CORNELL PETER AND STEPHANIE NOLAN SCHOOL OF HOTEL ADMINISTRATION
CENTER FOR HOSPITALITY RESEARCH
CASE STUDY

Barbados Tourism:

Repositioning A Struggling Country Brand

by Chekitan S. Dev
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SUMMARY

With a theme of "Sea. Sun. Sand.," the Caribbean island nation of Barbados relied on its tourism industry as a source of foreign exchange. Its official language was English, with laws and a cultural background based on that of the United Kingdom. Not surprisingly, most visitors came from the U.K., Canada, and the United States. However, the recent Covid pandemic interrupted Barbados's tourism market, and the industry continued to struggle. Although the industry saw gradual improvement in recent times, the nation needed to address several challenges. As a starting point, its "3S" market position was being matched by other, larger destinations. In a promising step, the government invested heavily in the tourism industry, but that investment had yet to pay off. Moreover, the industry faced foreign-exchange leakage, as operators from other countries "discovered" Barbados as an attractive destination and constructed hotels that channeled at least some of the tourism receipts off the island. All-inclusive resorts and visits by cruise liners augmented the issue of diminished per-capita tourism spending. The island was also subject to any disturbances in its chief markets (as, for example, the pandemic), and costs were driven up by the increased value of the U.S. dollar, to which the Barbadian dollar was pegged. To encourage more stay-over tourism, the island's tourism officials promoted Barbados's other appeals, such as its considerable historical role in the history of Britain and North America, eco-tourism, and local festivals, such as Crop Over, which celebrated the end of the sugar harvest. Thus, the question became one of what Barbados needed to do to ensure the success of its tourism industry.

This case, prepared by Research Associate Laure Mougeot Stroock under the supervision of Cornell University Professor Chekitan S. Dev, was developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

Barbados Tourism:

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by Chekitan S. Dev and Laure Mougeot Stroock

On May 14, 2021, Barbados Tourism Marketing Inc. (BTMI), Barbados's destination marketing agency, and the country's Minister of Tourism and International Transport announced a new branding campaign entitled "Little Island, Big Barbados."[1] After a catastrophic drop in tourism following the outbreak of the Covid-19 pandemic in 2020, the country was opening up to welcome back visitors. The economy of Barbados depended heavily on tourism. Despite some innovative efforts, such as the creation of a remote working visa, tourist arrivals were still well below 2019 levels. Moreover, Barbados's tourism recovery was lagging behind most of the other Caribbean destinations.

As a sea/sun/sand (3S) destination, Barbados was more expensive than many of its competitors in the region. Discounting to attract more tourism was not an option for a country that had the third-highest debt per capita in the world and whose currency was pegged to the U.S. dollar. Instead, since 2015, BTMI had been striving, with some success, to reposition the island beyond its beaches. Barbados had a rich history and diverse cultural heritage products ranging from historic buildings and nature sites to oral history and festivals. The new "Little Island, Big Barbados" marketing strategy aimed at promoting its unique cultural identity by focusing on niche areas—such as Barbadian cuisine, heritage and culture, natural resources, and the personality of Barbadian people. However, a few days after the official launch of the promotional campaign, the BTMI came under attack by some Barbadians and members of the government's opposition party, who accused it of wasting public funds on a tourism campaign that featured a "recycled" tagline.[2] In fact, it appeared that "Little Island, Big Barbados," was very similar to the taglines previously used by at least six international countries also looking to market their tourism products to the world.[3] Under scrutiny, the BTMI had to remove the tagline and go through an "internal investigation."

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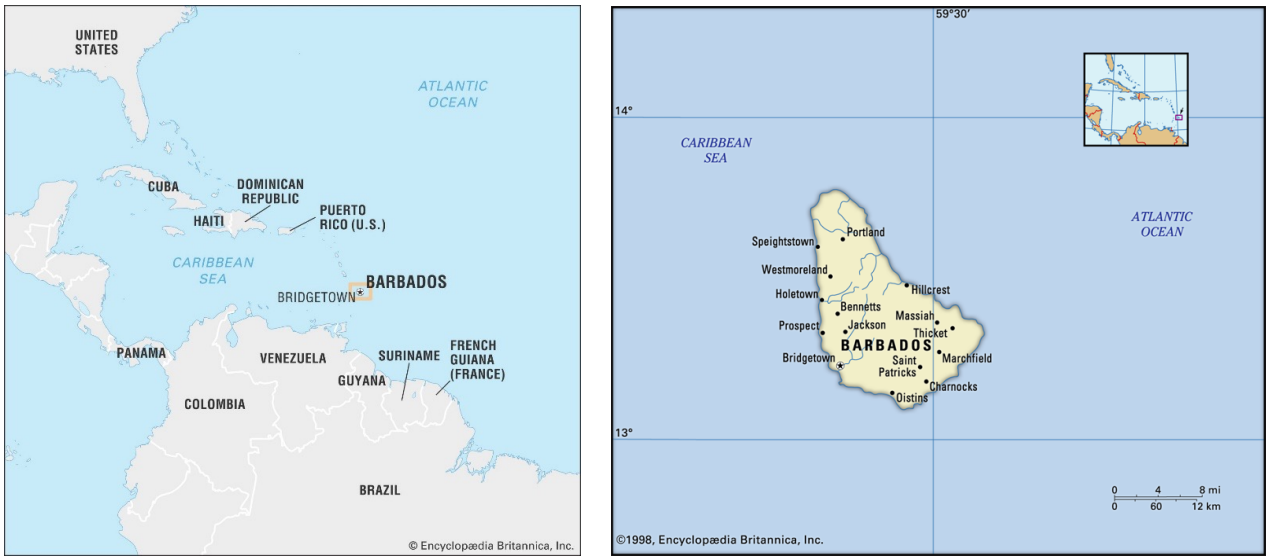
1 Madden, Marlon (2021). "Tourism thrust geared to push island's brand," *Barbados Today* on May 20, 2021. <https://barbadostoday.bb/2021/05/20/tourism-thrust-geared-to-push-islands-brand/> accessed on 12/12/2022.

2 "DLP knocks tourism theme: Little Island, Big Barbados," *Barbados Today* on May 24, 2021 <https://barbadostoday.bb/2021/05/24/351735/> accessed on 12/12/2022.

3 For example, see: "Small Island, Big Spirit," for the Island of Jersey; "A Tiny Island with a Big Heart," for Jamaica; or "Slovakia: Little Big Country" for Slovakia.

EXHIBIT 1

Barbados locator maps



Source: *The Encyclopædia Britannica* < https://www.britannica.com/place/Barbados> accessed on 10/28/2022

This "tagline crisis" was the symptom of deeper issues within Barbados tourism. Many Barbadians felt that too small a proportion of tourism revenues benefited the local economy and that the island was losing its edge as a destination because of complacency and overdevelopment at the expense of the country's fragile natural resources. The backlash against the BTMI was also happening at a time when the Barbadian society was changing. Barbadians were reexamining their past, cutting ties with the British Crown to become a republic, and reckoning with their dark slavery heritage in the wake of the Black Lives Matter movement. The small country was also emerging as an important voice on the world stage on the global climate change debate.

Barbados's Geography

Barbados was the most easterly of the Caribbean island countries, located about 460 km northwest of Venezuela **(Exhibit 1)**. Unlike its volcanic neighbors, the island was primarily made of coral formations, creating gullies, caves and stunning white-sand beaches. The terrain was mostly flat, except in the northeast portion of the island. Located where the Caribbean Sea met the Atlantic Ocean, Barbados enjoyed north-east trade winds all year helping to keep the island cool. The average temperature was 82.4 degrees Fahrenheit and seldom varied by more than 5 degrees during the day. Because it lay outside the Atlantic hurricane belt, it was often spared the worst effects of the region's tropical storms and hurricanes during the rainy season.[4] Measuring approximately 21 miles long by 14 miles wide, about twice the size of Martha's Vineyard, and inhabited by some 271,600 inhabitants, mostly living in its capital Bridgetown and its suburbs, it was one of the most densely populated countries in the world **(Exhibit 2)**. The island's economy was based on tourism, retail sales, a growing offshore financial sector spurred by a low corporate tax environment, and agriculture (production of sugar). Political, economic and social stability had given it a relatively high standard of living.

Barbados's History

Barbados historically had one of the strongest economies in the Caribbean and Latin America. As measured by per capita income, Barbados was one of the most prosperous countries in the Americas, behind Canada and the U.S.

[4] The last significant hit from a hurricane to cause severe damage to Barbados was Hurricane Janet in 1955.

Barbados was considered the birthplace of the British slave society.[5] Originally populated by Arawak and later by Carib people, Barbados was claimed by both the Portuguese and the Spanish in the 1500s. The island was named "Los Barbados" (the bearded-ones) presumably because of the beard-like appearance of the island's fig trees. In the 1620s Barbados was colonized by the British. They introduced the cultivation of sugar cane, cotton and tobacco, but quickly switched to a highly lucrative and labor-intensive sugar monoculture model, a move referred to as the "sugar revolution."[6] First indentured servants and then largely slaves from West Africa were brought in to work the sugar plantations, which were especially prosperous in the 17th and 18th centuries. The harsh conditions endured by the slaves resulted in several slave rebellions, the largest of which was Bussa's rebellion in 1816, which was brutally repressed by the colonial authorities.[7] The social and economic patterns of Barbados's "sugar revolution" were exported to the rest of the Caribbean and as far as British North America, where settlers from Barbados founded the Charles Towne (later Charleston, South Carolina) in 1670. From the mid-17th to the mid-20th century, sugar production and its by-products, molasses and rum, were the mainstay of the Barbadian economy, dictating the social and political development of the island.

The British Empire abolished slavery in 1834 and all the slaves in Barbados were freed by 1838, but the planters' elite, referred to as the "plantocracy," retained control of political and economic power through ownership of land and commerce. The island remained a British colony until internal autonomy was granted in 1961. Barbados gained full independence in 1966 and adopted a governmental structure based on the British constitutional monarchy system. The country kept the British monarch as head of the state, locally represented by a Governor General, until November 2021, when it cut ties with the British Crown to become a parliamentary republic within the Commonwealth of Nations. The decision happened after the island's significant participation within the Black Lives Matter movement in 2020, which culminated with the removal of the 1813 statue of Royal Navy Admiral Horatio Nelson, a British slavery defender from Bridgetown's Heroes Square.[8] It also came at a time when the benefits of close ties with the U.K. after Brexit were predicted to wane.[9] According to polls, 34 percent of Barbadians supported a move to a republic, another 30 percent was largely neutral, and just 12 percent expressed a desire to remain a monarchy.[10] The decision did not go through a referendum, but was passed by a two-thirds majority in both houses of parliament. At the inauguration ceremony of the new republic, which coincided with the country's 55th anniversary of independence, singer Rihanna was honored as the country's eleventh national hero.[11]

Barbados's Tourism Development

Barbados had a long history of tourism in the Caribbean, beginning in the 18th century with health tourism. Dubbed "the "sanatorium of the West Indies," Barbados hosted wealthy Europeans who traveled there because they believed that its clean air, refreshing salty sea breeze, salubrious "sea baths," and the absence of malaria could cure illnesses.[12] In 1751, long before he became U.S. president, 19-year old George Washington stayed on the

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5 Safi Michael (2021). "Nelson, BLM and new voices: Why Barbados is ditching the Queen," *The Guardian*, November 29, 2021. <https://www.theguardian.com/world/2021/nov/29/nelson-blm-and-new-voices-how-barbados-came-to-cut-ties-to-crown> accessed on 12/05/2022.

6 Higman, B. W. (2000). "The Sugar Revolution," *The Economic History Review*. 53(2):213-236.

7 The rebellion took its name from the African-born slave, Bussa, who led the uprising. In 1985 to commemorate emancipation, an Emancipation Statue, representing a man with broken chains raising his arms, was unveiled in Bridgetown. Barbadians referred to it as "Bussa's statue."

8 Safi Michael (2021). "Nelson, BLM And New Voices: Why Barbados Is Ditching The Queen," The Guadian, November 29, 2021. <https://www.theguardian.com/world/2021/nov/29/nelson-blm-and-new-voices-how-barbados-came-to-cut-ties-to-crown> accessed on 12/05/2022.

9 Tripathi, Salil (2018). "Empire Strikes Back: Why Former Colonies Don't Need Britain After Brexit," The Guardian, March 9, 2018. <https://www.theguardian.com/business/2018/mar/10/empire-strikes-back-why-former-colonies-dont-need-britain-after-brexit>, accessed on 12/05/2002.

10 "Survey Shows Support For Republic," Barbados Today, December 21, 2021< https://barbadostoday.bb/2021/12/21/survey-shows-support-for-republic/>, accessed on 11/23/2022.

11 Created in 1998, the Order of National Heroes was the supreme honor within the national honors system of Barbados to recognize the most prominent figures in Barbados's history. As of 2022, the cricket player Garfield Sobers and the singer Rihanna were the only two living persons conferred with the title.

12 George Gmelch (2012). "Behind the Smile: The Working Lives of Caribbean Tourism." Indiana University Press.

Exhibit 2

Barbados country profile and key tourism data

Capital	Bridgetown
Official language	English
Ethnic groups	92% of the population is of Afro-Caribbean or and mixed descent.
Government	Parliamentary republic with two legislative houses (Senate and House of Assembly
Head of state	President: Dame Sandra Mason
Head of government	Prime Minister: Mia Mottley
Total land area	166 sq mi.
Climate	Subtropical—Hottest months, June–August, 23-31°C; Coldest month, February, 21-28°C
Population	271,600 (2022 estimates)— Urban: (2018) 31% Rural: (2018) 69%
Density	1,636/sq mi
Currency	Barbados dollar (Bds$), pegged to the US dollar at an exchange rate of Bd$2:US$1
Economy	Tourism, sugar industry and offshore financial center
GDP per capita	$16,817 USD (2021)
Inflation	7.8% in October 2022
Unemployment	9.3% (October 2022)
Government debt (in percentage of GDP)	126% (October 2022)

Barbados's key Travel and Tourism (T&T) data	**2019**	**2020**	**2021**
T&T GDP (in US$ billions)	1.63	0.77	0.69
Total contribution of T&T to GDP in % (direct and indirect)	29.5%	16.9%	14.4%
Total Percentage contribution of T&T to Employment	37.4%	26.7%	28.0%
Visitor Spending as a Percentage of Total Exports	67.3%	35.7%	28.0%

Source: Data from the International Monetary Fund and from the Encyclopædia Britannica and from the World Travel & Tourism Council. < https://wttc.org/research/economic-impact>, accessed on 11/29/2022

island for six weeks with his tuberculosis-stricken half-brother in hope of improving his illness.[13]

Tourism gained more importance in the 1880s, when sugar exports began to decline due to increased competition from sugar extracted from sugar beets and the repeal of preferential tariff agreements with the U.K. In 1900, eleven or more steamships had regular routes to Barbados.[14] Because of the cost and length of the sea voyage, travelers were wealthy Europeans or North Americans who spent weeks or months at a time in the winter. They often stayed in guest houses or small intimate resorts. In the 1910s, Barbados had seven hotels along its coasts. In 1913, it published its first tourist guide for the English and North American

13 The Plantation House "Bush Hill House" where they stayed became a national landmark and tourist attraction.

14 George Gmelch (2012). "Behind the Smile: The Working Lives of Caribbean Tourism." Indiana University Press.

travelers, boasting of the virtues of Barbados as a health resort.[15]

The boom in tourism began in the mid-1960s with the advent of long-haul plane trips and paid holidays, which allowed more and more middle-income holiday makers to reach Caribbean Islands. Barbados, which had just become independent, welcomed mass tourism as a way to stimulate domestic infrastructure (including roads, sewage treatment plants, landfills, electricity and telephone lines), attract foreign currencies, create jobs and raise the standard of living for the entire population. The development of tourism was a timely economic alternative to Barbados's declining sugar industry, which was no longer competitive on the world market.

In the 1970s a Ministry of Tourism was created, along with the Barbados Tourism Authority (BTA), with offices in London, New York and Toronto, and the Barbados Tourism Investment Inc. (BTII) to promote hotel and infrastructure investment and market Barbados's tourism product. The BTA was later replaced with the BTMI and the Barbados Tourism Product Authority (BTPA). Non-profit private sector trade associations such as Barbados Hotel and Tourism Association (BHTA), representing the interests of the industry, sprang up to facilitate the growth and development of the local tourism sector. A hotel and hospitality institute was created to train locals for jobs in tourism and hospitality.

Tax breaks were introduced to encourage foreign direct investment in tourism, most of which went into the development and sales of real estate, hotels,and condominiums. Hotel construction boomed and unemployment dropped as tourist dollars drove up demand for goods and services. British and North American tourists and investors flocked to Barbados. The tourists came for its fine beaches, its natural beauty, the friendliness of its people and its British heritage. Investors were attracted by its political stability and conservatism, its good infrastructure, its tax incentives and its good safety and security record.

15 "Barbados' Tourism Development Model: Are We On The Right Path?" Webinar from Barbados Hotel and Tourism Association (BHTA) Public Relations Committee, streamed live on Nov 18, 2021. https://www.youtube.com/watch?v=38hdhROo1bA accessed on 11/29/2022.

Barbados's Tourism Assets

In 2019, Barbados's tourism industry had a record annual revenue of US$1.63 billion, which represented 30 percent of the country's GDP and 67 percent of total exports **(Exhibit 2)**. An estimated 37 percent of Barbadians worked directly or indirectly in the tourism sector.

Tourism belts. The Barbados tourist belt extended east and west of the capital Bridgetown along the coast in corridors of mostly low-rise hotels and cottages, restaurants and shops. The southern coast, where the Caribbean Sea met the Atlantic Ocean, attracted the moderately priced market and concentrated many of the island's attractions. The western coast—the Caribbean side of Barbados, also known as the "Platinum Coast"—was where visitors found luxury boutique hotels or colony-type resort hotels, restaurants, nightlife and shopping. The eastern coast, highly regarded by surfers, was less developed because of strong undertow of currents and steep cliffs. By law, all beaches in Barbados were public up to the high water mark, so both visitors and Barbadians were welcome and could mix. In practice, though, some hotels and resorts often attempted to restrict access to the beaches and swimming areas to guests only, leading to friction with locals and even lawsuits.[16] Beyond the tourist belt, the island was mostly rural, with small villages and fields of sugarcane, where few tourists set foot.

Accommodations

Barbados offered a range of accommodations including hotels, villas, guest houses, resort cottages and apartments. Hotels were the preferred accommodation, particularly luxury, large or all-inclusive properties, together with villas **(Exhibit 3)**. As of 2019, Barbados had 6,528 hotels and apartment rooms[17] in about 163 properties,[18] and some 2,300

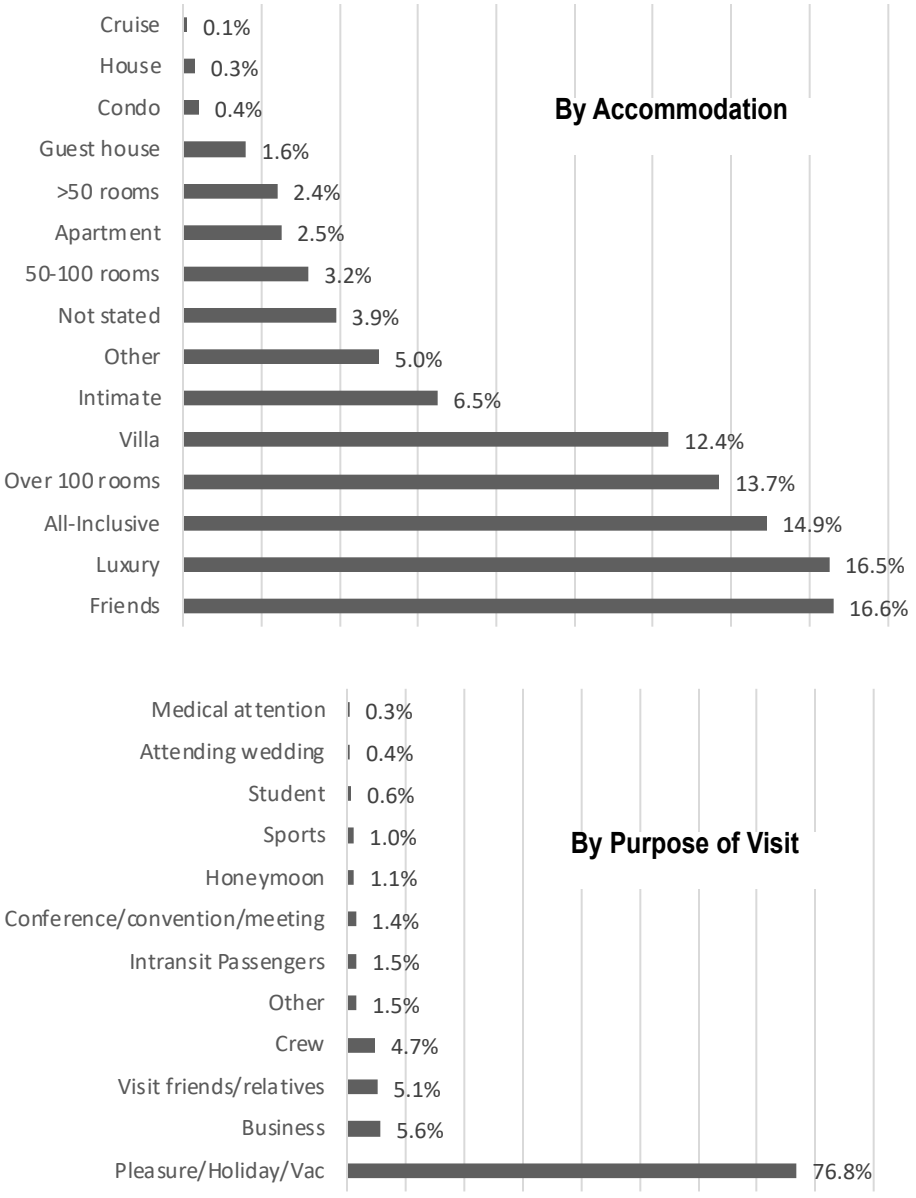
16 Bennett, Randy (2021). "Beach Access Dispute To Be Decided In Court" *Barbados Today*, March 24, 2021. <https://barbados-today.bb/2021/03/24/beach-access-dispute-to-be-decided-in-court/> accessed on 12/05/2022.

17 "Market Report: The Caribbean," Horwath Tourism Hotel and Leisure, September 2019. <https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2019/09/MR_Caribbean.pdf >, accessed on 11/30/2022.

18 Estimates for 2018 from TripAdvisor Barbados Travel Forum on "Why two classes of tourists?"<https://www.tripadvisor.com/ShowTopic-g147262-i230-k11725049-o70-Why_two_classes_of_tourists-Barbados.html>, accessed on 11/30/2022.

EXHIBIT 3

Barbados stayover visitors by type of accommodation and purpose (2018)



Source: Data from the 2018 Market Snapshot by BTMI Research Department

villa rooms.[19] Hotels ranged in size from small and intimate boutique hotels to 400+ room resort hotels, with an industry average key count of 64. About 20 percent of the hotels were in the "Luxury" category (5-star), 13 percent in the "A-Class category" (4-star properties) and 67 percent in the "B-Class" category (3-stars and below).[20] Most properties were boutique hotels, either independent or managed by local brands--such as Gems of Barbados or Almond—many of which relied on a customer base built over years. Most of the small hotels were owned by local or regional individuals. BHTA membership showed that about 53 percent of A-Class hotels were owned by locals, along with about 75 percent of B-class properties.[21] Luxury and medium to large size properties tended to be managed by foreigners, while only 3 of the 17 BHTA member luxury properties were owned by locals. The island had a few internationally branded properties: namely, the Hilton Barbados, the Fairmont Royal Pavilion, the Marriott Courtyard Bridgetown, Marriott Elegant Hotels,[22]

[19] Wallace, Tania (2022). "The Economic Impact of Villas & Vacation Rentals In Barbados," September 19, 2022 <https://terrared.com/the-economic-impact-of-villas-vacation-rentals-in-barbados/> accessed on 12/05/2022.

[20] Estimates for 2018 from TripAdvisor Barbados Travel Forum on "Why two classes of tourists?" <https://www.tripadvisor.com/ShowTopic-g147262-i230-k11725049-o70-Why_two_classes_of_tourists-Barbados.html>, accessed on 11/30/2022.

[21] Madden, Marlon (2021). "Locals Shy Away From Tourism Investment" *Barbados Today*, October 14, 2021. <https://barbadostoday.bb/2021/10/14/locals-shy-away-from-tourism-investment/>, accessed on 11/29/2022.

[22] In 2020, Marriott acquired Elegant Hotels for $310 million. Elegant Hotels was a local brand which owned and operated seven hotels with 588 rooms and a beachfront restaurant on the island of Barbados.

the Royal Sandal,[23] and Radisson Aquatica Resort. The 450-room Sam Lord's Castle Barbados, a Wyndham Grand Resort, was due to open in 2023.

Attractions

Barbados's biggest attractions were its 80 white sand beaches, made from finely ground coral forming a clean fine grain, and its coral reefs. They offered four different ambiences: "west coast calm" and "rugged south coast hip and happening" for water sports (swimming, snorkeling, kayaking, and paddle boarding), cruises, or fishing; "east coast wild" with Atlantic swells for surfing; and "north coast serene and peaceful." Popular Barbados nature and parks resources included tropical gardens (Hunte's Gardens, Andromeda Botanic Gardens, and Flower Forest), limestone caves (Harrison Cave and Animal Flower Cave) and Barbados Wildlife Reserve.

The island enjoyed a dual English and African culture. Also known as "Little England," Barbados kept the English language from its colonial past, with a distinct accent and words in West African-English pidgin called Bajan, as well as its Anglican religion, driving on the left, and many English traditions. The country's education and government systems, as well as its architecture style were modeled after the British. In Barbados, cricket, horse racing, golf and polo were popular activities. Tourists came to watch cricket games at Kensington Oval, Barbados's oldest cricket ground dating from 1882, or Saturday's horse races at Garrison Savannah horse racecourse. Motorsport enthusiasts went to Bushy Park Racing Circuit, the only professional racetrack in the Caribbean.

With more than 500 restaurants and other dining outlets, Barbados was recognized for its culinary scene, its vibrant local arts and markets, and its duty-free shopping. Nicknamed "The Culinary Capital of the Caribbean," the country had a gastronomic tradition influenced by African, Indian, Irish, Caribbean and English cultures and plenty of restaurants offering local as well as international options. The growth of tourism since the 1960s had boosted the development of the local arts, in particular music and dance (soca, calypso, jazz, spouge,[24] reggae and dancehall), visual arts and crafts. Among Barbados's many year-round festivals,[25] the Crop Over festival, which was originally a celebration of the end of the sugarcane harvest, was a major cultural event, with dances and parades, attracting travelers during the low summer season, including Barbadians living abroad.

Barbados had a variety of historical attractions. Beginning in the 2000s, the Ministry of Tourism, with the help of private foundations such as the Barbados National Trust, restored and opened to the public former plantation houses and the George Washington House. In 2011, Barbados's capital, historic Bridgetown, and its Garrison were designated a UNESCO World Heritage Site. Bridgetown was also the site of the oldest Jewish synagogue in the Western hemisphere, dating back to the mid-17th century. Finally, as the "birthplace of rum," Barbados offered extensive rum tours and distillery visits to demonstrate the country's 350 years of experience in its production. In 2021, in the wake of the island becoming a republic, Prime Minister Mottley announced the construction of a new slavery museum, with the largest collection of British slave records outside the U.K., next to a burial ground where the bodies of 570 West African victims of British transatlantic slavery were discovered.[26]

Barbados's Visitors Profile

Barbados had two main types of tourists: stayover visitors who arrived by plane and stayed in the island's tourism accommodations, and cruise ship visitors. In 2019, the island of Barbados and its

[23] Sandals Resorts was a Jamaican operator of all-inclusive resorts for couples in the Caribbean. Its parent company, Sandals Resorts International (SRI), also managed other brands including Beaches Resorts, Fowl Cay Resort, and several private villas.

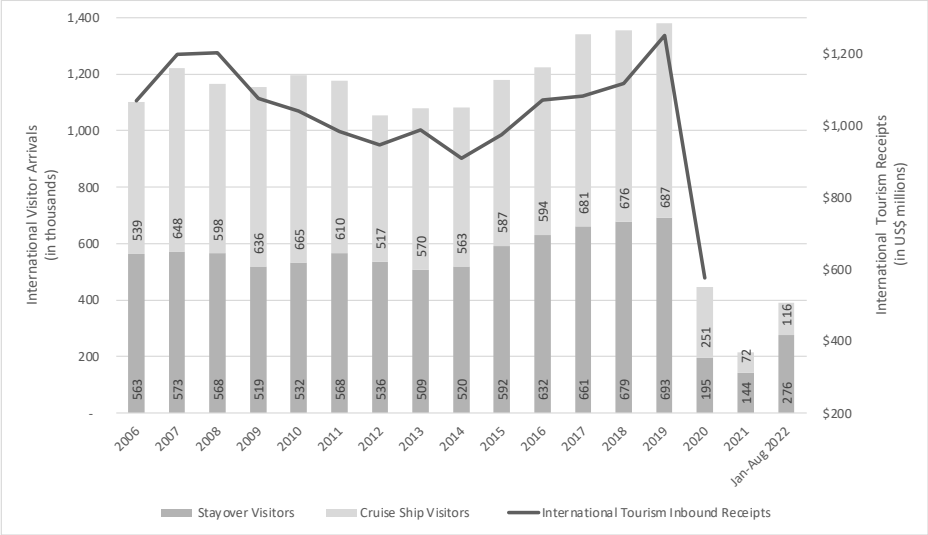
[24] Spouge was a style of Barbadian popular music created by in the 1960s mixing Jamaican ska with Trinidadian calypso, and other music from the British Isles and United States.

[25] January: Mount Gay Round Barbados Race Series (boat sailing race); February: Holetown festival (steel band concert, street fair, parade); March: Oistins Fish Festival (culinary event); August: Crop Over (6 weeks of Carnival events); October: Barbados Food and Rum Festival; November: Barbados Independence Surf Festival and Independence celebrations; December: Run Barbados Marathon.

[26] White Nadine (2021). "Barbados To Build Slavery Museum After Cutting Ties with British Monarchy," *The Independent*, December 3, 2021. <https://www.independent.co.uk/news/world/americas/barbados-republic-queen-slavery-museum-b1969489.html> accessed 12/05/2022.

Exhibit 4

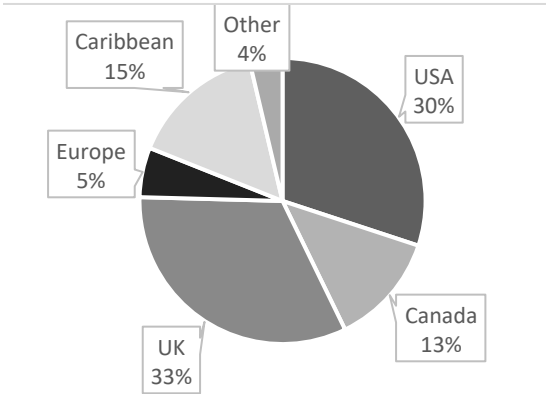
Barbados international visitor arrivals and international tourism receipts (2006-August 2022)



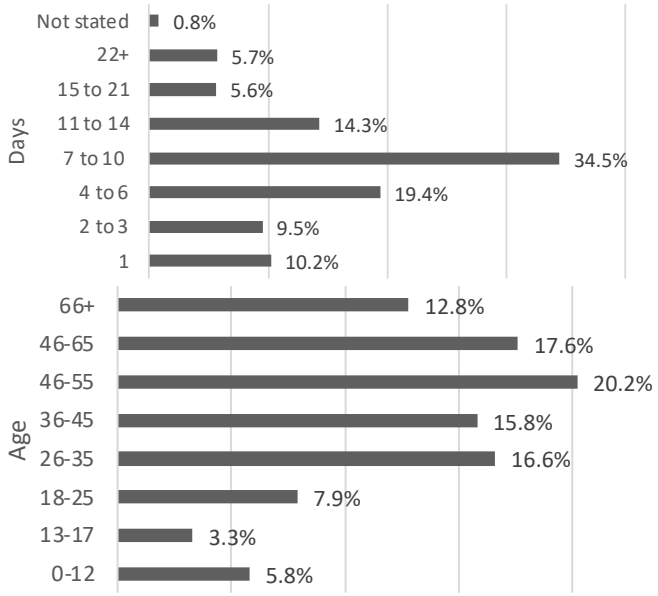
Source: Data from Barbados Statistical Service (BSS) and the Caribbean Community Statistics (CARICOM).

Exhibit 5

Profile of Barbados stayover visitors in 2018



Source: Data from the 2018 Market Snapshot by BTMI Research Department

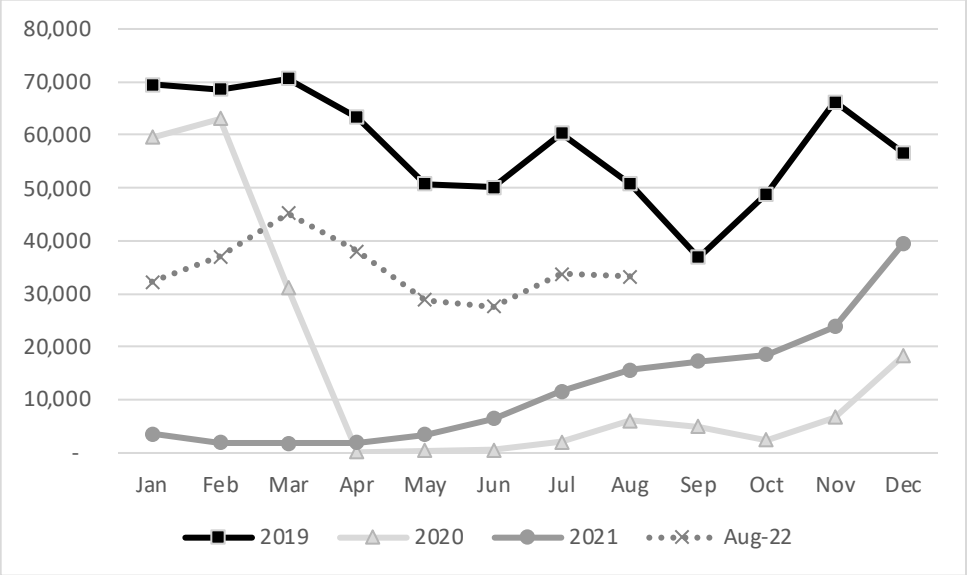


271,600 people welcomed some 1.38 million visitors, half of whom were stayover visitors **(Exhibit 4)**. Stayover tourists were British (33%), Americans (30%), Canadian (15%) and Caribbean (15%) **(Exhibit 5)**. Cruise ship visitors tended to be mostly Canadian and American. Most stayover tourists ranged in age from 25 to 65 years old, with no one dominant age group **(Exhibit 5)**. Over three-quarters of them came for leisure **(Exhibit 3)**. Aside from those coming to stay at friends' and relatives' places (16% of travelers), they tended to book rooms in luxury, all-inclusive or 100+ room hotels, or else rent villas **(Exhibit 3)**. Visitors planned their visit at least a month before coming to the island and relied mostly on friends or relatives, the internet and to a lesser extent travel agent for information.[27] Over three-quarters of them made their own travel arrangements (versus pre-paid packages). Special airfares, discounted accommodations and

[27] In 2016, when asked what source of information was "very important" in planning their trip, 20% of visitors said friends and relatives, 16% said the internet, 10% said travel agent and travel agent brochures. Source: "The Barbados Annual Stay-Over Report," Barbados Ministry of Tourism, BTMI, Barbados Statistical Service and Caribbean Tourism Organization, May 2017

EXHIBIT 6

Stayover visitors arrivals by month (2019-August 2022)



Source: Barbados Statistical Service

discounted packages were key decision-making factors in visitors' choice to visit Barbados.[28]

Barbados's high-season tourism peaked between November and March, when the northern hemisphere was experiencing winter, and in July **(Exhibit 6)**. This seasonality was more acute for cruise passengers than for stayovers, with almost no cruises in the slow season. September was the slowest month of the year for all visitor types. On average, stayover travelers coming to Barbados spent nine days on the island.[29] Visitors from the U.K., Europe and Canada tended to stay the longest. The island experienced a high percentage of repeat customers, with around 40 percent of the travelers being repeat visitors: 12 percent of guests were visiting the island for the second time, 8 percent for the third time, and 28 percent for four or more times.[30] In recognition of their loyalty, Barbados even had a Loyal Visitors Club of repeat guests who had visited the island twenty-five times or more.

The stayover visitors were Barbados's main source of income. Cruise visitors, who had already paid for accommodations, food and entertainment, spent little on the island. In 2018, the total annual visitor expenditures of stayover arrivals to Barbados were estimated at US$1.12 million, 46 percent of which was generated by the British stayover visitors, followed by the Americans (25%) and the

28 In 2016, when asked about which factors were "very important" in influencing their decision to choose Barbados, 47% of visitors cited a special airfare, 42% said accommodation discount, and 39% said special discounted packages Source: "The Barbados Annual Stay-Over Report," Barbados Ministry of Tourism, BTMI, Barbados Statistical Service and Caribbean Tourism Organization, May 2017

29 "Market Report: The Caribbean," Horwath Tourism Hotel and Leisure, September 2019. <https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2019/09/MR_Caribbean.pdf>, accessed on 11/30/2022.

30 "The Barbados Annual Stay-Over Report," Barbados Ministry of Tourism, BTMI, Barbados Statistical Service and Caribbean Tourism Organization, May 2017.

Exhibit 7

Visitors' expenditures (2018)

Total Visitor Expenditures by Country of Residence (2018)

	Length of Stay	Daily Visitor Expenditures (Weighted Average, US$)	Total Expenditures (US$ millions)	Total Expenditures (%)
USA	7.4	188	285	25%
Canada	10.7	154	142	13%
UK	10.8	214	511	46%
Europe	9.4	158	57	5%
Caribbean	6.6	148	101	9%
Other	7.6	136	26	2%
Total	9.0	183	1,122	100%

Average Daily Expenditures by Type of Accommodation (in Percentage, 2018)

	All-Inclusive	Other Hotel	Guest House	Relative/ Friend	Apartment	Villa	Condo	Other	Total
Accommodation	52%	56%	45%	9%	48%	47%	51%	42%	51%
F&B	33%	26%	24%	36%	24%	25%	24%	24%	28%
Transportation	4%	6%	11%	14%	9%	8%	10%	12%	6%
Entertainment/ Recreation	2%	3%	5%	9%	6%	6%	5%	6%	4%
Souvenirs	2%	2%	4%	6%	2%	2%	2%	4%	2%
Shopping	2%	2%	4%	11%	4%	4%	2%	3%	3%
Other	5%	6%	7%	14%	8%	8%	5%	10%	7%
Total in US$	320	278	145	75	158	171	173	128	183

Source: 2018 Stayover Expenditures, by BTMI Research Department

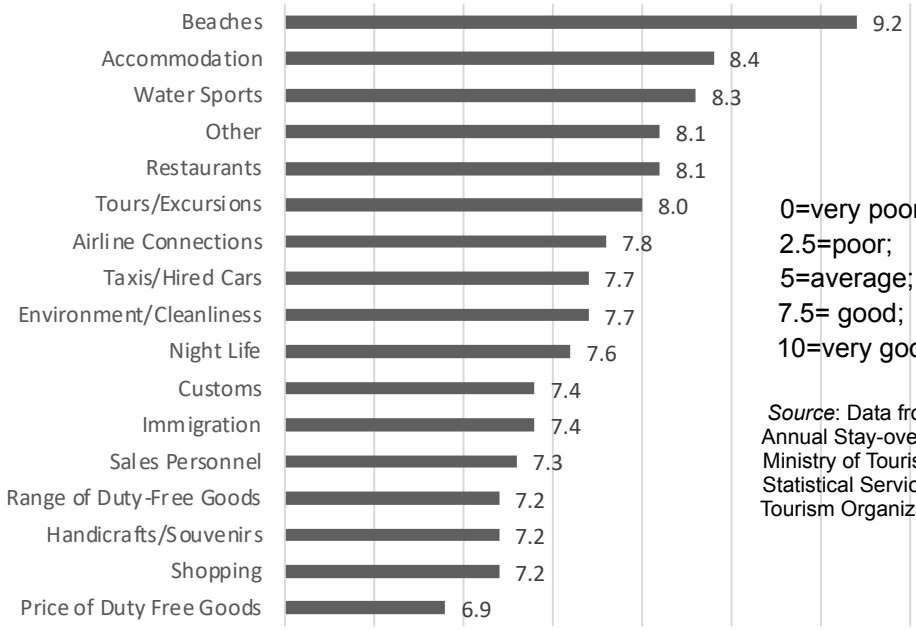
Canadians (13%) **(Exhibit 7)**. On average, visitors spent an estimated $183 per day on the island: 51 percent for accommodations, 28 percent for food and beverages, and 21 percent for transportation, entertainment, shopping and other categories.

Beaches were the highest rated product component on the island **(Exhibit 8)**. In 2017, 96 percent of visitors thought they were excellent (74%) or good (22%). Accommodations (89%), water sports (86%), restaurants (85%), tours and excursions (84%), taxis and hired cars and airline connections (81% each) were all rated excellent or good by significant proportions of visitors. The lowest ratings were given to local handicrafts and souvenirs, shopping, sales personnel and customs and immigration. In 2022, the top 15 most highly rated "things to do" in Barbados according to TripAdvisor were the beaches, the gardens, the distilleries and the caverns and caves **(Exhibit 9)**. The next most popular and best rated categories were historic sites and nature and wildlife sites. Overall, in the TripAdvisor Best of the Best award category,[31] Barbados had one restaurant (the Champers), one hotel (the Sandpiper), one beach (Carlisle Beach), two gardens (Hunte's garden and Andromeda Botanic Gardens), and one adventure experience (eBike Island Adventures: Rural Tracks & Trails).

[31] The Travelers' Choice Best of the Best was TripAdvisor's highest honor. The award identified and ranked the very best hotels, destinations, attractions, restaurants, etc., in specific categories and geographic areas, as rated and reviewed by travelers.

Exhibit 8

Ratings of product components in 2017



Source: Data from "The Barbados Annual Stay-over Report," Barbados Ministry of Tourism, BTMI, Barbados Statistical Service and Caribbean Tourism Organization, May 2017

Exhibit 9

Trip Advisor travelers' top-15 best rated attractions in Barbados in 2022

Rank	Category	Place	Number of Reviews	Ratings (0-5)	Awards
1	***Gardens***	Hunte's Garden	4,663	5.0	TCBB*
2	***Beaches***	Carlisle Bay	2,665	4.5	TCBB*
3	***Distilleries***	Mount Gay Visitor Center	2,066	4.5	-
4	***Caverns & Caves***	Eco-Adventure Park at Harrison's Cave	3,973	4.5	TC*
5	***Distilleries***	St. Nicholas Abbey	2,521	4.5	TC*
6	***Beaches***	Bathsheba Beach	1,391	4.5	TC*
7	***Distilleries***	Foursquare Rum Distillery	311	4.5	TC*
8	***Beach&Pool Clubs***	The Boatyard	1,534	4.5	-
9	***Caverns & Caves***	Animal Flower Cave	1,527	4.5	TC*
10	***Beaches***	Dover Beach	1,683	4.5	TC*
11	***Flea&Street Market***	Oistins Friday Night Fish Fry	3,343	4.0	-
12	***Beaches***	Miami Beach Barbados	639	4.5	-
13	***Historic Sites/ Gardens***	Andromeda Botanic Gardens	702	4.5	TCBB*
14	***Beaches***	Rockley Beach	695	4.5	-
15	***Gardens***	Welchman Hall Gully	533	4.5	TC*

Branding Barbados

Sun Sea Sand. Beginning in the 1960s, travel agencies and tour operators promoted winter vacation in Barbados as an exotic destination with fine beaches, a warm climate, natural beauty and friendly local people. Brochures using this so-called 3S model (sun, sea, sand) portrayed the country as a paradise with colorful photos of pristine coral reefs, exotic fruit stands, beautiful locals, perfect golf greens, bright blue sky, turquoise water, and couples walking on the beach in the sunset. In the 2000s, however, the 3S marketing model began to show its limits, as market conditions were changing. In the Caribbean, the 3S model had become a commodity, with many other neighboring islands offering a similar product at a lower price. Moreover, the model was steeply seasonal. Visitors coming for the beaches did not come in the summer to early fall period, causing a loss of tourism earnings during this time of the year. Finally, with the internet and mobile technology, travelers were increasingly taking ownership of their travels, demanding unique experiences that a commoditized 3S model could not satisfy. From 2006 to 2014, Barbados tourism experienced irregular growth and hit a low point in 2013, when the number of arrivals and the tourism receipts plummeted **(Exhibit 4)**.

Diversification

Beginning in 2015, the newly created BTMI set about to diversify its source markets (focusing on the U.S.) and its marketing strategy (by promoting experiences in adventure, culture, wellness, wildlife and eco-tourism). In the U.S. market, the BTMI relied on unique selling propositions that amplified connections between Barbados and its source markets. "We changed the narrative, so it wasn't just about sun, sand and sea, but rather Barbados, the home of polo. It's about Barbados, the only country that George Washington visited outside of the U.S. It's about having one of the oldest Jewish synagogues in the Western Hemisphere," explained U.S. Director of BTMI Petra Roach in 2018.[32] For example, the BTMI worked closely with the mayor's office in Charleston, South Carolina—the first governor of the Carolinas was a Barbadian, as were the six subsequent to him—and Mount Vernon, George Washington's ancestral home in Virginia, to coordinate events celebrating this common history. Barbados also promoted the island's strong equestrian tradition, and its culinary and rum culture, at the yearly Greenwich Polo Event in Connecticut. Additionally, through a collaboration with the Brooklyn Nets basketball team, the BTMI hosted an annual Barbados night in New York, where game attendees were exposed to the island's culture, music and cuisine.

The BTMI narrowed its target market to affluent guests who were interested in a boutique destination and for whom price was not the main factor in selecting a destination. "We don't want to be everything to everyone, so we have been bold and brave and not shy about saying that we are not mass tourism […], we are courting a well-heeled traveler seeking an authentic all-encompassing experience. The Barbadian people are our greatest asset and are the reason that repeat visitors say they come time and time again," commented Roach.[33] From a marketing perspective, the BTMI focused most of its efforts on online campaigns, "where results were more immediately visible," Roach explained.[34]

Beyond marketing initiatives, increased airlift capacity and new gateways, new hotel developments and advanced travel agent partnerships contributed to the island's success. Barbados's growth strategy focused heavily on the diversification of its source markets, including increasing the amount of airlift into the island and establishing new U.S. gateways (i.e., Atlanta, Boston, Charlotte, Fort Lauderdale, Miami, Newark and New York), as well as Bogota, Colombia. During the 2016–2018 period, over 43 hotels, many of them luxury properties, were renovated, redeveloped or upgraded, adding new wellness, culinary and cultural experiences and butler services.[35] In 2017, Sandals added a second resort on the island and one year later Nikki Beach Barbados, a luxury lifestyle and hospitality brand, opened a new resort.[36]

Strengthening travel agent relationships was another BTMI priority. To expand the hotel product offering, the BTMI used a combination of push and pull strategies by incentivizing travel agencies with financial rewards and pulling in customers

[32] Pike, Joe (2018). "Petra Roach Tells Us How Barbados Set a Tourism Record in 2017," March 8, 2018. <https://www.travelagentcentral.com/people/petra-roach> accessed on 12/06/2022.

[33] *Ibid.*

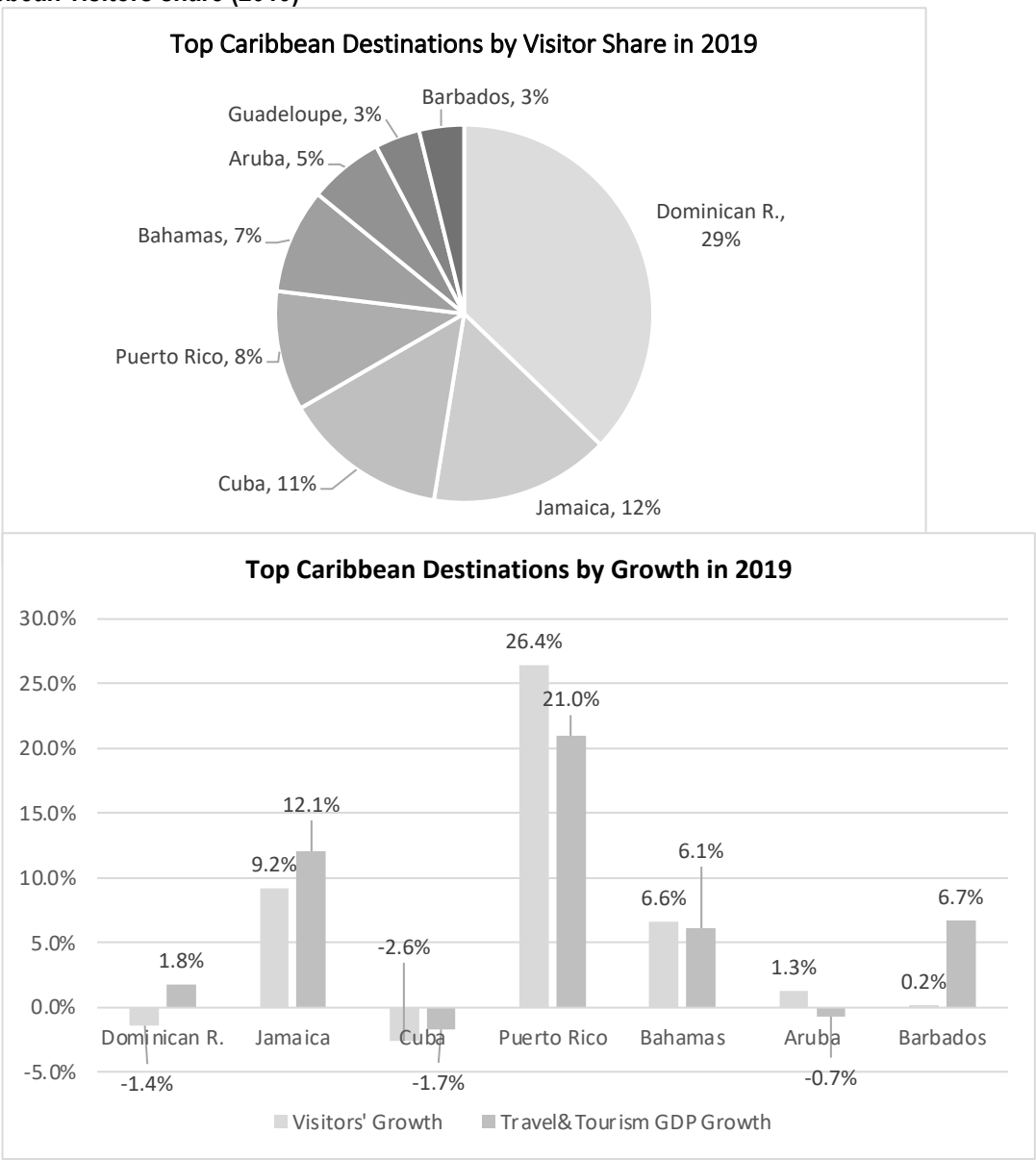
[34] Major, Brian (2018). "One-on-One with Petra Roach of Barbados Tourism," Agent of Home, May 27 2018. <https://www.travelpulse.com/articles/destinations/one-on-one-with-petra-roach-of-barbados-tourism-2.html >, accessed on 12/07/2022.

[35] Pike, *op.cit.*

[36] Nikki Beach Worldwide,was a luxury lifestyle and hospitality brand owned by American entrepreneur Jack Penrod with 11 beach clubs, 5 hotels and resorts, and fashion boutiques.

EXHIBIT 10

Top Caribbean visitors share (2019)



Source: Data from World Travel & Tourism Council and ForwardKeys. Rokou, Tatiana (2020). "Tourism to the Caribbean grew 4.4% in 2019," January 24, 2020. <https://www.traveldailynews.com/post/tourism-to-the-caribbean-grew-44-in-2019> accessed on 12/07/2022

with compelling offers from hotel partners.[37] It also worked with travel agents to offer immersive and transformative experiences for visitors around events on the island such as joining the Crop Over bands or participating in "IntimacyMoons" vacations designed for couples to re-engage with each other. In addition to yearly road shows in source markets to promote the Barbados destination, BTMI lent support to the travel agent community through webinars and familiarization trips. Travel agents from across source markets were invited to join local tourism officials to visit Barbados and get to know about the marketing focus of the island along with an update on its product. Barbados also launched a training program, the Barbados Elite Club, for Virtuoso (a luxury travel agent consor-

[37] Major, Brian (2018). "One-on-One with Petra Roach of Barbados Tourism," Agent of Home, May 27 2018. < https://www.travelpulse.com/articles/destinations/one-on-one-with-petra-roach-of-barbados-tourism-2.html >, accessed on 12/07/2022.

Exhibit 11

Travel & Tourism percentage share of GDP

Country/Economy Rank	T&T GDP (in US$ Billions, 2019)	T&T as share of Country's GDP (2019)	T&T GDP Growth (2019)	T&T GDP Growth (2021)
Dominican Republic	14.39	15.9%	1.8%	72.4%
Cuba	12.6	9.9%	-1.7%	19.6%
Puerto Rico	5.99	5.6%	21.0%	9.1%
Bahamas	5.82	42.5%	6.1%	88.9%
Jamaica	4.59	29.0%	12.1%	36.2%
Aruba	2.29	67.9%	-0.7%	53.9%
Trinidad&Tobago	1.99	7.9%	-2.2%	18.3%
Barbados	1.63	29.5%	6.7%	-10.7%

Source: World Travel & Tourism Council

tium) and partnered with online travel agents such as Expedia and Booking.com to implement aggressive online marketing campaigns.

Success

Barbados's marketing efforts were paying off. The number of stayover and cruise visitors and tourism receipts increased dramatically from 2016 to 2019 **(Exhibit 4)**. The overall number of arrivals grew 13 percent from 2016 to 2019, with a 16-percent increase in cruise visitors and a 10-percent increase of stayover guests. During that time, the number of stayover tourists from the U.S. increased by 30 percent, compared with modest growth (between 3% and 5%) for visitors coming from other regions. As a result, the overall share of stayover visitors from the U.S. increased from 27 percent in 2016 to 32 percent in 2019, while the share of U.K. visitors decreased from 35 percent to 33 percent. The proportion of visitors from other nations remained the same.

Barbados received many industry accolades. The island won the number-one spot on the 2017 Destination Satisfaction Index (DSI) for visitor satisfaction and topped the accommodation category ahead of Bermuda (which placed second) and the Maldives (which placed third).[38] That same year, Barbados's accommodation sector captured 13 awards in the Top Hotels Overall, Luxury, All-Inclusive, Small, Best Service, Bargain and Romance categories of the TripAdvisor Traveler's Best of the Best Awards.

In 2019, the BTMI team based in the U.S. received the highest honor as Best Tourism Board Overall at the Travvy Awards.[39] Barbados also took home two Silver Awards, including Silver in Best Destination Overall as well as Best Honeymoon Destination in the Caribbean. In July 2019, for the third consecutive year, Barbados ranked in the top-five spot for "Best Cruise Destination in the Southern Caribbean," based on consumer ratings submitted with reviews on Cruise Critic, a cruise reviews site.[40] In 2021, Barbados won six bronze Travvy Awards, for Best Destination, Best Tourism Board, Best Culinary Destination, Best Luxury Destination, Best Honeymoon, Destination and Best Wedding Destination in the Caribbean (and a silver award for best overall wedding destination).

Caribbean Competitive Landscape

In 2019, the most visited Caribbean destination was, by far, the Dominican Republic, with a 29-percent share of visitors, followed by Jamaica with 12 percent, Cuba with 11 percent, and the Bahamas with 7 percent **(Exhibit 10)**. With only 3 percent of visitors, Barbados was a small player in the Caribbean re-

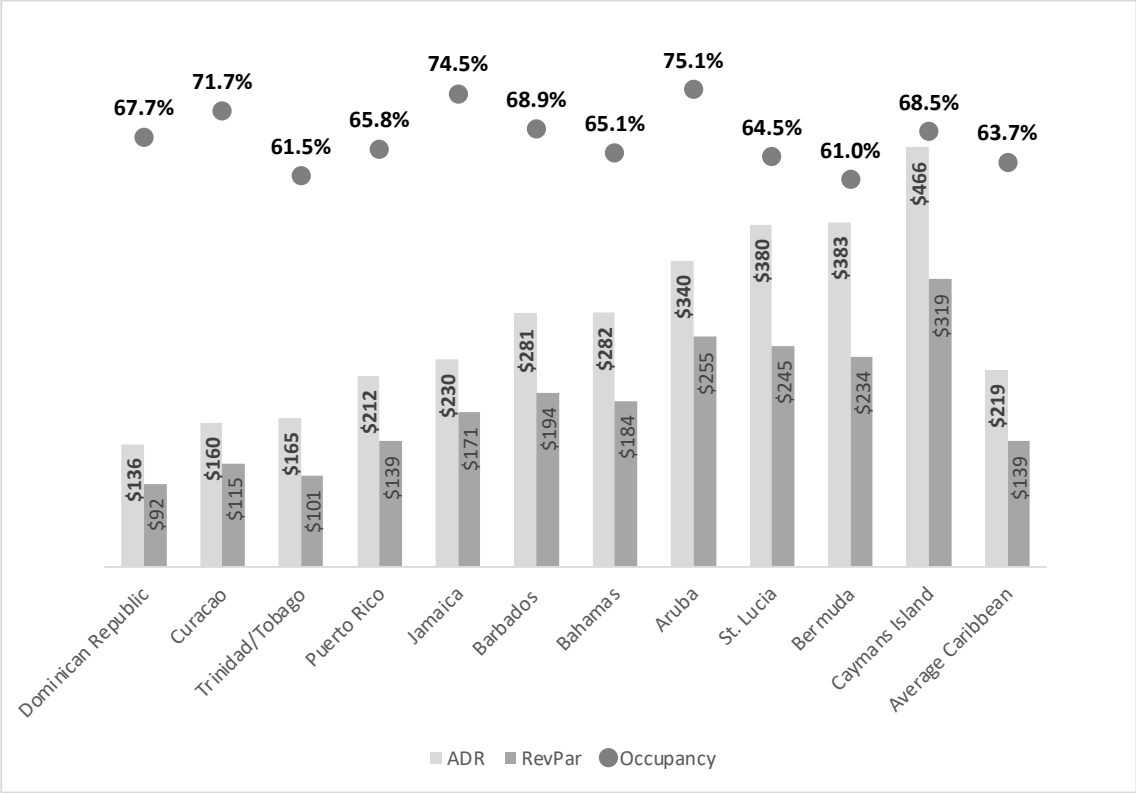
[38] The online survey was administered by two European research companies—Norstat and dp2research—to more than 70,000 travelers in 24 source markets and 144 countries who gave their feedback on 20 categories, including beaches, accommodation, cuisine, and shopping.

[39] The Travvy Awards honored destinations, hotels, cruise lines and airlines, among other industry actors. In 2021, 100,000 votes were cast by the travel professionals to determine the Travvy Awards winners.

[40] Cruise Critic, launched in 1995 by The Independent Traveler, Inc., a subsidiary of TripAdvisor, Inc, was an online cruise guide for travelers, featuring over 350,000 cruise reviews and hosting the world's largest online cruise community. Every year, Cruise Critic awarded the highest-rated cruise destination in 18 cruise regions across the world.

EXHIBIT 12

Caribbean hotel performance (2019)



Source: White, Amanda (2020). "Caribbean Travel Mart," STR presentation on January 2020. <https://str.com/press-release/str-caribbean-2019-hotel-performance and https://caribbeanhotelandtourism.com/wp-content/uploads/2020/02/STR-Amanda-Hite-Presentation-Hotel-Performance-and-Outlook-Headwinds-or-Tailwinds.pdf> accessed on 12/07/2022

gion. Its travel and tourism GDP (US$1.63 billion) was 3.6 times smaller than that of the Bahamas and 2.8 times smaller than that of Jamaica **(Exhibit 11)**.

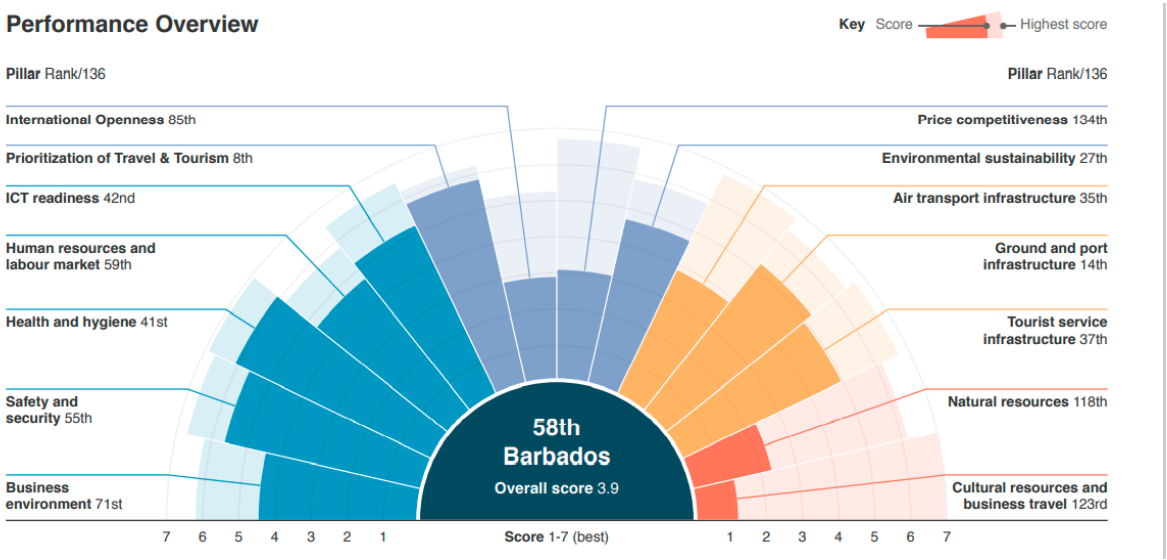
According to ForwardKeys, a travel data analytics provider, tourism to the Caribbean grew by 4.4 percent in 2019, which was in step with tourism growth worldwide.[41] That year, Barbados recorded a modest year-over-year growth of 0.2 percent in number of visitor arrivals, which was far behind the growth of Puerto Rico (+26.4%), the Bahamas (+6.6%) or Jamaica (+9.2%) **(Exhibit 10)**. Yet, Barbados's tourism revenues increased by 6.7 percent, which, when compared to the growth recorded in the three other destinations, suggested that it achieved a higher level of spending per visitor.

The year 2019 was also a record year for the Caribbean hotel industry's performance. Despite average hotel occupancy falling to 63.7 percent (a drop

[41] Rokou, Tatiana (2020). "Tourism to the Caribbean grew 4.4% in 2019," January 24, 2020. <https://www.traveldailynews.com/post/tourism-to-the-caribbean-grew-44-in-2019> accessed on 12/07/2022.

EXHIBIT 13

Performance of Barbados in the 2017 Travel & Tourism (T&T) Competitive Index



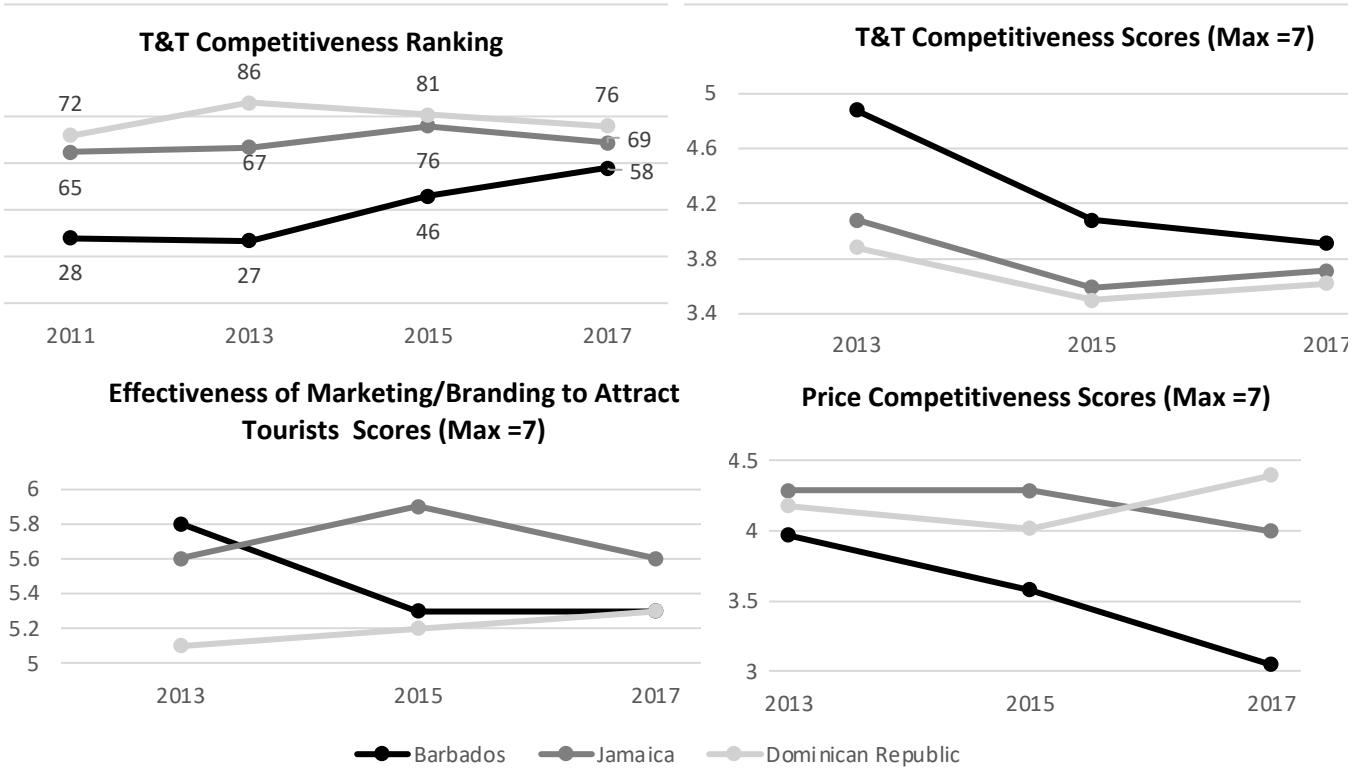
Source: WEF T&T competitiveness index on the WEF Executive Opinion Survey

of 2.7% from 2018), average daily hotel room rate (ADR) topped $219 (+6.9% from 2018) and revenue per available room (RevPAR) reached $139 (+3%) **(Exhibit 12)**. With an ADR of $281, Barbados placed in the high-end tourist "aspirational" destination category, neck and neck with the Bahamas, but below small luxury islands like St. Lucia, Bermuda, Aruba or the Caymans Islands **(Exhibit 12)**. With a RevPAR of $194, the island exceeded the Bahamas ($184), the Dominican Republic ($92), Puerto Rico ($139) and Jamaica ($171) **(Exhibit 12)**.

In 2017, Barbados ranked 58th out of 136 countries on the global Travel & Tourism (T&T) Competitiveness Index (the Index) issued by the World Economic Forum (WEF) **(Exhibit 13)**, dropping 31 places since 2013, when it was ranked 27th in the

EXHIBIT 14

Evolution of selected rankings and scores in the Travel & Tourism (T&T) Competitive Index (2011–2017)



Source: "The Travel & Tourism Competitiveness Report" 2011, 2013, 2015 and 2017 by the World Economic Forum. Note: T&T Competitiveness based on all 14 "pillars" of the WEF T&T Travel & Tourism Competitiveness Index Effectiveness of marketing and branding to attract tourists based on the World Economic Forum, Executive Opinion Survey. Price competitiveness based on ticket taxes and airport charges, hotel price index, purchasing power parity and fuel price levels.

world **(Exhibit 14)**. The Index analyzed economies on a total of 14 different "pillars" organized into four sub-indexes: namely, Enabling Environment, Travel and Tourism Policy and Enabling Conditions, Infrastructure, and Natural and Cultural Resources. The pillars were then calculated based on data from the WEF's Executive Opinion Survey and other quantitative data. The Index excluded many of the high-end Caribbean's smaller-population countries (e.g., Aruba, St. Lucia), but still constituted a valuable benchmark for identifying the strengths and weaknesses of a country's tourism sector and how they evolved. (Barbados was not included in the Index after the year 2017 because of insufficient data.)

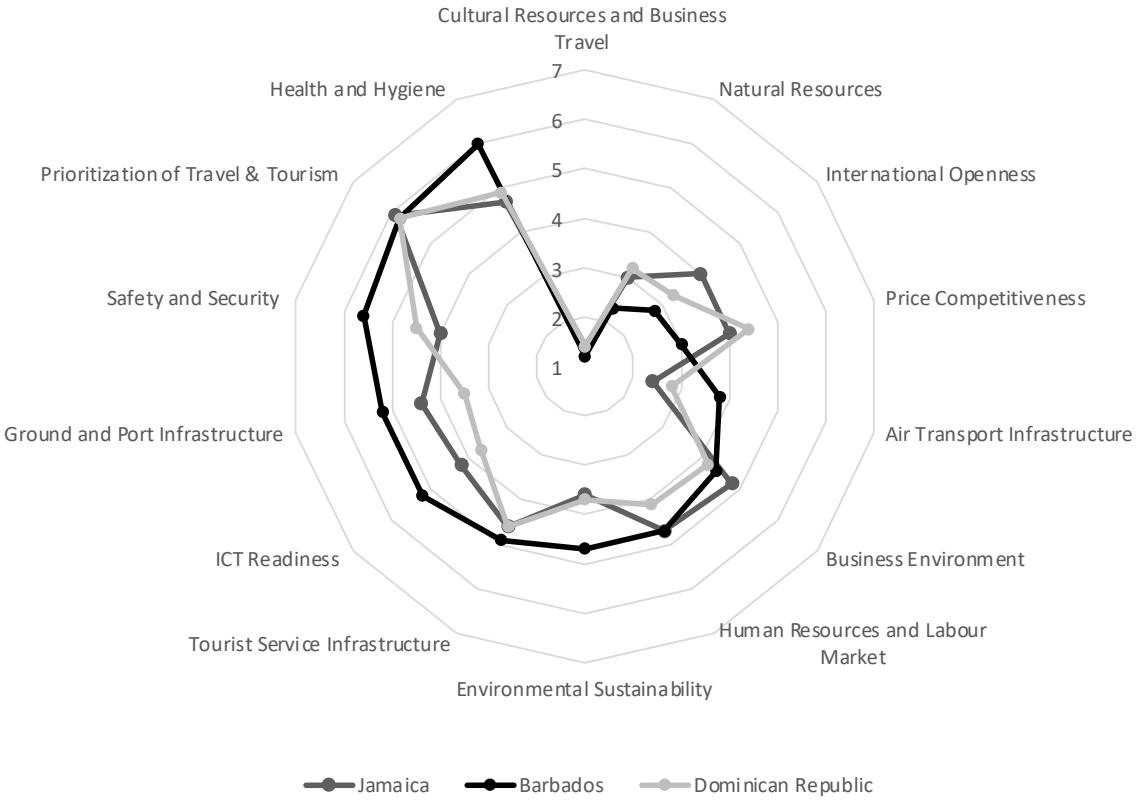
The Index showed that in 2017 Barbados ranked highest in the Caribbean, ahead of Jamaica (69th in the world) and the Dominican Republic (76th in the world) **(Exhibit 14)**. Barbados earned strong global rankings in prioritization of travel and tourism (8th in the world).[42] The island was famous for the friendliness and hospitality of its population, with a positive attitude toward tourists and toward the value of tourism in the country. The country also earned high scores for environmental sustainability (27th in the world),[43] health and hygiene, tourist infrastructure, and safety and security **(Exhibit 13)**. But it performed poorly in

[42] Prioritization of travel and tourism rankings were based on government prioritization of travel and tourism industry, T&T government expenditure, effectiveness of marketing and branding to attract tourists, comprehensiveness of annual T&T data, timeliness of providing monthly/quarterly T&T data, and country brand strategy rating.

[43] Environmental sustainability rankings were based on stringency and enforcement of environmental regulations, sustainability of travel and tourism industry development, particulate matter (2.5) concentration, environmental treaty ratifications, baseline water stress, threatened species, forest cover change and wastewater treatment.

EXHIBIT 15

Barbados versus other Caribbean destinations on the Travel & Tourism (T&T) Competitive Index in 2017



price competitiveness (134th in the world),[44] cultural resources and business travel (123rd in the world),[45] and natural resources (118th in the world).[46] In the Caribbean, the country outperformed Jamaica and the Dominican Republic in all pillars except price competitiveness,[47] business environment, international openness[48] and natural resources **(Exhibit 15)**. Barbados's low price competitiveness had worsened since 2013 **(Exhibit 14)**, and the country remained an expensive destination compared to its largest neighbors.

Among the metrics used by the Index in its prioritization of the T&T pillar, two of them measured the effectiveness and accuracy of the marketing and branding strategies used by tourism authorities in countries under study. In both metrics, Barbados fared well, but Caribbean competitors were not far behind. In the 2017 WEF Executive Opinion Survey on "the effectiveness of marketing and branding to attract tourists," Barbados earned a high score but was ranked below Jamaica, and had lost ground since 2013 **(Exhibit 14)**. The T&T Competitive Index also used a "country brand strategy rating,"

[44] The "effectiveness of marketing and branding to attract tourists" was based on the World Economic Forum, Executive Opinion Survey.

[45] Cultural resources and business travel rankings were based on the number of world heritage cultural sites, oral and intangible cultural heritage expressions, number of large sports stadiums, number of international association meetings and cultural and entertainment tourism digital demand.

[46] Natural resources rankings were based on the number of world heritage natural sites, total known species, total protected areas, natural tourism digital demand, and the attractiveness of natural assets.

[47] Price competitiveness ratings were based on ticket taxes and airport charges, hotel price index, purchasing power parity and Fuel price levels.

[48] International openness rankings were based on visa requirements, openness of bilateral air service agreements and number of regional trade agreements in force.

derived from Bloom Consulting's annual Country Brand Ranking (CBS), which measured the accuracy of branding strategy. The CBS analyzed total online search volume for tourism-related attractions in 193 countries.[49] A high CBS rating meant that the country focused its strategic and promotional positioning on the keywords with the highest demand, as measured by online search volume by travelers. A poor rating suggested either an inappropriate promotion of the least popular keywords or a lack of focus on the highest ones in demand. According to Bloom Consultants, 73 percent of online tourism searches for Barbados in 2017 concerned "general information." Other searched categories were leisure and entertainment (11%), niche markets (8%), outdoor and nature (7%) and cultural assets (1%).[50] Barbados, together with Guadeloupe, earned an A ("slightly strong") on the CBS scale ranging from AAA to D. This score was below the AAA ("very strong") rating of Puerto Rico and the Bahamas and the AA ("strong") rating of Aruba, Martinique, and Anguilla, but above the B and below ratings recorded by the other islands, such as Bermuda, Jamaica, and the Dominican Republic.

Barbados's Tourism Threats

Despite its success as a destination and the economic benefits that it derived from tourism, Barbados's tourism sector faced many challenges. The island's sky-high debt resulted in unpopular fiscal policies and contributed to the island's low price competitiveness in the region. The revenues from tourism were not equally shared, with too small a proportion of tourism revenue trickling down to the local economy and a large proportion leaving the country. Furthermore, revenues from tourism did not grow as fast as visitor arrivals, resulting in lower yield from visitors. As experienced during the 2008 financial crisis and Covid-19 pandemic, Barbados was highly dependent on just a few source markets. Finally, from an environmental perspective, the all-time high increase in visitor numbers was stressing the country's natural resources.

High Debt

To fund the building of hotels, restaurants, roads and other infrastructure projects, such as Port of Bridgetown and the international airport, Barbados incurred massive public debt from foreign governments and international financial institutions, such as the International Monetary Fund (IMF). From the 1980s to the 2020s, Barbados defaulted on and restructured its IMF debt three times. In 2022, Barbados's public debt was estimated to be US$13.5 billion, representing 130 percent of gross domestic product (GDP) and the third-highest debt per capita in the world.[51] The country's dependence on loans from the IMF and foreign banks meant that its government had to spend more than half of its GDP each year to repay the debt and abide by unpopular structural adjustment programs to meet mandated targets.[52] In 2018, the government introduced a series of tourist taxes—new fees ranging from $2.50 to $10 per room-night depending on accommodation class; an airline travel and tourism development fee of $70 per traveler, and increase in value added tax (VAT) in the tourism sector from 7.5 percent to 15 percent in 2020—to help tackle its crippling debt.[53] Barbadians, who had to support the tax burden for repaying the debt, were wondering why profits from tourism were not enough to pay for the costs of building and maintaining tourism infrastructure.

Drained Foreign-exchange Earnings

A large part of Barbados's gross foreign exchange earnings from tourism did not stay on the island. This leakage had two main sources: repatriation of profits and imports. In Barbados, a sizable portion of tourism revenues (for example, from hotels, restaurants, airlines, cruises and tour companies) were

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[49] The CBS compared the most popular keywords for a specific country (for example beaches, adventure, water sports, historical sites, local people, local traditions…) to the brand tags or topics most heavily promoted by that country's tourism authority. In "Country Brand Ranking Tourism," Bloom Consulting 2017-2018. <https://www.bloom-consulting.com/pdf/rankings/Bloom_Consulting_Country_Brand_Ranking_Tourism.pdf> accessed on 12/11/2022.

[50] "The Digital Country Index '17". <https://www.digitalcountryindex.com/Barbados-reputation> accessed on 12/11/2022.

[51] Gibbons, Wade (2022). "Barbados' debt trap is real, says Wood," Barbados Today, June 30, 2022. <https://barbadostoday.bb/2022/06/30/barbados-debt-trap-is-real-says-wood/> accessed on 12/01/2022.

[52] For example, the IMF-supported 2018 Barbados Economic Recovery and Transformation (BERT) plan, which aimed at decreasing the debt-to-GDP ratio, strengthening the balance of payments, and stimulating growth, resulted in the layoff of over 1,500 employees from state-owned enterprises and from central government.

[53] Morris, Hugh (2018). "Barbados to Introduce Trio of Tourist Taxes to Help Tackle Crippling Debt," Travel Agent Central, June 29, 2018.<https://www.travelagentcentral.com/destinations/barbados-to-introduce-trio-tourist-taxes-to-help-tackle-crippling-debt> accessed 12/05/2022.

generated by businesses managed or controlled by foreign corporations, which repatriated their profits. Such leakage was amplified by all-inclusive holiday packages promoted by tour operators to boost mass tourism.[54] As noted earlier, travelers staying at all-inclusive resorts spent little at local businesses. Another source of leakage originated from the fact that many of the goods and services that travelers expected—such as European or North American food, furnishings and equipment—could not be produced locally and had to be imported. The leakage phenomenon was in no way unique to Barbados. It was estimated that 80 cents of every dollar spent in the Caribbean did not remain in the region.[55] Tax breaks given to foreign investors contributed to further leakage and resulted in tensions with local businesses. Local hoteliers frequently denounced the unfair competition from large foreign investors who were given the generous tax incentives[56]—such as the ones bestowed to the Jamaican-owned company Sandals Resort International in 2013.[57]

Lack of Inclusivity

As shown earlier in **Exhibit 4**, largely due to a successful marketing strategy, Barbados welcomed a record 1.38 million visitors in 2019, but the spending level that year (US$1.25 billion) was barely over the level recorded in 2008 (US$1.20 billion), when only 1.16 million tourists visited the island. Therefore, the average spending per visitor was actually lower in 2019 than it was in 2008. Some industry experts warned that this model of increasing mass tourism and "short-term gains for long-term pain" was unsustainable because it failed to provide meaningful positive impacts for the residents, the local communities, and the environment.[58] "Right now there are a lot of people who feel marginalized, who feel that there is not a fair and equitable distribution of tourism revenue […] there are pockets of real upheaval and acidity in this country that we need to deal with," warned Dr. Kerry Hall, the former CEO of the Barbados Tourism Product Authority.[59]

Vulnerability to Source Markets' Turmoil

Like all international tourist destinations, tourist arrivals in Barbados were highly dependent on the global economy, political stability and events at home. But being a small island state made it especially vulnerable to external shocks, particularly those affecting its main tourism source markets, namely, Canada, the United Kingdom and the United States. The effects of the terrorist attacks on the U.S. World Trade Center in 2001 and the global recession of 2008, for example, reminded Barbadians how much their tourism-based economy depended on the ability of Europeans and Americans to afford a Caribbean holiday. The post 2008 global recession period brought low or no growth to Barbados. From 2008 to 2018, the annual average GDP growth rate was 0.1 percent.[60]

Not surprisingly, Barbados's tourism was hit hard by the Covid-19 pandemic. The number of visitors fell by 68 percent in 2020, tourism receipts dropped by 54 percent, and the country's real GDP declined by 14 percent in 2020 **(Exhibit 3)**. In July 2020, in an effort to attract tourism, Barbados made the headlines by introducing the "12 Month Barbados Welcome Stamp." This was the first digital nomad visa offering qualified individuals and families the opportunity to live and work (remotely) in Barbados for up to 12 months.[61] As remote workers, Welcome Stamp holders were not subject to local income tax (to prevent double taxation), but were able to bring their family to Barbados and their children were entitled to education and schooling.

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54 All-inclusive packages bundled together airfare, accommodation, food and services, paid in one lump sum by travelers in their country of origin.

55 Kennedy, Rita (2018). "The Effects of Tourism in the Caribbean," USA Today Travel Tips, March 22, 2018. <https://traveltips.usatoday.com/effects-tourism-caribbean-63368.html.>, accesses on 11/13/2022.

56 A 25-year tax break including a waiver on all import duties, taxes, import and levies on capital goods such as building materials, as well as food, alcohol and beverages…the importation of motor vehicles and personal and household effects for senior hotel staff and non-Barbadian workers.

57 "Barbados Government to Investigate Sandals Resorts 'Exceedingly Egregious' Concessions," Tourism Analytics, April 20, 2019 <https://tourismanalytics.com/news-articles/barbados-government-to-investigate-sandals-resorts-exceedingly-egregious-concessions>, accessed on 11/10/2022.

58 Madden, Marlon (2021). "Experts, mogul trade contrasting views of tourism's future," Barbados Today, November 20, 2021. <https://barbadostoday.bb/2021/11/20/experts-mogul-trade-contrasting-views-of-tourisms-future/> accessed on 12/11/2022.

59 *Ibid*.

60 Eric; Drakes, Crystal; Canales, Nella (2020) : "A climate economy policy model for Barbados, Economies," https://doi.org/10.3390/economies8010016

61 Hoeller, Sophie-Claire (2020). "Barbados is officially letting people move there to work remotely for a year," Insider on July 23, 2020, <https://www.insider.com/work-remote-live-caribbean-barbados-new-visa-2020-7> accessed on 12/11/2022.

This allowed people to enjoy living in Barbados, while enabling them to financially contribute to society and support the country's economic recovery. The program was so successful that it was renewed in July 2021.

Although recovery was initially expected in 2021, the economy only grew 0.7 percent that year. Unlike its Caribbean neighbors, tourism in Barbados failed to rebound. In 2021, the island's travel and tourism revenue fell by 10.7 percent, while all the other Caribbean destinations enjoyed strong growth (+89% for the Bahamas, +72% for the Dominican Republic, and +54% for Aruba) (**Exhibit 11)**.

Environmental Degradation

Like all the islands of the Caribbean, Barbados was susceptible to environmental pressures exacerbated by climate change. Given the island's dependence on tourism for economic activity, the impacts of climate change had direct implications for the sector and the country's entire economy. While historically the island had essentially been spared from severe hurricanes, their increased frequency and strength threatened the island. Two storms—Hurricanes Irma and Maria—narrowly missed Barbados in 2017. Droughts that menaced drinking-water supplies and agriculture were another major environmental issue for Barbados. As the most densely populated country in the Eastern Caribbean, Barbados was the 15th most water-scarce nation in the world, [62] with rising seawater seeping into its aquifers and rainfall predicted to drop by as much as 40 percent by the end of the century.[63] Finally, rising and warming seas were eroding shorelines, killing off reefs and fisheries, and threatening coastal tourism infrastructure.

While economically beneficial, tourism placed a great deal of stress on the natural resources on which it depended. Hotels, transportation, cruise boats, restaurants and tourism-related activities, such as diving classes, jet ski rides or golfing, were major contributors to carbon emissions, major users of water resources, and major producers of sewage and waste. Barbados was seeking to curb the environmental impact of tourism by making hotels greener and climate resilient, by integrating eco-tourism into its tourism product and by implementing policies to preserve offshore coral reefs from pollution, overfishing and coastal tourism development. In 2022, Barbados also emerged as an important voice in the global climate change debate. At the COP27 in Egypt in 2022, it was among the Caribbean nations which united to seek "loss and damage" compensation for the impact of climate change.[64] In October 2022, Barbados was among the first countries to receive climate funds from a new IMF resilience trust to replace Barbados's aging and leaking 100-year-old water infrastructure.[65]

The Road Ahead

Barbados's tourism began recovering at the beginning of 2022, but not to pre-pandemic levels. As of July 2022, total tourist arrivals were only 55 percent of those recorded in the same period of 2019, as key source markets relaxed Covid-19 containment measures, and hotel occupancy rates were around 70 percent, compared to above 80 percent prior to the pandemic, suggesting longer stays or a lower number of available beds.[66] Several factors contributed to the slow recovery of Barbadian tourism. Increased fuel prices made long-haul travel more costly for travelers to visit Barbados. High inflation and slow economic growth in source markets, particularly in the U.K. and the U.S., restricted the disposable income of potential travelers. Finally, in 2022 Barbados suffered from the all-time high value of the U.S. dollar,[67] to which the Barbadian dollar was pegged, making Barbados uncompetitive pricewise compared to other Caribbean destinations.

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62 Ewing-Chow, Daphne "In Search Of A Solution For Water Scarcity In The Caribbean," Forbes, February 12, 2019. <https://www.forbes.com/sites/daphneewingchow/2019/02/12/in-search-of-a-solution-for-water-scarcity-in-the-caribbean/?sh=78a935861511> accessed on 11/10/2022.

63 Lustgarten, A (2022). "Barbados Will Be Among the First to Receive Climate Money from New International Monetary Fund Resilience Trust," ProPublica, Oct. 5, 2022. <https://www.propublica.org/article/mia-mottley-barbados-imf-resilience-trust>, accessed on 11/10/2022.

64 "Caribbean Countries to Seek 'Loss And Damage' As Top Priority At COP27," Reuters News, October 6, 2022.

65 Lustgarten (2022), *op.cit*.

66 "Caribbean Economics Quarterly, July 2022," American Development Bank (IDB), Volume 11, issue 02. <https://publications.iadb.org/publications/english/document/Caribbean-Economics-Quarterly-Volume-11-Issue-2-Finance-for-Firms-Options-for-Improving-Access-and-Inclusion.pdf> accessed on 12/06/2022.

67 The BBD was pegged to the U.S. dollar at a rate of $2BBD to $1USD.

On December 17, 2022, the newspaper *Barbados Today* ran an editorial on the future of Barbados's tourism. In part, this editorial stated the following:[68]

Much is riding on the success of the island's winter tourist season which officially began yesterday and runs until mid-April. …

The pandemic wiped out many of the economic and social gains and traumatized many households not only through illness and death, but financial ruin. What the pandemic has taught us about the tourism sector is its undeniable interconnectedness with almost every other sector in the Barbados economy…

Essentially, if tourism fails, most else will follow. Admittedly, this is a most vulnerable position for a small island, open economy. …

There is truth in the need to diversify the Barbados economy; however, the pandemic has demonstrated that it is easier said than done. …

Replacing a billion-dollar industry in Barbados is a big ask. …

Barbados is one of the most tourism dependent nations in the region, and so, we desperately need positive results from the sector. …

The Caribbean Hotel and Tourism Association is also sounding a word of warning that we should be cognizant of the potential for some derailment of the current tourism trajectory. Apart from circumstances such as a possible recession in the United States and Europe, the headache of air connectivity and labour shortages in the sector due to the decision of many tourism workers not to return to the sector following the pandemic, are real challenges confronting the industry in Barbados and across the region.

The key question facing all the stakeholders involved in Barbados's Tourism industry was this: What needs to be done to ensure that the country and its tourism-dependent economy survives and thrives in the years ahead? ■

[68] https://barbadostoday.bb/2022/12/17/bteditorial-tourism-remains-key-to-economy/

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An award-winning author, Professor Dev wrote Hospitality Branding (Cornell University Press), as well as over one hundred articles in leading academic and practitioner journals, including the Journal of Marketing, the Journal of Marketing Research, and Harvard Business Review. He has coauthored multiple case studies for Harvard Business School, and in 2019 received the overall winner award for best case study from the Case Centre at the Cranfield School of Management (UK). The American Marketing Association recognized Professor Dev and his coauthors as finalists for the Best Service Research Paper of the Year Award for their article "Return on Service Amenities" (Journal of Marketing Research, 2017).

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