Dubai: tourism and destination branding

Worldwide destinations are spending an estimated US$1,480 billion on attracting tourism through both capital and government expenditures, making this a lucrative product where very little organized research exists. Execution of destination branding is often confined to logo design and development. It is estimated that more than US$2 billion is earned per day through international tourism.

As a tourist, there is a choice of approximately 200 nations and 2 million destinations to visit. How does a destination stand out, attract its target customer and generate sufficient earnings to ensure its economy grows? Classical marketing points to successful branding strategies.

Dubai, a star in the Middle East

Dubai is an emirate of the UAE. UAE lies in the heart of the Middle East (ME) and is one of the world’s fastest growing economies with a per capita income of US$31,000. Worldwide, in 2006, the ME Travel and Tourism economy was ranked number nine in terms of absolute size (US$150 billion) and is expected to grow to US$280 billion by 2020.

As a country brand, UAE is known as the 4th best for conventions and 3rd best for business, but, it still does not feature in the top ten country brands. Abu Dhabi and Dubai are the main economic contributors out of the seven emirates that make up the UAE. Non-oil revenues contribute 63 per cent to the GDP. Abu Dhabi contributes 59 per cent to the GDP of UAE (56 per cent which is oil dependent) while Dubai contributes 29 per cent (5 per cent is oil dependent). Dubai contributes over 80 per cent of the non-oil assets.

Dubai is very strategically placed. It lies at the confluence of the ME, Asia, Western Africa and Central/Eastern Europe. It is in a bed of ancient civilizations, a birthplace of three major religions and a transit point for onward journeys.

Branding Dubai as a destination

Dubai was a sleepy fishing and pearl diving village that had over the years survived on the bounty of the sea. Through visionary leadership, it used its strategic location to grow into a trading centre, and overnight transformed into an economic beacon for the ME.

Sheikh Rashid Bin Saeed Al Maktoum (1958-1990), facilitated this change. In 1958, he borrowed millions of dollars from Kuwait to have the creek (the original trading souk) dredged. The chance discovery of black gold further financed his vision: in 1970 he began the Jebel Ali port project which today is the world’s largest man-made port.

In 1971 when the British left, the warring tribes of the Trucial States were brought under one banner by the creation of UAE. It enabled synergistic pooling of the resources. The rapid pace of development in Dubai was initially fuelled by oil but today this forms less than 6 per cent of the overall GDP. Sheikh Rashid’s mantle was eventually succeeded by his youngest son, the current ruler of the emirate, HE Sheikh Mohammad Bin Rashid Al Maktoum, UAE Prime Minister and Vice President and Ruler of Dubai.

Dubai has some unique advantages. First and foremost its leadership has been strong and endowed with great vision. They have constantly taken advantage of the strategic location and been proactive to global change. Historically and geographically, Dubai is a transit point, but the refocus is to make it much more. To forget the barren desert, Dubai has encouraged trade, business, shopping, lifestyle and tourism. Projects have been completed at a rapid pace. For example, the city metro was conceptualized from a survey in 1997 and by 2009 will carry 1.86 million passengers daily. The Airport which was created in 1961 today has 25 million passengers transiting per annum. A new airport being built in Jebel Ali will handle 120 million passengers and 12 million tons of cargo. Nakheel (a part of Dubai World™), is one of the world’s largest privately held real estate developers. It takes credit for planning over 1,000 km of coastline through its Palm Trilogy, World and Waterfront projects and will develop over 2 billion sq.ft. of land.
But there are some inherent disadvantages Dubai has to work with. History of this region has always been distorted and September 9-11, 2001 made things worse with the ME region being clubbed as one area of political instability and terrorism. The average global citizen viewed his Middle Eastern counterparts as backward or threatening. Arab leaders said in a survey that the two largest external factors affecting leaders were the political situation and international perception of ME.

Strategic vision

Vision must take destination limitations into consideration. Besides perceptions about the place, Dubai needs to look at future revenue. It lies in the heart of the desert and oil which is a critical economic contributor to most GCC countries is less than 6 per cent of Dubai’s GDP. It is estimated that oil will exhaust itself in 20 years. Hence, there is an overwhelming need to diversify Dubai’s assets.

This fact is realized in the government’s vision as outlined in the 2015 Strategic Plan, which is to make Dubai a “globally leading Arab city” and a “Global City” with services being a key contributor to its growth. Dubai has identified tourism, transport, trade, construction and financial services as the key drivers of its economy in its 2015 Strategic Plan.

Vision should be the starting point of any destination strategy. Vision must be well-rounded with all components integrated. The key questions practitioners must ask are:

- What benefit is there for the people of the location?
- Why should visitors come to the location and spend/invest their money?
- What policies/infrastructure/investments are required from the governing side to encourage the first two questions?
- Is there a mindset change that needs to be facilitated among the residents to encourage tourism?

There are also several caution areas:

- maintaining continuity with change of governing bodies;
- integrating elements for better synergy;
- keeping vision current with changing world expectations; and
- moderating pace of development.

A strong vision takes advantage of its history and geographic areas and builds infrastructure to make it more accessible. It must balance all stakeholder needs to gain the momentum needed to make the destination branding strategy a success.

Stakeholders

Dubai, the most liberal emirate of the UAE has to balance its culture with the more conservative dictates of the ME and hence its ambition to be a “Global Arab City” has to have a strong grounding in its heritage. This has to be balanced by integrating and educating expatriates and residents to deliver best practices in services and products.

Balancing the Arab traditional laws with international laws is not very easy. The great diplomacy and skill of the ruler of Dubai, who also holds the Vice President and Prime Minister’s office for UAE has been recognized to this effect. As of 2007, he has been given overall responsibility for developing and implementing UAE’s strategy. This should help facilitate change and bring some synergy into the regions plan.

“Dubai has identified its key stakeholders well and is actively pursuing them to influence and spearhead change.”

There has been a change in the government’s outlook with respect to the average citizen. In the past, government programmes like Tanmia focused on a quota system where even private sector companies like banks needed to hire Nationals, today the focus is on development where Nationals will have to compete on an equal footing with expatriates which is a tremendously progressive step to take.

Dubai has identified its key stakeholders well and is actively pursuing them to influence and spearhead change. An additional refocus on ALL residents will create a greater feeling of pride, loyalty and unity and encourage social, human and intelligence capital.

Portfolio of products

Dubai has a well diversified portfolio targeted at the high-end customer. Being a transit destination and a purely expatriate dominated destination means it cannot cater to the lower-middle income groups which maybe a neglected sector. In business there are some international systems (labour and legal laws) that need to still be put in place but efforts are underway to that effect.

As with brand portfolios, consistency is important. That means not only must the products have consistency across the range (if you offer world class hotels, other services must also match up) but also tourism does depend on the how clearly you can segregate brand identities.

Often destinations will attract the low-budget traveller, the business traveller and the wealthy jet set. Each has different needs and requirements. Hence, the clearer the portfolio of products, the easier it is to identify the target audience. The advantage of diversifying the portfolio is that you reduce the
investment risk. The moment a destination becomes a transit hub, you must be able to provide a range of destination products from middle income levels onwards.

Target customers

Who are the customers that Dubai focuses on? An interesting fact is that over 50 per cent of the investment comes from the private sector. Within the ME Subcontinent, North Africa to the Caspian region, there are more than 544 million people with a GDP income of over US$1,000. It is estimated according to the Hedge Fund Report that the value of the potential Middle Eastern capital available for investment is approximately US$4.1 trillion, which makes this a lucrative segment to focus on. Kuwaitis are the largest owners of land in Dubai, followed by Saudis, Omanis, Qatar and Bahrainis which shows that FDI is mostly regional at this point.

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With the relaxation on property ownership, and increase in business investment, the population has grown to 1.422 million, adding a total of 800 people daily in 2006. The challenge would be to make the composition of investors more international. Key trading partners in terms of exports are also regional – India, Pakistan, Iran and Kuwait. In terms of re-exports, key countries were India and Iran and in terms of imports it was China then India. Dubai is looking at more countries to form strategic alliances as seen by the spate of foreign travels HE Sheikh Mohammad made in 2007 alone. The visitor composition has changed. The tourist numbers have more than doubled since 1999 and more Europeans are being wooed with Dubai’s lifestyle, weather and facilities.

Though the target customers outside the destination are crucial to bring in revenue, it is the residents that will help make it happen. Somehow that part often gets lost in wooing customers. Dubai is no exception. The key questions destinations need to address are:

- What are these target groups of customers looking in terms of service interactions from your residents?

A strong brand strategy

Dubai is truly a Star shining in the East with respect to destination marketing. They still need to continue focusing on new trends. They need to continue identifying new tourist segments, for example, China will become a key source of outbound tourism by 2020, supplying 100 million travellers. In addition Dubai needs to focus on a clearer unified brand promise and a few select representative images. Responses must be engineered, so positive word of mouth can increase.

As more economies move towards a service economy the distinction between one destination and another blurs. Destinations must start focusing on the service experience and all customer touchpoints especially the people as they help deliver the experience.

There are six Ps which are considered crucial to destination branding. These are:

1. purpose of the destination brand design and promise;
2. people that will be affected, influencers and target of branding;
3. performance expected after a realistic audit;
4. products offered under the destination portfolio and their management;
5. positioning expected and ways to reinforce it; and
6. process of ensuring the brand promises are delivered as effectively and efficiently as possible.

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