Tourism is one of the economic mainstays of Egypt’s economy, rivalling the importance of the revenues of the Suez Canal and remittances from Egyptian nationals living and working abroad. Having experienced a downturn in recent years, the tourism sector is now turning a corner and working steadily towards rivalling pre-crisis levels of tourist revenues.

There is a newfound confidence in Egyptian tourism that is backed by government investments and increasing national stability that is helping to reassure international visitors that the country is a viable holiday destination once again. With dynamic plans and innovative strategies in place, the Egyptian tourism sector is now set to rival and potentially eclipse the annual visitor numbers and revenues set pre-2011.

The Road to Recovery – Investment and Reappraisal

After the difficulties of 2013, 2014-2015 has proved a turning point for the Egyptian tourism industry as new investments are beginning to make a significant impact on annual tourism revenues. Confidence is rapidly building once more and visitor numbers are on the increase once again.

In 2014, visitor numbers rose to 10 million with estimated annual revenues climbing to $7.5 billion with official figures from the Ministry of Tourism showing that the average tourist’s expenditure reached $81.3 per day, compared to $63.3 by the end of the year before.¹

Both the Egyptian Government and international tourism operators have recognised a need for stimulation in this industry and the resultant change on the country’s tourism sector can already be seen through the actions of organisations such as Egypt’s Tourism Development Agency (TDA).

The TDA is an organisation designed to act as the link between government policy priorities and private investors. In the 2013/14 fiscal year, the TDA received the highest annual revenues it has ever earned since its foundation 20 years ago. Much of the $81.08 million earned that fiscal year was derived from the advance payments from the successful bidders for new tourism projects along the Red Sea and Ain Sokhna.²

In 2014, visitor numbers rose to 10 million with estimated annual revenues climbing to $7.5 billion

¹Daily News Egypt, $7.5 billion tourism income to Egypt in 2014: Minister, 01/02/2014 Oxford Business Group, Development authority sees record revenues from investment deals, 2014

²
Planned Tourism Investment Projects

Ain Sokhna: On the western bank of the Gulf of Suez and only a 2 hour drive from Cairo, Ain Sokhna was originally only open to the wealthy urbanites in the capital but recent years of development proposals have turned the area into a lure for tourism. Late last year, new investment plans were announced by Ibrahim Ashmawy, investment advisor to the Minister of Tourism, which detailed the development of over 19 million square metres of land in Ain Sokhna for the purposes of tourism-based accommodation, amenities and utilities.3

While much of Ain Sokhna’s investors are Egyptian developers, greater flows of foreign capital are being attracted to the development projects thanks to the combination of valuable land offerings and increased commercial opportunities for successful development bidders.4

North Coast: In order to build on its already strong Mediterranean tourism presence, more tourism resorts are planned along Egypt’s north coast. The development areas consist of five plots of land in Marina and south Al Alamein, in total covering over 14 million square metres that are currently undergoing considerations for tender bids. The previous Minister for Tourism, Hisham Zaazou announced at a press conference in September 2014:

“I anticipate a tender taking place in the north coast this year after the armed forces complete some of the necessary procedures. The area has four airports and close proximity to Cairo and Alexandria thanks to a strong transportation network.”

Sharm el Sheik: Although already a traditionally tourist-centric area, Sharm el Sheik continues to attract new investments in order to solidify its international appeal and generate higher visitor rates. Last year one investor, The Middle East Company for Touristic Investment, announced plans to spend upwards of $14 million to construct an additional 502 hotel rooms to be added to the company’s 40,000-sq-metre compound in the area.5

3Oxford Business Group, Development authority sees record revenues from investment deals, 2014
4Ibid
5Ibid
Appealing to both New and Established Markets

By necessity of falling visitor rates, Egyptian hotel and tour operators have been offering high discounts and attractive packages to encourage tourists to return. This strategy has met with mixed success but it is ultimately encouraging a shift in the profile, nationality and destination choices of visitors to Egypt.

The numbers of high income and luxury tourists coming to Egypt have declined markedly since 2011 and they remain low despite the prevalence of competitively priced holiday packages and accommodation options. This is because they are less sensitive to price points and remain more acutely sensitive towards the considerations of the safety, security and political stability levels of their choice of holiday destination.6

However, while luxury tourists from the US, and Western European countries have declined, low-to-middle income tourists from Russia, Georgia, India and China have assumed a greater proportion of Egypt’s annual visitor numbers as they respond to the attractive prices on offer. Russian tourism remains particularly key to Egypt, with more than 3 million visitors from that country in 2014 despite the fall in value of the Rouble.7 This demonstrates the growth potential of new national markets as well as the established return visitor markets.

Domestic tourism is also increasing for the same reason of economic expediency. Top tier luxury hotels have become markedly more affordable to Egyptian holidaymakers as hotel groups and the national flag carrier EgyptAir continue to market competitive deals and packages.

Innovative Marketing and Partnerships

The Ministry of Tourism is looking even further afield than Russia in order to attract new tourists to consider Egypt, and as such it has prepared a $40 million marketing plan that is to be implemented over the course of the next three years. The ministry’s ultimate aim is to achieve annual visitor rates of 20 million visitors as well as annual national tourism revenue rates of $20 billion by 2020.8

“We seek to be present in new markets, especially in Latin America and East and South Asia, in order to encourage tourist arrivals and visits to archaeological sites that were the hardest hit during the past four years,” said previous Tourism Minister, Hisham Zaazou.

The marketing contractor for the ministry’s $40 million, three-year advertising campaign is due to be announced in late 2015. While the specifics of the marketing strategy have not yet been announced, the newly appointed Minister for Tourism, Khaled Ramy, was keen to point out that it would highlight heightened security conditions in key tourism regions as well as the more traditionally appealing qualities of Egypt:

“The message is right on my face: it’s seven o’clock in the morning and we already have this beautiful sunshine here in Sharm El-Sheikh,” he said during a poolside interview at a luxury hotel given in March 2015.9

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7 Daily News Egypt, $7.5 billion tourism income to Egypt in 2014: Minister, 01/02/2014
8 Reuters, New Egypt Tourism Minister sets out 2020 growth plan, 15/03/2015
9 Ibid
Negotiation agreements are already underway for the partnering with national flag carriers such as Etihad Airways and Emirates Airline for this national tourism revival campaign. This will ensure the continuation of attractive flights and accommodation deals to entice visitors as the government also seeks to prevent the double taxation of airlines and tourist agencies so that they can keep their prices competitive.¹⁰

Agencies such as the General Authority for Tourism Promotion are adding to the international awareness of Egypt’s tourism potential. In July 2015 it established its first office in the GCC, located in the UAE’s capital, Abu Dhabi. The newly opened office’s directive is to support the “20 million visitors by 2020” initiative in any way possible. Its primary objective is to cooperate with all domestic and international airlines that have flights to Egypt while encouraging the creation of new flight routes to further improve the convenience of travel and from the country’s main tourism destinations.¹¹

Egyptian Tourism – Revitalised and Ready for 2020 Renewal

The combination of a stabilising political scene coupled with heightened security measures has caused many travel warnings to be lifted, encouraging the return of holidaymakers to Egypt. Egypt is now seeing annual visitor numbers increase from the low point of 2013 as tourists from both new and established markets decide to experience the well-known delights and charms of Egypt.

This process of renewed market confidence in the tourism sector is being markedly aided by affirmative action from Egyptian Government organisations as they encourage new investments as well as innovative new marketing strategies that will keep Egyptian tour operators competitive and relevant.

In order to capitalise on this stage of revitalising the Egyptian tourism sector, vendors need to understand the requirements of the rapidly diversifying market as it extends to Eastern Europe, Latin America and Southeast Asia. With the support and cooperation of government agencies, there currently exists a significant opportunity to offer these new markets exciting and increasingly competitive products and establish a greater presence in this rapidly regenerating sector.

¹⁰ Reuters, Egypt announces plans to revive flagging tourism sector, 04/05/2014
¹¹ Daily News Egypt, Egypt implements first office in UAE to revitalise tourism, 27/07/2015

With the support and cooperation of government agencies, there currently exists a significant opportunity to offer these new markets exciting and increasingly competitive products and establish a greater presence in this rapidly regenerating sector.
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To find out more about the latest in the Egypt’s tourism sector, don’t miss the Tourism Egypt Summit (24 - 26 November 2015, Cairo, Egypt) developed with input from the government authorities and tour operators including Egyptian Tourism Authority, Egyptian Tourism Federation, Egyptian General Company for Tourism and Hotels, Travco, Meeting Point, Emeco Travel, EgyptAir and more.

Visit [www.tourism-egypt.com](http://www.tourism-egypt.com) for more information.