

### Plenary Session C

#### Value-Based Tourism – Getting the Most of the Tourism Dollar

**The Issue:** For many developing and transition economies, the tourism sector represents a critical component of the national economy. It generates employment. It earns foreign exchange. And in the eyes of most national planners and strategy-makers, that's about it.

Understandably, therefore, most tourism master plans devote attention to “managing sustainable growth” defined, on the demand side, in terms of numbers of visitors, “room-nights”, room rates and dollars spent at attractions, and, on the supply side, in terms of type of attractions, the number of rooms available and the enabling and facilitating environment.

Tourism development strategies, in turn, highlight:

- the marketing, sometimes targeted, more often not, of the “enhanced visitor experience”;
- the promotion of foreign direct investment in hotels and resorts; and, increasingly
- environmental protection.

It seems like a winning formula for those countries that successfully differentiate their tourism “product”. Certainly, projections suggest that, over the long term, there will be a significant increase in tourists and that they will be willing to travel further, and to spend more.

**The Proposition:** Tourism is a service export (Mode 2). Maximizing its contribution to national export performance should, therefore, be of primary concern to the export strategy-maker. The export strategy-maker should, accordingly, ensure that he/she is involved directly in the design of tourism strategy.

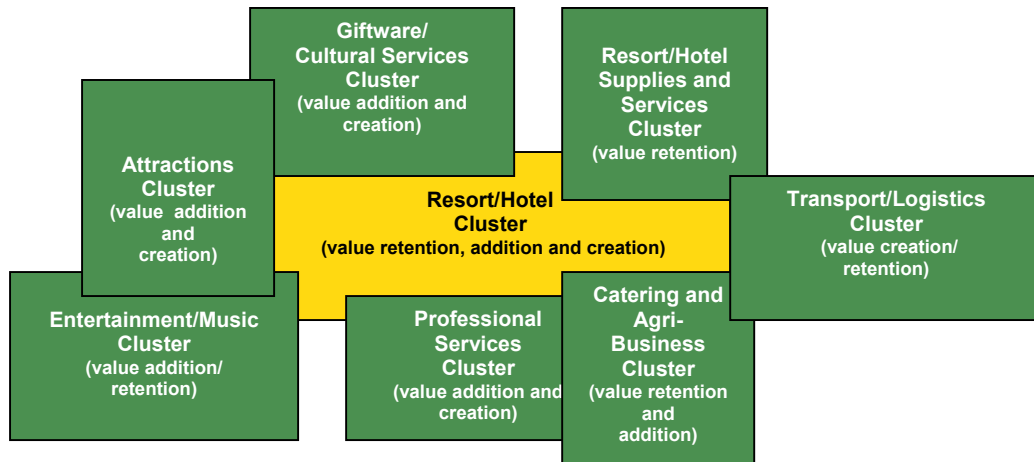
In addition, the export strategy-maker should approach tourism, and tourism development, from a perspective that differs from that of their counterparts in the Ministry of Tourism. Specifically, in addition to ensuring that the national tourism strategy adequately addresses the sector's capacity to compete in the international market for “visitors”, the strategy-maker should ensure that the strategy is built on three additional criteria. Specifically,

- the level of value-retention;
- its contribution to value-addition; and
- the prospect for value creation.

Many master plans and strategies for tourism development do NOT view long-term development of the sector from these strategic perspectives. They should.

A relevant strategic option that highlights this “value-based” approach is for export strategy-makers to promote the concept of a “destination cluster”.

## The Destination Cluster



**Focus of the Debate:** It is proposed that the debate focus on the following:

1. Who runs the tourism business – the tourist, the tour operator, or the destination?
2. Given the realities of the tourism business, what should be the cornerstones of a competitive national tourism strategy?
3. What should the role of the export strategy-maker be in determining the focus and content of the national tourism development strategy and what are the impediments, if any, to assuming such a role?
4. Does the “destination cluster” concept represent a viable, and priority, option? If so, how best should “value-based” linkages within the cluster be developed to achieve greatest commercial and developmental impact?