

Iran Travel and Tourism Industry

current status and opportunities



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Iran Travel & Tourism at a Glance

Top 5 Countries with Most Visitors to Iran (2016)

28%



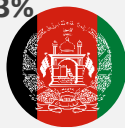
Iraq

19%



Azerbaijan

13%



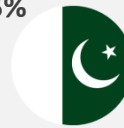
Afghanistan

8%



Turkey

5%



Pakistan

9th

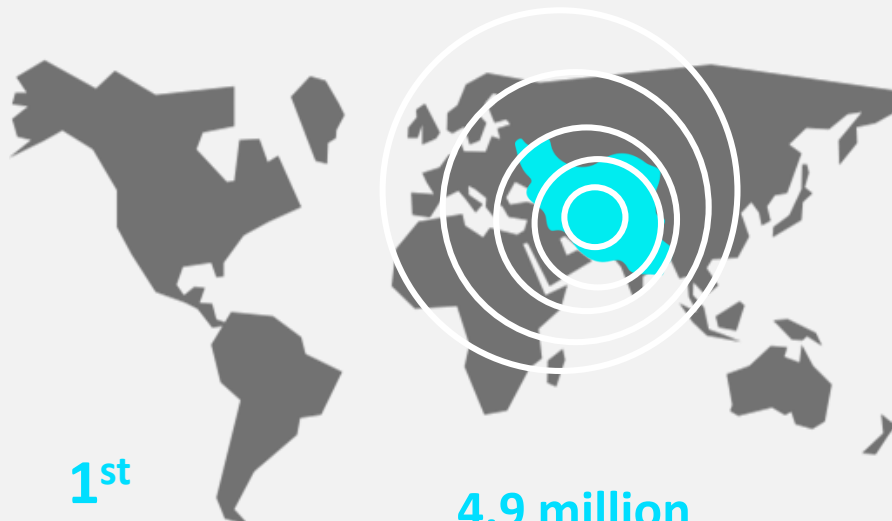
ranked
most UNESCO sites

7.3%

of GDP is derived
from tourism

7.5 million

domestic
trips in first 3 months



1st

ranked
in price competitiveness

4.9 million

International Tourist
2016

Iran's International Tourist Arrivals (2016)



34%

Air



65%

Land



1%

Sea

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Travel & tourism create jobs, drive exports, and generate prosperity across the world. It is anticipated that this sector will be supporting over 380 million jobs, as Travel & Tourism continue to grow their economic contribution.

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In the recent years, tourism as an emerging industry has drawn the attention of many countries. The advantages along with the richness and diversity of Iran's tourism attractions have made the country to consider tourism as one of the priorities in its economic development. The number of international tourist arrivals has increased from 2.0 million in 2008 to 4.9 million in 2016 and Iran 2025 vision aims for 20 million tourists per year.

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Iran is an emerging and growing destination with great potentials. The travel & tourism infrastructure needs investing in order to make this destination more competitive.

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Concluding, the outlook for the years to come is positive for the Iranian travel & tourism industry in general. Threats and barriers have to be taken into consideration carefully by government officials and investors.

About Us

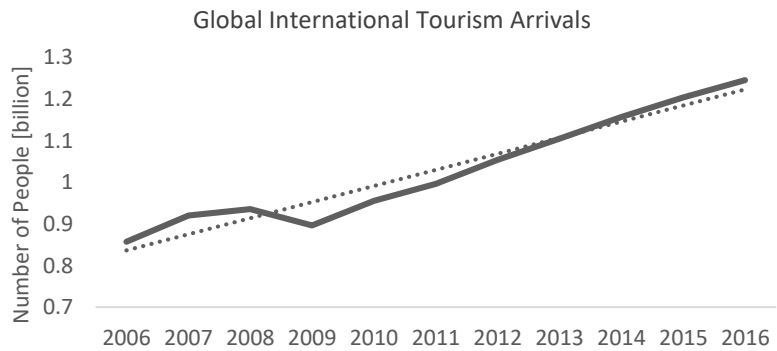
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1. World Travel & Tourism

The market share of emerging economies increased from 30% in 1980 to 45% in 2016, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

International tourist arrivals (overnight visitors) reached a total of 1,245 million in 2016. This was 41 million more in 2015 or an increase of 3.4%. The global pace of growth was slightly more moderate in 2015 (4.5%). The global tourist arrival has experienced a constant increase after the economical crisis in 2008.



Source : The World Bank

France, the United States, Spain and China continued to be among the top international arrivals ranking in 2016. In tourist input, the US and Spain remain at the top, followed by Thailand, which climbed to number 3 last year, and China comes fourth. Although the travel and tourism competitiveness index has ranked Spain as the most competitive destination followed by France, Germany, Japan and UK, the most visited destinations are still France with around 82 million international visitors each year.

International Tourist Arrivals 2016



Source : The World Bank

Economic Impacts

Travel & tourism is a dynamic engine of economic development and job creation throughout the world. In 2017, travel & tourism directly contributed 2.6 trillion USD and nearly 119 million jobs worldwide. Taking its wider indirect and induced impacts into account, the sector contributed 8.3 trillion USD to the global economy and supported 313 million jobs in 2017. This was equal to 10.4% of the world's GDP, and approximately 1 in 10 of all jobs. In 2018, all world sub-regions are expected to experience positive growth in direct travel & tourism GDP. Travel & tourism's impact includes people travelling for both leisure and business, domestically and internationally. In 2017, 77% (a total of 4.2 trillion USD) of all travel spend was as a result of leisure travel, compared to 23% for business travel.

Industry Sector GDP Growth 2017



1 in 10 of all jobs are created by travel & tourism industry.



In 2017, travel & tourism contributed to 10.4% of global GDP



Travel & Tourism: 4.6%



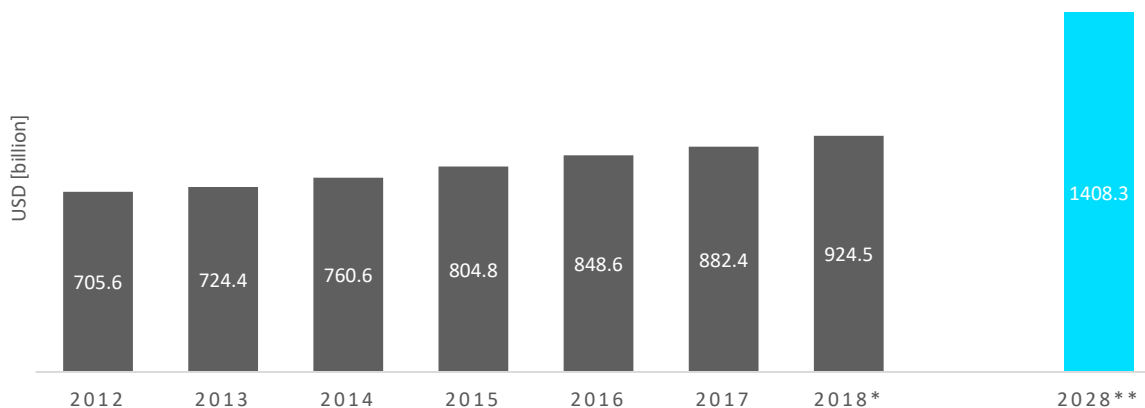
Financial Services: 2.5%



Agriculture: 2.6%

Proving to be a success hit, investment in the travel & tourism market has increased. Travel & tourism has attracted capital investment of 882.4 billion USD in 2017. This is expected to rise by 4.8% in 2018 and rise by 4.3% over the next ten years to 1,408.3 billion USD in 2028.

National Investment In Travel & Tourism



*Estimated

** Forecast

Source : World Travel & Tourism Council

2. Iran Travel & Tourism

Iran is lagging behind in total GDP contribution compared to the global contribution of 10.3%

Iran, the land of four seasons, history and culture, souvenir and authenticity with mountains and deserts, forest, plains and seas, cultures and traditions has an immense potential for attracting international tourists.

Travel & tourism is an important economic activity in most countries. As well as its direct economic impact, the industry has significant indirect and induced impacts. The direct contribution of travel & tourism to Iran's GDP in 2017 was 11.8 billion USD (2.8% of GDP). This number reflects the economic activity generated by industries such as hotels, airlines, travel agents and other passenger transportation services. The total contribution to GDP was 30.7 billion USD (7.3% of GDP) which is less than the global total contribution of 10.3% on GDP.

Comparison Between Iran, Turkey and U.A.E in Travel & Tourism Sector in 2017

	Iran	Turkey	United Arab Emirates	Middle East Average	World Average
Travel & Tourism Competitiveness Rank	93/136	44/136	29/136	72/136	-
International Tourist Arrivals (million travelers)	4.9	30.2	15.8	10.1	-
GDP: Total Contribution (% share)	7.3	11.6	11.3	8.9	10.3
Travel & Tourism Investment (billion USD)	2.8	20.5	6.9	3.4	4.8

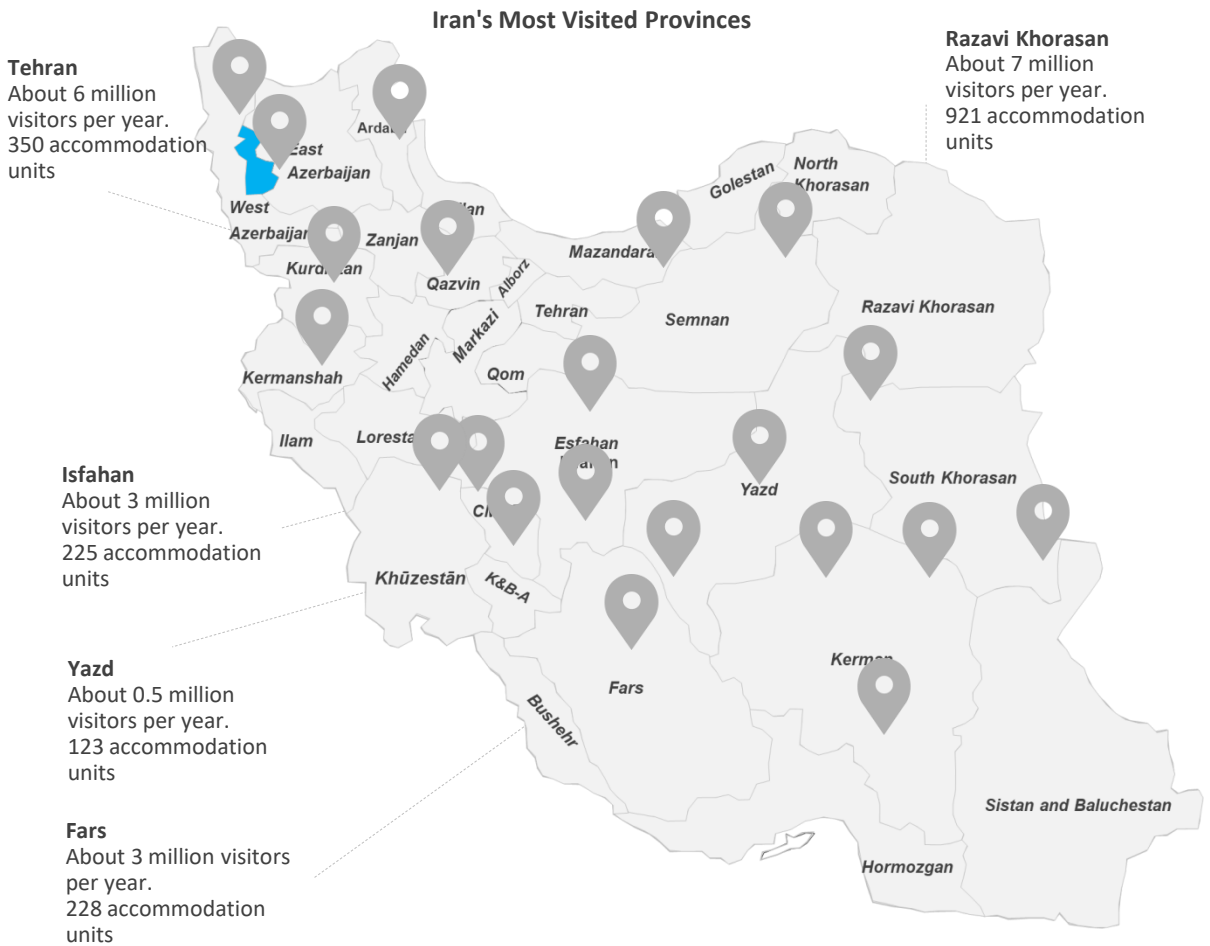
Source: Travel & Tourism Council

Iran has been recognized as the most cost-competitive travel destination by the World Economic Forum due to low fuel prices, cheap hotel rooms as the most common reasons. Turkey and Iran have a lot in common in terms of travel & tourism; However, Iran is an appealing touristic destination but it is far from attracting as many tourists as turkey does. Iran is outperforming many of its competitors in similar competitiveness ranking at the international tourist arrival index and has almost as many international tourists as Argentina, which is ranked 52th in the competitiveness report.



Most Visited Provinces

Iran is home to 21 UNESCO world heritage sites, ranking 9th worldwide. Travelers get to choose sites from ancient cities with breathtaking mosques to gorgeous natural landscapes and plenty of untouched, touristic attractions.



UNESCO world heritage sites ranking

Rank	Country	Number of Sites
6	India	28
6	Mexico	28
8	U.K	26
9	Iran	21
10	Greece	17
11	Japan	16
12	Russian Federation	16
13	Turkey	15

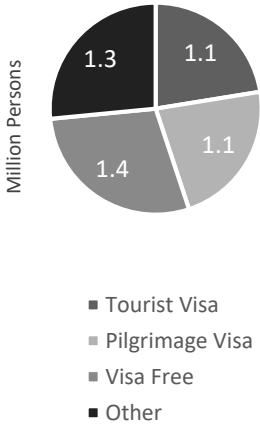
International Tourists

Iran has experienced a 143% increase with a compound annual growth rate of 11.74% in international tourist arrivals since 2008, reaching 4.94 million international visitors in 2016. Although a slight 5.6% decrease in international visitors has interrupted the continuing growth of tourist arrivals compared to 2015, by 2028, international tourist arrivals are expected to the total number of 10,425,000.

The majority of visitors have arrived through land (64.7%) and 34.6% have used airplanes as means of travel.

In 2016, About 1.4 million visitors entered the country with visa free, 1.1 million had pilgrimage visa and 1.1 million visitors had tourist visas.

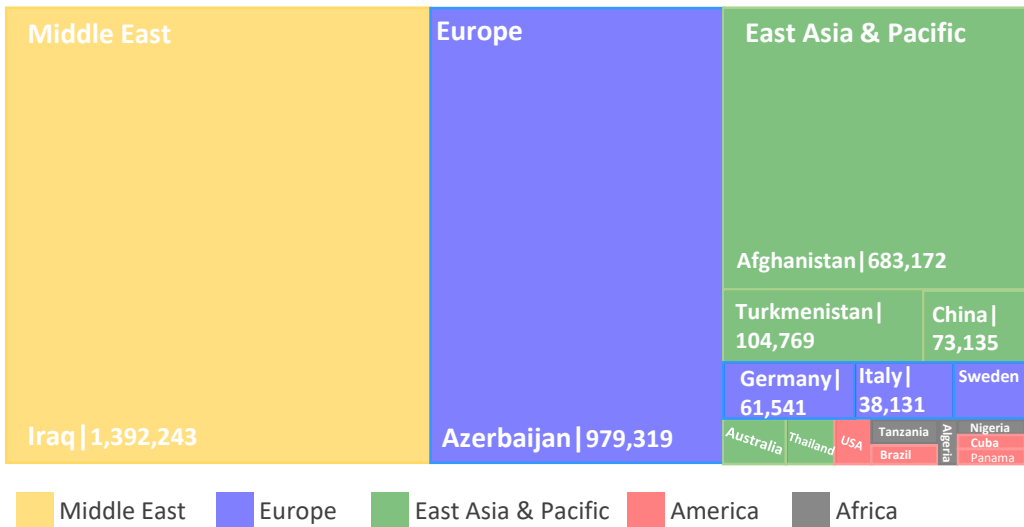
2016 Arrivals According to Visa Types:



Source : Iran Cultural Heritage, Handicrafts and Tourism Organization

Most international visitors have visited Iran during the summer on their summer break and as for the off season, the first month of winter has attracted the least tourists.

International Tourist Arrival 2016



Source : Iran Cultural Heritage, Handicrafts and Tourism Organization

Domestic Tourists



2014
6,981,866

2016
7,5523,050

Total number of domestic trips in the first three months of Iranian calendar
Note: 8.1% increase from 2014 to 2016

Iranians are a “travel friendly” nation. In the first three months of Iranian calendar in 2016, more than 75 million trips were made between Iranian cities (domestic trips). Due to perfect climate conditions and holidays, the first three months of the Iranian year is the most popular period for domestic travels. These numbers show a 8.1% increase during the same period in 2014 and it is estimated to face a greater increase in the next year due to increased foreign travel expenses.



8.4 million
Treatment



33 million
Visiting
Friends, Relatives



22 million
Travel and Fun



3.5 million
Shopping



5.4 million
Pilgrimage

Number of domestic trips
(with at least an overnight stay) by purpose of the trip

Source : Iran Cultural Heritage, Handicrafts and Tourism Organization, Spring of 2016

While the majority of domestic tourists are traveling to visit their friends and family, most of them tend to find accommodation in their relatives houses in spite the fact that Iran has 3,340 hotels and guest houses across its provinces.

Accommodation Type:	% of occupants
Public accommodation	4%
Organizational accommodation	4%
Acquaintances and relatives house	72%
Rental villas and apartments	7%
Private villas and apartments	7%
Tents and private camps	3%
Other accommodation	3%

Source : Iran Cultural Heritage, Handicrafts and Tourism Organization

Iran 2025 Tourism and Travel Vision

For Iran to reach its international tourist vision, it needs to have a CAGR of 16.8%.

Tourism has been addressed among the 10 main subjects in Iran's 6th five-year Economic Development Plan (launched in 2016). Growth in this industry has been mentioned as an important target in the country's 20 year vision 2025 document.

According to the document, the share of Iran from the total number of world tourists should increase from 0.9% in 2004 to 1.5% in 2025; meaning 20 million tourists. In term of global tourism income, Iran's share should rise from 0.7% to 2% during the same period. Therefore, the income earned from the tourism industry in 2025 should reach 25 billion USD.

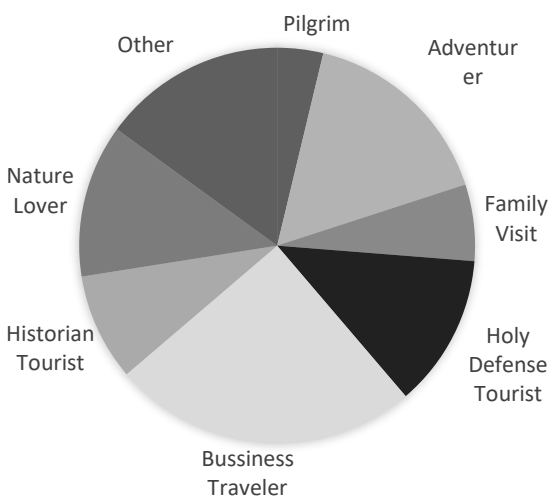
Obtaining a 30% growth during the 6th Plan clearly calls for addressing issues such as: creating a balance between the number of tourists travelling to and from the country, optimized usage of the huge capacity of historical, cultural, and natural resources of the country, and finally renovation of infrastructures of tourism.

Authorities believe that Iran has the potential to become one of the most attractive destinations for global tourists.

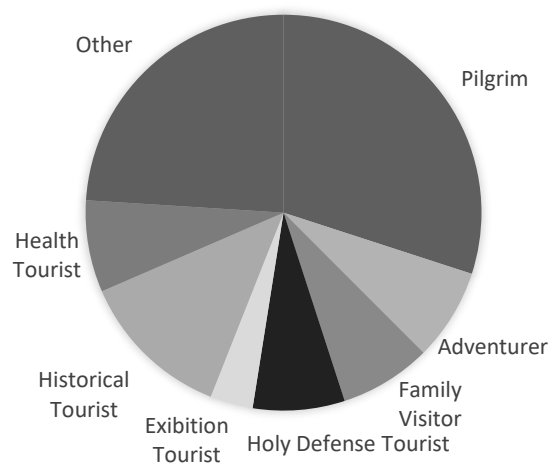
Iran benefits from a great climate diversity, it is one of the few countries where alpine- and waterskiing are possible during the same day. The safe Iranian environment is also a great asset in a tumultuous region of middle east. The Iranian Parliament is also trying to enhance Iran's cultural heritage by linking tourism and handicrafts organization to a separate ministry, which is meant to have a notable positive impact on Iran's tourism industry.

For Iran to reach the 2025 vision, it needs to increase its international tourist arrivals by 16.8% each year to reach 20 million tourists.

2025 Domestic Tourists



2025 International Tourist



Source : Ministry of Economic Affairs and Finance

Travel Tips

Iran is one of the most misunderstood countries by the world. There is a lot of information about Iran out there, however most of it is either false or out of date. As a visitor to Iran, there are several things that you want to know before you arrive.

Sanai once said: "Know him as a gift from thy lord, when a guest suddenly shows at your door", and this attitude permeates the Iranian mindset. Iranians are friendly, really friendly.



Money: Iran's currency is Rial but some times the prices are expressed in Toman which is 10 Rials. (1Toman = 10 Rial). Foreigners are advised to bring cash since the foreign credit cards don't work inside Iran.



Dress code: for men, jeans or trousers and any kind of top is ok but for women, as a general rule, a scarf and relatively loose fitting tops that cover your arms and come down to your mid thigh or knees is what's required and trousers are essential.



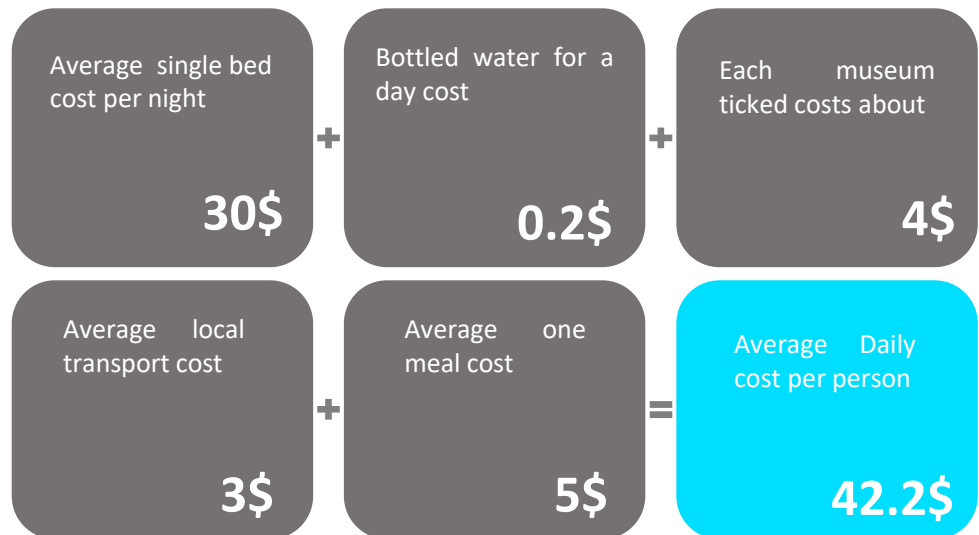
Navigations: getting around is simple since most street signs are also written in roman letters. Also the metro stations have signs in roman letters.



Food: many travelers find Iranian food to their liking. Kebab is a must-have in Iran. Most Iranian cuisine is served with rice. Almost every restaurant serves Halal food and alcohol is strictly prohibited in Iran.



Best time to visit: Iran is a four season country which means each province can have it's own golden period to visit, but generally it is suggested that the best time to visit Iran is March till May and September to November.



Investment Opportunities in Tourism

Investments in tourism industry is a crucial topic which needs to be studied and put into consideration since it can be a major income generating industry for the country and attract many foreign investors. Some sections in tourism industry that can be considered for investing are mentioned below:

Hotel Construction

Due to increasing number of tourists, the need for hotel rooms and accommodation has also increased. Iran has many untouched attractions that can be an ideal spot for a hotel. These opportunities need to be studied and taken into consideration.



Reservation Services

Online reservation services and startups based on them can be potential investing opportunities. Based on statistical info, Iran is performing well in internet and smart phone usage which indicates that Iranians have adapted the culture of online reservations and, in addition, new users add the market size of this industry each year.



Eco Tourism

Iran is home to many natural wonders and forests that can attract tourists. Also there are many other attractions with health benefits like hydrotherapy, mud therapy or even salt therapy. These attractions are of special interest for the visitors coming to Iran.



Health Tourism

Health Tourism is crucial to the development of the economy. This industry is known to be a lucrative industry world wide. Many travelers visit other countries to receive medical treatment either for financial benefits or receiving a higher quality treatment.



Health Tourism

The cost of medical treatment and state-of-the-art technology was the most important factors in their decision to travel abroad for treatment

Healthcare, in Iran, consists of three pillars, which are: the public government system, non-governmental organizations and the private sector. Because the constitution entitles Iranians to basic healthcare, the government has an extensive number of hospitals. The Ministry of Health and Medical Education is in charge of providing higher care for the population while district health centers manage the entire network of health houses and health centers for the government. Private healthcare is able to co-exist thanks to both affluent citizens and health tourists visiting from neighboring countries. While Studies suggest that most patients travel to find high quality treatment with lower cost, Iran has a high quality healthcare system with a low cost which makes this country a desirable healthcare destination.

World Wide Data

11 Billion USD
current market
value
(2017)

A 2014 study suggested that:



83%
of patients
traveled with a
companion.

11 Million
medical tourist
annually
(2017)



33%
of patients
traveled for
cosmetic surgery

25%
industry growth
per year
(2017)



80%
of the medical
travel is driven
by cost savings

Source : Medical Tourism Index

Regional Comparison



Source : Bloomberg

Iran's Data



1.2 Million
USD 2017 Income



1.7 Beds per
10000 capita



4.8 Doctors
per 10000 capita



78 Thousand
General Doctors



38 Thousand
Specialists



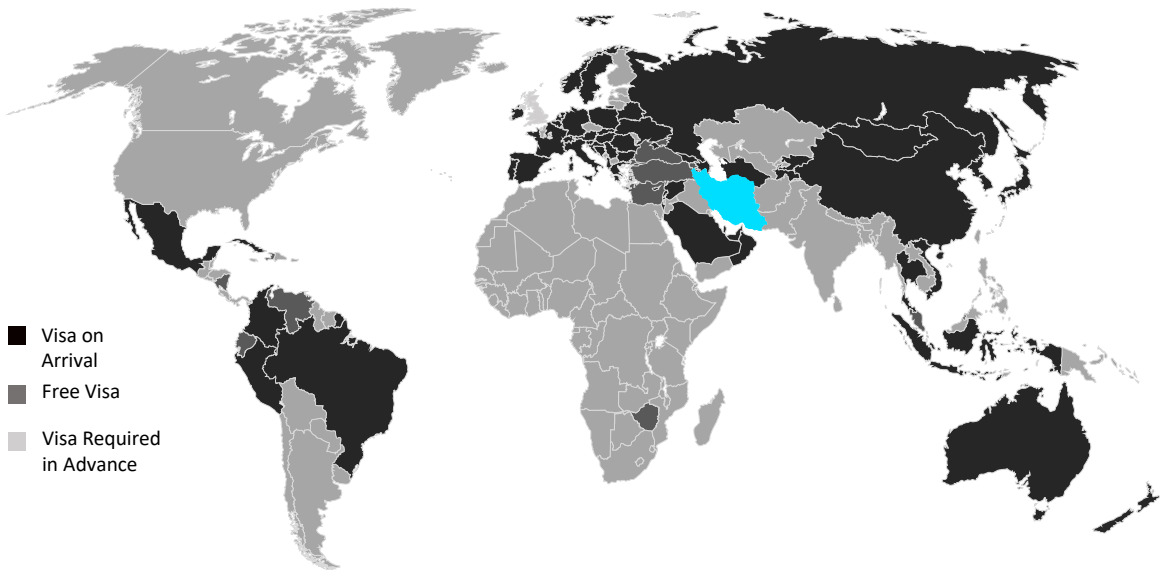
19 Thousand
Pharmacist

Source : Iran Medical Council

Visa

As with any country, the visa requirements for entry into Iran differ depending on the passport you hold. Many travelers can enter Iran with a Visa on arrival option which means they can receive their visa at the Iranian airport. Canadian, U.S and U.K passport holders must first register to an official tour in order to receive a tourist visa.

Iran Visa requirement Map



Source : Iran Ministry of Foreign Affairs

In order to obtain a visa, you can go directly through a consulate, which takes at least three weeks and often longer. In theory, you download and fill out the application form from the Iran consulate in your home country; you, then, take or send the forms and your passport, photos, money and proof of your travel insurance to the embassy and they will send your details to Tehran for approval. If all goes based on plan, you will eventually either pick up the visa in person (Iran embassies require women to cover their hair) or have your passport returned in a registered mail envelope.

3. SWOT Analysis

UNESCO world heritage sites are plenty in Iran



Strengths

- Existing well-known heritage and historical background;
- Existing suitable railroad infrastructure;
- Cost competitiveness;
- Government is very motivated to support the industry.

Iran's labor market is ranked 130th world wide in the travel & tourism reports



Weaknesses

- Limited use of sustainable development and management methods;
- Ineffective marketing to attract tourists;
- Low quality and unprofessional human resources in the industry;
- Lack of familiarity with the exploitation of the existing capacity.

11 million medical tourists travel annually world wide



Opportunities

- Existing good potential in virtual world and cyberspace (for introducing Iran to the world);
- Fast developing airports and airlines network in the country;
- Increased demand in health tourism;
- Large market size in health tourism.

U.S.A has placed restrictions on tourists who have visited Iran and are planning on visiting U.S.A



Threats

- Failure of agreements between Iran and other big countries;
- Inability to enforce, track and maintain sustainable development principles and methods;
- Regional conflicts and uncertainty.

4. Conclusion & Outlook

This white paper gave a brief introduction to Iran’s travel & tourism market. Key facts regarding the industry include:

- Travel & tourism has a total effect of 7.3% on Iran’s total GDP
- This industry has a great potential due to many popular attractions across Iran (ranked 9th by UNESCO)
- Iran is the most price competitive destination in the world
- International tourist arrival has experienced a compound annual growth rate of 11.74% since 2008
- Most international visitors travel from Iraq, Afghanistan, Azerbaijan and Turkey
- 7.5 million domestic trips were made in the first three months of 2016 which shows a 8.1% increase compared to 2014
- Iran aims to reach 20 million international tourists and 80 million domestic tourists by the year 2025
- The average daily cost for a tourist would be slightly more than 42 USD
- Iran has many investing opportunities in the travel & tourism industry
- Iran can become a popular destination for health tourism due to its high quality and cost effective healthcare system
- Acquiring Iran’s visa is relatively easy for most countries

Iran is an emerging and growing destination with great potentials. The travel & tourism infrastructure needs investing in order to make this destination more competitive.

A potent marketing plan needs to be implemented in order to attract more international visitors. Few presence on the internet is making the destination unknown to international visitors.

Iran is lagging behind its 6 year program in order to reach its 2025 vision but an overall increase in tourist arrivals is expected.

Government officials are considering a more visa openness program to boost the international visitors.

Publisher:

ILIA CORPORATON

2nd Floor, Number 3, Pirooz Dead-End,
Jordan (Nelson Mandela) boulevard, Tehran, Iran
Office Phone: +98 21 88651729
www.ilia-corporation.com

 ILIA Corporation

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S. Hossein Nabavi
Managing Partner, ILIA Corporation
Nabavi@ilia-corporation.com



HODA HOSSEINIFAR
Senior Consultant, ILIA Corporation
Hosseinifar@ilia-corporation.com



AMIR EBRAHIMZADEH
Senior Consultant, ILIA Corporation
Ebrahimzadeh@ilia-corporation.com



AMIRHOSSEIN TORKABADI
Senior Analyst, ILIA Corporation
Torkabadi@ilia-corporation.com



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