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# IMPACT OF REGIONAL AND LOCAL EVENTS ON JORDAN TOURISM SECTOR

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## **Foreword**

As coverage of events in the region, and to some extent locally, continues to generate wide international media coverage, so too does the impact on the Jordan tourism industry. While the crisis in Egypt created the first major direct impact to tourism arrivals due in the main to the cancellation of combined country tours, ongoing events in an increasing number of countries throughout the region, including, in the main, peaceful demonstrations in Jordan, the industry has suffered cancellations that has resulted in a reported loss in excess of 50% for the season. The most recent, and ongoing, events in Syria, another country that many tourists combine with Jordan in their travel plans, has further impacted an already declining market for the season and year.

## **Summary**

The general feeling in the industry is that Jordan is being grouped into what is now considered a region in crisis. To add to the ongoing coverage of events in countries such as Libya, Yemen and Syria, the wide coverage of violence in Amman demonstrations on 24 March and the arrest in Jordan of a man wearing a fake explosive belt, continues to keep the momentum of negative coverage of the region top of mind and continues to link Jordan with events that are happening elsewhere in the region.

The cancellations that many feared were coming did eventuate. JITOA report a drop in excess of 50%, Petra report a drop in visitor numbers of 19% on last years figures when growth was expected, the Baptism Site which has only ever experienced growth, reported a drop in pilgrimage visitors of 20% and overall visitors of 16%. With cancellations already being received through to the end of the year, the negative impact is expected to damage next season's numbers, the limit of which will depend on events in the coming weeks, particularly in Syria. It has been reported that tour operators have already started laying off staff and are planning further cuts or at least unpaid leave.

Feedback from international airlines suggests they do not expect events to continue in Jordan, with the proviso that they did not expect what happened in Egypt or the rest of the region a few months ago either. Their concern, as with the Jordan tourism sector, lies mainly in the region and particularly on Syria.

EasyJet who launched their Gatwick/Amman flights on 27 March were reported in a RoutesOnline interview as stating they will "cancel some of the not so well performing routes". The CEO, Carolyn McCall stated "You will see us being much more brutal about what routes work and what routes don't".

The above interview related mainly to an increase in fuel costs however, McCall was reported in the Jordan Times as stating that they did question the timing of the launch given "the turmoil in the region". EasyJet's decision to continue with the launch has supported cautious optimism that also seems to be communicated from Lufthansa and BMI, that the situation will improve and reflects that the commitment by overseas carriers remains.

## **Outlook**

The general outlook is that with the loss of business throughout the high season covering February/March/April the focus must be on limiting the expected losses for the next high season and minimizing the impact on 2012 business. While the industry report that the loss of the majority of the 2011 business is out of their control, they are very focused on the need to minimize the impact through response and ensure they have a very strong marketing plan in place to ensure strong recovery. It is critical that a robust strategy is implemented across the entire sector to aid recovery as soon as possible and maintain employment levels where possible. The industry are extremely conscious of the fact that minimizing the impact, shortening recovery time, regaining tourism numbers and tourism expenditure is not just paramount for individual tourism business and the sector but, as the major contributor to GDP, to the national economy too. The entire sector are focused on being pro-active and their goal is to reach the consumer and the trade through engagement on the ground in Jordan, online and directly in source markets.

Jordan does not have the budget that other destinations do to market the destination, therefore to achieve this a strategic plan must be developed that will create the most impact through direct contact by Jordanian industry in key source markets, that will engage the entire industry in maximizing compelling destination content on Jordan and that will engage the maximum number of key international industry and media to visit Jordan to ensure direct experience and peer advocacy in all markets. And above all the right messages must be developed and communicated across all mediums to ensure success.

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The tourism industry has witnessed several cancellations by tour groups this year because of unrest in the region. (Press file photo)

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By Khatam Malkawi

**AMMAN** - For years tourism has been one of the main contributors to the gross domestic product, but this year the industry is facing new challenges that could even lead to many hospitality sector workers losing their jobs, sector representatives said on Tuesday.

Over the past two months, the industry launched campaigns using all available tools to deliver the message that Jordan is safe, despite the unrest in some Arab countries, but after last Friday's protest ended in violence, coupled with the events in Syria, the industry's mission will be even more difficult, they noted.

Muhammad Malhas, Jordan Inbound Tour Operators Association (JITOA) spokesperson, said business is bad due to the current situation.

"The joint package tours for Syria and Jordan are being cancelled," added Malhas, who also owns a travel agency.

He told The Jordan Times over the phone that his company yesterday received cancellations from 90 groups of Japanese tourists who made reservations to visit Jordan and Syria.

"Yes, the industry is being affected and we will notice the difference," Malhas said, noting that some tour operators and companies are considering cutting expenses by "laying off some workers and reducing salaries of others".

According to the JITOA spokesperson, the problem is that some people are not aware of the negative impact of these demonstrations on the tourism industry.

"New investment projects in the sector will also suffer," he pointed out.

In addition, the situation has affected hotel occupancy in the country, according to Michael Nazzari, head of the Jordan Tourism Association (JTA).

"Thousands cancelled rooms because of Friday's events in Amman... Is this the reform we want? 160,000 families live off tourism," he posted on Twitter.

The tourism sector contributes 14 per cent of the gross domestic product and has more than 150,000 indirect employees, according to JTA figures.

However, despite all the current challenges, the Jordan Tourism Board (JTB) said it will step up efforts to alleviate the impact of these incidents on tourism.

"We will continue our promotion campaigns in Europe and intensify them in Gulf countries," JTB Director General Nayef Fayez told The Jordan Times yesterday.

"The current situation is difficult. There are cancellations, but we are looking ahead to the next high season," he noted.

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By **Khaleem Makhadmeh**

**AMMAN** - Unrest in the region negatively impacted the Kingdom's hospitality industry in February, with indicators that the downturn will continue, sector representatives said on Thursday.

Hotel reservations witnessed a 30 per cent drop in February 2011 compared to the same month last year, according to Michael Nazzari, chairman of Jordan Hotels Association (JHA).

He noted that the unrest in the region, which prompted potential visitors to cancel their trips, was the main reason behind the decline.

"We are not only worried about the cancellations; more worrying is the fact that we do not have new reservations," Nazzari told The Jordan Times over the phone yesterday.

Restaurants have also been adversely affected by the slowdown in tourist traffic to the Kingdom, according to the former head of the Jordan Restaurants Association, Zeid Gousous, who noted that their revenues have dropped by 20 to 25 per cent.

"Even the average bill for local restaurant goes is lower than before," Gousous told The Jordan Times, adding that the drop in revenues has affected workers and owners, who cannot afford to give their employees an annual raise.

The total number of tour package cancellations is not available, according to Nizar Alshabieh, director of the Jordan Inbound Tour Operators Association, who is also concerned about the absence of new bookings.

"We did not calculate the cancellations, because we are waiting to receive figures from different tour operators in the country," he told The Jordan Times yesterday.

Some 267,026 tourists visited the Kingdom in February 2011, compared to 270,885 in February 2010, according to Jordan Tourism Board statistics.

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## EasyJet starts 3 weekly flights between London, Amman

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An airplane of EasyJet arriving at the Queen Alia International Airport on Sunday (Photo courtesy of EasyJet)

By Omar Obaidat

**AMMAN** — EasyJet, UK's largest airline, launched its first flight between London and Amman on Sunday, a move the company's chief said will contribute to boosting Jordan's tourism sector.

The airline, which operates over 540 routes across 30 countries, will operate three flights a week from Gatwick Airport to Queen Alia International Airport, with competitive return ticket prices at around £250, EasyJet Chief Executive Officer Carolyn McCall said.

In an interview with The Jordan Times Monday, McCall said the company, which carried around 50 million passengers in 2010, will focus in the beginning on carrying passengers from UK to Jordan because it is easier for the airline as the company is a well-known brand there.

"The company will work on building more profile in Jordan," she said. "It is important for us how to market ourselves to Jordanians because it is also important to have more Jordanians visiting UK," she said.

McCall pointed out that EasyJet, which will add a 200 aircraft to its fleet in May of this year and which flies to 100 routes in Europe, will study the possibility of connecting other European cities with Amman.

Asked whether regional unrest that has been sweeping several Arab countries have caused concern about the newly-launched operations in Jordan, she replied: "The current situation is difficult for Jordan because it is in the middle of the region which is in turmoil. But the Kingdom has a very long stable and peaceful history."

"We have talked to the British Foreign Office and to officials in Amman whether we should launch the route at this particular time and we decided to start operations in Jordan as a sign of confidence in Jordan as a stable country," the CEO said.

"I think the challenge for Jordan is to convince the world that you are stable and different and that you are not bundled with the Middle East which has been unstable for many years," McCall added. "We will do all what we can to help that perception."

She indicated that the airline brought 23 British journalists in Sunday's flight to tour the country.

According to official figures, UK is Jordan's second largest tourism market.

Noting that about 73,000 tourists from UK visited Jordan last year, she stressed that "EasyJet will contribute to increasing tourism from UK to Jordan."

McCall praised the open skies strategy Jordan is adopting and the aviation agreement signed with EU last year saying it will benefit Jordan and increase tourism contribution to the economy in the short term, besides sharpening competition "which is good for consumers".

According to EasyJet's CEO, the firm has no plans to launch routes to other countries in the region in the short term but will focus on current markets although the airline may connect London with Aqaba because its close to Petra.

She agreed with forecasts by aviation specialists that 2011 will be a tough year for the industry due to rising oil prices, saying this year will be difficult, particularly, for companies that cannot afford to make hedging policies.

In a bid to increase the number of Jordanians visiting UK, McCall told The Jordan Times that the company will discuss with officials in Britain the issue of facilitating visa procedures for Jordanians.

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## EASYJET BOSS WARNS OF ROUTE CULL

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*Posted 31/03/2011*

The rising price of fuel could lead a number of the world's airlines to cut their expansion plans and cancel some of their not so well performing routes. That was the warning from easyJet Chief Executive Officer Carolyn McCall this week, who said that "brutal" decisions will now need to be taken on network development. "You will see us being much more brutal about what routes work and what routes don't," she explained ahead of the launch of the airline's longest route between London Gatwick and Amman on March 27. "We're going to be very, very tough about routes that aren't working," she added.

This has already become evident with the cancellation of the airline's flights to the Finnish capital Helsinki. The airline says that due to a "lack of demand" it will suspend services to Helsinki from Manchester on June 13, from London Gatwick on June 22 and from Paris CDG on July 7, and other routes also face the axe.

But network growth will continue, and easyJet has announced further expansion in the UK market over the past week. A new London Gatwick – Sicily link will be added from June 25, while the addition of a sixth aircraft at Manchester will enable new links to Bilbao (June 17), Belfast International (twice weekly from October) Berlin Schoenefeld (five times weekly from October) and Madrid (five times weekly from November 2) to be added. A new three times a week Glasgow to Jersey link will be established between June and September, while an extra daily rotation will be added to London from the Scottish airport. The carrier will also end a recent trial at Belfast City George Best Airport in Northern Ireland. It moved its London Luton route from Belfast International to City Airport last year but has confirmed that from May 6 it will revert back. "Moving to Belfast City Airport was always a trial, but in over a year we have seen no tangible benefits," said Ali Gayward, Commercial Manager, easyJet. "Our 20 other routes operate from Belfast International and we will now consolidate our overall operation by re-establishing our Luton flights from there as well."

The airline is also expanding its network into new markets, most notably the launch this week of flights between London and Amman. In the past year around 10,000 O&D passengers travelled to the Jordanian capital from London and Carolyn McCall expects easyJet to secure a strong percentage of both the business and leisure traffic between the two cities, and is looking to add flights from other European bases. The average fare per one-way sector was \$410 prior to easyJet's arrival on the route.

<b>ROUTE ANALYSIS: LONDON - AMMAN (weekly non-stop flights / two-way O&amp;D traffic)</b>				
<b>Airline</b>	<b>Route</b>	<b>Flights</b>	<b>Seats</b>	<b>Estimated Pax</b>
<b>bmi British Midland</b>	London Heathrow – Amman	7	1,120	34,249
<b>easyJet</b>	London Gatwick - Amman	3	468	-
<b>Royal Jordanian</b>	London Heathrow - Amman	7	1,332	76,137
<b>OTHERS</b>		-	-	10,302
<b>TOTAL</b>		<b>17</b>	<b>2,920</b>	<b>120,588</b>

*Source: Flightbase (April 14-20, 2011); IATA BSP (February 2010 – January 2011)*

Amman has seen tremendous growth not just as a destination but as a developing hub in the Middle East. Its Queen Alia International Airport has witnessed phenomenal expansion with a 40 per cent rise in passengers and a 65 per cent growth in weekly flights over the past three years. In 2007 it handled just 3.8 million passengers on 400 weekly flights, but last year it reached 5.4 million with around 650 weekly services, following the arrival of 12 additional carriers.

<b>AIRPORT ANALYSIS: AMMAN QUEEN ALIA INTERNATIONAL (weekly non-stop flights)</b>			
<b>Rank</b>	<b>Airline</b>	<b>Weekly Flights</b>	<b>Weekly Seats</b>
<b>1</b>	Royal Jordanian	364	44,284
<b>2</b>	Emirates Airline	14	4,091
<b>3</b>	EgyptAir	195	2,966
<b>4</b>	Saudi Arabian Airlines	16	2,510
<b>5</b>	Turkish Airlines	14	2,436
<b>OTHERS</b>		167	25,971
<b>TOTAL</b>		<b>594</b>	<b>82,258</b>

*Source: Flightbase (April 14-20, 2011)*



Local carrier, and oneworld alliance member, Royal Jordanian dominates capacity at the airport but Jordan Aviation, which currently offers just charter flights, will take up a much more significant standing after recently being awarded an Air Operator's Certificate (AOC) for scheduled services.

"We are extremely pleased with our 2010 traffic performance, in which passenger traffic shattered the previous record of 4.8 million in 2009, reaching 5.4 million passengers for the first time in our history," said Curtis Grad, Chief Executive Officer, Airport International Group, the private Jordanian company that manages the airport.

A \$750 million rehabilitation and expansion project is currently underway at the airport, which includes the construction of a new passenger terminal that will better position it to serve the new demand stimulated by easyJet and other new carriers. "The construction of the new terminal is witnessing tangible progress; with the main terminal and first stage of the passengers piers due to open in mid-2012, which will revolutionise the airport and better serve our rapidly growing market" added Curtis Grad.