

**Address by HUGH RILEY, Secretary General, Caribbean
Tourism Organization at First Tourism International
Conference, UWI, Cave Hill Campus, Barbados**

Caribbean Tourism – The Way Forward
Friday, December 11, 2009

Welcome to December 11th!!

I have found it impossible to carry on the heavy burden of responsibility and to discharge my duties, as I would wish to do, without the help and support of the woman I love. The actual quote was"I have found it impossible to carry on the heavy burden of responsibility and to discharge the duties of king, as I would wish to do, without the help and support of the woman I love."

That was December 11th 1936; so after ruling for less than a year, Edward VIII became the first English monarch to voluntarily abdicate the throne. He chose to leave after the British government, public, and the Church of England condemned his decision to marry the American divorcée Wallis Warfield Simpson. So on the evening of December 11th, Edward VIII gave a radio address in which he explained that he was quitting what at the time was the most powerful job in the universe, to pursue what today is still the most powerful attraction in the universe.

On December 11th, 1979, Great Britain granted independence to Zimbabwe (Rhodesia).

December 11th, 1985 the Dow Jones Industrial average closed above 1,500 for 1st time. Nowadays we expect it to close routinely over 10,000.

December 11, 1987 marked the Test cricket debut of Carl Hooper, in the match West Indies vs. India at Bombay.

December 11th is the birthday of US Senator Max Baucus, currently of Health Care Bill fame, and the birthday of the Rapper, Mos Def.

December 11 is the 345th day of the year. And finally, December 11th will also mark the last time I ever get invited to the UWI if I don't get on with this!

One of the most fascinating aspects of the business we're in – the tourism industry, is the fact that interwoven into its very fabric are cultural elements – seen and unseen – which are integral to the attractiveness and enjoyment of the product we package and sell. And those elements are to be found throughout the length and breadth of the Caribbean - this fascinating region of 40 million people with a rich cultural and historical diversity, four main language groups and a potpourri of dialects.

What other exports are there on the world market that can make a claim of being infused with the richness of the culture? Does your Mercedes really reflect the culture of Germany, or your electronic equipment the culture of Japan, or your tennis shoes the culture of China? Hardly. But what we export on the planes and cruise ships that leave our shores every year – indeed what those of you whom we have the honor of welcoming or welcoming back to Barbados – will take back with you, are pieces of us imbedded in your minds, hopefully pleasantly, and forever. That to my mind is the essence of the tourism export. We package it, usually attractively, market it and sell it to you, and you come and collect it and take it back to your homes. The consideration you give in return for that, is the foreign exchange we use to build our schools and run our lives and generate more valuable experiences for our visitors, which they in turn use to improve their own lives.

You see, travel for pleasure is an enriching, thoroughly educational, re-energizing, rejuvenating, entirely necessary element which people in the free world have a Right to enjoy.

In fact, if there is ever a vacationer's Bill of Rights – the right to expand your mind through the understanding of how the world *really* works – then the Caribbean should be the region to create it.

Those of you who have escaped the already chilly air of an approaching winter to be with us this week, will no doubt take the opportunity to savor some of the joys of this extremely attractive island. Choose a beach, any beach in the quiet of the evening; leave the stresses of the day behind you as you walk toward the sunset; soft sand under your toes and the water lapping gently around your ankles.

Go to Oistins tonight for the best fish you ever had in a truly unique environment. Spend some time in the awesome restaurants across this island. Feel the vibe of St. Lawrence Gap in the South or Second Street in the North in Holetown; for contrast get over to the East Coast and spend some time in the village of Bathsheba. Meet the people of Barbados and interact with us. Allow yourself to imbibe whatever you find to be the most seductive and appealing aspects of our culture.

Do that and then tell me if that is the same thing as curling up in bed with your laptop and trying to experience Barbados on the Internet. The essence of hospitality is breaking bread and sharing space.

So if there is a corner of the universe that ought to agitate for the complete freedom of movement of people for the purpose of enjoying the fruits of their labor, it ought to be the Caribbean. The Right to travel should be enshrined in the human psyche to the point where people of all nations understand that no acts of terrorists, or of anyone else who would seek to imprison us in our own homes, should succeed in restricting our entitlement to travel.

By the way, as incredible as it may seem, there are still people in the world debating why the Caribbean would classify tourism as an export. People think it has to leave the country

in a crate or a container to be classified as an export; some believe to be categorized an export an item has to be delivered to your house by someone else but it's somehow different when you come and collect it, pay for it, enjoy it and take it abroad with you and savor it for the rest of your life.

You know, there are actually car manufacturers in Europe – I've seen two of the brands outside in the parking lot - that will let you create your own package, customize your car on the Internet and send the specs to them, pay for the order, go and collect the car yourself from the factory for the sheer experience of it, drive it around in Europe, and then take it abroad with you. Tell me those cars aren't exports. We do the same with our tourism product, and the visitors give us the foreign exchange.

Let's now for a moment take a look at the size and a few of the characteristics of the tourism business and its effects on various economies. Then we'll examine where we are in the Caribbean, where we want to be, and why we must do whatever we can to avoid "the street light syndrome"; or at the very least to minimize the effects of it. After that we'll get to the part of my speech that people always look forward to; That's when I say "and finally".

Incidentally, as the name suggests, the street light principle is a highly technical, totally sophisticated concept which operates in any community anywhere in the Caribbean. Perhaps anywhere in the world. We all know it; we've all seen it. More on that in a minute.

The United Nations World Tourism Organization estimates that over 927 million people travelled internationally last year. Of that number the Caribbean Tourism Organization says 23 million travelled to our region by air. In fact, excluding cruise activity, the Caribbean is second to Europe in stay-over visitor penetration density; i.e. visitor arrivals as a percentage of population.

We would easily have the highest visitor penetration density when another 18 million cruise arrivals are added.

The WTTC, The World Travel & Tourism Council, estimates that in 2009 travel and tourism will have generated 220 million direct and indirect jobs; one in every 13 jobs in the world.

To give it a Caribbean perspective, this industry employs 2.5 million of us and injects over \$25 billion a year in foreign exchange into our regional economies.

Tourism's contribution to GDP in the Caribbean ranges from 15% to over 70% among the 33 countries of the Caribbean Tourism Organization. When foreign exchange earnings and contribution to the economy are taken into account, the most tourism dependent region of the world is the Caribbean. So for the whole world, tourism is big business; for the Caribbean, there is little doubt that tourism is **the** business. Clearly, there are a few exceptions within our own membership where mineral resources are available in significant quantities.

But it's important to know that as a region our small size in comparison to the competition doesn't scare us; it just helps us to focus more intensely on the importance of the task at hand. When one looks at the performance of the world's major economic powers in relation to land mass, just ask the Japanese if they've let physical size deter them in any way. On the size versus strategy argument, one of my favorite illustrations of all time depicts three retail stores lined up on a busy street one next to each other, all fighting for shoppers. One day the store on the right

It's all about the way we position ourselves in the face of competition.

The past year and a half has been a true test for the tourism business and especially for the world's most tourism-dependent region.

H1N1 effects include:

- Shaken public confidence re travel
- Confusion over multiple protocols

The effects of the global economic crisis include:

- Sharp declines in arrivals & receipts
- Reduced air service
- Threat of increased taxation from overseas
- Continued threats to the quality of the experience

We've seen the disposable income of our best customers declining and with it their ability to maintain a certain lifestyle. The equity in their homes is disappearing and the cushion in their pension plans is getting thin. The wealth of their own countries is being eroded to the point where Oxford Economics tells us that in one year since the second Quarter of 2008 the United States lost over 4% of its GDP, the UK lost 6.5%, Germany 6.8% and Russia 11%. By some estimates it could take 3 to 5 years to recover those assets.

As a region we have tackled all the right things, although we haven't necessarily always done it the right way. Of course we could argue – perhaps with some justification, that grappling with a global economic crisis of this magnitude is not an exercise that anyone has experience in handling. This one is new to all of us.

So what have our countries done?

- Increased collaboration between governments, unions, and the private sector in an effort to reduce layoffs and employee dislocation
- The creation of national and regional coalitions including the financial services sector

- Stimulus packages of one kind or another and improved access to capital for maintaining and upgrading the physical plant
- A dedicated focus on training and improvement on service quality
- Encouragement of entrepreneurship
- Attempts at collaborative marketing – so far unsuccessful in getting a start
- Renewed emphasis on new-market strategies
- Aggressive pursuit of new air services
- Renewed interest in intra-regional travel and on tackling any hindrances
- Renewed search for extra-regional funding
- Intense interest in research data.

A cynic might say – and I would agree – that as a region we ought to have been doing some of the above as a matter of course. And I believe we were. The Caribbean, as experienced as we are at the business of tourism, should not only anticipate challenges but be in a position to deal with them effectively.

Wayne Gretsky – the Canadians here today will appreciate this - was never known to be a great academic or an eminent philosopher but he was a superb strategist. At the height of his career as Canada's most celebrated hockey player Wayne Gretsky was asked to explain the secret of his phenomenal success. Why, the interviewer asked, are you so incredibly successful at your game? To which he replied simply: "Most players skate to where the puck is. I skate to where the puck is going to be".

Tourism's rough equivalent of anticipating the next moves and setting up a winning strategy for ourselves often involves paying closer attention to the volumes of data available to us.

There will come a time when the Caribbean is so focused on mining the databases of our current visitors that we will let no one arrive and leave our shores unless we know enough about

them - at least to do a profile of who they are. Through easily available techniques we can find out what their spending habits are, and what their media consumption habits are, so that we can reach them in the right environment and with appropriate messaging.

By understanding how our visitors consume our products we can constantly improve the quality of their experience. By profiling their lifestyles we can create the right incentives for them to keep coming back, and to reward them for recommending our destinations. We have the databases; we know where to find these clusters of customers. In fact, we've begun to call them "clustomers". We would all save precious dollars by understanding that it is infinitely more cost-effective to secure more business from current customers, than to incur the increased costs of sourcing new visitors each time.

There will come a time when repeat visitors in the highest categories, arriving in the Caribbean, get to go on the special Immigration line that's normally designated for residents and CARICOM nationals. They should get to use some type of "privileged guest card" that guarantees them the best tables in our restaurants and accommodation upgrades wherever practical, because we realize that to truly value our best visitors is to guarantee that word of mouth and TripAdvisor will work to our best advantage.

And there will come a time when properly managing our customer relationships is so ingrained in our thinking that we will never think of hosting tourism events in major cities around the world - as we do now - without inviting our best customers who live in those cities; if we do it right we will know how to find them, and we will encourage them to bring prospective visitors whom they are seeking to impress. And all this, in our view, can be part of a well-structured, properly funded, integrated marketing campaign that has so far - quite sadly - eluded the Caribbean at a time when we need it the most.

In plotting the way forward our region would do well to look back upon a strategy that worked successfully at the time of another major crisis in our industry. We can learn from the aftermath of the terrorist attacks of September 11th, 2001.

At that time the region's public and private sector tourism entities collaborated to purchase airtime for a significant advertising campaign using a combination of cash and room inventory that could be converted into cash. So essentially we purchased a ten million dollar campaign with five million dollars in cash and five million dollars worth of room inventory. That was 2001. And what's the commodity that our hotels in the region have plenty of right now? Empty rooms. If ever there was a time for regional public and private sector partnerships to maximize our combined strengths, it is now.

Because the hospitality industry is everybody's business, my point in all of this is that there is absolutely no value in sitting back and pointing the finger at governments to fix everything in our lives. Public/private sector partnerships often engender a level of creativity and corporate social responsibility that delivers results. That's the direction in which we must be heading.

In my opinion corporate social responsibility has a different look and purpose depending upon the prevailing environment. So what would CSR look like in the current context? Let's do a little crystal balling here. The year is 2011. Company X has just issued a memorandum to its staff that reads as follows:

As you know, our company and our community have just emerged from history's worst economic downturn since the Great Depression. Our stock value is finally rising satisfactorily again, production is increasing and we have begun to hire staff.

As is our policy, the first new hires will be those whom we had had to lay off in the depth of the crisis but the retooling and

personal development courses we provided have equipped them to better re-enter the workforce; and so we benefit from having them back on our team and they benefit by having retained their seniority within our company. We are proud to be able to do this for our staff and for our community.

During the downturn of 2009 and 2010 we were still able to maintain a reasonable level of assistance to two community centers to keep them open and functioning, as we realized that in periods of high unemployment there is a critical need to keep young people usefully occupied. Hence we kept them supplied with programs and equipment, such as we could afford.

You will notice that the Adopt A Highway program recommended by our staff has also been maintained. This seemed to have helped the government fairly substantially, as resources to keep certain sections of our physical environment clean, appeared to be lacking.

We instructed our restaurant division to ensure that the hundreds of pounds of surplus food supplies we would normally discard every month are properly certified by the health inspector and then delivered to those who need them. Again, we are happy to source supplies from any of our strategic partners who want to combine resources with us for this worthy cause.

We have realized too, that one of the pressing needs for maximizing the involvement of visitors in community events and attractions that are off the beaten track, is to establish an effective network of visitor information centers throughout the island, particularly in rural communities and along the popular site-seeing routes. We find that visitors often wander around aimlessly with no real source of meaningful information available to them along the way, so we have offered our services to the government to help fix that. We propose to transform a number of existing community centers into visitor information centers to work alongside the centers regular activities. But in order to staff the facilities we are enlisting a cadre of highly motivated, well prepared volunteers who give us

15 to 20 hours of their time per week, and who are happy to consider this as their contribution to their country's economic well-being.

I know you are wondering who these volunteers are. Well, they are retirees, many of whom are fiercely patriotic, intimately familiar with their island, are themselves well-traveled, and can certainly identify with the visitors who come here.

We are happy to do all this, not only because of the pledge we made to our employees and to the communities we serve, but we are certainly also grateful for the tax break we receive from the government for a portion of the community services we provide.

Signed,

Chief Executive Officer

This example is of course fictitious. It deliberately focuses on the role corporations can play in working hand in hand with governments to resolve issues within a community.

The time for creative collaboration between the sectors across our region is now. Tourism is everybody's business.

There will come a time when tourism planners and policy makers in the Caribbean have access to such reliable economic impact data – through tourism satellite account systems or other viable models – that decisions can be confidently made on the basis of solid information on the true cost of acquiring a visitor by market/by segment, his net value to the destination, and the number of jobs directly affected by upticks or downturns in tourism performance in any given month.

And wouldn't it be great too, to know the effect of Caribbean tourism on our source countries! Imagine the value of knowing how many British or American or Canadian jobs are created in the course of booking and processing and transporting and taxing those 40 million visitors who travel to the Caribbean by air and sea. Economic benefit is not a one-way street. Caribbean tourism benefits our source markets.

In the midst of our region's current struggle against the truly odious UK Air Passenger Duty, one of the exercises we undertook was to interview a representative sample of 1700 British visitors to the Caribbean to find out, among other things, what effect an increase in airfare would have beyond the breakpoint.

By so doing we discovered the breakpoint among that group at the time of the survey – May and June this year – was 500 British pounds and we tested the respondents' propensity to travel to the Caribbean as the fare increased. The moment it went past five hundred pounds, the propensity to travel to the Caribbean fell precipitously, even among the 33% of respondents who had previously visited, and who had therefore developed some type of affinity for the Caribbean. As a result we were able to gauge with some certainty the likely effect of imposing a tax that would in fact take the airfares beyond the point of tolerance. Therefore, apart from being a revenue earner for the UK government, the increased APD could have quite the opposite effect by sharply reducing the number of travelers.

Friends, there will come a time when tourism training and education are so woven into the fabric of our strategies for sustaining and improving the performance of this industry that there will be no man, woman or child in the Caribbean who is not properly aware of his or her role in the business that feeds us. We at the Caribbean Tourism Organization are proud of the role our own CTO Foundation continues to play in regional training at all levels, and in providing scholarships to Caribbean nationals who are pursuing tourism studies. To

date the amount paid out by the CTO Foundation, through the generosity of corporate sponsors and a combination of herculean efforts, has exceeded BDS\$1.3 million and has yielded impressive results.

Some of the recipients of those CTO Foundation scholarships – Dr. Sherma Roberts, Dr. Marcella Daye, Dr. Acolla Lewis-Cameron and Dr. Leslie-Ann Jordan-Miller are here this week.

But we recognize the need to do more at every level. For instance, it is our intention to learn as much as we can about the necessary steps involved in integrating tourism subjects into the curricula of secondary and perhaps also primary schools across the Caribbean, and to pursue that goal with vigor. Not because we want to make a tourism practitioner out of every Caribbean citizen, but because the role of tourism in poverty alleviation and the importance of hospitality as a way of life can no longer continue to be misunderstood.

There will come a time when the Caribbean – which is generally not particularly resource-rich but certainly resourceful – will be able to stage a series of massive concerts in major cities across the globe to raise excitement, generate funds and inspire travel to our region. Similar events have been held in support of causes in various countries over the years and have raised huge amounts of awareness. We are certain that with the Caribbean's wealth of famous talent the same can be achieved by us through a series of Celebrate Caribbean concerts in major markets.

And finally, let me summarize. As a region we have such an opportunity to:

- Build an even more resilient industry out of the lessons learned.
- Retain best practices/disciplines/systems we have instituted during the current environment of fiscal prudence

- Strengthen SMEs and micro enterprises – some of which are doing well in a downturn simply because they offer the value our current customers seek
- Increase efficiencies; improve competitiveness
- Offer superb training and education
- Reward excellence and creativity
- Intensify efforts at creating a greener economy
- Emphasize the “right to travel”
- Increase public/private partnerships
- Start tourism education early
- Consistently research consumer behavior
- Clone the customer
- Master the information technologies
- Most of all, make the experience superb – that’s the narrative value ...
- Andavoid the street light syndrome

You see, we already know these answers. But imagine this: It’s nighttime in the Caribbean. Any Caribbean country. A crowd begins to gather, watching a man searching for an object under a streetlight. And as they watch; he searches more diligently. And after a while someone in the crowd asks, “Why is he searching here? Did he not lose it somewhere else? And the answer comes back, yes, but this is where the light is. You see, he has to be seen to be searching.

Sometimes we know the answers are someplace other than where we’re searching. We know where they really are. Sometimes we’ve already found them. But for a variety of reasons we ignore them and we feel we must keep on searching. That’s the danger of the street light syndrome.