

# HOP-ON HOP-OFF (MAKKAH)

## INVESTMENT OPPORTUNITY SCORECARD

### TOURISM & QUALITY OF LIFE

MAY 2021



# TOURISM & QUALITY OF LIFE

## Hop-on Hop-off (Makkah)

Public / متاح

High Potential

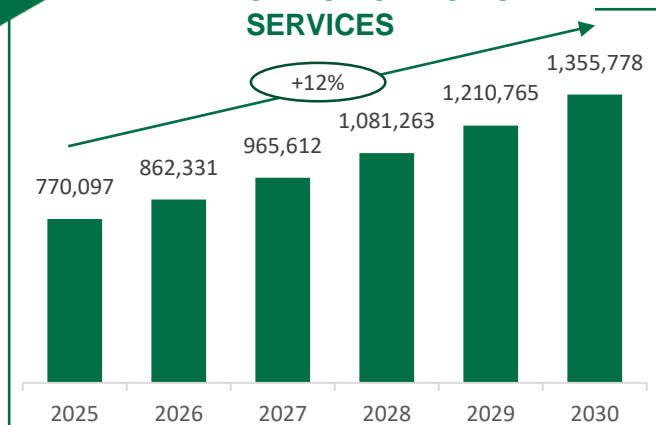
Moderate Potential

Low Potential

**OPPORTUNITY'S DESCRIPTION:** Opportunity for providing sightseeing bus experience that tours Makkah, offering its visitors a multidimensional experience

### DEMAND

#### DEMAND FOR HOP ON HOP OFF SERVICES



#### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 24.7Mn
- Investment IRR: 18%
- Payback period: 9.4 years
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA government targets to host 30 Mn international Umrah pilgrims under Vision 2030 initiative which will create opportunity to serve additional 20 Mn visitors in the upcoming 10 years
- Enriching Hajj and Umrah experience for visitors is one of the main goals set under Vision 2030 and the government has initiated several measures to support the stakeholders and prospective investors
- DARP aims to enhance the quality of the services provided to Hajj & Umrah Pilgrims (Religious Tourists) to ensure best possible overall experience.
- The service will provide unique multidimensional experience allowing the pilgrims to view the city with different eye and perspective, plan the trip flexibly to suit their schedules and needs, and explore hidden gems and delve into the city's heritage and all main historical and cultural landmarks

#### KEY DEMAND DRIVERS

- With ~11 Mn domestic pilgrim and ~10 Mn international pilgrims in 2019, religious tourism remains the main driver of Saudi Arabia's tourism
- The expected increase in pilgrims to 30 Million by 2030 will create an increased demand for sightseeing bus tour operators
- There is an increasing need for tour buses to facilitate the traveling experience of the pilgrims, along with the providing broad picture of Makkah
- ~15-20% of the total pilgrims visiting the Two Holy Cities come from high income class with strong preference for enriching their tourism experience

### MARKET OVERVIEW

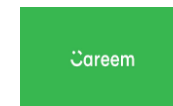
#### MARKET READINESS AND COMPETITOR ANALYSIS

- Currently, Hop-On Hop-Off service is only available in Madinah
- Hop-On Hop-Off Makkah will enhance Makkah's public image, improve visitors' experience, and encourage the development of historical and cultural landmarks

#### GLOBAL TRENDS

- Increasing trend amongst tourists to balance religious visits with cultural and heritage experience to enrich tourism experience
- The high cost of automobiles has boosted the inclination towards on-demand services that enable users to pre-book, modify, and cancel their bookings at lower costs through applications
- On-demand transportation services offer the flexibility and enhanced traveling experience with practically no maintenance costs to users

#### COMPETITOR ANALYSIS





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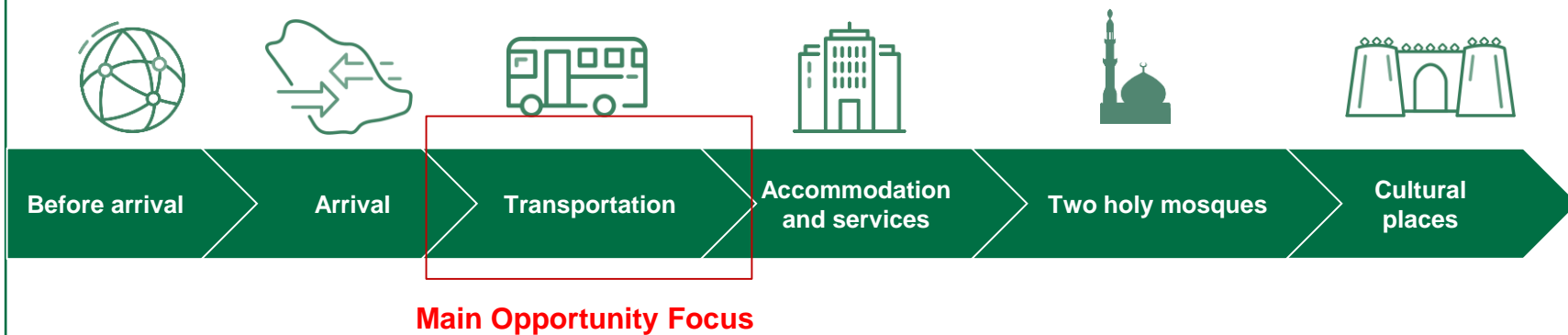
## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Low cost of construction, labor wages and utility fees combined with availability of trained hospitality resources to support low capital and operating expense for the investor and maximize investment returns
- Early market entry to potentially benefit investors to increase footprint and capture larger market share in medium-long term
- Pilgrims from Southern and Central Asia, Western countries, the Levant, and Russia perform Umrah clubbed with other destinations showing the will and financial capability for entertainment and recreational activities post Umrah
- Visitors travelling on hop-on hop-off services will utilize additional services such as vending machines and purchase of destination tickets

### PILGRIM'S JOURNEY



### KEY STAKEHOLDERS



Sources for Cost of Doing Business: EIU, World Bank

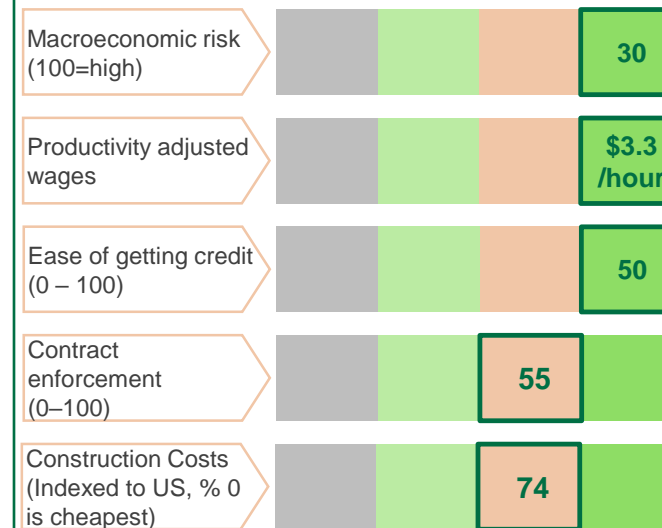
## ENABLING FACTORS

### ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Unification of the licensing authority for hotels and residential units in the two Holy Cities
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA

### COST OF DOING BUSINESS IN KSA

Factor Ranking Amongst Regional Peers



Bottom 25% Top 75% Top 50% Top 25%

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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