PART I TOURISM TO DOMINICA TODAY

3. TOURISM DEMAND AND RECENT TRENDS

3.1 VISITOR ARRIVALS

Visitors to Dominica fall into four broad categories – stay-over tourists, excursionists, cruise visitors and yacht visitors. Recent trends in these main categories are as follows:

Table 3.1: Visitor Arrivals by Main Category, 2007 - 2012

Category	Numbers					
	2007	2008	2009	2010	2011	2012
Stay-over tourists*	77,809	81,112	74,924	76,518	75,546	78,965
Excursionists	901	965	780	783	764	1,500
Cruise Visitors	354,515	380,671	516,405	517,979	341,501	266,178
Yacht Visitors	11,197	11,102	9,532	8,554	10,338	11,763
TOTAL	**444,422**	**473,850**	**601,641**	**603,834**	**428,149**	**358,406**

Source: *DDA* **Includes Ross University students*

Generally speaking, there is no overall pattern of sustained growth. The numbers of stay-over tourist arrivals and indeed yacht visitors have changed little over the last 5 years, or indeed over the last decade. Although numbers were never high, few excursionists now visit the island. Cruise visitors, having increased to just under 518,000 in 2010, are down significantly and now number about 266,200.

3.2 STAY-OVER TOURIST ARRIVALS

With regard to stay-over tourist arrivals, Dominica has a broad spread of source markets. U.S. and Canadian stay-over arrivals number about 22,000, though this figure includes the Ross University students who account for some 5,000 visits annually.

European tourist arrivals are estimated to be about just under 13,000, of which about 37% are from the UK and 33% from France. Stay-over arrivals from the French West Indies have consistently averaged about 21,000 annually. Tourist arrivals from other Caribbean countries are about 20,000 yearly

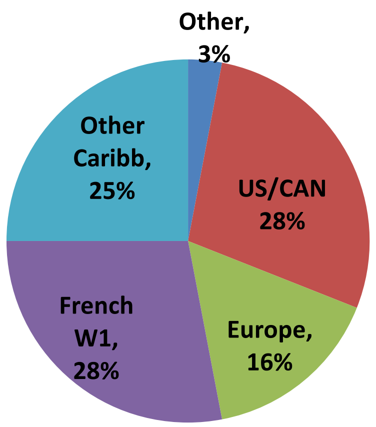

Table 3.2: Stay-Over Tourist Arrivals by Source Market

Market	2007	2008	2009	2010	2011	2012
United States	21,495	20,518	18,193	19,266	17,820	19,002
Canada	2,615	3,346	2,618	2,859	2,986	3,063
Europe	10,827	13,787	11,590	10,725	11,538	12,816
– *UK & Ireland*	*6,273*	*7,278*	*4,415*	*4,659*	*4,685*	*4,739*
– *France*	*2,297*	*3,783*	*4,469*	*3,323*	*3,680*	*4,188*
– *German Speaking Market***	*1,067*	*1,300*	*1,363*	*1,416*	*1,636*	*2,168*
Caribbean	40,511	41,092	40,525	41,899	41,210	41,958
– *FWI*	*18,831*	*20,210*	*20,462*	*21,803*	*21,517*	*23,011*
– *Other Caribbean*	*21,650*	*20,882*	*20,063*	*20,096*	*19,693*	*18,947*
Other Countries	2,361	2,369	1,998	1,769	1,992	2,126
TOTAL	**77,809**	**81,112**	**74,924**	**76,518**	**75,546**	**78,965**

Source: *CSO, Dominica* ***Germany, Austria, Switzerland*

3.3 EXCURSIONISTS

Guadeloupe is Dominica's major market for excursionists (day visitors) who are mainly organised groups generated by one or two travel organisers and who travel by special ferry. (The regular ferry does not bring many excursionists).

Most are organised groups of Guadeloupe residents who visit nature sites as well as the Carib Territory.

3.4 CRUISE SHIP VISITORS

The number of cruise ship and associated visitor calls at Dominica increased steadily until 2010 when 272 calls and just under 518,000 cruise visitors were recorded, as shown on Table 3.3.

Table 3.3: Cruise Ship Calls and Visitors, 2007 – 2012

Year	2007	2008	2009	2010	2011	2012
Calls	252	211	263	272	196	183
Visitors	354,515	380,671	515,405	517,979	341,501	266,178

Source: *CSO Dominica,* **Consultant's estimates*

In 2011 Carnival Cruise Lines pulled out, resulting in a sharp drop in the number of cruise ship calls and visitors. Various reasons have been adduced for Carnival's decision such as higher costs, poor profitability and overcrowding at site attractions.

3.5 YACHT VISITORS

Although the number of yachts calling at Dominica has increased steadily, there is no consistent pattern in the evolution of yacht visitors, who currently number about 12,000, not much more than in 2007.

Table 3.4: Yacht and Associated Passenger Arrivals

Year	2007	2008	2009	2010	2011	2012
Yacht vessels	2,223	2,160	2,351	2,359	2,600	2,874
Crew/passengers	11,197	11,102	9,532	6,558	10,338	11,763
Average Pax	**5.0**	**5.1**	**4.1**	**2.8**	**4.0**	**4.1**

Source: *CSO Dominica,* **Consultant's estimates*

A major reason for the lack of growth is that Dominica has very limited infrastructure to support the yachting product.

3.6 VISITOR ARRIVALS BY PRIMARY PURPOSE OF VISIT/ACTIVITY

Based on the CSO E/D card analysis, Table 3.5 shows an indicative breakdown of visitor arrivals by 'primary' activity engaged in during their stay in Dominica.

Table 3.5: Indicative Breakdown of Visitor Arrivals by Activity Motivation, 2012

Activity/Motivation	Numbers*
A. Stay-Over Arrivals	
(i) Vacation	51,000
- general/leisure/VFR stay	-19,000
- nature tourism/leisure	-29,000
¤ scuba dive	- 3,000
(ii) Visit Friends & Relations	8,500
(iii) Business, Meetings, Conventions	9,500
(iv) Study	5,000
(v) Carnival & World Creole Music Festival	4,500
(v) Other	500
Total Stay-Over Arrivals	**79,000**
B. Yacht Visitors	**11,800**
C. Excursionists	**1,500**
D. Cruise	**266,200**

Source: *Consultant's estimates *figures rounded*

We estimate that just under two-thirds (64%) of tourist arrivals come primarily for vacation/leisure purposes. However, this does not mean that all are non-Dominican. In fact, a significant proportion is Dominica-related, as evidenced by the proportion of tourists staying in private homes. We estimate that about one-third (34%) of stay-over arrivals are Dominica-related. Allowing for this, we estimate that non-Dominica-elated vacation tourists (including scuba dive) number about 31,000 yearly, a figure which has changed little in recent years.

Similarly, the number of yacht visitors, business arrivals and students have remained much the same over the last five years.

Little is known about these 31,000 tourists who come to Dominica for nature/dive tourism – where they come from, what they do, how long they stay, how much they spend, etc. As they will continue to represent Dominica's main market segments, research should be undertaken to determine their characteristics and give a sharper focus to the marketing campaigns to these segments.

3.7 TOURIST BED-NIGHTS BY ACCOMMODATION TYPE

The distribution of tourist bed-nights by type of accommodation is shown on Table 3.6. In interpreting the figures it should be noted that the number of bed-nights is calculated on the basis of 'intended length of stay', rather than actual length of stay. However, our review of the figure suggests that any difference is marginal and the statistics are reasonably accurate indicators of the usage of the stock of tourism accommodation.

Table 3.6: Bed-nights by Accommodation Type 2010, 2011 and 2012

Accommodation Type	No. of Bed-Nights*		
	2010	2011	2012**
A. Paid Serviced Accommodation			
Apartments/Cottages	37,920	31,560	32,000
Bed & Breakfast	1,790	1,780	1,400
Dive/Eco Lodge	8,180	9,620	11,400
Guesthouse	25,440	28,340	25,600
Hotel	76,880	85,940	91,100
Inns	1,390	2,140	3,000
Other Paid	5,340	8,350	2,800
TOTAL A	**156,940**	**167,690**	**167,305**
B. Private Homes	**334,850**	**383,770**	**361,700**
Medical School Housing	5,200	15,400	3,500
Other	9,560	9,870	6,900
TOTAL A & B	**506,555**	**576,730**	**539,300**

Source: *DDA *figures rounded **Consultant's estimates*

An analysis of the data on Table 3.6 indicates that:

- about 2/3rd of tourist bed-nights are spent in 'private homes' ... those visiting friends & relatives or those who own their own houses on Dominica
- excluding bed-nights accounted for by medical school housing, the number of bed-nights spent in 'paid serviced' accommodation has increased from about 157,000 in 2010 to an estimated 167,300 in 2012 (representing some 31% of total bed-nights)
- the number of bed-nights accounted for by hotels (including resorts) has increased significantly since 2010.

3.8 USAGE OF ACCOMMODATION BY SOURCE MARKET

Table 3.7 shows the extent to which 'paid-serviced' accommodation is used by the different source markets.

Table 3.7: Usage of Accommodation by Source Market*

Source Market	Stay-Over Tourists in Paid-Serviced Accommodation**						Stay-Over Tourists in Private/ Other Accommodation					
	Numbers			Bed-Nights			Numbers			Bed-Nights		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
United States	6,650	4,600	5,400	46,635	35,960	43,800	8,460	8,450	9,200	71,020	89,550	89,700
Canada	920	850	840	7,545	7,400	7,200	1,500	1,550	1,700	15,000	19,575	20,300
United Kingdom	1,145	1,140	1,200	9,065	9,860	9,600	3,450	3,460	3,500	36,840	46,770	42,700
France	2,120	2,570	2,850	12,155	16,645	17,500	1,200	1,100	1,350	10,440	10,820	10,200
Germany & Scandinavia	1,325	1,725	2,230	10,370	14,060	16,300	555	460	630	6,265	6,380	8,000
Other European	680	730	800	4,700	4,900	5,200	230	300	300	2,500	3,530	3,400
FWI	6,560	6,780	7,800	26,605	34,665	35,100	15,230	14,740	15,200	81,435	91,400	78,300
Other Caribbean	5,745	5,840	5,450	31,155	31,100	25,000	14,290	13,800	13,500	113,725	117,245	107,400
Other Markets	995	1,225	1,400	8,575	13,065	8,500	655	630	720	6,930	8,100	8,600
TOTAL	**26,140**	**25,460**	**27,970**	**156,805**	**167,655**	**170,700**	**45,570**	**44,490**	**46,100**	**344,155**	**393,370**	**368,600**

Source: *DDA *figures rounded **excluding Ross University students*

An analysis of the data on Table 3.7 indicates that:

- the market breakdown of stay-over tourists staying in 'paid-serviced' accommodation is:
  - US and Canada represent just over one-fifth (22%) of numbers and 30% of bed-nights
  - FWI represents 28% of numbers and 20% of bed-nights
  - France represents 10% of numbers and 10% of bed-nights
  - German speaking markets & Scandinavia represent 8% of numbers and 10% of bed-nights
  - UK represents 4% of numbers and 6% of bed-nights

- for tourists staying in 'paid-serviced' accommodation, the FWI, France, the German speaking markets and Scandinavia are the fastest growing markets. Together, these markets represent just under half of stay-over tourists staying in 'paid-serviced' accommodation and 40% of bed-nights.

- average 'intended' length of stay varies by source market and type of accommodation used.

Table 3.8: Average Length of Stay

Source Market	Paid Serviced	Private
United States	8.1	10.0
Canada	8.6	12.0
United Kingdom	8.0	12.2
Germany & Scandinavia	7.3	12.7
France	6.1	7.5
FWI	4.5	5.2
Other Caribbean	4.5	8.0
All Markets	6.1	8.0

3.9 VISITOR EXPENDITURE

The breakdown of visitor spending is shown on Table 3.9.

Table 3.9: Visitor Expenditure by Category of Visitor, 2011 and 2012

Category	Spending (EC$ 000's)	
	2011	2012
Stay-Over Arrivals		
Hotel Holiday	67,132	43,144
Hotel Business	31,694	10,894
Students – Medical	42,234	45,988
Private Homes	113,432	87,662
TOTAL STAY-OVER	**254,493**	**187,687**
Cruise Visitors	31,097	23,754
Excursionists	398	726
Yacht Visitors*	2,068	2,350
TOTAL	**288,055**	**214,517**

Source: *CSO *consultant's estimates*

Although stay-over arrivals increased by 4.5% between 2011 and 2012, with no change in average length of stay, spending by stay-over arrivals dropped sharply by almost 25%. When expenditures associated with the Ross medical students are excluded, the drop in tourist spending was more dramatic (33%).

An analysis of the data shown on Table 3.9 also indicates:

- tourists staying at private homes (generally visiting friends & relatives) account for 47% of total expenditure by stay-over visitors
- Ross University students (numbering about 5,000), account for almost EC$ 46 million, representing about 25% of total
- vacation stay-over visitors account for EC$ 43 million, representing about 23% of the total
- expenditure by cruise visitors account for just over a tenth (11%) of all visitor spending

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The reasons for the drop in visitor spending need to be investigated.

4. SIGNIFICANCE OF TOURISM TO THE NATIONAL ECONOMY

4.1 POPULATION, LABOUR FORCE AND EMPLOYMENT

In the 2001 census, Dominica's resident population was recorded as 71,242 persons. Since then the population has declined marginally to an estimated 70,739 residents (2011 census) with an implied outflow or migration of 5,208 persons over this intercensal period.

Because of 'double jobbing' and flexible employment conditions, it is difficult to determine employment numbers. However, best estimates put the labour force at about 28,000, of which about 4,000 (or 14%) are unemployed.

4.2 NATIONAL ECONOMIC ACTIVITY

Preliminary estimates for 2012 indicate a national output (GDP) figure of EC$1,295 million for Dominica's economy. After adjusting for inflation, economic output is at about the level recorded in 2008.

Table 4.1: Gross Domestic Product (EC$M), 2007 – 2012

Metric	2007	2008	2009	2010	2011	2012
GDP @ market prices	1114.3	1,220.8	1,301.8	1,282.2	1,286.7	1,295.0
GDP @ constant 2006 prices	1,088.0	1,172.8	1,163.5	1,171.9	1,194.3	1,174.5

***Source**: CSO, Dominica and ECCB*

4.3 VISITOR EXPENDITURE

Visitor expenditure, broken down by category of visitor, is shown on Table 4.2 following.

Table 4.2: Visitor Expenditures (EC$), 2007 - 2012

Expenditure EC$ (000's)	2007	2008	2009	2010	2011	2012
Stay-over arrivals*	145,941	200,567	177,917	211,459	254,492	187,687
Cruise visitors	29,657	36,018	48,883	45,229	31,097	23,754
Excursionists	161	365	355	410	398	726
Yacht visitors	2,239	2,220	1,906	1,711	2,068	2,350
TOTAL	**177,998**	**239,170**	**229,061**	**258,809**	**288,055**	**214,517**

***Source:** DDA and Consultant's estimates *including Ross University Students*

Total spending by all visitors was estimated at EC$ 214.5 million in 2012.

4.4 VALUE OF TOURISM TO ECONOMY

Tourism's economic impact derives from the spending by visitors and the sector's value is the national economy can be measured in terms of:

- Contribution to national output (GDP)
- employment generation
- tax revenues to government
- income generation at community level
- foreign exchange earnings, helping to offset the Balance of Trade deficit
- linkages with other sectors of the economy.

Contribution to national output (GDP)

In the national accounts, the contribution for the hotels & restaurants sub-sector was estimated at about 2% of total GDP in 2011, a figure which has changed little over the last decade. This undoubtedly underestimates the value of tourism since a number of activities are not included. These activities include taxi/tours, scuba dive, and hiking, spending by excursionists, yacht visitors and cruise passengers.

In 2012, total visitor expenditure (including Ross University students) was estimated at EC$ 214.5 million, representing approximately 16.5% of the estimated total output of the economy (GDP) for the year.

However, it should be noted that this figure of EC$214.5 million of tourism receipts are at gross value and, strictly speaking, the imported inputs to tourism sales should be excluded before expressing them as a proportion of GDP. To the extent, therefore, that direct imports have not been excluded, visitor receipts as proportion of GDP are overstated. There are no published statistics available on the proportion that direct imports represent. However, on the assumption that direct imports represent between one-half and two-thirds of visitor expenditures, tourism's direct contribution to GDP is estimated to be between 5.5% and 8%.

In its annual Economic Impact of Travel & Tourism report, the World Tourism & Travel Council (WTTC) calculates the contribution of tourism and travel to the national economy of a number of countries, including Dominica. In its 2012 report, the WTTC estimates that the tourism & travel sector's direct contribution to Dominica's GDP was 10% in 2011 and projected to be about 10.7% in 2012. (It is worthwhile noting that the WTTC's methodology in calculating tourism's contribution to GDP is consistent with the Tourism Satellite Account Methodological Framework. Moreover, the WTTC calculation includes tourism's indirect contribution to the economy).

Employment

Based on the 2011 census[*] total national employment is estimated at about 24,000. Of those employed, about 5% (1,200) are employed in hotels and restaurants. When those employed in the other sub-sectors of the tourism industry (tour operators, dive shops, tour guides, etc.) are included, we estimate that between 1,600 and 1,800 jobs are directly dependent on tourism.

The WTTC also calculates tourism's contribution to employment generation. For 2012, the WTTC estimates that the tourism & travel sector generated some 3,000 jobs directly, representing approximately 9% of total employment. This includes travel as well as tourism.

Tax Revenues to Government

Taxes are derived from tourism in a number of ways which include excise and customs duties on imported foodstuffs and beverages; departure taxes; incomes taxes, company taxes and the sales tax on accommodation and F&B in hotels.

Government statistics are insufficiently disaggregated to identify tourism's contribution. However, the following figures are indicative of the magnitudes involved.

[*] Population and Housing Census, 2011, Central Statistical Office, Dominica

Table 4.2: Estimated Government Tax Take from Tourism

Revenue Source	Current (EC$000's)	
	2010/2011	2011/2012
A. Tourism Charges/Fees		
(i) Embarkation tax	2,700	4,600
(ii) Cruise Environmental tax	2,100	4,600
(iii) User Fees – Eco Tourism Sites	2,200	2,600
(iv) Other Travel Tax (visas, solid waste disposal)	1,600	1,700
TOTAL A	**9,000**	**14,000**
B. Tourism Related Taxes		
(i) Import duties	n/a	n/a
(ii) Customs service charge	n/a	n/a
(iii) Environmental surcharge	n/a	n/a
(iv) Income tax (individuals)	2,600	2,400
(v) Income tax (corporations)	-	-
(vi) Value added tax	11,200	11,900
(vii) Other (alien fees and land transfer etc)	200	200
TOTAL B	**14,000**	**14,500**
TOTAL TAX TAKE FROM TOURISM	**23,000**	**28,500**
TOTAL GOVERNMENT REVENUE	**357,000**	**365,000**

Source*: CSO and Consultant's estimates   n/a: not available*

Revenue from tourism charges and fees amounted to about EC$9 million in 2010/11 and is estimated to be EC$14 million in 2011/12 representing 2.5% and 3.8% of total Government revenue respectively for these years.

When other tourism related tax revenues (income tax, import duties, value added tax, etc.) are included we estimate total tax revenues from tourism in 2010/11 and 2011/12 to have been about EC$23 million and EC$28.5 million respectively, representing about 6.5% of total Government tax revenues in 2010/11 and 8% in 2011/12.

Foreign Exchange Earnings

Foreign exchange earnings from tourism permit Dominica to have a higher Balance of Trade deficit, and by implication a higher level of economic activity and welfare, than would otherwise be the case.

Dominica's trade deficit in 2011 is estimated to have been about EC$431million – representing about 33% of GDP. In the same year, gross foreign exchange earnings from tourism (EC$ 313.5) offset just under **three quarters (73%)** of this trade deficit, contributing significantly to Balance of Payments stabilization.

Contribution to Income Generation at Community Level

As tourism is characterised by the fact the consumer comes to the product rather than the product to the consumer, the sector has important community impacts in generating incomes and employment at local level.

Linkages with other Sectors of the Economy

In general, tourism tends to have a high 'value-added' content – it is labour intensive and a proportion of what the tourist consumes or purchases can be produced domestically. The beneficial implications are:

- a high 'multiplier' effect of tourism, whereby the initial demand created by tourism spending is passed on to other sectors; and
- high linkage effect with a wide range of other sectors of the economy.