

THE
HOTEL
SHOW
DUBAI

Industry Report: The Future of the Middle East's Hospitality Market



TABLE OF CONTENTS

- INTRODUCTION 3
- THE MARKET DYNAMICS 4
- GLOBAL HOSPITALITY & TOURISM 5
- GLOBAL TRENDS 6
- SUSTAINABILITY 8
- THE STATE OF THE HOSPITALITY MARKET
IN THE MIDDLE EAST 9
- A FOCUS ON THE UAE 11
- THE MIDDLE EAST HOTEL MARKET 12
- EMERGING TRENDS 13
- THE MIDDLE EAST FOOD & BEVERAGE MARKET 14
- THE POWER OF HOSPITALITY TECHNOLOGY 15
- KEY TRENDS 17
- HOSPITALITY:THE FUTURE 23





INTRODUCTION

The Middle East hospitality market is booming. \$26.3 billion in revenue is expected to be generated by the end of 2022 alone and according to the United Nations World Tourism Organization, there will be more than a 150 million tourists visiting the region annually.

There is no stopping this thriving market in this part of the world. Today, the hospitality industry across the world is on the cusp of a new chapter. Guests are seeking richer, individual relationships and seamless experiences with their hospitality providers.

Our report will delve into:

- Global trends and a breakdown of the shift in guests needs
- The dynamics of the hospitality market
- The state of the hospitality market globally versus regionally
- Deep dive into the hotel, food and beverage and technology landscape

Who Are We?

For more than 20 years, The Hotel Show has been connecting global suppliers with regionally buyers. Our show is the Middle East's leading trade show for the hospitality industry and provides the platform for companies to launch their business in the Middle East.

THE MARKET DYNAMICS

THE GLOBAL HOSPITALITY INDUSTRY IS PREDICTED TO GROW TO

\$5.9 TRILLION
during 2022

THE HOSPITALITY INDUSTRY IS COMPRISED OF FOUR MAIN AREAS



FOOD & BEVERAGE

restaurants, bars & food trucks



TRAVEL & TOURISM

transportation & travel agencies



LODGING

hotel resorts to hostels



RECREATION

sports, wellness & entertainment

Along with the overall economy, global hospitality has enjoyed massive growth over the last decade. According to the World Bank, the global economy has grown at a pace of more than 3% per year up until the global pandemic hit in 2020.

This unprecedented expansion has benefited the hospitality and tourism industry by stimulating the world population's travel activity, adding a substantial number of room nights in both leisure and business travel.

GLOBAL HOSPITALITY AND TOURISM

What's on the hospitality horizon?

International arrivals increased to more than 1.3 billion over a span of just ten years. This has boosted a rise in rooms on offer and led to a major contribution to global employment.

Understandably so, Covid-19 had a severe impact on international tourist arrivals. According to figures from UNTWO, arrivals dropped by a staggering -73% in 2020 and -71% in 2021. However, UNWTO's extended scenarios for 2021-2024 suggest a return to 2019 levels in terms of international arrivals. 2022 has so far seen an extremely positive bounce back.

\$8.6
TRILLION to be driven by tourism to the global economy

\$4,548.42
BILLION is how much the global hospitality market is expected to grow to by the end of 2022

\$6,715.27
BILLION is how much the market is expected to reach by 2026

The rise in revenue does not only benefit international companies and hotel owners, but also acts as a major factor in job creation for local populations and destinations.

GLOBAL TRENDS

Big Data, AI and Customization in the Hospitality Industry

Data is everywhere, and for companies that know how to collect and store it correctly, it can be a major success factor. Big Data Analytics can help operators correctly predict whether guests spending thousands of dollars on expensive food and drinks are merely celebrating a special occasion or if this is the clients' usual behaviour while traveling. This information is crucial in efforts to determine a customer's lifetime value.

A deep understanding of customer needs through collected information also enables hoteliers to stay relevant through their ability to offer

personalized services to every guest, thus increasing their likeliness to return.

When it comes to ensuring that each room is sold at the highest price possible, revenue management is used to focus primarily on setting room prices and optimizing room inventory.

Today, Revenue Management strategy goes beyond those aspects, and revenue managers should look for new ways to optimize revenue growth and profitability through data integration.



GLOBAL TRENDS

DIGITAL TRANSFORMATION

In today's ever-connected environment, embracing the possibilities offered by an end-to-end customer experience is imperative. It is not about merely relying on a loyalty program, it is about creating a broad and connected ecosystem across all brands and touchpoints. Major players have realized the immense potential of new technologies and are incorporating them into their client offering.



MILLENNIALS AND GEN Z TRAVEL TRENDS

Millennials are a hugely attractive market, representing two billion people globally. Their collective spending is set to overtake Generation X by 2022. Many hoteliers are discussing how to best approach this group and how to stay attractive in the light of changing values and behaviour. Hotel chains have launched brands designed to appeal to this demographic by:

- Reducing guest room sizes and putting more emphasis on creating convivial common areas.
- Creating experiential experiences.
- Leveraging social media and sharing networks as commercial platforms.

This provides an opportunity for traditional hotel brands to leverage their existing brand equity to offer a range of more focused services and experiences that go beyond hotel stays.

SUSTAINABILITY

With climate change becoming more apparent, societal pressure on providers in all industries is mounting. Many major corporations and businesses are removing single-use plastics from their day-to-day operations. Hotels and airlines find themselves with a unique opportunity to impact the effects of global plastic consumption as they often provide disposable products at mass scales.

A growing number of hotels are rising to the challenge of running a sustainable business. Beyond plastic usage, general waste production, food waste, usage of local produce, energy and water consumption and many other factors are to be considered for operators that are serious about their claim.



The State of the Hospitality Market in the Middle East



The hospitality industry in the Middle East has grown phenomenally over the past decade. \$270 billion in revenue is expected to be generated in 2022, with inbound tourist arrivals set to surpass pre-pandemic levels of more than 100 million.

The result is that the region will be home to more than a million hotel rooms by 2026 with Saudi Arabia having the biggest share as the region's tourism industry grows, according to a new report by Colliers.



894,700 rooms supplied across the GCC in 2021



An increase of 387,000 rooms over the past decade



Over 100,000 rooms will be supplied across the GCC by 2026



The large majority of being supplied in Saudi Arabia, followed by the UAE

The Middle East has always been crucially important in world travel and continues to be a hub for leisure and corporate travel worldwide.



According to the United Nations World Tourism Organization, by the year 2030, there will be more than a 150 million tourists visiting the region annually. This will be an increase from 6% currently to 8% of all global tourists.



Inbound arrivals to the region have seen a recovery after COVID-19 as travel restrictions are lifted and global travel is seen to recover to pre-covid levels. Most demand in the region is personal/leisure/religious travel followed by business and professional travel.



The UAE continues to attract the highest number of inbound arrivals, establishing itself as a top business and leisure destination. Bahrain also features as a popular destination, backed by the inflow of tourists from Saudi Arabia via the King Fahd Causeway which connects Al Khobar to Bahrain.

Unquestionably, the MENA hospitality and tourism industry is growing faster than anywhere else in the world. Abu Dhabi is the world's richest city; Dubai is the world's fastest growing city and the Kingdom of Saudi Arabia has embarked on some of world's largest private investment projects.



However, it must be remembered that the Middle East is an emerging market. Whilst there are markets such as the UAE, which are heading up the development, there are also many sub areas which are only starting. Looking at the UAE, there is still an under-supply for more affordable resorts or budget hotels, as well as branded serviced apartments. But comparing Dubai to Saudi Arabia, the entire market of Saudi Arabia has fewer rooms than Dubai alone.

A FOCUS ON THE UAE



The UAE is home to several tourist sites and has been the hub for some of the biggest business and leisure events in the GCC, largely due to its diverse culture and liberal environment. A large portion of this tourism is driven by Dubai, which has invested heavily in building its local hospitality infrastructure—ranging from luxurious hotels to budget friendly accommodations, from events and exhibitions to adventure theme parks and entertainment venues

THE MIDDLE EAST HOTEL MARKET



The GCC's giga projects are a major factor behind the region's hotel pipeline worth \$ 27 billion. The restoration of demand across the majority of the GCC market is expected to achieve parity with 2019 levels of performance in 2022 according to the latest industry forecast from Colliers International.

Subsequently, the GCC is expecting an addition of approximately 58,000 units to enter the market for hotel projects as well as refurbishment of existing hotel stock with a higher quality.

According to the 2021 Middle East Construction Pipeline Trend Report from Lodging Econometrics, the hotel construction pipeline in the region stands at 545 projects/168,042 rooms while the number of total pipeline projects has increased.

Demand for luxury hospitality has soared across the GCC in general, with Saudi Arabia driving the bulk of that requirement. Around 163 hotels with over 70,000 keys will open in coming years. In 2021 alone, 40 properties opened their doors, with over 12,500 rooms for tourists. Each of these hotels are either four or five-star.



EMERGING TRENDS

WELLNESS

Hoteliers must balance safety measures with a sensibility that helps guests feel welcome and at ease. The primary focus is on the guest's health and wellness at both the macro and microlevels. Incorporating wellness focused changes for health and well-being should become the standard of any hotel stay, and that includes a focus on sustainable design elements.



THE WORK ANYWHERE MOVEMENT

Hotels will become an extension of work-from-home as travel resumes. Work/life boundaries have blurred, and untethered workers will extend vacations and travel to work from anywhere. This shift is expanding the market for “adjacent space,” such as serviced apartments, aparthotels, and long-stays. Some hotels are offering short term rentals for mobile workers, while others are transforming rooms into remote workspaces or work-study-play retreats advertising “work-from-hotel” packages as a new amenity.



SUSTAINABLE DESIGN

While the pandemic is first and foremost an issue of human health and safety, it has also created an awareness of the industry's role in sustainability. Eco conscious travellers are looking to “slow travel,” or sustainable tourism where guests can connect with nature while minimising their environmental impact. Of commercial buildings, hotels are among the highest per square foot energy and water users. According to the Urban Land Institute, sustainable building practices are increasingly being incorporated throughout the hotel sector to add value and provide a competitive edge.

The Middle East Food and Beverage Market



The restaurant industry in the Middle East is growing at a pace that is exceeding its infrastructure.

With billions of dollars being invested in developments throughout the region, there is an appetite for new restaurants that exceeds any other region in the world. The outlook for the hospitality sector remains strong in the region and it is anticipated that there will be further increases in overall demand to the region.

SOME OF THE CURRENT DEVELOPMENT TRENDS ARE:



All-inclusive concept in the midscale and upscale segments



Repositioning and/or repurposing of existing assets



Investing in and implementation of technology and sustainable solutions/products



Re-engineering F&B offerings and turning vacant spaces into revenue-generating streams



Branding versus deflagging



Eco-friendly hotels/resorts



Extended stay

THE POWER OF HOSPITALITY TECHNOLOGY

Hospitality technology is typically intended to make life easier for a business's employees, or to improve the overall experience for hospitality customers. This can be achieved in several different ways. For example, hospitality tech may help to increase automation and ease the workload for staff. Likewise, it could be intended to make processes faster, which could potentially save money as well as time.

THE TYPES OF TECH

- The Rise of Tech-Augmented Hospitality and Artificial Intelligence solutions will allow those working in hospitality to deliver unprecedented levels of service.
- Automated service solutions, including self-service check-ins, check-outs and biometric security checks, are widely used at airports and hotels around the world.
- Drone delivery to penthouse suites, robotic bellhops, and voice-driven smart hotel rooms.

Although some in the industry consider dehumanized technical services will negatively impact guest satisfaction levels and prevent hospitality providers from building relationships with guests, the evidence suggests the opposite.

Some form of automation is essential to optimize service at scale, which is vital as the number of guests continues to grow. What will be fundamental, even in the short-term, is automation's potential to unlock customer service levels that go "beyond human" from meeting basic customer service needs, robot concierge and personalization decisions, to information retrieval, guest recognition, and access to detailed service options.



THE POWER OF HOSPITALITY TECHNOLOGY

There is significant and growing interest in self-service technology for more functional actions like booking a taxi, paying a bill, or ordering room service. This is arguably because these are areas that are already digitised in everyday life.

What is changing is that consumers expect to bring their existing preferences on vacation and therefore require use of the latest technology when staying in a hotel.



75%

of global travellers claim to have stayed in a hotel room that contains smart devices or expect to do so in the future.



73%

of guests show interest in using chat messenger to ask questions about a hotel booking, or augmented reality apps to see what a hotel room looks like.

IN ORDER TO MEET THESE CHANGES, HOTELS NEED TO EVALUATE:

- Does the technology add value to the customer's experience?
- Does it empower staff to deliver service levels above and beyond previous norms?

If the answer to these questions is no, then it's a negative example of installing technology for innovation's sake. What is clear is that the fast pace and growing change in consumer demands is forcing an automated approach to service optimization, an approach that must empower staff to know more about individual consumers and customize their service levels to greater levels.

KEY TRENDS

TECH-ENABLED HUMAN HOSPITALITY

In the hotel of the future, staff will be empowered and informed by intelligent technology to make insight-driven decisions that benefit the business and enrich guest experiences.

Daily decision-making, such as room assignment and turnover schedule, is automated by a system that draws on data such as guest preferences, personalized check-in, and check-out times. Possibilities for human error are reduced, and occupancy is maximized.

Staff are highly responsive and can access real-time insight to solve tasks, whether they are checking room occupancy, stock levels, or ticket availability. Their decisions are empowered through mobile and wearable devices that augment reality with relevant information quickly and help to eliminate delay.



KEY TRENDS

GUEST-FACING TECHNOLOGY WORKS FOR THE TRAVELLER

Personal devices, like smartphones and wearables, interact with location-specific technology to put relevant information and smart controls into the guest's hand without it ever feeling invasive or uncomfortable. Self-service options will be available, but staff are never far away to deliver a personal experience.

Staff will need to be highly trained to maximize the benefits offered by technology to deliver the best experience possible thanks to guest profiles created from aggregating multiple data streams.

These profiles enable staff to identify micro-moments in which to engage guests, both before and during their stay.

RISE OF THE CLOUD

The most successful enterprises achieve high levels of agility with the support of a cloud platform.

The popularity of the cloud will continue to grow in 2021, as the market observes the benefits of the agility, connectivity, and scalability enabled by cloud technology. Cloud-based technology also makes digital transformation easier by assisting IT teams in making integrations and customizations less laborious.

KEY TRENDS

PERSONALIZED, VALUE-DRIVEN LOYALTY PROGRAMS

An F&B brand's success is heavily hinged on Average Order Values (AOV) and repeat purchases. However, a generic, one-size-fits-all reward program doesn't cut it anymore. To boost sales and repeat visits, a restaurant loyalty program needs to be highly personalized, omnichannel and value driven. According to Evergage, 88% of marketers reported significant improvements through personalization and more than half report a lift greater than 10%. Moreover, personalized loyalty programs tend to increase the average bill values and enhance guest satisfaction levels. For this reason, it's important that F&B brands partner with vendors that can implement a unique, value driven loyalty program that rewards guests not merely for transactions but for reviews, social sharing and referrals.

CONTACTLESS PAYMENTS

Contactless payments offer several advantages for hotels, resorts, restaurants, bars and cafes, which is why this has been among the main technology trends within the hospitality industry recently. Aside from speeding up payments and improving customer satisfaction, contactless tech is also easily compatible with loyalty programmes. Mobile contactless payments are possible even if customers do not have their wallets with them.

Additionally, with COVID firmly in the minds of hotel guests and other hospitality customers, contactless payments can also offer an excellent way to reduce human-to-human contact.



KEY TRENDS

ROBOTS IN HOTELS AND RESTAURANTS

Mobile check-in is another important area, because it can help to improve the customer experience at the point of their initial arrival. This is especially beneficial, because first impressions can have a huge bearing on how customers feel about their visit or stay.

Crucially, mobile check-ins swerve the need for face-to-face customer interactions, meaning customers can potentially have greater flexibility in terms of when they check-in. This ties in with wider contactless technology trends within the hospitality industry.

RECOGNITION TECHNOLOGY

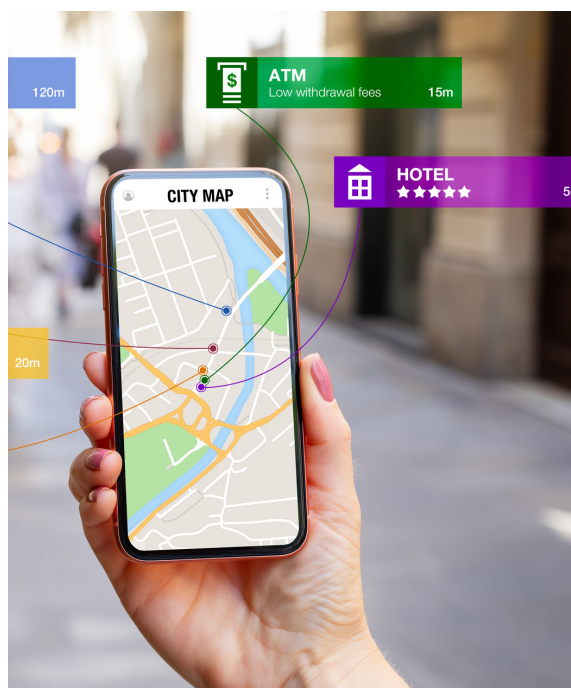
Recognition technology is one of the most important emerging tech trends, but its potential uses in the hospitality industry are especially interesting. Biometrics is being used to usher in a new age of seamless authentications, and this could benefit hotel processes and customer purchases.

Fingerprint or facial recognition technology is beginning to be used in hotels to unlock rooms. The same technology is also used for check-in and check-out purposes. In the future, this technology is also likely to allow for completely seamless purchases, with payments being authenticated by touch.

ARTIFICIAL INTELLIGENCE

Customers expect to be able to interact with hospitality companies across a variety of digital channels and receive rapid responses. Having staff monitoring all those channels and delivering swift responses can be difficult, if not impossible, which is where chatbots and artificial intelligence (AI) come in.

Meanwhile, AI's uses extend into other important areas for hotels too, including data analysis. In short: definitely, a tech trend to watch out for.



AUGMENTED REALITY

Augmented reality has exploded as a tech trend in a similar way to VR technology but is even more accessible; typically requiring little more than access to a smartphone and the internet. Unlike VR, which places users in a digital environment, augmented reality is about enhancing the real-world environment through information overlays. Again, this offers limitless potential. Hotels can provide AR-compatible wall maps, where customers can point their phone at the map and find out information about specific locations.

Alternatively, it can be an app which allows users to see customer reviews of local restaurants by looking at the building through their phone.

CYBERSECURITY

The increased need for cybersecurity is among the most vital technology trends in the hospitality industry. Today, hotels and restaurants are more reliant on data than ever before and make more use of IT systems. However, this potentially leaves them in a much more vulnerable position.

Some of the biggest threats here include ransomware attacks, phishing attacks, distributed denial of service (DDoS) attacks and human error within the company. For this reason, hotels need to invest in cybersecurity awareness training, protect their IT systems, keep customer data secure and ensure data is backed up and recoverable.



BIG DATA

Data collection has grown rapidly across all industries but can be used to great effect by hospitality businesses to provide more personalised experiences. Travel agents could use it to make intelligent destination recommendations, based on age, gender, budget, previous locations visited, and so on.

Within the hotel industry, big data allows businesses to identify trends, which can be used for revenue management purposes. This allows for more data-driven approaches to pricing strategies and enables business leaders to gain a clearer understanding of current business performance and the outside influences that impact upon it.

HOSPITALITY - THE FUTURE

Globalisation, urbanisation and digitalisation are affecting our everyday lives with a dramatic shift in our day-to-day world. The emergence of remote and home office work, the development of a sharing economy and socio-demographic changes are just a few examples that significantly impact how and where we live and interact.

The global hospitality sector had been hit hard by the COVID-19 crisis. Restaurants, hotels, casinos, and sporting venues stood empty as governments and public health authorities acted to contain the spread of the coronavirus.



Now, as economies recover, the hospitality sector is getting back to normal albeit in a world in which the industry now finds itself has changed.

- **Resilience:** The future of the hospitality industry.
- **Technology:** In keeping with other industries, the hospitality industry has embraced digital technology and it will become an increasingly important part of business success in the future.
- **Talent:** Employees and human capital are imperative for the growth and survival of the hospitality industry
- **Safety and Hygiene:** A legacy of the pandemic is the importance of safety and hygiene and the implementation of hygiene strategies.
- **Climate Change and Green Solutions:** As an industry, hospitality needs to become greener, harness solar power, save energy, reuse grey water, save heat, improve air circulation, use more efficient lighting and utilize environmentally friendly materials.



THE HOTEL SHOW DUBAI



ARE YOU LOOKING TO LAUNCH YOUR BRAND IN THE MIDDLE EAST?

For over 20 years, The Hotel Show has provided an essential business and networking platform for global suppliers of hospitality products. By exhibiting, you will have the chance to meet and do business with thousands of active buyers from across the Middle East, building your brand within this thriving market.

To find out more about taking part at the show, visit
thehotelshow.com

