



Ras Al Khaimah Tourism Cluster Initiative

Towards A Comprehensive Tourism Strategy

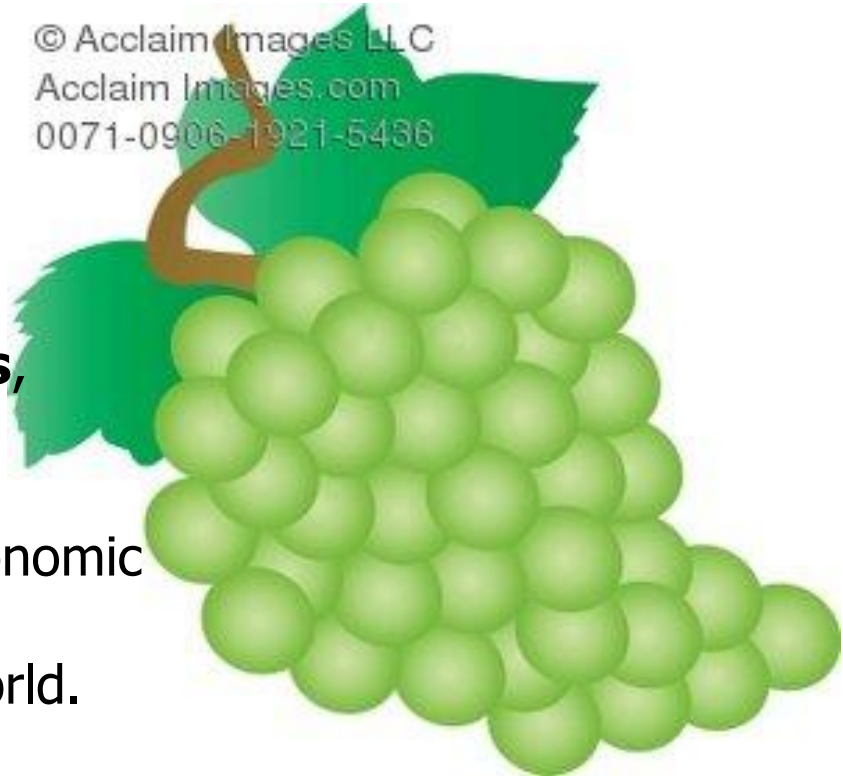
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Department of Economic Development**

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Definition

Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular economic activity, that are present in a nation, region or even the world.

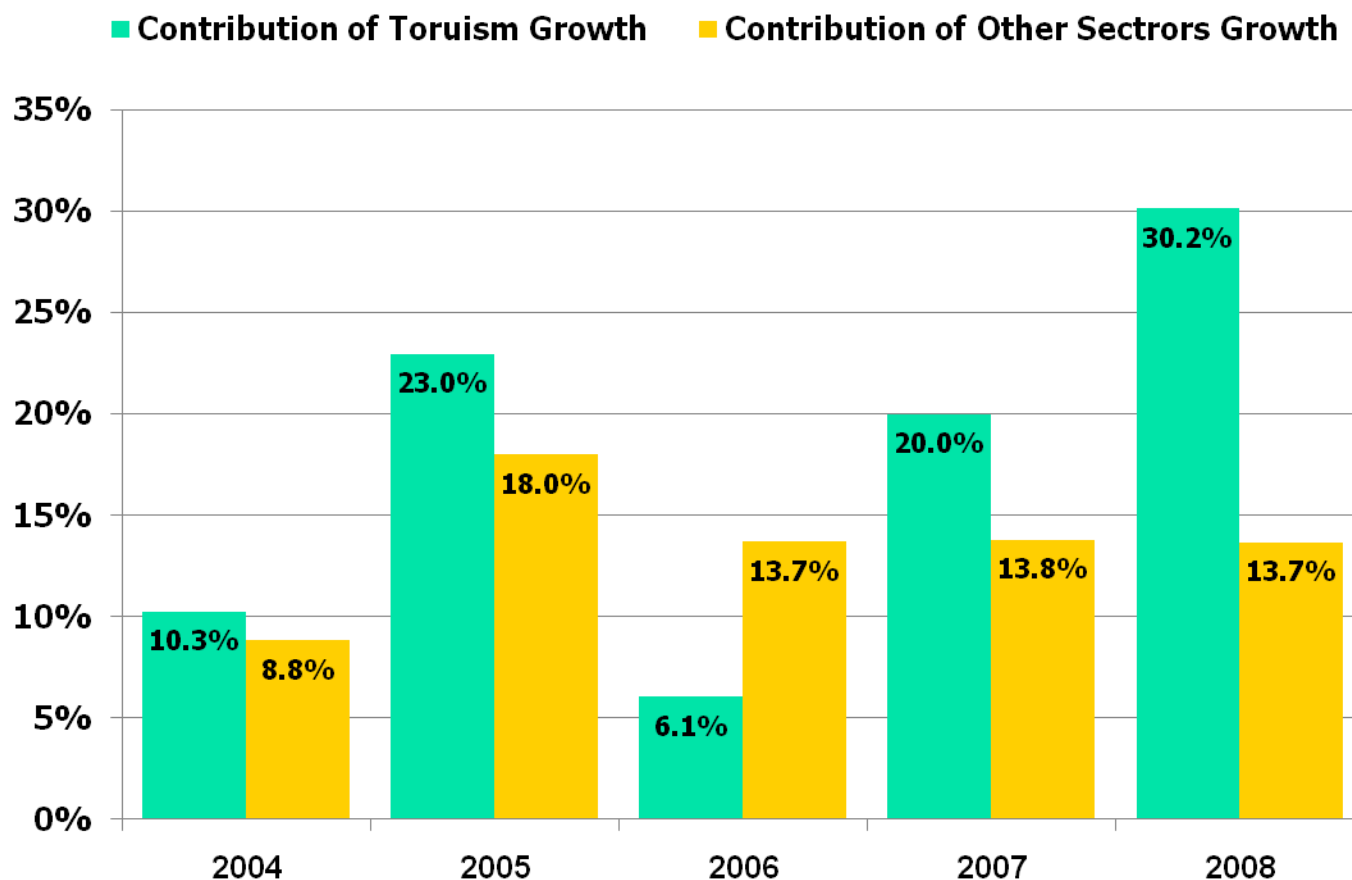


Outline

- 1) RAK tourism industry performance
- 2) The concept of tourism clustering
- 3) Why RAK tourism clustering initiative?
- 4) The Diamond Analysis
 - 1) Factor Conditions (Resources)
 - 2) Structure, Strategy and Rivalry
 - 3) Demand Conditions
 - 4) Related and Supporting Industry Conditions (Cluster).
- 5) The cluster map
- 6) Current development matrix
- 7) What is next?

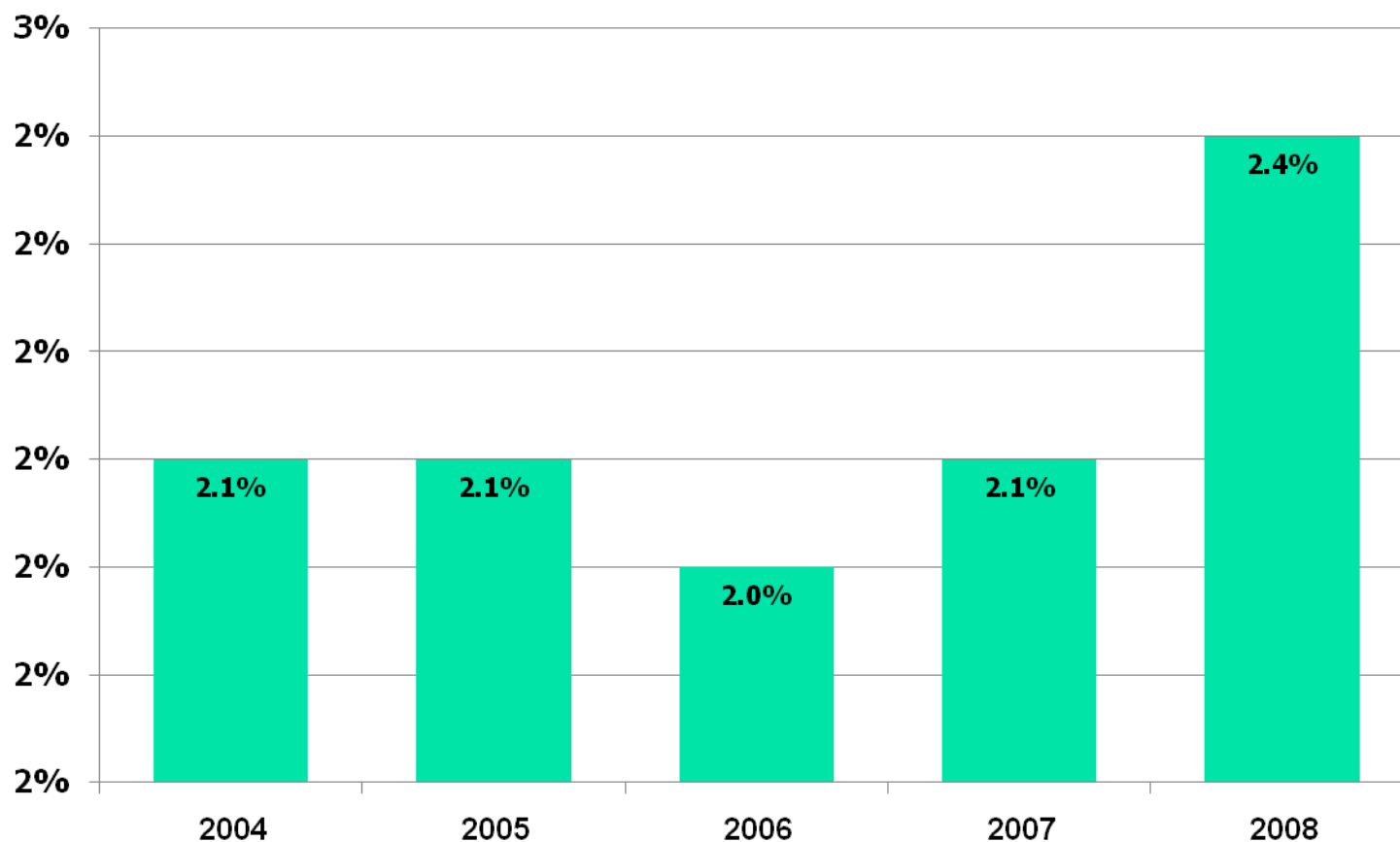
Tourism cluster: Tourism industry Performance in RAK

The growth rate of the contribution of the tourism sector to the GDP
Compared to the growth rate of the other sectors.



Tourism cluster: Tourism industry Performance in RAK

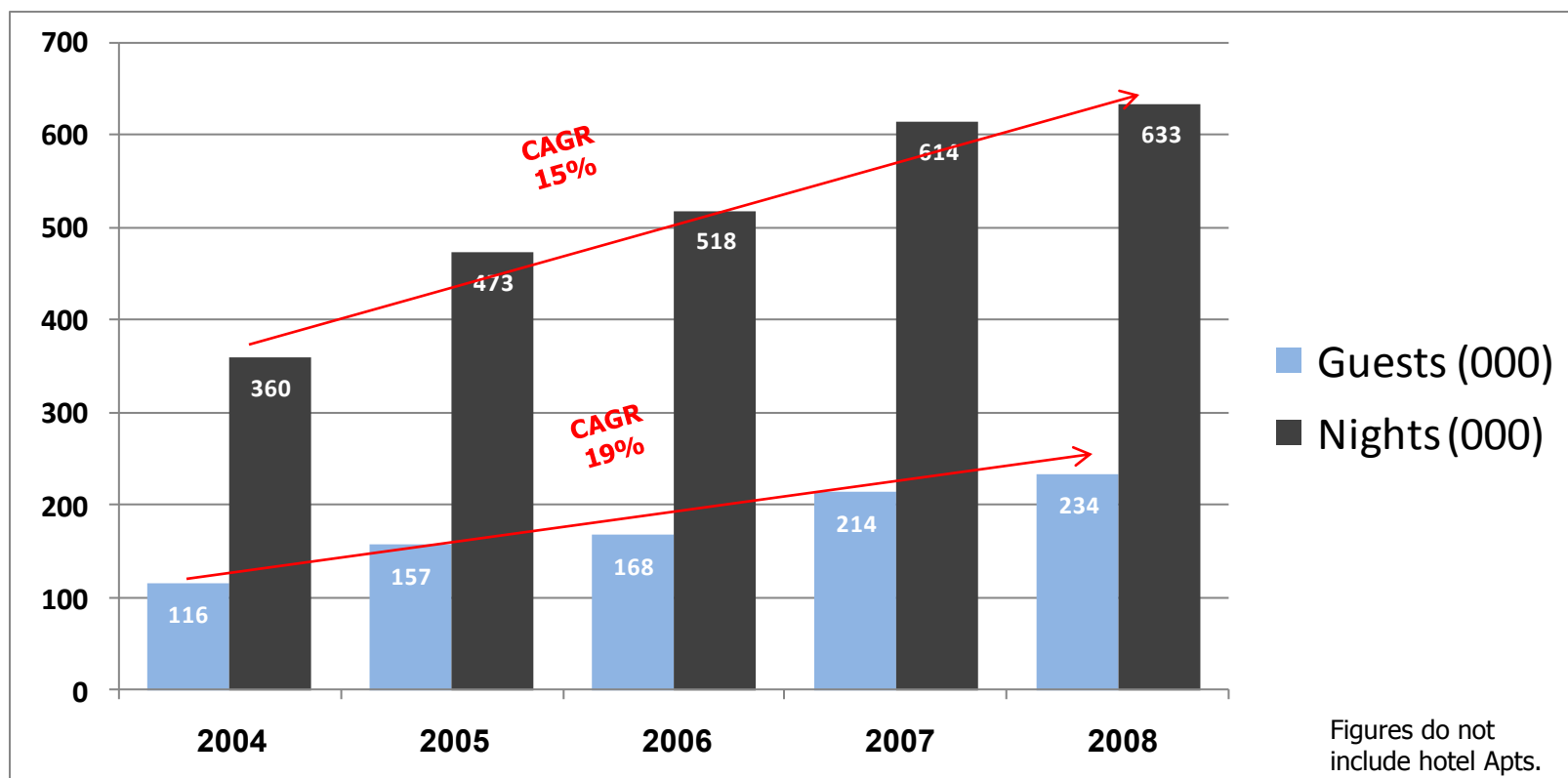
The contribution of the tourism sector to the GDP.



Tourism cluster: Tourism industry Performance in RAK

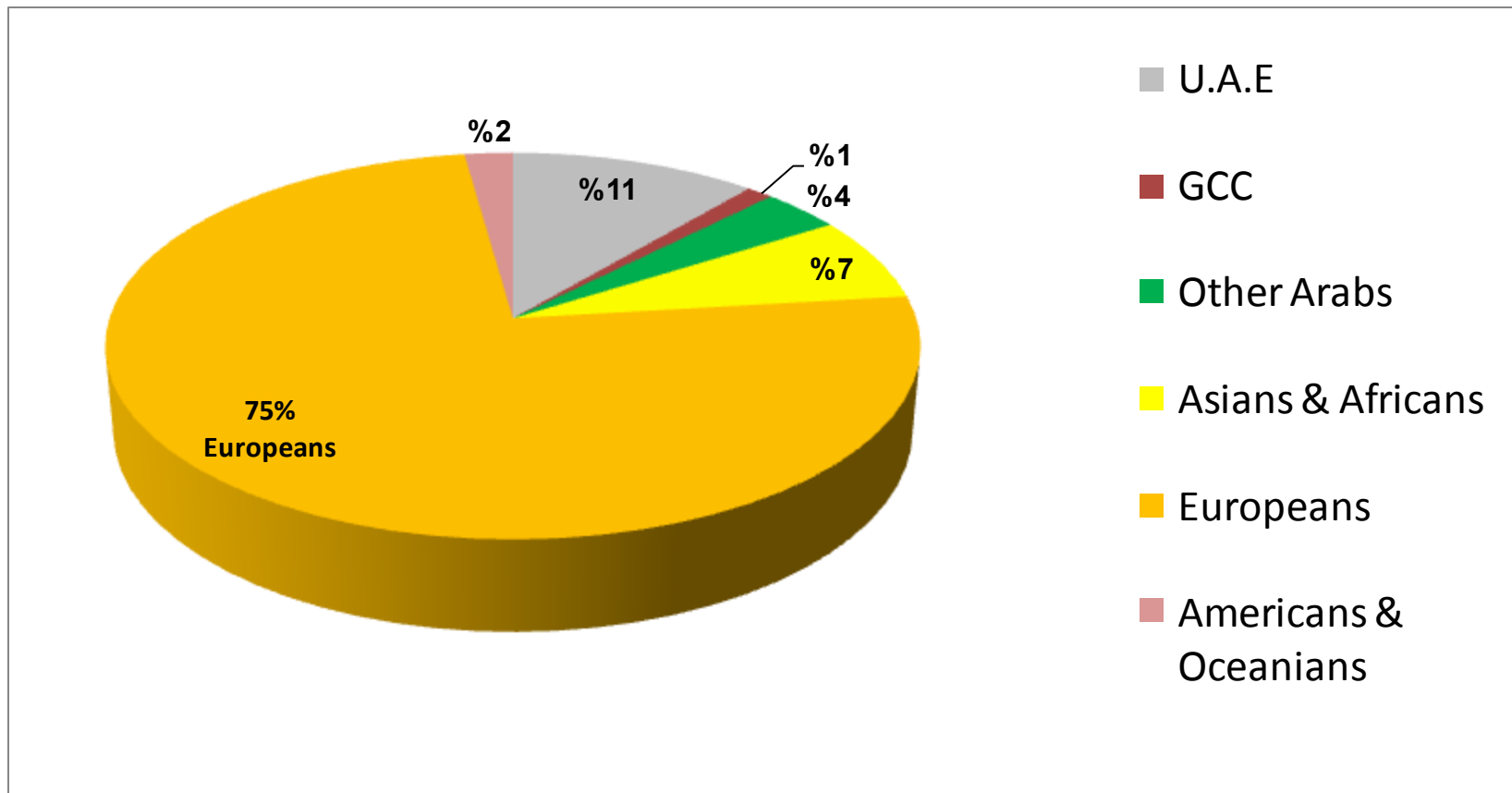
The number of guests and nights in RAK hotels

CAGR of guests during 2004-2008: 19%
CAGR of nights during 2004-2008: 15%



Tourism cluster Introduction: The profile of tourists in RAK

About 75% of tourists in RAK were Europeans in 2008.



Tourism cluster Concept

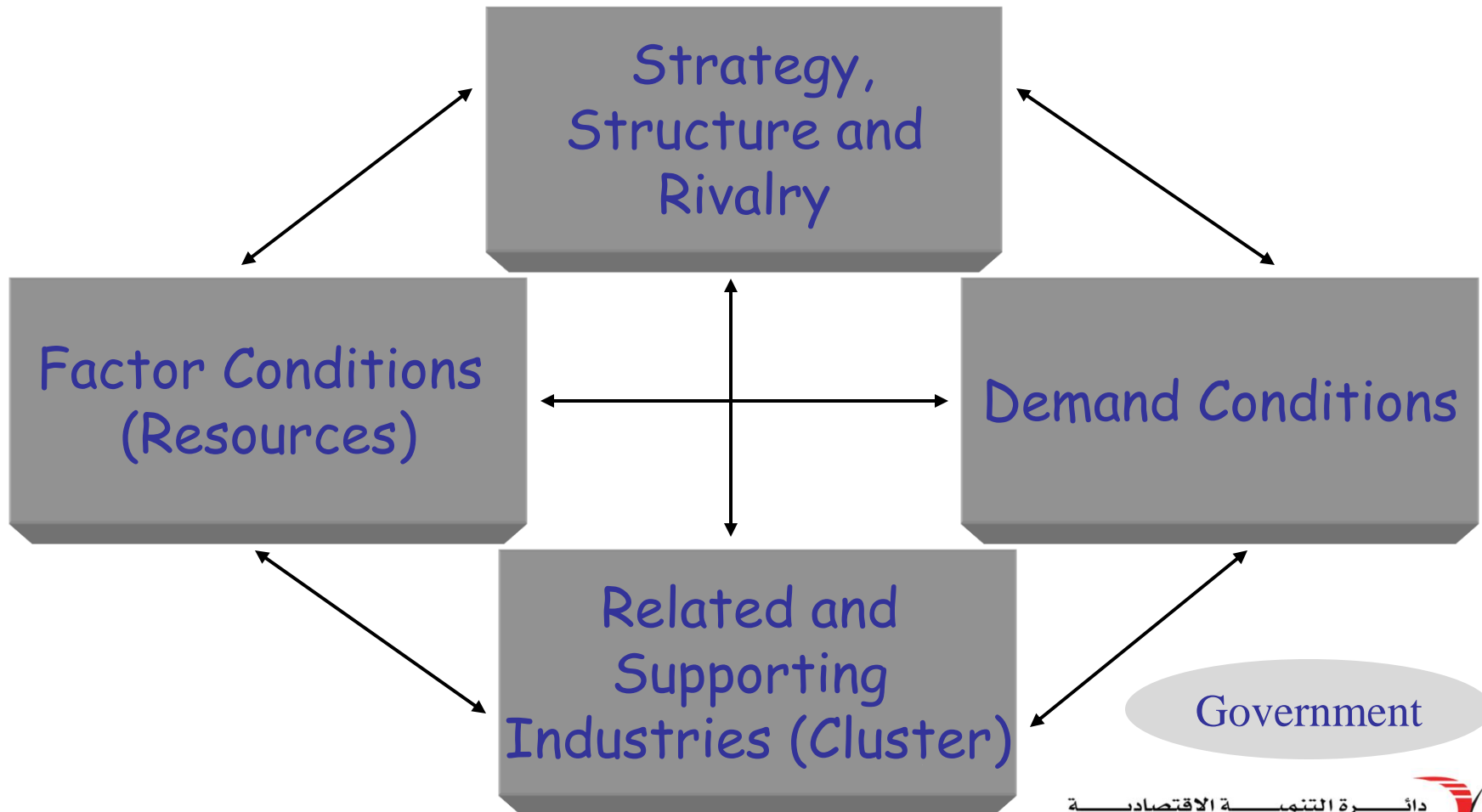
- The cluster concept has rapidly attracted attention from governments, consultants, and academics since it was first proposed in 1990 by Michael Porter, Harvard Business School professor
- **Cluster development** or **cluster initiative** is the economic development of business clusters.
- Cluster development **initiatives** are important for macroeconomic stabilization, privatization, market opening, and reducing the costs of doing business
- The **purpose of the Cluster initiation is to develop a unified, industry-wide strategy** to enhance the competitiveness of a certain industry
- A broad range of industry stakeholders will be participating in the Cluster's strategy work and initiative development including RAK Department of Economic Development, RAK Tourism Office, RAK Museum and Antique Department, universities, academic experts, community groups, Civil Aviation Department, tourism services providers and cultural heritage associations, (IDO & RAKIA), hotels and several public sector agencies.

Why tourism cluster initiative?

- The Emirate's urgent need for the development of an integrated Tourism Development Plan
- Improve competitiveness levels by developing more effective linkages and synergies within the tourism sector
- The roles and responsibilities of various tourism bodies mentioned earlier are expected to be aligned to the strategy to be generated by this initiative
- Fosters a stronger environment of trust between the government and the private sector. Government works best via partnership with key stakeholders.

The Diamond Analysis

Michael Porter introduced a model that allows addressing questions like: why some nations are more competitive than others and why some industries within nations are more competitive than others. He provides **four basic factors**, which **support** organizations to or **hinder** from building advantages in global competition. The **four determinants/factors**:



Factor Conditions:

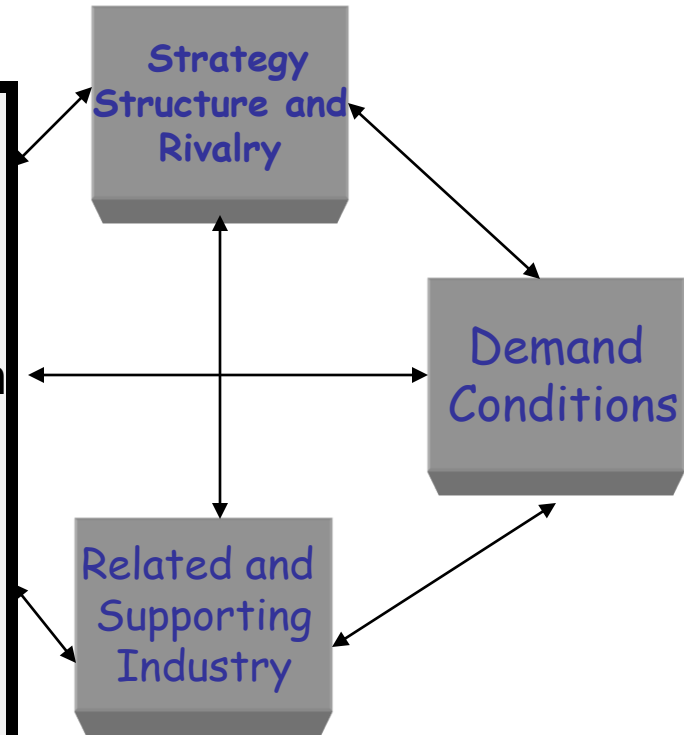
Two categories: 1) Highly specialized resources 2) Home-grown resources

Human Resources:

- Lack of proper employee training (culinary, hospitality, tourism travel)
- Few world class tour operators. "They all come from Dubai." They must be attracted to set up in RAK.

Knowledge:

- + Good public-private partnerships
- Poor marketing and branding campaigns
- Inadequate research (poor information) no surveys.



(+) *strength*

(-) *weakness*

Infrastructure:

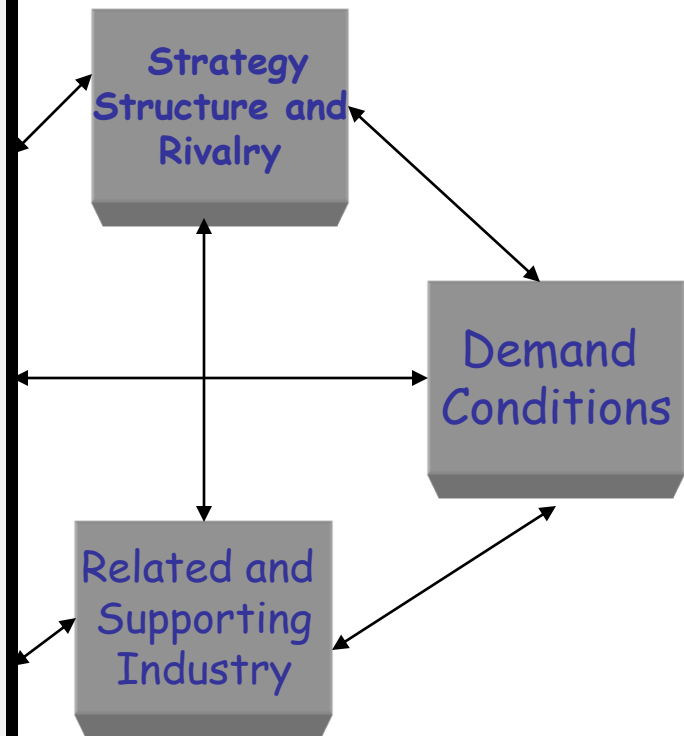
- + Improving
- + Nice and good numbers of hotels and resorts
- Hotels Do not follow the international/local classifications.

Natural Resources:

- + Strategic location
- + Excellent winter weather (specific to the region)
- + Small city with various potential tourism offerings
- + Safety and security (among the safest!)
- Hot summers, only few historic sites are being exposed
- Minimal access to heritage tourism (Bedouin life).

Capital:

- Lack of government support
- Insufficient private sector contribution.

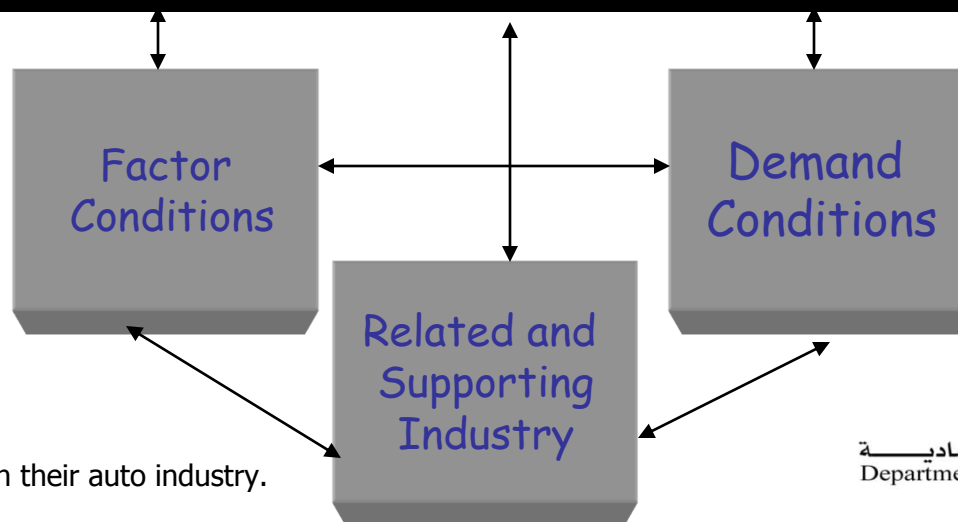


The Diamond Analysis: Strategy, Structure and Rivalry

Firm Strategy, Structure and Rivalry: National performance in a sector is inevitably related to the strategies and the structure of the firms in that sector. Competitions brings innovation *

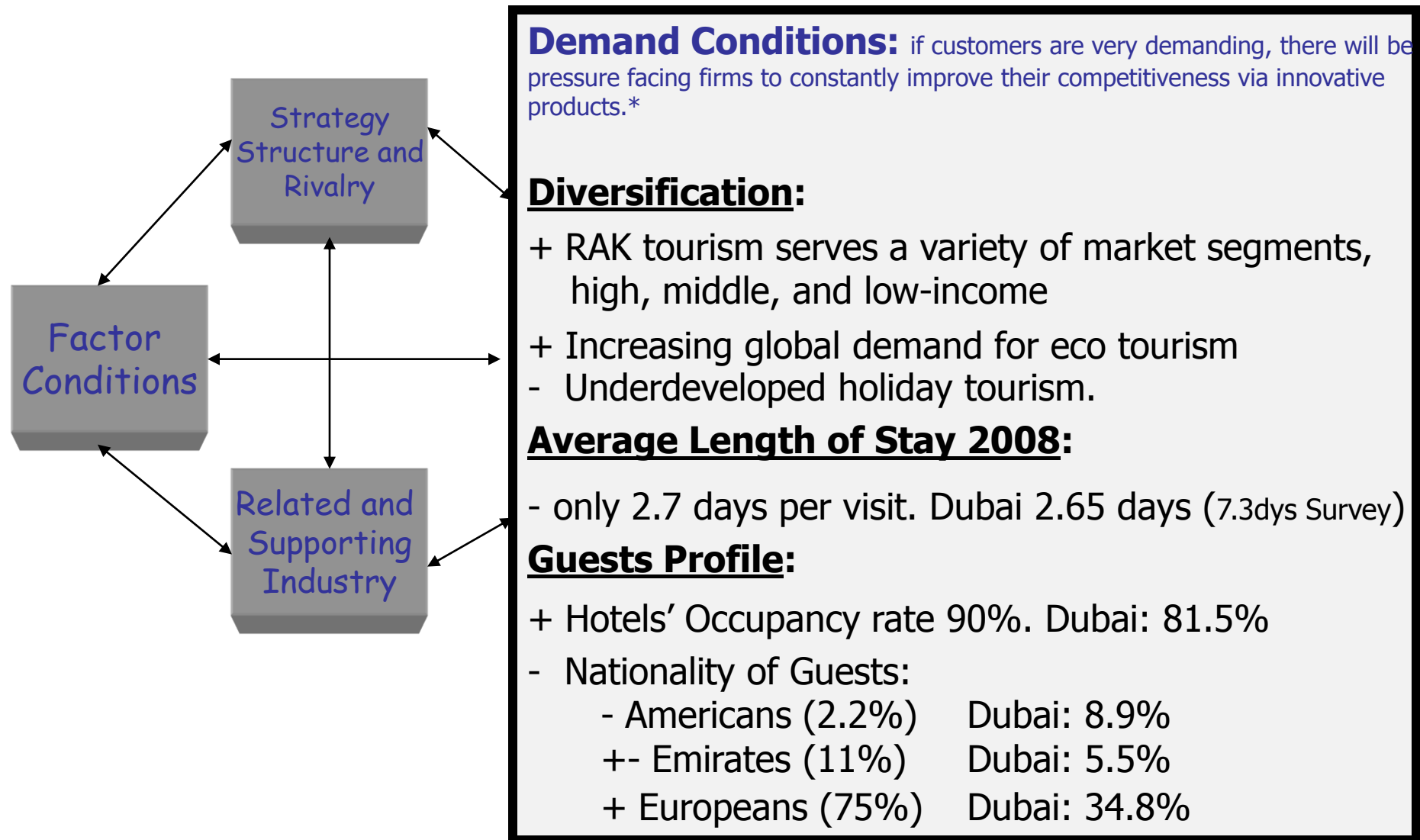
- Inadequate ecotourism activities
- Lack of local carnivals
- Very few tourism product offerings
- Travel agents compete only on price, not quality
- Lack of "edutainment" industry
- Immature tourism culture/ brand

- + Opportunity to become **the cultural center** of the UAE
- + Tourism-friendly environment
- + Awafi and RAK Summer Festival and new events emerging
- + Key landmarks: Qaser Al Hamra
- Poor marketing campaigns.



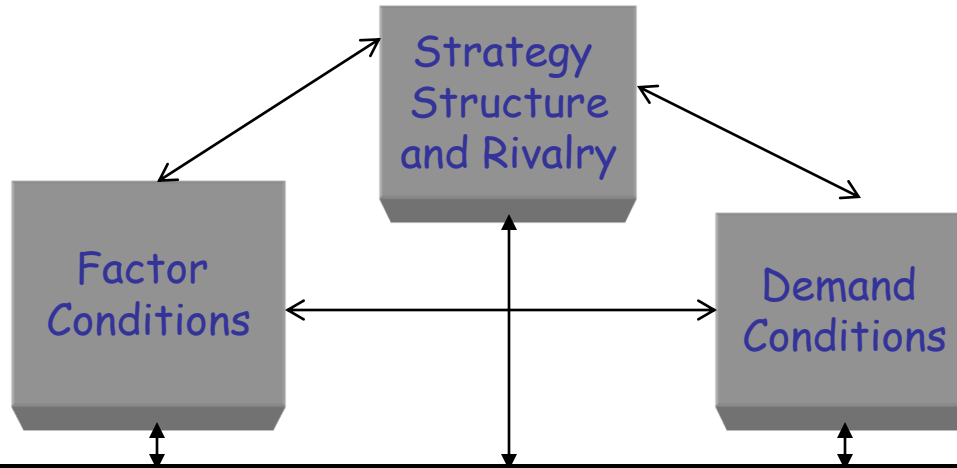
* Japan has 9 major competitors in their auto industry.

The Diamond Analysis: Demand Conditions



* German high quality cars came as a result of the Germans' expectations of high quality cars.

The Diamond Analysis: Related and Supporting Industry



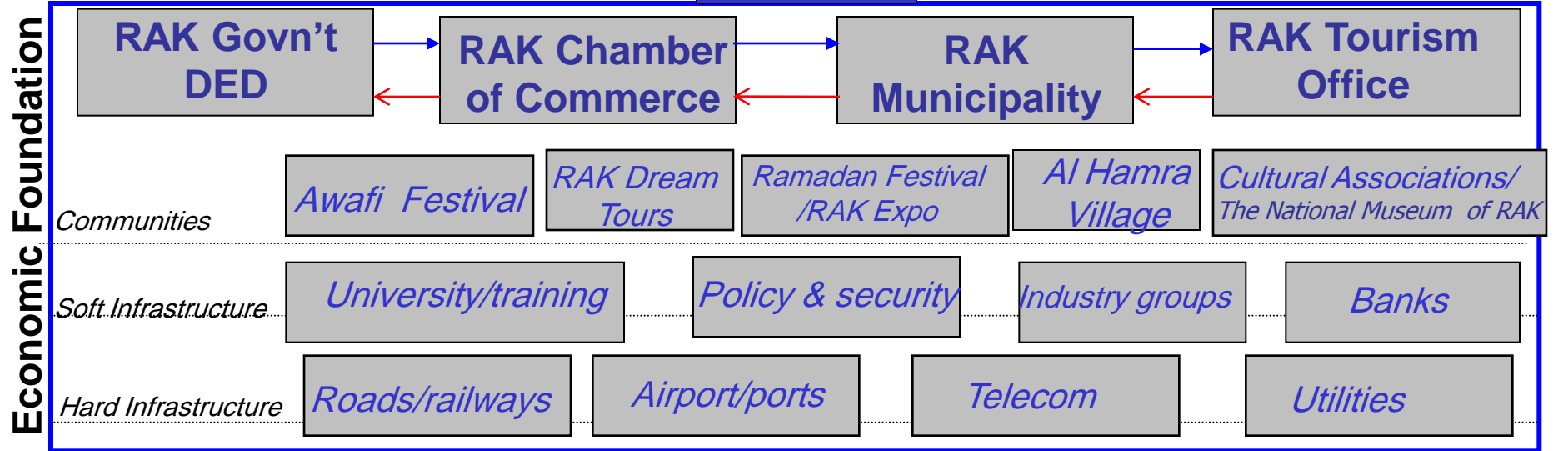
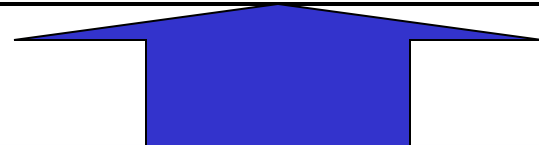
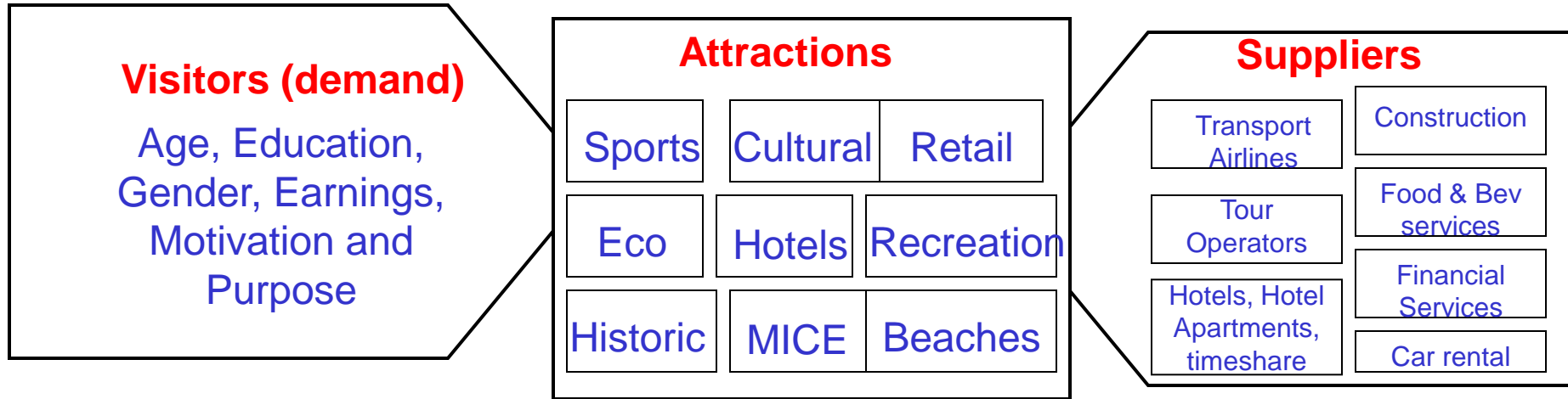
Related and Supporting Industry (The Cluster): The presence of related and supporting industries is of critical importance to the growth of that particular industry.*

- +No discount airlines (Air Arabia)
- Few cultural activities
- Lack of hospitality training (La Roche and Vatel are opportunities)
- Lack of local tour operators
- Limited number of museums, the current one is too small and too limited.

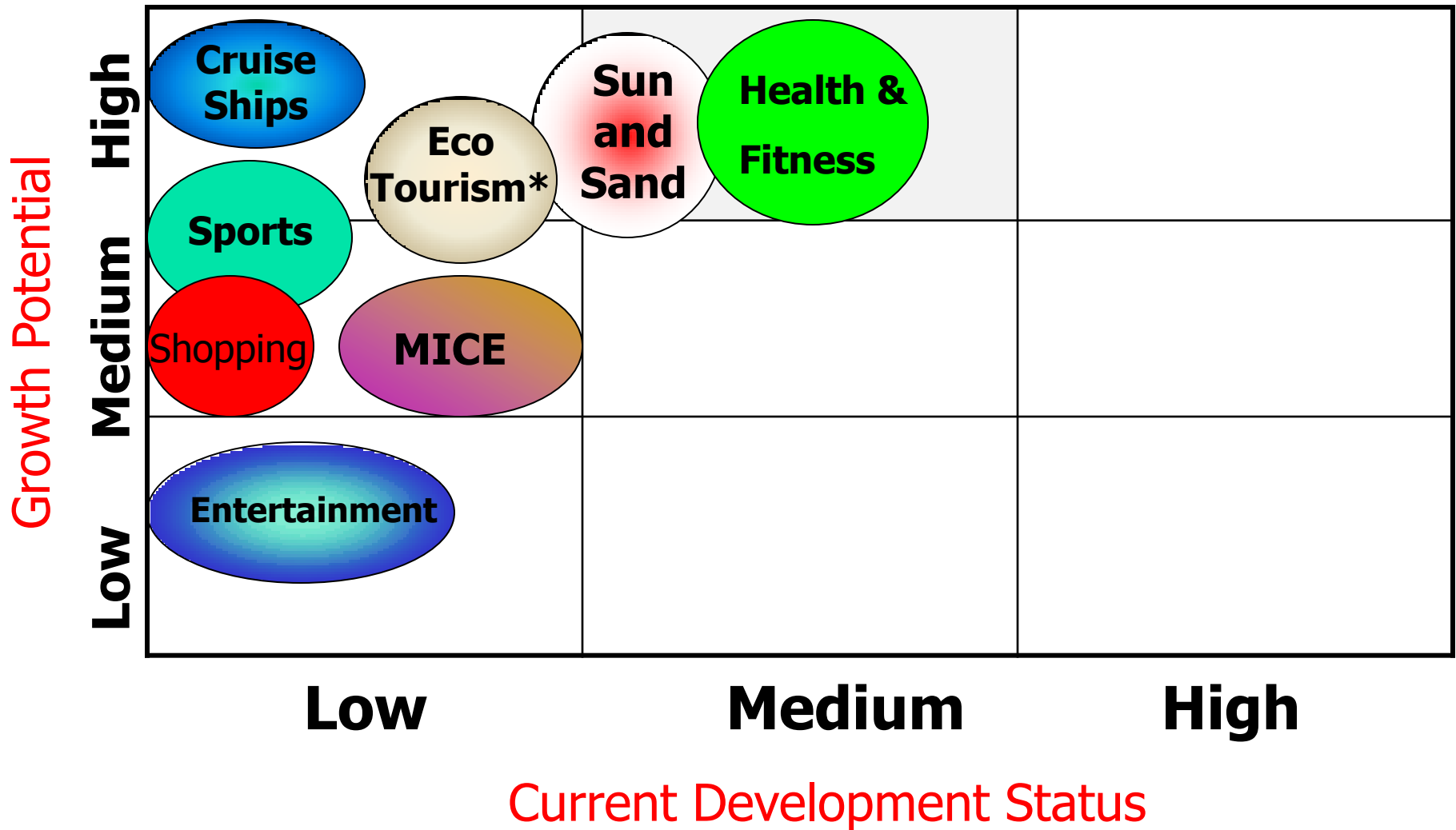
- Lack of:
 - timeshare projects
 - luxury cruise ships
 - mass transportation.

* DHCC, Silicon Valley in the USA.

The Cluster Map

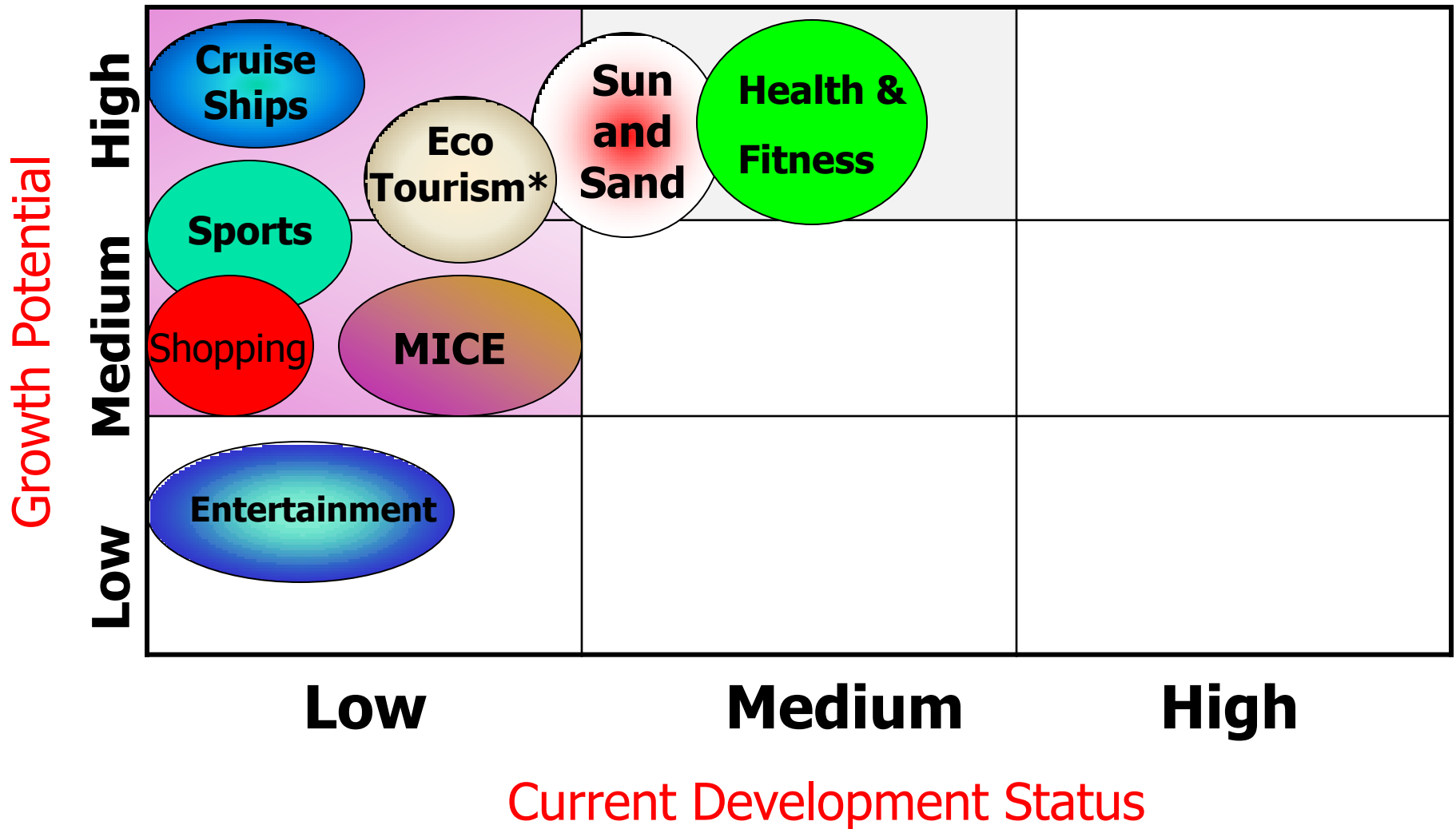


Current Development Matrix



***Ecological tourism:** is travel to fragile and usually protected areas. It helps educate the traveler; directly benefits the economic development of local communities; and fosters respect for different cultures.

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➤ **General Recommendations:**

- Make tourism cluster THE strategy to develop RAK tourism industry
- Determine a list of all negative aspects and opportunities of RAK tourism
- Plan the formation of RAK tourism cluster and initiate discussions
- Create timeline for this initiative.
-

➤ **Specific Recommendations:**

- Reinforce coordination between the private sector and the government
- Hotel Classifications according to international standards
- Benchmark with Dubai Tourism Department
- Check the possibility of signing MoU with Dubai and/or Sharjah to cooperate in the tourism sector.

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➤ **We need to work on the following situations:**

- Lack of proper employee training (culinary, hospitality, tourism travel)
- Lack of world class tour operators. "They all come from Dubai." They must be attracted to set up in RAK
- Poor marketing and branding campaigns
- Inadequate research (poor information) no surveys

- Hotels Do not follow the international/local classifications.
- Reinforce coordination between RAK Tourism Office and DED.
- Benchmark with Dubai Tourism Department
- Check the possibility of signing MoU with Dubai and/or Sharjah to cooperate in the tourism sector.

**If we all work together to implement this strategy that has been put before you today, we believe that RAK tourism has a bright future.
Thank You!**

ENDS

دائرة التنمية الاقتصادية
Department Of Economic Development

