

UAE's transformation into a world-class Leisure & Entertainment destination



At a glance

For over a decade, the UAE has developed into a global hub for tourism.

Visitors are attracted to the Emirates' retail offerings, hotels, beaches, and unique experiences such as a trip to the top of the Burj Khalifa, the Sheikh Zayed Grand Mosque, desert safaris, and old-fashioned souks.

However, UAE has a reputation of constantly evolving, having yet again reached the inflection point of the next transformation. In other words, UAE needs to once again step up if it is to go on to new heights to become a world-class leisure and entertainment destination that can rival Orlando, the current market leader.

UAE Governments are setting the stage for large-scale public and private investments into tourism enablers (e.g. airports, hotels, transport infrastructure, new attractions and theme parks) and setting a strong foundation to support the expected doubling of tourist arrivals over the next six years to over 30 million visitors.

However, it needs to be a virtuous circle. To achieve these ambitious targets, the country cannot rely on a 'build it and they will come' approach. If the UAE takes a holistic approach to its destination management, offering an Emirates-wide vision and coordination, encouraging collaboration and partnerships between all stakeholders, it can exploit its unique geographical location and deliver high quality attractions that can weather the diverse cultural requirements of the Middle East and the extreme summer weather conditions.

A Leisure & Entertainment (L&E) 'destination' is...

...a location that has multiple offerings appealing to a wide range of holidaymakers all within close proximity; for example: theme parks, beaches, resorts, nature and cultural activities.

A successful L&E destination creates a seamless, convenient and consistent experience for its visitors. The leisure and entertainment assets themselves become the driver of foot fall and tourist growth and help increase the length of stay, rather than being isolated and independent attractions without critical mass.

The key enablers are:



Good inbound and internal transportation links



A wide selection of hotels to choose from



Plenty of retail and restaurant outlets



Theme parks / leisure attractions

All located within close proximity of one another marketed, sold and delivered by coordinated destination management entities.

Investment in 'enablers' means the UAE could rival Orlando

Orlando provides a good 'template' for the UAE as both share many similar characteristics. Orlando is the world's premier theme park based leisure destination, with over 59 million visitors in 2013¹.

The UAE already rivals Orlando in the scale of its transport links, lodging and food & beverage sectors and its central global location - it is within 4 hours flight of 3 billion people² which is unrivalled. Within 6 years the UAE will have developed the other key 'enablers' to create serious competition to Orlando, and which main Asian destinations such as Singapore and Hong Kong.



Enabler	UAE – present	Orlando – present	UAE – going forward
Attractions	Large-scale malls, desert safari, Burj Khalifa, Sheikh Zayed Grand Mosque, Water Parks	7 Large iconic parks total (e.g. Disney, Universal Studios, Sea World)	Addition of at least 5 major theme parks by 2018 with many more in the pipeline
Airport	Dubai International Airport surpassed Heathrow in 2014 to become world's busiest airport with c. 70m international passengers per year ³	Orlando airport sees 36m passengers annually, many visitors drive from nearby states ⁴	Al Maktoum International Airport set to open; Dubai airports passengers expected to triple to nearly 240m by 2027 ⁵
Lodging	UAE hotel room supply is approximately 100,000 in 2014 ⁶	Orlando hotel room supply is approximately 120,000 in 2014 ⁷	Supply of UAE hotel rooms set to double by 2020 ⁸
Food & beverage	UAE foodservice sector is worth approximately USD 5 bn ⁹	Orlando foodservice sector is approximately USD 5.6 bn ¹⁰	UAE foodservice sector set to increase by half to USD 7.5bn in 2018 ¹¹
Destination management	Individual Emirates promoted independently, though strong national destination management companies	Strong marketing by park operators, Disney and Universal, overseen by Visit Orlando	Emergence of well-funded destination management entities for parks (e.g. Dubai Parks & Resorts)

¹Visit Orlando

²Department of Tourism and Commerce Marketing

³Wall Street Journal

⁴Orlando Sentinel

⁵Wall Street Journal

⁶2013 & 2014 STR Global

⁷Statista

⁸Dubai Statistics Centre, SCAD, Abu Dhabi Tourism and Culture Authority, MEED, PwC analysis

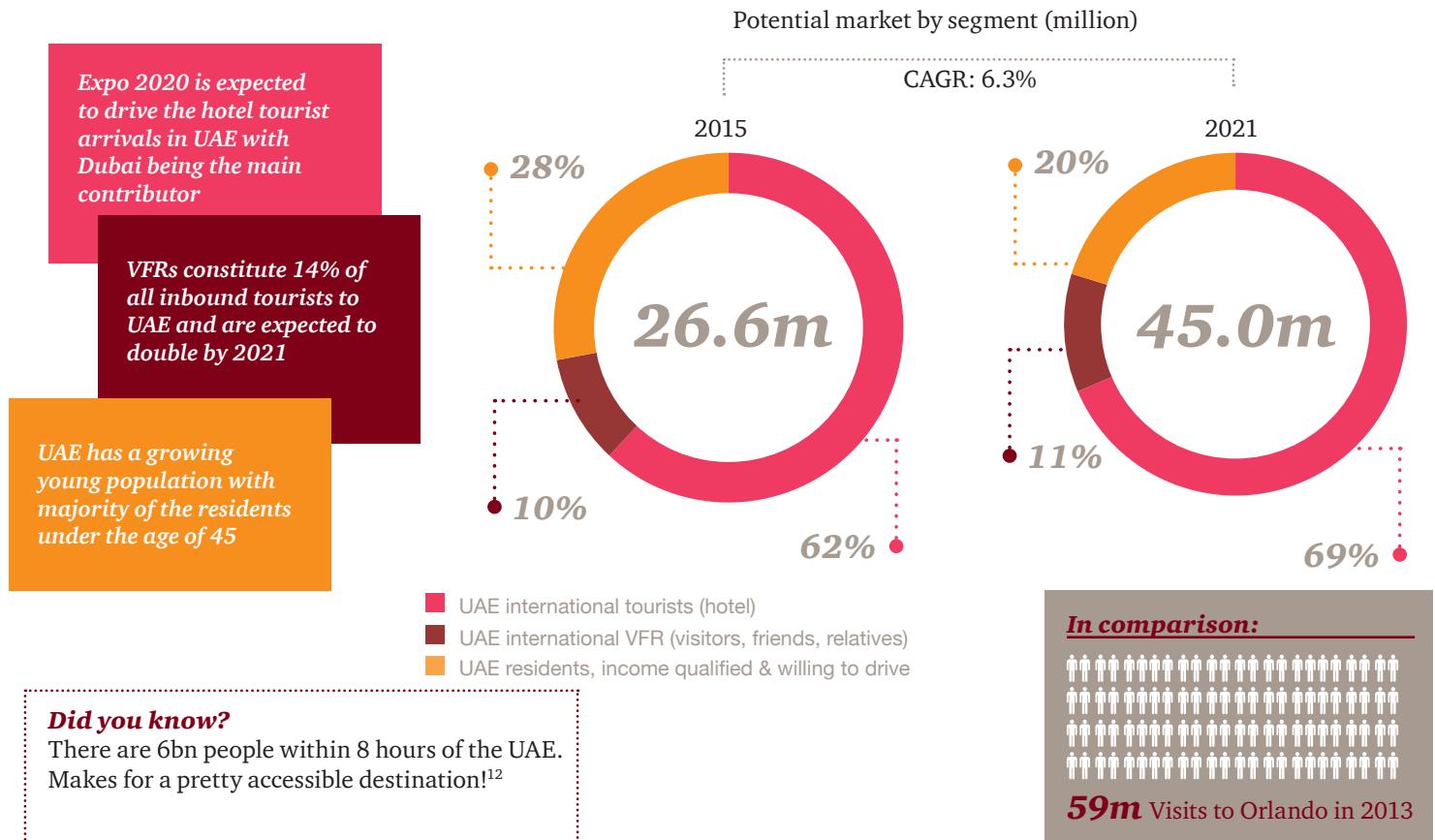
⁹Al Masah Capital, IMF, BMI, PwC analysis

¹⁰Nielsen

¹¹Al Masah Capital, IMF, BMI, PwC analysis

UAE's L&E potential market is set to nearly double over the next 6 years

The L&E potential market will consist of three main visitor categories; international tourists staying in hotels, international VFR (visitors to friends and relatives) and UAE residents who are income qualified and willing to drive. With inbound tourists forecast to reach over 30 million by 2021, and a growing UAE population, we expect the L&E potential market to reach 45 million by this time.



The UAE landscape is set to expand further with the addition of at least 4 full-scale theme parks in the next 3 years

The key to a consistently successful destination is enabling visitors to enjoy multiple attractions. Offering multi-park tickets, all inclusive packages and coordinated visitor management from booking through inbound and local transportation, hotels and attractions will be crucial. For example, Dubai Parks & Resorts (DPR) is creating a three park destination, with space for a further four, plus adjacent hotel, restaurants and waterpark which provides an excellent foundation to deliver this visitor promise. We forecast that the UAE attractions can achieve 18 million theme park visits by 2021, in comparison to Singapore's* at 6.7 million¹³ and Hong Kong's at 15 million¹⁴ today.

UAE L&E landscape timeline



* Singapore Resort World Sentosa (for gated attractions)

¹² Department of Tourism and Commerce Marketing

¹³ Genting Singapore

¹⁴ AECOM

¹⁵ AECOM



How will the UAE achieve its ambition to become a global L&E hub?

While the UAE overall has many of the enablers in place already or are planned, the ultimate success will depend upon other factors such as the quality of rides and attractions; purely relying on well-known brands will not be sufficient to build a “must go to” reputation.

The theme parks also need to deal with the very diverse cultures of visitors from within the Middle East, Asia and Europe. This need not be a constraint but can encourage innovative concepts; for example DPR’s Bollywood themed park. The UAE climate is also a huge challenge (temperatures in summer regularly exceed 45°-50°), so to enable full year round opening, creative solutions such as air conditioned queuing, must be designed into the masterplan from the start.

And finally, we think, most importantly, the holistic management of the UAE as a destination is crucial. This means coordination between all the stakeholders (Government departments responsible for infrastructure, tourism authorities, hospitality owners and operators and destination management companies). The Emirates need to share a common vision to optimise the wide diversity of leisure assets in place already and those being built. Businesses need to collaborate and develop partnerships to provide visitors with a seamless and effortless experience to enjoy the multiple attractions. The real competition is the burgeoning destinations of Singapore and Hong Kong in the East, with mainland China growing its own attraction base very fast, along with of course the ‘granddaddy’ of the sector, Orlando.

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Coordination

Destination management

- Offer visitors a seamless experience across L&E assets
- Requires recognition by all players in the L&E value chain that partnership is key to mutual success

Differentiation

Quality

- Well known brands are not the only requirement. Discerning visitors expect high quality rides, attractive food & beverage options and an overall consistent experience

Adaptation

Diversity

- Wide variance of culture needs to be sympathetically handled but can encourage innovative concepts

Creativity

Climate

- Creative solutions are required to achieve a year round opening to optimise yields
- Design more indoor attractions and have plenty of air conditioned queuing space

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these challenges and
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Entertainment**