

THE IMPACT OF SANCTIONS ON DESTINATION IMAGE TOURISM OF IRAN

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In current situation where Iran is struggling to get through consecutive sanctions, developing tourism industry and attracting foreign tourist and also the use of the exchange rate and low values of Rial can be a viable solution strategy. Iran can be a cheap destination for countries with high currency value which can be a successful factor in attracting tourism from other countries. Placed among the first ten countries with cultural and natural attractions, distinct hospitality and delivering cheaper services compared to other destinations are the main factors which can be used in creating a destination brand for Iran. On this basis, relying on real advantage of its unique attractions is much better than creating artificial spaces and short-term booms. The present study investigated the brand image of tourism in Iran, before and after the sanctions. Data are gathered using 5-point Likert scale in a questionnaire and results in the analysis and conclusions are presented.

Keywords: *destination image, sanctions, tourism image of Iran, impact of sanction*

JEL Classification: *L83, M1, O1*

INTRODUCTION

With a new wave of increasing political, military and oil sanctions against Iran by the Western countries; fundamental need is increasingly felt to deal with this anti Iranian's campaign. One of the fundamental approaches and basic methods to deal with these sanctions in improving economic situation in a conflict between Iran and the West is using the great potential of Iranian Tourism in the world. Sanctions and limitations



have created a prosperous opportunity for Iranian tourism. Volatility in exchange rates is one of the effects of sanctions and the international tourism demand is also directly affected by changes in exchange rate;(Mason, 2012) hence, the real exchange rate in Iran could result in an increase in incoming tourists and tourism revenue for Iran (Feshari, Taghipour, Valadbeigi, & Ghamari, 2012). Note that Iran has potential elements like architecture, myths, language, mythological history, politics, culture, values and religion in the area of tourism which can be used is creating brand and brand design. The increase in exchange rate in Iran consequently resulted in the less demand for foreign trips which have changed Iran into a cheap destination. With regard to this issue it can be planned to attract more foreign tourist to Iran.

DEFINITION

Destination image

Nowadays, due to the strong competition among destinations, creating a positive image of the destination to achieve a competitive advantage is important (Baloglu & McCleary, 1999). Destination image is defined as the sum of beliefs, ideas, and impressions that a tourist holds about a destination (Crompton, 1979), and it is viewed as a multidimensional construct composed of three primary dimensions, i.e. cognitive, affective, and conative (Beerli & Martin, 2004; Prayag, 2007). The cognitive component involves beliefs and knowledge about the physical attributes of a destination, while the affective one refers to the appraisal of the affective quality of feelings toward the attributes and the surrounding environment (Baloglu & McCleary, 1999). The conative component is considered analogous to behavior, and evolves from cognitive and affective images (Beerli & Martin, 2004; Prayag, 2007). In other words, destination image involves subjective knowledge of a destination (i.e., whether it is expensive, exotic, urban, cold, or developed) (Ekinici, 2003). Moreover, most researchers agree with the importance of destination image as a decisive factor in a visitor' destination choice (Mayo, 1975).

Tourism marketing experts (Baloglu & McCleary, 1999; Berger & Mitchell, 1989) consider that destination image is a concept made up of two components, tangible and intangible. Nevertheless, the last dimension, affectivity, is not a correct measurement for certain studies (Echtner & Ritchie, 1991), since many only contemplate the cognitive

component, as it is summarized in (Pike, 2002) study, where just six of the 142 researches which has been analyzed include the affective element.

Elements of Country Image

In order to understand country image, we revisit the definitions of the country image and its components. “Country image is a set of beliefs and perceptions that people have about a given country. Further, country image is constituted of history, geography, art, music, citizens, and attributes.” Arguably, media and entertainment industry are cited to be significant vehicles in constructing cues of a country image (Kotler, 2009). In instance, entertainment industry (Hollywood) in the US has significantly assisted in painting US image with the nation’s image as being perceived today. Noteworthy, most of movies or media messages, assisted by well-organized campaigns substantially enhance American brand. The image builders attach, wealth, power and prestige “American dream” in promotion activity. In practice some of these “messages” are reflection of the reality that suffices in the US, orchestrated by media. All these messages are significant aspects in showcasing a country internationally. Mismanaging image branding can hamper this process (Kim & Richardson, 2003).

Notably, image is confused with stereotype, according to (Kotler & Gertner, 2002) stereotype is broad image that is held by group of people that is considerably distorted with simplicity and that interpreted with either positive or negative attitude toward the place. Moreover, it is argued that image process is more on individual point of view and not from a group of people (Kotler & Gertner, 2002).

Elements Influencing Country Brand Image

To improve a country’s image, creating new positive brand association is easier than trying to refute an old image (Kotler & Gertner, 2002). If a country doesn’t have a specific image or needs to change its negative image, it is better to make a new country brand association with the positive image. According to the Kotler and Gertner, the brand image of a country results from its history, geography, art, music, celebrities, proclamations, and other features. Specifically, the media and entertainment industry are important elements that shape people’s perceptions of a specific place. Product categories such as perfumes, electronics, automobiles, wines, and software are also considered as

strong influences on a country brand. Hosting sports events such as the Olympics and the FIFA World Cup is important in building a strong country brand, also countries participating in international sports event also can build country brands (Jun & Lee, 2007). In addition, societal ills such as AIDS, political riots, civil rights violations, environmental problems, racial conflicts, economic dilemmas, poverty, and crime rates can all be elements that influence country brand (Kotler & Gertner, 2002). A specific place such as country can be strongly or relatively associated with some of these elements and its brand image can be built on them.

Sanctions

Sanctions and embargoes are political trade restrictions put in place against target countries with the aim of maintaining or restoring international peace and security. Sanctions may include various forms of trade barriers and restrictions, some of its kind are economic, financial and political transactions.

Sanctions against Iran

The employment of economic sanctions against Iran dates back to the post-1979 Revolution (Mueller & Mueller, 1999). Starting as bans on the import of Iranian crude oil into the United States (US), sanctions later developed into the banning of all imports of Iranian refined and non-oil products, followed by an embargo of US exports in the 1980s.

The United States imposed sanctions against Iran and expanded them in 1995 to include firms dealing with the Iranian government (Zirulnick, 2011). In 2006, the UN Security Council passed Resolution 1696 and imposed sanctions after Iran refused to suspend its enrichment program. U.S. sanctions initially targeted investments in oil, gas and petrochemicals, exports of refined petroleum products, and business dealings with the Iranian Republican Guard Corps. This encompasses banking and insurance transactions (including with the Central Bank of Iran), shipping, web-hosting services for commercial endeavors, and domain name registration services (Nations, 2006).

METHODOLOGY

This research is of practical type and according to the purpose of the research it is of case descriptive. It is descriptive because part of this current research deals with describing tourism condition and economic

situation of Iran and it is a case study because in case studies the investigation is aimed at studying the features and complexity of a case (Yin, 2009). The method in the current research is in experimental survey. Statistical data of this research is formed according to the 62 foreign tourists who traveled Iran before and after sanctions. The use of multiple tools and resources in research particularly in case studies increases the power of research (Yin, 2009), therefore in this survey the necessary data are gathered by 1) documents and evidence 2) questionnaire. The questionnaire study was conducted internet based which was published in a domain and asked to be filled out and it is composed of two parts, the first part measures the variables dealing with before sanctions and the second part measure after the sanctions. 5-point Likert scale is used in questionnaire which 1 is strongly disagree and 5 is strongly agree. To analyze the reliability Cronbach's alpha is used which is shown is Table 1 (before sanctions) and Table 2 (after the sanctions) respectively.

Table 1. Cronbach's alpha coefficient of the questionnaire items in the survey, the first part, Before Sanctions

Part	Factors	Cronbach's alpha	Index	Cronbach's alpha
Part 1 Before sanctions	1 - My perception of Iran is that Iran offered	0.786	Attractive natural attractions	0.778
			Distinctive history and heritage	0.789
			Vintage building	0.785
			Interesting museums/exhibits	0.789
			Tempting/colorful culture	0.786
			Adequate publicizing	0.782
			A good cultural experience	0.775
			Colorful nightlife	0.792
			activities for children	0.788
			Safe and secure environment	0.785
			Pleasant weather	0.787
			Friendly and helpful local people	0.783
			price for food and accommodation	0.780
price for attractions	0.792			

			and activities	
			Good bargain shopping	0.781
			Wide selection of restaurants	0.797
			Quality infrastructure	0.789
			Attractive natural attractions	0.784
			Good network of tourist information	0.776
	2- We would like you to rate how you feel about Iran as a vacation destination	0.785	Pleasant	0.780
			Exciting	0.785
			Arousing	0.789
			Relaxing	0.784
			Favorable	0.786
			Enjoyable	0.775
	3- Please describe your overall image of Iran as a tourist destination	0.778	Fun	0.786
			Iran offers nothing favorable overall image	0.775
			positive opinion about Iran	0.779
			Iran offers nothing favorable overall image	0.777
			local people in Iran are friendly	0.780
			Iran has a unique image	0.778
			Iran is popular	0.772

Table 2. Cronbach's alpha coefficient of the questionnaire items in the survey, the second part, After the Sanctions

part	factors	Cronbach's alpha	index	Cronbach's alpha
Part 2 after sanctions	1 - My perception of Iran is that Iran offered	0.779	Attractive natural attractions	0.773
			Distinctive history and heritage	0.780
			Vintage building	0.778
			Interesting museums/exhibits	0.776
			Tempting/colorful culture	0.771
			Adequate publicizing	0.774
			A good cultural experience	0.760
			Colorful nightlife	0.773

			activities for children	0.781
			Safe and secure environment	0.792
			Pleasant weather	0.780
			Friendly and helpful local people	0.783
			price for food and accommodation	0.787
			price for attractions and activities	0.785
			Good bargain shopping	0.780
			Wide selection of restaurants	0.779
			Quality infrastructure	0.775
			Attractive natural attractions	0.786
			Good network of tourist information	0.787
2- We would like you to rate how you feel about Iran as a vacation destination	0.777	Pleasant	0.784	
		Exciting	0.789	
		Arousing	0.773	
		Relaxing	0.760	
		Favorable	0.774	
		Enjoyable	0.771	
		Fun	0.784	
3- Please describe your overall image of Iran as a tourist destination	0.785	Iran offers nothing	0.792	
		favorable overall image	0.787	
		positive opinion about Iran	0.789	
		local people in Iran are friendly	0.782	
		Iran has a unique image	0.775	
		Iran is popular	0.783	

ANALYSIS OF FINDINGS

Descriptive analysis of the respondents based on demographic characteristics is shown in table 3.

Considering that the questionnaire was designed in two parts: before and after the sanctions; therefore the analysis of the findings must also be done in two parts which is presented in Table 4 (Before sanctions) and Table 5 (After the sanctions) respectively.

Table 3. Respondent's demographic descriptive analysis according to demographic characteristics

Demographic characteristic	Description based on	frequently	Frequently percent
Sex	Male	24	39
	Female	38	61
Age	18-24	8	13
	25-34	23	37
	35-44	14	23
	45-54	15	24
	55 or more	2	3
Education	High school	3	5
	B.A or B.S	13	21
	M.A or M.S	26	42
	Ph.d	20	32

Table 4. Results of the part in Before Sanctions

Part	Factors	Index	Strongly disagree	disagree	Neutral	agree	Strongly agree
Part 1 before sanctions	1 - My perception of Iran is that Iran offered	Attractive natural attractions	0(0%) **	0(0)	0(0)	47(76)	15(24)
		Distinctive history and heritage	0(0)	0(0)	0(0)	10(16)	52(84)
		Vintage building	0(0)	0(0)	0(0)	12(19)	50(81)
		Interesting museums/exhibits	0(0)	0(0)	14(23)	36(58)	12(19)
		Tempting/colorful culture	0(0)	0(0)	0(0)	13(21)	49(79)
		Adequate publicizing	0(0)	0(0)	0(0)	53(85)	9(15)
		A good cultural experience	0(0)	0(0)	0(0)	11(18)	51(82)
		Colorful nightlife	58(94)	0(0)	4(6)	0(0)	0(0)
		activities for children	0(0)	0(0)	2(3)	49(79)	11(18)
		Safe and secure environment	0(0)	0(0)	49(79)	6(10)	7(11)
		Pleasant weather	0(0)	0(0)	4(6)	55(89)	3(5)
		Friendly and helpful local people	0(0)	0(0)	0(0)	8(13)	54(87)
		price for food and accommodation	0(0)	0(0)	45(74)	11(18)	6(10)
price for attractions and activities	0(0)	0(0)	49(79)	7(11)	6(10)		

		Good bargain shopping	2(3)	60(97)	0(0)	0(0)	0(0)
		Wide selection of restaurants	4(6)	9(15)	36(58)	7(11)	6(10)
		Quality infrastructure	0(0)	4(6)	44(71)	11(18)	3(5)
		Good network of tourist information	0(0)	2(3)	40(65)	15(24)	5(8)
	2- We would like you to rate how you feel about Iran as a vacation destination	Pleasant	0(0)	0(0)	0(0)	9(15)	53(85)
		Exciting	0(0)	0(0)	0(0)	6(10)	56(90)
		Arousing	0(0)	0(0)	0(0)	49(79)	13(21)
		Relaxing	0(0)	0(0)	0(0)	11(18)	51(82)
		Favorable	0(0)	0(0)	0(0)	46(74)	16(26)
		Enjoyable	0(0)	0(0)	0(0)	5(8)	57(92)
		Fun	0(0)	0(0)	0(0)	55(89)	7(11)
	3- Please describe your overall image of Iran as a tourist destination	Iran offers nothing favorable overall image	62(100)	0(0)	0(0)	0(0)	0(0)
		positive opinion about Iran	0(0)	0(0)	15(24)	44(71)	3(5)
		local people in Iran are friendly	0(0)	0(0)	0(0)	4(6)	58(94)
		Iran has a unique image	0(0)	0(0)	12(19)	39(63)	11(18)
		I think Iran is popular	0(0)	2(4)	9(15)	50(81)	0(0)

*** Attention: The earlier number refers to the number of respondents and the one in parenthesis refers to the percent.*

Table 5. Results of the part in After Sanctions

Part	Factors	Index	Strongly disagree	disagree	Neutral	agree	Strongly agree
Part 1 before sanctions	1 - My perception of Iran is that Iran offered	Attractive natural attractions	0(0%) **	0(0)	0(0)	47(44)	35(56)
		Distinctive history and heritage	0(0)	0(0)	0(0)	6(10)	56(90)
		Vintage building	0(0)	0(0)	0(0)	10(16)	52(84)
		Interesting museums/exhibits	0(0)	0(0)	14(23)	36(58)	12(19)
		Tempting/colorful culture	0(0)	0(0)	0(0)	12(19)	50(81)
		Adequate publicizing	0(0)	0(0)	0(0)	15(24)	45(74)
		A good cultural experience	0(0)	0(0)	0(0)	6(10)	56(90)
		Colorful nightlife	58(94)	2(3)	2(3)	0(0)	0(0)
		activities for children	0(0)	0(0)	0(0)	49(79)	13(21)

		Safe and secure environment	0(0)	0(0)	12(19)	10(16)	40(65)	
		Pleasant weather	0(0)	0(0)	3(5)	57(92)	2(3)	
		Friendly and helpful local people	0(0)	0(0)	0(0)	8(13)	54(87)	
		price for food and accommodation	0(0)	0(0)	36(58)	8(13)	18(29)	
		price for attractions and activities	0(0)	0(0)	49(79)	7(11)	6(10)	
		Good bargain shopping	2(3)	60(97)	0(0)	0(0)	0(0)	
		Wide selection of restaurants	4(6)	9(15)	36(58)	7(11)	6(10)	
		Quality infrastructure	0(0)	4(6)	44(71)	11(18)	3(5)	
		Good network of tourist information	0(0)	0(0)	40(65)	17(27)	5(8)	
2- We would like you to rate how you feel about Iran as a vacation destination	Pleasant	Pleasant	0(0)	0(0)	0(0)	9(15)	53(85)	
		Exciting	0(0)	0(0)	0(0)	6(10)	56(90)	
		Arousing	0(0)	0(0)	0(0)	49(79)	13(21)	
		Relaxing	0(0)	0(0)	0(0)	11(18)	51(82)	
		Favorable	0(0)	0(0)	0(0)	46(74)	16(26)	
		Enjoyable	0(0)	0(0)	0(0)	5(8)	57(92)	
	3- Please describe your overall image of Iran as a tourist destination	Fun	Fun	0(0)	0(0)	0(0)	18(29)	44(71)
			Iran offers nothing	62(100)	0(0)	0(0)	0(0)	0(0)
			favorable overall image	0(0)	0(0)	34(55)	19(31)	9(14)
			positive opinion about Iran	0(0)	0(0)	10(16)	44(71)	8(13)
			local people in Iran are friendly	0(0)	0(0)	0(0)	2(3)	60(97)
			Iran has a unique image	0(0)	0(0)	10(16)	35(56)	17(27)
I think Iran is popular	0(0)	3(5)	4(6)	55(89)	0(0)			

*** Attention: The earlier number refers to the number of respondents and the one in parenthesis refers to the percent.*

RESULT & CONCLUSION

Though a variety of options are proposed by Iranian policy makers, politicians and scholars to get through these sanctions imposed on Iran but tourism industry is the only part which enjoys great potential and a good domestic and also foreign demand. Without government intervention to inject capital by itself tourism industry leads to income

distribution in local communities. Survey findings indicate that increased volatility in the exchange rate has caused the Iranian currency to be lower compared to world currencies for other countries which make Iran an affordable destination for foreign tourists. On the other hand, domestic tourism who intended to travel to other countries is diverted to domestic flights due to exchange rate changes and definitely this will result in cash flow. According to the foreign tourist, being hospitable with cheap service prices can be influencing factors in formation of valid national identity and brand during sanctions. Given that, Iran has enjoyed a remarkable tourism growth rate which was 12.7 in attracting tourism in recent years according to the UNWTO (WTO, 2010); while the world could not get further than 3.2. It can be deduced that sanctions and limitations brought prosperous opportunities for Iran and according to the survey analysis sanctions didn't affected tourism destination brand of Iran.

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