
SOME ISSUES RELATING TO BARBADOS' TOURISM INDUSTRY

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**The views expressed are not
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1. Introduction

Barbados' share of the Caribbean market declined between the years 1980 and 1991. Although Barbados' tourist arrivals appears to have peaked in 1989 signs of weakness were evident as far back as 1982 when Barbados stopped growing at a rate above the Caribbean average and fell in line (See Poon, 1992). After peaking in 1989, Barbados fell below the Caribbean average. This suggests that of a declining Caribbean market for tourist arrivals and increased competition from emerging destinations, Barbados' share has fallen. Four principal determinants are cited for the tourism decline in the Caribbean: high prices, reduced air access, poor marketing and a decline in the product quantity and quality. We will attempt to assess these factors in order of importance.

This paper seeks to determine why the Barbados' share of Caribbean activity is declining when there is increased travelling worldwide¹. Section 2 examines the economic contribution of tourism to the Barbadian economy. Section 3 identifies the growth in tourist arrivals for Barbados; Section 4 examines trends in regional tourist arrivals between 1980 and 1991; Section 5, discusses the major factors influencing tourist arrivals and Section 6,

¹World tourism has been growing in recent times. Between 1982-1992, the world tourism arrivals increased by 64.5% though the rate between 1987 - 1992 slowed and the increase was 29.7%. The Caribbean's share has increased marginally since 1980 by one percentage point to 3% of world arrivals.

highlights some issues which should be on the tourism agenda for the future. In Section 7, we conclude.

2. The Economic Contribution of Tourism to the Barbadian Economy

Barbados is a small open economy dependent on agriculture, manufacturing, tourism and offshore business services. Prior to political independence in 1966, Barbados was predominantly a monocrop (sugar) economy. Over the last twenty years or so, the economy has been diversified mainly into light manufacturing, tourism and international business. After a moderately successful attempt at light manufacturing during the 1970's, this sector floundered in the late 1970s and 1980s. This development forced the country away from primary and secondary production into services, hence the emphasis on tourism and other business services.

Tourism contributed about 14% to GDP in the Barbadian economy, provides the largest contribution of foreign exchange (almost half) and employs about one-fifth of the labour force. With the above in view it is clear that the fortunes of Barbados are inextricably linked to those of the performance of this sector. Tourism given its pervasiveness, has a number of forward and backward linkages in the economy through the demands made by the industry, the industry creates employment in agriculture, manufacturing, other service industries, wholesale and retail.

3. Phases

Phillips² (1982) identified four growth phases between 1956 and 1980. The period, 1956 to 1964, marked the beginnings of a well-organised local tourist industry and the start of an international travel boom. He posits that the second phase - 1965 to 1972 - was characterised by the introduction of national package promotion in the North American market. In addition the second phase coincided with the development of inclusive tour charters, new air traffic regulations, changing fare policies and competitive practices which effectively reduced transportation costs. The third phase 1973 to 1976, was a period of international economic recession and contraction in Barbados' visitor market. Phase 1977 to 1980, was marked by renewed growth in established markets and new market developments in Europe and to a lesser extent, in Caricom.

Since 1980, the size and structure of the tourism sector have changed significantly with the emergence of several new regional competitors. Between 1980 and 1986, Barbados' tourist arrivals remained stagnant but the U.S.A became the major market. In this period, there were two distinct sub-periods: 1980-1982, a period of recession similar in nature to 1976; 1983-1986, a period of recovery led by the U.S.A market. The period 1987-1990 represented renewed growth, similar to the period 1977-1980, except that the U.K. market led the response as there was a decline in the U.S.A market. Thereafter, all the

² Phillips, E. (1982), "The Development of the Tourist Industry 1956 - 1980" in The Economy of Barbados 1980 edited by DeLisle Worrell.

markets experienced decline, thus the period 1990-1992 may be characterised as retreat. The concepts of response and retreat will be discussed below.

While the concepts of recession and recovery are frequently used, the other two are not and require some explanation. It is believed that Barbados responded to the stagnation in tourist arrivals between 1980 and 1986, by "playing the numbers' game" i.e. seeking to attract a large number of down market³ tourists, instead of focusing on restructuring the tourism plant and product. Having avoided the route of restructuring, it was inevitable that the aging plant and product would, sooner rather than later, lead to retreat in the face of increasing regional competition. In this context, it can be argued that the decline in tourist arrivals between 1990 and 1992, may have been the result of recession and the Gulf war combined with the effects of a 'tired' tourism plant and product.

From a theoretical perspective, tourism is perceived as trade in services in the international market and is used by small island economies as part of an export led growth strategy. According to Kammas and Salehi-Esfahani (1992) the development of tourism could be justified using the theory of comparative advantage developed by Hecksher, Ohlin and Samuelson. They argue that given the pervasiveness of sun-sea-sand activity, small islands have an abundance of beaches, sun and good weather and therefore have a comparative advantage. Whilst the above is true, the technological gap theory proposed by Posner (1961) provides a far more useful framework within which to examine the Caribbean tourism industry. It suggests that when a new product is developed and becomes profitable,

³The classification down market refers to tourists with a lower disposal income than the average. The converse is the upmarket tourist and these are considered to be the major contributors to tourism expenditure.

the innovating firm enjoys temporary monopoly. The firm enjoys easy access to foreign markets. The country's exports grow but later on the profits of the innovating firm encourage imitation in other countries which may demonstrate a comparative advantage in the production of the new product. Similarly the traditional destinations, Barbados, Bermuda, Jamaica possessed a comparative advantage but overtime through imitation the emerging destinations have eroded much of the monopolistic/oligopolistic characteristics they enjoyed.

The Caribbean product has undergone significant changes since the 1950s, primarily due to the increasing sophistication of the leisure-travellers and their demands. Yiannakis and Gibson (1992) note that tourists can be typified as, for example the sun-lover, the organized mass tourist, the independent mass tourist and so on. Product changes are so rapid that Poon (1992) considers such typologies as vestiges of "old" tourism, whilst "new" tourism advocates a less stereotypical approach.

4. Recent Trends

All Caribbean countries

Barbados' share of total arrivals to the region declined from 5.4% in 1980 to 3.4% in 1991. Among the Caribbean traditional destinations, only Jamaica experienced any gain in market share over the period - increasing by 1.5 percentage points to 7.3% in 1991. During the same period, emerging markets increased their share of total arrivals by 8.0 percentage points to 36.8% while all other markets rose to 14.0%. The fast growing, emerging markets

are Aruba, Dominican Republic and St. Maarten. These markets have been growing for different reasons. In the case of Aruba, there was a deliberate policy of granting Government guaranteed loans to international hotel chains to set up. Therefore much of the attractiveness of Aruba rests in the high quality of the hotel stock⁴. The Dominican Republic's tourism is based on low costs to the tourist after a series of devaluations. St. Maarten is a duty-free shopping haven and draws heavily on tourism from the Netherlands as well. In addition to these factors, the emerging markets all have sea, sun and sand.

United States

In the U.S.A market, Barbados' arrivals grew at an average annual rate of 2.7% between 1980 and 1991. However, Barbados' share of U.S arrivals, represented a decline from 2.2% to 1.9% over the same period averaging 3.0% of total U.S. arrivals to the region between 1984 and 1987 peaking at 175,093 in 1987. Growth in Jamaica has been achieved through heavy advertising (at a cost of some US\$50 million a year), specific point-to-point services by Air Jamaica out of non-traditional areas in the US and, the all-inclusive product which requires a high occupancy rate to be successful. U.S arrivals to Bermuda actually declined by 2.6% per annum. Apart from above-mentioned, the emerging markets, Belize, Cayman Islands and St. Lucia grew at significant rates in the U.S market.

Canada

In the Canadian market, Barbados' share fell by a whopping 10 percentage points to 6.5% in 1991. The annual average rate of decline was a steady 5.4% over the review period.

⁴Since 1986, the hotel plant has doubled. There are 28 hotels with 5,800 rooms, encompassing some of the world's best known hotel chains - Divi, Best Western, Holiday Inn, Sonesta and Hyatt.

Only Jamaica and Puerto Rico experienced any growth, which was still somewhat negligible. Again the emerging markets performed above the regional average, with Dominican Republic realising considerable growth, based on a competitive price for a quality hotel plant.

United Kingdom

In the U.K market, Barbados had the major share (27.8%) in 1980, but this fell to 21 almost the same as Jamaica, in 1991. The rate of growth for Barbados was significantly higher between 1986 and 1991 than in the previous period. Again Jamaica's growth very credible, followed by Puerto Rico.

5. Factors Influencing Arrivals

There are several factors that may influence the pattern and growth of tourist arrivals to the region in general and Barbados in particular. These factors may range from price, promotion, place to people, which underscore the importance of marketing in the development of the tourism sector. The critical question is how do we ascribe weight to the particular factors. Some factors will be a result of the global environment whilst others will be specific to the particular country being examined.

5.1. Price

Price is ultimately determined by costs in the hotel industry, since the industry sets the price. According to SHARP⁵ (1991), recurrent costs are approximately 80% or more of total costs. The major costs are wages and salaries, bank loan interest and utilities which constitute approximately 25%, 18.2%, 12% of total costs, respectively. In addition, depreciation and repairs and maintenance are the other two major cost items. For the larger hotels, fixed costs may be in the range of 65%-75% of total costs.

Barbados has a higher wage rate structure than most in the region. This in addition to the fixed exchange rate are believed to be responsible for Barbados being considered a 'high-price' destination. Some have argued that taxation is a major factor contributing to high prices within the tourism sector (Poon, 1992). In the absence of data to fully explore the above issues some price indices are used to analyse the prices across traditional destinations. The indices include food, fuel and light, rent and wages.

Jamaica's food prices increased by just 6.3% between 1980 and 1990, when the index takes account of exchange rate changes by expressing the prices in U.S dollars -this adjustment is not necessary for other traditional destinations as their currencies were not devalued. This compares with increases of 60.0%, 90.1%, 79.2% and 42.5% in Bermuda, Bahamas, Barbados and Puerto Rico, respectively. These differences are critical, since food accounts for about 10-15% of the average expenditure of a tourist.

Fuel and light costs are used to proxy movements in utility costs in the respective destinations. According to the data for 1980 and 1990, these costs rose in Puerto Rico by 62.5%, followed by Bermuda (35.0%) and Barbados (20.2%) - no data is available for the Bahamas. Unadjusted for exchange rate movements, Jamaica's utilities costs increased by over 200% - the adjusted figure reveals a decline.

The rent indices suggest that real estate prices increased in Barbados (124.1%), followed by Bermuda (67.4%) and the Bahamas (51.1%). In Puerto Rico, real estate prices hardly increased over the period 1980-1990. While in Jamaica, the increase was in excess of 130%, but there was a decrease in real estate values when expressed in U.S currency.

5.2. Product

The tourism product is not homogeneous across regional destinations. There are however some standard characteristics in the region such as sea, sun and sand. The diversity comes in such forms as casino gambling, golf courses, sub-aqua activities, festivals, conventions and the eco-tourism (See Chart 2). This takes cognizance of the changing taste of tourists' incomes and ages. Along with the standard characteristics mentioned above, trends in investment may be used to assess the value of the product from the supply-side. In this regard, the change in the number of rooms is used as a proxy for net investment. (See table 1, CHA construction report for projections in new rooms and renovations planned for 1993 and beyond)

⁵ Small Hotels Assistance and Recovery Project (SHARP), Hotel Management Services Limited (1989).

Between 1980 and 1991, the number of rooms in regional destinations increased by 54,991 (65.6%). For Barbados, the number of rooms declined by 30 to reach 6,650 in 1991; Bermuda and Puerto Rico also experienced declines. On the other hand, the number of rooms rose by 7,245 (71.8%) and 18,755 (493.5%) in Jamaica and the Bahamas, respectively. This indicates that there has been more investment in plant in other territories than Barbados. In Barbados, the hotel industry has been cited as being unprofitable and hence not attractive for investment. If one contrasts this to the all-inclusive concept in Jamaica, a good product leads to high occupancies which ultimately lead to profits and profits leads to expansion of existing firms and the attraction of new firms to the industry.

Quite apart from assessing the existing quantity of rooms in the Caribbean there needs to be some examination of the quality of rooms. Some hotel plants is in need of refurbishment. Some hotels do not have basic items in rooms like TVs and properly functioning plumbing. In the case of Barbados, in 1991 a large proportion of the plant is in the down-market to middle market range (74%) whilst a small percentage (26%), is up-market⁶. One hypothesis indicates that large hotels may not be the development strategy to adopt in the industry to enjoy stability and growth (Wilkinson, 1989). More villas and high quality accommodation (which induce longer stays) should increase room capacity and hopefully increase tourism expenditure.

⁶Annually, the Barbados Statistical Service conducts a census of establishment providing accommodation for the sector. The information is published in the *Barbados Digest of Tourism Statistics, 1991*. pp. 16

5.3. Marketing

Marketing is perhaps the most important ingredient for maintaining a viable tourism sector over the medium to long term. While some weaknesses have been identified in Barbados marketing strategy, it has one of the highest repeat visitor rates in the Caribbean (48%) and this has been established through years of client loyalty. Insufficient visibility in the market makes the difference between continued declining arrivals and some improvement. Over the past 5 years or so, the marketing budgets of our neighbours Jamaica and Bahamas especially have increased substantially to increase visibility in the market place. Barbados allocation for marketing has been lagging by \$2.4 million the Caribbean average. (See Table 2). Barbados has boasted for some time about its "word of mouth" advertising campaign which can be effective during good times but during bad times it seems to be costly to Barbados visitors. It is interesting to note that the Sandals chain, markets its hotels with about the same expenditure as Barbados does on administration and other activities combined.

5.4. Air Access

The region is served by many international carriers and a number of small regional operators. The UK market is served by scheduled airlines - British Airways and BWIA; the US market by American Airlines, Delta, Transworld Airways (TWA), Continental and BWIA (prior to 1991 Pan American and Eastern), the Canadian market by Air Canada and BWIA and Europe by BWIA and Lufthansa. Of the regional carriers only BWIA and Air Jamaica serve Barbados.

international routes. The remaining carriers - ALM, LIAT, etc. are essentially regional carriers. (See Table 3 for briefs on the International Carriers).

Since 1978 the airline industry has become more volatile and the influence of deregulation in the USA. This has led to a more competitive industry as is being reflected in the move towards meaner and leaner carriers accompanied the new thrust in the running of the industry and the less efficient carriers have fallen out of the market. Two of the world's more popular carriers Eastern and Pan Am have gone out of business. Privatization has become the hallmark of the running of the industry and the lesson of all of this seems to be: clean up the balance sheets in an environment of cut-throat competition or die! (Ash, 1992).

In this changing economic climate, what does all of this mean for a regional carrier and Caribbean tourist arrivals? Firstly, it must be acknowledged that the Caribbean region, though a haven for leisure tourists, is not one of the world's largest lanes of international traffic⁷. Furthermore, the yields from leisure traffic are much lower than from business traffic. Given this fact, there must be some strategy to determine how the region will handle the over dependence on a few carriers and the continued existence of a viable regional carrier. It must be understood that Barbados and the rest of the region can do little, except bargain and negotiate with the mega carriers since the Caribbean as a leisure destination is inconsequential to the decisions of these carriers (Poon, 1992).

⁷Some of the busiest international routes are London - Paris, New York to London (3 million passengers/year); Hong Kong - Tokyo, Tokyo-Honolulu, New York - London 2 million passengers a year. These routes are primarily business-oriented are high yield (Wall Street Journal, 14 January, 1992)

The demise of Eastern (50,000 seats a year) and Pan Am (150,000 seats a year) exacerbated the significant contraction of Barbados' major market. A brief flirtation with Trump Airlines (subsequently US Air) was tried with no success. It must be noted however that the US market was in significant decline prior to the demise of these two airlines. Additional seating capacity to the island was not the issue because many of the former passengers of Pan Am travelling on discounted tickets were no longer willing to travel.

Some of Barbados' other major markets shifted to use of charter services to supplement the scheduled service network. The charters brought both advantages and disadvantages. On the positive side, they work closely with the tour groups which have guaranteed markets and all the tourists to the country because of the point to point services. (This is particularly welcomed by some tourists in an age of hub and spoke system⁸ in the aviation industry). Contrary to the popular belief, all charters are not down market and some bring middle income tourists. On the negative side, expenditure is package tour oriented which usually means that there is some leakage from receiving country. Give some volatility in the market-place, many of the charters do not stay around long enough to establish a foothold in the marketplace. However, they do open up some new markets. This may have been the charters major contribution to Barbados' tourism sector.

⁸A hub and spoke system refers to a network (similar to a bicycle wheel) where central airport is used e.g. San Juan and routes radiate from that central location in all directions.

5. National Development through Quality Tourism

The above slogan has been adopted as the Barbados mission statement for sustainable tourism development into the 21st century. In order for this to become a reality there are a number of areas which need to be addressed with a view to ensuring sustainability. Romeril (1989) argues that there must be a need for an enduring sustainable environment to be reconciled with the pursuit of social and economic goals. Sustainability can be viewed from the physical environmental side and or from the point of growth in actual arrivals. In the former case, one evaluates exactly the impact tourism is having on the environment. If there is continued environmental degradation, what is its cost and are these greater than the benefits. There must be some examination of the damage to reefs by hotel waste dumping etc... Tourists are becoming very conscious and discriminating about the physical environment. Clean bathing facilities are essential, clean cities and numerous other healthy environmental practices are factored in when rating a particular destination. These concerns ought to be noted since the competition is very keen and an environmentally sound country could gain over one which is not.

The second form of sustainability refer to the ability to cater to an optimal number of tourism a year and being able to balance the situation without a conflict between locals and visitors ensuing. This is very since in 1993 Barbados catered to 395,979 long-stay visitors and 428,611 cruise ship passengers. With 250,000 residents to cater for as well, the question of sustainability is very pertinent. Do we require 500,000 tourist by the year 2,000

spending average sums of money or would prefer less tourist spending and preserve balance between local and visitor populations.

Product

In terms of preparing Barbados for a sustainable future in tourism there is need to examine a number of areas. The product offered is critical to the development on tour destination. In Barbados, there is a tendency to use the hotel industry as the sum tota the product. This is tempting because of a number of peculiarities of the hotel industry Barbados. Among these are the fact that the industry is characterised by a high degree (68%) of local ownership. Whilst this is advantageous in one aspect (retention of foreign exchange) it proves to be in another, not because some hotels do not have marketing 'muscle' to promote themselves overseas.

The product extends to include the ambiance of the destination. An environment of crime and harassment is inconsistent with and not conducive to a quality product and ought to be eliminated since in very small countries or islands tourism activity is very pervasive. In analysis of the concept of value for money the service which is provided to the guest determines whether or not a tourist will be satisfied. This is a significant component where one analyses the concept of value for money.

Arrivals

The tourist arrivals pattern for Barbados has been quite uneven. Some markets have grown rapidly whilst others have stagnated. The U.S market seems highly price sensitive based on the performances of Jamaica and the Dominican Republic – two countries that significantly devalued their currencies over the review period. However Aruba demonstrated that a fresh plant will keep a destination competitive. The key questions are: For how long? and at what cost. On the other hand, the U.K remains the market of opportunity for Barbados. It is instructive that in spite of its cheaper product, the number of British tourists to Jamaica only exceeded that of Barbados in 1991. Barbados achieved levels of 101,000 and 118,000 compared with Jamaica's levels of 44,400 and 67,100 in 1988 and 1989, respectively. This can be explained by the fact that Barbados was a colony which still retains the nickname "Little England" and more importantly due to the significant proportion of marketing done in that market. Quite a lot of direct marketing is done in the UK to attract visitors. In recent times when, the US market has floundered, plans were put in place and Continental Europe has emerged as a major market now accounting for 16.2% long stay visitors. This performance is based on the strength of good connections by air and long leave entitlements especially by the Germans. However, during the last year this market softened due to economic difficulties in Germany and Scandinavia. To maintain market share a meaningful medium term strategy must be in place. New markets must be sought after and treated differently, for example the Japanese market requires a fresh approach because of differing tastes and its purchasing power. Given that at some stage during the last 10-12 years all of Barbados' traditional markets have faltered.

With respect to the US market the traditional areas on the Eastern Seaboard of the USA are unlikely to realise the growth needed from this market. Therefore a concerted effort to penetrate non-traditional areas such as Detroit and Minneapolis is a step in the right direction. In these non-traditional areas there are a number of persons who find air access a problem who are still willing to come to the region.

Price

Price is a major determinant in the competitiveness of a tourism package. Barbados might have responded to the high perception/reality by going the route of the all-inclusive. In the region the Jamaican duo of Sandals and Superclubs⁹ are offering a new and innovative price-sensitive package. Similarly it is being recognised that cruise ships offer some degree of all-inclusivity offering competitive rates, (with low overheads), and put land-based tourism under considerable pressure.

As yet, no direct causal link has been established between volume of tourist arrivals from any destination and purchasing power. Though some observers may cite the performances of Jamaica and the Dominican Republic as evidence of a causal relationship. Yet others may demonstrate success in destinations where no devaluations have taken place (Aruba, St. Maarten, St. Lucia).

While labour costs are often cited as being primarily responsible for high price, it must be recognised that excellent service is the hallmark of a good tourism product. At times

⁹Sandals and Superclubs are the leading Caribbean chains in the all-inclusive product.

excellent service may carry a 'high price' - any worker should be paid the value of his marginal product. This simply means that wages should reflect productivity.

In terms of the wider economy, food costs and rents may be reduced to assist the overall cost of living and consequently costs in tourism.

It is instructive that the two major growth destinations in terms of arrivals - Jamaica and the Dominican Republic - experienced significant growth in accommodation, that is new investment. Therefore it is expected that their tourism plants are fairly modern. In Barbados, there was no increase in accommodation though there was some refurbishment of the tourism plant.

Air Access

The charter programme out of European cities faces intense competition with emerging destinations and if Barbados is not as viable a destination as it used to be - they will pull out as occurred recently from Scandinavia.

Europe and the US have been particularly hard-hit with respect to reduced air access so contingency measures must be put in place to ensure that total fall-out does not occur. In the US market particularly, there has been much shifting in the destinations where Americans are travelling but they are coming to the region less (See Table 4).

It has been suggested by industry analysts that a mega - carrier entering the market here since it would bring to the region a marketing thrust of its own that will attract tourists who might not have heard about the islands before. In addition to the massive networking of a domestic feed, a carrier of this kind would be able to tap major unexplored markets.

Most destinations offer sun, sea and sand, if Barbados' tourism is to progress there has to be a conscious decision to offer more. Niche marketing in the middle market and sports tourism may have to be pursued as solutions to expenditures in a declining arrival situation.

Acknowledging a need for improvement of the tourist product, golf course development has been suggested as an alternative. It is argued that there is a sizeable market for golf in Europe and North America which can bring about 150,000 new upmarket tourists a year to Barbados. The quantum of foreign exchange which could result from such development being suggested could be quite handsome especially with the attendant development of health spa facilities and commensurate hotel accommodation. Employment generation is cited as a major spin off benefit of the planned projects as well, but agriculturists have noted that over 3,000 acres of agricultural land will be lost. The debate over the loss of land in agriculture ought to be balanced by arguments about the quality of land going out of agriculture and whether the land in agriculture is being currently fully utilized (Wilkinson, 1989).

Whatever the outcome of the proposed development, cost-benefit analysis has to be undertaken to determine if the return on the land is greater in agriculture than in golf courses.

Hotel Development

Many destinations play what is known as the numbers game since they focus exclusively on attracting as many tourists as possible. If Barbados is to avoid playing the numbers game, an increased up-market plant will have to become a reality since the pursuit of the mass tourism market may be unsuitable to and incompatible with Barbados' cost structure. If it is the intention to market the island as an up-market location, accommodation in line with high cost structure must be constructed. There are not many up-market properties and the possible amalgamation of small properties into medium sized ones to ensure viability will be necessary. The former will be a question of acquiring the requisite foreign investment whilst the latter will require significant domestic financing.

Summary and Conclusions

In this paper, we traced the development of Barbados tourism in the context of the Caribbean and world tourism from the 1950s focussing on the period 1980-1992. We highlighted the phases and trends in the industry. The principal factors affecting arrivals, price, product, marketing and air access were discussed. We argue that a combination of the negative aspects of these factors are the proximate reasons why Barbados' share in the Caribbean arrivals has fallen. From a broader theoretical perspective, we note the evolution of Caribbean tourism and realize that a failure to keep pace with technology has been another structural reason why Barbados' tourism has lagged that of its competitors. The theory of Posner (1961) in international trade is adequate proof of this dynamic phenomena. From the analysis, we note some brief observations which serve not as concrete policy perspectives but as indications of the future path of tourism.

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CHART 2

THE TOURISM PRODUCT IN THE CARIBBEAN

PRODUCT COUNTRY	BAHAMAS	BARBADOS	BERMUDA	JAMAICA	ST. LUCIA	ARUBA	BELIZE
SUN, SEA, SAND	●	●	●	●	●	●	●
CONVENTIONS	●	○	●	●	-	●	-
GOLF COURSES	●	○	●	●	-	-	-
CASINOS	●	-	-	-	-	●	-
FESTIVALS	○	○	-	●	●	●	-
ECO-TOURISM	○	-	-	●	●	-	●
HERITAGE	-	●	●	●	○	-	●

KEY: ● well developed ○ not developed/developing - not available

TABLE 3

THE WORLD'S LARGEST AIRLINES

BRIEF PROFILES OF SOME OF
THE WORLD'S MAJOR INTERNATIONAL AIRLINES

	Passengers (million)	Fleet Size (airplanes)	Traffic (rpk)* billions	Rank (acc. to Traffic)
American	73.7	622	123.8	2
Delta	65.8	538	95.0	4
USAir	60.1	429	57.2	8
United	57.6	487	122.5	3
British Airways	25.2	235	65.9	6
TWA	24.5	196	55.7	9
Lufthansa	22.4	224	41.5	11
Air France	15.7	120	36.8	12
Air Canada	n.a.	103	26.7	16

Source: Global Aviation Associates, the airlines, orient airlines association

NB: *rpk - a revenue passenger kilometre equals one paying passenger carried one kilometre

Air Canada

Canada's largest carrier, with 55% of domestic market. Sold by government to public three years ago. Since 1990, slashed work force 17% to 19,600. Serves U.S. Caribbean and Europe. seeks more U.S. routes and is talking to USAir about an alliance, but effort to crack Asia market on hold. Wants to merge international operations with Canadian Airlines International. Expects to report losses for 1991 fourth quarter and first two 1992 quarters.

American Airlines

The largest and one of the strongest U.S. carriers. Spent heavily on overseas expansion, more than \$1 billion since 1989. Added London hub last year, will beef up Paris flights. Weak in Pacific Rim. First-class international service includes haute cuisine. Labor costs up. Cutting capital-spending plans by more than \$8 billion through mid-1990s. Fourth-quarter loss likely after nine-month deficit of \$115 million.

Delta Airlines

Domestic powerhouse. Finally caught up overseas with United and American with last year's \$416 million purchase of Pan American World Airways' assets. Indigestion from that acquisition will cause two quarters of losses. Eventual payoff; a Frankfurt hub and tripled trans-Atlantic service. Building a Taipei hub and beefing up Pacific flights. Known for excellent U.S. in-flight service.

Trans World Airlines

Spans globe in name alone. Plans "pre-packaged" chapter 11 filing soon. Owner Carl Icahn expected to remain in control after reorganisation, keeping six of 11 board seats for one year after it is completed. Then, will open board to shareholder election. Sold London hub to American last year. Pessimists estimate reorganisation would give TWA only another 18 to 36 months.

United Airlines

Perhaps world's best-positioned carrier. About to become only one with major operations in North Atlantic, Pacific and Latin America. Gained from Pan Am's demise; bought its Pacific operations for \$715 million, London operations for \$400 million, Latin American operations for \$135 million. Third-quarter earnings dropped 76% to \$25 million. Balance sheet strong. Increasing capacity about 12% this year. New labour pacts in place.

US Air

Big U.S. domestic player, but barely in global picture. Expects to report 1991 pretax loss in excess of \$500 million, after 1990 net loss of \$454 million. Cutting costs to save about \$400 million this year; unions haven't

yet agreed to concessions. Inching forward to buy TWA's rights to London from Philadelphia and Boston for \$50 million.

Air France

Recent merger of operations with largest French competitors, domestic carrier Air Inter and Long-haul carrier Union des Transports Aeriens, creates virtual monopoly of French market. Air Inter, UTA report as separate units under Air France Group. Planned stake in Belgian flag carrier Sabena on hold pending formation of new Belgian government. Plants stake in CSA Czechoslovak Airlines. Hopes to be profitable by 1993. Consolidated loss of 1.15 billion francs in 1991 first half.

British Airways

World's largest international carrier and Europe's largest, most profitable. Reported profit of £185 million in first half ended September 30,. Fully privatized in 1987. Faces still North Atlantic challenge from U.S. giants. Marketing pact with United in disarray; British Airways desperately needs replacement U.S. partner. Considering linkup with Northwest and KLM Royal Dutch. Still irked by U.K. decision to open London's Heathrow Airport. Expanding fleet in £5.1 billion program.

Lufthansa German Airlines

Operations reorganized. Search for allies has led to pacts with Finnair and Japan Airlines. Talking to USAir and undisclosed South American carrier. With German unification, has Europe's largest home market. Bought Pan Am's internal German routes, reached pact with Air France to operate French carrier's german routes. Faces tough overseas competition, especially in Frankfurt. Calling for new U.S.-German bilateral pact. Expects to report 1991 operating loss despite operating profits in last three quarters.

Source: Wall Street Journal, January 14, 1992.

Table 2

EXPENDITURE OF NATIONAL TOURISM ORGANIZATIONS

(US\$ 000)

COUNTRY	1990			1991	
	ADMIN.	OTHER	TOTAL	ADMIN.	OTHER
ARUBA	1,281	3,853	5,134	4,357	9,381
BAHAMAS	13,081	25,523	38,604	19,035	30,981
BARBADOS	4,377	6,790	11,167	4,198	6,302
BERMUDA	11,213	16,270	27,483	1,865	16,967
JAMAICA	8,256	34,574	42,830	8,256	34,574
PUERTO RICO	7,863	30,872	38,735	11,110	31,550
ST. LUCIA	922	891	1,813	1,088	1,437
U.S. VIRGIN ISL.	2,248	9,259	11,507	2,835	9,300

SOURCE: Caribbean Tourism Organisation

ADMIN. comprises the administration on costs of local as well as overseas offices

OTHER - mainly covers expenditure on media advertising and promotion press and PR.

TABLE 4**GROWTH IN US DEPARTURES BY REGION
OF DESTINATION, 1987-1990**

	Average Annual % Change
CANADA	-1.6
MEXICO	7.8
OVERSEAS	5.5
Europe	6.8
Caribbean	1.9
Asia/Mid East	6.2
South America	4.8
Oceania	1.6
Central America	16.8
Africa	0.7
TOTAL	4.1

Sources: US Travel and Tourism Administration and Stewart
(1992)

