

Making Tourism Count

for the Local Economy in the Caribbean

Guidelines for Good Practice

April 2006

Published by
Pro-Poor Tourism Partnership
and the Caribbean Tourism
Organisation



Funded by UK Travel Foundation



Brief 6

Encouraging tourists to spend in the local economy

The Issue

The money spent by holidaymakers in the local economy makes a direct contribution to raising the household incomes in local communities. It also provides an enhanced experience for tourists.

Activity around the resorts and hotels contributes to creating a richer destination – in both senses. If tourists are to spend freely, they need to feel comfortable as they explore the neighbourhood, attractive goods and services must be highly visible, and tourists must trust the health and safety standards.

Consider the opportunities

In an increasingly competitive 'sun, sand and sea' marketplace, it is important to offer tourists goods and services that are distinctive to the local area. Whether buying local crafts or enjoying an annual festival, local activities enrich the destination experience leading to more referrals, repeat business, and an enhanced destination image.

Shopping is a vital component of the holiday, but tourists want to buy goods that are particular to their destination. If they are sold items which are imported from another country, or worse still another continent, then the authenticity and quality of the destination is called into question and the competitive edge is lost. In the Caribbean, many of the curios are imported, some from Asia.

One way to raise tourism expenditure, without raising the 'cover price' of a holiday, is to provide tourists with high quality opportunities to spend more while in the destination.

Understand the challenges

- ✓ *Local people hassling tourists* over entering shops, taking taxis and accompanying them puts tourists off, creates an air of insecurity, and can cause crime to develop.
- ✓ *Commission structures* can mean that there is little scope for local producers to earn a profit because of the margins paid to tour guides. It can be hard to break into the market and persuade excursion groups to stop at a new product, because guides rely on established commissions from their existing stopovers.
- ✓ *Excess haggling by tourists* – sometimes encouraged by guides, taxi drivers or out-of-date guidebooks – further reduces returns.
- ✓ *Poor marketing strategies for local products* and lack of a brand identity result in poor awareness amongst tourists of the opportunities to purchase local products and of their inherent value.
- ✓ *Excessive competition between producers* can drive prices down.
- ✓ *Local crafts struggle to compete with imports* if either the quality is lower or if well-produced, price is comparatively high. Tourists are often prepared to pay more for the genuine article if they understand about the raw material, the production process and its

cultural value, particularly if there are only a few practitioners.

- ✔ *Lack of information on the local area*, lack of reliable public transport, and uncertainty about where it is safe and unsafe to go, can discourage tourists from going outside the resort.
- ✔ *The structure of the all-inclusive package* is not pre-disposed to encouraging expenditure outside the resort for two reasons: tourists have an incentive to stay inside where food and drinks are free and the environment known; and the legal liability of tour operators prevents the recommendation of any local activity unless it has been audited for health and safety.

Using festivals as a way of attracting visitors to spend locally

The **St Lucia Jazz Festival** was originally conceived in 1992 as a marketing tool to raise market visibility and boost arrivals in the low season in a relatively low cost way. The initiative required an enormous amount of stakeholder collaboration involving multiple finance sources, tax waivers, media collaboration, use of volunteers and contracted staff, sponsorships and partnerships but is now a leading event in the national and tourist calendar. The festival boosted visitor arrivals, raised awareness of the destination, provided exposure for local artists, and a ready audience for other tourist accommodation, transport, food, performances, events and souvenirs services. The value of additional media exposure due to the event is estimated to exceed the annual budget of the marketing board.

Each year, the **Jamaica** Conservation and Development Trust holds its 'Misty Bliss' at Holywell Recreational Park in the Blue Mountains. The fair blends cultural entertainment with the rich natural heritage. A major part of the fair aims to increase the awareness and sensitivity of Jamaicans to the Blue and John Crow Mountain Park, as well as generating revenue towards the park's further preservation.

In **St Lucia**, the weekly Seafood Friday in Anse La Raye provides the opportunity for local vendors to reach a new market, and provide a channel for locally caught seafood. The key outcome has been that typically unemployed middle aged females of Anse La Raye now have alternative means of income, up to \$600 per month.

- ✔ *Use festivals as a catalyst for tourists to enjoy – and spend in – the local area.*

What can you do?

Good practice approaches

- ✔ Support product quality and innovation. Start by identifying authentic local products that are already produced and look at ways of developing these further. Innovation can mean developing a traditional skill or product into a modern product desired by tourists.
- ✔ Offer retail space to local craftspeople and advertising space to local taxis, excursions and guides.
- ✔ Provide business advice and support to local entrepreneurs. Your contacts, market networks and understanding of tourists' needs can be invaluable.
- ✔ Work with local partners to ensure security of tourists in the community and reduce hassle. This involves engaging the local community and its leaders, the tourism industry and local police (see Brief 7). It is not surprising that poor people on the margins of the industry take every opportunity to earn a little cash, but if harassment is reduced, sales can expand to benefit everyone.
- ✔ Provide information to tourists:
 - Maps, so that tourists can find their way around the area
 - Guides to pricing: for appropriate haggling, ball-park prices
 - Information on public transport: where to find taxis, taxi charges
 - Information in the hotel lobby or in rooms. If local products reach quality standards, information can be provided in welcome packs and briefings.
- ✔ Engage in open discussions on a commission system that will work for the destination, including the poor producers. It is not possible to take ever larger commissions from ever fewer sales. A virtuous circle needs to be created where product expansion, reduced harassment and greater quality increase the volume and value of sales and commissions spread further.
- ✔ Drop off tourists at craft markets close to hotels and point out the short walk back to the hotel. This can work if security along the route is managed.
- ✔ Support destination-wide initiatives, such as festivals, regeneration of infrastructure, and development of a local brand. Festivals can bring tourists into the destination in the low season, and encourage tourists out into the community. The success of certification schemes, such as a local brand, also depends on general acceptance and uptake by many operations.

Table 1 shows a wide range of ways in which local artisans, guides and restaurateurs can boost their sales. Hotels and tour operators can assist with making change happen.

Table 1: Factors that encourage purchases of local crafts, food, guiding and market products

<p>Local craft sales are boosted by:</p> <ul style="list-style-type: none"> • Products specific to the destination (based on amber, coconut, rum, colonial ‘firsts’) • More production on-site, at the stalls • A range of differentiated products: not all vendors selling the same • Product innovation: combining local skills with modern preferences (e.g. in the Gambia, women make Gambian dresses for Barbie dolls!) • Less hassle of tourists: harassment stops sales • Price information for tourists (a range within which haggling is appropriate) • Better quality products • Better presentation of products • Ensuring products can be packed and are transportable • Sales inside hotels • Labelling and interpretation to tell ‘the story’ and thus add value • Tailor-made items made to order (e.g. personalised with names) • Code of conduct among sellers governing behaviour, prices, location, management of environmental impacts of materials used • Art and craft areas or clusters, where tourists can see producers and competition drives innovation • Reputation and popularity (the idea of must-have souvenirs) 	<p>Local food and drink sales are boosted by:</p> <ul style="list-style-type: none"> • Ensuring product quality and standards • Exploiting smells, flavours, tastes and niche preferences (e.g. organic coffee and chocolate) • Opportunities to mix with locals • Country labels: brands that guarantee tourists authenticity, local sourcing and recognised quality • Local festivals
	<p>Local market visits are boosted by:</p> <ul style="list-style-type: none"> • Local colour • Range of products • Opportunities to see producers at work • Reliable transport • Opportunities to mix with locals
	<p>Local guiding is boosted by:</p> <ul style="list-style-type: none"> • Availability of specialist guides (e.g. in birding, agricultural tours) • Licensing or system of official recognition • Agreed pricing that is made available to tourists in writing

*Encouraging tourist expenditure locally: **working examples***

Developing a unique product and brand

In **Barbados**, a national logo competition held by the IICA Agro-tourism Linkages Centre in Barbados aimed to enhance the development of a signature Barbadian product – ‘Barbados Blackbelly Sheep’. A workshop was then held for artisans to consider ways of using the logo on a range of functional and decorative craft items. Such unique locally branded products may be marketed through hotels and/or sold directly to tourists.

➤ **Develop a new brand highlighting local quality products**

Creating opportunities for tourists to spend in villages

In **Dominican Republic**, Outback Safaris provide rural excursions which combine ‘history and social lessons, culture, plants, animals, fun and charisma’. The community gains directly from cash spent by the company, such as payments to boat owners and ranches, and expenditure on road building. But just as importantly, Outback Safaris creates opportunities for tourists to spend locally too. Tourists visit villages and homes, and rural people earn approximately US\$1,300 per month from sale of local products to tourists or fees for visiting their house. The company makes donations for education and health through a local foundation and encourages tourists to do the same, rather than to give away sweets or coins on the street. In the first half of 2005, around US\$35,000–40,000 was earned for the Foundation from the sale of T-shirts to tourists.

➤ **There will be many different ways for tourists to spend on local products. Find some and keep adding more.**

Caribbean festivals:

a key route for incorporating local people and culture into the tourism product

Festivals are one way to involve local people in the tourism product, and encourage tourists to enjoy – and spend in – the local area.

Carnivals and indigenous music festivals in particular have been pivotal to the development of the cultural industries and arts sector. Festivals create new clients, markets and media exposure for the entertainment sector, stimulate infrastructure development, heritage conservation and investment into the arts and strengthen inter-sectoral linkages between tourism, travel and culture.

Festivals have also proved to be very useful in boosting the destination as a whole, by creating a new tourism season, filling the void in the tourism calendar, improving hotel occupancy levels and building destination image. Festivals

also create new tourism demand from the short break travel market, the Diaspora and intra-regional tourist (groupings that are largely omitted in tourist marketing plans). The spending of festival tourists, which is considered 'new' or incremental and counts as an export industry, has been very significant as a share of total visitor expenditure, where the data on visitor arrivals have been documented by exit surveys – see Table 2.

The best example is the Trinidad carnival – the largest festival in the region in terms of visitor arrivals and expenditures. Arrivals have grown by 60 per cent since the late 1990s, such that by 2004 there were over 40,000 visitors that spent approximately US\$28 million. This accounts for over 10 per cent of annual visitor expenditures.

Table 2: Festival tourism economic impact

Festivals	Year	Arrivals	Visitor expenditures US\$m
Trinidad & Tobago Carnival	2004	40,455	28.0
St. Lucia Jazz Festival	2000	11,041	14.8
Barbados Cropover	2000	3,485	3.2

Data is taken from K. Nurse. 'The Cultural Industries and Sustainable Development in Small Island Developing States' (forthcoming Commonwealth Secretariat).

About the Briefs ...

The eight Briefs in this series provide practical tips on how to develop different types of local linkages, drawing on experience in several different countries in the Caribbean ▶

For other Briefs in the series and further information see www.propoortourism.org.uk/caribbean

- Brief 1:** Overview: tourism and the local economy – building linkages
- Brief 2:** Bringing local producers into the supply chain
- Brief 3:** Building links with local farmers
- Brief 4:** Employing local staff
- Brief 5:** Involving local people and products in tours, packages and excursions
- Brief 6:** Encouraging tourists to spend in the local economy
- Brief 7:** Building neighbourhood partnerships
- Brief 8:** Managing internal change for developing local linkages.

The Appendix provides more details, further examples, sources, and a useful list of contacts.

The Briefs outline some of the benefits and challenges of local linkages, and then focus on what to do. They provide tips on good practice mainly for hoteliers, but also for other private, governmental and non-governmental operators in tourism.