MONGOLIA TOURISM STRATEGY

BCG Presentation

FEBRUARY 2025

MONGOLIA

BCG Tourism Strategy

Introduction to BCG & our project

Starting point for tourism in Mongolia

Preliminary tourism strategy for Mongolia

BCG Tourism Strategy

BCG

Boston Consulting Group is a global management consulting firm, that works with businesses and government across sectors to tackle their most important challenges

1963 Founded by Bruce Henderson

100+ Cities with a BCG office

32K Employees

50+ Countries with an office

Many of our clients rank among the world's 500 largest corporations

Introduction to the BCG Project team

Project Leadership & Steering

Grigory Rubin
Managing Director and Senior Partner, Baku

Yana Topalova
Managing Director and Partner, London

Benny Yoshpa
Managing Director and Partner, Baku

Project Management & Tourism Expertise

Jamie Carr
Principal, London

Mario Farsky
Associate Director, Centre for Consumer Insight, Hamburg

Project Team

Niccolo Camerino
Consultant, Milan

Noemi Muratore
Consultant, Milan

We have deep global expertise building tourism strategies ...

Not exhaustive

France: 2030 Tourism Strategy

Italy: Design of 60 tourism initiatives

Moscow: tourism growth strategy

Qatar: 2030 tourism strategy & implementation

Iceland: Long-term tourism strategy

Yanqing: Strategic positioning for 2022 Winter Olympics

London: Strategy partner for 2012 Olympics

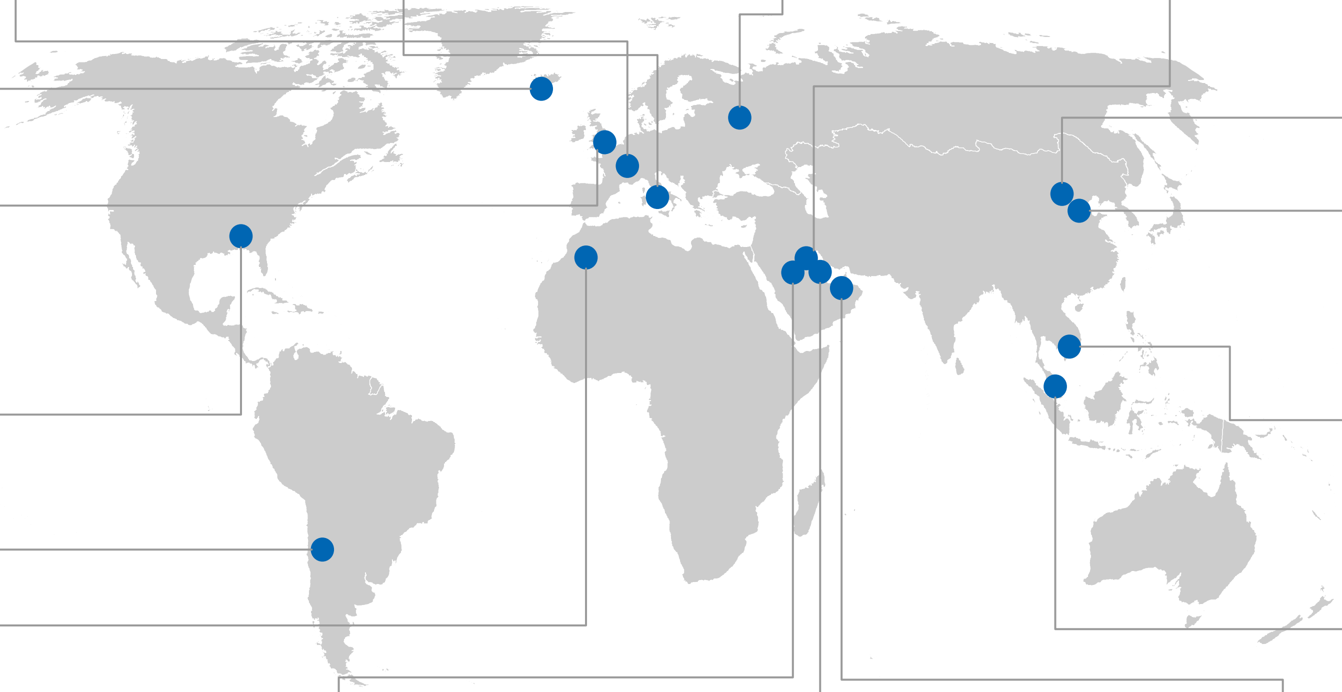
Beijing: New art district development

New Orleans: Master plan to double tourism numbers

Vietnam: Holistic tourism and branding strategy

Chile: Design of tourism strategy and roadmap

Malaysia: Design of tourism strategy roadmap



Morocco: 2020 Tourism Vision

Saudi Arabia: New cultural and historical destination

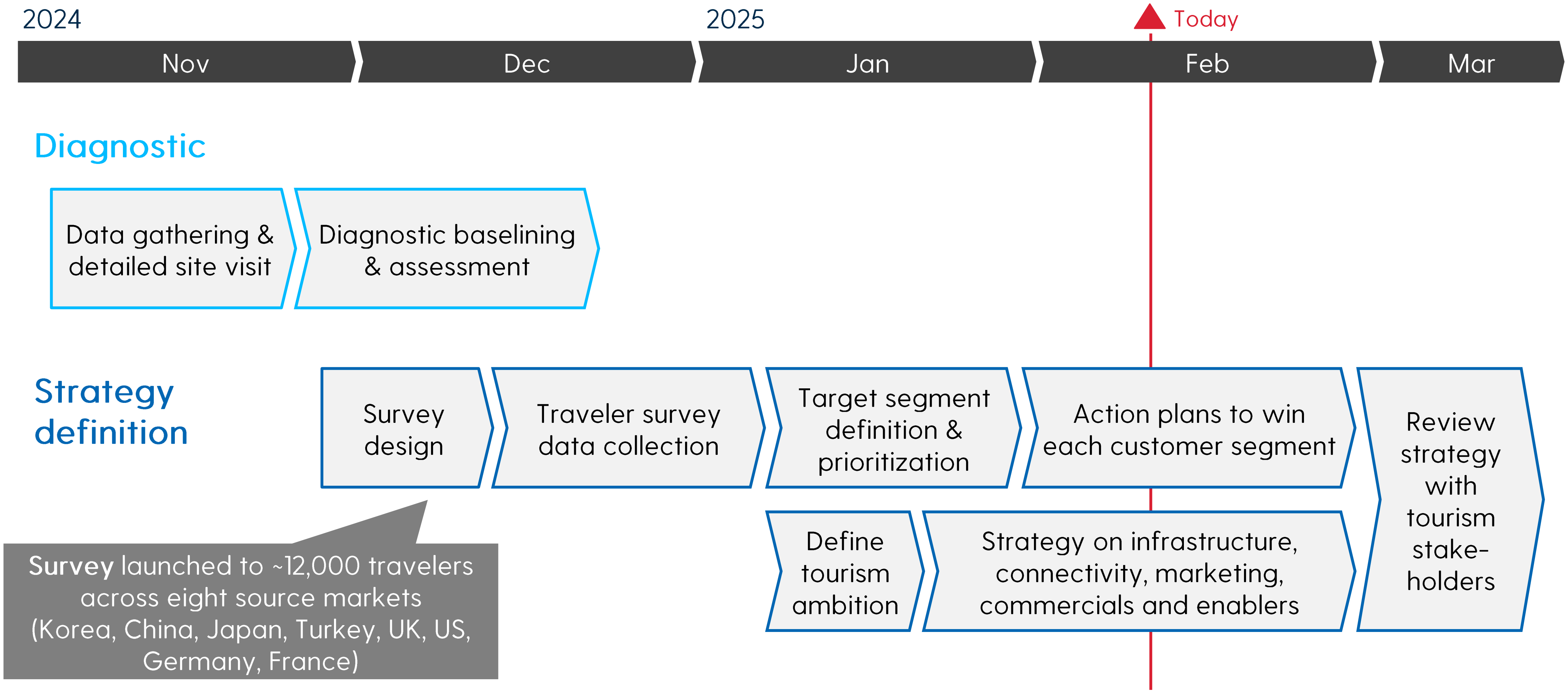
UAE: Luxury greenfield mega-project

Dubai: Building data-driven approach to tourism

… and we work with major companies from across the Travel & Tourism ecosystem

7 of the top-10 airlines	5 of the top-10 hotel groups	6 of the top-10 travel distributors	5 of the top-10 airport groups	5 of the top theme park operators
American Airlines	Marriott International	Booking Holdings	Paris Aéroport	Disney Parks
Delta	Jin Jiang Hotels	Ctrip	aena	Merlin Entertainments Group
Lufthansa	Hilton	expedia group	Fraport	Universal Parks & Resorts
United	IHG Hotels & Resorts	American Express	Heathrow Making every journey better	Six Flags
Air France KLM	Wyndham Hotel Group	BCD	The Port Authority of NY & NJ	Cedar Fair Entertainment Company
Emirates	AccorHotels	TUI Group	香港國際機場 Hong Kong International Airport	SeaWorld Parks & Entertainment
IAG International Airlines Group	Choice Hotels	airbnb	Incheon Airport	Parques Reunidos Passion for Leisure
Southwest	Greenland Hospitality Group	CWT	Japan Airport Terminal	
中国南方航空 China Southern	华住酒店集团 Huazhu Hotels Group Ltd	同程艺龙	NAA Narita Airport	
Air China	首旅酒店集团 BTG Hotels	JTB	Changi Airport Singapore	

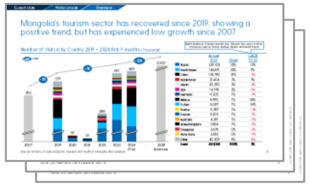
Project overview | The diagnostics phase is finalized; we are currently defining Mongolia's tourism strategy and actions



BCG Tourism Strategy

Diagnostics phase | We have evaluated Mongolia's tourism sector across 14 key areas

Current state

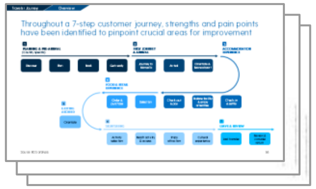


Competitors

Connectivity

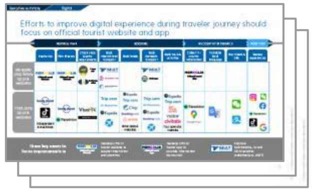
Tourism assets

Traveler journey



Events

Digital



Starting point

Infrastructure & experience

Commercials

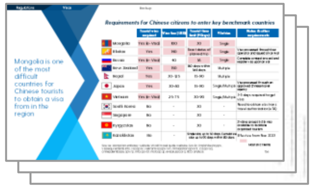
Marketing

Specialty segments

Org & capabilities

Tech and data

Regulation



Winter Tourism

Go-to-market

Enablers

Winter

This assessment is based on internal and external data, and discussions with stakeholders from across the tourism ecosystem

Not exhaustive

Internal data provided

- *Visitor arrivals*
- *Hotel occupancy*
- *Trade fairs*
- *Regulation*
- *Org size & roles*
- *Branding*
- *MICE venues*
- *MIAT plans*
- *Events calendar*
- *Digital assets*

External data sources

OAG
World Economic Forum
UN Tourism
Booking.com
airbnb
Intrepid

In-country visit and direct experience

Visit to Orkhon Valley, Kharkhorin, Semi-Gobi, Chinggis Khan Statue & UB sites

Discussions with key government stakeholders

Government of Mongolia
Ministry of Culture, Sports, Tourism and Youth of Mongolia
Mongolia Tourism Organization
National Committee for Tourism Development
Ministry of Road and Transport Development

Discussions with other public sector & non-profit entities

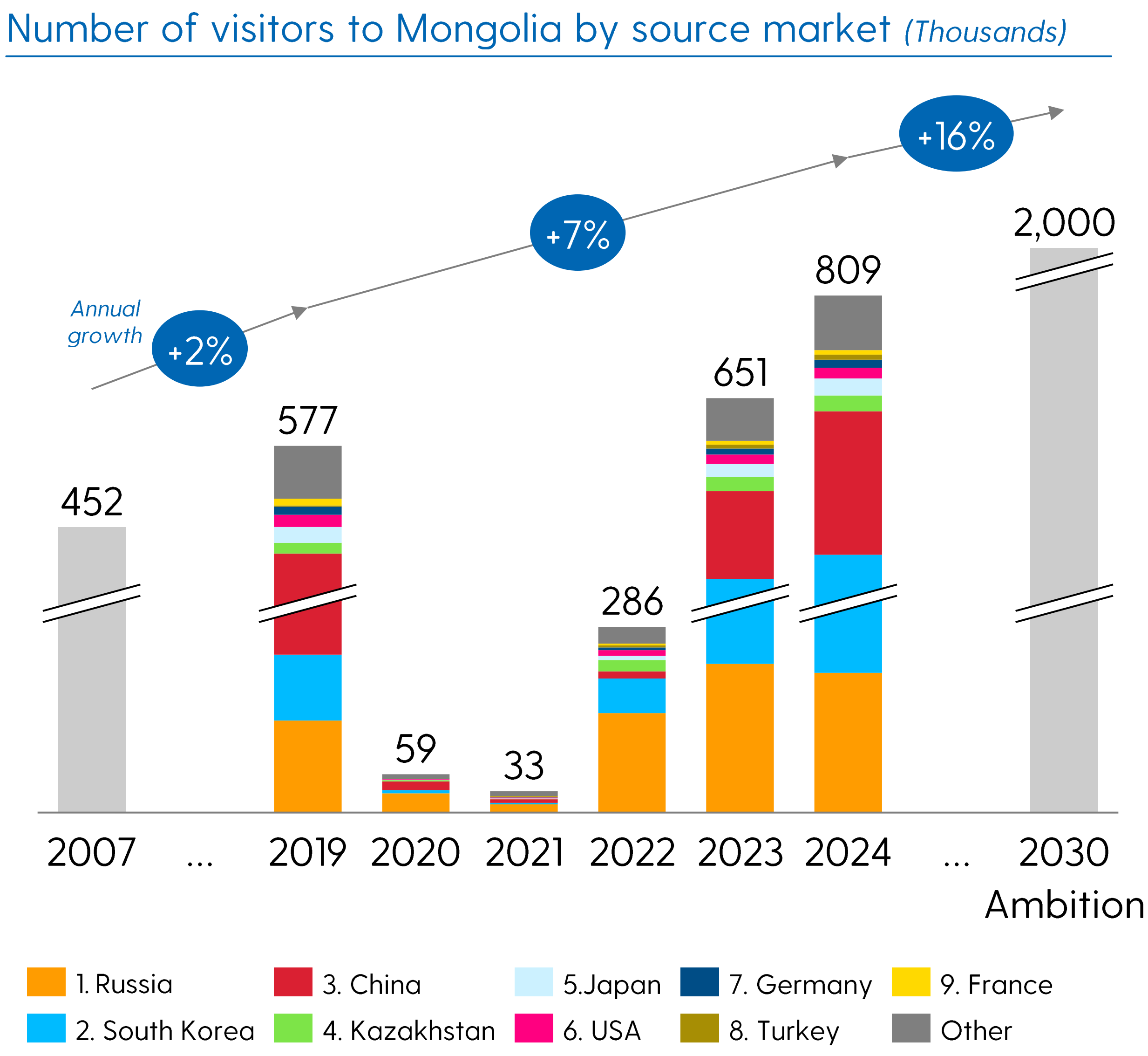
National Statistics Office of Mongolia
UNDP
UNESCO
The World Bank Digital Literacy
Mongolian British Chamber of Commerce
The Nature Conservancy

Discussions with private sector

MIAT Mongolian Airlines
Nomadic Expeditions
Silver.Co
Juulchin Tourism Corporation of Mongolia
Edelman
goyo travel
Panoramic Journeys

Tourism in Mongolia's starting point

- Mongolia's tourism sector has **recovered well since 2019** (+7% annual growth), with particularly strong growth from Korea, Russia and Turkey
- Mongolia has though **experienced low longer-term growth** since 2007 (+2% annual growth)
- A **step change is thus required to achieve the 2M tourist ambition** by 2030 (+16% annual growth needed)
- Mongolia's tourism is also **highly seasonal**, with winter experiencing approximately 80% fewer visitors than the summer peak



Mongolia saw lower tourism growth 2007-19 than benchmark countries, but has seen strong recovery since 2019

	Mongolia	Kazakhstan	Kyrgyzstan	South Korea	Vietnam	Nepal
Total visitor arrivals *(2024, M)*	0.8	11.5	9.4	16.8	15.4	1.2
2007-19 annual growth in arrivals	2%	4%	15%	9%	12%	7%
2019-24 annual growth in arrivals	7%	6%	2%	-1%	-1%	0%
2024 WEF Travel & Tourism Dev. Index	85	52	102	14	59	105

1. 2019 last available data; 2. For reference CAGR 2014-2019 is.3% ; 3. For reference, average daily spent 205$ in 2019; 4. For Mainland China
Sources: Euromonitor, World Economic Forum, CEIC, BCG Analysis

Our diagnosis identifies many **positive aspects** of tourism in Mongolia...

Assets

Exceptional natural beauty and unique landscapes (deserts, mountains, glaciers, forests, lakes, steppes), with **very rich nomadic & Buddhist cultures** that are unlike any other destination

Assets

Strong network of experienced tour operators and **local guides**, with broad range of tours provided

Commercials

Established presence at recent trade fairs (incl. WTM and ITB Berlin and regional Asian fairs), with **strong GoMongolia brand** on display

Specialty segments

Good foundations to win in specialty segments, incl. MICE (venues in UB), and hunting/fishing (Mongolia is one of the top destinations globally)

Regulation

Visa-free entry to most key source markets, except China

... yet there are many **challenges** that need to be overcome for Mongolia to reach its ambitious goals

Connectivity

Limited international connectivity to key source markets (esp. to EU/US), with only one global connector (Turkish), and high fares vs benchmark

Connectivity

Unreliable domestic connectivity between key cities, with frequent cancellations, schedules published late, and limited capacity in winter

Assets

Tourist camps & accommodation open for short season, and quality often below international standards, with ratings below benchmark countries

Traveler journey

Service levels often below international standard, incl. level of customer service, quality of information provided, and levels of English

Traveler journey

Difficult to travel independently, and need to rely on tour operators, which are often expensive (versus other destinations)

Events

Large events calendar with 50+ international events; needs to be **more effectively curated**, with **schedules set in advance**, and increased promotion

Marketing

Marketing efforts have so far been piecemeal, with very low budget, and no major campaigns yet to raise awareness of Mongolia as a destination

Commercials

Lack of commercial partnerships (outside privately secured deals), **no rep offices** in source markets, and very **limited FAM trips**

Org

Under-resourced Ministry and MTO versus competitors, with MTO acting more as an 'association' than 'executive organisation'

Regulation

Initial improvement in regulation with tourism law, but **more effort required to licence sector**

Connectivity | A critical challenge today is Mongolia's limited connectivity

	Mongolia	Kazakhstan	Kyrgyzstan	Nepal
Total capacity *(2023, k seats)*	805	4,179	2,328	2,947
Delta Winter-Summer	116%	66%	23%	2%
Global airline presence	Turkish Airlines	Turkish Airlines, Qatar Airways, flydubai, Lufthansa	Turkish Airlines, flydubai	Turkish Airlines, Qatar Airways, flydubai, Singapore Airlines
Direct flights (# of countries)	27 (12)	67 (26)	32 (12)	43 (17)

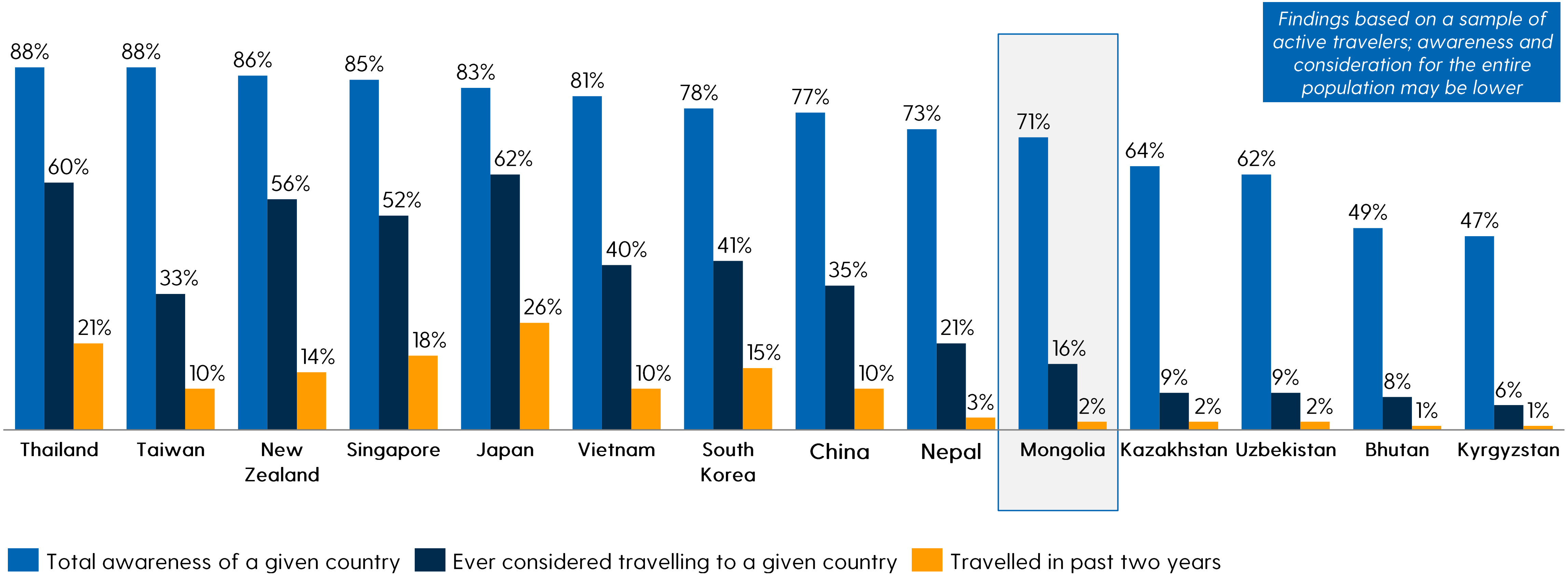
Sources: Euromonitor, OAG database, BCG Analysis

Key takeaways

- Mongolia's **capacity is lower** than comparable countries, with **fewer direct connections**
- Mongolia has **fewer global connectors** – opportunity to add FlyDubai or Qatar Airways for improved connections to Europe
- **Turkish Airlines service** is only 4x week (versus weekly for competitor countries)

Awareness & Consideration | Consideration to visit Mongolia is low at ~16%, but in line with other regional peers

% of respondents aware and ever considered travelling to a given country



Source: DCG Mongolia Survey December 2024 with 12,000 respondents; BCG analysis

Barriers | Willingness to travel is hampered by barriers that shape a negative perception of Mongolia

Barriers	Getting around might be difficult due to road conditions and internal flights availability	I am concerned about the availability and quality of medical support	It can get very cold in the winter	I am worried it is not a safe place	I might have to rely on tour operators, unable to easily travel around independently	Direct flights are not accessible from my country
% of respondents with medium or high impact on likelihood to visit	70%	70%	68%	67%	65%	62%

Source: DCG Mongolia Survey December 2024 with 12,000 respondents; BCG analysis

BCG Tourism Strategy

Mongolia has an ambitious vision for tourism by 2030

Aiming for:

2M
visitors
3x increase from 650k in 2023

~$3B
in-destination spend
~5x increase vs $550M in 2023

~10%
GDP contribution
vs 2% in 2023

160k
employees in the tourism sector
2x increase vs 83k in 2023

65th
in WEF T&T development index
+20 positions vs 85th place today

We have identified 13 source markets across three tiers…

Tier 1 source markets (Key contributors expected by 2030)

Russia | China | South Korea | USA | Germany

Tier 2 source markets (Smaller source markets with potential to increase share)

Japan | Turkey | UK | France | Kazakhstan

Tier 3 source markets (White spaces to explore as new sourcing opportunities)

India | Southeast Asia | Middle East

…which account for:

45% of global outbound trips

50% of global tourism spend

92% of trips to Mongolia

There are four contributors of visitors that drive tourism

LEISURE	BUSINESS & MICE	SPECIALTY SEGMENTS	DOMESTIC
International leisure travel *Core focus of this segmentation strategy*	Corporate travel, meetings & conferences	Niche segments, such as hunting/fishing and stopover	Domestic travel from Mongolian residents

Overview of our methodology

We use **Demand Centric Growth** (DCG): an occasion-specific, needs-based approach to create demand segments

In traditional segmentation

Joon falls into one segment

Meet Joon

- 35-year man
- Father to 2 kids
- Enjoys outdoor activities
- Appreciates quality time with family and friends

Traditional single segment

Working Father

Holiday choice:
Family holiday

100% of the time

In DCG segmentation

Segment 1

Annual family holiday

Holiday choice:
1-week camping/resort with children

50% of the time

Segment 2

Romantic retreat

Holiday choice:
Luxury spa hotel with partner

25% of the time

Segment 3

Adventure with friends

Holiday choice:
Hiking in national parks

25% of the time

Leisure strategy is based on extensive consumer research

We **surveyed ~12,000 travelers** from these source markets:

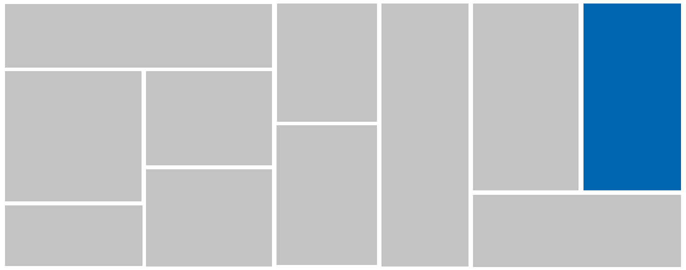
- United States
- Turkey
- United Kingdom
- China
- Germany
- South Korea
- France
- Japan

From the research, we identified traveler <u>needs</u>:

- *Emotional needs:* **How they want to feel** on holiday (e.g., relaxed, culturally enriched)…
- *Functional needs:* **What travelers want** a holiday to be (e.g., comfortable, a new experience)

… as well as **how they travel** when meeting these needs (e.g., travel party, trip length)…

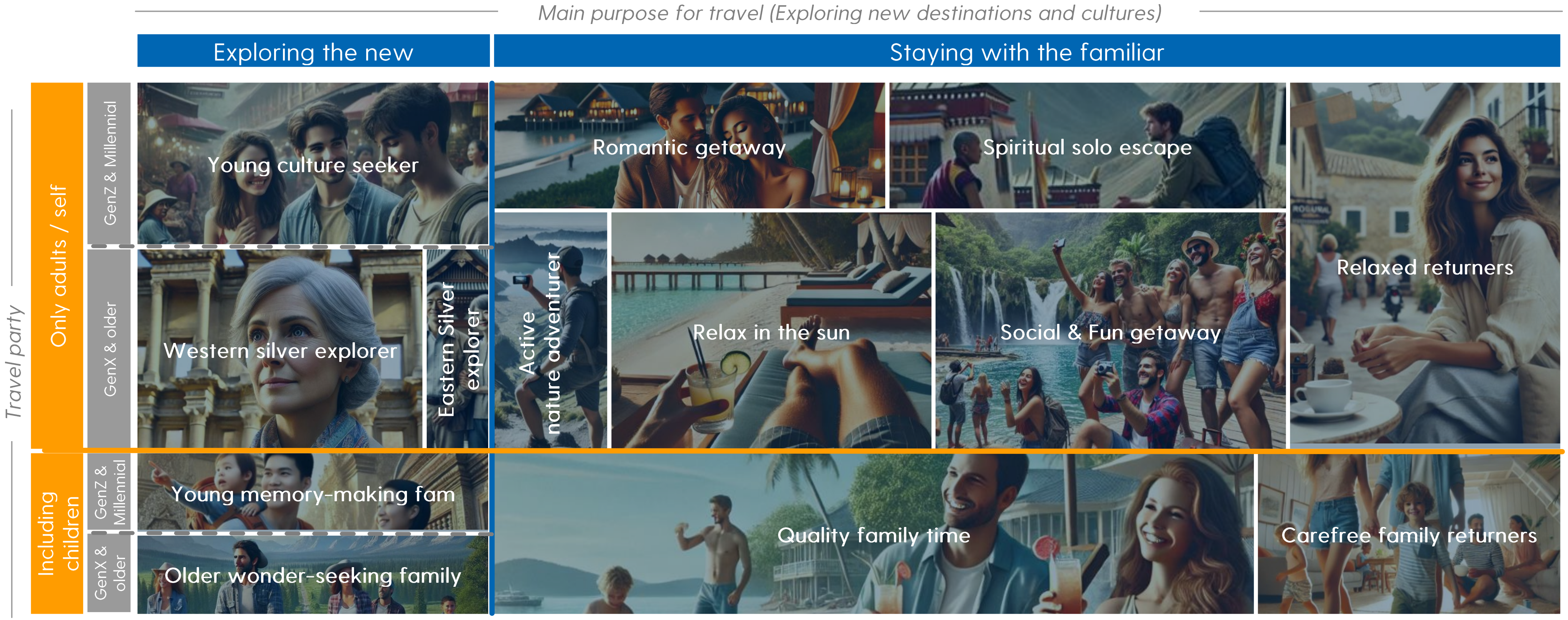
… to **build a segmentation** that provides a way to structure the market



Illustrative segmentation: each type of leisure trip will fall into one of the demand spaces on the map

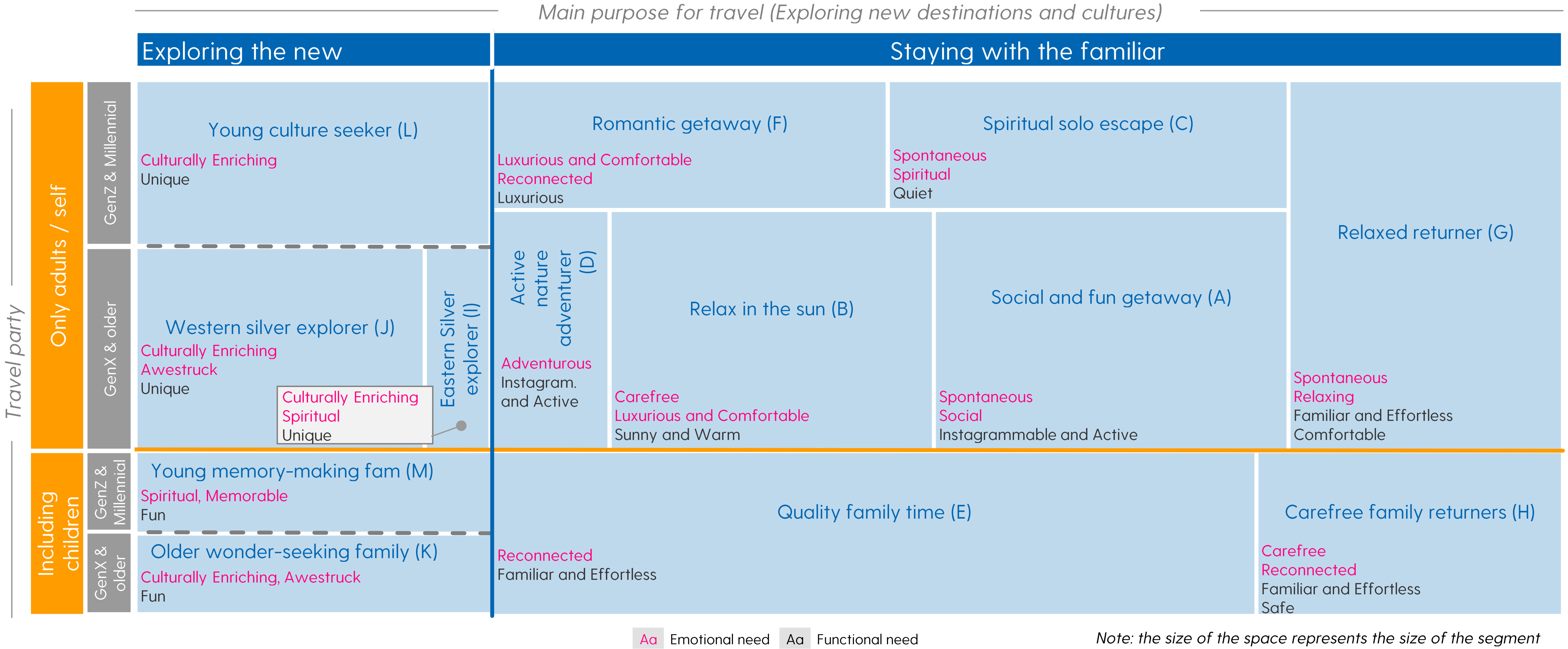
Source: DCG Mongolia Survey December 2024

13 segments represent all leisure travel from source markets



Source: DCG Mongolia Survey December 2024

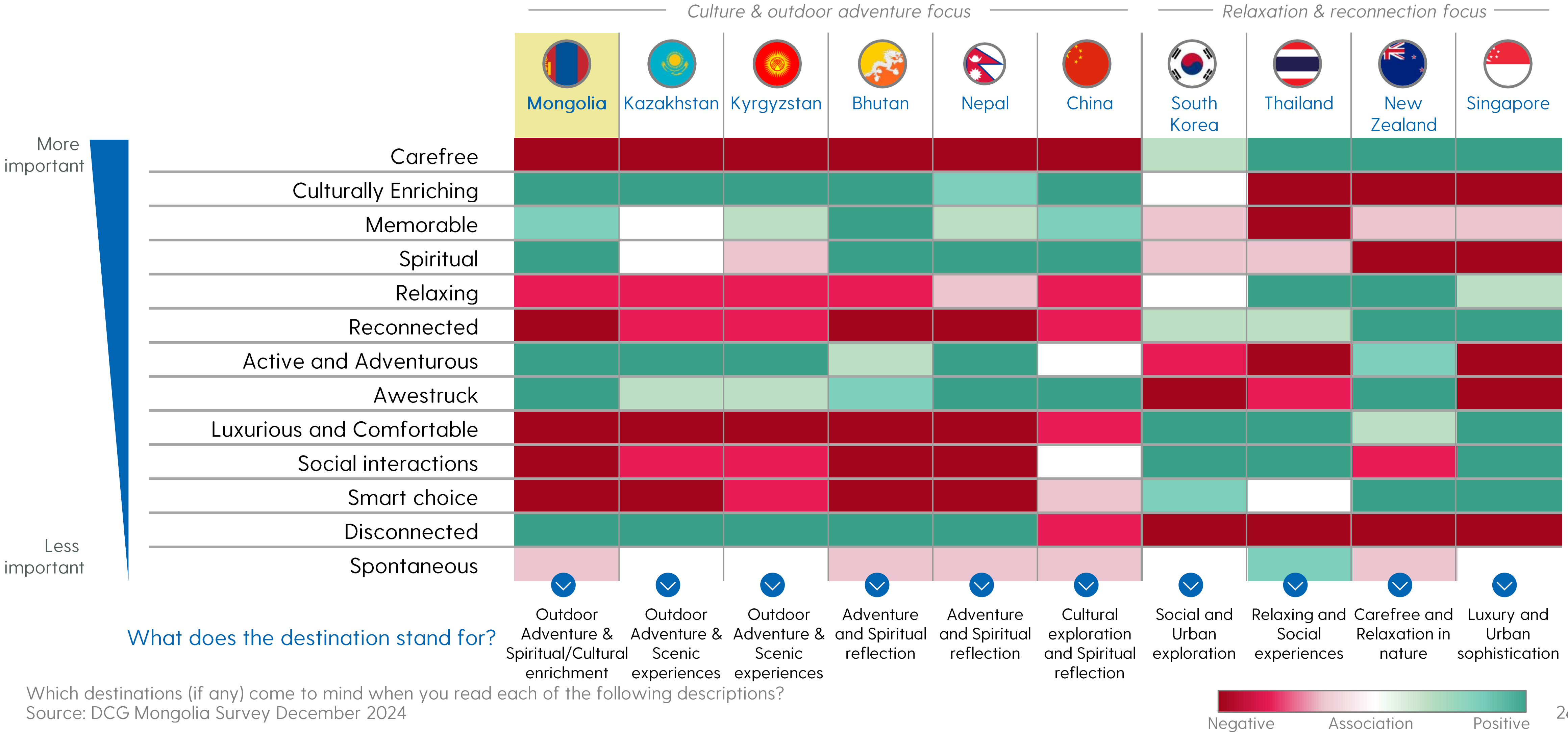
Each of the 13 segments have different set of emotional and functional needs for travel



Note: the size of the space represents the size of the segment (number of trips and total spend)

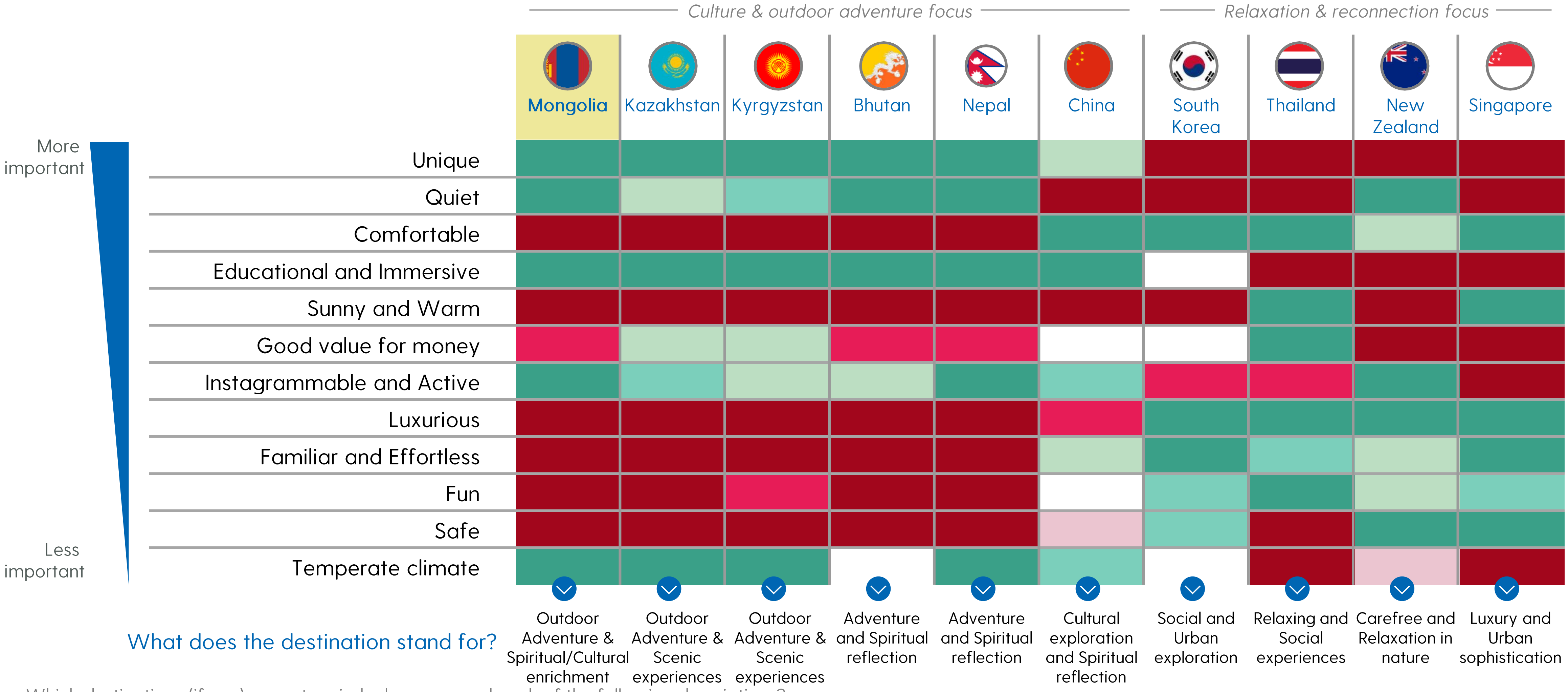
Note: Gen Z = ≥ 18 and ≤ 26; Millennials = ≥ 27 and ≤ 42; Gen X = ≥ 43 and ≤ 58; Boomers = 59 and ≤ 77; Silent Boomers= ≥ 78
Source: DCG Mongolia Survey December 2024

For emotional needs, Mongolia is associated with Adventurous, Culturally Enriching, Spiritual and Awestruck



Which destinations (if any) come to mind when you read each of the following descriptions?
Source: DCG Mongolia Survey December 2024

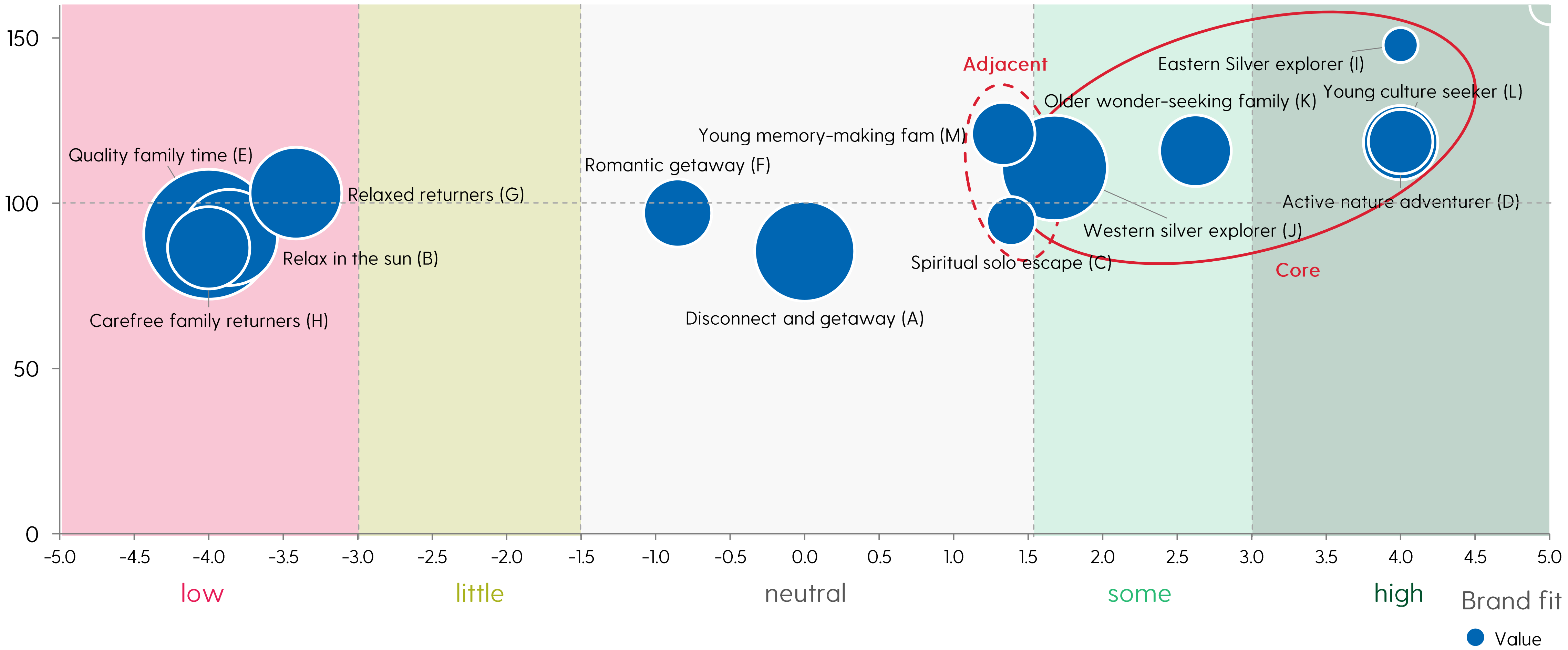
For functional needs, Mongolia is associated with being Unique, Quiet, Educational and Active



Which destinations (if any) come to mind when you read each of the following descriptions?
Source: DCG Mongolia Survey December 2024

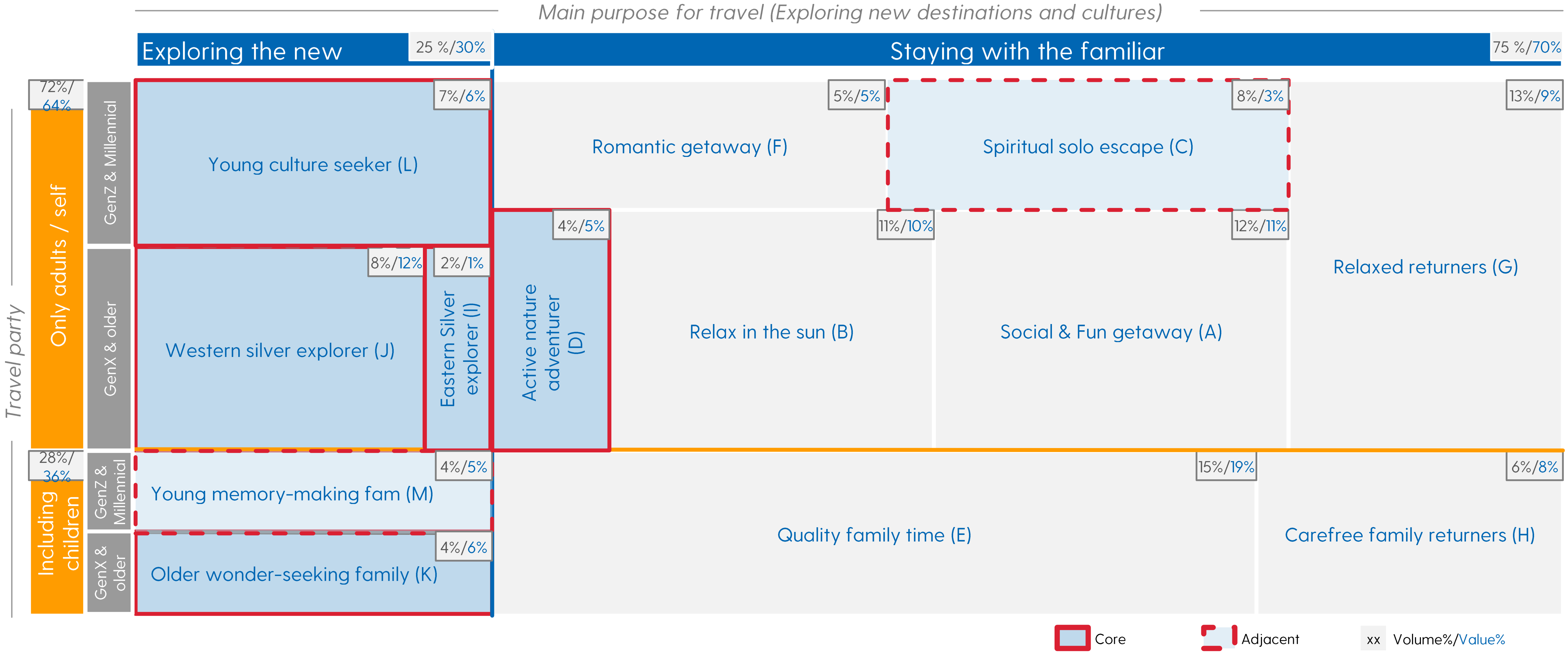
We prioritize seven demand segments that perceive Mongolia as suitable for their needs and have considered it as a destination

Consideration to visit Mongolia



Note: Consideration to visit Mongolia is indexed against overall consideration average
Source: DCG Mongolia Survey December 2024

Seven of the 13 priority segments are prioritized for Mongolia



Note: Gen Z = ≥ 18 and ≤ 26; Millennials = ≥ 27 and ≤ 42; Gen X = ≥ 43 and ≤ 58; Boomers = 59 and ≤ 77; Silent Boomers= ≥ 78
Source: DCG Mongolia Survey December 2024

Overview of seven priority segments for Mongolia

Core segments (25%/30%)

Young culture seeker

Curious explorers seeking **authenticity**, **culture**, and **unique experiences**

Priority market: All markets

50(7%) | 55(5%)

Western silver explorer

Sophisticated travelers on long **immersive** trips, full of **heritage**, **culture** and **comfort**

57(8%) | 112(12%)

Eastern Silver explorer

Discerning travelers favoring **short**, **deep**, and **guided explorations**

12(2%) | 13(1%)

Active nature adventurer

Adventure seekers drawn to **physical challenges**, **nature**, and **adrenaline**

30(4%) | 44(5%)

Older wonder-seeking family

Active families wanting **culture**, **seamless experiences**, and **quality time**

25(4%) | 54(6%)

Adjacent segments (12%/8%)

Young memory-making family

Young families balancing **discovery**, **learning**, and **easy travel**

24(4%) | 43(5%)

Spiritual solo escape

Independent travelers seeking **solitude**, **depth**, and **meaningful reflection**

53(8%) | 27(3%)

xx Abs M of trips (%) | xx Abs outbound spent in $B value (%)

Source: DCG Mongolia Survey December 2024

Example demand segment profile: **Western silver explorer**

Abs M of trips (%)	Abs outbound spent in $B value (%)
57(8%)	112(12%)

Who they are

They are sophisticated travelers who favor **long**, **immersive trips** centered on **heritage**, **local cuisine**, and **scenic walks**

They seek **authenticity**, **comfort**, and **enriching experiences** that inspire and deepen their **cultural understanding**

They value **meaningful moments**, seamless **relaxation**, and **awe-inspiring discoveries**

Median Age	60	↑
Children in Household	19%	↓
GenZ	0%	
Milennials	0%	
GenX	42%	↑
Boomers & Silent	58%	↑

Travel behaviors

Typical trip length[1]

Short	Medium	Long	Very long
↓	↓	↑	↑
16%	27%	51%	6%

Top 3 Travel party

Partner	62%	↑
Friends	22%	↑
Solo	15%	↓

Top 3 activities

Eat local cuisine	69%	↑
Cultural heritage sites	66%	↑
Traditional markets	53%	↓

Main Emotional needs

- Culturally Enriching
- Memorable
- Awestruck
- Social interactions
- Smart choice

Main Functional needs

- Authentic
- Unique
- A new experience
- Educational
- In local people's communities

1. Short = 1 to 5d; Medium = about a w; Long = 2 to 3 w; Very long = over 3 w

Note: ↓ Below average - ↑ Above average e.g., Index "100" means result is exactly at average (100%)

Source: DCG Mongolia Survey December 2024

Mongolia's diverse regions can cater to various segments, offering a wide range of landscapes and activities

Western

- **Nature & Wildlife** – Remote wilderness, eagles
- **Adventure** – Glacier trekking, mountain climbing
- **Culture** – Kazakh nomadic lifestyle, eagle hunting

D J C

Khangaï

- **History & Heritage** – UNESCO sites, ancient monast.
- **Wellness & Relaxation** – Natural hot springs
- **Outdoor Adventure** – Hiking, trekking, horse riding

K C D

Gobi

- **Desert Adventure** – Camel trekking, sand dunes
- **Paleontology & Geology** – Dinosaur fossils
- **Cultural Exploration** – Ancient nomadic heritage

M K J

Northern

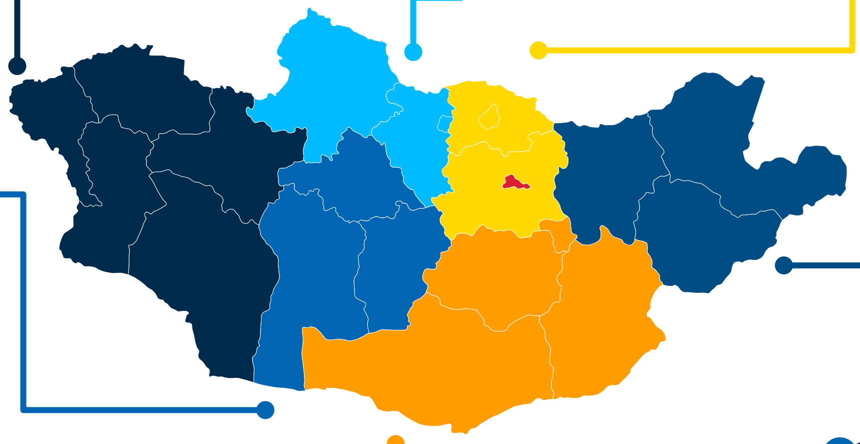
- **Lakes** – Khuvsgul Lake, eco-lodges, water activities
- **Indigenous Culture** – Tsaatan reindeer herders, shamanic traditions
- **Spiritual Retreats** – Amarbayasgalant Monastery

I J C D

Central & Ulaanbaatar

- **History & Landmarks** – Chinggis Khan statue, museums, monasteries
- **Family & Education** – Interactive experiences, wildlife parks
- **Shopping & City Life** – Markets, crafts

M J L



Eastern

- **Spiritual & Historic Tourism** –Birthplace of Genghis Khan, Buddhist sites
- **Nature** – Grasslands, steppe, Buir Lake
- **Fishing & Outdoor Activities** – Taimen fishing, horse trekking

I J C D

L Young culture seeker
J Western silver explorer
I Eastern Silver explorer
D Active nature adventurer
K Older wonder-seeking family
M Young memory-making fam
C Spiritual solo escape

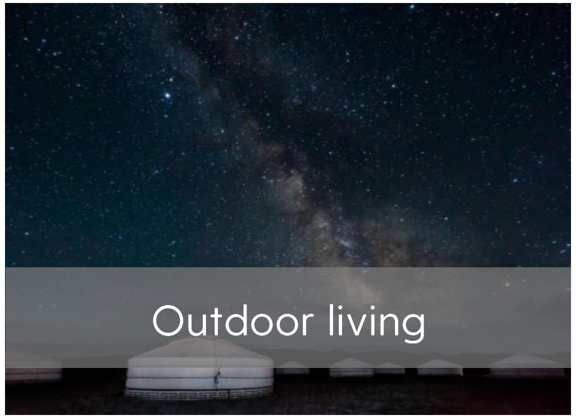
Source: Criteria for Defining Tourism Zoning, Evaluation Indicators, and Some Theoretical and Methodological Issues (2025), DCG Mongolia Survey December 2024, BCG analysis

Strategy Summary | What tourism in Mongolia stands for

Across the seven demand spaces and 13 priority markets

Nature

Adventure



Culture & Heritage

Spirituality

Next steps from today

Define what should be done to target each segment
(e.g., marketing, booking, activities, accommodation)

Developing strategy for other enablers of tourism
(incl. assets and infrastructure, commercials, tech & data and organisation)

Develop strategy for other areas of tourism (incl. MICE and niche tourism)

Share final strategy to key tourism stakeholders (in March, dates TBC)