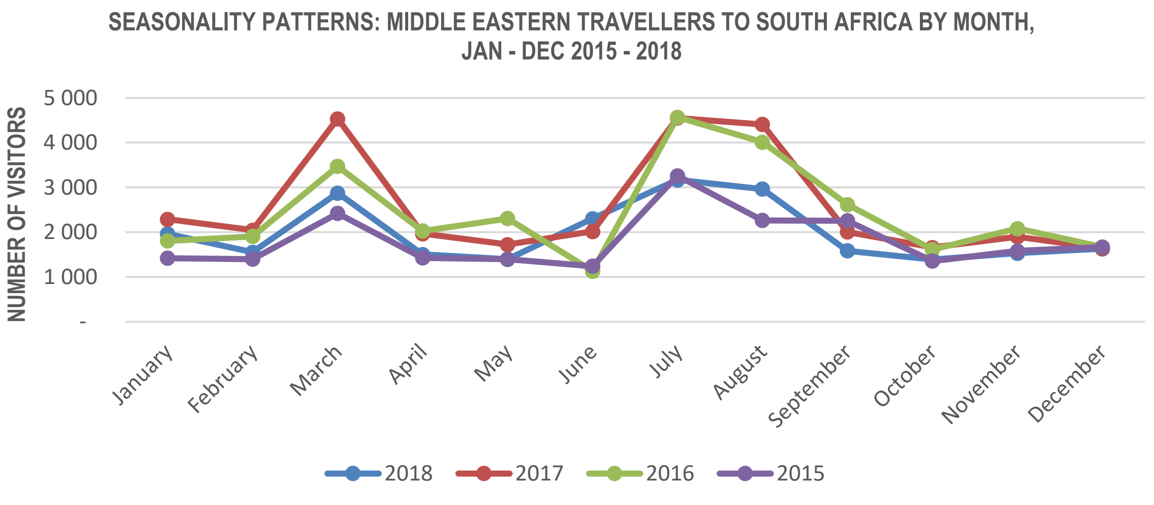


5. The Middle East traveller to South Africa

Middle East Visitor Arrivals to South Africa

Number of Arrivals (excl. Israel)	2014: 21 037 2015: 21 696 2016: 28 725 2017: 30 243 2018: 23 860

Trends by key countries	In 2018, visitor arrivals from Saudi Arabia decreased by 27,0% . This may have been affected by a slowdown in consumer expenditure in the country. Visitor Arrivals from UAE saw a decline of 12,6% from 2017 to 2018.



6. Middle Eastern Visitor Arrivals to the Western Cape

6.1. Visitor Arrivals from key source countries to Cape Town

The United Arab Emirates and Saudi Arabia are the two key source countries from the Middle Eastern market (excl. Israel) to South Africa over the 2014 – 2018 period.

According to OAG Traffic Analyser,14 362 direct inbound passengers booked and started their journey from Saudia Arabia and 24 771 from UAE to Cape Town in 2018. These figures include all types of passengers whose journey originates in the specified countries and would therefore also include South African expats.

6.2. Passenger Traffic through Cape Town International Airport

In 2018, the Cape Town International Airport recorded 14 123 passengers from Saudi Arabia and 45 407 passengers from United Arab Emirates. These figures include passengers who have travelled from any destination globally and stopped over in the UAE or Saudi Arabia before travelling to Cape Town. The UAE figure is particularly high due to the high volume of direct flights between Dubai and Cape Town which highlights the accessibility of Cape Town for tourists from the Gulf region.

The top airlines operating between Saudi Arabia and Cape Town are Emirates, Ethiopian Airlines, and Saudi Arabian Airlines. The top airlines operating between United Arab Emirates and Cape Town are Emirates, Etihad Airways, Kenya Airways, and Ethiopian Airlines.

Top 10 Cities: Saudi Arabia – Cape Town						
Rank	City	Passengers 2018	% Change 2017-18	Passengers Jan 2019	% Change Jan 2018-19	% Share Jan 2019
1	Jeddah	7 299	-8%	1 281	-9%	65%
2	Riyadh	2 842	-10%	243	0%	12%
3	Madinah	1 065	17%	242	29%	12%
4	Dammam	2 480	8%	176	15%	9%

Top 10 Cities: United Arab Emirates – Cape Town						
Rank	City	Passengers 2018	% Change 2017-18	Passengers Jan 2019	% Change Jan 2018-19	% Share Jan 2019
1	Dubai	43 698	-6%	5 188	17%	97%
2	Abu Dhabi	1 709	-16%	186	18%	3%

7. Middle Eastern Traveller Trends

7.1. Consumer profile

To better understand the market it is important to identify who the target audience is, what they are searching for and where they find information. A Middle East Consumer Travel Report commissioned by Amadeus, Tajawal, and Jumeirah in March 2018 gives insight into Middle East consumer behaviour throughout the travel purchase journey.

Their findings indicate that 75% of respondents are between the ages of 21 and 40 years and 68% are married with children. Household sizes are usually between 4 or 5 people per household and it is not uncommon for 2 or 3 families to travel together as a group. 64% indicated to have travelled internationally and mainly to Europe (27%) and Asia (21%).

Responses indicate that 52% of travellers like to take the opportunity to explore and search ideas, options and good deals before making up their mind. The other 48% organize their trip with a much more determined mind-set and agenda. 49% of the travellers know where they want to go, 47% have decided on their budget and more than 52% know where they are going to stay. 62% of respondents only travelling once a year choose international destinations for that trip.

7.2. Destination considerations

Safety is a prime concern for Middle Eastern travellers and for Arab nationals it is viewed as the direct responsibility of the male for the rest of the family. Luxury, green landscapes and cooler temperatures in summer are attractive to Middle Eastern travellers.

The availability of multiple activities suitable for the household especially children, which include, entertainment parks, shopping, variety of restaurants, sightseeing and cultural activities are taken into consideration. Middle East travellers want to feel 'welcomed' in the host destination and appreciate the warmth and friendliness of people and cultures. Budget is also an important component in travel decisions across the purchase journey.

Top travel considerations
Safety
Nature & Weather
Child-friendly Entertainment
Welcoming Atmosphere
Budget
Visas

In addition, visas are a key consideration and influence the desirability of the destination, trip preparation lead-times as well as budget. In some cases travellers may decide to book via a travel agent in order to get assistance with the visa process.

For Arab Nationals, the female drives the search phase and has great influence in the choice of destination, activities and hotel options. The children's needs and desires play a key role in the decision making process, especially when they are young. The male will then set the budget and make the bookings.

7. Middle Eastern Traveller Trends

7.3. Media consumption habits

Top Travel Resources for planning a trip
Word of mouth
Search engines & review sites
Travel providers' websites
Social media influencers
Mobile Smartphones

Further insights from the Middle East Consumer Travel Report reveal that word of mouth communication plays a key role. 53% of respondents said that they were influenced by friends, family and colleagues, 47% were influenced by search engines and review sites, 47% by travel providers' websites and 39% by social media influencers and channels.

Word of mouth communication influences the choice of destination, activities and hotels, Referrals from one satisfied family to another are common with 41% of respondents mentioning that they recommend the brand that they booked to family, friends or colleagues. Recent reviews from peers, in their native language and from trusted sites are considered.

Social Media and online influencers are sometimes perceived to be biased because they are paid by hotels or destinations which negatively impacts their credibility. Facebook is still used but is slowly being overtaken by Instagram and Snapchat in some categories and age groups. In Saudi Arabia, Snapchat is most popular, especially amongst the 21 – 30 age category. YouTube and Instagram are used to watch travel videos. Magazine, newspaper, TV and radio communication are utilized during the dreaming phase and contributes to the promotion of a destination.

Smartphones are used by 78% of respondents for searching and 60% of respondents said they used laptops.

Booking.com, used as an online search point by 39% of respondents, is the first OTA to localize content into Arabic. Trivago is 2nd on the list, used by 33% of respondents and overtakes TripAdvisor who offers limited Arabic reviews only available on the desktop version.

Price comparison both online and via traditional travel agencies were done by 34% of respondents. In addition, 45% of respondents compared flights online, 44% compared hotel prices, and 33% search for discounts online. A lot of time and effort is put into securing the best value and destination. Of the respondents surveyed, 29% spent a considerable amount of time shortlisting options, and 48% indicated that they had spent some time in the shortlisting process.

Top travel brands
Booking.com
Regency Holidays
Almosafer
Qatar Airways
Trivago.com
Al Tayyar
Emirates Holidays
Dnata Travel

7. Middle Eastern Traveller Trends

7.4. General travel consideration and habits

Top activity considerations
Sight-seeing
Shopping
Cuisine
Relaxation & Wellness
Entertainment

Findings from the Middle East Consumer Travel Report further indicate that couples are generally more flexible on destination and advice but there is less opportunity to influence decisions for groups.

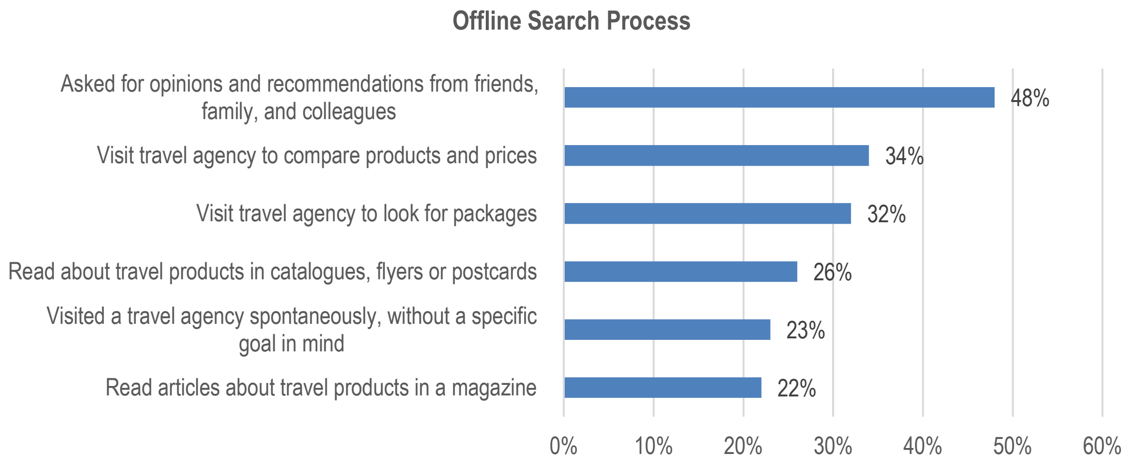
Among the youngest age group, couples and friends trips might be more adventurous and open to new destinations and activities.

Several Travel Agents are contacted for the fastest response, and most reliable information. Couples are generally more flexible and more than two people are harder to influence. Once a trusted relationship is built with a particular travel agent, they would carefully consider recommendations made.

Budget is a consideration at all points of the journey but defined only once the destination is selected. Accommodation cost is a key concern for 50% of respondents and 46% indicated that cost of the flight tickets influenced their choice. Direct flights are preferred, however stop-overs may be considered if the cost saving justifies the inconvenience or if it creates an added benefit to the trip.

Activities available at the destination is an important criteria for 31% of respondents and 26% are specifically concerned about the availability of family-friendly activities. The top 5 activity considerations amongst respondents were sight-seeing (54%), shopping (48%), trying different foods (45%), relaxing and pampering (40%), and entertainment (37%). Some may book activities as part of a package and find value in having an Arabic speaking tour guide.

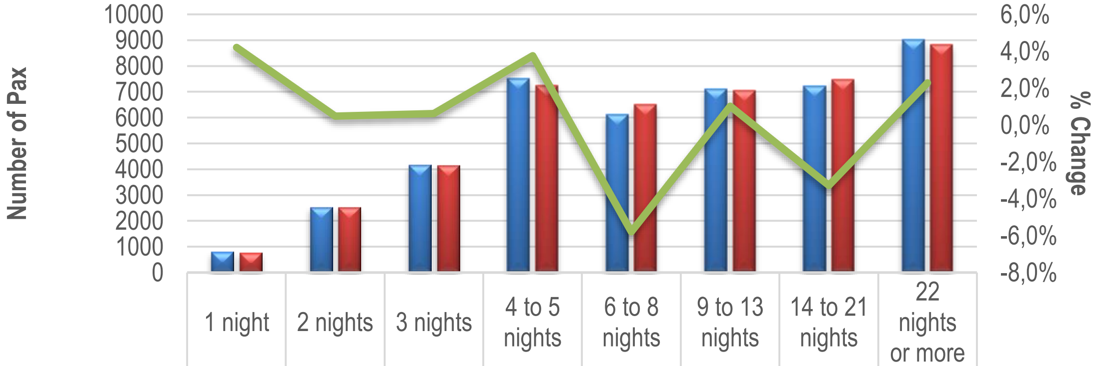
The availability of Halal, Vegetarian or Vegan food was a criteria for 28% of the overall sample of respondents. In terms of evaluating the destination, the pleasure of discovering new destinations was a more important factor.



8. Middle East Booking Trends

This section provides an overview of traveller booking trends obtained from ForwardKeys, an established data, IT and business intelligence company. ForwardKeys offers a new approach to traveller operational business intelligence, leveraging global flight reservation information and other data to monitor and qualify traveller flows, map global demand, and forecast trends.ForwardKeys receives fresh data daily from different BI providers, ranging from capacity data, to flight searches, and booked air plane tickets. It is therefore important to note that the sample of bookers represent travellers who have conducted bookings at the respective BI providers aligned with ForwardKeys, and does not represent the complete travel market. The statistics expressed in this section offer a combined overview of South Africa's two key source markets in the Middle East region, Saudi Arabia and United Arab Emirates.

TOTAL DURATION OF TRIP: TOTAL NIGHTS, 2017/2018



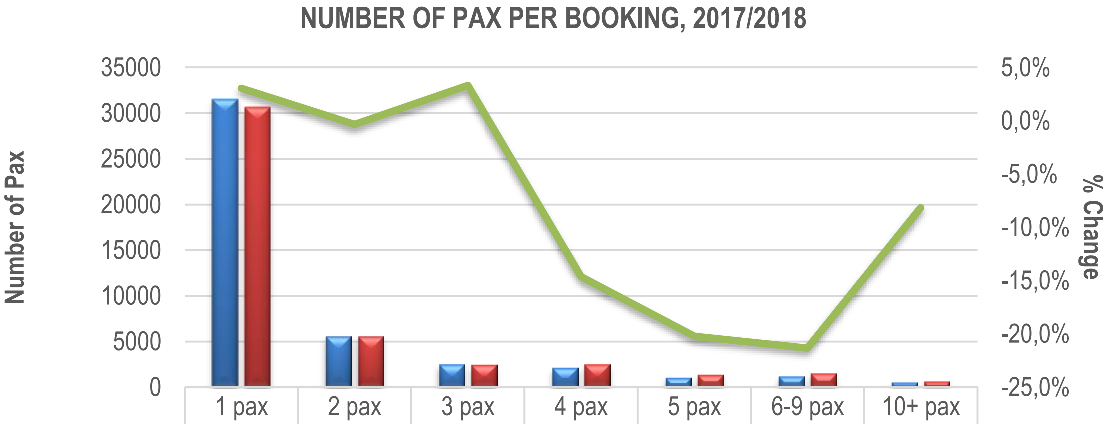
	1 night	2 nights	3 nights	4 to 5 nights	6 to 8 nights	9 to 13 nights	14 to 21 nights	22 nights or more
2018	791	2526	4181	7524	6128	7117	7226	9027
2017	759	2514	4155	7252	6505	7045	7471	8826
% Change	4,2%	0,5%	0,6%	3,8%	-5,8%	1,0%	-3,3%	2,3%

The total duration of trip indicates that Middle East travellers spent a shorter time travelling in 2018 than they did in 2017. The year-on-year change was most significant in the 6 to 8 nights, and 14 to 21 nights categories. The length of stay in destination reveals that majority of travellers spent 22 or more nights in Cape Town. This is further reflected in the increase in Workweek stays and the large volume of Combined stays from the Middle East market. A significant amount of travellers, however spent on average 4 to 5 nights in Cape Town.

TYPES OF STAYS, 2017/2018

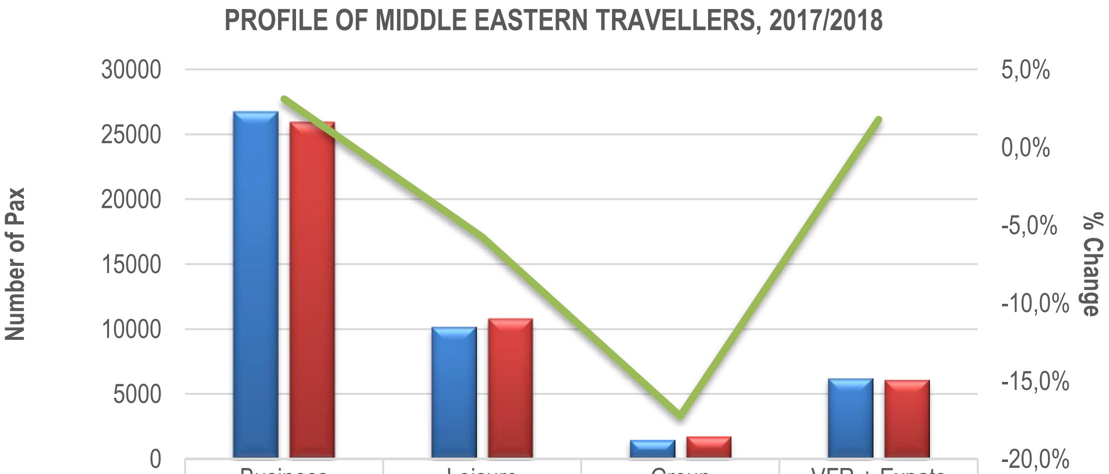
	Weekend stay	Workweek stay	Combined stay
2018	486	12962	31072
2017	461	12763	31303
% Change	5,4%	1,6%	-0,7%

8. Middle East Booking Trends



	1 pax	2 pax	3 pax	4 pax	5 pax	6-9 pax	10+ pax
2018	31541	5556	2520	2120	1045	1175	563
2017	30611	5576	2439	2484	1310	1494	613
% Change	3,0%	-0,4%	3,3%	-14,7%	-20,2%	-21,4%	-8,2%

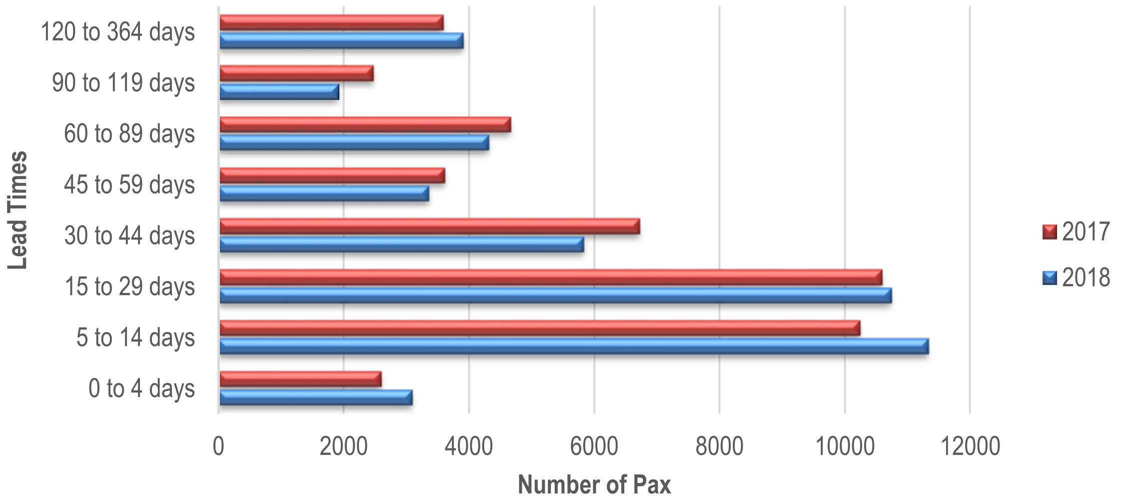
The number of passengers per booking indicates that Middle Eastern travellers are more inclined to travel alone or in pairs and Business Travel is the predominant reason for Middle East arrivals to Cape Town. Leisure Travel, however is still the most significant contributor to tourism in the Western Cape due to longer stays and bigger travel group size.



	Business	Leisure	Group	VFR + Expats
2018	26744	10148	1444	6184
2017	25938	10768	1745	6076
% Change	3,1%	-5,8%	-17,2%	1,8%

8. Middle East Booking Trends

LEAD TIMES: NUMBER OF DAYS BETWEEN BOOKING AND FLIGHT DAY, 2017/2018



Booking trends indicate that Middle Eastern tourists are more likely to book their flights less than 30 days before the actual flight day. Despite a growing trend in the use of digital platforms amongst Muslim Millennial travellers, Retail Travel Agency remains the top distribution channel used by Middle Eastern travellers when making bookings.

DISTRIBUTION CHANNELS USED BY MIDDLE EASTERN TRAVELLERS, 2017/2018

	Online TA	Corporate TA	Retail TA	Other TA
2018	3165	12979	27583	793
2017	3514	12700	27640	673
% Change	-9,9%	2,2%	-0,2%	17,8%

9. Muslim Millennial Traveller Trends

9.1. Consumer Profile

According to the Mastercard-HalalTrip Muslim Millennial Travel Report 2017, the Muslim Millennial Traveller profile is that of a segment who travels for leisure purposes and seeks novel experiences with a desire to re-connect with their heritage. Unlike the general Muslim traveller, Muslim Millennials have limited spending power and prefer to make direct bookings for transportation and accommodation. They are tech savvy and need to stay connected and share experiences, social media and influencers play a greater role in influencing their travel decision than traditional media channels and destination campaigns. Destination Marketers are encouraged to develop heritage tours with easy social media integration to allow Muslim Millennial Travellers to share their experiences.

Characterized by the three As – Authentic, Affordable and Accessible, Muslim Millennial Travellers are described as being geographically dispersed and differentiated, represented by cross-cultural backgrounds. They love the internet, are social media proficient, vocal with their opinions and significantly impacted by digital media. Overall, they enjoy inclusiveness, engagement and being appreciated. It is projected that by 2025 Muslim Millennial Traveller expenditure will surpass US$ 100 billion.

Top Muslim Millennial Outbound Markets (OIC Countries)	
Saudi Arabia	Malaysia
Turkey	Kazakhstan
Egypt	Indonesia
Oman	Iran
UAE	Qatar

Top Muslim Millennial Outbound Markets (Non – OIC Countries)
Germany
Russian Federation
India
United Kingdom
China

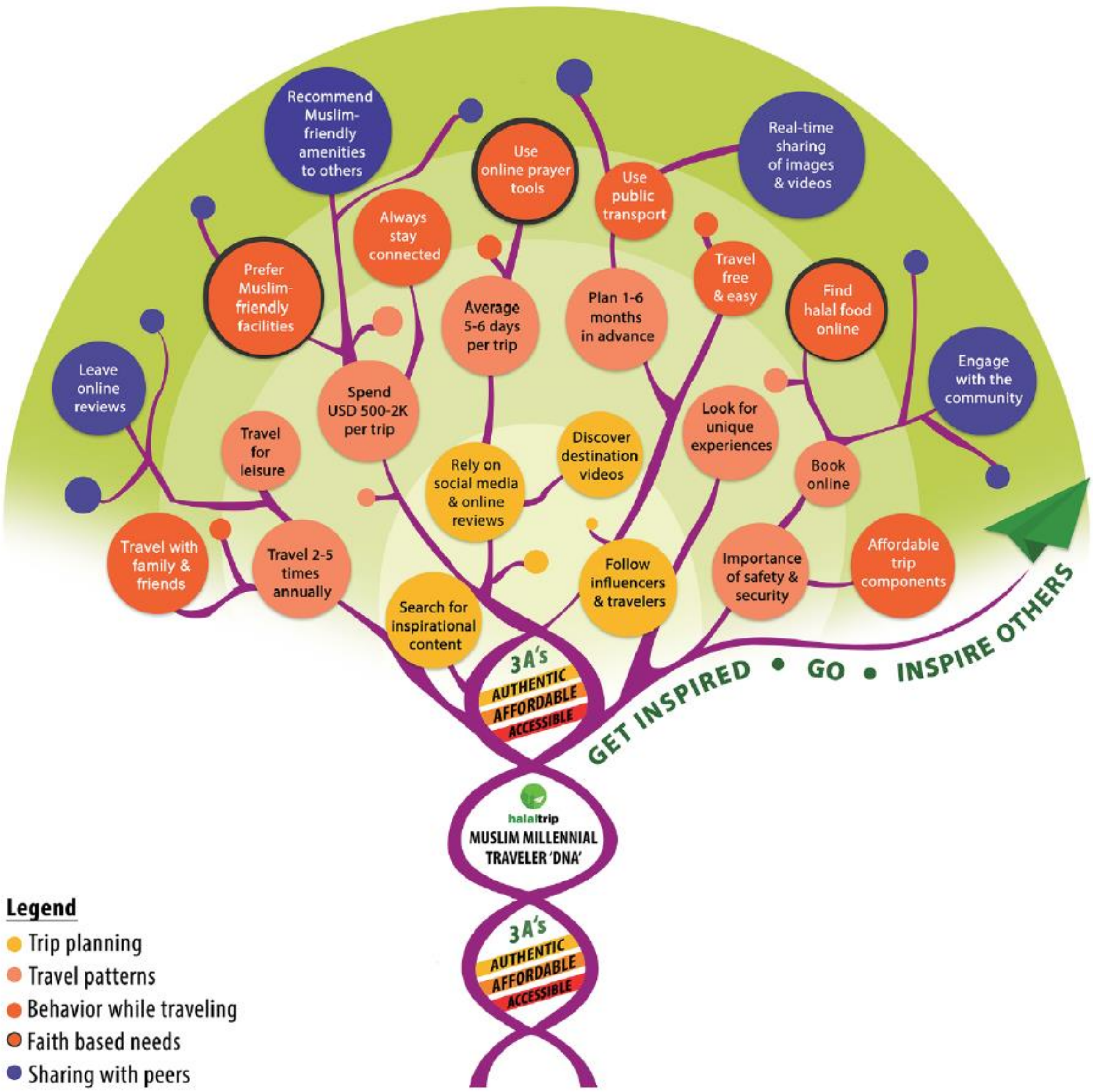
Social Media plays a big role in the lives of Muslim Millennial Travellers. They value the ability to share their stories with others and rely heavily on online reviews, blogs and social media before making their purchase decisions. They view travel as a lifestyle which enhances life experience and seek unique experiences at affordable prices.

Availability of halal food is a key concern for Muslim Millennial Travellers and so too is the availability of water facilities for daily ablutions. Female Muslim Millennial Travellers, especially those travelling alone are particularly concerned about safety while travelling.

Muslim Millennial Travellers see themselves as global citizens and want to explore local cultures and way of life, connecting and sharing these experiences with other Muslim Millennials within the wider community.

9. Muslim Millennial Traveller Trends

9.2. Snapshot of Muslim Millennial Traveller Profile



Source: Mastercard-HalalTrip Muslim Millennial Travel Report 2017

10. Key Findings

- A relatively young population, 75% of Muslim travellers are between 25 and 44 years with household sizes usually between 4 or 5 people per household. Group travel is common amongst multiple families.

- Safety is a prime concern for Middle Eastern travellers and visas play a role in the desirability of the destination.

- For Arab Nationals, the female drives the search phase and has great influence in the choice of destination, activities and hotel options. The children's needs and desires play a key role in the decision making process, especially when they are young. The male will then set the budget and make the bookings.

- Seasonality patterns indicated that the Middle Eastern visitor numbers to South Africa are highest during July, August, and March.

- Word of mouth plays a key role and travellers are heavily influenced by referrals from friends, family and colleagues. Social media and recent reviews from peers, in their native language and from trusted sites are also considered when choosing a destination.

- Instagram, YouTube, Snapchat, and Facebook are the most popular social media platforms used. Magazine, newspaper, TV and radio communication are utilized during the dreaming phase and contributes to the promotion of a destination.

- Social Media plays a big role in the lives of Muslim Millennial Travellers. They value the ability to share their stories with others and rely heavily on online reviews, blogs and social media before making their purchase decisions. They view travel as a lifestyle which enhances life experience and seek unique experiences at affordable prices.

- Price is a primary factor for Middle Eastern travellers. A lot of time and effort is put into securing the best value and destination. Direct flights are preferred, however stop-overs may be considered if the cost saving justifies the inconvenience or if it creates an added benefit to the trip.

- Activities available at the destination is an important criteria. The top 5 activity considerations are sight-seeing, shopping, trying different foods, relaxing and pampering, and entertainment.

- Availability of halal food is a key concern for Muslim Millennial Travellers and so too is the availability of water facilities for daily ablutions. Female Muslim Millennial Travellers, especially those travelling alone are particularly concerned about safety while travelling.

- Muslim Millennial Travellers see themselves as global citizens and want to explore local cultures and way of life, connecting and sharing these experiences with other Muslims within the wider community.

11. List of sources

1. CrescentRating
2. Euromonitor International
3. ForwardKeys
4. InsightOut Consultancy DMCC, *Middle East Consumer Travel Report 2018*
5. ITB Berlin World Travel Trends 2018
6. ITB Berlin World Travel Trends 2019
7. Mastercard & HalalTrip, *Muslim Millennial Travel Report 2017*
8. OAG Airline Passenger Traffic Analyser
9. South African Tourism
10. UNWTO

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