



CHALHOUB GROUP

# LUXURY TRAVEL AND RETAIL

WHAT DOES THE FUTURE HOLD FOR THE GCC?

In partnership with

Condé Nast  
**Traveller**  
MIDDLE EAST

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## FOREWORD BY **PATRICK CHALHOUB**, CEO, CHALHOUB GROUP

This white paper is the seventh by the Chalhoub Group. This year, we decided to provide a guide to today's market, offer a glimpse of what the Gulf's luxury tourism sector looks like and share insights on how to adapt with the changing luxury ecosystem.

We at Chalhoub Group are observing a shift in tourists' demographics and taking into consideration the parallels between travel and luxury retail, as both are dependent on service, experiences, personalisation and human connection.

I truly believe that luxury tourism is part of the discovery phase for our visitors and also a wonderful opportunity to engage, so we need to create a connection with them, bring the human and emotional touch and accompany them through their journey.

I invite you to travel with us through the GCC and discover all that it has to offer and what it means to be a luxury retailer in this part of the world.

## INTRODUCTION

Tourism into the GCC has grown considerably in recent years as the region continues to rapidly develop its retail, hospitality, entertainment, F&B and cultural offerings. Experts note this growth will only continue as more human and capital resources are invested, with the implications for retailers remaining vast.

By 2030, there will be an extra billion people in the world, of which a substantial 20% will be travelling<sup>1</sup>. Numbers of international tourist arrivals will increase by 43 million a year on average, reaching 1.8 billion tourist arrivals across the world by 2030<sup>2</sup> – a growth pattern already seen in the GCC.

Earlier this year, a study from the United Nations World Tourism Organisation (UNWTO) exploring global tourism trends reported that the number of tourist arrivals to the Middle East grew to a staggering 64 million – a 10% increase year-on-year versus the global average of 6%.

Over the next two decades, the Middle East is expected to more than double its number of arrivals, from 61 million to 149 million<sup>3</sup>. This is driven, in part, by the region's focus on shifting away from oil dependence and diversifying its economy. Governments within GCC countries are creating a market environment for tourism to increase contribution to national GDP's. These travel patterns mean a world which is more mobile, more transient, and more connected than ever before. This presents a colossal opportunity for luxury goods and service providers, from hospitality to retailers.

Shifts in global travel and mobility provide luxury retailers with substantial opportunity, with travel and tourism contributing \$8.8 trillion to the global economy and supporting 319 million jobs globally<sup>4</sup>. This number is only set to grow with travel and tourism in the future forecasted to be responsible for one in every five new jobs and operating as the second-fastest growing market sector after the chemical industry.

Various studies have shown that travellers tend to possess higher levels of disposable income and are willing to spend it on goods and services that make their travel experiences more convenient and memorable. Yet these travellers also want experiences that are culturally connected, unique, authentic, bespoke and possess a regionally relevant and personalised approach – the new definition of *luxury*.



Countries around the GCC are creating environments that are increasingly attractive to this new breed of visitor. Within this expanding luxury marketplace, there is a clear opportunity for luxury retailers, both of international fame and emerging niche brands, to grow their market presence through curated experiences.

This paper, commissioned by Chalhoub Group, draws on the expertise of thought leaders within the GCC including Patrick Chalhoub, CEO of Chalhoub Group; Colm McLoughlin, Executive Vice Chairman and CEO of Dubai Duty Free; Gerald Lawless, Former Chairman of the World Travel and Tourism Council and Non-executive Director of Dubai Expo 2020; Candice D'Cruz, Vice President Luxury Brand Marketing and Management for Marriott International Middle East and Africa; Rhea Saran, Editor-in-Chief of Condé Nast Traveller Middle East; HRH Princess Noura Bint Faisal Al Saud, Saudi Fashion Ambassador; Mohammed Abdulmagied Seddiqi, CCO of Seddiqi Holding; Sheikha Souad J Al Sabah, Fashion Designer, alongside global research and bespoke insight from the Condé Nast Traveller brand to best understand what the expanding affluent travel space means for high-end retailers.

***“THE TOURIST IS A CAPTIVE AUDIENCE FOR RETAILERS BECAUSE PART OF THE TRAVEL EXPERIENCE INVOLVES DISCOVERY, BROWSING, SHOPPING, GETTING INSPIRED, EXPERIENCING, SHARING AND DISCUSSING. AS RETAILERS WE HAVE TO MAKE SURE WE PROVIDE VISITORS AND GUESTS ALL THEY ARE SEEKING SUCH AS GREAT CURATION, INSPIRING WINDOWS, INCREDIBLE SERVICE, WONDERFUL AND UNBELIEVABLE EXPERIENCES WHICH WILL ABSOLUTELY DELIGHT THEM.”***

**PATRICK CHALHOUB, CEO, CHALHOUB GROUP**

## SECTION I: THE WISHES OF TODAY'S TRAVELLER

For luxury retailers to grasp the implications of the growth of the luxury tourism industry, it is important first and foremost to understand today's luxury traveller. While there are numerous traveller tribes that can be split into various categories, for the sake of this paper, we will focus on trends that are broadly applicable to the majority of luxury explorers (such as five-star hotels and the consumption of high-end regional and international brands segmented by scarce supply or premium price points). This report also looks both at GCC persons moving within the region and international persons visiting the GCC.

### THE TRAVELLER REQUIRES A PERSONAL TOUCH

For increasing groups of the global population, basic nutritional needs are well catered for<sup>5</sup>. Amadeus, the global travel technology company, notes this has created a desire for more varied cuisine, more elegant fashions, richer expectations for one's children and, naturally, more travel. Consumers are also searching for more eco- and socio-aware brands and are asking for brands to understand them on an individual level, while wellbeing is linked through more experiential and less material terms.

When it comes to travel, there is a growing desire for more profound experiences with high interaction with local people and places. Visitors to GCC hotels are similarly asking for an increasingly bespoke service.

***"OUR GUEST'S APPROACH TO LUXURY IS LESS FORMAL VERSUS THE PAST, MORE PERSONAL AND DEFINED MORE BY THEIR INTERESTS AND MINDSET. THEY ARE MULTI-NATIONAL AND CROSS-GENERATIONAL, MOBILE AND JET SETTING, WITH THEIR PERCEPTIONS OF LUXURY DEFINED BY A GROWING VARIETY OF TASTES AND OUR ABILITY TO MEET THEIR INDIVIDUAL NEEDS."***

**CANDICE D'CRUZ**, VICE PRESIDENT, LUXURY BRAND  
MARKETING AND MANAGEMENT, MIDDLE EAST AND  
AFRICA FOR MARRIOTT INTERNATIONAL

A report by CBRE notes that hotels, in order to cater to this increasing demand for personalised experiences, are developing their F&B offerings<sup>6</sup>. Investors are bringing in international chefs as hotels are becoming lifestyle brands for international and local customers.

The power dynamic between service provider and customer has shifted significantly, notes Gerald Lawless, Former Chairman of the World Travel and Tourism Council and CEO of the Jumeirah Group responsible for the launch of the iconic Burj Al Arab, which placed Dubai on the luxury hospitality map. “Each guest needs to be understood as an individual,” says Lawless. “Now the customer defines their needs.”

### THE TRAVELLER IS DIGITAL

Today’s traveller is increasingly connected across all age demographics. This is particularly true of Gen X and Y, the first generations who have grown up with the development of information services and complementing hardware technological developments.

According to Think with Google<sup>7</sup>, over 85% of MENA travellers carry their phones when travelling for business and 85% do when travelling for leisure. The functionality of this usage is spread across social media, seeking places of interest and engaging with traditional communication methods. Accessing information online is still a significant influencer of traditional bricks and mortar retail, with more than 40% of travellers researching online before purchasing offline<sup>8</sup>.

Across the GCC, mobile usage is almost at 100% among Gen X and Gen Y<sup>9</sup>. Meanwhile internet penetration sits at between 98% to 99% in the UAE, Kuwait and Bahrain with over 9 million users in the UAE alone<sup>10</sup>. When assessing social media usage, there are approximately 63 million Instagram users in the Middle Eastern region and 33 million Snapchat users with both platforms projecting continued growth over the next five years<sup>11</sup>. These many users aren’t just switching on and logging off; in the UAE and Saudi Arabia users spend around 2.5 hours per day on these channels, presenting significant recruitment opportunities for luxury brands<sup>12</sup>. This level of digital penetration has additional implications for luxury travel service providers and retailers:

- Digital devices are being utilised to inspire and arrange segments of travel. Platforms to facilitate these transactions need to be strongly considered.
- Brands should consider the development of infrastructure that allows tourists to make remote purchases with collections available from in-store. This serves the dual purpose of e-commerce and driving footfall to retail stores.
- Brands should consider the importance of pricing alignment and geo-pricing trends as users have access to global information at their fingertips.
- While technology usage is stronger among millennials and younger generations, it’s a mistake to limit technology adoption to this group alone. “We should concentrate on habits and people – don’t focus on age, focus on users,” says Gerald Lawless, Former Chairman of the World Travel and Tourism Council and Non-executive Director of Dubai Expo 2020.

## SECTION II: AN INCREASING DESIRE TO SHOP

Studies from UNWTO cite retail as one of the preferred activities for international travellers particularly in metropolitan cities, which in the region would include Dubai, Abu Dhabi, Riyadh and Jeddah. International tourists in the metropolitan city of New York named shopping as their preferred activity with almost 90% of visitors ranking shopping ahead of sightseeing and cultural expeditions<sup>13</sup>. Their spending power is also considerable – on average, global travellers spend upwards of \$1,174 while on holiday<sup>14</sup>, with luxury consumers spending considerably more across premium goods and services.

Whilst the consumption of goods is important for many travellers, the retail experience is playing an increasingly significant role when it comes to selecting a retail destination. This is particularly true for the GCC shopper who is well-catered for globally which means brands need to create an indispensable experience if they are to secure a regional, loyal and growing customer base. According to Dubai's Department of Tourism and Commerce Marketing (DTCM), 48% of visitors look at retail possibilities when deciding where to travel. Similarly, 20% of global travellers in 2018 cited shopping as their primary reason for trips, and around 13% of international visitors came to Dubai with the sole intent to shop<sup>15</sup>.

The emphasis on personalisation is particularly important for inbound travellers focussed on retail. Increasingly, there is a growing demand for them to be treated as individuals, and on bespoke experiences that can be created in the destinations they choose to travel to. Whilst both regional travellers and visitors from wider afield are still highly price aware, "more and more, visitors are after an experience when they travel. This is what defines luxury," says Patrick Chalhoub, CEO, Chalhoub Group. "Luxury is no longer about price points alone. You find luxury in hospitality, in the retail experience and whilst discovering the country you are visiting. That is what luxury tourism now means."

***"FROM A MARKETING PERSPECTIVE – AND I THINK CHINA IS A PRIME EXAMPLE – THE WAY THAT WE'VE BEEN APPROACHING IT IS TRYING TO ANALYSE AND UNDERSTAND THE MARKET'S TRAVEL BEHAVIOURS, THEIR INTERESTS AND, OF COURSE, WHAT'S THE STRONGEST PROPOSITION THAT DUBAI HAS TO OFFER THAT LINKS BACK. AND RETAIL BECOMES ANOTHER FUNDAMENTAL POINT THAT WE NEED TO FOCUS ON."***

**ISSAM ABDUL RAHIM KAZIM**, CEO, DUBAI CORPORATION  
FOR TOURISM AND COMMERCE MARKETING

Tourist-related activity like Dubai's shopping festivals have proven particularly successful for attracting travellers; in 2018, approximately 60% of shoppers to Dubai's Shopping Festival were international<sup>16</sup>. These numbers have also witnessed growth; in the same year, 49% of shoppers to the Dubai Summer Surprises were international, up from 45% the previous year.

Other cities from around the region are also following suit. Shop Bahrain, a 30-day shopping festival organised in part by Bahrain's tourism authority aims to attract international visitors. In 2018, it attracted 122,000 shoppers<sup>17</sup>. Kuwait is similarly focussed on attracting dual-purpose travellers who love their culture with a side of shopping at its annual Hala Kuwait festival<sup>18</sup>. This two-month event mixes cultural events with discounts and shopping carnivals. "The future of Kuwait's market is flourishing, when you take into account all the talented upcoming Kuwaiti designers, alongside the new online stores owned by young inspiring locals", says Sheikha Souad J Al Sabah. These examples point to a significant trend for luxury retailers; there exists a sizeable travel market that has disposable income and the inclination to spend it.

Yet even before the traveller reaches their destination, there is duty free. Dubai, with the busiest airport in the world for international traffic (surpassing 89.1 million international passengers in 2018<sup>19</sup>), makes a powerful case study for just how much visitors arriving or departing wish to buy. Globally, around 19% of departing passengers make a purchase, compared to 40% departing from Dubai.

Within Dubai Duty Free, luxury goods account for 33% of all sales. Last year, these brands pulled in \$680 million at Dubai Duty Free<sup>20</sup>. This success can be linked in part to the limited availability of some of the major brands in the luxury spectrum in many regional destinations, suggests a report by CBRE. The study noted that Dubai has long been the main, or only city where luxury brands of global breadth are available<sup>21</sup>. As for what's next, Dubai Duty Free has growth on the horizon. "Part of our 10-year-plan is to hit sales of \$3 billion," says Colm McLoughlin, Executive Vice Chairman and CEO, Dubai Duty Free. Dubai Duty Free also has expansion plans to achieve 80,000 square feet of retail, with a total of 10,000 future employees<sup>22</sup>.

## SECTION III: THE CREATION OF A POSITIVE TOURISM ENVIRONMENT

Travel is on the rise and travellers are shopping while abroad – however that's only part of the story. Driving even more potential for luxury retailers is a whole host of changes from within the GCC that make these destinations more attractive than ever to travellers. These span from shifts in visa restrictions and growing entertainment offerings to more eco-aware and environmentally friendly experiences suitable for a wide audience. Broadly, accommodating these changes and raising global awareness will mean an increase in the number of travellers visiting the region with significant spending power.

### GOVERNMENT INVOLVEMENT

Across the GCC, there have been pivotal changes to make countries more attractive to international travellers.

In Saudi Arabia, tourists entering the country for religious tourism purposes have been granted access to the Kingdom for an additional nine-day period, which previously required strict visa requirements. Additional large-scale events such as Saudi Arabia's Grand Prix allowed visitors to apply for a fourteen-day tourist visa, giving guests access to both the race and the rest of the country (see case study).

#### CASE STUDY: SAUDI ARABIA AND VISION 2030

International travel expenditure is expected to grow rapidly in Saudi Arabia over the foreseeable future. In 2017, there was a 13% increase in the number of hotel rooms supplied to the market with an additional 48,000 being constructed. Vision 2030, the Kingdom's forward-looking plan, has set aside \$64 billion to invest in culture, leisure and entertainment projects.

***“SAUDI ARABIA’S CULTURE IS VALUED AND  
CHERISHED BY ITS PEOPLE WHO ARE SO KEEN  
TO SHARE IT WITH THE WORLD. WE WOULD LOVE  
TO INVITE THE INTERNATIONAL COMMUNITY  
TO EXPERIENCE OUR CULTURE, FASHION, ART,  
CULINARY OFFERINGS AND DEVELOP THRIVING  
TRADING RELATIONSHIPS. THIS IS THE DREAM  
OF OUR PEOPLE...”***

**HER ROYAL HIGHNESS PRINCESS NOURA BINT  
FAISAL AL SAUD, FASHION AMBASSADOR TO THE  
KINGDOM OF SAUDI ARABIA**



General and religious travel and tourism, which currently accounts for 9.4% of Saudi Arabia's GDP, is expected to grow by 10.5% annually between now and 2030<sup>23</sup>. Notable project development goals under this scheme include establishing the largest Islamic museum in the world; doubling the number of Saudi heritage sites registered through UNESCO; promoting cultural and entertainment activities; and developing cities so that three are ranked among the top 100 in the world for cultural sites to visit<sup>24</sup>.

Already tourism in Saudi Arabia has been driven by three key demand pools: leisure, pilgrim and corporate visitors. Although 2030 is still a while away, even the outlining of these goals indicates the tourism-friendly direction Saudi Arabia is moving in.

Oman is another nation which has invested considerable national resource into the growth of tourism. The sultanate has spent \$650 million on the development of tourism across infrastructure and international promotion to date with spending expected to cross the \$1 billion mark in the near future<sup>25</sup>. Meanwhile, Kuwait aims to spend \$1 billion to promote tourism over the next seven years and to increase visitor numbers to 440,000 by 2024<sup>26</sup>. The country's 'New Kuwait 2035' plan is focussed on tourism alongside the government's goal to transform the country into a commercial and financial centre. Elements of this program include: expansion of Kuwait International Airport (Terminal 2) to increase the capacity of the airport to 25 million annual passengers; development of the Kuwait Expressway and railway network; and the creation of more than 90,000 jobs until 2035 partly through the development of tourism<sup>27</sup>.

***"PUT PLAINLY, TOURISM IS GOOD FOR BUSINESS, FEEDING INTO MANY OTHER VERTICALS – BE THEY AVIATION, HOSPITALITY, RETAIL, FOOD AND BEVERAGE, ART, CULTURE, ENTERTAINMENT OR FAMILY-RELATED BUSINESSES. IT CANNOT BE IGNORED IF A COUNTRY WANTS TO CONTINUE TO GROW AND BE PART OF GLOBAL DIALOGUE. THE DIVERSIFICATION OF EXPERIENCES AND OFFERINGS IN THE GCC HAS HAD A HUGE IMPACT ON THE REGION'S ATTRACTIVENESS AS A TOURIST DESTINATION."***

**RHEA SARAN**, EDITOR-IN-CHIEF, CONDÉ NAST TRAVELLER  
MIDDLE EAST

## THE ROLE OF EVENTS

GCC countries are developing their entertainment offerings to attract an increasing number of visitors. Prime examples include the Expo 2020, the FIFA World Cup 2022 and Abu Dhabi's Formula 1 Grand Prix. Expo 2020 alone is expected to attract a staggering 25 million visitors to Dubai with 70% of visitors from overseas<sup>28</sup> – the highest percentage of international footfall when compared with other global expos<sup>29</sup>.

In Saudi Arabia, events such as the Kingdom's ePrix (the electronic car racing activity), and Saudi Arabia's King Abdulaziz World Cultural Center (which was selected for TIME Magazine's list of World's Greatest Places in 2018<sup>30</sup>), are a great pull for tourists. Bahrain hosts events such as the annual Bahrain Heritage Festival, the F1 and more to achieve the same objectives of increased footfall from the region and abroad.

Corporate events are also being introduced to spread the reach of the GCC. One such example is the Oman Travel Market, a three-day event designed to draw travel industry professionals to the region. The Arabian Travel Market in Dubai is also powerful, with a projected 40,000 attendees for 2019<sup>31</sup>.

## THEME PARKS GROWING A NEW SECTOR OF TOURISM

With family travel being of particular importance in the region, theme parks are a growing attraction and a draw for cross-generational travel. The recently opened Dubai Parks and Resorts attracted over 1.96 million visitors during the first nine months of 2018 – an increase of 33% compared to the same period the previous year<sup>32</sup>. Sites such as Wild Wadi, Atlantis' Aquaventure Waterpark and Ferrari World still drive strong footfall from the international community.

In Abu Dhabi, the government recently spent \$1 billion to build Warner Bros World, the largest indoor theme park in the world<sup>33</sup>. In Saudi Arabia, Saudi King Salman and Crown Prince Mohammed bin Salman have announced they will be launching a vast entertainment resort: Qiddiya<sup>34</sup>. The resort is planned to be two-and-a-half times the size of Disney Land in LA and has the ambition of attracting 1.5 million visitors in 2022<sup>35</sup>.

Attractions offering more cultural immersion include Global Village and Al Seif in Dubai, the Heart of Sharjah, Misfah Oasis and Jarbrin Fort in Oman, to name but a few.

These types of activities attract the multi-generational and affluent traveller – something Candice D'Cruz, Vice President, Luxury Brand Marketing and Management, Middle East and Africa for Marriott International, signals as being increasingly important. "There is a huge focus on cross-generational travel," she explains. "Visitors are more interested in the well-being and entertainment of their entire families spanning generations, a trend which has spread from East to West. Supplementing F&B services and nutrition for kids is as important as it is for adults, which means we have to develop our services."



## CULTURALLY CONNECTED AND HISTORICAL SITES ATTRACT VISITORS

Heritage sites and cultural attractions are increasingly being emphasised in an effort to attract more travellers to the GCC. International cultural organisations which enable local companies to leverage global expertise include the Louvre in Abu Dhabi. Having opened its doors in 2018, this venue drew over one million people in its first year<sup>36</sup>. This is one of five major museums set to open on Saadiyat Island, the emirate's purpose-built culture hub<sup>37</sup> with the Zayed National Museum and The Guggenheim Abu Dhabi being introduced soon<sup>38</sup>.

In Dubai, to sit alongside the already existing Alserkal Avenue, Dubai Museum and Dubai Opera, the emirate has invested an additional \$136 million in the Museum of the Future<sup>39</sup>. This incubator-meets-art-gallery is set to open in 2020 and will be an additional driver of footfall to the downtown area during Expo 2020. Sharjah already has one of the most well-respected art biennials in the world, this year having put on its 14th edition. Kuwait will likewise use the arts to draw travellers with its recent Sheikh Abdullah Al Salem Cultural Centre operating as one of the world's largest cultural complexes with museums, art galleries, a theatre and spaces for outdoor public recreation. The Royal Opera House in Muscat has long attracted both regional and international talent and in 2019 an extension opens in the form of the House of Musical Arts expanding the repertoire.

Saudi Arabia has recently focused on cultural sites to draw tourism, such as Al-Ula. According to government officials, Al-Ula hopes the region will welcome its first visitors in 2022 and that by 2035, once the project is complete, up to 1.5 million tourists annually.

## BUSINESS OPPORTUNITIES

The GCC's meetings, incentives, conferencing and exhibitions (MICE) business has witnessed a growth rate of 5.5% annually in attendance since 2000 led by the UAE market, followed by Saudi Arabia and Oman. Dubai is host to almost 27% of all business events staged in the region while Abu Dhabi generates \$700 million from its MICE sector and forecasted to grow at an annual rate of 7% to reach \$1.4 billion by 2020<sup>40</sup>.

Furthermore, the investment and development of infrastructure, connectivity and facilities for Dubai Expo 2020 are expected to reinforce the regional and global positioning of Dubai as a MICE destination.

***"INTERNATIONAL TRAVELLERS VISITING EXPO 2020 WILL VISIT OTHER COUNTRIES WITHIN THE REGION - WHETHER DISCOVERING THE BEACHES IN OMAN OR EXPLORING A SAUDI ARABIA STEEPED IN CULTURE AND HISTORY. THIS WILL CREATE A POWERFUL COMMERCIAL KNOCK-ON EFFECT ACROSS THE GCC."***

**PATRICK CHALHOU**, CEO, CHALHOU GROUP

Public investment in the meetings industry in Saudi Arabia is expected to reach an estimated \$1.6 billion by 2024<sup>41</sup>. These investments include establishing five major convention districts; King Salman International Conference Center in Madinah; King Abdullah Financial District; King Khaled International Airport; the King Abdullah Economic City; and at the King Abdulaziz Airport in Jeddah. These are in addition to private sector investments in the industry, represented by hotels with exhibition and conference facilities around the Kingdom.

These developments mean a growing number of business travellers visiting the region bringing with them considerable disposable capital. A study by the Office for National Statistics in the UK revealed the average business traveller spends more whilst on a business-related trip than they would during recreational travel<sup>42</sup> partly due to the utilisation of organisational budgets.

Rhea Saran, editor-in-chief of Condé Nast Traveller Middle East notes: “Recent studies have shown that there is an increased adoption of the so-called ‘bleisure’ trend, mixing business with leisure activities such as shopping, culinary or cultural discoveries.” A new survey released by Great Hotels of the World, a company catering to the MICE audience, found that 75% of frequent business travellers extend their trips for leisure purposes, often multiple times a year<sup>43</sup>.

### **SUSTAINABLE AND NATURAL ALTERNATIVES BRING ECO-CONSCIOUS TRAVELLER**

A growing number of travellers especially across the Gen X and Gen Y generations are seeking sustainable and eco-conscious experiences as focus on environmental conservation and sustainability increases<sup>44</sup>. This care spans from the hotels they choose to stay at to the brands they purchase from. “When we first started, people didn’t know what we were talking about,” says Justin Francis, founder and CEO of UK-based Responsible Travel. Now “there is an increase of consumers seeking experience and memories through eco-friendly experiences.”

This emphasis on sustainability will increasingly impact travel decisions and consumption in the future. Research by Amadeus predicts that by 2030, some consumers may avoid airline operators without eco-friendly frameworks in place for the conservation of the planet<sup>45</sup>.

There has been a notable shift within the GCC by both hoteliers and governments who are increasingly providing more sustainable options for travellers<sup>46</sup>. Destinations such as Ras Al Khaimah and Hatta in the UAE, and Jebel Akhdar, Ras Al Hadd, Musandam and Sur in Oman are increasingly focusing on reaching out to this type of luxury tourist. Hatta offers its adventure-and-activity-seeking visitors a wide range of experiences including an adventure centre and

camping spots. A new app in the UAE called 'eco-tourism UAE' informs visitors on regional reserves with the objective to reach this next generation of niche traveller. New projects in Saudi Arabia, such as The Red Sea Project and Amaala, look at drawing more travellers through eco-friendly activities.

When it comes to properties in the GCC, there is a steer toward sustainability. "A good example is the recently opened Jumeirah at Saadiyat Island Resort in Abu Dhabi, where guests are given reusable water bottles at check-in, reminding them that sustainability is one of the primary objectives of the property," says Rhea Saran, Condé Nast Traveller Middle East's Editor-in-Chief. The brand also works with the Dubai Turtle Rehabilitation Project, an initiative that began under Lawless' patronage as CEO of Jumeirah Group, at its Al Naseem property in Dubai which houses a turtle rehabilitation sanctuary. Al Maha, a Luxury Collection Desert Resort and Spa, sits in the Dubai Desert Conservation Reserve and has been actively involved in preservation of the area's natural flora and fauna and of the native Arabian Oryx.

***"THE BIGGEST CHALLENGE WE NEED TO MEET FOR THE FUTURE OF TRAVEL, TOURISM AND HOSPITALITY IN THE GCC AND ACROSS THE WORLD IS SUSTAINABILITY"***

**GERALD LAWLESS**, FORMER CHAIRMAN, WORLD TRAVEL AND TOURISM COUNCIL

Oman has long been a standard-bearer in the sustainability arena in the region. The Shangri-La Barr Al Jissah Resort and Spa has a dedicated turtle ranger near Muscat. On Oman's Musandam Peninsula, Six Senses Zighy Bay supports Dibba School, a local girl's educational institute and has also created a protected marine area, planted trees in celebration of earth days and has been involved in several other projects, creating a positive reputation resulting in international acclaim and national pride<sup>47</sup>. The Omani government is also getting involved with a royal decree that established the Ras Al Jinz turtle reserve in 1996 and founding the Ras Al Jinz Turtle Centre to help with conservation and nesting in 2008.

The implications for retailers are also huge when it comes to attracting this travelling population. Retailers like Gucci have already rolled out a media campaign linked to their launch of Gucci Equilibrium, a sustainability platform that allows its 13,000 employees to donate time for the development of local communities<sup>48</sup>. Versace went fur-free this year while Stella McCartney shot one recent campaign on a landfill site<sup>49</sup>. While we discuss the implications of the sustainable-conscious traveller for brands later in this paper, suffice to say there is a movement steering heavily in this direction.

### **GROWING APPEAL FOR RELIGIOUS TOURISTS**

Religious tourism drives a considerable portion of travel to the GCC. Abu Dhabi's Sheikh Zayed Grand Mosque attracted 5.8 million visitors in 2017<sup>50</sup>, up from 5 million visitors the year before.

In 2018, Saudi Arabia drew around 19 million regional and international Hajj and Umrah visitors<sup>51</sup>. The aim is to increase this number to 15 million by 2020 and 30 million by 2030<sup>52</sup> with the intent to convert a significant percentage of these religious visitors to national visitors and traditional tourists. The focus on making the region friendly for religious travellers has even extended online. In 2018, Saudi Arabia launched an app to provide pilgrims with basic information, file general enquiries and generate automated replies both through the application and through social media.

Whilst the financial implications relating to religious travel are not strongly reported, what is clear is that these efforts have and will continue to draw more tourism and promote spending across the kingdom.

### **CRUISE TOURISM BRINGS NEW VISITORS**

Cruise ships are making a resurgence and becoming an increasingly growing trend. According to Bain and Company's Luxury Goods Worldwide Market Study, Fall/Winter 2018, global luxury cruise sales grew faster than any other luxury travel segment at 7%<sup>53</sup>, with expedition-style cruises rising dramatically in 2018. Simultaneously, additional docks are being developed across the region. In 2009, 87 cruise ships docked in Dubai with this number nearly doubling to 157 during the 2016-2017 winter season<sup>54</sup>. The development of the cruise industry also presents significant opportunities for retailers to position themselves at ports of popular docking. The driver of both trends and infrastructural development indicate more travellers will be drawn to the region through cruise travel with the number of ports across the GCC growing.

### **LUXURY PROPERTIES ARE RESPONDING TO AND CREATING GROWTH**

As the number of tourists to the GCC is predicted to grow over the next decade, hotels are responding to demand while simultaneously contributing to it through marketing and media investment. A strong example of this is in Oman where the government's proactive tourism strategy involves creation of a significant number of hotel rooms. In the first five months of 2017 alone, 13 hotels opened their doors in Oman. This number was expected to increase to 81 throughout the remainder of 2018<sup>55</sup>.

Marriott International echoes this growth both internationally and regionally with 400 operational hotels and 200 in the pipeline<sup>56</sup>. Bahrain and Saudi Arabia are of considerable focus to the group.

## SECTION IV: THE FUTURE

A growing number of people are travelling and increasingly spending as they travel. Simultaneously, the GCC is creating a more inviting environment for a broad spectrum of travellers.

This combination of increased footfall plus the expenditure of disposable income has the potential to result in strong economic growth regionally. In 2018, the luxury market grew by 5% to an estimated global value of \$1.34 trillion<sup>57</sup>. This growth spans across numerous categories: luxury hospitality saw a 5% sales growth from 2017 year; gourmet food and fine dining was 6%; and luxury cruises were up 7%. The luxury retail market is also experiencing unprecedented levels of spend. Last year, personal luxury goods reached a record high of \$290 billion. Taken together, these figures indicate that consumers are willing to spend, particularly on luxury items and unique experiences.

These global trends extend into the GCC, as the retail sector is expected to grow 4% from \$253.2 billion in 2018 to \$308 billion in 2023. These sales are expected to expand constantly through 2023, driven in part by the anticipated population growth and international tourist areas<sup>58</sup>.

Seven key ways for brands to be successful in this expanding luxury travel and retail market are featured here:

### FOCUS ON EXPERIENCES, NOT SOLELY ON THE PRODUCT

Luxury travellers are more value driven than ever before; they no longer simply want an expensive product. Value is linked to the idea of a unique experience and lack of supply. Understated, guilt-free and guilt-free luxury that is connected to a personalised experience are the cornerstones of what the luxury traveller wants<sup>59</sup>.

Brands must look at what they can do to contribute to the uniqueness of the purchase – particularly where younger travellers are concerned, as social bragging (online and offline) rights often drive buying behaviour.

This focus on value instead of expense also opens up luxury retail to the aspirational luxury traveller. They are not the traditional luxury guest, but instead may be enjoying a purchase as a special treat or allowing themselves additional spending while on holiday. Brands wishing to tap into this market must again consider authentic and connected experiences both online and in store<sup>60</sup>.

***“THE GCC, AND MORE PARTICULARLY THE UAE, IS SYNONYMOUS WITH LUXURY, AND THE RETAIL EXPERIENCE IS UNPARALLELED TO OTHER MARKETS. IT IS A VERY IMPORTANT RETAIL TOURISM MARKET, AND THE MAJORITY OF TRAVELLERS COMING TO THE REGION HAVE SHOPPING AS PART OF THEIR AGENDA.”***

**MOHAMMED ABDULMAGIED SEDDIQI, CHIEF  
COMMERCIAL OFFICER, SEDDIQI HOLDING**

### **CURATE A LUXURY OFFERING TO ITS LOCATION**

Travellers are seeking culturally connected, unique experiences and often environmentally responsible interactions across the entire value chain of their tourism experience. They are increasingly looking for this to be echoed in the brands they buy.

“In the past, brands would try to replicate the same format in any location around the world,” says Patrick Chalhoub, CEO of Chalhoub Group. “This is not the luxury landscape of today. Now, a brand must express itself differently.” This means speaking in the language of the nation the brand finds itself in.

This can be achieved through curating an offering that is linked to the location of the store, whether this is through locally-sourced products, unique events, or even a collaboration with an artisan from the location or region. “It is something which has evolved and will continue to do so,” he says.

Luxury timepiece retailer Ahmed Seddiqui & Sons has created a unique offering by launching special ‘Dubai Edition’ collections almost a decade ago<sup>61</sup>. “These have produced some of the most sought-out timepieces internationally,” says Mohammed Abdulmagied Seddiqui, Chief Commercial Officer, Seddiqui Holding.

This doesn’t mean brands should go to extremes and alienate their core offering, continues Chalhoub. “It is more about creating consistent but complementary experiences from place to place. Curate something very specific in each store that will keep people coming back and increase store loyalty in what is becoming an evermore fragmented global market.” The same brand can be present at multiple touchpoints within a travellers journey; the important thing is each expression of that brand remains unique to its location.



***“WHEN WE TALK ABOUT LUXURY AND RETAIL, PEOPLE WANT THEIR RETAIL EXPERIENCE TO BE AN EXPERIENCE THAT IS PART OF THE DESTINATION – THEY WANT TO DISCOVER THEMSELVES AS WELL AS DISCOVER NEW PLACES AND GOODS. THIS HAS MEANT WE’VE SEEN A HUGE EMERGENCE OF NICHE BRANDS, AND THESE ARE LIKELY TO BE THE BRANDS OF TOMORROW.”***

**CANDICE D’CRUZ**, VICE PRESIDENT, LUXURY BRAND MARKETING AND MANAGEMENT, MIDDLE EAST AND AFRICA FOR MARRIOTT INTERNATIONAL

One way for brands to achieve this is by offering VIP passes or unique experiences around events linked to a particular destination. Dubai Duty Free sponsors the Dubai Duty Free Tennis Championship, The Dubai World Cup, golf events and more. “We spend 2.5% of the top line on promoting Dubai and Dubai Duty Free,” explains Colm McLoughlin, Executive Vice Chairman and CEO of Dubai Duty Free. “If the expertise of retail is going to be publicised, we need to attract people to visit for a wider purpose such as tourism.”

#### **BE AWARE OF EMERGING MARKETS AND THE STRENGTHS WITHIN THE GCC**

Saudi Arabia holds considerable potential for retailers. “It is a place that is developing the most,” says Chalhoub, pointing to Vision 2030 as an example of leaders really pushing into the future. “Saudi Arabia is a market which will grow the fastest in luxury consumption across all sectors as the domestic market matures, leading to increased travel and tourism in the nation” he notes.

Existing markets that have already proven success also hold promise for the future. With Dubai and Abu Dhabi, the UAE has shown it has a winning formula for shopping success – particularly against the backdrop of increased tourism figures. Chalhoub puts this simply, “You bet on a winning horse and Dubai seems to have found the formula.”

#### **CREATE BESPOKE OFFERINGS FOR TRAVELLER TRIBES**

The GCC has demonstrated its retail offering can appeal to travellers through the elegance and refinement of its presentation. Now is the time for retailers to further develop and curate their experiences for different groups of travellers.

On one hand, this involves being competitive in terms of pricing, both in the traveller’s home market and at potential travel destinations. “We must understand the cultures of our customers, the language which our retail experts use, be prepared to promote our stores in their home countries so they are able to plan purchases before they visit the region and create a value driven proposition,” advises the CEO of Chalhoub Group.

On the other hand, this means targeting niche groups. Consider the modest traveller who wants modest fashion. This segment accounted for approximately 40% of luxury women’s ready-to-wear in 2018, whilst inclusive fashion, targeted to curvy or plus-size women, represented around 20%<sup>62</sup>.

***“THESE NICHE MARKETS PRESENT CONSIDERABLE OPPORTUNITIES TO THE REGION. OVER THE NEXT FIVE YEARS, THE KINGDOM OF SAUDI ARABIA HOPES TO HAVE MORE LOCAL BRANDS RECOGNISED AROUND THE WORLD AIDED BY THE INFLUX OF GLOBAL VISITORS. OUR AMBITION IS TO MAKE ‘MADE IN SAUDI ARABIA’ A RENOWNED USP TO INTERNATIONAL MARKETS SUCH AS NEW YORK, LONDON AND PARIS MUCH LIKE ‘MADE IN ITALY’.”***

**HER ROYAL HIGHNESS PRINCESS NOURA BINT FAISAL AL SAUD**, FASHION AMBASSADOR TO THE KINGDOM OF SAUDI ARABIA

Don't make the mistake of trying to cater for everyone all the time. "If you try to target everyone, you target no one," says Chalhoub. "So, we need to prioritise our target markets to be the most effective and to get the best possible results."

The GCC hospitality and retail sectors are globally renowned for their service offerings which have enabled further evolution in this sphere. For example, many luxury boutiques will provide shoppers with ample space in fitting rooms so family and friends who are accompanying them can sit and relax, providing a more premium experience.

#### **CASE STUDY: LEVEL SHOES**

A striking example of how GCC retailers have successfully achieved a premium brand experience is Level Shoes in the Dubai Mall. This globally recognised retail concept and destination is dedicated to the world of designer footwear and accessories. The 96,000 square-foot store offers a wide range of unique services: from style experts, exclusively curated collections and regional online shopping<sup>63</sup>.

#### **UNDERSTAND MILLENNIALS AND YOUNGER GENERATIONS**

Younger generations have considerable spending power which luxury brands can no longer deny or ignore. Gen Z and Y accounted for 47% of luxury consumers in 2018 and 33% of luxury purchases<sup>64</sup>. These purchases are often driven by a desire to be eco-aware or to share their affluent experiences on social media channels.

Luxury brands such as Dior and Louis Vuitton are already adapting to the preferences of the younger consumer segment by adjusting product offerings, tailoring communication and engagement strategies and reassessing distribution channels – but there is still room for growth.



### CASE STUDY: SOLE DXB

Sole DXB, a week-long streetwear festival focused on curated events and exhibitions, has successfully engaged young audiences. Every year Sole DXB draws around 16,500 visitors – and more than 60 brands hoping to catch their eyes<sup>65</sup>. As it grew following its launch, Sole DXB began attracting influential streetwear stars, introducing exclusive product drops and even introducing the most premium luxury brands. In 2017, Dior Homme and Kenzo joined Sole DXB's line-up for the first time<sup>66</sup>.

By 2025, Bain predicts Gen Y and Z will represent approximately 55% of the luxury market, contributing to 130% of market growth between now and then. Already millennials account for 1.8 billion people, or roughly a quarter of the world's total population<sup>67</sup>. Chinese millennials alone outnumber the entire US population. As for their spending power, it's considerable. The World Data Lab forecasts that the global spending power of Gen X and Gen Y will soon be greater than any other generation.

It's here, in this emerging market of affluent, digitally connected travellers, that proactive retailers have the potential for considerable growth. Retailers must look at things that matter to these shoppers, including sustainability, experiences, and social collateral. There are also categories of interest to young travellers, such as makeup and beauty, which is linked to a desire for self-expression.

"Brands should also recognise the potential of tapping into the global wellness industry, of which beauty is a significant part," says Condé Nast Traveller's Saran.

### BE INTELLIGENT WITH DIGITAL

Whilst expansion in travel and tourism will increase footfall to retail stores across the GCC, brands should remain very conscious of the power of online. Between 2015 and 2018, online remained the fastest-growing commercial channel with 22% growth and reaching 10% penetration of luxury sales globally<sup>68</sup>. Approximately half of all luxury purchases will be digitally enabled thanks to new technologies along the value chain. What's more, nearly all purchases will be influenced by online interactions inclusive of advertising, branded content and social media influence.

"For the GCC consumer, tech is hugely important," says Candice D'Cruz, Vice President Luxury Brand Marketing and Management for Marriott International Middle East and Africa. "Although the Middle Eastern consumer is incredibly private and family focused, they are influenced by a wider community – especially a technology-driven community so social media influencers are key."

Video in particular will become increasingly important<sup>69</sup>. Research from Cisco in 2017 revealed that 69% of global consumer internet traffic in 2017 was dedicated to video, while video-on-demand traffic will double by 2021. The average 15 to 24 year-old in the Middle East spends 72 minutes a day watching videos online<sup>70</sup>. With consumers in the Middle East, particularly millennials, consuming YouTube content daily, this is a powerful market segment and a clear media opportunity to encourage consumption.

This potential extends to brands wishing to tap into international travellers arriving in the GCC region through partnerships with hospitality providers and airlines “The sharing of data has the potential to build brand awareness and trust for future travellers to the region. By the time the visitor arrives to the GCC, there is already a positive brand association with a disposition to purchase. The strength of this is immense” says Saran. Tubulur Insights found in 2017 that 64% of consumers will make their purchase decision after watching branded social videos<sup>71</sup>.

### **TAILOR OFFERINGS FOR THE CHINESE AND SAUDI CONSUMER**

China and Saudi have both been cited as powerful drivers of growth and retailers looking to tap into these markets must take note. Chinese visitors to Dubai grew 12% in 2018, ranking fourth in source market performance<sup>72</sup>.

Similarly, according to an Abu Dhabi Department of Culture and Tourism 2018 report, China was their #2 largest overseas source market, seeing +8% growth versus 2017. By 2025, Chinese millennial and Gen Z consumers will make up 46% of the global personal luxury goods market, according to Bain<sup>73</sup>. This growth has already had regional impact as experienced by Chalhoub Group, who cite the Chinese consumer as a target market for whom they cater.

For initial traveller touchpoints like Dubai Duty Free, the Chinese consumer is increasingly relevant<sup>74</sup>. This year, 138 million people travelled from China to the world. “Whilst they won’t all be coming to Dubai, there are 600,000 overnight stays in Dubai from Chinese visitors,” explains Colm McLoughlin, CEO of Dubai Duty Free. “These 3 million Chinese visitors all going through Dubai airport present an opportunity,” he adds. “A decade ago, Russian traffic was considered an area of concentration. Now it’s all about Chinese traffic and securing Chinese trade.”

Similarly, the audience from Saudi Arabia is expected to grow, both in terms of outbound Saudi travellers and tourism within the GCC. When it comes to the former, Saudi travellers have significant funds to spend on luxuries; in 2017, Saudi tourists spent \$26 billion on tourism<sup>75</sup>. For these travellers, departure flights to other Middle Eastern countries constituted 72% of all flights<sup>76</sup>. In one study, 13% of Saudi Arabians cite ‘shopping destinations’ as a key factor and priority when determining their travel destinations<sup>77</sup>, and 56% admitted to splurging on high value purchases during travel. Recent travel policy changes for Saudi females may have also opened up an entirely new tourist demographic with disposable income.

Given the potential spending power of these demographics and travel patterns, retail and hospitality categories must carefully consider how to approach and cater to these groups. Global hotel brands like Marriott International are exploring the Kingdom for growth. Over the next 10 years, brands under the Marriott portfolio expect a transformational period that will be fuelled by Saudi Arabia<sup>78</sup>. The group has 20 hotels planned in the next year with Bahrain and Saudi Arabia playing a significant role.

All considered elements point toward a powerful trend: “Luxury growth is not slowing down,” says D’Cruz.

## CONCLUSION

In this paper, we have explored what the growing tourism market and the changing traveller profile means for luxury brands within the GCC across all sectors. The findings suggest positive potential and growth for brands that act quickly to future-proof themselves in a shifting, developing and more digitalised market place.

Globally, the travel tourism market is poised for continued growth with new niche formations on the rise, topics we have discussed extensively. As the luxury industry expands, it will also continue to evolve. Luxury travellers today are increasingly digital, with unique experiences often contributing more to 'luxury' than price points alone. Individuals are requesting more personalised experiences where they are treated with one-to-one attention creating more memorable journeys thereby more value.

Simultaneously, travel to and within the GCC has expanded and will continue to do so. Governments and high-end service providers inclusive of airlines and hospitality groups have actioned changes to encourage the growing numbers of visitors. This is evident across logistical elements, like visa regulations, all the way through to adaptations that match shifting consumer mindsets like increased focus on sustainability and CSR initiatives.

As travellers ask for increasingly personalised, curated experiences, luxury has begun to move away from the high price tags of yesteryear towards a segment driven by a strong value proposition. For retailers in the region, these developments can be best managed by keeping in mind the seven key findings of this paper: focus on experiences around a product, not solely on the product; curate a luxury offering bespoke to its location; be aware of emerging markets and the strength in existing ones within the GCC; create offerings adapted to traveller tribes; understand millennials and younger generations; be intelligent with digital; and tailor offerings for the Chinese and Saudi consumer.

"This is absolutely the right time to talk about luxury retail and travel," says Patrick Chalhoub, CEO of Chalhoub Group. "There is a transformation happening in the GCC where tourism has been put into focus regionally and globally. Travellers who are coming to this part of the world are interested in luxury retail as well as experiences. The overlapping possibilities between the two are immense."

This increased footfall promises positive outcomes for luxury retailers in the future, as explored extensively above. For retailers, this has powerful implications that, if managed correctly, can lead to positive growth. While there are still many avenues left to explore, including a deeper dive into emerging technologies, one thing is clear, "The luxury experience has evolved and will continue to evolve," says Patrick Chalhoub, CEO of Chalhoub Group. "If retailers learn how to curate experiences for travellers coming from around the globe, hospitality and retail will help each other and not compete for custom."

CLOSING REMARKS BY  
**PATRICK CHALHOUB**,  
CEO, CHALHOUB GROUP

Expo 2020 is getting closer. It will bring together the best of innovation from all over the world, it is a fantastic business opportunity and it will benefit the tourism, hospitality and luxury retail sectors. It is also a great opportunity to discover what Dubai and the region have to offer to keep guests coming back time and time again.

With this fast-moving market and evolving consumer, retailers should be agile and adapt their offer by focussing on something unique and preparing visitors for a delightful experience.

We look forward to sharing the insights on this topic that will be explored in Chalhoub Group's 2020 White Paper. We hope you enjoyed your journey with us...

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## APPENDIX A

PICK UP THE MAY ISSUE OF CONDÉ NAST TRAVELLER MIDDLE EAST  
FOR INSIGHTS FROM OUR REPORT





## APPENDIX B: INFOGRAPHICS

## TRAVELLER MINDSETS



The evolving definition of luxury is changing trends in the luxury-travel landscape with two distinct groups of travellers identified



## THE NEW-AGE LUXURY TRAVELLER

Led by discovery, experience and adventure.  
Interests: Gastronomy, eco-travel and nightlife

Digitally savvy - keen to explore and share experiences on social media

Preference for smaller, niche boutique hospitality brands

Value-driven: Open to innovations driven by the digital age such as Airbnb and low-cost airlines

Travel for shorter periods with more activity

Inspired by social media and social-media influencers

Luxury-driven by scarcity and unique experiences

## INFLUENCE

## DIGITAL CONSUMPTION

## BRAND ENGAGEMENT

## VALUE EXTRACTION

## DURATION

## INFORMATION SOURCES

## LUXURY PERCEPTIONS

## THE TRADITIONAL LUXURY TRAVELLER

Led by information, service and product consumption.  
Interests: Culture, heritage, wellness and cruise tourism

Wary of shared economies and efficiencies of digital networks

Inclined to trust traditional hotel brands

Willing to invest larger amounts in single transactions with trusted brands

Travel for longer periods and value time at leisure

Seek traditional information sources such as travel agents

Correlate larger investments with more luxurious experiences

Bain predicts that by 2025, Generation Z and Millennials will represent approximately 55 per cent of the entire luxury market and contribute to 130 per cent growth in the global travel market. The World Data Lab forecasts that the global spending power of this generation will soon be greater than any other generation leading to significant shifts in luxury and travel services.

## THE POWER OF CHINA



- 138 million people leave for global travel annually
- Dubai's Dragon Mart is the second-largest global trading post outside of China
- On average, one flight leaves from Dubai to China every 90 minutes
- Three million Chinese visitors went through Dubai airport in 2018
- 600,000 overnight stays in Dubai from Chinese visitors in 2018
- Chinese millennials alone outnumber the entire population of America

## NATIONAL PRIDE: WHAT NATIONS ARE DOING TO INCREASE TOURISM



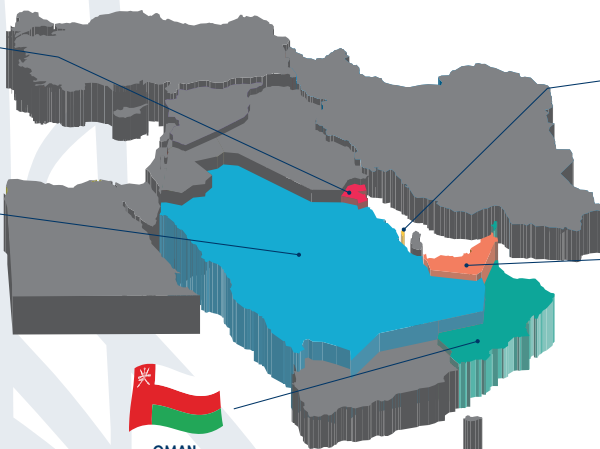
## KUWAIT

- 4.3 million international arrivals expected by 2020
- Tourism to contribute 5.6 per cent contribution to total GDP
- Kuwait international T4 opened in 2018
- T4 able to accommodate an additional six million annual passengers



## SAUDI ARABIA

- Vision 2030 to develop travel and tourism in the Kingdom
- Saudi Arabia has a wealth of cultural and natural heritage sites
- US \$45bn forecasted for investment in the tourism sector
- Reforms to lift national spending to US \$46.6bn in 2020
- Target of 30 million international visitors by 2030
- Introduction of new electronic visas for foreign visitors obtainable within 24 hours
- Current plans to allow citizens of America, Europe, Japan and China to enter visa-free or visa upon arrival by end of 2019



## OMAN

- Heavy investment into growing the tourism market
- Current investment has reached US \$650mn
- Expected to cross the US \$1bn mark within the next 24 months
- USP of the Sultanate includes natural landscapes as well as luxury eco and sustainable tourism



## BAHRAIN

- 12 million tourists in 2018
- 35 per cent visited for the sole purpose of retail
- US \$1.1bn invested at Bahrain International Airport
- Airport to be completed in 2020
- Will see airport capacity reach 14 million annual passengers



## UNITED ARAB EMIRATES

- Over 21 million international visitors to the UAE in 2018
- Top five nationalities visiting: India, Saudi Arabia, UK, China and Oman
- Dubai aims to target 20 million tourists by the end of 2019 and 25 million annually by 2025
- Expo 2020 expects to attract 25 million visitors, of which 70 per cent will come from outside the UAE
- Chinese visitors grew by 12 per cent in 2018, ranking fourth year on year in growth in terms of nationalities
- Upcoming tourist and visitor attractions in Abu Dhabi include the Guggenheim Abu Dhabi and the Zayed National Museum

## DUBAI DUTY FREE

Number of global passengers through Dubai International Airport

89 MILLION

Global travellers purchasing at other international duty free

40%

19%

Dubai Duty Free has diversified their product offering from tobacco, fragrances and cosmetics into high fashion and premium food

LUXURY PRODUCTS

Number of passengers that travelled through Dubai Duty Free in 2018

15 MILLION

33 per cent of all sales were accounted for by luxury products at Dubai Duty Free in 2018

SALES

135 million passengers forecasted to be travelling through the airport  
80,000sqft of retail space

10-YEAR PLAN

This makes Dubai International the busiest airport in the world for international traffic

Passengers making a purchase at DDF

Dubai Duty Free has an active CSR programme which involves:

- Urban development
- Healthcare initiatives
- Education sponsoring

## APPENDIX C: CONTRIBUTORS

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