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**A REVIEW OF CARIBBEAN TOURISM IN THE 1990s
AND AT THE BEGINNING OF THE NEW CENTURY**

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Summary

This Report is a review of the significant trends in the development of Caribbean Tourism in the 1990s and at the start of the new millennium.

This Report examines the performance of the Caribbean region's tourism sector. It looks at the volume of tourist arrivals, visitor expenditure patterns, tourism's contribution to the GDP, its impact on employment and other tourism performance measurements.

The Report also seeks to describe and analyze those trends impacting Caribbean Tourism globally and regionally during the 1990's and into the beginning of the new century. Finally, the Report outlines the major policy issues for the Caribbean region which require strategic responses and finally makes recommendations for future actions.

1.0 INTRODUCTION

The growth experienced in the region's tourism industry in the 1990s mirrors the global economic expansion of that decade. The decade represented one of the greatest periods of development, growth and prosperity in the history of Caribbean Tourism. There was favorable growth in all categories of tourist arrivals – stayover¹, cruise and yachting, especially cruise visitors. In addition, several countries benefited from a veritable boom in hotel development.

Based upon hospitality industry key operating statistics of US branded² Caribbean based hotels, the accommodation sector realized relative growth in occupancy rate, daily average rate, (ADR) and revenue per available room (REVPAR) during the 1990s.

However, alongside these achievements, there were considerable challenges.

There was the Gulf War and global recession at the beginning of the 1990s. In addition, the Caribbean experienced six major hurricanes over the period, including Andrew in 1992, one of the most devastating hurricanes of the decade. The region also suffered the loss of Eastern and Pan American airlines, two of the longest serving airlines to the region, as well as TWA and Gulfstream airlines.

Societal problems, largely the result of drug abuse and drug related crime, were also a burden for Caribbean countries, growing to uncontainable levels in some destinations. These problems were further exacerbated when the US Government enacted legislation to have Caribbean born US residents who have been found guilty of criminal activity deported back to the country of their birth.

In the new century, the Caribbean Tourism industry is still struggling to recover from the 'Millennium Effect' of 2000 and the economic downturn and the terrorist attacks on the US in 2001, which combined have had an almost catastrophic impact on the industry. The beginning of 2002 has been very weak for most destinations and for the remainder of the year it is likely to remain so. However, it is anticipated that by the winter season 2003/2004, the region would see signs of a turn around.

Whatever the challenges facing the Caribbean Tourism Industry, the new century will be an exiting time, full of opportunities for the well prepared tourism destination.

In the new century exceptional service, safety and security and solid financial performance will characterize the 'winners' in Travel and Tourism.

¹ 'Stayover' tourists are land based tourist who remain in a destination over 24 hours

² Reliable, consistent hotel operating statistics from non-US branded properties have been difficult to obtain in the Caribbean, which has been a real challenge for regional tourism planning and development. This issue is discussed further in this Report

Destinations will have to refine the relationships with their international travel partners. Firstly, Caribbean destinations will now be required to take the lion's share of risk for the market development and promotion. In the future marketing costs will increase and airline and tour operator partners, concerned with their own cost structures, will be less willing to market a destination as before. Indeed, in the wake of September 11th American Airlines has closed its Caribbean Marketing Division. Secondly, Caribbean destinations will have to more carefully select international partners, ones that are interested in mutually beneficially arrangements to in order to avoid problems like discounting of product.

Thankfully, concern for the environment will continue to be important. However, Tourism practitioners will now be required to actively and aggressively work to protect these resources so vital to their survival, through their relationships with the Governments and other economic sectors.

Most importantly, in this new age, good leadership, top quality human resources and the efficient use of technology and information will be the key to unlock and embrace the opportunities in the future of Caribbean Tourism.

2.0 REVIEW OF TOURISM ARRIVALS 1990 – 1999 BY SUB-SECTOR

During the 1990's, the Caribbean experienced unprecedented growth in arrivals of both stayover and cruise visitors. Stayover arrivals to the region grew by 48% from 13.71 million persons in 1990 to 20.32 million persons in 1999. Similarly, cruise arrivals grew by almost 57% from 7.75 million passengers in 1990 to 12.14 million passengers in 1999. The annual visitor arrivals for the 1990s are shown in Table 1 below.

**Table 1: Caribbean stayover and cruise arrivals
(millions)
1990 – 1999**

	Stayover arrivals	Cruise arrivals
1990	13.71	7.75
1991	14.04	8.70
1992	14.61	9.40
1993	15.62	9.61
1994	16.46	9.78
1995	16.93	9.88
1996	17.52	10.93
1997	18.85	12.09
1998	19.53	12.41
1999	20.32	12.14

Source: Caribbean Tourism Organization

2.1 Stayover Arrivals

As shown in Table 2, Caribbean destinations had diverse fortunes in the growth of stayover arrivals in the 1990s. For five countries, namely Cuba, Guadeloupe, Martinique, Suriname and Turks and Caicos, stayover arrivals more than doubled between 1990 and 1999. Conversely, six countries – Bermuda, Curacao, Grenada, Montserrat, St. Eustatius and St. Maarten – suffered losses. The significant drop in the arrivals in Montserrat (-47%) and no doubt due to the impact of the volcanic activity, which began in 1995 and still plagues the island.

Though there was an overall increase in visitor arrivals to the Bahamas (1%), arrivals to this destination fell 6% between 1996 and 1998. For Barbados, Bermuda and other destinations, arrivals tumbled between 1990 and 1991 as a result of the effects of the Gulf war, but increased steadily for the rest of the decade.

Generally, the region realized sound and sustained growth, especially among the Spanish speaking countries – between 73% growth in Dominican Republic and 370% in Cuba. This exceptional growth in arrivals to the Spanish speaking islands was due in large measure to the increase in popularity of these destinations in North America, in particular Canada and in Europe, especially among Germans.

During the 1990s, the United States maintained its position as the largest source of visitors to the Caribbean region, though it lost market share to other generating destinations over the period. US visitors accounted for 46.6% of arrivals in 1999 compared with 53.6% in 1990 as shown in Table 3.

The second largest market for the Caribbean in the 1990s, the Southern Caribbean in particular, was Europe. Europeans accounted for 25.4% of the stayover arrivals in 1999, up from 16% in 1990. This growth was fueled by an increase in travel to the region by Germans in particular. Indeed, during the 1990s Germany became the second largest generating destination for travelers worldwide, behind the US.

Travel between Caribbean destinations was the third largest source of visitors for the region during the 1990s. Caribbean travelers represented 7% of stayover arrivals in 1999, up from 6% in 1990.

The Canadian market grew slowly but steadily in the 1990s, but overall lost market share. Canadians made up 5% of arrivals to the Caribbean in 1999, compared with 6% in 1990. Generally, the Canadian travel was adversely affected by a slowing down of the Canadian economy in the 1990s.

**Table 2: Caribbean stayover arrivals (millions) by country
1990 – 1999**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Growth
Anguilla	31.2	29.7	30.4	37.7	43.7	38.5	37.5	43.2	43.9	46.8	50.0
Antigua & Barbuda	205.7	204.7	217.9	249.4	262.9	220.0	228.2	240.4	234.3	239.6	16.4
Aruba	432.8	501.3	541.7	562.0	582.1	618.9	640.8	646.0	647.4	683.3	57.9
Bahamas	1,561.6	1,427.0	1,398.9	1,488.7	1,516.0	1,598.1	1,633.1	1,617.6	1,527.7	1,577.1	1.0
Barbados	432.1	215.4	385.5	396.0	425.6	442.1	447.1	472.3	512.4	517.9	19.8
Belize	216.4	215.4	245.9	278.6	314.4	320.8	349.1	304.6	288.1	326.6	432.7
Bermuda	432.1	385.3	373.5	412.5	416.0	387.5	389.6	379.7	368.8	354.0	-18.2
Bonaire	41.3	49.5	50.6	55.1	55.8	59.4	65.1	62.8	61.7	61.5	48.9
British Virgin Is.	160.1	136.4	116.9	200.0	238.7	219.5	243.7	243.7	279.1	285.9	78.6
Cancun (Mexico)	n.a	n.a	n.a	1,979.4	2,044.4	2,195.1	2,311.6	2,621.3	2,664.2	2,818.3	42.3
Cayman Islands	253.2	237.3	245.9	278.6	314.4	361.4	373.3	381.2	404.2	394.5	55.8
Cozumel (Mexico)	n.a	n.a	n.a	271.4	184.5	262.9	299.7	370.6	416.8	486.8	79.4
Cuba	340.3	424.0	460.6	544.1	617.3	762.7	1,004.3	1,170.1	1,415.8	1,602.8	370.9
Curacao	207.7	205.7	206.9	214.1	226.1	223.8	214.3	205.1	198.6	198.3	-4.5
Dominica	45.1	46.3	47.0	51.9	56.5	60.5	63.3	65.5	65.5	73.5	62.9
Dominican Republic	n.a	n.a	1,523.8	1,636.4	1,766.9	1,775.9	1,925.6	2,211.4	2,309.1	2,649.4	73.9
Grenada	125.7	85.0	87.6	93.9	109.0	108.0	108.2	110.8	115.8	125.3	-0.3
Guadeloupe	288.4	132.3	340.5	452.7	555.6	640.0	625.0	660.0	693.0	711.0	146.5
Guyana	64.2	72.8	74.9	107.1	112.8	105.5	92.0	75.7	68.5	74.9	16.6
Haiti	120.0	119.0	89.5	76.7	70.3	145.4	150.2	148.7	146.8	143.4	19.5
Jamaica	840.8	844.6	1,057.2	1,105.4	1,098.3	1,147.0	1,162.5	1,192.2	1,225.3	1,248.4	48.5
Martinique	281.5	315.1	320.7	366.4	419.0	457.2	477.0	513.2	548.8	564.3	100.4
Montserrat	18.7	19.2	17.3	21.0	21.3	17.7	8.7	5.1	7.5	9.9	-47.1
Puerto Rico	n.a	n.a	2,753.9	2,923.2	3,112.7	3,053.9	3,127.7	3,378.5	3,492.3	3,228.4	17.2
Saba	4.9	7.3	18.1	16.4	14.1	10.0	9.8	10.6	10.6	9.3	89.8
St. Eustatius	n.a	n.a	12.9	9.5	10.7	8.8	8.2	8.5	8.6	9.2	-28.7
St. Kitts & Nevis	75.7	83.9	88.3	88.6	94.2	78.9	84.2	88.3	93.2	84.0	10.9
St. Lucia	138.4	159.0	177.5	194.1	218.6	232.3	235.7	248.5	252.2	260.6	88.3
St. Maarten	564.7	548.0	568.7	520.2	585.7	479.7	364.7	439.2	458.5	444.8	-21.2
St. Vincent & Gren.	53.9	51.6	53.1	56.7	55.0	60.2	57.9	65.1	67.2	68.3	26.7
Suriname	28.5	103.8	29.8	38.5	42.3	43.4	53.2	61.4	54.6	62.5	119.3
Trinidad and Tobago	194.0	219.7	234.7	248.0	265.6	259.8	265.9	324.3	347.7	358.8	84.9
Turks & Caicos Is.	41.9	54.4	52.0	66.8	70.9	77.8	86.5	92.3	105.9	117.6	180.6
US Virgin Islands	370.0	376.4	487.3	549.5	540.5	454.0	372.6	392.9	422.3	483.8	30.8

Source: Caribbean Tourism Organization

**Table 3: Stayover arrivals by main market
(thousands) 1990 - 1999**

	United States	Europe	Caribbean	Canada
1990	7,350.4	2,206.6	883.1	844.8
1991	7,362.5	2,512.9	983.0	852.4
1992	7,724.0	2,786.8	970.1	875.3
1993	8,402.2	3,028.6	1,001.6	890.1
1994	8,632.9	3,528.3	1,108.8	879.5
1995	8,531.5	3,783.2	1,187.3	932.7
1996	8,738.4	4,130.8	1,227.0	940.6
1997	9,141.7	4,595.3	1,302.6	1,009.0
1998	9,376.3	4,820.7	1,358.5	1,062.1
1999	9,471.1	5,175.5	1,426.9	1,096.9

2.2 Cruise Arrivals

The 1990s was an exciting time for the cruise industry in the Caribbean with spectacular growth in cruise visitor arrivals throughout the decade. Between 1990 and 1999 cruise visitor arrivals grew 57% from 7.7 million to 12.1 million, despite a 2.2% decline between 1998 and 1999.

As shown in Table 4, excellent growth in cruise arrivals was recorded in Dominica (2,870%), Belize (2,173%), Aruba (122%), Bonaire (277%), Dominican Republic (488%), St. Kitts & Nevis (305%) and St. Lucia (244%), where arrivals more than doubled in each case.

Only three countries experienced declines in cruise arrivals during the 1990s. These were Martinique (-19.5%), St. Vincent & the Grenadines (-39.3%) and USVI (-7.9%).

The negative effects of severe hurricanes and the introduction of the US \$10.00 regional passenger head tax, explains why cruise arrivals to several destinations fluctuated slightly between 1990 and 1999. Furthermore, some destinations like the Bahamas and USVI lost market share to the new cruise destinations in the western and southern Caribbean such as Cozumel, Cayman Islands, Aruba and Bonaire.

However, the increase in popularity of the ‘mega ships’³ also impacted some smaller destinations. In large measure, the itineraries for these new vessels were built around those destinations whose ports could accommodate them.

All in all, the Caribbean was the most popular cruise destination in the world throughout the 1990s and it likely to remain so into the new century.

³ ‘Mega Ships’ refer to the large cruise vessels able to accommodate over 2,000 persons

**Table 4: Caribbean cruise arrivals by country
1990– 1999 (millions)**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Growth
Anguilla	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Antigua & Barbuda	227.3	255.6	250.2	238.4	236	227.4	269.6	285.5	336.1	328.0	44.3
Aruba	130.0	133.2	216.6	251.1	257.1	294.0	316.9	297.5	258	289.0	122.3
Bahamas	1853.9	2020.0	2139.4	2047.0	1805.6	1543.5	1687.1	1743.7	1,730	1981.5	6.8
Barbados	362.6	372.1	399.7	428.6	459.5	484.7	509.9	517.9	507	432.9	19.3
Belize	n.a.	n.a.	1.5	5.9	13.3	7.9	0.1	2.7	14	34.1	2173.3
Bermuda	112.5	128.2	131.0	154.7	172.9	169.7	181.7	181.9	188.3	193	71.6
Bonaire	4.5	12.5	28.2	17.4	11.9	10.7	14.9	20.4	20.2	17	277.8
British Virgin Is.	95.1	78.8	87.6	113.2	82.4	122.1	159.6	104.9	105.1	181	90.3
Cancun (Mexico)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cayman Islands	361.7	474.8	614	606	599.4	682.9	771.1	865.4	852.5	1,036	186.4
Cozumel (Mexico)	n.a.	n.a.	n.a.	744.0	925.4	908.9	986.7	1087.9	1,133	1,304	75.2
Cuba	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.0	n.a.	n.a.	n.a.
Curacao	158.6	156.6	160.1	182.9	160.5	171.7	173.1	214.7	231	221	39.3
Dominica	6.8	65.0	89.8	87.8	125.5	134.9	193.4	230.6	239.3	202	2870.5
Dominican Republic	n.a.	n.a.	50.0	27.8	50.1	30.5	110.9	270.8	392.7	283.4	466.8
Grenada	183.2	196.1	195.9	200.1	200.8	249.9	267.0	246.6	265.9	245.5	34.0
Guadeloupe	261.2	261.2	245.7	262.5	313.6	419.2	612.6	543.9	334.3	292.7	12.0
Guyana	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Haiti	n.a.	n.a.	n.a.	n.a.	n.a.	225.4	250.4	238.4	246.2	243.3	7.9
Jamaica	385.8	490.5	649.5	629.6	595.0	605.2	658.2	711.7	373.7	764.3	98.1
Martinique	421.3	417.0	398.9	428.7	419.9	428.0	408.4	386.8	414.6	339.1	-19.5
Montserrat	n.a.	n.a.	5.6	8.8	11.0	9.0	n.a.	n.a.	n.a.	n.a.	n.a.
Puerto Rico	n.a.	n.a.	1019.2	968.1	976.9	1001.1	1025.1	1236.4	1243.4	1148.6	
Saba	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
St Eustatius	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
St. Kitts and Nevis	33.9	52.8	74.0	83.1	112.9	120.9	85.8	95.6	154.1	137.3	305.0
St. Lucia	102.0	152.8	164.9	154.4	171.5	175.9	182.2	310.3	372.1	351.2	244.3
StMaarten	515.0	502.2	469.7	659.9	718.6	564.3	657.4	886.0	881.5	315.6	19.5
St. Vincent & Gren.	78.6	88	63	69	70.5	85.3	63.2	31.4	34.9	47.7	-39.3
Suriname	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trinidad & Tobago	32.4	31.7	26.9	32.6	45	49.4	48.1	31.9	46.9	57.2	76.5
Turks & Caicos	1119.6	1221.1	1277.3	1208.7	1,241	1171.3	1316.4	1619.0	1615.5	1402.7	25.2
US Virgin Is.	n.a.	n.a.	n.a.	n.a.	125	178.5	200.6	118.7	127.0	115.1	-7.9

Source: Caribbean Tourism Organization

2.3 Yachting Arrivals

Yachting has been an important element of Caribbean Tourism for many years. However, in the 1990s, with the increased importance of ‘niche market’ driven product development, several islands implemented campaigns to solidify their position in the international Tourism marketplace as premier yachting destinations, including those in Table 5.

However, as the fluctuating pattern in the Table reveals, the yachting sector has been hampered to some extent by the number of severe storms that swept through the region in the 1990s. Indeed ‘safe haven’ ports outside the main hurricane belt such as Chaguaramas in Trinidad and Tobago, grew in popularity as a result.

As a result, the BVI and Trinidad and Tobago are the only two destinations in the Table that show steady growth over the period.

**Table 5: Yacht arrivals for selected Caribbean islands
1995 - 1999**

	1995	1996	1997	1998	1999	% Growth
Antigua & Barbuda*	20,682	21,995	18,558	22,949	17,358	-16
British Virgin Islands	505	529	749	764	752	48.9
Grenada	5,314	5,355	5,292	4,583	5,354	0.8
St. Eustatius*	691	643	740	671	637	-7.8
Nevis*	4,276	5,567	5,252	5,512	4,993	16.7
Trinidad & Tobago♦	2,307	2,552	2,590	2,894	2,970	28.7

* Figures are total yacht passenger arrivals

♦ Figures are boat arrivals, passenger arrivals are on average X 2 persons per boat

3.0 VISITOR'S EXPENDITURE PATTERNS 1990 - 1999

Visitor Expenditure grew at an average annual rate of 7.4% between 1995 and 1999. Visitors to the Caribbean region spent US \$18.69 billion in 1999, up 37% compared with 1995 (US \$13.82 billion).

As shown in Table 6, Aruba, BVI, Cuba, Dominican Republic, Guadeloupe, Guyana, St. Lucia, Trinidad and Tobago and the Turks and Caicos Islands all achieved excellent growth in visitor spending during the 1990s. Indeed, visitor spending from tourism grew 604% in Cuba.

Three countries suffered declines over the period, namely Antigua (-2.7%), Bermuda (-22%) and Bonaire (-65%).

**Table 6: Visitor expenditure
(US millions) 1990 - 1999**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Growth
Anguilla	34.6	30.8	35.2	43.3	51.0	48.5	48.0	57.2	58.1	56.5	51.1
Antigua & Barbuda	298.2	314.0	242.9	276.8	293.4	246.7	257.9	269.4	255.6	290.0	15.7
Aruba	353.4	396.3	442.4	464.1	450.7	521.2	613.5	668.3	732.3	773.5	27.6
Bahamas	1332.9	1192.7	1243.5	1304.0	1332.6	1346.2	1450.0	1415.9	1354.1	1582.9	5.0
Barbados	493.5	459.7	462.5	528.0	597.6	611.8	632.9	657.2	703.0	666.2	-1.8
Belize	91.4	94.5	64.7	70.0	71.4	77.6	83.6	88.0	108.3	111.5	87.3
Bermuda	490.1	456.0	443.0	504.5	525.3	487.9	472.3	477.5	486.8	479.1	-23.1
Bonaire	132.1	24.0	26.7	27.9	32.4	36.9	42.3	44.1	43.4	45.3	-4.7
British Virgin Is.	132.1	109.4	99.9	196.4	197.7	205.4	267.6	210.2	232.0	299.9	42.8
Cancun (Mexico)	n.a.	n.a.	n.a.	1380.2	1339.0	1370.6	1704.6	1768.1	1808.7	2143.7	26.8
Cayman Islands	235.7	222.3	229.6	271.0	334.1	394.0	368.0	436.0	450.2	439.4	40.9
Cozumel (Mexico)	n.a.	n.a.	n.a.	76.1	110.9	146.4	281.2	327.4	398.3	320.0	17.4
Cuba	243.4	387.4	567.0	720.0	850.0	977.0	1185.0	1326.0	1571.0	1714.0	156.4
Curacao	238.4	232.2	161.3	193.8	186.5	175.4	185.5	200.5	261.1	267.2	69.7
Dominica	25.0	28.1	26.4	28.9	31.4	34.1	36.6	39.5	38.2	48.8	61.4
Dominican Republic	n.a.	n.a.	1054.8	1070.3	1147.5	1568.4	1765.5	2099.4	2153.1	2483.2	102.4
Grenada	37.5	41.7	42.3	48.1	59.3	58.3	59.5	59.4	61.1	66.6	74.4
Guadeloupe	197.1	233.6	270.7	369.8	330.2	380.4	353.9	371.5	390.1	400.2	36.2
Guyana	26.8	30.3	31.2	44.5	85.0	78.2	70.3	59.6	53.9	59.0	35.6
Haiti	46.0	46.0	35.0	30.0	27.0	56.0	58.0	57.0	56.0	55.0	17.2
Jamaica	740.0	764.0	858.0	942.0	973.0	1068.5	1100.0	1131.0	1197.0	1279.5	43.2
Martinique	240.0	254.6	281.6	331.5	378.9	414.8	410.6	397.0	415.0	404.0	26.5
Montserrat	7.2	9.9	13.7	17.0	23.6	19.9	9.7	5.5	8.0	10.7	-65.7
Puerto Rico	n.a.	n.a.	1567.4	1659.4	1782.3	1842.1	1930.2	2125.0	2155.6	2325.8	38.2
Saba											-3.3
St. Eustatius											-39.2
St. Kitts and Nevis	57.7	67.5	67.4	69.8	76.9	65.1	66.8	67.3	75.7	70.4	25.1
St. Lucia	153.8	173.4	207.9	221.0	224.1	267.8	268.5	283.7	291.3	311.1	29.3
St. Maarten	315.5	309.9	340.1	389.6	419.8	348.8	321.9	378.6	412.9	449.4	-9.8
St. Vincent & Grenadines	56.0	53.0	41.1	44.0	44.0	41.1	63.7	70.6	74.0	78.9	45.6
Suriname	10.7	10.7	19.0	17.0	13.0	31.0	38.0	63.1	43.7	53.4	139.8
Trinidad & Tobago	94.7	100.9	109.2	82.0	87.3	72.5	109.7	192.6	201.2	209.6	99.3
Turks & Caicos	36.5	50.1	47.7	52.8	70.0	52.6	99.3	112.9	157.0	238.0	65.1
US Virgin Is.	697.0	777.9	816.1	901.6	919.6	822.3	781.0	894.1	940.6	954.9	7.2

Source: Caribbean Tourism Organization

4.0 TOURISM'S CONTRIBUTION TO GROSS DOMESTIC PRODUCT 1990 - 1999

The Caribbean region is one of the most tourism dependent regions in the world. Most Caribbean governments rely on the Tourism industry as the main economy activity for their country. Tourism has long since been acknowledged as a good source of foreign exchange, government revenues in the form of taxes, and employment, key indicators of the economic well being of a country.

According to the World Travel and Tourism Council (WTTC), in 1999 Travel and Tourism represented:

- 21.4% of the total capital investment in the Caribbean region;
- 7.9% of total Government Expenditure;
- 21.75% of Exports;
- 15.28% of Employment (direct and indirect) or 1 in every 6 jobs; and
- 16.52% of the total Gross Domestic Product of the region.

Tables 7 and 8 show the contribution of key Tourism indicators to the Gross Domestic Product (GDP) of individual Caribbean countries during the 1990s. In Table 7, Visitor Expenditure is shown as a percentage of GDP. Largely, the trend in the 1990s was a decline in the contribution of visitor expenditure to GDP. This may be the result of the attempts by governments in the region to diversify their economies and decrease their dependency on Tourism as the main economic activity. In Antigua and the British Virgin Islands (BVI), for example, visitor expenditure accounted for 89.2% and 95.6% of GDP respectively, in 1990. By 1999 however, this contribution had fallen to 52.4% in Antigua and 46.6% in BVI.

In other countries, however, the relative importance of the tourism industry to the economy grew significantly, as indicated by the contribution of visitor expenditure to GDP. For example, in the Cayman Islands the contribution of visitor expenditure grew from 32.8% in 1990 to 60.43% in 1998 (note a marginal decrease between 1997 and 1998 as shown in Table 7). Similarly, in Cuba the contribution of visitor expenditure rose from 1.0% in 1990 to 10.9% in 1999.

Table 8 shows the contribution of Hotels and Restaurants to the GDP of individual countries in the 1990s. Where it was available, the data reveals that the contribution was fairly consistent with marginal increases or decreases over the period. Three notable exceptions are Aruba where the contribution of Hotels and Restaurants increased from 26.5% in 1990 to 42.0% in 1998, BVI where the contribution rose from 19.7% in 1990 to 87.3% in 1999 and St. Lucia, from 9.6% in 1990 to 13.0% in 1999 (note a slight decrease between 1997 and 1999).

Table 7: Visitor expenditure as a % of GDP

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Growth
Anguilla	75.71	65.53	68.88	77.74	82.66	73.38	73.73	79.55	74.77	65.49	75.71
Antigua & Barbuda	89.28	87.47	67.36	71.47	69.25	59.47	57.08	55.28	49.13	52.43	89.28
Aruba	39.42	41.66	43.11			35.93	39.42	40.58	42.38	42.71	39.42
Bahamas	42.53	38.59	40.65	42.54	44.04	39.36	40.11	36.03	32.87		42.53
Barbados	33.28	31.78	34.22	37.83	40.92	39.01	37.42	36.8	35.82	32.20	33.28
Belize	27.35	26.05	15.67	13.20	12.93	13.14	14.68	14.30	17.21	16.19	27.35
Bermuda	36.62	33.61	33.59	32.27	32.72	27.60	25.26	25.51	24.11	22.96	36.62
Bonaire											
British Virgin Is.	95.59	76.61		78.59	74.21	76.76				46.61	95.59
Cancun (Mexico)											
Cayman Islands	32.88	29.70	28.94	31.79	54.59	61.43	54.64	61.37	60.43		32.88
Cozumel (Mexico)											
Cuba	1.01	2.05	3.02	5.64	6.61	7.41	8.33	9.10	10.65	10.94	1.01
Curacao	22.89	16.67	10.99	12.63							22.89
Dominica	18.25	18.62	16.36	17.10	17.16	18.04	18.18	19.15	17.24	21.91	18.25
Dominican Republic			13.17	12.63	11.78			39.43	37.68	40.13	
Grenada	21.19	22.74	22.82	26.27	31.34	29.90	29.66	28.41	27.62	27.45	21.19
Guadeloupe											
Guyana	7.67	10.08	9.65	11.38	18.61	15.13	11.91	9.51	10.97	12.70	7.67
Haiti	2.17	3.03	6.89	8.24	8.48	19.31	21.58	21.36			2.17
Jamaica	19.49	36.57	25.98	31.36	24.84	24.88	22.38	19.12	19.97	21.40	19.49
Martinique	6.98	6.88				8.51					6.98
Montserrat	12.35	21.24	27.85	32.82	43.22	38.57	23.15	16.92	25.24	31.20	12.35
Puerto Rico			4.53	4.43	4.49	4.32	4.24	4.42	4.00	3.88	
Saba											
St. Eustatius											
St. Kitts and Nevis	43.12	47.77	43.71	41.75	41.06	33.49	32.44	30.30	31.24	27.85	43.12
St. Lucia	43.71	45.92	49.81	52.71	51.08	57.14	56.31	57.08	54.89	56.13	43.71
St. Maarten											
St. Vincent & Gren.	34.21	30.01	20.65	21.70	21.49	18.38	27.08	28.63	27.70	28.56	34.21
Suriname	0.67	0.56	0.72	7.14	4.36	6.98	5.68	9.35	6.72		0.67
Trinidad and Tobago	1.92	1.97	2.08	1.86	1.93	1.47	2.14	3.55	3.39	3.10	1.92
Turks and Caicos	51.92	63.66	61.08	59.86	80.80	64.12	101.44	101.27	129.59	158.67	51.92
US Virgin Islands	51.86	46.55	46.08	45.17							51.86

Source: Caribbean Tourism Organization

Table 8: Contribution of hotels and restaurants to GDP 1990 – 1999 (%)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Anguilla	32.4	32.6	30.7	33.8	36.5	35.0	30.9	31.4	22.4	26.2
Antigua & Barbuda	14.4	13.7	14.1	14.4	15.6	13.3	13.5	13.8	12.2	12.0
Aruba	26.5	27.1	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	36.0	42.0	42.0	<i>n.a.</i>
Bahamas	12.9	9.9	8.5	8.6	8.6	10.0	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>
Barbados	<i>11.4</i>	10.9	11.8	13.0	14.0	14.5	13.9	13.8	15.0	11.2
Belize	3.7	3.7	3.5	3.3	3.7	3.6	3.7	3.6	4.3	4.3
Bermuda	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>
Bonaire	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
British Virgin Is.	19.7	<i>n.a.</i>	<i>n.a.</i>	25.6	24.4	25.3	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	87.3
Cancun (Mexico)	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Cayman Islands	9.0	7.9	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>
Cozumel (Mexico)	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	21.5
Cuba	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Curacao	3.9	3.6	2.9	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>
Dominica	2.1	2.2	2.3	2.8	2.7	2.9	2.7	2.7	2.5	2.7
Dominican Republic	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Grenada	5.8	6.3	7.3	8.2	9.7	9.0	9.5	8.5	7.6	9.0
Guadeloupe	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Guyana	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Haiti	<i>n.a.</i>	0.3	<i>n.a.</i>	0.2	0.2	0.2	0.2	0.2	<i>n.a.</i>	<i>n.a.</i>
Jamaica	2.1	2.1	2.2	2.1	2.0	<i>2.0</i>	2.2	2.4	2.5	2.5
Martinique	5.0	5.0	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Montserrat	1.5	2.4	3.1	3.2	2.9	3.2	0.9	0.9	0.8	0.0
Puerto Rico	<i>n.a.</i>	<i>n.a.</i>	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.0
Saba	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
St. Eustatius	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
St. Kitts and Nevis	7.6	9.2	10.0	10.3	11.4	9.0	9.3	9.7	9.3	8.1
St. Lucia	9.6	10.3	11.0	10.1	11.8	11.3	12.7	13.8	13.3	13.0
St. Maarten	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>
St. Vincent & Gren.	2.3	2.4	2.4	2.6	2.5	2.6	2.5	2.5	2.3	2.2
Suriname	0.2	<i>n.a.</i>	0.9	0.6	0.6	0.6	<i>n.a.</i>	<i>n.8.</i>	<i>n.a.</i>	<i>n.a.</i>
Trinidad and Tobago	1.1	1.2	1.4	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	1.0	1.2	1.2
Turks and Caicos	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	29.8	30.4	31.5	29.2	26.1
US Virgin Is.	<i>n.a.</i>	<i>na.</i>	<i>na.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>na.</i>	<i>n.a.</i>	<i>n.a.</i>

Source: Caribbean Tourism Organization

However, Table 8 also serves to illustrate two key issues which challenge the Caribbean Tourism Industry:

The lack of statistical information for key sectors of the industry, in particular the accommodation sector; and

The difficulties with the current national accounting systems of most countries which tend to equate Tourism's economic contribution with the contribution of hotels and restaurants.

These issues are discussed in detail further on in this Report.

5.0 KEY TOURISM PERFORMANCE INDICATORS 1990 – 1999

5.1 Tourist Accommodation Performance

The supply of tourist accommodation more than doubled between 1990 and 1999 in the Caribbean. During the decade, room nights available (RNA) grew from 37.65 million to 86.76 million at an average annual rate of 13.1%.

Table 9 shows the growth in hotel room stock for individual Caribbean territories in the 1990s. In Cuba and the Dominican Republic the room stock more than doubled from 12,868 rooms in 1990 to 37,114 rooms in 1999 in Cuba, 24,410 rooms in 1990 to 49,623 rooms in 1999 in Dominican Republic. Indeed, the Spanish speaking Caribbean destinations were mainly responsible for room growth in the region between 1995 and 1999. During this period, these destinations added 32,639 rooms which represented close to 82% of all new rooms during that period. The main contributions to this expansion were the Dominican Republic (17,148 additional rooms), Cuba (9,186) and Cancun (4,332). The Commonwealth Caribbean accounted for 16.1 percent of the additional room stock led by Jamaica with 2,171 more rooms.

By 1999 more than half of the region's rooms (52.4%) were located in the Spanish speaking Caribbean, that is, Dominican Republic with 49,623 rooms, the highest number of rooms in the region, Cuba with 37,114 rooms, Cancun with 24,610 rooms, Puerto Rico with 11,635 rooms and Cozumel with 3,956 rooms. Room stock in the Commonwealth Caribbean accounted for just under one third of the region's accommodation capacity in 1999, made up of 16,378 rooms in the OECS⁴ and 61,060 rooms among the other Commonwealth countries, including 23,067 rooms in Jamaica and 14,153 rooms in the Bahamas. The room stock in the Dutch and French West Indies in that year was 14,291 and 15,601 rooms respectively.

⁴ Organization of Eastern Caribbean States

Table 9: Room stock by country 1990 – 1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Growth
Anguilla	741	863	920	978	978	951	866	915	1,045	1,120	51.1
Antigua and Barbuda	2752	2752	3317	3317	3317	3317	3185	3185	3185	3185	15.7
Aruba	5,736	5,864	6,238	6150	6366	6881	6882	6962	7212	7320	27.6
Bahamas	13,475	13,165	13,541	13,521	13,398	13,421	13,288	13,288	14,243	14,153	5.0
Barbados	6709	5387	5902	5580	5685	5084	6315	5349	5752	6585	-1.8
Belize	2115	2784	2913	3325	3504	3708	3690	3905	3921	3963	87.3
Bermuda	4265	4251	4258	4236	4161	4141	4152	4135	3857	3276	-23.1
Bonaire	1038	1038	1038	810	831	1052	1128	1069	1086	989	-4.7
British Virgin Islands	1138	1165	1195	1198	1224	1452	1558	1587	1594	1626	42.8
Cancun (Mexico)	n.a.	n.a.	n.a.	19,411	20,132	20,278	21,850	21,683	23,581	24,610	26.8
Cayman Islands	3064	3275	3428	3453	3532	3585	4477	4501	4216	4318	40.9
Cozumel (Mexico)	n.a.	n.a.	n.a.	3367	3367	3367	3468	3562	3704	3956	17.4
Cuba	12,868	16,638	18,682	22,561	23,254	24,233	26,878	31,837	35,708	37,414	190.7
Curacao	1631	1722	2200	2200	2200	1950	2343	2696	2528	2768	69.7
Dominica	531	547	603	757	757	588	764	824	824	857	61.4
Dominican Republic	n.a.	n.a.	24,410	26,801	28,967	32,475	35,729	38,250	42,412	49,623	103.2
Grenada	1105	1118	1114	1428	1428	1652	1669	1775	1802	1928	74.4
Guadeloupe	6064	7016	7440	7798	7550	7917	8294	8350	8371	8260	36.2
Guyana	538	538	538	538	639	639	639	730	730	730	35.6
Haiti	n.a.	n.a.	1500	1500	1500	1758	1758	1758	1758	1758	17.2
Jamaica	16,103	17,337	18,489	18,935	19,760	20,896	21,984	22,954	22,713	23,067	43.2
Martinique	5802	5658	5370	6960	7220	7210	7300	7400	7400	7341	26.5
Montserrat	710	710	710	710	710	710	n.a.	n.a.	n.a.	243	-65.7
Puerto Rico	n.a.	n.a.	8415	5851	9519	10,251	10,245	10,849	11,828	11,635	38.2
Saba	90	100	100	100	186	186	186	186	91	87	-3.3
St. Eustatius	n.a.	n.a.	102	139	139	139	77	77	77	62	-39.2
St. Kitts and Nevis	1402	1392	1330	1600	1593	1563	1610	1729	1762	1754	25.1
St. Lucia	2370	2464	1659	2919	2954	3974	3986	3701	3769	3065	29.3
St. Maarten	3400	3400	3400	3707	3707	3707	3910	4049	4174	3065	-9.8
St. Vincent & Gren.	1058	1109	1164	1230	1215	1176	1251	1254	1550	1540	45.6
Suriname	532	n.a.	n.a.	n.a.	967	1024	1088	1276	1276	1276	139.8
Trinidad and Tobago	21,215	n.a.	2314	2652	2950	3107	3536	3652	3971	4236	99.3
Turks and Caicos	1014	1026	1115	1139	1068	1068	1500	1493	1562	1674	65.1
US Virgin Islands	4520	4739	5049	5405	5461	5154	4087	4401	4929	4849	7.2

Source: Caribbean Tourism Organization

There were some destinations where the room stock decreased during the 1990s. Bermuda's rooms count, for example, fell from 4,265 rooms in 1990 to 3,276 rooms in 1999, a 23% decrease. Similarly, there were decreases in the supply of rooms were recorded in Saba, St. Eustatius and Montserrat from around the mid 1990s. In most cases these declines are temporary, reflecting the impact of hurricane activity or closure for renovations or upgrade. Montserrat's room supply though, would have declined as a direct result of the devastation caused by the volcanic activity in that island since 1995.

5.1.1 Types of Accommodation in the Caribbean in the 1990s

The mix of room supply in the Caribbean is widely varied, comprising resorts, full service hotels, guesthouses, villas, all-inclusive resorts, time share units, apartments, marinas and specialty accommodation such as eco-lodges and camps and dive lodges.

During the decade of the 1990s niche market accommodation such as 'eco' resorts and dive lodges surged in popularity, especially the 'eco' resorts, in response to a growing sensitivity to the environment among travelers. Eco resorts were usually identified by the location – within pristine surroundings – and by their environmentally friendly infrastructure such as water and energy saving devices, recycling water for watering gardens or the use of environmentally friendly building materials.

The Caribbean based all-inclusive hotels which were birthed in the 1980s, also were in high demand among vacation travelers. Indeed by the mid 1990s, several types of all-inclusive resorts were available targeting couples, singles and families separately.

Time share vacation clubs and spas are also worthy of mention. Both of these types of accommodation grew in popularity in the 1990s, globally, and by extension, in the Caribbean region.

Indeed, the increased variation in types of accommodation was a response to changing demand from travel consumers, away from the 'cookie cutter' vacation and accommodation experience, to something unique, meeting special needs and wants.

5.1.2 Caribbean Occupancy Rates in the 1990s

Generally, the region realized good occupancy rates throughout the 1990s as shown in Table 10. Anguilla, Aruba, Cuba, Curacao, Puerto Rico, St. Lucia and Turks and Caicos all enjoyed occupancy rates over 70%.

Table 10: Occupancy rates of Caribbean countries 1990 – 1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Anguilla	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	80.3	
Antigua and Barbuda	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Aruba	n.a.	n.a.	n.a.	n.a.	n.a.	70.8	71.5	73.7	79.2	
Bahamas	n.a.	n.a.	53.4	56.8	59.7	66.5	66.4	68.0	68.7	
Barbados	n.a.	n.a.	49.2	53.7	57.4	57.9	60.6	57.2	58.3	
Belize	n.a.	n.a.	26.0	30.0	28.0	29.0	27.2	27.1	29.9	
Bermuda	n.a.	n.a.	n.a.	n.a.	n.a.	58.3	57.0	58.4	60.0	
Bonaire	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
British Virgin Is.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Cancun (Mexico)	n.a.	n.a.	n.a.	n.a.	n.a.	75.6	77.9	n.a.	60.2	
Cayman Is.	n.a.	n.a.	n.a.	n.a.	n.a.	65.8	58.4	57.7	62.6	
Cozumel (Mexico)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Cuba	n.a.	n.a.	n.a.	n.a.	n.a.	63.0	65.0	75.0	76.0	
Curacao	n.a.	n.a.	n.a.	n.a.	n.a.	73.2	74.2	67.3	59.7	
Dominica	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Dominican Republic	n.a.	n.a.	69.0	75.0	72.0	77.0	73.0	76.0	69.7	
Grenada	n.a.	n.a.	61.8	68.8	70.4	65.2	59.3	62.1	62.3	
Guadeloupe	n.a.	n.a.	n.a.	n.a.	n.a.	67.3	68.9	69.8	65.3	
Guyana	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Haiti	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Jamaica	n.a.	n.a.	60.1	60.3	57.3	60.8	58.2	55.7	58.7	
Martinique	n.a.	n.a.	n.a.	n.a.	n.a.	51.7	54.2	55.8	58.0	
Montserrat	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Puerto Rico	n.a.	n.a.	n.a.	n.a.	n.a.	67.9	69.8	68.5	68.8	
Saba	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
St. Eustatius	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
St. Kitts and Nevis	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
St. Lucia	n.a.	n.a.	68.9	67.9	n.a.	64.9	67.2	71.4	75.3	
St. Maarten	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.9	
St. Vincent & Gren.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Suriname	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Trinidad and Tobago	n.a.	n.a.	n.a.	54.5	68.8	44.0	45.7	48.2	52.2	
Turks and Caicos	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	72.0	
US Virgin Islands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

Source: Caribbean Tourism Organization

The gaps in the data in Table 10 again illustrate the paucity of information about the performance of the primary sector of the Tourism industry, which continues to be a challenge for the Industry in the new millennium, especially in the aftermath of the terrorist attacks of September 11th. Governments in the region are faced with the dismal news of the disastrous impact of September 11th on the Tourism industry and calls for financial support for the industry through this difficult time. However, in many instances, Governments are being asked to make decisions in the absence of information, unable to accurately measure the ‘real’ impact of the US tragedy on the fortunes of the Industry without historical data to compare. With the difficulties being experienced across all economic sectors as the world economy is depressed, Caribbean Governments need key information about the Tourism industry, such as monthly and annual occupancy rates, to make decisions in relation to other economic sectors so that scarce resources can be applied strategically.

5.2 Average Length of Stay

For most countries the Average Length of Stay (ALS) remained fairly consistent during the 1990s. Table 11 shows that Cuba, Jamaica, Martinique, Montserrat and St. Vincent & the Grenadines all enjoyed an ALS over ten (10) nights over the period.

Montserrat had the highest ALS in 1999 of fourteen (14) nights in spite of their challenges with the volcano⁵. Martinique had the second highest ALS with thirteen (13) nights. The data appears to support the historical trend where Europeans tend to take longer travel vacations than their North American counterparts, as those destinations achieving a higher ALS are those which are popular with European travelers.

⁵ Montserrat’s high ALS may be a result of the volcanic activity showing the movement of seismologists and other scientists and other persons working with the volcano or assisting in relief efforts.

6.0 TOURISM TRENDS IN THE 1990s AND IN THE NEW CENTURY

6.1 Regional Tourism Trends of the 1990s

6.1.1 Tumultuous Times for Airlines Serving the Caribbean Region

The 1990s proved to be a most turbulent period for airlines serving the Caribbean. During this period, the region witnessed the demise of Pan American Airways (PANAM) and Eastern Airlines, two of the longest serving carriers to the region.

Table 11: Average length of stay by country 1995 – 1999

	1995	1996	1997	1998	1999
Anguilla	9.5	9.4	9.5	9.2	8.5
Antigua and Barbuda					
Aruba	7.2	7.3	7.5	8.5	7.5
Bahamas	5.7	5.8	6.0	5.4	
Barbados	11.0	10.7	10.5	11.1	10.1
Belize		8.3	7.1	7.1	7.1
Bermuda	6.3	6.1	6.1	6.2	6.1
Bonaire	8.1	8.0	8.3	8.3	8.5
British Virgin Islands	8.9	9.1	9.3	9.4	9.4
Cancun (Mexico)	5.2	5.2	5.1	5.0	5.0
Cayman Islands	7.0	6.9	7.4	6.4	
Cozumel (Mexico)	4.8	4.4			
Cuba	8.7	12.0	11.0	11.0	10.0
Curacao	8.2	8.2	8.1	7.2	8.5
Dominica					
Dominican Republic	10.5	10.5	10.0	10.2	9.2
Grenada	7.4	7.5	7.4	7.4	7.3
Guadeloupe	6.1	6.0	5.7	6.1	5.8
Guyana					
Haiti					
Jamaica	10.9	10.8	10.9	10.3	
Martinique	14.9	12.9	14.4	13.0	
Montserrat				14.3	
Puerto Rico	2.7	2.7	2.7	2.7	
Saba					
St. Eustatius					
St. Kitts and Nevis	9.4	8.3	8.7	8.7	
St. Lucia	9.0	8.8	8.7	9.4	
St. Maarten			5.0		
St. Vincent and Grenadines	11.7	10.3	11.1	10.6	
Suriname					
Trinidad and Tobago					
Turks and Caicos Islands					
US Virgin Islands					

Source: Caribbean Tourism Organization

At the same time, there was the unprecedented expansion of American Airlines, providing commuter services from two major hubs: Miami serving the Bahamas and the Western Caribbean; and Puerto Rico serving the Eastern and Southern Caribbean. American Airlines influence on travel to the region grew to such a level in the 1990s that the entire region was seriously affected by the pilot strikes in 1997 and 1999. In the new century, American's difficulties after September 11th have had a similar adverse affect on the region.

Regional carriers also faced several challenges in the 1990s. In that decade, the region witnessed the birth and demise of:

- Carnival Airlines – based in Miami, which provided scheduled and charter services to the Bahamas, Turks & Caicos and other select destinations;
- Caribbean Express – based in Barbados, which was established to provide feeder services to the Southeastern Caribbean for incoming European traffic; and
- Air Caribbean – established to provide domestic commuter services between Trinidad and Tobago, the airline later sought to provide services to other destinations in the southeastern Caribbean and to Miami.

The two major national flag carriers in the region, BWIA West Indies Airways and Air Jamaica were partly privatized in the 1990s. Air Jamaica has been re-branded as a leisure airline providing services to selected Caribbean destinations where the Sandals brand all-inclusive resorts operate.

At the dawn of the new century another small inter-regional carrier made its debut. Caribbean Star is based in Antigua and provides services throughout the Eastern and Southern Caribbean.

In addition to the challenges faced by the airlines themselves, airfares to the region remained uncompetitive and restrictive to tourism growth throughout the 1990s. In large measure, American Airlines' dominance in the region – the airline carries approximately 50% of the visitor traffic to the region – allowed them to maintain relatively high fares.

Other significant trends for the airline industry in the Caribbean in the 1990s included:

- The growth and expansion of the 'hub and spoke' system of air traffic to and from and within the region. Hubs for the region are located in Miami, Puerto Rico, Antigua, Barbados, Port of Spain and Montego Bay. From these hubs smaller airlines such as American Eagle⁶, BWee Express⁷, Caribbean Star and LIAT⁸

⁶ Feeder service operated by American Airlines

⁷ Feeder service operated by BWIA West Indies Airways

⁸ LIAT in a strategic alliance with BWIA provides feeder services for that airline

(Leeward Islands Air Transport) provide feeder service to the various destinations across the region. The growth of the hub and spoke system proved to be the remedy for those airlines which found that providing direct jet services for each island was not cost effective.

- The shift to turbo propeller aircrafts, away from jets, for intra-Caribbean travel. The turbo props are standard equipment for the feeder services from the hubs in the region.
- Growth in visitor arrivals from Europe, in particular, Germany
- Increased scheduled airlift from the UK market

6.1.2 Increased Popularity of Niche Market Tourism

In the 1990s there was an accelerated move away from ‘mass tourism’ to niche market tourism. Over the period, almost every Caribbean destination began to focus its marketing efforts on specific, select niches of the Tourism market, selling special types of vacation experiences to travelers in addition to the usual fare of sun, sea and sand.

‘Eco’ vacation experiences became very popular for the region. From rainforest tours to bird watching or whale watching, every destination attempted to harness and package the unique characteristics of their natural landscape above and below the sea.

Similarly, the idyllic, romantic qualities of the Caribbean made it particularly ideal for targeting the weddings and Honeymoons market. Several destinations reduced the waiting period for couples to be married to between 1 and 3 three days in order to capture a share of this market and several properties developed infrastructure such as wedding halls and honeymoon suites to attract couples. Indeed, the ‘couples only’ all-inclusive resorts, especially Sandals and Superclubs, were very successful at attracting this market.

The focus on niche markets also encouraged the development of a number of Special Events, which became very popular during the 1990s such as the St. Lucia Jazz Festival and Jamaica Carnival.

Other successful niches for the Caribbean during the 1990s were Soft Adventure, Golf, Yachting and the Family Market. The Family market is worthy of special mention as the growth of this market is an indicator of change in the global travel market, where persons are traveling with their children and are opting for destinations and properties which cater to children and vacation experiences which will be beneficial for children.

6.1.3 Changes in the Accommodation Sector

6.1.3.1 Growth of Caribbean brand All-inclusive Resorts in English and Spanish Caribbean

After their debut in the 1980s, Caribbean brand, all-inclusive resorts surged in popularity in the 1990s. Birthed in Jamaica, the Caribbean brands of Sandals® and Superclubs® took advantage of closed properties, refurbished and remodel into luxurious, uniquely Caribbean resorts. By innovatively appealing to special segments of the market – “adults only”, “couples only” and families – and providing all elements of the vacation for one prepaid price, all-inclusives offered consumers several, much desired products – value for money, safety, a ‘no hassle’ vacation (everything prepaid) romance and fun.

By the late 1990s, Sandals® and Superclubs® had spread their wings beyond Jamaica moving into the north and eastern Caribbean to Antigua, Bahamas, Barbados, Brazil, Dominican Republic, St. Lucia and Turks and Caicos.

The brands have continued to reinvent themselves to continue to compete successfully and attract new and repeat consumers. Over time, the test for the Caribbean brand all-inclusives will be to overcome the varying cost structures across the region to remain competitive and profitable.

6.1.3.2 Growth of the Vacation Club/Time Share Segment

In the 1990s vacation clubs/time share companies diversified into new products and market segments and were rewarded with an increase in the demand for this type of vacation experience among travel consumers. The industry has evolved from fixed weeks to ‘floating’ weeks and diverse point-based programs, offer greater flexibility to owners. More affluent buyers also have their own selection of ‘fractional’ products such as independent and brand-affiliated resorts.

In the Caribbean, 76% of the 8,150 vacation club/time share units were concentrated in the Bahamas (11.3%), Dominican Republic (13.2%), St. Maarten (18.3%) and the Netherlands Antilles, in particular Aruba (33.3%) by 1997. As such, these destinations also won the ‘lion’s share’ of sales in that year as shown in Table 12.

Table 12: Sakes performance of timeshare units in the Caribbean in 1997

COUNTRY	UNITS	INTERVALS SOLD	SALES VOLUME (US millions)	SHARE (%)
Bahamas	923	44,000	407	15
Cayman Islands	325	15,750	175	7
Dominican Republic	1,082	39,000	233	9
Netherlands Antilles (including Aruba)	2,721	86,500	761	29
Puerto Rico	378	11,400	107	4
St. Maarten	1,494	70,000	621	24
US Virgin Islands	500	16,500	141	5
Elsewhere	727	27,375	193	7
Total	8,150	310,000	2,640	100

Source: RCI Consulting

Seventy-five percent of vacation club/timeshare owners in the Caribbean in 1997 were from the US, Europeans made up 12% and Canadians 6%.

Vacation club/timeshare products have proven to be beneficial for the ‘host’ destination. This type of accommodation achieved an average occupancy rate of 83% Caribbean wide in 1997. On average vacation club/timeshare owners use the unit 4.4 times per year and stay as many as 9 nights in the destination. In 1997, timeshare consumers spent US \$750 million (direct and indirect) in their ‘host’ destinations, or US \$2,795 per timeshare vacation.

High levels of satisfaction – 80% of vacation club/timeshare owners have indicated that they are satisfied with the product – and greater flexibility made the vacation club/timeshare segment one of the fastest growing elements of the accommodation sector in the Caribbean in the 1990s.

6.1.3.3 Other Popular Types of Accommodation in the 1990s

‘Boutique’ hotels began to emerge in the latter half of the 1990s. These properties such as Outposts in the Bahamas and Strawberry Hill in Jamaica, are usually small, elegant establishments offering a unique guest experience, usually based on a theme – music, art, nature, etc.

Villa accommodation was also popular in the 1990s especially Jamaica, Bahamas and the Turks & Caicos, possibly as a result of the increased demand for family accommodation. Villas offered consumers a real home away from home and more flexibility for families.

Exclusive vacation clubs also made an impact on the accommodation sector in the 1990s. These clubs, such as the Royal Westmoorland in Barbados and Tobago Plantations in Tobago, offered both rental units as well as units for purchase to consumers. They are developed usually as exclusive communities, packed with life's luxuries – golf course, restaurants, tennis courts, spa, and in some cases beach activities and a marina.

6.1.4 Regional Marketing in the 1990s

For about fifty years the region's tourism industry has been promoted by the Caribbean Tourism Organization (CTO)⁹, which primarily represents the Governments of the region. In the last thirty years CTO has been joined by the Caribbean Hotel Association (CHA) which was formed to represent private sector interests, hotel operators in particular.

During that time however, the marketing of Caribbean destinations was in large measure the effort of individual countries and regional tourism promotion existed more in regional discussion and good intentions than in reality. Indeed, any attempts at regional promotion were fragmented and unfocused until the late 1980s when efforts were made for greater collaboration between CTO and CHA. In the 1990s, these organizations have made great strides in redefining their respective roles and developing their relationship as partners in the development of Caribbean Tourism.

It was not until 1992 that the first Caribbean Regional Tourism Summit was convened in Jamaica with the heads of government of the thirty-three member countries of the Caribbean Tourism Organization. Two main areas of focus of this first Summit was the need for a regional marketing programme and a regional response to mitigate the effects of the Gulf War and the mild global economic depression (1991 – 1993) on regional travel.

The convening of the first Regional Tourism Summit produced the first series of official regional tourism policy and strategy initiatives, including:

- Creation of a regional marketing programme targeted primarily at the US market; and
- The establishment of a minimum Cruise Head Tax of US \$10.00 per person for the region

The regional marketing programme was implemented with a campaign consisting of television, trade and consumer promotional activities. Unfortunately, the programme was not sustained because of a lack of funds.

6.1.5 Drugs, Crime and HIV/AIDS

6.1.1 Indeed, the negative socioeconomic impact of these social diseases was phenomenal, and the Tourism industry was greatly affected.

⁹ Formerly the Caribbean Tourism Association

The Caribbean became a major transshipment point for drugs moving between Central and South America and the North America in the 1970s. As a result, the prevalence of drugs and drug related crime increased dramatically in the 1980s and into the 1990s. Indeed, by the end of the 1990s, crime in some Caribbean countries had become so prevalent that the US State Department had warnings issued to US citizens traveling to those destinations.

The Caribbean is the second most affected region in the world for HIV/AIDS behind sub-Saharan Africa, with an adult prevalence rate of 2.2%. Moreover, the Caribbean Epidemiology Centre (CAREC) has noted a link between the spread of the disease and the mobile populations in the region, including those traveling for Tourism purposes. Indeed, the Pan Caribbean Partnership Against HIV/AIDS¹⁰ has identified mobile populations (including tourists) as a vulnerable group for the disease in its Strategic Plan 2000.

While there are no easy solutions, an recent initiative by the Inter American Development bank/Multilateral Investment Fund has created Quality Tourism for the Caribbean (QTC), a programme which is developing standards for health management relating to the Tourism sector, including HIV/AIDS, offering a proactive response for the sector to do its part in mitigating the spread and effects of the disease in the Caribbean.

With respect to drugs and crime, the Tourism industry must support the initiatives of Government, including, lobbying for effective policy and legislation to protect visitors from crime.

However, the best response the industry can make really is to be successful. By achieving success and growth, the Tourism industry can provide employment with good wages to Caribbean citizens, one of the best alternatives to crime.

6.1.6 Other Social Issues which Impacted Caribbean Tourism in the 1990s

Like all other countries in the world, Caribbean destinations were challenged with an increasing number of social issues, in addition to the proliferation of drugs, crime and HIV/AIDS in the 1990s. Indeed, several additional social problems arose as a result of the drug trade, including:

- Sharp increases in the number of vagrants
- Harassment of visitors by beggars
- Peddling of contraband on public beaches
- The growth of crime against visitors

¹⁰ The Pan Caribbean Partnership Against HIV/AIDS is a partnership of organizations and governments in the fight against HIV/AIDS which was convened in response to initiatives of the CARICOM Heads of Government.

Moreover, the Caribbean's small island destinations, in most instances, found it more and more difficult to solve these problems and /or separate them from the consumer's experience on the destination as the 1990s came to a close.

Other major challenges affecting the Tourism industry were:

- Environmental degradation and overcrowding in Tourism resort areas
- The proliferation of street and beach vendors (unmanaged and disorderly); and
- The deterioration of service quality

6.1.7 Other Significant Regional Trends of the 1990s

- The expanded role of the US Federal Aviation Authority and influence of Aviation Policy/Management/Route expansion as a region being served by US registered carriers
- Hurricanes became a greater challenge, depressing summer traffic to the region
- The emergence of trained regional professionals Tourism/Hospitality/Marketing

6.2 Regional Trends for the New Century

The dawn of the new century brought with it some immediate challenges for the Tourism industry in the Caribbean, almost contradicting the bright lights and excitement of the thousands of special New Year celebrations in hospitality organizations across the globe at the close of 1999.

Worldwide, leisure travel was curtailed for the 1999/2000 winter season owing to concerns over the 'Millennium Bug'. The Caribbean region was directly affected by Y2K concerns, as revealed in the visitor statistics for the first quarter of 2000, which showed that eleven (11) of the thirty-three (33) member countries of CTO experienced a decline in visitor arrivals during the 1999/2000 winter season. Moreover, the global economy had slowed down and a recession was looming.

Then came the tragedy of September 11th, 2001, which has had a global social and economic impact, but which hit the global Travel and Tourism industry especially hard. The repercussions to the airline industry were swift and devastating, and as the fear of flying endured the impact to other aspects of the hospitality industry became equally grievous. For regions like the Caribbean where the large share of travelers arrive by air, the industry outlook was dismal for the 2001/2002 winter season and is likely to remain so for the rest of 2002 into 2003.

The aftermath of September 11th reinforced the vulnerability of the Tourism industry to the feelings, fears, needs and wants of its consumers.

Despite the fact that the Tourism industry is showing signs of recovery in certain parts of the world, the Caribbean region continues to experience fallout in excess of 25% in some instances. Indeed within one week in May 2002, Cuba and Jamaica both complained of severe losses in the first quarter of 2002.

6.2.1 New Relationships with Airline Partners

In the new millennium, scheduled airlines:

- Are seeking high yield premium leisure customers to the Caribbean
- Will match their product with the destination's
- Will play a greater role in customer frontier reception experienced at destinations being served.

Indeed, airlines will be seeking a redefined relationship with the destination, requesting seat guarantee and market support in the form of written agreements. As a result it is anticipated the airlines may have deeper relationships with fewer destinations, that is, those destination that match their own target markets.

Finally, connectivity, shared strategy and schedule will continue to be key for Scheduled Airline Services to the region.

6.2.2 Cruise Business Opportunities at the Beginning of the New Century

Following a somewhat depressed year in 1999, in the year 2000 the Caribbean saw a 10% growth in the volume of cruise passengers and more berths being allocated to the region. With the exception of January, June and July, growth in the cruise sector remained in double digits in 2001.

The Cruise industry accounted for 39% of the total arrivals to the Caribbean and 10% of total visitor expenditure in 2001. The Caribbean is still the world's most popular destination for cruise, capturing 46.6% of the market in 2001. However, cruise lines have been aggressively widening their choice of destinations into Europe, the Pacific, Asia and Alaska.

6.2.2.1 Bigger Ships, Fewer Owners

In 2002, the average cruise length will remain constant at just over six days as in 2001. The typical Caribbean cruise length was shortened from the standard seven days in response to the demand for shorter 3 and 4 day cruises from current and potential cruise passengers. As such, the region's main cruise lines, Carnival Cruise Lines and Royal Caribbean Cruises International now emphasize these shorter cruises.

Average ship size in the Caribbean continues to rise in the new century. Once again the Caribbean's three largest cruise lines are driving this trend, with vessels from Carnival Cruise Lines, Royal Caribbean Cruises International and P&O Princess Cruise Lines growing from an average of 1,733 berths in 2001 to 1,825 berths in 2002.

It is not surprising that the 'Big three' define the Caribbean cruise product as combined, they now own 82% of the cruise capacity as shown in Tables 13 and 14. However, the concentration of the cruise capacity in the Caribbean does not end there. The 17.7% of the capacity not owned by Carnival, Royal Caribbean or Princess, is controlled by just two other lines – Norwegian Cruise Lines and Disney Cruise Lines. Put another way, the top five cruise lines mentioned above will carry more than 9 out of every 10 passengers sailing in the Caribbean in 2002.

Table 13: North American cruise lines serving the Caribbean (all cruise lengths)

Line	No. of Ships	Ave. Cruise Length	Passenger Capacity	Market Share (%)	% Change vs. 2001
Carnival	16	5.4	1,772,052	34.1	+11.6
Royal Caribbean	12	5.4	1,490,282	28.7	+22.4
Celebrity	9	7.5	438,884	8.5	+39.9
Norwegian Cruise Lines	7	6.2	385,112	7.4	+51.5
Princess	8	7.8	324,650	6.3	-0.6
Disney	2	4.6	266,000	5.1	+1.3
Holland-America Lines	9	8.3	208,364	4.0	+11.4
Imperial Majesty	1	2.0	141,232	2.7	n/a
Costa	2	7.0	27,750	0.5	-33.1
Other (18 other lines)	31		141,384	2.7	+28.2
<i>Total</i>	<i>97</i>	<i>6.1</i>	<i>5,195,710</i>	<i>100</i>	<i>+16.9%</i>
<i>Change vs. 2001</i>	<i>+5.4%</i>				

Source: Cruise Industry News

Table 14: Largest North American cruise companies serving the Caribbean (all cruise lengths)

Parent Company	Ships	Passenger Capacity	Market Share (%)	% Change vs. 2001
Carnival Corporation	32	2,021,154	38.9	+7.4
Royal Caribbean Cruises International	21	1,929,166	37.1	26.1
P&O Princess Cruises	8	324,650	6.3	-0.6
<i>'Big 3' Total</i>	<i>61</i>	<i>4,274,970</i>	<i>82.3</i>	<i>+14.5</i>
<i>Change</i>	<i>+3.4%</i>	<i>+14.5%</i>		
All Other Lines	36	920,740	17.7%	30.7
<i>Change</i>	<i>+9.1%</i>	<i>+30.7%</i>		

Source: Cruise Industry News

The leading cruise companies have similar itinerary strategy for the Caribbean, dividing the market into four (often overlapping) categories – the Bahamas, Eastern Caribbean, Western Caribbean and Southern Caribbean. However, a clear trend in the new century is for Western Caribbean cruises. It is expected that the ports of the Yucatan Peninsula will significantly exceed passenger count of the one-time leader, St. Thomas, USVI and will also surpass the Bahamas.

The stronger emphasis on the Western Caribbean began in 2001, because cruise itinerary planners found they were able to package three of four separate cultures into a single seven day cruise compared with what is perceived as the relatively homogeneous product in the Eastern Caribbean. The trend towards western Caribbean cruise accelerated even further after September 11th, as ships were repositioned to Gulf coast ports in Texas and Louisiana, and pulled from 'deep' Caribbean itineraries visiting destinations lying more than seven days outside the US.

There is a potential opportunity for the Caribbean as a result of a growing trend shifting vessels away from the Mediterranean. This is helping to bring ships to the region during the slower summer months. Consequently, the Caribbean's summer capacity will increase by 21.6% in 2002 (up 372,814 passengers) while winter capacity is expected to rise by 13.8% (up 363,925 passengers).

6.2.2.2 Lingering Issues

Unfortunately, the tourism crisis following September 11th has caused the past animosity between the Caribbean hotel industry and the cruise industry to resurface. The hotel sector has been far more heavily impacted by fallout from September 11th than the cruise sector, given consumers' reluctance to fly. The Caribbean Hotel Association (CHA) recently released a declaration on behalf of its membership stating "We the representatives of the hotel sector of the Caribbean Tourism industry, call on Caribbean Governments to sign a Charter of Sovereignty over the Caribbean Sea, and charge the cruise ships a meaningful fee to sail on it. Competition, while healthy must always be fair".

Regardless of such sentiments, a pan-Caribbean head tax – as was previously envisioned in the early 1990s – appears unfeasible to implement. Through Florida-Caribbean Cruise Association (FCCA), the cruise industry has signed long term contracts with individual Caribbean countries that guarantee a certain level of traffic in return for the promise to keep destinations fees and charges at current levels. It appears that such agreements would preclude the implementation of a new regional head tax, and that the current fee regime should remain relatively stable.

Still, other challenges plague the Caribbean's cruise industry, among the: overcrowding in ports as more berths are distributed over fewer ports in the region; the need for new infrastructure and attractions and a less homogenous product region-wide; and the need to adjust the islands' product to accommodate changing passenger demographics.

With respect to the latter, the Caribbean cruise visitor in the new century is more active, younger and more adventurous, interested in purchasing cultural items unique to the island and taking culturally oriented tours and unfortunately, because of historically low cruise pricing, he or she is likely to spend less when coming ashore.

New infrastructure is being developed to accommodate the growth in the cruise industry, with capital improvement plans underway in virtually every major cruise destination.

6.3 Global Tourism Trends which affected Caribbean Tourism in the 1990s

6.3.1 Consolidation and Vertical Integration of European Tour Operators

In Europe, the majority of mass tourism business was handled by Tour Operators in the 1990s, who in essence, determined where tourists travel. They promoted holidays with their brochures, and countries and properties that were not in these brochures were excluded from a great deal of the business.

In the vertical integration process, which surged in the 1990s, Tour Operators bought hotels, mostly in the large Destinations like Cuba, Dominican Republic and Mexico, but also in other places in the Caribbean. Moreover, some Tour Operators purchased their own airlines.

As a result, the Tour Operators first obligation is now to fill their own properties, which are usually large in size. By spreading their costs over all their operations of marketing, transport and accommodation they are able to offer a very competitive price, even for a high quality product, to the consumer. This makes it difficult for either the independent hotel 'next door' in the same country, or for other hotels in other countries, to compete.

The fewer the number of Tour Operators and the larger and more monopolistic they become and the more geographical markets they control, the graver the problem for the Caribbean as the hotels in the region will have less control over their own inventory, weakening their efforts to negotiate fair rates for their rooms.

Small countries with small hotels are challenged to make better use of small niche operators where they exists, and/or target the independent traveler or travelers at the high end of the market, which has major implications for the kind of product they are offering and for their marketing strategies.

In the new century, even the countries where vertical integration is prevalent or where Tour Operators are filling their rooms for any reason at depressed rates, there is a need to consider the implications of this phenomenon and its impact on the sustainable development of the tourism industry in that country.

6.3.2 Growing Environmental Consciousness among Travel Consumers

Environmental consciousness surged globally in the 1990s. Concerns about global warming, deforestation, the widening hole in the ozone layer and the rapid extinction of many species occupied international discourse throughout the decade. The environment became a

priority of world governments which led to the convening of the Earth Summit in Rio de Janeiro, Brazil in 1992.

As one of the outcomes of the Rio Summit, governments and the private sector sought to combine their efforts to mitigate the impact of environmental degradation. The Tourism industry was identified as a key sector in saving the environment. By its very nature Tourism brings large groups of people to destinations, and they and the infrastructure which facilitates them generate a variety of threats to the environment:

- Tourists generate substantial amounts of **solid waste**. Tourists in the Caribbean have been estimated to generate twice as much solid waste per capita as local residents.
- Tourists also generate substantial amounts of **liquid waste**, much of which goes untreated. According to estimates, as much as 75% of wastewater treatments plants operated by hotels and resorts (i. e. ‘package plants’) in the Caribbean did not comply with basic effluent discharge standards in 1996.
- Tourist facilities are often built in **environmentally sensitive areas**. In the Caribbean, the majority of tourism facilities are located within 800 meters of the high water mark. Moreover, many other tourist activities take place in the area between the back bays and the fronting reefs.
- Tourists typically use much higher amounts of **energy** and **freshwater resources**.
- The mere presence of tourists can have an adverse impact on some particularly **sensitive ecosystems** such as coral reefs.
- Mobile populations, including tourist, are vulnerable to food and water borne diseases, insect borne infectious diseases such as yellow fever and malaria and sexually transmitted infections (STIs) such as HIV/AIDS.

A series of measures were prescribed for the industry to do its part to protect the environments called **Agenda 21**. Since 1992, the World Travel and Tourism Council, a global body representing private sector interests in the Travel and Tourism industry, has provided leadership in the implementation of Agenda 21 at country and enterprise levels through the creation of a certification programme called **Green Globe**. Green Globe certification indicates that tourism companies or communities have met a set of sustainable development criteria. Verification of compliance with the criteria is undertaken by the Société General de Surveillance (SGS) – a leading international verification body – which also conducts regular audits to certify continued compliance.

Travel consumers also applied pressure on the tourism industry to change its modus operandi and become more environmentally sensitive. Special interests groups began favoring certain destinations and vacation experiences which were perceived to be environmentally friendly and as a result Ecotourism or nature based travel grew exponentially in the 1990s.

For the Caribbean, the emergent global environmental awareness served as a reminder of the fragility of these small, island states and reinforced just how crucial a healthy environment is to their survival and economic well being. Indeed, in the 1990s the Caribbean was faced with its own unique environmental problems which included:

- Over fishing
- Dolphins, turtles and other sea creatures beginning caught and killed tangled in fishing nets
- Heavily criticism for some islands for their support of the Japanese in whaling
- Conflicting use of scarce land resources e.g. leading to quarrying in forested areas.
- Illegal quarrying, felling of trees and sand mining on beaches
- Indiscriminate killing/hunting of endangered species such as the leatherback turtle, manatee and deer
- Destruction of coral reefs caused by treated sewage discharge, blasting for ports or over silting caused by development along the shoreline
- Coastal erosion
- The effects of El Niño and the devastating caused by severe hurricanes
- Overbuilding, especially in tourism areas

All of the concerns listed above have had an impact on the regional Tourism industry. For example, islands like Dominica and St. Lucia felt the repercussions of their support of whaling on their Tourism industry as potential visitors cancelled their reservations in protest. In Jamaica, improper disposal of waste and untreated wastewater and sewage flowing into the sea in Negril severely curtailed diving, leading a substantial reduction in visitors. In another example, sand mining has had a devastating effect on beaches in Tobago and severe coastal erosion is reclaiming the beach along the east coast of Trinidad. In both cases, the affected beaches have been lost as attractions for the Tourism industry. In still another example, harsh weather, in particular hurricanes, said to be the effects of El Nino, severely damaged tourism plant in the Eastern and Northern Caribbean.

The Caribbean Tourism industry responded to global trends and their national environmental challenges in a number of ways:

1. *There was a dramatic increase in ecotourism or nature based projects.* Many new projects were developed and some properties repositioned themselves and refurbished their plant in order to attract ecotourists. In fact almost every new project in the region by the end of the 1990s contained some element which demonstrated sensitivity to the environment, such as the use of water or energy

saving systems, preservation of wildlife on the grounds of the property or the use of solar energy for water heating and air conditioning.

2. *Several resorts and destinations in the Caribbean have received or are in the process of achieving environmental certification from one of the international certification schemes.* Introduced in the 1990s to assist environmental management, certification schemes are usually administered by entities not necessarily involved in the operation of tourism activities e.g. the national Bureau of Standards. In the Caribbean, two global certification systems were adopted in the 1990s: **ISO 14000** and **Green Globe**. A third system, **Blue Flag**¹¹, which focuses on standards for beaches and marinas, is in the process of being adapted for use in the region.

Table 15: Caribbean resorts with Green Globe Certification

COUNTRY	RESORT	DATE OF CERTIFICATION
Barbados	Casuarina Beach Club	7 March 2000
	Treasure Beach Hotel	7 March 2000
Jamaica	Hotel Mocking Bird Hill	13 November 1998
	Negril Cabins Resort	13 November 1998
	Rondel Village	22 June 1999
	Sandals Negril Beach Resort & Spa	13 November 1998
	Sea Splash Resort	13 November 1998

Source: Green Globe website (<http://www.greenglobe21.com/>).

3. Led by the Caribbean Tourism Organization (CTO), an annual regional Ecotourism conference was established in the early 1990s. In 1997, CTO expanded the focus of these conferences to include all aspects of sustainability. The name of the conference was also changed to the Caribbean Sustainable Tourism Conference to reflect the new orientation.

¹¹ **Blue Flag** is a beach certification program developed in Europe. Work is underway to adapt this program to the Caribbean. At present, 10 Caribbean and 4 European countries are collaborating with United Environment Program (UNEP), the World Tourism Organization (WTO), the Foundation for Environmental Education in Europe (FEEE), and the Caribbean Alliance for Sustainable Tourism (CAST) in this effort. One of the major challenges will be to agree on appropriate water quality standards to be established in the Region.

This was just the first step towards more fully embracing the tenets of sustainability. By the end of 1997, CTO appointed a Sustainable Tourism Development Officer, charged with driving the whole concept of sustainability and liaising with the relevant organizations and bodies. As a result a regional Strategy for the Development of Sustainable Tourism was developed and approved at the 1998 CTO Board of Directors' meeting in New York.

4. Several islands developed programmes in conjunction with and funded by international donor agencies such as the IADB, the EU, OAS, UNDP and CTFC to support environmental programmes for the Tourism industry.

6.4 Global Trends at the Beginning of the New Century

The advent of 2000 was marred by fear of the Millennium Bug and the potential havoc it would reek on computerized equipment. In the Travel and Tourism industry this meant airplane and cruise ship guidance systems, hotels operating systems and the like. January 1, 2000 dawned without any major mishaps but the hype translated into a slow down in travel for the first quarter of 2000.

The trend continued throughout the year, to the extent that by September of that year eleven (11) of the thirty-three (33) CTO member countries had experienced a decline in total visitor arrivals.

The Region's tourism declined further into 2001 with the down turn in the global economy. Then the terrorist attacks on the US in September 11, 2001 were a final blow that put the already weakened regional tourism industry 'on its back'.

6.4.1 Economic Slowdown Lingerin

According to Wall Street investment bank, Bear Stearns, per capita spending on leisure travel this year has fallen by 5% in the US. The number of vacation days away from home has also declined. Americans are staying an average of 8.3 nights away on their longest pleasure trip, or two days fewer than last year according to the Travel Industry Association (TIA).

People are still traveling but they are more price-sensitive, which has certainly affected the Caribbean. The region was non-competitive relative to other destinations – Europe, Hawaii, Mexico and major US domestic destinations – because of the sharply higher airfares. Fall airfare sales were introduced in mid August 2001 by American Airlines and others and had an immediate and substantial impact. However, any gains were lost in fallout from September 11th.

The economic slowdown, combined with the impact of September 11th, has resulted in heavy discounting by hotels, cruise lines and airlines on many routes. Indeed, of deep concern to the Caribbean is that hotel prices in major US cities are down by as much as 20% over last year and US domestic promotional airfares are down by as much as 40%.

Forecasts from CTO predict a turning around in the Caribbean by 2003. For 2002 into 2003 though airfares, cruise and hotel prices will continue to be discounted in line with the demand. However, provided that the Caribbean can stay reasonably competitive, there should be enough demand to 'ride out the storm' to better times ahead.

6.4.2 Emphasis on Safety and Security

6.4.2.1 Travel After 11 September

The events of September 11th were a turning point for the Travel and Tourism industry. A number of new initiatives, trends and policies have been instituted that would impact upon Caribbean tourism for many years to come.

The good news is Americans are resilient and they do not want to give up travel, one of the brightest features of their lifestyle. The statistics speak for themselves:

- A Conde Nast poll notes that 78% of respondents said that travel is their ultimate passion, and nothing will stop them from traveling; 73% said that they will not put off their ultimate dream vacation; and 70% stated that travel is as important or more important to them than prior to September 11th.
- USA Today surveyed more than 2,600 active travelers in the USA and Canada and 62% said they are likely to travel this year, at least within North America
- Almost 85% of Americans plan to take at least two leisure trips in the next 12 months. (Frommer's)
- Blizzard Internet Marketing has noted a sharp increase in the first quarter of 2002 of unique visitors to their 1,200 client (Bed and Breakfasts) sites.
- Vacation.com surveyed 30,000 reservations and determined 33% were domestic trips, 29% were Caribbean and 12% were Mexico.

Travelers are refusing to stay at home, and that is the very good news for the hospitality industry.

But some travel habits have changed. For example:

- Travelers and destinations are very concerned about safety and security.

- Travelers want discounts. Travelocity and Orbitz, Internet travel sites, are expected to have double-digit growth this year, mostly because of packages offering special rates.
- Travelers want to travel with their family. A survey released by Hilton Hotels Corporation and Yankelovich Partners earlier this year found that 72% of the general public want to invest more time in personal relationships.
- Travelers will want trips to challenge them physically, intellectually, or both, or something that offers a chance to do something meaningful for others.

Essentially, it is up to the travel industry to accommodate these and other evolving demands.

Cruise Travel

As a result of September 11, 2001 the World Bank and the International Maritime Organization, in conjunction with the International Council of Cruise Lines (ICCL) have taken steps to guard the safety of passengers and crews of ships. The ‘Assembly’ noted “*with great concern the danger to passengers and crews resulting from the increasing number of incidents involving piracy, armed robbery and other unlawful acts against or on board ships, including small craft, both at anchor and under way*”¹².

The initiative seeks to assist in the formulation of internationally agreed upon technical measures to improve security and reduce the risk to the lives of passengers and crews on board ships. An aspect of the proposal is to ensure that Caribbean tourism destinations strengthen their frontier board security.

The Assembly calls upon “all Governments, port authorities and administrations, ship owners, ship operators, shipmasters and crews to take, as soon as possible, steps to review and, as necessary, strengthen port and on-board security”.

To support the initiatives at country and enterprise levels, the Assembly has also directed the Maritime Safety Committee to develop practical measures, including both shoreside and shipboard measures, which may be adopted by the target groups.

¹² Declaration of the Assembly on Measures to Prevent Unlawful Acts which Threaten the Safety of ships and the Security of their Passengers and Crews

6.4.3 Global Airlines Experiencing Major Losses

Airlines are now, more than ever, determined not to 'play the numbers game'. According to the British Airways, 'No more high loads and low yields' and the Caribbean has already begun to feel the impact of this philosophy in the form of reduced air services.

The US Department of Transportation's Federal Aviation Administration (FAA) is forecasting airline passenger traffic will continue to decline in 2002, followed by a strong recovery in 2003. This prediction is part of the agency's annual Commercial Aviation Forecast. The latest Forecast also sees airline passenger traffic returning to more normal levels of growth by Fiscal Year (FY) 2004¹³ expanding at an average annual rate of 4.0% for the next ten years, reaching 1.0 billion passengers in FY 2013. That is three years later than predicted in last year's Forecast, due largely to the recession last year and the terrorist acts of September 11th. The FAA noted that airline passenger traffic fell 1.8% in FY 2001, which ended September 30, 2001.

Beyond the fallout from September 11th, the biggest news for airlines in recent months was American Airlines' move towards eliminating fixed travel agency commissions by slashing its cap on domestic commissions by 60%, a move that has since been followed by other major carriers, including regional airlines BWIA West Indies Airways. The new cap for American Airlines limits commissions to \$10 one-way and \$20 round trip.

Conversely, at the same time, US Airways, actually raised commissions to 10% on its new Caribbean services as an introductory promotion. US Airways began new routes in November and December 2001 to Barbados, Grand Bahama, Antigua and St Lucia from Philadelphia and in January and February 2002 from Charlotte, NC to Cozumel and Grand Bahama.

The US three largest carriers, American Airlines, United and Delta, all suffered losses in the third quarter of 2001, normally the most profitable, due to higher costs of fuel and labor and reduced demand, particularly in the business sector, which worsened as a result of September 11th.

In Canada, Air Canada lost more than a million dollars (Canadian) a day in the second quarter of 2001 and announced a cut back of 4,000 jobs which took effect in November 2001 into 2002. Air Canada also plans to reduce its fleet and cut executive pay among other cost saving initiatives.

In Europe, British Airways announced that it had returned to profitability for its last fiscal year ending March 31, 2001, but also announced cuts in service to the Caribbean with more route cancellations and/or capacity reduction in 2002.

¹³ The Fiscal Year 2004 runs from September 2003 to August 2004

6.4.4 'E' Travel

Technology provides one of the best opportunities for tourism businesses in the new century. The speed with which the world embraced the information revolution and the limitless applications of technology today, suggests that destinations competition in the Tourism industry in the new century must be skilled in the efficient and effective use of the technology tool.

In 2002, online booking of air travel continues to rise. More and more people are using the Internet to find and then book airfares. PhoCusWright predicts that the European online travel market as a whole will grow nearly 300% from \$2.9 billion in sales from 2001 to \$10.9 billion in 2002.

This suggests that CTO is on the right track in continuing to invest in its Global Gateways project and in searching for appropriate booking engine partners to close the loop from information seekers to travelers. Developmental work on CTO's Caribbean Global Gateways website continues at a rapid pace and agreement has been reached with CHA to implement a fully searchable lodging database for the entire region.

Indeed, the world has 'come a long way baby', with the use of personal computers and the Internet in the last thirty years, but it is affect on the flow of information that boggles the mind. Destinations can no longer afford to paint pretty pictures which do not meet consumers expectations. On the Internet, information about destinations – good and bad – is available to the surfer.

However, the Internet also serves to 'level the playing field', allowing smaller destinations and tourism business to compete more successfully with larger ones.

Yet there is danger that they are forgetting some basics of marketing. The Internet is not magic. It is another distribution tool. Customers will visit a site and 'shop' because they know or respect a brand or a product. As such, delivering quality, value for money and good service are vital, especially since consumers would not hesitate to rate your product and post it on the Internet for others travelers to access.

In addition, achieving visibility on the Internet requires innovation and may be expensive. An Internet site needs to be marketed on and offline.

Finally, pricing will increase in importance. Research shows that the priced at which a product is offered for sale has been identified as one of the key motivators for encouraging customers to purchase online. These are known as electronic pricing strategies.

7.0 MAJOR REGIONAL TOURISM ISSUES REQUIRING A STRATEGIC RESPONSE

7.1 Economic Challenges facing the Caribbean Region, in particular the Tourism Sector

- Problems facing related sectors, such as the financial sector, could have a residual negative impact on tourism.
- Issues around globalization and international agreements relating to the liberalization of services will increase competition for the region and reduce its ability to reserve certain jobs and services in tourism for nationals. Proposals which are interpreted internationally, as subsidizing national or regional entities, will run counter to WTO's Most Favored Nation stipulations.
- The region's competitiveness is threatened by the continuous expansion of tourism as a global industry. There is major investment in new and refurbished accommodation products and man-made attractions in old competing countries such as the US and in the Indian Ocean and Asia, and in new areas such as the Middle East. In addition these destinations have added advantage of large resources to invest in tourism, especially 'high end' quality products, and considerably easier means of access by air, road and sea.
- The region is falling behind in its investment in research, scientific analysis, and information management for the Tourism Sector which has implications for human resource development policies in tourism.
- The region is also lagging behind its competition in the application of information technology in tourism development, management and marketing.
- Consolidation and vertical integration within and across national boundaries within the Tourism Distribution System¹⁴ that controls international tourism is intensifying to the disadvantage of the Caribbean and other developing regions.
- The fragile resources of Caribbean airlines, the difficulty they have in cooperating with each other, and the absence of regional aviation policies covering critical areas, makes to difficult for them the to fill the gaps created by departure of foreign operators
- The region faces a number of challenges with respect to its product. These include:
 - Unacceptably low levels of service quality across a broad spectrum of activities;

¹⁴ Tour Operators, airlines, cruise lines, electronic travel agencies

- Facilitation difficulties and inadequate amenities at many air and sea ports;
- Poor access to investment in some countries due to perceived low profitability;
- Red Tape and a lack of transparency in how incentives are administered;
- High standards being set internationally in the areas of the environment, health and safety with punitive sanctions for countries and properties which are felt to be in breach thereof;
- Concerns in the marketplace about crime, drugs, violence, health and Acts of God in the Caribbean,

7.2 Removing the Public/Private Sector Divide

In the region, the public sector national tourism organizations are most commonly thought to be responsible for destination marketing. However a shift in this paradigm is urgently needed which will place the private sector at the center of destination marketing activities. The divide between the public and private marketers has hampered the promotion of the region, collectively and for individual countries and this is something that must be corrected in the new century.

Moving the responsibility of destination marketing from government ministries and into autonomous and independent tourist boards is one option for improving private/public sector collaboration, as such organizations are less 'bogged down' by the bureaucracies of the ministries. Moreover, it is essential that the tourist boards are autonomous and transparent and not politically influenced. This is critical for deepening relationships with the private sector.

7.3 Regional Planning Efforts

A Caribbean Tourism Strategic Plan is being developed by CTO, which will guide the industry's development over the next ten years have begun.

"The Regional Tourism Strategic Plan is intended to provide a vision of the future for Caribbean Tourism, driven by a strategic approach and in an environment which is changing radically all the time" says Jean Holder, Secretary General of the CTO.

In general terms, the Strategic Plan, which is funded by the Commonwealth Secretariat, will address the restructuring of the industry in terms of its policies, plans and organizational structures in order to enhance its competitiveness and sustainability.

The Plan will specifically make recommendations to accomplish the following:

1. Increase annual tourism expenditure by at least 5% per annum over the next 10 years.

2. Increase stay-over arrivals by at least 1% above the world average growth, as estimated by the World Tourism Organization (WTO).
3. Arrest the declining market share of cruise tourism and increase the conversion of cruise tourists to stayover tourists.
4. Enhance the linkages between tourism and other sectors of the economy, in particular through increasing the purchase of supplies, services, food and beverage, etc. by the cruise visitor.
5. Increase the level and range of employment opportunities for Caribbean nationals in the industry and provide the requisite levels of tourism education and training.
6. Increase the professionalism, quality level and diversity of service in the industry.
7. Minimize the adverse impacts on the environment and other tourism assets.
8. Achieve the highest levels of technological expertise needed to compete in an information-driven industry in the Information Age.

7.4 Connectivity - Airlift Into and Within the Region

The region is challenged to revisit existing aviation agreements and work towards a common Caribbean aviation policy. CTO, in creating its Aviation Committee in April 2001, comprising some of the major tourism stakeholders in the region including those from various categories of the air transportation sector, has provided a neutral forum in which discussion can take place not only about airlift, but also about facilitation on land and other infrastructural services related to air transportation.

In addition, the 'blue print for functional cooperation in regional transportation established in the 1994 CTO study remains an excellent starting point for regional action and should be revisited. In fact, the Aviation Committee has met a number of times since April and discussions have taken place between the Caribbean carriers with action towards functional cooperation.

7.5 The Region Networked - Information Systems

Governments that are content to receive visitor statistics six to twelve months in arrears clearly are not using them strategically as a vital planning tool. Very few Caribbean governments have the necessary structures within their national tourism organizations to collect and interpret market intelligence, economic or social or other data related to strategic planning for the sector.

Similarly, the hotel sector in the region, with few exceptions, fails to collect and use data in managing their properties. Moreover, as they do not collect data, they are unable to provide

the Government statistical office and Tourism research office with vital statistics. The Accommodation Sector is either unwilling or unable to respond to request for information and seems quite content to rely on inadequate external surveys or old studies for making conclusions about such fundamentals as its financial performance.

8.0 RECOMMENDATIONS FOR FUTURE ACTIONS

8.1 Human Resources for the New Century

The Caribbean tourism industry continues to be plagued by poor, or non-existent Human Resource policies and practices. People are the basis for delivering tourism and hospitality products and as such the large majority of the region's problems, and its inability to compete globally, can be traced to deficiencies in this area.

Moreover, regrettably, the lack of effective human resource policies and practices is most evident among tourism entities owned by Caribbean nationals. These challenges persist largely because of the personal value systems of most Caribbean owners and they see themselves in relationship to their staff. Generally most owners view their staff members as a resource to exploited and then discarded. There is very little interest in the long-term well being of the employee. In most cases, staff members operate in hostile, untrusting, dis-empowering and oppressive environments.

All of this translates into poor manager/employee relations and eventually poor guest/employee relations and thus poor service.

In order for the region to embrace positive approaches to human resource management and development that would provide long-term benefits for the region's tourism industry, it must:

- a) Investment in training on human resource management and development at the highest levels. Human resources management is an art and science. It does not come 'naturally'. Ironically, this is the most desirable skill in tourism and hospitality industry, yet it the most misunderstood and perhaps the least available among tourism practitioners.
- b) Engage in Human Resource Planning. Human capital needs to be managed strategically
- c) Build an industrial and organizational culture that fosters development and retention of the best people, including compensation and employee development programs with career pathing
- d) Engage in Human Resource Development with training and development programmes prepared in conjunction with employees to meet their career goals.
- e) Invest in developing executive talent. However, every manager in the industry should be exposed to training in Human Resources
- f) Institute programmes to measure employee satisfaction
- g) Develop guidelines for measuring performance at all levels of the industry with 360° evaluations (allowing employees to measure performance of management). As far as possible compensation programmes should include incentives for good performance

8.2 Data Management: Creating and Using Accurate Systems of Measurement

In the new tourism era of scientific analysis, research and information management, the Caribbean needs reliable data for policy formulation and action plans. To date both the public and private sector in the Caribbean have invested too little in research of the Tourism industry.

Tourism transformation can only begin when tourism policy and strategic plans begin by setting objectives in terms of the economic and business criteria such as: the number of jobs created; the amount of foreign exchange earned; and the amount of government revenue from taxes created to finance public services and where policy and plans are based on sound market Intelligence and social-economic and environmental research.

Governments and the private sector share the responsibility to gather and use up-to-date market intelligence, statistics and economic data. Therefore the destination knows and can communicate with authority the economic value of the industry, in terms of direct, indirect and induced economic impacts. This is a powerful selling tool for tourism itself both internationally and domestically. Moreover, it is the basis for improved decision making and marketing and development strategies.

To achieve the above objective, the systems for measuring of the economic impacts of the sector must be better developed. This is urgent. It involves better definition of the tourism sector and the development of appropriate systems of measurement which are 'customized' to the peculiarities of the Caribbean economies. As a result, where possible, ministries of tourism must have access to competent econometric statistical skills either 'in-house', or otherwise available to it.

Moreover, the current widely used system of keeping National accounts tends to equate 'hotels and restaurants' with the tourism sector which underestimates the real contribution of tourism to the national economy. Destinations must acquaint themselves with the ongoing work worldwide in developing satellite tourism accounts, which aggregates under one head all tourism activities, thus presenting its total impact on the economy and seek to adapt and adopt these system for use.

At the regional level, CTO is working with World Tourism Organization (WTO) and other agencies on developing a satellite account system for the region. It has recently carried out a number of pilot studies in its member countries on economic impact and is willing to work closely with countries and academia in sharing the methodology and developing this expertise.

As such, internship at CTO is a possible form of technical assistance for developing skills in national tourism organizations.

CTO has also developed the Management Information System in Tourism (MIST), a software programme which it has already installed in a number of member countries with good results. The system comprises three main components:

1. Performance data such as arrivals, departures, economic indicators etc,
2. Product Inventory – A database of tourism facilities (accommodation, cruise, carriers, attractions, destination information, etc)
3. Marketing data – A source for market information and marketing Intelligence

This system places the data critical for tourism planning at the finger tips of the national tourism organizations. However, it must be remember that to be effective, MIST must be fed data from member countries.

In addition to providing a key tool for tourism planning, MIST can also assist with the development of 'back-end' database systems to support the development and management of national marketing and promotional Internet sites.

There is also a need for financial, social, cultural and environmental research to address the cost/benefit aspects of tourism and to inform planning for sustainable tourism development. We must be able to answer key questions: How profitable are our hotels and attractions? Can Caribbean airlines survive without subsidies? Is tourism really overtaxed? Does the community understand and accept Tourism? Are the cruise lines taking away the land-based visitors? How effective are national incentive policies? How are crime and drugs impacting our tourism industry? Are major trade shows like the World Travel Market (London), BIT (Berlin), ITB (Milan), etc, good value for money or could we spend the money more effectively otherwise? On what will the Caribbean's strategic decisions in the future be based?

Getting information for decision-making requires extensive research which can expensive, highly skilled work. Neither our government agencies, or regional organizations or academia have, to date, been able to adequately address these issues. The tourism agencies operate with considerable budget constraints and the priority area of expenditure has been almost inevitably been marketing. In large measure, they have relied heavily on CTO to do the research for the industry.

8.2.1 A Tourism Research Agenda for the Region

CTO has carried out 11 important studies in the past two years but all were funded by external donors. CTO could do much more in this area if it had a research budget supported by regional Governments. Indeed, the region needs to support an ongoing, comprehensive tourism research programme developed through collaboration between the national universities, regional universities such as the University of the West Indies, regional tourism organizations,

Governments and the Tourism private sector. The regional research agenda should include: the advantages of a rationalized regional air transportation service; impact of cruise tourism on land-based tourism's performance; the annual financial performance of Caribbean hotels; etc, which are issues which deeply concern the region, but for which there is little information.

The expertise required to undertake such research draws on disciplines such as economics, econometrics, transport economics, statistics, demography, accountancy, marketing, sociology, environmental studies, information technology. By involving the universities one can capitalize on existing resources.

However, it is important to note that this research must deal with and respond to the 'real' problems and the current and future needs of the industry. For this reason, collaboration with practitioners is vital.

Timely and effective research is critical to the sector's future and must be provided for in the budgets of regional and national public and private sector agencies.

8.3 Regional Marketing in the New Century

In order to compete successfully in the travel and tourism industry in the new century destinations must identify new market opportunities, emphasizing specialty niche segments. Such initiatives should be developed in-conjunction with international partners.

Regional tourism strategies for the new century should be focused on consumer-led marketing, strategic thinking, an international focus, strategic partnerships and alliances and the use of new technologies.

In the future marketing initiatives in the Caribbean region should operate and supply benefits at three levels: the Region, the Destination and the Enterprise. Owing to the global changes that have taken place with the airline industry pre and post September 11th, coupled with the consolidation of major European Tour Operators, new and innovative approaches to Caribbean destination marketing must be undertaken.

It is recommended that emphasis be placed on the following marketing activities in the future: Product, Branding, Distribution, Airlines, Tour/Wholesalers and Internet Strategy

8.3.1 Branding the Caribbean as a Destination

The primary purpose of any future regional marketing program should be to increase brand awareness for the Caribbean as tourism destination. But, beyond the focus at the regional level, the Caribbean brand should be incorporated into the national campaigns of Caribbean states. This approach reinforces recognition of the brand and by extension its constituents.

For branding, the following is recommended:

- a) The Caribbean region build a Destination Brand Strategy for Tourism
- b) Ensure that region's tourism is adequately supported with optimum brand positioning and brand management

8.3.2 Product

Product Development must be strategic because it will now more directly impact the destination's positioning.

For product development, the following is recommended:

- a) Product strengthening and market driven repositioning of most of the accommodation sub-sector, for sub-regions and for mature destinations
- b) Destinations must focus on developing products that clearly speaks to a desired market segment that would ensure the quality, mix and frequency of both schedule and charter airlift to the destination
- c) Small destinations must combat seasonality by developing products for different market segments while at the same time appealing to the needs of its traditional up-market vacationer, allowing tourism to become active year round.
- d) In order to capture a larger share of both cruise and stayover visitors and generate more economic activity, destinations would have to focus on the development and promotion of their natural, historical, cultural, educational and recreational activities. The varied interests of today's travelers require that consumers be provided with a wide range of satisfying, high quality experiences – active, passive or a combination of both.
- e) There needs to be a combination of superstructure developments and man made attractions – such as high quality special events and activities – that would become the new demand generators for the next decade.

8.3.3 Distribution

Improving distribution systems should be a 'two pronged', strategic approach: 1) addressing the traditional Tour/Wholesaler Operators and 2) tapping the potential of the Internet for awareness and sales generation

For Distribution, the following is recommended:

- a) 'E' marketing distribution channels especially for smaller up-market destinations and properties
- b) Direct mail and niche advertising
- c) Public Relations both traditional and electronic
- d) Monitoring and evaluation of distribution systems

8.3.4 *Internet Strategy*

For Internet Strategy, the following is recommended:

- a) Internet promotions and bookings should be a critical strategy for future marketing initiatives
- b) The creation and promotion of affiliate programmes via Website links. This is vital.
- c) The development of appropriate and productive 'e' distribution relationship.
- d) Advertising should be more focused on promoting the Caribbean region as a branded destination.

8.3.5 *Airlines*

Schedule airlines should become strategic partners with destinations. The development of strong, mutually beneficial partnerships would be essential to the long-term sustainability of the destination's success. The region should continue to rely on the non-regional schedule carriers for the bulk of its leisure vacation traffic. Scheduled airlines should be part of a Marketing Partnership and Strategic Alliance strategy.

The region would need Branded schedule carriers to serve as 'confidence builders' in the marketplace especially for the up-market leisure travel segment.

Regional schedule carriers operating from hubs of Antigua, St. Lucia, Puerto Rico, and Barbados would be required to play a greater role in ensuring that Transatlantic, up-market leisure vacationers continue to enjoy a similar level of quality air service when flying on a regional carrier. The regional air carriers must seek to establish interline agreements, which would allow the easier facilitation of intra-regional travel and promotion of multi destination holidays within the region so that consumers are afforded greater choice.

Caribbean Destinations having in excess of 1200 middle to lower middle quality rooms would have to, now and in the foreseeable future, embrace charter service as a critical strategic element in the overall marketing strategy for their destinations.

The tourism public and private sectors would have to assume all the financial risk for charter services from the U.K. and Europe and in the near future at least part of the risk of U.S. and Canadian Charter Operators in terms of marketing costs and a portion of the seat costs.

It is recommended that Southern and Eastern Caribbean develop strategies to ensure that risk for charter air service is shared among destinations, and the destinations establish their own UK/European Tour/Wholesale Operator, thereby ensuring a sustained presence in the marketplace, strengthening of the Brand and management of most of the risk associated with either charter or schedule air service to the region.

8.3.6 Tour/Wholesalers Partners

Destinations would have to become more intimate with the culture and operations of key market place partners in the new century. Tour/Wholesaler partnerships and strategic alliances with Caribbean destinations and hotel properties will be to be more selective and will require clearer medium term strategies, for a sustained programme.

It is anticipated that double destination initiatives will become a major part of Tour Operator/Wholesaler market development strategies especially for Eastern Caribbean destinations.

There should be one strategic approach for the main generating destinations: US, Canadian, UK and European markets. Details regarding the market activities should be agreed and left to the Tour Operator/Wholesaler to execute in their respective marketplaces.

In the future Caribbean destinations may want to consider establishing their own Tour Operator/Wholesaler function in key generating markets, particularly for the larger Caribbean destinations and up-market boutique destinations.

8.4 Safety and Security

The issue of Safety and Security has become very critical to Caribbean Tourism. The major challenges will be the protection of destination frontier areas such as airports and seaports, accommodation facilities and attractions to international standards, which have become much more exacting after September 11th. Moreover, civil unrest and crime are likely to have an even deeper impact on the industry in the new paradigm. It is anticipated that human and financial resources would be severely taxed in the change process. But change must take place, as safety and security will become a measure of attractiveness of destinations in the future.

It is recommended that destinations:

- a) Conduct a Tourism security audit of its airport(s), border policies/legislation, communities (especially where tourism sites exist), hotels, propensity for crime and the response capability of the protective services. Some research would be required since it is best that as far as possible, international criteria/standards should be used to measure capacity.
- b) Train frontier enforcement and regulatory personnel to operate with a ‘human touch’, in a new environment of increased security.
- c) Invest in technology to ensure constant monitoring at key frontier entry points and where possible, attractions and places of interest
- d) Conduct staff background checks to the highest levels
- e) Regularize security industry, especially rates of pay in order to produce professional, well trained and well paid personnel. These people are asked often asked to put their life at risk to protect the human and physical resources of the Tourism industry
- f) Ensure that Police Officers are, likewise, well trained and well paid
- g) Develop strategies to create police departments that is un-bureaucratic and sympathetic to clients
- h) Develop a Tourism Oriented Policing Services unit (TOPS)
- i) Practice good risk management
- j) Develop a crisis management plan
- k) Develop a Visitor Care Center(s) to aid visitors with concerns, challenges, problems and those who may have been the victim of a crime.

8.4.1 Safety and Security in the Accommodation Sector

Places of lodging play a vital role in the tourism industry. When traveling, hotels are the vacationer’s home away from home and as such where they should to feel comfortable and safe.

Nearly 94% of travelers surveyed say that they consider hotel safety to be an important factor when making their lodging selections during trip planning, according to the result of a study conducted by Harris Interactive for Safe Place Corporation, an independent provider of safety accreditation of lodging, commercial, healthcare and educational facilities. While surveyed, travelers cited the importance of and need for adequate hotel safety. However, the study also showed that only about 1 out of 5 (22%) travelers actually investigate a facility's level of safety, primarily because travelers have no idea where to obtain this information. However, 93% said they would like to stay in a hotel that was certified as safe versus a non-certified hotel, and more than 78% would be Wiling to pay more for a hotel that offered this extra measure.

When a safety or security incident occurs at a place of lodging, not only does that particular business suffer, but there is a negative impact on the entire destination. Indeed, from a destination marketing standpoint safety and security is a 'double-edged sword' wielded with dire consequences when an incident occurs.

As a result, properties must take safety and security very seriously, applying various measures to protect their guests which may include:

- Developing a set of guidelines for hotel/resort safety and security, and review these guidelines with every employee. Places of lodging have guidelines to cover almost every aspect of the guest's stay. Make sure that hotels also have guidelines concerning safety and security which should include are:
 - Policies with respect to single women travelers and other travelers who need extra security;
 - Room placement policies for those with special security needs;
 - Employee background checks,
 - Special security instructions for those working at front desks and other front line workers on what to do if a crime takes place.

- A regular review of fire safety procedures. For example, it is important for all employees to know about what to do in case of a fire. Some of the issues should include:
 - Smoke. Many hotel employees know that not all smoke means a major fire. However, their prime objective should be to evacuate the building at the first sign of smoke. Smoke accumulates at the ceiling. If exit signs are at the ceiling will they be seen during a fire? Do employees know that fresh air for breathing is near the floor?
 - How to handle panic and how not to panic. People who panic rarely save themselves or others. The more information that guests and employees have, the less likely they are to panic.
 - Exits. Make sure that both guest and employees know where the exits are located, especially in large hotels.
 - It is important that cards be left in rooms giving fire instructions that include information on what to do if the room needs to be evacuated, placement of extinguishers and alarms, etc.

- Having visible guards. Contrary to what some hoteliers may believe, professional security guards are greatly appreciated and make guests feel secure. This sense of security is especially true for female guests and visitors from foreign lands. Professional security guards, if trained properly, can add value to a hotel's bottom

line. However, hotels must carefully select their security companies of their own security personnel to ensure that they are well trained and can deliver a high quality service to guests.

- Doing a good background check on all employees as part of the recruitment process. Check references and for a criminal history.
- Doing a walk-through of the property with the local police department and fire department. Often these officers can point out errors and easy ways to correct problems. It is a lot less expensive to avoid crisis than to have to deal with the crisis after it has occurred.
- Having a clear policy on type of keys and who has controls of keys at the hotel. Make sure that all doors have peepholes, and dead-bolt locks. Make sure that the front desk has total control of keys. Keys should be collected upon checkout. If a key is lost, replace it immediately. Remember that not only doors can be opened but also windows. Make sure that windows are secure and that there are both horizontal and vertical locks on all windows.
- Having a compensation package ready for guests

8.5 The 'new' National Tourism Organization

Given the rapid evolution of the global tourism industry, the role, structure and skills required in both public and private, national and regional tourism agencies, need to be revisited if they are to avoid obsolescence. There are different models, but there are certain core requirements that cut across all types:

- a) A structure within which there can be a national public/private sector vision of how, when and where to sell the destination or region
- b) Adequate and sustained funding for marketing sourced jointly from public and private sector contributions
- c) Access to the marketing budget that is not constrained by normal bureaucratic procedures, permitting timely payment of bills due and an ability to respond rapidly to crisis situations
- d) Programmes based on strategic planning whose achievements can be monitored.
- e) Research and Development and Information Management functions which have the capacity to advise governments, the private sector, the public at large and the

international community of the socioeconomic and environmental impacts of the sector, the trends in the marketplace and the financial performance of the industry, using up to date technology available.

- f) Human Resource management/development and Organizational Development functions for securing and developing the skills (marketing, research, statistical, economic, IT, language facility, etc) and equipment needed for the modern Tourism Office. It can be safely said that no Caribbean tourism office in the Caribbean is currently at the required level. Destinations must be prepared to investment in the resources vital for achieving their goals in the new century.

8.6 Building Effective Private-Public Sector Partnership

Regional Tourism Management is a partnership between the private and public sectors. However, historically, this partnership has functioned only superficially in most instances.

In order for Caribbean Tourism to effectively address the challenges of the new century, there must be a new approach to building consensus on policy formulation and management for the sector between the public and private sectors.

It is recommended that regional tourism organizations undertake a four phase programme, designed collaboratively with the private sector, for regional tourism development and promotion as follows:

- Phase I: Establish a clear definition of priority issues and problems facing tourism in the Caribbean.
- Phase II: Identify a set of initiatives, actions and programmes to deal with the priority issues and problems facing Caribbean Tourism.
- Phase III: Identify and build consensus on sustainable sources and mechanisms for funding regional tourism marketing activities.
- Phase IV: Monitor recommendations concerning initiatives, actions and programmes for tourism development to ensure timely and effective implementation.

Both the private and public sector at all levels will have to recognize the complexities that come along with the development of a sustainable tourism industry which can provide social and economic benefits long into the foreseeable future.

9.0 CONCLUSION

The Way Forward: Stepping Up the Responsibility of the Region's Most Important Economy

In the new century, Caribbean Tourism must grow in strength. The industry must earn the respect of Caribbean citizens by embracing the responsibilities of being Region's most important industry. The Industry has described itself as such and now will be required to prove it.

This means the industry must become the lead industry in a thriving economic future for the Caribbean and the best quality of life for its citizens.

The Tourism industry must become the business leaders of the region by creating an industrial environment which promotes and achieves excellence. Specifically, the industry must:

- Compete successfully globally. The industry should be an example to other regional economic activity. For this the industry is challenged to become state of the art. Astute planning and forward thinking are key.
- Use research, intelligence and accurate information as the foundation of its activity. The industry cannot continue to be 'blind sided' by global the events which affect it.
- Develop a culture of the highest ethical standards. It must do business right, minimizing and eliminating corrupt and illegal practices. In this regard, the industry must be self-regulating, recognizing and rewarding good practices and penalizing bad practices.
- Be financially sound. The industry must be a source of funds. What seems to be an almost constant clamor from the industry for financial support from Governments must be reduced and ultimately eliminated. The industry must be able to produce and manage financial resources so that when crisis occurs such resources can be brought to bear to 'ride out the storms'.
- Be an example of best practice in labour relations and protection of its workforce. The best people must be attracted to the industry for its fair practices, its recognition and reward of performance, high standards, attractive wages, empowering environment and career opportunities.
- Be a leading social citizen, embracing this responsibility and judiciously using its size and power to protect the quality of life of Caribbean people. Certainly, the industry must be stewards of the natural environment which it relies upon so heavily. The industry cannot afford to simply consume fish, lumber and building aggregate for example, without caring whether these were obtained from illegally and/or through the destruction of the natural environment.

- Finally, the industry must master the technology available to improve its performance and ultimately develop its own technological systems for the global tourism industry. It must therefore encourage and reward innovation.

These are the character traits for the role of the industry's most important industry. In the new century, Caribbean Tourism is called upon to prove its worth and justly so. This is not an insurmountable task by any means but it will take sacrifice, hard work, dedicated resources and sound leadership.

Ultimately though, it must be acknowledged that the development of the Tourism industry in the Caribbean is the foundation in realizing the vision of the future of the Caribbean, its citizens, the way of life and its environment.

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