PART II TOURISM PERFORMANCE

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10. TOURISM DEMAND TO DOMINICA

10.1 TRENDS IN VISITOR ARRIVALS

Trends in the main category of visitors are shown on the following table.

Table 10.1: Visitor Arrivals, 1999 - 2005

Category	Numbers					
	1999	**2001**	**2002**	**2003**	**2004**	**2005***
Stay-over tourists	73,500	66,400	69,200	73,100	80,100	78,600
Excursionists	3,900	2,000	1,700	3,900	2,600	680
Cruise Pass	202,000	207,600	136,800	177,000	383,600	301,500
Yachties	N/A	N/A	10,500	10,000	11,600	10,500

*Source: CSO, Dominica. *provisional N/A – not available*

10.1.1 Stay-Over Tourist Arrivals

Between 1999 and 2003, visitor arrivals averaged around 70,000 annually. In 2004, numbers increased by about 9%. Preliminary estimates for 2005 indicate a slight decline.

Table 10.2: Stay-Over Tourist Arrivals by Source Market

Market Numbers						
	1999	**2001**	**2002**	**2003**	**2004**	**2005***
US/CAN	17,800	16,400	17,500	17,600	19,300	20,000
Europe	12,000	10,800	10,100	10,800	10,200	10,100
French W.1	20,200	16,900	16,900	17,700	20,400	18,500
Other Caribb.	11,600	13,300	14,300	13,900	14,000	14,000
Rest of Americas	10,900	7,800	9,200	12,100	15,100	15,000
Other	900	1,200	900	900	800	1,000
Total	**73,500**	**66,400**	**69,200**	**73,100**	**80,100**	**78,600**

*Source: CSO, Dominica, CTO *Consultants estimates*

A number of points emerge from the analysis;

- tourist numbers from the US/Canada averaged around 17,000 annually until 2003. Significant increase in 2004 and maintained in 2005 largely due to aggressive promotional campaign to the dive market.

  - US stay-over visitors number about 18,000. However, when visits by Ross University students are excluded, US tourist numbers are about 13,000 annually.

- European tourist numbers average around 10,000 annually – about 13% of total arrivals, of which about 60% from UK and 20% from France.

- tourist arrivals form Rest of Americas have increased significantly since 2001

- stay over arrivals from French W1 are about 18,000 annually since 2003

- tourist arrivals from Other Caribbean countries are about 14,000 annually.

10.1.2 Excursionist Market

Since 2003 the excursionist market has declined sharply – now barely 700 visitors annually.

Guadeloupe is Dominica's major market for excursionists, who are mainly organised groups generated by one or two travel organisers (including ferry owners) and who travel by special ferry. (The regular ferry does not bring many excursionists).

Most are Guadeloupe residents who visit nature areas and the Carib Reservation. They are the main purchasers of Carib handicrafts.

10.1.3 Cruise Ship Arrivals

Demand for Caribbean cruises continues to be buoyant.

Table 10.3: Cruise Ship and Passenger Arrivals, 1999 - 2005

Year	**1999**	**2001**	**2002**	**2003**	**2004**	**2005**
Cruise pax (000s)	202	208	137	177	384	301
Cruise ship calls	263	231	187	206	299	234
Average	**770**	**900**	**730**	**860**	**1,280**	**1,280**

A number of points emerge from an analysis of the data:

- in terms of cruise ship visits, there is no overall pattern of sustained growth.

- in common with many Caribbean islands, Dominica experienced a poor year in 2002, with a significant recovery in 2003 followed by a sharp increase in 2004, followed by a decline in 2005. The spike in 2004 was probably as a result of the hurricane in Grenada, which forced some cruise ships to change their itinerary to Dominica.

- the growth patterns with cruise passengers has been rather different from that with cruise ship calls. The reason for this disparity is the increasing size of vessels. Average passenger numbers per ship have increased from 770 in 1990 to just under 1,300 in 2005.

- there are no data on cruise passenger activities on arrival in Dominica, but estimates according to the Jacobs Gibb study[11] are:

  - 50% take tours purchased on-board
  - 5% take NDC organized tours
  - 10% remain on board
  - 15-20% commission other taxi operators
  - 15-20% walk around locally

- tours sold are to the ecotourism sites, primarily Trafalgar Falls and Emerald Pool.

10.1.4 Yacht Arrivals

The number of yacht arrivals has ranged between 1,800 and 2,000 annually since 1999.

Table 10.4: Yacht and Associated Passenger Arrivals

	1999	2001	2002	2003	2004	2005
Yacht arrivals	1,870	2,039	1,822	1,811	1,952	n/a
Crew/passengers	10,129	11,219	10,536	10,069	11,627	n/a
Average pax	**5.4**	**5.5**	**5.8**	**5.6**	**6.0**	n/a

Source: CSO, Dominica,

- Dominica currently has no infrastructure to support the development of the yachting sector

- Dominica's geographic location within the hurricane belt means that yachting is only really viable during the dry season.

- The yachting sector has potential but will need investment in marinas, safe moorings, storage and repair facilities, provisioning, etc.

10.2 VISITOR ARRIVALS BY PRIMARY PURPOSE OF VISIT/ACTIVITY

As there is no published information on the characteristics of Dominica's tourism (what tourists do, spend etc) the following breakdown of tourist numbers by 'primary' activity engaged in can only be regarded as indicative.

[11] Feasibility of a New Cruise Ship Berth for Dominica, April 2006, Jacobs Gibb

Table 10.5: Indicative Breakdown of Visitor by Activity/Motivation, 2005

Activity/Motivation	**Numbers**
A. Stay-over Arrivals	
(i) Vacation - general/leisure - nature tourism - scuba dive	54,000 - 31,000 - 20,000 - 3,000
(ii) Visit Friends & Relations	7,000
(iii) Business & Bus Vacation	9,000
(iv) Study	5,000
(v) Other	3,600
Total Stay-Over Arrivals	**78,600**
B. Yachties	12,000
C. Excursionists	700
D. Cruise	301,500

Source: Consultants' estimates

We estimate that about 70% of tourist arrivals come primarily for vacation. However, this doesn't mean that all are non-Dominican. In fact, a high proportion are Dominican related, as evidenced by the proportion of tourists staying with friends and relatives – about 55%. Allowing for this, we estimate that non-Dominican related tourists (excluding scuba dive) number about 20,000 yearly, a figure which has changed little in recent years.

Similarly, the number of yachties, business arrivals, and students have remained much the same over the last decade.

Little is known about these 20,000 tourists who come to Dominica for nature tourism. – where they come from, what they do, how long they stay, how much they spend etc. As they represent Dominica's main market in the immediate/short term, research should be undertaken to determine their characteristics to enable the formulation of a focussed marketing campaign to increase their numbers. This should also be done in respect of the dive segment.

10.3 STAY-OVER TOURIST PROFILE

Based on Dominica CSO data, the profile of stay-over tourist arrivals has changed little over the years.

10.3.1 Purpose of Visit

Table 10.6: Stay-Over Tourists by Purpose of Visit (%)

Purpose	1995	1999	2005
Vacation	82	81	73
VFR			9
Business	12	13	11
Study	-	6	6
Other	-		1
Total	**100**	**100**	**100**

Source: Central Statistics Office, CTO

For almost three quarters of stay-over arrivals, vacation is the main purpose of visit. Those whose main purpose is visiting friends and relatives represent about 9% of total arrivals.

About 9,000 come for business purpose and a further 5,000 for study – figures which have remained fairly constant over the last decade.

10.3.2 Place of Stay

As shown on the following table, approximately 36% of all tourist arrivals to Dominica stay in paid accommodation; almost 2/3rd staying in private houses.

Table 10.7: Stay-Over Tourists by Place of Stay

Accommodation	Percentage %						
	1999	2000	2001	2002	2003	2004	2005*
Hotels	19	20	20	19	18	19	19
Guest Houses/Appts	15	16	11	13	13	10	11
Private Houses	56	55	59	60	63	63	63
Other Paid	5	6	7	7	5	7	6
Other	5	3	3	1	1	1	1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: CSO Dominica, CTO **provisional*

It is worthwhile noting that an increasing proportion of tourists are staying in 'private houses'. Without a detailed visitor survey, it isn't possible to be definitive as to the reasons for this growth, but is probably a combination of:

- increasing numbers of tourists staying with friends and relatives
- emerging residential tourism market, whereby tourists own 'holiday homes' on Dominica.

10.3.3 Length of Stay

The average intended length of stay of tourist arrivals to Dominica is increasing.

Table: 10.8: Tourist Arrivals by Intended Length of Stay

Length of Stay (days)	% Distribution					
	1999	**2001**	**2002**	**2003**	**2004**	**2005**
1 – 3	27	26	25	24	21	n/a
4 – 7	37	28	32	39	42	n/a
8 – 14	13	15	16	17	18	n/a
15 – 21	7	4	4	4	5	n/a
22 +	16	13	11	11	9	n/a
Not stated	n/a	14	11	4	4	n/a
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Dominica CSO n/a: not available

- numbers staying 1 – 3 days have tended to decline
- those staying 4 – 7 and 8 -14 days have increased steadily. In 1999, the proportion of tourists staying 4 – 14 days was 50%; the corresponding proportion in 2004 was 60%, indicating an increasing length of stay.

The median length of stay is approximately seven days.

10.4 STAYOVER TOURISTS CHARACTERISTICS BY SOURCE MARKET

The NDC undertook a limited visitor exit survey during 2005 to collect information on the motivations and spending characteristics of stayover tourist arrivals. The sample size was about 400. Although the survey data have yet to be collated, analysed and published, the following are indicative of the findings.

10.4.1 US Market

Main Purpose of Visit	No.	%
Vacation	17	38
VFR	14	31
Business Only	1	2
Vac/Bus	8	17
Diving	2	4
Other	3	6
Total	**45**	**100**

Place Stayed	No.	%
Hotel	12	31
Guesthouse	2	5
F & R	22	58
Appt/Villa	2	5
Other		1
Total	**38**	**100**

Dominica National Resident Abroad: Yes: 40% No: 60%

Nights in Dominica	No.	%
1 – 3	6	20
4 – 7	14	47
8 – 12	4	13
13 – 15	3	10
16 – 20	3	10
Total	**30**	**100**

weighted avg: 7.5 nights

Party Composition	No.	%
Alone	14	37
Family	8	21
Spouse/Partner only	10	26
Group/Friends	6	16
Other	-	-
Total	**38**	**100**

Travel on Package: Yes: 2% No: 98%

Average Expenditure per head: US$ 660.00

10.4.2 UK Market

Main Purpose of Visit	No.	%
Vacation	5	39
VFR	3	23
Business Only	2	15
Vac/Bus	1	6
Diving	2	15
Other	-	-
Total	**13**	**100**

Place Stayed	No.	%
Hotel	2	18
Guesthouse	1	9
F & R	5	45
Appt/Villa	2	18
Other	1	8
Total	**11**	**100**

Dominican National Resident Abroad: Yes: 23% No: 77%

Nights in Dominica		%
1 – 3	2	15
4 – 7	6	46
8 – 12	1	8
13 – 15	4	30
16 – 20	-	6
Total	**13**	**100**

weighted avg: 7.9 nights

Party Composition	No.	%
Alone	8	57
Family	1	7
Spouse/Partner only	2	14
Group/Friends	3	21
Other	-	-
Total	**14**	**100**

Travel on Package: Yes: 7.5% No: 92.5%

Average Expenditure per head: US$ 1,080.00

10.4.3 French Caribbean Market

Main Purpose of Visit	No.	%
Vacation	23	74
VFR	3	10
Business Only	-	-
Vac/Bus	-	-
Diving	1	3
Other	4	13
Total	**31**	**100**

Place Stayed	No.	%
Hotel	4	13
Guesthouse	4	13
F & R	21	68
Appt/Villa	2	6
Other	-	-
Total	**31**	**100**

Dominican National Resident Abroad: Yes: 30% No: 70%

Nights in Dominica		%
1 – 3	14	48
4 – 7	9	31
8 – 12	3	10
13 – 15	1	3
16 – 20	-	-
20+	2	7
Total	**29**	**100**

weighted avg: 4.5 nights

Party Composition	No.	%
Alone	8	31
Family	4	15
Spouse/Partner only	3	12
Group/Friends	11	42
Other	-	-
Total	**26**	**100**

Travel on Package: Yes: 2% No: 98%

Average Expenditure per head: US$ 405.00

10.4.4 Other Europe Market

Main Purpose of Visit	No.	%
Vacation	1	20
VFR	1	20
Business Only	3	60
Vac/Bus	-	-
Diving	-	-
Other	-	-
Total	**5**	**100**

Place Stayed	No.	%
Hotel	1	20
Guesthouse	-	-
F & R	2	40
Appt/Villa	2	40
Other	-	-
Total	**5**	**100**

Dominican National Resident Abroad: Yes: 20% No: 80%

Nights in Dominica		%
1 – 3	1	25
4 – 7	2	50
8 – 12	1	25
13 – 15	-	-
16 – 20	-	-
Total	**4**	**100**

weighted avg: 5.75 nights

Party Composition	No.	%
Alone	3	60
Family	1	20
Spouse/Partner only	1	20
Group/Friends	-	-
Other	-	-
Total	**5**	**100**

Travel on Package: Yes: 0% No: 100%

Average Expenditure per head: US$ 965.00

10.4.5 Other Caribbean Market

Main Purpose of Visit	No.	%
Vacation	21	72
VFR	2	7
Business Only	2	7
Vac/Bus	4	14
Diving	-	-
Other	-	-
Total	**29**	**100**

Place Stayed	No.	%
Hotel	7	26
Guesthouse	8	30
F & R	10	37
Appt/Villa	2	7
Other	-	-
Total	**27**	**100**

Dominican National Resident Abroad: Yes: 17% No: 83%

Nights in Dominica		%
1 – 3	8	35
4 – 7	11	48
8 – 12	4	17
13 – 15	-	-
16 – 20	-	-
Total	**23**	**100**

weighted avg: 5 nights

Party Composition	No.	%
Alone	15	50
Family	4	13
Spouse/Partner only	4	13
Group/Friends	6	20
Other	1	3
Total	**30**	

Travel on Package: Yes: 0% No: 100%

Average Expenditure per head: US$ 445.00

11. DOMINICA'S COMPETITIVE PERFORMANCE

11.1 MARKET PLACE POSITION

Competitiveness is a relative measure, describing a state which is better or worse than that of others. The acid test of competitive performance is *market share*.

In broad terms, where Dominica has maintained or increased market share can be interpreted as maintaining or improving *competitiveness*. Conversely, where Dominica has lost or is losing market share, this can be taken as an indicator of loss of competitiveness. In this context, the gains or losses in competitiveness may be due to changes in product quality, standards of service, access, changing consumer trends, etc., and not just changes in relative prices.

Market share performance can be addressed at a number of levels – globally, individual source markets, competitor grouping.

11.1.1 Stay-Over Arrivals

Global Market

With approximately 78,600 stay-over arrivals, Dominica's share of total tourist arrivals in the Caribbean is minuscule (less than half a percent). Likewise, Dominica's share of tourist arrivals to OECS countries is also small.

Table 11.1: Dominica's Share of Caribbean and OECS Tourism Markets

Markets	Share %					
	1999	2001	2002	2003	2004	2005*
Total Caribbean	0.4	0.3	0.4	0.4	0.4	0.4
OECS countries	6.0	6.0	6.0	6.0	6.0	6.1

*Source: CTO *Consultants estimates*

In broad terms, the figures indicate that Dominica's market share has remained constant over the years, suggesting Dominica has maintained its competitive position in the market, neither improving nor losing.

Competitor Grouping Market

From the general perspective, Dominica is in competition with every other tourist destination in the Caribbean Basin area. However, from the niche market perspective, Dominica is in close competition with little more than a handful of other destinations offering a similar type product. In one sense, defining this competitor set is fairly straightforward, as Dominica's tourism product at the moment is unquestionably 'nature tourism' and consequently should be compared with destinations with similar product offering. However,

because location, ease of access and air fares are major determinants in the choice of holiday destination, their inclusion as determining factors can change the composition of countries making up the competitor set. The problem is that the greater the number of destinations included in the competitor grouping, the less meaningful the concept becomes when used as an indicator of performance.

What matters for practical purposes is the degree of potential substitution – i.e. the extent to which tourists generally would regard particular destinations as acceptable options. So regarded, the classification adopted is unlikely to be misleading.

Based on the types of product offered, Dominica's competitor grouping is seen as follows:

- **Grenada, Belize, Guyana, Suriname, St. Lucia, St. Vincent, Saba.**

Table 11.2: Dominica's Share of Competitor Grouping Market

Competitor	**Numbers and Share (%)**				
	000's	**000's**	**000's**	**000's**	**000s****
	1999	**2001**	**2003**	**2004**	**2005**
Belize	181	196	220	231	236
Dominica	**74 (9.2%)**	**66 (8.2%)**	**73 (8.3%)**	**80 (8.5%)**	**78 (8.5%)**
Grenada	125	123	142	134	98
Guyana	100	99	101	122	116
Saba	9	9	10	11	11
St. Lucia	260	250	277	298	318
Suriname	57	60*	60*	60*	60*
Total	**806**	**803**	**883**	**936**	**917**
Share of Caribbean	**19,119 (4.2%)**	**19,534 (4.1%)**	**20,355 (4.3%)**	**21,760 (4.3%)**	**21,784 (4.2%)**

*Source: CTO * inputted, as estimates- official statistics not available ** consultants estimates*

A number of conclusions can be drawn from Table 11.2.

- Dominica's 'nature tourism' competitive grouping attracts between 4% and 5% of total tourist stay-over arrivals to the Caribbean.

- This share has been constant over the past five years, suggesting that market demand for these 'nature tourism' destinations is not growing any faster than overall demand to the Caribbean.

- Dominica consistently receives about 8.5% share of the market for its competitive grouping.

- There is considerable room for Dominica to expand its share of the 'nature tourism' destination market.

11.1.2 Cruise Ship Visitor Arrivals

As shown on the following table, there is no discernable growth pattern of cruise ship visitor arrivals to the Caribbean. This is to be expected since the figures represent not the actual number of cruise passengers to the Caribbean but the number of visits to various destinations. As cruise ship itineraries change from year to year, (as destinations are added or substituted) the total number of passenger arrivals recorded by the different islands will change.

Table 11.3: Dominica's Share of Cruise Passenger Visits to Eastern Caribbean

Countries	**Visits (000s)**		
	2003	**2004**	**2005**
Dominica	177	384	301
BVI	304	467	449
St. Kitts*	250	250	250
Antigua	386	523	467
St. Lucia	393	481	394
Grenada	147	230	275
Barbados	559	721	564
Guadeloupe	195	200	200
Martinique	269	159	93
St. Maarten	1,181	1,348	1,488
USVI	1,774	1,965	1,913
East Caribbean	5,635	6,728	6,394
Total Caribbean	**17,697**	**19,233**	**18,539**

*Source: CTO *inputed Jacob Gibb*

Taking a three year average, Dominica attracts about 4.5% of cruise ship visitor arrivals to Eastern Caribbean destinations and about 1.6% of total cruise ship visitor arrivals to the Caribbean.

11.2 PRODUCT PACKAGAING AND DISTRIBUTION

Foreign Tour Operators' Perspective

A review of tour operator brochures indicates that Dominica is not featured very much, if at all. Based on interviews with a small sample of US and European tour operators with programmes to the Caribbean, the following summarizes the marketplace view:

- limited stock of accommodation and air access constraints makes it financially non-viable for tour operators to include Dominica in their programmes

- lack of market awareness of Dominica makes it a difficult product to sell.

- lack of airlift and 'through' air fares are major constraints.

- general lack of awareness of Dominica and its product among the travel trade is a deterrent for sales

- the European Packaging Directive that makes tour operators liable for any part of their vacation offering falling below acceptable standard and can result in compensation for loss of enjoyment. This makes tour operators reluctant to include Dominica because of unreliable/poor product standards.

- multi-destination packages are less and less in demand, especially where access between destinations is a problem.
  - it is felt that tourists wishing to visit a number of islands are usually FIT travelers who make their own arrangements.

- while most UK and Mainland European large and medium volume Caribbean tour operators appear sympathetic to the Dominica situation, they see little possibility for including Dominica in their programmes in the short term without improvement in air access and product range and quality.

- specialist niche market operators have some interest but only a small number of specialist USA and UK operators feature Dominica – approximately 5 operators in the USA and 4 in UK.

Ground Tour Operators' Perspective

Reflecting the lack of interest/coverage by foreign tour operators, few if any of Dominica's ground tour operators undertake promotional activities to any foreign/overseas travel trade intermediary other than cruise companies. The dive operators sell either directly via their respective web sites or indirectly through foreign specialist tour operators; the main hotels/resorts do their own marketing. Basically, the problem is the lack of product and marketing funds.

Customer Perspective

A survey undertaken by Conde Nast among readers who have visited the Caribbean showed that Dominica did not score highly - coming overall 35 out of 40 destinations surveyed. Dominica scored poorly for restaurants, accommodation and (obviously) beaches. However there were disappointing scores for scenery and friendliness - both of which are considered to be central to Dominica's market-place appeal.

11.3 PRODUCT COMPETITIVENESS

Dominica's market position can also be assessed from a product competitiveness standpoint. From this perspective Dominica is not just in competition with other similar vacations in the Caribbean, but worldwide.

11.3.1 Primary Products

Currently, Dominica's primary tourism products (i.e. the strong attractors) are:

- general leisure/nature/eco-resorts
- scuba dive
- hiking/trekking
- festivals/events
- cruise

Eco-Resorts

Although Dominica has one or two eco-resorts, they are not quality resorts of the type found in Belize and Costa Rica. Belize for example has a wide range of resorts from five star condominiums, to high quality off-shore island resorts, beach resorts, spas, specialist dive and fishing resorts to small luxury lodges and simple cottages. Both Belize and Costa Rica offer a wider range of accommodation, particularly at the quality end of the market, plus a mix of beach, eco and activity locations than Dominica currently does.

Dive

Skin Diver magazine rates Dominica as the fifth best dive destination in the world. In the 2006 Scuba Diving Readers' Choice Awards, Dominica was a) in the Top Three among top dive destinations, b) in Top Five among top wall diving destinations, and first among Caribbean/Atlantic countries in respect of healthiest marine environment. Despite these high ratings, Dominica only attracts about 3,000 divers annually. The main reason for this, according to the Water Sports Association, has been the lack of promotion. Undoubtedly this is true, but there are other factors, including access. Another major factor is that the Dominica dive product is primarily geared to the 'serious' diver – the diver who is primarily interested in the quality of the dive itself and only secondly influenced by the supporting facilities and amenities (hotels, restaurants, etc.). Secondly, the Dominica dive product doesn't cater for the accompanying non-divers. Major Caribbean dive competitors like Bonaire, Belize and Cayman as well as having a developed dive operator private sector with a strong market presence, also have good beach products and thus have a wider appeal to families and groups.

Hiking/Trekking

As described earlier, Dominica offers a range of well-developed trails for hiking, with challenging three to four hour hikes to the Boiling Lakes, Middleham Falls, Morne Diablotin, Trois Pitons, Syndicate Nature Trail etc. However, the hiking/trekking product is primarily geared to the 'serious' hiker. Dominica's trails to some extent lack themes, variety and creative vision and thus have a fairly limited appeal, other than to serious hikers. As an example, Belize offers a wide range of trails and trekking that can be on foot, biking or on horseback. The trails are themed with nature, history and culture and feature overnight stops in tents or camps – where locals/communities prepare food and present cultural shows. Some escorted hikes include wildlife sanctuaries, snorkeling, as well as experiencing the rainforests, jungles, national parks and wildlife. They also feature a good range of equestrian trails and with over 600 species of birds, offer a wider product to those seeking a nature and outdoor holiday.

In summary**,** the major competitors in this segment of the market are the Central American destinations of Belize, and Costa Rica, which offer a more comprehensive product including culture, active volcanoes, more varied wildlife, supported by a high quality accommodation and cuisine. A major problem for Dominica is that the Caribbean is not perceived as a hiking/trekking or nature destination, but primarily as a sea-sun-sand vacations destination.

Festivals/Events

Presently Dominica's major festivals and special events include inter alia:

- World Creole Music Festival
- Carnival
- Giraudel / Egleston Flowershow
- Dom Festa
- Fete Idisore, Fet La St. Pierre
- Dive Fest
- Emancipation Celebrations
- Summer Festival in Portsmouth
- Independence Day Celebrations

These events are inextricably linked with the domestic and intra Caribbean market, along with returning nationals.

Cruise

Dominica received 234 cruise ship calls in 2005 and 301,500 cruise visitors. This compares with the 850,000 cruise visitors to Belize where the destination is considered an attractive nature / history / culture "tour" destination for cruise passengers. Belize, because of its exotic wildlife sanctuaries (jaguars,

reptiles, crocodiles and monkeys, etc.), the Mayan temples and other historical sites, together with its diving, fishing, windsurfing and beach products has made it a popular destination among the cruise passengers.

Dominica's popularity with cruise companies is that it offers a distinctly different attraction - smaller, quieter and more traditionally Caribbean in its offerings than other destinations with visits to nature sites.

Current problems are that Dominica is suffering from a shorter cruise season (due to the extended hurricane seasons in recent years) and the reduced range of the short duration cruises due to fuel cost economics that puts Dominica beyond some of the shorter duration cruises.

11.3.2 Secondary Products

Dominica's secondary tourism products are:

- yachting, and
- whale watching

Yachting

The main moorings are off Newtown / Roseau, and Portsmouth. Usually there are between 20 to 30 boats anchoring in each area during the high season. However, facilities and services are inadequate in respect of moorings/chandlery services, refueling, showers, laundry etc.

Whale Watching

The calm waters and great depth of the ocean immediately off the coast, facilitates whale watching relatively close to shore. Seven types of whales and eleven species of dolphins have been sighted in Dominican waters. The Sperm Whale is the most frequently found species year round (more predominantly during November through March).

In Dominica the number of whale watchers increased from 5,000 in 1998 to 8,000 in 2000 compared to St. Lucia with 4,000 and St. Vincent & the Grenadines with 1,200 watchers, while the larger destination Dominican Republic had 32,000 in the year 2000[12].

Currently, whale watching is not a major attractor of tourists to Dominica probably because in itself whale watching is not a prime tourism product and is usually treated as an add-on to other products.

Whilst whale watching is relatively big in volume terms in South Africa and New Zealand, as well as St. Lucia and the Dominican Republic compared to Dominica, these countries have a bigger pool of tourists to sell to. Whale

[12] Marketing Strategy and Action Plan for Dominica, Tourism Intelligence International, 2004

watching as a percentage of overall vacation tourists and cruise arrivals in St. Lucia and Dominican Republic is probably not too much different to Dominica.

Commercial whale watching has become a major international conservations issue since the International Whaling Commission moved in June 2005 towards the lifting of the 1985 moratorium on commercial whaling. In October Iceland broke this 21 year ban and licensed the catching of 9 fin whales and 30 minke whales during the next 10 months.

It is worthwhile noting that, as a direct result, Iceland's tourism industry was hit by worldwide negative publicity resulting in cancellations of tours, accommodation bookings, etc. At this point in time it is questionable whether this policy reversal will result in a net benefit to the Icelandic economy (gain to the fishing sector versus loss to tourism sector).

The issue will be considered again at the next meeting of the International Whaling Commission. Whatever the attendant moral issues, it is important that Dominica's position is firstly, consistent with its nature/conservation policy stance, and secondly, takes into account the economic importance and future role of tourism to the economy.

12. ECONOMIC VALUE

12.1 MACRO-ECONOMIC IMPACT

Tourism's value is the national economy measured in terms of:

- boosting GDP growth
- employment generation
- tax revenues to government
- income generation at community level
- foreign exchange earnings, helping to off set the Balance of Trade deficit
- linkages with other sectors of the economy.

The economic impact derives from the spending by visitors. In 2005, expenditure by visitors excluding Ross University students is estimated at EC$150M (see Addendum 38.1 for a more detailed breakdown of visitor expenditure estimates).

Table 12.1: Visitor Expenditures Estimates

Visitor Expenditure	**EC$(000's)**			
Category	**1997**	**2003**	**2004**	**2005****
Stay-over tourists*	105,000	127,140	133,390	n/a
Excursionists	220	730	490	n/a
Cruise ship visitors	17,200	13,430	29,820	n/a
Total Visitor Expenditure	**122,400**	**141,300**	**163,700**	**150,000**
Gross Domestic Product	**650,000**	**707,400**	**737,600**	**800,000**

*Source: CSO Dominica **Consultant's estimates *includes Ross University Students*

- **Contribution to GDP:** Gross Domestic Product (GDP) is a measure of total output of an economy. In 2005 Dominica's Gross Domestic Product at market prices was estimated at EC$800M and international tourism revenue at about EC$150M. Tourism's direct contribution to GDP was, therefore, 19%, a very significant proportion and a similar figure as in 1997.

  However, it should be noted that tourism receipts are at gross value and strictly speaking, the imported inputs to tourism sales should be excluded before expressing them as a proportion of GDP. To the extent, therefore, that direct imports have not been excluded, tourist receipts as proportion of GDP will be overstated. There are no published statistics available on the proportion that direct imports represent. However, on the assumption that direct import represent between one-half and two-thirds of tourist expenditures, tourism's direct contribution to GDP is between 6.5 and 10%.[13]

[13] In the GoCD national accounts, the 'hotels and restaurants' sector represent about 2.5% of GDP. However, as a number of tourism activities, such as tours, scuba dive, car rental are not included, this figure significantly underestimates the tourism sector's contribution.

- **Employment**: Based on the 2001 census[14] figures, we estimate that total national employment in 2005 was about 25,000 with the numbers unemployed about 3,000 – representing approximately 11% of the economically active population.

  Of those employed, just over 5% (1,300) are employed in hotels and restaurants. When those employed in the other sub-sectors of the tourism industry (tour operators, dive shops, tour guides etc) are included, we estimate that some 2,500 jobs are directly dependent on tourism.

- **Tax revenues to government:** taxes are derived from tourism in a number of ways which include excise and customs duties on imported foodstuffs and beverages; departure taxes; incomes taxes, company taxes and the sales tax on accommodation and F&B in hotels.

  Government statistics are insufficiently disaggregated to identify tourism's contribution. However, the following figures are indicative of the magnitudes involved.

Table 12.2: Estimated Government Tax Take from Tourism, 2005

Revenue Source		Amount EC$(000's)
(i)	embarkation tax	4,000
(ii)	cruise ship tax	3,500
(iii)	room tax (5% of tariff)	500
(iv)	consumption and sales taxes	3,500
(v)	import duties etc	3,500
(vi)	income taxes (individual and company)	1,500
(vii)	user fees, permits, licences	2,500
(viii)	other revenue (includes cruise waste disposal, airport charges)	5,000
(ix)	other	1,000
TOTAL		**25,000**

Source: Consultant's estimate

We estimate total tax revenues from tourism in 2005 to have been about EC$25M, representing just over 10% of total Government tax revenues in that year.

[14] Population and Housing Census, 2001, Central Statistics Office

- **Foreign exchange earnings:-** foreign exchange earnings from tourism permit Dominica to have a higher Balance of Trade deficit, and by implication a higher level of economic activity and welfare, than would otherwise be the case.

  Dominica's trade deficit in 2005 is estimated to have been about EC$335m – representing about 40% of GDP. In the same year, gross foreign exchange earnings from tourism offset almost **half** of this trade deficit, contributing significantly to Balance of Payments stabilization.

- **Contribution to income generation at community level**:- as tourism is characterised by the fact the consumer comes to the product rather than the product to the consumer, the sector has important community impacts in generating incomes and employment at local level. This is particularly evident in the interior.

- **Linkages with other sectors of the economy**:- in general, tourism tends to have a high 'value-added' content – it is labour intensive and a considerable proportion of what the tourist consumes or purchases can be produced domestically. The beneficial implications are:

  - a high 'multiplier' effect of tourism, whereby the initial demand created by tourism spending is passed on to other sectors
  - high linkage effect with a wide range of sectors of the economy.

12.2 ECONOMIC VALUE OF DIFFERENT CATEGORIES OF VISITORS

From the standpoint of the tourism sector and the general economy, the economic impact of the different categories of visitors varies significantly.

12.2.1 Stay-Over Tourists

Stay-over Tourists (including VFR) spend an average of about EC$1,560 (US$585) per head. Based on an estimated average length of stay of 7 days, average daily spend is about EC$230 (US$85) per head.

Although the expenditure survey undertaken by the NDC in 2005 was not sufficiently large to derive average expenditure figures for general leisure tourists as distinct from those tourists staying with friends and relatives, an inspection of the survey results indicated that the difference was not significant.

This is probably due to the facts that general leisure tourists have a shorter length of stay then those visiting friends and relatives and there are fewer opportunities (fewer things to do, etc.) to spend money in Dominica in comparison with other destinations. For example, the average daily spend by stay-over tourists in 2005 in Barbados was about US$145, some 40% of which was in respect of meals, entertainment, shopping, transport.

12.2.2 Cruise Visitors

No expenditure survey among cruise visitors to Dominica has been undertaken since the mid 90s. The NDC estimated that cruise visitors spend an average of about US$30 (EC$80) per head. The basis for this figure is unclear.

An average expenditure of US$30 per head is low in comparison with some Caribbean destinations. For example, cruise visitors to Barbados spent an average of about US$65 per head in 2005, only a small proportion of which was spent on tours and transport and about half on shopping.

meals & drinks:	10%	duty free:	25%
transport:	18%	handicrafts:	10%
tours:	18%	other shopping:	10%

However, other destinations such as the British Virgin Island report a lower average per capita spend - US$25 (2004).

Using an average expenditure of EC$80 per head for cruise ship visitors significantly underestimates the value of this product since this figure excludes revenues generated from specific taxes and fees.

We estimate the expenditure associated with cruise ship arrivals to be about US$11M in 2005, broken down as follows.

Expenditure Category		**US$ (000's)**
(i)	Tours and associated exp.	8,100
(ii)	Other Expenditures	900
(iii)	Cruise Ship Tax	1,300
(iv)	Environmental Fee (US$1.5)	300
(v)	Port Charges & Provisions	400
Total		**11,000**

**Excluding commission to Cruise Ship Companies*

12.2.3 Excursionists

In 2005, there were an estimated 700 excursionists. There are no published figures indicating expenditure per head. We have used a figure of EC$200 per head, giving a total expenditure figure of EC$140,000.

12.2.4 Yachties

There were an estimated 12,000 yacht visitors in 2005. Using an average spend of EC$250 per head gives a total expenditure of EC$3.0M.

12.2.5 Economic Value of Different Categories of Visitors

The estimated economic value of the different categories of visitors is shown on Table 12.3 following. The figures attempt to capture the total financial impact by including embarkation taxes, cruise ship taxes, etc. They should be regarded as indicative of the magnitudes involved rather than precise estimates.

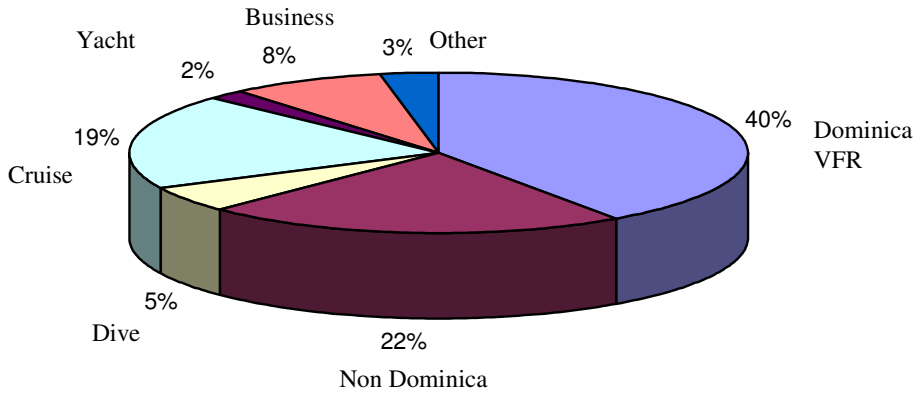
Table 12.3: Economic Value by Category of Visitor, 2005

Category of Visitor	Number (figures rounded)	Expenditure EC$			
		Per visit	Per day	Total (000's)	Value EC$M
Stay-Over Tourists*	75,000			123,000	126.0
*VFR Related***	*40,000*	*1,560*	*N/A*	*62,000*	*64.0*
Non-VFR related	*20,000*	*1,560*	*N/A*	*34,000*	*35.0*
Business	*9,000*	*1,560*	*N/A*	*14,000*	*14.0*
Other	*3,000*	*N/A*	*N/A*	*5,000*	*5.0*
*Dive****	*3,000*	*2,600*	*325*	*8,000*	*8.0*
Cruise Visitors	300,000	80	80	24,000	30.0
Excursionists	700	200	200	140	0.1
Yachties	12,000	250	250	3,000	3.0

*source: Consultants Estimates –*** Dive Association estimates **Stay with friends/relatives *excludes Ross University Students.*

The relative economic importance of the different categories of visitor is shown as follows:

Chart 12.1: Relative Economic Importance of Visitor Categories



Of total visitor spending in 2005, some 40% is accounted for by those coming to visit (and stay) with friends and relatives; 9% is accounted by those coming on business and a further 3% by other tourists. For the most part these visitor categories are not influenced by the NDC tourism promotional campaigns.

Cruise visitors account for 19% of total visitor spending while the non-Dominica related segment – those coming for dive, nature tourism – account for 27%. As the DPA is responsible for cruise tourism, only the non-Dominica related visitor category is the focus of NDC tourism promotional efforts.

13. PERFORMANCE REVIEW

As described earlier, Dominica possess a wealth of natural tourism attractions, including wilderness trails, forests, river systems, mountains and a variety of cultural and historic resources. Despite the general recognition of the attractiveness of the country's natural resources, and the production of numerous plans, Dominica has failed to translate its natural touristic resource base into a viable tourism industry.

13.1 CONSTRAINING FACTORS

There are a number of factors which have constrained the realisation of Dominica's tourism potential. As outlined in Part I of this report, they include infrastructure gaps, lack of facilities and services, insufficient marketing, skills deficiencies, and inadequate management of the sector.

Of these, four are fundamental:

- **Non-Conducive Business Environment**

  The risk/reward balance is unfavourable to investing in the sector. As described in Section 8.5 earlier, there is a lack of transparency with regard to incentives approval; lengthy and complicated processes in securing title land. Crucially, there is no approved land use policy and plan designating areas for particular types of development and no planning guidelines concerning the nature/design of developments. Basically, investing in Dominica is difficult.

- **Restricted and Inconvenient Air Access**

  Travel logistics and flight schedules to reach Dominica from the regional hubs are perceived to be inconvenient and unreliable. On particular routes (notably San Juan – Dominica) there is evidence of insufficient capacity. The situation is compounded by the fact that Melville Hall Airport currently does not have night landing facilities, thus making same day connections problematic for tourists originating from Europe and the US, particularly during certain months of the year.

- **Dominica Virtually Unknown in the Market Place**

  There is little or no national destination promotion, so general consumer awareness is non-existent. Destination marketing activities are primarily composed of participation in tourism fairs, the web-site, and limited public relation activities.

  Dominica does not have the resources for destination and product marketing – its effective promotional budget is about US$750,000 annually. By contrast St. Lucia's budget for destination marketing is about US$5M yearly.

- **Limited Product Offer**

  Dominica offers the international tourism market a very limited product offer in terms of variety, quantity and quality. Dominica's current product offer is limited to:

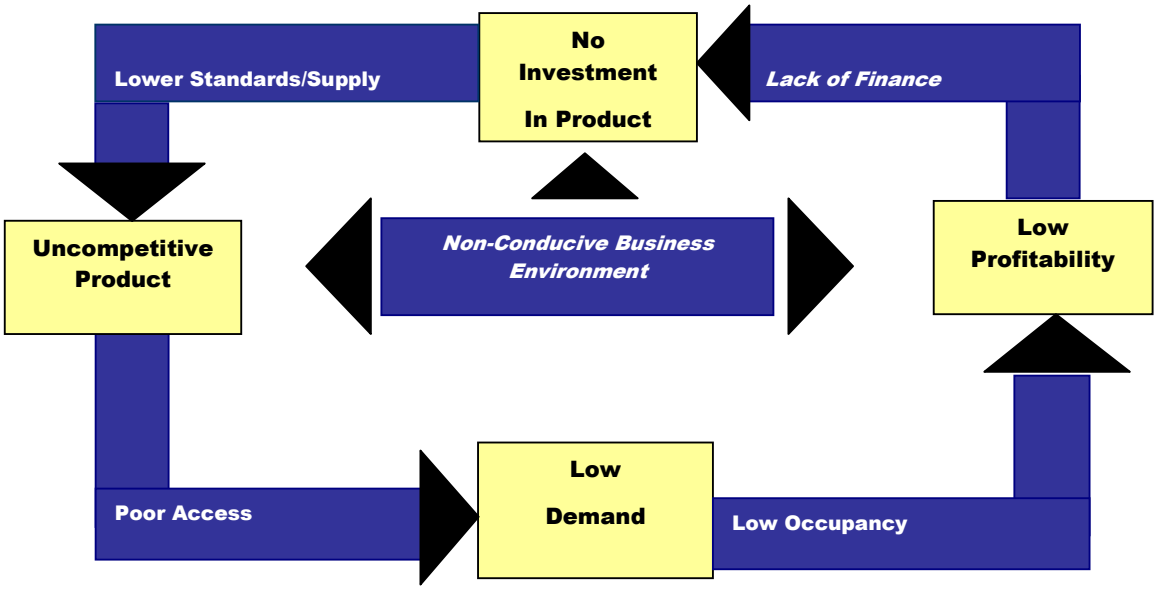
  - *nature tourism – for which there is limited demand to the Caribbean, and*
  - *scuba dive – though a lucrative, relatively large and growing niche market.*

  Compounding this, the country's nature resources are in a 'raw state' – lacking supporting infrastructure for the most part, inadequately packaged, and where available very basic.

13.2 TOURISM SECTOR LOCKED IN CYCLE OF UNCOMPETITIVENESS

The above factors have combined to lock Dominica's tourism sector in a self-perpetuating closed cycle of uncompetitiveness, as illustrated by the following diagram.

Diagram 13.1: Dominica's Cycle of Uncompetitiveness



The low level of tourism demand means low occupancies for hotels, guesthouses etc. This translates into low (if any) profitability for many operators, making it difficult to raise finance to invest in their products. Over time, lack of investment restricts and reduces the supply of the product and results in lower standards. All of which brings about an uncompetitive product with limited appeal in the marketplace.

The low profitability in tourism combined with the perceptions of a product with limited appeal makes the risk/reward balance unfavourable for foreign investors. This is compounded by a non conducive business environment – lengthy and complicated process securing title to land; lack of transparency with regard to incentives approval; no land use policy and plan. With limited appeal in the marketplace and inadequate destination promotion, air access is correspondingly restricted. In turn this re-enforces the low level of tourism demand – a situation which has existed for most of the last decade.