



## Where do we go from here in tourism?

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There are many who are confident that the next few years will see a maturing of the tourism sector in the Caribbean which will be marked by a much more businesslike approach to its development. For a variety of well known and much discussed sociological reasons, the sector has not received the kind of attention that it deserves as the Caribbean's principal engine of economic development and it has not been treated with the kind of analytical rigor that is required for better decision making. All of that is on the verge of changing.

Tourism is an economic sector, not a career path and not a single industry. This sector is a collection of existing industries that have expanded to serve large number of leisure travellers with a high propensity to spend on specific necessities, experiences and activities. Many of the component industries and services would still exist if tourism did not exist. Taxi drivers would still serve business travellers, hotels would do the same and many restaurants would exist to serve the local population. So, by and large tourism expands many existing industries and creates many additional jobs in those industries. There are few jobs and careers that are unique to the leisure travel sector.

As this becomes clearer, it appears that we may have contributed, inadvertently, to some of the misunderstanding of tourism by insisting that schools of tourism and courses in tourism be established, as if tourism demanded some mysterious sets of skills beyond those required for running a good business. Everyone understood that there are some specific skills, such as those in the culinary arts, that are in increased demand because of tourism but even in those areas, good business practices and good tourism practices are the same. It is therefore hard to see how a good business education with an emphasis on hospitality services would not serve us just as well if not better. It is also hard to imagine how we have gone so long without establishing the kinds of economic tools such

as the tourism satellite accounts which allow us to have a much better sense of the economic contributions of the tourism sector and, more importantly, the causes and effects of certain actions in that sector.

Today tourism is arguably the largest and fastest growing economic sector in the world and the Caribbean is recognised as the world's most tourism dependent region. All of this means, however, that the level of global competition that the Caribbean is facing is unprecedented. But increasing globalisation demands that we focus on those areas in which we have a natural comparative and competitive advantage and it is generally agreed that tourism is such an area for our region. The second demand of globalisation is that countries and regions need to grow surpluses by focusing on ways to make our strengths stronger instead of investing substantial resources in shoring up weak industries and weakening sectors. In fact, in many respects, tourism can assist in strengthening those weak and weakening sectors.

Strengthening the tourism sector requires strengthening of the data and information collected and analysed about its performance. We are all aware that the traditional measure of tourism performance, which amounts to a headcount of visitor arrivals, is quite inadequate, as are the kinds and level of research conducted on the sector. It has been noted that there are easily ten times more Caribbean institutes devoted to agricultural research as compared to those devoted to tourism research. In addition, our academic institutions continue to devote considerable resources to many other areas and relatively very little to tourism. It has also been noted that the training and development courses offered by our regional universities receive far more participants from other industries as compared to participants from some of the core businesses of the tourism sector such as hotels, restaurants and attractions. As mentioned earlier, this latter point may reflect, in part, the incorrect belief that the tourism sector operates on principles that are



outside the reach of normal business education, although this is slowly improving.

Still, tourism is peculiar in that it is the only economic sector that requires the support of the entire community for success and so requires analyses that go beyond the scope of many other businesses. General business research suggests that a most important measure of long term business potential is the number of customers who intend to recommend a product or service to their friends or relatives, that is, the level of positive “word of mouth”. In the tourism sector, this factor is affected by many encounters in the general community, so it would not be unusual to share that statistic with the entire community regularly. In the same way that companies let their staff know how they are performing on several important measures, providing the community at large with more information on tourism performance might engender the kinds of changes required for increased visitor satisfaction. Tracking that statistic and finding ways to improve it, we believe, is the single most important statistic for any destination and is the first of four goals that might be considered as most important to any of our destinations. One most important start might be to create departments within our tourism boards to focus on ensuring that visitors in the country on any given day have the best possible experience. Up to now, the promotional orientation of our tourism boards cause them to spend most of their time delivering visitors to the destination then moving on to prospect for more.

The second goal for our destinations is to ensure that we have low cost, high quality, high frequency transportation and this goal is becoming increasingly important. In the very recent past, most vacations were sold as air-inclusive packages for which the customer had no idea what proportion of the cost was devoted to airfare. All of that has changed with the advent of the internet, the growth of low cost carriers and the increasing tendency by airlines to promote airfares to various destinations. This practice captures the attention of most consumers who would rather spend their money enjoying a destination instead of paying to get to that destination. They are especially reluctant to spend more to travel to a nearby destination as compared to one much farther away. That is why, especially for our North American markets, it is most important for air fares to the Caribbean, it is most competitive with air fares to Europe, for example. It is even more important for destinations that rely on

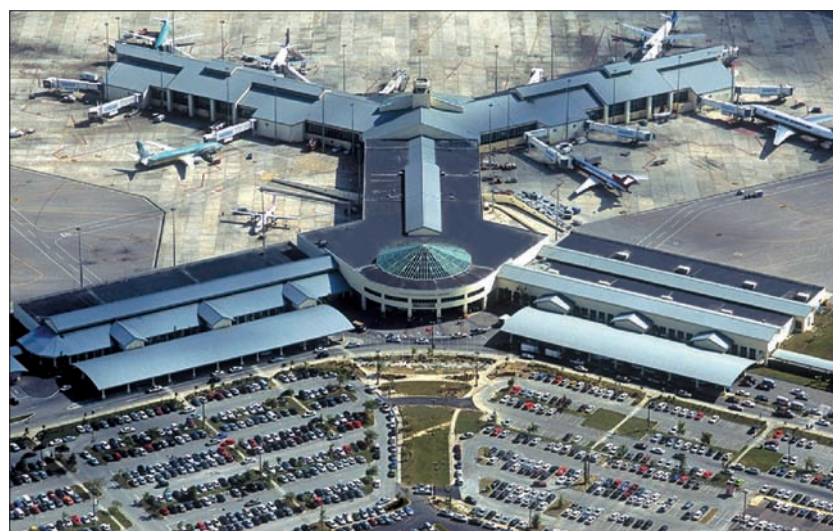
the passage of their potential customers through a Caribbean hub to have connecting air fares to their destination that are reasonable. It is already clear that high cost connections within the Caribbean are much more punishing on destinations without nonstop air connections. This goal also applies, of course, to both ground and sea transportation in the Caribbean.

Our third goal is to find increasingly more efficient ways to deliver effective information. The best tool to deliver on this goal is the internet but we need to move thinking from replicating the kind of text based information of the past to the delivery of such rich media as pictures, videos and sounds that capture the products and services that we have to offer more effectively. So many of our managers of tourism web sites come from a background that created brochures that it is difficult to recognise that a web site is not simply an electronic brochure. It is also important for tourism managers to recognise that our prospective customers have much better broadband connections to deliver these more desired forms of information than we might have within our region because the internet performance with which we are familiar might be quite inferior to that available to our customers.

This delivery of information also applies to our people within the Caribbean. We have not done a very good job of delivering the kind of information to our citizens to ensure that our best and brightest clamour to come into tourism, the most important sector for the Caribbean, by far. There may be far many more PhD's in agriculture as compared to MBA's in the tourism

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Low cost, high quality, high frequency transportation is key if the region is to remain competitive





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Arts and crafts constitute an important linkage between the tourism sector and the resident population



sector, which is unconscionable.

Our fourth and final goal is to prevent, reduce and remove impediments to the development of our industry. It is most curious that so much effort is being placed to moderate the effects of the removal of subsidies to the Caribbean agricultural sector, yet little effort has been placed on retaining or moderating the effects of the removal of the facility to enable Americans to travel to many Caribbean destinations without a passport through the passage of the Western Hemisphere Travel Initiative in the United States. By and large, the tourism industry is already operating much more on a level playing field globally and with the passage of WHTI, our one remaining advantage in our most important market, the United States, has been removed.

On the other hand, there is much discussion about the need to eliminate the tourism sector's primary source of information, the immigration card. Unless there is a fundamental understanding that information is more important than funds, this drive is likely to continue. Some point to the considerable reduction in the kind of information that is collected at Immigration by the United Kingdom, for example. Those citing the case of the United Kingdom forget that their tourism sector represents some 5 per cent of GDP compared to many countries of the Caribbean where tourism can represent up to 80 per cent of GDP. If the case were reversed, we are certain that the UK would be much more diligent in its collection of visitor data.

But at the end of it all, we see tourism as a social and economic development tool. All of the goals outlined are intended to accomplish six economic and social

objectives all of which, going back to the primary intent of this paper, must be relentlessly measured as we move away from the poor surrogate of visitor headcount as the principal measure of success.

The first objective is to grow foreign exchange earnings from tourism and we need to have a better sense of what activities deliver best on this objective.

The second objective is to grow employment of our people as a result of the expansion of the tourism sector. Because it is clear that tourism expands many existing industries we need to introduce better measures to determine the net gains in employment that are derived primarily from activities in the sector.

The third objective is to establish more linkages to the tourism sector especially through agriculture, arts, crafts and cultural services and products. There can be no doubt that many of the factors that will lead to better linkages to the tourism sector also benefit the resident population.

The fourth objective is to broaden the distribution of income from tourism throughout the community. In far too many places, enclave tourism has taken hold where there is too much separation between the tourism sector or tourism zones from the national economy. Although the visitors are recorded as having arrived in the country, the economic effects are akin to outsourcing. This is of particular concern in the cruise sector but we are making progress in that area.

The fifth objective is to employ tourism in such ways as to reduce poverty in our countries. This is aligned with the United Nations objectives for tourism which has been identified as having great potential for success in poverty reduction.

The sixth measure is to constantly look at the level of investments in the sector. There are many destinations that have a history of "boom and bust" which causes the kinds of dislocations that lead to many social and economic problems. We must ensure that investments in the industry are entering at the kind of pace that allows for maximum social and economic benefits while avoiding these disruptions.

For much of the Caribbean, tourism is our national business in which we should all be engaged and to which we need to apply many more rigorous analytical tools. There is no question that the leaders of our nations and the leaders in the private sector of our industry have the capacity to make much better decisions about the sector armed with better information. That is our ultimate goal at CTO. ■