

THE BUSINESS OF TOURISM



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Courtesy Costa Rican-American
Chamber of Commerce*

International tourism is an impressive network of businesses in a booming global industry. According to the World Tourism Organization based in Madrid, Spain, “at the start of the new millennium, tourism is firmly established as the number one industry in many countries and the fastest growing economic sector in terms of foreign exchange earnings and job creation. International tourism is the world’s largest export earner and an important factor in the balance of payments of most nations.”

Both developed and developing countries have greatly benefited from international tourism, and Costa Rica is no exception.

Until the late 1980s, when the Costa Rica Tourism Board (ICT) started to implement a strategy for developing the tourism market, international tourist arrivals to Costa Rica were relatively flat. Since then, the tourist industry has developed rapidly, particularly over the last 14 years. In 1991 international arrivals passed the 500,000 mark; in 1993 tourism overtook bananas and coffee as the country’s number one foreign exchange earner; and since 1998, tourism has been vying with microprocessor manufacturing (INTEL) for the top spot. Costa Rica

broke the significant one million mark for international arrivals in 1999.

Eco-tourism, adventure tourism and more

Public and private sector leaders in the field of international tourism in Costa Rica have focused on ecological tourism and its more recent spin-off, adventure tourism. Eco-tourism is a niche market well suited for Costa Rica considering the lush flora and fauna and numerous national parks and wildlife reserves that cover 25% of the country’s land.

Attesting to the country’s leadership role in the field of eco-tourism, Costa Rica was the host country for the annual World Tourism Day organized by the “Ecotourism, the Key to Sustainable Development.” Costa Rica was appointed to the Committee of the Americas chair during the last General Assembly of the WTO in Beijing, China in October 2003. “This,” said Minister of Tourism Rodrigo Castro Fonseca, “is an acknowledgement made by the WTO of the leadership role our country has taken within the region, mainly in sustainability and responsible tourist development issues.”

The clever eco-tourism promotional campaign developed by the Costa Rican Tourist Board of “Costa Rica: No Artificial

Ingredients” has won awards and has been very successful in bringing international tourists to Costa Rica. However, after eight years running, some feel that it might be time to review and revise.

Due to the country’s natural resources, adventure tourism has been a fast growing niche, and includes such activities as bird-watching, canopy tours, sky walking and trekking, bungee jumping, white water rafting, sea kayaking, snorkeling and scuba diving, mountain climbing and biking, horseback riding, and cave and canyon exploration, among others.

Another branch of tourism that has quietly developed into a significant cluster of institutes, schools, and universities is educational tourism. Dozens of Spanish language schools offer traditional and non-traditional international students (the latter comprising adults and families) educational programs. Public and private universities provide study abroad programs for foreign university students. Educational institutions with international mission status (INCAE, Earth University, CATIE, United Nations University for Peace) offer university degree programs that attract primarily international students. The great advantage of developing the educational tourism category is that these students tend to stay in country for longer

periods of time than the average tourist. Programs may last for weeks, months, a semester, an academic year, two academic years, or more. Furthermore, these same students often take advantage of ecotourism and adventure tourism activities while in Costa Rica.

What's ahead

The impact of the 9/11 terrorist attacks on the United States was felt almost immediately in Costa Rica in terms of international tourist receipts, which decreased almost 11% from the year 2000 to 2001. The year 2003 saw an estimated recovery of +8% in international arrivals, although tourist income lagged slightly behind 2000 levels. U.S. citizens consistently account for around 50% of the country's international visitors.

The President of the Costa Rican National Chamber of Tourism, William Rodriguez, believes that 2004 will be an "excellent year" for tourism with "greater productivity and profitability." Furthermore, he projects that 2005 should prove to be an even better year than 2004 because over the next 18 months, the airlines are planning to offer 500,000 more airline seats with 65 more weekly flights for passengers destined to Costa Rica. Complementing the Central Valley Juan Santamaría International

Airport will be increased traffic by Delta, American, and Continental Airlines to the Daniel Oduber International Airport in the Pacific Province of Guanacaste. Government funding has been earmarked to modernize and improve the facility.

According to Mr. Rodriguez, ICT's goal to increase international tourism by 6% annually over the next 10 years is feasible. If achieved, Costa Rica would be hosting over 2 million tourists per year by the year 2012, which would be a real boon for the majority of tourist related businesses.

A trend that could negatively effect the tourist industry in Costa Rica is the cutting of the Costa Rica Tourist Board (ICT) budget for tourist promotion. In 2002 the budget was increased to \$12 million to counteract the impact of the attacks in the U.S.: then, because of fiscal restraints of the Costa Rican government, it was reduced to \$9.5 million in 2003, and further reduced to \$7 million in 2004. ICT seems to be counting more on the positive image Costa Rica has established internationally through word-of-mouth, travel reports and private sector promotion by airlines, cruise ships, tour operators, hotels and others. This may work, but a significant reduction of public sector funding for broad, image building promoting Costa Rica could backfire and

leave the country at a disadvantage with more aggressive promotions from other countries in the Caribbean and Latin America. International tourism, like most 21st century big businesses, is an extremely competitive activity that almost all countries want to capture, including communist lead Cuba.

The lodgings industry in Costa Rica is highly democratic in the sense that there are options from very reasonably priced camp grounds, youth hostels, and pensions to boutique and luxury hotels and everything in-between. Hotels from the one-star to the five-star variety are well represented. The most recent addition to the luxurious, up-scale five-star variety is the Four Seasons Resort on the Papagayo Peninsula, an ambitious tourism project expected to include world class polo facilities.

Having a wide variety of options is a safety net in hard times and allows budget-minded visitors, residents, and nationals to take advantage of tourist destinations, especially during the so-called "green" or rainy season (May-November) when occupancy rates tend to drop and off-season rates apply.

So, where're the problems?

Of course, nothing's perfect, and over the years tourists have complained individually and as a group in surveys about human security issues, including muggings, petty theft, some violent crime, and the safety of some adventure tourism activities. There are also environmental security issues, such as polluted city air, river water, and land litter. Poor, even dangerous roads with bad signage, difficulty of knowing where to go to get good information, lack of a lost-and-found department anywhere, and sexual exploitation of minors are some common criticisms of Costa Rica.

Confronting these problems, the government through ICT has taken initiatives to make the streets safer for everybody by increasing the number of police and security guards and printing a tourist brochure called "Let's Travel Safe." Some roads have been repaved and



signs placed, but much work still needs to be done. Costa Rica continues to be a somewhat difficult place to get around by rent-a-car and bus for the uninitiated first-time tourist, although taxis are easily available and inexpensive.

According to studies carried out by the School of Environmental Science of National University (UNA) the air quality in San Jose has significantly improved over the last seven years. Elimination of lead in gasoline and much more strict emission control programs were considered the leading factors.

The Juan Santamaría International Airport, once one of worst small airports in Latin America, is now one of the best. Taking part in a July 2003 survey by Insight-Airports Council of 23 airports around the world, the new main passenger terminal was recognized as the second best for its services and facilities in the influx class of up to 15 million annual passengers.

In a May 2003 meeting of the WTO in San José, Minister Castro strongly condemned the sexual exploitation of minors and said he would take further steps to prevent it in Costa Rica and the region. Furthermore, all companies involved in adventure tourism activities are now subject to the provisions of the Adventure Tourism Activity Operation Regulations as of October 2003.

Another interesting ICT initiative is the program of Certification for Sustainable Tourism. It seeks to categorize and certify each tourism company according to the degree to which its operations comply with a model of sustainability. Founder of the Costa Rican National Parks System, Alvaro Ugalde, has said that it “is an excellent tool to assist in the sustainable development of the country.” Also, the ICT’s Ecological Blue Flag Program, started seven years ago, awards beaches in Costa Rica that offer a high level of security and tourism services. In 2003 forty-five beaches received the award guaranteeing cleanliness and security for tourists.

Other Positive Developments

The web site IExplore, in conjunction with National Geographic, recommends Costa Rica as one of the ten best adventure tourism destinations in the world. Recommend magazine (U.S.) surveyed several thousand travel agencies on tourist destinations and placed Costa Rica as the number-one tourist destination in Latin America with a first place award in eco-tourism and adventure tourism. The U.S. magazine Modern Bride, in the seventh World Best Honeymoon Destinations 2003 opinion poll, chose Costa Rica as the “Best Adventure” honeymoon destination that year. Last June during the International Cities Festival in Grand Cayman, Costa Rica was chosen as the winner in the overall most entertaining

country class. Costa Rican Tourism Minister Rodrigo Castro noted that these kind of acknowledgements “go to show we have done a good job regarding the positioning of our country abroad.”

An idea to help make tourism sustainable over the long term for Costa Rica and Central America, first formally proposed in 1995 by Harvard professor and researcher Michael E. Porter, was to create a world-class tourism cluster in Central America to take advantage of “friendly people, breathtaking natural beauty, a fascinating cultural heritage, low prices and accessibility, especially for U.S. tourists.” This grand concept, which could be very good for Costa Rica as well as the entire region, is coming to fruition through the regional Taca Airline group. The “Taca Air Pass” allows for flexibility and multi-destinations within the region, making normally expensive one-way fares affordable by allowing visitors to load up their itineraries with different destinations. Under the slogan, “Central America: So Small...So Great,” the region’s countries recently launched a campaign in Europe to draw visitors to the area.

Confirming the oft-stated belief that Costa Ricans are friendly and helpful to foreigners is a six-year study of “simple acts of kindness” coordinated by Robert Levine, a professor of psychology at California State University in Fresno. The study was published in the American Scientist magazine and summarized in an article in the June 4, 2003 issue of The Christian Science Monitor. The research carried out in 23 cities on all five continents ranked citizens of San José, Costa Rica as the second most friendly, kind, and likely to come to the aid of a foreigner in need.

At the end of the day “people protect what they love,” says Jacques Cousteau, the famous oceanographer and conservationist. Do we love Costa Rica enough to protect it as we develop the tourism industry? It certainly is in the interest of society as well as the industry. And do we love people enough to welcome them and host a growing number of international tourists? If so, then eco-tourism mixed with education and flavored with adventure should be a tasty Tico recipe for success.

