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TOURISM MARKETING OF IRAN: A STRATEGIC APPROACH

Case Study

Abstract

Tourism is an opportunity for people from different cultures to meet and interact, to exchange ideas, traditions and their ways of thinking. Tourism industry of any country consists of different forms of tourism for which matching and adaptation of strategies with the nature of destination is necessary, because provided strategies and policies for development of any form of tourism in different countries are various. Tourism Industry is not an exception and preparing strategies for its development will not be possible without considering its environment. The aim of this article is to determine suitable strategies for Iran's tourism industry through Marketing. Results show that for development of this industry, maintaining strategies are the first priority. In addition, effort for strengths of the industry and development of services are also suggested among other aggressive strategies.

INTRODUCTION

Tourism industry is playing an important role towards the contribution to GDP (gross domestic product) of the nation, employment, and balance of payment. Almost all the countries are considering tourism their priority. The potential of tourism sector to boost social and economic development is internationally acknowledged. Tourism is not only a growth engine but also an employment generator. Travel & Tourism has emerged as one of the fastest growing industries worldwide influencing the development of other industries, such as: construction, agriculture, transport, and others. The growth of the Travel & Tourism sector in 2018 (2.8%) outpaced that of the global economy (2.3%). In total, Travel & Tourism generated 9.8% of global GDP. The direct contribution of Travel & Tourism to GDP in Iran was 1.7% of total GDP in 2018 and it is forecasted to rise by 3.0% in 2016, and to rise by 5.0% from 2016 to 2026 (World Travel & Tourism Council, 2018).

According to statistics from the Cultural Heritage, Handicrafts, and Tourism Organization, the share of tourism industry in the Iranian GDP is nearly $119 million (2.4%), which is expected to rise to 4% in 2023. Currently, there are 475,000 Iranians working in the tourism-related industries, making up 1.2% of the total workforce in Iran. According to government plans, it should increase to 3.2% by 2023. According to statistics released by the World Tourism Organization, Iran's tourism industry grew by 12% during 2016, whereas the global tourism growth was only 4%. That is perhaps why the private sector investment in tourism during 2016 had an expansion rate of 20 to 30 percent. Nonetheless, according to a statement by the head of the Cultural Heritage, Handicrafts and Tourism Organization, only 4.6% of the world's foreign tourists visited Iran over the last two years. During 2013, approximately 4,800,000 people arrived in Iran during 2014 and 5,100,000 during 2015. There was a growth by 300,000 visitors later in 2016. Nevertheless, the Perspective Document, half through the Sixth Development Plan, was expected to attract nearly 8 million foreign tourists into Iran. Figure 1 illustrates the total contribution of travel & tourism to GDP.

Besides this, it is a well-known fact that the complete potential of Iran's tourism has not been explored yet. Since tourism is a multi-dimensional activity which is principally a service industry, the participation of governments, private sector and voluntary organizations will help to create sustainable growth in tourism.

IRAN TOURISM INDUSTRY

Tourism in Iran is a collection of tourism facilities, including historical monuments, recreational places, nature, transportation, hotel management, etc.

This industry in Iran has a high capacity for growth and development. According to the World Tourism Organization, tourism in Iran ranks tenth in ancient and historical attractions and fifth in the world in natural attractions and is one of the safest countries in the region for foreign tourists. The WTTC report also shows international visitors spent $1.28 billion in Iran in 2018. The council expects the number of international arrivals to stand at 6.5 million in 2019. According to the World Economic Forum (WEF) on the indicators of tourism competitiveness in Iran compared to its regional contenders, Iran experienced desirable growth in many indicators over recent years. In fact, the Iranian tourism industry ranked 114th in 2011, 98th in 2013, 97th in 2015 and 93rd in 2017, reflecting a steady 21-rung growth over six years. Iran's score in tourism competitiveness index increased from 3.3 in 2015 to 3.4 in 2017. Similarly, Iran climbed from the ninth place in 2015 to the eighth place in 2017 among Middle East countries. The attractiveness of investment in the Iranian tourism industry is evident in the growing trend of tourists arriving in Iran, the favorable statistical indicators such as competitive prices, and the rising trends in other competitiveness indicators. Figure 2 illustrates the number of visitors' exports & international tourists' arrivals to Iran.

According to experts, the tourism industry in Iran has not had the development it deserves. One of the reasons is the lack of suitable economic platforms to attract investment in hotel construction and other ancillary industries in tourism industry. Another reason for the low prosperity of tourism is the spread of false and negative news from Iran, political tensions with some Western countries. Also, social and religious restrictions on foreign tourists are other obstacles to the growth of the tourism industry in Iran.

Comparing Iran's tourism with some other countries, Iran has not been able to leave a successful record in this field. For example, in 2007, about 15 million foreign tourists visited the city of Dubai in the United Arab Emirates in the south of the Persian Gulf. Less than one percent of the world's revenue comes from the tourism industry (Donyadideh, 2007). Figure 3 illustrates a higher rank of Travel & Tourism prioritization and Environmental sustainability in 2018 in Iran's Travel & Tourism industry.

On the other side, in tourism, service providers are responsible for services such as air transportation, rail, road and sea, hotels, guesthouses, shopping malls, tourist attractions, handicrafts, souvenirs and other items are of interest to tourists.

The diversity of activities related to the tourism industry has led to the prosperity of this sector, creating high economic effects for the country's economy compared to other economic sectors. In addition, studies have shown that the development of this industry has an effective role in reducing unemployment, as well as improving the distribution of income and increasing government revenues. This issue is especially important in Iran because unemployment is the main economic problem of the country. It is necessary to pay more attention to the country's performance in this field. Iran's main problem in the field of tourism is related to administrative and managerial issues. Attention to the need of change in the cultural attitudes of managers, policymakers and people to tourism and then accepting it as a cultural rather than economic principle is necessary. Expanding the country view to the globe will solve the economic issue of this industry.

This article tries to identify the barriers affecting the growth and development of tourism industry in Iran and meanwhile finding the proper strategies in development and growth of Iran tourism will be presented.

TOURISM MARKETING IN IRAN

Marketing of Tourism is beneficial to the economy of the country and also for building the image of a country, educational significance, and cultural significance, earning foreign exchange and generating employment opportunities.

Marketing strategies are reflected in the present scenario where the existing Marketing Strategies are not as successful in Iran. For example, various countries are using the latest technology, tools and strategies for marketing and promotion of the tourist's places such as ICT, internet and their applications. There are some other technological tools such as websites, multimedia, GPS systems, social sites, videos, digital Screens, App's and QR codes which will be helpful for marketing and promotion of tourism industry in a country. In India, over 70 percent of air tickets are now being booked online and many online travel & tour operators' options to consumers emerged (Gupta and Gupta, 2008).

Today without these it is impossible to promote any kind of product with minimum error, curtailing time, reaching to the masses in fraction of seconds and expecting results of visibility of the product. If these technological advancements are used to their fullest potential it will take Iran's Tourism years ahead than others.

Malhotra (1998) discusses that the marketing management of tourism cannot ignore the primary characteristics which set tourism apart from other products. Tourism as specialized service product creates a number of important considerations which need to be fully understood if a tourism enterprise or organization is to be successful. In addition, the need to undertake the tasks of research, analysis, product formulation, recommending price policies, promotion, and distribution are of paramount significance for those involved in tourism marketing management. The Tourism Product: with tourism hospitability and leisure products one is dealing with a service product which has specific characteristics. These characteristics set the product apart from the more general goods sold in the market place.

Regarding promotional techniques, Kumar (1996) states that in order to market a product, it is necessary that information about the product reaches a prospective consumer. As applied to tourism industry, the most important function of marketing is to bring about awareness of the product in the minds of existing as well as prospective consumer in the overall market area. All this forms a part of overall tourism.

Romila (2003) discusses segmentation applications for travel and tourism marketers. The relative slowness of many travel marketers to adopt some of the segmentation techniques long used by packaged goods marketers is not difficult to understand.

According to (Gupta, 2012) ICTs has contributed to the massive growth of tourism and the increased volume of supply and demand. ICTs have been changing the way in which tourism companies conduct their business. E-Tourism therefore emerged as a term describing the entire range of applications of ICTs on tourism industry. Tourist product and destinations are better advertised via the internet rather than traditional means, like brochures, advertising catalogs etc. Information Technology (IT) and ICT have played an important role in the development of tourism. Computerized Reservation system (CRS) was among the first applications of IT worldwide.

Bethapudi (2013) states that the Information Communications Technologies (ICT) play a major role in tourism, travel and hospitality industry. The Integration of ICT in the tourism industry is an essential issue for the success of tourism enterprise. ICT facilitates an individual to access the tourism products information from anywhere at any time. Tourism enterprises can also reach the targeted customers across the globe in a single click on the keypad after emergence of mobile computers, web technologies etc.

According to Goil (2015), social media can be one of the most effective tools for destination marketing and advertising. The social media proved to be a major communication vehicle that spread across the region like wildfire. Tourism industry is one of the sectors that have benefited the most from the internet and, as a result, social media has become an integral part of any central or state tourism promotion and planning.

Social Media is extremely effective for brand awareness, brand loyalty, customer service, and is leading to increased sales. It can be used to present a business brand to millions of people worldwide.

The obstacles for Iran's Tourism

Although the development and expansion of tourism in order to make more tourists and benefits are inevitable, various problems in the growth and development of tourism industry in Iran should not be neglected. Some of these problems are:

Economic Barriers

The sanctions deter the foreign investors from entering the Iranian market. Financial pressures on government and society have removed tourism from the list of investment priorities. Instability in macroeconomic indicators in Iran has increased the risk of investment in this country. Lack of willingness of the private sector to invest in the tourism sector due to lack of profitability also will efect on the development of Iran's tourism.

Political Barriers

Political instability and regional conflicts with some other countries have led to problems for the tourism industry of Iran. International sanctions against Iran and unfavorable advertising environment for isolating Iran at the international level have damaged Iran's image. Damaging had effects on the country's tourism industry, especially business tourism. The politicians prefer more sparkling solutions with immediate results instead of long-term planning for tourism. Inconsistency in cooperation between organizations and government agencies are effective in improving the situation of tourism. The tourism section in Iran is mainly controlled by the government, which has little regard to the private section and its role in tourism development. Inadequate service and visa problems are the most important barriers to medical tourism in Iran.

Socio-cultural Barriers

Participation of the community in decision-making process is very low. Some of the tourism sector's managers in Iran do not have related education and a comprehensive and strategic plan and the uncertainty of the goals and policies through inappropriate management will create obstacles.

There is a lack of basic facilities, such as suitable accommodation and necessary facilities for tourists. Massive propaganda against Iran in foreign media on the one hand, as well as lack of knowledge in how to deal with tourists will create an obstacle for tourism development in Iran. On the other hand, language barrier acts as another obstacle, since a small percentage of people are fluent in English.

Due to Islamic culture there is an incompatibility with tourist culture of some other countries and lack of active participation in international exhibitions abroad.

Technological Barriers

Web sites, mobile apps, and virtual tours are not yet widely used to expand the tourism services and advertising in this industry.

There is a lack of modernised civilian air fleet and airports and world-class airlines. The number, quality, and distribution of hotels are not satisfactory. The infrastructure of roads, railways and transportation services in Iran is not developed and is very poor compared to many countries in the region.

Environmental Barriers

There are destructive effects of the presence of tourists in nature, because of not considering sustainable tourism principles. Another major obstacle is the underdevelopment of the Persian Gulf coast and the inappropriate marine facilities such as marine gardens - water parks. Also the following can be mentioned: damage of the unprecedented drought to the environment of Iran, unauthorized hunting of rare species and extensive destructing of forests, air pollution in metropolitans of Iran, lack of facilities and camping equipment in the majority of natural and coastal areas.

Legal Barriers

Due to the low regulatory quality and weakness in the rule of law, there is not enough investment in the tourism sector of the country. Some legal restrictions in Iran may discourage tourists to travel to this country.

Strategies for Iran Tourism industry's development:

· Registration of cultural heritages in UNESCO WHS list, strengthening and preserving ethnic and cultural variety and richness, art and handicraft, and renovation of valuable landmarks.
· Reviving the celebrations and rituals of ancient Persia, and holding festivals all year round all over the country.
· Developing reliable tourism infrastructure in main touristic cities, like Tabriz, Isfahan, Shiraz, and Mashhad.
· Investing in road transport systems, hotels and accommodation centers, and high-speed Internet.
· Strengthening local communities and reducing negative social and environmental effects of tourism.
· Amending the plans and preparing detailed Urban Tourism Development strategies.
· Developing marketing strategies to increase the Medical tourists' arrival from the neighboring countries and Central Asia.

- Preserving the environment, tracking ecologically suitable principles, supporting different cultures, ethnics, races, dialects and languages.
- Constructing tourist accommodation centers, local and road-side restaurants, and public restrooms in ecotourism regions.
- Sustainable development of coastal tourism through the construction of recreational facilities, sports, housing, transportation and services.
- Exporting cultural products, such as Iranian films and music pieces, books and articles, in order to familiarize other countries with Iran's cultural heritage.
- Development of websites and apps to promote Iran's tourism destinations in different languages.
- Improving conditions for the presence of foreign investors in the tourism market of Iran.
- Stability in tourism management in Iran.
- Modifying the current tourism and visa laws and regulations.
- Expanding the transportation networks (land, air, rail, and marine).
- Granting loans and other facilities to the private sector active in the tourism industry.
- No mandatory hijab for Non-Muslim Tourists.
- Hosting international sporting events in Iran.
- Development of rural tourism and tourism in desert areas.

CONCLUSIONS

The study shows that domestic and foreign cultural tourists consider Iran cultural attractions as distinguished, unique and untouched, and since this country has geographically suitable position because of closeness to tourist generating areas and its high accessibility, it can have a big share of the market of global cultural tourism. Also, existence of supplementary attractions besides cultural attractions is considered as unique opportunity, along with other internal strengths, such as ethnic and cultural richness and variety, as for example customs and migration of tribes.

Dialects and languages, costumes, rich and varied music and dance, and other ceremonies, variety of ancient and historical relics, special handicrafts, Iranian architecture's and garden's style, and Iranian cuisine have transformed Iran into a unique museum for cultural tourists.

However, at the moment Iran has a small share of global cultural tourism industry. Presenting an unfavorable image of Iran in global society, tension, insecurity and restlessness in Middle East, threat of evolution, and attendance of competent rivals with rich culture and history in a close distance to this country have overshadowed Iran's cultural tourism to the point that not only domestic cultural tourists, but also cultural tourists of the countries which have cultural and historical relations with Iran do not wish to visit its cultural attractions. Here, one should not ignore the role of internal factors, such as lack of attention of the government, lack of strategic planning, unsuitable accommodation, lack of human resources and experiment, weak promotional efforts, and, above all, cultural and communicative barriers between communities and tourists, and negative attitude of authorities to cultural tourism industry.

This research suggests a set of strategies to overcome the tourism development barriers in Iran. The results show that the main barrier to the tourism industry of Iran is represented by the political tensions of this country through some other countries. These tensions have severely damaged Iran's image and influenced the tourists' arrival rate. Besides, tourism investors have no tendency to invest in the tourism infrastructure of Iran due to a lack of political and economic stability. On the other hand, unprecedented sanctions on the economy of Iran have limited business transactions of this country with the world and decreased business trips to Iran very much.

In this study, the political barriers have been identified as the root cause of other barriers, especially economic ones. The economic hardships have hindered tourism-related construction projects, advertisement programs, festivals, events, loans, and other activities. Also, some legal barriers have made tourists disappointed from traveling to Iran.

This research shows that the country has to focus on these issues in order to make Iran a more attractive tourism destination. The current tourism development strategies of Iran do not address these barriers, so this study has proposed a set of new strategies which are proportionate to Iran's problems and weaknesses. The outcome shows that those strategies which are related to political issues, project finance issues, and tourism infrastructure are the absolutely necessary strategies for Iran's tourism industry.

What is obvious is that the development of Iran's cultural tourism can be sped up by correction and reformation of plans and preparing of comprehensive strategies. Focus on strengthening and developing domestic tourism can make provisions to attract foreign cultural tourists, especially European and American expecting tourists.

Improving the services and providing high quality cultural products, attracting potential tourists and focusing on the countries which rivals have not been able to penetrate, are other strategies to develop this sector.

The authors can barely say that sustainability and balanced development of cultural regions are of special importance for this industry. Reinforcing and conserving ethnic and cultural richness and variety, handicrafts, art, and repairing and renovating

historically and culturally valuable monuments are other effective practices in cultural tourism.

Also, by renovating and developing cultural tourism regions in cultural cities, such as Tabriz, Shiraz, Esfahan, etc., cultural corridors, such as Silk Road, diversification of cultural products, providing special and distinguished cultural products to cultural tourists, holding festivals and artistic and cultural ceremonies in all parts of the country, reinforcing local communities by teaching principles of management of cultural attractions, good interaction with cultural tourists, and also by reorganization, conservation, protection, reinforcement, developing and exploiting cultural attractions Iran can achieve determined targets in cultural tourism.

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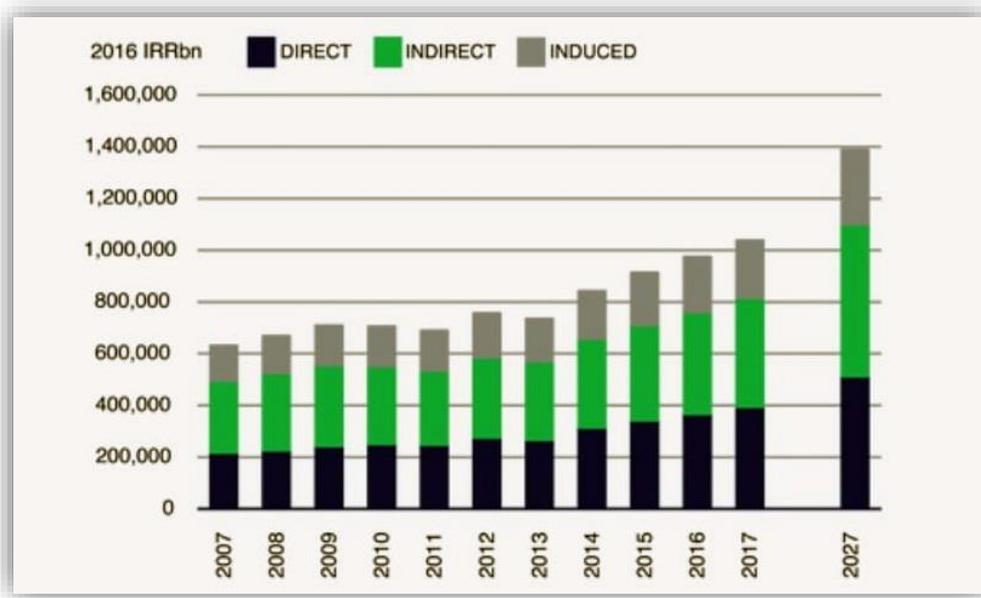
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Total Contribution of Travel & Tourism to GDP
Source: WTTC

Figure 2
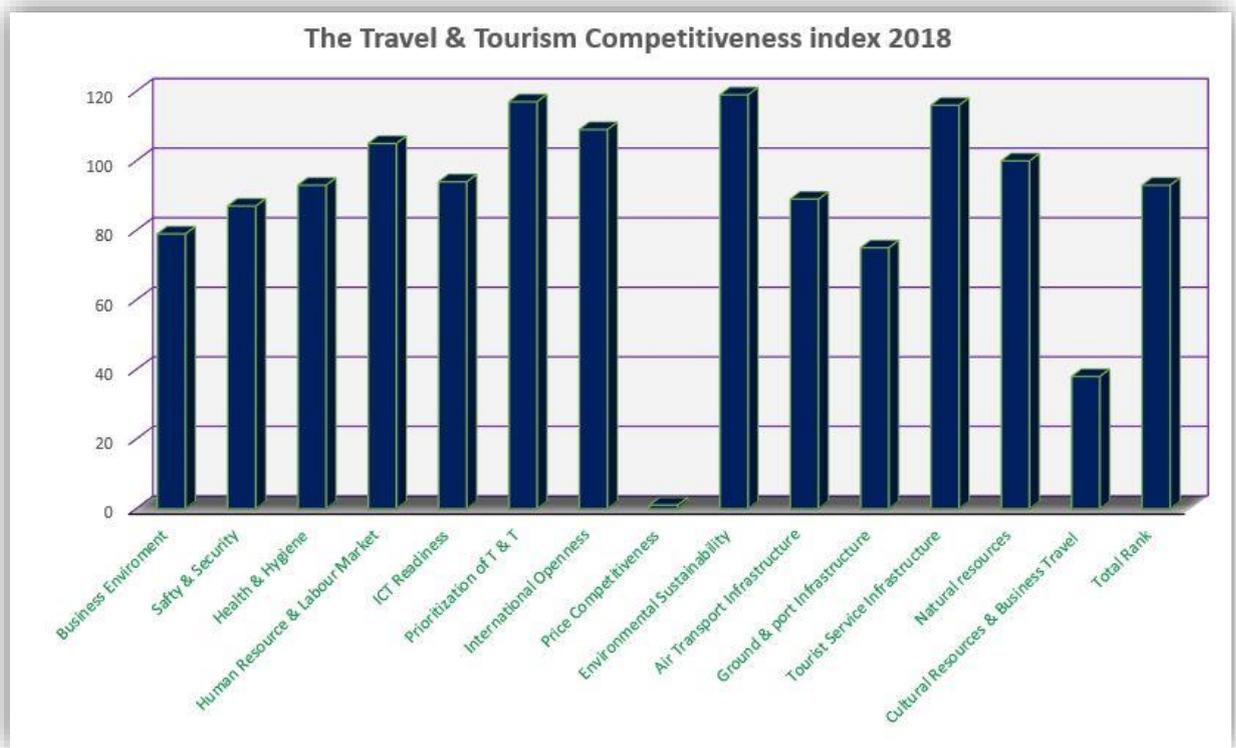**Visitor Exports & International Tourist Arrivals**
Source: WTTC

Figure 3
The Travel & Tourism Competitiveness Index 2018
Source: WTTC