

2017

Comparative Pricing Analysis of Mecca's Religious Tourism

Said M. Ladki

Lebanese American University, Beirut, Lebanon, sladki@lau.edu.lb

Rayan A. Mazeh

Lebanese American University, rayan.mazeh01@lau.edu

Follow this and additional works at: <https://arrow.tudublin.ie/ijrtp>



Part of the [Accounting Commons](#), and the [Tourism and Travel Commons](#)

Recommended Citation

Ladki, Said M. and Mazeh, Rayan A. (2017) "Comparative Pricing Analysis of Mecca's Religious Tourism," *International Journal of Religious Tourism and Pilgrimage*: Vol. 5: Iss. 1, Article 4.

doi:<https://doi.org/10.21427/D76Q7Z>

Available at: <https://arrow.tudublin.ie/ijrtp/vol5/iss1/4>

Creative Commons License



This work is licensed under a [Creative Commons Attribution-Noncommercial-Share Alike 4.0 License](#).

Comparative Pricing Analysis of Mecca's Religious Tourism

Said M. Ladki and Rayan A. Mazeh

Lebanese American University, Beirut, Lebanon
sladki@lau.edu.lb, rayan.mazeh01@lau.edu

This study compares the costing practices of three religious tourists groups. Specifically, the study compares the costs of Islamic religious tourism to Mecca among three groups: 1) Indonesia and India, 2) Lebanon and Tunisia, 3) Dubai and Qatar. The selection of the three groups was based on the following principle: Group 1: Represents the most populated and less affluent Islamic countries. Group 2: Represents the less affluent Arab States with moderate income Group 3: Represents the richest Arab Islamic countries in the world. Results indicate that countries with wealthy economies charge much higher prices for Hajj packages than those with moderate economies. However, the overall Hajj revenue is the highest (\$940 millions) in the most populated Islamic countries (Indonesia). But for wealthy economies (Dubai) even though it's ranked as the fifth in the number of pilgrims, its revenues (\$220,433,572) are high enough to be in the third place. Operators' pricing schemes fall into three independent categories: Competition-based Pricing, Consumer-based Pricing and Cost-based Pricing.

Key Words : religious tourism, Mecca, Hajj and pilgrimage, cost, tour packages

Introduction

This study compares the costs of Islamic religious tourism to Mecca among three groups:

- 1) Indonesia and India,
- 2) Lebanon and Tunisia,
- 3) Dubai and Qatar.

Religious tourism is a major topic of investigation by tourism researchers, marketers and the mass media (Badone & Roseman, 2004; Jewell, 2007). Due to its significant contributions to the economies of the host countries, religious tourism is gaining further attention and popularity (Timothy, 2011). Stausberg (2011) argues that tourists are 'exposed to religion in their travels' even if religious motives do not prompt travel. There is a broad spectrum of pilgrimage destinations around the world: Bait Lahem, Jerusalem, Saint Peter's Basilica in the Vatican, Lumbini in Nepal, Varanasi in India etc., but pilgrimage to the holy city of Mecca which houses the Kaaba is viewed as one of the most prevalent (Jafari & Scott, 2014).

Pilgrimage to Mecca (Hajj) is one of the five pillars of Islam. Hajj is an intrinsic experience of Islam, which involves communal rites and activities (McCleary, 2007). Being obligatory for Muslims with sufficient monetary resources, Hajj stands out as the most important religious ritual in the lives of all Muslims (Clingsmith, Khwaja, & Kremer, 2008). Metcalf

(1990) views Hajj as a communal journey aiming at creating common understanding of Islam across social status, race, age, and gender.

Islam was born in Saudi Arabia. The holy cities of Mecca and Medina are located to the south west of Saudi Arabia (Figure 1), geographically located between the Arabian Gulf to the east and the Red Sea to the west. Its physical location is not viewed as a major tourism pull factor, however, many researchers argue that religion acts as a robust tourists pull factor

Figure 1 : Map of Saudi Arabia



(Timothy & Olsen, 2006; Hyde & Harman, 2011; Della Dora, 2012). Religious tourism to Saudi Arabia stems from the presence of the sacred sites in Mecca and Medina (the burial place of prophet Mohamad). All Saudi nationals were either born Muslims or converted to Islam and the whole Saudi society is based on Islamic rubrics, including its legal and economic systems (Brdesee, Corbitt, & Pittayachawan, 2013).

Though oil export is Saudi Arabia's largest GDP contributor, hospitality and tourism revenue account for 7.7 percent of its GDP which is equivalent to \$58.13 billion (WTTC, 2015). The majority of Saudi travel and tourism business is based on religious tourism; followers of Islam undertaking either Hajj or Umrah. Umrah is defined as the non-obligatory pilgrimage to Mecca that the Muslims can perform throughout the whole year. Due to quota restrictions, Muslims that are not granted visas to visit Saudi during the Hajj season, may opt to participate in Umrah anytime throughout the year. In 2014, the Saudi tourism industry generated 1.1 million jobs and this rate is expected to increase by 7.7% in 2015 to reach 11.6% of total employment (WTTC, 2015). The statistical figures of annual pilgrims are expected to reach 17 million by the year 2025.

Discussing significance of pilgrimage to the Saudi economy, Sardar (TheGuardian, 2010) states:

We know that oil is going to run out. The Saudis are counting on Hajj to provide income. It is a big business.

In the same article (echoing the , a marketing agent for Al Bait towers stated that religious tourism is a booming industry and is going to expand further

the big-name hotels come here because they know there is business here. People will not stop coming to hajj. They cannot do hajj anywhere else. (TheGuardian, 2010).

Literature Review

Literature has established a strong relationship between religion and tourism (Battour, Ismail, & Battour, 2011; Henderson, 2011; Eid, 2013; El Gohary & Eid, 2014; Jafari & Scott, 2014). In this context, religion is a viable travel motivator (Wall & Mathieson, 2006) which represents tourists' cultural, social and ethnic background (Stephenson, Russell, & Edgar, 2010). Such explicit foundation has generated a shift from mass marketing toward segmenting the markets in order to meet the demands of the particular tourists (Eid & El-Gohary, 2015).

The number of pilgrims travelling to Mecca to pursue their religious obligation (Hajj) has increased dramatically throughout the years. In the mid of 1950s, the number of pilgrims did not exceed 100,000 (Bianchi, 2004). When long haul travel became faster, safer and cheaper the numbers increased exponentially. This increase was furthered by the advancement in marketing strategies, selling inexpensive tickets and creating tourism packages which have made radical improvement in the tourism industry (McLoughlin, 2013). The number of Hajj pilgrims grew to reach about 3 million visitors annually. This high number of pilgrims imposed pressure on the Saudi infrastructure and religious sites.

The Saudi government has been responsive. It has heavily invested in its infrastructures and in the expansion of the religious sites. Mecca's mayor pointed to the urgency of developing hotels, housing, infrastructure, and transportation systems without making any modifications in the rituals of Hajj, in the 'Kaaba' and in the 'Zamzam' Well (AlJazeera, 2009). The extremely high demand for travelling to Mecca and Medina, with an increasing rate every year, requires aggressive investment strategies in infrastructure (road networks, airports, accommodation and healthcare centers) and superstructures (bridges, passenger ships, seaports etc.). Several expansion plans have been executed to improve Hajj service quality and maintain the authenticity of the pilgrimage. To illustrate, the Saudi government has upgraded the grand mosques in Mecca and Medina by installing giant escalators, elevators, environmental control systems, and heat resistant tiles (Ministry of Hajj, 2010) at a cost of more than \$27 billion (Royal Embassy of Saudi Arabia, 2010).

The grand mosques expansion plan brought an 'explosion of development in the region' as described by the governor of Mecca and Medina who has labelled some properties in the Holy cities as the most expensive in the world. Hospitality and tourism projects have spread throughout the holy cities in Saudi Arabia. Adjacent to Mecca's grand mosque is the King Abdul Aziz Endowment Project, which includes high quality hotels, conference centres, 40 soaring towers, and prayer facilities for 200,000 tourists (Times Online, 2007). Another example is the iconic 'Abraj Al Bait Complex' that includes Mecca Clock Royal Tower Hotel that is 577 meters high. Its 40 meter high clock is 5 times grander than Big Ben and can be viewed from 17 kilometres away. The 76 story hotel houses 858 rooms, an Islamic Museum, and a lunar observation centre (Fairmont Hotels & Resorts, 2008).

A 453 kilometre Mecca-medina rail link is underway; the rail will link the two cities and serve selected communities along the way. It is projected that the rail link will take 53,000 passengers' vehicles off the highways (AlJazeera, 2009).

In 1930, the Grand Mosque in Mecca had a carrying capacity of 48,000 pilgrims and the Prophet's Mosque in Medina could accommodate 17,000 pilgrims. Both mosques were expanded to accommodate about 1.5 million pilgrims (Royal Embassy of Saudi Arabia, 2010). Despite such expansions, demand has continued to increase. The exponential rise in demand has forced the Organization of Islamic Cooperation to establish quotas allowing 1,000 pilgrims per million Muslims per country.

Hajj Packages

According to McCleary (2007) tourism packages are defined as set of prearranged services including more than the ticket price from one destination to another. Atherton (1994) considers tourism packages to be 'the ultimate, mass marketed product' of the travel and tourism industry. The definition of a package requires the trip to be at least 24 hours including overnight lodging, and must include a combination of at least two of these services: ground transportation, airfare, lodging, guided tours, meals, entertainment etc., which are all sold at an inclusive price (Department for Business Innovations and Skills, 2010).

Different religious tourists possess different levels of flexibility or degrees of freedom in their travel, but as with other travellers, they are classified into two categories: package tours and fully independent travel. The former is divided into two subcategories: whole packages and dynamic packages. Whole packages are sets of predefined tourist products and services that are offered to all tourists going through the same tourism agency. Dynamic packages allow the tourists to compose their own packages by choosing their own hotels, car rentals, and flights. Fully independent travel is where individuals independently set all their travel plans and arrangements.

Hajj packages consist of a bundle of services that are offered to pilgrims. A typical Hajj package includes the cost of a Saudi visa, round-trip airfare, airport services, hotel accommodation in Medina and Mecca, internal ground transportation (Mecca-Jeddah-Medina-Jeddah), and expert guide fees.

When setting the price for a certain product or service,

businesses evaluate customers' perceived product value - price relationship. Businesses design their market strategy to be perceived as high value and expensive or low price leader. Market competition plays an important role in affecting the pricing strategies of businesses. The higher is the competition, the lower are the prices. Additional product costs (sum of the labour, overhead and direct costs) are important price determinants.

Hajj tour packages follow product-bundling pricing techniques, where the bundle's price is less than the summation of the costs of offered products and services. To establish the price of a Hajj package, tour operators must determine the cost of each individual service in the bundle and add the desired markup to reach their anticipated profit.

The price of Hajj tour packages has both direct and indirect determinants: The **direct determinants** include:

- Accommodation - this cost is determined by the quality or type of accommodation, which ranges from sleeping in tent cities that are a reasonable walking distance from the religious site, to a stay in three, four or five star hotels - where room occupancy varies per hotel quality; it is also influenced by the number of pilgrims within the room. Residential leasing also exist, where a group of pilgrims lease the homes of local residents for a negotiated fee. Proximity of the accommodation location to the holy places in Medina and Mecca is also a factor .
- The cost of Saudi visa,
- Air travel class (economy, premium economy, business or first class),
- Quality and number of meals within a day,
- Spiritual guided tours,

The **indirect determinants** include

- Fluctuations in currency valuation in selected countries,
- The varied license, registration fees that governments of outbound tourists' charges to tour operators,
- Employee services / training, etc.

Pricing Schemes:

An extensive search of the accounting service industry literature indicates that one can find twelve pricing

strategies that are clustered into three broad pricing categories (Competition Based Pricing, Cost Based Pricing, and Consumer Based Pricing):

1. Cost-based methods:

- * *Cost-plus Method*: the desired amount of profit is added to the average cost (Ward, 1989).
- * *Target Return Pricing*: the firm sets the targeted return on investments and calculate the price to yield the target (Meidan, 1996).
- * *Break-even Analysis*: price is calculated where total revenues equal total expenses. (Channon, 1986; Lovelock, 1996).
- * *Contribution Analysis*: the price is calculated by accounting only for direct expenses (Schlissel & Chasin, 1991).
- * *Marginal Pricing*: price only covers marginal cost and is below total cost (Palmer, 1994).

2. Competition-based methods:

- *Pricing the same as competitors or industry average price. (Channon, 1986).
- *Adopting a higher pricing method than competitors (Bonnici, 1991).
- *Adopting a lower pricing method than competitors (Zeithaml & Bitner, 1996).
- *Pricing as a follower, based on the leaders' price in the market (Kurtz & Clow, 1998).

3. Demand-based pricing:

- * *Perceived-value Pricing*: the customers' perceived value of the product determines its price (Hoffman & Bateson, 1997).
- * *Pricing According to Customers' Needs*: the price is determined to meets with customers' expectations and needs (Bonnici, 1991).

Tzokas *et al.* (2000) believed that pricing allows one to predict the expected outcomes and to measure the operational efficiency. Oxenfeldt (1983) assumed that through pricing methods, different orders of action can be taken. Firms use pricing methods to reach pricing decisions. The objectives of service pricing are to: achieve satisfactory profits or sales, cost coverage, increase in market share, market development, and achieving similarity with competitors.

Research Methodology

This study compares the pricing strategies of religious tourism packages among three groups. The pricing mechanisms of tour packages in the most populated

Muslim countries (Indonesia and India) will be compared to pricing strategies in two small, less affluent, Arabic countries (Lebanon and Tunisia) versus two wealthy, Arabic, oil exporting countries (Qatar and Dubai). The impact of such pricing mechanisms on the profitability of religious tourism businesses will be discussed. Likewise, price may become a barrier for those who come from economically less prosperous countries. In fact, it is the price that may hinder one's compliance with an important religious obligation which is Hajj.

Sample and Procedures

The selection of the three groups was based on the following principle:

Group 1 represents the most populated and less affluent Islamic countries. It is very important to understand the pricing schemes and product classes available to such a large market.

Group 2 represents the less affluent Arab States with moderate income. The development of product packages, preferences and consumption patterns of moderately wealthy states are of importance to the investigation.

Group 3 represents the richest Arab Islamic countries in the world. It is important to understand the product availability and pilgrim preferences of travel packages and hospitality goods and services available to such a group.

Group 1: Indonesia and India

Indonesia has the highest number of Hajj pilgrims to Mecca (168,000) followed by Pakistan (143,468) and India (126,020) (Hajj Statistics, 2015).

The Indonesian Ministry of religious affairs requests a down-payment of Rp25m (\$2000) for each prospective pilgrim in order to join a 12-year waiting list to perform Hajj (Bland, 2014). According to Suroyo and Owen (2015), the ministry of religious affairs in Indonesia reports that 15,000 to 20,000 Indonesian citizen register for Hajj each month. The number is constantly on the increase because Indonesians are becoming more devout and wealthier. The Hajj business in Indonesia contributes about \$600 million per year to the nation's economy.

The Indonesian government runs basic Hajj tours at a cost of \$3,200 per pilgrim, including the airfare and meals. Those travelling at such low rate often complain that the place of stay is over-crowded and far from the grand mosques, and during the middle of the trip the

tour operator stops offering meals claiming insufficient funds.

For wealthy pilgrims, private tour operators offer premium packages at a cost of \$8,000. Such tours offer better and higher quality accommodations which are closer to the grand mosque, and three all-you-can-eat meals per day where the finest quality and variety of food is being served.

On average, the economy tour packages from India cost \$4,234 for a stay of 35 to 38 days in a standard hotel with room occupancy of 5 people per room. This includes visa, airfare, and accommodation in standard hotels, daily meals as per meal plan of the hotel, laundry services and internal ground transportation. To stay in a double room one has to pay up to \$5,775. These packages do not include excess baggage other than the allowed weight, and Qurbani (the sacrifice of an animal). All those who are performing Hajj are required to sacrifice a lamb, or a sheep, or a goat or pool their resources to sacrifice 1/7 of a cow or camel.

The executive tour packages from India cost up to \$6,928 per person. The pilgrims will stay in 4 or 5 star hotels that are close to the grand mosques in Mecca and Medina. For a luxurious stay in a 5 star hotel with a double room, it costs around \$7,400.

Group 2: Lebanon and Tunisia

In 2015, 20,000 Lebanese applied for a Hajj visa. The Hajj quota for Lebanon more than doubled from 2014 (3,200) to 2015 (7,200), thus, more than 7,200 pilgrims from Lebanon were able to perform Hajj, due to the Saudi government providing these additional 'courtesy visas' to selected Lebanese officials who give away the visas to people in their communities.

The cost of Hajj tourism packages from Lebanon ranges from \$2,500 for basic economic packages, to \$15,000 for deluxe packages. The services range from having top quality hotels, meals, visa, first class airline tickets, access to an on-demand medical doctor, open buffet, ground transportation in private Sedans, along with a spiritual expert who guides the pilgrims through the Islamic rituals of the journey. Average packages include one main meal, hotels that accommodate 4-5 persons in a room, Islamic lectures, and ground transportation in regular public buses.

In 2012, the Hajj quota for Tunisia was 10,300. In 2013 this number was reduced to 8,300 due to the expansion projects taking place in the grand mosque.

The Ministry of religious affairs in Tunisia sets the standard costs for a regular pilgrimage each year. For 2013, the costs amounted to \$5,000. Tunisian Muslims are placed on a six year waiting list. In Tunisia, private businesses are not allowed to take part in the Hajj travel business. The government is the sole provider of Hajj services to all Tunisians. Akrem Wertani (2013, as cited in Smadhi) an official in the Hajj and Umrah Services at the Ministry of Religious Affairs, stated that 'Hajj is only regulated by the state'. Tunisians who aren't willing to stay on the waiting list opt for tour operators that are considered by the government as illegal and non-official. The Hajj rituals can be as short as four days, but Tunisians stay an average of 26 days. Pilgrims can either choose to go to Mecca or to Medina first.

Group 3: Qatar and Dubai

Historically, Qatar was granted 9,000 visas, however, the construction and expansion activities that are taking place in the grand mosques of Mecca and Medina have compelled the Saudi government to reduce the number of issued visas to 1,200 in 2014 and 2015. Annually, about 19,000 habitants of Qatar apply for Hajj visas. The selected candidates are chosen by a random lottery. To be eligible to get through the process, the applicant must be at least 18 years old and have not gone to Hajj in the last five years. Expats residing in Qatar qualify after the completion of three years of residency. A female should at least be 45 years old; otherwise a mahram should accompany her. A mahram is a male relative such as father, brother or husband.

To cut their losses, several Qatari tour agencies merged their businesses. Thirty other registered Hajj tour operators went out of business due to the severe reduction in the number of pilgrims in 2014. In 2015, only 9 tour operators escorted pilgrims to Hajj. The cost of a two week tour package ranges from \$3,296 to \$10,165. The starting cost of \$3,296 includes accommodation in standard hotels located away from the grand mosque (5 persons per room), ground transportation, visa and a guide. Meals are excluded.

For Emirate citizens, the average Hajj package costs \$20,419, and for expatriates this price goes higher to \$22,600. Moreover, for a luxurious comfortable journey, a VIP package tour can cost up to \$68,073. The VIP package includes a first class air ticket on Emirates Airlines, and accommodation at five star hotels in Mecca (i.e. Fairmont) and Medina (i.e. Mina tower). The pilgrims' ground transportation is provided

Table 1 : Hajj Revenues

Countries	Lower cost (\$)	Maximum cost (\$)	Range	Average	Number of pilgrims	Overall Hajj Revenue
Indonesia	3,200	8,000	4,800	5,600	168,000	940,800,000
India	4,234	7,400	3,166	5,817	126,020	733,058,340
Qatar	3,296	10,165	6,869	6,731	1,200	8,076,600
Dubai	20,419	68,073	47,654	44,246	4,982	220,433,572
Lebanon	2,500	15,000	12,500	8,750	7,200	63,000,000
Tunisia	5,000	10,000	5,000	7,500	8,300	62,250,000

by luxurious 'stretch' vehicles. Opponents of such packages argue that pilgrimage is supposed to enhance the value of equality and the abandonment of the luxuries of life. Few citizens of the Emirates argue that such prices are preventing Muslims from performing their religious rites, since Hajj is an obligatory ritual that has to be performed by Muslims who are in good health and financially able to visit Kaaba.

Results

Results indicate that countries with wealthy economies charge much higher prices for Hajj packages than those with moderate economies. However, the overall Hajj revenue is the highest (\$940 millions) in the most populated Islamic countries (Indonesia). But for the wealthy economy of Dubai, even though it is ranked as fifth in the number of pilgrims, its revenues (\$220,433,572) are high enough to be in the third place.

As discussed earlier, the costs of tour operators can be divided into two categories: direct and indirect costs.

The direct costs represent 70% of the total cost and consist of: accommodation and food, airline ticket, ground transportation and agent commission. Indirect costs consist of administrative costs that cover: wages, telephone bills, rent of facilities, electricity, training, and employee services along with advertising, publicity, and sales promotion.

According to industry standards (Pandit Sunderlal Sharma Central Institute of Vocational Education, 2012), the cost of tour packages is distributed among 7 measurable product classes. Lodging and food represents 25% of the cost, air transport 20%, ground transport and visitation of religious site 15%, and about 15% of the assigned cost is allocated to the net income.

Analysis

Results indicate that Hajj tour operators' pricing schemes fall into three broad categories. These are discussed in the following sections.

Table 2 : Allocation of Costs (\$)

	Country	Indonesia	India	Qatar	Dubai	Lebanon	Tunisia
	Average Prices	5,600	5,817	6,731	44,246	8,750	7,500
25%	Lodging & Food	1,400	1,454	1,683	11,062	2,188	1875
20%	Airline Tickets	1,120	1,163	1,346	8,849	1,750	1,500
10%	Agent commission	560	582	673	4,425	875	750
15%	Transfer, Sightings	840	873	1,010	6,637	1,313	1,125
9%	General Expenses	504	524	606	3,982	788	675
6%	Marketing & sales	336	349	404	2,655	525	450
15%	Net Income	840	873	1,010	6,637	1,313	1,125

Competition-based Pricing

The majority of tour operators in countries with a high Muslim population (Indonesia, India) use the Competition-based Pricing Method. The highly competitive market in such countries forces tour operators to bring down the price of hajj packages in order to survive in a complex market. A competitive pricing strategy compresses the product range from \$3,166 to \$4,800. Such competitive prices are set in order to increase the customer base. Tour operators adopting this strategy take advantage of following the leader's price without making extra effort to get market data and estimate demand. Tour operators who adopt a Competition Based Pricing Method, frequently exclude selected primary services (meals, ground transportation, fine lodging, etc.) when focusing to stay within the offering price range embraced by most competitors.

Cost-based Pricing

Tour Operators in countries with moderate economies (Lebanon, Tunisia) use the Cost-based Pricing Method. This method aims at calculating the average cost of the product then adding the desired mark-up to obtain the agreed-upon profit. Cost-based pricing is the safest technique used when dealing with moderate income customers. Based on the costs, the tour companies will set a price floor and a price ceiling, which represents the range between minimum and maximum price. A major flaw in cost-based pricing method is that it doesn't take customers' demand into consideration. For an example, if the tour has a maximum capacity and more travellers were willing to go with this tour, they might be willing to pay more since they think there is a shortage of supply. This method also encourages competitors to enter the market with lower and more attractive prices.

Consumer-based Pricing

In Gulf countries (Dubai, Qatar), wealthy citizens and the high standard of living force tour operators to design luxury, upper-end packages. The pricing of such packages is driven by the customer's perceived value of the trip. Tour operators in such countries adopt the Consumer-based Pricing Strategy. Due to high *per capita* income, gulf tour operators design tourism products for wealthy socio-economic groups, where the price is not a variable but product service quality is of most importance.

The value of a service or product stems from customer expectations, preferences, financial resources and

needs. Consequently, this approach challenges tour operators to investigate the market and measure the perceived value of a service or a product. In addition, tour operators must contrast their services and products with those of their competitors to identify product strength and weaknesses.

Value pricing involves setting prices to increase profitability by tapping into more of a product or service's value attributes. This approach to pricing also depends heavily on strong advertising, especially for new products or services. Advertising helps businesses communicate the value of products or services, and motivate customers to pay more for high-end value products or services (Heil, 2004).

Discussion

A number of theories emerge from this study. These are presented in the following sections.

Though the cost for Hajj is constantly increasing, the demand continues to exceed supply (the number of requested and issued visas). Results are conclusive; despite of the increase in cost, demand continues to increase. Such findings compel the researchers to conclude that there is a direct relationship between the cost and the demand for Hajj.

The least populated Islamic countries (Dubai, Qatar) tend to have the most expensive Hajj packages, whereas the most populated countries (Indonesia, India) have the most reasonably priced Hajj packages. There is a negative relationship between the cost of Hajj and population of the country. Thus, one can conclude that there is no direct relationship between the cost of Hajj and the investigated populations.

It would be normal to assume that the higher the cost of Hajj the higher the service qualities that one expects to receive. This hypothesis is true for countries where tour operators conduct their businesses in a competitive market environment, the higher the price the better the service qualities. However, for countries where the government controls the tours (Tunisia), the price is settled by the government and the service quality may be compromised. Results indicate that there is a direct relationship between the cost of Hajj and the available quality of hospitality goods and services.

The Islamic population is one of the fastest growing populations in the world. This increase has compelled the Saudi government to increase its expenditure on

site development projects. Therefore, the paper concludes that there is a direct relationship between the size of Hajj seekers and the expenditure on expansions and development of the Grand Mosques.

Conclusion

Though Hajj is a required activity, it may not be possible for all Muslims to perform their religious obligations due to the following reasons:

Entry barriers (Visa limitations): Though the Grand Mosques carrying capacities are constantly upgraded and expanded to welcome more people, the mosques continue to offer limited space and can not accommodate all those who desire to perform their religious obligations.

Cost of Hajj: Data indicate that there are specific pricing schemes in each of the analysed groups.

The research demonstrates that Hajj seekers from the most populated Islamic countries (Indonesia and India), benefit from being the price leaders in terms of the cost of Hajj. Hajj seekers who reside in moderately rich countries (Lebanon, Tunisia) have to pay higher prices to perform Hajj. However, with higher prices come better services, the average income per capita in these countries makes Hajj quite expensive and not within the reach of all those who desire to fulfill their religious obligation. Hajj seekers who come from the richest Arab countries (Dubai, Qatar) pay the most to perform their religious obligations. Though such individuals are paying top dollar to receive top services, it is questionable whether the principles of equality and oneness among all those who perform Hajj are appropriately adhered to.

The cost divide between poor, moderately rich and rich countries will continue to be the subject of discussion and a topic for further investigation. Religious tourism researchers, clergy and tourism stakeholders need to be engaged to assist in developing a fair pricing schemes to make Hajj accessible to all those who intended to perform this religious obligation.

Limitations & Recommendations

The literature on the pricing of religious tourism tour packages is limited. The absence of information on tour package pricing models had made data collection more complicated. The majority of tour operators in the investigated countries do not have websites, and obtaining brochures from different countries was an added constraint. If all data were available, one would have undertaken deeper analysis of the relationship

between the availability of certain tour elements in the package, pricing of the package, and the resulting economic benefits of religious tourism.

Further research should be conducted to establish a clear model for religious tour packages similar to the one developed for recreational tour packages. Another future direction for this line of research is developing a construct of religious tour elements; this line of future research would also examine and identify the elements which are the most important in increasing demand and influencing pricing in a dynamic environment. Furthermore, empirical investigations should be conducted with tourism operators to study the effectiveness of the adopted pricing methodologies.

References

- AlJazeera. (2009). *Hajj Report*. Saudi Arabia.
- Atherton. (1994). Package holidays: legal aspects. *Tourism Management, 15*(3), 193-199.
- Badone, E., & Roseman, S. (2004). *Approaches to the Anthropology of Pilgrimage and Tourism*. Chicago: University of Illinois Press.
- Battour, M. M., Ismail, M., & Battour, M. (2011). The impact of destination attributes on Muslim tourists' choice. *International Journal of Tourism Research, 13* (6), 527-540.
- Bianchi, R. (2004). *Guests of God: Pilgrimage and Politics in the Islamic World*. Oxford.
- Bland, B. (2014, February 17). Indonesia taps \$5.4bn Hajj fund for financial salvation. Indonesia, Jakarta: Financial Times.
- Bonnici, L. (. (1991). Pricing dimensions in health-care service. *Journal of Professional Services Marketing, 8* (1), 92-98.
- Brdese, H., Corbitt, B., & Pittayachawan, S. (2013). Barriers and Motivations Affecting Information Systems Usage by Hajj Tourism Operators in Saudi Arabia. *Australasian Journal of Information Systems, 18*(1).
- Channon, D. (1986). *Bank Strategic Management and Marketing*. Chichester: John Wiley & Sons.
- Clingingsmith, D., Khwaja, A. I., & Kremer, M. (2008). Estimating the Impact of the Hajj: Religion and Tolerance in Islam's Global Gathering .
- Della Dora, V. (2012). Setting and Blurring Boundaries: Pilgrims, Tourists, and Landscape in Mount Athos and Meteora. *Annals of Tourism Research, 39*, 951-974.
- Department for Business Innovations and Skills. (2010). *Guidance For Traders On Good Practice In Giving Information About Prices*. London: UK Government.

- Eid, R. (2013). Integrating Muslim customer perceived value, satisfaction, loyalty and retention in the tourism industry: an empirical study. *International Journal of Tourism Research*.
- Eid, R., & El-Gohary, H. (2015). The role of Islamic religiosity on the relationship between perceived value and tourist satisfaction. *Tourism Management*, 46, 477-488.
- El Gohary, H., & Eid, R. (2014). Muslim tourist perceived value in the hospitality and tourism industry. *Journal of Travel Research*.
- Fairmont Hotels & Resorts. (2008, April 30). Retrieved from Fairmont Hotels & Resorts to Manage Makkah Hotel Overlooking Holy Mosque. Press Release.
- Hajj Statistics. (2015). <http://islam.about.com>. Retrieved from <http://islam.about.com/od/hajj/tp/Hajj-by-the-Numbers.htm>
- Heil, K. (2004). *Pricing Policy and Strategy*. Retrieved from <http://www.referenceforbusiness.com/>.
- Henderson, J. (2011). Religious tourism and its management: the hajj in Saudi Arabia. *International Journal of Tourism Research*, 13(6), 541-552.
- Hoffman, K., & Bateson, J. (1997). *Essentials of Services Marketing*. Orlando, FL.: The Dryden Press.
- Hyde, K., & Harman, S. (2011). Motives for a secular pilgrimage to the Gallipoli battle fields. *Tourism Management*, 32, 1343-1351.
- Jafari, J., & Scott, N. (2014). Muslim world and its tourism. *Annals of Tourism Research*, 44, 1-19. doi:10.1016/j.annals.2013.08.011
- Jewell, B. (2007). *State of the faith-based travel industry*. Ohio: Going on Faith: The Magazine for Faith-based Travel Planners.
- Kurtz, D., & Clow, K. (1998). *Services Marketing*. New York, NY.: John Wiley & Sons, .
- Lovelock, C. (1996). *Services Marketing* (3rd ed.). Englewood Cliffs, NJ: PrenticeHall.
- McCleary, R. (2007). Salvation, Damnation, and Economic Incentives. *Journal of Contemporary Religion*, 22(1), 49-74.
- McLoughlin, S. (2013). The Cultural and Political Economy of Hajj-going from Late Modern Britain: Glocal Pilgrim Markets and their Governance. (pp. 238-249). British Museum Press .
- Meidan, A. (1996). *Marketing Financial Services*. London: Macmillan Business Press.
- Metcalf, B. (1990). The pilgrimage remembered: South Asian accounts of the hajj. *Muslim travellers: Pilgrimage, migration, and the religious imagination* (pp. 85-110). University of California Press, Berkeley: J.P. Piscatori, D.F. Eickelman (Eds.).
- Ministry of Hajj. (2010). Retrieved from How Modern Technology Has Been Employed to Facilitate the Hajj: <http://www.hajjinformation.com>
- Oxenfeldt, A. (1983). Pricing decisions: how they are made and how they are influenced. *Management Review*, 23-25.
- Palmer, A. (1994). *Principles of Services Marketing*. London: McGrawHill.
- Pandit Sunderlal Sharma Central Institute of Vocational Education, P. (2012). *Travel Agency and Tour Operations Business*. India: Central Board of Secondary Education.
- Royal Embassy of Saudi Arabia. (2010). Saudi Arabia: Saudi Embassy. Retrieved from www.saudiembassy.net: <http://www.saudiembassy.net/print/issues/hajj/default.aspx>
- Schliessel, M., & Chasin, J. (1991). Pricing of services: an interdisciplinary review. *The Services Industries Journal*, 11(3), 271-286.
- Smadhi, A. (2013). Tunisians Journey to Mecca for the Hajj, Islam's Holiest Pilgrimage. (Tunisialive, Trans.) Tunisia.
- Stausberg, M. (. (2011). Religion and tourism: crossroads, destinations and encounters. *London and New York: Routledge*.
- Stephenson, L., Russell, K., & Edgar, D. (2010). Islamic hospitality in the UAE: indigenization of products and human capital. *Journal of Islamic Marketing*, 1(1), 9-24.
- Suroyo, G., & Owen, N. (2015). *Reuters* . Retrieved from Weak rupiah hits pilgrimage plans of thousands of Indonesians.
- TheGuardian. (2010, November 14). *Mecca makeover: how the hajj has become big business for Saudi Arabia*. Retrieved from www.theguardian.com: <http://www.theguardian.com/world/2010/nov/14/mecca-hajj-saudi-arabia>
- Times Online. (2007, May 21). Retrieved from Prince Abdul Majeed bin Abdul Aziz: <http://www.timesonline.co.uk>
- Timothy. (2011). *Cultural Heritage and Tourism*. Bristol: UK: Channel View Publications.
- Timothy, D., & Olsen, D. (2006). *Tourism, Religion and Spiritual Journeys*. Routledge, Abingdon.
- Tzokas, N., Hart, S., Argouslidis, P., & Saren, M. (2000). Strategic pricing in export markets: empirical evidence from the UK. *International Business Review*, 9, 95-117.
- Wall, G., & Mathieson, A. (2006). Tourism: Change, impacts and opportunities. *Essex: Pearson Prentice Hall*.
- Ward, K. (1989). *Financial Aspects of Marketing*. Oxford: Heinemann Publishing.
- WTTC. (2015). *World Travel and Tourism Council: Economic Impact 2015 Saudi Arabia*. London.
- Zeithaml, V., & Bitner, M. (1996). *Services Marketing*. Singapore: McGraw-Hill.