

Hotel Spend Study Sheds Light On Local Spending In The Caribbean Region

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Research quantifies the importance of the hotel and accommodation sector as a consumer of locally produced goods and services.

The positive contributions of hotels to the local economies in the Caribbean are grossly underestimated - and yet still present great opportunities for further optimizing its benefits. This, according to the final report of a recent study of 'The Caribbean Accommodation Sector as a Consumer of Locally-Produced Goods and Services and Contributor to Government Revenues.' The study was conducted by Tourism Global Inc. on behalf of the Caribbean Hotel Association, with funding provided by ProInvest, an agency of the Centre for Development Enterprise of the European Union.

The CHA sought to conduct this study to define and quantify what Caribbean accommodation establishments spend yearly supporting the economic well-being of workers, local entrepreneurs, professionals, service providers, other economic sectors, and even government's revenues that finance the running of the country. In so doing, CHA sought to reveal the possible opportunities for accelerating each country's social and economic development, as well as the potential dangers of certain policies.

'Only with tangible data can we expect our people and government officers to appreciate the contribution of tourism to the health of the local economies,' said Peter J. Odle president of CHA. 'This body of work can help bridge the gap between perception and reality - and hopefully support an environment of cooperation and informed legislative action in our countries.' Highlights of the study include:

œ Hotels in the sample purchased 93% of their utilities in the local economy.

œ 74% of vegetables used by the hotel sector are produced locally, while 67% of dairy products and 63% of meats are sourced locally.

œ Overall, the hotel sector is sourcing just under one-half (47%) of its requirements for light manufacturing locally.

œ 84% of services required by the hotel sector are being purchased locally.

In addition to quantifying the successes in the purchase of locally-produced products and services, the survey uncovered areas where a low percentage is purchased locally; these in turn present the potential for growth and more benefits for local suppliers and purveyors. Poorer results were found for fish; 20% is purchased locally; fresh fruit, 16%; and eggs, 10%, sourced locally. The report points to factors beyond the control of the hotel sector that influence the capacity to procure locally, such as local supply chain elements - namely, availability, quality, price, reliability, and logistics and convenience, as well as intra-regional shipment issues on a regional scale.

On the other hand, the hotel sector creates employment at the rate of 2.3 employees per room - spending \$61.1 per room, per day in payroll and related costs in 2005.

Further, the study reveals that the hotel sector contributes to investment in the local economy, first through the initial investment in plant and equipment: 63% of hotels surveyed invested US\$1 to \$10 million initially in their property; and secondly, through the continuing refurbishment, upgrade, and expansion of facilities characteristic of the industry. A significant 96.2% of respondents indicated that they had spent between US\$1 and \$10 million in this area in 2005.

Hotels also contribute to government revenues that help finance the running of the country; they paid an overall 18.83% of their annual turnover in taxes of one kind or other during 2005. This percentage is equivalent to approximately US\$15.1 per room, per day.

In addition to direct and indirect expenditures, findings show that hotel sector provides direct entrepreneurial opportunities in at least 14 areas identified in the survey - such as taxi concessions, water sports, spas and beauty salons, gift and craft shops, and restaurants.

'The results of this study open a lot of doors,' added Odle. 'They set the foundation for further work to show how the hotel sector works; strengthen the relationship with local suppliers; address the gaps where linkages between the tourism sector and local industries are not as well evolved; educate policy makers to stimulate legislation that supports these relationships; and sensitize communities of the value of tourism to their economic and social wellbeing,' he concluded.

The study is available online at www.caribbeanhotelassociation.com. It complements the one that the World Travel and Tourism Council conducted in 2004, commissioned by CHA on the 'Impact of Tourism on the Economy and Jobs in the Caribbean.'

The survey was conducted among the membership hotels of CHA in nine CARIFORUM countries - Antigua and Barbuda, Bahamas, Barbados, Dominican Republic, Dominica, Jamaica, St. Lucia, St. Kitts & Nevis, and Trinidad & Tobago-, as well as in the United States Virgin Islands. Of the total population of hotels in these destinations, 8.9% of the population representing 11.5% of the rooms, or 8,991 rooms, responded to the survey instrument and were interviewed or supervised in completing the survey. In addition, 32 stakeholder and supplier interviews were conducted across the sample countries. The

sample size overall was, however, sufficiently large to make generalizations for the entire sample population with a level of precision of +/- 5 percent at a 95% level of confidence.

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