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LIFE Red Sea Project

Enhancing Sustainable Tourism in the Southern Red Sea Region of Egypt

Part 1: Destination Management Plan for Enhancing the Competitiveness of the Southern Red Sea Region of Egypt

MARCH 2008

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ENHANCING SUSTAINABLE TOURISM IN THE SOUTHERN RED SEA REGION OF EGYPT

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List of Acronyms Used

CMA	Conservation Management Area
DMP	Destination Management Plan
EEAA	Egyptian Environmental Affairs Agency
ETA	Egyptian Tourism Authority
IDMP	Integrated Destination Planning and Management
LRS	LIFE Red Sea
LUMP	Land Use Management Plan
RSC	Red Sea Coast
SRS	Southern Red Sea
TDA	Tourism Development Authority
USAID	United States Agency for International Development
WGPA	el-Wadi Gemal Protected Area
WGPN	el-Wadi Gemal National Park
WTO	World Tourism Organization

Foreword

The purpose of this report is to provide strategic marketing planning guidance to the Egyptian Tourism Development Authority (TDA) in regards to the development of tourist products in the Southern Red Sea. As the government agency in charge of promoting and facilitating tourism investment along the Red Sea Coast (RSC), TDA has the challenge to create a favorable and competitive environment for investors in the areas under its management.

The rapid and successful growth of tourism along the RSC (including the Southern Red Sea) has been based on a tourism development model that does not longer respond to the needs and expectations of the most important tourist-generating markets. The generic resort-based mass tourism model is increasingly losing appeal among the higher spending segment of the European and American markets.

In that regard, the Red Sea Coast faces a serious marketing challenge. Beach tourism is to a very large extent (and with few exceptions) what could be considered the "commodity" of the tourism sector. The demand for this kind of product is very elastic as consumers find that one beach destination is easily replaceable with another one offering similar characteristics (sun and sand). This kind of product is dangerously price-sensitive and it is therefore generating cut-throat competition among resort developers and management companies in order to reduce their prices and attract ever increasing number of customers. As a consequence, the quality of visitor to Egypt's coastal areas is rapidly deteriorating, thus affecting the economic benefits yielded from the activity. Anecdotal evidence points to the fact that the RSC's product is being perceived as a low-price, low-quality destination.

From a sustainable development perspective, this marketing challenge is having a negative effect on the fragile environment that is the basis upon which this product is built. Several planning reports and studies have documented the environmental, cultural and social problems that the RSC is currently facing as a consequence of the prevailing tourism development models. Tourism-related urbanization is one of the major contributors to this problem, as identified by the National Environmental Action Plan of Egypt 2002 / 2017. These documents have clearly identified additional threats to the cultural and natural environment of the RSC, including the lack of funding for conservation and adequate management of the region's heritage sites and the lack of management capacity to enforce environmental regulations that protect reefs from unregulated diving. Additionally, the inclusion of the different Bedouin tribes scattered around the coastal areas into the tourist industry has yet to respond to participatory approaches that allow them to decide how to present and sell their culture to visitors.

This report presents hard data that confirms that while some regions of the RSC have lost their value and market share, the Southern Red Sea is at a point where this marketing challenge could be successfully addressed. In order to do that, we are using a Destination Management Planning approach to the development and marketing of this particular region of the Red Sea Coast. This approach recognizes that the Red Sea Coast consists of a number of diverse tourist areas, each with distinctive resources that require differing development and marketing strategies.

Destination management planning is a dynamic and ongoing process that takes a research-based, integrated perspective of destination development and marketing. As such, the preparation of this Destination Management Plan (DMP) for the Southern Red Sea has drawn on all the available research data and involved a wide range of actors and stakeholders from the different organizations associated with the tourist industry in the destination. However, as a TDA planning initiative, this document substantially presents a TDA perspective. As such, the outcomes of this report feed directly into TDA's activity plan within the framework of the LIFE Red Sea Project. For implementation partners and key stakeholders, the DMP should serve as a guiding document and a tool to inform decision-making and guide effective tourism development and marketing at a destination level, consistent with an informed view of the needs and interests of visitors.
Our finding, analysis and recommendations are intended to assist TDA in setting the foundations of a new, more sustainable tourism development model that would maximize the benefits for all actors involved while preserving the environmental integrity of the region. We are confident this new model would contribute to help TDA meet its institutional goal of promoting and facilitating more and better investment in tourism infrastructure in the RSC.

Acknowledgements

This report represents the synthesis of different technical reports produced by different consultants in an almost 1-year period of time. The authors of this DMP would like to acknowledge the contribution and hard work put by all researchers involved in this unprecedented effort. They include US-based tourism specialists Miguel Baca, Tracy O'Toole, Manuel Knight from PA Consulting Group and Sandra Chesrown; UK-based market research specialists Sue Mather and Graham Todd from Travel Research International; and Egypt-based researchers Mohammed Mohana, Ahmed Mousa, Wael Salah and Elena Meshkova. We specially thank Ahmed Hassan, former LIFE Red Sea Component B leader, who led and facilitated the development of the DMP. A full list of their specific reports is presented as Annex A: List of Reports and Bibliography Consulted.

Executive Summary

Understanding Tourism Destinations

A tourism destination is usually defined as a geographical location (with spatial and physical properties) which contains easily recognizable tangible and intangible characteristics (such as a history, people, traditions and way of life). Destinations are central to the development of the tourism industry because unless people want to go somewhere, provisions for transporting them, lodge them, feed them and entertain them will be in vain. "Being there" – the destination factor – is the reason for tourism.

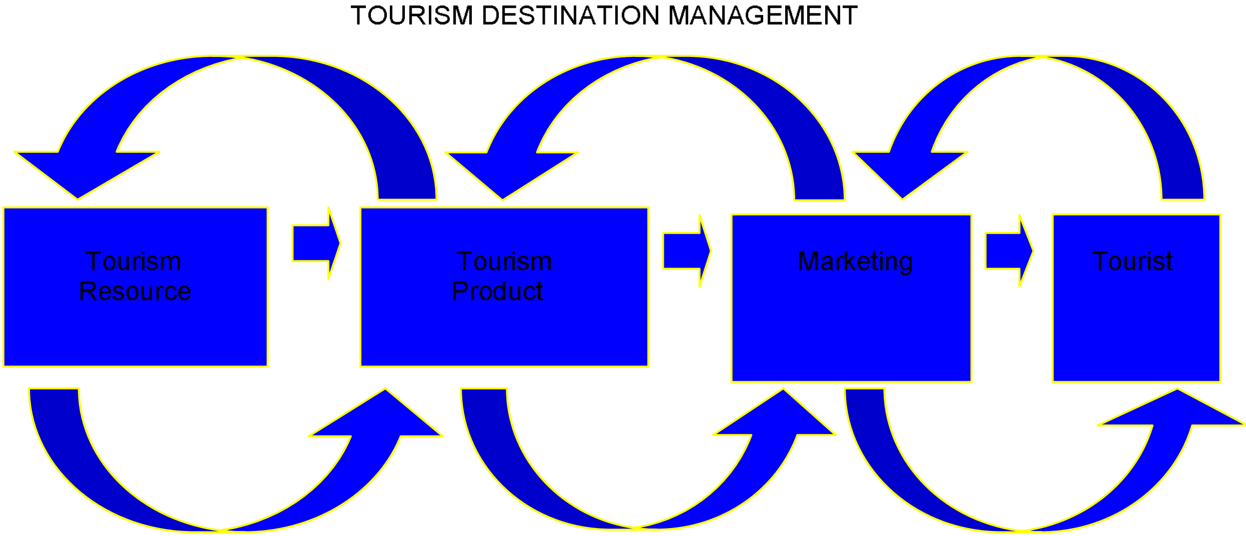
From a marketing planning perspective a destination is two distinct but interrelated things:

It is one product (we speak of "Egypt" or "New York City") that comprises every kind of tourism organization and operation in its geographical area (hotel, transport, attractions, etc.).
It is also a mental concept in the minds of tourists and potential tourists. In that regard, a destination is also something that not only exists but also it is thought to exist.

A destination marketing planning approach to tourism development is a proven and effective management system that enables tourism management organizations to meet their market, industry and government obligations. The result of an exercise like this is usually a Destination Management Plan.

The preparation of this Destination Management Plan (DMP) used a value chain approach. This approach allows us to identify the main components along a chain that creates tourism products with high value-added. These products in turn, contribute to enhance the competitiveness of the destination by promoting a longer stay and higher spending by visitors.

PA has developed the Integrated Destination Planning and Management (IDPM) approach as a tool for the application of value chain analysis in planning and managing tourism destinations. An IDPM approach treats tourism destinations as products that need to be planned, developed, packaged and sold to a series of very specific markets. In that regard, IDPM is based on the assumption that a competitive tourism destination is the result of a market-driven planning process. The graphic below illustrates the value chain for a typical tourism destination:



IDPM provides a framework to effectively incorporate the different issues affecting the tourism planning and management processes, and to fully address them at the destination level.

The Destination Management Plan Process

The LIFE Red Sea Project embarked on this process of strategic planning for tourism in the Southern Red Sea Coast on March 2006. This process was structured in a series of stages that are described below:

Destination Assessment and Framework Definition. This first stage took place between March and April 2006. It consisted on a first, rapid identification of the main physical and marketing characteristics of the destination. This stage provided the opportunity for the consulting team to familiarize with the goals and objectives of the LIFE Red Sea Project and incorporate them as an element in the definition of the planning framework.

Data Collection for Situational Analysis. The research for this stage was conducted between April and September 2006 and took place in Cairo, Marsa Alam, Hurghada, the Southern Red Sea and Washington DC. The final results of the visitor survey and product assessment were only available in mid-October.

Data Collection for Strategic Analysis. The research for this stage was conducted between July and September 2006 from London, UK. This information was used to prepare a visitor profile and determine potential demand in the Southern Red Sea. The final results of this research project were available at the end of October 2006.

Report Preparation. The finalization of the DMP is aimed to be a collaborative and participatory process that actively involves TDA. In that regard, this stage has focused on preparing a situational and strategic analysis, which includes a suggested vision and positioning strategy for the Southern Red Sea. Therefore, the strategic planning and action planning sections of this report intend to be merely indicative and reflect the opinion of the consulting team and the LIFE Red Sea Project staff. It is expected that strategic planning sessions will be conducted with TDA in Cairo to further refine and finalize this document.

Situational Analysis

Tourism Resources

The following conclusions could be drawn from the analysis of the tourism resources available in the Southern Red Sea:

- The region has strong potential for the development of cultural, adventure and nature-based tourism products given the range of natural and cultural resources available. However, most of these resources are currently underutilized and have not been turned into attractions.
- The main tourism resource of the area is the Red Sea Coast, which is considered a Category 1 attraction. The sound management of this resource is currently being challenged by issues related to indiscriminate fishing, urbanization of coastal areas due to tourism and poor waste management.
- At the moment, there is not an iconic, anchor natural or cultural attraction in the Southern Red Sea that could be considered at least, Category 2.
- In spite of these problems, the environment of the Southern Red Sea remains relatively undisturbed and pristine. This is considered the main comparative advantage of the region and constitutes the main "pull" factor for visitors.
- The WGPA is currently underutilized as a tourism attraction because of the lack of management systems, lack of visitor infrastructure and poor marketing and promotion. However, the WGPA has the potential to be developed into a Category 2 tourism attraction.
- Visits to see the Camel Market in El-Shalateen are currently one of the most popular day excursions available in the Southern Red Sea. There is great potential to develop it into a higher-value product that provides local people the possibility to engage in the offer of tourism-related services.
- The Roman mining settlements scattered around the Eastern Desert and WGPA face several challenges to become tourist products. One of the most important bottlenecks is the lack of funds for necessary consolidation work. Several tour operators are interested in including this sites in future desert trips.
- Local human resources are not well trained or have the educational base to be successfully inserted into the tourism industry. There also seem to be cultural traditions that make it difficult for local people to have more sedentary employment.

- We have developed the valuation index based on work undertaken by the World Tourism Organization (WTO). This index consists of three different categories of attraction that are defined as follows:
  Category 1. These are tourism resources of exceptional traits and great meaning for the international tourism market. They are able to generate a significant influx of visitors by themselves.
  Category 2. These are resources able to generate an important influx of a particular type of visitors by themselves or additional types of visitors in combination with other nearby attractions.
  Category 3. These are resources presenting certain characteristics that could be of interest to visitors attracted to the destination for other reasons.

The results of our evaluation for the main tourism resources of the area are presented in the table below:

Table 1 Resource Valuation Index

Tourism resource	Category
Red Sea Coast (and marine environment)	**1**
Wadi el-Gemal Protected Area	**3**
El-Shalateen	**3**
Roman mining settlements	**3**

Source: PA Government Services, Inc.

Tourism Products and Services

The following conclusions could be drawn from the analysis of the tourism products and services available in the Southern Red Sea:

- The current supply of accommodation is not of high quality (for international standards) and it is not diversified. It mainly consists of resorts catering to the beach and diving market as well as camps and tents, mainly targeting the mid to lower-end of the diving market. There is a clear lack of accommodation with character, uniqueness and individuality that could appeal to more sophisticated segments of the market.
- Companies offering tourist products and services in the SRS are highly specialized and have not yet diversified their portfolio of products. However, this is changing as increased competition is forcing operators to create more added-value for their products.
- There are serious concerns about the potential overdevelopment of the area for both environmental and economic reasons. The rapid urbanization of the coast will lead to damage to the coral reefs. Equally important, oversupply of accommodation will irremediably lead to a deterioration of prices and therefore, the quality of the accommodation product. The right amount and kind of accommodation should be developed in the destination.
- Food services are adequate but generally unavailable outside of the resorts and hotels of the area. Additionally, there has not been an effort among operators to develop a traditional local cuisine that could be properly presented to visitors, either outside or within the resorts. This would reinforce the image of the destination and promote integration of local producers into the tourism supply chain.
- Access to the region and transportation from other destinations within Egypt is one of the main problems faced by the Southern Red Sea. Currently, access is only possible via charter flights or via road from Hurghada (5–7 hours). Security concerns limit the possibilities of connecting the Southern Red Sea with the Nile Valley and the reliance on charter flights (100% at the time of writing) limits independent travel but also causes the image of the destination to suffer.
- Water-based activities currently dominate the market. Inland excursions tend to be short in duration and scope (half or full day maximum). The beach-goers engage in

both water-based and inland excursions. However, oversupply of diving and water-based facilities is causing prices and quality of the product to drop. While some community-based and cultural activities are available, these are usually poor in quality and market appeal.

- Local communities see their access to the guiding market severely limited by current regulations in Egyptian law. The two main markets in the Southern Red Sea (diving and beach tourism) use a combination of local and foreign guides, although local guides refers almost exclusively to Egyptian guides from areas outside the Southern Red Sea.
- The lack of interpretation facilities, particularly inside the WGPA is seen as a constraint to develop higher-value nature products in the area.
- There is not a well-developed handicraft sector in the area that could meet the market's demand for authentic and traditional items. However, there is potential among some of the Bedouin communities to develop such sector.
- Prices received by local operators for different tours and packages to the Southern Red Sea (including diving and inland excursions) tend to be on the lower end of the spectrum. This is not to say that prices paid by visitors are necessarily low but that the percentage that ends in the hands of international tour operators is rather high. This seems to respond to the nature of the product and the fact that the international tour operator is currently responsible for all marketing and international travel costs.
- Natural and cultural tours are equally or more yielding on a per person daily basis than diving or beach accommodation packages. However, sales volume of these latter packages compensates for low prices.
- The overwhelming majority of diving and beach packages are still sold through international tour operators, either online or through a travel agent. However, all inland tours are booked directly on-site as these are usually offered as options only upon arrival. This sales strategy allows inland operators to keep most of the money paid by the visitor for the tour but in return, reduces his ability to sell in advance and get more customers.

Destination Image, Branding and Promotion Strategies

The following conclusions could be drawn from the analysis of the Southern Red Sea's destination image, marketing and promotion strategy:

- There is currently not a specific brand, marketing or promotion campaign specifically for the Southern Red Sea. The Egyptian Tourism Authority (ETA) promotes the "Red Sea Riviera" as an umbrella brand for a series of destinations of very different values.
- The "Red Sea Riviera" brand is focused on a single product: sun and sea tourism. Therefore, this brand fails to meet the needs of a destination like the Southern Red Sea that wants to promote its cultural and natural attractions.
- Due to the lack of a destination-wide marketing strategy, a "micro-marketing" approach prevails in the area, whereby specific companies are responsible to market their own products. This is exacerbating the reliance on international operators as they take responsibility for marketing and promotion of individual products in the main tourist-generating markets.
- This area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt among tour operators and travel trade. However, it is felt that as resort development sprawls further south, this area is bound to become another low-quality, low-price destination.
- The most cited qualities characterizing the Southern Red Sea were: "remote, isolated", "good value for money" and "pristine and relatively undeveloped". These should be the building stones for a brand for the destination. However, there has not been a systematic effort to develop and market this area as a distinct product.
- The region has a well-established brand image as a diving destination in the international diving market.
- The destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features. In that regard, it will be necessary to slowly build an image as a nature, adventure and cultural destination based on the same attributes mentioned above (pristine, remote and good-value for money)

Destination Market Analysis

The following conclusions could be drawn from the analysis of the current market demand for tourism product and services in the Southern Red Sea:

- The overwhelming majority of visitors to the SRS are citizens of European Union member countries with Italians, Germans and British citizens making up the thrust of the market.
- The elderly and young independent travelers to the SRS are minimal and the bulk of tourists are employed business professionals ranging in age between 30 and 49 years that travel in couples or groups of three.
- The majority of Southern Red Sea tourists are blue-collar workers coming from middle class households throughout Europe and composed primarily of high school or technical school graduates. The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros.
- The Internet and travel websites provide the bulk of travel information for visitors to the SRS with the very few independent travelers in the region booking each component of their trip on-line. The data highlights the importance of marketing the Southern Red Sea Coast via Internet websites to foreign tourists, as this is the main outlet for future travelers to the region.
- The majority of survey participants indicated that they preferred 4 to 5 star hotels or small charm hotels and eco-lodges while traveling to the SRS. The range of accommodation is growing along the Red Sea but currently doesn't meet demand, as few high-end hotel options are available.
- Half of the visitors surveyed prefer full room and board as part of their tour package while vacationing on the SRS. These results capture the all-inclusive nature of the Southern Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources.
- The overwhelming majority of visitors indicated that they preferred to participate in water-based activities such as snorkelling and diving during their trip. The survey results demonstrate that in the Southern Red Sea, the dive market remains one the primary ones.
- Visitors have indicated an interest in participating in desert excursions in order to experience Bedouin traditions and understand local communities, culture and history. Visitors expressed a feeling of isolation from the local community and have a genuine desire to pay for excursions involving local interaction with the local population.
- A high percentage of visitors indicated that they would like to buy locally made handicraft items during their trip to the Southern Red Sea. The desire to buy jewelry spices and traditional clothing also proved quite popular with tourists in the region. Together the top four most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the region and the majority of tourist sought to buy something that was authentically "Egyptian".
- The majority of tourists to the SRS has visited the country before and are now seeking traditional handicrafts and new excursion experiences to keep them coming back year after year as a complement to water-based activities.
- The vast majority of visitors indicated that they had booked this particular trip to the SRS using either a travel agent or booking directly through a tour operator. This data is telling because it demonstrates once again that any successful destination management plan must fully engage the private sector tour operators and travel agents in order to be viable
- The majority of visitors surveyed stated that the primary motivation of their trip to the Southern Red Sea was diving. The results demonstrate that the Southern Coast is already an established dive location and its notoriety is growing. 38% of respondents cited a beach holiday as their primary motivation for visiting the Southern Red Sea.
- The main market in not high-end tourism but rather tourists seeking value for money; further demonstrating the price sensitivity of the market. Currently, the Southern Red Sea Coast provides an affordable holiday get away for middle class European couples and family with pristine marine life and beautiful desert.
- The vast majority of visitors didn't overnight outside of their hotel while participating in land based excursions in the region. The low numbers of visitors spending the night

outside of the hotel during excursions is due in part to limited availability of safe, clean and reliable sources of desert accommodation.

- Divers indicated that better environmental protection of the reef and surrounding desert would encourage them to visit the area again. Visitors value the unique marine eco-system of this area and awareness of ecotourism is growing. Many cited poor signage regarding environmental protection of the reef and many felt that the reefs were being over-used by snorkels and divers alike.
- Beachgoers surveyed stated that they would like more interaction with the local community. Many state that they had not even seen one Egyptian woman during a two-week long trip and that they felt completely isolated from the local culture. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the cultural traditions of the region.
- Visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment and tourism products needed to be develop around the culture of the region. After all, visitors are coming to Egypt not only for its beautiful waters but also to sample life in the orient and currently the destination falls very short of providing this needed cultural interaction.
- The comparison between the trip booking habits of divers and beachgoers in the Southern Red Sea demonstrates that divers have a slightly higher percentage of long-term planning habits while beachgoers tended to book more at the last minute.
- Beachgoers provide the bulk of in-land tourists as they have more available time for in-land based excursions, it isn't surprising that they on average participate more in activities such as trips to Luxor, Bedouin Feats and photography tours.
- Divers are notably more concerned about better environmental conservation and the prevention of mass tourism. However beachgoers, while concerned about environmental issues; are more eager to see the development of cultural heritage excursion options and to have access to locally made products.
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Strategic Analysis

Trends in Key European Markets

The LIFE Red Sea consulting team was additionally engaged in qualitative research in the main tourist generating markets in Europe, particularly in the growing segments of adventure, culture and nature-based travel. The decision to focus the research on these markets lies on the opportunities presented to the Southern Red Sea by both its environmental and marketing characteristics.

The market information provided in this section was gathered using internationally accepted best practices in professional market research with 20 companies in eight European markets (Austria, Finland, France, Germany, Italy, Netherlands, Spain and the UK). In order to keep the research effort focused, questions focused on 12 destinations in the Middle East and Africa that were considered to be competitive to, or offer useful comparisons for, the range of products that could be developed in the Red Sea project.

The following conclusions could be drawn from the analysis of the current trends in the key adventure, nature-based and cultural markets in Europe. The conclusions presented below are those that have implications in the development of the Southern Red Sea product:

- The profile of the typical visitor from these markets matches the description of the international eco-tourist provided by different organizations. It is clear that the SRS is not currently attracting the bulk of their customers from these ranks.
- While online information sources are becoming increasingly common, they usually serve as initial points of reference (as do coverage of destinations in print media) and printed brochures remain the more common source of information. Reservations and sales still occur through the travel agent's office. There is wide variation on the time of booking before travel, with 2 to 3 months being the norm. Tendency to late bookings is becoming more frequent.
- While there is a strong interest in buying handicrafts that are unique to the areas visited, any element of actual or implied coercion in visiting souvenir shops is frowned upon by these visitors. Shopping is preferred in spontaneous environments.

- The more mainstream segments of these markets (soft-adventure) tend to prefer international style accommodation and tend to choose their trips on lodging being up to their standards. The more specialized (hard-core) segments DO NOT buy their trips based on accommodation options but the quality of the overall experience. For both segments however, individuality and character of the accommodation option are very important (be lodges, small hotels, camps or any other type). Low density is preferred than over-development.
- Quality of interpretation, particularly in the case of guides, is critical for these markets. There is a strong preference for local guides with a good knowledge of the area, thus able to provide a "local feel". Language skills are paramount for tour operators.
- In natural protected areas, the specialized (hard-core) adventure tourists expect high environmental standards but not a developed or sophisticated physical infrastructure. Appropriate solid waste management is more important than US-style facilities. The mainstream segments (soft-adventure) on the other hand, welcomed more facilities such as visitor centers and interpretation centers.
- A wide range of active pursuits are preferred by these markets. However, their preference is not necessarily for "activity" vacations but for being constantly "on the move" (i.e. not based in one location). In Egypt and North Africa, activities broadly concentrate on enjoying the natural environment of the desert, mountain and cultural sightseeing.
- Visitors appreciate authentic encounters such as going to remote villages, meeting local tribes, discovering local events, visiting festivals put on for local people. Organized activities are regarded as "too touristic" and these markets do not have a preference for organized entertainment.
- Tours to southern Africa average, at the low end, around 65% more expensive that those to Egypt and North Africa, while at the high end they cost 84% more than up-market tours to these nearer destinations. This difference is due to distance, costs and image of the destinations. Egypt and the Middle East do not seem to have as exciting an image as sub-Saharan Africa among the adventure/nature-based market.
- These markets seem much less likely to repeat the same destination, partly because they are more likely to explore the full range of destinations on offer than simply return to the same place year after year.
- Egypt is generally regarded as good value for money among these markets. Hotel standards are considered to be good but there are concerns over food hygiene.
- North Africa, Egypt and the Middle East are not high on these market's "wish lists" and do not have as exciting an image as sub-Saharan Africa largely because of the large charter market, which tends to damage a destination's reputation or at least its exclusive image
- The presence of an iconic site (an attraction Hierarchy 1) such as Petra, Victoria Falls or Mount Kilimanjaro is the prime draw card for these markets (pull factor). A combination of natural features (such as desert, mountains and beach) and a cultural appeal added to the appeal, even for holidays based on away-from-it-all activities.
- There is doubt about the extent to which Egypt will be able to deliver a more up-market and specialized product against the background of its image for relatively inexpensive holidays at the coast.
- Price was frequently mentioned as a factor in the success of a destination among these markets. However, this was more apparent for some of the Middle East / North African destinations than for the Sub-Saharan African destinations. It is interesting to notice that in the case of Egypt, price ranked higher than the attraction of its natural areas as a success factor.
- Most specialized tour operators expressed interest in learning more about the Wadi Gemal Protected Area but also stated that it would be unlikely to act as a stand-alone destination. It would most probably be offered as an extension to existing holidays in the country. However, more information on the WGPA would be needed before they commit to anything.
- Proposed number of days that visitors would stay in the area ranged from 1 to 8, with the most common answer suggesting a length of stay of 2 – 3 days in the Southern Red Sea.

Competitor Analysis

The following conclusions can be drawn from the competitor analysis conducted among the 12 destinations that were considered to be competitors of, or present useful comparison with the proposed developments in the Southern Red Sea:

- The destinations evaluated could be clearly divided in two types: the "ecotourism" destinations and the "soft-adventure" destinations. The former are primarily located in Southern / Eastern Africa and the latter in North Africa / Middle East. These findings are consistent with the analysis of trends in the key European markets.
- While there is a general consistency among the prices of packaged tours to all these destinations, it is very clear that on average, prices and length of stay to "ecotourism" destinations are higher than "soft-adventure" destinations.
- From the soft-adventure destinations evaluated, Egypt is perhaps the best positioned among the adventure / cultural / nature based markets from Europe, due to a combination of natural and cultural resources. It is also well positioned as "good value for money".
- Egypt is NOT perceived as a cheap destination among the soft-adventure destinations of North Africa / Middle East. As a matter of fact, the mean cost per day of a packaged tour of this kind to Egypt is the highest among all the evaluated destinations (Egypt, Tunisia, Morocco, Jordan and Turkey)
- Likewise, the average cost of a packaged tour of this kind to Egypt is the highest among all evaluated soft-adventure destinations.
- On average, the length of stay of these visitors to Egypt is higher than most soft-adventure destinations, second only to Morocco. However, average length of stay is not as high as it is the case in most "ecotourism" destinations. Additionally, the wide range of accommodation options and transportation are very similar in all destinations evaluated with a clear emphasis on "character, authenticity and uniqueness".
- Egypt does not rely as much on chartered flights as other soft-adventure destinations from the North Africa / Middle East region. This might explain its favorable positioning vis-à-vis their competitors who, on average, rely almost 45% on this type of flights. As discussed above, reliance on charter flights tend to depreciate the value of a destination.
- Egypt is perceived as containing more "pull" elements and attractions than most competitors. This variety of resources and products allows tour operators to craft packages including a combination of traditional activities such as sightseeing and sunbathing with more active pursuits such as exploring the desert and diving / snorkelling. These combination packages are very appealing to the soft-adventure market.
- Unlike "ecotourism" destinations, nature observation and visits to natural protected areas are not the focus of the itineraries and packages to soft-adventure destinations. However, there is always a small nature observation and enjoyment component that usually involves desert environments.
- Almost all packages in soft-adventure destinations include a beach or diving component in coastal areas. This is increasingly becoming the case in some "ecotourism" destinations in Eastern Africa such as Tanzania and Kenya, beach tourism is currently being developed and aggressively marketed.
- Regarding diving destinations for the European market, Egypt has a very good reputation for the quality of the diving and affordable prices. This is due to a combination of factors including distance from main markets, image of the destination and type of development on coastal areas.
- Egypt however, is at the bottom of the price spectrum with prices here ranging from a third to one half of the price of packages to competitor destinations. This situation could be explained by the shorter journey time but also by the overall image of the destination.
- The average price per dive in Egypt is on average, the lowest of all evaluated destinations. However, there are big differences within Egypt and the SRS has managed to keep prices on the middle to upper range, comparable to those available in long-haul diving destinations such as the Caribbean and the Indian Ocean.

- The average length of stay of divers in Egypt is also the shortest of all compared destinations. This might be partially explained by the shorter journey time, making it possible for divers to take shorter but more frequent trips.
- It is noticeable that diving tours to all destinations tend to offer very few add-ons (such as inland trips and other type of excursion). However, packages to Egypt are among those that offer the fewer amounts of add-ons of all evaluated destinations. This situation prevents the diving industry to effectively integrate to other sectors of the tourism supply chain.
- Unsurprisingly, the less a diving destination relies on charter flights the more exclusive its image (and therefore, the higher the prices). 75% of all diving packages to Egypt rely on charter flights, while for the country's competitors that percentage is 20% at most. For the most exclusive diving destination (South Pacific), the percentage was 0%.
- Egypt is not perceived in the European diving market as an exclusive and exotic destination as some of the most distant, newer destinations evaluated. Quite the opposite, it is perceived as a nearby, reliable, and good quality destination that allows European divers to get certified relatively fast and cheap so that they can then go to the more distant (and expensive) destinations.
- In regards to eco-lodges, the same general division can be drawn between those located in "ecotourism" destinations and those located in soft-adventure destinations. This division can be drawn based on the different type of activities / attractions and general prices. Egypt's ecolodges squarely fall in the latter category.
- In "ecotourism" destinations (mainly Southern / East Africa) the main activities are built around game and bird-watching. In soft-adventure destinations (North Africa / Middle East) the primary activities are cultural and often involve visits to archaeological sites, local settlements and scenic attractions.
- In general terms, prices for ecolodges in Sub-Saharan Africa are in the up-market, luxury and high-end category whereas prices for those in North Africa / Middle East are much cheaper. It is interesting to notice that prices for the ecolodge surveyed in Egypt were the highest for soft-adventure destinations. In that regard, Egypt's ecolodges are uniquely positioned to take advantage of these characteristics.
- Interestingly enough, while all surveyed ecolodges aimed at environmentally-sensitive tourism, few presented details of any explicit affiliation with any certification system (Green Globe 21, etc.). This should be interpreted as an indicator of the little relevance that this systems have for the market.

Destination Positioning

The Southern Red Sea is clearly positioned to take full advantage of Egypt's relatively successful breaking into the soft-adventure market from Europe. However, the region should not abandon its current markets as they present a series of characteristics that make them useful as a base to build a higher-yielding customer base.

The key positioning strategy for the Southern Red Sea is to differentiate itself from other coastal areas in Egypt by reinforcing the value of its natural and cultural resources, in addition to the recreational value of the coastal-based beach product. Features that need to be developed in order to tap into these opportunities include:

Main Physical Features

- An iconic, category 2 nature-based tourism attraction (i.e. Wadi El-Gemal Protected Area)
- Pristine marine and inland environment
- Diverse and unique accommodation options
- Low density development both inland and on the coastal areas
- Variety of culturally authentic recreation (both day and night time activities) and shopping opportunities
- Friendly and sensitized local population
- Basic visitor infrastructure that does not overwhelm or compete with the natural and cultural environment
- Integration of the tourism infrastructure with the natural and cultural landscape

Destination Image / Personality

- Isolated, remote, untouched
- Relaxing, slow paced
- Adventurous, yet to be discovered
- A taste of the "real" Egypt, where it meets Black Africa
- Relatively upscale and sophisticated
- Socially and emotionally engaging

Benefits of the Destination Experience for the Visitor

- Relaxing and rejuvenating
- Educational
- Emotionally and physically fulfilling

Positioning Statement

"The Southern Red Sea is the most successful soft-adventure destination in Egypt, recognized internationally for its pristine environment and the vibrant richness of its living cultural heritage. As a traditional gateway to Black Africa, the Southern Red Sea will provide an opportunity for visitors to experience a real taste of the multi-cultural history of Egypt."

Destination Brand

"The Southern Red Sea… Where history and nature come to life…."

Strategic Planning

This section presents a suggested strategic plan for TDA to implement the vision of the destination laid out in the previous chapter. The following strategic components are henceforth, presented as guidelines for TDA to coordinate product development and marketing work with the relevant agencies.

Priority Markets Strategy

The following tables present a summary of the different segments and markets suggested as a priority for the Southern Red Sea in the short, medium and long term.

Table 2 Priority Markets for the Southern Red Sea

Segment	Source Market			
	Italy	Germany	UK	Europe (other)
Diving	-	-	1 - ST	1 - ST
Sea and sun (beach goers)	1 - ST	1 - ST	-	1 - ST
Comfort adventure	1 - MT	1 - MT	1 - MT	1 - MT
Cultural explorers	1 - MT	1 - MT	1 - MT	1 - MT
Naturalists	2 - LT	2 - LT	2- LT	2 - LT
Key: 1 = Primary 2 = Secondary ST = Short-Term MT = Medium Term LT = Long Term				

Source: PA Government Services, Inc.

It is important for TDA to devise mechanisms to prevent the overdevelopment of the coast with low quality accommodation products in order to consolidate existing markets. This concern has been raised by both visitors and travel trade alike. A rational approach to land development would also set the foundations for capturing the higher-yielding segments of the soft-adventure market.

Three segments of the "soft-adventure" market present characteristics that deem them a priority for the Southern Red Sea. Additionally, they would contribute to the achievement of the environmental and social development goals of the LIFE Red Sea Project. These segments are:

Comfort Adventure.
This segment is characterized by seeking engagement with new cultural and natural attractions, visiting sites and "discovering" areas off-the-beaten-path with a comfortable service. As such, it would be the ideal first segment to target as part of an effort to diversify the client base of the area.

Cultural Explorers
This segment is characterized by young to middle-aged people with no dependents, who seek to experience the "real" Egypt within a context of safety and familiarity. It would be a second segment to target once product development work in WGPA and Shalateen has been initiated and is proven to be more or less successful.

Naturalists
Efforts to attract this segment (the most similar in the soft-adventure market to the hard-core "ecotourist") should be implemented in the long run. However, because of the characteristics of travel of this market, it should not become the focus of the strategy but rather keep them in mind as a secondary market.

Product Development Strategy

As a demand-driven process, the development of the Southern Red Sea's tourism product should follow the priority markets strategy and not vice-versa. The proposed strategic components are:

Branding, marketing and investment guidelines for the Southern Red Sea

A clear and targeted branding, marketing and investment strategy must be designed and implemented by TDA in order to promote the type of development that is consistent with the region's proposed image. The strategy should include the development of a concession scheme within the WGPA for the development of sustainable tourism-related activities.

Nature-based and community-based product guidelines

A program for the development of community-based and nature-based tourism products should be designed and implemented to facilitate the access of local peoples into the tourism industry. Products should span the entire length of the supply chain and include day-time and night-time activities.

Improved environmental management for tourism service providers

An industry-wide environmental management program should be a priority for the destination in order to better serve existing markets and tap into new ones. This program should not only focus on the hotel sector but also the diving industry, particularly the live-aboard segment as there is growing evidence of their contribution to the pollution of coastal waters.

Upgrading of WGPA into a Category 2 tourism attraction

The development of visitor management systems as well as appropriate visitor infrastructure in the WGPA is critical at this stage of development in the Southern Red Sea. The lack of an iconic nature-based anchor attraction is preventing the further development of the area as a soft-adventure destination.

Development of Shalateen into a Cultural Heritage Attraction

The development of Shalateen into a cultural heritage attraction is a priority given the increasing popularity of tours into the town to see the Camel Market. TDA should coordinate with the SRG to develop a series of attractions revolving around the themes of the Camel Market and the town's reputations as the gateway to Black Africa (Sudan).

Diversifying accommodation options

A specific plan for the development of guidelines and standards for alternative accommodation should be one of TDA's priorities in the short run. The lack of unique and characterfull accommodation constitutes one of the main bottlenecks for the development of a higher-value product and a reason of concern for the current markets.

Promoting access of local people into the tourism market

The participation of local people in the supply of tourism-related services is important for social, economical but also marketing considerations. Visitors to the Southern Red Sea are increasingly expressing their desire for interaction with local people, both inside or outside the resort. Currently, local people face several barriers to employment in the tourism industry due to educational, cultural and legal issues.

Institutional strengthening of TDA

As the lead agency, TDA needs to institutionalize the provision of market intelligence and strategic planning guidance to partners in the Southern Red Sea. In that regard, the creation of a Sustainable Tourism department within TDA would provide the type of guidance necessary to respond to the challenges posed by a constantly changing international marketplace.

Understanding Tourism Destinations – The Southern Red Sea Destination Planning Process

What is a Tourism Destination?

Defining a tourism destination is not an easy task. A tourism destination is usually defined as a geographical location (with spatial and physical properties) which contains easily recognizable tangible and intangible characteristics (such as a history, people, traditions and way of life). However, this simple definition falls short of explain the many different qualities and components that make up a destination. Destinations can be single places but also conceptual entities which incorporate several destinations and locations. The "Silk Route" in Central Asia or the "Mayan Route" in Central America are examples of this latter definition. Whatever form they take; destinations are central to the development of the tourism industry because unless people want to go somewhere, provisions for transporting them, lodge them, feed them and entertain them will be in vain. "Being there" – the destination factor – is the reason for tourism.

From a marketing planning perspective a destination is two distinct but interrelated things:

It is one product (we speak of "Egypt" or "New York City") that comprises every kind of tourism organization and operation in its geographical area (hotel, transport, attractions, etc.). It may literally include everything in a region – the people, other industries, the landscape, etc. – which may be part of the destination experience to the tourist, even though they are not specifically part of the tourism economy.

It is also a mental concept in the minds of tourists and potential tourists. In that regard, a destination is also something that not only exists but also it is thought to exist. That is why the concept of destination image is so important.

A destination marketing planning approach to tourism development is a proven and effective management system that enables tourism management organizations to meet their market, industry and government obligations.

Understanding Sustainable destinations

The environmental, social and cultural impacts of tourism development have in many cases undermined the integrity of the host destination and have threatened the economic viability of destinations. It has become increasingly clear that tourism-based economic development of a region cannot isolate or disengage itself from the social and natural environment that serves at it s most key resource.

The concept of sustainable tourism promotes the notion that expansion and growth of the tourism industry and conservation of the environmental and social qualities of the host destination are not mutually exclusive. Moreover, it seeks to reinforce the idea that both are necessary to develop a competitive destination. In that regard, we define sustainable destinations as geographic areas where systems and planning mechanisms have been adopted so that:

- Environmental, social, cultural and economic costs are minimized
- Benefits for all actors involved (including visitors and local communities) are maximized
- Natural and cultural resources that serve as attractions are protected and enhanced

Methodological Approach

The preparation of this Destination Management Plan (DMP) used a value chain approach. This approach allows us to identify the main components along a chain that creates tourism products with high value-added. These products in turn, contribute to enhance the competitiveness of the destination by promoting a longer stay and higher spending by visitors.

As explained above, the development of tourism as a mere income-generating activity in many emerging destinations is leading to the irreversible deterioration of the resources that serve as key attractions. This in turn, is threatening the long-term viability of the industry as well as the environmental, cultural and social integrity of host destinations. While inadequate funding allocated to the tourism sector partially explains this situation, three problems characterize these traditional approaches to destination development:

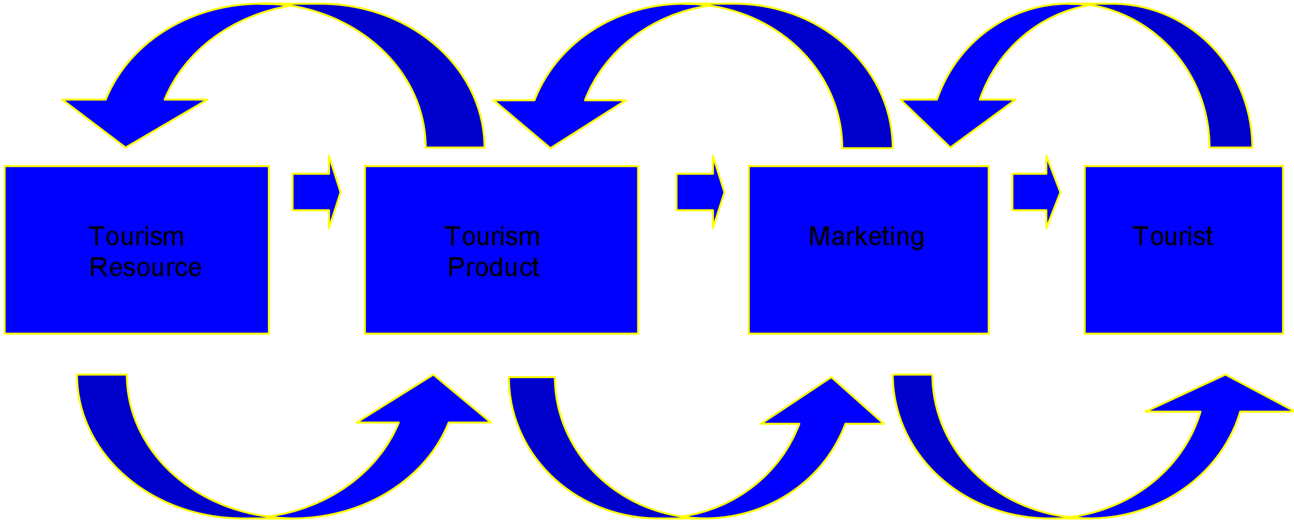
Lack of an inclusive planning framework that incorporates industry and community stakeholders and acknowledges the multidisciplinary nature of tourism. In effect, traditional planning approaches isolate the tourism product from its social surroundings instead of effectively integrating them.

Undefined or weak destination stewardship. It is often the case that each of the actors involved in the production of tourism are focused on the performance of their particular sectors without thinking of the cohesiveness of the destination. The resultant organizational gridlock leads to the inadequate application of management systems to measure and control the impacts of tourism on the resources.

Poor understanding of the dynamics of the market. Over the last 15 years, the profile of the international traveler has undergone a radical transformation. New travel trends revolve around nature and culture to provide personal experiences. Most tourism development approaches, however, focus on the supply side of the market and pay little attention to demand.

PA has developed the Integrated Destination Planning and Management (IDPM) approach as a tool for the application of value chain analysis in planning and managing tourism destinations. An IDPM approach treats tourism destinations as products that need to be planned, developed, packaged and sold to a series of very specific markets. In that regard, IDPM is based on the assumption that a competitive tourism destination is the result of a market-driven planning process. The graphic below illustrates the value chain for a typical tourism destination:

TOURISM DESTINATION MANAGEMENT



TOURISM DESTINATION PLANNING

IDPM provides a framework to effectively incorporate the different issues affecting the tourism planning and management processes, and to fully address them at the destination level. This framework presents four distinctive characteristics:

Integrated. Few destinations are planned from scratch and most of them engage in planning when the tourism activity is at some stage of development. Therefore, planning and management should be viewed as complementary and mutually reinforcing processes aimed at organizing the already existing activity, setting the goals and objectives for the destination in the future, and implementing the systems that will guarantee the achievement of those goals and objectives.

Cluster-oriented. Tourism businesses require a series of support services and products not directly dependent on the tourism economy to operate. This interdependent network must function as a system if the tourism industry is to be competitive. If the planning and management processes fail to acknowledge this reality the destination will not be able to support a significant industry or sustain it in the long term.

Market-driven. The planning and management of a destination must be based on a thorough understanding of the changing dynamics of tourism consumption by the main tourist-generating markets, as well as the development opportunities they present for different actors at host destinations.

Participatory. The tourism industry can't succeed in the long term if host communities do not benefit. The appeal of a destination is, to very large extent, a consequence of its cultural and social characteristics and these could rapidly deteriorate if local stakeholders perceive tourism as a threat rather than as an opportunity. Successful planning and management require being sensitive to the needs of different stakeholders, including, but not limited to tourists, industry, local communities and governments.

One of the advantages of IDPM is that it does not replace individual business and organizations' decision-making but leverages them through the provision of a broader destination-wide perspective. It promotes the concept of "coopetition"—cooperate to compete—by showing that the real competition is not the hotel next door but destinations thousands of miles away. The consulting team is confident that this comprehensive approach would allow for the successful preparation of a DMF for the Southern Red Sea that is realistic and quick to implement.

The Destination Management Planning Process

The process of developing a DMP typically consists in four clear steps: Situational Analysis, Strategic Analysis, Strategic Planning and Action Planning.

Situational Analysis. This step consists in an evaluation of the destination's current performance with a particular focus on its market and product performance. This information will inform decision-makers of the main problems and bottlenecks faced by the destination vis-à-vis the management goals established by tourism managers.

Strategic Analysis. With the benefit of the information provided by the situational analysis, this step will focus on analyzing the opportunities and threats presented to the destination by its current performance, in face of the main trends in the consumer market and the challenges posed by the competition. As a result of this strategic analysis a vision and positioning strategy for the destination are expected to result.

Strategic Planning. This step entails the development of specific marketing and product development strategies that would lead to the accomplishment of the vision and positioning of the destination laid out in the strategic analysis. These strategies should be expressed in terms of operational goals.

Action Planning. This step focuses on the preparation of implementation action plans for each of the actors involved in the management of tourism at the destination level.

The LIFE Red Sea Project embarked on this process of strategic planning for tourism in the Southern Red Sea Coast on March 2006. This process was structured in a series of stages that are described below:

Destination Assessment and Planning Framework Definition. This first stage took place between March and April 2006. It consisted on a first, rapid identification of the main physical and marketing characteristics of the destination. It involved a series of field visits and interviews with members of the local private sector. This stage also provided the opportunity for the consulting team to familiarize with the goals and objectives of the LIFE Red Sea Project and incorporate them as an element in the definition of the planning framework.

Data Collection for Situational Analysis. The research for this stage was conducted between April and September 2006 and took place in Cairo, Marsa Alam, Hurghada, the Southern Red Sea and Washington DC. It consisted of a series of structured interviews with members of the private sector, public sector and civil society organizations in order to determine the current characteristics of the region's tourism product. It also involved the implementation of a destination-wide visitor survey in order to characterize the profile of the current visitor to the Southern Red Sea. Unfortunately, a series of events determine that this part of the process take longer than expected. The final results of the visitor survey and product assessment were only available in mid-October.

Data Collection for Strategic Analysis. The research for this stage was conducted between July and September 2006 from London, UK. It consisted in an evaluation of tour packages offered from the main nine (9) tourist-generating markets in Europe (Germany, Italy, United Kingdom, France, the Netherlands, Scandinavia, Spain, Switzerland and Austria) to twelve destinations that either compete or present useful comparison with the proposed developments in the Southern Red Sea. The research focused on the adventure, nature and cultural markets; with a strong emphasis on the mid to upper levels of the market. Additionally, qualitative interviews with 20 tour operators in the same tourist generating market were conducted to determine the main trends in the European adventure, nature and cultural segments of the market. This information was used to prepare a visitor profile and determine potential demand in the Southern Red Sea. The final results of this research project were available at the end of October 2006.

Report Preparation. The finalization of the DMP is aimed to be a collaborative and participatory process that actively involves TDA. As a document intended to provide strategic guidance for the promotion of private investment in the Southern Red Sea that is both environmentally sound and economically viable, TDA's ownership of the final results and recommendations is critical. In that regard, this stage has focused on preparing a situational and strategic analysis, which includes a suggested vision and positioning strategy for the Southern Red Sea. During a presentation delivered to TDA on September 2006, it was requested that the agency participate in the finalization of the report by providing its input for the strategic planning and action planning stages. In that regard, the strategic planning and action planning sections of this report intend to be merely indicative and reflect the opinion of the consulting team and the LIFE Red Sea Project staff. It is expected that strategic planning sessions will be conducted with TDA in Cairo to further refine and finalize this document.

The Southern Red Sea as a tourism Destination: A Situational Analysis

Tourism Resources Analysis

It is not the purpose of this report to present an analysis of the physical characteristics of the tourism resources available in the SRS. Several reports in the past have dealt with descriptions and inventories of the area's natural and cultural attractions. Most of them have been consulted for the preparation of this section and could be found in Annex A: List of Reports and Bibliography Consulted. As a strategic marketing planning instrument, this report intends to evaluate the tourism resources of this area from a marketing and product development perspective. This means that we will focus on the availability (or lack of thereof) of the infrastructure necessary to turn this resources into tourism products. We will also evaluate the value-added of these products as well as the bottlenecks and problems identified for their development into successful products in the international marketplace.

Natural tourism resources

The Red Sea Coral Reef

Currently, the coastal areas and in particular, the coral reef extending along the Southern Red Sea coast constitute the main tourism natural resource of the area. Unlike other coastal destinations, there are very few natural beaches in the SRS, which makes it difficult to develop large-scale resort development in the area. Nevertheless, hotels and resorts catering to the sun and sea market are the predominant form of accommodation developed on the coast. Since statistical data for this area is usually lumped under the general numbers for the entire Red Sea Governorate (which also includes Hurghada, a larger and more popular tourism destination, it is difficult to determine the accurate number of users of the Southern Red Sea coast.

The Egyptian Environmental Affairs Agency (EEAA) has declared the stretch of marine environment between Ras Toronbi and Ras Banas as the Southern Red Sea Conservation Management Area (SRS-CMA). This CMA includes all coastal waters within the limits proposed for the Southern Red Sea destination. Part of this CMA falls under the jurisdiction of the marine portion of the Wadi El-Gemal Protected Area (WGPA). It is important to notice that under Egyptian law, a CMA is not a legally protected area. This ensures that there is not overlapping of jurisdictions between the SRS-CMA and the WGPA but rather synergies in the management approaches.

Compared to most other areas along the Red Sea Coast, the coral reefs wadis and other natural values of the SRS-CMA remain relatively undisturbed and pristine. This is primarily due to the remoteness of the area, as well as the absence of large urban and industrial centers. There is however, mounting evidence of an increasing deterioration in the quality of this natural resource. For example, hotel and dive operators alike have complained about the amount of plastic bags and other solid waste littering the waters and shores as well as the poor waste management practices implemented by the local authorities. These opinions are also reflected in the findings of the visitor surveys. Additionally, tourism-related urbanization of coastal areas has already been identified as one of the main threats to the health of the coral reef and the biodiversity they host.

In 2003, EEAA (with support of USAID) developed a comprehensive management plan for the SRS-CMA that included zoning and mooring strategies as well as policy implementation, community outreach and participation and capacity building components. [For additional information please see the "Conservation Management Plan for the Southern Red Sea" report, prepared by Tony Rouphel for EEAA in May 2003.] Very little of this management plan has been implemented to date. Nevertheless, there are some success stories in the management of the marine environment of the SRS-CMA. For example, clear and simple regulations have been developed for the Dolphin House and Elphinstone Reef in order to rationalize its tourist use. The regulations are welcomed by most tour operators and visitors alike who find the payment of an entrance fee (US $15) as reasonable. As a result, these sites have become very popular attractions and feature prominently in brochures and websites promoting diving in the Southern Red Sea. Likewise, EEAA is currently developing a "Manual for Best House Reef Practices" to assist resort and hotel managers better manage the coral reef adjacent to their property. The protection of the health of the Southern Red Sea marine environment is of paramount importance given that it currently constitutes the main "pull" factor for international visitors to the area (the main reason for travel).

The Wadi el-Gemal Protected Area

This is one of Egypt's youngest Protected Areas as it was only formally declared as such by the government in January 2003. WGPA is an environmentally and historically important area that for several years has received considerable attention from various government agencies and private institutions. The area, which includes Wadi Lahmi and Wadi Ghadir in addition to Wadi el-Gemal, is deemed important by the Egyptian government because of its biota and marine ecosystems that are unique to the Eastern Desert and the Red Sea, and because of the numerous antiquity sites located within this area. The "Land Use Management Plan: Southern Marsa Alam, Egypt" [prepared for the Tourism Development Authority (TDA) in 2003 by PA Government Services, Inc. under the Red Sea Sustainable Tourism Initiative II Project. (LUMP)] has identified and listed the many natural (both marine and terrestrial) and cultural attractions that could be found in the WGPA. A very well detailed, Management Plan was developed for EEAA in 2004. The report includes information on the park's vision, resources, land uses, management goals, management issues, tools and resources, finance, and implementation and evaluation. It states that tourism is the most important use of WGNP and its natural and cultural resources.

In spite of its potential, the WGPA remains a resource and has yet to be developed as a tourist product. Three main bottlenecks appear to be hindering its consolidation as a nature-based tourism product: marketing and promotion, visitor infrastructure and visitor management systems.

Marketing & Promotion

The amount and quality of literature available on the protected area is limited, inadequate and poorly distributed. This situation makes it difficult for operators to sell it to their customers. A notable exception takes place at Fustat Camp, where as part of the program, an excellent educational video is shown to visitors to inform them about the geographical, geological and cultural characteristics of the WGNP. This however, is an isolated effort and not a generalized practice implemented by the managers of the protected area. Most operators in the region are unaware of the fact that the WGNP includes a marine portion where many popular attractions are located. Among these attractions we find the Wadi Gemal and Qulaan Islands, as well as secluded public beaches such as Qulaan and Ras Hankorab. Several diving and resort operators currently offer day trips to these beaches and islands without realizing they are entering the WGPA. These operators would require more information regarding the attractions, facilities and products available in the area.

Visitor Infrastructure

While inland trips into the desert are increasingly popular most operators do not use WGNP as often as they could. Almost all operators indicate that it does not currently offer much value as an attraction, mainly due to the lack of visitor infrastructure. One interviewee stated that WGNP was too far away from his base of operations and was only worth exploring as a full-day trip. Another one stated that for his clients "any stretch of desert is the same", which is equivalent to say that from his perspective; there is nothing in the WGNP that differentiates it from other parts of the Eastern Desert. This is an obvious problem that results in inland operators using parts of the desert that are closer to their base of operations instead of the WGNP. Since they have to provide all visitor-related infrastructures, they are better off reducing their costs by choosing desert areas more easily accessible. Limited or no visitor infrastructure in the WGNP also makes it hard for local inland operators to increase the range and length of their nature-based and adventure products within the protected area. This in turn, complicates the development of the Southern Red Sea as a nature-based, soft-adventure destination.

Visitor Management Systems

The area lacks systems and plans to attract and manage a steady influx of visitors. For example, standards for environmental management have not been established yet and therefore, the few visitors to the area are not aware of their expected behavior. Also, due to security concerns, military authorizations are required for visitors to overnight or explore the desert, whether as part of an organized tour or on their own. Securing those authorizations is time consuming and burdensome. There is growing evidence that camping in the desert is an activity that many visitors would be interested in undertaking while visiting the area. Therefore, this issue needs to be solved or streamlined to make the process of obtaining them more efficient and less time-consuming. Additionally, as the desire to offer products that involve more cultural interaction with local communities grows, it is necessary to provide guidelines for the development of community-based activities within the WGPA that respond to the expectations of visitors. In that regard, the development of a visitor management plan is urgently needed. These three issues must be addressed with the goal of turning the WGPA into an attraction that could act as an additional iconic site for tourism into the area.

Cultural Tourism Resources

El-Shalateen

El-Shalateen is a town near the border with Sudan that it is becoming increasingly famous as a tourist attraction for its Camel Market. The half-day tour to see the market is one of the most popular trips from the resorts on the coast. As an important trading post between Egypt and Sudan, the town presents a unique combination of Arab and African traditions that have the potential to be developed into a "living cultural heritage" attraction. Nevertheless, the area still needs to be developed as a "destination within a destination" and offer a wider array of products that could promote a longer length of stay and additional expenditure by visitors.

Tour operators sell the Camel Fair as an exotic and colorful opportunity for sightseeing and learning about Bedouin culture. The typical itinerary to Shalateen includes a visit to the Camel Market, an opportunity to take pictures and watch the process of bargaining, selling and transporting camels, lunch at a local restaurant and then go back to the resort. The tours however, lack any sort of interaction with local people, reinforcing the role of the visitor as a "spectator" rather than an actor in the production of the tourist experience. As a result, visitor expenditure on locally produced goods and services is minimal, thus limiting the economic impact on the local population.

The consulting team identified three main (and interrelated) marketing challenges faced by Shalateen to consolidate as a successful product:

Undefined image. There is currently not a systematic effort to develop a brand and image for Shalateen. While the Camel Market it is clearly the main theme of the town from the tour operators' perspective, no marketing or promotional material has been produced to date that builds an image for the town revolving around this important aspect. This is not to say that Shalateen should become a "camel-centered tourist attraction" but that the camel market becomes the center of a tourism development strategy just like it has been at the center of the economic life of the town.

Limited product range. Currently there are no tourist products offered to visitors in Shalateen. Only a few service providers cater to visitors, usually as a link in the supply chain created by a private tour operator. These service providers are usually restaurants and handicraft shops. However, there is enormous potential for the development of community-based tourism products that involve experiencing local life and interacting with local people. For example, a handicraft workshop where visitors could learn about the traditional techniques of Bedouin weaving or the traditional process of using herbal remedies for cosmetic and health treatments could promote an extension of visitors' length of stay and promote an effective integration of local communities into the tourism supply chain. Also, the Camel Market could be developed into an experience that provides interpretation and helps visitor to better understand the process, as well as its importance for the local economy. There are plans to move the Camel Market to a purpose-built facility that was visited by the consulting team. It is our opinion that doing that would substantially reduce the appeal of the market for foreign visitors, who are looking for a traditional experience rather than a regulated one.

Lack of community involvement. Community involvement in the provision of tourism products and services in very limited. Since local people and traditions constitute one of the main attractions of the area, it would be important to actively involve them in the production of products that could add value to the destination. This approach does not only make market sense, it also makes social sense. Local communities need to perceive that tourism is an activity that benefits them (economically, socially and culturally) and does not represent a threat to their livelihoods, traditions and culture. If the local population starts perceiving tourism (and tourists) as an enclave of development that does not trickle down to them, it could result in a negative change in their attitudes towards the industry. Some of PA Consulting's work in the Caribbean has been focused on implementing remedial action to curb local people's hostility towards an industry, they claim, does not benefit them. The lessons learned from the Caribbean should serve as a cautionary tale to prevent a similar outcome in the Southern Red Sea.

Roman Mining Settlements

In the Southern Red Sea, enormous quantities of emeralds, gold, and Amyant were mined at the ancient settlements of Sukait, Nuqrus, Sukkari, and Zabara. These mining operations resulted in the establishment of large towns where several hundred people in each town and surrounding settlements worked to construct and operate mines, smelt, process vast quantities of ore, and smelt metals. Today, most of these are in precarious state of conservation, scattered around the Eastern Desert. None of these archaeological sites is currently being offered as part of the tours in offer in the Southern Red Sea. Of the over 12 diving, tour and resort operators interviewed for the purpose of developing this product assessment, only one is currently offering visits to these sites as part of a 5-day desert exploration trek. This is a highly specialized package that is not part of the regular menu of activities offered by this operator and has only been sold twice in the past. However, at least two operators expressed a desire to create packages that involve visits to and interpretation of a couple of these sites (in particular, Sukait).

The archaeological sites face most of the same problems faced by the WGPA: poor marketing and promotion, lack of visitor infrastructure and lack of management systems. In the case of these archaeological sites however, the lack of management systems is exacerbated by the lack of funds to undertake expensive consolidation and restoration work. Archaeological consolidation is an important aspect of visitor management as the pressure put by the consistent flow of people could have a devastating effect on the site's physical integrity. However, restoration work is perhaps less important in this context for two reasons:

Cost

Archaeological restoration work is extremely expensive and controversial. The lack of archaeological evidence about the original aspect, uses and other characteristics of the site might lead to its "Disneylandization". Moreover, restoration work is extremely expensive and probably only justified when there is evidence of growing visitor demand. Work conducted by PA Consulting Group in Central America, in the context of the Inter-American Development Bank-funded Mundo Maya Program, determined that the "archaeological restoration" component of the US$75,000,000 loan would be equivalent to almost 25% of the total budget. In none of the individual countries the investment in this item was below US$ 3,500,000 and it usually comprised the completion of already commenced restoration work.

Visitor Demand

The characteristics of both current and potential demand for tourism products in the area clearly show that visitors are not necessarily interested in sophisticated infrastructure or US-style facilities. For these markets, the sense of adventure in "discovering" an untouched site (with good quality interpretation) would certainly be preferable to a reconstruction.

It is recommended that unless there are funds available to conduct archaeological consolidation work, these sites are not open to visitor use.

Human resources

Most hotels, resorts and tourism business in the area employ very few local workers. During our interviews with resort and tour operators it was agreed that they would prefer to employ local people, especially as they are cheaper because they can commute between their residence and the hotel and do not require long holidays and travel allowances to visit distant families. Most hotels and tour operators indicated, however, that no well-trained staff is available locally.

Resource valuation index

We have established a relative value for each of the tourism resources identified in the area. Our evaluation has used a demand-based approach based on current and potential visitors' preferences and priorities rather than the use of the resource (supply-based) approach. This approach is based on the assumption that the higher the value of a specific resource, the higher its potential to attract visitors.

We have developed the valuation index based on work undertaken by the World Tourism Organization (WTO). This index consists of three different categories of attraction that are defined as follows:

- Category 1 -- These are tourism resources of exceptional traits and great meaning for the international tourism market. They are able to generate a significant influx of visitors by themselves.
- Category 2 -- These are resources able to generate an important influx of a particular type of visitors by themselves or additional types of visitors in combination with other nearby attractions.
- Category 3 -- These are resources presenting certain characteristics that could be of interest to visitors attracted to the destination for other reasons.

The value for each of the sites has been determined on the basis of field observation, the results from the visitor surveys, statistical information on visitation (when available), interviews with service providers and tour operators, and an analysis of packages sold by the main operators into the area. This latter analysis includes the survey of international tour operators for the adventure / natural / cultural markets in Europe conducted as part of the preparatory work for the preparation of the DMF.

Table 3 Resource Valuation Index

Tourism resource	Category
Red Sea Coast (and marine environment)	**1**
Wadi El-Gemal Protected Area	**3**
Al-Shalateen	**3**
Roman mining settlements	**3**

Source: PA Government Services, Inc.

Conclusion of the analysis of tourism resources

The following conclusions could be drawn from the analysis of the tourism resources available in the Southern Red Sea:

- The region has strong potential for the development of cultural, adventure and nature-based tourism products given the range of natural and cultural resources available. However, most of these resources are currently underutilized and have not been turned into attractions.
- The main tourism resource of the area is the Red Sea Coast, which is considered a Category 1 attraction. The sound management of this resource is currently being challenged by issues related to indiscriminate fishing, urbanization of coastal areas due to tourism and poor waste management.
- At the moment, there is not an iconic, anchor natural or cultural attraction in the South Red Sea that could be considered at least, Category 2.
- In spite of these problems, the environment of the South Red Sea remains relatively undisturbed and pristine. This is considered the main comparative advantage of the region and constitutes the main “pull” factor for visitors.
- The WGPA is currently underutilized as a tourism attraction because of the lack of management systems, lack of visitor infrastructure and poor marketing and promotion. However, the WGPA has the potential to be developed into a Category 2 tourism attraction.
- Visits to see the Camel Market at El-Shalateen are currently one of the most popular day excursions available in the South Red Sea. There is great potential to develop it into a higher-value product that provides local people with possibilities to engage in the offer of tourism-related services.

- The Roman mining settlements scattered around the Eastern Desert and WGPA face several challenges to become tourist products. One of the most important one is the lack of funds for necessary consolidation work. Several tour operators are interested in including this sites in future desert trips.
- Local human resources are not well trained or have the educational base to be successfully inserted into the tourism industry. There also seem to be cultural traditions that make it difficult for local people to have more sedentary employment.

Tourism Products and Services Analysis

This section evaluates the performance of existing tourism products and services in the Southern Red Sea. The information presented below was compiled and researched through qualitative methods, including field observation and interviews with local service providers. The interviewing process took place from March through September 2006 and included diving operators, inland tour operators, resort developers and managers as well as local representatives of international tour operators in the Southern Red Sea region. See Annex B for a more detailed explanation of the methodology, process, and limitations of this study.

Accommodation

There are at least 17 resorts and coastal hotels constructed or under construction in the Southern Red Sea destination area. The most northerly ones belong to the Port Ghalib development area (including Coral Beach Dive Resort and the soon-to-be-opened Sun International) and the most southerly one is Lahami Bay Beach Resort & Gardens, 120 Kms. south of Marsa Alam. In addition to these, accommodation options in the South Red Sea also include dive camps, such as Tondoba Bay and the Red Sea Diving Safari Camps in Marsa Alam and Lahami Bay. At the moment, overnight accommodation in the desert is not permitted; therefore, the existing desert camp (Fustat Camp) only operates as a day camp.

Many of the existing resorts are owned by local companies who also operate in other coastal destinations along the Red Sea Coast such as Hurghada and the South Sinai. But while ownership falls in local hands, management does not. The largest resorts of the area are usually managed by multinational management companies such as British Millennium, German Iberotel and Kalimera, Italian Venta Clubs and Swiss Hotel Plan. These companies also have the particularity of being extremely specialized in their product offer, meaning that they only offer accommodation services. With the exception of one local camp operator, who is considering the possibility of expanding his operations to include bird-watching tours, none of the interviewed operators offers a wide menu of inland or water-based activities. While this situation favors the development of small and highly specialized business, it also makes marketing and sales rather complex and costly.

Because prices in this area tend to be higher than say, Hurghada, the expectations for quality are higher. However, the concept of “quality accommodation” is interpreted differently by different services providers depending on the market they serve.

Among the diving and inland operators there was agreement that “high standards” for their customer base usually means comfort and cleanliness, not necessarily luxury. For the resort operators, “high standards” usually meant comfort and availability of the traditional trappings of beach mass tourism (i.e. air-conditioning, international food and beverages, nighttime activities, etc.). However, it has become more and more clear that a shift in the two markets is occurring and each of them is moving into the other’s direction. For example, diving operators noted that more and more divers were moving away from the basic accommodation originally offered in the area (primarily tents) and choosing more comfortable accommodation that includes air conditioning and bedding. Likewise, beach goers increasingly prefer accommodation with character and individuality rather than the cookie-cutter beach resort with no personality. Both resort owners and dive operators are responding to this market challenge with an adaptation of their products. In the case of resort-owners for example, one company is currently investing in a small, 50-room lodge that will be sold as an exclusive luxury hotel with a distinct brand. Also, a group of investors recently opened a small, 30-room hotel with a high quality of service. In a radical shift from the traditional modus-operandi of the area, this hotel will not offer all-inclusive packages but food will be sold “a-la-carte” separately. Diving operators are starting to offer a wider menu of accommodation possibilities to their customers, ranging from tents to luxury chalets. Those diving operators who are not adapting are having an increasingly hard time selling their packages, as stated by one of the interviewees.

Serious concerns were raised by diving, inland and even resort operators regarding the potential overdevelopment of the area. For most of them, policies pursued by the Tourism Development Authority (TDA) and the Red Sea Governorate (RSG) should be geared towards protecting the environmental uniqueness of the area. Moreover, it was widely perceived that these policies should also focus on reducing the supply of low-quality accommodation, thus avoiding prices (and quality) to deteriorate.

Food services

Food services in the area are generally only available in the resorts or hotels. An evaluation conducted by the consulting team at different resorts and camp dives in the Southern Red Sea confirmed that the variety and quality of food is diverse, although basically European. However, it seems that visitors' interest for authentic, original products also extents to the realm of food. Many respondents indicated that customers inquire more and more for local food and express their surprise when this is not offered. Two respondents indicated that when local food is served, visitors get negatively surprised by the presentation of traditional Egyptian food. This situation however, seems to respond to a lack of interest from resort and hotel managers to experiment and develop a traditional local cuisine that could be properly presented to foreign visitors.

Most restaurants outside of the resorts cater basically to the local market and do not have the food handling and presentation skills necessary to instill confidence on foreign visitors. However, there is evidence that with proper training and in partnership with private operators, some of these restaurants could cater to the tourism market. For example, in Shalateen, visitors are taken to a local restaurant whose second floor has been adapted (in terms of cleanliness and physical distribution) to receive tourists. Camel meat and traditional bread is served along more international staples such as fried chicken, French fries and rice. The result is a semi-authentic experience that the current market certainly appreciates. Additional training and the development of an international standard local cuisine will facilitate integration of local producers to the tourism market as well as the reinforcement of a brand image for the destination.

Transportation and Access

Accessibility to the area is often considered one of the main problems for the development of a higher-value tourism industry in the destination. Currently, it is only possible to reach the Southern Red Sea via charter flights arriving from Europe into the Marsa Alam International Airport or via road from Hurghada (a journey taking between 5 to 7 hours, depending on final destination along the coast). Road connections to other tourist areas in Egypt are not allowed at the time of writing. This situation determines that the Southern Red Sea be poorly integrated with the rest of destinations and attractions around Egypt, thus making extensions very unpopular among visitors to the area. To illustrate this situation, they pointed at the fact that it took at least 6 hours to reach Luxor from Marsa Alam (the northernmost point in the Southern Red Sea Coast) via road, while no air access was available. The reason for this 6-hour trip (12 hours round trip) is that access to the Nile Valley from the Red Sea Coast is only possible through Safaga. Security concerns have determined that the road directly linking Marsa Alam to Edfu is off-limits to visitors as no convoy has been set up for this more direct route. Currently all tourist travel to the Nile Valley through the Eastern Desert takes place at fixed hours in convoys. These have been organized in light of the Luxor attacks of 1997.

Only two respondents indicated that their companies offered extensions from this area to the Nile Valley. None of the respondents currently offers extensions to the other areas in the Red Sea Coast. Not surprisingly, those two respondents were local representatives of two large international tour operators. Moreover, one of the respondents indicated that such extensions were only available to customers in their country of origin, with the stay in the Southern Red Sea being the extension to the trip to Luxor rather than the other way around. It is noticeable that most local operators believe that the region hosts enough resources and attractions to merit a trip without extensions to other areas of Egypt. Therefore, this relative isolation does not seem to worry them at this time. Limited accessibility to the area however, does pose a challenge for local operators to directly market their products, thus exacerbating their reliance on international tour operators.

Tours and Activities

With the exception of the beach-goers whose primary motivation to come to the Southern Red Sea is to relax and enjoy the beach, active pursuits are among the main activities undertaken in the area. A clear distinction can be drawn between diving and resort operations and inland tour operators. The former favor water-based, coastal activities such as open water diving, beach diving and snorkelling, while the latter favor excursions and land-based activities with a local community component. Since water-based activities are the predominant type, land-based excursions tend to be short in duration and scope. Diving packages sold by local operators are on average between 7 and 15 days long, while land-based excursions range on average from 4 hours to one full day. The table below summarizes the main activities outlined for each destination:

Table 4 Most Popular Activities by Destination

Destination	Activity 1	Activity 2	Activity 3
Southern Red Sea	Diving / Snorkelling	4X4 tours in the desert	Stargazing tours (Astrotours)
Hurghada	Diving / Snorkelling	4X4 tours in the desert	Camel rides
South Sinai	Diving / Snorkelling	Camel rides	Cultural tours to St. Catherine's
Nile Valley	Traditional cultural tours (sightseeing)	Nile cruises	
Western Desert	Desert safari excursions		

Source: PA Government Services, Inc.

It is clear that the most popular activities in this and other coastal areas of Egypt are water-based. This is natural given that the Red Sea constitutes the main resource of the region. This information is consistent with the information obtained through the visitor surveys. However, the inability of tour operators to diversify the range of activities is determining cut-throat competition among service providers. According to information provided by one of the respondents, there are over 340 diving centers in Egypt creating an excess of supply than results in lower prices. While this situation favors the final consumer, it negatively affects the overall quality of the product. This lack of diversification also limits the creation of value added and tarnishes the image of the destination.

Generally speaking, diving operators and resorts do not offer community-based or cultural attractions as part of their activities while small inland tour operators do offer such activities. However, the former are increasingly including cultural tours in their menu of activities, whether directly operated by them or not. Some 60% of the interviewed diving operators were offering or planning to offer some non-water based cultural activity sometime next year. This activity was usually a visit to Bedouin tribes or to local towns (such as Shalateen or Quseyr). Based on the responses of local diving operators, this trend is likely to continue and increase in the coming years, as stiff competition is forcing them to add value to their core product.

Another interesting characteristic of the community-based, cultural product in the Southern Red Sea is that is not operated either by local communities or in business partnership with them. Most of the tours including a visit to a local tribe or family do it on a salary or commission basis, with the locals receiving payment and not necessarily having a say on how the package is structured or sold. The table below summarizes the main activities outlined for each destination mentioned by the respondents:

Table 5 Most Popular Community-based / Cultural Experience by Destination

Destination	Activity 1	Activity 2	Activity 3
Southern Red Sea	Visits to local towns (Shalateen, Quseyr)	Visit to Bedouin families	Visits to archaeological and natural sites (in WGNP)
South Sinai	Cultural tours to St. Catherine's	Visits to Bedouin villages	-------
Nile Valley	Traditional cultural tours (sightseeing)	Visits to archaeological sites	Nile cruises (with Egyptologist)

Source: PA Government Services, Inc.

Explanations provided by our respondents seem to indicate that there is a desire to develop additional cultural attractions with a strong emphasis on local community involvement, particularly from local inland operators (although some local diving operators also expressed their interest). However, the lack of capacity and familiarity of local communities with the industry seem to be a constraint to the further development of community-based tourism initiatives. Also, the lack of an anchor cultural attraction or a series of minor but well presented attractions seems to be limiting the opportunities to create experiences to be sold to visitors.

An assessment conducted by the research team of a variety of adventure / cultural tours available (including a desert camp, camel ride, astro-tour, quad trip into the desert and visit to the camel market in Shalateen) found the following:

- Quality of interpretation is generally poor.
- Activities in the cultural itineraries are not interactive. They are limited to seeing the local people and not interacting with them ("human zoo"). This is particularly problematic in the case of visits to local Bedouin families or the camel market in El-Shalateen.
- Pre-tour briefing does not prepare visitors for a desert trip (particularly in the case of camel rides or quad trips). There is no education about the desert and its particularities, which leaves visitors with the impression that there is nothing unique about the Eastern Desert (Fustat Camp is a good exception).
- Prices are somewhat high for the quality received but might be justified by the remoteness of the place.

In general terms, the consulting team feels that adventure and cultural tours in the area replicate the pattern of medium-quality offered by the resorts. This might be explained by the fact that they rely on the clientele drawn to the area by the resorts and therefore, the market is not an incentive to improve the quality.

Information and guiding services

Our interviewees were unanimous regarding the importance of having qualified guides in their activities. This seems to be the consequence of a combination of strict demands from the international tour operators as well as growing market demands. There was a general agreement in the importance of the guide's language skills in order to interact with visitors. Therefore, all interviewed operators stated that they employ a combination of local and foreign guides. The term local guide does not refer to people from the region necessarily but rather Egyptian guides, most of which come from either Luxor or Cairo. The use of local (Egyptian) guides is more common in the cultural tours than diving tours, although this is changing very quickly as more Egyptians become trained and certified to act as dive instructors. While experience is highly valued among tour operators, formal qualifications are still critical, as they have become a contentious issue with the authorities. Egyptian law establishes that only formally (i.e. university) trained and officially certified guides are allowed to work as such. Moreover, most of those guides are affiliated to the National Guides Union, which monitors compliance very closely.

Local communities see their access to the labor market restricted by the excessive regulation in the guiding market. Very few members of the different Bedouin tribes have access to the formal education necessary to become an official guide. Most of the respondents offering community-based tours educate and train the local tribesmen themselves. Usually this training involves customer service and the basics of how to interact with visitors but does not offer a path for the formalization of their skills.

The lack of interpretation facilities, particularly in the WGPA is usually identified as one of the main barriers to develop higher-value nature and cultural tours in the destination.

Handicrafts

The current range of items offered at the gift shops and boutiques in and around the resorts along the Southern Red Sea fall very short of meeting market demand. Respondents indicated that in general terms, visitors to the Southern Red Sea (either divers or beach-goers) do not buy many souvenirs. The list of most popular souvenir includes items such as t-shirts, statuettes, papyrus and the traditional Pharaoh-themed products sold around Egypt. However, it is important to notice that inland operators indicated that their customers have an interest on traditional, authentic Bedouin handicrafts. Since most inland tours include a visit to Bedouin tribes or families, visitors are exposed to the handicrafts they produce. Nevertheless, it was widely acknowledged that there is not a well-developed handicraft sector in the area that could meet the needs or expectations of the market.

Product pricing and economic impact

Around 90% of respondents gave only indicative answers to this question. The remaining 10% saw this information as commercially confidential. This is understandable given the public nature of the product evaluation research. In general terms, prices per day vary greatly depending on the product, market and booking method. The following table summarizes the average daily expenditure quoted for the different products currently sold in the Southern Red Sea:

Table 6 Average daily expenditure by product available – Southern Red Sea

Product	Duration	Daily Expenditure (average)
Dive course (resort-based)	1 day	€ 20 - € 30
Accommodation (half-board)	Variable	€ 15 - € 30
Accommodation (full-board)	Variable	€ 25 - € 40
Excursion to Shalateen or Quseyr	1 day	€ 40 - € 50
Desert camp experience	½ day (afternoon)	€ 20 - € 35
Astro tour	3 hours	€ 15 - € 25
Diving package (inclusive of accommodation and full board)	Variable	€ 50 - € 55
Desert excursion (camel / quad with visit to Bedouin family)	½ day	€ 25 - € 50

Source: PA Government Services, Inc.

While clearly these results must be treated with caution given the relatively small sample size, they are somewhat predictable, in that prices tend to be on the lower end of the spectrum. However, it is interesting to notice that daily expenditure in cultural and adventure tours is roughly equal if not higher than diving and accommodation packages (on a daily expenditure basis). Since the question was formulated to local operators in terms of spending on their products and services, the prices quoted should reflect what they get from the international tour operator (or their local representatives) rather than what customers paid for their package. As a matter of fact, it is possible to notice a significant difference between the prices paid by tourists for their holiday (as indicated in the market surveys) and the average daily expenditure presented by our interviewees. In that regard, cultural and adventure tours seem to be more yielding on a per person basis than diving or resort accommodation. Excessive competition and dominance of international operators in those markets might partially explain this situation, as the difference between what visitors stated as the price of their holiday and what operators claim they received most certainly corresponds to the international tour operator' share.

Distribution Channels

The distribution channels refer to the methods used by local tour operators to sell their products in the marketplace. In the case of the Southern Red Sea, it is possible to identify patterns based on specific products:

Diving packages
On average, 55% of all bookings from interviewed diving operators were made online last year. While percentages very greatly among individual operators, there is a clear indication that online bookings are becoming more and more common. The remaining percentage uses specialized diving operators or travel agencies.
Resort packages. The preferred booking method for this kind of product still is the travel agency. This segment of the market was perceived as particularly loyal to their travel advisor and relies on them more than other segments of the market.
Inland tour packages
Without exception, all of our interviewees indicated that direct booking was the only booking method available for this kind of trip. Booking takes place through the tour leader or local representative of the international tour operator at the resorts.
It is important to notice that in the case of inland tour packages, the "preferred" booking method is indeed the only available booking method. Based on information available about the number of visitors who choose to buy adventure, cultural and nature-based tours, it is clear that demand for such activities exist. The analysis of the distribution channels reflects a strong dependence on international tour operators to capture customers. This operator-dominated scenario is extremely price-sensitive as any attempt to attract customers directly or increase prices must be carefully planned bearing in mind potential conflict with them.

Conclusions of the analysis of tourism products and services

The following conclusions could be drawn from the analysis of the tourism products and services available in the Southern Red Sea:

- The current supply of accommodation is not of high quality (for international standards) and is not diversified. It consists mainly of resorts catering to the beach and diving market as well as camps and tents, mainly targeting the mid to lower-end of the diving market. There is a clear lack of accommodation with character, uniqueness and individuality that could appeal to more sophisticated segments of the market.
- Companies offering tourist products and services in the SRS are highly specialized and have not yet diversified their portfolio of products. However, this is changing as increased competition is forcing operators to create more added-value for their products.
- There are serious concerns about the potential overdevelopment of the area for both environmental and economic reasons. The rapid urbanization of the coast will lead to damage to the coral reefs. Equally important, oversupply of accommodation will irremediably lead to a deterioration of prices and therefore, the quality of the accommodation product. The right amount and kind of accommodation should be developed in the destination.
- Food services are adequate but generally unavailable outside of the resorts and hotels of the area. Additionally, there has not been an effort among operators to develop a traditional local cuisine that could be properly presented to visitors, either outside or within the resorts. This would reinforce the image of the destination and promote integration of local producer into the tourism supply chain.
- Access to the region and transportation from other destinations within Egypt is one of the main problems faced by the Southern Red Sea. Currently, access in only possible via charter flights or via road from Hurghada (5–7 hours). Security concerns limit the possibilities of connecting the Southern Red Sea with the Nile Valley and the reliance on charter flights (100% at the time of writing) limits independent travel but also causes the image of the destination to suffer.
- Water-based activities currently dominate the market. Inland excursions tend to be short in duration and scope (half or full day maximum). The beach-goers engage in both water-based and inland excursions. However, oversupply of diving and water-based facilities is causing prices and quality of the product to drop. While some community-based and cultural activities are available, these are usually poor in quality and market appeal.
- Local communities see their access to the guiding market severely limited by current regulations in the Egyptian law. The two main markets in the Southern Red Sea (diving and beach tourism) use a combination of local and foreign guides, although local guides refers almost exclusively to Egyptian guides from areas outside the Southern Red Sea.

- The lack of interpretation facilities, particularly inside the WGPA is seen as a constraint to develop higher-value nature products in the area.
- There is not a well-developed handicraft sector in the area that could meet the market's demand for authentic and traditional items. However, there is potential among some of the Bedouin communities to develop such sector.
- Prices received by local operators for different tours and packages to the Southern Red Sea (including diving and inland excursions) tend to be on the lower end of the spectrum. This is not to say that prices paid by visitors are necessarily low but that the percentage that ends in the hands of international tour operators is rather high. This seems to respond to the nature of the product and the fact that the international tour operator is currently responsible for all marketing and international travel costs. In that regard, natural and cultural tours are equally or more yielding on a per person daily basis than diving or beach accommodation packages. However, sales volume of these latter packages compensates for low prices.
- The overwhelming majority of diving and beach packages are still sold through international tour operators, either online or through a travel agent. However, all inland tours are booked directly on-site as these are usually offered as options only upon arrival. This sales strategy allows inland operators to keep most of the money paid by the visitor for the tour but in return, reduces his ability to sell in advance and get more customers.

Destination Image, Marketing and Promotion Strategies

This section evaluates the current marketing and promotion strategies for the Southern Red Sea as well as the overall image of the destination. This latter information would be critical to develop a branding strategy for the region in the future. This section was compiled and researched through qualitative methods, including field observation and interviews with local service providers. The interviewing process took place from March through September 2006 and included diving operators, inland tour operators, resort developers and managers as well as local representatives of international tour operators.

Marketing and Promotion Strategies

There is currently no marketing or promotion campaign specifically designed for the Southern Red Sea. The Egyptian Tourism Authority (ETA) heavily promotes the "Red Sea Riviera" theme internationally as an umbrella for all the Red Coast, including the Southern Red Sea. The problem with this "blanket" approach to marketing and promoting the coast is that lumps together areas of low value (such as Hurghada) with areas of high value (such as South Sinai and the Southern Red Sea) without a branding strategy that clearly distinguishes them. Moreover, the theme of the "Red Sea Riviera" is primarily geared towards the promotion of the "sun and sea" product and does not promote attractions and products that might contribute to the diversification of markets.

The adoption of this product-specific rather than a destination-wide marketing strategy has resulted in the dispersion of efforts and has discouraged the development of a systemic approach to tourism promotion. This means that there are no organized efforts to attract a critical mass of visitors into the area but that each individual business must market its own product (s) to their own specific market. This "micro-marketing" approach is creating two very important problems in the region:

It is encouraging the vertical integration of the tourism supply chain along a specific product rather than favoring the creation of a horizontal value chain of tourism services. One of the obvious consequences is that operators tend to limit the range of activities their clients can undertake outside of their own supply chain. Simply put, resort operators want to keep the visitors as long as they can in the premises to maximize their marketing investment;

It is exacerbating the excessive reliance of the destination's tourism industry on the international tour operators and management companies, who becomes responsible for undertaking international marketing activities on behalf of the local product (resort, tour operator and inland operator). This situation is particularly pronounced in the accommodation sector where it is not uncommon for resort developers to secure marketing and sales contracts with the management companies or tour operators before actual site development begins.

Investing in a destination-wide marketing approach (one which promotes all the different attractions and activities available in the Southern Red Sea) would attract a more sophisticated type of visitor that could tailor his/her own itinerary, thus including several activities outside of the resort.

Destination Image and Branding

In general terms, this area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt. Several respondents mentioned that Marsa Alam has not been affected by the security problems faced by the South Sinai or the bad reputation for poorly managed mass tourism that characterizes Hurghada. Accessibility was constantly mentioned as an issue affecting the image of the Southern Red Sea in general, although it was also widely recognized that it contributed to its image of exclusivity. While it is clear that the Southern Red Sea does not have image problems related to security, health, price or basic infrastructure, it does not stand out as a high-quality destination. There was general agreement between inland tour operators and diving operators (although not among resort operators) that it was the fact that the Southern Red Sea is a new destination what made it appealing to international tour operators and visitors. However, it is felt that as development sprawls further south, this area is bound to become another low-quality, low-price destination. The quality of construction and the overall quality of service was not radically superior to what is currently offered in Hurghada or other coastal destinations.

Generally speaking, there is not a clear brand image for the Southern Red Sea separated from the rest of Egypt's Red Sea coast. While it is recognized that there are elements distinguishing the Southern Red Sea from say, Hurghada and the South Sinai, there has not been a systematic effort to develop and market these areas as distinct products. The most cited qualities characterizing the Southern Red Sea were:

- Remote, isolated
- Good value for money
- Pristine and relatively undeveloped

The sense of remoteness and isolation is partially created by the difficulties in accessing the area. Good value for money is a result of the area's ability to offer a moderately priced product vis-à-vis the sense of relative exclusivity, particularly when compared to other short-haul destinations (both within and outside of Egypt). Finally, a pristine and relatively undeveloped environment was perceived as one of the strongest selling points for all packages into the area. This is particularly important for the Southern Red Sea as a destination at an early stage of development.

These qualities were mentioned by almost all of the respondents, regardless of the market served. However, further analysis revealed two subset of qualities associated with each of the main markets currently attracted to the area. Resort operators, catering mainly to beach-goers, indicated that the lack of a distinct brand is less critical for their business as it is the relatively newness of a place what attracts this market. In that regard, they highlighted **remoteness and good value for money** as the main characteristics of this region.

Diving operators on the other hand, indicated that the region has a **well-established brand image as a diving destination.** Many pointed to the origins of the Southern Red Sea as a diving destination as the reason for such an early positioning of the region in this competitive market. In that regard, they highlighted **remoteness, isolation and pristine environment** as the main characteristics of the region. They were quick to point out that overdevelopment and poor environmental management are undermining these characteristics and what they considered the main comparative advantage of the region.

A reputation as a nature-based, adventure or cultural destination was clearly absent in all of the responses. Even inland tour operators recognized that the destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features. In that regard, it will be necessary to slowly build an image as a nature, adventure and cultural destination based on the same attributes mentioned above (pristine, remote and good-value for money).

Conclusions of the destination image, marketing and promotion analysis

The following conclusions could be drawn from the analysis of the Southern Red Sea's destination image, marketing and promotion strategy:

- There is currently not a specific brand, marketing or promotion campaign specifically for the Southern Red Sea. The ETA promotes the "Red Sea Riviera" as an umbrella brand for a series of destinations of very different values.

- The “Red Sea Riviera” brand is focus on a single product: sun and sea tourism. Therefore, this brand fails to meet the needs of a destination like the Southern Red Sea that wants to promote its cultural and natural attractions.
- Due to the lack of a destination-wide marketing strategy, a “micro-marketing” approach prevails in the area, whereby specific companies are responsible to market their own products. This is exacerbating the reliance on international operators as they take responsibility for marketing and promotion of individual products.
- This area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt among tour operators and travel trade. However, it is felt that as resort development sprawls further south, this area is bound to become another low-quality, low-price destination.
- The most cited qualities characterizing the Southern Red Sea were: “remote, isolated”, “good value for money” and “pristine and relatively undeveloped”. These are the building stones for a brand for the destination. However, there has not been a systematic effort to develop and market this area as a distinct product.
- The region has a well-established brand image as a diving destination in the international diving market.
- The destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features. In that regard, it will be necessary to slowly build an image as a nature, adventure and cultural destination based on the same attributes mentioned above (pristine, remote and good-value for money)

Destination Market Analysis

The consulting team engaged in a market research exercise with the goal to determine the main characteristics of the current visitors to the Southern Red Sea. While quantitative information about the current markets for the Southern Red Sea Coast is very important, it is the qualitative data that would better inform the process of developing a destination. In that regard, the research conducted by the LRS team has proven to be invaluable to help TDA and the different stakeholders who participated in the preparation of this DMP.

Overall market performance

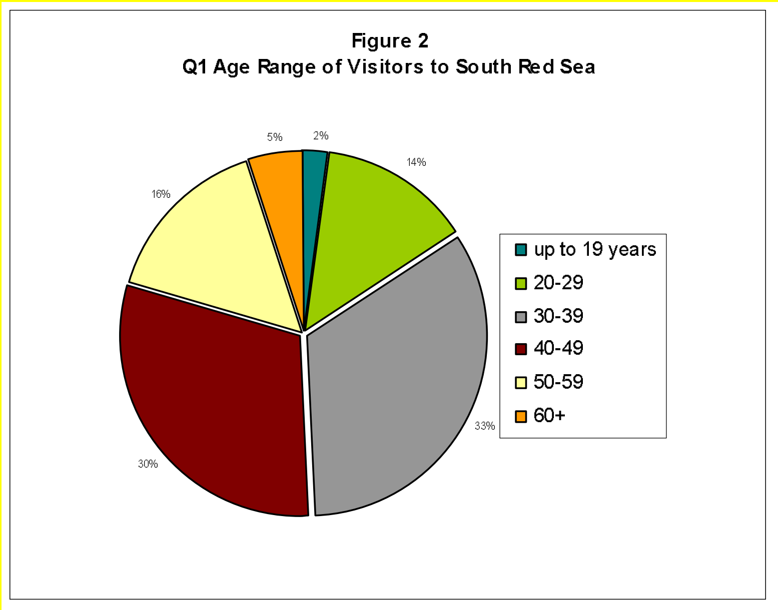
The market data provided in this section was gathered using internationally accepted best practices in professional market research within a 30-day timeframe from late August until mid September 2006. It is presented in order to provide a quantified visitor demand and to develop market-driven approach to the DMP for the Southern Red Sea region. [See Annex B for a more detailed explanation of the methodology, process, and limitations of this study in “Tourism Market and Product Evaluation for the Southern Red Sea Coast of Egypt,” prepared by PA Consulting Group.

This study has focused exclusively on the international tourism market. While there is evidence that domestic tourism to the area of study is growing, its impact on the overall tourism market is negligible at best. In that regard, the market performance analyzed in this section refers to the international market and it is intended to provide a baseline on visitor’s demographics, mode of travel, attitudes and other characteristics. These baseline indicators would serve to monitor program performance and to establish a visitor profile to the region.

Tourism visitation to the Southern Red Sea is dominated by two segments of the market: divers and resort-based beach tourism. The main characteristics of these markets are presented below:

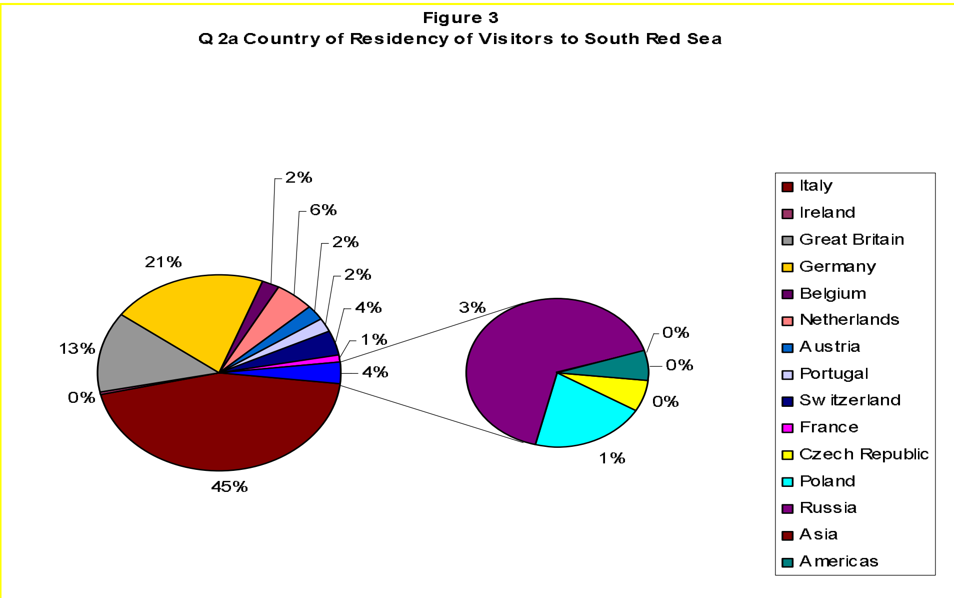
Demographic Information, Age

Most of those who completed the survey were between the ages of 30 and 49 years of age (63%), which based on interviews with tour operators and hotel managers, accurately reflects the age range of international visitors to the Southern Red Sea. 5% were 60 years of age or older, 16% were between 50-59 years of age, 14% were between 20- 29 years of age and the smallest part of the market segment is comprised of young Europeans with youth (up to 19 years) representing just 2% of the international visitors to the region (see Figure 2).



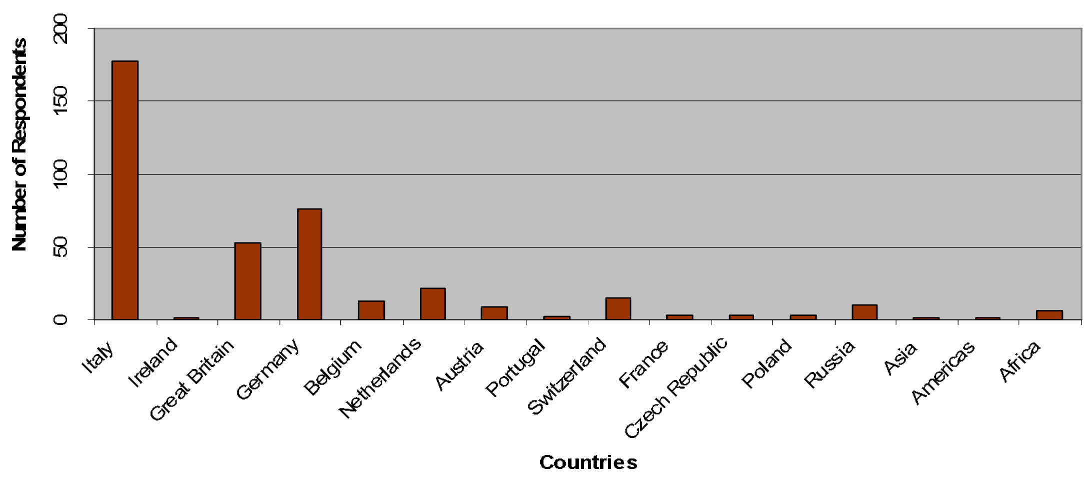
Country of Residency

The majority of those who completed the survey were tourists currently residing within the European Union, with 45% percent of visitors living in Italy, 21% of visitors living in Germany and 13% residing in the United Kingdom (see Figure 3). The remaining 21% of visitors are currently residing in other Western or Eastern European countries with 6% of visitors form the Netherlands, 4% of visitors from Switzerland, and 2% of visitors from Belgium, Austria and Portugal respectively. Unlike the Northern Red Sea coast, this area isn't heavy visited by Eastern European and Russian guests as they together made up less then 4% of the total market during the August-September 2006 holiday season.



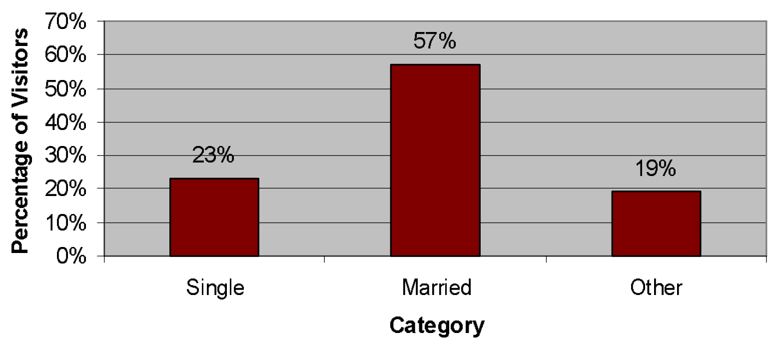
Nationality
The overwhelming majority of those who participated in the survey were citizens of European Union member countries. Over 180 of the total 400 visitors surveyed were nationals of Italy with German nationals ranking 2nd with over 80 visitors and British citizens rounded out the top three with just under 55 visitors to the Southern Red Sea during the selected time period (see Figure 4). 21 visitors were from the Netherlands while 15 were nationals of Switzerland. 13 were Belgium nationals and the smallest portions of visitors were nationals of the following countries: Russia (10), Austria (9), France (3), Czech Republic (3), Poland (3), Portugal (2), Ireland (1), Americas (1), Asia (1) and African nationals (6).

Figure 4
Q 2b Nationality of Visitors to South Red Sea



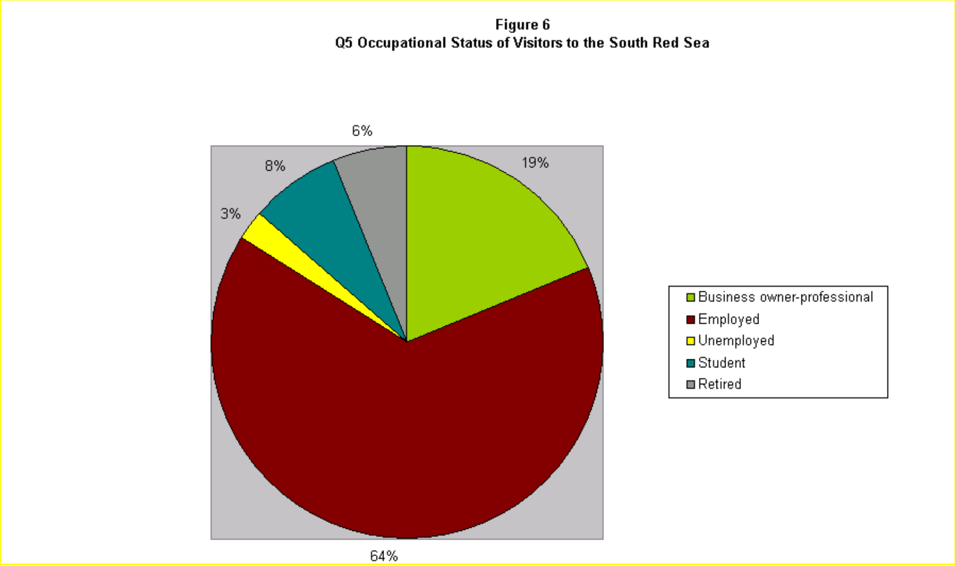
Legal Family/Marital Status
The majority of visitors to the Southern Red Sea are married individuals, which represent a total of 57% of the total market. 23% of the market was made up of single individuals and 19% of the market is composed of visitors which would classify themselves as "other" meaning that they are either domestic partners or of widow/widower status. These statistics support further findings that nearly 50% of the tourist market to the Southern Red is made up of travel parties of two individuals (see Figure 5). Many of these visitors are traveling to the region with their spouse or domestic partner.

Figure 5
Q 3 Family Status



Current Occupational Status

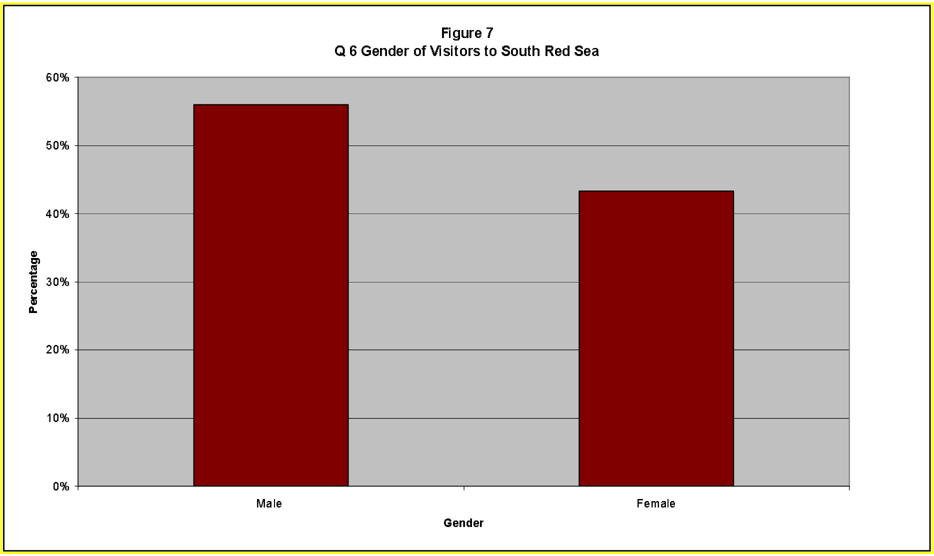
Over 64% of those surveyed reported that they are currently employed for a company or organization in their home countries. 19% percent of participants were business owners and/or key stakeholders in managing businesses. Not surprisingly, a smaller percentage of those surveyed were retirees and student populations from Europe representing just 6% and 8% respectively of the total survey population (see Figure 6).



The data reflects the low quantities of elderly and young independent travelers to the Southern Red Sea region and highlights the fact that the main clientele are thirty to forties year olds with a regular source of income. Additionally, 3% of those surveyed indicated their status as un-employed. However, the interviewers were able to determine that the majority of these cases represented housewives whom are responsible for childcare duties.

Gender

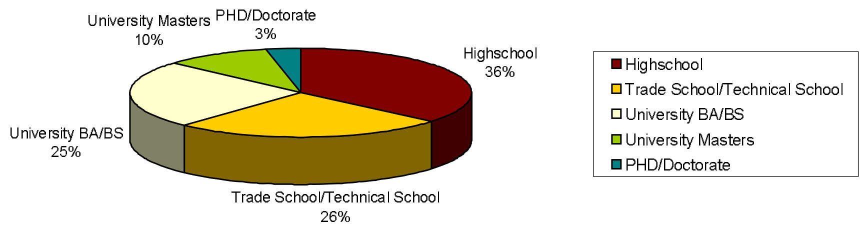
Survey respondents demonstrated that there is a slightly higher percentage of males visiting the Southern Red Sea during the selected time period with men representing 56% of the sample population and women representing 43% (see Figure 7).



Education Levels

Of the surveyed areas, those visitors with only a high school education level made up 36% with trade and technical school graduates making up 26% of the market. Together, these two segments make up over 60% of the visitor population. The data demonstrates that the majority of Southern Red Sea tourists are blue-collar workers coming from middle class households throughout Europe (see Figure 8). 25% of those surveyed had completed a university level bachelors degree and 10% of visitors held a Masters degree at the university level. The smallest groups of visitors are those holding a Ph D. doctoral degree at the university level representing just 3% of the surveyed population.

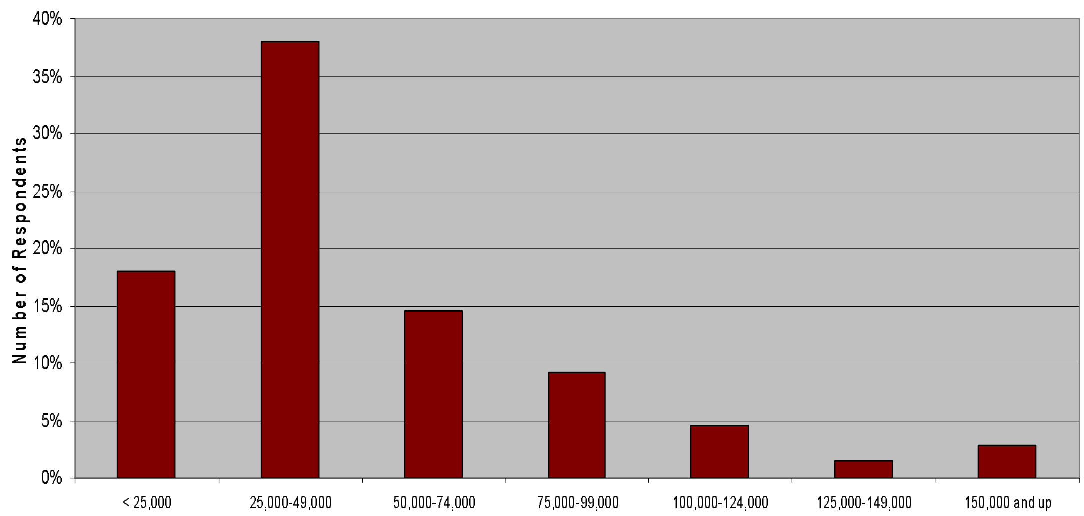
Figure 8
Q 7 Educational Profile of Visitors to South Red Sea



Household Income in Euros

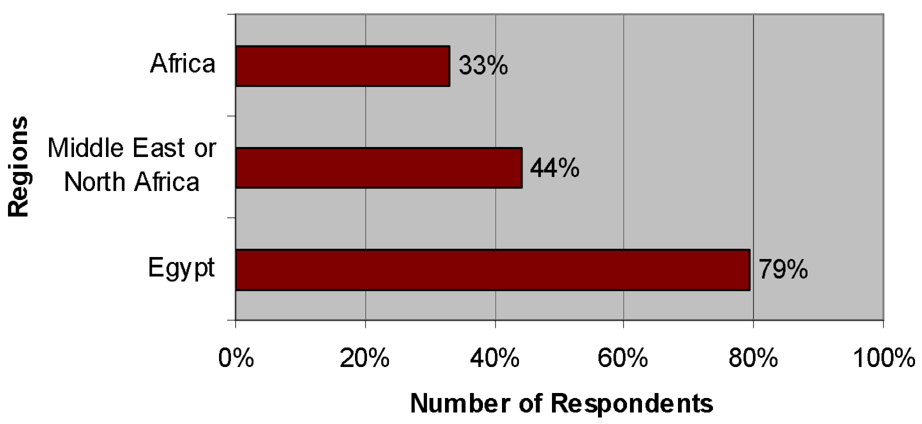
The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros accounting for 38% of the total market. The results of the visitor income survey support the previous indicators that the bulk of current Southern Red Sea tourists are middle class working professionals from Europe. The second largest portion of visitors (18%), reported earning 25,000 Euros or less per year. 15% of those surveyed reported earning between 50,000 and 74,000 Euros and 9% reported earnings between 75,000 and 99,000 Euros. The remaining 10% of respondents reported earnings in excess of 100,000 Euros. Hence, it is clearly demonstrated that the current target market in the Southern Red Sea isn't a high-end luxury traveler with high amounts of disposable income but rather a price sensitive traveler that is seeking good value for their money and may be drawn to the all inclusive deals offered in the Southern Red Sea.

Figure 9
Q 4 Household Income in Euros of Visitors to South Red Sea in 2005



Travel Preferences
The purpose of this section is to set out the views and values of tourists visiting the Southern Red Sea Region. By asking them a series of questions as to their preferences, opinions and suggestions, one can gain valuable insight into the attitudes that shape the current market demand by European tourists coming into the region.
In your past travels have you already been to Egypt/The Middle East or North Africa/Africa?
An overwhelming majority of visitors surveyed are repeat visitors to Egypt with 79% (see Figure 10) spending more than one holiday in the country. Hence, most visitors to the Southern Red Sea are repeat visitors that have been to this region before and thus are keen for new excursion and entertainment options. 44% of visitors surveyed have also traveled to the Middle East or North Africa before with many mentioning countries such as Turkey, Tunisia or Morocco as recent vacation destinations. Finally, 33% of visitors have been to African countries such as Kenya or Tanzania. This demonstrates that the majority of visitors are comfortable traveling within the Middle East and Africa despite negative press regarding security in the regions.

Figure 10
Q 8 Previously Visited Countries in the Region



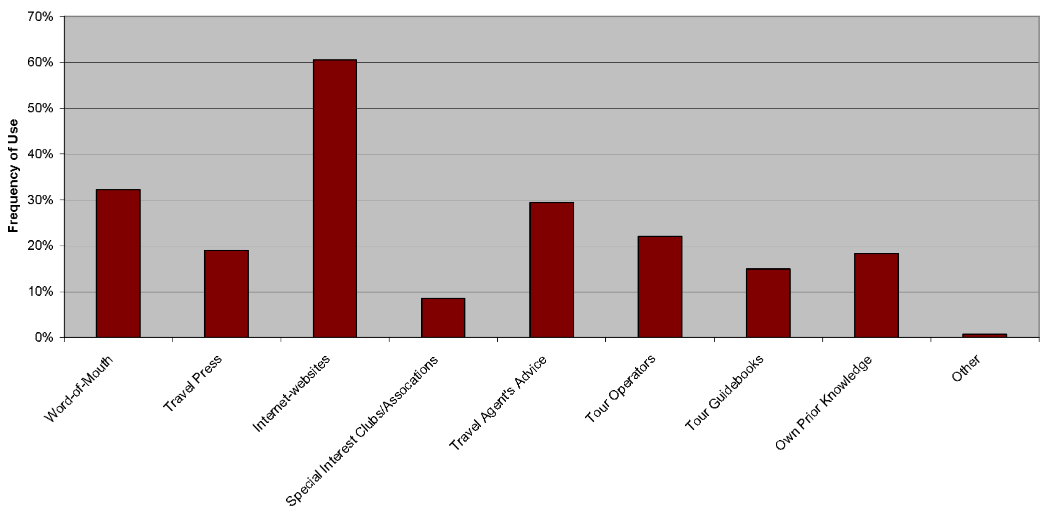
The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "I first came to Egypt to see the antiquities but I happened to discover the Red Sea. I plan on coming back whenever possible for a quick beach holiday" (Male, aged 30-39/Italy)
- "This is my seventh time in Egypt. I plan on coming back year after year because of the pristine environment and great diving" (Male, aged 40-49 /Great Britain)
- "I feel totally safe traveling in Egypt, I'd definitely recommend this spot to my friends" (Female, aged 30-39/Germany)

What are your main sources of travel information?
60% (see Figure 11) of those surveyed indicated that the Internet and travel websites provided the bulk of their travel information with the very few independent travelers in the region booking each component of their trip on-line. The data highlights the importance of marketing the Southern Red Sea Coast via Internet websites to foreign tourists, as this is the main outlet for future travelers to the region. Also noteworthy, 32% of visitors said that positive word of mouth regarding the natural beauty of the Southern Red Sea had attracted them to the region. As demonstrated in Figure 10, nearly 80% of visitors to the region had been to Egypt on holiday before and thus it isn't surprising that 18% cited their own prior knowledge as a source of information for this particular holiday.
The role of the travel agent (30%) and tour operators (22%) also played a significant role in destination information dissemination. Furthermore, reading material such as articles found in the travel press represented 19% of respondent's information sources for their trip and tour guidebooks 15%. This information shows the importance of developing a marketing and promotion campaign, which will produce high-end advertisements and visual displays to attract visitors to the region. In order to reach these market segments, a familiarization trip for travel journalists and tour operators is a standard promotion tool used worldwide. The remaining 9 %

of visitors indicated that they had received the majority of their information from special interest clubs or organizations. Many of these clubs focus on the diving and nature-viewing (i.e. bird watching) enthusiasts and are growing in membership as these groups continue to spring up throughout Western Europe.

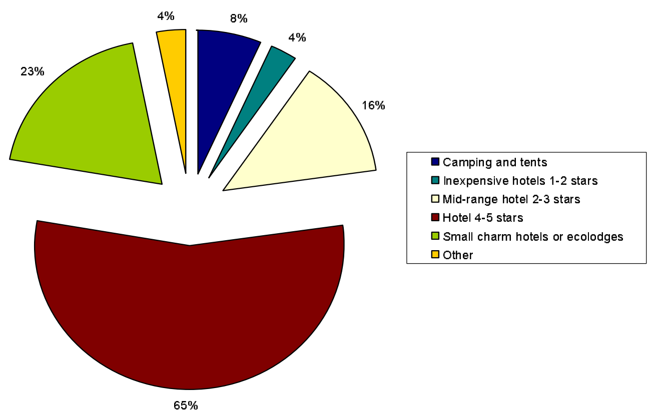
Figure 11
Q 9 Tourism Information Sources for Visitors to South Red Sea



What type of standard lodging do you prefer on these trips?

The majority of survey participants (65%, see Figure 12) indicated that they preferred 4 to 5 star hotels while traveling in this particular region. The demand for small charm hotels or eco-lodges was 23%. Together, the demand for 4-5 star hotels and eco-lodges is quite high at 88% of the total market. The range of accommodation is growing along the Red Sea but currently doesn't meet demand, as few high-end hotel options are available.

Figure 12
Q 11 Preferred Lodging of Visitors to South Red Sea



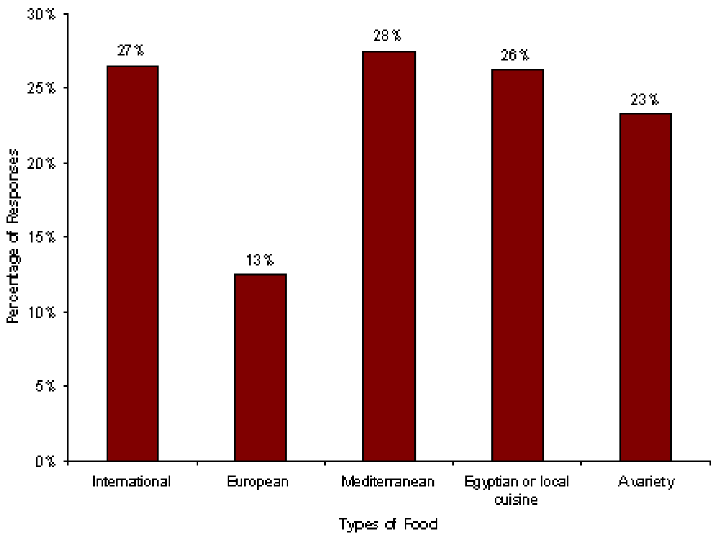
The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "We prefer to stay at 4-5 star hotels in Egypt because we know that our rooms will be tidy and that the food will be good"- (Male, aged 40-49/Germany)
- "My husband and I like to experience the unique cultural characteristics of our holiday destination. Eco-lodges give us a real taste of Egypt" - (Female, aged 30-39 /Italy)

In addition, 16% of visitors prefer 2-3 star accommodations on trips to Egypt. 8% of vacationers provide camping on the beach or in the desert with tents. 4% prefer inexpensive hotels and just over 4% prefer "other" types of accommodation. The "other" category includes many EU travelers and expats living in the Middle East seeking authentic experiences outside of their home cultures. They seem to be willing to spend around $150-300 per day per person for quality accommodation that meets their expectations.

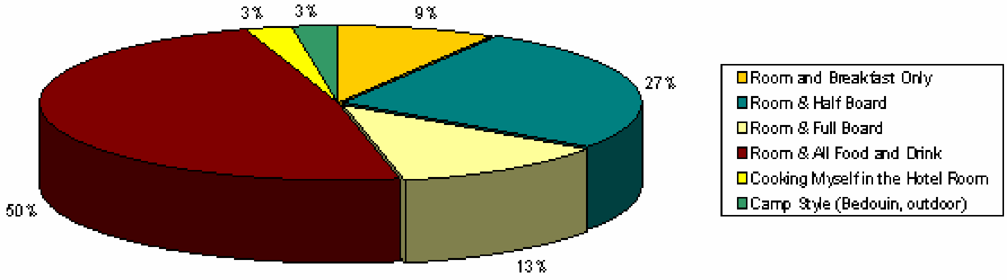
What type of food do you prefer?
Results on the food preferences of visitors were widely dispersed among several options. 28% (see Figure 13) preferred Mediterranean while 27% preferred International cuisine. 26% of responses indicated Egyptian cuisine as the food they would like to enjoy during their stay in the Southern Red Sea. Additionally, 23% of visitors prefer a variety of ethnic food options while staying at the resorts. The smallest percentage of respondents (13%) indicated that they preferred a strictly European food-based menu. A general comment from visitors was that their primary concern was that food be safely prepared and fresh. It is clear that the market is definitely open to expanded regional food options such as Egyptian and Middle Eastern cuisine specialties, which could add an authentic flavor to their Southern Red Sea experience.

Figure 13
Q 12 Type of Food Preferred by Visitors to South Red Sea



What type of meal arrangement do you prefer?

Figure 14
Q 13 Preferred Meal Arrangement for Tour Packages to South Red Sea



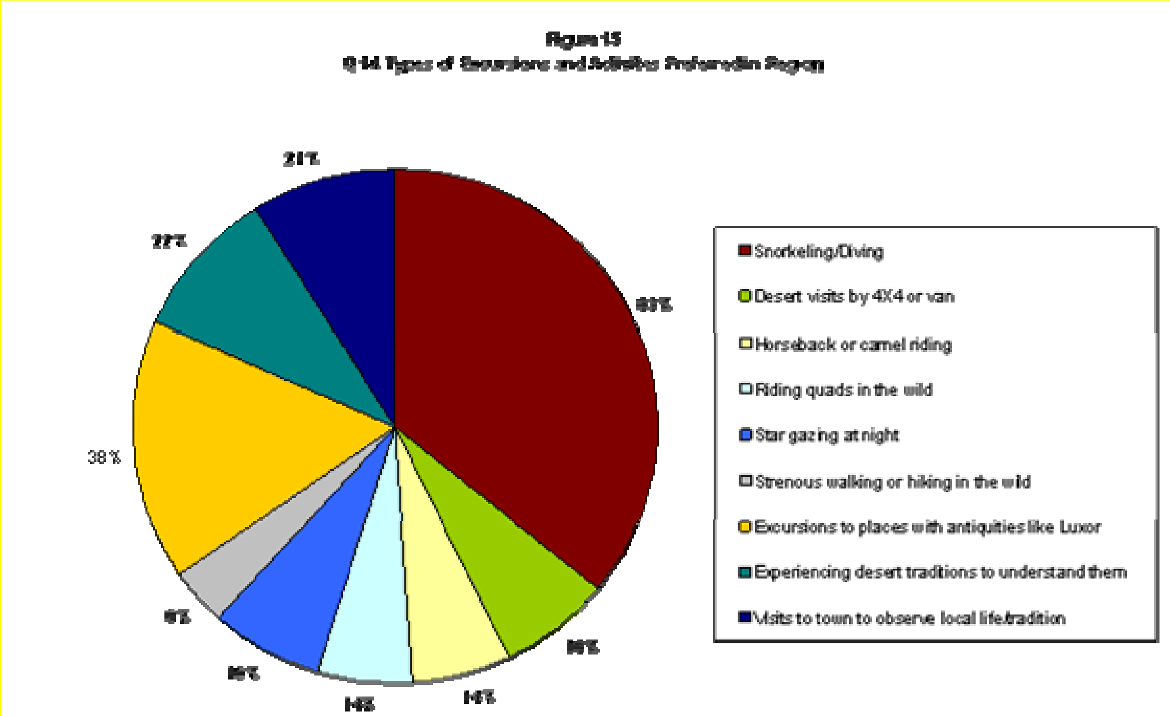
Half of the visitors surveyed (see Figure 14) prefer full room and board as part of the tour package while vacationing on the Southern Red Sea. These results capture the all-inclusive nature of the South Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources. 27% of guests indicated that they preferred a room plus half board option while 13% stated that room and full board with drinks as additional charge was the best option. The 13% preference for exclusion of drinks is indicative of those guests who normally consume alcoholic beverages with their meals and cocktail drinks aren't currently included in all-inclusive packages offered in the region. Other responses were room and breakfast only (9%), the option for visitors to cook by themselves in their individual hotel rooms (3%) and camping and cooking outdoors Bedouin style with 3% of respondents.

What types of activities and excursions do you prefer on such trips?

Not surprisingly, 83% (see Figure 15) of visitors to the Southern Red Sea indicated that they preferred to participate in water-based activities such as snorkeling and diving during their trip. The survey results demonstrate that in this area, the dive market remains the primary one. The Red Sea Coast in general (and this area in particular) enjoys a very good reputation among the dive industry so its capacity is expanding southward toward Sudan. Rising EU dive memberships is also a factor for the growing dive industry.

Another well-established excursion option in the region is trips to Ancient Egyptian sites. 38% of those surveyed participated in inland excursions to places with antiquities. Since, many packages last 8-10 days many tourists opt to purchase activities inland such as visits to famous Nile Valley sites in Luxor, Aswan or even Cairo.

22% of those surveyed indicated an interest in participating in desert excursions in order to experience local traditions and understand their communities, culture and history. 21% of visitors demonstrated an interest in participating in visits to towns in Southern Egypt in order to observe local life and traditions.



Visitors expressed a feeling of isolation from the local community and expressed a desire to pay for excursions involving interaction with the local population. The findings of the data are further demonstrated in the illustrative visitor feedback below:

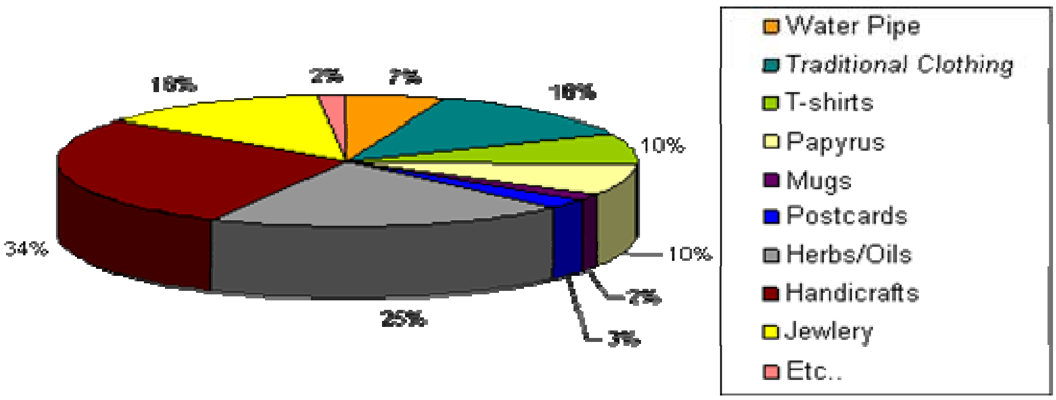
- "On this trip, I don't even feel like I'm in Egypt. We're totally isolated at the resort. I wish that there were more opportunities to interaction with real Egyptians instead of just Western tour guides" – (Male with wife aged 40-49/Italy)
- "I'd like to see more Egyptian women and see how they make local products with the option to buy some nice gifts for my friends"- (Female aged 20-29/Italy)

16% was shown for both desert visits by 4X4 or van and star gazing at night in the desert by taking the astrotour excursions offered in the region. 14% showed the desire to both experience horseback and camel riding in the desert and riding quads/dune buggies in the wild. The smallest portion of visitors (9%) demonstrated an interest in participating in strenuous walking or hiking in the wild. Currently there are very few excursions offered by tour operators in this area and summer months are too hot for strenuous desert travel.

What kind of souvenirs do you like to get?

34% (see Figure 16) of those visitors surveyed indicated that they would like to buy locally made handicraft items during their trip to the Southern Red Sea. Visitors described items from small decorative boxes to traditional dolls for children. 25% of visitors sought to buy herbs/spices or fragranced oils of some type form the region. The desire to buy jewellery and traditional clothing also proved quite popular with tourists in the region receiving 16% each. Together the top four (91% in total) most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the region and the majority of tourist sought to buy something that was authentically "Egyptian".

Figure 16
Q15 What Kind of Souvenirs Do Tourist Like To Get?

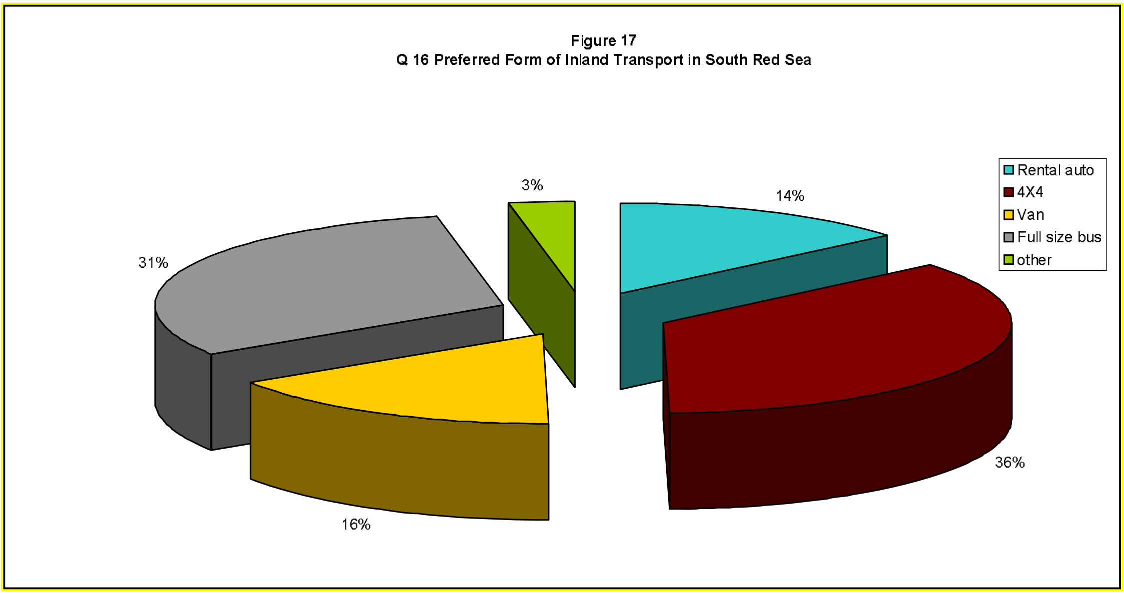


Many visitors expressed disappointment with the lack of locally made products at their disposal. The visitors surveyed expressed a desire for traditional handicrafts, which reflect the social and cultural environment in which they were made, and a wish to better understand the social identity of the people who have made them. The majority of visitors to the Southern Red Sea has visited the country before and is now seeking traditional handicrafts that are unique in their rarity and have a much higher social value than mass-produced 'contemporary' crafts. The tourists have demonstrated their desire to be exposed and more importantly to buy 'exotic' and unusual cultural items.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "I've heard that the species and herbs from this region are famous for their medicinal purposes and I'd like to bring some back with me" – (Female 30-39/Italy)
- "I like to buy traditional gifts from the region where I travel. The stores at the resorts only offer high-priced items from Luxor-I wish that we had access to local crafts and jewellery" - (Couple 50-59/Great Britain)

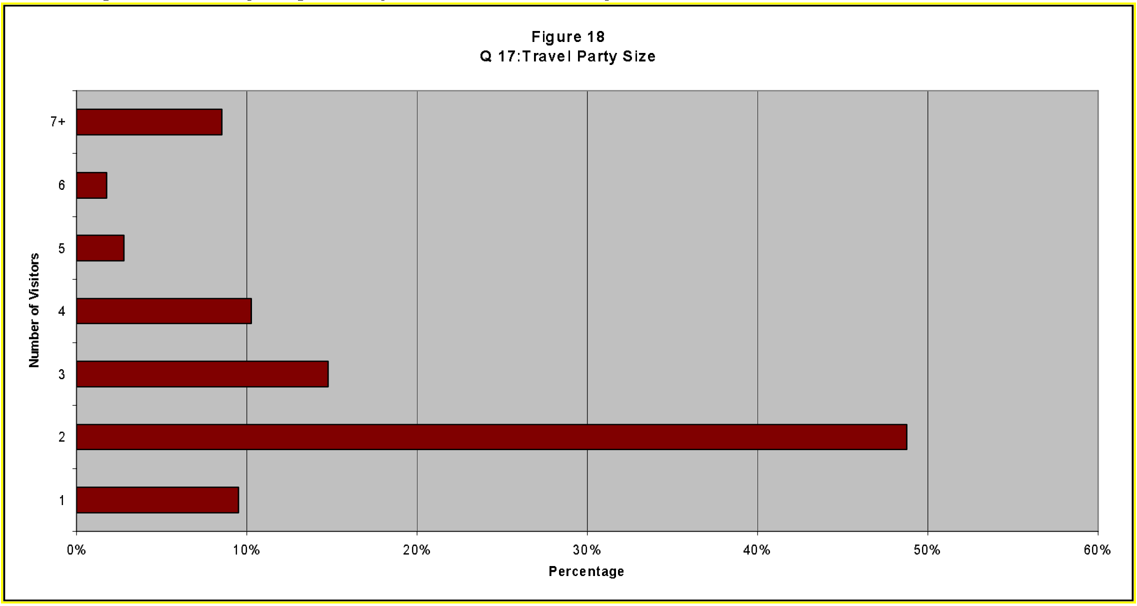
The remaining responses were broken down into a wide-range of souvenir items that are typically bought by tourists. 10% of respondents indicated a desire to purchase papyrus art and 10% expressed an interest in purchasing t-shirts. 7% of participants sought to purchase the famous Middle Eastern water pipe "shisha", 3% sought postcards while other miscellaneous items and mugs represent 2% of responses respectively.



When you travel inland on excursions, what is your favorite form of transport?

It is clear from the results of the survey that visitors value safety and comfort when they venture inland on excursions. 36% (see Figure 17) of respondents felt most at ease in a 4x4 vehicle while 31% preferred a full size road bus during excursions offering amenities such as air conditioning and toilettes. The third most frequent response was traveling by van with 16% of responses. 14% percent of tourists to the Southern Red Sea would like to see more car rental options for travelers seeking inland adventures and the remaining 3% of visitors indicated "other" as their preferred means of inland transport. This 3% accounts for visitors who would like to travel by camel or horseback into the desert to connect with the true life of desert people (i.e. adventure tourism seekers).

What is your travel party size (children included)?

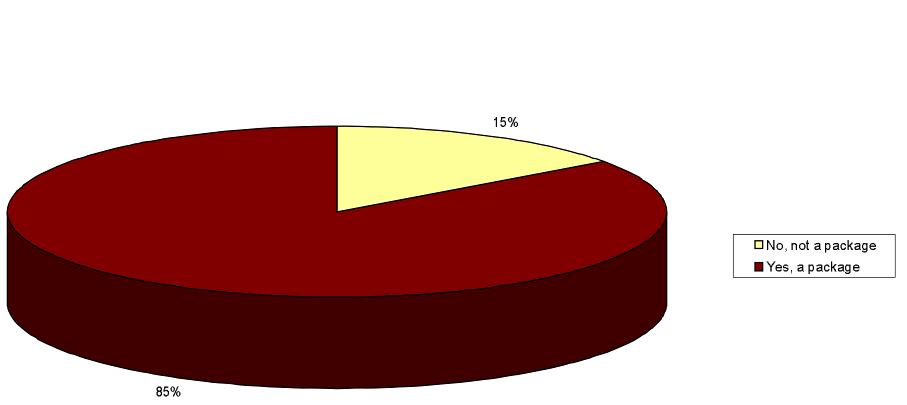


The majority of respondents were traveling in couples. 49% (see Figure 18) indicated that their travel party consisted of two individuals. This group was made up predominately of married or partnered couples but a few individuals mentioned that they were traveling with a family member or friend other than their spouse. Hence, over half of visitors to the Southern Red Sea are couples and some of the marketing and promotional material should be directed toward this market segment. 15% of respondents were traveling with 3 members in their party while 10%

were with parties of 4 and 10% were also traveling alone with no companions. The 10% of individual travelers was made up of primarily avid divers who had come to the Southern Red Sea to experience safari boat excursions with an organized tour group. 9% were traveling in parties of 7 or greater. This group was composed mainly of student groups that had come to the region with professors from a variety of European universities in order to complete marine biology courses by first hand dives. Such groups come on a bi-yearly basis and primarily frequent eco-lodge establishments. 3% of visitors were traveling in parties or five and 2% were part of groups of six. The last two groups were composed primarily of Italians traveling in families with either young children or with extended family members.

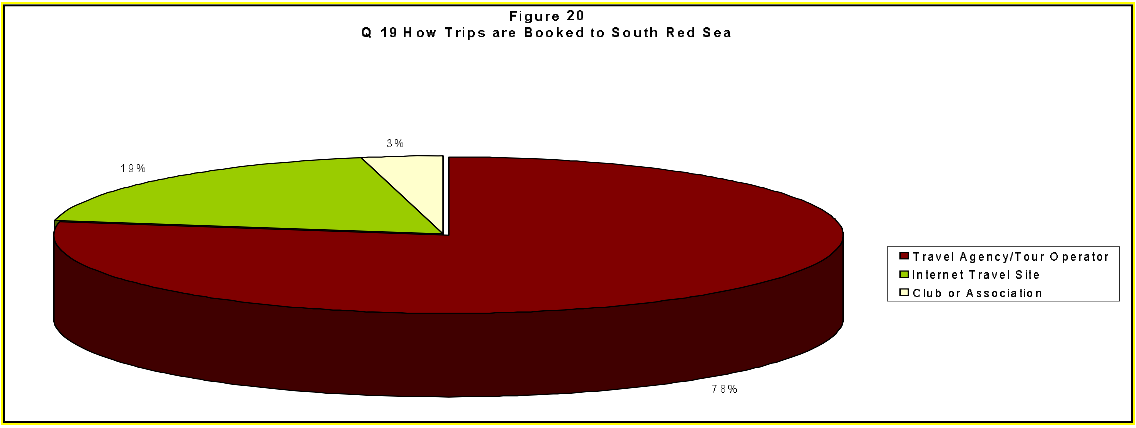
Is this trip an all-in one package created by a tour operator?

Figure 19
Q 18 Package Versus Non-Package Trips



The overwhelming majority of visitors (85%, see Figure 19) visited the Southern Red Sea as part of a package tour created by European tour operators. This statistic isn't surprising given that transportation options are limited for the independent traveler in the region and that most flights into Marsa Alam are charted by tour operators. The remaining 15% of visitors indicated that their travel consisted of a non all-in one package. However, most of these visitors still arrived through a European tour operator to the area but they then chose to be more independent on the ground with the ability to pick and chose meal, transport and excursions options. The results of the survey reflect that at present, it is extremely difficult for the independent travel to reach the area from overseas as most tourist don' t want to waste vacation time on long arduous bus travel from Cairo or Luxor to the region. Hence, it is clear that all marketing and tourist product development must be done in partnership with the private sector in order to ensure success as the European tour operators are well established and are bringing 85% of the visitors to the region.

Where did you book and buy this trip?

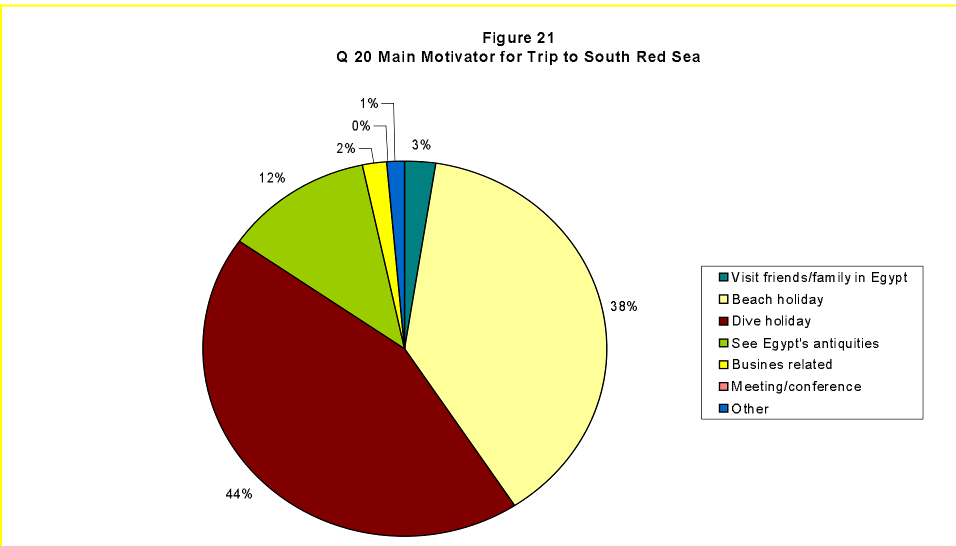


The vast majority of visitors (78%, see Figure 20) indicated that they had booked this particular trip to the Southern Red Sea using either a travel agent or booking directly through a tour operator. 19% responded that they had booked their package trip to the region by using the internet in their home or office. Combined, the two most popular responses make up 97% of the current tourism market.

This data is telling because it demonstrates once again that any successful destination management plan must fully engage the private sector tour operators and travel agents in order to be viable. Furthermore, this data indicates that marketing and promotional campaigns should be geared toward the internet as a significant portion of visitors are already booking trips to the Southern Red Sea via the internet and most of those surveyed (60%) cited the internet and or travel websites as their primary source of travel information. Thus, by engaging the private sector and advertising on on-line sources, the region is more likely to flourish and grow as a sought after sea and nature based attraction.

The smallest portion of the market (3%) cited that this trip to the region had been booked through clubs or associations in Europe. These special interest clubs are on the rise in Europe and include activities such as bird watching, diving and other nature based attractions. Although these groups currently bring a small portion of visitors to the Southern Red Sea, they will prove more lucrative revenues in the future as more nature based and eco-tourism attractions are developed to expand tourism beyond the traditional diving and beach tourism segments.

What is your main motivation for this trip to Egypt?



44 % (see Figure 21) of those visitors surveyed stated that the primary motivation of their trip to the Southern Red Sea was diving. The results demonstrate that the Southern Coast is already

an established dive location and its notoriety is growing. 38% of respondents sited a beach holiday as their primary motivation for visiting the Southern Red Sea. Since the tourists arrive for beach and dive holidays they generally are not oriented to pursuing inland activities. Probably most tourists who try the inland activities do so simply for the entertainment value, as a chance to get away from the coast, see a different environment and do something different. Some of the excursions do highlight the desert's flora, fauna and local traditions, but most do not. The Southern Red Sea product for all the tourists is either the dive experience or the beach holiday. Others opt for sports activities [hiking, camel or horse riding], sightseeing from 4X4 vehicles,

thrill seeking by riding quads or aerial sports, or enjoying Bedouin traditions and hospitality.
12% of visitors sited cultural heritage and antiquity viewing as their primary trip motivation. It is no surprise that Egypt continues to attract tourists for its famous cultural tourism and marketplace for the antiquities it offers along the Nile river valley. Many tourists visiting the Southern Red Sea have combined a trip to Luxor or Aswan with several days of rest and relaxation. As most of the visitors to the Southern Red Sea are repeat tourists in Egypt, it isn't surprising that they are seeking to explore the traditional antiquities of Egypt while still enjoying a traditional beach holiday.
3% of tourists sited a visit to friends and/or family in Egypt as the primary motivation for their stay. This group was composed mainly of relatives and friends of either European hotel staff or engineers working on the many construction projects in and around the Port Ghalib area. 2% of respondents sited business as their motivator for this trip and this group was composed mainly of travel industry representatives or expatriate engineers/designers consultants for further resort development projects in the area.1% sited "other" as their motivation and this group consisted primarily of those visitors that sought a quiet get-away which provided them with quiet time to spend reading and relaxing. Less than 1% sited meeting or conferences as the motivation for this trip. This handful of individuals was composed of those who had come to some sort of business activity on the North Red Sea and had taken the opportunity to explore the region a bit more.

How long before you started this trip did you book it?

Figure 22
Q 21 Time Period Between Booking and Actual Travel

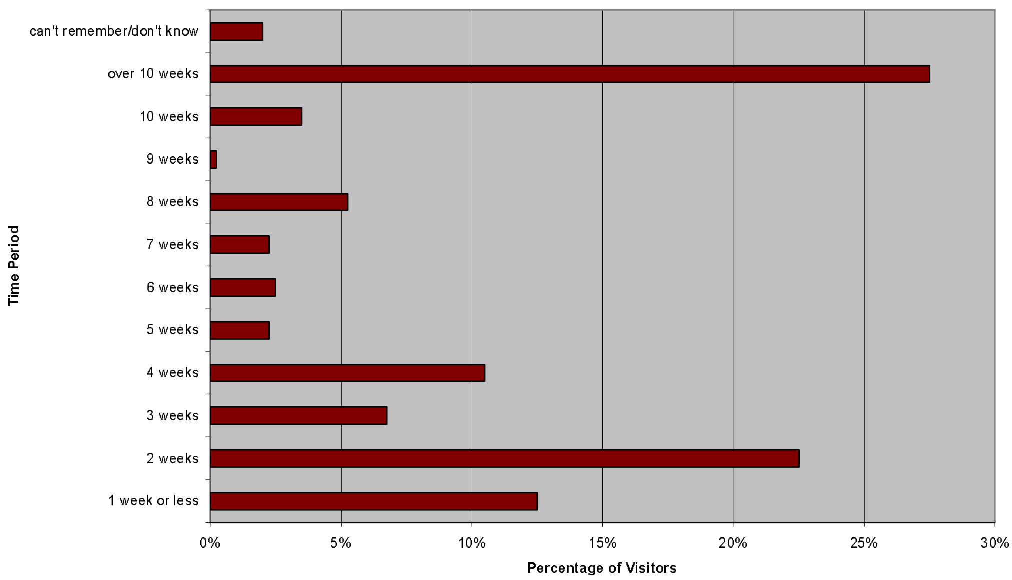


Figure 22 demonstrates that 28% of survey participants booked their travel to the region over 10 weeks prior to travel. This group was composed primarily of dive holiday visitors from Great Britain and Germany who spent the majority of their trip out to sea on dive safaris. However, the second highest response with 23% of respondents indicated that their trip to the Southern Red Sea was booked two weeks before departure. This 23% of travelers appeared to be composed primarily of Italian groups booking a quick and relatively last minute trip to round out the summer holiday season.

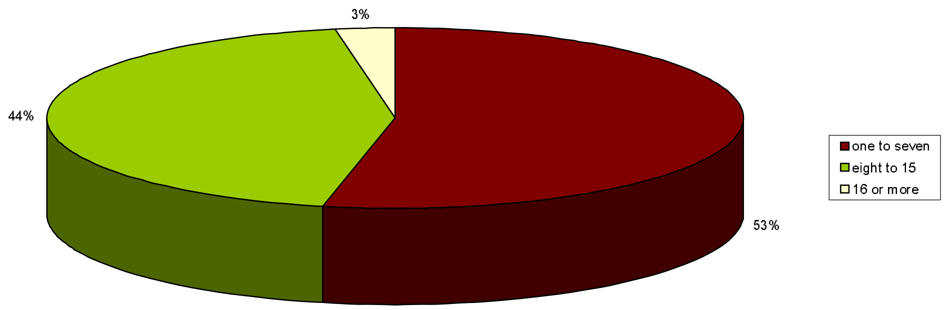
13% of visitors booked their trip less than one week before actual travel taking advantage of last minute deals offered by tour operators to keep occupancy rates up. This last minute travel offers

an all-inclusive package at a reasonable price for visitors. 11% of participants had booked their trip 4 weeks before travel while 7% had booked their holiday 3 weeks before departure. The remaining results showed 5% for eight weeks, 4% for 10 weeks, 3% for six weeks, 2% for both five and seven weeks before travel while 2% couldn't remember exactly when they had booked their travel to Egypt. Less than 1% had booked their trips 9 weeks in advance of travel. These results demonstrate the need to direct marketing and promotion efforts to those travelers who reserve well in advance as well as last minute travelers as their presence is ever increasing.

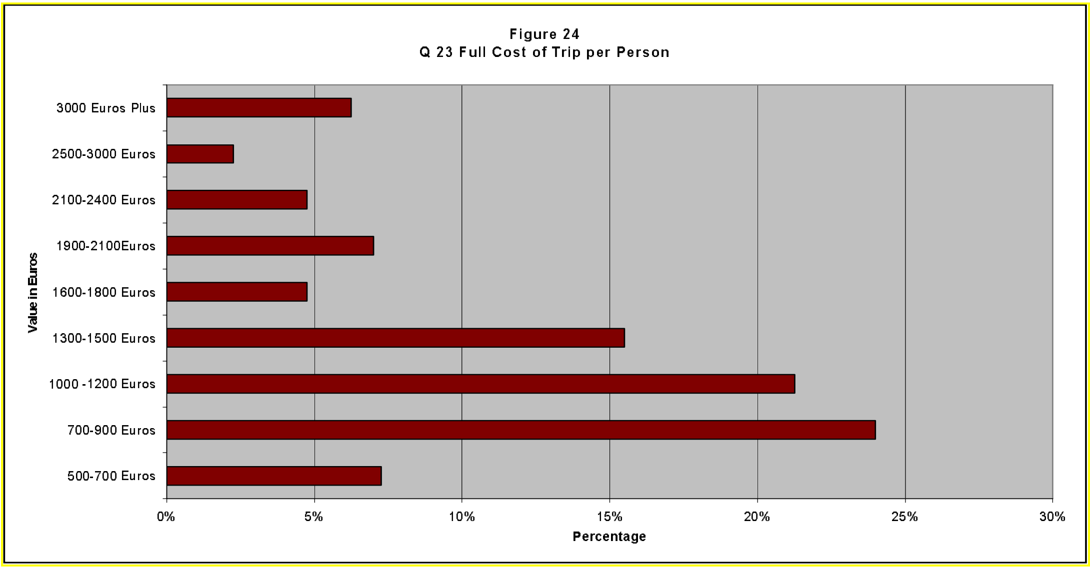
How many days are you away from home on this trip?

Over half of the visitors surveyed (53%, see Figure 23) spent an average of between one and seven days on the Southern Red Sea. 44% of visitors stayed between eight and fifteen days. This group of visitors could serve as the target population for promotion of land based excursions as after a week of snorkelling or diving, many are looking for additional recreational options during the second week of their stay. The smallest percentage of visitors (3%), said that they planned to stay in the area for over two weeks (16 days or more).

Figure 23
Q22 Time Visitors Spent Away From Home



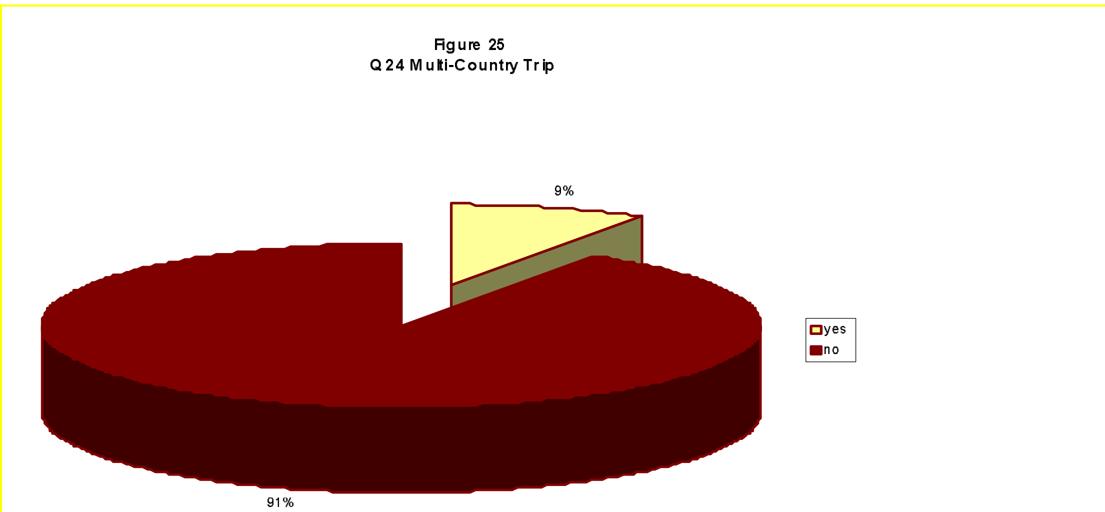
What's the approximate full cost of the entire trip, airfare, lodging in Egypt, shopping, tips included, for just you?



24% (see Figure 24) of visitors spent between 700 and 900 Euros on their entire trip to the Southern Red Sea while 21% spent 1000 and 1200 Euro. 16% spent between 1300 and 1500 Euros on their trip. These results show that the main market in not high-end tourism but rather tourists seeking value for money; further demonstrating the price sensitivity of the market. Currently, the Southern Red Sea Coast provides an affordable holiday get away for middle class European couples and family with pristine marine life and beautiful desert. 7% had spent

between 500 and 700 Euros. 7% also registered on the higher end of the spectrum spending between 1900 and 2100 Euros on the holiday. 6% of those surveyed indicated that they spent over 3000 Euros on this particular trip while 5% spent between 2100 and 2400 and 5% also spent between 1600 and 1800 Euros. 2% spent between 2500 and 3000 Euros.

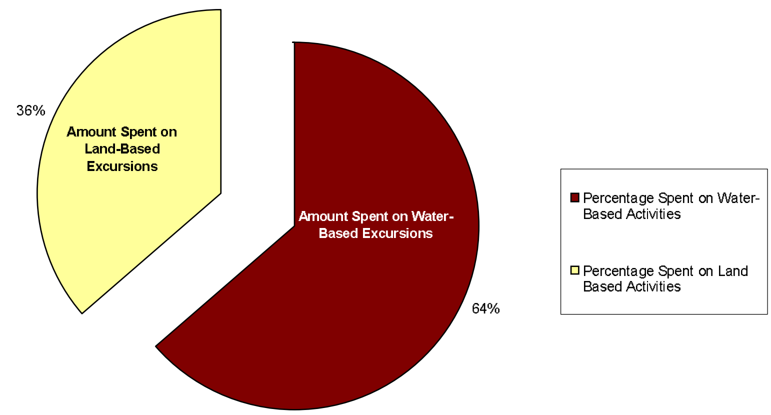
Is this a multi-stop trip for you? Are you spending the night in other places in Egypt or in another country?



The vast majority of visitors (91%, see figure 25) participating in this survey stated that this trip to the Southern Red Sea coast did not include overnight trips to other tourist destinations in

Egypt nor did they visit other countries as part of the overall package. 9% of visitors did visit and overnight at other locations within Egypt or the Middle East. Most of these nine percent spent time on Nile cruises to Luxor or Aswan before heading to the resorts of the Southern Red Sea.

Figure 26
Q 25 & 26 Differential Between Amount Spent on Land vs. Water Based Activities on the South Red Sea



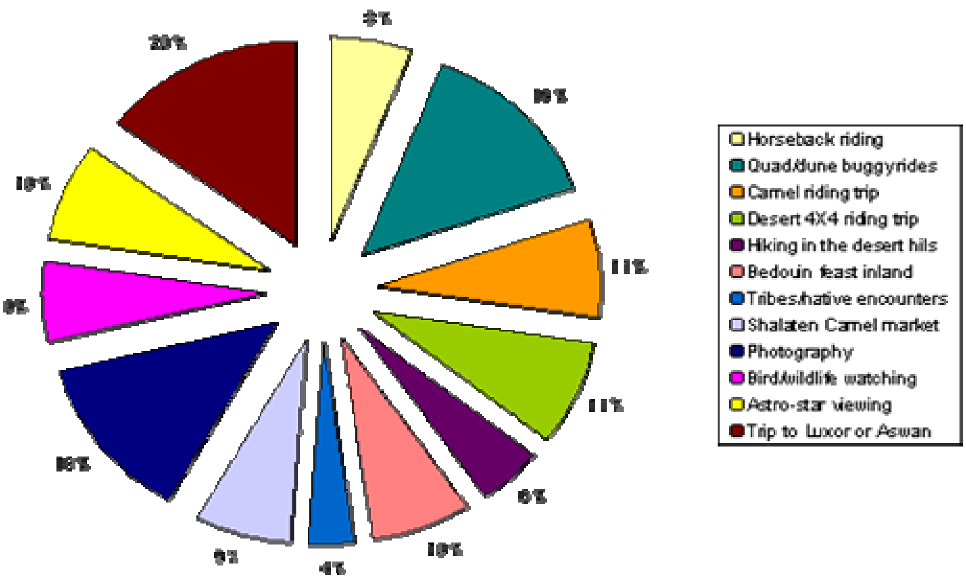
How much are you spending on all water versus and land based activities?

For every 100 Euros spent on excursions by tourists in the Southern Red Sea 64% (see figure 26) was spent on water-based activities such as diving and snorkelling. It is not surprising that the majority of excursion money is spent on sea base activities considering the international recognition Egypt has gained in recent years as a diver's paradise. Divers are a special interest market that is the dominant one along the Red Sea coast. In some reports it is clear that the focus for this market is the marine environment and always will be, because the land environment for this market is of no interest. The divers arrange their travel either through specialty tour operators, or they purchase their packages from the mass-market operators. The market is almost entirely EU based. 36% of the total money spent on excursions was spent on land-based excursions such as camel rides, dune buggy adventures and Bedouin desert visits which is still significant.

Types on in-land excursions preferred

Based on the 36% of visitors who indicated that they had or would participate in inland excursions at a variety of desert locations, the visitors were then asked to indicate the actual type of excursions they participated in. Although the time visitors are willing to spend inland is limited, the excursion operators are competing for the time and attention of visitors whose basic motives are the beach holiday and the dive experience. However, the market for in-land tourism is steadily growing. 20% of those surveyed (see Figure 27) planned on taking a day trip from the resorts to see Egypt's antiquities at Luxor or Aswan while 19% also wanted to take dune buggy rides into the desert hills. 18% of respondents planned on taking photography based excursions to protected areas and the greater desert region. 10% of visitors were planning to participate in star gazing via organized astrotours out to the desert and 11% of visitors wanted to take camel treks into the desert to explore the terrain. An additional 11% participated in desert trips by 4X4s. 9% of visitors experienced bird watching tours in the desert and Wadi Gemal Island. 9% of visitors also experience the famous Shalateen Camel market for a taste of local culture and an additional 10% dined with the Bedouins at an inland feast. 8% of visitors surveys had partaken in horseback riding either along the beach or inland to the desert. Only 6% of visitors decided to take hiking excursions in the desert hills while 3% wanted to participate in native encounters with local Bedouin tribes.

Figure 27
Q 27 Types of Inland Excursions Taken by Visitors

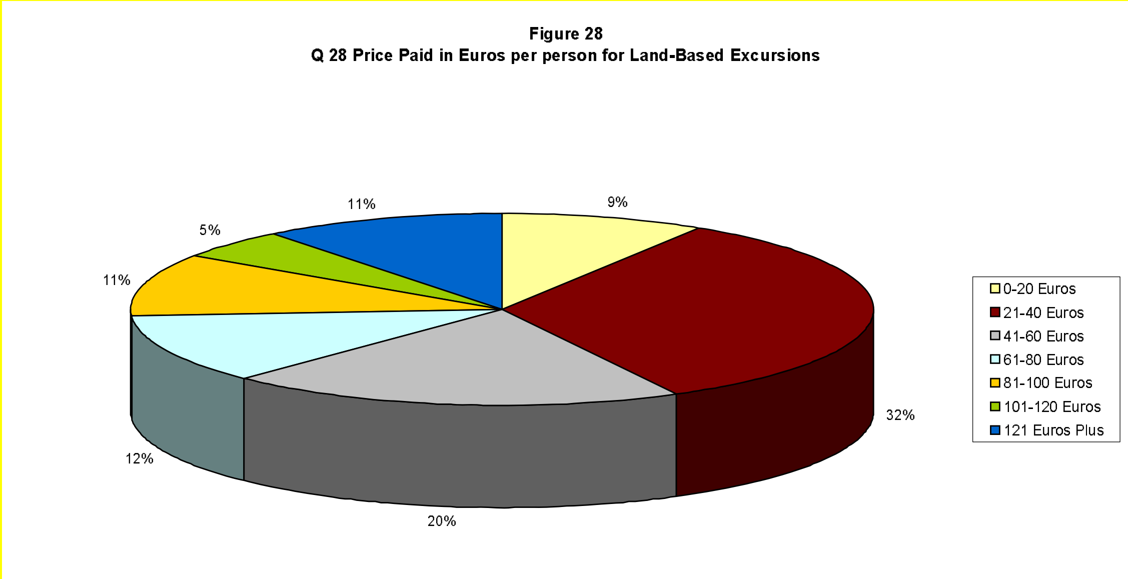


The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "We've heard that there is great bird watching on Wadi Gemal Island but there wasn't enough information on how to get there" (Female, 30-39/Netherlands)
- "We hope that the next time we come back, there will be more excursions options for those coming on beach holidays" (Male, 40-49/Germany)
- "This is a beautiful country and people but I'd like more interaction with locals and tours to meet villagers" (Male, 60+/Italy)
- "I would like to see more typically Egyptian trips being offered by tour operators" (Female, 30-39/Great Britain)
- "I which that trips options gave us the opportunity to interact with Egyptian women" (Female 20-29/Italy)

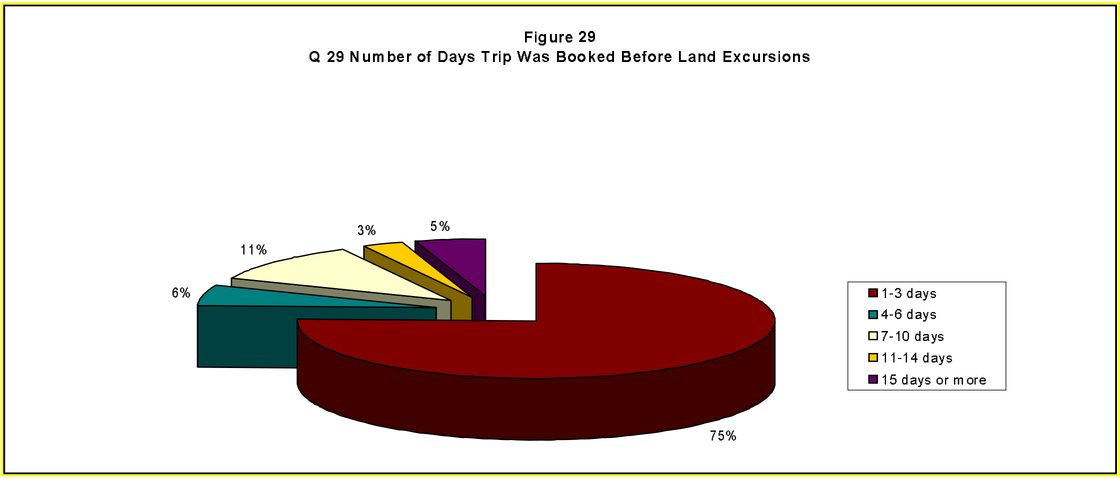
Price paid in Euros for in-land excursions per person (tips included)

Figure 28 captures the price paid for in-land excursions in the Southern Red Sea. The survey reflected that 32% of visitors surveyed spent 21-40 Euros, 20% spent 41-60 Euros, 12% spent 61-80 Euros, and 11% spent 121+ Euros on land-based excursions during their trip. It should be noted that most trips falling into this category consisted of excursions to the Nile Valley by bus (mostly Luxor). 11% spent 81 to 100 Euros and 5% spent 101 to 120 Euros on these land-based trips.



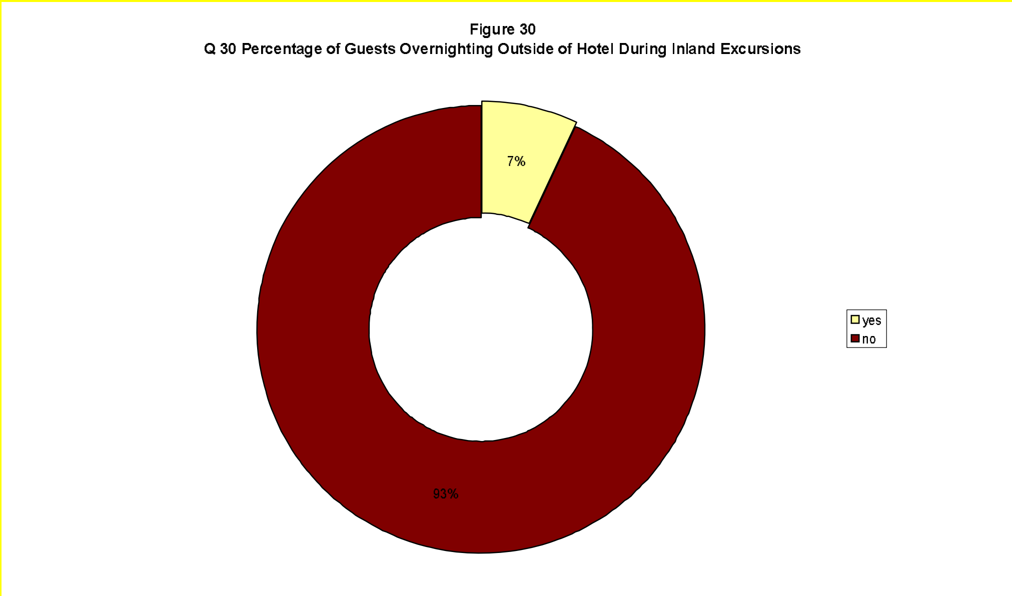
Number of days booked before the in-land excursions activity

The overwhelming majority of land base tours are booked once the tourist has already arrived at the Southern Red Sea resort. 75% (see Figure 29 on the following page) of those surveyed said that they booked these excursions 1 to 3 days before the actual excursions. 11% booked their in-land trips 7 to 10 days in advance and the European tour operators prearranged many of these excursions before the guests arrived in the region. 6% of tourists booked their trips 4 to 6 days in advance while 5% reserved their travel 15 days or more prior to the trip. 3% had their trips booked 11 to 14 days in advance.



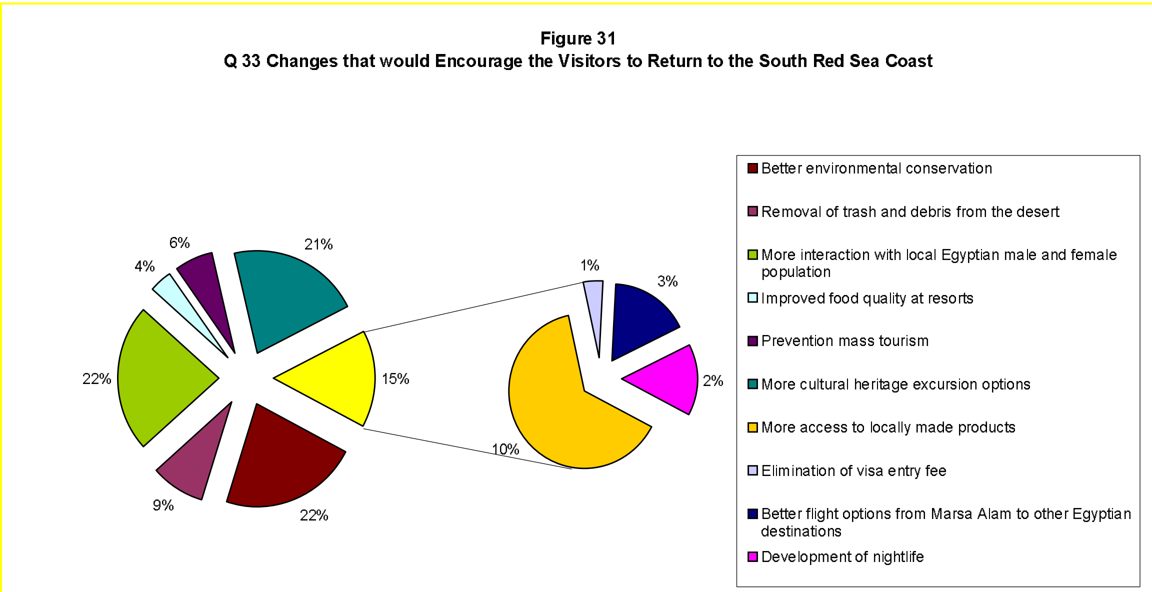
Did you overnight outside of your hotel during your in-land excursions?

The vast majority of visitors didn't overnight outside of their hotel with 93% (see Figure 30) returning to their resort at the end of the inland excursions. Just 7% of those who participated in inland excursions over-nighted outside of the hotel. The low numbers of visitors spending the night outside of the hotel during excursions is due in part to limited availability of safe, clean and reliable sources of desert accommodation.



What would you like to see changed, what would encourage you to visit again or recommend the Southern Red Sea Coast to friends/family?

22% of tourists surveyed (see Figure 31) indicated that better environmental protection of the reef and surrounding desert would encourage them to visit the area again. Visitors value the unique marine eco-system of this area and awareness of ecotourism is growing. Many sited poor signage regarding environmental protection of the reef and many felt that the reefs were being over-used by snorkels and divers alike.



The findings of the data are further demonstrated in the illustrative visitor feedback below: “Environmental Protection is important to me. I’d like to see improved training to Egyptians to effectively manage the diving boats so as to limit destruction of the coral.”

- “Environmental Protection is important to me I’d like to see improved training to Egyptians to effectively manage the diving boats so as to limit destruction of the coral” (Male, 20-29/Belgium)

22% percentage of visitors surveyed also stated that they would like more interaction with the local community. Many state that they had not even seen one Egyptian woman during a two week long trip and that they felt completely isolated form the local culture. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the tribal traditions of the region.

In fact, an additional 21% of visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment an tourism products needed to be develop around the cultural of the region. After all, visitors are coming to Egypt not only for its beautiful waters but also to sample life in the orient and currently the market falls very short of providing this needed cultural interaction.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "More animation shows at night of cultural dances, more excursion opportunities in to local towns" (Male 40-49/Germany)
- "More cultural excursions with real interaction" (Female 30-39/Italy)

10% of tourist to the Southern Red Sea would like to see increases access to locally made products in order to encourage them to visit again. Many expressed frustration that the resorts were completely void on any local flavor and that it was nearly impossible to purchase true handicrafts and other traditional items from the region. In fact, the many gift shops at the resorts are mostly filled with the same ancient Egyptian goods that have no relationship to the traditional Bedouin culture of the Southern Red Sea.

9% of visitors surveyed would like to see improvement in the waste disposal systems in the desert in and around the resorts. Removal of trash and debris is currently in efficient and the desert is littered with plastic bags and waste. Tourists are looking for pristine environments and littering and other waste issues are harmful to the industry.

6% of survey participants want to prevent the development of mass tourism in the area and are afraid that the region will become overdeveloped like Hurghada in the Northern Red Sea region. Hurghada has experienced coral reef damage and improper moorage and diving practices. As a result, many Europeans who had traditionally vacationed in that region are now traveling further south to avoid the masses and experience diving and snorkelling under more pristine conditions.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

- "Keep the masses out and try to preserve the environment, you have something special here" (Male, 40-49/Netherlands)
- "Do not overdevelop the sites, stay true to the environment" (Male, 40-49/Great Britain)

4% of those surveyed would like to see improved food quality at the resorts with a wider menu being offered. In general, guests complained of poor variety and lack of freshness.

3% of visitors cited the Marsa Alam Airport as a source of frustration for travelers to the region. Poor air accessibility of Marsa Alam continues to limit growth in traffic. Visitors indicated that they would like more flight options from the airport. Currently, the airport has virtually no scheduled air service since EgyptAir dropped service there a few months ago. There are a few flights on a new airline from Cairo, but this service is not daily and is a propeller flight. Only a few charter flights from EU points operate and sell blocks of seats to different tour operators. The hotels are limited to making agreements only with those tour operators that can coordinate this limited air capacity with the bed capacity. So the air situation is a handicap for Southern Red Sea.

2% of visitors to the Southern Red Sea would like to see the development of nightlife in and around the resort areas to provide entertainment after dinner hours. However, the nightclub and bar scene may be difficult to develop due to the social norms of the conservative Muslim culture surrounding the hotels. The remaining 1% of those surveyed indicated that they would like to see the elimination of visa procedures for European travelers at the airport, which provide added costs for the traveler and are carried out with a great level of confusion.

A Comparison between the dive market and the resort-based beach market (the "beach-goers")

The diving market is characterized by a strong dominance from visitors from Germany, the Netherlands and the United Kingdom. These visitors come to the Southern Red Sea attracted by the area's pristine coral reefs and relative isolation (compared to other diving spots in Egypt such as Hurghada and Sharm El Sheikh).

Booking Timeframe and Actual Travel to the Southern Red Sea

The comparison (see Figures 32 & 33) between the trip booking habits of divers to beachgoers in the Southern Red Sea demonstrates that divers have a slightly higher percentage of long-term planning habits with 29% booking over 10 weeks in advance while beachgoers had only 24% planning over 10 weeks ahead of their trip. Conversely, beachgoers tended to book more at the last minute with around 25% booking their trip 2 weeks in advance of travel and 12% booking 1 week or less. The divers on the other hand, had only 20% booking their trips 2 weeks in advance of travel. From this data, one can see that divers tend to plan slightly farther in advance than the beachgoer market.

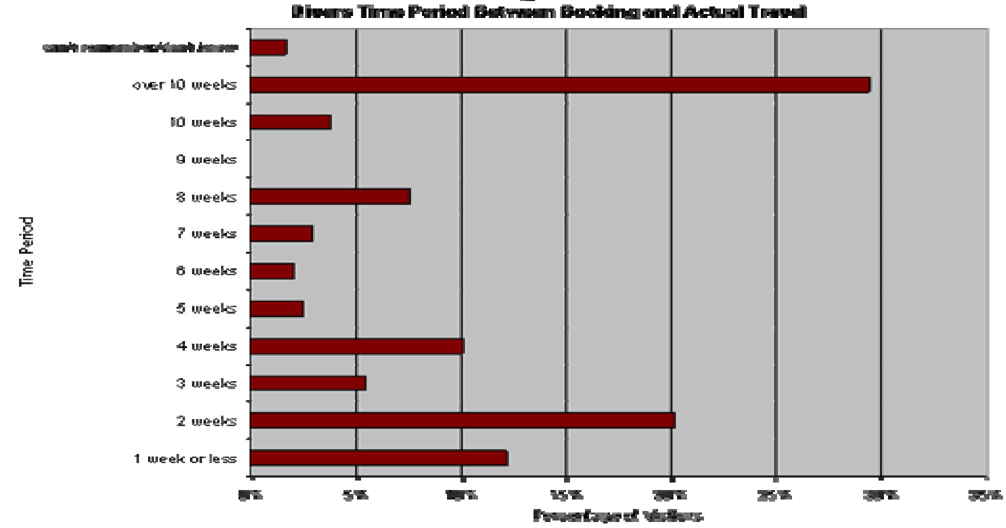


Figure 32
Divers Time Period Between Booking and Actual Travel

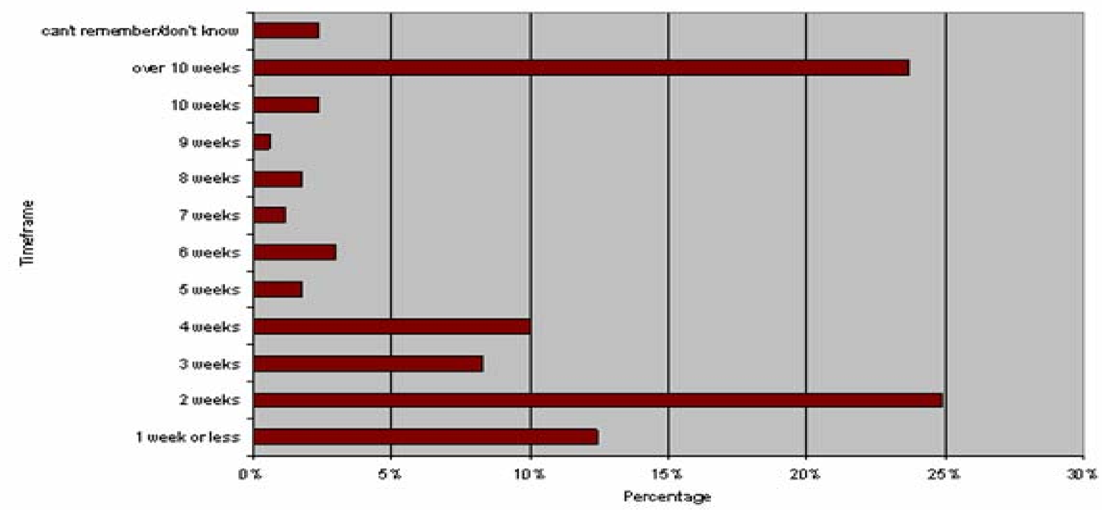
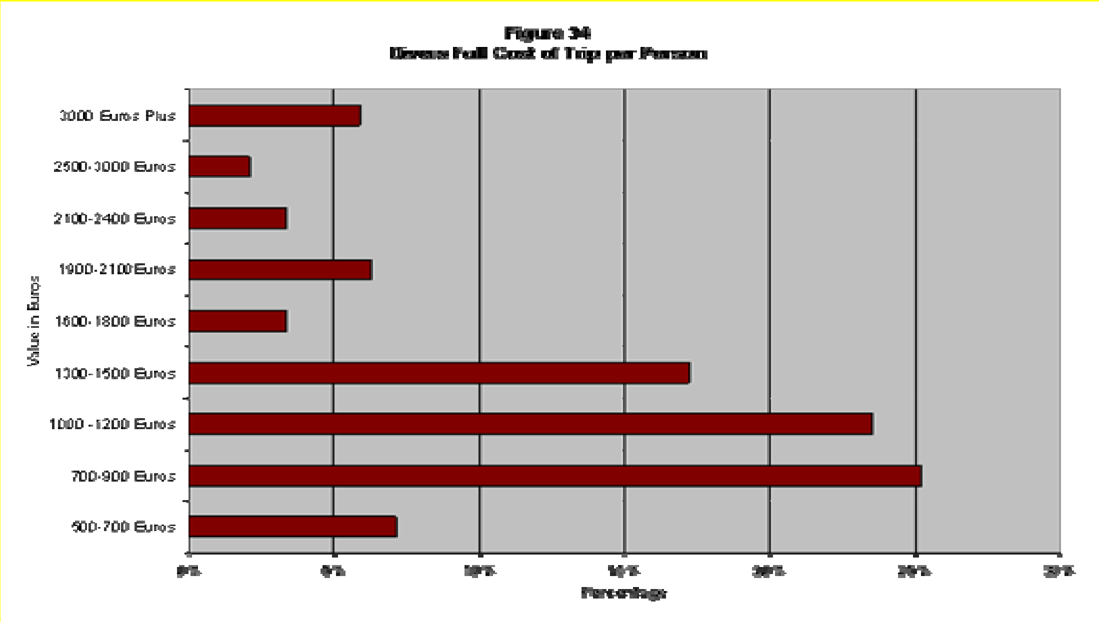
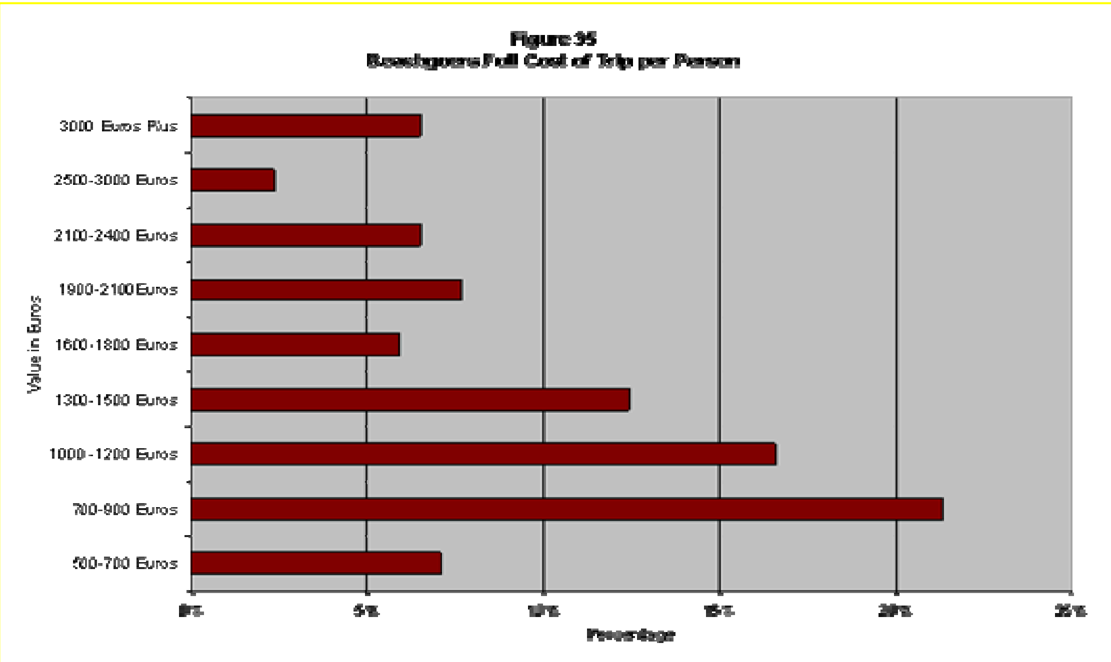


Figure 33
Beachgoers Time Frame Between Booking and Actual Travel

Comparison Between Full Cost of Trip per Person to the Southern Red Sea

The comparison (see Figures 34 & 35) between the cost of trips to the Southern Red Sea demonstrate that there is relative parity in the number of visitors who spend on the low and high end of the spectrum with 7% of beachgoers spending 300 Euros or more and 6% of divers spending the same. However, beachgoers are spending slightly higher amounts on average than divers to the region (i.e. 7% spending between 2100 and 2400 vs. 3% of the diving market spending the same). This may be explained by the slight tendency to book last minute when package tours may be more expensive and beach goers spend more on inland excursions and souvenirs compared to the diving market.





Comparison between Types of Inland Excursions Taken

The comparison between the types of inland excursions taken by beachgoers vs. divers (see Figures 36 & 37) demonstrates that the interests are relatively similar. However, there do exist slight variations. For example, a slightly higher percentage of beachgoers (21%) take excursions to Luxor or Aswan while only 18% of divers do these long-haul inland trips. As beachgoers have more available time for in-land based excursions, it isn't surprising that they on average participate more in activities such as Bedouin Feats and photography tours.

Figure 36
Types of Inland Excursions Taken by Divers

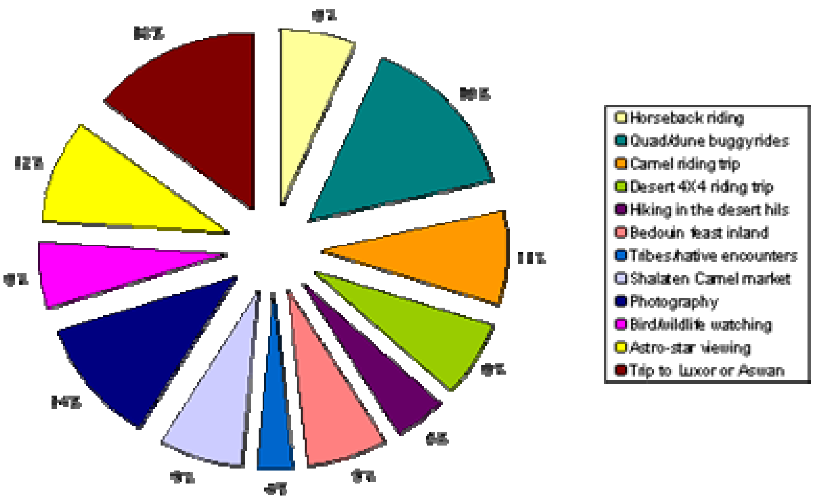
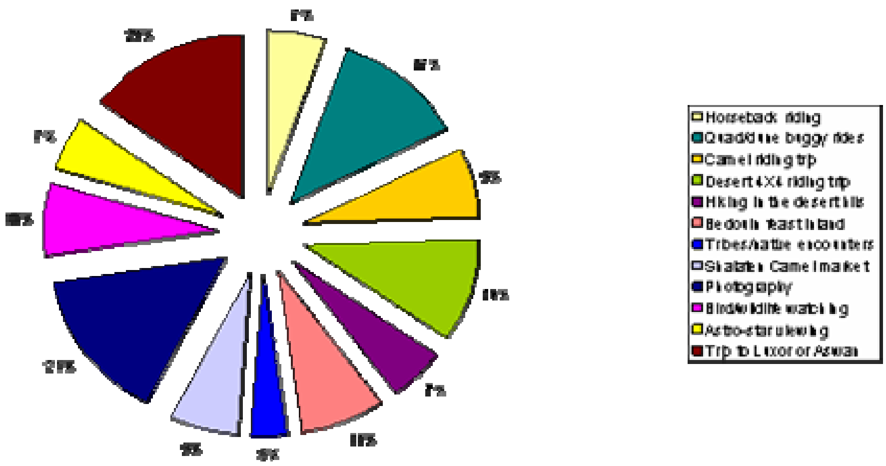


Figure 37
Types of Inland Excursions Taken by Beachgoers



Comparison Between What Would Encourage the Visitors to Return to the Southern Red Sea Coast

The comparison between the changes that visitors would like to see in order for them to return to the region present some significant differences between divers and beachgoers. For example, divers are notably more concerned about better environmental conservation and the prevention of mass tourism. However beachgoers, while concerned about environmental issues; are more eager to see the development of cultural heritage excursion options (13% for beachgoers vs. 8% for divers) and to have access to locally made products.

Figure 38
Changes that Would Encourage the Divers to Return to the South Red Sea Coast

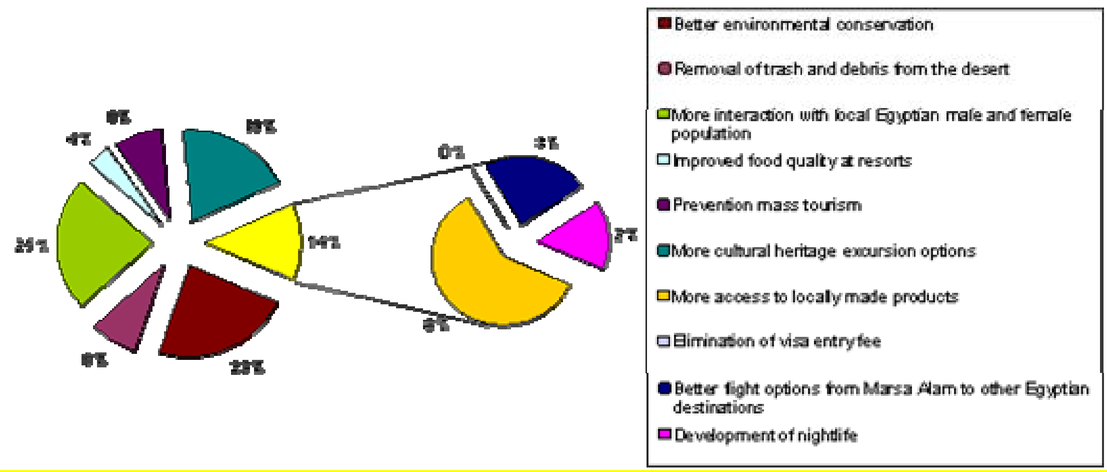
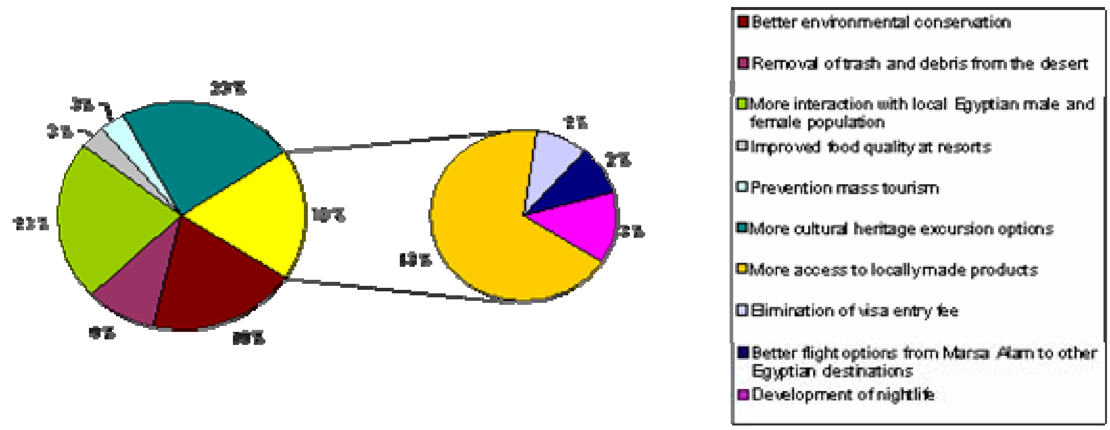


Figure 39
Changes that Would Encourage the Beachgoers to Return to the South Red Sea Coast



Conclusions on the evaluation of the current markets

- The overwhelming majority of visitors to the SRS are citizens of European Union member countries with Italians, Germans and British citizens making up the thrust of the market.
- The elderly and young independent travelers to the SRS are minimal and the bulk of tourists are employed business professionals ranging in age between 30 and 49 years that travel in couples or groups of three.
- The majority of Southern Red Sea tourists are blue-collar workers coming from middle class households throughout Europe composed primarily of high school or technical school graduates. The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros.
- The Internet and travel websites provide the bulk of travel information for visitors to the SRS with the very few independent travelers in the region booking each component of their trip on-line. The data highlights the importance of marketing the Southern Red Sea Coast via Internet websites to foreign tourists, as this is the main outlet for future travelers to the region.
- The majority of survey participants indicated that they preferred 4 to 5 star hotels or small charm hotels and eco-lodges while traveling to the SRS. The range of accommodation is growing along the Red Sea but currently doesn't meet demand, as few high-end hotel options are available.
- Half of the visitors surveyed prefer full room and board as part of their tour package while vacationing on the SRS. These results capture the all-inclusive nature of the South Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources.
- The overwhelming majority of visitors indicated that they preferred to participate in water-based activities such as snorkelling and diving during their trip. The survey results demonstrate that in the SRS, the dive market remains the primary one.
- Visitors have indicated an interest in participating in desert excursions in order to experience local traditions and understand their communities, culture and history. Visitors expressed a feeling of isolation from the local community and have a genuine desire to pay for excursions involving local interaction with the local population.
- A high percentage of visitors indicated that they would like to buy locally made handicraft items during their trip to the Southern Red Sea. The desire to buy jewelry spices and traditional clothing also proved quite popular with tourists in the region. Together the top four most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the region and the majority of tourist sought to buy something that was authentically "Egyptian".
- The majority of tourists to the SRS has visited the country before and is now seeking traditional handicrafts and new excursion experiences to keep them coming back year after year as a compliment to water-based activities.
- The vast majority of visitors indicated that they had booked this particular trip to the SRS using either a travel agent or booking directly through a tour operator. This data is telling because it demonstrates once again that any successful destination management plan must fully engage the private sector tour operators and travel agents in order to be viable
- The majority of visitors surveyed stated that the primary motivation of their trip to the Southern Red Sea was diving. The results demonstrate that the South Coast is already an established dive location and its notoriety is growing. 38% of respondents sited a beach holiday as their primary motivation for visiting the SRS.
- The main market is not in high-end tourism but rather tourists seeking value for money; further demonstrating the price sensitivity of the market. Currently, the Southern Red Sea Coast provides an affordable holiday get away for middle class European couples and family with pristine marine life and beautiful desert.
- The vast majority of visitors didn't overnight outside of their hotel while participating in land based excursions in the region. The low numbers of visitors spending the night outside of the hotel during excursions is due in part to limited availability of safe, clean and reliable sources of desert accommodation.

- Divers indicated that better environmental protection of the reef and surrounding desert would encourage them to visit the area again. Visitors value the unique marine eco-system of this area and awareness of ecotourism is growing. Many sited poor signage regarding environmental protection of the reef and many felt that the reefs were being over-used by snorkels and divers alike.
- Beachgoers surveyed stated that they would like more interaction with the local community. Many state that they had not even seen one Egyptian woman during a two week long trip and that they felt completely isolated form the local culture. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the tribal traditions of the region.
- Visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment and tourism products needed to be develop around the cultural of the region. After all, visitors are coming to Egypt not only for its beautiful waters but also to sample life in the orient and currently the market falls very short of providing this needed cultural interaction.
- The comparison between the trip booking habits of divers and beachgoers in the Southern Red Sea demonstrates that divers have a slightly higher percentage of long-term planning habits while beachgoers tended to book more at the last minute.
- Beachgoers provide the bulk of in-land tourists as they have more available time for in-land based excursions, it isn't surprising that they on average participate more in activities such as trips to Luxor, Bedouin Feats and photography tours.
- Divers are notably more concerned about better environmental conservation and the prevention of mass tourism. However beachgoers, while concerned about environmental issues; are more eager to see the development of cultural heritage excursion options and to have access to locally made products.

Developing a Vision for the Southern Red Sea: A Strategic Outlook

Trends in Key European markets

The LIFE Red Sea consulting team was additionally engaged in qualitative research in the main tourist generating markets in Europe, particularly in the growing segments of **adventure, culture and nature-based travel**. The decision to focus the research on these markets lies on the opportunities presented to the Southern Red Sea by both its environmental and marketing characteristics.

As explained on section 2 Situational Analysis, the current market for the Southern Red Sea tourism product in composed of two easily distinguishable groups: divers and beach-goers. Both exhibit characteristics that might be used as the base to build the quality of the product and attract higher-yielding segment of the market.

The case of the beach-goers is particularly important because it shows an interesting development occurring in the international tourism market: **the gradual incorporation of ecotourism's principles and values into the mainstream, more traditional types of tourism.** For example, our beach-goers are very environmentally, culturally and socially sensitive. As the results of the market survey and interviews with local tour and resort operators confirm, a large segment of the beach-goers are interested in interacting with local people and learning more about the local culture. The same can be told about the nature-based, adventure and cultural markets, as these have also been affected by this trend towards the expansion of the "balanced-consumer" segment. This segment is characterized by a desire to combine multiple activities in their trips, including but not limited to nature observation, experiencing local culture, participating in adventure sports, sightseeing, relaxing at the beach; and a long etcetera.

Therefore, the natural and cultural resources of the area have the potential to turn the Southern Red Sea into a multi-product destination that caters to this type of increasingly complex costumer.

The market information provided in this section was gathered using internationally accepted best practices in professional market research with 20 companies in eight European markets (Austria, Finland, France, Germany, Italy, Netherlands, Spain and the UK). In order to keep the research effort focused, questions focused on 12 destinations in the Middle East and Africa that were considered to be competitive to, or offer useful comparisons for, the range of products that could be developed in the Red Sea project. Respondents were asked to discuss a range of topics, as set out in a questionnaire (with subjects specified by PA Consulting), in order to provide a profile of consumer behavior for these markets and ascertain the price structures of the packages they are offering. See Annex C for a more detailed explanation of the methodology, process, and limitations of this study, "Survey of tours, tour operators, lodges, air services, and key issues related to the European market for adventure, culture, and safari holidays," prepared by Travel Research international.

Customer Profile

Demographic and Socio-economic characteristics

The most typical client group quoted was: people around middle age and older (say, 40 years of age and upwards), well-educated, above average incomes and experienced travelers. However, there were also wide variations around this typical tourist. Some of the most important points made by the respondents include:

- Older travelers avoid the summer peak, whereas slightly younger people do travel in the hottest months;
- Hiking tours can have an average age of around 30, whereas walking tours attract older (50+) clients;
- Some destinations (Tunisia, Turkey) have a younger client profile than others, mainly due to lower prices.
- Preferred party size

The more specialized the tour, the smaller the party seems to be. Typically, party sizes are around 15 – 20 people from the answers supplied, although the less-specialized operators will tend to have rather more per party – up to 25 or occasionally 30. An interesting trend mentioned by interviewed tour operators is that ingle travelers, including single female travelers, are becoming more common, although couples or small groups of friends are most typical.

Holiday Information Sources

Although from the tour operators' perspective printed brochures is the most important source of information, coupled the Internet and word of mouth, it is clear that these markets preferred a wide variety of sources, more so than other more traditional markets.

While the use of the Internet is clearly increasing across these markets, it seems like the dominant source of information on this type of holiday remains the printed brochure, and there are some important national differences. In the UK, the Internet tends to be more widely used than in continental Europe, and also newspapers and magazines were quoted as important sources also for British travelers. The large German market in particular is firmly wedded to the traditional combination of printed brochure and travel agent for both information and bookings.

Again, however, there are variations within this general picture. For some people, the Internet was the dominant source of information. Word of mouth is also important, especially for the more specialized (and therefore generally rather smaller) tours.

Other points made include:

Knowledgeable telephone sales staff and the conduct of seminars, information days, slide shows and meetings also act as important information sources;

Coverage of destinations in the print media, such as the weekend newspapers and specialized travel magazines, often plant the seeds of interest which leads clients to pursue more information from brochures or on-line;

Most tour operators predict that the use of on-line information sources is bound to rise in the next few years among these markets.

Booking Methods

It appears that there is a tendency for late bookings to become more frequent, a trend perhaps fuelled by the spread of last-minute offers on the Internet but this is still a minority approach. The traditional route through a travel agent remains by far the most common method. One or two tour operators said that many clients use direct bookings via the Internet,

Again to generalize, while the use of the Internet is substantial in the UK, in most other European markets the traditional reliance on brochure information followed up by bookings at travel agents remains the dominant method. This may in part reflect the fact that consumers require the comfort of a face-to-face arrangement implying a responsibility on an intermediary to deliver the tour as promised. Nevertheless, the following seem to be the typical patterns by country of origin:

- **Austria**: at least one month in advance;
- **Belgium**: three months before departure;
- **Finland**: 60% book within two months of departure;
- **France**: Most within two months of departure, and late bookings are on the rise;
- **Germany**: Variable, but around three months in advance seems typical;
- **Italy**: Typically less than one month in advance; late booking seems common in Italy with tour operators complaining that this causes them difficulties with airlines and hotels;
- **Netherlands**: Variable; families book up to one year ahead, hikers and those on short tours can be around one month ahead;
- **Spain**: around one month ahead;
- **UK**: Very variable, typically around two or three months ahead but late booking is on the rise.

Travel Characteristics

Shopping Preferences

Most operators interviewed were very emphatic about the issue of shopping of souvenirs. They indicated that while these markets are very interested in buying handicrafts unique to the areas they visit, the definitely do not want to be taken to souvenir shops, especially by guides who earn commissions from shop owners. This is common in countries such as Egypt – cited by some respondents as the worst country of those surveyed for this issue - Tunisia and Morocco. Any element of actual or implied coercion in visiting souvenir shops is anathema to most clients of specialized and up-market tours. Indeed, several tour operators have a firm "no shopping" policy. Handicraft shopping is preferred in a more spontaneous environment such as the one described above for the interaction with local communities.

Food Preferences

For these markets, good quality food seems to be high on their agenda but the range of food preferences varies, with some preferring their own national cuisine while others expect dishes from their chosen destination. Food preferences tend to favor the simple and, again, the focus was on local produce and the policy of getting away from the pizza and pasta option – although some visitors from southern European countries prefer the availability of their own style of food and its absence could generate complaints. We cannot draw any firm conclusions on this point from the research, other than that quality (and of course food hygiene) is a top priority.

Lodging Preferences

Lodging preferences broadly fell into two categories: the more mainstream segments on one hand and the specialized (hard-core) adventure and nature-based segments on the other. Nevertheless, it seems that all segments agree that at whatever grade, standards of hygiene, cleanliness and quality are of crucial importance. In this respect, several tour operators interviewed voiced concern over general standards in Egypt.

The mainstream segments prefer hotels or camps which ranged from mid-range 3-star to ultra deluxe. Generally these segments opted for international style hotels. Clients tend to choose their trips on expected accommodation, of whatever grade, to be up to their declared standards.

Among the specialized (hard-core) adventure and nature-based segments there was greater variation although it was emphasized that the trip experience was paramount and therefore they were not “buying” on accommodation; they look for a certain type of holiday, with an element of exploration, and if they were visiting virgin territory there were no expectations of comfort. Most of them favor accommodation that provide a local flavor, be it in small local hotels, lodges, camps, village rooms or homestays. Lodges and hotels, and even camps, could be relatively luxurious but in most cases individuality was stressed as very important. In general, a significant number of operators noted the dearth of small, local characterful hotels that could be used in Egypt. One company even made mention of trying to avoid hotels altogether and move clients immediately into the desert.

Tour Guides

The quality of guides is very important for these markets – although several tour operators mentioned that to find them was not easy. Different aspects were emphasized by different interviewees, but all indicated that the tour guide was a crucial element in the success of a trip. The majority of companies use local guides, some as staff members and others not, while a few companies, notably for the German study group tours or Italian groups requiring an Italian speaker, bring in their own specialists. Some emphasized that it was important to have a local guide since this added to the “local feel” of a tour.

It is critical for guides to be able to speak the language of the group, and in almost all cases this was achieved – English, French, German and Italian were mentioned. However, this was more difficult in some destinations than others. In sub-Saharan Africa and Egypt, for example, it was not always easy to find a guide who spoke the appropriate language.

Formal qualifications are generally regarded as of less importance than experience, the ability to deal with people, and local knowledge. which may be a general knowledge of the country or more specialized knowledge of the desert or mountain regions. In terms of people management, many of the companies provided training for their guides and sent out representatives to help with this and to monitor them. Frequently countries, by law, require local guides to be used at tourist sites and for many companies it is these licensed guides that provide specialist knowledge, such as Egyptologists at Egypt’s classical sites. Unfortunately, it is widely felt that these guides tend to emphasize formal qualification over local knowledge. Nonetheless, for some specialist trips, such as the German studienreise, great store is placed on German or German-speaking lecturers and specialized guides and Studiosus, for example, has its own quality management system that is used to train, license and oversee all its tour leaders.

National Parks and Protected Areas

What these markets expect of protected areas and/or National Parks to a large degree depends on the type of adventure tour being undertaken: the more adventurous the tour, the less is expected – or even wanted – in terms of sophisticated or organized infrastructure. Tourists going trekking or climbing in remote deserts or mountains do not look for signposted trails or visitor centres since being “away-from-it all” is the essence of their holiday. It is important, however, that they encounter no signs of other tourists either in terms of previous encampments or in meeting other groups, nor, of course, do they want to see any signs of degradation. (In this connection, mention was made of Egypt’s White Desert where rubbish clearance is reported to be poor.)

The true adventure tourist is generally of a particular type, and reported to be especially environmentally-aware and sensitive to not despoiling their surroundings. Indeed, mention was made of tourists complaining of local helpers burying rubbish rather than carrying it home. They also tend to be particularly enquiring about environmental standards on a trek, such as the use of wood-burning stoves or rubbish disposal. In short, for this type of tourist, high environmental standards are expected, but a developed physical infrastructure is not.

In formal National Parks or conservation areas such as in southern Africa or Jordan, reasonable standards of park care, such as in terms of litter and rubbish disposal systems and animal protection are expected but, again, nothing too sophisticated in physical infrastructure. The soft-adventure tourist on the other hand welcomed more facilities. Some clients appreciate American-style facilities, such as visitor centers and information centers but this was not mentioned frequently and appeared to be not particularly relevant for the destinations covered. Guides, it was felt, replaced the need for signposted trails.

Preferred Activities

The typical European adventure, nature-based and cultural visitor pursue a wide range of active pursuits while on vacation. These are typically not "activity" vacations per se, but there is a clear preference for being "on the move" (as opposed to based on a more permanent location) for most of their holiday whether by foot, minibus, 4x4, camel, horse, bicycle or a variety of other means. The preferred activities in the Middle East/North Africa broadly concentrate on the natural environment of desert, mountain, and cultural sightseeing tours (soft adventure and nature-based tours). In sub-Saharan Africa the primary focus was on game viewing although the natural and cultural environments were also important draw-cards (more hard-core nature-based activities).

The table below summarizes the main activities outlined for each destination:

Table 7 Most popular activities by destination

Destination	Activities
Morocco	Hiking/walking/trekking, 4x4 tours into Sahara and mountains, mountain bike cycling, sightseeing iconic cities, camel riding, cultural tours, camping
Tunisia	Hiking/walking/trekking, 4x4 in desert, mountain and sand cycling, sightseeing and cultural tours, camel riding, camping
Jordan	Sightseeing of cultural sites, hiking/walking/ trekking, 4x4 desert trips, hotel stays + excursions, beach
Turkey	Sightseeing of cultural sites, hiking/walking/ trekking, cycling, boating, special interest tours in East, beach
Oman	4x4 tours, hiking/walking/trekking in desert and mountains, beach, cultural and scenic tours, hotel stays + excursions, camel safari
Dubai	Beach, shopping, 4x4 desert tours, dune skiing
Kenya	Game safari, bird watching, coast, hiking/ walking/trekking, climbing, cycling, flight tour, cultural tours
South Africa	Game safari, sightseeing, hiking/walking/ trekking, touring, biking
Namibia	Game safari, desert tours, hiking/walking/ trekking, cultural and heritage tours, flight tour
Tanzania	Game safari, hiking/walking/trekking (Mt. Kilimanjaro), cultural tour
Botswana	Game safari, hiking/walking/trekking, flight tour, cultural tour, bird watching
Egypt	**Classical sightseeing, hiking/walking/ trekking in desert, Nile cruises, felucca trips, beach, camel riding, diving, desert tours**

Source: Travel Research International

Interaction with Local Communities / Peoples

These type of markets are generally looking for natural encounters with the local population rather than organized activities which they regarded as too touristic. This is not to say that cultural experiences are not important; indeed for many of them they were its essence. But what clients appreciated was authentic encounters such as going to remote villages, meeting local tribes, discovering un-planned-for local events, visiting festivals put on for local people, enjoying the natural and unspoiled environment etc. For these visitors, traveling with local guides who are able to tell them about local life and mixing with support teams is the true authentic experience; small groups traveling with camel drivers, muleteers, cooks, etc. was regarded as the genuine article.

These markets do not have a strong preference for organized entertainments. For the adventure specialists whose clients headed for the mountains or the desert, in particular, this was anathema and counter to the style of trip they were looking for. However, some of the more mainstream operators organize traditional tourist cultural exchanges and mention was made of visits to a papyrus factory, performances by Nubian dancers, Masai cultural performances and so on. Nevertheless, this seems to be a minority preference among these markets.

It is also worth mentioning that some of the operators supported local charities or schools, for example, and clients were generally interested to visit – and often support – these. Philanthropy ranks very high in the agenda of these markets.

Expenditure level

60% of respondents gave indicative answers to this question. The typical prices quoted by respondents for a tour to Egypt/North Africa and to sub-Saharan Africa are set out below (but note that most of these refer to tours of two weeks more typically than for one week – see Annex 4 for full details of respondents' answers).

Table 8 Typical package tour prices quoted by interviewees (€)

Tour-Operator	Egypt / North Africa	Sub-Saharan Africa
A	600-700	1,600
B	2,220-2,660	1,776-5,180
C	1,400-1,500	2,000-2,500
D	600-1,000	1,500
E	800-1,100	1,500-2,500
F	2,220	2,960
G	1,200-1,500	2,000
H	1,170-1,730	2,680-4,700
I	1,500	-
J	2,000-2,500	3,500-4,000
K	1,040-1,180	-
L	1,200-1,710	2,500-2,700
Approximate arithmetic mean (lows and highs)	1,330-1,610	2,200-2,960

Source: Travel Research International

Tours to southern Africa average, at the low end, around 65% more expensive that those to Egypt and North Africa, while at the high end they cost 84% more than up-market tours to these nearer destinations. This seems to be related to two factors: distance and image. Long-haul destinations tend to have higher prices (related to more expensive, less frequent flights, ground transportation, etc.) than short-haul destinations (such as Egypt / North Africa). However, Egypt and the Middle East do not seem to have as exciting an image as sub-Saharan Africa among the adventure/nature-based market.

Levels of Satisfaction

Client satisfaction is monitored systematically. Most of those companies surveyed claim high levels of satisfaction, as one would expect from a sample biased towards the higher-level, more specialized tour operators, for whose clients' issues pertaining to quality are taken as read.

Most complaints appear to derive from third party services, such as the flights, that form part of the tour but may lie outside the control of the tour operator – at least on the day of delivery. Adventure tourists, while continuing to expect quality, security and hygiene, may be more flexible about accommodation standards, for example, if their tour takes place in remote areas which obviously do not contain luxury hotels.

Word of mouth recommendations are important characteristics of these markets, as is repeat business. However, while clients may repeat in terms of coming back to the same tour operator, they seem much less likely to repeat the same destination, partly because this type of tourist is more likely to explore the full range of destinations on offer than simply return to the same place year after year.

Marketing and Promotion

Destination Images: Infrastructure, Price, Health and Security

The better educated clients who seek these types of holidays tend to be relatively well-informed and know what to expect of a destination. However, some tour operators noted that less-experienced clients need to be “educated” that standards of health and security may not be as high as at home. Additionally, several respondents stated their concerns over the often incorrect or inflated publicity that was put out on television, radio and newspapers which colored their clients’ views and which they had to work to correct. At the same time, it was noted that clients tend to be more resilient than they were ten years’ ago, particularly in the case of security issues.

Generally the main concerns expressed related to security issues in the Middle East and in relation to Muslim countries, and health concerns – and particularly malaria – in black Africa. The main points made in relation to each destination were as follows;

- **Botswana** is broadly well regarded from the point of view of service standards, with security rated better than Kenya and Tanzania, and is also regarded as relatively expensive;
- **Dubai** is generally rated as a very high quality, secure and expensive destination where health issues are a concern;
- There were varying views on **Egypt** – some tour operators say their clients are concerned by health and security issues whereas others rate these as satisfactory; hotel standards are generally good but there is concern over food hygiene. Generally it is regarded as good value for money;
- Prior to recent events **Jordan** had a good cultural image but in the light of recent events security is now a major concern;
- Health (particularly malaria) and security are of general concern for **Kenya**.
- On security and health concerns, **Morocco** is generally well regarded;
- Views on **Namibia** are somewhat varied but broadly there are no major concerns on health and security; generally regarded as one of the safer destinations in Africa;
- **Oman** offers a particularly stable image as a Muslim destination. One tour operator noted that they were moving their tours there to replace Yemen;
- For **South Africa** there are some concerns about security and high crime rates, but it is generally regarded as better developed than most other African countries;
- There are health worries about **Tanzania** and security concerns are also mentioned quite frequently;
- **Tunisia**’s security image is recovering and the destination is widely regarded as cheap;
- Security concerns do exist for **Turkey** due to Kurdish rebels but none of our respondents mentioned health worries.

Brand Images: Market Recognition and Type of Tourism Expected

Generally clients for adventure/cultural/safari holidays are not overly influenced by the image of a destination because they are not seeking the mass-market element – primarily the sun and sand product – of the destination concerned. Thus, for example, while Tunisia may have a mass market image as a result of the large numbers who go to the coast, for the adventure tourist who is going into the Tunisian desert, it is irrelevant that Tunisia presents this image. While many of the adventure/cultural/safari clients do want to visit important sites like Petra, they probably may not want to visit Aqaba to be among the mass market.

Nevertheless the image of the destinations included in this research offered a range of characteristics. In summary, sub-Saharan Africa had a strong image for wildlife and game safaris, while Egypt, Jordan and to a lesser-degree Turkey, had a strong image for cultural attractions. Some points which emerged included:

- **North Africa, Egypt and the Middle East** are not as high on people's "wish lists" and do not have as exciting an image as **sub-Saharan Africa** largely because of the large charter market - which tends to damage a destination's reputation or at least its exclusive image;
- This is also now the case with **East Africa**.
- **Southern Africa** is regarded as much more exclusive;
- **Oman** is generally regarded as an exclusive and somewhat exciting and mysterious destination; it is also new and unknown;
- **Dubai** is regarded as up-market and expensive, but also mass-market; it is generally not of interest to the adventure/safari/cultural tourist;
- **Botswana**, and to a slightly lesser extent **Namibia,** are also regarded as exclusive and up-market;
- **Egypt**'s image has two distinct facets – the Nile has a good image offering unsurpassed cultural attractions while the Red Sea is viewed as a mass-market destination; dive tours on the Red Sea were well-regarded; one tour operator remarked that because Egypt is regarded as a cheap destination, it is difficult to sell up-market tours there;
- **Turkey**'s image is generally mass-market although one tour operator noted that the cultural side is strengthening; another noted a sharp decline in image with over-development, pollution problems, and an influx of low-spending tourists;
- **Morocco's** recent popularity has made it a more mainstream destination and its image has declined; it does, however, still hold an exotic appeal;
- **Tunisia** is generally regarded as a mass-market, cheap destination.

Success Factors of Destinations

Clearly, the success of any destination is a combination of factors. Table 3 below gives some indication of the relative importance of different factors identified. These findings are indicative only and must be treated with caution.

A combination of natural features (such as desert, mountains, bush or beach) and a cultural appeal (either of the local cultural ambience of a given destination or actual sites of interest) were the prime draw cards identified. Iconic sites such as Petra or Muscat or Victoria Falls or Mount Kilimanjaro, added to the appeal, even for holidays based on away-from-it-all activities such as trekking or game viewing. However, price was frequently mentioned as a key item in the equation, and this was particularly apparent for some of the Middle East/North African destinations. Price was regularly coupled with proximity, which not only kept travel costs down through smaller distances and greater flight frequency, but it also affected the fact that people were prepared to travel smaller distances for shorter holidays..

It is worth mentioning that an image of exclusivity also plays its part. Oman, for example, was cited as particularly interesting because it is new on the tourism map and because it is regarded as an up-market destination. Equally, Botswana is regarded as exclusive and part of its attractions is its quality image.

Table 9 Most frequently cited success factors by order of importance

Destination	Natural	Cultural	Price	Proximity	Climate	Other Features
Morocco	1	2	3	4	5	-
Tunisia	2	5	1	4	3	-
Jordan	2	1	=3	=3	5	-
Turkey	3	2	1	4	-	-
Oman	1	2	5	-	-	3/4[a]
Kenya	1	-	2	-	3	-
South Africa	1	4	2	-	-	3[b]
Namibia	1	=2	=2	-	-	=2[c]
Tanzania	1	-	-	-	-	-
Botswana	1	-	-	-	-	2[d]
Egypt	**3**	**1**	**2**	**4**	**5**	**-**

[a] New destination and exclusive; [b] Safe destination in Africa; [c] Efficient destination with European influence (German respondents); [d] Exclusive

Source: Travel Research International

Marketability of the South Red Sea

This section focused on finding out how tour operators could successfully market and sell the Wadi Gemal Protected Area as an adventure, cultural and nature-based destination. Their answers provided invaluable insight into the current possibilities of the SRS to diversify its tourist product and move away from the current resort-development model.

South Red Sea Potential

90% of respondents expressed interest or strong interest in learning more about the proposed area, although many also stated that it would be unlikely to act as a stand-alone destination. The majority felt that the area would most probably be offered as an extension to existing holidays in the country. On the other hand, two respondents stated that they would only use this area on a self-contained basis.

Generally, there was caution expressed about the area's potential on the grounds that tour operators would need to know much more detail about the infrastructure, accommodation, features and facilities that the area would contain.

Other comments made included:

- There is wide general interest among tour operators for anything new, but at the same time any new destination such as this would have to add value to existing tour itineraries;
- There is a general consensus that this area should be kept as a low-volume, high-quality specialist destination aimed at the upper end of the market and untainted by the price-driven resorts on the coast;
- Many respondents said that their actual reaction to the area would depend on the quality and nature of the infrastructure;
- Tourists seeking desert experiences generally want to find un-crowded and natural areas, hence accommodation should be kept at low density;
- Some tour operators said that the area might be difficult to sell and that good information about its attractions and points of special interest would be needed in order to inform their client base.

Tour Routings and Integration with Other Destinations

The routings that tour operators say that they would use reflect their current offer. The highest number said that they would bring tourists from the Nile Valley; some said they would use the Red Sea resorts as an origin, and a few mentioned Sinai and also the western desert as possible origin points. It is important to notice that since most tour operators would sell this area in combination with other destinations in Egypt, integration (via road or air) is an important factor in the marketability of the SRS.

Where gateways were mentioned by respondents, Marsa Alam was the most often quoted.

Other points included:

- Access could be from Luxor, using the current road;
- Access could be from Aswan, but will there be a suitable road connection?

Length of Stay

80% of respondents answered this question with a proposed number of days. While the answers varied from a day excursion to as long as 8 -10 days, the most common answer suggested a **length of stay in the area around 2 -3 days**.

It was noticeable that most tour operators would require more details of what attractions, facilities and access the area would offer before committing themselves further, but that in general, they saw the area as offering the opportunity for a short extension to existing tours.

Conclusions on Current Trends in Key European Markets

The following conclusions could be drawn from the analysis of the current trends in the key adventure, nature-based and cultural markets in Europe. These conclusions are those that have implications in the development of the Southern Red Sea product:

- The profile of the typical visitor from these markets matches the description of the international eco-tourist provided by different organizations. It is clear that the SRS is not currently attracting the bulk of their customers from these ranks.
- While online information sources are becoming increasingly common, they usually serve as initial points of reference (as do coverage of destinations in print media) and printed brochures remain the more common source of information. Reservations and sales still

occur through the travel agent's office. There is wide variation on the time of booking before travel, with 2 to 3 months being the norm. Tendency to late bookings is becoming more frequent.

- While there is a strong interest in buying handicrafts that are unique to the areas visited, any element of actual or implied coercion in visiting souvenir shops is frowned upon by these visitors. Shopping is preferred in spontaneous environments.
- The more mainstream segments of these markets (soft-adventure) tend to prefer international style accommodation and tend to choose their trips on lodging being up to their standards. The more specialized (hard-core) segments DO NOT buy their trips based on accommodation options but the quality of the overall experience. For both segments, individuality and character of the accommodation option are very important (be lodges, small hotels, camps or any other type). Low density is preferred than over-development.
- Quality of interpretation, particularly in the case of guides, is critical for these markets. There is a strong preference for local guides with a good knowledge of the area, thus able to provide a "local feel". Language skills are paramount for tour operators.
- In natural protected areas, the specialized (hard-core) adventure tourists expect high environmental standards but not a developed or sophisticated physical infrastructure. Appropriate solid waste management is more important than US-style facilities. The mainstream segments (soft-adventure) on the other hand, welcomed more facilities such as visitor centers and interpretation centers.
- A wide range of active pursuits are preferred by these markets. However, their preference is not necessarily for "activity" vacations but for being constantly "on the move" (i.e. not based in one location). In Egypt and North Africa, activities broadly concentrate on enjoying the natural environment of the desert, mountain and cultural sightseeing.
- Visitors appreciate authentic encounters such as going to remote villages, meeting local tribes, discovering local events, visiting festivals put on for local people. Organized activities are regarded as "too touristic" and these markets do not have a preference for organized entertainment.
- Tours to southern Africa average, at the low end, around 65% more expensive that those to Egypt and North Africa, while at the high end they cost 84% more than up-market tours to these nearer destinations. This difference is due to distance, costs and image of the destinations. Egypt and the Middle East do not seem to have as exciting an image as sub-Saharan Africa among the adventure/nature-based market.
- These markets seem much less likely to repeat the same destination, partly because they are more likely to explore the full range of destinations on offer than simply return to the same place year after year.
- Egypt is generally regarded as good value for money among these markets. Hotel standards are considered to be good but there are concerns over food hygiene.
- North Africa, Egypt and the Middle East are not high on these market's "wish lists" and do not have as exciting an image as sub-Saharan Africa largely because of the large charter market, which tends to damage a destination's reputation or at least its exclusive image
- The presence of an iconic site (an attraction Hierarchy 1) such as Petra, Victoria Falls or Mount Kilimanjaro is the prime draw card for these markets (pull factor). A combination of natural features (such as desert, mountains and beach) and a cultural appeal added to the appeal, even for holidays based on away-from-it-all activities.
- There is doubt about the extent to which Egypt will be able to deliver a more up-market and specialized product against the background of its image for relatively inexpensive holidays at the coast.
- Price was frequently mentioned as a factor in the success of a destination among these markets. However, this was more apparent for some of the Middle East / North African destinations than for the Sub-Saharan African destinations. It is interesting to notice that in the case of Egypt, price ranked higher than the attraction of its natural areas as a success factor.
- Most specialized tour operators expressed interest in learning more about the Wadi Gemal Protected Area but also stated that it would be unlikely to act as a stand-alone destination. It would most probably be offered as an extension to existing holidays in

the country. However, more information on the WGPA would be needed before they commit to anything.

- Proposed number of days that visitors would stay in the area ranged from 1 to 8, with the most common answer suggesting a length of stay of 2 – 3 days in the Southern Red Sea.

Competitor Analysis

This section focuses on analyzing the position of Egypt in general and the Southern Red Sea in particular vis-à-vis their main competitors. The analysis focused on a series of specific products that were considered to be competitive to, or offer useful comparisons for, the range of products that could be developed in the Red Sea project. In that regard, the specific products analyzed are:

- Adventure / safari / cultural tours from Europe
- Dive tour packages from Europe
- Eco-lodges

Adventure / safari / cultural tours from Europe

The requirement for this section of the research was to examine tour operator packages from a range of European markets to 12 destinations in the Middle East and Africa that were considered to be competitive to, or offer useful comparisons for, the proposed southern Red Sea project. A total of 128 tours were examined from over 50 different tour operators. The focus of the research was on cultural and/or adventure and/or safari tours at the mid- to upper-end of the market. However, a range of operators were selected and these encompassed both mainstream companies offering well-established itineraries as well as a specialist operators offering walking and trekking tours to off-the-beaten-track destinations, safaris on well-trodden paths and more unique routings, desert trips etc.

It is also worth noting that the most expensive and cheapest tours available for each destination are taken only from our sample; where a given country is shown as offering either the cheapest or most expensive tour, this does not imply that any one origin market is necessarily more or less costly than any other. Since every European origin market has a huge range of tours available to the leisure traveler, it is always possible to find very cheap or very expensive tours originating in all countries. Despite the large number of tours that we have sampled for this project, they represent only a very small proportion of the total tours on offer nationally.

General Price Competitiveness

As an easy basis for comparison, the following table summarizes the mean costs per night for package holidays to all twelve destinations analyzed:

Table 10 Mean costs per night of package tours to selected destinations (€)

Destination	Mean
Dubai[a]	299
Botswana	274
Kenya	272
Tanzania	265
South Africa	259
Namibia	256
Oman	215
Egypt	**150**
Jordan	147
Turkey	121
Morocco	113
Tunisia	107
[a] Based on three tours only	

Source: Travel Research International

Egypt's general price competitiveness is very good vis-à-vis its main competitors in the North Africa / Middle East region. With the exception of Dubai (that does not offer any product that could be compared to Egypt) and Oman (a new player in the tourism scene), Egypt is the most expensive destination in this region for the average adventure / cultural / safari market.

Average Price of Packaged Tours

The following table provides a comparison of the different prices visitors pay for this kind of tours to the different destinations analyzed. As stated above, a series of factors related to distance, image and quality determine the final price of the packaged tour. It results clear that from a package price point of view, Egypt is perhaps the best positioned of all North Africa / Middle East destinations, with the exception of Oman. This could be explained by that country's relatively new appearance in the international tourism marketplace.

Table 11 Average Package Prices (€)

Destination	Package Prices			Package Prices – Land Only		
	Cheapest	Most Expensive	Average	Cheapest	Most Expensive	Average
Botswana	1,105	4,982	3,507 – 3,917	1,095	5,570	2,290 – 2,713
Namibia	764	6,988	3,063 – 3,676	1,180	2,595	1,955 – 2,041
South Africa	1,195	5,320	3,021 – 3,304	1,699	2,239	1,932 – 2,019
Tanzania	1,885	4,712	2,816 – 3,137	1,364	1,956	1,689 – 1,706
Kenya	1,194	5,025	2,303 – 2,799	2,349	2,499	2,349 – 2,499
Oman	1,275	2,695	1,925 – 2,103	1,117	1,598	1,210 – 1,402
Egypt	**680**	**2,570**	**1,368 - 1550**	**620**	**1,850**	**1,032 – 1,072**
Jordan	870	1,980	1,235 – 1,317	792	877	796 - 872
Turkey	395	2,700	1,092 – 1,250	208	783	478 - 546
Morocco	509	1,860	1,091 – 1,216	602	2,057	1,254 – 1,448
Tunisia	424	1,565	849 – 1,002	911	970	911 - 970
Dubai	424	1,565	849 – 1,002	-----	------	------

Source: PA Government Services, Inc. with data provided by Travel Research International

The cost of nature, adventure, and cultural tours to Egypt are on average almost 300 Euros more expensive than those offered in Turkey and Morocco. The presence of such iconic attractions such as the Pyramids and the antiquities of the Nile Valley partially explain this situation. However, the recent but effective positioning of the Western Desert – the White Desert – and also inland Sinai have successfully attracted mid to high end specialist operators to the country.

Trip Characteristics

The following table compares some of the most important characteristics of this type of trips in each of the evaluated destinations.

Table 12 Trip Characteristics

Destination	Main Characteristics				
	Group Size	Guide Skills	Length of Stay	Accommodation	Transport
Botswana	4.3 – 12.8	English	13.2	Hotel, tent, luxury camp, bungalow, tented lodge	4x4, minibus, boat, sir taxi, safari truck
Namibia	6.5 – 15.5	Mainly English but also German. Mostly locals	14.1	Hotel, tent, luxury camp, bungalow, bivouac, game lodge	4x4, minibus, train, car, converted truck, bus, walking
South Africa	7.7 – 15.8	Widespread use of local guides, mainly English	13.8	Hotel, game lodge, guesthouse, farm	Inland domestic air travel, Light aircraft. 4x4, train, bus, minibus, boat, open jeep, walking
Tanzania	5.3 – 14.4	Tour leader + local guides (English, French, Italian and German). Specialized guides (naturalists and mountain guides)	12.5	Mid-market to luxury hotels, tent, luxury camp, game lodge, hotel & spa, mountain hut, inn	Minibus,4x4, foot, light aircraft, boat
Kenya	5.2 – 12.8	Extensive use of local guides, mainly English	10.9	Hotel, game lodge, camp	4x4, minibus, train, light aircraft, horse, camel, walking
Oman	9.4 – 14.8	Mostly foreign guides speaking the language of the group - specialized	10.6	Hotel(2*-5*), traditional huts, camp, tents, gîte (communal) open	Bus,4x4, camel, jeep, car, on foot
Egypt	**8.5 – 16.9**	**Extensive use of local guides (English and other languages)**	**10.9**	**Hotel, tented camp, train, river boat, open air**	**4x4, minibus, train, plane, camel, jeep, bus, boat, walking**
Jordan	8.8 – 17.8	Local guides + tour leaders (English, French and German)	10.1	Hotel(2*-5*), rest house, camp, Bedouin camp, pension	Bus, minibus, 4x4, boat, walking, horse, camel, ferry, plane
Turkey	7.8 – 15.6	Extensive use of local guides with several languages in offering	10.9	Hotel accommodation is predominant, with some camping also	Mainly bus or minibus, some walking
Morocco	6.0 – 15.7	Wide use of local guides, including specialized mountain guides (English, French, German)	12.1	Mid-market hotels, tents and camps, host family accommodation, open air	Bus, Minibus,4x4, foot, private vehicle, boat, camel riding, train
Tunisia	10 – 17.3	Mostly tour leaders from the country of origin, a few local guides for support	9.7	Hotel(2*-4*), tent, troglodyte cave hotel, open air camp	Bus,4x4, camel trek, minibus, ferry, on foot
Dubai	N/A	English, Italian, German	9.3	4 and 5 star hotels	Air, bus, 4x4, jeep
Groups size indicated reflect average minimum and average maximum respectively Length of stay is averaged from evaluated tours in days					

Source: PA Government Services, Inc. with data provided by Travel Research International

This analysis shows a slight variation in the two important characteristics of the trip to for the adventure / nature / cultural market in Europe. On average, groups are smaller and length of stay is higher to "ecotourism" destinations than to "soft-adventure" destinations. This is a product of the highly specialized nature of the product as well as the distance of "ecotourism" destinations from the main tourist generating markets. In effect, visitors to South and Eastern Africa are more likely to undertake less frequent but longer trips to these long-haul destinations. However, it is important to notice that trip characteristics to Egypt are closer to "ecotourism" destinations than the rest of soft-adventure destinations. Average length of stay to Egypt is second only to Morocco among "soft-adventure" destinations and comparable to Kenya among "ecotourism" destinations. Noticeable, the range of accommodation available at each destination seem to be similar for all of them, which illustrates the diversity of accommodation preferred by these markets. An emphasis on originality and uniqueness is clear across all destinations.

Type of Flights Used

The type of flights available to different destinations has an impact in its image and marketing strategy. The following table presents a summary of the different types of flights used by adventure / nature / cultural tour operators from Europe to build their packages:

Table 13 Type of Flights Used

Destination	Type of Flight	
	Scheduled	Charter
Botswana	100%	NIL
Namibia	100%	NIL
South Africa	100%	NIL
Tanzania	83%	17%
Kenya	70%	30%
Oman	100%	NIL
Egypt	**79%**	**21%**
Jordan	82%	18%
Turkey	56%	44%
Morocco	56%	44%
Tunisia	57%	43%
Dubai	100%	0%

Source: PA Government Services, Inc. with data provided by Travel Research International

Charter flights seem to be more heavily used in destinations where the package usually includes a beach component such as Kenya (where Mombassa and other coastal areas are experiencing rapid growth), and the so-called "soft-adventure" destinations. There is a correlation between the percentage of travel taking place on charter flights and the price and overall appeal of a destination for these markets. It is important to notice that Egypt again ranks higher than most soft-adventure destinations in terms of scheduled flights available. However, this is not the case at all for the Southern Red Sea, where only charter flights are currently available.

Main "Pull" Factor

The "pull" factor is the characteristics (or characteristics) that make a destination particularly alluring to a particular market or markets. In the case of the adventure / natural / cultural market from Europe, these "pull" factors are usually associated to a region's natural and cultural attractions. The following table presents a summary of the main pull factors per destination:

Table 14 Main Pull Factors and Destination Image

Destination	Main Pull Factors – Overall Destination Image
Botswana	Botswana's principal attractions to the European tourist are its natural assets, and especially the game parks and the opportunities offered for wildlife and bird watching. Botswana is seen as a relatively unspoiled African destination with a reputation for providing an authentic African experience.
Namibia	Namibia's main attractions are the national parks offering game and bird viewing. It also contains desert areas, a coastal strip which has the reputation of being relatively unknown and perhaps rather exotic. Additionally, the country has a colonial past which creates strong links and considerable interest in Germany.
Southern Africa	Main attractions include game viewing in the country's national parks and/or private game reserves, the Garden Route along the southern coast and its wine-growing areas, several cities and large towns, visits to native townships, and the cultural and tribal diversity of this geographically very large country
Tanzania	Tanzania's attractions fall into three categories. It is one of Africa's finest safari locations with some of the most well-known National Parks offering opportunities for game viewing and bird watching. It also a prime attraction for hikers and climbers who see Africa's highest mountain, Mount Kilimanjaro, as a key draw-card. In addition to this, there is the beach element on the island of Zanzibar.
Kenya	Kenya's image and main tourist attraction is overwhelmingly wildlife, and wildlife safaris are at the center of their offer. National reserves such as the Masai Mara feature most commonly but also those to the north of Mount Kenya. Visits to tribal villages also feature in some of the more specialized tours. Kenya's Indian Ocean coast is also a big attraction.
Oman	Oman is a relatively new and unknown destination for the European market where tourism is now being developed quite rapidly for the upper end of the market. The principal attractions are the still-pristine coast, the dramatic mountain and desert scenery of the hinterland, forts and castles, a range of flora and fauna, and the somewhat exotic image of an Arab culture.
Egypt	**Egypt's main attraction is its traditional Nile Valley product. The coastal resorts of the Red Sea and Sinai peninsula have become major destinations for Europeans seeking guaranteed sun. Specialist tours focus mainly on the Western desert and to inland Sinai.**
Jordan	Jordan is perhaps the most similar to Egypt in terms of the range of attractions it has to offer. These include world class historical and religious sites, the natural attractions of the desert at Wadi Rum, and sea and diving at the Red Sea. Similarly to Egypt, it has also suffered various setbacks as a result of security concerns in the region.
Turkey	Tunisia is primarily a "sun and sand" destination. However, it also has classical sites of major significance, notably Carthage and El Djem, as well as the Sahara as its backdrop. There is some demand for cultural and adventure holidays but volumes are small in the face of the large numbers of beach visitors.
Morocco	Morocco, with its souks, medinas, casbahs and fabled cities, has the image of an exotic destination, readily accessible for short stay breaks for most European origin markets. Also, the natural landscape of the Atlas mountains, the Sahara and the Atlantic coast are powerful added attractions.
Tunisia	Turkey has successfully developed mass tourism (primarily in the coastal areas of the south west) based primarily on the "sun, sea and sand" type of holiday. Istanbul is also a major draw for European visitors, but the extensive historical, cultural and religious features that are available throughout the country draw relatively few international tourists.
Dubai	Dubai is a resort-based destination that has become something of a tourism phenomenon. For the European visitor it offers glitz, luxury and a mixture of the sophistication of the west with the exoticism of the east.

Source: PA Government Services, Inc. with data provided by Travel Research International

The issue of "pull" factors is a critical one for the development of a sustainable destination. Unless markets and consumers find something of value in the destination, they will not go there.

Most of the evaluated destinations located in South / Eastern Africa have in their natural environment the most obvious "pull" factor for the adventure / natural / and cultural markets in Europe. Most of them are clearly recognized as nature destinations and other complementary products (such as beach and cultural tourism) have been developed around this anchor product. In the case of the soft-adventure destinations however, the main "pull" factors are either their cultural attractions or the beach-based product. It is very important to notice however, that soft-adventure destinations including Egypt, Jordan, and Morocco are increasingly building a reputation for their desert-based product. For example, Egypt is becoming increasingly famous for excursions to the Western Desert and the mountainous desert of the South Sinai. This presents great opportunities for the Southern Red Sea Coast

Main Activities

The following table presents a summary of main activities currently offered by adventure / nature and cultural tour operators to the different evaluated destinations. It is important to notice that the activities presented below constitute those most commonly available in tours to each specific destination. It is important to bear in mind that each individual operator might vary this basic menu of activities with add-ons and different forms of customization.

Table 15 Main Type of Activities

Destination	Main Activities		
	Cultural	Adventure	Nature
Botswana			Game viewing and bird watching, visits to National Parks
Namibia	Visits to colonial settlements (mostly German market)		Visits to National Parks, bird sanctuaries, deserts and game viewing
South Africa	Cultural tours of Cape Town and wine-growing regions	Diving and trekking on coastal areas (Cape Town and Durban)	Game viewing, visits to National Parks and bird watching
Tanzania		Climbing and trekking Mount Kilimanjaro	Game viewing in National Parks
Kenya		Horse and camel excursions in costal areas	Game viewing and safari
Oman	Cultural tours of Muscat, Nizwa and Salalah	Exploring deserts, mountains, wadis, dunes and beaches	
Egypt	**Visits to heritage sites along the Nile Valley**	**Tours into the Western Desert and inland Sinai**	
Jordan	Sightseeing of religious and cultural sites	Desert exploration in Wadi Rum	
Turkey	Focused on cultural and historic sites and buildings	Trekking and walking tours in scenic areas and attractions	
Morocco	Cultural tours of main cities (Marrakech, Tangier, etc.)	Trekking and adventure tourism in High Atlas and Sahara	
Tunisia	Cultural tours to villages and classical sites	Visits and trekking to the Sahara to experience the mountains, deserts, oases, etc.	

Source: PA Government Services, Inc. with data provided by Travel Research International

There is an evident emphasis on nature-based travel on Sub-Saharan Africa ("ecotourism" destinations), while the emphasis is more on cultural and adventure travel in North Africa / Middle East destinations (soft-adventure destinations). With the exception of South Africa, which has a highly diversified tourism product, most "ecotourism" destinations' activities revolve around nature observation and enjoyment. However, for most "soft-adventure" destinations such as Egypt, cultural and adventure activities (such as visits to archaeological sites, interaction with local peoples and desert exploration adventures) are the focus of the tours. It is important to notice that unlike "ecotourism" destinations, the range of activities offered in soft-adventure destinations is wider and almost all packages include a beach component. The trend towards multi-activity holidays can be increasingly seen in traditional "ecotourism" destinations from East Africa such as Kenya and Tanzania.

Dive Tour Packages from Europe

For this section we examined tour operator dive packages to Egypt and to some of the world's other main diving destinations. To do this we focused on specialist dive operators, although particular dive divisions of more mainstream operators were also included. In the light of the range of dive opportunities offered in the Southern Red Sea, we concentrated on dive packages that involved staying in on-shore accommodation, and excluded live-aboard dive boats which we concluded would be less relevant in this case. A total of 41 dive packages from eight different European origin markets and 19 different operators were covered. The data collected were based on a pro-forma supplied by PA Consulting.

NOTE OF IMPORTANCE: Making generalizations about the dive tour market is difficult owing to the often complex pricing arrangements that surround dive tour offers. Some include dives in the package costs, others exclude it; some include international flights, others exclude them, and so on. The average and typical values given in the following tables should therefore be read with these difficulties in mind.

General Price Competitiveness

As an easy basis for comparison, the following table summarizes the mean costs per night for package holidays to all four destinations analyzed. It also presents the average cost per dive at the selected destinations:

Table 16 Mean Cost per Night and Average Cost per Dive

Destination	Mean Cost Per Night	Average Per Dive
South Pacific	316	N/A
Indian Ocean & South East Asia	226	29.9
Caribbean	208	26.7
Egypt & The Mediterranean	**105**	**22.6**

Source: PA Government Services, Inc. with data provided by Travel Research International

The average price of the tours sampled for this research In Egypt is the lowest of all studied destinations. This might seem to be a combination of shorter travel times, over-reliance on charter flights and the image of Egypt's Red Sea Coast as a "good value for money" destination.

Average Price of Packaged Tours

The following table provides a comparison of the different prices visitors pay for packaged diving tours to the different destinations analyzed. As stated above, a series of factors related to distance, image and quality determine the final price of the packaged tour.

Table 17 Average Package Prices (€)

Destination	Package Prices (including dive costs)			Dive Costs Only		
	Cheapest	Most Expensive	Average	Cheapest	Most Expensive	Average
South Pacific	2,045	4,114	2,862 – 3,240	N/A	N/A	N/A
Indian Ocean & South East Asia	1,002	2,678	1,661 – 1,889	21.8	44.2	29.9
Caribbean	1,390	1,570	1,410 – 1,500	16.5	30.1	26.7
Egypt & The Mediterranean	**432**	**992**	**783 – 896**	**14.0**	**40.5**	**22.6**

Source: PA Government Services, Inc. with data provided by Travel Research International

From this analysis, it is clear that Egypt is at the bottom of the price spectrum, with prices for diving packages here ranging from a third to one half of the price of packages to competitor destinations. However, there are big differences within Egypt and the SRS has managed to keep prices on the middle to upper range, comparable to those available in long-haul diving destinations such as the Caribbean and the Indian Ocean.

Trip Characteristics

The following table compares some of the most important characteristics of diving packages in each of the evaluated destinations:

Table 18 Trip Characteristics

Destination	Main Characteristics		
	Length of Stay (days)	Accommodation	Number adding on tours
South Pacific	10	Hotel	NIL
Indian Ocean & South East Asia	9.5	Hotel (simple to luxury), bungalow, cottages, resorts, dive lodges	2 out of 22
Caribbean	8.3	Hotel (mainly simple to mid-market, 1up-market dive hotel), dive lodge	2 out of 6
Egypt & The Mediterranean	**8.1**	**Hotel (mainly simple to mid-market, 1luxury resort), self-catering apartment, tents, dive lodge**	**1 out of 10**

Source: PA Government Services, Inc. with data provided by Travel Research International

The average length of stay of divers in Egypt is the shortest of all compared destinations. This might be partially explained by the shorter journey time, making it possible for divers to take shorter but more frequent trips. It is noticeable that diving tours to all destinations tend to offer very few add-ons (such as inland trips and other type of excursion). Again, divers seem to be primarily interested in diving per se, and tend not to seek expedition, historical or cultural dimensions to their holidays in addition. However, packages to Egypt are among those that offer the fewer amount of add-ons of all evaluated destinations. This situation prevents the diving industry to effectively integrate to other sectors of the tourism supply chain.

As a generalization, it is noticeable with diving holidays that the accommodation standards used are sometimes fairly basic, with divers staying in dive lodges or dive bungalows; while comfortable, these are often not luxurious. Divers tend to opt for the quality of the diving location and experience as their first criterion – especially those who try different diving locations each year – with issues such as accommodation quality being a secondary consideration.

Type of Flights Used

The type of flights available to different destinations has an impact in its image and marketing strategy. The following table presents a summary of the different types of flights used by diving operators from Europe to build their packages:

Table 19 Type of Flight Used

Destination	Type of Flight	
	Scheduled	Charter
South Pacific	100%	NIL
Indian Ocean & South East Asia	83%	17%
Caribbean	80%	20%
Egypt & The Mediterranean	**25%**	**75%**

Source: PA Government Services, Inc. with data provided by Travel Research International

Egypt's reliance on charter flights is the highest of all evaluated destinations. This seems to be another consequence of the closer distance from the main generating markets. However, the current marketing strategy for the Red Sea Coast also emphasizes the sun and beach market, which heavily depends on charter flights from the main operators in Europe. Since there seems to be a direct correlation between a destination's over-reliance on charter flights and its image as a low-cost destination, it is little surprise that Egypt's diving prices have been driven down. This is especially worrying in the case of the Southern Red Sea, where 100% of flights are chartered.

Main "Pull" Factor

The "pull" factor is the characteristics (or characteristics) that make a destination particularly alluring to a particular market or markets. In the case of the diving market from Europe, these "pull" factors are usually associated to a region's pristine environment, quality of marine life and sense of isolation for the practice of the activity. The following table presents a summary of the main pull factors per destination:

Table 20 Main Pull Factor and Destination Image

Destination	Main Pull Factors – Overall Destination Image
South Pacific	Diving in the Pacific is for Europeans both a special experience and, by definition, one that attracts only a small minority of the overall dive market, given the distances and costs involved. The key attraction is always the dive experience per se – whether this is wreck diving in Micronesia or diving in the exceptional natural attractions of other parts of the Pacific region
Indian Ocean & South East Asia	Dive tours to these destinations are increasingly popular in Europe, particularly destinations such as the Maldives, which have a relatively well-developed network of charter services. These destinations are perceived as more exclusive and exotic than established diving destinations.
Caribbean	The Caribbean is a long-established dive destination for the European market and holidays both on the mainland and in the Caribbean islands feature strongly in most specialist tour brochures. While the region may have lost something of its cachet compared with newer and more exotic destinations, it nonetheless is regarded as a reliable dive destination.
Egypt & The Mediterranean	**Destinations in the Mediterranean do not feature strongly in the programs of most European dive. Diving in Egypt is a different matter and a range of inclusive tours to the Red Sea (and the coral of this area) are an important component of most specialist programs.**

Source: PA Government Services, Inc. with data provided by Travel Research International

From this analysis, it results clear that Egypt is not perceived in the European diving market as an exclusive and exotic destination as some of the most distant, newer destinations evaluated. Quite the opposite, it is perceived as a nearby, reliable, and good quality destination that allows European divers to get certified relatively fast and cheap so that they can then go to the more distant (and expensive) destinations.

Survey on Eco-lodges

We carried out a survey of 12 lodges/eco-lodges in various countries, namely:

- Abu Camp, Okavango Delta, Botswana
- Chobe Safari Lodge, Chobe National Park, Botswana
- Ongava Lodge, Etosha National Park, Namibia
- Serra Cafema Camp, north-western Namibia
- Hoyo-Hoyo Tsonga Lodge, Kruger National Park, South Africa
- Malala Lodge, Hluhluwe and Omfolozi Game Reserves, South Africa
- Kikoti Safari Camp, Tarangire National Park, Tanzania
- Governor's Camp, Masai Mara Game Reserve, Kenya
- Eco-Lodge Dar Itrane, Atlas Mountains, Morocco
- Wadi Feynan Eco-Lodge, Dana Nature Reserve, Jordan
- Myland, Cirali, south-western Turkey
- Desert Lodge, Al Qasr, Egypt

The majority of these lodges is sold via tour operators and forms one element in a wider tour. Most, however, describe the types of tours available to guests who stay at the lodges. Abu Camp offers a 3-night safari for two people, and Governor's Camp describes a program of 3 game drives per day together with options for walking tours, balloon safaris, visits to a local

Masai village and to a local school. Most lodges simply describe the type of tours and trips that are associated with their guests without making such specific product offerings.

Table 21 Prices per night or per tour

Lodge	Price	Supplements	Comments
Abu Camp, Botswana	US$ 6,170 – 6,295 per person for 3 days	US$ 2,160 single supplement	Price includes private flight transfers, elephant-back safaris and luxury accommodation. One of the most expensive lodges that we discovered.
Chobe Safari Lodge, Botswana	US$119 – 149 per room (US$131 – 164 for 2007) for the room only. Game drives US$29 – 33; boat cruises US$ 23-28; Fishing US$ 33-36 per hour.	Full board supplement is US$ 65 per person per day; transfers from nearby Kasane airport cost US$55 – 75 per person	
Ongava Lodge, Namibia	US$ 342 – 382 per person per night sharing; tours included in daily rate	Single supplement costs US$195 – 199 per night	Described as an environmentally-sensitive lodge.
Serra Cafema Camp, Namibia	US$480 – US$528 per person per night sharing, all-inclusive. Tours included, minimum of 2-day stay recommended	Single supplement is US$247 per night	Very remote lodge in the extreme north-west of Namibia near to the border with Angola.
Hoyo-Hoyo Tsonga Lodge, South Africa	US$310 – 377 per person per night sharing, all-inclusive	Single supplement S$151 – 188 per night	Tours are included in the price. This is a relatively up-market lodge.
Malala Lodge, South Africa	US$38 per person per night self-catering; US$ 45 per person per night bed and breakfast; US$ 61 per person per night half board, all on a sharing basis	Single supplement US$ 4 per night	By implication the cost of tours is not included in the price. this is a relatively cheap and standard African game lodge.
Kikoti Safari Camp, Tanzania	US$198 per person per night sharing, full-board, all activities and tours included	Single supplement US$66 per night	Located in a well-known and quite intimate game national park and aimed at those able to undertake walking safaris
Governor's Camp, Kenya	US$ 185 – 330 per person per night sharing, full-board, 3 daily game drives, transfers and laundry included	Single supplement US$100 – 105 per night, balloon safari US$ 395 per person, extra walks at US $95 per person	The original up-market tented camp in Kenya.
Eco-Lodge Dar Itrane, Morocco	€ 30 – 35 per person per night half board, of € 45 – 50 per night full board	Single supplement € 50 per night	A 5-night package including tours and transfers costs € 245 per person, same package € 550 – 780 includes intn'l flight to/from Paris
Wadi Feynan Eco-Lodge, Jordan	US$ 62 per room for two people, US$ 49 per room for one person	Park entry fees are US$8.47 per person; Guides cost US$ 21 – 85 for 1-2 hours or one day respectively	Hikes included in room rate. Lodge opened in 2005 to promote environmentally-sensitive tours in Petra area.
Myland, Turkey	US$ 33 – 37 per person per night bed and breakfast	Single supplement US$ 15 per night	Based on the coast with a mention of guided trekking tours but no details given.
Desert Lodge, Al Qasr, Egypt	US$ 50 – 85 per person per night half board sharing.	Single supplement US$10 – 15 per night. Packed lunch US$ 8 per person; buffet lunch US$ 12 per person	Uses hydro- and solar power offering a non-standard product away from Egypt's mainstream tourism product.

Source: Travel Research International

It is clear from this summary that prices and concepts vary considerably, but also that there is a clear environmental awareness among lodge operators.

Types of accommodation
The types of accommodation offered vary between luxury or standard tents, rondavels, standard lodge accommodation, and some traditionally-built lodges reflecting local architecture and materials.
Activities and main attractions
In the African lodges the main activities are built around game- and bird-watching. In the Middle East and North Africa, the primary activities are cultural, and often involve visits to archaeological sites, local settlements and scenic attractions. In most cases, the emphasis of the lodges is on the unusual, more active and non-mainstream tourism product and seems designed to appeal to tourists who seek more genuine local interactions with either local residents or local scenery and wildlife.
Local transport
In the African lodges the main form of transport is the 4x4, although there are also examples of local transport modes, such as the mokoros (traditional boats) of southern Africa, outboard canoes and in some cases ordinary boats and indeed elephants in one instance. There is also some emphasis placed on walking tours at several lodges.
Prices
Prices vary very substantially across this sample, ranging from economy accommodation at a little over US$ 30 per night in Turkey to a 3-day all-inclusive safari at a luxurious lodge in Botswana at over US$ 6,000 per person. In general, the lodges surveyed fall into three categories – up-market lodges in sub-Saharan Africa, mid-market lodges also in sub-Saharan Africa and much cheaper accommodation in the Mediterranean, North Africa and the Middle East.
Lodges' sustainability affiliations
Virtually all of the lodges sampled are aimed at environmentally-sensitive tourism, but few present details on their websites of any explicit affiliations of this kind.
General remarks
Most of these lodges offer non-standard tourism with an overlay of ecological sensitivity to the more discerning tourist. In general, their appeal is to the more experienced, demanding and adventurous traveler, in consequence of which they will tend to attract the more specialized and more wealthy tourist (although some lodges remain relatively inexpensive and can be described as fairly "standard" game lodges).

Conclusions of the competitor analysis

The following conclusions can be drawn from the competitor analysis conducted among the 12 destinations that were considered to be competitors of, or present useful comparison with the proposed developments in the Southern Red Sea. (It is important to notice that one of the selected destinations—Dubai—was analyzed in regards of its successful management of hotel pricing. However, it is clear that the product offered by this new destination does not present comparison to what Egypt—and the Southern Red Sea in particular—has to offer.)

- The destinations evaluated could be clearly divided in two types: the "ecotourism" destinations and the soft-adventure destinations. The former are primarily located in Southern / Eastern Africa and the latter in North Africa / Middle East. These findings are consistent with the analysis of trends in the key European markets.
- While there is a general consistency among the prices of packaged tours to all these destinations, it is very clear that on average, prices and length of stay to "ecotourism" destinations are higher than soft-adventure destinations.
- From the soft-adventure destinations evaluated, Egypt is perhaps the best positioned one among the adventure / cultural / nature based markets from Europe, due to a combination of natural and cultural resources. It is also well positioned as "good value for money".
- Egypt is NOT positioned as a cheap destination among the soft-adventure destinations of North Africa / Middle East. As a matter of fact, the mean cost per night of a packaged tour of this kind to Egypt is the highest among all the evaluated destinations (Egypt, Tunisia, Morocco, Jordan and Turkey)
- Likewise, the average cost of a packaged tour of this kind to Egypt is the highest among all evaluated soft-adventure destinations.
- On average, the length of stay of these visitors to Egypt is higher than most soft-adventure destinations, second only to Morocco. However, average length of stay is not as high as it is the case in most "ecotourism" destinations. Additionally, the wide range

of accommodation options and transportation are very similar in all destinations evaluated with a clear emphasis on “character, authenticity and uniqueness”.

- Egypt does not rely as much on chartered flights as other soft-adventure destinations from the North Africa / Middle East region. This might explain its favorable positioning vis-à-vis their competitors who on average, rely almost 45% on this type of flights. As discussed above, reliance on charter flights tend to depreciate the value of a destination.
- Egypt is perceived as containing more “pull” elements and attractions than most competitors. This variety of resources and products allows tour operators to craft packages including a combination of traditional activities such as sightseeing and sunbathing with more active pursuits such as exploring the desert and diving / snorkelling. These combination packages are very appealing to the soft-adventure market.
- Unlike “ecotourism” destinations, nature observation and visits to natural protected areas are not the focus of the itineraries and packages to soft-adventure destinations. However, there is always a small nature observation and enjoyment component that usually involves desert environments.
- Almost all packages in soft-adventure destinations include a beach or diving component in coastal areas. This is increasingly becoming the case in some “ecotourism” destinations in Eastern Africa such as Tanzania and Kenya, beach tourism is currently being developed and aggressively marketed.
- Regarding diving destinations for the European market, Egypt has a very good reputation for the quality of the diving and affordable prices. This is due to a combination of factors including distance from main markets, image of the destination and type of development on coastal areas.
- Egypt however, is at the bottom of the price spectrum with prices here ranging from a third to one half of the price of packages to competitor destinations. This situation could be explained by the shorter journey time but also by the overall image of the destination.
- The average price per dive in Egypt is on average, the lowest of all evaluated destinations. However, there are big differences within Egypt and the SRS has managed to keep prices on the middle to upper range, comparable to those available in long-haul diving destinations such as the Caribbean and the Indian Ocean.
- The average length of stay of divers in Egypt is also the shortest of all compared destinations. This might be partially explained by the shorter journey time, making it possible for divers to take shorter but more frequent trips.
- It is noticeable that diving tours to all destinations tend to offer very few add-ons (such as inland trips and other type of excursion). However, packages to Egypt are among those that offer the fewer amounts of add-ons of all evaluated destinations. This situation prevents the diving industry to effectively integrate to other sectors of the tourism supply chain.
- The less a diving destination relies on charter flights the more exclusive its image (and therefore, the higher the prices). 75% of all diving packages to Egypt rely on charter flights, while for the country’s competitors that percentage is 20% at most. For the most exclusive diving destination (South Pacific), the percentage was 0%.
- Egypt is not perceived in the European diving market as an exclusive and exotic destination as some of the most distant, newer destinations evaluated. Quite the opposite, it is perceived as a nearby, reliable, and good quality destination that allows European divers to get certified relatively fast and cheap so that they can then go to the more distant (and expensive) destinations.
- In regards to eco-lodges, the same general division can be drawn between those located in “ecotourism” destinations and those located in soft-adventure destinations. This division can be drawn based on the different type of activities / attractions and general prices. Egypt’s ecolodges squarely fall in the latter category.
- In “ecotourism” destinations (mainly Southern / East Africa) the main activities are built around game and bird-watching. In soft-adventure destinations (North Africa / Middle East) the primary activities are cultural and often involve visits to archaeological sites, local settlements and scenic attractions.

- In general terms, prices for ecolodges in Sub-Saharan Africa are in the up-market, luxury and high-end category whereas prices for those in North Africa / Middle East are much cheaper. It is interesting to notice that prices for the ecolodge surveyed in Egypt were the highest for soft-adventure destinations. In that regard, Egypt's ecolodges are uniquely positioned to take advantage of these characteristics.
- Interestingly enough, while all surveyed ecolodges aimed at environmentally-sensitive tourism, few presented details of any explicit affiliation with any certification system (Green Globe 21, etc.). This should be interpreted as an indicator of the little relevance that this systems have for the market.

SWOT Analysis

Based on all the preceding data and discussion, the following tables are a summary of the main strengths and weaknesses of the Southern Red Sea's current marketing and product development strategies, as well as the opportunities and threats posed by the dynamics of the external operating environment. It represents the key issues that characterize the Southern Red Sea's attractiveness and appeal as a visitor region for the priority markets and those issues that may currently inhibit sustainable tourism growth and development.

For methodological reasons, the consulting team developed individual SWOT analyses for both the market and marketing aspects and the product development aspects of the destination. While it is acknowledged that both aspects present several areas of overlapping, it was considered appropriate to separate them to present the whole range of issues influencing the development of tourism in the Southern Red Sea.

Markets and Marketing SWOT Analysis

Strengths	Weaknesses
High percentage of repeat visitors	Low visitor expenditure outside of the resort
Good value for money	Low expenditure on locally produced services
Relatively exclusive compared to other destinations on the Red Sea Coast	Marketing is controlled by international tour operators and resort management companies
Demand for inland excursions and soft adventure	No distinctive brand for the destination, no promotion strategy in place
Demand for products with strong local cultural component (excursions, handicrafts)	High percentage of packaged tours (85%)
Highly environmentally sensitive market	Not attracting higher value customer with more money and higher education
Interest in spending time (overnight) outside of the resort	Lack of integrated marketing approach
Beachgoers are willing to spend money on activities outside of the resort	Marketing is narrowly focused on onlytwo segments: divers and beachgoers (coastal based recreation)
High preference for accommodation with character and high quality	Image of the region is not diversified too much focus on the Red Sea
Long length of stay	Prices are low for international diving and soft adventure standards
Prices are higher for Egyptian standards and for the beach going market	Diving industry is segregated from the rest of the tourism supply chain, particularly in Egypt

Opportunities	Threats
Egypt is very well positioned as a soft-adventure destination in the European market	Egypt and the Southern Red Sea are not seen as “eco-tourism” destinations
Accommodation on the Southern Red Sea could meet the demands of the international soft-adventure market	Egypt does not have as exciting of an image as Sub-Saharan Africa
Soft-adventure market is higher-yielding that the beach-going or diving market	Average length of stay of soft-adventure markets is low at specific sites
The European soft-adventure markets prefer activities concentrate on enjoying the dessert and the environment (mountains, monuments and cultural sightseeing)	Soft-adventure markets do not like to rely on charter flights. There present is perceived as reducing the value of a destination
Soft adventure markets appreciate encounters with local populations	Soft-adventure markets do not have a preference for organized entertainment
Soft adventure markets prefer combination packages that include a beach component	Soft-adventurers and eco-tourists are not likely to be repeat visitors to a destination
In the soft adventure market, Egypt is perceived as containing more pull factor than other MENA countries	For the soft-adventure market , low prices rank higher than the value of natural areas in Egypt as a success factor
For the soft-adventure market, nature observation is not the focus of their activities but rather experiencing a sense of “place”	Divers pay more for destinations that does not rely on charter flights
The Southern Red Sea location(short-haul) makes possible repeat visits from the diving market	Egypt not perceived as an exclusive diving destination but the Southernern Red Sea is
Egypt’s ecolodges are the most expensive among soft-adventurers	Divers pay more for destinations that do not rely on charter flightd
	Egypt not perceived as an exclusive diving destination but Southern Red Sea is
	Environmental certification systems have little or no recognition in the market
	Prices paid for eco-lodges in Soft-adventure destination are lower than those paid in eco-tourism destinations

Product Development SWOT Analysis

Strengths	Weaknesses
Pristine, undeveloped environment Proximity to main tourist generating markets Diverse cultural and natural attractions Important “pull” factor for diving & beach tourism along the Red Sea Availability of living heritage resources (i.e. herbs, spices, etc) that could be transformed into products Presence of protected areas set aside from development Adventure, cultural and nature activities are higher yielding than diving and beach packages on a per person basis Higher quality of product overall than other coastal areas in Egypt	Lack of iconic attraction for the soft-adventure tourists Lack of commercial flights Few options for independent travelers Poor connectivity and difficult access from other tourist areas in Egypt Poor environmental management practices (land & water) Limited community involvement in product supply Limited and poor quality of adventure, cultural and nature based product range Lack of authenticity, uniqueness and characteristics of the accommodation product Unskilled local human resources
Opportunities	**Threats**
Growing interest of soft-adventure market in Egypt Egypt’s relatively good positioning within the soft adventure market Investor interest in the region (particularly from Persian Gulf countries) High quality of the current beach going market that could serve as a base to build better south-adventure products Development of Port Ghalib as a gateway to the south Strong interest of local operators in involving local community –based attractions into itineraries	Overdevelopment and degradation of the environment Lack of funding for archaeological consolidation of roman ruins Continuation of the mono-product model along the Southern Red Sea coast Growing price competition from other MENA destinations (including some within Egypt) Growing number of charter flights into the Southern Red Sea Continuation of security restrictions to explore the desert

Destination Positioning - A Vision for the Southern Red Sea

The Southern Red Sea is clearly positioned to take full advantage of Egypt's relatively successful breaking into the soft-adventure market from Europe. The region hosts a diversity of tourism resources that if developed correctly, can become iconic tourist attractions that would increase the length of stay and money spent by visitors. At the same time, the characteristics of this market present a series of opportunities for local communities to get actively involved in the supply of tourism products and services.

However, the region should not abandon its current markets as they present a series of characteristics that make them useful as a base to build a higher-yielding customer base. Moreover, the current markets have stated a clear predilection for a less developed, more authentic environment in order to keep returning.

The key positioning strategy for the Southern Red Sea is to differentiate itself from other coastal areas in Egypt by reinforcing the value of its natural and cultural resources, in addition to the recreational value of the coastal-based beach product. In that regard, the area should implement marketing, investor promotion and product development strategies that build upon the following characteristics and attributes of the area:

Main Physical Features

- An iconic, category 2 nature-based tourism attraction (i.e. Wadi El-Gemal Protected Area)
- Pristine marine and inland environment
- Diverse and unique accommodation options
- Low density development both inland and on the coastal areas
- Variety of culturally authentic recreation (both day and nighttime activities) and shopping opportunities
- Friendly and sensitized local population
- Basic visitor infrastructure that does not overwhelm or compete with the natural and cultural environment
- Integration of the tourism infrastructure with the natural and cultural landscape
- Destination Image / Personality
- Isolated, remote, untouched
- Relaxing, slow paced
- Adventurous, yet to be discovered
- A taste of the "real" Egypt, where it meets Black Africa
- Relatively upscale and sophisticated
- Socially and emotionally engaging
- Benefits of the Destination Experience for the Visitor
- Relaxing and rejuvenating
- Educational
- Emotionally and physically fulfilling

Positioning Statement

"The Southern Red Sea is the most successful soft-adventure destination in Egypt, recognized internationally for its pristine environment and the vibrant richness of its living cultural heritage. As a traditional gateway to Black Africa, the Southern Red Sea will provide an opportunity for visitors to experience a real taste of the multi-cultural history of Egypt."

Destination Brand

"The Southern Red Sea... Where history and nature come to life...."

Implementing the Vision of the SRS an as Sustainable Tourism Destination: A Strategic Plan

This section will present a suggested strategic plan for TDA to implement the vision of the destination laid out in the previous chapter. As an agency in charge of product development and investment promotion but not necessarily tourism promotion, it would not be TDA's responsibility to implement many of the strategic components of this plan. Many other agencies and stakeholders have tourism development and management responsibilities in this area. However, as the agency leading the creation of a tourism industry in the region, TDA could actively coordinate with other partners and provide the vision for the destination as well as the guidance needed to implement it. The following strategic components are henceforth, presented as guidelines for TDA to coordinate product development and marketing work with the relevant agencies.

Priority Markets Strategy

The following tables present a summary of the different segments and markets suggested as a priority for the South Red Sea in the short, medium and long term. These markets and segments have been identified through the assessment of the current demand, the main trends in key European markets and the SWOT analysis conducted for the market and marketing strategy for the destination. The approach proposed by the LIFE Red Sea project is a gradual one that builds upon existing markets to improve the quality of the product and increasingly attract higher-yielding segments. The basis of this approach is the relatively good customer base currently enjoyed by the Southern Red Sea.

Table 22 Priority Markets for the South Red Sea

Segment	Source Market			
	Italy	Germany	UK	Europe (other)
Diving			1 - ST	1 - ST
Sea and sun (beach goers)	1 - ST	1 - ST		1 - ST
Comfort adventure	1 - MT	1 - MT	1 - MT	1 - MT
Cultural explorers	1 - MT	1 - MT	1 - MT	1 - MT
Naturalists	2 - LT	2 - LT	2- LT	2 - LT
Key: 1 = Primary 2 = Secondary ST = Short-Term MT = Medium Term LT = Long Term				

Source: PA Government Services, Inc.

Consolidation of current markets

Diving

This market is one of the most traditional ones for the South Red Sea. They come to this area (and pay relatively higher prices than in other areas of Egypt) to enjoy the pristine and relatively untouched marine environment of this area. Although most of them don't, some do engage in inland activities that are expected to have a high adventure component to them. In order to consolidate and better serve this market, TDA should engage in a destination wide environmental management program for resorts and dive operators that guarantee the adequate conservation of the marine and land-based resources. Additionally, TDA should work with private sector stakeholders to develop standards for dive-specific accommodation options that respond to the needs and expectations of this market.

Sea and Sun (the beach-goers)

These markets currently constitute the bulk of visitors to the South Red Sea. They come to this area (and pay relatively higher prices than in other areas of Egypt) to enjoy the sense of isolation and peacefulness offered by this remote part of the country. Most of them have an interest for experiencing a sense of "place", meaning an authentically South Red Sea experience. This includes more interaction with local people, a cleaner environment and a sense of isolation and remoteness. TDA should work with partner agencies to facilitate the development of community-based tourism experiences that capitalize in the area's rich cultural tradition as a gateway to Sudan and Black Africa. It should also promote the type of investment in accommodation and other tourism products that integrates better with the environment and conveys a feeling of authenticity. This effort could take the form of a set of specific guidelines and standards for alternative accommodation products and the conduction of special events to educate the investor community about the pros and cons of this type of development.

For the consolidation of markets it is important for TDA to devise mechanisms to prevent the overdevelopment of the coast with low quality accommodation products. This concern has been raised by both visitors and travel trade alike. A rational approach to land development would also set the foundations for capturing the higher-yielding segments of the soft-adventure market.

Access to New Markets

Comfort Adventure

This segment of the "soft-adventure" market is characterized by seeking engagement with new cultural and natural attractions, visiting sites and "discovering" areas off-the-beaten-path with a comfortable service. As such, it would be the ideal first segment to target as part of an effort to diversify the client base of the area. In order to successfully attract this segment, TDA should engage partner agencies (particularly EEAA through the Nature Conservation Sector) in the upgrade of attractions, in particular, the WGPA into a Category 2 attraction. This would include the development of appropriate interpretation and visitor facilities as well as the development of a sound business and visitor plan. Given that many areas of particular attraction to this segment of the market are located inside the WGPA, specific management and concession plans must be developed for these sites (including Wadi Gemal Island, Qulaan and the Roman Mining Settlements among others). Additionally, TDA should coordinate with the RSG for the development of Shalateen as an iconic cultural attraction that showcases the unique cultural heritage of a border town.

Cultural Explorers

This segment of the "soft-adventure" market is characterized by young to middle-aged people with no dependents, who seek to experience the "real" Egypt within a context of safety and familiarity. It would be a second segment to target once product development work in WGPA and Shalateen has been initiated and is proven to be more or less successful. Also, it would be important to provide an authentic experience that does not feel "too touristic" as could be the case in some of the resorts of the area in order to attract this segment. Therefore, alternative accommodation (boutique hotels, community-based lodging, etc.) will have to be available. At this stage, TDA should consider coordinating the arrival of scheduled flights with airlines as well as the Marsa Alam International Airport investor. This would allow the increasing arrival of more and more independent travelers from this segment and will lay the foundations for the arrival of increasingly specialized segments of the market.

Naturalists

Efforts to attract this segment (the most similar in the soft-adventure market to the hard-core "ecotourist") should be implemented in the long run. However, because of the characteristics of travel of this market, it should not become the focus of the strategy but rather keep them in mind as a secondary market. At this point in the development of the destination, many of the services and products developed might serve as a "pull" factor for this segment, including a variety of low-density, high-quality accommodation; the consolidation of WGPA as a Category 2 tourism attraction; the consolidation of Shalateen as a living cultural heritage attraction; the existence of a variety of nature-based and cultural tours and itineraries; and the arrival of scheduled flights into Marsa Alam or any other airport in the area.

Product Development Strategy

As a demand-driven process, the development of the South Red Sea's tourism product follows the priority markets strategy and not vice-versa. In that regard, we have prioritized strategic guidelines following the gradual development of the destination into a higher value one. The strategic guidelines are:

Branding, marketing and investment guidelines for the Southern Red Sea

A clear and targeted branding, marketing and investment strategy must be developed and implemented by TDA in order to promote the type of development that is consistent with the region's proposed image. The development of this strategy should involve the participation of the Egyptian Tourist Authority (in charge of international promotion) as well as the private sector and EEAA. The strategy should include from the outset a consideration to the development if a concession scheme within the WGPA for the development of sustainable tourism-related activities.

Nature-based and community-based product guidelines

A program for the development of community-based and nature-based tourism products should be designed and implemented to facilitate the access of local peoples into the tourism industry. There is evidence of a growing demand for this type of products among the priority markets. This program should be based on activities that communities already undertake and should tap into the region's rich cultural and economic traditions. Products should span the entire length of the supply chain and include day-time and night-time activities. The latter are particularly relevant for the current market as recreation opportunities at night are limited. As part of this program, clear guidelines and standards (where appropriate) for product development and management should be implemented. This would be particularly important in the case of nature-based products to be developed within the WGPA.

Improved environmental management for tourism service providers

An industry-wide environmental management program should be a priority for the destination in order to better serve existing markets and tap into new ones. This program should not only focus on the hotel sector but also the diving industry, particularly the live-aboard segment as there is growing evidence of their contribution to the pollution of coastal waters. While the focus of the program should be the implementation of best practices and the adoption of an EMS, the focus should not be on environmental certification, as they do not enjoy great market recognition.

Upgrade of WGPA into a Category 2 tourism attraction

The development of visitor management systems as well as appropriate visitor infrastructure in the WGPA is critical at this stage of development in the South Red Sea. The lack of an iconic nature-based anchor attraction is preventing the further development of the area as a soft-adventure destination. If this situation is not improved, the region runs the risk of becoming another Hurghada, where there are plenty of desert-based excursions that are unregulated, characterized by low-quality and oversupply and has damaged the desert environment that serves as a base. Since there is an administrative overlapping between TDA and EEAA for some of the areas within the WGPA, active coordination will be necessary between these two agencies to achieve this.

Development of Shalateen into a Cultural Heritage Attraction

The development of Shalateen into a cultural heritage attraction is a priority given the increasing popularity of tours into the town to see the Camel Market. As currently presented, the town does not offer much value-added to current customers and does not have the appeal to attract higher-yielding segments of the market. TDA should coordinate with the SRG to develop a series of attractions revolving around the themes of the Camel Market and the town's reputations as the gateway to Black Africa (Sudan). The development work should include a general urban revitalization program that respects traditional patters of use of the space as well as beautification. The most important component however, should be the work in partnership the local municipality and the camel market association to upgrade the presentation and interpretation of the Camel Market for tourism uses as well as the organization of a Camel Festival that might attract visitors at specific dates for special events.

Diversifying accommodation options

A specific plan for the development of guidelines and standards for alternative accommodation should be one of TDA's priorities in the short run. The lack of unique and characterfull accommodation constitutes one of the main bottlenecks for the development of a higher-value product and a reason of concern for the current markets. This plan must be developed in consultation with the private sector and international practitioners (i.e. eco-lodge and alternative accommodation developers themselves). Valuable lessons can be drawn from experiences developed in other international destinations. This plan should contemplate an educational component for local investors as many of them have expressed their unfamiliarity with the concept. In that regard, we strongly suggest the organization of a conference on alternative accommodation development that brings international best practices into Egypt.

Promoting access of local people into the tourism market

The participation of local people in the supply of tourism-related services is important for social, economical but also marketing considerations. Visitors to the South Red Sea are increasingly expressing their desire for interaction with local people, both inside or outside the resort. Currently, local people face several barriers to employment in the tourism industry due to educational, cultural and legal issues. In that regard, a program intended to assist local people to gain employment and improve their livelihoods through tourism would be on of the first steps in the promotion of a more sustainable tourism industry. This program should focus on three aspects: training for local people to work in the hotel / resort industry, develop a program for local "hosts" (a type of guiding certification so that local hosts can work with official tour guides) and hand-holding assistance for product development and marketing.

Institutional strengthening of TDA

As the lead agency, TDA needs to institutionalize the provision of market intelligence and strategic planning guidance not only to partners in the South Red Sea, but also in other coastal destinations where it has tourism development responsibilities. In that regard, the creation of a Sustainable Tourism department within TDA would provide the type of guidance necessary to respond to the challenges posed by a constantly changing international marketplace. The creation of this department will entail the development of a training and capacity building plan that could be implemented as part of the LIFE Red Sea project. While the final content of said training program should be coordinated and discussed with TDA, it should at a minimal include a market intelligence gathering component, a product development component and a tourism promotion investment component.

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LIFE Red Sea Project

ENHANCING SUSTAINABLE TOURISM IN THE SOUTHERN RED SEA REGION OF EGYPT

Annex A to the Destination Management Plan: Tourism Market and Product Evaluation for the Southern Red Sea Region of Egypt

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Acronyms

DMC	Destination Management Committee
EEAA	Egyptian Environmental Affairs Agency
EU	European Union
LIFE RS	LIFE Red Sea Sustainable Economic Growth Project
NPCA	National Parks Conservation Association
NRSR	Northern Red Sea Region
RSG	Red Sea Governorate
SRSR	South Red Sea Region (north of Marsa Alam to El-Shalateen)
TDA	Tourism Development Authority (under the Ministry of Tourism)
USAID	United States Agency for International Development
WGNP	Wadi El-Gemal National Park
WGHPA	Wadi El-Gemal Hamata Protected Area

1. EXECUTIVE SUMMARY

1.1 OBJECTIVES & METHODS

The South Red Sea Coast Visitor Questionnaire and Product Evaluation Survey were implemented in two stages: from March to May, 2006 and from August 28 through September 12, 2006. The goal of the surveys was two-fold: a) to elicit information from tour operators currently selling resort-based packages, diving, nature-based and adventure excursions in the South Red Sea in order to develop a profile of the sustainable tourism products being offered in the region; and b) to assess tourist's attitudes towards current and potential tourism activities in the region.

As part of the visitor profile work, a total of 400 visitor surveys were conducted in the area. The target population consisted of foreign visitors and expatriates visiting the South Red Sea with the purpose of recreation. Sample population was primarily drawn from the local resorts and hotels. A random sampling of tourists was taken from resorts and excursion outings. Visitors were approached while at the resort and also following completed excursions to gauge their background, views/values and opinions. The theoretical margin of error of the findings is +/- 4%.

As part of the product evaluation research, the consultant interviewed a total of 12 tour operators, diving operators, hotel and camp owners and managers operating in the area of study. Particularly emphasis was put into interviewing people with actual management responsibilities or the owners themselves

The surveyors used direct interviewing techniques. A detailed four-page questionnaire was used in (English, French, Italian, German and Russian). Five interviewers were used for this survey, each with fluency in European languages to provide additional clarification on questions per visitor requests.

The information provided in this report will help to develop linkages between demographic data and the tourists' behaviour that should be used to justify product development planning, implementation and promotion. This approach is needed given the wealth of natural and cultural resources, the importance of environmental protection to the livelihood of the population and the opportunity to distribute revenues to local communities. A 'sustainable tourism' approach can not only meet these objectives but also expand the tourism mandate to ensure that all tourism (current and proposed) development contributes to the interest of stakeholders such as TDA and the goals of the LRS project.

1.2 MAIN FINDINGS

1.2.1 Market Research Findings

- Most of those surveyed were between the ages of 30 and 49 years of age, which based on interviews with tour operators and hotel managers, accurately reflects the age range of international visitors to the South Red Sea.

- 44 % of those visitors surveyed stated that the primary motivation of their trip to the South Red Sea was diving. The results demonstrate that the South Coast is already an established dive location and its notoriety is growing. 38% of respondents sited a beach holiday as their primary motivation for visiting the South Red Sea. Since the tourists arrive for beach and dive holidays they generally are not oriented to pursuing inland activities but they are looking for new day trip excursion options.

- The vast majority of visitors 78% indicated that they had booked this particular trip to the South Red Sea using either a travel agent or booking directly through a tour operator. The overwhelming majority of visitors (85%) visited the South Red Sea as part of a package tour created by European tour operators. This isn't surprising given that transportation options are limited for the independent traveler in the region and that most flights into Marsa Alam are charted by tour operators.

- Of the surveyed areas, those visitors with only a high school education level made up 36% with trade and technical school graduates making up 26% of the market. Together, these two segments make up over 60% of the visitor population. The data demonstrates that the majority of South Red Sea tourists are blue-collar workers coming from middle class households throughout Europe.

- The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros accounting for 38% of the total market. The results of the visitor income survey demonstrate that the bulk of current South Red Sea tourists are middle class working professionals from Europe.

- 24% of visitors spent between 700 and 900 Euros on their entire trip to the South Red Sea while 21% spent 1000 and 1200 Euro. 16% spent between 1300 and 1500 Euros on their trip. These results show that the main market in not high-end tourism but rather tourists seeking value for money.

- 60% of those surveyed indicated that the Internet and travel websites provided the bulk of their travel information with the very few independent travelers in the region booking each component of their trip on-line.

- The majority of survey participants (65%) indicated that they preferred 4 to 5 star hotels while traveling in this particular region. The demand for small charm hotels or eco-lodges was 23%. Together, the demand for 4-5 star hotels and eco-lodges is quite high at 88% of the total market.

- Half of the visitors surveyed (50%) prefer full room and board as part of their tour package while vacationing on the South Red Sea. These results capture the all-inclusive nature of the South Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources.

- The challenge for the South Red Sea is to continue attracting more visitors based on its international reputation as an attractive destination while still meeting the demand to develop new tourism products in order to keep repeat visitors coming back and attracting first time visitors who want to return year after year. An overwhelming majority of visitors surveyed are repeat visitors to Egypt with 79% spending more than one holiday in the country. Hence, most visitors to the South Red Sea are repeat visitors that have been to this region before and thus are keen for new excursion and entertainment options.

- This market does not come for a hard-core ecotourism and adventure activities but rather the more traditional types of tourism such as sun and sand or diving.

As such, these traditional markets should be used as the base markets for development of new and innovative nature and culture heritage based tours.

- From the standpoint of product and image, the creation of an offer of good nature-based experiences combined with some genuine cultural and historical content will benefit the SRS by broadening its product range and its market appeal. This will have two key benefits: one is to upgrade and diversify the image of SRS and win back old customers for repeat visits. The other benefit is to attract new nature-base and adventure tourists coming not for the beach but for these inland experiences.

- Not surprisingly, 83% of visitors to the South Red Sea indicated that they preferred to participate in water-based activities such as snorkeling and diving during their trip. The survey results demonstrate that in the South Red Sea, the dive market remains the primary one.

- The results of the visitor profile clearly demonstrate that the market isn't interested in the development of lengthy adventure tourism packages. The beachgoers to this region are familiar with the tourism products that Egypt has to offer and are attracted to the region by the beautiful coral and pristine beaches. However, the market has demonstrated that visitors are seeking a cultural experience to complement traditional beach activities.

- The SRS clearly is in need of new product development that will fill the current gaps in product offerings. 22% percentage of visitors surveyed stated that they would like more interaction with the local community. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the tribal traditions of the region.

- An additional 21% of visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment and tourism products needed to be develop around the culture of the region.

- The majority of visitors to the South Red Sea has visited the country before and is now seeking traditional handicrafts that are unique in their rarity and have a much higher social value than mass-produced 'contemporary' crafts. The tourists have demonstrated their desire to be exposed and more importantly to buy 'exotic' and unusual cultural items.

1.2.2 Product Assessment Findings

- The region has strong potential for the development of cultural, adventure and nature-based tourism products given the range of natural and cultural resources available. However, most of these resources are currently underutilized and have not been turned into attractions.

- The main tourism resource of the area is the Red Sea Coast, which is considered a Category 1 attraction. The sound management of this resource is currently being challenged by issues related to indiscriminate fishing, urbanization of coastal areas due to tourism and poor waste management.

- At the moment, there is not an iconic, anchor natural or cultural attraction in the South Red Sea that could be considered at least, Category 2.

- The WGPA is currently underutilized as a tourism attraction because of the lack of management systems, lack of visitor infrastructure and poor marketing and promotion. However, the WGPA has the potential to be developed into a Category 2 tourism attraction.

- Visits to see the Camel Market in El-Shalateen are currently one of the most popular day excursions available in the South Red Sea. There is great potential to develop it into a higher-value product that provides local people the possibility to engage in the offer of tourism-related services.

- The Roman mining settlements scattered around the Eastern Desert and WGPA face several challenges to become tourist products. One of the most important bottlenecks is the lack of funds for necessary consolidation work. Several tour operators are interested in including this sites in future desert trips.

- Local human resources are not well trained or have the educational base to be successfully inserted into the tourism industry. There also seem to be cultural traditions that make it difficult for local people to have more sedentary employment.

- The current supply of accommodation is not of high quality (for international standards) and it is not diversified. It mainly consists of resorts catering to the beach and diving market as well as camps and tents, mainly targeting the mid to lower-end of the diving market. There is a clear lack of accommodation with character, uniqueness and individuality that could appeal to more sophisticated segments of the market.

- Companies offering tourist products and services in the SRS are highly specialized and have not yet diversified their portfolio of products. However, this is changing as increased competition is forcing operators to create more added-value for their products.

- There are serious concerns about the potential overdevelopment of the area for both environmental and economic reasons. The rapid urbanization of the coast will lead to damage to the coral reefs. Equally important, oversupply of accommodation will irremediably lead to a deterioration of prices and therefore, the quality of the accommodation product. The right amount and kind of accommodation should be developed in the destination.

- Food services are adequate but generally unavailable outside of the resorts and hotels of the area. Additionally, there has not been an effort among operators to develop a traditional local cuisine that could be properly presented to visitors, either outside or within the resorts. This would reinforce the image of the destination and promote integration of local producers into the tourism supply chain.

- Access to the region and transportation from other destinations within Egypt is one of the main problems faced by the South Red Sea. Currently, access in only possible via charter flights or via road from Hurghada (5 – 7 hours). Security concerns limit the possibilities of connecting the South Red Sea with the Nile Valley and the reliance on charter flights (100% at the time of writing) limits independent travel but also causes the image of the destination to suffer.

- Water-based activities currently dominate the market. Inland excursions tend to be short in duration and scope (half or full day maximum). The beach-goers engage in both water-based and inland excursions. However, oversupply of diving and water-based facilities is causing prices and quality of the product to drop. While some community-based and cultural activities are available, these are usually poor in quality and market appeal.

- Local communities see their access to the guiding market severely limited by current regulations in Egyptian law. The two main markets in the South Red Sea (diving and beach tourism) use a combination of local and foreign guides, although local guides refers almost exclusively to Egyptian guides from areas outside the South Red Sea.

- The lack of interpretation facilities, particularly inside the WGPA is seen as a constraint to develop higher-value nature products in the area.

- There is not a well-developed handicraft sector in the area that could meet the market's demand for authentic and traditional items. However, there is potential among some of the Bedouin communities to develop such sector.

- Prices received by local operators for different tours and packages to the South Red Sea (including diving and inland excursions) tend to be on the lower end of the spectrum. This is not to say that prices paid by visitors are necessarily low but that the percentage that ends in the hands of international tour operators is rather high. This seems to respond to the nature of the product and the fact that the international tour operator is currently responsible for all marketing and international travel costs.

- Natural and cultural tours are equally or more yielding on a per person daily basis than diving or beach accommodation packages. However, sales volume of these latter packages compensates for low prices.

- The overwhelming majority of diving and beach packages are still sold through international tour operators, either online or through a travel agent. However, all inland tours are booked directly on-site as these are usually offered as options only upon arrival. This sales strategy allows inland operators to keep most of the money paid by the visitor for the tour but in return, reduces his ability to sell in advance and get more customers.

- There is currently not a specific brand, marketing or promotion campaign specifically for the South Red Sea. The Egyptian Tourism Authority (ETA) promotes the "Red Sea Riviera" as an umbrella brand for a series of destinations of very different values.

- The "Red Sea Riviera" brand is focused on a single product: sun and sea tourism. Therefore, this brand fails to meet the needs of a destination like the South Red Sea that wants to promote its cultural and natural attractions.

- Due to the lack of a destination-wide marketing strategy, a "micro-marketing" approach prevails in the area, whereby specific companies are responsible to market their own products. This is exacerbating the reliance on international operators as they take responsibility for marketing and promotion of individual products in the main tourist-generating markets.

- This area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt among tour operators and travel trade. However, it is felt that as resort development sprawls further south, this area is bound to become another low-quality, low-price destination.

- The most cited qualities characterizing the South Red Sea were: "remote, isolated", "good value for money" and "pristine and relatively undeveloped". These should be the building stones for a brand for the destination. However, there has not been a systematic effort to develop and market this area as a distinct product.

- The region has a well-established brand image as a diving destination in the international diving market.

- The destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features. In that regard, it will be necessary to slowly build an image as a nature, adventure and cultural destination based on the same attributes mentioned above (pristine, remote and good-value for money).

1.3 RECOMMENDATIONS

1.3.1 Marketing & Promotion

While it is clear that the South Red Sea does not have image problems related to security, health, price or basic infrastructure, it does not stand out as a high-quality destination. Generally speaking, local operators recognize that there is not a clear brand image for the South Red Sea to separate itself from the rest of Egypt's Red Sea coast. While all of them recognized that there are elements distinguishing the South Red Sea from say, Hurghada and the South Sinai, there has not been a systematic effort to develop and market these areas as distinct products.

Marketing should be directed to the selected target markets with an aggressive campaign that appeals to the mass tourism markets of Europe as well as the 'specialty market' tour operators in Europe. In order to penetrate the new specialty markets it will be essential to launch preliminary marketing activities that will gain immediate awareness in the international travel trade.

There are many regions of Egypt that deserve extensive marketing because of their world class attractions. Consequently the South Red Sea region receives only limited promotion and most of the expenditures focus on the dive market. It is necessary to launch a branding process to determine the SRS unique positioning statement. It is important during the early stages of tourism development tin the South Red Sea that the destination establishes a strong brand image that highlights its remoteness, good value for money and the pristine natural environment. This is particularly important for the South Red Sea as a destination at an early stage of development.

Given the insights presented by this preliminary market data, it is clear that market research should be conducted on a quarterly basis for a more thorough view of the market. A collection of consistent data will strengthen present data and more accurately measure market trends, changes in visitor satisfaction and the ultimate impact of the LIFE Red Sea project on tourism development in the region.

All product development should occur with these findings in mind and should build on the existing South Red Sea image as a beach and dive location for European travelers. As the market research results demonstrate, special interest travel to the region is very limited and as a result, local resort owner's business models do not incorporate the niche based all- ecotourism packages into their strategies. The LIFE RS Project goals can be met within this current market structure without a radical shift in the base market. Hence, the LIFE RS project should use current markets to create sophisticated products to build successful tourism products that are economically viable and beneficial to local communities in both the long and short term. Hence, the focus of all marketing and product development activities should focus on the beach goer/diving tourist that is currently coming to the South Red Sea but is interested in participating in more day trips that focus on the nature and cultural heritage of the region. Although hard-core ecotourists may come to the area, they will not represent the core part of the market and thus all planning should be created in line with the existing market demand presented in this document.

1.3.2 Product Development

Red Sea Governorate

- Coordinate with military authorities and EEAA to streamline the process of obtaining authorizations to overnight and take groups into the desert. The goal of this coordination should be to make such authorizations more efficient and less time-consuming.

- Work along with the municipality of Shalateen to upgrade local infrastructure and work on the beautification of the area. It should also work with the Camel Market association to upgrade the experience and develop it into a product that meets the demands of the soft-adventure market.

- Develop a grant and technical assistance program to support the development of community-based attractions and products in the South Red Sea. This program should assist local associations to better integrate into the tourism market by offering products based on the cultural heritage of the area.

- Promote the development of basic infrastructure in Marsa Alam, so that the town could develop some services for visitors.

- Coordinate with military authorities as well as the Ministry of Tourism (MoT) the opening of the road from Marsa Alam to Edfu for tourists. The RSG could organize a convoy to accompany tourists to the Nile Valley, in partnership with private sector organizations and the MoT.

Tourism Development Authority

- Prepare a tourism investment strategy for alternative types of accommodation, including eco-lodges, boutique hotels, and community-based accommodation for the SRS. Strategy should be based on pre-existing plans for the physical development of the area, including the Land Use Management Plan.

- Conduct regular market research in order to gauge the preferences and levels of satisfaction of visitors to the SRS.

- Organize an investment promotion even that focuses on alternative accommodation. The event should a section on international case studies of successful eco-lodges, boutique hotels and community-based lodging to educate local and international investors.

- Coordinate with the RSG, EEAA and the military the development of an investment and concession strategy for inland accommodation. This is particularly important given that good quality accommodation options need to be available in the desert in order to diversify the tourist product.

Protectorates (EEAA)

- Develop a visitor management plan for the WGPA with the goal to upgrade facilities and promote the development of the area as an iconic nature-based attraction

- Implement a marketing and informational campaign among local hotels and tour operators about the significance of WGPA. This campaign should have the goal to increase visitation originating from local hotels into the park

- Coordinate the preparation of a solid waste management program for the WGPA that includes private sector (both hotels and dive operations) and local communities.

- Develop an awareness raising campaign about environmental management for hotel guests and divers. The goal of the campaign should be to educate visitors about the environmental practices (good or bad) of local operators. Since most visitors to the SRS care about the environment, they are likely to put pressure on operators who are not implementing sound environmental management measures.

2. INTRODUCTION

2.1 BACKGROUND ON LIFE RED SEA (LRS PROJECT)

The primary objective of the USAID funded LIFE Red Sea (LRS) Project is to support conservation and preservation of biodiversity in selected areas of the Red Sea Protectorate. Recognizing that development of portions of this area for tourism and related industries is intended and underway, the project is also directed at guiding tourism development to be environmentally sustainable and to allow local communities to benefit from tourism-based use of natural and cultural resources.

Egypt with its 8.5 million tourists a year is a world famous cultural heritage destination (Nile Valley) and leisure/dive destination. From 1992 to 1997, tourism along the Northern Red Sea exploded from 281,000 to 996,000 tourists. In 1992, there were 5600 rooms, but by 1997 TDA had grown that number to 17,600 rooms. By 2004, the number of divers had more than doubled again to 2.5 million people.

Although Egypt is not an internationally known ecotourism destination, the country offers 25 protected areas and expects to declare more. Current eco-tourism operators and activities are concentrated in the national parks of the Sinai (Ras Mohamed, Bardawi, and St. Catherine's) and in the Western Desert, where international tour operators are taking visitors to the oases of Bahariyya, Farafra, Dakhla, Kharga and Siwa, connecting to cultural heritage sites in the Nile Valley. Egypt's desert trips have been growing since the government first started noticing them in 1984, and in 2004 15,000 divers took desert trips inland. The number was higher in 2005.

The Northern Red Sea Region (NRSR), particularly along the coast, has been a very successful tourism destination in terms of investment, development, and number of visitors. However, some of the NRSR has experienced landscape and habitat destruction and marine pollution as a result of construction. If the same problems occur in the SRSR, they will destroy its potential for eco-tourism development, for eco-tourists stay in pristine environments.

Although all government stakeholders have studied the area and wish to see a strong tourism base in the SRSR, they differ on approach. The result is a lack of inter-agency coordination, planning, and decision-making among the primary governmental authorities and LRS planning partners (EEAA, TDA and RSG). Therefore, a constructive dialogue and an agreed upon understanding of planning direction is a gap that needs filling.

In order to enhance Egypt's competitiveness in the global nature-based and adventure market as well as assist the LRS project in its project approach, the consultants attempt to provide a research-based, comprehensive project strategy or blueprint for developing the SRSR.

2.2 PURPOSE OF THE STRATEGIC MARKETING RESEARCH

2.2.1 Market Evaluation

Specifically, in preparation for the development of a destination management plan for the South Red Sea Coast of Egypt, it is the project's intention to base its "business case" on verifiable, quantitative and qualitative market facts. It is also the project's intention to establish some preliminary base point indicators of visitor demographics, attitudes and expectations that could be used to measure program performance and to establish a visitor profile for the region.

The Consultant's role was to gather and present market facts using internationally accepted best practices in professional market research within a 30-day timeframe from late August until mid September 2006 in order to quantify visitor demand and to develop a market-driven approach to the destination management plan for the South Red Sea region. Please refer to Figure 1 below for a detailed map of the survey area.

Area where South Red Sea Tourist Survey was conducted
Figure 1

2.2.2 Product Evaluation

The purpose of this section is to provide information about the characteristics of the main nature-based and adventure products currently being offered in the area of study. Additionally, the interview with travel trade in the area allowed us to use qualitative information to complement the quantitative information elicited through the visitor surveys, thus reducing the bias that is inevitable given the limitations of the sample. This evaluation was made from a marketing perspective (i.e. related to issues of distribution channels, product development and branding).

The results of this evaluation will also provide a baseline to evaluate the future growth of the SRS as a destination catering to a wider variety of markets, including the key segments of the soft-adventure, natural and cultural markets.

3. MARKET EVALUATION

3.1 INTERVIEW PLAN

The South Red Sea Coast Visitor Questionnaire was implemented from August 28 through September 12 2006. The goal of the questionnaire was to elicit information from European tourists currently seeking diving, nature-based and adventure excursions in the South Red Sea in order to develop a profile of nature-based, sustainable tourism products being offered in the region and to assess tourist's attitudes towards current and potential eco-tourism activities in the region.

- **Target Population**

The interviewers conducted 400 surveys of customers of excursions and other nature-based activities. The target population consisted of foreign visitors and expatriates consuming nature-based and adventure tourism services in or near the study area. Sample population was primarily drawn from the local resorts and hotels.

- **Location**

The region surveyed consisted of resorts along several subsectors on the South Red Sea Coast. This region is defined as the sector Marsa Alam Airport/Port Ghalib to the south. This sector can be further subdivided into three sub sectors the upper one being from Marsa Alam town north to Port Galib and the international airport, the central sector extending south from Marsa Alam to Hamata, and the third [lower] sector extending below Hamata and including Shalateen. The region's emerging anchor is the new resort town Port Ghalib. Its anchor is Port Ghalib, an integrated full service resort town under construction by a Kuwaiti group. It is a private development including urban areas designed around two marinas and an international airport that opened in 2004 to commercial flights. It will eventually attract an international clientele for beach, boating and dive tourism.

A random sampling of tourist was taken from the following resorts and excursion outings. Visitors were approach while at the resort and also following completed excursions to gage their background, views/values and opinions. The following provides a comprehensive list of the hotels and excursions covered:

Hotels/Resorts

- Coral Beach Diving Hotel- Port Ghalib, Marsa Alam
- Abo Nawas Resort – Marsa Shagra, Marsa Alam
- Brayka Bay Resort- Km 18, Marsa Shagra, Marsa Alam
- Kahramana Beach Resort Km 23, Marsa Shagra, Marsa Alam
- Cataract Marsa Alam Resort- KM 20 Marsa Alam Safaga Rd, Marsa Shagra
- Shagra Village - Km 113, Marsa Shagara, Marsa Alam
- Shams Alam Beach Resort- Km 45 El Ghosoun Rd., Wadi Gimal, Marsa Alam
- Calimera Habiba Beach - Km 23 Marsa Shagra-North Marsa Alam
- Iberotel Coraya Beach Resort – Marsa Alam Rd. Marsa Alam. Corraya Bay
- Elphistone Marsa Alam - Km 37 After the Airport, Downtown Marsa Alam
- Lahmi Bay Beach Resort & Gardens - Km 115. Wadi Lahami. Marsa Alam

Excursions

- Dune Buggy/Quad tour in the desert
- Trip to Luxor
- Snorkeling/Diving
- Shalateen Camel Market
- Bird watching
- Herbal/Crafts Shops

- **Methodology**

In order to limit the communication problems posed by language barriers, the consultants oversaw the translation of the instrument into different languages according to the different target visitor populations identified in the testing phase of the survey instrument. The consultants then conducted a one-day training session with local surveyors identified by LIFE's project office in order to determine their suitability to assist him/her conducting the survey.

In order to ensure maximum participation from hotel guests and excursion participants, project consultants met with the management team of the resort and leisure organizations in order to introduce the goals of the LIFE project and to provide a detailed description of the survey design and implementation plan. By completing these preliminary meetings with resort staff, the consultants were able to conduct the one on one survey with hotel guests without interference or protest. In fact, the results of this survey will be shared with local stakeholders so that local tourism officials receive optimum benefit from this market research assignment.

The surveyors used direct interviewing techniques. A detailed four-page questionnaire was used in (English, French, Italian, German and Russian). Five interviewers were used for this survey, each with fluency in European languages to provide additional clarification on questions per visitor requests. As a result, there were no language barriers which interfered with data collection. A sample interview guide is attached to this document in Appendix A.

- **Survey Constraints**

- The timing of the survey (August and September 2006-end of the European high season), is reflected in some of the demographic information (i.e. Italians preferring to take holiday in the late summer months). However, the survey provides a snapshot of the views of tourists visiting the South Red Sea and can be taken as indicative of the market. In order to obtain more thorough results, market research should be conducted on a consistent basis in the region.

- The construction crews present in the Port Ghalib area had some bearing on responses regarding environmental protection and mass tourism development.

- **Schedule**

The schedule for interviewing included a training session that was held on August 27th in Hurghada, Egypt at the Marriott and the Sunrise Hotels. The research team (1 lead researcher + four local researchers) then traveled to the following bases of operation to conduct the survey: Port Ghalib (August 29th to 31st), Kahramana Beach Resort (August 31st to September 5th), Shams Alam (September 5th to 9th) and Lahmy Bay (from September 9th to 12th). From each of these locations, interviews were conducted with hotel guests who had participated in excursions outside the hotel in order to gage their opinions and perspectives concerning these activities. These excursions included water-based activities such as diving and snorkeling and land-based activities such as camel tours, dune buggy trips and visits to Bedouin camps.

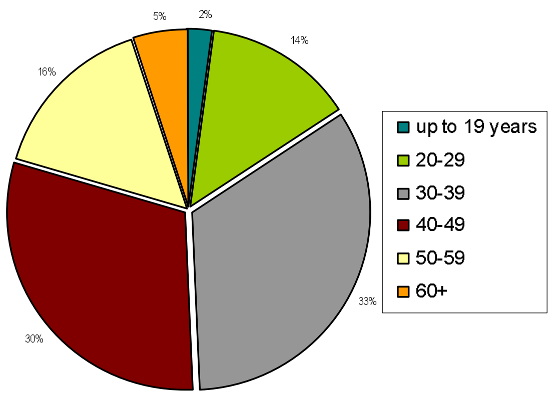
3.2 DEMOGRAPHIC INFORMATION

The demographic environment is of considerable interest to the further development of tourism in the South Red Sea because it involves people, and people make up the livelihood of the market. This information will help to develop and draw conclusions about linkages between demographic data and the tourists' behaviour that should be used to justify market development planning, implementation and promotion.

Age Range of Visitors to South Red Sea

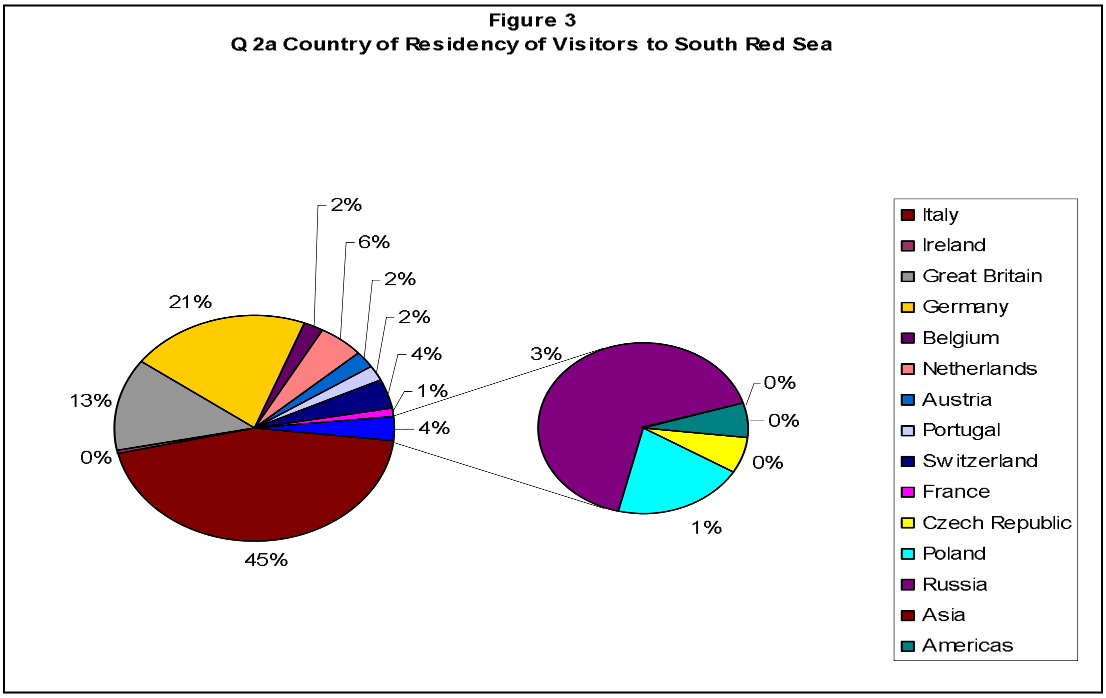
Most of those who completed the survey were between the ages of **30 and 49 years of age (63%),** which based on interviews with tour operators and hotel managers, accurately reflects the age range of international visitors to the South Red Sea. 5% were 60 years of age or older, 16% were between 50-59 years of age, 14% were between 20- 29 years of age and the smallest part of the market segment is comprised of young Europeans with youth (up to 19 years) representing just 2% of the international visitors to the region (see Figure 2).

Figure 2
Q1 Age Range of Visitors to South Red Sea



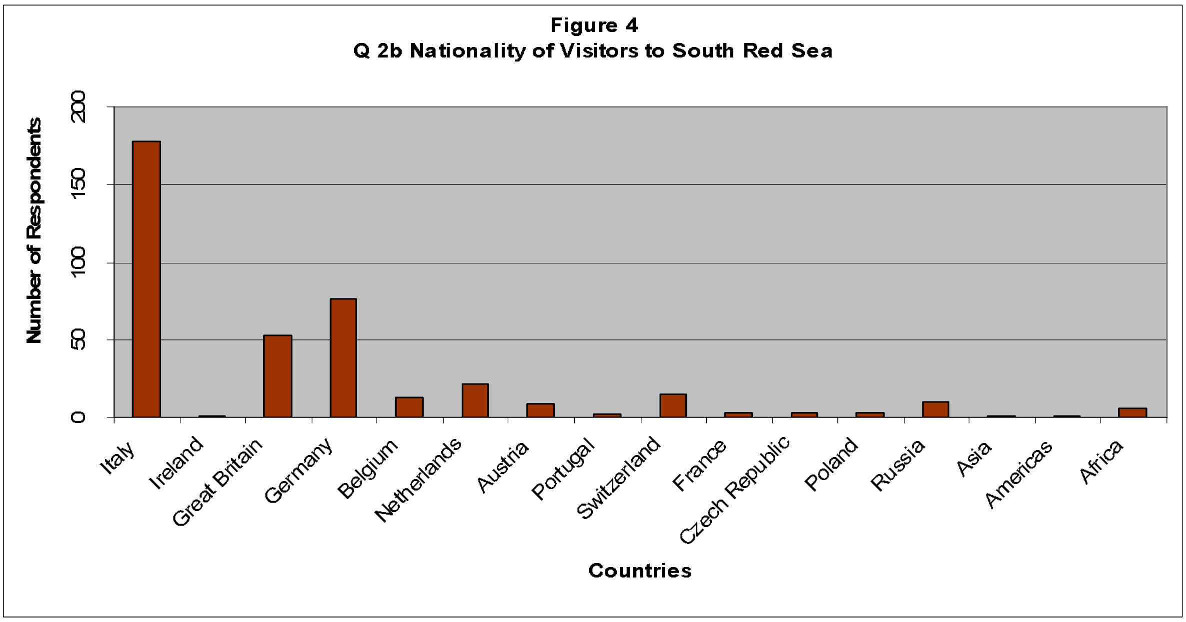
Country of Residency of Visitors

The majority of those who completed the survey were tourists currently **residing within the European Union**, with 45% percent of visitors living in Italy, 21% of visitors living in Germany and 13% residing in the United Kingdom (see Figure 3). The remaining 21% of visitors are currently residing in other Western European countries with 6% of visitors form the Netherlands, 4% of visitors from Switzerland, and 2% of visitors from Belgium, Austria and Portugal respectively. Unlike the Northern Red Sea coast, this area isn't heavily visited by Eastern European and Russian guests as they together made up less then 4% of the total market during the August-September 2006 holiday season.



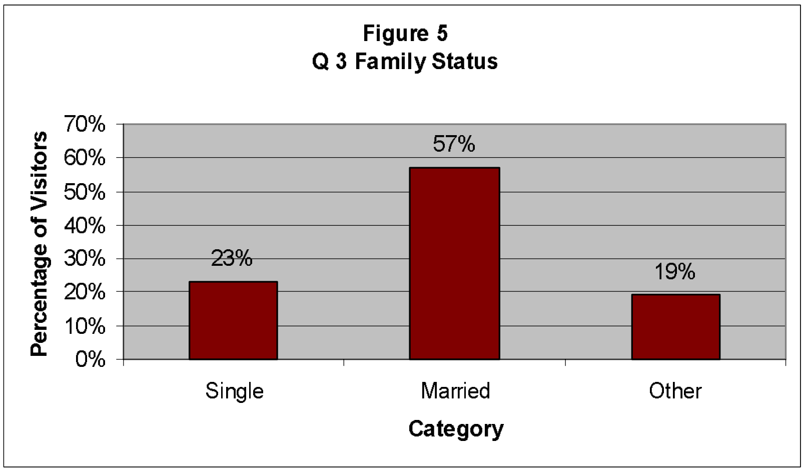
Nationality of Visitors to the South Red Sea

The overwhelming majority of those who participated in the survey were **citizens of European Union member countries.** Over 180 of the total 400 visitors surveyed were nationals of Italy with German nationals ranking 2nd with over 80 visitors and British citizens rounded out the top three with just under 55 visitors to the South Red Sea during the selected time period (see Figure 4). 21 visitors were from the Netherlands while 15 were nationals of Switzerland. 13 were Belgium nationals and the smallest portion of visitors were nationals of the following countries: Russia (10), Austria (9), France (3), Czech Republic (3), Poland (3), Portugal (2), Ireland (1), Americas (1), Asia (1) and African nationals (6).



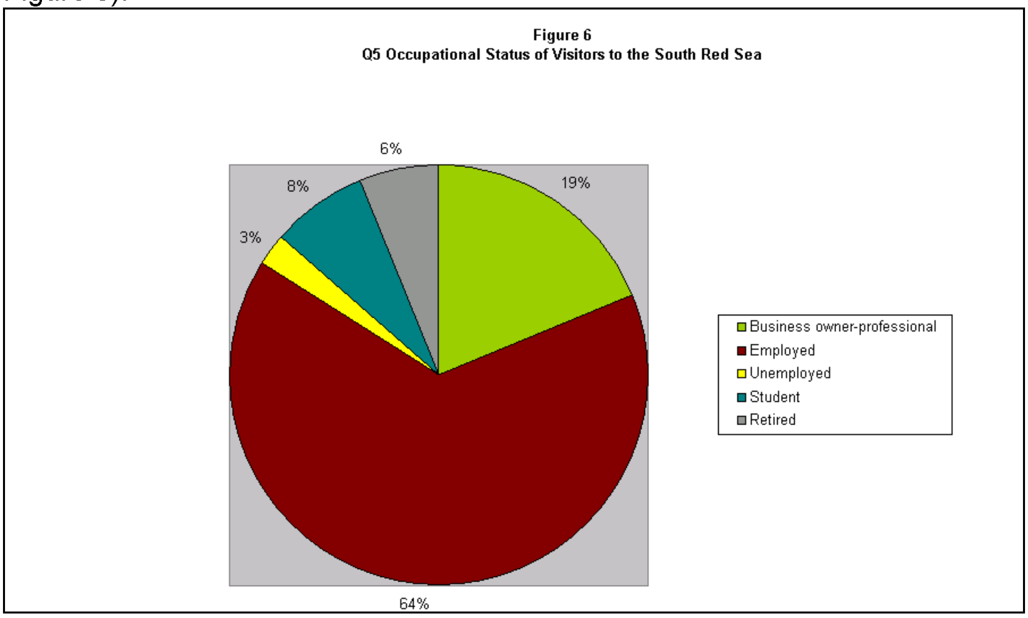
Legal Family/Marital Status of Visitors

The **majority of visitors to the South Red Sea are married individuals**, which represent a total of 57% of the total market. 23% of the market was made up of single individuals and 19% of the market is composed of visitors which would classify themselves as "other" meaning that they are either domestic partners or of widow/widower status. These statistics support further findings that nearly 50% of the tourist market to the South Red is made up of travel parties of two individuals (see Figure 18). Many of these visitors are travelling to the region with their spouse or domestic partner.



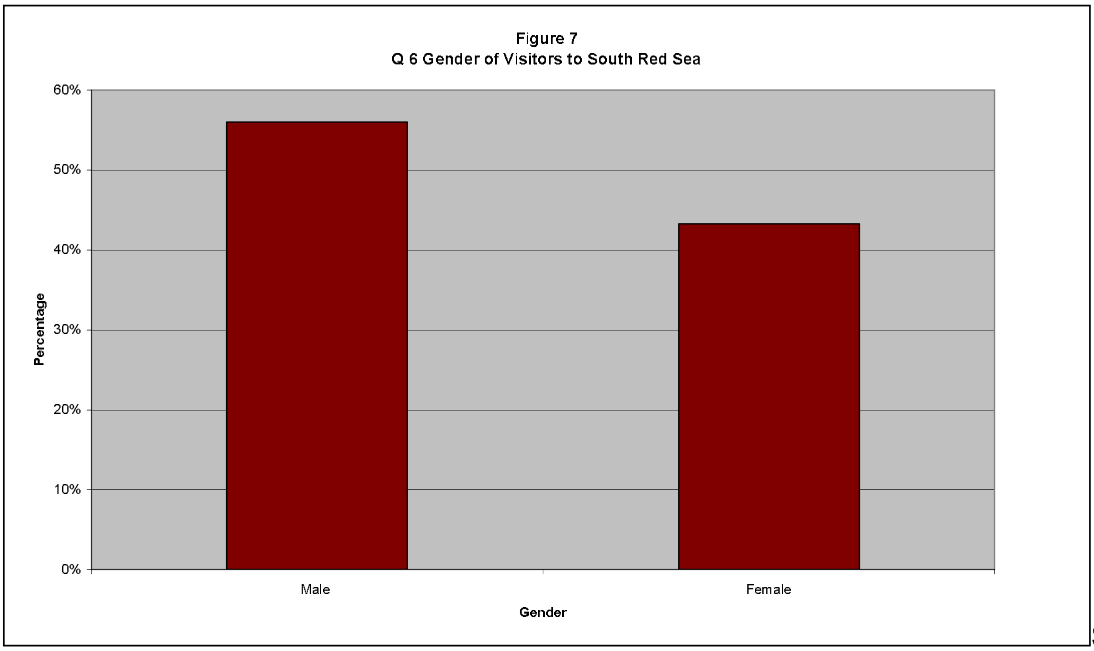
Current Occupational Status of Visitors

Over **64% of those surveyed reported that they are currently employed for a company or organization** in their home countries. 19% percent of participants were business owners and/or key stakeholders in managing businesses. Not surprisingly, a smaller percentage of those surveyed were retirees and student populations from Europe representing just 6% and 8% respectively of the total survey population (see Figure 6).



The data reflects the low quantities of elderly and young independent travelers to the South Red Sea region and highlights the fact that the main clientele are thirty to forties year olds with a regular source of income. Furthermore, there are few options for the type of student backpacker travel that is popular with many European students along the South Red Sea coast. Most tourists are limited to packages at all-inclusive resorts whose prices exceed student's budgets. Additionally, 3% of those surveyed indicated their status as un-employed. However, due to the interactive nature of the survey design, the interviewer was able to determine that the majority of these cases represented housewives whom are responsible for childcare duties.

Gender Ratio of Visitors to the South Red Sea Region

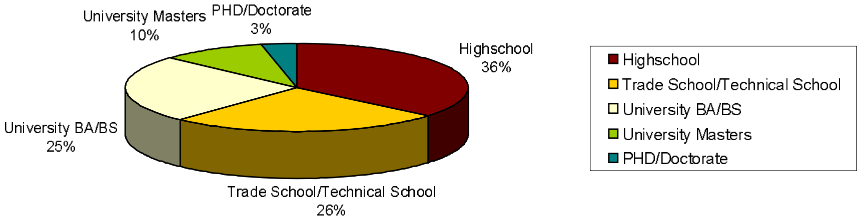


Survey respondents demonstrated that there was a **slightly higher percentage of males visiting** the South Red Sea during the selected time period with men representing 56% of the sample population and women representing 44% (see Figure 7).

Education Level of Visitors

Of the surveyed areas, those visitors with only a high school education level made up 36% with trade and technical school graduates making up 26% of the market. Together, these two segments make up over 60% of the visitor population. The data demonstrates that **the majority of South Red Sea tourists are blue-collar workers coming from middle class households throughout Europe** (see Figure 8 on the following page). 25% of those surveyed had completed a university level bachelors degree and 10% of visitors held a Masters degree at the university level. The smallest group of visitors are those holding a Ph D. doctoral degree at the university level representing just 3% of the surveyed population.

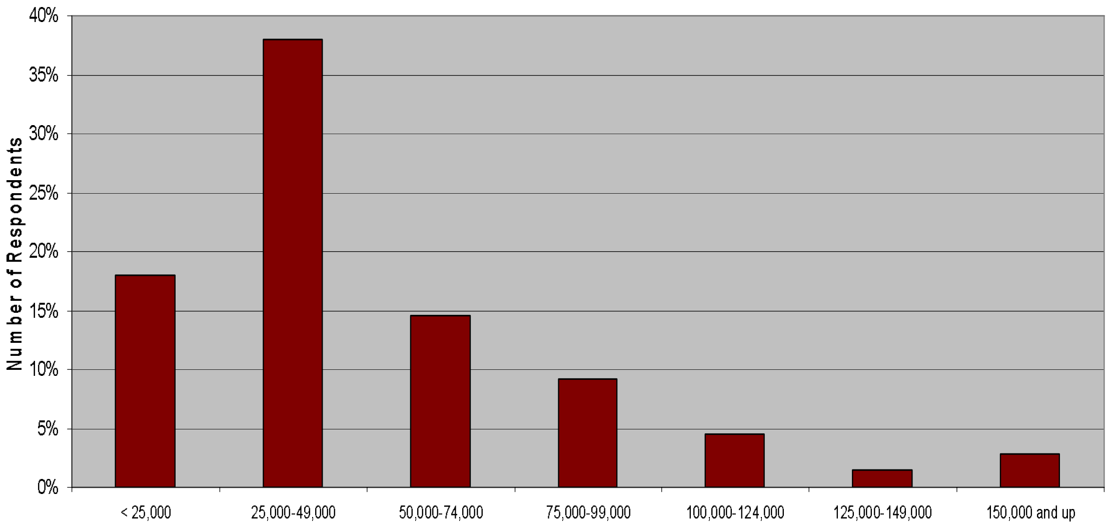
Figure 8
Q 7 Educational Profile of Visitors to South Red Sea



Household Income in Euros of Visitors to South Red Sea in 2005

The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros accounting for 38% of the total market. The results of the visitor income survey support the previous indicators that the bulk of current South Red Sea tourists are **middle class working professionals from Europe.** The second largest portion of visitors (18%), reported earning 25,000 Euros or less per year. 15% of those surveyed reported earning between 50,000 and 74,000 Euros and 9% reported earnings between 75,000 and 99,000 Euros. The remaining 10% of respondents reported earnings in excess of 100,000 Euros. Hence, it is clearly demonstrated that the current target market in the South Red Sea isn't a high-end luxury traveler with high amounts of disposable income but rather a price sensitive traveler that is seeking good value for their money and may be drawn to the all inclusive deals offered in the South Red Sea.

Figure 9
Q 4 Household Income in Euros of Visitors to South Red Sea in 2005



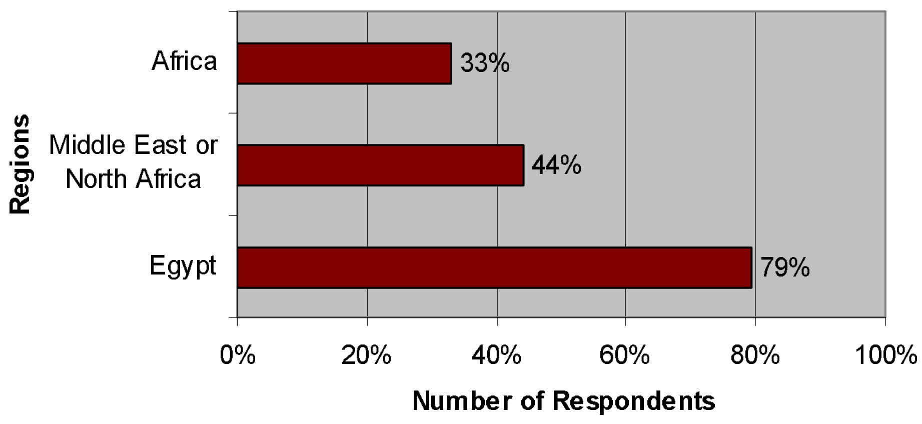
3.3 TRAVEL PREFERENCES

The purpose of this section is to set out the views and values of tourists visiting the South Red Sea Region. By asking them a series of questions as to their preferences, opinions and suggestions, one can gain valuable insight into the attitudes that shape the current market demand by European tourists coming into the region.

In your past travels have you already been to Egypt/The Middle East or North Africa/Africa?

An overwhelming majority of visitors surveyed are **repeat visitors to Egypt with 79%** (see Figure 10) spending more than one holiday in the country. Hence, most visitors to the South Red Sea are repeat visitors that have been to this region before and thus are keen for new excursion and entertainment options. 44% of visitors surveyed have also traveled to the Middle East or North Africa before with many mentioning countries such as Turkey, Tunisia or Morocco as recent vacation destinations. Finally, 33% of visitors have been to African countries such as Kenya or Tanzania. This demonstrates that the majority of visitors are comfortable traveling within the Middle East and Africa despite negative press regarding security in the regions.

Figure 10
Q 8 Previously Visited Countries in the Region



The findings of the data are further demonstrated in the illustrative visitor feedback below:

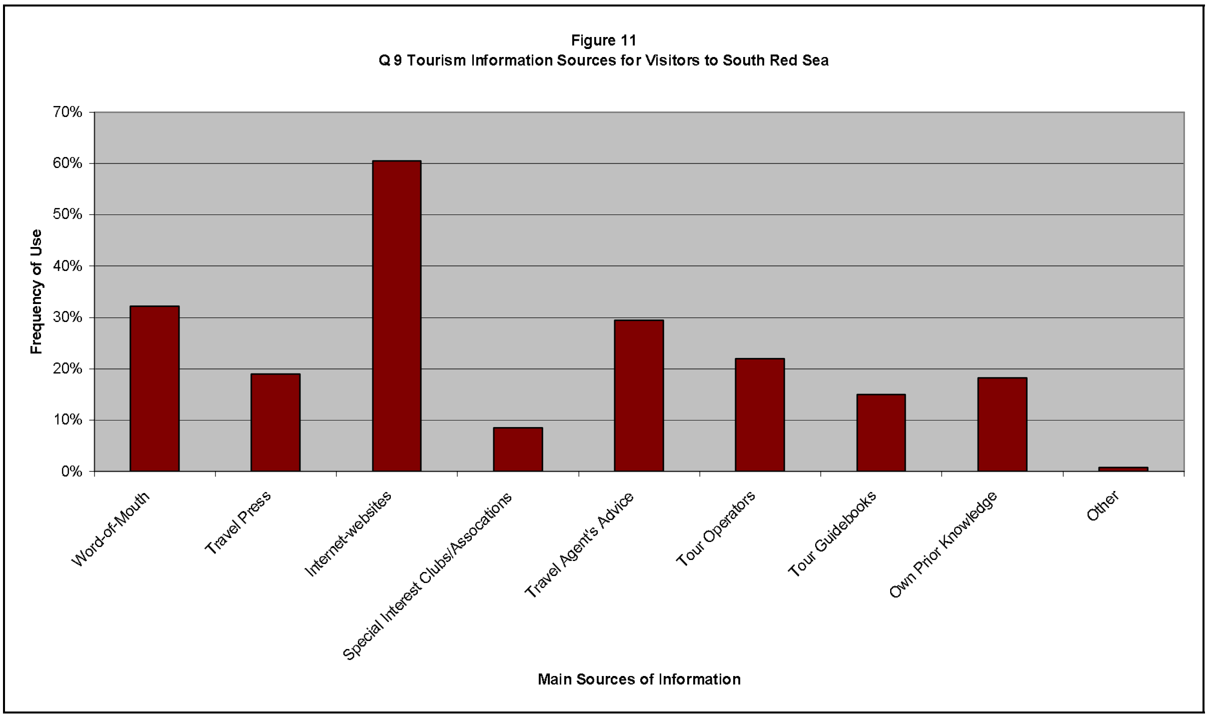
"I first came to Egypt to see the antiquities but I happened to discover the Red Sea. I plan on coming back whenever possible for a quick beach holiday" (Male, aged 30-39/Italy)

"This is my seventh time in Egypt. I plan on coming back year after year because of the pristine environment and great diving" (Male, aged 40-49 /Great Britain)

"I feel totally safe traveling in Egypt, I'd definitely recommend this spot to my friends" (Female, aged 30-39/Germany)

What are your main sources of travel information?

60% (see Figure 11) of those surveyed indicated that the Internet and travel websites provided the bulk of their travel information with the very few independent travelers in the region booking each component of their trip on-line. The data highlights the importance of marketing the South Red Sea Coast via Internet websites to foreign tourists, as this is the main outlet for future travelers to the region. Also noteworthy, 32% of visitors said that positive word of mouth regarding the natural beauty of the South Red Sea had attracted them to the region. As demonstrated in Figure 10, nearly 80% of visitors to the region had been to Egypt on holiday before and thus it isn't surprising that 18% cited their own prior knowledge as a source of information for this particular holiday.



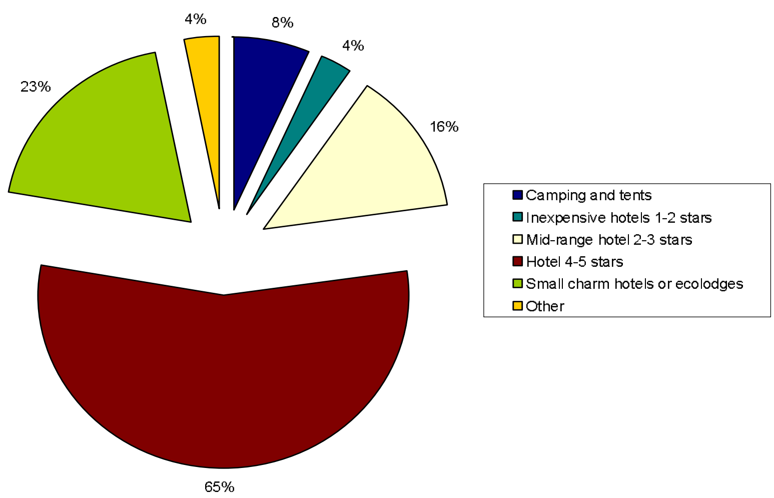
The role of the travel agent (30%) and tour operators (22%) also played a significant role in destination information dissemination. Furthermore, reading material such as articles found in the travel press represented 19% of respondent's information sources for their trip and tour guidebooks 15%. This information shows the importance of developing a marketing and promotion campaign, which will produce high-end advertisements and visual displays to attract visitors to the region. In order to reach these market segments, a familiarization trip for travel journalists and tour operators is a standard promotion tool used worldwide.

The remaining 9% of visitors indicated that they had received the majority of their information from special interest clubs or organizations. These types of visitors are coming to the region through numerous clubs and associations in the EU which organize travel programs usually in combination with specialty operators. Many of these clubs focus on the diving and nature-viewing (i.e. bird watching) enthusiasts and are growing in membership as these groups continue to spring up throughout Western Europe.

What type of standard lodging do you prefer on these trips?

The majority of survey participants (65%, see Figure 12) indicated that they preferred 4 to 5 star hotels while traveling in this particular region. The demand for small charm hotels or eco-lodges was 23%. **Together, the demand for 4-5 star hotels and eco-lodges is quite high at 88% of the total market.** The range of accommodation is growing along the Red Sea but currently doesn't meet demand, as few high-end hotel options are available.

Figure 12
Q 11 Preferred Lodging of Visitors to South Red Sea



The quality range of existing capacity along the SRS extends from 3-star international hotels down to very inexpensive camps. Some European tour operators and foreign hotel groups are participating in the management and marketing of some of the projects. A suites hotel is nearing completion at Lahami Bay.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

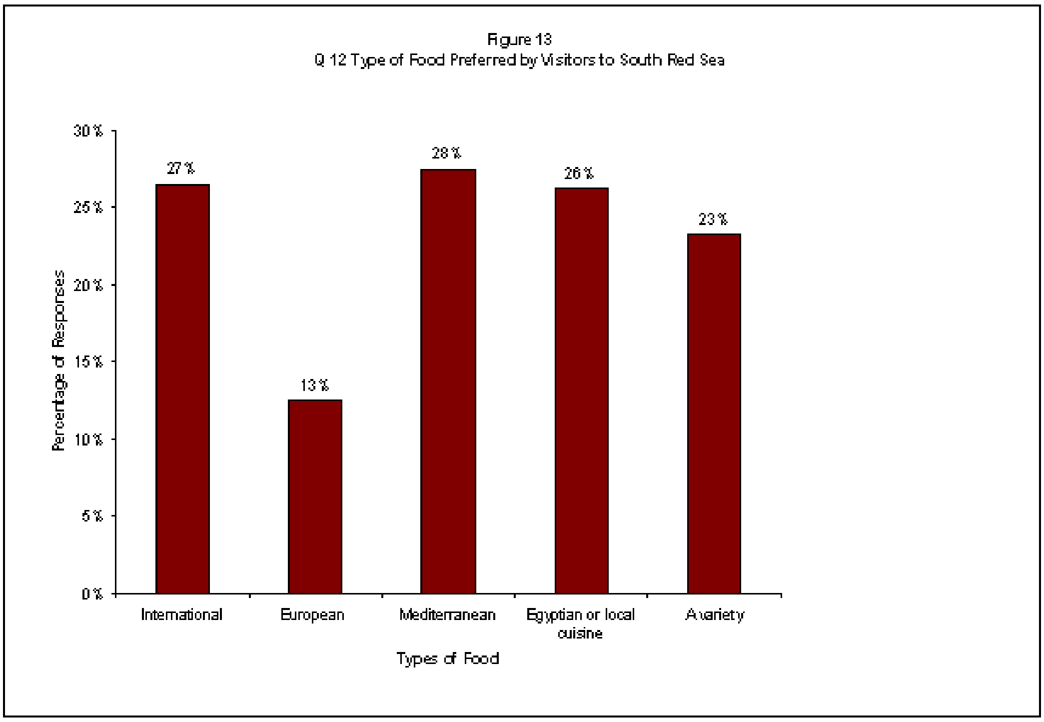
"We prefer to stay at 4-5 star hotels in Egypt because we know that our rooms will be tidy and that the food will be good"- (Male, aged 40-49/Germany)

"My husband and I like to experience the unique cultural characteristics of our holiday destination. Eco-lodges give us a real taste of Egypt" - (Female, aged 30-39 /Italy)

In addition, 16% of visitors prefer 2-3 star accommodations on trips to Egypt. 8% of vacationers provide camping on the beach or in the desert with tents. 4% prefer inexpensive hotels and just over 4% prefer "other" types of accommodation. The "other" category consists of EU travelers and expats living in the Middle East seeking exotic, genuine experiences outside of their home cultures. They can spend $150-300 per day per person, and rely heavily on word-of-mouth and on specialty tour operators emphasizing very high standards in terms of the content of itineraries, use of highly educated guides, and very distinctive lodging and food arrangements. Key motivations include educational value, distinctiveness or exotic flavor, exploration of a different culture, and travel in challenging and scenic environment. Many such tourists seek additional experiences such as spa services or meditation classes, cooking instruction or arts and crafts demonstrations. The quality of overnight lodging is very important for this clientele in terms of comfort, style distinctiveness and even cultural meaning.

Any type of food you prefer?

Results on the food preferences of visitors were widely dispersed among several options. 28% (see Figure 13) preferred Mediterranean while 27% preferred International cuisine. 26% of responses indicated Egyptian cuisine as the food they would like to enjoy during their stay on the South Red Sea. Additionally, 23% of visitors prefer a variety of ethnic food options while staying at the resorts. The smallest percentage of respondents (13%) indicated that they preferred a strictly European food-based menu. A general comment from visitors was that their primary concern was that food be safely prepared and fresh. It is clear that the market is definitely open to expanded regional food options such as Egyptian and Middle Eastern cuisine specialties, which could add an authentic flavor to their South Red Sea experience.

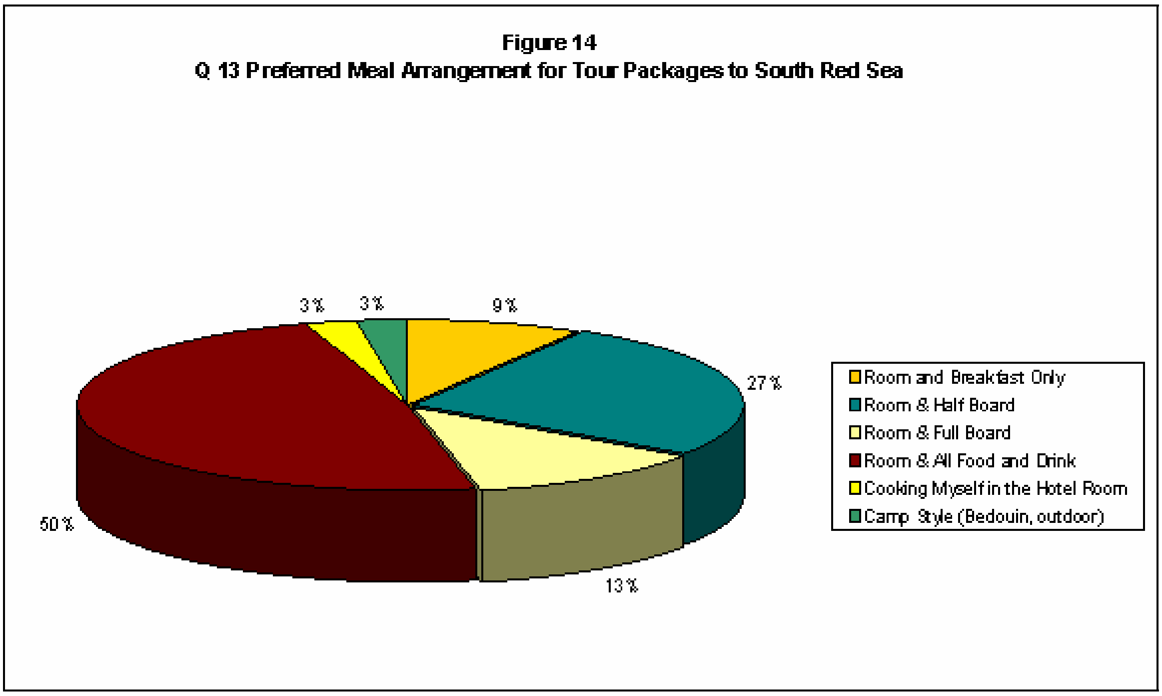


What type of meal arrangement do you prefer?

Half of the visitors surveyed (50%, see Figure 14) **prefer full room and board as part of their tour package** while vacationing on the South Red Sea. These results capture the all-inclusive nature of the South Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources.

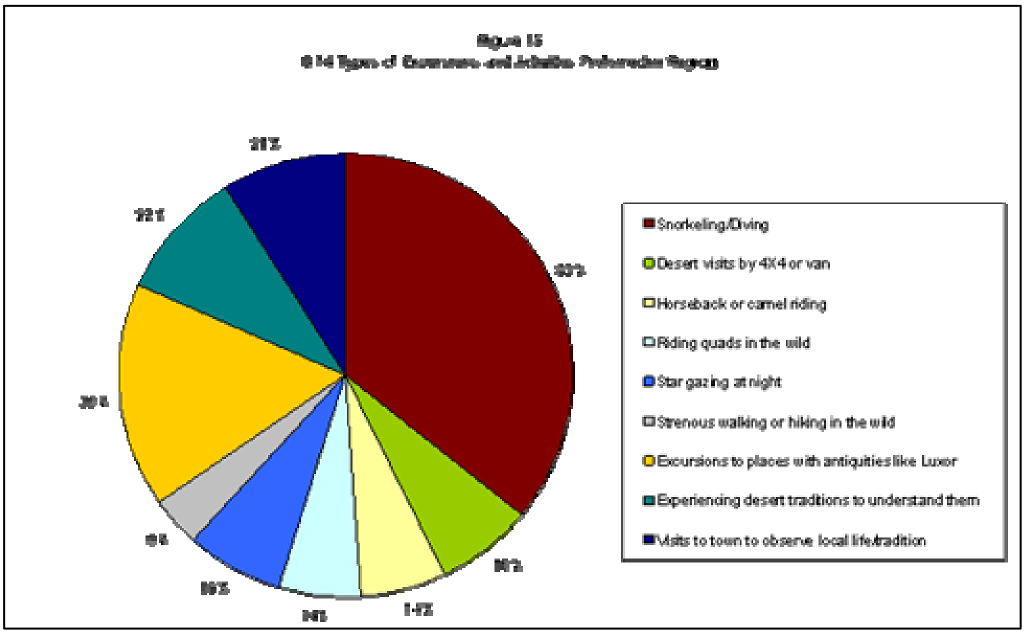
27% of guests indicated that they preferred a room plus half board option while 13% stated that room and full board with drinks as additional charge was the best option.

The 13% preference for exclusion of drinks is indicative of those guests who normally consume



alcoholic beverages with their meals and cocktail drinks aren't currently included in all-inclusive packages offered in the region. Other responses were room and breakfast only (9%), the option for visitors to cook by themselves in their individual hotel rooms (3%) and camping and cooking outdoors Bedouin style with 3% of respondents.

What types of activities and excursions do you prefer on such trips?



Not surprisingly, 83% (see Figure 15) of visitors to the South Red Sea indicated that they preferred to participate in **water-based activities such as snorkeling and diving** during their trip. The survey results demonstrate that in the South Red Sea, the dive market remains the primary one. Egypt is now a world famous dive destination including the South Red Sea coast. The dive segment already knows about the lower Red Sea coast's extraordinary marine attractions and the industry is promoting them as the Marsa Alam destination with its own airport. The sector's image in the dive world appears strong. For the dive industry the Red Sea enjoys a very good reputation so its capacity is expanding southward toward Sudan. Rising EU dive memberships is also a factor for the growing dive industry. Egypt's South Red Sea coast has a reputation as not being so crowded as Sinai or the Hurghada areas where divers mix with beach vacationers.

Another well-established excursion option in the region is trips to Ancient Egyptian sites. 38% of those surveyed participated in inland excursions to places with antiquities. Since, many packages last 8-10 days many tourists opt to purchase activities inland such as visits to famous Nile Valley sites in Luxor, Aswan or even Cairo.

22% of those surveyed indicated an interest in participating in desert excursions in order to experience local traditions and understand their communities, culture and history. 21% of visitors demonstrated an interest in participating in visits to towns in South Egypt in order to observe local life and traditions. Visitors expressed a feeling of isolation from the local community and have a genuine desire to pay for excursions involving local interaction with the local population.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

"On this trip, I don't even feel like I'm in Egypt. We're totally isolated at the resort. I wish that there were more opportunities to interaction with real Egyptians instead of just Western tour guides" – (Male with wife aged 40-49/Italy)

"I'd like to see more Egyptian women and see how they make local products with the option to buy some nice gifts for my friends"- (Female aged 20-29/Italy)

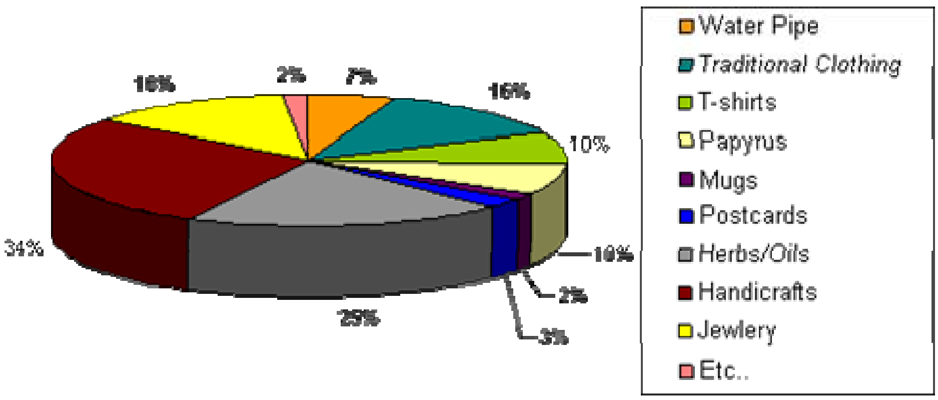
16% was shown for both desert visits by 4X4 or van and star gazing at night in the desert by taking the astro tour excursions offered in the region. 14% showed the desire to both experience horseback and camel riding in the desert and riding quads/dune buggies in the wild. The smallest portion of visitors (9%) demonstrated an interest in participating in strenuous walking or hiking in the wild. Currently there are very few excursions offered by tour operators in this area and summer months are too hot for strenuous desert travel.

What kind of souvenirs do you like to get?

34% (see Figure 16) of those visitors surveyed indicated that they would like to buy locally made handicraft items during their trip to the South Red Sea. Visitors described items from small decorative boxes to traditional dolls for children. 25% of visitors sought to buy herbs/spices or fragranced oils of some type form the region. The desire to buy jewelry and traditional clothing also proved quite popular with tourists in the region receiving 16% each. **Together the top four (91% in total) most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the**

region and the majority of tourist sought to buy something that was authentically "Egyptian".

Figure 16
Q15 What Kind of Souvenirs Do Tourist Like To Get?



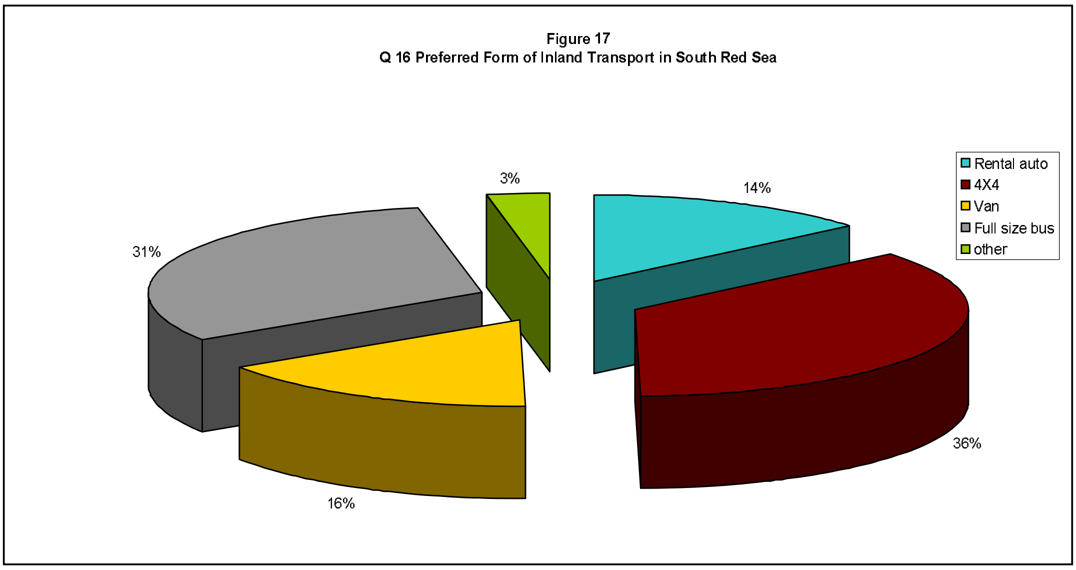
However, the current range of items offered at the gift shops and boutiques in and around the resorts along the South Red Sea fall very short of meeting market demand. In fact, many visitors expressed disappointment with the lack of locally made products at their disposal. The visitors surveyed expressed a desire for traditional handicrafts, which reflect the social and cultural environment in which they were made, and a wish to better understand the social identity of the people who have made them. The majority of visitors to the South Red Sea has visited the country before and is now seeking traditional handicrafts that are unique in their rarity and have a much higher social value than mass-produced 'contemporary' crafts. The tourists have demonstrated their desire to be exposed and more importantly to buy 'exotic' and unusual cultural items.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

"I've heard that the species and herbs from this region are famous for their medicinal purposes and I'd like to bring some back with me" – (Female 30-39/Italy)

"I like to buy traditional gifts from the region where I travel. The stores at the resorts only offer high-priced items from Luxor-I wish that we had access to local crafts and jewelry" - (Couple 50-59/Great Britain)

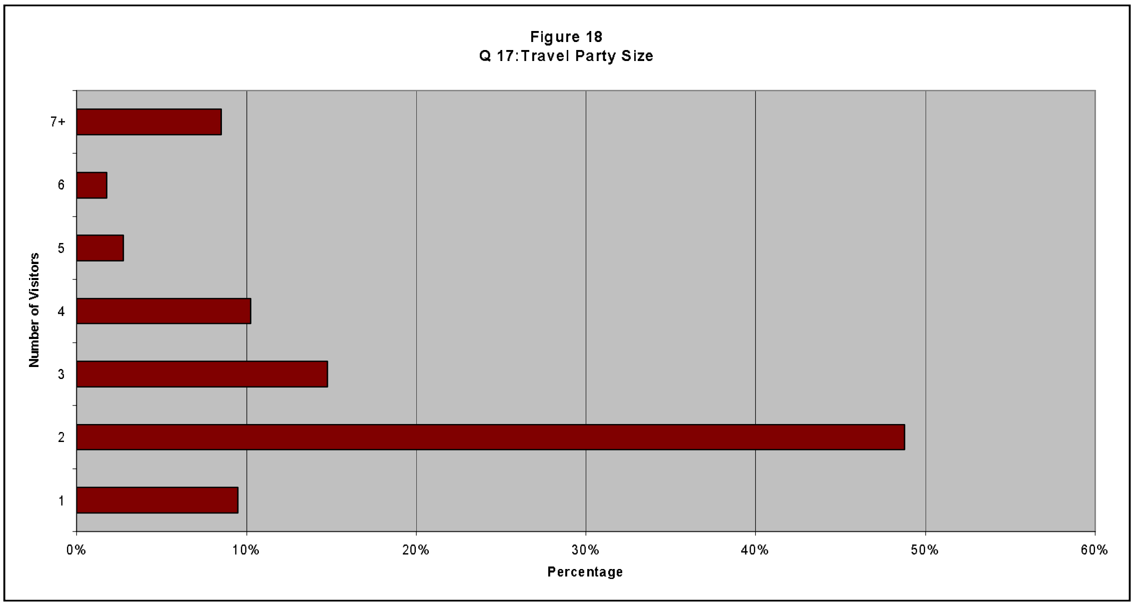
The remaining responses were broken down into a wide-range of souvenir items that are typically bought by tourists. 10% of respondents indicated a desire to purchase papyrus art and 10% expressed an interest in purchasing t-shirts. 7% of participants sought to purchase the famous Middle Eastern water pipe "shisha", 3% sought postcards while other miscellaneous items and mugs represent 2% of responses respectively.



When you travel inland on excursions, what's your favorite form of transport?

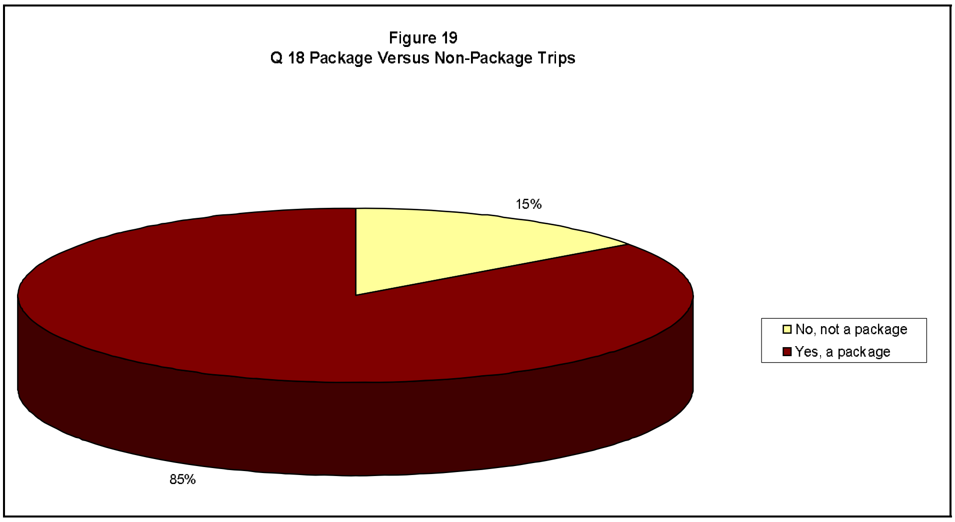
It is clear from the results of the survey that **visitors value safety and comfort when they venture inland on excursions.** 36% (see Figure 17) of respondents felt most at ease in a 4x4 vehicle while 31% preferred a full size road bus during excursions offering amenities such as air conditioning and toilettes. The third most frequent response was traveling by van with 16% of responses. 14% percent of tourists to the South Red Sea would like to see more car rental options for travelers seeking inland adventures and the remaining 3% of visitors indicated "other" as their preferred means of inland transport. This 3% accounts for visitors that would like to travel by camel or horseback into the desert to connect with the true life of desert people (i.e. adventure tourism seekers).

What is your travel party size (children included)?



The majority of visitor respondents were traveling in couples. **49% (see Figure 18) indicated that their travel party consisted of two individuals**. This group was made up predominately of married or partnered couples but a few individuals mentioned that they were traveling with a family member or friend other than their spouse. Hence, over half of visitors to the South Red Sea are couples and some of the marketing and promotional material should be directed toward this market segment. 15% of respondents were traveling with 3 members in their party while 10% were with parties of 4 and 10% were also traveling alone with no companions. The 10% of individual travelers was made up of primarily avid divers who had come to the South Red Sea to experience safari boat excursions with an organized tour group. 9% were traveling in parties of 7 or greater. This group was composed mainly of student groups that had come to the region with professors from a variety of European universities in order to complete marine biology courses by first hand dives. Such groups come on a bi-yearly basis and primarily frequent eco-lodge establishments. 3% of visitors were traveling in parties or five and 2% were part of groups of six. The last two groups were composed primarily of Italians traveling in families with either young children or with extended family members.

Is this trip an all-in one package created by a tour operator?

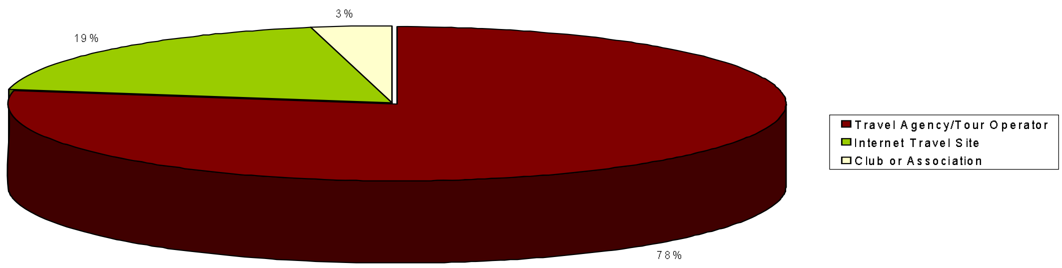


The overwhelming majority of visitors (85%, see Figure 19) visited the South Red Sea as part of a package tour created by European tour operators. This statistic isn't surprising given that transportation options are limited for the independent traveler in the region and that most flights into Marsa Alam are charted by tour operators. The remaining 15% of visitors indicated that their travel consisted of a non all-in one package. However, most of these visitors still arrived through a European tour operator to the area but they then chose to be more independent on the ground with the ability to pick and chose meal, transport and excursions options. The results of the survey reflect that at present, it is extremely difficult for the independent travel to reach the area from overseas as most tourist don' t want to waste vacation time on long arduous bus travel from Cairo or Luxor to the region. Hence, it is clear that all marketing and tourist product development must be done in partnership with the private sector in order to ensure success as the European tour operators are well established and are bringing 85% of the visitors to the region.

Where did you book and buy this trip?

The **vast majority of visitors (78%, see Figure 20) indicated that they had booked this particular trip to the South Red Sea using either a travel agent or booking directly through a tour operator.** 19% responded that they had booked their package trip to the region by using the Internet in their home or office. Combined, the two most popular responses make up 97% of the current tourism market.

Figure 20
Q 19 How Trips are Booked to South Red Sea



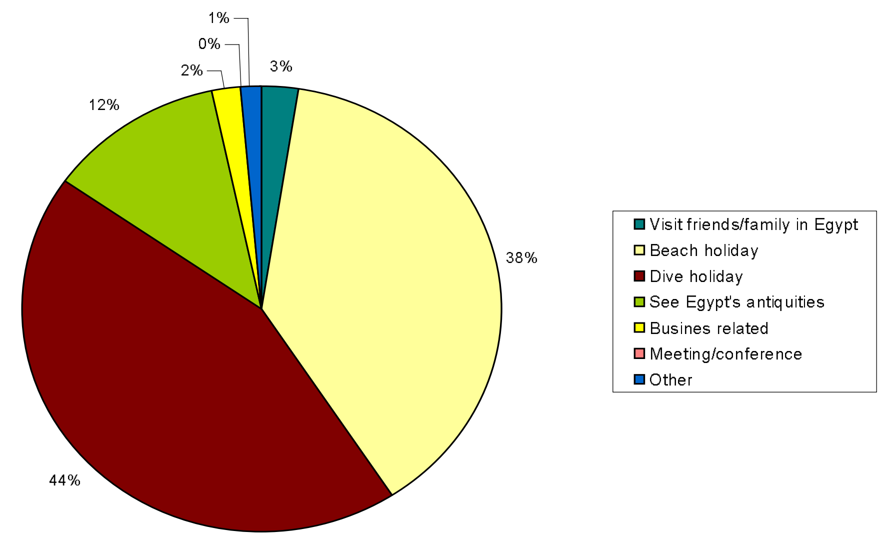
This data is telling because it demonstrates once again that any successful destination management plan must fully engage the private sector tour operators and travel agents in order to be viable. Furthermore, this data indicates that marketing and promotional campaigns should be geared toward the internet as a significant portion of visitors are already booking trips to the South Red Sea via the internet and most of those surveyed (60%) cited the internet and or travel websites as their primary source of travel information. Thus, by engaging the private sector and advertising on on-line sources, the region is more likely to flourish and grow as a sought after sea and nature based attraction.

The smallest portion of the market (3%) cited that this trip to the region had been booked through clubs or associations in Europe. These special interest clubs are on the rise in Europe and include activities such as bird watching, diving and other nature based attractions. Although these groups currently bring a small portion of visitors to the South Red Sea, they will prove more lucrative revenues in the future as more nature based and eco-tourism attractions are developed to expand tourism beyond the traditional diving and beach tourism segments.

What is your main motivation for this trip to Egypt?

44 % (see Figure 21) of those visitors surveyed stated that the primary motivation of their trip to the South Red Sea was diving. The results demonstrate that the South Coast is already an established dive location and its notoriety is growing. 38% of respondents sited a beach holiday as their primary motivation for visiting the South Red Sea. Since the tourists arrive for beach and dive holidays they generally are not oriented to pursuing inland activities. Probably most tourists who try the inland activities do so simply for the entertainment value, as a chance to get away from the coast, see a different environment and do something different. Some of the excursions do highlight the desert's flora, fauna and local traditions, but most do not. The South Red Sea product for all the tourists is either the dive experience or the beach holiday. Others opt for sports activities [hiking, camel or horse riding], sightseeing from 4X4 vehicles, thrill seeking by riding quads or aerial sports, or enjoying Bedouin traditions and hospitality.

Figure 21
Q 20 Main Motivator for Trip to South Red Sea

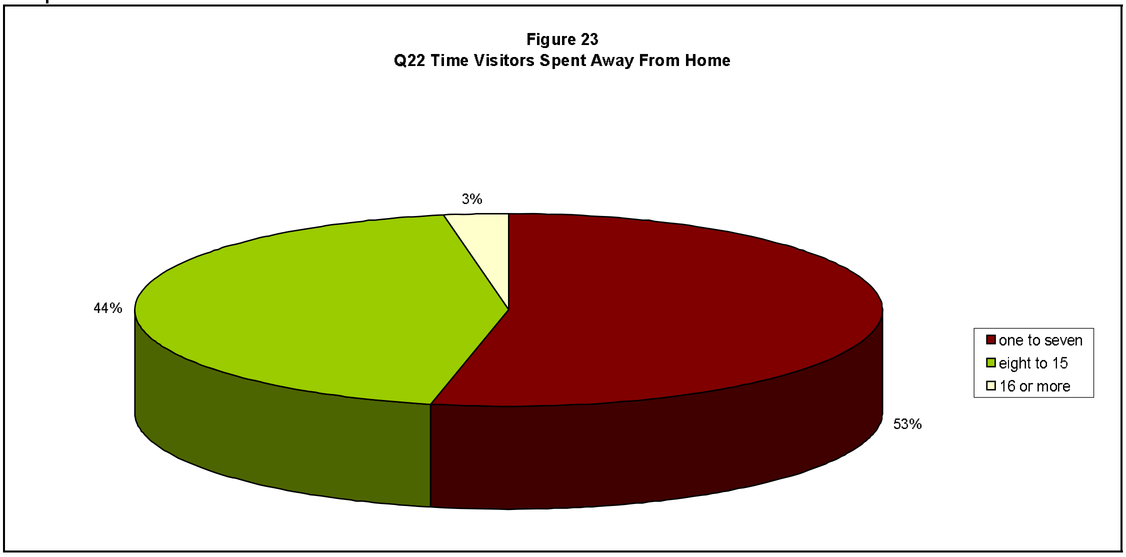


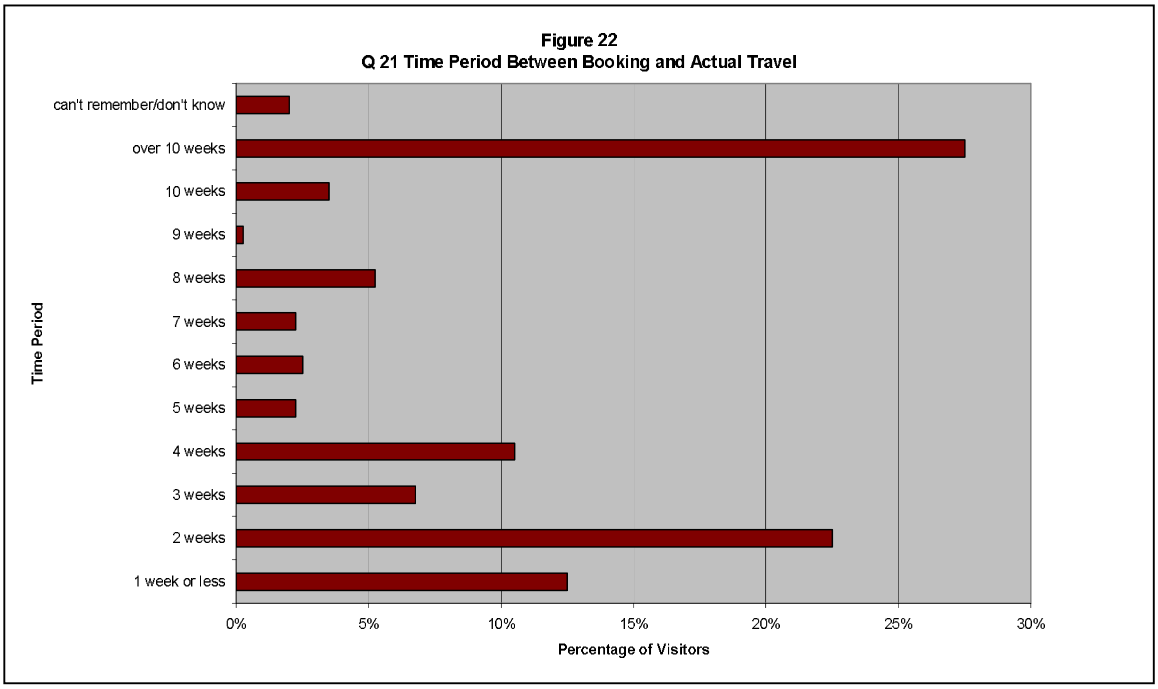
12% of visitors sited cultural heritage and antiquity viewing as their primary trip motivation. It is no surprise that Egypt continues to attract tourists for its famous cultural tourism and marketplace for the antiquities it offers along the Nile river valley. Many tourists visiting the South Red Sea have combined a trip to Luxor or Aswan with several days of rest and relaxation. As most of the visitors to the South Red Sea are repeat tourists in Egypt, it isn't surprising that they are seeking to explore the traditional antiquities of Egypt while still enjoying a traditional beach holiday.

3% of tourists sited a visit to friends and/or family in Egypt as the primary motivation for their stay. This group was composed mainly of relatives and friends of either European hotel staff or engineers working on the many construction projects in and around the Port Ghalib area. 2% of respondents sited business as their motivator for this trip and this group was composed mainly of travel industry representatives or expatriate engineers/designers consultants for further resort development projects in the area.1% sited "other" as their motivation and this group consisted primarily of those visitors that sought a quiet get-away which provided them with quiet time to spend reading and relaxing. Less than 1% sited meeting or conferences as the motivation for this trip. This handful of individuals was composed of those who had come to some sort of business activity on the North Red Sea and had taken the opportunity to explore the region a bit more.

How long before you started this trip did you book it?

Figure 22 demonstrates that 28% of survey participants booked their travel to the region over 10 weeks prior to travel. This group was composed primarily of dive holiday visitors from Great Britain and Germany who spent the majority of their trip out to sea on dive safaris. However, the second highest response with 23% of respondents indicated that their



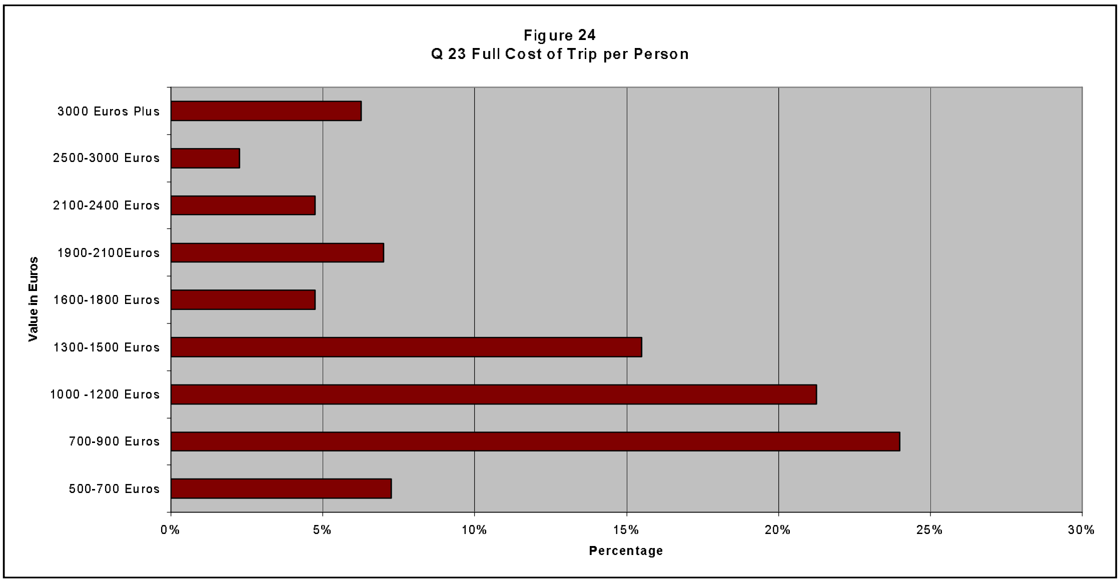


trip to the South Red Sea was booked two weeks before departure. This 23% of travelers appeared to be composed primarily of Italian groups booking a quick and relatively last minute trip to round out the summer holiday season. 13% of visitors booked their trip less than one week before actual travel taking advantage of last minute deals offered by tour operators to keep occupancy rates up. This last minute travel offers an all-inclusive package at a reasonable price for visitors. 11% of participants had booked their trip 4 weeks before travel while 7% had booked their holiday 3 weeks before departure. The remaining results showed 5% for eight weeks, 4% for 10 weeks, 3% for six weeks, 2% for both five and seven weeks before travel while 2% couldn't remember exactly when they had booked their travel to Egypt. Less than 1% had booked their trips 9 weeks in advance of travel. These results demonstrate the need to direct marketing and promotion efforts to those travelers who reserve well in advance as well as last minute travelers as their presence is ever increasing.

How many days are you away from home on this trip?

Over half of the visitors surveyed (53%, see Figure 23) spent an average of between one to seven days on the South Red Sea. While 44% of visitors stayed between eight to fifteen days. This group of visitors could serve as the target population for promotion of land base excursions as after a week of snorkeling or diving, many are looking for additional recreational options during the second week of their stay. The smallest percentage of visitors (3%), said that they planned to stay in the area for over two weeks (16 or more days).

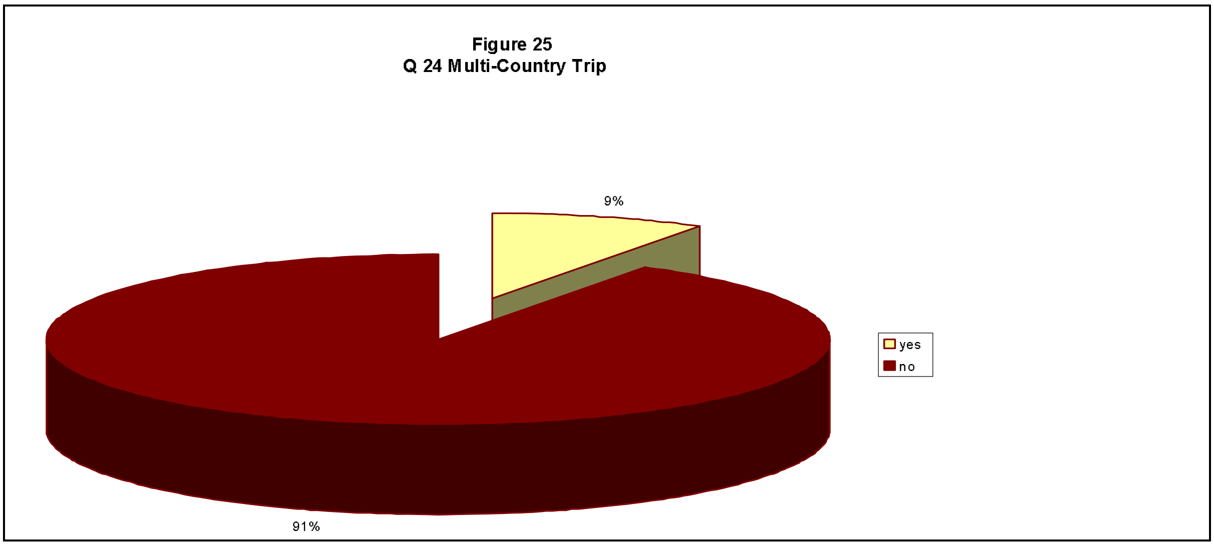
What's the approximate full cost of the entire trip, airfare, stay in Egypt, shopping, tips included, for just you?



24% (see Figure 24) of visitors spent between 700 and 900 Euros on their entire trip to the South Red Sea while 21% spent 1000 and 1200 Euro. 16% spent between 1300 and 1500 Euros on their trip. **These results show that the main market in not high-end tourism but rather tourists seeking value for money**; further demonstrating the price sensitivity of the market. Currently, the South Red Sea Coast provides an affordable holiday get away for middle class European couples and family with pristine marine life and beautiful desert. 7% had spent between 500 and 700 Euros. 7% also registered on the higher end of the spectrum spending between 1900 and 2100 Euros on the holiday. 6% of those surveyed indicated that they spent over 3000 Euros on this particular trip while 5% spent between 2100 and 2400 and 5% also spent between 1600 and 1800 Euros. 2% spent between 2500 and 3000 Euros. While high-end tourism is still in its infancy, the Oasis Hotel at Marsa Alam and 50-room Suites Hotel at Lahami Bay [the *Berenice Tea Club]* are examples of new capacity that will target higher income markets including the 'cream' of the dive and beach markets. They are providing full service accommodation and selecting foreign partners to tap these markets.

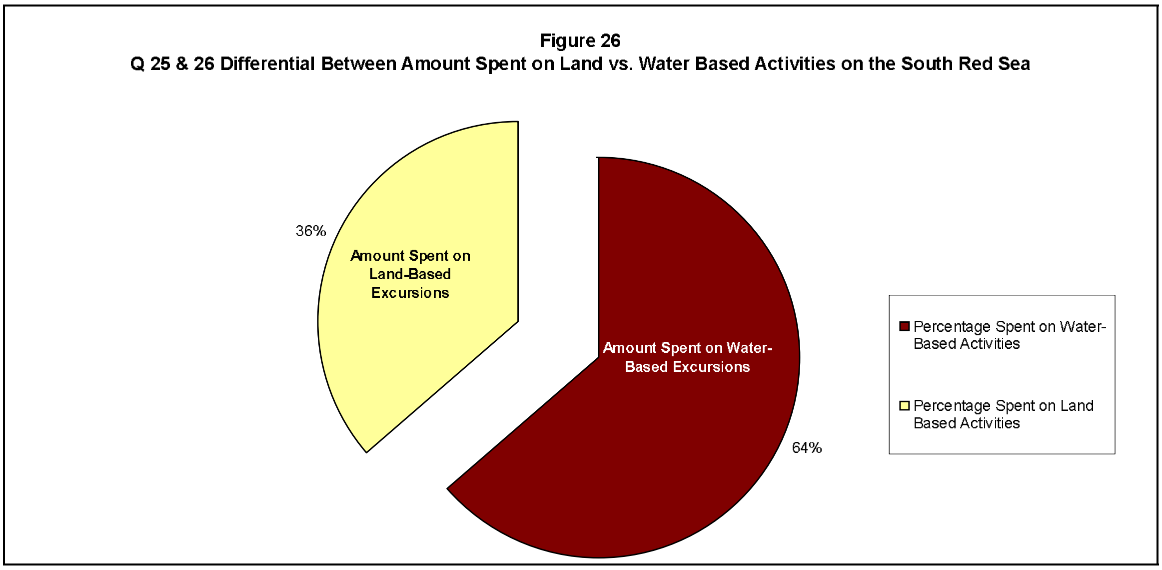
Is this a multi-stop trip for you? Are you spending the night in other places in Egypt or in another country?

The vast majority of visitors (**91%, see figure 25) participating in this survey stated that this trip to the South Red Sea coast did not include overnight trips** to other tourist destinations in Egypt nor did they visit other countries as part of the overall package. 9% of visitors did visit and overnight at other locations within Egypt or the Middle East. Most of these nine percent spent time on Nile cruises to Luxor or Aswan before heading to the resorts of the South Red Sea.



How much are you spending on all water versus and land based activities?

For every 100 Euros spent on excursions by tourists in the South Red Sea **64% (see figure 26) was spent on water-based activities** such as diving and snorkeling. It is not surprising that the majority of excursion money is spent on sea base activities considering the international recognition Egypt has gained in recent years as a diver's paradise. Divers are a special interest market that is the dominant one along the Red Sea coast. In some reports it is clear that the focus for this market is the marine environment and always will be, because the land environment for this market is of no interest. The divers arrange their travel either through specialty tour operators, or they purchase their packages from the mass-market operators. The market is almost entirely EU based.

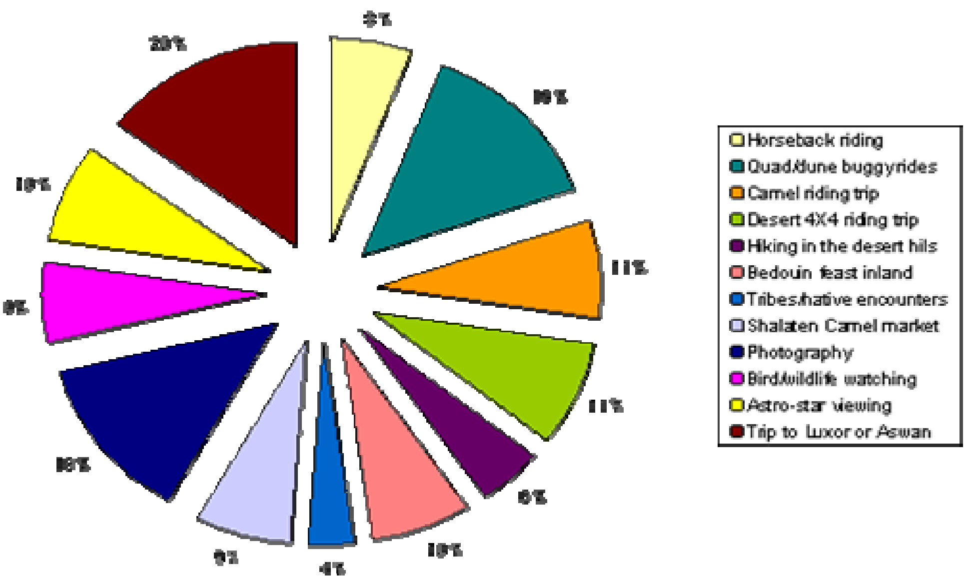


36% of the total money spent on excursions was spent on land-based excursions such as camel rides, dune buggy adventures and Bedouin desert visits which is still significant.

Types on in-land excursions taken by visitors

Based on the 36% of visitors who indicated that they had or would participate in inland excursions at a variety of desert locations, the visitors were then asked to indicate the actual type of excursions they participated in. Although the time visitors are willing to spend going inland is limited, the excursion operators are competing for the time and attention of visitors whose basic motives are the beach holiday and the dive experience. However, **the market for in-land tourism is steadily growing**. 20% of those surveyed (see Figure 27) planned on taking a day trip from the resorts to see Egypt's antiquities at Luxor or Aswan while 19% also wanted to take dune buggy rides into the desert hills. 18% of respondents planned on taking photography based excursions to protected areas and the greater desert region. 10% of visitors were planning to participate in star gazing via organized astro tours out to the desert and 11% of visitors wanted to take camel treks into the desert to explore the terrain. An additional 11% participated in desert trips by 4X4s. 9% of visitors experienced bird watching tours in the desert and Wadi Ghemal Island. 9% of visitors also experience the famous Shalateen Camel market for a taste of local culture and an additional 10% dined with the Bedouins at an inland feast. 8% of visitors surveys had partaken in horseback riding either along the beach or inland to the desert. Only 6% of visitors decided to take hiking excursions in the desert hills while 3% wanted to participate in native encounters with local Bedouin tribes.

Figure 27
Q 27 Types of Inland Excursions Taken by Visitors



The findings of the data are further demonstrated in the illustrative visitor feedback below:

"We've heard that there is great bird watching on Wadi Ghemal Island but there wasn't enough information on how to get there" (Female, 30-39/Netherlands)

"We hope that the next time we come back, there will be more excursions options for those coming on beach holidays" (Male, 40-49/Germany)

"This is a beautiful country and people but I'd like more interaction with locals and tours to meet villagers" (Male, 60+/Italy)

"I would like to see more typically Egyptian trips being offered by tour operators" (Female, 30-39/Great Britain)

"I which that trips options gave us the opportunity to interact with Egyptian women" (Female 20-29/Italy)

Price paid in Euros for in-land excursions per person-tips included

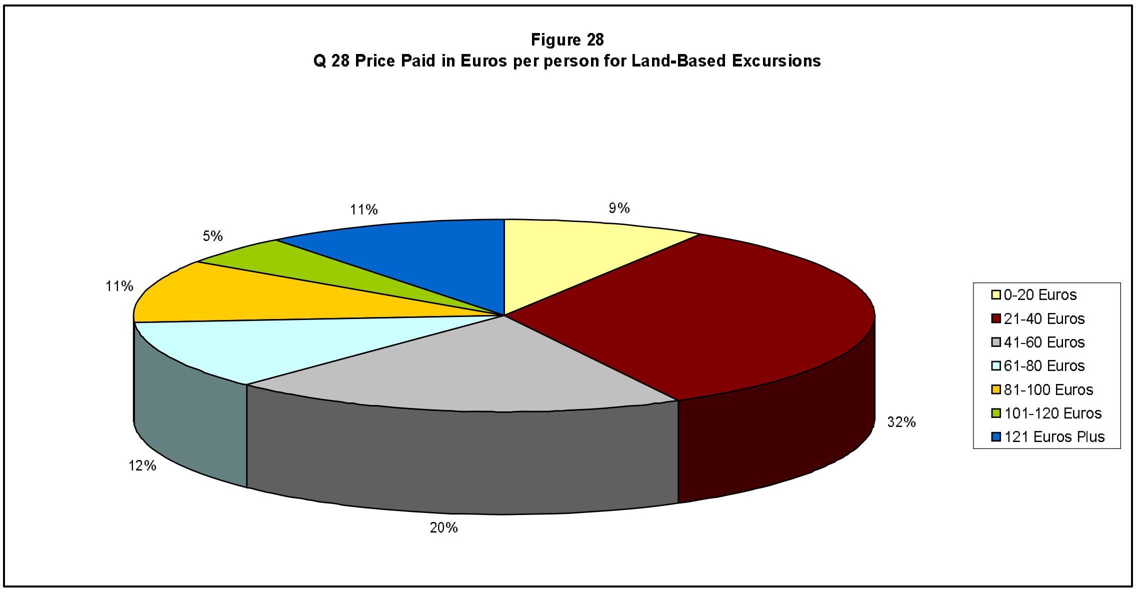
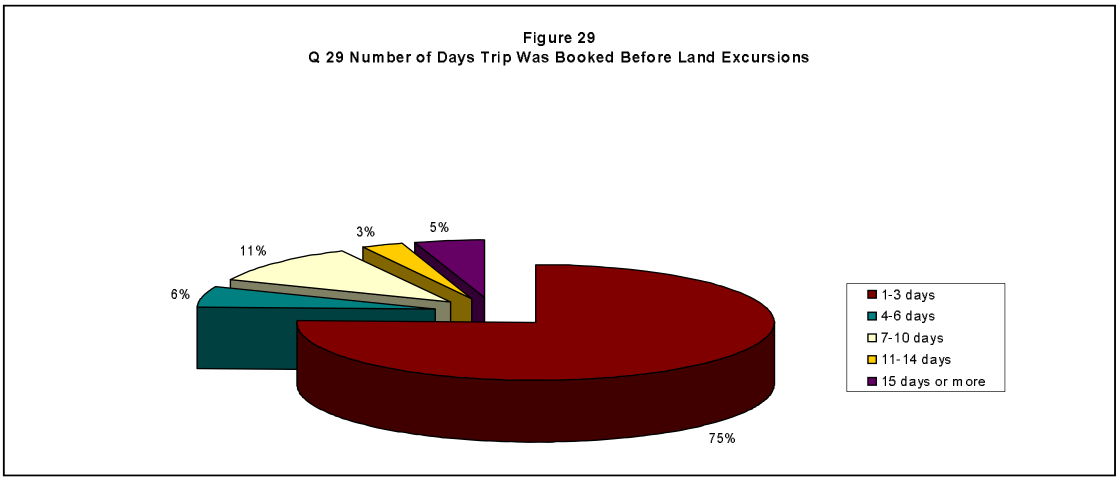


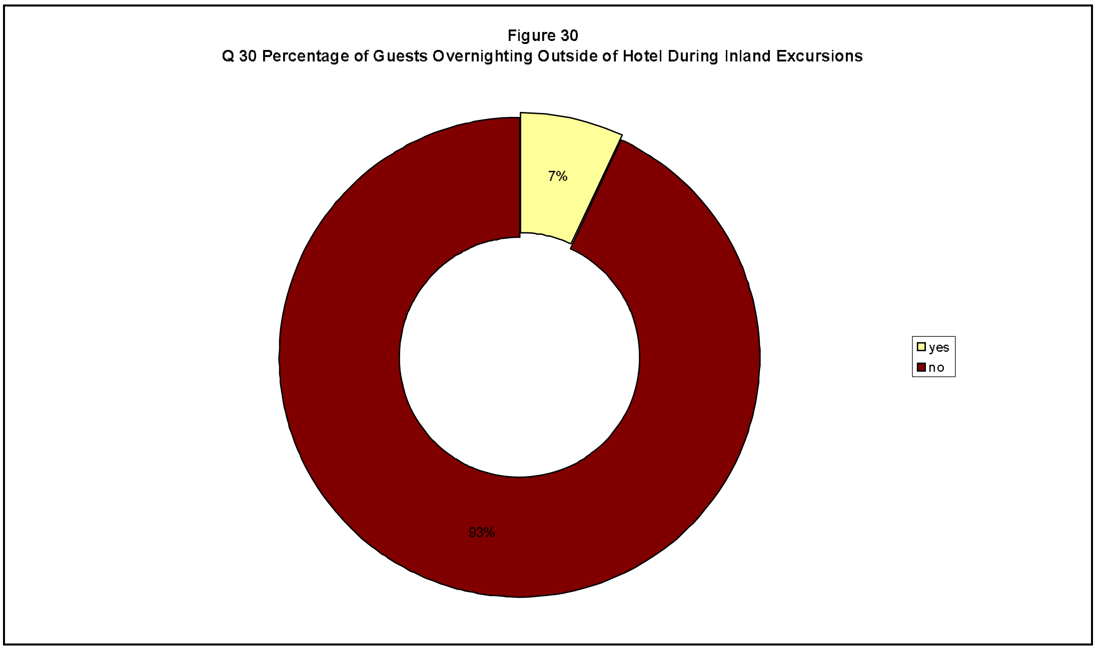
Figure 28 captures the price paid for in-land excursions in the South Red Sea. The survey reflected that **32% of visitors surveyed spent between 21 and 40 Euros on land-based excursions** during their trip. 20% spent between 41 and 60 Euros while 12% spent between 61 and 80 Euros on land based trips. 11% spent 121 Euros or more on land based travel. It should be noted that most of trips falling into this category consisted of excursions to the wonders of the Nile valley by bus to Aswan or Luxor. 11% spent 81 to 100 Euros on these land based trips and 5% spent between 101 and 120 Euros.

Number of days booked before the in-land excursions activity

The overwhelming majority of land base tours are booked once the tourist has already arrived at the South Red Sea resort. **75%** (see Figure 29 on the following page) **of those surveyed said that they booked these excursions 1 to 3 days before the actual excursions.** 11% booked their in-land trips 7 to 10 days in advance and the European tour operators prearranged many of these excursions before the guests arrived in the region. 6% of tourists booked their trips 4 to 6 days in advance while 5% reserved their travel 15 days or more prior to the trip. 3% had their trips booked 11 to 14 days in advance.



Did you overnight outside of your hotel during your in-land excursions?

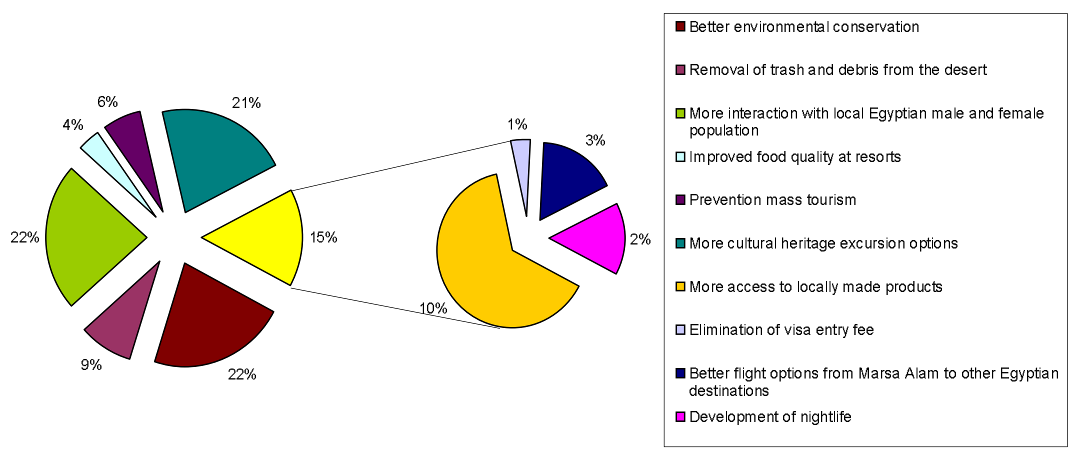


The **vast majority of visitors didn't overnight outside of their hotel with 93%** (see Figure 30) returning to their resort at the end of the inland excursions. Just 7% of those who participated in inland excursions over-nighted outside of the hotel. The low numbers of visitors spending the night outside of the hotel during excursions is due in part to limited availability of safe, clean and reliable sources of desert accommodation.

Opinion question-What would you like to see changed, what would encourage you to visit again or recommend the South Red Sea Coast to friends/family?

22% (see Figure 30) of tourists surveyed indicated that better environmental protection of the reef and surrounding desert would encourage them to visit the area again. Visitors value the unique marine eco-system of this area and awareness of ecotourism is growing. Many sited poor signage regarding environmental protection of the reef and many felt that the reefs were being over-used by snorkels and divers alike.

Figure 31
Q 33 Changes that would Encourage the Visitors to Return to the South Red Sea Coast



The findings of the data are further demonstrated in the illustrative visitor feedback below:

"Environmental Protection is important to me I'd like to see improved training to Egyptians to effectively manage the diving boats so as to limit destruction of the coral" (Male, 20-29/Belgium)

22% percentage of visitors surveyed also stated that they would like more interaction with the local community. Many state that they had not even seen one Egyptian woman during a two week long trip and that they felt completely isolated form the local culture. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the tribal traditions of the region.

In fact, an additional 21% of visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment an tourism products needed to be develop around the cultural of the region. After all, visitors are coming to Egypt not only for its beautiful waters but also to sample life in the orient and currently the market falls very short of providing this needed cultural interaction.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

"More animation shows at night of cultural dances, more excursion opportunities in to local towns" (Male 40-49/Germany)

"More cultural excursions with real interaction" (Female 30-39/Italy)

10% of tourist to the South Red Sea would like to see increases access to locally made products in order to encourage them to visit again. Many expressed frustration that the resorts were completely void on any local flavor and that it was nearly impossible to purchase true handicrafts and other traditional items from the region. In fact, the many gift shops at the resorts are mostly filled with the same ancient

Egyptian goods that have no relationship to the traditional Bedouin culture of the South Red Sea.

9% of visitors surveyed would like to see improvement in the waste disposal systems in the desert in and around the resorts. Removal of trash and debris is currently in efficient and the desert is littered with plastic bags and waste. Tourists are looking for pristine environments and littering and other waste issues are harmful to the industry.

6% of survey participants want to prevent the development of mass tourism in the area and are afraid that the region will become overdeveloped like Hurghada in the Northern Red Sea region. Hurghada has experienced coral reef damage and improper moorage and diving practices. As a result, many Europeans who had traditionally vacationed in that region are now traveling further South to avoid the masses and experience diving and snorkeling under more pristine conditions.

The findings of the data are further demonstrated in the illustrative visitor feedback below:

"Keep the masses out and try to preserve the environment, you have something special here" (Male, 40-49/Netherlands)

"Do not overdevelop the sites, stay true to the environment" (Male, 40-49/Great Britain)

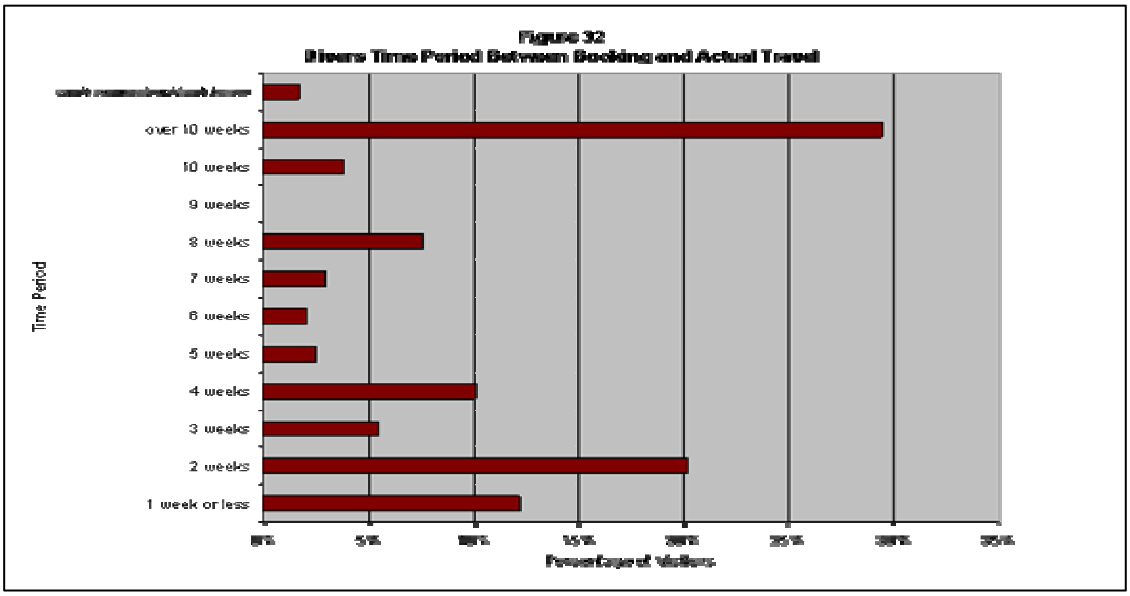
4% of those surveyed would like to see improved food quality at the resorts with a wider menu being offered. In general, guests complained of poor variety and lack of freshness.

3% of visitors cited the Marsa Alam Airport as a source of frustration for travelers to the region. Poor air accessibility of Marsa Alam continues to limit growth in traffic. Visitors indicated that they would like more flight options from the airport. Currently, the airport has virtually no scheduled air service since Egyptair dropped service there a few months ago. There are a few flights on a new airline from Cairo, but this service is not daily and is a propeller flight. Only a few charter flights from EU points operate and sell blocks of seats to different tour operators. The hotels are limited to making agreements only with those tour operators that can coordinate this limited air capacity with the bed capacity. So the air situation is a handicap for South Red Sea.

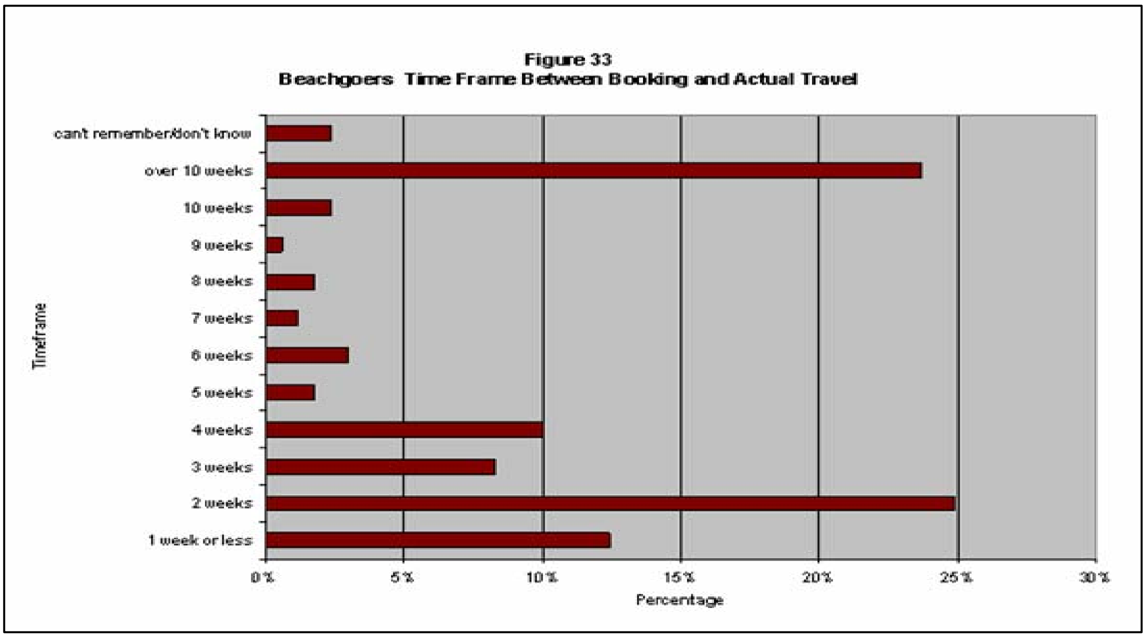
2% of visitors to the South Red Sea would like to see the development of nightlife in and around the resort areas to provide entertainment after dinner hours. However, the nightclub and bar scene may be difficult to develop due to the social norms of the conservative Muslim culture surrounding the hotels. The remaining 1% of those surveyed indicated that they would like to see the elimination of visa procedures for European travelers at the airport, which provide added costs for the traveler and are carried out with a great level of confusion.

3.4 THE DIVING MARKET AND THE BEACH MARKET – A COMPARISON

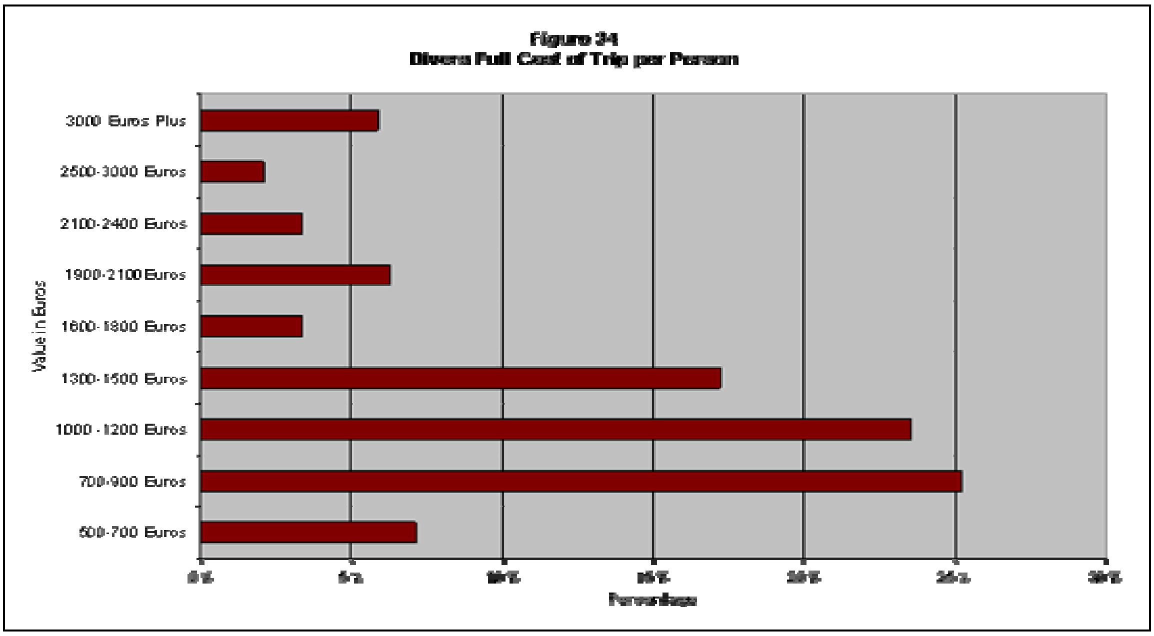
Comparison Between Booking Timeframe and Actual Travel to the South Red Sea



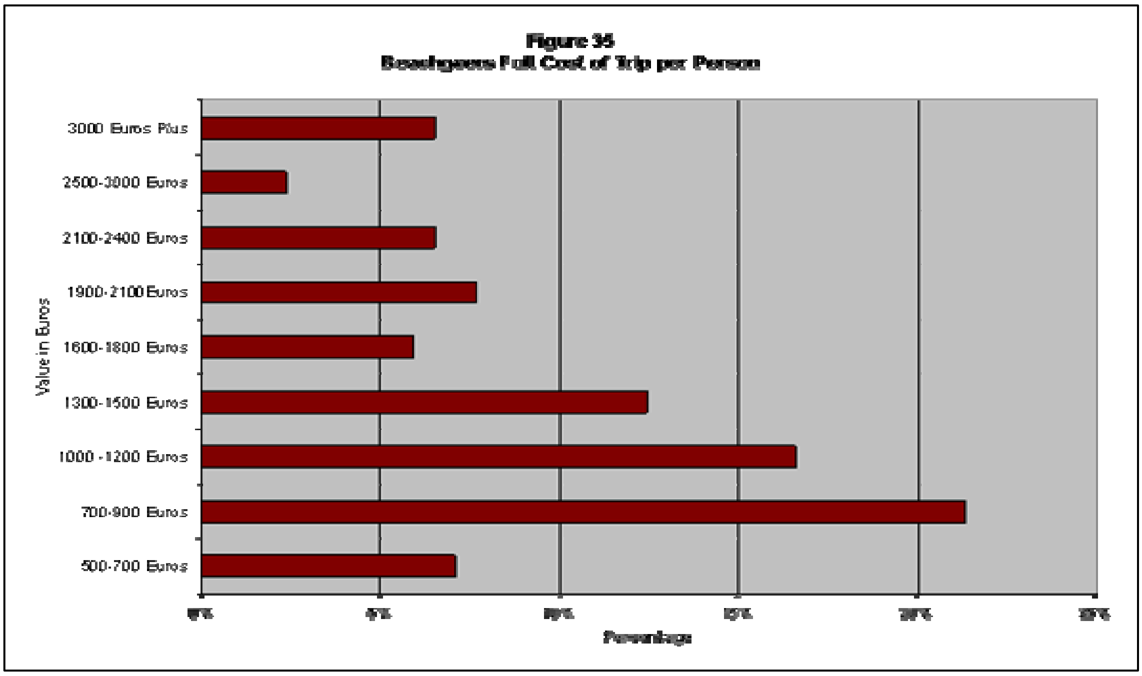
The comparison (see Figures 32 & 33) between the trip booking habits of divers to beachgoers in the South Red Sea demonstrates that divers have a slightly higher percentage of long-term planning habits with 29% booking over 10 weeks in advance while beachgoers had only 24% planning over 10 weeks ahead of their trip. Conversely, beachgoers tended to book more at the last minute with around 25% booking their trip 2 weeks in advance of travel and 12% booking 1 week or less. The divers on the other hand, had only 20% booking their trips 2 weeks in advance of travel. From this data, one can see that divers tend to plan slightly farther in advance than the beachgoer market.



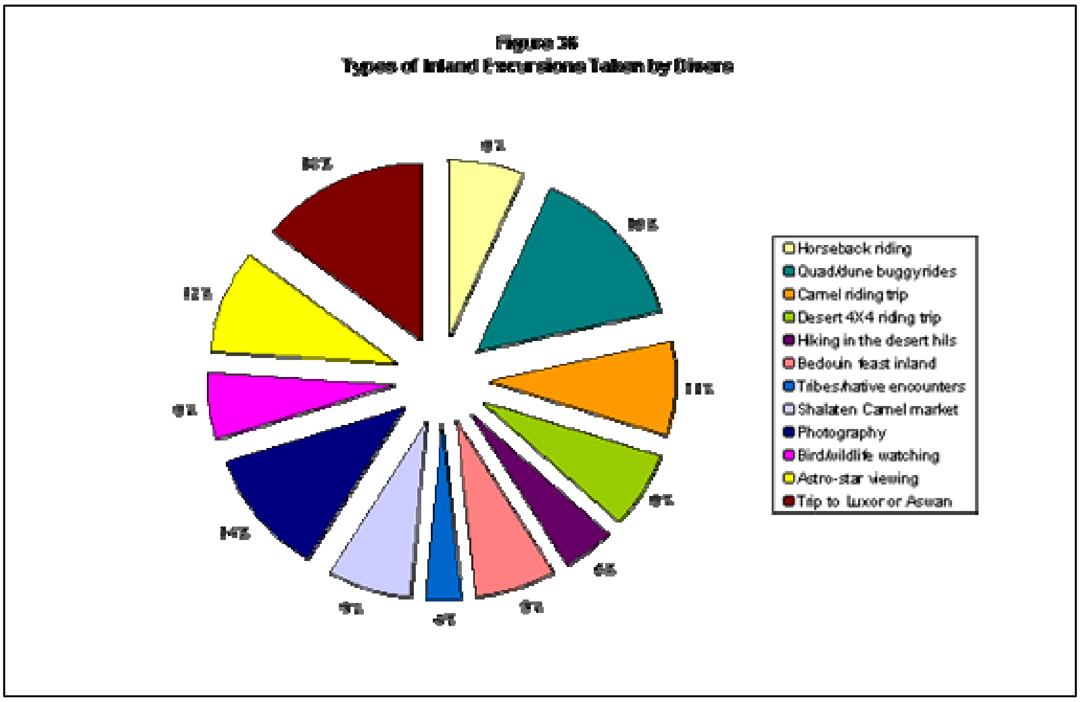
Comparison Between Full Cost of Trip per Person to the South Red Sea



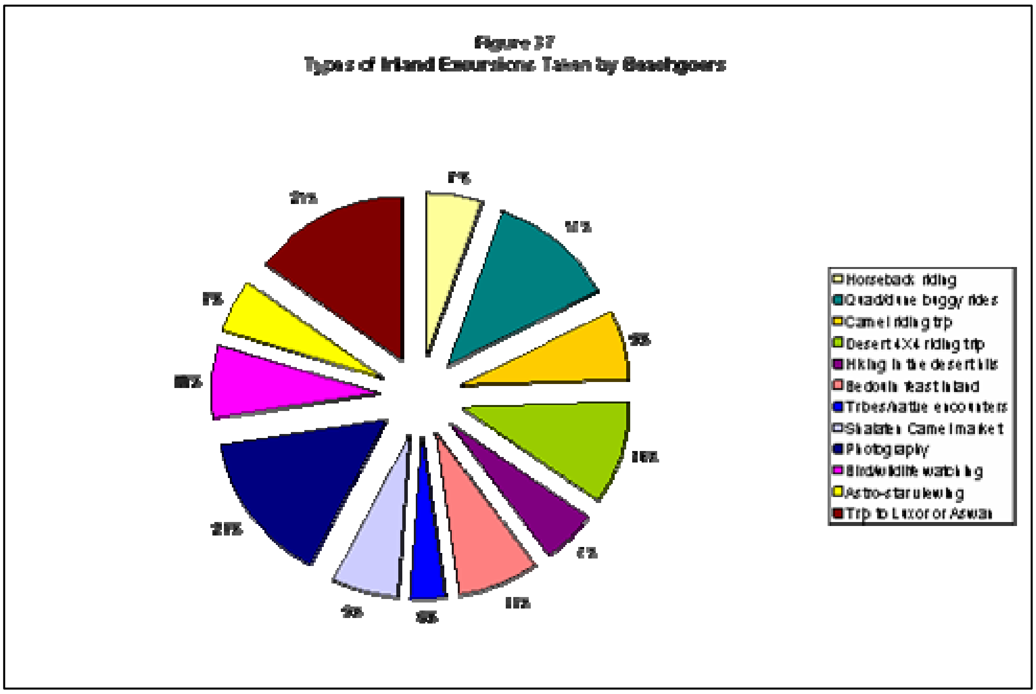
The comparison (see Figures 34 & 35) between the cost of trips to the South Red Sea demonstrate that there is relative parity in the number of visitors who spend on the low and high end of the spectrum with 7% of beachgoers spending 300 Euros or more and 6% of divers spending the same. However, beachgoers are spending slightly higher amounts on average than divers to the region (i.e. 7% spending between 2100 and 2400 vs. 3% of the diving market spending the same). This may be explained by the slight tendency to book last minute when package tours may be more expensive and beach goers spend more on inland excursions and souvenirs compared to the diving market.



Comparison Between Types of Inland Excursions Taken

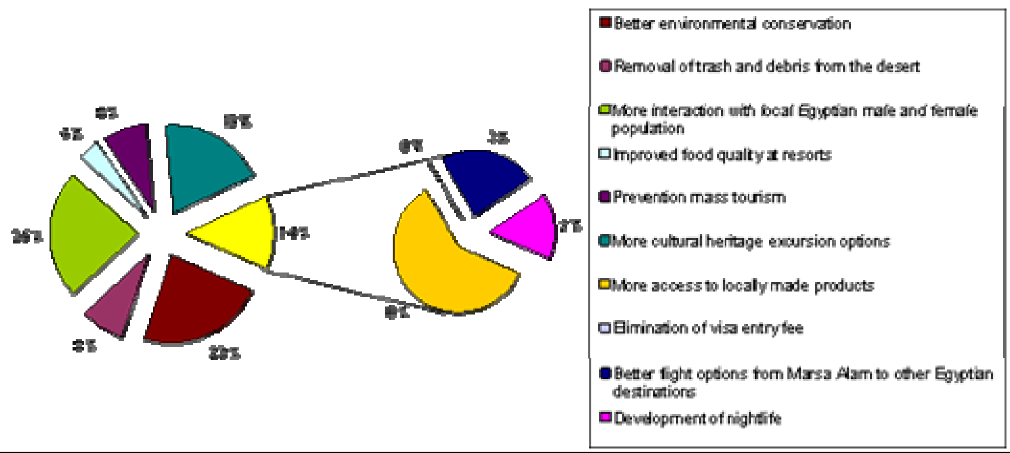


The comparison between the type of inland excursions taken by beachgoers vs. divers (see Figures 36 & 37) demonstrates that the interests are relatively similar. However, there do exist slight variations. For example, a slightly higher percentage of beachgoers (21%) take excursions to Luxor or Aswan while only 18% of divers do these long-haul inland trips. As beachgoers have more available time for in-land based excursions, it isn't surprising that they on average participate more in activities such as Bedouin Feats and photography tours.



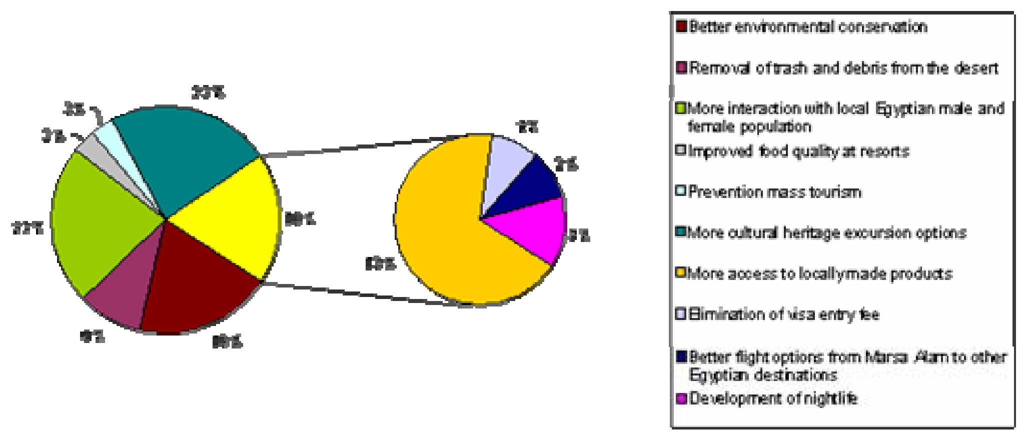
Comparison Between What Would Encourage the Visitors to Return to the South Red Sea Coast

Figure 38
Changes that Would Encourage the Divers to Return to the South Red Sea Coast



The comparison between the changes that visitors would like to see in order for them to return to the region present some significant differences between divers and beachgoers. For example, divers are notably more concerned about better environmental conservation and the prevention of mass tourism. However beachgoers, while concerned about environmental issues; are more eager to see the development of cultural heritage excursion options (13% for beachgoers vs. 8% for divers) and to have access to locally made products.

Figure 39
Changes that Would Encourage the Beachgoers to Return to the South Red Sea Coast



4. CONCLUSIONS OF THE VISITOR PROFILE RESEARCH

The following conclusions can be drawn from the analysis of the current visitor profile survey. The following information should be taken into direct consideration during the tourism planning and product development phase.

- The elderly and young independent travelers to the SRS are minimal and the bulk of tourists are employed business professionals ranging in age between 30 and 49 years that travel in couples or groups of three.

- The majority of South Red Sea tourists are blue-collar workers coming from middle class households throughout Europe composed primarily of high school or technical school graduates. The majority of survey participants earned an average household income of between 25,000 and 49,000 Euros.

- The Internet and travel websites provide the bulk of travel information for visitors to the SRS with the very few independent travelers in the region booking each component of their trip on-line. The data highlights the importance of marketing the South Red Sea Coast via Internet websites to foreign tourists, as this is the main outlet for future travelers to the region.

- The majority of survey participants indicated that they preferred 4 to 5 star hotels or small charm hotels and eco-lodges while traveling to the SRS. The range of accommodation is growing along the Red Sea but currently doesn't meet demand, as few high-end hotel options are available.

- Half of the visitors surveyed prefer full room and board as part of their tour package while vacationing on the SRS. These results capture the all-inclusive nature of the South Sea tourism market. In fact, there are currently few if any options for dining outside of the resort and due to the remote location, visitors do not have access to public transport or taxis to access outside food sources.

- The overwhelming majority of visitors indicated that they preferred to participate in water-based activities such as snorkeling and diving during their trip. The survey results demonstrate that in the South Red Sea, the dive market remains the primary one.

- Visitors have indicated an interest in participating in desert excursions in order to experience local traditions and understand their communities, culture and history. Visitors expressed a feeling of isolation from the local community and have a genuine desire to pay for excursions involving local interaction with the local population.

- A high percentage of visitors indicated that they would like to buy locally made handicraft items during their trip to the South Red Sea. The desire to buy jewelry spices and traditional clothing also proved quite popular with tourists in the region. Together the top four most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the region and the majority of tourist sought to buy something that was authentically "Egyptian".

- The majority of tourists to the SRS has visited the country before and is now seeking traditional handicrafts and new excursion experiences to keep them coming back year after year as a compliment to water-based activities.

- The vast majority of visitors indicated that they had booked this particular trip to the SRS using either a travel agent or booking directly through a tour operator. This data is telling because it demonstrates once again that any successful destination management plan must fully engage the private sector tour operators and travel agents in order to be viable.

- It is clear that all marketing and tourist product development must be done in partnership with the private sector in order to ensure success. European tour operators are well established and are bringing 85% of the visitors to the region as part of a packaged tour.

- The majority of visitors surveyed stated that the primary motivation of their trip to the South Red Sea was diving. The results demonstrate that the South Coast is already an established dive location and its notoriety is growing. 38% of respondents sited a beach holiday as their primary motivation for visiting the South Red Sea.

- The main market in not high-end tourism but rather tourists seeking value for money; further demonstrating the price sensitivity of the market. Currently, the South Red Sea Coast provides an affordable holiday get away for middle class European couples and family with pristine marine life and beautiful desert.

- The vast majority of visitors didn't overnight outside of their hotel while participating in land based excursions in the region. The low numbers of visitors spending the night outside of the hotel during excursions is due in part to limited availability of safe, clean and reliable sources of desert accommodation.

- Divers indicated that better environmental protection of the reef and surrounding desert would encourage them to visit the area again. Visitors value the unique marine eco-system of this area and awareness of ecotourism is growing. Many sited poor signage regarding environmental protection of the reef and many felt that the reefs were being over-used by snorkels and divers alike.

- Beachgoers surveyed stated that they would like more interaction with the local community. Many state that they had not even seen one Egyptian woman during a two week long trip and that they felt completely isolated form the local culture. Hence, there is definitely a strong demand for more culturally oriented excursions for visitors that will allow them to experience first hand the tribal traditions of the region.

- Visitors would like to see additional cultural heritage excursions that would allow them to get a taste of life in the desert. Many tourists were disappointed by the low quality of so-called oriental dance shows and felt that more entertainment and tourism products needed to be develop around the cultural of the region. After all, visitors are coming to Egypt not only for its beautiful waters but also to sample life in the orient and currently the market falls very short of providing this needed cultural interaction.

- The comparison between the trip booking habits of divers and beachgoers in the South Red Sea demonstrates that divers have a slightly higher percentage of long-term planning habits while beachgoers tended to book more at the last minute.

- Beachgoers provide the bulk of in-land tourists as they have more available time for in-land based excursions, it isn't surprising that they on average participate more in activities such as trips to Luxor, Bedouin Feats and photography tours.

- Divers are notably more concerned about better environmental conservation and the prevention of mass tourism. However beachgoers, while concerned about environmental issues; are more eager to see the development of cultural heritage excursion options and to have access to locally made products.

5. PRODUCT EVALUATION

5.1 INTERVIEW PLAN – QUALITATIVE RESEARCH WITH TOUR OPERATORS AND HOTEL OWNERS

The interview plan was implemented from August 28 through September 12. For the purpose of this report, we are also using interviews conducted among private operators, hotel owners and members of the travel trade in March and April 2006. Those interviews were conducted as part of the process of determining the best approach to develop the DMF. While not conducted with a structured questionnaire as the rest, these interviews also provided a wealth of information related to the characteristics of the product and the markets. In that regard, only answers related to the questions shown in the written questionnaire have been included.

- **Target Population**

The consultants interviewed a total of 12 tour operators, diving operators, hotel and camp owners and managers operating in the area of study. Particularly emphasis was put into interviewing people with actual management responsibilities or the owners themselves.

- **Methodology**

The consultants used direct interviewing techniques. An interview guide (in Arabic and English) was presented to interviewees and used during the interview. The use of the Arabic version of the guide was not as widespread as originally thought. Most hotel owners and travel trade spoke English fluently or where foreigners themselves. The responses were then compiled by question trying to highlight the common issues and main differences. A complete list of interviewees is attached to this report as Annex XX.

- **Schedule**

Our schedule for interviewing included the following bases of operation: Port Ghalib (28th to 31 of August), Kahramana Beach Resort (August 31st to September 5th), Shams Alam (September 5th to 9th) and Lahmy Bay (from September 9th to 12th). From each of these locations, the consultants conducted interviews to operators located in the surrounding areas. These operators include diving operators and land-based tour operators. The consultants also interviewed representatives of national tour operators selling excursions in the area that have operations and marketing booths in those resorts.

- **Additional Research**

Additional research was conducted in Cairo on March and April of 2006, as evidence of national tour operators offering packages to the area became clear. The results of this additional research have been aggregated to the answers provided in this study.

5.2 COMPANY INFORMATION

Basic Data

A.1 Company offers diving, adventure or nature-based tours to South Sinai, Nile Valley, Hurghada (and surrounding area), Western Desert, South Red Sea and/or Otside Egypt?

Most of the respondents are small or medium-size business with operations only in the South Red Sea or along other areas of the Red Sea Coast. It is possible to identify two broad segments of tourism operators in this area: 1) the diving operations and resort chains, which operate on coastal destinations such as Hurghada, the South Red Sea and the Sinai and offer primarily water-based activities, and 2) the inland tour operators, which operate only in the South Red Sea, offer adventure tours and work in partnership with the local Bedouin communities. The only exceptions to this trend are the local representatives of big international tour operators (such as Thomas Cook and Turisanda / HotelPlan), which offer cultural and "adventure" activities locally and elsewhere in Egypt.

It is important to notice that there is a clear specialization of activities and products offered by each of the operators in the area (i.e. water-based vs. inland tours) as well as the geographic distribution of their operations. With the exception of one local diving operator, who is considering the possibility of expanding his operations to include bird-watching tours, none of the interviewed operators offers a wide menu of inland and water-based activities. While this situation favors the development of small and highly specialized business, it also makes marketing and sales rather complex and costly.

5.3 DESTINATION CHARACTERISTICS

Preferred activities

B.1 For each destination that you serve, which are the top 3 activities (e.g. hiking, bird watching, horse or camel riding, 4X4 tours, etc.)

Given the characteristics of the companies interviewed, it is not surprising that active pursuits were described as the main activities by the respondents. Again, a clear distinction can be drawn between diving and resort operations and inland tour operators. The former favor water-based, coastal activities such as open water diving, beach diving and snorkeling, while the latter favor excursions and land-based activities with a local community component. Since water-based activities are the predominant type, land-based excursions tend to be short in duration and scope. Diving packages sold by local operators are on average between 7 to 15 days long, while land-based excursions range on average from 4 hours to 1-full day. The table below summarizes the main activities outlined for each destination.

Table 1: Most Popular Activities by Destination

Destination	Activity 1	Activity 2	Activity 3
South Red Sea	Diving / Snorkeling	4X4 tours in the desert	Stargazing tours (Astrotours)
Hurghada	Diving / Snorkeling	4X4 tours in the desert	Camel rides
South Sinai	Diving / Snorkeling	Camel rides	Cultural tours to St. Catherine's

Destination	Activity 1	Activity 2	Activity 3
Nile Valley[1]	Traditional cultural tours (sightseeing)	Nile cruises	
Western Desert[2]	Desert safari excursions		

Source: PA Government Services, Inc.

It is clear that the most popular activities in this and other coastal areas of Egypt are water-based. This is natural given that the Red Sea constitutes the main resource of the region. This information is consistent with the information obtained through the visitor surveys.

However, the inability of local and national tour operators to diversify the range of activities is determining cut-throat competition among service providers. According to information provided by one of the respondents, there are over 340 diving centers in Egypt creating an excess of supply than results in lower prices. While this situation favors the final consumer, it negatively affects the overall quality of the product and the image of the destination. A similar situation can be found in the accommodation sector. Several of the respondents indicated that the lack of a developed entrepreneurial culture determined that once an activity or product shows evidence of commercial success, it is quickly imitated. Regardless of whether is lack of entrepreneurial culture or common sense, it is clear that lack of diversification of the product is a factor limiting the creation of value added in the destination.

B.2 For each destination you serve, which are the most popular community-based attractions / cultural experiences?

Again, the same difference found between diving / resort operators and inland operators was found in this section. Generally speaking, diving operators and resorts do not offer community-based or cultural attractions as part of their activities while small inland tour operators do offer such activities. However, it is very important to notice a trend among diving operators in the region, who are increasingly including cultural tours in their menu of activities. Some 60% of the interviewed diving operators were offering or planning to offer some non-water based cultural activity sometime next year. This activity was usually a visit to Bedouin tribes or to local towns (such as Shalateen or Quseyr). Based on the responses of local diving operators, this trend is likely to continue and increase in the coming years, as stiff competition is forcing them to add value to their core product. Another interesting characteristic of the community-based, cultural product in the SRS is that is not operated by local communities or in business partnership with them. Most of the tours including a visit to a local tribe or family do it on a salary or commission basis, with the locals receiving payment and not necessarily having a say on how the package is structured or sold.

It is important to notice that, with the exception of Thomas Cook and Turisanda / HotelPlan, no tour operator interviewed offers this kind of activity outside of the South Red Sea. The table below summarizes the main activities outlined for each destination mentioned by the respondents:

[1] Based on information provided by only two respondents.
[2] Based on information provided by one respondent only.

Table 2: Most Popular Community-based / Cultural Experience by Destination

Destination	Activity 1	Activity 2	Activity 3
South Red Sea	Visits to local towns (Shalateen, Quseyr)	Visit to Bedouin families	Visits to archaeological and natural sites (in Wadi Gimal Park)
South Sinai	Cultural tours to St. Catherine's	Visits to Bedouin villages	-------
Nile Valley[3]	Traditional cultural tours (sightseeing)	Visits to archaeological sites	Nile cruises (with Egyptologist)

Source: PA Government Services, Inc.

Explanations provided by our respondents seem to indicate that there is a desire to develop additional cultural attractions with a strong emphasis on local community involvement, particularly from local inland operators (although some local diving operators also expressed their interest). However, the lack of capacity and familiarity of local communities with the industry seem to be a constraint to the further development of community-based tourism initiatives. Also, the lack of an anchor cultural attraction or a series of minor but well presented attractions seems to be limiting the opportunities to create experiences to be sold to visitors.

5.4 QUALITY AND COMFORT

Accommodation & Food

B.3 What broad levels of quality / comfort do your clients expect in hotels and campsites in the main destinations served, e.g. lodging, food service, hygiene?

Some 90% of the respondents indicated that their clients expect high standards of service, particularly in the South Red Sea, as this region is perceived as slightly more exclusive than other areas in the Red Sea Coast. Because prices in this area tend to be higher than say, Hurghada, the expectations for quality are higher. This, however, does not mean that the quality expected is high for international coastal-based tourism.

Reactions to this question fell broadly into two main categories. Among the diving and inland operators there was agreement that "high standards" for their customer base usually means comfort and cleanliness, not necessarily luxury. For the resort operators, "high standards" usually meant comfort and availability of the traditional trappings of beach mass tourism (i.e. air-conditioning, international food and beverages, nighttime activities, etc.). However, it has become more and more clear that a shift in the two markets is occurring and each of them is moving into the other's direction. For example, diving operators noted that more and more divers were moving away from the basic accommodation originally offered in the area (primarily tents) and choosing more comfortable accommodation that includes air conditioning and bedding. Likewise, beach goers increasingly prefer accommodation with character and individuality rather than the cookie-cutter beach resort with no personality. Both resort owners and dive operators are responding to this market

[3] Based on information provided by only two respondents.

challenge with an adaptation of their products. In the case of resort-owners for example, one respondent is currently investing in a small, 50-room lodge that will be sold as an exclusive luxury hotel with a distinct brand. Also, a group of investors recently opened a small, 30-room hotel with a high quality of service. In a radical shift from the traditional modus-operandi of the area, this hotel will not offer all-inclusive packages but food will be sold “a-la-carte” separately. Diving operators are starting to offer a wider menu of accommodation possibilities to their customers, ranging from tents to luxury chalets. Those diving operators who are not adapting are having an increasingly hard time selling their packages, as stated by one of the interviewees.

It is interesting to notice that at this point, accommodation is only available on coastal areas. Due to security concerns, military authorizations are required for visitors to overnight or explore the desert, whether as part of an organized tour or on their own. Several respondents indicated that securing those authorizations is time consuming and burdensome. There is growing evidence that camping in the desert is an activity that many visitors would be interested in undertaking while visiting the area. At least one of the interviewees indicated that they would start offering camping packages with overnight next year. In addition, several local operators are in the position to develop high-quality and unique camping experiences in the Eastern Desert and particularly, within the Wadi El-Gimal National Park (WGNP). Therefore, the issue of military authorizations needs to be solved or streamlined to make the process of obtaining them more efficient and less time-consuming.

Tour Guides

B.4 What type of guide do you use (local, foreign, language abilities, formal qualifications, company staff members)?

Our interviewees were unanimous regarding the importance of having qualified guides in their activities. This seems to be the consequence of a combination of strict demands from the international tour operators as well as growing market demands. There was a general agreement in the importance of the guide’s language skills in order to interact with visitors. Therefore, all interviewed operators stated that they employ a combination of local and foreign guides. The term local guide does not refer to people from the region necessarily but rather Egyptian guides, most of which come from either Luxor or Cairo. The use of local (Egyptian) guides is more common in the cultural tours than diving tours, although this is changing very quickly as more Egyptians become trained and certified to act as dive instructors. While experience is highly valued among tour operators, formal qualifications are still critical, as they have become a contentious issue with the authorities. Egyptian law establishes that only formally (i.e. university) trained and officially certified guides are allowed to work. Moreover, most of those guides are affiliated to the National Guides Union, which monitors compliance very closely.

Local communities see their access to the labor market restricted by the excessive regulation in the guiding market. Very few members of the different Bedouin tribes have access to the formal education necessary to become an official guide. Most of the respondents offering community-based tours educate and train the local tribesmen themselves. Usually this training involves customer service and the basics of how to interact with visitors but does not offer a path of for the formalization of their skills.

National Parks & Protected Areas

B.5 What characteristics / standards do your clients expect of National Parks and Protectorates (e.g. literature available, signposted trails, environmental standards)

Not surprisingly, given the characteristics of the main products/activities offered in the areas, marine parks are the most visited protected area in the South Red Sea. In general terms, while most customers expected high standards of management of protected areas, not all of them expected sophisticated or organized infrastructure, although some interpretation was required. There was general agreement that the amount and quality of literature available on the region's protected areas was limited, inadequate and poorly distributed. This situation made it difficult for operators sell these protected areas to their customers. A notable educational effort takes place at Fustat Camp, where as part of the program, an excellent educational video is shown to visitors to inform them about the characteristics of the WGNP.

Regarding the environmental standards, the answers fell into two broad categories: diving operators, whose customers expect high standards of environmental management in the marine parks and inland tour operators, whose customers are not usually aware they are visiting a protected area and therefore, do not know what standards to expect.

In the case of the marine parks (including the Dolphin House and Elphinstone Reef), standards are high due in part to the "environmental" fee charged to divers there. Divers are a particularly environmentally-aware segment of the market and mention was made of many of them raising concerns about the final destiny of the money paid to dive in those sites. Many respondents suggested a more transparent management of the environmental fee, as many divers feel disappointed to pay and find evidence of environmental degradation. This situation has led many to believe that the fee is not being used as effectively as possible. However, the general perception is that the sites are adequately managed.

In the case of the terrestrial protected areas and in particular the WGNP, standards for environmental management have not been established yet and therefore, the few visitors to the area are not aware of their expected behavior. In general though, many operators feel that WGNP currently does not offer value added as a protected area and that many of its features could be offered to visitors elsewhere in the desert.

Another point was made on the issue of waste management in the region in general and protected areas in particular. Our interviewees reported several complaints about the littering practices in the desert and coastal waters as well as the poor waste management practices implemented by the local authorities. These reports are consistent with the findings of the visitor surveys.

5.5 BRANDING AND MARKETING

Destination Image

B.6 How would you describe the image of the destinations you offer in terms of security, health, service quality, prices and basic infrastructure?

Because most of the interviewees operate solely in the South Red Sea or are responsible for their companies' operations there, the answers focused only on this area.

In general terms, operators agree that this area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt. Several respondents mentioned that Marsa Alam has not been affected by the security problems faced by the South Sinai or the bad reputation for poorly managed mass tourism that characterizes Hurghada. Accessibility was constantly mentioned as an issue affecting the image of the South Red Sea in general, although it was also widely recognized that it contributed to its image of exclusivity (see next section B.7). Inland tour operators were more likely to mention the issue of lack of visitor infrastructure in the WGNP than diving or resort operators. This is related to the fact that the latter do not rely on the quality of inland attractions for selling their packages and products. However, the lack of basic infrastructure was also mentioned by resort operators as a factor contributing to lowering the price of their product.

While it is clear that the South Red Sea does not have image problems related to security, health, price or basic infrastructure, it does not stand out as a high-quality destination. There was general agreement between inland tour operators and diving operators (although not among resort operators) that it was the fact that the South Red Sea is a new destination what made it appealing to international tour operators and visitors. However, it is felt that as development sprawls further south, this area is bound to become another low-quality, low-price destination. The quality of construction and the overall quality of service was not radically superior to what is currently offered in Hurghada or other coastal destinations.

Visitor as well as access infrastructure (particularly in the WGNP), are two additional problems currently faced by the South Red Sea. Limited accessibility to the area (almost exclusively through charter flights) poses a challenge for local operators to directly market their products, thus exacerbating their reliance on international tour operators. Likewise, limited or no visitor infrastructure in the WGNP makes it hard for local inland operators to increase the range and length of their nature-based and adventure products within the protected area. This in turn, complicates the development of the South Red Sea as a nature-based, adventure destination as it lacks an anchor attraction with those characteristics.

B.7 How would you describe the brand image of your main destinations in terms of recognition in your market for the quality and type of tourism that your clients expect (e.g. mass tourism, exclusivity, etc.)

Just as in the case of question B.6, all of the answers to this question related exclusively to the South Red Sea. The answers to this question could be separated in two: 1) answers related to the general brand image of the region and b) answers related to the character of the destination for two important and dominant markets.

Generally speaking, local operators recognize that there is not a clear brand image for the South Red Sea separated from the rest of Egypt's Red Sea coast. While all of them recognized that there are elements distinguishing the South Red Sea from say, Hurghada and the South Sinai, there has not been a systematic effort to develop and market these areas as distinct products. The most cited qualities characterizing the South Red Sea were:

- Remote, isolated
- Good value for money
- Pristine and relatively undeveloped

The sense of remoteness and isolation is partially created by the difficulties in accessing the area. Currently, it is only possible to reach the South Red Sea via charter flights arriving from Europe into the Marsa Alam International Airport or via road from Hurghada (a journey taking between 5 to 7 hours, depending on final destination along the coast). Road connections to other tourist areas in Egypt are not allowed at the time of writing. Good value for money is a result of the area's ability to offer a moderately priced product vis-à-vis the sense of relative exclusivity when compared to other short-haul destinations (both within and outside of Egypt). Finally, a pristine and relatively undeveloped environment was perceived as one of the strongest selling points for all packages into the area. This is particularly important for the South Red Sea as a destination at an early stage of development.

These qualities were mentioned by almost all of the respondents, regardless of the market served. However, further analysis revealed two distinct subset of qualities associated to each of the main markets currently attracted to the area. Resort operators, catering mainly to beach-goers, indicated that the lack of a distinct brand is less critical for their business as it is the relatively newness of a place what attracts this market. In that regard, they highlighted remoteness and good value for money as the main characteristics of this region.

Diving operators on the other hand, indicated that the region has a well-established brand image as a diving destination. Many pointed to the origins of the South Red Sea as a diving destination as the reason for such an early positioning of the region in this competitive market. In that regard, they highlighted remoteness, isolation and pristine environment as the main characteristics of the region. They were quick to point out that overdevelopment and poor environmental management are undermining these characteristics and what they considered the main comparative advantage of the region.

A reputation as a nature-based, adventure or cultural destination was clearly absent in all of the responses. Even inland tour operators recognized that the destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features.

Serious concerns were raised by diving, inland and even resort operators regarding the potential overdevelopment of the area. For most of them, current policies pursued by the Tourism Development Authority (TDA) and the Red Sea Governorate (RSG) could damage the environmental uniqueness of the area. Moreover, it was widely perceived that these policies would create an unnecessary increase in the supply of low-quality accommodation, causing prices (and quality) to deteriorate.

Success Factors

B.8 What are the two main success factors in each of your main destinations?

Similarly to the previous question, respondents focused their attention on the South Red Sea. The answers for this question mirrored those given in relation to the brand image of the destination (showing a very important co-relation between them). Given that each of the interviewed operators serve distinct markets (especially in the case of diving operators), there were not definitive answers. Moreover, it is clear that for the local operators, the current success of the South Red Sea is a combination of factors. A combination of the pristine natural features of the area and price were the prime success factors mentioned by almost all respondents.

The remote and relatively undeveloped nature of the South Red Sea was perceived by all respondents as perhaps the most important success factor. The pristine environment of the area was important for both diving operators (who mentioned the good quality and relative isolation of dive sites) and resort operators (who emphasized uncrowded and unspoiled beaches). Price as a success factor was usually referred to as "good value for money". This doesn't necessarily mean that packages to the South Red Sea are necessarily cheaper for the final consumer but that the overall quality of the experience justified the price of the package.

Answers about these success factors should be read in the context of the overdevelopment that characterizes other Egyptian coastal destinations, particularly Hurghada. As a short-haul destination for the European market, the Red Sea is significantly cheaper than other coastal destinations further away from those markets. Therefore, the South Red Sea with its pristine beaches and unspoiled marine and terrestrial environment offers a better quality of experience for roughly the same price.

It is important to notice that indiscriminate development along the South Red Sea Coast would undermine what is now perceived as the main success factors of the area. Moreover, price as a success factor in this region will only be sustainable in the long run is development is severely limited and competition from other destinations deterred. Since this latter factor is impossible to control, the South Red Sea will need to diversify and create added value for its product range, thus keeping prices at current or higher levels. Promoting the right amount and kind of development will ensure that these success factors are preserved and remain yielding benefits.

Market Performance

C.1 How successful have you been in selling trips into the Wadi El-Gimal National Park (WGNP) in the past? Please list 3 main reasons.

Less than 30% of respondents indicated to have sold or tried to sell trips into the WGNP. Our sample of interviewees included few inland operators and most diving and resort operators do not offer inland tours. However, most respondents were unaware of the fact that the WGNP includes a marine portion where many popular attractions are located. Among these attractions we find the Wadi Gimal and Qulaan Islands, as well as secluded public beaches such as Qulaan and Ras Hankorab. Several diving and resort operators currently offer day trips to these beaches and islands without realizing they are entering the WGNP.

Inland trips into the desert are increasingly popular. A local inland operator indicated that on average, he takes 50 visitors per day into the desert during the high season. The owners of a desert-based camp, who offer a half-day educational, cultural and nature-based experience, receive on average 500 guests per day. However, most inland operators indicated that while there is a growing demand for desert-based products (particularly from resort guests), they do not use WGNP as often as they could. Almost all respondents indicated that it does not currently offer much value as an attraction, mainly due to the lack of visitor infrastructure. One interviewee stated that WGNP was too far away from his base of operations and was only worth exploring as a full-day trip. Another one stated that for his clients: "any stretch of desert is the same", which is equivalent to say that from his perspective, there is nothing in the WGNP that differentiates it from other desert areas. The three main reasons cited for not selling trips into the WGNP were:

- Lack of visitor infrastructure, primarily interpretation facilities

- Limited amount of time available for inland excursions
- Limited information on the WGNP and the attractions contained in it

It is particularly noticeable that most diving and resort operators would require more information regarding the attractions, facilities and products available in the WGNP. This information would help them better understand and market the unique characteristics of the Protectorate.

The lack of visitor infrastructure in the park is an obvious problem that results in inland operators using parts of the Eastern Desert that are closer to their base of operations instead of the WGNP. Since they have to provide all visitor-related infrastructure themselves, inland operators are better off reducing their costs by choosing desert areas more easily accessible to them. The issue of limited amount available for inland excursions (and to a lesser extent the issue of limited information on the protected area and its attractions) are related to the marketing strategy in place for this area. The current marketing strategy is disorganized and product-specific rather than destination-wide. This means that there are no organized efforts to attract a critical mass of visitors into the area but each individual business must market its own product (s) to their own specific market. This "micro-marketing" approach tends to favor the vertical integration of the tourism supply chain along a specific product rather than favoring the creation of a horizontal value chain of tourism services. One of the obvious consequences is that operators tend to limit the range of activities their clients can undertake outside of their own supply chain. Simply put, resort operators want to keep the visitors as long as they can in the premises to maximize their marketing investment.

Investing in a more destination-wide marketing approach (one which promotes all the different attractions and activities available in the South Red Sea) would attract a more sophisticated type of visitor that could tailor his/her own itinerary, thus including several activities outside of the resort.

Product Integration

C.2 Are you currently able to sell extensions from this area to (a) the Nile Valley or (b) any other areas in the Red Sea Coast?

Only two respondents indicated that their companies offered extensions from this area to the Nile Valley. None of the respondents currently offers extensions to the other areas in the Red Sea Coast. Not surprisingly, those two respondents were local representatives of two large international tour operators. Moreover, one of the respondents indicated that such extensions were only available to customers in their country of origin (Italy), with the stay in the South Red Sea being the extension to the trip to Luxor rather than the other way around. Our two respondents also indicated that the difficult access and poor connectivity of the South Red Sea with the rest of regions in Egypt determined that extensions were not at all popular among their costumers. To illustrate this situation, they pointed at the fact that it took at least 6 hours to reach Luxor from Marsa Alam (the northernmost point in the South Red Sea Coast) via road, while no air access was available. The reason for this 6-hour trip (12 hours round trip) is that access to the Nile Valley from the Red Sea Coast is only possible through Safaga. Security concerns have determined that the road directly linking Marsa Alam to Edfu is off-limits to visitors as no convoy has been set up for this more direct route[4].

It is noticeable that most respondents believe that the region hosts enough resources and attractions to merit a trip without extensions to other areas of Egypt. In that regard, while the integration of the product with the rest of destinations in the country is poor, this is a factor that does not seem to worry local operators at this early stage of development.

5.6 CUSTOMER PROFILE

Demographic characteristics

D.1 What are the broad demographic and socio-economic characteristics of your customers (e.g. nationality, families, couples, young, middle-aged, income levels, employment characteristics, etc.)?

With very few exceptions, the typical client group quoted by the respondents exhibited the following characteristics:

- Around middle-aged and younger (between 25 and 50 years old)
- Traveling mostly in couples or small groups. Large groups were the exception and could be mostly found among divers.
- Middle to low-middle income levels. More upper-middle income levels could be found among divers than people attracted to the area by the beach.
- Mid-level of education, professional degrees being the norm with few university or graduate degrees.
- Mostly coming from Italy, Germany, the United Kingdom, the Netherlands, France and to a lesser extent Swiss (this is mostly a niche market for some diving operators)
- A high level of repeat visitors to the area (on average 35% of their customers are repeat visitors)

It is interesting to notice that the few exceptions found to this profile were mainly found in the South South Red Sea (Wadi Lahami). A resort based there enjoys a slightly older, more educated and higher-end clientele than the rest of resorts in the area. This situation seems to be the consequence of specific marketing efforts conducted by the resort owner and manager and it is not characteristic of the region.

Sources of Information

D.2 Typically, what are the main sources of information that your clients use to research this type of holiday with you (e.g. requesting printed brochures, researching your site on-line, in person at travel agencies, etc.)?

[4] Currently all tourist travel to the Nile Valley through the Eastern Desert takes place at fixed hours in convoys. These have been organized by the government to provide military protection in light of the Luxor attacks of 1997.

Answers to this question fell into three distinct categories related to the type of product offered by the respondent: diving, resorts and inland operators. Diving operators cited the Internet and word of mouth as the two most used sources of information for their customers. The Internet is primarily used to gather information but it is gaining momentum as a reservation tool, particularly for the diving market. Dive clubs were also mentioned as a source of information but a rather secondary one.

In the case of resort operators, their customers seem to keep relying on information and advice provided by their travel agent (either through brochures or their websites). Word of mouth was another important source of information.

In the case of inland operators, the main sources of information cited were the tour leader or the operator representative at the resort. It was indicated that most visitors only find out about the inland excursions upon arrival, as these are offered to them as add-ons to their package. This represents a serious obstacle to the growth of nature-based and adventure tourism in the region, since the lack of direct access to the market exacerbates the reliance on international mass tour operators. Moreover, since most of tourism arriving into the area is packaged, opportunities to sell excursions outside the tour operator's network are scarce at best or non-existent at worse.

Booking Preferences

D.3 Typically, how long before departure do your clients book and do they make their bookings (in person with a travel agent, by phone to you, on the Internet, etc.)?

This question is broken down in two: booking period and preferred booking method. In regards of booking periods, there is a wide variation in the different markets and segments catered to by the respondents. However, it was possible to identify certain patterns related to seasonality and product offered:

- **Seasonality.** Based on the responses from resort operators (the segment most prone to seasonality variations), on average visitors book their trip with 3 months or more in advance during the high season. This period decreases to 1 week and less during the low season.

- **Product Offered.** Bookings for diving packages vary substantially from bookings for inland tours (as explained in section D.2). All of our respondents offering inland tours indicated that bookings take place at the resorts, in the course of the guest's stay. In the case of diving packages, two main products were distinguished: Safari boats and resort-based diving, and the booking preference changes accordingly. Safari divers typically book their trips between 3 to 6 months in advance. Resort-based divers book on average with 2-weeks advance (and sometimes less than that).

There seems to be a growing trend to book trips in short notice. According to our respondents this could be related to the perception that a short notice guarantees a lower price. However, they also seem to notice a change in travel patterns from the traditional one-month long vacation at a specific month to shorter vacations spread out at different times of the year.

In terms of preferred booking method, it is also possible to identify patters based on specific products:

- **Diving packages.** On average, 55% of all bookings from interviewed diving operators were made online last year. While percentages very greatly among individual operators, there is a clear indication that online bookings are becoming more and more common. The remaining percentage uses specialized diving operators or travel agencies.

- **Resort packages.** The preferred booking method for this kind of product still is the travel agency. This segment of the market was perceived as particularly loyal to their travel advisor and relies on them more than other segments of the market.

- **Inland tour packages.** Without exception, all of our interviewees indicated that direct booking was the only booking method available for this kind of trip. Booking takes place through the tour leader or local representative of the international tour operator at the resorts.

It is important to notice that in the case of inland tour packages, the "preferred" booking method is indeed the only available booking method. Based on information available about the number of visitors who choose to buy adventure, cultural and nature-based tours, it is clear that demand for such activities exist. Coordinated marketing efforts could boost the sales of this kind of products by promoting them among visitors well before they make their reservation. This would have a two-fold effect: 1) it would give divers and beach-goers the chance to include them in their itinerary in advance and 2) would promote the development of additional nature-based and cultural products targeting these specific markets. Such an effort would slowly help the South Red Sea create a value added and diversified product base.

Shopping Preferences

D.4 What are your typical clients' preferences for this type of holiday in terms of food, souvenirs, drinks, etc?

Respondents indicated that in general terms, visitors to the South Red Sea (either divers or beach-goers) do not buy many souvenirs. The list of most popular souvenir includes items such as t-shirts, statuettes, papyrus and the traditional Pharaoh-themed products sold around Egypt. However, it is important to notice that inland operators indicated that their customers have an interest on traditional, authentic Bedouin handicrafts. Since most inland tours include a visit to Bedouin tribes or families, visitors are exposed to the handicrafts they produce. Nevertheless, it was widely acknowledged that there is not a well-developed handicraft sector in the area that could meet the needs or expectations of the market.

In general terms, local operators indicate that visitors are satisfied with the variety of international food offered at the resorts and dive camps. An evaluation conducted by the consulting team at different resorts and camp dives in the South Red Sea confirmed that the variety and quality of food is diverse, although basically European. However, it seems that visitors' interest for authentic, original products also extents to the realm of food. Many respondents indicated that customers inquire more and more for local food and express their surprise when this is not offered. Two respondents indicated that when local food is served, visitors get negatively surprised by the presentation of traditional Egyptian food. Issues of presentation aside, almost all respondents believe that current visitors to the South Red Sea are increasingly interested in the cultural particularities of the area and want to be more exposed to them.

Willingness to Pay

D.6 What is the willingness of your customer to pay additional money for adventure / cultural tours?

For most diving operators it is clear their customers are not too willing to pay extra for additional activities, particularly if they are not related to diving. As one respondent put it: “Hard-core divers won’t pay extra”. Even during the last day of the diving package (when divers cannot enter the water as they need to decompress before their flight), very few divers choose to take an additional excursion. On average, only 20% of divers use their final day to go on a cultural or inland tour. However, family members or friends accompanying those hard-core divers (and who might not be divers themselves) are very amenable to the idea of paying extra money for inland and cultural excursions.

Resort operators and the local representatives of international tour operators (who send the customers to the beach resorts) on the other hand, presented a completely different picture. According to them, around 40% of their customers take one or more inland / cultural excursion during their stay. The rest of people are considered to be “quite happy” spending all their time at the resort. It is important to clarify that a significant proportion of resort-based beach-goers choose to take a short diving or snorkeling excursion at the resort. In most cases the cost of that excursion is not included in the all-inclusive package. Therefore, these excursions could be counted as additional adventure excursions.

Several of the respondents indicated that the supply of adventure or cultural tours was not of high quality, thus discouraging them from promoting them among their customers. An assessment conducted by the research team of a variety of adventure / cultural tours available (including a desert camp, camel ride, astro-tour, quad trip into the desert and visit to the camel market in Shalateen) found the following:

- Quality of interpretation is generally poor.
- Activities in the cultural itineraries are not interactive. They are limited to see the local people and not interact with them (human zoo). This is particularly problematic in the case of visits to local Bedouin families or the camel market in Shalateen.
- Pre-tour briefing does not prepare visitors for a desert trip (particularly in the case of camel rides or quad trips). There is no education about the desert and its particularities, which leaves visitors with the impression that there is nothing unique about the Eastern Desert (Fustat Camp is a good exception)
- Prices are somewhat high for the quality received but might be justified by the remoteness of the place.

In general terms, the consulting team feels that adventure and cultural tours in the area replicate the pattern of medium-quality offered by the resorts. This might be explained by the fact that they rely on the clientele drawn to the area by the resorts and therefore, the market is not an incentive to improve the quality.

Satisfaction Levels

D.7 Typically, what are the satisfaction levels you record for these tours, how willing are your clients to recommend them to others and would your typical clients repeat this type of tour elsewhere?

The majority of respondents recorded satisfaction levels for the overall package and not for the adventure / cultural portion alone. Visitor satisfaction is one of the few aspects of the visits that is consistently evaluated and monitored by the interviewed operators.

Not surprisingly, all interviewees claimed to record high levels of satisfaction, with 90% and above of their customers being either satisfied or very satisfied. Reasons most often cited as complaints are related to third party services (flights, the long drive from Hurghada, etc.), which lie outside the direct control of the operator. Several respondents also indicated that the issue of poor waste management and collection ranked high in the list of customer's complaints.

The high percentage of repeat visitors (see question D.1: demographic characteristics as well as the information provided by the visitor surveys on Chapter 2, especially Figure 10) as well as the operator's reliance on word of mouth for informational purposes, seems to corroborate their opinion.

These findings are consistent with information provided by the visitor surveys and seem to indicate that current visitors to the South Red Sea are not among the highest spending segment of the market. However, blah

5.7 PRICING AND PRICE STRUCTURE

D.5 Approximately, how much would a typical client spend on a day tour with your company?

Around 90% of respondents gave only indicative answers to this question. The remaining 10% saw this information as commercially confidential. This is understandable given the public nature of the product evaluation research. In general terms, prices per day vary greatly depending on the product, market and booking method. The following table summarizes the answers to question D.5:

Table 3: Average daily expenditure by product available – South Red Sea

Product	Duration	Daily Expenditure (average)
Dive course (resort-based)	1 day	€ 20 - € 30
Accommodation (half-board)	Variable	€ 15 - € 30
Accommodation (full-board)	Variable	€ 25 - € 40
Excursion to Shalateen or Quseyr	1 day	€ 40 - € 50
Desert camp experience	½ day (afternoon)	€ 20 - € 35
Astro tour	3 hours	€ 15 - € 25
Diving package (inclusive of accommodation and full board)	Variable	€ 50 - € 55

Product	Duration	Daily Expenditure (average)
Desert excursion (camel / quad with visit to Bedouin family)	½ day	€ 25 - € 50

While clearly these results must be treated with caution given the relatively small sample size, they are somewhat predictable, in that prices tend to be on the lower end of the spectrum. However, it is interesting to notice that daily expenditure in cultural and adventure tours is roughly equal if not higher than diving and accommodation packages (on a daily expenditure basis). Since the question was formulated to local operators in terms of spending on their products and services, the prices quoted should reflect what they get from the international tour operator (or their local representatives) rather than what customers paid for their package. As a matter of fact, it is possible to notice a significant difference between the prices paid by tourists for their holiday (as indicated in the market surveys) and the daily expenditure quoted by our interviewees. In that regard, cultural and adventure tours seem to be more yielding on a per person basis than diving or resort accommodation. Excessive competition and dominance of international operators in those markets might explain this situation.

E.1 In percentage terms, how would your typical package price break down between transport, food, activities and marketing costs?

Most of the respondents were not aware of the package price breakdown since costing did not constitute part of their responsibilities. Some of them also regarded this information as commercially confidential and were reluctant to share it with the consulting team. In that regard, answers to this question were only provided by two respondents. Based on that information it is only possible to state that package price breaks down vary based on the market, length and activities. Beyond that, we do not feel able to draw any further generalizations.

6. CONCLUSIONS OF THE PRODUCT ASSESSMENT

The following conclusions can be drawn from the analysis of the product assessment exercise. These conclusions are based on the results of the structured interviews as well as empirical evidence gathered through direct observation and qualitative data collection. The following information should be taken into consideration during the tourism planning and product development phase undertaken by the LIFE Red Sea Project:

- The region has strong potential for the development of cultural, adventure and nature-based tourism products given the range of natural and cultural resources available. However, most of these resources are currently underutilized and have not been turned into attractions.

- The main tourism resource of the area is the Red Sea Coast, which is considered a Category 1 attraction. The sound management of this resource is currently being challenged by issues related to indiscriminate fishing, urbanization of coastal areas due to tourism and poor waste management.

- At the moment, there is not an iconic, anchor natural or cultural attraction in the South Red Sea that could be considered at least, Category 2.

- In spite of these problems, the environment of the South Red Sea remains relatively undisturbed and pristine. This is considered the main comparative advantage of the region and constitutes the main “pull” factor for visitors.

- The WGPA is currently underutilized as a tourism attraction because of the lack of management systems, lack of visitor infrastructure and poor marketing and promotion. However, the WGPA has the potential to be developed into a Category 2 tourism attraction.

- Visits to see the Camel Market in El-Shalateen are currently one of the most popular day excursions available in the South Red Sea. There is great potential to develop it into a higher-value product that provides local people the possibilitiy to engage in the offer of tourism-related services.

- The Roman mining settlements scattered around the Eastern Desert and WGPA face several challenges to become tourist products. One of the most important bottlenecks is the lack of funds for necessary consolidation work. Several tour operators are interested in including this sites in future desert trips.

- Local human resources are not well trained or have the educational base to be successfully inserted into the tourism industry. There also seem to be cultural traditions that make it difficult for local people to have more sedentary employment.

- The current supply of accommodation is not of high quality (for international standards) and it is not diversified. It mainly consists of resorts catering to the beach and diving market as well as camps and tents, mainly targeting the mid to lower-end of the diving market. There is a clear lack of accommodation with character, uniqueness and individuality that could appeal to more sophisticated segments of the market.

- Companies offering tourist products and services in the SRS are highly specialized and have not yet diversified their portfolio of products. However, this is changing as increased competition is forcing operators to create more added-value for their products.

- There are serious concerns about the potential overdevelopment of the area for both environmental and economic reasons. The rapid urbanization of the coast will lead to damage to the coral reefs. Equally important, oversupply of accommodation will irremediably lead to a deterioration of prices and therefore, the quality of the accommodation product. The right amount and kind of accommodation should be developed in the destination.

- Food services are adequate but generally unavailable outside of the resorts and hotels of the area. Additionally, there has not been an effort among operators to develop a traditional local cuisine that could be properly presented to visitors, either outside or within the resorts. This would reinforce the image of the destination and promote integration of local producers into the tourism supply chain.

- Access to the region and transportation from other destinations within Egypt is one of the main problems faced by the South Red Sea. Currently, access in only possible via charter flights or via road from Hurghada (5 – 7 hours). Security concerns limit the possibilities of connecting the South Red Sea with the Nile Valley and the reliance on charter flights (100% at the time of writing) limits independent travel but also causes the image of the destination to suffer.

- Water-based activities currently dominate the market. Inland excursions tend to be short in duration and scope (half or full day maximum). The beach-goers engage in both water-based and inland excursions. However, oversupply of diving and water-based facilities is causing prices and quality of the product to drop. While some community-based and cultural activities are available, these are usually poor in quality and market appeal.

- Local communities see their access to the guiding market severely limited by current regulations in Egyptian law. The two main markets in the South Red Sea (diving and beach tourism) use a combination of local and foreign guides, although local guides refers almost exclusively to Egyptian guides from areas outside the South Red Sea.

- The lack of interpretation facilities, particularly inside the WGPA is seen as a constraint to develop higher-value nature products in the area.

- There is not a well-developed handicraft sector in the area that could meet the market's demand for authentic and traditional items. However, there is potential among some of the Bedouin communities to develop such sector.

- Prices received by local operators for different tours and packages to the South Red Sea (including diving and inland excursions) tend to be on the lower end of the spectrum. This is not to say that prices paid by visitors are necessarily low but that the percentage that ends in the hands of international tour operators is rather high. This seems to respond to the nature of the product and the fact that the international tour operator is currently responsible for all marketing and international travel costs.

- Natural and cultural tours are equally or more yielding on a per person daily basis than diving or beach accommodation packages. However, sales volume of these latter packages compensates for low prices.

- The overwhelming majority of diving and beach packages are still sold through international tour operators, either online or through a travel agent. However, all inland tours are booked directly on-site as these are usually offered as options only upon arrival. This sales strategy allows inland operators to keep most of the money paid by the visitor for the tour but in return, reduces his ability to sell in advance and get more customers.

- There is currently not a specific brand, marketing or promotion campaign specifically for the South Red Sea. The Egyptian Tourism Authority (ETA) promotes the "Red Sea Riviera" as an umbrella brand for a series of destinations of very different values.

- The "Red Sea Riviera" brand is focused on a single product: sun and sea tourism. Therefore, this brand fails to meet the needs of a destination like the South Red Sea that wants to promote its cultural and natural attractions.

- Due to the lack of a destination-wide marketing strategy, a "micro-marketing" approach prevails in the area, whereby specific companies are responsible to market their own products. This is exacerbating the reliance on international operators as they take responsibility for marketing and promotion of individual products in the main tourist-generating markets.

- This area has a good image in terms of security, health and service quality, particularly when compared to other coastal areas in Egypt among tour operators and travel trade. However, it is felt that as resort development sprawls further south, this area is bound to become another low-quality, low-price destination.

- The most cited qualities characterizing the South Red Sea were: "remote, isolated", "good value for money" and "pristine and relatively undeveloped". These should be the building stones for a brand for the destination. However, there has not been a systematic effort to develop and market this area as a distinct product.

- The region has a well-established brand image as a diving destination in the international diving market.

- The destination is well-known for their coastal and marine resources and not the natural desert-based or cultural features. In that regard, it will be necessary to slowly build an image as a nature, adventure and cultural destination based on the same attributes mentioned above (pristine, remote and good-value for money).

7. RECOMMENDATIONS

7.1 MARKET RECOMMENDATIONS

Based upon the results from the market research study, it is clear that diving (44%) and beach tourism (38%) make up most of the market in the South Red Sea. However, the creation of strong nature-based experiences combined with authentic cultural and historic content will benefit the South Red Sea by diversifying its tourism products and broadening appeal to all user groups. The following recommendations are put forward in an effort to fill the gap between the current products and services offered and the actual market demand.

TDA

- Conduct market research on a quarterly basis for a more thorough view of the market. A collection of consistent data will strengthen present data and more accurately measure market trends, changes in visitor satisfaction and the ultimate impact of the LIFE Red Sea project on tourism development in the region. In the US, it is not uncommon to have five years of regularly conducted survey data to develop the baseline,

- A separate visitor satisfaction survey could be handed out at strategic exit points in order to generate visitor statistics and recommendations,

- Good marketing should also actively engage the local villagers. These marketing efforts will also generate awareness and good will among local people, while slowly generating revenue for park operations and management and local businesses,

- Marketing activities concerning land-based excursions should be directed toward the beach and dive tourists who already form the mainstay of South Red Sea tourism rather than focusing efforts on the development a hard core ecotourism base,

- Initiate an aggressive product launch and marketing campaign to position the SRS under a new branded image. This will involve the identification and assessment of select target markets that reflect the proposed tour product, competitive brand analysis, asset identification and assessment, articulation of brand, preparation of a 'positioning concept and statement', logos, graphics and taglines, branding activities,

- The LIFE Red Sea project should establish a regional identity based on a stakeholder branding workshop,

- Trade show participation at major European markets and sponsorship of familiarization tours for European tour guides to the SRS,

- Preparation of a Strategic Marketing Strategy for SRS. In order to achieve the visitor projections proposed in this strategy and position the SRS Region as a known International Tourism Destination it will be necessary to have a long-term comprehensive marketing plan that identifies the most effective mechanism to promote the tourism destination as an national and international destination.

- Design and launch a commercial web site and database for branded South Red Sea tourism image, produce electronic and print brochures

- Direct marketing efforts to the Italian, British, Germany and Benelux countries,

- As most tourists to the region get their information from internet sites, LIFE Red Sea could also assist in the development and maintenance of promotional web sites, e-newsletters highlighting tourism in the region,

- Focus marketing efforts on ages 30 to 49 while still addressing the growing older market segments. Couples also make up a large part of the market share with nearly 50% traveling in parties of two and should be targeted by promotional material,

Local Community

- Together the top four (72% in total) most desirable products for tourists to buy as souvenirs and/or gifts demonstrated a strong desire to connect with the cultural uniqueness of the region and the majority of tourists sought to buy something that was authentically "Egyptian". In order to meet market demand, cultural tourism products should be developed. For example: "El Shalateen Harem," a handicrafts center adjacent to the camel market that could offer the women of the community (Ababda, Basharia, Rashayda) an opportunity for women-to-women interaction including handicraft shopping, traditional coffee ceremonies, gardening and medicinal herbs, and weaving,

- Visitors commented time after time that they wanted more local contact with Egyptian men and women. Tours should be developed to increase the interaction between visitors and local communities. For example, local people and the WGNP could develop a birding program including on-shore interpretation, boat or kayaking to island, protective boardwalk on Wadi el-Ghemal Island/planning and construction, training, and brochures. Projects such as these would meet the visitor demands for cultural exposure and enjoyment of the environment,

- All pricing and product development should bear in mind that the majority of South Red Sea tourists are blue-collar workers coming from middle class households. 60% have high school and/or technical school education with 38% earning between 25,00 and 49,00 Euros,

Tour Operators

- Nearly 80% of visitors to the South Red Sea are repeat visitors to Egypt and these visitors are searching for new inland tourism products to occupy their time. As such, the LIFE project should direct efforts to the development of new an innovative excursion options,

- 85% of visitors to the South Red Sea arrive on packages created by tour operators. Hence, it is imperative to engage the private sector in order to create any viable type of tourism development plan,

- The bulk of the market isn't high-end tourism but rather tourists seeking value for the money so all products should be developed with this price sensitivity in mind,

Red Sea Protectorate

- Visitors have a genuine interest in environmental protection in the region and the demand for eco-lodges is on the rise. The demand for 4-5 star hotels and eco-lodges is quite high at 74% of the total market. As such, a pilot eco-lodge project should be considered in or around Wadi el-Ghemal,

- Environmental awareness programs will be delivered to the tourism businesses staff and management, local residents (particularly those associated with the tourism sector), elected officials, administrative staff and to the tourists. The purpose will be to add value t the resources of the region so they are perceived as a significant component to the sustainability of the local populations.

- Since visitors indicated that they would like to see better trash disposal and environmental preservation, LIFE should also work with the RSG to address and improve existing conditions and impacts, including solid waste clean-up and environmental advocacy ("cleaning and greening the community through environmental awareness and awards programs),

- Improve visitor awareness and knowledge of the SRSR's natural and cultural resources through appropriate interpretation and brochures,

- Tourists to the region are environmentally conscious and want to be reassured that the resorts are doing there very best to prevent environmental degradation. Hence, it is essential that any tourism development be in-line with conservation strategy so that the Europeans visitors can see that the local authorities are making inroads into conservation. As such, nature based tourism attractions can cater to the growing number of tourists while still educating the necessity for visitors to "leave things as they found them" when traveling. Both tour operators and hoteliers alike can make an effort to include environmental protection into their business and marketing strategies. By demonstrating to the visitors wither through improved environmentally oriented brochures or interpretation that they too have a vested interest in the environment.

Investors

- All owners in SRS and potential investors need more information on the nature of ecotourism investments namely what the products are, which markets they serve, expectations of the customers, and competition in the Middle East and so on,

7.2 PRODUCT DEVELOPMENT RECOMMENDATIONS

The following recommendations can be made based on the results of the product assessment conducted for this assignment. In general terms, the area would need to develop an iconic cultural or natural attraction that could serve as a "pull" factor for the soft-adventure market for Europe. Also, a new range of accommodation that includes eco-lodges and boutique hotels would need to be available in the mid-term in order to secure these markets. In the sort-term, the SRS tourism managers must focus on the development of multi-day inland excursions that tap into the areas rich natural and cultural resources, including Al-Shalateen as well as the WGPA.

Specific recommendations include:

Red Sea Governorate

- Coordinate with military authorities and EEAA to streamline the process of obtaining authorizations to overnight and take groups into the desert. The goal of this coordination should be to make such authorizations more efficient and less time-consuming.

- Work along with the municipality of Shalateen to upgrade local infrastructure and work on the beautification of the area. It should also work with the Camel Market association to upgrade the experience and develop it into a product that meets the demands of the soft-adventure market.

- Develop a grant and technical assistance program to support the development of community-based attractions and products in the South Red Sea. This program should assist local associations to better integrate into the tourism market by offering products based on the cultural heritage of the area.

- Promote the development of basic infrastructure in Marsa Alam, so that the town could develop some services for visitors.

- Coordinate with military authorities as well as the Ministry of Tourism (MoT) the opening of the road from Marsa Alam to Edfu for tourists. The RSG could organize a convoy to accompany tourists to the Nile Valley, in partnership with private sector organizations and the MoT.

Tourism Development Authority

- Prepare a tourism investment strategy for alternative types of accommodation, including eco-lodges, boutique hotels, and community-based accommodation for the SRS. Strategy should be based on pre-existing plans for the physical development of the area, including the Land Use Management Plan.

- Conduct regular market research in order to gauge the preferences and levels of satisfaction of visitors to the SRS.

- Organize an investment promotion even that focuses on alternative accommodation. The event should a section on international case studies of successful eco-lodges, boutique hotels and community-based lodging to educate local and international investors.

- Coordinate with the RSG, EEAA and the military the development of an investment and concession strategy for inland accommodation. This is particularly important given that good quality accommodation options need to be available in the desert in order to diversify the tourist product.

Protectorates (EEAA)

- Develop a visitor management plan for the WGPA with the goal to upgrade facilities and promote the development of the area as an iconic nature-based attraction

- Implement a marketing and informational campaign among local hotels and tour operators about the significance of WGPA. This campaign should have the goal to increase visitation originating from local hotels into the park

- Coordinate the preparation of a solid waste management program for the WGPA that includes private sector (both hotels and dive operations) and local communities.

- Develop an awareness raising campaign about environmental management for hotel guests and divers. The goal of the campaign should be to educate visitors about the environmental practices (good or bad) of local operators. Since most visitors to the SRS care about the environment, they are likely to put pressure on operators who are not implementing sound environmental management measures.

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LIFE Red Sea Project

ENHANCING SUSTAINABLE TOURISM IN THE SOUTHERN RED SEA REGION OF EGYPT

Annex B to the Destination Management Plan: Survey of Tours, Tour Operators, Lodges, Air Services, and Key Issues Related to the European Market for Adventure, Culture, and Safari Holidays

MARCH 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by PA Consulting for Chemonics International.

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ACRONYMS AND ABBREVIATIONS

CDC	Community Design Collaborative
cm	Centimeter
EEAA	Egyptian Environmental Affairs Agency
km^2	square kilometers
KVA	Kilovolt Ampere
LIFE	Livelihood and Income from the Environment (project)
LRS	LIFE Red Sea Project
m	Meters
MW	Megawatt
NGO	Non-governmental Organization
PVC	Polyvinyl Chloride
RO	Reverse Osmosis
RSG	Red Sea Governorate
SFO	Single Family Occupancy
SRO	Single Resident Occupancy
SRS	Southern Red Sea (region)
SWM	Solid Waste Management
TDA	Tourism Development Authority
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Agency for International Development
WGNP	Wadi el-Gemal National Park

INTRODUCTION

This report covers all aspects of the brief given to Sue Mather and Graham Todd in Attachment A of our respective Independent Consultant's Agreements, with the exception of the SWOT analysis which is to be carried out in consultation with PA Consulting at a later date.

The remainder of the document is set out in seven further sections cover the following:

Section 2: Summary of survey of 128 adventure, safari and cultural tours sampled

Section 3: Summary of survey of 41 dive tours

Section 4: Summary of survey of 12 eco-lodges, including pricing analysis

Section 5: Review of air services to the 12 selected destinations

Section 6: Summary of the 73 corporate profiles provided

Section 7: Summary of the results of the questionnaire survey of 20 companies

Section 8: Industry insights for product development

A very large amount of detail was assembled during this research program. The supporting data are set out in four accompanying Annexes to the draft report, as follows:

Annex 1: Survey of adventure, safari and cultural tours by destination. This Annex contains 12 detailed Excel tables.

Annex 2: Survey of dive tours. This Annex contains 4 detailed Excel tables.

Annex 3: Corporate profiles

Annex 4: Completed questionnaires

As instructed by PA Consulting, and with the exception of the questionnaire interviews, this research has been carried out using information available on the Internet. In some cases, additional data have been collected from company brochures and through telephone calls. In general, we found that information on the Internet exists quite widely on each aspect required by the brief, although there are inevitably some points which are not explicit on company websites. For example, specific reference to a given tour company's sustainability and environmental credentials we found to be varied on websites, but their absence should not be taken to mean that none exist. Some companies may simply prefer not to make this information public on what are in most cases marketing websites. Also, where a given tour company is a subsidiary of a major group (such as members of the Kuoni, TUI or First Choice groups), environmental policy is often managed at group rather than subsidiary level.

We also made a number of subjective judgments as to the relevance or otherwise of certain types of tours to the proposed protected area in the southern Red Sea. For example, many dive tours use live-aboard boats as their accommodation. We felt that, for the proposed development, this would not have been an especially relevant comparator and we therefore concentrated only on those dive tours that made use of accommodation on-shore, such as dive hotels or dive lodges. In the case of the brief survey of eco-lodges, we sought to provide relevant examples in the context of potential developments in the southern Red Sea, but it should be noted that there is a big difference between those eco-lodges that are based on game- or bird-watching locations in sub-Saharan Africa, and those which are located in the desert or mountainous areas of North Africa and the Middle East.

Company profiles were selected where possible to cover those companies that currently offer Egypt as a destination, and also to cover a full range of tour operators from some of Europe's large integrated travel groups to small specialists. However, in a small minority of cases some profiles cover companies that do not currently serve Egypt, but do serve many of the other destination countries specified in the brief. Whether such tour operators would in future offer the southern Red Sea depends in part on a better definition of the proposed area, its facilities, infrastructure and attractions – all of which we understand have yet to be finalized.

The respondents who agreed to participate in the questionnaire survey did so on a confidential basis. We believe that it would be inappropriate to pass on to the client the name and contact details of the individuals that provided this information, although this information has been supplied to PA Consulting in Annex 4. Also, a number of respondents requested feedback from the results of the survey, and we suggest that consideration is given by PA Consulting to ways in which this might be done, in acknowledgement of respondents' co-operation.

This draft report contains a wealth of detail. We have sought to offer in Section 8 a series of conclusions and an assessment of the implications of our work for those responsible for the detailed design and planning of the structure, format and marketing stance to be adopted in the proposed area. We would welcome the opportunity to debate these issues further with PA Consulting and/or the responsible authorities in Egypt.

ADVENTURE/SAFARI/CULTURAL TOURS FROM EUROPE

The adventure/safari/cultural tours sampled for this stage of the work are summarized in this section of the report.

The requirement for this section of the research was to examine tour operator packages from a range of European markets to 12 destinations in the Middle East and Africa that were considered to be competitive to, or offer useful comparisons for, the proposed southern Red Sea project. A total of 128 tours were examined from over 50 different tour operators. The number of tours from each market was broadly based on their ratios of arrivals in Egypt from all European markets in 2005, as set out in Table 1.

Table 1 European Arrivals in Egypt, 2005, and Number of Tours Analyzed

Market	% of total arrivals from Europe	No. of tours examined
Germany	22.5	24
UK	19.3	24
Italy	18.9	24
France	11.4	22
Belgium	3.5	6
Spain	3.4	11
Austria	3.2	10
Switzerland	3.0	5
Ireland	0.5	2

Source: Travel Research International

The focus of the research was on cultural and/or adventure and/or safari tours at the mid- to upper-end of the market. However, a range of operators were selected and these encompassed both mainstream companies offering well-established itineraries as well as a specialist operators offering walking and trekking tours to off-the-beaten-track destinations, safaris on well-trodden paths and more unique routings, desert trips etc.

The results of the web/brochure research are summarized in the destination sections below. The range of data to be collected on each tour package was specified by PA Consulting and the details for each individual tour are included in Appendix A. Because of the size of these files (there are twelve files, one for each destination examined), Appendix A is submitted in electronic format only.

N.B. Note that, in computing average prices, we have adopted an approach where the range of tour prices (that may vary, for example, according to season), has been used to produce a range of average values. We have summed the lower and higher prices in each case to arrive at mean values, and hence there are always two values given under "average". The same approach has been used to calculate the average land-only prices, although in this case the sample is often very small. The number of observations recorded for land-only prices is therefore shown in each summary table.

It is also worth noting that the most expensive and cheapest tours available for each destination are taken only from our sample; where a given country is shown as offering either the cheapest or most expensive tour, this does not imply that any one origin market is necessarily more or less costly than any other. Since every European origin market has a huge range of tours available to the leisure traveler, it is always possible to find very cheap or very expensive tours originating in all countries. Despite the large number of tours that we have sampled for this project, they represent only a very small proportion of the total tours on offer nationally.

BOTSWANA

For Botswana we surveyed tours from seven European countries, and summarized the details for 11 tours from those countries, offered by 11 different tour operators. Table 2 summarizes the data on tours to Botswana.

Table 2 Summary Data for Botswana

Markets sampled	Austria, France, Germany, Italy, Spain, Switzerland, UK
No. of tours sampled	11
Package prices[a]	
Cheapest	€ 1,105
Most expensive	€ 4,982
Average	€ 3,507 - € 3,917
Mean cost per night	€ 274 packages; € 203 land-only (4 observations)
Land-only prices	
Cheapest	€ 1,095
Most expensive	€ 5,570
Average	€ 2,290 - € 2,713
% of companies offering land-only options	45%
Most expensive tour available from	Switzerland
Least expensive tour available from	UK
Flights used	
Scheduled	100%
Charter	NIL
Characteristics of guides	Mainly English-speaking (two only speaking other European languages); little information on training
Average length of stay	13.2 days
Group size	Average minimum 4.3 ; average maximum 12.8; smallest group 2; largest group 20
Main activities/highlights	Game viewing and bird watching; visits to National Parks
Range of accommodation used	Hotel, tent, luxury camp, chalet, bungalow, bivouac, tented lodge,
Range of transport used	4x4, minibus, boat, specialised safari truck, air taxi, private aircraft, walking
No. offering add-on tours	1 out of eleven
Other observations	

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48
Source: Travel Research International

Botswana's principal attractions to the European tourist are its natural assets, and especially the game parks and the opportunities offered for wildlife and bird watching. Botswana is seen as a relatively unspoiled African destination with a reputation for providing an authentic African experience. As such, tours use a variety of accommodation including a good deal of camping/tented encampments which are in harmony with the relatively pristine nature of the parks and reserves that they visit. Similarly, the range of domestic transport offered to the safari tourist is wide, with widespread use of 4x4 vehicles and converted trucks, as well as boats in the Okavango delta and other wetland areas. Since international air access from Europe is almost always via intermediate points, notably in South Africa, all the tours sampled in this study make use of scheduled air services from Europe.

Botswana is at the high end of the price spectrum for safari-type holidays, with its average costs per night for the European tourist buying an inclusive package tour the highest among the countries included in this survey. Botswana's lodges offer a range of short-duration tours and packages which can attract the independent traveler in addition to those taking an inclusive package from the main European origin markets.

DUBAI

In Dubai we sampled just three tours, two Italian tours from two different operators, and one German. Table 3 summarizes the data on these.

Table 3 Summary Data for Dubai

Markets sampled	Germany, Italy
No. of tours sampled	3
Package prices	
Cheapest	€ 424
Most expensive	€ 1,565
Average	€ 849 - €1,002
Mean cost per night	€ 299 packages; land-only N/A
Land-only prices	
Cheapest	-
Most expensive	-
Average	-
% of companies offering land-only options	0
Most expensive tour available from	Italy
Least expensive tour available from	Italy
Flights used	
Scheduled	100%
Charter	0%
Characteristics of guides	Of the 3 tours sampled, one included an English and Italian speaking guide, one did not specify,

	and the third had a German national.
Average length of stay	9.3 days
Group size	N/A
Main activities/highlights	Dubai offers a luxury resort destination. The tours sampled included visits to the rest of the UAE, Yemen and Oman.
Range of accommodation used	4* and 5* hotels
Range of transport used	Air, bus,4x4, jeep
No. offering add-on tours	None
Other observations	-

[a] Only 3 tours to Dubai were sampled so these results need to be treated with caution.

Source: Travel Research International

Dubai is a resort-based destination that has become something of a tourism phenomenon. For the European visitor it offers glitz, luxury and a mixture of the sophistication of the west with the exoticism of the east. Thus, tours to the emirate are generally based on 5-star plus luxury at a beach destination which offers ample shopping opportunities, and as such there is little scope for the type of cultural or adventure holidays on which this study is based. Such excursions as do exist are generally on a day-long basis only and are arranged at the destination. As a result of this, our coverage of Dubai has been minimized as we do not consider it particularly relevant for the proposed Red Sea product.

The tours we have sampled include one "standard" stay in Dubai, one that tours the other six emirates, and one that includes Oman and Yemen in the itinerary. Dubai is an expensive destination based primarily on scheduled flights and, although it must be emphasized that the sample is unrepresentative, it is not surprising that the average cost per day of a Dubai tour is the highest of any destination in this study.

EGYPT

We sampled 16 tours to Egypt from a total of eight European origin markets, with an emphasis on the adventure, desert and cultural segments rather than purely on coastal holidays. Table 4 summarizes the data on tours to Egypt.

Table 4 Summary Data for Egypt

Markets sampled	Austria, Belgium, France, Germany, Italy, Spain, Switzerland, UK
No. of tours sampled	16
Package prices[a]	
Cheapest	€ 680
Most expensive	€ 2,570
Average	€ 1,368 - € 1,550
Mean cost per night	€ 150 packages; € 107 land-only (4 observations)
Land-only prices	
Cheapest	€ 620
Most expensive	€ 1,850
Average	€ 1,032 - € 1,072

% of companies offering land-only options	25%
Most expensive tour available from	Italy
Least expensive tour available from	France
Flights used	
Scheduled	79%
Charter	21%
Characteristics of guides	Many tours sampled use both local guides – many of whom speak English plus at least one other European language – in addition to supplying their own national tour leaders. German tour operators in particular tend to have their own company representatives acting as tour leaders in association with local guides.
Average length of stay	10.9 days
Group size	Average minimum 8.5; average maximum 16.9; smallest group 2; largest group 25
Main activities/highlights	Egypt offers diverse attractions and the tours sampled reflect this. Most tours include visits to Egypt's historical attractions along the Nile Valley. there are also several tours based on the desert, mainly in Egypt's western desert but also for shorter visits in Sinai. Nile river cruises are common, as are stays at the coast, either on the mainland's Red Sea coast or in Sinai.
Range of accommodation used	Hotel, tented camp, bivouac, train, river boat, bungalow, open air
Range of transport used	4x4, minibus, train, internal flights, camel, jeep, bus, boat, walking
No. offering add-on tours	3 out of sixteen
Other observations	-

[a] Exchange rates used: US$1 = €0.79; SwF1 = €0.63; UK£1 = €1.48;
Source: Travel Research International

Egypt has been very successful in developing tourist attractions that are additional to its traditional Nile Valley product. In particular, the coastal resorts of the Red Sea and Sinai peninsula have become major destinations for Europeans seeking guaranteed sun, especially in the shoulder and winter months of northern Europe. Specialist tours also exist in Egypt, focused mainly on visits to the western desert – the so-called White Desert – and also to inland Sinai, often as short tours for those whose main destination has been the Sinai coast.

Coastal Egypt is within easy reach of Europe and is served by a dense network of charter flights operated by Europe's holiday airlines. Hence average lengths of stay are shorter than those typical of destinations in sub-Saharan Africa – although in the sample of tours taken for this project the average length of stay is around 11 days, since the focus has been on the more adventurous and thus more time-consuming tours. For this reason, four out of five tours sampled use scheduled flights, whereas the pure beach product on the Red Sea and Sinai coasts would tend to have a higher proportion of charter flights.

Egypt offers very good value for money to the European tourist, with, on the basis of the tours sampled, the average cost of a holiday there around € 1,000 per person and an average cost per night of € 150, well below that of the sub-Saharan destinations and reflecting the country's proximity and therefore lower air fare costs. Egypt's guides are generally regarded as well-informed and are widely used by all tour operators, although as with several other destinations sampled in this project, German tour operators, especially those offering more up-market products, also tend to supply their own national tour leaders.

JORDAN

For Jordan we sampled 12 tours from twelve different tour operators and seven European markets. Table 5 summarizes the data.

Table 5 Summary Data for Jordan

Markets sampled	Austria, Belgium, France, Germany, Italy, Spain, UK
No. of tours sampled	12
Package prices[a]	
Cheapest	€ 870
Most expensive	€ 1,980
Average	€ 1,235 - € 1,317
Mean cost per night	€ 147 packages; € 107 land-only (4 observations)
Land-only prices	
Cheapest	€ 792
Most expensive	€ 877
Average	€ 796 - € 872
% of companies offering land-only options	16%
Most expensive tour available from	Germany
Least expensive tour available from	France
Flights used	
Scheduled	82%
Charter	18%
Characteristics of guides	7 tours had a tour leader (mostly company representatives) plus guides; 2 tours had local guides only. Where specified (10 out of 12 tours), leaders/guides spoke the language of the tour group (English, French, German, Spanish). No information on training.
Average length of stay	10.1 days
Group size	There were wide discrepancies. Average minimum 8.8; average maximum 17.8; smallest group 2; largest group 22.
Main activities/highlights	Sightseeing of religious and cultural sites, desert and coast. Walking. Petra, Jerash, Wadi Rum, Dead Sea, Red Sea.
Range of accommodation used	Hotel (2*-5*), resthouse, camp, Bedouin camp, pension, bivouac
Range of transport used	Coach, bus, minibus, 4x4, boat, walking,

	horseback, camelback, ferry, internal flight
No. offering add-on tours	3 out of twelve
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48

Source: Travel Research International

Jordan is a short- to medium-haul destination for the European market – for the UK, for example, the flight time is only around five hours – making the flight duration similar to traveling to Egypt. Among the destinations surveyed for this study, it is also probably the most similar to Egypt in terms of the range of attractions it has to offer. These include world class historical and religious sites, the natural attractions of the desert at Wadi Rum, and sea and diving at the Red Sea and the Black Sea. Similarly to Egypt, it has also suffered various setbacks as a result of security concerns in the region.

The majority of tours to Jordan are mainstream sightseeing trips to the country's wealth of different cultural attractions. These range from standard tours staying at mid-market hotels, to more up-market trips using 5-star accommodation. For the adventure tours, primarily to more remote areas of Wadi Rum, quite basic accommodation in tents, bivouacs, Bedouin camps or sleeping under the stars is part of the character of the trip. These activity tours consist of walking, horse riding, camel riding, and traveling in 4x4s to the more remote desert and mountain regions. Both types of tour are sampled here.

Jordan tends to have a higher quality image – in terms of infrastructure – than Egypt in the European market, although for the tours sampled here the prices quoted are similar and fall in the middle of the range for Middle East/North Africa tours. Jordan is not generally a charter destination and over three-quarters of the tours use scheduled flights.

KENYA

We sampled 11 tours to Kenya from six European origin markets. Table 6 summarizes the data on tours to Kenya.

Table 6 Summary Data for Kenya

Markets sampled	Austria, France, Germany, Italy, Spain, UK,
No. of tours sampled	11
Package prices[a]	
Cheapest	€ 1,194
Most expensive	€ 5,025
Average	€ 2,303 - € 2,799
Mean cost per night	€ 272 packages; € 242 land-only (1 observation)
Land-only prices	
Cheapest	€ 2,349
Most expensive	€ 2,499
Average	€ 2,349 - € 2,499
% of companies offering land-only options	9%
Most expensive tour available from	UK
Least expensive tour available from	France

Flights used	
Scheduled	70%
Charter	30%
Characteristics of guides	The majority of guides used are local, speaking predominantly English. However, German tour operators sampled tend to supply their own company guides. Local guides also have foreign language abilities although their predominant language is English.
Average length of stay	10.9 days
Group size	Average minimum 5.2; average maximum 12.8; smallest group 2; largest group 24
Main activities/highlights	Game viewing is overwhelmingly the main activity. Several tours also incorporate a period of time at the coast. Most safaris are by minibus or 4x4, although there are some walking, horse- and camel-riding excursions also.
Range of accommodation used	Hotel, game lodge, camp
Range of transport used	4x4, minibus, train, light aircraft, horse, camel, walking
No. offering add-on tours	1 out of eleven
Other observations	-

[a] Exchange rates used: US$1 = €0.79; SwF1 = €0.63; UK£1 = €1.48;

Source: Travel Research International

Kenya's image and main tourist attraction is overwhelmingly wildlife, and most tours place a wildlife safari at the centre of their offer. While national reserves such as the Masai Mara feature most commonly in these itineraries, more up-market tours tend to seek out less popular and populated reserves such as those to the north of Mount Kenya. Visits to tribal villages also feature in some of the more specialized tours. Kenya's Indian Ocean coast is also a big attraction. Its development has led to the creation of a relatively dense network of coastal hotels, served by charter flights from Europe. In isolation, the coast offers a different product to a different market compared with the mainstream game safaris, but there is some crossover between the two.

The average length of stay for tours from Europe sampled here is around 11 days. Guides are very important in Kenya, since 4x4 and minibus drivers are usually qualified guides to the game reserves. Most speak English only, and it is noticeable that some continental European tour operators, especially those from Germany, tend to supply their own national staff as well as tour leaders, but rarely as game- or bird specialists. Most flights to Nairobi from Europe (the airport most used for the game safaris) are by scheduled airline, while those to the coastal city of Mombasa tend to be charter services. A typical all-inclusive package tour to Kenya centered on a wildlife safari will cost Europeans some € 2,300 – € 2,800 per person (although pure beach holidays can be much cheaper).

MOROCCO

For Morocco we examined twelve tours from twelve different tour operators based in eight different European markets. Table 7 summarizes the data on tours to Morocco.

Table 7 Summary Data for Morocco

Markets sampled	Austria, Belgium, France, Germany, Italy, Spain, Switzerland, UK
No. of tours sampled	12
Package prices[a]	
Cheapest	€ 509
Most expensive	€ 1,860
Average	€ 1,091 - € 1,216
Mean cost per night	€ 113 packages; € 108 land-only (1 observation)
Land-only prices	
Cheapest	€ 602
Most expensive	€ 2,057
Average	€ 1,254 - € 1,448
% of companies offering land-only options	25%
Most expensive tour available from	Germany
Least expensive tour available from	France
Flights used	
Scheduled	56%
Charter	44%
Characteristics of guides	Primarily local guides with a support team of muleteers/drivers/ camel caravan etc. Some tours included specialist mountain guides. Operators generally provided guides speaking the language of the group (English, French, German, Spanish, Italian).
Average length of stay	12.1 days
Group size	Average minimum 6.0; average maximum 15.7; smallest group 2; largest group 22.
Main activities/highlights	Cultural tours of main cities (Tangier, Marrakech, Casablanca, Ouarzazate, Essaouira), trekking and adventure touring in High Atlas and Sahara. Coast.
Range of accommodation used	Mid-market hotels, tents and camps, host family accommodation, open air
Range of transport used	Bus, Minibus, 4x4, foot, private vehicle, boat, camel riding, train
No. offering add-on tours	3 out of twelve (daily excursions)
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48

Source: Travel Research International

Despite some vicissitudes as a result of security considerations, Morocco has enjoyed a surge of popularity in the European market over recent years. With its souks, medinas, casbahs and fabled cities, it has the image of an exotic destination, readily accessible for short stay breaks for most European origin markets. At the same time the natural landscape of the Atlas mountains, the Sahara of southern Morocco and the Atlantic coast are powerful added attractions. Much of the demand for Morocco is for mainstream sightseeing tours which include a variety of these facets. The tours sampled here have focused on specialist trips, trekking, walking or on camel safaris into the mountains and desert, although most also include a cultural/sightseeing element. As such the tours use a variety of accommodation ranging from mid-market hotels to camping in tents in the desert and under the stars. Transport is what would be expected of the rough terrain.

Morocco is regarded as a good value-for-money destination and of the tours sampled here it falls at eleventh cheapest out of the twelve destinations covered. It has high number of charter and low cost carriers serving the country and almost half of the tours here use charter flights.

NAMIBIA

In Namibia we sampled tours from seven main European origin markets from 12 different tour operators. Table 8 summarizes the data on tours to Namibia.

Table 8 Summary Data for Namibia

Markets sampled	Austria, France, Germany, Italy, Spain, Switzerland, UK,
No. of tours sampled	12
Package prices[a]	
Cheapest	€ 764
Most expensive	€ 6,988
Average	€ 3,063 - € 3,676
Mean cost per night	€ 256 packages; € 171 land-only (3 observations)
Land-only prices	
Cheapest	€ 1,180
Most expensive	€ 2,595
Average	€ 1,955 - € 2,041
% of companies offering land-only options	25%
Most expensive tour available from	Spain
Least expensive tour available from	Switzerland
Flights used	
Scheduled	100%
Charter	NIL
Characteristics of guides	Mainly English-speaking, but four tours offer German-speaking guides, and there is one example each of Spanish- and French-speakers. Most guides seem to be locals, although at least one company supplies its own nationals as tour-leader/guide
Average length of stay	14.1 days
Group size	Average minimum 6.5 ; average maximum 15.5; smallest group 2; largest group 24
Main activities/highlights	Visits to deserts, sand dunes, national parks, bird

	sanctuaries, game viewing and visits to colonial settlements (especially for the German market)
Range of accommodation used	Hotel, tent, luxury camp, bungalow, bivouac, game lodge,
Range of transport used	4x4, minibus, train, car, converted truck, bus, walking
No. offering add-on tours	2 out of 12
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48
Source: Travel Research International

Namibia contains a diversity of features which attract the holiday visitor from Europe. In addition to the national parks offering game and bird viewing, Namibia contains desert areas, and a coastal strip which has the reputation of being relatively unknown and perhaps rather exotic. Additionally, the country has a colonial past which creates strong links and considerable interest in Germany. Most tours include some of the larger, formerly colonial settlements as well as a range of Namibia's natural attractions, scenery and desert regions.

Similarly to its neighbor, Botswana, the price of tours to Namibia is at the top end of the range for the countries sampled in this study. There is a difference, however, in access, in that it is possible to fly to the capital of Windhoek directly from European points of origin. Nonetheless, Namibia is a large and sparsely-populated country in which a wide variety of land transport is offered to visitors, notably the 4x4s, converted trucks and minibuses that are well suited to rural African conditions. Also, the range of accommodation is wide, and includes the use of camping and even open-air bivouacs in addition to the more conventional game lodges and hotels. Namibia has the reputation, again somewhat like Botswana, of offering a relatively unspoiled version of southern Africa, a fact that influences the expectations of visitors in terms of the types of accommodation and transport that they are prepared to use.

OMAN

For Oman we examined eight tours from eight different tour operators and from six different European markets. Table 9 summarizes the data on tours to Oman.

Table 9 Summary Data for Oman

Markets sampled	Austria, France, Germany, Italy, Spain, UK
No. of tours sampled	8
Package prices[a]	
Cheapest	€ 1,275
Most expensive	€ 2,695
Average	€ 1,925 - €2,103
Mean cost per night	€ 215 packages; € 165 land-only (2 observations)
Land-only prices	
Cheapest	€ 1,117
Most expensive	€ 1,598

Average	€ 1,210 - € 1,402
% of companies offering land-only options	25%
Most expensive tour available from	Germany
Least expensive tour available from	France
Flights used	
Scheduled	100%
Charter	NIL
Characteristics of guides	All tours had leaders speaking the language of the group and for at least four, they appeared to be company representatives. One tour (German) also had a specialist geologist and another (French) a mountain guide
Average length of stay	10.6 days
Group size	Average minimum 9.4; average maximum 14.8; smallest group 4; largest group 16.
Main activities/highlights	Travel in desert, mountains, wadis, dunes, beach. Muscat, Nizwa, Salalah.
Range of accommodation used	Hotel (2*-5*), traditional huts, camp, tents, gîte (communal) open air
Range of transport used	Bus, 4x4, camel, jeep, car, on foot
No. offering add-on tours	3 out of 8
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48
Source: Travel Research International

Oman is a relatively new and unknown tourist destination for the European market and even in the UK, where there have been links with the sultanate for many years, it has only recently become well recognized as a holiday venue. Nevertheless, tourism is now being developed quite rapidly for the upper end of the market and new luxury hotels are being built along the coast. The principal attractions for Europeans are the still-pristine coast, the dramatic mountain and desert scenery of the hinterland, forts and castles, a range of flora and fauna, and the somewhat exotic image of an Arab culture. The majority of visitors stay in the luxury 5-star plus hotels scattered along the coast outside Muscat, with day excursions into the mountains and desert. However, there is clearly also a market for trekking, walking and 4x4 tours to the remote and unknown interior where basic camps, sleeping under the stars and mountain huts are used.

In keeping with the government's intention to go for high-end tourism, it is not surprising that Oman is at the high end of the price spectrum. Of the tours sampled for this research, the average day rate is, excluding Dubai (which as explained below is a special case), the highest among the Middle East/North African destinations. None of the tours used charter flights.

(It is worth noting that part of the Omani government's strategy for tourism is to develop the country as a significant eco-tourism and adventure tourism destination. Progress on this could provide useful comparisons for the Red Sea development.)

SOUTH AFRICA

For holidays to South Africa we sampled 13 tours from eight European origin markets. Table 10 summarizes the data on tours to South Africa.

Table 10 Summary Data for South Africa

Markets sampled	Austria, Belgium, France, Germany, Italy, Spain, Switzerland, UK,
No. of tours sampled	13
Package prices[a]	
Cheapest	€ 1,195
Most expensive	€ 5,320
Average	€ 3,012 - € 3,304
Mean cost per night	€ 259 packages; € 219 land-only (1 observation)
Land-only prices	
Cheapest	€ 1,699
Most expensive	€ 2,239
Average	€ 1,932 - € 2,019
% of companies offering land-only options	15%
Most expensive tour available from	UK
Least expensive tour available from	France
Flights used	
Scheduled	100%
Charter	NIL
Characteristics of guides	The majority of guides used are local, speaking predominantly English but also offering some abilities in other European languages. Where the holiday is specifically a tour, it is quite common for tour operators to supply their own tour leader who will mainly be a national of the origin market.
Average length of stay	13.8 days
Group size	Average minimum 7.7; average maximum 15.8; smallest group 2; largest group 22
Main activities/highlights	While game viewing is the main activity, South Africa is diverse and attracts visitors also for the scenery, coast, diving, historical associations, wine-growing and fruit-growing regions, visits to the many main and secondary towns, exploring the various facets of the "Rainbow Nation" and general cultural and scenic tours.
Range of accommodation used	Hotel, game lodge, guesthouse, farm
Range of transport used	Inland domestic air travel, light aircraft, 4x4, train, bus, minibus, boat, open jeep, walking
No. offering add-on tours	2 out of 13
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48; SA Rand 14.7 = £1

Source: Travel Research International

Most countries offer a wide range of tours to South Africa. While few fail to include at least some element of game viewing in the country's national parks and/or private game reserves, the nation offers a wide diversity of tourist attractions, such as the Garden Route along the southern coast and its wine-growing areas, several cities and large towns, the inherent interest in the "Rainbow Nation" that often includes visits to native townships, and the cultural and tribal diversity of this geographically very large country.

Typically, tourists from Europe will stay in South Africa for around two weeks and the tour will cost € 3,000 - € 3,300 on average. A full spread of ground transportation is used, including internal flights and the rail system, while the accommodation range is generally based on hotel and lodge accommodation. All flights from Europe are on a scheduled basis, and most tours marketed in Europe tend to be all-inclusive, with only 3 out of the 13 tours sampled offering additional options. The local tour guide system seems to be well-developed, although several tour operators also supply their own tour leaders.

TANZANIA

For Tanzania we examined twelve tours from twelve different tour operators based in eight different European markets. Table 11 summarizes the data on tours to Tanzania.

Table 11 Summary Data on Tanzania

Markets sampled	Austria, France, Germany, Ireland, Italy, Spain, Switzerland, UK
No. of tours sampled	12
Package prices[a]	
Cheapest	€ 1,885
Most expensive	€ 4,712
Average	€ 2,816 - € 3,137
Mean cost per night	€ 265 packages; € 149 land-only (3 observations)
Land-only prices	
Cheapest	€ 1,364
Most expensive	€ 1,956
Average	€ 1,689 - € 1,706
% of companies offering land-only options	25%
Most expensive tour available from	Switzerland
Least expensive tour available from	Spain
Flights used	
Scheduled	83%
Charter	17%
Characteristics of guides	Most groups had a tour leader plus local guides. Own-language guides were listed for English, Swiss, French and Italian tours, but one German group and one Spanish had only English-speaking guides. Some tours included specialist naturalist and mountain guides.

Average length of stay	12.5 days
Group size	Average minimum 5.3; average maximum 14.4; smallest group 2; largest group 18.
Main activities/highlights	Game viewing in National Parks, climbing Mount Kilimanjaro, beach activities in Zanzibar.
Range of accommodation used	Mid-market to luxury hotels, tent, luxury camp, game lodge, hotel & spa, mountain hut, inn
Range of transport used	Minibus, 4x4, foot, light aircraft, boat
No. offering add-on tours	7 out of twelve
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48

Source: Travel Research International

Tanzania's attractions for the European market fall into three categories. Of greatest importance is the fact that it is one of Africa's finest safari locations with some of the most well-known National Parks (such as the Serengeti, the Ngorongoro Crater and Lake Manyara) offering wide-ranging opportunities for game viewing and bird watching. It is a well-recognized destination and frequently attracts the first-time safari visitor to Africa. Of a more specialized nature, it also a prime attraction for hikers and climbers who see Africa's highest mountain, Mount Kilimanjaro, as a key draw-card. In addition to this, many tours add on a beach element on the island of Zanzibar at the end of the safari or climbing trip.

The tours sampled for this study range from the traditional safari package to more specialized adventure trips. In keeping with this, the accommodation ranges from Spartan mountain huts to luxurious tented camps and game lodges, and transport includes minibuses and the traditional mode of transport for game-viewing, 4x4s. Because of the distances involved, several of the tours include light aircraft to transport people to Zanzibar.

Although Tanzania has some unique safari attractions, it is not noted as an especially upmarket or luxurious destination to the same degree as, for example, Botswana. For the tours sampled in this study, its average price per day is more expensive only than South Africa among the countries which offer game viewing opportunities – although it is, of course, considerably more expensive than the Middle East and North African countries under review.

TUNISIA

For Tunisia we examined nine tours from nine different tour operators and from six different European markets. Table 12 summarizes the data on tours to Tunisia.

Table 12 Summary Data for Tunisia

Markets sampled	Belgium, France, Germany, Italy, Spain, UK
No. of tours sampled	9
Package prices[a]	
Cheapest	€ 424
Most expensive	€ 1,565

Average	€ 849 - €1,002
Mean cost per night	€ 107 packages; € 67 land-only (1 observation)
Land-only prices	**(1 observation only)**
Cheapest	€ 911
Most expensive	€ 970
Average	€ 911 - € 970
% of companies offering land-only options	11%
Most expensive tour available from	Germany
Least expensive tour available from	Spain
Flights used	
Scheduled	57%
Charter	43%
Characteristics of guides	All tours had leaders speaking the language of the group (French, English, German, Italian and Spanish). Most also had a local support team for touring.
Average length of stay	9.7 days
Group size	Average minimum 10; average maximum 17.3; smallest group 4; largest group 20.
Main activities/highlights	Visits to the Sahara to experience desert, oases, mountains, and local villages. Classical sites also featured, except for the more dedicated desert trips. Some tours included a beach element.
Range of accommodation used	Hotel (2*-4*), tent, troglodyte cave hotel, open air camp
Range of transport used	Bus, 4x4, camel trek, minibus, ferry, on foot
No. offering add-on tours	1 out of 9
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48
Source: Travel Research International

Tunisia is primarily a "sun and sand" destination, first developed in the late-1960s on the back of the traditional European package tour, with the mass market from more northerly countries seeking their annual dose of summer sunshine. This remains the case today. However, Tunisia also has classical sites of major significance, notably Carthage and El Djem, as well as the vast and varied Sahara as its backdrop. There is some demand for cultural and adventure holidays to experience these but volumes are small and pale into insignificance in the face of the large numbers of beach visitors.

It is tours featuring these latter elements that we have focused on for this research. program for the more dedicated desert enthusiast move their clients straight into the Sahara and the focus is on an "away-from-it-all" experience. In these tours various types of camp, sleeping under the stars, and generally mid-market hotels are used, and clients travel by foot, camel or 4x4s. More mainstream holidays feature hotel stays and generally include a more peripatetic itinerary with sightseeing of the main Roman sites, a short trip into the desert and a stay at the beach.

Among the tours sampled here, Tunisia is on the lowest rung of the price spectrum. Coupled with the country's low cost reputation, cultural and adventure tours are able to make use of the large network of charter flights ferrying in the mass market to the country's beaches, and almost half of the flights used here were on charter airlines.

TURKEY

In Turkey we sampled 9 tours from six different European countries. Table 13 summarizes the data on tours to Turkey.

Table 13 Summary Data for Turkey

Markets sampled	Austria, France, Germany, Italy, Spain, UK,
No. of tours sampled	9
Package prices[a]	
Cheapest	€ 395
Most expensive	€ 2,700
Average	€ 1,092 - € 1,250
Mean cost per night	€ 121 packages[b]; € 73 land-only (2 observations)
Land-only prices	
Cheapest	€ 208
Most expensive	€ 783
Average	€ 478 - € 546
% of companies offering land-only options	25%
Most expensive tour available from	UK
Least expensive tour available from	Germany
Flights used	
Scheduled	56%
Charter	44%
Characteristics of guides	Almost wholly-local guides are used, with the majority speaking the language of the tour – hence English, Italian, German and Spanish are all available. Since tours to Turkey mainly comprise visits to historical and archaeological sites, most guides seem to be attached to the site visited rather than to the tour itself.
Average length of stay	10.9 days
Group size	Average minimum 7.8 ; average maximum 15.6; smallest group 4; largest group 18
Main activities/highlights	Visits on tours to Turkey are mainly centered on cultural and historical sites and buildings, and on visits to scenic areas and natural attractions. There is considerable emphasis placed on walking on such tours.
Range of accommodation used	Hotel accommodation is predominant, with some camping also
Range of transport used	Mainly bus or minibus, some walking

No. offering add-on tours	3 out of 9
Other observations	-

[a] Exchange rates used: US$1=€0.79; SwF1=€0.63; UK£1=€1.48
[b] Would be € 109 if one very expensive/untypical tour is excluded
Source: Travel Research International

It should be pointed out that the vast majority of tourists going to Turkey head for the coastal regions of the south west – a region that has successfully developed mass tourism and which is largely price-driven, based primarily on the "sun, sea and sand" type of holiday. Istanbul is also a major draw for European visitors, but the extensive historical, cultural and religious features that are available throughout the country draw relatively few international tourists. Hence the range of adventure and cultural tours on offer is relatively restricted in most European travel markets, and volumes are low for this type of holiday in the country.

Tours to Turkey sampled here use mainly conventional (hotel) accommodation and mainly bus or minibus transport within the country. Walking is also a feature of this type of tour in Turkey. Turkey has a reputation for relatively cheap holidays. While specialized tours such as these are not necessarily at the lower end of the price spectrum, nonetheless the average cost per night of packages is low at just over € 100 including international flights. Given the dense network of charter flights from Europe, it is of little surprise that almost half of the tours sampled use charter services for their clients.

Summary of mean costs per night

As an easy basis for comparison, Table 14 summarizes the mean costs per night for package holidays to all twelve destinations analyzed.

Table 14 Mean Costs per Night of Package Tours to Selected Destinations (€)

Destination	Mean
Dubai[a]	299
Botswana	274
Kenya	272
Tanzania	265
South Africa	259
Namibia	256
Oman	215
Egypt	150
Jordan	147
Turkey	121
Morocco	113
Tunisia	107

[a] Based on three tours only
Source: Travel Research International

DIVE TOUR PACKAGES FROM EUROPE

For this section of the research, we were asked to examine tour operator dive packages to Egypt and to some of the world's other main diving destinations. To do this we generally focused on specialist dive operators, although particular dive divisions of more mainstream operators were also included. In the light of the range of dive opportunities to be offered at the proposed southern Red Sea, we concentrated on dive packages that involved staying in on-shore accommodation, and excluded live-aboard dive boats which we concluded would be less relevant in this case.

A total of 41 dive packages from eight different European origin markets and 19 different operators were covered. The data collected were based on a pro-forma supplied by PA Consulting the details of which are set out in Appendix B. Because of the size of these files, they is supplied in electronic format only.

N.B. Making generalizations about the dive tour market is difficult owing to the often complex pricing arrangements that surround the dive tour offer. Some include dives in the package costs, others exclude it; some include international flights, others exclude them, and so on. The average and typical values given in the following tables should therefore be read with these difficulties in mind.

As a generalization, it is noticeable with diving holidays that the accommodation standards used are sometimes fairly basic, with divers staying in dive lodges or dive bungalows; while comfortable, these are often not luxurious. Divers tend to opt for the quality of the diving location and experience as their first criterion – especially those who try different diving locations each year – with issues such as accommodation quality being a secondary consideration.

It is also noticeable that few dive tours offer additional trips. Again, divers seem to be primarily interested in diving per se, and tend not to seek expedition, historical or cultural dimensions to their holidays in addition.

A summary of the data collected from company websites or brochures is set out in the following destination sections.

INDIAN OCEAN AND SOUTH EAST ASIA

We sampled 22 diving holidays to the Indian Ocean and South East Asia, from a total of eight European origin markets. The dive packages sampled for this region are summarized in Table 15:

Table 15 Dive Package to the Indian Ocean and Southeast Asia

Markets sampled	Austria, Belgium, France, Germany, Italy, Spain, Switzerland, UK
No. of tours sampled	22
% including dive costs	64%
% excluding dive costs	36%
Package prices (dive costs included[a])	

Cheapest	€ 1,002
Most expensive	€ 2,678
Average	€ 1,661 - € 1,889
Mean costs per night	€ 226
Dive costs only	
Cheapest per dive	€ 21.8
Most expensive per dive	€ 44.2
Average per dive	€ 29.9
Most expensive tour from	France
Cheapest tour from	Belgium
Flights used	
Scheduled	83%
Charter	17%
Average length of stay	9.5 days
Range of accommodation used	Hotel (simple to luxury), bungalow, cottages, resorts, dive lodges
No. adding on tours	2 out of 22
Other observations	-

[a] Exchange rates used: US$1 = € 0.79; Swiss franc 1 = € 0.63; UK£1 = € 1.48

Source: Travel Research International

In our sample of tours to the Indian Ocean and South East Asia, two thirds of the packages offered include diving costs. In those cases, the mean cost per night is € 226, with the average holiday costing between € 1,650 and € 1,850 per person.

Where dive costs are excluded from the package, on average each dive costs around € 30, although there are some variations around this average figure. The typical length of stay is around 10 days. In the majority of cases, dive tours to these destinations use scheduled flights from Europe, although destinations such as the Maldives have a relatively well-developed network of charter services which also are used on diving tours.

PACIFIC

We sampled three dive tours to the Pacific from three European countries. The dive packages sampled for this region are summarized in Table 16:

Table 16 Dive Package to the Pacific

Markets sampled	France, Spain, UK
No. of tours sampled	3
% including dive costs	100%
% excluding dive costs	0%
Package prices (dive costs included[a])	
Cheapest	€ 2,045
Most expensive	€ 4,114
Average	€ 2,862 – € 3,240

Mean cost per night	€ 316
Dive costs only	
Cheapest per dive	NA
Most expensive per dive	NA
Average per dive	NA
Most expensive tour from	UK
Cheapest tour from	Spain
Flights used	
Scheduled	100%
Charter	0%
Average length of stay (days)	10 (approximate – see observations below)
Range of accommodation used	Hotel
No. adding on tours	Nil
Other observations	The sample here is small. Dive tours in the Pacific for Europeans by definition involve a long journey with often more than one overnight stop; hence the connections sometimes mean that the number of days spent at the dive resort are limited.

[a] Exchange rates used: US$1 = € 0.79; Swiss franc 1 = € 0.63; UK£1 = € 1.48
Source: Travel Research International

Diving in the Pacific is for Europeans both a special experience and, by definition, one that attracts only a small minority of the overall dive market, given the distances and costs involved. The key attraction is always the dive experience per se – whether this is wreck diving in Micronesia or diving in the exceptional natural attractions of other parts of the Pacific region.

Given the small sample used here, generalizations are difficult. It is unsurprising that, for Europeans, the Pacific is relatively expensive, with average costs per night in excess of € 300 due mainly to the distances to be traveled to reach the destination. The typical holiday cost is close to € 3,000 per person – sometimes more – also reflecting the distances involved.

The average length of stay is relatively short at 10 days, although again caution must be used in interpreting this, since the small sample embraces one tour operator's options of either a 7-, 10- or 14 day holiday. Many of the dive tours to remote locations are based on live-aboard dive boats; we have excluded these from consideration here, and hence accommodation is based in standard hotels.

EGYPT AND THE MEDITERRANEAN

We sampled 10 diving holidays to Egypt and the Mediterranean, from a total of five European origin markets. The dive packages sampled for this region are summarized in Table 17.

Table 17 Dive Package to Egypt and the Mediterranean

Markets sampled	France, Germany, Italy, Switzerland, UK

No. of tours sampled	10
% including dive costs	60%
% excluding dive costs	40%
Package prices (dive costs included[a])	
Cheapest	€ 432
Most expensive	€ 992
Average	€ 783 - € 896
Mean costs per night	€ 105
Dive costs only	
Cheapest per dive	€ 14.0
Most expensive per dive	€ 40.5
Average per dive	€ 22.6
Most expensive tour from	UK
Cheapest tour from	France
Flights used	
Scheduled	25%
Charter	75%
Average length of stay (days)	8.1
Range of accommodation used	Hotel (mainly simple to mid-market, 1luxury resort), self-catering apartment, tents, dive lodge
No. adding on tours	1 out of 10
Other observations	-

[a] Exchange rates used: US$1 = € 0.79; Swiss franc 1 = € 0.63; UK£1 = € 1.48

Source: Travel Research International

Destinations in the Mediterranean do not feature strongly in the programs of most European dive specialists and while mainstream operators do sometimes include diving and snorkeling possibilities in a sea-based activity holiday in the region, these are generally listed as optional extras. Diving in Egypt is a different matter and a range of inclusive tours to the Red Sea is an important component of most specialist programs.

Unsurprisingly, the average price of the tours sampled for this research is cheaper than any of the other destination regions, and the length of stay is shorter, thus reflecting the shorter journey time and lower costs involved, and the fact that three-quarters of the tours use charter airlines. Accommodation is primarily in mid-market hotels, although one tour uses a luxury resort and another a self-catering apartment, thus reflecting the variety on offer.

CARIBBEAN

We sampled 6 diving holidays in the Caribbean, from six different operators and from a total of five European origin markets. The dive packages sampled for this region are summarized in Table 18.

Table 18 Dive Package to the Caribbean

Markets sampled	France, Germany, Italy, Spain, UK

No. of tours sampled	6
% including dive costs	33%
% excluding dive costs	67%
Package prices (dive costs included[a])	
Cheapest	€ 1,390
Most expensive	€ 1,570
Average	€ 1,410 - € 1,500
Mean costs per night	€ 208
Dive costs only	
Cheapest per dive	€ 16.5
Most expensive per dive	€ 30.1
Average per dive	€ 26.7
Most expensive tour from	Italy
Cheapest tour from	Spain
Flights used	
Scheduled	80%
Charter	20%
Average length of stay (days)	8.3
Range of accommodation used	Hotel (mainly simple to mid-market, 1 up-market dive hotel), dive lodge
No. adding on tours	2 out of 6
Other observations	The sample here is small so figures need to be treated with caution

[a] Exchange rates used: US$1 = € 0.79; Swiss franc 1 = € 0.63; UK£1 = € 1.48

Source: Travel Research International

The Caribbean is a long-established dive destination for the European market and holidays both on the mainland and in the Caribbean islands feature strongly in most specialist tour brochures. While the region may have lost something of its cachet compared with newer and more exotic destinations that the real diving enthusiast likes to "tick off" in his/her list of experiences, it nonetheless is regarded as a reliable dive destination.

It should be noted that the sample here is small – a total of just six tours – so the figures need to be treated with caution. However, based on the tours sampled here, the Caribbean is considerably more expensive than Egypt and the Mediterranean, but cheaper than the other long-haul destinations. The typical cost for a dive holiday is something under € 1,500, around double that for an Egypt/Mediterranean dive holiday. The average length of stay for the sampled tours is quite short, at just over eight days, reflecting the ease of access to specific destinations in the region from most countries in Europe which makes a week's holiday quite feasible.

SURVEY OF ECO-LODGES

We carried out an on-line survey of 12 lodges/eco-lodges in various countries, namely,:

- Abu Camp, Okavango Delta, Botswana
- Chobe Safari Lodge, Chobe National Park, Botswana
- Ongava Lodge, Etosha National Park, Namibia
- Serra Cafema Camp, north-western Namibia
- Hoyo-Hoyo Tsonga Lodge, Kruger National Park, South Africa
- Malala Lodge, Hluhluwe and Omfolozi Game Reserves, South Africa
- Kikoti Safari Camp, Tarangire National Park, Tanzania
- Governor's Camp, Masai Mara Game Reserve, Kenya
- Eco-Lodge Dar Itrane, Atlas Mountains, Morocco
- Wadi Feynan Eco-Lodge, Dana Nature Reserve, Jordan
- Myland, Cirali, south-western Turkey
- Desert Lodge, Al Qasr, Egypt

The majority of these lodges do not specify specific tours on their websites, since most are sold via tour operators and form one element in a wider tour. Most, however, describe the types of tours available to guests who stay at the lodges. Abu Camp offers a 3-night safari for two people, and Governor's Camp describes a program of 3 game drives per day together with options for walking tours, balloon safaris, visits to a local Masai village and to a local school. Most lodges simply describe the type of tours and trips that are associated with their guests without making such specific product offerings.

Prices per night (or per tour) vary widely, and are summarized in Table 19.

Table 19 Eco-lodge Prices per Night

Lodge	Price	Supplements	Comments
Abu Camp, Botswana	US$ 6,170 – 6,295 per person	US$ 2,160 single supplement	Prices are for a 3-day all-inclusive safari including private flight transfers, elephant-back safaris and luxurious accommodation. This is one of the most expensive lodges that we discovered
Chobe Safari Lodge, Botswana	US$119 – 149 per room (US$131 – 164 for 2007) for the room only. Game drives US$29 – 33; boat cruises US$ 23-28; Fishing US$ 33-36 per hour.	Full board supplement is US$ 65 per person per day; transfers from nearby Kasane airport cost US$55 – 75 per person	
Ongava Lodge, Namibia	US$ 342 – 382 per person per night sharing; tours included in the daily rate	Single supplement costs US$195 – 199 per night	Described as an environmentally-sensitive lodge
Serra Cafema Camp,	US$480 – US$528 per	Single supplement is US$247	This is a very remote lodge

Namibia	person per night sharing, all-inclusive. Tours included, minimum of two-day stay recommended	per night	in the extreme north-west of Namibia near to the border with Angola
Hoyo-Hoyo Tsonga Lodge, South Africa	US$310 – 377 per person per night sharing, all-inclusive	Single supplement is US$151 – 188 per night	Tours are included in the price. This is a relatively up-market lodge.
Malala Lodge, South Africa	US$38 per person per night self-catering; US$ 45 per person per night bed and breakfast; US$ 61 per person per night half board, all on a sharing basis	Single supplement is US$ 4 per night	By implication the cost of tours is not included in the price. this is a relatively cheap and standard African game lodge
Kikoti Safari Camp, Tanzania	US$198 per person per night sharing, full-board, all activities included	Single supplement US$66 per night	Tours are included in the day rate. Located in a well-known and quite intimate national park and aimed at those able to undertake walking safaris
Governor's Camp, Kenya	US$ 185 – 330 per person per night sharing, full-board, 3 daily game drives, transfers and laundry included	Single supplement US$100 – 105 per night	The original up-market tented camp in Kenya. Extra costs include balloon safari at US$ 395 per person, and extra walks at US$ 95 per person
Eco-Lodge Dar Itrane, Morocco	€ 30 – 35 per person per night half board, of € 45 – 50 per night full board	Single supplement € 50 per night	A 5-night package including tours and transfers costs € 245 per person, or there is a 5-night package top/from Paris priced at € 550 – 780 including international flights
Wadi Feynan Eco-Lodge, Jordan	US$ 62 per room for two people, US$ 49 per room for one person	Park entry fees are US$8.47 per person; Guides cost US$ 21 – 85 for 1-2 hours or one day respectively	Hikes are included in the room rate. This is a new lodge opened in 2005 promoting environmentally-sensitive tours in the Petra area
Myland, Turkey	US$ 33 – 37 per person per night bed and breakfast	Single supplement US$ 15 per night	An eco-lodge based on the coast with a mention of guided trekking tours but no details given
Desert Lodge, Al Qasr, Egypt	US$ 50 – 85 per person per night half board sharing.	Single supplement US$10 – 15 per night. Packed lunch US$ 8 per person; buffet lunch US$ 12 per person	An eco-lodge using hydro- and solar power offering a non-standard product away from Egypt's mainstream tourism areas

It is clear from this summary that prices and concepts vary considerably, but also that there is an emerging environmental awareness among lodge operators.

TYPES OF ACCOMMODATION

The types of accommodation offered vary between luxury or standard tents, rondavels, standard lodge accommodation, and some traditionally-built lodges reflecting local architecture and materials.

ACTIVITIES AND MAIN ATTRACTIONS

In the African lodges the main activities are built around game- and bird-watching. In the Middle East and North Africa, the primary activities are cultural, and often involve visits to archaeological sites, local settlements and scenic attractions. In most cases, the emphasis of the lodges is on the unusual, more active and non-mainstream tourism product and seems designed to appeal to tourists who seek more genuine local interactions with either local residents or local scenery and wildlife.

LOCAL TRANSPORT

In the African lodges the main form of transport is the 4x4, although there are also examples of local transport modes, such as the mokoros (traditional boats) of southern Africa, outboard canoes and in some cases ordinary boats and indeed elephants in one instance. There is also some emphasis placed on walking tours at several lodges.

GUIDES

Generally few details are given regarding guides, although most lodges have guides and/or guide-drivers available.

PRICES

Prices vary very substantially across this sample, ranging from economy accommodation at a little over US$ 30 per night in Turkey to a 3-day all-inclusive safari at a luxurious lodge in Botswana at over US$ 6,000 per person. In general, the lodges surveyed fall into three categories – up-market lodges in sub-Saharan Africa, mid-market lodges also in sub-Saharan Africa and much cheaper accommodation in the Mediterranean, North Africa and the Middle East.

SEASONALITY

With just one exception (the Wadi Feynan eco-Lodge in Jordan), all lodges are open on a year-round basis.

LODGES' SUSTAINABILITY AFFILIATIONS

Virtually all of the lodges sampled are aimed at environmentally-sensitive tourism, but few present details on their websites of any explicit affiliations of this kind.

GENERAL REMARKS

Most of these lodges offer non-standard tourism with an overlay of ecological sensitivity to the more discerning tourist. In general, their appeal is to the more experienced, demanding and adventurous traveller, in consequence of which they will tend to attract the more specialised and more wealthy tourist (although some lodges remain relatively inexpensive and can be described as fairly "standard" game lodges).

PREMIUM PRICES

The ability of eco-lodge operators to charge premium prices depends on a number of different factors. Before considering these factors however, it is important to set the concept of a "premium price" in context.

Destination image has a part to play, although top-of-the range operators such as Amanresorts, with a clientele loyal to the brand, can sometimes buck the trend. Broadly, within sub-Saharan Africa, a lodge or camp within Botswana - a destination regarded as having an up-market and exclusive image - is likely to be able to charge higher prices than one in Kenya for example. Within the Middle East, Dubai and Oman – again, both with up-market images - provide the best backdrop for charging premium prices.

More importantly, premium prices have to be set in the market context in which they are located. In destinations such as Egypt where, by international standards, hotel and lodge rates are relatively low, a premium price may not be that high in terms of its international comparisons. If typical accommodation prices are, say around US$ 50 – 100 per night, then a price of US$ 150 – 200 per night may be seen as a premium price. In other locations, such as sub-Saharan Africa, where typical game lodge prices may be US$150 – 300 per night, then a premium price may be as high as US$400 – 600 per night, and can be even higher.

The research on premium priced lodges carried out for this assignment, which is summarized in Table 20, suggests that some elements are a *sine qua non* for a lodge to command a premium price in its local market:

- it has to offer a high degree of luxury;
- whether the accommodation offered is a traditional lodge, an eco-lodge made of local materials, an encampment, thatched huts, or whatever style, its construction, furnishings and general presentation have to be of the highest quality;
- the lodge design has to offer a high degree of individuality and character;
- service levels and food and beverage services have to be of a very high standard;
- where lodges are designated as "eco-lodges", adherence to the highest standards of environmental management, in areas such as water usage, waste disposal and energy efficiency, is mandatory;
- the location of the lodge has to be special and the attractions it offers to the visitor have to be unique or in very limited supply (for example, proximity to unique natural attractions such as the Victoria Falls, the Ngorongoro Crater or the Okavango Delta, or to similarly unique historical sites such as Jordan's Petra);
- special attractions have to be offered as part of the lodges' range of activities and services (e.g. privileged access to local game reserves, settlements and cultures, historical monuments, the opportunity to undertake activities that "normal

tourists" do not have, the provisions of private launches or specialized guides, and so on);

In addition to these essential features, the unique selling points that a lodge presents vary considerably. Table 20 shows some examples of the variety of attractions offered by top-of-the-range lodges. Thus they can focus around a destination's game, its flora and fauna, its unique tropical ambience, its remote and majestic location and so on. What is essential is that the location has to be "special".

Broadly speaking, lodges charging premium prices – as opposed to expensive 5-star plus hotels that have high rates – are generally quite small, as individuality is part of the essence of their character and the reason that the customer selects them. It is also worth noting that, in Europe and increasingly in North America, the market for this type of holiday is increasingly conscious of – and demanding of – environmental credentials for the holidays they are taking and the accommodation provided (e.g. is the lodge built of local materials?, does it provide benefits to the local community?, does it use energy conservation methods?, etc.).

Table 20 Features of Selected Lodges Charging Premium Prices

Lodge	Location	Prices	USPs
Baines Camp	Botswana	From US$450	* Destination • Botswana carries prestige as upmarket destination • Okavango Delta is unique * Camp • Natural resource management and benefits channelled into local community * Accommodation • Complete luxury • Individual spacious thatched huts, mobile 4 poster beds (move to sleep under stars) • Panoramic views of lagoon from lodges • Infinity pool • Spacious lounge and dining areas * Activities • Day and night game viewing • Walking safaris with armed guards • Boat trips and mokoros rides • Elephant interaction In summary: Camp offers luxury, privacy & nature
Al Maha Resort & Spa	Dubai, UAE	From US$1,100	* Destination • Dubai is well known for its expensive, in-your-face luxurious image • Metropolitan Dubai carries exceptionally high hotel rates and occupancies * Resort • Claims to be Gulf's first eco-tourism resort "contributing to the preservation of the ancient heritage" * Accommodation • Complete luxury • Separate free-standing suites • 37 individual Bedouin Suites, 2 Royal Suites, 1 Emirates Suite • Ensuite private swimming pools • Main pool and Spa opens on to unobstructed views of Hajar Mountains and dunes • Meals on private deck or main dining room

			* Activities • Guided desert safaris • Falconry displays • Camel riding • Horse trekking • Hajar Mountains In summary: Mix of luxury, refinement, culture and technology
Ngorongoro Crater Lodge	Tanzania	US$320-730 per person per night	* Destination • Ngorongoro is a UNESCO World Heritage site • The Ngorongoro Crater is internationally recognised as one of Africa's unique destinations * Camp • Perched on edge of Crater with views into it • Camp blends into scenery of surrounding scenery * Accommodation • Luxurious camp reminiscent of Africa in a bygone age • 24 suites in two separate entities • African architecture inspired by Masai building techniques • Personalised butler service • Panoramic views from each suite * Activities • Game drives into Crater and Ngorongoro Conservation Area • Visits to local Masai manyattas • Lavish picnics on Crater floor • Excursions to Olduvai and Shifting Sands • Walks on Crater rim In summary: Spectacular location and personalised service, advertised as "Masai meets Versailles"
Marlin Lodge	Mozambique	From US$213	* Destination • Tropical island destination • Natural haven with abundant wildlife, tropical fish and coral * Lodge • Designed to interfere as little as possible with natural environment (built on stilts and raised pathways between lodges and main lodge) • Built of local wood and traditional thatch * Accommodation • 20 individually designed lodges • Each lodge has private patio with direct access to beach • Luxurious, ethnically styled furnishings • At night, beach is transformed into romantic torchlight restaurant * Activities • Tropical island ambience plus • Scuba diving and snorkelling • Fly and deep sea fishing • Trips to neighbouring islands in private yacht • Water skiing • Sunset cruises • Bird watching In summary: Tropical island destination offering luxury, ethnicity, remoteness and privacy
Abu Camp	Botswana	US$6,170 – 6,295 per person for a 3-day stay	*Destination • Located in the Okavango Delta of Botswana, a prestige destination • Small-scale (no more than 12 people allowed at once)

			• Exclusive *Camp • Stylish fixed "camp" • Luxurious rooms • Fine food and wines • Includes private 4-peson villa with own butler, chef and exclusive vehicle *Accommodation • Six custom-built tents • En suite facilities • Private viewing decks • Luxuriously furnished *Activities • Elephant-back safaris are the main USP • Camp philosophy is based on protection and development of elephant herd • Guests interact with elephants throughout their stay • Safaris are also made by boat (mokoro) and 4x4 vehicles In summary: this is a genuinely unique game-viewing experience at an exclusive resort in an exclusive location. The elephant safaris are the highlight of the visit.
Ongava Lodge	Namibia	US$342 – 382 per person per night	*Destination • Ongava Private Game Reserve (125 square miles) near to Etosha national park • Visitors are limited in number • Access by private aircraft or private car • Multi-lingual armed guides for all safaris *Camp • 10 private chalets at Ongava Lodge • 5 private chalets at Tented Camp • Little Ongava offers 3 more suites with private pools and greater luxury • Indigenous furnishings and decorations • Located by a waterhole • Luxurious in all respects *Accommodation • Glass-fronted, air-conditioned chalets • High levels of luxury • En suite facilities • Private sun decks • Daily linen change • Many in-room facilities *Activities • Private guided safaris on foot and by vehicle • Access to areas not used by other tourists • Offers "unique African bush encounters" In summary: a top-of-the-range, exclusive and small-scale lodge offering access to private game areas and intimate game-viewing experiences.
Serra Cafema Camp	Namibia	US$480 – 520 per person per night sharing	*Destination • Remote location in north-western Namibia • Riverside location near Angolan border • "The most remote camp in southern Africa" • At an oasis surrounded by desert and mountains *Camp • Interaction with indigenous Himba people • Access by private aircraft *Accommodation • 6-tent, 12-bed camp • Ensuite facilities • Swimming pool

			• Luxurious dining • Personal service • "True remoteness" *Activities • Nature walks • Game viewing • Bird watching • Boat trips on the river • Game drives • Fishing • Visits to a Himba village In summary: the camp's USP is its remoteness and its interaction with the nomadic Himba people, one of the only locations where this is possible. The camp's exclusivity comes from these two factors; the antithesis of mass/mainstream tourism
Azwou'n Crisaran Lodge	Morocco	€400 + VAT per night for 2 people, including dinner and breakfast	*Destination • Remote desert location in western Morocco • Situated between Merzouga dunes and Rani palm groves *Camp • Berber luxury encampment at the foot of majestic sand-dunes of Sahara Desert • Offers fusion of cultures • Access by private aircraft available *Accommodation • 16 luxurious Suite Jaima (the traditional dwelling of the desert nomads) • Elegantly decorated, each Jaima has a living room/ bedroom, bathroom and fireplace • Lodge includes a Jaima Salon and a large Jaima Restaurant • Meals reflect ancient and traditional Berber and Arabian specialities • Traditional hammam, lake pool, and massage facilities *Activities • Visits to typical markets • Excursions following the caravan routes through the dunes and oasis • Car hire with a chauffer-guide visiting nomad and Berber villages, palm groves and kasbahs • Camel treks through the desert • Excursions in quads • Flights in ultra light aircraft • Lunches or dinners in the dunes • Attendance at Berber wedding celebrations • Visits to historical surroundings around Azwou'n Crisaran • Seeing sunrise and sunset at Merzuga Dunes • Visits to fossil quarry and mines, where locals still work following traditional methods In summary: Remote destination whose surroundings offer peace and serenity, mixed with the beauty and majesty of the landscape. It combines a Saharan-type cultural (historical location, Mausoleum, kasbahs and palaces) and ecological visit (oasis, palm groves, thermal springs, sand dunes, lakes)

Source: Travel Research International

In summary, premium-priced lodges have to provide a unique or very special experience for the visitor. This does not mean that all the above features need to be satisfied, but some certainly are required, and our research suggests that a high degree of luxury and service are both essentials for almost all such premium lodges.

It follows from the above that a key element in the overall visitor experience at premium-priced locations is the notion of exclusivity. Tourists are unlikely to pay top prices for an experience that is open to very large numbers of people and thus becomes a "run of the mill" tourist destination. Some destinations covered in this research – notably Oman and Botswana – are generally regarded as exclusive countries to visit. In the views of the tour operators with whom we spoke during this assignment, Egypt does not fall into this category. The achievement of a premium-priced destination within Egypt will have to create a destination experience that satisfies the need for exclusivity and will have to convince tour operators of its ability to deliver such an experience that is currently seen as untypical of what the country offers to the mass market.

AIR SERVICE PATTERNS FROM EU MARKETS

GENERAL REMARKS

This section of the report summarises the pattern of air services from the European Union (EU) to each of the 12 destination countries covered in this research. These destination countries are considered in alphabetical order.

In each case, a brief description is given of the airports that are the main international gateways into the country, and of the pattern of air services from/to the EU including, where possible, an indication of frequency of service and of whether the principal airlines are scheduled or charter carriers.

SCHEDULED AIRLINES, CHARTER AIRLINES AND LOW COST CARRIERS

In considering the extent to which the destinations under consideration are served either by scheduled or charter airlines, it is important to recognise that the difference between the two concepts has become less marked over the past ten or so years. There are now several major airlines, such as the UK's Britannia Airways or Germany's LTU, that may have started life as holiday charter carriers but have evolved into operating scheduled flights and in some cases compete with mainstream scheduled carriers, although most of their business tends still to be derived from the holiday traveller.

The low cost carriers in Europe, of which the two leading airlines are Ryanair of Ireland and EasyJet of the UK, although there are many others, have as yet made little or no impact on air services to the destinations under consideration in this project. Almost all of the low cost carriers' services operate within Europe. For example, of the 12 country destinations being considered here, Ryanair serves only Marrakech, Fes and Oudja in Morocco, the first two from Marseille, Frankfurt and London, and Oudja only from Marseille. EasyJet flies only to Istanbul, from London and from Basle/Mulhouse in France.

In the following commentary, where possible mention is made of the main carriers serving the principal destination airports although in some cases the range of services offered is too detailed to list (for example, to the main holiday airports of Morocco, Tunisia, Turkey and Egypt).

Botswana

Botswana has only one international airport, at Gaberone, the capital city. Other relatively major airports are located at Francistown, Maun, Kasane and Selebi-Phikwe, though none receives regular international flights.

There are no long-haul international air services to or from Botswana. Air Botswana, the national carrier, operates international services only to Harare, Johannesburg, and Victoria Falls (Livingstone) in Zambia. South African Airways flies to Gaberone from its home base.

Most traffic to and from Europe transits in Johannesburg and takes an onward connection to Botswana. In some cases, tours to Botswana can start in Zambia, at Livingstone/Victoria

Falls, since that is one of the region's biggest tourist attractions and many tours to and within Botswana also include a visit to the Falls. In the main, however, European leisure travellers will travel, usually on scheduled airlines, to South Africa and visit Botswana from there.

Of the holidays sampled to Botswana for this project, all use scheduled flights via gateways such as Johannesburg, Lusaka or Windhoek, although several exclude the international flights from their quote.

Dubai

There is just one airport in Dubai – Dubai International – which is also the operating base for the national airlines, Emirates.

Dubai has an open skies policy for air services. Any airline can serve the destination, and it is worth stressing that Dubai has been developed into the largest and most important international airport in the Arabian Gulf, partly on the back of Emirates having become a major international airline offering connecting to flights to many international origins and destinations. (It is, for example, common for Europeans to travel to Asia and the Pacific via Dubai on Emirates, which offers advantageous fares coupled with a reputation for a very high standard of on-board service.)

There are far too many flights between Europe and Dubai to list in this summary paper, but as an example, between London Heathrow and Dubai in September 2006 there are five daily flights in each direction operated by Emirates, two by British Airways, two by Royal Brunei, one by Virgin Atlantic, one by Biman Bangladesh Airlines and one by Eva Airlines. Between Frankfurt and Dubai in each direction there are two daily flights by Emirates and one by Lufthansa.

In short, air access to and from Dubai is extensive. Emirates flies to and from the following European cities direct (with varying frequencies): Glasgow, Manchester, Birmingham, London, Moscow, Paris, Hamburg, Düsseldorf, Frankfurt, Munich, Vienna, Zurich, Nice, Rome, Malta, Athens and Larnaca.

Egypt

Egypt has 22 civilian airports with paved runways. Of these, there are eight that are located mainly in tourist regions and which, to varying degrees, are used by flights bringing tourists from Europe. These are Abu Simbel (believed to be only rarely used for European tourist flights), Aswan, Cairo, Hurghada, Luxor, Marsa Alam, Sharm el Sheikh and Taba.

There are numerous flights serving most of these airports from Europe, and to attempt to list them all would be beyond the scope of this brief summary. In general, however, charter flights from Europe are extensively used by tour operators, especially to the coastal destinations of Hurghada, Sharm el Sheikh, Taba and Marsa Alam.

Scheduled flights to and from Europe are focused primarily on Cairo. The national airline, Egyptair, runs scheduled services at various frequencies to and from the following European cities: Oslo, Stockholm, Copenhagen, Moscow, Berlin, Düsseldorf, Frankfurt, Munich, Vienna, Budapest, Amsterdam, Brussels, Paris, Geneva, Zurich, Milan, Rome, Athens, Istanbul, Barcelona, Madrid and London. It also flies between Luxor and London, and between Hurghada and both Berlin and Geneva on a scheduled basis, in addition to operating charter flights to other Egyptian destinations from European points of origin.

Although there will always be exceptions, in general European leisure tourists to Cairo will tend to use scheduled flights, while those travelling to the coastal resorts of the Red Sea and Gulf of Aqaba will tend to use charter flights. In summary, there is a wealth of connections between Europe and Egypt for the European leisure traveller.

Of the holidays to Egypt sampled for this project, the dominant choice is to Cairo by scheduled airline, with Sharm el Sheikh the second most common choice, split evenly between scheduled and charter services; there is also one scheduled route used to Luxor.

Jordan

There are two main international airports in Jordan, at Amman, the capital city, and at Aqaba, although neither appears to have their own website.

Royal Jordanian Airlines, the country's national carrier, operates an extensive network of air services to and from European cities, serving the following places with various frequencies: Stockholm, Copenhagen, Moscow, Amsterdam, London, Frankfurt, Munich, Vienna, Paris, Zurich, Geneva, Milan, Rome, Barcelona, Madrid, Istanbul and Athens.

Foreign airlines offering services to and from Europe include Aeroflot, Air France, Austrian Airlines, British Airways, KLM, Lufthansa, Turkish Airlines, Alitalia, Cyprus Airways, Air Romania, Olympic and Swiss International.

From the analysis of the tour operators' offering out of Europe to Jordan, it seems that the majority of packages use scheduled flights and use Amman as the main gateway to the country. However, two Italian tour operators use charter flights to Aqaba.

Kenya

Kenya has two major international airports, at Nairobi the capital city and at Mombasa on the Indian Ocean coast.

Nairobi has regular scheduled air services from most major cities in Europe. Among the most important are London, Frankfurt, and Amsterdam. In addition to the services of Europe's main national airlines, Kenya Airways flies 10 times a week between Nairobi and London, 14 times a week (in a code-share with KLM) to and from Amsterdam, and twice a week to and from Istanbul via Cairo. The great majority of air services between Nairobi and Europe are scheduled services, and these scheduled services are extensively used by tourists who start safari holidays in Kenya from Nairobi, where many ground tour operators have their bases.

Mombasa airport is very different, since the airport has focused on serving the Kenya coast as a holiday destination. Most holidaymakers going to the coast are from Europe, and an extensive network of holiday/charter flights has developed to serve this trade (see comments in the introduction regarding the closeness between the concept of scheduled and charter airlines in Europe).

Currently, and in addition to Kenya Airways' services to and from Mombasa, the following European airlines serve Mombasa airport:

African Safari Airways, Monarch, LTU, Air Europe, Corsair, Edelweiss, Britannia Airways, Condor, Air Holland, Eurofly, Volare, SN Brussels, Austrian Airlines, Sobel Airways, British Airways and Malev.

Schedules for these airlines will vary according to season. The airports of origin in Europe are a mixture of the main city airports such as London, Zurich and Amsterdam, and a wide range of other regional airports within Europe that either specialise in holiday flights or act as secondary or tertiary airports within Europe's national airport networks.

For the holidays sampled in this project, the dominant choice offered is by scheduled flight to Nairobi, with just three holidays offering charter flights to Mombasa.

Morocco

Morocco has 18 civil airports with paved runways, and several international gateway airports, at Agadir, Casablanca, Fes, Marrakech, Ouarzazate, Oudja, Rabat and Tangier.

Air services to and from Europe to Morocco are extensive. Most flights use either Agadir, Casablanca or Tangier, which are the three main international gateways to the country. However, there are also many flights to other Moroccan destinations, such as Fes, Marrakech and Oudja. There is also a wide mix of scheduled and charter services between Europe and Morocco, depending on the nature of the package tour on offer. To generalise, charter flights tend to serve the higher-density destinations, often those such as Agadir where the main product is a beach-based one. For adventure and safari trips, the tours sampled in this project had a broadly even distribution of services between Marrakech and Casablanca, with two examples also going to Ouarzazate.

Many European carriers serve the country, such as British Airways, Lufthansa, KLM, Air France, Alitalia and Swiss International; also, Ryanair serves Marrakech, Oudja and Fes, one of the few examples of Europe's low cost carriers going to any destination covered in this project.

The national airline, Royal Air Maroc, serves a large number of European destinations with varying frequencies, namely: Alicante, Amsterdam, Barcelona, Bilbao, Bologna, Bordeaux, Brussels, Düsseldorf, Frankfurt, Geneva, Lille, Lisbon, London, Lyon, Madrid, Malaga, Marseille, Milan, Montpelier, Munich, Nantes, Nice, Paris, Rome, Rotterdam, Strasbourg, Toulouse, and Valencia.

There is thus a comprehensive network of air services between Morocco and Europe, the principal exception being the absence of any direct connections between Scandinavian countries and Morocco by scheduled air services, since neither Royal Air Maroc nor SAS have services between these countries.

Namibia

Namibia has only one international airport – at Windhoek, the capital city. Airlines serving Windhoek to and from Europe are Air Namibia, LTU, and British Airways (but only indirectly via Comair which is based in South Africa where British Airways' passengers have to change planes). Windhoek is also served by South African Airways, SA Express, and TAAG (Angola) on a regional basis.

Air Namibia offers the main network of direct services to and from Europe, and flies to London Gatwick three times a week and to Frankfurt four times a week. LTU serves Windhoek once a week from Frankfurt. There are no other regular connections between European origins and Namibia.

Tourists visiting Namibia will mainly use Air Namibia's services through London or Frankfurt which together offer 7 flights a week. No information could be found on the national websites regarding charter services from Europe, but it is likely that these are very rare since visitor volumes to the country from Europe are relatively small.

Among the holiday packages sampled in the project, all offer services to Windhoek only, the majority by scheduled, direct services with a few via Johannesburg, also by scheduled services where specified.

Oman

Oman has two designated civil airports with paved runways – Seeb Airport at Muscat, the capital city, and Salalah Airport in the south west of the country.

Only Muscat receives scheduled international services from Europe. Muscat is connected to Europe regularly by four airlines. The national airline, Gulf Air, operates a daily flight to and from London Heathrow via Abu Dhabi, while British Airways also offers a daily flight in each direction to and from Heathrow. Lufthansa connects Muscat with Frankfurt five times a week in both directions, and Swiss International Airlines offers five weekly services to and from Zurich.

There are no other regular scheduled connections with Europe. However, there are many daily flights linking Muscat with other states in the Arabian Gulf, and these flights offer the possibility of transit arrangements with many airports in Europe – via Dubai, Abu Dhabi, Doha and Bahrain for example. It is highly likely that some of these airports and indirect flight options are used by European tour operators when selling packages in Oman.

Also, Salalah Airport is served regularly by Gulf Air, also offering transit possibilities, although usually it is Muscat that is used as the arrival point for most tourists from Europe.

No information is available on airport websites as to the use of charter flights to and from Oman, except that Salalah Airport stresses that it offers facilities for charter as well as scheduled services. We believe that, for tourists from Europe, the great majority will be using scheduled air services. Among the sample of packages used in this project, all flights offered are scheduled services, either direct from European origins to Muscat or via an intermediate point in the Gulf, such as Dubai, Bahrain or, most commonly, Doha.

South Africa

As one of the leading economies and countries in the African continent, South Africa attracts a wide variety of direct air services to and from Europe.

South Africa has three designated international airports – Johannesburg, Cape Town and Durban. Durban, however, has no direct services to and from Europe, with passengers having to transit at either Cape Town or (more usually) at Johannesburg).

Johannesburg is by far the most important of these in air services terms, and functions as a hub airport not just for other destinations within the country, but also for adjacent countries such as Namibia and Botswana.

Direct services to and from Europe comprise the following:

Air France	Paris	3 times a week
South African Airways (SAA)	Paris	7 times a week
British Airways	London	7 times a week
Virgin	London	7 times a week
SAA with British Midland	London	7 times a week
Swissair with SAA	Zurich	3 times a week
SAA with Lufthansa	Frankfurt	7 times a week
Olympic Airways	Athens	3 times a week
TAP Portuguese	Lisbon	4 times a week
Nationwide	London	3 times a week
KLM	Amsterdam	7 times a week
Iberia	Madrid	6 times a week

The other major international airport is Cape Town, which also has several direct services to and from Europe, namely:

SAA with Lufthansa	Frankfurt	7 times a week
LTU	Munich	1 a week
British Airways	London	7 times a week
KLM	Amsterdam	5 times a week

Qatar Airways also serves both Johannesburg and Cape Town three times a week (the flight calls at Johannesburg to and from Cape Town). This service, which flies to and from Doha, offers transit options for Europeans at Doha and presents an alternative to the various direct flights that link Europe and South Africa.

Among the sample of packages to South Africa used in this project, the dominant route used is to Johannesburg via scheduled services, with a minority using scheduled services to Cape Town; some packages use one gateway as the point of arrival and the other as the departure point.

Tanzania

Tanzania has three designated international airports – Dar es Salaam (the capital city), Kilimanjaro) located adjacent to the border with Kenya and near the towns of Arusha and Moshi (and sometimes referred to as Moshi Airport), and Zanzibar.

No direct scheduled services operate to or from Zanzibar to Europe. Tourists visiting the island will tend to travel by sea or by short internal flight to and from Dar es Salaam.

Dar es Salaam airport is served from Europe mainly by scheduled flights. Swiss International Airlines flies three times a week to and from Zurich, KLM flies also three times a week to and from Amsterdam, and British Airways flies twice a week to and from London. These are the only regular scheduled services to Europe, although Qatar Airways, Gulf Air and Emirates all link Dar es Salaam with the Middle East and offer transit facilities at points such as Dubai, Muscat and Bahrain to and from Europe. These Middle Eastern services are used by some tour operators selling Tanzania as a destination within Europe.

Kilimanjaro Airport is served from Europe only by KLM which now flies daily to and from Amsterdam. Many tour operators from countries such as Germany and Italy use this service for their packages to the game parks of Tanzania such as Lake Manyara, Tarangire, Ngorongoro and the Serengeti, as well as for tours in the Mount Kilimanjaro region. Condor also flies to Kilimanjaro on a weekly basis to and from Frankfurt.

Among the packages sampled for this project, the most common access point is Kilimanjaro airport, using either the direct service of KLM from Amsterdam (the only European scheduled service to this airport), or via intermediate points such as Addis Ababa; there are two flights offered to Dar es Salaam, both scheduled, and one charter flight is quoted direct to Zanzibar.

Tunisia

There are eight civil airports in Tunisia with paved runways and customs facilities. The central hub of the national airline, Tunisair, is at the capital, Tunis, which is the country's principal international gateway. However, there are also airports at a number of coastal and inland tourism destinations that are frequently used by European leisure travellers and especially by charter flights. These are located at Djerba, Gafsa, Monastir, Sfax, Tabarka and Tozeur. The coastal resorts of Djerba, Monastir and Sfax are common destinations for European holiday flights, especially charter flights.

Tunisair offers scheduled connections of varying frequency to a large number of destinations in Europe, namely: Amsterdam, Athens, Barcelona, Belgrade, Berlin, Bordeaux, Brussels, Budapest, Copenhagen, Düsseldorf, Frankfurt, Geneva, Hamburg, Istanbul, Lisbon, London, Luxembourg, Lyon, Madrid, Malta, Marseille, Milan, Munich, Nice, Palermo, Paris, Prague, Rome, Stockholm, Strasbourg, Toulouse, Warsaw, Vienna and Zurich.

Reciprocally, many European scheduled airlines serve the country, primarily on routes to Tunis, in addition to the extensive use which is made of charter flights by many of Europe's leading holiday companies, tour operators and leisure airlines.

Of the twelve destination countries covered by this project, Tunisia has among the most comprehensive network of direct air services with Europe. Holiday travellers have a wide variety of air transport options from which to choose. Of the adventure/safari holidays sampled in this project, there is a broadly even spread of flights used, with three holidays using scheduled services to Tunis, two using flights to Monastir (one scheduled, one charter), two using charter flights to Djerba and one using a scheduled service to Tozeur.

Turkey

Turkey has least 50 civil airports with paved runways, but only eight of these have customs facilities and can therefore be regarded as international in status. These are located at Adana, Ankara, Antalya, Dalaman, Istanbul, Izmir, Mugla and Trabzon.

Turkey is served extensively by all the major airlines of Europe, and flight details are beyond the scope of this short summary to include. As an indication, however, the national airline, Turkish Airlines, serves the following European cities with varying degrees of frequency: Amsterdam, Athens, Barcelona, Basel, Belgrade, Berlin, Brussels, Bucharest, Budapest, Cologne, Copenhagen, Düsseldorf, Frankfurt, Geneva, Hamburg, Helsinki, Kiev, Lisbon, Ljubljana, London, Lyon, Madrid, Manchester, Milan, Moscow, Munich, Nice, Nuremberg, Oslo, Paris, Prague, Riga, Rome, Sarajevo, Skopje, Sofia, Stockholm, St. Petersburg, Strasbourg, Stuttgart, Tirana, Vienna and Warsaw.

Holiday flights from Europe are dominated by direct access to the south-western Turkish coast where the volume holiday business is concentrated. The principal airports used for this region are Antalya, Dalaman and Izmir. However, the types of holiday being covered in this project differ somewhat from this market. Istanbul is the country's other important gateway, given the considerable cultural and historical attractions of the city in its own right. Because Turkey is within a relatively short flying time from all parts of Europe (rarely above 3 ½ hours), Istanbul attracts a lot of short break/long-weekend visitors not necessarily on their main holiday of the year.

Among the packages sampled for this project, there is a spread of flights offered, with four scheduled services and two charter flights going to either Istanbul or Ankara, and one charter each to Dalaman and Antalya. However, we emphasise that the types of holiday we have profiled are minority tastes in the context of Turkey's core tourism product – the coast-based sun and sea product, for which a very wide variety of charter services typically are used by Europe's tour operators.

INVENTORY OF POTENTIAL EUROPEAN PARTNERS

This section of the research was required to compile an inventory of companies across the key European origin markets that might be potential partners for Egypt's adventure/safari operators in the southern Red Sea region. Some 73 companies have been profiled across nine different European countries – Austria, Belgium, France, Germany, Italy, Netherlands, Spain, Switzerland and the UK. They include both mainstream operators and specialist companies which focus on adventure tours, cultural tours, safaris, deserts and mountain tours, walking and trekking holidays and so on. The specialists include both soft-adventure operators and some who take their specialism very seriously. Some of the companies are Egypt specialists while others operate tours to almost every tourism destination in the world. They include all grades from basic mid-market to top-of-the-range operators. In some cases profiled companies may not currently include Egypt in their offer, but it may also be that the new development provides a dimension to tourism in Egypt to which these tour operators may well respond, and for that reason they have been included in these profiles. Details of each company are provided in Annex 3.

Table 21 summarizes the size, type and interest of each of these companies. It must be emphasized that this data has, apart from through our own knowledge of some companies, been drawn from company websites which are frequently geared only to the consumer. This data, therefore, must be treated with caution - for example, the sustainability credentials as listed in the table below are from what is apparent on the website and they may not, therefore, reveal the full picture.

Table 21 Summary of Companies

Company	Destinations			Grade		Sustain-ability
		Main-stream	Specialist	Mid-mkt	Up-mkt	
Austria						
ARR Natur-und Kulturreisen	30-40		Cultural tours		x	No
GEO Reisen GmbH	30-40	x		x		No
Weltweitwandern GmbH	30-40		Culture, nature, walking tours	x		Yes
Ruefa Reisen AG	90-100	x		x		Yes
Belgium						
Best Tours	20-30	x		x		No
Escape	30-40	x		x		No
Voyages ICTAM	70-80		Culture Classical			No
France						
Adeo Voyages	60-70		Adventure Culture	x		Yes
Allibert	80-90		Mountains Deserts	x		Yes
Atalante	70-80		Adventure- walking, trekking	x		Yes

Akaoka	10-20		Adventure	x		Yes
Deserts – Voyages a l'infini	21		Deserts	x		Yes
Djos'air Voyages	10-20	x	Egypt	x		No
FRAM SA	20-30	x		x		No
Marmara		x	Med & Red Sea	x		No
Nouvelles Frontieres	80-90	x		x		No
STI Voyages	20-30	x	Egypt	x		No
Germany						
Öger Tours GmbH	10-20	x		x		No
Studiosus Reisen München	80-90		Study tours		x	Yes
Marco Polo Reisen	30-40		Study tours		x	Yes
Chamäleon Reisen GmbH	10-20		Small group tours	x		Yes
a + e reiseteam	50-60		Cultural and nature tours		x	Yes
Gebeco GmbH & Co KG	60-70	x	Also cultural tours under Dr Tigges brand	x		No
TRH Reisen Trekking Tours R. Hoffman	30-40		Specialised trekking tour operator	x		Yes
Lernidee Erlebnisreisen GmbH	70-80		Specialised exploration tours	x		No
Wikinger Reisen GmbH	70-80		Specialised cultural and walking		x	Yes
TUI Aktiengesellschaft	100+	x		x		Yes
REWE Touristik GmbH	100+	x		x		Yes
Thomas Cook AG	100+	x		x		No
Alltours Flugreisen GmbH	10-20	x		x		No
Helios Reisen GmbH	1-10		Study, city and individual tours	x		No
FTI Frosch Touristik GmbH	60-70	x		x		No
Meier's Weltreisen	40-50		Long-haul specialist	x		Yes
Classic Tours GmbH	1-10		Middle East specialist	x		No
Schulz Aktiv Reisen GmbH	80-90		Small group tour specialist	x		Yes

Ikarus Tours GmbH	100+		Specialist in hiking, trekking and study tours		x	No
Italy						
Francorosso	30-40	x		x		No
Aliviaggi Tour Operator	30-40		Long-haul	x		No
Il Tucano Viaggi Ricerca	60-70	x		x		Yes
Aleramo Viaggi	40-50		Nature tours	x		No
Sentieri di Nuove Esperienze	40-50		Cultural, nature tours		x	No
KEL 12	70-80		Desert tours		x	Yes
Mistral Tour Internazionale	20-30		Culture tours		x	No
Viaggi Avventura nel Mondo	100+		Adventure	x		No
Bazaar Viaggi	20-30		Long-haul	x		No
I Viaggi del Turchese	10-20	x			x	Yes
Kuoni Gastaldi Tours S.p. A.	50-60	x			x	Yes
Settemari S.p.A.	20-30	x		x		Yes
CTS	40-50		Student/youth travel	x		Yes
Explorando Viaggi	30-40		Expedition tours		x	No
Lombard Gate Srl	20-30		Ethnic and cultural tours	x		No
Earth Viaggi	20-30		Culture, adventure		x	Yes
Netherlands						
Djoser BV	50-60		Adventure	x		No
Spain						
Catai Tours	70-80		Cultural guided tours		x	No
Royal Vacaciones	1-10		Desert and culture	x		Yes
Tuareg Viatges	60-70		Adventure, expeditions		x	No
Kuoni (Viajes Kuoni SA)	60-70	x			x	Yes
Switzerland						
Hotelplan AG	50-60	x		x		Yes

Globotrek	30-40		Trekking, expeditions	x		Yes
Manta Reisen AG	20-30	x			x	Yes
UK						
Abercrombie and Kent Ltd	60-70	x			x	Yes
Acacia Africa	10-20		Adventure, Overland Diving	x		No
Audley Travel	60-70	x			x	Yes
Bales Worldwide	60-70	x		x		Yes
Cox & Kings Travel Ltd	60-70	x			x	Yes
Discover Egypt	3	x	Egypt	x		Yes
Exodus Travels Ltd.	90-100		Adventure	x		Yes
Explore Worldwide Ltd.	100+		Adventure	x		Yes
Guerba World Travel Ltd.	50-60		Overland, Adventure	x		Yes
Kuoni UK	70-80	x			x	Yes
Martin Randall Travel Ltd.	40-50		Culture		x	No
on the go tours	10-20		Culture, Adventure, Overland	x		Yes
Peltours Ltd.	1	x	Egypt	x		Yes
Saga Holidays Ltd.	60-70	x	For over 50s	x		No
Somak Holidays	20-30	x		x		No
The Adventure Company	80-90		Adventure	x		Yes
Voyages Jules Verne	80-90	x		x		No

Source: Travel Research International

QUESTIONNAIRE SURVEY

Telephone interviews have been conducted with 20 companies in eight European markets (Austria, Finland, France, Germany, Italy, Netherlands, Spain and the UK). Respondents were asked to discuss a range of topics, as set out in a questionnaire (with subjects specified by PA Consulting), in order to (a) ascertain their views on the key characteristics in, and success factors of, the 12 destinations, particularly in relation to features relevant to future adventure/safari tours in the SRSG; (b) provide a profile of consumer behaviour for these markets; and (c) ascertain the price structures of the packages they are offering. Details of each of the individual interview results are contained in Annex 4.

RESPONDENTS

The 20 companies who showed interest in the project and who agreed to share their views were:

Allibert, France	Atalante, France
Bales Worldwide, UK	Bedu Reisen, Germany
Deserts, France	Discover Egypt, UK
Djoser BV, Netherlands	Escape, Belgium
Exodus Travels, UK	Gebeco and Dr Tigges, Germany
I Viaggi del Ventaglio, Italy	KEL 12, Italy
Nuove Esperienze, Italy	Oy Aurinkomatkat, Finland
REWE Touristik, Austria	Royal Vacaciones, Spain
Ruefa Reisen, Austria	Studiosus Reisen, Germany
The Adventure Company, UK	Wikinger Reisen Germany

In summary, all companies organized tours to Egypt and the majority offered a wide spread of destinations in their portfolios. Jordan, Morocco and Tunisia were the most regularly featured (by at least three quarters of the companies), and all destinations were featured by twelve or more companies. The one exception was Dubai which was included by only half of the companies, largely as a result of the fact that these companies had an adventure/safari/cultural focus and the emirate does not, as a result, generally appeal to the type of customer attracted to this sort of holiday.

The respondents' responsibilities within their companies spread a range of areas of interest. They included the owners/managing directors/founders of specialist companies, people whose focus was on sustainability and environmental issues, and others who had a regional focus of Egypt, North Africa and the Middle East and/or sub-Saharan Africa.

The following sections set out the headline questions and the interviewees' responses.

DESTINATION CHARACTERISTICS

Top Activities

B1 *For each destination that you serve, which are the top 3 activities (e.g. hiking, game watching, riding, 4x4 tours etc)?*

Since the companies selected for interview were those with an adventure/cultural/safari bias to their tours, it is not surprising that a wide range of active pursuits were described by the respondents. These were not "activity" holidays *per se*, but for the majority it appears that clients were "on the move" for most of their holiday, whether by foot, minibus, 4x4, camel, horse, bicycle or a variety of other means. The activities in the Middle East/North Africa broadly concentrated on the natural environment of desert, mountain, and cultural sightseeing tours. In sub-Saharan Africa the primary focus was on game viewing although the natural and cultural environment were also important draw-cards.

Table 22 summarizes the main activities outlined for each destination.

Table 22 Most Popular Activities by Destination

Destination	Activities
Morocco	Hiking/walking/trekking, 4x4 tours into mountains and Sahara, mountain bike cycling, sightseeing iconic cities, camel riding, cultural tours, camping
Tunisia	Hiking/walking/trekking, 4x4 in desert, mountain and sand cycling, sightseeing and cultural tours, camel riding, camping
Jordan	Sightseeing of cultural sites, hiking/walking/trekking, 4x4 desert trips, hotel stays + excursions, beach
Turkey	Sightseeing of cultural sites, hiking/walking/trekking, cycling, boating, special interest tours in East, beach
Oman	4x4 tours, hiking/walking/trekking in desert and mountains, beach, cultural and scenic tours, hotel stays + excursions, camel safari
Dubai	Beach, shopping, 4x4 desert tours, dune skiing
Kenya	Game safari, bird watching, coast, hiking/walking/trekking, climbing, cycling, flight tour, cultural tours
South Africa	Game safari, sightseeing, hiking/walking/trekking, touring, biking
Namibia	Game safari, desert tours, hiking/walking/trekking, cultural and heritage tours, flight tour
Tanzania	Game safari, hiking/walking/trekking (Mt. Kilimanjaro), cultural tour
Botswana	Game safari, hiking/walking/trekking, flight tour, cultural tour, bird watching
Egypt	Classical sightseeing, hiking/walking/trekking in desert, Nile cruises, felucca trips, beach, camel riding, diving, desert tours

Source: Travel Research International

Community-based Attractions/Cultural Experiences

B2 For each destination you serve, which are the most popular community-based attractions/cultural experiences?

Some 60-70% of the respondents to this question noted that what their clients were looking for were natural encounters with the local population rather than organized activities which they regarded as too touristic. This is not to say that cultural experiences were not important; indeed for many of the trips they were its essence. But what clients appreciated was authentic encounters such as going to remote villages, meeting local tribes, discovering un-planned-for local events, visiting festivals put on for local people, enjoying the natural and unspoiled environment etc. For these groups, traveling with local guides who were able to tell them about local life and mixing with support teams was the true authentic experience; small groups traveling with camel drivers, muleteers, cooks etc was regarded as the genuine article.

Under five of the more mainstream operators mentioned organized cultural trips and only two out of the 20 respondents specifically referred to organized entertainments – for the adventure specialists whose clients headed for the mountains or the desert, this was anathema and counter to the style of trip they were looking for.

The mainstream operators did organize more traditional tourist cultural exchanges and mention was made of visits to a papyrus factory, performances by Nubian dancers, Masai cultural performances and so on. It is also worth mentioning that some of the operators supported local charities or schools, for example, and clients were generally interested to visit – and often support – these.

Comfort and Quality

B3 What broad levels of comfort/quality do your clients expect in hotels and campsites in the main destinations served, e.g. lodging, food service, hygiene?

Reactions to queries regarding hotel and campsite quality fell broadly into two groups – from the more mainstream operators on the one hand and from soft adventure specialists and the organizers of truly hardy expeditions on the other. Nevertheless, unsurprisingly, all stated that at whatever grade, standards of hygiene, cleanliness and quality were of crucial importance and that their companies monitored these aspects carefully. In this respect, several voiced concern over general standards in Egypt.

The mainstream operators all used hotels or camps which ranged from mid-range 3-star to ultra deluxe, and even within the same company different grades may be offered. Generally these operators tended to go for international style hotels. Clients chose these operators on their reputation and expected accommodation, of whatever grade, to be up to their declared standards.

Among the adventure tour operators there was greater variation although among all it was emphasized that the trip experience was paramount and therefore they were not "selling" on accommodation; clients came to them because they offered a certain type of holiday, with an element of exploration, and if they were visiting virgin territory there were no expectations of comfort. Most operators favored accommodation that provided a local flavor, be it in small local hotels, lodges, camps, village rooms or home stays. Lodges and hotels, and even camps, could be relatively luxurious but in most cases individuality was stressed as very important. In general, this was more likely to be available in sub-Saharan Africa and a significant number of operators noted the dearth of small, local characterful hotels that could be used in Egypt. One company even made mention of trying to avoid hotels altogether and move clients immediately into the desert.

For those going on trips into the desert or mountains, there was great variety in the type of camps that were used. In North Africa and the Middle East these camps were generally non-permanent. Some camps were relatively comfortable, erected before the clients arrived and involved a full support team of cooks etc, whereas others were very participative where clients erected their own tents – often just bivouacs – helped with the preparation of food, maybe had very little washing water, and so on. The experience of camping in remote areas was the essence of the holiday and many mentioned sleeping under the stars as a popular option. Food was frequently simple and, again, the focus was on local produce and the policy of getting away from the pizza and pasta option – although some operators from southern European countries mentioned that the availability of their own style of food was of more importance and that its absence could generate complaints.

It is worth mentioning that some operators noted that they sometimes offered almost the same tour with a choice of two levels of comfort, from very basic camps on the one hand to tours providing considerably more comfortable conditions on the other. As another example, the UK's The Adventure Company which operates generic adventure tours, also has a special brochure featuring more luxurious holidays, generally for older clients.

Tour Guides

B4 What type of guide do you use (local, foreign, language abilities, formal qualifications, company staff members)?

Respondents were unanimous in regarding good quality guides as very important – although several mentioned that to find them was not easy. Different aspects were emphasized by different interviewees, but all indicated that the tour guide was a crucial element in the success of a trip. The majority of companies use local guides, some as staff members and others not, while a few companies, notably for the German study group tours or Italian groups requiring an Italian speaker, bring in their own specialists. Some emphasized that it was important to have a local guide since this added to the "local feel" of a tour.

All stressed how important it was for guides to be able to speak the language of the group, and in almost all cases this was achieved – English, French, German and Italian were mentioned. However, this was more difficult in some destinations than others and in sub-Saharan Africa and Egypt, for example, it was not always easy to find the appropriate language in a local guide and an English-speaker might be used. The representative of Oy Aurinkomatkat from Finland noted that Finnish guides had to be employed since there were few Finnish speakers.

Formal qualifications are generally regarded as of less importance than experience, the ability to deal with people, and local knowledge. This latter may be a general knowledge of the country itself, or more specialized knowledge of the desert or mountain regions of the tour. In terms of people management, many of the companies provided training for their guides and sent out representatives to help with this and to monitor them. Frequently countries, by law, require local guides to be used at tourist sites and for many companies it is these licensed guides that provide specialist knowledge, such as Egyptologists at Egypt's classical sites. Clearly, in the game parks in Africa, local knowledge is essential. Nonetheless, for some specialist trips, such as the German *studienreise*, great store is placed on German or German-speaking lecturers and specialized guides and Studiosus, for example, has its own quality management system that is used to train, licence and oversee all its tour leaders.

National Parks and Protected Areas

B5 What characteristics/standards do your clients expect of National Parks and protected areas (e.g. literature available, signposted trails, environmental standards)?

What tour groups expect of protected areas and/or National Parks to a large degree depends on the type of adventure tour being undertaken: the more adventurous the tour, the less is expected – or even wanted – in terms of sophisticated or organized infrastructure. Tourists going trekking or climbing in remote deserts or mountains do not look for signposted trails or visitor centers since being "away-from-it all" is the essence of their holiday. It is important, however, that they encounter no signs of other tourists either in terms of previous encampments or in meeting other groups, nor, of course, do they want to see any signs of degradation. (In this connection, mention was made of Egypt's White Desert where rubbish clearance is reported to be poor.)

Since the true adventure tourist is generally of a particular type, clients were reported to be especially environmentally-aware and sensitive to not despoiling their surroundings. Indeed, mention was made of tourists complaining to their operator of local helpers burying rubbish rather than carrying it home. They also tend to be particularly enquiring about environmental standards on a trek, such as the use of wood-burning stoves or rubbish disposal.

In short, for this type of tourist, high environmental standards are expected, but a developed physical infrastructure is not.

In formal National Parks or conservation areas such as in southern Africa or Jordan, reasonable standards of park care, such as in terms of litter and rubbish disposal systems, and animal protection are expected but, again, nothing too sophisticated in physical infrastructure. The soft-adventure tourist, and from our respondents this appeared particularly to apply to the southern European nations, welcomed more facilities. Some clients were reported to appreciate American-style facilities, such as visitor centers and information centers but this was not mentioned frequently and appeared to be not particularly relevant for the destinations covered. Guides, it was felt, replaced the need for signposted trails.

Most of the tour operators provided clients with literature which included information on respecting the destination, the wildlife, and include tips on what to do/what not to do. Some briefed their clients before a trip. Generally, interpretation was welcomed.

Destination Images (1)

B6 How would you describe the image of the destinations you offer in terms of security, health, service quality, prices and basic infrastructure?

Several respondents stated their concerns over the often incorrect or inflated publicity that was put out on television, radio and newspapers which colored their clients' views and which they had to work to correct. Nevertheless several interviewees noted that the better educated clients who seek these types of holidays tend to be relatively well-informed and know what to expect of a destination. However, some tour operators noted that less-experienced clients need to be "educated" that standards of health and security may not be as high as at home. At the same time, it was noted that clients tend to be more resilient than they were ten years' ago, particularly in the case of security issues.

Generally the main concerns expressed related to security issues in the Middle East and in relation to Muslim countries, and health concerns – and particularly malaria – in black Africa.

The main points made in relation to each destination were as follows;

- **Botswana** is broadly well regarded from the point of view of service standards, with security rated better than Kenya and Tanzania, and is also regarded as relatively expensive;
- **Dubai** is generally rated as a very high quality, secure and expensive destination where health issues are not a concern;
- There were varying views on **Egypt** – some tour operators say their clients are concerned by health and security issues whereas others rate these as satisfactory; hotel standards are generally good but there is concern over food hygiene. Generally it is regarded as good value for money;
- Prior to recent events, **Jordan** had a good cultural image but in the light of these security is now a major concern;
- Health (particularly malaria) and security are of general concern for **Kenya**.
- On security and health concerns, **Morocco** is generally well regarded;
- Views on **Namibia** are somewhat varied but broadly there are no major concerns on health and security; generally regarded as one of the safer destinations in Africa;
- **Oman** offers a particularly stable image as a Muslim destination. One tour operator noted that they were moving their tours there to replace Yemen;
- For **South Africa** there are some concerns about security and high crime rates, but it is generally regarded as better developed than most other African countries;
- There are health worries about **Tanzania** and security concerns are also mentioned quite frequently;
- **Tunisia**'s security image is recovering and the destination is widely regarded as cheap;
- Security concerns do exist for **Turkey** due to Kurdish rebels but none of our respondents mentioned health worries;

Destination Images (2)

B7 How would you describe the brand image of your main destinations in terms of recognition in your market, quality and the type of tourism that your clients expect (e.g. mass tourism, exclusivity etc)?

Generally clients for adventure/cultural/safari holidays are not overly influenced by the image of a destination because they are not seeking the mass-market element – primarily the sun and sand product – of the destination concerned. Thus, for example, while Tunisia may have a mass market image as a result of the large numbers who go to the coast, for the adventure tourist who is going into the Tunisian desert, it is irrelevant that Tunisia presents this image. While many of the adventure/cultural/safari clients do want to visit important sites like Petra, they probably may not want to visit Aqaba to be among the mass market.

Nevertheless the image of the destinations included in this research offered a range of characteristics. In summary, sub-Saharan Africa had a strong image for wildlife and game safaris, while Egypt, Jordan and to a lesser-degree Turkey, had a strong image for cultural attractions. Although price played its part in affecting the image, other aspects were part of the equation and price was not dominant. Some points which emerged included:

- **North Africa, Egypt and the Middle East** are not as high on people's "wish lists" and do not have as exciting an image as **sub-Saharan Africa** largely because of the large charter market - which tends to damage a destination's reputation or at least its exclusive image;
- This is also now the case with **East Africa**.
- **Southern Africa** is regarded as much more exclusive;
- **Oman** is generally regarded as an exclusive and somewhat exciting and mysterious destination; it is also new and unknown;
- **Dubai** is regarded as up-market and expensive, but also mass-market; it is generally not of interest to the adventure/safari/cultural tourist;
- **Botswana**, and to a slightly lesser extent **Namibia,** are also regarded as exclusive and up-market;
- **Egypt**'s image has two distinct facets – the Nile has a good image offering unsurpassed cultural attractions while the Red Sea is viewed as a mass-market destination; dive tours on the Red Sea were well-regarded; one tour operator remarked that because Egypt is regarded as a cheap destination, it is difficult to sell up-market tours there;
- **Turkey**'s image is generally mass-market although one tour operator noted that the cultural side is strengthening; another noted a sharp decline in image with over-development, pollution problems, and an influx of low-spending tourists;
- **Morocco's** recent popularity has made it a more mainstream destination and its image has declined; it does, however, still hold an exotic appeal;
- **Tunisia** is generally regarded as a mass-market, cheap destination.

Success Factors

B8 What are the two main success factors in each of your main destinations?

Clearly, there were no definitive answers here since almost all respondents stressed that the success of any destination was a combination of factors. Table 22 below gives some indication of the relative importance identified by the interviewees, but it must be stressed that these findings are indicative only and must be treated with caution.

A combination of natural features (such as desert, mountains, bush or beach) and a cultural appeal (either of the local cultural ambience of a given destination or actual sites of interest) were the prime draw cards identified. Iconic sites such as Petra or Muscat or Victoria Falls or Mount Kilimanjaro, added to the appeal, even for holidays based on away-from-it-all activities such as trekking or game viewing. However, price was frequently mentioned as a key item in the equation, and this was particularly apparent for some of the Middle

East/North African destinations. Price was regularly coupled with proximity, which not only kept travel costs down through smaller distances and greater flight frequency, but it also affected the fact that people were prepared to travel smaller distances for shorter holidays. For northern origin markets, climate was frequently mentioned as an attraction.

It is worth mentioning that image also plays its part. Oman, for example, was cited as particularly interesting because it is new on the tourism map and because it is regarded as an up-market destination. Equally, Botswana is regarded as exclusive and part of its attractions is its quality image. Table 23 summarizes success factors cited.

Table 23 Most Frequently Cited Success Factors by Order of Importance

Destination	Natural	Culture	Price	Proximity	Climate	Other Features
Morocco	1	2	3	4	5	
Tunisia	2	5	1	4	3	
Jordan	2	1	=3	=3	5	
Turkey	3	2	1	4	-	
Oman	1	2	5	-	-	3,4[a]
Kenya	1	-	2	-	3	
South Africa	1	4	2	-	-	3[b]
Namibia	1	=2	=2	-	-	=2[c]
Tanzania	1	-	-	-	-	
Botswana	1	-	-	-	-	2[d]
Egypt	3	1	2	4	5	

[a] New destination and exclusive; [b] Safe destination in Africa; [c] Efficient destination with European influence (German respondents); [d] Exclusive

Source: Travel Research International

Egypt and the Southern Red Sea Coast

Southern Red Sea Potential

C1 How interested would you be in selling a national park area in the Southern Red Sea Coast area (a) as an extension to a coastal holiday or Nile cruise and (b) as a self-contained destination ?

90% of respondents expressed interest or strong interest in learning more about the proposed area, although many also stated that it would be unlikely to act as a stand-alone destination. The majority felt that the area would most probably be offered as an extension to existing holidays in the country. On the other hand, two respondents stated that they would only use this area on a self-contained basis.

Generally, there was caution expressed about the area's potential on the grounds that tour operators would need to know much more detail about the infrastructure, accommodation, features and facilities that the area would contain.

Other comments made included:

- there is wide general interest among tour operators for anything new but, at the same time, any new destination such as this would have to add value to existing tour itineraries;
- there is a general consensus that this area should be kept as a low-volume, high-quality specialist destination aimed at the upper end of the market and untainted by the price-driven resorts on the coast;
- many respondents said that their actual reaction to the area would depend on the quality and nature of the infrastructure;
- tourists seeking desert experiences generally want to find un-crowded and natural areas, hence accommodation should be kept at low density;
- some tour operators said that the area might be difficult to sell and that good information about its attractions and points of special interest would be needed in order to inform their client base.

Tour Routings

C2 What tour routings would you use for this area (e.g. via the Nile Valley, Red Sea coastal resorts?)

The routings that tour operators say that they would use reflect their current offer. The highest number said that they would bring tourists from the Nile Valley, some said they would use the Red Sea resorts as an origin, and a few mentioned Sinai and also the western desert as possible origin points.

Where gateways were mentioned by respondents, Marsa Alam was the most often quoted.

Other points included:

- access could be from Luxor;
- access could be from Aswan, but will there be a suitable road connection?

Length of Stay

C3 What would be the optimal length of stay for a package tour to this area?

80% of respondents answered this question with a proposed number of days. While the answers varied from a day excursion to as long as 8 -10 days, the most common answer suggested a length of stay in the area around 2 -3 days.

It was noticeable that most tour operators would require more details of what attractions, facilities and access the area would offer before committing themselves further, but that in general, they saw the area as offering the opportunity for a short extension to existing tours.

Consumer Profiles

Client Characteristics

D1 What are the broad demographic and socio-economic characteristics of your clients for this type of adventure/activity/safari holiday (e.g. families, couples, young, middle aged, over 50s, income levels, typical employment characteristics etc)?

The most typical client group quoted were those around middle age and older (say, 40 years of age and upwards), well-educated, above average incomes and experienced travellers. However, there were also wide variations around this typical tourist.

For companies that are specialists, this profile was more typical than not, but at the same time a number of desert and/or walking specialists said that they attracted a wide range of clients from children to the elderly, depending on the severity or otherwise of the activities (e.g. children and the elderly do not usually climb Mt Kilimanjaro).

On the other hand, some of the mainstream tour operators interviewed were unable to answer the question since their range of brands cover all segments of their national travel markets and they can thus attract all ages and types of traveller.

Other points made include:

- Single travellers, including single female travellers, are becoming more common, although couples or small groups of friends are most typical;
- Older travellers avoid the summer peak, whereas slightly younger people do travel in the hottest months;
- Hiking tours can have an average age of around 30, whereas walking tours attract older (50+) clients;
- Some destinations (Tunisia, Turkey) have a younger client profile than others, mainly due to lower prices.

Holiday Information Sources

D2 Typically, what are the main sources of information that your clients use to research this type of holiday with you (e.g. requesting printed brochures, researching your site on-line, in person at travel agencies etc)?

Statistically, 80% of respondents gave printed brochures as the most important source of information, 20% coupled brochures with the Internet and 15% coupled brochures with word of mouth. 15% put the Internet as the first source of information.

While the use of the Internet is clearly increasing across all the markets covered in the interview survey, the dominant source of information on this type of holiday remains the printed brochure, and there are some important national differences. In the UK, the Internet tends to be more widely used than in continental Europe, and also newspapers and magazines were quoted as important sources also for British travellers. The large German market in particular is firmly wedded to the traditional combination of printed brochure and travel agent for both information and bookings.

Again, however, there are variations within this general picture. One German and one French company said that the Internet was the dominant source of information for their clients. Word of mouth is also important, especially for the more specialised (and therefore generally rather smaller) tour operators.

Other points made include:

- knowledgeable telephone sales staff and the conduct of seminars, information days, slide shows and meetings also act as important information sources;
- coverage of destinations in the print media, such as the weekend newspapers and specialised travel magazines, often plant the seeds of interest which leads clients to pursue more information from brochures or on-line;
- most tour operators predict that the use of on-line information sources is bound to rise in the next few years

Booking Methods

D3 Typically, how long before departure do your clients book, and how do they make their bookings (in person in a travel agency, by phone to you, on the Internet)?

It is difficult to tabulate the answers to the issue of how far in advance clients book their tours, since there is a wide variation. Although the samples are small (only one company was interviewed in Austria, Belgium, Finland, Netherlands and Spain), the following seem to be the typical patterns by country of origin:

- **Austria**: at least one month in advance;
- **Belgium**: three months before departure;
- **Finland**: 60% book within two months of departure;
- **France**: Most within two months of departure, and late bookings are on the rise;
- **Germany**: Variable, but around three months in advance seems typical;
- **Italy**: Typically less than one month in advance; late booking seems common in Italy with tour operators complaining that this causes them difficulties with airlines and hotels;
- **Netherlands**: Variable; families book up to one year ahead, hikers and those on short tours can be around one month ahead;
- **Spain**: around one month ahead;
- **UK**: Very variable, typically around two or three months ahead but late booking is on the rise.

It appears that there is generally some tendency for late bookings to become more frequent, a trend perhaps fuelled by the spread of last-minute offers on the Internet.

Not all respondents answered the question about how their clients book, but for those that did it seems that the traditional route through a travel agent remains by far the most common method. One or two tour operators said that many clients use direct bookings via the Internet, but this is still a minority approach; however, a number of specialist tour operators noted that direct bookings by telephone were common.

Again to generalise, we have the impression that, while the use of the Internet is substantial in the UK, in most other European markets the traditional reliance on brochure information followed up by bookings at travel agents remains the dominant method. This may in part reflect the fact that consumers require the comfort of a face-to-face arrangement implying a responsibility on an intermediary to deliver the tour as promised.

Clients' Preferences

D4 What are your typical clients' preferences for this type of holiday in terms of party size, food, activities, souvenirs etc?

The more specialised the tour, the smaller the party seems to be. Typically, party sizes are around 15 – 20 people from the answers supplied, although the less-specialised operators will tend to have rather more per party – up to 25 or occasionally 30.

For most tour operators, good quality food seems to be high on their agenda, but the range of food preferences seems to vary, with some stating that their clients want their own national cuisine while others expect dishes from within their chosen destination. We cannot draw any firm conclusions on this point from the research, other than that quality (and of course food hygiene) is a top priority.

The issue of shopping for souvenirs is important for the more up-market tour operators in that they state that their clients definitely do **not** want to be taken to souvenir shops, especially by guides who earn commissions from shop owners. This is common in countries such as Egypt – cited by some respondents as the worst country of those surveyed for this issue - Tunisia and Morocco. Any element of actual or implied coercion in visiting souvenir shops is anathema to most clients of specialised and up-market tours. Indeed, several tour operators have a firm "no shopping" policy.

Expenditure Levels

D5 Approximately how much would a typical client spend on (a) a one-week desert safari in North Africa/Middle East (b) a one-week game safari in southern Africa?

60% of respondents gave indicative answers to this question. The typical prices quoted by respondents for a tour to Egypt/North Africa and to sub-Saharan Africa are set out below (but note that most of these refer to tours of two weeks more typically than for one week – see Annex 4 for full details of respondents' answers).

Table 24 Typical Package Tour Prices Quoted by Interviewees (€)

Tour Operator	Egypt/North Africa	Sub-Saharan Africa
A	600 – 700	1,600
B	2,220 – 2,660	1,776 – 5,180
C	1,400 – 1,500	2,000 – 2,500
D	600 – 1,000	1,500
E	800 – 1,100	1,500 – 2,500
F	2,220	2,960

G	1,200 – 1,500	2,000
H	1,170 – 1,730	2,680 – 4,700
I	1,500	-
J	2,000 – 2,500	3,500 – 4,000
J	1,040 – 1,180	-
K	1,200 – 1,710	2,500 – 2,700
Approximate arithmetic mean (lows and highs)	**1,330 – 1,610**	**2,200 – 2,960**

Source: Travel Research International

While clearly these results should be treated with caution given the small sample size, the results are broadly predictable, in that tours to southern Africa average, at the low end, around 65% more expensive that those to Egypt and North Africa, while at the high end they cost 84% more than up-market tours to these nearer destinations.

Satisfaction Levels

D6 *Typically, what are the satisfaction levels you record for these main destinations, how willing are your clients to recommend them to others and would your typical clients repeat this type of holiday elsewhere?*

The majority of respondents confirmed that they monitor client satisfaction systematically. Some tend to quote their satisfaction levels as the reciprocal of the complaints that they receive. Most of those companies surveyed claim high levels of satisfaction, as one would expect from a sample biased towards the higher-level, more specialised tour operators, for whose clients attention to detail and quality issues are taken as read.

Most complaints appear to derive from third party services, such as the flights, that form part of the tour but may lie outside the control of the tour operator – at least on the day of delivery. Adventure tourists, while continuing to expect quality, security and hygiene, may be more flexible about accommodation standards, for example, if their tour takes place in remote areas which obviously do not contain luxury hotels.

Most of the tour operators surveyed claim that word of mouth recommendations are important for them, as is repeat business. (This is hardly surprising, since both these forms of "marketing" are virtually cost-free for the operators.) It is also worth making the point that, while clients may repeat in terms of coming back to the same tour operator, they seem much less likely to repeat the same destination, partly because this type of tourist is more likely to explore the full range of destinations on offer than simply return to the same place year after year. Some respondents suggested that destinations in southern Africa get more repeat visits than those in North Africa, possibly because the latter may be easier to arrange more cheaply on an FIT basis once the first trip has familiarised clients with the destination concerned.

Price Structures

(NB. Questions E1 and E2 are combined here)

E1 *In percentage terms, how would your typical package price break down between lodging, food, activities, travel and marketing costs?*

E2 How do these percentages vary between short (say up to 7-night) and long (14 night plus) packages?

The following table summarizes the answers to Question E1, which were provided by 55% of respondents (some were unable to give general answers on the grounds that their product range was too diverse for generalizations to be valid, while others regarded this information as commercially confidential).

Table 25 Summary of Cost Distribution for Package Tours from Sampled Tour Operators

Tour operator	Flights	Accommodation	Food	Marketing	Local costs	Other
A	35-40	10-11	NA	NA	NA	NA
B	40-50	40[a]		20	[a]	NA
C	40	40	NA	NA	NA	NA
D	30	20	10	NA	20	NA
E	30-40	20	NA	NA	20	NA
F	50	30	10	NA	NA	10
G	45-50	NA	NA	NA	NA	15
H	55-65	30-35	NA	2-3	NA	NA
I	34	47[b]	[b]	NA	4	NA
J	50	30	NA	NA	NA	NA

[a] costs on the ground

[b] for a holiday in Egypt specifically – accommodation and food combined

Source: Travel Research International

Apart from the flight element, where the arithmetic mean value (low and high) is 41% - 45%, it is difficult to draw any valid conclusions from these results. The cost distribution depends significantly on the nature of the tour – whether it is to a short- or long-haul destination, whether hotel or, for example, camping/bivouac accommodation is used, whether local transport is by ordinary bus, minibus or 4x4, or whether private light aircraft are used, and so on.

Accommodation costs have a typical (but not mean) value of around 35%, but beyond that we do not feel able to draw any further generalizations.

Other points made included:

- Nearby (short-haul) destinations, where ground prices are low, will tend to show a higher share of the package's cost going on flights, as opposed to longer-haul destinations using top quality and much more expensive accommodation, where the proportionate importance of the flight is lower;
- similarly, the longer the tour's duration, the lower will tend to be the proportion of the tour's costs devoted to flights;
- specialised guides can represent a surprisingly high proportion of the total tour costs – one respondent suggested that this can be as high as 20%.

INDUSTRY INSIGHTS FOR PRODUCT DEVELOPMENT

The purpose of this section of the report is to summarize the most important points which have emerged from our research and which we believe should be considered in refining the design of the product and its marketing policy. Our broad conclusion is that the proposed development has the potential to succeed, but that to maximize this, a number of key issues need to be addressed.

CHARACTERISTICS OF EGYPT AS A DESTINATION

Egypt has successfully developed a large and diverse tourism sector with two main strands. The Nile Valley has for centuries been the main draw for foreign tourists, visiting the many historical sites associated with ancient Egypt. In recent years, the Egyptian authorities have successfully diversified the product to include a major series of destinations along the coasts of the Red Sea and Gulf of Aqaba. In addition, minority interests are catered for by offering tours in the western desert, demonstrating, as in a number of other Middle Eastern and North African countries, that desert tours have a popular following.

Thus the proposed new development in the southern Red Sea has a sound and extensive basis within Egypt's existing tourism market on which to build. In promoting this new area, Egypt does not have to start from scratch, but can draw on its wide experience of existing markets and destination management.

PRODUCT

The evidence of the research carried out for this project suggests that the new development has a number of factors working in its favor, viz;

- that deserts are attractive as destinations in their own right to a relatively wide group of tourists;
- we understand from our discussions with tour operators that demand for this type of destination is growing;
- tourists are always seeking new places to go;
- tour operators are also keen to introduce new destinations to their portfolio in order to keep abreast of the competition;
- the attractions of a genuinely pristine area are many and are also becoming hard to come by in many competing destinations;
- there is a genuine interest in visiting local communities in such regions (as, for example, the strong attraction of the Berber communities in Morocco) and hence the Bedouin settlements of the southern Red Sea can also be seen as an attraction.

Nevertheless, operators have stressed the need to have a wide range of types of scenery/attractions and/or activities in order to tempt the tourist. This sometimes includes at least one iconic attraction. Thus, we believe that the proposed area needs to ensure that it can offer a sufficiently varied range of attractions and activities to meet the needs of these markets. (We suggest that, if it has not already been done, it will be necessary to conduct a detailed product audit in order to ensure that the area can meet these requirements.)

In the specific case of Egypt, however, there are also some important challenges to be overcome. Egypt amongst tour operators and some tourists has a low-cost image and in particular some of its coastal resorts are thought to have been poorly- and in some cases over-developed with a reputation for poor environmental standards.. The successful development of any new product will have to recognize this context and work to overcome it. This is particularly relevant for a project that is to focus its appeal on its environmental credentials.

Some of the coastal resorts attract tourists from new origin markets such as Russia whose tourists are mainly attracted by price advantages and tend to be at the lower end of the market. In order for the new area to succeed, it will be necessary to differentiate it from this type of down market image.

In the context of the adventure/cultural tourist, Egypt's traditions of marketing souvenir shopping opportunities actively through tour guides to the visitor would be anathema to the more up-market visitor and inconsistent with the pristine natural environment that the proposed new area offers. In the proposed new area it would seem desirable to minimize or eliminate all forms of organized souvenir shopping.

It is also the case that southern Egypt can be excessively hot during the summer months which will influence the type of tourists that can be attracted, notably those who are more elderly and tend to avoid the months of extreme heat. However, with the possible exception of these summer months, the proposed region should be capable of attracting year-round custom.

We cannot emphasize too strongly the need to ensure that the new area meets the highest standards of quality and environmental management; this requirement was widely stressed to us in our conversations with tour operators.

POTENTIAL MARKET

The potential market for desert tours of the type that the proposed area has the potential to offer is, we believe, quite extensive, but at the same time comprises a number of rather specialized, niche travel markets. It is therefore very important that the southern Red Sea targets the right groups of travelers from European markets. There are large numbers of specialized tour operators in Europe selling adventure/safari/culture holidays to these markets.

There is plenty of competition. Established tourist destinations such as Morocco and Tunisia, and emerging destinations such as Oman and Libya offer this type of product. Egypt will have to compete with these destinations, some of which (notably Oman) have a reputation for exclusivity, selectivity in the type of tourism they promote, and high standards for sector and environmental management. Only in the western desert and Sinai hinterland has Egypt offered this type of destination to date. We understand from our research that the proposed area is largely unknown to both tour operators and potential visitors and it will be important to inform both the trade and the traveler about what this region offers in order to sell it successfully. It will also be essential to ensure from the start that high standards of destination management are met in order to compete with other countries offering similar experiences.

TOUR OPERATOR SEGMENTATION

This product will sell to a range of specialized markets. These tend to be supplied by one of two types of tour operator – the specialist (such as those providing activity-specific tours, such as walking, trekking, authentic cultural tours, soft exploration and so on), or more mainstream operators with a clear reputation for quality and which tend to serve the upper-mid market (e.g. First Choice, Kuoni etc.). A wide selection of specialist tour operators is provided in our inventory, presented in Annex 3.

Our research showed that there is keen interest among tour operators to learn more and be informed about the proposed new development. New destinations always attract the interest of the tour operating industry and those to whom we spoke would clearly like to be kept informed of progress in the region.

At the same time, tour operators appear cautious in their reaction to the new opportunity in the southern Red Sea, and need to know more about what the area offers in terms of accommodation, infrastructure, access, potential activities and points of interest. While the Nile Valley product is well-established and respected, there is also a doubt about the extent to which Egypt will be able to deliver a more up-market and specialized product against the background of its reputation for relatively inexpensive holidays at the coast. The responsible authorities will therefore have to market it carefully with these issues in mind.

INFRASTRUCTURE

In practical terms the proposed new area will have to offer an appropriate spread of accommodation while avoiding the perils of over-development. For example, large resorts would be inappropriate, while character-ful lodges would be more suitable; encampments will have to be suited to the environment in which they are located and have high standards of environmental amenities and management. It would also be useful to be able to identify attractive locations offering opportunities for ad hoc camps. While sophisticated, US-style national park management is not required, clean and sustainable wilderness areas will be expected.

Specialized tours to this type of region in other countries which we have examined show that there must be a sufficient range of attractions to satisfy the demands of the target markets. The key draw cards include existing settlements, natural attractions and scenery, wildlife and points of interest. Activities undertaken include 4x4 driving, dune activities, walking, trekking, camel safaris, visiting authentic local events and visiting local (Bedouin) settlements. If it is envisaged that tours of up to a week are to be targeted, then it will be necessary to ensure that there is sufficient variety to provide interest.

ACCESS

The most common routings that our tour operators said that they would use for this area would be from the Nile Valley. Tour operators also emphasized that journey times and distances would need to be manageable within the itineraries concerned. Good communications to centers such as Aswan and Luxor would be important. Some tour operators emphasized the importance of good road links, especially to Aswan. Generally it was stressed that clients do not want to spend a long time in transit and that journey times at the very most should not exceed 8 hours, and preferably should be considerably less.

A good network of feeder air services to and from the region (presumably using Marsa Alam as the gateway unless new airport facilities are planned) will be essential.

TYPES OF TOURIST

The region is likely to attract several broad categories of traveler:

- the outdoor types who walk, trek, travel with camels and camp;
- 4x4 soft adventure tourists requiring reasonable comfort but not luxury;
- enthusiasts for culture/nature/social anthropology; and
- people based on the coast and those who had taken a trip in the Nile Valley who also would take a short trip into the hinterland (but divers we think would not be a very productive market segment since, as explained above, the majority tend to focus their whole holiday on their sport).

Our research suggests that the most likely client base would be the more mature travelers who respond to cultural and soft adventure holidays that are perhaps slightly specialized in nature. The target market would therefore tend to be people of 40 years of age and above, typically employed as professionals, senior managers or senior academics, relatively prosperous, and experienced travelers. Such travelers would tend to have a penchant for exploratory tours, and for tours which address their natural curiosity for something new as opposed to mainstream, high-volume type package tours. Such tourists do not want high levels of luxury, since remoteness and an unspoiled environment are part of the attraction. It is also worth pointing out that up-market European travelers tend to take more than one holiday a year. For example, they might take a shorter Egyptian holiday to a region such as well as a main holiday and perhaps one or two short city breaks in any given year.

Younger people would also be attracted to the region for the more active type of holiday, such as desert trekking, extensive walking and mountain climbing where the strenuous nature of the trip would be beyond the capacity of older travelers.

TYPE OF TOUR

Our research shows that the majority of tour operators see this region as offering opportunities for a 2 – 4 day extension to a longer holiday, especially a Nile Valley tour. A minority of tour operators also stated that they would prefer to offer the region as a stand-alone destination, but the ability of the area to support longer lengths of stay will depend on the range of attractions and activities on offer.

It is important to note that Europeans can easily take a one-week holiday in Egypt given its relative proximity to the main European markets. But, a one week break at the coast or more particularly a one-week tour on the Nile Valley is unlikely to offer enough time to permit a 2 – 4 day extension to be added in to visit the southern Red Sea the region. It seems more likely that such an extension would be part of a 10 – 14 holiday tour.

However, since many tourists to Egypt from Europe come by charter flight, it may well be that tours that include the new area will be obliged to fit in to the normal 14-day back-to-back charter flight schedule, unless more flexible charter flights arrangements can be made. Where the region is offered as a stand-alone destination, the 7-day charter flight cycle is likely to be the minimum available.

CONCLUSION

The diversity of the major European travel markets leaves no doubt that there is a market for this type of destination. Tour operators are clearly interested in learning more about the developments in the southern Red Sea and may be willing to include the destination in their product offer. However, our research also shows that care will have to be taken in the development and marketing of the region. In particular the region's reputation will have to be established as a specialized up-market destination with a somewhat different image from other regions of Egypt, and what it offers will have to be differentiated from similar regions in other countries. The key issues will concern the range of attractions and activities available, the quality of the product offer and the establishment of an appropriate infrastructure to support it.

LIFE Red Sea Project

ENHANCING SUSTAINABLE TOURISM IN THE SOUTHERN RED SEA REGION OF EGYPT

Annex C to the Destination Management Plan: Investment Promotion and Marketing Strategy for the Southern Red Sea Region of Egypt

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ACRONYMS AND ABBREVIATIONS

CDC	Community Design Collaborative
cm	Centimeter
DMC	Destination Management Committee
EEAA	Egyptian Environmental Affairs Agency
ETAA	Egyptian Travel Agents Association
ETF	Egyptian Tourism Federation
EU	European Union
km^2	square kilometers
KVA	Kilovolt Ampere
LIFE RS	LIFE Red Sea Sustainable Economic Growth Project
LIFE	Livelihood and Income from the Environment (project)
LRS	LIFE Red Sea Project
m	Meters
MW	Megawatt
NGO	Non-governmental Organization
NPCA	National Parks Conservation Association
NRSR	Northern Red Sea Region
PVC	Polyvinyl Chloride
RO	Reverse Osmosis
RSG	Red Sea Governorate
SFO	Single Family Occupancy
SRO	Single Resident Occupancy
SRS	Southern Red Sea (region)
SRSR	Southern Red Sea Region (north of Marsa Alam to El-Shalateen)
SWM	Solid Waste Management
TDA	Tourism Development Authority (under the Ministry of Tourism)
TDA	Tourism Development Authority
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Agency for International Development
WGHPA	Wadi El-Gemal Hamata Protected Area
WGNP	Wadi El-Gemal National Park

EXECUTIVE SUMMARY

SITUATIONAL ANALYSIS

Although Egypt is not well known for its offer of eco-tourism or nature-based experiences, it is developing this kind of tourism mainly in its western desert along the Dakhla circuit which links several oases located in the central part of that desert meeting the Nile Valley in the vicinity of Luxor in Upper Egypt. This is evidence that Egypt's travel trade is learning how to cater to this market. It is also learning how to combine ecotourism with its traditional products of cultural tourism, located in the Nile Valley, and beach and dive tourism which has developed massively along the Red Sea coastline. While the industry is having problems meeting the high quality standards some segments of nature-based tourism expect, it is learning to create new products and to enter into partnerships with the specialty tour operators mainly from the EU to successfully cater to more demanding segments of travelers.

The situation along the lower Red Sea coastline is highly positive for the continued expansion of mass market beach and dive tourism southward beyond Wadi Gimal Protectorate. The potential to expand the industry for nature-based excursions inland for tourists on the coast is extraordinary and the volume of these excursions could double over a 5-year time frame because of continued hotel construction. There is potential for nature-based ecotourists wishing to stay at lodges and camps inland but so far no operator is offering any options better than the most basic camp. There is also limited potential for high-end ecotourism spending $100-300 dollars per day per person but no such option is yet offered.

KEY STRATEGIES FOR INVESTMENT PROMOTION

Strategy 1: Clarify the concession terms for firms operating in WGNP. They need to know the rules of the game to determine feasibility of ventures in tour operations and lodge or camp development. These terms can be widely publicized and used as a basis for final negotiation of contracts with bidding firms.

Strategy 2: Make available market intelligence for the use of firms seeking concessions. Ecotourism is poorly understood in Egypt and this will help firms develop more realistic business plans and select strong partners.

Strategy 3: Identify possible funding incentives for firms. In Egypt some grants and loans are made available to projects of an environmental nature, or featuring energy efficiency, SMEs, community development or rural development benefits to name the main categories targeted for eligibility. Owners need to be made aware of these sources.

Strategy 4: Facilitate the creation of strong partnerships with EU firms. Since it is the foreign partner that usually controls the marketing function with his specialty knowledge of ecotourism markets and quality standards, the choice of a foreign partner is critical. Egypt's tour operators can use intelligence on foreign firms to select strong partners who are needed even in the design phase and feasibility study phase of their projects.

KEY STRATEGIES FOR MARKETING

Strategy 1: Create the Destination Management Committees in SRS region. Once local players join the committee they will be able to recognize their challenges more easily and organize resources to face them.

Strategy 2: Educate Egyptian tour operators on techniques for service upgrading. With such guidance they will be able to immediately undertake reforms and improve their service quality to improve customer satisfaction and profitability.

Strategy 3: Undertake a program of locally based promotion efforts. These will make accurate touring information readily available to target consumer groups and to intermediaries to promote increased consumption of excursions by groups and by individual travelers around WGNP and its region.

ACTION PLAN FOR INVESTMENT PROMOTION

The action plan contains actions that are solutions that find their justification in the four strategies defined previously. LIFE is a sponsor for all of these actions, although it does not have full control over all of these issues. LIFE is accumulating a wealth of information and this action plan spells out an approach to convey this knowledge to likely investors during 2007-8. Four activities are described below.

1. Clarify concession terms for tour operations and lodges in Wadi Gimal Protectorate

2. Promote funding incentives for projects

3. Prepare an ecotourism brief for the business community

4. Prepare a pre-feasibility study for a lodge in WGNP

ACTION PLAN FOR MARKETING

This plan consists of three activities of which the first sets up the local destination management committees, the second boosts the product quality of the tour operators, and the third focuses most directly on the function of promotion of SRSR and its primary attraction, the WGNP.

5. Create the Destination Management Committees in Lower Red Sea region

6. Provide ecotourism orientation to tour operators

7. Produce essential WGNP orientation & promotion materials

INTRODUCTION

BACKGROUND ON LIFE RED SEA (LRS PROJECT)

The primary objective of the USAID funded LIFE Red Sea (LRS) Project is to support conservation and preservation of biodiversity in selected areas of the Red Sea Protectorate. Recognizing that development of portions of this area for tourism and related industries is intended and underway, the project is also directed at guiding tourism development to be environmentally sustainable and to allow local communities to benefit from tourism-based use of natural and cultural resources.

Egypt with its 8 million tourists a year is a world famous cultural heritage destination (Nile Valley) and leisure/dive destination. From 1992 to 1997, tourism along the Northern Red Sea exploded from 281,000 to 996,000 tourists. In 1992, there were 5600 rooms, but by 1997 TDA had grown that number to 17,600 rooms. By 2004, the number of divers had more than doubled again to 2.5 million people.

Although Egypt is not an internationally known ecotourism destination, the country offers 24 protected areas and expects to declare more. Current eco-tourism operators and activities are concentrated in the national parks of the Sinai (Ras Mohamed, Bardawi, and St. Catherine's) and in the Western Desert, where international tour operators are taking visitors to the oases of Bahariyya, Farafra, Dakhla, Kharga and Siwa, connecting to cultural heritage sites in the Nile Valley. Egypt's desert trips have been growing since the government first started noticing them in 1984, and in 2004 15,000 divers took desert trips inland. The number was higher in 2005.

The Northern Red Sea Region (NRSR), particularly along the coast, has been a very successful tourism destination in terms of investment, development, and number of visitors. However, some of the NRSR has experienced landscape and habitat destruction and marine pollution as a result of construction. If the same problems occur in the SRSR, they will destroy its potential for eco-tourism development, for eco-tourists stay in pristine environments.

Although all government stakeholders have studied the area and wish to see a strong tourism base in the SRSR, they differ on approach. The result is a lack of inter-agency coordination, planning, and decision-making among the primary governmental authorities and LRS planning partners (EEAA, TDA and RSG). Therefore, a constructive dialogue and an agreed upon understanding of planning direction is a gap that needs filling.

In order to enhance Egypt's competitiveness in the global eco-tourism market and assist the LRS project in its project approach, the Consultant attempts to provide a research-based, comprehensive project strategy or blueprint for developing the SRSR.

PURPOSE OF THE MARKETING & INVESTMENT PROMOTION STRATEGY

This report focuses on the crucial function of marketing of this emerging destination, and also on the equally crucial investment environment in Egypt that is shaping the expanding tourism industry in SRSR. It treats the two subjects separately: the first is how the marketing of this destination can be strengthened. The second is a strategy to steer and promote investment for ecotourism purposes in this region. Following this first introductory section the report presents in section 2 a situational analysis that characterizes the country's existing investment environment particularly as it relates to the lodging industry and to the excursions business. In section 3 it presents a strategic analysis for the development of sustainable ecotourism products that is based on key problems of investment and potential solutions that LRS could provide. In this section a set of strategic objectives of critical importance is defined. In section 4, the report presents an action plan of specific activities to promote types of investment that will meet these strategic objectives.

This work is based on fieldwork conducted in country during April 2006, and after review of preliminary survey information provided by the Euro-based researchers contracted under this same project. It is based on interviews with a variety of industry players mainly hotel and resort owners and tour operators, and on examination of the Ministry of Tourism, of public information of tourism companies, tour operators and some lending institutions. It also is based on the consultant's prior work in Egypt's Red Sea Sustainable Tourism Initiative during 2003 and 2004. It is to be integrated into the broader Destination Management Plan that is being prepared for SRSR. The Euro-based research and Cairo-based research commissioned for this project had not yet been finalized so this study does not reflect the outcome of that work.

SITUATIONAL ANALYSIS OF TOURISM TO SRSR

This section presents the key trends and patterns characterizing the current situation of tourism in the SRS region. It describes observations and trends relating to general tourism development and most importantly to the growth in nature-based or Eco-tourism. It then provides a profile of current and potential demand for ecotourism in this sector. It then proceeds in the final subsections to highlight firstly problems relating to marketing of SRSR and its products, and secondly problems relating to investment in tour operations and hotels in the region. The logic of this chapter progresses from the most general topics to the most specific ones finally focusing on the problems hindering the study area. Much of the logic presented in this section can be used to strengthen feasibility studies that owners will prepare in preparation for new investments.

KEY OBSERVATIONS ON TRENDS OF ECO-TOURISM IN THE SRSR

Key factors characterizing ecotourism and the related investment environment in the SRSR are stated below. In general they present a very favorable picture for the industry. In subsection 1 trends are summarized relating to Egypt's budding eco-tourism industry. In the following subsection key trends characterizing tourism in SRSR are stated. The third subsection focuses on the excursions industry. This focus on excursions is essential since WGNP and environs with its offer of activities and tourist services will tap directly into this demand. The fourth subsection covers aspects characterizing the marketing picture and the fifth subsection covers aspects relating to the investment environment.

Eco-Tourism Trends in Egypt

Eco-tourism is not highly developed thus far in Egypt so this section provides observations about this type of tourism as it is growing anywhere in Egypt. The industry consists mainly of the desert safari operators in the western desert and also includes some Sinai operators.

- Ecotourism is a small and **growing business** for Egypt operating mainly in the Western Desert on Dakhla circuit, Fayoum, Siwa.

Desert safari operators in the western desert are the pioneers of nature-based tourism or ecotourism, joined by some lodge operators in the Fayoum Oasis area. A small but growing number of tour operators are expanding nature-based activities and improving their quality standards. Some operators use mobile camps while others rely on the poor to fair quality hotels of the western desert. Investment is generally small and organic as owners rely on profits to upgrade their tours [equipment purchases, new vehicles and so on] and add new stops to their itineraries.

- Ecotourism is served by **specialty SME** operators running desert safaris.

It is a low volume business compared to Egypt's dominant types of tourism [cultural, dive and beach tourism] and could be estimated at no more than 1-2% of total tourism [possibly 100,000 in 2005]. Business is expanding and quality levels are rising thanks to a better understanding of what the European ecotourists want. Linkages between the Egyptian firms and their EU partners are growing for both product development and marketing purposes. None of the mainstream tour operators have dominated ecotourism in Egypt as most operators fall in the SME category and rely on owners' cash and help from foreign partners.

- There are very **few eco-lodge operators** in Egypt.

These are fringe developments in the broader tourism industry. Lodges exist near St. Catherine's in Sinai for climbing [El Karm Bedouin Lodge] and at the Basata beach resort. In Siwa the high priced *Adrer Amellal* has helped improve the image of Siwa and has spawned other hotel development in the oasis. Prices vary from approximately US$25 to US$250 per person per day with the *Adrer Amellal* in Siwa lodge charging by far the highest prices. There are also some small hotels in the western desert that the tour operators use.

- **Foreign partners** are already working very closely with Egyptian owners both for investment and marketing purposes.

Foreign partners including hotel and tour operating companies are investing alongside Egyptian owners in kind and in cash to boost the competitiveness and profitability of their safari tours. These foreign partners provide critical knowledge of customer expectations and quality levels, and control the specialty marketing channels which are mainly in the EU. Most of them are European.

Competitiveness of SRS Region

The following observations characterize the competitiveness of this region for international tourism. In general the conditions for the region's competitiveness are very positive and highly favorable for continued expansion.

- Egypt's Red Sea is now a **world famous dive destination** including the South Red Sea coast

The most established and best known dive areas are located along the Gulf of Aqaba and upper Red Sea coast. But in recent years, the lower Red Sea coast has been discovered by the dive world and divers are being lured there from the well-established Sinai resort areas and Red Sea coastal resorts to the north [El Gouna, Soma Bay, Makadi etc.]. The dive segment already knows about the lower Red Sea coast's extraordinary marine attractions and the industry is promoting them as the new Marsa Alam destination with its own international airport. Divers rely on different types of lodging including full service beach hotels, camps and tent resorts, and also safari boats for weeklong packages.

- The dive market remains the **primary** one but not the only market.

Both the dive and beach holiday segments are growing side-by-side very compatibly. It is the excellent Red Sea dive conditions that have some divers opting to stay in simple, no-frills lodging such as the basic Red Sea Diving Safari resort where ironically some divers are paying more for lodging than at the nearby full-service Kahramana resort, [€30-40 per person per day room & board] at least in some seasons. On the other hand the sunny climate is ideal for beach holiday hence the dominance of full service resort hotels serving both divers and beach vacationers.

- **Key market** for business is the EU and is very strong.

The market geographically is predominantly EU, perhaps 85-95%, with both western and eastern European nationalities well represented. Beach and dive vacations are the dominant products sold. Casual observation suggests the young-middle aged age groups are well represented. The SRS image in the EU dive world is quite **strong** with investment continuing both in more dive resorts and also in safari boats [the live-aboard boats used for weeklong cruises]. As a result the region is becoming better known in the EU mainstream travel marketplace. Rising EU dive club memberships is also a factor for the growing dive industry travel demand.

- The nature-based **recreation industry** in the Eastern Desert is also growing.

This industry operates in desert terrain as well as in the sea. In the desert the operators offer a range of sports activities like camel and horseback riding, hiking, quad riding, and these are often combined with Bedouin experiences, tea breaks, and wildlife viewing sessions. In the resort areas of South Sinai and Red Sea Governorate there are hundreds of aqua-centers offering snorkeling, recreational rides [wind-surfing, banana, ski-doo], visits to islands and mangroves and aerial skiing and similar. Prices for different activities and day excursions vary widely, from US$10 to over US$100 per person. Investment in land operations has grown for decades, following the growth in water sports operations. The operators are mostly SMEs but some large operators like Travco are also investing.

- Air service into **Marsa Alam International Airport** is improving but lacks good service from Cairo.

Charter air services are expanding as the SRSR hotel stock expands. The tour operators control this capacity and virtually all the services originate in EU cities. However the domestic service from Cairo is infrequent and offered by a little-known airline which does not facilitate international connections or even use by Cairo residents. In addition, services from other Egyptian or regional cities are virtually absent. The airport operator has announced plans in 2007 to expand the terminal and runway length to handle larger aircraft.

- The region's **emerging anchor** is the new resort town Port Ghalib.

Port Ghalib is an integrated full service resort town under construction by a Kuwaiti group. It is a private development including urban areas designed around two marinas and an international airport that opened in 2004 to commercial flights. It will eventually attract an international clientele for beach, boating and dive tourism. As a multi-billion dollar investment it is the 'anchor' destination in SRSR and when completed will feed visitors to the operators of sea and land excursions numbering in the thousands on peak days. This anchor is SRSR key private sector player for tourism. It is improving its web presence and steadily expanding its investment promotion and advance marketing efforts.

Trends in the Excursions Industry

Key trends in the excursions industry along the Red Sea are reviewed below. Just as the dive and beach holiday segments of tourism are growing robustly, so will the excursions industry grow in tandem. These observations describe the marketplace in which future SMEs will need to compete to offer local excursions successfully.

- The offer of Inland excursions is growing rapidly.

Most of the excursions are half or full day road trips into the desert to see flora, fauna, Bedouin life, to sample local food or to go riding on 4X4s, horses, camels or sports vehicles like quads [type of dune buggy]. There are also many tours to Luxor and other Nile Valley heritage sites in both daylong and overnight versions. There are also coach and air tours offered to Cairo.

- Small-scale tour operators dominate the offer.

These are generally small-scale operators based in Hurgada selling their tours from desks in the hotel lobbies. Some work in partnership with the big tour operators from Cairo. Red Sea Desert Adventures is perhaps the only local operator based in Marsa Alam offering inland nature-based trips.

- The big operators are making inroads.

There is some evidence that as tourist traffic builds the large tour operators selling the packages have started to arrange the inland excursions making competition for the small locally based operators. Red Sea Desert Adventures has indicated competitive pressure from large operators. It could be that the European investors in the hotels prefer to work with the big operators for quality-control and safety purposes.

- Genuine community involvement appears limited.

It appears to be limited mainly to various tents and rest stations set up at remote desert locations serving as rest stops for tour groups needing lunches and dinners, coffee or tea refreshment, and also dance performances staffed by tribal members.

- There is strong competition for the visitors' time.

The excursion operators are competing for the time, attention and money of visitors whose basic motives are the beach holiday and the dive experience. The time visitors are willing to spend going inland is limited. Since many visitors stay 10-15 days in one trip, they are more likely to journey inland than those on shorter stays.

- Tourists come to dive or sunbathe but many want to try something else.

The Red Sea product for all the tourists is either the dive experience or the beach holiday. However, since many packages last 8-15 days many tourists opt to purchase activities inland such as visits to famous Nile Valley sites in Luxor, Aswan or even Cairo. Others opt for sports activities [hiking, camel or horse riding], sightseeing from 4X4 vehicles, thrill seeking by riding quads or aerial sports, or enjoying Bedouin traditions and hospitality. They seek a break from the sea to do something different.

- No operators are offering luxury excursions in SRSR.

A review of the offer of excursions did not turn up any alternatives offering high-price luxury accommodation or sophisticated dining in the desert, as is offered in other parts of the world. The packages are generally affordable with the high priced options taking people to Luxor or even Cairo.

- Tourists buy excursions locally, mainly on impulse.

The sector's operators offer a range of excursions and activities through several ways. Many post information in the languages of their customers, [on posters or in catalogs] at the hotels, in a corner off the lobby and operate activities desks where agents advise customers which activities to buy. The hotel concierges also provide this information. Secondly some tour operators post their own agents at their own sales points [offices or desks] in the larger hotels or separate shopping arcades to sell the packages. Most of these inland excursions are purchased on impulse, meaning after the tourist has started his or her stay and checked in at the hotel.

- The quality of the *on-the-spot* advice that tourists get is key to successful marketing.

For the 'impulse' customer the information and recommendations that they get from hotel staff [front desk employees, concierges], at the activities desks in the hotels, from the posted information, and in the tour operators' catalogs, represent the main promotion tools for the local excursions. Some small operators do not understand this with the result that some tourists never have access to their information.

Observations on Marketing

The first observation below relates firstly to Egypt's tourist industry generally and is followed by others relating to the industry focused on the SRSR where the study area is located.

- Egypt is not an internationally known ecotourism destination.

It is uniquely famous in the cultural tourism marketplace for the antiquities it offers along the Nile river valley. However, over the past 30 years it has won a major position in the dive and beach holiday marketplaces derived mainly from the EU, thanks mainly to the Red Sea and Gulf of Aqaba coastal resort developments. It is also expanding its limited offer of desert-based touring, mainly in the western desert, but these areas are not world famous.

- The Egyptian Tourism Administration continues to heavily promote the Red Sea Riviera theme internationally.

ETA continues to heavily promote its Red Sea Riviera theme internationally. This is an umbrella theme and so far there appears to be no branding differentiation by sector [say Sinai versus Hurgada or Taba versus Marsa Alam]. It is likely that ETA will introduce other facets to its promotions to emphasize more cultural and natural attractions.

- EU partners are critical to the marketing function.

Several EU tour operators [such as Iberotel [Germany], Veraclub [Italy], Millenium [UK]] have deals sometimes as investors, with hotels to feed them tourists. Some publicize special product lines to focus on the dive segment, or to draw mass-market vacationers, or the families market. Similarly, some of the dive shops have EU partners and managers for quality control of the personnel and dive services and for marketing purposes in the source countries.

- Some owners complain of a 2005-6 price slide.

Some owners said hotel prices were falling or at least not rising since 2005 because of the depressing effect on demand of the bombings in Egypt and Jordan. Another possible factor is the continued construction of new hotels and camps expanding the capacity and the competition. However it appears that as in past downturns, the industry can overcome this one as well and that expansion of lodging capacity will continue.

- Hotels and tour operators are mutually dependant to achieve customer satisfaction.

The market for excursions is totally dependant on the coastal hotels and dive camps where it derives its business. The tour operators need the collaboration of the hotels to help them sell their excursions in the lobbies and through package programs. The hotels also need the offer of excursions to entertain and occupy their guests and add interest to their stays.

- Port Ghalib is the emerging mega-destination already promoting the region.

Its web info is touting a wide range of adventure and sports activities including the inland ones that WGNP will offer. Port Ghalib is emerging as the key marketing force in SRSR because of its early lead and growing scale of operation.

- Some hotels are now targeting higher income markets.

The Oasis Hotel at Marsa Alam and 50-room Suites Hotel at Lahami Bay [the *Berenice Tea Club]* are examples of new capacity that will target higher income markets including the 'cream' of the dive and beach markets. They are providing full service accommodation and selecting foreign partners who are not from the mainstream operators, to tap these markets. This is evidence of more sophisticated marketing efforts of these investors and suggests a desirable maturation on the part of the owners.

- There is a growing media exposure on the internet for SRSR.

Fortunately, various websites both from the Egyptian Tourist Administration, from hotel companies and tour operators, and some privately sponsored websites post information on

SRSR tourism. Some of the foreign published tour guides also are presenting some information on the region. All this helps to raise the visibility of SRSR in the marketplace.

Observations on Finance and Investment

- The investment environment in SRSR is clearly **favorable.**

The business community believes in the future of SRSR tourism with many sites already allotted to developers, a few new hotels under construction, and new operators running excursions into the region. There is no capital shortage for tourism investment and investors are open to new ideas for projects. This pertains to both hotel development and to creation of tour operations and attractions. Foreign investors include both Arab and EU partners.

- **Foreign** investment in Red Sea tourism is already substantial.

A number of European tour operators and hotel companies are operating at the coastal resorts through capacity contracts, franchises, management contracts and even direct investment. Many of the dive operators also have foreign partners vital for marketing the product in the EU. Many of these are also investors. Therefore the region is already known to a growing number of tourism operating and hotel companies some of whom contribute crucial marketing channels and also contribute capital. Finally, Port Ghalib, the region's anchor development is widely known as an international standard, Kuwaiti owned mega-investment. It is worth noting that simultaneously there are other parts of Egypt winning major foreign investment including the Mediterranean coast and Sinai coasts of the Gulf of Suez and Gulf of Aqaba.

- Development and investment continue to extend **southward**.

Construction of new hotels and camps continues southwards toward Shalateen, mainly on beachfront properties; some camps are located on the west [the inland] side of the road. Investors and their backers are expanding deep into the SRS region. Major real estate interests such as Orascom are reported to hold large tracks of land in SRS as far down as Shalateen.

- Investors both Egyptian and foreign rely heavily on **cash**.

Investors in the hotels and tour operating companies rely primarily on their own cash, on foreign partners' cash and on retained profits to fund their operations, and any new construction. While major numbers of hotel owners in the older parts of the Red Sea coast and Gulf of Aqaba have secured debts from banks, it is unclear how significant bank debt is for owners in SRS. In recent years during tourism downturns substantial numbers of hotels in debt had halted loan repayments and fallen seriously into arrears as their occupancies dropped and cash flow dwindled.

- Some owners are eying the **ecological gems**.

Some developers mentioned they had visited special spots like Wadi Gimal Island and Hankorab in the hope of obtaining rights to exploit their recreational value. A concession holder at Giftun I. has already discussed the potentials of operating a concession at Wadi Gimal Island with authorities. There is clear investor interest in these special locations.

- It is unclear how important **specialty finance** is in SRSR.

There exists from sources in Cairo loan and grant programs for specified types of projects such as SME, environmentally advantageous, energy efficiency, rural development, capacity building or community development projects for which some of the tour operators or hotel developers may qualify. The World Bank Group offers some windows of this kind from its Cairo office and from its world headquarters. USAID also offers some windows. However it seems that the owners are making little use of such advantaged loans or specialty finance.

PROFILE OF CURRENT AND POTENTIAL DEMAND FOR ECOTOURISM

These markets are considered insofar as they show potential for generating demand for day activities and for multi-day activities in or near WGNP. The well known divers and beach vacationers markets are reviewed first since they are and will remain the core markets on which the region's tourist industry survives. Then two additional potential markets are reviewed first, namely the high-end market, and the nature-based/adventure market. Exhibit A at the end of this section summarizes the potentials for each of these four user groups [tourist segments].

An estimate of the general magnitude of the excursions market in SRSR is presented below. It shows a market for excursions currently worth some €2.5 million, that could more than double in value [at constant prices] over the next five years. This estimate can be improved once consumer survey information is available on excursion usage, and provided to owners intending to open operations into WGNP and related areas of the sector. It must also be adjusted every year or two once the pace of new construction becomes clear especially at Port Ghalib. The reality may in fact be much higher if visitors are in fact buying more excursions than assumed below. It shows that on a typical day tour operators can target some 11,000 visitors to sell their excursions. That number could easily double five years from now if expansion continues as planned.

Table 1 Assumptions for SRSR marketplace for excursions

	2006		2011	
Total rooms in SRSR	10,000 rooms		20,000 rooms	
55% annual occupancy [2 visitors per room]	5,500 rooms/day	11,000 visitors/day	11,000 rooms/day	22,000 visitors/day
Total visitors in year		437,000		874,000
Diver share of total visitors	60%	262,000	50%	437,000
Beach holiday share –	40%	175,000	50%	437,000
Total excursions sold		166,000		350,000
Value of excursions demand in millions Euro [US$]		€2.5M [$3.2M]		€5.2M [$6.7M]

Note: Average length of stay per visitor is 9 days. Average excursion value is €15. 30% of divers take excursions; 50% of beach holiday visitors do.

Demand from Divers

This is a special interest market that is the dominant one along the Red Sea coast. In other reports it is clear that the focus for this market is the marine environment and always will be, because the land environment for this market is of no interest. The divers arrange their travel either through specialty tour operators, or they purchase their packages from the mass-market operators. The market is almost entirely EU based. It could swell from a current estimated level of 262,000 to 437,000 over the next five years.

The market potential for Wadi Gimal from this sector is twofold. Some divers do choose other activities to vary their trips and will purchase land-based excursions. On their last day before homeward travel, for health reasons they cannot dive so some will pursue some other activity for the final day. Secondly, many are accompanied by friends or relatives who are not divers and who pursue other activities [or do nothing]. If 10,000 rooms [and room equivalents in boats, camps] are available in SRS, then on a typical day potentially 11,000 tourists will be present, of whom 60% may pursue dive or other water-based activities leaving another 4,400 for other activities. In this way the dive market can generate significant demand for inland excursions into WGNP and other inland areas. This will always represent an important potential market for WGNP.

Demand from Beach Vacationers

The same can be said for the beach vacationer market that has developed alongside the dive market in the south Red Sea sector. This market is nearly entirely EU based, with a growing contingent from Eastern European nations. Many vacationers seek interesting and even physically challenging activities inland and during an 8 or 14-day stay may purchase one or more such excursions. Some will purchase on impulse overnight trips to see the cultural attractions of Cairo, Luxor or Aswan and willingly pay for the 2nd hotel room, so if they see high quality in an excursion many will buy it. Moreover, there is evidence that some tour operators have in some seasons sold vacation packages at losses only to vigorously sell the additional [impulse] land excursions to make up for such losses. The region's current volume is estimated at 175,000 and could grow over five years to 437,000 visitors. The key factor is the vigorous expansion going on a Port Ghalib which is in a wave of construction.

Looking to the future, if WGNP and environs offer appealing excursions, the tour operators will sell them and the vacationers will buy them. In addition to the hiking or camelback rides, some tourists will opt for quad rides, camel and horseback riding, and mountain hiking. Many will seek the Bedouin experience. Eventually some will seek high-value, capital-intensive adventure activities like hang-gliding or para-sailing, sightseeing flights in ultra-light aircraft. These all have significant novelty value and are already of proven popularity in other destinations. The offer in SRS of such activities will grow as all types of tourism to SRS will grow and as the investors take the risk to secure the capital equipment needed by such sport/adventure activities.

The operators in the region will expand the range of excursions and activities for the vacationers market which will broaden the area's product range and lay a foundation for more sports and adventure-minded holiday visitors. Hoteliers and tour operators can broaden their customer base and extend their busy seasons if they cultivate the adventure travel sector that does not yet go to SRS. There are many other beach destinations in the Mediterranean and Red Sea marketplaces that similarly 'feed' tourists to the inland attractions according to this established pattern adding interest to their offer and distinction to their image.

Nature-based & Adventure demand

This user group is younger and more physically active than the high-end ecotourist. It seeks some physical challenge in exotic environments and a range of activities in SRS can fall in this category: horseback or camelback rides, canyoning and mountaineering, desert safaris, overland 4X4 journeys, scenic hiking, some technical climbing, and very basic or even luxury camping. This market is special interest in nature and consists of numerous clubs and associations in the EU that organize travel programs usually in combination with specialty operators. Technical aspects are important such as specialized equipment needs, certified escorts and coordinators, insurance coverages, emergency precautions and so on. There is another set of high-risk adventure activities relying on major specialty equipment such as quads, hang-gliding, delta-wings, gliders and ultra-light aircraft that must come with a well-defined safety framework. This range of activities is not well developed in Egypt or the Middle East although some clubs like aeroclubs in some nations are offering aerial adventure sports not for tourists but rather for expat enthusiasts.

Many destinations in the Middle Eastern and Mediterranean countries including Egypt offer this range of nature-based and adventure activities to a specialty clientele as well as for mass tourism, mainly as an entertainment [a thrill] for young beach vacationers. The most common products are overland journeys by hiking, on horseback or camelback, or on jeep/4X4 safaris. These are most popular where scenery is good to spectacular and where there are other cultural attractions in proximity [note the destinations indicated in the exhibit below]. In Egypt nature-based tourism is in an incipient stage, occurring mainly in Fayoum, in South Sinai and along the Great Western Desert Circuit. There is a growing offer of nature-based excursions along the Red Sea coast for the beach vacationers, but there is no evidence of pure nature-based or adventure tourism yet in the region.

From the standpoint of product and image, the creation of an offer of good nature-based experiences combined with some genuine cultural and historical content will benefit the SRS by introducing higher-priced products and broadening its product range and its market appeal. This will have two key benefits: one is to upgrade and diversify the image of SRS and win back old customers for repeat visits. The other benefit is to tap the new market of nature-based and adventure tourists coming not for the beach but for these inland experiences. By comparison with the beach and dive markets, this will be a secondary market but a profitable one, sure to be supported by the Port Ghalib resorts which are already featuring the adventure experience in their publicity.

High-end Ecotourism

Like the sports/adventure segment, this type of tourism is nonexistent in SRSR, but has some potential. This market is made up of EU travelers and expats living in the Middle East seeking exotic, genuine experiences outside of their home cultures. They can spend $150-300 per day per person, and rely heavily on word-of-mouth and on specialty tour operators emphasizing very high standards in terms of the content of itineraries, use of highly educated guides, and very distinctive lodging and food arrangements. Key motivations include educational value, distinctiveness or exotic flavor, exploration of a different culture, and travel in challenging and scenic environment. Many such tourists seek additional experiences such as spa services or meditation classes, cooking instruction or arts and crafts demonstrations. The quality of overnight lodging is very important for this clientele in terms of comfort, style distinctiveness and even cultural meaning.

Sample destinations include Tunisia's Ksar country, Turkey's Cappadocia, Jordan's Petra and the luxury lodges of Oman and Dubai. In Egypt, only Siwa's *Adrere Amellal* is a lodge catering to this trade. The Great Western Desert Circuit also is cultivating this clientele. There is no such tourism of this kind in the SRS at present. However, if WGNP can offer interesting excursions and a very high, distinctive standard of lodging, it could attract this type of clientele especially when combined with a Nile Valley or Western Desert experience. SRS has sufficient scenic and historic interest for this purpose. Some will seek the desert safari experience and some desert safari operators will open routes overland from the Nile Valley to Hamata crossing WGNP to meet this demand.

Generally speaking, high-end tourists will require attractive, high quality lodge accommodation in or near the park, whether at an inland site or along the coast. This type of tourism relies in particular on the provision of highly distinctive lodges or luxury tented camps fully reflecting the natural environment or an overland safari experience. A successful lodge of this kind is firstly highly unique and reflective of the local culture and environment, and secondly, offers an exceptionally high standard of service and adapted local cuisine, which may take years to develop. Pleasing scenery from an extraordinary or privileged site will not alone be enough to satisfy the high-end tourist. This type of tourist will pay a few hundred dollars per day and expect consistently high quality service that few in Egypt can provide. It will be the highest value type of tourism, but the most difficult to provide consistently, requiring thorough knowledge of the customer's expectations and managerial ability to develop the staff to meet these expectations. A luxury lodge or two of this kind in Wadi Gimal is essential to win this type of elite clientele. Without any well-run luxury lodge it will not come. While this form of tourism could attain a level of 5,000-10,000 yearly visitors spending €4-6 million, because of the high daily expenditure it would create a substantial number of local jobs serving this highly demanding type of clientele.

Recap of the Demand Segments

The characteristics of the demand segments, current and potential, reviewed above are summarized in the following exhibit.

Table 2 Comparison of Potential User Groups for Wadi Gimal Protectorate

	Divers	Beach vacationers	Adventure & nature-based	High-end ecotourists
Current status in South Red Sea	Dominant	Dominant	Nil	Nil
Source markets	EU, expats	EU, expats, Egyptian	EU, expats	EU, expats
Sales channels	Specialty operators, clubs	Tour operators	Specialty operators, clubs	Specialty operators, personal relations

Motivations for excursions	Entertainment	Entertainment	Education, exercise, physical challenge	Education, exploration, exercise
Potential for WGNP short visits	Limited	Substantial	Substantial	Nil
Potential for WGNP multi-day visits	Nil	Nil	Substantial	To be determined- contingent on quality of lodging
sample destinations	Greece, Malta, Maldives, SE Asia	Tunisia, Turkey, Morocco, SE Asia	Tunisia Matmata, Jordan Petra, Turkey Cappadocia, Algeria Hoggar,	Tunisia Matmata, Jordan Petra, Turkey Cappadocia, Dubai, Oman

Note: above characterization is subject to change per further research.

It is proposed to subdivide SRSR into three sectors, namely a northern, central and southern one, focusing respectively on Port Ghalib, WGNP and Shalateen-Hamata. Each such subsector would function differently a draw a different mix of segments. This picture of market performance by sub-sector is summarized in the following paragraphs.

- The northern sector: This sector will rely on the market positioning of Port Ghalib, its dominant development, to contain some 68,000 beds. This resort town will appeal primarily to the beach holiday vacationer and dive markets from the EU. This development will also feed excursion demand into the central and south SRS sectors seeking the nature-based activities of WGNP and environs. If it eventually has 30,000 tourists lodged on an average day, [in resorts, condos, camps] perhaps eventually 2% of them [600] per day will seek nature-oriented excursions in the central sector of SRS.
- The central sector: In SRS this sector will contain the key attraction for nature-based tourism, WGNP and its menu of desert experiences. This sector's special promotional message could be 'the historic, unspoiled nature of Wadi Gimal Park, from its ridges to its reefs'. This can be a distinguishing claim that few other destinations along the Red Sea and Gulf of Aqaba coasts or even the Mediterranean, could claim [Dahab could]. This theme can be expanded to include discovery of the desert life through Bedouin traditions. This is the key sector to draw the nature-based and adventure visitor segments because of its natural endowments and park management structure.
- The south sector: At least for the early stage, the anchor attraction will be the camel market and discovery of Bedouin culture through that event. This event will spawn some local tourist-oriented businesses, and stimulate a growing visitor volume as an interesting cultural excursion available to the divers and vacationers staying in the resorts. It will definitely appeal also to high, mid-range and low-end ecotourism.

KEY PROBLEMS RELATING TO MARKETING

- There appears to be **no distinctive image** for the SRS Sector.

There is no particular image of SRS as a destination distinguishable from that of the Red Sea Riviera. However Port Ghalib has started promoting and will project a particular image of its own including closeness to nature. However the dive market does have a very good image of Egypt's Marsa Alam sector as the less-developed part of Egypt's well-known Red Sea coast.

- The **uniformity of product** keeps many tour operators from charging higher prices.

From one operator to another the offer of their inland excursions often lacks originality or distinctiveness that could merit higher prices. Many operators fail to build higher value into their excursions. The Bedouin dinner or tea service with light musical entertainment is an example of a product widely offered but difficult to differentiate. This is not a unique problem and reflects a lack of ingenuity on the part of the owners.

- The European tour operators can demand **low hotel rates**.

EU tour operators appear to be 'price makers' with an ability to purchase bulk room capacity across the Mediterranean and Red Sea marketplaces at low prices. Some operators invest in the local hotels in partnership with the Egyptian owners. A number of Italian and German ones already operate in SRS and one owner has recently struck a deal with an Austrian operator. EU hotel operators are also working in the region.

- **Limited air accessibility** of Marsa Alam continues to limit growth in traffic.

Marsa Alam Airport has virtually no scheduled air service since Egyptair dropped service there a few months ago. There are a few weekly flights on a small airline from Cairo, but this service is not daily and is a propeller flight. A growing number of charter flights from EU points operate and sell blocks of seats to different tour operators. The hotels are limited to making agreements mainly with those tour operators that can coordinate this limited air capacity with the bed capacity. So the air situation is a handicap for SRS. The transport situation in particularly stifling for the Egyptian and regional demand where flights are nonexistent.

- The Promotion of the product is effectively **in EU hands** and out of local hands.

The promotion of many hotels is handled by the EU partners of the hotel owners. It is not managed directly by the hotel owners or managers themselves of whom many are in Cairo. Egyptian hotel and tour operating companies are generally run out of home offices in metro Cairo enabling them to spread their promotion, general and admin costs over many hotels for efficiency. The marketing function is not in the hands of the hotel manager. Similarly, the dive operators often have European partners who promote and sell packages in EU nations. This division of labor seems to work well.

- Excursion operators provide faulty or **incomplete information** locally about their tours.

Many visitors rely on the recommendations of tour agents or hotel staff regarding all kinds of local activities. Since many local hotel staff are not directly familiar with much of the offer of the excursions they cannot provide sufficient information that will give the tourists the confidence to purchase the excursions. So the reliability of tour information is a problem.

- Excursion operators cannot meet all of the **varied language needs** of tourists.

In SRSR tourists come from many different countries and in fact no particular language dominates for the excursions. Many tourists pursue the activities that are hosted in English or some non-native language that they understand poorly [or not at all] cutting the tourist's satisfaction with the experience. The limited foreign-language ability of the coordinators of activities compounds this problem.

A conclusion to be drawn from the problems above is that it is a challenge for local businesses to provide memorable, distinctive excursions in SRSR that will be highly competitive. To catch the visitor's attention and generate positive word-of-mouth the excursion operators need to provide distinctive experiences; however the offer of excursions up and down the Red Sea area is fairly homogeneous lacking outstanding appeal. Local operators need to do a better job portraying the region's history, flora and fauna.

Only a fraction of tourists staying in the Marsa Alam sector ever enter Wadi Gimal or go further south. The images of the Wadi Gimal sector or of the Hamata-Shalateen sector are not yet established in the travel trade; it is still frontier territory.

KEY PROBLEMS RELATING TO FINANCING ECOTOURISM

The continued expansion of hotels, resorts and dive centers and related retail and restaurant businesses into the SRSR is evidence that there is no capital shortage for tourism in this region. In fact Port Ghalib is a focus for tremendous investment. The problems lie with the specialty character of the lodging and activities expected in a protected area, which are products that are little known by the investment community.

- The concession context is unspecified in the WGNP area.

A number of investors spoke about advance conversations with authorities to negotiate contractual conditions for sites at attractive spots like Hankorab or Wadi Gimal Island, which eventually lead nowhere. This undermines investors' confidence in the business opportunity that these sites represent. The whole tourist industry wishes to know what will be 'the rules of the game' and how the firms will be selected to offer a full range of activities in the park.

- Investors are unfamiliar with the hi-end ecotourism product.

Some say the sole relevant example in Egypt is the *Adrer Amellal* lodge in Siwa. Most of Egypt's investors aren't familiar with this example or with others in the Middle East or in

East and Southern African destinations. They don't know this type of very select product, and do not recognize its potential for the SRSR or other places in Egypt.

- Investors are unfamiliar with the needs of the nature-based ecotourist.

Very few firms are already operating excursions into WGNP few understand the expectations in terms of quality of experience, of the European tourists for sports and adventure activities and cultural enrichment.

- Investors aren't familiar with specialty finance sources such as green/SME funds or community development grants.

A number of commercial banks and donor programs [including USAID and EU] offer favorable loans and grants for private investors and even community groups and non-profits setting up businesses for tourism, but many complain of the lack of transparency and clarity for eligibility and application procedures. Even though many [perhaps most] such funding is available through commercial Egyptian banks, too often promotion is weak and the banks overlook the hotel owners and tour operators as potential clients.

The challenge facing SRSR is not availability of capital but rather is to steer investment into sensitively conceived tour and lodge operations fully meeting the expectations of the nature-based ecotourist and of the high-end ecotourist. The challenge is to secure investors who are responsible and can provide these operations in a consistent, market-sensitive manner over a period of years. The path to do this is not yet clear.

STRATEGY FOR INVESTMENT PROMOTION & MARKETING

VISION FOR SRSR AS ECOTOURISM DESTINATION

A vision is a statement of what a destination will represent if it becomes successful at some point in the future. The statement gives an indication of the key experiences or products that the destination will provide and the key user groups or markets that it will serve. It should be no more than 3 sentences long. A tentative vision follows.

> *The SRSR with its WGNP will welcome divers drawn by the famed coral treasures of the Red Sea, and also draw eco-tourists hiking through its mountains, exploring its ancient caravan trails, and sampling its Bedouin culture. WGNP will be an open-air museum telling the stories of desert life, of the local Bedouin tribes and of ancient times. The region's offer of tours will portray for visitors its distinctive natural aspects and its long historical heritage.*

KEY OBJECTIVES FOR SRSR

Four objectives are stated below. The first two relate mainly to investment promotion and the latter two relate more to marketing. These distinctions are not rigid, as the third objective on partnership relates very much to both areas. LIFE can promote all of these objectives.

Objective 1: Develop a framework to secure responsible investment.

With the growing number of investors along the Red Sea seeking more opportunities for investment, LIFE can encourage the most visionary of these to invest in the new types of tourism envisioned for WGNP as proponents of sustainable and responsible tourism.

Objective 2: Promote the creation of world class accommodation in the form of lodges and camps inside WGNP.

All of the activities that WGNP will offer will be provided through the trails, visitor centers, lodges and camps that the park will offer. The park's overnight accommodation is the most critical type of infrastructure for the park so it needs to be developed with great care for quality from the start.

Objective 3: Facilitate partnerships between Egyptian tour operators and strong EU ones.

Strong EU tour operator partners will provide higher income visitors seeking the nature-based experiences that WGNP can provide. Strong partners will also be very familiar with quality standards expected by their clienteles, and have affiliations or certifications ensuring high standards. The objective is to educate them in the requirements for high quality excursions.

Objective 4: Encourage firms to offer high quality excursions.

The tour operators need knowledge about the visitors' expectations, activities, price levels, and partnerships critical to offering a menu of international standard, marketable excursions. LIFE can provide the industry with much of this content.

DEVELOP INSTITUTIONS FOR INVESTMENT PROMOTION & MARKETING

LIFE proposes the creation of a set of institutions that will provide a sensitive approach for stewardship in SRSR, and for well-directed and even visionary private investment in the sector fully supporting the sustainable eco-tourism product. The recommendations below support the use of existing organizations and the creation of local committees to spur local ownership and initiative.

- *Destination management committees*: One will certainly be based at Port Ghalib; a second can be based potentially at Marsa Alam or between that town and Hamata to serve the central sector anchored by WGNP. A third could be set up at Shalateen, location of the camel market. The sooner these committees are set up, the sooner they can get to work on strategies to conquer the problems such as faulty waste management, urban untidiness, and incomplete tourist information.
- *Business owners' representation on the DMCs*: These committees will have business members on their boards and among their officers, who will ensure that policies and positions of the committees are business-friendly ones, and always boosting competitiveness. The committees may also establish links with the Red Sea Investors Association.
- *Association of excursion operators*: Create a SRS branch of the Hurgada-based *Red Sea Association for Safaris* to build the capacities of the operators in SRS, to facilitate hiring of local population and help the members to pioneer new and higher value products. This will strengthen them to better negotiate deals with the tour operators who will try to get low prices from them.
- *Egyptian Tourism Federation*: This influential body in Cairo will be tapped to assist the EEA and possibly the excursion operators association to be stronger trade associations and to raise their awareness of the business opportunities in the making in SRS, among the tourism industry in Cairo where the business is concentrated.
- *Involvement in the proposed EEA*: These committees will also join EEA once it is created to tap its resources for guiding and strengthening the committees to better function as effective stewards of nature-based tourism in each sector. The Egyptian Travel Agents Association also has a membership of tour operators that can help strengthen EEA.

The most critical entities to create are the destination management committees. On a practical level, it may be politic for LIFE to secure the support of the Red Sea Governorate and of the RSG's chamber of commerce in Hurgada, which may wish to open a branch in SRS, probably in Marsa Alam. The first committee to create will be the Port Ghalib one [the northern sector] and it will be critical to get the support of the developer M A Kharafi Group from the very beginning. With the backing of this internationally experienced developer, this committee may be willing to support the creation of committees for the Wadi Gimal and Shalateen sectors in the interest of boosting the physical conditions at all of the attractions across the three sectors and improve the general marketability of SRS.

In each destination management committee LIFE can encourage, possibly through the Egyptian Hotel Association or Tourism Federation, the active support of all the hotels, dive shops, tour operators and camp owners so that they will see the usefulness of the committees and actively support and contribute to them. LIFE personnel as advisers can participate in the initial meetings for the creation of these committees to give them direction and advice on effectiveness and sustainability. In the event no business consensus exists to create the WGNP DMG, the Port Ghalib one can cover that area for an initial period until a later date.

A major purpose for these committees and business groups is to create among the business owners an awareness of the *inter-connectedness* of their various businesses in creating a successful and well-run tourist destination. This in turn requires some understanding of the value-chain approach, which association officers from Cairo and possibly LIFE advisors can provide. This is in fact one component of the creation of a business-minded culture among all owners big and small.

KEY STRATEGIES FOR INVESTMENT PROMOTION

The key strategies proposed for investment promotion purposes are stated below. These are principles that will determine a set of actions that will make up the action plan that is presented in the final chapter of the report. They address to a greater or lesser extent all of the problems highlighted in the earlier chapter relating to financing.

> *Strategy 1: Clarify the* ***concession terms*** *for firms operating in WGNP. They need to know the rules of the game to determine feasibility of ventures in tour operations and lodge or camp development. These terms can be widely publicized and used as a basis for final negotiation of contracts with bidding firms.*

LIFE project can encourage EEAA's parks unit to finalize a set of terms being legal, financial and operational in nature, serving to orient any firms wishing to introduce profit-making ecotourism operations in WGNP. This information will reduce the uncertainty and be invaluable in outreach to the business community.

> *Strategy 2: Make available* ***market intelligence*** *for the use of firms seeking concessions. Ecotourism is poorly understood in Egypt and this will help firms develop more realistic business plans and select strong partners.*

LIFE's market surveys currently being finalized will provide much information on quality standards, price levels and on EU tour operators that will be highly instructive and useful for Egypt's operators.

> *Strategy 3: Identify possible* ***funding incentives*** *for firms. In Egypt some grants and loans are made available to projects of an environmental nature, or featuring energy efficiency, SMEs, community development or rural development benefits to name the main categories targeted for eligibility. Owners need to be made aware of these sources.*

This action is not intended to promote the use of debt where cash is readily available, but to enable investors to see what features in projects are being promoted, and then make more informed decisions on financing. It is hoped that all projects in and around WGNP will possess some innovations in efficiency and sustainability as proof of their environmentally sensitive conception from the beginning.

Strategy 4: Facilitate the creation of ***strong partnerships*** *with EU firms. Since it is the foreign partner that usually controls the marketing function with his specialty knowledge of ecotourism markets and quality standards, the choice of a foreign partner is critical. Egypt's tour operators can use intelligence on foreign firms to select strong partners who are needed even in the design phase and feasibility study phase of their projects.*

The market research currently under way will produce lists of EU tour operators who are experienced in the ecotourism marketplace and can help in the final design of a project. Appointment of the foreign partner in the formative stage normally makes the capital search easier.

KEY STRATEGIES FOR MARKETING

Three key strategies for marketing are presented below. In fact these focus largely on promotional efforts undertaken locally and aimed at tourists lodged in the coastal hotels and camps because they make their decisions on excursions locally using locally produced information.

Strategy 1: Create the Destination Management Committees in SRS region. Once local players join the committee they will be able to recognize their challenges more easily and organize resources to face them.

The Port Ghalib one will be sponsored by the Kharafi Group which as a powerful business force will largely steer its activities. It could be defined to include the town of Marsa Alam and WGNP or a second DMC could be created to cover that sector. These DMCs will be effective in conducting promotion to raise the visibility of SRSR in the tourism marketplace, addressing to some extent the key problems mentioned earlier of no distinctive image and product uniformity.

Strategy 2: Educate Egyptian tour operators on techniques for service upgrading. With such guidance they will be able to immediately undertake reforms and improve their service quality to improve customer satisfaction and profitability.

This is a complex situation which hinges not only on the quality of their own touring services and promotional channels but also on the quality of the foreign tour operators with which they choose to partner. This focuses largely on the excursions business that is growing in the region and will eventually dominate activity inside WGNP.

Strategy 3: Undertake a program of locally based promotion efforts. These will make accurate touring information readily available to target consumer groups and to intermediaries to promote increased consumption of excursions by groups and by individual travelers around WGNP and its region.

This program will call for use of standard promotional tools describing WGNP aimed at different target groups of consumers or tour operators. The key for LIFE is to support local businesses and institutions in launching these activities in support of ecotourism to SRSR.

ACTION PLAN FOR INVESTMENT PROMOTION AND MARKETING

The action plan is provided in two section, one of activities supporting investment promotion, and the second of activities supporting marketing.

ACTION PLAN FOR INVESTMENT PROMOTION

The action plan contains actions that are solutions that find their justification in the four strategies defined previously. LIFE is a sponsor for all of these actions, although it does not have full control over all of these issues. LIFE is accumulating a wealth of information and this action plan spells out an approach to convey this knowledge to likely investors during 2007-8. Four activities are described below.

Table 3 Clarify concession terms

Activity	Clarify concession terms for tour operations and lodges
Timing	2007 1st quarter
Sponsors	LIFE, EEAA parks unit & legal unit. Red Sea Safari Association could play a limited role.
Purpose	To clarify basic legal, financial & operational terms and facilitate negotiations with firms bidding for concessions. These basic term will facilitate negotiations between the authorities and bidders for concessions.
Problem addressed	Lack of information on concession conditions for firms wishing to operate inside WGNP.
Funding	None needed as this is within EEAA standard responsibilities.
Details	A LIFE expert can help EEAA finalize a set of contractual terms describing the operating conditions to run tours on an officially approved basis inside WGNP. A second version of terms can describe conditions to create and operate a type of overnight accommodation such as a lodge or camp inside the park. If no concession terms are available then potentially a LIFE expert for 15-25 days will be needed to compile a set of terms. Terms must include details on business rights and restrictions, calculation of fees, disposition of capital improvements, reporting requirements and so on. Model contracts from the parks service of the USA, South Africa or Jordan can serve as examples. Versions in Arabic and English of terms will be needed.
comment	There is relevant precedent in Egypt since protectorates like Giftun Island have been operated under concession for some years. The more clear these terms are, the broader the interest they will draw when concessions are publicized for bidders. This work will build on any relevant work done by prior consultants like Robert Yearout.

Table 4 Promote funding incentives

Activity	Promote funding incentives for projects.
Timing	2007 1st or 2nd quarter
Sponsors	LIFE. ETAA and Red Sea Safari Association could play a limited role since they represent tour operators. The American Chamber in Egypt/Tourism Committee may also wish to contribute.
Purpose	To publicize sources for grants and loans that could support ecotourism projects [tour operators and lodges] and their conditions for eligibility. Most of these sources do not promote to the tourism industry.
Problem addressed	Business owners' lack of awareness about such funding incentives. Another problem is banks' lack of awareness of tourism firms.
Funding	None needed. LIFE expert to use 10 days LOE to compile info.
Details	LIFE expert will present key eligibility information on a sampling of grants and loans available from 2007 in a simplified format in English and Arabic for outreach purposes to the business community in Cairo and RSG. The profile will indicate conditions relating to the type of borrowers targeted, the types of projects eligible and basic financial terms [collateral, guarantees, repayment terms etc]. This information will be made available at the relevant tourism business associations as part of outreach to their memberships.
comment	Ready information on grants and loans will spur some investors to include energy efficiency or other such features in their projects. Investors indicate a need for such information in laymen's terms.

A selection of sources for grants and loans is provided in the exhibit following. Some of the larger banks run different programs designed for different types of beneficiaries or projects. A simple, consistent format will help clarify this information before outreach activities to publicize it are undertaken. Programs are occasionally adjusted and even closed and replaced by new ones. Because of this LIFE and co-sponsors will have to update the information.

Table 5 Possible Sources of innovative finance

In Egypt	Contact	comment
Environmental Protection Fund	525-6452, 525-6490	Loans or loan guarantees
Global Environment Facility	526 6180 Georges Kondos, operational focal point	Various programs
USAID sponsored funds for SMEs	Magdy Khalil (tel: 5226602) or Mr. Rizkallah Zayat 5226665	Various programs

North Africa Enterprise Development	Antoine Courcelle-Labrousse, program manager 579-5912/812 [World Bank Group IFC]	SME support
United Bank of Egypt	Moataz m. el-Kassaby, manager credit & marketing 792-0146 to 9	Various programs
National Bank of Egypt	Hamdy Mohammed Azam, policies & environmental loans dept.	Various programs
HSBC	Mohy-Eldin M. Abdin, deputy manager corporate banking	Various programs
Nexant	Emad Hassan, energy & environmental services 579-8545	Energy & environment programs
Outside Egypt		
Environmental Projects Unit, World Bank-IFC	http://www.ifc.org/enviro/EPU/EIFunds/eifunds.htm	
Environmental Business Finance Program -IFC	http://www.ifc.org/ifcext/enviro.nsf/Content/EBFP_Eligible	Solar PV technology
Cleaner Technologies Program-IFC	cleantech@ifc.org. or visit http://www.ifc.org/ifcext/enviro.nsf/Content/CleanerTech_Eligibility	
Social Responsibility Program-IFC	http://www.ifc.org/ifcext/enviro.nsf/Content/SocialResponsibility	formerly the Corporate Citizenship Facility
HypoVereinsbank of Germany	Bayerische Hypo- und Vereinsbank AG Postfach 80311 München, Germany Telefon: (089)378-0, E-Mail: info@hypovereinsbank.de	Project finance, green lending
NEDBANK of South Africa	http://www.nedbank.co.za/website/content/Corporate/smeindex.asp?	Small business, green lending

Table 6 Prepare an ecotourism brief

Activity	Prepare an ecotourism brief for the business community.
Timing	2007 2nd quarter for completion of basic brief, with intermittent delivery activities through 2008

Sponsors	TDA, Egyptian Tourism Federation. The American Chamber in Egypt/Tourism Committee may also wish to contribute. This could also be a launch activity for the planned EEA.
Purpose	To educate Egypt's business community about the ecotourism field as it works internationally, including products, competition, quality standards and price levels, market trends, tour operators, affiliations and certifications. It will also inform them as to project potentials in SRSR, options for financing their projects and concession terms.
Problem addressed	Few investors in Egypt or in the Middle East know how ecotourism works, how protectorates or parks work and especially how high end ecotourism works in successful destinations.
Funding	None needed. LIFE expert to use 15 days LOE to compile presentation materials in both languages. Funding to cover presenters at the different events will come from the sponsors of the events.
Details	LIFE expert will compose a set of PowerPoint presentations to cover content including: concessions terms, financing opportunities, market intelligence particularly on EU segments, affiliations and certifications, and specialty tour operators from the EU and forging partnerships. As information from LIFE, from ETA or other sources become available it can be incorporated into the relevant sections of this brief. All information is to be available in both Arabic and English versions. Since the entire brief will be freely downloadable from several websites no need for printing is envisioned. This material can be diffused to the business community via different channels. Outreach channels: -presentations at annual meetings of relevant trade associations [ETF, ETAA, EHA] -presentations at an investment forum sponsored by the American Chamber in Egypt, and another by the EU. -presentations at selected tourism investment forums like ITB Berlin, Dubai tourism show [once in 2007, once in 2008] -training of investment advisors from the investment office of TDA, and official from ETA -posting of materials in both languages in downloadable formats [PDF] on the websites of these same organizations -staging of an *Ecotourism Egypt* seminar under ETA/TDA/LIFE sponsorship held in 2007 3rd/4th quarter. This would preferably be held at another yearly tourism investment event in Egypt.
comment	Since LIFE will sunset in 2008 it is essential for ETF or TDA or the future EEA to take ownership of this brief to update it yearly.

Table 7 **Prepare pre-feasibility study for lodge in WGNP**

Activity	**Prepare pre-feasibility study for lodge in WGNP**
Timing	2007 2nd quarter
Sponsors	TDA, EEAA and RSG all sponsors of WGNP
Purpose	To provide all interested parties including both the authorities and investors with a clear illustration of the market and financial implications of a lodge in the protectorate, and of the potential financial return it can generate for the sponsor agencies. This study will also assist firms in preparing their own feasibility studies more easily and realistically.
Problem addressed	Few investors in Egypt or in the Middle East know how ecotourism works, how protectorates or parks work and especially how high end ecotourism works in successful destinations. This study will provide a good example of a successful operation at WGNP.
Funding	LIFE expert to use 30 days LOE to compile the study in both languages. A local research assistant and translator will be needed.
Details	LIFE hotel feasibility expert will prepare this study with the benefit of any LIFE research and ETA/TDA research conducted to date and using Ministry of Tourism statistics. The key sections will include: - description of the planned project [size, site, services, market orientation] - evaluation of market demand [mix of segments to target and which marketing channels] - evaluation of competitive supply - market performance of lodge at WGNP [average occupancy, room rates, food & beverage and touring revenues etc.] - 20 year cash flow statement [in Uniform System of Accounts for hotels format] - Estimation of annual fee payments to authorities for concession The study will be presented in a document not to exceed 100 pages including exhibits. A summary of it is to be prepared in PowerPoint format.
comment	This study is to be distributed widely to stimulate investor interest in the WGNP business opportunities. It will help both investors and the authorities to arrive at acceptable terms during their negotiations over concessions.

ACTION PLAN FOR MARKETING

This plan consists of three activities of which the first sets up the local destination management committees, the second boosts the product quality of the tour operators, and the third focuses most directly on the function of promotion of SRSR and its primary attraction, the WGNP.

Table 8 Create the Destination Management Committees in SRSR

Activity	Create the Destination Management Committees in SRSR
Timing	2007 2nd quarter, end 2007 for WGNP or Shalateen-Hamata committees
Sponsors	Kharafi Group for the Port Ghalib committee, Red Sea Safari Association for the Marsa Alam-WGNP committee. Municipalities of Marsa Alam and Shalateen are to join their respective committees.
Purpose	To create local organizations designed to take ownership and improve conditions locally for tourism and promote the destination.
Problem addressed	Lack of distinctive image of SRSR and lack of awareness of WGNP and its sector in the international travel trade. [Committees will in addition address material problems unrelated to marketing/promotion.]
Funding	Limited seed money will be needed from local government, from RSG and from local business chambers where they exist.
Details	The MA-WGNP DMC must contain representatives of the municipality, of key business interests, EEAA representing WGNP management, and of the Red Sea Safari Association. LIFE can provide limited guidance during 2007 and 2008 through occasional participation in organizing meetings to provide strategic orientation and assist in development of annual work plans. This could require up to two weeks of effort each quarter both in person and advising by telephone. In the interest of good governance the Kharafi Group will most likely be willing to assist in the creation of the MA WGNP DMC since it is in the interest of Kharafi to be valued as a good neighbor in the region. Each DMC will work on areas like: local orderliness and hygiene, roadside signage, tourist information availability and promotion. The three key areas are strategic planning, local hygiene and tourist information/promotion. The LOE that LIFE devotes to these committees is hard to determine since it is not clear how quickly they will be formed and start operations. In addition after an initial period another launch advisor such as TDA may support these efforts and relieve LIFE from this task.
comment	Each DMC must provide in its strategy for its own effectiveness and sustainability. In the Port Ghalib case since it is an integrated tourist destination under one owner, the DMC may not be needed.

Table 9 **Provide ecotourism orientation to tour operators**

Activity	**Provide ecotourism orientation to tour operators**
Timing	Throughout 2007
Sponsors	Red Sea Safari Association, ETF's Ecotourism Committee, the proposed EEA
Purpose	To educate Egyptian tour companies in the operation of excursions in ecotourism destinations and protected areas, product development, partnerships and alliances, promotion and other aspects of this business.
Problem addressed	Lack of distinctive image of SRSR, uniformity of product, provision of faulty/ incomplete tourist information, burdensome multilingual information needs.
Funding	40 days LOE for LIFE foreign expert and 50 days for local expert to develop the content and materials.
Details	Much of the information gathered for the investment activity **Prepare an ecotourism brief** will be used in this activity. It is to cover the following components: -pricing and content of high-priced nature-based excursions, presentation of case studies from selected destinations -securing partnerships with EU tour operators and relevance of quality affiliations -staging familiarization trips to SRSR organized by ETA with DMC assistance for tour operators and travel journalists -production of trilingual local tourism newsletter for free distribution in restaurants, hotel lobbies and rooms on local excursions and entertainment offer and other publicity items -creation of multilingual capability to issue area maps, lists of attractions and activities in target languages revised regularly and downloadable -website posted with downloadable informative documents like press kits, newsletters, travel manuals and model itineraries, in target languages for special interest clubs, associations, and tour operators in the EU
comment	The orientation program is designed for tour/excursion operators in RSG and could be delivered to more than one group of operators such as in Cairo, and in Hurgada. It could form the seed for an annual program to be offered at a training institute in Hurgada, Luxor and eventually Marsa Alam.

On the topic of affiliations, some ecotourism operators have chosen to publicize their support for best practices, sustainability and ethical behavior as represented by organizations such as:

- World Wildlife Fund
- Conservation International

- The International Ecotourism Society
- Green Globe 21
- The Tour Operators Initiative
- Center for Responsible Tourism [UK based]
- The Nature Conservancy
- "Leave no trace" environmental principles of USA parks
- Trade groups: ABTA in the UK, USTOA and ASTA of the USA

Some operators to assert their level of social responsibility state that they contribute funds for each customer to selected charities with operations in the destination countries of their tours. This matter of affiliations is one Egyptian firms must be aware of when selecting a foreign partner.

Table 10 Produce essential WGNP orientation & promotion materials

Activity	**Produce essential WGNP orientation & promotion materials**
Timing	2007 2nd quarter
Sponsors	MA-WGNP DMC is primary sponsor together with Red Sea Safaris Association and Port Ghalib DMC
Purpose	To promote complete and accurate information on WGNP and all the touring options it will offer to target customers at their point-of-purchase locations in hotel lobbies, restaurants and shops both at the Red Sea and at Luxor and Aswan.
Problem addressed	Lack of distinctive image of SRSR and lack of awareness by tourists of WGNP and its sector in the international travel trade. The problems of EU control of promotion, of faulty information and of the multilingual needs are also addressed.
Funding	To be determined. LIFE foreign expert will require 24 days working with a local graphic designer and with EEAA parks unit.
Details	Should LIFE find in 2007 that the information that WGNP park management has for visitors in the target foreign languages is inadequate or simply unavailable, whether posted signage or information leaflets about the park, it must raise this need with EEAA to find a quick remedy for this deficiency. Within a 2-month time frame a set of leaflets can be prepared in the target languages using readily available desk-top publishing software. Moreover, ETA, EHA or even some companies may be willing to pay for the cost in exchange for promotional recognition. A LIFE tourism expert working with DMC officers can resolve this situation ideally at little or no cost to the DMCs or to EEAA. This set of information can include: -basic multicolor map of WGNP and textual info on all its features and touring options and list of approved tour operators and their contacts and

	details on any lodges and camps [easy-to-print online versions] -list of tourist services available in SRSR such as restaurants, camps, car rentals, tour operators with their contacts -travel manual with model packages and itineraries for foreign tour operators plus information on safety, accessibility, emergency services etc. In this way travel desks along the RSG coast, at Luxor or in any European city can easily print out these key items for travel planning purposes.
comment	This activity builds upon the prior two and focuses on the promotion of the protectorate as the focal attraction for ecotourism in SRSR. LIFE can fill this void in 2007 and lay a foundation for local players to assume different components of this promotion function in later years.