Upgrading a tourism cluster: The case of Eilat

Maximilian Benner and Michael Dollinger and Elisa Gliesner and Rouven Pelz

Heidelberg University

6 September 2017

Abstract

Tourism clusters have attracted a good deal of attention in literature, probably due to the fact that (mass) tourism exhibits a strong tendency to agglomerate. A major challenge for many tourism clusters is how to upgrade their competitiveness in the wake of market change. While the 1950s and 1960s saw the rise of standardized mass tourism particularly in Mediterranean countries, driven by the Keynesian welfare state and Fordist paradigm as well as rising wealth in European markets, since the late 1970s a more differentiated and individualized pattern of tourism demand has emerged. Since then, tourists' preferences have become much more diverse and led to a roll-back of the previously dominant form of standardized, deterritorialized mass (package) tourism. This diversity is somewhat reminiscent of the notion of flexible specialization known from the literature on industrial change. In the wake of these changes, tourism clusters that came into being during the age of Fordist mass tourism have to devise strategies to differentiate their offer and to adapt their product to new market demands. Eilat in Israel is one of those tourism clusters that exhibit salient features of Fordist mass tourism struggling to find their place in a more differentiated international tourism market. This study takes a look at the structure of the Eilat tourism cluster and suggests a trajectory towards differentiation and upgrading to enhance Eilat's long-term competitiveness as an international tourist destination.

Upgrading a tourism cluster: The case of Eilat
Report on a student research project at Heidelberg University

Heidelberg
September 2017

Corresponding author:

Maximilian Benner
Heidelberg University, Institute of Geography
E-Mail: benner@uni-heidelberg.de

JEL codes: L83; R58; Z31; Z32; Z33; Z38

Key words: tourism; tourism development; upgrading; regional development; Eilat; Israel

Table of contents

List of figures

List of abbreviations

est.	Estimated
EU	European Union
EUR	Euro
IGTC	Israel Government Tourist Corporation
ILA	Israel Lands Administration
ILS	New Israeli shekel
LGBT	Lesbian, gay, bisexual and transgender
MICE	Meetings, incentives, conventions and exhibitions
MoT	Ministry of Tourism
SME	Small and medium-sized enterprises
UNWTO	(United Nations) World Tourism Organization
USD	US Dollars
VAT	Value-added tax

Preface

Tourism is one of the major growth industries of our time. Growing demand for tourism is a secular trend, while at the same time the sector's labor intensity makes it interesting for economic policy because it has the potential to contribute to employment creation on a larger scale.

At the same time, tourism can put localities and regions under increased social, cultural and ecological stress. The form of tourism that faces the strongest degree of criticism in terms of its possibly negative effects on localities' and regions' cultural, social and economic assets is standardized mass tourism. For decades after World War II, standardized mass tourism was the dominant form of tourism, most notably in the form package tourism and more recently in the form of all-inclusive accommodation business models with limited local or regional linkages.

Yet, since the late 1970s, tourism markets have considerably changed. Standardized mass tourism with its Fordist organization has lost much of its dominance, while more differentiated and individualized forms of tourism or mass-customized offers have gained ground. Along with secular trends in (Western) societies, tourists' preferences and demands have become subject to considerable individualization. At the same time, new market demand has emerged through the rise of a broader middle class in emerging countries such as China and Russia interested in international travel.

All of these changes mean that tourism offers have to take into account today's forms and shapes of tourism demand. Destinations designed for standardized mass tourism face the need to adapt and to differentiate. Often, these destinations take the shape of tourism clusters. Similar to quite a few clusters in other industries faced with the transition from Fordism to more diverse industrial paradigms (Piore and Sabel 1984), those tourism clusters heavily shaped by previously dominant standardized mass tourism have to find pathways towards upgrading their competitiveness and attractiveness to new target groups of tourists looking for highly differentiated travel experiences.

Eilat, Israel's Red-Sea destination, is one of those tourism clusters in need of a reinvention. As a typical destination for standardized mass tourism, it caters to the small Israeli domestic market. Eilat's appeal to international tourists, however, appears much more limited, due presumably to its lack of differentiated offers for larger international target groups. Other destinations in Israel such as Tel Aviv and Jerusalem, in contrast, seem to meet high and possibly growing interest among international tourists because of their diverse and highly differentiated as well as globally unique cultural assets. Against this backdrop, Eilat is an interesting case to study the implications of the long-term change in tourism markets on a tourism cluster's need to upgrade.

The task to enhance a tourism cluster's competitiveness and attractiveness through differentiation is basically a collective-action problem fraught with institutional challenges. These deeper dimensions of the task at hand are well beyond the scope of the present study. As the outcome of a student research project at Heidelberg University, the study focuses on the strategic options of tourism development available to Eilat, based on the tourism cluster's current structure and challenges. It goes without saying that implementing a strategic agenda towards upgrading is a highly complex task beyond the conceptual questions addressed here. Yet, despite its limited scope and methodological constraints due to its desk-research character, the present study aims to embed pragmatic actions of tourism development into the broader theoretical context of the long-term transition from standardized mass tourism to a more diverse paradigm of differentiation and flexible specialization, as is known from the post-Fordism debate.

We hope that this study will contribute to this larger conceptual debate and at the same time provide policymakers and practitioners in tourism development with some insights and thoughts on how to steer their destinations towards promising paths of differentiation.

Maximilian Benner
Heidelberg, September 2017

1 Introduction

The rise of the tourism industry is one of the major features of the modern world economy. The World Tourism Organization (2016: 2) states that "international tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1186 million in 2015." Another staggering fact is that in 2015, international tourism receipts amounted to USD 1,260 billion globally (World Tourism Organization 2016: 2). It is therefore not surprising that policymakers in many countries and regions have defined tourism development as one of the major thrusts of their national or regional economic development strategies. In particular, the high labor intensity of tourism makes it a potentially promising avenue for creating employment, including in regions apart from major urban agglomerations.

Tourism development has in many places led to the emergence of tourism clusters. All across the Mediterranean, seashores are dotted with sharply delimited tourism agglomerations (Benner 2013; 2017b). These tourism clusters have created considerable economic wealth and employment over time. However, since they typically were born during the heyday of standardized mass tourism, with global tourism demand having become more diverse and differentiated (Hazboun 2008), many of these tourism clusters now struggle with the need to upgrade their competitiveness and attractiveness by creating differentiated offers catering to today's consumer preferences. While upgrading is a major theme in cluster policy and industrial policy in general (Porter 1994; 1998a), the specificities of the tourism industry such as the public-good character of the destination (Benner 2013: 9; Kachniewska 2013: 39; Porter 1998b: 81; 2000: 22) turn upgrading efforts into a particularly complex collective-action problem. This is because "in tourism (...), the visitor's experience is affected not only by the appeal and quality of the attraction (e.g., beach, historical site) but also by the quality of the hotels, restaurants, souvenirs, airport facilities, and transportation, making the different parts of the cluster mutually dependent" (Porter 2000: 22). Thus, devising and implementing upgrading strategies for tourism destinations is a major task of tourism policy, assigning policymakers an entrepreneurial role in responding to or even anticipating market needs. This role entails highly complex tasks which require strategic vision based on solid evidence, and highly sophisticated coordination skills in strategy implementation. The present study deals with the first part of the task by developing some preliminary ideas on upgrading the tourism cluster of Eilat, Israel, based on a desk-research analysis of the structure of Eilat's tourism sector within the context of tourism in Israel.

Eilat, Israel's most southernmost city and the country's only destination on the shores of the Red Sea, is a typical case for a tourism cluster born in the age of standardized mass tourism and confronted presently with the need to upgrade its competitiveness and attractiveness to overcome its reliance on the limited Israeli domestic tourism market. Eilat thus presents an illustrative case for proposing ideas for upgrading a tourism cluster towards more differentiation of its offer.

The present study is the outcome of a seminar in economic geography at Heidelberg University. Due to its nature, the study faces several methodological limitations. The study follows a desk-research methodology based on a document analysis of literature, policy documents and online sources, as well as an analysis of secondary statistical data. For an in-depth analysis of the relationships between agents in the Eilat tourism cluster and a closer look at the institutional context they are embedded in, explorative qualitative interviews on the ground would have been necessary. Since such a research design was not possible, the present study should be regarded as a preliminary analysis presenting assumptions, stylized facts, and conceptual thoughts for further research and discussion. The study is not meant to provide definitive answers or recommendations, but rather to provide an impetus for more in-depth research and debate.

The study is structured as follows: In the next chapter, conceptual thoughts on the transition of the global tourism industry from the formerly dominant Fordist model of standardized mass production towards a more diverse pattern of market demands will be offered. After this theoretical introduction, the national context of the Israeli tourism sector and tourism development by national-level agents will be presented. Next, the structural characteristics of the Eilat tourism cluster will be laid out. Finally, some preliminary recommendations on how to upgrade Eilat's tourism cluster through differentiation aimed towards attracting international tourists will be proposed and some general conclusions will be drawn.

2 From standardized mass tourism to a diverse pattern of demand

Tourism developed on a large scale after World War II and notably in the 1950s and 1960s in the form of mass package tourism organized by large European tour operators to Mediterranean destinations. The development of the Keynesian welfare state with benefits such as paid annual leave and the economic boom of post-war Western Europe provided a suitable framework for the rise of mass tourism in the framework of the overarching Fordist paradigm in Western economies in the post-war period. These framework conditions under the Fordist model of mass tourism led to the setup of substitutable and standardized mass beach tourism resorts all over the Mediterranean. In a sense, in the process of standardization, mass tourism became "deterritorialized" (Hazboun 2008: 20) because from the view of tourists booking package tours, the local context of their destination was irrelevant as long as it offered sun, sand and sea (Hazboun 2008).

Under such a regime which Hazboun (2008: 1) calls "Fordism on the beach", destinations became interchangeable and subject to price competition. This model was sustainable as long as consumer preferences were rather uniform. As part of the regulation crisis evident across Western economies, it became evident that the previously dominant industrial paradigm of Fordism had given way a diversity of patterns including flexible specialization (Piore and Sabel 1984). As in other consumer-oriented industries, the tourism industry had adapt to more diversified customer preferences and to move away from its interchangeable mass-production model. What Hazboun (2008) describes for the case of Tunisia was similar to the situation in other Mediterranean tourist destinations:

> *"In many ways, the large, boxy hotel complexes that lined the Tunisian coast faced a challenge similar to the one faced by the Fordist manufacturing plants that dotted the American Midwest in the era of deindustrialization" (Hazboun 2008: 45).*

In a context of increased diversification and individualization of tourist preferences, the apparent strategy for Mediterranean tourist clusters was to embark upon a process of "economic reterritorialization by providing locational benefits and distinguishing their territory from other places" (Hazboun 2008: xxx). To distinguish themselves and thus escape the disadvantages of price competition, many Mediterranean tourism clusters – though not all – set out to differentiate their offers by moving towards premium segments of the market, enriching their offers, for instance through spa treatments, or addressing new target groups. Niche tourism including, for example, ecological tourism, heritage tourism, dark tourism, wine tourism, culinary tourism, or in a broader sense differentiation through territorialized cultural assets (Benner 2017a) became means to distinguish tourist destinations from each other and to compete on uniqueness and quality instead of price and cost.

In this particular context but generally similar to other industries coping with the transformation from Fordism to a new, more diverse paradigm, pursuing collective strategies of upgrading (Porter 1994; 1998a) became the focus of clusters. As in other industries, not every tourism cluster succeeded so far in upgrading its competitiveness and appeal to new and more diverse and individualized tourist preferences. Some tourism clusters became trapped into a lock-in situation (Grabher 1993) that made it difficult for them to escape the "vicious cycle" of decreasing prices and deteriorating quality (Hazboun 2008: 45), a selling proposition that became less attractive in the wake of new consumer preferences. Escaping such a lock-in situation is arguably even more difficult for tourism clusters than for clusters in other industries, given the collective-action problem of raising the quality and differentiating a public good – the destination as a whole – and concomitant free-rider problems (Benner 2013: 9; Kachniewska 2013: 39; Porter 1998b: 81; 2000: 22).

It is this context of changing customer preferences that Eilat currently finds itself in. The Israeli tourism cluster on the Red Sea is in many ways similar to other tourism clusters on the shores of Mediterranean destinations. While it is not subject to the climatic seasonality of Mediterranean sun, sand and sea destinations, it offers in many ways a product similar to that of Spanish, Italian or Tunisian destinations on the Mediterranean Sea during the heyday of Fordist mass tourism. While Eilat caters to the small domestic Israeli market, its international appeal is limited. Presumably due to the changing nature of a tourism industry in the transition from a Fordist paradigm to a more diverse pattern of demand, Eilat as a destination currently appears to lack a unique selling proposition for international tourism. Thus, it seems worthwhile to elaborate suggestions for Eilat to differentiate its offer and embark on its own process on reterritorialization *vis-à-vis* international tourists.

To further characterize the situation of Eilat as a tourism cluster, the next chapters examine the structure of tourism in Eilat in more detail, starting from Eilat's position in the context of tourism in Israel presented in the next chapter.

3 Country context: tourism in Israel

“Land of creation”: This is the current slogan of Israel’s tourism marketing. Known as the Holy Land, the country is important for the three monotheistic religions, and it attracts millions of visitors each year. According to estimated figures for 2017, Israel currently has a population of 8.69 million (Statista 2017). Apart from being a small country, Israel is a young state founded in 1948 and is confronted with inherent economic constraints. The small domestic market forced the country’s economy to pursue an outward-looking, export-driven growth model and more recently to develop its high-technology sector. Due to the density of important cultural and religious sights on a small area, tourism has become another pillar of the Israeli economy. Since the 1990s, tourism is growing fast but critically depends on geopolitical stability (Schächter and Wolffs 2012).

3.1 Tourism in Israel: an overview

As a country, Israel offers a diverse and highly differentiated menu of choices for tourists. The enormous number of cultural and religious sights across the country combined with the natural scenery at the Sea of Galilee, the Dead Sea or the Negev desert attracted 2.78 million tourists in 2015 staying overnight and over 212,000 day trippers (Ministry of Tourism 2016a). Being considered the Holy Land, the country attracts pilgrims from the three monotheistic world religions as well as culturally interested international tourists (Schächter and Wolffs 2012).

The tourism sector has seen growth since the 1990s and become an important source of income for the country (Schächter and Wolffs 2012). Tourism contributes 2.8 percent to the national GDP and directly provides for 3.5 percent of total employment. Over 7 percent of employment directly or indirectly depends on the tourism sector (OECD 2016: 202).

Data surveyed by the World Economic Forum (2015) reveal that average receipts by arrival in Israel amount to USD 1,916.20 compared to only USD 663.60 for Egypt, 1,080.80 for Jordan, USD 674.20 for Turkey, USD 935.30 for Cyprus, and 664.10 for Greece. At the same time, the World Economic Forum ranks Israel 133rd of 136 countries in terms of price competitiveness. Only Barbados, the United Kingdom and Switzerland are relatively more expensive for tourists. Taken together, these data are a clear indication that Israel, on the whole, is not a low-cost destination (World Economic Forum 2015).

Tourism demand is divided in domestic and international tourism which follow different trends. The next subsections dwell on these differing trends and characterize both subsectors.

3.2 International tourism

As a tourist destination, Israel offers a highly diversified and differentiated set of sights and infrastructure (e.g. Robinson et al. 2015). One of the main motivations for international tourists to visit Israel is based on religious motifs and pilgrimage. 22 percent of tourists who visited Israel in 2015 did so for religious reasons (Ministry of Tourism 2016a). For religious tourism and pilgrimage, Israel's north including the Galilee but also Haifa, as well as Jerusalem and its regions are most relevant.[1]

Jerusalem is a holy city for Jews, Muslims and Christians, and billions of believers worldwide. The city offers innumerable historical and archaeological sites, many of them with religious meaning. Over 19 percent of tourists came for touring and sightseeing (Ministry of Tourism 2016a). The city combines 4,000 years of history seamlessly with modern life and is the country's poster child for international tourism (Schächter and Wolffs 2012). For instance, the American magazine Travel and Leisure ranked Jerusalem as one of the "50 Best Places to Travel in 2017" by stating that "typically more of a pilgrimage site than a sybaritic city, Jerusalem has now emerged as a culinary force to rival Tel Aviv. At the sprawling Mahane Yehuda Market, food-and-drink spots have popped up in produce stalls, many of which stay open long past sunset" (Time Inc. 2017). Israel has the advantage to be heavily promoted in Israel's tourism marketing campaigns (Ministry of Tourism 2017a).

Tel Aviv is the country's foremost destination for nightlife, business, or cultural visits. The city sports a young, busy and modern image, and is located on the Mediterranean Sea. This metropolis for business and cultural tourism was ranked by the Forbes Magazine as one of the world's best party cities (Murphy 2009) and by the luxury magazine Condé Nast Traveller as "one of the world's most vibrant, diverse cities" (LaGrave 2016) in October 2016.

Eilat is a center for wellness, sport and family tourism. The fact that the city is located on the shores of the Red Sea makes Eilat one of Israel's most popular resort cities and a foremost destination for water sports and entertainment (Ministry of Tourism 2017a).

[1] The West Bank is not explicitly considered in the present study, notwithstanding the relevance of locations such as Bethlehem and Hebron for pilgrimage. Statistical data from Israeli government-affiliated sources is used in the present study. Yet, no statement whatsoever on the status of the West Bank, the Golan Heights, or East Jerusalem is intended by the use of this data.

The Dead Sea is a location for wellness and ecological tourism. The deepest place on earth is one of the natural treasures of the planet, rich in healthy minerals with therapeutic effects (Schächter and Wolffs 2012). Apart from these prime tourism centers, Israel features many other popular tourist destinations like Akko, Nazareth, Safed and Jaffa.

In 2015, more than 3.1 million visitors arrived in Israel. 2,799,398 of them were tourists defined as staying at least one night. 213,779 persons were day visitors.[2] Both numbers decreased between 2014 and 2015 with a decrease of 4 percent for tourist arrivals and 10 percent for day visitor arrivals. In terms of nationality, most tourists to Israel in 2015 came from the United States (21 percent). Among European countries, most visitors came from Russia (13 percent) followed by France (10 percent). It is remarkable that in 2015, the number of visitors from China, while still small in comparison, increased by a stunning 43 percent (Ministry of Tourism 2016b).

Thus, the United States, the Russian Federation, France, the United Kingdom and Germany are the most important international origin markets for Israel, accounting for roughly half of total tourist arrivals (OECD 2016: 202). Most tourists arrive at the Ben Gurion Airport which is located between Jerusalem and Tel Aviv. Around 290.000 tourists or 9 percent entered the country by land. More than 95,000 people (2015) visited Israel as part of a ship cruise with Haifa or Ashdod, the most important harbours in Israel, as port of call. Remarkably, cruise travel increased by 9 percent in 2015. International tourism in Israel is high-value-added: In 2015, 18 percent of tourists chose high-end accommodation, 79 percent chose a moderate accommodation level and only 2 percent chose a low accommodation level. The average length of stay for tourists in 2015 stood at 11.1 nights (Ministry of Tourism 2016a; 2016b: 4Schächter and Wolffs 2012: 23).

3.3 Domestic tourism

In comparison to international tourism, domestic tourism has a higher market share in Israel's tourism sector. While international tourists spent 8.2 million bed nights in Israel in 2015, domestic tourists spent 13.4 million bed nights (Ministry of Tourism 2016b: 8). Due to Israel's geopolitical and geographical situation as well as its climatic diversity, it seems logical that domestic tourism is comparatively strong. In addition, domestic tourism is less sensitive to several types of crises and thus capable of absorbing decreases in international tourism in times of political instability or other causes of volatility. Furthermore, domestic

[2] Tourists entering on cruise ships are the third category and will be treated below.

tourists seem to appreciate the good connectivity within the small country but also natural diversity within the different climate zones in Israel (Schächter and Wolffs 2012).

As in the past two decades, Eilat, the country's southernmost city located on the shore of the Red Sea, continues to be the most popular destination for Israelis with 6.3 million bed nights in 2015, being the most travelled city in the Israelis domestic tourism market with 47 percent of all bed nights (Ministry of Tourism 2016b: 9). Eilat exploits the advantage of its beneficial geographical position which makes Eilat to a great destination for short family vacations (Schächter and Wolffs 2012).

3.4 The national tourism landscape

The Israeli national tourism landscape is shaped by several major agents who will be presented in the remainder of this section.

3.4.1 Ministry of Tourism (MoT)

The Ministry of Tourism, in cooperation with other ministries, is responsible for tourism planning, development and marketing. Its main ambitions are to increase the scope of economic activity, to maximize economic benefits, to increase tourism flows, and to strengthen the Israel's image as a tourist destination. Indicators for the outcomes of these policies include the tourism sector's contribution to the national product and to the balance of payments, increased investments in the tourism sector, and tourism's contribution to employment. 33 percent of MoT's budget (2014) were used for marketing purposes, 28 percent were used for investment incentives, and 26 percent were used for infrastructure investment (OECD 2016; Schächter and Wolffs 2012: 38).

3.4.2 Israel Lands Administration (ILA)

The Israel Lands Administration manages public land which covers 93 percent of the country's surface. The agency allocates space for construction sites and projects. In cooperation with the Ministry of Tourism, the agency grants land leases to investors involved in tourism (Schächter and Wolffs 2012: 39).

3.4.3 Israel Government Tourist Corporation (IGTC)

The Israel Government Tourist Corporation is the executive agency of the Ministry of Tourism. The agency coordinates and implements the development of infrastructure projects under government responsibility and initiates new regional and local tourism plans (Schächter and Wolffs 2012: 51).

3.5 National tourism programs

The State of Israel has developed a wide array of measures to support the development of the domestic and international tourism sector.

During the last two decades, the Israeli government launched various national support programs including, for example, financial aid to renovate the historical center of Jerusalem in 2005, a strategic plan to improve the touristic appeal of the Negev in 2006, or the development of the Be'er Sheva River Park in 2008 (Schächter and Wolffs 2012: 47-50).

The government aimed to strengthen Israel's position in the international tourism market by signing an Open Skies Agreement between Israel and the EU in 2012. The Open Skies Agreement was to be implemented until 2017 and allows direct flights from all EU countries to Israel and vice versa from Israel to any EU airport. The agreement meant a liberalization of air traffic and was supposed to lead to lower prices of international flights to Israel from EU countries and therefore to an increase in the amount of international tourist arrivals by plane (Schächter and Wolffs 2012: 44).

The Ministry of Tourism is aiming to increase tourism flows and the contribution of tourism to the country's economy (Government of Israel 2017a; 2017b). These efforts include targeting Chinese and Russian tourist markets. By supporting tourism development in local communities and minority villages specifically in peripheral areas such as the Galilee and the Negev, Israeli tourism policy strives to market authentic, "global meets local" experiences (OECD 2016: 95). By co-operating with the Ecotourism Israel association and the Ministry of Environmental Protection, the Ministry of Tourism is developing an evaluation tool for ecological tourism initiatives (OECD 2016: 204). Another program tries to improve and diversify the tourism product and thus to enhance tourists' experience (Government of Israel 2017a; 2017b). These efforts include investments in public tourism infrastructure such as promenades, beaches or visitor centers. To develop new touristic products and packages, to raise the quality of the tourism product in accordance with international standards, and to adapt to target audiences, the government organizes workshops and training courses for employees in the tourism sector. Furthermore, the Ministry of Tourism aims for the Israeli tourism sector to reach international standards by implementing the European Hotelstars system to enable a reliable image of service quality (OECD 2016: 203-204).

Further plans include the creation a new tourism complex on the Dead Sea designed to double the number of high-end hotel rooms in this area (Ministry of Tourism 2017b).

Tourism development in Eilat is inextricably linked to government promotion schemes. In the beginning of the 1980s, the Israeli government decided to grant Eilat the status of a VAT-free zone, thus spurring the city's development into a mass tourism cluster (Schechter 2013).

3.5 Challenges for tourism in Israel

The Israeli tourism sector faces a number of challenges. One of them is the comparatively high price level of tourism in Israel. A vacation in Israel is on average much more expensive than in other Mediterranean destinations (World Economic Forum 2015). Lowering costs and enhancing low-cost alternative products such as bed and breakfast accommodation, camping and motorhome sites are strategic thrusts to be pursued by Israeli tourism policy (OECD 2016: 203).

Yet, even if tourism policy succeeds in somewhat increasing the country's price competitiveness, Israel's small domestic market, its comparatively isolated location, and the generally high cost of living mean that the country will most likely remain a high-cost tourist destination in comparison to other Mediterranean countries. It is thus clear that the competitive advantage of the Israeli tourism sector over the long run will have to be based on differentiation – a strategic thrust for which Israel seems well positioned, given its unique array and high density of cultural and national sights in a small country.

Within the Israeli tourism sector, a certain spatial division of labor is apparent: While Tel Aviv is an attractive urban metropolis, Jerusalem offers outstanding opportunities for religious and cultural tourism. Desert destinations such as, notably, the Dead Sea and Eilat are more geared towards leisure tourism, and Eilat particularly towards all-inclusive family as well as party tourism (Schechter 2013; Robinson et al. 2015: 320). The next chapter examines further the structure and specifics of tourism in Eilat and thus gives an indication of its role in the Israeli tourism landscape.

4 Eilat's tourism cluster: structure, agents, policies

This chapter gives an overview on the tourism sector in Eilat. Based on desk research including a document analysis of literature and online sources as well as an analysis of available secondary data, the following analysis of Eilat's tourism cluster can only provide preliminary insights into the structure, strengths and weaknesses of Eilat as a tourist destination. Still, the analysis does at least allow for a preliminary appraisal of Eilat's competitive position in the global tourism market in the wake of the general shift from standardized, Fordist mass tourism towards a more diverse pattern of tourism demand.

4.1 Eilat: Israel's most southernmost city

Eilat is situated in the south of Israel in the Negev desert on the Red Sea coast. The city features Israel's only harbor on the Red Sea. The Eilat region shares borders with Egypt (Taba) and Jordan (Aqaba). The climate in the Eilat region is arid with only about 15 percent humidity. Temperatures reach 20°C to 25°C in winter and up to 40°C in summer. That is why Eilat enjoys nearly 365 days of sun a year and thus is an all-year holiday destination (Bock and Tondok 2017; Robinson et al. 2015: 320).

Eilat was founded in 1951 and became a tourist destination particularly after the early 1980s in the wake of its VAT-free status. Today, Eilat is called the "holiday capital" of Israel. Basically, the city can be divided into two parts. The Southern part features natural assets with its reefs and beaches. It is the quieter part of the city and some high-end hotels have located there. In contrast, the city's Northern zone features large shopping malls, bars and restaurants, and is the city's liveliest area (Schechter 2013; Bock and Tondok 2017).

4.2 Tourism in Eilat: a quantitative overview

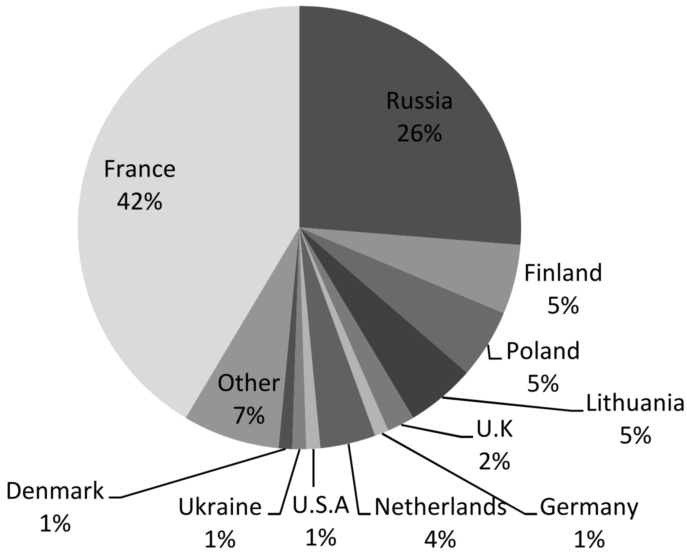
This section surveys available quantitative statistical data on tourism in Eilat within the context of tourism to Israel, both in terms of international tourism and in terms of domestic tourism.

4.2.1 International tourism

In terms of international tourist arrivals by direct flight to Eilat, France represented the largest origin market with 11,000 tourists (41 percent) in 2015, while 7,000 passengers (26 percent) came from Russia, amounting to a decrease of 68 percent compared to 2014 (Ministry of

Tourism 2016b: 10). The breakdown of markets of origin for international tourist arrivals by direct flight to Eilat is given in Fig. 1 below.

Figure 1: Tourist arrivals by direct flight to Eilat in 2015



Source: Ministry of Tourism (2016b: 10).

In all of Israel, there are 374 hotels with 50,607 rooms. The largest number of hotel rooms, 11,023 in 50 hotels, can be found in Eilat, followed by Jerusalem with 9,900 rooms and Tel Aviv with 7,400 rooms. In 2015, 21.6 million bed nights were counted in Israel. This figure amounts to a decrease of 1 percent compared to 2014. 38 percent of bed nights, equivalent to 8.2 million (a decrease of 10 percent from 2014 to 2015), were spent by tourists. The remaining 13.4 million bed nights (an increase of 4 percent) were spent by Israelis. The number of total bed nights in Eilat stood at 6.8 million out of the total 21.6 million. The hotel occupancy rate in Israel stood at 61.4 percent. At 69 percent, Eilat exhibited a hotel occupancy level above the national average (Ministry of Tourism 2016b).

Jerusalem is Israel's most popular destination among international tourists with 2.5 million bed nights (31 percent of total), followed by Tel Aviv with 2.2 million bed nights (27 percent). Eilat occupied the third place with roughly 576.000 bed nights spent by international tourists (7 percent). While from 2014 to 2015 total bed nights spent by international tourists decreased by 10 percent, it is conspicuous that Eilat had the most drastic decrease in bed nights spent by international tourists at 29 percent (Ministry of Tourism 2016b).

Looking at the length of stay of international tourists, it turns out that most tourists stay in Israel for five to nine days. Roughly 771.000 tourists in 2015 stayed for 10 to 29 days (Central Bureau of Statistics 2017).

4.2.2 *Domestic tourism*

Domestic tourism within Israel is largely concentrated in Eilat. 6.3 million bed nights out of 13.4 million bed nights nationally spent by domestic tourists in 2015 were counted in Eilat. This figure amounts to 47 percent of all bed nights spent by domestic tourists in Israel. The next most popular destinations are – at a far distance – the Dead Sea with 1.7 billion bed nights (13 percent), Tiberias with 952.000 bed nights and Jerusalem with 906.000 bed nights (Ministry of Tourism 2016b: 9).

The most remarkable fact is that Eilat registered 6.3 million bed nights by domestic tourists but only 576.000 bed nights by international tourists (Ministry of Tourism 2016b: 8-9). This means that Israeli travellers accounted more than 90 percent of bed nights spent in Eilat in 2015, underscoring the impression that Eilat appeals first and foremost to Israeli tourists and that its appeal to international tourists is presently very limited. Yet, Stylidis et al. (2014: 4) report that in 2011, international tourists accounted for almost 1.1 million nights in Eilat, with domestic tourists accounting for almost 5.7 million nights, suggesting a significant decrease in international tourism to Eilat. Whether this marked decrease is due to the fact that international tourism in Israel is inherently volatile due to geopolitical and security-related events or perceptions, or to a more fundamental weakness of Eilat to attract international tourists, the result is the same in both cases: domestic tourism has even more strongly become the dominant form of tourism in Eilat.

4.3 Tourism in Eilat: structure of the tourism cluster

Considering the high relevance of tourism for Eilat and the comparatively high number of hotels and other tourism-related businesses, Eilat can be classified as a tourism cluster (Benner 2013; 2017b; Hjalager 2000; Kachniewska 2013).

Eilat is well-known for its large hotels and resorts dotting the coastline, its shopping malls, nightlife, and entertainment venues (Eilat Official Tourism Site 2017b). Other distinguishing features include Eilat’s beaches and coral reefs suitable for diving and snorkeling (Robinson et al. 2015: 320-329).

4.3.1 *Agents relevant for Eilat’s tourism sector*

Eilat’s tourism cluster is characterized by a significant number of large and small tourism businesses. The most visible among them are large hotels operated by well-known hotel brands. Apart from international brands such as Hilton, Mercure and Crowne Plaze, Israeli brands present in Eilat include Isrotel, Dan and Fattal with its brands Leonardo, U and Herods (Robinson et al. 2015: 325). Fattal International Hotels and Resorts operates eleven hotels in Eilat, four under its Leonardo brand, four under its U brand and three under its Herods brand (Leonardo Hotels n.d.). Isrotel operates eight hotels in the city graded four stars or higher (Isrotel 2017). Dan Hotels operates two hotels in Eilat (Dan Hotels n.d.). Most large hotels are located close to the beach or around the Western lagoon. The Eilat Hotel Association represents a total of 44 hotels (Eilat Hotel Association n.d.).

The aviation industry includes further agents important for both international and domestic tourism. Eilat is currently served by two airports. Eilat Airport is located in the city center but is scheduled to close after the opening of the new Ilan and Assaf Ramon Airport currently in construction. The other airport serving Eilat is Ovda, located 40 km northwest of Eilat. Once the new Ramon Airport located in Timna, 20 km north of Eilat, opens it will replace both Eilat Airport and civilian aviation operations at Ovda Airport. The airports are operated by the Israel Airport Authority (Israel Airport Authority 2017a; Israel Airport Authority 2017b; Robinson et al. 2015: 328).

Eilat is served by Israeli airlines and international low-cost carriers. Among Israeli airlines, Israir and Arkia are serving Eilat Airport on domestic routes (Arkia n.d.; Israir 2017). National carrier El Al ceased its domestic flights to Eilat in 2013 (Israel Airport Authority 2017a). The most well-known low-cost carrier offering international direct flights to the Eilat region is Ryanair, serving Ovda Airport from Belgium, Germany, Italy, Lithuania, Poland, Slovakia, and Hungary (Ryanair 2017). Another European low-cost carrier, Wizzair, operates flights from Poland (Wizzair 2017).

The Ministry of Tourism plays a critical role for tourism development in Eilat, particularly through its mission to advertise tourist destinations in Israel and in international target countries (Government of Israel 2017b). Efforts include marketing campaigns such as “Visit Israel. You’ll never be the same” (Infinity Concepts 2015) or the website “Go Israel” with its brand “Israel: Land of Creation”. The website puts strong emphasis on Jerusalem and Tel Aviv as Israel’s prime tourist destinations, consistent with the international “Citybreaks” campaign advertising a double city break by combining visits to the two cities (Gurris 2017). Eilat is advertised as “a never-ending summer getway (sic!) sensation (...) renowned for its spectacular combination of the surrounding desertlandscape (sic!), the beautiful bay and the summer sun that shines all year round” (Ministry of Tourism and Government of Israel 2015).

The Eilat section of the Go Israel website includes information on Eilat's dolphin reef, Timna national park, water sports, and the desert wildlife reserve (Ministry of Tourism and Government of Israel 2015).

In local tourism development, the Eilat Foreshore Development Company and the Eilat Municipal Tourism Corporation are major agents. The Eilat Foreshore Development Company was established in 1965 by Eilat municipality and the State of Israel and is responsible for spatial planning, the development of public spaces and infrastructure relevant for tourism in Eilat, and the diffusion of information to entrepreneurs (Eilat Foreshore Development Company n.d., Eilat Official Tourism Site 2016a). The Eilat Municipal Tourism Corporation was established by Eilat municipality to promote and develop local tourism and involves business owners, public officials and further agents in tourism (Eilat Official Tourism Site 2016b).

4.3.2 Major tourist attractions

Among Eilat's major tourist attractions, the Red Sea's underwater world and coral reefs and opportunities for diving or snorkelling are a major draw (Eilat Official Tourism Site 2017a). Yet, exploitation for tourism puts coral reefs under ecological stress (Wilhelmsson et al. 1998). Another place for diving and snorkelling is the Dolphin Reef, offering visitors the opportunity to touch and swim with dolphins (Robinson et al. 2015: 322-323). Other activities include water sports such as parasailing or jetski, and yacht cruises (Eilat Official Tourism Site 2017a; Robinson et al. 2015: 323-324).

One of the most famous attractions of Eilat is the Underwater Observatory Marine Park with its aquarium hosting fish, turtles and corals, and a large shark pool. Visitors can to learn more about the sea and its flora and fauna in an interactive way. Other sights include the International Birding and Research Center and the Botanical Garden (Eilat Official Tourism Site 2017c; Robinson 2015: 320-325).

Shopping is another field Eilat has positioned itself in. Schechter (2013) observes that "in an area no bigger than a square kilometer, there more than five shopping malls, a few shopping 'boulevards' with faux-European street lights and cobblestone 'streets' designed to give the whole thing a luxurious feel." Large shopping malls include the Hayam Mall and the Ice Park Mall (Robinson et al. 2015: 327-328).

When it comes to cultural offers, Eilat is short in historical sights, owing in part to its short history as a city founded only in the early 1950s. Cultural tourism so far focuses primarily on festivals (see 4.3.3 below). The city has set up a musical fountain offering an "amazing audiovisual show with spectacular colors and the view of the city at night" (Eilat Official Tourism Site 2017e).

It is apparent that the bulk of tourist attractions Eilat offers caters to its primary audience of families. Even so, the city's nightlife scene offers entertainment for a younger audience including teenagers (Robinson et al. 2015: 327; Schechter 2013).[3]

4.3.3 Events and festivals

The absence of cultural offers is conspicuous, but culturally-oriented festivals have somewhat narrowed this gap. Eilat has visibly specialized in music events. Festivals hosted in the city include the Eilat Festival for belly dancing, the Red Sea International Classic Music Festival, the Eilat Chamber Music Festival, or the Red Sea International Jazz Festival which was first held in 1987. Other events include the Eilat Gay Pride Event, the Eilat Red Sea World of Underwater Images Festival and the Eilat Bird Watching Festival (Eilat Official Tourism Site 2017f; Robinson et al. 2015: 325).

4.3.4 Eilat's hinterland

Eilat's hinterland in the Negev offers opportunities for desert hikes, birdwatching, camel safaris, and ecological tourism to sites such as the spectacular Makhtesh Ramon crater landscape. The relative proximity of the Dead Sea and Masada fortress provides further opportunities for day trips (Robinson et al. 2015: 324-325). Timna national park hosts the world's first copper mine and covers an area of 15,000 acres. The park offers good conditions for tourists wishing to hike or bike. Further, Eilat is famous for its bird watching park with various species of birds (Eilat Official Tourism Site 2017d; Robinson et al. 2015: 321, 325).

With its border crossings to Egypt and Jordan, Eilat provides a base for day trips to neighboring countries. Popular attractions in neighboring countries include the Nabatean city of Petra and the famous Wadi Rum desert landscape in Jordan (Robinson et al. 2015: 325, 328, 330-342).

[3] Yet, the reliance on large-scale family-oriented attractions seems to have its limits. For instance, the "Kings City" biblical-style theme park (Robinson et al. 2015: 322) had to close in 2015 despite initial success (Cotler 2015).

4.4 Tourism development in Eilat: projects and investments

This section gives a brief overview of ongoing or planned projects and investments relevant to tourism development in Eilat.

4.4.1 Public investments for tourism development

Efforts at developing tourism in Eilat were ongoing in recent years. Together with Eilat municipality, the Ministry of Tourism developed a plan to support tourism development in the city. The plan included raising the number of tourists from 3 million annually in 2012 to 4.5 million in 2020, including 1.4 million international tourists. A total of EUR 22.8 million were allocated by the government and the municipality to enhance the city's infrastructure, including projects such as the construction of a convention and cultural center to strengthen MICE (meetings, incentives, conventions and exhibitions) tourism, sports tourism, and cultural tourism. Another planned project included an international sports center featuring a soccer stadium and a swimming venue. Further, developing the city's Eastern lagoon to prepare it for hotel construction, upgrading the Western lagoon with its large-scale hotel zone, establishing a centrally located garden, and refurbishing beaches, the waterfront, and boulevards were parts of the plans to strengthen Eilat's appeal as a tourist destination (Schächter and Wolffs 2012: 55-56).

4.4.2 Relocation of Eilat Airport

In 2018, the new Ilan and Assaf Ramon (or Timna) Airport is planned to open. The new airport is designed particularly to bring more tourists into the south of Israel, both domestic and foreign. A further element of this larger effort of which the new airport is part is that to encourage international airlines to offer flights to Eilat, the Israeli government grants subsidies to airlines flying to Eilat in winter (Frommberg 2017; Gurris 2017).

For Eilat, air connectivity is particularly important since the city is located far away from Israel's big cities, making the new airport important for domestic as well as for international tourism (Ergas and Felstenstein 2012).[4]

The new Ramon Airport is supposed to handle an increase of annual arrivals by air from 1.3 million to 1.8 million initially and up to 4 million in the long term. Further, the new airport is expected to provide for improved service quality to visitors and better infrastructure. For

[4] Apart from air connectivity, there are plans for a railway between Eilat and the north of Israel (Barkat 2014).

Eilat, the new airport will enlarge transportation capacity. Yet, to seize the opportunity to increase international tourism to the city, further investments in tourism infrastructure and upgrading will be needed (Ergas and Felsenstein 2012).

4.4.3 Expansion of the city

The Southern Planning and Building Commission responsible for Eilat has developed a masterplan to expand the city by 18,000 additional homes and 7,000 new hotel rooms. The plan focuses notably on the city center by combing residence, tourism, industry and commerce. The plan includes construction on the site of the present Eilat Airport after its closure and replacement by Ramon Airport. Through construction on the old airport site, parts of the city currently divided by the airport are supposed to be connected (Chudy 2017; Tsur 2017).

Further, a new deepwater port under the ambitious "Southern Gate" plan to make Eilat a trading hub is planned (Schechter 2013).

These large-scale developments are part of the mayor's policy to develop Eilat into a city of 120,000 inhabitants (more than double its current size), to diversify its economy, to position it as a location for conventions, exhibitions and culture, and to expand the tourism cluster to accommodate seven million tourists annually. However, there are concerns regarding the development of Eilat. The spread of all-inclusive offers in hotels as well as the construction of large shopping malls has put local small businesses under pressure, and social problems are calling for policy attention (Schechter 2013).

4.4.4 Cross-border developments

Just west across the border to Jordan, the city of Aqaba is located in close proximity to Eilat. In the 1994 Israel-Jordan peace treaty, both parties recognized the importance of cooperation to develop these two peripheral cities. While the two cities might have common interests, any cooperation between them depends on the larger context of international relations (Hazboun 2008). In 1996, an agreement regarding environmental issues, transport problems, tourism and emergency situations was signed. A limited number of workers from Aqaba were permitted to work in hotels or construction sites in Eilat (Gradus 2001). Since then, the number of permitted workers has increased after positive experiences on both sides (Booth and Eglash 2016).

Yet, frictions between both sides remain. The location of the new Ramon Airport raised worries over airspace security in Jordan. In this context, it is worth remembering that after the Israel-Jordan peace treaty a binational Eilat-Aqaba airport was envisaged, but implementation of this idea appears unlikely for the time being (Gradus 2012; Eiselin 2015).

More broadly, after the Israel-Jordan peace treaty, during the 1990s a large number of cross-border tourism projects were envisaged but did not materialize, not least against the backdrop of the collapse of the Oslo peace process (Hazboun 2008). For instance, one of the schemes envisaged was the development of a "Red Sea Riviera" stretching from Egyptian Sharm el Sheikh through Eilat to Aqaba (Hazboun 2008: 120). The current geopolitical context makes the implementation of such high-profile cross-border projects highly unlikely.

4.5 Eilat in the post-Fordist era: an apppraisal

Eilat is undoubtedly one of Israel's major tourism clusters. Despite its successful tourism development since the early 1980s, several fundamental problems are apparent. For instance, Schechter (2013) emphasizes that the kind of vacation Eilat generally offers is geared mainly to target groups with limited budgets such as lower-middle class families and teenagers. Basically, Schechter spots "mostly average Israeli families with little to spend beyond what they already paid for the hotel, or rowdy packs of angst-free and alcohol-fueled teenagers heading down to Eilat to party (…) far away from their parents' watchful eyes" (Schechter 2013). In combination with the prevalence of all-inclusive hotels, Eilat's overreliance on mass tourism by cost-sensitive target groups is a problem for the wider tourism sector because small businesses such as tour guides, boutique shops, or inventive restaurants that could strengthen Eilat's appeal struggle to survive economically (Schechter 2013).

Robinson et al. (2015: 320) consider Eilat "hugely popular with Israeli families looking for an affordable beach break and with Eastern European tourists (...) Eilat is brash, ugly and almost inevitably crowded" but at the same time, the authors stress the city's advantages such as its plentiful water sports offer, its shopping and entertainment venues, and its all-year-long pleasant and dry climate.

While Eilat has indeed diversified its appeal in recent years, most notably with the cultural events and festivals the city hosts, it does indeed become clear that Eilat still to a large degree relies on the Fordist model of (more or less) standardized mass tourism. Consistent with the high importance of domestic tourism for Eilat, such an essentially Fordist tourist destination might still be supported by a small domestic market. However, in the wake of the global shift of the tourism sector towards a more diverse, post-Fordist pattern, it is questionable how long such a position will be viable. If Eilat is set to grow according to current plans, new and more diverse forms of tourism with higher localized value-added will have to be developed. Essentially, Eilat will have to differentiate itself and to place itself on the global tourism map. Offering all-year-long sun is an attractive feature but by no means a sufficient unique selling proposition. The imminent opening of Ramon Airport will provide a window of opportunity to attract more international tourists to the Negev and to increase the low share of international tourists in Eilat, but the city's offer will have to keep up with these new opportunities.

Since Israel is not a low-cost destination and in international comparison a rather expensive country for tourists, the relative affordability of Eilat for Israeli families may presumably be due to the fact that international travel is not necessary for them to reach Eilat. With the ascent of low-cost carriers and the implementation of the EU-Israel Open Skies Agreement, however, this relative advantage of Eilat on the domestic market might weaken. Lacking a more diversified and differentiated offer, given the enormous differences in price competitiveness between Israel and other Mediterranean tourist destinations (World Economic Forum 2015), Eilat will probably not succeed to compete on price and cost in the long term. Therefore, it seems logical that Eilat as a tourism cluster will have to differentiate its offer by increasing its product and service quality and by moving into higher-value-added niches. The next chapter will suggest some preliminary ideas on how to do so.

5 Upgrading Eilat's tourism cluster through differentiation: recommendations

As has become apparent in the preliminary analysis of the structure, strengths and weaknesses of Eilat's tourism cluster in the previous chapter, Eilat as a tourist destination is to a considerable extent still stuck in a Fordist model of relatively standardized mass tourism and exhibits a strong reliance on broad target groups with a limited travel budget. To accommodate the planned growth of the city and to reinforce its position in international tourism, Eilat will have to differentiate its offer and move into higher-value-added niches of the international tourism market.

As the analysis in Chapter 4, due to the methodological limitations of document analysis and secondary data analysis, has to be regarded as preliminary, the recommendations presented in what follows should be viewed as preliminary ideas that may guide further discussions but would need further analysis and elaboration in detail. In particular, detailed analyses of target markets, competing destinations, and price and cost structures will be necessary to come up with solid recommendations on how to upgrade and enhance the product range of Eilat's tourism cluster. Still, we believe that the following ideas can provide an impetus for further discussion.

To differentiate its product range, possible avenues for tourism development in the Eilat tourism cluster include the following ideas:

- Culture and creativity are important drivers for local development in general and tourism development in particular (Benner 2017a). Despite its range of culturally-oriented festivals, the touristic product Eilat offers does not yet include year-long cultural attractions. Thus, to anchor Eilat as a destination for cultural tourism on the international tourism map, considering the construction of a landmark cultural venue such as a museum or art gallery might be considered. However, the high investment needed for such a measure should be taken into account and carefully weighed against the potential benefits.
- More specifically, such a landmark cultural venue could relate to Eilat's geographical location between the Red Sea and the Negev desert. For example, building an open-air beach or desert stage for high-class cultural events such as classical concerts or operas but possibly also for popular-music concerts by internationally renowned stars and designed in an architecturally sophisticated manner – similar to the well-known

Seebühne (lake stage) in Bregenz, Austria (e.g. Woolfe 2015) – may create a strong effect in international visibility and, if successful, attract new target groups of culturally-interested international tourists to Eilat.

- Gay tourism is another market niche Eilat might wish to target. Similar to the "Citybreaks" campaign advertising Tel Aviv and Jerusalem (Gurris 2017), a specifically targeted campaign to be developed by the Ministry of Tourism could advertise Tel Aviv as an established destination for LGBT travelers with Eilat as a possible winter destination. In so doing, Eilat might eventually position itself as a major all-year destination for LGBT travelers, competing with destinations such as Mykonos, Greece but with the added advantage of a virtual sun guarantee all year long.
- Wine tourism is a high-value-added market niche well compatible with other, complementary high-value-added orientations such as cultural tourism. Indeed, in the Negev desert wine tourism has emerged in recent years, with several wineries offering visits and tastings (Robinson et al. 2015: 310). Combining this Negev wine route with complementary offers in Eilat through high-class restaurants or wine bars as well as hotel offers targeted towards tourists interested in high-class wining and dining could be an interesting pathway for service providers in the Eilat tourism cluster to pursue, and might eventually become a part of Eilat's tourism marketing.
- On a governance level, moving into new market niches is difficult to plan for a tourist destination. While tourism policy defined and implemented by public agents can provide infrastructure (including, for instance, landmark investments such as cultural venues) and organize international marketing campaigns, developing and maintaining services to address new target groups of tourists is a matter of private entrepreneurial initiative. To encourage such experimentation with new touristic business models addressing new target groups, specifically dedicated business planning competitions for innovative tourism business models with subsequent support (e.g. easier access to capital, training, coaching, mentoring) can be organized by public tourism policy agents such as the Ministry of Tourism or Eilat's local tourism development entities. These business planning competitions might be put under a specific theme to target defined market niches to be tackled.
- Another way to harmonize private entrepreneurial initiative with strategic thrusts of tourism policy is public-private partnership. Defining a tourism improvement district (Assli 2009) or institutionalizing the tourism cluster through a cluster initiative

(Benner 2013; Kachniewska 2013) could facilitate the agreement on shared priorities among public and private agents, detailed action planning and responsibility definition, and fundraising for investments in public goods benefitting the destination as a whole (Benner 2013: 9; Kachniewska 2013: 39; Porter 1998b: 81; 2000: 22). Local tourism development entities like the Eilat Foreshore Development Company or the Eilat Municipal Tourism Corporation could play a leading role in setting up such a process of public-private coordination and institutionalization.

6 Conclusions

The present study has analyzed the structure, strengths and weaknesses of the Eilat tourism cluster in the context of tourism in Israel, and presented several preliminary ideas for upgrading Eilat's range of touristic offers. In particular, Eilat will have to overcome its continuing and considerable reliance on the Fordist model of standardized mass tourism and move towards more differentiation and towards addressing new target groups of international tourists in higher-value-added market niches. Ongoing investments such as the new Ramon Airport, the planned closure of the current Eilat Airport and the subsequent redevelopment of its site, as well as initiatives such as the range of culturally-oriented festivals in Eilat are promising steps towards a strategy of upgrading, diversifying and differentiating Eilat's tourism cluster. Still, additional measures will presumably have to be taken to significantly increase the number of international tourists coming to Eilat which currently is very low compared to domestic tourist numbers. Apart from attracting more international tourists, keeping Eilat's appeal to its main target group, domestic tourists, in the wake of increasing competition from destinations in other Mediterranean countries will similarly require efforts towards differentiation of Eilat's touristic product.

From a process perspective, upgrading a tourism cluster is a complex collective-action problem (Benner 2017b). Organizing such a process calls for high coordination skills by public agents, be it pursued through the vehicle of a tourism improvement district (Assli 2009), through an institutionalized tourism cluster initiative (Benner 2013; Kachniewska 2013), or under the umbrella of a smart specialization strategy integrating tourism development into a wider perspective of cross-sectoral regional development based on the regional knowledge base (Benner 2017b; Benner et al. 2016).

Such a collective upgrading process based on public-private coordination will require institutional sensitivity. Without considering the fit between policies and their socio-institutional context, the chances of upgrading policies to succeed can be expected to be significantly lower (Glückler and Lenz 2016; Benner 2017b).

Aligning tourism development policies with institutions found in a tourist destination or, in suitable cases, designing appropriate and specific policies to change institutions such as tourism improvement districts (Assli 2009) requires policymakers to have a clear picture of the socio-institutional context of their tourist destination. Thus, an in-depth institutional analysis is highly recommended before formulating an upgrading strategy. Due to its methodological constraints, the present study could not perform such an in-depth institutional analysis which would require extensive explorative qualitative interviews with a variety of stakeholders on the national and local level. This is why the recommendations presented in Chapter 5 should be viewed as preliminary ideas only, to be further discussed and elaborated after in-depth qualitative research on the ground. Such an analysis should be the subject of further research and might lead to a more detailed and comprehensive set of recommendations on how to upgrade Eilat's tourism cluster through differentiation.

References

Arkia Israeli Airlines (ed.) (n.d.): Arkia holiday deals, http://www.arkia.com (28.07.2017).

Assli, A. (2009): Northern Israel Tourism Improvement District: Executive Summary. Jerusalem: Milken Institute, http://milkeninnovationcenter.org/wp-content/uploads/2015/11/35-ENG-SUM.pdf (28.07.2017).

Benner, M. (2013): Towards a policy to promote tourism clusters. MPRA Paper No. 43924, http://mpra.ub.uni-muenchen.de/43924/1/MPRA_paper_43924.pdf (23.01.2017).

Benner, M. (2017a): Culture in local and regional development: A Mediterranean perspective on the culture/economy nexus. MPRA Paper No. 77787, https://mpra.ub.uni-muenchen.de/77787/1/MPRA_paper_77787.pdf (24.07.2017).

Benner, M. (2017b): From clusters to smart specialization: Tourism in institution-sensitive regional development policies. In: Economies 5: 26, http://www.mdpi.com/2227-7099/5/3/26/pdf (24.07.2017).

Benner, M., Bieringer, L., Knaupp, M., Wittemaier, J., Wruck, A. (2016): Towards a Smart Specialization Strategy for Haifa. MPRA Paper No. 73299, https://mpra.ub.uni-muenchen.de/73299/1/MPRA_paper_73299.pdf (28.07.2017).

Barkat, A. (2014): Eilat railway hits financing buffers, http://www.globes.co.il/en/article-eilat-railway-hits-financing-buffers-1000940302 (15.07.2017).

Bock, B., Tondok, W. (2017): Reise Know How Israel und Palästina. (Travel Know-how Israel and Palestine) 5th edition. Bielefeld: Reise Know How Verlag Grundmann.

Booth, W., Eglash, R. (2016): In a first, Israel lets Jordanian workers cross border for jobs, http://www.washingtonpost.com/world/middle_east/in-a-first-israel-hires-jordanians-to-wash-the-dishes-change-the-sheets/2016/05/16/0126d87c-164e-11e6-971a-dadf9ab18869_story.html?utm_term=.786d25198e40 (30.06.2017).

Central Bureau of Statistics (ed.) (2017): Visitor Departures, by Duration of Stay in Israel and Mode of Travel, http://www.cbs.gov.il/publications17/yarhon0617/pdf/e8.pdf (20.06.2017).

Chudy, O. (2017): Eilat to double in size, http://www.globes.co.il/en/article-eilat-to-double-in-size-1001179982 (30.06.2017).

Cotler, A. (2015): The fall of Eilat's Kings City, http://www.ynetnews.com/articles/0,7340,L-4736190,00.html (28.07.2017).

Dan Hotels (ed.) (n.d.): Out hotels, https://www.danhotels.com (28.07.2017).

Eilat Foreshore Development Company (ed.) (n.d.): Eilat Foreshore Development Company, http://www.efdc.co.il (13.07.2017).

Eilat Hotel Association (ed.) (n.d.): Eilat Hotel Association, http://www.eilathotels.org.il (20.06.2017).

Eilat Official Tourism Site (ed.) (2016a): Eilat Foreshore Development Company Eilat: Promoting and developing tourism in Eilat, http://eilat.city/en/eilat-foreshore-development-company (28.07.2017).

Eilat Official Tourism Site (ed.) (2016b): Municipal Tourism Corporation Eilat : Encouragement, promotion and development of tourism in Eilat, http://eilat.city/en/municipal-tourism-corporation (28.07.2017).

Eilat Official Tourism Site (ed.) (2017a): Attractions in Eilat, http://eilat.city/en/list/attractions (12.07.2017).

Eilat Official Tourism Site (ed.) (2017b): Night Life in Eilat, http://eilat.city/en/list/night-life (12.07.2017).

Eilat Official Tourism Site (ed.) (2017c): Tours around Eilat: Explore Red Sea nature and desert, http://eilat.city/en/tours (12.07.2017).

Eilat Official Tourism Site (ed.) (2017d): About Eilat, http://eilat.city/en/info/about-eilat (13.07.2017).

Eilat Official Tourism Site (ed.) (2017e): Musical fountain Eilat, http://eilat.city/en/musical-fountain (11.07.2017).

Eilat Official Tourism Site (ed.) (2017f): Events, http://eilat.city/en/events (11.07.2017).

Eiselin, S. (2015): Streit um neuen Flughafen in Israel, http://www.aerotelegraph.com/israel-baut-neun-flughafen-eilat-timna-aerger-nachbar-jordanien (26.06.2017).

Ergas, Y., Felsenstein, D. (2012): Airport relocation and expansion and the estimation of derived tourist demand: The case of Eilat, Israel. In: Journal of Air Transport Management 24: 54-61.

Frommberg, L. (2017): Israel bietet Airlines Geld für Eilat-Flüge, http://www.aerotelegraph.com/israel-bietet-airlines-geld-fuer-eilat-fluege (15.07.2017).

Glückler, J., Lenz, R. (2016): How institutions moderate the effectiveness of regional policy: A framework and research agenda. In: Investigaciones Regionales – Journal of Regional Research 36: 255-277.

Government of Israel (ed.) (2017a): About: Ministry of Tourism, https://www.gov.il/en/Departments/about/about (07.07.2017).

Government of Israel (ed.) (2017b): About the Ministry, https://www.gov.il/en/Departments/ministry_of_tourism#about (25.07.2017).

Grabher, G. (1993): The weakness of strong ties: The lock-in of regional development in the Ruhr area. In: Grabher, G. (ed.): The Embedded Firm: On the Socioeconomics of Industrial Networks. London, New York: Routledge, pp. 255–277.

Gradus, Y. (2001): Is Eilat-Aqaba a bi-national city? Can economic opportunities overcome the barriers of politics and psychology? In: GeoJournal 54 (1): 85-99.

Gurris, S. (2017): Neuer Flughafen, mehr Angebote. Israel will mehr Urlauber für die Wüste begeistern, http://www.n-tv.de/reise/Israel-will-Urlauber-fuer-die-Wueste-begeistern-article19758860.html (14.07.2017).

Hazboun, W. (2008): Beaches, Ruins, Resorts: The Politics of Tourism in the Arab World. Minneapolis: University of Minnesota Press.

Hjalager, A. M. (2000): Tourism destinations and the concept of industrial districts. In: Tourism and Hospitality Research 3: 199-213.

Infinity Concepts (ed.) (2015): Israel Ministry of Tourism, http://infinityconcepts.net/portfolio/israel-ministry-of-tourism (14.07.2017).

Israel Airport Authority (ed.) (2017a): Airports: Eilat: About, http://www.iaa.gov.il/en-US/airports/eilatn/Pages/AbouttheAirport.aspx (13.07.2017).

Israel Airport Authority (ed.) (2017b): Israel Airport Authority: About, http://www.iaa.gov.il/en-US/rashot/Pages/About.aspx (12.07.2017).

Israir (ed.) (2017): Israir airlines and tourism, http://www.israirairlines.com (28.07.2017).

Isrotel (ed.) (2017): Eilat, https://www.isrotel.com/isrotel-hotels/eilat (12.07.2017).

Kachniewska, M. (2013): Towards the definition of a tourism cluster. In: Journal of Entrepreneurship, Management and Innovation 9: 33-56.

LaGrave, K. (2016): The best cities in the world, http://www.cntraveler.com/galleries/2014-10-20/top-25-cities-in-the-world-readers-choice-awards-2014 (04.07.2017).

Leonardo Hotels (ed.) (n.d.): Find your hotel, https://www.leonardo-hotels.com/leonardo-hotels-destinations (28.07.2017).

Ministry of Tourism and Government of Israel (ed.) (2015): Israel: Land of creation, https://new.goisrael.com/ (28.07.2017).

Ministry of Tourism (ed.) (2016a): Inbound Tourism Survey Annual Report 2015. Jerusalem: Ministry of Tourism.

Ministry of Tourism (ed.) (2016b): Tourism to Israel 2015: Statistical Report. Jerusalem: Ministry of Tourism, https://info.goisrael.com/Attachment/DownloadFile?downloadId=7566 (25.07.2017).

Ministry of Tourism (ed.) (2017a): Invest in the Israel Tourism Industry 2017. Jerusalem: Ministry of Tourism.

Ministry of Tourism (ed.) (2017b): The Dead Sea Valley Tourism Complex. Jerusalem: Ministry of Tourism.

Murphy, J. (2009): World's top party cities, https://www.forbes.com/2009/12/21/top-party-cities-lifestyle-travel-nightlife.html (27.07.2017).

OECD (ed.) (2016): OECD Tourism Trends and Policies 2016. Paris: Organisation for Economic Co-operation and Development.

Piore, M. J., Sabel, C. F. (1984): The Second Industrial Divide: Possibilities for Prosperity. New York: Basic Books.

Porter, M. E. (1994): The role of location in competition. In: Journal of the Economics of Business 1: 35-9.

Porter, M. E. (1998a): Clusters and competition: new agendas for companies, governments, and institutions. In: M. E. Porter (ed.): On Competition. Boston: Harvard Business School Press: 197-287.

Porter, M. E. (1998b): Clusters and the new economics of competition. In: Harvard Business Review 6: 77-92.

Porter, M. E. (2000): Location, competition, and economic development: Local clusters in a global economy. In: Economic Development Quarterly 1: 15-34.

Robinson, D., Crowcroft, O., Maxwell, V., Walker, J. (2015): Lonely Planet Israel and the Palestinian Territories. Melbourne: Lonely Planet Publications.

Ryanair (ed.) (2017): Ryanair, https://www.ryanair.com/de/de (15.07.2017).

Schächter, S., Wolffs S. (2012): Zielmarktanalyse Tourismuswirtschaft Israel, (Target market analysis tourismus industry of Israel) Tel Aviv: German-Israeli Chamber of Industry and Commerce.

Schechter, A. (2013): Eilat: resort Mecca or a city imploding?, http://www.haaretz.com/israel-news/.premium-1.543415?=&ts=_1500035304809 (14.07.2017).

Statista (ed.) (2017): Israel: Total population from 2010 to 2020 (in million inhabitants), https://www.statista.com/statistics/526560/total-population-of-israel (25.06.2017).

Stylidis, D. Belhassen, Y., Shani, A. (2015): Destination image, on-site experience and behavioural intentions: path analytic validation of a marketing model on domestic tourists. In: Current Issues in Tourism, 1-18, http://dx.doi.org/10.1080/13683500.2015.1051011 (06.07.2017).

Time Inc. (ed.) (2017): 50 best places to travel in 2017, http://www.travelandleisure.com/trip-ideas/best-places-to-travel-in-2017#intro (27.07.2017).

Tsur, S. (2017): Huge Eilat expansion masterplan approved, http://www.globes.co.il/en/article-eilat-to-undergo-huge-expansion-as-masterplan-approved-1001186515 (30.06.2017).

Wilhelmsson, D., Öhman, M. C., Ståhl, H., Shlesinger, Y. (1998): Artificial reefs and dive tourism in Eilat, Israel. In: Ambio 27 (8): 764-766.

Wizzair (ed.) (2017): Wizzair, https://wizzair.com/de-de/main-page?gclid=CPqh8_TEi9UCFQoz0wod4ecCBA# (11.07.2017).

Woolfe, Z. (2015): Review: 'Turandot' and 'Les Contes d'Hoffmann,' spectacle and substance at Bregenz Festival, https://www.nytimes.com/2015/08/04/arts/music/review-turandot-and-les-contes-dhoffmann-spectacle-and-substance-at-bregenz-festival.html (28.07.2017).

World Economic Forum (ed.) (2015): The Travel & Tourism Competitiveness Report 2017: Paving the Way for a More Sustainable and Inclusive Future. Geneva: World Economic Forum, http://www3.weforum.org/docs/WEF_TTCR_2017_web_0401.pdf (27.07.2017).

World Tourism Organization (ed.) (2016): UNTWO Tourism Highlights 2016 Edition. Madrid: World Tourism Organization, http://www.e-unwto.org/doi/pdf/10.18111/9789284418145 (24.07.2017).