



---

**EXECUTIVE FORUM ON  
NATIONAL EXPORT STRATEGIES**

**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?  
IMPLICATIONS FOR STRATEGY- MAKERS**

**5-8 October 2005  
Montreux, Switzerland**

**Value-Based Tourism – Getting Most of the Tourism Dollar  
Grenada’s Experience**

**A paper contributed by  
Sally Anne Bagwhan Logie  
Senior Trade Officer  
Ministry of Finance and Planning  
Grenada**

## **VALUE-BASED TOURISM – GETTING MOST OF THE TOURISM DOLLAR GRENADA’S EXPERIENCE**

### **Overview**

Tourism for Grenada is an economic development tool with strong social and cultural implications. Accordingly, tourism must be developed and measured relative to certain macroeconomic goals related to Employment, Income, Investment and Foreign exchange as well as the linkages with other sectors of the economy such as agriculture. Key to this is the consumption of local goods and services. As the lead contributor to growth in the national economy, the tourism sector must be modern, competitive and sustainable. In Grenada there is a need not only to add value to the tourism dollar, but also to ensure that the income from tourism reaches the rural communities and assist in poverty alleviation. In the aftermath of Hurricane Ivan in Grenada in 2004 when ninety per cent of the agricultural sector was devastated, tourism was the lead sector in the recovery and rebuilding process.

The passage of Hurricane Ivan in September 2004 impacted on both air and sea arrivals and reversed projected performance, which resulted in an overall downturn in visitor arrivals from major source markets and a simultaneous decline in air lift. Assessment in the aftermath of hurricane Ivan indicated that a number of properties including many of the larger hotels were severely damaged resulting in a reduction in room stock on Island from 1738 at the end of August 2004 to 860 at the end of December 2004.

The Annual Report of the Grenada Board of Tourism shows that in 2004, the country hosted 133,865 stay over visitors, 229,800 cruise visitors who combined spent in excess of 20 million dollars in Grenada. The economic impact of tourism is not fully captured in national statistics data since the vast majority of small producers is not registered and operates in the informal sector. Therefore the data provided is not commensurate with the economic activities of the sector. Notwithstanding this, the level of employment the sector generates and the level on income to workers, service providers and business can measure the impact of the tourism sector. Employment is created in the investment period as well as in the creation of new products. In addition industries such as art and painting, Craft Production, entertainment, events festival, heritage tourism and lifestyle products benefit. It is therefore necessary to reorient the merchandise offer of local production of specific local attractions such as flora, fauna, and folklore characters.

Tourism is no doubt the leading foreign exchange earner in Grenada, and in the aftermath of the destruction caused by the hurricane in 2004, this is the lead sector in the rebuilding of the economy. However, major weakness in the tourism industry must be addressed. These are:

- The low visitor spending by cruise visitors;
- Grenada is perceived as a high priced/ high cost destination;
- High imports cost on products consumed by tourist;
- Lack of activities/attractions for tourists;
- Weak linkages with the other sectors;
- Little diversity in craft/souvenir items.

Tourism is becoming increasingly significant to Grenada based on the revenue generated while providing jobs for 3,453 persons in the formal sector. However the role that this sector plays in the economic development has not been brought to the fore and in our marketing missions a lot of emphasis is still placed on beaches. If we are going to distribute the benefits from tourism while adding value to the tourism product, Rural Tourism must be seen as an alternative enterprise in this effort.

### **Value Added – Product Development**

My proposition is that the tourism product must be home grown with local inputs. In this way, all the income generated stays in the communities and the country. It is a win - win situation where the tourists get the experience and the citizens generate income. Tourism is a stimulant for rural communities driving broader economic, social and environmental benefits, in terms of enhancing the quantum and scope of job opportunities, new and improved services and facilities and social and cultural benefits. Increased tourism can help arrest the decline in the rural population, and stimulate conservation of the cultural and natural heritage of Grenada.

However the challenges faced is that while tourism can be a major driver of rural activity, not all of the packages offered are to rural areas due to lack of knowledge about the destination. The majority of hotels are close to the port of entry. The forging of linkages with the Grenada Board of Tourism, Community groups and Non government organisation is important for this new product which will retain the tourism dollar in Grenada.

Despite the challenges, there are important opportunities in developing Rural tourism. Already the Belmont Estate in Grenada is situated in the rural parish of St Patrick's and offers a complete package, which includes tour of the Estate property, locally produced meal and indigenous cultural entertainment. The package also includes a tour of the Cocoa Museum and the traditional 'Dancing the Cocoa beans.' Unfortunately this is one of the products that were completely destroyed by the Hurricane. However initiatives like this can be duplicated in other parishes of cultures unique to the parish.

### **Value Added – Culture and Heritage**

There is growing interest in authentic cultural and heritage experiences, and particularly indigenous experiences. Increasing visitation by international visitors is encouraging investment in the Maroon Festival in Carriacou. This product can be developed not only for foreign visitors but can also be a major attraction for locals. Families can postpone travelling abroad and instead participate in these festivals. The Maroon festival is held on the island dependency of Carriacou. It entails air or sea travel, hotel and accommodation and meals. Thousands of foreign exchange can be saved if local families chose this festival as a family vacation.

***Festival tourism*** should be promoted with music, dance, craft is emerging as an important contributor and is also slinked to rural communities. These festivals can be developed to commercially viable ventures and bring benefits through the use of local entertainers, music, food. These events have trickle down effect to all citizens including taxi drivers and vendors and con contribute to the poverty alleviation and important income earnings to rural communities. Importantly, these festivals can be spread over parishes since each parish in Grenada has its unique identity and festivals.

***Eco Tourism*** should be encouraged as a tool for adding value to the tourism dollar

### **Value Addition – Quality Management**

Fitting the diverse experience of the visitor is challenge. Therefore the quality of service, understanding the customer need, training of staff, having the right products, ensuring that the experiences offered meets expectations are all major issues. It is therefore important to invest in the Human resource to ensure that customers are satisfied and more often this leads to repeat visitors to the country. After all work of mouth is the best marketing tool.

### **Value Addition – Business Support**

As stated before, the tourism sector encompasses large number of persons in small islands like Grenada who remains undocumented. It is therefore important that Government Agencies< Non

Government Agencies and the private sector provide business support to the small enterprises with linkages to tourism. Successful agricultural enterprises, Craft Markets and Entertainment centres can be built once the enabling environment is created in the communities.

### **Building Links**

Lots of services offered in the tourism sector depend on the availability of goods and services by all other sectors in the national economy. In this regard there should be important linkages to this lead sector such as:

- Agriculture and Agro Business;
- Craft and Gift Items;
- Entertainment;
- Heritage and Culture;
- Linking with Training programmes for product development;
- Floriculture;
- Nature-based Recreation;
- Wildlife and fish;
- Fairs Festival and other Special events; and
- Product Processing;

The linkages between tourism and Agriculture have been talked about for a long time. However, tourists are aware of health concerns and are now demanding freshly produced products and in some cases organically produced products. There is an important niche for agricultural and agro processed products. Important linkages can be established to add value to the agricultural products such as spices for sale to tourists. Contracts can also be established with Farmers to supply hotels with fresh fruits and vegetables. Important links can also be established with hotels so that tourist as a tourism environmental product for a small users fee can make Farm visits. The product can be extended to farm tours, linked to cultural entertainment and meals.

It is instructive to note that the role of the tourism sector is changing in the small island states and therefore there is an emergence of new products linked to communities, which have been operating, independent of the formal institutions. There is a scope for growth in these new products and Grenada can establish its niche. It is important to note also that the Caribbean now represents the largest source of visitors to Grenada.

### **The Way Forward**

Grenada, "Isle of Spice" is positioned as a destination for relaxation, romance and Soft Adventure in the international market and for Family and Fun in the Caribbean. Presently, the island is not established in the market with any distinctive product offer. It is important to address this and promote the unique product offer of products indigenous to Grenada such as our Festivals, Entertainment, Folklore, Flora and Fauna. Product differentiation must be foremost in the mind of tourism policy makers in the offer of goods and services.

The new strategy therefore should be to encourage product and service providers to upgrade the value of services provided without increasing costs. This must be done in tandem with identification of those factors that are likely to give Grenada a competitive edge with a view to enhance and preserve these markets. The factors identified are:

- Unique History and Culture;
- Warm nature and friendliness;
- Scenery/Natural Beauty;
- Rich Marine Habitat; and
- Dive and Yachting.

Rural tourism is an alternative enterprise, which differentiates itself from farming and entertaining. The major changes that will occur is that persons involved will offer products with added value and will be in a position to dictate the price. Major challenges face the tourism products offered. However the management of the change in products and the value addition and important linkages with other sectors will benefit the economy and bring benefits to all.