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Abdulla Alhemoud
University of Wollongong

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AN ANALYSIS OF GCC DEMAND FOR TOURISM SERVICES WITH SPECIAL REFERENCE TO AUSTRALIAN TOURIST RESORTS

A Thesis Submitted in Fulfillment of the Requirements
for the Award of the Degree

DOCTOR OF PHILOSOPHY

from

The University of Wollongong
New South Wales
Australia

by

Abdulla Alhemoud
B.Sc., M.Sc.

DEPARTMENT OF MARKETING
2000

DECLARATION

I hereby certify that this thesis has not been submitted previously as part of the requirements of another degree and that it is the result of my own independent research.

Abdulla Alhemoud

ACKNOWLEDGEMENTS

I would like to express my profound thanks to my supervisors, Professors Mokhtar M. Metwally and Leslie A. White, whose guidance, penetrating comments; helpful criticism and constructive suggestions have been instrumental to the completion of this thesis. I highly appreciate the considerable time they spent on my work.

I also wish to record my sincere thanks and appreciation to the University of Wollongong, Department of Marketing and the Office of research for providing me with the Overseas Postgraduate Research Scholarship (OPRS). The scholarship indeed helped me carry out the tremendous costs incurred during this research study, without it this research would be almost impossible.

A sincere thanks to the government agencies in Kuwait, Saudi Arabia and the United Arab Emirates for their assistance during the time I spent there collecting research data. I also wish to thank the enormous support provided by the Gulf community who responded to my lengthy questionnaires.

A special thanks to the staff of the University of Wollongong Library, Sydney University library, and New South Wales University Library for assisting me locate research studies in the fields of Tourism, Marketing, and Economics.

Finally, I would like to express my special thanks to Dr. Edward Armstrong (University of Wisconsin-Stout, USA) whose advise and encouragement made me continue my education and pursue a Ph.D.

DEDICATION

I would like to dedicate this research study to the following persons:

My father, Dr. Mohammad Alhemoud, who treasures “*education*”.

My Mother, Mrs. Suhaila Ibrahim, who has the strongest will and patience for her children to continue education.

My wife, Abeer, for her continuous encouragement

My newborn daughter Julia who I hope would read this Thesis when she grows up.

(some men follow a path wherever they go, I go where there is no path and leave a trail).

ABSTRACT

Tourism is an increasingly important area of Service trade. Every foreign visitor who spends money in a tourist resort/destination contributes to an improvement in the balance of current account of the country to which this resort belongs. With the value of the Australian dollar declining, and given the vast natural resources and beauty offered by Australia, tourism services may well become a key Australian export factor.

The literature on marketing of tourism is still in an infant stage. This is because tourism, is a *composite* service offered by nationals to foreigners. The tourist is a very different customer to the national. In most cases, the tourist speaks a different language, adheres to a different religion, is grown up in a different culture, has different social values, comes from a place with different civilization and is used to different political and legal systems.

The GCC (Gulf Cooperation Council, consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) is a great potential market for the Australian tourist industry. However, very little is known about the demand of GCC consumers for tourism services and the attitudes of these consumers toward various tourist resorts/destinations. Moreover, it is important to know whether GCC consumers would be interested to spend their vacation in Australia and to determine the salient characteristics of those GCC consumers who express interest to do so. However, Australia, should plan effective marketing strategies to maximize the intake of GCC tourists.

This thesis is an *interdisciplinary* study that attempts to analyze the demand of GCC consumers for tourism services and the attitudes of GCC tourists toward various resorts/destinations. A special reference is given to GCC demand for Australian tourist resorts and the marketing strategies needed to maximize this demand.

The thesis analyzed the main determinants of aggregate GCC spending on tourism. This is done through development and testing of. Single and Simultaneous equation regression models. The econometric results suggest that GCC spending on tourism is subject to a partial adjustment mechanism with significant feedback effects.

A surveys was conducted by the researcher during the months of April and May 1999 to find out how the consumers of the GCC countries rate tourist resorts and determine the main demographic factors which may discriminate between those who expressed interest to visit Australia and those who did not. Three random samples, each has 385 members, were collected from three GCC capital cities. The descriptive statistics suggest that the GCC consumers evaluate tourist resorts on 20 criteria. The relative importance of the considered variables varies within each member state and between states. The survey results also suggest that there are differences in the demographic profiles of the various GCC countries, particularly household income and

family size.. Moreover, The survey results indicate that a significant proportion of GCC consumers consider Australia as a tourist resort.

The survey contained a large number of variables, most of which are correlated. The study attempted to examine the relationships among the interrelated variables and represent them in terms of a few underlying factors. This is done through the use of the technique of Factor Analysis. The principal component method, using varimax rotation, reduced the 20 explanatory variables, in each sample, to four factors. These were identified as “cost factor”; “attraction factor”; “convenience factor” and “image factor”.

Discriminant analysis was used to determine which, if any, of the four factors predict GCC consumers’ interest to visit Australian resorts to a statistically significant degree. The results suggest that GCC consumers who are interested in visiting Australia are motivated by the “image factor” while those who are not interested are held back by the “cost factor”.

Since the GCC citizens have a wide range of choices when it comes to selecting a tourist resort, it was important to identify resorts with similar attributes. This is done through the use of the Cluster Analysis. Multiple discriminant analysis was then used to describe the nature of the differences between clusters and to test these differences for significance. The results of the cluster analysis suggest that the 13 most popular tourist resorts visited by GCC residents can be grouped into four clusters based on five predictors: “Travelling Cost”; “Living Expenses”; “Entertainment”; “Comfort”; “Attractions and adventures”. Multiple Discriminant Analysis identified three discriminant functions. These functions suggest that GCC consumers, who visit the cluster of tourist resorts, which includes Australia, do so for attractions and adventures.

The statistical results of the thesis suggest that Australian National and State Tourist Bureaus should approach the job of attracting GCC tourists from a planning point of view. The study develops a tourism-marketing plan for Australian tourist resorts to achieve this goal. A model of perceived service quality is also developed and applied to the Australian hotel industry. Finally the study discussed the marketing-mix of the Australian tourist industry and offered some recommendations to maximize the number of GCC tourists.

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