

Competitive Strategies for the Tourism Sector

One of the objectives of the Barbados Private Sector Trade Team (PSTT) in the coming year is to study the competitiveness of the Barbadian tourism industry with a view to making recommendations on how to improve its competitive advantage over other destinations.

In an article entitled “A Country’s Competitive Advantage”, Friedrich von Kirchbach notes two important points. The first is that competitive advantage can be created or, at the very least, raised significantly, and the second that the improvement of competitiveness within an economy should be a key element of national export strategy.

To take the first point, the basic theory behind globalization and trade liberalization is that countries will identify the sector/industry in which they have a competitive advantage, and develop that sector to be economically productive. This theory applies well to countries with large land masses and abundant/varied natural resources which form the basis of lucrative industries. The theory does not apply as smoothly to other countries such as Small Island Developing States like Barbados which have few or no natural resources and are hard pressed to identify the sector in which it has an intrinsic competitive advantage.

In Barbados much effort by government and the private sector has focused on creating a competitive advantage in the form of the tourism industry, originally based on this country’s beautiful scenery and friendly people. However, many other countries have also identified tourism as the sector to be developed and the competition in this arena is huge and growing. This substantiates Kirchbach’s second point, that the improvement of competitiveness within an economy should be a key element of national export strategy. In order to succeed in a world of increasingly liberalized trade, one of Barbados’ strategies must be to maintain and even improve its competitive advantage in tourism.

To just remain competitive, far less increase competitiveness Barbados may have more work to do than emerging destinations. While a country just entering the tourism game may simply need to construct hotels and other infrastructure to improve its competitiveness, Barbados, as a more mature destination is challenged to go beyond simply developing infrastructure. Barbados is very well positioned to see its tourism industry generate good returns but it must improve the competitiveness of the industry through strategies such as the development of certain niche markets and addressing cross sectoral issues such as improving service standards.

The development of niche tourism is recognised as a good competitive strategy and as such was noted in the 2002 World Tourism Organization publication “Tourism in the Age of Alliances, Mergers & Acquisitions”. It was noted that travellers have become more sophisticated and are not necessarily always looking for the standardized experience to be expected in a large chain/brand name hotel. For these travellers a

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specialized, individual experience is more desirable, hence the potential of niche markets.

Tourism stakeholders at the PSTT Business Development Seminar in July 2003, as well as at its Tourism Seminar in September, agreed that the strengths of Barbados' tourism industry include the range and flexibility of the tourism product, thus highlighting the opportunities for niche market expansion. The development of niche markets can also address one of this country's often touted weaknesses, that of its "tired" product in need of rejuvenation.

A recent survey by the PSTT generated a range of suggestions for niche development including sports, health & wellness, cultural heritage, business conventions, cuisine, weddings & honeymoons, golf, diving, festivals, environmental/nature, luxury, spas & wellness, families. None of these are unique to Barbados, but our competitive advantage lies in the unique environment within which the service is provided. For the development of any niche to succeed, excellent service and hospitality must become the benchmark to be emulated throughout the entire tourism industry.

The 2003 WTO publication underscored the importance of the sustainable development of tourism. A competitive strategy of niche development can compliment and support the pursuit of a sustainable industry through a focus on nature, heritage culture, marine environment etc. Barbados has received good publicity regarding the high number of Green Globe certified properties. A recent study by National Geographic in cooperation with the Travel Industry Association, reported in Travel Weekly found that "Geo-Tourists" will pay more to environment-friendly hotels, operators, cruise lines etc.

Barbados boasts some of the finest restaurants in the region and cuisine stands out as a niche that perhaps Barbados has not taken sufficient advantage of. At the July 2003, Caribbean Seminar: "Best Practices in Public/Private Sector Cooperation and Partnerships", Don Monssour noted that the days of "what to see and do in..." marketing are over. He recognized that a destination's cuisine is usually not used as a marketing tool but should be as it can make or break an entire vacation experience. The cuisine niche can also be mutually complimentary to other emerging niche markets such as health & wellness and learning tourism.

Progress is being made in Barbados with regard to niche market development. The recently established National Tourism Marketing Committee with associated Product Clubs will allow public and private sector interests to come together to plan and fund not only the development of specific niche markets, but also appropriate marketing programmes to promote them. The Prime Ministers 2003 Financial Statement focused attention on the development of the potentially lucrative niches of culture and retirement villages.

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