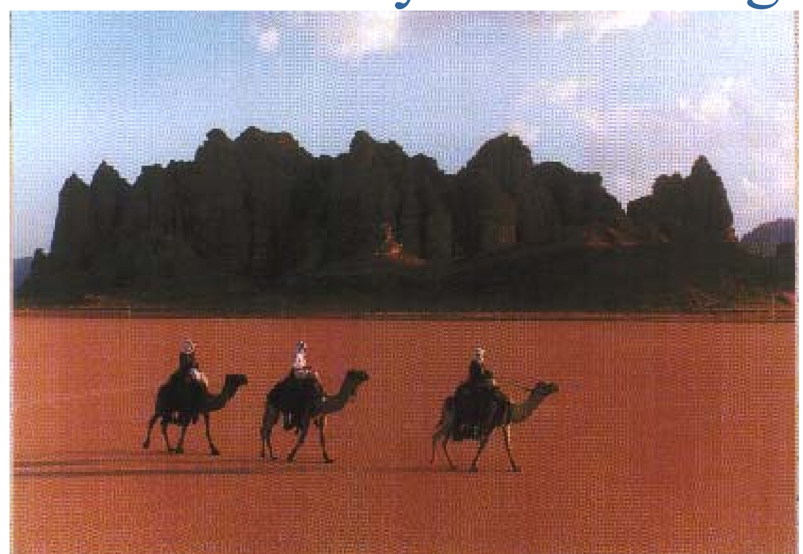



Hashemite Kingdom of Jordan: The Tourism Cluster

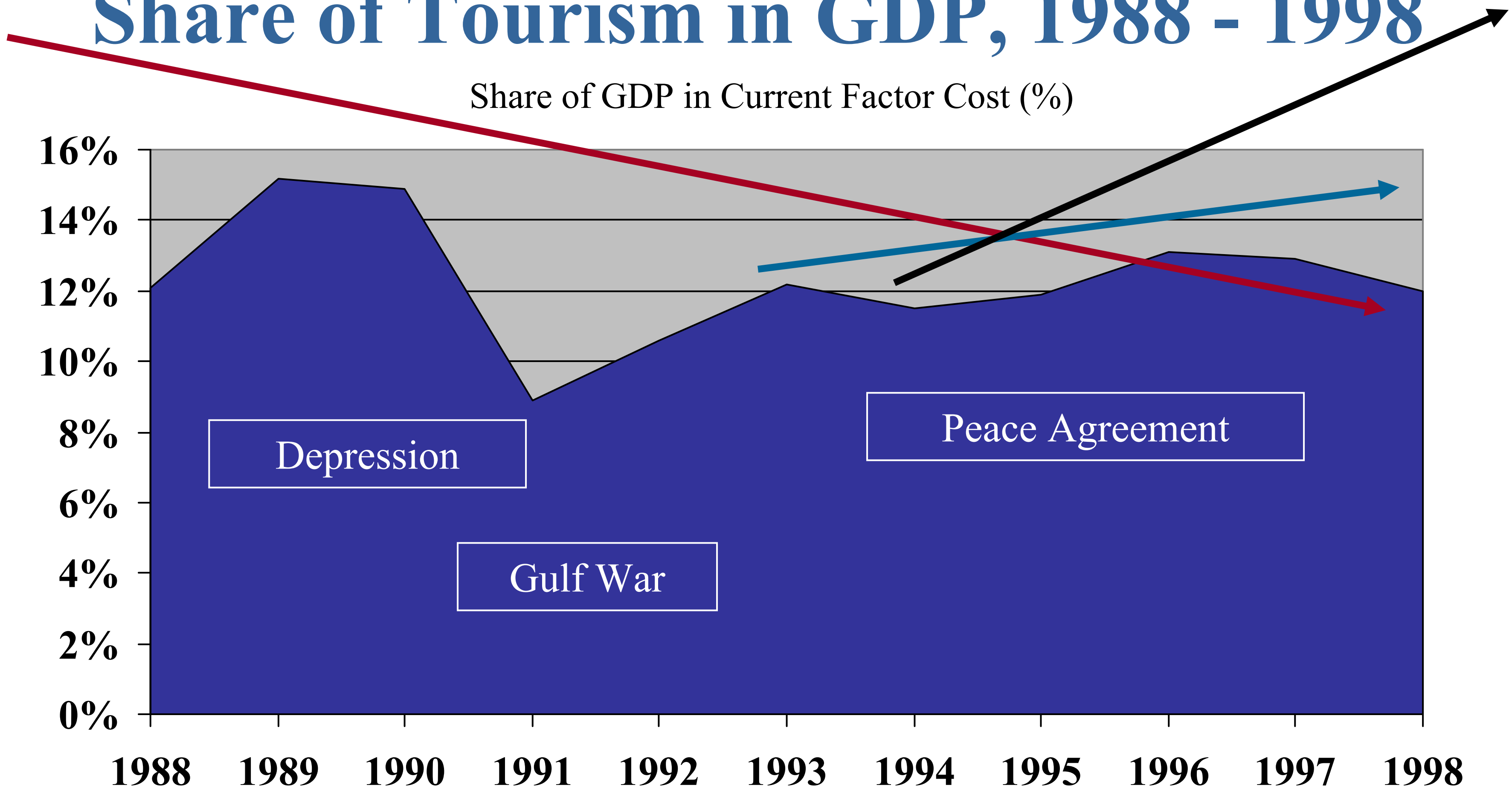
Jordanian National Competitiveness Team / Ministry of Planning

Agenda

- **Industry Performance**
- Diamond Hypothesis
- Cluster Map
- Current Strategy
- Key Issues
- Future Strategy
- Opportunities
- Recommendations

Share of Tourism in GDP, 1988 - 1998

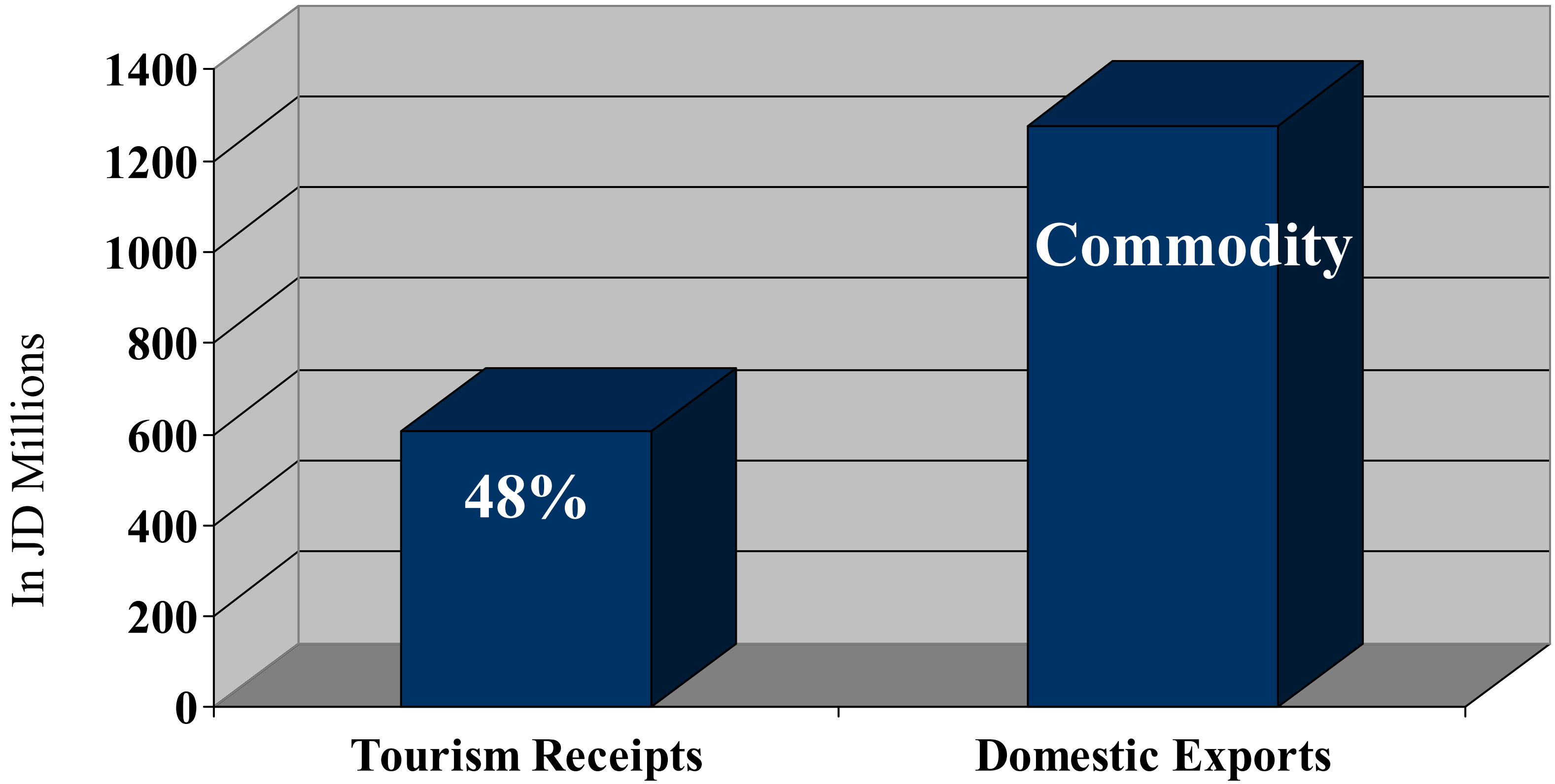


Source: Central Bank Annual Reports, 1992 and 1998

Tourist receipts are a significant contributor to the economy, but are highly dependent on political factors. After the Peace, tourism has been growing faster than GDP but not at optimal levels.

"We can do better!"

Macro Economic Contribution, 1998

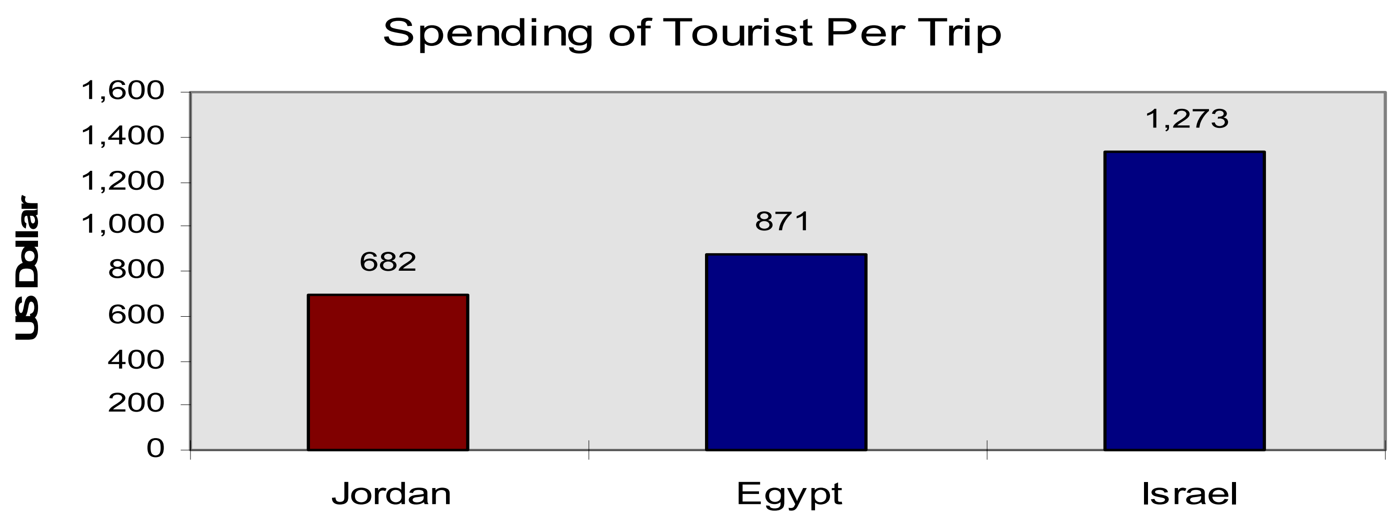


Source: Export and Finance Bank, Country Report, 1999

Tourism receipts are a primary source of foreign currency coming into Jordan

Major Indicators, 1998

	Jordan	*Egypt	Israel
No. of Tourists (000s)	1,256	3,675	2,2
Revenue (US$m.)	853	3,200	2,800
Revenue / Tourist per trip (US$)	682	871	1273



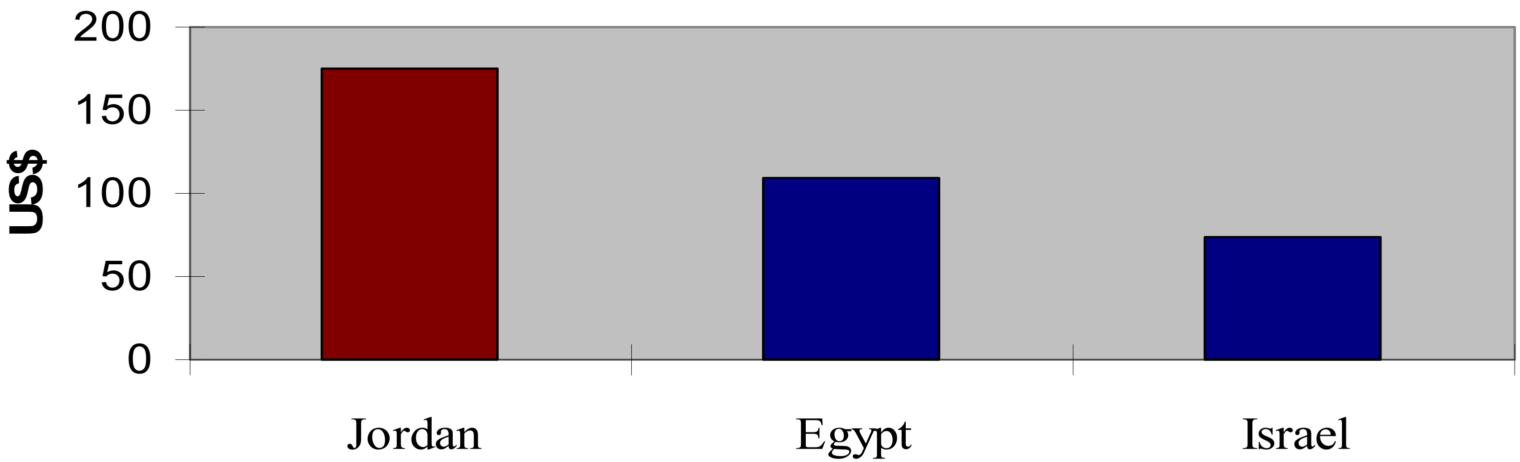
Source: Export and Finance Bank, Country Report 1999 / Central Office of Statistics, Israel 1998.
* Numbers for 1996.

Tourists spend significantly less per visit to Jordan than its closest regional tourist competitors, BUT...

Major Indicators "The Opportunity"

	Jordan	Egypt	Israel
Revenue / Tourist per trip (US$)	682	871	1273
Average Length of Stay	4*	8*	18*
Tourist spend/day (US$)	**170**	**109**	**71**

Tourist Revenue per Day



Source: *Average tourist length of stay day is unavailable. Package tours length of stay is used as a proxy.
Export and Finance Bank, Country Report 1999 / Central Office of Statistics, Israel 1998.

If we were able to get every tourist to spend one more day we will increase the total receipts by 25%.

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The Diamond Hypothesis

Competitive Environment: The Jordanian Tourism Cluster

Government

+ Stable and secure country
+/-Gov't focus mainly on developing sites at Petra, Aqaba and the Dead Sea
- Weak promotion and marketing plan
- Lack of a national tourism plan
- Lack of continuity in policy and actions
- High frequency in changing Ministers of Tourism
- Heavy regulation of industry

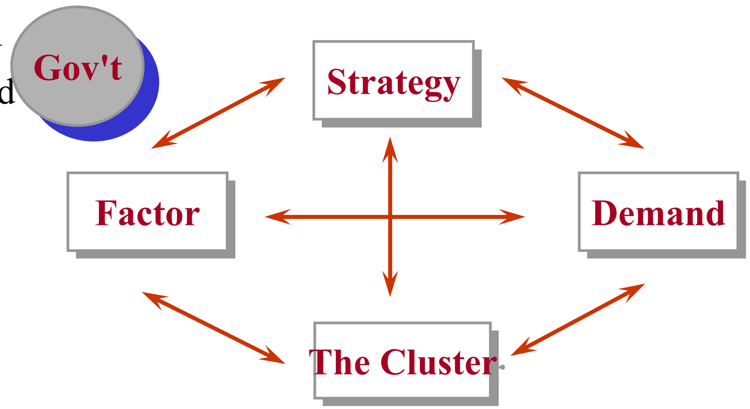
Factor Conditions

+ Large number of historical, religious, environmental and natural sites
+ Good internal roads, two international airports
+ Good variety of accommodation
- Poor Infrastructure
- Under-trained human resources

Source: Interviews with key persons, Jordanian Government Documents

Strategy, Structure, and Rivalry

+/-Competition is mainly in prices
+/-Cheaper rates for locals
- Minimal tourism promotion abroad
- Lack of focus on customer and service orientation
- Lack of feasibility studies for projects before investment



Demand

+ High domestic and Arab market demand for high quality medical and educational services
+/-80% of tourists are Arabs from the region
+/-Growing number of "day-trippers" from Israel
- Approximately 40% of Jordanians travel abroad for business or pleasure
- Non scheduled stops on most Holy sites tours

The Cluster

+ High quality medical, educational institutions
+ Various airlines access both international airports
+ Hotels are increasing in number and quality
+ Environmental Protection Institution
- Overall lack of coordination among firms in cluster
- Most souvenirs are imported
- Conflict of interest with other industries, in Aqaba for example
- Low re-investment of on-site receipts

The Diamond Hypothesis

Factor Conditions

Human Resources

+ Friendly and honest people
- Lack of employee training
- Very few skilled guides
- Few world class operators
- Low real wages result in low worker motivation

Physical Resources

+ Jordan is centrally located in MENA region
+ Secured country
+ Small land with many unique sites: archeological, religious, geographical and environmental places (Petra, Mount Nebo, Dead Sea, Dana, etc.). More than 120,000 registered archeological and historical sites all over Jordan

Infrastructure Resources

+ Good variety of accommodations at different quality levels
+ Many 4 and 5 star hotels and several projects in progress by foreign hotel chains

+/- High demand for furnished apartments but lack of information on this type of accommodation

+/- Good major road network. Poor secondary roads in the sites and outside Amman

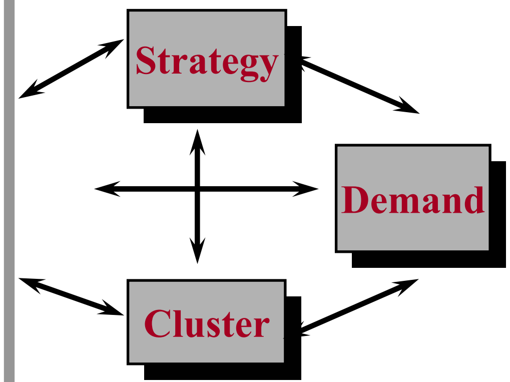
- 49% average occupancy rate
- Certain sites do not have enough or good hotels. For example, Jerash has only one hotel with 10 rooms and Aqaba does not have any 4 or 5 star hotels
- Poor infrastructure in the sites (toilets, phones, food, explanatory exhibits and other services
- Few English signs. Lack of proper signage system and poor placement of signs
- Lack of facilities for disabled people
- Merger of the only three coach bus lines eliminates competition.
- JD10 million capital requirement to start a coach bus line drives an indirect monopoly

Knowledge Resources

+ Good school for teaching the mosaic art in Madaba
- Lack of appreciation for historical sites and their importance
- Lack of good brochures, guide books and maps. Royal Geographic Center has excellent maps, but not easily accessed by tourists

Capital Resources

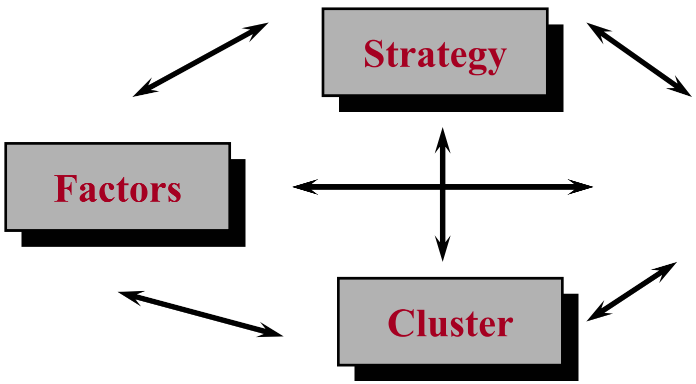
- Limited and small government budget for the tourism sector
- Need to attract more private investment in tourism



"Jordan is an open archeological book"

Director of the Department of Antiquities

The Diamond Hypothesis



Demand Conditions

\+ More than 50% of demand is from Arab countries

\+ International awareness of Petra and the Dead Sea

\+ Increasing global demand for eco-sites such as Dana and 5 other reserves

\+ Increasing global demand for bird watching, such as Al-Azraq reserve

\+ Good potential for business and conference tourism

\+ Largest segment of non-Arab tourists is wealthy retired people

\+ High domestic and Arab demand for high quality medical and educational services

+/- Growing number of "day-trippers" from Israel

+/- Approximately 40% of Jordanians travel abroad for business or pleasure. These people spend money outside Jordan but their demand becomes more sophisticated

\- Non scheduled stops on most Holy sites tours

\- Not enough demand from non-Arab countries

\- Unsophisticated and low level of local demand. Low wages of average Jordanian limits travel budget

\- Low local demands on tourism

Firm Strategy, Structure and Rivalry

\+ Tour operators are beginning to innovate in specialty tours (tours by train, dinner parties at sites, etc..)

\+ New trend of employing locals versus foreigners

+/- Cheaper rates for locals encourage local demand, but may harm foreign demand

\- Inefficient system in awarding stars for hotels, restaurants, etc...

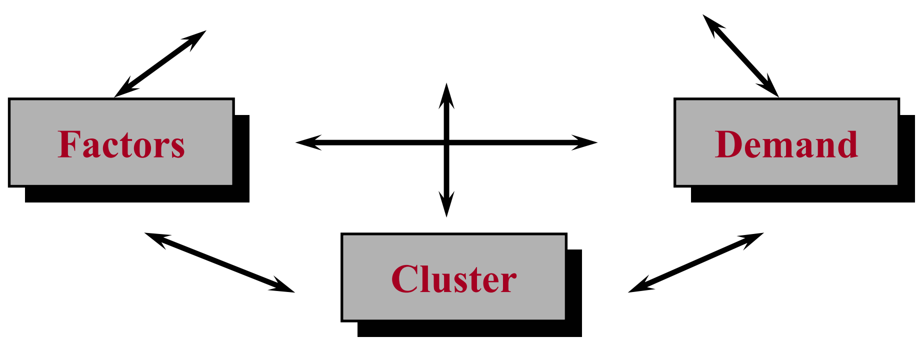
\- Lack of focus on customer and service orientation. No national quality guidelines or standards issued by the Ministry of Tourism

\- Lack of feasibility studies for projects prior to allocating resources

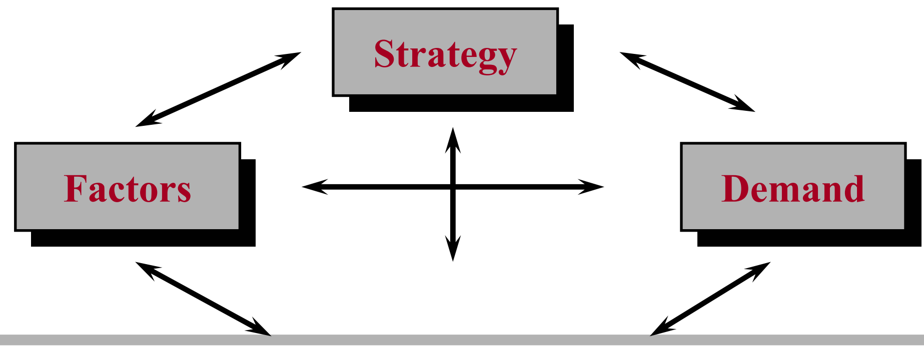
\- Lack of focused market plan or commissioned studies by the government concerning tourism

\- Very limited and traditional ways of promoting Jordan to the outside world

\- Competition is mainly in prices



The Diamond Hypothesis



Related and Supporting Industries "The Cluster"

+ High quality medical, educational institutions
+ Sufficient number of Jordanian travel agents
+ Good international airports that are accessed by various international airlines
+ Hotels are increasing in number and quality
+ Environmental Protection Institutions
- Aqaba is the only port in Jordan. Approximately 16,000 tourists visited the southern part of Jordan in 1996 via Aqaba
- Few good tour operators
- Most souvenirs are imported. Local souvenirs are generally of low quality relative to other destinations (notable exceptions: Bani Hamida, Jordan River Designs, etc..)
- Conflict of interest with other industries (i.e.., shipping and industry at the Red Sea)
- Lack of coordination among the components of the cluster
- Low re-investment of on-site receipts by the Ministry of Tourism
- Expensive airfare compared to other countries due to high taxes
- Limited night life in Jordan, especially near the sites
- Lack of proper national museum, the existing one needs upgrading

The Diamond Hypothesis

Government

+ Proactive Minister of Tourism

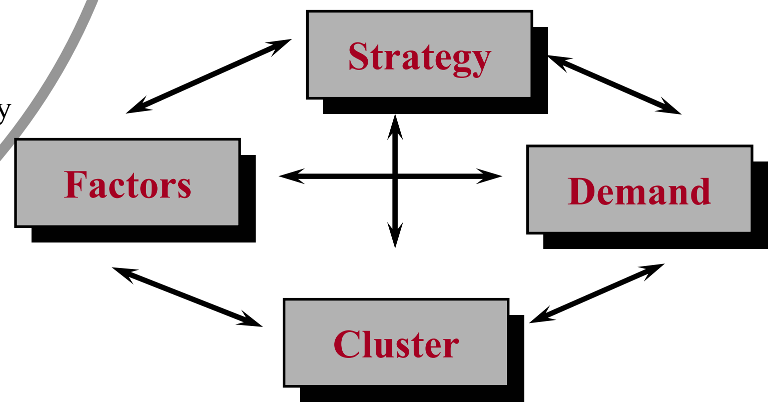
+ Tour operators are financially stable because of the JD 50,000 financial guarantee in capital

+/- Ministry of Tourism and Antiquities (MoTA) is responsible for marketing Jordan abroad

+/- Stable and secure country, but not enough effort from the gov't to promote Jordan as a secure country

+/- Very good studies on tourism sector by the MoTA but are not implemented due to limited resources

- Frequently changing Ministers of Tourism
- Heavy regulation on industry: Licensing, other fees limit opportunities to small firms, entrepreneurs
- At high decision making levels, tourism is not considered a priority
- Guide training is done via the MoTA
- Gov't focus on implementing big projects and developing major sites as Petra, Aqaba and the Dead Sea but neglecting the small and critical sites (mount Nebo, holy sites, etc..)
- Slow move toward privatization; like the RJ airlines
- Many employees in the MoTA are not specialized or skilled. For example, employees at the Israeli Ministry of Tourism are required to travel once every 4 years with their families to a foreign country to encourage actual learning
- Weak promotion and marketing plan



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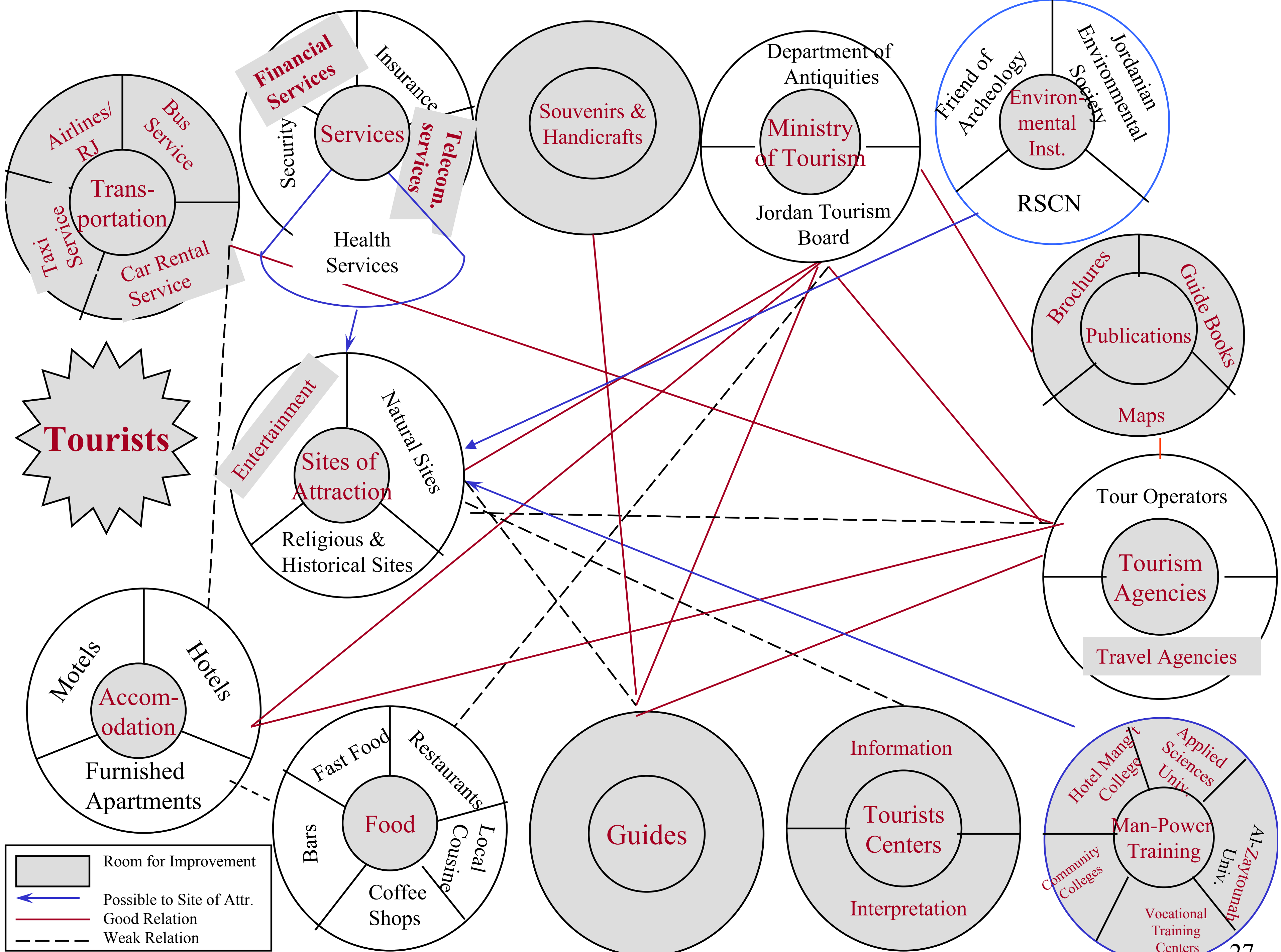
Financial Services
Insurance
Security
Services
Telecom. services
Health Services
Souvenirs & Handicrafts
Department of Antiquities
Ministry of Tourism
Jordan Tourism Board
Friend of Archeology
Jordanian Environmental Society
Environ-mental Inst.
RSCN
Airlines/ RJ
Bus Service
Trans-portation
Taxi Service
Car Rental Service
Brochures
Guide Books
Publications
Maps
Tourists
Entertainment
Natural Sites
Sites of Attraction
Religious & Historical Sites
Tour Operators
Tourism Agencies
Travel Agencies
Motels
Hotels
Accom-odation
Furnished Apartments
Fast Food
Restaurants
Bars
Food
Local Cousine
Coffee Shops
Guides
Information
Tourists Centers
Interpretation
Hotel Mang't College
Applied Sciences Univ.
Man-Power Training
Community Colleges
Al-Zaytounah Univ.
Vocational Training Centers
Room for Improvement
Possible to Site of Attr.
Good Relation
Weak Relation

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Competitive Environment: The Jordanian Tourism Cluster

Firm Strategy, Structure and Rivalry

+ Emerging young world class tour operators
- Weak promotion of Jordan as a whole
- Cater to pre-existing tourist thinking by mostly focusing on historical sites
- No differentiation or innovation
- Seek short term profits, forgetting that each tourist tells 16 other people
- Over-reliance on the year 2000

Gov't

- Weak promotion and focused marketing plan
- Minimal re-investment of on-site receipts

Factor Conditions

+ Good major road network
- Poor secondary roads to the sites and outside Amman
- Poor infrastructure on site (toilets, phones, food, explanatory exhibitions, etc.)
- Lack of proper sign system
- Not capturing tourist feedback through surveys

Demand Conditions

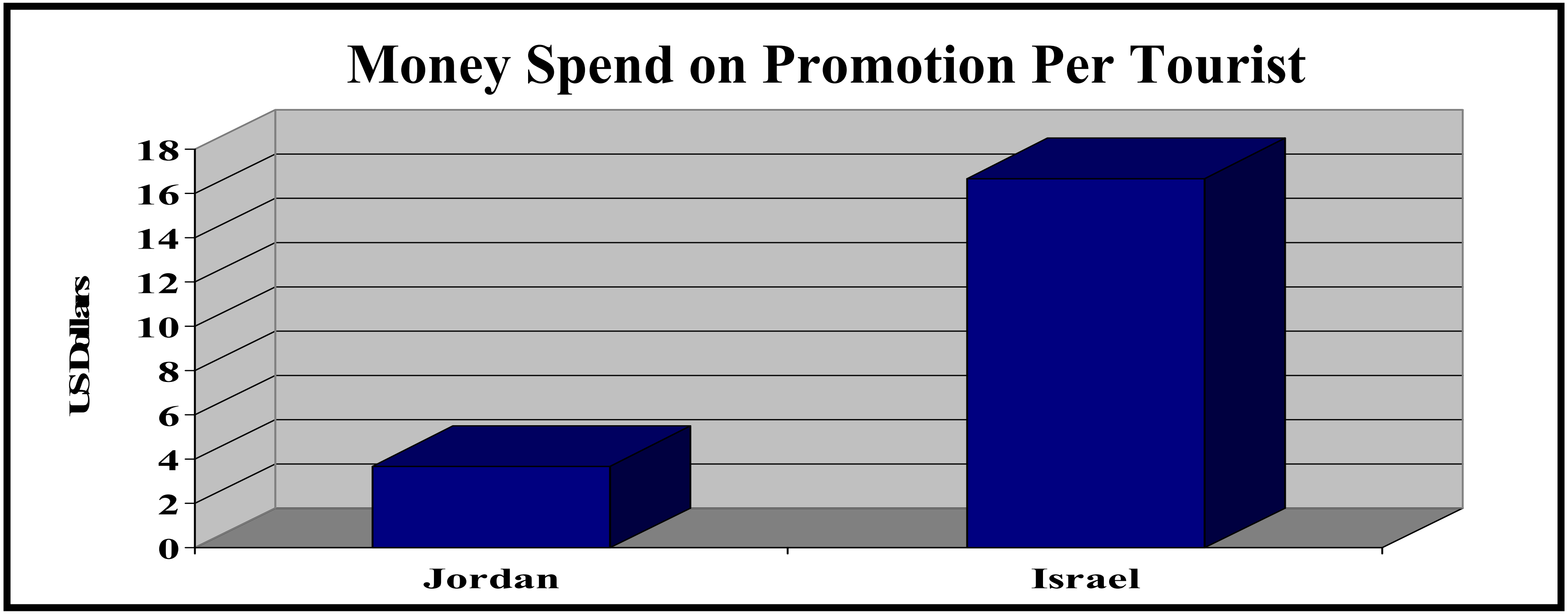
+ More than 64% of demand is regional
+ Largest segment of Non-Arab tourist are wealthy retired people
+ High domestic and Arab demand for high quality medical and educational services
- Perception that Jordan is only Petra
- Average stay is 4 days

Related and Supporting Industries: The Cluster

+ Strengthening the role of Amoun Hotel Management College
- 107 new hotels since 1994 concentrated in three geographical areas
- Weak geographic distribution of accommodation
- Lack of cooperation among the components of the cluster

Promotion

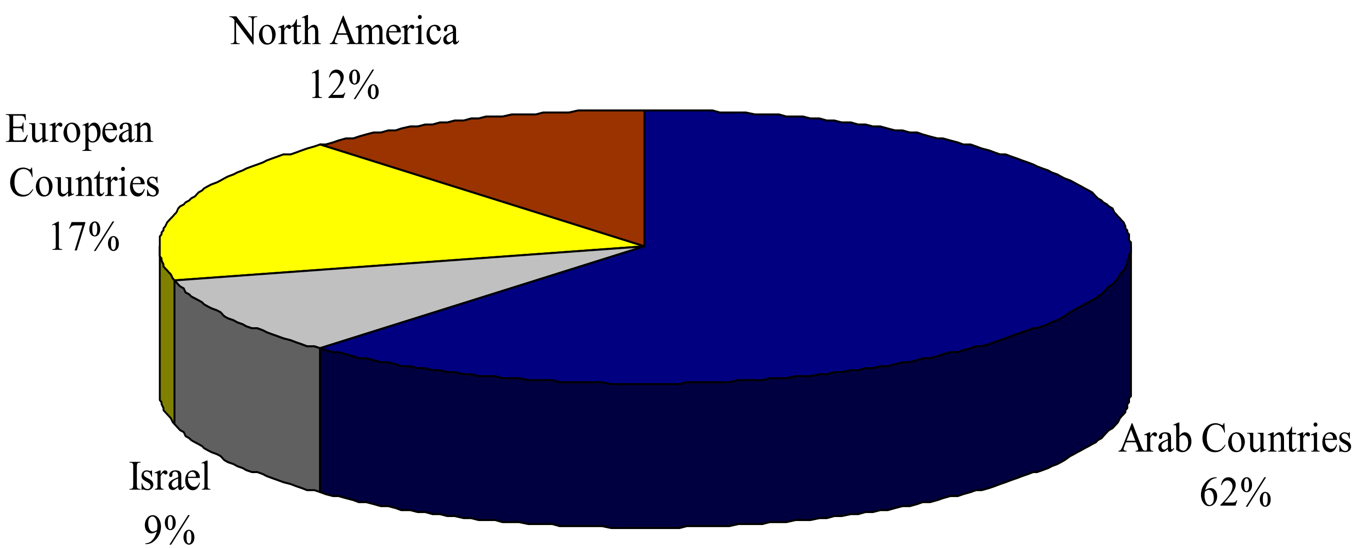
	Jordan	Israel
Fund for promotion (US million)	4,62	35,00
No. of tourists (000s)	1,256	2,198
Money spend/ tourist	3.70	16.7



Source: Ministry of Tourism, 1998 / Central Office of Statistics, Israel 1998.

Who Came to Jordan from January until November in 1998?

Tourists Arrivals in 1998



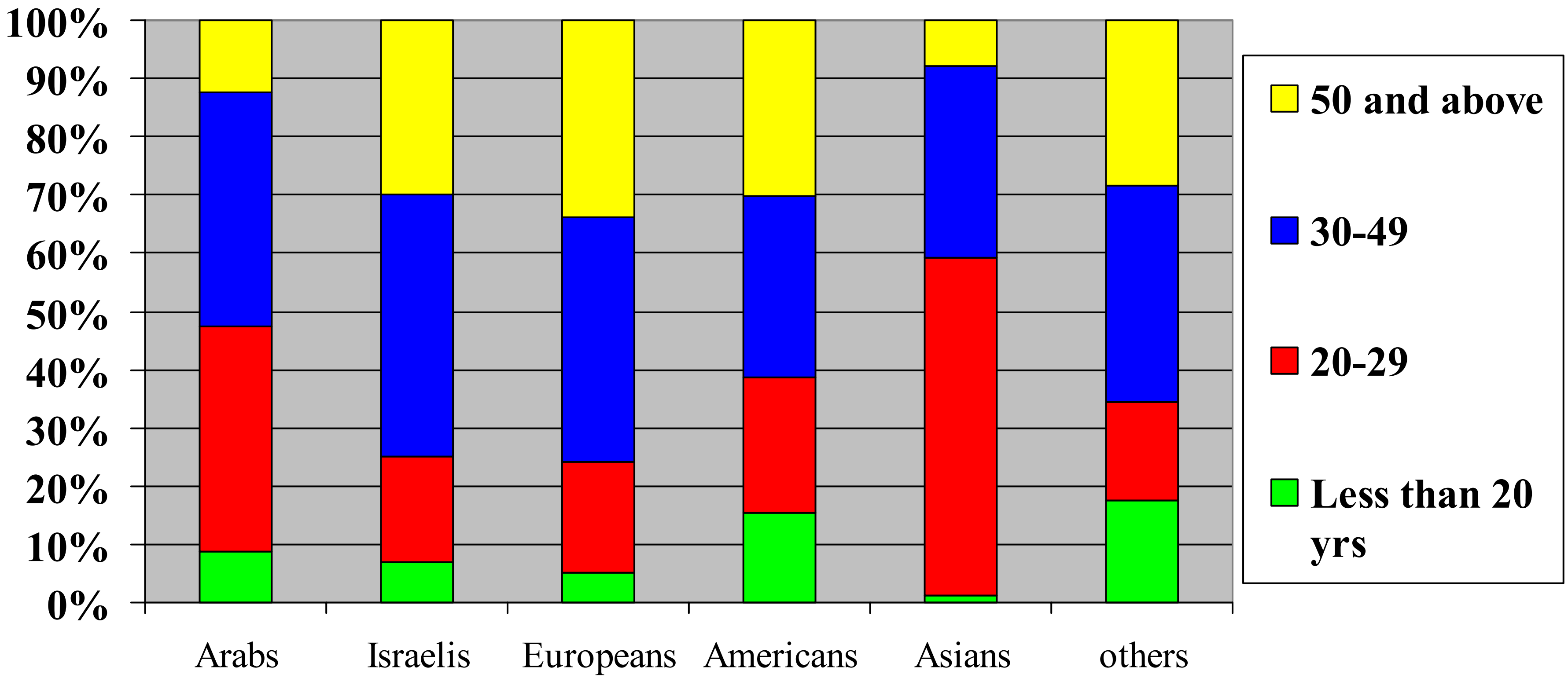
Source: MoTA, Statistic Section, 1998

"In the summer all you see are cars from Saudi Arabia and the Gulf Countries. You cannot even drive in Amman"

Local

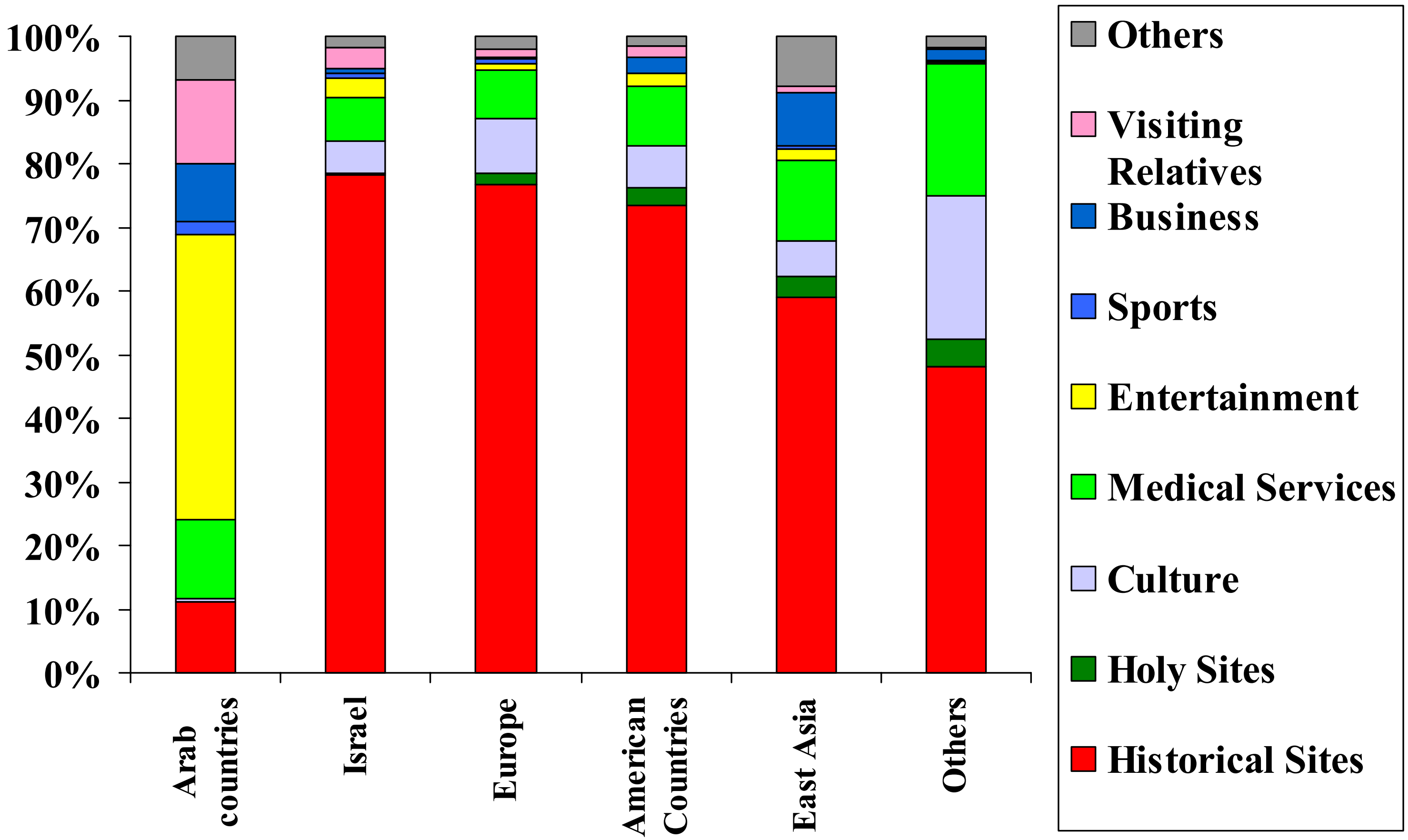
Arab tourists, our largest segment, stay longer, spend more and travel as families.

Age Groups of Different Tourists



By far the majority of visitors are over 30, which is the most desirable class of visitors, because they are willing to spend money in a short time period.

"What sites are attractive to you in Jordan?"



Historical places are the most attractive sites of attraction, followed by entertainment and medical services. However, needs vary dramatically by country. For example, entertainment is principally for Arabs.

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Key Issues

- Infrastructure
- Guides
- Manpower Training
- Government/Private Sector Cooperation
- Tourist Information

Infrastructure

- Bad **Public Services at the sites**
- Poor but inexpensive public and private **transportation**
- (Merger) of only three coach lines eliminated local rivals and raised prices by 30%. Additionally, the Gov't requires JD10 million as a capital for any new bus line leads to an indirect monopoly
- Few **public phones** especially on sites

Infrastructure is the foundation upon which world-class quality can be delivered

Guides

- Many **qualified guides**, but their distribution does not cover all customer segments
- **Unauthorized guides** reflect bad image on guides as a whole.
- Bad image is given to local guides in order to allow **foreign** groups to bring their own **guides**.
- No **code of ethics** or guiding principles to govern guides' actions

Jordan cannot be globally competitive in tourism without world-class tour guides

Manpower Training

- Hotel management
- Marketing
- Waiters/Cooks
- Craftsmen
- Guides
- Archeologists
- Geologists
- Researchers

Manpower is the pillar on which a successful tourism industry stands.

Government/ Private Sector Cooperation

- No clear **role has been defined for either the public or the private sector**
- **Private sector Lacks confidence** and thus **desires protection** from new regional entrants
- An **atmosphere of blame** rather than cooperation
- **Private sector** demands for more **control** over the industry believing that they should fully control the industry.

Public and private sector should have a productive dialogue to develop and execute a successful strategy

Tourist Information

Post-trip Surveys

- Is the current tourist satisfied with his experience?
- What changes would the tourist like to see?
- Will the tourist come again?

Potential Tourist Survey

- Who is our future tourist?
- What are his dreams of Jordan?
- Can we make his dreams come true?

Jordan needs to better understand its present and future tourists to better cater to their needs.

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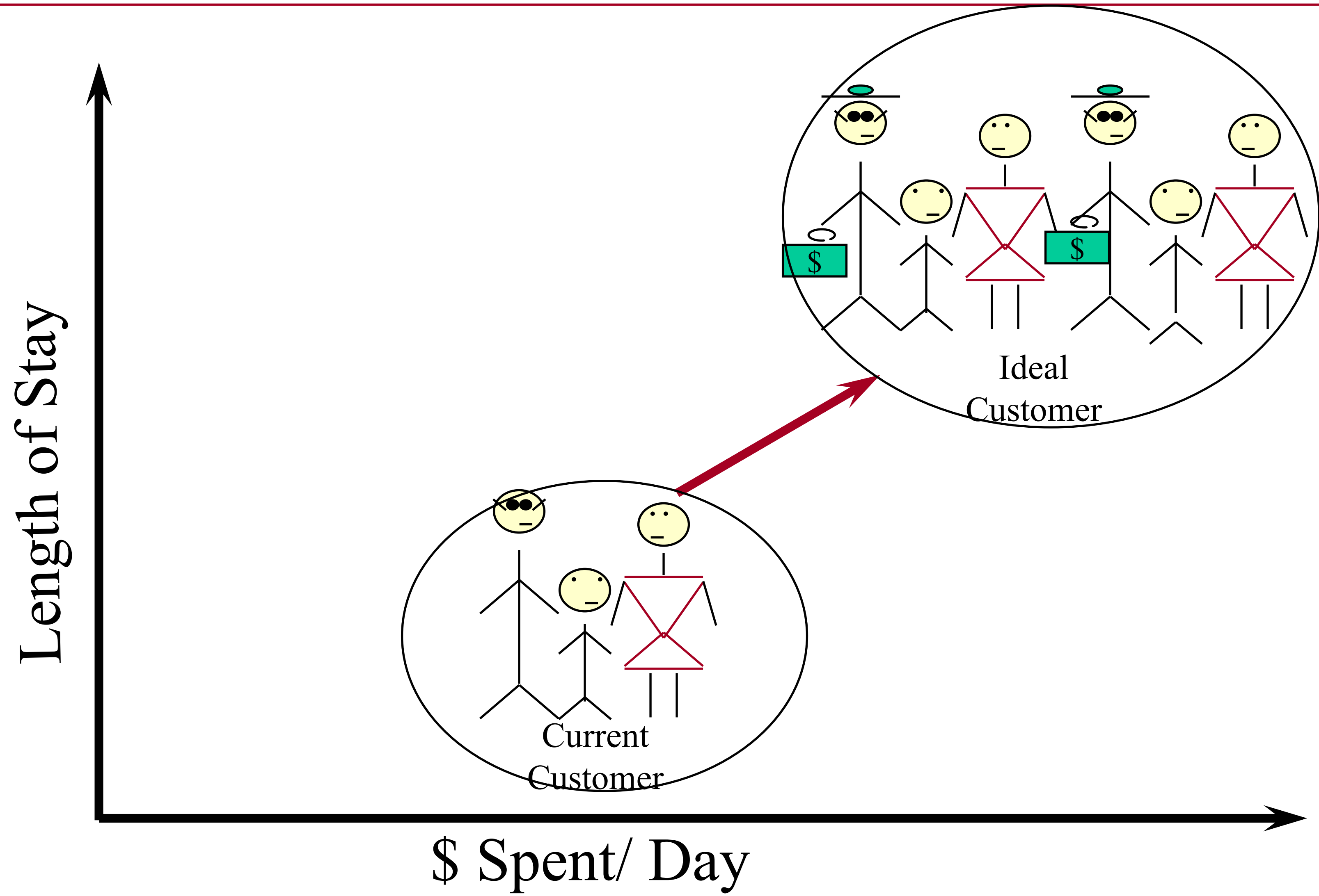
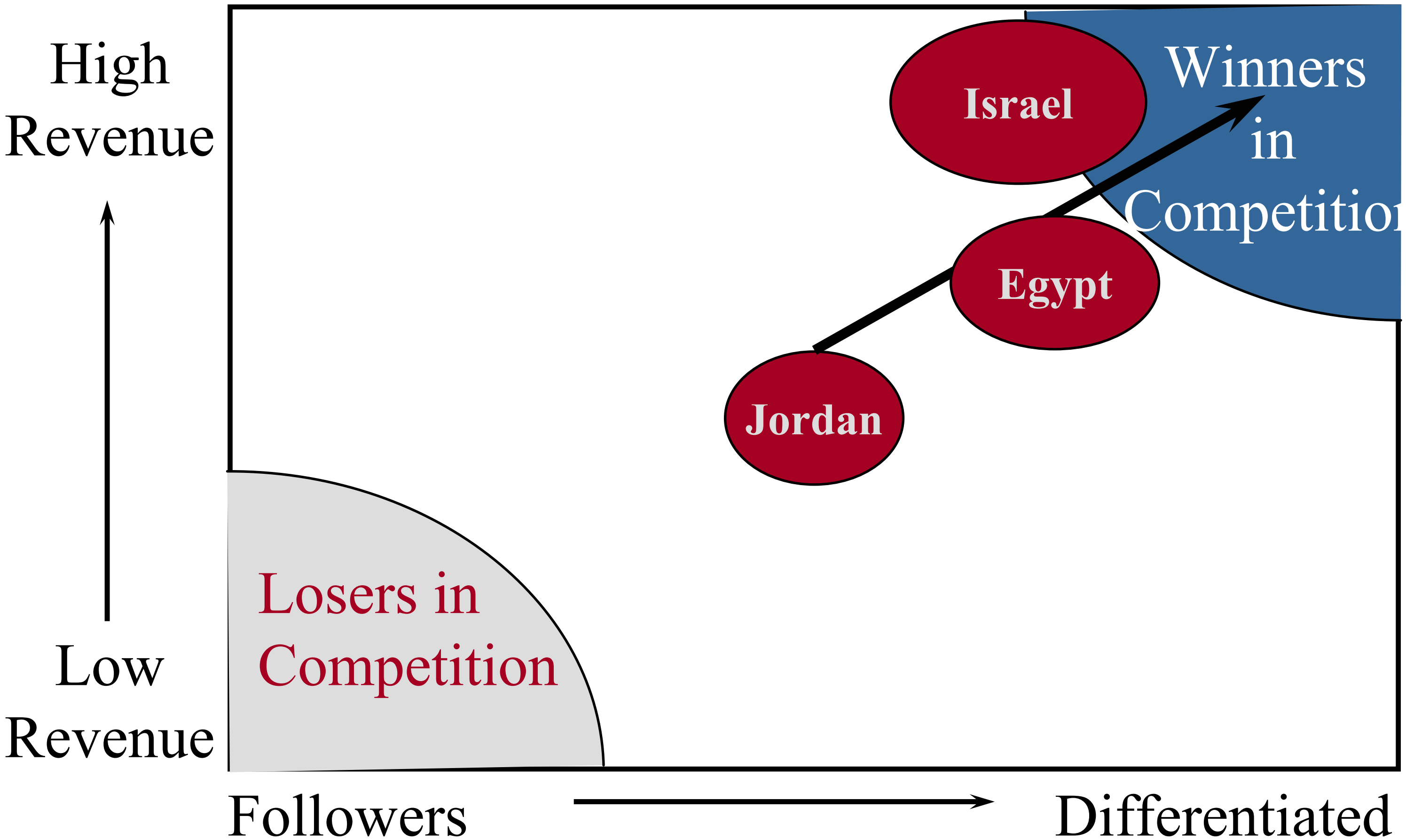
Future Strategy



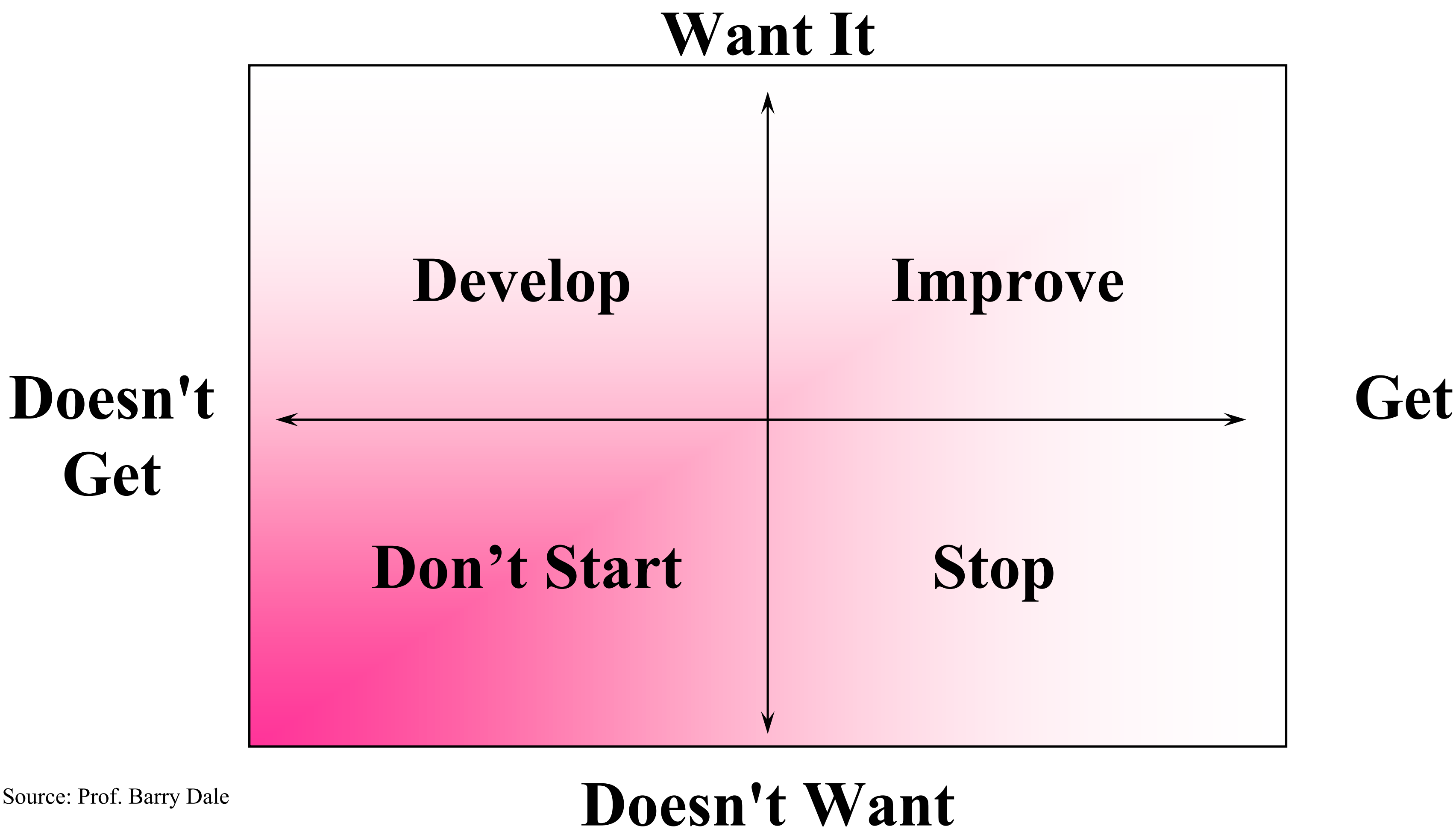
Sophisticated information is the foundation of a competitive tourism strategy



Detailed analysis should be prepared to understand Jordan's position vis-a-vis its regional and global competitors.

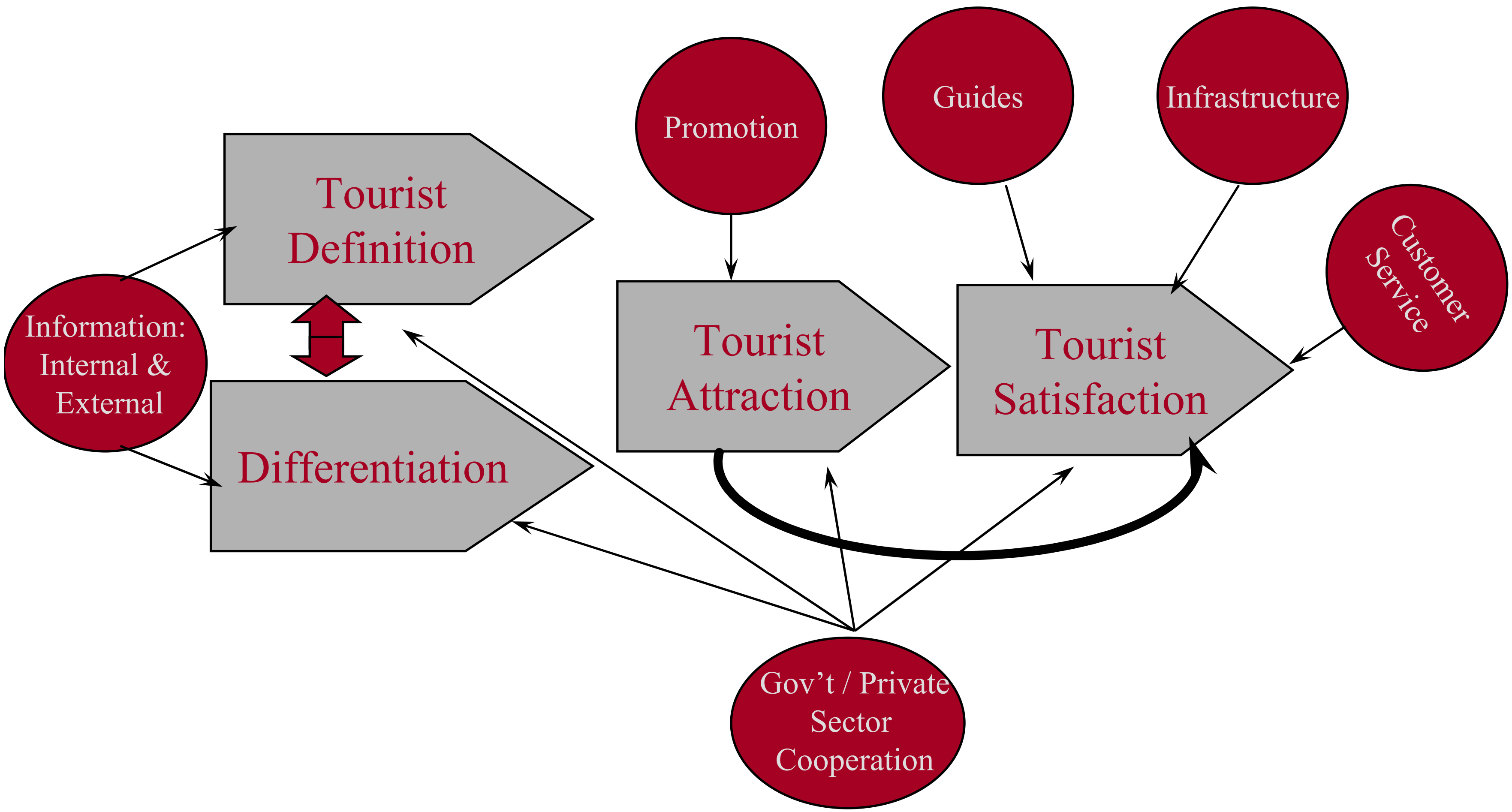
Customer Satisfaction

"Customer Window"

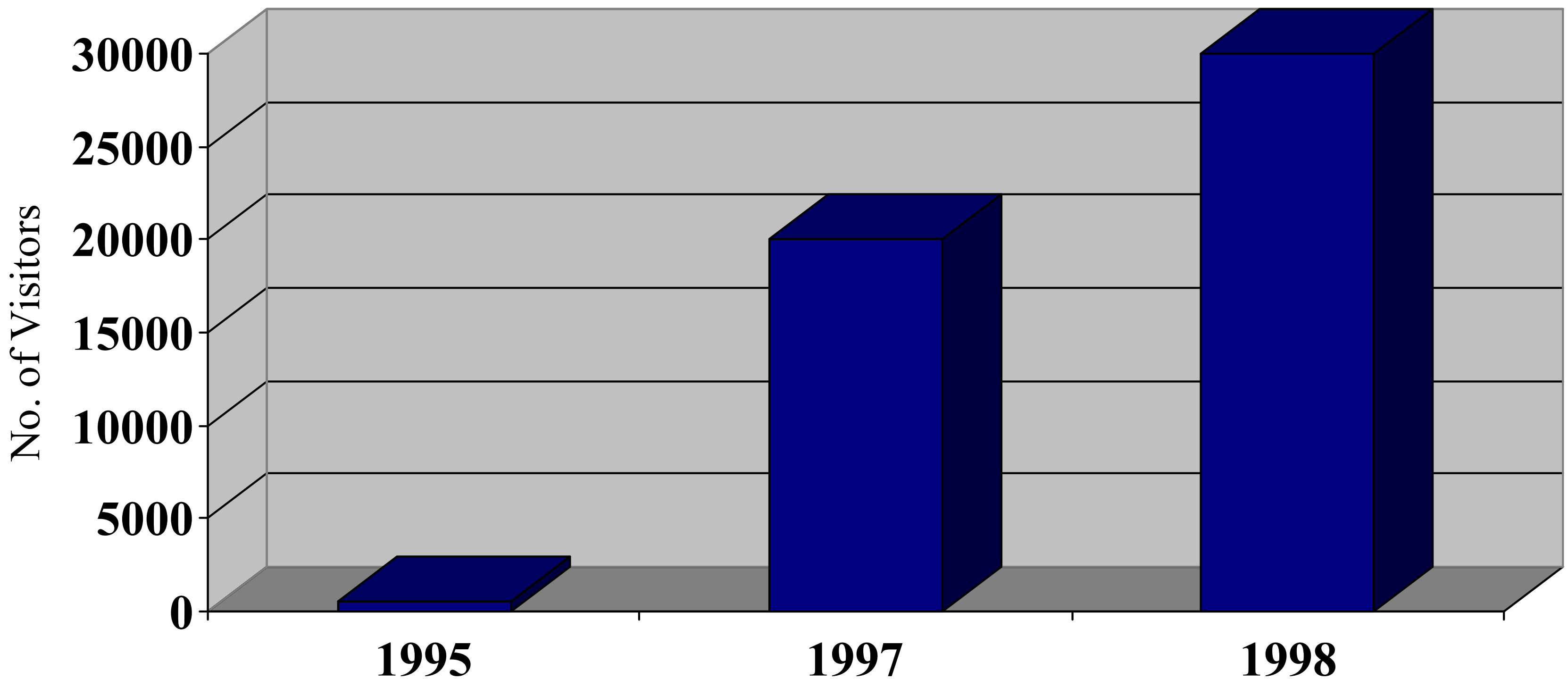


Source: Prof. Barry Dale

Future Strategy of Jordan's Tourism Cluster



Dana Nature Reserve Visitors, 1995-1998



As a result of the RSCN efforts to improve the eco-tourism industry, number of visitors to Dana has been increasing dramatically.

Sustainable Tourism

In order to sustain Dana Reserve as a unique eco-tourism site, certain limitation procedures have been undertaken in regard to the number of visitors:

1- Not more than 15 people are allowed to cross the trail at a time
2- Not more than 60 people are allowed to camp per-night
3- Not more than 75 people are allowed to visit per-day

Although number of visitors have been limited, the incoming return on the site itself is growing rapidly, and reached breakeven end of 1998

Adventure Tours

- Established by young entrepreneur
- He wanted to be different
- He wanted to attract a new tourist segment
- Went after adventure tourist
- Promoted Jordan as a nature adventure site
- Organized:
    - 7-day camping trip into the desert
    - Moonlight Opera dinner in Petra
    - Chasing Ibex in the spring

Won an International Award

The “Golden Helm” Award

The **“Golden Helm”** award is given to tourism professionals who have contributed to the development of international tourism with competence, dedication, and professionalism.

Hence, four Jordanian tourist experts were officially awarded the prestigious **“Golden Helm”** in February 1999

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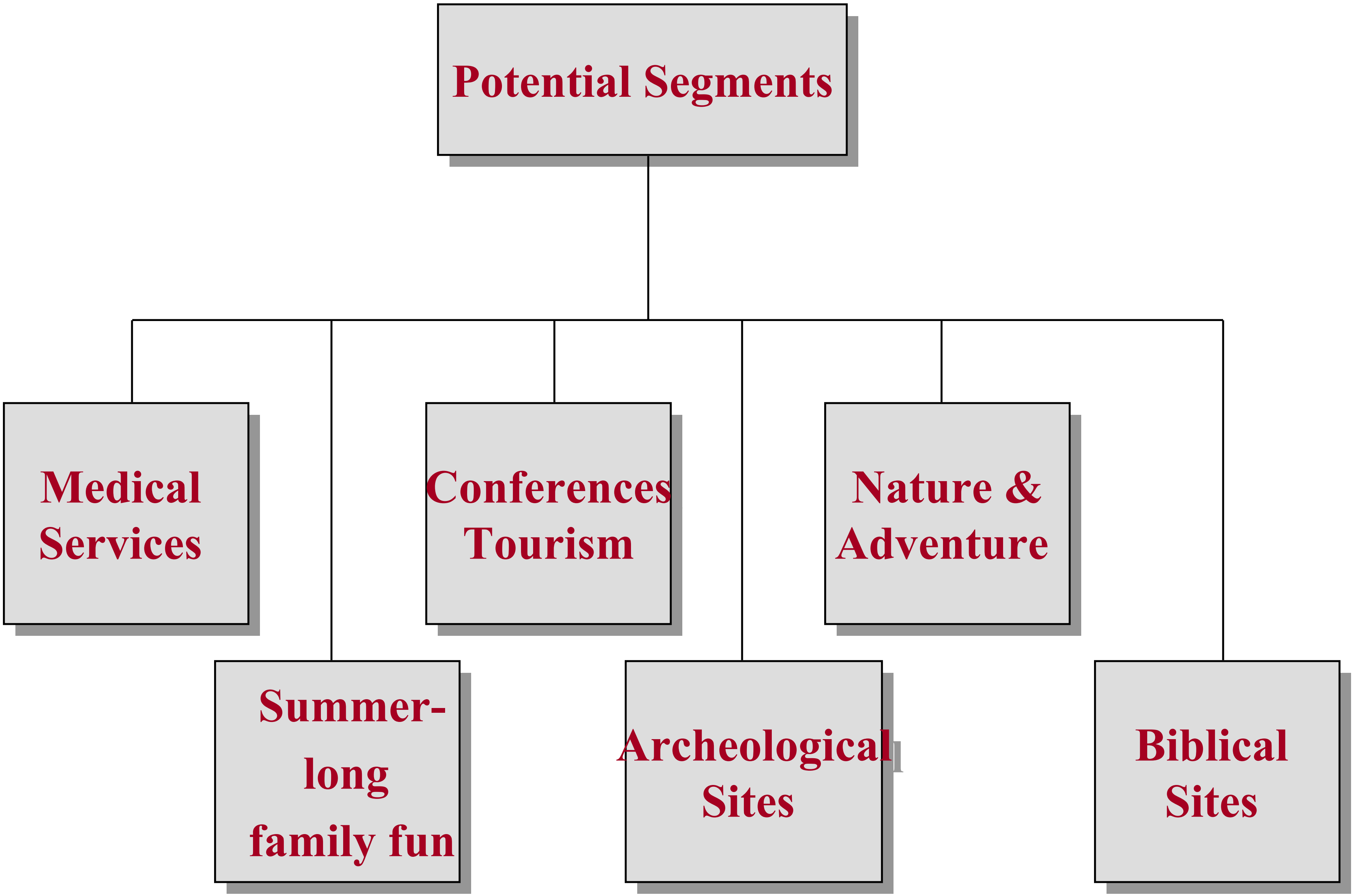
Potential Segments
Medical Services
Summer-long family fun
Conferences Tourism
Archeological Sites
Nature & Adventure
Biblical Sites

Potential Segment
"The Medical Services"

+ Tourist coming for medical services already comprise almost **10%** of total tourists.
+ **Emerging centers of medical excellence** attracting foreigners: Heart Center, Fertility Center, Cancer Center, etc...
+ An increasing number of internationally trained Jordanian **doctors.**
+ On-going on-line connection with Mayo Clinic in the USA.
+ High quality and reasonably priced **dentists.**

By providing good customer services, this segment has a potential to grow and become competitive

The Hidden Segment
"Summer-long Fun Segment"

There is a hidden tourist segment that appears to be increasing in importance:

- tend to come from Gulf countries
- tend to come with families
- tend to stay for the entire Summer
- tend to stay in furnished apartments
- tend to be attracted to Entertainment (e.g. amusement parks around Amman)

If this segment's demands remain unmet, we will lose them to neighboring countries

Potential Segment
"Conferences Tourism"
Meetings, Conferences, and Events

- Jordan has a strategic location in the Middle East
  Many international conferences have been recently held in Jordan
  (e.g. MENA Amman Summit; Peace talks at the Dead Sea, etc...)
- The country is politically and economically stable
- Good Climate

Jordan has the potential to become a pole of attraction to many major events in the region and in the world

Potential Segment:
"Biblical Sites"

- More than 50 sites in Jordan are mentioned in the Bible
- Jesus Christ was baptized in the East Bank of River Jordan
- Tombs of several religious figures
  - ✓ Many Islamic figures were buried in Jordan; a source of attraction to Muslim pilgrims going to Haj via Jordan.
  - ✓ John Baptist is buried in Makawer village.
  - ✓ Tomb of Jafar Bin Abi Taleb is very attractive to Shiites and it is expected to attract 1million tourist.

“Nature Adventure”

There is so much to be done in Jordan for nature adventure lovers

- Bird Watching at Azraq, Shomari, Zoubia, Mujib, Dana, Petra and Wadi Rum
- Hiking and Trekking in Mujib
- Swimming in Hotsprings and Waterfalls
- Flower Watching
- Tree lovers
- Ibex, ORIX, and Ostrich birth season

Jordan has the potential to become a leading country in ecological tourism, a major growing segment in the tourism industry worldwide

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- Develop a mechanism to collect and analyze data to better understand current and future tourist needs (surveys and comprehensive market research)
- Promote :
  - non-traditional sites like eco and adventure sites, holy land tours, etc.
  - Innovative Ideas like interpretation centers at sites
- Invest in training a diversified skilled labor for tourism (management, marketing and guides)
- Improve transportation and communication networks