

CHALLENGES AND OPPORTUNITIES FACING CARIBBEAN TOURISM

Delivered at the CTO's 5th Tourism Educators' Forum

St. Maarten 26th May 2004

In looking at the challenges and opportunities facing the Caribbean in the tourism industry, there are things that we are already doing right and others that need to be done and with a little effort can be done.

Certainly we can be proud of the recovery we have experienced since the last quarter of 2002, through 2003 and so far in 2004.

I was able to say with some pride at ITB in Berlin in March 2004, that the "Caribbean is in Vogue" and that growth of some 4 to 5 percent could be expected for the rest of 2004 and possibly into 2005. Certainly each succeeding reporting country lends credence to the view that the Caribbean is back.

One of the things that has helped us is that we were able to build on a reputation for safety and tranquility. After all we run orderly, peaceful and democratic societies. This counts for a lot when people are spending their hard earned money to take a vacation. We must not undervalue this or take it for granted and it must be seen as a major Caribbean achievement. WE need to keep it so.

Apart from those things we have done right ourselves, we have been given a breathing space by the things that had gone badly/wrong in several countries that normally offer us serious competition; wars and rumours of wars, terrorism and disease—all major enemies of travel and tourism.

One danger is that we should simply rest on our laurels and forget that we were facing serious challenges in the pre 9/11 period of 2001 and not deal with any outstanding structural problems which we faced at that time; problems of product quality and price, indifferent service in many areas, low return on investment and inadequate marketing. In these days when there is more air service to the region than ever before, as far as I can recall, there is a danger of forgetting that at the beginning of 2001 several tour operators and airlines in Europe especially, were leaving us for other parts of the world and forgetting why this was so.

Clearly one challenge would be; how do we keep them now that we have them back.

Another danger is that at a time of recovery and growth we should focus only on the short term. Who wants to think two, three or five years ahead or be concerned about what I call the macro issues?

How do we deal with the major changes in world trends in the global village, with the changes in the terms of trade that includes services, and with the technological developments that are already changing the very nature of the industry about which we thought we knew everything.

I wish to single out some of the more strategic issues that I think need our attention although they seldom intrude upon our consciousness as we wrestle with the daily realities and urgencies of putting warm bodies into beds.

MACRO ISSUES IN THE AREA OF CHALLENGES

The Caribbean comprises a number of small states, by world standards, very small states, almost all of which are dependent on tourism. They may be said to be tourism economies, meaning that in many cases, tourism is the largest producer of jobs, foreign exchange and government revenue. Many of the other jobs are often linked to the tourism activity.

1.National Planning

From a national planning perspective, this means that all the agencies of government should be aware that they are all involved in creating the tourism product and the tourism experience. In reality this highly desirable situation, where education, physical planning, social and health services, agriculture, air and sea ports, utilities and other agencies dealing with infrastructure, land based and sea based tourism, finance, etc, are all working together in a coordinated fashion, to achieve clearly defined tourism objectives, is very rarely the case. This is a major national challenge.

2.External Competition

In terms of their external relations, each Caribbean country is actively competing for a share of the global tourism business, where the only important criteria are value and price. No allowances are made for its size or resources. The customer has often been made to expect something exotic and special, to compensate for the distance he has to travel and the price he has to pay. His expectations are therefore high. Very few of our countries would be willing to settle for looking for business only in their immediate environment. At its most extreme, St. Maarten, for example, is competing with the United States and China. We understand the disparity in the respective resources of these different countries. It is also competing with Dubai in the Middle East, Thailand in Asia and Mauritius in the Indian Ocean to name a few.

3.Complete Vulnerability

But what is an even more frightening challenge is the complete vulnerability of our countries to external forces. Countries of the size and resources of many of our Caribbean states own no airlines, no cruise lines, no tour operators, no reservation systems and frequently very few of the rooms in which people stay. They are therefore dependent on others for the services necessary to support the industry on which they themselves are totally dependent.

Local tourism planning at its best, is therefore nearly always consist in crafting the best or at least the safest, reaction to the plans of external agencies. These companies almost daily move from one level of consolidation to another. Look at the cruise lines. Not so long ago there were 16 lines. Today they are only 4, with Carnival and Royal Caribbean being responsible for about 80 per cent of the available berths. KLM and Air France are merging. The Cendant Corporation in the United States owned and /or operated more than 540,000 hotel rooms in 2000 and operated in more than 100 countries. Bass Hotel operated 500,000 rooms and Marriott nearly 400,000.

These are just a few examples of a major trend.

These big corporations are not doing anything wrong. They are merely consulting their best financial interests.

So far while I have seen Caribbean insurance companies and banks consolidating across the region and even outside the region, I have heard of no Caribbean carriers or hotel chains that have actually merged.

4. The Information Technology Revolution

The recent technological developments in the field of communications and information are so far reaching that it is difficult to accurately quantify or describe the distance they put between those who are in possession of the necessary communications infrastructure and technical capacity and those who are not.

It is enough to say that tourism is an information industry.

Almost everything that connects the market to the destination is a function of information and the new technologies have already drastically changed how this industry is managed.

This presents both challenges and opportunities.

A major challenge is that several existing business models are now at risks. Major carriers, tour operators, hotels and travel agents have been thrown into turmoil by the reality that the consumer can reach the product, if he wishes to, without a wall of middle men in between who while providing a service, increase his costs. More and more he will evaluate the service against the costs.

Consumers can now find the lowest costs for themselves and given a chance to create their own packages, they will opt for those components they wish.

For those who take comfort from the fact that not every one is internet savvy or feel comfortable with going on-line both to research information and do business I say "Perhaps there will always be those who need to be taken by the hand; the new age and certainly many of our generation will never make the crossing. But surely change is just a generation away" and this points to the role which you educators will be playing. How long it takes for the world to be on-line is entirely in the hands of your fraternity.

For our small states and businesses which have always had inadequate resources to reach the marketplace with print or TV advertising, the internet will open new opportunities to do so at greatly reduced costs and I am sure that our Director of Research and Information Management, Mr. Arley Sobers, will explain later how the CTO interactive tripartite technological system has been developed and customized to serve the needs of tourism entities of the scale prevalent in the Caribbean.

One of the conclusions you may already have drawn from all that I have said above is that small is not necessarily beautiful in our Global Village. We need critical mass to compete, whether it is at the level of the Firm or the country.

At the country level, the Caribbean Tourism Organization (CTO) offers an umbrella under which we can all work together to take advantage of a very special Brand. The Caribbean is a Brand and CTO is a Brand. But no one country in this region can by itself lay claim to either Brand. It is time that we all understand this and are willing to meet the minimum costs of making this a reality.

As separate entities we can speak to, but can never negotiate with the huge corporations that operate in the world of travel and tourism. As we seek to market, our independent voices are merely a whisper amid the clamour of the marketplace. Our tourism research and other data make no sense unless we can create systems that apply across the Board. We cannot as individual countries create a pure environment for the region. The Caribbean Sea is as pure as all the countries together can make it. Why then do we seek to throw away the chances we have to create this powerful Caribbean force?

We are afraid, like all small entities of losing our identities. But it should not be beyond our creative minds to avoid this. A joint approach to marketing does not, for example, mean, abandoning sub-regional approaches. On the contrary we should be raising the funds as a group but spending them in a manner which consults the best interests of all the parts.

I see incredible opportunities in this region working together: governments, airlines, cruise lines and hotels.

In recent time the CTO, CHA and FCCA have set up a Tripartite Facilitation Committee to plan together and work together across a number of key areas of tourism development.

To the extent that we are able to move that from words and intent to action, the opportunities that lie before us are endless.

Jean Holder
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May 26th 2004