

Tourism development in Saudi Arabia

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Abstract

Middle-East is the most undeveloped region in terms of tourist destinations in the world. Many economists believe that the situation is bound to change with Saudi Arabia taking the lead. Saudi Arabia is one of the countries with tourism potential but it has remained unexploited. Recently the country has renewed efforts to market itself as a tourist destination. This study will look at the strengths and weaknesses that the Kingdom of Saudi Arabia faces as it is now finding that it has a place in global tourism. Its much strength and the support of the monarchy in the endeavor over the last ten years make the Kingdom of Saudi Arabia a marvelous tourist destination for many reasons. While it faces cultural and infrastructural challenges, there is no question that Saudi is building a strong tourism base. This study will utilize qualitative research in order to highlight the strengths of the country for tourism and to demonstrate the areas where the Kingdom needs to put more effort into this endeavor. Conclusions and recommendations will be given at the end of the paper as a result of literature studies and the research conducted herein.

Introduction

Saudi Arabia has expanded to embrace many changes over the past decades, and even though the monarchy retains a strong stance on Islam and Sharia law, the country is slowly opening up to tourism. Statistics show that in the year 2002 Middle East had 24.1 million tourists which is only about 3.4% of world tourism. While this does not reflect a high tourism rate, this number is increasing, and much of the increase is due to the Kingdom of Saudi Arabia's efforts to improve these statistics (Sharpley, 2002). Katara Hospitality has a number of openings on the horizon including two new Qatar-based projects -- an iconic development in the Marina District of the new Lusail City and the Merweb hotel City Center Doha in 2013. Philippe Seguin, vice president of sales, distribution & marketing, Accor Middle East, said "22 new hotels representing 5,598 rooms are set to open in key destinations, in Saudi Arabia" (Abdurabb, 2012). Clearly, Saudi Arabia has come a long way where tourism is concerned in the last ten years.

Prior to the last ten years there was hesitancy on the part of the monarchy to open tourism to the West. Two factors accounted for the absence of tourism. "The government was concerned about the 'corrupting' influence of foreign tourists and the possible offence their behavior or dress might cause to conservative local society." Also, as a result of the Kingdom's vast oil revenues, there was little incentive to promote tourism activities. Although the need to diversify the economy has been recognized for over three decades, the kingdom has pursued this issue through the establishment of a broader export base, through the development of petrochemicals, and by encouraging the emergence of a wide range of manufacturing activities geared to the local market. Modernization was seen in terms of industrial development rather than services, because industry was regarded as more socially desirable and productive. Moreover, many Saudis regard working in tourism as undignified, perhaps even degrading. This attitude is changing and the shift is evident now, ten years later as the Kingdom and the monarchy see that there is much potential for Saudi as a tourism capital (Oxford Analytica, 1997, p.23).

Tourism as a Rising Industry in Saudi Arabia

The Kingdom has started many initiatives to promote tourism. "Aishath Rimna, marketing and PR executive of Maldives Tourism Corporation, said about one million tourists are expected to visit the country by the year-end." Saudi Arabia is a promising market for us. We are receiving more tourists from the Kingdom than any other Middle East country", she stated in a recent article on the issue. This is an enormous growth rate over the past ten years, and the Kingdom is ready to continue to invest in tourism (Abdurabb, 2012).

Some of the major advantages to inviting tourism into Saudi Arabia, aside from helping the image of the country. Bringing foreign exchange earnings into the economy is certainly a plus for expanding tourism in Saudi. "During the first fiscal quarter in 2012, Maldives recorded a total of 4,344 arrivals from the Middle East, marking an unparalleled growth of 77.8 percent compared to the same period last year. In particular it is important to note the exceptional growth from the Saudi market" (Abdurabb, 2012). The Saudi government feels this is due to the developing hotel chains in the country and this has been one of their major investments in the industry.

Saudi Arabia has moved to the lead so quickly that its tourism industry has immense potential. Deregulating the strong rules around getting a Visa to make it easier for tourism would be beneficial to the country. There is an uneven social element within the country, and this needs to be stabilized to attract people from the West. The BMI is strong; however, there is a problem with the image of unstable factions that would advert tourism if this is not handled by the monarchy. Stabilization and strong advertising will help tourism in Saudi with this problem. Tourist arrivals are predicted to increase in the next year according to many. With Medina and Mecca in Saudi Arabia, millions come to the country to visit yearly for religious purposes. This makes the country one of the most highly visited sites on the globe.

BMI's Saudi Arabia Tourism Report (2012) suggests that "The hospitality sector looks set to grow in tandem with visitor arrivals. BMI predicts that there will be about 424,000 hotel rooms in Saudi Arabia by 2016, up from a predictable 317,000 in 2012. In 2009, a number of international chains opened their first hotels in the market, including Rotana, Hyatt Hotels & Resorts, Accor and Raffles Hotels & Resorts. Those already present in the market are increasing, with InterContinental Hotels Group (IHG), al-Hokair Group, Starwood Hotels & Resorts, Rezidor Hotel Group and Wyndham Hotel Group opening new hotels in 2010 and 2011" (*Research and Markets: Saudi Arabia Tourism Report Q2*, 2012).

An expatriate tourism market exists within the monarchy which the government is interested in developing. High-earning foreign professional and managerial expatriates working in the Kingdom often spend much of their leave in either neighbouring Arab states, such as Egypt, Bahrain or Jordan, as well as others. The government hopes to encourage this market to explore more of the Kingdom of Saudi by providing suitable accommodation facilities. "For example, the Holiday Inn group is planning two new hotels in Saudi Arabia to exploit this market, in addition to the six it already operates" (Oxford Analytica, 1997: 1)

Saudi Arabia is planning to open tourism in both the private sector, and throughout the Kingdom, and has long range plans for its tourism industry. "A long term vision for the country's hospitality sector estimates that the number of visitors will nearly double from 47 million in 2008 to 88 million by 2020, while the number of hotel rooms would rise from 117,097 to 254,310 apartment units would increase from 101,544 to 185,853 - and employment in the industry is set to grow from 1.1 million to 1.5 million" (*Tourism Master Plan for Saudi Arabia*, 2009, p. 1). These are enormous statistics in terms of growth, and the apartment units are a huge addition for those who want to visit Saudi and stay for periods of time.

How the monarchy views tourism in Saudi is a key to its growth as the support of the royal family will determine the direction that tourism takes in the next few years, as well as how much funding it will receive from the government. "I think the numbers will be even more than these (prudent) estimates" HRH Prince Sultan said. "Tourism touches every service provider - for example, the government has approved bank financing to process loans to fund heritage projects (for small and medium size enterprises), and we will announce a national crafts and heritage industry plan to incubate projects in this sector" (Tourism Master Plan for Saudi Arabia, 2009, p. 3). This support by the monarchy is a strong indicator for tourism in the country as this is where the major decisions are made in terms of support. The kingdom brought its number one company, Saudi Aramco, to great success and it is now one of the leading oil industries globally. When the monarchy backs an industry in Saudi, as the Prince Sultan is doing, it almost guarantees some success for that industry.

Methodology

The research that was decided on to better understand how tourism is developing in the Kingdom of Saudi Arabia was the Delphi technique. This qualitative forecasting method involves setting up independent panels of individuals who are educated in the area in question. They are then given structured questionnaires to explore their expertise. These experts are permitted to interact and discuss the problems and questions in the area of their expertise, in this case, tourism in the Kingdom of Saudi Arabia.

Limitations of this method are that it allows for subjective judgment as a result of the interaction of those on the panel. Responses are collected on an individual basis based on interviews, telephone calls or by mail (Tideswell & Faulkner, 2001). The Delphi method is used frequently for the purpose of conducting research in hospitality and in the tourism industry.

The research for this study involved three panels of experts. They were allowed to discuss questions on the issue of tourism in the Kingdom of Saudi Arabia. Questions were prepared in a manner that would approach the issues of tourism in the Kingdom in the past, how it is now, and projections for its future.

During the questionnaire segment of done for this study, three groups were set up and had the questionnaires administered to them individually. When the data was analyzed, it was done in such a way that the groups were analyzed independently to attempt to ensure validity of the outcome. This meant three separate segments.

Tables of Response to the Delta Method

Using the Delta Method, the first panelists were given questionnaires on the state of tourism in Saudi Arabia today, and these were analyzed. Once the mathematical computations were taken from the questionnaires, the group was given another questionnaire that was streamlined as a result of the answers they gave on the first set of questions. These were also computed after analysis. The third time the individuals took the questionnaire it was sent back to them with even more detailed questions and there was a focus on the future of tourism in the Kingdom of Saudi Arabia. The last questionnaire approached issues such as the new hotels, the rise of support by the monarchy for the industry and more detailed issues involving what the monarchy and private companies are doing to increase tourism in the country.

70% state the Kingdom was closed to the idea of tourism	86% believe that that the oil industry distracted the Kingdom from seeing tourism as a potential way to increase the image of the country
43% believe that issues of infrastructure reduced tourism	90% believed that the oil industry was taking up resources that are now creating money that can be used for tourism.
53% believe that rules of Islamic law were partially responsible for resistance to western tourism not evolving	all agreed that oil was the major industry for the Kingdom, but that tourism hold large potential if the monarchy backs the endeavors

Table 1: First Questionnaire on history of tourism in Saudi Arabia

73% felt that tourism is expanding rapidly in the Kingdom	89% believe tourism holds potential to be a second huge income to the Kingdom due to the religious status of Medina and the Hajj
100% feel that the monarchy is interested in tourism and in putting resources into the industry	100% agree with putting more money into the tourism industry
2% felt that cultural clashes would reduce tourism	54% feel that the growth of tourism is dependent on more hotels, as they are already built or in planning and feel that appealing to the West would increase tourism

Table 2: Second set of questionnaire results

100% see infrastructure as a necessary improvement for tourists	These issues were agreed upon by all experts on the panel with no disagreement
almost complete consensus that internet and satellite structure needs improvement for tourism	89% feel the monarchy must step up production of goods offered to foreign tourists
Mass transit is another issue that the panel agrees needs improvement for tourism to flourish	82% agreed that those who come for pilgrimage must also find other tourism in the country attractive so they will stay once they are there, and spend more money on other attractions and good

Table 3: Final questionnaire for panelists

Discussion and Recommendation

The panelists felt that tourism is able to grow to be a major industry, and that the growth in the industry has developed at an extremely high rate in the last ten years. The early data on the Kingdom led to a lack of belief tourism could be a legitimate way for Saudi to generate income. This lack of believe in development of tourism in the sector was mainly attributed to the association of Arab world with terrorism. However, the panelists agreed that domestic tourism would continue to dominate tourism sector in the country and they agreed, as a whole, that it will continue to experience exponential growth.

The panelist response indicated that the government has to take strong interest in marketing Saudi Arabia as a tourism destination, which is exactly what is happening. The monarchy is aware that they need to take steps and invest in tourism in the same way they worked to build Saudi Aramco. While tourism will never reach the numbers of the oil industry,

it has enormous potential. Two major factors for this is the appeal of the country as it is growing and has much to offer as a tourist site, and there is the religious factor. Medina and the potential of tourism due to the pilgrimages people make every twelve months can be utilized as a major way to draw tourists to the country.

Saudi perceptions in the area of travel as a leisure activity must change somewhat so that it is seen as a way to spend time in a relaxing and educational endeavour (Cultural Reawakening in Saudi Arabia, 2008). There was a 100% agreement in the statistics from the questionnaire that historical and cultural sites must be revived in addition to creating recreational facilities that are attractive to foreign tourists. The panelist also agreed that there are infrastructure issues that are needed to be improved in other sectors that directly influence tourism. Among the notable issues were improved mass transportation and communication (Zamani-Farahani & Henderson, 2010), primarily good internet access, as key drivers for the tourism industry.

The panelist recommended that there is need for Saudi Arabia to strengthen its ties with America and Europe, as these are primary tourism destinations. They suggested that Saudi Arabia could achieve this by tightening its security system. This is because security and safety is critical in driving growth in tourism sector since tourists will be highly reluctant to visit an unstable country. Furthermore, they suggested that the government should make it easier for potential tourists to go through the process of acquiring visas. The statistics show that the existing products offered to tourists should be improved by aligning them with current technology. This would mean that the infrastructure has to be built up to create places with internet cafes and satellites for iPhones. This issue was agreed on by the panelists and is highly suggested as the topic received 100% agreement by those who answered the Delphi questionnaires.

Conclusion: limitations and Further Research

Saudi Arabia is gaining popularity as a tourist destination and the government has renewed its effort in marketing the country available to foreign tourists. This research acknowledged the difficulties that are facing the tourism sector, but the government is hopeful that this sector has the potential to reach the level of being second only to the oil industry in driving economic development (*MENA Report, 2013*).

While undertaking the research for this study, the major limitations were choosing expert panelists, and being certain of their expertise, as well as how they influenced one another. This became a major variable. Another limitation was the subjective nature of the Delphi method. It is worth noting that there is no conventional way of selecting panelist and the number of rounds in administering the questionnaire. The research revealed that tourism activities in Saudi Arabia have been on the rise and this trend is expected to continue. The country's monarchy is strategic and has potential to become a leading tourist hub in Middle East. However, the change in perception and increase in marketing of the country must be given priority by the government. This research only ascertained that tourism in Saudi Arabia has been trending in a good direction, and reports indicate that this is going to continue. However, the researcher recommends that further reading is to be done to measure other potential tourism virtues of the country. In addition, research should be done to establish the practical measures that the government has undertaken to tap the potential presented by the sector.

The state of the tourism industry is rising dramatically in Saudi Arabia. The Kingdom realizes that this industry could be their second most important money maker after the petroleum they are currently exporting. Changes will have to be made, and many already have

been made. With money and support from the monarchy, Saudi has the chance to become a leading tourism destination.

While there are cultural issues that will make some of this transition difficult for the country, it is not an insurmountable barrier. The country has shown that its people are able to overcome large barriers in order to meet the demands of global change. Learning to see travel as leisure, and tolerance, along with respect by those who visit the country make Saudi a great place for those who want to travel there from the West.

As a pilgrimage destination, Saudi is unrivaled and this is another one of its strengths. While the infrastructure for the country is not fully developed, the profits from the oil industry will can be used by the monarchy to develop a tourist friendly environment. There is beauty, mystery, history and faith in Saudi that is perfect for a tourism destination. Because of all its natural resources and the smart leadership of the monarchy, who are adjusting with ease to a global society, it is inevitable that if the monarchy follows through with strong advertising and investing in infrastructure, the country is perfect for tourism. It is time the world sees the mystery and beauty of this country and the people who inhabit it, and with the continuing right strategic approach, Saudi will be one of the world's finest tourism destinations which will benefit the Kingdom, and the world.

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