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# Situation Analysis and Marketing Strategy 2011-2015

AQABA COMMUNITY and ECONOMIC DEVELOPMENT (ACED) PROGRAM



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This publication was produced for review by the United States Agency for International Development. It was prepared by Marwan Khoury and Tim Bartlett, Tourism Marketing Advisors to ASEZA's Marketing and Tourism Directorate (AMTD) under the Aqaba Community and Economic Development (ACED) Program.

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AQABA COMMUNITY and ECONOMIC DEVELOPMENT (ACED) PROGRAM

## DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development, AECOM International Development or the ACED Program.

# ACRONYMS

ACED	Aqaba Community and Economic Development Program
ADC	Aqaba Development Corporation
AMTD	ASEZA Marketing and Tourism Directorate
ASEZ	Aqaba Special Economic Zone
ASEZA	Aqaba Special Economic Zone Authority
CSR	Corporate Social Responsibility
DMC	Destination Management Company
EDK	Egyptian Desert Keepers
GDS	Global Distribution System
JD	Jordanian Dinar
JITOA	Jordan Inbound Tour Operators Association
JTB	Jordan Tourism Board
JTD2	Jordan Tourism Development Project II
KHIA	King Hussein International Airport
MBR	Market-based Representative
MICE	Meetings, Incentives, Conferences and Exhibitions
MOU	Memorandum of Understanding
MOTA	Ministry of Tourism and Antiquities
NTS	National Tourism Strategy
PPP	Public-Private Partnership
PSP	Private Sector Participation
PR	Public Relations
RSCN	Royal Society for the Conservation of Nature
SMB	Surface Marker Buoy
SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
UNWTO	United Nations World Tourism Organization
USAID	United States Agency for International Development
USP	Unique Sales Point
VCB	Visitor and Convention Bureau
VFR	Visiting Friends and Relatives
VJV	Voyages Jules Verne

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# CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>6</b>
<b>I. INTRODUCTION</b> .....	<b>10</b>
<b>II. BACKGROUND</b> .....	<b>12</b>
a. The Global Tourism Marketplace .....	12
b. The Regional and National Scenes .....	15
c. Aqaba's Tourism Performance.....	16
<b>III. REVIEW OF AQABA'S PREVIOUS TOURISM STRATEGIES</b> .....	<b>27</b>
a. The Marketing Strategy 2005-2010.....	29
b. Achievements.....	30
c. Lessons Learned .....	32
<b>IV. THE PRODUCT</b> .....	<b>41</b>
a. Providing the right product for today's customers .....	42
b. Aqaba's current product .....	46
c. Aqaba's Future Product Offer .....	51
d. SWOT Analysis.....	56
<b>V. THE MARKETING STRATEGY 2011-2015</b> .....	<b>58</b>
a. Aqaba's Brand Promise.....	60
b. Positioning.....	61
c. Vision.....	61
d. Mission Statement and Aims .....	62
e. Aqaba's Marketing Objectives 2011-2015.....	63
f. JTB Strategy 2008-2013.....	69
g. Product Market Fit Table .....	69
h. Key Segments and Source Markets.....	71
i. Market Mix and Budget .....	79
j. Action Plans.....	81
<b>VI. ANNEX 1: WADI RUM PROTECTED AREA</b> .....	<b>82</b>
<b>VII. ANNEX 2: CHARTER FLIGHTS</b> .....	<b>89</b>

# TABLES

1	<b>Tourism to Jordan 2005-2009</b>
2	<b>Tourism to Aqaba Hotels 2005-2009</b>
3	<b>Performance Aqaba 2010 to date</b>
4	<b>UK Nights in Classified Hotels in Aqaba 2008-2009</b>
5	<b>French Nights in Classified Hotels in Aqaba 2008-2009</b>
6	<b>Italian Nights in Classified Hotels in Aqaba 2008-2009</b>
7	<b>German Nights in Classified Hotels in Aqaba 2008-2009</b>
8	<b>Russian Nights in Classified Hotels in Aqaba 2008-2009</b>
9	<b>Dutch Nights in Classified Hotels in Aqaba 2008-2009</b>
10	<b>Spanish Nights in Classified Hotels in Aqaba 2008-2009</b>
11	<b>Belgian Nights in Classified Hotels in Aqaba 2008-2009</b>
12	<b>Swedish Nights in Classified Hotels in Aqaba 2008-2009</b>
13	<b>The European Tourism Brief</b>
14	<b>Lebanese Nights in Classified Hotels in Aqaba 2008-2009</b>
15	<b>Saudi Nights in Classified Hotels in Aqaba 2008-2009</b>
16	<b>Iraqi Nights in Classified Hotels in Aqaba 2008-2009</b>
17	<b>Syrian Nights in Classified Hotels in Aqaba 2008-2009</b>
18	<b>Egyptian Nights in Classified Hotels in Aqaba 2008-2009</b>
19	<b>Domestic Tourism in Aqaba 2005-2009</b>
20	<b>KHIA Passengers Domestic &amp; International 2006-2009</b>
21	<b>Rooms Available in Aqaba 2005-2010</b>
22	<b>Aqaba Forecast Rooms Available 2010-2016</b>
23	<b>Product Market Fit</b>
24	<b>Recommended Market Mix and Budget 2011-2015</b>



# Executive Summary

This Tourism Marketing Strategy for Aqaba covers the period 2011-2015.

It is divided into four sections:

1. The first section analyzes Aqaba's recent tourism results in the context of world trends and of tourism to Jordan overall. Although the economic crisis has made its mark, the long-term prospects for international tourism remain good. Aqaba's results underline the current importance in terms of length of stay of the Russian market and of Western and Northern Europe, especially Scandinavia, UK, Belgium, Italy and France.
2. The second section analyzes Aqaba's performance against previous tourism strategies. It demonstrates Aqaba's success in repositioning itself as an international destination, in raising its profile with the travel trade, particularly in Europe, and in attracting cruise traffic.

However it also underlines its failure to capitalize fully on the popularity of Petra, to improve co-operation with the Jordan Tourism Board (JTB), and to increase visitor length of stay in Aqaba.

It concludes that resources were utilized most effectively when working through the travel industry, especially tour operators, but that the efficacy of the consumer TV campaign "Breathe Aqaba" was debatable. It recommends reverting to the original brand guidelines with their emphasis on links to Wadi Rum and Petra, and, through an evaluation of lessons learned, it concludes that future tourism promotion strategies for Aqaba should concentrate on four key challenges:

- Visibility;
- Accessibility;
- Seasonality;
- Partnership.

3. The third section emphasizes that an essential part of marketing is product development, and that the promotional efforts recommended in the previous section will not succeed unless the product is continuously improved to ensure visitor satisfaction. While important new and presumably high quality products (for example the Convention Center, Cruise Terminal, Golf Courses, Water Park, and Aquarium) are anticipated as part of the mega-projects which Aqaba has been so successful in attracting, there is a serious danger that the city centre of Aqaba will be left behind in a contrasting unattractive limbo. There is particular urgency to improve: the castle/flag area; interpretation/presentation at heritage sites; the duty free shopping experience; the main shopping street (to emulate a traditional souk); the nightlife; and transportation in general.

This section closes with a detailed SWOT analysis created in consultation with the key tourism stakeholders in Aqaba.

4. The fourth section takes the five challenges identified in sections two and three, and develops them into a Marketing Strategy with objectives and targets as follows:

#### Marketing Objective 1: Visibility

To increase the number of visitors, length of stay and expenditure of visitors to Aqaba by raising its profile as a destination in key markets. Targets:

- Increase foreign arrivals to Aqaba by an average of 8% per annum over the life of the strategy;
- Increase domestic arrivals to Aqaba by an average of 10% per annum;
- Increase average length of stay of visitors from primary European markets (including Russia) by 0.5 nights per annum;
- Increase average length of stay of all other visitors (including domestic) by 0.3 nights per annum over the life of the strategy;
- Create three new high profile activities to promote Arab Tourism Capital 2011 and achieve at least 200 mentions in national and international media;
- Create three new high profile events for Aqaba Tourism Capital 2011 and ensure these are repeated on an annual basis for the next five years at least.

#### Marketing Objective 2: Accessibility

To improve access by boosting air carrier services (scheduled and charter) through KHIA. Targets:

- Maintain all existing charters from primary markets;
- Six new tour operator programs in the first two years;
- Increase passengers on charter flights by 20% per annum;
- At least three scheduled direct international flights by 2012 and five by 2015.

#### Marketing Objective 3: Seasonality

To reduce seasonality by increasing the proportion of tourism arriving in January/February and July/August. Targets:

- Increase the proportion of total Jordanian visitors arriving in January by 0.25% per annum (from 6% in 2009 to 7.5% by 2016);
- Increase Russian, Scandinavian and Eastern European visitors in the period December through February by 10% per annum (2% above the overall targeted annual growth rate for these markets);
- Increase arrivals from Russia and from Secondary Eastern European markets by 12% in the summer months (as defined in the tour operator incentive scheme);
- Increase arrivals from the domestic market by 15% in the summer months.

#### Marketing Objective 4: Partnership

To maximize marketing efficacy by working in closer partnership with JTB and with the industry and by setting up a PPP marketing organization. Targets:

- Agree a detailed service contract with JTB each year;
- Ensure Aqaba's active participation in annual meetings of JTB's Market Based Representatives;
- Set up dedicated MBRs for Aqaba in at least three key source markets (where JTB coverage is deemed to be insufficient);
- At least five joint marketing schemes each year with international operators;
- Set up marketing structure (PPP) led by stakeholders early in 2011;
- Meet with Royal Jordanian at least quarterly.

## Marketing Objective 5: Product

To develop Aqaba, including Wadi Rum, into a comprehensive destination with a diverse and plentiful product offer. Targets:

- Undertake quarterly customer satisfaction surveys;
- Upgrade the castle, Fishermen's Bay and flag area by end 2011;
- Create central pedestrian area with upgraded but authentic Souq by mid 2012;
- Upgrade the heritage experience at Ayla and the oldest church by end 2012;
- Set up a duty free shop offering branded goods by end 2012;
- Facilitate the establishment of a weekly flea market selling handicrafts and traditional goods by March 2011;
- Encourage a cinema operator to set up in Aqaba before end 2011;
- Improve transport services within Aqaba, to South Beach and Tala Bay, and to Wadi Rum and Petra by mid 2011;
- Ensure delivery of new Berenice beach club south of Aqaba by June 2011.

The Strategy recommends that Aqaba should continue to be positioned as the only city on the Red Sea with authentic traditional character, history and heritage, and as the ideal base from which to visit Petra and Wadi Rum. The main market segments for Aqaba are defined, and primary source markets are identified, with concentration recommended on Western and Northern Europe, Russia, and the Regional and Domestic markets.

A facilitation mix (working through media and the industry) is recommended for Europe, with some consumer activity in the region and domestically. The marketing mix is defined and annual promotion budgets (excluding product development) are suggested, starting at JOD 4,587,500 in the first year and rising to JOD 5,225,000 in each of the last three years. These budgets will be supplemented by revenue from the industry via the proposed Public Private Partnership (PPP) targeted under Objective 4.

Broad strategic guidelines can be summarized as follows:

- Upgrade the city centre product to keep pace with the new mega-projects;
- Focus on the primary markets identified;
- Market increasingly in partnership with the private sector (set up a PPP), and progressively increase their contribution to costs;
- Make more effective use of JTB resources, and set up dedicated Aqaba MBRs when necessary to facilitate activities in key source markets;
- Limit direct consumer activity to domestic and regional markets;
- Retain current charters and encourage new ones, but, as brand penetration improves, shift emphasis progressively towards encouraging more stable scheduled direct flights.

A detailed Marketing Action Plan has also been produced to be used in conjunction with this Marketing Strategy.

A separate marketing strategy for Wadi Rum, which requires a quite different approach from Aqaba, is attached at Annex 1.

## I. INTRODUCTION

The historic city of Aqaba (El Aqabah - the hurdle), known in ancient times as Ayla, is Jordan's window to the sea. What had traditionally been a domestic and back-packer tourism destination in the 1960s and 1970s is in the process of being transformed by ASEZA into an attractive green city and international tourism destination, strengthening and diversifying Jordan's tourism product offer. It also remains a popular Jordanian domestic tourism destination.

The seaside city and its free zone have become a significant location for inward investment and is now a developing urban centre, guided by the General Plan for the Aqaba Special Economic Zone (ASEZ).

Since the establishment of ASEZ in 2001, there has been strong emphasis on realizing Aqaba's international tourism potential. To facilitate this, 50% of planned investments have been geared towards tourism, and much expert advice has been provided, including comprehensive tourism marketing strategies developed by the EU and USAID<sup>1</sup>.

Aqaba has the base ingredients for tourism success. In addition to its beautiful underwater environment and excellent climate, it has, unlike other Red Sea Resorts, its own history, heritage and character. Moreover it benefits from proximity to a world famous attraction – Petra – and to the desert splendor of Wadi Rum.

Aqaba currently faces a difficult marketing environment. Worldwide economic problems have severely impacted the international tourism industry. Competition, particularly from other Red Sea resorts and also from Syria and Turkey, has intensified; earnings are under pressure. Further planned expansion of hotel rooms in Aqaba could damage occupancy and profitability unless strong and targeted marketing can deliver vigorous growth over the next five years.

However, if Aqaba takes the necessary steps to improve its accessibility, enrich its product, strengthen its brand differentiation, and professionalize its marketing, then there is no reason why the spectacular success achieved in attracting resort investment cannot be matched in the future by the overall health of its incoming tourism industry.

Aqaba has hitherto been held back by lack of accommodation capacity, but this phase is coming to a rapid end. Aqaba now urgently needs to improve its marketing performance. It faces two key challenges:

- To improve and diversify its product offer, especially in the historic city centre – visitors must be given good reasons to stay longer and spend more;
- To build demand.

Both of these elements are vital to successful marketing, which needs to embrace the full cycle from research and product development through to promotion, with research then feeding back into product development and modification.

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<sup>1</sup> This strategy builds upon the 2010-2015 draft tourism marketing strategy that was developed by the USAID/Jordan Tourism Development Project II in June 2009.



This Tourism Marketing Strategy focuses mainly on the second challenge – building demand over the next five years by utilizing the promotional techniques of marketing. However, it must be stressed that, without progress on recommended product developments, new visitors attracted by the marketing of Aqaba will be disappointed, with subsequent damage to future prospects.

Aqaba was recently chosen to be the Arab Capital for Tourism in 2011. This is a timely opportunity to raise its profile, review its marketing, and put in place comprehensive promotional action plans aimed at placing Aqaba more prominently on the international tourism map.

## **Methodology**

The overall methodology underlying the strategy:

- Starts with knowledge of the existing product;
- Is based on research to identify key target market segments;
- Is driven by international best practices and by proven tourism return-on-investment (ROI) criteria;
- Emphasizes partnership with the industry (PPP);
- Culminates in a separate detailed Marketing Action Plan.

## II. Background

Tourism has emerged as one of the most significant economic and social drivers of the present time. It is an integral part of life in Aqaba and a significant contributor to the prosperity of its people. It is also one of its most promising future economic prospects. There are, however, significant challenges and opportunities facing the industry that require clear strategic thinking and a shared sense of purpose.

To fully realize opportunities and mutual benefits through tourism will also require strategic commitment from both the public and private sectors. This is essential in order to create a context in which additional public and private funding for marketing Aqaba as a destination can be attracted, thus enabling Aqaba to achieve higher levels of market penetration and to drive further growth and investment in the sector.

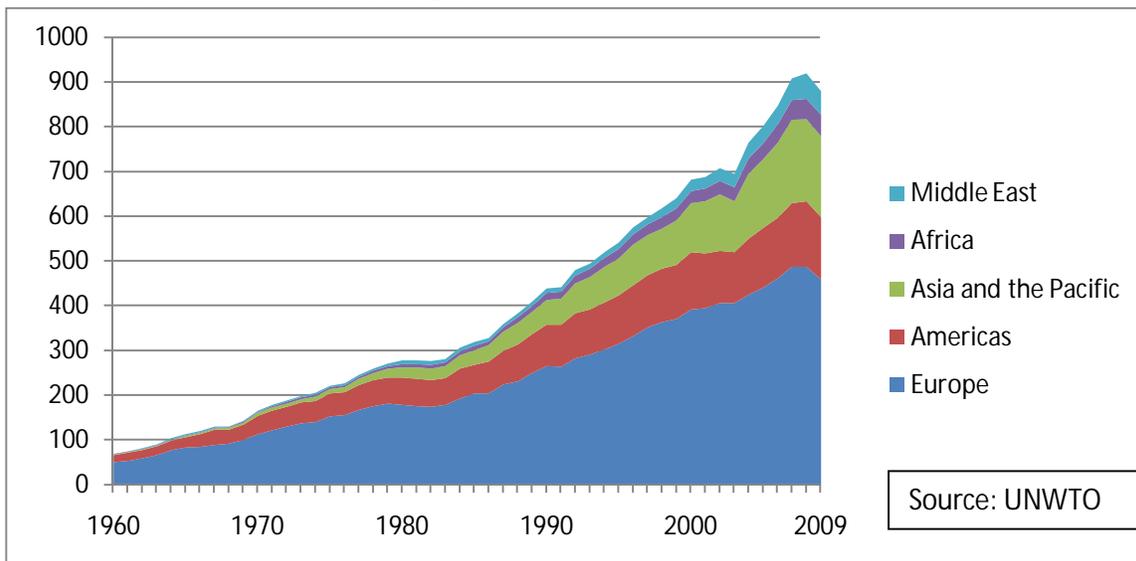
### ***a. The Global Tourism Marketplace***

When all its economic benefits are taken into account, tourism is arguably the world's largest industry. According to UN World Tourism Organization (UNWTO) figures, international tourism:

- Is worth around US\$944 billion per annum, producing spend of more than US\$2 billion per day;
- Accounts for some 6-7% of global employment;
- Provided in 2008 earnings of over US\$1 billion for more than 80 countries.

The economic recession did cause a decrease in tourist arrivals in 2009, but such a decline is unprecedented. Tourism is not only a huge industry. It is also an extraordinarily successful growth industry. The chart below shows international tourism's astoundingly positive performance over the last 49 years:

Chart 1: World Tourism Arrivals 1960-2009



## 1. International Arrivals 1960-2009

- Back in 1950 there were 25 million international tourism arrivals. In 2008 there were 922 million, an increase of over 3,500%;
- Between 2002 and 2008 some 218 million international arrivals were added;
- Due to the financial crisis, arrivals fell by around 4% in 2009, still a remarkable performance in comparison with other industries.

Overall the following predictions have been made by UNWTO's panel of experts in response to the recent economic crisis:

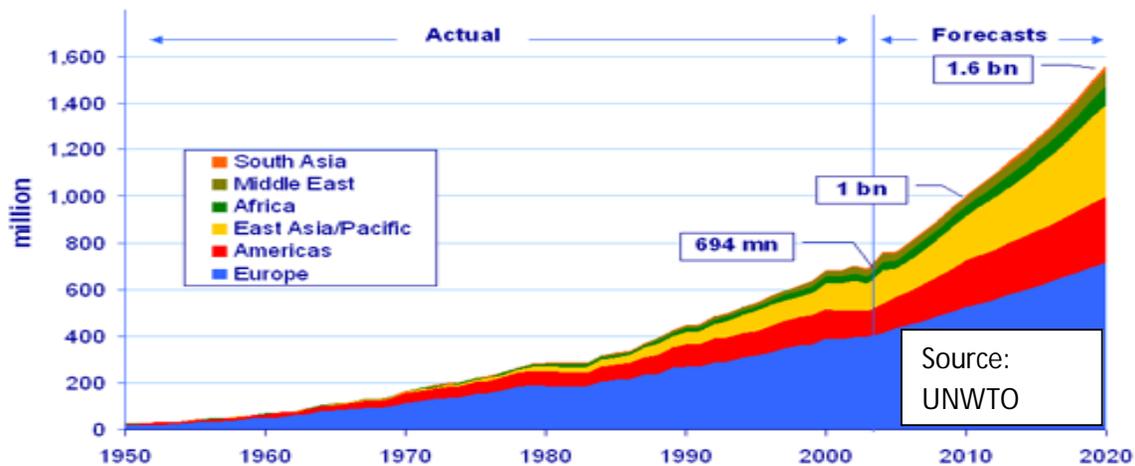
- Increase in short haul and intra-regional travel;
- Increase in visiting friends and relations (VFR) over leisure traffic;
- Decline in length of stay may be more significant than declines in volumes;
- Late booking will increase (a marketing opportunity for those able to promote 'special offers');
- Volatile exchange rates will require fast market positioning to capture business;
- Competitive deflation putting downward pressure on prices will require strong cooperation to offer value packages, right through the tourism value chain;
- Tour operators will go 'lean, green and mean', hoping to recover profits from cost savings when things pick up.

Tourism is prone to many unpredictable global influences, but it has clearly proved itself to be a robust, resilient and adaptable growth industry. Oil crises, wars, terrorism, diseases, natural disasters and now economic meltdown have only slowed the overall growth performance temporarily.

## 2. Growth predicted to continue

And the good news is, that after a very difficult 2009, growth in world tourism is expected to resume at a steady rate:

Chart 2: 922 million arrivals in 2008, rising to 1.6 billion by 2020:



UNWTO predicts that earnings from international tourism will more than double by 2020. In that year a remarkable total of 1.6 billion international tourist arrivals are estimated, representing an average annual growth rate since 1995 of just over 4%.

International tourism has indeed proved to be an extraordinarily consistent rising tide which lifts all ships. Every region of the world has benefited, but underdeveloped areas have benefited most. The share of international arrivals received by emerging regions has steadily risen from 31% in 1990 to 45% in 2008. The increasing share of the Middle East is clearly shown on the above chart.

Several forces are driving tourism's positive performance, for example:

- Increases in real income;
- Increases in inherited wealth;
- Increases in life expectancy - retiring baby-boomers travelling in large numbers;
- Faster and cheaper air travel;
- Easier access and more destinations;
- Rapid developments in information technology offering powerful new opportunities to reach consumers more easily and cost effectively;
- Growing wealth in major new source markets, such as China, India and Eastern Europe.

However, the recession has inevitably left its mark on the tourism industry.

Competition amongst destinations seeking to attract visitors has intensified dramatically during the current crisis and this is predicted to continue in the years ahead. The competitive goal is jobs and economic recovery. Those destinations which are market-driven and responsive will be the most successful. Aqaba is in danger of being development-driven rather than market-driven, which is why this new Marketing Strategy is so urgently needed.

The major European tour operators, already a very concentrated sector, have just taken another massive step towards integration with the merger of Thomas Cook and My Travel, and of TUI and First Choice. The new TUI alone is predicted to handle a massive 27 million customers per annum. The buying power of these major players will continue to put pressure on smaller suppliers and destinations, such as Aqaba.

On the other hand, the weight of these large operators is being counterbalanced by developments which favor smaller organizations and destinations. The evolution of Global Distribution Systems (GDS) and open system platforms will make the travel industry truly global as travel service providers and intermediaries sell capacity electronically anywhere in the world. Coupled with expanding internet access, consumers themselves will increasingly link with suppliers in real time and to mix and match products to their taste. This occurrence is already evident in diving, where more and more customers are booking direct. Increased access to the internet is shifting the focus of power from the industry to the consumer. Aqaba's tourism industry requires extensive IT training to develop this aspect of tourism marketing, but in the meantime, Aqaba will, due to its relative newness as a destination, remain heavily dependent on tour operators.

The importance of destination brands will increase in an increasing myriad of competing websites. Investment in marketing will continue to grow, with an increasingly sophisticated marketing mix of both 'above the line' and 'below the line' techniques.

A trend toward public-private partnerships (PPPs) in tourism promotion and product development is evident worldwide and will become much more prevalent in the next decade. The result of these PPPs is almost always a more effective and efficient expenditure of public funds, and a better vehicle to attract private sector funds, in-kind contributions and active participation by industry. An industry-led partnership also helps ensure marketing continuity despite political changes.

### ***b. The Regional and National Scenes***

According to the UNWTO, the Middle East has showed strong fluctuations over recent years. 2009 was a poor year, but in 2010 (January to August) it has been growing at 20% (but compared to very depressed first half of 2009 when it suffered a 19% decline). This compares with world tourism growth in the first half of 2010 of 7%.

Visitor numbers to Jordan achieved a new high of 3.78 million in 2009. Bed nights in Jordan increased between 2006 and 2008, but in 2009 suffered a steep decline to 4.8 million, and are still in fact considerably lower than in 2005 (5.5 million).

Table 1: Tourism to Jordan, 2005 – 2009

	2005	2006	2007	2008	2009	Growth 05-09
Jordan Overnight Visitors	2,986,586	3,546,990	3,430,960	3,728,709	3,788,896	27%
Average Length of Stay	4.5	4.2	4.4	4.3	4.8	7%
Bed Nights	5,552,477	5,022,965	5,148,488	5,762,432	4,834,999	-13%
Room Occupancy	49.40%	42.40%	47.30%	55.30%	45.80%	-7%

Source: MOTA

Note: Average length of stay in all MOTA statistics is only applicable to package tour visitors, not to all visitors.

This year according to MOTA Jordan is performing very strongly, with an increase in visitor numbers of 29% (January to July). This includes excellent performances from Spain (+78.4%), from France (+70%), from Russia (+59%), from Italy (+38%), from UK (+28.5%) and from Saudi Arabia (+17.3%). In total 2.67 million tourists visited Jordan between January and July 2010 compared to 2.07 million in the first seven months of 2009.

### ***c. Aqaba's Tourism Performance***

The following table illustrates tourism to Aqaba, based on hotel records:

Table 2: Tourism to Aqaba Hotels, 2005 – 2009

	2005	2006	2007	2008	2009	Growth 05-09
Aqaba Overnight Visitors	420,971	423,392	432,286	435,839	473,419	12%
Average Length of Stay	1.94	1.90	2.04	1.86	1.9	-2%
Bed Nights	814,668	802,858	883,012	812,801	898,977	11%
Room occupancy	52.0%	46.0%	46.0%	46.0%	41.0%	-21%
Aqaba's Share of Jordanian Bed Nights	15%	16%	17%	14%	19%	27%

Source: ASEZA Marketing and Tourism Directorate (AMTD)

Over the period 2005 to 2009, Aqaba has shown steady but unspectacular growth in overnight visitor numbers. It has achieved this by focusing its marketing on specific markets with charter tourism potential.

Bed nights have fluctuated wildly, with a particularly poor performance in 2008 followed by a good recovery in 2009. However over the five year period Aqaba's performance in bed nights has been much better than Jordan's. 2008 length of stay (and thus bed night numbers) was adversely affected by the switch of a major Spanish tour program's base from Aqaba to Amman, while 2009 was boosted by the start of Scandinavian charters and by the opening of four new hotels (the Radisson and Mövenpick in Tala Bay, and the Kempinski and Marina Plaza in central Aqaba).

Aqaba's performance so far in 2010 (January to September) shows a 6.2% increase in visitor numbers, and a more impressive 13.15% increase in bed nights, reflecting efforts to increase the length of stay in Aqaba of charter programs:

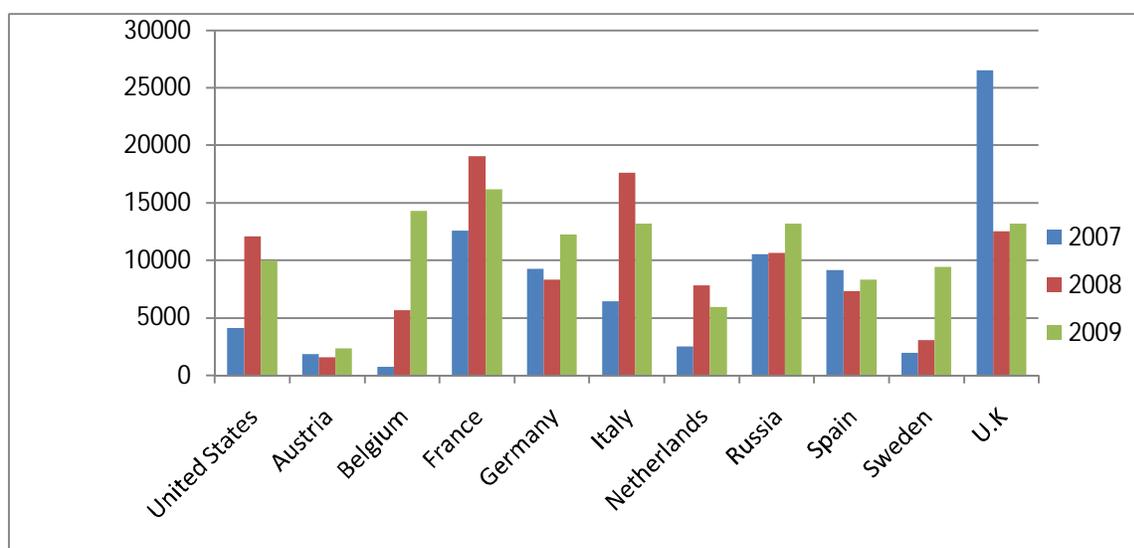
Table 3: Performance Aqaba 2010 to Date

	2009	2010
Arrivals	350,570	372,300
Bed nights	644,358	729,107

Source: AMTD

The chart below shows significant fluctuations in source markets reflecting the impact of new or discontinued tour programs on inbound tourist numbers which are still relatively small:

Chart 3: Top Ten Foreign Source Markets for Arrivals to Aqaba Hotels 2007 – 2009:



Source: AMTD

To understand these fluctuations more fully, a detailed analysis of individual source markets' performance was undertaken. The results are as follows:

### 1. Europe and Russia

Table 4: UK Nights in Hotels in Aqaba 2008 - 2009

Hotel Category	UK Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	18,390	14,580	62.5%	55.5%
4 stars	6,236	6,523	21.2%	24.8%
3 stars	978	1,964	3.3%	7.5%
2 stars	3,204	2,854	10.9%	10.8%
1 star	600	359	2.0%	1.4%
Under classification		1,658		
Total	29,408	27,938		

Source: AMTD

- In 2009 UK nights in classified hotels in Jordan was 188,176 nights, out of which 27,938 nights were spent in Aqaba or 14.8%;
- More than 55% were spent in the 5 stars category and more than 80 % in the 5 and 4 stars categories;
- The number of nights decreased by 5% in 2009 in line with the national average for UK visitors which dropped 5.1%;
- The average length of stay for UK tourists in Aqaba in 2009 was 2.1 nights, down from 2.3 in 2008.

Table 5: French Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	French Nights in Aqaba		Percentage in each category	
	2008	2009	2008	2009
5 stars	7,788	11,117	26.5%	59.5%
4 stars	11,436	318	38.9%	1.7%
3 stars	4,747	4,092	16.1%	21.9%
2 stars	4,346	2,609	14.8%	14.0%
1 star	1074	548	3.6%	2.9%
Under classification		6,348		
Total Classified	29,391	25,032		

Source: AMTD

- In 2009 French nights in classified hotels in Jordan was 262,472 nights, out of which 25,032 nights were spent in Aqaba or 9.5%;
- Unlike the UK, only 61% used the 5 and 4 stars categories in 2009, while 21.9% used the 3 stars category;
- The number of nights spent in 4 stars dropped significantly in 2009 from 38.9% to 1.7%, partly due to a decline in supply in this category. Most of this went to 5 stars;
- The number of nights decreased 14.8% in 2009, worse than the national average which decreased by 10.4%;
- The average length of stay for French tourists in Aqaba in 2009 was 1.55 nights and 1.54 nights in 2008.

Table 6: Italian Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Italian Nights in Aqaba		Percentage in each category	
	2008	2009	2008	2009
5 stars	3,581	4,579	14.5%	26.0%
4 stars	16,085	8,458	65.3%	47.9%
3 stars	3,104	3,480	12.6%	19.7%
2 stars	683	957	2.8%	5.4%
1 star	1,178	166	4.8%	0.9%
Under classification		8,563		
Total Classified	24,631	26,203		

Source: AMTD

- The Italians spent 224,035 nights in Jordan in 2009, out of which 26,203 nights were spent in Aqaba or 11.7%;
- Noticeably, the Italians spent around 60% of their nights in 2008 and nearly 50% in 2009 in the 4 stars category;
- The number of nights increased by 6.4% in 2009, while the national average increased by 6%;
- The average length of stay for Italians in Aqaba in 2009 was nearly 2 nights, up from 1.4 nights in 2008.

Table 7: German Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	German Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	7,962	5,287	47.8%	28.8%
4 stars	2,834	4,698	17.0%	25.6%
3 stars	2,282	4,993	13.7%	27.2%
2 stars	2,835	3,184	17.0%	17.3%
1 star	744	208	4.5%	1.1%
Under classification		2,418		
Total Classified	16,657	20,788		

Source: AMTD

- The Germans spent 205,055 nights in classified hotels in Jordan in 2009, out of which 20,788 nights were spent in Aqaba or 10.1%;
- Use of 5 star hotels declined from 48% in 2008 to 29% in 2009;
- An increase occurred in the 4 star and 3 star categories compared to 2008;
- The number of nights increased remarkably in 2009 by 24.8%, while the national average increased by only 9%;
- The average length of stay for Germans in 2009 in Aqaba was 1.7 nights and 1.99 nights in 2008.

Table 8: Russian Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Russian Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	29,081	26,869	78.1%	61.1%
4 stars	4,882	9,561	13.1%	21.8%
3 stars	2,561	7,252	6.9%	16.5%
2 stars	268	202	0.7%	0.4%
1 star	437	54	1.2%	0.1%
Under classification		2,960		
Total	37,229	46,898		

Source: AMTD

- The Russians spent 91,818 nights in classified hotels in Jordan in 2009, out of which 46,898 nights were spent in Aqaba or 51%, which underlines their interest in sun and sea holidays;
- Remarkably, around 78% of the nights in 2008 were spent in the 5 stars category, this figure dropped, however, to 61% in 2009;
- More than 90% of the nights spent in 2008 were in the 5 and 4 stars categories, and more than 80% in 2009;
- The number of nights increased in 2009 by 26%, a very positive result when compared with the national average of minus 37%;
- The average length of stay in Aqaba of Russians in 2009 was 3.16 nights and 3.5 nights in 2008.

Table 9: Dutch Nights in Hotels in Aqaba 2008 - 2009

Hotel Category	Dutch Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	2,072	2,890	15.4%	27.4%
4 stars	1,951	1,544	14.5%	14.6%
3 stars	1,822	1,887	13.5%	17.9%
2 stars	7,180	4,110	53.3%	38.9%
1 star	455	124	3.4%	1.2%
Under classification		1,207		
Total	13,480	11,762		

Source: AMTD

- The Dutch spent 66,213 nights in classified hotels in Jordan in 2009, out of which 11,762 nights were spent in Aqaba or 17.8%;
- The Dutch nights in the 2 stars category were surprisingly 53% of total in 2008, this figure however decreased to 39% in 2009;
- Assuming that these figures are accurate, this means that a higher level of Dutch tourist is in town (in terms of spending); due to the percentage decrease in the 2 stars category and the increase in the 5 stars category;
- The number of nights decreased in 2009 by 12.7% which is somewhat better than the decrease in the national average of 18.8%;
- The average length of stay in Aqaba of the Dutch tourist in 2009 was 1.98 nights and 1.72 nights in 2008.

Table 10: Spanish Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Spain Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	6,067	7,340	55.7%	63.5%
4 stars	3,993	2,877	36.7%	24.9%
3 stars	464	646	4.3%	5.6%
2 stars	328	559	3.0%	4.8%
1 star	29	128	0.3%	1.1%
Under classification		2,489		
Total Classified	10,881	14,039		

Source: AMTD

- Spanish tourists spent 177,690 nights in classified hotels in Jordan in 2009, out of which 14,039 nights were spent in Aqaba or 7.9%;
- The Spaniards spent in 2008 around 56% of the total nights in Aqaba in the 5 stars category, this number increased impressively to 63.5% in 2009;
- The Spaniards are not really customers of the 1, 2 and 3 star hotels in Aqaba;
- The number of nights increased in 2009 by 29%, an impressive performance when compared with the national average which decreased by 8.6%;
- The average length of stay of the Spaniards in Aqaba in 2009 was 1.69 nights and 1.49 nights in 2008.

Table 11: Belgian Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Belgian Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	5,611	13,291	41.6%	49.9%
4 stars	2,547	8,627	18.9%	32.4%
3 stars	4,389	4,465	32.5%	16.8%
2 stars	765	215	5.7%	0.8%
1 star	169	35	1.2%	0.1%
Under classification		1,132		
Total Classified	13,481	27,765		

Source: AMTD

- Belgian tourists spent 70,135 nights in classified hotels in Jordan in 2009, out of which 27,765 nights were spent in Aqaba or 39.6%;
- Nearly 500% of the nights in 2009 were spent in the 5 stars category and around 80 % in the 5 and 4 star categories;
- The number of nights increased tremendously in 2009 by 106% while the national average increased by around 46%;
- The average length of stay of the Belgians in Aqaba in 2009 was 1.94 nights and 2.38 nights in 2008.

Table 12: Swedish Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Swedish Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	6,722	14,640	52.9%	57.2%
4 stars	4,202	9,118	33.1%	35.6%
3 stars	1,117	1,091	8.8%	4.3%
2 stars	607	666	4.8%	2.6%
1 star	49	67	0.4%	0.3%
Under classification		6,011		
Total Classified	12,697	31,593		

Source: AMTD

- The Swedish tourist spent 56,830 nights in classified hotels in Amman in 2009, out of which 31,593 nights were spent in Aqaba or 55.6%;
- Remarkably, 92.8% of nights spent in Aqaba in 2009 were in the 5 and 4 stars category, 57.2% were in 5 stars;
- The number of nights increased tremendously in 2009 by 149%, while the national average increased by 92%;
- The average length of stay of the Swedish tourist in Aqaba was 3.35 nights in 2009 and 4.18 nights in 2008.

## 2. The European Tourism Brief 2009

Table 13: The European Tourism Brief 2009

Country	Arrivals to Aqaba	Nights in Aqaba	% in 5 and 4 star Hotels	Average Length of Stay (approximate average of 2008 & 2009)	Percentage of nights spent in Aqaba in relation to Jordan
Russia	13,215	46,898	82.9	3.3	51.0
Sweden	9,419	31,593	92.8	3.8	55.6
UK	13,201	27,938	80.3	2.2	14.8
Belgium	14,320	27,765	82.3	2.2	39.6
Italy	13,208	26,203	73.9	1.7	11.7
France	16,158	25,032	61.2	1.55	9.5
Germany	12,223	20,788	54.4	1.9	10.1
Spain	8,312	14,039	88.4	1.6	7.9
Netherlands	5,936	11,762	42.0	1.9	17.8

Source: AMTD/ ASEZA Consultants

- The above table serves as a benchmark for strategy targets;
- These are interesting figures; however, the huge task is to create sustainability. This strategy document together with the detailed Action Plan also being produced will specify in detail the activities needed to increase traffic and length of stay in Aqaba;
- The challenge remains, however, that the achievers in the above table are all charter operations which are usually delicate and tricky to sustain unless there are professional people on the ground capable of building a partnership with the principal tour operators in Europe. Such a job should not be left to the Jordanian or Egyptian handling agents;
- There are encouraging signs especially from Sweden, Belgium and the UK that they are already considering Aqaba as a real destination, not just a stopover;
- Most of the nights spent in Aqaba are in the 5 and 4 stars categories, partly because these are offering more attractive prices but mostly because the tourists belong to the target group that Aqaba is and will be pursuing;
- It is realistic therefore to set strategy targets for the European primary source markets as follows: an increase in arrivals of 40% until 2015 or 8% annually, and 2.5 nights or 0.5 nights annually.

## 3. The Region

Table 14: Lebanese Nights in Hotels in Aqaba

Hotel Category	Lebanese Nights in Aqaba		Percentage in Each Category	
	2,008	2009	2008	2009
5 stars	1,900	2,201	23.0%	53.9%
4 stars	416	176	5.0%	4.3%
3 stars	5,118	1,219	61.9%	29.8%
2 stars	573	432	6.9%	10.6%
1 star	260	57	3.1%	1.4%
Under classification		2,969		
Total Classified	8,267	7,054		

Source: AMTD

- The Lebanese spent 87, 209 nights in classified hotels in Jordan in 2009, out of which 7,054 nights were spent in Aqaba or 8.1 %;
- 53.9 % of the nights spent in 2009 were in the 5 stars category, an increase of 40 percentage points over 2008;

- The number of nights decreased in 2009 by 14.7 %, which is close to the national average of 9.3 %;
- The average length of stay of the Lebanese was 1.55 nights in 2008 and 1.52 nights in 2009.

Table 15: Saudi Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Saudi Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	2,146	3,891	17.0%	32.2%
4 stars	1,037	273	8.2 %	2.3 %
3 stars	1,080	1,030	8.5 %	8.5 %
2 stars	4,191	5,096	33.1%	42.2%
1 star	4,192	1,781	33.1%	14.7%
Under classification		3,402		
Total Classified	12,646	15,473		

Source: AMTD

- Saudis spent 325,400 nights in classified hotels in Jordan in 2009, out of which 15,473 nights were spent in Aqaba or 4.75 %;
- Strikingly, more than 50 % of the nights are spent in the 1 and 2 star categories. These need to be surveyed in order to find out their motives and trends;
- One encouraging sign is that in 2009, the number of nights spent in 5 stars is 32 %, again this need to be surveyed;
- The number of nights in 2009 increased by 22.3 %, while the national average decreased by 16%;
- The average length of stay of the Saudis in Aqaba was 1.25 nights in 2008 and 1.27 in 2009.

Table 16: Iraqi Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Iraqi Nights in Aqaba		Percentage in Each Category	
	2008	2,009	2008	2009
5 stars	2,492	3,504	23.0%	53.2%
4 stars	565	373	5.2 %	5.6 %
3 stars	808	655	7.4 %	9.9 %
2 stars	5,256	1,739	48.5%	26.4%
1 star	1,717	320	15.8%	4.8%
Under classification		2,539		
Total Classified	10,838	9,130		

Source: AMTD

- The Iraqis spent 259,674 nights in classified hotels in Jordan in 2009, out of which 9,130 nights were spent in Aqaba or 3.5 %;
- The numbers are inconsistent, while in 2008, nights spent in 1 and 2 stars category were 64.3 %; in 2009 the number went down 31.2 %;
- The percentage in the 5 stars category also more than doubled in 2009;
- The number of nights decreased by 15.8 %, in line with the national average which dropped 16 %;
- The average length of stay was 2.29 nights in 2008 and 1.56 in 2009

Table 17: Syrian Nights in Hotels in Aqaba 2008 – 2009

Hotel Category	Syrian Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	820	1,188	28.9%	63.5%
4 stars	274	89	9.7%	4.7%
3 stars	474	87	16.7%	4.6%
2 stars	921	378	32.5%	20.2%
1 star	347	130	12.2%	6.9%
Under classification		1,685		
Total Classified	2,836	3,557		

Source: AMTD

- Syrians spent 78,438 nights in classified hotels in Jordan in 2009, out of which 3,557 nights were spent in Aqaba or 4.5 %;
- Like most of others in the region, Syrians in 2008 spent around 45 % of their nights in Aqaba in the 2 and 1 stars category, but this percentage diminished considerably in 2009;
- Again, similar to others, there is a big jump of around 35 % in the 5 stars in 2009;
- The nights increased by 25.4 % in 2009, while the national average dropped 15 %;
- The average length of stay of the Syrians was 1.86 nights in 2008 and 1.51 nights in 2009.

Table 18: Egyptian Nights in Hotels in Aqaba

Hotel Category	Egyptian Nights in Aqaba		Percentage in Each Category	
	2008	2009	2008	2009
5 stars	500	1,321	5.7%	30.6%
4 stars	613	258	6.9%	6.0%
3 stars	414	216	4.7%	5.0%
2 stars	4,459	854	50.5%	19.8%
1 star	2,845	1,672	32.2%	38.7%
Under classification		511		
Total Classified	8,831	4,832		

Source: AMTD

- The Egyptians spent 64,163 nights in classified hotels in Jordan in 2009, out of which 4,832 nights were spent in Aqaba or 7.5 %;
- The Egyptian figures are similar to the region showing more than 50 % occupancy in the 1 and 2 stars category and a big jump in 5 stars in 2009;
- The nights decreased by 45.3 % in 2009, while the national average decreased by 15 %;
- The average length of stay was 2.1 nights in both 2008 and 2009.

#### 4. The Regional Brief

- The numbers from the regional countries are somewhat unclear, except for the Lebanese figures which show consistency;
- Since there are no charter operations from the region, these are, in general, visiting Aqaba as part of a Jordanian itinerary or for business;
- Apparently, most of the visitors of the region stay in 1 and 2 star facilities. This is not in line with the target groups of the new strategy, and further research and segmentation is needed;

- In 2009, there seemed to be demand for 5 star facilities in Aqaba by the regional countries. This also requires further investigation and development;
- There seems to be a universal decrease in the number of nights from the region;
- Much more work should be undertaken in the primary markets of the region in order to establish Aqaba as a destination;
- It is realistic therefore to set strategy targets for the primary source markets of the region as follows: an increase in arrivals of 40% until 2015 or 8% annually, and 1.5 nights or 0.3 nights annually.

## 5. The Domestic Market

Aqaba is a well established market for Jordanians, who account for around half the arrivals at hotels.

The following table shows the numbers of Jordanians staying in Aqaba hotels (2005-2009):

Table 19: Domestic Tourism to Aqaba

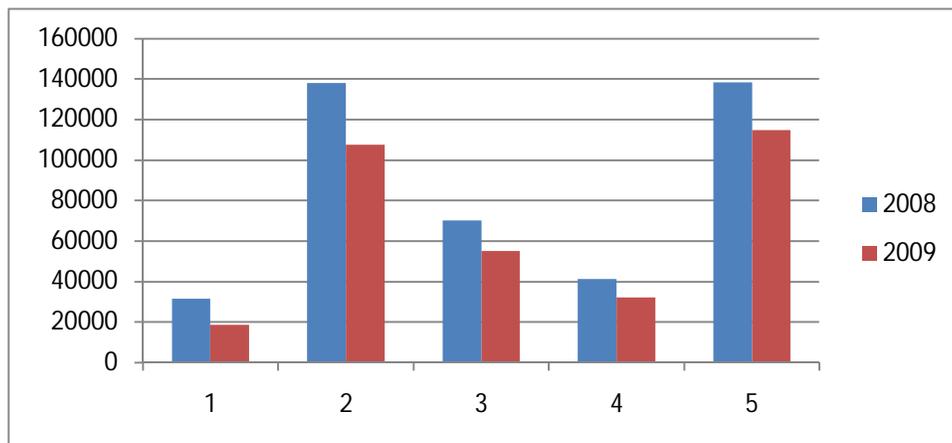
	2005	2006	2007	2008	2009
Beds	422664	517356	584254	443836	421304
Arrivals	240402	287137	287514	248977	234629

Source: AMTD

The domestic market remains very important for Aqaba, and has been successfully targeted by hoteliers and by ASEZA to address periods of low occupancy, for example by organizing a special events program during Ramadan.

Jordanian bed nights in Aqaba are concentrated at two contrasting hotel levels - 2 and 5 stars:

Chart 4: Jordanian Bed Nights in Aqaba



Source: AMTD

Whilst Aqaba has 3,691 hotel rooms available, it is also estimated to have over 10,000 apartments available to rent during key holiday periods. These are advertised to the local market through fly-posting on walls and through the local press. Although at present not formally considered part of Aqaba's tourism economy, this residential tourism element brings substantial numbers of visitors to Aqaba, and it should be noted that true tourism figures are probably at least twice the numbers reported from hotel returns.

So although hoteliers report a decline in domestic visitors and overnights over the last three years, continuing increases in the residential tourism offer are clearly partly responsible for this, together with the exceptional deals being offered to Amman residents by resorts in Lebanon, Syria and Turkey. There is a strong case for bringing residential tourism into the formal tourism economy through classification.





### III. Review of Aqaba's Previous Tourism Strategies<sup>2</sup>

Aqaba's tourism development has followed the roadmap outlined in the *Strategic Plan for Aqaba Tourism* prepared with USAID assistance in 2002, building on the *Aqaba General Plan*. The vision for Aqaba outlined in the *Strategic Plan for Aqaba Tourism* was as follows:

Aqaba will prioritize its development as a historic and distinctive Red Sea destination leveraging its spectacular waterfront setting and axis location. It will develop experiences to attract sun seekers, water sports enthusiasts families, business travelers and cruise passengers as well as acting as a gateway and base for engagement with the heritage of Petra and the desert experiences of Wadi Rum.

Many of the detailed 2002 objectives of this plan have now been realized, and this is a considerable achievement. The primary responsibility for achieving this vision lies with ASEZA itself, and with its success in attracting very significant investment in new tourism plant to Aqaba. The city is in the process of being transformed into a significant 4 to 5 star resort destination, and a distinct tourism node on the Red Sea. However a great deal more needs to be done to transform a destination with 5 star hotels into a fully functioning 5 star destination meeting all the requirements for this level of customer. In Aqaba there are obvious significant weaknesses in visitor attractions and facilities, night entertainment, general service quality, marketing and competitiveness that need to be addressed as well as the very important task of increasing direct access to underpin the hotel expansion now underway.

One significant aspect of the 2002 strategy vision which has yet to be realized is the development of Aqaba as a meetings, incentives, conferences and exhibitions (MICE) destination. This has been hampered to date by limited product (the National Convention Centre was built near the Dead Sea), limited room supply and poor scheduled access. The current Saraya Aqaba development will include a stand-alone convention centre and this is scheduled for completion in 2013/2014.

Aqaba's tourism development was further supported by a five year EU institutional support for the Aqaba Special Economic Zone (IS-ASEZA). This facilitated the establishment of the Tourism Directorate within ASEZA with responsibility for marketing, tourism training, guiding product development and tourist information. The major outputs from the EU program (IS-ASEZA) were a five year marketing strategy (IBM Business Consulting [2005] *Aqaba Tourism Marketing Strategy 2005-2010*) and a five year training strategy (Hypodomi Consulting [2006] *Aqaba Tourism Training Strategy 2005-2010*), together with technical support for implementation in the three years (2005, 2006 and 2007). Various reports on key aspects of product development issues were commissioned for ASEZA. A wide range of marketing materials were produced including brand guidelines, website, visitor servicing literature in six languages, and DVDs. Some special interest stock advertisements were also created. The Tourism Component of the EU program had an overall budget of €2.2 million (US\$2.8 million, JD 1.96 million). ASEZA's contribution was an additional 100% over a four year period.

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<sup>2</sup> These refer to tourism strategies that have been formally approved by the ASEZA in the past.

Implementation of many of these studies' recommendations has commenced, but there remain significant capacity shortfalls within ASEZA which are hampering progress. In the area of marketing a clear branding with very detailed guidelines was developed and implemented in some (limited) advertising in special interest publications; a suite of visitor servicing literature was developed; and the branding was made more visible on taxis in Aqaba (following a training program), on a hot air balloon in Wadi Rum and from 2009 on shuttle buses.

Towards the end of 2007 a new advertising campaign "Breathe Aqaba" was launched. Many stakeholders feel that this diluted the previously agreed brand values by placing too little emphasis on Aqaba's rich history and heritage. The campaign has now been discontinued, and a concept closer to the original brand values is being developed.

### **a. *The Marketing Strategy 2005-2010***

The previous five year Aqaba marketing strategy launched in 2004 had three overall objectives:

- To progressively re-position Aqaba as an international destination as more high quality, high yield product comes on stream;
- To broaden awareness of Aqaba as a holiday base; as a quality diving centre; as a cruise liner port; and as a potential gateway to Jordan and the region;
- To increase the length of stay of visitors in Aqaba.

The marketing strategy outlined the following principles for ASEZA to follow:

- Focus marketing activity on creating awareness amongst the international and Jordanian travel trade, encouraging better access and enabling the travel trade in Aqaba to form linkages with international partners;
- Develop a visually stunning, state-of-the-art tourism internet site to communicate Aqaba brand values and to enable the Aqaba private sector through maximizing internet linkages;
- Drive the brand image of Aqaba through a regular program of news-worthy press releases, promoting high profile events related to key product clusters and through hosting journalists and travel writers in Aqaba. Co-operate very closely with JTB and its overseas public relations advisors;
- Appoint an advertising agency to devise a series of superb branded advertisements for each product cluster and for a domestic holiday campaign. The advertisements should form part of the brand portfolio and, once created should be used consistently for a three year period at least. The agency will be responsible for the placement of advertisements, in accordance with an annual brief from ASEZA;
- Co-operate fully with JTB in planning and attending relevant overseas promotional events in order to maximize the exposure of Aqaba. ASEZA to give preference to trade orientated events in order to enable travel trade connections and access development. ASEZA to work to maximize private sector participation in marketing activities;
- Produce a range of high quality tourism marketing print pieces in accordance with brand guidelines. Print runs to be determined on the basis of a literature distribution plan. Print pieces to be made available on the internet in down-loadable format. The range of languages in which literature is produced to be expanded over time;
- Commitment to research-based decision making and to communicating research findings to the private sector, JTB and MOTA.

The Aqaba marketing strategy 2005-2010 quoted and effectively followed the guidelines outlined in the *Jordan Tourism Development Strategy* and JTB marketing (boutique or special

interest) positioning, but with a special emphasis on targeting charter traffic and cruise liners. Some interesting new markets were opened up where JTB does not operate (in particular Scandinavia and Poland) by targeting charter operators with an incentive scheme.

The *Aqaba Tourism Marketing Strategy 2005-2010* includes reference to the *Jordan NTS* and the *Jordan Tourism Marketing Sub-Strategy*. The strategy follows the product groupings and target markets suggested in these documents. The most significant difference is that the Aqaba strategy suggests targeting charters from Scandinavia and Poland and cruise liners, whereas the national marketing sub-strategy did not.

Guidelines on co-branding (e.g. with the Jordan national brand) are included in the Aqaba Tourism Brand Guidelines. However with the exception of the *Aqaba Tourism and Marketing Newsletter*, Aqaba has not used JTB's 'Visit Jordan' logo extensively. Likewise the *JTB Brand Guidelines* detail how brand endorsement should be handled, but no joint campaigns have been devised with ASEZA.

### *b. Achievements*

Consultations undertaken for this assignment indicate that the 2005-2010 marketing program is generally regarded as having been helpful to Aqaba particularly with regard to repositioning the destination, training ASEZA staff and opening up new markets (such as Scandinavia).

Two of the three overall objectives of the 2005 strategy have shown good progress:

- Aqaba has progressively re-positioned itself as an international destination;
- Awareness of Aqaba as a holiday base has been broadened amongst the travel trade in key markets identified by the strategy.

The third objective however has not been achieved. Length of stay remains unchanged at an average of just 1.9 nights, indicating that Aqaba is not yet a destination in its own right, in that it cannot hold the interest of tourists for long. This reflects lack of effective action on product development (other than accommodation expansion) as well as marketing.

The marketing strategy's targets were bed night-based and aimed to deliver 1.89 million bed nights by 2010. Aqaba will not even be halfway to this target, which was based on an assumed doubling of room supply. This doubling is unlikely to be achieved until 2013 at the earliest when the Saraya hotels are predicted to become fully operational.

The main target of 2005-2010 marketing strategy was Europe and Aqaba has already broadened its source markets here considerably: in 2004 Aqaba was dependent on Hungary; by 2009, France, Italy, Germany, Benelux, and the UK were the main sources of hotel bed nights.

Progress is illustrated by the following facts:

- The proportion of total tourists from Western European markets to Aqaba increased from 12.9% in 2004 to 22% in 2009. Over the same period Western European bed nights grew from 80,702 to 212,016 (+163%);
- In 2004 Aqaba was largely dependent on low value charters from Hungary and domestic tourism: it was not really seen as an international tourism destination, just as an add-on at the end of a classic Jordan tour. By 2008 regular charters were flying from most of those markets which the marketing strategy had

specifically targeted: Scandinavia, the UK, Benelux, Spain and Italy (Western European markets). It remains the case however that very few Jordanian ground handlers market Aqaba as a feasible holiday base, and this is an important issue to be addressed in the next five years;

- Aqaba has established itself as a regular cruise liner destination through targeting cruise line companies. The number of cruise liner calls has increased from eight in 2003 to 132 in 2009;
- Very detailed brand guidelines were produced and were applied by ASEZA Tourism Directorate in tourist publications, and physically in Aqaba itself through extensive 'you are here' street maps in key locations, and through branding taxis and buses. The brand objective positions Aqaba as a hub for visiting Aqaba (the Red Sea), Petra and Wadi Rum, and emphasizes its distinct culture. The English strap line 'The oasis and beyond' reflects the 2002 strategy vision for Aqaba ('Aqaba will flourish as a distinctive oasis city'). However some stakeholders believe that, although the brand values in themselves are convincing, the word "oasis" is inappropriate, since it tends to give the impression of an inland city. The Arabic strap line recommended reflected domestic market research but has not been extensively used;
- Aqaba's EU-funded PR campaigns and advertising helped re-open business from Scandinavia to Jordan and created some awareness in the UK, Benelux, France, Poland and Spain - TUI and Thomas Cook commenced charters from Belgium and the Netherlands and up-market Voyages Jules Verne (JV) started from the UK in 2005 using Aqaba as their holiday base for Petra and Sinai. These successes illustrate the merits of adopting a travel trade focus, rather than engaging in consumer advertising.

It is very difficult to re-position a tourism destination from one dominated by low spend East European charters and domestic tourists, to one that attracts higher spending Western European tourists, and this is a major success for ASEZA (and Jordan), one which many other tourism destinations would wish to emulate.

In overall terms however Aqaba's bed night growth has been disappointing (only 10% over a period of 5 years). What has changed is the type of tourist, shifting from domestic to international and from East European to West European.

As room supply did not expand nearly as quickly as the strategy had predicted in 2004 (there were 20% less rooms at the start of 2009 than forecast), the shortfall on the bed night targets did not negatively affect hotel occupancy in 2006-2008, and although average occupancy softened from 46% in 2008 to 41% in 2009 the hotel sector remained marginally viable in a situation of expanding supply.



### *c. Lessons Learned*

There are aspects of Aqaba's marketing where improvement is needed:

- Budgets are insufficient to have the level of impact required. This has hampered the penetration and effectiveness of the Aqaba tourism brand;
- In the domestic market the tourism brand has been overshadowed by other Aqaba campaigns such as Saraya Aqaba and ASEZA's own 'Turn sand to gold' advertising;
- Consultation with the private sector whilst regular is informal and unplanned. However an advisory Executive Committee with a private sector Chairman was formed recently, and is beginning to make a useful input into the decision making process, including into the formulation of this new strategy;
- In some cases private sector consultation did take place (for example in creating the 2008 'Breathe Aqaba' TV advertisement). However effective advertising should be based on a researched brief and examination of target audiences, not on the preferences of the local industry or government officials;
- Communication between ASEZA and JTB has not been effective. ASEZA TV advertising has been running in some markets without the schedules being communicated to JTB's market managers. This is a wasted opportunity because JTB could enhance and follow up on Aqaba advertising in the markets where JTB has representation. There appear to be few examples of joint marketing campaigns, although ASEZA does participate with JTB at trade fairs. It should be noted, however, that in some markets of interest to Aqaba, for example Scandinavia, JTB does not have representation;
- Lack of reliable statistics, statistical analysis, and consumer research. There are opportunities to strengthen further cooperation with the Ministry of Tourism and Antiquities (MOTA) and with JTB regarding market research, which is critical to guide effective marketing (and product development) and to ensure objective reporting and decision making. Significant differences between ASEZA and MOTA figures for occupancy, room supply and arrivals became apparent during the preparation of this strategy. The system used to collect and present tourism statistics in Aqaba needs an urgent overhaul;
- The potential of Aqaba's special economic zone status has not been realized in terms of restaurant or retail prices. This is a key issue in the current economic downturn;
- The Aqaba tourism website <<http://www.aqabajo>> is not as dynamic and engaging as it might be, nor does it provide private sector linkage for bookings. For example it does not list the overseas tour operators or charter companies serving Aqaba. This needs attention to ensure an integrated approach. A company has now contracted to redesign the website;
- Although ASEZA has excellent and dedicated Tourism Directorate staff and has won an EU marketing award, corporately it has had significant difficulty recruiting and retaining staff to deliver marketing effectively and implement the many strategic documents which have been prepared for its Tourism Directorate. Some key posts are currently vacant. There is a particular need for skills in preparing research-based agency briefs, and in the negotiation of joint marketing.

### **Stakeholders' Views**

Based on extensive consultation with the larger Jordanian ground handlers, it remains the case that few are yet convinced that Aqaba can be a realistic holiday base. Their preference remains to use it as a one or two night stay at the end of a classic 'round Jordan' tour, if at all. Interviews undertaken with ground handlers indicate that reasons they do not use Aqaba hotels are as follows:

- Aqaba's hotels are not considered price-competitive. The benefits of Special Economic Zone status are not being passed on (however recent commercial pressures have started to change this);
- It is not necessary to include Aqaba in a Jordan tour where the main demand is for Petra.

One of the largest inbound operators to Jordan summed this situation up as follows: 'We don't have to use Aqaba, it isn't price competitive. There are other choices for good hotels in Jordan which are just as convenient to the places our clients want to see'. This is a critical marketing issue to be addressed as ground handlers are key sales agents for Jordan.

Our interviews with international tour operators indicate that:

- Awareness of King Hussein International Airport as a potential charter destination is very poor in the overseas travel trade; as a result Aqaba-based charter traffic has not developed enough to affect market share significantly;
- Some tour operator principals are not fully aware of the improvements in Aqaba's tourism product, and have not visited Aqaba for a number of years;
- Only a few tour operators in overseas markets are aware of ASEZA's charter incentive scheme;
- There is strong seasonal resistance to the summer months, with a perception that the climate is more extreme than in reality.

Many stakeholders believe that the Petra opportunity has not been fully exploited. In July 2007 Petra was declared one of the "new seven wonders of the world". It would appear that Jordan's national marketing capitalized well on this marketing opportunity, but that Aqaba did not. The opportunity to run a specific tactical campaign directly associating Aqaba as part of Jordan and the optimum base for visiting Petra (as per the branding strategy) was missed.

Egypt and Turkey are both engaged on a massive program of price cutting as well as accommodation expansion involving the construction of 'new coastal tourism cities' such as Marsa Alam on the Red Sea. Aqaba cannot compete on price with these mass tourism destinations that target lower sections of the market. Boutique positioning through identifying precise segments willing to pay more than for Egypt or Turkey is essential. Tactical opportunities such as the current popularity of Petra must be capitalized on.

Aqaba's 2005-2010 Tourism Marketing Strategy clearly highlighted the need to sell Aqaba as the base for visiting Petra and Wadi Rum. Instead in 2007 Aqaba ceased placement of the Aqaba-Petra-Wadi Rum advertising campaign drawn up under IS-ASEZA, changed advertising agencies and commenced work on an international TV-led international advertising campaign with an Aqaba only emphasis ('Breathe Aqaba' on CNN, BBC World, Eurosport and NBC). International TV advertising had not been recommended and the effectiveness of this campaign in terms of increased hotel bookings should be reviewed. We have been unable to locate a detailed written research-based advertising brief supplied to the agency at tender stage.

In addition, the new 2008 'Breathe Aqaba' campaign centered on product weaknesses (air quality and beaches) and assumed prior knowledge of what Aqaba is and where it is. Supporting print advertising in some cases reverted to a sun-sea-sand and jet skis image of Aqaba and used layouts and designs which run contrary to the brand guidelines drawn up. Undertaking new print advertisements and literature design are a significant waste of resources when a suite of literature and stock advertisements had already been designed and had had very limited placement. In particular redesigning literature is a waste of money, when simple updating of text is all that is required.

In recessionary times Aqaba's focus should be to undertake the type of highly targeted and measurable marketing that has been proven successful in the past, working through travel

trade intermediaries whenever possible in order to maximize return on investment. It is recommended that Aqaba reverts to adherence with brand guidelines and links itself more strongly to Petra, Wadi Ram, and Jordan.

Resources should be spent on supporting the marketing of key European charter operations at a time when their continued operation is under threat; on attracting direct scheduled airlines; on raising international visibility; and on stimulating the regional and domestic market. In future tender processes should be applied which ensure that agencies understand and will adhere to Aqaba brand guidelines. A very considerable amount of money has been invested by ASEZA and others in creating an Aqaba brand: this money is largely wasted if the brand is changed just two years following its launch.

It is clear that some aspects of the 2005-2010 strategy are not now being carried forward, hence the urgent need for this new strategy.

Main lessons learned can be summarized as followed. Aqaba needs:

- Consistency in branding over time;
- A special interest and travel trade focus internationally (as per the 2005-2010 Strategy);
- Increased partnership with the industry to improve marketing effectiveness and increase resources;
- To convince Jordan ground handlers that Aqaba can be a viable and profitable holiday base;
- To improve market research;
- To maximize cooperation opportunities with JTB;
- To target carriers in key markets.

The principal issues emerging from this analysis are:

- Visibility;
- Accessibility;
- Seasonality;
- Partnership.

These four issues form the basis of the key marketing objectives recommended in the 2011-2015 Marketing Strategy (Section 4).

## **Visibility**

As we have seen, awareness of Aqaba as a potential charter base for Petra and Jordan is low, as is awareness of improvements in Aqaba's product. Knowledge of Aqaba in international markets is very limited.

Aqaba needs to:

- Seize the Arab Capital of Tourism opportunity to increase its international PR;
- Increase visibility in major tour operators brochures (as, for example, in the current advertorial in the Voyages Jules Verne UK brochure or the recent brochures produced with ABTA);
- Undertake more joint schemes with travel suppliers;
- Host more tour operators, Jordanian handling agents and media representatives on study tours to Aqaba;
- Utilize cost-effective new e-marketing techniques, including the social networking and consumer travel sites (e.g. Facebook, Twitter, Trip Advisor).

## Accessibility

Road access to Aqaba (with the exception of difficult border crossings from Israel and Saudi Arabia) is relatively easy. Sea traffic from Egypt comes on the Arab Bridge Company from Nuweiba (primarily commercial and immigrant labor) and on Sindbad boats from Taba (primarily European charter tourists), plus significant numbers of cruises. However the lack of scheduled international flights to Aqaba's airport is a significant disadvantage.

The King Hussein International Airport (KHIA) is operated by the Aqaba Airports Company and leased from ADC. Aqaba Airports Company was set up by the Jordan Civil Aviation Authority (JCAA) following the disposal of the airport to ADC by the JCAA. The airport has an ambitious Master Plan to 2026 drawn up by Changi Airport Consulting in 2008, but (were it not a strategic national facility) it would be an obvious asset for privatization. In other emerging tourism destinations (such as El Gouna, Marsa Alam and El Alamein in Egypt) airport management and marketing go hand-in-hand with developers sometimes also owning or operating the airports.

Royal Jordanian (RJ) is currently the only scheduled carrier servicing Aqaba from Amman, and flights to Aqaba generally do not connect from inbound European destinations, although RJ is planning to make changes in winter 2010 to improve this. Some flights also stop at KHIA en route between Sharm el Sheik and Amman, although this service is not operating at present. The Amman-Aqaba flight is currently twice daily, and in periods of stronger demand can increase to three return flights.

RJ generally serves the Amman-Aqaba route with its Embraer 195 (72 seats) and Embraer 175 aircraft (100 seats). There are two flights a day, morning and evening. Larger Airbus will be used when demand requires it. RJ reports variable loadings on its Aqaba connection. RJ's marketing manager indicates that the airline is committed to Aqaba and is willing to consider joint marketing campaigns with the destination. An encouraging sign is that they are now considering flights to Aqaba via Amman from Paris, Moscow and possibly London, but such plans have not materialized in the past.

However, the King Hussein International Airport's open skies policy and 3km of runway allow for virtually unlimited airlift to Aqaba. The KHIA terminal is designed to handle one million passengers per annum and is at present operating at 25% capacity:

Table 20: KHIA Passengers Domestic & International 2006-2009

Year	2006	2007	2008	2009
Passengers*	186,465	143,683	197,933	244,587

Source: Aqaba Airport Company

\* includes transit

At present, KHIA has nearly 250,000 passengers, approximately half of which are departures. This means that there are approximately 125,000 arrivals to the airport, compared with 473,419 arrivals at hotels. This implies that less than 25% of arrivals come by air, as some arrivals will not be staying overnight. 78% of airport utilization is for local training flights. Domestic flights account for 14% and international flights just 8%.



KHIA is thus a significantly under-utilized asset which is central to destination success. Although passenger numbers at King Hussein International Airport (KHIA) have shown good growth, the airport remains a loss-making concern and has no marketing plan, marketing budget or marketing manager. This is a critical destination weakness.

Securing additional airlift to the destination must be a key objective for Aqaba. Without an active and specific specialist access marketing plan Aqaba's chances of becoming a 'destination in its own right' are critically undermined. Access marketing and destination marketing are not one and the same, and the airport is mistaken to think that tourism destination marketing will maximize the opportunity to sell the airport. There is an immediate need for the Aqaba Airport Authority to contract expert assistance with regard to airport/access marketing, and for it and ADC to seek advice on commercializing and privatizing the facility, perhaps with a subsidy, or even on the possibility of offering it to one airline as a hub.

For AMTD the stimulation of new charters is the most productive short term marketing option, and over the past few years it has offered an incentive scheme for charter operations (€5,000 per flight for 10 rotations; so the total was €50,000 per source market/operator). An improved incentive scheme which gives extra rewards for additional nights has recently been launched (see Annex 2).

However scheduled airlines offer a more stable and flexible long term solution. Negotiations should be undertaken with RJ and with European carriers serving Amman. In the medium term increasing attention should be given to Low Cost Carriers (LCCs). There has been massive growth in LCCs in Europe in recent years. This is now spreading to the Middle East. What this phenomenon has shown is that the cost of travel is an incentive to travel. EasyJet is now flying five days a week to Sharm el Sheik from London Gatwick with fares from JD160 each way. Vueling is flying from Barcelona to Amman. LCC access from Europe to Aqaba would bring significant change to the competitiveness of both Aqaba and Jordan, and to Aqaba's potential as a second home destination. Jet2.com is an example of a company that could also be targeted by KHIA.

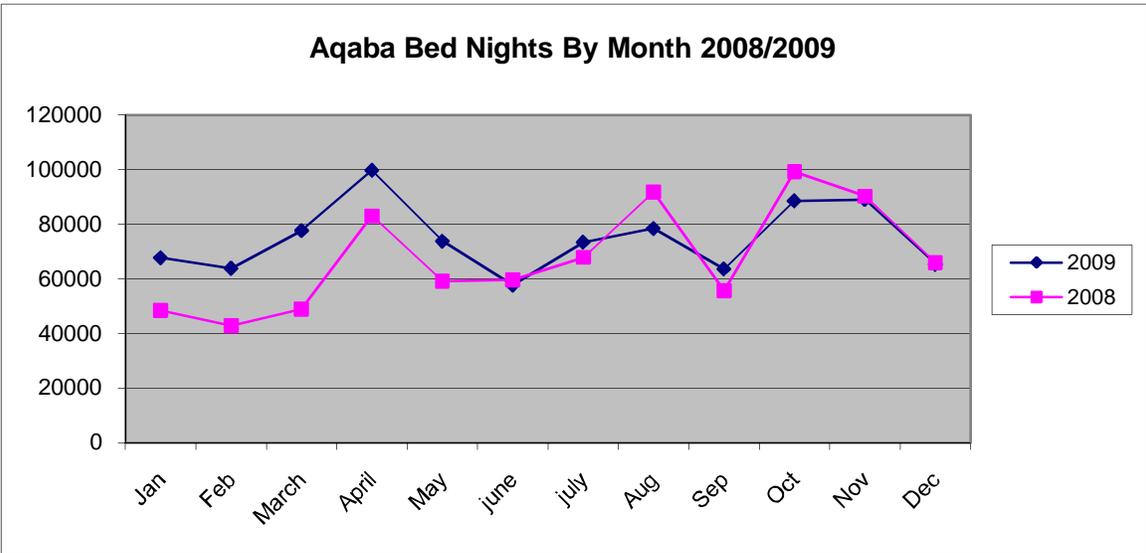
Aqaba must become proactive in securing additional air services. ASEZA and Aqaba's tourism sector, working with KHIA and ADC, should research the potential of a wide range of gateways across the target markets in order to identify pockets of potential. Route planning studies should be undertaken and presented to carriers, scheduled or charter, and packages of

incentives offered to secure services. High level attendance at the World Routes Forum in 2009 and again in 2010 is clearly a step in the right direction.

**Seasonality**

As can be seen from the following chart, Aqaba’s hotel seasonality has shown consistent fluctuations over the last two years. A general trend apparent is poor occupancy in the winter months, implying that Aqaba is not capitalizing on its climatic advantage over Amman, and not selling itself sufficiently as a winter sun destination to international and local markets. The local market is weekend related and seriously constrained by the timing of Ramadan, other holidays, and school schedules. The international market is discouraged by the severe winter weather which Petra experiences from time to time, and by heat in the summer.

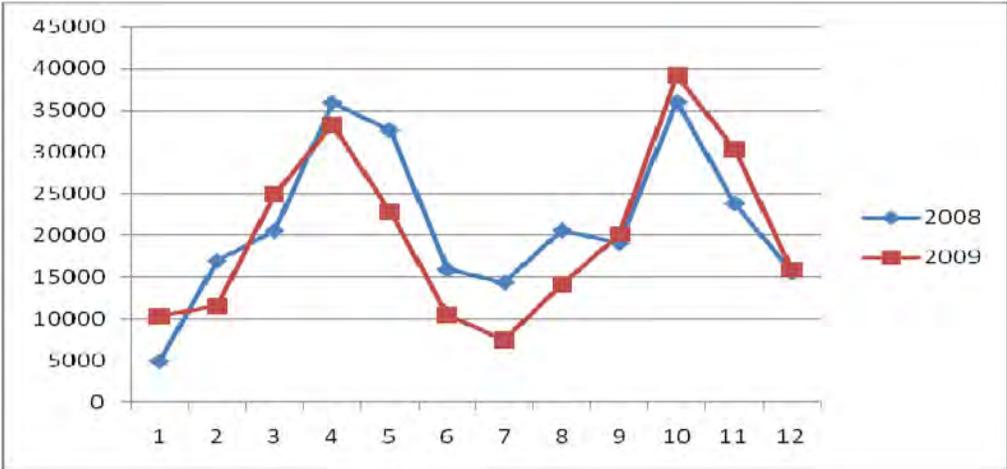
Chart 5: Aqaba Bed Nights by Month 2008/2009



Source: AMTD

The winter and summer troughs show clearly in the seasonal patterns of visitors to Wadi Rum:

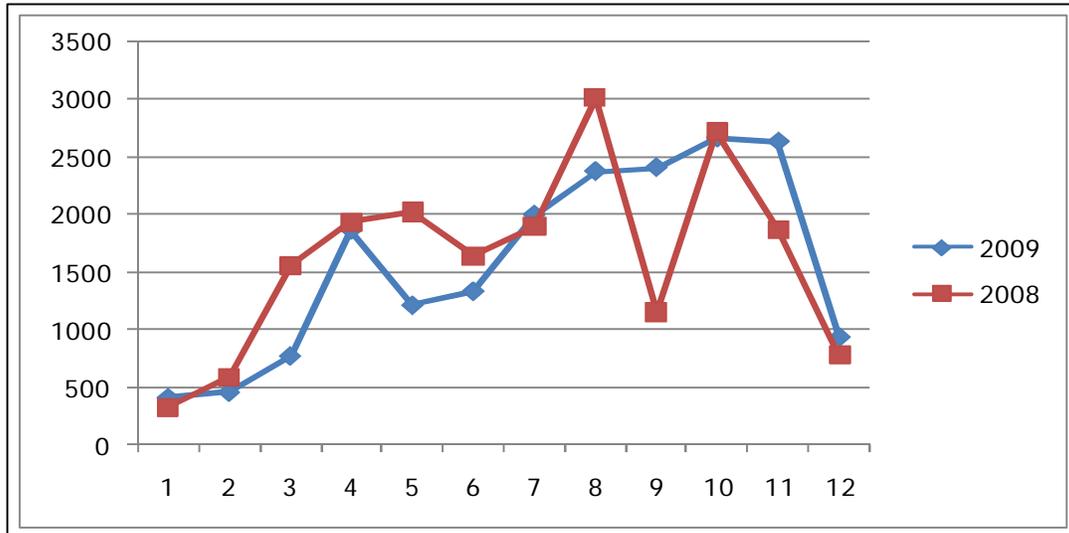
Chart 6: Wadi Rum Visitors by Month 2008-2009



Source: Wadi Rum Protected Area

In contrast it is interesting to note that monthly diver numbers are high during the hot summer months and that there is a more even pattern of demand, except for December, January, February and March when water temperatures are cooler.

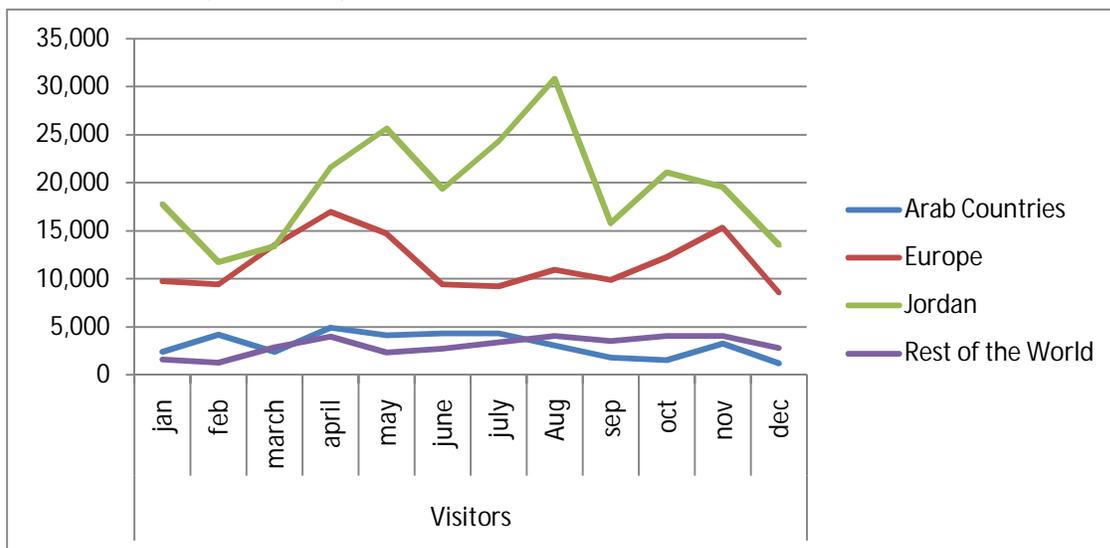
Chart 7: Divers by month 2008-2009:



Source: AMTD

Breaking down arrivals to Aqaba by source regions, the following pattern emerges for 2009:

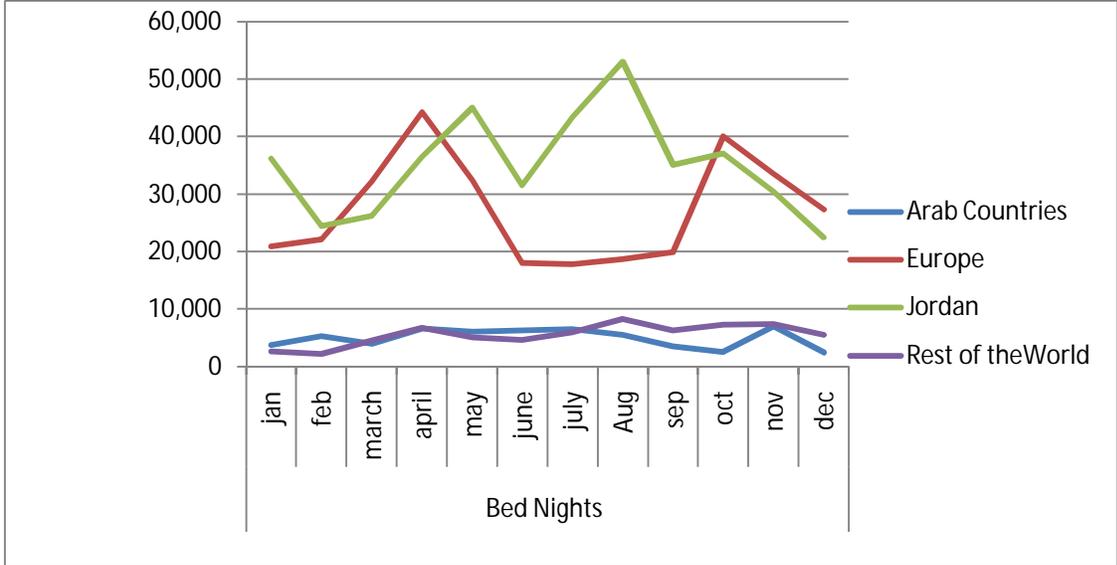
Chart 8: Arrivals by Source Region



Source: AMTD

This shows only a moderate decline in European arrivals in summer. However, when analyzed on a bed night basis, the decline in high yield European business becomes much sharper, indicating clearly that European length of stay is considerably shorter in the summer months.

Chart 9: Bed Nights by Source Region



Source: AMTD

For this reason the new charter support scheme (see Annex 2) for primary Western and Northern European markets not only encourages additional nights in Aqaba but will also be extended to secondary European markets during the summer season. Eastern Europeans, for example, though lower spenders than visitors from the primary European markets, show less reluctance to visit during the hotter summer months, provided that the prices offered are attractive.

**Partnership**

A clear objective of the 2005-2010 strategy was strong cooperation with JTB, but this has not been fully realized. Opportunities for cost sharing and joint activity are still not being maximized. The Jordan brand is not normally being used on Aqaba’s publications. There is considerable scope for strengthening the partnership with JTB, which offers Aqaba important potential access to representation in key source markets. We believe that a detailed service contract with JTB should be drawn up annually. We also believe that Aqaba should set up its own dedicated Market-based Representatives (MBRs) in markets where a solo Aqaba approach is needed in order to make more impact. This recommendation has been further developed in the Marketing Action Plan prepared in conjunction with the Strategy.

An Executive Committee comprising key stakeholders and with a private sector Chairman is proving a very useful sounding board for Aqaba’s Tourism Directorate. This new Strategy has been created with considerable stakeholder input, and it recommends that for Aqaba the most cost effective form of marketing will be based on “facilitation”, targeting consumers through key intermediaries like tour operators, travel agents, handling agents, carriers and the media, rather than trying to reach them direct with expensive and wasteful advertising.

In the past implementation of Aqaba's marketing plans has been hindered by political changes, lack of commercial marketing skills and limited resources. Destinations worldwide are faced with similar problems, and the most successful solution has proven to be some form of private sector led public private partnership (PPP). In order to ensure the successful implementation of this new Strategy and of the related Action Plan we strongly recommend that Aqaba should follow this successful PPP path.

But first, a serious effort must be made to improve the product. For some time Aqaba has been caught in a "chicken and egg" situation. Tourists, airlines and tour operators decide not to come, or do not come for a second time, because the product is not ready – there is not yet enough to see or do in Aqaba. But entrepreneurs will not risk investing while there are so few potential customers. Aqaba's product development needs are the subject of the next section.



## IV. The Product

### *a. Providing the right product for today's customers*

In the context of this marketing strategy document, product development will not be covered in its entirety, but rather the section will highlight tourism demand trends in Europe and the urgent necessity to maintain and upgrade much needed tourism resources.

The tourism product, as is well known, provides the substance for holidays and is the principal stimulator and differentiator in terms of attractiveness and competitiveness of destinations. Its character and current state and future development is a key element of any tourism strategy.

Issues of product variety and diversity are critical to the success of marketing growth strategies responding, mainly, to customization trends and niche marketing. Such issues are also vitally important to visitors' experience, length of stay and spend. Tourists today are highly sensitive to the quality of service they receive and are not prepared to compromise on this aspect which they regard as a very important part of a tourism experience.

#### 1. Trends

Holiday demand is driven by needs, motives and expectations. Society changes continuously, and trends - whether economic, social or lifestyle - subsequently impact tourism, as the latter is an integral part of society. In order to assess these changes in an early stage and to understand better the tourist's demands and needs, it is worthwhile mentioning hereunder the rising product development trends in the tourism industry which were derived as a result of a survey undertaken by OECD in 2007 – 2008.

#### Demography

The number of persons in older age categories is increasing rapidly. By 2020 a third of the population of Germany will be over sixty years of age; more than a quarter of the population of France and the United Kingdom will fall into the same age category. Responding to the shifting demographics will require changes in existing travel products and marketing. Seniors will be healthier and will have higher disposable incomes than in the past. The result will be an increase in demand for the following products and services:

- Quality, convenience and security;
- Comfortable transportation;
- More relaxing entertainment facilities (e.g. golf courses etc.);
- Cultural products

The average number of persons per household will decrease still further, which will result in higher disposable incomes and spending power.

For tourism, this will influence demand in general, and the requirements for:

- Luxury products (small indulgences);
- Special products which can be obtained on impulse;
- City breaks and other short breaks abroad in periods that used to be less favored;
- Winter sun holidays.

## Health

Health-consciousness will increase still further. Though this health-consciousness will not influence the volume of demand, it will certainly influence the decision-making with regard to destinations, and behavior during holidays. As such, the tourism sector will be influenced as follows:

- Destinations that are perceived as less healthy will be more quickly avoided than in the past;
- The demand for sun-holidays only will decrease still further;
- Active or activity holidays will increase in popularity, and the demand for facilities that correspond to this type of holiday will be increasingly preferred;
- The demand for 'wellness' products will increase, including spas and fitness centers.

## Awareness and Education

The average level of education is increasing. This will result in holidays where the arts, culture and history play a more important role, including more educational and spiritual holidaymaking. The resulting consequences on the sector will be as follows:

- Growing demand for special products;
- The more prominent inclusion of elements relating to the arts, culture and history in package tours and self-organized holidays;
- The need for better and more creative communication of information;
- Demand for new destinations will increase.

Increasingly tourism is being driven by a desire to learn, to discover new experiences and to add meaning to people's lives. This trend will supplement the traditional purpose of travel as an opportunity to rest, relax and rejuvenate. Already important, it may become a primary determinant in making a travel decision-making. Aqaba needs to invest in product that will address this trend. Degradation of desert landscapes (such as Wadi Rum) due to inadequately managed 4x4 tours and under-emphasis of alternative products (camel safaris, hiking opportunities) needs to be addressed to capitalize on this opportunity.

## Travel Experience

More sophisticated consumers are increasingly self-confident regarding their needs and rights. For tourism, this results in an increasingly critical attitude to quality, and to the price-quality ratio.

- Destinations that do not meet up to acceptable standards will suffer more intensely, and for a longer period of time in future;

- More mixed behavior: this holiday simple, the next one luxurious - this year long haul, next year short haul;
- Holiday preference will become more fragmented in future, and thus influence repeat volumes;
- Destination loyalty will continue to decrease over the years;
- More experienced tourists will increasingly result in a more critical attitude to the artificial, in favor of greater authenticity;
- The increasing preference for mobility will stimulate rentals of cars, motors and bikes;
- Regions that offer a full, varied, totally balanced concept will be increasingly favored.

While there will always be ultra-deluxe products catering for small numbers of wealthy clients and for special occasions, value-for-money has become critical in most current travel decisions, facilitated by numerous travel blogs and on-line booking engines. Consumers now have much better cost-comparison tools. This is a key challenge for Aqaba: many hotels need to change to room yield pricing rather than using fixed pricing.

## Lifestyles

Lifestyles in Western society change gradually. For tourism, this influences the tourists' perception of their personal needs and behavior:

- As 'status' is less important than it used to be, leisure behavior is becoming more personalized, leading to increased demand for smaller sized accommodation units (like smaller authentic family hotels and tourist farms);
- The shift in perception regarding life and lifestyle results in a decline in the demand for fully escorted tours.
- Suppliers will benefit more if they are able to create completely new products, concepts and services that distinguish themselves by their added value;
- Increasing specialization by suppliers in relation to specific hobbies and interests will become more important, and will more often be combined with holidaymaking.

## Information Technology

The penetration of the internet – and its use for information and the purchasing of tourism products and services – will continue to increase. For tourism, the role of the internet, including new means of visual presentation, will increase still further, and will prove to be of the utmost importance in future:

- Experienced tourists will increasingly put together their own holidays on a modular basis with direct bookings;
- The role of travel agents will decrease, as full package tours are increasingly bought directly via the net;
- Internet will transform the classical role of the National Tourism Organizations (NTOs) and Tourist Boards at an increasing speed - but will create a new role in e-marketing, including the application of Customer Relation Management (CRM) destination marketing;
- Destination marketing (e.g. better branding with public support) will increase in importance as the source to stimulate website visits;
- The availability of in-depth information on suppliers' products, either on the destination site or accessible through links, will become of more importance as the basic precondition for the success of websites;
- The possibility of 'shopping' via the internet will stimulate later bookings.



The rapid development in information technology is offering powerful new opportunities to reach consumers more easily and cost effectively. New emerging technology has triggered new consumer trends, like the rise of last minute bookings in mature markets and the shift away from traditional packages to “do it yourself-products”. In response to this trend, Aqaba’s website <[www.aqaba.jo](http://www.aqaba.jo)> will be extensively improved in order to encourage bookings. A late booking mechanism for Aqaba hotels to improve room yield is also suggested. This should not be developed by ASEZA; rather it should be developed by the private sector. Training in yield management for smaller hotels is also needed.

## The Environment

Environmental consciousness will continue to increase. For tourism, this will result in more demand for “clean” destinations, in which nature and local population will play an increasingly prominent role:

- The rural component in destinations will increase in importance;
- Destination management policies need to be improved through more coherent and consistent planning;
- The preference for destinations will be more strongly connected to cleanliness and the use of environmental friendly products and services;
- Regions which have suffered from overbuilding (particularly where this is not in keeping with the natural landscape) will increasingly be rejected as attractive destinations;
- Eco-tourism will remain an activity in demand and will increase in importance.

Tourism will become responsible, meaning that greater account will be taken of the congestion tourism generates and of the negative effects on resources and host communities that can come with it. Although some of the mega-projects are already emphasizing Corporate Social Responsibility (CSR), Aqaba still has a long way to go in this regard. Present facilities such as the Marine Park are in danger of being seen as ‘green-wash’ by this sophisticated audience.

Green practices, such as reducing waste and emissions, using alternate energy sources, and producing natural products, have become something of a “me too” cause in recent years.

Yet companies and destinations with a history in green innovation have reaped the most benefits and are making real cost savings, and will continue to do so through economic recession and beyond. ASEZA has initiated a Green Key program for hotels, and this needs to be marketed.

Safety

Safety and security are important to tourism’s continued growth. Tourism does however show increased resilience: travelers are better informed; they have acquired a more balanced perspective; they now include security concerns as just another consideration when selecting their destinations. Nevertheless Aqaba can benefit from this trend, since Jordan as a whole has a safer image than other destinations in the region.

*b. Aqaba’s current product*

As can be seen from the trends listed above, demographic, social and technological changes are transforming an international tourism market that is already characterized by maturity, abundance of information and complexity. Today’s tourists are in general more demanding, independent, active, and well informed with needs and expectations that are continuously changing.

Within this context, it is worthwhile highlighting certain weaknesses in Aqaba’s product offer which need immediate attention and which must be resolved to permit this Marketing Strategy to succeed:

- Priority weakness No. 1: Accessibility: the airport has more than adequate capacity, but this is heavily underutilized;
- Priority weakness No. 2: Aqaba is deficient in dining and entertainment facilities;
- Priority weakness No. 3: The heritage sites in Aqaba are undeveloped, and ignored;
- Priority weakness No. 4: The environment; cleaning the city and especially the beaches and underwater;
- Priority weakness No. 5: Lack of reliable transportation services from Aqaba to Wadi Rum and Petra for tourists.

1. Accommodation

Although Aqaba has succeeded in attracting massive hotel and residential tourism investment, much of this has not yet come on-stream due to the economic situation. Nevertheless there has been good recent growth, particularly in 2009 when 507 hotel rooms were added:

Table 21: Rooms Available in Aqaba 2005-2010

	2005	2006	2007	2008	2009	2010
Total	2,387	2,677	2,460	3,090	3,597	3,691

Source: AMTD

This has put pressure on occupancy and average room rates.

## 2. Attractions

Taking the trends listed earlier into consideration, the product offering in Aqaba's case is well diversified and includes the following types of holidays:

- Beach and Sun (Aqaba);
- Water sports such as diving etc.(Aqaba);
- Culture with local communities and authentic experiences (Aqaba, Wadi Rum and Petra);
- Nature, ecotourism and soft adventure (Wadi Rum);
- History and Archaeology (Petra).

The constituents of Aqaba's key products are as follows:

- Peaceful city with local shopping and some heritage aspects, poorly presented;
- Some fish restaurants, many fast food outlets;
- Limited waterfront aspects. Aquarium (very poor). Traffic can be threatening for pedestrians;
- Red Sea – diving, snorkeling, water-sports, trip boats, some (limited) yachting;
- Wadi Rum – the mystical desert experience, touring, soft adventure, heritage and environmental products, camel racing (occasional);
- Petra – heritage, touring, soft adventure.

Other products which do not give strong competitive advantage are beach/sun tourism (summer and winter); and shopping (primarily a low-end domestic offer at present). Extreme sports including aero-sports are offered, and this product can have significant economic impact, albeit on a small scale.

The majority of international tourists currently come for a relaxation-beach experience as part of a 'classic' Jordan tour. This results in Aqaba's continuing short average length of stay. The numbers coming for an Aqaba-based touring holiday remain small, but include high value charter traffic from Voyage Jules Verne (United Kingdom), Apollo (Scandinavia), Oscar (France) and Thompson-Jet (Benelux). Charter arrival numbers have grown steadily in recent years, and reached 64,851 in 2009, up from 62,540 in 2008. Excursions are operated from Aqaba to Petra, Wadi Rum, the Dead Sea and Egypt.

There is however a potential conflict between the older peace-culture-relaxation seeking tourist that Aqaba's winter charters currently bring, and domestic tourism's desire for a younger, and more party-orientated product ('why can't it be like Dubai?'). The conflict between this domestic rather than international tourism market-oriented aspiration is sometimes reflected within ASEZA itself, and by ADC, which recently ran an advertising campaign headed 'Singapore-Dubai-Aqaba'.

But an Aqaba that becomes like Sharm el Sheikh will lose competitive advantage and boutique appeal in the international market. Aqaba's history and heritage are its major USP when compared with other Red Sea destinations.

On the ground, this conflict is less apparent. The city is quite effectively zoned, with quiet resorts separated from the noisier shebabs and from families enjoying the public beaches and a weekend bargain hunting. The mixing between the two markets works well in the Al-Hafayer area, Zahran Street and Al-Hammamat at Tunisyia Street with little hassle to tourists (a

considerable competitive advantage over Egypt and Morocco), and this is one of the unique and appealing aspects of the destination.

In marketing terms it implies the need for two campaigns, one aiming at Jordanian tourists with a fun-water sports theme, and a very different campaign stressing peace, history and culture for international use. This was clearly indicated in the EU-funded market research that led to the Aqaba brand, which showed the following:

International visitors to Aqaba:

- Aqaba is an oasis city on the Red Sea (combines the desert & the sea);
- It is unique to its neighbors (Sharm and Eilat) by having a local Arab community that is very hospitable and friendly to international guests;
- The combination of the Red Sea, Petra, and Wadi Rum makes Aqaba a destination on its own merit (what used to be called the Golden Tourism Triangle);
- Aqaba is an alternative gateway to the rest of Jordan.

Jordanians:

- Negative attitude towards Aqaba being a boring city (“what to do in Aqaba?”);
- Negative attitude towards the local Aqaba community;
- Prices do not differ much from Amman regarding shopping.

The main product distribution vehicles being utilized are as follows:

- Charters - summer and winter sun, with heritage (Petra) and desert activities. Jordan plus Egypt sold by some operators;
- Cruises (port for Petra);
- Diving – partly packaged;
- Domestic – ad hoc.

### 3. Charters

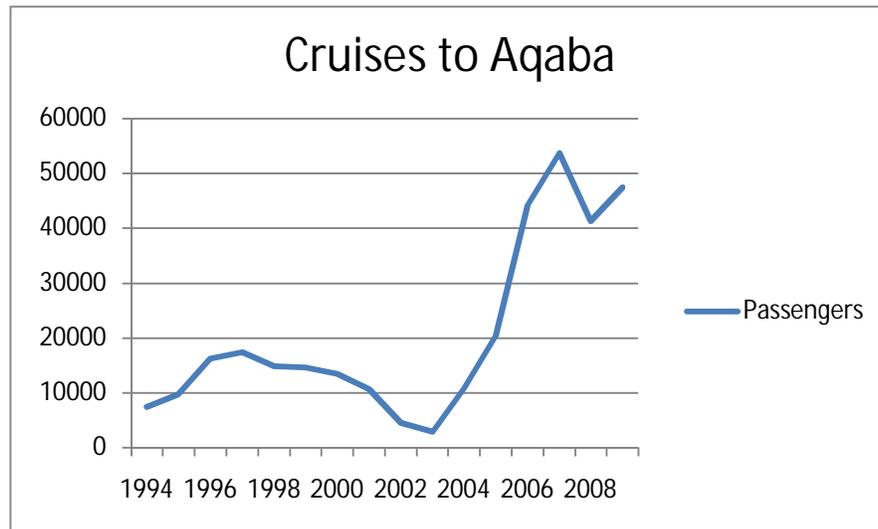
In terms of value to Aqaba, charter tourism is very productive because it offers the potential of longer stays in the city's hotels. Charters currently come from Belgium, France, Hungary, Italy, Norway, Russia, Sweden, Switzerland and the UK. Segmentation of these markets is undertaken by the tour operators concerned, but it is clear that an older age group is the target with Aqaba being seen as a quiet sunshine resort with a cultural emphasis (as per the tourism branding strategy) in contrast to Sharm El Sheikh and Hurghada. In 2008 however more visitors came to Aqaba by cruise ship than by charter airline: this illustrates the under-performance of King Hussein International Airport as a very marketable commodity.

International charter visitors are motivated by the mixture of relaxing and active products in Aqaba, plus the opportunity to visit Petra and Wadi Rum. Sunset cruises and trips to Jazirat Faraun (Pharaoh's Island) are also popular. The main boat operator for international tourists is Sindbad which has negotiated exclusivity agreements with the prime resort hotels. Glass bottom boats are a popular and traditional product offer, but there is a need to address safety and quality issues.

#### 4. Cruises

Cruise tourism continues to grow – in 2009 132 cruises visited Aqaba bringing 47,478 passengers compared with 103 cruises with 41,270 passengers in 2008. Ships come mainly from UK, Germany, France, Italy, USA and Japan.

Chart 10: Passengers on Cruises to Aqaba 1994-2009



Source: AMTD

However cruise tourism is currently of limited productivity to Aqaba city because of the lack of flagship attractions and poor retail offer. One of the main cruise ship ground handlers has withdrawn the Aqaba city tour option for cruise passengers because of complaints about the very poor quality of Aqaba's attractions (aquarium, museum).

The main beneficiaries from cruise tourism are the state (admissions to Petra), ASEZA (admissions to Wadi Rum), the ground handling companies, and the port (berthing fees). There is limited impact on the city's general economy at present, although being a cruise tourism destination does give Aqaba added marketing exposure. The main source markets for cruise tourists are the United States and Western Europe, but an economic impact study undertaken by IS-ASEZA has shown that crews (when allowed ashore) currently have more economic impact on the city than tourists. This is indicative of the city's lack of quality retailing and poor visitor attractions. The need to develop better shore excursions is evident, but investment in product development is also required.

Ideally, if Aqaba improves its direct air access, it could then position itself as a departure and final arrival point for cruises, thus greatly increasing the economic benefits received.

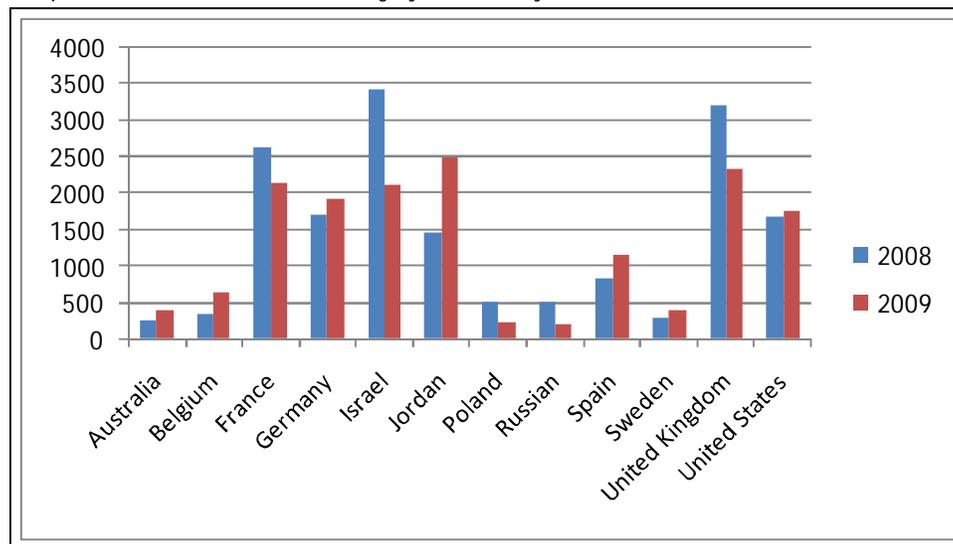
#### 5. Diving

Diving tourists are a key segment for Aqaba and Jordan as they will stay longer to undertake dive courses, spend well, will repeat, and (importantly for Aqaba) will come during the summer months. But at present there are only small numbers of dedicated Aqaba divers

attracted by lack of crowds, easy diving and the availability of technical diving expertise. Very few international diving tour operators feature Aqaba - a reflection of poor awareness, weak demand and expensive access. In total Aqaba received 19,108 divers in 2009. There are ten dive centers in Aqaba, all locally owned and generally under-capitalized. The quality of service personnel is good but facilities are generally poor and safety standards need some improvement. None-the-less two new dive centers are currently under construction by existing operators and a strong branded inward investor prospect aims to target the German market specifically. Restricted access to dive sites is a concern and there is a growing need to open more sites to refresh the product, and to allow reefs to regenerate.

The Top 12 Source Markets for Diving by Nationality are:

Chart 11: Top ten source markets for diving by Nationality 2008 - 2009



Source: AMTD. Note: Israeli and Jordanian divers often do not overnight in Aqaba.

The largest source market for the diving segment is presently Jordan, followed by the UK, France and Israel. Although this is an easy market segment to identify through diving clubs, the Internet and diving tour operators, the higher cost of travel to Jordan (relative to Egypt) is a significant obstacle to growth of diving tourism from Europe.

The diving product worldwide needs very special environmental care, and Aqaba's is no exception. The highly informed diving community is very sensitive to reports of coral deterioration and litter problems.

## 6. Domestic tourism

Domestic tourism has very considerable impact and is the most significant segment in terms of micro-enterprise and pro-poor contribution through purchases in local shops and restaurants. The characteristics and effects of this segment have not been studied previously however. MOTA and the Department of Statistics are in the process of working on definitions and systems for the collection of data on domestic tourism as part of the larger project to establish Tourism Satellite Accounts. A sample survey will continue on a regular basis. These studies will be very important for Aqaba's future marketing planning.

Water sports like jet skis and banana tubing are a motivating factor for domestic tourists, but not for international traffic.

Residential tourism is growing as major property development schemes get underway. This is presently an extension of domestic tourism since 70% of property sales are to Jordanians. With restricted access and no marketing for property rentals, there is no international self-catering market tourism market at present although there may be some potential for rentals to expatriates and to Arab markets who often prefer self-catering accommodation.

Clearly international tourists could be attracted to this product if quality can be guaranteed. There is one scheme already operating and other developers should follow suit. But expensive air access to Jordan is a significant impediment to this market. Securing international scheduled air access to the destination would make a major difference.



### c. Aqaba's Future Product Offer

An impressive range of mega-projects are underway or planned.

The future product offer is likely to include the following additions:

- MICE;
- Up-market residential tourism;
- Weekend/short breaks;
- Events;
- Family tourism;
- Sailing (if regional security allows);
- Bird watching;
- Hiking.

By 2016 Aqaba will have a significantly expanded hotel stock.

Table 22: Aqaba Forecast Rooms Available 2010-2016

	2010	2011	2012	2013	2014	2015	2016
Net additional rooms		340	170	1500	0	700	300
Forecast rooms available	3691	4031	4201	5701	5701	6401	6701

Source: AMTD

Examples of the type of developments coming on stream include the following:

- Saraya Aqaba was announced in May 2005 during the World Economic Forum at the Dead Sea. The project is located in the heart of Aqaba, on 634,000m<sup>2</sup> of land, adding 1.5 km to the beach front. The estimated cost is above US\$ 1 billion and it will include residential units; Nikki Beach Lifestyle Residences; 3 hotels operated by Jumeirah; plus Starwood Hotels & Resorts' Westin Aqaba Hotel, the Al Manara Hotel, and the Beb Al Bahar (Boutique Hotel) both operated under the Luxury Collection brand; Nikki Beach Resort and Spa; retail units/shopping Souk; Wild Wadi Water Park; a Sports Park; Turkish Bath Complex, and Al Multaqa Conference Center. Completion is planned for 2013, when it is anticipated that Saraya will add 1,500 hotel rooms and suites to Aqaba's stock (see chart above);
- Tala Bay is an integrated residential and tourism resort most of which is already operational. It is located on the Red Sea, 14 kms south of Aqaba. Covering 2.6 million m<sup>2</sup>, Tala Bay offers over 400 villas, apartments, townhouses, and duplexes overlooking a 2 km private beach. It also has a private marina that can host over 65 boats and provides state of the art services. The marina serves as a point of entry into Jordan. The Marina Plaza, Radisson SAS and Mövenpick Tala Bay Hotels are already open. The last phase will open by the end of 2010. Development of an 18 hole golf course is also underway and this should be ready within 2 years. The golf course will have a 3 hole golf academy, a hotel, country club, and several residential units;
- General Town Planning includes development of the Plaza and Berenice Beach Club. The Plaza development will include a new beach area, shops, restaurants, and venues for cultural and artistic events. Berenice Beach Club will be a unique mixed use development on the Southern Coast of Aqaba, and will combine shopping, dining, entertainment, a diving centre, boating area, water sports, and cultural activities set within the context of an authentically styled beach. Completion is expected in June 2011;
- Social Security Investment Unit (SSIU) is currently engaged in the preparation of a Master Plan tender and a feasibility study to develop a prime piece of land located at the northern entrance to Aqaba. The size of

the land is approximately 123,000 sq. m. and the project will comprise commercial, touristic, cultural and residential elements. SSIU is also developing a new beach area between the Kempinski and Intercontinental Hotels. This will feature food and beverage outlets, a swimming pool, bathrooms, management offices and shops, and will be available to guests of hotels which do not have private beaches;

- Ayla Oasis is a unique development in the north of Aqaba, covering 4.3 million sq.m. The Ayla project will add 17 kms of shoreline to Aqaba at a total cost of US\$ 2 billion. An “Arabian Venice” theme will be at the heart of the concept. It will include a variety of hotels, shopping areas, residential areas, and the first world-class international golf course in Jordan. The Ayla development components consist of lagoons with a total area of 750,00 m<sup>2</sup>, hotels with a combined 1,540 rooms, 2,884 residential units, 100,00 m<sup>2</sup> of retail and commercial space, recreational facilities, an 18 hole golf course along with a golf academy and utilities. Ayla residential units consist of 722 sea view villas, 866 sea view town houses, 730 sea view apartments, 171 golf course view villas, 235 golf course view townhouses, 619 golf course view apartments, and 200 apartments overlooking the commercial area. Ayla’s hotels will include Ayla Fort Hotel (300 rooms), Ayla Spa Hotel (200 rooms), Ayla Beach Hotel (350 rooms), Ayla Palace Hotel (600 rooms) and Ayla Marina Hotel (90 rooms). These hotels are not expected to become operational within the period covered by this strategy (2011-2015);
- The commercial port will be moved to the Saudi Border where there will be an integrated land and sea border. There will be a new Cruise Liner Terminal;
- Marsa Zayed is a \$10 billion mixed use waterfront development project with high-rise residential towers, retail, recreation, entertainment, and business districts as well as several branded waterfront hotels and resorts. It includes 8 hotels offering 3,000 hotel rooms, over 18,000 residential units, and over 450 marina berths. The project will be located in the main port and surrounding areas following the Government’s relocation of the port with a land area of 3.2 million m<sup>2</sup>, built-up area: over 6 million m<sup>2</sup>. Phase 1 will be completed by mid 2014. The first hotel is here expected to open in 2016;
- Aqaba Heights consists of the development of a 4-star hotel containing 300 rooms in addition to 100 serviced apartments, a comprehensive commercial center and 1000 residential units with a large beach club. The project is estimated to cost \$390m and to be implemented in 2 phases over the coming 8 years;
- Other hotel projects in Aqaba include the Hills Co of Kuwait (4 star 186-room hotel), Cooperation Co (a 152-room hotel), and the Palm Hills Hotel (170 rooms, 4 star) & Residence by Ammar;
- Growth of smaller enterprises (retail and restaurant) will continue in the city and at the South Beach.

The pace of change from port city to Arabesque leisure resort has already slowed significantly and is likely to slow further due to current economic difficulties, but there is no doubt that in the mid-term Aqaba will have many more rooms and hotel facilities to sell than is currently the case, lots of villas/apartments/second homes available, and some added tourist facilities. The most significant of these new products from a tourism marketing view point will be the:

- Convention centre;
- Cruise liner terminal;
- Golf courses (although these are unlikely to be a significant draw to the destination in themselves);
- Aquarium (if of international best practice quality and scale);
- Water-park (a draw for the domestic market).

Of these the convention centre has the highest potential to attract new international (and domestic) tourism to Aqaba.

However, Aqaba cannot rely on the hotels themselves and their facilities becoming the key future attraction. Evidence from elsewhere indicates that hotels and resorts in themselves are not a motivating factor for travel. Unless Aqaba itself can provide a unique, desirable and multi-faceted destination experience it is unlikely to succeed in the long term with its destination strategy.

The city's cultural and events product/venues are very poor and these are critical to satisfy Aqaba's target markets. There are insufficient flagship attractions: icons are needed. The city's tourist information centre service has improved considerably (to the extent that accolades are being received from international travel writers) and the 2005-2010 Tourism Training Strategy and Green Key initiative are being progressed. Beach facilities and beach cleanliness (although improving) will remain an important challenge for Aqaba. The diving product will require serious attention and support. Sports tourism facilities, also important to city destinations, are generally limited to aviation-related. It is difficult to see the new cruise terminal being completed by 2015 given the scale of the proposed Aqaba port redevelopment project, but it is an important facility to prioritize from a tourism perspective.

Some guidance on product development and events strategy has been supplied by the IS-ASEZA project but action on implementation is slow. It is clear that addressing a lack of things to do outside hotels in Aqaba city is not yet receiving sufficient attention. There is a need to think big in this regard: Only initiatives like a cable car running to a restaurant on top of the Aqaba mountains; a Gulbenkian Museum, a permanent outdoor cinema/theatre with screen/stage rising from the Gulf of Aqaba (in the style of Lake Constance), together with other projects recommended by previous advisers will really put Aqaba itself on the international tourism map. More events (air shows, powerboat races, high profile underwater photography competitions) are also critical to creating profile and filling dips in occupancy.

So, the question here is: What is really missing to develop Aqaba, including Wadi Rum, into a comprehensive destination with a diverse product offering?

Aqaba's current and future product offerings are confined to the mega projects (Tala Bay, Saraya, Ayla, and Marsa Zayed) in addition to some 5 and 4 star hotels. Aqaba still seriously lacks cultural and entertainment facilities and there is fear and concern among the locals that the city, in the near future, will only be composed of gated resorts. This means that tourists will spend all their times in the resort without any direct benefit to the local community. As an example, the people of Aqaba these days are sadly watching the cruise passengers disembarking for a quick trip to Petra and Wadi Rum without setting foot in Aqaba.

To address this issue and to make Aqaba a real destination, the following should be tackled immediately:

- The development of a city center where information and other conveniences are found in one place. Upgrading the plaza area could be considered as a location;
- The development of an "old Souq" where tourists can interact with authenticity and culture;
- The development of a pedestrian street and a marina with restaurants, cafes, handicraft shops and other cultural activities;
- Establish a state - of - the - art Aquarium with facilities that reflect the richness of the Red Sea (encourage this as a priority in the Marsa Zayed development);

- Make use of the Sherif Hussein Bin Ali house and transform it into a museum;
- Revitalize the Aqaba castle and make it alive with the heritage of the past;
- Upgrade and maintain the site of the oldest church and other archaeological places;
- The MICE business should become a key part of Aqaba's future success once the mega projects are completed and their products are on the market. Aqaba should become an attractive meeting – conferencing destination; and together with Wadi Rum and Petra should be able to develop into the destination for incentive travel to Jordan.

In terms of Wadi Rum, serious actions should be taken immediately to safeguard the ecological balance of this natural wonder and to stop current abuse. The dirty and unsafe trucks should be replaced by an environmental friendly method of transportation. This will allow the tourist to appreciate and enjoy the ride rather than be terrified by the reckless driving of a 12 year old. The Wadi should be zoned to serve the various uses:

- A camping zone. Camps should be gathered in one area, should be classified and should be constantly monitored;
- An event zone where small and major events can occur without interference with Nature;
- A protected area where people can only move on tracks, either by walking or by using horses and camels. No one will be allowed to leave those tracks;
- A tracked ride using an environmental friendly transportation method;
- Revisit the project of initiating passenger steam trains from Aqaba to Wadi Rum.

It is worthwhile mentioning at the end of this section that the psychology and behavior of tourists when choosing, consuming and later evaluating their destination experiences, represent a complex interaction that requires further behavior research and more available information. However, the link between service quality and customer satisfaction deserves deeper research in a tourism destination context; an exercise that unfortunately is not being carried out in Jordan and should become a priority for Aqaba.

One other factor that has not been taken sufficiently into consideration, but that should be mentioned in the marketing strategy, is the human element. The need to educate, train and upgrade the capability of people working in the hospitality industry should be treated as a priority. With many more facilities coming onto the market, there will be a rapidly growing need for skilled workers in hotels, restaurants, travel agencies etc. The establishment of a fully fledged tourism vocational college would be a major step in the right direction.

Aqaba should also start thinking of ways and means to attract tour operators and guides to establish presence and activities in the city. Without a proper private sector base, it will be difficult to create feasible marketing action plans, and execution will be left in the hand of few handling agents in Amman.

### d. SWOT Analysis

In preparation for this strategy a detailed SWOT analysis was developed in consultation with key tourism stakeholders. The results are as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Arab character, history, heritage</li> <li>• Proximity to Petra, Wadi Rum, Dead Sea, Karak Castle. Good roads</li> <li>• Climate</li> <li>• Red Sea – water sports and diving. Quiet waters good for children. Sea warm in winter</li> <li>• Excellent crossroads location close to several countries – good spread of source markets</li> <li>• Good airport capacity</li> <li>• Deep water port suitable for cruise ships</li> <li>• Good security – safe and relaxed atmosphere. No hassling of tourists (unlike Egypt)</li> <li>• Sole national seaside access for Jordanians</li> <li>• Wide range of authentic experiences and adventure opportunities on offer</li> <li>• Generally good level of English spoken</li> </ul>	<ul style="list-style-type: none"> <li>• Heritage poorly presented, under-exploited.</li> <li>• Limited beach access (but provision being made for tourist beach in South)</li> <li>• Lack of entertainments, nightclubs, attractions and cultural events. Need for a flagship attraction</li> <li>• Difficult to find suitable staff</li> <li>• Intrusive industry and development near some tourist areas (being addressed by moving port)</li> <li>• Duty Free status underexploited. Shopping product not organized and low quality</li> <li>• No cruise terminal (but planned)</li> <li>• Inadequate MICE facilities (but planned)</li> <li>• Acute shortage of direct flights, and poor connections. Open skies policy underexploited</li> <li>• Opportunities offered by JTB, especially overseas, not effectively exploited</li> <li>• Limited promotion budget</li> <li>• Slow implementation of decisions and poor communications to stakeholders. Limited involvement of local community in the tourism industry. Inadequate tourism planning. Need to involve SMEs in decision making</li> <li>• Public transport needs improvement</li> <li>• No city walking tour. Poor signage. City center traffic can be threatening</li> <li>• Litter on beaches and under water</li> <li>• Wadi Rum village untidy and dirty</li> <li>• Very high energy costs</li> <li>• Lack of price disclosure in English.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Potential to develop into a major hub for the region, not just a holiday break destination. Needs better schools, hospitals (important when targeting senior visitors), a University and a hotel school, plus high profile attractions and entertainment</li> <li>• Aqaba 2011 Events Program. Increase awareness with tour operators &amp; encourage repeat business. Encourage widespread use of logo. Potential for outdoor events</li> <li>• Airport expansion. Realize Open Skies potential. Promote destination to airlines (especially LCCs) and offer tactical charter support</li> <li>• Plaza area, castle, museum, Ayla, oldest church &amp; central shopping area upgrade. Develop souk &amp; Fisherman's Bay. Improve signage &amp; public transport, especially North to South Beach. Start walking tours</li> <li>• Set up duty free shopping area for visitors. Entry by showing passport</li> <li>• Intensify clean-up campaign &amp; implement quality control.</li> </ul>	<ul style="list-style-type: none"> <li>• Two speed Aqaba (gated luxury communities - city centre left behind)</li> <li>• Underperformance with events program in 2011 – negative customer feedback</li> <li>• Development of all inclusive packages bringing low spend mass tourism</li> <li>• Construction sites detracting from attractiveness of destination</li> <li>• Too many five star hotels competing for limited top of the market clients</li> <li>• Major expansion of resorts in Egypt leading to intensified price war</li> <li>• Competition from Dead Sea, especially for MICE business (Conference Center)</li> <li>• Excessive development of holiday homes creating a ghost town atmosphere in low season</li> <li>• Pollution accident/ reef damage</li> <li>• "Double dip" recession</li> <li>• Tension &amp; instability in region. Deterioration of political climate</li> </ul>

<p>Continue to improve beaches. Aim to become a truly green eco-city medium term</p> <ul style="list-style-type: none"> <li>• Demographics &amp; evolving tourism motivations ("experiential") in traditional source markets. Potential to develop car hire tourism</li> <li>• New markets, eg. Eastern Europe, and eventually India, China</li> <li>• Growth in intra-regional travel</li> <li>• Maturity of competing Mediterranean resorts</li> <li>• Wide range of quality product in pipeline: conference centre, golf courses, tourist beach &amp; cruise terminal</li> <li>• More proactive marketing in partnership with the industry. Create Public Private Partnership. Develop strategy &amp; action plan with preapproved budgets &amp; streamlined implementation authority, supported by all levels of stakeholders</li> <li>• Capacity building &amp; tourism awareness training for locals</li> <li>• Detailed services contract with JTB, and appointment of dedicated Aqaba MBRs in key markets</li> </ul>	
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## V. The Marketing Strategy 2011-2015

This forward strategy follows a review in April 2009 of Aqaba's tourism performance and detailed research and stakeholder consultation undertaken in July/August 2010, both under the auspices of USAID.

In 2004 the Aqaba Special Economic Zone Authority adopted a structured marketing strategy and established a Tourism Division (now Tourism Directorate) to implement marketing, training and product initiatives. ASEZA's Tourism Directorate has successfully led the marketing of Aqaba and introduced branding, which has helped to re-position the destination in a positive way. Charter flights are now being attracted from many markets. As we have seen, a great deal has been achieved over the past few years and ASEZA and its Tourism Directorate are to be commended on this progress.

However, there are formidable challenges ahead. Aqaba has been successful in attracting multiple large investors on a scale not experienced before. It is expanding its accommodation base very rapidly at a time of general market contraction caused by the world economic crisis. It now faces a difficult marketing environment with major competition from other Red Sea resorts, and also from Lebanon, Syria and Turkey. Further planned expansion of hotel rooms will put more downward pressure on occupancy and viability unless strong and targeted marketing can deliver vigorous growth over the next five years. It is therefore timely and urgent that Aqaba's marketing be reviewed and that a new plan be put in place for the future. The challenge in 2013 will be particularly acute when the Saraya mega-project is predicted to launch an additional 1,500 high quality hotel rooms and suites onto the market.

The four pillars of marketing – product, price, place and promotion – are all reflected in the following pages, but the emphasis is on promotion. However marketing starts with the product and experience, and if these are not right for the higher spending visitor, no marketing strategy aimed at them will succeed. An integrated approach to product/experience development, training and marketing is essential. Aqaba's product is built around its brand and combines activities with heritage and the city's unique Red Sea location. As already highlighted in section 3, significant improvement in product is required to ensure competitiveness. Price is determined by the private sector. It should be competitive within Jordan, but also reflect the resort's unique positioning as a year-round Red Sea resort offering easy access to Petra and Wadi Rum. The places where the product will be sold and the promotional activities required are also described: these will be further developed in detail in a separate Marketing Action Plan which is currently being created.

This Marketing Strategy also defines the promotable segments that Aqaba should focus on. It recommends that the resort continue to be positioned as a unique and historic city on the Red Sea, and as a convenient base from which to visit Petra and Wadi Rum. It recommends that TV advertising be re-evaluated as to its effectiveness and that resources be prioritized to working with charter operators, specialist tour operators, the travel and consumer media and other partners in a highly targeted way. Cooperation with JTB at every level should be stepped up, dedicated Aqaba MBRs should be set up in markets where JTB representation is

insufficient, and a PPP to handle the marketing of Aqaba should be established as quickly as possible in order to maximize future opportunities.

In the short term Aqaba's marketing approach should be to fill its growing room supply by concentrating on what works. It must return to concentrating on retaining and building charter traffic to Aqaba. It must work with JTB, its own MBRs and with tour operators to maximize the inclusion of Aqaba in existing traffic to Jordan.

In the medium to longer term, brand values and the development of new products will allow increasing emphasis to be placed on a more diverse and higher quality-value tourism, with direct air access on scheduled services.

This Strategy assumes a continuation of ASEZA-led activity. However ASEZA and key stakeholders are currently developing (with USAID assistance) a mechanism for engaging private sector stakeholders in marketing planning and delivery. This has been featured in the Strategy as one of the key targets, since it will significantly improve the prospects of successful implementation. The new Public Private Partnership (PPP) would become responsible for drafting detailed annual Marketing Plans, for managing marketing activities, and for building on the minimum funding indicated in this report.

A marketing strategy for Wadi Rum is also outlined at Annex 1. This calls for a strengthening of the environmental and educational profile of the attraction, and a move away from products which do not maximize local contribution and which damage the environment.

### *a. Aqaba's Brand Promise*

This was defined in 2005 as follows:

"Aqaba's brand has been built around its historical essence as an oasis town on the Red Sea. From here the visitor can experience the amazing desert landscapes of Petra and Wadi Rum. Unlike its Red Sea competitors, it is a city with a real, living Arab community. Aqaba is a destination which offers unique experiences, increasingly supported by quality services, be they luxurious or simple."  
Aqaba brand guidelines 2005

The key attractions of the brand were defined as:

- Nature (underwater Red Sea, mountain and coastal landscape, sunshine, palms, Wadi Rum, camels, oryx);
- History (Petra, Arab Revolt);
- People and culture (Arab, Aqabawi and Bedouin hospitality and easy mix with tourists);
- Progressive 'green' attitude (an attractively landscaped urban oasis and a modern user-friendly city – this aspect of the brand requires more attention to avoid being seen as "green-washing").

The brand feelings to be projected are relaxation, simplicity, freedom, community, adventure and mystery with core priorities which can be grouped as follows:

- Historic (in Aqaba itself currently just the castle and main square area, but potential with Ayla and oldest church);
- Active (special interests, soft adventure, sport, especially diving, potential for events);
- Relaxed (atmosphere, attitude of locals, beach).

These brand guidelines sought to reposition Aqaba from being described in JTB and other tourism publications in terms of product weaknesses (“port city”) and conflicting messages (relaxation versus jet skis) and to move away from projecting undelivered promises or half-truths (“clean beaches”, “preserved coral reefs”). The guidelines also recommended that meaningless phrases to consumers such as ‘golden triangle’ should not be used in marketing. This definition of the brand was based on market research in Europe and Jordan, and remains valid.

In order to deliver Aqaba’s brand promise, more emphasis is certainly needed on quality training, on linking the destination to Petra and Wadi Rum, and on strengthening Aqaba’s green credentials. The opportunity to maximize the benefits of JTB marketing has not been taken. Greater integration with Jordan’s boutique positioning and attractions product will help to reinforce a more up-market positioning for Aqaba. A mechanism for linking quality with marketing would also be helpful.

Aqaba’s brand remains under-exposed and is still not understood within the Jordanian tourism industry, let alone overseas. There is a visibility problem which needs to be tackled through improved marketing. No awareness research has been undertaken to follow up on the initial baseline market research (2005). The potential conflict between marketing Aqaba as an aspiring Dubai and as a quiet, up-market Red Sea resort remains.

### *b. Positioning*

The following positioning was developed through discussions with stakeholders:

Aqaba is an historic and colorful Red Sea city with traditional culture, an ideal center for water sports, diving and other activities as well as for relaxing; and an ideal touring base from which to visit the ancient beauties of Petra and the spectacular desert scenery of Wadi Rum.

The success of this positioning requires that the waterfront setting be made truly spectacular through product development designed to integrate the town with the sea, thus ensuring that the sea becomes the focal point of Aqaba.

Aqaba’s Unique Selling Points (USPs), or real competitive advantages, are:

- As a regional touring base - its proximity to Petra and Wadi Rum enriches the tourist’s experience;
- Cultural aspects - genuine living community with rich history;
- Diving (especially for those seeking personal service and uncrowded waters);
- As a cruise liner stop.

### *c. Vision*

The vision for Aqaba tourism must be challenging, and must aim to address product weaknesses as well as capitalizing on strengths. Aqaba needs to upgrade the quality of its

destination experience in order to increase its market appeal and value proposition. The following vision has been proposed to stakeholders and is generally accepted:

Aqaba will become a premier international holiday, business and residential tourism destination with a variety of quality experiences on the Red Sea and convenient links to Petra and Wadi Rum

- This vision tackles the historic negative perceptions of Aqaba and Aqabawis within Jordan itself (a view possibly still shared by some leading travel trade figures);
- It will encourage Aqaba to compete in an increasingly competitive global tourism market;
- It significantly enhances Aqaba's appeal within Jordan's overall product offer.

The delivery of the vision will require an extensive updating of the Aqaba Tourism Training Strategy 2005-2010 to intensify and significantly expand tourism training (integrated to the national syllabus), and the co-ordination of marketing, training and product development goals to emphasize quality.

#### *d. Mission Statement and Aims*

To deliver Aqaba's brand promise and vision, ASEZA must develop a more effective partnership with the industry. The Mission Statement should be:

To build the sustainable success of tourism to Aqaba – with dedication, commitment and in joint partnership with all tourism stakeholders.

The broad aims should be as follows:

- To create an Aqaba tourism industry that is economically, environmentally and socially sustainable; a significant driver of economic growth and a creator of wealth, jobs and prosperity;
- To broaden the awareness of Aqaba as a holiday base, as a quality diving center, as a soft adventure destination, as a cruise liner port, and as a potential gateway to Petra, Wadi Rum, the Dead Sea, Jordan and the region;
- To enhance the attractiveness of Aqaba as a differentiated and branded high-quality destination that can compete effectively in international markets.

To achieve these aims ASEZA will need to:

- Ensure the development of a diverse range of quality products and services to enhance the visitor experience and encourage repeat visits;
- Develop a strong brand in all major source markets;
- Establish as soon as possible a Tourism Marketing PPP in order to provide more professional and cost-effective marketing;
- Work closely with JTB overseas, whenever possible, and appoint its own MBRs when necessary;
- Develop world-class events, building on Aqaba's nomination as Arab City of Tourism 2011 in order to raise international media awareness, and also ensuring the sustainability of events – Aqaba must remain a "happening" city post 2011;
- Strengthen co-operation with the private sector, providing quality service to the tourism industry and developing effective joint promotions with partners;

- Integrate best practice market research into all activities, thus ensuring a constant improvement in performance and the progressive strengthening of the destination;
- Provide market intelligence to stakeholders on the basis of customer research in order to help them enhance quality and competitiveness to meet market needs;
- Provide helpful and accurate tourist information;
- Promote tourism awareness, improving customer service and delivery;
- Ensure that all activities are customer focused with realistic evaluation mechanisms;
- Expand the use of environmental best practice.

#### *e. Aqaba's Marketing Objectives 2011-2015*

The preceding sections highlight the need for focus on five important areas:

- Visibility;
- Accessibility;
- Seasonality;
- Partnership;
- Product.

There are key marketing objectives and targets for each area of focus.

##### 1. Marketing Objective 1 – Visibility

To increase the number of visitors, length of stay and expenditure of visitors to Aqaba by raising its profile as a destination in key markets. Targets:

- Increase foreign arrivals to Aqaba by an average of 8% per annum over the life of the strategy;
- Increase domestic arrivals to Aqaba by an average of 10% per annum;
- Increase average length of stay of visitors from primary European markets (including Russia) by 0.5 nights per annum;
- Increase average length of stay of all other visitors (including domestic) by 0.3 nights per annum over the life of the strategy;
- Create 3 new high profile activities to promote Arab Tourism Capital 2011 and achieve at least 200 mentions in national and international media;
- Create 3 new high profile events for Aqaba Tourism Capital 2011 and ensure these are repeated on an annual basis for the next five years at least.

The first two targets have been set with reference to projected increases in accommodation supply in order to maintain reasonable levels of occupancy over the five year period. Reasonable is defined as 50% plus, with an inevitable dip in 2013 due to the anticipated massive increase in supply, and, apart from this, steady growth to an estimated 68% overall room occupancy in 2015 (all hotels).

With regard to visitor numbers, growth in international arrivals of 4.1% is the long-term global average and UNWTO predict that this will continue through to 2020. However newer destinations on the international stage, like Aqaba, can realistically aim to double this rate in their developing phase.

Growth of 0.5% per annum in length of stay of primary European markets and 0.3% for all other visitors is ambitious - as we have seen, there was zero growth in length of stay over the last 5 years, despite this being a target in the 2005-2010 Strategy. However these targets

should be achievable, due to product improvements which will encourage people to stay longer and to effective use of the new charter incentive scheme which will give extra rewards for additional nights spent in Aqaba.

Unless these targets are achieved hotel occupancy will be insufficient to make developments planned and currently under construction viable.

Marketing objective 1 requires Aqaba to:

- Maintain and expand its current markets, and develop new ones as its product offer develops;
- Market itself as a stand-alone destination, strengthening its brand particularly in the top five European source markets, and appointing its own MBRs when necessary;
- Establish a PPP for marketing;
- Create attraction and activity products;
- Develop an events program that offers visitors more to do;
- Improve tourist retailing;
- Build a quality (added value) reputation, enhancing brand value;
- Establish a state – of – the – art website allowing smooth outflow of information and efficient bookings;
- Create focused public relations (PR) campaigns for key products;
- Further develop visitor information services;
- Improve connectivity between Aqaba, Petra and Wadi Rum;
- Develop MICE as soon as the new Convention Centre is launched, and build add-ons to the MICE business.

## 2. Marketing Objective 2: Accessibility

To improve access by boosting air carrier services (scheduled and charter) through KHIA. Targets:

- Maintain all existing charters from primary markets;
- 6 new tour operator programs in the first 2 years;
- Increase passengers on charter flights by 20% per annum;
- At least 3 scheduled direct international flights by 2012 and 5 by 2015.

More tactical charter growth is clearly possible (Aqaba is underperforming in Germany for example), and it is important that charter development once more becomes a focus of marketing activity. It will be increasingly necessary due to the global slowdown in tourism growth to share risk with overseas operators willing to feature Aqaba, ideally through joint marketing campaigns.

The new charter incentive scheme (Annex 2) will be key to the achievement of these targets, plus a more proactive approach by the airport. Progress on attracting scheduled flights will be slower, but is vital in the medium- to long-term, due to the inherent instability of charter operations. Continued attendance at the World Routes Forum (WRF), plus improved follow-up with airlines, will be an important part of the annual Action Plan.

Marketing Objective 2 requires the commissioning of a specialist airport/access marketing strategy for KHIA to maximise charter and scheduled service potential. KHIA will need to

undertake more specific airport marketing in cooperation with the proposed PPP for marketing.

### 3. Marketing Objective 3: Seasonality

To reduce seasonality by increasing the proportion of tourism arriving in January/February and July/August. Targets:

- Increase the proportion of total Jordanian visitors arriving in January by 0.25% per annum (from 6% in 2009 to 7.5% by 2016);
- Increase Russian, Scandinavian and Eastern European visitors in the period December through February by 10% per annum (2% above the overall targeted annual growth rate for these markets);
- Increase arrivals from Russia and from Secondary Eastern European markets by 12% in the summer months (as defined in the tour operator incentive scheme);
- Increase arrivals from the domestic market by 15% in the summer months.

Aqaba has an excellent year round climate and suffers less from seasonality than most destinations. However as we have seen there are troughs in the hotter summer months and also in the mid-winter when weather in the key touring attraction – Petra – can occasionally make access difficult.

To achieve objective 3, the following initiatives should be undertaken:

- Specifically in summer Aqaba should target markets which are more inclined to be attracted by good price offers despite the heat – Eastern Europeans, and less wealthy Russians for example: it has been decided that the charter incentive scheme will be extended to secondary European markets, but only in the summer season;
- Aqaba's climatic advantage in winter is not sufficiently realized. Awareness needs to be created that it is desirable to visit Aqaba in January and February, for example for Eastern Europeans, Russians and Scandinavians Aqaba's winter is like their summer. More visitors could also be attracted in the winter from Amman, Lebanon and Syria. Specific campaigns are needed that highlight Aqaba's warm climate, also better air access links from Beirut and Damascus. Joint campaigns should be undertaken with bus companies;
- Product development to address seasonality: for winter indoor facilities are needed such as wellness, heated swimming pools, a theatre, a cinema, a world class aquarium (planned in Marsa Zayed), a better museum and an arts centre. Products for family tourism are also needed;
- More events need to be created in periods of lower occupancy. Creative packages are needed from hotels: wellness promotion, cooking classes, art events, concerts, special feature weeks;
- More special interest tourism: bird-watching and hiking trails within the new RSCN Aqaba Mountains reserve;
- Emphasize year round products, like the flying school, and of course, diving which is year round but most popular in summer when there are less international visitors overall;
- Create courses for diving and flying aimed at the domestic market (university students and others).

### 4. Marketing Objective 4: Partnership

To maximise marketing efficacy by working in closer partnership with JTB and with the industry and by setting up a PPP marketing organization. Targets:

- Agree a detailed service contract with JTB each year;
- Ensure Aqaba's active participation in annual meetings of JTB's Market Based Representatives (MBRs);
- Set up dedicated MBRs for Aqaba in at least 3 key primary source markets (where JTB coverage is deemed to be insufficient);
- At least 5 joint marketing schemes each year with international operators;
- Set up marketing structure (PPP) led by stakeholders early in 2011;
- Meet with Royal Jordanian at least quarterly.

The achievement of Objective 4 requires the development of a private sector focused approach to marketing, and a much greater emphasis on cooperation and joint marketing with international tour operators, Jordanian ground handlers, JTB and RJ.

Although Aqaba's tourism staff have cordial relationships with JTB's, there is, as we have seen, a widespread belief that Aqaba is not making effective use of JTB opportunities. A clear definition of what each organization expects from the other would be beneficial to both parties.

At present ASEZA is represented on the Board of JTB and makes a contribution to JTB marketing costs. However no detailed Memorandum of Understanding (MoU) or Service Agreement has been signed by the two parties and formal negotiation of what joint activities will be carried out has never taken place.



Cooperation with JTB at every level is important to maximize opportunities for Aqaba. Joint schemes with international operators cannot realistically be set up without assistance from Market Based Representatives (MBRs). These are key to the promotion of Aqaba. JTB's MBRs are assembled at least once annually in Jordan for a planning workshop and teamwork development. This time is also used for them, together with JTB's Amman-based team, to experience new products, meet with local tour operators and product suppliers, and deliver valuable market feedback to stakeholders. It is vital that Aqaba-based familiarization and the communication of Aqaba marketing activity are fully integrated with these events. It is up to Aqaba to ensure this opportunity is grasped.

In some primary source markets coverage by JTB is insufficient to achieve Aqaba's ambitious tourism targets. In these markets Aqaba should set up its own dedicated MBRs.

It is evident that implementation of previous strategies has been patchy due above all to the lack of a professional marketing entity which represents Aqaba's whole tourism industry, both public and private. It is therefore strongly recommended that Aqaba moves quickly to establish some form of PPP.

During 2009, a study was conducted to establish a tourism marketing entity taking Aqaba's needs and challenges into consideration. After gaining insight into the situation and into the outlook of different industry stakeholders, the private shareholding company model was agreed as the best structure for the proposed new Aqaba Tourism Marketing Company (ATMC).

According to this model, ASEZA and the ATMC will enter into a five year agreement to brand, position and promote Aqaba internationally. The model proposes the formation of a shareholding company that is based on Equity and Service Agreements to execute such an agreement. This company could be incubated within the ADC. The capital of the company will be paid up fully during the first year of operation. The Aqaba Tourism Marketing Company will sign "Service Agreements" with the shareholders. These service agreements are general in nature and are proposed to cover the core program of the company; however if existing shareholders or any other stakeholder wish to enter into a specific service agreement with the ATMC, they can do so under a separate contract and for additional fees.

Just as ASEZA is represented on the Board of JTB, so JTB should be fully and actively represented on the proposed new Aqaba Tourism Marketing Partnership Board (PPP). In a very small tourism destination like Jordan it is essential that opportunities for cooperation are maximized and that duplication of effort is avoided. The analysis of tourism performance carried out earlier in Section 2 of this report clearly shows that Aqaba has lost out by not maximizing cooperation with the rest of Jordan.

## 5. Marketing Objective 5: Product

To develop Aqaba, including Wadi Rum, into a comprehensive destination with a diverse and plentiful product offer. Targets:

- Undertake quarterly customer satisfaction surveys;
- Upgrade the castle, Fishermen's Bay and flag area by end 2011;
- Create central pedestrian area with upgraded but authentic Souq by mid 2012;
- Upgrade the heritage experience at Ayla and the oldest church by end 2012;
- Set up a duty free shop offering branded goods by end 2012;
- Facilitate the establishment of a weekly flea market selling handicrafts and traditional goods by March 2011;
- Encourage a cinema operator to set up in Aqaba before end 2011;
- Improve transport services within Aqaba, to South Beach and Tala Bay, and to Wadi Rum and Petra by mid 2011;
- Ensure delivery of new Berenice beach club south of Aqaba by June 2011.

Objectives 1-4 imply significant product development requirements (see Section 3 for more detail), which must be delivered if the marketing strategy and Aqaba as a destination are to be successful. Clearly the input of other bodies, for example ADC and the Aqaba Transport Company, will be key to this task.

In addition to the events targets listed under Objective 1, the targets listed immediately above represent the minimum improvements to the physical product which are needed urgently to ensure that central Aqaba keeps pace with the exciting new mega-projects. These projects should deliver most of the other important products currently missing in Aqaba – world-class aquarium, water park, convention centre, marina, cruise terminal and golf course(s) for example.

Significant investment in training and quality will also be required to help create competitive advantage and better room yield.

## 6. Other Targets:

A separate Action Plan will set targets for all principal activities, for example number of media representatives hosted and resultant coverage; number of tour operators hosted and resultant coverage; trade shows to be attended and number of contacts to be made at each; website hits and conversions to bookings; information requests answered, etc.

A target for arrivals by sea has not been included under the Visibility or Accessibility objectives because of the pressing need to concentrate on length of stay. But cruising has the potential in the medium term to raise the profile of Aqaba and to bring many visitors who would not otherwise have considered it as destination. Moreover the Sinbad services are creating a growing number of overnights in Aqaba.

Cruising and travel by sea in general are fast-growing segments so Aqaba should aim to achieve an increase in the number of visitor arrivals by sea (cruises plus Sindbad and Arab Bridge Company) of at least 10% per annum.

It is premature to set MICE targets due to uncertainty about when the purpose-built Conference Center in Saraya will become operational. However research into potential customers for meetings should commence at least two years before the facility opens. Presumably the Conference Center will have its own dedicated sales force.

#### *f. JTB Strategy 2008-2013*

The JTB Strategy 2008-2013 has been referred to in drafting this Marketing Strategy. The JTB Strategy charts a new phase in Jordan's tourism development with an emphasis on using world class marketing and management tools to enhance the tourism sector's competitive edge in international source markets. JTB is adopting a marketing initiative based on utilization of technology, specifically the internet, while re-organizing its international operations in a way that ensures achieving the highest return on investment. It is essential that Aqaba is fully integrated with these developments, so that the city can benefit from them. It is, for example, very important for Aqaba to be part of JTB's proposed research initiatives, because ASEZA alone is very unlikely have the resources or skills base to input to key research questions detailing future tourism marketing and development trends.

Based on the competitive positioning of Jordan and the capacity issue JTB will be concentrating on regional markets (Arab-Israelis, Saudi Arabia, Syria and Lebanon, Kuwait, Qatar and UAE in addition to the expats in these countries), Europe (UK, German speaking countries, France, Italy & Spain, Netherlands, Belgium, Scandinavian countries, Russia, Ukraine, and Poland), North America and Canada. Aqaba's recommended targets - see paragraph (i) below - are broadly in line with these, though more focused as is to be expected. In the longer term, JTB will also look at Eastern Europe, as well Latin America, Japan, Korea, India and China.

#### *g. Product Market Fit Table*

The table below is a product-market matrix, matching products to main markets. New products will require special attention to launch and create awareness. The focus must be on educating the travel trade.

Table 23: Product Market Fit

Product	Western Europe	Eastern Europe	North America	Regional	Expats	Rest of World	Domestic
Heritage / culture	Dark Blue	White	Dark Blue	White	White	Dark Blue	White
Diving	Dark Blue	Dark Blue	Dark Blue	White	Dark Blue	Dark Blue	Dark Blue
Water sports	White	White	White	Dark Blue	White	White	Dark Blue
Desert & activities	Dark Blue	Dark Blue	Dark Blue	White	Dark Blue	Dark Blue	Dark Blue
Winter sun	Dark Blue	Dark Blue	White	White	White	White	White
Summer sun	White	Dark Blue	White	White	White	White	White
Family tourism	Dark Blue	Dark Blue	White	Dark Blue	Dark Blue	White	Dark Blue
Weekend/ short breaks	White	White	White	Dark Blue	Dark Blue	White	Dark Blue
Events	White	White	White	Dark Blue	Dark Blue	White	Dark Blue
Residential	White	White	White	Dark Blue	White	White	Dark Blue
Self-catering	Dark Blue	Dark Blue	White	Dark Blue	Dark Blue	White	Dark Blue
Cruises	Dark Blue	White	Dark Blue	White	White	White	White
MICE (in future)	Dark Blue	Dark Blue	Dark Blue	Dark Blue	White	Dark Blue	Dark Blue

Source: ASEZA Consultants' Research

As we can see, diving, desert activities (Wadi Rum) and MICE are the most important products in terms of appeal to all markets. In volume terms the sunshine product is important. However sunshine is a commodity throughout the region – everyone sells it – and it is highly price competitive (Egypt's recent marketing theme is 'the gift of the sun'). To achieve better hotel yields in Aqaba an added value approach for a higher spending market (heritage, desert activities) is essential.

This table outlines very broad market areas; however to promote effectively it is necessary to segment these markets. Segmentation can be done by location, demographics, lifestyles or theme: the key point is that a segment must be an identifiable and targetable audience for marketing activity. The next sections suggest broad segments on which Aqaba should concentrate its marketing resources. Annex 1 of the JTB Strategy 2009-2013 contains useful further detail of segmentation by product and market which Aqaba should also apply.

### *h. Key Segments and Source Markets*

Following two waves of research with tourism stakeholders in Aqaba, the following visitor preferences have been identified. Current visitors to Aqaba are looking for:

- Authentic experiences (e.g. dinner in desert camps);
- Culture – local food, crafts, music, customs;
- History – castle, Great Arab Revolt, Petra;
- Adventure activities and special interests – diving, water sports, trekking, boating, jeeps, camels, aero sports, bird watching;
- Relaxation – climate, beach.

Typically their education level is medium to high and they are professionals – middle to upper management or entrepreneurs. Aqaba cannot – and should not want to – compete in the lower end Sharm or Benidorm market.

Aqaba's prime segments are:

#### 1. "Best Agers"

As we have seen, this is a very important segment demographically. Tourists aged 55 and over travel farther away from home, stay away longer, include two or more destinations in a trip, engage in more activities, travel with only one other household member and spend more per trip than tourists on average. This is a key opportunity for Aqaba, but requires better zoning of beaches and destination management to grow both young person-orientated domestic tourism and also visits from older travelers looking for a quieter and more relaxing Red Sea resort (than Hurghada, Sharm or Eilat). The success of Aqaba's VJV charter underlines this opportunity.

#### 2. Families

Aqaba has had growing success in attracting family business, especially since Tala Bay started to establish itself as a destination in 2008/2009.

Middle to high income families are the key target. They divide into two groups:

- Young European families with 1-2 pre-teen children (Aqaba still does not have enough entertainment for teenagers);
- At weekends and during local holiday periods, Jordanian and regional families, normally larger in numbers.

#### 3. "Dinks" - Double Income No Kids

High earning couples without children (either because the children are grown up or because the couple does not have children).

They travel whenever they can manage to organize their holidays to coincide, and, like the Best Agers, they are always looking for new and exciting experiences, but often more active ones.

#### 4. Affinity/Special Interests

People who share a common interest, support each other, and sometimes work together. This segment includes senior organizations, sporting and special interest clubs, and is particularly interesting for Aqaba since such groups are easy to target and very resilient in times of crisis. Aqaba can offer a wide range of possibilities to attract this segment – culture, history, sports, diving, nature, bird-watching, adventure...

#### 5. Other Segments

There are many other growing segments – for example grandparents with children, or singles. There are also segments which are very difficult to influence like individual business travelers. When the Convention Centre in Saraya comes on stream (estimated 2013) Aqaba will also be able to compete effectively in the lucrative Meetings, Incentives, Conventions and Exhibitions (MICE) segment. This should be reflected in the Action Plans prepared post Saraya.

However the four broad segments listed above, refined in accordance with the characteristics of each source market, offer Aqaba's best prospects for growth. The segments identified will not of course all be targeted in every market and there will also be variations according to season. Detailed research will be carried out in the source markets during the first year covered by this strategy (2011) in order to define precisely the key segments on which promotion will focus in subsequent years. In the meantime marketing in 2011 will target these four segments as "Experience Seekers", a description which encapsulates the motivations of most current visitors to Aqaba.

#### 6. Aqaba's Target Source Markets

##### Primary

Marketing resources should be concentrated on the following markets designated as primary:

##### 1. *Western and Northern Europe*

Western and Northern Europe is a complex market area for Aqaba with differing cultural, economic and linguistic features, and one where competition is extreme for out-bound traffic. It is however Aqaba's most important target market in terms of higher spending (especially winter) visitors.

With European markets struggling to emerge from economic recession, Aqaba needs to focus its marketing activity on countries which have the potential for direct charter access. Effective MBRs (from JTB or, when needed for greater impact, appointed by Aqaba direct) are vital to success. Joint campaigns with partner tour operators, JTB and RJ (and other airlines flying to

KHIA in the future) are recommended in selected West European markets. TV advertising is not recommended as it is very expensive and unfocused, and, in many European countries, of declining importance as an advertising medium. E-marketing campaigns are essential in the Western European market. These can be achieved by advertising through different internet mediums.

Aqaba should focus its promotional efforts as follows:

#### *Benelux*

- It is essential that Aqaba works with partner tour operators in this market which has become very important to the destination. Joint campaigns with operators like TUI, Jetwings and Thomas Cook are needed;
- There is good potential to work with special interest segments: diving, desert activities, bird-watching, etc. Special interest tour operators and specialist press should be targeted. Special interest print and Internet marketing campaigns should be mounted with JTB;
- The most remarkable evolution in consumer behavior in Benelux is the highly increased use of the Internet as a booking channel. Internet users should be targeted. It is predicted that in the near future more than half of all the Dutch will book their holidays via the Internet (source: Visit Britain). Do-it-yourself holiday planning is already a feature of this market;
- After the Internet, Belgians consult tourist guidebooks, brochures and leaflets (20.9% of holidaymakers). Aqaba needs to review these to maximize coverage, and target travel guide editors regarding new product development;
- It is also important to continue to target the travel trade, who need detailed information on product to be able to offer 'tailor made' options to the increasing number of consumers who prefer to organize things 'themselves';
- Vakantiebeurs is the leading regional travel exhibition and one of the largest tourism exhibitions in the world with over 140,000 visitors. Aqaba should partner with JTB and tour operators at this event.

#### *France*

- Aqaba's product offer should be aimed at the wealthy French who have a higher propensity to travel and increasingly use Internet 'tailor made' holidays, combining activities of interest to them. Joint internet-based activity with partners (who have in-market expertise and speak French) should be the objective.
- French tour operators utilizing charter operations to Aqaba should be backed;
- Aqaba must also target the special interest segments of diving and desert tourism. These segments can be reached through specialist publications, clubs and societies. Aqaba should use a French agency (sourced through tender) to advise it on placement. Brand guidelines must be followed and concepts used which are appropriate to French tourists' needs. Joint campaigns with JTB or RI (or others) should be negotiated to maximize exposure;
- Aqaba hotels and tour operators should target the French travel trade. Personal relationships are very important to the French and take time to build. Fluent French is essential, so the Aqaba trade may need to employ representatives. Follow up on visits is very important. Very prompt response to queries or requests for quotes is mandatory;
- More up-market product is needed by these segments (wellness, golf, resorts) and Aqaba's PR must highlight new developments (when completed) with French language press information;
- Top Resa in Paris and the International Luxury Travel Market in Cannes are two important trade fairs that Aqaba and its private sector should attend when funding permits.

## Germany

- The status of holidays is very important in Germany, and they are the commodity that Germans are least prepared to give up, indicating that this is a good market to target in recessionary times. Germans are interested in most types of product that Aqaba-Petra-Wadi Rum can offer, especially beach, culture and activities. Cleanliness and value for money are important issues;
- There is good potential for special interest products in this market. Diving, desert tourism, city breaks, cruising etc all have specialist groups, and appropriate tour operators should be targeted by Aqaba.
- Aqaba needs to provide more detailed information in guidebooks and on line for this market: Germans are greatly influenced by what they read. Travel writers should be targeted;
- Targeting the trade at events like ITB Berlin, CMT Stuttgart, Reisen Hamburg and BOOT Dusseldorf is important for Aqaba. Representation by the private sector at these events must be encouraged, as the value of local authority representation at trade shows is very limited. If JTB stands are used there should be strong Aqaba visuals. 47% of all trips (including domestic) are organized by operators and or agencies. In contrast to many other markets, some commentators predict that the percentage of tours organized by German operators and travel agencies will increase by 55-60% by 2015;
- The popularity of the Internet in Germany has resulted in a strong increase in online advertising over the past few years. Aqaba should work with partner operators to increase on-line advertising.

## Italy

- The family holiday segment is key here, especially during school holidays. Partnership with charter operators is essential. However buyers are extremely price sensitive and there is stiff competition from other beach tourism destinations, especially Turkey and Egypt. Destinations preferred for Italian family trips and holidays are rich in history and culture, and those that are safe and easy on the organizational side: Aqaba has all these attributes and needs to bring out its heritage more (rather than beach per se) in its marketing;
- Dive clubs and dive shops in main cities should be targeted;
- Last minute bargain hunting is a feature of Italian booking patterns nowadays, and Aqaba is not sufficiently 'on line' at present to capture this growth. If an LCC can be attracted by KHIA, this market could grow quickly. Italian people are progressively overcoming the traditional fear of buying products on the web;
- BIT in Milan and TTG Incontri in Rimini are two important trade fairs that should be attended by the Aqaba private sector.

## Scandinavia

- Sun-seekers wishing to escape the long Northern winter are the key target segment for Aqaba. It is essential that current operators are supported so that this important source market for Aqaba can continue to be tapped;
- The most striking feature of the Swedish travel industry lies in its concentration; the business and leisure sectors are both dominated by a few very large interests. There are approximately twenty large tour operators in Norway, mainly based in the cities of Oslo and Bergen. A few large charter companies dominate the leisure travel market in Denmark. Sweden's trade is concentrated in Stockholm and Gottenburg. All operators are seeking products that can be easily booked and sold on-line;
- Internet users are a key segment. 76% of the Swedish population is on-line so it is not surprising that Nordic e-travelers are the most active in Europe. Holidays, whether last minute short breaks or longer charter holidays, are amongst the most popular commodities purchased online;
- TUR Gottenburg is Scandinavia's leading trade and consumer travel exhibition (March) and the Aqaba private sector targeting Scandinavia should attend with JTB.

## Spain

- 80% of Spaniards still take their holidays domestically so predictions are that Spain has a huge potential as an outbound market once its economy recovers. There are however numerous low cost carrier options to Europe, so charter traffic must be targeted if Aqaba is to compete. The role of KHIA is critical.
- Cataluña & Madrid together concentrate most of the Spanish population (29.5%). Madrid and Barcelona should be the focus of joint activity with JTB;
- Specialized tourist blogs are very popular, and enjoy a loyal audience who take the advice of contributors very seriously. Spanish language e-marketing to the on-line segment is recommended using Spanish-speaking representatives or JTB (with partners);
- Diving and activity tours are popular, so specialist groups can be targeted;
- PR aimed at travel programs will help to raise awareness of Aqaba as a holiday base in Jordan;
- Annual attendance at the Fitur trade fair in January.

## UK

- The UK population is ageing and older visitors normally stay longer. This is the market segment for Aqaba, not the younger 'party set' who go to Egyptian resorts. Aqaba marketing needs to reflect the needs of this older segment in particular. Demographics will have a significant impact on outbound tourism in the coming years and Aqaba is well positioned if resort quality improves. Many older Britons are still familiar with the Lawrence of Arabia story;
- Aqaba's UK charters have been a considerable success, especially in proving that Aqaba can attract and retain up-market and older visitors. It would be unwise however to assume that current charters will continue without improvements in product and the development of new products. The market is increasingly well travelled and demanding, and will increasingly seek to sample new destinations;
- A vast array of online booking opportunities is now available from the web-based UK operators: Expedia; Lastminute.com, e-bookers, Opodo, Octopus etc. The increasing trend is that operators and retailers are promoting their own products and packages via their own bookable websites. Aqaba is falling behind in this regard. Joint initiatives with tourism e-marketing companies (such as Expedia) are recommended. E-marketing training for the private sector is needed, so that bookings will click through efficiently;
- There is excellent potential to target specialist groups such as diving clubs, nature and bird-watching associations, heritage societies and so on. Special interest print and Internet marketing campaigns should be mounted. There are numerous well-travelled special interest groups;
- Concern about environmental impact has become more mainstream in the UK: World Travel Market 2008 was extensively themed around Responsible Tourism (as was ITB 2009). In early 2007, England Marketing commissioned research to investigate consumers' understanding of sustainable tourism and their emerging attitudes to it. The study shows that given a choice of two destinations or products, the UK holiday consumer will choose the sustainable option and some are even willing to pay more. Aqaba must beware of 'green-washing' and must improve environmental conditions, especially along the coastline;
- Annual attendance at WTM in November.

## 2. RUSSIA

- Moscow is the main base for the outbound travel trade, but other cities can provide interesting opportunities;
- While Aqaba does not have a lively enough product to compete for low budget younger Russians, who anyway are often more trouble than they are worth, it does have a significant climactic advantage to sell in

this market. Wealthier middle to upper class Russians wanting to escape their long winter should be targeted – especially couples in their mid twenties to thirties without children and retired people. However some younger less wealthy Russians can be persuaded by very good deals to visit Aqaba in the quieter summer months;

- Many Russian travel companies have tried to capture a market niche and offer a range of specializations (adventure, sport). There is some potential for growth here too;
- Many Russian corporate travel agents are trying to develop more MICE business. This will be a potential market segment when more conference facilities become available in Saraya (predicted for 2013);
- Combining the Red Sea and the Dead Sea could prove to be a strong attraction for Russians especially during the winter months.

### 3. REGIONAL MARKETS: GCC, LEBANON, SYRIA AND ISRAEL

In recessionary times travel is likely to become more intra-regional (UNWTO 2009). Targeting regional markets is a key challenge for Aqaba, which has been underperforming in this regard mainly due to lack of entertainment.

The effects of the financial crisis on the Gulf were far reaching, with falling stock markets and dropping oil prices. However the situation has now improved significantly.

Also more Lebanese and Syrians can be attracted to Aqaba's warmer climate in winter if access can be improved. Segments to address are as follows:

- Regular Arab travelers and their families will be the key target segment, through promotional campaigns preferably run in co-operation with RJ (and other regional carriers attracted to KHIA), JTB, hoteliers and travel agents;
- Transit traffic during the summer travelling north from Saudi Arabia, or travelling east or South for the Hajj has potential if Aqaba's retail product improves;
- Aqaba should mount appropriate promotions with partners (e.g. sales mission to Dubai, Kuwait, Qatar), provided significant private sector participation can be obtained;
- Annual attendance at ATM in May is recommended to raise Aqaba's profile;
- Expatriates resident in the region are also a promising target segment;
- Well in advance of the opening of the new Conference Centre, Aqaba will need to starting target MICE agents not only in Amman and also in the main regional cities: Dubai, Beirut, Damascus, Jeddah, etc.; it should also target major businesses, government agencies, NGOs and meetings organizers in the capital cities of Arab states.

Marketing in Israel is better carried out through the JTB office there, but potential clearly exists, especially for Petra and Wadi Rum. There were 16,727 Israeli bed nights in Aqaba in 2009. In terms of statistics, however, Israelis, Arab 48 population and Palestinians should in future be differentiated in order to develop the right strategies for each. According to hoteliers, Arab 48ers came to Aqaba in large numbers during summer 2010, mainly because their usual destinations (Turkey and Egypt) were closed to them for political reasons. However, their exact number is not clear.

### 4. Domestic

Domestic markets require particular attention during recessionary times and during the low season. The following segments should be targeted, based on a further analysis to be undertaken by a local advertising or research agency:

- Up-market residents of Amman, English readers, larger businesses, and embassies;
- Travelers on luxury public transport (Jett etc.) should be addressed through joint campaigns;
- Divers, RSCN members, and specialist clubs should also be targeted;
- A campaign to encourage greater local uptake of 'learn to dive' courses should be mounted with Dive Centers;
- Shopping centre promotions should be undertaken, with support radio advertising;
- Joint press and radio campaigns with Aqaba hotels should be encouraged during traditional periods of lower occupancy, such as Ramadan.

The domestic market has awareness of what Aqaba can offer, but this knowledge needs to be updated. It is important to target key influencers in the local press.

## 5. SUMMARY OF KEY ACTIVITIES IN PRIMARY MARKETS

In brief, the level of activities in primary markets should be as follows:

- Market Based Representatives undertaking trade and media tasks;
- Attendance at major trade fairs;
- Financial support for tour operators through charter incentive schemes, coop advertising, through brochures or other direct marketing activities;
- Continuous market research to monitor trends and travel habits and to measure the level of satisfaction of tourists;
- Sales visits combined with press conferences or press luncheons;
- Familiarization trips for the trade and the media;
- There should be no TV commercials or other consumer oriented activities, apart from e-marketing, in Europe. However, a media campaign needs to be launched in the Region and domestically;
- Effective e marketing campaigns and website.;
- Brochures in various languages.

## Secondary

Secondary markets will be principally serviced through JTB and generic e-marketing. They will not be a prime focus for marketing resources, but tactical opportunities should be seized and requests for assistance – for example charter incentives, familiarization trips or media visits – will be considered on a case by case basis.

### 1. EASTERN EUROPE

Working with the travel trade is the key to accessing this market. PR for the destination is also needed. Growth from Poland, Ukraine and the Czech Republic has been very significant to competitor destinations such as Egypt and Turkey. But much of this has been "low spend – high nuisance" tourism. Eastern Europe should be targeted tactically for the summer months when primary Western European markets are reluctant to visit Jordan. This is reflected in the new charter support scheme (Annex 2).

### *Czech Republic*

- Czechs have huge opportunities for discovering Europe, fueled by LCC growth to Prague. In the era of cheap air travel within the Europe, only charter operations to Jordan are likely to succeed until special interest tourism develops;
- There were 5.1 million Internet users in the Czech Republic (50% of the population) in June 2007, according to Internet World Stats. Eye for Travel (2007) find that IT growth has mainly been pushed by the tourism sector. National websites were the most frequently used media rather than newspapers, highlighting the need for an e-marketing approach.

### *Hungary*

- The Hungarian travel market is not specialized but it is currently in the process of transformation in terms of streamlining and consolidation. Due to the fact that Hungarian travelers are very price conscious, only a small margin can be applied on sales leading to better efficiency in selling volume tourism instead of demanding, specialized tours. The approach for Hungary should therefore be to consider each charter operator approach on its own merits, leaving the operator to determine the appropriate segments.

### *Poland*

- Aqaba should continue to target the travel trade through JTB. There are approximately 600 tour operators, both incoming and outgoing, in the Polish market and around 2,000 companies that are both tour operators and travel agencies;
- TT Warsaw and Tour Salon Travel Fair, Poznan are the largest trade shows organized in Poland. Aqaba should support Polish tour operators who feature Aqaba at this event, but an Aqaba stand presence is not recommended;
- 30% of Poles are on line and the Internet is an effective way to influence travel. Upgrading the Aqaba web presence and e-marketing will enable some coverage of the Polish market.

### *Slovenia*

- Slovenia is perhaps closest to the West and Aqaba therefore needs a more PR and Internet-based approach to marketing. Slovenes prefer recommendations from friends and family and searching the Internet, emphasizing the need for Aqaba to monitor and influence Internet exposure. ASEZA has undertaken PR activity in this market, and this could usefully continue on a low priority basis. However Aqaba should mainly leave coverage of this market to JTB.

### *Ukraine*

- JTB should target the Kiev travel trade on Aqaba's behalf. There is charter potential as the economy improves.

## *2. North America*

The US outbound tourism market is experiencing significant change which is an opportunity for growth when recession eases. The EU/US Open Skies Agreement went live at the end of March 2008 and is opening up new routes between the US and European Union destinations, presenting more opportunities for getting to Jordan via Europe. But this is a very large and expensive market to target, so all Aqaba marketing should only be with JTB or RJ (or other carriers). JTB should be encouraged to partner with Aqaba as follows:

- Intensive cruise marketing with sales calls to cruise line itinerary planners, and attendance at SeaTrade Miami. Ocean cruising is growing at a phenomenal rate worldwide, particularly in the US (Americans still

dominate the market, although the proportion of Western European is growing). Aqaba and JTB should address this opportunity together;

- Strong interest in higher end activity and other themed holidays exists in North America. Aqaba must work with JTB to identify and target appropriate operators. In the past older Americans were very keen on regional trips, often with a Christian theme, covering Egypt, Israel and Jordan, but this business virtually disappeared over recent years due to security concerns. There are signs now that interest in such trips is building up again. Aqaba could benefit by upgrading interpretation at the oldest church;
- There may eventually be some potential within MICE, provided security concerns can be overcome;
- There is already a fair amount of US business travel to Aqaba, mainly related to Government projects, or to commercial involvement with the mega-developments. However individual business travel, unlike MICE, is very difficult for tourism organizations to influence.

### 3. Other markets

Other markets, such as India and China, should only be addressed in partnership with larger players such as JTB or RJ.

The new EU regional cross-border fund may present opportunities to market Aqaba with other Red Sea destinations, or other alliances, but it is important that Aqaba's product differences are not lost in any joint campaign.

#### *i. Market Mix and Budget*

There are two main types of market mix – Promotion and Facilitation. Promotion typically requires large sums of money to be spent in front-line consumer advertising. Facilitation involves working through intermediaries, such as:

- Airlines (including LCCs);
- Tour Operators and Travel Agents;
- Jordanian and Regional Handling Agents;
- Cruise Operators;
- Media.

We recommend a predominantly facilitation mix for Aqaba for the following reasons:

- The marketing budget is small (see below). Very few destinations have large budgets, and these are normally countries (Egypt, Mexico, Malaysia), not city destinations;
- Private sector support is essential if Aqaba is to achieve its goals;
- Promotional campaigns normally reach up to 10% of visitors, but most can be reached through various types of facilitation;
- Destinations have a wide range of areas, products and segments with different priorities, which makes centralized promotion difficult;
- Government objectives are typically expressed in economic, social and environmental terms. In contrast industry has clear targets;
- The industry has the marketing expertise which Government officials lack.

The main routes Aqaba should use to target the key intermediaries have been listed in detail above, but should in summary include trade exhibitions, study visits, joint schemes, newsletters, b2b web, MBRs and of course JTB.

Direct targeting of the consumer should be limited to:

- Information and print: specific recommendations for print program development are being drawn up separately;
- Website/e-marketing: the budget for this area of activity should be increased substantially (see above) and a specialist should be employed to ensure that Aqaba makes productive use of this very cost-effective modern method of reaching consumers. Consumer recommendation sites like Trip Advisor and social networking sites (like Twitter and Facebook) should be specifically targeted;
- Tactical promotions and advertising in the domestic and regional markets, where access via the trade is more difficult. In European markets such activities should only be considered on a joint scheme basis with the private sector.

Additionally, of course, ASEZA must take a leading role in tourism consumer research. This should be conducted on a regular basis to track changes in attitudes and impact, should take advantage of research opportunities in source markets afforded by JTB, and should be communicated in an effective and timely manner to stakeholders.

A core ASEZA marketing budget of JD 4.587 million in 2011 has been assumed for the purposes of this strategy. This is broadly in line with the budget which has already been proposed, which includes JD 2 million for the 2011 Arab City of Tourism campaign. There is an additional provision of JD 1.1 million for Product Development, including quality and sector training, giving a total (excluding staff and administrative costs) for tourism of nearly JD 5.7 million. Staff and office costs are excluded from these figures.

The Table below outlines the Recommended Market Mix and Budget for Promotion:

Table 24: Recommended Market Mix and Budget for Promotion 2011 – 2015 (in JD)

Activity/Year	2011	2012	2013-2015 Per Annum
Market Based Representatives	425,000	625,000	750,000
Trade Fairs	475,000	570,000	650,000
Trade Incentives including co-op adv.	1,300,000	1,600,000	1,500,000
Marketing & PR Campaigns including co-op adv.	900,000	500,000	500,000
Events	400,000	200,000	200,000
Research & Training	100,000	300,000	350,000
Film & Photo production	170,000	70,000	200,000
E marketing & Website Development	200,000	250,000	300,000
Local Campaign	180,000	100,000	100,000
Familiarization Trips	85,000	85,000	100,000
Airline Support	70,000	150,000	200,000
Private Sector Support	30,000	50,000	50,000
Publications	35,000	50,000	50,000
Trade Supplements	30,000	50,000	100,000
Training	50,000	75,000	75,000
Other Activities	137,500	100,000	100,000
Total	4,587,500	4,775,000	5,225,000

Note: Product development will be budgeted as a separate exercise in consultation with the stakeholders involved.

The core ASEZA tourism marketing budget should be progressively increased to JD 5.225 million in 2013, as room supply expands. This should be supplemented by contributions from the industry via the PPP starting at a ratio of 25:75, and moving progressively to 50:50 by 2016. Joint campaigns with private sector stakeholders will cover a broad marketing mix including e-marketing and advertising. A key skill required by the new PPP will be the ability to plan and negotiate such campaigns.

#### *j. Action Plans*

This Marketing Strategy is designed to facilitate the creation of separate Action Plans. Such plans need constant revision in response to market developments, so are seldom done for more than one year. A detailed Action Plan has therefore been created for the first year (2011) and broad Plan Guidelines for the next two years. Moreover ASEZA staff will be given training using a template to enable them to update Action Plans effectively when needed and write new ones for subsequent years.

The broad strategic guidelines underlying the creation of future Action Plans can be summarized as follows:

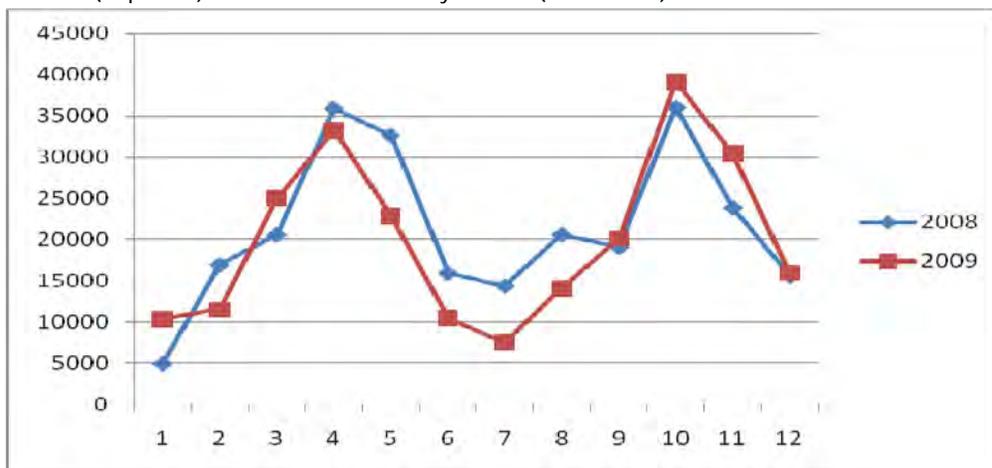
- Upgrade the city centre product to keep pace with the new mega-projects;
- Focus on the primary markets identified;
- Market increasingly in partnership with the private sector (set up a PPP), and progressively increase their contribution to costs;
- Make more effective use of JTB resources, and set up dedicated Aqaba MBRs when necessary to facilitate activities in key source markets;
- Limit direct consumer activity to Domestic and Regional markets;
- Retain current charters and encourage new ones, but, as brand penetration improves, shift emphasis progressively towards encouraging more stable scheduled direct flights.



## Annex 1: Wadi Rum Protected Area

In 2009 Wadi Rum attracted 238,061 visitors making it one of Jordan's three most popular visitor attractions after Petra and Jerash. Entrance fees from foreign visitors are approximately JD 470,000. Day and half day jeep safaris are the main product sold, raising income of JD 1.57 million in 2008. This amounts to 34,963 jeep trips, 61% of which take place in the protected area and 39% in Disi. The number of jeep trips equates to approximately 100 jeep trips a day. However tourism in Wadi Rum is highly seasonal as illustrated in the chart (number 6) included in Section 2 and reproduced below.

Chart 6 (duplicate): Wadi Rum visitors by month (2008-2009)



Source: Wadi Rum Protected Area

The environmental impact of jeep tourism is severe on the fragile desert environment, and the protected area staff are calling for the de-marketing of jeep tours in favor of marketing products which give greater local income, such as camel safaris, rock climbing and desert trekking (unfortunately this call for de-marketing does not yet seem to have been heard by ASEZA or JTB, both of whom feature jeep safaris in advertisements and publications). Tour operators are not aware of the issue.

The protected area has a marketing budget of around JOD 70,000 but no detailed marketing plan. Publications are produced, and staff attend overseas promotions with other ASEZA staff.

A number of Gulf and North African states are currently developing Desert Tourism (Morocco, Tunisia, Libya, Egypt, Israel, Oman, Dubai, Syria, United Arab Emirates). Marketable products that desert tourism can offer include the following:

- Backcountry and wilderness trekking;
- Historical tourism (following heritage trails, visiting archaeological sites);
- Desert religious tourism, treks based on holy sites, Nabatean culture, etc;
- Oases;
- Bedouin, Arab or Berber cultural tourism;
- Bird-watching and wildlife tourism;

- Ecotourism;
- Desert camping (luxury to budget);
- Desert resorts (the flagship in the region being Al Maha near Dubai).

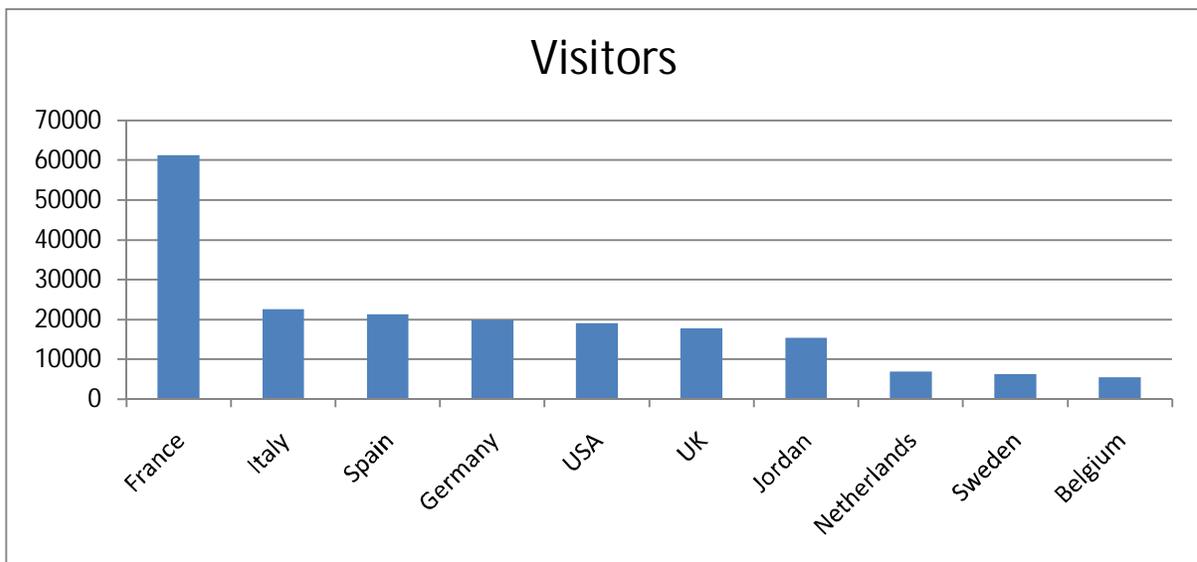
Egypt has re-launched its desert tourism product ('Desert Tourism and Oases: Egypt – nothing compares'). The product offer is the six Western Desert oases, great white sand seas, unique Berber culture, and the Wadi Al-Hitan (Whale Valley) world heritage site. Tour suggestions are outlined: for short trips (up to three days); longer trips (up to seven days); and expeditions (10-21 days). Desert driving, camel riding and walking, and 'desert thrills' (dirt biking, mountain biking, sail boarding, etc.) A professional association of specialist desert tour operators, the Egyptian Desert Keepers (EDK), has been established to implement codes of ethics and conduct.

Wadi Rum by contrast is currently a day visitor mass tourism attraction, with added overnight options. The main developments there have been the large visitor centre and event facilities (e.g. the camel race track). Major intervention will be required to market alternative longer stays, improve overnight options and to de-market environmentally damaging aspects. Responsible tourism issues, in particular the challenge of local benefit versus the need for outside investment in quality product, are to the fore.

#### *a. Source Markets*

Wadi Rum attracts visitors from a wide range of source markets with a strong dominance by mainland Europe (France, Italy, Spain and Germany). The number of overnight visitors in the Disi-Wadi Rum area's tented camps is not currently recorded. Most visitors undertake a half day jeep tour. Numbers engaging in sports or other activities (rock climbing, desert trekking and camel safaris) are very small but growing.

Chart 12: Visitors to Wadi Rum by Nationality 2009



Source: Wadi Rum Protected Area

## *b. Market Segment Details*

Discussions with Wadi Rum Protected Area staff and tour operators indicate the following:

- In general the product offered is generalist rather than special interest, with Wadi Rum being offered as part of the Classic Jordan tour. The appeal is sightseeing (in a jeep) rather than activities. The profiles generally reflect tourism to Jordan;
- Cruise tourism customers are a growing source of business for jeep tours. The profile is older tourists with high numbers of Americans. The segment size is over 10 million Americans who cruise and 4 million Europeans (Mintel);
- The expatriate free independent traveler (FIT) segment is important for overnight camping within Wadi Rum. The profile is families and small adult groups;
- Selected overnight camps are used by tour operators, generally outside the protected area;
- School groups form a distinct segment, but numbers are currently very small (around 100 per month). This requires attention if Wadi Rum is to fulfill its environmental objectives;
- Numbers of Jordanian visitors are also modest (15,425 in 2009);
- There are very small numbers of rock climbers, working with specialist operators, one of whom is local;
- Winter desert trekking is growing in popularity, although numbers are still small. The profile is small adult groups, with a broad age profile. European markets dominate;
- RSCN members are a potential market segment (not currently exploited);
- Events, such as desert raves and camel racing meets are attracting growing numbers to Disj;
- Interest is growing in unusual experiences like stargazing, meditation and desert marathons.

## *c. Potential Future International Market Segments*

### 1. Climbing

It is difficult to measure the number of people involved in climbing and mountaineering although it appears to be growing with more potential for tour organizations working in the sector. The total number of individual European members that are active in mountaineering and climbing was 2,985,780 in 2007, compared to 2,351,540 in 2003 (Mintel). This figure obviously does not include other climbers that are not members of national federations.

The British Mountaineering Council of England and Wales estimates that there are some 496,000 UK climbers, with 326,000 men compared to 170,000 women. It suggested 269,000 participants were aged between 16-34, 201,000 between 35-54 and 26,000 aged over 55 years.

According to UK tour operator Rock and Sun, climbing is seeing a huge growth, with indoor climbing the fastest-growing sport in the UK, also spurring interest in outdoor climbing. Established in 2000, Rock and Sun has seen a 40% increase in interest each year. The company runs courses and holidays in the UK, Europe and North Africa for all levels. Although the core of clients is between 25-35 years old, many families and older people are starting to show interest.

One of the fastest-growing destinations for rock climbing tourism is Spain. The best time for climbing is from October to March. Besides independent climbers travelling to Spain, a growing number of specialised tour operators are offering climbing holiday packages and

courses (the Costa Blanca is the number one destination for Rock and Sun). Increasing numbers of low-cost flights make Spain an affordable and easily accessible location and the best climbing areas are often conveniently close to main airports. The cost of getting to Jordan is a significant disincentive for this market.

## 2. Hiking

Operators have seen an increase in popularity of organized trekking holidays and there is a huge and growing choice on the market, with trips to increasingly remote places. Options range in difficulty levels and may be based in one place or involve moving daily and sometimes camping en route, with between four and ten hours spent walking each day.

"Explore" for example has 93 different 'on foot' holidays, ranging from challenging treks at altitude to gentle walks along alpine planes. There are four grades of walk, from A ('easy') to D ('tough'). Popular choices are those that combine hiking with other activities, for example, a two-week trip to Tanzania combining game viewing and time on the beach with climbing Kilimanjaro.

Nepal is the world's leading trekking destination and recently saw a surge in interest. Intrepid has introduced seven new hiking trips to Nepal to meet a rise in demand for walking holidays, with new routes to the Everest base camp included to avoid the more touristy routes.

In Peru, restrictions on the number of people allowed to walk the Inca Trail each day have had operators introducing alternative hikes to Machu Picchu. Demand far outstrips space and the trips are booking up months in advance. Demand for KE Adventures was up 19% year on year.

North Africa is a key competitor for Jordan, particularly Morocco, with a growth in low-cost flights to Marrakech fuelling access. Interest in other Middle Eastern destinations, such as Oman, is growing steadily.

### *d. Means of Reaching Segments*

- For climbing and hiking, segments can best be targeted through specialist operators, specialist press and clubs and societies;
- General incoming tourists are best targeted through guidebooks and press features, and through Jordanian ground handlers;
- Cruise line passengers can also be targeted through the ground handlers who organize cruise liner itineraries. There are about 200 cruise line companies who potentially use the Red Sea-Suez Canal region. These can also be targeted;
- Jordanian school and university groups can be targeted through direct marketing, sales calls and awareness campaigning;
- Web links and e-marketing should also be used extensively.

### *e. Recommended Wadi Rum Marketing Strategy*

Wadi Rum should have the following marketing objectives:

- To maximize the uptake of the range of pro-poor products available, de-marketing jeep tourism which is environmentally damaging;
- To encourage overnight and longer stays;
- To maximize the use of the visitor centre and protected area as an environmental education resource;
- To foster interest in Bedouin culture and eco-tourism products;
- To improve product quality, especially in Wadi Rum village.

The following groups should be prioritized for marketing purposes by the destination partnership:

- Jordan-based tour operators (ground handlers);
- International tour operators, especially special interest ones;
- Tour guides;
- JTB;
- RSCN;
- The travel press;
- Social networks (e-marketing).

Wadi Rum Protected Area staff should concentrate on educational objectives, marketing to

- Universities and schools, particularly in the Aqaba-Ma'an regions;
- The local market.

Schools and universities should be the main focus of Wadi Rum Protected Area's own marketing budget, rather than attending overseas promotions which, for a visitor attraction, has very limited effect. Overseas marketing of Wadi Rum should be handled by the destination partnership and JTB.

Products which involve overnight accommodation need to be promoted more. At present the image of Wadi Rum appears to be dominated by jeep tours and a special effort is required to change this perception. ASEZA, JITOA and JTB have important roles in this regard.

High profile environmentally friendly events which assist in achieving the marketing objectives identified and which are focused on the products identified should be developed and supported.

Joint marketing and advisory support from RSCN/USAID should be considered.

Dedication of a generous (and proven) percentage of the visitor centre admission fee towards community projects should be advertised as part of a responsible tourism commitment.



## Annex 2: Charter Flights

### *a. ASEZA Charter Flights Support: Western Europe, Scandinavia & Russia*

The Aqaba Special Economic Zone Authority (ASEZA), the governing authority of the Aqaba Special Economic Zone (ASEZ), is taking the initiative to support charter flight operations to Aqaba (King Hussein International airport KHIA) as its contribution towards the cost of marketing and promotion to open new tourism markets and support existing ones as follows:

1. An amount of US\$ 2,500 for each flight within the first 12 months and the amounts shown in the table below for the subsequent three years:

Year	Max. Flights	Per Flight
1	52	\$2,500
2	52	\$1,750
3	52	\$1,250
4	52	\$625

2. A bonus of US\$ 2.0 per passenger per additional night (over 3 nights).
3. Co-op marketing campaigns: ASEZA will pay US\$ 10,000 in the first year, an amount which the tour operator will be required to match. ASEZA's contribution to co-op campaigns will increase annually as follows with the tour operator again expected to put in the same amount as ASEZA:

Year	Co-op Campaign
1	\$10,000
2	\$20,000
3	\$30,000
4	\$40,000

### *b. ASEZA Charter Flights Support: Eastern Europe*

The Aqaba Special Economic Zone Authority (ASEZA), the governing authority of the Aqaba Special Economic Zone (ASEZ), is taking the initiative to support charter flight operations to Aqaba (King Hussein International airport KHIA) as its contribution towards the cost of marketing and promotion to open new tourism markets and support existing ones as follows:

1. An amount of US\$ 2,000 for each flight within the summer months(May – Sep) and the amounts shown in the table below for the subsequent three years:

Year	Max. Flights	Incentive Per Flight
1	20	\$2,000
2	20	\$1,400
3	20	\$1,000
4	20	\$500

2. A bonus of US\$ 2.0 per passenger per additional night (over 3 nights).
3. Co-op marketing campaigns: ASEZA will pay US\$ 5,000 in the first year, an amount which the tour operator will be required to match. ASEZA's contribution to co-op campaigns will increase annually as follows with the tour operator again expected to put in the same amount as ASEZA:

Year	Co-op Adv.
1	\$5,000
2	\$7,500
3	\$10,000
4	\$15,000

*c. Charter prequalification conditions:*

- The charter operator/ tour operator should inform ASEZA of the starting and finishing dates of the operation;
- The planes should land at KHIA (AQJ);
- There should be a minimum of 15 flights for each operation from one source city during a period of one year from the starting date of operation;
- There should be a minimum stay of THREE nights in Aqaba hotels;  
The plane should have a minimum load of 100 passengers staying in Aqaba for the three nights;
- All tour operators must match the Co – op scheme and prove printing, publishing, distribution costs, etc. Those who will not accept and carry out the co – op, will not qualify;
- The scheme will start as of 11th November 2010;
- A letter of commitment will be issued by ASEZA stating conditional approval.

*d. Documents to be provided by the charter operator/ tour operator to ASEZA when applying for the scheme:*

- A letter requesting consideration for the scheme;
- The letter should state the name of the source country/ city and airport from which the flights will operate to KHIA (AQJ);
- A copy of the tour program in Jordan;
- A list of hotels to be used by the passengers in Aqaba.

*e. Documents required when submitting the claim:*

The following documents should be submitted after the landing in KHIA (AQJ):

- A covering letter issued by the operator to ASEZA submitting the claim/ invoice and giving bank details;
- A passenger manifest certified by KHIA/handling agent for each flight;
- A letter attaching a rooming list issued by each hotel in Aqaba for the guests on each charter;
- A detailed marketing plan with proof of implementation in the source market, attaching copies showing the marketing and promotional tools utilized to promote Aqaba such as: brochures, advertisements, radio spots, TV commercials, web marketing, etc.