How can a place conquer a position in the mind of potential business investors?

A case study on Dubai

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Abstract

In the age of globalization it has become more and more common that places – cities, regions and nations – work actively to attract business investors; all with the aim to support economic development. Nevertheless, the competition is tough and it is hard to get through the information clutter and conquer a position in the mind of the business investors.

Dubai, one of the seven Emirates that form the nation United Arab Emirates, was for many years a general unknown place for business investors around the world. However, something has happened and today Dubai is a fast growing business centre with an ambitious vision; to be a leading business hub in the world. Even though Dubai and its people have not reached all the way yet, it is clearly that they have reached a bit on the way. How has Dubai succeeded to attract business investors, and how does the Emirate works today? To find the answers the writers make a case study on Dubai.

The research question of this thesis is:

To support economic development;
How do you develop and promote a place in order to conquer a position in the mind of potential business investors?

The purpose of this thesis is; to inform, motivate, and support impressive decision makers in cities, regions and nations in their work to develop and promote places with the aim to attract business investors and to create economic development. And to increase their knowledge about how 1) Dubai has worked to attract business investors and about 2) the influence of market imperfections on marketing

The writers work after the DH-model which is created out from frameworks about place, promotion, flow of information and clutter, and the mind. The market imperfections are in the background of the model and influence the process.

The writers use empirical information collected by semi constructed interviews with different experts, and constructed interviews with potential investors/students from a leading business school. The writers also use retrospective and current inspections from their own experiences of Dubai.

In the conclusions of this thesis the writers present the Dubai formula that give the answer for how Dubai has worked and works; to develop and promote the place Dubai in order to conquer a position in the mind of business investors.
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1. Introduction
In the background the writers take help of historic famous places and events to reach to the discussion of the problem. Here is also the research question and the purpose presented.

1.1 Background

(Murray 2001) A place that succeeds to profile itself as a successful place, deliberately or not, works as a magnet that attracts more and more activities. The wheels start to turn, its attractive force increases and the investments become higher and higher. Looking back in time it is easy to find examples. The history tells us about places like Egypt, Greece, and the Roman Empire. They were all great powers, not only in the sense of armed forces, but also leading places in their respectively time in the senses of culture and trading. Concentrating on cities it is easy to be reminded about Venice which was the trade centre of Europe during hundred of years, Manchester which was the European industry capital and Paris with its strong connection to art.

(SWEA 2006) In the Middle East, at the Persian Gulf, Dubai is located, a place that for a long time was a sparsely populated area dominated by sand, oasis and oceans. The inhabitants were nomads or fishers and earned their living on stock raising, fish, and pearls. Through out the years they were under the protection of the Dutch, Portuguese, and Britons. However, it was all going to change by three different occurrences; the discovery of oil in 1964, the independence from Great Britain, and the constitution of United Arab Emirates (UAE) in 1971. Today Dubai constitutes one out of seven emirates in UAE.

(CIA 2006) The enormous amount of oil that was found changed the possibilities for Dubai, its inhabitants, and their future. The revenue from the huge reserves of oil and gas has through well-considered investments increased the standard of living to one of the highest in the world. (Swedish Embassy, 2005) For example, education as well as social security is free of charge for the locals, even though it does not exist any income taxes. However, those in authority have to work after an awareness that the natural recourses will not last forever, and that Dubai will have to create and build up new revenue sources. Consequently, Dubai of today put a lot of effort in becoming a world leader in a number of different business areas.

(Swedish Business Council 2006) From being such a sparsely populated area the Emirate has changed to an international metropolis were the locals only correspond to about 20 percent of the total amount of people living there. On the same time has the economic dependency of oil and gas decreased sharply. Today the revenues of the nature resources account for about seven percent of the GDP.
Dubai builds for the future, literally. Nowhere in the world are more building cranes to find per inhabitants, not even in the fast growth mega cities in China. Year 2005 Dubai had a GDP-growth rate of 16 percent. (Dagens Industri 2006) The same year Sweden had a growth rate of 2,7 percent. It is a grand vision of the future that Dubai has stated. (Emaar 2005) The Emirate aims to be the business centre in a region that reaches from west to east, from the Atlantic coastline of Morocco to the west of India. The Emirate also aims to be the place where the Arabic world connects with the western world.

To carry out its vision the Emirate has – in cooperation with a construction company – created a notable plan. (Middle East Online 2004) During the coming ten years Dubai intend to triple its population and increase the number of tourist ten times. If it all follows the plan, 15 million tourists will visit the Emirate in 2010 and 40 millions in 2015. Already today, the number of inhabitants and tourists is growing fast. The business investors, companies and private investors, all want to take shares of the opportunities and continue to stake millions in to different projects.

1.2 Discussion of the problem

In the spring of 2006, Dubai has with regularity been seen in the Swedish mass media, in tabloids and business papers and broadcasted on sport channels, business channels, and science channels. The news regards everything from mayor sport events and reports about the construction of the highest building in the world, to the fast increase of cargo shipping via Dubai. The numbers of international companies that open branches in the Emirate increase sharply, for example (H&M 2006) in 2006 H&M will open its first store in Dubai. Talking about living there, you will find that international stars also have been attracted – (Expressen 2006) Madonna, David Beckham, and Brad Pitt are among the ones that have bought houses in Dubai. Even though it seams to be no doubt that Dubai has success in its way of creating attraction the question is; how has Dubai acted?

The Emirate is not alone on the market. Ward (2004) says that the last 30 years it has been a sharply increase in the number of places – cities, regions and nations – all around the world that work with promotion to among others attract business investors. Kotler, Haider and Irving (1993) state that the reason to work with promotion is to support economic development; successful business investments give for example more jobs, more people, innovations, and more money to the place (Kotler 1993 p. 75) “to pay for the goods and services they import”. However, promotion is not the foundation of success. Kotler (1993) means that the place in it self is the base and that a place without strengths in itself cannot reach success with promotion. What are the strengths of the place Dubai? What are the advantages talking about hard factors as buildings, transport infrastructure, and attractions, as
well as soft factors as services, laws, and safety? How is Dubai working with place development – how is Dubai developed to fit the needs of business investors?

To succeed in the enormous competition the participants around the globe have in general chosen different target markets and used different strategies. Thailand, (WTO 2001) one of the world’s most successful countries talking about tourism, has some of its strongest tools in its peoples’ hospitality and its beautiful nature. The result for this is that for example a high number of international hotel and tourism companies have staked high amounts in hotel and resort projects in Thailand. The strategy of (CIA 2003) Switzerland to offer bank secrecy has supported the country to become a financial centre with the consequence that all the biggest finance companies are represented there. Hong Kong (Hong Kong Government 2005) is with its strategic location a world centre for trading and shipping with the effect that the major players within the shipping industry of the world have invested in operations to and from Hong Kong’s port and in local facilities to support their businesses. In a time when old logics truths are turned up side down, because of lower costs of communication and removal of trade barriers, Dubai is taking it all one-step further. Dubai has declared that they want to be a leader in a multiple of areas and to succeed it targets potential business investors in a number of different sectors; for example tourism, trading, cargo/shipping, biotechnology, and financing. Is this possible? Are there synergies between activities in multiple areas?

Trout (1996), says that we live in a world of close to an infinite amounts of information. We live in world where the amount of information explodes, doubles and then triples. In such a world Dubai has succeeded to get through the information clutter. How have Dubai and its people behind the activities done? Is Dubai benefiting from positive external market imperfections, where private-public spectacular projects generate massive media attention? Why have they acted the way that they have done?

Promoting a place in the age of globalization is not done without costs in capital and it is not easy. In particular, if the place is not well known, if it has not an established place – a position – in peoples’ mind. The Emirate Dubai has for eons been an unknown place, a place on the verge to nowhere, the sea, the sky, and the desert. Something has; however, happened; Dubai has started to conquer a place – an association, an image – in people’s mind, in business investors’ mind, and this by the speed of light. What happened? What is the secret? How does Dubai work today and what can other places learn from the emirate of Dubai?

With the above mentioned as the starting point, the report reaches its research question.
1.3 Research question

To support economic development in the age of globalization;

How do you develop and promote a place in order to conquer a position in the mind of potential business investors?

1.4 Purpose

To inform, motivate, and support impressive decision makers in cities, regions and nations in their work to develop and promote places with the aim to attract business investors and to create economic development. And to increase their knowledge about;

1) Dubai’s work to develop and promote – an example of a place that works actively to attract business investors
2) The influence of market imperfections on marketing

1.5 Perspective

The report is made from the perspective of Dubai – to show how Dubai works with place development, promotion, and its brand, and the influence of market imperfections on this process.
### 1.6 Disposition

#### 1. Introduction
In this chapter the research question of the thesis is presented. The scope of the thesis is limited.

- Background
- Discussion of the problem
- Research question
- Purpose
- Perspective
- Disposition

#### 2. Method
In this chapter the methodological approach of the thesis is described. This makes it possible for other researchers to duplicate the study.

- Research approach
- Choice of data collection methods
- Procedure
- Criticism regarding sources
- Criticism regarding research approach and methods
- Choice of framework
- The final model; DH-model

#### 3. Framework
In this chapter the theories of the thesis, the framework, is presented. The thesis is based on theories from marketing as well as economics. In the end of the chapter, a summarizing model is presented.

- The Place
- The Promotion
- The information flow and clutter
- The Mind
- The Market imperfection
- The DH-model

#### 4. Empirical information - interviews
In this chapter the interviews are presented. The interviewed persons are representing the companies, organisations and embassies mentioned to the right.

- The newspaper Svenska Dagbladet – Braconier
- The company Fritidsresor – El Mattar
- Dubai Nordic – Jonsson
- Swedish Business Council Dubai – Sossi
- Embassy of Sweden in United Arab Emirates – Beijer
- Embassy of United Arab Emirates in Sweden – Almarouf

#### 5. Empirical information - introspection
In this chapter the experiences of Dubai, of the two writers/potential business investors are presented.

- Retrospective introspection - Karlsson
- Current introspection – Karlsson
- Retrospective introspection – Kindblom
- Current introspection – Kindblom

#### 6. Empirical information – structured interviews
In this chapter business students’ – future potential investors’ – knowledge of Dubai is presented.

- Recognize
- Connect to
- Knowledge

#### 7. Analysis and conclusions
In this chapter the information from the framework is compared with the empirical information, and conclusions, based on the analysis, are presented. The information flow and clutter is analyzed indirectly within the other areas.

- The Place
- The Promotion
- The Mind
- The Market imperfections
- Summary of the conclusions

#### 8. Recommendations for further research

#### 9. Sources
2. Method

In this chapter the first fundament for this thesis is presented – the method. The writers present their research approach, choice of methods and how data has been collected. The chapter also includes information about the choice of theories and a critical review of the sources.

2.1 Research approach

(Gilje & Grimen 1992) Two methodological approaches can be used in a thesis: an inductive approach or a deductive approach. When an inductive approach is used, empirical material is used as a basis for wider generalizations and sometimes for the creation of new theories (founded theory). When a deductive approach is used, already existing theories are used for analyzing an empirical material. (Gustavsson, 1993) The two research approaches does not exclude each other, it is possible for a researcher to use only one of the research approaches or a mix of both of them.

This thesis has a deductive base. The concepts, theories and information – presented in chapter three (the framework) – has guided the selection of questions in the interviews, a deductive research approach.

(Gustavsson 1993) A case study approach allows a researcher to study one or several phenomena that are complex, influenced by many variables and/or chaotic when little previous research exists. (Andersson 1998) The method is commonly used when a researcher want deep understanding of one or several phenomena rather than broad (often statistical) knowledge.

Since a place contains vast amounts of complex information the writers of this thesis decided to conduct a case study. The decision was further amplified of the complexity of the research question. A case study of several places could have been done, but the writers decided to concentrate their efforts on one case in order to add depth to the study. The main reason for why the writers of this thesis have decided to study Dubai and not another place is that there exist little or no, previous knowledge about how the Emirate Dubai has been promoted and branded. In addition to this, the writers also were intrigued over the rapid economic development of the place. As an extreme case it might shed light over promoting and branding of other places. No place in the world has a higher growth rate than Dubai.
2.2 Choice of data collection methods

When a case study is conducted it exists a wide range of ways to collect data: surveys, interviews, observations and introspection. (Gustavsson 1993) In order to improve the quality of a case study it is preferable to use several different data collection methods to capture the studied phenomena. This method is called triangulation. (Andersson 1998) In this thesis the writers have used triangulation as a method and collected data: by reviewing literature about the place, by visiting the place and by conducting six interviews with experts and another ten short interviews with business students at Stockholm School of Economics (Handelshögskolan).

The data that has been collected is qualitative. It was our deliberate choice to collect such information, since the use of qualitative data corresponds with the complex character of the research problem, the place and the research approach. New data has been collected with two different methods: interviews and introspection.

2.2.1 Interviews

(Gustavsson 1993) Interviews are a common way to collect data for case studies, since it is a method that gives the researcher access to true, objective, in depth knowledge about reality. In this thesis the writers chose to use this method, because of its strong case study qualities. (Andersson 1998) It exists several different forms of interviews: personal interviews, focus groups and panel interviews. In this thesis, personal interviews were conducted. Constraints in form of time and resources made it impossible to gather the experts we interviewed at one place at one point of time although; such an approach hypothetically could have been fruitful.

(Andersson 1993) When a decision about conducting interviews has been taken, there are a few different approaches – each with strengths and weaknesses – to choose between: face-to-face interviews, telephone interviews and more random interviews at a certain location. In this thesis the writers chose to conduct personal face-to-face interviews, because of the compatibility between this form of collecting information and the research approach (a deductive case study of a complex place far away). (Andersson 1993) In a face-to-face interview it is possible to gain good access to the knowledge that the interviewed person has, it is possible to ask relatively complex questions. The reason for this is that it is possible to establish an atmosphere of trust between interviewer and the interviewee. A telephone interview is less suitable than a personal interview for this kind of purpose. Despite the advantage that personal interviews offer, one telephone interview was conducted. The questions asked in this interview were relatively short and simple, so it was not deemed necessary to conduct a personal interview.
It exists three different forms of face-to-face personal interviews: unstructured interviews, semi-structured and structured interviews. In this thesis, two forms of interviews were conducted: semi-structured and structured interviews. The reasons for why these interview forms were chosen are described below.

**Semi-structured interviews:** Since one intention of this thesis was to find in-depth information about the case, the writers interviewed six experts. A semi-structured interview form was chosen since this interview form gives structure, depth as well as flexibility to interviews. Prior to the interviews the writers prepared themes and questions to ask; however, if necessary new questions or follow up questions were asked to the interviewees in order to maximise the benefit of the interview. Four out of the six interviews were long and each one of them lasted between one and three hours.

The principle of selection for the semi-structured expert interviews was expert selection. The writers primarily contacted people with an expert knowledge about Dubai. To some extent a snowball selection also was used. After the interviews the interviewees recommended us to take contact with certain person in Sweden and Dubai. Since Dubai and Sweden are located a several thousand kilometres from each other, a convenience selection also to some extent was used. Sometimes the language and physical distance put up barriers for truly effective communication.

The intentions of the writers were to find people fulfilling the following ideal criterion: a person that is representing an organisation with considerable knowledge about Dubai and the promotion of Dubai.

In total six persons were interviewed:

1) Bassam El Mattar – Product Manager, Fritidsresor
2) Fredrik Braconier – Journalist, Svenska Dagbladet Näringsliv (Via telephone)
3) Mats Jonsson – Director, Dubai Nordic
4) Roland Sossi – Responsible, Swedish Business Council in Dubai
5) Bruno Beijer – Ambassador, The Embassy of Sweden in United Arab Emirates
6) Hazzam Almarouf – Press and Media Section, The Embassy of United Arab Emirates in Sweden

When interesting information was brought up in the interviews this information guided further search for information related to the research question. This secondary information has been included in the appendixes. The writers deemed this approach as being beneficial for the study. The intention of this approach was to add depth and richness to the study.
Structured interviews: In order to find out more information about the brand Dubai the writers of this thesis interviewed ten business students. A structured form of finding out information was chosen: eight questions were prepared and asked to the students. A structured form was chosen since we estimated that the general knowledge of Dubai was not high enough for motivating long in depth interviews. This assumption was later confirmed. The selection was twelve persons. Ten persons chose to answer out questions.

The principle of selection mainly was convenience selection. We randomly asked students questions about their knowledge about Dubai. The reason for why students at Stockholm School of Economics were selected was that the school states that it educates the business leaders/investors of tomorrow. This statement corresponds to the research question of the thesis, where we focus on potential – current and future – business investors.

2.2.2 Introspection

(Gustavsson 1993) In introspection the researcher is able to take advantage of the experience he or she has acquired about a phenomenon. The method has been called self conscious self exploration. The results of the systematic observation of the mind – in order to gain knowledge about the world – are stories, self ethnographic narratives. Despite only recent use in the subject business, the method has a history that can be traced back some of the most well-known names in the history of mankind – for instance – the Greek philosopher Socrates. The method stands on the shoulders of giants. Besides the advantage of considering experience of a researcher, the method makes it possible to explore a phenomenon in more depth than in any other quantitative research method. Regarding to the matter of subjectivism, introspection differs from other methods. Subjectivism is not seen as something negative, but as something positive, a prerequisite for introspection. A challenge for a researcher that makes an introspective study is that the method demands both closeness and distance for the researcher in order to observe his or her own thoughts.

Since the research problem is complex and the research approach is a case study the writers of this thesis decided that introspection was a good method for collecting data for the study. In addition to this – and most important - the method enabled the writers to advantage of their own experiences derived from a four day long stay in United Arab Emirates (mainly Dubai). By using an introspective method this knowledge can add unique value to the study. Initially, the writers were somewhat sceptical of subjectivism of the introspective method, but after a while they changed their mind. Experience and reflection – as prominent figures in history learn us – is not to be underestimated.
In an introspective study, data can be collected in several different ways: by reflecting over past events, retrospective introspection; by reflecting over present events, current introspection; and by reflecting over possible future events. In this thesis the writers chose to use a combination of retrospective introspection and current introspection. Retrospective introspection was used when the writers described their previous knowledge about the place Dubai (no other method was possible to use). Current introspection was used when the writers wrote diary. We found it an advantage to use this way of collecting data, since data that is not collected on day by day bases easily is forgotten and – in addition to this – often slightly distorted. The memory is not completely accurate.

An introspective study can be categorised as a study based on: research introspection, guided introspection, interactive introspection, syncretic introspection or self reflection. This part of the thesis is based on research introspection. No other alternative was available, since no-one closely related to writers went to Dubai during the time span when the thesis was written.

Data about Dubai was collected when the writers of this thesis under a time span of four days wrote diary about Dubai. Notes were taken every day in order to make the best possible account of their impression of the place. Already some months before the writers went to Dubai they had also wrote down information about their previous knowledge of the Emirate. The texts in the diaries were based on creative writing. The writers observed – among many things – the people, the buildings, the culture, the attractions, the trade and the infrastructure in Dubai.

2.3 Procedure

To get a sense for what place development and promotion of places is all about the writers started in the end of February to read up on the subject. Searches were made to find material using the database in Stockholm University School of Business and articles, and thesis where found. Also, early on two books on the subject were found in the library at the university; Making sense of place: New approaches to place marketing by Murray and Selling places by Ward. Later on the book Marketing Places by Kotler, Haider and Irving was bought in by the writers.

During March the writers read through the above mentioned material and also looked through different books about science, marketing behavior, international marketing, and political economics. In addition the writers started to collect information about Dubai, mainly from different websites. Plans for a research trip to Dubai also started to grow and the first part of the report was written down; the introduction.
In April the writers got in contact with Mats Jonsson at Dubai Nordic in Stockholm, which is a subsidiary to Department of Tourism and Commerce Marketing of Dubai. Interviews and meetings were set up in Stockholm as well as in Dubai. The writers were in contact with Fredrik Braconier at the Swedish newspaper Svenska Dagbladet and with Bassam El Mattar at the tour operator Fritidsresor to get their point of view on different thoughts that the writers had. In the beginning of the month the writers started with the theories and the method. In mid-April the trip to Dubai was booked. The work to develop the theories, and the method and to search for further information continued in the second half of the month.

May 7th the writers arrived to Dubai where they carried through interviews with Roland Sossi responsible for the local Swedish Business Council office, and with Bruno Beijer, the Swedish ambassador in United Arab Emirates on the embassy in Abu Dhabi. The writers met different representatives for Department of Tourism and Commerce Marketing of Dubai and also visit their head office. The writers also visited a number of buildings, attractions, the port and the airport. During the stay some literature where bought; The Arabian Sand by Wilfred Thesiger, and Emirate – The airline of the future by Graeme Wilson. Also a wide amount of material from Department of Tourism and Commerce Marketing of Dubai were collected. Through out the whole stay, four days, the writers traveled around in a car. During the stay in the Emirate the writers wrote down their daily experiences of Dubai.

Back in Stockholm the writers got in touch with the United Arab Emirate’s embassy in Stockholm and some days later the writers met Hazzam Almarouf for an interview. During the other half of May the writers carried out interviews with students at Stockholm School of Economics, and continued their work with the analysis, the conclusion and recommendations for further research. This work was finished June 7th. Since that, until the delivering of the report on June 13th the writers have been rereading the report, and carefully controlled the use of, and the list of sources.

2.4 Criticism regarding sources

Credibility is of vital importance in a case study, both when it comes to primary and secondary sources. The writers of this thesis have strived for gathering as rich and credible information as possible.

The primary information in this thesis is based on interviews. In order to maximise the value of the interviews the writers strived for minimising interviewer effects and asking relevant questions in a non leading way. The writers also tried to establish an atmosphere of trust. When a person is interviewed it often exist a problem of bias. In order to gather information related to the research problem it has been necessary for
the writers to interview professionals that might or might not biased of their own interests. Statements have – as far as possible – been double checked.

The writers of this thesis also have made observations, based on an introspective method. In order to improve the quality of the introspective method the ideas, observations and feelings about the place were documented as soon as possible. The entire documentation also has been included in this study.

In this thesis secondary information about the place Dubai has been included. The information is based on literature, leaflets, articles and information from Internet sources. The writers have strived for gathering as rich, credible and objective information as possible. The literature in the thesis is mainly written of authors with a high international recognition. A general problem of credibility exists when it comes to Internet Sources. Information is often updated and not easy accessible when some time has passed. The writers therefore have stored all Internet based information that the thesis is based on. All Internet sources have been double-checked.

2.5 Criticism regarding research approach and methods

(Gilje & Grimen 1992) The scientific community consists of different schools with different ideas about how to find (if possible) knowledge about the world. The schools often employ methods developed and adapted to their certain discipline. In this study the writers conducted a case study and collected material for this study by doing interviews and writing diary (introspection).

(Gustavsson 1993) Case studies have been criticised for the fact that it is hard to generalise the results from them. There is also some controversy about weather case studies can be used only for generating theories or also for testing theories.

(Gustavsson 1993) Introspection has been criticised for being a subjective method. In addition to this the method has been criticised for generating results that are hard to test and generalise.

2.6 Choice of framework

The writers of this thesis use framework from two widely different disciplines: marketing respectively economics. In each discipline the framework have been chosen in order to fulfil two basic criteria:

1) The framework shall be generally accepted in the scientific community.
2) The framework shall be based on a strong empirical fundament.
Each one of the “theories” in the frameworks included in this thesis fulfils these criterions.

The theory about associative networks is widely accepted among psychologists and marketers and so is the work of Keller based on this theory. One strength about the theory about associative networks is that it is based on very strong empirical fundament.

The function and the design of a product in itself, in this case; the place – plays a key role in the process to capture interest from a consumer (in this case the business investor) as well as in the purchase decision process. The empirical fundament is strong for this as well for that the promotion also does matter; for example a quantity of trustworthy professors have stated that word-of-mouth can have a strong degree of influence in a purchase decision.

Positioning is one of the most widely used methods (and “theories”) in marketing. It is also based on a strong empirical fundament. The “theory” is also well compatible with the models and theories that Keller uses.

The theories about market imperfections are generally accepted in the scientific community. They are also based on strong empirical evidence.

The important reason for why it has been possible to use theories, concepts and models from the two different disciplines is that market imperfection theories do not assume a perfect market with unlimited amounts of information. On the contrary, inadequate information is considered to be a problem in marketing imperfections theories.

There are also three more reasons for the choice of theories, concepts and models from two different disciplines:

1) A place is not a commercial enterprise; it is much more than so, it is a collection of commercial and non-commercial actors and people, in a certain social, political, and geographic setting. In order to analyse the complex research problem the writers deemed it beneficial to use theories, models and concepts from the marketing area as well as the area of economics.

2) A place also is a highly complex “product” consisting of a number of elements that influence each other. It is therefore interesting to take into account market externalities.

3) In order to analyse the complex research problem the writers deemed it beneficial to use theories, concepts and models from the marketing area as well as the area of
economics. An approach strictly limited to the natural “boundaries” of academic disciplines would have been one sided and left out issues of major importance.

As always, theories have weaknesses. Few theories are perfect. It is – in particular – important to be aware of that exact, detailed knowledge about how the human mind works still does not exist. In addition to this, the theory about economics have been criticised for being built on unrealistic assumption.

2.7 The final model

There are limitations when it comes to use theories one and one; therefore the writers have created a pedagogic model, the so-called DH-Dubai model (see figure 3 on page 35). The model sums up the structure of the theory chapter, explains how the theories are related to each other and how information about a place reaches the mind of the consumer. The DH-Dubai model consists of four circles and a background, each circle represents an area of importance: the place, the promotion, the clutter, and the mind. The market imperfections are found in the background.
3. Framework

In this chapter, the framework, concepts and information about market imperfections, the place, promotion, flow of information and clutter, and the nature of the human mind are presented. The theories and the concepts have their origin in two different disciplines: economics and marketing.

In the first part of this chapter, information about the place – phases of trouble, place development, and attracting and keeping businesses – is presented.

In the second part of this chapter, information about promotion – mainly about publicity and word of mouth – is presented.

In the third part of this chapter, information about the flow of information and clutter is presented. The vast increase of the amount of information in the world that competes for our attention has profound consequences for all marketing activities.

In the fourth part of this chapter, information about the nature of the human mind, brands and positioning is presented. The mind – and its way of functioning – is of outmost importance for all promotion and marketing activities.

In the fifth part of this chapter, information about market imperfections – externalities is presented. Market imperfections are of vital economic importance and influence most economic activities.

In the end of the chapter, the theories that have been presented in this chapter are summarized in a model, the DH-model. This model shows how the theories are related to each other and how they are used to answer the research question.
3.1 The Place

In the work to attract business investors – the place in itself is a key player.

3.1.1 Phases of trouble and of strong development

Kotler (1993) means that all places, even though some have more problems than others, sometimes get in to situations of trouble. The reasons can be found in major industries shuttering down or moving out that also lead to problems for local suppliers which in turn lead to even more unemployment. In the end companies as well as people emigrates from the place which leads to less incomes for everybody. Fewer people shop in the grocery stores and shopping malls, and the community of the place get problems to fund health care, school and other public services as for example transport infrastructure. If the development of a place starts to move in the wrong direction it does not take long until the place reach an higher amount of crime and drugs – the place gets more insecure. However, (Kotler 1993) there is one advantage of such a destructive development as described; the happenings can in the future form a historical, culture and political asset and work as a turn-around-platform for the right kind of leadership and vision. As the next step after leadership and vision Kotler states that a base to reach a situation of strong positive development is to make the place attractive. He writes that a place can be assumed to be attractive if there are (Kotler 2003, p. 5) “1) new industries that starts up, 2) job opportunities are strong, 3) Life quality is attractive”. As a consequence Kotler means that the mentioned steps will lead to immigration of new residents and visitors as well as of new business investments. Nevertheless, as a result of this positive development he also sees a situation with higher prices for real estate and a transport infrastructure system that is not enough.

3.1.2 Place development

A place has to be developed and formed for the target groups whose needs it wants to satisfy, indicates Kotler (1993). For this task four different steps may be used; develop/design, infrastructure, services, and attractions. The first step is about that the place needs to develop an own character; it is about urban design; to plan and create a place that give opportunities to further develop. It is about to create a framework for a place, and a way to do it is to take advantages of the location of the place in itself; (Kotler 1993 p. 100) “Historically, places have formed next to natural harbors, natural river connections and along canals..”. The second step is to develop a system of infrastructure; a system that makes it possible for people to move around and act in the place. Kotler takes New York as an example when he doubts that it would be able to maintain its position as a financing centre if there were no well
functional infrastructure systems as subways, ferries and bridges to move people in and out of Manhattan with. It is important that the development of the infrastructure goes hand in hand with the development of the place as a whole. (Kotler 2003) An infrastructure system that is coming after the development of other elements in a place creates an unbalance. A good infrastructure system does not work as a guarantee for a success but Kotler (1993) indicates that a poor system may be a serious burden for a place. The third step is that the place has to be a good service provider, a provider who gives quality service to the public and business; service that corresponds to their needs, states Kotler (1993). Safety is a key factor; everybody has to feel safe to be able to concentrate on their daily tasks. This put a demand on services such as police, fire and health care. The fourth step is to create attraction. (Kotler 1993) It is an important distinction between a place that works and a place that is attractive. The density – one or many – and the quality of attractions and events is a variable that give an understanding if a place is attractive for a target group, or not. Examples of attractions are natural beauties as nice beaches and lakes, features as water fountains and floral displays, history sites as scenes of old events, marketplaces as shopping malls or streets, Cultural attractions as museums, Sport arenas and their events and occasions, and buildings and monuments. Talking about buildings and monuments Kotler (1993, p. 132) writes “consider the countless millions who over thousands of years have visited the Sphinx, the Pyramids, or the Coliseum”.

3.1.3 Attract and keep business

(Kotler 1993) To be successful to attract businesses the place has to be aware of its strengths and its weaknesses compared to other places talking about criteria as costs, location, access to customer and supplier market, infrastructure, quality of life, taxes and regulations, and caring and supportive environment functions. These criteria are examples of what business investors think are important. Kotler (1993) states that which ones are the most important depend on the type of sector and each business’ special need. A to clearly focus on new business, for example working with incentives pointed only to new businesses, may cause damages on the relations with existing businesses. Thus, Kotler (1993) means that it is important to find a balance on supporting strategies and activities towards a broader range of type of businesses – new business as well as existing business. Otherwise there is a risk of loosing existing companies.

3.1.4 Summary the Place
The place in itself is a key player in the work to attract investments. All places have their times of ups and downs. A place that is working with place development has to
have the needs of its target groups in mind; and always try to be aware of its strengths and weaknesses.

3.2 The Promotion

(Wikipedia 2006) Promotion is a general term of bringing a product to public attention and covers a number of activities from advertising and event sponsorship to sell activities and publicity.

(O’Guinn, Allen & Semenik 2003) To be classified as advertising the transfer of the message has to meet three criteria. First, it must exist a sender, the sender is called a sponsor, and the activity has to be paid for. The second criterion is that the message has to be transferred to the receivers via a mass media, and the third criterion is that the attempt with the message has to be to convince. (Onkvisit & Shaw 1990) Thereafter exist three different strategies that the sponsor can choose of when it wants to advertise on the international market; 1) Standardization – in the age of globalization there is no need to adapt to the potential target groups due to different backgrounds. We are all the same. 2) Individualization – due to for example cultural differences the potential target groups are different and it is important to adopt the message/form to each group. 3) Compromise – in the age of globalization it is possible to homogenize the advertising in some parts, but in others there exist local distinctions and here it is a need to adopt the message/form. Related with advertising is event sponsorship. (Meenaghan 1991) However, event sponsorship has many times been understood as more of an aid activity, even though the general aim of the sponsor is to raise its sales. (Gwinner 1997) There are a number of different event types; such as sport, music, and theatre. In the choice situation of choosing type of event the key criteria, in the promotion perspective is that the image of the event is positive in the sponsors’ target group. Another form of event is a trade fair, for an exhibitor this event is to be seen as a sell activity (Gopalakrishna, Lilien, Williams & Sequeira 1995) that aim to support sales directly on the spot, even though it also partly work as an advertising activity that supports sales over some longer time. Advertising, event sponsorship and a sell activity as a trade fair is direct bought promotion – publicity and public relation is not. Publicity in mass media is information that sends via a neutral sender – due to this it is in general understood as to be more reliable than bought promotion. (Dore & Crouch 2002) The publishing of information is ruled by news media and depend on the news value. (Karlsson, Kindblom & Welinder 2005) Roger Bengtsson, a Swedish journalist and media teacher, states that strong news is something that brings a consequence to the future. He means that someone who wants to get news broad published has to bring news that is; new – it is something that others do not have, high – it has to reach through “sigh, what is so special with this?”, and striking – it has to have an effect on its
receiver; the reader, the viewer, and the listener.

(Trot 1996; Silverman 2001) Publicity has become more and more important, and so has also word-of-mouth. (Silverman, 2001) In our over communicated world where the amount of information increases sharply the world-of-mouth is becoming more and more important. World-of-mouth is: “communication about products and services between people who are perceived as being independent of the company providing the product or service, in a medium perceived to be independent of the company”. In a matter of fact, it is often a marketer’s illusion that information is directly transmitted from a company (or organization) to a consumer. Information is often transmitted to experts or ordinary consumers and mixed up with personal experienced from consumption.

Word-of-mouth acts as a substitute for actually trying the product (which is the most desirable solution). (Keller, 2003) The efficiency of world-of-mouth depends on the fact that Friends and relatives have higher credibility than anonymous companies. (Fred Rechfild, 2006) The rate of world-of-mouth communication has become the most important market indicator in marketing. (Stern and Gould, 1988) Four out of five decisions to buy something are based on direct recommendations from other persons. Word-of-mouth is built on experiences – this means that a product has to give positive experiences if a consumer is going to recommend it. Positive word of mouth can be a very strong marketing tool. Negative word-of-mouth can have even stronger effects, then with potentially devastating effects.

Of the above mentioned promotion channels (Keller, 2003) the most effective next to world-of-mouth, is publicity via media. The least efficient information comes from advertising. The advantage of an efficient source of information (world of mouth or media) is that strong links between the mind and an association connected to the brand is formed in a short time.

### 3.3 The flow of information and clutter

(Trot 1996) The flow of information in our society is increasing fast. A combination of new mediums, more products and a fractionating of the old communication channels have made US (and many other western countries) to the first over communicated societies in the world history where people becomes less and less receptible to old ways of communicating. First of all, consumers increasingly filter out commercial messages by avoiding to be exposed to them. Second of all, the perception has become more selective than before. A consequence of this is that fewer and fewer commercial messages are being perceived. Third of all, less and less commercial messages are being remembered when the consumer has been exposed to a message and perceived it. (Du Plessis 2005) In general, the increase of advertising in TV, newspapers and radio has lead to decrease in the effectiveness of advertising. According to Adtrack – an advertising database – the recall of an
advertising message shortly after a person has been exposed to it has fallen from 18 percent to 4 percent in US. Large falls of recall has also been noticed in Europe. According to a quote from David Ogilvy: “Roughly six times as many people read the average article as the average advertisement. Editors communicate better than ad-men”. (Belch, 2004) Despite that advertising have been more prevalent in US than in the rest of the world – for instance almost one third of the broadcasting time in US consists of advertising – the vast amount of information reaches consumers from non-commercial sources; although PR can influence these sources.

(Trot 1996) One character of the information flow today – related to how organizations communicate internally and externally, not to advertising – is that the information flow the last forty years has became more and more complicated, a tendency that is blocking efficient communication. According to Peter Drucker, simplicity has become vulgar, an unproductive change. A society based on information is dependent on transmitting information, not to hide it.

3.4 The mind

This chapter explains how the mind works, what the sources of brand equity are and finally how brands are positioned.

3.4.1 Perception

(Fäldt 1997) Perception is the process that occurs when information is received, handled and interpreted of the brain. In order to handle the vast amount of information that constantly bombards our five senses, perception is selective. Mechanisms in the brain sort out most information that enter our senses. When attention has been given to a certain stimuli the information about the stimuli is sent to one of several association centers in the brain. For each sense there is a different association center. There is one center for visual information and another for auditorial information. In the association centers the information about the stimuli is compared to old information – images – stored in the memory in a matching process. (Passer & Smith 2004) The result of the process – called top down processing – is that a certain stimuli is given a meaning, dependent of what kind of information that has been stored in the memory at another point of time. (Fäldt 1997) Since people are different they – consciously or unconsciously – give attention to different kinds of stimuli. The selection of stimuli that a person attends to is based on individual needs, interests and feelings. Also previous knowledge, experience and expectations are important factors that determine what a kind of stimulus a person attends to. (Passer & Smith 2004) Despite that attention is highly influenced by personal factors, there are also some common denominators among factors that attract attention. Generally
speaking stimuli that are intensive, new, moving, contrasting and repeated generates widespread attention. (Hoyer & MacInnis 2004) Marketers take advantage of the knowledge about how perception works in their marketing activities. They try to attract attention by making stimulus personally relevant, pleasant, surprising and easy to process. One of the most successful ways for attracting attention is to make personally relevant, so it corresponds to a person's needs, goals and values. Another successful way for attracting attention is to make a stimulus pleasant. In for instance advertising products often are associated and promoted by attractive models. It is also common that music and humor is used for selling products. A third successful way for attracting attention is to advantage of the attention that surprise, the unexpected and novelty generates. The fourth way is to make a stimulus easy to process. In this case marketers make stimuli prominent, contrasting and concrete.

3.4.2 Long term and short term memory

(Passer & Smith 2004) There are three different kinds of memory: sensory memory, work memory and long term memory. The sensory memory handles the information for one or a few seconds until the information that is perceived is sent to the short term memory. The short term memory is restricted to handle only a limited amount of information, usually five to nine information units. If the information in the short term memory is not passed on to the long term memory within 20 seconds the information is for ever forgotten. The only way of keeping information in the short term memory is by rehearsing it. Only a fraction of the information that enters the short term memory enters the long term memory that however is not limited by capacity. Generally speaking, information that consists of both visual and verbal information is better stored in the memory than information that is either visual or verbal. Most transfer of information to the long term memory needs effortful processing, root rehearsal is not an efficient method for learning new information.

(Passer & Smith) Retrieval of memories is influenced of two factors: the context where the memories are formed and state the person was in when the memories where formed. Regarding the context where memories are formed it is easier for a person to retrieve memories when the context is the same – or as close as possible – to how the context was when the original memory once was formed. This is the reason for a policeman always brings a victim back to the place where the crime took place. The context – the environment – brings back memories. In the same way as retrieval of memories is enhanced when the context is the right one, retrieval of memories is enhanced when the state of the body is the same as in the situation when the memory originally was formed. It is easier for person in a good mood to remember good memories than for a person in the opposite mood. The state of the body and the context information is presented in matters for retrieval of memories, and then also for the brand related information.
One of the strongest characteristics of the human mind is not its ability to remember, but its ability to forget. There are also certain circumstances when learning is blocked of several of reasons. Learning is blocked when new information interferes with old information. This is called proactive interference. In addition to this new information can block recall of old information, retroactive interference. As earlier mentioned, people do forget. Depending on the meaningfulness of information the memory loss varies from being large to almost total. When information is less meaningful (such a vocabulary of little or no meaning) three quarters of them are forgotten in one months time. When information is more meaningful as the ability to speak a foreign language, sixty percent of the knowledge is forgotten in two years time, then after this period of time, memory declines significantly slower than before (fortunately). Memories are also influenced of schemas (a brand is a schema), distortions and misinformation effects. When information enters the mind it is often changed to fit earlier schemas, the memories are distorted. Since schemas are different in different cultures, one person from one culture is inclined to involuntarily distort information from another culture, in particular if the culture is differs a lot from the original culture. Memories also have a tendency to be reconstructed – the misinformation effect. Later additional information can – without purpose – change earlier memories. Just the mere choice of words in a question can for instance influence an earlier memory. Memory distortions are one reason for why witnesses to crimes often recall different histories and for why innocent people are convicted to jail; however, it is important to remember that these effects are not only limited to personal memories, all memories risk being affected of various kind of distortions.

3.4.3 Brands are associative networks

In our society knowledge is valuable, in particular the knowledge that consumers have about brands. According to AMA (the American Market Association) a brand is defined as a: “name, term, sign, symbol, or a design, or combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”. The value of a brand CBBE (consumer based brand equity) can be estimated by comparing two identical products with each other, one with a brand name and one without a brand name. When a consumer is willing to pay more for a product with a brand name than a product without a brand name, the knowledge of the consumer is valuable, CBBE is positive, otherwise it is negative.

Most things can be branded: physical goods, services, retailers, distributors, online products, organizations, persons, sports, arts and geographic locations. When a geographical location – a place – is branded the name of the place is relatively fixed, what are flexible are the associations that can be connected to the
name. (Ward, 1998) Places have a long history of being marketed (and branded). Everything from new land in the “Wild West”, idyllic suburbs, holiday resorts and post-modern cities have been marketed. Marketing of places have been particularly intensive in southern US. A challenge for Trade Commissions and Trade Councils often has been to try to change unfavorable perceptions of places. (Keller 2003) Reality does not always equal to perception. The world sometimes changes faster than perceptions do.

(Passer & Smith 2003) The mind can according to the *associative network model, figure 1*, be seen as an enormous network of associations (*nodes*) connected to each other. Exactly how the associations are connected to each other varies from person to person and from culture to culture. (Hoyer & MacInnis 2002) A set of associations connected to a concept (also an association) is called a *schema*. There are schemas for almost everything in the mind: people, places, products, brands, genders, product categories and our self, the self schema. (Keller, 2003) The most relevant schema – in this thesis – is the brand schema. A brand schema consists of a brand node (also called concept or association) and set of nodes (associations) connected to the central brand node. A brand schema is also more well-known under the name, *brand image*. An ideal brand image (brand schema) is constructed of a salient brand node and a set of unique and positive associations strongly linked to the brand node. Strong *links* between the central brand node and the association that surrounds it are important.

Figure 1, Brand node, Keller
In order to create CBBE (consumer based brand equity) it is necessary for a company (or a place) to do two things: create brand awareness and/or create a brand image.

Brand awareness exists if a consumer recognizes or recalls a brand. When a consumer recognizes a brand he or she is able to discriminate from other brands. When a consumer recalls a brand he or she spontaneously can remember a brand if a brand category, a situation or a cue (can be almost anything) is presented. Generally speaking it is easier for an organization to create recognition than recall. The existence of a brand node – in the mind of the consumer – is a prerequisite for brand learning. Without a brand no learning will take place. The existence of high brand awareness is also important for increasing the probability that a brand is added to the consideration set of a consumer. Increased recognition – strengthening of the brand node – is created by repetition. Increased recall is created by connecting/linking the brand node to appropriate brand categories and usage situations.

A brand image – is as earlier mentioned – created by linking associations to a brand node. Ideally, the links are strong and the associations unique and favorable. Strong links, unique and favorable associations are critical for creating CBCE (consumer based brand equity). How strong a link is depends on how many times the association has been associated with the brand node and how this has been done. Deep thinking/processing of information is better than shallow superficial thinking. Learning is enhanced not by rote rehearsal, but by elaboration. The ultimate way of learning new information is to organize the information, relate the information to earlier knowledge and by applying it to “your own life”. It is easier for a company to create a strong brand – a brand with strong links to favorable and unique association – if the information that the consumer receives is personally relevant and consistent. Despite that, it is not uncommon that companies change the message in the communication to often. Besides strong links to associations, it is also important that the associations themselves are perceived as favorable of the consumers. Favorable associations are relevant and desirable. A relevant association is related to the needs and goals that a person has in his or her life. A desirable association is believable and distinctive. In the long term it is also of vital importance that the company delivers its promises, otherwise the company will lose credibility, and the associations won’t be believable. In addition to building strong links and favorable associations, it is also important to build unique associations. An association is defined as unique if no other brands – in the mind of the customer – share the association in question. Unique associations are important for positioning the brand. When an association is unique it exists a – more or less good – reason for buying a product. Not all associations are; however, unique, some associations are shared with other brands. Also such association might be valuable, since the brand can avoid being excluded in
the purchasing process when it is compared with other brands. (Passer & Smith) In addition to being important when a company tries to position a brand, information that is unique, distinct also is significantly easier to remember. The human mind is predispositioned to remember distinct information – and in particular – distinctive life events. Personal, distinct information form the basis of our memories.

(Hoyer & MacInnis 2002) The brand knowledge in the mind is usually categorized in taxonomic or goal-related categories. In a taxonomic structure items that resembles each other are placed in the same category (Spain and Greece are both warm places). In a goal related category items that relate to the same goal are placed in the same category (when a person goes abroad he or she needs tickets and a suitcase). (Keller, 2003) In the same way as a brand node has associations linked to it, a category (taxonomic or goal-related) has associations linked to it. Since it is highly desirable to link a brand node strongly to category, a brand will be influenced of the associations that already are connected to the category node. Consumers will assume that the most important associations that are linked to the category also are valid for the brand that is linked the category.

(Keller 2003) One way of strengthening a brand is to connect secondary associations to it. This is currently often done by co-branding, associating a company with the right distribution channels, licensing and celebrity endorsements. By taking advantage of – for instance – celebrity endorsement a company can draw attention to a brand and – in addition to this – shape perceptions about a brand. It is also possible to associate an event such as the Olympic Games with a product or place.

3.4.5 Brand building

(Keller 2003) In the same way as the construction of a new building, see figure 2, follows certain logical steps, the construction of a new brand follows certain logical steps. In the first step, awareness about the brand is created. It is important that consumers (or business men) easily can recognize and recall a brand. In order for this process to work, it is important to link the brand to the right product categories. In the second step, functional and non functional associations are created. The functional associations that relate to a products performance are essential for a brand. The primary influence is the product itself. A good product (which can be a geographical location) satisfies the needs and wants of a consumer and meets or – in best case – exceeds the expectations that the consumer has. The functional associations that relate to product performance can be categorized as associations about: reliability, durability and serviceability and price. In addition to functional associations, non functional associations are important for a brand. Consumers have wide range of ideas that are not directly related to how the product performs, but to intangible factors such as what kind of people use the product, how the idealized user can be
described and what personality the brand has (brands can be described with personality traits). Associations relating to the non functional aspects of a product also often includes where the product is sold and from what country it comes. It is possible to associate the beliefs about a country with a product. (Kotler 1999) It becomes more and more common that consumer chose products based on where they have been manufactured. (Keller 2003) In the third step, judgments and feelings about the product is created. (Hoyer & MacInnis) A judgment in an estimation of the likelihood that a product will perform in a certain way. (Keller 2003) A consumer forms judgments about the quality, credibility and the superiority of a brand. When the consumer perceives a brand is superior to other brands the consumer is more likely than otherwise to connect strongly with the brand and form a more active relationship with it. In the same way as judgments are important for a brand, feelings are important. There are six different kinds of feelings that the perceptions about a brand can give: warmth, fun, excitement, security, social approval and self respect. In some cases feelings are only accessible when the consumer uses the brand; in that case the company basically is able to sell emotions, feelings. In the fourth step, brand resonance is created. Brand resonance is characterized by true loyalty, attachment, a sense of community and in best case an active engagement in the brand (being an ambassador). True loyalty to a brand is manifested in repeated purchases of the brand and purchases that do not end abruptly when the price of the product is changed or on the fact that there only might be one product to choose. Attachment is a deep emotional connection with the product, a consumer that is deeply attached to a product “loves” the product, he or she in “in sync” with the product. Some brands also manage to build communities – of fans - around a brand, in this case the brand becomes a prerequisite for membership and affiliation in a community and the company as well as the consumers can benefit from this arrangement. (Keller 2003) Brands have different characteristics and the by far most brands do not have the rich set of associations (elements) that a brand that has gone through all the four above mentioned steps. It is also important to remember that the associations about brands to some degree are individual.
3.4.6 Positioning

(Trout 1996) Consumers are bombarded of a constant stream of commercial and non commercial messages. The limited mind cannot handle the vast amount of information; it handles the situation by only accepting simple messages that fits with earlier experience and knowledge. The mind is insecure, do not want change and dislikes confusion. It is hard to change the perceptions of what is true or not, when they already have been established. The theory of positioning is a theory – originally developed of Al Ries and Jack Trout – that facilitates the "life of a company" in an environment characterized by overflow of information.

(Söderlund 1998) In the mind of the consumer products does not exist independent of other products. The customer often can chose between a numbers of products that are similar to each other. The consequence of this is that products have positions – places compared with other products – in the mind of the consumer. Some products are similar to each other, some are not. It exists three main methods for identifying positions. In the first method consumers are asked to rate how similar products are compared with each other on different dimensions. In the second method consumer are asked to rate to which degree a product has certain characteristics. The products then can be compared with each other. In the third method, the consumer is asked to which degree she prefers certain product compared with other products. When the positions of the products has been identified by marketing research, the positions of the products are visualized on a two dimensional map with one horizontal X-axis and one vertical Y-axis. The name of this – relatively simple – method is Multidimensional Scanning (MDS).
Positioning is the act that consists of designing an offering or an image in a way that is occupies a certain place in the mind of the consumer. In this process that consists of a number of steps, the position of the company, the competitors are identified, then the company decides whether the positions is desirable or not. There are four different positioning strategies for companies to choose between.

When a company uses the first positioning strategy, it tries to strengthen its current position. The car rental company Avis and Coca Cola both have used this strategy successfully. Avis turned the disadvantage of being number two on the car rental market by using the advertising message: “We are number two. We try harder”. Coca Cola strengthened its position further on the soft drink market by using the advertising message: “Coke is it”. When a company uses the second positioning strategy, it tries to establish itself in an unused position. Volkswagen used this strategy when “The Beetle” was introduced. When most cars were big the company introduced the small car with the unconventional advertising message “Think small”. Small cars had existed prior to the Beetle, but Volkswagen was the first company to take advantage of the unused “small category” in the mind of the consumer.

When a company uses the third positioning strategy, it tries to reposition its competitors. The American brand Beck used this strategy to fight the competitor Löwenbrau. Beck used the advertising message: “You’ve tasted the German beer that’s the most popular in America. Now taste the German beer that’s the most popular in Germany”.

When a company uses the third positioning strategy, it tries to search membership in the exclusive club. Puerto Rico used this method for marketing itself as an attractive tourist destination. In an advertisement, pictures were showed on two exclusive tourist destinations, Hawaii and Monaco, then the reader of the advertisement was recommended to go to the new world, Puerto Rico.

There is some confusion about how many advantages a company shall emphasize in its communication. According to Ries & Trout a company shall emphasize one unique advantage. Other writers suggest that a company can emphasize two or even as many as three advantages in their communication, but not four advantages, since this risks causing confusion, an unclear position in the mind of the consumer.

In order position a brand in the mind of the consumer it is important to create PODs (points of difference) and POPs (points of parity). A POD is an association that is strongly linked to the brand node. A POD is also unique and favorable. When a consumer chooses between different products a POD gives he or she a – more or
less compelling – reason for buying the product and not a competing one. A POD can be an association that is related to the performance of the product, but also a less tangible association (imagery). Many strong brands try to make superiority to a POD. A problem for companies that tries to establish several PODS are that they often are negatively correlated with each other. For instance a consumer often finds it unrealistic that a brand both can have low price and high quality, regardless weather this objectively is true or not. A POD shall ideally be relevant for the target market, distinct and believable. Another association that is important is the POP is an association that is not unique, but nonetheless important. When a brand shares associations with other brands this can negate reasons for buying another brand. POP are also important for defining category membership for a product.

(Keller 2003) When a company positions a brand it is important that the position is well chosen. Ideally the POD that a company chooses to communicate is supported of adequate amounts of resources, is based on a sustainable competitive advantage and – in addition to this – it is important that the POD is easy to communicate to the end user.

(Kotler 1999) A company must avoid four traps when it positions itself. First of all a company must avoid to under position itself. A consumer who buys a product from a company that has under positioned itself only have a vague idea about what the company stands for. Second of all, a company must avoid to over position itself. In this case the picture that the consumers have of the company is too limited. Third of all a company must avoid to position itself in a confusing way. A company cannot constantly change its position and communications. (Trout 1996) The mind does not like confusion. (Kotler 1999) Fourth of all, a company must avoid using a doubtful position. It is necessary that the consumer believes in the advantages that the company tries to communicate to the customers.

(Ward 1998) In the early 20th century English holiday resorts often positioned themselves as breezing, windy. A breezing place with little sun was – at that point of time – considered to be an attractive destination. The reason for this is that windy weather was believed to promote good health. A breezing place (very conveniently England) was even considered to be a prerequisite for developing an advanced civilization. After WWI believes about windy weather and the value of pale faces changed and warm places with sun became more attractive. The holiday resorts changed their communication and started to emphasize the warm weather and the number of sun hours a year (often based on a more than liberal interpretation of weather statistics). When mass tourism became more prevalent, the idea about the good weather on the holiday resorts lost its credibility. It was not possible position holiday resorts as warm sunny blazes without breeze. Companies (and places) shall avoid doubtful positioning.
3.4.7 Summary of the chapter mind

This chapter describes important aspects regarding the functioning of the mind: perception, memory and associative networks. The chapter also briefly describes how brands are being built and positioned.

3.5 Market imperfections

A market economy is seldom one hundred percent efficient, there are inefficiencies caused by externalities and information asymmetries. (Pindyck, 1998)

3.5.1 Externalities

(Pindyck 1998) In every society – in US, Europe and Asia – exists externalities. These externalities arise between producers, between consumers or between producers and consumers. An externality exists when the costs or benefits of an action influence another party, often consumers that are not involved in the original purchase of a product. An externality that benefits a party is positive and an externality that imposes a cost on a party is negative. Both positive and negative externalities influence the efficiency of a market economy. When a positive externality exists, too little products are produced. When a negative externality exists, too much products are produced. In both cases, the market economy works less efficient than it potentially could have done. The allocations of products are not optimal. See table 1.

(Pindyck 1998) The theory about externalities has been used to analyze various kinds of problems that has affected us, affects us now, and will affect us in the future. Environmental problems have received most of the attention. Other problems such as the decline of the commons in England have however also been analyzed with this theory.

(Pindyck 1998; Dufwenberg 2000) In order to correct inefficiencies caused by externalities a wide range of tools can be used. The use of the tools has to be adapted to the situation. Most commonly used are subsidies and taxes, production limits, new markets, changes in legislation and bargaining.

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<th>Methods to increase market efficient</th>
<th>Effect</th>
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(Pindyck 1998) In the case of bargaining process there are certain disadvantages. If the bargaining process is expensive, if there are many stakeholders involved in the process and if the property rights are unclear, the advantages of bargaining are substantially reduced. In addition to this, the question of weather to use taxes or production limits/quotas to decrease demand for a goods with negative externalities depends on the elasticity of the demand and supply for a goods. When demand and supply is elastic it is recommended to use taxes, otherwise production limits/quotas are preferable.

(Pindyck 1998) Externalities exist in our everyday life. When – for instance – a person repairs a house or creates a beautiful garden, this does not only affect the person who pays for the repairs, but also neighbors and by passers. The result of these externalities are that buildings and gardens are not as well maintained and cared of as they could have been if externalities were taken into account. A not yet optimal situation exists.

(Ward 1998) In marketing buildings often get alternative uses, than their primary one. Skylines are used to market cities and so are the often impressing buildings along Main Street in cities. When city change, change itself is manifested and promoted by new buildings projects. Buildings can change the perception of places. For instance the tallest building in Docklands – London – was more than a building; it was a challenge to the traditional financial district in City, an icon of the new financial district. Buildings have externalities and sometimes rather unexpected ones.
3.6 The DH-model

The DH-Dubai model, *see figure 3*, describes the relation between the following five factors:

1) The place – phases of trouble, place development, and attracting and keeping businesses.

2) Promotion – mainly about publicity and word of mouth.

3) The vast amounts of information – information clutter – that a message has to break through in order to reach the mind.

4) The nature of the human mind which can be broken down to factors such as: selective perception, long and short term memory functions, organization of information in associative networks etcetera.


*Figure 3, DH-Model, developed by the writers*
4. Empirical information - interviews
Here follows interviews of selected specialist in different areas, the interviews have been done in Sweden and United Arab Emirates.

4.1 Interview with Fredrik Braconier, Journalist Svenska Dagbladet
The writers interviewed Fredrik Braconier to get an opinion concerning if journalists in general write or could write about a place, like Dubai, even though there were no press releases made.

In a period of five days in the end of Mars 2006, the Swedish newspaper Svenska Dagbladet presented four different articles regarding Dubai in its business enclosure Näringsliv. The articles were about Dubai World Cup – the world famous horserace, Burj Dubai – which will be the world’s tallest building, Mall of Arabia – which will be the world’s biggest shopping mall, and about the fashion retailer H&M decision to open up stores in Dubai.

The writers contacted the journalist Fredrik Braconier, the journalist behind the Burj Dubai-article, to get information regarding the reasons of the publications of the articles about Dubai.

Braconier states that his opinion is that articles about Dubai are written due to the incredible projects and happenings that are going on their. He means that in general the newspaper has not received a press release for the articles that they write about Dubai. The reason is instead that the projects and the happenings in many times are seen as world news with high news value. Braconier explains that journalists of today are following an extremely high amount of sources from all around the world and if they get the knowledge that somebody is construction the tallest building in the world as in the case of Dubai – it has to be written about.

4.2 Interview with Bassam El Mattar, Product Manager Fritidsresor
The writers interviewed Bassam El Mattar to get information regarding how come that the company Fritidsresor has decided to stake on Dubai as a tourism destination and, to get an opinion regarding Dubai’s strengths and weaknesses for business investors in the tourism sector.

In April 2006 Fritidsresor, a leading Swedish tour operator, announced that it in the coming winter season will have a weakly direct flight between Stockholm and Dubai with its own airline TUI Fly Nordic. Fritidsresor, as some of its Swedish competitors,

1 Questions to Fredric Braconier are presented in appendix 1.
2 Read more about the horse race Dubai World Club, Dubai Open and other events in appendix 2.
3 Read more about Burj Dubai and other buildings/building projects in appendix 3.
4 Questions to Bassam El Mattar are presented in appendix 4.
has in years offered the destination to its customers, but not with own direct flights; only with scheduled flights via mayor cities in Europe.

Bassam El Mattar explains that Dubai not had any special market activities made to attract Fritidsresor; instead it was Fritidsresor that by its own had started the work to look on the possibility to start flying to the destination.

He means that Dubai in Sweden is seen as an exotic destination and that it is in the spot thanks to all the happenings and media coverage of the Emirate. Also, he mentions other advantages as; “Dubai offers a perfect climate, great shopping, and it is not far off”. The latter means that people that only have one week vacation and think that it is to far to travel to Brazil or Thailand for only one week, get another alternative on the side of the Canary Islands and Egypt.

El Mattar puts a minus to the relatively high price level in Dubai, but believes that this is exceeded by the above mentioned positive facts.

4.3 Interview with Mats Jonsson, Director Dubai Nordic

The writers interviewed Mats Jonsson to get information about Dubai Nordic and Dubai.

Dubai Nordic, located in Stockholm, is one out of 14 branches that Dubai’s Department of Tourism and Commerce Marketing has around the world. Mats Jonsson is working in the office together with his colleague Göran Nilervall and their task is to promote Dubai in the Nordic countries – for tourism and businesses.

Mats Jonsson sees a big market advantage in the fact that it is so many things that all the time is happening in Dubai. Another main advantage is the great willingness of the Emirate to always develop in all areas to make it as comfortable for everybody to visit, live and act in Dubai. As an example of the development to makes it easier – he shows the writers an e-pass that regular visitors to Dubai use every time they enter Dubai instead of their regular passports. One finger on a fingerprint reader and the e-pass-card into another automatic reader – some seconds later it is only to enter the Emirate. Jonsson also finds important advantages in Dubai’s security, its climate, the conference and convent opportunities, and the growing in itself; more and more people and companies come to Dubai which attracts even more.

On the question which is the mayor disadvantage he mentions the Nordic peoples stereotyped opinion about Ramadan. He means that people believes that it is not possible to have a vacation or hold business meetings in Dubai during the religious

5 Questions to Mats Jonsson are presented in appendix 5.
6 Read more about Department of Tourism and Commerce Marketing in appendix 6.
7 Read more about safety and stability in appendix 7.
fast. Jonsson clearly states that this is a misunderstanding – “it is no problem at all to visit Dubai, for tourism or business, during Ramadan.” He also is concerned regarding the negative connotations that the region name Middle East has today, and means that maybe the word Orient would be better.

Jonsson describes that Dubai has chosen to become the hub of its region and that money that are invested comes from three different sources; local private investors, local government oil money, and international investors.

Dubai gets more and more attention in the Nordic media. Nowadays there is a daily average of about 18 newspaper articles that treats the Emirate. The number of articles has increased even though Dubai Nordic “probably” produces fewer press releases today then for some years ago. Different media actors are showing curiosity; for example Jonsson says that the Swedish TV-channel 4 are about to go to Dubai to make a report. With the growing interest also the numbers of visitors from the Nordic countries has had a sharply growth during the last years. For example the numbers of Swedish visitors increased with 35 percent in 2005 compared to previous year, to about 21 000. Also the expectations are high for 2006; “our goal is to increase the number of Nordic visitors from 68 000 in 2005 to 100 000 this year” says Jonsson.

4.4 Interview with Roland Sossi, Head of Swedish Business Council Dubai

The writers interviewed Roland Sossi to get an opinion regarding Dubai as a business hub.

Swedish Business Council (SBC) is a non-profit-organization in Dubai that started of in 1994 and has 120 Swedish companies as members. Roland Sossi is in charge of SBC, which nowadays also representing the semi government body Swedish Trade Council and he runs it together with his colleague Magnus Gunnarsson.

Roland Sossi explains Dubai as an entry point for companies for the whole Middle East-market, including major markets as Saudi Arabia and Iran, and up coming markets as Bahrain, Qatar and Kuwait. He means that Dubai offers a secure and liberal environment with modern infrastructure which makes it quite easy for companies to act in the Emirate. Also, other benefits for the Dubai-account are that the business language is English and that the level of bureaucracy is extremely low. “Contacts with authorities goes fast here”, says Sossi. He also points that Dubai for example constantly looks over the processes for open up business in Dubai; all with the aim to make it easier for foreign investors and business to start projects in the Emirate. He states that the government of Dubai has decided to be a place that attracts companies and means that they are very professional and aware of the advantage of listen to the companies’ needs; to create a better and better business

8 Read more about visitors to Dubai in appendix 8.
9 Questions to Roland Sossi are presented in appendix 9.
atmosphere. Sossi means that one result of this awareness is the free zones\textsuperscript{10} that are attractive among foreign companies due to its liberal tax regulation.

Sossi also describes another strategy of the Emirate. Dubai “creates business opportunities by offering investment projects in form of the many spectacular projects\textsuperscript{11} as The World, The Palm, Dubai Land, Dubai Waterfront etcetera. These projects generate a need of suppliers who in their turn give fuel to the economy. One is creative and innovative to find solutions that can attract capital, which gets in to the Emirate and in turn creates another gearwheel in the machinery of the society.”

An important part for companies having employees abroad is also that their employees and families get on well outside of working hours. Sossi can here see no other practical disadvantage regarding the life quality than the increased traffic problems. He says that the number of cars in Dubai has increased faster than the forecast of the government, but he also says that the government knows about the problem and does try to improve the whole communication situation\textsuperscript{12}. Among the advantages for employees of western companies he finds that Dubai has lightened on some Muslim traditions by allowing a more western way of living concerning for example the role of the women, and the use of alcohol.

Talking about weaker areas Sossi mentions that it is important to remember that United Arab Emirate not is a completed democracy in western meaning, and that it is a young country that still works to develop its legislation to make it more comprehensive.

All foreigner business councils in Dubai, including the Swedish Business Council, operate under the umbrella organization Dubai Chamber of Commerce and Industry. Dubai Chamber of Commerce and Industry endorse the councils with information, which the councils need in their work and/or can forward to companies from their respectively countries. Sossi states that Dubai promotes itself as an open and dynamic place where it is attractive to be and operate its regional business from.

Even though the numbers of Swedish companies that are having businesses in Dubai, inside or outside the free zones, are escalating Sossi means that many more Swedish companies should be here. He indicates that he believes that the knowledge about the possibilities in Dubai and the region not yet has reached all potential companies. He mentions that there should be great opportunities in everything from the building sector, and the field of environmental issue specialists to fashion.

\textsuperscript{10} Read more about Free zones and other opportunities to run business in Dubai in appendix 10
\textsuperscript{11} Read more about The Palms, Dubai Land and Dubai Waterfront in appendix 3
\textsuperscript{12} Read more about transport infrastructure in appendix 11
Sossi says that the construction of buildings is planned to go on with the same high speed for another 7-9 years; and explains it with “Dubai creates possibilities for the future”.

4.5 Interview with Bruno Beijer, Swedish Ambassador, United Arab Emirates

The writers interviewed the Swedish Ambassador Bruno Beijer in United Arab Emirates about Dubai and the marketing of Dubai.

Beijer means that one of the major strengths of Dubai from a marketing perspective is that the Emirate offers investors stability. After the civil war in Lebanon, Dubai has – to some extent – inherited Lebanon’s role as a safe haven for investments in an occasionally politically and economically unstable Middle East.

The Ambassador says that another major strength – to fall back on – in the marketing of Dubai is that the Emirate is a place where it is easy for foreigners to live. He means that the infrastructure in the Emirate is excellent and English is commonly spoken. Compared to other countries in the Middle East Dubai has surprisingly liberal laws.

Beijer states that the administration in Dubai is effective and transparent. The high number of foreigners active in the administration makes it easy for foreign companies and their issues to be understood. If there are (illogical) bureaucratically barriers that block the development of a company, these barriers often can be removed fast, after consulting with high rank officials. On the absolutely highest level in the administration, there however, exists a lack of transparency. The rule – of the Emirate Dubai – can to some extent be seen as a family matter where only a few prominent families are involved. The Ambassador market Dubai – to Swedish companies – as an effective state where decisions can be taken in a short time. The officials in Dubai are keen on listening on the needs that companies has in Dubai. They strive for an improvement on the business climate.

Between Dubai and – in particular – Abu Dhabi there is according to Beijer a competition (although the Emirates also complement each other). The competition between the Abu Dhabi and Dubai is a factor that makes it important for Dubai to have its own marketing organization/structures.

The Emir of Dubai has been an important factor behind the rapid development of Dubai. Beijer means that he has embraced economic growth, technological development and modernity. The Emir enjoys a strong public support among his subjects and contributes to the political and economical stability of Dubai. Most

13 Questions to Bruno Beijer are presented in appendix 12.
subjects are satisfied with the visionary rule of Sheikh Mohammed bin Rashid Al Maktoum.

The Ambassador beliefs that the fast economic growth in Dubai will continue in the future, the size of the population of Dubai will multiply.

4.6 Interview with Hazzam Almarouf, Press and Media section, UAE Embassy Stockholm

The writers interviewed Hazzam Almarouf to get more information regarding Dubai’s market strategies.

The embassy of United Arab Emirates in Stockholm has been open since November 2006 and Hazzam Almarouf states that a main task of the embassy is to build a strong business relation with Sweden. He describes that the embassy has many contacts with Swedish companies that are interested in open up business in UAE, most of them in Dubai.

Talking about the success of Dubai he means that it from the beginning is about politics. It is about a decision about how to invest money from the natural assets. Each actor has its own strategy, but the strategy of Dubai has been to invest them in projects that support its aim to reach a position as a leading economy of the world. However, it is not only possible for local investors to do business in Dubai. Almarouf means that the message from the Emir to the world around is “Impossible is nothing, come to us and invest your money, we will help you, we hardly do not have any demands or taxes.”

Almarouf gives a simplified explanation of how Dubai is working. He says that the first stage is about to build – to create the foundations of the possibilities. The second stage is to attract tourists and companies – “it is about to give them an offer that they cannot refuse”.

When the writers ask Almarouf Dubai’s common characteristics with Beirut in the seventies he describes that Dubai, like Beirut, is a bridge between the Arabic world and the Western world. However he means that Beirut was focused on tourism – but Dubai is focused on tourism as well as on business and the idea is that the two areas support each other. For example people who are here on business take notice of the beautiful beaches and the attractions, and when it is time for vacation they return with their whole families.

No matter if it is a tourist or a company; “Dubai wants to offer them value for money” states Almarouf. He means that the total product – everything from

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14 Questions to Hazzam Almarouf are presented in appendix 13.
infrastructure and buildings to service and tax laws – are there to make everything as simple as ever possible for everybody. This is one of Dubai’s main characteristics – simplicity. For example, with the aim to support the real estate market the Emir has decided that foreigner house owners will get free residence permit. Almarouf means that this is an example of how Dubai is thinking – “what is good for you, is good for us”.

The emirate wants to be a haven for investments, and since capital always is afraid of insecurity – the security is an extremely important aspect. Almarouf states that Dubai is a very secure place, “one of the most secured in the world”, and that this is an important part of the marketing of Dubai. He also sees the security together with the hospitality as the number one strength of Dubai. In third place he puts the possibilities – with this he means the whole environment of Dubai; it is an environment “created to give opportunities” for business as well as for pleasure. Almarouf also mentions the perfect weather conditions and the free-zones as other advantages of Dubai. All these elements together with amazing building projects as the world wide famous hotel Burj Al Arab15 and other activities create the trademark Dubai, he says.

The writers asked if Dubai using Public Relation as an aware strategy? Almarouf states it that it is clear that Dubai is working hard with PR and that is a chosen strategy. The buildings (worlds highest, worlds biggest, world most luxury) are one example and give a lot of attention in broadcasting, Internet and in newspapers. But also it is important for Dubai to been seen and mentioned together with world wide famous stars such as Tiger Woods, Roger Federer, and Zlatan Ibrahimovic in media around the globe. The same with successful company trademarks such as Nokia, Microsoft, and Volvo. It all gives a message that Dubai is something extra – and here Almarouf tells the writers that Dubai goes under the nickname of The Pearl of the Gulf.

Almarouf clarifies that Dubai wants to be a place that people are talking about, that people recommended to their friends and that investors recommend to other investors. He states that Dubai wants to create a lot of things, something for each one, to talk about. He says that word-of-mouth probably is the strongest channel for important messages regarding Dubai and its security, and the possibilities that the place offer.

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15 Read more about Burj Al Arab in appendix 3
5. Empirical information – writers’/potential business investors’ experience of Dubai

Here follows each one of the writers’/potential business investors’ – David Karlsson and Henrik Kindblom – own experience of Dubai divided in; Retrospective introspection – What they knew about Dubai before their trip to the Emirate, and Current introspection – built on their dairy notes from the trip May 7th – May 10th 2006.

5.1 The writer/potential business investor Karlsson’s experience

5.1.1 Retrospective introspection – earlier experience of Dubai

I remember that I in the end of the eighties read about Dubai International Airport\(^{16}\) in a civil flight magazine. And in the following years it came more and more articles about the airport – mainly about the car-airport-lottery and the Duty Free-area. Then the airline Emirates\(^{17}\) started to get space in these flight magazines and all the articles I read about the airline where so positive. I remember that I thought; “this airline must be good”.

In the end of the ninetieth on flights to Thailand the Swedish charter airlines started to make stopovers in the United Arab Emirates, mainly in Sharjah. However, everybody said Dubai. I remember that I did exactly the same; even though my stopover had been on Sharjah airport I told my friends when I got back home that the stopover had been on Dubai International Airport.

In year 2002 I visited Dubai two times, each time for a period of about four days. I went there with friends who worked as flight crew. I stayed on a five star hotel, relaxed on the beach, and ate a dinner at the top floor of the seven star hotel Burj Al Arab.

In the years following 2002 I have heard more and more about Dubai for every day. About enormous building projects, about a striving economic growth, about yearly sport events\(^{18}\) in tennis and golf, about friends going there to play golf, and about Emirates huge orders of big airplanes, its sponsorship of Arsenal Football Club, and the new football stadium in London; The Emirate Stadium.

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\(^{16}\) Read more about Dubai International Airport in appendix 11
\(^{17}\) Read more about Emirates in appendix 10
\(^{18}\) Read more about tennis and golf events in appendix 2
Day one
In the early morning May 7th the captain of our flight park our airliner at the gate and we walk in to the airport. I walked in to a bathroom to brush my teeth – there are some Indians with Air India-labels on their hand luggage, one guy that I recognize from our British Airways-flight – I believe he is an Englishman, and one Arabic man. Going out from the bathroom I look out over a shopping area in the airport and also there I directly notice the great mix of people, people from all around the world.

It is very easy to find around on the airport, big clear signs in every corner. By the luggage band there is a Porsche parked and I realize that this has to have something to do with the famous car-airport-lottery of Dubai. Looking a bit to the left of the beautiful car I see signs for Dubai Duty Free. I ask Henrik if he wants to take a look, and we go inside. I am about to buy a camera; but I am not sure about which one to choose and I think that the prizes are not as low as I had expected. Since the shop assistant is very nice I do not feel any bad walking away from the store without buying anything.

From the airport to our hotel we are going with an Indian taxi driver. When we say that we are from Sweden he says; “Sweden aha.. you know Bofors?” I and Henrik laugh and the taxi driver as well – yes, all of us still remembered the Bofors-India bribe scandal. The driver tells us that he has lived in Dubai during five years, and that his family, wife and three children still live in India. Every month he sends home money, and he also visits his family “one or two times a year I go home” he says. He describes Dubai as an unbelievable place where everything is changing so fast. He says that Dubai is an other place today – compare to what it looked like when he came “..and it is only five years ago..”. Before we say goodbye to him, he says that he like it in Dubai and that he hopes that his whole family will be able to move to Dubai in some years. “It is important that all my children finish their studies in India first – the schools are better there, other things are better here.”

From our centre located hotel we take a walk of only some hundred meters to reach a shopping centre where we plan to have lunch. On the street it is crowded by cars, but we can only see a couple of persons that are walking, even though there are two sidewalks. Soon we understand why there are no people walking outside – it is extremely hot and there is nowhere to run away from the sun; until we see the MC Donald sign. We run inside, and after a fifteen minute lunch I almost shivering with cold. The air-conditioner makes it extremely cool.

In the afternoon we drive around some with our rental car that we will have during our stay. Even though the roads are as broad as up to six lanes each way there is traffic jam. I realize that the city is bigger than I thought and I have some problems to
get exactly control over where we are. We are looking for the Office Building where
the Swedish Business Centre is located, but do not manage to find it. When there is
only a quarter left until our meeting with Roland Sossi we give up. Henrik and I have
to take a taxi.

In the night we go to the beach of the famous hotel Burj Al Arab – famous to be the
worlds only seven star hotel. Some Indians are filming a movie on the beach, the
sunset is amazing and while some still are swimming in the ocean I only sit on a rock
and look out over the ocean. I see four huge ships out on the Persian Gulf, and in the
horizon I imagine a picture of the cost of Iran which is only some ten or so kilometers
away. I think that it as special geographic location that Dubai has; between Asia and
Europe – two in many ways strong economically continents, between two local
giants Iran and Saudi Arabia – the biggest markets in the region and on the same
time strong military powers, in the United Arab Emirates – a thriving economy, and
right by the Persian Gulf.

When it starts to get dark, we drive to Emirates Shopping Mall – the biggest
shopping mall in the world located outside North America. The mall is impressive
and it looks so big from outside. Inside, it is even bigger and we are window-
shopping in stores like Zara, Armani, Debenhams, Gucci, Dolce & Gabbana and
many others. I am having some photos taking for my local driving license and we eat
at the St Moritz Café with a view into the incredible 400 meter long ski slope; Ski
Dubai.

**Day two**

After breakfast we go to Dubai Traffic Department which is located on the other side
of the town, from where we are staying. We are going there since I will need a local
United Arab Emirate driving license to be able to drive outside of Dubai, since the
other six emirates have more strict laws in this issue then Dubai. In the department I
first fill in a form, than I go to another room to take copies of my passport, and my
Swedish driving license. After that I handle it all in together with one photo. Then I
wait some minutes before I get back the form with a stamp on it. Then I go and take a
digital photo – a couple of minutes after that the man who was taking my photo
comes back and give me my local United Arab Emirates driving license. It all did not
take more than 15 minutes from that we got there until we where leaving the Traffic
Department with the driving license in hand. I am impressed, because I know that I
in Sweden would have been forced to wait for it, for days.

We eat lunch at the golf club Dubai Creek, beautifully located by the water. Henrik
wants to eat outside but it is too hot, and we are forced to do as all the others; eat
inside. While sitting down looking out through the window over parts of the course,
the creek and the skyscrapers on the other side of the water we start to discuss
business – the Dubai environment seems to have influenced us. We discuss Dubai in
itself; the transport infrastructure, the buildings and the laws for foreign business investments. We are both impressed by the airport and the roads are nice and broad but; we question whether they are broad enough – there are many cars on the roads. I feel that I would like to stay in Dubai and open up a business; I feel support from the business environment but also from different attractions that would help to fill up my valuable free time; fantastic golf courses, world class events and beautiful beaches. I tell Henrik; “This place gives opportunities for total life quality”. The only area that we are worried about is the costs – Magnus Gunnarsson, the colleague of Roland Sossi at the Swedish Business Council had informed us the day before that the prices of apartments, to by as well as to rent, had shot up during the last years.

In the afternoon we decide to go to the Jebel Ali Port. From the city centre it takes about 35 minutes to go there by car. We pass by the enormous construction site of Downtown Dubai. The main building, the coming highest building in the world; Burj Dubai already seems to be about 40-50 floors high. I try to put in the picture of the ready tower of 2008 into my picture – oh! About 800 meters is extremely high! Around, a number of other skyscrapers take form. We continue on the highway another five minutes, on the sides there are only some houses, signposts to Emirate Golf Course and huge commercial signs for some major shopping malls. The speed limit on the highway is now 120 km/hour. Suddenly we pass by a new huge construction site of skyscrapers. When we are in the middle of it, surrounded by the site on both sides of the highway Henrik starts to count the skyscrapers. I can hardly slow down the speed because of all other traffic but Henrik counts as fast as possible. When he is done on the right hand side he has reached over 50, then he starts to look back to try to also count the skyscrapers they where building on the left hand side of the car, too. The amount in total I find remarkable; about 25 skyscrapers directly around Burj Dubai and then about 75 skyscrapers only some kilometers further away. About 100 in total that all where under construction – and the number of building cranes were probably about the same.

We exit the highway and driving between trucks with trailers we see parts of the Jebel Ali Freezone; the original of the Dubai Free zone concept. We see thousands of containers, from Danish Maersk and other international giants, and transports go to and from the ships via the main gate. Seeing all the activities I am thinking about the fact that this is a manmade port – how strong does not the vision of Dubai must have been already for about 30 years ago when the plans for the port were made?

Not far away from the Jebel Ali port is a shopping mall located. We stop by, and enter to look for a road map – since we need one to get to the Swedish Embassy in Abu Dhabi the following day. We enter a bookstore and find a lot of interesting literature; for example the brand new book by Sheikh Mohammed, the Emir himself; The Vision – challenges in the Race of Excellence. Unfortunate, the book has not been released in English yet, but I find some other interesting materials to read; one book
about the creation of the airline Emirates, and the business paper *Invest in Dubai* where I find an interesting article about the coming Metro project. The idea, I read, is to try to solve parts of the traffic problems in Dubai by constructing a three line metro system in the Emirate. Even though it is dark when we come out of the mall; we decide to drive through Dubai into the Emirate Sharjah; it is close to midnight but the road in to the next-door Emirate is absolutely crowded. It turns out to be a long night out in the traffic jam.

**Day three**
In the early morning we pass by Emirates Towers, the twin skyscrapers, and leave Dubai behind us. The sun is shining as always, and with our business suites put on us, we are taking off to Abu Dhabi to meet with the Swedish Ambassador Bruno Beijer. It is about 170 kilometers from Dubai to Abu Dhabi, the capital of United Arab Emirates. The highway is four lanes broad and it is like one straight stretch that cut through the dessert.

The whole day we are spending in Abu Dhabi and we do not return to Dubai again until early evening. We stop by at a gas station and for less than 50 dirham (less than 100 SEK) we fill up the empty tank. Then we stop by at The Department of Tourism and Commerce Marketing information bureau, next to the highway. We meet Mohammed Malik, officer at the bureau, and he gives us a lot of information about the work of the department, as well as about Dubai itself.

Coming into the city centre we pass by The Dubai Internet City. Here we see the office buildings of Microsoft, Hewlett Packard and Cisco. After that we pass by The Dubai Media City where we know that companies as Reuters and CSN are located.

**Day 4**
Today we are about to visit the head office of The Department of Tourism and Commerce Marketing (DTCM), located in the same building as National Bank of Dubai. We take the car down to the city center; we park the car and start to walk. By the creek sales man are receiving goods that are coming in by boats, and the dock is crowded of all sorts of merchandise. It is hot, and we decide to move down by the creek on a boat. The tree boat takes us in the direction towards the gulf, and early on we are able to state that taking the boat was the right decision; the breeze is wonderful. From the creek we see the mix; the old Dubai with its souks, the markets, and the new Dubai with modern glass buildings. We see people in western clothes as well as people in Arabic long white so called dishdasha. The boat that we are onboard on is according to our captain close to one hundred years old; from it we see brand new luxury cars on the street that goes next to the creek. Sitting on this old boat, on the floor on some boards, that has no rail for protection it feels like a wave wash over me; a wave of motivation of doing business, a feeling that this is a place where nothing is impossible. We go of the boat by Sheraton. We know that the
National Bank-building is located nearby, but we constantly walk to the wrong skyscraper and we are losing time – closing time for the DTCM office is getting closer. By the help from people on the street we finally find the right building; of course it is the highest and most modern skyscraper by the creek.

The DTCM has three floors, 11-13, and I get the impression that over a hundred people must work here in its head office. We know from before that some of the key persons that we wanted to meet are in Europe during this week, even though; the staffs in the frontline are very friendly and help us with a lot of information. On the right hand side wall in the reception I read the vision of DTCM;

“To position Dubai as the leading tourism destination and commercial hub in the world and to strengthen the Dubai economy.”

At night we visit the gold souk, before we go to the Vu’s Bar at the 51st floor in the Emirate Towers hotel. The view over Dubai, from our table by the window, is gorgeous and the feeling that I had on the old tree boat earlier today comes back.

5.2 The writer/potential business investor Kindblom’s experience of Dubai

5.2.1 Retrospective introspection – earlier experience of Dubai

The first fundament for being able to remember information about Dubai was established in junior high school. I learned to place the name United Arab Emirates on a map and that the capital of the country was Abu Dhabi.

During language studies in Cambridge (England) one of my best friends was a boy from Libya. I enjoyed speaking with him and he told me that his entire family used to visit Dubai and stay on Burj Al Arab during their vacations. Since I could have a conversation with him about the place and had a vivid image of the hotel I know that I had read something about the place before, but I do not when.

Back in Sweden I watched a traveling program about two reporters in Dubai, which visited Burj Al Arab, where my friend had stayed. The reporters were very positive about the place and I became more interested of the place.

During studies in United States I met a German boy and discussed different futuristic project going on in the world and he mentioned the fact that an underwater is being built outside Dubai. I became amazed and found out more information about Dubai on the Internet.
Day one
What a place! When I looked out of the window the vast plains of the Arabian Desert were visible. It is amazing that people have been able to survive in the harsh environment of the desert for thousands of years. Maybe Abraham, once crossed the desert we had flown over a couple of hours ago, when the airplane made a turn around Iraq, now war torn, but once the place for glorious, ancient civilizations. Soon, the blue coast line became visible. With a thrill of excitement I noticed an oil refinery. Wow, I never have I seen such buildings before, they looked lonely, desolated in the sea of sand. My thoughts started to wander around. I thought of about a news article about a terrorist attack against a refinery in Saudi Arabia and about the vast reserves of oil hidden under the sand I flew over, more than one hundred billion of barrels oil. The practical fear of terrorism might be irrational, numbers fool us, but fear itself is dangerous, and has to be taken into account in decisions. I thought of how the oil prices and OPEC indirectly had benefited me. Without the high oil prices it would not have been possible for me to go all the way to Dubai, the pearl of the Gulf. When the airplane crossed the blue sea I was surprised to see clouds. You do not expect to see clouds containing water so near the land of never rain. Is not the desert supposed to be dry? When land was visible again I understood that we had crossed the border to the Emirate Dubai. Since I had read so much about the place – out of curiosity – I watched, observed the ground when the airplane descended for landing and slowly approached the runway. A vast area was covered of low rise, often white buildings. It was obvious that many of them were recently built. But where were the skyscrapers? Far away, in the distance I could see a line of high rise buildings. The city looked unique, but still – and maybe irrationally – remembered me of LA, a LA in the desert. Some of the newly built elegant two story villas had gardens that resembled sand dunes more than English gardens. Most interesting, fascinating to observe from above was however not the buildings or the moving cars, but the island shaped as a palm that was visible in the blue welcoming sea. It is amazing beyond comparison that people of Dubai has been able to construct such a man made island. Once again my thought wandered off to what Plato once wrote in his dialogs Timaios and Kritias about the lost Island of Atlantis, the earthly paradise of wealth that sunk because of hubris. I wonder what the Emir is thinking when he is giving orders about building an island and filling it with multimillion dollar villas. Is it a stroke of genius or just another idea from a man – one of thousands in the history – that builds a monument in order to make an impression the history of mankind? Whatever, the truth is, it is a grand, unique, idea to build a man made island in the shape of a palm. I can not but admire the man who came up with the idea. After the airplane had passed a few super sized luxury villas with large green dazzling gardens on a low altitude it made a soft landing on Dubai Airport. Revitalized after the unintended “guided air tour” I entered the interior of the airport buildings and was surprised over what I saw: marble, marble and marble everywhere. What was
most astonishing was however not the marble, but of the mix of people. Arabian men traditionally dressed in white loose gowns with covered heads mixed with Indian women dressed in colorful highly elegant saris. Faces of colors, from all corners of the world were visible in one place. The word diversity was lifted up to another level. What is considered to be diversity in Sweden would be considered to be homogeneity in Dubai. Such an irony, such a peculiar twist of fate! When we – me and my fellow investor – had passed the security controls we caught a taxi and went to the hotel. The discussion with the taxi driver was – indeed – very rewarding. He joyfully told us about his wife and his children, their education and the monsoon in the Southern Indian state Kerala. We also were remembered of the “somewhat” tarnished brand of Sweden in the soon to be most populous country in the world. The taxi driver associated Sweden with a mere two things: Bofors and snow. After a warm farewell to our nice taxi driver, the man in the lobby of our hotel took care of our luggage and we went back to the airport and rented a small white car, most cars are white here. In order to apply for a driving license, not only covering Dubai, but also Abu Dhabi we started to search after the local police headquarter. Wow, what a flow of traffic, cars were visible everywhere. It’s amazing that this place have transformed so much, a plain of sand consisting of sand dunes has been turned into a plain of sand covered by concrete buildings and highways. What an amazing transformation! The immense wealth derived from the treasure of black gold has been well invested here. When found the police headquarter – in a palm dense park – and my friend applied for the Abu Dhabi driving license, a surprisingly simple process free from unnecessary bureaucracy. There was little paper work and the English speaking officers were polite and helpful. On the lawn outside the police station a couple of persons were eating a drinking, not the behavior to be expected in a by definition undemocratic state. After we returned to the hotel we went by car to the Swedish business council where we had the pleasure to interview Roland Sossi. The meeting was very rewarding from both a professional and academic standpoint. Since I find it necessary for an investor to explore the place he or she potentially considers to invest money in we went south towards Burj Al Arab, the icon of Dubai. Wow, it is a beautiful, magnificent building, a true architectonical masterpiece. The over 300 meter high seven star hotel – with a helicopter platform on top of it – has the form of a huge sail and looks serene, pure on the small manmade island on which it stands. No wonder that Burj Al Arab was one of the absolutely first things I associated with Dubai, it such a beautiful building, it made such a deep impression in my mind. I wish that Sweden also – at least sometimes – had the courage to do what is impressive, extraordinary and visionary. After having admired the building I went to the place where the waves from the Persian Gulf meet the beach, the desert, and I touched the warm water of the sea. On this place of peace, tranquility I watched the sun set in the Persian Gulf. What a beautiful sight, a sight never to be forgotten. I never expected to experience something quite like that here. Dubai is a truly pleasant place to stay at, I could live here. After the sun had set, we – the two investors – continued our exploration of the Emirate Dubai. The next stop was The
Mall of the Emirates, where Ski Dubai is located. We parked the car near a huge concrete pillar. When we looked upwards we could see the bottom of the long, large tube (no world really can explain) that contains a ski slope. Just the idea of skiing in the desert is surrealistic, so I felt a strong urge to find out more about the project and maybe to ski. The idea of skiing in the desert must be irresistible for every person with an entrepreneurial mind, Dubai appeals to the entrepreneurial part of my mind. The interior of the Mall of the Emirates was filled with hundred of stores with brands from all corners of the world. In particularly impressing was Rodeo drive, an indoor avenue with shops displaying brands such as: Dolce Gabana, Gucci and Armani. There even was an Armani bar there. I never expected to find so many international well recognized brands on one place. Everywhere worshippers (shoppers) were doing their duty in the temple (shopping). Girls in western cloth were carrying bags filled with cloths and so were the young women entirely dressed in black loose sitting cloth, only displaying a cue about vanity by wearing exclusive sunglasses. West was once said to meet East in Constantinople, maybe it nowadays meet the East in Dubai, the Pearl of the Gulf. After having watched the shoppers doing their shopping we went to St Moritz Café and ate a prefect dinner with well known food. Actually, it is quite comfortable to have the opportunity to eat what you have eaten before. Outside the windows of the shop we could see a snow cave, a lift system and a ski slope. Indeed, quite impressing to find this in Arabia. I never skied, but when I come back in the future, I will. Who can say no to ski in the desert?

Day two
After having eaten a steady continental breakfast we went back to the police headquarter and turned in a photo in order to receive a driving license. The morning traffic jam made it hard to get to the police station, but when we arrived it did not take many minutes for my friend to receive the driving license. The officers at the police headquarter were extremely efficient. After having received the driving license, a smart card worthy the twenty first century, we went by car to the Creek Golf Club. For a foreigner, the club was not easy to find, but the bilingual traffic signs at least made it possible to find it. Without bilingual traffic signs in Dubai we would have been as lost as a ship without a compass in the Atlantic Ocean. The lingua franca of Dubai is English, which very helpful in all situations. As an investor I find this characteristic of Dubai very appealing. I would not like to invest (in this case, start up a new business) in a country where I can not understand the language that is spoken. Of course it is possible to learn a new language, but it takes time and effort. Before we found the Golf Club we paid a short unintended visit to the Yacht Club and admired the boats – or quite literally – the ships. Nowhere in the world have I seen so many million dollar ships in such a small area. Quite impressing, a tourist attraction in itself! Exactly as I was taken of the beauty of Burj Al Arab yesterday, I was taken of the beauty of the main building at the Creek Golf Club today. The white tent-look-alike building remembered me about the opera in Sidney. Inside the building we enjoyed a great lunch – splendid food – and admired the beautiful view
over the green golf course that stretches along the Creek. Here and there small golf cars drove around on the golf course in the “sauna hot” weather. During the lunch we had a several hour long creative discussion about (secret) business ideas, inspired of the dynamic – nothing is impossible – atmosphere in Dubai. The place offers plenty of opportunity for investments. After the lunch we continued our journey and drove towards the container port, Jebel Ali Port. On the way to the port we passed an amazing construction site. On both sites of the road high rise buildings and skyscrapers were constructed. Enthusiastic, I started to count buildings and counted to twenty buildings, forty buildings and the eventually to one hundred buildings just in this area. Never ever have I seen so many buildings be constructed, wow, such a manifestation of economic growth. The crown jewel in this huge construction site was the Burj Dubai, that one day will be the by far highest house in the world, two Empire State Buildings on top of each other. I wonder why the leaders of the Emirate build such a house, what are there intentions? Soon we arrived to the gates of the port and took a short stroll. It was interesting to see the hustle and bustle of the port, the steady flow of trucks – with drivers from Pakistan and India – bringing goods to and from the port. After having breathed enough polluted air, we left the port and went to jet another amazing shopping mall. The entire mall was themed after Ibn Battuta, the Arabian equivalent to Marco Polo. Between the indoor facades from Andalusia, Egypt, Persia and China a steady stream of shoppers – dressed in colorful cloth – were shopping electronics, cloth and toys from European, American, Indian and Chinese shops. I imagine it is hard to find a more tangible evidence of globalization than on this place with a mix of people and shops from the entire world.

Day three
After a well deserved rest and an excellent breakfast we left Dubai city and headed for the Emirate Abu Dhabi. Outside the city we passed an area where camels were strolling around in the semi desert, the we headed towards Abu Dhabi where we met the Swedish ambassador (the journey to Abu Dhabi is a story in itself, but will not be described here, since it lies outside the subject). The ambassador meeting with the ambassador was very rewarding and we learned a lot about the political and economical situation in Dubai. After having returned from Abu Dhabi and searched for oil drilling towers, camel racing tracks and sand dunes I was exhausted and did not see much more. The weather here is great – shining sun and blue sky – but on the middle of the day it is almost too hot. I wonder how it is to live during summer when it can be much warmer than now. Is this warm weather really appealing to investors from Europe?

Day four
After an excellent breakfast – with the exception of some Mango juice – we set off to find the office of The Department of Tourism and Commerce Marketing. The place was not easy to find, so we caught a one man taxi boat and traveled by sea to the right location close to Sheraton. The boat tour was exciting, magnificent. It is one
thing to see the city from land and quite another thing to see it from Creek. Close to Sheraton in one of the most exclusive buildings in the city, next to the department we identify The Department of Tourism and Commerce Marketing. We are let into the exclusive building and goes up with the elevator to the one of three floors that the department covers and receives a bundle of brochures. Although, we are not let into the heart of the building, the place has an air of elegance and exclusivity that I am not familiar with. Since we are late we leave the department with a number of men and women (all dressed in black). I interpret the fact that men and women go down together in a crowded elevator as a sign of liberality. I doubt this could happen anywhere in the Arab world. After having left the building we visit Dubai Museum situated in and under an old sandstone fortress in the middle of the city. By walking around in the fortress I get an image of how life appeared here ten, fifty, hundred and hundred fifty years ago. Such a transformation this place has gone through, a thousand year of development in five decades. One hundred years ago Bedouins and merchants lived in a tiny village strategically situated next to the Creek, now many of their privileged grand children in spacious air-conditioned villas. Maybe the nothing is impossible atmosphere I feel so strongly on this place comes from the fact that nothing really has been impossible on this place for the last fifty years. After having entered a tiny reed house with an earth floor covered by carpets I observed the modern building behind the old wind tower and thought: maybe nothing really is impossible. After this, I went downstairs and was astonished over what I saw, the provincial museum turned super modern. I watched a multimedia presentation over the rapid development of Dubai; saw an entire quarter with houses, workshops and wax figures in authentic cloth; a Bedouin tent; and a blue colored shipyard with pearl divers. As a person that has visited more than a hundred museums I must say I was very impressed. The museum shows a professionalism that is hard to find. By definition, few placed are ahead of their time. When we had seen the brilliant exhibition we continued to Dubai Heritage Park, an area filled with sea side restaurants and replicas of old houses. The place was a highlight during and the journey, a place where it is possible to bring business associates. Dubai has the components that are needed for a modern city. After having experience a peaceful sunset ride on the back of a camel for the first time in my life – indeed a fantastic experience – we decided to take a taxi boat to the Gold Souk market. The boat tour was magnificent; in the fresh breeze I observed the city from the deck of the boat. When I saw the silhouettes of the Mosques rising toward the dark sky and the pale white moon I felt as I had traveled back in time, to another place, in another time, when the centre of the world not was the West, but the East. For a moment I almost could see the silhouette of Harun Al Rashid, the sad ruler of large city in the East.
6. Empirical information – structured interviews with business students

Here follows a presentation of the structured interviews made with students – future potential business investors – at Stockholm School of Economics. The selection was twelve persons. Ten of them decided to answer the questions. The presentation is made so that all respondents’ answers are presented below each question. The respondents are anonymous. However; each respondent has one number; “respondent 1”, is the same person through out the whole presentation of this survey etcetera.

1. Do you recognize the building on the picture? (See picture 1) If you do; where is it located?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>2.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>3.</td>
<td>No.</td>
</tr>
<tr>
<td>4.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>5.</td>
<td>Yes, but I do not know where it is located.</td>
</tr>
<tr>
<td>6.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>7.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>8.</td>
<td>Yes, in Dubai.</td>
</tr>
<tr>
<td>9.</td>
<td>Yes, but I do not know where it is located.</td>
</tr>
<tr>
<td>10.</td>
<td>No.</td>
</tr>
</tbody>
</table>

2. What do you know about Dubai in general?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Not much.</td>
</tr>
<tr>
<td>2.</td>
<td>The golf tournament Dessert Classic, a lot of money, many luxury hotels, it is a lot of dessert there, and they have built islands in the water that looks like the world.</td>
</tr>
<tr>
<td>3.</td>
<td>You can work and make a lot of money there.</td>
</tr>
<tr>
<td>4.</td>
<td>I know a lot. I have lived there for about six months – during the winter 2004/2005. I worked with accounts.</td>
</tr>
<tr>
<td>5.</td>
<td>It is rich, Arabic but western influenced, a total mix of everything, high buildings, a place that grows extremely fast, a part of the United Arab Emirates, they have oil and camel race competitions.</td>
</tr>
<tr>
<td>6.</td>
<td>Oil, it is an emirate, Arabic, big tennis and golf tournaments, Manmade island that looks like a palm tree.</td>
</tr>
<tr>
<td>7.</td>
<td>A city in the middle of a dessert, they build a lot there, rich, they have oil, high buildings – many new buildings, and it is all modern.</td>
</tr>
<tr>
<td>8.</td>
<td>They build a lot there, they have high economic growth.</td>
</tr>
<tr>
<td>9.</td>
<td>It is an expensive oil country, a lot of investments are made their, a place for vacations.</td>
</tr>
<tr>
<td>10.</td>
<td>Not much. The palm islands and the world, and the have oil.</td>
</tr>
</tbody>
</table>
3. When did you hear about Dubai for the first time?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Years ago, via newspapers and business papers.</td>
</tr>
<tr>
<td>2.</td>
<td>I do not know.</td>
</tr>
<tr>
<td>3.</td>
<td>In some way, do not know.</td>
</tr>
<tr>
<td>4.</td>
<td>I was there for the first time on a fair when I was 16 years old. But my mother she worked there for a long time ago – I think I heard about when I was very young.</td>
</tr>
<tr>
<td>5.</td>
<td>My friend was there last year. But I guess I heard about it for about ten years ago.</td>
</tr>
<tr>
<td>6.</td>
<td>Ten years ago.</td>
</tr>
<tr>
<td>7.</td>
<td>Ten years ago.</td>
</tr>
<tr>
<td>8.</td>
<td>Due to their golf tournament, and about people who were there and played (vacation), for nearly ten years ago.</td>
</tr>
<tr>
<td>9.</td>
<td>Many years ago, in compulsory school in geography class.</td>
</tr>
<tr>
<td>10.</td>
<td>For a long time ago.</td>
</tr>
</tbody>
</table>

4. Do you connect any special people/persons to Dubai? Who?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sheikhs and Muslims.</td>
</tr>
<tr>
<td>2.</td>
<td>Arabians and Sheikhs of Oil.</td>
</tr>
<tr>
<td>3.</td>
<td>No.</td>
</tr>
<tr>
<td>5.</td>
<td>Arabians living a mixed life based on traditional and modern elements, upper class, white dresses.</td>
</tr>
<tr>
<td>6.</td>
<td>My friend who have been there to sell Koenigsegg cars, and Brad Pit who have a house there.</td>
</tr>
<tr>
<td>7.</td>
<td>Roger Federer and André Agassi – I saw they played tennis on the helicopter pad of that hotel that was on the picture. Also, I have friends who have been there.</td>
</tr>
<tr>
<td>8.</td>
<td>No.</td>
</tr>
<tr>
<td>9.</td>
<td>Two of mine friends – who have been there.</td>
</tr>
<tr>
<td>10.</td>
<td>David Beckham, Zlatan Ibrahimovic and Michael Jackson.</td>
</tr>
</tbody>
</table>

5. Do you connect any special businesses to Dubai? Who?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Banks, Private banking, Oil and energy.</td>
</tr>
<tr>
<td>2.</td>
<td>No.</td>
</tr>
<tr>
<td>3.</td>
<td>Oil.</td>
</tr>
<tr>
<td>4.</td>
<td>Local companies as Emaar which is one of the biggest constructions companies in the world, and the local telecom company, and all international luxury brands as Bvlgari.</td>
</tr>
<tr>
<td>5.</td>
<td>No, no specials.</td>
</tr>
<tr>
<td>6.</td>
<td>Oil.</td>
</tr>
<tr>
<td>7.</td>
<td>Gold.</td>
</tr>
<tr>
<td>8.</td>
<td>No.</td>
</tr>
<tr>
<td>9.</td>
<td>No.</td>
</tr>
<tr>
<td>10.</td>
<td>No.</td>
</tr>
</tbody>
</table>
6. Do you know anything about any other buildings/buildings project in Dubai? Which ones?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No, I only know about the hotel that was on the picture.</td>
</tr>
<tr>
<td>2.</td>
<td>They build an extremely high building now – the world’s highest, no?</td>
</tr>
<tr>
<td>3.</td>
<td>No.</td>
</tr>
<tr>
<td>4.</td>
<td>Burj Dubai – the world’s highest tower, the Palm islands and the World. And also residential building.</td>
</tr>
<tr>
<td>5.</td>
<td>No.</td>
</tr>
<tr>
<td>6.</td>
<td>The Palm-project.</td>
</tr>
<tr>
<td>7.</td>
<td>Yes, the indoor ski facility.</td>
</tr>
<tr>
<td>8.</td>
<td>The place where you can ski on snow inside a mall.</td>
</tr>
<tr>
<td>9.</td>
<td>No.</td>
</tr>
<tr>
<td>10.</td>
<td>The manmade islands.</td>
</tr>
</tbody>
</table>

7. Are you familiar with any sport events/tournaments that are arranged in Dubai?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No.</td>
</tr>
<tr>
<td>2.</td>
<td>The golf tournament Desert Classic and they also have a tennis tournament.</td>
</tr>
<tr>
<td>3.</td>
<td>Tennis tournament.</td>
</tr>
<tr>
<td>4.</td>
<td>The biggest for me is the big yearly Horse Race – some of my friends have a stable in Dubai, also the tennis tournament and golf. I know that they also have played tennis on the helicopter pad on Burj Al Arab.</td>
</tr>
<tr>
<td>5.</td>
<td>They have camel races.</td>
</tr>
<tr>
<td>6.</td>
<td>Dubai Open in tennis, and golf.</td>
</tr>
<tr>
<td>7.</td>
<td>Tennis and sailing.</td>
</tr>
<tr>
<td>8.</td>
<td>Golf.</td>
</tr>
<tr>
<td>9.</td>
<td>No.</td>
</tr>
<tr>
<td>10.</td>
<td>No.</td>
</tr>
</tbody>
</table>

8. Do you know any incentives/special benefits for establishing a business in Dubai?

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>I think the land is quite cheap.</td>
</tr>
<tr>
<td>2.</td>
<td>No.</td>
</tr>
<tr>
<td>3.</td>
<td>No.</td>
</tr>
<tr>
<td>4.</td>
<td>Different types of Free Zones, no taxes, free duty/customs, and general tax benefits. It is a meeting point for east and west. I have invested in funds in Dubai.</td>
</tr>
<tr>
<td>5.</td>
<td>Law taxes – generous tax system, many investments possibilities, and plenty of capital.</td>
</tr>
<tr>
<td>6.</td>
<td>Cheap labour.</td>
</tr>
<tr>
<td>7.</td>
<td>Law labour costs, and disadvantage is that I have heard that it is expensive to live there.</td>
</tr>
<tr>
<td>8.</td>
<td>A place that give an opportunity to have business in the Middle East. A safe place, good security.</td>
</tr>
<tr>
<td>9.</td>
<td>Big money, big market, big potential.</td>
</tr>
<tr>
<td>10.</td>
<td>Access to capital.</td>
</tr>
</tbody>
</table>
7. Analysis and conclusions

The analysis consists of four different steps. In the first step The Place is analyzed. In the second step The Promotion is analyzed. In the third step The Mind is analyzed, and in the fourth step Dubai is analyzed with regard to market externalities. In all these four steps also conclusions are presented. The flow of information and clutter is treated within the mentioned four steps. In the fifth – final – step, all the different parts are tied together and abstract general conclusions are drawn.

7.1 The place Dubai

7.1.1 The preferences of investors

Business investors differ from each other in their goals, interests and knowledge. No more than two individuals have the same fingerprints there are two identical investors, as shown by the interviews of business students at Stockholm Business School. Despite the difference between different business investors there are a number of general factors that business investors – according to Kotler – find important in their business investment decisions: high levels of safety, a good location, good infrastructure, access to high quality workers, access to customer and consumer markets, favorable taxes and regulations, caring and supportive infrastructure, low costs and high quality of life. An analysis on how Dubai performs with regards to the above mentioned general factors that business investors find important in their business decisions follow below. This analysis constitutes a base for the analysis throughout the entire chapter.

7.1.2 Vision of the place

The discovery of oil and gas gave Dubai and its people a life seasoned with huge economic resources and opportunities. A situation made for to get satisfied and relaxed. However; nothing last forever. Kotler states that all places gets in to trouble, situations where industries are moving out or are forced to shut down. Then the risk is that all wheals start to rotate in the wrong direction. Maybe this is the situation that the leaders of Dubai saw when they in the seventies looked in to the future; a situation where the nature resources were gone and the local oil and gas industries had closed down, and its staff were about to abandon the Emirate. What may have saved Dubai from such a situation is the early understanding of the leaders that Dubai and its people in the future would need incomes from other sources; from new business sectors. Almarouf at the United Arab Emirates Embassy in Stockholm means that it in the foundation is about politics; that it is about a strategic decision concerning what you want to do with your money – each player has its own strategy; the strategy of Dubai was to invest the money in the future of Dubai. Kotler
emphasizes that leadership and visions are key tools in the hard work to change a negative development to a positive development; to get the wheals to turn in the right direction. The leadership from the leading Sheiks in Dubai has been, and still is very visionary. Even though the leaders are not selected in proper democratic order in a western meaning Beijer, the Swedish Ambassador in UAE means that for example the present leader Sheikh Mohammed has public support and that he has prioritized economic growth, technological development and modernity and that he also has contributed to the political stability in the Emirate.

Undoubtedly, the leading Sheikhs have played a very important role with their leadership and ability to set visions and constantly raise the supporting goals and polish the strategies. Sheikh Mohammad wants to make Dubai to the leading economic hub in its region – a leading economic hub of the world. Almarouf means that the message of Sheikh Mohammad to the world to support his vision is; *Impossible is nothing*, a message that permeates the whole place of Dubai. It is in many ways clear that Dubai also has succeeded.

### 7.1.3 Safety

Kotler means that safety is a key factor for a place that wants to attract business investors. Almarouf at the United Arab Emirates embassy in Stockholm states that Dubai is extremely safe. Nonetheless, it is important to remember that Dubai is considered to be a strong ally of US in the so called war against terrorism – and that US’s has some of its considered enemies in the Middle East and Persian Gulf area.

This is a situation that put pressure and demand on the local government and the local security. However, undoubted the work by Dubai, supported by the United Arab Emirates as a whole, has been successful and Dubai is in general considered as to be a safe place; which also the Swedish Ambassador Beijer states.

### 7.1.4 Location

Kotler means that it is important to take advantage of the location of the place. Dubai is located in United Arab Emirates, a wealthy country with a strong economy and fast growing population. Sossi at the Swedish Business Council states that Dubai is located in a region with a number of major markets as Iran and Saudi Arabia, and upcoming markets as Bahrain, Kuwait and Qatar. In addition to this, Karlsson has a point when he says that Dubai has a special location in the world between the two continents Asia and Europe. Talking about Asia; India, one of the fastest growing economies in the world, is located fairly close to Dubai. Also from a local perspective, in more of a design perspective the location next to the see, with the creek beautifully
streaming through the old city centre must be seen on as a benefit. Karlsson as well as Kindblom enjoyed this gorgeousness. The location of Dubai is not only special – it is also to be considered as an advantage. The location of Dubai gives for example natural opportunities in the area of transportation on water as well as in air between Asia and Europe.

7.1.5 Infrastructure

According to Ambassador Beijer the infrastructure of Dubai in general is excellent. The introspective accounts of Karlsson and Kindblom mainly support this view. However; although they mean that the road net is very modern, they state that Dubai suffers from a problem of traffic jams. Kotler means that it is a risk that a place with a fast increasing economy gets in to a situation where the development of the infrastructure do not manage to correspond to the fast increase of users. Sossi at the Swedish Business Council means that it is a problem on the roads in Dubai but means that the Dubai now is about to take action; for example a metro system is being built.

It is clearly that the number of people and number of cars have increased too fast – so that the responsible have not managed to hang on to what normally is the “Dubai-way” – build first. However, actions are taken and it is no doubt that Dubai in total offers a very good infrastructure to Business Investors; a statement strengthened of the excellent infrastructure that connects Dubai to the rest of the world: the harbour and the airport. There are an ever growing number of ship and air lines that connect Dubai to all corners of the world.

7.1.6 Access to customer and consumer markets

Kotler writes that access to customer and consumer markets is one of the basic needs. Sossi at the Swedish Business Council means that Dubai is a place were investments works as a foundation that create further business opportunities for others. He means that for example a decision for a building project creates opportunities for professionals in a wide range of business areas. As earlier mentioned the external infrastructure – airport and harbour – is excellent in Dubai, which makes it possible to easily reach most countries in a reasonable short time. In addition to this the shopping malls in the country, offers an easy access to consumers; supported by the increasing numbers of visitors that comes to Dubai. Both Kindblom and Karlsson are impressed over the extremely high standard of the shopping malls in Dubai.
Dubai has already become a business centre in a number of areas, and has aims to reach the same position in a number of other areas. For each further new business investment that is made, the support and need for even further investments creates.

7.1.7 Taxes and regulations

Kotler means that taxes and regulations belongs to the key factors, in the process when business investors taking their decisions. Among the different alternatives of open up a business in Dubai, the option to set up operations within a free zone has become one of the most popular ways to enter the Middle East market. The level of income tax and corporate tax in the free zones is zero and addition to this all profits can be repatriated. According to both Sossi and Almarouf, the free zones in Dubai make the Emirate attractive for foreign business investors. Almarouf also states that one of the main priorities of Dubai is to make it simple for foreign investors to come to the country and invest money: “impossible is nothing, come to us and invest your money, we will help you, and we hardly have any demands or taxes.”

No matter if a company only wants to reach the local Dubai and United Arab Emirates market, or the whole Middle East region from Dubai – there are, with taxes as starting point, advantageous conditions in the choice of Dubai. However, for operations within the Dubai-market it for example still exist the limited-liability company where foreigners only are allowed to own 49 percent of the company. This means that Dubai still not can be considered as a total free market to invest or operate in.

7.1.8 Caring and supportive

Kotler means that a place has to be caring and supportive – to attract business investors. As mentioned before, Almarouf from the United Arab Emirates embassy in Stockholm indicates that Dubai wants to make it easy for everybody to succeed in Dubai. He means that Dubai follows the rule; “what is good for you, is good for us”. Sossi, from the Swedish Business Council sees a huge advantage in Dubai’s ability of listening to the needs and desires of business investors. The free zones and the liberal tax regulations are strong advantages. Other things, further than the liberal tax regulations, that makes it easier for many western business investors is the broad knowledge and use of English, and the liberal, for the region, views on the role of the woman. All these aspects give benefits to the professional life as well as to the private life. Also the Swedish Ambassador Beijer means that the system is very effective and transparent and that fast changes can be done in routines – to make improvements for business investors.
Dubai is a place that as a whole works as a caring and supportive place for business investors. Its starting point in the activities it does is to listen to the needs of the actors concerned.

7.1.9 Low costs

Kotler means that low costs are an important competitive advantage. According to Karlsson and Kindblom Dubai is neither a low nor a high cost place. What is for sure is however that the costs have been increasing in the emirate. High growth has been accompanied with an increasing inflation rate, without that the currency of United Arab Emirates has been devaluated correspondingly to the dollar, that the dirham is pegged to. One consequence of the booming real estate market in Dubai has been raising rents, which Magnus Gunnarsson indicated to Karlsson and Kindblom – the levels of rents in Dubai are no longer low. Kindblom thought that this was problem, when considering starting a business in Dubai.

Despite that the costs have increased, Dubai is significantly strengthened by the tax regulations. The tax regulations also affect and lower the salary gross costs. Since there are no income tax for the wage-earners a company can many times lower the total payment – compare to if it had operated in a place where its staff paid income taxes.

7.1.10 The attractiveness of Dubai

From an investor perspective Dubai is an attractive place. To a large extent the place Dubai is a product that corresponds to what is important for investors and therefore to the current needs, goals and interests investors have. In addition to this two things are interesting to notice about the place Dubai. First of all, the government of Dubai has a vision about the future that embraces technological development, economic growth and modernity. The consequence of this is an assurance to business investors about that the place will continue to be developed in a direction that is aligned to what business investors think is important. Not only the place today, but also the place of tomorrow will according to this vision correspond to the needs of investors. Second of all, the administration of Dubai is flexible and develops solutions that fit the individual needs of business investors. This is attractive, since the needs of business investors to some extent are individual. The conclusion of this chapter is that the administration has managed to turn Dubai to an attractive place adapted to the goals, needs and interests of investors and further more staked out a favorable long term path of development that appeals to the priorities of business investors.
7.2 The promotion of Dubai

The strong attractions draw more and more business investors and visitors to Dubai, and now the signal of the growth in itself works as a signal, says Jonsson at Dubai Nordic in Stockholm. El Mattar at Fritidsresor believes that the destination is in the spot thanks to all the happenings and media coverage. Jonsson means that Dubai Nordic gives out fewer press releases today than for some years ago, on the same time the number of daily articles in the Nordic countries about Dubai are increasing for every day that goes. When Barconier, journalist at the Swedish newspaper Svenska Dagbladet, says that the happenings in Dubai; for example the construction of the building Burj Dubai, are examples of world news that they have to write about it is possible to start to understand that Dubai is a bit on the way. The amount of information is today countless and Trout states that the receivers are more selective than before. Most of all towards bought messages as advertising. Even though, Du Plessis means that the advertising in newspapers, television and radio is increasing. The journalist and media teacher Bengtsson means that strong news is something that others do not have, something that goes above what can be consider as normal, and something that have an effect on the receiver. And this seems to be what Dubai have been so successful in; the world’s only seven stars hotel, an indoor ski facility in the dessert, and the construction of the world’s highest building Burj Dubai. Karlsson and – in particular – Kindblom states that it was an interesting, almost surrealistc experience to see ski Dubai, an experience worthy a story. Since people talk to their colleagues, friends and families it is easy to understand that word-of-mouth is considered to be a very reliable source, even more reliable than media, indicates Keller. Almarouf states that Dubai wants to be the place that everybody talks about, in a positive way. And Dubai has possibilities to be a place that many people like since it is a place were it is easy to feel comfortable no matter origin; India, Sweden or Saudi Arabia may does not matter. On the same time Dubai is in many ways different from India, Sweden and Saudi Arabia. This contradiction is probably one of Dubai major strengths; almost like home for everybody, but very different and exciting. In his accounts over his visit in Dubai, Kindblom states this diversity as a major appeal of Dubai. The Emirate has taken the word globalization to a new level and made the word more "tangible". Dubai has become something for everybody to talk about.

7.3 The mind and Dubai

7.3.1 The place and the mechanisms of the mind

According to the analysis about “the place Dubai, chapter 7.1” Dubai is an attractive place since it has adapted well to the needs, goals and interests of investors. This
conclusion has direct bearing on how easy or hard it is to conquer a place in the mind of investors. The mechanisms in the mind can work in favor of a place or not. In the case of Dubai the mechanisms work in favor of the place, because of a number of reasons, which have ultimately have their roots in the human nature and how the brain process and store information.

First of all, the mind according to Ries & Trout is bombarded with vast amounts of information. The only way for the mind to hand this overflow of information – according to the psychological theory about perception – is to exclude, filter out information. When the information flow has increased the perception has responded and become even more selective. One consequence of this is according to Du Plessis that fewer and fewer advertising messages are being perceived and remembered. In the case of Dubai, the attractiveness of the place is highly favorable. The process of selective perception sort out information that not correspond with our current or future needs, goals or interests. Since Dubai is adapted well to the needs of investors, the consequence of this is that the place has a chance (if promoted) to break through the wall of selective perception. Therefore the advantage for Dubai with regards to attractiveness of the place, does not only lie in the fact that a good place gives satisfied investors (is good in itself), but also in the fact that an attractive place stands a chance (if promoted) of being perceived in a world where overflow of information is the rule, not the exception.

Second of all, when information about a place has broken trough the walls of selective perception, it is important for a place that the information is remembered. Also in this case it is favorable that Dubai is an attractive place for investors, well adapted to their need, goals and interests. One reason for this is that information in the mind is categorized in goal related categories and that the information – closely related to a goal – therefore stands a chance of being added to such a category. The structure of information in the mind is of vital importance for what kind of new information is remembered. Brands are for instance built in a certain order and the communication of a company (or a place) is – according to Keller – preferable adapted the state of knowledge the consumer (business investor) has. Another reason for why it is important that Dubai is an attractive place, well adapted to the needs, goals and interests of investors is that favorable associations connected to a brand are relevant i.e. related to the needs or goals of an investor. In a way, analogous to the conclusions about the perceptive process of the mind, it is therefore also important that Dubai by being an attractive place, not only breaks easier through the walls of perception, but also easier into our vast store of association, the long term memory.

According to the analysis about “the place Dubai, chapter 7.1” Dubai, one feature that characterizes Dubai is simplicity. Dubai intentionally strives for making it easy for investors to invest in Dubai; there are few taxes and regulations. This – of course – has an advantage in decreasing paper work, but also has advantages relating to
how the mind process and store information. Information characterized by simplicity demands little attention and time for being processed, is easier stored in the highly limited short term memory (with an capacity of only 5-9 units) and is easier elaborated and stored in the long term memory than other more complex information. The conclusion of this is that the simplicity of the information about Dubai (free zones, taxes etcetera) is well adapted to how the mechanisms of the mind work and is also ultimately to the human nature, since our minds work in a strikingly similar way.

7.3.2 The brand of Dubai, according to students at Stockholm School of Economics

Business investors differ from each other in their goals, interests and knowledge. Two individuals do not have the same fingerprints; there are no two identical investors to be found.

Does Dubai have a brand? Is the emirate well-known? The answers from the students at Stockholm School of Economics indicated that this is the case. Each one of the students in the study are aware of the existence of the Emirate, somehow Dubai has managed to penetrate the minds of the business students, despite that we live in an age characterized by overflow of information. Inside the minds of the students there exists a set of associations connected to the brand node Dubai. This image is potentially extremely valuable since it – according to Keller – is the source of all consumer based equity. When a consumer pays more for a Cola than a Pepsi, it is not because the basic product Cola is better than Pepsi, but because the buyers of Cola have a stronger set of mental associations connected to the brand node Cola. All of the business students that were interviewed in this study were aware of the existence of the Emirate Dubai. They either could recall the name spontaneously by looking on a black and white picture of the seven star hotel Burj Al Arab or recognize it after the writers had mentioned the name for the students. The brand awareness among the students – consisting of recall as well as recognition – was an impressing one hundred percent. Out of ten students, six students immediately associated Burj Al Arab with Dubai, another two students recognized the hotel, but were not spontaneously able to associated it with the Emirate. A strong brand however consists of far more information than a mere brand node in the brain, it consist - according to Keller – of a set of tangible and intangible associations. The amount and character of brand related knowledge differed a lot from student to student in the study. One student – a girl who had lived in Dubai – had a vast store of knowledge about the place; other students knew just a little. Generally speaking, the student had five to fifteen different associations connected to the brand Dubai. The categorized associations are presented in the following table 2.
Table 2, brands association connected to the node Dubai.

<table>
<thead>
<tr>
<th>Association category</th>
<th>Number of respondents with an association connected to the category.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>8  Burj Al Arab</td>
</tr>
<tr>
<td>Sport activities</td>
<td>8  Golf, tennis and camel racing</td>
</tr>
<tr>
<td>Building projects</td>
<td>7  The Palm Island, high houses and skiing centre</td>
</tr>
<tr>
<td>Celebrities</td>
<td>4  Beckham, Zlatan, Brad Pitt, Agassi and Federer</td>
</tr>
<tr>
<td>Sheiks</td>
<td>3  Rich sheiks of oil</td>
</tr>
<tr>
<td>Companies</td>
<td>2  Etilsat and Eemar</td>
</tr>
<tr>
<td>Industries</td>
<td>3  Oil, banks and energy</td>
</tr>
<tr>
<td>Free zones</td>
<td>1  Low taxes</td>
</tr>
</tbody>
</table>

What mainly characterizes the associations is that they are positive. The students at Stockholm School of Economics associate luxurious hotels, world famous sport events, glamorous celebrities, spectacular building projects and sheiks with the brand node Dubai. In total, very few negative statements were made. One business student mentioned the extensive use of low paid immigrant workers; another one mentioned that he was concerned over high costs of living. No-one of the students made any references to lack of democracy in the Emirate, hazards in the traffic or the sometimes extremely warm weather. An issue of concern in the bilateral relations between US and United Arab Emirates has been the fear for terrorist attacks. This fear did not show up in the knowledge of the students. On the contrary, one of the students told the writers of this thesis that he considered Dubai to be a safe place with good security. During our interview with Jonsson – director of Dubai Nordic – he mentioned that he has thought of reintroduce the word Orient in order to replace the word Middle East with negative connotations. The interviews with the business students indicate no or little need of such action, since there seem to be no spill over effect of negative associations from the Middle East region. Generally speaking, as earlier mentioned, the associations connected to the word Dubai (the brand node) are very positive. An effect of the limited amount of association is however that there is a substantial gap between what the business students perceive and what really is happening in the Emirate. One and one, the students – with the exception of the girl who had stayed for a long time in Dubai – only see a fraction of what really is going on in the place. There is a gap between reality and perception. The students are not aware of (or at least does not mention) the harbor, the airport, the free zones and early stage building projects such as the construction of the first luxury underwater hotel in the world. What however is slightly sensational is that the business students are aware of not yet completed buildings projects. According to Kotler attractions are important for a place, but the importance of not yet finished attractions is not mentioned in his book. Two students tells the writers about the construction of – Burj Dubai – that in a few years time will be the by far highest building, tower, in the world. Another four business students mention the spectacular building projects of manmade islands – the Palm and the World – outside the coast. According to El Mattar – product manager Fritidsresor – the main appeal of Dubai is that it is: a not far off destination with great shopping and a perfect weather. During the interviews no one – with exception of the girl who had spent some time in the Emirate –
mentions the almost unlimited opportunities for shopping in Dubai. This contrasts the experience of Karlsson and Kindblom who both reportedly were impressed over the shopping malls. In particular, Kindblom gives a vivid account of the themed Ibn Batturta mall and the indoor skiing centre – SkiDubai – at Mall of the Emirates.

7.3.3 The brand of Dubai, according to Karlsson and Kindblom

Both Karlsson and Kindblom associated – in their retrospective introspection – Dubai with buildings and sport events before they absorbed themselves in the subject Dubai. These kinds of associations are strikingly similar with the associations that the business school students reported. In addition to this Karlsson also made a connection between Emirates (the airline), the Emirates stadium in London – and the Emirate Dubai. The knowledge of Kindblom was concentrated to futuristic building projects – for instance – the underwater hotel outside the coast line. After their short stay both can be said to have strong, rich brands with numerous associations about Dubai. The brand even can be said to in sync with the entrepreneurial ambitions of Karlsson and Kindblom. This is according to Keller the highest stage a brand can reach. The nothing-is-impossible-climate of Dubai, the lack of bureaucracy, the visionary leadership of the Emirate and the business visit itself seem to have been of great important for the development of the brand Dubai, in the case of Karlsson and Kindblom. There is a correspondence between what Dubai offers and what investors search for. The message of Dubai is according to Hazzam Almarouf: “impossible is nothing, we will help you, we do hardly have any demands or taxes”.

7.3.4 The brand of Dubai and the mechanisms of the mind

Besides that most of the associations about Dubai have been positive, many of them resemble each other. What is the common denominator of Palm Islands, exclusive Hotels, sport celebrities, high buildings, Camel racing, skiing centers in the Arabian Desert, under water hotels and fabulously wealthy Arabian sheiks? All the associations fit with one or several of the following words: new, special, unique or unexpected. The consequence of this is that there is correspondence between what Dubai is building and how people perceive and give attention to information. According to the process of perception people perceive and give attention to information that is: new, surprising, unexpected, moving, personally relevant, contrasting, intensive and/or pleasant. Some of the information that people receive about Dubai has character that makes it disposed, apt, to penetrate the walls of selective perception that defends our short term memory. When and if the information penetrates this wall, the ability to store the information is greatly facilitated if the information is processed in the right way. According to the theories of memory the transfer from the short term memory – that only stores information –
for twenty seconds – is greatly enhanced if the person that receives the information elaborates on it. The nature of the information and the channels that transfers it makes elaboration rather likely. According to Braconier – journalist at Svenska Dagbladet – the projects that are happening in Dubai are seen as world news with high news value. If someone is constructing the highest building in the world – it has to be written about. Kindblom also states in his retrospection that he immediately searched for more information when he was told that Dubai was building an underwater hotel. When information reaches the long term memory certain characteristics of the information can facilitate the storage of it. Since 75 to 60 percent of all information that reaches the long term memory is lost, it is of vital importance for a place that market itself that as much information as possible is saved in the memory. Once again the inherent characteristics of the information from Dubai (mentioned above) increase this likelihood. The long term memory stores distinctive information far better than non distinctive information. In addition to this, the effects of proactive interference do not interfere with learning when there is no or little information available that can block new learning. It seems likely that the nature of the building projects and then therefore also the stories that can be told about them corresponds to the biological way that the human brain perceives and remembers information.

Another characteristic – common denominator – of the associations about Dubai – the building projects, the golf tournaments, the tennis tournaments, the celebrities, the sheiks and the oil – is exclusivity. According to Ries & Trout it is important that the message that is received by the consumer (or business investor) is simple and fits with earlier experience and knowledge, because the mind is conservative and prefers status quo. In the Dubai case, the common denominator “exclusivity” facilitates for the brain to learn new information about Dubai related to this theme. In the mind of business investors the Emirate is positioned as an exclusive place to invest in. The long list of buildings that are being developed in Dubai – the three palm islands with million dollar houses, the utterly luxurious tower Burj Dubai with an Armani hotel and the underwater hotel Hydropolis – all fits well with this already established notion of exclusivity that exists in the minds of the students from Stockholm School of Economics. The future unique developments in Dubai will have a character that facilitates the promotion of Dubai in a way that Burj Al Arab already has done. The simple, unique, beautiful, shape and form of Burj Al Arab makes it a building utterly suited for being remembered. The mind perceives what is pleasant and remembers what is unique; an attractive building has the same effect as an attractive model.
7.4 Market imperfection

7.4.1 The importance of market imperfections

The icon of Dubai is not an ancient monument as Coliseum in Rome or engineering masterpiece as the Eiffel tower in Paris. The icon of Dubai is beautiful building, resembling a sail in the wind, a seven star hotel of luxury beyond belief. When the writers asked business students about Burj Al Arab – the hotel – eight out of ten were able to recognize the building and six to place it one the right spot on the map, Dubai. The strong association with Dubai makes the hotel an important part of the set of associations that constitute the brand of Dubai. Both Karlsson and Kindblom give favorable descriptions of the hotel in the same way as many of the business students from Stockholm School of Economics. The consequence of the positive hotel associations is that the seven star not only is a source of income for its owners, but also a source of valuable brand associations, valuable for the entire marketing of the Emirate Dubai. The hotel benefits other parties than its owners, a positive externality exists. Two out of ten interviewed business students were aware of that Federer and Agassi had played tennis on the helicopter pad, on top of the hotel. Such PR, two world famous tennis players on a famous location can be defined as good news. According to Roger Bengtsson good news are characterized by being new, striking and special. The tennis game was – indeed – a striking once in a lifetime event, on a once in a lifetime place. Exactly as the tennis match between Federer and Agassi had a huge PR effect – at least if the numbers in the interview are extrapolated – other sport events must have had similar effects. The tennis player did not only generate multimedia revenues, but also a PR effect for Dubai, an externality. According to Mats Jonsson – Director Dubai Nordic – it is a great marketing advantage that so many things all the time are happening in Dubai. Daily, an average of eighteen articles is written about Dubai in the Nordic countries every day. Sport events – weather camel racing, tennis or golf tournaments – were mentioned of eight out of ten business students as associations connected with the name Dubai. These sport events therefore were about as prevalent as buildings in the set of associations that the students had about the brand, celebrities also were important, but to smaller extent (see table 2). The logical consequence of the associations about buildings and celebrities is first of all that building projects have external branding effects and second of all that bringing the right kind of people to Dubai – Zlatan, Beckham, Brad Pitt, Michael Jackson, Federer and Agassi – has positive effects in form of externalities, the brand of Dubai is strengthened, tangible associations about users of the brand are created. The Emirate can ride piggyback on the celebrities and the celebrities can ride piggyback on the exclusive image of the Emirate. According to Keller one way of strengthening a brand is to connect secondary associations to it. There are also external branding effects to found in other areas. Kindblom and Karlsson both describe the importance of the airport in their introspective diaries. Kindblom states that flight in over Dubai could be seen as a sightseeing tour. According to Silverman
the world of mouth is a good substitute for actually trying a product, which is the most preferable experience for a person. When Kindblom and Karlsson spend time on the airport and see Dubai during the in-flight, this can be seen as a substitute for actually testing the product. By making a landing in Dubai it is possible to test the product for a short time. This means that transit stops in Dubai have external effects.

Since a lot of the brand of Dubai – at least in Sweden – has been created by external effects relating to such projects as hotels, buildings and sport events – it is interesting to notice that Burj Al Arab – the icon – and several of the properties owned of the hotel and property firm Jumriah never were built in order to make profit. It has been estimated that it will take four hundred years for Burj Al Arab to make profit. The rewards from the investments do not show in the balance sheet, but come from external branding effects.

7.5 General Conclusions

7.3.1 The place, the promotion and the mind.

What makes Dubai an interesting place is its striking features, it appears to be more or less masterminded to conquer a place in the minds of business investors. Dubai is developed in a way that is aligned with the mechanisms of the mind. It is an appealing place that stresses simplicity facilitates learning and therefore also the creation of strong brand. In addition this, the word about Dubai is being spread, because of its spectacular projects and sport events. The knowledge about Burj Al Arab already is widespread and the word about the pipeline of great world-class projects is being spread, despite that they not yet have been finished. Although, the general knowledge about Dubai is low, the Emirate has in a short time managed to break through the information clutter and has created a set of strong, favorable and unique associations. Dubai is a news story that has to be told. Besides being a place that is easy to remember and having the characteristics of good story, the marketing of Dubai is unique. A combination of state supported and non state supported projects with large externalities – benefits that benefits others than original creators of the projects – support the marketing of Dubai. Burj Al Arab has placed Dubai on the map, high buildings will create attention and so will other new mega projects. When business investors make a short stop on their way to another place, gets a glance on Dubai the wheels will start to turn, one externality will support another. The word about the place will continue to be spread, in the most unexpected ways.
7.3.2 The Dubai formula

Despite being a unique place, not easy imitated because of the enormous investments in the Emirate and strength of its long term vision, Dubai follows – as the writers can see – a formula in its development that (theoretically) can be imitated. A formula for how to develop and promote the place Dubai in order to conquer a position in the mind of potential business investors – all with the aim to support economic development in the age of globalization.

The Dubai formula:

1. Create a place that appeals to investors
2. Avoid unnecessary complexity, do not complicate what is simple
3. Create a place that tells a good story, a place that has news value
4. Take advantage of externalities
5. Follow a strong vision about the future
8. Recommendations for further research

The writers of this thesis recommend more research to be done in the following areas of interest:

• How important are Landmark projects in the marketing of places, how many million of dollars of free PR has Burj Al Arab and similar projects generated.
• How important are airlines and airports in the marketing of places.
• How important is football in placing a nation on the map?
• How is a building constructed in order to make a strong impression in the mind? What is the underlying formula?
• How do you develop a product adapted to the structure of the mind? What compromises do you have to do with respect to present business philosophies, entirely focused on adaptation to needs?
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Appendix 1

Questions given to Fredrik Braconier, Svenska Dagbladet

1. What are the reasons behind that no less than four articles were published in your business enclosure Näringsliv regarding Dubai in the end of March 2006?

2. Do you receive quite many press releases from Dubai?
Appendix 2

Events

There are a number of well known sports and music events in Dubai every year.

The golf tournament Dubai Dessert Classic has been played since 1989 hits of in the beginning of February. It is one of the biggest tournaments of the European Tour and it attracts the best players; the world’s best golfer Tiger Woods (Dubai Dessert Classic) have played here three years in a row and won it for the first time in 2006. This year the broadcasting of Dubai Dessert Classic reached to 500 million households around the world.

The tennis tournament Dubai Tennis Championships takes place in the turn of February and March for men as well as for women. Year after year the best tennis players of the world return to Dubai. (Dubai Tennis Championship) In 2006 the former number one player in the world Justine Henin Hardenne overcome the Russian star Maria Sharapova, while in the men tournament the world number two Rafael Nadal of Spain turned down the world number one player Roger Federer from Switzerland.

Dubai Racing Club arranges horse races from October throughout March. The main event is the Dubai World Cup – the richest horse race in the world. (Dubai Racing Club) In 2006 the total prize money for the main race only equaled six million dollars. Live viewers at Dubai Racing Club as well as TV-viewers all around the world could see that the American horse Electrocutionist went of with the victory.

Looking on music events there are every year a number of big international artists that perform in Dubai. Thomas Johansson, Manager Director of Live Nation one of the biggest concerts organizer in Europe and Asia states according to the leading Swedish business newspaper (Dagens Industri) that Swedish fans will have to get use to fact that fever world famous artists will visit their country to perform. The business newspaper writes that Johansson means that Dubai, together with cities such as Bejing, Banglore and Tokyo are more important for the artists.
World class building projects

Dubai waterfront
(Emaar, 2006) In an area larger than Manhattan or Beirut, the Emirate is constructing a new city, Dubai waterfront. When finished, more than 400,000 people will be working, shopping and living in the area. The 80 square kilometres large city will be built on six islands and – in addition to this – stretch several kilometres along the shoreline. In total 250 areas – now desert – will be filled with commercial buildings and residences. The cost of finishing Dubai waterfront is estimated to be tens of billions of dollars. In the centre of the new downtown a gigantic tower – Al Burj – will rise more than 800 meters (possibly even one kilometre) up in the sky. The tower will symbolize progress, the rise of the new Arabia. The skyline of downtown will – when finished – resemble the skyline at Manhattan. Many of the buildings in the area will be of new spectacular design. In addition, channels (as in Venice) will be built to divide the area into smaller parts. One of the channels will be more than 72 kilometres long.

The highest building in the world
(Emaar, 2006) In the middle of a sea of construction cranes - in what one day will be downtown Dubai - the Emirate is constructing the by far highest building in the world. What once was desert is turned into a landscape of spectacular architecture. When finished 2008, the building will rise to a height of approximately 800 meters, higher than any building - sky scrape, television tower or monument - ever have risen in the history of mankind. If the tower is placed in the centre of a hypothetical circle, the sheer size of the building will make it visible 100 km away. Every citizen in Dubai will constantly be reminded of the tower. From the top of the tower, the entire city of Dubai will be visible.

(Emaar, 2006; Los Angeles Times, 2006) From above, the building of glass, concrete and aluminium will resemble a flower indigenous to the region. The shape of the building maximizes the view over the sea. The interior of the tower will be filled with hotel rooms, restaurants; one, two or three rooms apartments; and three hundred to seven hundred square meter large penthouses. The interior and the exterior of the tower will be constructed in a way that appeals to a sophisticated target audience that demands highest possible standards and utmost luxury. In the bottom of the tower, a 172 room flagship hotel, the first Armani hotel in the world, will be placed. The total construction cost of the tower is estimated to 900 million US dollars. All apartments already have been sold out.
(Emaar, 2006) The largest construction site in the world is not situated in China, or US, but in Dubai. The tower will be a landmark - a flagship - in the 20 billion dollar "construction project" downtown Dubai where 20 000 construction workers currently builds 30 000 new homes and the largest shopping mall in the world. The tower, the building, is however not just intended to be a building, but also a symbol, a symbol for modernity and progress. When his Royal Highness, the Emir, decided to build the tower, he wanted to put Dubai on the map.

(Skyscraper, 2006) The name of the tower that the Emir has commissioned is Burj Dubai (the tower in Dubai); however, this building won't be the only building in the Dubai that rises to spectacular height. The Emirate already has decided to erect a second building Al Burj (the tower) that will be almost has high as Burj Dubai, approximately 800 meters. This second - massive tower will be finished 2012. In six years time, the two by far highest buildings in the world will be situated, not in US, not in China, but in Dubai. In the long term there however will be competition. Kuwait is planning to build a city - the Silk City - situated around a gigantic more than one kilometre high tower.

Artificial islands
(Nakheel, 2005) The water outside the coast of Duabi is relatively shallow, no deep shelf exists. This makes it possible to reclaim land from the sea. In order to do this, the Emirate is building three new islands outside the coast: Jumeriah, Jabel Ali and Deira. Each of these three islands will have a unique shape that dramatically increases the amount of close to water real estate in Dubai, the islands will look like gigantic (fallen) palm threes surrounded by reefs.

(Nakheel, 2005) When the development of Jumeriah – the first palm shaped island – is finished; several hotels, 5000 apartments and 1800 luxury villas will be situated on the island. In the middle of the palm formed island, a tower shaped as a golden bud will rise: The Palm Trump International Hotel and Tower. (Trump, 2006) Donald Trump – the owner of the tower – is since earlier known for developing high quality, extreme luxury properties in primarily in New York. (Nakheel, 2005). Another luxury hotel, inspired of the lost kingdom of Atlantis will also be built on the island. One of many celebrities that already have bought a villa on Jeremiah is David Beckham. Outside the island spectacular diving sites will be created.

(Nakheel, 2005) In addition to Jumeriah, two other islands – Jebel Ali and Deira – are developed outside the coast line of Dubai. Both of these islands will exactly as Juremiah be covered of hotels, restaurants, apartment complexes and residences, all
very close to the waterfront. A mix of architecture with inspiration from Europe, US, Arabia and Southern Asia (houses on poles) will characterize the islands. The intention of Dubai is create a landmark place that can compete with well-known tourist cities such as: San Francisco, Boston, Amsterdam and Venice.

(Nakheel, 2005) The island of Jebel Ali will consist of a palm formed island surrounded by two islands that have the form of “a chain of” enormous Arabian letters. The letters form a short Arabian poem written of the former – immensely wealthy – ruler of Dubai: Sheikh Mohammed bin Rashid al Maktoum, prince of Dubai and defense minister of UAE.

“Take wisdom from the wise
It takes a man of wisdom to write on water
Not everyone who rides a horse is a jockey
Great men rise to greater challenges”

(Nakheel, 2005) The Arabian letters will form a text that is more than ten kilometres long, it will exactly as the Great Wall be visible from space.

The first underwater hotel in the world
(Hydropolis, 2006) Outside the coast, twenty meters under the sea surface, the first underwater hotel in the world is built. (Crescent Hydropolis, 2005) According to Joachim Hauser a dream is turned into reality: “there have been many visions of colonising the sea – Jules Verne, Jean Gusto and several Japanese architects – but no-one has ever managed to realize this dream.” (Hydropolis, 2006) When finished, the hotel – or the Hydropolis – will consist of a land station connected to an underwater hotel via a tunnel. The underwater hotel will resemble no other previously known building. Inspired by DASA space research, the building will look like an organic structure, a flower, placed on the bottom of the sea floor. The land station will include a cinema centre, marine biological research centers, entertainment centers and an aquatic beauty centre. In the cinema centre films with an aquatic theme will be shown. The land station will be connected to the underwater station via a “glass” tunnel. In this tunnel, a fully automatic, silent train will transport hotel guests and visitors to the underwater hotel. The underwater hotel will consist of a huge ballroom, hotel suits and conference facilities. The total cost of building the hotel is estimated to 500 million US dollars. More than one million people are expected to visit the underwater hotel every year. The reason for why the German architect (former space architect) decided to negotiate with investors in Dubai was the international
“nothing is impossible” atmosphere in Dubai, despite this it took more than two and a half year to convince investors.

**Entertainment and leisure**

(TEN Real Estate, 2006) In the middle of the desert Dubai has started to build Dubailand, the Arabian equivalent to Disneyland in Florida. When finished, an area of 180 square kilometers will be filled with hotels, residences, sport arenas, parks and entertainment facilities/complexes. Dubailand is expected to attract 15 million visitors 2010. Among many things Dubailand will include:

(TEN Real Estate, 2006) A city – in the shape of a falcon – where full size replicas of the Seven Wonders of the World will be constructed (although not the classical ones): the pyramids in Giza, the hanging gardens of Babylon, the Eiffel tower, the tilting tower in Pisa, Taj Mahal, a part of the Great Wall and the lighthouse in Alexandria.

(TEN Real Estate, 2006) A dinosaur park with one hundred life-sized animotoric dinosaurs, of which some will be able to move around. In order to develop the park Dubai will co-operate with Natural History Museum in London.

(AME info, 2006) A high observation wheel – The Great Dubai Wheel – that offers visitors a view over Dubailand and the desert. The 180 meter high wheel will be the highest of its kind in the world, have thirty orbitor capsules and be able to transport 7.5 million passengers a year. The total cost of the wheel will be approximately 150 million US dollars. When finished, the wheel will be a landmark for Dubai and Dubailand.

(TEN Real Estate, 2006) A sport city with several mega stadiums, several huge indoor stadiums, a hockey arena and sport academy. The stadiums will be situated next to Dubai Autodrome (Motor city). The sport city will host competitions (and mega events) in football, rugby, basketball, hockey and volleyball. In addition to this a centre for extreme sports will be constructed.

The total cost of developing Dubailand (phase one) – which to its size will be twice as large as Walt Disney World Resort – will be six billion dollars. The state of Dubai co-finances the project with private investors.
The largest shopping mall in the world
(Dubai Mall, 2006) Next to Burj Dubai – the highest house in the world – the Emirate is constructing the largest shopping mall in the world, Dubai mall. When the mall is finished it will cover an area of nearly one square kilometer. This makes it significantly larger than the largest mall in US, Mall of America. The mall won’t have a regular rectangular shape, but a circular shape. The exterior will be inspired of Arabian architecture. Inside the mall, the four “water wonder of the world” will bring the shopper a non-traditional shopping experience. For instance, the customer will be able to see one of the largest aquariums in the world. In this tree story high aquarium visitors will be able to walk around in glass tunnels and see sharks and sting rays. It will also be possible to buy gold objects in the largest gold souk market in the world that will be situated under a fifty meter high cupola dedicated to king Midas (the king who turned everything he touched to gold). In total, there will be more than one thousand outlets in the mall.

The tallest and most luxurious hotel in the world
(Burj Al Arab, 2006) Outside the coast, on a man made island, connected to mainland with a private bridge, lies the tallest, most luxurious hotel in the world, Burj Al Arab. The hyper luxurious hotel – that doesn’t have ordinary rooms, just deluxe duplex suits – categorize itself as a “seven star” property. Guests are transported to the hotel and from the hotel in Rolls Royce. In the hyper luxurious suits (worthy royals) a personal butler provides the guests with a customized first class service. The suits in the hotel are spacious; each of the 202 suits in the hotel occupies an area that – depending on choice – varies from 169 square meters to 780 square meters. The price of the super luxurious duplex suites ranges from 1000 to 15000 dollar a night. From the outside the hotel resembles a huge white sail filled with wind rising towards the blue sky. At night the building is lightened, the colors of the house changes every thirty minutes. Originally, the hotel was built to resemble a dhow, a ship that historically in Dubai was used for pearl fishing. The hotel has six years after its completion become a well-known architectural icon of Dubai.

(Burj Al Arab, 2006) Burj Al Arab received extraordinary publicity when Andre Agassi and Roger Federer played tennis on the helicopter pad of the hotel (the pad has no borders) and when Tiger Woods hit several golf balls from the top of the roof.

Skiing in the desert
(Ski Dubai, 2006) Dubai is better-know for sand than for snow, despite that, anyone – who can afford the price – can go skiing indoors in a newly built indoor skiing centre.
hour – in five different runs; the maximum fall is sixty meters. For guests, it is also possible to visit Avalanche Café and St Moritz Café, two themed restaurants. In addition to this, a snow world with a snow cavern has been constructed. Here it’s possible to touch snow.

(Ten Real Estate, 2005) Dubai intends to expand the concept of “indoor snow entertainment” by building Snow Dome, a huge dome flanked by two tall crystal towers, each resembling an imagery iceberg. Around the dome nine towers inspired of the snow theme will be built. The dome itself will be 75 meters high and have a diameter of 220 meters. Inside the dome skiers will be able to ski in a 130 000 meter large snow landscape with – among many things – a rotating mountain. In addition to this visitors will be able to stay in five star luxury hotel inside the dome, test skating, visit a flying theatre, experience snowfall and watch penguins in a pinguinarium.
Appendix 4

Questions given to Bassam El Mattar, Fritidsresor

1. What are the advantages respectively the disadvantages of Dubai as a tourist destination?

2. In what way has Dubai market itself toward Fritidsresor?
Appendix 5

Questions given to Mats Jonsson, Dubai Nordic

1. What is the role of Dubai Nordic?

2. Which criteria, advantages, make Dubai a pleasant to market?

3. Which criteria, disadvantages, make Dubai difficult to market?

4. Do you work with press releases? If yes, how often?

5. Figures of visitors from the Nordic countries? Is the number of visitors from the Nordic countries increasing?

6. Marketing material?
Department of Tourism and Commerce Marketing

The Dubai government subsidiary Department of Tourism and Commerce Marketing (DTCM) was set up in 1997 and its tasks are to promote Dubai for potential visitors and businesses and to supervise and develop the tourism in Dubai. DTCM has at its disposal three full floors in one of Dubai’s most well-known and prestigious buildings; the building of the National Bank of Dubai, which is located right by the creek in the city centre.

(Dubai Tourist Manual 2006)DTCM has 14 branches around the world, from Sidney in the south to Stockholm in the north, and from New York in the west to Tokyo in the east. From this branches DTCM is capable of market its destination locally for tourism and business-purposes around the world. The branches exhibit on trade fairs and keep contact with local airlines, tour operators and media.

In Dubai DTCM run seven information offices where visitors can get help with information regarding events, places to see, and help to find around in Dubai.

Every year DTCM produces a number of different information material; such as the catalogues Dubai Tourism Manual, and the Dubai Business Handbook. DTCM also produces press releases, runs the web site dubaitourism.ae, and gives out weakly newsletters.
Safety and stability

Freedom of information
(Government of USA, 2003) The United Arab Emirates (U.A.E) – of which Dubai is a part – is not by any criteria a democratic state. In Dubai there are severe restrictions of civil liberties: political parties are forbidden, local human rights groups are forbidden, unions are forbidden. In addition to this the freedom of the press is restricted. The government appoints editors, provides information about acceptable subjects to write about and censors Internet information via a Proxy server. It’s by law forbidden to criticize the ruling family, the government and allies to the state. The result of the strict laws is that the press practices self-censorship.

The control of the press – and silence from USA regarding safety issues – makes it hard to estimate the internal stability of the state, the extent of terrorism threats and the extent of organized and non-organized crime.

Criminality
(Overseas Security Advisory Council, 2006) There exist no official public crime statistics in Dubai. However, the crime rate is estimated to low (although, it’s possible that it’s perceived to lower than it really is). The current trend is an increase in the crime rate, the population of Dubai is growing rapidly and the city is no longer – by any standard – a small and underdeveloped city. (GoDubai, 2001) Relative to other cities in Europe and in particular in US, very few murders are committed in Dubai, just one murder per one hundred thousand inhabitants. (Overseas Security Advisory Council, 2006) Some crimes – such as petty crimes – are underreported since they are considered to be a family matter that the state not shall be involved in city. In Dubai drinking is legal in bars; however, this doesn’t mean that the laws are as liberal as in Europe or US. It’s strictly forbidden to drive a car with alcohol in the blood, the limit is zero promille. In addition to this, excessive drinking forbidden. Both crimes can result in imprisonment. When it comes to prisons, Dubai follow international norms; however, this doesn’t imply western standard. Generally speaking – despite in adequate statistics – Dubai can be considered to be a relatively safe destination, if normal care is taken.

Traffic
(Yahind, 2005) Traffic accidents are common in U.A.E and Dubai. In U.A.E – a state with two million drivers and rapidly growing sales of cars – traffic accidents are the
second most common cause of death after heart and cardiovascular diseases. (Shell, 2005) Year 2005, 548 people in U.A.E – of which 236 lived in Dubai – died in traffic accidents. This equals to one fatality in U.A.E every 15\textsuperscript{th} hour. Only in Dubai, more than 207 000 traffic accidents occur every year. The government is aware about the problem of traffic safety and has initiated a campaign to educate drivers. The government will also pass a law regarding black boxes in cars.

**Terrorism**

(Government Printing Office, 2002) Before the 9/11 world trade centre bombings there were connections between Dubai and notorious terrorist organizations such as Al Quaida. Two of the WTC bombers came from U.A.E and money to Al Quaida were channeled to the organization via banks situated in Dubai. (Global Research, 2001 ) Before the bombings several prominent persons in U.A.E also are known to have visited Usama Bin Laden (terrorist and member of a wealth building family in Saudi Arabia) in U.A.E where he was treated for kidney problems in a local hospital. (Fox News, 2006) It’s also known that criminal organizations in U.A.E – with warehouses in Dubai port – have been involved in shipments of components to the AQ Kahn nuclear weapon program in Pakistan. It’s – in addition to this – assumed that criminal organizations in Dubai have spread knowledge about construction of nuclear weapons to Libya and Iran. (Seattle Times, 2006) Despite pre 9/11 terrorist activities in U.A.E the country has been highly valued allied for USA in the “war” against terrorism. The port in Dubai is an important logistical hub for the US military, US air force pilots are trained in Dubai and U2 spy planed are situated on the Al Dhafra airbase. Since U.A.E is allied to US the country has been allowed to buy 80 F-16 airplanes and acquire the British Doncaster Group, a defense component manufacturer with factories in Britain as well as in US. The US gained interest in a closer cooperation with U.A.E during the Iraq – Iran war, because of feared tanker war (Government of Australia, 2006). Although, no terrorist attacks so far have occurred in U.A.E and Dubai, some countries – such as Australia – have issued warnings about future possible terrorist attacks in the country.

**Organized crime**

(Dubai Business Handbook, 2006) The traditional economy in Dubai was based on pearl diving, a business that was ruined when Japan started to cultivate pearls. After the decline of the pearl diving business, gold trade became highly important for Dubai. (Hard News Media, 2006) In particular, smuggling of gold to India became an important and lucrative business. Since the deregulation of the Indian gold market, the gold trade to India has lost much of its importance, but nonetheless Dubai remain a centre for doubtful activities. The mafia in Iran sells goods in Dubai and launders the profits from the sold goods in Dubai. Since trade between in India and Pakistan is restricted, goods are sold to and shipped to companies situated in Dubai and then
sold to the “neighbor” state. There is also since a long time connections between the Indian mafia and Dubai and in particular the Bollywood film industry. Annually, billions of dollar of money are laundered in Dubai. It’s rumored that a lot of (Russian) money are laundered in the new building projects.

Summary
Dubai is a relatively safe country, everyday criminality is low. There are however significant problems with traffic safety. Regarding terrorism, it’s hard to estimate the extent of threat against U.A.E, because of lack of information. It’s however probable that a threat exists. When it comes to organized crime, there are mafia groups that have operated and operate in Dubai. In particular, money laundering, prostitution and drug trafficking are problems.
Visitors in Dubai

(AME, 2005) Tourism to Dubai has been growing steadily the last decade and the importance of tourism is predicted to increase even further in the near future. Today, tourism and business closely associated with tourism are driving force behind the economic development and the growth of the Dubai economy. In order to achieve the 2010 goal of ten million annual tourists the government and the private sector are investing vast amounts of money in building hotels and an excellent underlying infrastructure. A well-developed tourist sector demands good roads, hotels, apartments and flight related infrastructure. (AME, 2005) According to Kamran Siddaqi – general manager of Visa International Middle East – the U.A.E has: “invested heavily in one of the most impressive tourism and business infrastructures anywhere and has done a tremendous job of letting the world know about it. This investment is beginning to pay off. There has been a continuous rise in tourism and commercial travel revenues over the last 16 years and, with the spate of tourism and real estate development projects slated to be opened over the next two to three years, we are confident that growth in tourism will rise dramatically.” (Reed Exhibitions, 2005) The annual growth of tourism in Dubai has been 20 percent per year and the growth rate is expected to increase even further in the future; although the growth currently is hampered by lack of rooms and hotels. The occupancy year 2005 was the highest in the world. Tourism to Dubai is currently quite evenly split between businesses and non-business tourists. Of all tourists 40 percent were business tourists/visitors, a share that is expected to decrease in the future when Dubai attracts more leisure tourists. In order to achieve the 2010 goal of ten million tourists a year Dubai needs to attract more non luxury leisure tourists and build more three and four star hotels. The enormous entertainment park – the Arabian equivalence of Disneyland – Dubailand is expected to be a major tourist attraction for leisure tourists all over the world. In a few years time tourism is expected to contribute significantly to the GNP of Dubai, a full twenty percent of the GNP will be generated from tourist activities, up from approximately ten percent of the GNP today. (Dubai Mall, 2006)Year 2015 the goal of Dubai is attract forty million tourists annually.(WTO, 2006)According to world tourist organization, the tourism to countries in Middle East has slowed down significantly after a post 11/9 boost in tourism. Tourism to Dubai – and all its five star luxury hotels – grew with a moderate five percent.

(PR Leap, 2005) Compared to other tourist destinations in west, Europe and US, the revenue generated by every available hotel room in Dubai is very high, 204 dollars. This is the second highest room rate in the world, hotels in Paris currently has the highest room rate in the world.
(Dubai Municipality, 2006) The table 8.1, 8.2, 8.3, 8.4 show statistics about the development and the current state of visitors to Dubai.

### Table 8.1 Tourism statistics 2000-2004

<table>
<thead>
<tr>
<th></th>
<th>Year 2000</th>
<th>Year 2001</th>
<th>Year 2002</th>
<th>Year 2003</th>
<th>Year 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue hotels</td>
<td>1.36 billion</td>
<td>1.29 billion</td>
<td>1.74 billion</td>
<td>2.12 billion</td>
<td>3.14 billion</td>
</tr>
<tr>
<td>Number of hotels</td>
<td>265</td>
<td>264</td>
<td>272</td>
<td>271</td>
<td>276</td>
</tr>
<tr>
<td>Number of rooms</td>
<td>20315</td>
<td>21428</td>
<td>23710</td>
<td>25571</td>
<td>26155</td>
</tr>
<tr>
<td>Room occupancy rate</td>
<td>61.2 percent</td>
<td>60.9 percent</td>
<td>70.2 percent</td>
<td>72.4 percent</td>
<td>80 percent</td>
</tr>
<tr>
<td>Average tourist nights</td>
<td>2.5</td>
<td>2.3</td>
<td>2.2</td>
<td>2.4</td>
<td>2.6</td>
</tr>
</tbody>
</table>

### Table 8.2, visitors in Dubai 1997-2000

<table>
<thead>
<tr>
<th></th>
<th>Year 1997</th>
<th>Year 1998</th>
<th>Year 1999</th>
<th>Year 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual number of visitors</td>
<td>1 792 000</td>
<td>2 184 000</td>
<td>2 481 000</td>
<td>2 836 000</td>
</tr>
</tbody>
</table>

### Table 8.3 visitors in Dubai 2001-2004

<table>
<thead>
<tr>
<th></th>
<th>Year 2001</th>
<th>Year 2002</th>
<th>Year 2003</th>
<th>Year 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual number of visitors</td>
<td>3 065 000</td>
<td>4 107 000</td>
<td>4 324 000</td>
<td>4 725 000</td>
</tr>
</tbody>
</table>

### Table 8.4, hotel standard among visitors in Dubai 2004

<table>
<thead>
<tr>
<th>Choice of hotel among visitors</th>
<th>One star</th>
<th>Two stars</th>
<th>Three stars</th>
<th>Four stars</th>
<th>Five stars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>454 000</td>
<td>460 000</td>
<td>943 000</td>
<td>822 000</td>
<td>1 815 000</td>
</tr>
</tbody>
</table>
Appendix 9

Questions given to Roland Sossi, Swedish Business Council Dubai

1. What is the Swedish Business Council in Dubai? Role, tasks?

2. What is the relationship; Swedish Business Council vs. Dubai Chamber of Commerce and Industry?

3. What is Dubai, its role, for western companies?

4. The advantages and disadvantages of Dubai from the view of an international company?

5. How is it to work with the authorities in Dubai?

6. How western respectively how Arabic is Dubai?

7. Dubai has decided to be an attractive place for business/trade – in what way does Dubai communicate this to the world around?
Business

A general vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, and Ruler of Dubai is to turn Dubai into a knowledge-based society and economy. Hence, during recent years the Emirate has put in efforts to create an attractive environment for companies and their business. (Dubai Business Handbook) Today Dubai has become a business hub and the Emirate offer business opportunities within a number of different areas; business diversification is a main idea for the Emirate.

Laws for foreign own companies
There are several occasions for international companies to run their business in Dubai. Among them are;

- selling via established dealers,
- commercial agency arrangements,
- limited-liability company,
- branch or representative office,
- Free zone operation

Selling via established dealers as well as the alternative with commercial agency arrangements are some kinds of cooperation deals, where the foreign company collaborate with a local Dubai company. These alternatives do not including any kind of foreign ownership. For a limited-liability company the foreign permitted ownership is limited to 49 percent. For a branch/representative office 100 percent ownership is possible but a local agent must be selected. In all these four mentioned alternatives the employees do not pay any income tax.

The fifth alternative for a foreign company is to run its business within one of all the free zones that today exist in Dubai. Since the successful opening of the tax free zone Jebel Ali Free Zone in 1985 nearly ten further free zones have opened; among them Dubai Internet City and Dubai Media City. Further eight tax free zones within different lines of business, as the flower industry and textile industry, are in the pipeline. In the tax free zones international companies can operate their African, Middle East and West Asian business. The benefits for the companies with the tax free zones are for example that they can have 100 percent ownership, do not pay any corporate tax and that the employees, as in the other mentioned alternatives, do not pay any income tax. However, the companies are not allowed to sell their products in Dubai from the tax free zone.
Below follow information regarding some of the prioritized areas of Dubai today and in the future; Information and Communication Technology, Media, Biotechnology and Health Care, Finance, Shipping, and Air Traveling.

**Information and Communication Technology**
Dubai Internet City is a free zone location where (Dubai Internet City) about 700 ICT companies from all over the world targeting markets in the region. The companies are from different ICT sectors as Software Development, Business Services, Web Based and e-Commerce, Consultancy, Sales and Marketing and Back Office. Here are world icons as Microsoft, and Hewlett Packard located, and for example, the world leading mobile communication company Nokia has its Middle East & Africa head office located here.

**Media City**
Dubai Media City is a free zone center from where (Dubai Business Handbook) over 850 different media companies – media and marketing service, printing and publishing, music, film, broadcasting and information agencies – operates. The same as in the case of Dubai Internet City; many international companies has their region head office in Dubai Media City, among them CNN and Reuters.

**Finance**
Dubai International Financial Centre opened in 2004 and its aim (DIFC) is to be a financial centre within the area from Western Europe to East Asia and reach the same status as New York, London and Hong Kong. The centre wants to attract the 200 leading banks, insurance companies and supplementary institutions of the world. During the first quarter of 2006 companies as Morgan Stanley, Deutche Bank, and the biggest bank in Singapore DBS Bank have declared that they will start branches in Dubai International Financial Centre.

The creation of a stock market – Dubai International Financial Exchange – started in September 2005 but so far, April 2006, (Dagens Industri) only three companies are listed. (DIFX) A new Managing Director, the Swede Per E. Larsson, has been recruited and one of his main tasks will be to attract companies to get listed on the market.

**Biotechnology and Healthcare**
Dubai Biotechnology and Research Park, a biotech tax free zone, and the Healthcare City are two new centres that are planning to open during 2006.
The two operations will not compete with each other, instead work as complement to each other. The aim with the Biotechnology and Research Park is to (Dubai Biotechnology) create an environment that encouraging research and give synergies to the international biotech industry says the general director Ahmed Bin Byat. (Healthcare City) The focus of Healthcare City will be high quality treatment and medical care for the people in United Arab Emirates, the Gulf States and the surrounding region. One of the partners of Healthcare City is the Harvard University subsidiary; Harvard Medical International.

Local world famous businesses
Air Line – The Emirates. The state own Emirate Airlines (The Emirate Story 2005) was founded in 1985 and has since that grove rapidly. Only for the last four years it has more than doubled its fleet as well as the weight of cargo and number of passengers. In January 2006 the airline had a fleet of 88 planes and in 2005 the airline had 14,5 million passengers. The airline plan to continue grow by more than 20 percent in the coming decade and has over 100 planes on order, among them 45 Airbus 380 which is the worlds biggest civil aircraft. The airline has presented profit for the last 18 consecutive years.

On the Scandinavian airline group SAS’ shareholder meeting in April 2006 the SAS managing director Jörgen Lindegaard named (DN) Emirates with its mega aircrafts to be among the airlines that gave most worry about the future for SAS.

The chairman and chief executive of Emirates Airline & Group HH Sheikh Ahmed bin Saeed Al-Maktoum say that (Emirates) “Emirates’ aim is to develop Dubai into a comprehensive aviation hub that will ultimately serve as an important global long haul hub”.

Shipping – Dubai Ports World. The state own Dubai Ports World was created after the merger between Dubai Ports Authority and DPI Terminal and is today a leading port company in the world. In March 2006 Dubai Ports World bought the British company P&O and today Dubai Ports World is one of the three biggest port operators in the world. The company has 51 terminals in 30 countries. The overtaking of P&O became world news due to the domestic US-politic tumult that followed the deal. (CNN) The foundation of the tumult was that the takeover included the operation of six mayor US ports. In mid-March Dubai Ports World declared that they where going to resell the operation of the American ports to an American company.
Transport infrastructure

Dubai is built up along the two sides of Dubai Creek, which has played an important part of the early history of Dubai and its evolution. The very first trade center of Dubai was located here; a trade center for pearls. (Data Dubai) For many years it was only possible for smaller boats to enter, but since the operations succeeded in the mid-fifties to deepening and widening the creek the total shipping movements started to increase sharply. To keep it as it ones was; only wooden ships are allowed to enter the creek and still today it plays an important part of the trade with other gulf states, countries in East Africa, and India.

From the first evolution of the creek the infrastructure has been a prioritized area in the aim to develop Dubai and higher the international attraction of it. The road net, the harbors, and the airport are among the key players.

Transport within Dubai

Since the sixties the construction and development of roads, tunnels and bridges has been a regular feature in Dubai. Today Dubai runs an, in many ways modern and impressive road system. However, during the last five years the responsible authority, Roads and Transport Authority (RTA), has not been able to keep up its construction speed with the high increasing number of vehicles on the roads in the Emirate. Due to this, traffic jam has become a serious problem in Dubai.

To fulfill its vision “Safe and smooth transport for all” the RTA has lounged a number of new projects including huge road projects and the construction of Dubai Metro. (RTA) The latter will have three lines and a capacity to carry about 1, 2 million passengers a day when all lines are in use in 2012.

Transport to and from Dubai on water

Dubai port is the biggest harbor in the Middle East and among one of the world’s busiest container harbors. (Dubai Business Handbook 2005/6) It is served by more than 125 shipping lines and (Dubai Ports Authority) in 2005 more than seven million containers were handled. The harbor, which is located 35 km southwest of Dubai city centre was manmade in the end of the seventies and is today a part of the Jebel Ali Free Zone – one of Dubai’s tax free zones.
In 2001 Dubai opened a new cruise terminal in the central located Port Rashid. The terminal, itself in the shape of a ship, offers all the service expected from first class cruise passengers. Even though its aim is to attract international cruise liners, and world famous cruise ships as (Department of Tourism and Commerce Marketing) Queen Elisabeth 2 and Seven Seas Voyager have docked at the port, it has yet not really succeeded. As an example, in May 2006 (Dubai Tourism) no more than eight international cruise ships where scheduled to visit Dubai in the autumn of 2006.

**Transport to and from Dubai in the air**

The history of Dubai International Airport reaches back to (Dubai International Airport) 1959 when the construction of an airfield started. Since that the airport has with regularity been developed. In 1990 the airport had about 5 million passengers; in year 2000 the number of passengers had increased to 12 million passengers. Five years later even that figure had been doubled – in 2005 Dubai International Airport had almost 25 million passengers.

The freight has had an even more impressive development; from 1990 the weight of the total cargo transported to or from the airport has increased ten times to reach the figure of about 1, 4 billions tonnes.

The airport, which is located only four km from Dubai City centre is widely considered to be one of the best transit airports in the world. For example it is well known for its Dubai Duty Free which in 2005 had a turnover of about (Dubai International Airport) US$ 500 million; a figure that places it as number three regarding airport retailers in the world. Dubai Duty Free has also managed to made their ticket draws world wide famous (Dubai Duty Free), here ticket buyers, arriving, departing, and transit passenger, can win luxury cars and motorbikes.

In these days more than 100 airlines operates the airport, among them the Dubai flag carrier Emirates.
Appendix 12

Questions given to Bruno Beijer, Swedish Ambassador in United Arab Emirate

1. Who are the advantages and disadvantages of Dubai in a general view?

2. How is the cooperation (Swedish) with Dubai?

3. How does Dubai market itself?

4. What is the information from you to Sweden (companies etc.) regarding Dubai?

5. Do you see a rivalry between Dubai and other Emirates in United Arab Emirate? If yes, any consequences?
Appendix 13

Questions given to Hazzam Almarouf, United Arab Emirates Embassy in Sweden

1. What does Dubai want?

2. The general strategies of Dubai?

3. Do you see any connections between the building project and the promotion of Dubai?

4. The Free Zones, how important are they in the promotion of Dubai?

5. Dubai in connection with other strong trademarks – companies – Nokia, Microsoft, and Emirates, and persons – Roger Federer, Tiger Woods, Madonna?

6. The roles of the airport and the port?

7. The role of the United Arab Emirates Embassy in Stockholm