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# **B2-02-A BUSINESS MODEL RECOMMENDATIONS FOR A DESTINATION MARKETING ORGANIZATION IN Ajloun, Jordan**

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USAID Economic Growth Through Sustainable Tourism Project

# ECONOMIC GROWTH THROUGH SUSTAINABLE TOURISM IN JORDAN PROJECT

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## LIST OF ACRONYMS

CBO	Community Based Organization
DMC	Destination Management Company
DMO	Destination Management Organization
JTD III	USAID Economic Growth through Sustainable Tourism in Jordan Project
SMME	Small, Medium, and Micro Enterprises
TIC	Tourist Information Center
UNWTO	United Nations World Tourism Organization

## CONTEXT

The purpose of this assignment was to develop recommendations for a sustainable business model and path forward to create a DMO in Ajloun according to international best practices and local needs that achieves the following objectives:

- Enhances the competitiveness of sustainable tourism in Ajloun;
- Supports the market access of SME grant recipients;
- Creates an enabling environment for the development of additional tourism SMEs in Ajloun; and
- Strengthens linkages between public and private sector groups within Ajloun.

The business model recommendations included in this document are intended to assist local stakeholders in Ajloun determine the DMOs:

- Management/Leadership Structure
- Legal Establishment
- Products and Services
- Marketing and Sales Strategy
- Operational Structure
- Financial Plan

This report begins with **Section I**, a general introduction to the rationale of establishing a DMO in Ajloun followed by an explanation of destination management and marketing terms and the role of a DMO. **Section II** analyzes the possible DMO models for Ajloun including models from the US, Europe, and South America. **Section III** details the consultant's recommendations for establishing the DMO and the decisions locals stakeholders will need to make to establish the Organization including its, management structure, and legal issues for establishing the entity. **Section IV** details the business strategy and model for the Destination Management Organization, including the products and services offered as well as how the entity will generate revenue. **Section V** reveals a marketing strategy for the organization. **Section VI** provides more details on the organization's operations while **Section VII** provides detailed financial projections. **Section VIII** provides recommendations and investments needed to guide the formation and daily operations of the organization.

**AUTHOR'S NOTE:** The information and recommendations presented in this document are the result of research and analysis conducted in Ajloun and Amman during the period of January 20-28th. It is intended to provide the stakeholders of Ajloun with suggestions on how to best develop a successful destination management organization that will increase the competitiveness of sustainable tourism, generate increased revenue for tourism service providers, and create linkages among the tourism value chain. These recommendations are intended to be a starting point for discussions and the plan should be validated and refined after feedback from local stakeholders is received.

## SECTION 1. BACKGROUND

### 1.1 BACKGROUND OF AJLOUN

The marvels of nature and the genius of medieval Arab military architecture have given northern Jordan two of the most important ecological and historical attractions in the Middle East: the sprawling pine forests of the Ajloun-Dibbine area, and the towering Ayyubid castle at Ajloun, which helped defeat the Crusaders eight centuries ago.

Ajloun Castle was built by one of Saladin's generals in 1184 AD to control the iron mines of Ajloun, and to deter the Franks from invading Ajloun. Ajloun Castle dominated the three main routes leading to the Jordan Valley and protected the trade and commercial routes between Jordan and Syria; it became an important link in the defensive chain against the Crusaders.

Ajloun is just a short journey from the ancient Roman city of Jerash and is reached through pine forest and olive groves and boasts scores of ancient sites, including watermills, forts and villages, all in the beautiful hills and valleys of northern Jordan.

The Ajloun Nature Reserve is a 13 sq. km protected area of outstanding beauty and diverse wildlife. Within the reserve are two nature trails and chalet-style accommodation. The reserve is managed and maintained by the Royal Society for the Conservation of Nature (RSCN).

To exploit Ajloun's tourism potential and create products and experiences that will appeal to a broad range of travel markets, the recently concluded USAID Jordan Tourism Development Project II (JTDII), engaged in a Participatory Rapid Appraisal (PRA) for Ajloun to identify keys to its uniqueness and its strengths, with an aim to help develop the area as a destination for specific niches. To that end, the USAID tourism project worked on conducting tourism awareness seminars and workshops targeting local communities and stakeholders, provided small grants to create and upgrade services along tourism trails in specific areas of Ajloun that include a camp and B&Bs. In addition, the ongoing USAID Economic Growth for Sustainable Tourism Development Project is developing interpretive solutions for the castle and the adjacent visitor center.

Furthermore, the Jordanian government (represented by the Ministry of Environment) has embarked on a comprehensive initiative for developing Ajloun and conducted a Jabal Ajloun Development Area (JADA); a detailed plan to guide Ajloun's spatial, economical, and institutional development. The JADA report also contained a comprehensive analysis of the existing tourism trends in the Ajloun.

While Ajloun has significant tourism development potential, its tourism-based businesses are limited and small. This is an opportunity to create authentic rural-based visitor experiences that would benefit small and micro entrepreneurs. While the potential for rapid rise of new SMEs exists and growth of incomes is possible among existing businesses, a more organized effort is needed. Current offerings, attractions and services need to be more clearly defined or developed, and modes of accessing and experiencing the tourism products of Ajloun need to be better promoted to prospective visitors. Local communities and other stakeholders need to improve their capability to offer memorable visitor experiences and a market momentum needs to be generated to contribute to achieving sustainability of SMEs and the related attractions.

Accordingly, one of the key factors to the success of Ajloun as destination relies on reaching and attracting a more consistent and growing stream of visitors of various market profiles, including higher yield segments. Building on previous efforts, the USAID Tourism Project is planning to support the setting up a Destination Marketing Organization (DMO) in Ajloun, created with local stakeholders with the objective of catalyzing tourism development within the destination, providing support for members of the community and market experiences and tourism SMEs in coordination with a range of stakeholder such as Jordan Tourism Board (JTB), RSCN and Jordanian tour operators.

The envisioned roles of the planned DMO will include, but not limited to:

- Support positioning Ajloun as a desirable tourism destination in Jordan for domestic and international visitors;
- Stimulate visitor circulation and spending through serving as Ajloun's key source for information to different target audiences on tourism business opportunities, products and services; and help with booking and reservations from prospective visitors
- Provide platforms for local businesses to harvest visitors' demand, offline and online;
- Targeted advocacy activities
- Community engagement to upgrade quality and service delivery of tourism products and services, and help introduce new themed experiences;
- Help mobilize external support for SME development
- Boost local community's awareness about positive impacts of tourism for enhancing their livelihoods and need to protect nature and heritage assets
- Support activities leading to sustainability of different cultural, heritage and physical assets within Ajloun;

## 1.2 FINDINGS FROM A RAPID TOURISM ASSESSMENT OF AJLOUN

Destinations contain a number of basic elements that attract the visitor to the destination and satisfy their needs upon arrival. These basic elements can be broken down into attractions (the 'must sees' or 'must dos') and the other remaining elements as described below. The provision and quality of these elements will be influential in the visitor's decisions to make their trip. The following section is a brief summary of the consultant's findings from a rapid tourism assessment of the region.

### Attractions

Attractions are often the focus of visitor attention and may provide the initial motivation for the tourist to visit the destination. In the case of Ajloun, the two most notable attractions are the Ajloun Castle (Qal'at Ar-Rabad) and the Ajloun Nature Reserve. Both offer unique experiences for the visitor but when compared to the other must see attractions in Jordan it's a challenge for most tour operators to include Ajloun in vacation packages of Jordan. Even the JTB when describing the [top ten things to do in Jordan](#) fails to mention Ajloun, the castle or the nature reserve. While these attractions are impressive, they alone lack the ability to create demand for the Ajloun destination and thus very few tourism service providers are located in the area. The Ajloun Castle is easily accessible and often combined with the ancient city of Jerash as a day visit for travelers from Amman.

When interviewing tour operators in Amman, each described the main attraction of Ajloun is not the Castle or the Reserve, but the opportunity to combine these sites with cultural experiences. Travelers walking along the Al-Ayoun Trail spend money on local guides, eat with local families, and visit the Soap House, Calligraphy House, and Biscuit House that provide visitor services that include these cultural exchanges that are in demand.

### Amenities

Amenities are the wide range of services and facilities that support the visitors' stay and include basic infrastructure such as utilities, transport, and roads as well as direct services for the visitor such as accommodation, visitor information, recreation facilities, guides, operators, restaurants, and shopping.

Given the nascent tourism industry in Ajloun, the local communities face challenges implementing and maintaining the basic infrastructure needed to accommodate tourism. A shortage of places to stay, restaurants, interpretive signage, trained guides, nightlife, and shops for visitors is one of the main constraints to tourism growth in the region.

There are roughly 9 Bed & Breakfast/Homestay establishments that provide a very basic service in the area. While these accommodations are comfortable they are currently only used by student groups and budget conscious travelers from the Gulf countries (Saudi Arabia, UAE, Kuwait, and Qatar). They are almost impossible to find online and none are listed on Trip Advisor or any online travel agency making booking equally



challenging. The majority of the tour operators based in Amman that were interviewed indicated that they would not send their guests to these establishments because of the lack of quality.

There are two traditional hotels in the area Ajloun Hotel and Qalet Al Jabal Hotel. Both offer very basic services and cater mostly to the business or NGO traveler.

The best place to stay in Ajloun is the RSCN managed Ajloun Woodland Reserve Cabins and Bungalows. The three different types of accommodations offer quality rooms and services in a beautiful setting.

Independent travelers looking to visit Ajloun tend to stay at the Olive Branch Hotel located in Jerash that offers 60 rooms at a modest price but with personal service and recommendations to explore the area.

A new tourism restaurant is opening at the castle visitor center that should provide a unique location for lunch with views of the castle and food prepared and served by an organic agricultural cooperative. All of the B&Bs could arrange for meal services but most travelers would not know this or be able to arrange in advance without knowing someone in the community.

The only establishments that provide a way for visitors to buy something are the few gift shops at the castle entrance and at the RSCN gift shops at the Soap House, Calligraphy House, and Biscuit House.

The trail network in and around Ajloun is well developed but the lack of directional and interpretive signs make hiking alone almost impossible. Local guides are available but difficult to find and book.

In summary, for most travelers considering a visit to Ajloun, will find very limited amenities and this could prevent them from deciding to visit the area. But there are enough services available to accommodate most needs of visitors but these amenities need to be better promoted and connected to make it easier for visitors to find and book these services.

### **Accessibility**

Ajloun is relatively easy to access. It is located a short drive (1.5-2 hours) from Amman the gateway to Jordan and the most populated city of the country. Even though Ajloun is close, the lack of public transportation options or tourist shuttles means that travelers would need to take their own car, rent-a-car, hire a driver, or go on an organized tour. Due to the proximity of Ajloun to Amman the associated costs for hiring a car/driver or going on a tour are reasonable.

### **Image**

A unique character or image is crucial in attracting visitors to the destination. It is not sufficient to have a good range of attractions and amenities if potential visitors are not aware of this. Various means can be used to promote the destinations image (e.g. marketing and branding, travel media, e-marketing). The image of the destination includes uniqueness, sights, scenes, environmental quality, safety, service levels, and the friendliness of people.

The image of Ajloun is relatively unknown both inside and outside Jordan. Within Jordan the Amman domestic market and the ex-pats living in Amman associates Ajloun with the agriculture that is often served in Amman homes and restaurants. But interviewing Ammanis and foreigners living in Amman it was clear that Ajloun is not a known tourism destination. Tour operators selling Jordan have a positive image about Ajloun but would never recommend it as part of a 5-7 day program of the country. There is a rising image of Ajloun that it has become one of the best places in Jordan to have an authentic cultural experience but much more needs to be done to raise the image and profile of the destination.

### **Price**

Pricing is an important aspect of the destination's competition with other destinations. Price factors relate to the cost of transport to and from the destination as well as the cost on the ground of accommodation, attractions, food, and tour services. A tourist's decision may also be based on other economic features such as currency exchange.

Prices have been steadily rising in Ajloun over the last five years due to the increase in visitation. However, compared to similar destinations, Ajloun still offers reasonably priced options for both budget and upscale travelers.

### **Human Resources**

Tourism is labor intensive and interaction with local communities is an important aspect of the tourism experience. A well-trained tourism workforce and citizens who are equipped and aware of the benefits and responsibilities associated with tourism growth are indispensable elements of tourism destination delivery and need to be managed in accordance with the destination strategy.

The limited tourism development of Ajloun is reflected in the lack of a skilled labor force at the destination. This lack of quality human resources creates a barrier for investors and prevents the local population from benefiting economically from the area's tourism growth.

### **Summary of Findings**

Ajloun—as a destination—is relatively well equipped to excel in all of these categories. Fundamentally it already provides visitors with cultural and natural attractions, accessibility via short distances from Amman, but a relatively unknown image, limited amenities, and limited human resource capacity among the local labor force remain the biggest challenges for the growth of Ajloun as a sustainable tourism destination going forward.

Once implemented, a destination management or marketing organization can help find solutions to these issues through training, marketing, and increased stakeholder collaboration while furthering the objective to enhance sustainable tourism in the region.

## **1.3 OVERVIEW OF DESTINATION MANAGEMENT & MARKETING TERMS**

### **What is Destination Management?**

Destination management is the coordinated management of all the elements that make up a destination (such as the attractions, amenities, access, marketing and pricing as discussed above). It takes a strategic approach to link these sometimes very separate entities for the better management of the destination. Collaborative management can help to avoid duplication of effort with regards to promotion, visitor services, training, business support and identify any management gaps that are not being addressed.

The elements of the destination are supported by marketing activities that motivate people to visit the destination followed by the delivery of services on the ground to ensure that expectations are met. Underlying these activities is the need to ensure a suitable environment, (physical, social and economic) in which to develop tourism.

**Creating a suitable environment.** This is the foundation of destination management upon which the marketing of the destination and the delivery of the experience depend. Before the visitor is attracted by marketing or arrives at the destination the right social, economic and physical environment in which to develop tourism must exist. A strong and authoritative Destination Management Organization will be necessary to provide the leadership and to drive and co-ordinate this process. Creating the right environment includes:

- Planning and infrastructure;
- Human resources development;
- Product development;
- Technology and systems development;
- Related industries and procurement.

**Destination Marketing.** Destination marketing should face outwards to attract visitors to the area. It should promote what is most attractive to potential tourists and most likely to persuade them to visit. The key functions are:

- Destination promotion, including branding and image;
- Campaigns to drive business, particularly to SMMEs (Small, medium, and micro enterprises);

- Unbiased information services;
- Operation/facilitation of bookings;
- CRM (Customer Relationship Management).

Promotion may not follow public sector boundaries and often cuts across them to represent many regions or destinations, although individual regions may also be responsible for their own marketing.

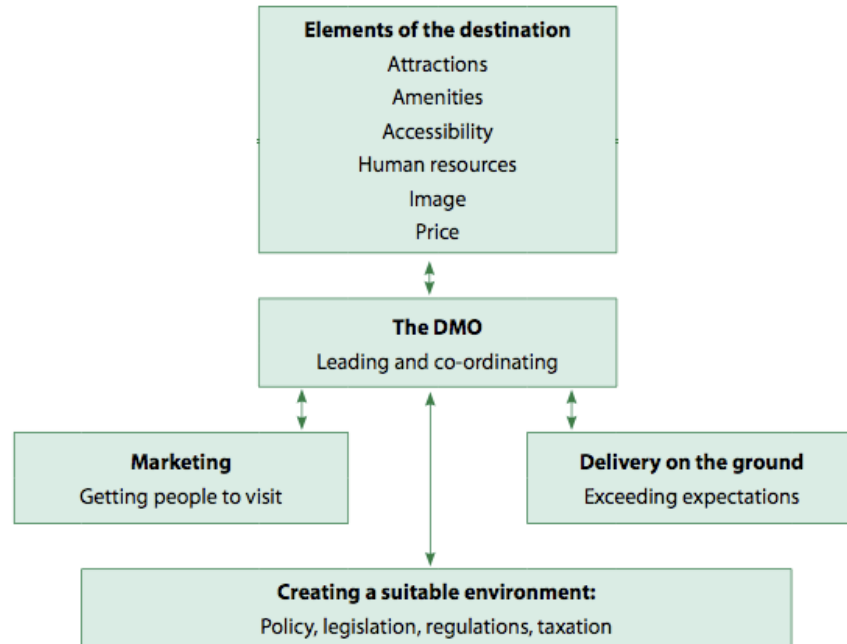
**Delivery on the ground.** Ensures the quality of every aspect of the visitor’s experience once they arrive at the destination. This includes:

- Destination coordination and management for visitor ‘quality of experience’;
- New product and package “start-ups”;
- Events development and management;
- Attractions development and management;
- Training and education;
- Business advice;
- Strategy, research and development

**What exactly is a Destination Management Organization (DMO)?**

To compete in today’s competitive environment, destinations need to look at a new and integrated approach to development used by economic suppliers worldwide that focuses on “clustering”, or the continuous engagement of all stakeholders in a process of learning and innovating how they deliver their services. Representatives from Ajloun (including tourism businesses, NGOs, conservation organizations, community members, and others) could come together to form a destination management organization regarding issues that arise in the planning, management, and implementation of destination management initiatives.

Destination Management Organizations tend have the overall mission of leading, coordinating, promoting, and managing the long-term development and marketing of a destination. By creating a brand for the entire community, and all of its tourism related entities, a DMO gets a destination into the public’s consciousness, creating a continuous awareness of and demand for the tourism “product.” A DMO serves as a coordinating entity by bringing together diverse community stakeholders—from local government to trade and civic associations to individual businesses—to attract visitors to their area.



*Source: World Tourism Organization. A Practical Guide to Tourism Destination Management (2007).*

### **What exactly is a Destination Marketing Organization (DMO)?**

A Destination Marketing Organization is similar to a Destination Management Organization, bringing together all of the tourism stakeholders of the region but they focus on the promotion of a destination and have limited involvement in destination management or development.

Destination Marketing Organizations also serve as information clearinghouses, convention/group sales, and promotional bodies for the community at large. They do not control the activities of their partners but bring together resources and expertise and a degree of independence and objectivity to lead the way forward in promoting the destination. The DMO's most critical assets are its credibility as a strategic leader in tourism destination marketing and development and its ability to facilitate industry partnerships and collaboration towards a collective destination vision. As a neutral un-biased source of information in the destination most DMOs will not provide direct booking, reservation, or packaging services in the destination to avoid conflicts of interest with their tourism industry partners.

### **What exactly is a Destination Management Company (DMC)?**

A Destination Management Company (DMC) is defined as a local service organization that provides creative itineraries and logistics management based on an in-depth knowledge of the destination. While most DMO's are established as not-for-profit organizations funded primarily by membership fees or government support, a DMC is a registered business that provides revenue-generating services to ensure its self-sustainability. DMCs typically have a much different mission and objectives as DMOs, since it is driven primarily by the goal of generating profits for the private business. DMCs have an interest in seeing the destination develop but they consider themselves one of the tourism stakeholders in the region and a member of the Destination Management or Marketing Organization not necessarily the organization that can bring together all the tourism businesses to develop and implement a common vision for tourism development and marketing.

### **What exactly is a Social Enterprise<sup>1</sup>?**

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<sup>1</sup> Social Enterprise – The Case for Social Enterprise Alliance [www.se-alliance.org](http://www.se-alliance.org)

Social enterprises are businesses whose primary purpose is the common good. They use the methods and disciplines of business and the power of the marketplace to advance their social, environmental and human justice agendas.

Three characteristics distinguish a social enterprise from other types of businesses, nonprofits and government agencies:

- **It directly addresses an intractable social need and serves the common good**, either through its products and services or through the number of disadvantaged people it employs.
- **Its commercial activity is a strong revenue driver**, whether a significant earned income stream within a nonprofit's mixed revenue portfolio, or a for profit enterprise.
- **The common good is its *primary* purpose**, literally "baked into" the organization's DNA, and trumping all others.

In its early days, the social enterprise movement was identified mainly with nonprofits that used business models and earned income strategies to pursue their mission. Today, it also encompasses for-profits whose driving purpose is social. Mission is primary and fundamental; organizational form is a strategic question of what will best advance the social mission.

#### **What exactly is a Destination Management and Marketing Company (DMMC)?**

A Destination Management and Marketing Company (DMMC) is term used by Solimar International to define a social enterprise created to increase cooperation among local tourism stakeholders in order to support the sustainable development of a destination's tourism industry while preserving the destination's natural and cultural assets and improving the lives of local residents. As a hybrid organization that shares the mission and governance structure of a non-profit destination management organization but provides income generating services similar to a DMC ensures a sustainable business model for the organization. Developed, piloted, and tested in more than a dozen emerging tourism destinations around the world, the model is proven to both meet the needs to develop and manage the tourism destination while also generating revenue to sustain the organization's operating costs especially when the tourism service providers in the destination lack marketing, reservation, packaging, and sales services for the visitor.

## SECTION 2. ANALYSIS OF POSSIBLE DMO MODELS FOR AJLOUN

### 2.1 INVENTORY OF TOURISM STAKEHOLDERS IN AJLOUN

For the purposes of this inventory businesses listed are limited to those that are located in the Ajloun Governorate. This is not a complete list – several SMEs that received grants from JTDIII need to be added to this list.

Organization / Business Name	Location	Visitor Services Offered
1) Ministry of Tourism & Antiquities - Ajloun	Ajloun	Castle Information Center, Castle Entry Tickets
2) Local Municipalities	Ajloun, Ibbeen, Sakhra, Mrajjam, Rasoun, Ain Janna, Kufranji, Anjara, Hashmieh, Orjan	Hiking Trails
3) Royal Society for the Conservation of Nature (RSCN)	Ajloun Forest Reserve also operates Soap House, Biscuit House, and Calligraphy House in Orjan	Accommodations, Meeting facilities, Breakfast, Lunch, Dinner, Guided hikes, Self-Guided Hikes, Crafts and Experiences from Biscuit House, Soap House, and Calligraphy House
5) Qalet Al Jabal Hotel	Ajloun	Accommodations, Meals
6) Ajloun Hotel	Ajloun	Accommodations, Meals
7) Rasoun Tourist Camp	Rasoun	Camp site and tent accommodation
8) Um Ahmad's Bed & Breakfast	Orjan	Homestay accommodation and meals
7) Al Kefaheh Cooperative Al-Yasmin Organic Group (CBO)	Ajloun	Will operate new restaurant at the Ajloun Castle Visitor Center
9) Arth Al Salam for Tourist	Angara	
10) Forum Artisans Association for Culture and the Arts (CBO)	Kufrankeh	Handcrafts related to cultural heritage
11) Darret Ajloun for Heritage and Culture (CBO)	Ajloun	Cultural books
12) Sama Rasoun Cooperative Tourist (CBO)	Rasoun	Heritage and folk art presentations, handcrafts, festivals

<i>13) Reviving Heritage Society and Folk Arts (CB0)</i>	Kufranjeh	Museum inside a heritage building
<i>14) Ajloun Mountains Cooperative for Culture and Tourism (CB0)</i>	Eabin	Tourist transportation and homestay reservations
<i>12) Kufranjeh Band for Folk Art and Theater (CB0)</i>	Kufranjeh	Organization of traditional events with a band
<i>13) Alyun Tourism Society (CB0)</i>	Alyun	Guiding services, transportation, and homestay reservations

This list while not exhaustive demonstrates the lack of tourism companies in Ajloun and also highlights the challenges of a membership based DMO model since very few of these companies are able and willing to provide a substantial membership due to a DMO for Ajloun.

## 2.2 ANALYSIS OF POTENTIAL MARKETING AND SALES PARTNERS OF THE AJLOUN DMO

During the consultancy, several tour operators in Amman and hotels located outside of Ajloun were interviewed to evaluate their interest and willingness to help market and sell day and multi-day tours to Ajloun.

These companies included:

- United Travel Agency
- Guiding Star
- Terhaal
- Engaging Cultures
- Bissan Travel & Tourism
- RSCN - Wild Jordan
- Hertz Car Rentals Jordan
- Sheraton Hotel, Amman
- Olive Branch Hotel, Jerash

These companies expressed interest and desire to help create demand for the Ajloun region but they all lacked a willingness to invest financially into creating a shared demand for the region or sustaining a DMO focused in the north.

In addition to interest from the private sector, a meeting with the Jordan Tourism Board indicated an interest and willingness to support the destination marketing of Ajloun. The JTB said that they would not be able to invest financially to support the DMO's operations but would be willing to promote Ajloun through their planned international marketing activities and investments.

## 2.3 ANALYSIS OF POTENTIAL ORGANIZATIONS TO HOST THE DMO

One possibility for creating the destination management or marketing organization is to partner with an existing NGO already established in the region and working towards similar objectives. Several meetings were held with the tourism stakeholders in Ajloun to assess the existing non-profit organizations involved either in tourism or sustainable development to check if one of those could and should take the lead in hosting the DMO within their organization as opposed to setting up a new organization. The organizations identified are detailed below:

**The Chamber of Commerce of Ajloun** is a not-for-profit association created in 2009 under the Jordan Chamber of Commerce, an umbrella organization that is made up of 16 local chambers of commerce located in major cities and districts of the Kingdom of Jordan. According to the JCC website the chamber's mission is:

*Achieve active representation, protect the trade sector's interests, participate in drawing up legislations and in lawmaking, provide unique services for participating in the durable economic development in Jordan.*

Registered companies by Jordanian law are required to join their local Chamber of Commerce. The consultancy team met with executive director of the Ajloun Chamber of Commerce to discuss the possibility of the chamber serving as the host for the Ajloun DMO. During this meeting several concerns were expressed by the chamber about this idea. They included the following:

1. Most of the entities that are envisioned to be part of the Ajloun DMO are not members of the Ajloun Chamber of Commerce because they are CBOs or Micro-Small Businesses that have not been legally registered. Trying to get everyone to become members of the chamber will not be easy or even feasible.
2. The chamber worried that their by-laws as an organization would not allow them to create a sub-industry chapter of their chamber.
3. There is limited capacity and funding within the chamber to support this DMO.
4. The Chamber by its charter is not allowed to provide tourism visitor services that could generate revenue to sustain the DMO.

In addition to the concerns raised by the Chamber themselves, this effort needs to be driven and owned by the tourism stakeholders in Ajloun. If the chamber drives the DMO initiative, it will not be sustainable and it will not tap into the social capital available within Ajloun. For these reasons, the Chamber of Tourism in Ajloun is not a recommended option.

**JITOA (Jordan In-Bound Tourism Association)** is Jordan's not-for-profit voluntary business association made up of 62 members mostly comprised of Jordan's leading in-bound tour operators. JITOA's mission is to raise the standard of practice in inbound tourism to Jordan. The consultant team met with JITOA's new executive director and chairman of the board to discuss the effort of establishing a DMO in Ajloun and discuss the interest in JITOA hosting the DMO as part of its organization.

While JITOA expressed an initial interest they also made it clear that the any initiative they get involved in must benefit their members. They also made it clear that they would not be able to support a DMO that provides packaging and reservation services to create revenue to sustain the DMOs operations. The other challenge is that many of the tour operators and affinity hiking groups based in Amman that would be interested in the reservation services of this DMO and be part of the destination marketing efforts are not members of JITOA and exclude them from participating in the DMO initiative. For these reasons, hosting the DMO within JITOA is not a recommended option.

**An Existing Ajloun Community-Based Organization** – Ajloun is home to more than a dozen community-based organizations, many of which are involved in tourism development and promotion. While any one of these organizations could become the host of the Ajloun DMO, there are several challenges of using an existing CBO to host the DMO. These include:

1. Lack of tourism development, marketing, sales, and foreign language capacity within the existing CBOs.
2. Lack of trust among tourism stakeholders in Ajloun that the CBO selected won't use the platform to drive business to their village or friends.
3. Lack of full time capable staff within the CBOs that could be used to manage day to day operational needs of the DMO.
4. Under Jordanian tourism laws, CBOs are not supposed to provide tour packaging and reservation services for third party tourism providers that could generate revenue to sustain the DMO.

For these reasons, using an existing CBO in Ajloun to host the DMO is not a recommended option, unless it was agreed by all stakeholders this approach is more advantageous than setting up a new organization.



## 2.4 POTENTIAL DMO MODELS BASED ON INTERNATIONAL DESTINATION EXAMPLES

The following section outlines three potential DMO model options for Ajloun based on international DMO examples from other tourism destinations. Each of the following international locations were selected because these region share similarities with Ajloun in terms of the location, product offer, and level of tourism development.

### **Option 1 – DMO US Model Based on the Sedona Verde Valley, Arizona**

The Sedona Verde Valley region is located in north-central Arizona. The desert area is located a short drive (2 hours) from Phoenix, the capital of Arizona and home to 4 million residents. The valley is also on the way to the Grand Canyon one of the world's most visited tourism destinations. The tourism industry in the Verde Valley is both established and developing at the same time. Sedona, one of the towns in the Verde Valley has become one of the top tourism destinations in the US and voted one of the best small towns in America. However the Verde Valley is also home to other small towns of Camp Verde, Clarkdale, Cornville, Cottonwood, Jerome, Page Springs, and the Yavapai-Apache Nation who until just recently have never really developed into tourism destinations. Most people simply drove past these towns on the way to the Grand Canyon or Sedona. At the same time, Sedona was reaching a stagnation point in its tourism development with an aging demographic of visitors and limited attractions to justify a longer stay in the area. Each of the towns in the Verde Valley and the tourism industry realized the need to establish a DMO for the Verde Valley that could collectively market all the individual towns while promoting the region as a whole.

Before explaining how the Verde Valley DMO was established it is important to first understand how each town in the Verde Valley established their own DMOs and the funding models used.

**Sedona Chamber of Commerce** – the Sedona Chamber of Commerce is the most sophisticated DMO in the Verde Valley having been in existence for more than 50 years and a robust membership made up of more than 100 businesses who each pay a membership fee to the organization. In addition to the membership fees paid for by the businesses the town council allocates funding to the chamber to pay for destination marketing out of a 2% bed tax that all visitors pay. This provides the Sedona Chamber of Commerce \$1.1 million dollars a year for marketing the destination.

**Clarkdale, Cottonwood, Jerome – Chamber of Commerce** – The towns of Clarkdale, Cottonwood, and Jerome also use a chamber of commerce model to manage and fund their towns DMO. The difference between these towns and Sedona is each of these towns have a small fraction of tourism businesses compared to Sedona and few hotels making the bed tax funding very limited. Their operating and marketing budgets are much smaller and cover the cost to run visitor information centers and produce a few brochures of the area.

**Cornville, Camp Verde, Page Springs, and the Yavapai-Apache Nation – Economic Development Officers** – The remaining towns of the Verde Valley have even fewer tourism businesses so supporting a chamber of commerce in these towns is very challenging. In these cases where tourism is just beginning to develop, the town's council funds an economic development office that has some responsibility for tourism development and promotion. These offices tend to focus on attracting new tourism businesses rather than destination marketing.

Recognizing the need and benefits of working together to fund a regional DMO – each town council sent a representative (either the chamber of commerce or the economic development officer) to form the Sedona Verde Valley Tourism Council. The regional DMO markets the destination as a whole with each town contributing financially out of its annual budgets. There is no full time staff for the regional DMO and all the board members are volunteers. As a result the Verde Valley DMO is underfunded and not very active in promoting the region as a whole. When the DMO wants to fund activities it uses the staff of the Sedona Chamber of Commerce to leverage their expertise in tourism marketing therefore can avoid paying a full or part time staff or office. The Verde Valley can also leverage its marketing budget by applying for marketing grants established by the Arizona Office of Tourism for regional marketing efforts.

The Verde Valley DMO Model for Ajloun would require each tourism business in Ajloun pay a membership fee to the DMO and establish a new tax on bed nights in the region (if Jordanian legislation does not allow this then a voluntary contribution on each hotel bill could be established). This model would also ask each town/village in the Ajloun Governorate to contribute a modest budget to establish a regional DMO and promote Ajloun as a region.

There are many problems with this model for Ajloun that include:

1. Lack of tourism businesses in the region that could pay a membership fee to the DMO
2. Inability and unwillingness of tourism businesses in the region to pay a substantial membership fee to a DMO
3. Challenge and complexity of trying to establish a bed tax to fund the sustained cost of the DMO. Also the lack of hotel rooms in the region makes this option not worth the effort.
4. Limited budgets of the towns/villages in Ajloun and their ability to co-fund a regional DMO.
5. Lack of an existing DMO in the region like Sedona whose staff could be used to manage day to day operational needs of the DMO thus requiring the Ajloun DMO to sustain the costs of a full time staff and office before implementing any marketing activities.
6. Lack of a regional marketing grant program from MOTA or JTB that would allow the Ajloun DMO to receive additional marketing support from the national government.

For these reasons, using the American Sedona Verde Valley model that relies on a combination of membership fees and bed taxes to fund a regional DMO is not recommended for Ajloun.

#### **Option 2 – DMO European Model Based on the Douro Valley, Portugal**

The Douro Valley of Portugal shares many similarities with Ajloun. It is also a dry agriculture region with modest tourism development but located less than 2 hours from the city of Porto, one of Portugal's biggest cities and tourism destinations. Despite the close proximity to Porto and the world-class attractions of the Douro Valley, it only receives 2% of all visitors to Portugal.

The Douro Valley DMO is an interesting case study to examine for Ajloun. The DMO was recently established in 2008 but since then has dissolved and become the DMO for the North of Portugal. The DMO structure and funding follows the European model for DMOs, which differs from the membership fees and industry led organizations in the US. The European model relies on government funding and management of the DMOs to support local economic development. In the Douro Valley, tourism stakeholders from the public and private sector recognized the need to create demand for the valley and lobbied the national government to support the funding of the Douro Valley DMO. At that time the national government did not support regional DMOs but due to a matching grant scheme from the EU for rural areas the national government was convinced to support the formation of the Douro Valley, DMO. This DMO was created and governed by the public sector without any industry representatives on the board of directors. This model provided sustained funding but the decisions on marketing investments were not made with industry consultation. Two years after formation and after receiving complaints from the private sector and other regions in Portugal, the national government decided to expand the Douro Valley DMO to focus on the North of Portugal DMO.

This model most closely resembles the way Jordan approaches destination management with each major tourism destination or region assigned a MOTA office, staff, and modest budget for mostly tourism development.

The model of the Douro Valley DMO is similar to the DMO model currently in place for Ajloun where the regional MOTA office oversees destination management, development, but limited marketing. In theory local tourism businesses could lobby MOTA or JTB to provide additional funding to the MOTA Ajloun office to lead destination marketing activities but there are several challenges with this approach that include:

1. Limited human capacity and know-how in the Ajloun MOTA office to do destination marketing
2. Most of the entities that are envisioned to be part of the Ajloun DMO are not registered tourism businesses with MOTA or JTB because they are CBOs or Micro-Small Businesses that have not been legally registered.

- This would make it difficult for MOTA to help support the marketing of their specific businesses and services.
3. Lack of a regional marketing grant program from MOTA or JTB that would allow the Ajloun MOTA/DMO to receive additional marketing support from the national government.

For these reasons, using the European Douro Valley model that relies on government support to fund a regional DMO is not recommended for Ajloun.

### **Option 3 – DMMC Model Based on Visit Choco, Colombia**

A different model for establishing an entity responsible for destination management and marketing of Ajloun is to consider a social enterprise approach as opposed to establishing another non-profit organization with limited funding potential. The social enterprise as described in earlier sections, is a business whose primary purpose is the common good or the case of Ajloun its primary purpose will be the sustainable development of tourism in the Ajloun region that provides the following services to tourism businesses and visitors:

- Support positioning Ajloun as a desirable tourism destination in Jordan for domestic and international visitors;
- Stimulate visitor circulation and spending through serving as Ajloun's key source for information to different target audiences on tourism business opportunities, products and services; and help with booking and reservations from prospective visitors
- Provide platforms for local businesses to harvest visitors' demand, offline and online;
- Targeted advocacy activities
- Community engagement to upgrade quality and service delivery of tourism products and services, and help introduce new themed experiences;
- Help mobilize external support for SME development
- Boost local community's awareness about positive impacts of tourism for enhancing their livelihoods and need to protect nature and heritage assets
- Support activities leading to sustainability of different cultural, heritage and physical assets within Ajloun;

Similar to the mission and priorities of a non-profit DMO but the difference is building into the organization income generating services that can sustain the cost of the organization and incentivize actions that produce increased visitation of the region. Solimar International calls this type of organization a Destination Management and Marketing Company (DMMC) and has used this approach in to bring rural communities and tourism providers together in Romania, Panama, Dominican Republic, Ecuador, Montenegro, Bulgaria, and Mexico. This approach works best when there is a lack of tour operators in the region that are creating packages and offering online reservations for businesses in the region.

Solimar is currently using this model with the support from a USAID tourism project in the remote and isolated Choco region of Colombia. The rationale for establishing the DMMC is based on a similar need that is taking place in Ajloun. The majority of the tourism providers in this region are community-based organizations that have transitioned out of extractive industries of fishing and timber harvesting to ecotourism. Located in and around the Utria National Park, 13 community based tourism organizations offer visitor services that range from overnight accommodations, guided hikes, meals, handcrafts, and transportation services.

The challenge for the communities is due to limited human capacity, language barriers, and lack of Internet in the region means no one is marketing and selling packages thus limited the economic contribution of tourism in the area. After meeting with representatives from the community based tourism organizations, the group elected to establish a DMMC that they call the Choco Community Tourism Alliance. This group will help develop a business plan for the alliance that will include the development of tourism packages, a destination brand, website, brochures, and online marketing campaigns.

During the formation process community members were presented two different options for operating and governing the DMMC these options were:

- A. **In-Source Marketing & Sales** – Under this model the community would identify a person from the community that would be trained to provide marketing and sales services to the members of the DMMC. The DMMC would be governed by a board of directors made up of representatives from each community based tourism organization.
- B. **Out-Source Marketing & Sales** – Under this model the community would select a tour operator located outside the community to manage the marketing and sales functions of the DMMC in exchange for a commission on all sales generated. The DMMC would still be governed by a board of directors made up of representatives from each community based tourism organization and they would ensure that the tour operator selected follows the policies and procedures established by the DMMC to ensure fair distribution of inquiries and sales to all members.

Due to the lack of qualified human resources in the community and lack of Internet or computers, the alliance decided to outsource its marketing and sales and selected a tour operator out of Medellin who will manage the marketing and sales functions on behalf of the community tourism alliance.

This third option of establishing a DMMC for Ajloun is recommended for the following reasons:

1. By establishing a for-profit social enterprise the business will only survive if it is able to market and drive visitation to the region thus creating an economic incentive for fulfilling its mission.
2. Most of the entities that are envisioned to be part of the Ajloun DMO are CBOs or Micro-Small Businesses that could use help developing packages among each other and provide online reservation and payment services.
3. As a social enterprise that brings together all the tourism stakeholders and creates a industry/community governance structure, it provides a way for the government of Jordan and international development organizations to support the development and marketing of the region through a grassroots approach.

**For these reasons, using the DMMC social enterprise model that relies on a sustainable business model to fulfill its social mission is recommended for Ajloun.**

## **SECTION 3: BUSINESS MODEL RECOMMENDATIONS & STRATEGY**

### **3.1 NAME OF THE ORGANIZATION**

After deciding to create a DMMC the second decision that members of the Community/DMMC should make is the name of the organization. An organizational name brings the idea together and formalizes the commitment to work together to bring the organization to life. It is recommended that the future DMMC members go through a branding workshop to define both a name for their organization but also the destination brand of Ajloun.

### **3.2 LEGAL STRUCTURE OF THE ORGANIZATION**

It is recommended that the new company be established as a Limited Partnership with each tourism business or community based organization receiving equal shares in the new entity. Once legally registered the entity should also register with the Ministry of Tourism to obtain necessary licenses to operate a tourism business in Jordan. A Jordanian lawyer should be contracted to assist the organization with the legal registration process.

### **3.3 GOVERNANCE STRUCTURE**

A board of directors should be established to govern the organization and should be elected by each partner of the organization. It is recommended that the board of directors represent different tourism stakeholders in Ajloun ensuring equal representation to different types of tourism providers (hotels, homestays, restaurants, guides, transportation companies, and gift shops). If possible the organization should seek funding and/or involvement in the board of directors from the public sector to ensure a public private partnership in developing and promoting tourism in Ajloun. If the public sector is not legally able to serve on the board of directors a separate committee should be established that invites the public sector to meet regularly with the DMMC's board of directors to discuss the tourism development and marketing priorities of the region while identifying areas of collaboration.

If the organization decides to outsource its marketing and sales functions to a tour operator, an agreement should be established that governs the tour operator's management of the marketing and sales channels. This agreement should be time bound with the option of renewal based on pre-determined criteria.

### **3.4 IN-SOURCE OR OUT-SOURCE MARKETING, SALES, AND RESERVATIONS**

As previous mentioned the other decision that the tourism stakeholders and founding partners of the DMMC need to make is the decision to in-source marketing and sales functions or out-source to a tour operator. There are different pros and cons to each option that should be shared with the DMMC founding members along with proforma financial models to help guide the decision. It is envisioned that at least one full time person will be needed to implement the marketing plan and manage reservations/sales.

### **3.5 BUSINESS POSITIONING STATEMENT, MISSION, AND OBJECTIVES**

The Ajloun DMMC will be destination management and marketing company created to increase cooperation among local stakeholders in order to support the sustainable development of Ajloun's tourism industry while preserving the region's natural and cultural assets and improving the lives of local residents. The Ajloun DMMC will be the most comprehensive and in-depth source for travel information related to Ajloun. The automated booking system available online in addition to live travel consultation through a tourism information center will provide travelers the ability to purchase pre-packaged and customized travel experiences while also benefiting conservation and cultural heritage in the region.

### **3.6 BUSINESS MODEL & PRICING**

The Ajloun DMMC will provide in-depth information on the region's sustainable tourism industry and allow travelers to consult, arrange, and purchase pre-packaged tours, accommodations, and guiding services. In addition to servicing the consumers of Ajloun's tourism products, the DMMC will also provides invaluable

exposure and market access to Ajloun's tourism suppliers. The tourism information center will also sell merchandise, souvenirs and handicrafts.

There are two different markets for the products and services of the DMMC: 1) Tourism suppliers, and 2) Travelers. The services and benefits to be offered by the Ajloun DMMC for each market are detailed below:

**Services and Benefits for Tourism Businesses** *(note that businesses must be members to receive these benefits)*

- Full page description on the new consumer-focused Ajloun Web site (to be launched in the spring of 2014) enabling the promotion of the business;
- Right to distribute sales brochures of their tourism facilities at the tourism information center;
- Business linkages with local and international tour operators to promote sustainable tourism activities in the region;
- Facilitate the bookings of hotels and activities within Ajloun through the tourism information center and an online reservation system;
- Special distinction as a tourism business supporting sustainable tourism initiatives in Ajloun;
- Include business in a sales directory that will be available to visitors inside the information center and distributed to tour operators in Amman and internationally;
- Opportunity to be featured in press/FAM trips; and
- Monthly newsletter with DMMC news and valuable market research findings.

**Products and Services for Tourists**

- Tourism Information Center to provide assistance upon the tourist's initial arrival to the destination as well as during their stay. Adequate information about activities and accommodations will be available at the center along with a staff member to provide advice and assistance (during business hours);
- Reservation capabilities (online or onsite). This reservation center will allow tourists to book their lodgings and activities once in the destination by going to Ajloun DMMC office or booking directly through the website. Special interest tours that focus on sustainability and/or benefit conservation or cultural heritage preservation are likely to be made available and promoted by the DMMC;
- Sales of Ajloun branded merchandise (t-shirts, hats, post cards, calendars, etc.), general toiletries needed by travelers (such as sunscreen, disposable cameras, etc.), as well as local products (olives, soaps, local handicrafts, etc) within the Tourism Information Center and DMMC businesses.

**Benefits for Community Members**

The local community will receive several intangible benefits as a result of the DMMC's creation:

- The DMMC will serve as a unifying association for various stakeholders to have a voice in the management of tourism growth in Ajloun.
- Funding generated by the company will directly support conservation, cultural heritage, and community-based initiatives.
- It is the only institution that both unites and integrates all stakeholders of the tourist sector of Ajloun and generates opportunities for them as well as the community.
- It will establish respect, credibility, competency, vision, and unity among the tourism industry.

**Source of Revenues**

It is recommended that the USAID-JTDIII program provide an initial grant of \$25,000 in funding to cover some of the start-up costs required to establish the Ajloun DMMC. A complete explanation of recommending investments to support the creation of the DMMC, are found in Section 7 at the end of this document.

While this initial funding will help cover initial working capital and marketing materials including the development of the website and brand, the DMMC will need to begin the immediate implementation of revenue generating services in order for the organization to continue after the life of the USIAD-JTDIII project. In exchange for the benefits and services detailed above, the Ajloun DMMC will generate the following sources of

revenues achieve financial sustainability: (i) Membership fees; (ii) Commissions from the booking of tours, packages, and accommodations in Ajloun; (iii) Merchandise sales.

**(i) Membership fees**

***Basic Membership***

A basic membership fee will be charged to businesses in order to receive the benefits listed in section 4.2.1 above. The fee structure will vary depending on the size and type of organization. The members of the DMMC should decide final membership fees these provided are for discussion points only. For illustrative purposes the following fees could be established for membership of the DMMC:

<b>Business Type</b>	<b>Annual Fee</b>
Hotels (more than 20 rooms)	\$300
Hotels/B&Bs (1-20 rooms)	\$200
Restaurants	\$100
Tour Guides	\$50
Community-Based Tourism Organizations	\$50
Conservation or Cultural Heritage NGOs	\$0

To encourage businesses and organizations to join the Destination Management and Marketing Company, the payment of the membership fees can be made with an in-kind payment of services in the amount of the fee. For example, a small hotel could give the DMMC a voucher for 4 free room nights equivalent to \$200 to cover the cost of membership. The DMC would then be able to use those services for FAM/Press trips or to sell directly to visitors to generate revenue for the organization.

**(ii) Commissions**

The main purpose of establishing the destination management initiative as a Destination Management and Marketing Company is to enable it to sell tours, packages, and accommodations to travelers in exchange for a commission fee. Bookings will be made through both the Tourism Information Center and online through the Ajloun DMMC Internet portal. Recent trends show that more than 50% of hotel and tour bookings are made online. There is currently a very small online presence for Ajloun. As the destination continues to experience a growth in tourists, so will the need for a consumer-focused web site. As of now, searching online for “Ajloun” brings up basic information about the region but nothing about the places to stay, things to do, or packages in the area. The Ajloun DMMC will create a new web portal to facilitate hotel and tour bookings in exchange for a 10% commission fee on total sales.

A physical tour operator presence is also very limited within Ajloun. While there are individuals from community based organizations who can help you put together transportation, guides, meals, and accommodations they are not easy to find or contact. The establishment of an official Tourism Information Center co-located at either the Ajloun Castle Visitor Center or neighboring restaurant would provide travelers a place to gather information on available activities and accommodations and speak to a sales expert without feeling pressured to book. The Ajloun Tourism Information Center would offer the products of member businesses as well as new tours and packages created by the DMMC at a 10% commission fee.

The DMMC should facilitate the development of different packages consisting of the products and services of each DMMC member ranging from time duration and special interests. These packages should be competitively priced and displayed in the Ajloun Tourism Information Center and the website.

**(iii) Merchandising**

In addition to revenue from membership fees and commissions, the Ajloun DMMC will generate additional income through merchandise sales. Beyond generating an additional source of revenue, this merchandise will also serve as an effective promotional tool. A selection of short-sleeve shirts, post cards, calendars, baseball hats,

and souvenir gifts could feature the DMMC’s logo and be made available for sale through the tourist information center as well as in hotels and restaurants throughout the region. In addition to this branded merchandise, a small store will be established in the tourism information center to provide tourists the opportunity to purchase a number of tour-related supplies, including: sunscreen, disposable cameras, water/sodas, and snacks. A 100% profit margin will be applied to these items to create another important source of revenue for the DMMC.

## SECTION 4: MARKETING STRATEGY

### 4.1 MARKETING POSITION

The value proposition of the services offered by the Ajloun DMMC come from the ability to connect a growing market of travelers with information about the region’s tourism attractions and tourism providers. The DMMC’s services to tourism providers are intended to both improve the DMMC’s product while supporting the competitiveness and sustainable development of these businesses. The ability of the DMMC to provide seamless transactions with authentic and often to difficult to reach tourism providers will translate to a product that is unmatched on the market.

The Ajloun DMMC will position itself as a leader in promoting and selling Ajloun as a sustainable destination in order to increase responsible tourism, support conservation, cultural heritage preservation, and encourage members to join the DMMC. In order to establish this position, the DMMC will display its benefits and services through a Web site as well as through other forms of promotional media. At the same time, Ajloun’s natural and cultural attractions itself will also be advertised through marketing materials available online and in the Tourism Information Center. These materials will focus on the region as a sustainable tourism destination and its offerings of natural beauty and wildlife, gorgeous landscapes, hiking, climbing, and highlighting community tourism interactions.

### 4.2 MARKET SEGMENTATION

The market for the DMMC’s products and services include visitors to Ajloun and tourism suppliers located in the region. It is estimated that approximately 100,000 visitors travel to Ajloun each year based on the statistics collected at the Ajloun Castle and the RSCN Soap House.

From an inventory conducted by the consulting team, it is estimated that there are 3 hotels with more than 20 rooms, 9 B&Bs, Campsites, or Homestays with less than 20 rooms, and 3 tourist restaurants, 3 local guides, and 12 community-based tourism organizations within the region. It is estimated that 2/3 of these tourism suppliers will join the DMMC, resulting in the following membership projection in year 1:

<b>Business Segment</b>	<b>Total Number of Businesses in Ajloun</b>	<b>Number of Members in Year 1</b>	<b>Revenue from Membership Fees</b>
Hotels (1-20 rooms)	9	6	\$1,200
Hotels (over 20 rooms)	3	2	\$600
Restaurants	3	2	\$200
Local Guides	3	2	\$100
Community-based Tourism Organizations	12	8	\$400
<b>Total</b>		<b>20</b>	<b>\$2,500</b>



Membership is anticipated to grow at a rate of 15% per year, with 100% of members renewing in Year 2.

It is estimated that 2% of annual visitors, or 2,000 people will book their tours and accommodations through the DMMC's website or in person at the Tourism Information Center. Using an average cost of \$40 per tour per person, an average hotel cost of \$75 per night, and a 10% commission fee, the DMMC will generate over \$11,500 in revenue from commissions per year.

### **4.3 MARKETING STRATEGY**

The success of the Ajloun DMMC will rely on its ability to attract and service its customers. Through the USAID-JTDIII program, a marketing strategy will be developed in the coming months that will focus on understanding, communicating, and delivering the benefits its customers are looking for. The DMMC's tourism suppliers want to grow their businesses, and will agree to pay the membership fee as long as they believe the benefits and services of the DMMC will help grow their business. Travel customers will be seeking new travel experiences and while doing so need tourism information, travel consultation, and the ability to process the transaction.

### **4.4 MARKETING CHANNELS**

#### **Online**

The travel industry accounts for the largest category of products and services sold over the Internet. According to a recent study by Jupiter Research the online travel market is expected to continue its strong growth and account for 34% of all travel spending in 2010. While the travel industry is experiencing a growth in online bookings, the Internet remains one of the greatest sources of research for travelers.

The Internet provides the opportunity for developing nations to correct imbalances in the tourism value chain where a significant percentage of tourism profits are captured by firms based outside the country being visited. The challenge for developing countries is to not only put in place the technology for e-tourism, but also to develop a strategy that engages the public and private sectors to work in collaboration to promote the country, while effectively processing transactions and delivering a quality tourism product to the online travel planner.

While a growing number of destination management organizations (DMOs) in developing countries have developed an online presence in the last few years, only a small share have so far been able to offer a fully fledged services web portal in the form of a destination management services (DMS) that would propose effective booking and transaction facilities<sup>1</sup>. A DMS is defined as 'an IT infrastructure used by a destination organization for the collection, storage, manipulation and distribution of information in all its forms, and for the transaction of reservations and other commercial activities'<sup>2</sup>.

In addition to supporting the growth of the tourism industry through promotion and sales, a DMS provides the opportunity to facilitate communication and collaboration among tourism suppliers and establishes a mechanism to increase their competitiveness. A successful DMS will provide administrative access to suppliers through a login and password in order to update and maintain their section of the site and in some cases inventory management. This process engages suppliers and provides government and development assistance agencies the ability to deploy tourism activities such as capacity building, cluster creation, distributing market intelligence, and creating quality and sustainable tourism standards through an industry intranet attached to the DMS.

It is anticipated that the Ajloun DMMC will create a DMS and website for Ajloun that also features the products and services of the DMMC. In addition to a website, the DMMC will actively manage several social media platforms to further engage and communicate with current and potential customers.

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<sup>2</sup> ICT and Tourism for Development - Background Paper by the UNCTAD secretariat. United Nations Conference on Trade and Development September 20, 2005

## Printed Sales Literature

The DMMC will need to develop two different types of sales literature. The first will be designed to communicate to the local tourism industry the background of the project and benefits of joining this DMMC initiative. Careful attention should be made to communicate the public private partnership and mission to support conservation and cultural heritage preservation of the region in order to gain buy-in from stakeholders.

The second type of sales literature will be focused on increasing brand awareness and communicate the tourism products and services offered by the destination to the travel consumer. Printed sales manuals (made available at the tourism information center and distributed to tour operators in Amman and internationally) are recommended to easily communicate the local offerings.

## SECTION 5: OPERATIONS STRATEGY

### 5.1 PRODUCTS AND SERVICES

The Ajloun Destination Management and Marketing Company will offer services and products to both local tourism businesses and tourists to generate revenue for the organization and therefore, ensure its financial sustainability in the long run. Products and services to be offered by the DMC were reviewed in Section 4.2.

### 5.2 OFFICE LOCATION

There are few strategic options for an office space for the DMMC in Ajloun at the moment. Due to the strategy to use a Tourism Information Center to market the DMMC members and provide services to visitors it is recommended that the DMMC set up its office in a Tourism Information Center. The ideal location for this Tourism Information Center would be co-located with the Ajloun Castle Information Center. A simple desk in the corner of the room that is staffed by the DMMC could introduce visitors to the different tourism services offered in the area and facilitate reservation services.

Another option for the DMMC is to share an office space with the restaurant opening next to the Ajloun Castle Information Center. Either of these options should be available at no cost to the DMMC if negotiated correctly with the MOTA or the Restaurant owner.

### 5.3 OFFICE EQUIPMENT

Funding will need to be secured to purchase a limited amount of office equipment to help with the start-up of the DMMC in its first year of operations. It is anticipated that the following office equipment will need to be purchased to set up the office:

List of office equipment materials	Price
Desk office and chairs	\$500
Computer	\$1,500
Printer/Copier	\$500
Miscellaneous Supplies	\$500
<b>Total</b>	<b>\$3,000</b>

### 5.4 PRODUCTS AND SERVICE FULFILLMENT

The DMMC will be required to offer two separate methods to process a transaction. The first method will allow a user of the Web site to purchase the products and services in full using a secure online payment method, or a visitor of the tourism information center to pay in person. Then the DMMC will pay the net rate to the supplier prior to the tourists' arrival.

The second method will allow users to make a reservation for services but making the payment directly to the supplier at the time of product delivery. In this case the DMMC will create the reservation on behalf of the

traveler and then invoice the supplier at the end of each month for commissions that are due. This second method is necessary to accommodate customers at the tourism information center that would rather make a reservation rather than purchase the services at time of delivery.

DMMC staff will be required to develop a business process for making both methods and facilitating payment to and collection from suppliers. This process will differ from the hotels and tour guides to the more remote B&B accommodations without regular access to communication or banking services. It is important that when every supplier joins the DMMC, a contract is created specifically for the supplier to put in writing how this process will work.

## **5.5 OPERATION STAFF**

In addition to the volunteer board of directors, the DMMC is anticipated to need one operational staff member, a DMMC Manager who also serves as the Marketing and Sales Manager

The DMMC Manager will play a key role in Ajloun's destination management and membership management. His/her responsibilities will include (but are not limited to) the following activities needed to manage the DMMC, the board of directors, and membership.

- Promotion of the DMMC at the local, and national level to recruit more members and become more visible to tourists;
- Organize, coordinate, and implement the activities decided upon by the DMMC board of directors;
- Oversee the responsibilities of the Marketing and Sales Coordinator;
- Collaborate with the local tourism stakeholders to organize events aiming at promoting local culture and environmental assets of the destination;
- Liaise with other organizations and governmental institutions in Ajloun to develop joint proposals for the development and promotion of sustainable tourism activities in the region; and
- Draft periodic and annual reports and presentations detailing the achievements of the DMMC.

In addition, the DMMC Manager will play a key role in the coordination of sales and promotion for the DMMC members. His/her responsibilities will include (but are not limited to) the following:

- Provide information to tourists on the environmental and cultural assets of Ajloun as well as the tours and accommodations available in the region;
- Facilitate the booking of lodgings and activities for tourists;
- Manage and update the DMMC's website portal and manage online booking of hotels and activities;
- Develop new marketing content for the DMMCs website blog and social media channels;
- Manage the order and sales of local products as well as the branded merchandise;
- Promote the membership program among tourism stakeholders and ensure the collection of both membership fees and commissions; and
- Manage visitor surveys to collect market research.

The salary for the DMMC Manager is estimated at \$1,500 per month. It is recommended that the bookkeeping responsibilities be outsourced to a local accountant for a cost of \$100 per month.

## **5.6 AJLOUN TOURISM DEVELOPMENT FUND**

The DMMC will contribute all net profits from its operations towards supporting the costs of tourism development initiatives in Ajloun. Based upon the financial projections at the end of this document, the total amount to be contributed will reach over \$46,355 over the next five years. The DMMC board of directors will be responsible for determining the source of the funds, based on the most critical development needs and threats.

## 5.7 FUTURE SERVICES

In the future, the Ajloun DMMC may publish a printed travel publication intended to communicate travel news, stories, and cultural events related to Ajloun. The publication will serve as a mechanism to increase the DMMC's brand awareness and Ajloun as a travel destination. The publication also would provide an additional revenue stream by selling advertising to tourism suppliers of the industry. Additional future services of the DMMC could be the organization of special events that both promote the region while generating additional income for the DMMC.

## SECTION 6: FINANCIAL PROJECTIONS

### 6.1 MAJOR ASSUMPTIONS

The following major assumptions were made to complete the financial projections for the Ajloun Destination Management and Marketing Company:

#### *Revenues*

- 66% of tourism businesses in Ajloun (including hotels, tour guides, restaurants, and community-based tourism organizations) will join as members of the DMC in Year 1;
- 5% of 100,000 visitors (5,000 people) travelling to Ajloun each year will use the Tourism Information Center and/or Web site to make reservations in Year 1;
  - Half of these visitors (2,500 people) will utilize the booking service for tours and another half of these visitors (2,500 people) will utilize the booking service for hotels;
- 65% of annual visitors to Ajloun arrive during the high season and 35% arrive during the low season;
- 40% of those 5,000 clients (2,000 people) will purchase an average of \$15 worth of merchandise in Year 1;
- Membership, bookings, and merchandise sales will grow at a rate of 15% each year;
- 100% of DMMC members will renew their memberships in Year 2.

#### *Expenses*

- The DMMC will be legally registered in Jordan as a Limited Partnership and obtain a tourist license from the Jordanian Tourism Board in order to sell tours and merchandise;
- A 10% tax will be applied to the sale of tours and hotels but this rate is estimated;
- A 5% service tax will be applied to the sale of merchandise but this rate is estimated;
- Fixed and variable costs will increase at a rate of 10% each year;
- Two full-time staff members (a DMMC Manager and a Sales/Reservation Coordinator) will be hired for a combined salary expense of \$2,150 per month.

**6.2 PROFIT AND LOSS MODEL**

AJLOUN DESTINATION MANAGEMENT & MARKETING COMPANY  
**PROJECTED SCENARIO**

Key Inputs	YEAR ONE												Notes / Assumptions	
	2014						2015							
	High Season	High Season	High Season	High Season	Low Season	Low Season	Low Season	Low Season	Low Season	High Season	High Season	High Season		
TOTAL	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June		
<b>NUMBER OF NEW DMC MEMBERS</b>														
Hotel (1-20 Rooms)	3	3	3											Based on 66% of 9 small hotels joining during year 1
Hotel (over 20 Rooms)	2	1	1											Based on 66% of 3 large hotels joining during year 1
Restaurants	2	1	1											Based on 66% of 3 restaurants joining during year 1
Tour Guides	2	1	1											Based on 66% of 3 tour guides joining during year 1
Community-Based Tourism Orgs	8	4	4											Based on 66% of 12 CBTOs joining during year 1
<b>NUMBER OF ANNUAL VISITORS</b>	100000	9,286	9,286	9,286	9,286	7,000	7,000	7,000	7,000	7,000	9,286	9,286	9,286	Based on 65% of annual arrivals during the high season and 35% during the low season
<b>NUMBER OF BOOKINGS</b>														
Number of tours booked	1000	93	93	93	93	70	70	70	70	70	93	93	93	Based on selling 1 tour to 1% of travelers to Ajloun
Number of hotel rooms booked	1000	93	93	93	93	70	70	70	70	70	93	93	93	Based on selling 1 hotel night to 1% of travelers to Ajloun
<b>REVENUE</b>														
<b>NET SALES</b>														
	TOTAL	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Notes / Assumptions
<b>Membership Fees</b>														
Hotel (1-20 Rooms)	\$ 1,200	\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$200 annual membership fee
Hotel (over 20 Rooms)	\$ 600	\$ 300	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$300 annual membership fee
Restaurants	\$ 200	\$ 100	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$100 annual membership fee
Tour Guides	\$ 100	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50 annual membership fee
Community-Based Tourism Orgs	\$ 400	\$ 200	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50 annual membership fee
<b>Commission Fees</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Tour Bookings	\$ 4,000	\$ 371	\$ 371	\$ 371	\$ 371	\$ 280	\$ 280	\$ 280	\$ 280	\$ 280	\$ 371	\$ 371	\$ 371	Assumes average tour cost of \$40 per person
Hotel Bookings	\$ 7,500	\$ 696	\$ 696	\$ 696	\$ 696	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 696	\$ 696	\$ 696	Assumes average hotel cost of \$75 per night
<b>Merchandise Sales</b>	\$ 7,500	\$ 696	\$ 696	\$ 696	\$ 696	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 696	\$ 696	\$ 696	Assumes \$15 average purchase from 10% of clients
<b>Marketing &amp; SME Development Grants</b>	\$ 12,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	Assumes a \$12,000 Grant from JTB, MOTA, USAID, EU, or Private Sponsors
<b>Total Revenue</b>	\$ 33,500	\$ 4,014	\$ 4,014	\$ 2,764	\$ 2,764	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,330	\$ 2,764	\$ 2,764	\$ 2,764	Combined membership, commission & merchandise sales
<b>EXPENSES</b>														
<b>VARIABLE COSTS</b>														
	TOTAL	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Notes / Assumptions
Merchandise Costs (for resale)	\$ 3,750	\$ 348	\$ 348	\$ 348	\$ 348	\$ 263	\$ 263	\$ 263	\$ 263	\$ 263	\$ 348	\$ 348	\$ 348	Based on 100% profit margin on merchandise sold
<b>Total Variable Costs</b>	\$ 3,750	\$ 348	\$ 348	\$ 348	\$ 348	\$ 263	\$ 263	\$ 263	\$ 263	\$ 263	\$ 348	\$ 348	\$ 348	
<b>Gross Profit/Loss</b>	\$ 29,750	\$ 3,666	\$ 3,666	\$ 2,416	\$ 2,416	\$ 2,068	\$ 2,068	\$ 2,068	\$ 2,068	\$ 2,068	\$ 2,416	\$ 2,416	\$ 2,416	Gross profit before fixed costs
<b>Gross Profit Margin</b>	89%	91%	91%	87%	87%	89%	89%	89%	89%	89%	87%	87%	87%	Gross profit margin before fixed costs
<b>FIXED COSTS</b>														
	TOTAL	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Notes / Assumptions
Salary Expenses	\$ 18,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$1,500/month for Manager.
Accountant/Bookkeeping Expense	\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$100/month for local accountant
Local Travel Expenses	\$ 600	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$50/month in taxi expenses for local travel
Phone / Internet	\$ 600	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$50/month for phone/internet expense
Marketing and Web site Maintenance	\$ 3,000	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$250/month to provide on-going web and marketing support
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Assuming free use of space at the visitors center
Office Supplies	\$ 120	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$10/month for general office supplies
Depreciation (from fixed assets)	\$ 450	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	Direct from fixed assets sheet
Gas / Electricity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$50/month for gas and/or electricity expense
<b>Total Fixed Costs</b>	\$ 23,970	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	
<b>Net Profit/Loss</b>	\$ 5,780	\$ 1,669	\$ 1,669	\$ 419	\$ 419	\$ 70	\$ 70	\$ 70	\$ 70	\$ 70	\$ 419	\$ 419	\$ 419	Net profit after fixed costs
<b>Net Profit Margin</b>	17%	42%	42%	15%	15%	3%	3%	3%	3%	3%	15%	15%	15%	Net profit margin after fixed costs

### 6.3 Statement of Cash Flows

#### AJLOUN DESTINATION MANAGEMENT & MARKETING COMPANY

	YEAR ONE												Year 1 Total
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	
<b>BEGINNING CASH BALANCE</b>	\$ -	\$ 9,927	\$ 14,654	\$ 13,931	\$ 13,208	\$ 12,171	\$ 11,134	\$ 10,098	\$ 9,061	\$ 8,024	\$ 7,301	\$ 6,578	\$ -
<b>CASH RECEIPTS</b>													
Membership Fees	\$ 1,250	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Booking Service	\$ 1,068	\$ 1,068	\$ 1,068	\$ 1,068	\$ 805	\$ 805	\$ 805	\$ 805	\$ 805	\$ 805	\$ 1,068	\$ 1,068	\$ 11,500
Merchandise Sales	\$ 696	\$ 696	\$ 696	\$ 696	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 696	\$ 696	\$ 696	\$ 7,500
Marketing & SME Development Grants	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	
<b>Total Cash Available</b>	\$ 4,014	\$ 12,941	\$ 16,418	\$ 15,695	\$ 14,538	\$ 13,501	\$ 12,464	\$ 11,428	\$ 10,391	\$ 9,788	\$ 9,065	\$ 8,342	\$ 21,500
<b>CASH PAYMENTS</b>													
<b>Start Up Costs</b>													
Legal Registration Fees and Taxes	\$ 2,500												\$ 2,500
Insurance Costs	\$ 300												\$ 300
Office Equipment	\$ 3,000												\$ 3,000
Initial Marketing Materials/Web site Development	\$ 10,000												\$ 10,000
<b>Total Start Up Costs</b>	\$ 15,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,800
<b>Variable Costs</b>													
Merchandise Costs	\$ 348	\$ 348	\$ 348	\$ 348	\$ 263	\$ 263	\$ 263	\$ 263	\$ 263	\$ 348	\$ 348	\$ 348	\$ 3,750
<b>Total Variable Costs</b>	\$ 348	\$ 348	\$ 348	\$ 348	\$ 263	\$ 263	\$ 263	\$ 263	\$ 263	\$ 348	\$ 348	\$ 348	\$ 3,750
<b>Fixed Costs (Annual)</b>													
Salary Expenses	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Accountant/Bookeeping Expense	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Local Travel Expenses	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Phone / Internet	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Marketing and Web site Maintenance	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120
Depreciation (from fixed assets)	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 450
Gas / Electricity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Costs</b>	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 1,998	\$ 23,970
<b>Other Costs</b>													
Jordanian Tourism Authority Tax (10%)	\$ 107	\$ 107	\$ 107	\$ 107	\$ 81	\$ 81	\$ 81	\$ 81	\$ 81	\$ 107	\$ 107	\$ 107	\$ 1,150
Jordan Sales Tax (5%)	\$ 35	\$ 35	\$ 35	\$ 35	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 35	\$ 35	\$ 35	\$ 375
<b>Total Other Costs</b>	\$ 142	\$ 142	\$ 142	\$ 142	\$ 107	\$ 107	\$ 107	\$ 107	\$ 107	\$ 142	\$ 142	\$ 142	\$ 1,525
<b>TOTAL CASH PAID OUT</b>	\$ 18,287	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,367	\$ 2,367	\$ 2,367	\$ 2,367	\$ 2,367	\$ 2,487	\$ 2,487	\$ 2,487	\$ 45,045
<b>CASH BALANCE</b>	\$ (14,273)	\$ 10,454	\$ 13,931	\$ 13,208	\$ 12,171	\$ 11,134	\$ 10,098	\$ 9,061	\$ 8,024	\$ 7,301	\$ 6,578	\$ 5,855	\$ (23,545)
<b>LOANS TO BE RECEIVED</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local/National Government Funding		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
USAID-JTDIII Marketing Materials Funding	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
USAID-JTDIII Office Set-up Funding	\$ 4,200	\$ 4,200					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,400
<b>ENDING CASH BALANCE</b>	\$ 9,927	\$ 14,654	\$ 13,931	\$ 13,208	\$ 12,171	\$ 11,134	\$ 10,098	\$ 9,061	\$ 8,024	\$ 7,301	\$ 6,578	\$ 5,855	\$ 5,855



## 6.4 Income Statement

AJLOUN DESTINATION MANAGEMENT & MARKETING COMPANY

	YEAR ONE												Year 1 Total	
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June		
<b>REVENUE</b>														
<b>NET SALES</b>														
Membership Fees	\$ 1,250	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Commissions	\$ 1,068	\$ 1,068	\$ 1,068	\$ 1,068	\$ 805	\$ 805	\$ 805	\$ 805	\$ 805	\$ 1,068	\$ 1,068	\$ 1,068	\$ 1,068	\$ 11,500
Merchandise Sales	\$ 696	\$ 696	\$ 696	\$ 696	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 696	\$ 696	\$ 696	\$ 696	\$ 7,500
Marketing & SME Development Grants	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
<b>Net Sales</b>	<b>\$ 4,014</b>	<b>\$ 4,014</b>	<b>\$ 2,764</b>	<b>\$ 2,764</b>	<b>\$ 2,330</b>	<b>\$ 2,330</b>	<b>\$ 2,330</b>	<b>\$ 2,330</b>	<b>\$ 2,330</b>	<b>\$ 2,330</b>	<b>\$ 2,764</b>	<b>\$ 2,764</b>	<b>\$ 2,764</b>	<b>\$ 33,500</b>
<b>VARIABLE COSTS (COGS)</b>														
Merchandise (for resale)	\$ 348	\$ 348	\$ 348	\$ 348	\$ 263	\$ 263	\$ 263	\$ 263	\$ 263	\$ 348	\$ 348	\$ 348	\$ 348	\$ 3,750
<b>Total Variable Costs</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 263</b>	<b>\$ 263</b>	<b>\$ 263</b>	<b>\$ 263</b>	<b>\$ 263</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 348</b>	<b>\$ 3,750</b>
<b>GROSS PROFIT</b>														
<b>Gross Profit</b>	<b>\$ 3,666</b>	<b>\$ 3,666</b>	<b>\$ 2,416</b>	<b>\$ 2,416</b>	<b>\$ 2,068</b>	<b>\$ 2,068</b>	<b>\$ 2,068</b>	<b>\$ 2,068</b>	<b>\$ 2,068</b>	<b>\$ 2,416</b>	<b>\$ 2,416</b>	<b>\$ 2,416</b>	<b>\$ 2,416</b>	<b>\$ 29,750</b>
<b>EXPENSES</b>														
<b>FIXED COSTS (ANNUAL)</b>														
Salary Expenses	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Accountant/Bookeeping Expense	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Local Travel Expenses	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Phone / Internet	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Marketing and Web site Maintenance	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 120
Depreciation (from fixed assets)	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 450
Gas / Electricity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Costs</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 1,998</b>	<b>\$ 23,970</b>
<b>OPERATING PROFIT</b>														
	\$ 1,669	\$ 1,669	\$ 419	\$ 419	\$ 70	\$ 70	\$ 70	\$ 70	\$ 70	\$ 419	\$ 419	\$ 419	\$ 419	\$ 5,780
<b>OTHER COSTS</b>														
<b>NET PROFIT BEFORE TAXES</b>														
	\$ 1,562	\$ 1,562	\$ 312	\$ 312	\$ (11)	\$ (11)	\$ (11)	\$ (11)	\$ (11)	\$ 312	\$ 312	\$ 312	\$ 312	\$ 5,780
<b>TAXES</b>														
Jordanian Tourism Authority Tax (10%)	\$ 107	\$ 107	\$ 107	\$ 107	\$ 81	\$ 81	\$ 81	\$ 81	\$ 81	\$ 107	\$ 107	\$ 107	\$ 107	\$ 1,150
ITBM Tax (5%)	\$ 35	\$ 35	\$ 35	\$ 35	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 35	\$ 35	\$ 35	\$ 35	\$ 375
<b>NET PROFIT AFTER TAXES</b>														
	\$ 1,420	\$ 1,420	\$ 170	\$ 170	\$ (117)	\$ (117)	\$ (117)	\$ (117)	\$ (117)	\$ 170	\$ 170	\$ 170	\$ 170	\$ 4,255
<b>NET PROFIT MARGIN</b>														
													<b>13%</b>	

## 6.5 Five-Year Income Projection

### AJLOUN DESTINATION MANAGEMENT & MARKETING COMPANY

Based on 15% annual increase in sales volume and  
10% annual increase in fixed & variable costs

	Year 1 Total	Year 2 Total	Year 3 Total	Year 4 Total	Year 5 Total
<b>REVENUE</b>					
<b>NET SALES</b>					
Membership Fees	\$ 2,500	\$ 2,875	\$ 3,306	\$ 3,802	\$ 4,373
Tour Sales	\$ 11,500	\$ 13,225	\$ 15,209	\$ 17,490	\$ 20,114
Merchandise Sales	\$ 7,500	\$ 8,625	\$ 9,919	\$ 11,407	\$ 13,118
Marketing & SME Development Grants	\$ 12,000	\$ 13,800	\$ 15,870	\$ 18,251	\$ 20,988
<b>Net Sales</b>	<b>\$ 33,500</b>	<b>\$ 38,525</b>	<b>\$ 44,304</b>	<b>\$ 50,949</b>	<b>\$ 58,592</b>
<b>VARIABLE COSTS (COGS)</b>					
Merchandise (for resale)	\$ 3,750	\$ 4,125	\$ 4,538	\$ 4,991	\$ 5,490
<b>Total Variable Costs</b>	<b>\$ 3,750</b>	<b>\$ 4,125</b>	<b>\$ 4,538</b>	<b>\$ 4,991</b>	<b>\$ 5,490</b>
<b>GROSS PROFIT</b>					
<b>Gross Profit</b>	<b>\$ 29,750</b>	<b>\$ 34,400</b>	<b>\$ 39,766</b>	<b>\$ 45,958</b>	<b>\$ 53,101</b>
<b>EXPENSES</b>					
<b>FIXED COSTS (ANNUAL)</b>					
Salary Expenses	\$ 18,000	\$ 19,800	\$ 21,780	\$ 23,958	\$ 26,354
Accountant/Bookkeeping Expense	\$ 1,200	\$ 1,320	\$ 1,452	\$ 1,597	\$ 1,757
Local Travel Expenses	\$ 600	\$ 660	\$ 726	\$ 799	\$ 878
Phone / Internet	\$ 600	\$ 660	\$ 726	\$ 799	\$ 878
Marketing and Web site Maintenance	\$ 3,000	\$ 3,300	\$ 3,630	\$ 3,993	\$ 4,392
Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ 120	\$ 132	\$ 145	\$ 160	\$ 176
Depreciation (from fixed assets)	\$ 450	\$ 495	\$ 545	\$ 599	\$ 659
Gas / Electricity	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Costs</b>	<b>\$ 23,970</b>	<b>\$ 26,367</b>	<b>\$ 29,004</b>	<b>\$ 31,904</b>	<b>\$ 35,094</b>
<b>OPERATING PROFIT</b>					
	<b>\$ 5,780</b>	<b>\$ 8,033</b>	<b>\$ 10,763</b>	<b>\$ 14,054</b>	<b>\$ 18,007</b>
<b>TAXES</b>					
Jordanian Tourism Authority Tax (10%)	\$ 1,150	\$ 1,323	\$ 1,521	\$ 1,749	\$ 2,011
ITBM Tax (5%)	\$ 375	\$ 431	\$ 496	\$ 570	\$ 656
<b>NET PROFIT AFTER TAXES</b>					
	<b>\$ 4,255</b>	<b>\$ 6,279</b>	<b>\$ 8,746</b>	<b>\$ 11,735</b>	<b>\$ 15,340</b>
<b>NET PROFIT MARGIN</b>					
	<b>13%</b>	<b>16%</b>	<b>20%</b>	<b>23%</b>	<b>26%</b>



## SECTION 7: ACTION PLAN AND RECOMMENDATIONS

### 7.1 SHORT TERM PLAN (2014)

ACTIVITY	2014					
	MA R	AP R	MA Y	JUN E	JUL Y	AU G
Meet one on-one with tourism stakeholders to present the business model of the DMMC and gauge interest	x					
Hold a workshop with the tourism stakeholders of Ajloun to discuss the DMMC business model and make decisions on name, legal/operational structure, and financial models	x					
Meet with MOTA and JTB to explain DMMC concept and identify potential areas of support or collaboration	x					
Finalize business and marketing plans of DMMC based on inputs from tourism stakeholders	x	x				
Facilitate coordination of logistics and communications procedures between members of the DMMC required to operate the tourism packages		x				
Conduct required procedures to legally establish DMMC		x				
Interview candidates and select a Sales and Promotion Coordinator for the DMC		x				
Develop indicators to evaluate the DMMC's tourism packages and run practice tours to test the newly developed packages		x				
Secure DMMC office space either in Castle Visitor center or neighboring restaurant		x				
Procure necessary equipment to set up DMMC office			x			
Develop marketing materials for new and existing tourism packages	x	x	x	x	x	
Recruit business members to join DMMC		x	x	x		
Collect content and photographs from the members to populate on Web site			x	x		
Design and create Web site portal for Ajloun				x	x	
Develop marketing and branding outreach strategy		x	x			
Implement marketing and branding strategy, including the development of marketing materials			x	x	x	x

Design merchandise based on the brand to be sold in Tourism Information Center				X	X	X
Conduct training sessions to build local capacity					X	X
Launch Web site portal for Ajloun						X

## 7.2 LONG TERM PLAN (2010-2015)

The Ajloun DMMC is envisioned to become a strong alliance able to encourage collaboration, participation and the inclusion of public and private tourism stakeholders in activities that will help to position Ajloun as a leading sustainable tourism destination. The DMMC will have an active role in developing strategic partnerships with national and international players to promote the destination and achieve the objectives as described in this business model document.

The long-term plan for the DMMC should include the following goals:

- Consolidate Ajloun’s image as a sustainable tourism based destination;
- Implement a strong branding message and marketing strategy;
- Develop private-public partnerships to sustain conservation & tourism activities;
- Help strengthen business linkages at the destination;
- Help create and promote an exciting mix of nature and culture-based products available in Ajloun;
- Organize culinary, cultural and environmental annual events that highlight the uniqueness of Ajloun;
- Increase the display of local handicrafts by supporting micro-enterprise business development;
- Support the implementation of capacity building programs and increase the skills of the local labor force through training programs; and
- Support Ajloun tourism development through revenues generated by the DMMC.

## 7.3 GENERAL RECOMMENDATIONS

In addition to the detailed recommendations described in this business model document, a list of general recommendations is included below that should serve as priorities for the initial launch and operation of the DMMC:

1. The DMMC’s board of directors should meet regularly (at least monthly, possible more frequently upon initial creation) to ensure successful launch and operations of the DMMC.
2. The DMMC should stay true to the mission of supporting conservation, cultural heritage preservation, and sustainable economic growth.
3. Before setting objectives for the next annual plan, DMMC staff should consult both active and supportive members of DMMC and seek their approval on the activities they would judge as priority.
4. DMMC should make sure to keep their members engaged and active. As an incentive, DMMC should develop strategic partnerships with international tourism stakeholders to provide assistance to local tourism businesses on improving their market access.
5. Through the tourism information center, the DMMC should carry out a visitor tourism survey to collect valuable data on tourist’s satisfaction and expectations.

This survey would allow to monitor how the destination is perceived and measure the level of impact of DMMC activities each year years. Access to the visitor survey data should also be used as an incentive for businesses to join as members of the DMMC. The survey could cover the following questions:

- a. *Visitor profile* – Age bracket, country of residency, average stay, spending power, means of transportation (tour group, own car, rental car, driver)
  - b. *Travel motivation*- for which reasons have they chosen Ajloun as their holiday destination?
  - c. *Tourism offering* – do the tourism products and services available match their expectations? Which tours/activities are in demand?
  - d. *Level of Satisfaction* – has the destination exceeded their expectations? If so, what do they appreciate the most about the destination, otherwise, what needs to be improved?
6. DMMC should actively seek to develop strategic partnerships with other Destination Management Organizations in Jordan and the Middle East to exchange information and learn about benefits and services offered by other DMO's.
  7. DMMC should continuously propose new tourism packages to encourage repeat visitation and increase the length of stay.
  8. DMMC should organize familiarization (FAM) trips to promote the destination to international tour operators and media.
  9. Liaise with the Jordanian Tourism Board to receive support to participate in the most important regional travel fairs.
  10. Ensure Web site is updated with the most current general and business-related content to ensure good results on search engine queries.

## RESOURCES

Destination Market Association International (DMAI) - [www.destinationmarketing.org](http://www.destinationmarketing.org)

International Culinary Tourism Association (ICTA) – [www.culinarytourism.org](http://www.culinarytourism.org)

Harrill, Rich. Fundamentals of Destination Management and Marketing. Lansing : Educational Institute of the American Hotel and Lodging Association, 2005.

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Jamieson, Walter. Community Destination Management in Developing Economies. Binghamton: The Haworth Hospitality Press, 2006.

World Tourism Organization. A Practical Guide to Tourism Destination Management (2007).

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