

Muslim-Friendly Beach Resorts: Opportunities and Trends



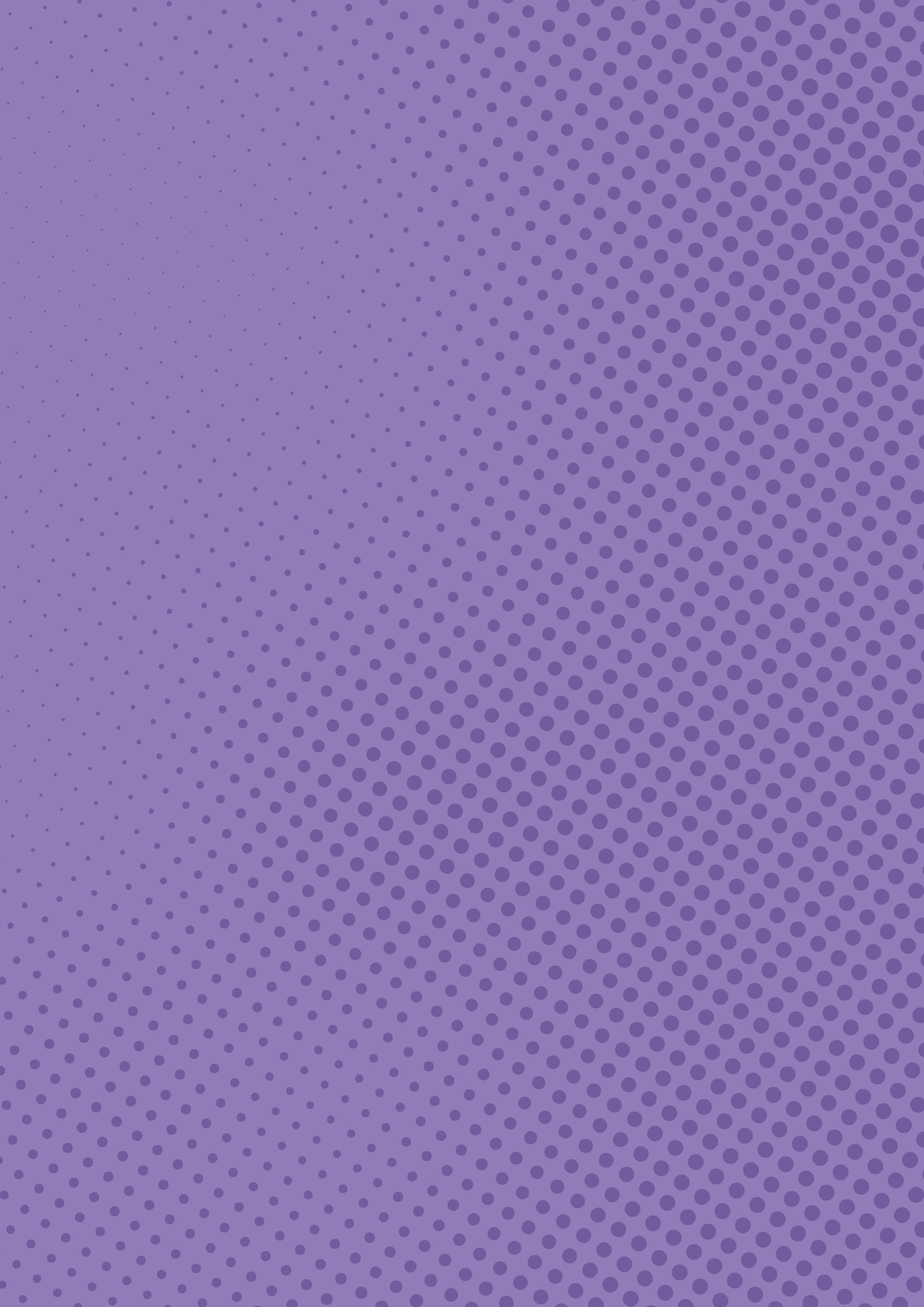


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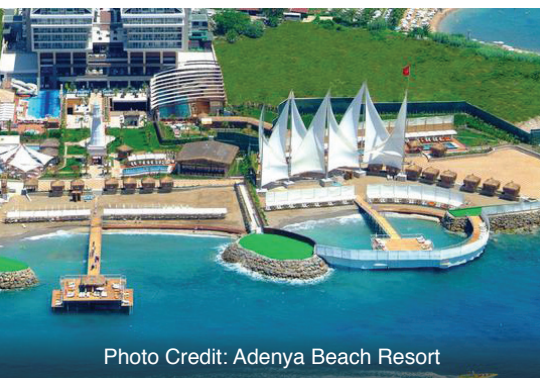


Photo Credit: Adenya Beach Resort



Photo Credit: Adenya Beach Resort

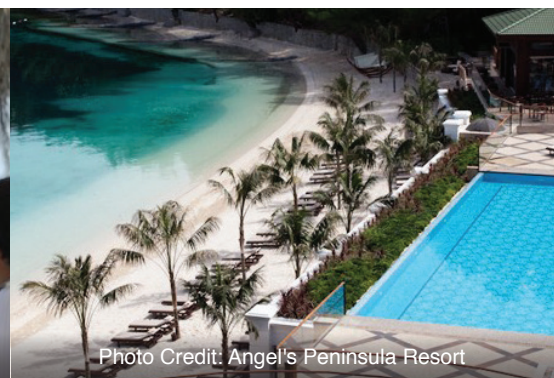


Photo Credit: Angel's Peninsula Resort



Photo Credit: Zanzi Resort



EXECUTIVE SUMMARY

1. Executive Summary



Photo Credit: Adenya Hotel & Resort

Muslim travelers have emerged as an attractive customer segment accounting for an estimated 11 percent of global outbound spend on travel and tourism in 2014, spending \$142 billion in total.

The global beach resorts market is a high-growth market estimated at \$250 billion in 2014, representing 30 percent of the total hotel and resorts market, and with this share expected to grow going forward:

- The beach resorts landscape has broadened in scope, from primarily targeting price conscious travelers to addressing a diverse array of customer groups, and offering a wide range of price levels, from budget through to luxury
- With Muslim travelers spending an estimated \$28 billion on beach resorts in 2014, and with significant scope for further specialization in the industry, there has been a growing number of beach resorts primarily targeting Muslim travelers, and fully addressing Muslim lifestyle needs

This report has identified 32 Muslim-focused beach resorts in OIC countries addressing the broad range of lifestyle needs of Muslim travelers, as well as over 30 Muslim-friendly resorts:

- In addition to halal food, the absence of alcohol on premises and dedicated prayer spaces, all of these resorts attract Muslim families through providing segregated pools, fitness centers and beaches for women, and tend to compete on price, location and quality of service
- Turkey is the most established market, with 28 resorts dedicated to Muslim travelers, and includes 3-, 4-, and 5-star resorts:
 - 17 of these resorts offer peak-season family room prices below \$300 per night
 - The remaining 11 have peak prices ranging from \$300 up to \$990 per night, with the most expensive being Angel's Marmaris 5-star resort, followed by Pinyar Villa Hotel
- The remaining Muslim-focused resorts are located in Egypt, Jordan, Kuwait, and UAE, with peak-season prices ranging from \$264 up to \$1,348 per night
- 32 Muslim-friendly resorts were also identified, with 11 in Thailand and five in Maldives, which accommodate Muslim needs, including providing halal food, segregated leisure facilities for women, and offering alcohol-free premises

Given the nascence of the Muslim-focused beach resorts market, there remains significant opportunities for travel service providers and investors to capitalize on growth opportunities:

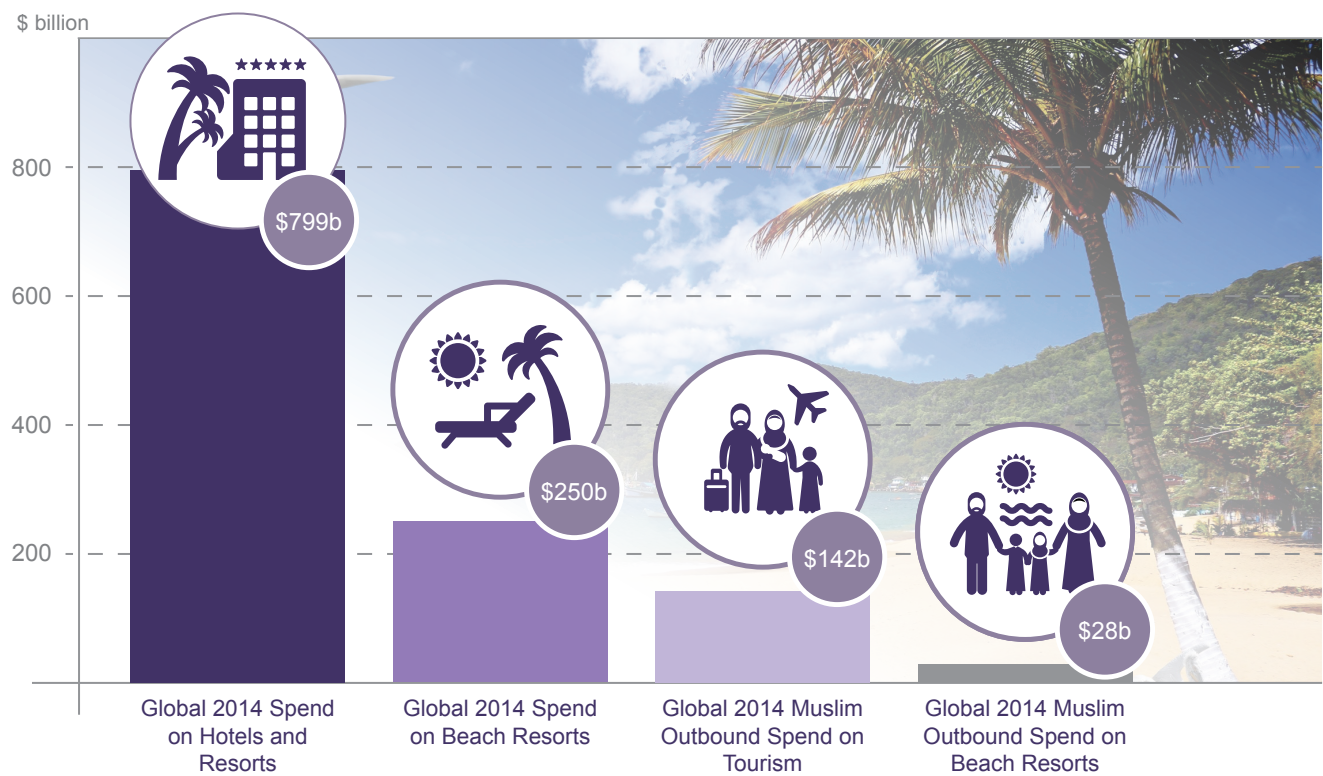
- Existing resort owners can open new locations dedicated to Muslims in popular destinations such as the UAE and Thailand, where there is significant demand and can target middle-income households and non-Muslim customers
- Investors can provide equity capital to resorts to support location growth and the development of leading international brands targeting the Muslim traveler segment
- Booking companies can drive substantial revenue growth, as has been experienced by HalalBooking.com over the last year, through offering beach resorts on their platform, and leveraging data collection to drive customer loyalty

¹ Deal values reflect full 100 percent value of the company at time of acquisition, even if less was acquired

“Muslim spend on beach resorts was estimated at \$28 billion in 2014. There were 32 Muslim-focused beach resorts identified across four key destination markets, the largest being Turkey.”

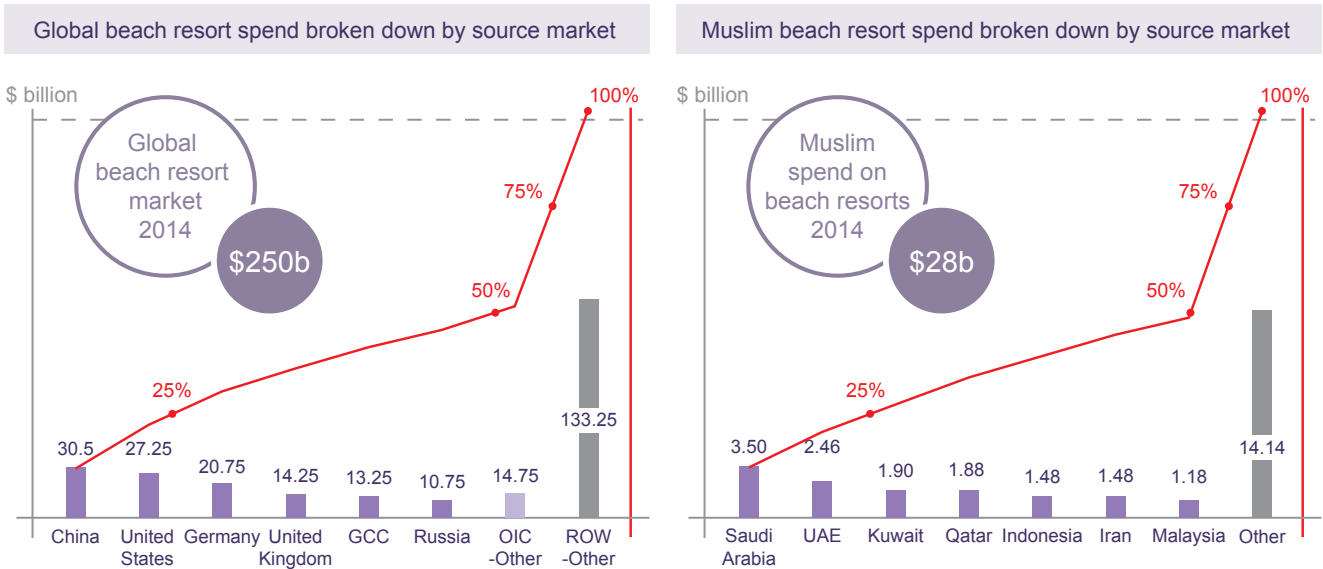
2. Key Facts Overview

MUSLIM AND GLOBAL SPEND ON BEACH RESORTS



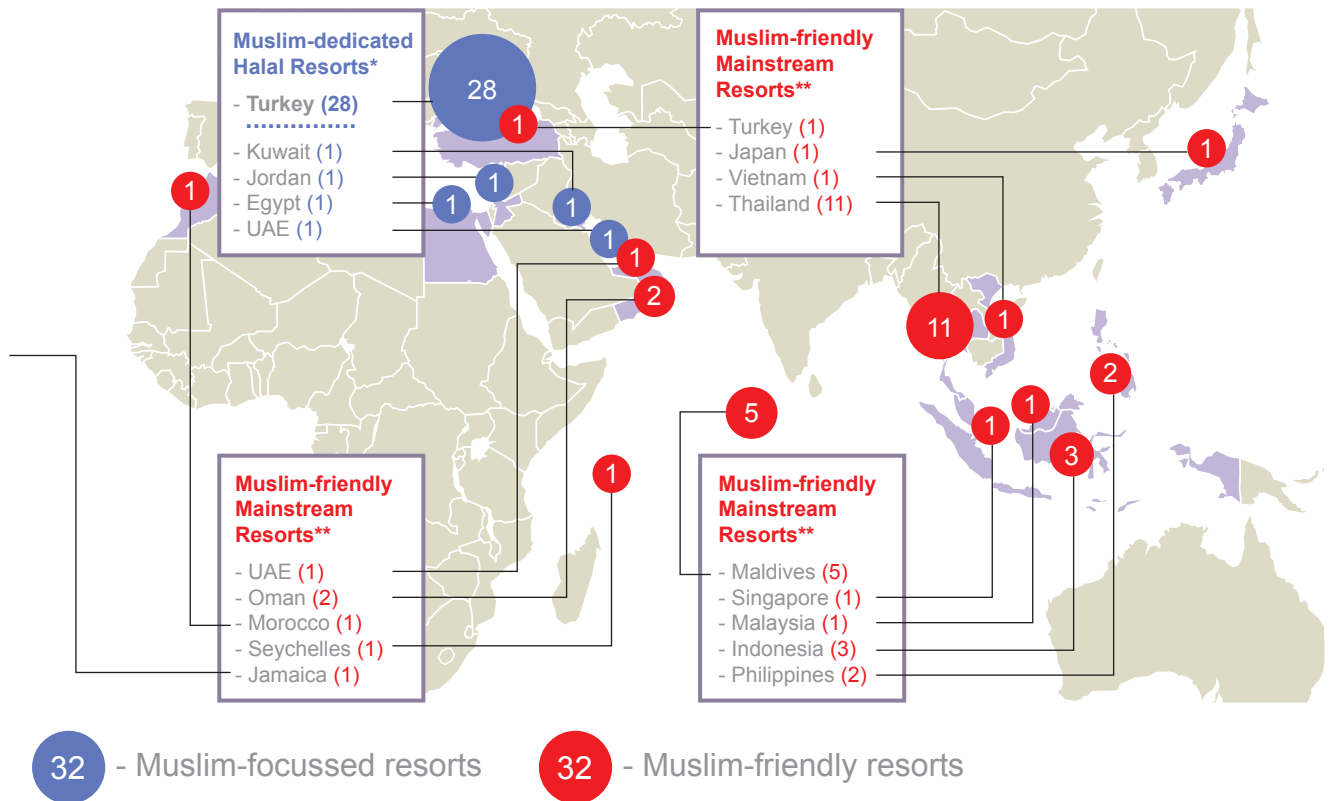
IMPLICATION • \$28 billion market for Muslim tourists visiting beach resorts

KEY SOURCE MARKETS FOR BEACH RESORTS



IMPLICATION • GCC represents key source markets for beach resorts





MUSLIM-FOCUSED AND MUSLIM-FRIENDLY BEACH RESORTS LOCATIONS WORLDWIDE



IMPLICATION

Significant opportunity for growth of Muslim-focused beach resorts

BEACH RESORT PRICING AND LANDSCAPE*

	\$75	Peak Pricing less than \$200 per night	\$200	Peak Pricing between \$200-\$399 per night	\$400	Peak Pricing above \$400 per night	\$1600			
Price** Levels										
	Caprice Thermal Palace			Green Anatolia Hotel			Adenya Beach Resort			Turkey
	View Hotel Patara			Hotel Mavi Deniz			Selge Beach Resort			
	Silver Palace Hotel			Grand Akca Resort Hotel			Villa Alya Boutique Hotel			
	Sultan Beach Resort Hotel			Rizom Beach Holiday Village			Adin Beach Hotel			
	Burc Club Beach Resort			Wome Deluxe			Modern Saraylar			
	Tugra Suit Resort Hotel			Rizom Tatil Köyü			Piynar Villa Hotel			
	Bera Beach Resort			Adenya Beach Resort			Angel's Marmaris			
			Porto Marina Resort, Egypt						MENA Other	
					The Regency, Kuwait					
					Officers Club & Hotel, UAE					

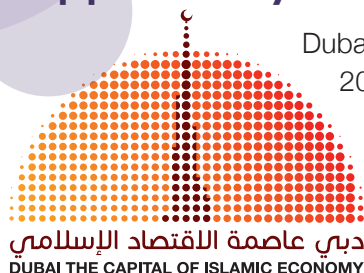
* The table does not include all Muslim-friendly resorts. Seven resorts have been excluded as peak season pricing information was not publicly available
** Family pricing during peak sason

IMPLICATION

Broad distribution of resorts by price level

3. Acknowledgments

Supported by:



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DinarStandard™ is a growth strategy research and advisory firm empowering organizations for profitable and responsible global impact. DinarStandard specializes in the Halal/Tayyab food, Islamic/Ethical Finance, Halal travel, Islamic NGOs and OIC member country sectors. Since 2008, DinarStandard has been advising organizations globally on market expansion, business/investment strategy and innovative marketing strategies. Its clients include global multi-nationals, Islamic financial institutions, Halal market startups and NGOs.

We'd also like to acknowledge and thank **HalalBooking.com** for sharing their insights on Halal beach resorts and for providing data from their booking platform.

Neither Thomson Reuters nor DinarStandard have any current or previous commercial engagements with HalalBooking.com. They have been highlighted in the report because they are the entity with the widest exposure to halal beach resorts.

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Photo Credit: Bera Beach Resort



REPORT PURPOSE, SCOPE AND METHODOLOGY

4. Report Purpose, Scope and Methodology

4.1. Report purpose and scope

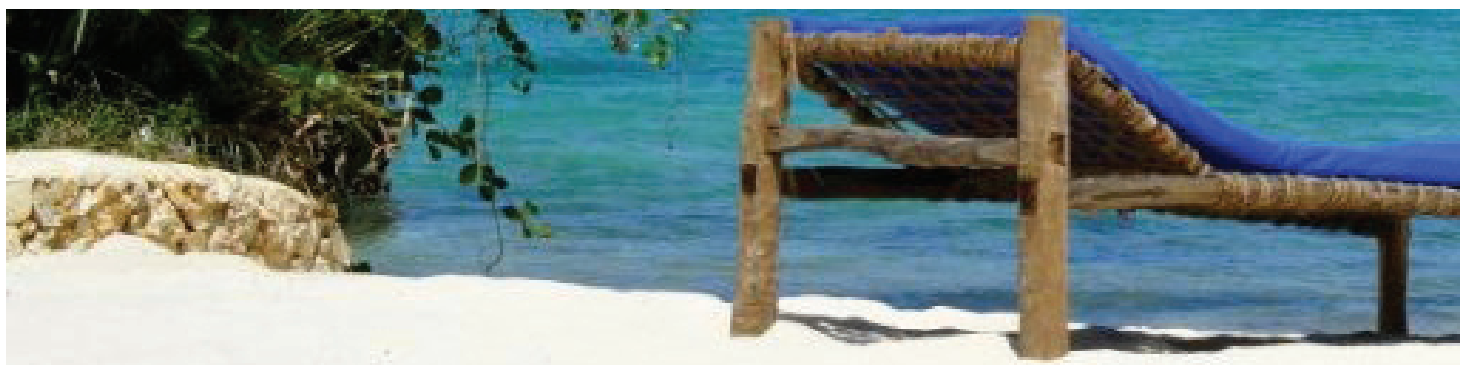
Muslims spent an estimated \$142 billion on travel and tourism in 2014, estimates the *State of the Global Islamic Economy Report 2015/16*, prepared by Thomson Reuters in collaboration with DinarStandard.

Muslims are increasingly expecting service providers across the value chain to meet their lifestyle needs, including halal food, family-friendliness, accessibility of prayer spaces and alcohol-free premises, among several other key needs.

This report seeks to further explore the recent emergence of beach resorts targeting Muslim consumers. The report looks at the global beach resort market and trends, and further explores the current landscape for Muslim-friendly and Muslim-focused beach resorts globally, as well as opportunities available for businesses to benefit from this lucrative opportunity.

For the purposes of this report, the following key terminology will be used to distinguish resorts:

- **Muslim-focused beach resorts:** Resorts that primarily target Muslims and address a full suite of Muslim lifestyle needs
- **Muslim-friendly beach resorts:** Resorts that accommodate Muslims supplementing a core non-Muslim customer segment, and address some of the main needs of Muslim travelers, but not to the same extent as Muslim-focused resorts
- **Mainstream resorts:** Resorts that may accommodate Muslim lifestyle needs on request, but do not openly market or publicize their Muslim-friendly offering



4.2 Approach

Primary research

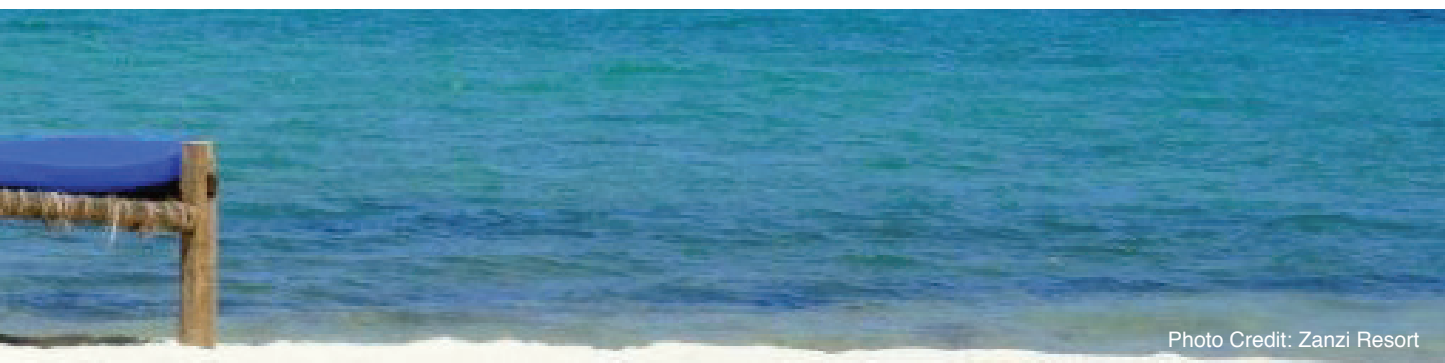
Expert interviews were conducted with the following individuals to gain additional insights:

- Adenya Beach Resort - Ilknur Tataroglu Saridag - General Manager
- HalalBooking.com - Ufuk Seçgin - Marketing Manager
- Luxury Halal Travel - Nabeel Shariff, Director, Serendipity Tailormade/Luxury Halal Travel
- Vacations By Lemiya - Lemiya Alexander, IATA Accredited Travel Advisor
- Zanzi Resort - Gosia Piotrowicz, Sales and Marketing Manager

In addition, existing research was leveraged, including the *State of the Global Islamic Economy* Reports produced between 2012 and 2015, prepared by Thomson Reuters, in conjunction with DinarStandard. Furthermore, in-house datasets and insights were leveraged by DinarStandard to support opportunity identification and landscape analysis.

Secondary research

A wide range of secondary sources were used to support key findings, including but not limited to company websites, news articles, and data available on HalalBooking.com and Luxury Halal Travel websites.



5. Global Beach Resort Market

5.1. Overview of Beach Resort Market

The beach market is a fast-growing segment within the global tourism market, estimated at \$250 billion in 2014 or around 30 percent of global hotel and resort spend.

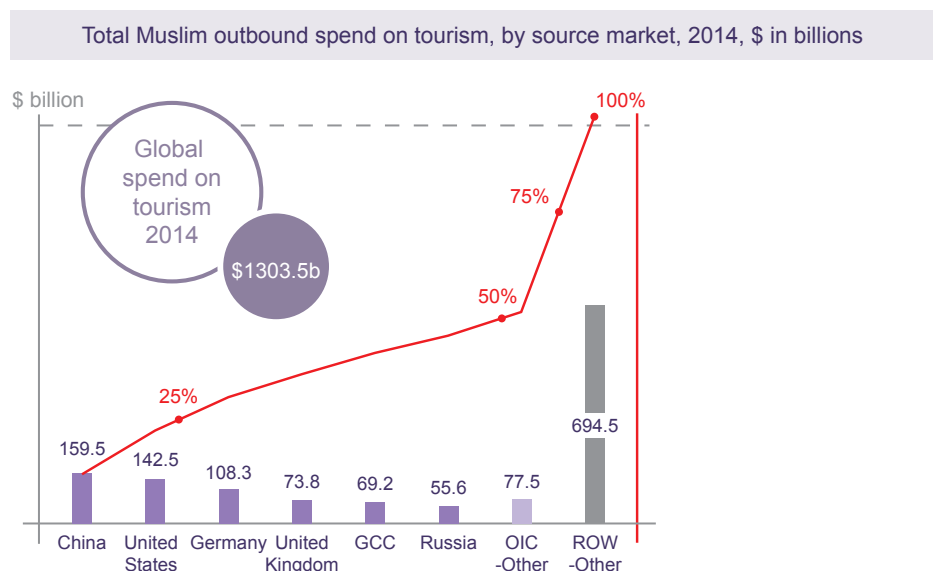
The segment's growth outpaced the overall hotel and resort market over the last five years.¹

The global hotel and resort market generated an estimated \$799 billion in revenues in 2014 according to IBISWorld, including both outbound and domestic spend, with an anticipated growth of 3.4 percent CAGR between 2014 and 2020, and having grown at 4.6 percent CAGR in the years between 2010 and 2014.²

5.2. Regional Characteristics of Beach Resort Market

In terms of demand, the five largest source markets account for approximately 40 percent of 2014 global spend on beach holidays, with China as the biggest market.

There were an estimated 1.1 million global total tourist arrivals including beach resorts and other destination types in 2014 according to IBISWorld, spending in aggregate \$1.3 trillion on outbound tourism. The top markets for demand of global outbound tourism are as follows:



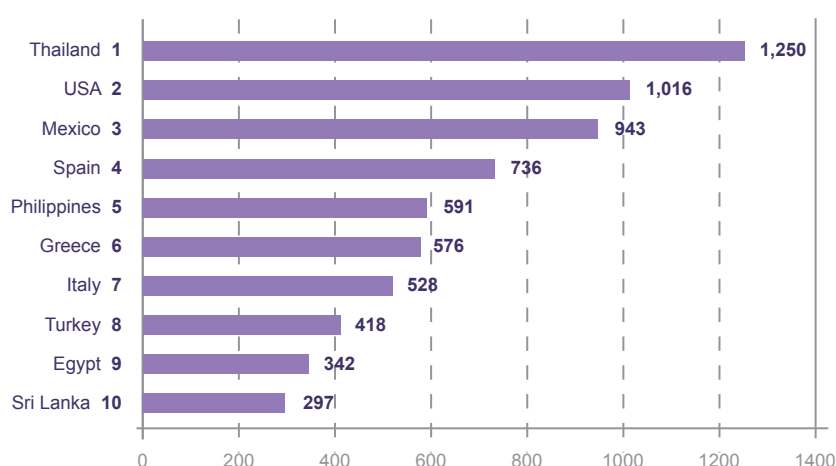
Assuming the top five source markets accounted for a similar share of the global beach resorts market as shown above, tourists from these markets would account for \$116 billion of global beach resorts spend, with China accounting for \$31 billion.

¹ Based on estimated UK tourism spend of \$16.2 billion in 2014, estimated in the "UK: Beach holidays report, 2014" by Mintel; the global market size was calculated assuming the UK share of total spend was in line with UK share of global outbound tourism spend (6% in 2014), based on World Bank International Outbound Tourism Data
² IBIS World 2014 Global Hotel and Resorts report

In terms of supply, the top five destination markets account for close to 40 percent of the total number of beach front hotels, including resorts, with Thailand representing the largest market by number of properties. There are over 12,000 beachfront hotels according to beachfront.com, with Thailand representing the largest and fastest growing market³, followed by USA and Mexico.

Top beachfront hotel destinations, Number of hotels by Destination, 2014*

**Based on Global Beachfront Hotels Original Research*



5.3. Recent Trends and Key Growth Drivers

Overall tourism growth is driven by rising per capita incomes, with Chinese tourists representing an increasingly important customer segment. As the economy continues to improve following the recession, per capita income is expected to grow at an annualized rate of 4.9 percent over the next five years.⁴

China in particular is fueling growth in outbound tourism. As the emerging middle class has experienced increasing per capita income, outbound tourism has increased at a CAGR of 18.5 percent between 2000 and 2010 according to the National Bureau of Statistics of China, reaching 57.4 million. Assuming continued growth at this rate to 2014 would imply 62 million outbound tourists in 2014.

John Limber, Vice President of Sales and Marketing of Outrigger Enterprises Group, Hawaii and Guam, said that “with [the] recent change in visa rules between the U.S. and China, student and exchange visas are being extended from one to five years, and business and tourist visas are being extended to 10 years” leading to an increase in Chinese tourism in that region.⁵

³ Beachfront.com website, visited December 2015

⁴ IBIS World 2014 Global Hotel and Resorts report

⁵ “Hot hospitality trends 2015”, Travepulse, 2015

“
The beach market is a fast-growing segment within the global tourism market, estimated at \$250 billion in 2014 or around 30 percent of global hotel and resort spend. The top five source markets accounted for around 40 percent of global beach resort spend.”

All-inclusive resorts are a rapidly growing segment, with the proportion of leisure travelers staying at inclusive resorts rising to 14 percent by 2014. While once thought of as a niche in the tourism industry, all-inclusive resorts have increased significantly in demand in recent years.

The market focus has broadened from cost-centric products targeting budget-conscious vacationers to more upscale products offering a refined, experiential vacation. As a result, there has been increasing competition among operators of all-inclusive resorts, spurring product differentiation, with brands targeting specific customer types, such as singles, couples, and health conscious consumers.⁶

Phocuswright, a travel research authority, reported in 2013 that the proportion of leisure travelers staying at resorts rose from 8 percent to 14 percent over the previous three years.⁷

The biggest growth in tourism is expected in Asia, in particular in beach tourism, with Thailand being the fastest growth destination in the region.

Asia and the Pacific are emerging as popular regions for tourists from advanced economies, and is also poised to benefit from increased domestic tourism as the middle class grows, says IBISWorld, and displacing the Caribbean which has experienced low growth of between 2 and 2.5 percent per annum in tourism numbers, with growth expected to decline to 1.7 percent per annum by 2020.

Thailand is one of the fastest growing tourism markets, attracting in excess of 20 million tourists. The country enjoyed over 10 percent year-on-year growth between 2012 and 2014 and over 70 percent total growth in the six years to 2014. Further, beaches were found to be the major attraction in Southeast Asian countries, which boast a diversity of islands and good quality beach resorts.

Myanmar in particular has been found to have high potential. Although it had only 49 beach hotels and resorts in 2014, it has significant potential across the 800 islands in its Mergui Archipelago.⁸

⁶ Ernst & Young Hospitality Trends 2014

⁷ "All Inclusive Resorts are back but can boomers really save", Forbes, 2014

⁸ "Caribbean Losing Market Share", Travel Daily News, 2014

5.4. Profile of Key Players in Global Beach Resort Market

The market is fairly fragmented with Club Med, Marriott and Hilton the major players in the market, but with a large level of fragmentation, with smaller, single property owner/operators.

Club Med has been the traditional player, however, many new players have entered the market since, including large hotel chains, such as Hyatt and Marriott, once thought to only be associated with individual hotels, now have all-inclusive brand extensions.

 <p>Club Med Premium all-inclusive resorts</p>	<ul style="list-style-type: none"> • \$1,481 million in revenue in 2014 • 66 resorts in over 40 countries worldwide
	<ul style="list-style-type: none"> • \$1,022 million in revenue from owned and leased properties in 2014 (124 owned or leased hotels including partial ownership) • 111 beach resorts identified worldwide
	<ul style="list-style-type: none"> • \$15,099 million in revenue in 2014 across Parks and Resorts segment • DVC consists of 3,647 units across 12 resort facilities in the United States offered through vacation ownership plans
	<ul style="list-style-type: none"> • \$3,399 million in revenue in 2014 • 24 properties over 7 countries
	<ul style="list-style-type: none"> • \$350 million in revenue in 2014 • 36 properties predominantly in Caribbean
	<ul style="list-style-type: none"> • \$4,239 million in revenue from owned and leased properties in 2014 (111 owned or leased hotels including partial ownership) • 63 beach resorts identified worldwide
	<ul style="list-style-type: none"> • \$2,246M in revenue from owned and leased properties in 2014 (75 properties) • 36 beach resorts identified worldwide

Source: Company websites; IBISWorld Report



Photo Credit: Zanzi Resort



MUSLIM MARKET CURRENT SPEND AND TRAVELER CRITERIA

6. Muslim market current spend and traveler criteria

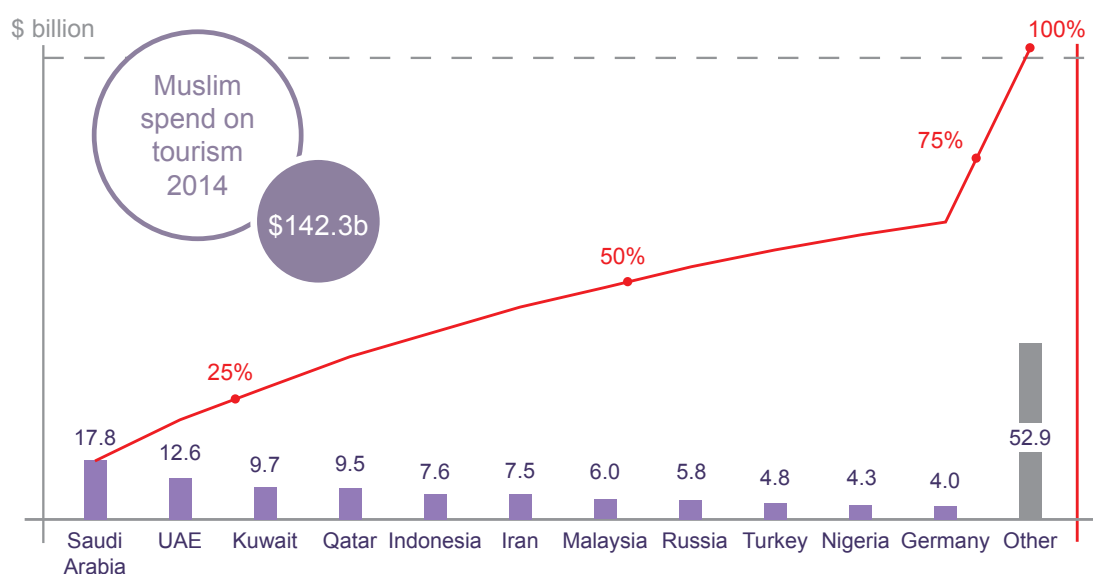
6.1. Potential Muslim Spend on Beach Resorts

The global Muslim spending on outbound travel is estimated to be \$142 billion in 2014 (excluding Hajj and Umrah), accounting for 11 percent of total global spend.

Muslim outbound tourism spend is expected to reach \$233 billion in 2020, according to the *State of the Global Islamic Economy 2015/2016* report produced by Thomson Reuters in collaboration with DinarStandard.

Four of the top five Muslim source markets are GCC countries, accounting for 35 percent of Muslim outbound tourism spend.

Total Muslim outbound spend on tourism, by source market, 2014, \$ in billions



Assuming Muslims account for 11 percent of the beach travel market, Muslim spending on beach holidays in 2014 could be an estimated \$28 billion. This figure does not account for potential differences in preferences for Muslims relative to the global average, but is meant to serve as an illustration of the potential spend of this key, fast-growing market.

6.2. Needs of Muslim Travelers

Muslim-dedicated halal beach resorts all cater to the core faith-based needs of Muslim travelers, and tend to differentiate based on price, location and the quality of guest experience:

- This is based on discussions with HalalBooking.com and a review of over 20 individual Muslim-dedicated and Muslim-friendly beach resort profiles available through HalalBooking.com and Luxury Halal Travel websites
- As minimum criteria, Muslims staying at dedicated halal resorts by default expect the availability of halal food, prayer spaces, and alcohol-free premises as well as segregation between males and females through segregated pools, beaches, and spas
- However, the resorts compete with one another and differentiate themselves based on general, non-values based attributes, such as location, price (value for money), quality of service and level of amenities and facilities provided
 - The resorts also offer family-friendly “halal” entertainment, in addition to offering children-specific entertainment and animation programs which can further aid differentiation
- HalalBooking.com currently tends to focus primarily on beach resorts largely addressing the Muslim traveler segment

However, for Muslim-friendly beach resorts, Muslims do not represent the core target customer segment, and their needs are met to a lesser extent.

- Accommodating Muslims then becomes a differentiating criteria for such resorts that typically try to address dietary requirements, including offering halal food or including vegetarian and seafood options
 - Mid-market resorts, with 3 or 4 stars, focus primarily on addressing dietary needs
- Other needs are accommodated at mainstream resorts through in-room pools or secluded villas and bungalows with private pools, and separate male and female spa facilities, addressing the Muslim need for privacy and segregation between men and women.
 - For instance, the luxury Six Senses Zighy Bay in Oman offers beach front villas with private swimming pools that are surrounded by high cobblestone walls for guaranteed privacy. Several of the luxury Six Senses resorts also offer female-only butler style services

Features	Muslim-dedicated Halal Resorts	Muslim-friendly Mainstream Resorts
Differentiating Features		
Location	✓	✓
Price/Value	✓	✓
Quality of Service	✓	✓
Amenities	✓	✓
Faith-related Features		
Halal Food	✓ ✓ ✓	
<i>Vegetarian/Sea Food/Halal Food Options</i>		✓ ✓ ✓
Prayer Spaces	✓ ✓ ✓	
<i>Qibla direction and prayer mat provided in room</i>	✓ ✓ ✓	✓
No alcohol on premises	✓ ✓ ✓	
<i>Alcohol removed from room</i>		✓ ✓ ✓
Gender-specific Recreation Facilities		
Segregated Pools	✓ ✓ ✓	
Segregated Beaches	✓ ✓ ✓	
Segregated Spa Facilities	✓ ✓ ✓	✓
Segregated Fitness Facilities	✓	
Modest swimming dress code	✓ ✓ ✓	
<i>Rooms/villas/bungalows with private pools</i>		✓ ✓ ✓
Family-related Features		
Family-friendly entertainment	✓ ✓ ✓	
Children's animation/entertainment program	✓ ✓ ✓	✓ ✓ ✓
<i>Family-friendly ambiance</i>		✓ ✓ ✓
Chart Key		
Critical features	✓ ✓ ✓	
Additional differentiating features	✓	
<i>Italicized Features are non-Muslim specific & most suited to mainstream resorts</i>	<i>Italicized Text</i>	

We'd like to give a special thanks to **HalalBooking.com** for sharing their insights on halal beach resorts and for providing data from their booking platform.



7. Current landscape and key players addressing the Muslim market

7.1. Current Landscape of Muslim-Dedicated Halal Beach Resorts and Muslim-Friendly Beach Resorts

Currently 32 Muslim-dedicated halal resorts, and at least 32 Muslim-friendly resorts have been identified, with Turkey and Thailand the top two destination markets for Muslims.

- There is no leading player identified in the market currently, with limited availability of financial information for each of the resorts. The market is fragmented, with scope for consolidation and the emergence of leading brands, explored further in the opportunities section
- The list is illustrative. Muslim-dedicated and Muslim-friendly resorts have been identified primarily through HalalBooking.com, as well as through extensive searching through Luxury Halal Travel, Serendipity Tailormade, as well as through discussions with HalalBooking.com and researching company websites and related news articles
 - The approach is not exhaustive, and certain resorts may have been excluded, however, through speaking with and leveraging data from the key Muslim travel platforms, we are assured of a robust coverage of the market

Illustrative list of Muslim-dedicated and Muslim-friendly resorts by country

	Muslim-dedicated Halal Resorts*	Muslim-friendly Mainstream Resorts**
Turkey	28	1
Thailand	0	11
Maldives	0	5
Indonesia	0	3
Egypt	1	0
Oman	0	2
Philippines	0	2
UAE	1	1
Jordan	1	0
Kuwait	1	0
Japan	0	1
Jamaica	0	1
Malaysia	0	1
Morocco	0	1
Seychelles	0	1
Singapore	0	1
Vietnam	0	1
TOTAL	32	32

We'd like to give a special thanks to HalalBooking.com for sharing their insights on Halal beach resorts and for providing data from their booking platform.

Muslim-dedicated beach resorts are predominantly in Turkey, however, recently four properties emerged in other MENA countries

- **This report has identified 28 Muslim-dedicated resort properties in Turkey, at least seven of which have a peak price of less than \$200 per night, however other MENA properties are higher end with prices in some cases reaching \$680 and \$1,350 per night**
 - The off season price for a room for a family of four at one of the 5-star Turkish resorts ranges from \$100 to \$260
 - Room prices for 3-star and 4-star Turkish resorts range from \$140 to \$300 in the peak season, and from \$50 to \$180 in the off season
 - In general prices of Turkish beach resorts are more affordable than prices of resorts in other regions, such as the GCC. The price of the Regency Suite at The Regency Kuwait for example is \$1,348
- **Most of the Turkish resorts are single property family owned, while a handful are owned by Turkish holding companies;** such as Bera Beach Resort which is owned by Kombassan Holding, and Sahinn Paradise, owned by Kamer Holding Company

Muslim-focused resorts by price and location*

	Turkey	MENA other
Peak Pricing less than \$200 per night	<ul style="list-style-type: none"> • Caprice Thermal Palace • Burc Club Beach Resort • Club Familia Beach Resort • Sultan Beach Resort Hotel • Inanc Resort Hotel • Silver Palace Hotel • View Hotel Patara 	
Peak Pricing between \$200-\$399 per night	<ul style="list-style-type: none"> • Rizom Tatil Köyü • Wome Deluxe • Rizom Beach Holiday Village • Grand Akca Resort Hotel • Hotel Mavi Deniz • Green Anatolia Hotel • Bera Beach Resort • Tugra Suit Resort Hotel 	<ul style="list-style-type: none"> • Porto Marina Resort, Egypt
Peak Pricing above \$400 per night	<ul style="list-style-type: none"> • Angel's Marmaris • Piynar Villa Hotel... • Modern Saraylar • Adin Beach Hotel • Villa Alya Boutique Hotel • Selge Beach Resort • Adenya Beach Resort 	<ul style="list-style-type: none"> • The Regency - Kuwait • Officers Club & Hotel – UAE

*The table above as well as the chart on the following page do not include all Muslim-friendly resorts. Seven resorts have been excluded as peak season pricing information was not publicly available. These resorts are: Lagoon Hotel & Resort (Jordan), Verd Hotel Kerpe (Turkey), Sky Tower Resort (Turkey), Sahinn Paradise (Turkey), Evra Hotel (Turkey), Hunkar Palace Deluxe Boutique (Turkey), Akgül Bodrum Deluxe (Turkey).

Muslim-focused Halal Beach Resort Pricing

Off-peak pricing Peak pricing



The above graph lists resorts for which pricing was available at the time of writing the report.

An illustrative list of 32 Muslim-friendly beach resorts were also identified, with Thailand offering the most locations and leading Muslim-friendly beach resort locations, followed by the Maldives.

Muslim-Friendly Resorts in Thailand and Maldives by category

Country	5-Star	4-Star	3-Star	Not rated
Thailand	<ul style="list-style-type: none"> • Six Senses Resorts • Banyan Tree Resorts 	<ul style="list-style-type: none"> • Ao Nang Orchid Resort • Ao Nang Princeville Resort • The L Resort • Railay Bay Resort & Spa 	<ul style="list-style-type: none"> • Aonang Paradise Resort Krabi • Sand Sea Resort • Diamond Cave Resort & Spa 	<ul style="list-style-type: none"> • Railay Great View Resort • Railay Phutawan Resort
Maldives	<ul style="list-style-type: none"> • Six Senses Resorts • Banyan Tree Resorts • Shangri La • Naladhu Maldives Resort • Conrad Maldives Rangali 			

7.2. Select profiles of beach resorts catering to Muslims

The market is fragmented with no current leading players. This section presents a selection of four different resorts across four countries.

EXAMPLE OF A MUSLIM-FOCUSED 5-STAR HOTEL IN TURKEY			
Resort: Adenya Hotel & Resorts	Location: Alanya, Turkey	Number of properties: 1	Ownership: Family-owned
Star-rating: 5-star	Trip Advisor Rating: 3.5 out of 5	Core customer segments: Young couples, families with young children	
Overview:	<p>Overview: Adenya Hotels & Resorts is a luxury 5-star destination on the Mediterranean, on the southern coastline of Turkey. In 2014, the hotel was open 12 months of the year, with an occupancy rate of 66 percent.</p> <p>Source Markets: Adenya Hotels & Resorts' top source markets are Europe (especially Belgium, Denmark, France, Germany, Macedonia, Netherlands, Switzerland, and U.K), Central Asian Countries (Azerbaijan, Kazakhstan, Russia, Turkmenistan, Uzbekistan), UAE, Saudi Arabia, and the domestic Turkish market. Their guests are honeymooners and conservative Muslim families. They also accommodate corporate meetings that usually occur off season, during autumn and winter.</p> <p>Serving Muslim Needs:</p> <ul style="list-style-type: none">• The resort offers indoor and outdoor pools, especially designed and separated for women and men. Five of the swimming pools are female only pools, and three are men's only pools.• The resort also offers private beach areas. There is a dedicated female only beach, and a family beach where modesty is required. There are separate spa facilities for men and women, in addition to segregated gym, Turkish bath, sauna and steam rooms.• The resort has a kids club and offers family-friendly entertainment. All food is halal and alcoholic beverages are not served in the hotel. They have a mosque at the resort and hold Friday prayers led by an imam. Adenya has a halal certificate from Malaysian-based World Halal Union.• Adenya Hotels & Resorts plans to build an aqua park in Alanya as well as in other Turkish cities. They also plan to open a second hotel in four years.		

EXAMPLE OF MUSLIM-FOCUSED 5-STAR RESORT IN JORDAN			
Resort: Lagoon Hotel and Resort	Location: Dead Sea, Jordan	Number of properties: 1	Ownership: Part of Turath Company for Development of Tourism and Real Estate
Star-rating: 5-star	Trip Advisor Rating: 3 out of 5	Core customer segments: families with children, businessmen	
Overview:	<p>Overview: Lagoon Hotel & Resort is a 5-star resort on the Dead Sea in Jordan, a 30-minute drive from the capital Amman. At the heart of the resort is a large man-made lagoon. The resort has a spa and offers sports and leisure activities including water sports, basketball, football and tennis courts, in addition to a fitness center. The resort also has meeting facilities suitable for business men and women.</p> <p>Source Markets: The resort attracts guests from both the local market as well as international markets.</p> <p>Serving Muslim Needs:</p> <p>The resort has a women only beach, in addition to a beach open for families. It also has an indoor pool for women as well as an outdoor pool for women with water slides. The resort offers segregated spa facilities, including Turkish baths and massage rooms. The resort is family-friendly and provides facilities for children, including a playground, water slides and an adventure area.</p>		

EXAMPLE OF A MUSLIM-FRIENDLY 5-STAR RESORT IN ZANZIBAR			
Resort: Zanzi Resort	Location: Zanzibar, Tanzania	Number of properties: 1	Ownership: Marek Bukala, Director
Star-rating: 5-star	Trip Advisor Rating: 3.5 out of 5	Core customer segments: honeymooners, couples in their forties and fifties	
Overview:	<p>Overview: Zanzi Resort is a small luxury boutique eco resort that consists of 13 luxury villas and five eco bungalows. The resort focuses on providing its guests with comfort and privacy. All villas have private gardens as well as private swimming pools and are isolated from each other. Three of the villas also have private beaches. The resort has five eco bungalows located in garden areas with close access to the big swimming pool. The resort offers international cuisine, fresh fish, and organic vegetables and spice picked from their eco-plantation. The hotel is a member of UK-based Luxury Hotels Group, which provides sales, marketing and distribution for smaller hotel groups.</p> <p>Source Markets: The majority of Zanzi Resort’s guests are honeymooners, in addition to couples in their forties and fifties. Being an eco-hotel, the resort appeals to environmentally conscious travelers.</p> <p>Serving Muslim needs: Zanzi Resort is a mainstream resort however it is able to cater to Muslims’ need for halal food as well as for privacy. All food served at The Zanzi Resort is halal-certified, with no pork served. Alcohol is removed from the villas of Muslim guests, and the villas come equipped with Qibla direction, a prayer mat and a copy of the Quran. The resort provides female only therapists for female guests at the spa and male therapists for male guests. As a luxury resort, it provides a private butler/concierge.</p>		

EXAMPLE OF A MUSLIM-FRIENDLY 5-STAR RESORT IN THAILAND			
Resort: Six Senses Yao Noi	Location: Ko Yao, Thailand	Number of properties: 9	Ownership: Pegasus Capital Advisors
Star-rating: 5-star	Trip Advisor Rating: 4.5 out of 5	Core customer segments: Six Senses targets customers that seek conscientious luxury	
Overview:	<p>Overview: Six Senses Hotels Resorts Spas is a global hotel and spa management company comprised of nine resorts and 27 spas under the brand names Six Senses, Evason and Six Senses Spa. The company was bought by U.S.-based Pegasus Capital Advisors in 2012.</p> <p>The company's Six Senses Resorts brand has nine properties in the following countries: Maldives, Oman, Portugal, Seychelles, Thailand, and Vietnam. Of the nine properties, we identified four as Muslim-friendly. The four Muslim-friendly resorts are in Oman, the Maldives, Vietnam and Thailand. An additional 13 Six Senses Resorts are under development.</p> <p>Source Markets: Six Senses Resorts target customers who seek luxury and who are, at the same time, environmentally conscious.</p> <p>Serving Muslim Needs:</p> <p>The Six Senses Yao Noi provides some halal food choices and removes alcohol from the villas of Muslim guests. Comprised of a series of villas cocooned within the rainforest, the resort provides a high level of privacy. Each villa has a private pool and a deck perfect for private spa treatments. The resort provides female guest experience managers who provide butler-style services to guests.</p>		



Photo Credit: Zanzi Resort



OPPORTUNITIES AND CONSIDERATIONS

8. Opportunities and considerations

8.1. Overview of opportunities

The Muslim-focused beach resort sector is in a very early stage of growth, with lucrative opportunities across the value chain. Stakeholders across the value chain stand to benefit from the developing, marketing and financing of Muslim-friendly beach resorts.

Three specific stakeholder groups have been identified:

- **Resort owners** - Owners and managers of the resort properties
- **Distributors** - Online booking platforms and marketing agencies
- **Investors** – Equity investors, including family office and private equity firms

Stakeholders	Value-creation Opportunity	Outcome
Resort Owners	Improve halal offering	Substantial resort revenue growth; International scale
	Target mid-market customers	
	Open new locations	
	Accommodate non-Muslims	
Distributors	Add halal-friendly resorts	Substantial booking revenue growth
	Leverage data capture capabilities	
Investors	Build international brands	Substantial IRR on equity investments
	Enhance operations	

8.2. Resort owners

Value creation opportunities for Resort owners



Resort owners overview

Currently, Muslim-focused halal resorts are primarily limited to one property, with numerous value-creation opportunities to develop international hospitality brands.

Existing Muslim-friendly hospitality players and Muslim-focused resorts are well-positioned to build a scalable international brand that goes beyond Turkey through developing a comprehensive halal offering, competitively pricing packages, offering multiple locations and through attracting non-Muslims.

Improve halal offering

Mainstream resorts, as well as experienced Muslim-friendly hospitality players can benefit from opening beach resorts that are tailored to Muslim needs.

With only 32 Muslim-focused beach resorts identified globally, predominantly in Turkey, resort owners can reap significant occupancy and revenue growth through addressing the broader needs of Muslim travelers.

As identified in the Ernst & Young Hospitality Trends report, resort operators are differentiating themselves by targeting specific customer segments. Muslims are becoming an increasingly important segment for the beach travel market, with Nabeel Shariff of Luxury Halal Travel commenting, “Trips with a beach element accounted for 77 percent of our room nights for 2014, a significant indicator that Muslim travelers do enjoy this experience as part of their trip.”

The need for tailored resorts to accommodate this emerging segment was recognized by HalalBooking.com: “Halal-conscious travelers expect Muslim-friendly resorts to offer halal-friendly facilities that allow all members of the entire family to enjoy themselves without having to compromise their individual needs and Islamic values,” says Ufuk.

There is significant scope for experienced Muslim-friendly hospitality providers to enter the resorts segment, including players such as Shaza Hotels and Jannah Hotels, who have already gained crucial experience in addressing the needs of Muslim guests.

Investing in segregated facilities and going further to meet the needs of Muslim guests will help boost revenues for mainstream resorts.

Muslim-friendly resorts in particular could do more to better understand the broader needs of Muslims and go beyond offering halal food to gain a strong market position to unlock latent demand.

“We need more investment into purpose-built and dedicated halal-friendly resorts. Hybrid offers are not fully meeting the needs of halal-conscious travelers. The sector requires a better understanding of the wants and needs of the target audience. The requirements are much more than not offering alcohol in the resort. On the other hand it is also not rocket science,” says Ufuk.

Ufuk added: “There is only one direction for the demand, it will go up in the near future as the current resorts do not nearly meet the demand, which can also be seen from the high prices that can be demanded by the hotels.”

Target middle-income consumers

Lowering prices, and allowing payment by installment would attract more tourists from middle-income households, driving higher occupancy and revenues.

With largely unmet demand, Muslim-dedicated halal resorts are currently able to charge a premium rate for bookings. As the market matures, resorts will be able to command greater market share through lowering prices.

Despite an increase in Muslim-dedicated halal resorts being added in Turkey, demand still far exceeds supply resulting in a significant price premium. “Occupancy of Muslim-dedicated halal resorts in Turkey is 100 percent in peak season and on average 70 percent year round,” according to Ufuk of HalalBooking.com, who added that “prices can be 50 – 70 percent higher than mainstream resorts in the same location.”

Offering payment by installment can also boost affordability and significantly expand the market for halal resorts. According to Ufuk of HalalBooking.com, “most Turkish resorts require full payment at the time of booking from international guests, while offering payment by installments - in coordination with Turkish banks – to their Turkish guests.” Exploring this option for international tourists will help boost tourism from middle income segments.

Open new locations

While Turkey is the main destination for Muslim-friendly beach resorts, there is significant demand in other locations, in particular across the OIC, with existing resorts well-positioned to grow internationally. “Morocco, Tunisia, Egypt are all yet to develop similar levels of product that would not only service an international client but their local travel market as well. I would like to see halal resorts opening in places as mentioned, but also in Jordan, Oman, the UAE, Malaysia and Indonesia to name a few,” says Nabeel Shariff, founder and director of Luxury Halal Travel.

To accommodate this, HalalBooking.com widened its portfolio in 2015 to include Indonesia, Kuwait, Jordan and UAE. In addition to the countries mentioned above, Ufuk of HalalBooking.com believes there is potential for countries such as Lebanon and Iran.

In particular, there is significant potential to launch resorts in countries that have developed a halal-friendly ecosystem, in particular Thailand. Malaysia, UAE and Thailand were ranked the highest globally in the Halal Travel Indicator, having well-developed ecosystems for providing Muslim-friendly hospitality services and attracting Muslim inbound tourists.⁹ In particular, Thailand is well-placed for the development of halal-friendly resorts, given its dominance of the conventional beach resorts market and the growth in tourists.

Explore adjacent customer segments

Through emphasizing universal values, such as family friendliness, Muslim-focussed beach resorts can appeal to non-Muslim customer segments.

In a panel discussion on investment opportunities at the 2015 Global Islamic Economy Summit, the CEO of Shaza, Simon Coombs, said, “In order to attract investment we had to showcase the business fundamentals. Our success was based on targeting Muslim and non-Muslim consumers through emphasizing our family values”. Adding to this comment at the same panel discussion, Aamir Rehman, Director at Fajr Capital, commented, “It’s important for companies to be able to scale – this can be done through broadening the target market and marketing the right values that appeal to non-Muslims as well.”

“
Existing resort owners
can open new
locations dedicated
to Muslims in popular
destinations such
as the UAE and
Thailand, where there
is significant demand
and can target
middle-income
households and non-
Muslim customers.”

⁹ State of the Global Islamic Economy Report 2015/16, prepared by Thomson Reuters in collaboration with DinarStandard

8.3. Investors



Investors

Private equity investment is a key enabler to the growth of the Muslim-focused resort industry. Hospitality-focused players in particular stand to benefit from tremendous growth opportunities.

Investors poured an estimated \$68 billion into hotel properties in 2015, an increase of 15 percent over 2014, and the highest level of investment in hotel properties in eight years, as well as the third-highest annual total on record.¹⁰

Through investing in halal beach resorts, accessing a high growth market with significant unmet needs, and building international Muslim-friendly resort brands, private equity firms can generate substantial returns.

Acquire promising resorts

Private equity firms are increasingly attracted to the hospitality sector, with dedicated funds arising to invest in hotels and resorts.

Private equity investors in particular represent major players in the global hotel industry, with close to 5,000 hotels and resorts acquired since 2000, and with deal value exceeding \$80 billion, attracted by the value creation opportunities and real estate assets.¹¹

Notable large scale investments by industry-leading private equity firms includes Blackstone Group's investment of \$26 billion in Hilton Hotels in 2007¹² and its recent acquisition of Strategic Hotels & Resorts, a Real Estate Investment Trust owning iconic hotels in the U.S., for \$6 billion.¹³

There is also a sizeable number of investors focused primarily on the hospitality sector, including KSL capital partners, a U.S.-based private equity firm that invests upwards of \$25 million per transaction and currently has six investments in resorts across the U.S. and UK, and has realized over eight resort investments in the last ten years.

¹⁰ JLL Hotels and Hospitality Group's 2015 Hotel Investment Outlook

¹¹ The new hotel tycoons – Why private equity loves the lodging industry", Forbes, 2013

¹² "Blackstone's \$26 Billion Hilton Deal: The Best Leveraged Buyout Ever", Bloomberg Business, 2014

¹³ "Blackstone to buy Strategic Hotels in \$6 billion deal", Reuters, 2015

There is scope for Shariah-compliant hospitality investors to focus in particular on the Muslim-friendly markets, building on recent success stories.

- Muslim-focused resorts, as with other Islamic economy companies, would typically seek Shariah-compliant funding as opposed to traditional leverage buy-out investments, and would benefit from partnering with private equity firms to help grow their businesses.
- Shaza Hotels was able to secure an undisclosed investment from Guidance Hotel Investment Company and the Barwa Real Estate Group, one of the leading Real Estate and Investment Groups in Qatar, serving as an analog for resorts.

Build scale and enhance operations

There are significant value creation opportunities for private equity firms to help develop profitable, international Muslim-friendly hospitality brands.

- Bain Capital is well-known in the private equity industry, for adding significant value to its investments through implementing strategic and operational best practices. It acquired AM Resorts in 2013, which subsequent to acquisition, opened the Breathless Punta Cana Resort & Spa in the Dominican Republic, seeking to attract single tourists, and seeking expansion into the 4-star market, where significant demand has been identified.¹⁴
- Kombassan Holding, which owns Bera Alanya Hotel in Turkey, is a notable example of investment into Muslim-friendly resorts, and is currently seeking international growth opportunities for its investment. According to Ufuk of HalalBooking.com, “Kombassan has seen such enormous success with the resort and plans to open additional resorts both in Turkey as well as possibly internationally as well.”

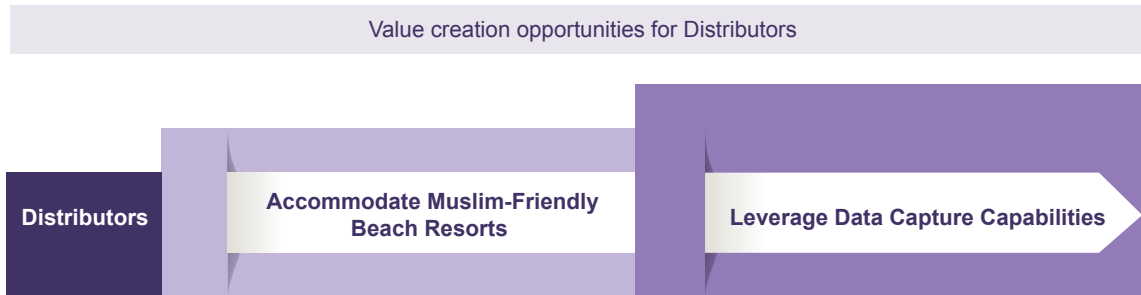
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Investors can provide equity capital to resorts to support location growth and the development of leading international brands targeting the Muslim traveler segment.

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¹⁴ “Bain Sees Resorts Opportunities”, Hotels News Now, 2015

8.4. Distributors



Online booking platforms

Several Muslim market-focused travel booking websites have emerged over the last five years poised to significantly benefit from increasing spend on Muslim-focused beach resorts.

Muslim market-focused booking sites are poised to significantly benefit from the increasing interest in beach resorts through offering inventories exclusively on their sites, as well as collecting highly valuable customer data that can drive loyalty and marketing opportunities.

Notable players include:

- HalalBooking.com, which was established six years ago, leads this space, and has the largest number of Muslim-focused halal beach resorts in their portfolio. HalalBooking.com's platform is most unique in that, in addition for filters based on destination, star rating and review score, the platform provides filtering options based on halal-related options. For example, travelers can filter resorts based on whether halal food is offered or the extent to which alcohol is prohibited from premises.
- Other Muslim-focused online booking platforms include HalaTrip, which is a sister brand of CrescentRating; and SunSeaHalal.com, owned by Islamic Travels.

Accommodate Muslim-Friendly Beach Resorts

Halal travel booking platforms are poised to benefit from the increased availability and promotion of Muslim-friendly beach resorts. HalalBooking.com in particular has benefitted from the increased interest in Muslim-focused beach resorts. "Our sales in 2015 tripled compared to 2014. Several new beach resorts such as Selge Beach, Adin Beach and Wome Deluxe as well as a few others have opened this year in Antalya alone," says Ufuk Seçgin, Marketing Manager of HalalBooking.com. Beach resorts account for 65 percent of HalalBooking.com's sales and far exceed bookings for other types of holidays (city breaks, private villas, and health resorts).

Other travel companies such as Luxury Halal Travel, and sister company Serendipity Tailormade, in addition to Islamic Travels are already addressing this market. Other players such as CrescentRating are looking into launching tour packages and other travel products focused around halal beach resorts as part of their Muslim Travel Warehouse offerings, which target travel agencies. “We may look at launching tour packages and other travel products targeted at the “halal beach resort” market sometime next year as part of the Muslim Travel Warehouse product portfolio,” said Fazal Bahardeen founder of CrescentRating and Muslim Travel Warehouse.

Leverage data capture capabilities

There is a significant opportunity to build customer loyalty and drive sales through collecting and analyzing customer data.

With significant data capture opportunities available, Muslim-focused travel sites can generate substantial marketing opportunities through engaging with individual customers, encouraging repeat visits, and making related recommendations to help complete trip bookings, including Muslim-friendly airlines, trip stopovers, and local activities in nearby locations.

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Booking companies
can drive substantial
revenue growth,
as has been
experienced by
HalalBooking.com
over the last year,
through offering
beach resorts on
their platform, and
leveraging data
collection to drive
customer loyalty.

”

FAMILY TOURISM

Muslim-Friendly Beach Resorts: Opportunities and Trends

Monthly Report Series

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