

**KINGDOM OF MOROCCO**

**DIRECTORATE OF STUDIES AND FINANCIAL FORECASTS**

**THE TOURISM SECTOR:**

**PROGRESS REPORT AND PROSPECTIVE ANALYSIS**

- *Has the “2010 Vision” achieved its objectives?*
- *What are the causes of possible variations and what would be their impact at macroeconomic and sectoral levels?*
- *What lessons are to be learnt for successful implementation of the new national tourism strategy, “2010 Vision”, and what climate would prevail worldwide by 2020 supply wise, especially among competing countries, and demand wise, particularly among major clients of Morocco?*

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## Introduction

In a global environment marked by resumed growth, but still subjected to disrupting threats, constantly changing market conditions and increasingly fierce competition, availing existing and emerging opportunities for progress has become a crucial issue for economic strategists. The task is so delicate that it calls upstream for rigorous design to ensure downstream smart implementation of sectoral strategies, based on efficient management of financial flows, human resources, competitive advantages and relevant territorialization.

The tourism sector is no exception, all the more so as it has particular significance at macroeconomic level (7.5%<sup>1</sup> of GDP, 6.6% of active population and 14.8% of revenues of the balance of payment in 2010). The vital role of this sector is a continuous concern for public authorities that seek to optimize the positive fallouts on growth and job creation. The decision maker is also concerned with achieving sustainable development in its economic, social and environmental dimensions, including solidarity-based, and with involving the whole of society in a rising trend on the basis of equity and reshaped management of public interest and territory management.

The specificity of this sector also relates to its high degree of openness, which enables it to benefit from the globalization of the processes of service production, funding and consumption markets. This openness also entails for the sector a series of challenges, notably increasing competitiveness, the decline of investment flows and a deceleration of consumption expenses following the recent economic crisis, or due to the uncertainty surrounding the future of issuing countries, especially European countries. These profound changes compel us to approach the tourism sector through the prism of globalization, which also requires a new paradigm for managing the sector.

Moreover, 2010 is a pivotal year for assessing the policy outcome to draw adequate lessons with a view to consolidating the gains of the 2010 vision, and evaluating the measures taken in the sector to ensure efficient ex ante assessment of the new 2020 vision and better prepare its implementation. In fact, the success of any new sectoral strategy depends on its logical framework, which, in turn, is dependent of the quality of the follow-up and evaluation process, and the ex post assessment of similar past experiences.

This document focuses on the outcome of the "2010 vision", while touching upon the achievements at regional level, and reviewing the causes of variations compared to objectives. The emphasis will be subsequently put on the impact of the variations of the "2010 Vision" on the macroeconomic and sectoral levels.

The forecasts relating to climate that will prevail by 2020 need to be described and analyzed at international level, but especially in competing countries by looking into the main strategies in the tourism sector.

Particular attention will be given to changes in demand at international level, which would be brought about by the demographic developments affecting the world, notably in Europe, the main purveyor of tourists in Morocco.

Finally, a series of recommendations will conclude the analysis with a view to laying the foundation for implementing the main orientations of the new national 2020 Vision for tourism.

### **1. 2010 Outcome: Objectives relatively achieved despite an adverse international context**

Morocco has opted for the promotion of the tourism sector by establishing a voluntary strategy for tourism development likely to trigger a sustainable and integrated development dynamics, that is to say the "2010 Vision". The latter revolves around several fundamental projects relating to product

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<sup>1</sup> For comparison purposes, unless there is an indication, the privileged source of data is the World Travel and Tourism Council. According to the interim data of the tourism satellite account, this share was 6.8% in 2009.

diversification, strengthening of training, airspace liberation, marketing development and enhancement of the tourism environment.

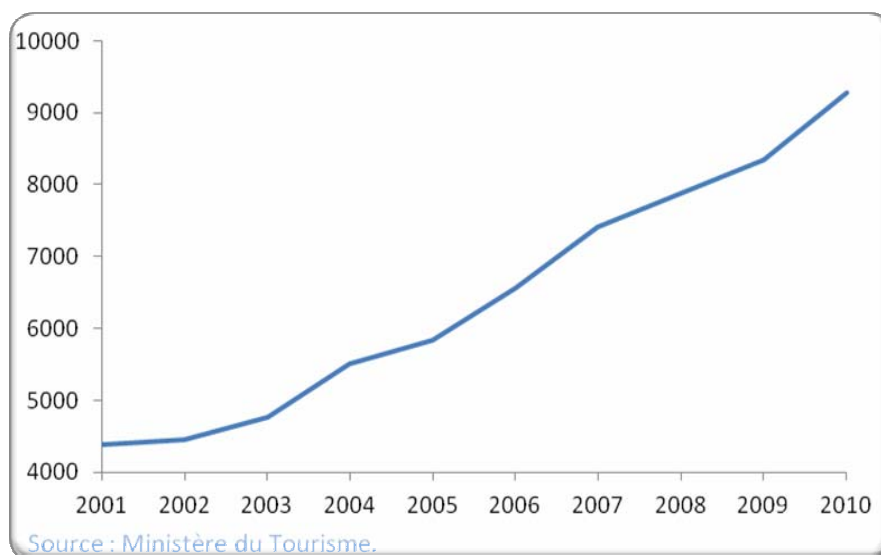
### 1.1. Positive performance of the tourism sector at national level...

The sustained dynamics that marked national tourism activity during 2001 was interrupted in 2008 following the generalized recession of the World economy. In fact, tourist arrivals have witnessed a deceleration of approximately 6% during the last two years, with about 7.9 million tourists in 2008 and 8.3 million tourists in 2009. Tourist arrivals in 2010 attained 9.3 million tourists, a progression of 11% compared to the previous year.

The downward trend of the national tourism activity in 2008 and 2009 resulted in variations between the rate of achievement and the objectives set by the “2010 Vision”.

Hence, tourist arrivals in 2010 (9.3 million tourists) correspond to a variation of 7% compared to the objective of 10 million tourists targeted by the “2010 Vision”.

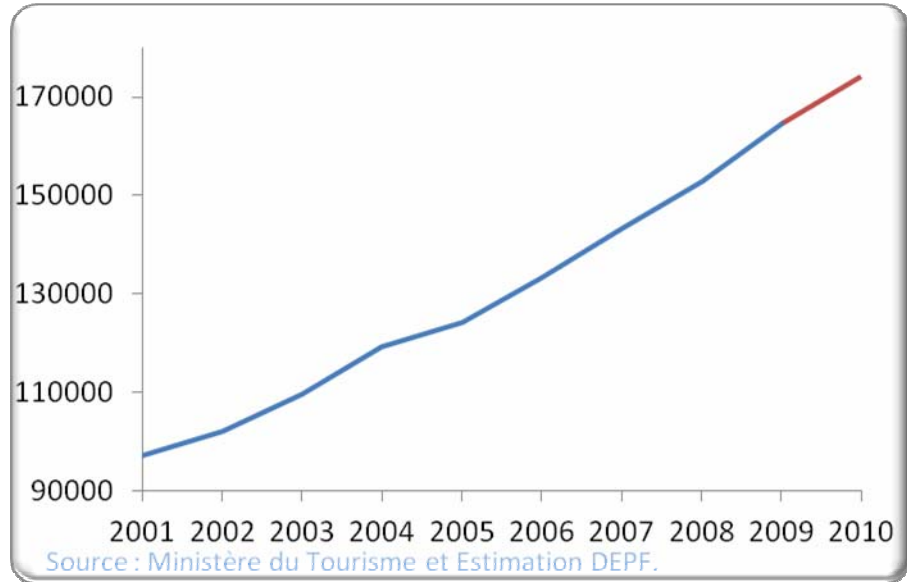
**Graphic 1:**  
Annual progression of tourist arrivals from 2001 to 2010 (in thousands)



The accommodation capacity increased from 97,000 beds in 2001 to 164,000 beds in 2009, which represents an average annual growth rate of 6.7%. If this pace is maintained, the accommodation capacity would reach 174,180 beds, representing a variation of 24% compared to 230,000 beds targeted by the national tourism strategy.

**Graphic 2:**

Annual progression of accommodation capacity from 2001 to 2010

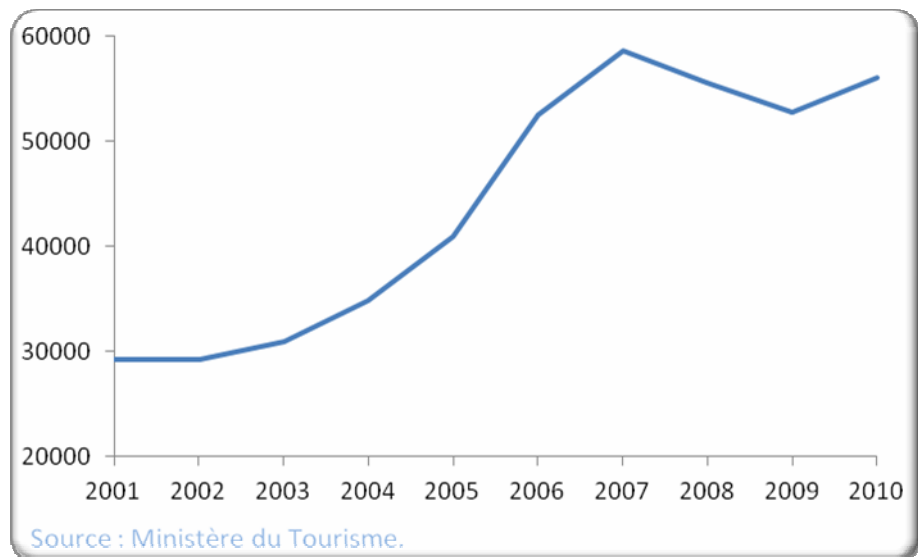


Furthermore, the participation of the tourism sector to currency revenues reached about MAD 56.1 billion in 2010, or MAD 440.6 billion over the period 2001-2010, which represents 82% of the level targeted by the 2010 Vision.

Revenues have been most affected by the 2008-2009 Crisis, causing an average annual decline of 5.1%, while the high level of arrivals was maintained. This situation led to a marked decline in tourist expenses.

**Graphic 3:**

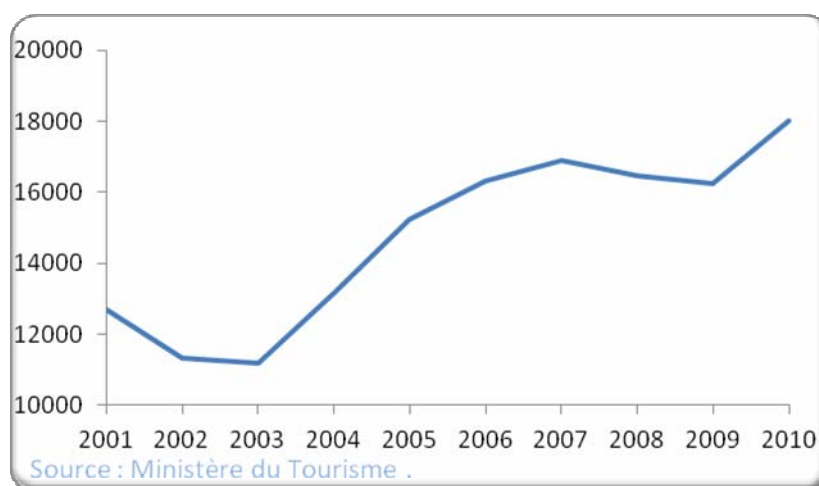
Annual progression of tourist arrivals from 2001 to 2010 (in million MAD)



This elasticity also involved overnight stays, which contracted by 2% over the period 2007-2009, indicating that tourists prefer short stays in times of crisis. Consequently, overnight stays registered an average annual progression of 3.9%, or MAD 18 million in 2010 up from 12.7 million in 2001.

**Graphic 4:**

Annual progression of overnight stays in classified hotels from 2001 to 2010 (in thousands)



Regarding the Plan Azure, two resorts were opened in 2009: (i) "Mediterrania Saïdia" in Saïdia and "Mazagan Beach Resort" in EL Jadida, and two other resorts are scheduled for 2011: "Mogador" in Essaouira and "Port Lixus" in Larache.

The progression of other works has been hampered by a number of difficulties relating to the difficult international context that has adversely affected developers. The latter have not been able to mobilize enough funds to go ahead with their projects.

In this regard, one needs to mention the difficulties encountered by the Taghazout Resort whose development was entrusted in July 2006 to "Colony Capital" as part of a convention with the government. Because of the global economic crisis, the US Group was not able to meet the provisions of the Convention, nor the agreed deadlines, which led the government to withdraw the contract in April 2009. Le Taghazout Resort was finally the subject of an MOU in 2010 between SMIT, CDG, the *Groupe Alliance Développement Immobilier*, Colony Capital and the Société Sud Partners with a view to developing a low-density touristic "eco-resort" with a capacity of 8,000 beds.

## 1.2. .... Notwithstanding differences at regional level ...

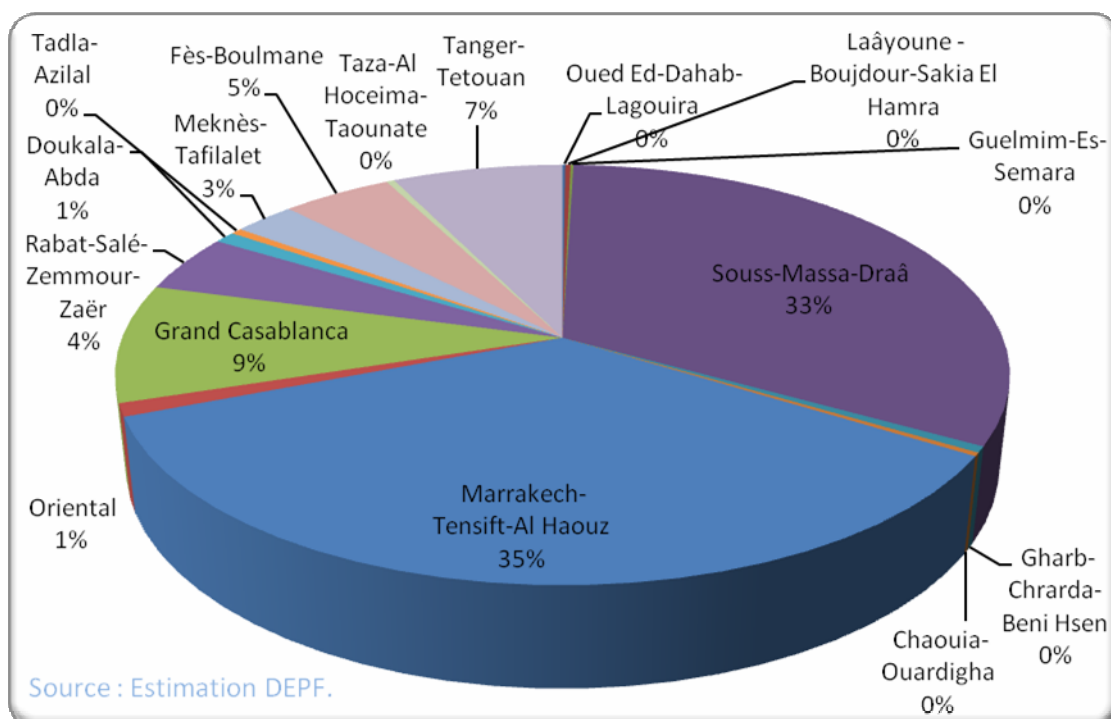
At regional level, the Marrakech-Tensift-Al Haouz region ranks first in terms of overnight stays, with 6.3 million overnight stays registered in 2010<sup>2</sup>, or 35% of total overnight stays in Morocco. The Souss-Massa-Draâ region ranks second, with 5.8 million overnight stays, corresponding to a 33% share.

<sup>2</sup> DSFF Estimates.

The weight of the other regions remains relatively low compared to the first two regions, with 9% (1.6 million overnight stays) for the Great Casablanca, 7% (1.3 million) for Tanger-Tétouan, 5% (843,2 thousand) for Fès-Boulemane, 4% (798.2 thousand) for Rabat-Salé-Zemmour-Zaer, and 3% (471,1 thousand) for Meknès-Tafilalet.

**Graphic 5:**

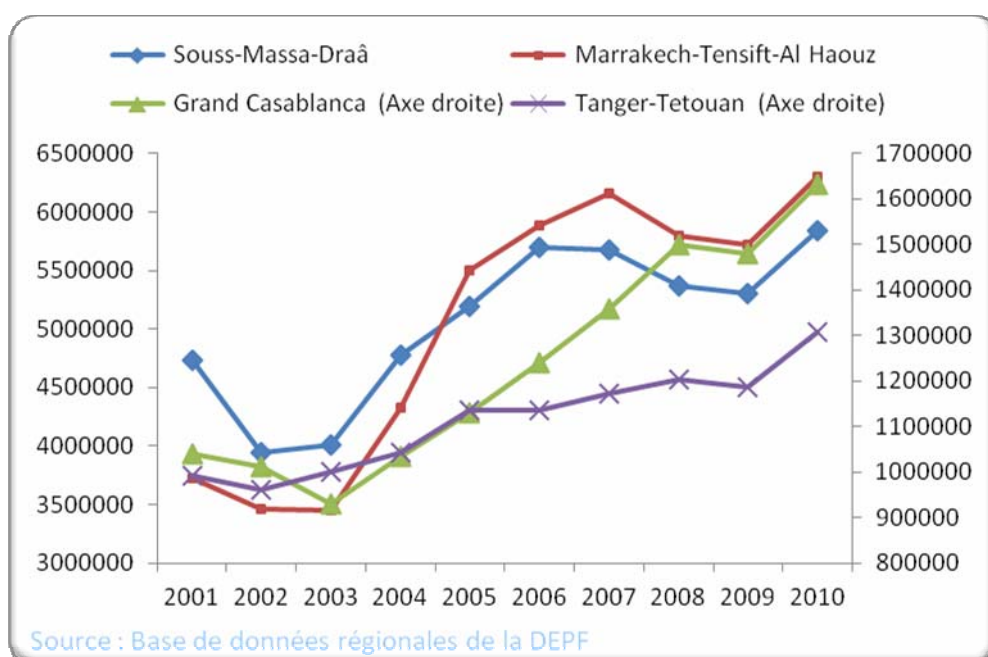
Regional structure of tourist overnight stays in 2010



In terms of growth dynamics of overnight stays between 2001 and 2010, two of the four main touristic regions of the Kingdom were able to achieve average growth rates that are higher than the national average rate (3.9%). In fact, this rate reaches 6% for Marrakech-Tensift-Al Haouz (up to 6.3 million in 2010 compared to 3.7 million in 2001) and 3,5% for the Great Casablanca (1.04 million in 2001 against 1.63 million in 2010).

**Graphic 6:**

Progression of overnight stays in the four main touristic regions in Morocco from 2001 to 2010



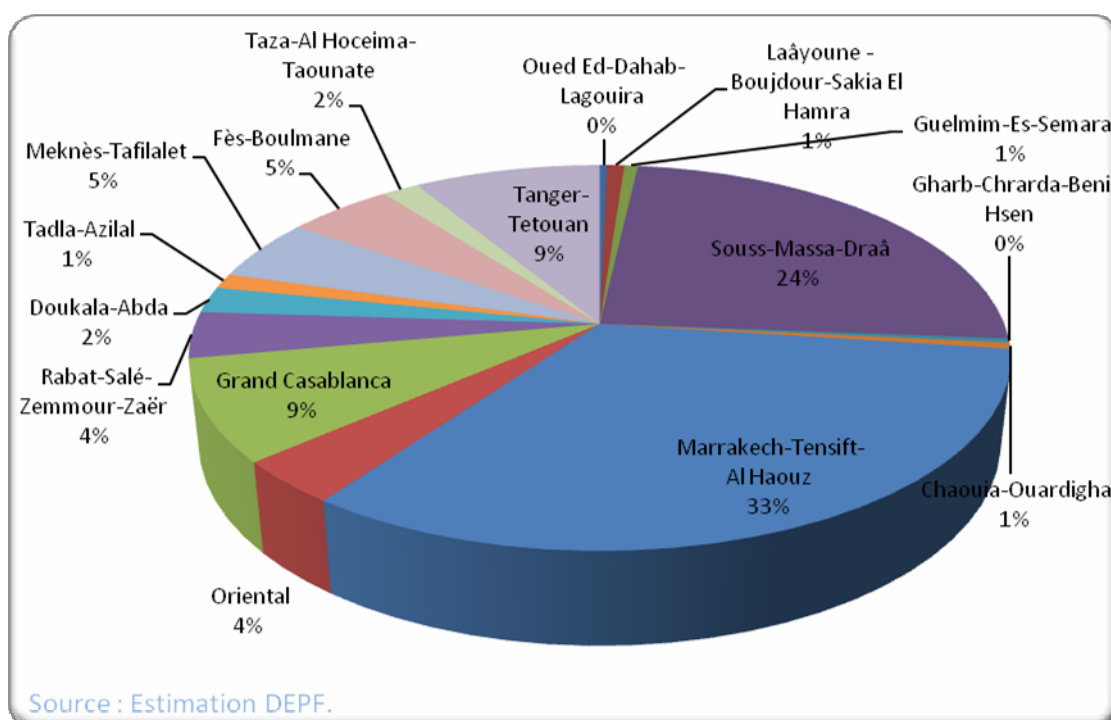
The other two main destinations, Tanger-Tétouan and Souss-Massa-Draâ, showed low growth rates with 3.1% (1.31 million in 2010 against 992.55 thousand in 2001) and 2.4% (5.8 million in 2010 against 4.7 million in 2001) respectively . Also to be noted is the remarkable performance of the two emerging regions that are Doukkala-Abda and the Eastern region, with a progression of overnight stays from 5.53% and 5.15% between 2001 and 2010.

As far as the regional configuration of accommodation capacity is concerned, it does not differ much from that of overnight stays. Therefore, the Marrakech-Tensift-AL Haouz also ranks first based on this indicator, with 57.3 thousand beds, and 33% of the overall accommodation capacity of Morocco, followed by the Souss-Massa-Draâ region with 42.6 thousand beds and 24% of the national accommodation capacity. The weight of the other regions remains relatively low compared to the first two regions, with 9% for the Great Casablanca and Tanger-Tétouan (plus 14, 8 thousand) beds), 5% for Fès-Boulemane and Meknès-Tafilalet, and 4% for Rabat-Salé-Zemmour-Zaer.



**Graphic 7:**

Share of each region in the overall accommodation capacity in 2010



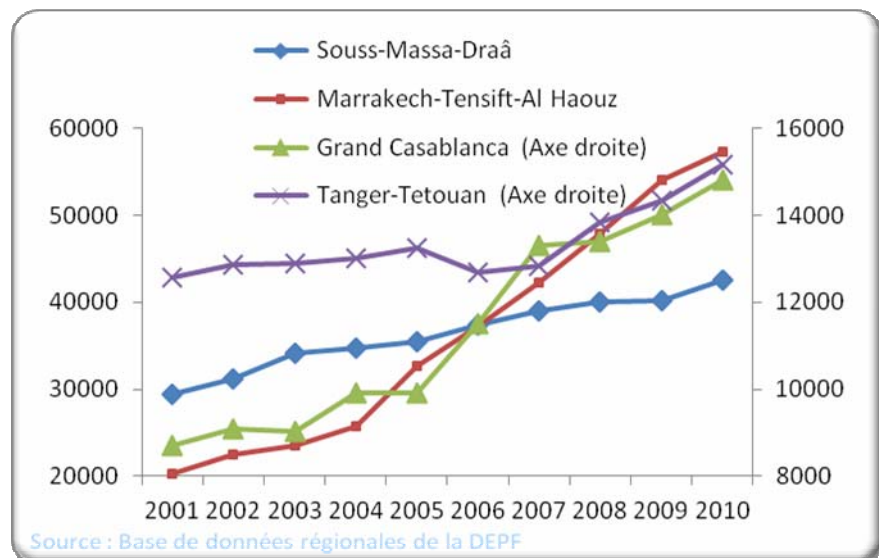
In terms of growth dynamics of accommodation capacity between 2001 and 2009, only one of the four main touristic regions of the Kingdom was able to achieve an average growth rate that is higher than the national average rate (6.7%). In fact, this rate reaches 12.2% for Marrakech-Tensift-Al Haouz (up to 57.2 million in 2010 compared to 20.3 million in 2001).

The other three main destinations, the Great Casablanca, Tanger-Tétouan and Souss-Massa-Draâ, showed less important average annual growth rates, with 6.1% (14 thousand beds in 2010 against 8.70 thousand beds in 2001), 4.2% (42.6 thousand bed in 2010 against 29.4 thousand in 2001), and 2.1% (15.2 thousand beds in 2010 against 12.6 thousand beds in 2001).

Furthermore, two emerging touristic regions were to strengthen their accommodation capacity: Doukkala-Abda with an average annual growth rate of 13.4% and the Eastern region with an average annual growth rate of 9%. This increase is mainly due to the implementation of the Plan Azure in these two regions, which allowed them to augment their hotel capacity up to 45% and 71% respectively in 2009, the year of inauguration of the two resorts in Saïdia and Essaouira.

**Graphic 8:**

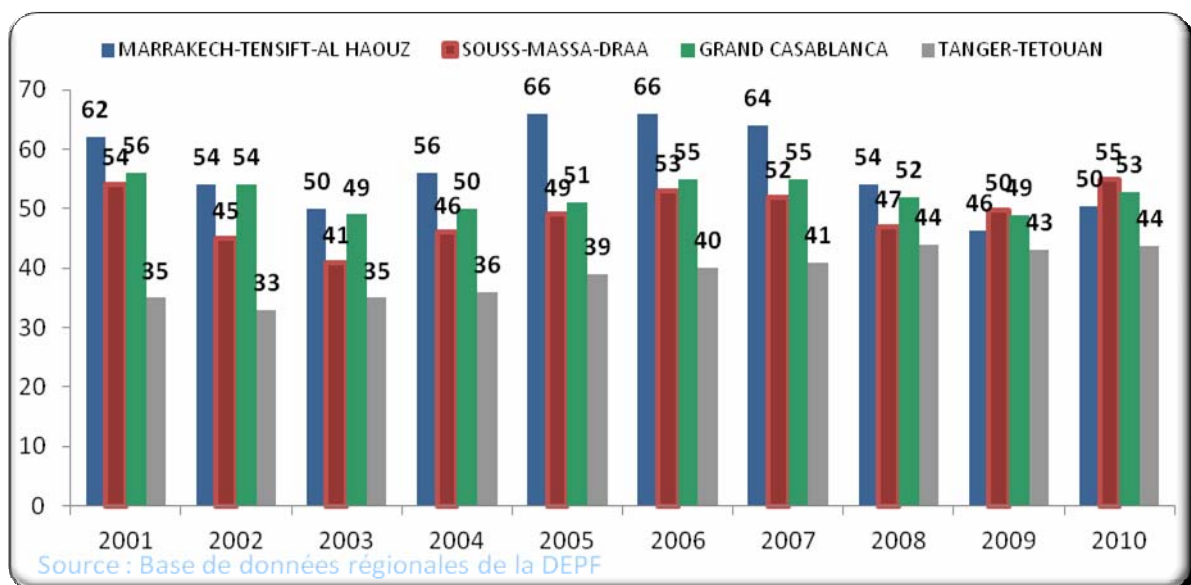
Progression of hotel capacity in the four main touristic regions in the Kingdom from 2001 to 2010



Regarding occupancy rates, and based on the average rate for the last decade, the Marrakech-Tensift-AL Haouz region ranks first based, with an occupancy rate of 57%, or 12 points more than the national average rate (45%). However, this region has lost 12 points compared to 2001, reaching an occupancy rate of 50%.

**Graphic 9:**

Progression of occupancy rates in the four main touristic regions of the Kingdom from 2001 to 2010 (in %)



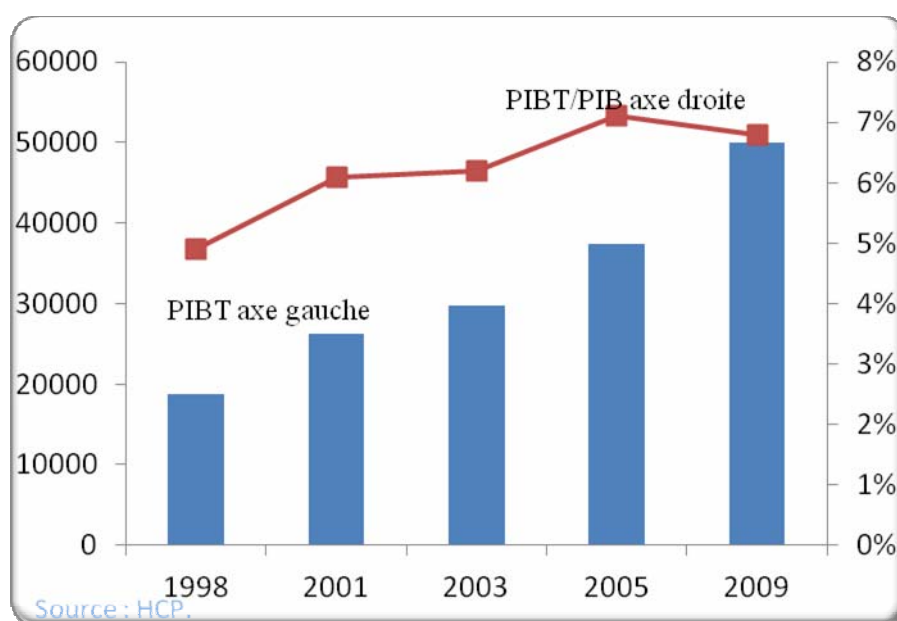
This decrease also affected the Great Casablanca, whose occupancy rate fell from 56% in 2001 to 53% in 2001, representing an average rate of 52% during the period. As for Souss-Massa-Draâ region, this rate has increased from 54% in 2001 to 55% in 2010, with a relative decline between both years, reaching an average occupancy rate of 49%. The Tangier-Tétouan region was able to enhance its rate by 11 points to reach 44% in 2010, or an average rate of 39% during the period.

### 1.3. ... revealed by the sector's macroeconomic indicators

From a macroeconomic viewpoint, based on the interim results of the 2009 satellite account, tourism GDP reached MAD 50 billion in 2009, representing an average yearly increase of 8.4% between 2001 and 2009. This increase cannot hide the deceleration that happened during the crisis period (7.6% between 2005 and 2009 against 9.2% from 2001 to 2005). The fallouts of the crisis are more conspicuous when it comes to the share of tourism GDP in GDP, which fell by 0.3%, declining from 7.1% in 2005 to 6.8% in 2009, against an increase of 1 point during the period 2001-2005, representing a rise of 0.7 point over the period 2001-2009.

**Graphic 10:**

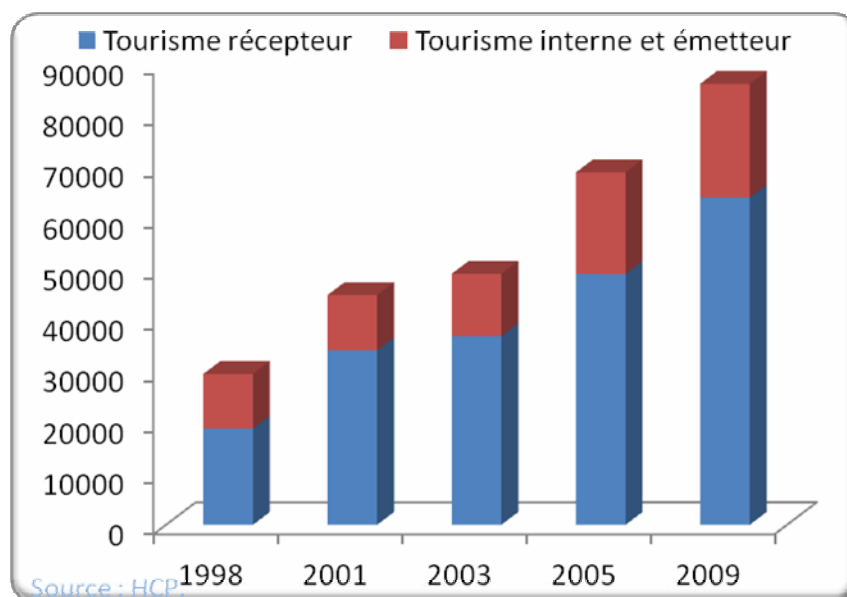
Tourism GDP trends (Histogram) and its share in GDP (Curve) (in million MAD, base year 1998)



Domestic tourism consumption reached MAD 86.3 billion in 2009 against MAD 44.9 billion in 2001, which represents an average annual rise of 8.5% (5.8% from 2005 to 2009 instead of 11.3% from 2001 to 2005).

This decline is due to inbound tourism consumption, accounting for an average of more than 74% of domestic consumption, which has registered and differentiated average annual rise (9.5%, 6.9% and 8.2% during 2001-2005, 2005-2009 and 2001-2009). Domestic and outbound tourism, which boasted a more sustained pace than inbound tourism during 2001-2009 (9.5%), witnessed the same decline in growth with 16.5% and 2.9% during 2001-2005 and 2005-2009 respectively.

**Graphic 11:** Trends in tourism consumption (in MAD million, base year 1998)



#### 1.4. Causes and impact of variations between objectives and achievements at macroeconomic and sectoral levels

The variations between achievements and targets based on the “2010 Vision” are due to several factors of cyclical and structural nature. On the cyclical side, the national tourism sector was directly hit by the adverse effects of the economic and financial crisis that has affected the main emitter countries since 2008. The austerity plan announced by Spain, France, Germany and the United Kingdom have also had negative repercussions on household<sup>3</sup> moral, which led them to limit their expenses and reduce their travel budgets.

On the structural side, Moroccan tourist offerings remain insufficiently diversified and concentrated in four major cities (Marrakech, Agadir, Casablanca and Tangier), which account respectively for 29.03%, 18.7%, 8.34% and 4.86% of the total accommodation capacity. Seaside resorts account for the biggest part of overall tourist offerings, with a share of 23%, placing Morocco in direct competition with competitive countries in the Mediterranean Basin (Egypt, Tunisia and Turkey).

In addition, Moroccan policies for the promotion of tourism investments lack adequate regional dimension. In fact, up to now, the involvement of regions in tourism promotion is reflected in the Regional Tourism Development Programs (RTDP), which are geared more toward marketing than toward investment.

Regarding demand, six major countries (France, Spain, United Kingdom, Belgium and Germany) account for 75%<sup>4</sup> of tourist flows<sup>4</sup>. This low level of diversification of targeted markets causes the national market to be extremely susceptible to the European economic plight.

<sup>3</sup> In France, the degree of confidence of households lost 5 points in January and December 2010.

<sup>4</sup> The basis of calculation does not include Moroccans Living Abroad (MLA).

According to the calculable model of general balance developed by the DSFF, the gap between actual tourist arrivals and the target of 10 million tourists set by the 2010 Vision will have a direct impact on the macroeconomic and sectoral levels.

As a matter of fact, such gap will translate into respective shortfalls of 0.16% and 0.03% in terms of real GDP and job creation. The scope of these shortfalls remains however limited as the variation is low, not exceeding 7%, and because tourism only contributes 6.8% to domestic GDP.

On the sectoral level, the hotel and catering subsectors will be most affected with a shortfall of 0.98% (production) and 3.88% (jobs), as well as the transportation sector with a deficit of 0.86% (production) and 1.01% (jobs). In fact, the strong contribution of these activities to the added value of tourism (32.23% for hotel and catering and 16.64% for transportation) makes them extremely susceptible to national tourist behavior.

Based on the variations recorded, it is obvious that most tourism indicators are short of the targets initially set for 2010. Yet, all of them, with no exception, show marked progress compared to 2001, and do reflect the qualitative and quantitative boom of the Moroccan tourism sector as part of the 2010 Vision, leading to a profound change in the Moroccan tourism industry.

## **2. Population changes and growth potential of global tourism activity by 2020**

Substantial change will affect the global demographic structure in the next decade, leading to new tourist profiles and demand. Such change needs to be taken into consideration if we are to benefit from the potential growth of global tourism activity by 2020.

### **2.1. Major population trends and their impact on tourism**

According to a recent study on demographic change and tourism<sup>5</sup>, competitiveness of resorts will depend on their capacity to develop and market tourist products to an ageing (without overlooking the youth) and multiethnic population whose life expectancy has significantly improved.

In fact, the world population would increase from 6.90 billion in 2010 to 7.57 billion in 2020 to reach 8.30 billion in 2030. Senior population will reach 26% by 2030. As a whole, people aged 50 and older would represent a third of the world population due to the decline in fertility and longer life expectancy. Therefore, advanced economies seem to have a strong concentration of aged people. Moreover, forecasts indicate a more rapid ageing of the population of Western Europe compared to North America. This population would comprise of retirees that are highly educated, richer and in better health condition compared to previous generations, ready to travel, curious, interested in culture and seeking opportunities to learn more. These features are to be taken into account when developing future tourist offerings.

On the other hand, emerging economies would witness a rise in their younger populations due mainly to high birthrates. In addition, they would represent an increasing proportion of the world population. Consequently, efforts need to be geared toward this predominantly young public (notably young Asian and American couples) seeking diversified tourist offerings at affordable prices.

### **2.2. Growth potential of global tourism activity by 2020<sup>6</sup>**

As per the projections of the World Travel and Tourism Council (WTTC) for the next decade, world tourism activity should be on the rise, with an average annual growth rate (AAGR) of 6.84%. By 2020, the weight of the tourism sector in world GDP would reach 9.6%, demonstrating the key role of this

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<sup>5</sup> World Tourism Organization and European Commission for Tourism. "Population Change and Tourism"

<sup>6</sup> This section refers to indirect GDP

sector as an engine of economic growth. On the demand side, prospects are highly promising for the world tourism market. This is confirmed by the expected trend in international tourist arrivals, which should increase from 1.67 billion in 2010 to 2.47 billion in 2020, representing an average annual growth rate of 3.98%. Such dynamism would have an overall positive impact on major tourist poles across the world.

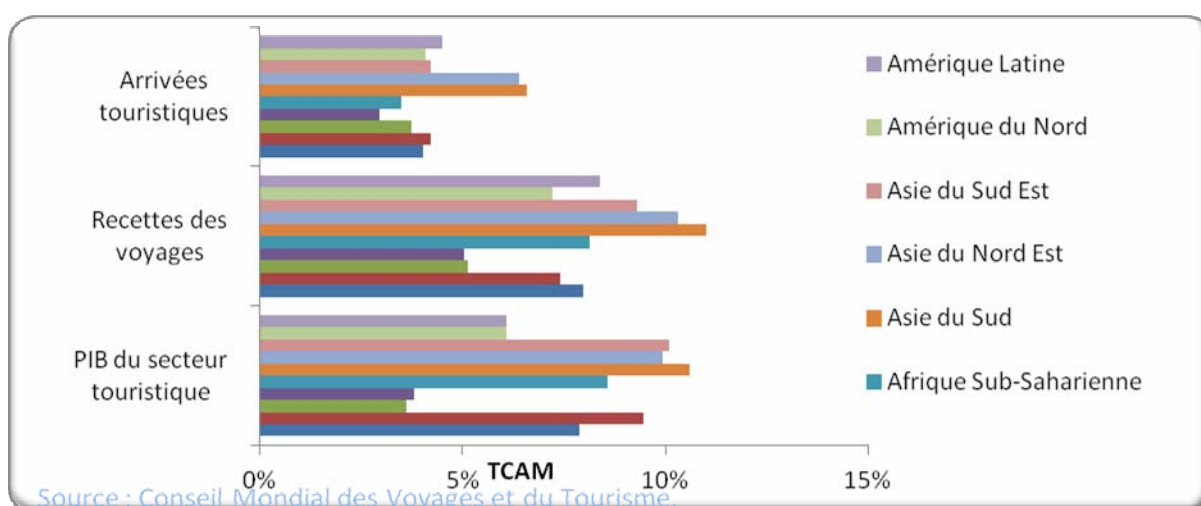
Therefore, tourist activity in South Asia shows the highest potential of growth for the coming decade, with an average annual growth rate of 10.59%, followed by South East Asia (+10.10%), North East Asia (+9.93%), the Middle East (+9.47%), Sub-Saharan Africa (+8.59%) and North Africa (+7.89%).

South Asia also ranks first in terms of vitality of tourist arrivals, with an average growth potential of 6.8% between 2010 and 2020, followed by North East Asia (+6.39%), Latin America (+4.49%), the Middle East (+4.23%), North America (+4.10%) and North Africa (+4.03%).

The growth potential of travel revenues for the next decade also remains higher in South Asia, with an average annual growth rate of 11%. This rate would reach 10.32% in North East Asia, 9.31% in South East Asia, 8.40% in Latin America, 8.14% in Sub-Saharan Africa and 7.97% in North America.

**Graphic 12:**

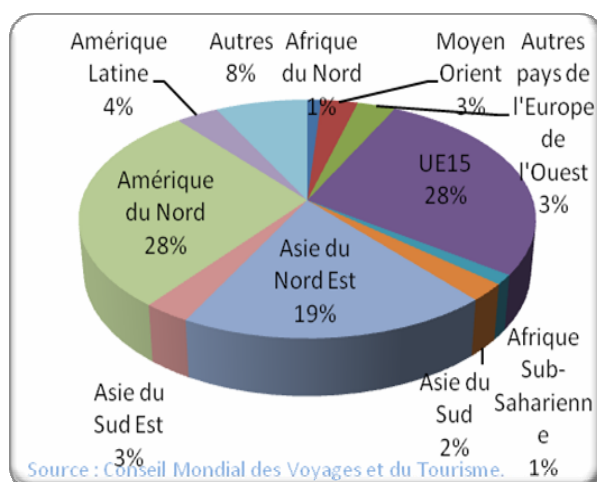
AAGR of the tourism sector's key performance indicators between 2010 and 2020 (per region)



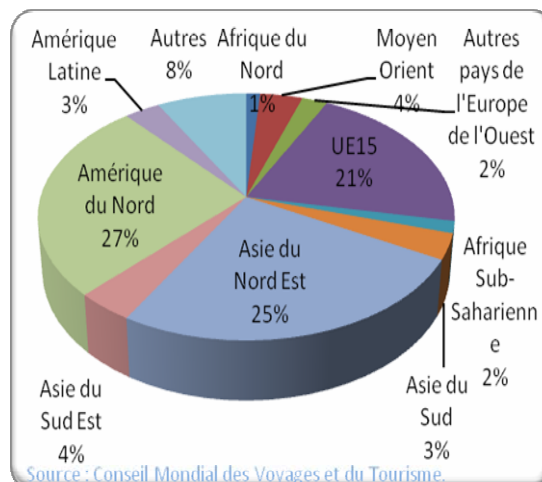
However, in terms of growth dynamism, it is difficult to adequately appraise tourism potential for the different regions of the world; hence the need for a prospective analysis of the contribution of each region to the overall performance of world tourism for the coming ten years.

The European Union, North America and North East Asia would generate 75% of the wealth of the tourism sector in 2010 (with 28%, 28% and 19% respectively). This share would slightly decrease by 3 points to reach 73% by 2020 (with 21%, 27% and 25% respectively). The contribution of each one of these regions to world tourist GDP should vary between 1% and 4% in 2010, maintaining status quo in 2020.

**Graphic 13:** Potential share of each region in world tourism GDP in 2010

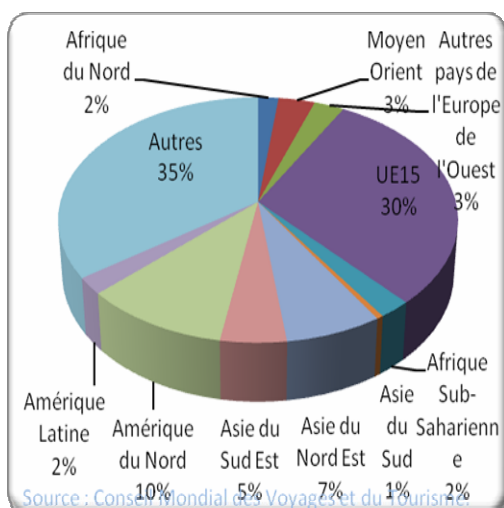


**Graphic 14:** Potential share of each region in world tourism GDP in 2020

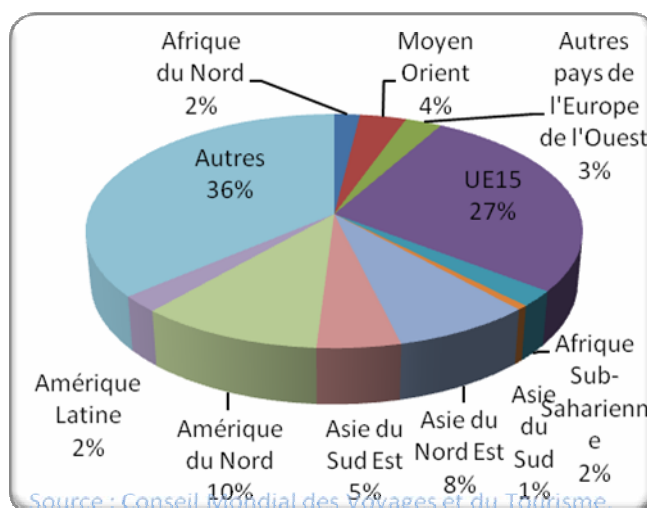


The European Union, North America and North East Asia should capture about half of potential tourist demand in 2010 (with 30%, 10% and 7% respectively), and maintain this performance by 2020 (with 27%, 10% and 8% respectively), thus confirming their capacity to preserve their market shares in an increasingly competitive environment.

**Graphic 15:** Potential share of each region in overall tourist arrivals (2010)



**Graphic 16:** Potential share of each region in overall tourist arrivals (2020)

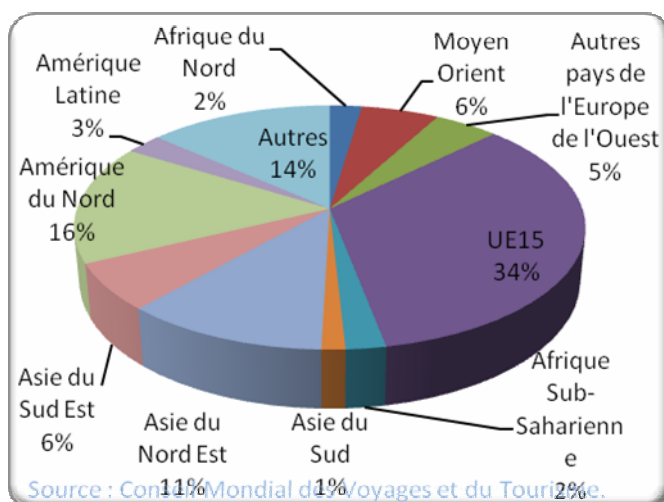


The European Union, North America and North East Asia would also rank first in terms of profitability of their tourism sector.

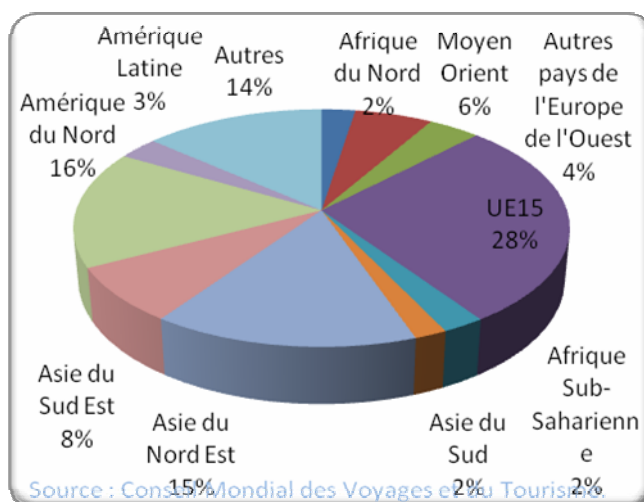
This profitability is mainly reflected in their potential shares in overall travel revenues, which should reach 28%, 16% and 15% respectively by 2020.



**Graphic 17:** Potential share of each region in travel revenues (2010)



**Graphic 18:** Potential share of each region in travel revenues (2020)



### 3. Tourism activities in the Mediterranean Basin: Close-up on Morocco, Tunisia, Egypt and Turkey<sup>7</sup>

As per the projections of the World Travel and Tourism Council (WTTC) for the next decade, world tourism activity should be very brisk in the Mediterranean Basin. This development is reflected at three different levels: rising tourist GDP, which should maintain its upward trend, with an average annual growth rate of 4.15% to reach \$US 1483 billion per year in 2020; tourist arrivals increasing on average by 3.12% to reach 732 million tourists in 2020; and travel revenues progressing at a sustained pace of 5.57 per year on average, leading to a performance of \$US 470 billion by 2020.

These promising prospects will certainly fuel competition between countries like Morocco, Tunisia, Egypt and Turkey, which would seek to maximize their market shares in a vibrant tourism market. The comparison between these four countries based on retrospective data pertaining to their main indicators reveals the following:

Turkey ranks first in terms of arrivals with 27.07 million tourists in 2009<sup>8</sup>, followed by Egypt whose arrivals did not exceed 12.53 million<sup>9</sup>. Morocco and Tunisia rank respectively third and fourth, with 8.34 million tourists for Morocco and 6.90 tourists for Tunisia.

Based on the origin of tourist arrivals (2009) as a diversification criterion, Turkey's client portfolio appears to be the most diversified. In fact, the first six emitter countries for Turkey (Germany, Russia, UK, Bulgaria, Iran and the Netherlands) represent only 50% of tourist arrivals. The concentration of tourist arrivals in Egypt remains relatively low as it does not exceed 53%. Such concentration involves six emitter countries, namely Russia, the United Kingdom, Germany, Italy, France and Bulgaria. On the other hand, Tunisia attracts tourists mainly from Libya, France, Algeria, Germany, Italy and the

<sup>7</sup> N B: This section refers to indirect GDP.

<sup>8</sup> Turkey has received over 28 million foreign visitors in 2010, representing an increase of 5.32% compared to 2009.

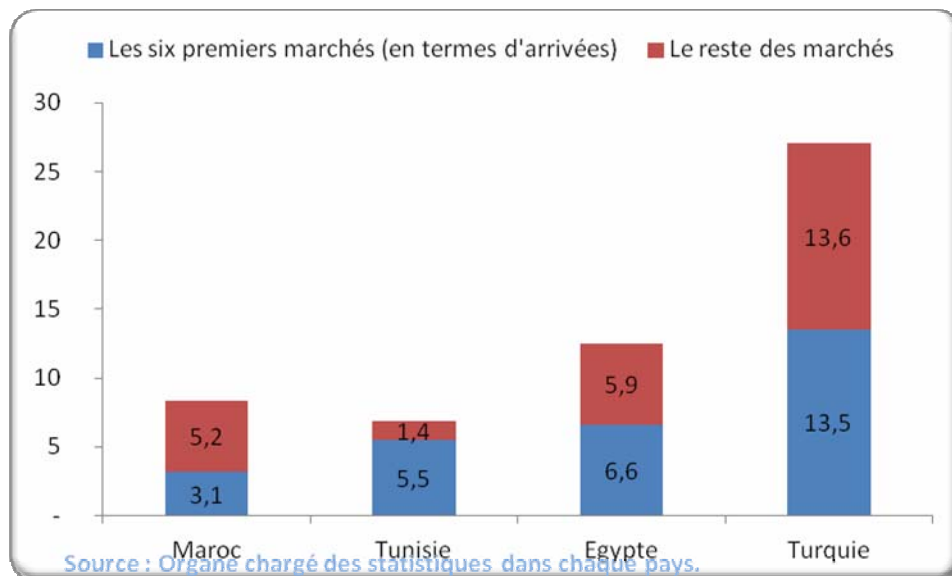
<sup>9</sup> Egypt received more than 14.7 million tourists (+17.5% compared to 2009). Growth was mainly triggered by the Russian market, the first European emitter market with 2.8 million tourists (+40.3% compared to 2009).



United Kingdom, which accounts for 79% of tourist arrivals in that country. Morocco is in a particular position as the concentration rate of its tourist arrivals does not exceed 38%, based on the first six emitter countries (France, Spain, Germany, UK, Italy and Belgium). If we add MLA arrivals to the equation, this very rate goes up to 84%, which demonstrates that our country is not a good model in terms of diversification.

**Graphic 19:**

Origin of tourist arrivals per country in 2009 (in millions)

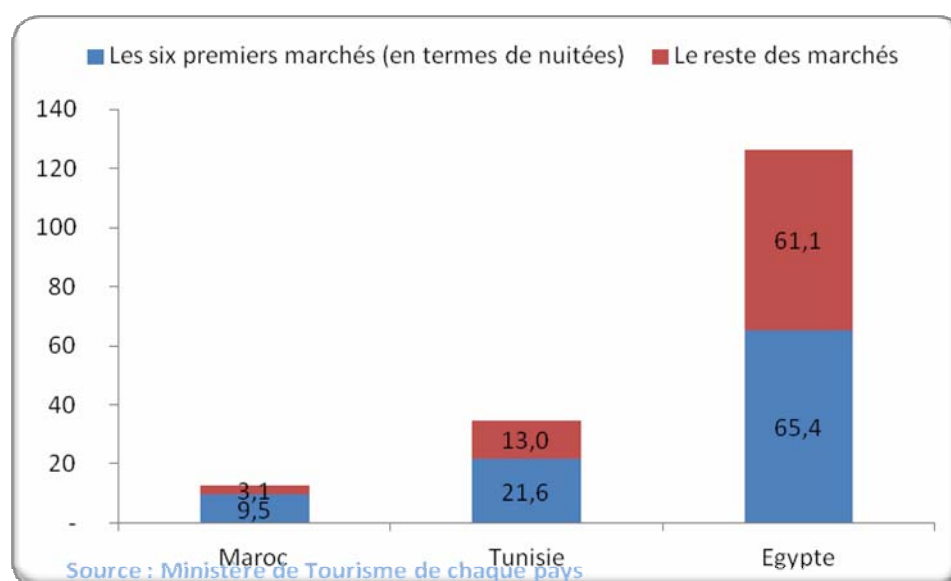


Besides Turkey, Egypt ranks among the leaders in terms of overnight stays, with 126.53 million hotel nights in 2009, followed by Tunisia and Morocco, whose overnight stays did not exceed 34.62 and 12.52 million respectively.

As for Turkey, the country managed to achieve 58.10 million overnight stays on the Union European market alone.

**Graphic 20:**

Origin of tourist arrivals per country in 2009<sup>10</sup> (in millions)



The concentration rate of overnight stays in Egypt remains the lowest. Indeed, 52% of overnight stays registered in that country in 2009 involved Russian, British, German, Italian, French and Libyan tourists. This rate is estimated at 62% in Tunisia, with concentration involving France, Germany, UK, Italy, Belgium and Algeria. In Morocco, traditional markets (France, Spain, UK, Germany, Belgium and Italy) account for 75% of overnight stays achieved in 2009. As regards Turkey, 89% of overnight stays from the European Union involve Germany, France, Austria, Belgium, Sweden and Norway.

Turkey has a comfortable lead over its competitors in terms of accommodation capacity. In 2008, accommodation capacity in Turkey was 567.47 thousand beds already. However, the bulk of this capacity (48.46%) is concentrated in the Mediterranean region, which demonstrates the seaside nature of Turkish tourism. Egypt ranks second with an overall capacity of 429.06 thousand beds in 2009, concentrated up to 69% in coastal areas (Red Sea, South and North of Sinai, Alexandria, Matruh and North coast). The Tunisian accommodation capacity is 250 thousand beds, with a predominance of seaside resorts (69%), notably in (Jerba, Nabeul, Monastir, Souss, El Kantaoui, Yasmine, Hammamet and Sfax). Morocco ranks last compared to its three competitors. In fact, the country's accommodation capacity does not exceed 152.93 thousand beds, 60.93% of which is located in four major cities, namely Marrakech, Agadir, Casablanca and Tangier.

The comparison between these four countries based on the prospective data of WTTC for the period 2010-2020 reveals the following:

Tourist activity in Egypt shows the highest potential of growth for the coming decade, with an average annual growth rate of 8.25%, followed by Morocco (+6.97%) and Turkey (+6.97%). The Tunisian tourism sector ranks last, and its average potential growth rate does not exceed 4.80% per year.

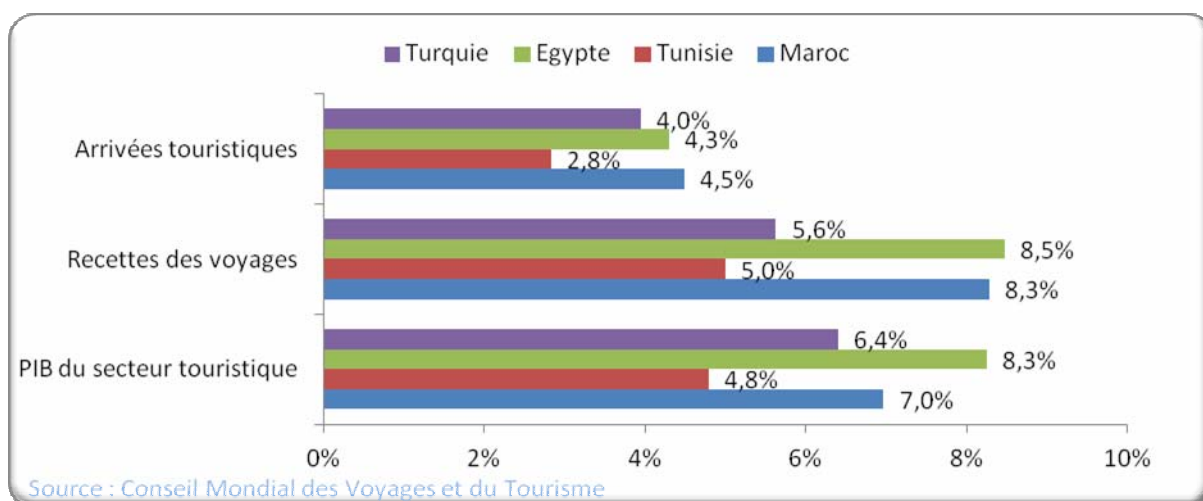
<sup>10</sup> Turkey, not available

In terms of growth of tourist arrivals, Morocco ranks first with an average growth potential of 4.49% between 2010 and 2020, followed by Egypt (+4.30%), Turkey (+3.95%) and Tunisia (+2.83%).

The growth potential of travel revenues for the next decade also remain higher in Egypt and Morocco, with average annual growth rates of 8.48% and 8.25%, followed from far by Turkey (5.63%) and Tunisia (+5%).

**Graphic 21:**

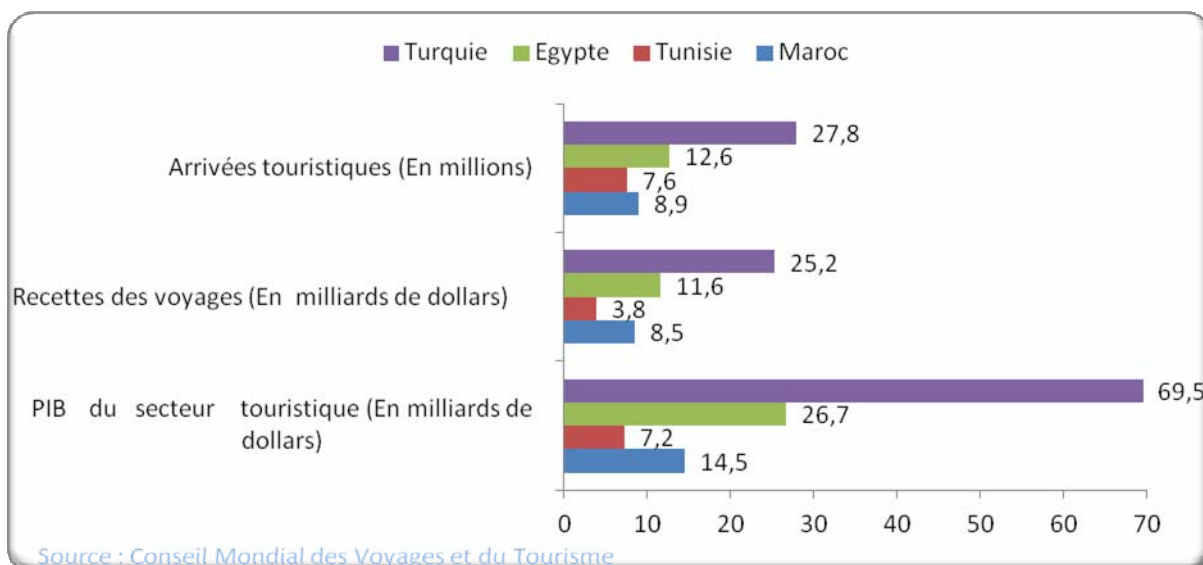
AAGR of key performance indicators between 2010 and 2020 (per region)



In absolute values, the weight of Turkey would prevail over its competitors'. In fact, by 2020, Turkey would achieve tourism GDP of \$US 129.28 billion, against \$US 58.95 billion for Egypt, \$US 28.35 billion for Morocco and \$US 6.19 billion for Tunisia. Turkey would also attract about 41 million tourists in 2020, against 26 million for Egypt, 13 million for Morocco and 1 million for Tunisia. The same thing applies to potential tourist revenues, with Turkey ranking first (\$US 43.60 billion), followed by Egypt (\$US 26.08 billion), Morocco (\$US 18.72 billion) and Tunisia (\$US 6.19 billion).

**Graphic 22:**

AAGR of key performance indicators per country from 2010 to 2020 (2010 Forecasts)



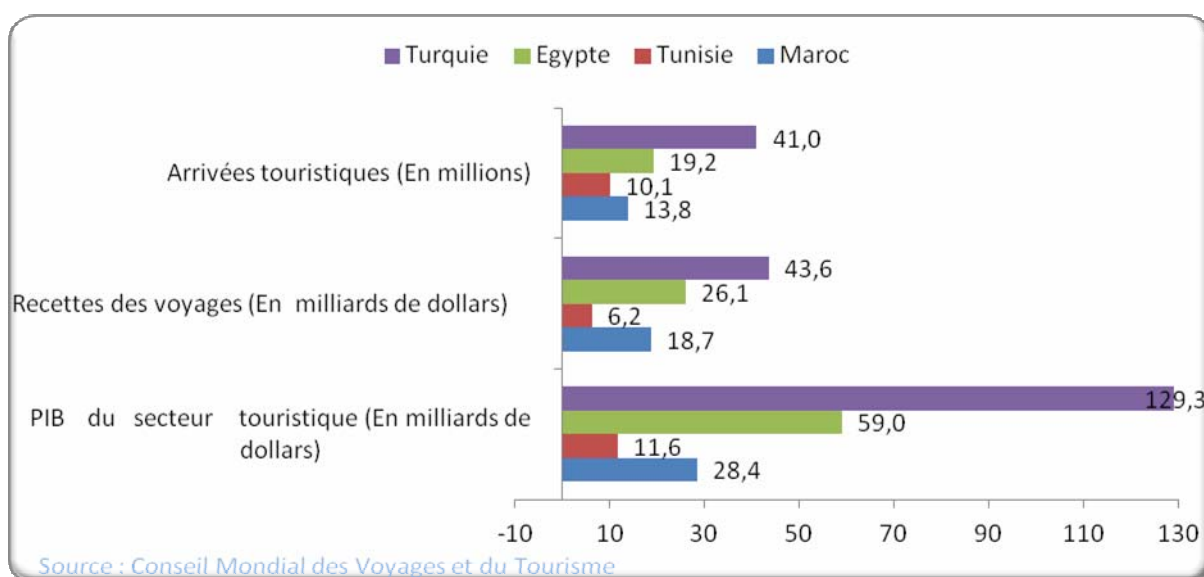
In terms of weight of tourist revenues in indirect tourism GDP, Morocco ranks first with 58%, followed by Tunisia (53%), Egypt (43%) and Turkey (36%).

Considering revenues per tourist, Morocco is also in the first position with \$US 949.87, followed by Egypt (\$US 915.40), Turkey (\$US 906.35) and Tunisia (\$US 499.50).

If we relate tourist revenues to the population of each country concerned, Tunisia distinguishes itself with 362.66, followed by Turkey (347.56), Morocco (264.26) and Egypt (136.89).

**Graphic 23:**

AAGR of key performance indicators per country (2020 Forecasts)



Furthermore, the world economic forum has established an index to assess countries' competitiveness in terms of travel and tourism, "The travel & Tourism Competitiveness Index (TTCI)"<sup>11</sup>. It synthetically measures the factors and determinants of the sector's competitiveness in 133 countries.

A set of points arise from the use of such index in our comparative study (for 2009):

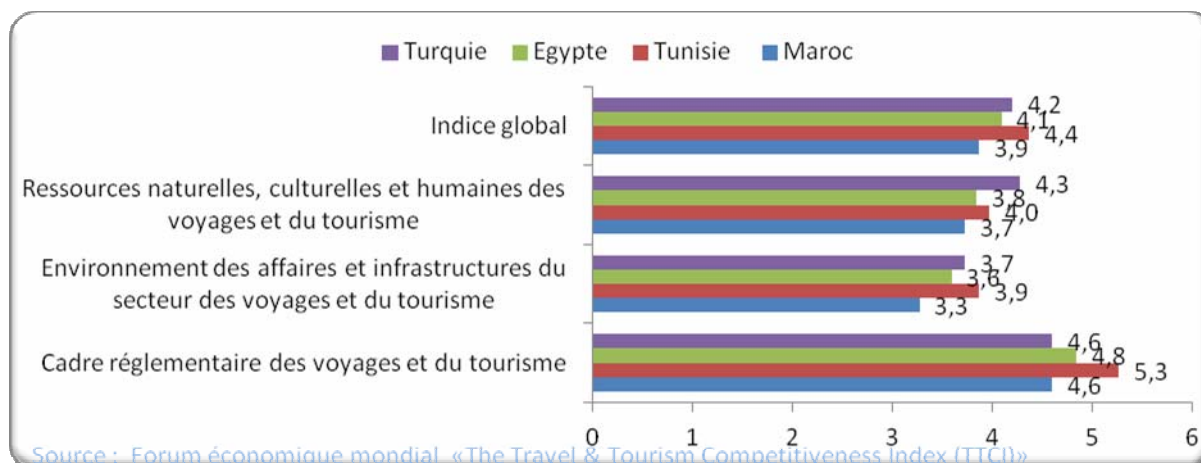
Based on the overall competitiveness index, Tunisia comes first with (4, 37 points), ranking 44 at international level, followed by Turkey (4, 20 points and 56<sup>th</sup> position), Egypt (4.09 points and 64<sup>th</sup> position). Morocco is however competitive in relation to its main competitors, with an overall index not exceeding 3.86 points, placing it in the 75<sup>th</sup> position worldwide.

<sup>11</sup> The index is based on three main criteria: the regulatory framework of travel and tourism, the business environment and travel and tourism infrastructure, and the natural, cultural and human resources of travel and tourism.

Egypt is the only country that has managed to improve its position in terms of overall tourism competitiveness compared to 2008, shifting from the 66<sup>th</sup> to the 64<sup>th</sup> position. Morocco, Tunisia and Turkey lost ground, ranking only 8<sup>th</sup>, 5<sup>th</sup> and 2<sup>nd</sup> respectively.

**Graphic 24:**

Tourism competitiveness indicators per country in 2009



Morocco is lagging behind its competitors in terms of travel and tourism regulatory framework. In fact, this criterion equates 4.59 points for Morocco (64<sup>th</sup> at international level), against 4.60 points for Turkey (63<sup>rd</sup>), 4.84 points for Egypt (52<sup>nd</sup>) and 5.26 points for Tunisia (31<sup>st</sup>).

Egypt stands out for improving its position in terms of regulatory framework. The country was in the 58<sup>th</sup> position in 2008, and ranked 52<sup>nd</sup> in 2009.

Morocco, Tunisia and Turkey lost 9, 7 and 6 positions respectively.

The Moroccan underperformance in terms of regulatory framework for travel and tourism can be attributed to the poor management of two sub-criteria, namely health and public sanitation (100<sup>th</sup>) and safety and security (79<sup>th</sup>).

Tunisia also gets the best ranking (compared to its competitors) based on the business environment and tourism infrastructure criterion, with (3.87 points and 49<sup>th</sup> position), followed by Turkey (3.73 points and 60<sup>th</sup> position), Egypt (3.59 points and 65<sup>th</sup> position) and Morocco (3.27 points and 78<sup>th</sup> position).

Egypt stands out in the face of its competitors with two more positions gained in terms of business environment and tourism infrastructure. The country shifted from the 69<sup>th</sup> position in 2008 to the 65<sup>th</sup> position in 2009. Morocco and Turkey lost three positions, while Tunisia maintained its ranking of 2008 at the 49<sup>th</sup> position.

The poor ranking of Morocco in terms of business environment and tourism infrastructure is due to delays involving two sub-criteria, i.e. ITC infrastructure (88<sup>th</sup> position) and Competitiveness-Price in the travel and tourism industry (79<sup>th</sup> position).

Turkey is ahead of its competitors with regard to the criterion of natural, cultural and human resources of travel and tourism. In fact, this criterion equates 4.28 points for Tunisia (44<sup>th</sup> at international level), against 3.97 points for Turkey (56<sup>th</sup>), 3.84 points for Egypt (73<sup>rd</sup>) and 3.73 points for Morocco (83<sup>rd</sup>).

Apart from Tunisia, which gained one position compared to 2008, no other country was able to improve its ranking in terms of natural, cultural and human resources. Therefore, Morocco and Egypt lost 11 and 3 positions respectively, while Turkey maintained its 2008 ranking at the 44<sup>th</sup> position.

The poor ranking of Morocco in terms of natural, cultural and human resources is due to delays involving two sub-criteria, i.e. education and training (102<sup>nd</sup>) and natural resources (125<sup>th</sup>).

#### **4. Tourism strategies in Egypt, Tunisia and Turkey**

##### **4.1. The Egyptian Tourism Strategy**

Egypt has launched an ambitious strategic plan to support the development of its tourism sector until 2022. With the goal of achieving 25 million tourists eventually (an average annual growth rate of 5.85% compared to 4.30% expected by WTTC<sup>12</sup>). This represents 250 million overnight stays for an income of \$US 21 billion. The measures announced by the Egyptian Ministry of Tourism as part of this plan revolve around two main pillars:

##### **Increasing efforts to promote Egypt as a destination:**

It is about increasing the budget for tourism promotion, which has already reached \$US40 million. The responsible ministry is considering in this regard conducting a series of large-scale promotional campaigns, based on professionalism and knowhow of the marketing and public relations companies. The aim is to change the image that associate Egypt with the "archaeological culture; seaside resort" by representing it as a destination with a variety of assets and tourist products. In addition, the strategy adopted by Egypt in the promotional component, aims to bring out the advertising campaigns from the general monotonic frame, by choosing dynamic targeting campaigns where the content and messages change several times a year depending on the circumstances, seasons and also the market requirements.

##### **Strengthening relationships with major travel agencies in the world:**

It is to build and strengthen cooperation with the world major tour-operators, especially in the co-marketing field, and this is through the strengthening of the State's contribution in the financing of publicity campaigns organized by tour-operators for Egypt in their countries. Cooperation between Both sides can also be realized through organizing "knowledge" trips in which the mega-tour operators in a given market are invited to delve into the capabilities of the Egyptian tourism sector.

Moreover, Egypt is gradually moving towards diversification of its tourism products and the improvement of their quality. Indeed, the country now pays much interest in sport tourism through hosting and granting Championships of international dimension. In addition, the State is very interested in health tourism and is working on complying with the international norms and standards relating to this form of Tourism and is trying to capitalize the capabilities, management and infrastructure it has. Not to mention the conferences, environmental tourism and religious tourism are among the strategic niches covered by the Egyptian Ministry of Tourism as part of its tourism strategy.

Particular attention is given to eco-tourism which is considered a future tourism in Egypt. Thus, the country is enormously working on keeping the sustainability of its tourism. This form of tourism has become a prime target by investors, particularly in regions that are still untouched, such as Marsa Alam and Siwa Oasis. For their part, the authorities are planning to adapt the city of Sharm Al-Sheikh to the environmental standards in order to transform it into a green city within the frame work of "the lungs of the earth" initiative, launched by the World Tourism Organization (WTO).

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<sup>12</sup> World Tourism and Travel Council

As far as training is concerned, efforts will be extended on improving the level and skills of human resources. Indeed, the Department of Tourism continues its strategy for training camps in cooperation with Cornell University, which is one of the largest hotel training institutions in the United States. Furthermore, a centre of excellence was opened in the city of 6 October for training tourism executives. The private sector also contributes by the Construction project of the first private university of hotels in Egypt, which is the result of Cooperation between the Ministry of Investment, private operators and the Lausanne hotel school in Switzerland.

#### **4.2. Tunisian tourism strategy**

Tunisia has commissioned a study on developing a strategic vision for the tourism sector by 2016. Developed by the International consultancy Office 'Roland Berger', the study's objective is to explore new tracks to help the tourism industry to adapt to new customers' requirements. The goal is to reach the 10 million tourists per year target in 2014 (an average annual growth rate of 7.05% in comparison with 4.50% expected by WTTC), to generate revenues of 5.36 billion dinars worth (that is 3.80 billion dollars)<sup>13</sup>, to achieve an occupancy rate of 54.3% and reach 260 000 beds by 2014. The study resulted in defining five main areas which are the backbone of the 2016 vision for tourism in Tunisia:

##### **Diversifying supply and encouraging innovation:**

As for the diversification of tourism supply, the focus will be on developing a quality charter called "Jasmine", creating a Tunisian label 'eco-garden' and launching a nationwide competition calling for innovative projects. Broadening the range of tourist products also includes the creation of free and untaxed zones and development of new types of accommodation such as camping, guest houses and more encouragement of niche products such as Thalassotherapy, tourism conferences, golf and health tourism.

##### **Strengthening promotional activities:**

Regarding promotion and marketing, strategic study recommendations include the adoption of the approach of public relations-lobbying and the creation of an international event such as a festival or sports competition that could benefit the tourism richness in Tunisia. In addition, interest will be focused to increase the budget allocated to marketing (which is currently set at around 36.90 million dollar) through the creation of a tax break (tax paid by the tourist at the Airport or included in the holiday package) or a levy on foreign exchange banks.

##### **Reorganizing the institutional framework:**

Regarding the reorganization of the institutional framework of the Tunisian tourism industry, the main trails are to create a cell of projects prospective and evaluation, to launch a startup funds and technical assistance to promoters and re-establish the professional tourism training system so that it effectively meets the real needs of this sector.

##### **Restructuring funding methods:**

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<sup>13</sup> November 11<sup>th</sup>, 2010. (1 U.S. dollar was worth 1.41 Tunisian dinars).

The fourth priority identified by the strategic study advocates a financial restructuring of the tourism sector, and focuses primarily on addressing the problem of indebtedness of hotel units through the promotion of advise dimension of the National Office of Tunisian Tourism (NOTT) and banks, the training of managers and, where necessary, changing the purpose of the hotel (Converting it into a retirement home, clinic or university home ...).

#### **Developing *web-based* tourism:**

In terms of developing "web-based" tourism, measures are being considered to rebuild the NOTT website based on three main areas (general public, intranet, extranet), and launch an "Archipelago" program to improve the referential keywords of the Tunisian tourism heritage and support the launch of commercial sites.

#### **4.3. Turkish tourism strategy**

As part of its 2023tourism strategy, Turkey aims to reach 40 million tourists (an average annual growth rate of 12.86% in comparison with 5.08% expected by the WTTC) and a hotel capacity of 1.5 million beds as of the year 2013. The strategy also plans to raise the tourism receipts of foreign origin to 50 billion dollars and those from domestic tourism to 20 billion, thus leading to securing an average income of 1,000 dollars per tourist. The main axes of the Tourism Strategy can be illustrated as follows:

#### **Diversifying tourism products:**

Considered as a "low cost" destination for a long time, Turkey wants to attract more travelers with high incomes, while positioning on new niches of high potential. Thus, the focus will be on spa tourism, winter tourism, ecotourism, conference tourism and sports tourism.

#### **Strengthening infrastructure:**

This is to solve the problem of deficit in aviation, road and Railway infrastructure to ensure access to areas with high tourism potential. Efforts therefore are focused on strengthening and modernizing the existing airport infrastructure, while allowing the construction of new airports. As for the road transportation to the main tourist areas will be fluidized and secured by the construction of new sections that will connect these regions to national motorway network. The interconnection between the tourist areas will also be encouraged by developing a modern railway network that is adapted to traffic trains of high speed.

#### **Programming a multitude of large-scale tourism projects:**

These will mainly include:

- 9 tourist and cultural areas;
- 10 tourist cities;
- 9 marinas;
- 11 ports specially equipped to welcome cruise ships.

**Proposed new promotional strategies having as variables the scope and features of the target audience:**



In fact, four strategies are proposed:

- The promotional strategy based on targeting a single group, which targets a homogeneous public, restricted and determined with precision;
- The intensified promotion strategy, for several target groups at once;
- The indiscriminate promotion strategy, which tends to reflect the common characteristics of several targeted segments, while recognizing the differences between them;
- The overall promotional strategy, which targets all segments of a given market.

#### The training component:

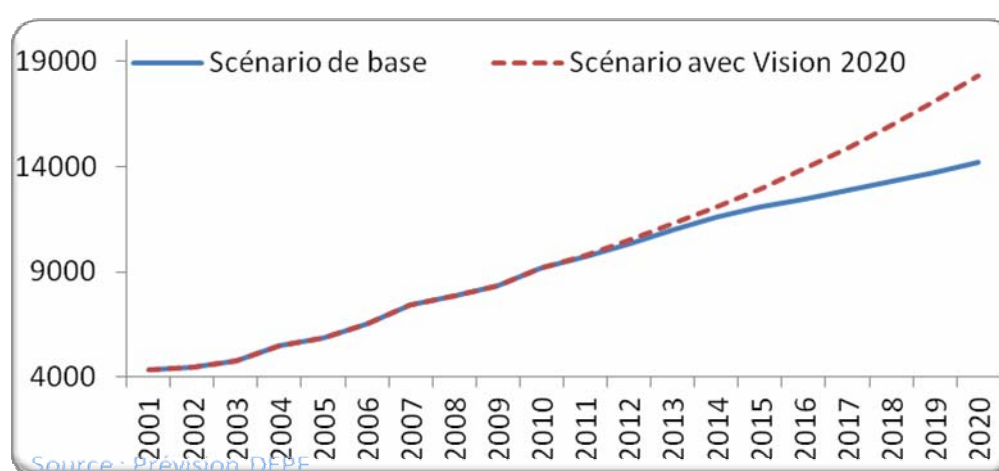
As for training is concerned, the 2023 Tourism Strategy adopts a participatory approach involving the Ministry of Tourism, universities and Private tourist operators; all working together to improve the human resources quality and develop their skills in the academic and professional realm.

#### 5. The 2020 vision major trends and objective analysis

One of the great merits of "Vision 2010" is that it has lead to a deep transformation in the tourism industry in Morocco. The remarkable acceleration of flows and tourism investment, particularly from 2004, confirms the new place now occupied by the Kingdom on the international stage. In addition to this vast projection into the world of tourism, "Vision 2010 " has helped in making this sector a real engine of the Moroccan economy, as evidenced by its significant socio-economic benefits, in terms of revenue and employment. "Vision 2010" ends then with an overall positive outcome. Benefiting from this experience, the Government has launched a new strategy for tourism; it is the "2020 Vision".

The "2020 Vision" aims at doubling tourist arrivals by tripling the number of international travelers, to reach nearly 18 million tourists given the scenario of end 2010 (9.2 million tourists), which places Morocco among the top 20 tourist destinations in the world (the country occupies the 26<sup>th</sup> position according to the classification of WTO<sup>14</sup> in 2009).

**Graphic 25: Diagramming tourist arrivals in 2020 (in thousands)**



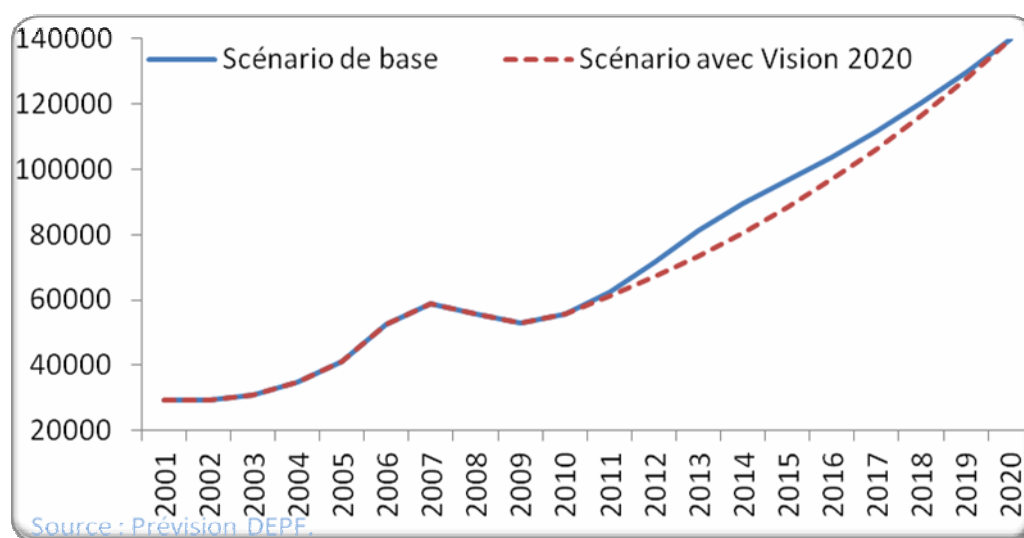
<sup>14</sup> World Tourism Barometer, World Tourism Organization, Volume 8, No. 2, June 2010.

Thus, the implementation of the strategy would achieve an annual growth rate average of 7.2%, a gain of 2.7 points compared to the baseline (4.5%) abstracted of the 2020 Vision. In absolute terms, the strategy would attract 4.1 million tourists more compared to the change in the baseline scenario. It worths stating that the 2010 vision has ensured a growth rate of an average annual of 8.5%; that is 1.3 points higher than the 2020 strategy, despite the years of crises 2001, 2008 and 2009 reflecting, thus, a potentiality of doing more in the year 2020.

To meet this growing demand, the 2020 Vision targets 200,000 new beds out of an overall capacity of almost 374,180 beds, or an average annual growth rate of 7.9% which is in line with the expected increase in the number of tourists (7.2%). This rate is slightly higher than that realized in 2010 (6.9%), as it conjunct with the delay in the implementation of the Plan Azure which partially due to financial problems<sup>15</sup>.

Furthermore, the 2020 Vision has set a goal of generating a \$US 140 billion MAD revenue, which corresponds to an average annual growth rate that does not exceed 9.6%, roughly the same as the baseline. To put it in a concrete way, revenue to date should range between MAD 98.29 billion (discount rate of 3.6%<sup>16</sup>) and MAD 114.84 billion (2% discount rate<sup>17</sup>), which is a real average annual growth ranging between 5.8% and 7.5%. This cautious expectation of tourist revenue reflects the general trend of the tourists' behaviors towards shorter stays; that is, a number of nights smaller and lower expenditure. Thus, it seems necessary to encourage tourists to lengthen their stay through diversified packages combining classic destinations (Agadir, Marrakech ...) and less popular destinations especially in the hinterland.

**Graphic 26: illustration of tourism revenues by 2020**  
(In million MAD)



<sup>15</sup> Financing and promoting tourism investment: lessons from a comparative study, DEPFA Ministry of Economy and Finance, May 2010

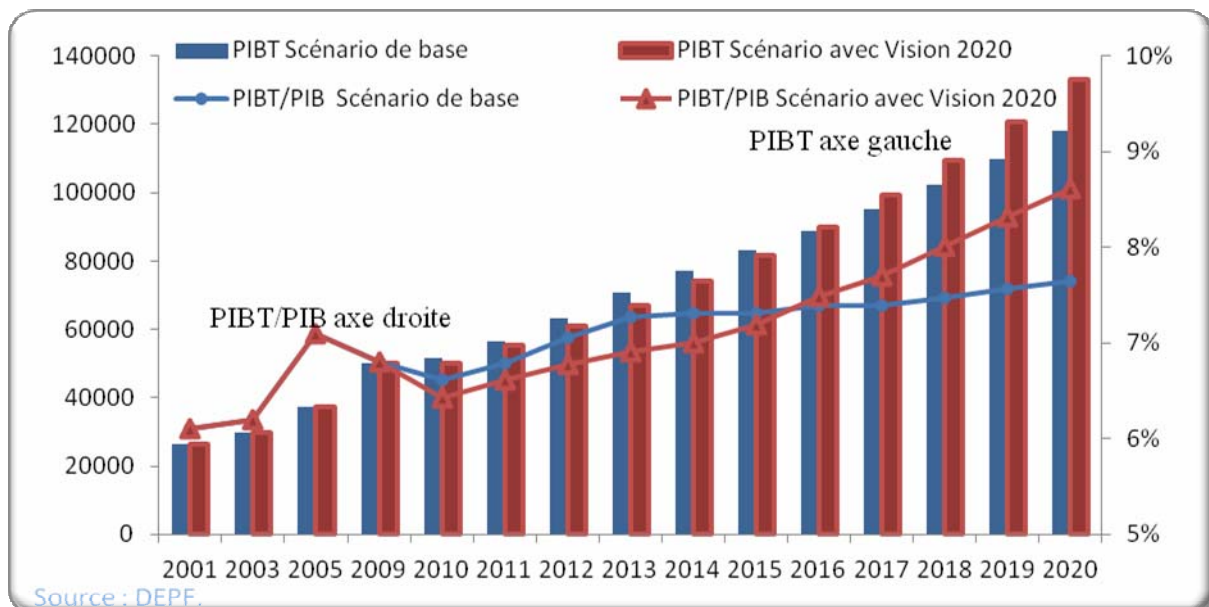
<sup>16</sup> "Discount Rates for Economic Valuation of Public Investment in Morocco", DSFF, Ministry of Economy and Finance, April 2008.

<sup>17</sup> Corresponds to the average inflation rate during the last decade

In addition, tourism GDP should grow by two points, generating 470,000 new direct jobs. Thus, tourism GDP should reach 8.6% of GDP in 2020 against 6.6%; that is to say, MAD 133.2 billion. In addition, the vision would eventually earn a point from the baseline scenario which foresees tourism GDP of about MAD 118.3 billion, that is, 7.6% of GDP. This performance would result from maintaining an average annual growth rate of GDP tourism of about 10.3% compared to 8.7% for the baseline scenario.

In any extent, tourism revenues expected by the 2020 Vision does not differ from the baseline scenario, this difference of an expected 1 percentage point in tourism GDP between the baseline scenario and with the 2020 Vision would result from the upgrade of domestic tourism, which will triple in size depending on the objectives of the 2020Vision.

**Graphic 27: Illustration of tourism GDP (histogram) and its share in GDP (Curve)  
2020 (In million MAD, base year 1998)**



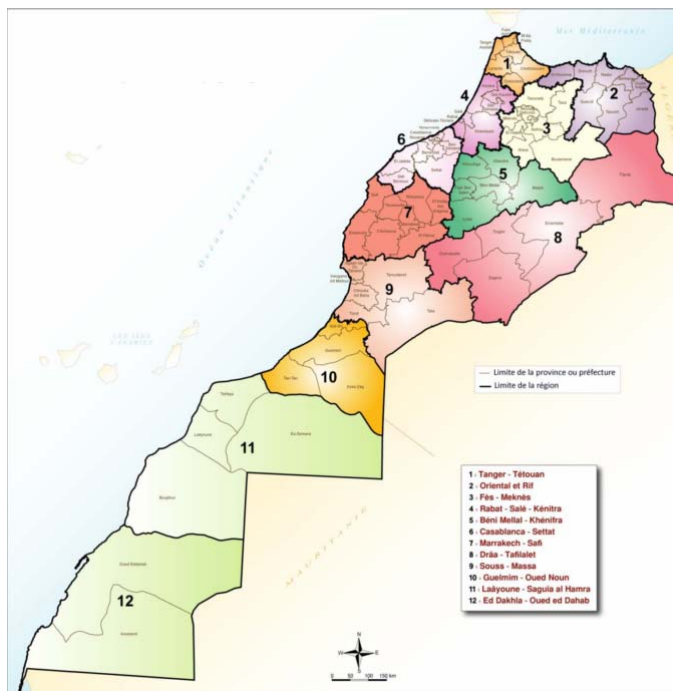
To achieve all of its objectives, the "2020 Vision" is based on consolidation of public-private partnership while directing efforts toward four main components:

#### **Regionalization:**

This component provides for dividing the country into eight major tourist areas, namely the regions of "Souss and Atlantic Sahara " and " Mediterranean Morocco " (based on a consolidated resort offers through the completion of product Azure and the development of new products in the South), the regions of 'North Cape', "Morocco Centre", "Central Atlantic" and "Marrakesh Atlantic" (focusing on a cultural offer while valuing their tangible and intangible resources), and finally the regions of 'Greater South Atlantic "and" Atlas Valleys (oriented towards a sustainable tourism through a tender nature which highlights the diversity and richness of their natural sites).

This territorial vision of the tourism strategy came at the eve of the publication<sup>18</sup> of the recommendations of the Advisory Commission of Regionalisation (ACR), which advocates dividing the territory into twelve administrative regions while enshrining the principle of uniformity over that of complementarity. Those regions<sup>19</sup> are Tangier-Tetouan, Oriental and Rif, Fez- Meknes, Rabat-Salé-Kénitra, Beni Mellal-Khénifra, Casablanca-Settat, Marrakech-Safi, Draa-Tafilalet, Souss-Massa-Guelmim Oued Noun, Laayoune-Saguia al Hamra and Dakhla-Oued Ed-ed Dahab.

**Graph 28: Project of regional administrative division**



**Graph 29: New land use plan for tourism**



Moreover, this division would pose two problems of governance, one related to the organization of Regional Councils of Tourism (RCT) and the other is the administrative regions which do not coincide with the tourist areas as constituted. The creation of Tourism Development Agencies (TDA) in which they were institutionalized could only partially solve this problem. Thus, for example the region of Souss-Massa-Draa and the RCT relating thereto would be shared between the tourist territory of Souss-Sahara-Atlantic and the Atlas Mountains and valleys. Still, this configuration of detaching Ouarzazate from Souss-Massa connecting it to the rest of the south-east slope of the Atlas, in addition to the geographical, historical and ethnological logic, responds to certain grievances of professionals in this city allowing it to have a special offer to its own identity.

In addition, this division, which certainly aimed to stratify the Morocco's offer in the territories to the homogeneous offer to ensure a proper promotional target, led to the creation of territory cut off from the hinterland. Thus, the Tourist territory of central Morocco would be deprived of its opening on the Mediterranean in view of the attachment of El Hoceima in the East. Therefore, the

<sup>18</sup> "Report on the advanced regionalization, » Regionalization Advisory Commission, March 2011.

<sup>19</sup> Two other options have been proposed following the allocation of provinces of Figuig and Midelt.

development of the attractiveness and competitiveness of the tourist areas might be compromised without the implementation of package offerings between different tourist areas as well as a planned territorial management between the elected and local officials having jurisdiction over TDA.

Thus, constitutional, organizational and territorial change to which the recommendations of the ACR will lead to, calls us to revisit the sector strategies to ensure their consistency and their successful implementation. Therefore, the 2020 Vision would benefit from adapting to the new division. In this sense, a specific study to the size of this structuring project will be devoted to the DEPF later this year.

#### **Diversity and Sustainability:**

This component provides for the acceleration of on-going strategic projects (Programs "Azure 2020" and "Biladi"), the strengthening of investment in the promotion of heritage and culture program ('Heritage and Legacy), diversification of tourism supply of cultural products and recreational program ('Animation and Entertainment '), recovery of all natural and cultural resources ("Eco & Green "), and finally the positioning of tourism products with high added value ("Niche with high added value" Program).

#### **Funding investment in Tourism:**

This component provides for the creation of a Moroccan Fund for Tourism Development (MFTD), with a target capitalization of MAD 100 billion, granting awards to support investment and direct it to less developed or emergent areas and mobilization of a sum of MAD 24 billion of bank financing for projects considered strategic in the context of the 2020 Vision.

#### **Education:**

This component includes the establishment of a school of excellence in hotel management in partnership with the Lausanne Hotel School; and the establishment of a centre for research and development in sustainable tourism (CRDST) in partnership with Harvard and Toronto universities.

## CONCLUSION

After analyzing the results of the 2010 tourist vision, the demographic changes expected by 2030, the prospects of the global tourism market by 2020 and the strategies implemented by our competitors for the next decade, it seems that the national tourism sector will evolve in a changing environment that involves implementing a smart tourism strategy, "2020 Vision", based on efficient, integrated and productive management of financial flows and human resources.

The success of this management would depend on improving the productivity of all the value chain from industry related sectors relative to transportation, hotels and catering sectors to distribution of goods and services. Mastering this process depends on increasing the efficient use of new technologies, the degree of innovation and good governance to strengthen the competitiveness and sustainability of the sector.

Thus, it is necessary to develop an innovative approach based on market diversification and segmentation, which can be achieved by dividing actual and potential customers into homogeneous groups and by designing tourism products and meeting the needs and expectations of each group. Indeed, the trend in tourist behaviours<sup>20</sup> for 2020 will increasingly involve new experiences and less familiar destinations combined with specific needs. It is therefore necessary to develop tourism products that are tailored to the needs and expectations of each customer segment.

The senior segment is most promising and requires a wide range of tourism products that meet the needs of this customer category (accommodation offerings, packages and cruises, security and access to medical care ...). Efforts should also focus on the youth segment through the development of a product line taking into account the preponderance of Asian and South American young couples.

Also, it is important to introduce a generational approach in the design of tourism offerings for families. Thus, a single package may contain product-specific needs for each family member (parents, their adolescent children, grandchildren or even care services). And finally, it must also open up to tourists from more traditional or conservative cultures interested in Moroccan history and culture (tourists from emerging markets in general and Muslim and Arab countries in particular).

Among the promising segments related to demographic change, medical tourism is expected to generate \$US 100 billion by 2012 (78.5 billion at end 2010), representing an average annual growth of 20% to 30% according to Frost & Sullivan. Morocco should take advantage of this emerging<sup>21</sup> market by benefiting from competitive advantages especially as the Middle East is one of the largest markets estimated at 20% for health care requestors worldwide. UAE Patients spend annually about 2 billion dollars in health travel. This segment may be conducive to financing joint venture projects with developers of this region.

However, improving Moroccan tourism competitiveness also involves modernizing pricing policies, and distribution and promotion activities. Hence, as for the price component, it is necessary to sensitize operators to the importance of adopting an appropriate approach for pricing. These must

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<sup>20</sup> Travel Gold Rush 2020, Oxford Economics, December 2010.

<sup>21</sup> The market would be more interesting if the European parliament extended the new legislation, approved in January 2011, to countries outside the EU, which stipulates the right of patients to seek treatment in another EU country, and clarified reimbursement rules.

be determined according to the target segment and distribution channel chosen. In addition, dynamic monitoring of price competition should be introduced.

This pricing review should in no way overshadow product quality, which should be enhanced based on a new classification system for hotels to enable the domestic accommodation capacity to meet the international demand for quality services. To this effect, the Ministry of Tourism and the National Federation of Hotel Industry signed a Memorandum of Agreement with the WTO to support the implementation of such classification and improve quality control of accommodation services in Morocco.

As far as the distribution plan is concerned, it is important to develop an aggressive multichannel approach involving several actors in the distribution of Moroccan tourism products (tour operators, specialized tour operators, physical agencies, and online travel agencies). Particular attention should be given to the development and modernization of each of these distribution channels so that they fulfill their role effectively and efficiently.

And finally, just like the promotional component, it is essential to develop a policy for the use of technology and communication tools adapted to the specificities of each target segment. The introduction of new communication means, e-tourism<sup>22</sup> and m-tourism shall be a priority: e.g. mobile phones, particularly smart phones, are a key tool for the promotion and marketing of tourism products. Indeed, 1.2 billion phones are sold annually in the world, which means an increasing number of potential mobile users, all connected in real time.

On the French market alone in 2009, 51% of travelers planned their stays online, and 10.2 million travelers booked their trips entirely online; that is, 35% of French people who traveled in 2009 (+ 15% compared to 2008<sup>23</sup>). In addition, 1.2 million e-French tourists have prepared their stays using their smart phone.

The success of the new national tourism strategy is also dependant on the increase in the number of road trips to major tourist cities of the Kingdom, the introduction of new routes to areas with high tourism potential, expanding the scope of domestic flights and increasing their frequency to open up the hinterland. (e.g. Agadir - Ouarzazate road line).

All this must be accompanied by the strengthening and modernization of airport, highway and railway infrastructure to ensure interconnection between the different tourist areas of the Kingdom. It is also important to adopt a careful and cautious approach in providing funds for major infrastructure projects, through the selection of creditworthy, serious and financially solid developers.

Furthermore, measures to promote sustainable tourism are of paramount importance for the sustainability of the sector. In this context, it is essential to establish an institutional and legislative system for the development of this form of tourism. Consequently, the tourism industry should be governed by a specific regulatory framework that encourages tourism while sanctioning projects that do not meet environmental standards. These standards have become a key factor that affects the

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<sup>22</sup> According to the E-commerce and Distance Selling Federation (EDSF), e-tourism in France is almost a third of online commerce sales in 2010, 10 billion Euros in sales (+ 20 % compared to 2009). EDSF anticipates sales for e-trade of 37.8 billion Euros in 2011 and 45.4 billion euros in 2012 compared to 31 billion Euros in 2010.

<sup>23</sup> Raffour Interactive Barometer

choice of tourism products. (Two-thirds of the French (66%) make an effort to select green products and services<sup>24</sup>).

The territorial dimension has a role to play through the involvement of local communities in implementing decentralized cooperation projects in the field of rural tourism, in partnership with tourism promoters and NGO<sup>25</sup>. Also, regions should increasingly mobilize their cultural assets to, firstly, anchor and radiate their local development policies by creating a unique and distinctive identity of the region via events such as festivals, forums, sports or folklore events, etc., or monuments (Kasbah, cave paintings, museums,...). The cultural promotion of regions will lead to their socioeconomic development based on externalities, create a sense of pride and belonging, and ultimately generate underlying projects for other activities<sup>26</sup>.

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<sup>24</sup> CSA Exclusive poll / earth Workshops - Mobivia Group - SNCF carried out under the 5<sup>th</sup> Earth Workshop, International Forum for Sustainable Development.

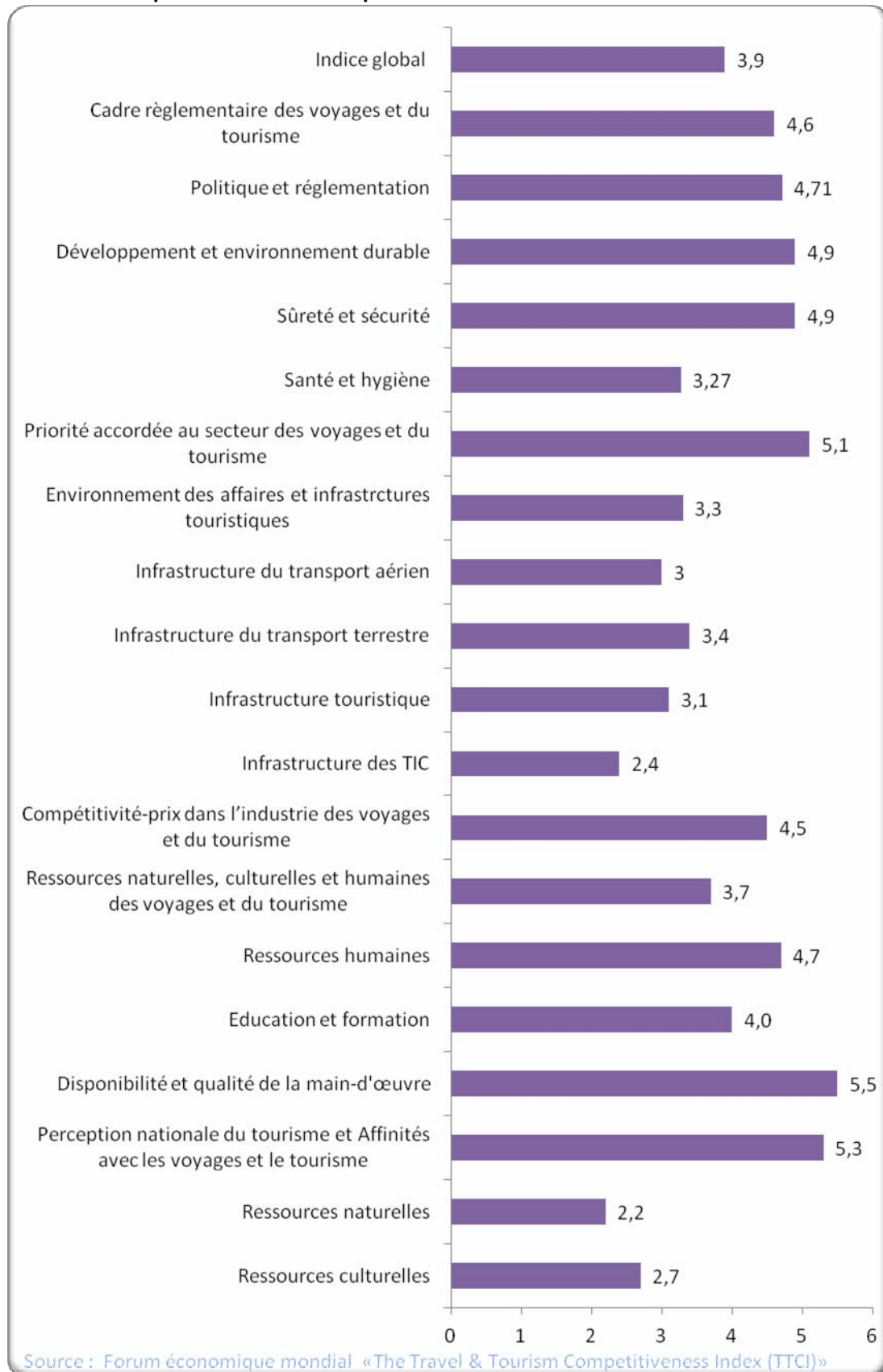
<sup>25</sup> Non-governmental organisations

<sup>26</sup> Territory Culture and attractiveness: Emerging Issues, Harmattan Editions, October 2010.



## Appendix

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## **List of Acronyms**

- **ACR** : Advisory Commission for Regionalization
- **RCT** : Regional Council for Tourism
- **TDA** : Tourism Development Agencies
- **WTO** : World Tourism Organization
- **NGO** : Non Governmental Organizations
- **TTCI** : Travel & Tourism Competitiveness Index
- **WTTC** : World Travel and Tourism Council
- **ONTT** : Office National du Tunisian Tourism

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