Improving Competitiveness in the Caribbean Tourism Sector through ICT-based Innovations
Executive Summary

The geographic location of the Caribbean shapes the characteristics of its economy. Local climate favours the development of a year-round tourism industry, which represents 14% GDP, 11.3% employment and 17.6% of exports. Thus, tourism is one of the most important contributors to the local economy.

It is known that tourism plays a significant role in the global economy as well. Despite the poor financial and economic situation, the travel and tourism industries have managed to remain relatively resilient over the last years. Moreover, forecasts provided by different organisations, the UNWTO and WTTC amongst them, reveal that international tourist arrivals will continue to increase at a 4% rate in 2014. In 2030, tourism international arrivals are likely to reach 1.8 billion.

Meanwhile, the distribution of international arrivals has changed in the last years. While the top 15 destinations accounted for 96% of the market share, today, they just receive 66% of the international inbound traffic. The remaining 44% of the share is spread in other destinations.

This new market distribution, together with the growth forecast expected overall for the sector represent an opportunity for the Caribbean, which contributes 2% in global tourism. Thus, despite its already significant contribution, the region could base an important part of its future development, growth, wealth and job creation on the travel and tourism industries.

In order to take advantage of today's global economy and maintain the economic importance of tourism in the region, the Caribbean needs to remain and gain competitiveness. So far, most of the Caribbean countries have based the development of tourism on what their location can naturally provide: nice sceneries, beaches, i.e., natural resources. However, the region needs to work further on its unique characteristics to become a destination that is articulated intelligently, in a way that fosters productivity and efficiency based on innovation, while preserving its local environment.

Generally speaking, the adoption of Information and Communication Technologies (ICT) changes radically the traditional functioning and competitive landscape for most industries and sectors. Thus, one of the most important challenges industries face nowadays is how to manage the adoption of technology-based innovations towards quantifiable competitive gains and advantages with respect to the competition.

The same can be said about the travel and tourism industries. ICT has changed and continues to change the nature of contemporary tourism. Its major adoption in all parts of the industry is transforming tourism into an information and knowledge intensive sector, valid in a globalised economy. No player, large or small will refuse to implement ICT-based innovations if that means to remain competitive in today’s economic schema.

The distributed nature and the small size of the tourism companies in the Caribbean do not constitute the adequate setting to work on innovation towards competitiveness. Therefore, in addition to the managerial and philosophy implications the adoption of ICT-based innovations carry along, it also creates the right setting for efficient co-operation within the
agents by offering tools for clustering and working together and for globalization and creation of a critical mass.

Thus, as important as it is for companies to work together, States need to take an active role in promoting and implementing policies that allow companies to work and cluster together. These ventures will make it possible and more affordable for companies to adopt existing innovation, be active innovators and in the end, increase local competitiveness as well as productivity.

The Caribbean Tourism Administration should recognise the capacity of ICTs to empower their local SMEs and their competitive capacities considering them when designing new policy policies. Therefore, together with the new programmes, additional resources will be needed to support SMEs modernisation and digitalisation; launch ICT training programmes; promote widespread use of eCommerce and improve their online visibility and interaction with the digital traveller.
The Caribbean Region embodies a diverse reality. The region is heterogeneous in its historical past, economic development and geographical landscape. But there are also common grounds and its tourism relevance is acknowledged worldwide. However, these differences and similarities cannot be forgotten when approaching the region as a whole.

Tourism and the industries therein embodied are inherently connected and attached to a given territory. The singularities, authenticity and character of those territories are key for their competitive and innovative development.

The present work addresses the Caribbean tourism strategies within the context of the dynamics of global value chains. The globalization of the tourism industry has framed the Caribbean tourism growth model in a way that most of the regions have attracted foreign investments in order to create a higher level of luxury. These investments have opened the access of the Caribbean region to global markets. However, at the same time, these large foreign players represent a constraint in the development of regional tour operators, as it is difficult for local (usually small companies) to compete with foreign (usually large companies). The advances in IT of the global industry have moved those international operators to the digital environment, putting together sophisticated platforms to perform better on the online markets.

The industry network in the Caribbean is rather complex. On the one hand, there are large foreign players, highly innovative and competitive, partially constraining the development of local economy. On the other hand, the local industrial network is made up of small and medium businesses who struggle to remain competitive and for whom innovation constitutes the usual barriers inherent to SMEs.

Within this context, the present report has been conceived to present innovation strategies, policies, cases, challenges and trends to be useful for a broad audience: national and subnational level tourism, innovation, industry and competitiveness authorities, and private tourism sector locally based. The main objective of this report is then to support locally based public and private tourism players with guidelines and knowledge about technology-based innovation. Successful policies implemented in other parts of the world in order to foster innovation those territories and in the travel and tourism industries therein embodied will also be shown.

Within the suggested innovation development model fostering learning processes, policies are approached as the framework preparing well-greased gears closing the innovation gap that could be encountered. Tourism as an economic sector is inherently connected to many industries. As such, it needs to be taken into account when drawing policies on entry restrictions to countries, transport, connectivity (physical and virtual), health and safety, education, innovation, entrepreneurship, and technology.

Therefore, it is argued that tourism shall be regarded as a sector in need for careful policy design in connection to other economic sectors relevant for a given territory. Equally relevant is to acknowledge the singularity of a given region / local area in its development of tourism to adapt such policies to fit this unique destination. Moreover, arguments are provided to reinforce integrated, place-based economic transformation strategies, building up on each region’s strengths, competitive advantages and potential for excellence.
Chapter 1: Introduction

The present report starts out placing the reader within the global trends and challenges the tourism economic sector is facing. It goes on by providing an insight about the current status of the Sector in the Caribbean region, by analysing its singular development and underlining the need for approaching future tourism development with a high innovation scope in order to be and remain competitive in the global economy.

Precisely, Chapter 4 suggests an innovation framework for regions where SMEs need to be empowered when facing international competition. This empowerment comes mainly from the adoption of technologies explained in Chapter 5 that is boosted by a framework of an adequate clustering and co-working policy atmosphere created by public policies explained in Chapter 6.

Chapter 7 provides a review of innovations practices. Finally, the document closes with some conclusions and a set of guidelines for the Caribbean Region.