



Framework for the Development of a Caribbean Public-Private Sector Tourism Marketing and Development Initiative

BUILDING A CARIBBEAN TOURISM DEVELOPMENT AND MARKETING INITIATIVE

I. MANDATE FROM THE 28TH INTERSESSIONAL MEETING

In response to direction provided by the CARICOM Heads of Government at the 28th Interessional Meeting in support of the establishment of an Interim Tourism Working Group (TWG) comprised of representation from the CARICOM Secretariat, the Caribbean Tourism Organization and the Caribbean Hotel and Tourism Association, a process has been undertaken by the TWG to identify recommended strategies aimed at stimulating tourism and maximizing the employment, entrepreneurial and revenue potential it can bring to the region.

The proposed strategy focuses around the six priority areas shared at the 28th Interessional:

1. Advancing research to better assess tourism's economic impact and the region's competitiveness.
2. Removing travel barriers and stimulating travel to and within the Caribbean.
3. Supporting the development of Caribbean talent through a coordinated approach to tourism-related education and training.
4. Strengthening the Creative industries and economic linkages to tourism.
5. Marketing and Public Relations of the Caribbean brand through short and long term strategies.
6. Creating a public-private sector entity financed and managed collaboratively to sustain a regional effort.

II. CONSULTATIVE PROCESS UNDERTAKEN

In support of advancing recommended strategies around the priority areas and drawing from the considerable research which has already been undertaken within the priority areas, the TWG has undertaken the following activities:

A. Research

A growing body of research supports the value of public-private sector collaboration in marketing and developing tourism. The TWG points to three stand-out efforts which guide and substantiate our way forward:

1. **Draft Strategic Plan for Tourism Services, commissioned by CARIFORUM**
2. **Tourism Industry Reform, Strategies for Enhanced Economic Impact, a study by the Caribbean Development Bank (CDB)**
3. **The Return on Investment of Brand USA Marketing, conducted by Oxford Economics**



The predominant guiding document for the TWG has been a ***Draft Strategic Plan for Tourism Services, commissioned by CARIFORUM*** and undertaken by Tourism Intelligence International. Commencing in September, 2017 with consultation and engagement by over 60 public and private sector stakeholders from 15 countries, and extensive participation by the leadership of the Caribbean Tourism Organization and the Caribbean Hotel and Tourism Association, the research project is near completion and the recommendations are well-aligned with those being advanced by the TWG in the aforementioned six priority areas as will be indicated in the addendum to this report.

Throughout the study an overriding theme is woven:

“Cooperation between the private and public sectors is at a level never seen before in the region....regional cooperation is also on the rise (e.g. on transportation issues, agro-tourism linkages, human resource development and training issues, investment promotion, information and communication technology, research and statistics, marketing and promotion, environmental issues, cross-border facilitation, etc.) and wider and more indirect stakeholders are playing a greater role in tourism development (local communities, media, training institutions, NGOs).”

Support for the marketing of the Caribbean brand was overwhelming:

“Nearly all (97%) of the CARICOM stakeholders consulted in the development of this Strategic Plan indicated that it is important for the Caribbean to market itself as one region – One Caribbean. Marketing, an information- and technology-driven activity, is perhaps the most significant area where true economies of scale can be had from cooperative and collaborative efforts among Caribbean states.”

The call for regional collaboration and partnerships around tourism is further reinforced in ***“Tourism Industry Reform, Strategies for Enhanced Economic Impact”***, a study by the Caribbean Development Bank (CDB), released in May, 2017 which puts forward recommendations and strategies to enhance the economic impact of tourism in the Bank’s borrowing member countries.

CDB President Dr. Wm. Warren Smith, notes ***“Tourism is the engine of growth and a major foreign exchange earner in many Caribbean countries. During the last two decades, we have witnessed a distinct shift in the profile of visitors to the Caribbean and as a result, in the industry’s structure. These changes in the industry have signaled a need for policy-makers and key industry players to rethink their strategies for improving the competitiveness and safeguarding the medium to long-term development prospects of the industry in this Region.”***

The Return on Investment of Brand USA Marketing, a study undertaken for the public-private sector partnership BrandUSA by Oxford Economics, was released in 2016, and points clearly to the incremental employment and tax revenue generated through a collaborative PPP effort.

“Brand USA generated \$3.0 billion in incremental visitor spending to the US in FY2015. Including indirect and induced impacts, a total of \$6.6 billion in economic activity was generated by Brand USA. Economic activity generated by Brand USA sustained 44,533 jobs earning \$1.9 billion in personal income. At \$457 million, Brand USA generated more than double its funding in incremental Federal taxes and another \$410 million in state and local taxes.”



This research is well-synched with that coming from recent reports issued by the United Nations World Tourism Organization, the private sector led World Travel and Tourism Council, the World Bank, the IMF, the Organization of American States and the Inter-American Development Bank, reinforcing the value and returns from investments in tourism and a PPP approach.

Shortcomings in Research

In seeking to better measure the extent of tourism's pervasive impact on the region's economies, employment, tax revenue and entrepreneurial spin-off activity, the substantial shortcomings in destination data became even more apparent to the TWG. Only six destinations are able to accurately measure tourism's impact through the use of the United Nation's sanctioned Tourism Satellite Accounts system.

This shortcoming is becoming even more apparent, as many destinations are mistakenly correlating tourism's success with increases in visitor arrivals, yet correspondingly the growth in employment and tax revenues is not proportionate with the increase in visitor arrivals. Research clearly shows that the hotel accommodations sector is the most significant driver of employment and visitor spending, and by extension tax revenue and linkages.

With the rise in alternative accommodations (i.e. Airbnb, VBRO, etc.), destinations without appropriate policies and a TSA system in place to measure impact, will not fully recognize the extent to which tourism can be a primary socio-economic driver with the financial investments and policies supportive of effective tourism marketing and development.

B. Individual Consultations

Building upon earlier consultations with Ministers and Directors of Tourism, CHTA's business leadership, and representatives from many of the region's 32 National Hotel and Tourism Associations, since February, 2017 CTO and CHTA have broadened the network of engagement. Meetings have been held with several Heads of Governments and Tourism Ministers; owners, operators and senior management of major hotel brands, including Sandals, AM Resorts, Hilton, Marriott, and Atlantis; and small and mid-sized tourism enterprises; and major developers.

Representatives for multi-lateral organizations have been consulted, including the Inter-American Development Bank, the Organization of American States, and the Organization of Eastern Caribbean States.

All consultations have resulted in expressions of strong interest and support for being part of a process to develop, manage and sustain a Caribbean tourism development and marketing initiative.

C. Additional Considerations

Following the distribution of the draft of this document to Ministers and Commissioners of Tourism, a meeting by conference call was convened on June 12 under the direction of the CARICOM Secretariat. CTO's Chairman invited Ministers to make comments on the draft document. Ministers gave their overall approval of the document in principle and asked that there be: (a) specific mention of the safety/security concerns facing the Caribbean; and (b) the importance of incorporating into the marketing considerations, the need for increased awareness of opportunities in the tourism industry for Caribbean people at home and abroad.



- Locally, regionally and internationally the tourism industry has expressed concerns about the threats to our region's safety and security. The protection of our citizens, our visitors and our industry from the scourge of crime is a matter of serious concern. While this issue has thankfully, not reached the proportions that cripple some areas of the world, it is in the Caribbean's best interest to do whatever is necessary to maintain the region's status as a zone of peace and tranquility. This is a top priority and a prerequisite to the sustainability of the region's economic growth.
- Recognizing that a number of best practice safety and security initiatives have been advanced by public and private sector tourism industry stakeholders throughout the region, CTO and CHTA commit to cataloguing and showcasing these efforts and encouraging their adaptation locally where applicable.
- CTO and CHTA implore Heads of Government to encourage greater collaboration with relevant authorities within and outside the Caribbean, closer partnership with law enforcement and border security entities in the international community, and engagement with funding agencies whose interests align with the region's in keeping our borders and our livelihood safe.
- On the question of tourism awareness, our industry has a duty to ensure that every citizen of the Caribbean understands the value tourism brings to our economies and the responsibility this places on all citizens to be good hosts. In addition, the more our populations – at home and in the Diaspora - know about tourism, the more creativity, entrepreneurship and financial opportunity will result.
- While the public- and private sectors have made tremendous progress at all levels of tourism education and scholarship, it is clear that the true economic enfranchisement of our people and the incentive for entire populations to enjoy the benefits of the industry will depend upon our region's ability to find the mechanisms to keep our citizens engaged. Their understanding of the vast range of career and entrepreneurial opportunities which the tourism industry offers is essential. In the words of one of the region's tourism Ministers, "it is as important to market Caribbean tourism to our own people in the Caribbean as it is to market it overseas."

III. LESSONS LEARNED FROM EARLIER ATTEMPTS TO DEVELOP AND SUSTAIN REGIONAL TOURISM INITIATIVES

In the 1980s and again in 2007 the region's public and private sector tourism stakeholders sought primarily to create a sustained effort to market tourism, as well as to address some of the region's tourism development challenges. While there was limited success, the efforts failed to sustain and realize their potential.

Recognizing this, the research and consultative process undertaken since February assessed both the successes and failures from previous attempts to create a regional initiative. Lessons learned:

Challenges

- Limited engagement in developing and supporting the initiative, particularly at the highest public and private sector leadership levels (i.e. heads of Governments and heads of industry)



- No engagement from non-CTO and CARICOM jurisdictions, which constitute over 60 percent of the region's tourism activity
- Insufficient financial resources to establish and sustain the initiative
- No dedicated full-time CEO and support team to professionally manage the effort (reliant on the volunteer support of the CTO and CHTA)
- Lack of transparency or procedures in tendering contracts
- Failure to manage an ongoing process of engagement

Successes

- Caribbean destination branding increases visitor arrivals and marketshare, as indicated in results from the successful "*Kokomo*" and "*Life Needs the Caribbean*" campaigns
- Caribbeantravel.com, a jointly-owned website by CTO and CHTA, successfully showcases the region and with limited resources applied to pilot website marketing and social media campaigns it stimulates visitor arrivals and destination spending
- The seeds of a successful public-private sector partnership to market and develop Caribbean tourism have been sown with positive results in areas of marketing, transportation, and sustainability.

IV. REQUEST FOR SPECIFIC ACTION FROM THE HEADS

A. Overarching Recommendations

With this backdrop and a mandate from the 28th Interessional Meeting, the TWG offers the following overarching recommendations for consideration by the Heads:

1. **Broaden Engagement to all Caribbean Countries, Companies and Multi-Lateral Organizations** aimed at securing their input and support for a regional tourism marketing and development initiative.

Specific Recommended Actions from the Heads:

- a. Establish a Caribbean Tourism Development Leadership Council, comprised of and open to heads of all Caribbean governments or their designees and heads of industry or their designees committed to advancing a regional PPP.
- b. Endorse participation by all stakeholders in the following events between Interessional meetings to advance specific recommendations coming from this Interessional which will serve as convening points and benchmarks for success:
 1. State of the Tourism Industry Conference (SOTIC), October 9-13, Grenada, organized by the Caribbean Tourism Organization
 2. UNWTO, Government of Jamaica and World Bank Group Global Conference on Jobs and Inclusive Growth: Partnerships for Sustainable Tourism for Development. November 27-29, Jamaica (Note: this may provide a unique opportunity to facilitate results-oriented engagement with the multi-lateral organizations)
 3. Caribbean Travel Marketplace, San Juan, Puerto Rico, January 31-February 2, 2018, organized by the Caribbean Hotel and Tourism Association
 4. CARICOM Interessional – February 2018, for an extended tourism session open to all Caribbean jurisdictions.



It should be noted that specific events over the coming six months will also be utilized to advance engagement and recommendations for specific areas within the initiative's mandate (i.e. CARIFESTA would provide an ideal convening point to further the recommendations outlined for the creative and cultural industries linkages report which is attached to this report).

2. Create an Independent Public-Private Sector Governing Body to Guide the Development and Management of a Sustained Regional Tourism Marketing and Public Relations Effort

- a. Develop Terms of Reference for Consultancy to include engaged consultative process resulting in:
 - i. Recommend PPP Governance Structure inclusive of: Articles and Bylaws; purpose; board and committee composition; standards; code of conduct; sourcing, usage and allocation of funds; etc.
 - ii. Development of Business Operational, Marketing and Public Relations Plans
 - iii. Development of Detailed
- b. Secure Consultant

3. Support in Principle the Creation of Public-Private Sector Funding Streams to Sustain a Regional Tourism Marketing and Development Initiative. Based upon stakeholder feedback, the TWG has identified potential funding streams for consideration by the Heads, inclusive of:

- a. Airline Passenger Fee – ranges have been recommended of US\$1-\$2
- b. Cruise Passenger Fee – ranges have been recommended of .25 cents to \$2
- c. Council Sponsorships – annual sponsorship support from hotel brands and destinations
- d. Global Private Sector sponsors – e.g. credit card, car rental, airlines, tour operators, product brands, telecommunications, etc. (Joint Marketing Agreements)
- e. In-kind contributions from hotels and resorts and direct partnerships and coordination on specific activities
- f. Development and promotion of Brand Caribbean and related royalties for the logo's usage
- g. In-kind support from destinations, brands, hotels, and other tourism-related businesses which agree to incorporate 'Caribbean' logo/tag into all media and promotions. *(Note: the value of this branding insert has immeasurable market value)*

4. Endorse the Establishment of a Challenge Grant Jointly by CARICOM, CTO and CHTA, seeded by the public and private sectors, to support implementation of short-term marketing initiatives, inclusive of updating the caribbeantravel.com website, as identified in the addendum. Initiatives will be scaled according to the extent of financial commitments received.

5. Fast-Track Adoption and Implementation of Travel Facilitation Measures to Stimulate Economic Growth. An extensive review was undertaken of reports and recommendations in this area, in particular those conducted by CARICOM, the OECS, the Caribbean Development Bank, the Inter-American Development Bank, and IATA. In addition, CTO has engaged various stakeholders through its Aviation Task Force. The TWG provides an addendum to this report which provides a recommended framework for advancing travel facilitation.

Based upon this review, the TWG recommends to the Heads the following:

- a. Acceleration of efforts to adopt a regional policy for transportation, revising the Multilateral Air Service Agreement (MASA).



- b. Recognizing that the realization of MASA may require extensive negotiation and approvals, it is recommended that Enhanced Travel Facilitation Measures be advanced in the following areas:
 - i. Establishment of one-stop security regime
 - ii. Streamlining and harmonizing visa policies
 - iii. Establishing single domestic space with full clearance only at first port of entry
 - iv. Adopting a uniform E/D card
 - v. Streamlining and harmonizing policies and procedures.

6. Support the Expansion of Destinations Participating in the UNWTO Sanctioned Tourism Satellite Accounts (TSA) Program

The extent of tourism's impact on economies throughout the region must be fully understood and measured, to support internal and regional policies and focus. This also enables regional, hemispheric and global donor groups and donor agencies from other countries to better consider grant and loan funding which supports developmental and infrastructure activities that facilitate the growth of tourism and its corresponding value to the broader citizenry.

The TWG recommends that the Heads encourage and support efforts by all jurisdictions in the region to participate in the TSA program.

7. Commitment to Coordination and Collaboration Towards Development of Priority Action Plans Around Area-Specific Recommendations

The TWG created subgroups to focus on identifying specific actions for consideration in the areas of:

- Strengthening the Creative Industries and Linkages
- Supporting the Development of Caribbean Talent
- Removing Travel Barriers and Stimulating Travel To and Within the Caribbean
- Marketing the Caribbean Brand – Short-Term

The findings and recommendations of these subgroups are detailed as addenda to this report, along with the recommendations being advanced in the relevant areas of the Draft Regional Tourism Strategy paper being finalized with the support of CARIFORUM. The TWG recommends that these serve as guiding documents to assist stakeholders in developing and prioritizing specific action plans in the respective areas.

With the counsel and support of the CARICOM Heads, the TWG shall continue to advance the regional initiative, reporting back to the Heads and other regional stakeholders at the first Intersessional meeting in 2018.