

Action Plan for the Development of Ethiopian Tourism in the US Market

**Prepared by: Ethiopian Tourism Advisory Board
14 February 2012**

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Bckgrounda

On 24 January 2012, H.E. Ambassador Girma Birru of the Embassy of the Federal Democratic Republic of Ethiopia convened the first meeting of the Ethiopian Tourism Advisory Board.

During this meeting, two key recommendations emerged:

- 1) Ethiopia needs to develop a marketing and promotional strategy for the US market
- 2) Ethiopia should also focus on sustainable tourism development and policy creation to enable the increased visitation from these marketing efforts

In order to be competitive to similar destinations, Ethiopia should prioritize developing modern promotional techniques to reposition itself in the international market of tourism. This would include participation in trade fairs, opening representative offices in key markets, disseminating information through marketing collateral, and engaging in good public relations. Under restrained marketing budgets, the marketing plan will rely heavily on public relations to promote tourism to Ethiopia.

The board has identified five primary markets (United States, United Kingdom, Italy, France, Israel and Germany) and six secondary markets (Japan, Netherlands, Canada, Australia, Switzerland, Spain) to target. Moreover, five emerging markets (China, Russia and the former Soviet republics, Eastern Europe and the Middle East) were identified. We also recommend the Enter-African cultural tourism (Conference tourism) for Ethiopia, since Ethiopia is the Capital of the African nations. The participation of Ethiopia in major annual international tourism and travel fairs will create the opportunities to meet intermediaries, professionals, and members of the public to promote destination the country tourism market.

The Ministry of Culture and Tourism must expand its efforts to promote the untapped potential of the robust American market. Ethiopia should have regular participation at international tourism trade fairs. It's also important to adopt creative strategies for the promotion of Ethiopian tourism, such as the inviting journalists, famous historians and scientists to be involved in tourism programs and familiarization trips. Positive press and a strategic rebranding campaign will reposition Ethiopia as a top choice for American tourists.

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The creation of a dynamic website is another tool to be used to promote tourism in Ethiopia. The website will be used to provide information, create dynamic social networks for exchanging travel suggestions and recommendations, and promote stakeholders in the tourism industry. Ethiopia is witnessing its seventh straight year of economic growth and it is attracting foreign direct investments to the country. The Government of Ethiopia has expressed its commitment to use tourism as a pivotal component in poverty alleviation programs. It's believed that Ethiopia membership to WTO will be in near future.

The role of tourism in the Ethiopian economy

Tourism currently plays a relatively small role in Ethiopia's economy. Ethiopia has enormous potential for tourism development offering rich and diversified cultural, historic and natural sites. Ethiopia has a unique set of resources for international tourism as one of the richest and most diversified destinations in the world. Key elements of Ethiopia's tourism potential are its fauna and flora, with abundant fossil deposits dramatic landscapes, abundant wildlife, varied and rich areas of pre-historical and historical archaeological sites and great ethno-cultural attractions.

UNESCO has registered eight world heritage sites that include Aksum, the monolithic churches of Lalibela, Gonder Castles, the Omo Valley, Siemen National Park, Hadar (where the skeleton of Lucy was discovered), Tiya carved megalithic sites and the medieval city of Harar. Several additional sites like Ertale, Dallol are in the pipeline to be registered soon. Moreover, Ethiopia, w has over 3,000-year-old history, and, the custodian of The Arc of the Covenant is one of the oldest human civilizations and the place of human origins and the land of the oldest archaeological discoveries in the world. Furthermore, Ethiopia is a symbol of freedom, tolerance and peaceful coexistence of different religions.

Why tourism for Ethiopia?

In Ethiopian context, tourism can be a tool for growth and transformation of the economy, and capable of rejuvenating factor for other sectors of the economy. There are twelve good reasons why tourism should be developed in Ethiopia:

1. Tourism opportunity for African countries and especially for Ethiopia.

The tourism sector continues to grow at unprecedented rates worldwide. In 2010, international tourism arrivals increased 6.6% from the previous year, to 940 million arrivals. According to the Africa Travel Association's *State of Tourism in Africa Report*, the case for tourism development in Africa is even stronger, where tourism arrivals increased from 37 million in 2003 to 63 million in 2010. In 2010, international tourism receipts in Africa reached USD \$44 billion.

2. Tourism and jobs creations. The World Travel and Tourism Council estimate that travel and tourism is now the world's largest generator of jobs. In 1995, the industry provided direct and indirect employment for 212 million people, accounting for 10.7% of the global work force and provided one in every nine jobs. Between 2000 and 2010, travel and tourism

will add one new job every 2.5 seconds and create 125 million new direct and indirect jobs. Tourism already creates tens of thousand of jobs in Ethiopia.

3. **Tourism is labor-intensive.** The tourism industry has the lowest ratio of investment to job creation. This means that more jobs can be created per unit of capital invested and many tourism activities are within the reach of small and medium-sized business operators.
4. **Tourism employs a multiplicity of skills.** From Tour managers, accountants, hairdressers, tour guides, and trackers, site managers and drivers the tourism industry draws upon a multiplicity of skills. Moreover, the potential for on-the-job training is enormous.
5. **The tourism industry and entrepreneurial opportunities.** The tourism industry accommodates a thriving and dynamic informal sector from craft and food vendors, to beach attendants, and others. Apart from the opportunities provided in the informal sector, there are many business opportunities to involve regional States in the tourism business such as hospitality development, entertainment, laundry and transportation services, arts, and craft sales; tour guides and walking tours to places of interest.
6. **Tourism development to rural areas.** Many of the prime tourism attractions are not located in the city centers but rather in the rural areas. Tourism allows rural populations to share in the benefits of tourism development, promoting a more balanced and sustainable form of development. Tourism provides an alternative to urbanization, permitting people to continue a rural family existence, enfranchising both women and the youth.
7. **Tourism police and environment.** Tourism requires proper management if not its massy to the environment. Were us properly-managed tourism can contribute to saving the environment it requires the involvement of different organizations like the Wildlife Authority, the Department of the environment to manage repairing, the landscape and its natural features (lakes, rivers, and wildlife areas and the likes). Hunting and Safari tourism, especially in arid regions are the cause of environmental distraction of the country, therefore the restoration of natural vegetation and soil a priority for sustainable tourism. In the regional states, the administration and private sector projects have to spent large amounts of resources on rehabilitating land damaged by commercial farming and other forms of land implementations. Furthermore, responsible tourism allows for the protection of biodiversity on land used for its purpose.
8. **Tourism and cross-cultural relations.** Through its inherent message of goodwill, hospitality, trust, service without servility, tolerance, interaction and communication, tourism is an effective mechanism for fostering national and international cultural exchange and understanding among people. It is, therefore, an effective nation-builder and a strong incentive to foster peace.
9. **Tourism and market.** For the past five years, Ethiopia has welcomed well over a million international visitors. These visitors bring a ready market right to the doorstep of the country.

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10. **Tourism and consistency.** The consumption of travel takes place over one's lifetime. A holiday taken today does not reduce the demand for the holiday next year, next month or next weekend. The potential market for tourism will continue to grow.
11. **Tourism's multiplier effect.** The impact of tourism is greater than the initial expenditure by visitors. In the Caribbean, for example, it is estimated that the sum of direct and indirect local value added generated per dollar of tourist expenditure was around 1.6 times the value of the initial input of visitor spending.
12. **Enormous potential for linkages.** The tourism industry provides enormous potential to create linkages and dynamism other sectors of the economy in areas like agriculture, manufacturing, and services. Ethiopia, more than any other country in the rest of Africa or in the developing world, has the potential to supply almost every need of the tourism industry.

Objectives

Our objective is to develop the tourism sector as a national and international priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of quality tourism in Ethiopia. Tourism must be a lead sector within the national economic strategy. A globally competitive tourism industry will be a major force in the reconstruction and development efforts of Ethiopia.

In accordance with the tourism vision, a united, sustainable and competitive tourism industry in Ethiopia will follow global 'best practices' in socially, environmentally and culturally responsible tourism. This vision is supported by the following objectives:

1. Generate economic growth and foreign exchange by aggressively developing and promoting tourism
2. Establish tourism as a national priority
3. Establish tourism as foreign policy priority
4. Optimize opportunities for specifically emerging entrepreneurs in tourism
5. Use tourism to aid the development of rural communities
6. Promote domestic tourism amongst all Ethiopia
7. Facilitate balanced tourism development in Ethiopia
8. Create a conducive tourism investment climate
9. Encourage linkages between tourism and other industries in order to curb leakages and stimulate the multiplier effect
10. Lengthen the tourism season in order to minimize the negative effects of seasonality on the industry

Principles

The following principles will guide the development of responsible tourism in Ethiopia:

1. Tourism must be private sector driven
2. Government must provide the enabling framework and capital for the industry to flourish
3. Effective community involvement will form the basis of tourism growth
4. Tourism development will be underpinned by sustainable environmental practices
5. Tourism development is dependent on and the establishment of cooperation and close partnerships among key stakeholders
6. Tourism development will take place in the context of close cooperation with all regions of Ethiopia
7. Tourism development will support the economic, social, and environmental goals and policies of the Government

Targets of the Board

1. Increase North American tourism arrivals and expenditure in Ethiopia
2. Sustain an increase of North American visitors over the next five years to Ethiopia
3. Create a tourism promotion office or contract tourism promotion services in 2012
4. Increase and intensify the rebranding of Ethiopia as a competitive tourism destination
5. Identify, welcome, and engage the stakeholders such as North American tour operators, tourism marketers, hospitality developers
6. Develop a tourism Action Plan to implement the strategies, objectives, and targets for tourism development in 2012
7. Identify and execute a 5-year tourism project for North American visitors to Ethiopia
8. Establish tourism as a subject in Ethiopia's school curriculum

Key to Tourism Growth

To ignite the tourism engine of growth in Ethiopia, a number of key strategic policies must be developed and actions taken in the following areas:

- Safety and security
- Education and training
- Financing tourism and access to finance
- Investment incentives
- Foreign investment
- Environmental management
- Product development
- Cultural resource management
- Transportation (air and ground)
- Infrastructure
- Marketing and promotion
- Product quality and standards
- Regional cooperation

The guiding principles and policy guidelines for each of the above are identified below.

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Safety and Security

The Government of Ethiopia is committed to ensuring the safety and security of all tourists. The following policy guidelines shall apply:

- Undertake both short and long term actions and strategies to ensure the safety and security of tourists
- Provide adequate information to visitors that will help to improve their safety and security
- Ensure that adequate resources are devoted to providing for the safety of tourists
- Institute appropriate legal procedures that would facilitate speedy and effective prosecution for cases involving tourists
- Coordinate cooperation among appropriate stakeholders to work together to ensure the safety and security of all tourists
- Carry out appropriate research concerning tourism security trends and monitor the effectiveness of safety and security measures

Funding and marketing tourism development to Ethiopia

The availability of finance to develop and promote the tourism industry is critically important for the industries further growth and development. A number of policy guidelines should guide the increased financial commitment to the development of tourism in Ethiopia. While the exact nature and extent of these should be properly assessed and evaluated, the following measures should be considered:

- Conduct an urgent review of the Government's financial contribution to tourism as well as the process of determining such contribution
- Consider a large initial capital injection by the Government to 'kick start' a major tourism development thrust over the next five years. This contribution should be in accordance with the programs and projects identified in the implementation strategy to follow the White Paper
- Promote partnerships for the provision of funding between Government, local and international private sectors and donor agencies
- Facilitate access to World Bank and donor funds for the tourism industry, particularly for the purpose of pump-priming small businesses, community tourism projects, as well as funding for international marketing and promotions agents
- Promote active forms of community partnership, especially via joint ventures in which communally owned land forms the basis of equity for community partnerships with the private sector and state conservation agencies
- Review the current levy system with a view to de-linking the levy from the grading system

Destinations and product development

There are ----tourist accommodation establishments in Ethiopia with ----- rooms/units and ----- beds. Of these, camping and caravan sites are in the majority, accounting for % of the total, followed by hotels (% holiday flats (%), resorts (%), guest houses and farms (%)) and game lodges (%). National and provincial parks account for a mere % of visitor accommodation (% including camping sites). Bed and breakfast establishments, hunting lodges, serviced executive apartments and youth hostels also makeup the Ethiopian tourism accommodation mix. While these figures seem low, it must be cautioned that they are less indicative of the quality and international marketability of establishments available. In further developing the tourism product of Ethiopia, the following proposals should apply:

- Emphasize the diversity of the product of Ethiopia by not over marketing or over developing the better-known attractions.
- Where appropriate, deregulate the industry to encourage wider access by marginalized groups
- Emphasize the development of emerging products that offer good potential for development. For example, cruise tourism, Afro-tourism, sports tourism, cultural tourism, ecotourism, conference and incentive travel, wildlife safaris, hunting, etc.
- Foster the development of community-based tourism products
- Foster innovation and creativity in the products being developed
- Developments should be promoted within the structures and strategies of regional Governments and local communities. Every attempt should be made to ensure that local peoples and cultures are not over-commercialized or over-exploited
- Encourage the sensitive and sustainable development of underdeveloped and environmentally sensitive areas
- Highlight previously neglected areas of tourism development as a result of political influence. For example, struggle-related monuments and attractions
- Encourage both new and existing suppliers of tourism products to provide facilities (accommodation, attractions and other services) for the elderly and disabled
- Encourage the granting of casino licenses to responsible tourism developments that offer excellent potential for development and job creation. Negative social and cultural impacts should be considered as well as the overall image and positioning of the destination
- Encourage the development of sports tourism and encourage the provision of facilities, training, marketing and promotion to give emphasis to the development of this segment of the industry (Ethiopia is the land of the great Athletes)
- Pay specific attention to the emerging domestic tourism market and facilitate the provision of appropriate recreation centers and facilities to cater to this market
- Consider the role of the private sector in the provision of tourism facilities and services at national parks and protected areas

Infrastructure

The infrastructure for tourism is critically important and wide-ranging. It includes telecommunications, rail air and road networks, signage, information centers, convention and conference facilities, etc. The following policy guidelines apply to the provision of infrastructure:

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- Continuously maintain and upgrade existing infrastructure in order to improve accessibility and mobility
- Consider improving the accessibility and infrastructure of rural areas to allow these areas to unleash their tourism potential
- Creatively and aggressively utilize modern computer and communications technologies to effectively market, promote and distribute travel and tourism products, services and information domestically and internationally
- Facilitate the funding of major tourism infrastructure projects that would have considerable impacts on the development of the Ethiopian tourism industry
- Consider the regional tourism potential in the development of major tourism-related infrastructure projects
- Work closely with the Department of Transport in improving transportation services for both the domestic and international tourism industry and eliminating bottlenecks that may arise
- Consider the review of current road signage policy to ensure maximum customer satisfaction
- Consider the expansion of tourism infrastructure as part of a long-term strategy rather than on an ad hoc basis
- Work closely with the Departments of Transport, Public Works and Land Affairs in coordinating the provision of tourism infrastructure

U.S. Marketing and Promotions

An important tool for the development of tourism to Ethiopia is to apply an effective and creative marketing and promotional campaign in North America. Presently, Ethiopia is not seen as a priority destination for US travelers. Additionally, Ethiopia serves as a popular transit point for many African, Middle East, and Asian countries, but it has not capitalized on this great flow of tourism that passes through the airport via Ethiopia Airlines. To be performed effectively, the marketing and promotion of Ethiopia as an international destination requires a coordinated and structured approach:

- International marketing should be the responsibility of the Ministry of Culture and Tourism and the respective Ethiopian Embassies. Aggressive marketing and promotions of tourism to Ethiopia will encourage the vast Diaspora citizens to take holidays in their own country, as well as attracting a new market of travelers
- Launch a new Ministry of Culture and Tourism website designed for the North American travel consumer. This website will serve as the main communications and promotional portal for Ethiopian tourism
- Invest in the development of high quality, visually stimulating marketing and promotional materials. This would include creating a photographic and video archive for the travel trade to access to market Ethiopia.
- Market and promote attractions and experiences to visitors who are already in Ethiopia and encourage visitors to increase their stay and expenditure

- Adopt a consumer sensitive pricing strategy, thereby ensuring that value for money becomes a major draw and that favorable exchange rates are applied to the advantage of the international consumer
- In addition to focusing on the domestic market, continued emphasis should be placed on other key generating markets such as international business travelers such as the conference and incentive travel market
- Marketing and promotion should focus not only on the well-established sites, but should also emphasize new and emerging products and attractions
- Cooperative advertising and promotion opportunities should be pursued
- More resources should be devoted to the marketing and promotion of tourism, particularly overseas tourism where per capita expenditure is greatest
- Relentlessly develop new markets and exploit new market niches (culinary, honeymoon, hiking, mountain biking, back packers, and others)
- Establish mechanisms to monitor the effectiveness of promotion expenditures
- Consider changing the visual way in which Ethiopia is being branded, projected, marketed and promoted
- Encourage initiatives by provincial tourism organizations to make national information more widely available through the development of a generic brochures, familiarization trips among the regional states, and contributions to the national tourism website

Areas of participation and involvement by American international and local media in developing tourism include:

- Tourism awareness programs on Ethiopia to the population at large in North America
- Press coverage and special campaigns to promote Ethiopian tourism initiatives to stakeholders and American travelers
- Promotion of tourism through familiarization trips and press reports
- Cooperate with international Tourism Organizations in marketing the Ethiopia's attractions
- Provide a link to the national public relations efforts in North America markets
- Develop an Ethiopian magazine on tourism
- Provide online advertisements and promotions for Ethiopia
- Design advertising
- Provide global creative media to help to promote Ethiopian tourism

Product and standards quality

The Government must be committed to ensuring and maintaining high standards of service and facilities. We suggest the following policy guidelines apply:

- Promote the development and promotion of quality tourism standards in a consultative manner
- Apply standards to all tourism activities, across all sectors. Do not limit it to the accommodation sector
- Review and reform the existing structure and system of standards and grading to make it more effective and equitable in application

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- Ensure that standards and their related costs do not act as barriers to entry for small and medium-sized tourism enterprises
- Encourage all establishments, particularly smaller establishments and previously neglected entrepreneurs, to upgrade their standards of service

The private sector

The private sector has and will continue to play a critically important role in the further development and promotion of tourism in Ethiopia. The private sector bears the major risks of tourism investment as well as a large part of the responsibility for satisfying the visitor. The delivery of quality tourism services and providing the customer with value for money are largely private sector responsibilities. Furthermore, the private sector is in a position to promote the involvement of local communities in tourism ventures by, inter alia, establishing partnership tourism ventures with communities. The Government must continue to provide a climate conducive to the further growth and development of the private sector for tourism. Specific private sector functions include:

- Investment in the tourism industry
- Operate and manage the tourism plant efficiently and profitably
- Advertise and promote individual tourism services as well as the country—locally, regionally, and internationally
- Continuously upgrade the skills of the workforce by providing training and capacity-building opportunities
- Refurbish plant and equipment
- Satisfy customer needs by providing quality products and services
- Develop and promote socially and environmentally responsible tourism
- Ensure the safety, security and health of visitors in collaboration with the Government and other private sector members

Facilitation for evaluation of tourism

- Facilitation of a dedicated tourism fund and funding mechanism
- Formulation, approval and management of tourism incentive schemes
- Creating an enabling fiscal and legal framework for tourism
- Encouragement and promotion of American investment in the area of tourism infrastructure
- Facilitation of training policies and programs that can train Ethiopians in the US
- Promotion and facilitation of responsible tourism and effective environmental management

Responsibilities of the Ethiopian Tourism Advisory Board

Assist the Ethiopian Embassy on policy and strategy development to achieve the international tourism vision to spread tourism benefits to stakeholders in North America and Ethiopia through the following:

- Devise a budget and statement of work for representatives in the United States for RFPs for: 1) North American marketing and promotion campaign and 2) a statement of work for strategic and long term tourism planning in Ethiopia
- Advise the Embassy, tour operators, and travel agents on all international matters concerning tourism, which could affect the achievement of the tourism vision
- Assist the Embassy in coordinating and implementing the international tourism strategy by formulating clear and measurable objectives
- Serve as a strategic think-tank for stakeholders regarding international marketing and promotion
- Assist the Embassy in evaluating potential tourism promoters and marketers

Marketing

We propose that a marketing and promotions company handle the North American marketing campaign for Ethiopia. This campaign would handle the following list of activities, as well as other activities deemed relevant based on their market research:

- Establish Ethiopia as a prime global tourist destination
- Market Ethiopia internationally
- Manage an international network of tourism marketing and promotion offices
- Develop and implement an international marketing strategy in cooperation all stakeholders
- Research the US and Canadian markets for key tourism growth
- Evaluate and assist in developing destinations and domestic marketing efforts, in accordance with national priorities and strategies of Ethiopia
- Promote a high quality experience for all international tourists

Strategic Planning

We also propose that a high level consulting team be hired through an RFP process to conduct a formal Strategic Tourism Strategy to include on-the ground research of the strengths and weakness of the Ethiopian Tourism sector and a list of targeted areas of improvement for both short term and long term capacity building to sustain the growth that will result in increasing the North American and international tourism arrivals in Ethiopia. This report will provide Ethiopia with specific costs and benefits of implementing the recommended strategies and will provide guidance on the long-term benefits of these investments.

Next Steps

The Tourism Advisory Board recommends the following:

1. The Ethiopian Embassy will coordinate the RFP process in collaboration with the Tourism Advisory Board via a meeting to determine key Task Orders for the Statement of Work and to determine recommended budget for this work
2. Develop Request for Proposal (RFP) guidelines for the Ethiopian Embassy to use when selecting international marketing and tourism development companies to carry out the goals and objective outlined in the Action Plan
3. Determine Point of Contact for RFP process, possibly a fee-for-service position
4. Upon selection of companies from the RFP process, the Ethiopian Embassy will coordinate a review committee comprised of officials from the Ministry of Culture and Tourism, Ethiopian Embassy staff, and private sector Ethiopian tourism stakeholders to review proposals for selection of the companies to carry out the guidelines outlined in this Action Plan