

# **SUSTAINING EGYPT'S TOURISM INDUSTRY**

**Lessons Learnt and Path Forward  
Egypt through the Eyes of the World**

From Dreaming & Booking to Experiencing & Sharing!



Tourism presents a promising avenue for propelling Egypt's economic growth and enhancing its foreign exchange reserves, given that it generated a substantial revenue of USD 13 billion in 2021. However, while the sector is gradually recuperating from the adverse impact of COVID-19, Egypt is lagging behind other neighboring destinations that are reaping substantial gains from tourism. For instance, Turkey's tourism earnings stood at USD 25 billion in 2021, which although lower than the 2019 figure of USD 34.5 billion, still surpasses Egypt's earnings. Egypt is currently at a critical juncture, where an effective strategy to attract international tourists could significantly influence the country's trajectory in the upcoming years and facilitate the recovery of the sector from the disruptions of past years. This is evident in the government's recent ambitious goals for the tourism industry, which entail tripling the annual tourism revenues to approximately \$30 billion in the next three years, and welcoming 30 million visitors by 2028.



## Navigating the Road to Revival: What's Stifling Egypt's Tourism Potential?

As with any nation seeking to forge a new path, Egypt faces multiple hurdles in its quest to boost its tourism industry. To this end, the government shall institute sweeping reforms to surmount these obstacles and achieve its growth objectives. However, the crucial first step is to identify the root cause of the shortfall in Egypt's inbound tourism.

At its core, tourism is all about providing a captivating experience rather than a mere product, making the enhancement of the tourist experience the cornerstone of success. Hence, the challenges facing the tourism industry in Egypt can be broadly bucketed under two main themes: Tourist Acquisition and Tourist Retention.

**Tourist Acquisition:** pertains to all the aspects and endeavors that influence the thought process of a tourist when choosing their travel destination.

**Tourist Retention:** encompasses the experience that a tourist has while staying in the country, which might not necessarily impact their decision to prolong their visit but can significantly impact the likelihood of them revisiting the country or endorsing it to their acquaintances.

## Tourist Acquisition – From Dreaming to Booking!

### 1. Destination Marketing:

To augment Egypt's profile as a sought-after tourist destination and amplify the inflow of international tourists, the government must execute an extensive array of communication and promotional campaigns. Across the globe, **64%** of people watch travel-related video content when contemplating travel plans, and **45%** of travelers reserve their spot shortly after viewing travel-related videos <sup>(1)</sup>. A sound investment can yield a lucrative return, as exemplified by "The Visit Denmark campaign," which reported an ROI of **\$16** for every dollar invested. Nevertheless, Egypt faces several challenges on numerous fronts concerning destination marketing, including:

#### Disproportionate Emphasis on B2B Market:

Egypt places significant reliance on Tourism intermediaries (B2B), specifically tour operators and travel agencies, for marketing and disseminating tourism services. which implies that Egypt is largely dependent on mass tourism, with little attention given to the B2C segment.

“Tour operators constitute approximately **90%** of inbound travelers to Egypt.”

#### Conventional Marketing Tactics:

Travelers want to be informed yet inspired. As a result, numerous countries are implementing innovative advertising strategies to promote their destinations. For instance,

**A.** New Zealand ranked first in a survey of vacation spots made famous by film and television, largely attributable to its prominent role in The Lord of the Rings trilogy.



**B.** Football clubs such as Arsenal and Paris Saint-Germain have signed multi-million-dollar sponsorship and tourism promotion deals with the Rwandan government. Such partnerships play a pivotal role in providing visibility opportunities that will showcase Rwanda and the "Visit Rwanda" campaign on backdrop banners and stadium installations.



By making country's discovery easier and more engaging, Egypt could compete actively with other tourist destinations.

<sup>(1)</sup> Travel Industry Trends - Think With Google

**Inadequate Personalization and Targeting:**

In today's era where travelers look for personalized experiences, traditional marketing approaches fall short. To win over tourists, Egypt needs to tailor its marketing efforts to the interests and preferences of each target market. Geo-targeting can be employed to boost tourist arrivals and reach untapped markets. By highlighting the favorite destinations, activities, and products of each target market, Egypt can create a more compelling message and stand out in a crowded field.

**2. Tourism Offerings:**

Beach tourism remains a top attraction for international visitors, accounting for over **90%** of inbound tourists and **86%** of leisure arrivals. This is reflected in international tourists' interests across Egypt's top source markets:

To expand tourism industry beyond beach tourism, Egypt needs to focus on promoting other attractions, such as its rich cultural heritage. By highlighting and promoting these attractions, Egypt can appeal to other segments; cultural enthusiasts, history buffs, and adventure seekers.

COUNTRIES	INTERESTS
Russia	 Beach Tourism
Ukraine	 Beach Tourism
Germany	 Beach Tourism
East Europe (Poland, Czech, Slovakia)	 Beach Tourism
Italy	 Beach Tourism
France, U.S & UK	 Cultural Tourism
GCC	 City Tourism (e.g. Cairo)

### 3. Egypt's Image as a Tourist Destination:

In the age of social media, a destination's reputation can make or break its appeal to potential visitors. Unfortunately, Egypt has struggled to shake off its reputation as an unsafe country, as evidenced by the first search result on Google being about tourist safety in Egypt, in contrast to other destinations like Dubai that is perceived as “expensive”. Even searching for videos on YouTube about tourism in Egypt yields discouraging results, with many of the most viewed videos being negative stories about bad experiences.

#### The 2019 World Economic Forum’s Travel and Tourism Competitiveness Report ( Safety & Security Index)



### 4. Travel Logistics:

The accessibility and affordability of flights can greatly impact a country's tourism industry. In the case of Egypt, having a high air connectivity, airport density, and capacity could give it a competitive edge. However, according to the **2019** Travel and Tourism Competitiveness Report, Egypt scored only **3.3** on the air transport infrastructure, lagging behind countries like UAE with a score of **5.7** and Saudi Arabia with **4.1**.

### 5. International Openness:

The success of a country's tourism sector is also dependent on its travel policies and restrictions. Cumbersome visa requirements and other travel restrictions could discourage potential tourists from visiting. To compete effectively, some countries are adopting more flexible visa policies such as visa-free entry or visa on arrival. However, compared to its peers, Egypt scored relatively low in this regard (**2.2**) compared to UAE (**3**), Morocco (**3.1**), and Jordan - **3.3**.

#### The 2019 World Economic Forum’s Travel and Tourism Competitiveness Report ( International Openness Index)



## Tourist Retention – From Experiencing to Sharing!

To retain tourists and attract new ones, Egypt needs to focus on creating a unique and memorable travel experience that encourages visitors to share their positive experiences with others.

However, the first impression of the country is formed at the airport, which is currently falling short in many areas.



### Airport Services:

The Cairo International Airport, ranked as the second busiest in Africa, has been certified as a two-star airport by Skytrax due to the shortcomings on many fronts:

- ▶ **Border Control:**  
Tedious manual processing, paper forms, and outdated technology integration lead to long queues and frustrating wait times for tourists at the airport.
- ▶ **Baggage Claim:**  
Long waiting times till claiming the luggage
- ▶ **Transportation:**  
Seamless integration between airports, railways, highways, and other modes of transportation can enable tourists to travel to different areas across Egypt without any hassle.



### Public Transportation:

Public transportation is usually favored by tourists for their commutes as it's more convenient with more local flavor than taxis or ride hailing solutions. However, Egypt's inefficient public transportation system often leaves visitors with limited options.

Moreover, tourists struggle to access reliable information on bus routes, schedules and stations, leading many to avoid public transit altogether.

“The World Bank reports that Cairo only has 4 kilometers of metro lines per million inhabitants compared to London's 166 kilometers and Mexico City's 12 kilometers. ”



London  
166 KM



Mexico  
12 KM



Egypt  
4 KM



**Hospitality:**

Inconsistencies in service quality and guest experience are prevalent in Egypt's hospitality sector. For instance, some hotels are licensed by their governorate and not obliged to meet the Ministry's standards, leading to unsatisfactory service. Moreover, the tourism industry faces labor shortages due to frequent layoffs, with two-thirds of the workforce lost in 2011 and 3 million workers impacted by the pandemic. Meanwhile, the government's efforts in training the workforce fall behind other countries such as Saudi Arabia, which recently launched a program providing 100,000 training opportunities in tourism and hospitality.

“Ministry of Tourism should be responsible for qualifying and classifying hotels, there are around 15 different authorities managing hotels in Egypt, resulting in varying service levels.”



**Touristic Sites:**

Tourists visiting touristic sites in Egypt encounter several challenges that can negatively impact their overall experience:

- ▶ **Slow digitization:** Many businesses in Egypt's tourism industry have been slow to embrace digital solutions that could simplify travelers' lives. Many shops and markets in Egypt still don't offer basic digital payment options, even though 59% of tourists come from European countries where cashless payments are popular.
- ▶ **Language Barrier:** Despite being one of the most widely spoken languages in the world, tourists may still face communication difficulties at tourist sites due to low English proficiency among locals. According to the EF English Proficiency Index, Egypt ranks as "Low Proficiency" and 85th out of 112 countries.
- ▶ **Rigid Rules:** To ensure safety and security, travel companies must provide detailed itineraries to the General Administration of Tourism and Antiquities Police. However, this can also result in rigid rules that may prevent tourists from enjoying a more flexible trip.

## Emerging Competitive Markets in the Tourism Industry

The tourism industry in Egypt is facing significant challenges that could be intensified by the emergence of new competitive markets, such as Saudi Arabia and Morocco.

### Saudi Arabia:



Ambitious plans to attract 100 million visits per year by 2030 with investments of up to 1 trillion dollars mobilized to achieve these goals.



Plans to turn more than 100 miles of Red Sea coastline into a luxury beach resort, which could compete with many attractive destinations for beach tourism, like Egypt.



Offering 40% cashback on production costs to films being shot either partially or fully in Saudi Arabia.



Approving a new tourism law that will establish a new regulatory environment to attract tourism innovators and improve ease of doing business in the kingdom through creating a one-stop-shop platform for all tourism stakeholders.

### Morocco:



Partnering up with the popular travel app TripAdvisor to promote 4Morocco's destinations to the app's 490 million monthly active users.



Government has put in place an emergency plan of 200 million Euros to aid the revival of tourism with 100 million Euros are set aside to help hotels upgrade their products and quality.



Development of a fund guaranteeing medium- and long-term bank loans intended for financing tourist projects that can cover up to 60% of the nominal value of the loan.

These initiatives taken by emerging competitive markets in the tourism industry could pose a challenge for Egypt and require the country to step up its efforts to enhance its tourism industry.



## 6-step strategy that Egypt could adopt to maximize the potential of its tourism industry:

"Building a Thriving Tourism Industry in Egypt: Innovative Solutions and Best Practices"

### 1. Personalize the Tourist Experience:

Leveraging the power of data can revolutionize tourism by creating a personalized and seamless experience for visitors. A platform capturing tourists' preferences and purchasing behavior can be used to provide end-to-end travel-support information, while real-time sharing of customer data between different sectors can enhance the visitor experience. The success of such an approach is exemplified by:

#### ► Barcelona:

The city council of Barcelona has collaborated with the private sector to develop an app called "Play and Go BCN" that provides tailor-made routes through popular attractions and offerings.

#### ► Dubai:

Emirates launched Dubai Experience, its intuitive and feature-rich platform for customers to easily browse, create and book their own personalized itineraries, including flights, hotel reservations, top attraction visits and other dining and leisure experiences. Customers can choose from pre-selected itineraries if this is their first trip or if they have specific interests in sports, culture, adventure, entertainment and arts.





## 2. Integrate Foreign Visitors' Perspectives into Promotional Efforts:

To expand and diversify Egypt's inbound tourism, it is crucial to increase foreigners' awareness of Egypt's tourism assets. Yet, it remains essential to incorporate foreigner's perspectives to appeal to target tourists. Some of effective ways are; employing foreign staff to tourism agencies or organizing overseas advisory groups, building partnerships with tour operators, partnering with popular social media influencers from the target market, etc.

- ▶ **France:** organizes 250 experts and fans of France across the globe to support tourism promotion.
- ▶ **Switzerland & Denmark:** they have established ambassador programs where they select individuals who live in foreign countries to promote tourism to their respective homelands.

### 3. Leverage New Tourism Offerings to Attract Diverse Travelers:

While beach tourism has dominated Egypt's tourism industry, accounting for around 90% of inbound tourism, there is a clear opportunity to diversify and expand into other areas such as wellness and medical tourism. The global wellness tourism market is projected to grow at a CAGR of 9.9% between 2022-2030, making it a lucrative market for Egypt to tap into. With destinations such as Siwa Oasis and Moses Springs, Egypt is well-positioned to capture a share of this growing market.

In terms of market segments, Egypt has yet to fully capitalize on the emerging trend of solo travelers and backpackers. With a 131% increase in Google searches related to this segment, it is clear that there is significant demand for travel experiences that focus on unique, authentic experiences rather than just high-end accommodations. However, one of the key challenges in attracting this segment is the limited supply of branded mid-range hotels that offer acceptable service levels at competitive prices. This market is currently dominated by either high-end branded or unbranded hotels, but addressing this gap in the market could open up a new and profitable segment for Egypt's tourism industry

- ▶ **Japan:** Japan has implemented a "Cool Japan" campaign, which promotes the country's pop culture and technology industry to attract younger tourists. The country has also developed new tourism routes, such as the "Golden Route" for history and culture, and the "Snow Corridor Route" for winter sports.
- ▶ **Portugal:** has been actively promoting itself as a destination for backpackers and digital nomads in recent years, and has seen a boom in hostel development as a result. Portugal has introduced tax incentives to encourage hostels development including reduced VAT rates for accommodation providers and exemptions from corporate income tax for small businesses.



## 4. Empower Industry Capabilities:

In today's competitive tourism landscape, it's crucial to stay ahead of the curve by offering high-quality service and innovative experiences. However, many hotels and businesses in Egypt face challenges in attracting and retaining talented staff and keeping up with the latest technology trends. To address these issues, the government can provide training and development programs, access to financing at low interest rates, and other forms of support.

- ▶ **Saudi Arabia:** The Ministry of Tourism launched the "Tourism Pioneers" program, which aims to develop the capabilities of 100,000 young Saudi men and women and provide them with key skills in the field of hospitality, tourism and travel to prepare them to work in the booming tourism sector in the Kingdom.



## 5. Join Forces:

To maximize the potential of Egypt's tourism industry, it's essential to bring together all the key players and stakeholders, including government agencies and private sector organizations such as airlines, travel agents, hotels, retailers, and many other players. This can facilitate the sharing of expertise and resources, foster collaboration, and align strategies for sustainable growth. By joining forces, Egypt can create a strong and cohesive ecosystem that supports the development of diverse tourism offerings and the creation of a more attractive and

- ▶ **Morocco:** The Moroccan National Tourism Confederation is a partnership between government agencies, tourism businesses, and other stakeholders to develop and promote tourism in Morocco.
- ▶ **UAE:** The Abu Dhabi Tourism & Culture Authority has formed partnerships with airlines, hotels, and other tourism-related businesses to develop and implement a comprehensive tourism strategy for Abu Dhabi.

## 6. Enhance Regulatory Environment:

Investors play a vital role in enhancing the tourist experience, and thus, the government must prioritize two key actions to eliminate any bottlenecks. This includes:

**A.**

**Cutting Through Red Tape:** Currently, according to Eng. Tarek Shalby, the Chairman of Marsa Allam Investors Association, there are 52 different parties involved in the process of operating tourism projects in Egypt, leading to excessive bureaucracy. A more efficient approach would be to establish a "one-stop shop" where investors can deal with just one entity to fulfill their needs.

**Promoting Transparent Policies:** Most investors face challenges in scaling their operations in Egypt due to limited predictability of rules, taxations, and fees. Governments can revisit decisions made in relation to land sales, hotel, and tourism taxation, so having more transparency in regulations and rules can alleviate this issue.

**B.**

- ▶ **Jordan:** Jordan has established investment zones for tourism development, which provides an excellent opportunity for international investors to join the establishment of global tourism destinations in the country, in light of the lucrative investment incentives provided by the government.
- ▶ **Morocco:** the government's efforts to digitize administrative procedures led to a 60% drop in the volume of documents required for approving an investment project.

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