

# Tourism in Dubai: The Sunrise Sector

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Tourism has become a popular global leisure activity. In 2010, there were over 940 million international tourist arrivals, with a growth of 6.6% as compared to 2009. International tourism receipts grew to US \$19 billion in 2010, corresponding to an increase in real terms of 4.7%

Dubai has emerged as an important tourist destination in the global tourism map. The region has become an epicenter of attraction for business people, tourists and shoppers. The statistics reveal the growing relevance of the region. About 8.5 million tourists had visited the region in 2010. There was also an increase in hotel capacity which remained at an average of 70%. Cruising in the region is also experiencing growth. Dubai had hosted 390,000 passengers in 2010. The region expects 625,000 cruisers by 2015. Dubai cruise terminal can host up to 7000 passengers and 3 ships at one time. The number of tourist guests increased by approximately 10% in 2010 compared to the previous year.

Currently there are 555 hotels of various types in Dubai of which 62 belong to five star categories. In 2011, approximately 159 conferences and exhibitions were held in Dubai of which approximately 79 were held in the Dubai World Trade Centre. 15 were held in DICC. This year there were 19 cultural and festival shows in Dubai. The region accounted for 66 sporting events which included camel and horse races. There are 43 shopping centers in Dubai. There are over 63 overland safari companies operating in Dubai. 85 embassies are located in the UAE.

In 2010, the United Kingdom, India, Iran, Saudi Arabia and the United States became the top five source markets for Dubai's tourism industry.

The revival of the sector could be attributed to various factors. The market has witnessed correction with the emergence of budget airlines and budget hotels in the region that has helped balance the tourist mix.

The growth has been to a great extent driven mostly by tourists from the GCC, China and the MICE (Meetings, Incentives, Conventions and Exhibitions) sectors.

The revival in tourism which has significantly contributed to Dubai's economic recovery can be attributed to the initiatives taken jointly by Department of Tourism and Commerce Marketing, Emirates Airlines and the Tourism industry. One of the major reasons for a boom in tourism could be attributed to a massive tourism campaign in the overseas media particularly through world television channels. Their road shows and various programs like "kids go free" have generated more demand for the market.

The significant tourist inflow has become a significant part of the local economy. Tourism contributes about to 11.6% of Dubai's GDP. The region has emerged as a regional tourism hub and it can be stated that leisure has surpassed business as a primary motive for visitors. Dubai has also emerged as an international sporting venue.

The cruise industry has boosted the inbound tourism by bringing in a new segment of holiday makers into Dubai. Geographically Dubai is well positioned as a cruise destination with its tourism infrastructure facilitated by an excellent flight network from around the world.

Type	Number of Hotels	Rooms
5 star	62	20144
4 star	72	13744
3 star	61	7914
2 star	51	5273
1 star	122	4689
Deluxe Hotel Apartments	55	7584
Standard Hotel Apartments	132	13960

Source: [www.dubaitourism.ae](http://www.dubaitourism.ae), Department of Tourism and Commerce Marketing

Table 1: Five Star hotels in Dubai -2011 Statistics

Factors critical to tourism destination development include stability in socio economic and political domain, the government tourism policy, accessibility, amenities and attractions. Dubai scores well on all these aspects.

Dubai acts as a regional entrepot and promotes itself as the commercial and financial nexus of the Gulf region which is clear from the initiatives undertaken to develop free trade zones and industrial parks. Dubai is seen as a comparatively liberal and cosmopolitan society with 80 % expatriate population. Dubai can count on as being one of the safest cities in the world.

Government has a key role in initiating and sustaining tourism. With respect to tourism policy of the government, tourism was positioned at the centre of the diversification programme alongside construction.

With respect to accessibility, the growth of tourism is closely tied to the advances in transport and easy access by air which is a prerequisite for any country to emerge as a leading international destination. Dubai has focused on developing the region as the strategic air transport hub for the Middle East and Far East. Dubai also markets itself as a cruising hub and destination on lines of the Singapore model offering tough competition to the crowded Caribbean and Mediterranean region. Dubai has positioned itself in Western markets as an exotic but safe beach tourism location with diversions of shopping and assorted culture and natural heritage attractions. More focus ought to be on developing the cultural leisure experience in the context of natural and cultural heritage attractions. In the context of promotion, Dubai's attractions and amenities are facets of the destination brand communicated in a number of marketing exercises. The region has indeed benefitted from active tourism promotion around the world. Dubai's attractions centre on its 64 km coastline and resort hotels. Events are presented and packaged as attractions. Challenges ahead

The tourism industry in Dubai faces the challenge of rising cost of its hotels. The decline of the euro and the pound against the dollar would put pressure on Dubai's tourism as dirham is pegged against dollar. Dubai's attraction as a tourist destination may decrease on account of high costs especially for travelers who come along with the whole family. Dubai also faces competition from less expensive destinations such as Lebanon and Egypt. Qatar is also gaining prominence in the tourism map.

Dubai market is yet to capture significantly the thriving health tourism market of Asia. With rising health care costs, medical tourism has become a booming industry especially in Asia. Countries such as India, Thailand and Singapore offer medical care for just 10% of the price that it would cost for similar procedures in the US. The challenges faced by this sector include quality and cost considerations. Despite the rising number of hospitals with accreditations, still UAE has to go a long way to establish its reputation as a cost effective and safe destination for medical treatment. In this context it is noteworthy to point to the collaboration that Emirates have established with Harvard Medical School to operate Dubai Healthcare city is in the right direction.

Dubai's tourism is also hampered by the fact that it offers few mid priced hotels. Now the focus of high rolling tourists have shifted towards all inclusive packages.

The demand for business and leisure travel is affected by economic movements and eroded by political instability. The economic recession in 2008 amply demonstrates this fact with respect to the case of tourism in the region. At the same time, the political instability due to the uprisings of the Arab Spring in many parts of the Middle East will act as a catalyst in enhancing the image of Dubai as a world class tourist destination.

Dubai faces competition from established competitors such as Australia, the Caribbean, Malaysia, Maldives, Mauritius, Seychelles, South Africa, the Canary Islands, Thailand and Turkey.

It has been often stated that there are opportunity costs and financial risks associated with more emphasis on tourism. Tourism is partly responsible for the unprecedented construction and real estate bubble in Dubai. Excessive expansionist tourism programmes have negative ramifications. It could adversely affect bird sanctuaries and nature reserves with rich ecosystems.

The Jumeirah Coast constitutes about half the total coastline and is intensively occupied by both residents and tourists. It has the most popular beaches and numerous hotels, water sport centers, parks. Population growth and growing tourism industry may upset the delicate ecological balance of the region which will lead to increased erosion of coastlines and pollution. At the same time it is noteworthy to point that legislation exists in an endeavor to safeguard protected zones. Road traffic has increased exponentially resulting in congestion and atmospheric pollution.

Overall the success of Dubai becomes a classical case of providing insights of how a state with an imperfect supply of conventional natural and cultural attractions emerged as one of the best international tourist destination.