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The Next Phase of Saudi Tourism

From Destination Development to Destination Performance

TOURISM & CULTURE

August | 2026

Saudi Arabia has moved beyond establishing tourism as an emerging sector and is now managing it as a significant component of the national economy. In 2025, the Kingdom recorded 123 million domestic and inbound tourists, generating SAR 304 billion in total spending. This momentum has supported a substantial increase in ambition, with the national target rising from 100 million to 150 million annual visits by 2030.

The composition of this growth is as consequential as its scale.

93.3 million
Domestic visitors 2025
Spending
SAR 127.1B

29.3 million
Inbound tourists 2025
Spending
SAR 176.6B

Saudi tourism is therefore being driven by two complementary engines: domestic demand that supports frequency and year-round activity, and inbound demand that delivers higher spending per visitor and international revenue.

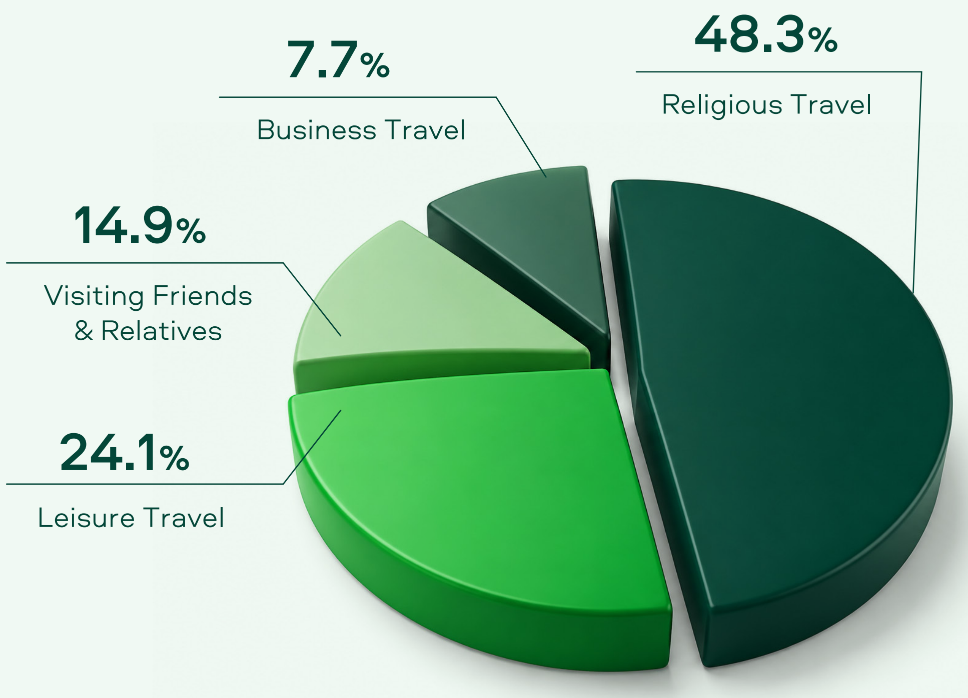
The shift from development to operation is already visible in the hospitality market. **By the fourth quarter of 2025, licensed accommodation had increased by 34.2% year on year to 5,937 facilities.** However, over the same period, hotel occupancy and average daily rates had declined, and the average stay reached 3.8 nights. These figures do not point to a failure of expansion, rather, they reveal the economics of the next phase. As supply grows, returns will depend increasingly on how effectively capacity is filled, priced, programmed, and connected to spending beyond accommodation.

Saudi Arabia's next tourism advantage will therefore come from converting investment into sustained destination performance. Project delivery and launch visibility will remain important, but long-term value will be determined by whether destinations can maintain demand, refresh their proposition, operate reliably, and distribute tourism benefits across businesses, workers, and communities.

I. Saudi Tourism at an Operating Inflection Point

A. From Visitor Volume to Demand Value

Saudi tourism cannot be managed as a single, uniform market. Religious travel accounted for 48.3% of inbound tourists in 2025, followed by leisure at 24.1%, visits to friends and relatives at 14.9%, and business travel at 7.7%.



Each segment places different demands on the destination

Pilgrims

Require reliable transport, rapid accommodation turnover, multilingual guidance, clear wayfinding, and high-capacity service delivery.

International leisure visitors

Are more likely to seek connected itineraries, cultural interpretation, evening activity, and reasons to travel beyond a flagship attraction.

Domestic travelers

May respond more strongly to weekend packages, family-oriented products, seasonal events, and experiences designed for repeat visitation.

National targets establish the direction of growth while destination-level choices determine whether that growth becomes commercially productive and operationally manageable. A heritage site may prioritize longer stays, guided interpretation, and controlled visitor flows. An urban entertainment district may focus on visit frequency, repeat attendance, and evening spending. A coastal resort may depend more heavily on occupancy, length of stay, and ancillary revenue.

B. | From Capacity Expansion to Productive Utilization

During the development phase, progress is visible in the number of hotels, attractions, transport links, and investment commitments delivered. Once those assets begin operating, the strategic question changes from how much capacity has been created to how productively that capacity is being used.

Q1	Q2	Q3	Q4
63.0% Occupancy Rate	53.2% Occupancy Rate	49.1% Occupancy Rate	57.3% Occupancy Rate
	SAR 643 Average Daily Rate	SAR 341 Average Daily Rate	SAR 389 Average Daily Rate

These movements reflect differences in seasonality, events, regional demand, and visitor composition, while demonstrating why annual arrival figures alone offer only a partial view of destination performance.

The next operating discipline is demand orchestration: aligning visitor segments, airline and rail schedules, weather patterns, school and religious holidays, event calendars, accommodation inventory, attraction capacity, and pricing within one destination plan. This allows operators to reinforce weaker periods, protect service quality during peaks, and coordinate destinations rather than have them compete for the same visitors, operators, and transport capacity at the same time.

C. | From Standalone Destinations to an Integrated Tourism Portfolio

Saudi Arabia is developing a broad tourism portfolio spanning religious travel, urban entertainment, heritage, archaeology, coastal resorts, nature, wellness, sport, business events, and domestic leisure.

AlUla, Diriyah, the Red Sea coast, Riyadh's entertainment offers, and the pilgrimage journey require distinct identities, target markets, and operating models.

Distinctiveness, however, should not produce fragmentation. A visitor drawn to one destination should be able to discover, book, and reach complementary experiences elsewhere in the Kingdom. Coordinated event calendars, integrated transport links, travel-trade partnerships, shared visitor information, and joint packages can turn individual projects into multi-destination journeys that increase both trip duration and visitor value.

A portfolio approach also reduces unnecessary competition for the same visitor segments, dates, airline capacity, and operating partners. The objective is not for every destination to offer everything, but for each to occupy a clearly defined and complementary position within the national tourism system.

II. Turning Tourism Assets into Enduring Value

Infrastructure makes tourism possible, but it does not complete the tourism product. A destination becomes competitive when attractions, hospitality, mobility, programming, digital services, retail, public spaces, workforce, and governance function as one coherent system. The value of the investment lies not only in the quality of each component, but in how effectively those components work together.

A. | Building Compelling Visitor Products Around the Asset

An archaeological or cultural site becomes a tourism product only when visitors can discover it, reserve access, understand its significance, and engage with it through a well-designed experience. **At-Turaif combines its UNESCO-listed heritage with guided and self-led tours, audio storytelling, scheduled access, nearby dining at Bujairi Terrace, parking, and evening opening hours.** The physical asset remains the foundation, but the wider proposition determines how visitors engage, how long they remain, and where they spend.

B. | Renewing Demand Through Programming

Fixed attractions provide an initial reason to visit while programming gives destinations a reason to remain relevant. **Riyadh Season had attracted 12 million visitors by December 2024** through a continually changing mix of sport, concerts, gastronomy, heritage, retail, and entertainment zones. Its appeal was not concentrated in one attraction, but in the repeated introduction of new formats and experiences.

AlUla follows the same principle through a year-round calendar covering culture, wellness, sport, history, music, nature, and the arts. **Winter at Tantora, the AlUla Arts Festival, the Skies Festival, and the Ancient Kingdoms Festival enable the destination to address different segments and seasons without relying exclusively on new construction.** Programming therefore becomes an ongoing form of product development: it renews interest, supports repeat visitation, and creates new uses for existing assets.

C. | Designing the Journey Beyond the Attraction

A destination can contain exceptional assets and still deliver an uneven experience when the journey between them is fragmented. Visitors experience one trip, even when responsibility is distributed across visa authorities, airlines, airports, transport providers, hotels, attractions, restaurants, and public entities.

The Nusuk Hajj model illustrates how services can be organized around the complete journey rather than around individual providers. Its packages can combine visa issuance, flights, accommodation in Makkah and Madinah, catering, intercity transport, services within the holy sites, and guidance through one booking environment. Its significance lies not only in digitization, but in reducing the number of separate interfaces travelers are required to manage themselves.

The same principle applies to remote leisure destinations. **Fly Red Sea connects airport arrival directly with coastal and island resorts through seaplane transfers, addressing a journey stage that could otherwise weaken the destination proposition.** Seamlessness is created by managing the transitions between services—booking and arrival, airport and resort, attraction and restaurant, disruption and recovery—rather than simply by introducing another digital platform.

D. | Extending Tourism Value into the Local Economy

The economic value of a destination extends beyond accommodation revenue and ticket sales. It includes the businesses that provide food, mobility, retail, guiding, crafts, agriculture, events, cultural programming, and supporting services.

National financing programs have delivered nearly SAR 3 billion to tourism enterprises and have been associated with more than 74,000 jobs.

THE DESTINATION VALUE CHAIN:

01 Assets create capacity

02 Products create relevance

03 Programming creates demand

04 Operations create consistency

05 Loyalty creates repeat value

06 Ecosystem participation distributes the return

III. The Five Capabilities Behind High-Performing Destinations

1. Experience Excellence with Continuous Product Renewal

Experience excellence begins with a clear proposition: why the destination is distinctive, which visitors it is designed to serve, and what they should be able to experience over several hours or several days. This requires an integrated architecture that combines anchor attractions with supporting tours, retail, evening activity, cultural interpretation, and seasonal programming.

Experiences also need to be managed as evolving products rather than fixed offerings. Each should have an accountable owner, a defined target segment, a quality standard, a capacity model, a commercial objective, and a renewal plan. Visitor feedback and booking behavior can then inform whether the experience should be expanded, redesigned, repriced, or replaced. **AlUla's progression from core heritage visits into night tours, family products, sports, art, and recurring festivals demonstrates how an established destination can continue creating new reasons to visit.**

Cultural discipline is equally important. Storytelling, gastronomy, performances, and commercial activation should deepen the visitor's understanding of a place rather than reduce heritage to a generic entertainment setting. The strongest destinations will be those that make culture accessible and engaging without weakening the authenticity that differentiates them.

2. Seamless, End-to-End Visitor Journeys

The visitor journey begins before arrival and continues after departure. Search, booking, visa requirements, payment, transport, check-in, wayfinding, language support, accessibility, complaints, and post-visit engagement all shape the final perception of the destination.

A journey owner should provide visibility across the entire experience, identifying the most damaging points of friction, establishing common service standards, and defining how operators respond when a connection fails. This requires accurate shared information, interoperable systems, and clear escalation channels so that visitors are not left to resolve institutional gaps themselves.
The journey also needs to be designed around different visitor profiles. Families with children, pilgrims, international cultural tourists, and domestic weekend travelers will not encounter the same barriers.

3. Accountability Across the Destination Operating Model

As destinations become more complex, the central governance question is not which entities participate, but who owns the complete outcome. Without explicit decision rights, cross-cutting failures can persist even when each entity fulfils its formal mandate.

A destination operating model should establish accountability for overall performance, daily operations, visitor experience, programming, common infrastructure, public spaces, and ecosystem coordination. It should also determine who sets destination-wide standards, owns shared data, intervenes when an operator underperforms, and leads decisions during peaks or disruptions.
The funding model requires equal attention. Marketing, events, maintenance, visitor support, data platforms, and operational control continue long after construction budgets decline. These functions need sustainable funding arrangements rather than prolonged dependence on development expenditure.

Red Sea Global illustrates one possible lifecycle model through an integrated developer-operator structure supported by 14 subsidiaries spanning hospitality, mobility, aviation, facilities management, security, logistics, utilities, entertainment, and environmental services. Its hospitality company also operates resorts, residences, and dining assets directly. This model demonstrates the value of maintaining control over the operational interfaces that shape the complete visitor experience.

4. | Data-Driven, Adaptive Destination Management

Data creates value when it informs a decision. National statistics provide direction, but destination managers require more immediate signals, including future bookings, hotel pickup, ticket sales, transport demand, crowd movement, queue times, asset availability, customer sentiment, and staffing levels.

Saudi Arabia already has a foundation for this transition. **The Tourism Intelligence Center** is intended to provide real-time research, analysis, and decision support.

At destination level, AlUla reported integration with more than 30 government and non-government entities, eight data-sharing agreements, 95.5% satisfaction with digital services, and a five-working-day digital service level in 2024.

The next step is to connect information to clearly defined interventions. Predictive tools and digital twins are valuable only when the organization has agreed which decision they support, who will respond, and how the resulting improvement will be measured.

5. | An Integrated Ecosystem with the Capacity to Deliver

Tourism is delivered through a network of organizations, yet coordination is often treated too narrowly as stakeholder engagement. High-performing destinations go further by aligning commercial incentives, operating standards, calendars, data, and service responsibilities across airlines, hotels, municipalities, cultural institutions, transport providers, event organizers, SMEs, and public entities.

This alignment may take the form of shared service agreements, coordinated scheduling, common visitor-information standards, destination-wide training, joint packages, integrated emergency protocols, and procurement models that connect local enterprises with visitor demand. The objective is not to centralize every decision, but to ensure that separate organizations perform as one destination from the visitor's perspective.

Workforce capacity is central to this effort. **Tourism activities employed approximately 1.03 million people in the fourth quarter of 2025, yet Saudi nationals represented 24% of the workforce.** As the sector matures, capability requirements will move beyond frontline recruitment into supervision, revenue management, cultural interpretation, experience design, data, maintenance, destination operations, and service recovery.

Training needs to be linked directly to destination demand rather than assessed primarily through participation, as the more meaningful test will be whether destinations have sufficient capability in critical roles, whether training improves service performance, and whether Saudi professionals progress into specialist and leadership positions.

IV. Redefining Destination Success

Visitor numbers are important, but they measure scale rather than the quality or productivity of that growth. A stronger destination scorecard should connect tourism outcomes with the operating conditions that produce them.

It should combine **lagging outcomes,** including spending, satisfaction, repeat visitation, occupancy, and local economic impact, with **leading indicators** such as future bookings, staffing readiness, queue thresholds, transport performance, asset availability, and unresolved incidents. This allows operators to intervene while the visitor experience is still being delivered rather than after performance has declined.

The New KPIs of Destination Success

Demand Quality

Repeat visitation, length of stay, overnight stays, visitor mix, seasonality, and movement between destinations.

Commercial Yield

Spending per trip and per night, occupancy, room rates, revenue per available room, attraction conversion, ancillary spending, and asset utilization.

Experience and Operational Reliability

Journey-stage satisfaction, queue times, transport reliability, complaint resolution, digital completion, asset uptime, cleanliness, and maintenance performance.

Ecosystem and Local Value

Local procurement, SME revenue, concession participation, Saudi employment, critical-role coverage, workforce retention, and income generated for cultural practitioners.

Cultural and Environmental Stewardship

Heritage condition, visitor concentration, resident sentiment, resource use, biodiversity impact, community income, and alignment with destination carrying capacity.

V. The Next Advantage

Excellence in Operation

Mega projects will remain central to the sector's development, but their long-term value will be determined after opening. The ability to renew experiences, preserve asset quality, coordinate the wider ecosystem, deepen workforce capability, and make timely destination-level decisions will determine whether initial interest develops into repeat demand and whether tourism growth translates into broader local value.

The organizations that lead the next phase must treat destinations as living operating systems rather than completed developments. Their attention will extend beyond launch dates and capital expenditure to demand generation, operating costs, experience renewal, asset reliability, visitor loyalty, and ecosystem performance.

The transition from developer to operator is itself a critical management stage. Assets need to enter operation with tested procedures, trained teams, maintenance plans, service standards, clear data ownership, commercial contracts, warranties, and defined accountability for the complete visitor journey.

Saudi Arabia has already demonstrated its ability to build destinations capable of commanding global attention. Its next competitive advantage will be defined by a less visible but more enduring achievement: operating those destinations well enough to sustain demand, encourage return visits, strengthen private-sector confidence, and expand tourism value long after the initial launch.

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