

Harnessing tourism for local economic development: strategies for pro poor tourism

Presentation 1: overview of linkages and the case for change



Pro-Poor Tourism Partnership:

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*In collaboration with
ASONAHORES*



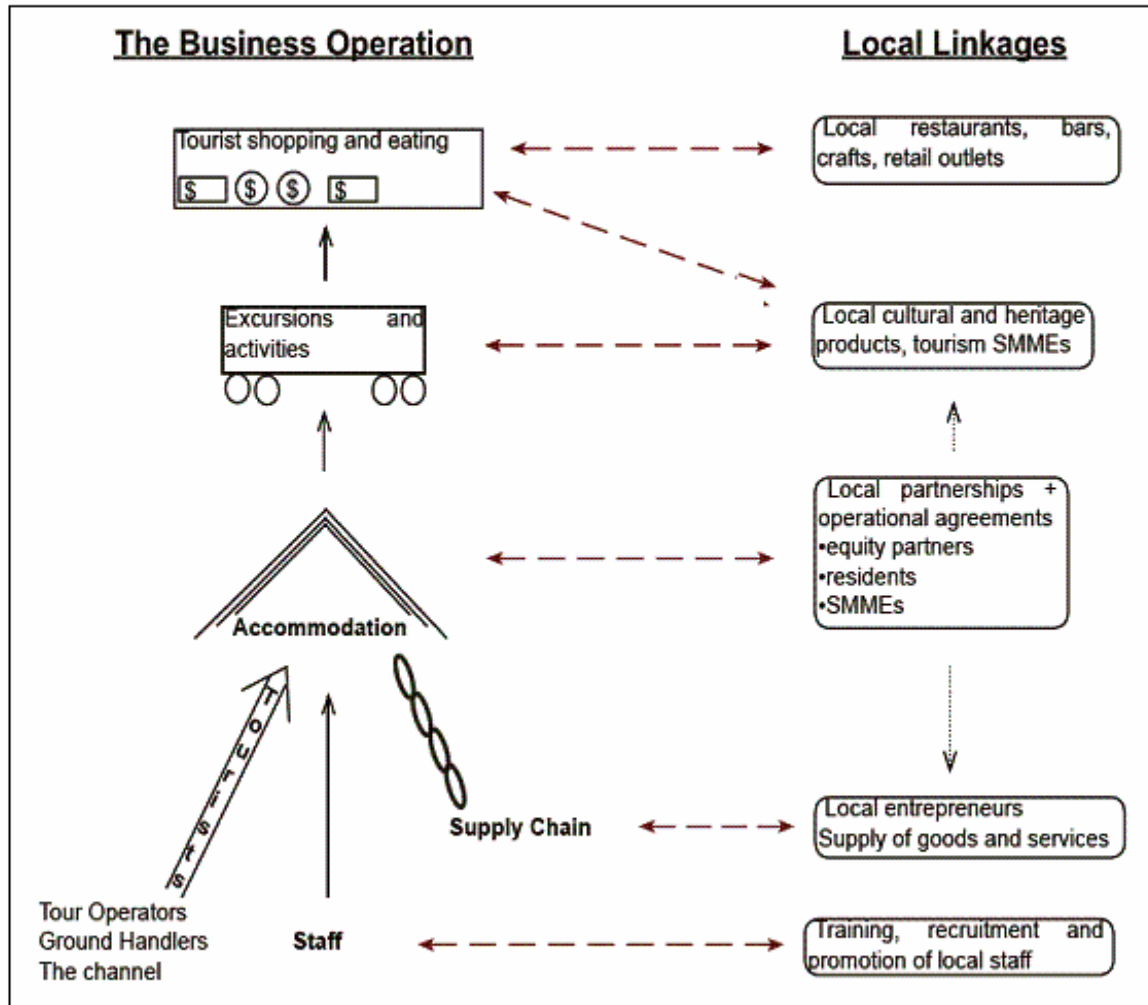
The Travel Foundation

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What is it all about?

- Developing tourism in a way that has more impact on:
 - - poor people
 - - the local economy.
- Pro poor tourism is NOT a product. Not just community based tourism. Not eco-tourism.
- It is an approach to any kind of tourism: doing business in a way that delivers *increased benefits for poor people*.
- In practical terms: creating *linkages* between tourism and local poor people.

Different kinds of linkages



Linkages

= ways of doing business differently
= different from philanthropy

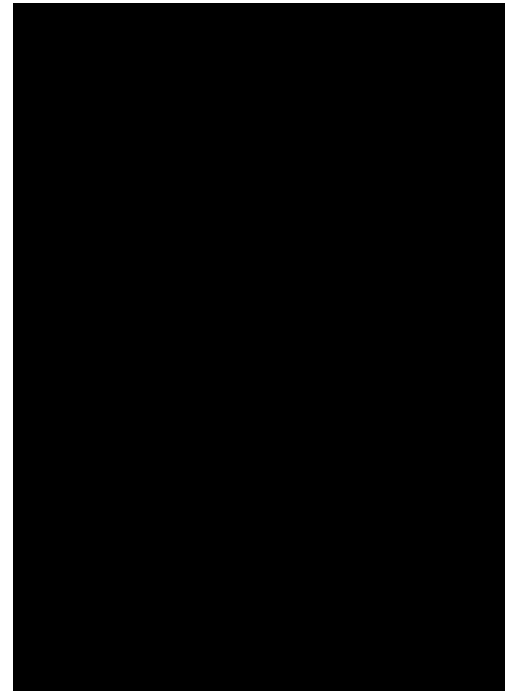
Who?

Most direct links are with hotels, tourists, or ground handlers. But government, international tour operators, also play a very influential role.

- Tourism: if it does not change it will exhaust itself.
- UNDP Human Development Report, 2005

The Business Case for Change

- **Corporate Social Responsibility**
- The **Business Case** for stimulating **local economic development** and **poverty reduction**



Tourism and Local Economic Development

How can businesses in travel and tourism increase the contribution of the industry to local economic development and pro-poor growth?

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Minimising Risk

1. managing environmental risk for some time – Health and Safety
2. now increasing emphasis on the economic and social aspects.
3. brand image and value is one of the key elements for an industry where the product is intangible at the point of purchase and where the experience is much more than the directly purchased transport, accommodation and guide services.
4. reputational risk is a significant issue where the product purchased by the consumer extends beyond what is owned and directly managed in the supply chain.

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License to Operate

1. good relationships with local communities – the alternative is hassle, crime and denial of public space
2. positive recognition of demonstrable concern for the natural and cultural environment
3. maximisation of the contribution which the industry makes to local livelihoods, economic development and the reduction of poverty.
4. Enterprises which contribute to local economic development, can improve the general environment for business and stay ahead of legislation.

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Market Advantage

1. PR benefits: build reputation, particularly for those companies that establish a leadership role.
2. market is changing to reflect socially, environmental and culturally aware holidaymakers.
3. These market trends require a richer experience, generally beyond the confines of the hotel or resort.
4. There is market advantage, and repeat business, to be secured by enabling clients to enrich their experience and this will increase the local economic benefit

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Product Quality and Cost

1. commercial advantage in differentiation and non-price competition
2. commercial advantage operating in, and to, destinations which offer a rich mixture of experiences and activities.
3. traditional provision of resort activities increasingly needs to be supplemented with complementary product much of which will be locally owned and provided by SMEs – partnerships.
4. co-operation between businesses makes the strategy easier to achieve, reduces cost and avoid the freeloader problem.

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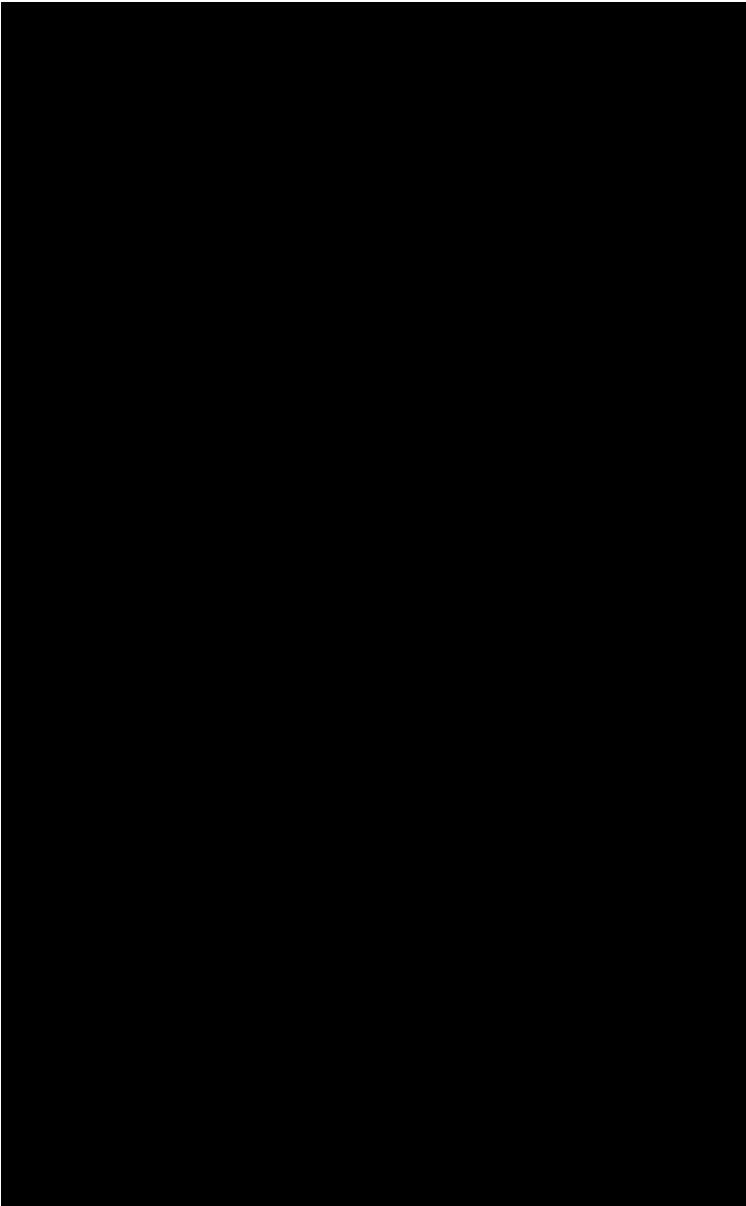
Staff Morale

1. Changing consumer attitudes towards what constitutes a good holiday experiences and the relevance of the CSR agenda also applies to staff.
2. Adopting a more responsible business agenda can assist with the recruitment, motivation and retention of quality staff and reduce costs.

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The purchasing decision

1. **Destination/activity**
2. **Price**
3. **Availability/ trip length**
4. **USP or “added value”- non-price competition**
 - **For some consumers that can be a responsible tourism element.**
 - **Brand positioning and repeat business**
 - **Market trend towards more experiential holidays**

Consumer Demand

Ipsos-RSL on behalf of Tearfund November 1999 (n=2032)

Importance in determining holiday choice (%)	H	M	L
Affordable cost	82	12	3
Good weather	78	14	5
Quality hotel and facilities	71	15	8
Good information on social, economic & local	42	30	23
Significant opportunity for interaction	37	37	23
Designed to minimise environmental damage	32	34	27
Company has ethical policies	27	34	30
Repeat client - used the company before	26	30	38

For full details see **Goodwin H & Francis J** Ethical and Responsible Tourism: consumer trends in the UK **Journal of Vacation Marketing** 9 (3) 2003 pp 271-284 <http://www.responsibletourismpartnership.org/goodwin.pdf>

Market Trends

- Ipsos-RSL [Tearfund] research in November 1999 2032 adults in their own homes
- % giving “high importance”
- Company has ethical policy 27%
- Used the the company before 26%
- Asked for information about ways of supporting the local economy and meeting local people 26%

Change is taking place in holidaymaker aspirations

- Companies are making explicit responsible tourism commitments.
- When asked whether or not they would be more likely to book a holiday with a company if they had a written code to guarantee good working conditions, protect the environment and support charities in the tourist destination
- **1999 45% said yes**
- **2001 52% said yes.**

+ 7%

Association of Independent Tour Operators (AITO) 2000

- ... we recognize that in carrying out our work as Tour Operators we have a responsibility to respect other people's places and ways of life.
- We acknowledge that wherever a Tour Operator does business or sends clients it has a **potential to do both good and harm, &**
- we are aware that all too often in the past the **harm has outweighed the good.**

RESPONSIBLE TOURISM GUIDELINES:

Intended to help companies, customers and local suppliers recognize their common responsibilities to:

- **Protect** the environment – its flora, fauna and landscapes
- **Respect** local cultures – its traditions, religions and built heritage
- **Benefit** local communities – both economically and socially
- **Conserve** natural resources – from office to destination
- **Minimise** pollution – through noise, waste disposal and congestion

Federation of Tour Operators



1.1. We commit to work towards developing, operating and marketing tourism in a sustainable manner; ie. **tourism which makes a positive contribution to the natural and cultural environment, which generate benefits for the host communities,** and which do not put at risk the future livelihood of local people.

January 2004

Federation of Tour Operators



FEDERATION
OF TOUR
OPERATORS

- 2.6.5 We are committed to **involving, and c_**
operating with, local communities and people
- 2.6.6. We are committed to **using local products**
and skills wherever practicable.
- 2.7 We will **encourage our partners, suppliers**
and sub-contractors to improve their
contribution to sustainable development
and management of tourism, and will work with
them and share information to assist in this.

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DRAFT FTO Code of Preferred Practice

Does your business actively choose local products/services in preference to imported ones wherever possible?

Does the business promote other local products and services to guests by recommending guides, restaurants, markets, craft centres?

