
UNIT 12 MIDDLE EAST AND GULF

Structure

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Gulf and Middle-East Markets
- 12.3 Middle East and India
- 12.4 Marketing India
 - 12.4.1 Outbound ex-Gulf and Middle East
 - 12.4.2 Strategy for Gulf and Middle East
 - 12.4.3 Marketing Objectives for the Gulf and Middle East
- 12.5 Let Us Sum Up
- 12.6 Clues to Answers

12.0 OBJECTIVES

After reading this Unit you will be able to:

- discuss the Middle-East tourism market,
- understand the scope of India in tapping these markets,
- comprehend the need of marketing India to these countries, and
- gauge the Middle-East market trends and scope.

12.1 INTRODUCTION

Traditionally a good to and fro traffic exists between India and Gulf and the Middle East Countries. The Gulf countries include UAE, Saudi Arabia, Kuwait, Oman, Qatar and Bahrain. And countries like Jordan, Syria, Egypt, Iran, Yemen, Turkey, Lebanon and Iraq, constitute the middle east. As this market is a vast one, India needs to market itself keeping in mind the target market and accordingly form a 'niche' for itself.

India has a steady flow of visitors from these countries. But most of the visitors coming to India are of Indian origin and are here for the purpose of visiting friends and relatives. They end up spending very little, and India in turn gains very little foreign exchange. In this Unit we discuss these countries and the methods taken up to market India in these countries.

12.2 GULF AND MIDDLE EAST MARKETS

A brief market profile of the countries is given below (Source: Ministry of Tourism):

- 1) **Bahrain:** One of the smallest countries in the Gulf this country has a population of about 600,000, 61% of the population is made up of locals and expatriates account for 39%. The GDP per capita is US\$ 13,000.
- 2) **Kuwait:** This oil rich nation rebuilt itself after the Gulf war. With a population of 2.3 million of which 59% consists of expatriates and 41% are Kuwaiti nationals this is a high potential market. Kuwait has a GDP per capita of US\$ 16,700.
- 3) **Oman:** Oman has a population of about 2.3 million of which 72% are locals and the balance 28% are expatriates. Oman has an annual population growth rate of 7.5% and the GDP per capita is US\$ 9500.

- 4) **Qatar:** The population of Qatar is around 670,000. Only 29% of its population is made up of locals. Expatriates make up 71% of the population. This oil and gas rich nation has a per capita GDP of US\$ 21,300.
- 5) **Saudi Arabia:** The largest country in the Gulf, Saudi Arabia has a population of 21 million. Locals constitute 70% of the population and expatriates the balance 30%. Saudi Arabia has a GDP of US\$ 10,600.
- 6) **UAE:** UAE has had strong links with India for a long time. The population of the UAE is about 2.5 million. Expatriates constitute a majority of the population of about 75%. The GDP of the UAE is US\$ 24,000.
- 7) **Iran:** The population of Iran is around 67.6 million. The population is made of 97% Iranians and 3% expatriates. Iran has a per capita GDP of US\$ 5500.
- 8) **Yemen:** Yemen has a population of 14.4 million. 99% of the population is made up of Yemeni nationals and it has a per capita GDP of US\$ 2900.
- 9) **Egypt:** Egypt has a population of 67.3 million. 97% of the population is made up of Egyptians nationals and it has a per capita GDP of US\$ 2850.
- 10) **Turkey:** Turkey has a population of 65.6 million. 80% of the population is made up of Turkish nationals while the rest 20% consists of Kurds. It has a per capita GDP of US\$ 6600.
- 11) **Jordan:** Jordan has a population of 4.7 million. 95% of the population is made up of Jordanians. It has a per capita GDP of US\$ 1400.

The market is quite vast as different countries are involved and on an average the nations involved have a high GDP and spending power. Thus, this region constitutes a lucrative market.

12.3 MIDDLE EAST AND INDIA

Tourist to and fro between Middle East and India is very frequent. The increase in number of flights between these two regions is a testimonial to this fact. According to Department of Tourism the number of tourist travelling to India from West Asia has shown an increase of 15.9% from 1998 to 1999.

Table 1

Tourist Arrivals		Percentage Change 1998/99
1998	1999	
95,589	1,10,806	15.9%

This is a very significant increase and this increase puts West Asia region in fourth position in context of percentage change in comparison with other regions.

Table 2: Tourist Arrivals by Regions During 1998 and 1999

Region	Tourist Arrivals		Percentage Change 1999/98
	1998	1999	
North America	3,24,920	3,34,869	3.1
Central and South America	23,701	37,988	60.3
West Europe	8,53,411	8,07,885	-5.3
East Europe	48,243	59,893	24.1
Africa	1,10,708	1,36,595	23.4
West Asia	95,589	1,10,806	15.9
South Asia	5,58,772	6,24,945	11.8
South East Asia	1,33,524	1,42,358	6.6
East Asia	1,29,366	1,25,108	-3.3

Australasia	80,212	1,01,237	26.2
Other Regions	183	244	33.3
Total	23,58,629	24,81,928	5.2

Table 2 above shows that a healthy growth rate exists in West Asian region. This healthy growth needs to be maintained and work is need to increase the rate over a period of time. Given below in **Table 3** is the tourist inflow to India from West Asian region, nation-wise.

Table 3: Nation-wise Tourist Arrivals in India from West Asian Region During 1998 and 1999

Nationality	Tourist Arrivals (January to December)		Percentage Change 1999/98
	1998	1999	
Bahrain	10,251	10,001	-2.4
Iraq	1,293	3,166	144.9
Israel	1,103	23,417	11.0
Jordan	2,334	3,594	54.0
Kuwait	1,974	3,915	98.3
Lebanon	1,258	2,051	63.0
Oman	13,695	14,878	8.6
Qatar	4,552	3,756	-17.5
Saudi Arabia	12,256	14,424	17.7
Syria	1,467	2,686	83.1
Turkey	1,778	3,815	114.6
UAE	14,992	16,780	11.9
Yemen Arab Republic	8,310	7,494	-9.8
Others	326	829	154.3
Total	95,589	1,10,806	15.9

It is surprising that the percentage change in tourist flow to India is shown maximum by Iraq and Turkey. But overall tourist flow, in numbers, is maximum from Israel followed by UAE, Oman and Saudi Arabia. UAE and Saudi Arabia has always shown lot of traffic to India, especially since these two countries have a heavy volume of NRIs living there. A new market which is not so new, is the tourism market of Israel. Israel leads the tourist flow to India and as the diplomatic ties between the two countries improved the travel between the two countries has also improved.

All said, Gulf Tourists are vital to India since (**Source:** Deptt. of Tourism, Marketing Plan 2000-2001):

- Affluent nationals and stable economics ... GDP growing as a result of high oil prices.
- Travel in hot summer months ... off-season in India, thereby helping Indian Travel Trade to combat off-seasonality.
- High spenders
 - US\$250 – US\$400 per person a day, excluding airfare and hotel.

- £1362 compared to £530 by Americans and £300 by Europeans when they visit UK.
- Saudi tourists spend ten times more than Europeans (Source: National Tourism Committee, K.S.A.).
- Proximity (3+ hours away)/Air connections (over 200 flights a week).
- Historical ties ... value for money destination.
- Highest percentage of South East Asia/Asia Pacific bound travellers visit India.
- Large number of western expatriates and affluent NRIs

12.4 MARKETING INDIA

The Department of Tourism, Govt. of India, has been trying to sell India as a destination to Gulf and Middle East Region for long. Although a change in percentage is evident, but it is not substantial. However, the trend followed by the travellers from this region needs to be studied. (Source: Marketing Plan, Department of Tourism)

12.4.1 Outbound ex-Gulf and Middle East

The preferred destinations of the Arabs in 1999 were as follows:

Table 4

Middle East (Intra Gulf/ME)	65%
Europe	19%
Americas	7%
Asia Pacific/South Asia	7%
Africa	2%

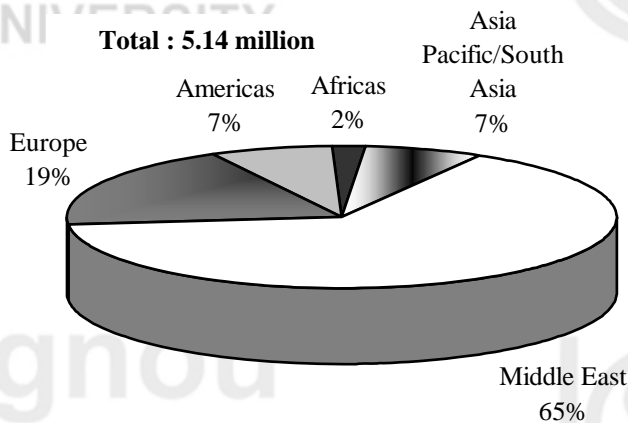


Figure I: Total Outbound: Gulf and Middle East - 1999

Total outbound from the region declined from 76,01,587 (7.6 m) in 1998 to 51,41,014 (5.14 m) in 1999 ... a drop of 32%.

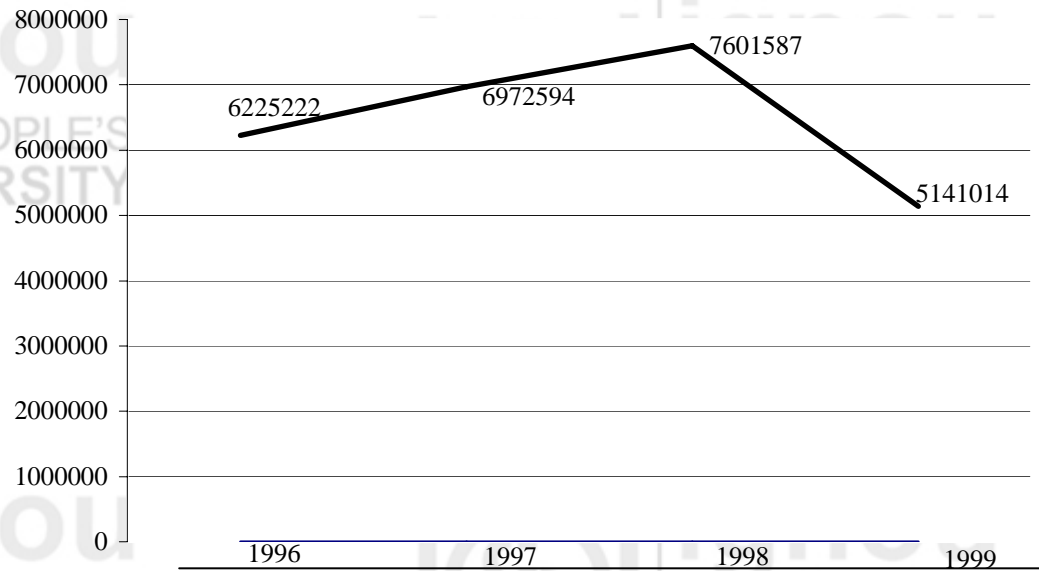


Figure II: Outbound Trends: Gulf and Middle East

More significantly, the traffic towards Asia Pacific/South Asia dropped from 474113 to 441606 ... a fall of 6.85%.

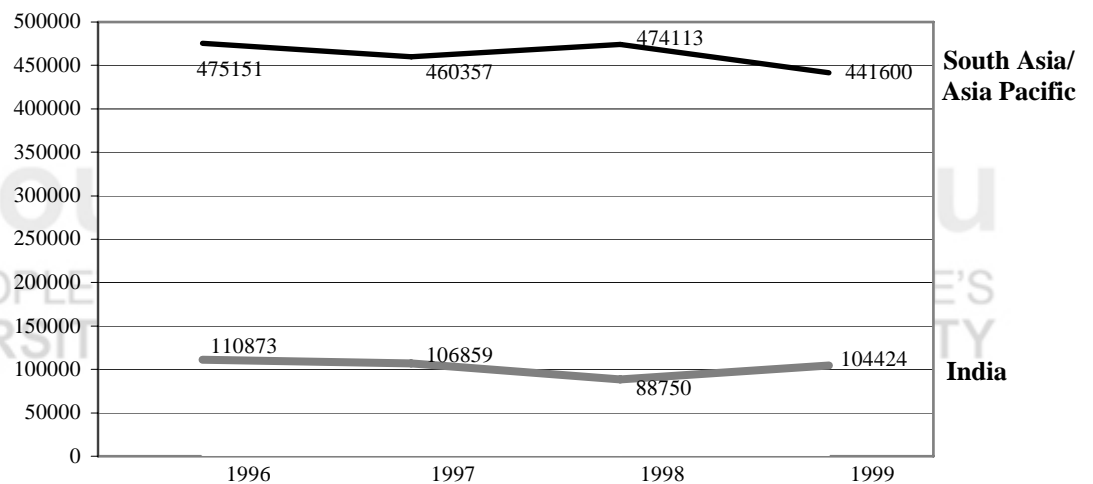


Figure III: South Asia/Asia Pacific Trends to India

While there was a fall in both outbound tourism in the areas and also specifically towards Asia Pacific in 1999 over 1998, towards India, there was an overall growth of 22% and specifically a growth of 24% towards South Asia/Asia Pacific.

Further, the share of India towards South Asia/Asia Pacific grew from 19% in 1998 to 24% in 1999.

Table 5 below describes India's share and rank and demonstrates that it is the preferred destination in South Asia/Asia Pacific.

Table 5

Country	Share of Traffic towards Asia Pacific/South Asia '99	Ranking	Remarks
Bahrain	61%	1	
Kuwait	12%	3	Hong Kong No.1 / China No.3
Oman	96%	1	

Qatar	57%	1	
Saudi Arabia	16%	2	Singapore No.1 / Thailand No.3
UAE	20%	3	Thailand No.1 / Singapore No. 2
Yemen	38%	1	
Iran	25%	2	China No.1 / Singapore No. 2

12.4.2 Strategy for Gulf and Middle East

Strategy for the Gulf:

- Concentrate on holding/growing marginally, numbers in the Gulf, among Arabs.
- Invest resources into UAE, Saudi Arabia and Kuwait, to grow numbers substantially.
- Conduct research to better understand the needs of the Gulf travellers.
- Target younger Gulf nationals.

Target for the Gulf – A growth of between 10% to 15%.

Strategy for the Middle East:

- Target Iran and Yemen ... markets with large bases and high potential. Also, cost of advertising in Yemen is relatively low given the low level of sophistication of media.
- Also target Jordan, Lebanon, Syria, Egypt and Turkey ... markets with small numbers, but with potential for growth.

Target for the Middle East – 7% to 10% growth over 1999.

12.4.3 Marketing Objectives for the Gulf and Middle East

- To continue promotion of EIMY (Explore India Millennium Year).
- To present the diversity of the product of India, in a series of packages, both for short and long holidays.
- To promote India, as the most affordable destination.
- To include more and more new tour operators and to motivate them to create exciting holiday packages/exclusive India holidays/brochures with our support.
- To promote incentive/MICE sectors in the Indian Tourism product from this market.
- To create awareness for new areas, to avoid congestion of over-sold sectors like Delhi, Agra, Jaipur, etc. As Indian Airlines serve more than 16 airports from the UAE, special packages will be worked out using them as entry points.
- To include other airlines flying to India in our efforts.
- To work out IT packages by obtaining special prices on hotels and tickets from various airlines going to India and work out special packages for NRIs.
- To step up media campaign, participation in fairs and festivals in order to motivate consumers and keep a constant flow of traffic to India.
- To organise Media/Agents' FAM tours to get maximum exposure at minimum costs.

- To promote Kerala aggressively based on strategic inputs received from The Kerala Tourism Authority and as per the directives of DOT.
- Focus on 'Rekindling memories for Arabs' and 'Back to roots' for NRIs.

Check Your Progress

1) Write a brief market profile of Middle-East?

.....

2) Why Gulf tourists are important to India?

.....

3) What should be the strategy for Gulf and Middle-East?

.....

12.5 LET US SUM UP

Middle-East and Gulf region is a very promising market for Indian tourism operators, if we look at the number of NRIs, sound employees from India and other foreign countries working on contractual basis with multinationals in this region. If these potential visitors were provided with specialised packages, it would turn out to be a vital tourist generating market for us. The statistical data provided by Department of Tourism, Govt. of India is corroborative to this fact.

Table 6: Tourist Arrivals in India from West Asia

Country of Nationality	1998	1999 Jan.-Dec.	2000	% Change 1999/98	% Change 2000/99
Bahrain	10251	10001	13349	-2.4	33.5
Israel	21103	23417	25005	11.0	6.8
Iraq	1293	3166	3252	144.9	2.7
Jordan	2334	3594	5245	54.0	45.9
Kuwait	1974	3915	8915	98.3	127.7
Oman	13695	14878	16821	8.6	13.1
Qatar	4552	3756	3768	-17.5	0.3
Saudi Arabia	12256	14424	14584	17.7	1.1

Syria	1467	2686	3626	83.1	35.0
Turkey	1778	3815	3052	114.6	-20.0
U.A.E.	14992	16780	20977	11.9	25.0
Yemen Arab Rep.	8310	7494	7865	-9.8	5.0
Others	1584	2880	2536	81.8	-11.9
Total	95589	110806	128995	15.9	16.4

12.6 CLUES TO ANSWERS

Check Your Progress

- 1) Refer Sec. 12.2.
- 2) Refer Sec. 12.3.
- 3) Refer Sec. 12.4.2.