



# FLASH REPORT

## HIGHLIGHTS

*KHOA Analysis &  
Middle East Performance  
STR Insights  
Thomas Cook Collapse  
Saudi Arabia - VISA  
Kuwait & International News*

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## PREPARED BY

*Kuwait Hotel Owners  
Association*

**SEPTEMBER 2019**

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*AUG YTD 2019*

# KUWAIT VS GCC RESULTS

Kuwait Occupancy decreased by  
-8.6% while ADR dropped by  
-2.9%

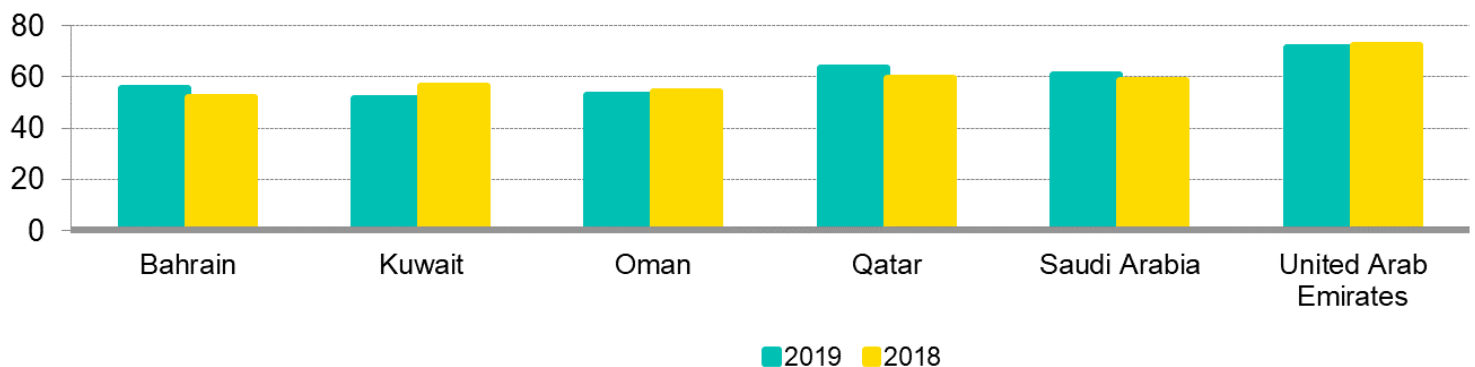
**51.5%**

*Occupancy%*

**KD 62.12**

*Average Daily Rate*

Occ Year to Date - August 2019 vs. August 2018



- Kuwait is having highest drop when it comes to Occupancy -8.6% while Oman dropped by -3.2% ,and UAE by -1.5% .
- On the other side Bahrain has increased by 6.9% , Qatar by 7.1% and Saudi Arabia by 4% .
- Kuwait Market Revenue is affected by both OCC % & ADR dropp.
- Compare to Last Year Kuwait Hotel Rooms Revenue has dropped by -11.7%
- September MTD performed well until last 10 days where it dropped again and most likely that drop will continue.
- The declining trend of ADR in Kuwait is alarming and this needs to be improved by Q4 2019 ,in order to compensate the low occupancy level.



# MIDDLE EAST HOTELS' PERFORMANCE INDICATORS DROP, AFRICA RISES IN AUGUST

- **Occupancy in the Middle East dropped by 0.6% to 63.1%**



Hotels in the Middle East recorded a drop in their occupancy rates, average daily rates (ADR) and revenue per available room (RevPAR), while Africa registered a growth across all its indicators in August 2019. According to data by STR, occupancy in the Middle East dropped by 0.6% to 63.1%, ADR dropped by 6.8% to US\$158.79, while RevPAR dropped by 7.3% to \$100.23 in August 2019, when compared to the same period last year. Hotels in Africa however witnessed a growth in all three indicators, with occupancy increasing by 0.3% to 63.2%, ADR going up by 3.4% to \$109.54 and RevPAR rising by 3.7% to \$69.25.

## 6 Tourism Industry Trends

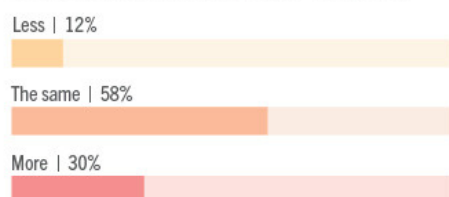
# STR INSIGHTS

The tourism industry, reflecting wider societal evolution, has seen noticeable change in recent years. The dynamic has changed with increasing disposable income, rising life expectancy and technological developments empowering customers, who quite literally have the power to plan and book their travel in the palm of their hand. But which specific trends are most notably influencing traveler decisions to hop on a plane, jump in the car or board a train to their next destination?

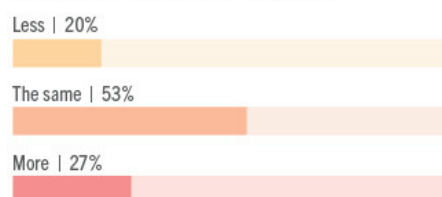
1 - Growing Appetite for TravelFirstly, global wanderlust is on the rise and is reflected in 2018 international tourist arrivals, which grew 6% as a result of increases in all world regions. The good news for accommodation providers and other tourism businesses is that this growth has been accompanied by a growing intent to spend, across both short breaks and longer holidays. The chart below highlights the proportion of consumers prepared to spend less, the same or more on their 2019 travels.

## Tourism: Intent to Spend (2019 vs. 2018)

### Short Break Holidays (1-4 nights)



### Longer holidays (5+ nights)



Source: STR Traveller Survey  
February 2019



### 2 - Convenience Booking

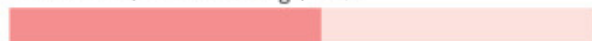
Convenience is king for today's consumer, and technology has been a great facilitator in this area. In our 2018 Consumer Travel Insights Survey, 69% of respondents cited convenience as the most important aspect when booking their holiday. Whether booking via an accommodation provider directly or an online travel agency (OTA), ease of booking is at the forefront of the consumer's mind.

Those booking via OTAs cited viewing all available options as a major influence, enabling them to find and book the best property and price for their trip. Technology has created seamless customer booking experiences and comprehensive research tools, resulting in the culture of convenience booking.

## Consumer motivation when booking accommodation

### Reasons for booking via provider's website

Convenience/ease of booking | 50%



Offered the best deal | 38%



Rewards/loyalty scheme | 25%

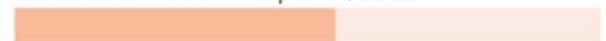


Booked direct to benefit hotel | 10%



### Reasons for booking via OTA

To see all accommodation options | 55%



Convenience/ease of booking | 48%



Offered the best deal | 29%



Special promotion/incentive | 13%



### 3 – Experiential Tourism

The experience economy is growing! Consumers are no longer happy to simply receive generic messaging and services from brands, they want an experience that's enriching and authentic. In the tourism industry this translates to experiencing new places and cultures, with travelers citing this as the fourth most influential factor in their decision to holiday.

## Key Holiday Drivers



48%

Interesting history  
& heritage



41%

Always wanted  
to go



39%

Time with  
friends/family



38%

Experience new  
places/cultures



36%

Relax & unwind



35%

Enjoy local  
food & drink



35%

Beautiful architecture  
& buildings

### 4 – Affordable Luxury

Technology has not only made booking trips a less stressful process, it has disrupted the traditional marketplace. The growing pool of accommodation and agents available to travelers, coupled with increased spending power, has empowered consumers to 'trade up' to steep but affordable prices. This is the democratisation of luxury, and it has empowered consumers to decide when the luxury options are worth splashing that extra cash—remember, we are entering the age of experience.

In tourism, this can be seen in the rise of glamping, low-cost carriers and their pay-for-what-you-use business models, and personalised/exclusive experiences in destination.

### 5 – Personalization in Travel

Travelers aren't content to simply plan and book holidays for themselves, they want to experience the destinations at their own pace too. So, the holidays they purchase need to be flexible and tailored to their desires. There is still a reliance on travel agents and accommodation providers, but tourists want messaging that's personalised to their wants and needs. Approximately 43% of respondents in our Traveler Trends Survey agreed with the statement "personalised holiday adverts or notifications make my travel planning easier".

“When planning a holiday, I like to discover destinations myself”

- Disagree
- Somewhat disagree
- Neither agree nor disagree
- Somewhat agree
- Agree

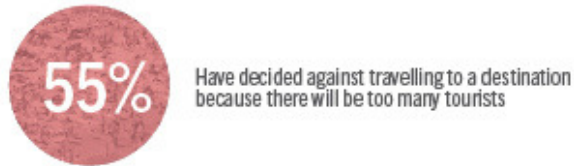
1%  
6%  
17%  
39%

### 6 – Responsible Tourism

The growing conscience of travelers has presented another new opportunity to operators, who can tap into their growing interest and awareness in the environmental, social and economic impact of their travel. As the below image highlights, this impacts the destinations they choose, when they visit and the products they purchase when traveling.



### When to travel



### Where to travel



### How to travel



Source: STR Consumer Travel Insights Survey  
October 2018



# TOUR COMPANY THOMAS COOK COLLAPSES

BY BIANCA BRITTON, JESSIE YEUNG AND SHERISSE PHAM, CNN



Company collapse: The 178-year-old British tour operator Thomas Cook, which employs 21,000 people, collapsed Sunday night -- immediately entering liquidation. Travelers stranded: Hundreds of thousands of travelers have been left stranded across the world. Huge repatriation effort: The UK government is launching its largest ever peacetime repatriation to bring passengers home.

Richard Branson, founder of the Virgin Group, said in a blog post that the steep drop in the value of the pound following the 2016 Brexit referendum had piled the pressure on the heavily indebted and "struggling" Thomas Cook.

"All of the travel industry costs are in dollars -- for example fuel maintenance and airplane leasing. With the weaker pound, the cost of everything has skyrocketed. For Thomas Cook, this has proved terminal," Branson said, adding that he was "saddened" to see the end of "the pioneer of organized travel."



Thomas Cook's issues went beyond Brexit. But Britain's complicated departure from the European Union, and its impact on the pound, may have been the final nail in the troubled company's coffin.

The travel operator's dramatic collapse follows years of mismanagement and a failure to keep pace with online rivals, writes Hanna Ziady from CNN Business. And Brexit didn't help.

Analysts say it was one of several factors that led to the 178-year old travel company's demise, which has left 150,000 UK holidaymakers stranded abroad and cost thousands of employees their jobs.

## LATEST NEWS - TOURISM

# SAUDI ARABIA LAUNCHES E- VISA PORTAL: THE FINE- PRINT

Saudi Arabia is opening its doors to the world through its new tourist visa. Through their fast and easy-to-use online portal, international visitors from eligible countries can apply for an eVisa and discover the hospitality of Saudi people. The eVisa will be a one-year, multiple entry visa, allowing tourists to spend up to 90 days in the country. Tourists from eligible countries can apply for a tourism visa online through the fast and easy-to-use e-visa portal (<https://visa.visitsaudi.com>) ahead of their trip, or upon arrival in Saudi Arabia through visa kiosks at immigration. Tourists from other countries should apply for a consulate visa through Saudi embassies and consulates. All Visit Visas: including E-Visa, Visa-on-Arrival and Consulate Visa:

- Visa fee is SAR 440, including the base fee (SAR 300) and health insurance (SAR 140). VAT and payment processing are additional charges.
- Validity of the visa depends on its type. A single entry visa allows you to stay for one month, while the multiple entry visa allows you up to three month stay in Saudi Arabia.
- Maximum duration of stay is up to three months per visit, with no more than 3 months with multiple entries.

- E-Visa and Visa on Arrival
- Minimum age of applicant is 18 years old
- Underage applicants require an individual above 18 years old to be the guardian
- When applying, passport validity must be for at least 6 months at the time of entering Saudi Arabia\*
- Refund in case of rejection is not possible. Visa fees are non-refundable
- Overstay fees: SAR 100 for each day of overstay when the visa expires without leaving Saudi Arabia.
- Religion of applicant is not relevant
- Countries with bilateral agreements can apply for the visit visa through e-visa or visa on arrival, or through the consulate visa (USA, UK, South Korea and Japan)
- Documents not required to get a visa:
  - Return ticket
  - Booking accommodation (only address is required)
  - Hard copy of the visa, although a soft copy is advised
- Time taken to issue an e-Visa is 5-30 minutes in most cases
- Visa eligibility pre-checks are conducted by all airlines before boarding flights to Saudi Arabia\* For citizens of USA, an extended validity of 6 months after the passport expiry date is permissible for application





## Eligible Countries

### North America

Canada  
US

### Asia

Brunei  
Japan  
Singapore  
Malaysia  
South Korea  
Kazakhstan  
China (Hong Kong ,Macao  
,Taiwan)

### Oceania

Australia  
New Zeland

### Europe

Switzerland  
Ireland  
Liechtenstein  
Lithuania  
MOnaci  
Adorra  
Russia  
Malta  
Montenegro  
San Marino  
Ukraine  
United Kingdom  
Portugal  
Poland  
Austria  
Belgium  
Bulgaria  
Romania  
Slovakia  
Croatia  
Cyprus  
Czech Republic  
Spain  
Sweden  
Denmark  
Estonia  
Finland  
Norway  
Luxembourg  
France  
Germany  
Greece

Slovenia  
Holland  
Hungary  
Iceland  
Italy

## LATEST NEWS - TOURISM

# SILK CITY DRAFT LAW

KUWAIT: The Board of Trustees of Silk City and Boubyan Island prepared a draft bill to regulate the affairs of the proposed northern area development project, including the long-awaited Silk City. Dubbed the 'Draft Law to Establish the Silk Region,' the proposed bill seeks to establish an investment and commercial region of international character that is attractive for investors. The following is a translation by Kuwait Times for the draft law, which was obtained and published recently by Al-Qabas Arabic daily:

**Project Aims:**1- To establish an international trade transit region under Kuwait's sovereignty with independent activities, legislations and management.2- Provide job opportunities for Kuwaiti youth and create an environment that will induce creativity and entrepreneurship in a competitive atmosphere open to international expertise.3- Utilize both local and international private sector potentials in developing the Silk Region into a basic resource for Kuwait's economy as well as create an investment-attracting business environment.4- Achieve better living conditions and welfare for Kuwaiti citizens and other regional inhabitants in accordance to international standards.5- Support Kuwait's basic goals and plans to develop the national economy in compliance with the New Kuwait 2035

vision and any other strategic plans, as well as establish a flourishing, sustainable and diverse economy based on developing economic sectors other than oil.6- Support Kuwait's security and economic stability through diversifying its economy, regional linkage and attracting more regional and international investments.7- Encourage the state's industrial and socioeconomic sectors in parallel to environmental protection.8- Enhance the production of goods and services by both local and foreign private sectors to enhance foreign currency reserves.9- Increase and encourage the flow of direct local and foreign investments into the region and encourage Kuwait's industrial and economic cooperation with other states.10- The establishment will be funded from outside the state's budget after winning international investors' trust and attracting international capital as a model for non-oil based development.11- Encourage import and export of goods, and work on boosting national products' quality to create commercial competitiveness for the state's best interests.

**Laws and Regulations**The Silk Region's laws, regulations, executive regulations and the decisions accordingly made by the Silk Region Establishment will be applied within the Silk Region side by side with the laws of Kuwait, except for those exempted by special regulations.

# KUWAIT'S JAZEERA SERVES RECORD PASSENGER NUMBERS IN AUGUST



- Kuwait-based Jazeera Airways on Tuesday said that it served more than 250,000 passengers for the first time in a month during August. As mentioned by sister publication, Arabian Business, the low-cost airline said it served over 263,800 passengers during the month, up 22% from August 2018, operating a total of 1,918 flights to 28 airports. The carrier also announced an 85% on-time performance, adding that during the first two weeks of September, on-time performance increased to 94%.
- Jazeera Airways CEO, Rohit Ramachandran, said: "A high on-time performance is easily reached when an airline has a low utilization of aircraft. However, at Jazeera Airways, we are proud to have delivered a strong punctuality while operating our aircraft at high efficiency levels." "We have also added an additional gate at T5 to successfully manage our increased number in passengers." Jazeera Airways also said it has seen a "great response" from passengers after opening bookings for its new service to London Gatwick next month. The airline will start flying daily to London on October 27 with a new A320neo aircraft. The airline added that it will also take delivery of three new Airbus A320neo aircraft in the fourth quarter of 2019.



*LATEST NEWS -  
TOURISM*

# EXPEDIA TO BECOME EXCLUSIVE DISTRIBUTOR OF MARRIOTT'S WHOLESALE, PROMOTIONAL ROOM RATES

In an industry first, Marriott International has signed Expedia group as the exclusive global optimised distributor of its wholesale rates, availability, and content from 15 October 2019. With this optimised distributor model, Marriott is “changing how it approaches redistribution of the company’s wholesale rates and availability among third-party travel providers”. According to the partnership, redistributors will no longer have access to Marriott rates and inventory directly from the hospitality group. Instead they will be able to gain access to it through Expedia Partner Solutions, provided they comply with Marriott’s distribution standards.

This, however will not affect tour operators, OTAs, travel management companies, global distribution systems, and airlines that have direct connections with Marriott.

How this helps Marriott Through this partnership, the hospitality giant will rid itself or at the very least reduce complications related to costs and consumer issues, such as heavily discounted rates that several parties offer. Guests will now be able to receive “accurate display of hotel descriptions, room rates and fees through known and trusted third party travel providers”. With this model, the group will not have to handle inefficiencies such as guests “showing up to Marriott properties expecting to earn Bonvoy loyalty points”, even though they are ineligible because they booked a wholesale rate or promotion. “At Marriott, our highest priorities include enhancing service and transparency for consumers while driving profitability for owners and franchisees. As Expedia Group, we can increase our reach to leisure travel providers while solving distribution challenges and improving profitability for our hotels around the world,” ,” Brian King, global officer of digital, distribution, revenue strategy & global sales, Marriott International said.



# INTERCONTINENTAL HOTEL GROUP TO EXPAND IN AFRICA WITH ALEPH HOSPITALITY AGREEMENT



- An addition of 10 hotels will accelerate the group's growth across MEA region
- The agreement that was signed at the Africa Hotel Investment Forum in Addis Ababa, will see IHG expand its presence across key countries such as Kenya, Ethiopia, Nigeria, Morocco, Algeria and Ghana.

InterContinental Hotels Group has signed a Master Development Agreement (MDA) with Aleph Hospitality to develop ten franchise hotels across IHG's portfolio of brands in midscale and upscale segments in Africa.

Commenting on the announcement, Pascal Gauvin, MD, India, Middle East and Africa, IHG said: "We are delighted to sign this agreement with Aleph Hospitality, which will add a significant number of rooms across our portfolio of brands in the African continent. Key markets across Africa continue to see solid growth in tourism key performance indicators and we remain optimistic of the long-term potential for the hospitality sector. The increasing number of international guests will drive a surge in demand for world-class accommodation and these new properties will cater to the needs of travellers looking for high-quality hospitality experiences."

