



## **BHTA Fourth Quarterly Meeting 22<sup>nd</sup> June, 2016**

### **Chairman's Remarks**

Ladies and gentlemen, good morning and thank you for coming out in your numbers this morning.

It seems almost impossible to believe that two years have passed since I stood here to take over the presidency and more recently the chairmanship of the BHTA. I am certain that like many of my predecessors, I demit office with mixed feelings. In one respect, I savour a sense of accomplishment about the things that the Association, the Board and I have been able to achieve during the last two years; however, I also feel a measure of frustration about some things that seem no matter how hard you try to lobby or express your concerns, remain the same. I am also optimistic that, moving forward as we celebrate our fiftieth year of Independence, we can build on our successes, and improve as an Association, an industry and a nation.

First, I would like to thank all of you for allowing me the tremendous privilege of serving as Chairman of this Association. Thank you for the confidence that you have shown in me, the support that you have provided and for the guidance and advice I have received from many of you. I really want to thank my Board for their service, the Past Presidents, and a very special "thank you" to Sue and the team at the BHTA Secretariat for their support.

It is only fitting that as I come to the end of my term, that I should give an account of my stewardship. While there was no manifesto of promises as is done in political office, I think my elevation was based on a principle that I would articulate and be a champion of members' issues.

On assuming office, I ensured that all Committees were chaired by Directors of the Board so that they too could be held accountable for any challenges facing the industry and defend members' interests. I can state categorically that I have had great support from my Board in the many challenges we faced over the last two years. While we may not have accomplished everything we set out to do, and at times members may have felt that we were too 'soft' in our approach on some issues, we tried at all times to ensure that the major concerns were ventilated at the appropriate and even highest level. My approach has always been one of working collaboratively with the relevant authorities.

## **MARKETING**

In good times and bad, the BHTA is regarded as the barometer to which the country turns for answers. Prior to taking up the mantle of leadership in 2014, the industry had undergone 6 years of stagnation. We witnessed a decline in room stock, length of stay and fewer visitors which obviously had an effect on our earnings. Some of the revitalization which we were anticipating, such as the Four Seasons project, did not materialize.

The several downgrades by rating agencies such as Moody's had an effect on our competitiveness. The industry has always been seen as uncompetitive because of the high input costs, and the inability of Barbados to borrow on the external market further undermined our stability.

The restructuring of the Barbados Tourism Authority, now the Barbados Tourism Marketing Inc. was completed and we welcomed the new President and CEO, Mr. William Griffith and his team. We have seen a vigorous approach to marketing and public relations with new airlift being added from several new locations such as Boston, Atlanta and Colombia, along with increased airlift from our traditional markets. This has fueled increased arrivals over the last two years and has begun to generate revenues allowing some properties to embark on upgrading their product.

Concern however is that the increase in arrivals is not across all segments of the market and visitor expenditure has not increased in tandem with the higher arrival numbers. The challenge now is to increase the arrivals numbers to the luxury segment and to improve the spend that will generate more foreign currency to build on the foreign reserves of this economy. We need to have an aggressive plan of action to tackle this situation. The newly established Barbados Tourism Product Authority has a major role to play in providing an enabling environment for the creation of new Attractions for visitors, both long-stay and cruise, and for the refreshment of others.

The BHTA has been concerned of the lack of a national website for almost two years. We cannot market a destination in this century without the assistance of an interactive website complete with multi-media, hyperlinks, etc. I am pleased that the BTMI has been able to launch a new [visitbarbados.org](http://visitbarbados.org) website and we applaud them on this effort. This opens up many opportunities for the industry to launch targeted marketing campaigns, carry out contests, develop niche markets and so on.

We have been fortunate to have the President of BTMI sit on our Board of Directors and to share initiatives in which the BTMI is involved. And while this arrangement has been successful to some extent, mainly through the personalities of those who attend these meetings, we would also like to have a greater say in the development of national marketing initiatives. A more formal and structured relationship needs to be instituted where the Ministry of Tourism & International Transport, the BTMI and BHTA can sit at the table together and discuss and strategize on new marketing plans and other challenges facing the industry. We need to marry capacity and capability of plant to marketing programmes in order to ensure that we get the best bang for our buck.

Together, we can achieve so much more if we put our heads together. The availability of funds in the BHTA's administered Tourism Fund, while not in the millions, coupled with the funding

available under the TDC can be merged with BTMI's budget to execute key programmes which are mutually beneficial to all constituents.

Our reliance on social media marketing is important, and certainly this is the new and successful trend in getting key messages across. But we cannot discard traditional marketing methods and I would like to see more tactical and creative advertising offers executed through print and electronic channels such as radio and television.

### **CONCESSIONS**

The arrival of Sandals on the local environment with its basket of concessions saw considerable representation being made to the Ministries of Finance and Tourism to create an equal playing field for all tourism players. This lobbying was intense, and at times, a bit acrimonious, but I am happy to say that in the end, the long hours spent on negotiating the concessions are starting to pay off for some recipients. The requisite authorities recognized that in order to keep the plant updated and to be able to effectively upgrade, renovate and add to the existing tourism product and attract new investment, it was critical that tourism be treated as an export and remove duties from all consumables and operational items. Progress has been made in obtaining the TDAA which was passed in Parliament in October 2014 and gazetted in November 2014. This probably was one of the most significant achievements during my term and perhaps in our history as an Association. So far we have been able to access alcohol, proteins including fish and smoked salmon. The Second Schedule has had 23 items added, but while the law states that all consumables including food and beverage should be available to all hotels, we are still some way off to making that a reality.

It has been a long and difficult road often fraught with delays, frustration by our membership on the approval process and at times incomprehension on the part of government officials to understand the intricacies of hotel operations.

So although I am generally pleased with what we have been able to accomplish so far, we still have a long way to go as it is now almost two years since the passing of the ACT to allow us a waiver of duties on all food and beverage items, but we still only have limited access.

We are still in meetings with the Barbados Revenue Authority to iron out some of the difficulties in implementation but at least we can say that Sugar Bay, Ocean Two, Waves Hotel, Yellow Bird, The Sandpiper among others are testimony to the application of the incentives.

I must publicly thank the Ministers of Finance and Tourism and International Transport for their commitment to seeing the process through. We have held many meetings with them, both individually and together, and they have always tried to remove the obstacles from the operational process.

Another key focus over the past two years has been the continued lobby for the reduction of VAT to the same level as Accommodation for Direct Tourism Services. After much dialogue and consultation with the newly-created Barbados Revenue Authority (BRA) we have made much progress in having this applied to the DTS services including car rentals. There had been challenges in the application and implementation process since it was initially not clear, and the criteria for businesses to show that 75% of their revenue was in “foreign currency” were difficult to substantiate. This requirement has now been amended.

## **CONSTITUTION**

One of the areas in which I had hoped to have been able to make a change when I became President, was in the review of the BHTA Constitution and the reorganization of the Association to better cope with our current needs and membership issues. The amendment of the Constitution was a defining moment of my chairmanship. The change to allow a non-hotel member to be Chair is revolutionary for Barbados and the Caribbean. You will recall the anxiety as we moved from a Hotel Association to a Hotel & Tourism Association. Roseanne Myers will have the honour to be the first non-hotelier to Chair this Association. In amending the

Constitution, it was agreed that the Chairmanship was tied more to ability than the place of employment/ownership.

The position of Executive Vice President was changed to Chief Executive Officer allowing this paid position to be the consistent and constant voice of the Association with the Chair taking a more broad-based and policy role as a non-executive should always have been.

Additionally, it was agreed some time ago, at the level of the Board, that we needed to relook at the structure of the Secretariat to ensure that we had the resources that we needed where we needed them and a succession plan be put in place. I believe that all of the above are still very relevant and I hope that we can address these very important issues in the near future.

## **RESEARCH**

When I became President, I committed that my legacy would be improved Research and Statistical analysis which is key to the management and maximization of revenues. I am firmly of the view that this is the only way sound business decisions can be made. While we have not been able to follow through consistently on this with the MOU which we have signed with UWI, we have made progress by the subscription to the STR Report through sponsorship from the Tourism Fund. The Secretariat had committed that they would pursue members to be part of the Fund and we have had some success in this venture. I am happy to say that the outgoing Board has ratified a recommendation to extend the partnership with STR for another year funded from the Tourism Fund.

## **UNION NEGOTIATIONS**

I must thank all of those members who gave generously of their time to assist in the negotiations of a new wage settlement with the Barbados Workers Union. Owners and managers unanimously agreed that with the improved arrivals, we would endeavor to give workers an increase in pay. This is not to say that our cash registers were overflowing, but we genuinely felt that we had to reward workers who had made the sacrifice over the past five

years. The negotiations with the Barbados Workers' Union were partially concluded with the agreement on the pay increase; however, there are still some niggling issues which are still to be settled.

## **LOOKING AHEAD**

As I look forward to the new regime, let me first offer congratulations to Roseanne for this signal honour of being the first DTS Chairman of the BHTA. She has done a magnificent job in steering the Marketing Committee during my tenure, and while that position will be passed to another member, I am sure she will keep a close eye on trends.

Each year as we approach the AGM, it concerns me that we appear to have fewer and fewer persons who are willing to step forward to take on additional responsibility. Believe me, I can well understand the demands of your job, but it is important that we take time to give back to the Association. The BHTA is still very relevant – whether on its own or being a part of the Barbados Private Sector Agency. Like many organizations today, it is the old guard who is still flying the flag. On the one hand, they are accused of living in the past, yet not many of the younger membership is getting involved and infusing fresh ideas into the Association. We are a dynamic body and need to incorporate some of the best attributes from our competitors while creating innovative strategies to keep us on the cutting edge.

The Direct Tourism Services have a lot to offer, and now that the new Chair is from that Category, we can look to see how we can bring them into the main stream of BHTA activities. The BBN is one way that we can look to expand the opportunities for the Attractions. We know that Regatta has invested considerable sums to roll out a dedicated platform for the Villas and Attractions and we expect to see this completed in real time by August this year.

On the topic of the booking engine, we congratulate the BTMI for including BBN as the booking engine for Barbados on the new national website – [visitbarbados.org](http://visitbarbados.org) But we need dollars to market the site in collaboration with BTMI and one of the challenges which I wish to throw out

to the new Chair is how we can incorporate contributions from the DTS sector to assist us in getting their inventory showcased. For the hotels, I emphasize the need for getting your best rate on that site – there is no need for me to re-iterate the benefits of having our own booking engine where the commissions which are charged are much lower than those of competing tour operators. But unless we put our best rates there and invest in marketing strategies which will improve the SEO of BBN, we will find that this will be another great idea which will perish through lack of vision and determination.

We have started discussions with the BTMI about joint marketing of the booking engine to attract global consumers to the site. BHTA's contribution to this marketing effort comes from the Tourism Fund, and once again I appeal to those of you who are still not contributing to the fund, to make this a priority. The contribution is from the visitor, so your job is easy - you only have to collect and pay in the contribution to BHTA.

## **AIRBNB**

A real challenge which the industry has been facing is the arrival of Airbnb. We have to face the fact that it not a novelty but it is here to stay and we need to see that it works for the benefit of the industry and the customer. Barbados is embarking on expansion in room capacity through Hyatt, The Sands, Wyndham and Sandals. We have to be vigilant that the traditional hotels are not left behind because of this expansion and Airbnb. A study shows that the rates between hotel and homestays are not homogenous. Some cities display better rates at hotels than others, while it is reversed in other cities. We must ensure that the Government gets its revenue – that we have a level playing field for both hotels and home-sharing. I am asking the new Chair to address this phenomenon urgently with the Barbados Tourism Product Authority especially with regard to the registration and inspection of these properties as a part of their mandate.

One of the effects of the success of Airbnb is manifested in the lack of airline seats available to genuine hotel business. While we speak of record numbers of arrivals, we can look at the

occupancy levels across hotels and see that there is no correlation between the high number of visitors and occupancy. Some of the airlines are monitoring this trend and have started to put additional service in place, but again, we need the research to see who is taking these seats and where they are staying.

One of my great concerns as I demit office is the performance of the luxury end of the market. While its inventory as it presently stands represents less than 20% of the industry, its revenue accounts for probably 75% of tourism earnings. Its employment levels are twice as high as the lower categories so it is an important niche that cannot be wished away. Barbados is still an iconic destination with aspirational appeal, and whether we agree or not, the Sandy Lane, and Port Ferdinand and brand-name hotels like Hilton will drive qualified business here. The spin-off effects create business for small entrepreneurs and we have to find creative ways to re-look markets and growth opportunities, age demographics and activities for a more active, younger and discriminating guest who has seen many destinations, has no loyalty to a particular destination and can make choices as to where to go.

The emergence of Cuba as a real competitor to the Eastern Caribbean may be dismissed by some as not being a threat to Barbados' tourism. But just as our tourism grew from small beginnings, matured and is now losing some of its cutting edge, Cuba is improving by leaps and bounds. The new US carriers who will shortly be plying their business there are there to make money and will ensure they survive. American Airlines alone will have about 13,000 seats weekly into Cuba. We have to be sure therefore that our new product has the kind of marketing machinery to continually drive business year-round.

When I began thinking about what to say as my last address to you, I realized that it would be virtually impossible to highlight or give account of all that we have done or been involved in as an Association over the past two years. We have tried to update members through press releases, at our Quarterly Meetings and at our category meetings. The consolidation of categories for quarterly meetings has been a success in cross-fertilization of ideas and members

can share experiences for the benefit of their competitors. Our PR consultancy has been revived and we have been able to respond to many issues which are in the public domain and to ensure that the voice of the industry is heard.

We have provided input and information into all discussions and consultations on the economy including attendance in Social Partnership meetings, actively used our seat on the BPTA board, revitalized the Safety and Security committee so that we continued to have good communication and access to the Royal Barbados Police Force. The Attorney General himself has been drawn to the work of that Committee and only this week partnered with us on a seminar on Trafficking and Smuggling of persons. This is very timely because we need to be aware of how persons purporting to be bona fide tourism visitors are arriving at our borders, and then becoming involved in illegal activities, whether willingly or unwillingly.

With the current high unemployment levels, we have witnessed some disturbing trends in the commission of crimes. While it has not had a serious impact on crime against the visitor to date, we need to be vigilant since the commission of crimes against locals will act as a deterrent to potential visitors. We in the private sector can assist with providing resources, creating more jobs where possible to reduce unemployment, and work with Government agencies in skills training and attachments. We all need to take a more engaged role in what is happening in the communities in which we live and work.

Past President Colin Jordan worked magnificently with the STEP programme and I think the time is ripe for its revitalization. It is clear that our youth needs positive role models and wholesome activities in which to become involved and we in the Association can act as a catalyst in this regard.

The arrival of sargassum seaweed by the ton over the last two years was a scary scenario and re-inforced the fragile nature of the tourism industry and its sustainability. We also saw this panic at the start of the year with the Zika outbreak. Both of these threats can recur at a

moment's notice and we need to be prepared for them and other disasters as part of our operational plans.

As part of our outreach programme, the BHTA hosted a successful golf tournament last year which raised funds as a direct response to the introduction of fees for persons studying at UWI who were participating in a course of study directly related to tourism. The funds will be awarded to four students in the coming academic year. We invite your continued support when we host this year's event.

I have immensely enjoyed the opportunity to play a part in the industry over the past two years, particularly through times that have seen some changes in policy and operation. The growth in arrivals has been a standout achievement and the new team at the BTMI must be congratulated for this. As part of the new Board of BHTA, we must complete the work on the concessions so that the process of application and approval is seamless for both the hotels and DTS sector of the industry.

Every President undertakes a Strategic or Action Plan with clearly defined priorities. We have had a number of studies conducted over time and the time may be right now to update these plans in order to set new goals. But it is important to hear from the membership. One thing I learnt from the debate on the concessions was that some members felt strongly about the purpose of the Association and considered that some of its objectives were outdated. These are genuine concerns which must be heard and discussed, but at the end of the day, it does no one any good to have a fractured organization, neither half of which has the resources nor clout to make things better for its followers.

It is important to remember that the strength of this Association is in its membership and I therefore call on all of you to get involved. Provide your information in a timely manner when called upon to do so. Get involved with what is going on around you – whether in your businesses or in your community.

Before closing, I must pay public tribute to our energetic CEO Susan Springer as she prepares to demit office by year end. Sue has served this industry faithfully as a hotel manager, Past President of this Association and head of this entity. Her dedication, poise and hard work are legendary and at the appropriate time we will pay full tribute to her. But for now, I ask you to stand and applaud one of the outstanding pillars of our industry and to wish her well in her future endeavours.

I wish to thank my family for their unswerving support during the last two years. My own professional duties took a toll on family life and to some extent on my personal well-being. I am committed to being fully engaged in my continued membership of this Association. I hope that you feel that I have served your interests well and have been a good and solid steward. I thank you for the confidence you have shown in me and for your support.

Thank you.