

TOURISM DEVELOPMENT STRATEGY (T D S)

1.0 Background

1.1 A Tourism Strategy for 2008 – 12 was developed during 2008 and has been followed since that time. However the development of the Economic Development Strategy (EDS) led to some new thinking and the Tourism section of the EDS was not consistent with the existing strategy. As a result it was decided to reconsider both documents and develop a single Tourism strategy for the next few years which fitted both existing thinking and the new thinking of the EDS.

2.0 Tourism Strategy

Markets

2.1 As with any good business planning, the Tourism strategy group focused its initial work on considering target markets in both geographic and demographic/economic terms.

2.2 The key determinants of appropriate market segments are:

- The inherent nature of the Island's product in terms of environment and wildlife
- The limited nature of the infrastructure
- The high cost of travel

2.3 Taken together these factors point towards the Islands as a 'high value, low volume' market.

2.4 The group considered where future growth in this general market segment might most likely be obtained taking in to account geographic location, transport, nationality and language. It also considered retention/expansion of existing markets. The following was identified:

Target segment	Reasons	Characteristics
North America – wealthy retirees and employed	Significant wealthy sectors looking for premium holidays with environmental and adventure components Significant and growing numbers of US tourists in Chile	Require straight forward travel and high degree of comfort and care. High standards of accommodation and activity

<p>United Kingdom:</p> <ul style="list-style-type: none"> • Wildlife/fishing/military History enthusiasts (existing niches) • Wealthy retirees and employed 	<p>Continued potential to grow in existing niche segments according to marketing effort, cost, travel and activities</p> <p>Additional potential to grow in to more general high quality environmental holidays (assuming cost and travel issues resolved)</p>	<p>Niche sectors/enthusiasts have high tolerance/limited requirements and will probably respond to marketing efforts and cost containment</p> <p>More general environmental holiday niche will be more cost sensitive and have higher expectations re accommodation etc</p>
<p>North-west Europe – Germany and Holland</p> <ul style="list-style-type: none"> • Wildlife/fishing/military history enthusiasts (existing niches) • Wealthy retirees and employed (same as UK) 	<p>Continued potential to grow in existing niche segments according to marketing effort, cost, travel and activities</p> <p>Additional potential to grow in to more general high quality environmental holidays (assuming cost and travel issues resolved)</p>	<p>Niche sectors/enthusiasts have high tolerance/limited requirements and will probably respond to marketing efforts and cost containment (plus travel issues from these areas)</p> <p>More general environmental holiday niche will be more cost sensitive and have higher expectations re accommodation etc</p>
<p>Existing cruise vessels (large; day visits)</p>	<p>Retaining existing volumes should be do-able and makes obvious sense: but achieve increased spend per head by offering more/better opportunities to spend</p>	<p>Limited time on shore and limited budget. Need to carefully tune retail offers on Waterfront</p>
<p>Expedition cruise vessels</p>	<p>Potential of this segment is evidenced by volume of passenger exchanges in the recent past and continued visits.</p> <p>Significant anecdotal evidence that many operators would prefer passenger exchanges from the Falklands</p>	<p>Travel from home country is the key: direct air links should enable exchanges to take place.</p> <p>May then be able to arrange more local cruising.</p>
<p>Domestic tourism</p>	<p>Significant numbers of people from both Stanley and MPA would be pleased to have more options for local holidays/activities</p>	<p>Good value for money would stimulate more activity.</p>

Product – capacity and standards

- 2.5 Any good business needs to bring together market demand in key target segments with providing the right product to meet that demand – at the right price.
- 2.6 For the Falklands, it is considered that our ‘core product’ – our environment and wildlife - is first class and can more than meet expectations. But the overall product offer needs development if it is to capture more market share and meet expectations. In particular:

Product feature	Requirements
Accommodation	Increased number of higher quality units
Activities	Increased choice/variety of organised /guided activity
Catering	Improved choice and quality
Internal transport	Cost and availability issues
General customer service	Increased training and professionalism required
Arrival/departure facilities	Substantial improvement to quality (air) Quality and provisioning improvements and cost competitiveness to be reviewed (sea)
External transport	Reduced cost and better quality links to key markets; preferably direct links (essential for cruise exchange)
Stanley	Retail and activity offer to be significantly strengthened

- 2.7 It will be evident that both the market side and the product side need to develop and come together at the same time – there is no use providing more/better product with no demand to use/pay for it, and no point ‘selling’ to the market if the product is not actually there. The Action Plan provided by the group attempts to provide a way of doing this which is affordable and practicable (see below).

Objectives

- 2.8 Based on the analysis summarised above, the group proposes the following objectives for a medium term (5 year) Tourism Strategy:

Tourism Strategy Objectives

Objective 1: Retain larger cruise vessels at historic volumes and increase amount of local spend via development of Waterfront.

Objective 2: Increase frequency, length of stay and activity by expedition (smaller) cruise vessels and yachts through passenger exchanges, changed routing and agreement with South Georgia.

Objective 3: Prioritise attracting more affluent tourists from North America, followed by the UK, then Germany and Holland.

Objective 4: Improve standards and capacity of facilities for tourists – accommodation, air and sea gateways, staff training and availability, availability of appropriate land and land access, provision of a suitable range of activities, improve infrastructure.

Objective 5: Increase the level of domestic tourism

Objective 6: Develop Joint Ventures as a vehicle for developing tourist attractions and facilities including attraction of foreign direct investment.

3.0 Action Plan 2011 – 13

- 3.1 The group has carefully considered a practical and risk managed approach to developing growth markets in a way that balances capacity and product improvement with marketing efforts.
- 3.2 Although a large number of actions are involved, at their heart is a linked set of proposals which include:
- Re-start cruise passenger exchanges at the level of 100 – 150 passengers per week with effect from the 2012/13 season. This obviously depends on gaining agreement from some expedition cruise companies to relocate to Stanley from Ushuia;
 - Ensure (preferably at cruise company risk: this may not be possible) a chartered but regular direct weekly air service to North America throughout the cruise/tourism season with a 200+ seat capacity to enable the cruise passenger exchanges;
 - Begin to utilise the spare capacity (50 – 100 seats) on the flight to attract North American land based tourists within the high income/quality bracket targeted by the strategy (seats would also be available to any other passenger, for example to connect to the UK)
 - Develop/refurbish two new high quality tourist lodges plus a Stanley hotel to provide suitable accommodation for the additional North American tourists – if possible in time for the 2012/13 season (2013/14 may be more realistic)

- Develop an enhanced range of guided activities to ensure these new tourists are well provided for
- Simultaneously improve other aspects of the Tourist experience including customer service and catering
- Begin marketing within the North American target market in good time for the 2012/13 season with further build up for the 2013/14 – this will need to commence in the near future
- Improve the Stanley retail and activity offer including the relocation of the Museum and implementation of a Waterfront plan
- Review and where needed improve port facilities including provisioning/bunkering; review cost competitiveness with Ushuia
- Develop a commission structure for the Islands' tourist providers, which is essential to achieve international marketing

3.3 It cannot be stressed enough that achieving this plan will require strong commitment from the Government and from the industry. Although the plan sensibly is on a limited scale and draws on our history of successful cruise passenger exchanges it will require strong leadership and commitment – including financial commitment – to make it happen. If this is forthcoming there is no reason it should not succeed though of course it carries a fair degree of inherent risk.

3.5 Major financial commitments will only be entered in to at the appropriate milestone and on the basis of detailed specifications and contracts: but the decision to invest in accommodation will need to be made at the same time as the decision to commit to supporting the air service (no point in having one without the other) and on the basis that firm offers to provide passenger exchanges have been made by cruise companies.