

# Tourism Industry Intelligence

Strategic Information for Decision-Makers

## Destination Dubai

July 2003

### Fastest growing tourism destination in the world

Dubai, one of the seven emirates which constitute the United Arab Emirates (UAE), has taken the lion's share of tourism growth to the Middle East in 2002. **Dubai, the fastest growing tourism destination in the world, with current growth rates of over 30% (growing 10 times faster than the rest of the world), welcomed close to 6 million international tourist arrivals in 2002.** Since the 1990's hotel capacity in Dubai has quadrupled, and in 2002 the tourism sector contributed over 15% to Dubai's GDP. Dubai has a 16.6% market share of the Middle East tourism market second to Egypt (24.9%) and 7.2% of total tourism expenditure in region.

### Lodging revenues of US\$379.9 billion

Tourism is the fastest growing sector within Dubai's economy and with 11.6% of Dubai's GDP invested in tourism (\$1.9 billion of economic activity), Dubai has made a huge commitment to this sector of the economy. **Total lodging revenues for 2001 in Dubai were US\$379.9 billion.**

### Europe the largest origin market

**Europe is one of the largest origin markets with 28% of arrivals to Dubai,** followed by Asia (22%), Other AGCC (Arab Gulf Co-operation Council) Countries (22%), UAE (7%), Africa (6%), USA (4%) and other (11%).

### 10% growth in passenger throughput

Dubai has more than 105 airlines providing direct links to 140 cities worldwide. **Emirates Airlines has consistently been ranked as one of the top 5 airlines in the world** and its network has recently grown to 57 destinations in 40 countries. The Dubai International Airport is one of the fastest growing airports in the world. In 2001, **despite the impact of global events, it registered a 10% growth in passenger throughput that totaled 13.5 million.** At present it has the capacity to handle 22 million passengers annually and was recently recognized as the Best Worldwide in Overall Passenger Satisfaction by IATA.

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### 27 5-star properties

The total number of hotels in Dubai increased from 233 in 1995 to 264 hotels in 2001. **Dubai has 27 5-star and 26 4-star hotels.**

### Future prospects

**The Government's vision is to increase the number of tourists to 10 million per annum by 2010.** The *Dubai Department of Tourism and Commerce Marketing*, has an integrated marketing campaign in place to maximize awareness of Dubai including direct mail, personal marketing visits, promotions such as breakfast seminars and workshops, public relations, roadshows and exhibitions, tele-marketing, news bulletins, newsletters, the web and e-mail as well as hosting of familiarization visits. Dubai advertises in 120 travel and tourism publications in its markets.

Source: <http://www.ddia.ae/> Dubai Development Investment Authority

## Market & Consumer Trends

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### North American Businesses decrease budgets

A weak economy and political unrest around the world has companies closely examining their shrinking travel budgets. Instead of face-to-face meetings, **many businesses are communicating with customers using technology.** Companies often use Microsoft NetMeeting software instead of flying. The software allows customers and employees around the world to simultaneously view charts and slides online during a teleconference. **Fully 40% of North American businesses decreased their travel budgets in 2003 compared to 2002,** according to a joint survey by *Runzheimer International* and the *Association of Corporate Travel Executives*. Another 34% reported that their budget remained the same for both years. The main reasons for the decrease were fewer domestic trips taken (64%); fewer international trips taken (59%); increased use of travel alternatives such as telephone, Web and videoconferencing (56%); and the use of self-directed, online booking systems (30%).

### Summer vacation plans a go!

Neither the poor economy nor high unemployment rates will stop Americans from summer vacationing. **More than 77% of respondents plan to take a summer vacation of at least three or more consecutive days off,** according to a new survey by *TrueCareers*. A resort or an amusement park such as Disney World or Six Flags is the vacation choice for 17% of respondents, another 17% plan to vacation overseas, 23% will stay at home or at the home of relatives and large cities such as New York or Los Angeles is the destination choice for 15% of respondents. **The majority of respondents use their earned vacation time on a regular basis.**

### Children's dining added to Cruise menu

**Carnival Cruise Lines has introduced a new children's dining program that provides supervised meals for kids,** giving parents the option to enjoy a night on their own. This addition offers parents a chance for a leisurely and more romantic dinner by themselves, according to Carnival CEO Bob Dickinson.

## Destination Watch

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### Quick recovery for Asia-Pacific outbound travel

**Outbound travel from the 30 countries making up the Asia-Pacific region to international destinations worldwide has nearly tripled in the past decade,** according to *TIA's Asia-Pacific Travel Demand Trends and Insights*, 2003 Edition. World events and the SARS epidemic had affected outbound Asian-Pacific travel with **outbound travel falling from 98 million in 2002 to 71 million in 2003.** The majority (78%) of outbound travel from the Asia-Pacific Region is short-haul. The rest of the world vies for the 22% that represents long-haul travel. The Asia-Pacific economy is poised to experience explosive growth within the next ten years and the region is expected to recover quickly according to William Norman, President of the *Travel Industry Association of America*.

### Egypt halts further construction at seaside resort

Egypt's tourism Minister Mamdouh El Beltagui has discontinued all new construction permits for new hotels in Sharm el Sheikh and the adjacent Nabq Bay as it has long been a protected area and national ecological park. **The decision is based on the Ministry's strategy to avoid over-development in the top tourist destination famous for Egypt's first marine park – Ras Mohamed National Park – voted the second best in the world for diving.**

## Focus - Breds, a Community-Based Tourism Organisation

### Breds aims to counter poverty and combat unemployment

Breds is one of the fore-runners in Community Tourism in Jamaica. Breds is a non-profit association established by Jason Henzell and Peace Corps Volunteer Aaron Laufer in 1998 to promote education, sports, cultural heritage, and environmental awareness in Treasure Beach, Jamaica. Henzell and Laufer found a need to create **an entity that would manage community tourism activities to counter poverty, unemployment, poor housing, illiteracy and depression.**

### Administered by volunteers

Breds is administered by volunteers and is funded through direct contributions and the following fundraising projects:

#### Fundraising projects:

- Dollar-A-Night initiative by which participating guesthouses contribute US\$1 for each room night rented.
- Dollar-A-Trip whereby taxi operators and boat tour operators contribute US\$1 per trip
- Jake's Off-Road Triathlon (Annually) raised US\$3,000 in 2003
- Jakes 6-a-side Football Tournament (Annually)
- Treasure Beach Hook 'N' Line Fishing Tournament (Annually)
- Postcards & T-shirts sales

### Constructed 30 houses for the less fortunate

**Breds has recently completed the construction of 30 houses for the less fortunate in the Treasure Beach community.** In 2002, Breds hosted 14 doctors from New York City's Bellevue Hospital who trained 27 volunteers to be first responders. The *Treasure Beach Emergency Response Unit* (TBERU) was launched in December 2002 and has four volunteers on call 24 hours a day seven days a week. Volunteers are trained to respond to water rescue, heart attacks, CPR, burn victims, strokes, choking and vehicle accidents.

### Established a computer lab with 12 computers

**Breds has provided school assistance by establishing a computer lab (12 computers) at Sandy Bank Primary which provides training to students, teachers and persons in the Community.** Other practical assistance to schools include a donated photocopier to Sandy Bank, construction of four bathrooms at Sandy Bank Basic School and a Partial Scholarship of student Manchester High School in 2001.

### Sponsored beach and road cleanups

Breds has also provided assistance to sports and community activities with sponsorship of a basketball team and the construction of a basketball and netball court. It has sponsored the Treasure Beach Community Gospel Christmas Party and constructed a marine light at Frenchman's Beach to assist Fishermen in navigating the reef. In addition, **Breds, supports continued beach clean-ups, a road clean-up campaign and promotes environmental responsibility at local Hotels and villas.**

Some upcoming Breds projects include:

#### Upcoming projects:

- The expansion its community's primary school by buiding three classrooms and six bathrooms and the expansion of the computer lab/library
- The construction of a multi-purpose facility at Sandy Bank Primary School. The facility will include a Town Hall, Kitchen and Infirmary.
- The commencement of a Sustainable Development Plan for Treasure Beach in conjunction with concerned stakeholders of Treasure Beach
- The promotion of Environmental Awareness, in accordance with Green Globe Certification, within Treasure Beach.

## Editorial

Breds is an exemplar to tourism businesses throughout the world. While there are tourism organisations that are actively involved in community-tourism projects, many more need to become involved. Tourism is much more than the walls that enclose properties. Tourism is all-embracing and being actively involved in poverty alleviation and self-help programmes for communities, can go a long way in creating an environment where guests feel safe. The future sustainability of the tourism industry can therefore be enhanced by active participation in meaningful community-tourism projects.

## Trends to Watch

### No aviation recovery until 2005

Boeing has warned that the commercial aviation industry will not recover until 2005 at the earliest. **Boeing posted a loss of US\$192 million in the second quarter 2003 compared with a net profit of US\$779 for the same period in 2002.** There has been a downturn in the commercial aviation market and it has dampened the demand for all airplane types, particularly the 757. **Boeing's deliveries of commercial aircraft fell by 34% to 74 and revenues fell 24% to US\$5.8 billion in the second quarter 2003 compared to the same period in 2002.**

### Increased passengers for easyJet

**EasyJet carried 1.7 million passengers in June, 2003 a rise of 83% compared with June 2002.** The no-frill carrier, which acquired rival Go Fly in May 2002, operated with a load factor of 85.8% in June 2003.

### Cruise travel on the increase

**Cruise travel from US ports was up 11% in the first quarter of 2003 compared to 2002,** with Miami and Fort Lauderdale accounting for nearly 50% of the traffic. Carnival Cruise Lines carried 33% and Royal Caribbean International 26% of the nearly 2 million passengers who traveled on a total of 934 cruises, according to a new statistical analysis by the *US Marine Administration* covering 10 major lines with ships that hold at least 750 passengers.

## Technology Update

### Email and messages to cell phones from the air

**Iberia is equipping its new Airbus 340/600s with satellite communications devices which will allow passengers and crew to send electronic messages from the air.** Video screens with a virtual keyboard are being installed in armrests. Using these screens, passengers can send their messages through the ARINC GLOBALink satellite network which covers the entire world.

### Multi-media features added to websites

**Sandals and Beaches Resorts have now added multi-media features to their websites [www.sandals.com](http://www.sandals.com) and [www.beaches.com](http://www.beaches.com).** These websites now include panoramic resort tours, animated slideshows, streaming video and image libraries. Retailer specific pages have been enhanced with real-time room inventory access and co-branded website creation tools. The sites even have new software to track and access travel agent commissions and sales data.

### European online booking 7.6 billion euros

**Led by the UK, France and Germany, the European online travel marketplace reached 7.6 billion euros in 2002,** according to the *PhoCus Wright's European Online Travel Marketplace Reports*. Gross bookings are expected to more than triple in three years to reach 27.9 billion euros by 2005.