ABEC Tourism Master Plan

Supplementary Document I – Tourism Flow Analysis

Contents

Chapter 1

1 Summary

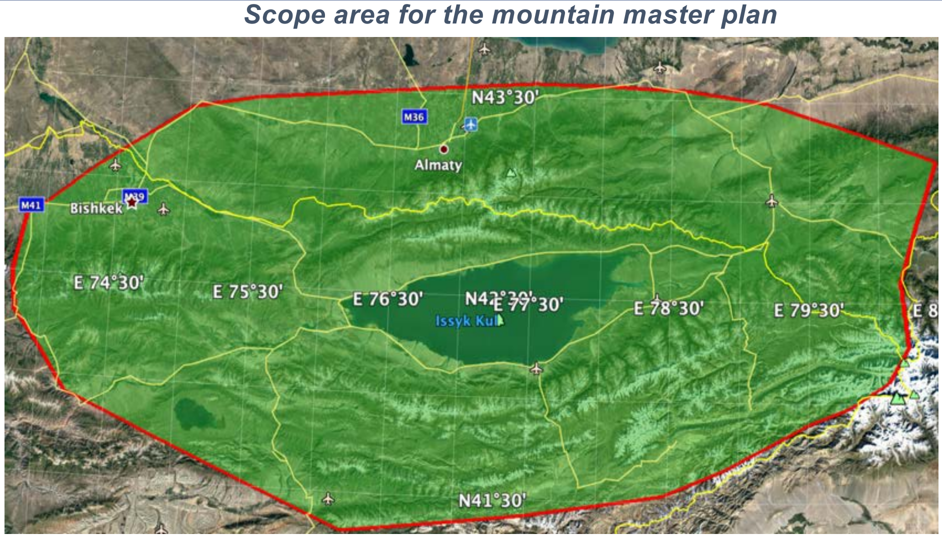
Disclaimer

- The lack of information and statistics is a common problem throughout the world and particularly in the region. The official statistics on tourism are in its early stages, requiring a major effort from both Governments to address the issue. Budgetary constraints are a key hinder, and know how another;
- The level of information that the project team used from primary sources was what was available either from the official bodies, or from studies that have been performed. The cost and time opportunity of running a comprehensive survey to the travelers visiting both countries, would make this project not unfeasible;
- The project team has made estimations based on **qualified inferred information** provided in most cases by the sectoral experts from both countries, in a small expert panel format. This was quite relevant to identify the levels of visitation on the tourist sites and the origin of the travelers.
- For each of the relevant market segments with potential from the country, the team based its analysis on the expertise of the team members and on off the shelve studies particularly dedicated to such segments. This does not provide an exact picture, but allows us to have a very good understanding of the dynamics of each segment and estimation on the main drivers and existing gaps of the current offerings in regard to potential originating markets to the region.
- To determine the attractiveness of the major country markets to the project area we used a framework based on four variables: size of each outbound source market, its growth rates during 7 years, vicinity (geographical and cultural), and spending per trip. The application of this framework allowed us to identify the most attractive source markets to target by the project area.

1.1 – The Master Plan Concept

- The Almaty–Bishkek Economic Corridor (ABEC) has an **exceptional heritage and wealth of culture and nature**. This combination results in a high potential for tourism development, which is largely untapped. Only the historically developed mainstream beach and health tourism at Lake Issyk-Kul, and the MICE (Meetings, Incentives, Conferences and Events) in Almaty may to some degree be considered as a more intensive form of developed tourism in the corridor.

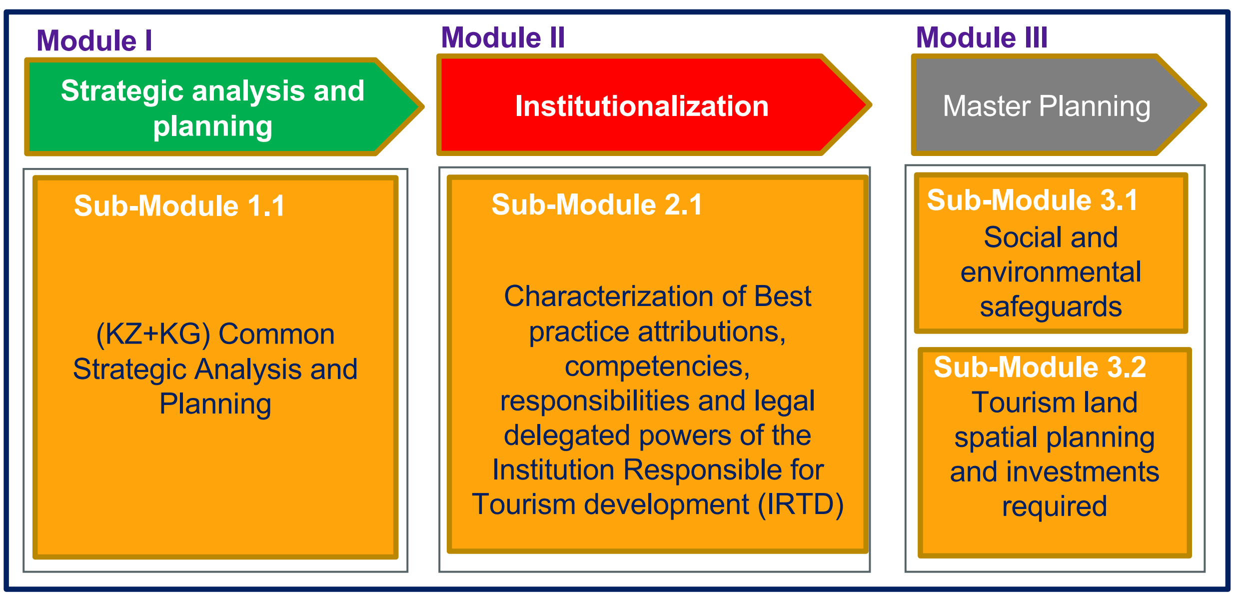
Scope area for the mountain master plan



1 - Summary

- The **Tian Shan mountain tourism cluster master plan** aims **to structure the development of an internationally competitive tourism region within ABEC**. Combining both countries' sites helps to package combinations of all-year round offerings capable of attracting domestic and international tourists. It facilitates significantly private investments in the region.
- It covers an **institutional strengthening of the relevant public tourism institutions.** Adequate legal and institutional framework should entail comprehensive mandates for spatial development of the identified cluster and regulatory powers of a Tourism Development Regulatory Institution (IRTD) to implement tourism policies and regulate the sector.
- It describes the overall framework for the development and operation of the common Tourism Area, including: (i) a vision, mission and conceptual framework of the Tourism Area which optimizes the available resources (natural, human, technological, financial and immaterial); (ii) the ownership and organization of the common area; and the (iii) development plan for land use and allocation into tourism activities as well as hard and soft infrastructure taking into consideration the necessary social and environmental safeguards.
- The concept allows an identification of the investment and operating costs estimated to deploy the necessary investments and its prioritization, both for the public services provision and the private sector.

1.2 Scope of the Master Plan



- The Master Plan comprises **three main components** (modules):
  - ✓ **Module I: Strategic analysis and planning with one sub-module.** This report is entirely devoted to this module.
  - ✓ **Module II**: Institutionalization with one sub-module based on the legal and institutional international best practices. This will be subject of a dedicated report.
  - ✓ **Module III**: Master Planning, with two sub-modules. The first dedicated to the social and environmental safeguards and the second to the spatial planning, land use and investments required. This will be subject to a dedicated report.
  - ✓ **Module I – Strategic analysis and planning**. The objectives of this module are: (i) too identify the key elements of the tourism development in the project area; and (ii) to produce the fundamental analysis necessary for the further modules.

1.3 – Main Activities

- The main activities performed, and described in detail in the remaining part of the report, are the following:
  - ✓ Tourism flow analysis: global, regional and domestic for each country;
  - ✓ Main market segments' characterization;
  - ✓ Desk research of the context of the tourism sector in the common areas of Kazakhstan and the Kyrgyz Republic;
  - ✓ Analysis of the air, road and rail domestic, regional and international connectivity of the project area;
  - ✓ Analysis of the marketing fundamentals;
  - ✓ Resources and elements of facilitation/ restriction; and
  - ✓ Analysis of competition

1.4 – Key Recommendations

The current situation in terms of tourism capacity, available resources, and infrastructure is very different in both sides of the border within the ABEC project area:

- Both countries have the **similarities** of having more than 90% of the foreign visitors from CIS countries, and each of them has the market leadership in the other as foreign tourism source market. Besides it, the **patterns of tourism are quite different**: (i) Kazakhstan is primarily focused on domestic visitors and secondly on CIS visitors, who for the most part travel by land (road and rail) with leisure and visiting friends and relatives (VFR) as purpose; (ii) Kyrgyz Republic is focused on catering the foreign visitors from CIS countries who come primarily for business and secondly for leisure. The Kazakh market is three times larger than the Kyrgyz's, with foreign visitors being more than the double.
- Current **market shares in relevant large size** outbound source **markets is marginal**, and with large **untapped potential** for both countries, particularly in the **project area**.
- For Kyrgyz Republic, the **most important** tourism product in **number of tourists** is **Business** but the beach lake product is the largest contributor to GDP. Both segments already capture the maximum extractable value from the current offer of quality. Further increases **require improvements of quality standards** and improvement of the price-quality ratios in relation to direct competitor countries, particularly in the lake beach product, pursuing a strategy of increase of value added rather and volume, including enlargement of the seasonality shoulders.
- The **Kazakh project area** has a 18.5% weight in the national tourism market, and domestic tourists outnumber the sum of all the other segments. In GDP contribution, the most important segment is **Business and MICE,** followed by **domestic tourists** and thereafter the **international VFR.**

There are relevant market opportunities for both countries in the project area in various market segments, requiring considerable investments in tourism product development:

- **Hard Adventure**: is a differentiating product offered by both countries. Important investments are required in guide training, safe and rescue common or shared cost of services, targeted marketing activities, and higher participation of private sector in activities such as high-end equipment rental services. This would result in a potentially rapid increase of the value added of this segment and its contribution to the GDP of each country. This segment has the advantage of being the primary motivation of visiting the area, and therefore allow tourism operators of both countries to enlarge their complementary offerings and increase their "share of wallet" of these tourists.

- **Soft adventure**: is the largest and highest growing sub-segment, however it requires complementarity of offerings for the product mix to become a primary motivator for visiting the destination. The region has this potential, and the spatial planning evaluation will enlighten the supply requirements necessary to set in motion to develop this segment and potential target markets.
- **Ski tourism**: is a market segment with high potential of development in the project area and in both countries. Relevant opportunities exist in catering adequately to beginners and non-skiers, thus requiring a very cost competitive approach with high personalization from instructors. The cost of instruction is very low in the region compared to European top destinations or Japan and Korea. Investments in infrastructure, training, marketing and private sector services are critical elements to develop.
- **Health and wellness**: 90% of the market is driven by complementarity to the primary traveling purposes. Local demand is key to provide adequate occupation rates for the facilities, which without such occupation would not be able to drive profitability of their investments. The existence and availability of good quality health and wellness facilities is a valued complementary element of decision for tourists with other primary purposes.
- **Medical tourism:** is absent in Kyrgyz Republic, and Almaty is highly cost competitive on facelifts, knee replacements, bariatric surgeries, and fertility treatments with egg donation. The facilities exist, however, to increase substantially the volume of this type of tourism, serious efforts are required at the international certification and accreditation, and effective international marketing levels. Potentially, specialized foreign direct investment (FDI) can support the segment growth in Almaty.
- **MICE**: Almaty is a much more attractive city than Bishkek due to its larger number of international air city-pairs 'connectivity, however internationally it has fewer opportunities due to the high cost and availability of high frequency connectivity with major business centers. It has good opportunities of development in the region due to its superior **connectivity** levels and more favorable visa regime compared to other major regional cities, namely Tashkent. Its geographical strategic position and availability of 4* and 5* lodging capacity has a strong potential for the trade show industry, allowing the city to be internationally competitive to its regional large size markets such as Russia, China, India, Pakistan, Uzbekistan and Kazakhstan. An in-depth feasibility study for this particular market segment is although necessary.
- **Gaming**: we have not presented this segment as it has a serious implication culturally and it also raises quite important political discussions. At this stage we however recommend both Governments to consider the options of defining specific gaming zones attributable to investors who develop larger scale concessions for tourism development. This option should be subject to a more careful analysis in Module III of the project. We are of the opinion of an important element to be seriously analyzed in face of the large size of the Chinese neighboring market that currently fuel Macao and Singapore, whereby an important proportion could be derived to the ABEC area and its tax revenues suitable to finance important public investments to develop the tourism.

The digital presence of both countries, as a proxy to evaluate the destinations' competitiveness is incipient and not inducing visitors to the area:

- **Kazakhstan.kz** is among three official relevant websites for the Almaty Tourism Region the website with most traffic, and the top performer in the region, however it is mostly oriented to the domestic tourism. Kyrgyz Republic has two official websites with relevance, but **Kyrgyz Republictravel.net** has the most traffic, although at a very low level. The interest on the content of the websites in both countries with most traffic is very small due to the very high levels of bounce rates. The most interesting content is in Kazakhstan's websites with virtually no traffic (<5,000 visitors per month).

The development of the tourism efforts should be oriented to key target markets in different priorities, following a stage development approach:

- We have, through an attractiveness framework of 4 dimensions, evaluated the most relevant potential outbound tourism source markets, and identified a list of countries which should be targeted in three phases according to their priorities. The first priority should be China, United Arab Emirates, Korea and Iran, as shown in the side table.
- We recommend a stage based approach as shown in the figure bellow.
  - ✓ **Initial phase (2020-2024**):. Develop first priority markets while improving the product and structures;
  - ✓ **Second phase (2024-2029):.** Develop second stage markets; consolidate product and brand;
  - ✓ **Third phase** (after 2029):**.** Consolidate developed markets, develop third stage markets and increase capacity

Market priority matrix

Country	Vicinity (1)	CAGR (2)	Size (3)	Spending (4)	Score (5 = 1x2x3x4x5)
CN	3	4	4	4	192
UA	4	3	4	4	192
KR	3	4	4	3	144
IR	3	4	3	3	108
FR	2	2	4	4	64
DE	2	2	4	3	48
IN	3	2	2	4	48
RU	4	1	4	3	48
UK	2	2	4	3	48
US	1	3	4	4	48
AU	1	3	3	4	36
HK	3	1	3	4	36
IL	2	3	2	3	36
JP	2	2	3	3	36
MD	3	4	1	3	36
PK	3	4	1	3	36
CA	1	2	4	4	32

First priority	Secon d stage	Third stage

Initial phase: Develop first priority markets while improving the product and structures

Second phase: Develop second stage markets; consolidate product and brand

Third phase: Consolidate developed markets, develop third stage markets and increase capacity

2020 **2024** **2029**

Initial phase:

- Improve the experience of the current visitors
- Establish the legal, institutional and regulatory capacity and elements for an enhanced product to first and second stage markets;
- Establish standards of quality, implement them
- Define investment priorities, promote the priority-1 investments, and establish funding support mechanisms to private sector
- Promotion focused on improved experience of current product and priority markets
- Develop the priority markets, fostering trade relationships, air traffic and investment

Second phase:

- Promote enhanced product (after first priority investments are in place) to priority-2 and second stage markets;
- Consolidate product enhancement and improvement initiatives;
- Increase pace of investment and initiatives
- Protect and consolidate the brand (through quality standards, adequate training, business practices, etc.)

Third phase:

- Increase pace of investments (priority-3);
- Consolidate quality assurance;
- Increase promotional spending;

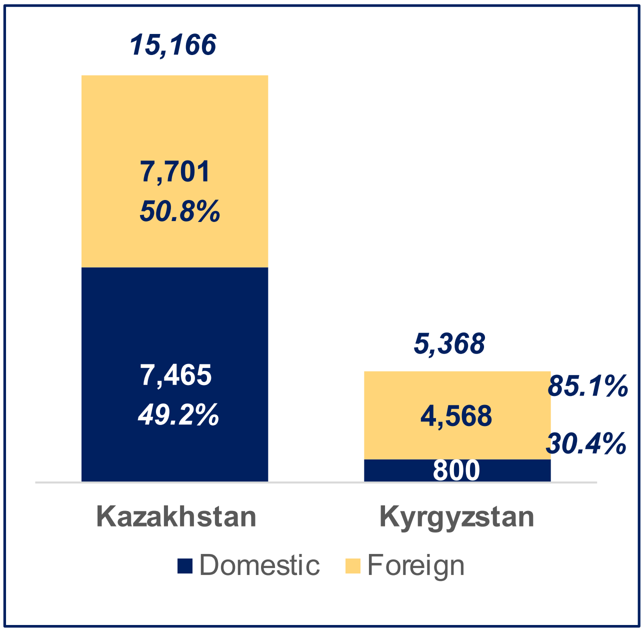
Chapter 2

2 - Tourism Flows to ABEC

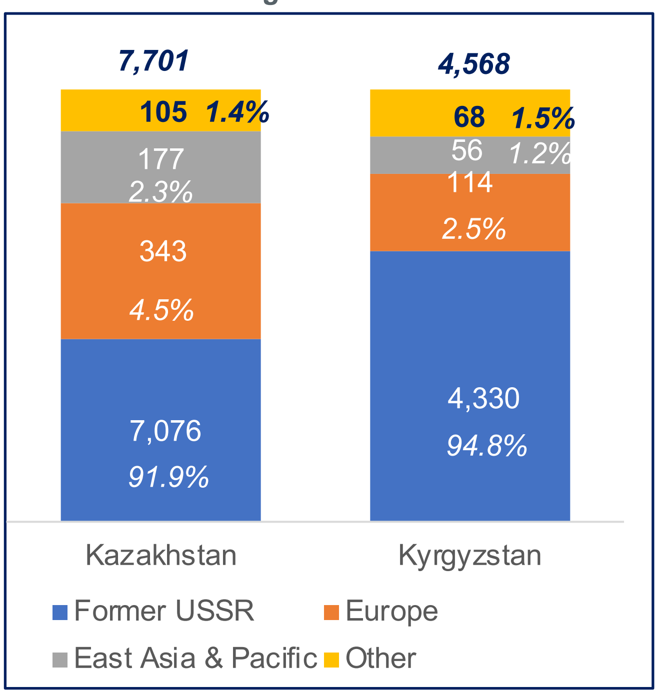
2.1 - Structure of Tourism by Origin

- In both countries the **majority of its tourists are foreign** (50.8% in KZ and 85.1% in KG), but the **weight of foreign tourists is far more important in KG than KZ**.
- The **size of the tourism market** in each country is very different in absolute terms. Kazakhstan generates is 2.8 times larger than Kyrgyz Republic (15.17 million tourists vs. 5.37 million) If measured in terms of the total population, both countries enjoy a closer pattern: Kazakhstan generates 82% of its resident population in tourists, while Kyrgyz Republic generates 84%.
- In visits from foreign tourists, the **structure of the foreign arrivals** is very similar in arrivals by main region: Former USSR countries represent more than 90% of the total, followed by Europe with around 4% (4.5% in Kazakhstan and 2.5% in Kyrgyz Republic) (table in next page).

Structure of tourism by origin in 2017



Breakdown of international arrivals by region in 2017



Units: '000 tourists; % of total tourists;
Source: UNWTO; analysis by project team

2.2 - Growth Rates and Market Shares of International Tourists

Foreign travelers by source country to Kazakhstan				
Avg 13-17	Avg #	GAGR 13-17	Mkt share
UZ	2 540 652	7,6%	53,6%
RU	1 696 229	-1,0%	4,1%
KG	1 334 511	-2,0%	83,2%
TJ	214 508	19,8%	15,0%
PRC	153 885	-16,4%	0,1%
TR	98 362	7,7%	1,3%
AZ	98 183	-0,4%	2,4%
DE	86 618	7,1%	0,1%
UKR	80 887	-5,5%	0,3%
TKM	62 057	7,3%	11,3%

Foreign travelers by source country to Kyrgyz Republic			
Avg 13-17	Avg #	GAGR 13-17	Mkt share
KZ	2 111 653	6,4%	20,34%
RU	467 855	1,9%	1,14%
UZ	284 050	38,2%	5,99%
TJ	183 032	33,5%	12,80%
TR	41 380	23,4%	0,55%
PRC	33 493	3,5%	0,02%
UKR	31 887	10,5%	0,13%
USA	15 681	-8,8%	0,00%
DE	12 472	2,8%	0,01%
KOR	9 079	38,6%	0,05%

Major source markets outbound tourists and growth		
Country	Avg. Outbound 2012-2017	CAGR Outbound 12/17
China	**208 512 483**	**5,7%**
EU	**49 319 769**	**-1,7%**
Russia	**41 159 200**	**-7,47%**
Ukraine	**24 450 800**	**3,1%**
Korea	**19 823 200**	**15,6%**
India	**18 424 800**	**10,0%**
Japan	**17 119 000**	**0,6%**
Kazakhstan	10 382 800	0,29%
Belarus	8 119 600	1,0%
Turkey	7 590 800	36,0%
Uzbekistan	4 739 872	-10,02%
Azerbaijan	4 156 200	2,5%
Georgia	3 119 200	5,6%
Iran	3 473 933	6,7%
Pakistan	3 058 389	6,0%
Mongolia	1 641 233	12,72%
Kyrgyz Republic	1 603 600	12,57%
Tajikistan	1 429 440	-18,93%
Armenia	1 242 600	8,2%
Afghanistan	859 900	15,4%
Turkmenistan	546 854	-3,8%

*Source: UNWTO; analysis by project team ; Note: *The neighboring countries of the region herein considered are: UZB, TJK, TKM, KYG, KZK)*

- **Neighboring countries are the largest source of tourists to both Kazakhstan and Kyrgyz Republic**, representing 54% for incoming foreigners to Kazakhstan and 56% for Kyrgyz Republic;
- **Russia is the second source of incoming foreign travelers to both countries**. It is the **largest origin of all major source markets** for both KZK and KYG, however is has been declining at a small rate to KZK and growing at 1.9% CAGR to KYG. The market shares are quite different as well: KZK has a 4.1% market share in the Russian outbound travelers, while KYG only has a 1.1% market share. The main reason is the border proximity with several large cities of Russia allowing inexpensive travel to KZK;
- Turkey, Azerbaijan, and Ukraine are r**elevant source markets for Kazakhstan**, where the **language and cultural vicinity play an important role**. Germany is the only geographically distant country and China as a neighbor, have relevance to foreign arrivals in Kazakhstan.

- **Kyrgyz Republic is** able to attract US and Korean travelers from longer distances;
- **The market shares both countries enjoy in neighboring countries of the region*** are relevant, but could be further enhanced, especially in the case of Kyrgyz Republic with Uzbekistan;
- **The market shares both countries enjoy in main source markets that are neighbors is very small and marginal, showing a large untapped potential**.

2.3 – Mode of Entry and Motivations of International Tourists

Mode of transportation of international tourists to Kyrgyz Republic				
Origin	**Air**	**Road**	**Rail**	**Total**
CIS tourists	47,0%	37,6%	9,4%	94,0%
Non-CIS	4,8%	0,9%	0,3%	6,0%
Total	**51,8%**	**38,5%**	**9,7%**	**100,0%**

Mode of transportation of international tourists to Kazakhstan				
Origin	**Air**	**Road**	**Rail**	**Total**
Total	**9,8%**	**66,7%**	**23,5%**	**100,0%**

Source: UNWTO; official stats, interviews, and analysis by project team

Foreign tourists visit motivation to Kyrgyztan					
Origin	**Leisure**	**MICE/ business**	**VFR**	**Other**	**Total**
CIS tourists	28,2%	39,5%	23,5%	2,8%	94,0%
Non-CIS	4,5%	1,2%	0,2%	0,1%	6,0%
Total	**32,7%**	**40,7%**	**23,7%**	**2,9%**	**100,0%**

Foreign tourists visit motivation to Kazahstan					
%	**Leisure**	**MICE/ business**	**VFR**	**Other**	**Total**
CIS tourists	18,1%	19,0%	42,1%	3,7%	83,0%
Non-CIS	3,7%	7,9%	4,6%	0,9%	17,0%
Total	**21,8%**	**26,9%**	**46,8%**	**4,5%**	**100,0%**

Source: Border Police KYG, KZK Survey in 2018; interviews; analysis of project team

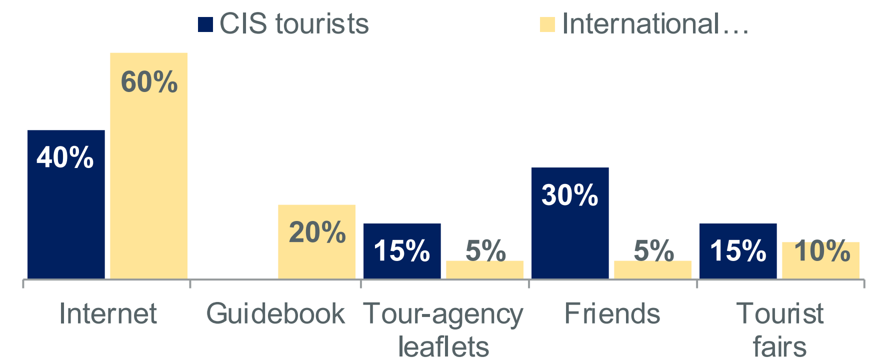
- Tourists with origin from CIS countries and non-CIS are quite different in terms of modes of entry and motivations for Kazakhstan and for Kyrgyz Republic.
- **International tourists to Kyrgyz Republic arrive mostly by air**. CIS countries represented in 2017, 94% of all arrivals, and half of them arrived by air, resulting that 47% of all arrivals were made by air. Non-CIS countries with 75% of arrivals made by air, resulted in 4.8% of the total arrivals made by air.
- The **road mode represented 38.5% of all tourist**s in Kyrgyz Republic. **40% of CIS citizens and 15% of the non-CIS** citizens arrived by road, resulting in 37.6% and 0.9% respectively of the total arrivals. This also has the meaning that 15% of all non-CIS tourists (from further distances + China) use in its majority the air flights to Kyrgyz Republic, rather (only 15%) than using other hubs (Almaty and Tashkent) as gateways, or that perform a circuit in the region. **This also reinforces the idea that most tourists do not come in a combined circuit, but come and leave from Kyrgyz Republic, even if they visit other countries, namely Kazakhstan**.

- The primary motivations of CIS citizens to visit Kyrgyz Republic are MICE/ Business (45% resulting in 39.5% of tourists), followed by leisure and Visiting Friends and Relatives (VFR). 80% of non-CIS citizens, or 4.5% of the total come for leisure reasons, and few for business/MICE.
- To Kazakhstan, from CIS citizens the major motivation of travelling is VFR (51% resulting in 42.1% of the total), followed by leisure. For non-CIS citizens, 46.3% of the come for MICE/business and 27.2% for VFR, resulting in 7.9% and 4.6% respectively of the total tourists. The size of VFR shows the importance of the Kazakh diaspora as tourist source.

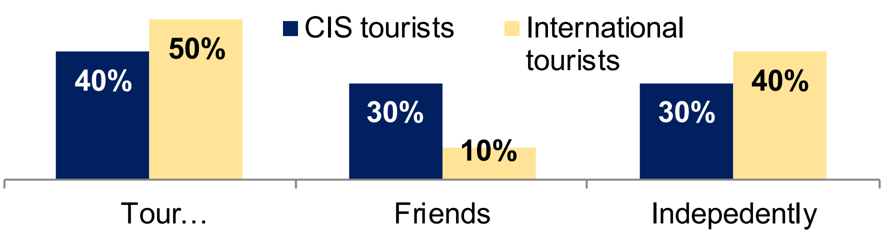
2.4 – Information, Organization and Lodging of International Tourists

Kyrgyz Republic

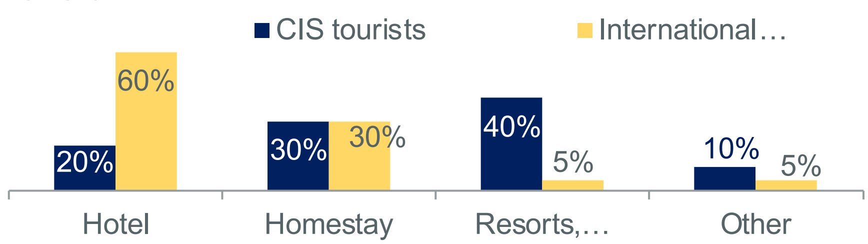
Information sources; %



Travel organization; %



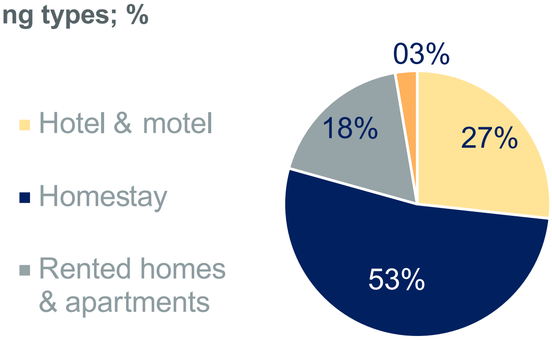
Lodging types; %



Source: interviews; project team analysis

Kazakhstan

Lodging types; %



Source: Kazakh Tourism; interviews; project team analysis

- From the **available information** available, and from the experience of the project team, albeit, for **Kazakhstan, having only the lodging data** for foreign tourists, we are of opinion that the travel organization and information sources would be **similar to Kyrgyz Republic, if the VFR weight would be similar**.
- This means that, for **VFR, the local travel arrangements** tend to be done by friends or independently, while information sources tend to be gathered through friends and the internet. Furthermore the available data data for KZK is for both CIS and non-CIS countries, which tend to have different patterns as we have shown previously.

- **Kyrgyz Republic inbound** tourists from CIS countries tend to **stay in resorts, organize their trips through friends** and independently, gathering information through the internet and friends. The tourism behavior around Issyk-Kul in the Summer, which is the major destination of the country, is very much in line with this.
- **Non-CIS citizens travelling to Kyrgyz Republic tend to favor hotels**, followed by homestays. They **organize their trips** mostly through **tour operators** and independently, while the information sources are fundamentally the internet with support from guide books.
- **Tourists to Kazakhstan**, as they come for the **most part to VFR**, the preferable lodging are homestays and rented apartments and homes for vacations. Hotels are very important for business travelers, which are quite important in Kazakhstan.

2.5 – Value-Added and Product Quality per Segment in Kyrgyz Republic

Breakdown of costs across the value chain of tourism products in Kyrgyz Republic

Cost per trip in USD and per product in KGZ	AvgStayLng (ASL)	7,5	Competition	ASL 10	AST 21
	Share	29,4%		Share 2,6%	Share 0,65%
	Issyk-Kul Lake Beach Tourism		Antalya / Sharm El Sheikh	Cultural+ Soft Adventure	Extreme Sports and Hard Adventure
	51,5%	48,5%		100%	100%
Activities of the value chain	**Road**	**Air**	**Air**	**Air**	**Air**
Land transport round trip	$30,0				
Air transport round trip		$440,0		$1 100,0	$1 100,0
Visa/ customs	$0,0	$0,0		$0,0	$0,0
Inland transport	$0,0	$33,3		$120,0	$123,0
Lodging	$250,0	$223,3		$141,8	$225,5
Food & Beverage	$200,0	$200,0		$60,8	$60,8
TourOperators/ TrvAgents	$50,0	$50,0		$1 185,0	$1 701,5
Other				$100,0	$65,0
Taxes					
Total per trip	**$530,0**	**$946,7**	**$1 000,0**	**$2 707,5**	**$3 275,8**
Total per day	**$70,7**	**$126,2**	**$142,9**	**$270,8**	**$156,0**
$ of added value National	**$381,6**	**$364,8**	**$385,0**	**$1 055,3**	**$417,1**
% of added value National	**72,0%**	**38,5%**	**38,5%**	**39,0%**	**12,7%**
# Tourists	444 001	418 833		76 696	19 174
$ added value (million)	169,4	152,8		80,9	8,0
% of value added	**19,3%**	**17,4%**		**9,2%**	**0,9%**

Breakdown of costs across the value chain of tourism products in Kyrgyz Republic (cont.)

Cost per trip in USD and per product in KGZ	ASL	2,5	ASL	10	ASL	1,66
	Share	40,7%	Share	26,6%	Share*	100%
	Business		VFR		Domestic	
	48,2%	51,8%	48,2%	51,8%	89,0%	11,0%
Activities of the value chain	**Land**	**Air**	**Road**	**Air**	**Road**	**Air**
Land transport round trip	$80,0		$30,0		$28,5	
Air transport round trip		$440,0		$440,0		$100,0
Visa/ customs	$0,0	$0,0	$0,0	$0,0	$0,0	$0,0
Inland transport	$0,0	$62,5	$0,0	$100,0	$0,0	$20,0
Lodging	$150,0	$150,0	$0,0	$0,0	$49,8	$49,8
Food & Beverage	$62,5	$62,5	$100,0	$100,0	$24,9	$24,9
TourOperators/ TrvAgents	$0,0	$0,0	$0,0	$0,0	$0,0	$0,0
Other	$12,5	$12,5	$100,0	$100,0	$8,3	$8,3
Taxes						
Total per trip	**$305,0**	**$727,5**	**$230,0**	**$300,0**	**$111,5**	**$203,0**
Total per day	**$122,0**	**$291,0**	**$23,0**	**$30,0**	**$67,2**	**$122,3**
$ of added value National	**$219,6**	**$207,0**	**$165,6**	**$216,0**	**$80,3**	**$104,2**
% of added value National	**72,0%**	**28,5%**	**72,0%**	**72,0%**	**72,0%**	**51,3%**
# Tourists	574 206	617 427	375 692	403 970	685 193	84 807
$ added value (million)	126,1	127,8	62,2	87,3	55,0	8,8
% of value added	**14,4%**	**14,6%**	**7,1%**	**9,9%**	**6,3%**	**1,0%**

*Source: Nazgul Jenish, "Tourism Sector in Kyrgyz Republic: Trends and Challenges"; in-depth interviews, UNWTO; Border Police KYG, KZK Survey in 2018; interviews; analysis of project team; Note: * Share of the total domestic tourists; Obs. The mode of transport to Issyk-Kul product was adjusted by project team. Added value rates are estimates from the project team.*

- **In Kyrgyz Republic the most important tourism product in number of tourists is Business** with 40.7% of all arrivals in its majority by air. Because the average stay length is only 2.5 days, the total value added for the Kyrgyz's economy is lower that the lake beach product of **Issyk-Kul,** which **generates 37.7% of all added value**.
- The **Issyk-Kul lake beach tourism** is very competitive for neighboring countries' citizens traveling by car in families ($530 of spending per person/Trip or $70.7 per person/day), it costs the same as competing destinations of Antalya or Sharm El Sheikh in 4 star all inclusive hotel. The price quality ratio is very low to Kyrgyz Republic in relation to its competition. **The current offer is at the maximum extractable value for the customers, whereby most market growth will not be ripped by Kyrgyz Republic under the current offerings/pricing ratio.** The value added to the economy is somehow higher for air travelers because of additional stay and transfer in Bishkek ($364.8) than car travelers ($381.6).
- **Cultural and soft adventure tourism, representing only 2.6% of the total traveler's inflow is the segment that generates the highest value added**, although with 39% of the total spending, and a total of $80.9 million in annual value added;

- **Hard adventure, being the segment with the highest spending per traveler**, generates **only 12,7% of value added** to the Kyrgyz economy, a total of only $ 8 million in value added, as it is a small niche market with most of the value being captured by foreigners due to lack of access to market decision making process and adequately trained guides.
- **Domestic tourism generates the least value added,** as it only provides a 12.8% ratio of domestic tourists to its population.

Perceived Quality

- From surveys performed in the country, in regard to **Issyk-Kul lake beach product, the most shared perceptions* are**:
  - ✓ limited choice
  - ✓ poor quality of services
  - ✓ pollution and no regular garbage collection on the beaches
  - ✓ sewage and cattle waste are sometimes dumped close to tourism sites.

- The survey identified **6 major issues and constraints for tourism development in Kyrgyz Republic**:

1. **Infrastructure.** air transport is the dominant mode of transport for foreign tourists, and yet, Kyrgyz Republic suffers from poor air connectivity, with only four international air carriers operating regular international flights to the country. Road improvements on the north shore of the Issyk-Kul lake and recent opening of 5th freedom regimes for airlines are measures taken to tackle this issue, however serious regulatory improvements needs to be in place to allow effective air traffic increases;
2. **Marketing and digital technologies**: need to have a firm commitment, where issues of statistics, control over the experience processes and digital content and promotion should be addressed.
3. **Quality of services and skills**. many guides in hard adventure, high-risk tourism do not have adequate training, and do not adhere to basic safety rules, putting the lives of tourist at risk. Presently, there are no licensing or certification requirements. Nor is there an institutionalized system for training and attestation of guides. This results in a net flow of added value to foreign entities, where a rapid increase of $800 per traveler of this segment could be achieved, while allowing for a rapid increase of market share due to lower overall costs in relation to competitors;
4. **Short season**. The season at Issyk-Kul Lake for the "sun, sea and sand" product lasts only three months, the season for cultural and adventure tourism is only slighter longer, straddling the late spring, summer and early autumn. Skiing and snowboarding are the only winter tourist activities, and their supply is still limited due to a lack of proper skiing bases, infrastructure and equipment. MICE market is underdeveloped;
5. **Administrative barriers** hinder the start-up and conduct of tourism businesses. Land, Land use rights, construction and utility permits, sanitary regulations, and property rights for foreigners, are the most referred factors.
6. I**nequitable distribution of tourism receipts and environmental pollution**

*Note: *Source: Nazgul Jenish, "Tourism Sector in Kyrgyz Republic: Trends and Challenges"; analysis project team*

2.6– Value-Added per Segment in the Kazakh Project Area

Breakdown of costs across the value chain of tourism products in Kazakh project area

% of tourists	100%	4,0%	0,8%	5,0%	8,7%
Avg length of stay	1,8	4,5	4,5	4	4,5
	Almaty region + Almaty City				
Activities of the value chain	Domestic	Regional. Leisure + other (from CIS countries)	Intern. Leisure (not from CIS countries)	International Business (Meetings, Conferences , Events)	Interna-tional VFR
Land transport round trip	$52,6				
Air transport round trip		$386	$480,0	$480	$480,0
Visa/ customs	$0,0	$0,0	$0,0	$0,0	$0,0
Inland transport	$17,9	$17,9	$135,0	$120,0	$67,5
Lodging	$44,7	$44,7	$175,0	$400,0	
Food & Beverage	$35,7	$35,7	$90,0	$200,0	$45,0
Visiting tourist sites	$12,5	$12,5	$31,5	$28,0	$31,5
English speaking guide		$0,0	$31,5	$28,0	
TourOperators/ TrvAgents	$11,1	$11,1	$43,2	$74,8	
Other				$100,0	$65,0
Taxes					
Total per trip	**$174**	**$508**	**$986**	**$1 431**	**$689**
Total per day	**$98**	**$113**	**$219**	**$358**	**$153**
$ of added value National	$148,2	$219,5	$574,2	$897,2	$285,9
% of added value National	85,0%	43,2%	58,2%	62,7%	41,5%
# Tourists KZK ABEC	2 143 849	341 563	70 715	421 662	732 222
$ added value (million) region	317,8	75,0	40,6	378,3	209,3
% of value added by segment	**31,1%**	**7,3%**	**4,0%**	**37,1%**	**20,5%**

Sources: UNWTO, Tourism Committee, In-depth interviews; estimations from project team; analysis project team

- In the **Kazakh project area the most important market segment is Business and MICE**, having the highest spending per trip ($1,431) and per day ($318). It is also the single largest contributor to the economy with an estimated added value of $378,3 million in 2018, or 37.1% of the total.
- D**omestic tourists outnumber the sum of all the other segments and represent 31.1% of a total of $1.21 billion in 2018 of value added in the region**. Due to the 1.8 days of average stay length, the lowest of all segments, the total trip spending is much less than the other segments. On a daily spending perspective, it is the second lowest before the VFR segment;
- The **region has an overall weight of 18.5%** of the total international visits of the total Kazakhstan. This is explained by the high proportions of Uzbek tourists from Tashkent region visiting Shymkent region.
- **Leisure tourists from CIS countries spend almost half** per trip ($508) and per day ($113) **than from non-CIS countries** ($918 per trip and $219 per day).
- VFR is the segment that has the second lowest spending per day ($153) but without the international airfare it would only represent $46.4. It nevertheless generates 20.5% of the total added value due to the high proportion of tourists in this segment.

Chapter 3

3.1 – Adventure Tourism

3.1.1 – Characterization of the Adventure Tourism Market Segment

Activities

- **Adventure:** caving, climbing, hiking, horseback riding, kayaking, white-water rafting, orienteering, sailing, scuba diving; snorkelling, skiing and snowboarding, surfing, trekking, walking
- **Nature:** bird watching, fishing/fly-fishing, hunting, joining a research expedition or safari
- **Culture:** joining an archaeological expedition, attending local festival/fairs, backpacking, camping, taking a cruise, participating in cultural, educational or environmentally sustainable activities, getting to know the locals, learning a new language, visiting friends and family, visiting a historical site, participating in a volunteer tourism program

Types

- **Soft adventure: low risk activities requiring little experience or skill**
- **Hard adventure: high risk activities requiring high skill levels**
- **Other: activities with least risk, like attending local festival and fair and other cultural activities**

Characteristics

- The typical adventure tourist travels 1 to 3 times a year, drives a sedan vehicle and prefers self-catering accommodation.
- Adventure tourists are typically risk-taking and passionate. They are willing to explore destinations which have seen declining demand for mainstream tourism and may have been affected by political events and natural disasters, such as Iran and Nepal. They are also willing to accept limited tourism infrastructure with the promise of an authentic and thrilling experience and with the preference for exploring newer destinations and seeking experiences.

Profile of adventure tourists

- Millennials: typically male, single, age of 32 to 35, professional job, physically and financially secure, see travel as a right
- Baby boomers: higher disposable income (multiple holidays per year); experienced adventure tourism when they were younger and want to experience it again, this time with some comfort
- Chinese: 70% are millennials; professional job, higher income than previous generation; outbound travel is considered essential
- 67% are couples and family
- Solo travelers are the smallest group, but an important target for operators, as spending tend to be higher, and the same to margins.

3.1.2 – Market Size and Forecasts

Global market size and forecasts to 2023

Adventure type	2016		2023		CAGR
	(US$ mln)	Share %	(US$ mln)	Share %	(16 – 23)
Hard	122,13	27,2%	361,57	27,1%	16.8%
Soft	217,28	48,4%	833,11	62,4%	17.4%
Other	51,45	11,5%	141,06	10,6%	15.5%
Total	**448,85**	**100,0%**	**1 335,74**	**100,0%**	**17%**

Activity	2016	Share %	2023	Share %	CAGR% (2017/23)
Land-based Activity	226,73	51,0%	670,37	50,2%	17,2%
Water-based Activity	172,39	38,8%	521,20	39,0%	17,5%
Air-based Activity	45,73	10,3%	144,17	10,8%	18,2%
Total	**444,85**	**100,0%**	**1 335,74**	**100,0%**	**17,4%**

Age group	2016	Share %	2023	Share %	CAGR% (2017/23)
Below 30 years	112,39	25,3%	336,97	25,2%	17,4%
30–41 years	176,78	39,7%	541,18	40,5%	17,8%
42–49 years	66,89	15,0%	198,32	14,8%	17,2%
50 years & above	88,80	20,0%	259,28	19,4%	17,0%
Total	**444,85**	**100,0%**	**1 335,74**	**100,0%**	**17,4%**

Type of Traveler	2016	Share %	2023	Share %	CAGR% (2017/23)
Solo	51,87	11,7%	147,00	11,0%	16,5%
Friends/Group	94,74	21,3%	275,23	20,6%	16,9%
Couple	163,58	36,8%	504,94	37,8%	17,9%
Family	134,66	30,3%	408,58	30,6%	17,6%
Total	**444,85**	**100,0%**	**1 335,74**	**100,0%**	**17,4%**

Source: AMR; analysis project team

- Globally, **Adventure tourism has an expected to grow at a 17% CAGR between 2017 and 2023**;
- **Soft adventure is the largest segment, and the fastest growing**, estimated to represent 62.4% of the total market value by 2023. (based on revenue generated from adventure tourism, not number of tourists).
- **Land based activities is the largest sub-segment by activity**, with an estimated size of $670.4 million by 2023 and a share of 50.2% of the total market. The fastest growing sub-segment is the water based activities, with a 17.5% CAGR between 2017 and 2023.
- **65% are under or 41 years of age**, and the **fastest growing age group is the 30-31 years of age**. The typical adventure tourist travels 1 to 3 times per year.
- **Solo travelers are the smallest group** (11% of the market by 2023) and growing the least (16.5% CAGR), Couples is the largest and fastest growing group with an estimated value of $ 505 million by 2023 and a 17.9% CAGR. This would be owing to the **higher risk of compromised safety** and the feasibility of adventure activities such as mountaineering, which **is not possible for a single person**. Solo travel (as part of a group) is on the rise.

- **UK and Canada are the countries with most propensity for adventure travel in proportion to their population**, while USA and China lead in terms of volume of adventure travelers, with 22.77 and 17.1 million respectively.

3.1.3 – Kazakhstan and Kyrgyz Republic, Size and Forecasts

- In 2016 the estimated market size of the adventure tourism for Kazakhstan was $157 million, whereby:
  - ✓ 62% was in soft adventure, growing at 20.4% to 2023
  - ✓ 51% was land based, growing at 19.6% to 2023
  - ✓ 65% of the market was in the bellow 41 age group, and the 30-41 age group growth to 2023 is estimated at 20.2% CAGR

Main source countries in 2017

Source country	2017 ('000)	% total population
US	22,774	7.0%
China	17,064	1.2%
Mexico	14,995	11.6%
Germany	9,672	11.7%
UK	8,179	12.4%
Italy	6,426	10.6%
Canada	4,521	12.3%
Russia	3,115	2.2%
India	2,526	0.2%
France	2,506	3.7%
Japan	1,884	1.5%
Spain	863	1.9%

Source: ATTA and World Bank; analysis project team

Kazakhstan adventure tourism market, by type, 2016 – 2023. ($million)

type	2016		2023		CAGR
	(US$ mln)	Share %	(US$ mln)	Share %	(16 – 23)
Hard	41,00	26,1%	142,00	26,0%	19,70%
Soft	97,00	61,8%	350,00	64,0%	20,40%
Other	19,00	12,1%	55,00	10,1%	17,10%
Total	**157,00**	**100,0%**	**547,00**	**100,0%**	**19.9%**

Activity	2016	Share %	2023	Share %	CAGR% (2017/23)
Land-based Activity	80,00	51,0%	275,00	50,3%	19.6%
Water-based Activity	61,00	38,9%	213,00	38,9%	20.0%
Air-based Activity	16,00	10,2%	59,00	10,8%	20.7%
Total	**157,00**	100,0%	**547,00**	100,0%	**19.9%**

Age group	2016	Share %	2023	Share %	CAGR% (2017/23)
Below 30 years	40,00	25,5%	138,00	25,2%	19,90%
30–41 years	63,00	40,1%	223,00	40,7%	20,20%
42–49 years	23,00	14,6%	81,00	14,8%	19,70%
50 years & above	31,00	19,7%	106,00	19,3%	19,40%
Total	**157,00**	**100,0%**	**548,00**	**100,0%**	**19,90%**

Source: AMR; analysis project team

Kazakhstan adventure tourism market, by type, 2016 – 2023. ($million) (cont.)

Type of Traveler	2016	Share %	2023	Share %	CAGR% (2017/23)
Solo	18,00	11,4%	60,00	11,0%	18,90%
Friends/Group	34,00	21,5%	115,00	21,1%	19,70%
Couple	58,00	36,7%	206,00	37,7%	20,30%
Family	48,00	30,4%	165,00	30,2%	19,90%
Total	**158,00**	**100,0%**	**546,00**	**100,0%**	**19,90%**

Sales Channel	2016	Share %	2023	Share %	CAGR% (2017/23)
Travel Agents	67,00	42,7%	229,00	41,9%	19.6%
Direct	90,00	57,3%	317,00	58,1%	20.1%
Total	**157,00**	**100,0%**	**546,00**	**100,0%**	**19.9%**

- ✓ Couples and family represented more 2/3 of the total market with growth rates at above 20% CAGR
- ✓ The direct sales channel is dominant and growing faster (20.1% CAGR) than the travel agents (19.6%)

- Fuels of growth are the expected levels of promotion, the “newness” of the region to adventure travelers, and the expected improvements of the infrastructure and access to the sites
- Adventure tourism represents 1/5 of the Kazakh market, and is expected to grow at a lower pace (17% vs. 19.9% CAGR).

Kyrgyz adventure tourism market, by type, 2016 – 2023. ($million)

type	2016		2023		CAGR
	(US$ mln)	Share %	(US$ mln)	Share %	(16 – 23)
Hard	8,00	25,8%	24,00	25,5%	16,90%
Soft	20,00	64,5%	61,00	64,9%	17,60%
Other	3,00	9,7%	9,00	9,6%	14,10%
Total	**31,00**	**100,0%**	**94,00**	**100,0%**	**17,00%**

Activity	2016	Share %	2023	Share %	CAGR% (2017/23)
Land-based Activity	16,00	51,6%	47,00	50,0%	16,80%
Water-based Activity	12,00	38,7%	37,00	39,4%	17,20%
Air-based Activity	3,00	9,7%	10,00	10,6%	17,80%
Total	**31,00**	100,0%	**94,00**	100,0%	**17,00%**

Kyrgyz adventure tourism market, by type, 2016 – 2023. ($million) (cont.)

Age group	2016	Share %	2023	Share %	CAGR% (2017/23)
Below 30 years	8,00	25,0%	24,00	25,3%	17,00%
30–41 years	13,00	40,6%	39,00	41,1%	17,40%
42–49 years	5,00	15,6%	14,00	14,7%	16,80%
50 years & above	6,00	18,8%	18,00	18,9%	16,60%
Total	**32,00**	**20,4%**	**95,00**	**17,3%**	**17,00%**

Type of Traveler	2016	Share %	2023	Share %	CAGR% (2017/23)
Solo	4,00	12,1%	10,00	10,6%	16,10%
Friends/Group	7,00	21,2%	20,00	21,3%	16,80%
Couple	12,00	36,4%	36,00	38,3%	17,50%
Family	10,00	30,3%	28,00	29,8%	17,00%
Total	**33,00**	**100,0%**	**94,00**	**100,0%**	**17,00%**

Sales Channel	2016	Share %	2023	Share %	CAGR% (2017/23)
Travel Agents	13,00	41,9%	39,00	41,5%	16,70%
Direct	18,00	58,1%	55,00	58,5%	17,30%
Total	**31,00**	**100,0%**	**94,00**	**100,0%**	**17,00%**

- In 2016 the estimated market size of the adventure tourism for Kyrgyz Republic was $31 million, whereby:
  - ✓ 64.5% was in soft adventure, growing at 17.6% to 2023
  - ✓ 51.6% was land based, growing at 16.8% to 2023
  - ✓ 65% of the market was in the bellow 41 age group, and the 30-41 age group growth to 2023 is estimated at 20.2% CAGR
  - ✓ Couples and family represented more 2/3 of the total market with growth rates at above 17.4% CAGR
  - ✓ The direct sales channel is dominant (58.1%) and growing faster (17.3% CAGR) than the travel agents (16.7%)
- Fuels of growth are the positive image of the country in major source markets with a **strong brand and marketing campaign** (Kyrgyz Republic). the closeness to Tajikistan and China. Hinders have already been depicted previously.

3.1.4 - Expectations, Motivations, Decision Making Process

Expectations

- Europeans and North Americans value natural & cultural assets and adventure activity resources
- Americans like to add an adventure activity on to a business trip ('bleisure' travelers)
- Europeans are interested in local interaction (local guide, visiting local communities)
- Latin Americans prefer thrilling experiences, special access to 'unexplored' areas, prefer personal and intimate adventure experiences over value for money
- Chinese travelers (esp. younger generation) prefer to travel independently - customized trips that deliver exceptional photographic memories for social media sharing; low skilled activity (low tech skills)

Motivations

- Transformation – desire for personal growth, connection with people, landscape, wildlife
- Exploration & cultural understanding – desire to learn from new situations, places, cultures
- Escape from everyday stress – regain control over life, with inclusion of an element of wellness in adventure itineraries
- Slow travel – immersion in the destination by staying for extended periods and, if possible, being able to continue their job whilst in the destination (online)
- Risk taking as a subset - for some, the opportunity for an adrenalin rush is a motivator

Decision making influencing factors

- Experiential instead of factual information - social media postings & website review sites
- Health & safety - safe vehicles, equipment and according to regulations (mostly Europeans)
- Political stability (mostly Chinese and Europeans)
- Value for money and Suitable accommodation (mostly Europeans)
- Brand and extent of cultural experiences on offer (mostly Latin American & Caribbean travelers)
- International direct flights and Visa conveniences (Chinese travelers)

Decision making influencing factors

- Preparation for trip through consultation with friends and family prior to booking travel, more so than guidebooks, destination management organizations or travel agents
- Travel is mostly booked online

3.1.5 – Regional Competitiveness

Average spending per trip

Adventure traveler average trip spending (excl. air fares and gear, 2012)			Adventure traveler average trip spending (gear & clothing, 2012)	
Region	**Soft adventure**	**Hard adventure**	**Soft adventure**	**Hard adventure**
Europe	$897	$924	$308	$343
N. America	$1 152	$875	$475	$250
S. America	$1 501	$1 333	$551	$505

Source: Source: ATTA

Regional ranking of adventure tourism competitiveness

Country	Ranking on basis of natural resources 2026	Country	Ranking on basis of cultural resources 2026	Country	Ranking on basis of adventure activity 2026
Tajikistan	5,34	Azerbaijan	3,58	Armenia	8,25
Uzbekistan	5,36	Moldova	3,73	Russian Fed.	8,46
Moldova	5,47	Belarus	4,12	Kazakhstan	8,64
Turkmenistan	5,67	Tajikistan	4,25	Uzbekistan	8,71
Azerbaijan	5,75	Turkmenistan	4,25	Georgia	8,72
Kyrgyz Rep.	5,80	Georgia	4,42	Turkmenistan	8,76
Armenia	5,97	Kazakhstan	4,43	Azerbaijan	8,76
Georgia	6,01	Kyrgyz Rep.	4,57	Tajikistan	8,77
Kazakhstan	6,02	Uzbekistan	4,78	Ukraine	8,78
Belarus	6,28	Armenia	4,81	Belarus	8,97
Ukraine	6,53	Ukraine	5,10	Moldova	9,22
Russian Fed.	7,53	Russian Fed.	6,53	Kyrgyz Rep.	9,42

Source: Source: ATTA

- **Tajikistan leads** the ATTA ranking on the basis of natural resources, followed by Uzbekistan. Kyrgyz Republic is placed in 5th and Kazakhstan in 8th places respectively.
- On cultural resources Azerbaijan is the leader, followed by Moldova. Kazakhstan is in 7th and Kyrgyz Republic in 8th places.
- On adventure activities, Armenia leads, Kazakhstan is 3th and Kyrgyz Republic is last. This scoring reflects the potential ability to support adventure sports, which span a range of outdoor, nature-based activities.
- South Americans are willing to spend most on their adventure travel, while Europeans the least in soft adventure, but more than Americans in hard adventure.
- A decrease in spend on gear and clothing between 2009 and 2012 indicate that new adventure travelers may choose to rent equipment, rather than purchase their own gear.
- There is also evidence that adventure travelers are taking longer trips. The average length of hard adventure trips increased from seven days in 2009 to nine days in 2012. The average length of soft adventure trips increased from eight days in 2009 to ten days in 2012. These longer trips are likely contributing to the higher average trip spending.

3.1.5 – Key Trends

- Established adventure companies present in North America and Europe will increasingly develop new products, open new destinations, and expand their offerings to attract new clients.
- Outbound travelers from Asia will fuel the demand for adventure tourism experiences, with a special note to the potential of China as a source country. 60 million Chinese people practice an adventure sport such as mountaineering, horseback riding, or rock climbing. The UNWTO indicates that the Middle East is the fastest-growing travel region in the world, and investments are made by tourism companies in the region.

- Climate change and geopolitical threats facing the planet, inward looking politics and human rights abuses are risks that pose threats to adventure tourism growth.
- Rise in products that allow female travelers to seek like-minded female companions with whom to share their adventurous journeys. Women are particularly interested in supporting other women, which sees companies hiring female guides and sourcing from female-owned suppliers.
- Trail tourism increases the length of stay of low impact tourists, promotes repeat visitation and drives tourism dollars to local businesses, as it delivers local authentic experiences. The sense of accomplishment aligns with traveler motivations of mental health wellbeing. Products such as self- guided itineraries, luggage transfer services, and “passports to the trail” that encourage repeat visitation for a tourists to complete a long trail, like the Great Himalaya Trail or the Camino de Santiago, in several repeat visits.
- Pre-fabricated luxury cabins (tiny houses) are offered to landowners hoping to host tourists (e.g. Poshtel Popup (https://www.poshtel.io/).
- Increasing protests by residents of the impact of highly touristic cities on them, as residents (rising rents, declining livability, threats to culture and nature, especially in natural fragile environments). The trends are to conduct good long term planning, integration of tourism policy between national, local and regional levels.
- Virtual reality, as a marketing tool, is being increasingly used, enabling tour operators to convey the intensity and emotion of a travel experience before the journey has started.
- Solo travelers are recognizing their value as a defined market group, and they are starting to make demands such as the waving of single supplements when joining a group activity or tour.
- Adventure travelers are increasingly seeking to experience destinations as ‘temporary locals’. They are searching for a personal connection, a way for locals and visitors to interact amicably around shared experiences.

3.1.6 – Opportunities for ABEC

Target markets:

- Focus on origin countries within Europe with direct flights to KZK and KYG and those with land borders (China, Russia) with train connections to Almaty and Bishkek. To maximize potential for attracting baby boomers for soft adventure travel, travel businesses should:

✓ Highlight the challenges they being offered; providing adequate information about things such as degree of difficulty, safety precautions etc.; and offering programs that provide scope for relaxation in between adventure activities.

Product development:

- Explore option of female travel only products’ Adventure travel companies interested in attracting solo travelers, and enable product development that focuses on interaction with locals in an authentic environment (for example, Altyn-Kol), such as long trails.

Policy development:

✓ Support small business growth for adventure activities such as trekking, to enable personalized trekking experiences;

✓ Policies that focus on the prevention of over-tourism and the protection of natural assets

✓ Ensure visa conveniences are enabled, especially for the Chinese market, and consisted a visa that covers a region, much like a Schengen style visa

- ✓ Ensure online capabilities, so travelers can spend extended periods of time in-country whilst working online
- ✓ Regularly monitor adventure tourism competitors in the region and those with high forecasted growth in adventure travel (India, China, Georgia, Turkey, Russia, Croatia, Tajikistan, Azerbaijan, Armenia)

Branding & marketing:

- Considering the **motivators of transformation**, **escape from stress**, **exploration of different cultures and risk**, adventure tourists are looking for experiences where they have the opportunity to get a sense of "achievement and accomplishment", a feeling of "gratitude and mindfulness" and a sense of wonderment about the difference in culture as compared to their own. Branding and marketing collateral should reflect this. As per ATDI categories of importance to **Europeans (major target market for the project area**), it is important to develop **clear and consistent branding on natural, cultural and adventure activities** in the project area that matter most to travelers. In order to **capture the Chinese market**, it is important to **focus on "Instagramable" photographic** memories and unique experiences.

3.2 – Ski Tourism

3.2.1 – Market Size and Forecasts

- **Winter travel is a main pick for Chinese tourists during Chinese New Year**, with popular destinations include Iceland, Sweden, Denmark and Norway.
- Countries with access to **'polar activities'** are **increasingly attracting tourists** in the winter months for activities like**:** watching the northern lights, viewing arctic wildlife and participating in outdoor snow activities, like winter festivals, ice fishing and snowshoeing.
- The **main source countries for winter tourists are UK, USA and China,** with demand growing from Asia more generally and Australia. To attract this type of tourist requires a **proactive investment in infrastructure for tourism during the winter season**.
- For the past 5 years the estimate on total skier visits has been approximately 400 million skier visits worldwide in 2016. The total number of skier visits is estimated based on both the number of inbound skier visits as well as on the national rates of participation.
- The Alps get about 43% of market share. Northern, Southern and Western European non-alpine countries (grouped under the label of Western Europe) also attract 11% of the market.
- Most of the industry is concentrated around the resorts that generate more than 100,000 skier visits per year. Even if they only account for 20% of the resorts, they account for 80% of all skier visits.

Region	Origin of skiers %, 2016	Skier visits %, 2016
Alps	15%	43%
Western Europe	25%	11%
E.Europe & Central Asia	13%	9%
Asia-Pacific	1%	15%
Americas	24%	21%
Other	2%	1%

Source: Vanat, L.

- France, Austria and USA have the highest total skier visits, with more than 50 million each; all other countries are less than half of the visitation numbers by the top 3 countries.

- By country of origin, about 40% of skiers originate from Western Europe and the Alps. 13% originate in Eastern Europe & Central Asia.
- The Alps are the most internationally visited ski destination, attracts most of the inbound-skier travel. Even though it hosts 43% of skier visits, it only produces 15% of the skiers. No other region has such a high proportion of foreign visitors.
- The regions of Eastern Europe & Central Asia and Asia & Pacific provide 34% of the skiers worldwide, but only produce, at this stage, 24% of skier visits, indicating the future growth potential of the market.

Country	Total skier visits in 2016; '000	National participation rate of ski destinations; 2016; %
India	200	0,0%
UK	219	10,0%
Sweden	830	20,0%
Slovenia	1 071	15,0%
N. Zealand	1 427	7,0%
Australia	2 137	4,0%
Andorra	2 267	20,0%
Finland	2 607	24,0%
S. Korea	5 771	6,0%
Norway	6 562	25,0%
P.R. China	10 980	1,0%
Germany	14 982	18,0%
Canada	17 759	12,0%
Switzerland	23 659	37,0%
Italy	24 610	8,0%
Japan	32 826	9,0%
Austria	51 302	36,0%
USA	54 146	8,0%
France	54 886	13,0%

Source: Vanat, L.

Country	National participation rate, Eastern Europe & Central Asia, 2016; %	National's proportion of skiers in Eastern Europe & Central Asia, 2016; %	Foreigners' proportion of skiers in Eastern Europe & Central Asia, 2016; %
Ukbekistan	0%	85%	15%
Kazakhstan	1%	98%	2%
Azerbaijan	1%	90%	10%
Turkey	1%	85%	15%
Kyrgyz Rep.	1%	80%	20%
Armenia	2%	98%	2%
Ukraine	2%	95%	5%
Croatia	2%	90%	10%
Georgia	2%	80%	20%
Belarus	2%	75%	25%
Russian Fed.	3%	95%	5%
Estonia	5%	95%	5%
Hungary	5%	90%	10%
Lithuania	5%	90%	10%
Bulgaria	5%	75%	25%
Bosnia & Herz.	5%	50%	50%
Macedonia	7%	90%	10%
Latvia	10%	85%	15%
Poland	13%	85%	15%
Slovakia	18%	75%	25%
Czech Rep.	22%	65%	35%

- The national participation rate indicates the number of domestic skiers as a percentage of the total country population. This represents the total number of nominal skiers. Ski visits are equal to product of the participation rate with frequency. National participation rates are an important indicator of the ski culture of a country, resulting in high frequency as well.
- The Austrians, Swiss and Norwegians are the populations with the highest participation rates, with 25% or more of the population participating in skiing.

- Skiing is becoming more popular in China, resulting in an increase of national participation and frequency. India has the potential of becoming an important market as well. In the project area, Kyrgyz Republic and Kazakhstan enjoy small national participation rates, and in the case of Kazakhstan few foreigners compared to Kyrgyz Republic with 20% foreigners.
- Skiing is mostly based on the domestic markets and the national customer base, complemented by neighboring countries. 2 major outbound markets (Germany and UK) for many inbound markets.
- Growth will depend on the increase of the number of skiers in emerging markets, namely China and India. Recent growth of skiing in Asia will feed resorts in Japan and South Korea, before eventually, if ever, benefiting resorts in the European Alps or North America.
- China is poorly equipped with ski fields for beginners; no ski culture, creating challenge for repeat visitation; average time spent on ski fields is 1.45 days.
- Kyrgyz Republic has comparisons to Switzerland due to climate and vertical drop offering. Has potential for developing Alpine skiing; challenge for attracting international audience as visitation is mostly in summer. Kazakhstan – challenge for attracting international audience as visitation is mostly in summer. Russia – increased domestic attendance in ski resorts (influence of Sochi Olympics and drop in Rouble value).

3.2.2 – Opportunities for ABEC

2016	National participation rate (16)	Proportion of domestic skiers (16)	National skiers (16)
Russia	3%	95%	4,275,000
South Korea	6%	90%	2,937,000
China	1%	99%	11,330,000

- KZK and KYG target markets for ski tourism: 3.6 million Russians, 2.9 million South Koreans and 3.75 million Chinese,
- Target = 84% Russian national skiers, 33% Chinese national skiers and 34% South Korean national skiers.
- For those targets to be achieved, and considering that the national participation rate of a country is an indication of ski culture, the project area needs to be able to market heavily to: market segments interested in a ‘one time’ experience; those without skiing as a primary motivation; and its domestic market.
- Focus firstly on domestic travellers and tourists from neighbouring countries for target markets for ski tourism high national ski participation rates: Latvia, Poland, Slovakia, Czech Republic), that have some historic bonds. Price can be a motivational factor.
- Combine product development of ski tourism with a strong online presence and marketing strategies;
- Create a ski culture amongst its domestic travel audience, starting with a partnership between the Government, schools and ski resorts to foster the ski culture from early age and support packages to families.
- Develop innovative ski instruction practices for beginners
- Develop high quality accommodation, excellent customer service and outstanding food and beverage offerings
- Be prepared for currency fluctuations by aiming for a diversified spread of international target markets

3.3 – Health and Wellness

3.3.1 - Characterization

Definition by the Global Wellness Institute

- Wellness tourism, sometimes also referred to as health & wellness tourism, is travel associated with the pursuit of maintaining or enhancing one's personal wellbeing; it is consumption in response to a need for an antidote to the stresses of modern life.

Distinction between wellness tourism and medical tourism

- Wellness tourism: activities and destinations that extend wellness lifestyle and help travelers proactively maintain and improve their health and wellbeing
- Medical tourism: focuses on the "poor health" end of the market, with patients travelling to another place for specific medical treatments or enhancements (cosmetic surgery, orthopedic surgery, cardiac surgery, and dental procedures)
- Completely different markets: the market drivers and value perceived by customers, demand drivers and critical success factors are totally different.

Types

- Primary wellness traveler: choice of destination is primarily motivated by wellness and its wellness offerings. whose trip or destination choice is primarily motivated by wellness. It may comprise visiting a destination spa or spa-resort for rejuvenation and stress reduction, vacationing at a hot springs resort for a long weekend, staying at an ashram for a meditation retreat, traveling to a wellness center for a full-scale executive health checkup, taking a wellness cruise, a yoga retreat that includes healthy food and meditation in a natural setting, etc. Primary wellness travelers are very committed and proactively maintain healthy lifestyle.
- Secondary wellness traveler: any type of trip for leisure or business, and participation in wellness activities is one part of activities undertaken during travel. It can consist in the demand for healthy accommodations, food, and fitness options; visit to a hot springs bathing establishment as part of a trip; visit to a spa, fitness center, beauty center, massage or reflexology treatment, or a hammam, during a trip. Secondary wellness travelers are much broader cross-section of consumers with varying interest in wellness.

Types of experiences demanded

- Unique and authentic experiences are built upon indigenous healing practices; ancient/spiritual traditions; native plants and forests; special muds, minerals, and waters; vernacular architecture; street vibes; local ingredients and culinary traditions; history and culture, etc.

3.3.2 – Expectations, Motivations and Decision-Making Patterns

Expectations

- Overall, customers demand high quality, value for money and results, a care-free all inclusive package, natural and organic ingredients
- Local flavor: interest in traditions, healing modalities, natural settings, local ingredients
- Chinese: interested in re-discovering their own wellness heritage and healing systems; willing to pay a premium for foreign brands, and the associated promise of stringent quality and safety standards.

Motivations

- Transformation: a healthier, more fulfilled life and lifestyle
- Relaxation and spending time with loved ones
- Concerns of environmental issues and chronic disease: in search of healthier air “lung cleansing” and “smog escape”
- Anti ageing: want to look younger
- Privacy and anonymity: dealing with addiction abroad, to find specialist clinics and remain anonymous
- Loneliness: awareness of the value “third places” (like spas) to battle social environment issues.

Decision making influencing factors

- Rising income and education levels, combined with growing concerns with chronic diseases
- Time and cost, resulting in more domestic trips than international trips
- Secondary wellness travelers are not primarily motivated by wellness: their decision making process is influenced by other factors that are linked to niche segments (nature, culture, adventure etc) or convenience of proximity to wellness offerings whilst travelling

Market drivers

- Expanding middle class
- Growing consumer desire to adopt a wellness lifestyle
- Rising interest in experiential travel
- Increasing affordability of flights and travel options
- Online availability, information and booking: 43% of the German market books online

3.3.3 - Market Size and Forecasts

- **International** wellness **expenditure take a proportionally larger share** because average level of spending on an international trip is higher than domestic trips. They are longer in number of days and include air transport in most cases.
- 89% are secondary wellness travelers and 82% are domestic trips
- **Millennials**: wellness is a way of life; dedication to prevention; likes spa visits
- **Chinese**: 70% are exercise regularly and live healthy lifestyles. **Traditional Chinese medicine** is important to this generation, as are centuries old traditions of bathing in thermal waters and hydrotherapy.

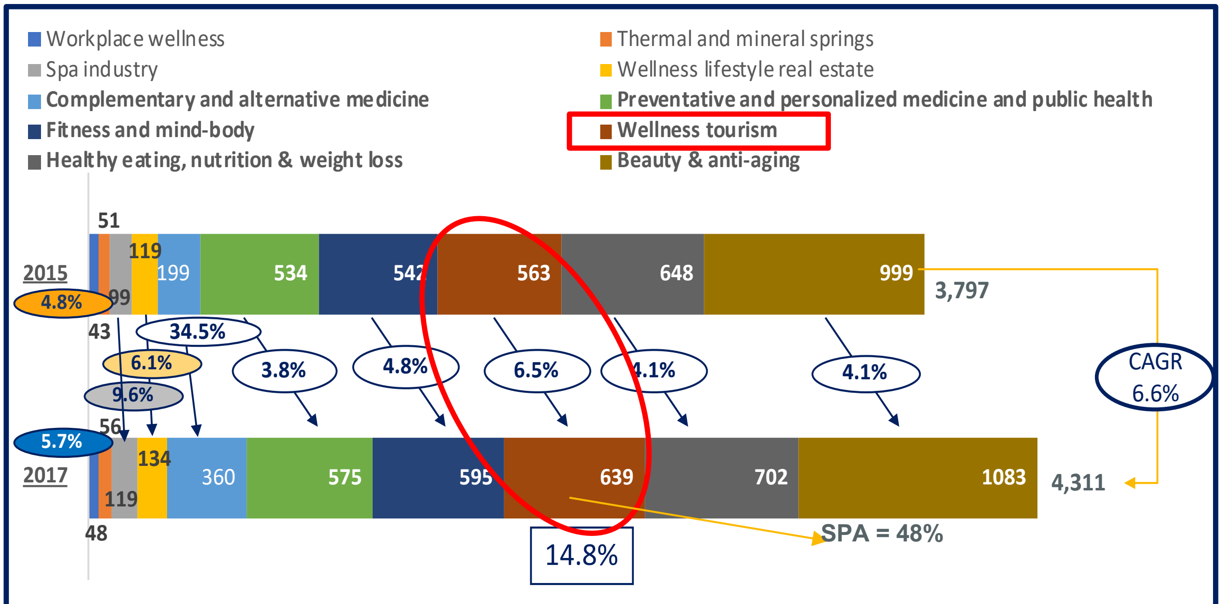
Trips and expenditures

Category	# Arrivals/ trips; 2017; mln	Arrivals/ trips; 2017; %	$ expenditure; 2017; bln	Receipts/ Expenditures; 2017; %	$ expenditure per trip 2017
Primary domestic	55,0	9%	32,4	9%	$589
Primary international	12,2	2%	18,0	5%	$1 473
Secondary domestic	452,1	74%	201,6	56%	$446
Seccondary international	91,7	15%	108,0	30%	$1 178
TOTAL	**611,0**	**100%**	**360,0**	**100%**	**$589**

Source: Global Wellness Institute (GWI); analysis of JCF Strategy Consulting

3 - Tourism Market Segments

- Group size: the majority travel in couples. Short-haul long weekend getaways amongst bigger groups is growing (families, partners, friends).
- Health Tourism represents 14.8% of the global wellness industry growing at a CAGR of 6.5% in recent years. People who travel tend to demand a healthy lifestyle when away from their environments, which is fueling the health tourism.
- Wellness tourism expenditures: US$563 billion in 2015, US$639 billion in 2017 and is forecasted to reach US$919 billion in 2022 the forecasted tourism growth (6%) by UNWTO.



Source: Global Wellness Institute (GWI); analysis of JCF Strategy Consulting

Type of wellness travel (2017)	Arrivals/ trips # mln	%	Expenditure USD bln	%
Seccondary	739	89,0%	551	86,2%
Primary	91	11,0%	88	13,8%
Type of trip				
Domestic	684	82,4%	417	65,2%
International	146	17,6%	223	34,8%

Source: GWI

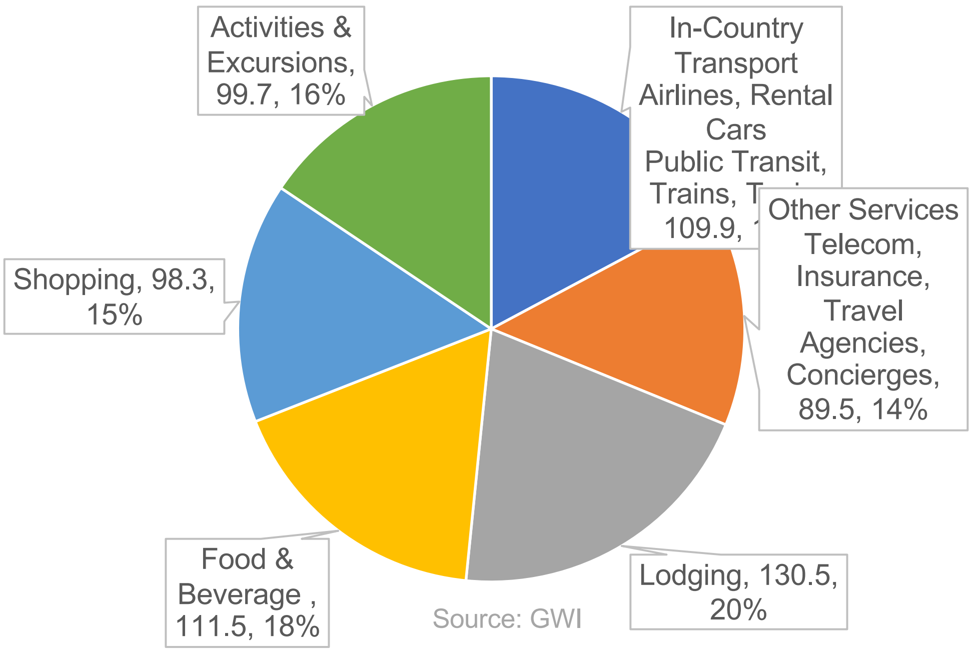
- International wellness travel: has the highest growth of the market (12% CAGR), mostly driven by Secondary wellness, which also has the highest growth (10% CAGR vs. 8% CAGR for primary).

- Wellness tourism trips: 691 million trips in 2015, 830 million in 2017 and a CAGR of 8.1% in 2017-2022.
- Expenditure of per type of trip is the highest for international (more than twice the domestic), and primary travel generates the highest spending both domestically and internationally.
- SPA Tourism represents 48% of the wellness tourism market being the largest segment.
- North America has surpassed Europe as largest HT market, but not in number of trips, led by Europe followed by Asia Pacific which has enjoyed rapid growth.
- Growth has been fueled by a rapid growth of number of trips (9.6% CAGR) and a decrease in expenditure per trip (-2.8% CAGR) between 2015 and 2017. This trend is expected to continue.
- Asia-Pacific and Latin America offer the lowest expenditure opportunities for travelers.
- Between 2017-2022 the highest growth will be in Asia-Pacific (13% CAGR), MENA (12% CAGR) and Africa (11% CAGR).

3 - Tourism Market Segments

- HT expenditure, **without the international airfare component, is lead by lodging (20%),** followed by F&B (18%), in-country transport (17%), activities and excursions (16%), sopping (15%), and other services (14%).

Breakdown of costs - 2017



Wellness Tourism Trips and Expenditures by Region, 2015 and 2017	# trips		Expenditure (US$ billion)			Expenditure per trip	
	2015	2017	2015	2017	2022	2015	2017
North America	186,5	204,1	215,7	241,7	311,3	$1 157	$1 184
Europe	249,9	291,8	193,4	210,8	275,0	$774	$722
Asia-Pacific	193,9	257,6	111,2	136,7	251,6	$573	$531
Latin America-Caribbean	46,8	59,1	30,4	34,8	54,7	$650	$589
Middle East-North Africa	8,5	11,0	8,3	10,7	18,7	$976	$973
Africa	5,4	6,5	4,2	4,8	8,1	$778	$738
Total	**691,0**	**830,1**	**563,2**	**639,5**	**919,4**	**$815**	**$770**

Source: GWI; analysis of JCF Strategy Consulting

CAGR 9.6%

CAGR 6.6%

CAGR 7.5%

CAGR -2.8%

Wellness tourism main markets in the vicinity of ABEC countries - 2017

Country	# International inbound arrivals/ trips; 2017; '000	# Domestic arrivals/ trips; 2017; '000	# Total arrivals/ trips; 2017; '000
P.R. China	7 724	67 442	75 166
India	4 542	51 426	55 968
Japan	1 586	38 900	40 486
S. Korea	1 710	17 909	19 619
Russian Fed.	2 054	13 733	15 787
Thailand	5 692	6 764	12 456
Vietnam	3 150	6 466	9 616
Indonesia	5 184	3 152	8 336
Malaysia	3 332	4 956	8 288

Source: GWI; analysis JCF Strategy Consulting

- Wellness travelers spend much more per trip than other types of travelers: International wellness tourists spend 53% more than the average international tourist;
- The premium for domestic wellness tourists is spends 178% more than the typical domestic tourist
- There is a relevant variation across countries, with top spending countries countries in Europe have a premium of between 52 – 62% compared to other.

Country	Wellness revenues; 2015; $ bln
USA	202,2
Germany	60,2
France	30,2
P.R. China	29,5
Japan	19,8
Austria	15,4
Canada	13,5
UK	13,0
Italy	12,7
Mexico	12,6
Switzerland	12,2
Indis	11,8
Thailand	9,4
Australia	8,2
Apain	7,7
S. Korea	6,8
Indonesia	5,3
Turkey	4,8
Russian Fed.	3,5
Brazil	3,3

Source: GWI

Country	# trips CAGR 2015-2017
Slovakia	36,9%
Philippines	31,3%
Chile	29,3%
Malaysia	28,6%
Vietnam	22,8%
Indonesia	21,5%
P.R. China	20,6%
India	20,3%
Czech Rep.	18,1%
Spain	17,5%
Poland	14,7%
Italy	12,2%
Mexico	10,3%
Germany	6,2%
USA	4,7%
France	2,8%

- In terms of number of arrivals, China, Japan and India are at the top: with most arrivals being domestic. Thailand and Indonesia have high proportions of inbound wellness tourism.
- The top five countries (United States, Germany, China, France, Japan) represent 59% of the global market, and the top twenty countries represent 84% of the total wellness tourism revenue.

- The United States alone accounts for 36% of global revenues from wellness tourism. That is three times more wellness tourism spending than the second largest market, Germany.
- Since 2013, China has moved up in the rankings for wellness tourism expenditures and is now in the top three. India has moved into the top 12.
- 50% of CAGR through to 2022 in wellness tourism expenditures and 75 % in wellness trips will take place in Asia-Pacific, Latin America-Caribbean, Middle East-North Africa, and Sub- Saharan Africa, due to strong increase in domestic tourism and intra-regional wellness tourism.
- Leading growth markets and potential competitors of importance to the region are Slovakia, Malaysia, Vietnam, China and India.

3.3.4 – Trends and Opportunities

Trends

- Quest for differentiation and authenticity: competition will mean destinations have to focus on own traditions and wellness modalities
- Focus on specific wellness activities as well as comprehensive offerings, blending physical wellness with mental wellness and mindfulness
- Hotel innovations focused on wellness: upgrades to sleeping and fitness aspects, from dream tonics to slumber improvements, to diet analysis
- Wellness routes: use wellness aspects of a destination to mitigate tourism overflows in certain regions
- Influence of China on wellness trends: China, as travel destination in general, will grow in popularity. This will influence wellness tourism due to international exposure to traditional Chinese medicine
- Convergence of wellness travel in all aspects of travel, not a distinct market segment: incorporation of wellness practices by airlines and airports, hospitality – fitness partnerships, wellness brands move from products towards products and wellness experiences / services
- Integration of wellness tourism in large scale urban developments
- From consuming to contributing: two-way exchange between wellness travelers and the destination

Opportunities for ABEC region

Policy development

- Monitor competitors in the region with high growth potential (Slovakia, Poland, Czech Republic, India, China, Slovakia, Malaysia, Vietnam) and adapt according to their marketing and destination strategies;

Branding & marketing

- Potential for promoting “fresh air” tourism to those source countries with known air pollution issues
- Explore existing destination profile for wellness tourism (Lake Issyk Kul): invest in deepening the understanding of current visitor expenditure patterns, motivations and desires for products and infrastructure

Product development

- Potential scope for investment in upgrading thermal springs: further in-depth market research required. Potential need for investment in local staff training

Primary travelers are only 11% of the market. Focus needs to be on the complementarity offerings by hotels for other primary purposes of visit, such as Business, Adventure, Ski, MICE, and Culture. Assets will develop if domestic market develops to generate scale and utilization.

3.4 – Medical Tourism

3.4.1 - Characterization

Definition*

- Medical tourism as when consumers elect to travel across international borders with the intention of receiving some form of medical treatment.

Typical treatments

- Cosmetic surgery (breast, face, liposuction); Dentistry (cosmetic and reconstruction); Cardiology/cardiac surgery (by-pass, valve replacement), Orthopedic surgery (hip replacement, resurfacing, knee replacement, joint surgery), Bariatric surgery (gastric by-pass, gastric banding), Fertility/reproductive system (IVF, gender reassignment); Organ, cell and tissue transplantation (organ transplantation; stem cell), Eye surgery; Diagnostics and check-ups

Market restraints

- Ethical concerns – two-tiered medical system in developing countries (foreigners vs locals)
- Patient follow-up and post-procedure complications – online follow-up not always suitable
- Epidemic outbreaks – the concern of acquiring of destination country diseases
- Medical record transfer
- Lack of international accreditation hinders the market
- Visa hurdles – can cause a country to loose market share quickly

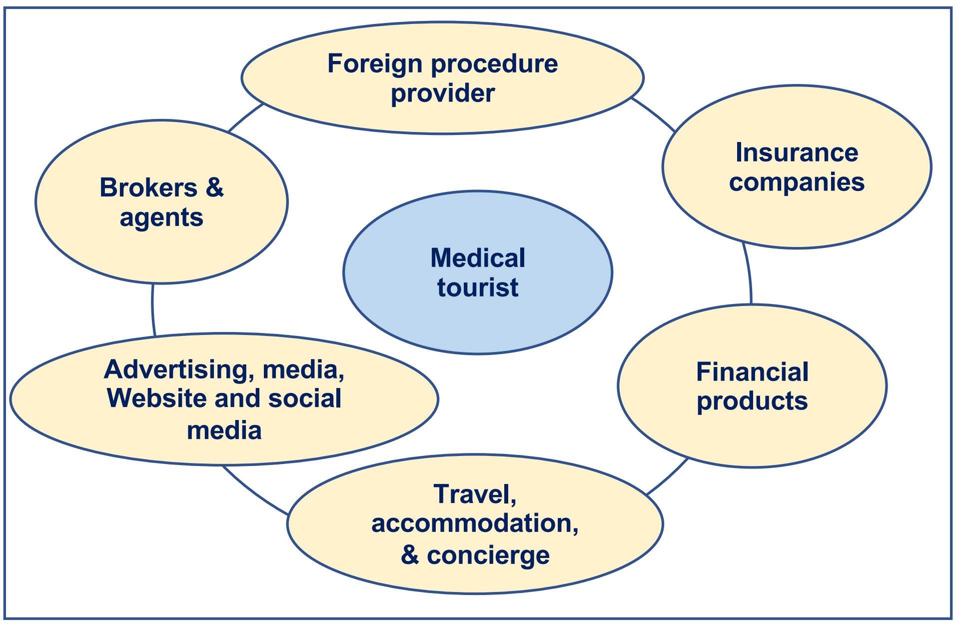
Consumer expectations and motivations

- Overall: much lower cost than home & at least same quality of procedure
- By destination: able to communicate in a familiar language familiar, good standards of hygiene, reasonable food and lodging facilities
- By treatment type:
  - ✓ Plastic surgery, for enhancing appearance - cost
  - ✓ Eye surgery - quality of post-operative care, distance to destination country
  - ✓ Orthopedic surgery - time (waiting period)
  - ✓ Cardiovascular treatment – distance to home country: the patients choose countries closer to the home country since travelling large distances could cause a risk to the patient's life

Models of service delivery and funding

- Globalization: economic, social, cultural and technological.
- Tightened eligibility in domestic health systems (criteria, waiting lists, and shifting priorities for health care)
- Emergence of patient choice including within countries that traditionally have had public-funded services.
- Openness of information
- Development of diverse providers competing on quality and price catering for all demands.

Medical tourism cluster



Clustered base industry

- Medical tourism is an industry based in effective clusters.
- Technological platforms - portals focused on provider and treatment information, advertising and market place of cluster players;
- Brokers tailor surgical packages to individual requirements (all-in);
- Travel Insurance products which seek to cover the costs of further treatments if there are complications; Medical insurance companies that cover treatments or parts of it abroad in providers of their selection.
- Service Providers: Public and private enterprises; large medical tourism facilities with specialized treatments; Part of large corporations with ownership in source markets;
- Countries seeking to develop medical tourism have the options of growing their own health service or inviting partnerships with large multinational players. Accreditation, formal cooperation with highly reputable hospitals and/or medical schools from higher income countries; Large support from host countries in terms of policies and legal framework.

Market drivers

- Globalization: economic, social, cultural and technological.
- Tightened eligibility in domestic health systems (criteria, waiting lists, and shifting priorities for health care)
- Emergence of patient choice including within countries that traditionally have had public-funded services.
- Openness of information
- Development of diverse providers competing on quality and price catering for all demands.

3.4.2 – Market Size and Forecasts

Global market size Market size & structure

Treatment Types	2017	2025	CAGR (17-25)	Structure %
Cosmetic Treatment	3,43	9,15	13,10%	20,00%
Dental Treatment	2,32	5,83	12,20%	13,60%
Cardiovascular Treatment	2,81	7,56	13,20%	16,40%
Orthopedics Treatment	1,41	3,66	12,60%	8,20%
Bariatric Surgery	2,1	5,54	12,90%	12,30%
Fertility Treatment	1,7	4,86	14,00%	9,90%
Eye Surgery	1,93	4,91	12,40%	11,20%
General Treatment	1,43	2,75	8,50%	8,30%
Total	17,14	44,25	12,60%	100,00%

Unit: USD bln; source Orbis research

Cosmetic treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,04	0,06	5,10%	1,70%
Europe	0,48	0,81	6,80%	20,50%
Asia Pacific	1,36	3,84	13,80%	58,60%
MEA	0,15	0,37	11,60%	6,60%
Latin America	0,29	0,75	12,50%	12,60%
Total	**2,32**	**5,83**	**12,20%**	**100,00%**

Dental treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,06	0,09	5,40%	1,70%
Europe	0,7	1,22	7,20%	20,40%
Asia Pacific	2,01	6,15	15,00%	58,80%
MEA	0,31	0,7	10,90%	9,00%
Latin America	0,35	0,99	14,00%	10,20%
Total	**3,43**	**9,15**	**13,10%**	**100,00%**

- Medical tourism is growing fast at a 13,1% CAGR forecasted between 2017-2025. Segments that are cost or speed driven represented 68% of the market while discretionary segments represented 32% in 2017%. Total market reached USD $17.1 bln in 2017 and is forecasted to reach USD $44.3 bln by 2025.
- Dental treatments represent 20% of the medical tourism market and grow at 12,2% CAGR annually from USD 2,32 billion to a forecasted value of USD 5,83 billion by 2025, lead by Asia Pacific with 58,6% of the market.
- In most developed countries public health care is provided for children, while adults shall cover dental treatments on their own or through insurance companies, which mostly have coverage ceilings and apply restrictions to procedure costs, thus people from North America and Europe turn to the developing countries in Asia and Latin America for dental treatments.
- Patients can pay USD 2,000 for a dental crown in the US and USD 1,000 in the UK, but only USD 400 in Mexico, USD 350 in Venezuela and Thailand, USD 300 in Turkey and India, and USD 100 in the Philippines. The savings can range between 50-70% and price has helped in propelling the growth of this industry.
- Cosmetic treatments represent 13.6% of the medical tourism market and grow at 13,1% CAGR annually from USD 3,43 billion to a forecasted value of USD 9,15 billion by 2025, lead by Asia Pacific with 58,8% of the market. Asia Pacific and Latin America are some of the major destinations for medical tourists.
- Countries such as South Korea, Thailand and India in Asia Pacific; Brazil, Costa Rica and Puerto Rico in Latin America, are the major medical tourism destinations for cosmetic treatment.

- Cosmetic treatments are **driven by lower costs.** Only S. Korea receives approximately 300,000* medical tourists pursuing plastic surgeries like breast augmentation surgery, liposuction, facelifts and others, mostly coming from China, US, Russia, Japan, Mongolia and Singapore. generally if a facelift surgery in the US cost USD 10,000- USD 12,000, it costs nearly USD 2,000 – USD 3,000 in South Korea.

Cardiovascular treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,04	0,06	4,40%	1,60%
Europe	0,58	1,04	7,50%	20,60%
Asia Pacific	1,66	5,11	15,10%	58,90%
MEA	0,25	0,57	10,80%	8,90%
Latin America	0,28	0,77	13,60%	9,90%
Total	**2,81**	**7,56**	**13,20%**	**100,00%**

Orthopedic treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,02	0,03	4,80%	1,60%
Europe	0,29	0,49	6,80%	20,40%
Asia Pacific	0,83	2,48	14,60%	59,00%
MEA	0,12	0,27	10,10%	8,80%
Latin America	0,15	0,39	13,10%	10,30%
Total	**1,41**	**3,66**	**12,60%**	**100,00%**

Bariatric surgeries market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,03	0,05	5,50%	1,60%
Europe	0,44	0,79	7,70%	20,80%
Asia Pacific	1,23	3,7	14,70%	58,60%
MEA	0,19	0,42	10,60%	8,90%
Latin America	0,21	0,58	13,40%	10,10%
Total	**2,1**	**5,54**	**12,90%**	**100,00%**

Unit: USD bln; source Orbis research

- **Cardiovascular treatments represent 16.4% of the medical tourism market and grow at 13,2%** CAGR annually from USD 2,81 billion to a forecasted value of USD **7,56 billion by 2025**, **lead by Asia Pacific** with 58,9% of the market.
- Cardiovascular tourism **patients** from developed countries **seek high value for money treatments** from developing countries. Some of the most common cardiac treatments are **coronary bypass grafting**, **replacement of heart valves**, **widening of coronary arteries** with stents, and **implantation of electronic devices** such as pace makers.
- A cardiac surgery in India costs about USD 10,000 whereas the same surgery in USA costs USD 113,000. Some of the **popular destination** countries for cardiovascular treatments **are India, Thailand, South Korea, and some Middle Eastern** countries like Saudi **Arabia, UAE and Brunei**. In cases of **emergencies**, the patients choose **countries closer to the home** country since travelling large distances could cause thromboembolism, posing **risks** to the patients' lives.

- **Orthopedic treatments represent 8.2% of the medical tourism market and grow at 12,6%** CAGR annually from USD 1,41 billion to a forecasted value of USD **3,66 billion by 2025, lead by Asia Pacific** with 59% of the market.
- In **patient numbers, 7% travel for orthopedic treatments**. The most commonly undertaken treatments are **hip and knee replacement surgeries**. Diagnostic images can be shared through various telemedicine applications, helping the patients seek treatment and diagnostic advice from their doctors in the home country. A Hip replacement costs $40,000 in the US, while it costs $8,000 in Colombia, $7,000 in India and $5,500 in Poland
- A Knee replacement costs $35,000 in the US, while it costs $7,000 in Colombia, $6,600 in India and $8,000 in Poland.

3 - Tourism Market Segments

- Bariatric surgeries represent 12.3% of the medical tourism market and grow at 12,9% CAGR annually from USD 2,10 billion to a forecasted value of USD 5,54 billion by 2025, lead by Asia Pacific with 58,6% of the market.
- The demand is driven by significant increase in obesity in all age groups. laparoscopic surgical procedure helps people lose weight quickly and easily. Bariatric surgery fails to keep the weight off in the long term and patients tend to repeat.
- The cost of gastric bypass can range from USD 20,000 to USD 35,000. In other countries, the surgery costs about 1/3 the cost of United States. In India, gastric banding surgery costs as low as USD 6,800.

Fertility treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,03	0,04	5,20%	1,70%
Europe	0,35	0,67	8,40%	20,70%
Asia Pacific	0,99	3,25	16,00%	58,40%
MEA	0,15	0,36	11,40%	8,90%
Latin America	0,18	0,53	14,80%	10,40%
Total	**1,7**	**4,86**	**14,00%**	**100,00%**

Eye Surgeries market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,03	0,05	4,30%	1,70%
Europe	0,4	0,67	6,80%	20,50%
Asia Pacific	1,13	3,31	14,30%	58,90%
MEA	0,17	0,37	9,90%	9,00%
Latin America	0,19	0,52	13,20%	9,90%
Total	**1,93**	**4,91**	**12,40%**	**100,00%**

General treatment market

Regions; $ bln.	2017	2025	CAGR (17-25)	Structure %
North America	0,02	0,02	0,90%	1,50%
Europe	0,3	0,41	3,90%	21,30%
Asia Pacific	0,81	1,72	9,80%	56,90%
MEA	0,13	0,29	10,30%	9,10%
Latin America	0,16	0,3	8,30%	11,20%
Total	**1,43**	**2,75**	**8,50%**	**100,00%**

Unit: USD bln; source Orbis research

- Fertility treatments represent 9.9% of the medical tourism market and grow at 12,6% CAGR annually from USD 1,7 billion to a forecasted value of USD 4,86 billion by 2025, lead by Asia Pacific with 58,4% of the market.
- About 20,000 to 25,000 couples annually seek assisted reproductive technology services abroad. An estimated 4% of European Union citizens receive treatment in other countries. The fertility treatment procedures are regulated in most European nations. The legal framework varies considerably from country to country.
- Israel is the leading fertility tourism destination for in-vitro fertilization (IVF) procedures; Intrauterine insemination or artificial insemination practice is lead by Denmark with more than 50 countries worldwide importing Danish sperm.
- IVF with egg donation costs USD 35,000 in USA, while in the Czech Republic, it only costs USD 6,700.
- Eye Surgeries represent 11.2% of the medical tourism market and grow at 12,4% CAGR annually from USD 1,93 billion to a forecasted value of USD 4,91 billion by 2025, lead by Asia Pacific with 58,9% of the market.
- Cataract surgery and Lasik eye surgery are the most common. They cost around $3,600 in the US, $1,500 in India and $750 in Poland.
- In addition, many medical tourist packages include flights, treatment, hotels, usually post-operative vacation, and rejuvenation therapies.
- The market is favorable for regions using the latest technologically and advanced and cutting edge diagnostic equipment. The quality of post-operative care is another important factor, which varies dramatically, between countries. Long flights and decreased mobility are few other factors, which are taken into account in post-operative care of eye surgery.
- General treatments represent 8.3% of the medical tourism market and grow at 8,5% CAGR annually from USD 1,43 billion to a forecasted value of USD 2,75 billion by 2025, lead by Asia Pacific with 56,9% of the market. General treatment includes ENT, diagnostics, alternative medicine, and transplant tourism among others. The transplant tourism market is growing due to the long waiting period and the compatible donor in other regions.
- There are more than 105,000 Americans on the transplant candidate waiting list, with more than 15,000 patients awaiting a liver transplant. Liver transplant in US costs around USD 250,000-USD 314,000, whereas in India it is about USD 40,000-USD 60,000. This market has however the issue of the organ trafficking in some countries.

Cost benchmarking

Procedure	Cost comparison (US$)				Obs
	USA	**S. Korea**	**India**	**Almaty**	
Facelift	10 000 - 12 000	2 000 - 3 000		750	
Liposuction				1 750	
Breast implants	10 000		2 200	3 750	
	USA	**Philippines**	**Thailand**	**Almaty**	
Dental crown Dental resconstruction	2 000	100	300	100 to 1 000 per tooth	
	USA	**India**	**Thailand**	**Almaty**	
Cardiac surgery	113 000	10 000			
Coronary angioplasty	41 000	3 500	4 150		
By-pass				7 750	
Valve replacement				9 250	
	USA	**India**	**Poland**	**Almaty**	
Hip replacement	40 000	7 000	5 500	6 250	
Knee replacement	35 000	6 600	8 000	6 250	
	USA	**India**		**Almaty**	
Bariatric surgery	20 000 - 35 000	6 800		1 250	
	USA	**India**	**Poland**	**Almaty**	
Eye surgery: catarat surgery	3 500	1 500	750	4 500	
lasik eye surgery	3 700	730		4 500	
	USA	**India**	**Czech Republic**	**Almaty**	
Full body scan (diagnostics)				2 100	
	USA	**India**	**Czech Republic**	**Almaty**	
Fertlity treatment	16 000; 35 000 w/ egg don.	3 250	6700 with egg donation	3 750	
Liver transplant	250 000 - 314 000	40 000 - 60 000		not available	

- **India and Thailand are the largest markets for medical tourism**, followed by Singapore, all in Asia – Pacific.
- India has also the **largest expected growth rate**, 115.9% CAGR between 2017-2025. This growth is almost similar to the other referred countries in the region.
- In the Americas, Brazil and Mexico are the largest markets with also the strongest growth rates.
- **In cost comparability, For Almaty (excluding airfares, but including a daily rate of $50 for the accompanying person), the city is highly competitive on facelifts, knee replacements, bariatric surgeries, and fertility treatments with egg donation.**
- Almaty is not competitive in breast implants, hip replacements, cataract eye surgeries and Lasik eye surgeries.

3 - Tourism Market Segments

Market size by main country

Country	2017	2025	CAGR (17-25)
North America	**0,29**	**0,40**	**4,30%**
USA	0,15	0,21	3,90%
Canada	0,13	0,19	4,80%
Latin America	**1,21**	**3,39**	**13,80%**
Brazil	0,7	1,94	13,50%
Mexico	0,5	1,45	14,10%
Argentina	0,36	0,77	9,90%
Rest of L. America	0,26	0,68	12,60%
Europe	**3,53**	**6,10**	**7,10%**
France	0,4	0,72	7,60%
UK	0,23	0,43	7,80%
Germany	0,43	0,76	7,30%
Scandinavia	0,2	0,34	7,00%
Italy	0,31	0,52	6,60%
Rest of Europe	1,96	3,34	6,90%
Asia Pacific	**10,04**	**29,57**	**14,50%**
India	2,27	7,39	15,90%
China	0,35	0,59	6,80%
Japan	0,86	2,07	11,60%
Singapore	1,53	4,73	15,20%
Thailand	2,05	6,51	15,60%
rest of Asia Pacific	2,99	8,28	13,60%
MEA	**1,48**	**3,34**	**10,70%**
Middle East	0,99	2,34	11,40%
Africa	0,49	1,00	9,40%

- **India and Thailand are the largest markets for medical tourism**, followed by Singapore, all in Asia – Pacific.
- India has also the **largest expected growth rate**, 115.9% CAGR between 2017-2025. This growth is almost similar to the other referred countries in the region.
- In the Americas, Brazil and Mexico are the largest markets with also the strongest growth rates.
- **In cost comparability, For Almaty (excluding airfares, but including a daily rate of $50 for the accompanying person), the city is highly competitive on facelifts, knee replacements, bariatric surgeries, and fertility treatments with egg donation.**
- Almaty is not competitive in breast implants, hip replacements, cataract eye surgeries and Lasik eye surgeries.
- **Increased competition**: advertising and quality accreditation can influence a destination's position
- **Ageing population and increase in socio economic status** will push growth of the market
- **Government policies**: many countries are looking at implementing favorable policies to increase image of country as a medical tourism destination

Trends

- **Advanced technologies**: Electronic Health Records, Mhealth, telemedicine, medical data banks
- **Portable medical insurance**: applicable across Europe

Opportunities for ABEC region

Product development

- Consider the growth areas of fertility treatment & cardiovascular treatment (potentially labiaplasty?)
- Analyse and monitor strategies of competitors in the region on an ongoing basis (South Korea, India, Romania, Ukraine and Poland)

Market research & marketing

- Deeper understanding and further analysis of of behaviour patterns and motivations of medical tourists originating from countries within relative short distance from the project area
- Gain international ratings of medical procedures by hospitals in the project area by GC and JCI to enhance the countries' reputation for medical tourism
- Opportunity to capitalise on cultural and religious similarities? (Afghanis and Bangladeshis currently go to India. Would they prefer going to Muslim countries?)

Government policy

- Investigate public - private partnerships once it is clear which treatments types the project area will focus on
- Considerations for a special visa category for medical tourists and an expedited visa approval process

3.5 – Meetings, Incentives, Conferences and Exhibitions

3.5.1 - Characterization

Difference between corporate and association MICE buyers

Corporate buyers	Association buyers
Work with "for profit" organizations	Usually work for "not-for-profit" organizations
Small average meeting size (less than 100 people)	Larger average meeting size
Essentially organize meetings, incentives and simple, creative events	Usually organize conferences, congresses, exhibitions, sports events
Short time between the booking and the actual date of the MICE event	Long time between the booking and the actual date of the event
Decision making process is straightforward and rapid	Decision making process is complex and prolonged
Organize a wide range of events	Organize a limited number of events
High per year costs	Lower per head costs
Shorter events throughout the year	Longer events mostly in spring and autumn

Source: UK Centre for the Promotion of Imports from developing countries (CBI)

Definition

- **MICE tourism** corresponds to business events that include Meetings, Incentives, Conferences and Exhibitions (MICE). Other common terms are the ‘meetings industry’ or ‘events industry’.

Types

- **Meetings** - groups of at least 10 people from corporate organisations who come together for an annual meeting, board meeting, sales meeting, product launch, presentation or training
- **Incentives** - corporate-sponsored trips for employees, distributors or clients, to reward performance, motivate work effort or create company loyalty. Unlike the other types of MICE, incentives are focused on leisure rather than business
- **Conferences (congresses, conventions**) – meetings of people who share a common interest or objective (industry, culture, religion, hobby) in order to exchange ideas, views or innovations. They are often organised by industry or trade associations and often involve large participation numbers. The event usually goes over several days

Types (cont.)

- **Exhibitions (events)** - professionally organised events where products and services are displayed, typically in a space with booths and where potential buyers can meet sellers. Most exhibitions take place annually, at the same location. They are usually organised by associations.

Clients and buyers

- **MICE clients** - private companies and corporations, not for profit organizations (NFPs), associations (trade associations, societies, religious associations, political parties) and government agencies. Corporations represent about 65%
- **MICE buyers** – they can be the corporations, associations and NFPs themselves or MICE intermediaries such as MICE tour operators, incentive travel houses, professional congress organisers (PCOs) and event planners, exhibition / event management companies, corporate travel agents, destination marketing organisations (DMOs) and convention bureaus.

3.5.2 - What are MICE Buyers Looking for?

Location & venue

- **Europe and North America** – influenced by specific property type with easy airlift and transportation to the location
- **Central and South America** – influenced by economic/political stability and currency/ exchange rate
- **Asia Pacific** – influenced by economic/political stability and referrals / recommendations from colleagues
- **Opportunity for new MICE destinations** – only 16% of MICE planners are extremely certain of their venue when they begin the sourcing process; low importance placed on 'repeat destination for meeting' by European and Asian planners; relatively high ranking of 'specific location type needed – near customer location' (37% for European planner and 15% for Asian planners)
- **Demand for unique properties is rising** - tree-houses, rooftops, islands, museums, galleries, sporting venues, historic buildings - especially for events targeting the younger population
- **Safety** – requirements for the destination to have medical & emergency procedures, on-site security including cyber security

Destination capability

- **One stop shop** – ideally one supplier provides all the ground support (can subcontract to others); it saves time and money for the event planner and enhances risk & mitigation management
- **Flexibility, proactivity and quick decision making capability** – flexible packages that meets needs and budget, short lead in time (average lead-time of European MICE buyers is estimated at 7 weeks), meet deadlines, contribution of ideas is expected from destination, quick decision making expected from the body responsible for MICE in the destination

Destination capability (cont.)

- **Sustainability policy** – sustainability is added to events as many European companies have their own Corporate Social Responsibility (CSR) guidelines (their CSR guidelines may include that they should only work with companies with a sustainability label)
- **Quality and value for money** - Business travelers look for customer service, safe and comfortable transport, clean and comfortable accommodation, good catering and meeting venues & hotels with good internet connection. For European MICE buyers, value for money is more important than price.
- **Experienced ground handlers and ground transport services -** group transport options through online booking tools is gaining traction

Event design & delivery

- **Authentic experiences**, not standard 'cookie-cutter' events **-** engage business travellers intellectually and emotionally, link to the client's specialty, industry, event objective or local community, food & beverage
- **Attendee engagement** –attendee experience is key differentiator in a competitive market and there is a direct link between level of attendee engagement and overall event experience. *Festivalisation* for corporate events, co-creation (conversation & engagement rather than broadcasting) are some ways to realise this
- **Meetings technology** – **high speed internet** capability is a must; **seamless internet** connectivity at the venue and hotel; **event apps & microsites** for registration, participation, sharing of agendas, sending messages and reminders to attendees, and for planners to track and benefit from event analytics. 52% of European event planners and 41% of Asia Pacific event planners find **agenda sharing via app** important; **virtual meeting technology** is used by 49% of European MICE planners and 70% of Asia Pacific planners

Meeting activity by type; 2018; %

Type	N. Amercia	Europe	Central/ S. America	Asia/ Pacific
Internal team meeting/ training	30%	24%	26%	23%
Conference/ trade show	15%	18%	12%	16%
Client/ customer advisory board	15%	18%	14%	16%
Product launch (internal / external)	13%	13%	13%	14%
Senior leadership meeting / board meeting	16%	15%	19%	16%
Incentive/ special event	11%	12%	17%	15%
Total	**100,0%**	**100,0%**	**101,0%**	**100,0%**

Source: UK Centre for the Promotion of Imports from developing countries (CBI)

Cost per attendee (excluding air trip); 2018; US$

Type	N. Amercia	Europe	Central/ S. America	Asia/ Pacific
Internal team meeting/ training	$1 259	$1 004	$1 394	$1 576
Conference/ trade show	$1 223	$1 571	$1 640	$1 910
Client/ customer advisory board	$1 336	$1 400	$1 634	$1 757
Product launch (internal / external)	$1 463	$1 434	$1 942	$1 785
Senior leadership meeting / board meeting	$1 434	$1 446	$1 817	$1 907
Incentive/ special event	$1 679	$1 590	$2 070	$1 957

Source: CBI

Property type usage; 2018; %

Type	N. Amercia	Europe	Central/ S. America	Asia/ Pacific
Resort properties	15%	9%	20%	18%
Lower-tier properties	11%	11%	13%	12%
Luzury properties	12%	13%	11%	16%
Mid-tier properties	48%	47%	29%	36%
Non-traditional meeting facilities	12%	15%	17%	10%
Cruises	2%	5%	10%	8%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: CBI

- **The largest market segment is Internal team meetings**, including employee training are most common: Approx. 25% in Europe, Asia Pacific and Central / South America; 30% in North America.
- **75% of event planners select large cities** as their **preferred destinations**, while 25% opt for second-tier cities for their meetings
- MICE planners have many destinations and types of venue to choose from. This makes MICE tourism a relatively **price sensitive and competitive industry**. The spending on a long-haul MICE trip consists of three dimensions: (i) the **exchange rate** between the currencies of the country of origin and the destination country; (ii) the **costs of transport** to and from the destination country, and (iii) the **price of goods and service**s the traveler consumes in the **destination country**.
- The cost per attendee is **highest in Asia Pacific**, and lowest in Europe
- **Mid-tier hotels are used for 50% of meetings**. The use of non-traditional meetings facilities is between 10% and 20% across regions. Demand for these type of facilities is growing by 2.7% in 2019, and is mainly of interest to younger audiences

Europe

- **Internal team and training** meetings is **driven by strong activity in the UK, France, and Spain. Germany** has more activity in customer advisory board meetings (28%) than internal meetings (16%).
- The **average per-attendee spend for Europe sits between $1,000 and $1,600 (excl. air costs)**. Internal meetings and training have the lowest budget whilst incentives require the highest budget

Asia - pacific

- Similar to Europe, the **most prevalent type is internal meetings**
- The **budget** for MICE in Asia Pacific is higher than in Europe, **sitting between $1,100 and $2,600 per attendee** (excluding air costs)

Meeting activity, by type, Asia/ Pacific; 20128; %

Type	Japan	PR China/ Hong Kong	Australia	Asia/ Pacific
Internal team meeting/ training	21%	22%	28%	23%
Conference/ trade show	16%	15%	15%	16%
Client/ customer advisory board	16%	16%	16%	16%
Product launch (internal / external)	15%	17%	10%	14%
Senior leadership meeting / board meeting	15%	14%	18%	16%
Incentive/ special event	17%	16%	13%	15%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: CBI

Meeting activity, by type, Europe; 20128; %

Type	Switzerland	Poland	Senmark / Sweden	Spain	Benelux	France	Germany	UK	Europe
Internal team meeting/ training	21%	19%	24%	28%	19%	27%	17%	27%	24%
Conference/ trade show	21%	19%	18%	13%	17%	22%	22%	17%	18%
Client/ customer advisory board	16%	16%	22%	20%	15%	12%	28%	18%	18%
Product launch (internal / external)	11%	15%	19%	15%	16%	12%	12%	10%	13%
Senior leadership meeting / board meeting	18%	14%	8%	14%	17%	15%	11%	18%	15%
Incentive/ special event	13%	17%	9%	10%	16%	12%	10%	10%	12%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: CBI

MICE Market drivers

Region	New hotel openings (midsclate to luxury); 2019	Expected GDP Growth Rate; %	Meeting spending within organizations growth rates
North America	563	2,8%	0,80%
Latin America	56	2,3%	0,26%
Asia Pacific	764	5,6%	0,86%
Europe, Middle East, Africa	966	2,0%	-0,65%

Source: CBI

Market drivers

- Infrastructure, capacity and professional development opportunities determines the market for MICE.
- Growth of the MICE market is foremost influenced by GDP, hotel room availability and the rate of hotel developments:
- A buoyant economy drives meetings growth and a good supply of hotel venues (particularly large venues) drives increase in group sizes for MICE:
- Europe: strong in hotel development and Asia Pacific: strong economic growth
- North America: venue supply does not meet demand
- Latin America: limited hotel developments due to recession - little growth in MICE
- Commission cuts for group sales by major hotel chains means budget restraints for MICE organizers. Increase in client/customer advisory board meetings in Spain and product launches in Germany have been driving the market in Europe. Increase in product launches and board meetings in China / Hong Kong and conferences / trade shows in Japan, have been the market drivers in Asia- Pacific.

Largest international associations meetings; world in 2018

Country	# meetings
USA	947
Germany	642
Spain	595
France	579
UK	574
Italy	522
Japan	492
PR China	449
Netherlands	355
Canada	315

City	# meetings
Paris	212
Vienna	172
Madrid	165
Barcelona	163
Berlin	162
Lisbon	152
London	150
Singapore	145
Prague	136
Bangkok	135

Source: ICCA - International Congress and Convention Association

Largest international associations meetings; Asia in 2018

City	# meetings	City	# meetings
Singapora	145	Bali	40
Bangkok	135	Moscow	35
Hong Kong	129	Hangzhou	28
Tokyo	123	Xi'na	27
Seoul	122	Chiang Mai	25
Taipei	100	Hanoi	23
Beijing	93	Jakarta	23
Shanghai	82	Tbilisi	14
Kuala Lumpur	68	Baku	12
Dubai	55	Ulan Bator	10
Manila	48	Nursultan	7
New Delhi	43	Yerevan	5

- More meetings for more attendees for longer duration, with only marginal increase in budgets, have been “hidden” discounts for companies, as scale drives cists down and increased bargaining power for the buyers.
- Hotel rate rises, due to shortage of suitable hotels / venues
- Because Europe has the highest rate of new hotel openings, event planners are anticipating a 0.7% increase in space availability for 2019.
- Singapore was the nr 1 destination in 2014 with 994 meetings, followed by USA and South Korea, according to Union of International Associations;

3 - Tourism Market Segments

- **Europe is the preferred destination for European MICE buyers**, due to its proximity and connectivity, However, European MICE buyers also organize MICE in regions outside Europe: 35% in Asia, 32% in Middle East, 9% in Australia & Pacific.
- 78% prefer large cities for their event location.

Key trends

- **Hybrid events** – combining a traditional physical event with online participation and online presentations
- **Connecting MICE and social media -** to increase the impact of the event over a longer period of time
- **Combining incentives and meetings** –gain maximum value from networking, education, team building as well as corporate tax benefits
- **New places** – emerging destinations or original locations are appreciated. Less known cities may provide grants or promotional rates to attract MICE buyers
- **CSR and local community** – giving back to local communities and add a long term legacy to the event through team building activities such as building homes for the homeless, restoring social centers, planting trees, whilst also motivating participants
- **Ethical food –** Organic, healthy, vegetarian, tell the local food story
- **Planning and delivery of events at short notice** – DMCs need to manage projects in short timeframe
- **Big data analytics, so MICE destinations can build up their understanding of, and anticipate, visitor needs** – before, during and after event hours, from MICE venues to lifestyle precincts
- **Competition of hotels outside major cities** – competitors are offering considerable discounts to meeting planners

Opportunities for ABEC

- **Event types and authentic experiences:**
- Small scale meetings & incentive trips
- Authentic cultural experiences, for example focused around yurt living, horse culture, eagle hunting, unique food culture (mix of European, Asian, Middle Eastern)
- **Marketing approach:**
- No cookie cutter approach, customised to customer needs
- International association country ranking
- Define core competencies
- Focus on value rather than lowest price, experiences rather than total inclusions, co-creation of experiences rather than recipient of packages
- Conference ambassadors: exploit sector specific expertise available in Almaty (professionals, academics, medics)
- **Business development activity:**
- Target European MICE intermediaries (EFAPCO, IAPCO, ICCA, JMIC, SITE)
- Attend European MICE trade shows (Ibtm World, IMEX, ITB, MICE Connect)

Chapter 4

4 – Main Tourism Assets

4.1 – Kyrgyz Republic

4 – Main Tourism Assets

Cate-gory	Asset	Location coordinates	Total # of visitors	Number of visitors (domes-tic)	Number of visitors (internat ional)	Seasonal Pattern	%
Nature	**Issyk-Kul biosphere zone**	**42°25'20.8"N 77°16'49.0"E**	**1 700 000**	**1 000 000**	**700 000**	**June - August**	**36,4 %**
	Chon Aksuu (Grigorievka) gorge	42°26'56.6"N 78°33'46.0"E	150 000	100 000	50 000	June - August	3,2%
	Semenovka gorge	42°49'35.8"N 77°28'32.7"E	150 000	100 000	50 000	June - August	3,2%
	Aksuu hot springs	42°28'25.6"N 78°31'55.8"E	101 000	100 000	1 000	All year round	2,2%
	Ala-Archa National Park	42°33'47.6"N 74°28'58.9"E	70 000	50 000	20 000	All year round, peak-summer	1,5%
	Jeti-Oguz gorge	42°19'35.6"N 78°14'34.1"E	70 000	50 000	20 000	June - September	1,5%
	High-altitude Son-Kol lake	41°50'31.0"N 75°08'51.2"E	25 000	10 000	15 000	June - September	0,5%
	Karakol National Park	42°29'47.2"N 78°31'34.8"E	17 000	7 000	10 000	June - September	0,4%
	Altyn Arashan gorge	42°22'00.5"N 78°35'31.8"E	17 000	7 000	10 000	May -September	0,4%
	Chon-Kemin National Park	42°51'18.5"N 76°35'21.1"E	16 000	7 000	9 000	June - September	0,3%
	Karkyra valley	42°45'16.5"N 79°08'57.5"E	4 000	2 000	2 000	July - September	0,1%
	Han-Tengri Peak	42°12'39.3"N 80°10'27.8"E	1 100	100	1 000	July - August	0,0%
Culture	Architectural monuments in Bishkek	42°52'37.9"N 74°35'40.6"E	250 000	100 000	150 000	All year round	5,3%
	Ancient petroglyphs in Cholponata	**42°38'59.6"N 77°05'12.1"E**	**90 000**	**40 000**	**50 000**	**May - October**	**1,9%**
	Architectural monuments in Karakol	42°24'29.0"N 78°27'58.5"E	80 000	30 000	50 000	All year round	1,7%
	Burana tower	42°44'47.1"N 75°15'01.6"E	50 000	30 000	20 000	May - October	1,1%
	Archeological excavations Ak-Beshim	42°48'16.6"N 75°11'54.0"E	3 100	100	3 000	May - October	0,1%

Bishkek related	**Issyk-Kul related**	**Karakol related**	Song-Kol related	**Kemin**
9,6%	**78,7%**	**9,5%**	1,2%	**1,0%**

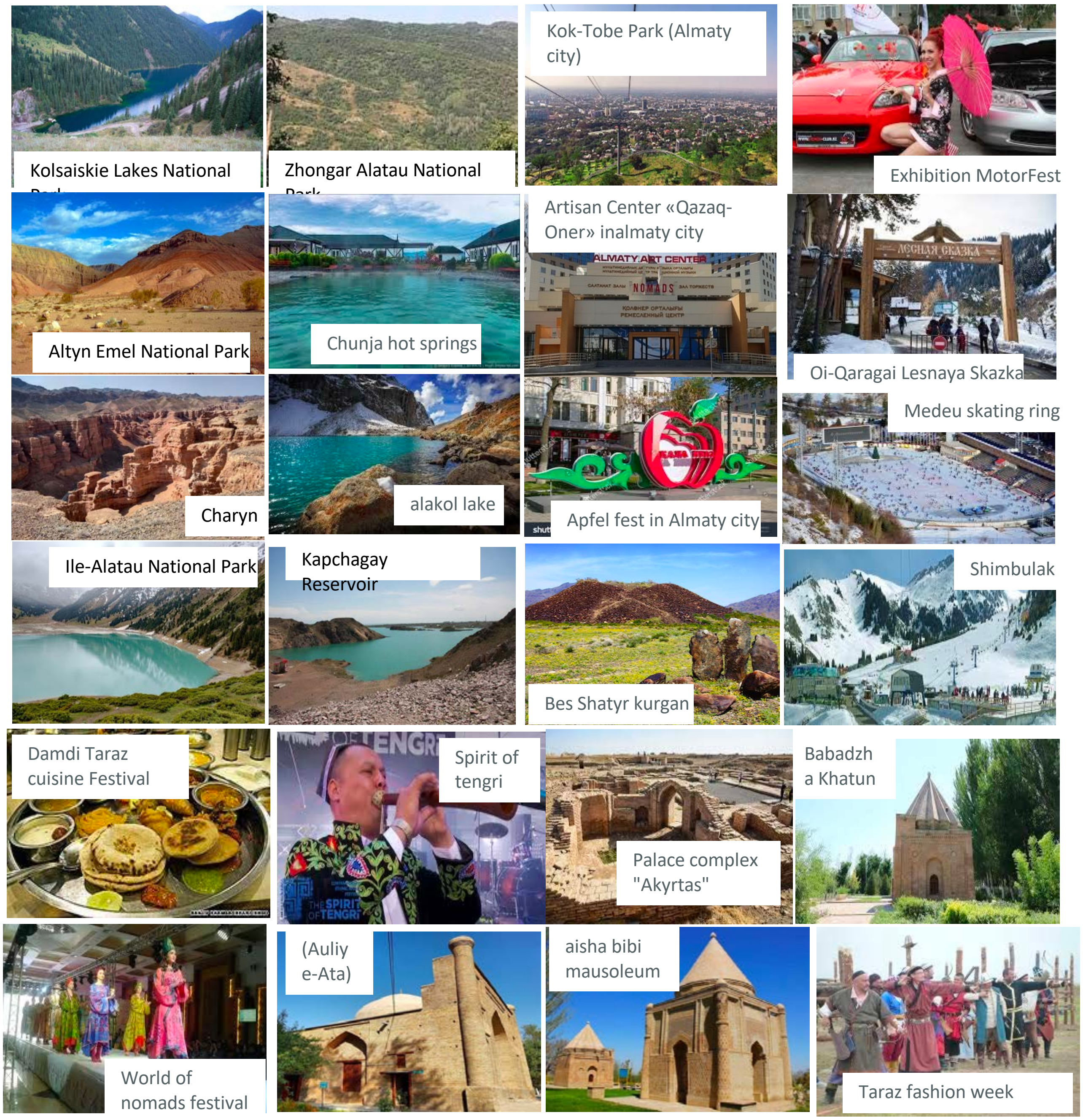
Category	Asset	Location coordinates	Total # of visitors	Number of visitors (domestic)	Number of visitors (international)	Seasonal Pattern	%
Nomadic lifestyle	**World Nomad Games in Cholpon-Ata**	**42°38'59.6"N 77°05'12.1"E**	**67 000**	**50 000**	**17 000**	**September 2018**	**1,4%**
	Jailoo (summer pasture) tourism in Kochkor	42°12'47.5"N 75°45'00.1"E	30 000	10 000	20 000	May - September	0,6%
	Felt carpet producing shows at handicraft shops in Kochkor and Tamchy	**42°33'55.6"N 76°39'37.6"E**	**20 500**	**500**	**20 000**	**May - September**	**0,4%**
	Traditional falcon hunting in Bokonbaevo	42°07'02.0"N 76°59'26.4"E	2 500	500	2 000	May - September	0,1%
	Horseback riding tours in Issyk-Kul region		**1 500**	**500**	**1 000**	**June - September**	**0,0%**
Infrastructure	International Airport Tamchy in Issyk-Kul	42°35'08.9"N 76°42'18.5"E				All year round	0,0%
	International Airport Manas in Bishkek	43°03'15.2"N 74°28'11.7"E	2 164 000	656 000	1 508 000	All year round	46,3%
	Resorts around Issyk-Kul shore		**1 500 000**	**1 000 000**	**500 000**	**June - August**	**32,1%**
	Hotels in Bishkek and Karakol		120 000	40 000	80 000	All year round	2,6%
	Ski-bases nearby to Bishkek	42°39'22.1"N 74°45'54.7"E	78 000	70 000	8 000	December - March	1,7%
	Ski-base Karakol	42°24'29.0"N 78°27'58.5"E	34 000	30 000	4 000	December - March	0,7%
	Ski-base Orlovka	42°43'10.3"N 75°34'54.0"E	26 000	25 000	1 000	December - March	0,6%
	Railroad Bishkek-Balykchy		2 000	1 000	1 000	June - August	0,0%
TOTAL			**4 675 700**	**2 860 700**	**1 815 000**		**100,0%**

Kyrgyz Republic main tourism assets are developed around 5 main clusters:

- **Issyk-Kul lake**. It is responsible directly for at least 78.7% of the domestic and international tourist visits in Kyrgyz Republic.
- **Bishkek**. Accounts for 9.6% of all visitation;
- **Karakol**. Has the same size as Bishkek with 9.5% of visitation, although it offers quite some differentiation sites.
- **Song-Kol**. It only generates 1.2% of the visitation.
- **Kamin**. Generates only 1.0% of the *visitation.*
- **Sites' visitation** tend to have the same pattern for both national Kyrgyz visitors as for foreigners.
- **Issyk-Kul is more visited by nationals than by foreigners, being the same truth for the complementary activities.**
- **Domestic tourism generates more visits than international visits**. Frequency and overall cost are key and determinant factors.

4 – Main Tourism Assets

4.2 – Kazakhstan



4 – Main Tourism Assets

Cate-gory	Asset	Location coordi-nates	Total # of visitors	Number of visitors (domestic)	Number of visitors (international)	Seasonal Pattern	Total %	Do-mestic%	Internatioonal %
Nature	Kolsay Lakes National Park	43.007295, 77.699780	44 936	42 689	2 247	June-September	0,7%	0,7%	0,2%
	Altyn-Emel National Park	44.003370, 78.837867	14 265	8 777	5 488	All year round, peak April-September	0,2%	0,1%	0,6%
	Charyn National Park	43.343279, 79.070448	13 220	6 198	7 022	April-October	0,2%	0,1%	0,7%
	Ile-Alatau National Park	43.157904, 77.048690	397 313	317 850	79 463	All year round, peak-summer and January	5,8%	5,4%	8,4%
	Zhongar Alatau National Park	45.000727, 80.000129	1 408	1 318	90	April-October	0,0%	0,0%	0,0%
	Kok-Tobe Park	43.242687, 76.958998	640 000	510 000	130 000	All year round, peak-summer	9,3%	8,6%	13,7%
	Chunja hot springs	43.563608, 79.468111	94 536	94 536	0	September-April	1,4%	1,6%	0,0%
	Alakol lake	46.033673, 81.796301	750 000	750 000	0	June-August	10,9%	12,7%	0,0%
	Kapchagay Reservoir	43.897122, 77.181526	320 000	280 000	40 000	June-August	4,7%	4,7%	4,2%
Histo-rical and cultural tourist assets	Bes Shatyr kurgan	44.003370, 78.837867	1 957	1 492	465	Summer	0,0%	0,0%	0,0%
	monuments in Almaty	43.258977, 76.953163	180 000	70 000	110 000	All year round	2,6%	1,2%	11,6%
	Artisan Center «Qazaq-Oner»	43.261257, 76.815372	1 925	1 768	157	All year round	0,0%	0,0%	0,0%
	Karakhan Mausoleum (Auliye-Ata)	42.904598, 71.387184	116 373	116 283	90	All year round	1,7%	2,0%	0,0%
	Aisha Bibi Mausoleum	42.834168, 71.210584	116 343	116 283	60	All year round	1,7%	2,0%	0,0%
	Babadzha Khatun Mausoleum	42.834204, 71.209147	116 343	116 283	60	All year round	1,7%	2,0%	0,0%
	The ancient settlement of Taraz	42.897903, 71.394120	150 586	150 456	130	All year round	2,2%	2,5%	0,0%
	Palace complex "Akyrtas"	42.953450, 71.802641	90 818	90 758	60	March-November	1,3%	1,5%	0,0%

Category	Asset	Location coordinates	Total # of visitors	Number of visitors (domestic)	Number of visitors (international)	Seasonal Pattern	Total %	Domesti c%	Internatioonal %
Festivals and events	AppleFest	43.194277, 76.882865	5 000	4 500	500	September	0,1%	0,1%	0,1%
	World of nomads festival	43.177495, 76.896929	9 000	8 000	1 000	June	0,1%	0,1%	0,1%
	Spirit of Tengri Festival	43.243164, 76.957932	5 000	4 000	1 000	2 days in June	0,1%	0,1%	0,1%
	Exhibition MotorFest	43.157540, 77.058992	1 000	800	200	one day at the end of May	0,0%	0,0%	0,0%
	TARAZ FASHION WEEK	42.899593, 71.395306	640	600	40	November	0,0%	0,0%	0,0%
	Forum "Ancient Taraz"	42.899593, 71.395306	355	320	35	3 days in December	0,0%	0,0%	0,0%
	Ethno-project in "Ruhani revival"	42.899593, 71.395306	2 000	1 800	200	2 days in October	0,0%	0,0%	0,0%
	Damdi Taraz cuisine Festival	42.899593, 71.395306	2 535	2 500	35	2 days in October	0,0%	0,0%	0,0%

Almaty city	South Almaty region	Central Almaty region	Type
54,2%	14,7%	4,9%	Total
54,2%	16,9%	4,9%	Domestic
47,9%	0,5%	4,8%	Foreign

North Almaty region	Eastern Almaty region	Zhambyl region	Type
0,0%	12,5%	13,7%	Total
0,0%	14,4%	15,9%	Domestic
0,0%	0,7%	0,4%	Foreign

4 – Main Tourism Assets

Category	Asset	Location coordinates	Total # of visitors	Number of visitors (domestic)	Number of visitors (international)	Seasonal Pattern	Total %	Domesti c%	Internatioonal %
Infrastructure	International Airport Almaty	43.350067 , 77.025365	5 700 000	3 135 000	2 565 000	All year round	83,0%	53,0%	270,8%
	Airport Zhetisu (Taldykorgan)	45.125221 , 78.447620	24 400	24 400		All year round	0,4%	0,4%	0,0%
	Rail roads - c.Almaty		753 200	753 200		All year round	11,0%	12,7%	0,0%
	Rail roads- Almaty region		987 300	987 300		All year round	14,4%	16,7%	0,0%
	NursultanInternational Airport,	51.032566 , 71.462859	4 813 843	2 741 240	2 072 603	All year round	70,1%	46,3%	218,9%
	Rail roads- c.Astana		7 160 000	7 160 000	0	All year round	104,3%	121,0%	0,0%
	Hotels in Almaty		1 339 667	986 041	353 626	All year round	19,5%	16,7%	37,3%
	Hotels in Almaty region		961 230	958 903	2 327	All year round	14,0%	16,2%	0,2%
	Medeu skating rink	43.158548 , 77.058918	240 000	210 000	30 000	October-March	3,5%	3,5%	3,2%
	Ski Resort Shymbulak	43.121541 , 77.097517	600 000	480 000	120 000	All year round	8,7%	8,1%	12,7%
	Oi-Qaragai Lesnaya Skazka	43.228347 , 77.186999	300 000	240 000	60 000	All year round	4,4%	4,1%	6,3%
	International Airport Aulie-Ata	42.866332 , 71.294683	43 665	43 665	0		0,6%	0,7%	0,0%
	Hotels Zhambyl region		347 640	344 898	2 742		5,1%	5,8%	0,3%
Total			**6 864 090**	**5 917 053**	**947 037**		100,0%	100,0%	100,0%

- **Kazakhstan main tourism assets are developed around 6 main clusters:**
- **Almaty city**. It is responsible directly for at least 54.2% of the domestic and international tourist visits in Kazakhstan.
- **South Almaty region**. Accounts for 14.7%, with marginal foreigners of all visitation;
- **Central Almaty region**, accounts for 4,9% of all visitation balanced between domestic and foreign.
- **North Almaty region**. Has some attractions, but virtually no visitation.
- **Eastern Almaty region**. It only generates 12.5% of the visitation, and marginally to foreigners.
- **Zambyl region**. Generates 13.7% of the visitation, and marginally to foreigners.

Chapter 5

5 Digital Performance and Competition

5.1 – Kazakhstan and Almaty Digital Performance

Most relevant publicly owned websites dedicated to tourism

KPI	Kazakhstan.travel	Visitkazakhstan.kz	Visitalmaty.kz	Obs. And concepts
Global rank	#5,687,695	#983,840	#5,049,933	Traffic rank compared with all other sites in the world
Country rank	#107,493	#3,575	#28,095	Traffic rank of site, compared to all other sites of the country
Category Rank	#91,430	#19,976	#86,148	Traffic rank of site, compared to all other sites in its main category
Traffic share desktop	78,4%	59,41%	79,84%	Proportion of all traffic generated by laptop devices
Traffic share mobile	21,6%	40,59%	20,16%	Proportion of all traffic generated by mobile devices
Monthly Visits	<5,000	52 182	5 821	Total non-unique visits per month, averaged for last 3 months
Avg. Duration of visit	00:02:46	00:01:42	00:07:37	total duration of a visit in the website folder during last 3 months
#Pages/ visit	3.01	1.86	5.03	Number of folder pages visited on average during last 3 months
Bounce rate	0,5373	0,648	0,3437	Percentage of visitors who take less than 5 secconds visiting the main folder

Sources: web analytic services; analysis JCF Strategy Consulting

Sources: web analytic services; analysis JCF Strategy Consulting

Most relevant publicly owned websites dedicated to tourism promotion (cont'd.)

KPI	Kazakhstan.travel	Visitkazakhstan.kz	Visitalmaty.kz	Obs. And concepts
Total visits	9 395	156 546	17 463	Feb 2019 - Apr 2019; Sum of all non-unique visits during the period
Past 3 months	2 800	66 392	5 685	
Past 2 months	2 300	53 082	8 885	
Past month	4 295	37 072	2 893	
Channels	**100%**	**100%**	**100%**	Percentage of incoming traffic from each marketing channel
Direct	45,05%	10,37%	56,71%	
email	0,00%	0,11%	0%	
Referrals	28,30%	11,24%	6,70%	
Social	3,15%	0,49%	4,02%	
Organic search	23,50%	77,73%	32,57%	
Paid search	0%	0,03%	0%	
Display adds	0%	0,03%	0%	
Search traffic				Distribution of organic (SEO based) and paid traffic
Organic search	100%	100%	100%	
Paid	0%	0%	0%	

Sources: web analytic services; analysis JCF Strategy Consulting

- Kazakhstan has 3 main publicly owned websites handling its tourism: kazakhstan.travel is the least performant, although its visitors have interest in the content; visitkazakhstan.kz is the best traffic performer, although visitors find less interest than in the others; and visitalmaty.kz is the major website for the region, with leas traffic than Visitkazakhstan.kz, but much more effective in communication and of content.

Kazakhstan.travel		***Visitkazakhstan.kz***		***Visitalmaty.kz***	
Top 5 countries of traffic origin					
Kazakhstan	*19.86%*	*Kazakhstan*	*71.38%*	*Kazakhstan*	*34.64%*
Hungary	*17.53%*	*Congo, DR*	*7.76%*	*Poland*	*26.26%*
USA	*13.47%*	*Russia*	*5.53%*	*USA*	*25.17%*
Poland	*11.09%*	*USA*	*2.69%*	*Turkey*	*5.89%*
Russia	*5.82%*	*Germany*	*1.63%*	*Georgia*	*2.16%*
Top referring websites					
Index.hu	59,02%	Igo.mail.ru	79,37%	kazakhstan.travel	37,43%
em.wikipedia.org	21,36%	Yandex.kz	17,00%	open-almaty.kz	37,26%
qaztourism.kz	9,99%	Yandex.ru	2,21%	2gis.kz	8,28%
azsp.akt.gov.kz	2,42%	Int.search.myway.com	0,44%	almatytourism.kz	2,42%
mfa. gov.kz	1,99%	kazdemalu.kz	0,41%	tripadvisor.com	3,23%
Top search terms					
visit kazahstan	30,12%	Kazakh national cuisi…	9,95%	almaty pass	45,38%
akhstan tourism …	21,24%	астана tourism board	8,03%	Nat. opera & ballet	31,94%
желтые тюльпан...	17,91%	nauryz	6,35%	inurl:user/passw…	17,66%
caves in kazakhstan	15,00%	мавзолей кабанбай …	2,96%	комплекс трам...	2,75%
kazakhstan embass…	4,47%	almaty state nature …	2,71%	visit almaty	2,38%
Social traffic					
Youtube	66,73%	VKontakte	83,51%	CouchSurng.com	57,22%
Facebook	23,49%	Pinterest	6,79%	Youtube	23,34%
Instagram	9,78%	WhatsApp	6,33%	Facebook	8,41%
		Facebook	3,37%	Instagram	6,87%
				Vkontakte	4,15%

Sources: web analytic services; analysis JCF Strategy Consulting

- **All three websites have minimal traffic**, evidencing the **little interest on a per month basis**.
- For all three websites, the **domestic traffic dominates**, indicating that locals and foreigners using local servers are the main searchers of information.
- **The 3 websites have different profiles of source country visitors**, indicating **different drivers of attention in different source countries, such as news and blogs**.
- **Social media traffic mix** generated to each of the 3 websites **varies substantially among them**: Facebook leads Kazakhstan.travel, Vkontakte visitkazakhstan, and couchSurfing visitalmaty.kz, **reflecting a clustered preferences of the visitor profiles of each of the sites and their engagement with the destination**, especially for Kazakhstan.travel where referrals are an important (28.30%) traffic generator.

5.2 – Kyrgyz Republic Digital Performance

Most relevant publicly owned websites dedicated to tourism promotion

KPI	kyrgyzstantravel.net	discoverkyrgyzstan.org
Global Rank	#2,714,059	#9,549,103
Country Rank	#3,045	#21,076
Category Rank	#56,487	#113,747
Traffic share desktop	42,63%	57,90%
Traffic share mobile	57,4%	42,1%
Monthly Visits	12 775	3 053
Avg. Duration of visit	00:02:52	00:01:25
#Pages/ visit	1.47	2.03
Bounce rate	86,30%	81.20%
Total visits	38 325	9 160
Past 3 months	14 018	4 400
Past 2 months	11 477	3 030
Past month	12 830	1 730
Channels	**100,00%**	**99,99%**
Direct	10,10%	17,47%
email	0,00%	0,00%
Referrals	2,25%	15,31%
Social	1,40%	0,00%
Organic search	86,25%	67,21%
Paid search	0%	0,00%
Display adds	0%	0,00%
Search traffic	**100%**	**100%**
Organic search	100%	100%
Paid	0%	0%

- Kyrgyz Republic has 2 main publicly owned websites handling its tourism: **Kyrgyz Republictravel.net** is the best performant, and with more interest (duration of visit) and propensity for mobility than ***discoverKyrgyz Republic.org.*** In both sites traffic is mostly organic.
- **Kyrgyz Republictravel.net enjoys some social media engagement** and has most of its traffic if domestic, while **discoverKyrgyz Republic.org** has most traffic from overseas and scattered, without any social media engagement. Both have very high bounce rates, meaning lack of retention in the websites.

Kyrgyz Republictravel.net | *discoverKyrgyz Republic.org*

Top 5 countries of traffic origin

Kyrgyz Republictravel.net

Kyrgyz Rep.	63.95%
Russia	14.30%
Kazakhstan	3.93%
Germany	3.59%
Ukraine	3.03%

discoverKyrgyz Republic.org

Kyrgyz Rep.	17.24%
UK	12.70%
Turkey	7.30%
Hungary	6.96%
India	6.80%

Top referring websites

Kyrgyz Republictravel.net

Upstream*	% Unique visits
1. google.com	51,20%
2. yandex.ru	7,10%
3. wikipedia.org	4,00%
4. google.ru	3,70%
5. open.kg	1,60%

Downstream**	% Unique visits
1. google.com	38,90%
2. yandex.ru	7,00%
3. google.ru	3,10%
4. wikipedia.org	2,80%
5. youtube.com	2,80%

Main linlking sites (tota = 30)
1. wikiredia.ru
2. stuffgate.com
3. rankank.com
4. e-wiki.org
5. ferganane ws.com

discoverKyrgyz Republic.org

Upstream*	% Unique visits
1. google.com	21,30%
2. deptourism.gov.kg	12,80%
3. zakupki.gov.kg	12,80%
4. google.ru	3,70%
5. open.kg	1,60%

Downstream**	% Unique visits
1. google.com	29,50%

Main linking sites (total = (103)
1.melhoresdestinos.com
2. stuffgate.com
3. findglocal.com
4. okmot.kg
5. minjust.gov.kg

Top Keywords from Search Engines

Kyrgyz Republictravel.net

Keywords	% of searches
1. флаг киргизии	11,93%
2. герб кр	11,87%
3. Kyrgyzstan animals	10,89%
kyrgyzstan falg	5,21%
5. кыргыз Кино	3,60%

discoverKyrgyz Republic.org

Keywords	% of searches
1. Kyrgyzstan	71,49%
2. Kyrgyzstan tourism	8,59%
3. kyrgyzstan	2,69%
4. Visit kyrgyzstankyrgyzstan falg	2,33%
5. Kyrgyz Republic	2,07%

*Notes: * Which sites did people visit immediately before this site?; ** Which sites did people visit immediately after this site?*

Kyrgyz Republictravel.net	
% unique visits	
facebook	76.55%
WhatsApp	12,69%
Odnoklassnike.ru	10,75%

Social traffic

discoverKyrgyz Republic.org

5.3 – Competition in Digital Performance

KPI	Kazakhstan			Kyrgyzstan	
	kazakhstan.travel	visitkazakhstan.kz	visitalmaty.kz	kyrgyzstantravel.net	discoverkyrgyzstan.org
Global Rank	0	#983,840	#5,049,933	#2,714,059	#9,549,103
Country Rank	0	#3,575	#28,095	#3,045	#21,076
Category Rank	0	#19,976	#86,148	#56,487	#113,747
Traffic share desktop	0,0%	59,41%	79,84%	42,63%	57,90%
Traffic share mobile	0,0%	40,59%	20,16%	57,4%	42,1%
Monthly Visits	0	**52 182**	5 821	12 775	3 053
Avg. Duration of visit	00:00:00	00:01:42	00:07:37	00:02:52	00:01:25
#Pages/ visit	0	1.86	5.03	1.47	2.03
Bounce rate	0,0%	75,5%	34,4%	86.3%	81,20%
Total visits	**0**	**156 546**	**17 463**	**38 325**	**9 160**
Past 3 months	0	66 392	5 685	14 018	4 400
Past 2 months	0	53 082	8 885	11 477	3 030
Past month	0	37 072	2 893	12 830	1 730
Channels	**0,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**
Direct	0,00%	10,37%	56,71%	10,10%	17,47%
email	0,00%	0,11%	0%	0,00%	0,00%
Referrals	0,00%	11,24%	6,70%	2,25%	15,31%
Social	0,00%	0,49%	4,02%	1,40%	0,00%
Organic search	0,00%	77,73%	32,57%	86,25%	67,22%
Paid search	0%	0,03%	0,00%	0,00%	0,00%
Display adds	0%	0,03%	0,00%	0,00%	0,00%
Search traffic	0,00%			**100,00%**	**100,00%**
Organic search	0,00%	100,00%	100,00%	100,00%	100,00%
Paid	0,00%	0,00%	0,00%	0,00%	0,00%
% of domestic traffic	**19,86%**	**71,38%**	**34,64%**	**63,95%**	**17,24%**

**Source: in-depth interviews performed by the project team*

Sources: various web analytic services

KPI	Takikistan	Ukbekistan	Turkmenistan	Mongolia	Pakistan
	tdc.tj	tourism.uz	tourism.gov.tm	visitmongolia.com	aroundpakistan.com
Global Rank	#8,523,577	#11,626,476	#15,204,975	#10,109,903	#7,308,162
Country Rank	#4,753	#35,994		#2,291,500	#44,488
Category Rank	#108,835		#131,398	#116,085	
Traffic share desktop	79,82%	55,84%	100,00%	86,23%	61,31%
Traffic share mobile	20,2%	44,2%	0,0%	13,8%	38,7%
Monthly Visits	1 860	900	697	962	2 690
Avg. Duration of visit	00:01:36	00:00:05	00:04:28	00:05:58	00:00:43
#Pages/ visit	2.14	1.12	2.94	8.57	1.35
Bounce rate	56,77%	61.94%	33,08%	16,55%	58,69%
Total visits	**5 580**	**2 700**	**2 090**	**2 885**	**8 070**
Past 3 months	1 530	750	1 020	1 010	1 920
Past 2 months	2 000	250	530	1 175	2 900
Past month	2 050	1 700	540	700	3 250
Channels	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**
Direct	16,83%	11,88%	27,50%	6,66%	16,15%
email	0,00%	0,00%	0,00%	0,00%	0,00%
Referrals	7,43%	0,00%	3,14%	0,00%	0,19%
Social	0,00%	0,00%	0,00%	0,00%	1,70%
Organic search	75,74%	88,12%	69,36%	93,34%	81,96%
Paid search	0,00%	0,00%	0,00%	0,00%	0,00%
Display adds	0,00%	0,00%	0,00%	0,00%	0,00%
Search traffic	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**
Organic search	100,00%	100,00%	100,00%	100,00%	100,00%
Paid	0,00%	0,00%	0,00%	0,00%	0,00%
% of domestic traffic	**36,7%**	**27,6%**	**9,1%**	**12,5%**	**72,0%**

**Source: in-depth interviews performed by the project team*

Sources: various web analytic services

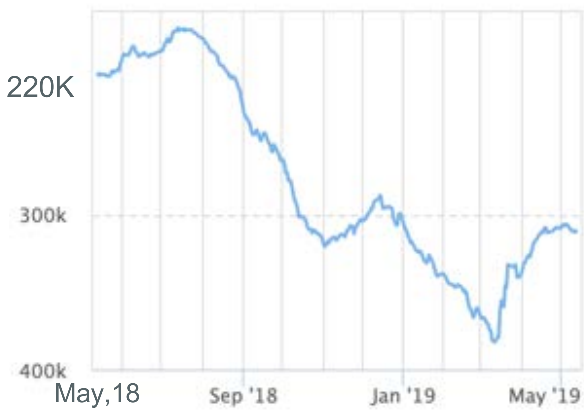
KPI	Azerbaijan azerbaijan.travel	Georgia visitgeorgia.ge	Armenia armenia.travel	Russia visitrussia.com	Norway visitnorway.com
Global Rank	#843,951	#1,470,345	#2,069,034	#1,716,151	#105,335
Country Rank	#4,427	#12,295	#14,493	#568,844	#84,609
Category Rank	#16,946	#30,970	#27,492	#36,595	#1,561
Traffic share desktop	36,91%	38,75%	37,46%	53,03%	46,11%
Traffic share mobile	63,1%	61,3%	62,5%	47,0%	53,9%
Monthly Visits	**35 770**	18 199	10 729	14 225	**610 390**
Avg. Duration of visit	00:01:24	00:01:19	00:00:41	00:01:22	00:02:18
#Pages/ visit	2.41	2.35	1.58	2.18	2.38
Bounce rate	53,92%	50,99%	49,22%	49,91%	68,49%
Total visits	**107 309**	**54 596**	**32 186**	**42 675**	**1 831 169**
Past 3 months	22 347	13 634	5 069	11 933	540 055
Past 2 months	33 651	17 498	6 397	12 477	681 141
Past month	51 311	23 464	20 720	18 265	609 973
Channels	**100,00%**	**100,00%**	**99,99%**	**100,00%**	**100,01%**
Direct	25,42%	8,87%	14,48%	22,45%	15,72%
email	0,00%	0,00%	0,00%	1,67%	0,79%
Referrals	7,00%	0,81%	3,04%	1,97%	4,11%
Social	3,54%	3,59%	17,82%	0,40%	1,93%
Organic search	61,83%	86,73%	64,65%	64,15%	76,78%
Paid search	0,74%	0,00%	0,00%	9,36%	0,51%
Display adds	1,47%	0,00%	0,00%	0,00%	0,17%
Search traffic	**100,00%**	**100,00%**	**100,00%**	**100,00%**	**100,00%**
Organic search	98,81%	100%	100,00%	96,73%	99,50%
Paid	1,19%	0,00%	0,00%	3,27%	0,50%
% of domestic traffic	**30,4%**	**35,0%**	**25,8%**	**15,5%**	**13,8%**

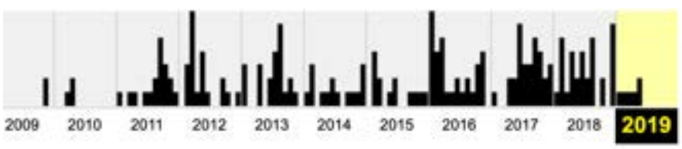
**Source: in-depth interviews performed by the project team*

Sources: various web analytic services

- In the region most digital presence is incipient and generates little value in terms of visitor inducement. Visitkazakhstan.kz is the official tourism office website of the region with the highest traffic per month, however it has been decreasing fast in the past 3 months, in a systematic trend since July 2018.
- In the opposite direction, althou at quite some traffic lower distance (<15,500 monthly visits) than visitkazakhstan, is azerbaijan.travel, which has been growing its traffic steadily in the past few months, generating higher interest in its audience and a lower bounce rates.
- The largest difference among both websites is the audience: Kazakh website is geared towards the domestic visitor in 71%, while Azerbaijan website is geared to the foreign visitor in 70%.
- visitnorway.com, is a reference in tourism digital promotion for similar products offered by the ABEC area. It not only is capable of promoting effectively the country and its tourism products, but also to induce travellers to visit the country and generate direct bookings* (in the next page we will present its digital performance as a case).

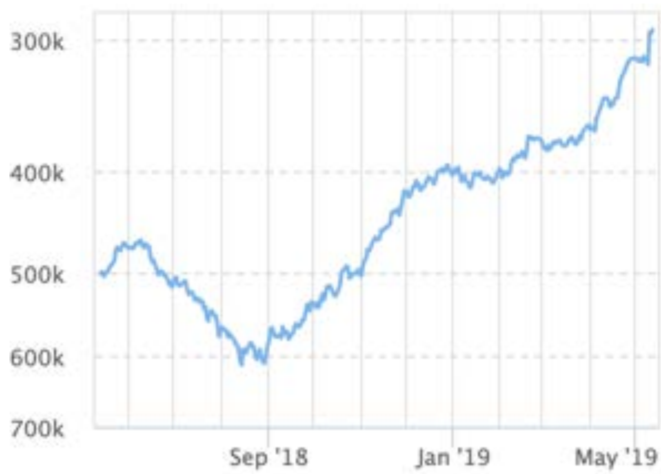
Visitkazakhstan.kz evolution in the ranking

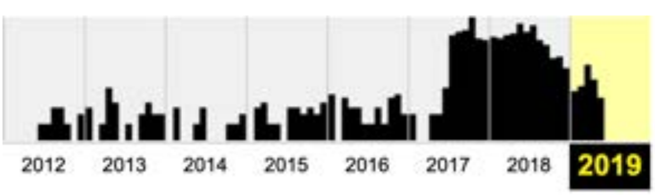




Website updated 5 times in the last 5 months

azerbaijan.travel evolution in the ranking





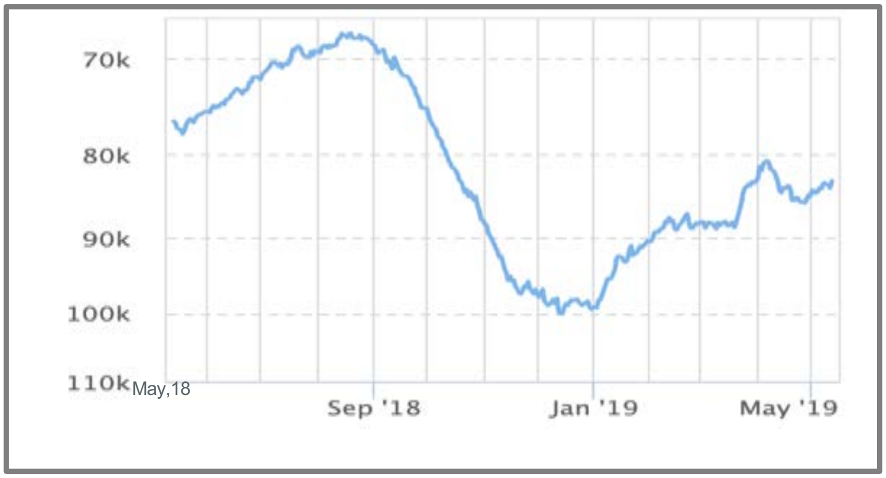
Website updated 31 times in the last 5 months

Sources: various web analytic services

- **In the region most digital presence is incipient and generates little value** in terms of visitor inducement. **Visitkazakhstan.kz** is the official tourism office website of the region with the highest traffic per month, however it has been decreasing fast in the past 3 months, in a systematic trend since July 2018.
- In the opposite direction, althou at quite some traffic lower distance (<15,500 monthly visits) than visitkazakhstan, is **azerbaijan.travel**, which has been growing its traffic steadily in the past few months, generating higher interest in its audience and a lower bounce rates.
- **The largest difference** among both websites is the audience: Kazakh website is geared towards the **domestic visitor in 71**%, while Azerbaijan website is geared to the **foreign visitor in 70%**.
- **visitnorway.com**, is a reference in tourism digital promotion for similar products offered by the ABEC area. It not only is capable of promoting effectively the country and its tourism products, but also to induce travellers to visit the country and generate direct bookings* (in the next page we will present its digital performance as a case).

Case of visitnorway.com

How is this site ranked relative to other sites?

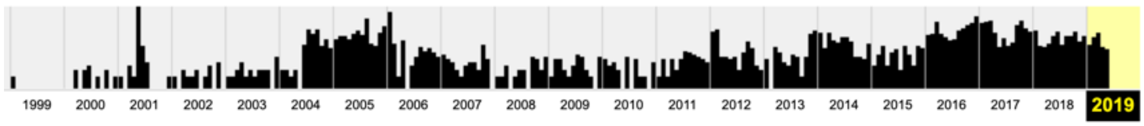


Where do visitors come from?

Country	% of viewers	Rank in Country
USA	28.5%	41,725
Norway	13.1%	2,791
UK	10.8%	23,599
India	4.3%	82,623
Spain	2.9%	44,084

5 - Digital Performance and Competition

Long curve of experience, website updated 55 times in the last 5 months



Total sites linking in **1,922**

Which search keywords send traffic to this site?

Search keywords	%
1. what is the currency of Norway?	10,33%
2. Norway	6,24%
3. Tromsø norway	2,75%
4. northern lights	2,32%
5. svalbard norway	1,91%

Search visits 61.90% - 2.00%

Which sites did people visit immediately before this site?

Search keywords	% of unique visitors
1. google.com	51,40%
2. Tripadvisor.com	1,10%
3. google.ru	1,10%
4. visitnorway.ru	1,10%
5. wikipedia.org	1,10%

Which sites did people visit immediately after this site?

Search keywords	% of unique visitors
1. google.com	39,10%
2. visitnorway.ru	1,90%
3. Tripadvisor.com	1,60%
4. youtube.com	1,40%
5. facebook.com	1,00%

How engaged are the visitors of this site?

Bounce rate
67.80% + 1.00%

Visits per visitor
2.93

Daily pageviews per visitor
1.80 - 2.73%

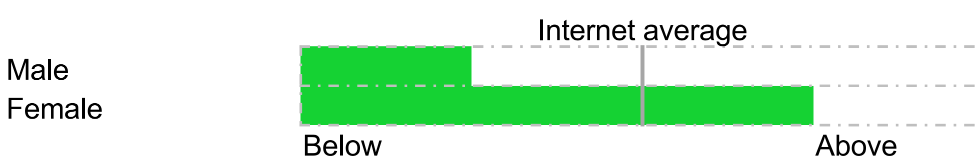
Daily time on site (min.)
2:22 - 2.00%

Pageviews per visit
2.63

Monthly pageviews per visitor
7.70

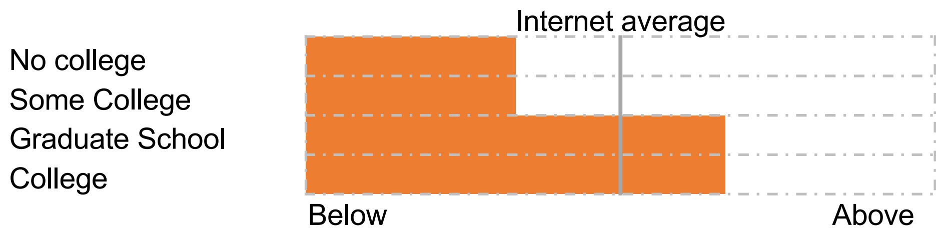
How similar is this site's audience to the general internet population?

Gender

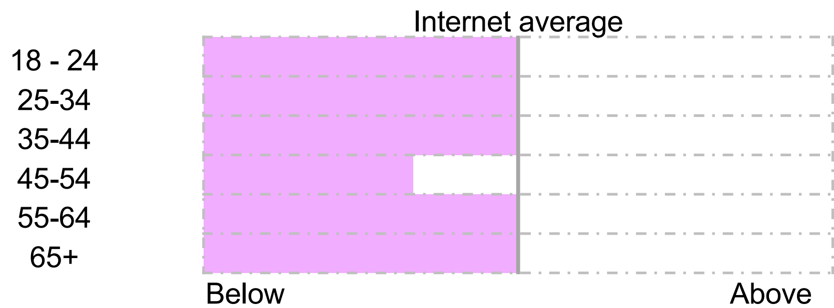


How similar is this site's audience to the general internet population?

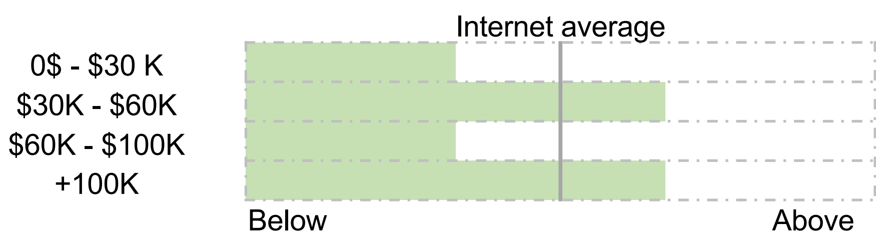
Education



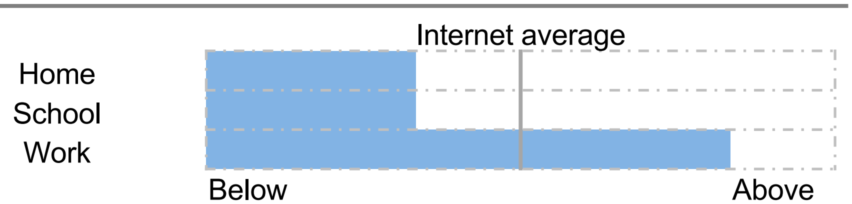
Age



Income



Browsing location



Has children

Attractiveness of International Tourism Markets

Table of attractiveness

Country	Vicinity (1)	CAGR (2)	Size (3)	Spending (4)	Score (5 = 1x2x3x4x5)
CN	3	4	4	4	192
UA	4	3	4	4	192
KR	3	4	4	3	144
IR	3	4	3	3	108
FR	2	2	4	4	64
DE	2	2	4	3	48
IN	3	2	2	4	48
RU	4	1	4	3	48
UK	2	2	4	3	48
US	1	3	4	4	48
AU	1	3	3	4	36
HK	3	1	3	4	36
IL	2	3	2	3	36
JP	2	2	3	3	36
MD	3	4	1	3	36
PK	3	4	1	3	36
CA	1	2	4	4	32
AZ	4	3	1	2	24
TR	3	2	2	2	24
LT	3	3	1	2	18
AM	4	2	1	2	16
FI	2	2	2	2	16
KZ	4	2	1	2	16
UZ	4	2	1	2	16
MN	4	1	1	3	12
PL	3	1	4	1	12
TM	4	3	1	1	12
MO	3	1	1	3	9
KG	4	2	1	1	8
TJ	4	1	1	2	8
LK	3	2	1	1	6
LV	3	1	1	2	6
BY	4	1	1	1	4
GE	4	1	1	1	4

Size	Rating
< 5 mln	1
5 mlm <=X < 10 ml	2
10 ml <=X < 20 ml	3
>= 20 mln	4

Spending	Rating
<$300	1
$301<X<7$50	2
$751<Xx$1500	3
>$1501	4

Vicinity	Rating
very small	1
some	2
medium	3
high	4

CAGR	Rating
<0	1
0<= x< 5%	2
5%<= x< 10%	3
x>= 10%	4

First priority

Second stage

Third stage

We have evaluated the market attractiveness of the various relevant source countries for the ABEC area. In this regard we have defined 4 critical variables:

- **CAGR.** Corresponds to the compounded averaged growth rates of outbound tourism flows from one country during the period of 2010-2017. The highest growth rates indicate the propensity of the people from that country to travel and therefore is an indication of the availability of economic conditions to travel as tourists. We have rated the growth of the various countries from 1 to 4 according to the table above.
- **Vicinity**. The majority of the tourism flows happen in neighbouring flows. The closer the countries are to a destination the less a trip costs in transportation and in time spent. However, cultural vicinity is also an important factor as there are cultural bonds that attract people to travel to where they have stronger bonds. Most times such bonds are also reflected in the language spoken, reducing the “perceived risks” of travelling to distant cultures and habits. We have rated the vicinity of the various countries from 1 to 4 according to the table above.
- **Size**. Size of the outbound market of a country is very important as it generates strong economies of scale throughout the tourism value chain. The larger outbound market, the greater the chances of setting successful tourism operations by the different players and the potential of generating efficiencies of scale. The Tourism industry is characterized for having large fixed cost structures in key elements of the value chain, such as air transport, infrastructure and last mile, site developments, etc. We have rated the size of the outbound tourist departures of the various countries from 1 to 4 according to the table above.
- **Spending per head and trip**. The higher the spending the more attractive a tourism source becomes, as it tends to contribute to more value added to the destinations. Higher trip spending per trip, understanding the importance of transport, might also mean that countries’ travellers higher spending can be derived from more days and greater distances. We have rated the spending of the various countries from 1 to 4 according to the table above.
- **Score**. We have multiplied all the variables to differentiate clearly the most attractive target countries for the ABEC region.
- **We propose an approach in three stages corresponding to the various attractiveness scores. The first stage would be focused on the 4 most attractive countries; a second stage on the second most attractive countries but geographically close. The third stage to the countries that are highlighted in peach colour in the table.**

A Stage-Based Approach

2020	2024	2029
Initial phase: Develop first priority markets while improving the product and structures	**Second phase:** Develop second stage markets; consolidate product and brand	**Third phase:** Consolidate developed markets, develop third stage markets and increase capacity

Initial phase:

- Improve the experience of the current visitors
- Establish the legal, institutional and regulatory capacity and elements for an enhanced product to first and second stage markets;
- Establish standards of quality, implement them
- Define investment priorities, promote the priority investments, and establish funding support mechanisms to private sector
- Promotion focused on improved experience of current product and priority markets
- Develop the priority markets, fostering trade relationships, air traffic and investment

Second phase:

- Promote enhanced product (after first priority investments are in place) to priority and second stage markets;
- Consolidate product enhancement and improvement initiatives;
- Increase pace of investment and initiatives
- Protect and consolidate the brand (through quality standards, adequate training, business practices, etc.)

Third phase:

- Increase pace of investments;
- Consolidate quality assurance;
- Increase promotional spending;