

Visa Consulting & Analytics

# The Post-Pandemic Inbound Tourism Bounce-Back

Understanding your inbound tourism opportunities through accurate market data with Visa Services so that you can make the most of them



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## Tourism represents a major economic pillar for CEMEA economies, for the oil-exporting countries in the region it is a particularly key aspect of their economic diversification

In 2019 the travel and tourism sector accounted for 5.3% of GDP growth and 6.7 million jobs across the MENA region, according to the World Travel and Tourism Council (WTTC).<sup>1</sup> But covid containment measures hit on economic tourism growth across the world and considerably reduced arrivals to countries in the CEMEA region, with a reported 42% drop in occupancy rates in Middle Eastern hotels in July, representing the lowest absolute occupancy level for any July.<sup>2</sup>

According to more recent Visa data, in the first 3 quarters of 2021, tourism spend across the region has grown by 55% in volume and 45% in number of transactions compared to the same time period in 2020, with MENA countries, generating around 40% of the inbound tourism volume in CEMEA.<sup>3</sup> Volumes are still behind pre-covid levels by 35% in spend volume (\$) and 20% by number of transactions – compared to the first 8 months of 2019, however the huge jump in 2021 is a strong indicator that inbound tourism is coming back to the region with high potential.

The decline of inbound tourism was not good news for anyone, it is estimated that in GCC countries up to 400,000 tourism-related jobs could have been lost because of the crisis<sup>4</sup>, while the WTTC's baseline scenario for recovery predicted an overall loss of 3.4 million jobs in the travel and tourism sector in the MENA region.<sup>5</sup>

To address these challenges governments in CEMEA have put together several initiatives to support the tourism industries in their countries. The Central Bank of Egypt introduced specific credit lines for tourism enterprises, the UAE and Bahrain provided exemptions from tourism levies and other fees, while Tunisia provided debt rescheduling.

Particular attention has been given to the tourism sector in countries' deconfinement strategies, with most hotels in the region now able to operate at 100% capacity provided they comply with numerous safety measures including testing workers, installing disinfection equipment, assigning a dedicated floor, or building as a quarantine area for suspected or positive cases, and implementing social distancing measures.

As inbound tourism starts to pick up and countries around the world slowly loosen their rules, countries in the CEMEA can start to build on the steps they have made to attract intra-regional and domestic tourism. Visa is ready to help the industry recover too, our access to actual market data on inbound tourism for every country in CEMEA means that we can provide insights and help governments to take data-driven decisions to improve their strategic plans.

1. <https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-mena-countries-4b366396/#section-d1e930>

2. <https://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-mena-countries-4b366396/#section-d1e930>

3. Source: VisaNet data

4. <https://www.strategyand.pwc.com/m1/en/articles/2020/how-the-gccs-travel-and-tourism.html>

5. <https://wttc.org/Research/Economic-Impact/Recovery-Scenarios/moduleId/1459/itemId/101/controller/DownloadRequest/action/QuickDownload>



## Demand for Tourism

It is very clear with continuing restrictions on travel across the world that the tourism industry was one of the hardest hit sectors by COVID-19. In an era of mass global tourism, the pandemic has represented the most difficult period for the industry. Inbound flight arrivals have been down, hotel occupancy far lower than normal, and the sector was completely closed or operating at severely reduced occupancy for numerous months.

But as the world starts to open up, there is a high demand observed for travel. Billions of people around the world have been unable to travel from their home countries or even get to their home countries with ease since March 2020 and the desire to travel, to see not only family and friends, but to explore the world again, is reaching an all-time high.

In fact, a Global Travel Trends Report for 2021 compiled from data in several major markets across MENA, Asia Pacific, Europe and The Americas found that:<sup>6</sup>



- 76% of respondents are actively creating wish lists of where they want to go when they can.
- 87% are using that as motivation, giving them something to look forward to.
- When they can travel—which 65% say will happen once they receive the COVID vaccine- 61% said they're planning to spend more on a trip than they normally would have this year to make up for the travel they missed in 2020.

The IATA and Tourism long-term view of post-COVID passenger demand and recovery that supports this, showing that:<sup>7</sup>



- In 2021, global passenger numbers are expected to recover to 52% of pre-COVID levels.
- In 2022, global passenger numbers are expected to recover to 88% of pre-COVID levels.
- In 2023, global passenger numbers are expected to surpass pre-COVID-19 levels (105%).
- By 2030, global passenger numbers are expected to have grown to 5.6 billion. That would be 7% below the pre-COVID-19 forecast and an estimated loss of 2-3 years of growth due to COVID-19.

With government support the tourism sector can recover and see a full return to pre-COVID numbers, if not higher. This means the focus needs to be on supporting both domestic tourism, international inbound tourism and getting these tourists to spend more, stay longer, visit outside of traditional 'peak seasons' and explore a more diverse range of locations across the country. Allowing the tourism sector to emerge from the pandemic to become more resilient, sustainable, inclusive, innovative, and successful than ever.

6. <https://www.forbes.com/sites/lauriewerner/2021/03/09/american-express-just-released-global-report-reveals-travel-trends-for-2021/?sh=2a90ddbc7f86>

7. <https://airlines.iata.org/news/optimism-for-travel-restart-as-borders-reopen>





## Attracting Inbound Tourism

Ministries of Tourism need to be ready to attract inbound visitors to their countries, this requires proper planning, accurate destination marketing.

CEMEA governments have been proving that they are ready to do the work. For instance, the UAE, and Dubai in particular, has been heralded as a post-pandemic tourism pioneer<sup>8</sup> as a result of UAE country wide Government initiatives and campaigns run by both Dubai's Ministry of Tourism and airline, Emirates.

One study found that while global flight bookings fell from 3.234 million in January 2020 to less than 500,000 in July 2020, for the UAE alone this translated into Emirates experiencing a drop of 21,000 departure flights in the same timeframe, the most notable drop took place on 1 June 2020, when the number of departure flights was 82% lower than on the same day in 2019.<sup>9</sup> The UAE hotel industry also struggled, in Dubai alone in 2020 the average daily rate decreased by 20.4%, while revenue per available room fell by 42.9% and occupancy dropped by 28.2% compared to 2019. Leading to a significant decline of the country's economy as UAE GDP fell from \$421.14 billion in 2019 to \$353.9 billion in 2020.<sup>10</sup>

Despite this, the UAE has managed to put itself in the position to experience a post-pandemic tourism boom thanks to country wide initiatives such as launching new visa types to attract remote workers and multiple entry visitors,<sup>11</sup> creating a Nation Brand with the support of the tourism and hospitality industry in the country to provide a unified tourism identity which entices travelers to explore utilizing the diverse areas of interest the country has to offer. The UAE Cabinet has also approved the establishment of the Emirates Tourism Council to improve the sector nationwide by suggesting and revising tourism-related policies and laws, developing growth plans and supporting the different stakeholders involved in the industry, attracting investment, suggesting economic incentives to encourage the growth of the sector, establishing a comprehensive national tourism information database, and supporting small and medium-sized enterprises (SME) involved in the tourism sector.<sup>12</sup>

The work of industry players has bolstered government efforts to incentivize international travel. In addition to implementing enhanced biosafety measures to limit the spread of the virus, Emirates was the first airline in the industry to provide free COVID-19 insurance coverage to its travelers. Emirates support for the industry didn't stop there, it has been running a multi-million-dollar global campaign to promote Dubai and let everyone know that 'Dubai is Open' for tourism which included advertising spots and key partnerships to provide travellers with extra value.<sup>13</sup> One of these promotions involved Emirates partnering with Dubai's Department of Tourism and Commerce Marketing, to offer complimentary stays at the JW Marriott Marquis to all Emirates customers visiting Dubai from 6 December 2020 till 28 February 2021.<sup>14</sup>

8. <https://www.dw.com/en/covid-19-is-dubai-a-pandemic-pioneer-for-tourism/av-57688969>

9. <https://archives.palarch.nl/index.php/jae/article/download/8537/7956/16730>

10. <https://archives.palarch.nl/index.php/jae/article/download/8537/7956/16730>

11. <https://english.alarabiya.net/News/gulf/2021/03/21/UAE-government-UAE-approves-new-system-to-attract-remote-workers-multiple-entry-tourist-visas->

12. <https://archives.palarch.nl/index.php/jae/article/download/8537/7956/16730>

13. <https://www.emirates.com/media-centre/emirates-takes-dubai-is-open-message-to-the-world-with-multi-million-dollar-campaign/>

14. <https://simpleflying.com/emirates-dubai-open-campaign/>

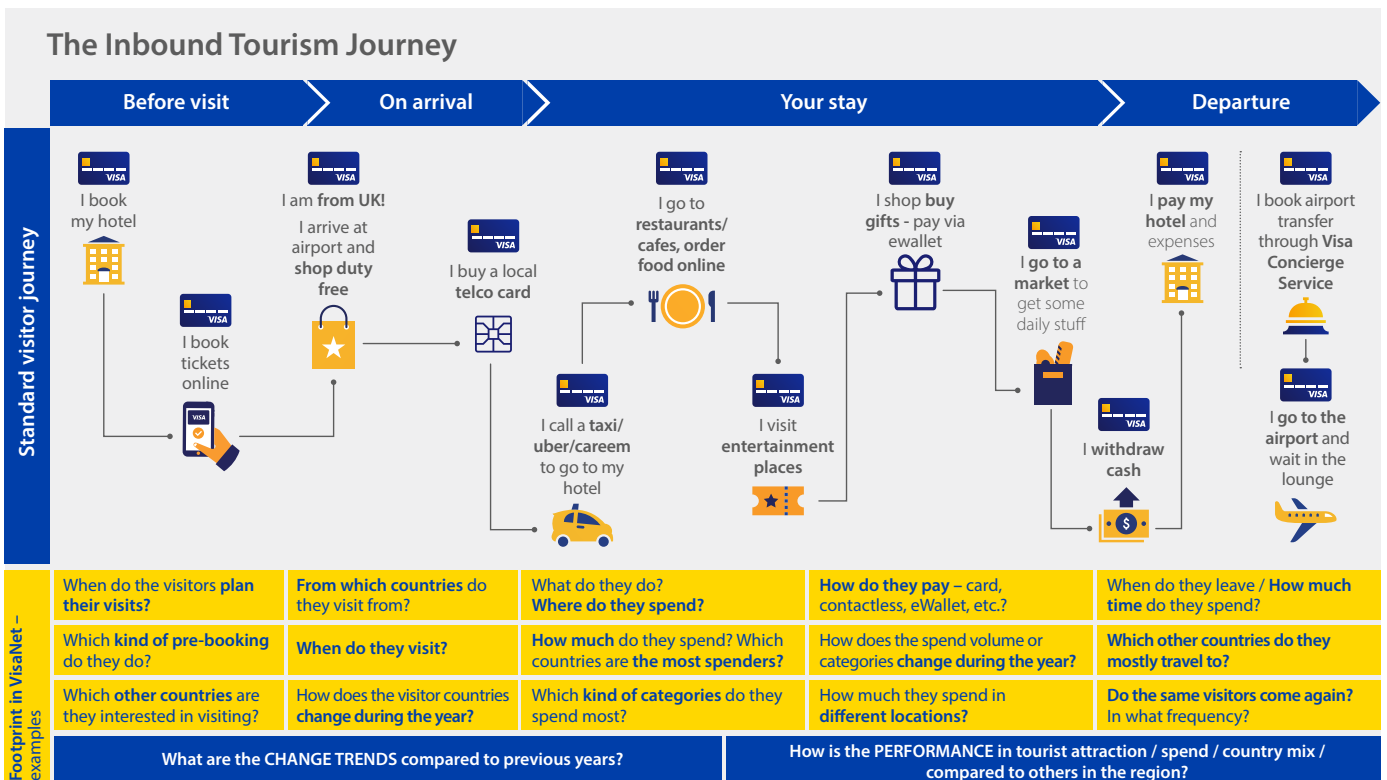


As a result of all this work the UAE's tourism sector is ripe for recovery when it comes to inbound tourism and will build on the increased appetite for staycations and workcations from residents. Dubai attracted 16.7 million tourists in 2019 and although that dropped to 5.5 million overseas visitors in 2020, 2021 is looking positive. Visitor numbers from newer markets in Europe, Africa, and the Commonwealth of Independent States (CIS) have been performing well and as these new markets start to fill the void left by the UAE's pre-COVID tourist source markets they provide a strong foundation to build a confident rebound. Particularly as inbound tourism from India and the UK re-emerges in time for the Dubai 2020 EXPO in October, meaning that the UAE is in a strong position to outperform 2020 with Dubai Tourism expecting to attract well over 5.5 million inbound tourists by the end of 2021.<sup>15</sup>

As the UAE example proves, Governments in CEMEA are putting in the work to encourage the inbound tourism bounce-back, and Visa is ready to help support these efforts.

**Visa has access to the actual market data on inbound tourism for every country in CEMEA and can provide in-depth insights to allow governments to take data-drive decisions and improve their strategic plan with the market facts at hand.**

We capitalize on the world's largest payment database, VisaNet, which gives us unparalleled behavioral insights and powers our data-driven solutions. Through our broad database, we can track a visitors' journey from pre-arrival to departure and develop valuable insights.



15. <https://english.alarabiya.net/News/gulf/2021/05/19/Dubai-targets-over-5-5-mln-overseas-tourists-this-year>

## Data Insights on Offer

VisaNet data has comprehensive coverage on the inbound tourism spends in the countries across CEMEA. The insights generated from the data displays valuable information around top visiting countries, their spend differences across different categories, seasonality of spend, their digital adoption in payments, and even a differentiation between customer types such as consumer vs commercial.

Data extraction from VisaNet <small>Main data fields we have in our global database</small>	
Time: Date, Hour -> Seasonality, Trends	Payment Type: Pays, POS, Contactless -> Digital Adoption
Place: Country -> Regional and Global Benchmarks	Category -> Purchase Preferences by Category
Card Issuer Bank -> Resident, Visitor by Country	Payment Amount -> Spend Volume Trends
Card Type -> Consumer Segment, Commercial	Card Info -> # of Customers
Purchase Type -> Online vs Instore Shopping	

OUR ADVANCED ANALYTICS AND DATA SCIENCE TEAM

Data Modeling to draw out trends and insights

Using our data, we provide comprehensive insights on Inbound Tourism for Tourism Ministries and the trends across the years, as well as benchmarks with other countries that are competitive in tourism. The Ministries can clearly track the tourism recovery in their countries as well as position their status within the broader regional landscape.

**We support Ministries of Tourism through 4 main services:**

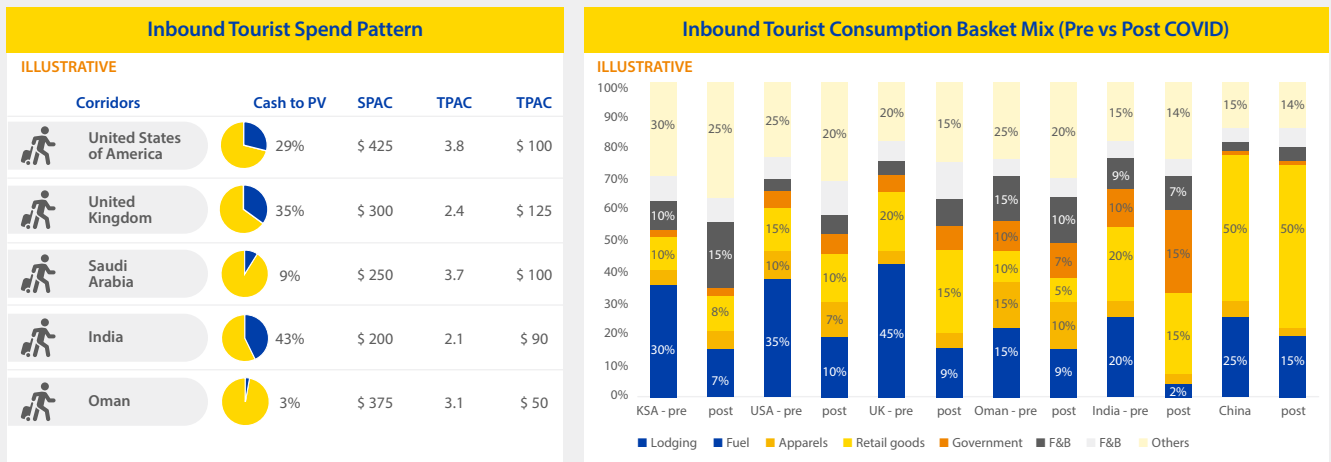
### 1. Inbound Tourism Insight Reports

Visa can provide you with **inbound tourism dashboards** which are refreshed regularly with recent data. By tracking a visitor's journey from pre-arrival until departure Visa inbound tourism insights provide key strategic information for Ministries of Tourism to strategize their tourism agenda more accurately. The insights that are provided can answer questions such as:

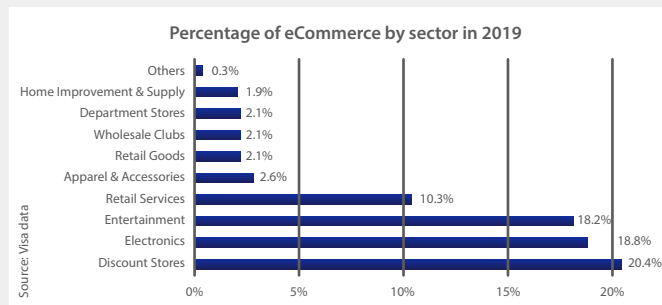
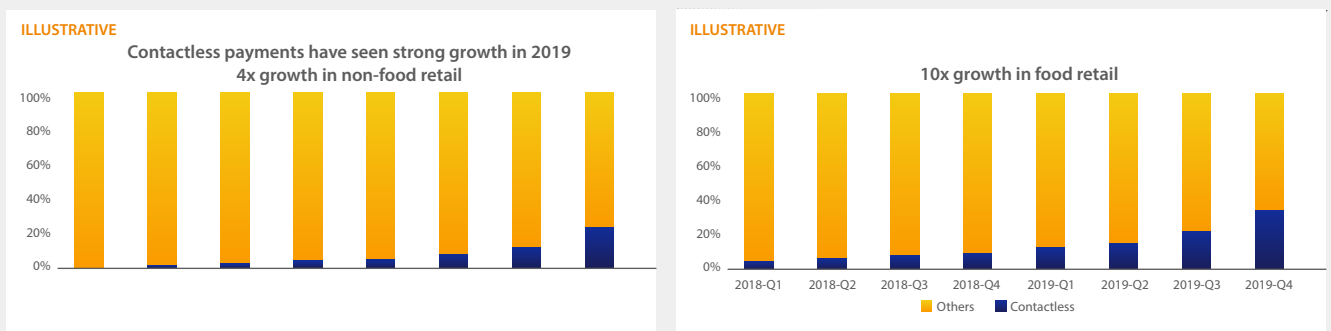
- What are our largest source markets for tourists? What countries are our tourists coming from?
- What time of year do they visit? How do the top corridors change during the year?
- What do tourists do while they are here?
- Where do our tourists spend their money?
- How much do they spend? Who are our biggest spenders?
- How do our tourists pay? (Card, Contactless, eWallet etc.)
- Do we get repeat tourism? If yes, how frequently are they visiting? How much do they spend each time they are visiting?

Our dashboards can also help you understand the inbound tourism change trends for your country across months and years, as well as allowing you to **benchmark your tourism economy** with other competitive tourism locations within CEMEA or globally. This benchmarking allows Ministries of Tourism to benefit from insights on the country's standing among the region or globally.

## Some examples of insights our dashboards can provide



## Digital Adoption and Engagement



## 2. Strategic Planning

Visa can support you to **forecast tourism spends** by analyzing source market international spend trends in your country against other travel corridors to forecast your potential inbound tourism volume.

In addition to this we can support you to **expand access** by identifying corridors where your key target groups travel to so you can carry out tailored destination marketing to grab their attention and business.

These two factors of strategic planning build on the inbound tourism insights that we can provide, by working with Ministries of Tourism to interpret our insights and use them to develop targeted inbound tourism strategies and tactical campaigns based on forecasted tourism trends and spends to expand access in tourism through destination marketing.





### 3. Tactical Planning

Visa can help you to carry out **category-based targeting** by identifying corridor specific category behavior so that you can align your partnerships and messaging to their needs.

Visa can also assist you to identify seasonality patterns so that you can optimize your marketing spends and produce **seasonal marketing** when it will have a real impact.

And finally, Visa can support you to **incentivize stopovers** by identifying corridors with low engagement and working out how to get them to stopover and explore your country on the way to somewhere else and hopefully convince them to make you their final destination next time.

These three areas of tactical allow help Ministries of Tourism take tactical actions to increase spend.

### 3. Visitor Segmentation

Visa can help you discover **spend based inbound visitor personas and value** by creating transactional persons capturing the entire travel journey so that you can understand the true purchasing power and spend mix by spend based personas of your tourists.

This work allows Ministries of Tourism to plan a more granular tactical actions towards the top corridors.





## Global tourism may have suffered its worst year on record in 2020...

...with international arrivals dropping by 74% compared to only 4% during the 2009 global economic crisis and destinations worldwide welcoming 1 billion fewer international arrivals in 2020 compared to 2019.<sup>16</sup> But as we start to overcome the pandemic, the demand for travel has survived the crisis and inbound tourism is starting to pick up.

Governments and their respective Ministries of Tourism across CEMEA have already started to do the work to attract inbound visitors by putting together a range of initiatives to support the tourism industry, from offering loans to tourism enterprises, launching new types of visit visas, ensuring COVID safe practices and running marketing campaigns.

Visa can help support this strong start by providing unparalleled behavior insights from VisaNet which allows you to track a visitor's journey from pre-arrival to departure and develop valuable insights that can be turned into nuanced strategy development and tactical planning to further boost the post-pandemic inbound tourism bounce-back.

16. <https://www.unwto.org/news/2020-worst-year-in-tourism-history-with-1-billion-fewer-international-arrivals>

To find out more on how to enhance your assessment of marketing performance contact your Visa Consulting & Analytics representatives directly via e-mail



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# About Visa Consulting & Analytics

We are a global team of hundreds of payments consultants, digital marketing specialists, data scientists and economists across six continents:

- Our consultants are experts in strategy, product portfolio management, digital, risk and more, with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence, and our breadth of data, allows us to identify actionable insights and recommendations to enhance your digital onboarding proposition.

We can help you to improve your digital offering and design, sharpen your targeting and acquisition strategy and transform the digital experience your customers receive.



For help addressing any of the questions raised in this paper, please reach out to your Visa Account Executive to schedule time with our Visa Consulting & Analytics team or send an email to [VCA@Visa.com](mailto:VCA@Visa.com). You can also visit us at [Visa.com/VCA](https://www.visa.com/VCA).

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