



The Sustainability of the Tourism Industry from a Data Analysis Perspective

Keynote Address by **Governor Dr. Kevin Greenidge** at the Barbados
Hotel and Tourism Association's Third Quarterly General Meeting





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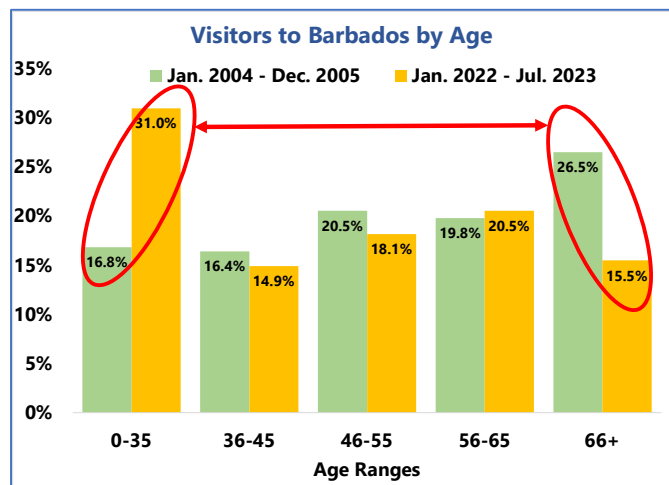
I am deeply honoured to address the backbone of our nation's economic vitality - our esteemed tourism sector. Today, I'd like to delve into a matter of utmost importance: the sustainability of our tourism industry as unveiled through data analysis.

Tourism, as we all know, is not just an industry; it's the lifeblood of our nation. It celebrates our vibrant culture, pristine beaches, and the warm Barbadian spirit. But, as the stewards of this vital sector, it is incumbent upon us to ask: How sustainable is our current trajectory?

At the Central Bank, our team has rigorously employed the latest in data analytics to answer this very question. And the insights are both enlightening and imperative. Today I will focus on five key insights from that analysis.

1. Tourist Demographics and Preferences Are Changing:

Our data reveals a shift in the demographics of our visitors. The younger generations, particularly millennials and Gen Z, are displaying an increasing interest in Barbados. The data shows that over the last two decades there has been a doubling in the share of visitors under 35 years (whereby now over 30 percent of our visitors are under 35 years), while those above 66 years have halved. These younger individuals are more environmentally conscious and seek authentic, eco-friendly experiences. They are more inclined to support businesses that prioritise sustainability. They are also more digitally oriented and integrated and thus prefer destinations with strong Wi-Fi connectivity, which allows them to work remotely and stay connected.



Recommendation: Invest in eco-tourism and sustainable business practices. For example, invest in eco-accommodations that use renewable energy, sustainable architecture, and are built with local materials where possible. These properties can also focus on water conservation, waste management, and organic farming. Similarly, we should invest in eco-transportation such as electric or hybrid car rentals, promote bicycle and electric scooters rentals for tourists, and establish shuttle services that reduce the number of vehicles on the road. How about investing in solar, wind, or other renewable energy sources for powering tourism-related businesses? Encourage and invest in businesses that produce local,

sustainable, and eco-friendly souvenirs. This could include products made from recycled materials or crafts made by local artisans. Have more eco-tours and experiences, where we develop tours that educate visitors about our local environment, our culture, and our history. This could include walking tours, bird-watching excursions, snorkeling around coral reefs, or visits to heritage sites. These efforts will not only safeguard our natural treasures, but they will also appeal to this growing demographic. We should invest in enhancing our digital technological infrastructure.

2. Seasonal Variability

Historically, we've witnessed peaks and troughs in tourist arrivals. While the peaks are cause for celebration, the troughs leave our industry vulnerable. The winter months, starting from December down to March, are on average 15 percent above the annual trend, and July tends to be roughly 12 percent higher than trend. Conversely, June, September and October are the worse months for the industry. This seasonal pattern exists across both the traditional hotel sector as well as the shared accommodation sector.



Recommendation: 1) Diversify our offerings. Events, conferences, and off-peak promotions can help stabilise our visitor numbers throughout the year.

2) We need to lift arrivals numbers in those trough months to at least the average of the peak months. Then, relative to 2019, when we received 712,000 tourists – our best year on record – we would have roughly 800,000 visitors to our shores annually, which is a more sustainable trajectory. It is also sustainable with respect to our social and infrastructural services as we are basically boosting activity in the weak months.

3. Economic Impact

Data analysis has shown that the multiplier effect of tourism is quite significant. Every dollar spent in tourism permeates through the economy, benefitting various sectors, from agriculture to transport. Estimates suggest that the average GDP per capita impact of an additional \$100 of tourism expenditure is between \$35 and \$54 in the short-term, and roughly \$150 in the long-term. In other words, in the short-term, as much as 50 percent of tourist spending translates to GDP, and because of the dynamic effects, that same tourism spending generates 150 percent increase in GDP in the long-term.

Economic Impact		
<i>Economic Contribution</i>		
Direct:	Indirect:	
12-15%	20-25%	
<i>GDP per capita</i>		
Every \$100 spending by tourist:	Short-term: approx. \$54	Long-term: approx. \$150

Recommendation: We need to further deepen those economic linkages particularly by strengthening local supply chains. Prioritising local suppliers for goods and services will not only keep funds within Barbados by reducing imports, but will also enhance the authentic Barbadian experience our visitors seek.

4. Digital Engagement

Our digital metrics depict a clear trend: tourists are increasingly relying on online platforms to plan, book, and share their experiences. Here are some of the changes we observe.

Booking Behavior is Changing: According to Google, over 85 percent of holiday bookings in 2019 were made online, while eMarketer reported that in 2019, over 60 percent of travelers worldwide used their smartphones to book their accommodations and flight tickets.

The Role of Social Media is Changing: A report by GlobalWebIndex in 2019 showed that around 40 percent of internet users between 16 to 24 years of age used social media to research products, which includes travel-related services. Similarly, a survey by TurnTo Networks showed that around 90 percent of consumers indicated that user-generated content influenced their purchasing decisions more than promotional emails and search engine results.

Reviews and Recommendations Matter Even More: TripAdvisor reported that in 2019 that they had an average of 456 million monthly users, indicating a vast number of tourists rely on reviews to plan their trips. According to BrightLocal's 2019 Local Consumer Review Survey, 90 percent of respondents used the internet to find a local business in the last year, with 33 percent looking every day.

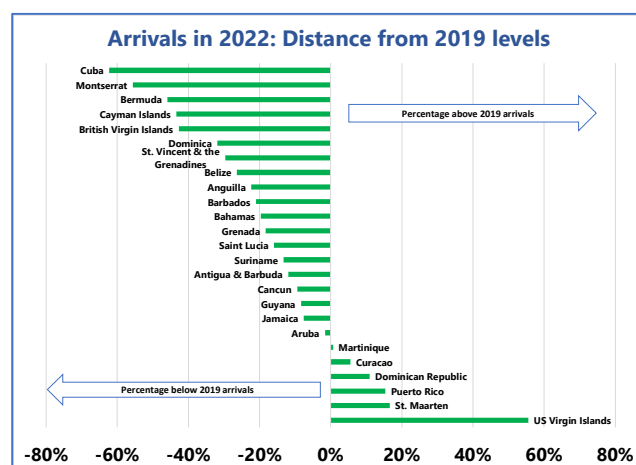
Content Sharing is Critical: Instagram, with its 2.4 billion active users, has seen a rise in travel-related hashtags and influencer collaborations. #Travel was one of the most popular hashtags on the platform. Statista reported that by the end of 2020, around 40 percent of worldwide travellers were under the age of 33, emphasising the importance of platforms like Instagram and TikTok in sharing experiences.

Recommendation: These statistics highlight the transition from traditional travel planning methods to a more digital, integrated, and interconnected approach. Therefore, we must embrace technology. An online presence is no longer optional, it's a matter of survival! Engage with visitors through social media, offer online bookings, and encourage online reviews.

5. Building Resilience Amidst Global Challenges

With the unforeseen challenges like the COVID pandemic, the data indicates that the industry is somewhat resilient, as we were able to rebound relatively quickly. However, it did take two years and we are not yet back to peak levels, and so we need to further strengthen that resilience.

Recommendation: Develop contingency plans based on data-driven scenarios. This will ensure that we are not just reactive, but proactive in our strategies.



6. Finally, Data Analytics Requires Data!

As we chart a course towards an even brighter future, the importance of comprehensive, accurate, and timely data is paramount. I urge each one of you to prioritise and enhance the quality and breadth of the data you provide not only to the BHTA but to the other data collection agencies. We (the collective

agencies) are poised to harness the power of data analytics to better understand, predict, and support the sustainability and growth of our industry. Your collaboration in this endeavour not only aids in tailoring policies for our collective success, but also fortifies our commitment to maintaining Barbados as a premier and sustainable tourist destination. Together, through informed decisions, we can shape the trajectory of our cherished tourism sector.

In conclusion, data doesn't just offer numbers; it tells a story. A story of where we've been, where we are, and most importantly, where we can go. The intersection of technology and tourism presents an avenue ripe with opportunities. Let's harness these insights to ensure that our beautiful island remains a premier destination, not just for the present generation but for many generations to come.

Thank you, and let us work together to build a future as luminous as the Barbadian sun.