



Hospitality Report

Pakistan 2017

The Pakistan Factor



- In 2016, the real GDP growth reached 4.7%, despite global headwinds. The direct contribution of Travel & Tourism to GDP is 7% in 2016 and expected to grow by 8.2% pa in next 10 years.
- Several factors, such as **supportive economic policies** (low interest rates, stable exchange rate, increased FDI&P spending), **macroeconomic stability** (low inflation, buildup in FX reserves), **better law and order situation**, and **improved availability of energy**, helped in realizing this healthier performance.
- In 2015, Pakistan generated PKR 114.4 Bn (USD 1.8B) in visitor exports. The country was expected to attract 1,048,000 international tourist arrivals.
- In 2017, Pakistan has been forecasted to be the **world's fastest-growing Middle economy** ahead of Indonesia, Malaysia, Turkey and Egypt.
- By 2025, the total international tourist arrivals are **forecast to be 1,741,000**.
- It is expected that the **infrastructure development** will gain further momentum on the back of increasing public sector development spending, coupled with infrastructure and power sector development programmes under China-Pakistan Economic Corridor.
- The operation Zarb-e-Azb played a **decisive role** in maintaining peace and stability in the country. Similarly, implementation of National Action Plan (NAP) has also contributed greatly in reducing terrorism in the country which has tremendously increased domestic tourism.
- Pakistan has been able to **complete eleven successful reviews with IMF**, which has further strengthened the confidence of international investors and has placed Pakistan on their radar screens as future investment destination.



Kamran Lashari
Director General, Federal City Labour Authority
"Rising potential of domestic tourism in Pakistan"

The Hospitality Outlook

- Pakistan's Travel & Tourism industry directly generated around **1,426,800 jobs** in the country, in 2016. This mainly untapped employment by hotels, travel agents, airlines and other passenger transportation services (excluding container services).
- It can also be attributed to the activities of the restaurant and leisure industries directly supported by tourists. It is predicted that by 2025, the Travel & Tourism industry of Pakistan will account for **1,760,000 jobs** directly, an increase of 2.1% pa over the next ten years.
- The Travel & Tourism investment in 2015 was PKR 342.5 Bn (USD 3272 Mio). This comprised **9.2% of the total investment**, it is expected to rise by **7.6% pa** over the next ten years.
- In 2016, the **hotel occupancy** increased upto **80%** as opposed to 30% in 2015.
- Greater is leading the way for new hotel construction with permits issued for least 5 new 5-star hotels so far in the new port city. In 2016, Greater Airport witnessed a **growth of 72%** which was the highest of all airports in Pakistan.
- Leisure travel spending (inbound and domestic) generated **84.9% of direct Travel & Tourism GDP** in 2015 (PKR1,050.0bn) compared with 15.1% for business travel spending (PKR137.6bn).
- Business travel spending** is expected to **grow by 6.5% in 2018 to PKR199.8bn(USD 1908 mn)**, and rise by 5.0% pa to PKR343.4bn (USD 3277 mn) in 2026. Leisure travel spending on the other hand is expected to grow by 2.7% in 2018 to PKR1,084.8bn (USD 10.3 Bn), and rise by 5.4% pa to PKR1,838.8bn (USD 17.6 Bn) in 2026.
- Some of the **top tourist destinations** in the country include Naran, Kaghan, Murree and Nathiagali.
- Business travel spending is expected to grow by 6.5% in 2018 to PKR199.8bn(USD 1908 mn), and rise by 5.6% pa to PKR343.4bn (USD 3277 mn) in 2026. Leisure travel spending on the other hand is expected to grow by 2.7% in 2018 to PKR1,084.8bn (USD 10.3 Bn), and rise by 5.4% pa to PKR1,838.8bn (USD 17.6 Bn) in 2026.
- Karachi, Lahore, and Islamabad are major tourists destinations, well-known for **destinations for business travelling**.
- In the next 5 years, **at least 10 new hotels** are expected to be established by **world's renowned hotel chains**. These include renowned players of the industry such as Hashoo Group, Grand Hyatt, and Shalimar which have all planned expansion in the upcoming years.

The Domestic Overview

Average price in the most popular destinations

Region	Demand	Average price
Lahore	34%	45.5 USD
Karachi	14.7%	61.5 USD
Murree	15.5%	45.1 USD
Islamabad	11.5%	50.7 USD
Naran	7%	58.2 USD
Rawalpindi	3.5%	68 USD
Nathiagali	2.5%	68 USD
Faisalabad	2.3%	46.4 USD
Kohat	2%	45.3 USD
Abbottabad	1.5%	30.2 USD

Others cities: 11.5%



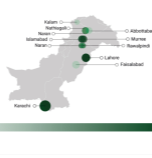
Nadine Malik
CEO Jovago Asia
Welcome Note

All around the world, e-commerce is a large industry - it has really changed consumer habits and preferences, and Pakistan is following suit. We have the perfect recipe for growth - a growing youth population that is tech savvy, cheap smart phones and 3G/4G services. We aim to cater to a new kind of traveler - one that requires convenience and best prices at their finger tips.

Travel Contribution to GDP



Destination Searches by Customers



E-Tourism



- The e-commerce industry in Pakistan is expected to reach over **USD800 million** by 2017.
 - This is due to rising internet penetration which is currently over **30 million users** today.
 - Female engagement while making a hotel booking has increased from **8% to 26%** over the past year.
 - Over the next five years, **38 percent (38 million)** of the country's population is estimated to have internet access.
 - Pakistan was predicted to have **approximately 40 million smartphones** by end of 2016.
- Hotel search by amenities**
- WiFi: 5%
 - Air-conditioned: 28%
 - WiFi: 27%
 - Pool: 27%
 - Breakfast: 15%
 - Non-smoking: 8%

Travelers Behaviour Insights

Waqas Akram
Head of Customer Service Pakistan
"Creating a better service for our customers by providing excellent Customer Service"

opposed to customer waiters' uniforms and how do they see value to the overall customer experience?

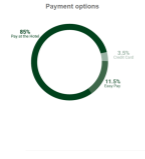
We make the difference from a classmate Customer Service (which is about taking order and handling complaints) by creating trust not just for our customers but also for our Hotel partners. This is one of the primary reasons why we don't call our CS members as Agents but rather Travel Advisors. They have unique knowledge about the hospitality industry, inventory of all kinds of hotels (business, leisure, luxury or low costs etc), transportation which enables them to facilitate our customers' entire travel experience, not just any specific part of it.

In parallel, our Travel Advisors provide interesting means of communication with hotels. For example, we recently conducted a training workshop for our hotel partners on the use of Expedia web which helps them to be fully in charge of managing all the bookings that they make via Jovago.

How much in advance travelers are searching online?

Percentage of search	Time before
34%	Same day
30%	In 24 hrs
11%	Less than 2 days
6%	3 days
4%	4 days
3%	5 days
2%	6days
2%	7days
6%	More than 7 days
2%	More than a month

New Technologies in Hotel Management



Muhammad Salman
Head of Revenue Management, Jovago Pakistan
"Automating Pakistani Travel Industry"

- Strengths**
- Diverse inventory of tourism attractions. The country is home to one of the oldest civilizations in the world.
 - Rich cultural diversity spread across all four provinces of the country.
 - The signing of Pak-China Economic corridor (CPEC) has increased international tourist footfall economic in the region.
 - Improved security conditions because Zarb-e-Azb have tremendously improved domestic traveling.

- Weaknesses**
- Lack of infrastructure facilities for tourists.
 - Having negative perceptions about Pakistan internationally due to rising security concerns.
 - Lack of investment by government in the travel sector.
 - Rising inflation leading to unaffordability of travel plans.

The activation of 3G and 4G technologies have brought significant growth in internet usage. More people are doing online search and booking. Pakistan's hospitality industry has experienced dramatic changes like people today like to compare and book hotels online. The hospitality industry exists at changing fronts of Pakistan's travel and tourism industry.

Sources: The World Bank, Asian Development Bank, World Travel and Tourism Council, Internet World Stats, Citibank, Pakistan Bureau of Statistics, Foreigners go.pk, State Bank of Pakistan, Internet World Stats, Expedia, TripAdvisor

- Hotels in Lahore
- Hotels in Karachi
- Hotels in Islamabad
- Hotels in Rawalpindi
- Hotels in Faisalabad
- Hotels in Nathiagali
- Hotels in Naran
- Hotels in Murree
- Hotels in Kaghan
- Hotels in Quetta
- Hotels in Dera
- Hotels in Purgul
- Hotels in Chungi
- Hotels in Sukkur
- Hotels in Shekri
- Hotels in Multan
- Hotels in Gujranwala
- Hotels in Sialkot
- Hotels in Bahawalpur
- Hotels in Sahiwal
- Hotels in Abbottabad