

# ARABIAN TRAVEL MARKET

## AVIATION TRENDS IN THE UAE





**FIGURE 1: Premium Economy Cabin**

## REGIONAL AND INTERNATIONAL AVIATION TRENDS

### Introduction

Dubai had approximately 89 million passengers enplaning and deplaning in 2018, and this figure is estimated to increase further in 2019 by 1-2%, based on the latest available data. Dubai is considered to be the third busiest airport in terms of passenger traffic during that year. The UAE as a whole has seen an enormous growth in its aviation industry over the past two decades through their carriers: Etihad Airways, Emirates, Air Arabia and Fly Dubai.

The aviation sector is a vital contributor to the country's growth and GDP. The aviation sector alone accounts for 15% of the country's overall GDP, and is expected to grow by 5% over the next 5 years.

This paper provides an overview of the regional and international trends in the aviation industry, the importance of the airline industry to the UAE and the focused efforts of the country to grow the amount of transit passengers stopping off to holiday in the Emirates.

### Governmental Expenditure on Aviation Infrastructure

New expansion and refurbishment projects are on-going for the country's two main hubs - Dubai and Abu Dhabi. The upgrading of the airport infrastructure is essential to supporting the significant increase in visitor traffic planned for the UAE in the coming years.

Projects involving billions of dirhams are underway such as the development and expansion of the Al Maktoum

International Airport (Dubai) and the expansion of both Abu Dhabi International Airport and Sharjah International Airport. All of these are expected to facilitate the growth of the tourism sector in the UAE.

### The Rise of the Premium Economy Segment

The premium economy segment is expected to see an increase in bookings in 2019 and is a key growth area for the aviation sector, especially amongst the UAE carriers.

Aviation companies have been focusing on the business and premium economy segments for the past number of years. The segment targets individuals who want the choice of a premium seat on international flights without having to pay full business class ticket prices.

Emirates Airlines, the UAE's most influential national carrier, is introducing a premium economy cabin on their new A380 planes from 2020. The introduction of the premium economy cabin is expected to significantly increase capture rates amongst price sensitive corporate travellers.

The rise in popularity of the Premium Economy segment is an indicator of the increasing influence of the price-sensitive consumer on the aviation industry.

Another popular trend in the aviation sector is the push for attracting more transient passengers. This trend is discussed in greater detailing on the following page.

# INCREASING TRANSIT PASSENGERS

## Transit Visa

To induce more layover traffic in the UAE, Dubai has implemented a 96 hour transit stopover visa on arrival from Dubai International Airport. The program is intended to encourage passengers on transit to venture out of the airport and to explore the country before boarding to their next flight.

Tourism is a key pillar in the UAE's economic growth plans, and focusing on transient passengers can help increase the number of tourists visiting the Emirates.

## Tourism Packages for Transient Passengers

Creating an opportunities for travellers to visit the UAE for a short-term break will invariably lead to increased tourism numbers. To further cultivate the transient market, stakeholders will need to collaborate further to develop more packages to appeal to this segment.

Transient passengers have different wants and needs

from guests staying longer than 1 day. The packages developed for these transient passengers will have to include activities that will fit within a 6 – 24 hour time period.

Dubai International Hotel for example, has developed a short transit package and a long transit package for passengers who are on a 6 – 12 hour transit.

## Novel Initiative - Etihad Free Nights Stay

To increase stopovers in Abu Dhabi during the generally slow summer months, Etihad offers a scheme that involves a free one night's stay in the city for economy class passengers from select destinations. In 2018, this offer was valid from May 1 to September 15, 2018.

“ Further development of visa programmes and packages will be key to growing the UAE's transient visitor segment in the coming years ”

## Key Figures related to the Aviation Market in the UAE



The number of passenger traffic in Dubai's airports in 2018 was **89 million** persons. Based on latest available data, 2018 passenger movements are due to increase further by 1-2%



It is estimated that approximately **63%** of the total number of passengers in Dubai's airports were transient passengers, and only **8%** of these transient visitors left the airport



An estimated **70%** percent of total passengers who passed through UAE's airports are transit passengers



The current travel and tourism expenditure in the UAE is \$41.8 billion and it is expected to increase to \$52 billion by 2022. Leveraging the transient passenger market in the UAE will be a key component to achieving this projection

## FOR MORE INFORMATION

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