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Israel's Tourism Industry: Recovering from Crises and Generating Growth

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Israel’s Tourism Industry:

Recovering from Crises and Generating Growth

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Précis

In many countries tourism is a vital component of the economy and is an industry in which the home country is proud to show itself off to visitors. Israel is one country in which the tourism industry is still developing and has yet to reach its capacity for visitors. The economic role of tourism in Israel has not always been a major one but over time the industry has grown and become a significant source of revenue. Despite its small size, Israel is home to hundreds, if not thousands, of tourist destinations and activities. Israel’s rich past combined with the variety of tourist attractions found there makes it a perfect vacation setting for any traveler.

Unfortunately, Israel’s history of nearly constant wars and violence hindered normal growth to the tourism sector. Foreigners stayed away due to fears of insecurity which were often created and then intensified by the barrage of media images that made the situations seem far worse than reality proved. Over time, Israel’s tourism industry experienced a number of cycles of decline and recovery. Past efforts to mend the tourism industry in Israel were not always immediate or appropriate for the situation at hand. Many times, too little was done to make any significant impact and the industry was left to recover on its own.

After years of not working together followed by years of working together ineffectively, Israel’s government and private sector are finally cooperating to increase international visitors to Israel. Additionally, non-profit organizations are taking part in increasing tourism levels to the Holy Land. Marketing efforts, crisis management developments, and educational programs are the results of the work of the government, private sector and non-profit sector which are being deemed effective and increasing tourism to Israel.
Introduction to Tourism and its Economic Impact

According to the World Tourism Organization (WTO), a specialized agency of the United Nations, tourism is “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.” However, an in-depth look into tourism reveals that it is much more than this basic definition indicates. Various service industries, including accommodations, transportation, and food and beverage, as well as some product industries combine to form the tourism industry. For many countries tourism is a vital industry which comprises a significant portion of the economy and provides numerous social benefits.

The effects of tourism are felt worldwide. In 2006, the WTO estimates, international tourist arrivals worldwide totaled 846 million people, an increase over 2005’s figure of 803 million. In 2006, international tourist receipts totaled $733 billion worldwide, an increase from $676 billion in 2005. According to the World Travel and Tourism Council (WTTC), when you consider direct travel and tourism industries as well as the impact of tourism on other sectors of the economy, tourism accounts for nearly 10% of the world’s Gross Domestic Product (GDP), almost $6 trillion, and employs close to 240 million people globally. The WTTC further predicts that the tourism industry will continue to experience growth and increasingly contribute to global economic activity and employment through 2018.

Like the trends that are being noticed globally, Israel is also experiencing increases in its tourism industry. However, Israel’s history has made its tourism industry fragile and in the past it

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3 Ibid., 4.
has been susceptible to declines due to wars, incidences of terrorism, political issues and other factors. Though Israel has not seen the same consistency in recent years as the world on the whole in regards to tourism growth, the country is expected to see increases in tourism levels in the near future. Israel’s tourism industry has yet to reach its capacity of visitors and further development of tourism is still taking place. According to Israel’s Ministry of Tourism, the country experienced a slight 4% decline in international tourists from 1,916,000 in 2005 to a total of 1,833,900 people in 2006.\(^6\) This decline affected international tourist receipts which were $2.9 billion in 2005 and $2.8 billion in 2006.\(^7\) However, in 2007, nearly 2,292,600 international tourists visited Israel, representing an increase of over 25% from 2006.\(^8\)

With the increase in visitors, the WTTC predicts that through 2018 Israel’s tourism industry will experience economic growth. The tourism industry is expected to contribute directly $4.2 billion to Israeli GDP in 2008, rising to $6.2 billion by 2018. The total contribution to the economy, through both direct and indirect industries, will increase from $11.8 billion to $17.4 billion in this same time period. In 2007, the tourism industry directly contributed 92,000 jobs to total employment and is predicted to contribute 103,000 to total employment in 2018. Through direct and indirect industries, the tourism economy will contribute 217,000 jobs of total employment in 2008. By 2018, this total should be 245,000 jobs.\(^9\)

These figures indicate that the tourism industry in Israel is thriving and will increasingly become a significant part of the Israeli economy and a source of revenue. However, this is not the first time that Israel has seen such growth. Most recently, in the late 1990s tourism arrivals were at their highest, peaking in 2000 with 2,671,400 visitors. However, because of the second

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\(7\) **UNWTO World Tourism Barometer Vol. 2** (Madrid: World Tourism Organization, 2007), 9.

\(8\) Israel Ministry of Tourism. “Arrivals By Way.”

intifada which began in September 2000 and the resulting increase in violence, this number fell to only 861,900 visitors in 2001.\textsuperscript{10} Cycles of terror, war, and peace in Israel’s history have made Israel’s tourism industry a fragile one that goes through periods of crisis and periods of recovery. Although more visitors are arriving in Israel and tourism is expected to grow over the next ten years there is no guarantee that these expectations will be met since they do not take into consideration the possibility of crisis. Because Israel has experienced numerous disruptions to tourism growth and general economic growth in the past, we should explore how the country has dealt with crises in the past and the strategies that are currently being implemented to prevent dramatic declines in tourism in the future.

\textsuperscript{10} Israel Ministry of Tourism, “Arrivals By Way.”
Israel’s Tourism Industry

People worldwide recognize Israel as a place that holds great religious significance and a tourist destination for devout individuals making a pilgrimage to the Holy Land to visit religious sites. However, what many people do not realize is that Israel has a varied assortment of attractions to suit any traveler’s tastes. Amidst the Biblical sites and historic ruins is an array of beautiful natural settings, modern-day attractions and diverse cultures to explore and experience. Unfortunately, widespread media coverage of Israel’s sad history, plagued with wars and terrorism, has made the country an undesirable vacation destination for many potential visitors. The implications of these incidences on Israel’s tourism industry will soon be further explored but first we must understand what Israel has to offer the potential traveler. Although small in territory, the possible list of activities to which one may participate and sites one may see in Israel is surprisingly very long but this list can be condensed to suit every type of traveler’s preferences. As people are made more aware of the range of things to do, places to visit and people to meet in Israel, they may become more inclined to visit the country despite what they have seen on the news. The following is a selection of attractions in Israel that demonstrate the variety of tourist options available.

For the world’s three major Abrahamic religions, Christianity, Islam and Judaism, the land of Israel is very important. Each of these religions has holy sites throughout the country. Jerusalem, being one of the most revered cities for these religions, contains many of these including the Church of the Holy Sepulchre, the Via Dolorosa, the Dome of the Rock, Al-Aqsa Mosque, the Western Wall of the Second Holy Temple, Mount Zion and many others. Holy sites are scattered throughout Israel and towns and cities such as Bethlehem, Nazareth, Tzfat, Tiberias, Hebron and others hold significance for these religions as well. For members of the
Baha’i faith the coastal city of Haifa is their headquarters. Baha’i’s visit Haifa to pay homage at the Baha’i shrine and gardens located on the edge of the city center.11

Religion forms the backbone of Israel’s extensive and rich history. It is difficult to find a historical site that is not steeped in religious tradition. The layers of history in Israel run deep and the Phoenicians, Greeks, Canaanites, Babylonians, Assyrians, Romans, Byzantines, Arabs, Crusaders, Ottoman Turks and the British have all left behind evidence of their time on this land.12 In addition to the religious sites previously mentioned, the Old City of Jerusalem contains other historical and archaeological attractions. One can take a tour of the recently excavated Western Wall tunnels which shows the continuation of the Wall underground and gives the best indication of what the original Temple construction looked like.13 The City of David, located in the Old City, is where King David established his capital after conquering the city in 1004 BCE and is today an archaeological park with remains that span from the fourth millennium BCE to the Byzantine period. Exhibits throughout the park display the history of Jerusalem from Biblical times.14

One could spend an entire trip exploring these and the many other historical and religious sites in Jerusalem; however, Israel is packed with places of historical and archaeological interest outside Jerusalem. Construction to the city of Caesarea began in 22 BCE under the Roman king Herod the Great and resulted in warehouses, baths, temples, roads, impressive public buildings, a hippodrome, and an amphitheatre which is still in use today.15 “Herod also constructed an artificial harbor by making use of concrete piling under water - the first ever such use of

13 Israel Ministry of Tourism, "Part 2 - Religious Travel."
14 Ibid.
15 Ibid.
concrete.” In the 13th century CE the Crusaders fortified the city with walls and gates, some of which can still be seen today.

Acre, an ancient city that sits on the Mediterranean Sea, is one of the oldest continuously inhabited cities in the world and has been important for many cultures throughout history including the Muslims, the Ottomans and the Crusaders. Some of the most renowned historical sites in Acre include a variety of churches, mosques, and synagogues, a Baha’i temple, Turkish baths, the Hospitallers Fortress from the Crusader period, and the Knights Templar halls that contain a tunnel and other archaeological finds.

Massada is a fortress that was built on top of a mountain in the Judean Desert in southeastern Israel by King Herod in 30 BCE. In 68 BCE Jewish zealots conquered this site during the Great Revolt and Massada became their last stronghold against the Romans. When the Romans finally besieged Massada in the year 73 CE, the 960 Jewish zealots living at the top of Massada chose to commit suicide rather than surrender to the Romans. The preserved ruins and reconstructions at Massada include King Herod’s palaces, bath houses, a synagogue, and watchtowers as well as various artifacts found in the complex bring history to life.

In contrast to the ancient and historical ruins lie Israel’s modern cities and towns filled with culture, shopping, restaurants, leisure activities and, of course, some history. Cities such as Tel Aviv, Jerusalem, Haifa and Israel’s “party city” Eilat are popular destinations for vacationers looking for everything from museums to nightclubs. In Tel Aviv for example, one can go from sunbathing on the beach to visiting one of the city’s 20 museums to shopping in the outdoor

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17 Ibid.  
18 Ibid.  
20 Ibid.
markets to seeing a world class play or opera. In Eilat visitors can enjoy swimming with dolphins in the Red Sea, diving in the tropical waters, eating at top restaurant and dancing through the night.

Israel’s geography includes the Carmel, Golan and Galilee mountain ranges in the north, a fertile coastal plain along the Mediterranean in the west, the Negev Desert in the south and the Jordan Valley Rift in the east which contains the Sea of Galilee in the north (Israel’s largest fresh water body) and the Dead Sea further south (the lowest point on earth). Israel’s subtropical climate makes year-round outdoor traveling comfortable through the country’s varied geography. Everything from skiing to swimming and camel riding to kayaking is possible in Israel during some time of the year. Hiking is possible year round in different parts of the country and popular outdoor sports such as soccer, basketball, rock climbing, and cycling are available for tourist participation. Fishing, diving, surfing and water sports are available in Israel’s bodies of water and at the Dead Sea visitors can float and absorb the water’s beneficial minerals. A visit to the Safari Park in Ramat Gan allows a traveler to drive near freely wandering animals and a number of zoos are also open to visitors. Israel is home to over 500 wondrous nature parks and nature reserves that are protected by the Israel Nature and National Parks Protection Authority. These include some historical sites as well as places where one can observe Israel’s plants and wildlife in their natural habitats. Another way to explore Israel’s natural beauty and rural environments is

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with a stay on a kibbutz, a traditional collective community. Though many of them do not function in a collective manner today, a visit to a kibbutz provides insight to a different type of lifestyle in Israel. Many of the kibbutzim (plural of kibbutz in Hebrew) welcome visitors and have hotels or other accommodations on the grounds as well as services that provide information on activities within the kibbutz and in the areas surrounding it.

Israel is also a great place for the tourist wishing to experience cultural diversity. Although it is called the Jewish State, Israel’s population is comprised of people from a variety of ethnicities, cultures and nationalities. In addition to the Jewish population and the Christian and Muslim Arab populations, which themselves are made up of diverse peoples of varied backgrounds, other ethnic communities in Israel are open to visits from tourists. The Bedouins, an Arab group that was once nomadic and is now mostly settled, live in the Negev Desert and in the Galilee region of Israel. In the Negev tourists can experience Bedouin hospitality by staying in tents, eating traditional meals, and enjoying stories and songs into the night.27

The Circassians are a group that originated in the Caucasus Mountains and arrived in Israel in the 19th century.28 Their village, Kfar Kama, in the lower Galilee “is a proud showcase of Circassian culture. The highlight of a visit here is the Circassian Museum, located in a traditional old basalt house. The exhibits bring alive the agricultural roots, language and customs of this community, which is working to meet the challenge of preserving its traditions despite its small numbers, while taking pride in its contribution to the state of Israel.”29

The Druze are an ethnic and religious group who, in Israel, are settled in the Carmel and Golan Heights regions. Their faith is an offshoot of Islam and though the religion is closely

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29 Ibid.
guarded, even from some members of the faith, the Druze are an extremely hospitable people. In some of their towns they are involved in ethnic tourism and will give visitors insights into Druze culture and traditions by cooking traditional meals, telling stories, and giving tours of their towns and markets.  

An unconventional reason that some visit Israel is politics. Israeli-Palestinian relations are the primary motivation behind this category of tourism. Some of these visitors go to Israel to show solidarity with one side or the other and some go as activists to promote peace and negotiations between the two sides while others simply come to learn first-hand about the conflicts by observing and speaking with people. Eldad Brin researched politically-oriented tourism in Jerusalem and found that “those who engage in it in Jerusalem may very well feel as if they have transcended about the ‘beaten path.’ The sites they visit usually further them from ‘banal’ mass-tourism draws (museums, religious sites, archaeological parks etc.) and bring them closer to an authentic notion of the politically-disputed, contested everyday city of Jerusalem.”

Undoubtedly, Israel is a tourist destination that has something to pique the interest of any traveler. This selection of attractions and activities is only a fraction of what the country can offer to visitors and only a trip to the country can really provide one with a sense of how unique Israel is as a tourist destination. Unfortunately the tourism industry has to compete with forces outside of its control that cause the industry to suffer and causes the country to lose possible revenue. War, terrorism and other forces prevent potential visitors from experiencing the special attractions in and the excitement of Israel.

Factors Affecting Tourism to Israel

In the 60 years since its inception in 1948 the State of Israel has endured seven official wars, an 18 year conflict in southern Lebanon, and two intifadas, or armed uprisings by Palestinians, as well as countless terrorist attacks. Quieter periods show that the Israeli tourism industry has room for further growth. The varied tourist attractions and activities, as previously described, prove that Israel has the potential to become a top tourist destination. Steady growth has not been possible, however, because of interruptions in tourism due to perceived security issues. Thus, wars, incidences of terrorism, and other periods of conflict can have devastating effects on the tourism industry in Israel.

Israel’s tourism industry first reached significant levels and became a noteworthy factor in Israel’s economy in the 1960s. In 1966 the number of international visitors exceeded 300,000 tourists and by the end of the decade the number had surpassed 400,000. Writing in 1999 Yoel Mansfeld identified six major cycles of tourism decline and recovery in Israel from 1966 through 1997. The downward trends are almost entirely the results of wars, terrorism and other violent conflicts that created either unsafe conditions for tourists or a widespread perception of insecurity and had severe ramifications on the tourism industry economically. Following these periods are recovery intervals in the tourism industry in which tourist’s perceptions of security in Israel turned positive. These periods occurred once the preceding war or conflict came to an end. Mansfeld’s six cycles are the “Six Days War” cycle from 1966 to 1972, the “Yom Kippur” cycle from 1972 to 1980, the “Galilee Peace Operation” cycle from 1980 to 1985, the “‘Double Cycle’ of International and Domestic Terror” from 1985 to 1989, the “Gulf War” cycle from 1989 to

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1995, and the “Terrorized Peace” cycle from 1995 to 1997.\textsuperscript{33} An analysis of more recent data indicates that the last cycle Mansfeld classified can be extended through 2000 and that one additional cycle occurred since then, from 2000 to 2007.\textsuperscript{34} Figure 1 illustrates all of Mansfeld’s cycles, separated by vertical lines. The dashed vertical line at the year 2000 indicates where Mansfeld’s “Terrorized Peace” cycle can be extended through because of the increase from 1998 to 2000 following the decline from 1995 to 1998.

\textit{Figure 1}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{Tourists_Arrivals_to_Israel_1966-2007}
\caption{Tourists Arrivals to Israel (1966-2007)}
\end{figure}

Sources:
Israel Central Bureau of Statistics, “Table 1 – Visitor Arrivals.”

\textsuperscript{33} Ibid., 32.
\textsuperscript{34} Israel Central Bureau of Statistics, "Table 1 - Visitor Arrivals"; available from http://www1.cbs.gov.il/reader/tayar_miuhad/miuhad_nosim_new_eng.html#$3; Internet; accessed 25 March 2008.
Conflicts:

Israel’s tourism industry first developed and began to grow significantly during the 1960s. Prior to the Six Day War in 1967 tourism levels were below 400,000 visitors. Along with the rise in jet plane travel, the Six Day War effectively jumpstarted the growth of tourism in Israel because of gained territories that provided access to tourist destinations such as East Jerusalem, where many holy sites are located, the Dead Sea, the Sinai shores on the Red Sea and the West Bank.\(^{35}\) Therefore, despite the fact that tourism dropped slightly between 1966 and 1967, the remainder of the “Six Day War” cycle saw increased tourism levels reaching over 725,000 tourists by the cycle’s end in 1972. These increases partially took place during the subsequent War of Attrition which lasted from 1968 to 1970, which was mostly isolated to the Sinai Peninsula.\(^{36}\) Following these wars, “Both the government and private sector believed that visiting friends and relatives (VFR) demand based on the Jewish segment would be growing steadily and that in view of this increasing demand, there was no need to make significant investments in marking campaigns.”\(^{37}\) Essentially nothing was done to further enhance the emergent tourism industry and nothing was done to prevent another crisis from affecting the industry.

The Yom Kippur War triggered the first dramatic tourism cycle with three years of consecutive decline starting in 1972 followed by five years of consecutive increases in tourists to Israel ending in 1980. In fact, this conflict caused the first worldwide oil crisis leading to rising oil costs and higher travel costs.\(^{38}\) Israeli tourism dropped almost 15 percent, from a high of 727,500 in 1972 to 619,600 in 1975, and Israel’s economy collapsed. According to Mansfeld,

\(^{38}\) Ibid.
Israel became an unattractive tourist destination and the government considered tourism a low priority and was unable and unwilling to take action to correct the tourism industry.\textsuperscript{39} It took three years for the industry to recover and begin climbing again until tourist numbers reached 1,175,800 in 1980. Despite the consequences of this war, once again neither the government nor the tourism industry took action to prevent future crises.

Isolated terrorist activity by the Palestine Liberation Organization (PLO) located in Southern Lebanon aimed at Northern Israeli settlements in late 1981 caused a slight drop in tourism levels (3.3\%) from 1980 to 1981.\textsuperscript{40} As the violence escalated, Israel commenced a full-scale military invasion of Southern Lebanon in July 1982 causing a 12\% decline in tourist arrivals in 1982 from 1981.\textsuperscript{41} This war is called the 1982 Lebanon War or The Galilee Peace Operation. According to Mansfeld, only under pressure from the private sector did the government allocate funds for tourism marketing but this was limited and ineffective. Additionally, Mansfeld points out that hoteliers were cooperative in attempts to make travel to Israel more affordable while El Al, the national airline, refused to cooperate and thus made it difficult for the industry to rebound following this war.\textsuperscript{42} By the end of the “Galilee Peace Operation” cycle in 1985 tourism levels rose to 1,436,400 tourists, up 22\% from the start of the cycle.

During the period that Mansfeld termed the “‘Double Cycle of International and Domestic Terror” tourism levels to Israel declined and recovered twice. In the second half of the 1980s terrorist activity was no longer confined to the Middle East. International terrorist acts such as “the hijacking of the Transworld Airline (TWA) jet in 1985, the subsequent hostage

\begin{itemize}
\item \textsuperscript{39} Ibid.
\item \textsuperscript{40} Ibid., 33.
\item \textsuperscript{41} Ibid.
\item \textsuperscript{42} Ibid.
\end{itemize}
crisis in Beirut, and the Libyan-backed terrorist attacks on American interests in Europe in 1986” had a negative impact on worldwide tourism and thus tourism to Israel declined by 240,500 tourists for a 1986 total of 1,195,900 visitors. Because these incidences were not occurring in Israel, tourism rebounded quickly and by 1987 the figure was up to 1,517,600 tourists. However, this quickly changed with the first intifada, an uprising of Palestinians from the West Bank, Gaza, and East Jerusalem which began in late 1987. Worldwide media attention was given to both the violent and non-violent events of this period and caused a second tourism decline. In 1988 tourism hit a low of 1,298,900 visitors, a decrease of 14 percent. Only after a year into the intifada did the public and private sector finally come together to improve the situation and in 1989 tourism increased to 1,424,500 tourists.

The first intifada continued into the next decline and recovery tourism cycle until 1993. However, the next downturn in tourism was not a result of this uprising; rather the Gulf War of 1990 to 1991 weakened the tourism industry and caused two years of decline ending in 1991 with a low of 1,118,000 visitors. This was the result of initial tensions for the first six months of the war in 1990 followed by Iraqi Scud missile attacks on Israel in 1991. This was followed by four years of recovery with a high of 2,530,600 tourists in 1995 that was the “result of the U.S. initiative in 1991 that brought the major antagonists involved in the Arab-Israeli conflict to peace talks in Madrid. Although at that time peace between Israel and the entire Arab world was still not within immediate reach, the Madrid event marked the start of a new era in Israeli and Middle Eastern tourism.”

Showing record numbers was proof that the tourism industry could be a powerful and significant contributor to the economy. “The tourism product was upgraded and

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43 Ibid.
44 Ibid.
diversified, with a new infrastructure and superstructure being built. The government, together with local and foreign investment companies, transformed the industry into a leading export sector.”

Despite the success and all of the investments that went into the building up of the tourism industry, once again, neither the government nor the private sector made any efforts to prepare for a future crisis.

Mansfeld’s final cycle, the “Terrorized Peace” cycle, is named so because of the string of terrorist attacks held by Palestinians in Israeli towns due to opposition to the peace process. In addition, for the first time, politics played a role in the decline of tourism following the assassination of Israeli Prime Minister Yitzhak Rabin in 1995 and the political arguments regarding how much land to give up in the peace process. While Mansfeld’s cycle ends in 1997 the statistics show that the natural endpoint for this cycle is the year 2000 following a period of decline and a period of recovery. The low point in this cycle occurred in 1998 when 2,200,000 visitors came to Israel. Mansfeld notes that once again both the government and the private sector had a delayed reaction in dealing with this crisis. “Eventually, the private sector decided to act and organized all inbound tourism service providers into one task force body whose goal was to convince the government to allocate an additional budget for ad hoc marketing campaigns.”

This had a positive impact and in 2000 2,672,000 tourists arrived in Israel, the highest figure in Israel’s history to date.

September 2000 marked the beginning of the second intifada which caused a dramatic decline in tourism levels. This period involved non-violent strikes and protests against Israeli occupation as well as countless terrorist attacks, including suicide bombings and rocket firings, into Israel. The terrorist attacks of September 11, 2001 also occurred during this tourism cycle.

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47 Ibid.
48 Ibid., 33-34.
and had a major negative impact on worldwide travel. As a result, in 2001 tourist arrivals to Israel were 1,218,800 and by 2002 arrivals dropped to 862,200, representing a nearly 68% decline from the beginning of this cycle in 2000. Security fears kept tourists away and the blow to Israel’s economy was grave. In 2002 Israel’s Nature and National Parks Protection Authority shut down 58 nature and antiquities sites because of a $16 million decline in revenue in the beginning of that year.\(^4^9\) A news report from August 2002 quoted Tsion Ben-David, the director of North American operations at the Israeli Ministry of Tourism, as saying that “120,000 Israelis and Arabs were employed by the tourism industry prior to September 2000. He says more than one-third of those workers have lost their jobs. Scores of restaurants and stores have closed, along with entire floors of major hotels.”\(^5^0\) Most tourists who continued to visit Israel were relatives or friends of those Israelis.

To combat the downturn and revive tourism, the Israeli government appealed to U.S. evangelicals and particularly Christian Zionists whose religious beliefs make them staunch supporters of Israel. In 2002, Israel’s Ministry of Tourism launched a vast marketing campaign pursuing Christian groups in hopes of them increasing tourism and promotion of Israel. The government also sponsored expense-based trips to Israel for members of these groups.\(^5^1\) In 2004, El Al, Israel’s major airline, partnered with Ministry of Tourism to put together and market discounted tour packages to Israel.\(^5^2\) Efforts such as this stimulated tourism and by 2005 tourist arrivals grew to 1,916,000 visitors.

\(^5^0\) Alyssa Schwartz, “Mideast violence a blow to tourism”; CTA.ca; available from http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20020813/mideast_tourism_020813/20020813/; Internet; accessed 8 April 2008.
In July 2006, following rocket attacks on Israel and the kidnapping of two Israeli soldiers by Hezbollah, a militant organization located in Lebanon, Israel engaged in a month-long military conflict in Lebanon and the northern part of Israel. Because of the isolation of the warfare, tourism only dropped slightly in 2006 to 1,833,900 visitors. However the economic impact of this decline was great because tourism has become a significant contributor to the GDP of the country. In 2005 tourism revenue was $4.4 billion, about 3.5% of total GDP and this figure was estimated to drop to $2.9 billion in 2006 because of the lack of tourists to Northern Israel during the vital summer months.\(^5\) Once the conflict ended growth returned to the tourism industry and in 2007 2,292,600 tourists visited Israel, making it the best year ever for both American and Canadian tourism.\(^4\)

*Media:*

The media plays a role in perpetuating the fears of potential visitors to Israel. Rather than calming people down, the world media has the tendency to sensationalize crises and conflicts and make situations seem far worse than reality proves. Worldwide media coverage of incidences in Israel is partially to blame for the declines to the tourism industry over the years. Of course, the media should report on world events and should not be censored in its coverage of situations that may put people at risk. However, a disproportionate focus on dangerous events can increase fears of insecurity that are unfounded and can result in significant economic impact.

David Beirman, the founding Director of the Israel Tourism Office Australasia and the south-west Pacific, writes, “By comparison with most other countries which have experienced


outbreaks of civil unrest, Israel attracts a disproportionately intense level of media coverage” largely because of Israel’s democratic tradition to maintain a free press unlike many other countries in the region where media regulations are set in place and must be followed.\textsuperscript{55} Such activity can be damaging to Israel’s tourism industry and in trying to recover Israel is faced with both the challenges of increasing tourist arrivals and convincing people that media coverage of violence was blown out of proportion.

Beirman provides the example of the start of the second intifada in 2000 in which “the Israeli-Palestinian clashes were easily magnified into Israel being depicted as a war zone.”\textsuperscript{56} As the media showed images of what came off as constant violence and killing, Western governments were almost forced to advise their citizens to avoid travel to Israel or to use extreme caution. Such statements led to sudden widespread postponements and cancellations of travel bookings and some tour and cruise companies suspended any travel to Israel.\textsuperscript{57} This caused the overwhelming decline in tourists in 2001 and 2002, as previously discussed.

It is also important to note that the severity of destruction and the frequency of incidence play a role in people’s perceptions of safety at tourist destinations. Abraham Pizam’s research on the topic shows that “acts resulting in mass destruction of life and property followed by loss of life and bodily harm have the strongest effect on tourism demand. Acts resulting only in loss of property have the lowest effects on tourism demand….All else being equal, acts occurring more frequently will have a more intense, widespread, and lengthy effect on tourism demand than

\textsuperscript{56} Ibid., 171.
\textsuperscript{57} Ibid., 171.
those occurring less frequently.\textsuperscript{58} The media, which delivers information and news on these acts, has the ability to, and often does, intensify the urgency and severity of violence. By bringing these images to people’s televisions and newspapers without delivering the bigger picture of day-to-day calm in Israel, the media has the ability to create a sense of insecurity in potential visitors to Israel and thus harmfully affect the entire Israeli tourism industry.

Improving Tourism to Israel

Since Israel’s tourism industry has experienced frequent cycles of decline and recovery the government and the private sector are in a constant struggle to counteract the damaging effects of conflict and to promote growth. In the previous section, the efforts of the government and other organizations following periods of decline were noted. Here, the current activities of both the private and public sector to encourage tourism to Israel will be discussed.

During most of the previous declines to Israeli tourism the government and private sector responded by creating marketing campaigns aimed at different groups or providing discounts to vacationers. Often these responses came long after the particular crisis began. Sometimes no action was taken to recover tourism and never did the government or the tourism industry take measures to prevent a future crisis from having the same or worse impact. “For many years, the Israeli government has felt reluctant to allocate adequate investment funds to this sector because of its high vulnerability….Once a decline in tourism arrivals was replaced by a recovery trend, the crisis was regarded as over and neither the government nor the private sector planned for the next possible crisis.”\(^{59}\) Planning and adopting a crisis management strategy before the next crisis occurs can lessen the effects of a crisis and improve recovery time. The government and the entire tourism industry should coordinate their efforts to develop plans for immediate reaction to a crisis as well as preparation for long-term marketing, development and investment before, during and after a crisis. In fact, in July 2007 ministers in the Israeli government began the process of approving and developing a crisis management center in the Prime Minister’s office.

\(^{59}\) Mansfeld, “Cycles of War, Terror, and Peace,” 34.
which would inform the Prime Minister of the situation at all times, not just emergencies, to
serve as an aid in the management of security, economic, diplomatic and social crises.\textsuperscript{60}

The government, through the Ministry of Tourism, has also taken a number of measures
to develop the tourism industry and promote travel to Israel. In August 2007 the Ministry of
Tourism teamed up with the Vatican’s then new charter flight service to increase the number of
Catholic pilgrims visiting Israel, especially marketing towards young religious Italians. The
Israeli Ministry of Tourism developed tours that combined visits to religious sites as well as
attractions of modern Israel. Additionally the Ministry was interested in bringing secular Italians
to Israel and created advertisement and public relation campaigns to encourage non-religious
Italians to visit Israel.\textsuperscript{61} Also in August 2007, Israel’s Ministry of Tourism launched its largest
ever advertising campaign in North America with an $11 million budget to be spent by
December 2007 in a variety of media including television, magazines, newspaper travel sections,
professional and religious channels, billboards, and New York City bus shelters.\textsuperscript{62}

The Ministry is increasing these efforts through 2008 with a focus on the countries that
provide Israel with the most tourists and have the most potential tourists, namely the United
States, France, Russia, England and Germany.\textsuperscript{63} In addition to these marketing efforts, the
Ministry of Tourism is currently being encouraged by the Prime Minister “to increase efforts to
encourage capital investment in the tourism industry in Israel and accelerate the building of
additional hotel rooms to meet demand” with approved grants of approximately $40 million and

\textsuperscript{60}Prime Minister’s Office, “PM Olmert Convenes Ministerial Committee on Implementing the Winograd Committee
spokewino250707.htm; Internet; accessed 12 April 2008.
\textsuperscript{61}Ynet News, “Tourism Ministry, Vatican Sign Deal”; available from http://www.ynetnews.com/articles/0,7340,L-
3442940,00.html; Internet; accessed 10 April 2008.
\textsuperscript{62}Israel Ministry of Tourism, “Israel Launches Largest Ever Tourism Advertising Campaign”; available from
\textsuperscript{63}Ynet News, “Putting Israel on the Map”; available from http://www.ynetnews.com/articles/0,7340,L-
3530714,00.html; Internet; accessed 10 April 2008.
upcoming approvals of another approximately $25 million for such efforts.\textsuperscript{64} The Ministry of Tourism announced in April 2008 that it will air public relations videos on the video-sharing website YouTube that will portray Israel in a positive light and as a safe and welcoming destination for tourists.\textsuperscript{65} The videos that will be posted are an effort by the Ministry to combat the violent images that are depicted in the media of Israel that create fear and damage the tourism industry. Furthermore, the Ministry will ask web users to upload their own positive videos of Israel on YouTube so that people searching will find a collection of videos that show Israel as a place they may want to visit. Finally, the Ministry of Tourism is pushing for the development of Israel’s first casino in Eilat and, in January 2008, Ministry officials signed off on a deal with the Israel Land Administration for the allocation of 12 acres of land on the northern shore of Eilat for this purpose.\textsuperscript{66} This move is vital to Eilat’s economy and tourism industry because of the loss of tourists to nearby cities in Egypt and Jordan that have casinos already. The opening of a legal casino is also expected to cut down on illegal gambling which is estimated at over $3.6 billion a year in Israel.\textsuperscript{67} The success of a first casino could lead to the future establishment of more casinos in other tourist regions throughout Israel.

Taglit Birthright Israel is an organization whose goals are “to diminish the growing division between Israel and Jewish communities around the world; to strengthen the sense of solidarity between Israeli youth and Jewish communities throughout the world; and to promote the idea of a trip to Israel for all Diaspora Jews as a critical part of Jewish life outside of

\textsuperscript{64} Prime Minister’s Office, “The Director General of the Ministry of Tourism Reports to the Prime Minister, the Acting Minister of Tourism”; available from http://www.sela.pmo.gov.il/PMOEng/Communication/Spokesman/2008/04/spoketourism090408.htm; Internet; accessed 12 April 2008.

\textsuperscript{65} Ynet News, "Israel Broadcast Live on YouTube"; available from http://www.ynetnews.com/articles/0,7340,L-3526580,00.html; Internet; accessed 10 April 2008.

\textsuperscript{66} Ynet News, "Israel’s First Casino to be Built in Eilat"; available from http://www.ynetnews.com/articles/0,7340,L-3491987,00.html; Internet; accessed 10 April 2008.

\textsuperscript{67} Ibid.
To achieve this, Taglit, in cooperation with the Israeli government and with generous donations from private philanthropists and Jewish communities around the world, provides free educational 10-day trips to Israel for Jewish young adults aged 18 to 26 including airfare, accommodations, transportation, meals and a tour guide. Since its inception in 2000 Taglit has provided over 160,000 young adults from around the world with these trips. Participants can choose from a number of different trip organizers to get the experience that they want out of Israel such as religion-focused trips, outdoor adventure trips, and many others. This program brings young people to Israel and encourages them to connect with the country while generating business for the tourism industry. Taglit Birthright gives young people who may have otherwise not been able to or even considered a trip to Israel a chance to visit. This also has the potential to increase future tourism as many of the participants who develop a connection to the country may choose to return to Israel to further explore the country and its many attractions.

The current efforts of the government and organizations such as Taglit to sustain and promote growth to Israeli tourism are currently being deemed successful. Tourism in 2008 is expected to exceed 2007 rates and continue to grow in following years.

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Conclusion

Israel’s unstable tourism industry is defined by periods of decline followed by periods of recovery. The management of the declines and recoveries has not always been appropriate for each situation and has not utilized the most effective means of stabilizing tourism. For many years little money was invested into the development of the Israeli tourism industry because of its vulnerability to the effects of frequent conflict. Also, little was done to combat the negative image of Israel that prevailed in the media. Thus, Israel was viewed by many as an unsafe destination despite the variety of tourist attractions and the religious and historical value the country holds. Fortunately, the government and the private sector are now more aware of how to handle the effects of crisis and conflict on the tourism industry. Recent efforts are proving to be effective at changing Israel’s image globally and bringing more travelers to Israel.

In order to ensure that the Israeli tourism industry will continue to expand into a popular tourist destination for all types of travelers, the government and the private sector need to continue to work in cooperation and devise plans that will encourage potential visitors to come to Israel. The development of crisis management programs and marketing campaigns are effective methods of increasing tourism to Israel.

In regards to crisis management, these programs must be handled as a long-term process of increasing and then maintaining stability rather than be used on a short-term, as needed basis. It is important for the government to work in cooperation with all parties involved in the tourism industry and with investors on these efforts. Current marketing efforts are positively reinforcing the idea that Israel is a generally peaceful location with lots to offer travelers. The more widespread the Ministry of Tourism makes these campaigns the more people will come to realize that Israel should be added to their list of possible vacation places.
The Israeli tourism industry is still evolving and much can be done to improve the industry and increase international arrivals. All of the efforts together are an ongoing process for future growth. As long as the government and the private sector continue to see tourism as a major contributor to the economy and a source of pride for the Israeli people, the tourism industry will flourish.
Works Cited


