

The Competitive Positioning of the Trinidad and Tobago Tourism Cluster: A Strategic Assessment

This research uses the diamond model for competitiveness developed by Porter to analyze the competitiveness of the tourism cluster in Trinidad and Tobago. The authors utilize a mix of secondary research and depth interviews with key stakeholders to identify opportunities and challenges facing the sector. The main findings include the lack of a shared vision amongst stakeholders, which results in poor cooperation within the cluster as well as a myopic approach to "product development". Although government expenditure on tourism has been steadily increasing, the stigma associated with working in this industry remains a potent obstacle to developing a competitive advantage.

Introduction

Several international trends are influencing the way tourism is evolving around the world. More intensive competition between tourism destinations has put pressure on an industry that has shown steadily improving growth. Simultaneously, power has shifted from producers to increasingly knowledgeable consumers, enabled by new technologies, such as the Internet. Growing security concerns as well as health issues have also negatively impacted travel and tourism. The ongoing war on terrorism and the terrorist attacks that have been taking place around the world (Ex.: Bali, Bombay and Spain) fuel security concerns. SARS, the avian flu in Asia and the H1N1 pandemic have generated periods of crisis and further reduced the number of travellers.

When long-term trends are examined, however, international tourism has been steadily growing for several decades. The greatest growth has been experienced in the Middle East, followed by Asia and the Pacific Rim and Africa. In the sub regions of the Americas, there has been a heterogeneous evolution. Tourism's growth rate in the Caribbean Region for instance, for the period 2001-2006 was almost three times that of North America's, but only one third of Central America's.

The Trajectory of T&T Tourism

Trinidad and Tobago's economy has historically been driven by its petroleum and natural gas production and processing. Currently, this sector accounts for about 40% of GDP but only 5% of employment (CIA Factbook). Travel and tourism activities on the other hand, directly account for only 4% of the country's GDP and 5% of employment, notably less than other Caribbean countries.

From 1997 to 2000, T&T experienced a period of strong growth in tourists' air arrivals, which averaged 12%. This was due partially to the renovation works done at Piarco International Airport (Trinidad)¹. This was followed by a drop in 2001, when the 9/11 terrorist attacks occurred. From 2003 to 2005, arrivals grew again, but at half the average annual rate of the period 1997-2000. In the last years for which data is available, 2006 and 2007, the number of tourists decreased at an average annual rate of 1.5%. Tobago's tourism development is much more volatile than that of Trinidad. While in the period 2001 to 2007, air arrivals to Trinidad fluctuated between -3.8% and 6.7%, in Tobago, they moved between -35.5% and 73.2%. However, Trinidad still receives the bulk of tourism, receiving approximately seven times the number of tourists received by Tobago. To a great extent, the bigger volume and lesser volatility in Trinidad tourism is due mostly to the importance of business tourism in this island, which generates a stable source of visitors each year. Also, much of the increase in arrivals in Tobago after 2003 resulted from the addition of a high speed ferry going from Port-of-Spain to Scarborough, which greatly facilitated travel between both islands. Overall annual growth in this period was on average 1.5% in Trinidad, and 9.4% in Tobago. Generally, the volume of visitors to Trinidad and Tobago indicates that the country cannot be considered a major tourism destination in the Caribbean. This is especially evident when a comparison is made to smaller destinations such as Saint Lucia and Barbados Aruba who receive much larger volumes of visitors, when taking population and size into account.

The lack of competitiveness of the tourism sector has not gone unnoticed by the local authorities. Successive T&T governments have articulated the necessity of reducing the country's reliance on its petrochemical resources and have identified tourism as a key economic pillar that has the potential to promote the country's development through the diversification of the economy, the provision of jobs and overall poverty alleviation. While this shift in emphasis holds much promise for economic development, the wealth generating capacity of the sector will be unrealised unless steps are taken to manage the disparate components that exist within the tourism cluster and enhance the overall competitiveness of the sector. This paper therefore aims to assess the competitiveness of Trinidad and Tobago's tourism cluster using Michael Porter's Competitiveness Diamond with a view towards developing policy recommendations for the sector.

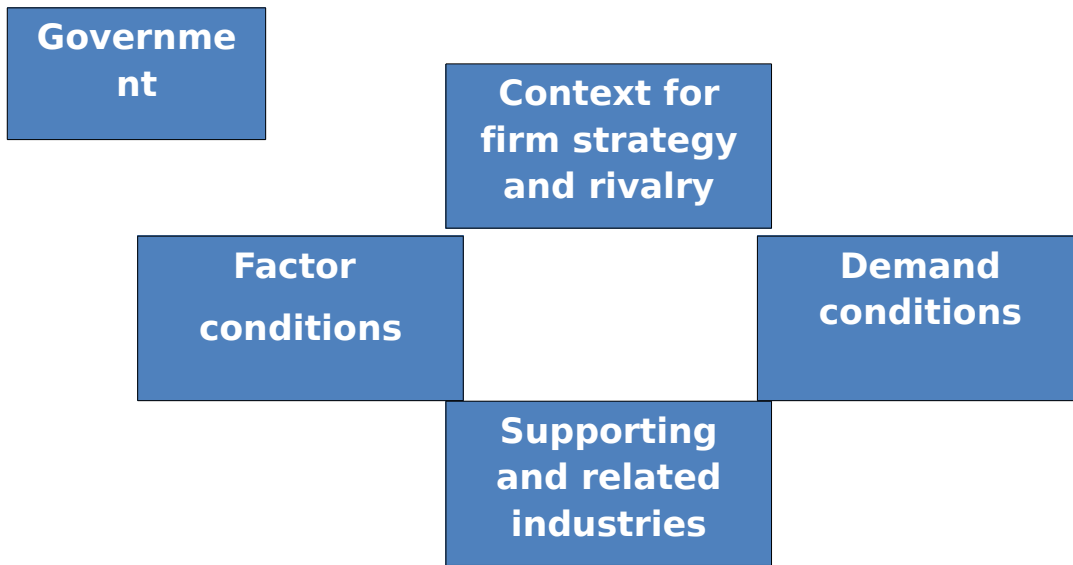
Conceptual Framework

Porter (1998) identifies four key determinants of competitiveness, which interact with each other to explain why the businesses of a given sector in a country generate innovation and remain competitive (Figure 1).

Figure 1

¹ Hackshaw, Richard. Personal Interview. 23 April 2010.

Competitiveness Diamond



Source: Porter, 1998

The model indicates that a business has more chances of being competitive when it has easy access to high quality inputs, sophisticated and challenging consumers, vibrant competitors and where the power of suppliers and buyers is constrained. Finally, and most importantly for the present discussion, the presence of clusters, instead of isolated industries, improves an enterprise's competitive position. The cluster concept is useful in understanding the country's tourism activities since the very nature of the tourism product requires collaborative efforts among multiple stakeholders in order to deliver a superior tourist experience. The interdependence among the industries comprising a tourism cluster are capable of providing synergies in delivering the tourism product that an individual firm is incapable of. Porter's competitiveness diamond suggests that Government has an important role in facilitating the flow of information among cluster participants and developing cluster-based policies that are aligned with business needs. The use of a systematic model to understand cluster activities is critical in identifying appropriate public policies that can increase productivity and innovation within the cluster, thereby enhancing the competitiveness of the sector.

Methodology

A multi-pronged approach was used to collect information on cluster activities. First, a review of existing literature regarding competitiveness and sustainability of tourism in Trinidad and Tobago was conducted. This was complemented with institutional data provided by government agencies and private associations that support activities in the tourism sector.

Finally, 23 interviews were carried out with key informants from the industry, government agencies related to tourism and community leaders who have direct relationship in promoting and monitoring the tourism sector.

Demand Conditions

The island of Trinidad has a very different tourist profile than that of the island of Tobago. Visitors to Trinidad are mainly North American, 44% from the USA, and 13% from Canada. There are also a significant number of visitors to Trinidad from the Caribbean - accounting for 18%. In contrast, people who visit Tobago are mostly European; about half of them British, and 19% come from other European countries. Only 17% of the tourists that visit Tobago come from the USA.

In the period 2003 to 2007 there was an increase in the share of tourists from the USA and a decrease in the share of Caribbean tourists that visited Trinidad. In 2003, visitors from the USA accounted for 37% of the arrivals, and those from the Caribbean 28%; this proportion changed to 44% and 18%, respectively in 2007. In the same period the composition of visitors to Tobago did not experience major changes.

The three reasons most frequently stated for visiting Trinidad are “holidays recreation” (33%), visiting friends and relatives (27%), and business (20%). In contrast, the great majority of tourists who visit Tobago (79%) indicated that they visited for “holidays recreation”, while only 7% went to visit relatives and friends and 3% visited for “business”. Trinidad also gets international visitors when there is a major sporting event happening on the island. The ICC Cricket World cup held in 2007 was a case in point, where there was an upsurge in arrivals for the duration of the tournament.

T&T has three high periods of tourism. The first is during February when Carnival takes place. During the middle and the end of the year, there are two other peaks, which coincide with the vacations in the main countries of origin of the tourists that visit T&T (Figure 4). It should also be noted that due to aggressive local advertising by the TDC encouraging nationals to spend their holidays at home, a significant percentage of visitors to Tobago come from Trinidad during the July/August vacation period. A surge in interisland tourism has been facilitated by the purchase of a fast interisland ferry that has dramatically reduced the travel time between the two islands from six to 2.5 hours.

The effect of demand on cluster competitiveness

In the case of Trinidad, until recently, the large component of business travellers has generated a relatively steady, albeit, reduced demand, which allowed the relatively large hotels in Port-of-Spain and its surrounding area to be financially viable. This limited their incentive to be aggressive in marketing their offerings and to collaborate with other sectors of the cluster.

However, the recent addition of rooms to the 4-5 star accommodation stock has generated pressure in the sector. One important reaction to this pressure has taken place in the Hotel and Restaurant Association, which, in a departure from the past, is now carrying out activities to market Trinidad as a destination, not only to market the specific members of the association. Additionally, the association is now carrying out efforts in the area of product development, which completely breaks with a historic trend to work in isolation from tour operators and other actors in the cluster. In other words, hotels have opted for providing the tourist with a package that includes not only a satisfying experience within their facilities, but also aspects such as tours and cultural activities².

In the case of Tobago, the recent growth of local tourism, which has compensated for the decrease in foreign arrivals, may have a negative effect on the competitiveness of the sector, given the comparatively low expectations of this market segment. Additionally, the main reason tourists from the US tend not to come to Tobago is that there are no direct flights coming from the US to the island. The main cause of this is the lack of 4-5 star accommodation in the island, which is a condition set by US airlines to serve a specific market. If the country's 4-5 star stock was increased in order to attract the US market, the business practices brought by the new hotels would probably stimulate greater learning and competition within the sector, thereby increasing its competitiveness. However, given the laxity of the existing environmental regulation and the lack of enforcement, such growth could undermine the attractiveness of Tobago as an unspoiled destination.

Factor Conditions

Festivals

Apart from the Trinidad Carnival, which is one of the best known in the world, the country offers an ample range of cultural activities from various cultural origins, which take place throughout all the year. While much of the formal efforts by the TDC have been geared towards marketing Carnival in order to attract tourists, the rich ethnic diversity among the population has resulted in an extensive set of religious events that are not marketed and publicized for visitors. Even the Carnival experience itself currently generates interest during a very short period of time and visitors often do not have ready access to carnival costumes and paraphernalia outside the festival period, which in itself could be converted into an attraction, as is the case in cities like New Orleans.

² Hackshaw, Richard. Personal Interview. 23 April 2010.

Attractions

According to the 1995 Tourism Master Plan, Trinidad and Tobago's diversity has great potential for developing a tourism sector that can compete with other highly visited Caribbean destinations (Tourism Masterplan 1995). On the one hand, Tobago's beaches, in addition to ecotourism resources such as diving and turtle watching, can by themselves place the country as a competitor of other important Caribbean destinations. Key Tobago attractions include Pigeon Point beach, the Bucco Reef, the Nylon Pool, and Fort George. On the other hand, Trinidad can be the perfect complement by offering entertainment and cultural experiences, sporting events facilitated by its top notch sports facilities, as well as a series of extensive ecotourism opportunities. With respect to natural sites, for example, the La Brea Pitch Lake, which is located approximately 90 minutes from Port-of-Spain in Trinidad is the largest of three natural asphalt lakes in the world³. Trinidad is also home to the second largest leatherback turtle nesting ground in the world⁴ located at Grand Rivière, less than two hours north of the capital city. Trinidad also has a series of unique historical attractions such as the Magnificent Seven, a collection of ornate early 20th century buildings and the Trinity Anglican Cathedral, which is supported by mahogany beams copied from Westminster Hall in London.

Attraction enhancement

Both in Trinidad and in Tobago, there has been a concerted effort to restore deteriorated sites and to make other sites more accessible to the visitor. In Trinidad, the Ministry of Tourism attraction enhancement efforts have included facility upgrading in San Fernando Hill, the Temple by the Sea, the Indo Caribbean Museum, the Toco Lighthouse, Stollmayer Castle and the Archbishop's House. Additionally, facility upgrading has been carried out on several key natural attractions such as the Caroni Sanctuary and Pitch Lake⁵. Nonetheless, despite such efforts, many sites are in serious state of deterioration. For example, throughout Port-of-Spain, numerous buildings dating back to the late 19th and early 20th centuries can be found in various states of disrepair. Although these cultural artefacts have great potential in attracting the interest of tourists, there is no specific initiative to promote the conservation of these buildings, which subtracts from this area's cultural variety. A

3 Ministry of Tourism. Sites and attractions. 2010 May 19 [cited 2010 May 19]; Available at: <http://www.tourism.gov.tt/AboutTrinidadTobago/SitesandAttractions/SpotlightArticles/tabid/189/Default.aspx>

4 Taylor, Caroline N (editor). Discover Trinidad and Tobago. 2010. Media and Editorial Projects Ltd: Port of Spain. p. 95

5 Jamraj, Satie. Personal Interview. 12 April 2010.

notable exception to this trend is the recent effort by a local NGO to transform the home of Stokely Carmichael, founder of the Black Panther Movement, into a cultural museum.

The Tourism Development Corporation (TDC) has an ongoing attraction enhancement programme of its own in Trinidad, which focuses on four beach locations (Maracas, Manzanillo, Vessigny, and Las Cuevas) and the Pitch Lake. The programme is however, almost exclusively focused on the physical maintenance of the location. The initiative is not without problems, with staff in charge of this effort highlighting the shortage of funding and the difficulty of coordinating with other government agencies needed to carry out the enhancement processes as two key obstacles to successful implementation.

Moreover, little has been done to promote the island's cultural offering as a tourist attraction. For example, the steel pan, the only acoustic instrument invented during the 20th century, was created in Trinidad. Unlike other Caribbean destinations however, little effort has been made to expose visitors to pan music or the process involved in creating the pan itself. This also applies to other types of music that are indigenous to Trinidad, such as parang music.

Human resources

The creation of the Trinidad and Tobago Hospitality Institute in 1995 and subsequent investments in the institution has generated the base needed to provide the tourism cluster with the necessary human resources to be more competitive. In addition to the training done by this institution, the Ministry of Tourism periodically conducts capacity-building activities of its own, focusing on seminars about energy, conservation, and customer relations as well as Port of Entry Training for individuals who are the first contact of tourists as they enter the country. (e.g. airport personnel, taxi drivers).

Nonetheless, much of the potential of these efforts is not being achieved and there are frequent complaints from stakeholders about the shortage of qualified employees to service the sector. A major contributor to this problem is the stigma associated with tourism among the general public. In fact, industry respondents in both Trinidad and Tobago mentioned that it is common for people to associate service with servitude, which discourages them from pursuing employment in the tourism sector. Additionally, the tourism sector tends to pay lower salaries than in other industries for similar jobs in terms of skills and responsibilities; this promotes either migration outside the country or to jobs in other industries. This is exacerbated by the crowd out effect generated by government workfare programmes, which pay higher salaries than those paid by jobs in the tourism sector and require relatively little training.

To try to overcome the existing negative perceptions of the sector, the Ministry of Tourism has developed a programme to generate an understanding and positive perception of the tourism sector amongst the students in the formal educational system. Currently, this has included the presentation of the benefits of tourism and the explanation of career opportunities within the sector. Also, other aspects related to tourism such as water safety have been included. Finally, this educational component also includes more interactive activities; for example, students do projects related to tourism, such as the development of brochures and participation in essay contests.

The case of Tobago is relatively similar in that the island has a hospitality training institute of its own with similar course offerings as the one in Trinidad. However, contrary to the case of the Trinidad institute, the one in Tobago is run by the Tobago House of Assembly with much less participation of the private sector. Consequently, the curriculum of the Tobago institute is often developed with little consultation from the private sector, which results in training that is less aligned with industry needs.

Health and Security

The increase in violent crime in the country poses a significant threat to the competitiveness of the tourism cluster. For example, the total number of murders went from 391 in 2007 to 508 in 2009. With respect to the effect of crime on tourism the US Overseas Security Advisory Council warned that:

“The government of Trinidad and Tobago is making a sincere effort to combat crime. However, an overburdened legal system, bureaucratic resistance to change, unemployment in marginal areas, the negative influence of gangs, and a growing illegal narcotics industry create significant barriers.”⁶

Additionally, the ranking of Trinidad and Tobago in the Travel and Tourism Index for reliability of the police force (124th) shows that the government is overall perceived as not doing an effective job in combating this problem. In the case of Tobago, crime has been historically quite low; however, recent incidents are starting to change the perception of the island abroad. For example, during 2009, the attack on 2 UK nationals prompted that country’s government to raise a travel advisory on Trinidad and Tobago. During that same year, the US, Canada, New Zealand, and Australia also raised such

⁶ Overseas Security Advisory Council. *Trinidad and Tobago 2010 Crime & Safety Report*; 22 February 2010 [cited 2010 May 10]; <https://www.osac.gov/Reports/report.cfm?contentID=114054>.

advisories⁷. However, the local government has been highly responsive to this threat and has established a joint task force that includes police and military forces that provide special vigilance of tourist areas. This initiative has garnered widespread approval by the tourism sector in Tobago.

With respect to health, despite the high income per capita level in Trinidad and Tobago, the country has not been able to develop a solid health system. A problem that is particularly relevant for the tourism industry is the lack of doctors; in fact, Trinidad and Tobago is worst amongst a group of Caribbean islands in this respect. It is also widely acknowledged that the quality of care available at public hospitals leaves a lot to be desired, encouraging patients to spend exorbitant sums for basic healthcare services at private institutions.

Infrastructure

There still persist several shortcomings in the country's infrastructure that negatively affect the tourism sector. In Trinidad, rising income levels, the subsidised price of gas, and the lack of public transport systems has generated an oversized automobile fleet with the attendant traffic congestion woes. This hinders the ability of tourists to efficiently traverse the country on a compressed timeframe and is a disincentive for cruise ships to stop in Trinidad. The situation is reversed in Tobago, where the well maintained state of the road infrastructure represents an asset for the competitiveness of the sector.

The launching of a fast ferry system that can carry people and automobiles from Port-of-Spain to Scarborough, Tobago in two and a half hours has generated a surge in local tourism. In fact, this has been almost providential, given the decrease in foreign visitors. Additionally, the introduction of a ferry system operating on the north-south Trinidad axis could help generate tourism in this part of the island.

Overall, Trinidad and Tobago is considerably behind in the region in respect of airlift capacity. The most notable shortcoming in this area is Crown Point Airport in Tobago which has only one gate that is highly utilised to service the incoming flights from Trinidad. This issue was mentioned repeatedly as a significant competitive disadvantage for Tobago's tourism sector.

Supporting and Related Industries

⁷ ETurbonews - Global Travel Industry News. *UK revises Trinidad and Tobago travel warning. August 4, 2009* [cited 2010 May 10]; Available from <http://www.eturbonews.com/10797/uk-revises-trinidad-and-tobago-travel-warning>

Supporting Government Institutions

When compared with other countries in the Caribbean region, it is clear that the failure to prioritise investment in the sector is a key source of competitive disadvantage. In large part this is an unfortunate side-effect of the petro-chemical economy which dominates the T&T landscape. With easy access to oil dollars successive governments have paid lip service to developing the tourism sector while devoting the majority of resources to expanding oil and gas exploration.

The Ministry of Tourism is responsible for the “formulation of tourism policy and the provision of requisite legislation and guidelines governing the industry”. Although the Ministry’s key area of work is policy formulation and oversight, it is also in charge of directly handling activities such as training within the sector and developing community extension programs⁸. Much of the implementation of the policies developed by the Ministry however is delegated to the Tourism Development Company and the Tobago House of Assembly Division of Tourism.

The responsibilities of the Tourism Development Company (TDC) include the development of all aspects of the tourism sector in Trinidad and Tobago including the marketing and promotion of the destination. Based on our interviews, a common refrain was that the TDC is underfunded, and because of this, also not staffed with the individuals necessary to compete with other Caribbean nations which invest much larger sums of money in the promotion of their tourism clusters. In fact, Trinidad and Tobago’s ranking for the country’s effectiveness in marketing and branding of its tourism is particularly low (102nd), especially when compared with other countries in the region. However, Trinidad and Tobago ranks relatively well (33rd) for the percentage of government budget assigned to tourism, therefore, much more should be done with the available resources (Blanke 2009).

The Tobago House of Assembly (Tourism Division) is both in charge of formulating and implementing tourism policy in Tobago; one of its key responsibilities is the overseas marketing of Tobago, which is done in collaboration with the TDC. The lack of clear definition of the responsibilities of the TDC and the Tobago House of Assembly provides fertile grounds for confusion and has generated turf battles over responsibility for tourism marketing expenditures and what the overall strategic focus of the tourism sector should be. This lack of coordination is exacerbated by the fact that there are frequently rival political parties in charge of the THA and the central government.

⁸ Jamraj, Satie. Personal Interview. 12 April 2010.

Marketing and product development

This is one of the key issues affecting the competitiveness of the tourism sector in Trinidad and Tobago. In principle there is a well oriented strategy to market each island to specific niches; in the case of Trinidad, the key markets are cultural-minded tourists, ecotourists, and convention attendants, while in Tobago, the aim is to attract tourists looking for an unspoiled sun, sand, and sea vacation. However, implementation of the product development aspects of the strategy appears to be lagging. For example, many natural attractions still do not have basic facilities for the visitor, and many of those that do have this bare minimum, do not have enough complementary services to attract the tourist more than a few hours.

Also, one of the issues that were raised most frequently was the lack of government support for marketing and product development, both activities carried out by the Tourism Development Corporation (TDC). Currently, promotional activities done by the TDC are reduced mostly to very low scale attendance of international trade fairs and sparse advertisement in niche magazines (e.g. bird-watching magazines). Moreover, contrary to other countries in the region, where the government finances the participation of private sector representatives in major international events such as trade fairs, this is not done in Trinidad and Tobago. Further, the separate marketing efforts carried out by the TDC in favour of the country as a whole and by the Tobago House of Assembly (THA) have often been done without sufficient coordination to leverage resources and build the destination brand.

Supporting Industry Associations

The organisation of the sector is fundamentally done separately in Trinidad and in Tobago. In Trinidad, the most important organisation is the 112 member Trinidad Hotel and Restaurant Association (THRTA). The organisation's main activity is the lobbying of the government in order to achieve an institutional environment that is more favourable for the cluster and carrying out marketing activities abroad. Additionally, the association has played a key role in the development of human resources through its involvement in the financing and administration of the Trinidad and Tobago Hospitality Training Institute. Currently, the organisation is going through a strategic reorientation towards product development and destination marketing. This could potentially be beneficial for the cluster, considering that in the past there has been little collaboration amongst subsectors and between the industry as a whole and the government supporting agencies.

In Tobago, the main representative of the sector is the Tobago Hotel and Tourism Association. This organisation is focused on marketing and lobbying key government supporting agencies, in particular the Tobago House of Assembly. One result of

such efforts is the recent provision of government subsidies to hotels that carry out renovations and increase the number of employees to 2008 levels. Tobago hoteliers view this organisation very favourably and consider it to be highly responsive.

Additional organisations include the Trinidad and Tobago Incoming Tour Operators Association, which is also dedicated to marketing and lobbying in favour of this subsector. This organisation has only 15 members; thereby their possibility of influence is minimal. Finally, there is also the Trinidad and Tobago Tourist Transport Service Association, which carries out marketing, training, and lobbying activities for its 225 members who work specifically on the transport of tourists. The organisation is primarily focused on working as a point of contact between tourists and transport service operators.

Accommodation

The accommodation in both Trinidad and Tobago still represents a considerable limitation for the strengthening of the tourism cluster, despite the existence of generous government incentives for the investment in accommodation development. In the case of Trinidad, on the one hand, a recent positive development has been the increase in 4-5 star accommodation with the building of two new hotels in the Port-of-Spain area, the Hyatt Hotel and the Courtyard Savannah Hotel. This increase in high quality accommodation allowed the country to host two important international events in 2009, the Summit of the Americas and the Commonwealth Heads of Government Meeting 2009. Unfortunately similar increases in high quality accommodation have not taken place outside Port-of-Spain despite the generous government incentives being offered.

In the case of Tobago, there has been recent growth in accommodation, but fundamentally from guesthouses and villas. This is particularly relevant given that the main reason Tobago does not have direct flight connections to the United States is that the major airlines require a minimum of 4-5 star accommodation in order to fly to a specific location without receiving government subsidies. However, given that the current environmental regulation is lax and poorly enforced, the development of large numbers of 4-5 star hotels in Tobago could in fact derail the strategy of attracting tourists to an unspoiled sun, sand, and beach location.

Culinary sector

Trinidad and Tobago appears to have a competitive advantage in this area. This is perhaps due to the convergence of different cultural forces (e.g. Indian, African, Arab, Chinese) which have generated a unique kind of local food and provide a wide variety of restaurants both in Trinidad and Tobago. In fact, Trinidad and Tobago cuisines has been recognised internationally at various culinary competitions. To maintain these achievements, the Ministry supports training of chefs for such events and

participates in a Culinary Committee together with Trinidad Restaurant and Hotel Association⁹. However, although there are a series of culinary festivals both in Trinidad and Tobago, there has not been a sufficient marketing effort, especially with respect to the generation of packages that combines the culinary experiences with other cultural and natural attractions.

Tour operators

This particular subsector is perhaps the one facing the most adverse conditions. In Trinidad there are only 15 tour operators who comprise the subsector's association, and it is estimated that there are approximately 40 other informal operators. One key obstacle for this sector in Trinidad has been the difficulty to coordinate effectively with hotels. For example, although the members of the association developed a unified brochure showing the services of each of the members, they have largely been unsuccessful in convincing the hotels to have this material readily available for tourists. As a result, their exposure to tourists is severely reduced and they rely more on traditional media or word of mouth recommendations for business.

Context for Firm Strategy and Rivalry

There is the general perception that in Tobago the quality of service provided has tended to be relatively low. This could be due in part to the fact that most of the accommodation stock is owned by locals. In Trinidad, until recently, given that the major hotels had a steady flow of business visitors, there was little incentive to go beyond the provision of satisfactory service within hotel facilities. The addition of more than 500 new 4-5 star rooms to the hotel stock and the reduction of foreign arrivals due to the worldwide financial crisis has thus had the effect of a wake-up call in the industry. The most important result of this phenomenon has been the renewed concern within the hotel sector for incorporating product development and destination marketing into their strategy. The success of this new strategy will depend on the ability of the different subsectors within the cluster to work together amongst them and with the relevant government institutions.

Incentive schemes

The Tourism Development Act (2000) provides hotels with tax exemptions for import duties, a tax haven of 7 years, and the possibility of writing off capital expenses during 10 years. In the case of businesses with transport activities, the law provides an exemption of import duties. The government also provides income tax breaks on the earnings of financial institutions derived from loans to companies in the tourism sector. Additionally, the government has created a programme through which a business that renovates a hotel of under 100 rooms can receive a 25% of the investment as a reimbursement,

⁹ Jamraj, Satie. Personal Interview. 12 April, 2010.

up to an amount of \$TT12,500 in Trinidad and \$TT15,000 in Tobago. The Tobago House of Assembly (THA) has created a further incentive that provides funds to local hotels for room renovation with the condition that the hotels go back to 2008 employee levels. Thus far, there has been no formal evaluation of the effect of the incentives provided although there is the prevailing view that the processes for obtaining the incentives have been excessively bureaucratic. One worrying sign however, that the impact of the incentive schemes has been relatively minor is the fact that so few hotels have been built in Trinidad by private owners, especially outside the Port-of-Spain area.

Conclusions

Tourism in Trinidad and Tobago is still far from reaching its full potential. While the percentage of the national budget dedicated to tourism is not low in comparative perspective, the funding of the TDC and the THA's Division of Tourism needs to be at a sufficiently high level to promote Trinidad and Tobago successfully, especially when taking into account that other countries in the region are investing heavily in marketing their destinations. Although the government has launched a series of initiatives to strengthen the sector and raise its public profile, there is the widespread belief that tourism is not high amongst the government's priorities. This position derives fundamentally from the government's shortcomings in what can be considered its most important task with respect to the sector: the marketing of Trinidad and Tobago as a destination.

This problem starts with the lack of a clear country strategy; the most concrete sign of which is the lack of a holistic approach to product development. In this sense, although there is clarity with respect to the need to develop a different strategy for Tobago and Trinidad, not enough actions have been taken to fully develop the potential of each islands' attractions. In the case of Trinidad, this includes increasing the accessibility to natural and cultural attractions as part of designing a more complete package for business travellers. So far, product has been seen by the government mainly as the physical renovation and maintenance of touristic attractions. However, product development involves not only that, but also the generation of services and capacity to provide the visitor with complete experiences, not only the viewing of a sight. Along these lines, one initiative that can contribute significantly towards this is the Ministry of Tourism community extension programme. Through this initiative, not only can visitors enjoy a more complete experience, but also, the industry can have a much wider socioeconomic impact.

For Tobago, the current strategy of promoting the island as an unspoiled retreat appears to be a prudent decision. However, in order for this strategy to bring about a sustainable growth of the cluster in the island, it is necessary for both the industry and the local and national governments to truly embrace the concept of sustainable tourism. This requires strengthening the

existing regulations affecting the sector, in order to prevent the development of large-scale complexes that negatively impact the environment and have little multiplying effect in the economy. Furthermore, the current initiative to promote the adoption of the Green Globe certificate should be particularly emphasised in Tobago, where sustainable practices could give the island's industry a competitive advantage, especially with respect to other options in the region.

Another obstacle for successful product development is the lack of a shared vision amongst the key stakeholders, which results in poor cooperation within the cluster. In this respect, the government should pay particular attention to recommendations emanating from the recently formed Steering Committee, which is composed of representatives of the industry and government agencies with responsibilities related to tourism development. This organ can play a critical role in promoting better coordination amongst government agencies and developing social capital within the sector.

For Trinidad, the creation of more specific initiatives to promote the island as a convention destination is a well-oriented approach, provided these are funded appropriately. However, this should not reduce the efforts to promote the island as an environmental and cultural destination. With respect to the former, there should be additional input to increase the accessibility of natural attractions such as the Pitch Lake and Nariva Swamp. Also, more collaboration between Trinidad and Tobago could help develop packages that include both the natural and cultural attractions in the two islands. This could increase the total number of visitors as well as their average length of stay.

Another key problem is the stigma that is still associated with the tourism sector. This affects the nation's capacity to produce a strong human resource base for the cluster, despite the efforts both in Trinidad and Tobago to develop effective training institutions. One potentially positive progress to overcome this obstacle is the government's initiative to include tourism as part of the curriculum within primary and secondary education. However, it is necessary to evaluate the effect of this initiative; also, it is important to promote the sector through national campaigns, especially oriented towards young individuals.

In the case of Tobago, the scarcity of 4-5 star hotels has been an obstacle for the attraction of visitors from the US market. Two major obstacles to achieve this have been the shortcomings in the promotion of Tobago as a destination and the recent limitations established for purchasing of land by foreigners. Therefore, efforts must be done to improve the promotion abroad, especially in the US market and to establish a clear and effective licensing system for the purchasing of land by foreigners. However, the increase of land dedicated to large hotel developments should only be done only if this is accompanied by comprehensive environmental impact studies. Otherwise, the current small development is preferable, given

its relatively low environmental impact. Furthermore, regardless of the kind of development, it is important to carry out capacity building initiatives to improve the quality of service provided by the industry in the island.

With respect to physical infrastructure, the most important weakness is the handling capacity at Crown Point Airport in Tobago. Improving this facility will be key to foster the arrival of more major airlines to Tobago, especially from the United States. Finally, the rise in crime represents a significant menace for the competitiveness of the cluster. However, the case of Tobago, where the government has made important efforts to protect the visitors from this problem shows that with good public-private collaboration, this threat can be significantly mitigated.

Future Research

Additional research is required with respect to intra-cluster collaboration and the effectiveness of programs being introduced by the Ministry of Tourism to counter the stigma associated with involvement within the sector. The attempt to influence perceptions at the primary school level appears particularly promising but challenging and it is important to assess to what extent these efforts are having an effect, especially on the younger generations.

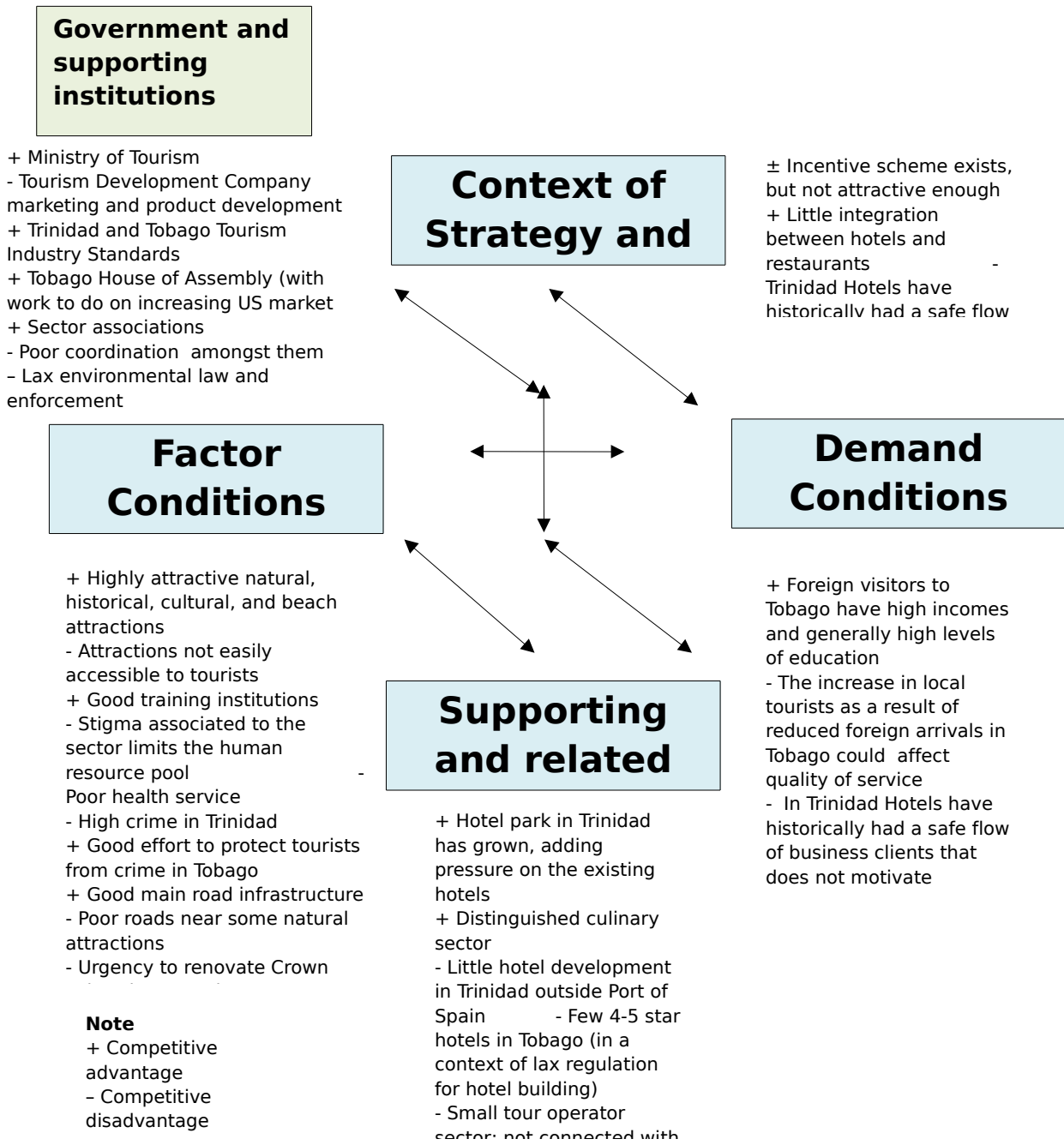
Although there has historically been little intra-sector and industry-government collaboration, especially in Trinidad, there are ongoing efforts that could help revert this tendency (e.g. the promotion of the island as a convention destination). The role of government in facilitating dialogue among cluster members cannot be underestimated and cultivating a culture of dialogue and consultation should be a key element of any policy planning process. It is important to assess the current evolution of this process, especially in light of the practices of other countries where this kind of collaboration has been key to developing a sustainable tourism industry.

Another key issue affecting the competitiveness of the cluster is the lack of a holistic approach to product development; this is a fundamental aspect of the weakness of the industry's strategy, especially in Trinidad. Therefore, it would be valuable to compare the current practices in Trinidad and Tobago with those in other countries that have been successful at developing product packages that assure a constant flow of visitors.

Finally, given that the promotion abroad of both Trinidad and Tobago as attractive destinations was identified as a key weakness, it would be insightful to compare the promotion process in the two islands with those of other more successful countries in the region. This best practice benchmarking would be a useful guide to future policy development.

Figure 7

Current state of the determinants of the competitive advantage of the tourist sector



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