9

Challenges for Long-Stay Tourism Beyond 2000

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Introduction

Barbados has been engaged in significant tourism marketing since the 1950s. Beginning in 1955 the Development Plans paved the way for the development of financial, tax, institutional and legislative support to the tourism sector. For example, the Hotel Aids Act of 1956 allowed significant fiscal concessions for the construction and operation of tourist accommodation. In addition, the Barbados Tourist Board was established in 1958 to complement the promotional efforts of the private sector.[1]

Long stay arrivals have trebled since 1970 and, by most criteria, tourism in Barbados may be viewed as somewhat of a 'success' story. For example, the contribution of tourism to real Gross Domestic Product (GDP) increased from 8.9% in 1971 to 15.2% in 1995 (see Table 9.1). In contrast, the contribution of sugar to GDP over the period declined from 9.2% to 1.9% while there were small increases in the contributions of non-sugar agriculture and manufacturing.

In the past decade the tourism industry has experienced significant periods of uneven growth of arrivals. In addition, there are a number of worrying signs such as a recent decline in the number of rooms offered to tourists, the inability to attract significant investment by foreign hotel chains and a possible erosion of customer service. This contrasts with significant expansion by some of Barbados' competitors in the region, such as Aruba, the Dominican Republic and Jamaica.

[1]The early development of the sector over the period 1956-1980 is well documented by Phillips (1982).

Table 9.1. Contribution of Leading Economic Sectors to GDP
Barbados
(%)

Selected Years	Tourism	Sugar	Non-Sugar Agriculture	Manufacturing
1971	8.9	9.2	3.8	8.8
1975	8.9	6.6	3.9	10.4
1980	13.8	7.8	3.1	18.2
1985	11.5	5.4	4.2	10.4
1990	13.9	3.4	4.0	10.0
1995	15.2	1.9	4.3	9.9

Source: Annual Statistical Digest, Central Bank of Barbados.

This paper assesses the stages of maturity of long-stay[2] tourism product in Barbados in relation to the top ten Caribbean destinations, documents recent trends and identifies risk factors likely to impact on competitiveness. Section 1 surveys the more popular theories of maturity. Section 2 discusses the recent performance of Caribbean destinations. In section 3 we apply the life cycle maturity theory to Caribbean destinations, while in section 4 we compare life cycle rankings with those generated by tourism economic and interaction criteria. In section 5 we discuss options for facing the challenges including competition from a future liberalized Cuba.

1. Theories of the Maturity of Destinations

The growth trends and structure of a tourism industry over time may be explained by the observed maturity of destinations over time. The most common tourism maturity theories are based on the product life cycle. This theory is based on the observation in industry of limits to product innovation by producers and limits to product consumption or acceptability by consumers (Kotler (1988)). This approach originated in industry studies to explain the tendency for the sale

[2]In the National Accounts, tourism is defined to include the cruise business and ancillary services. However, in this paper only long-stay tourism product is considered.

of industrial products to eventually level off or even decline. As a product moves along the cycle over time, some marketing strategies such as gaining market share by making more consumers aware of the existence of the product would therefore become obsolete. Others such as finding new uses for the product would be more effective (Levitt (1965)).

The product life cycle may be applied to any aspect of the tourism product. In the literature it is applied to visitor arrivals since tourism demand is associated with perceptions of the destination by visitors. To the extent that there is a tourism life cycle, the destination's location along the cycle has implications for (a) growth prospects if no remedial action is taken and (b) the policy prescriptions if the destination is to remain competitive.

The life cycle concept has been applied to tourism for four decades. The eventual maturity of destinations was explained by Likorish and Kershaw (1958) in terms of the replacement of high-income tourists with middle and eventually low-income visitors. The S-curve was developed by Butler (1980) to explain why arrivals in many destinations seem to reach a plateau and then ultimately decline. This feature is often described as the tourism life cycle through the phases of discovery to accelerated growth to decelerated growth to stagnation/maturity and eventual decline. But Butler (1980) was the first to identify a specific S-shaped curve of the product life cycle which seemed applicable to many destinations. He cited Mexico as an example and suggested that destinations evolve through six growth stages: exploration, involvement, development, consolidation, stagnation, and decline or rejuvenation. Subsequent studies have found that the S-shaped pattern applies to Malta (Oglethorpe (1984)) Antigua, Aruba, St. Lucia and the United States Virgin Islands in the Caribbean (Wilkinson (1987)), and some Pacific Islands (Choy (1992)).

Consideration has also been given to non-economic theories from the field of psychology which offer explanations of the maturity phenomenon. In environmental psychology maturity results from "Crowding" or impairment of the "Image" of a destination (Fridgen (1984) and Stringer (1984)). This was clarified by Pearce and Stringer (1991) who suggested that the individual tourist comes to the tourist destination with certain requirements for personal space. If a destination is associated with the stress of crowded urban areas, it will be viewed as constraining desired tourist experience (Schryer and Rogenbuck (1978), West (1982) and Womble and Studebaker (1981)). Graefe and Vaske (1987) suggested that tourism itself impacts on the quality of the tourist's experiences.

Thus maturity from crowding, reflected in growing numbers of visitors applied to the same land area or size of population, will eventually diminish the number of repeat visitors. Importantly, some studies focus on the maturity of a destination that results from an aging process. However, aging is only relevant if it diminishes demand as innovative marketing and advertising can be used to construct images which counter the negative images associated with maturity. Ageing of plant is associated with reduced rate of return because more advertising is necessary or because revenue cannot be raised in line with cost when the plant is no longer attractive. In this paper, maturity relates generally to all of the factors which together constrain the growth of demand for the tourism product of the destination.

2. Performance of Caribbean Destinations

The Caribbean may be narrowly defined as those islands bathed by the Caribbean sea, excluding the popular mainland destinations such as Mexico, southern Florida, and Venezuela.[3] Over the last decade the top ten Caribbean destinations were, in order of magnitude, Puerto Rico, the Dominican Republic, the Bahamas, Jamaica, the Organization of Eastern Caribbean States (OECS), the US Virgin Islands, Aruba, St. Maarten, Bermuda and Barbados. The first four are high volume destinations each with approximately one to three million visitors annually while the next five are medium volume destinations each with between 400,000 and 600,000 visitors. The OECS region comprises the territorial islands of Antigua and Barbuda, Dominica, Grenada, Montserrat, St.Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. The OECS region includes seven low to medium volume destinations with the smallest (Montserrat) receiving 21,000 visitors and the largest (Antigua & Barbuda) receiving 249,000 visitors in 1993.

In the absence of a long series of bednights for several of the top destinations a study of the pattern of long-stay arrivals over time is undertaken. To identify whether the S-curve applies to Caribbean destinations the period was sub-divided into three phases. The first phase begins in 1970, the first year of fairly reliable data for most destinations, and ends in 1983. This period therefore includes the oil crises of the early 1970s and early 1980s when there was some slowing of world tourism. The latter periods are of five years' duration purely for convenience. The ten destinations are compared in order to identify life cycle changes and variations in the demand for tourism in individual destinations. Evidence of a slowing of the rate of growth between 1988 and 1993 after an initial

[3]However, Bermuda, which is just beyond the Caribbean sea by this definition is included in the Caribbean owing to its similar history, the fact that it is an island and the fact that it has emerged as a significant island competitor for regional tourism market share.

spate of rapid growth per year between 1970 and 1983 is clearly seen, particularly in Bermuda, the Bahamas, Barbados, the Dominican Republic, and St Maarten (Table 9.2). Data from the Caribbean Tourism Organisation (CTO) indicates that between 1970 and 1983 arrivals to the Caribbean grew at an annual average rate of 4.2% compared to 4.8% for world tourism but accelerated to 6.3% in the next decade 1983 to 1993. This was faster than the 5.5% recorded for world tourism. Thus the region appears to be growing faster than in the previous decade and has also out-performed other world regions over the two decades. Estimates of world tourism indicate growth every year except for very marginal declines. Similarly, the Caribbean recorded increases in 20 of the 23 years with declines of 3.0%, 3.1% and 0.4% in 1975, 1981 and 1991 respectively. While on this evidence the Caribbean does not appear to be a region which should be concerned with maturity issues, the superior growth of two large territories Puerto Rico and the Dominican Republic, masks the declining performances of some of the other islands in the group.

When the individual country statistics for the top ten destinations are compared, the picture changes somewhat. Table 9.2 indicates that between 1970 and 1983 Bermuda and the Bahamas consistently under-performed the rest of the world in terms of average annual growth rates which were lower than the world average of 4.8%. Table 9.2 indicates that in the period 1970 - 1983 Barbados with an average annual growth rate for arrivals of 5.9% was one of five Caribbean destinations which grew much faster than in the world average of 4.9% per year. However, in the last decade (1983-93) Barbados' average annual growth rate of just 1.9% was well below the world average. During the last five years (1988-93), weak growth, considerably lower than the world average of 4.9% per year, has been observed in St. Maarten and the US Virgin Islands. Thus, we need to examine if there is evidence of maturity of the tourism product in five of the top ten destinations in the Caribbean.

3. Life Cycle Phases

A detailed analysis of trends is necessary in order to identify the S-curve for Barbados and other Caribbean destinations. We amended Butler's delineation as illustrated in Figure 1 which gives a stylized view of what the S-curve could look like for destinations which go through all phases in sequence. It should of course be noted that Figure 9.1 relates to observed trends in medium to high volume destinations and adjustments may be necessary to derive a life cycle applicable to low-volume destinations. This pattern was also observed in some of the Pacific destinations in Hawaii. However, the S-curve is often masked by uneven growth

Table 9.2: Total Arrivals to the Top Ten Caribbean Destinations

Destinations	Thousands				Annual Average Growth %			
	1970	1983	1988	1993	70-83	83-88	88-93	83-93
Aruba	75	195	240	562	7.6	4.2	18.6	11.2
Bahamas	892	1,240	1,475	1,489	2.6	3.5	0.2	1.8
Barbados	156	328	451	396	5.9	6.6	-2.6	1.9
Bermuda	302	447	425	413	3.1	-1.0	-0.6	-0.8
Dominican Republic	63	502	1,216	1,719	17.3	19.4	7.2	13.1
Jamaica	309	566	650	979	4.8	2.8	8.5	5.6
OECS	177	332	531	756	5.0	9.8	7.3	8.6
Puerto Rico	1,088	1,530	2,155	2,857	2.7	7.1	5.8	6.4
St. Maarten	100	263	480	520	7.7	12.8	1.6	7.1
US Virgin Islands	670	345	543	561	-5.0	9.5	0.7	5.0
Sub-Total	3,832	5,748	8,166	10,252	3.2	7.3	4.7	6.0
Caribbean	4,240	7,250	10,490	13,300	4.2	7.7	4.9	6.3
World	159,700	292,700	393,900	500,100	4.8	6.1	4.9	5.5

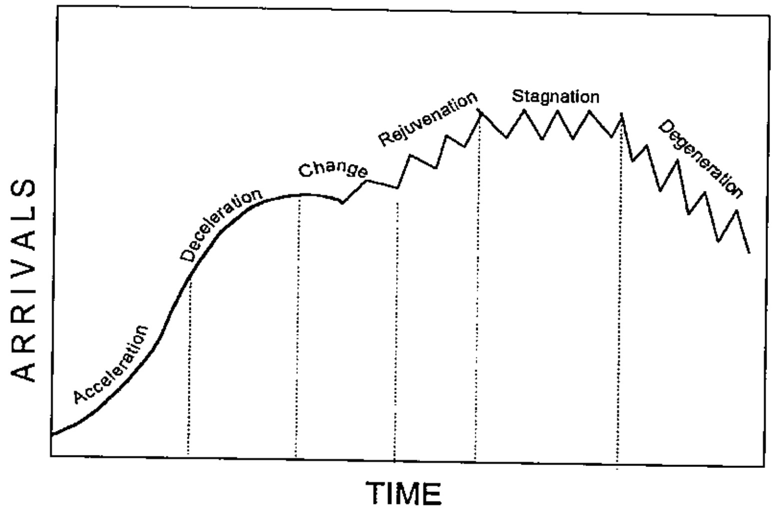
Source: Caribbean Tourism Organization (CTO) and National Tourism and Statistical Offices

over a considerable period of time and, because of short data sets with only 15 years of data, many researchers have assumed there is no life-cycle pattern.

3.1 *Acceleration*

'Acceleration' is used to describe the exponential nature of the curve observed during the early phases exploration, involvement and development delineated by Butler. Barbados experienced 17 years of unbroken and generally accelerating growth from 1956 to 1974. During 1956-70 the growth rate averaged 11.1% annually. This compares with Bermuda,during 1949 to 1968 when the growth rate averaged 12.5% per year.

Figure 9.1 Hypothetical S-Curve Life Cycle



3.2 *Deceleration*

The term 'deceleration' is also used in preference to the phase of 'consolidation' to refer to the observed slowing of growth, since it is not really clear what accounts for the slowing and Butler's explanation is not necessarily the correct one. In Barbados, accelerated growth was followed by a period of decelerating growth between 1970 and 1974. Thus the S-curve is observed over a prolonged period of slow growth relative to the previous decade with the growth rate decelerating so that the slope becomes flatter. This is analogous to a situation in which one switches off the engine after rapidly accelerating a vehicle. It has been observed that in the Caribbean there are usually no declines during this phase, and the curve has a smooth appearance. Other examples of this phase include the Dominican Republic (1988-90), and Bermuda (1968-74).

3.3 *Change Phase*

This phase is typified by a sudden and significant departure from a smooth uptrend over several years of growth (usually between ten and twenty years). The factors causing the deceleration of the growth rate in the previous phase and/or stagnation result in rapid decline in this phase. This may be interpreted as a temporary decline or temporary stagnation phase. Barbados experienced a change phase in 1975 when arrivals declined by 4%. Other examples of this temporary decline phase are Bermuda (1975), the Bahamas (1973-77) and the Dominican Republic (1990-91).

3.4 *Rejuvenation*

In this phase the S-curve with jagged growth is observed, but the average trend of arrivals is still upwards. Some destinations grow out of the temporary change/decline phase to some extent, and other temporary decline and rejuvenation phases typically follow. The smoothed trend of arrivals shows an up-trend because the rejuvenation curve tends either to be growth-decline-growth as in Barbados (1976-1989), or growth-stagnation-growth (see Bahamas, 1982-89). The engine of growth seems to be switched on and off again.

3.5 *Stagnation*

During the stagnation phase the S-curve with jagged growth continues to be observed, but the average trend of arrivals is fairly flat when smoothed over a fairly considerable period (about five years). Barbados actually experienced an annual average decline of 2.6% over the five year period 1988-93 but this was again followed by an upturn in 1995 and 1996. Examples of this phase are St. Maarten over the period 1990-93 and the Bahamas over the period 1988-93. There is also a tendency for investment to decline leading to an eventual decline in rooms available and heavy discounting of quoted room rates to maintain the interest of tour operators (Conlin (1995)).

3.6 *Degeneration*

The sixth phase of degeneration has not yet been reached in Barbados. However, we can say that the island appears to be in an advanced state of maturity. The same scenario was played out in other non-US territories during the rejuvenation phase and, typically, maturity seemed to set in with as many as two or three declines over a five year period. Jagged growth continues to be observed but there is a persistent downtrend in arrivals observed over a considerable period of about five years. An example of this phase is Bermuda over the period 1988-93. Bermuda appears to have experienced the first five phases and may now be in the early stage of degeneration. An important caveat is that degeneration cannot be measured by arrivals alone since a given destination may have moved up-market.

Thus, in a later section, related tourism-interaction and tourism economic criteria are compared.

Now let us revisit an obvious anomaly. Why don't all destinations stagnate or continue to decline after maturity is first reached, i.e. after the first significant decline/point of inflection. The simplest explanation is that enough time has not passed for most destinations to work through the six phases of the S-curve phenomenon; this probably takes about fifty to one-hundred years. Thus, the full life cycle characteristics, particularly the sixth phase of degeneration, would not be observed for some time.

4. Maturity Rankings of Caribbean Destinations

The performance of the ten leading tourism destinations in the English speaking Caribbean were analysed and ranked in accordance with maturity characteristics as indicated by economic, tourism inter-action and S-curve life cycle criteria. These measures were amplified by an examination of growth rates over the last five years for each destination. This was done in order to determine which ones were absolutely or relatively in a maturity phase, i.e. rejuvenation, stagnation or decline, and also to test the consistency of the S-curve life cycle framework with related information from other approaches.

4.1 *Tourism Economic Criteria*

The performance of the ten countries in terms of three economic criteria, namely, the ratio of tourism expenditure to exports, the ratio of tourism expenditure to GDP, and the ratio of per capita tourism expenditure are illustrated in Table 9.3. Some of the criteria are analogous, but all were used because data problems, measurement error and differing methodologies would limit the reliability of any one statistic. The underlying assumption is that the more mature countries would generally be those which have historically been more 'successful' in increasing the contribution of tourism to GDP, export earnings etc. Beyond some point more success means that the country gets closer to reaching its capacity to comfortably accommodate tourist volume without over-taxing its network of social services.

Table 9.3. Indicators for Tourism Economic Criteria
1990

Destinations	Ratio of Expenditure to Exports	Ratio of Expenditure to GDP	Expenditure per Capita (Population) US$
Aruba	2.6	39.4	5,473
Bahamas	0.5	42.5	5,227
Barbados	2.3	33.3	1,894
Bermuda	8.2	36.7	8,223
Dominican Republic	1.2	18.1	125
Jamaica	0.7	19.5	308
OECS	1.6	38.0	1,200
Puerto Rico	0.1	4.5	38.7
St. Maarten	n.a.	n.a.	9,953
US Virgin Islands	0.3	46.5	6,726

Source: Caribbean Tourism Organization, United Nation Economic Commission for Latin America and the Caribbean, International Bank for Reconstruction and Development and the Caribbean Development Bank.

4.2 *Tourism-interaction Criteria*

In Table 9.4 the performance of the ten destinations by tourism interaction criteria are examined. The four criteria give an indication of the expected impairment of image arising from crowding within a given destination. Maturity studies indicate that tourists are concerned about image and local crowding factors such as numbers of tourists in relation to area (tourism density), and the size of the indigenous population of the destination. There may also be an impairment of customer service as the marginal tourist is valued less and less beyond some point. The tourism penetration ratio is the more sophisticated measure as it

Table 9.4: Indicators for Tourism Interaction
1990

Destinations	Arrivals per 1000 Population	Rooms per 1000 Population	Tourism Penetration Ratio	Tourism Density Ratio
Aruba	7,748	89	143	51
Bahamas	5,510	53	96	2
Barbados	1,507	26	48	29
Bermuda	6,586	72	125	136
Dominican Republic	193	3	7	1
Jamaica	348	7	10	2
OECS	1,370	23	29	5
Puerto Rico	750	2	6	2
St. Maarten	17,814	107	n.a.	n.a.
US Virgin Islands	4,413	43	54	17

Source: Caribbean Tourism Organization, United Nations Economic Commission for Latin America and the Caribbean, International Bank for Reconstruction and Development and the Caribbean Development Bank.

adjusts for the average length of stay of the tourist in the given destination relative to the resident population.[4] Maturity studies do not indicate what the 'desirable' levels of these ratios are. Thus we cannot use them to say that a destination is

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[4] The tourism density ratio is calculated as:

$$\frac{\textit{average length of stay times number of visitors}}{\textit{365 times area in square kilometers}}$$

The tourism penetration ratio is calculated as:

$$\frac{\textit{average length of stay times number of visitors}}{\textit{365 times mid-year population}}$$

mature. However, we can compare the same criteria for different destinations in order to rank destinations according to 'relative' maturity.

4.3 *Ranking destinations by alternative criteria*

The results of an attempt to rank the ten countries by economic and tourism inter-action criteria are shown in Table 9.5. It is easily seen that there is a fair degree of consistency in the rankings across economic and tourism interaction criteria. Both criteria indicate that Bermuda, the US Virgin Islands, St. Maarten, Aruba and the Bahamas appear to be relatively more mature, i.e. they are ranked 6 to 10. The relatively less mature appear to be the Dominican Republic, Jamaica and Puerto Rico, which are ranked 1 to 3 by both criteria. Barbados and the OECS appear to be in the middle of the range.

Table 9.5: Overall Maturity Rankings

Destinations	Criteria				
	Approx. S. Curve Position	Recent Growth Years	Economic*	Tourism Inter-Action**	Average Ranking
<u>Low Maturity</u>					
OECS	1	3	5	4	3
Dominican Republic	2	4	2	1	1
<u>Moderate Maturity</u>					
Jamaica	3	2	3	3	2
Aruba	4	1	8	9	5
Puerto Rico	5	5	1	2	3
St. Maarten	6	6	10	10	9
<u>Moderate to High Maturity</u>					
Bahamas	7	8	5	6	6
Barbados	8	10	4	5	7
<u>High Maturity</u>					
US Virgin Islands	9	7	7	7	8
Bermuda	10	9	9	8	10

*Ratings based on Table 3; **Ratings based on Table 4.

The next step in our approach is to specifically identify the life cycle phases through which each destination has passed, in order to determine in which life cycle phase the destination is located. Given the foregoing maturity rankings , a priori, we would expect Bermuda and the Bahamas to be further along the S curve than the Dominican Republic, Jamaica and Puerto Rico, with Barbados and the OECS somewhere in between.

4.4 *Maturity Rank by Location along the S-curve*

Adequate series exist for Barbados (1956-93) and Bermuda (1946-93). However, the shortness (23 years) and /or inconsistency of data series for the other countries do not allow us to identify all of the life cycle phases for each destination. However, by identifying points of inflection and prior periods of accelerating growth, one may be able to make inferences about the location of the destination along the S-curve, the maturity phase being experienced as well as the period of time that this has been the case. Also, using the Bryden (1973) criteria that a significant tourism destination is one in which arrivals exceed 100,000, and or one in which tourism accounts for at least 5% of GDP or at least 10% of foreign earnings, we can make assumptions about the early phases which the destination should have passed through.

With this background, we can examine the life-cycle growth trends of these destinations to determine whether the S-curve hypothesis would give the same rankings. It is acknowledged that the criteria are not rigorous enough in the absence of a mathematical formula for the S-curve. However, consideration of the shape of the curve of the growth in arrivals, particularly the presence or absence of jagged growth over several years, gives an indication of whether destinations should be ranked as relatively youthful, moderately-mature or highly mature. A tentative ranking is given below.

Youthful Destinations

The OECS region is ranked first by location along the S-curve. The data set is not very good before 1978 but the sub-region appears to be in the phase of rejuvenation or possibly in the phase of accelerating growth. The declines (3% in 1981 and 1.5% in 1982) experienced during the possible change phase were not particularly significant. Also, the uneven growth is not present, indicating that maturity has not really been reached (Figure 9.2a). The Dominican Republic is ranked second. The island exhibited a significant change phase in 1991 when arrivals declined by 7.4%, and appears to be in early rejuvenation (Figure 9.2b).

Figure 9.2a **Life Cycle: Youthful Destinations**

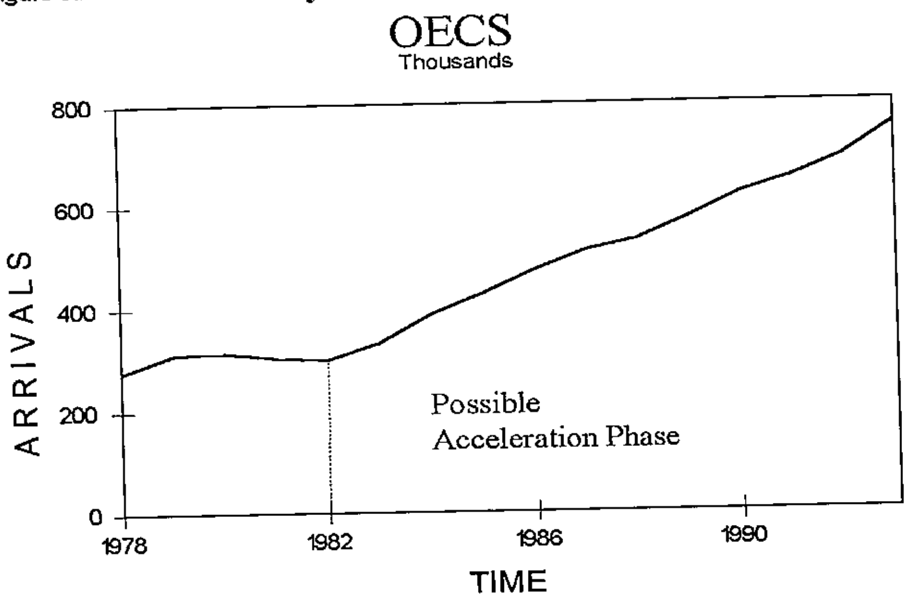


Figure 9.2b **Life Cycle: Youthful Destinations**

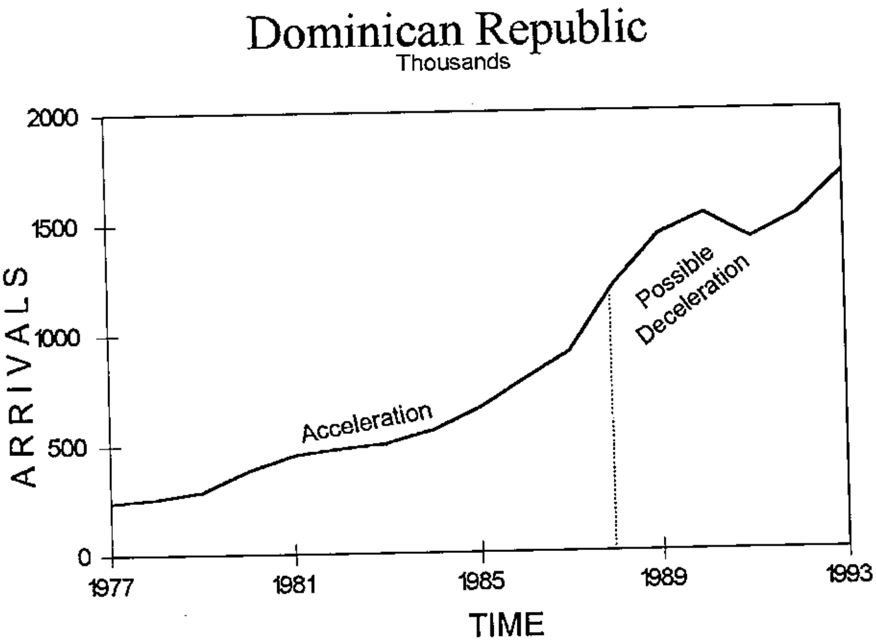


Figure 9.3a **Life Cycle: Moderately Mature Destinations**

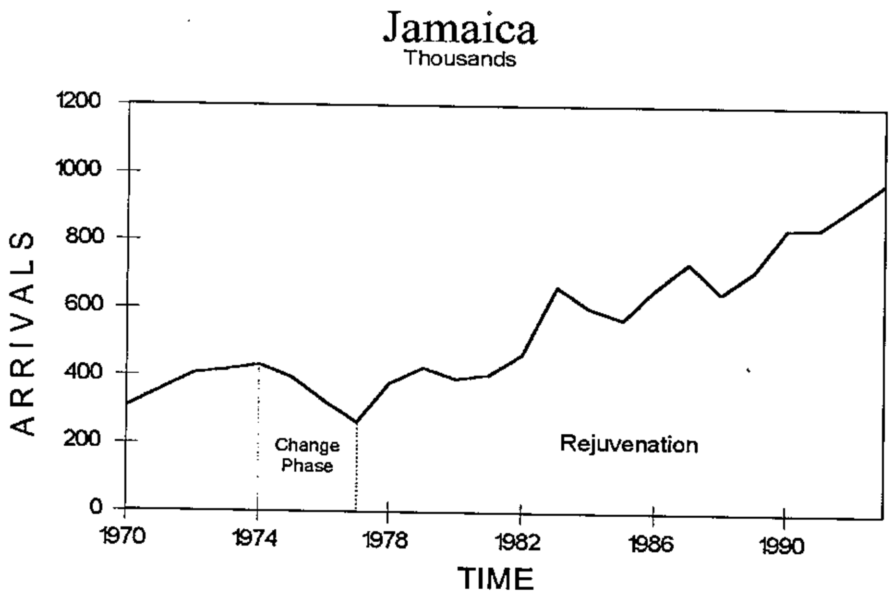


Figure 9.3b **Life Cycle: Moderately Mature Destinations**

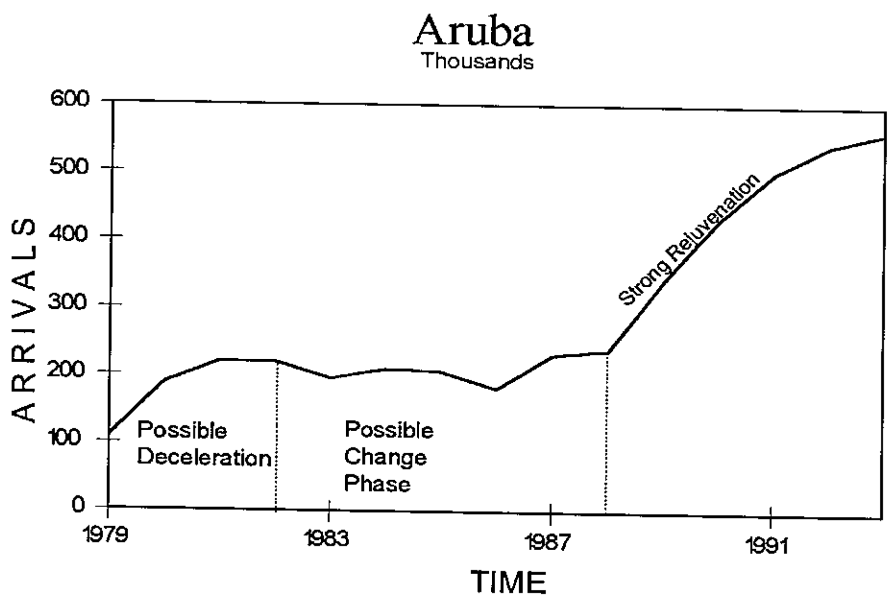


Figure 9.3c **Life Cycle: Moderately Mature Destinations**

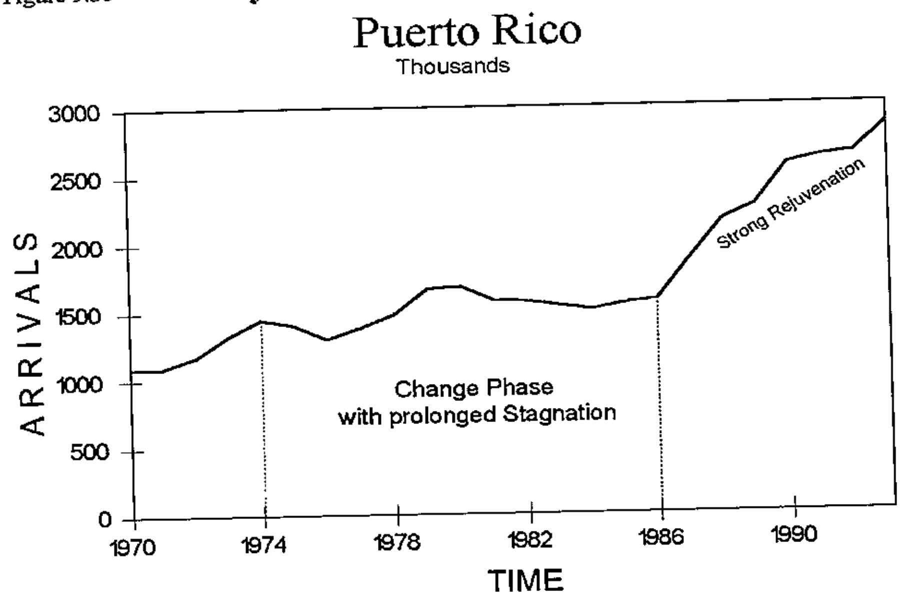


Figure 9.3d **Life Cycle: Moderately Mature Destinations**

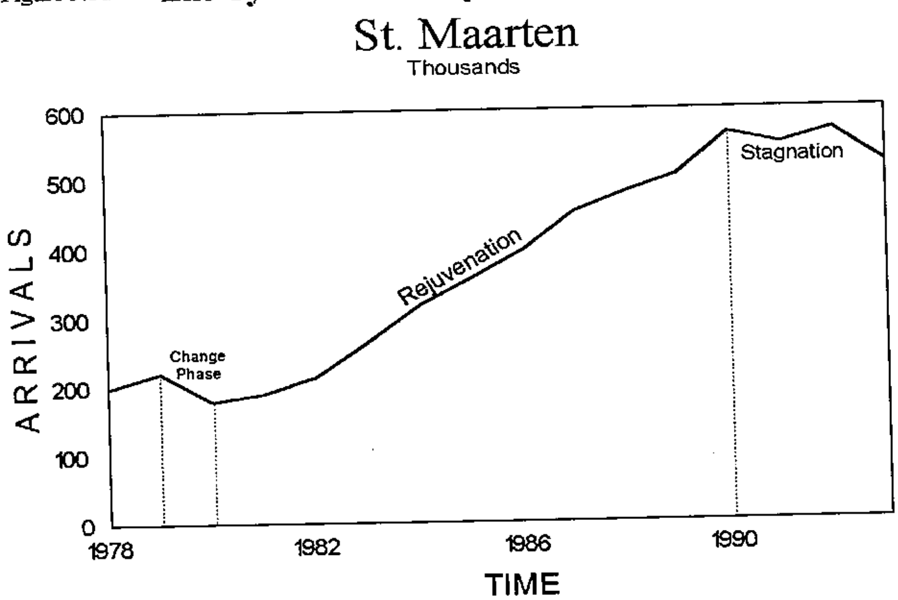


Figure 9.4a **Life Cycle: Moderate to High Mature Destinations**

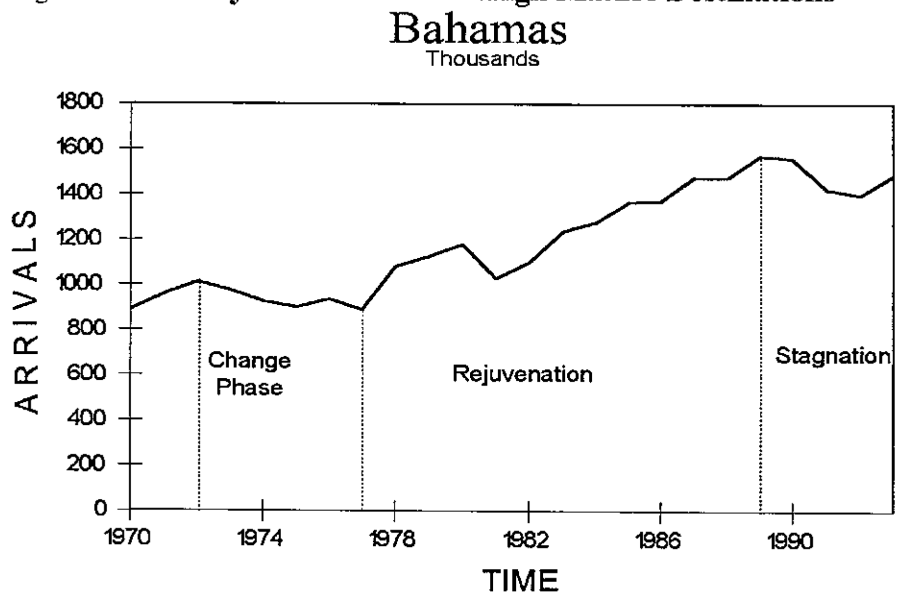
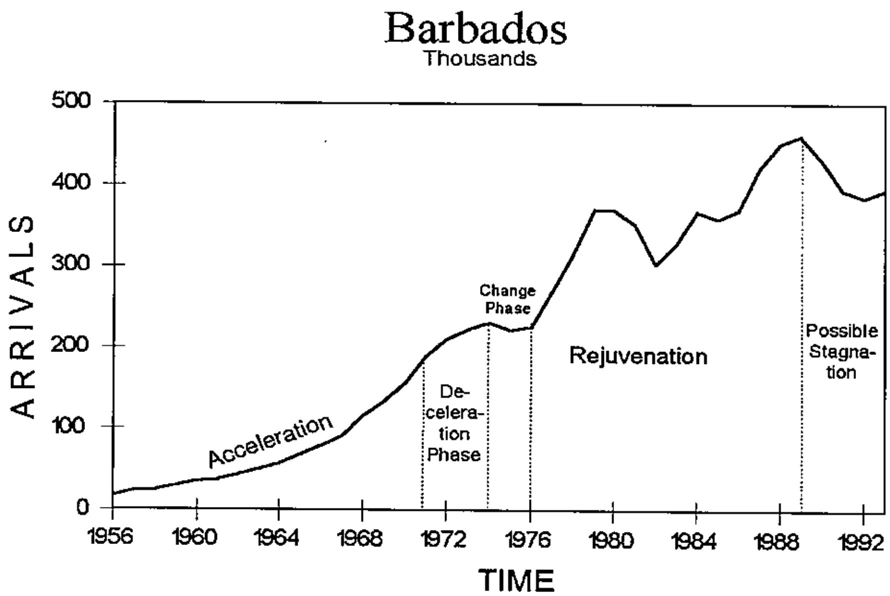


Figure 9.4b **Life Cycle: Moderate to High Mature Destinations**



Moderately Mature Destinations

Jamaica is ranked third and the island exhibited the change phase in 1975-77 followed by a strong rejuvenation phase (Figure 9.3a). Aruba is ranked fourth. Aruba experienced the change phase in 1982-83 followed by a prolonged period of stagnation 1984-88 before embarking on the current period of strong rejuvenation, 1989-93 (Figure 9.3b). Puerto Rico is ranked fifth. The island experienced the change phase between 1975 and 1976 and suffered a prolonged period of slow growth between 1977 and 1986 before embarking on the current period of strong rejuvenation, 1987-93 (Figure 9.3c). St. Maarten is ranked sixth. St. Maarten may have experienced the change phase in 1981 when arrivals declined by 19%, but embarked on a strong period of acceleration/rejuvenation between 1982 and 1990. Thereafter, stagnation set in with modest growth interspersed with declines of 3% in 1991 and 9% in 1993 (Figure 9.3d). St. Maarten does not appear to be in an advanced state of maturity since uneven growth is generally not present and there has been a significant increase in accommodation over the last decade.

Moderate to Highly Mature Destinations

The Bahamas is ranked seventh. The Bahamas experienced its change phase in 1973-75 with a further decline in 1977. This was followed by a prolonged period of rejuvenation between 1978 and 1990. However, between 1991 and 1993, the island subsequently experienced a phase of stagnation, although further rejuvenation is still possible (Figure 9.4a).

Barbados is ranked eighth. The data set is lengthy, encompassing over four decades and this enables identification of five of the six S-curve phases (Figure 9.4b). The island experienced a prolonged period of unbroken acceleration (1956-67), followed by a fairly lengthy period of decelerating growth (1967-74). Barbados experienced its change phase in 1975 when arrivals declined by 4% and this was followed by a period of irregular but rejuvenated growth between 1976 and 1989. Thereafter, the island entered the stagnation phase. Barbados may appear to be in the degeneration phase, with an annual average decline of 2.6% over the five year period 1988-93. However, given that Barbados has experienced rapid growth in the past (e.g.,1983-5 and 1968-8) immediately after a significant temporary decline, and given that only the first four phases have been experienced, this is probably not the sixth phase of degeneration. Modest upturns consistent with the stagnation phase were subsequently recorded in 1994 and 1996.

Highly Mature Destinations

The US Virgin Islands is ranked ninth. This territory experienced the change phase in 1973-75. The data source for the earlier years 1970-77 is not the best so there is an element of conjecture as to what growth pattern existed before. However, the uneven growth with wide swings indicates an advanced phase of maturity. The territory appears to be in the early phase of degeneration but, notably, there has on average been modest growth of 0.7% per year over the last five years (Figure 9.5a).

Bermuda is ran ked tenth. The data set is lengthy, spanning four and a half decades which enables identification of a destination which appears to have experienced at least five of the six S-curve phases. After accelerating continually for an extended period (1949-67) and decelerating for six years (1968-74) Bermuda entered into a change phase with declines in 1975 (3%) and 1977-78 (total 7%). Evidence of maturity with significant uneven growth has been experienced ever since. There was a short-lived rejuvenation (1974-79) followed by a long period of stagnation (1979-86). Bermuda appears to have been in the early degeneration phase over the period of 1978 to 1993 when, on average, arrivals declined by 3% per year. However, the overall picture is a very long period of stagnation cum decline lasting between 1974 and 1993 (Figure 9.5b).

4.5 *Overall Maturity Ranking*

The overall maturity rankings based on four different types of criteria are shown in Table 9.5. The criteria are fairly consistent except for the Dutch islands of Aruba and St. Maarten which are ranked low (i.e. very mature) by economic and tourism interaction criteria but appear youthful by growth rates and approximate location along the S-curve. This might reflect the fact that these islands have very small populations and have been far more successful than most at attracting investment by international chains. It appears that, by most criteria, Bermuda and the US Virgin Islands are relatively more mature than Jamaica, the Dominican Republic and the OECS, with the other destinations in the middle of these two extremes. Barbados appears to be just as mature as the Bahamas and this is a bit of a surprise given that the economic and tourism inter-action criteria suggested that the country was a little less mature. The fact that Jamaica (whose tourism history may be as long as Barbados') still appears relatively youthful to the market place is evidence that maturity should be viewed not just as an aging process, but ultimately as an element of the tourism demand function which is

Figure 9.5a

Life Cycle: Highly Mature Destinations

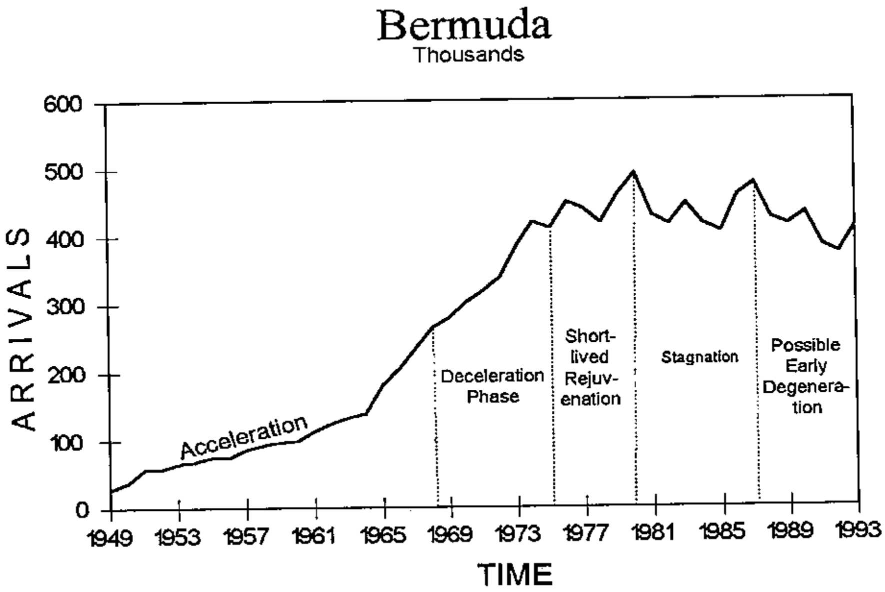
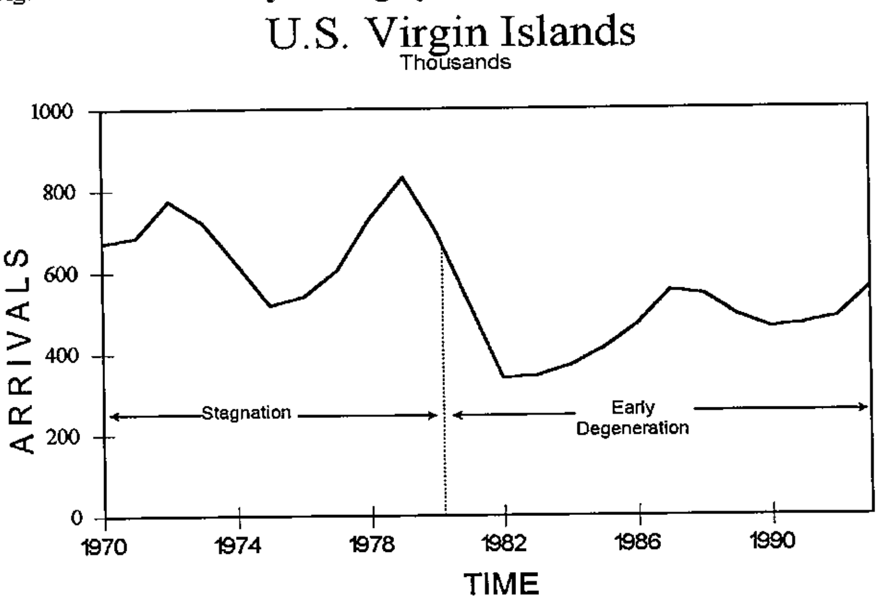


Figure 9.5b

Life Cycle: Highly Mature Destinations



only partly related to an aging process. The underlying notion of capacity as a determinant of life cycle changes is relevant here. While Jamaica may have been in tourism just as long or longer than Barbados, the tourism product is only a small part of GDP there, so there may be less capacity limitation.

4.6 *Relative Maturity of Markets of a Destination*

A market maturity analysis is undertaken in order to clarify maturity trends in the more mature destinations i.e. Bermuda, the US Virgin Islands, the Bahamas and Barbados. In the Caribbean, the US is still the dominant market, accounting for 52% of all arrivals in 1993, however, the share of US arrivals has fallen markedly from the average of 66% between 1970 and 1983. The dominance of the US means that the growth rates for the US market were fairly similar to the growth rates for total arrivals in most islands. However, the rates of growth of US arrivals during the last decade tended to be lower in the more mature destinations. For example, Table 9.6 shows that over the period 1983-1993 Barbados and Bermuda suffered marginal declines of 0.1% and 1.2%, respectively per year compared with increases of about 9% per year in Aruba, the OECS and the Dominican Republic. This reflects the fact that the dominant US market places a lower weight on a Caribbean vacation in some islands than do the UK and Europe. For example, in Barbados over the period 1983 -93, US arrivals declined marginally, compared to increases of 7.7% for the UK and 10.6% for emerging European markets, respectively.

This difference in relative maturity at the market level partly reflects the presence of historical links which, for example, continue to generate large numbers of UK tourists to Barbados, Jamaica and the Bahamas, and large numbers of US tourists to the US territories. However, despite the historical links, with three out of five markets declining, the overall picture in Barbados is one of a mature destination. There also appears to be a difference between the relative utility obtained by US visitors in visiting Barbados and other mature destinations such as the US Virgin Islands as US arrivals to the latter increased by a significant 7.8% per annum over the period. This relative performance may reflect the fact that the US Virgin Islands is largely geared to an up-market US clientele, compared with a preponderance of apartment hotels in Barbados more amenable to mass-market UK and European tastes. The market maturity approach leads us to conclude that while Barbados may be in an advanced state of maturity from a US point of view, it appears relatively youthful from a UK point of view.

Table 9.6: US Arrivals to the Top Ten Caribbean Destinations

Destinations	Thousands			Annual Average Growth (%)	
	1970	1983	1993	70-83	83-93
Aruba	54	132	315	7.1	9.1
Bahamas	744	1,052	1,210	2.7	1.4
Barbados	57	114	113	5.5	-0.1
Bermuda	265	391	345	3.0	-1.2
Dominican Republic	32	233	565	16.5	9.3
Jamaica	246	425	611	4.3	3.7
OECS	40	105	243	7.7	8.8
Puerto Rico	880	1,136	1,997	2.0	5.8
St. Maarten	60	185	244	9.0	2.8
US Virgin Islands	372	297	628	-1.7	7.8
Sub-Total	2,750	4,070	6,271	3.1	4.4
Caribbean	2,800	4,695	6,973	4.1	4.0

Sources: CTO and National Tourism and Statistical Offices.

5. Facing the Challenge

To face the challenges presented by maturity of the tourism product in Barbados we need to explain the underlying reasons for the life-cycle phenomena. We posit the view that underlying factors which determine the demand for a destination may induce life-cycle changes in arrivals. These may be market driven or a set of external characteristics associated with the maturity of a destination which may enhance or constrain demand. For the purpose of this paper we posit five areas which authorities need to address to increase value for money: (a) customer service, including the friendliness of the people outside of the hotel; (b) market visibility, including promotion and the repeat visitor phenomenon; (c) image from investment-cycle related depreciation of plant and the environment generally; (d) relative price competitiveness and; (e) product enhancement through development of heritage, health, sports or other forms of tourism.

5.1 Corrective Action

Recent tourism researchers have observed that planners do not sit idly by and allow their destination to degenerate (Conlin (1995)). They investigate the problem, study the key issues and implement corrective policies. The strategies which have arisen include re-education programs, beautification, re-investment or other methods to enhance the product and improve value-for-money.

An example of a comprehensive policy response to product deterioration is the case of Bermuda where authorities commissioned a wide ranging study of the problem. The Tourism Planning Committee, recommended inter-alia that "The tourism product requires enhancement in terms of accommodation and eating facilities, events, transportation, amenities, retailing, development of public places and recreational activities. Price-value considerations are critical for repeat visitation and the Committee recommends that value-added strategies including the offering of a greater range of no-cost or sponsored activities should be incorporated into the island's tourism product in order to bring costs in line with competing destinations, at least to the extent that this is possible" (Conlin (1995)).

Conlin also observed in Bermuda that with maturity "increased arrival data does not always translate into profits, and there was a suspicion within the industry that a number of properties had been discounting significantly in order to achieve occupancy." In addition, there was a down trend in tourists' average length of stay. Conlin concluded that "the findings of the tourism planning committee are probably indicative of those which any analysis of a mature destination would uncover." Significantly, the same scenario appears evident in Barbados, where tour operators perceive the destination over-priced and insist on heavy discounting of rack rates in order to match price-value considerations of newer destinations such as the OECS.

In his study of rejuvenation planning in Bermuda Conlin (1995) suggested that emphasis should be placed on labour relations, counseling and attitudinal re-orientation. Carnegie (1995) in his study on visitor harassment suggested revamping legislation to criminalise behaviour likely to be offensive to tourists without making them a privileged group in the society. Such prescriptions address labor market concerns, but beautification programs, heritage tourism and efforts to attract new investment are also critical. Also, advertising in new markets may counter the life cycle trends because there is often poor information about the quality of the services offered by the destination. This also relates to specialised niches such as specific age groups, families, those in need of special services like health care, sports etc. within traditional markets.

5.2 Trends in Price-competitiveness

The trends in price competitivenesss of selected Caribbean destinations were analysed to determine whether the destinations which appeared to be more mature from tourism life-cycle, economic or inter-action criteria exhibited deteriorating price competitiveness. In the absence of adequate information on the prices facing tourists, the percentage changes in consumer price indexes adjusted for the changes in exchange rates were compared for each country (Table 9.7). This statistic, a measure of the trend in prices facing tourists, was compared for two mature destinations (Barbados and Bahamas) and three relatively youthful destinations (Jamaica, the Dominican Republic and Puerto-Rico). Data was not readily available to facilitate comparisons with all of the ten destinations. It is acknowledged that tourism prices, e.g the rack rate, are often determined by negotiations and the price paid by the tourist may easily be lowered by increasing discounts to tour-operators. However, there is a limit to the scope for such negotiations since the hotelier must cover his expenses or suffer losses. The retail

Table 9.7. Price Competitiveness of Selected Destinations (Consumer Prices Adjusted for Exchange Rates Change)

Destinations	1970-1993	1983-1993	1988-1993
Bahamas	330	71	28
Barbados	650	49	25
Dominican Republic	225	-1	96
Jamaica	89	-48	-25
Puerto Rico	271	45	22

Sources: Central Bank of Barbados and IMF reports.

price is therefore a proxy of the underlying cost structure of the tourism product. Thus comparison of prices as defined above should give a useful indication of the trend in price competitiveness.

Over the period 1970-93 price competitiveness in the more mature destinations deteriorated relative to the more youthful destinations as evidenced by the faster growth of prices. Table 9.7 shows that effective prices rose 650% in Barbados and 330% in the Bahamas, compared with 271% in Puerto Rico, 225% in the Dominican Republic and just 89% in Jamaica. This is partly explained by the fact that the latter two destinations devalued their currencies successively (to one twelfth of the original value) between 1983 and 1993 - Boamah et al (1996).

Between 1983 and 1993 prices rose more sharply in the Bahamas (71%) than in Barbados (49%) but actually declined markedly in Jamaica (-48%) and slightly in the Dominican Republic (-1%). However, in the five year period since 1988 prices in Barbados and the Bahamas have been more in line with other Caribbean destinations with the exception of Jamaica. In Barbados there was a slowing of inflation owing to austerity measures over the period 1991-93 which included an 8 percent cut in public sector wages. The fact that prices rose faster in the more mature destinations is tentative evidence that the life cycle phenomenon is partly a demand driven phenomenon.

5.3 *Relative Decline in Re-investment*

There was very little capital investment in tourism in Barbados during the 1980's. The number of rooms available for tourist accommodation actually declined from 6,548 in 1984 to 5,580 in 1993, partly reflecting the island's inability to attract additional hotel chains (see Table 9.8). The decline in investment appears even more marked in Bermuda where rooms available for tourist accommodation were cut by more than one-half while in the Bahamas there was only a moderate increase in rooms. In contrast, the number of rooms available to tourists trebled in Aruba and the Dominican republic and showed healthy increases in other destinations. Thus, the more mature destinations may be those which have not responded or are late in responding to the need to re-invest heavily in order to reverse negative price-value considerations. It should be noted however that significant investment in hotel refurbishment and expansion has taken place in Barbados since 1993. Thus there may eventually be an increase in the overall number and quality of rooms available for tourist accommodation.

Table 9.8: Tourism Accommodation in the Top Ten Caribbean Destinations

Destinations	No. of Rooms		% Change
	1984	1993	
Aruba	2,049	6,150	200.1
Bahamas	13,120	13,521	3.1
Barbados	6,548	5,580	-14.8
Bermuda	9,690	4,236	-56.3
Dominican Republic	7,133	26,801	275.7
Jamaica	11,505	18,935	64.6
OECS	6,193	11,961	93.1
Puerto Rico	7,421	8,581	15.6
St. Maarten	2,000	3,707	85.4
US Virgin Islands	4,376	5,414	23.7
Sub-Total	70,035	104,887	49.8

Sources: CTO and National Tourism and Statistical Offices.

5.4 *Potential Competition from Cuba*

The collapse of the former Soviet Empire has heightened interest in the prospects for Cuba. The liberalization of Cuba appears inevitable and some analysts have presented evidence that some liberalization efforts are already underway. The collapse of preferential arrangements in August 1990 and the forced implementation of trade reforms which followed may be considered as initial steps towards dismantling the socialist system and implementing a market economy. Montenegro and Solo (1996) indicate that "The severe downtum of the Cuban economy, resulting from the acute shortage of foreign currency and the loss of Soviet subsidies, has forced the government to open the economy to an unprecedented number of activities traditionally banned, both in the form of joint ventures with foreign capital to develop tourism and the acceptance of an increasingly important dollarized parallel economy".

Binns (1996) indicates that since 1990 the Fidelistas have eagerly sought foreign investment and by 1993 there were 34 countries participating in projects in tourism, telecommunications, sugar industries, light industry, mining, pharmaceuticals and construction.

Much can be learned about the pace and process of economic transformation of a liberalized Cuba from states previously under the influence of the Soviet Union. A recent study by Jaakson (1996) on the transition process of tourism in Estonia is instructive in this regard. Firstly, there was a mild avalanche of pent-up demand for travel to and from Estonia, i.e. an outward shift of the demand curve. Secondly, after so many years of rigid controls, the adjustment to a market economy has been proceeding fairly rapidly. Thirdly, the Baltics adopted an aggressively competitive position toward each other and the rest of the world for investment and tourists from Russia in the east and Germany and Scandinavia in the west. Fourthly, the Baltic states were prepared to invest heavily; thus there has been a fairly permanent increase in social and economic capital with public investment in water supply, waste disposal, roads etc. and, notably, concern to reduce crime to enhance the tourism environment.

Thus, one would expect that a liberalized Cuba would quickly strive to wrest the number one position (in terms of tourist volume) from Puerto Rico and the Dominican Republic. Cuba would easily be an aggressive player capable of holding its own in terms of re-negotiation of air-routes and hubs, new investment of chains and market visibility via television promotion. Some of the new investment would also come from the large Hispanic Cuban community in Miami where many, like ex-patriate Russians in Estonia, would be tempted to return home. There would also be interest from the Afro-Caribbean Cuban community in Jamaica which fled the Orient providence in the eastern section of Cuba (McGarrity (1996)). In addition, American tourists would be attracted away from other destinations in the Caribbean. The worst affected destinations would be those which are currently declining or maturing in terms of reduced ability to attract US visitors, i.e. Bermuda, the Bahamas and Barbados.

However, one should also view the future liberalization of Cuba positively. Cuba would emerge as a large potential source market of visitors to the region on a competitive basis. However, those destinations further away from Cuba, for example, Barbados, would be least attractive unless they are able to compete on price or quality.

6. Conclusion

The maturity of a destination should be interpreted not only in relation to age, but also as a determinant of the demand for a destination. The importance of this study is that it suggests that it may be possible to demonstrate how the typical life-cycle growth trend observed for investment, customer service and promotion might together result in eventual maturity within an S-curve life-cycle phenomenon .

We have also established that Barbados appears to be relatively mature compared with the top ten Caribbean destinations as evidenced by approximate location along the tourism life cycle. This hypothesis is supported by certain economic and tourism interaction criteria related to the image crowding and carrying capacity of a destination. We have also presented evidence that there was a marked decline in price-competitiveness in Barbados as evidenced by the faster growth in consumer prices adjusted for exchange rate changes. The deterioration was particularly marked over the period 1970-88 but since then, the relative competitiveness of Barbados does not appear to have declined, except with respect to Jamaica, where the currency has been devalued. However, the apparent maturity of tourism in Barbados stems from a decline in the U.S. market as the island is still relatively youthful from the point of view of U.K. visitors. Finally, there was a significant decline in tourist accommodation in Barbados over the last decade at a time when less mature destinations recorded phenomeonal increases.

Having identified certain weaknesses and threats arising out of Barbados' evolution as a tourism destination feasible options for a response to the threatened life cycle decline should be considered. These include quality enhancement through environmental policy and product diversification, productivity gains through improved labour relations, and increased promotion. Given the foregoing observations, it is clear that the focus of tourism policy in Barbados should be on rejuvenation planning. The experience of countries like Bermuda (ranked as the most mature Caribbean destination in this study) is instructive in this regard. The Bermuda case sounds all too familiar because the destination has had experiences which Barbados is only now having. What is required in Barbados is a major investment thrust both by the private sector and Government. Many destinations have engaged in rejuvenation planning successfully and Barbados, with appropriate commitment and investment of resources, should be able to do so as well.

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