St-Kitts and Nevis
Tourism Sector Strategy

Final Draft – November 2006

St. Kitts Tourism Sector Mission Statement:

To provide a consistently outstanding visitor experience through the sustainable development of the human, natural, and cultural resources of St. Kitts, in order to maximize opportunity, prosperity, and quality of life for present and future generations of all citizens.

-Tourism Strategy Project Steering Group

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Over the past 20 years the tourism industry has been major driver of economic growth for St-Kitts. To the would-be tourist, St. Kitts has much to offer. In addition to its beaches, dives sites, rainforests, and towering mountains, the island possesses a rich collage of cultural/heritage sites making it the envy of many significantly larger countries. The recent closure of the sugar industry in St-Kitts makes this sector that much more important to the future prosperity of the island.

Challenges

Even more important than you think: the travel and tourism industry accounts for a 7% of St-Kitts' GDP when defined in terms of businesses involved directly with travel and tourism: hotels, certain restaurants, and tour operators. However, when conceptualized in terms of wider economic impact – through its *linkages* to other sectors – its economic importance increases to an estimated 30% of GDP. Indeed, the sector affords considerable potential for linkages with other economic sectors, particularly agriculture and entertainment, through the local provision of goods and services. The industry is unique in that the customer is shared amongst many service providers, creating opportunities for crafts-folk, taxi drivers, and beauticians, to name but a few. Many of these related industries are labour intensive, spanning a wide variety of skill sets thereby offering employment and entrepreneurship opportunities to an equally wide cross section of Kittitians.

Count dollars not heads: growth in cruise visitors has rapidly outpaced the growth in stayover visitors. Cruise visitors now account for 80% of all visitors to the island. However, stayover visitors remain the engine of growth for the industry because they stay longer and spend more per day. As a result, although stayover visitors account for only 28% of all visitors since 1994, they account for 91% of sector revenues over the same period.

No room for complacency: although tourist arrivals are up significantly and there are an impressive number of new investments underway or pending, the sustained growth of the sector and its ability to serve as a source of prosperity for the average Kittitian is threatened by three factors:

1. Stagnant top line growth: growth in revenue is lagging growth in visitor arrivals.
2. Environmental degradation: the island's natural resources are under increasing strain. For example, 100% of the island's reefs are deemed to be threatened, jeopardizing the attractiveness of St-Kitts as a destination for divers.
3. Disenfranchised citizens: the average Kittitian does not possess the necessary skills, information, and opportunities to fully capitalise on the industry's growth. This lack of local capacity increases the rate of leakage (monies transferred off

island to foreign interests). Estimated leakage rates for the Caribbean are as high as 80%, meaning only 20 cents on the dollar accrues to local stakeholders.

These three challenges threaten to limit – if not eliminate – the benefits of the industry's expansion to the average citizen.

Sun, sea, and sand model becoming increasingly "commoditized": attracting tourists with beaches and warm weather has become a relatively undifferentiated product offering similar to commodities such as cotton, copper, and sugar. The highly standardized nature of the product forces competitors to differentiate themselves on the basis of lower prices. This model has been perfected by the Spanish-speaking Caribbean. Destinations like Mexico, the Dominican Republic, and Cuba have come to dominate the standard sun, sea and sand segment of the market by focusing on a value-based product. Their cost-driven model depends on maximizing visitor volume so as to maximize economies of scale. Moreover, to protect their market share, they have shown a willingness to drop prices. As a result, growth in visitor arrivals in the OECS has lagged the rest of the Caribbean (1.9% vs. 4.7% from 1990 to 2002). However, having to continuously lower prices inevitably lowers wages and limits reinvestment. This is a race to the bottom that St-Kitts cannot afford to win.

Seasonal nature of the industry entails significant costs (both real and hidden): the industry's growing dependence on cruise visitors has amplified the extent of its seasonality. The stayover segment of the industry has two low seasons, in May and August to November. The cruise segment has a single low season – but it is much more dramatic and prolonged – from May to October. While hotels discount prices to dampen contraction in demand, the portability of cruise assets allows cruise liners to redeploy their ships to northern routes and virtually cease all travel to the Eastern Caribbean over the summer. The monthly volume of cruise ship visitors can fall by as much as 90% during the off-season. This is significant as seasonality tends to steer the industry towards greater use of casual labour, which by its very nature, limits career opportunities and hinders the professionalization of the industry. Seasonality also limits a firm's financing options as assets become unproductive and cash flows need to be aligned with debt structure.

Opportunities

Market research points St-Kitts towards the destination traveler: market survey results indicate that many visitors who come to St-Kitts do not come for the beaches and resorts alone. Though these are the primary attractions, visitors seek a variety of other activities and related experiences. These include eating in local restaurants, diving, and visiting historical sites. These visitors have come to be known as destination travelers, a growing segment of the global tourism market. Destination travelers want to interact with the whole destination, including its people, history and cuisine. This is good news for an island like St-Kitts, which holds an abundance of riches in all three areas. The proposed strategy aims to target this segment of the market. The meetings, incentives, conferences and events/exhibitions (MICE) segment of the market holds potential and would serve to reduce the seasonality of the industry. This promising segment should be targeted for additional research.

What it takes to succeed: developing a product offering that satisfies the needs of the destination traveler necessitates concerted action along three dimensions:

1. Human resources: the skills base of Kittitians needs to be expanded and upgraded.

2. Marketing: an integrated marketing plan is required to fully leverage distribution channels so as to achieve a multiplier effect.

3. Environment: the island's natural resources need to be actively preserved and protected.

These three areas are aligned with the priorities of the Project Steering Group as well as those of the market (as conveyed through the market surveys).

The challenge of implementation: successful implementation of the strategy will depend upon consensus and coordinated action. The sharing of customers produces a strong degree of interdependence between stakeholders in the public and private sector. Hotels, restaurants, dive shops, customs officers, heritage sites, information bureaus and police departments all make critical contributions to the quality of the visitor's experience. Any one player can ruin the visitor's overall experience if their contribution is of a particularly low quality. In this sense, the industry can be said to be only as strong as its weakest link. This is all the more true for the destination model which necessarily involves a diversity of service providers. For the strategy to succeed, the implementation process must bring various stakeholders and constituencies together and empower them to take action. The passion and commitment of the Project Steering Group (made up of representatives from the public and private sector) bodes well for the future of the industry.

Overview of Recommendations

OTF Group's recommendations fall along five dimensions: 1. product development, 2. human resources, 3. marketing, 4. environment, and 5. strategic alliances (public private sector dialogue). Each component of the strategy and related action items is rooted in the market research findings. The consistency of the findings at both the local and international level provide clear guidance on the actions that need be undertaken in order to build a competitive tourism sector that is a source of prosperity for the average citizen. The table below outlines the five components of the sector strategy.

Market Signals	Strategic Response
Global trend towards total destination packages which emphasize variety of unique experiences.	• Actively market to total destination travelers • Develop expanded product offering emphasizing historical, cultural and natural elements of the island.
Customer survey results stress need for more activities.	
Situation analysis indicates strong degree of seasonality to the industry.	• Research viability of niche segments of the market such as MICE that could boost volume during the off-season. • Research viability of converting cruise ship passengers to stay-over passengers.
Global trend toward development of products to support niche products.	
Situation analysis indicates wide spread degradation of the environment.	• Protect and preserve the island's natural resources both on and off island.
Customer survey results stress need to clean-up island.	
Mental Models survey indicates that human resources are not equipped to compete.	• Focus on vocational skills training • Strengthen linkage between the sector and educational institutions and programs. • Launch public awareness campaign to stress importance of the industry.
Customer survey indicates that customer service needs to be improved.	
Industry best practices	• Form public-private sector alliance to implement strategy

A full list of all 75 sector recommendations is provided in Section 3.1.

OBJECTIVES AND METHODOLOGY

Objectives

The objective of the project and this report is the development of a strategic business plan for the tourism sector that positions the industry as a source of prosperity for the average Kittitian. To that end, a strategic planning process was launched in May 2006 that sought to develop:

- ✓ A strategic plan that guides the re-allocation of resources towards a more competitive and more prosperous tourism sector.

- ✓ A plan that empowers the average citizen with the necessary skills, information and opportunities to benefit from the growth of the industry. This entails a community tourism approach to the entire industry. In short, the island *is* the community.

- ✓ A climate highly conducive to change and action. Stakeholders posses a shared vision on the way forward and are open to working with one another on the implementation of the plan.

This planning process was undertaken in the context of the Government of St-Kitts and Nevis's Adaptation Strategy in Response to the New EU Sugar Regime 2006-2013. The process is aligned with the country's adaptation strategy and builds upon the Government's on-going efforts in the tourism sector, and namely the Tourism Authority's Eight Point Plan for 2006-2007.

Methodology

Ultimately, all good business strategy is about *informed choice* and *timely action*. The project work plan and this report are based upon these two principals.

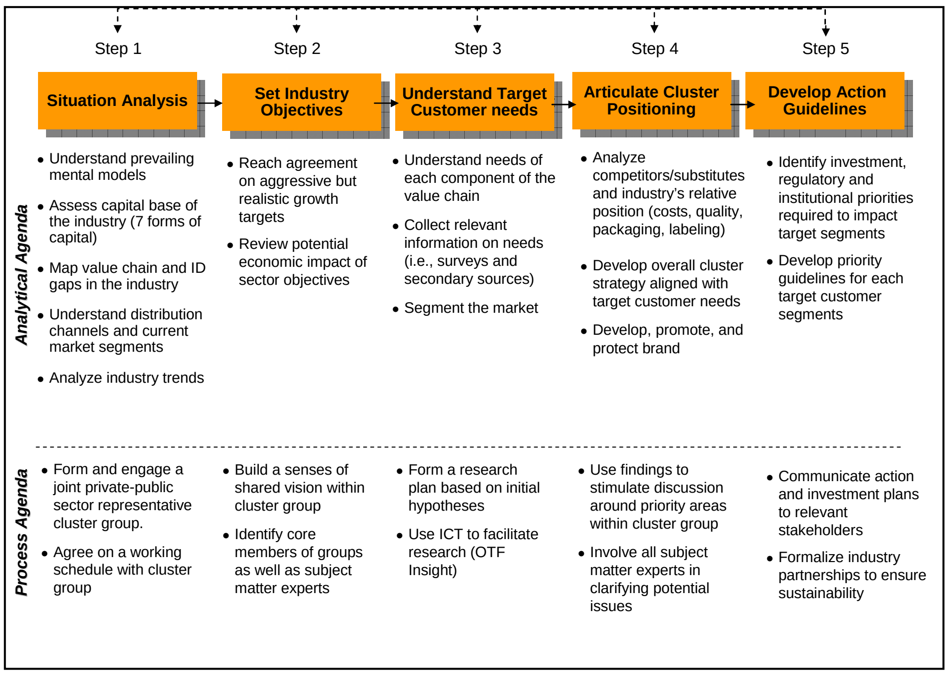
1. *Informed choice* is about having the data necessary to choose where and how you want to compete. To that end, an emphasis has been placed on primary market research that focuses on the needs and preferences of customers. The goal in this regard is to help the industry choose the most attractive segment of the market and to configure itself so as to meet the expressed needs of those customers.

2. *Timely action* is about building the consensus and collaboration needed to move forward with the strategy in a coordinated way. This necessitates the strengthening of linkages between all parts of the value chain, including the many industries, suppliers, and government agencies that must work together in order to produce the unique tourism experience that demanding customers will pay a premium for. Building consensus around the plan is critically important as even

the best business strategies can be undermined by the forces of inertia or a fear of change.

The technical approach used is based upon OTF Group's *5-Step Change Process™*. As detailed in Figure 1.1, every stage of the change process entails a set of analytical and process related activities. The analytical component serves to provide the basis for informed choice, whereas the process agenda serves to foster the collaboration necessary to act in a timely manner on those choices.

Figure 1.1: The OTF 5-Step Change Process



Key elements of the analysis include:

- Stakeholder consultations: 85 interviews and information sessions were conducted with a wide variety of stakeholders, ranging from overseas travel agents to local farmers. A detailed listing of these consultations is provided in Annex A.

- International perceptions survey (1101 respondents): A self-administered web-based survey conducted in August-September 2006. Of the total respondents, 402 had been to St. Kitts previously, 699 had not.

- Airport Exit Survey (115 respondents): a self-administered paper survey conducted in August-September 2006 at the Robert L. Bradshaw Airport in Basseterre.

- Mental Models Survey: this survey was administered in July 2006 to leaders of the public and private sector. It was used to identify prevailing beliefs, assumptions and expectations regarding issues such as prosperity and competitiveness. The results were used to guide the facilitation of the Steering Group discussions.

The surveys serve to ensure that the recommendations and related activities proposed herein are based on the needs of the market. Of course, the strategy must be tailored to the local context, however for it to be effective, it must be demand driven.

The process agenda was driven by the formation of a Steering Group made up of industry stakeholders drawn from both the public and private sector. Note: a list of Steering Group members may be found in Annex B. The Steering Group met on eight occasions during the development of the sector strategy. All of the findings and related recommendations arising out of the research effort were tested with the Steering Group for wider discussion and feedback.

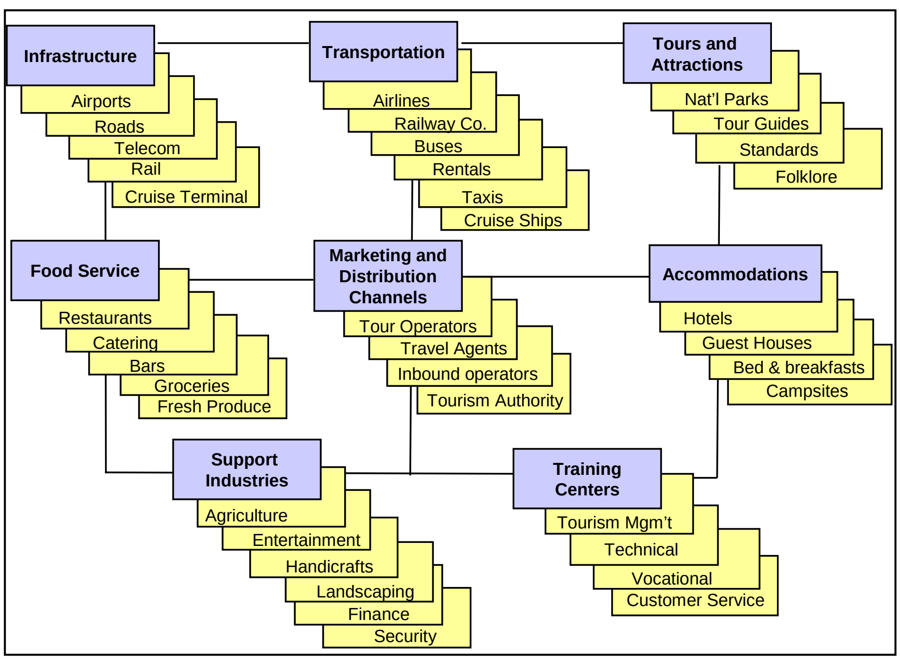
The passion and commitment of the Steering Group should be commended at the very outset of this report. Indeed, the strategy outlined herein is *their* strategy.

SECTION ONE: SITUATION ANALYSIS

Overview

The tourism industry is more important to the growth of the Kittitian economy than most realize. The travel and tourism industry accounts for a 7% of GDP when defined in terms of businesses involved directly with travel and tourism: hotels, certain restaurants, tour operators. However, when conceptualized in terms of wider economic impact – through linkages to a variety of business, from taxi men to farmers who supply produce to hotels and restaurants – its economic importance increases to an estimated 30% of GDP[1]. Indeed, as depicted in Figure 1.2, tourism has considerable potential for linkages with other economic sectors, particularly agriculture and entertainment. It also affords other types of linkages, for example local provision of goods or services, from crafts to transportation to health and beauty services. Many of these opportunities are labor intensive, spanning a wide variety of skill sets thereby offering a wide cross section of Kittitians with employment and entrepreneurship opportunities.[2]

Figure 1.2 Backward and Lateral Horizontal Tourism Industry Linkages



[1] *The Caribbean: The Impact of Travel and Tourism on Jobs and the Economy*, World Travel and Tourism Council, 2004.
[2] "Tourism and the Poor: Analyzing and Interpreting Tourism Statistics from a Poverty Perspective", PPT Working Paper No. 16, March 2004.

With the recent closure of the island's sugar industry, this critical sector has become all the more important to the future prosperity of St-Kitts.

To the would-be tourist, St. Kitts has much to offer. In addition to its beaches, dives sites, rainforests and towering mountains, the island possesses a rich collage of cultural/heritage sites making it the envy of many significantly larger countries.[3] It is therefore not surprising that tourist arrivals have increased notably over the past ten years and that a number of firms are contemplating sizable investments in the industry. Kittitian Heights, Ocean's Edge, Port Zante, and the pending Auberge development are but a few of the concrete examples of this optimism.

If both tourists and investors are increasingly attracted to the island, why the need to revisit the sector's strategy? The answer is because upon closer analysis there is no room for complacency. The sector's ability to serve as a source of prosperity for the average Kittitian is threatened by three factors:

4. Stagnant bottom line growth: growth in revenue is lagging growth in visitor arrivals.

5. Environmental degradation: the island's natural resources are under increasing strain.

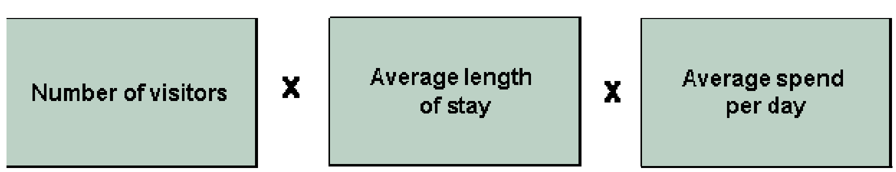
6. Disenfranchised citizens: the average Kittitian is not adequately equipped to benefit from the industry's growth.

Indeed, there are different types of growth, not all of which yield the same type or level of benefit to a community. These three challenges threaten to limit – if not eliminate – the benefits of the industry's expansion to the average Kittitian.

Challenge #1: Bottom line growth is lagging

To understand why revenue growth is lagging growth in visitor arrivals it is important to understand the industry's revenue function. As depicted in Figure 1.3, tourism related revenue is driven by three variables: the numbers of visitors, the average length of stay and the average spend per day.

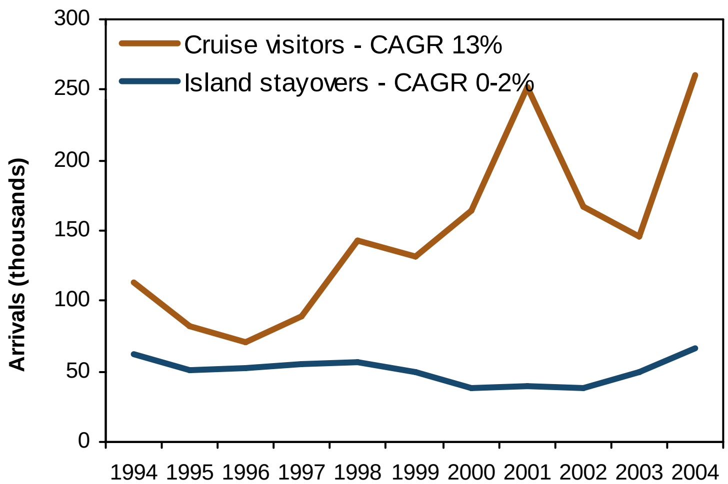
Figure 1.3: Revenue Model for Tourism



[3] For a full assessment of the island's tourist offering see Appendix III: Seven Forms of Capital Analysis.

Growth in cruise visitors has rapidly outpaced the growth in stayover visitors. While cruise arrivals have been growing at over 13% annually, growth in stay-over visitors has been relatively flat since 1994. As per Figure 1.4, after years of strong growth, the volume of cruise visitors dropped notably as a result of cruise lines re-deploying their ships to what were perceived to be safer ports following the 2001 terrorist attacks in the US. However growth quickly resumed in 2003 and the level of cruise arrivals has now surpassed pre-9/11 levels. In marked contrast, the level of stay-over visitors actually declined in from 1994 to 2002. The opening of the Marriott Resort has dramatically increased the number of stayovers, however the overall growth rate for stay-over visitors since 1994 remains a relatively modest 0.7%. This mixed performance has had a significant impact on bottom-line results as stay-over visitors stay longer and spend significantly more per day than cruise ship passengers.

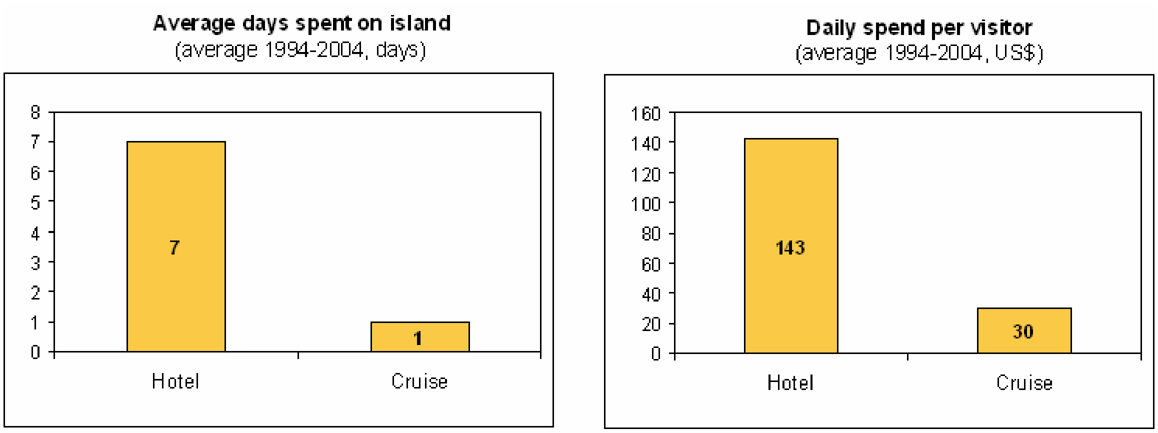
Figure 1.4: Volume Effect -Cruise Visitors vs. Island Stayovers



Source: Central Statistics Office

As depicted in Figure 1.5, the average stayover visitor spends seven days on the island compared to one day for the cruise visitor. Moreover, the average daily spend of the stayover visitors is almost five times higher than that of the cruise visitor.

Figure 1.5: Value Effect - Cruise Visitors vs. Island Stayovers

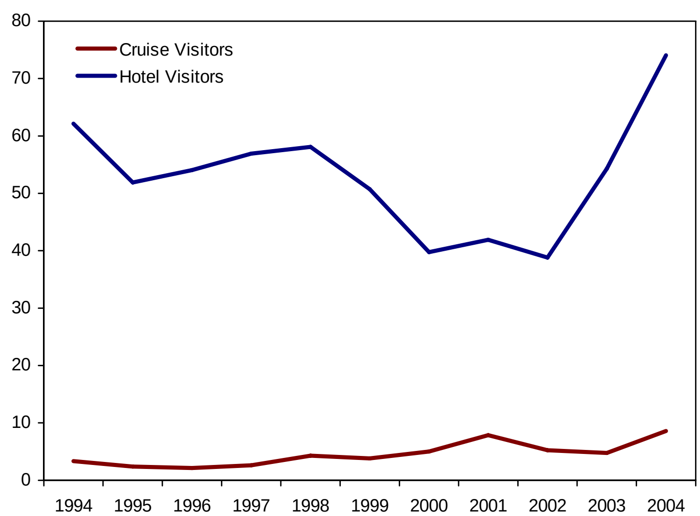


Source: Central Statistics Office

The Bottom Line

As depicted in Figure 1.6, St. Kitts' tourism revenue is driven by stayover visitors. Although stayover visitors account for only 28% of all visitors since 1994, they account for 91% of all revenues over the same period.

Figure 1.6: Total annual revenue by core visitor segment 1994-2004 (US$, millions)



Cruise *volume* as % of total	65	61	58	62	72	73	81	86	82	75	80
Stayover *volume* as % of total	35	39	42	38	28	27	19	14	18	25	20

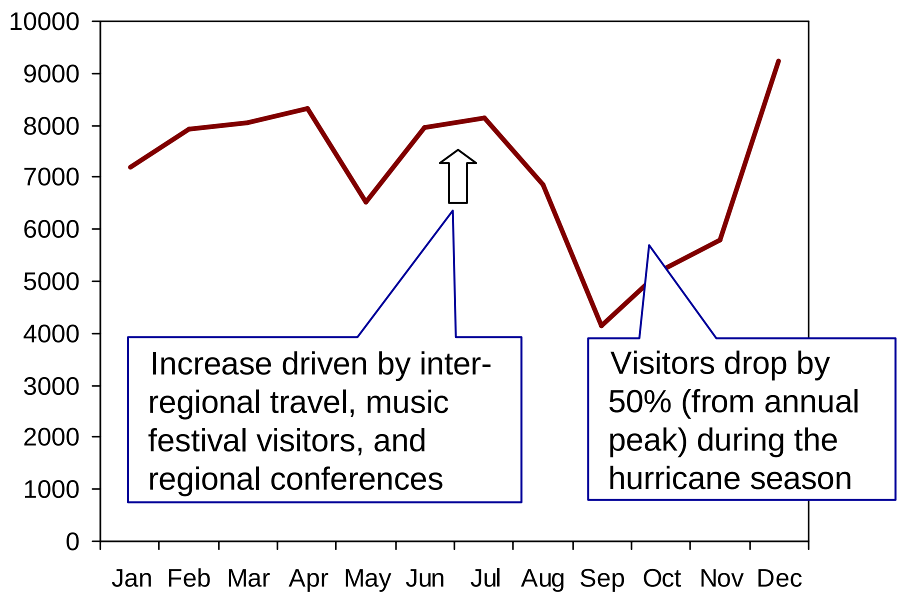
Source: Central Statistics Office

The prolonged decline in stayover visitors mirrors a similar decline in other OECS destinations. Frequent hurricanes over this period did impact the industry however it also appears that that the Eastern Caribbean has ceded market share to lower cost all-inclusive competitors in Mexico, Dominican Republic and Cuba. Note: this particular issue is addressed at greater length in the next section.

Seasonality

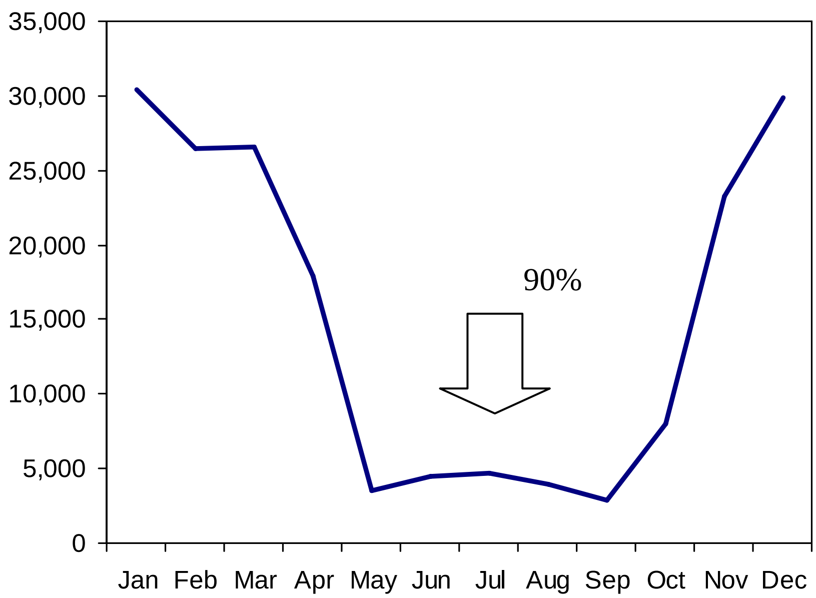
Annual figures and long-term time series data mask significant fluctuations in visitor volume that takes place within the calendar year. The tourism industry in St-Kitts is highly seasonal in that it is characterized by large fluctuations in arrivals from one month to another. The stayover segment has two low seasons, in May and August to November. The cruise segment has a single low season – but it is much more dramatic and prolonged – from May to October. While hotels discount prices to dampen contraction in demand, the portability of cruise assets allows cruise liners to redeploy their ships to northern routes and virtually cease all travel to the Eastern Caribbean over the summer. The monthly volume of cruise ship visitors can fall by as much as 90% during the off-season.

Figure 1.7: Monthly visitors by segment type: Stayover (avg from 1998-2004)



Source: Central Statistics Office

Figure 1.8: Monthly visitors by segment type: Cruise visitors (average from 1998-2004)



Source: Central Statistics Office

The industry's growing dependence on cruise visitors has amplified the extent of its seasonality. This is significant as seasonality tends to steer the industry towards greater use of casual labour, which by its very nature, limits career opportunities and hinders the professionalization of the industry. Seasonality also limits a firm's financing options as assets become unproductive and cash flows must be aligned with debt structure.

Challenge #2: Degradation of the Environment

Too often the debate between development and conservation is framed as a choice between one or the other. In the case of St-Kitts this is a false trade-off. As depicted in Figure 1.9 a substantial portion of the industry's tourism offering has an environmental dimension to it. Conserving the environment is therefore critical to preservation of island's natural patrimony as well as the sustainable development of the tourism industry.

Figure 1.9: Environmental Component of Tourism Product Offering

	Environmental dimension		Environmental dimension
➢*Culture and Heritage*		➢*Leisure and touring*	
• Family stays		• Cuisine	
• Historical buildings and sites	Y	• Gambling	
• Plantations	Y	• Horse racing	
➢*Adventure travel and ecotourism*		• Nightlife	
• Biking (motorized and non)	Y	• Sports	
• Hiking	Y	• Sun/Sea/Sand	Y
• Horse riding	Y	➢*Meetings, conventions, events*	
• Scuba diving	Y	• Music festival	
• Snorkeling	Y	• Sports tournaments	Y
		• Conventions	
		• Weddings	Y

Unfortunately, a number of the island's natural resources (both on island and offshore) are being depleted at an alarming. For example:

- Reefs: 97% of reefs in St. Kitts and Nevis are deemed to be under high to very high threat. The major pressure is a result of over-fishing. Scuba and snorkel divers report that fish stocks at dive sites are visibly depleted.[4]

- Turtles: the island has a number of nesting sites for sea turtles. Some have been adversely impacted due to waterfront development.

- Grey water: the grey water discharge of Basseterre households drains directly into the Caribbean. The untreated discharge combined with prevailing marine flows is reported to adversely impact most of the reefs from Basseterre to the northwest tip of the island.[5]

- Solid waste management: The St. Kitts landfill emits odors, garbage lechates and effluents. Because the island is small, the location of the landfill is central.

With just 68 square miles of land mass, environmental considerations must be taken into account at every juncture of the strategic planning process. For example, should growth be driven by increased arrivals to the island or should the strategy focus on increasing spend per day? The good news for St-Kitts is that the goal of economic development is closely aligned with the goal of environmental conservation. The challenge is that a failure to effectively safeguard the environment puts the natural resources of the island and the growth of the industry at risk.

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[4] *Reefs at Risk in the Caribbean*, World Resources Institute, 2004.
[5] *Reefs at Risk in the Caribbean*, World Resources Institute, 2004.

Challenge #3: "Local Capture" - Generating Prosperity for the average Kittitian

As noted earlier, tourism is one of St. Kitts' largest economic sectors, accounting for up to 30% of GDP however, how much of St. Kitts' tourism revenues actually accrue to Kittitians (and remains on-island) is not known. Many countries -- particularly in the Caribbean – are faced with the problem of "leakage". That is to say, tourist spend that does not actually occur on island or is subsequently transferred off island in the form of repatriated earnings by foreign firms or workers. For example, a substantial amount of a visitor's vacation budget is spent before that visitor even arrives on island on items such as airline tickets and all-inclusive packages. Estimated leakage rates for the Caribbean amount to 80% meaning only 20% of tourist spend remains on island. This leakage rate is far higher than other destinations like Kenya at 25% or India at 40%.[6]

Although it is unclear what St. Kitts' leakage rate is, the means by which it can be minimized are well known. Generally speaking, tourism sectors with high rates of local ownership and strong value chain linkages within the sector and across other industries tend to have lower levels of leakage. In other words, the more products and services that can be provided by local suppliers, the better. However, the sentiment within the Steering Group, subsequently validated by a soon to be published World Bank Report, is that the average Kittitian is ill-prepared to contribute to the sector and be compensated accordingly.[7] Results from a Mental Models survey conducted in July 2006 indicate that only 18% of respondents consider the productivity of the Kit titian labor force to be a source of competitive advantage. Moreover, 55% of respondents do not believe that the island's work force has the skills to compete in a new competitive economy that favors open trade, innovation and market forces.[8]

Although relatively limited information exists on the state of supply and demand of human resources for the tourism sector, Steering Group discussions identified several factors serving to limit the availability of skilled labour:

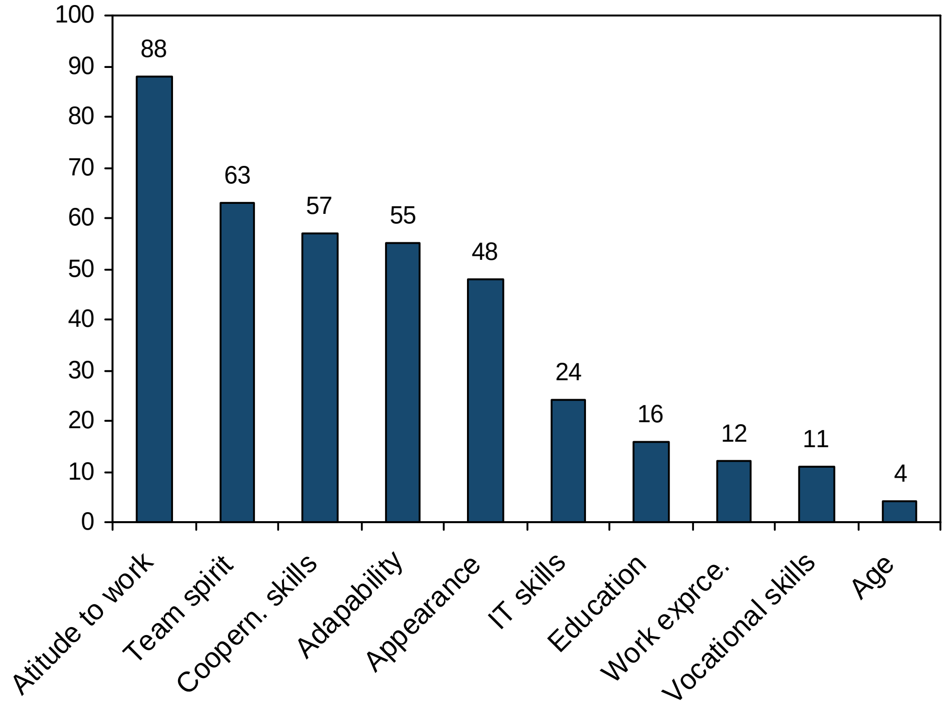
- Tourism requires a wide variety of human resources, often with a high degree of specialization. The required specialization is more than St. Kitts' education system can provide, due to a lack of economies of scale.

- Kittitians reportedly graduate with good educational qualifications but employers complain of weaknesses in terms of 'soft' (i.e. people) skills such as attitude, cooperation and appearance; skills that are particularly important in a services industry like tourism. See Figure 1.10.

[6] Tourism and the Poor: Analyzing and Interpreting Tourism Statistics from a Poverty Perspective", PPT Working Paper No. 16, March 2004.
[7] *Caribbean Skills Enhancement Study*, draft/unreleased; Enhancing Skills in the Eastern Caribbean, presentation by Andreas Blom, World Bank.
[8] St-Kitts Mental Models survey, conducted by OTF Group, July 2006.

▪ As a relatively new industry for St. Kitts, there is limited awareness of the opportunities that tourism presents among the student and working population. In fact, a social stigma is reportedly associated with a career in tourism, whereby some persons equate service with servitude.

Figure 1.10: St. Kitts Employers Assessment of Desirable Skills



Source: *Caribbean Skills Enhancement Study*, draft/unreleased; Enhancing Skills in the Eastern Caribbean, presentation by Andreas Blom, World Bank.

Conclusion

The need for these three challenges to be addressed so that the industry's development translates into opportunities for the average Kittitian is underscored by two worrying trends:

1. The rise in crime and violence: a survey conducted by UNESCO in October 2002 found the rise in crime and violence, particularly amongst young people, to be the number one concern of respondents.[9]

2. The outflow of well-educated and skilled Kittitians continues: a recently released IMF report indicates that St-Kitts and Nevis has one of the highest rates of brain

[9] Give a Voice, Nationals of St. Kitts and Nevis offer their views on matters pertaining to Environment and Development, UNESCO Report prepared by Lenrick Lake and Halstead Byron for St. Kitts and Nevis Small Islands Voice Coordinating Committee. November 2002.

> drain in the world, with 78% of people with a tertiary education and 42% of those with a secondary education emigrating in search of opportunities elsewhere.[10]

The widespread social issues of rising crime and the loss of talented young Kittitians serves as a reminder that all Kittitians are stakeholders in the development of this critical industry. The promising news is the Government of St-Kitts recognizes the link between the sector's economic development and its impact of the island's society and social programs. This linkage is explicitly addressed in the Adaptation Strategy in Response to the New EU Sugar Regime 2006-2013. Moroever, leaders from both the public and private sector feel the need to act now so to proactively address these challenges. In fact, 57% of the Steering Group members felt that the country had to act now so as to avert a crisis. The challenge now becomes one of making a set of informed choices around not just how to grow the industry but how to do it in a way that benefits the average Kittitian.

[10] Emigration and the Brain Drain: Evidence from the Caribbean, IMF Working Paper 06/25, by Prachi Mishra, January 2006,

SECTION TWO: MARKET RESEARCH FINDINGS

2.1 Global Trends

In terms of total receipts, the global tourism industry was valued at $680 billion in 2005 representing a worldwide growth rate of 5.5%. Growth in the industry is being shaped by a number of trends:

1. Increase in total destination packages
2. Increase in total experience vacation products
3. Development of products to support niche markets
4. Growth of relaxation products such as spa experiences
5. Growth in multi-cultural markets
6. Emergence of ecologically sensitive tourism and wellness tourism
7. Growth of mixed-use properties, condos, holiday homes, lease back, visitor residential clubs and timeshares
8. Growth of resort based destinations with branded properties
9. Growing importance of technology

As a whole, these trends represent a broader shift towards more customized, multi-component product offerings that emphasize multiple elements of *the destination*. In this sense, the destination may be defined as an interconnected and complementary set of attractions, events, services and products which together create a total experience for visitors. The destination traveller demands "real" experiences from immersion into local cultures to personal access and privileges beyond the ordinary. They seek to experience the destination through a variety of experiences.

In contrast, the standard sun, sea and sand market is "approaching the mature/saturation stage for the product lifecycle" (WTO, 2004), This shift in the market poses both a challenge and an opportunity for the Caribbean which has traditionally relied on the sun, sea, and sand model[11].

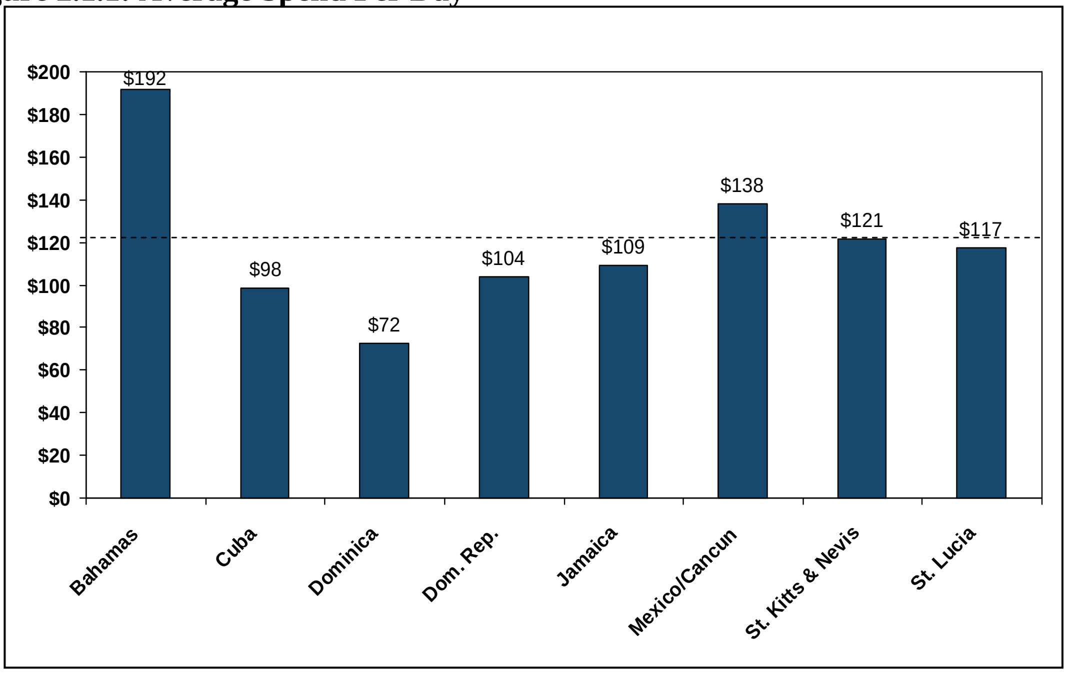
Commoditization

The sun, sea and sand model has become increasingly "*commoditized*" in recent years; that is to say, relatively undifferentiated like other commodities such as cotton, copper and sugar. If you are unable to compete on product attributes -- despite protestations to the contrary most Caribbean destinations share the same sun and offer similar sea and sand -- then you come to increasingly rely on lower prices to win business from the competition. This model has been perfected by the Spanish-speaking Caribbean.

[11] OECS: Towards a New Agenda for Growth, World Bank, 2005.

Destinations like Mexico, the Dominican Republic and Cuba have come to dominate this market by focusing on a value-based product. Their cost-based model depends in large part on maximizing visitor volume so as to maximize economies of scale driven profits.

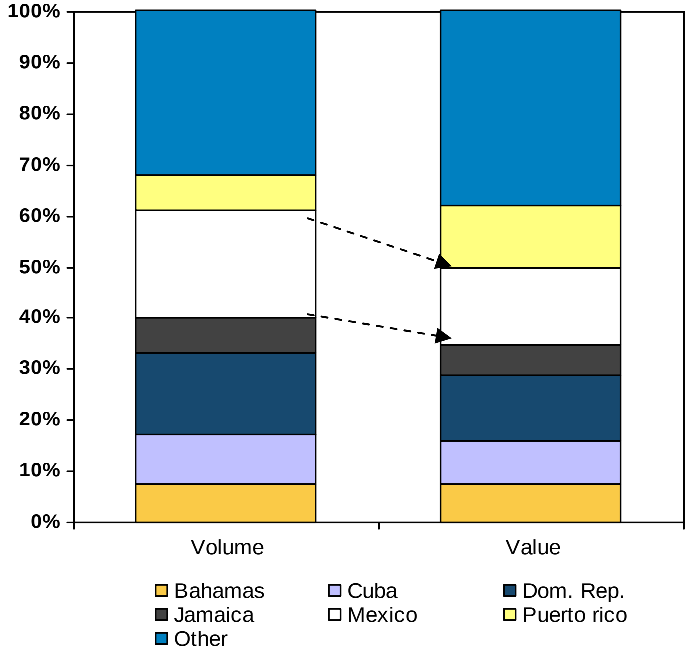
Figure 2.1.1: Average Spend Per Day



As depicted in Figure 2.1.2 Mexico's share of arrivals (volume) far exceeds its share of market value. It is followed in this regard by the Dominican Republic and Cuba. Of particular note is Cuba which has more hotel rooms (50,000) than all of the English Caribbean combined. Should Cuba become a mainstream destination for U.S. travelers, the impact of the rest of the Caribbean would be significant.[12]

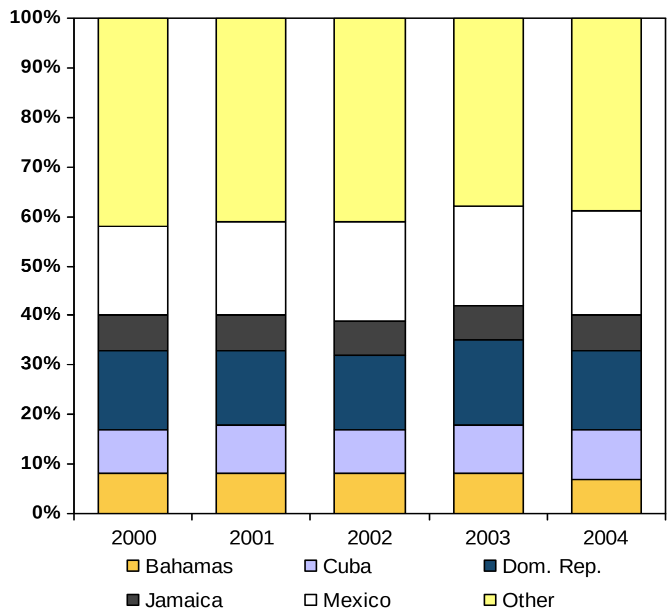
[12] World Travel and Tourism Council, 2004

Figure 2.1.2: Caribbean Tourist Market Share (2005) – Volume vs. Value



These economies of scale are difficult for OECS destinations to realize given their smaller land mass, labour pools, and property sizes. Moreover, as depicted in Figure 2.1.3, the dominant countries have shown a willingness to cut price rather than lose market share. Note the stable market share enjoyed by Cuba, Mexico and the Dominican Republic from 2000 to 2004.

Figure 2.1.3: Caribbean Tourist Market Share (2005) – Volume vs. Value



Source: Caribbean Tourism Organization

In sum, it is exceedingly difficult for OECS countries to compete against these much larger incumbents. However, is this a competition St-Kitts wants to win? In many respects, St-Kitts is faced with a choice between a volume-model where large amounts of visitors are attracted to the island by low prices and a value-model that targets higher spend tourists.

Alternatives do exist. Consistent with the broader shift towards destination tourism, nature adventure tourism is projected to grow at 20% and both culture and events tourism by 10%. Two of the island's peers have responded to these trends by developing special product offerings that target specific segments of the industry.

Dominica: Focusing much of its product at the eco-tourist segment, targeting young, active people who are not necessarily looking for the beach experience. The whole destination has achieved Green Globe 21 certification (since 2004). Dominica has seen spend per trip increase 14% from $667 in 2002 to $759 in 2004.[13]

Figure 2.1.4: Snapshot of the Dominica product offering

"The Caribbean's nature island"

MARKETING

Tourist Profile: young, active, enjoys hiking, kayaking, etc; seeking 'different' experience, not upscale

Effective PR: profiles in WSJ, travel mags; publicity from conservation

Minimal outreach to channels, limited exposure, interest

"Clients are interested in Dominica because its initiatives in conservation, rather than the related activities. They are impressed; people are traveling with a conscience these days." – US based travel agent

CERTIFICATION

Benchmarked as **"Green Globe"** destination 2005, 2006: requires 'best practice' in energy consumption, waste production, social commitment, resource conservation, sustainability, etc; 3 lodges certified

PRODUCT OFFERING

Natural beauty

Rugged, volcanic terrain

Sulfur springs, a boiling lake

Hiking, mountain biking, water sports

Rainforest exploration

Eco-lodges, organic food

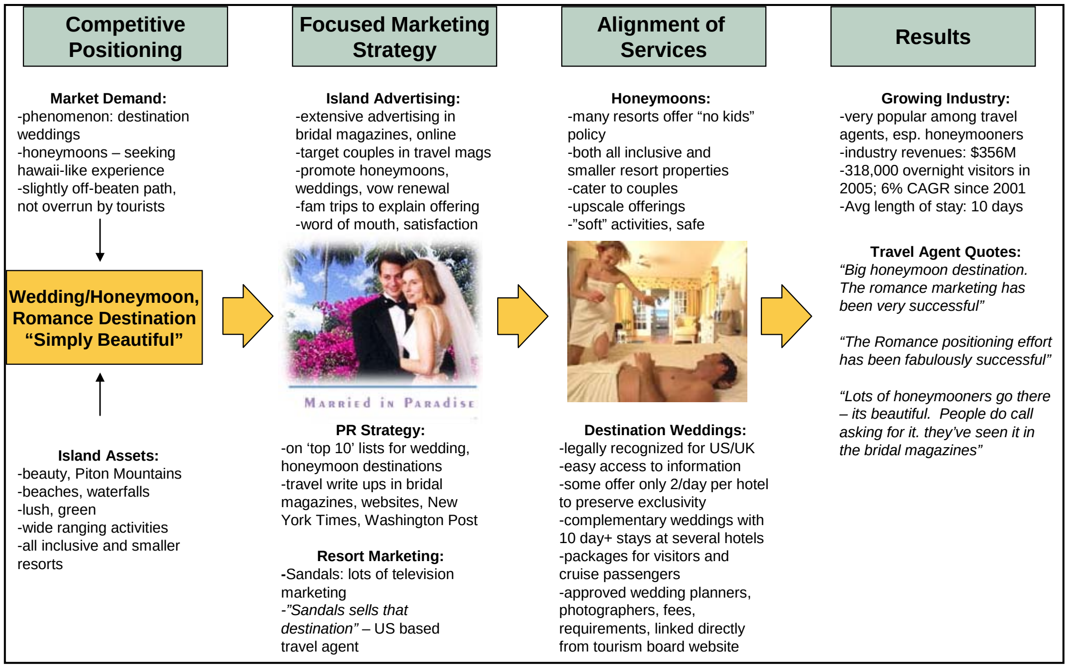
Low-impact tourism

"People view Dominica as a mountainous jungle, which it is. And if that's what they want, we send them there. The beaches are ok. We don't sell it much." – US based travel agent

St. Lucia has carved out a market niche in the romance and wedding segment, developing a highly targeted marketing and branding strategy to do so. Its tourism sector has been growing at a robust 6% annually. More importantly for a small island like St. Lucia, tourist spend per visit has risen 32% from $850 in 2002 to $1120 in 2005.[14]

[13] Caribbean Tourism Organization
[14] Caribbean Tourism Organization

Figure 2.1.5: Snapshot of the St. Lucia product offering



In both cases, the goal has been to move away from a standard sun, sand and sea offering.

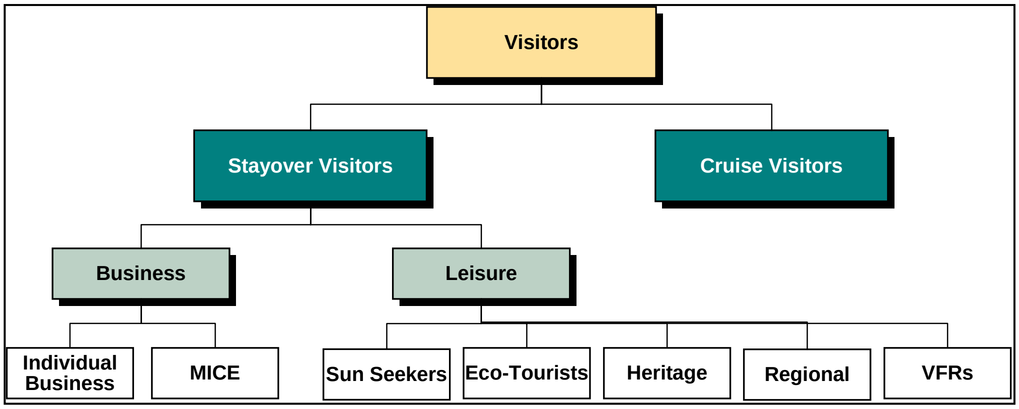
2.2 Customer Profile

Customer segmentation is the practice of dividing a customer base into groups of individuals that are similar in specific ways such as age, gender, interests, and so on. This section serves to provide a succinct summary of the type of tourist that visits St-Kitts in terms of interests and country of origin. As noted earlier,

Interests

As depicted in Figure 2.2.1, there are two main segments of visitors that come to St. Kitts. As noted earlier the vast majority (80%) are cruisers, with the rest being some form of stayover visitor, of which there are seven different types.

Figure 2.2.1: Current Visitor Segments



Cruisers: This is the largest segment by volume, however they spend no more than one day on the island. While on shore they look to get a 'snap-shot' experience of St. Kitts, looking for a variety of unique experiences over a matter of only a few hours.

Stayovers:

- ***Sun Seekers:*** These are visitors who are coming with relaxation as their primary objective. They are looking to enjoy St. Kitts' warm weather, beaches, the pleasures of bathing in both the Caribbean and Atlantic; simply: Sun, Sea & Sand.

- ***Eco-Tourists:*** Eco-Tourists are travelers who are interested in wildlife and nature. Likely to be a sub-segment of the Sun Seekers, they look to take advantage of nature-based attractions in St. Kitts, both on land (hiking or riding through rainforests) and at sea (fishing, snorkeling and diving).

- ***Heritage Travelers:*** These are travelers who come to enjoy a number of cultural and heritage sites that St. Kitts offers. It also includes people of Afro-Caribbean descent who come to learn more about their genealogy.

- ***Regional Visitors:*** Regional Visitors are families or individuals from neighboring countries who are looking for a change from their usual vacation destinations in the Caribbean. After the US, visitors from the region are the second largest group of stayover visitors coming to St. Kitts.

- ***VFRs (Visiting Friends and Relatives):*** VFRs are members of the Kittitian Diaspora who come back home to visit their families, sometimes with their significant others and friends. It also includes family and friends coming to visit students at the 3 international university campuses. VFRs represent an interesting segment that St. Kitts could tap into.

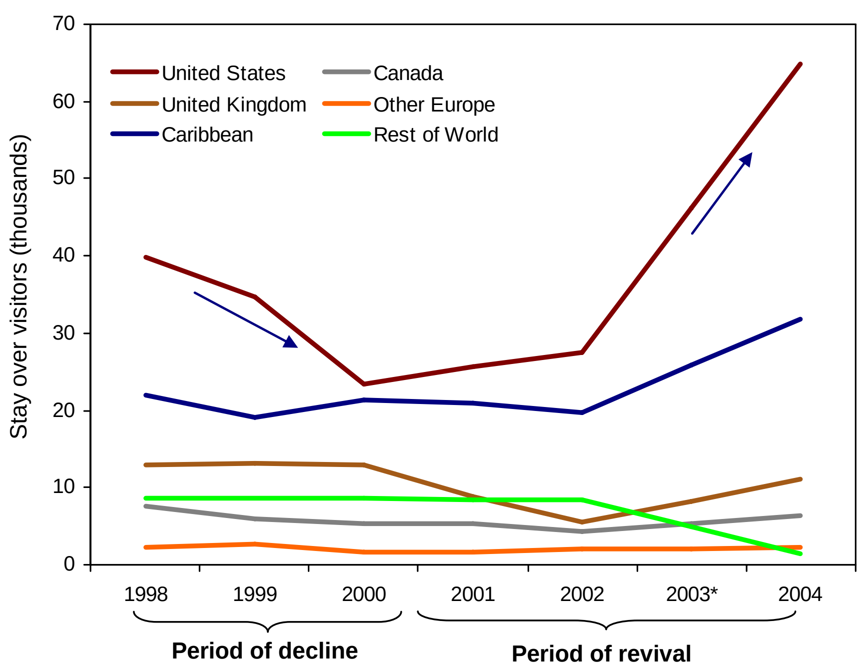
- **Individual Business Travelers:** Individual business travelers come to St. Kitts for business and are busy during the day. This captive tourist segment provides the island with an opportunity to sell short or weekend experiences – something that the island does well in light of its cruise experience.

- **MICE (Meetings Incentives, Conventions and Events):** The MICE segment of represents a potential opportunity, particularly with the addition of the Marriott's capacity and business reach. St. Kitts already has a strong tradition in this regard with its annual music festival. The Cricket World Cup in 2007 may serve as the ideal vehicle to break into this segment of the market.

Country of Origin

The US is by far the largest source of stay over visitors to St. Kitts and Nevis, followed by visitors from the Caribbean*, the United Kingdom and Canada. Total passengers from the USA amounted to 52,000, accounting for 43% of total arrivals in 2004. Arrivals from the UK amounted to 8,259, arrivals from Canada were 5,485, of which 83% were from the Province of Ontario. Stay over visitors from the US declined in 1998-2000, years that coincided with strong hurricanes in the region. After a slow recovery until 2002, visitors have surpassed 1998 levels, driven mainly by the opening of the Marriott.

Figure 2.2.2: Stayover Visitors by Country of Origin 1998-2004

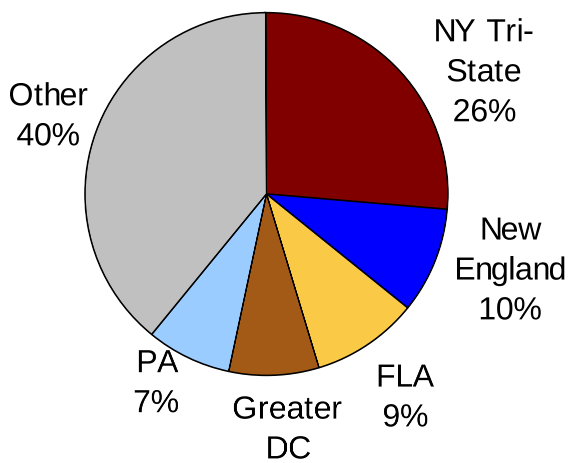


Note: regarding the data for the number of visitors from the Caribbean, it is likely that the number overstates the actual volume of such visitors as the source data is based on port of embarkation and not home address.

A Closer Look at the US Market

The US is the largest single source of visitors to St. Kitts, with the New York Tri-State (NY, NJ, CT) area alone accounting for over a quarter of all US visitors; more than either Canada or the United Kingdom.

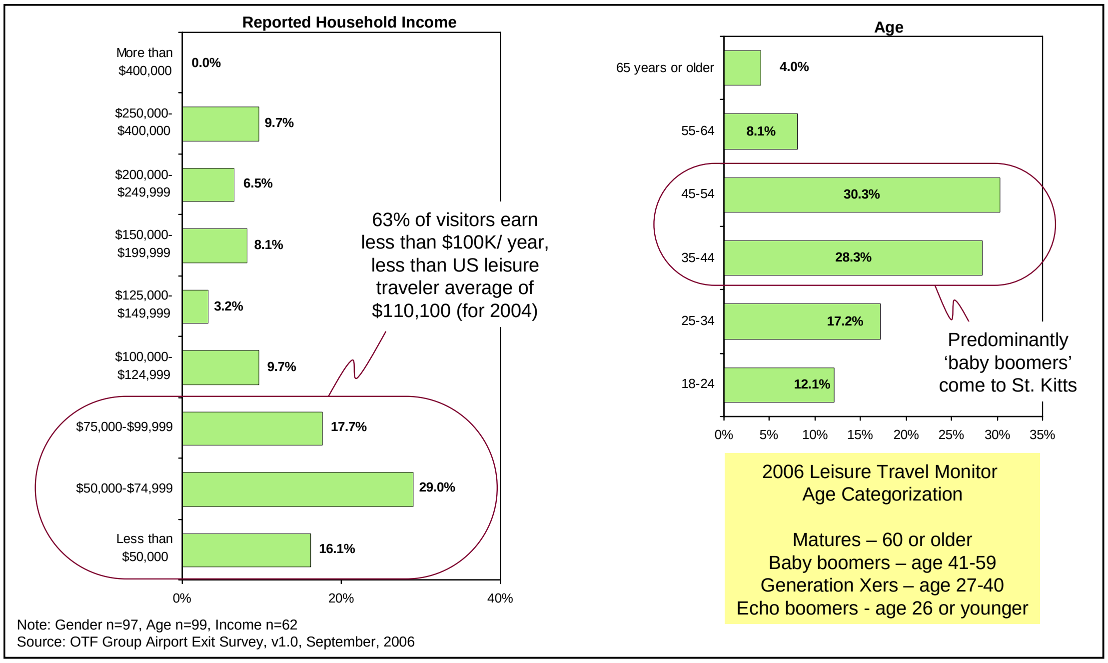
Figure 2.2.3: State of Origin of US Visitors to St-Kitts (2004)



Demographics

The majority of stayover visitors to St. Kitts are between 35-54 years old, with 63% of those surveyed earning less than US$100,000 annually (household income). Note: these results need to be qualified by the fact that they are based on one survey conducted at one particular point in time.

Figure 2.2.4: Demographic information about visitors



A Closer Look at Baby Boomers[15]

The majority of Travelers who come to St. Kitts are baby boomers. This is a highly attractive segment to be serving: it is large and wealthy. However, as depicted in figure 2.2.5, it is also a demanding segment.

[15] Source: Adams Unlimited, based on Forrester Research, AARP, www.eons.com and *The 50+ Boomer; Your key to 76 Million Consumers* by Don Potter.

Figure 2.2.5

Profile	*Wants*	*How they Buy*
• 25% of the US population. • Highest income category (avg. $75,000). • 26% are $150,000 or more (20 million). • The older ones are spending it. • 78 M in the US; 27 M traveled out of US last year.	• Like to learn new things • Individual activity (not large groups) • Don't like structure and want choices • Travel in new ways (boutiques, villas) • Looking for unique cultural, social experiences -- off beaten path • Spend heavily on their hobbies • Will pay for luxury and expertise • But only if they see the value • Want to relax but be active • Want to be active but without a schedule	• Less trusting than 'matures' • Research their options carefully • Emotion-based appeal supported by facts • DIY packages for 'individuals' • Prefer articles to ads • Depend on word of mouth • But they are on-line already: 68% make travel reservations; 52% buy airline tickets; 43% make hotel reservations

2.3 Understanding Customer Needs

In order to meet and exceed customer expectations an in-depth understanding of their needs and preferences is required. To that end, two separate surveys were undertaken between August and September 2006:

1. Airport exit survey (109 respondents): A self-administered paper survey conducted at Basseterre airport.

2. International perceptions survey (1101 respondents): A self-administered web-based survey. Of the total respondents, 402 had been to St. Kitts previously, 699 had not.

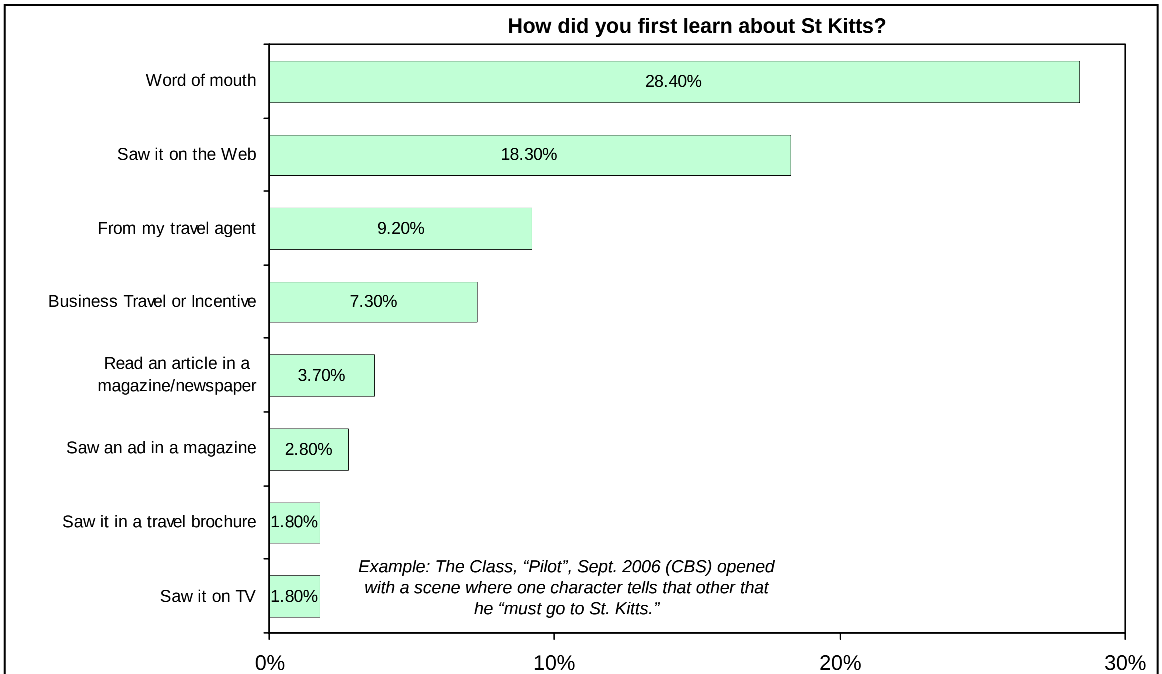
Both surveys tested around a series of questions pertaining to:

- What St. Kitts' visitors do when on island and how much they spend in the process.
- What visitors look for when coming to St. Kitts and other like destinations.
- What channels they use when researching and booking a holiday.
- Visitor associations with the island.
- How St. Kitts is perceived relative to its regional competitors.

Trip Planning and Selection (Int'l Perceptions Survey)

The relative majority of visitors hear about St. Kitts from others (i.e. word of mouth), while a large portion find out about it over the internet underscoring the growing importance of this channel. Travel agents still play a role in informing visitors about the destination.

Figure 2.3.1: How did you first learn about St. Kitts?

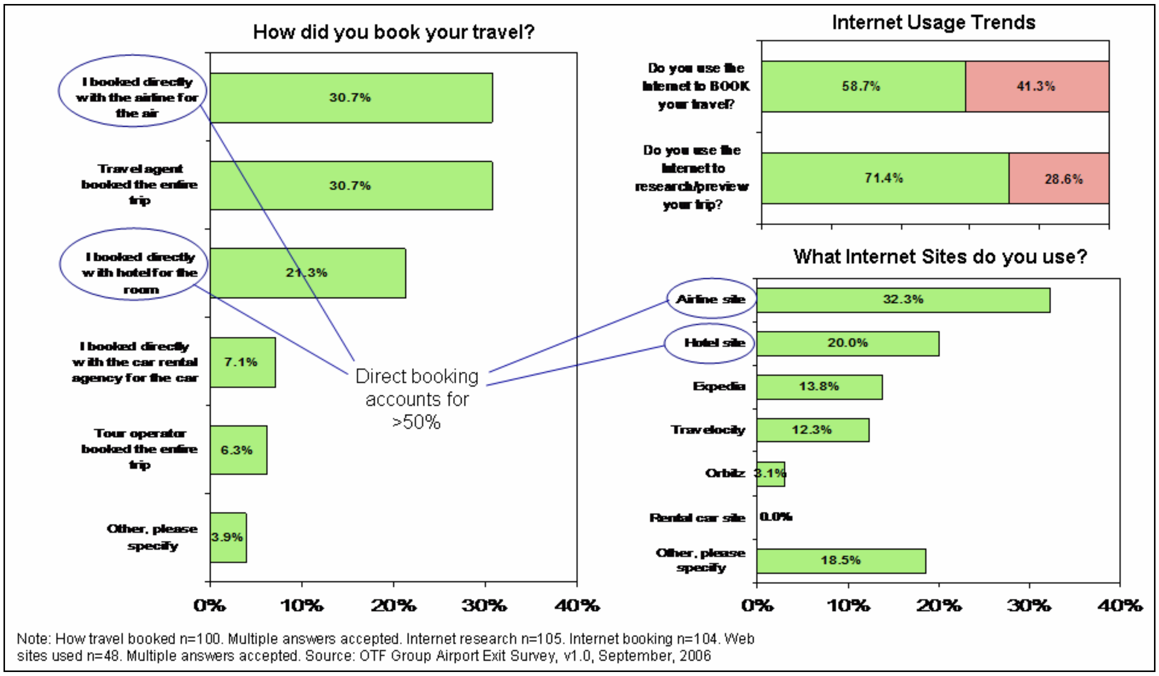


Note: Responses including pile sort of "Other, Please Specify" category.
n=98. Multiple answers accepted.
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Trip Planning and Selection: Booking (Int'l Perceptions Survey)

While travel agents remain important, they are no longer the dominate sales channel. Rather, marketing programs must take into account the emerging primacy of internet usage and specifically the increasing frequency of direct booking (typically via the internet).

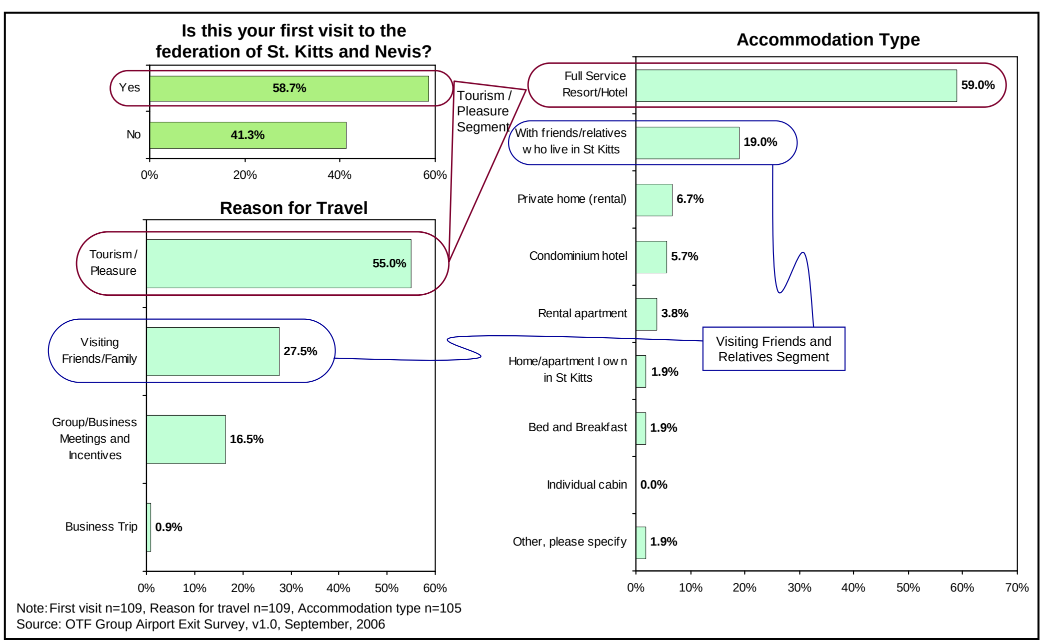
Figure 2.3.2: How did you book your travel to St. Kitts?



Purpose of the Trip (Airport Exit Survey)

The majority of visitors come for pleasure and stay at full service resorts. Over a quarter of those surveyed were visiting friends and relatives, many staying with them as opposed to at hotels. Note, these results are heavily biased as the survey was conducted during the off-season.

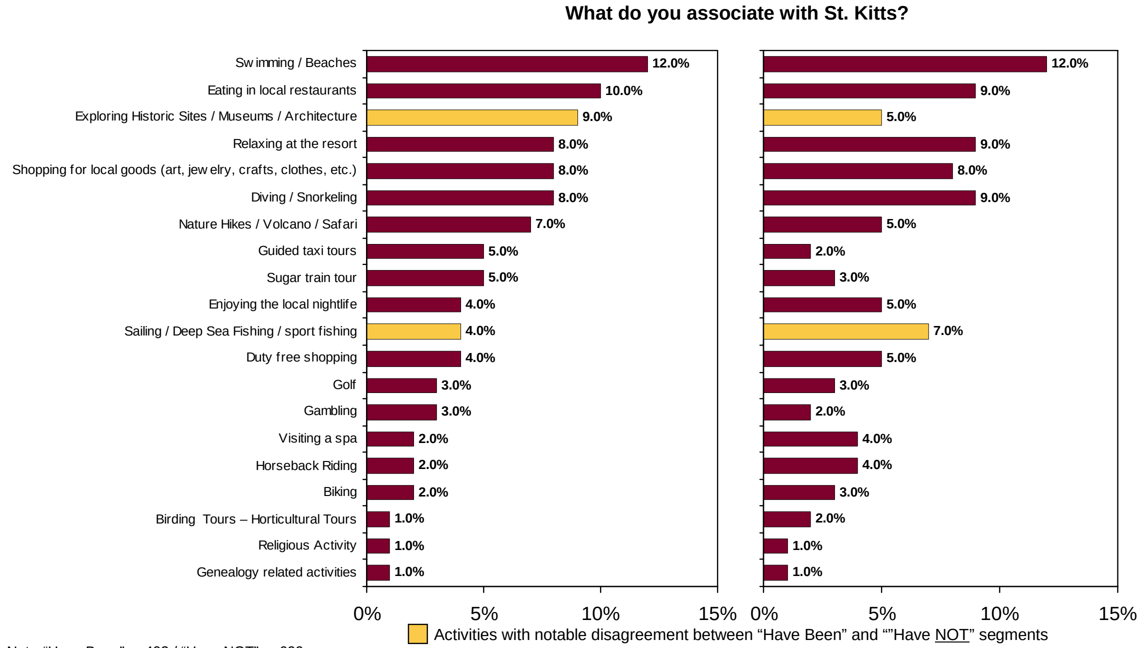
Figure 2.3.3: What is the reason for traveling to St. Kitts?



Impressions of St. Kitts (Int'l Perceptions Survey)

Survey respondents who have not been to St-Kitts (right panel) project a generic view of a Caribbean destination – i.e. sun, sea and sand. However respondents who have been to St-Kitts (left panel) reveal a greater diversity of activities most notably around the island's heritage sites.

Figure 2.3.4: What do you associate with St. Kitts?

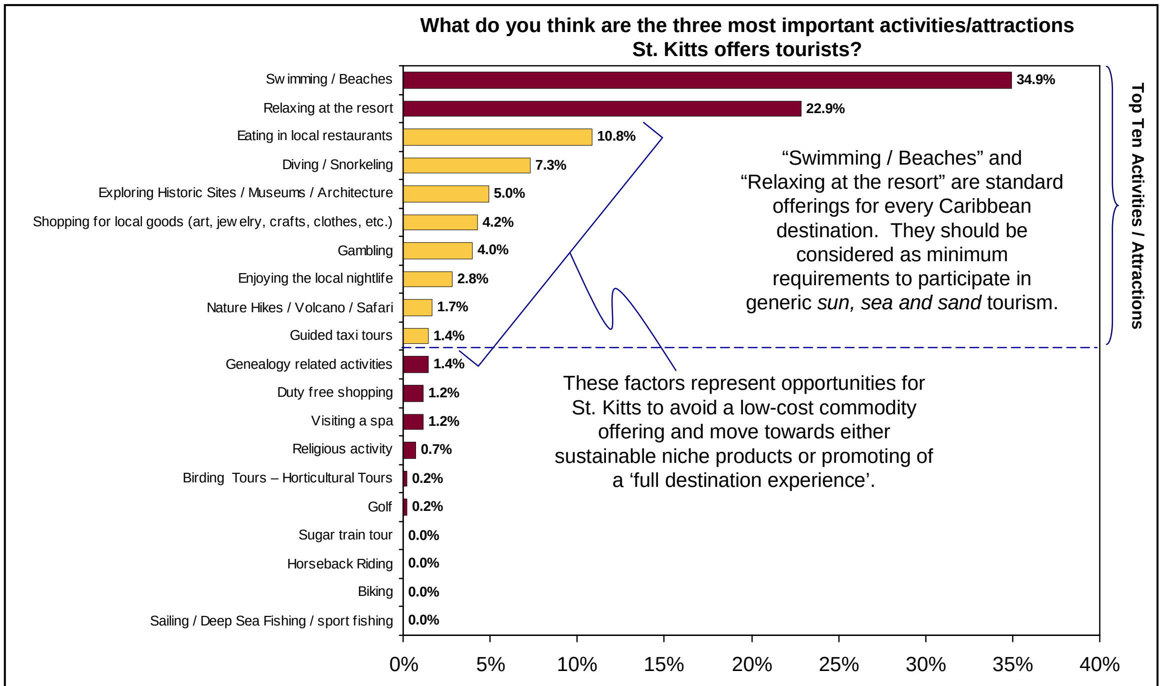


Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

Attractions and Activities: Overview (Airport Exit Survey)

Beaches and relaxing at the resort dominate what visitors consider the most important things to do on island, though a variety of other activities also feature.

Figure 2.3.5: What are the three most important activities/attractions St. Kitts offers Tourists?

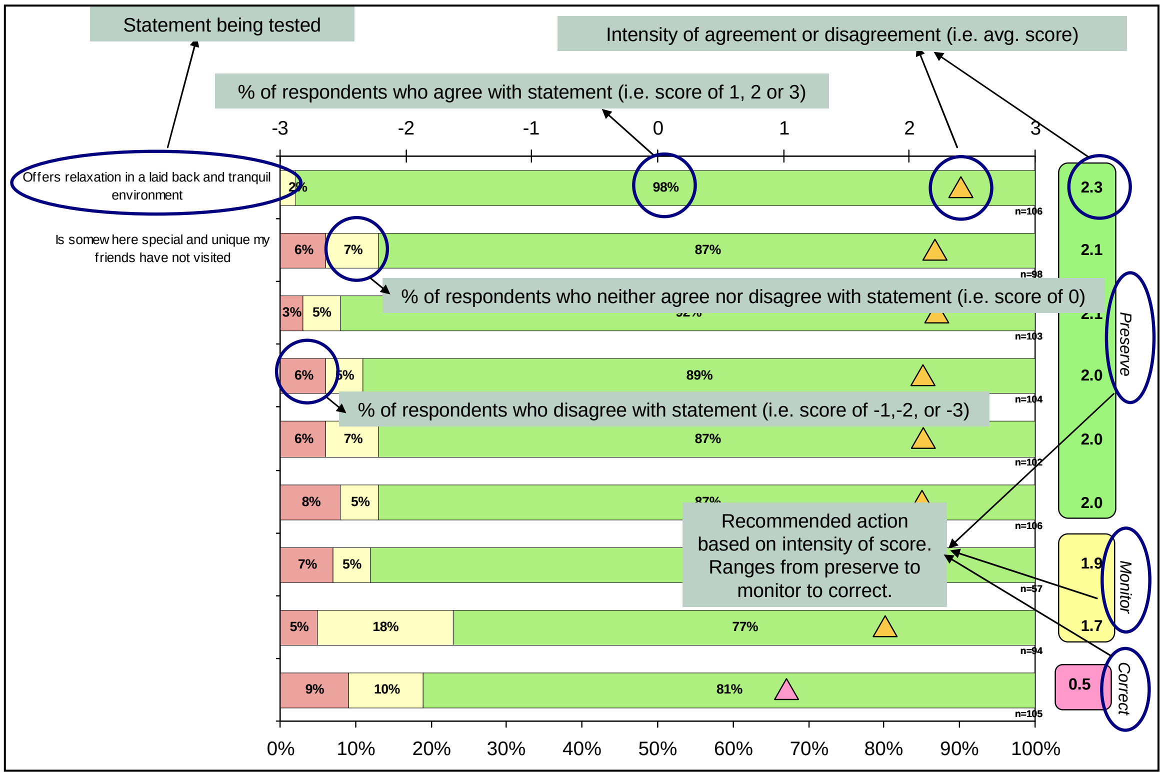


Note: n=89
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Destination Attributes (Airport Exit Survey)

Survey participants were asked to evaluate a number of statements about St-Kitts on a scale of [-3] to [3], where [-3] indicates that they "strongly disagree" and [3] indicates they "strongly agree" with the statement. Accordingly, [-2] indicates that respondents "somewhat disagree" and [2] indicates respondents "somewhat agree" with the statement. A scoring of [0] indicates that the respondent neither agrees nor disagrees with the statement. The chart below serves as a reference key outlining how to interpret Figures 2.3.1. and 2.3.2.

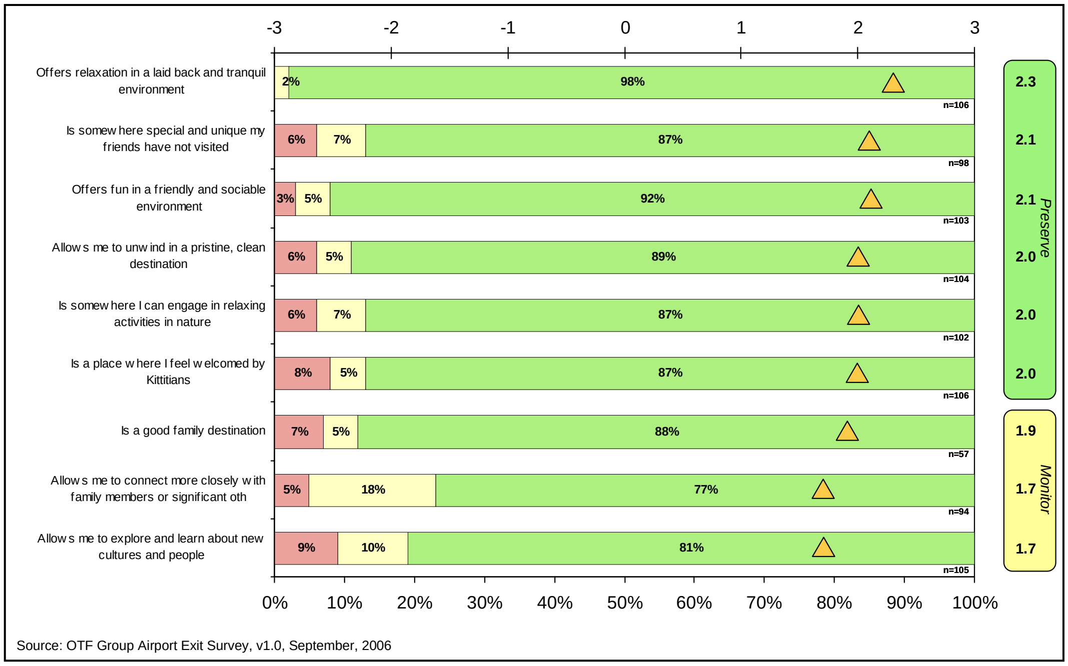
Figure 2.3.6: Reference key for interpreting *Destination Attributes* survey results



Destination Attributes (Airport Exit Survey)

Visitors generally associate St. Kitts most with tranquility and relaxation (emotions) and then cultural interaction and the quality of the accommodation and amenities (experiences).

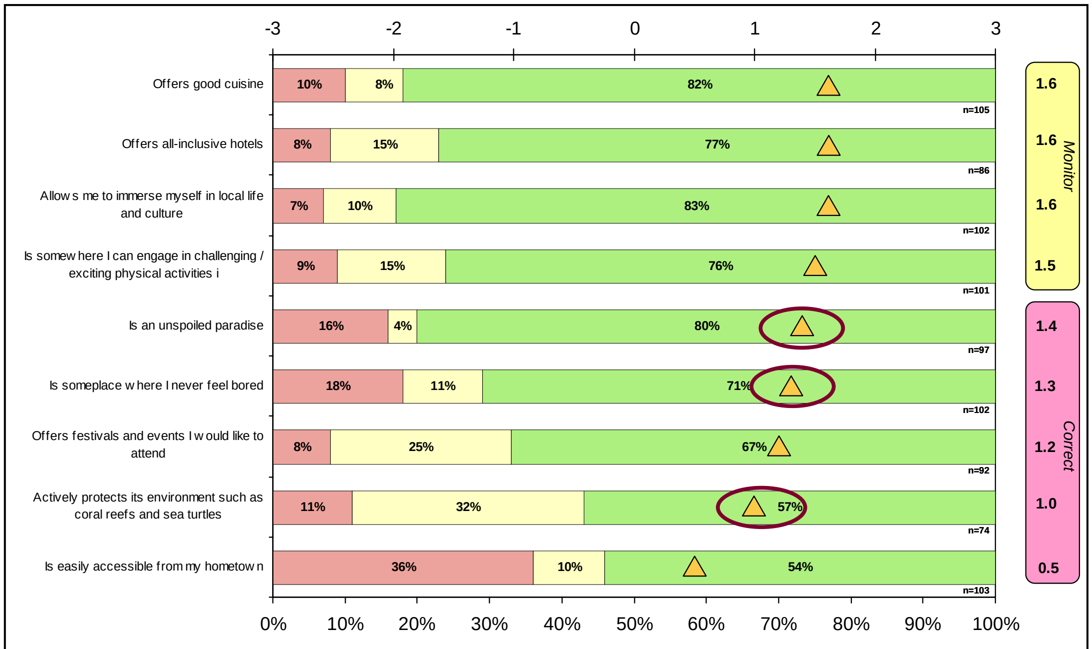
Figure 2.3.7: Destination Attributes



Destination Attributes (Airport Exit Survey)

St. Kitts is not widely considered an 'untouched paradise' nor as a destination with many activities by those surveyed. These results indicate a disconnect between the marketing of the island and the actual experience of the visitor.

Figure 2.3.8: Key Attributes

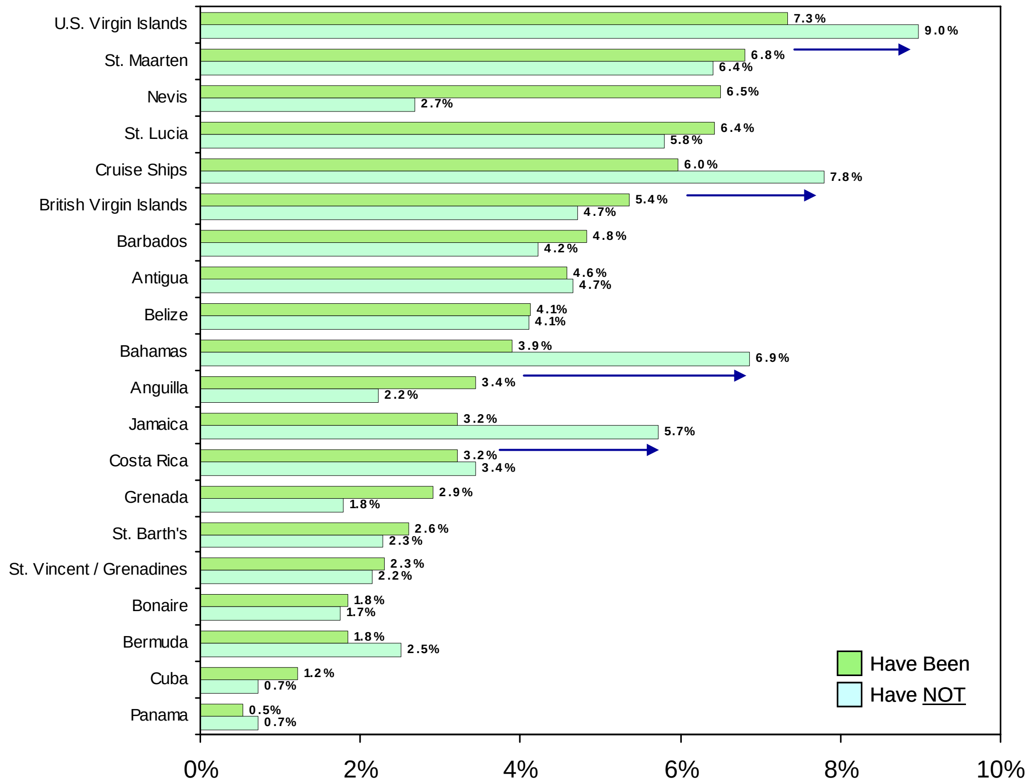


Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Relative Impressions -- St. Kitts vs. Competitors (Int'l Perceptions Survey)

Respondents were asked which destinations that they are considering for a Caribbean vacation. This question is a proxy for "What destinations are competitors to St Kitts?"

Figure 2.3.9

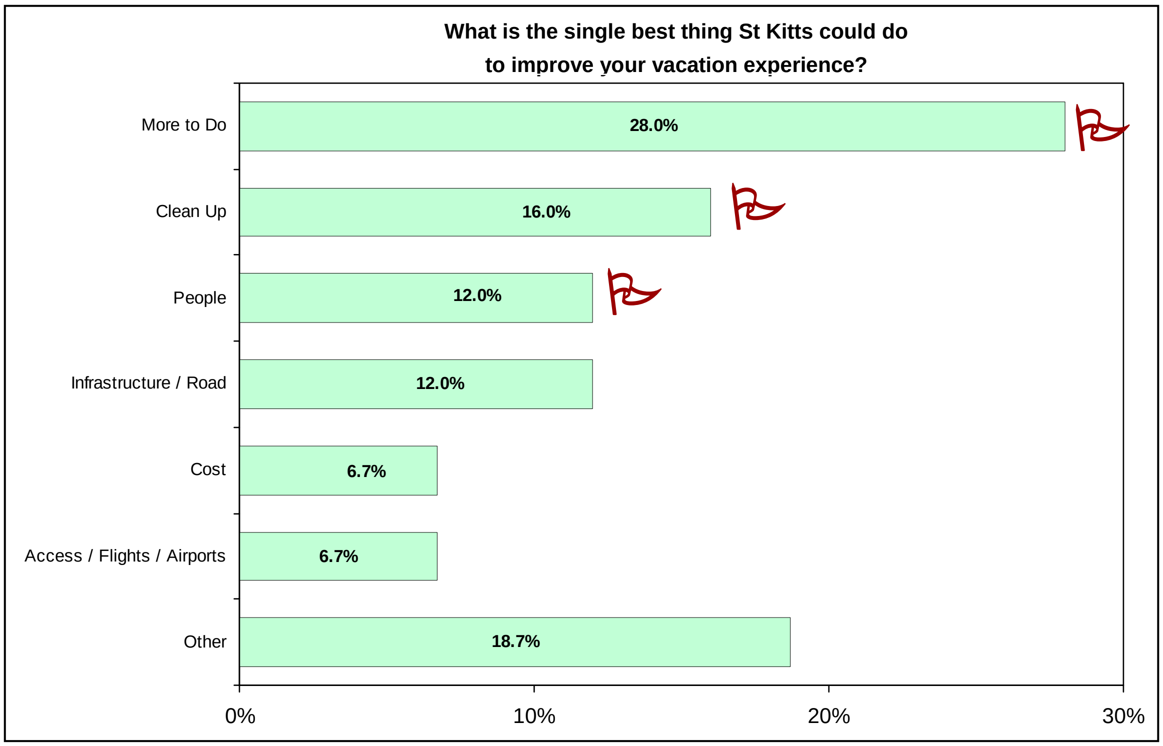


Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

Improvement Opportunities (Airport Exit Survey)

This particular question provides industry stakeholders with specific customer feedback that should guide strategy formulation and the prioritization of action items. Visitors are looking for more to do when on island. Cleaning up the island and building a more professional and courteous attitude towards visitors are also identified as areas for improvement.

Figure 2.3.10: What is the single best thing St. Kitts could do to improve your vacation experience?



Attractions and Activities: Spend per Day (Airport Exit Survey)

Pleasure visitors spend twice as much at the local shops / restaurants / experiences, and almost four times as much on lodging than those visiting friends and relatives.

- The Visiting Friends and Relatives segment does not typically use hotels, further reducing the on-island spend.
- Airline price differences should be explored further. Likely factors include greater travel date flexibility, longer lead / planning times, and greater use of charter flights.
- As the airport exist survey efforts continue, these hypothesis can be tested further.

Figure 2.3.11

	Tourism / Pleasure	Visiting Friends/Family
Average Length of Stay	7.8	10.7
Average Size of Party	2.5	2.7
Average Non-Lodging Spend / Person Day	$120	$58
Average Lodging Rate (per room)	$148	$37
Total Avg On-Island Spend / Day	$268	*$95*
Total On-island non-lodging spending per person / per trip	$933	$618
Average Airline Spend (per seat)		
North America	$499	$376
Europe	$1,091	$689

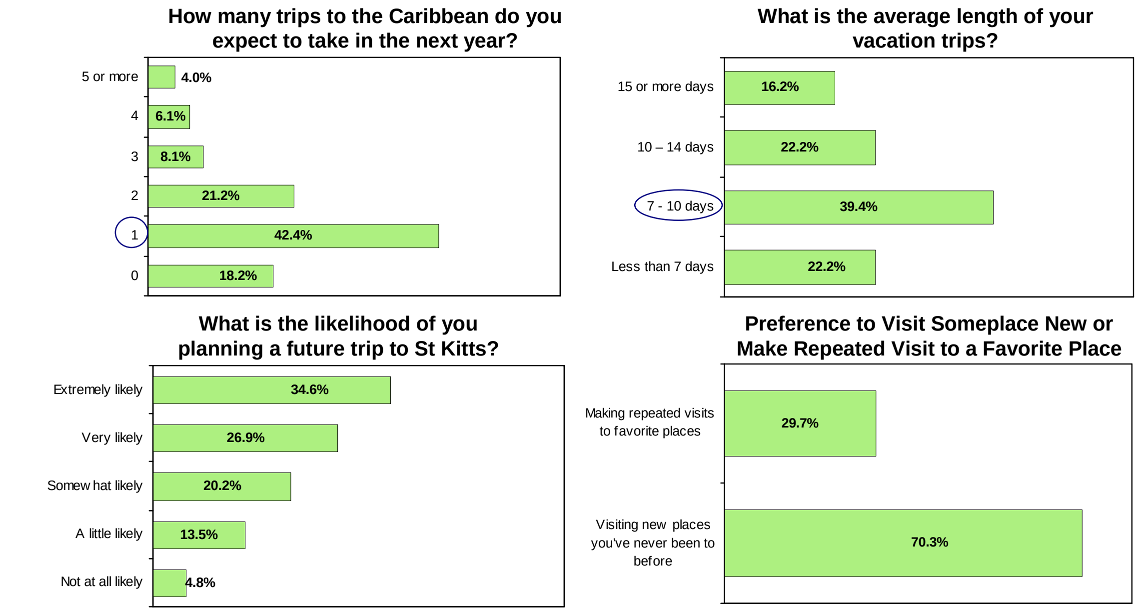
73% of Friends and Family Segment stated no accommodation costs.

NOTES: Hotel nights assumes double occupancy for parties of 2 or more, rounded up (e.g., 1-2 travelers = 1 rooms, 2-3 travelers = 2 rooms, etc.).
Person days on island calculated by multiplying the size of party by the length of vacation.
All calculations are based on a small sample and should be viewed for demonstration purposes only. Sample size validity will come from consistent sampling of exiting travelers at regular intervals throughout the year.
Overall: Tourism / Pleasure (TP), n=43. Visiting Friends and Family (VFF), n=15. Non-lodging spend/day: TP n=43, VFF n=14 Lodging spend / day: TP n=34, VFF n=4. Airline spend / day: VFF(Eur) n=5, VFF(NA) n=8, TP(NA) n=22, TP(EUR) n=14.

Post Trip: Future Booking (Airport Exit Survey)

Most visitors only expect to make one trip to the Caribbean in the year, staying about 7-10 days. Most prefer to travel to places they have not visited before, but they also expect to come back to St. Kitts. How can St-Kitts maintain a relationship with these potential repeat visitors to increase the likelihood that they will actually return?

Figure 2.3.12: Future trips



Note: Number of trips n=99. Length of trip n=99. Likelihood of return n=104. New place versus return n=101.
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Opportunities Not Surveyed

The surveys conducted for the strategy focused primarily on stayover visitors (though the international perceptions survey did capture data from past cruise visitors). There are other customer segments that may hold significant potential. However, they need to be validated through further customer research.

MICE: Addressing Seasonality

Meetings, Incentives, Conferences and Events/Exhibitions (MICE) are a particularly attractive market segment to target to address extreme low season visitor drop-offs. This is because:

- Following the end of the fiscal year, September and October are months during which incentive travel is often booked (year-end results are in/tabulated and rewards decided upon) and during which meetings around strategic planning for the year ahead begins.
- Due to high numbers of travelers, planners are more open to trade-off ideal conditions for price.
- MICE represents "paid marketing" in that it brings free, independent, travelers to the island, who, if served well, may return.

However, a substantial challenge with regard to the US is that expenses incurred for a convention or meeting outside of the US are not tax deductible. This does not apply to Hawaii, which is a strong player in the MICE market.

Cruisers: A Potential Source for Future Stayovers?

The greatest number of visitors that come to St. Kitts come aboard cruise liners. They stop for less than a day, and spend a limited amount on island. While they are of limited attraction as a source of revenue, they do represent a potential source of future stayover visitors (the island's main source of tourism revenues). The high volume of cruise visitors provides St. Kitts with a product *trial* opportunity. The sampling of a product is almost always the most effective trigger to the actual purchasing of the product. This is because customers usually prefer a known quantity. As such, cruisers present an ideal trial opportunity.

As per the Florida Caribbean Cruise Association (FCCA)[16], over 85% of cruise passengers think that cruising is an important vehicle for sampling destination areas to which they may return. Nearly 50% fully expect to return to the sample geographical area/destination for a land based vacation. Cruisers are not exclusively cruisers; they are frequent vacationers that cruise as part of their vacation mix. They average over three (3.3) trips each year, thereby taking nine other non-cruise vacations in the three year

[16] FCCA Cruise Industry Overview 2006

period. Of course, these figures should be taken with a grain of salt of they have been compiled for marketing purposes.

Survey limitations

- Only stayover visitors were surveyed, limiting the applicability of the analysis. Other segments were not surveyed, the most important of which are cruisers – the islands' largest by volume. Furthermore, not all segments of stayover visitors were surveyed, such as people coming to the island for a specific event (no events were taking place at the time).

- The airport exit survey was undertaken during the low season. This meant that the respondent base was lower than expected. It also effects how the data should be interpreted, as travelers during low season are likely to be more price conscious than other seasons.

SECTION THREE: RECOMMENDATIONS AND PRIORITY ACTION ITEMS

Putting the Pieces Together

The overall objective of the tourism strategy is to develop tailored tourism experiences for the island's target customer segments. The destination traveler has been identified as the island's most attractive customer segment. Developing a product offering that satisfies the needs of this customer segment necessitates concerted action along three dimensions:

4. Human resources: the skills base Kittitians needs to be expanded and upgraded.

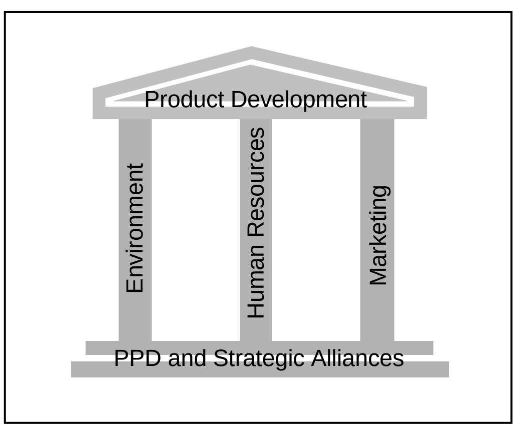
5. Marketing: an integrated marketing plan is required to fully leverage distribution channels.

6. Environment: the island's natural resources need to be preserved and protected.

Activities across all of these areas need to be grounded in strong public-private institutions which will lead and coordinate the change process.

The various components of the strategy have been integrated to form a structure that sees product development as resting on three pillars (environment, marketing and the central pillar of human resources) all of which rest on a solid foundation of public and private sector dialogue characterized by strategic alliances within and across sectors.

Figure 3.1.1.



This section serves to outline each component of the strategy and to detail the various action items to be pursued under each component.

3.1 Summary of Recommendations

Strategic Component	Priority Activities
Product Development	**Tour Packages** • Develop tour packages and activities that celebrate the natural, historical and cultural richness of St-Kitts. • Develop customized, pre-packaged, multi-day itineraries that can be easily purchased or modified by potential visitors. For example, a tour package should be developed for children. • Ensure all tour packages are posted on-line and are supported by collateral material that can be obtained prior to arriving on the island. **Improve the Cruise Visitor Experience** • Partner with cruise lines to provide passengers with information on St-Kitts before they board the ship in Miami. The St-Kitts Scenic Railway has been very successful in this regard. Note: cruise lines will frequently inflate the cost of on-shore activities to make their on-board program more attractive. • Provide a dedicated on-shore liaison for each cruise liner that makes a port call – particularly those that St. Kitts wants to attract and retain. The on-shore liaison officer would act as single support contact for both operational and passenger-related issues. • Coordinate on-shore activities with cruise ships on-board programs to increase awareness and appeal of the island as a port and island worth exploring. • Improve the visibility of the official concierge desk in Port Zante by setting apart from commercial booths and clearly marking it with the internationally recognizable “I” symbol for tourist information ‘I’. • Staff the concierge desk with students who would serve as energetic young ambassadors welcoming visitors and assisting those with questions.

Strategic Component	Priority Activities
Phase II	**Explore the development of the MICE segment** • Conduct customer survey of business group trip planners to determine exact needs and preferences **Conduct pilot program to convert cruisers** • Provide cruisers with info-packs advising them of what they missed while on the island and informing them about what else they could do on the island if they came back for a longer stay. This information should outline various tour packages that complement what the cruiser did while on the island (along the lines of "If you liked X then you'll also love Y and Z"). This information could be obtained through brief exit interviews or a post-trip on-line survey. The information that is ultimately disseminated would be customized based on how the cruisers responded to the survey. Response and subsequent booking rates would be tracked.
Strategic Component	**Priority Activities**
Upgrade Human Resources	**Vocational Training** • Establish a Business Development Services (BDS) Unit with a mission to (1) support firms with growth potential and (2) empower workers. • The BDS Unit would operate as a clearing house serving as a conduit to training, as well as business plan and funding proposal development services. To that end the BDS Unit would: • Conduct survey to confirm priority training needs of the private sector. • Package (aggregate) demand so that training can be provided in a more cost effective manner. • Establish a career advisory service in partnership with the island's secondary and tertiary educational institutions to promote internships and job-placements in the tourism sector.

Strategic Component	Priority Activities
Upgrade Human Resources	**Vocational Training** • Create network of local, regional and international best-in-class service providers that it can draw upon depending on the priority needs of the sector. • Create network of local service providers by partnering local BDS firms with regional and international organizations who would train-up their local counterparts. • Recognize and reward entrepreneurialism. The BDS Unit would co-sponsor, along with a local bank, a set of awards to recognize innovation and entrepreneurial behaviour. • Link Tourism to Agriculture by staffing BDS Unit with an Agribusiness Linkages Officer who would focus exclusively on strengthening the links between these two sector by coordinating crop selection, and production methods, amongst buyers and farmers. **Public Awareness Campaign** • Launch public awareness campaign focusing on two key messages (1) the tourism industry holds a wide variety of opportunities for Kittitians, and (2) all Kittitians have a role to play in the development of the industry, ranging from a life-long career to simply being polite to a tourist on the street. • The campaign would leverage all forms of media and would entail the following components: • Speaker series targeted at private, public, and civil society organizations • Merit awards to industry leaders for their contribution to Kittitian economy and society • Bi-weekly profiles of leading tourism entrepreneurs and/or establishments in St-Kitts The campaign would operate at a national and community level.

Strategic Component	Priority Activities
	Education • Launch tourism infusion program for primary and secondary school students. • Implement materials designed to support the teaching of tourism in schools at grade levels 4-6 and forms 1 & 2. • Launch a speaker series where successful entrepreneurs and industry professionals (at both the managerial and rank and file level) speak to primary and secondary level students about their own personal opportunities and success in the tourism industry. • Increase collaboration/credit transfer schemes with key hospitality training institutions outside St. Kitts to support continuing studies/specialization. • Established a Curricula Advisory Committee under the auspices of the Ministry of Education, which would engage the private sector and seek their input on the curricula and other educational issues.

Strategic Component	Priority Activities
Marketing	• Test the impact and effectiveness of the current branding campaign should be tested both on and off-island through a mixture of focus groups and market surveys. Refine brand and value proposition accordingly. • Launch multi-channel marketing to produce a multiplier effect whereby industry partners and potential customers are empowered with the information necessary to inform themselves and others on the attractions of St-Kitts. Key elements include: • Upgrades to the St-Kitts Website as follows: • Increase web site's search engine optimization to respond to a number of key words covering the range both emotions and experiences that the destination offering embodies.

Strategic Component	Priority Activities
Marketing	• Establish St. Kitts Vacation e-Planner, providing variety of packages catering to a range of customer focuses. • Ensure ability to assemble tailored travel package, ensuring that full package can be assembled and paid for on-line. • Establish virtual tour package offerings on main Tourism website. • Ensure easy access to booking agents, both on-line and via phone. • Establish 1-800 line and ensure timely response to e-mails. • Organize a set of familiarization tours to bring selected tour operators and travel agents to the island where they would be hosted on a tightly managed tour that would provide them with a unique experience. • To drive PR efforts, organize FAM trips for the media (both trade and general media). These FAM trips would focus on "newsworthy" items like music or sporting events. A special program should be prepared for Cricket World Cup 2007. • Actively participate in carefully selected trade shows to deepen the island's relationship with key industry partners. A strategy should be developed for each show clearly outlining (1) the objectives to be pursued, and (2) the basis upon which the success of the effort will be judged. For added energy, young ambassadors could be part of the trade show delegation. • Design and conduct post-trip on-line surveys to leverage the pool of satisfied customers and the power of word of mouth. Surveys would: • Test what the visitor liked and/or disliked about their trip to St-Kitts. This will serve to flag problem areas and guide corrective action.

Strategic Component	Priority Activities
Marketing	• Provide market feedback on specific attractions. The results of which could be used as a market based scoring system similar to *TripAdvisor* . This would provide potential visitors with the guidance they seek when planning their itinerary. It would also serve as a form of quality check on the island's various product offerings. • The rating system (based on numerical scores) could serve as basis of various industry awards. The fact that they were determined by the market would give the awards greater significance. • The survey could also be used to identify key dates (birthdays, anniversary's, etc.) which would provide the basis for an e-mail to the visitor asking them to return to the island. • Survey would provide a means of staying in touch with customers while providing highly actionable customer feedback. *OTF Insight* could be used as the primary survey tool.
Strategic Component	**Priority Activities**
Preserve and Protect the Environment	**Beaches** • Conduct inventory of beaches and develop priority list in terms of importance as tourism resource and threat/degradation levels. • Review existing guidelines for beach developments (including shacks) and recommend changes. • Develop 'Covenants' for beaches and proximate areas to manage operation of existing infrastructure/amenities and guide future developments. • Develop systems to ensure compliance and enforcement.

<table>
<tr><th>Strategic Component</th><th>Priority Activities</th></tr>
<tr><td>Preserve and Protect the Environment</td><td>
Beaches

Adopt a community tourism approach to managing the resource so as to combat the tragedy of the commons. Under this approach specific communities would be granted “ownership” of particular beaches. In return for implementing an effective beach clean-up routine, community residents and firms would be given licenses to operate food concessions, sport equipment rentals, and guided tours.
Develop course on beach resource management for all operators in proximity to core beaches (restaurants/shacks, sport equipment renters, etc.). The course would be tailored to the needs of the market as well as the community.

Reefs

Conduct joint review with Nevis to develop Marine Protected Areas (MPAs).
Cost and implement enforcement mechanisms based on good practices from other islands.
Develop resource desk to facilitate access to alternative livelihood programs for spear fisherman, such as CEP’s Small Grants Fund for Sustainable Fisheries and Alternative Livelihoods.
Conduct cost-benefit study of sewage treatment plant for major population centers. This analysis could be accelerated by updating a study/proposal developed in 1980.

Rainforests

Develop public-friendly map of hiking routes.
Review existing maps of trails/hikes in interior and related facilities such as campsites.
Develop plan to develop low-impact amenities, including visitor/interpretive centers, trail development, viewing platforms, etc.

</td></tr>
</table>

Strategic Component	Priority Activities
	Heritage Sites • Review Heritage Society's proposed list of sites to begin developing heritage tourism products and tours • Develop limited list of focus/priority sites for tourism development. • Adopt a community tourism approach to managing heritage sites so as to combat the tragedy of the commons. Under this approach specific communities would be matched to the list of sites generated under action item #1 above and granted "ownership" of a particular heritage site. In return for implementing an effective routine maintenance program, community residents and firms would be given licenses to operate guided tours of the site, souvenir concessions, and other mutually approved services. • Review interpretation options for priority sites and draft program for development of individual sites. Interpretation should focus on: • Offering a variety interpretation options targeted to different visitor segments tour guide training will be especially important in this regard. • Role for private enterprises to manage and deliver services under contract. • This training would be tailored to meet the needs of the market as well as those of the host community. • Review issues with enforcement of National Conservation and Protection Act and propose solutions.

Strategic Component	Priority Activities
	Built Areas • Conduct review of building guidelines. • Map areas of 'high tourism relevance', developing categories around core attractions. • Develop 'Covenants' for all tourism-related areas (beaches, vistas, etc.) and develop systems to ensure compliance monitoring and enforcement. • Conduct review of Basseterre Revitalization Project and explore reasons for lack of implementation.
Strategic Component	**Priority Activities**
Strategic Alliances and Public-Private Dialogue	• Form a Project Steering Group made up of stakeholders from the public and private sector, along with representation from civil society, which will play the main coordinating role in implementing the various components of the strategy. • Appoint a Public-Private Interest Coordinator to lead the coordination of the implementation process. • Conduct strategic retreat with St-Kitts Tourism Authority. The planning exercise would focus on clearly defining their organizational mission, strategic objectives, core activities, and measurable performance targets. This would be a necessary first step towards strengthening the organization. • Conduct strategic retreat with St-Kitts Tourism Authority and the Hotel and Tourism Association (HTA). The planning exercise would focus on strengthening the links amongst its members by developing a strong sense of shared vision within the organization. The planning exercise would also look to define a broader set of objectives for the association beyond public advocacy. This would be a necessary first step towards strengthening the organization.

3.2 Product Development

Survey results indicate that visitors who come to St. Kitts do not come for the beaches and resorts alone. Though these are the primary attractions, visitors seek a variety of activities and related experiences. These include eating in local restaurants, diving and snorkeling, and visiting historical sites. Although St. Kitts has already made headway into serving the 'destination traveler, visitors have clearly stated they feel there is an insufficient number of things to do on the island. As such, a priority activity should be the development and marketing of additional product offerings ranging from dining events to tour packages.

The product development process should be guided by market data and incorporate the essence of destination tourism. The destination may be defined as

> An interconnected and complementary set of attractions, events, services and products which together create a total experience and value proposition to visitors. Within the picture of the total experience there is usually a mixture of the unique and the complementary – that is to say interesting choices that together create a fun, convenient and personally valuable visit. In a successful destination, each attraction contributes something to the total.[17]

Based upon the international perceptions and airport exist surveys the scope for product development is fairly wide. It includes, but is not limited to (i) heritage sites, (ii) dining events, (iii) spa and beauty treatments, (iv) shopping, and (v) deep sea fishing.

Regardless of the activity, it is important to recognize that engaging a destination can be a complex, time-consuming and even stressful process. As such, packaging tours and/or itineraries is critically important. A pre-set package, an example of which is provided in Figure 3.2.1., gives the destination traveler a compelling sense of the options available to them. Pre-established tour packages also serve to reduce transactions cost thereby improving the chance that they will select St. Kitts and have a truly unique experience while on island. For example, parents planning a family vacation will almost certainly welcome a pre-packaged tour that focuses on children. Packages can no longer be considered as the coupling of a hotel and car rental.

[17] Destination Marketing in the United States: Benchmarks and Best Practices, White Paper, The Kotler Marketing Group, prepared by Milton Kotler, Aaron Thomas, and Dr. Jonathan Monroe, 1999.

Figure 3.2.1: Sample 7-day Itinerary for a Destination Tour

<table>
<tr><th>Day 1</th><th>Day 2</th><th>Day 3</th><th>Day 4</th><th>Day 5</th><th>Day 6</th><th>Day 7</th></tr>
<tr><td>• Relax on the beach</td><td>• Island tour/ Heritage tour</td><td rowspan="2">• Catamaran cruise (includes Nevis) or day trip to Nevis via local ferry</td><td>• Culinary class
• Shopping for local souvenirs and gifts</td><td>• Briefing on reef and marine life
• Scuba diving / Snorkeling</td><td rowspan="2">• Volcano hike (full day) or half day rainforest tour</td><td rowspan="2">• Relax on the beach</td></tr>
<tr><td>• Horseback riding
• ATV Tours</td><td>• Sugar tour (scenic railway, factory/rum distillery, Plantation Inn lunch)</td><td>• Relax on the beach
• Spa / Golf</td><td>• Relax on the beach</td></tr>
<tr><td colspan="7">Evening</td></tr>
<tr><td>• Dinner at host hotel</td><td>• Dine-around (local restaurant)</td><td>• BBQ and/or Bonfire at beach</td><td>• Calypso dance classes and/or Party bus</td><td>• Dinner at host hotel
• Evening entertainment (bars, karaoke…)</td><td>• Brimstone hill music concert and dinner</td><td>• Dine-around (local restaurant)</td></tr>
</table>

Ideally, the destination traveler should retain the ability to build their own customized itinerary if they so choose, and do so in a "one-stop shopping" fashion. Other possible tours are outlined in Figure 3.2.2.

Figure 3.2.2: Sample Tours

Examples of Tours	Description	Exists currently?
Hit the Beach	• Shuttle buses and taxis available to ferry visitors to a variety of beaches on the island. • Visitors provided list and descriptions, including list of amenities with customer ratings and background information on Kittitian cuisine.	Partial
Sea Mysteries	• Brief information session on Caribbean reefs and sea life. • Expert-led snorkeling (or diving) at nearby reefs. • Visitors provided list of beach-side shacks to eat at independently.	Partial
Beautiful Basseterre (or Stretch those Sea Legs)	• Guided historical walking tour of the Basseterre. • Stop over at select shops and galleries. • Visitors provided list of customer-rated restaurants to eat at independently.	Yes
Forts and Food	• Visit to historic forts with stop-over for lunch at variety of restaurants (beach-side and plantation). • Visitors provided list of customer-rated restaurants outside of Basseterre to select in advance.	Partial
Sugar and Scenery	• Tour of the island on the scenic sugar train. • Stop over at refurbished sugar factory and small scale rum distillery. • Opportunities to purchase unique sugar and sugar-derived local products.	Partial
Plants and Plantations	• Botanical walking tour through sugar cane and forest. • Lunch at historical plantation restaurant.	Partial

All packaged tours should be detailed on-line with collateral materials (brochures and guide books) readily available prior to the visitor's arrival on the island.

Improving the Cruise Visitor Experience

Attracting the cruisers begins with appealing to end-consumers (passengers), enabling them to easily interact with the island and whetting their appetite through varied and professional tours. However, it also requires building a strong relationship with the cruise liners so that St-Kitts becomes part of their itinerary. To that end, the following actions should be undertaken:

1. Partner with cruise lines to provide passengers with information on St-Kitts before they board the ship in Miami. The St-Kitts Scenic Railway has been very successful in this regard. Note: cruise lines will frequently inflate the cost of on-shore activities to make their on-board program more attractive.

2. Provide a dedicated on-shore liaison for each cruise liner that makes a port call – particularly those that St. Kitts wants to attract and retain. The on-shore liaison officer would act as single support contact for both operational and passenger-related issues.

3. Coordinate on-shore activities with cruise ships on-board programs to increase awareness and appeal of the island as a port and island worth exploring.

4. Cruise visitors have little time to acclimatize to a destination. An official concierge service that helps to guide their choice-making (for those who have not pre-booked activities) will serve to increase their receptivity to engaging in tours/activities. It is important that such a service is portrayed as an official and impartial broker between visitors and third-party private tour/activity providers. A consolidated menu of half and full day activities should be readily available to visitors upon their arrival.

Such a concierge service must be highly welcoming. This entails:

- Building the visibility of the official concierge desk in Port Zante, and ensuring it provides complete tour and activity information to cruise passengers. The desk is currently lost amid a number of private providers' booths. It is also not marked with the internationally recognizable tourist information 'I'. It also has limited written information on the range of tours available.

- Ensuring high visibility roaming concierges (individuals with distinctive uniforms), both on the dock and in the town center to welcome visitors and assist those with questions. This provides a good opportunity for students to build their exposure to the tourism sector who, dotted around Basseterre when cruise ships are in port, could serve as "young ambassadors" on behalf of St-Kitts.

Product Development -- Phase Two

There are at least two additional product offerings that merit additional research:

1. The meeting, incentives, conferences and events (MICE) segment, and
2. The cruiser would-be stayover segment.

Based on the research done to date (outlined below) both of these segments look attractive, however both require additional market research, and specifically customer surveys, to identify specific needs and preferences.

1. MICE

Meeting, Incentives, Conferences and Events (MICE) is a new opportunity for St. Kitts. Projected to grow at 10% annually, this segment is also attractive because it can be targeted specifically to address the decline in arrivals during the low season.[18] Although a relatively new segment for the island, St. Kitts can look to leverage the network and expertise of Marriott as well as the Ministry's experience with the music festival. Intermediaries continue to play a key role in this segment. As such, the product development and marketing effort needs to be centered around their needs, preferences, and purchasing habits.

Profile of Business Group Trip Planners

- Tend to be 47 year old females who are in a company in which they have other responsibilities but still put together about 7 trips a year for top and / or best employees
- Trip planners research several destinations alternatives, short list 2 or 3, and book via a travel agent or an incentive house once they, or someone else in the company decides; ease of getting the information is critical
- The average group size is 120 people, and 30% of the time the trip includes spouses (90% of incentive trips). The logistics aspects require close collaboration with competent local DMCs
- Because the primary focus of this trip is rewards, trip planners look for destinations that provide a wide range of activities: golf, shopping, sightseeing, dining and entertainment; however, they still need to work within fixed budget while providing this range of activities
- In the destination selection process, trip planners are driven, in order of importance, by: safety and security, affordability, hotel availability, accessibility, extra-curricular activities. The destination has to have the reputation of being "hot" in travel circles
- Business groups tend to travel between September and March after previous year results (fiscal or calendar) are in. Most of those trips (69%) have a meeting element in them, and last 4 to 6 nights (for international travel)

Source: OTF Group customer research, 2000.

[18] *OECS: Towards a New Agenda for Growth*, World Bank, 2005.

Key success factors for the MICE segment include:

Facilities

- Facilities for this segment are key. For meetings, incentives and conferences the basic requirement are meeting facilities for large groups. For events, the nature of the event will determine the facilities required (stadium, concert hall, etc).
- The island's capacity to cater to this segment has increased substantially with the development of the Marriott, which is aggressively pursuing it. This is good news as it will help to build St. Kitts' brand recognition in this segment.

Logistics

- However, the challenge lies in ensuring that the benefits of this segment are captured by smaller businesses as well. This will require coordinating groups of travelers across a range of accommodations and amenities.
- This puts a premium on skilled event planners/ground handlers. They will provide a single point of contact for managing a variety of services and issues will help to ensure that the event is a positive experience.

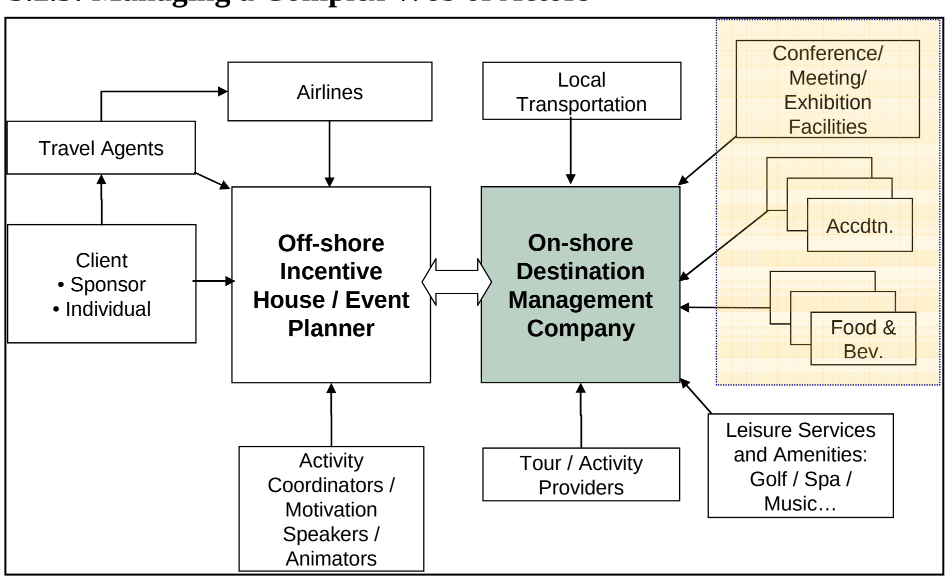
Activities

- The meeting/event must also have unique moments and include great golf, shopping, dining and entertainment moments. Local flavor of the group experience is a plus.
- Short tours offered to cruisers or one-day tours offered to destination travelers can be leveraged for this segment.

Operations

- Ensuring that the benefits of the MICE market do not accrue to only a few large industry players will require coordination among a number of smaller accommodation, amenity and service providers. This will be logistically/managerially complex, requiring highly experienced destination managers (or ground handlers) to ensure a seamless customer experience.

Figure 3.2.3: Managing a Complex Web of Actors



The facilities highlighted in yellow, may be provide under one roof, such as at the Marriott, or distributed among a number of independent businesses. In both cases, ensuring seamless coordination amongst them is key.

To be sure, this segment looks to hold tremendous potential, however the next step is to conduct a customer survey of business group trip planners before any significant resources are allocated to the effort.

2. Converting the Cruisers

Converting cruise passengers has proven to be a substantial marketing challenge to date. However, they are a captive, high volume group that merit further research. For this segment of the market the effort amounts delivering a positive experience on the island (no matter what they choose to do) while also letting them know what they missed.

- Delivering a positive experience entails the activities outlined above for improving the cruise visitor experience.

- Letting them know what they missed entails informing them about what else they could do on the island if they came back for a longer stay. This information should outline various tour packages that complement what the cruiser did while on the island (along the lines of “If you liked X then you’ll also love Y and Z”).

This information could be obtained through brief interviews or an on-line survey. The information that is ultimately disseminated would be customized based on how the cruisers responded to the survey.

A segment to watch: Emerging ‘Experientials’

Much as stay over visitors are looking for an experience that takes them beyond the beach, there is an emerging trend with cruisers looking for a similarly more enriching cruise experiences. This could be important an important segment of cruisers on which to focus.

• The ‘experiential cruiser’ is a cruise equivalent of the destination traveler: baby-boomers who want intellectual stimulation while on holiday. They are therefore a high potential segment for conversion to future stay over visitors.

•Creating synergy between sea and land-based activities will help to ensure that cruisers have a rewarding experience, and improve the chances of their returning to St. Kitts.

•However, similar to catering to the destination traveler, serving this emerging segment will be challenging:

•Careful coordination among multiple actors (cruiser liners, content providers, private tour operators) will be required.

•Quality will also have to be consistent across both the shore-based and sea-based activities.

3.3 Upgrade Human Resources: "Unlocking the Full Potential of Kittitians"

The shortage of skilled labor has been cited by firms in the OECS as the number one constraint to improving competitiveness.[19] Building a strong skill base is particularly important for St-Kitts given its increasing reliance on services, which are generally more skills-intensive than traditional manufacturing or agriculture. The survey results cited earlier in this report indicate that tourists believe the level of service needs to be improved. Indeed, if the growth of the tourism industry is to be a source of prosperity for the average citizen, then Kittitians must be equipped with the right skills and opportunities to be true stakeholders in the industry's expansion.

Three obstacles were identified as restraining the development of the human resource base in St-Kitts:

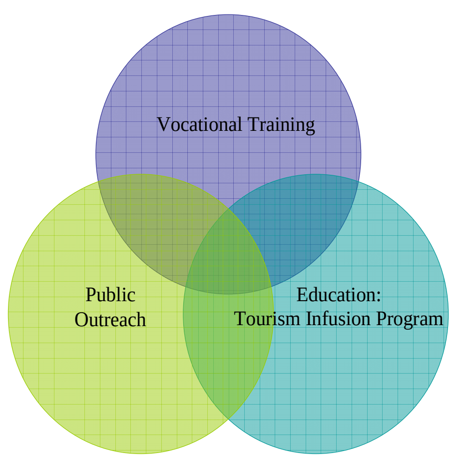
1. Kittitians have strong educational qualifications but employers report weaknesses in 'soft' skills.

2. Limited economies of scale inhibit the ability of the island's education system to develop specialized vocational skills programs.

3. A limited awareness of the opportunities that tourism presents.

To be sure, there is no silver bullet that will address these challenges. To be successfully overcome, they require a fully integrated, multi-faceted response. To that end, the following three-prong action plan has been developed to strengthen the human resource base both over the immediate to long term.

Figure 3.3.1: Action Plan to Unlock the Full Potential of Kittitians



[19] *OECS: Towards a New Agenda for Growth*, World Bank, 2005.

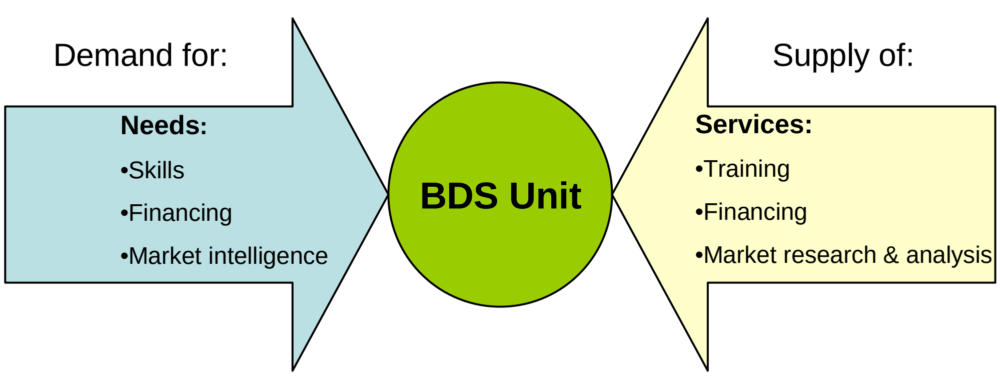
Component #1: Vocational Training

A country's prosperity depends upon its competitiveness, which in turn depends increasingly on the skills of its workforce and the innovation of its entrepreneurs. Feedback from both the Project Steering Group and the market indicate that the skills of the workforce and the entrepreneurial spirit of the island need to be enhanced. As per the Steering Group, deficiencies exist in number of areas. However what bodes well for the future is that the government has made the development of a skilled work force and a more entrepreneurial culture a central objective of its Adaptation Strategy.

An increasingly important component of any human resource development plan is business incubation. Business incubation is a unique and highly flexible combination of business development processes, infrastructure and people, designed to nurture and grow new and small businesses by supporting them through the early stages of development and change. Although the focus of the incubator may vary from one organization to another, they all tend to share a mission to support firms with growth potential by strengthening the mix of skills, assets, and resources needed to compete effectively.

A business development services organization (business incubator) should be established with a mission to support firms and individuals with growth potential. Recognizing the fact that it can take decades to build specialized knowledge and training institutions to support a nation's economic sectors,[20] the BDS Unit would operate as a clearing house, linking the needs of firms and entrepreneurs with the right technical services, rather than an institution that offers a wide array of services in-house in an effort to be all things to everyone. The clearing house model would see the establishment of a unit that would serve as a bridge – a conduit if you will – through which Kittitian firms and entrepreneurs could be linked with world class local, regional, and international business services ranging from training, to market intelligence and financing.

Figure 3.3.2: Business Development Services Unit



[20] Porter, 2001

In line with its mission, the BDS Unit would serve as a conduit to the following services:

1. Training: these services would focus on the vocational skills that readily lend themselves to employment. The Steering Group has compiled a preliminary list of training needs.

Figure 3.3.3: Areas in need of skill development

Areas in need of skills development:	
• Waiters/waitresses • Kitchen staff • Housekeeping • Laundry and dry cleaning • Landscaping and gardening • Maintenance • Security • Bellmen • Drivers • Customer service	• Hair dressing • Entertainment • Folklore and performing arts • Spa, massage and beauty therapies • Childcare • Tour guides • Boat operators • Front desk • Secretarial • Telephone operators

2. Business plan development: this area would include market research, financial planning, and product development services. Although innovation plays a significant role in entrepreneurship, it is most efficient to avoid "reinventing the wheel" in businesses that largely replicate operations that already exist in other destinations. The Unit would provide access to the experiences and lessons learned in comparable businesses in other destinations thereby saving Kittitian firms an enormous amount of money and time. In addition to general business models, techniques and operational "rules of thumb," the Unit would also provide access to the financial models of comparable businesses elsewhere. This includes investment amounts, cash flow projections, working capital requirements, balance sheets, profit and loss statements, etc. Given that most small businesses fail because of cash flow crises, the cash flow projections in particular are of key importance.

3. Preparation of project funding proposals: access to risk capital is often a challenge however there are facilities already in place that can be drawn upon. For example:

    - Stanford Program (loans of EC$100,000)
    - Development Bank (entrepreneurship and educational loans)

- Basic Needs Trust Fund
- Small Enterprise Development Unit (loans of EC$15,000).

To a large extent the challenge amounts to a lack of compelling project proposals. The Unit will work with firms to package their idea, research, and growth forecasts into a winning proposal.

To maximize the impact of these services over the immediate and longer term the BDS Unit would undertake the following activities:

- Identify priority training needs of the private sector: the Steering Group has already developed a short list of vocational skills it feels are lacking on the island. This list could be more widely circulated and quickly validated to yield a short list of priority skills to be developed. The recently completed skills assessment study in St-Lucia is the benchmark in this regard.

- "Package" demand: since the vast majority of firms in St-Kitts are micro to small and medium size enterprises, the BDS Unit would group these firms and individuals into a larger pool so that the necessary training could be provided in a much more cost effective manner.

- Link the educational institutions with employers: to facilitate the transition from school to the labour force, the BDS Unit would establish a career advisory service in partnership with secondary and tertiary institutions on the island, to promote internships and job-placements in tourism sector.

- Create network of service providers: the BDS Unit would create a network of best –in-class service providers to meet the needs of the private sector. This network would encompass local, regional, and international training, financial and market research organizations. For example, Jamaica's HEART-NTA Institute could be sourced to provide training in certain areas whereas a local firm or individual could provide financial or business plan development services.

- Create network of local service providers: the Unit would partner the regional and international service providers outlined above with local firms to create a network of local serve providers. Regional and international organizations would be selected in part on their ability and willingness to train and support local firms in the area of their respective expertise. This process would take time but would ensure the sustainability of the effort. In time, many of these services could be provided by local firms at a profit.

- Recognize and reward entrepreneurialism: research has shown that a key barrier to accessing BDS services is not their availability but the lack of awareness around their existence.[21] To raise awareness around the services offered through the Unit, and to foster a culture that rewards entrepreneurial behaviour, the Unit

[21] OTF Analysis, soon to be released study of Business Incubators for the IDB.

could co-sponsor, along with a local bank, a series of awards for entrepreneurs. An annual awards ceremony would draw added attention to the Unit and the importance of its mission.

To maximize the Unit's operational effectiveness it should be led by a proven entrepreneur who can empathize with the challenges that new and small firms must confront. The added credibility this sort of leadership would bring is difficult to overstate. The BDS Unit should be launched with an initial focus on tourism given the numerous linkages that exist between the sector and other parts of the economy.

Linking Tourism to the Rest of the Economy

As noted earlier, the tourism sector is characterized by a number of backward linkages. Given the recent closure of the sugar industry, perhaps none of these is more important than the link to agriculture. Having been primarily a mono-culture economy until recently, St. Kitts relies heavily on imports of many fresh and processed food products required for the tourism sector. Moreover, anecdotal evidence from hotel managers points to deficiency in quality and reliability of supply, further skewing demand towards imports. As a result, most hotels rely on foreign suppliers for the majority of their fresh and processed food supplies.

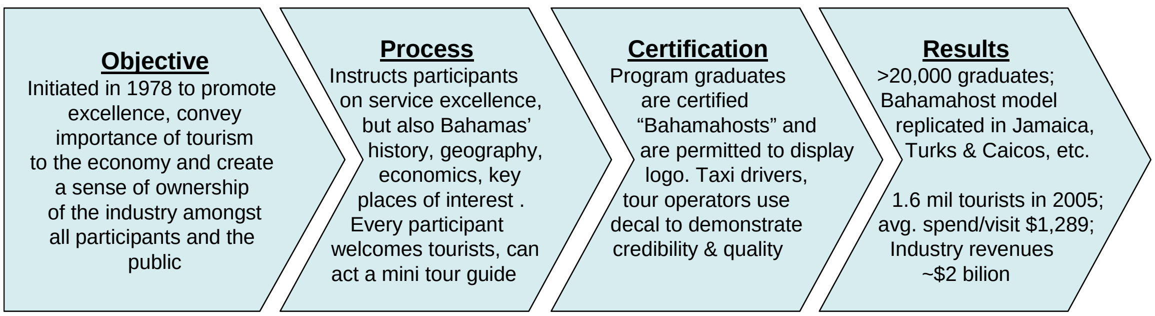
A plan has been tabled to convert large tracts of land currently under sugar, which will open up a wide variety of opportunities for farmers and other entrepreneurs to supply local produce and processed food products to the tourism industry. This plan should include an Agribusiness Linkages Component, whereby the diversification to other crops would be guided by the needs of the local, regional, and international market. The program would see the addition of an agribusiness officer to the BDS Unit outlined above. The officer would help ensure that crop selection and production methods are closely aligned with market demand. To that end, the BDS officer would strengthen the links between the tourism and agribusiness sector by bringing stakeholders together to (i) quantify and profile demand for specific crops, and (ii) ensure that the production of the selected crops is done in a manner that addresses the quality and service reliability issues cited by hotel purchasing managers.

Similar programs have been launched on other islands and can be used as templates to ensure the establishment and operations of the linkage program incorporates proven best practices. For example, the IDB funded Agriculture Support Services Program (ASSP) in Jamaica has supported a purchasing program between Sandals and local farming groups. In fact, Sandals has recently extended the program to their properties throughout the Caribbean. Closer to home, the Four Seasons Hotel in Nevis has developed a program whereby it sources certain products from local suppliers. All these programs could help ensure the use of industry best practices in the establishment and functioning of the Agribusiness Linkages Program.

Component #2: Public Awareness Campaign

A public awareness campaign should be launched focusing on two key messages (1) the tourism industry holds a wide variety of opportunities for Kittitians, and (2) all Kittitians have a role to play in the development of the industry, ranging from a life-long career to simply being polite to a tourist on the street. Other aspects of the public awareness campaign should stress the importance of safeguarding the environment. The campaign would also serve to address the perception amongst some Kittitians that good service amounts to servitude. The BahamasHost campaign provides an excellent model to emulate.

Figure 3.3.4: Outline of BahamasHost Program[22]



The public awareness campaign could entail the following components:

- Speaker series targeted at private, public, and civil society organizations
- Merit awards to industry leaders for their contribution to Kittitian economy and society
- Bi-weekly profiles of leading tourism entrepreneurs and/or establishments in St-Kitts

Public awareness campaigns are ideally channeled through mass media, such as printed press, radio, television and Internet. The nature and complexity of the messages will vary depending on the audience and budget available. Ideally, a public awareness campaign will consist of a series of modular messages that build upon each other. They should be coordinated between the various media, so that the messages that the public hears on the radio, sees on television and reads in the printed press are all consistent with one another and all refer the public to further information provided through a toll-free phone number, on the Internet, and at open public sessions.

To ensure the consistency of the message, the effort should be coordinated out of one office – such as the Ministry of Tourism or the Tourist Authority.

[22] The Tribune, Bahamas, 12 September 2005; "The Commonwealth of the Bahamas National Biodiversity Strategy and Action Plan," 1999

Component #3: Education

Launch a tourism infusion program for primary and secondary school students.

The objective of the infusion program is to increase the awareness and appreciation of the tourism industry amongst students so as to inform their education and career choices. The good news is that much work has already been done in this area and should be leveraged accordingly. Drawing upon the Jamaica Tourist Board's Tourism Infusion Program, a series of materials designed to support the teaching of tourism in schools at grade levels 4-6 and forms 1 & 2 has been developed but not yet implemented.[23]

The material focuses on mathematics, science, social studies, english and foreign languages. The Instructional Design Process was used to develop these materials with the involvement and participation of several representatives of the target group who will use the materials. Workshops were held with teachers, who authored the stories and activities and artists who drew the illustrations. Teachers along with students were also involved in evaluating the materials.

The booklets listed below were published by the St. Kitts Ministry of Tourism, Commerce and Consumer Affairs, with funding from the Organization of the American States and the East Caribbean Group of Companies. Other booklets may also have been published but copies of those listed below are already on-hand[24]:

- *Tourism Education – A Teacher's Guide*
- *Tourism Activity Book – A Grade Four Reader*
- *Tourism Activity Book – Grade Five*
- *Tourism Activity Book – Grade 6 – Papa George Says…*
- *Tourism Workbook – Mathematics & Science – Forms 1 & 2*
- *A Tourism Workbook – Social Studies & Languages – Forms 1 & 2*

These booklets should be incorporated into the school curriculum right away. The resulting schoolwork should be monitored and feedback sought from both teachers and students with a view to improving and adjusting these materials as appropriate over time.

In addition to the implementation of the educational materials outlined above, a speaker series should be launched where successful entrepreneurs and industry professionals (at both the managerial and rank and file level) speak to primary and secondary level students about their own personal opportunities and success in the tourism industry. The purpose of the speaker series would be to provide students with real life examples of success that they can identify with and look to emulate.

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[23] In 2001/2002 a Jamaican tourism education consultant by the name of June Cezair Wallace worked in St. Kitts on tourism education at a school level. She developed and published *Tourism Education - A Teacher's Guide*, a publication of the Ministry of Tourism, Commerce and Consumer Affairs, St. Kitts, June 2003.

[24] The materials are held by Novelette Morton, Manager, Human Resources & Projects, St. Kitts Tourism Authority.

Tertiary Level: The common core curriculum across the English-speaking Caribbean for the associate degree program in hospitality/tourism studies was developed under the Caribbean Tourism Learning System[25], and includes the following core specialty areas:

- Hospitality Studies
- Food & Beverage Studies
- Resort Studies
- Tourism Studies
- Culinary Arts Studies
- Business Core Studies
- Elective Courses

As of September 2005, thirteen institutions across the region have committed to the common core curriculum. Each institution leads in one or two of the core specialty areas. On the island of St. Kitts, Clarence Fitzroy Bryan College (CFBC) offers only two of the core specialty areas, namely Hospitality Studies and Culinary Arts Studies. In order to study other core specialty areas, Kittitian students must go to other islands, making access to other disciplines more difficult. The Ministry of Education should look to increase collaboration/credit transfer schemes with key hospitality training institutions outside St. Kitts to support continuing studies/specialization.

As noted earlier, the linkages between the private sector and academic institutions are weak. To address this disconnect, a curricula advisory committee should be established under the auspecies of the Ministry of Education.

There is a chronological correlation between awareness and education efforts and the age of the target population, in that the economically active population can respond almost immediately whereas youths will be unable to respond until they become economically active. Consequently, targeting the economically active population will tend to bear fruit in the shorter term than targeting youths. However, youths are more pliable and capable of absorbing what they are taught almost as a second nature. Hence, the impact of awareness and education is likely to be more solidly ingrained if provided from childhood onward, but the benefits will only become apparent as that generation comes of age. On the other hand, the impact of awareness and education on the current economically active population is not likely to be assimilated as readily, but the learning can be applied right away. St. Kitts should therefore utilize a two-pronged approach, targeting youths and the economically active population alike. However, it should be recognized that the one is a longer-term investment whereas the other is shorter-term.

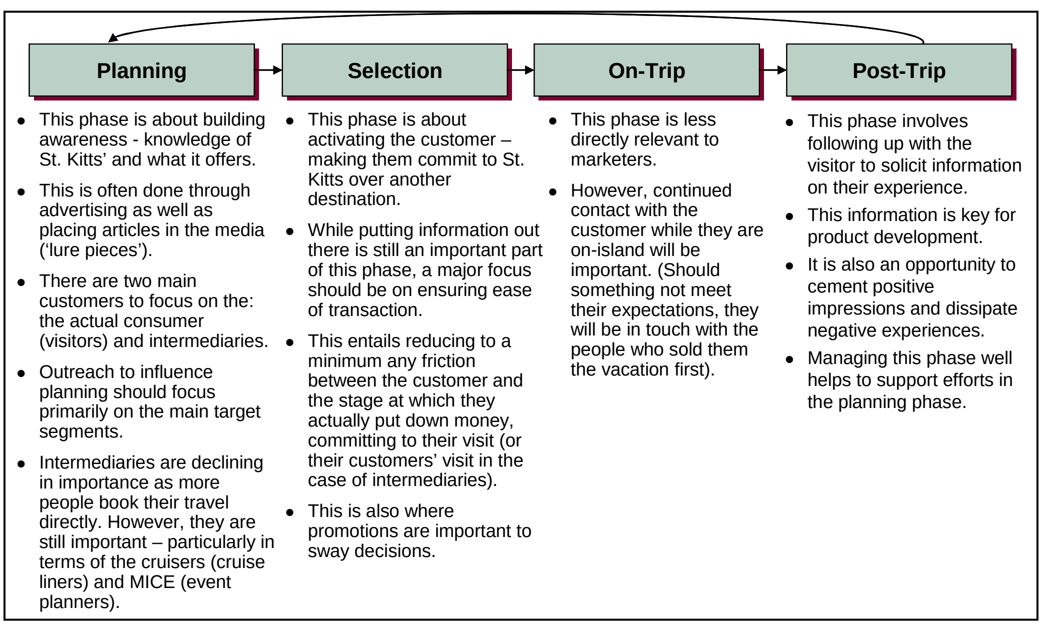
[25] The Caribbean Tourism Learning System was a joint project between the Caribbean Tourism Human Resource Council (CTHRC) and the Organization of Eastern Caribbean States Education Reform Unit (OERU). It was funded by the Canadian International Development Agency (CIDA). The project began in November 2001 and ended in November 2003.

Something to explore but not wait on: St. Kitts has demonstrated potential as an academic center in the Caribbean. The success of Ross University School of Veterinary Medicine on St. Kitts has now inaugurated a second campus on the island, namely Ross University International School of Nursing. Hundreds of foreign students are coursing their studies in St. Kitts, injecting resources into the economy. Building on its existing higher education niche, St. Kitts should consider the feasibility of opening a full-service tourism university catering to locals and foreigners alike. A number of people have mentioned the possibility that the currently unoccupied Fort Thomas Hotel could be an interesting location for such a university, depending on the status and other possible plans for the property. Ian Naismith, Founder and Director of the Naismith International Basketball Foundation, is reported to indicated a willingness to invest about US$ 1.5 million in a facility on St. Kitts to provide technical and vocation training in tourism-related activities.

3.4 Marketing

An effective marketing program must recognize and capitalize on the various opportunities that exist to effectively interact with the client. To that end, the Customer Experience Model provides a useful framework for developing a set of marketing activities tailored to the various phases of the customers experience – both pre and post trip. As outlined in Figure 3.4.1., the travel experience begins with planning but does not end with the trip itself. Follow-up after the trip is also important as it provides an opportunity to consolidate positive impressions and increase the chance of repeat visits and positive promotion through word of mouth.

Figure 3.4.1: Customer Experience Model



Outlined below is a holistic marketing plan that begins with the development of a well defined brand and goes on to leverage a variety of distribution channels to create a multiplier effect.

Refine the Brand: before embarking upon any concerted marketing effort it is important that the essence of what is being offered be clearly articulated. That is to say, the island's brand should be clearly defined. The concept of brand identity may be defined in a number of ways. A simple but compelling definition defines a brand as a collection of perceptions in the mind of the consumer. Expanding on the importance of perceptions, branding means looking at the way in which the totality of the entity in reality is compared to the way in which it is perceived and trying to relate the one more closely to the other. Consistency and coherence are what branding is all about. St-Kitts has made significant progress in developing its brand. Progress to date:

- ☑ Learn *what vacationers think* – test the destination's self-stated view with the customers' perception of the destination.
- ☑ Learn *how vacationers choose* destinations and why they think they behave the way they do.
- ☑ Understand *relative preferences* of different customers – what they most like to do, what they want to see and experience, how they want to interact.
- ☑ Test ideas on marketing and product development – discover if a message or campaign resonates with customers.
- ☑ Learn *what vacationers think* – test the destination's self-stated view with the customers' perception of the destination.

Based on existing customer data (summarized below), an umbrella marketing position should be developed, focusing primarily on the destination traveler and specifically the baby boomer cohort. The resulting value proposition will form the core of the various marketing efforts.

What do we Know?

- The majority of visitors to St. Kitts are between 35-54 years old, with 63% of those surveyed earning less than US$100 K annually (household income).[26]
- Visitors generally associate St. Kitts most with tranquility and relaxation (emotions) and then cultural interaction and the quality of the accommodation and amenities (experiences).
- St. Kitts is not widely considered an 'untouched paradise' nor as a destination with many activities by those surveyed.
- Beaches and relaxing at the resort dominate what visitors consider the most important things to do on island, followed by diving/snorkeling, cultural activities and shopping.

[26] OTF research and Adams Unlimited.

- Gaps exist with regard to cultural tourism and water-based sports between those who have been to the island and those that have not.

The *Explore St-Kitts* campaign takes into account many of these items but it is questionable as to whether it evokes a particular range of images or emotions within the marketplace or amongst Kittitians (compelling brands help to create a sense of identity and of belonging). The effectiveness of the current branding campaign should be tested both on and off-island through a mixture of focus groups and market surveys.

Something to think about…

The current brand should be tested relative to other options like:

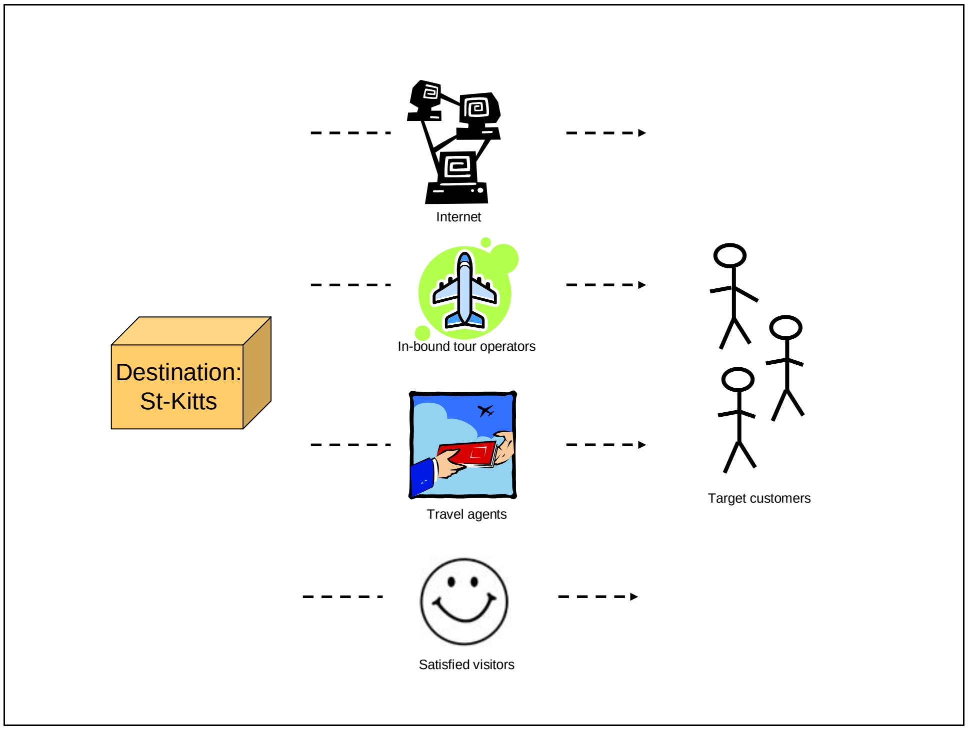
St-Kitts: Where there's Everything and Nothing to do
St-Kitts: The Biggest Little Island in the Caribbean

Both tag lines attempt to capture the option the island affords of doing nothing or doing any number of diverse activities. In a single day you can hike to the top of a volcano and you can scuba dive in two oceans, or you can lie on the beach all day sipping pina coladas. In effect, the island is a world unto itself.

Ultimately, the brand provides a platform for individual companies to leverage. For the brand to grow there must be a set of products (i.e. hotels and tour packages) that give it substance and thereby strengthen it. Consumers must be able to respond to the brand messaging by being able to access more information and/or purchase the product. As the issue of product development has already been addressed earlier in this report, the following recommendations focus on communication and promotion.

The marketing plan outlined below seeks to leverage a number of channels and partners so as to produce a multiplier effect. That is to say, industry partners and potential customers are empowered with the information necessary to inform themselves and others on the attractions of St-Kitts. As outlined in Figure 3.4.2., the marketing plan seeks to leverage four distribution channels: the internet, in-bound tour operators, travel agents, and past visitors.

Figure 3.4.2: Distribution Channels



Internet

The importance of this channel cannot be overstated. For many destinations it is their main platform for reaching out to the market. Results from the International Perceptions Survey indicated that 52% of respondents booked their vacation over the internet. Moreover, 18.3% first learned of St-Kitts on the internet. The current website is relatively effective at informing travelers about the variety of experiences that St. Kitts offers. However, the impact of the website could be improved by allowing people to build their own multi-day itineraries if they so choose. The website could also provide a set of standard tour packages that could be purchased on-line or for which more information could be obtained.

Recommended upgrades to the website:

- Increase web site's search engine optimization to respond to a number of key words covering the range both emotions and experiences that the destination offering embodies.
- Create and publicize 3 day, 5 day and 7 day 'must do' itineraries (named to indicate the varying levels of activity and/or focus).
- Establish St. Kitts Vacation e-Planner, providing variety of packages catering to a range of customer focuses.

- Ensure ability to assemble tailored travel package, ensuring that full package can be assembled and paid for on-line.
- Establish virtual tour package offerings on main Tourism website.
- Ensure easy access to booking agents, both on-line and via phone.
- Establish 1-800 line and ensure timely response to e-mails.

Industry professionals: In-bound tour operators and travel agents

For these two channels to be truly effective they must be informed of what St-Kitts has to offer. Not just in terms of the product offering, but in terms of what makes the island so special relative to its peers in the region. There are two proven ways to inform these important interfaces with the market:

Familiarization or "Fam" trips: these fact finding trips serve to not only inform but "hook" operators and agents on the destination. To that end, a set of familiarization tours should be organized to bring selected operators and agents to the island where they would be hosted on a tightly managed tour that would provide them with a unique experience. To drive PR efforts, FAM trips should also be organized for the media (both trade and general media). These FAM trips would focus on "newsworthy" items like music or sporting events. The Cricket World Cup in 2007 provides a tremendous opportunity to showcase the island to the industry and the media. Of course, the World Cup should only be viewed as a means to an end, i.e. to have industry players and the media actively promoting St-Kitts for years to come.

Trade shows: Effective trade show participation entails carefully selecting a number of trade shows that will deepen the island's relationship with key industry partners. Too often, merely attending a trade show is seen as a promotional effort. A passive approach to trade shows usually yields very modest results. A strategy should be developed for each show clearly outlining (1) the objectives to be pursued, and (2) the basis upon which the success of the effort will be judged. For added energy, young ambassadors could be part of the trade show delegation.

Satisfied Customers

Survey results highlight the importance of word of mouth underscoring the importance of satisfied customers as an effective marketing channel. To fully leverage this asset:

Post-trip on-line surveys should be designed and launched so as to:

- Test what the visitor liked and/or disliked about their trip to St-Kitts. This will serve to flag problem areas and guide corrective action.
- Provide market feedback on specific attractions. The results of which could be used as a market based scoring system similar to TripAdvisor. This would provide potential visitors with the guidance they seek when planning their itinerary. It would also serve as as a form of quality check on the island's various product offerings.

- The rating system (based on numerical scores) could also serve as basis of various industry awards. The fact that they were determined by the market would give the awards greater significance.
- The survey could also be used to identify key dates (birthdays, anniversary's, etc.) which would provide the basis for an e-mail to the visitor asking them to return to the island.

In sum, the survey would provide a means of staying in touch with customers while providing highly actionable customer feedback. OTF Insight could be used as the primary survey tool.

To maximize the return on scarce marketing dollars, the activities outlined above should focus on areas where airlift already exists and there is proven demand (i.e. NY Tri-State area and Ontario, Canada). Marketing efforts in these areas would have the added benefit of leveraging a stronger word of mouth factor.

3.5 The Environment

Without a doubt, St. Kitts' stunning natural beauty is one of its fundamental selling points. The topography, the ocean vistas, the flora and fauna, the possibility of viewing endangered species in the wild, the diversity of climate zones within a very small area, the coral reefs, the underwater life, the expanses of sugar cane fields, are all a part of St. Kitts' invaluable natural resources.

However, in the context of sustainable management of natural resources, St. Kitts' small geographic size is both an advantage and a disadvantage. It is an advantage in that the small territory is easier to control and monitor than a vast sprawling territory. It is also an advantage in the sense that recreational mobilization from one natural zone to another is short and rapid (recall the statement "in one day you can hike to the top of a volcano and you can scuba dive in two oceans"). It is a disadvantage in the sense that environmental scars stand out much more clearly in the small geography, and it is more difficult for them to fade into the background than in a vast country. Moreover, the small island geography has its own small ecosystem which has a balance far more fragile than that of vaster continental ecosystems.

Equally, St. Kitts's natural resources are both an opportunity and a threat. They are an opportunity to the extent that their sustainable management is achieved. As the world population grows in the coming decades with the accompanying environmental consequences, the value and attractiveness of a pristine island will doubtless increase many fold. They are a threat in the sense that if they are seriously damaged by human activity, they could render St. Kitts unattractive for tourism. In the case of St-Kitts, the "environment" includes breaches, reefs, rainforests, heritage sites as well as built-up areas. All of these resources require careful safeguarding.

Beaches

Beaches form the foundation of St. Kitts' current product offering. While they are in a relatively healthy state, they are under threat. Plastic refuse, rusting electronic appliances and other human rubbish are not uncommon. Preserving the island's beaches will be critical to the sustainable development of the tourism industry. Specifically, the island's beaches face the following challenges:

- Limited beachfront on the island puts added pressure on existing beach front acreage
- Set-back rule of 20 m from the high water mark; does not apply to temporary structures (shacks). As demonstrated by the photos below, the "footprint" of such structures may be limited but they can still be an eyesore spoiling the visitor's experience.
- As a public good, it is threatened by the *tragedy of the commons* – where no clear ownership leads to under-management/exploitation.

Figure 3.5.1: Limited Management of Beach Front and Nearby Vistas at Friars Beach

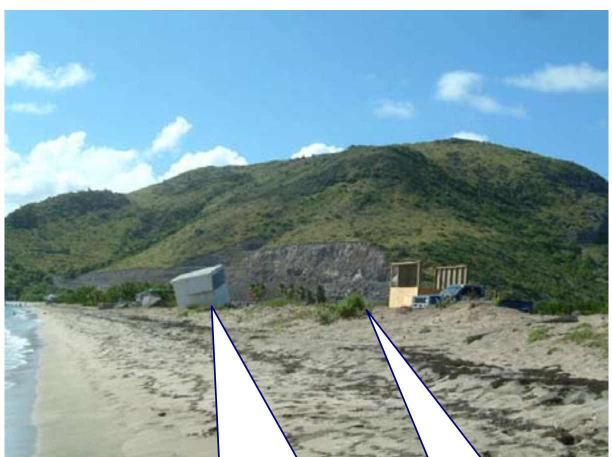
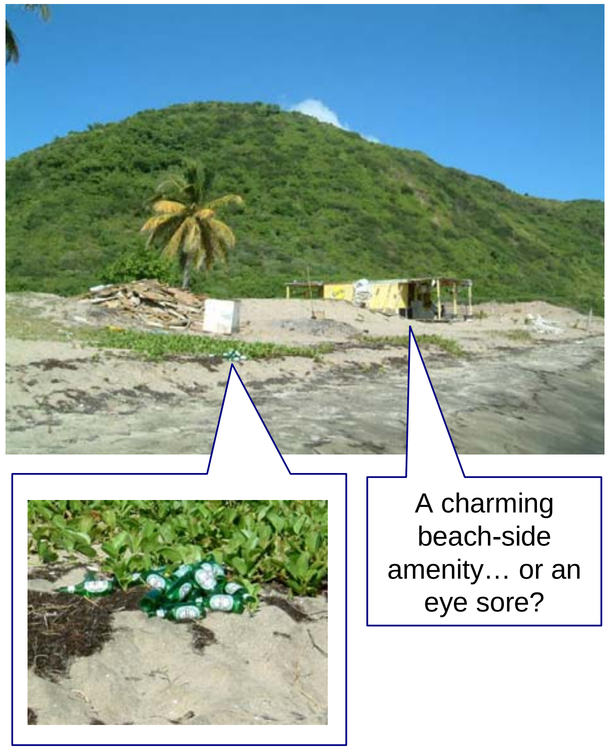


Figure3.5.2: Limited Management of Beach Front and Nearby Vistas at Friars Beach



Action items to protect and preserve beaches:

1. Conduct inventory of beaches and develop priority list in terms of importance as tourism resource and threat/degradation levels.
2. Review existing guidelines for beach developments (including shacks) and recommend changes.
3. Develop ‘Covenants’ for beaches and proximate areas to manage operation of existing infrastructure/amenities and guide future developments.
4. Develop systems to ensure compliance/enforcement.
5. Adopt a community tourism approach to managing the resource so as to combat the tragedy of the commons. Under this approach specific communities would be granted “ownership” of particular beaches. In return for implementing an effective beach clean-up routine, community residents and firms would be given licenses to operate food concessions, sport equipment rentals, and guided tours.
6. Develop course on beach resource management for all operators in proximity to core beaches (restaurants/shacks, sport equipment renters, etc.). The course would be tailored to the needs of the market as well as the community.

Covenants that manage development and on-going management at and around St. Kitts' beaches are key to ensuring that the island preserves (and improves) one of its core tourism attractions.

Reefs

One of St. Kitts' stated target market niches is scuba diving. With two oceans, good visibility and beautiful coral reefs, St. Kitts certainly has the potential to be an attractive scuba diving destination. However, as noted earlier, 77% of St. Kitts' reefs are at high risk, and 23% are at very high risk.

A two-man team of experts performed five evaluation dives in St. Kitts waters in July 2006 and reported being alarmed by the accelerated deterioration of the coral reefs in the last two years[27]. They reported that they observed only about 10% live coral in the areas where they dove, with the reefs being overtaken by heavy algae growth due to the following two factors:

1. Over-fishing and in particular selective spear fishing have drastically reduced the fish populations, including herbivorous fish ("grazers") that consume the algae growing on the coral. It is important to that fishing pressure represents a high threat to almost 100% of St. Kitts' coral reefs. Indeed, one of experts indicated in his report that during his five evaluation dives in the waters around St. Kitts he virtually did not see any fish larger than 20cm (8"). Through his inquiries he estimates that there are some 50 people in St. Kitts dedicated full-time to scuba spear fishing, selectively killing off the larger fishes, which are precisely the most critical specimens for reproduction and replenishment of the fish population. From the perspective of income for the population, the expert stated that in multiple destinations they were able to demonstrate that revenues generated from tourism are as high as 27 times greater than revenues generated from fishing.

2. Gray water, primarily dish water with a high organic content and detergents, is being discharged directly and continuously into the sea around St. Kitts, most notably along Bay Road in Basseterre. Not only is this unsightly, it is raising the organic content of the sea water which in turn accelerates the growth of algae on the coral and reduces underwater visibility. The threat from sediment and pollution from inland sources is a medium threat to 81% of the reefs and a high threat to 19% of the reefs. According to a report from one of the experts, the sea currents seem to flow north from Basseterre, so the underwater visibility in that direction is seriously hampered by the organic content and "sea snow." To the south of Basseterre the visibility is better, but the coral reefs are equally depleted.

[27] The two-man team was comprised of:

- Dr. Alex Brylske, Ph.D., Senior Editor of "Dive Training" magazine, Vice President for Educational Development of Pro Dive® International and Training Manager of The Coral Reef Alliance, and
- Jerry Beaty, Associate Publisher of "Dive Training" magazine.

Protecting the coral reefs is crucial not only because of the lucrative scuba diving niche, but also because of the reef's fundamental role on flora, fauna and the seaside landscape. Coral reefs are significant cornerstones of beautiful marine ecosystems. As the coral reefs deteriorate, St. Kitts could lose entire populations of marine life that make up these coral-based ecosystems. Equally, coral reefs generate sand that is deposited on the beaches and they act as barriers protecting the beaches from direct exposure to ocean surf and currents. As the coral reefs deteriorate the beaches will tend to erode, which clearly has an unfavorable impact on tourism.

On 25-26 July, 2006, the St. Kitts Tourism Authority hosted a session on marine protected areas (MPAs), led by two experts on the subject[27]. At the session, attended by some 40-50 people, there was a clear consensus that St. Kitts needs to implement one or more MPAs. It was equally clear at the session that work has been ongoing for some time towards establishing MPAs around St. Kitts, to the point that Sandy Point has been designated a marine park. However, due to insufficient community buy-in and lack of enforcement, over-fishing in Sandy Point reportedly continues with no regard to the area's marine park status.

Action items to protect and preserve reefs:

1. Conduct joint review with Nevis to develop Marine Protected Areas (MPAs).
2. Cost and implement enforcement mechanisms based on good practices from other islands.
3. Develop resource desk to facilitate access to alternative livelihood programs for spear fisherman, such as CEP's Small Grants Fund for Sustainable Fisheries and Alternative Livelihoods.
4. Conduct cost-benefit study of sewage treatment plant for major population centers. This analysis could be accelerated by updating a study/proposal developed in 1980.

Rainforests

Good measures are being put in place to protect the rainforests. No development is allowed above the 1000 foot contour. Moreover, the OECS Parks and Associated Livelihoods Project (OPAAL) launched in 2005 will provide the means to manage forest and enforce related restrictions. The one area to address is the limited information on trails/access to interior. In response the government should:

1. Develop public-friendly map of hiking routes.
2. Review existing maps of trails/hikes in interior and related facilities such as campsites.
3. Develop plan to develop low-impact amenities, including visitor/interpretive centers, trail development, viewing platforms, etc.

Heritage Sites

For a relatively small island, St-Kitts is rich in heritage sites. These sites are relatively well-documented and a number of them receive considerable attention and are therefore well maintained. However, overall, their potential as a tourist attraction has not been fully realized. Most notably, there is very limited 'interpretation' of the sites. As a result, rather than being a vibrant testimony to the rich history of the island to be experienced and enjoyed by locals and visitors alike, many site stand as monuments to neglect, serving as nothing more than an intriguing but inaccessible mystery to passer-bys. To address this enormous opportunity cost the following measures should be undertaken:

1. Review Heritage Society's proposed list of sites to begin developing heritage tourism products and tours
2. Develop limited list of focus/priority sites for tourism development.
3. Adopt a community tourism approach to managing heritage sites so as to combat the tragedy of the commons. Under this approach specific communities would be matched to the list of sites generated under action item #1 above and granted "ownership" of a particular heritage site. In return for implementing an effective routine maintenance program, community residents and firms would be given licenses to operate guided tours of the site, souvenir concessions, and other mutually approved services.
4. Review interpretation options for priority sites and draft program for development of individual sites. Interpretation should focus on:
    - Offering a variety interpretation options targeted to different visitor segments tour guide training will be especially important in this regard.
    - Role for private enterprises to manage and deliver services under contract.

   This training would be tailored to meet the needs of the market as well as those of the host community.
5. Review issues with enforcement of National Conservation and Protection Act and propose solutions.

Built Areas

St. Kitts does not practice zoning. Rather, it maintains guidelines for commercial, residential and industrial developments. Specifically, no developments over 3 stories allowed, though 'variances' can be applied for (and have been granted). To guide further developments the government should:

1. Conduct review of building guidelines.
2. Map areas of 'high tourism relevance', developing categories around core attractions.
3. Develop 'Covenants' for all tourism-related areas (beaches, vistas, etc.) and develop systems to ensure compliance monitoring and enforcement.
4. Conduct review of Basseterre Revitalization Project and explore reasons for lack of implementation.

3.6 Strategic Alliances and Public-Private Dialogue

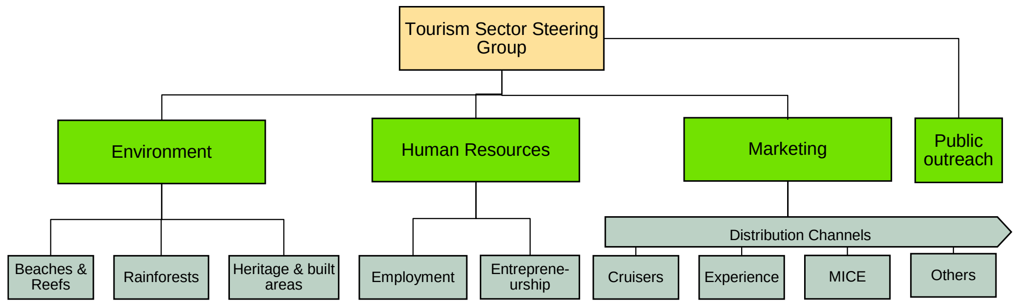
Strategy is what you do not what you say. Good strategy requires timely action which in turn depends upon building the consensus and collaboration needed to move forward with the plan in a coordinated fashion. This necessitates the strengthening of linkages between all parts of the value chain including the many industries, suppliers, and government agencies that must work together in order to produce the unique tourism experience that destination travelers seek. Indeed, building consensus around the plan is critically important as even the best business strategies can be undermined by the forces of inertia or a fear of change. Small islands would seem to be the easiest places to get things done because you can get all the right people together in a single room, but in fact they can be some of the hardest places in the world to get things done because people have long memories and often value harmony over change. For St-Kitts to move forward, the implementation process must bring various constituencies together and empower them to take action, and in so doing, take risks.

Building a consensus around the strategy is particularly important in tourism given the unique nature of the industry. Tourism is one of the only industries in the world where the customer is actually *shared* amongst a number of service providers. The sharing of customers entails a strong degree of interdependence between stakeholders in the public and private sector. Hotels, restaurants, dive shops, customs officers, heritage sites, information bureaus and police departments all make an important contribution to the quality of the visitor’s experience. Any one player can ruin the visitors overall experience if their contribution is of a particularly low quality. In this sense, the industry can be said to be only as strong as its weakest link. This is all the more true for the destination model which necessarily involves a diversity of service providers.

To foster the necessary consensus around the tourism sector strategy, a Steering Group made up of stakeholders from the public and private sector, along with representation from civil society, should be formed. The Steering Group will play the main coordinating role in implementing the various components of the strategy.

The make-up and configuration of the Steering Group, outlined below, would recognize that both the government and the private sector must play a leadership role in their respective domains. The government would provide overall leadership and coordination whereas the private sector would focus its efforts on innovation and service delivery. This approach explicitly recognizes the fact that satisfying expectations really occurs at a one-on-one level between service providers and visitors. For example, the government may stipulate that Black Rocks is a major tourist attraction and put in place the necessary environmental safeguards, but only a local entrepreneur will lead scenic walks at the site or provide for creature comforts such as cold beverages and a bowl of conch chowder. As such, the public and private sector must each take the lead on various issues but do so in a coordinate way at all times.

Figure 3.6.1: Structure of the Steering Group



As noted above, implementation of the tourism strategy is dependant on the development of clear roles and responsibilities. A variety of institutions and players will be required to lead the main focus areas. Overall coordination and the role of the secretariat should come from the Ministry of Tourism or the Tourism Authority (referred to as 'Tourism'). The table below provides an example of potential work group membership.

Figure 3.6.2: Examples of Potential Workgroup Membership

Public	Private	Civil Society
Environment		
• Min. of Sustainable Development • Physical Planning Unit • Min. of Health and Environment • Min. of Agriculture, Fisheries Dept. • Tourism	• Hotels • Restaurants • Other amenity/service providers	• Heritage Society • Hotel and Tourism Association
Human Resources		
• Min. of Education • Min. of Labor • Min. of Sustainable Development, Planning Unit • Enterprise Funds	• Hotels • Restaurants • Other amenity/service providers • CFRC and other educational/training inst. • Banks and other financial institutions	• Chamber of Commerce and Industries and other business/trade associations (taxi, tours, etc.) • Enterprise Funds • Parent Teacher Associations
Marketing		
• Tourism	• Hotels • Restaurants • Other amenity/service providers • Travel agents and other intermediaries • Cruise liner and airlines	• Chamber of Commerce and Industries and other business/trade associations (taxi, tours, etc.)

So that they can more effectively contribute to the dialogue and the implementation of the sector strategy, strategic retreats are proposed for the St-Kitts Tourism Authority and the Hotel and Tourism Association (HTA). While the former is public and the latter a private sector organization, both could benefit from some a strategic planning exercise. In the case of the Tourism Authority, the planning exercise would focus on clearly defining their organizational mission, strategic objectives, core activities, and measurable performance targets. In the case of the HTA, the planning exercise would focus on strengthening the links amongst its members by developing a strong sense of shared vision within the organization. The planning exercise would also look to define a broader set of objectives for the association beyond public advocacy.

Although the benefits of coordination are apparent, several factors work to undermine the effectiveness of a public private dialogue. Private firms are constrained from taking a the long-term view that a sector strategy requires due to their (i) short term profit needs and imperfect information and (ii) the difficulties in connecting individual contributions with individual returns. Economists would refer to this latter factor as a free rider problem. As such, even with a common set of objectives, spontaneous and sustained cooperation can be very challenging. This underscores the need for a specialized public-private interest coordinator who will not only coordinate strategy but also undertake the expense of demonstrating the benefits of coordination.

The Public-Private Interest Coordinator would take responsibility to coordinate and facilitate the interests and actions of all concerned stakeholders. In short, its job is to increase and spread the potential benefits available to all the parties. Its specific duties would be to:

1. Engage and facilitate a productive dialogue amongst all stakeholders
2. Take a leading role in market research and opportunity identification
3. Inform concerned parties of quality control issues and facilitate the process of innovating or legislating solutions for them
4. Undertake the marketing activities for which no other single party would have sufficient return to do it on their own (i.e. CWC programs, general consumer market research, development of the destinations brand, etc.)
5. Strengthen the linkages between the various components of the value chain. For example, the coordinator would greatly reduce the transactions costs involved in launching a tour package made-up of several service providers.

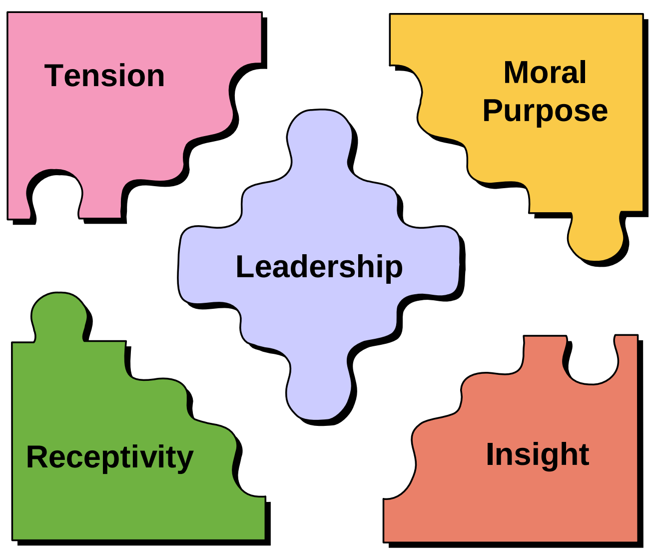
Ultimately, the main role of the public-private interest coordinator is to serve as an honest broker in the implementation of the sector strategy. This role would entail on-going market research, opportunity identification and quality control. This role cannot be effectively fulfilled either by the public or the private sector acting independently. As such, the public and private sector interests would be best served by having a third party coordinator provide these services.

Conclusion

St-Kitts is confronted with a momentous challenge. The sugar reform agreed upon by EU member states in November 2005 threatens the livelihoods of thousands of communities throughout the Caribbean. These painful changes come on top of increased competition in the wider global economy. Compounding the challenge is the fact that St-Kitts and Nevis, like many OECS states, is prone to natural disasters and economic volatility due to their small size.

However, with change comes opportunity and it's here that St-Kitts has distinguished itself from its peers in the region. St-Kitts was the first country to proactively move way from sugar towards more promising economic alternatives that could provide a higher standard of living for its citizens. The government's willingness to make these difficult choices is proof that the pre-conditions for change, detailed below, are now in place.

Figure 5.1: Five Pre-Conditions for Change



- ✓ *Tension*: there must be sufficient productive social and economic tension to induce key stakeholders towards change. The recent closure of the sugar industry has mobilized stakeholders in the public and private sector to explore alternative sources of growth and development.

- ✓ *Receptivity*: key stakeholders need to be recep*tive* to new ideas and new ways of doing things. The commitment of the Steering Group over the course of the project and the significant energies invested in the development of the St-Kitts and Nevis's Adaptation Strategy in Response to the New EU Sugar Regime 2006-2013 is testimony to the receptivity to new and alternative approaches to the development of the island.

- ✓ *Moral Purpose*: key stakeholders must embrace a clear sense of moral purpose towards the goal of creating wealth for the average citizen. The Project Steering Group has led the way in this regard by generating a very stirring mission for the industry: *To provide a consistently outstanding visitor experience through the sustainable development of the human, natural and cultural resources of St. Kitts in order to maximize opportunity, prosperity and quality of life for present and future generations of all citizens*

- ✓ *Insight*: public and private sector leaders must have the right data to develop the insights necessary to make complex choices. The two market surveys conducted over the course of the project have provided added insight into the tastes and preferences of the market. Follow-on surveys of cruise ship visitors and the MICE segment will help St-Kitts choose which segments of the market to target.

- ✓ *Leadership*: key stakeholders must be prepared to act on each of the above four pre-conditions for change. This is where the other four pre-conditions for change intersect. The Steering Group, led by Minister Skerritt, have led by example. The passion and commitment they have demonstrated over the past six months bodes well for the future of the industry.

This report reflects the efforts not of a particular consultancy but rather a range of stakeholders from the public and private sector, as well as civil society, which came together to work through a number of difficult choices. The passion, commitment, and collaboration that characterized the formulation of this strategy must now carry over to its implementation. The Project Steering Group, the Ministry of Tourism, and the Ministry of Sustainable Development must continue to lead the way towards a more competitive and prosperous tourism industry.

ANNEXES

Annex A: Strategy Formulation Process

Summary of Stakeholder Meetings

Development of the Tourism Strategy was a highly interactive process. Over a 4-month period, the OTF Group team responsible for crafting the strategy held a variety of one-on-one and group consultation sessions. The team also sought constant validation of its ideas through weekly meetings with the public-private Steering Group that was established specially for this process.

One on one meetings were held with over 80 individuals. They covered a range of enterprises and organizations relating to the tourism economy including: •Hotels / Plantations •Restaurants •Tour Operators •Water and sport operators •Food and beverage providers •Government Ministries •Non Governmental Organizations •International travel agents	•Town Hall kick-off meeting, June 20th (70-80 people in attendance). •Steering Group meetings were held on: ✓July 13 ✓July 20 ✓August 2 ✓August 17 ✓August 24 ✓August 30 ✓September 7 ✓September 21 • Strategy Presentation Workshop, September 28	Stakeholder focus groups and workshops: •Hotel and Tourism Association •Taxi Associations •Tourism Authority •Overseas Offices full-day session •Ministry of Agriculture and group of farmers •Craftsmen

Annex B: List of Project Steering Group Members

	Name	Position	Company / Organization
1	Ricky Skerritt (Co-Chair)	Minister Of State	Ministry of Tourism, Sports and Culture
2	Patricia Walters (Co-Chair)	Chief Executive	Cable and Wireless
3	Thomas Williams	Executive VP	St.Kitts Scenic Railway
4	Jacqueline Armony	Member	St.Christopher Heritage Society
5	Troy Hendrickson	Manager	Caribbean Journey Masters
6	Rikki White	Owner/Manager	Oasis Sports Bar
7	Elizabeth Yong	Student	Clarence Fitzroy Bryant College
8	Quinton Morton		Curriculum Development Unit
9	Sam N'Galla	Managing Director	Frigate Bay Beach Hotel
10	Lenworth Harris	Acting General Manager	Development Bank Of St.Kitts & Nevis
11	Ashley Allers	Marketing Manager	ZIZ
12	Phillip Sylvester (Mr.X)	Owner	Mr.X Shiggidy Shack
13	Randal Doty	Director of Sales	St.Kitts Marriott Resort
14	Brian Kassab	Owner/Manager	B Kassab & Associates
15	Meredith Hendrickson	Member	St.Kitts Taxi Association
16	Walford Gumbs		Union
17	Amicia Mussenden	Chief Policy Analyst	Sustainable Development

Annex C: Sevens forms of Capital Analysis

Situation Analysis -Summary: St. Kitts' Seven Forms of Capital

Prosperity is the ability of an individual, group or nation to provide shelter, nutrition and other material goods that enable people to live a good life, according to their own definition. Prosperity helps to create the space in peoples' hearts and minds so that, unfettered by the everyday concern of the material goods they require to survive, they might develop a healthy emotional and spiritual life, according to their preferences. We can think of prosperity as a flow and a stock. Many economists view it as a flow of income; the ability of a person to purchase a set of goods, or capture value created by someone else. We use an improved notion of income called purchasing power. However, prosperity is also the enabling environment that improves productivity. We can therefore look at prosperity as a set of stocks. There are seven kinds of stock, or Seven Forms of Capital, four of which constitute social or "higher forms" of capital.

Addressing the constraints faced by the tourism sector requires addressing short-comings or a lack of investment across a variety of different types of capital, both physical and social. Understanding the tourist sector's current position across seven key forms of capital can help to guide the development of a vision for the sector's future.

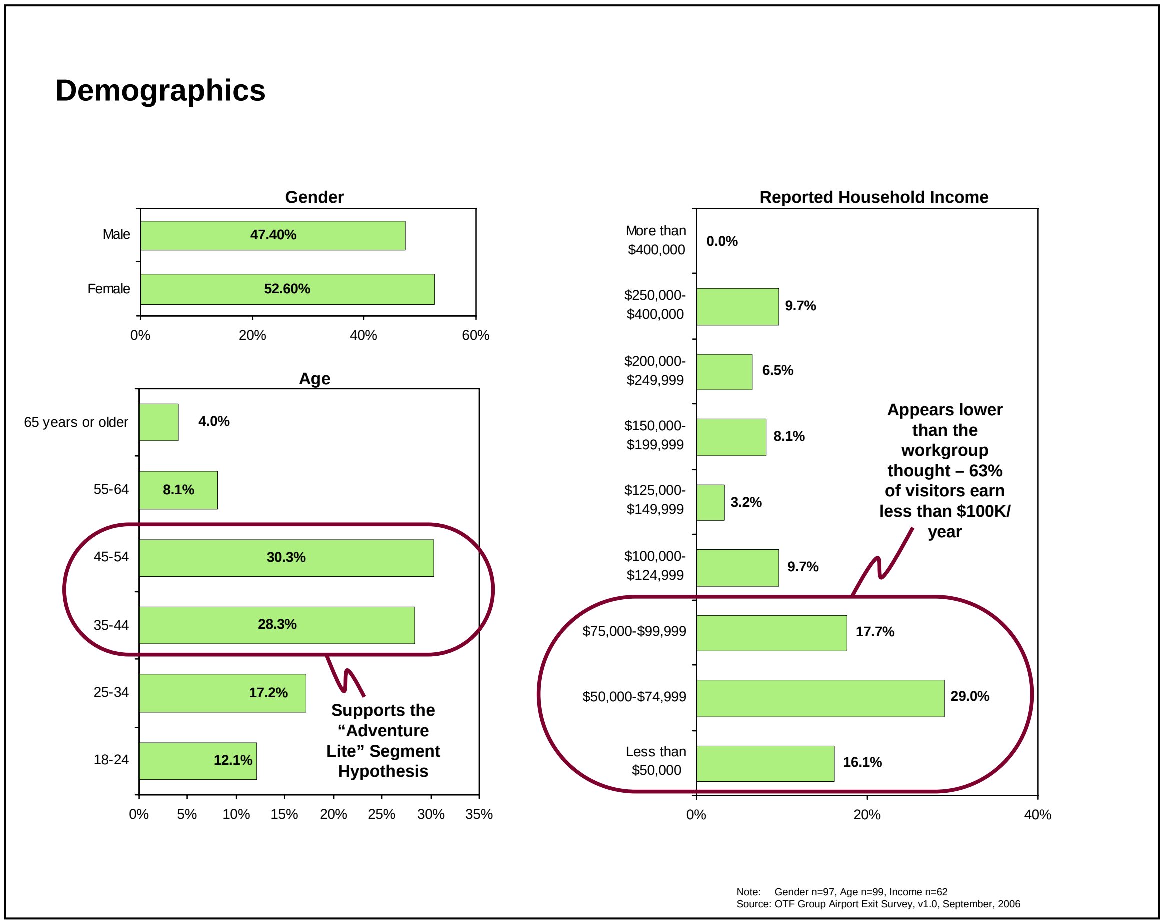
Category and Rating	**Representative elements**	**Current State**
Cultural: Fair	• Tangible articulations • Norms • Mental Models	Welcoming culture with relatively high levels of personal safety. However, crime is on the rise. Cultural aversion to the service industry, equating 'service with servitude'. Reportedly low levels of entrepreneurship.
Human: Fair	• Health and Population • Education and Training • Attitudes and Motivation	Limited supply of trained service industry personnel for mid-to-upper management positions. Rising unwillingness among Kittitians to undertake menial jobs, leaving gap in the labor market for 'line staff' (or equivalent). Limited connection between educational system and industry requirements.

Knowledge: Weak	• Qualitative, Quantitative Data • Frameworks and Concepts • Knowledge Generation	Limited data exists on St. Kitts' market position in relation to its competition. Limited understanding of core visitor segments and distribution channel needs. Limited comprehensive tourism data on which to base strategy formulation.
Institutional: Fair	• "Good, Clean Governance" • Justice System • Connective Organizations	Tourism Authority dedicated to product development and marketing. However, the institutional structure comprised by the Ministry of Tourism and the Tourism Authority leads to an unclear demarcation of responsibility. The lack of coordination with Nevis in product development and marketing is a weakness.
Financial: Fair	• Financial Systems • Private Wealth • Public Wealth	A number of large new investments are underway by the private sector. Inconsistent investment promotion regime exists, favoring new investment over re-investment. This has led to limited reinvestment by smaller scale enterprises. Relatively easy access to transitional post-sugar economy financing from international institutions (mainly technical assistance).
Manmade: Fair	• Transportation, Communication • Power • Water and Sewerage	Good ICT infrastructure and internet connectivity. Air and sea port facilities being upgraded; yachting marina is being introduced.

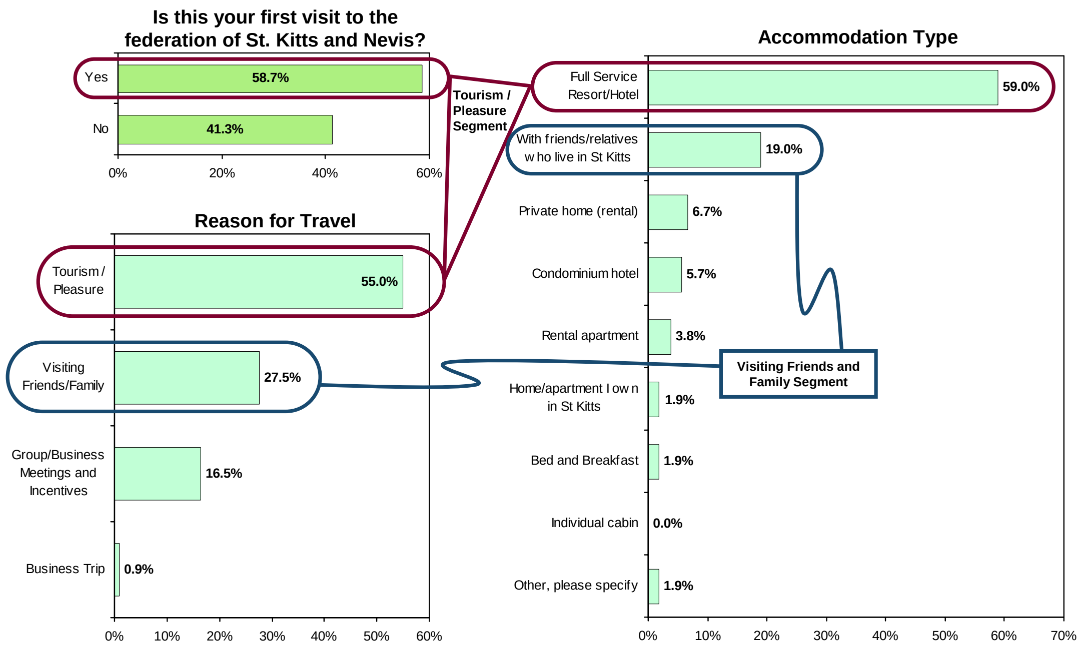
		Reasonable road coverage, though limited access to the interior. Airlift is decent, but no direct flights exist from major US market (NY tri-state area). No water and sewage treatment facilities exist.
Natural Endowments: Fair	• Ecosystem Services • Raw Materials • Climate and Location	Excellent climate for vacationing, with access to both the Atlantic and Caribbean. Limited total beach area but good reefs; both are under threat from pollution. Volcanic interior and tropical forests make for interesting but limited off-beach excursions. One of the highest amounts of heritage sites in the Eastern Caribbean for the island’s area.

Annex D: Full Survey Results

I. Airport Exit Survey

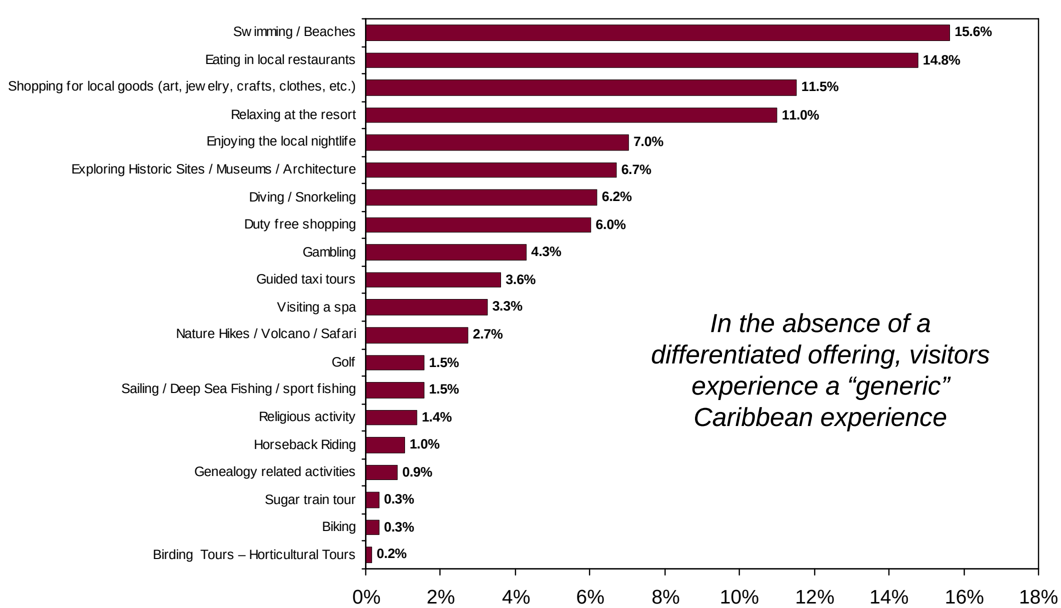


Airport Exit Survey
General Trip Information



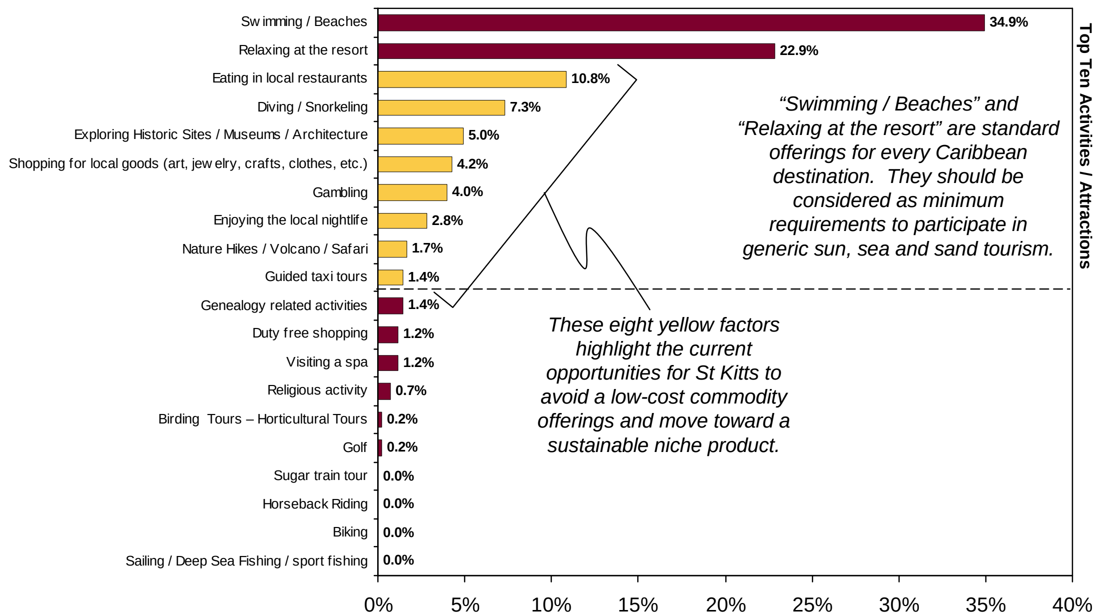
Note: First visit n=109, Reason for travel n=109, Accommodation type n=105
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

St Kitts Activities and Experiences
Please select all the activities you participated in on your trip.



Note: n=108
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

What do you think are the three most important activities/attractions St. Kitts offers tourists?



Note: n=89
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

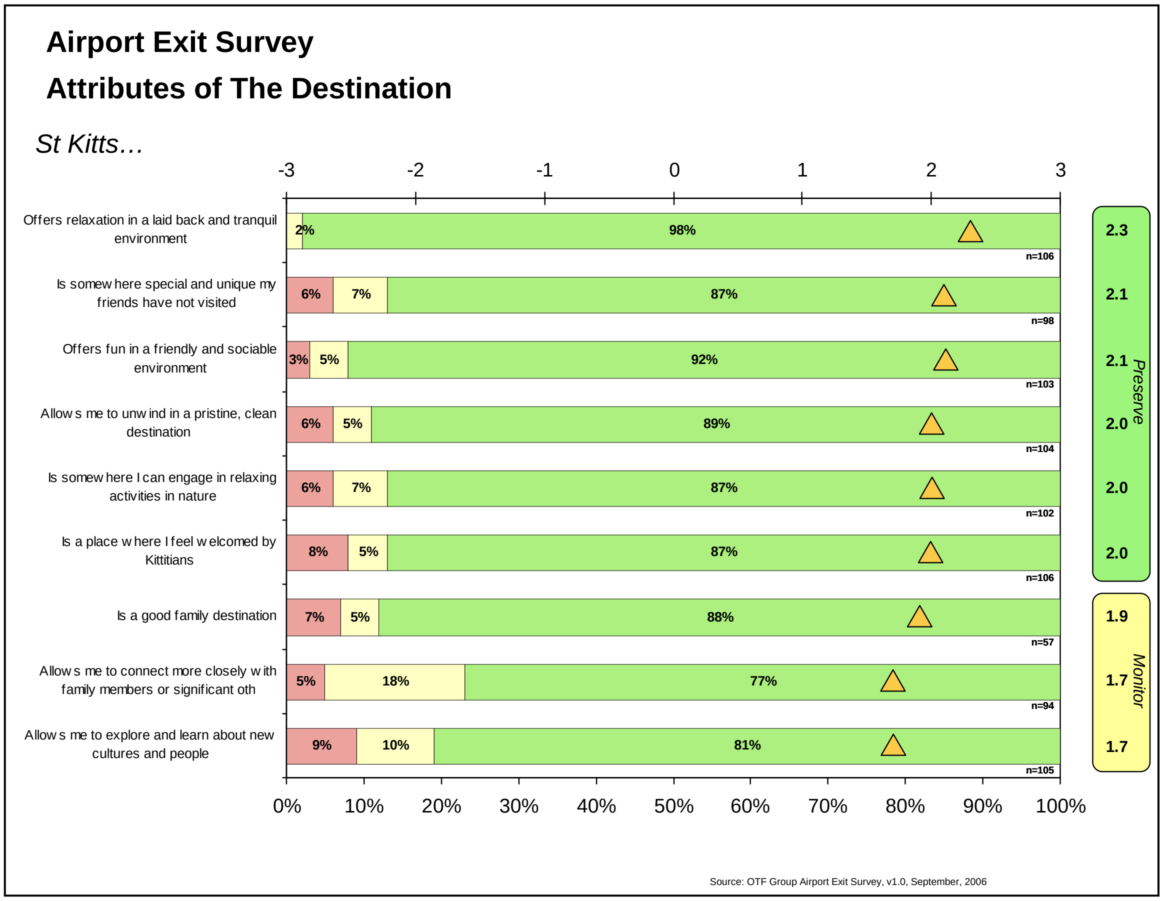
Analysis of Vacation Traveler Spending

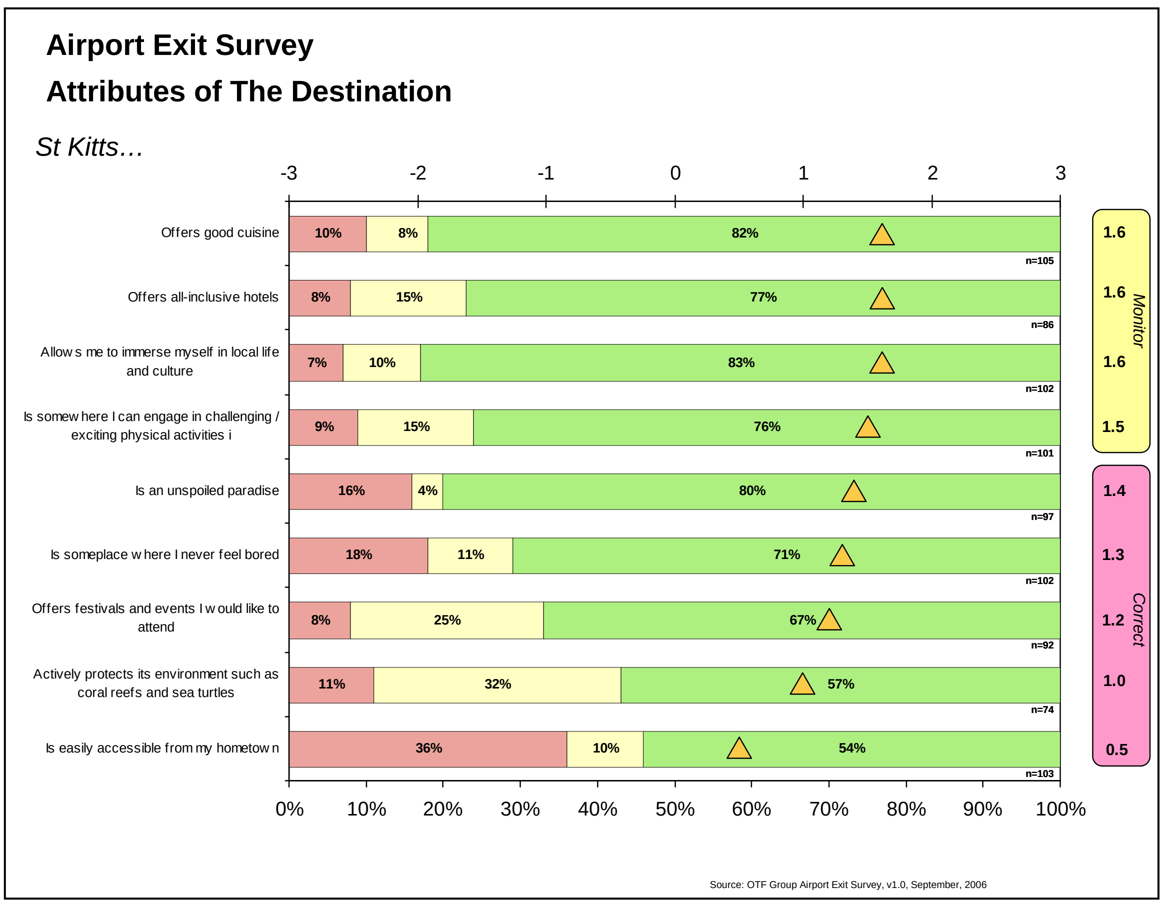
	Tourism / Pleasure	Visiting Friends/Family
Average Length of Stay	7.8	10.7
Average Size of Party	2.5	2.7
Average Non-Lodging Spend / Person Day	$120	$58
Average Lodging Rate (per room)	$148	$37
Total Avg On-Island Spend / Day	$268	*$95*
Total On-island non-lodging spending per person / per trip	$933	$618
Average Airline Spend (per seat)		
North America	$499	$376
Europe	$1,091	$689

73% of Friends and Family Segment stated no accommodation costs.

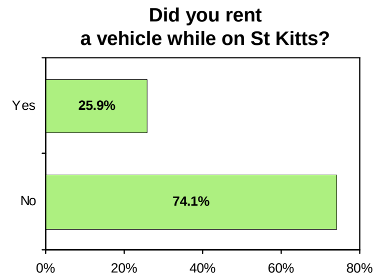
- *Tourism / Pleasure visitors spend twice as much at the local shops / restaurants / experiences, and almost four times as much on lodging*
- *The Visiting Friends and Family segment does not typically use hotels, further reducing the on-island spend*
- *Airline price differences should be explored further. Likely factors include greater travel date flexibility, longer lead / planning times, and greater use of charter flights*
- *As the airport exist survey efforts continue these hypothesis can be tested*

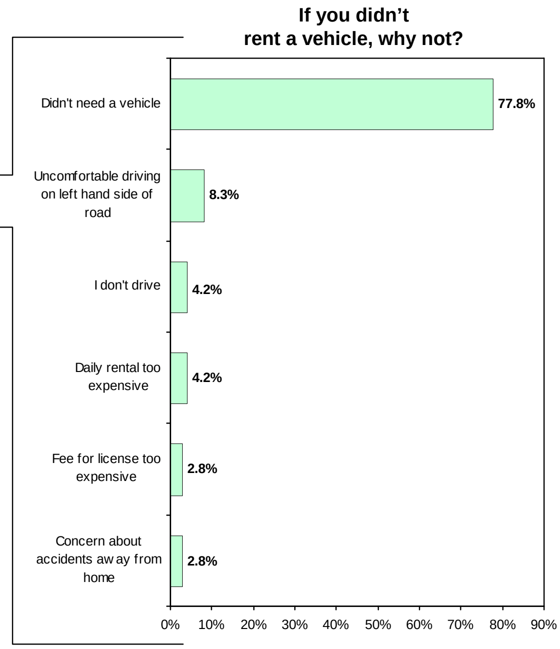
NOTES: Hotel nights assumes double occupancy for parties of 2 or more, rounded up (e.g., 1-2 travelers = 1 rooms, 2-3 travelers = 2 rooms, etc.).
Person days on island calculated by multiplying the size of party by the length of vacation.
All calculations are based on a small sample and should be viewed for demonstration purposes only. Sample size validity will come from consistent sampling of exiting travelers at regular intervals throughout the year.
Overall: Tourism / Pleasure (TP), n=43. Visiting Friends and Family (VFF), n=15. Non-lodging spend/day: TP n=43, VFF n=14 Lodging spend / day: TP n=34, VFF n=4. Airline spend / day: VFF(Eur) n=5, VFF(NA) n=8, TP(NA) n=22, TP(EUR) n=14.
SOURCE:


Airport Exit Survey
Attributes of The Destination
St Kitts…
-3
-2
-1
0
1
2
3
Offers relaxation in a laid back and tranquil environment
2%
98%
n=106
2.3
Is somewhere special and unique my friends have not visited
6%
7%
87%
n=98
2.1
Offers fun in a friendly and sociable environment
3%
5%
92%
n=103
2.1
Allows me to unwind in a pristine, clean destination
6%
5%
89%
n=104
2.0
Is somewhere I can engage in relaxing activities in nature
6%
7%
87%
n=102
2.0
Is a place where I feel welcomed by Kittitians
8%
5%
87%
n=106
2.0
Preserve
Is a good family destination
7%
5%
88%
n=57
1.9
Allows me to connect more closely with family members or significant oth
5%
18%
77%
n=94
1.7
Allows me to explore and learn about new cultures and people
9%
10%
81%
n=105
1.7
Monitor
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Source: OTF Group Airport Exit Survey, v1.0, September, 2006


Airport Exit Survey
Attributes of The Destination
St Kitts…
-3
-2
-1
0
1
2
3
Offers good cuisine
10%
8%
82%
n=105
1.6
Offers all-inclusive hotels
8%
15%
77%
n=86
1.6
Allows me to immerse myself in local life and culture
7%
10%
83%
n=102
1.6
Is somewhere I can engage in challenging / exciting physical activities i
9%
15%
76%
n=101
1.5
Monitor
Is an unspoiled paradise
16%
4%
80%
n=97
1.4
Is someplace where I never feel bored
18%
11%
71%
n=102
1.3
Offers festivals and events I would like to attend
8%
25%
67%
n=92
1.2
Actively protects its environment such as coral reefs and sea turtles
11%
32%
57%
n=74
1.0
Is easily accessible from my hometown
36%
10%
54%
n=103
0.5
Correct
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Airport Exit Survey
Transport / Car Rental



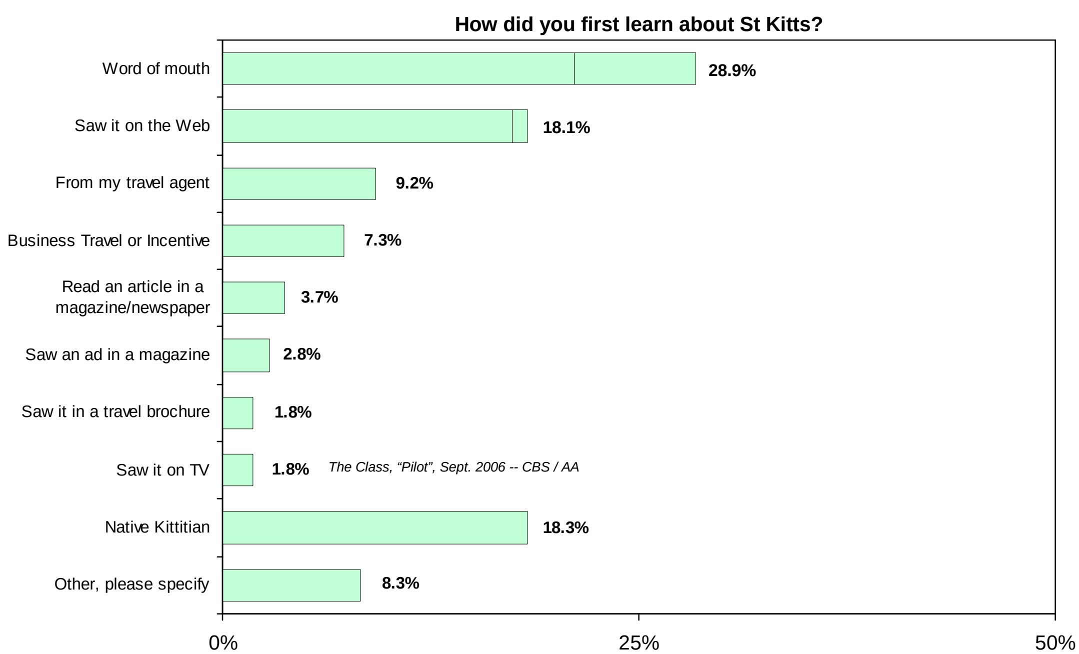


Vehicle rental does not appear to the negative attribute that the group hypothesized.

Note: Vehicle rental n=108, Non-rental reason n=72
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

II. International Perceptions Survey

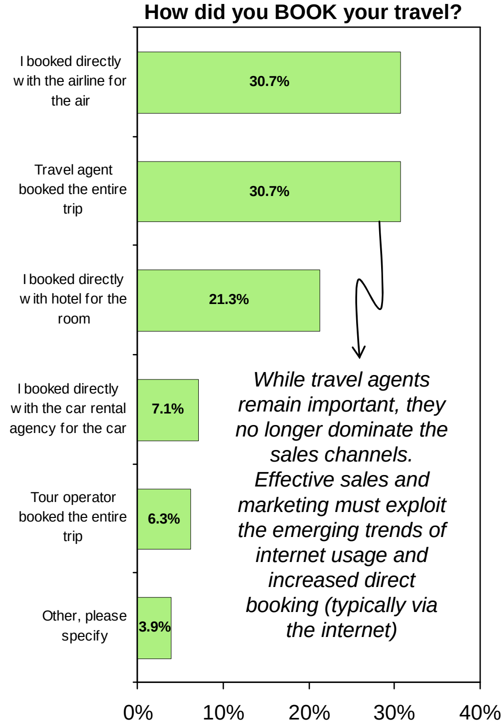
International Perceptions Survey
Marketing / Information Channels



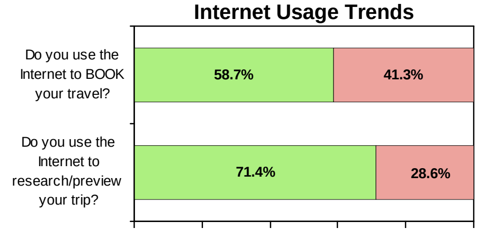
Note: Responses including pile sort of "Other, Please Specify" category. n=98. Multiple answers accepted.
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

Research and Booking Behavior

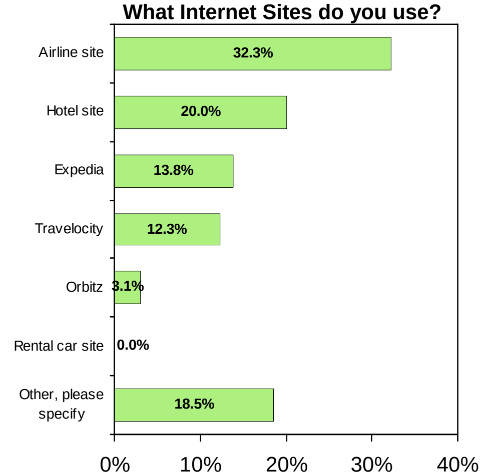
How did you BOOK your travel?



Internet Usage Trends



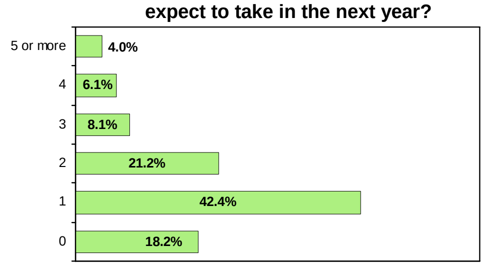
What Internet Sites do you use?



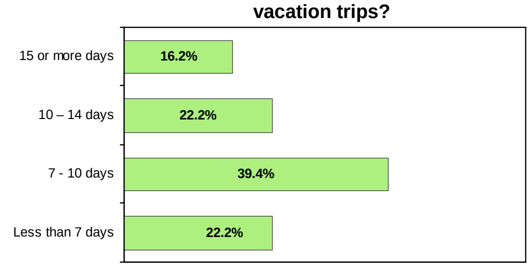
Note: How travel booked n=100. Multiple answers accepted
Internet research n=105. Internet booking n=104.
Web sites used n=48. Multiple answers accepted
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

International Perceptions Survey
Future Travel Planning (Aggregate)

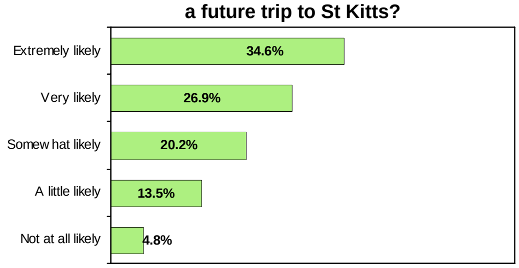
How many trips to the Caribbean do you expect to take in the next year?



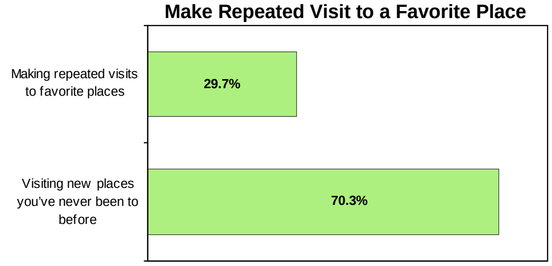
What is the average length of your vacation trips?



What is the likelihood of you planning a future trip to St Kitts?



Preference to Visit Someplace New or Make Repeated Visit to a Favorite Place



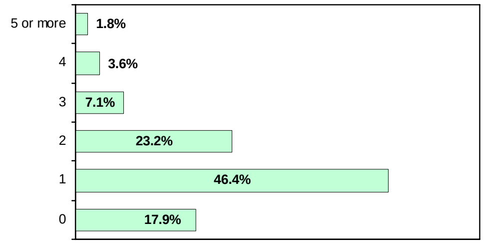
Note: Number of trips n=99. Length of trip n=99. Likelihood of return n=104. New place versus return n=101.
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

International Perceptions Survey

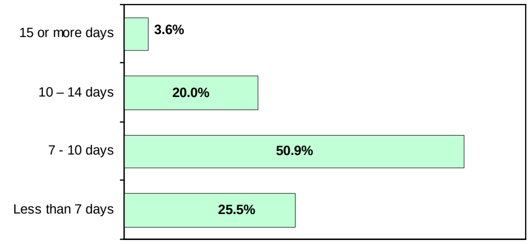
Future Travel Planning (Tourism / Pleasure)

Tourism / Pleasure visitors take shorter trips and are less likely to return than the aggregate

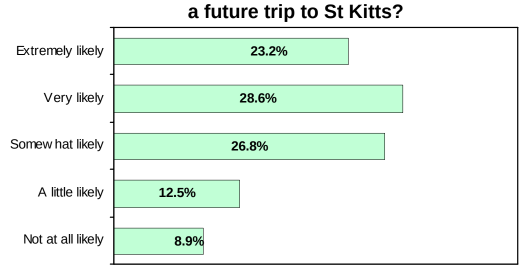
How many trips to the Caribbean do you expect to take in the next year?



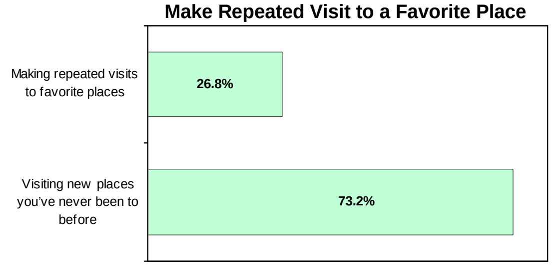
What is the average length of your vacation trips?



What is the likelihood of you planning a future trip to St Kitts?



Preference to Visit Someplace New or Make Repeated Visit to a Favorite Place

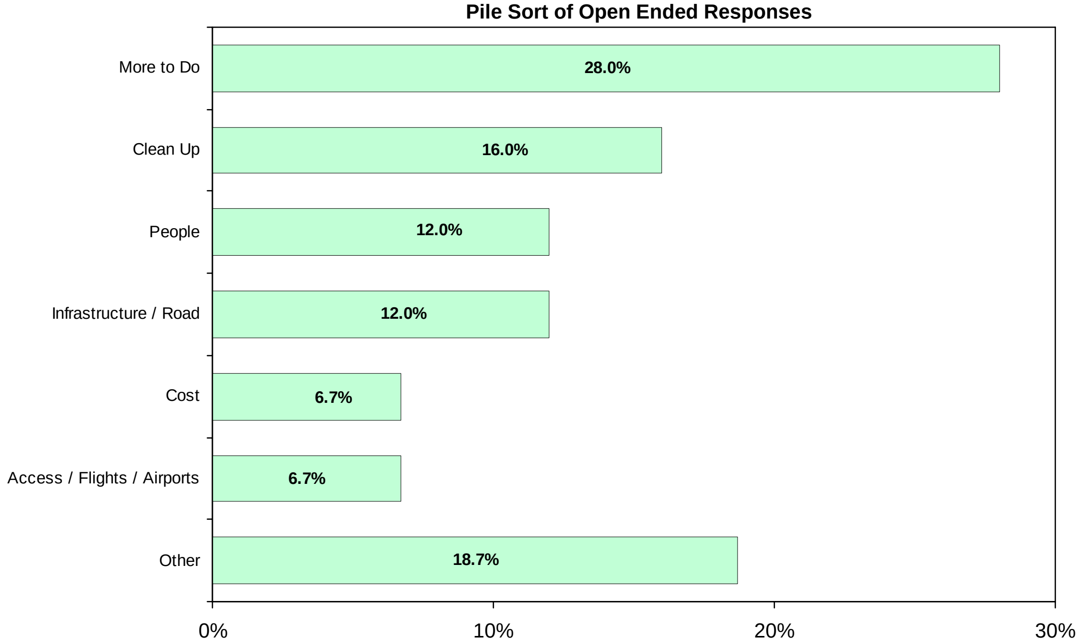


Tourism / Pleasure are still highly attractive – this points to the need for a good segmentation

Note: Number of trips n=99. Length of trip n=99. Likelihood of return n=104. New place versus return n=101.
Source: OTF Group Airport Exit Survey, v1.0, September, 2006

What is the single best thing St Kitts could do to improve your vacation experience?

Pile Sort of Open Ended Responses



What is the single best thing St Kitts could do to improve your vacation experience?

More to Do

- Add in a big mall and more fast food restaurants (US, Canada)
- Better shopping centers
- Better snorkeling park and more shopping
- Have more entertainment near the town at night.
- Improve Island's infrastructure; create an attractive market area in town; make food more affordable.
- Improve shopping. Disappointed in many off season closures.
- More activities focus on tourist care and environmental care.
- More casinos.
- More child friendly with areas plus equipments and venues for children of 14 and under.
- More dining options at prices that aren't so steep.
- More fun activities on summer vacation
- More hotels
- More hotels
- More hotels.
- More local coffee shops.
- More night life.
- More tequila. More students for IUON
- Needs more shopping places and restaurants.
- Offer more local food in restaurants I.E Soufe and cornmeal and fish. Need more of a balance for tourist US and the natives.
- Open a strip club.
- Open Sprat Net during the down season.

Clean Up

- Clean Basseterre.
- Clean the rubbish away from the streets and beaches.
- Clean up all beaches.
- Clean up beaches and town center.
- Clean Up Beaches.
- clean up litter from town and beaches.
- Clean up the road side of debris.
- Improve beaches
- Keep the beaches a little cleaner. I found bottle caps all over. And I was expecting white sand beaches all over, but maybe the coral reef brought about the murky water.
- The beach by Port Zante can use a good cleaning more often because it is the first place some people see.
- TIDY the beaches.
- Tidy up the island

Access / Flights / Airports

- Everything was a bit more expensive than I hoped, I would have taken more tours and explored more if I didn't have to spend so much on food a day. A local grocery store would have been very nice, if i had rented a car this would not have been a problem.
- Knowing how much US is In EC. A few problems with people trying to rip us off.
- Reduce cost of resorts.
- Slightly less expensive goods and souvenirs.
- The price of food was incredibly expensive.

What is the single best thing St Kitts could do to improve your vacation experience?

People / HR Capacity / Service

- Better service in the hotels.
- I think I would be great if shopkeepers and people serving general public had a more professional attitude. EG. were polite, smiled, and made tourist feel welcome.
- Improve attitude toward tourist and guest.
- People be more friendly.
- Police should have been more cooperative and deal with report in one visit. It took four visits to police station, two visits from them and waited two days for nothing. The [name redacted] hotel didn't offer any compensation or offer anything when we were robbed. Very disappointed.
- Staff somewhat irritated if they make a mistake.
- Teach drivers of all vehicles to show "good driving skills", Something of which more of them possess. Improve road conditions (eg. pot holes in the main roads!)
- The service in the restaurant could be more polite.
- They could speak to their local men and ask them to have more respect for women.

Infrastructure / Roads

- Better pavement for safer walking.
- Could improve the buses to congested.
- Fix pot holes in the road, Don't over build.
- Improve standard of the ferry to Nevis.
- Improve the roads- especially outside the airport
- Local bus transport way too fast and have no consideration for people walking. There are no footpaths.
- Road Improvement.
- Roads need repair.
- Street signs. Improve Highways

Cost

- Accessibility / Transport
- Direct Air Flights.
- Direct flight from major cities I.E Chicago and more dining options.
- Improve airport services. Arrivals was long and tedious. Staff at departure were unhelpful, uncommitted, unfriendly and poorly represented what was and what was otherwise a great visit
- On arriving, could provide more staff to deal with the processing of immigration matters. It is one of the most irritating occurrence to stand in line for quite some time, having had a long and arduous journey.

What is the single best thing St Kitts could do to improve your vacation experience?

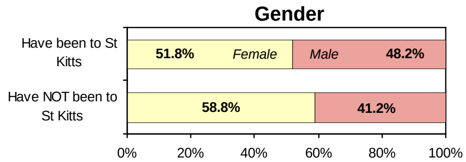
Other

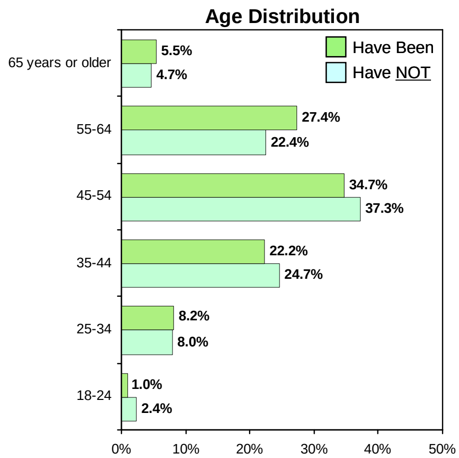
- business trip so not lot of time to visit places or do things.
- Cooler weather
- Do not over develop the island and try not to be better value price money
- Don't know at this time.
- Improve environmental consciousness
- Improve the management of the Sugar Bay Club
- Improve/monopolize in what's here and expose tourist to that.
- Marriott should completely change to an all-inclusive
- More air condition
- Not to have prices in US as it confuses non Americans.
- Please do not vote for the Japanese aid. This will lose you many environmental tourist. No soil conservation since Sugar company closed. Improve airport facilities!
- Stay Kittitian
- The airport and local restaurants need to have air conditioning.
- Upgrade hotels and restaurant stop panhandlers.

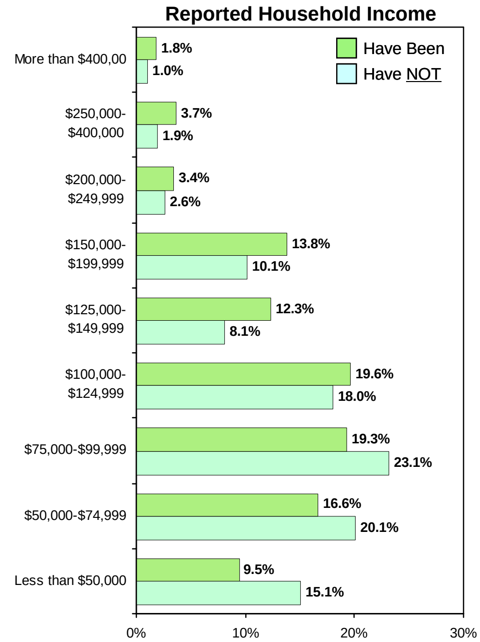
Did your vacation experience in St. Kitts differ from your expectations? If so, how did it differ?

- Better than expected
- Exceeded expectations.
- Expectations met except for dining – a lot closed
- Expected
- Expected people to be more friendly but we didn't allow this to spoil our holiday.
- Food was better than expected.
- GOOD
- In line with the expectations of a relaxing break.
- It was as expected. Brilliant holiday.
- It was great
- It was more greater than my expectations.
- More develop than expected.
- More expensive than our last visit five months ago.
- N/A on business
- No, except need to improve roads outside the airport for better impression for new arrivals. and screening trees for Conaree waste disposal site.
- No, familiar with the lifestyle
- No, I expected to be relaxed and really enjoyed myself.
- No, It was a good new experience to a new culture.
- No, it was all good except for lousy airport staff.
- No, It was perfect! Truly a paradise.
- No, not really
- No, very similar
- No. been here several times
- Not to be happy about the service charge/tax being added onto the bill.
- Only I expect more inviting areas in town (market, shopping...) that would draw tourists
- Some- It was a hassle at the Marriott to sign for everything, even though you paid for an all-inclusive. At least they never had hot water for bathing, always cold.
- Vastly, hotel accommodations. food, bar, activities and management well below par.
- Was fun. People friendly
- We became bored with the Marriott all Inclusive and checked out to move to island of Nevis.
- We were here two years ago and loved it. The place were so friendly. It has definitely changed. NO more friendliness and people have seemed to develop attitudes. It now feels like all the other islands in the Caribbean. We wont be back or send our friends here anymore.
- Would like to explore buying properly.
- Yes
- Yes! better than expected
- Yes, apart from being robbed in hotel. Travel agency lied about the hotel conditions and holiday all together.
- Yes, hotel less than expected, Food not great!
- Yes, no shopping, not developed enough.
- Yes, safer security wise

International Perceptions Survey
Respondent Demographics



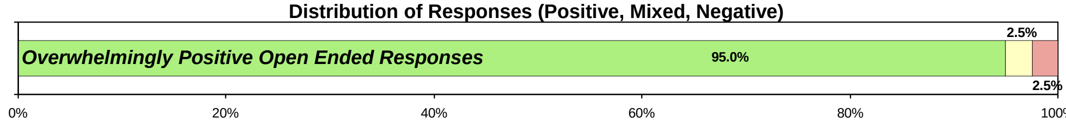




Note: Gender: "Have Been" n=396 / "Have NOT" n=692. Age: "Have Been" n=397 / "Have NOT" n=694. Income: "Have Been" n=326 / "Have NOT" n=577.
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey
Impressions of St Kitts from respondents who have been to St Kitts

Distribution of Responses (Positive, Mixed, Negative)



"A beautiful place that unfortunately could easily be ruined by the increase in commercialism and tourism."

"Great SCUBA sites; friendly people & affordable, local restaurants; excellent golf & beaches & daily living amenities; climate par excellence; skilled local musicians; local BBQ on the beach."

"The PEOPLE! I've never been to a Caribbean destination where the people were truly friendly with the tourists (as opposed to just putting up with us...). Everywhere we went, the people were genuine, friendly, and well spoken. It was the best vacation I've ever been on, and we were there in the middle of a tropical storm!"

"Nevis."

"A once quiet, friendly, unspoiled, crime-free, slightly third-world country, that in the last decade, has lost most all of it's attraction due to politics and tourism."

"Unspoiled, natural, rugged, a Caribbean island that hasn't been commercialized and overdeveloped yet."

"A beautiful Island that is quiet and calm and so far removed from the hustle and bustle of life on the East Coast in the US. It is truly wonderful to visit St. Kitts...the people are genuinely friendly - no pretense. The beaches, the climate, the local restaurants and the people make St. Kitts a true paradise."

"Relaxing at beach bars like the shipwreck and also the potential that with a little more development St. Kitts should become a very sought after tourist destination."

"We have owned a villa in Dieppe Bay for 19 years. We love the island, but the robberies and attacks on people in Dieppe Bay in the past 3 years have made us very fearful. Tourism will never take off until these problems are resolved."

"Laid back not much going on at all. People are very pushy and want you to look at their stuff. The town where the cruise ship docks has no shopping, no good places to eat, and is small and dirty.

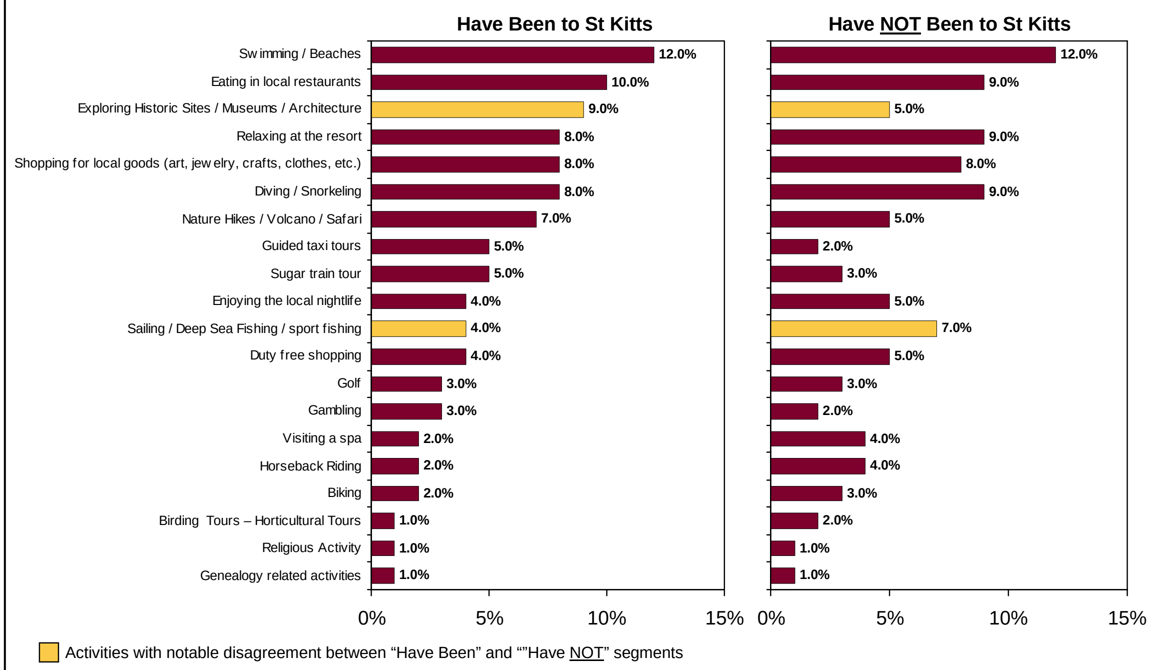
"Best Caribbean island we have ever visited. Warm people, wonderful beaches, lots (or nothing!) to do."

These responses tend to highlight the respondents "emotional", rather than "experiential" views on St Kitts. This can be most useful in designing effective marketing.

Note: n=363. All responses bucketed by positive, mixed, or negative. Sample quotes selected for impact, and do not reflect frequency. See survey results for full list of open-ended responses
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey

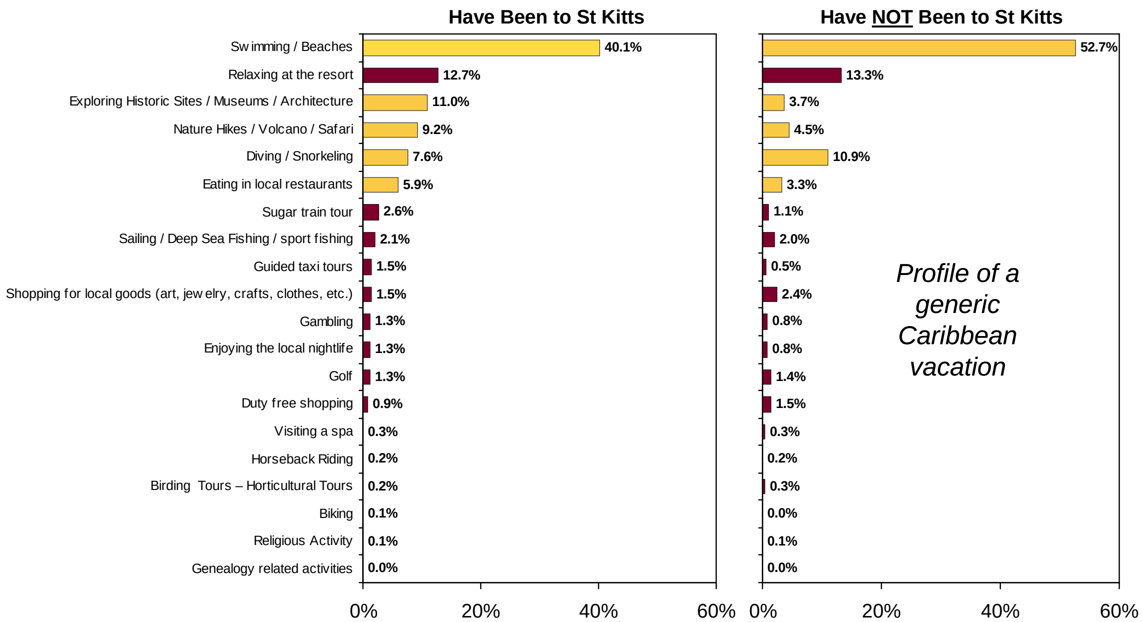
What activities do you associate with St Kitts?



Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey

Most important activities/attractions St. Kitts offers tourists?



Activities with greatest disagreement between “Have Been” and “”Have NOT” segments

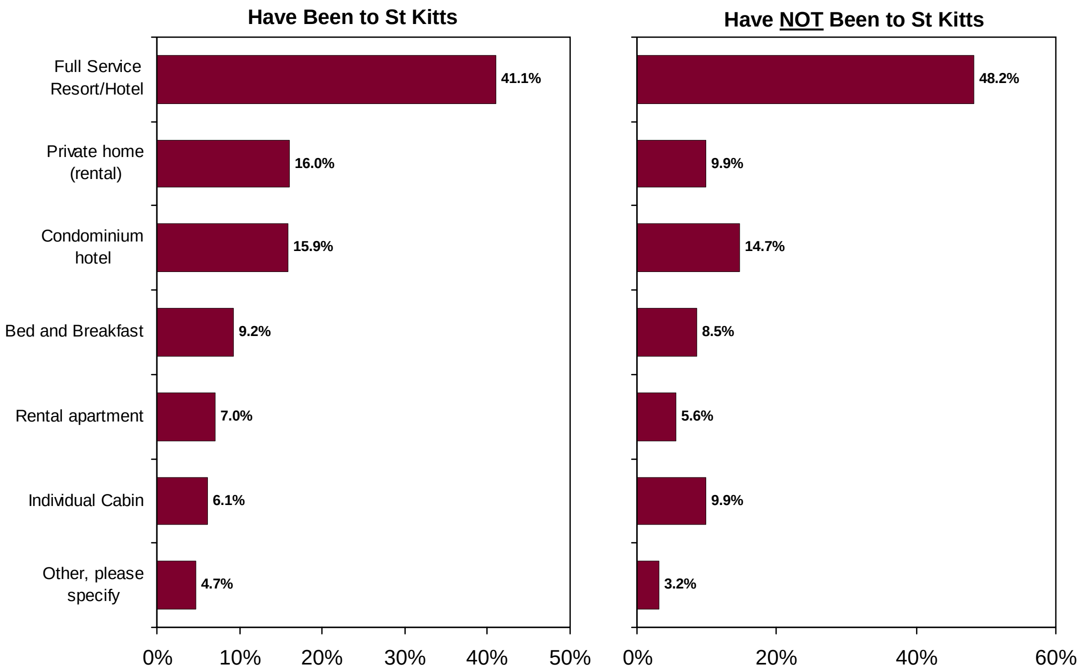
Note: “Have Been” n=402 / “Have NOT” n=699
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey

Attributes of The Destination

Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey
Island Vacation Accommodation Preferences

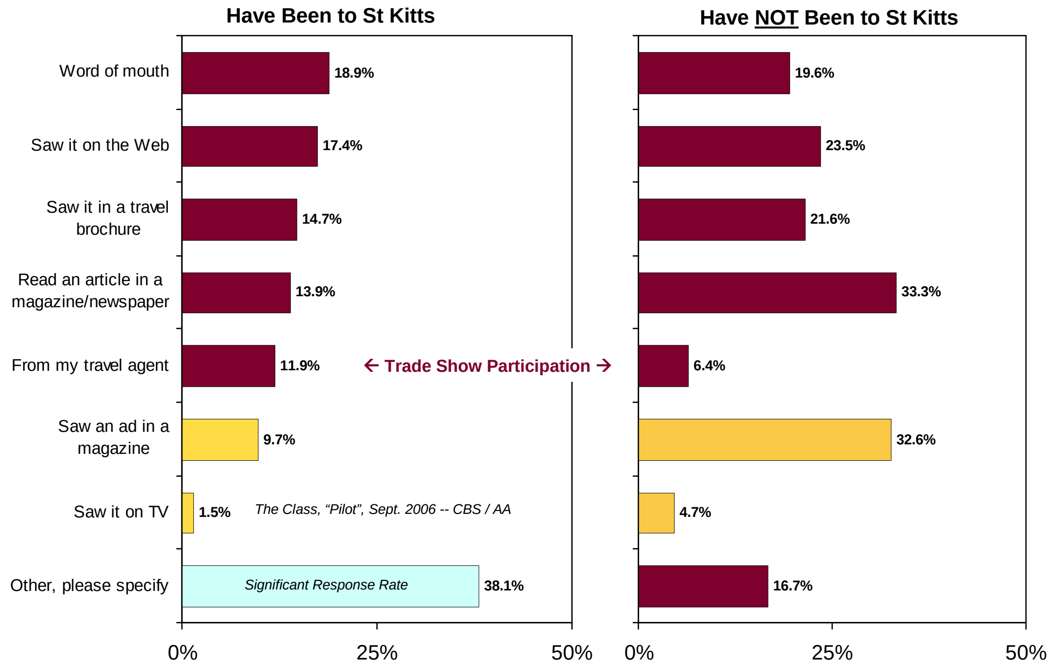


Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey

How Did You Learn About St Kitts?

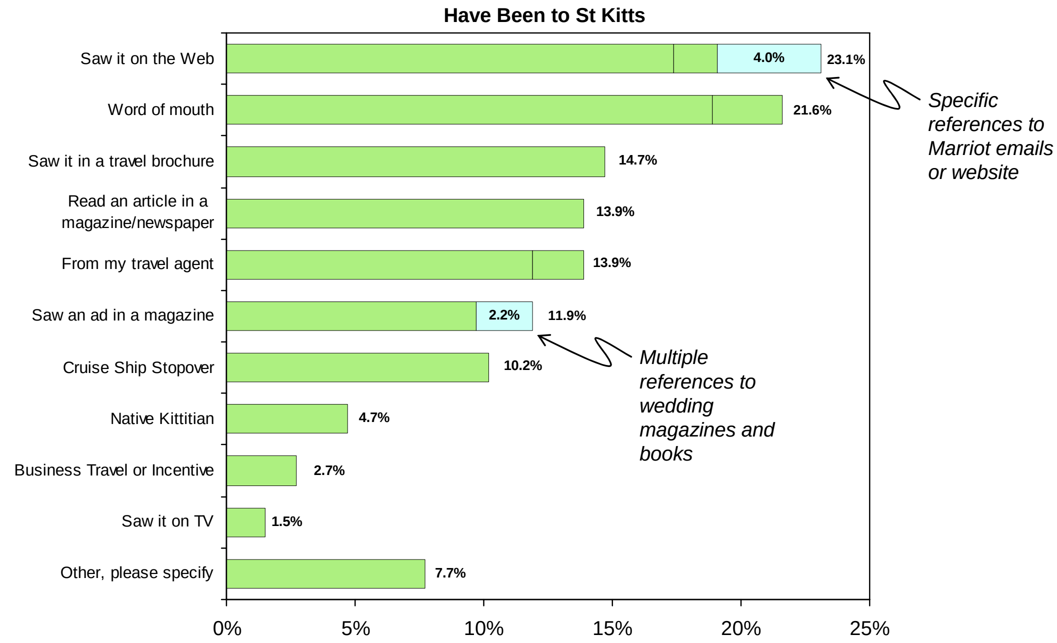
Does St Kitts have active TV, newspaper, or Magazine campaigns?



Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

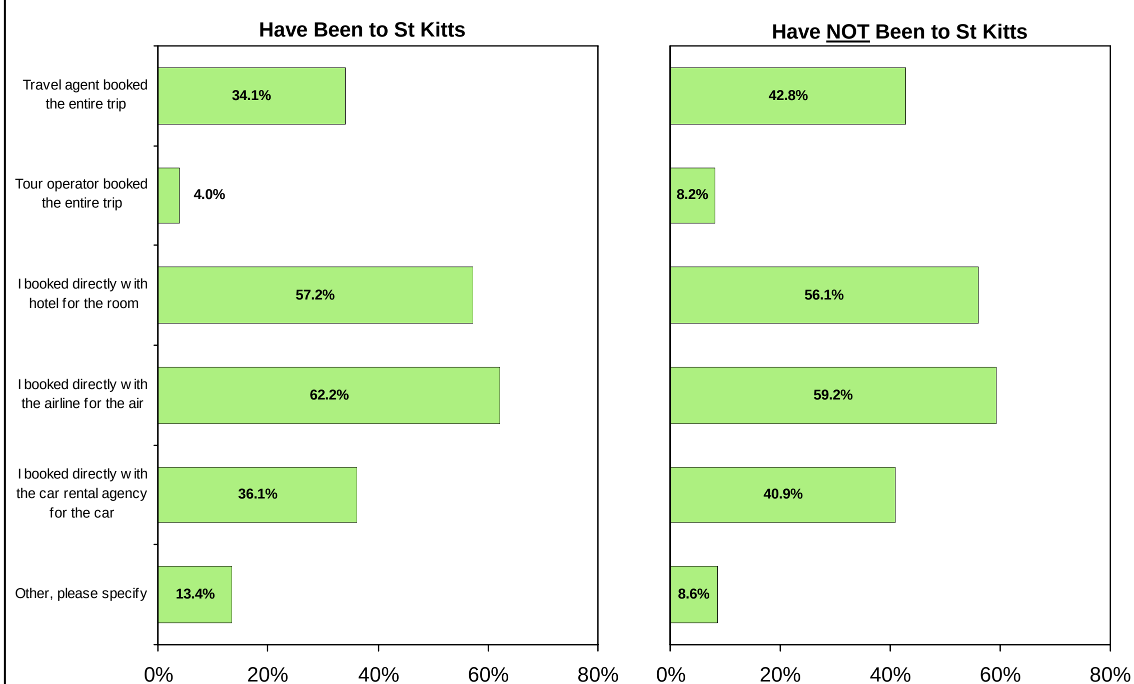
International Perceptions Survey
How Did You Learn About St Kitts?

“Have Been” responses including pile sort of “Other, Please Specify” Category



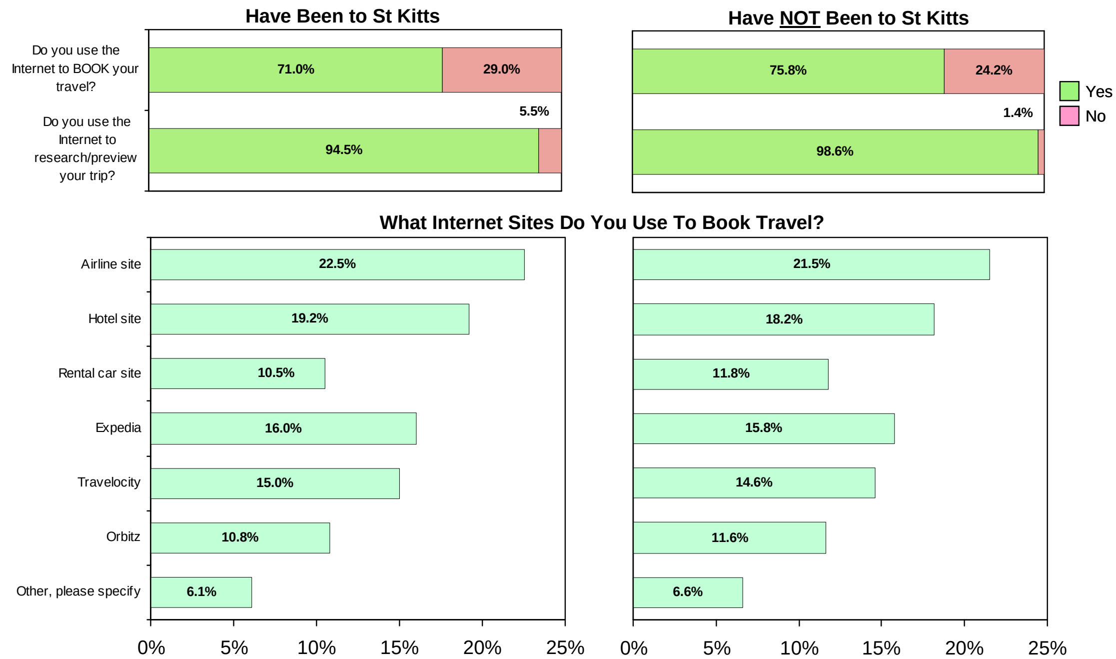
Note: n=402
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey
Research and Booking Behavior



Note: “Have Been” n=402 / “Have NOT” n=699
Source: OTF Group International Perceptions Survey, September, 2006

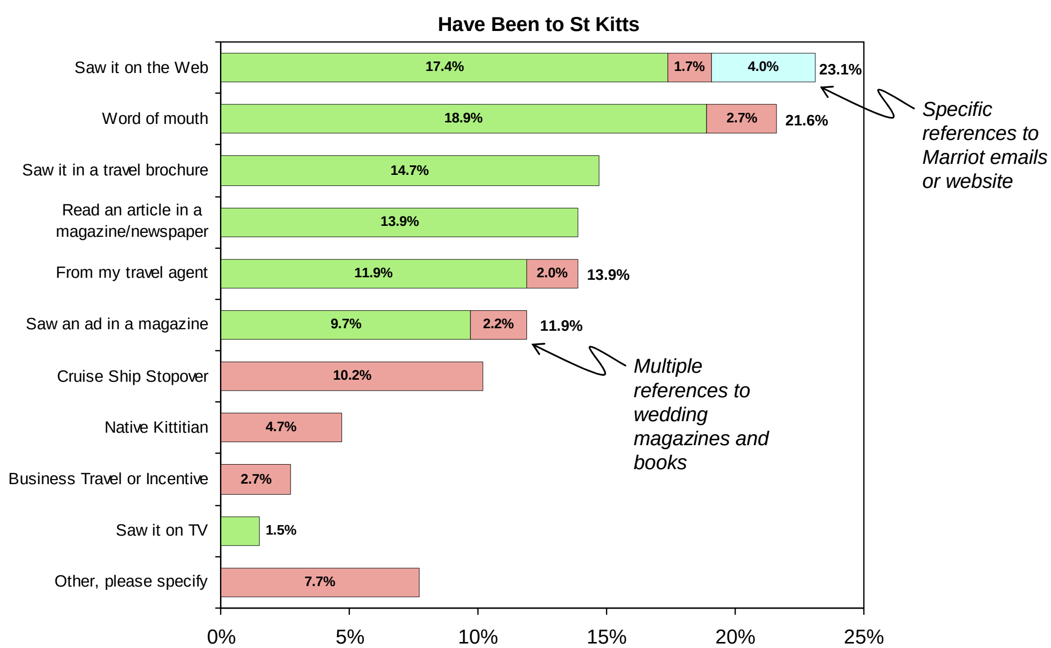
International Perceptions Survey
Research and Booking Behavior



Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

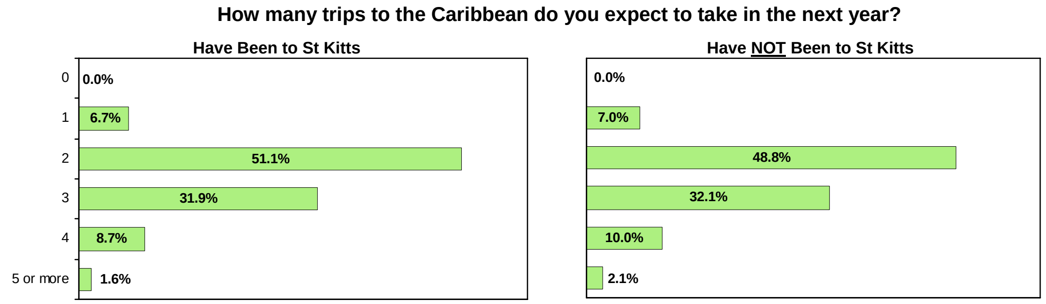
International Perceptions Survey
How Did You Learn About St Kitts?

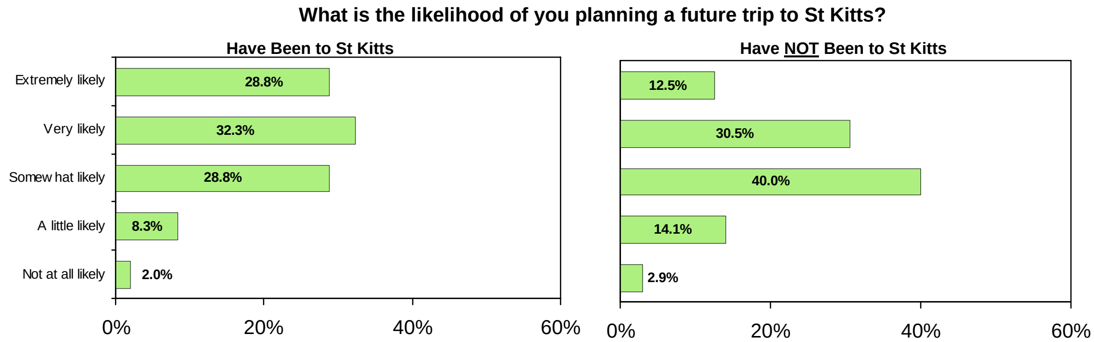
"Have Been" responses including pile sort of "Other, Please Specify" Category



Note: n=402
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey
Future Travel Planning

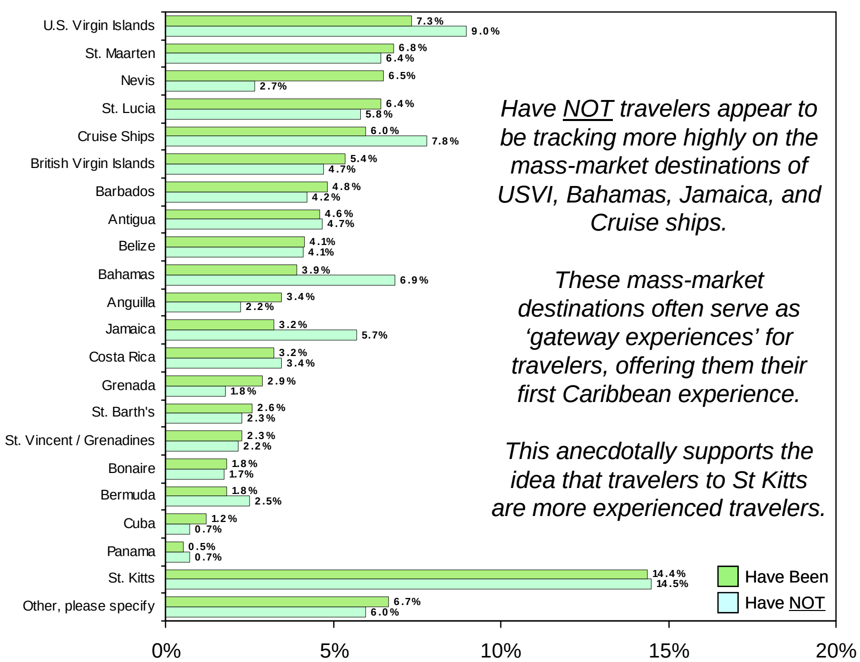




Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

International Perceptions Survey
Destinations Being Considered for Caribbean Vacation

This question is a proxy for "What destinations are competitors to St Kitts?"

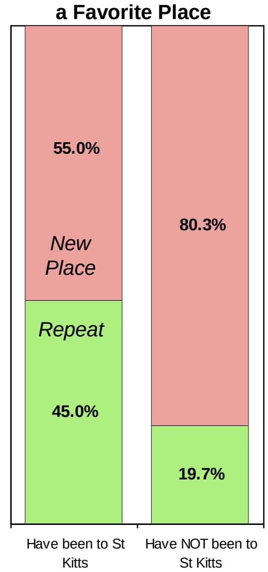


Have NOT travelers appear to be tracking more highly on the mass-market destinations of USVI, Bahamas, Jamaica, and Cruise ships.

These mass-market destinations often serve as 'gateway experiences' for travelers, offering them their first Caribbean experience.

This anecdotally supports the idea that travelers to St Kitts are more experienced travelers.

Preference to Visit Someplace New or Make Repeated Visit to a Favorite Place



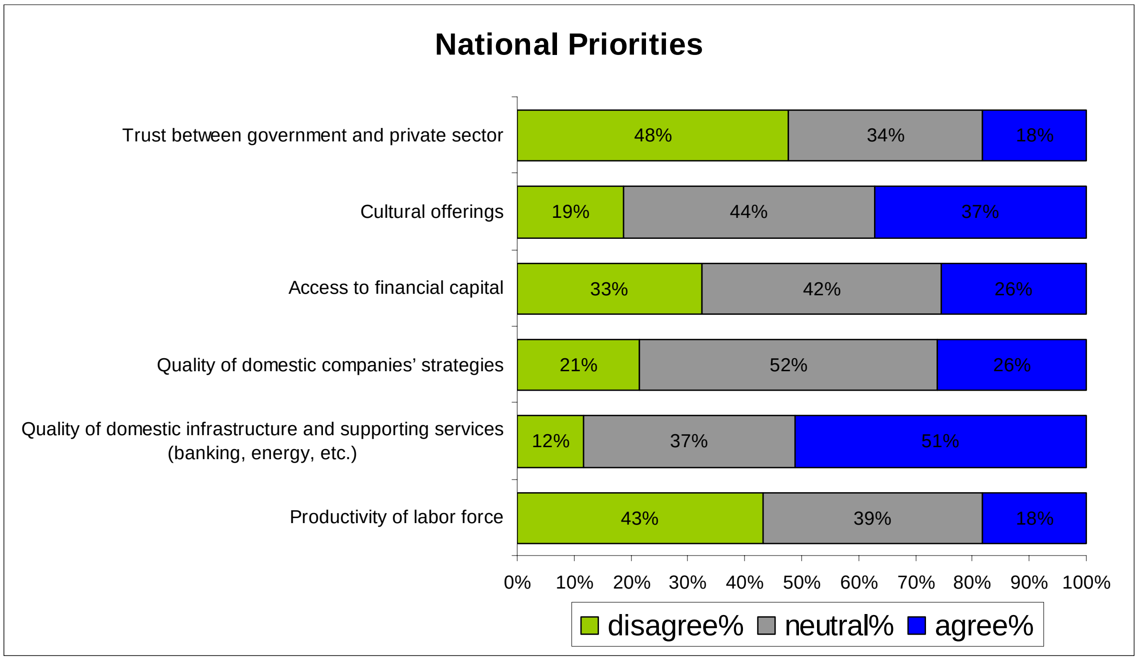
Note: "Have Been" n=402 / "Have NOT" n=699
Source: OTF Group International Perceptions Survey, September, 2006

III. Mental Models Survey

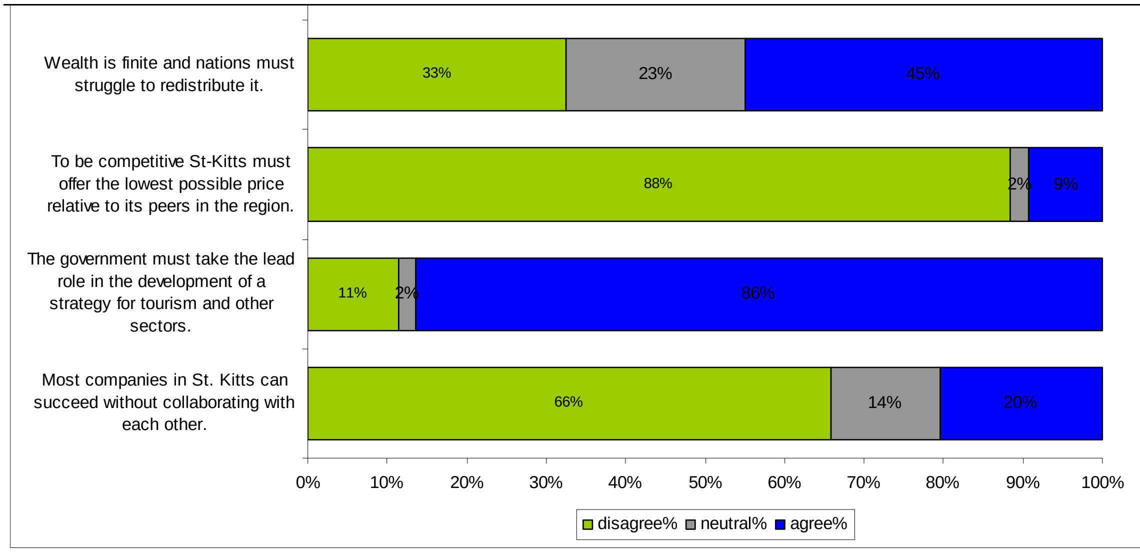
St-Kitts Mental Models Survey -- July 2006

1. Conditions for Competitiveness

Do you agree or disagree that St-Kitts possesses the following factors which are proven to be important sources of competitive advantage:

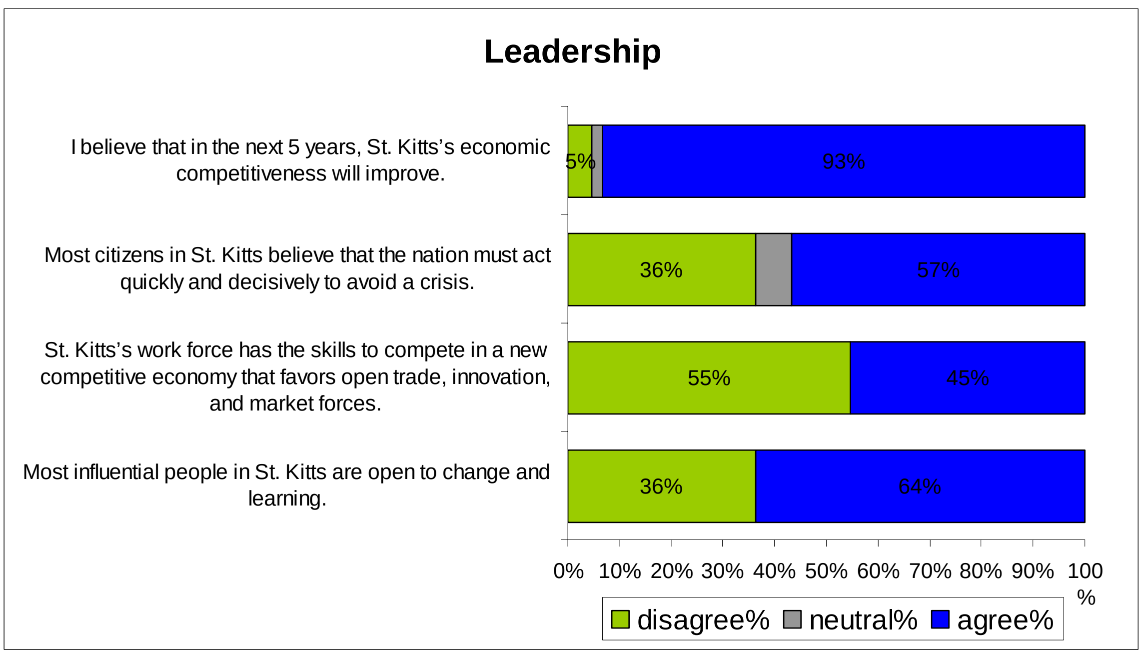


Do you agree or disagree with the following statements?



2. Leadership

Do you agree or disagree with the following statements?



3. Sources of Prosperity

Do you agree or disagree that the following sources of prosperity exist in St-Kitts?