




Community-Based Tourism (CBT) Enterprise Handbook

How to start, operate and promote a CBT
business in the Caribbean

 **SMALL
PLANET** prepared by
Small Planet Consulting inc.



Canada

DEVELOPED FOR



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Acronyms

ATTA

Adventure Travel Trade Association

BBFFS

Bluefields Bay Fishermen's Friendly Society

BDO

Business Development Organization

CHTA

Caribbean Hotel & Tourism Association

CTE

Community Tourism Enterprise

CTO

Caribbean Tourism Organization

CBT

Community-Based Tourism

CCPF

Compete Caribbean Partnership Facility

DCTAI

Dominica Community Tourism Association Inc

DDA

Discover Dominica Authority

DMC

Destination Management Company

DMO

Destination Marketing Organization

FAM TOUR

Familiarization Tour

FAQs

Frequently Asked Questions

GTA

Guyana Tourism Authority

ITAC

Indigenous Tourism Association of Canada

JSIF

Jamaica Social Investment Fund

JTB

Jamaica Tourist Board

MSME

Micro Small & Medium Enterprises

NTO

National Tourism Organization

OTA

Online Travel Agency

P2P

Peer-to-Peer

RTO

Receptive Tour Operator

ROI

Return on Investment

REDI

Rural Economic Development Initiative

SAVE

Scientific, Academic, Volunteer and Educational Travel

SMART

Specific, Measurable, Attainable, Realistic, Time-bound

USP

Unique Selling Point

UNWTO

United Nations World Tourism Organization

USAID

United States Agency for International Development

VAT

Value-Added Tax

WOF

Women Owned Firm

WTTC

World Travel & Tourism Council

WYSETC

World Youth Student and Educational Travel Confederation

Messages

Caribbean Tourism Organization (CTO)

The Caribbean Tourism Organization (CTO) is pleased to present the Community-Based Tourism (CBT) Enterprise Handbook, developed in collaboration with the Compete Caribbean Partnership Facility (CCPF), as one component of the Innovation for Tourism Expansion and Diversification Project. This Handbook was designed to build the capacity of the Caribbean Tourism Sector to enhance and promote Community-Based Tourism (CBT) experiences and product offerings. It provides information on business planning processes, provides guidance for systematic product development and offers tools and resources for financial management. It also contains best practice information on CBT criteria and standards, strategies to enhance the market-readiness of community tourism enterprises, and market access guidelines.

Through the provisioning of this Handbook it is expected that CTO Member Countries and their respective Communities that are engaged in or interested in pursuing CBT, will be fully equipped with the know-how to create and deliver successful CBT experiences. We encourage our Members to adopt

and utilize the Handbook as you define your national community-based tourism development strategy.

The CTO is cognizant of the role and potential of Community-Based Tourism in diversifying the regional tourism product, while also sustaining local livelihoods; thus contributing to the social and economic development of the Caribbean and its people. We also recognize the value of Community-Based Tourism in reinforcing CTO's mandate to develop the sustainability and inclusiveness of Caribbean Tourism, unified under a globally competitive brand, One Sea, One Voice, One Caribbean.

We extend special thanks to our partner the Compete Caribbean Partnership Facility and the team of consultants for the tremendous support and stellar work done in developing the Handbook.
Happy Reading!

Compliments,
**The Caribbean Tourism
Organization**

Compete Caribbean

Dear Colleagues,
Community-Based Tourism (CBT) can be a powerful instrument for sustainable and inclusive economic development in the Caribbean. When visitors venture away from the beach, they provide a market opportunity for local entrepreneurs, suppliers and artists to earn a living while creating employment for others. Enabling more and diverse groups to benefit from tourism spending is a common objective among government and non-government agencies given the potential and trends. According to a consumer research by Euromonitor in 2019, 79% of American visitors would be interested in CBT. Among those who would not consider CBT activities while in the Caribbean, the majority simply do not know enough about it or perceive it as unsafe. Better communication, especially online, would certainly increase the demand for CBT in the region.

In addition to increasing the number of visitors to communities, there are opportunities for increased revenues given the willingness-to-pay for CBT experiences. The same consumer research revealed that those who chose traditional cuisine as their preferred CBT activity would be willing to pay up to USD\$100 for their meal if food & safety standards were met and other aspects such as authenticity were promoted. The price range of such traditional meals offered in the Caribbean is currently only USD \$10-15.

The challenge for the CBT entrepreneurs is to determine how to capture this growing

market. Developing the most appropriate product requires trial and error because visitors value customised experiences. They also like to combine multiple activities and services which entails collaboration and partnerships at the community, national and international levels. Most importantly, visitors prefer to book and pay online so the lack of digital payment options – both online and in person using credit cards or digital wallets – represent a missed opportunity for Caribbean entrepreneurs. Digital payment will not only help with cash flow management but also with access to finance as digital footprints can influence financial and nonfinancial institutions to support CBT enterprises.

This CBT Handbook was designed to help CBT entrepreneurs address these challenges and opportunities. It provides a comprehensive overview of what they must consider to optimize their chance of success. It doesn't provide solutions but offers the guidelines necessary to learn and make more informed decisions.

Finally, many thanks to our donors in the United Kingdom, Canada, and the Caribbean Development Bank who have joined us to improve lives in remote and underprivileged communities.

Sincerely,

Annie Bertrand,

Coordinator for productivity & innovation in the private sector Compete Caribbean Partnership Facility (CCPF)

Acknowledgements

This handbook was commissioned by the Compete Caribbean Partnership Facility (CCPF) and the Caribbean Tourism Organization (CTO) as part of the Innovation for Tourism Expansion and Diversification project. The objective of the project is to build the capacity of the CTO to enable more MSMEs (Micro, Small and Medium Enterprises) to generate more revenues from tourism. The technical cooperation agreement has three components, each of which include strategies aimed at women-owned firms (WOF).

The CCPF is working in 13 countries: Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines.

The topics in the handbook respond to training needs identified by Community-Based Tourism (CBT) businesses in the Caribbean. They were identified through field missions and interviews with CBT stakeholders during this project.

Gratitude is extended to the Aboriginal Tourism Association of British Columbia (ATBC) for their permission to adapt excerpts from *Aboriginal Cultural Tourism Business Planning Guide: Checklist for Success*, a resource with similar objectives. Some material has been adapted, with appreciation, from *Cultural & Heritage Tourism: A Handbook for Community Champions*. Permission to adapt material from these above resources was previously given to produce material in the Belize Cultural Tourism Development: A Handbook for Community Champions. These resources were also adapted for materials in the *Jamaica Community Tourism Toolkit Part 1: Handbook for Community Tourism Enterprises*.

Grateful acknowledgement is extended to the National Tourism Offices in Belize and Jamaica, whose community tourism handbooks are important models and sources of knowledge and information for this handbook. Gratitude also is extended to the Indigenous Tourism Association of Canada (ITAC) for their permission to adapt excerpts from their

2018 National Guidelines and their 2011 National Guidelines, and to the Guyana Tourism Authority (GTA) for their permission to include Guyana's Indigenous Tourism Code of Conduct. These sources are listed in Appendix 1, along with other useful reference materials that were used in the preparation of this handbook.

Appreciation is given to the Bluefields Bay Fishermen's Friendly Society (BBFFS) and RAJ Tours for giving permission to share the detailed itinerary of their "Community-Led Marine Reserve Experience". Gratitude is also given to the Jamaica Social Investment Fund (JSIF) and the Charles Town Maroon Museum in Jamaica for permission to share their "Maroon for a Moment experience".

Amanda Charles, Sustainable Tourism Specialist, was the CTO representative on the project. The Compete Caribbean team comprised Annie Bertrand, Coordinator Pillar 1 - Productivity & innovation in the private sector, and Courtney Lindsay, Project Development Officer.

Judy Karwacki of Small Planet Consulting, Vancouver, Canada, is the lead author of the handbook. Keith Henry, Chief Executive Officer of ITAC, contributed by preparing the chapter on financial management.

Kennedy Pemberton, Caribbean Tourism Consultant, prepared the referenced Community-Based Tourism Business Support Directory with assistance from CTO/CCPF countries, supported Handbook review, and developed examples showing how to include government taxes in product pricing.

Appreciation is extended to the Belize Tourism Board, Guyana Tourism Authority, Countrystyle Community Tourism Jamaica, and Jamaica Tourist Board for sourcing photos used in the document. Small Planet Consulting (Judy Karwacki) and Kennedy Pemberton also contributed photos. Appreciation is extended to IDS Creative Inc. (Israel Mallett) for the graphic design work.

Introduction

This Caribbean Community-Based Tourism (CBT) Enterprise Handbook is for anyone who operates or who wants to develop a community-based tourism (CBT) business. The business can be owned by the community, local groups, families, and be joint ventures, partnerships or entrepreneurial ventures.

Whether you are just starting out or if you have an established community-based tourism business, the Handbook is designed to:

- Help improve your understanding of the tourism industry and the community-based tourism market niche.
- Offer guidance to help you ensure your business operates in a way that is respectful of the local culture and community.
- Help you to understand what it takes to be a 'market ready' business.
- Provide you with practical information and tips for starting a community-based tourism business and developing a business plan.
- Guide you on how to do market-driven research so you can understand your target markets.
- Give you the steps to develop your product in a way that meets the needs and preferences of your target markets.
- Help you to understand the travel distribution system, pricing vocabulary, and how to price

your products for different sales channels.

- Encourage genuine visitor hosting that is values-based and balances the needs of the CBT business owner and employees, the place where the business is located, and the guest.
- Give you practical information and tips for marketing your business, including Internet or digital marketing, which offers many new opportunities for small tourism businesses.
- Provide you with the basics of financial management so that you know how to keep business finances in order and have a more successful business.
- Provide information on how to build financial, business operations and emotional networks to support the success of your business.

The handbook has introductory-level information on all of the above topics. It has fill-in-the-blank questions and Best Practice Checklists to make you think and help you to run your business better. You should work through the handbook step-by-step, making notes in the spaces provided while using the checklists to identify where you are following good business practices and where you need to make changes in how you are operating your business.



Other CBT Toolkit Components

This Handbook is one component of a Community Tourism Toolkit developed by the Compete Caribbean Partnership Facility (CCPF) and the Caribbean Tourism Organization (CTO), as part of the Innovation for Tourism Expansion and Diversification project. The other toolkit components are described in the chart below. Some highlights of the consumer research conducted by Euromonitor, are included in this handbook (see Section 2.3: Community-Based Tourism in the Caribbean). For online access to all tools in the CBT Toolkit visit :

www.ourtourism.onecaribbean.org/cbtresources.

COMMUNITY - BASED TOURISM (CBT) TOOLKIT				
Purposes	Tools	Description	Use	Users
COMMUNITY DEVELOPMENT	Tourism Assets Inventory	Template to prepare an inventory of tourism assets found in the community.	Inventory number, range & quality of tourism assets in community, identify strengths and gaps.	Community Organizations National Tourism Organisations (NTOs) Business Support Organisations (BSOs)
	CBT Diagnostic	A frame of reference to assess the community's capacity for CBT based on key success factors (KSFs).	Assess market readiness and gaps to identify priorities that can be included in a project plan and/or funding proposal.	Development agencies Community organisations
ENTERPRISE DEVELOPMENT	CBT Enterprise Handbook	User-friendly business guide to develop profitable CBT enterprises that return benefits to communities.	Start, improve, formalize and expand CBT business operations.	CBT Enterprise owners & managers NTOs BSOs
MARKET DEVELOPMENT	CBT Profiles Database of CBT profiles in the Caribbean	+/-2-page template to collect information about the types of experiences found in the community to attract visitors.	Promote the diversity of CBT opportunities in the Caribbean.	CBT Enterprises owners & managers NTOs BSOs
PRODUCT DEVELOPMENT	Consumer research in American market by Euromonitor	Assessment of willingness to-pay and profiling of American visitors for experiences that can be offered by Caribbean MSMEs.	Refine, expand and price the product offerings to increase tourism spending	CBT Enterprises owners & managers NTOs BSOs

1.0 THE GLOBAL TRAVEL INDUSTRY



1.1

Many Different Parts

Tourism is a complex industry made up of several different sectors. The Caribbean Tourism Organization (CTO), the tourism development agency for the region, recognises the following eight sectors:

- The core supply sectors are Accommodation, Adventure Tourism (Tours & Activities), Attractions, Food & Beverage, Events & Conferences, Tourism Services, Travel Trade and Transportation.
- Tourism Services is made up of the government agencies, tourism organizations and trade associations that support the development and marketing of tourism.
- The Travel Trade is made up of the tour operators and travel agents that sell travel products to consumers.
- The combined sectors are called the tourism value chain.

In this Handbook the word **“Product”** is broadly used to refer to the offer of your Community Tourism Business. It includes products, tours and activities, and services offered by all of the different tourism sectors.



WHERE DOES YOUR BUSINESS FIT?

How do you describe your existing or planned tourism business?
Under which sector(s) of the tourism industry does it fall?

1.2

The Global Scene

The Caribbean tourism sector and your business are part of the global tourism industry, so it's important that you understand the global big picture.

According to the United Nations World Tourism Organization (UNWTO), travel and tourism is among the biggest and fastest-growing economic sectors in the world. It is closely linked to development and is one of the main sources of income for developing countries. In 2018, international tourist arrivals grew by 6% to 1.4 billion. This number is expected to rise to 1.8 billion arrivals by 2030.¹

The following websites are useful for learning about the global travel and tourism industry.

Check out the UNWTO site for more about the global tourism sector, and how it contributes to local well-being and sustainable development.

www.unwto.org

Learn about how the World Travel and Tourism Council works with governments to raise awareness about the travel and tourism industry.

www.wttc.org

1.3

Impacts of Tourism

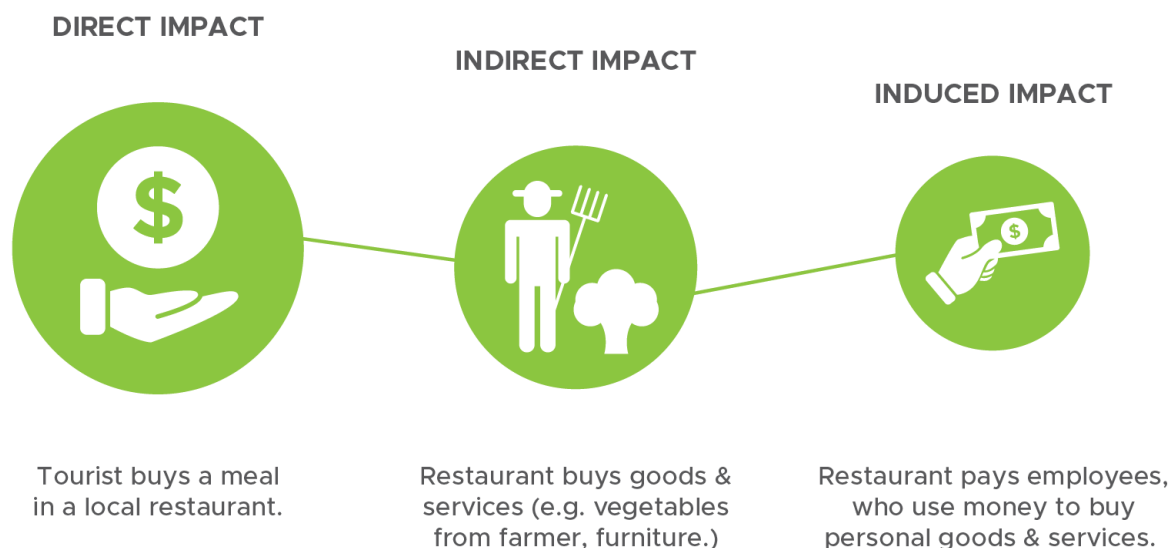
Tourism is important for economic growth. The money that tourists spend travels through all the sectors of tourism, and into many other sectors of the economy. This is called tourism's multiplier effect. What this means is that money that tourists spend in your community creates jobs, supports entrepreneurship and other spin-off benefits. For example:

- A tourist that eats at a local restaurant pays the restaurant, which creates jobs. This is called a direct impact of tourism.

¹International Tourism Results 2018 and Outlook 2019. January 2019. UNWTO

- The restaurant owner uses that money to buy goods (e.g., meat, vegetables from local farmers or furniture for the restaurant) and services (e.g., plumbers, carpenters), which creates jobs in businesses that are indirectly part of the tourism industry. These are called the indirect impacts of tourism.
- The restaurant owner also uses that money to pay wages to their employees. The employees will then buy goods and services for themselves and their families, which creates jobs. The more that the money spent by the tourist is used to buy local goods and services, the more jobs are created, and the more your community can benefit economically. These are called the induced impacts of tourism.

Economic impacts of Tourism



Tourism also contributes in other ways, including cultural preservation, social benefits and environmental protection.

The benefits include:

Cultural impact: In some Caribbean communities, traditions, stories, songs or rituals are hardly transferred from one generation to the next. Tourism helps preserve culture by creating a demand and assigning a value to it.

Social impact: Tourism and particularly CBT not only attracts the attention of the government to support social issues but also empowers vulnerable groups, minorities and women through generating alternative sources of livelihood. In some cases, revenues from CBT activities can help prevent at-risk youth from engaging in risky behaviors.

Environmental impact: Natural assets including flora, fauna and landscapes are often used to generate revenues and provide desirable attractions for visitors. As such, the local populace will be more inclined to protect these assets and may even be motivated to implement user-generated fees to contribute to conservation, management and upkeep of these sites.

Environmental Impact



Best Practice:



The Makushi indigenous community of Rewa is located in a remote jungle area of Guyana. The community stopped fishing the prized Arapaima fish, the largest scaled fresh-water fish in the world, because they realized it was going extinct. They asked the government to adopt a law to forbid the killing of the species.

Today, the Arapaima population is increasing and the community has built a successful CBT business around catch-and-release sports fishing, which includes a community-owned and managed ecolodge. Rewa now attracts wealthy visitors and the CBT tourism business contributes livelihood benefits to the whole community. This success has led to more natural areas being protected and encourages greater sustainability of tourism activities over time.

1.4 Global Tourism Trends

Community-based tourism is affected by global tourism trends, so it's important to understand these influences. This Handbook is designed to help communities take advantage of today's trends.

Travellers are changing in ways that are good for community-based tourism. More of them want to:

- Go off-the-beaten-path, meet local people and be immersed in their culture.
- Learn about local places and everyday life from local people.
- Have meaningful interactions with local people, culture and nature.
- Try local food and drinks.
- Actively participate, not just observe.
- Have an 'experience', not a trip.
- Be personally 'transformed' when travelling.
- Be comfortable and feel safe.
- Enjoy softer adventure activities.
- Look for opportunities to support community development.
- Practice environmental and social responsibility.
- Have fun experiences that cannot be done at home.
- Take home memorable stories to share with friends and family.

Travellers have become more aware of responsible tourism practices and want to take a responsible trip, also called an 'ethical' trip. This means to act mindfully and with respect when travelling. Ethical trips involve learning about the culture, learning simple phrases of the language, respecting monuments, buying souvenirs from local people and supporting local people.

Community-based tourism is affected by global tourism trends, ...



“Visitors today care more about local people and the environment they live in.”

Diversification of Caribbean Tourism Experiences.
2019. Euromonitor

91%

of travellers believe it's important to take ethical trips

ATTA News. April 9, 2019. Traveler Research Signals
Increased Awareness, Interest in Responsible Tourism
(Exodus Tours 2019 Survey results)

This Involves...

Learning about the culture

Learning simple phrases in the language

Buying souvenirs from local merchants

Respecting monuments

Supporting local business

Travellers are changing a lot because of technology too. These changes provide good opportunities for promoting CBT because:

- Travellers want to do their travel research and plan everything online.
- Most of them use social media channels to review, recommend and share experiences.
- They use social media and online reviews from others to judge the safety and quality of the experience.
- They are booking more of their tours and experiences online using credit cards or other digital payment methods.

2.0 UNDERSTANDING COMMUNITY-BASED TOURISM



2.1 What is Community-Based Tourism (CBT)?

Adventure Travel

Community-based Tourism intersects most closely with adventure travel, a fast-growing tourism segment. The global adventure travel market was valued at US\$445 billion in 2016 and is projected to reach US\$1.336 billion in 2023, a 17% rate of growth.²

The Adventure Travel Trade Association (ATTA) is a community of over 1,300 destination, tour operator, travel agent and media members in over 100 countries, all of which promote responsible adventure travel. ATTA says the adventure travel experience is made up of three essential elements: natural, cultural, and activity-related encounters.

Essential Elements



Source: ATTA Values Statement. February 2013. Adventure Travel Trade Association.

² Adventure Tourism Market Overview. January 2019. Allied Research.



Cultural Tourism



Community-based Tourism also is considered to be part of the cultural tourism market segment. Cultural tourism is about experiencing local arts, heritage, landscapes, traditions and lifestyles; it is one of the fastest-growing tourism markets. The 2018 report on *Tourism and Cultural Synergies*, by the UNWTO, says that cultural tourist arrivals are growing steadily compared to overall international arrivals. Today, 40% of international tourist arrivals are considered to be “cultural tourists”, travellers who participate in a cultural visit or activity as part of their stay.



The UNWTO says cultural tourism is a type of tourism activity in which the visitor’s essential motivation is to learn, discover, experience and consume the tangible and intangible cultural attractions/products in a tourism destination. These attractions/products relate to a set of distinctive material, intellectual, spiritual and emotional features of a society that encompasses arts and architecture, historical and cultural heritage, culinary heritage, literature, music, creative industries and the living cultures with their lifestyles, value systems, beliefs and traditions.

2.2

What are the Benefits and Drawbacks of CBT?

Benefits of Community-Based Tourism

There are many potential benefits of CBT to communities. It can:

- Provide positive economic impacts (income for the owners of the CBT enterprise, staff and suppliers).
- Generate spin-offs benefits for the community and region (spending by employees and suppliers of the enterprise, tax revenue, etc.).
- Create business opportunities in the community.
- Enhance community identity, sense of pride and unity.
- Encourage community beautification.
- Support preservation and celebration of local culture and heritage.
- Open new markets for community-made products.
- Promote more involvement by and opportunities for women and youth, to help decrease inequality
- Enhance livelihood options, create new income streams and give new outlooks on future life for community members.
- Protect community assets to sustain business revenues over time.
- Diversify the tourism product offering to increase global competitiveness.
- Attract support from government and regional/international development organizations in underdeveloped areas.



PROVIDING BENEFITS: The owners of CBT enterprises in the Caribbean are committed to their communities and want to provide benefits to their communities. What benefits does your business provide to your community now, or will it provide in the future?

Risks of Community-Based Tourism

Although there are many possible benefits, it is important to understand that there are possible risks in CBT.

The risks include:

- Local culture may change by sharing culture and traditions with visitors.
- The culture of the community could be used in an inappropriate way.
- The environment and natural resources could be damaged.
- Business failure due to lack of tourism knowledge and business skills.
- Higher costs of living and inflation of property prices.
- Increased competition for resources.
- Increased crime.
- Rivalries and competition arise within communities.
- Breakdown of normal community routines or community cohesion.
- Social issues like drugs and prostitution.

R

Recognise the problem

I

Inform Others

S

Solve the Problem

K

Know how to Improve

Challenges for CBT Businesses

As the owner of a CBT business, you may face some or all of the following challenges:

- Accessibility issues make it difficult to attract visitors (e.g., poor roads, lack of transportation, high costs).
- Lack of funds, or difficulty accessing funds, to start and operate the business.
- Lack of tourism business and management knowledge and skills.
- Not enough skilled people to work in the business.
- Not understanding your market, and what visitors would like and expect.
- No marketing plan, lack of funds for marketing.
- Short tourism operating season.
- Weather, natural disasters, other natural factors.
- Lack of access to land needed to operate a tourism business.
- Lack of support within the community for tourism.
- Conflicts with other uses of resources- such as fishing, mining and agriculture
- Visitor safety and security issues.



OVERCOMING CHALLENGES:

Knowing about possible challenges will help you to think about how to overcome them and how to avoid conflicts with your community. What obstacles might your business face with CBT in your area? How can you avoid or overcome them?

2.3 Community-Based Tourism in the Caribbean

The Caribbean by the Numbers

Similar to the global scene, tourism is a vital economic sector in the Caribbean. It is a central element in most Caribbean countries' economies and creates many opportunities for the people of the region. According to the *Caribbean Tourism Performance Report 2018 & Outlook for 2019*, by CTO:

- Tourism is estimated to be the single largest sector in terms of contribution to GDP - and accounts for up to 80% of GDP in some countries
- Over 1 million workers directly employed in tourism, which represents more than half of the labour force in some Caribbean countries
- Successive and consistent growth in visitor arrivals to the region by air and sea
- With only 1 percent of the world's population the Caribbean attracts at minimum 3 percent of global tourism arrivals and expenditure.



Main Caribbean Tourism Organizations

The CTO with headquarters in Barbados is the Caribbean's tourism development agency that supports and promotes tourism in the Caribbean. CTO's membership reflects the diversity of the region, with Government membership in 24 Dutch, English, French and Spanish speaking countries and territories, as well as a myriad of private sector allied members in tourism related and ancillary sectors. The CTO's vision is to position the Caribbean as the most desirable, year round, warm weather destination, and its purpose is Leading Sustainable Tourism - One Sea, One Voice, One Caribbean.

www.onecaribbean.org



CARIBBEAN
HOTEL & TOURISM
ASSOCIATION

The Caribbean Hotel and Tourism Association (CHTA) is the region's leading private sector-led tourism organization. CHTA is a federation of 33 national hotel and tourism associations, and its members include over 1,000 hotels and tourism-related businesses. Founded in 1962, CHTA's work focuses on marketing and public relations, sustainability, government affairs, product development, education and training, data and intelligence, and investment support.

www.caribbeanhotelandtourism.com



Community-Based Tourism:

Community-Based Tourism is considered to be a subset of the Adventure Travel and Cultural Tourism market segments described above. While the definition for Community-Based Tourism continues to evolve, its core principles remain unchanged, and must enhance the quality of life for local people in order to be considered authentic.

**CTO-European Commission.
Competing with the Best: Good
Practices in Community-Based Tourism
in the Caribbean. (2006)*

If you live in one of the 13 countries that took part in the Compete Caribbean Partnership Facility, the Community-Based Tourism Business Support Directory for your country has contact information for tourism organizations, resources and websites specific to your country. If there is no Directory for your country, contact your Ministry of Tourism or the National Tourism Office for information.

CTO's Definition of CBT

In 2006, CTO adopted a statement defining community tourism as :

A collaborative approach to tourism in which community members exercise control through active participation in appraisal, development, management and/or ownership (whole or in part) of enterprises that delivers net socio-economic benefits to community members, conserves natural and cultural [heritage] resources and adds value to the experiences of local and foreign visitors. This encompasses both tourism activities in a community and goods and services supplied to the tourism industry by one or more community members.*

CBT Experiences in the Caribbean

As stated in the Introduction, the Community Tourism Toolkit prepared by the Compete Caribbean-Caribbean Tourism Organization partnership includes market research information from a study of U.S. consumers conducted by Euromonitor. This study gathered information on the different types of CBT experiences found in the Caribbean region, including visitor willingness to pay for these experiences. There are about 30 distinct types of experiences (see pages 28 and 29).

How to Generate interest in CBT among Tourists

Offer and promote CBT activities as complimentary to standard beach tourism itinerary

Promote CBT as add-on secondary activities that can be planned upon arrival to destination

- Beach tourism is the primary focus of their one to two week trip yet tourists wish to participate in other activities to compliment the time spent at the beach which averages two hours to half day.
- They seek other activities like sight seeing historical and cultural attractions and food and restaurants
- Activities can be offered at complimentary times (for example, few hours mid-day to escape heat and harsh sun or late afternoon following their beach day) and aligned to their principal interest while on vacation.

Grow CBT awareness and benefits to align with tourist interests and eventual CBT participation

- The majority of tourists are not familiar with CBT; the common perception is engaging with people in the community while on vacation which does not appeal to all tourists because it requires more “commitment”.
- Leverage similarities in tourist interest and local Caribbean CBT capabilities as a foundation to diversify the offer.
- For instance, greater interest can be developed by posting CBT activities primarily towards tourist interest (historical and cultural attractions and food and restaurants).

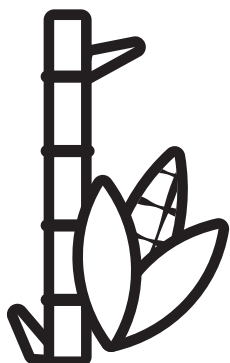
Position as a unique and new learning experience

- Leverage the fact that tourists want to ‘experience more’ while they travel and highlight the unique destination-only attributes and cultural learning experience for tourists as a result of participating in CBT.
- Use beach tourism as a “foot-in-the-door” strategy by promoting recommendations for these activities at beach tourist hotels (including all-inclusive resorts) by hotel staff.

Types of CBT Experiences in the Caribbean: 2019

Adventure / Soft Adventure

Caving
Hiking/Trekking
Horse Riding
Water-Based Activities
Water-Based Tours



Agro & Food Tourism

Cooking Classes
Farm-to-Table
Farm Visits
Fish Fry
Food & Beverage Tours
Traditional Cuisine

Scientific, Academic, Volunteer & Educational Travel (SAVE)

School Exchanges and Cultural Immersion
School Visits
Volunteer with Local Experience





Spa, Health, Wellness Tourism

Courses on Ancient Herbs & Their Uses
Holistic Medicine/Alternative Treatments and Therapies
Traditional Health & Wellness

Culture & Heritage Tourism

Cultural Classes
Festivals
Heritage Sites
Homestays
Indigenous Tourism
Local Tourism
Markets
Museums
Religious/Spiritual Experiences



Nature-Based

Ecolodge
Garden Tours
Wildlife Tourism in Natural Habitat
Wildlife Tourism in Non-Natural Habitat

CBT Potential for the Caribbean

The Euromonitor study also provides insight into the potential for CBT for the Caribbean region. As shown below, the main findings of the research are that the majority of tourists see the Caribbean as a beach destination but that community-based tourism shows potential as an add-on.

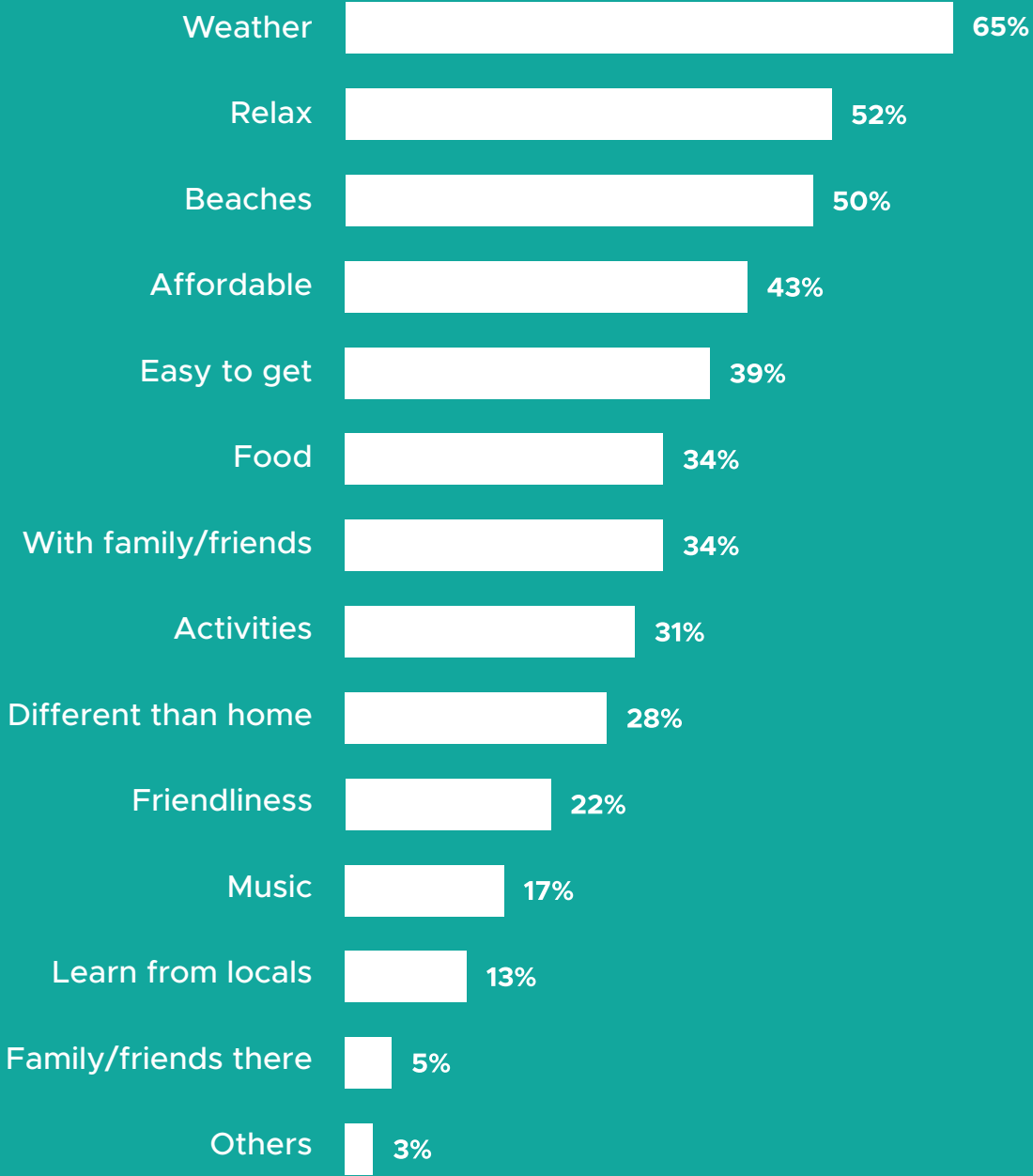
**The Caribbean is
perceived as a beach
destination now...**

92%

US tourists would consider travelling for leisure to the Caribbean.

Tourists feel attracted by the Caribbean as a travel destination for leisure. The Caribbean is perceived as a tropical destination where tourists can relax and enjoy beach vacations at an affordable price.

Reasons why people travel to the Caribbean



To generate CBT interest among beach tourists...

CBT shows potential as an 'add on'

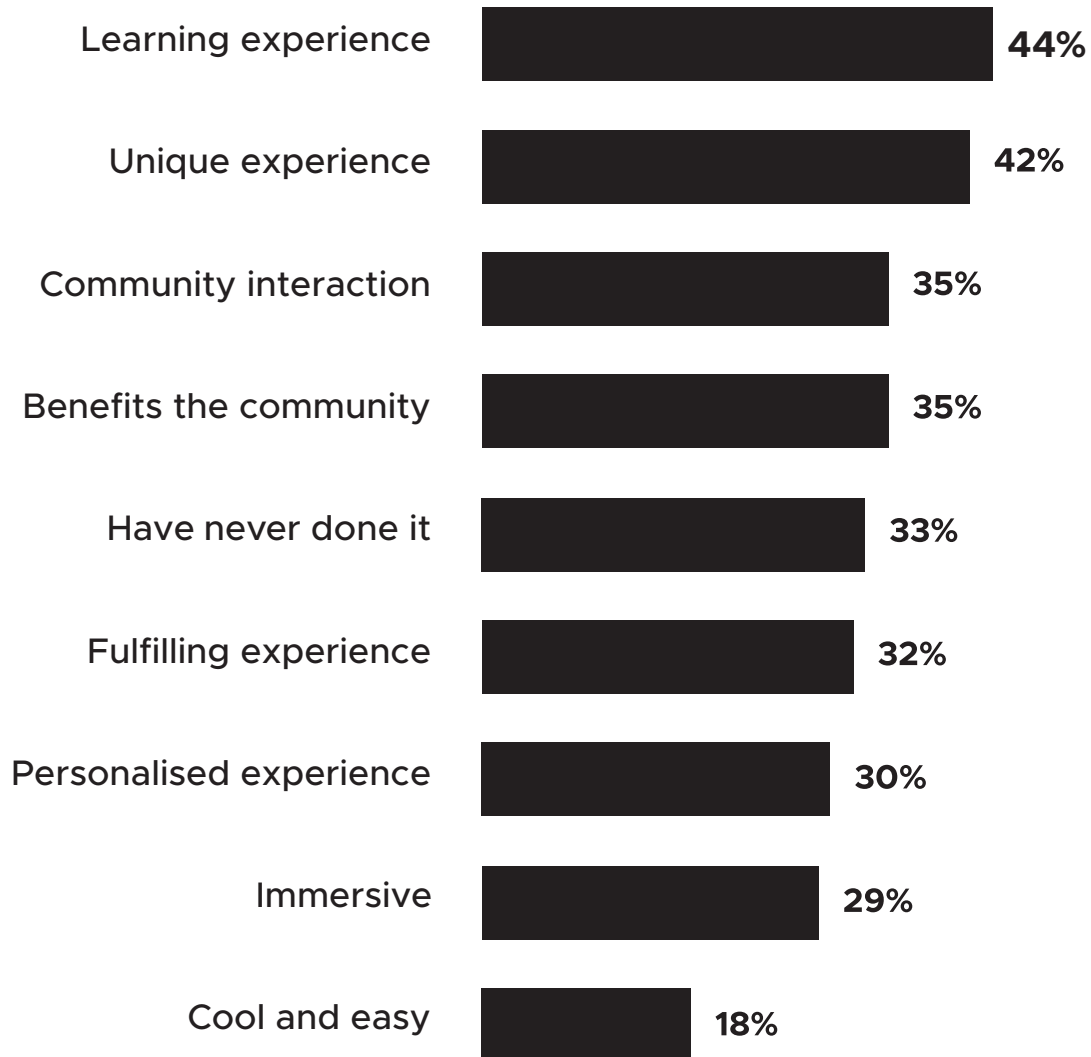
79%

**US tourists would be interested in
CBT in the Caribbean**

**Focus on main
reasons tourists
visit & three key
strategies.**

- 1 Promote CBT as a unique experience to enhance their vacation**
- 2 Grow CBT awareness and position it towards tourists interest**
- 3 Use beach tourism as a foot-in-the-door* strategy for CBT**

The appeal of CBT in the Caribbean



Source: Euromonitor International, survey conducted in the United States. N = 629
***Foot-in-the-door refers to a commercial technique in which a person is more likely to agree to a larger request (doing more activities at the destination) by having them agree to a modest request first (visiting the Caribbean for beach tourism for their own willingness)**



Photo courtesy Countrystyle Community Tourism and the Resource Village

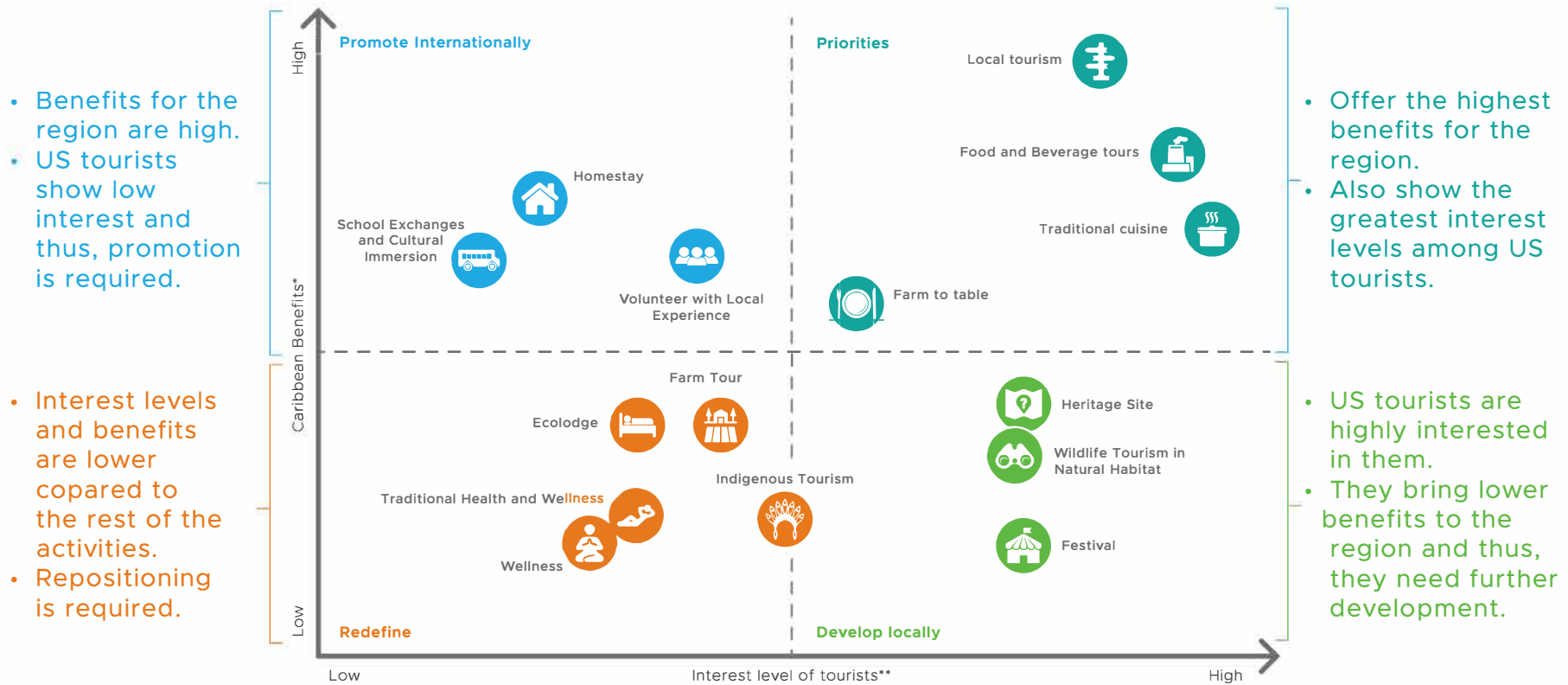
Best Opportunities to Promote Caribbean CBT Experiences

The Euromonitor study recommended that the Caribbean promote four types of CBT experiences as the first priority. These tourism activities offer high benefits for the Caribbean and tourists show high levels of interest in them. As shown in the top right in the chart below, these are:

- **Local Tourism:** These are experiences that include multiple activities with an aim to offer an authentic and local experience. Experiences may include transportation, accommodation, meals, a guide, etc.
- **Food and Beverage Tour:** These can include rum, coffee, chocolate tours among others. Tours might highlight the process, include a tasting and/or culinary cooking activity.
- **Traditional Cuisine:** These can be offered at family and local restaurants, including fish fry.
- **Farm to Table:** This is a food experience that includes products locally grown or sourced. May include a farm tour, harvesting ingredients and/or a cooking class in addition to a meal/tasting using local ingredients.

COMMUNITY - BASED TOURISM ACTIVITIES

Activity promotion efforts depend on interest level for tourists and benefits for the Caribbean



- Benefits for the region are high.
- US tourists show low interest and thus, promotion is required.

- Interest levels and benefits are lower compared to the rest of the activities.
- Repositioning is required.

- Offer the highest benefits for the region.
- Also show the greatest interest levels among US tourists.

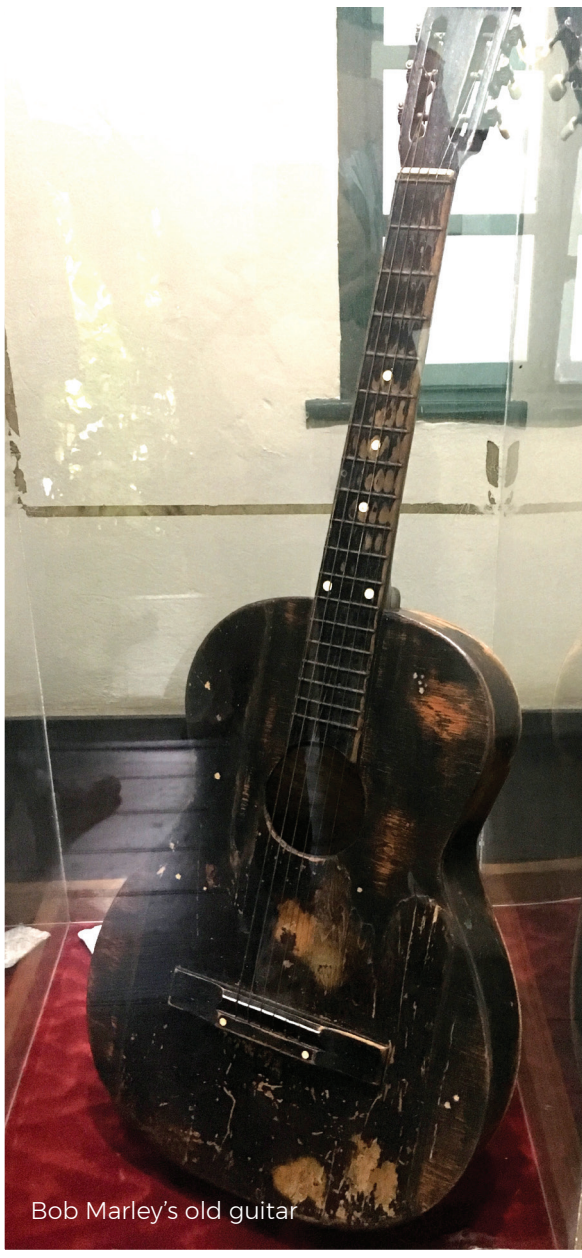
- US tourists are highly interested in them.
- They bring lower benefits to the region and thus, they need further development.

Source Euromonitor international

*Caribbean benefits refer to the combination of metrics from the scorecard (community involvement, employment potential, capacity, activity price, and number of businesses)

** Interest levels based on consumer survey, N = 629

©Euromonitor International



Bob Marley's old guitar

Dubbed 'The Home of Reggae Muzic,' the government yards of Trench Town, Jamaica, picture below, provide a community space to uplift and encourage people together through its history of music.



3.0 PROTECTING AND INVOLVING YOUR COMMUNITY



3.1 What is Cultural Authenticity?

Culture and traditions belong to the community they come from and its people. They must be protected for future generations.

The above declaration is from the 2018 *National Guidelines: Developing Authentic Indigenous Tourism Experiences in Canada* by the Indigenous Tourism Association of Canada (ITAC), a global leader in CBT development. It underlines the importance of cultural authenticity in community tourism and stresses that all CBT experiences that share a community's culture should be developed and delivered in a way that supports and benefits

the community whose culture it represents.

The following checklist has guidelines to help CBT businesses ensure the experiences they deliver are culturally authentic, and that the businesses bring benefits to the communities in which the businesses exist. They were adapted for Caribbean community-based tourism from the ITAC 2018 National Guidelines.



BEST PRACTICES CHECKLIST

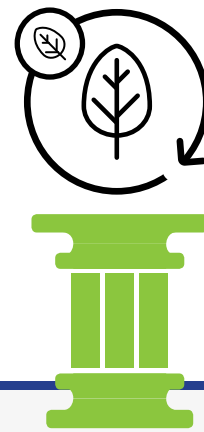
When defining a Culturally Authentic CBT Experience, consider the following checklist:

- Does your experience offer meaningful benefits to the people of the community where the business is based?
- Is the community involved in the delivery of any cultural programming to the visitor?
- Is all of the cultural content portrayed in an appropriate, respectful manner that follows all local community protocols?
- Does the community have input into the content of any cultural programming?

3.2

How Can You Protect and Benefit Your Community?

Your tourism business should help your community. To ensure it has real positive benefits and to reduce any negative effects, you must think about how to balance the three pillars of sustainability:



1. Cultural/Social Sustainability –

Protecting the way of life and cultural identity, traditions and practices of a community.

2. Economic Sustainability –

A financially profitable business that provides benefits for local people.

3. Environmental Sustainability –

Making no or only a low negative impact on the environment, and protecting and conserving it for the benefit of future generations.

The Best Practices Checklists in this section will help you build a CBT business that makes money in a way that protects and supports the community. The more you can follow the checklists, the more you will benefit your community and the more the community is likely to support you.



BEST PRACTICES CHECKLIST

- ✓ **Talk to your Community**
 - Have you worked with the local community and its leaders to ensure that they are aware of your CBT business, and are generally in support of it?
 - Have you talked to the local community to know which sites and activities they say can or cannot be used for tourism purposes?
 - Does your business respect the values of the community?
 - Do you give the community information on your CBT businesses and the cultural experiences you offer?
 - Do you invite and welcome input and feedback from the community?
- ✓ **Protect Authenticity and Culture**
 - Is any cultural content used in your CBT business developed with input from the community whose culture is presented?
 - Do you take steps to protect and preserve sensitive cultural activities and sites from visitors (e.g., through guest orientation, fencing off sensitive areas, erecting signs, staff training)?
 - Do you train your staff and interpreters to ensure they understand which sites and activities have been deemed inappropriate for tourism uses by the community?
- ✓ **Ensure Community Participation and Benefits**
 - Does your business benefit the community for sharing its culture with visitors (e.g., jobs, suppliers, partner with other local businesses)?
 - Do you use local construction methods and cultural designs when building?
 - Do you hire local companies and people for construction?
 - Do you buy goods and services from local companies?



BEST PRACTICES CHECKLIST

- Do you hire local people for front-line positions (e.g., guides, cooks, servers, drivers, boat captains, storytellers, performers)?
- Do you hire, promote and train local people for management positions?
- Ensure Benefits for Youth, Women and Elderly**
 - Do you hire young people from the community to work in your CBT business?
 - Do you give youth in your community opportunities to learn new skills and actively participate in tourism?
 - Do you hire women and especially young women from the community?
 - Do you hire women for positions beyond traditional gender roles such as cooking, housekeeping, and making handicrafts?
 - Do you give women in your community opportunities to learn new skills and actively participate in tourism?
 - Do you engage with or use the knowledge and/or services of the elderly?



SHARING BENEFITS: What are some of the ways you can ensure that your business shares the benefits of CBT with vulnerable groups in your community like women, youth and the elderly?



BEST PRACTICES CHECKLIST



Take Care of the Environment

- Do you take steps to reduce negative impacts on daily life for the community and environment (e.g., visitor codes of conduct, clear signage, environmentally-friendly construction and operations practices)?
- Do you try to avoid using bottled water?
- Do you try to use locally grown food instead of canned and packaged products?
- Do you use practices to reduce and avoid negative environmental impacts, i.e., recycle, use recyclable and biodegradable products, separate recyclables, package items in reusable bags, make compost, etc.?
- Do you practice energy conservation, i.e., use solar energy or alternative sources of power, fuel-efficient vehicles and equipment, low energy lighting?
- Do you practice water conservation, i.e., ask guests to reuse towels and bedding, use low-flush toilets, use rainwater, reuse of grey water?
- Do you use practices to reduce and avoid negative environmental impacts, recycle, use recyclable and biodegradable products, package items in reusable bags, make compost, etc.?
- Do you organise environmental projects such as working with a local youth club to clean up litter on a trail?
- Do you educate guests about how to reduce their environmental impacts?
- Do you educate guests about how to appreciate and protect local lands, flora and fauna?
- Do you have a plan to manage waste (e.g., food waste, chemical waste, organic waste)?

4.0 PLANNING YOUR CBT BUSINESS



4.1

What is a 'Market Ready' Tourism Business?

All businesses in the tourism sector must meet industry standards to be seen as 'market-ready'. These have been developed based on the quality and consistency standards demanded by the sales partners that serve the markets. These partners include tour operators, travel agents and online travel agents, all of which are discussed in Section 7.1 How Does the Travel Distribution System Work? There are four levels of 'readiness'.



Emerging

"Emerging" means the tourism business does not have all of the licences, permits, and insurance in place to be able to accept visitors and to operate legally.

- Business is in the planning or start-up stage or is operating as an informal business.
- Focus is on developing the capacity of the business to enter the formal tourism sector.
- Business needs mentorship, business development support and marketing.



Visitor Ready

"Visitor ready" means the tourism business is fully ready to welcome customers.

- Business exists and is open (year-round or seasonally).
- All applicable business licences, permits and regulatory requirements are in place to operate legally, or the business is in the process of obtaining these.
- Basic website or Facebook listing is in place.
- A contact telephone number or email is available year-round.
- If the business is seasonal, automated voice and email responses are provided.
- The business has branded signage on-site (if applicable)

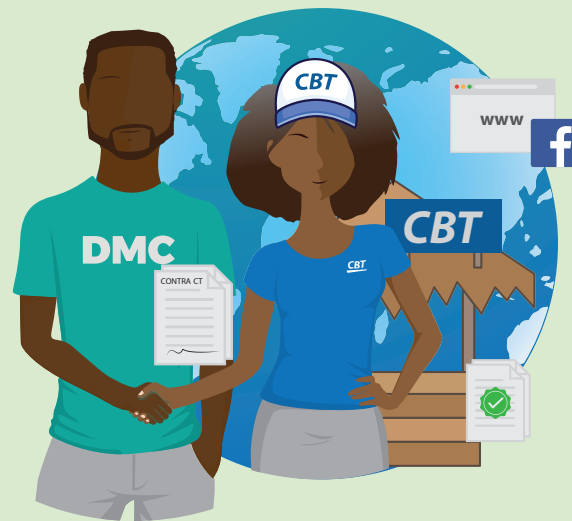
Market Readiness Model



Market Ready

“Market Ready” is the third level. The market ready tourism business is more experienced and able to work with national-level sales distribution partners, such as tour operators and travel agents. The business meets all of the “visitor ready” criteria, plus the following:

- Business has been open for at least one year, with a proven track record for safe and professional operation.
- All applicable business licences, permits and regulatory requirements are in place to operate legally.
- The business has a good website or Facebook page.
- The business has promotional materials such as brochures and explanations of what visitors will see or do.
- The business has written pricing and payment policies.
- There is a 24 to 48 hour response time to information or booking requests.
- The business can accept reservations in advance by phone or online and provide prompt confirmation of booking arrangements.



Export Ready

At the fourth level, the “Export Ready” tourism business is fully professional and able to work with National Tourism Organizations, other destination marketing organizations, and international-level sales distribution partners.

The “Export Ready” business meets all of the “visitor ready” and “market ready” criteria plus the following criteria:

- Has experience welcoming international visitors.
- Works with Destination Marketing Organisations (DMOs) to promote the CBT business to international markets, or shows adequate knowledge to do so.
- Works with international tour operators and travel agents to promote and sell the products of the CBT business, or shows adequate knowledge and willingness to do so.
- Has commissionable pricing structures.
- Can set up billing arrangements with tour operators, and can accept client vouchers.
- Insurance is in place to protect against legal liability for death or injury to visitors.



IMPORTANT:

If you say that your business is ‘market ready’ or ‘export ready’ you are saying that the quality and consistency of your experience is of a high standard AND will be delivered at the same level each and every time.



As explained, different markets will expect different levels of readiness. Do you want to attract students and backpackers? A visitor ready business can meet the needs of these markets. Or, do you want to have sales partnerships with international tour operators and travel agents? In that case, your business must be export ready. Think carefully about your potential markets, and focus on those markets when you develop your products and prepare your business and marketing plans, as you will learn how to do using this Handbook.



MARKET READY LEVEL:

At what level of readiness is your CBT operating now – emerging, visitor ready, market ready or export ready? What steps do you need to take to move up to the next level?

4.2

What are the Steps to Starting a CBT Business?

A CBT business is a great way to share your passion for your community with visitors, and there are a lot of steps to bring your dream to reality. Here are some of the most important ones, including defining your business concept and then steps to get it started. Think about them and make some notes, which will help you to prepare your business plan.

Ten Steps to Defining Your Business Concept

1

Step 1. Find your passion: You must have the determination to succeed. Being passionate about what you do will help. Take some time to think about what's going to excite you to wake up and go to work every morning. What are you really good at or interested in?

2

Step 2. Set your goals: Be specific about what you want your business to achieve. Think about revenues, profitability, benefits to the community, etc. and then set SMART goals (Specific, Measurable, Achievable, Realistic, Time-bound). What are your business goals?

3

Step 3: Think about your community: It is vital to look at any CBT business from your community's point of view. If the local community and businesses benefit from your business, they will be more likely to support you and your business. What are some of the benefits your business will provide to your community?

4

Step 4. Consider potential visitors: Think about your target market, which is the type of visitor you want to attract. Do they love nature? Do they love culture? Will they want to meet locals? What's going to excite them?

5

Step 5. Do some market research: What is the size of your target market? Are the types of visitors you want to attract coming to your area now? How many of these visitors are likely to want to buy your product or service? How much are they paying for similar experiences?

6

Step 6. Plan for operations: What type of infrastructure and equipment will you need? Who will be your suppliers? Will you need to hire other people? What types of skills will you need to operate the business, and do you have those skills? What types of skills will your staff require, and are there people with these skills in your community?

7

Step 7. Consider the competition: Research tourism businesses in your area. Are there similar businesses that visitors can buy from instead of yours? How far are they located away from you? How do they compare to your business in their strengths and weaknesses (e.g., on price, location customer service, accessibility and marketing efforts)?

8

Step 8. Review the feasibility of your idea: How much money do you need to start and operate your business? How much can you charge visitors for your proposed product or service? How much will it cost you to deliver that product or service? Could you make money from this business?

9

Step 9. Identify financial sources: The most common sources of financing for CBT businesses are savings or loans from banks and trust companies, development corporations, and family members or friends. There can also be grants or other non-repayable sources of start-up financing for businesses. What sources do you plan to access for financing your business?

10

Step 10. Business model and structure: First, define your business model. Will it be community-family owned, cooperatively-owned, family-owned, a partnership or entrepreneurship? Then, decide which business structure you will use to operate your business - Sole Proprietorship, Partnership or Corporation?

7 Steps to Starting Your CBT Business

NOTE: In several steps, you are asked to look at the Community-Based Tourism Business Support Directory for your country to obtain needed information. If there is no Directory for your country, contact your Ministry of Tourism or National Tourism Office for the information.

Step 1.

Prepare a Business Plan: This is a critical step in planning your business, and more details are provided below in this Handbook. For now, research where you might get help to complete your business plan. Look at the Community-Based Tourism Business Support Directory for your country to identify the organizations that can help you, such a Small Business Development Unit or Ministry of Entrepreneurship. Note that information here.

Step 2.

Name your CBT Business: Your name is your brand, and you will use it in all of your business documents. Can you think of a name that is memorable and descriptive?

Step 3.

Register your CBT Business: Can you find the local Registrar of Companies in the Community-Based Tourism Business Support Directory for your country? This organization will help you search to see if your business name is available and can be legally registered. Note the information here.

Step 4.

Prepare for Online Marketing: Did you check to see if the domain name (which is used for your email address and for your website) is available for your preferred business name? To find out go to <https://whois.icann.org>. Have you thought about your preferred Facebook business page name? Have you thought about other social media channels?

Step 5.

Get your Licenses and Permits: Different countries have different rules and laws for starting a CBT business. Look at the Community-Based Tourism Business Support Directory for your country to find out which organizations deal with the licenses or permits you might need? Note the information here.

Step 6.

Open a Business Bank Account: A business bank account will help you keep track of all your expenses and revenues, which will make your accounting much easier. Do you have a business account separate from your personal banking account? Do you know which bank you will use?

Step 7.

Set Up your Business Records: Your business needs to keep records and have an accounting system. Do you have the skills to do this yourself? Do you know a trusted bookkeeper or accountant who can support you?

4.3

What Goes into a Business Plan?

A business plan is an essential tool for any CBT business owner, whether you are at the start-up stage or have an existing business. It will help you to:

- Ensure your business idea is feasible (which means it has a reasonable chance of success).
- Get clear on your goals and objectives.
- Teach you about the business details necessary for success.
- Identify and more deeply understand your market.
- Develop products and services that meet the demands of your market.
- Obtain funding from banks, government funding sources, partners, and others.
- Be able to get help and advice to ensure your CBT business is successful.

Elements of a Business Plan

There are different ways a business plan can be written but it should have the following main parts. The amount of information in any one section varies and depends on the stage of your CBT business.



Main Parts of a Business Plan

- **Executive summary:**
This is the most important part of your plan. It gives a brief one to two page summary of your entire business plan. You will write this section after all the other parts of the plan have been completed.
- **Goals:**
Defines the main objectives of your business. Imagine what your business will look like in 3 to 5 years (e.g., how many customers you will have, how much money you will make, the benefits you will give to your community).
- **Product or service:** A description of the visitor experience you want to offer. What makes it different and unique, which is your Unique Selling Proposition (USP). What makes what you offer a CBT business.
- **Market overview:** An assessment of the tourism industry and trends in your area. Which markets you will target. What you've learned about your potential customers ("ideal guests").
- **Partners:** A list of businesses with which you will partner for product development and marketing (e.g., other community-based tourism providers, mainstream tourism providers).
- **Product and marketing strategy:**
A description of how you plan to develop and offer the visitor experience you will provide — the ways you will promote your business.
- **Capital/asset plan:**
A listing of your cash, facilities, infrastructure and equipment needs.
- **Community contribution:**
Details about how the business will involve and benefit the community. Any cultural, social, health, and safety & security measures you will take to help protect the community.
- **Environmental plan:**
The actions your business will take to care for the environment and address any environmental sustainability issues.
- **Staffing/human resources plan:**
The positions and job descriptions of any staff you will hire to work in your CBT business. Includes details on how you plan to train your employees.
- **Financial overview:**
Estimates of expenses and revenues and the operating budget. How you will finance your business and the systems used for managing your finances.

Develop
SMART
Goals.

Specific
Measurable
Achievable
Realistic
Timebound



POINTS TO REMEMBER

Writing a business plan may seem difficult, but once you have gone through the entire Handbook, you will have a better idea of how to do it. Your business plan can be simple. It can have a few well thought out points for each of the sections. If you take the time to get clear with your ideas and plan your CBT business, you improve your chances of business success.

4.4

Where Can I Get Help for My Business Plan?

There are a few reasons why you should write your business plan yourself instead of having someone write it for you:

- No one knows your business idea as you do.
- It is the roadmap for your future, and writing it will make you think deeply about your plans, goals, resources, and how you will build your business.
- It will help you understand more about operating a business.
- You will fully understand your business plan and how to use it to operate your CBT business.

While it's important that you write your business plan yourself, it's good to ask for support and advice. One of the first things you should do is check the Community-Based Tourism Business Support Directory for your country to identify organizations that may be able to assist. Your National Tourism Office and local Business Development Organizations are there to support business development, including CBT development. They may be able to give you training, help you write your plan, tell you which other agencies can help, or recommend business consultants in your community that you can hire to help prepare your business plan.



POINTS TO REMEMBER

You can look at other business plans for ideas but don't just copy from someone else's plan or a sample business plan. Your business plan is about your unique CBT business, and why the business will be successful. You need to "own" your business plan.

5.0 UNDERSTANDING YOUR MARKETS

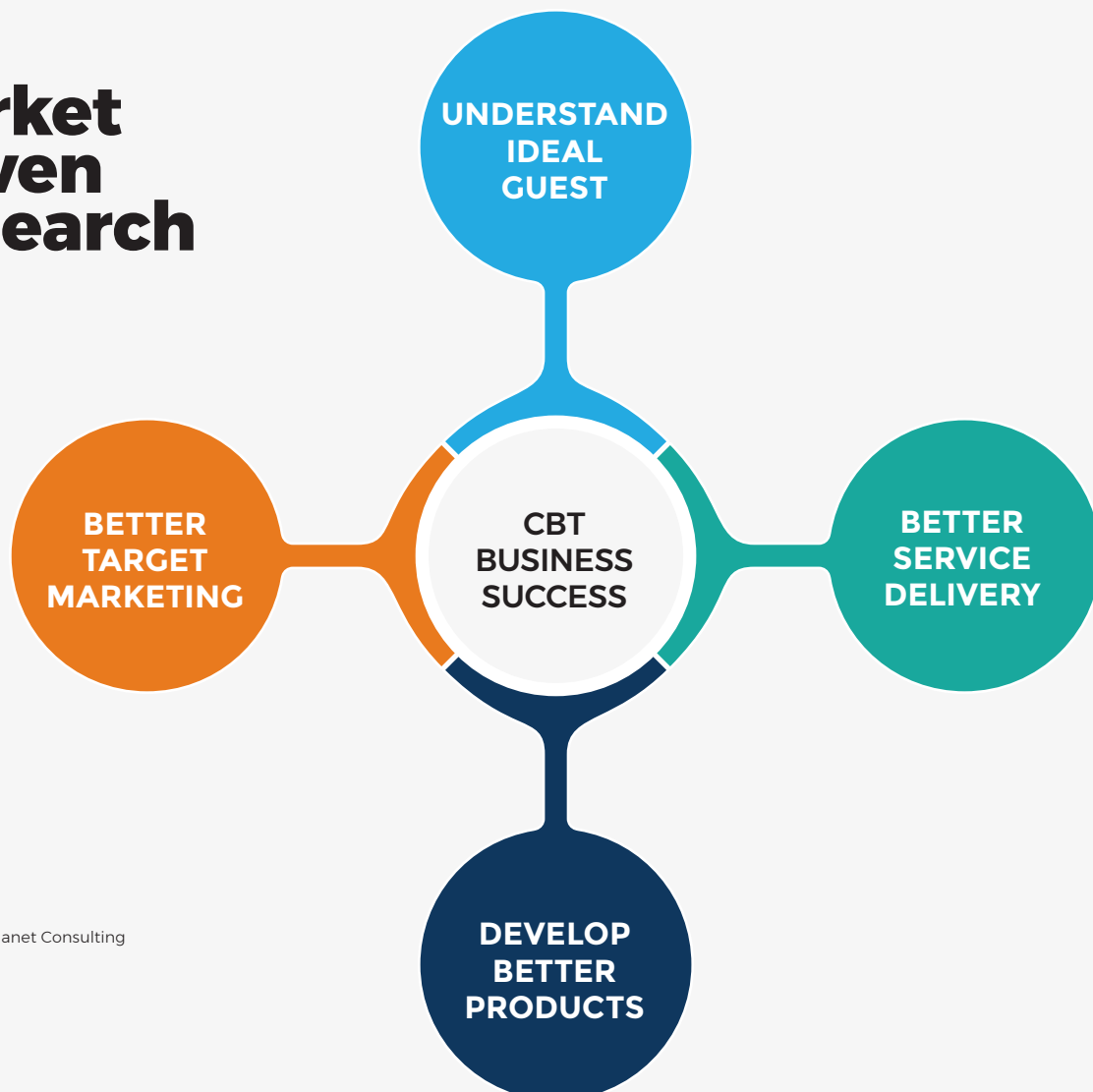


5.1

What is Market-Driven Research?

You cannot sell to all markets and all customers, so you have to do market-driven research to help you focus your efforts. Such research is at the core of a successful CBT business. It will help you to understand your target markets so that you can have better product development, marketing and service delivery. You will be better able to create a CBT experience that excites travellers in your target markets, and you will be more effective in promoting your CBT experience to them.

Market Driven Research



Source: Small Planet Consulting

Be sure to take the time to research the market segments that are likely to be interested in your product. Learn about why they travel, what attracts them, their interests and activities, their travel patterns, spending patterns, and how they tell others about their travel experiences. The more research you do, the better you will understand your target market and ideal guest.



5.2

Which Types of Visitors Have the Most Potential?

Market demand is growing for local tourism experiences. Travellers want to understand the culture and to get to know the people of the place they are visiting. There are more people that want to “Live Like a Local”. These trends create opportunities for CBT businesses. To help you get a deeper understanding of the types of visitors who are most likely to buy CBT experiences, let’s take a look at the most promising global market segments.



Travellers are now focused on

BEING IN A NATURAL ENVIRONMENT

LEARNING

MEANINGFUL EXPERIENCES

Source: North American Adventure Travelers. 2017. ATTA, East Carolina University, and Outside magazine.

Adventure Travellers

Adventure travel was introduced at the beginning of this Handbook. This market has strong potential for community-based tourism because it is large and growing fast. “Being Local” is one of the top 10 adventure trends, says the *North American Adventure Travelers Report*, by ATTA. Most adventure travellers now place higher importance on culture and cultural understanding, where risk used to be a more important motivating factor. Adventure travellers want to be in a natural environment, to learn and to have meaningful experiences.

The preferred community-focused activities of adventure travellers include: participating in nature-based activities, visiting and exploring natural and historical sites, attending local festivals/fairs, cultural activities and experiences to interact with and get to know the locals. Adventure travellers also like to do other adventure activities that can be offered by CBT

businesses including hiking, camping, cycling, mountain biking, backpacking, fishing, kayaking, and walking.

Most adventure travellers go to the Internet to get information for their adventure trips. They also talk to friends and family. They are likely to recommend a similar trip to their family and friends. They use the Internet to tell friends and family directly when sharing information about their trips.

Cultural Travellers

The cultural segment also has good potential for community-based tourism. As stated in **Section 2.1: What is Community-Based Tourism**, about one in four international visitors are considered to be cultural tourists, which are travellers who participate in a cultural visit or activity as part of their stay.

The Cultural and Heritage Traveler 2013 edition provides this description of the “typical” cultural/heritage tourist compared to the general tourist:

- **Well-Educated:** They are more likely to have college or university degrees. They also are more willing to research their trip ahead of time, often arriving with detailed prior knowledge.
- **Well-Heeled:** They have significantly higher incomes, mainly because they are older have higher education levels
- **Well-Travelled:** They take more trips per year.

The Cultural and Heritage Traveler 2013 report identifies five types of cultural travellers. The two that have the most potential for CBT are:

- **Passionates:** They seek travel experiences that combine a mix of activities such as culture, shopping, nature, exercise and dining.
- **Well-Rounded/Actives:** They like taking trips that allow them to bring back local souvenirs to share with family and friends.

Examples of cultural tourism experiences include:

- Architectural and archaeological heritage.
- Food activities.
- Festivals or events.
- Historic or heritage sites, monuments and landmarks.
- Museums and exhibitions.
- National parks and wildlife sanctuaries.
- Religious sites.



Mero beach, Dominica. Photo Courtesy Dominica Community Tourism Association Inc.



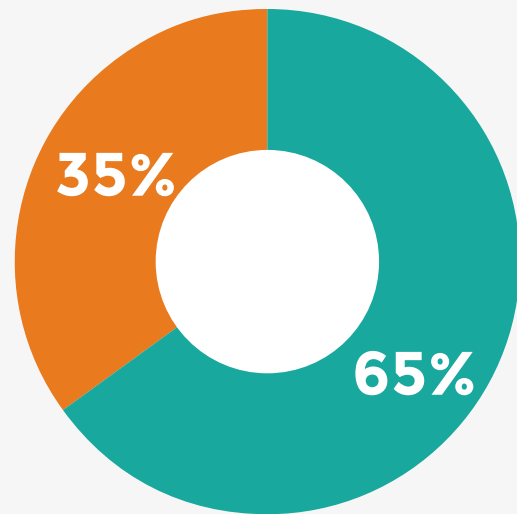
Experiential Travellers

Experiential travel is a trend that has been rising in recent years. Experiential travellers come from both the adventure and cultural tourism segments.

Experiences are becoming more important than things for many people and travel is one of the most popular experiential purchases.

The U.S. Experiential Traveler Trends 2017, by Skift, helps to explain these travellers: They are choosing culinary travel, cultural exploration, and activity-based travel experiences. They are looking for deeper and valuable travel experiences, ones that fit with their values and passions. They are now moving to “transformative travel”, seeking meaningful experiences that guide them to discover a new sense of self.

Experiential travellers say it is more important to them to return from a trip having experienced something new than feeling rested and recharged.



I want to come back having experienced something new.

I want to come back feeling rested and recharged

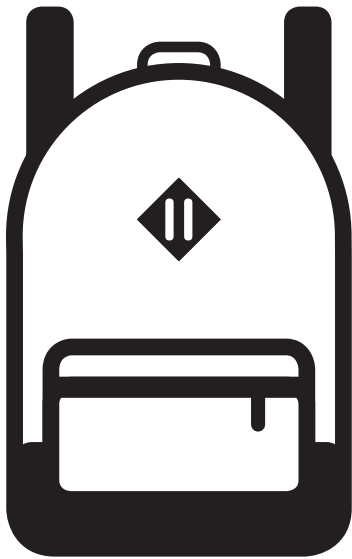
Source: Skift's 2017 U.S. Experiential Traveler Survey

millennial travellers make-up

23%

(304 million)

of international travellers in 2019



**Students,
backpackers &
volunteers... are
very interested in
local communities.**

The most important source of information for travel planning for experiential travellers is online review sites, such as Trip Advisor, and advice from friends and family.

Millennial Travellers

Millennials are people born between the early 1980s and 2000s, and they make up a huge market. The World Youth Student and Educational Travel Confederation (WYSETC) says millennial travellers make-up 23% (304 million) of international travellers in 2019.

Millennials are a good fit for CBT because they value experiences more than things. They are more socially and environmentally conscious. They look for authenticity and cultural experience travel for personal growth. They like the sharing economy, and book travel online using companies such as Airbnb, ToursByLocals and GetYourGuide.

Youth Travellers

Students, backpackers and volunteers are three segments of youth travellers that are very interested in local communities. They often stay for a longer period, spending less per day but more than the average over the trip. They are more adventurous and look for good-value accommodation. They like to meet with and learn about culture from local people. Volunteers will come to work with residents on local projects. Students may come in groups with professors or other leaders to study or do research. The travellers from these segments often return later on in life to the places they visit, perhaps with their families. They are excellent ambassadors for communities.

Domestic Visitors

Domestic tourism is important because when visitors from your own country spend their money at home it benefits the local economy. Also, domestic visitors will often travel during the 'off season', the time of year when there are fewer tourists.

Within domestic tourism, there are a few groups that might be good markets for your CBT business:

- School groups – Can your business create experiences that support what schools are teaching in areas such as culture, health, science, traditional technology, art and crafts?
- Company and organization staff trips – Can your business create engaging and motivating experiences that build team spirit such as unique corporate social events that bring the group together?
- Church and missionary service – How can you create an experience that will work for this group, which likes to give back to communities and likes CBT experiences?
- Professional and volunteer expats (people living in your country temporarily) – What experiences can you offer to this group, which like tourists, is keen to explore your country, and wants to learn about the similarities and differences compared to their home culture?



YOUR TARGET VISITORS:

Which visitor markets do you plan to target or do your target now in your CBT business? What are some of the reasons you think your product or service will appeal to those market segments? Can you think of products you can market to domestic visitors?

5.3

Who is my Ideal Guest?

“Everyone!” That is often the answer CBT business owners, especially new ones, give when asked who their ideal guests are. But the truth is that you need to have a clear picture of your target “ideal guest” when you are developing your CBT product or service. Creating a profile of your ideal guest will help you to meet your guests’ needs and wants better, which will make your CBT product more appealing to buy.

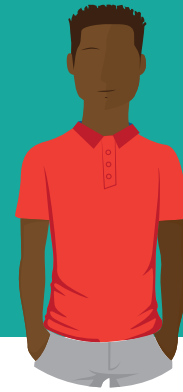
The process of creating an ideal guest profile starts by studying the type of guests you want to attract to help understand their behaviour and desires – how they think, what they want and how they make decisions. The next step is to write out details about them.

Take time to develop one or two ideal guest profiles and continue to update them as you learn more about your ideal guests. Put the profiles up on the wall of your office and think about them every time you make a product development or marketing decision.

You don’t have to answer all of the questions outlined here but more detail helps you better understand how to attract that type of ideal guest.

- Demographics: Gender, education, occupation, household income, marital status, family status, where they live.
- Preferences: Activities, hobbies, movies, magazines, etc.
- Travel profile: Preferred style of travel, favourite countries to visit, typical travel companions, mode of travel.
- Travel preferences: Most important factors when choosing a destination, what attracts them, what experiences appeal, activities on vacation, type of accommodation.
- Goals and Dreams: 2 to 3 goals they have related to travel and experiences.
- Challenges: 2 to 3 challenges they face in pursuing travel and dreams.
- Common objections: Why they might not choose your country or experience.
- Sources of information: How they find information, who/what influences them to travel, how they use the internet and social media.
- Booking: How and where do they buy travel? How far in advance do they book?

IDEAL GUEST PROFILE



**CBT
Business Name**

**Ideal Profile
Name**

Demographics

Preferences

Travel Profile

Continues on the next page

Travel Preferences

Goals and Dreams

Challenges

Common Objections

Sources of Information

Booking

6.0 DEVELOPING YOUR PRODUCT



6.1

What is Packaging?

A package is when you put several different tourism products or services together to make one experience for one price. All types of products and services can be in a package (e.g., accommodation, transportation, meals, activities, admission, tickets). Packages can be developed for groups of people travelling together, or for FIT (fully independent travellers, such as couples or solo travellers).

The following are some examples of packages:

- A CBT nature tour business and an ecolodge partner to sell a day-long interpretive trip to a cultural site with overnight accommodation at the ecolodge.
- A CBT guest house partners with a tour company, which buys accommodation and meals at the lodge as part of a week-long trip.
- A community-owned lodge partners with a language school for a weekend trip including accommodation, meals and activities at the lodge for the school's students.
- A CBT kayaking business and a CBT horseback riding business partner to sell a day trip combining the two activities. They also partner with a transportation company to bring guests to the two businesses.

Packaging is a good way to add value and improve your CBT product or service. It can improve the overall visitor experience, and encourage visitors to stay longer and spend more money in your community. Packages can help attract visitors during the tourism off seasons or for special dates and events, such as Christmas or New Year's Day.

You can create a package for your own business. You also should partner with other tourism businesses to create packages, which will create more spin-off benefits for your community. Partnering with other businesses lets you focus on your main products while creating a better experience for your visitors. Partnering also helps to reach more people with your marketing efforts.

When you are working with other tourism suppliers, it is important that all the businesses involved are operating at the same quality levels. Also, that all of the companies have the same target visitor markets.



PACKAGING PARTNERSHIPS:

Which businesses or persons in your community can you partner with to create packages? Think about accommodations, attractions, restaurants and other food services, transportation suppliers, tour suppliers, entertainers, performers, artisans, and festivals and events. Don't forget about local experts, including groups or individuals with special cultural knowledge or expertise that could add value and enhance the package experience.

6.2 What Types of CBT Packages Do Visitors Buy?

There are four main types of CBT products the target markets buy. These packages can include all of the different types of experiences the Caribbean offers to visitors, which you learned about in Section 2.3: Community-Based Tourism in the Caribbean.

CBT Experience

2-3 hours, ½ day or 1 day trips

Often departs from a tourism hub or hotel. Experiences include village walks, meeting local people over food & drink, cooking & handicraft classes, events and festivals, guided trips to see wildlife or local places.

CBT Experience with Accommodation

1 - 3 + nights

Stay with a local community in a home or accommodation in the community. Also visits to community-led projects in protected areas. Participate in community-led activities such as cooking, handicrafts, harvesting, animal care, festivals.

CBT Experience Multi-Day Tour

1-2 Weeks

Usually booked ahead of time. Guided or self-guided. Have CBT elements within a wider trip, e.g., hiking holiday, staying overnight with local families and communities, eating local food and cultural immersion. Includes other non-CBT hotels and activities.

CBT Experience with Accommodation

Any length

Volunteer or internship projects like helping communities to build infrastructure, teaching languages or sports, conservation projects, healthcare initiatives. Popular among “gap” year students and people taking a career break.

6.3

What are the Essential Qualities of a CBT Product?

Once you have done your market research and thought about your packaging partners, you can think about CBT business ideas that make sense for you and your community, and which ones have the best chance of being viable.

A viable cultural tourism business starts with three essential qualities which together combine to generate a good chance overall for success and profitability. These include:

- An authentic community-based tourism product.
- A strong base of customers who want to buy the product the business sells.
- A price that the market is willing to pay for the product.

If you keep these qualities in mind when developing your CBT product or service, your CBT business will have the best chance of success.



“VIABLE” –

Keep these definitions in mind:

**feasible | workable | practical | usable | possible |
realistic | achievable | attainable | realisable | doable**

6.4

What Product Can I Offer?

When you are trying to decide what CBT product or service to offer, think about what will appeal to your ideal guests and ask yourself the questions in the checklist below. Not all of the questions will apply to you. You might not be able to answer all of the questions that do apply, but going through the exercise will help you decide what products or services you are best able to offer.



BEST PRACTICES CHECKLIST

PRODUCT OFFERING

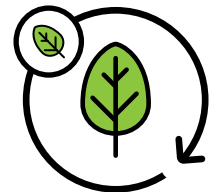
- What are my skills, passions and gifts?
- What special knowledge or skills do I have that I could share with visitors (e.g., knowledge of cultural or nature knowledge, singing, drumming, carving, food preparation, story-telling, sharing my home etc.)?
- What do I like doing and sharing with others the most?
- What have I done in the past that will help me in a CBT business?
- What can I offer to visitors (e.g., a chance to look back at the history of our culture; an adventure activity; a chance to learn something unique)?
- Are there ways to bring more of my culture into my product or service?
- Does the national tourist board have standards for the type of product or service I am planning to offer (e.g., food safety, tour guiding, accommodation, etc.)?
- Do I have to get licenses or permits for the type of product or service I am planning to offer?
- Can I talk to someone with experience running a similar kind of business to get more information and insight?
- What kind of help might I get from my family, friends, and the community (e.g., money, equipment, experience, labour, and mentoring)?
- What makes my idea an authentic CBT business?
- What makes my idea truly unique?

Some Community-Based Tourism Ideas



You've learned about the types of activities preferred by travellers who like CBT. To get you thinking more, here is a list of community tourism experience ideas:

- Tours of local places by foot, bicycle or vehicle.
- Wildlife viewing and nature tours.
- Weaving, carving or craft-making classes or demonstrations.
- Drumming and drum-making classes or demonstrations.
- Dancing lessons and performances.
- Language, culture and traditions education programs.
- Learn to fish like a local fisher.
- Food and drink themed tours, trails and tastings.
- Guesthouse, homestay, or B & B experiences with local "flavour".
- Beach BBQs with local storytelling, food and games.
- Taking guests to community events and festivals.
- Archaeology site tours and "dig" experiences.
- Local food cooking classes and tastings.
- Eating at local homes or restaurants.
- Medicinal and healing plants and traditions tours.
- Weaving and displays of art, with basketry, other products for sale.
- Traditional medicine walks and demonstrations, with samples.



CULTURAL CONNECTIONS:

Be sure to think about how to bring in culture and community into your CBT business. That is what makes the above ideas become true community-based tourism experiences. Can you think of other good ideas for CBT businesses?

6.5 What are the Steps in Product Development?

You have done the market research, described your ideal guests, decided what type of community tourism product or service to develop, and identified possible partners to create packages. Now it's time to develop your CBT experience.

Be sure to keep in mind that market research shows that travellers interested in community-based tourism generally want the following:

- One-on-one interaction with local people in small, intimate groups.
- Active involvement while learning about cultures, traditions, arts, food, storytelling, and history.
- To learn about local peoples' connection to the land, history, nature and the environment.
- To be active, both physically and mentally.
- To be adventurous.
- To get a different perspective on a place and the local way of life.
- To learn about the everyday lives of local people.

The research clearly shows that those travellers interested in CBT want to share in the authentic local culture. The experience will be richer if it gives a true reflection of your community, your people and your culture. When designing your experience, use this checklist to be sure you are making it authentic.



The CBT experience at the Rastafari Indigenous Village in Jamaica includes Hand crafted cocoa powder from Iyawin's Chocolates and Tonics (above), and King Toto's Hut for lessons in drum making and drum playing (below).





BEST PRACTICES CHECKLIST

CULTURAL AUTHENTICITY

- Are the local stories, knowledge, traditions and skills shared authentic?
- Are the persons delivering the experience locals, who enjoy sharing their community and life with the visitor?
- Does the guest learn by doing something hands-on with someone local?
- Does the experience share the culture by engaging all or most of the guests' five senses of sight, smell, hearing, feel and taste?

Product Development Steps

The following are the ten main steps for developing an authentic cultural community-based tourism experience:

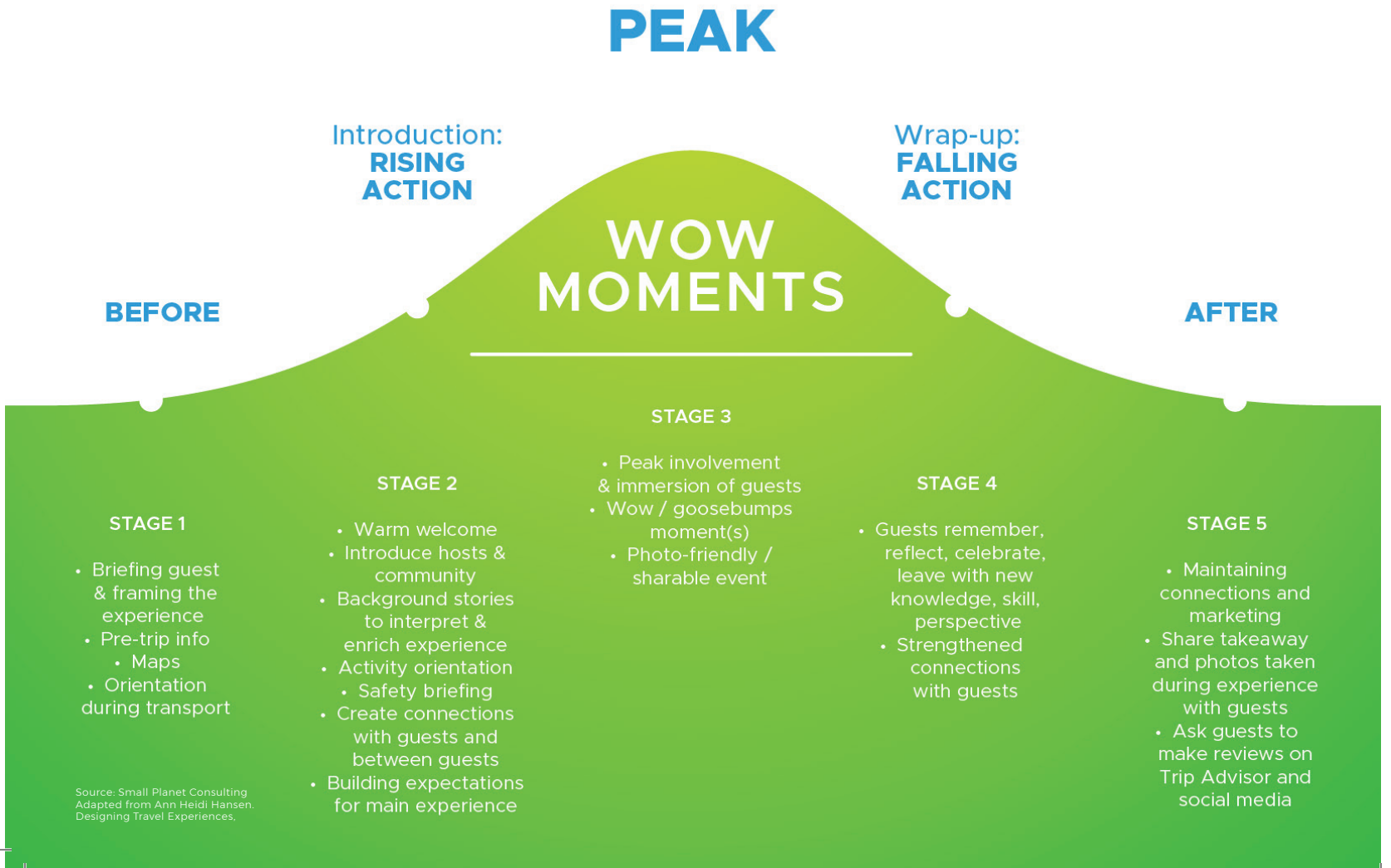
1. Choose the feature story or theme around which the experience is built.
2. Say why the experience shares the culture of the community with visitors.
3. Say how the experience benefits the community.
4. Identify the target market segments and ideal guest profile.
5. Identify local experts (i.e., guides, interpreters, storytellers, performers, etc.) to deliver the experience and engage the guests.
6. Plan the main elements of the experience – the peak or “wow” moments, locations and storytelling elements.
7. Think about ideas to make the experience more immersive using the five senses, learning, and hands-on activities.
8. Identify props, equipment, supplies, etc. needed to deliver the experience.
9. Develop a detailed itinerary of the experience which will appeal to the ideal guest, and describes all of the above elements.
10. Think about pricing your experience. (There’s much more information in Section 7: Pricing Your Product.)

Storytelling Framework for Designing Experiences

Telling the stories about the people, culture and places of your community is a good way to get closer to your customers. Using a storytelling framework will guide you through creating an engaging CBT experience, so you can better attract the interest of customers and reach their hearts.

The following chart outlines a five-stage storytelling framework. After that, the following sections provide examples of how to brainstorm an experience concept and how to prepare a detailed experience itinerary.

Experience Design Framework



Example Experience Concept

Below is an example experience concept for a CBT tour of a marine reserve in Bluefields Bay, Jamaica, a community that pursues sustainable community development through tourism. The experience was developed by the Bluefields Bay Fishermen's Friendly Society (BBFFS) and RAJ Tours. It shows how to brainstorm a design for an immersive CBT experience.

SAMPLE EXPERIENCE CONCEPT: COMMUNITY-LED MARINE RESERVE EXPERIENCE

Tour, Activity, Experience Concept

What is the main theme or story of the experience?

Bluefields fishing culture historically and today, including its role in sustainable community development.

What is the experience, and how does it share the people, places and culture of the community?

Marine tour with traditional fishers. Bluefields is a fishing village, and the tour has fishermen interpreting their own space and environment, sharing what it was like to grow up fishing and in a community like Bluefields. Guests learn about how to fish in the traditional way and about the plants, animals, crabs and crab season. Also, each guide shares the story of the Bluefields Bay Marine Sanctuary, how fishers are helping to manage it and Bluefields' efforts to be a model for sustainable community development.

What benefits does it give back to the community?

Traditional fishers, local tour guides, the women's artisan group and the Bluefields People's Community (which provides the meals) all earn income from the tour. Also, visitors may buy from local shops and restaurants. The tour raises awareness in Bluefields about how important it is to protect the Marine Sanctuary and promotes support for sustainable development in the community.

Target Market & Ideal Guest

What are the target markets for the experience?

Scientific, Academic, Volunteer and Educational (SAVE) market is the target segment. Bluefields has been working with several universities and with volunteerism tour companies and wants to grow this market segment.

Local Storytellers & Stories

Who are the local experts (guides, storytellers, performers, etc.) who will deliver the experience?

Captain Caven – Patrol boat captain. Industrious – can fix boats and engines and does welding. Founding BBFFS member and one of the first to patrol, and the first board member.

Captain Emsley – Patrol boat captain and has a traditional canoe. Is a Deacon in the Seventh-Day Adventist church, fished most of his life including Pedro Cays, founding member, patroller.

Captain Calbert – Has a traditional boat; larger than life character – has been exposed to rich and riches but has none. Very talkative and passionate about fishing and all he has done in that area, and the high Jamaican people he has worked with as a captain.



Memorable Aspects

What is the PEAK, the ultimate WOW moment(s) of the experience, when the guest is most involved/immersed?

Series of moments, wow moment depends on visitor interest:

North Reef snorkelling

Artificial reef and nursery

Marine life – seeing dolphins, pelicans, fish, sea life

Instagrammable moment: to see where the mountains kiss the sea, the only place in Jamaica

What item can be provided as a takeaway gift, to remind the guest of the community and their experience?

Miniature canoe, made in the traditional way

Logistics

What is the length of the tour? i.e., seasons, days, hours.

5 hours if lunch is included, plus time to transfer from and back to guest hotel

What are the minimum & maximum group sizes?

4 to 8 persons

When can it be operated? i.e., seasons, days, hours

Year-round but from Jun 1 to mid-Nov, weather dependent. Morning (9 am) or afternoon (4pm)

What is provided (e.g., equipment, clothing, information or interpretation tools)?

Lifejackets, water viewing tools, snorkels and fins. Lunch is optional.

Make your experience more meaningful and immersive by giving guests the chance to:

LEARN

About the people of the community, how they live or a new skill, etc.

DO

Be a hands-on participant instead of a passive observer.

BE LOCAL

Meet and engage with local people who are willing to share their culture, way of life, special knowledge or skill, etc.

Example Detailed Itinerary

After preparing the product concept, the next step is to prepare a detailed itinerary for the experience. Here is an example for the Bluefields Bay community-led marine reserve experience. A description of the elements of the itinerary is presented first, followed by the detailed itinerary.

DETAILED ITINERARY ELEMENTS

The detailed itinerary describes each component of the tour, including:

- **Wow or Peak moment(s)** - Where the peak involvement and immersion of the guest occurs, the point in the tour when the guest is focused totally on what is happening at that moment.
- **Stages** - The beginning, middle and end of the experience. It's how the experience will unfold at the beginning and lead to the wow moment(s). It's how the wow moments will be presented to make them memorable and meaningful for the guest. And, it's how the experience will end and leave the guest with a new learning experience, understanding, or some other sense of new personal meaning.
- **Time and Duration** - How long in minutes each part of the experience will take and length of the program.
- **Experiencescapes** - The physical location or place where each aspect of the experience will take place.
- **Storytelling** - What inside knowledge can guests learn or discover about the local place, people, environment, culture, and traditions. It's how the local experts can give guests a personal and local perspective about the experience. It includes safety briefings and responsible guest behavior.
- **Guest Engagement** - Who and what the guest will interact with verbally and physically. It's how the guest will be actively involved and fully take part in the experience, and which of their senses will be engaged.
- **Scripts, Supplies, Props & Equipment** - Items needed to deliver the tour, from scripts for guides, to props used to make the tour more experiential, to take-away gifts for the guest.

SAMPLE DETAILED ITINERARY:
BLUEFIELDS BAY COMMUNITY MARINE EXPERIENCE

Step #	Stage	Time	Experiencescape (Location/place)	Storytelling
1.	Before	Varies	Tour van	Learn about landscapes & places
2.	Intro Rising Action	15 min	Gazebo at BPCA community centre	Learn history of area & story of sanctuary, community goals, work done by BPCA, BBFFS.
3.	Intro Rising Action	15 min	Fishing area	Learn about history of village and the traditional line fishing method.
4.	Intro Rising Action	15 min	Mangrove area	Learn about mangrove ecosystem

Guest Engagement
VI = Verbal Interaction
PI = Physical Interaction

Scripts, Supplies, Props, & Equipment

VI - guide & driver.
 Hear - interpretation.
 See - map and landscapes.

Map to show where the guest is going

VI - guide & captain
 PI - with interpretive aids
 Hear & see -interpretation, map, fauna & flora, artifacts
 Taste, feel, smell -drink, cloth

Guide's script - greeting, stories about history, safety briefing
 Local cold drink. Map of sanctuary, video of coral reef installation, waiver forms.

VI - guides, fishers
 PI - fishing equipment
 Senses: (Hear, See, Smell)
 sanctuary, fishers, birds

Sanctuary map
 Line fishing equipment.

VI - guide, interpretation
 PI - mangrove tree parts
 Senses: (Hear, See, Smell) trees, birds, crabs, iguanas

Guide script for mangrove tour.
 Parts of different mangroves, leaves, a mangrove seedling.

Step #	Stage	Time	Experiencescape (Location/place)	Storytelling
5.	Intro Rising Action	10 min	Beach & pier	Learn how to safely board boat, use safety gear.
6.	Activity Wow Moment	5 min	Viewpoint	Get view of where the Mountain Kisses the Sea. Take 'iconic' photos.
7.	Activity Wow Moment	30 min	Location #1: North Reef Snorkelling stop.	Look for and learn about dolphins (wow moment) sea life, marine environment, fishers' lives.
8.	Activity Wow Moment	20 min	Location #32 Coral Nursery	Learn about climate change and effect on reefs and coral, how coral project works.

Guest Engagement
VI = Verbal Interaction
PI = Physical Interaction

Scripts, Supplies, Props, & Equipment

VI – guide, safety briefing
 PI – equipment & boat
 Senses: (Touch, Smell) gear

Lifejackets, other gear (fire extinguisher, first aid kit, navigation light, GPS, compass)

VI – guide, other guests
 PI – photo taking
 Hear – interpretation
 See – spectacular view

Guide script about the viewpoint’s uniqueness.
 Guide trained to know where best viewpoint is, how to take photos, best angles.

VI – guides, other guests
 PI –underwater viewer, swimming in ocean
 Senses (Hear, See, Smell, Taste) sea life, birds, ocean, fresh local juices & pastries

Guide scripts about North Reef, safe & responsible snorkelling.
 Photos of sea life underwater viewer.
 Local juices and pastries, cups, napkins, etc.

VI – guide, other guests
 PI – underwater viewer, coral nursery tube, artificial reef
 Senses (Hear, See, Smell) ocean, nursery, sea life.

Guide script about coral nursery and artificial reef.
 Coral nursery tube and artificial reef pieces, photos of types of coral grown, underwater viewer.

Step #	Stage	Time	Experiencescape (Location/place)	Storytelling
9.	Wrap-up Falling Action	10 min	BPCA Center	Discuss trip, record sightings, evaluate trip
10.	Wrap-up Falling Action	25 min	Cotta Craft Shop	Meet Cotta Craft leaders, hear their story. Buy crafts
11.	Wrap-up Falling End	10 min	BPCA centre	Memorabilia, group photo and goodbyes

**Total Length: 160 minutes (2 2/3 hours)
Not including travel time from & back to hotel**

Guest Engagement
VI = Verbal Interaction
PI = Physical Interaction

Scripts, Supplies, Props, & Equipment

VI – guide, other guests
 PI – board for recording wildlife sightings

Debrief script.
 Whiteboard for recording sightings, evaluation forms.

VI – with artisans
 PI – with craft items

Script for Cotta story
 Shop set-up to display crafts & work

VI – with guide, other guests
 Guide script for farewell

Miniature canoe memorabilia
 Camera (send photos to group and ask for sharing/reviews)



POINTS TO REMEMBER

After you have developed or improved your CBT experience, you should test with persons that have experience in tourism such as tour operators. You also should test it with some trusted guests.

The input will help you to make needed changes and create a better experience.



INVOLVE THE SENSES:

**TOUCH.
SIGHT.
TASTE.
HEARING.
SMELL.**



Think about your community-based tourism experience. How can you create a memorable experience for your guests using hands-on activities that involve the five senses?

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7.0 PRICING YOUR PRODUCT



7.1

How Does the Travel Distribution System Work?

You now understand more about the consumers who buy CBT products and the types of products they buy. Different types of consumers will buy from different travel distribution channels, so you also need to understand how the travel distribution system works.

This system is a global network of different partners, called distribution channels, whose job is to promote and sell your tourism experiences. These partners sell your experiences both to other partners in the system and to consumers. There are more sales distribution channels than ever because of the internet and the growth of online sales partners.

Collectively, these sales channels are called the "travel trade". The benefits of selling your tourism products through the travel trade include:

- More exposure for your products in the marketplace.
- More options for marketing channels, the ways you reach people.
- Ability to reach new domestic and international markets.
- Increases your marketing reach, the number of people who see and might buy your product.
- Established relationships bring repeat sales and customers.
- Reduction in costs of marketing, while increasing your sales revenues and profits.

The chart below will help you to understand the different sales channels in the travel trade and their roles.

SALES CHANNEL ROLES

CHANNEL

ROLES

Destination Management Company (DMC)

Also called Receptive Tour Operator (RTO) or Inbound Tour Operator (ITO). They are usually based in the country to which the consumer is travelling. They focus on selling to other sales partners. They package tourism experiences and sell them to Tour Wholesalers and Travel Agents. They are a key link between local tourism Suppliers and international markets.

Wholesale Tour Operator

They are usually based in the country where the consumer lives. They work with DMCs in destinations to create tourism packages. They may buy direct from Suppliers. They sell to Travel Agents and consumers. Some sell to other Tour Operators.

Online Travel Agent (OTA)

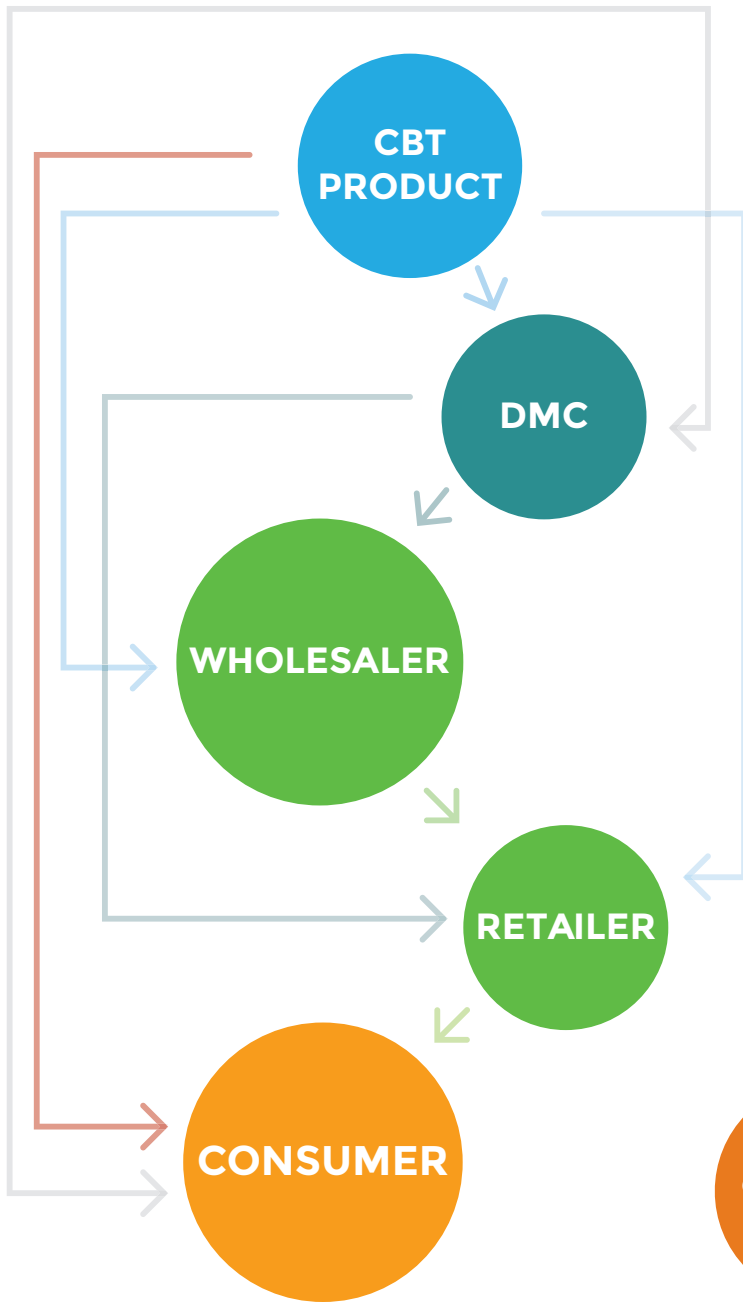
They sell online direct to consumers. They include both large OTAs such as Viator and Expedia and Peer-to-Peer (P2P) marketplaces such as Airbnb, GetYourGuide and ToursByLocals. They buy from DMCs, Tour Operators or direct from Suppliers.

Retail Travel Agent

They sell travel products direct to consumers, both through storefront offices or from home offices. They are usually located in the country where the consumer lives. They buy from DMCs, Tour Operators or direct from Suppliers.

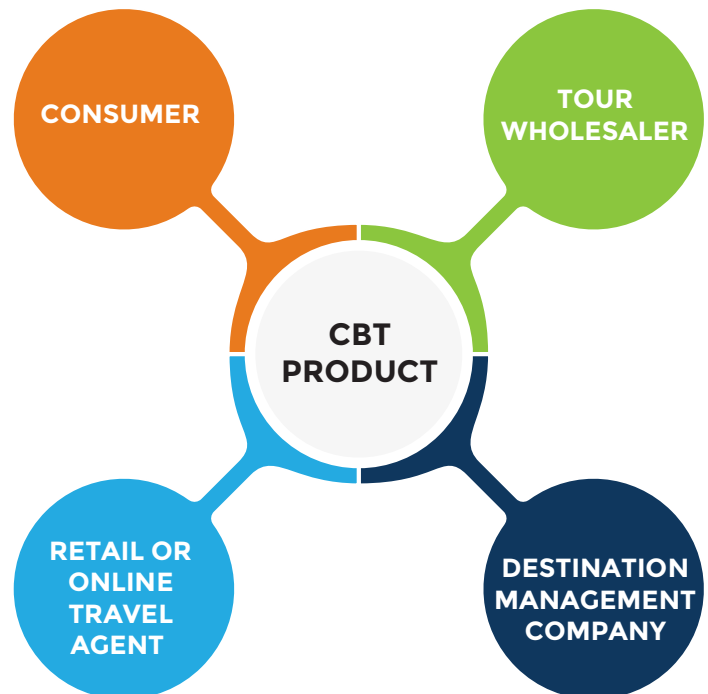
Direct to Consumer

The consumer can buy direct from local travel Suppliers



These charts show you the sales linkages between CBT businesses and the different travel trade sales channels (also called sales partners). The right side shows that CBT businesses have four main sales channels. Follow the arrows on the left side to see where the different sales partners sell tourism experiences.

THE TRAVEL DISTRIBUTION SYSTEM



Source: Small Planet Consulting

7.2

What Commissions Do the Travel Trade Expect?

To be able to decide which sales channels you want to work with and to price your products properly, you must understand the commissions the travel trade partners expect for their marketing and sales services. The chart below summarises the commissions expected by the different partners.

SALES CHANNEL COMMISSIONS

<u>CHANNEL</u>	<u>COMMISSION</u>	<u>DETAILS</u>
Destination Management Company DMC	20 - 30%	Expect you to have a Retail Rate that allows 20%-30% mark-up for commissions
Wholesale Tour Operator	20%	Expect you to have a Retail Rate that allows 20% mark-up for commissions
Online Travel Agent OTA	20 - 30%	Expect you to have a Retail Rate that allows 20%-30% mark-up for commissions
Retail Travel Agent	10%	Expect you to have a Retail Rate that allows 10% mark-up for commissions
Direct to Consumer	0%	You charge customer the Retail Rate, pay no commission and earn more profit

7.3

What are Net and Retail Rates?

In the tourism industry, there are two different types of rates or prices:

- **Net Rate:**

- It is the total of your costs plus your profit.
- It is the minimum price at which you can sell your product and make a profit.
- Net rates are usually given to travel trade partners, who add their mark up, or commissions.
- Other than giving them to sales partners, net rates are kept confidential.
- If you only sell direct to consumer, this will also be your retail rate (because you won't pay any commissions, you will earn your 10% profit).

- **Retail rate:**

- It is your Net Rate plus the mark-up for commissions, which you must add if you want to sell through travel trade sales partners.
- It is the price you will use in your sales materials, including your website, social media pages, brochures, price lists, etc.
- Consumers pay the same retail price, whether they buy direct from you or through a travel agency.
- If you offer a better price when you sell direct to consumers, travel trade sales partners will not want to work with your business.

Net Rate

= your costs + your profit margin

Retail Rate

= net rate + commission mark-up



POINTS TO REMEMBER

Here are important points to remember about the Travel Distribution System:

- The travel trade sales channels include tour operators, destination management companies (DMCs), wholesale tour operators (wholesalers) and travel agents.
- In some countries, DMCs are called receptive tour operators (RTOs).
- Travel agents include both retail travel agents and online travel agents (OTAs).
- There is a lot of crossover between the different sales channels or partners.
- Your CBT business must be export ready to sell through the international travel trade channels (see Section 4.1: What is a 'Market Ready' Tourism Business?).

7.4

How Do I Calculate My Net Rate?

To determine your net price for each product sold involves calculating:

1. Operating Costs per Tour Sold -

This is the total of the costs that apply to the operation of the CBT business (e.g., rent, accounting, licenses and permits, insurance, wages, electricity, marketing, maintenance and repairs) divided by the anticipated number of tours sold annually.

2. Fixed Costs per Tour Sold -

This is the total of the costs that apply to the tour group (e.g., guide, bus, speaker, cultural performance) divided by the minimum number of persons in a tour group. The total Fixed Costs Per Tour Sold will not vary, but the cost per person does with the minimum number of persons used.

3. Variable Costs per Tour Sold (Per Person) -

These are the costs that apply to each person in a tour group. Variable Costs Per Tour Sold usually do not vary no matter the number of persons in a tour group. (e.g., meals, hotel room, trail fee, giveaway item).

4. Your Profit per Tour Sold -

This is the percentage mark-up which gives your profit margin (usually 10%).

Here is an example showing how to calculate the Net Rate for a tour or experience. (Note: The same model can be modified for pricing of accommodations.)

NET RATE EXAMPLE

Assumptions:

Supplier sells average 1,000 tours per year (Note: Operating Costs/Tour increase or decrease based on # of tours sold)
Minimum group size for this tour is 2 persons (Note: Group costs per person increase or decrease based on minimum #)
10% Profit margin



POINTS TO REMEMBER

Remember these important points about the Net Rate:

- It is the absolute minimum price at which you can sell your product and still make a profit.
- Net Rates are usually kept confidential.
- If you only sell direct to consumer, your Net Rate and Retail Rate will be the same.

Operating Costs	
Annual Overhead Costs (e.g., rent, wages, utilities, licenses, insurance, etc.)	\$ 15,000.00
# of Tours Annually (divide by)	1,000
OH & Marketing Cost Per Tour Sold	\$ 15.00
Fixed Group Costs	
Transportation	\$ 50.00
Guide	\$ 70.00
<i>Total Group Costs</i>	<i>\$ 120.00</i>
<i># of Persons in Group (divide by)</i>	<i>2</i>
Group Cost Per Person Sold Cost	\$ 60.00
Variable (Per Person) Costs	
Food & Beverage	\$ 7.00
Trail Fee	\$ 5.00
Memory - making Giveaway	\$ 3.50
Variable/Per Person Cost	\$ 15.50
Net Rate	
Operating Cost Per Tour Sold	\$ 15.00
Group Cost Per Person Sold Cost	\$ 60.00
Variable/Per Person Costs	\$ 15.50
<i>Total Base Cost</i>	<i>\$ 90.50</i>
Add Profit Margin (10%)	\$ 9.05
Total base Price Per Person	\$ \$99.55
NET RATE (rounded up)	\$100.00

7.5

How Do I Calculate My Retail Rate?

If you are selling through the travel trade, you need to calculate your Retail Rate. To do so, you will add a commission mark-up on top of your Net Rate. Here are the main points:

- The mark-up allows you to pay commissions to Travel Trade partners on the customers they bring to your business.
- The commission is usually 20% to 30% of the Retail Rate, depending on the sales distribution channels you decide to use (see Section 7.2: What Commissions do the Travel Trade Expect? for more details).

Here is the formula and two examples of how to calculate the Retail Rate for a tour or experience. (Note: The same model can be modified for pricing of accommodations.)

RETAIL RATE PRICING EXAMPLE

The examples below show how to add a mark-up to the \$100 Net Rate to get a travel trade ready prices commissionable at up to 20% and up to 30%.

Formula:

$$\text{Net Rate} \div (1 - \text{commission mark-up}) = \text{Retail Rate}$$

Example: Commissionable at up to 20%

$$100 \div (1 - 0.20) = \text{Retail Rate}$$
$$100 \div 0.80 = \$125$$

Example: Commissionable at up to 30%

$$100 \div (1 - 0.30) = \text{Retail Rate}$$
$$100 \div 0.70 = \$143$$



POINTS TO REMEMBER

Remember these important points about the Retail Rate:

- Consumers pay the same retail price, whether they buy direct from you or through a retail or online travel agency.
- If you offer a better retail price when you sell direct to consumers, travel trade sales partners will not want to work with you.
- Some Travel Trade partners may ask for your Net Rate and add their own commission mark-up.

DON'T FORGET THE COMPETITION!

The Net Rate example shows you how to get your minimum sales price. The Retail Rate example shows you how to mark-up your Net Rate price so you can pay commissions and sell through other sales channel partners. After using the formulas to set your prices, you also must look at other tourism operators selling similar products to see what they are offering and at what price. Offering a well-designed product at a competitive price gives your business the best chance for success.



You may have to add taxes to the final price of your CBT product or service.

For more information, see Section 10.6: What about Taxation and Reporting?

8.0 MEETING VISITOR EXPECTATIONS



8.1 What is Values-Based Guest Hospitality?

When sharing local culture and opening communities to visitors, the values and needs of the host, the place visited, and the guest must be balanced. This values-based philosophy connects the three core elements of guest hospitality: the CBT business owner and employees, the destination, and the guest. Developed by the late George Kanahale, known for his leadership in founding the Native Hawaii Tourism Association, the philosophy helped to transform the Hawaiian visitor industry by reconnecting Hawaiian values and culture with tourism.

Giving hospitality from a values-based and culturally-rich perspective benefits all three parts of the Host-Place-Guest relationship.

VALUES-BASED GUEST HOSPITALITY



By harmonizing all three elements of guest hospitality:

- The **hosts** (you and your employees) are more connected to your place, become more engaged with your guests, and give more caring customer service.
- The **place** (your community and culture) is more appreciated and protected.
- The **guest** feels more valued and has a more enriching visitor experience.

8.2

How Can I Create a Sense of Place?

A strong 'sense of place' is essential in the host-place-guest hospitality approach. On the one hand, it adds meaning and value to the guest experience. On the other, it encourages guests to want to preserve the nature and culture of the place.

The following checklist will help you to create a distinctive sense of place that is deeply felt by visitors, making them want to protect the unique place.



BEST PRACTICES CHECKLIST

- Have you used cultural elements such as décor, architecture, arts and design in the guest experience?
- Do you teach your employees, especially guides and interpreters, about the history and culture of the community where your business is located?
- Do you encourage your employees to share the history and culture of the community with your guests?
- Does your business share information with guests about the local people and their culture and traditions in other ways such as brochures, displays, signs or exhibits?
- Are there opportunities for your guests to interact face-to-face with community people such as artists, craftspeople, drummers, storytellers, entertainers and elders?
- Do you hire local people to make food, crafts and arts?
- Do you follow all licensing and legislative requirements relevant to the places you visit?



PRODUCT DEVELOPMENT CHECKLISTS:

To guide the design of a guest experience that is a true reflection of the local community, people and culture remember to use the information in Section 6.5: What are the Steps in Product Development? Also, use the checklists in Section 3: Protecting and Involving Your Community to ensure your product or service is authentic and balances the three pillars of cultural/social, economic and environmental sustainability.

8.3 What is Genuine Hosting?

The customer care you provide should make customers feel like valued guests throughout their experience with your CBT business. These G.U.E.S.T.[™] principles used in New Zealand, a famous place for cultural tourism, show how you can go beyond customer service to give genuine hosting.

G.U.E.S.T.[™] PRINCIPLES

Greeting

“We’re glad you’re here.”
Your greetings always make guests feel welcome.

Understanding

“We always listen to the way guests feel.”
Listen, learn & understand your guests’ needs & feelings.

Efficiency

“We respect your time, we know it’s valuable.”
Efficiently handle guest requests in a timely manner.

Special Treatment

“We have the power to provide pleasant surprises for guests.”
There is always something you can do to make your guests feel special.

Thankfulness

“We don’t take your business for granted.”
We want you to be a friend & we understand the lifetime value of your relationship.

Source: teq/queensland.com/bigmarketingguide/experiencedevelopment

Employee training and skill-building is an important part of your business. Use the following checklist to help develop the hosting skills of your team.



BEST PRACTICES CHECKLIST

- Do you have an orientation program to ensure that new employees understand your business, including your goals, values, products and services, ideal guest profiles, and policies and procedures?
- Do you provide employees with job descriptions and orientation to their jobs?
- Have your employees received hospitality training, whether in your business or elsewhere?
- Does your hospitality training program include proven standards that build the professional knowledge and skill levels of your employees?
- Do your employees:
 - Know how to make a good first impression?
 - Know their jobs well?
 - Prioritise the value of guests to the business and destination?
 - Communicate clearly, with guests and other team members?
- Do you educate your staff about your community and its history and culture so they are more connected to the place, and can answer common questions visitors ask such as:
 - How did your community get its name?
 - What is the population of your community?
 - What is the history of your community?
 - What are the main places of interest?
 - Who are the main people of interest?
 - What restaurants serve local food?
 - Which shops sell local arts, crafts and souvenirs?
 - Where can I find tourist information?
 - How do I get a taxi?
 - Where can I find an ATM, money exchange or bank?
 - Where is the medical clinic or hospital?
- Do you recognise and reward your employees for giving good guest hospitality so that they know they are doing well?



BEST PRACTICES CHECKLIST

Use this checklist of important tips designed to help you to deliver excellent customer care:

- Answer telephone calls, texts, emails and social media messages promptly, ideally within 24 hours.
- Have scripted telephone and voicemail greetings that are courteous and professional, and give information on how to contact you.
- Include an email signature at the bottom of your email that gives information on how to contact you.
- Have a FAQs sheet that gives answers to the most Frequently Asked Questions about your business.
- Follow-up quickly and efficiently on all enquiries and sales opportunities.
- Develop a client booking form that records important information you need, such as names, ages, allergies, medical conditions, experience levels, and contact addresses and numbers.
- Only advertise what you can deliver in a high-quality manner. Be realistic so you can avoid bad word of mouth, which is very difficult to overcome.
- Inform customers of any changes to travel arrangements as soon as possible.
- Confirm all details of the agreement with the client before the start date.
- Have checklists of what to do for every experience or service you offer and go through them before starting the activity.
- Always be on time to start, and try to stay within the time advertised for the length of your experience.
- Brief clients completely before starting the experience. Safety briefings, if needed, are critical.

8.4

How Should I Prepare Guests for Their Visit?



BEST PRACTICES CHECKLIST

- Before their visit, do you provide your guests with any materials about your community and a briefing on what to expect from their community-based tourism experience?
- Do you advise visitors about how to behave while in the community, any protocols to follow or behaviours to avoid, and any places that are off-limits to visitors?
- Do you educate guests about the local culture and how to reduce their impacts on the local community?
- Do you educate guests about how to appreciate and protect local lands, flora and fauna?
- You may wish to work with your community to develop a Visitor Code of Conduct for visitors. Appendix 3 has an example of a recommended code of conduct for visits to indigenous communities, which was developed by the Guyana Tourist Authority.

8.5 How Can I Learn from Feedback?

Understanding how satisfied guests were with your hospitality and customer service, what they liked best and what they think needs to be improved will help your CBT business to enhance the guest experience. The following checklist gives you ways to get feedback.





BEST PRACTICES CHECKLIST

- Do you find as much as you can about your guests before they arrive? When they book, do you find out as much as you can about their travel party, what they hope to do, learn or to gain from their experience with you?
- Do you spend the time to get to know your guests once they arrive, so you can better meet their individual wants or service needs?
- Do you watch how your guests interact with your experience, your place and your employees so you can get hints on ways that you can improve the guest experience?
- Do you survey your guests after the experience? Do you ask them what they liked and worked well and, more importantly, what they didn't like and how you can make the visitor experience better?
- Do you have an account on TripAdvisor and other social media sites where you can get online reviews from visitors? Do you ask guests to post their feedback on these sites? Do you monitor social media sites for feedback and respond to comments from guests?
- Do you get feedback from your employees and share feedback received from guests with them? Do you talk about successes and ways to improve hospitality and the guest experience?
- Do you get feedback about customer satisfaction from your travel trade partners, and discuss ways to improve with them?
- Do you get feedback from your packaging partners and share feedback received from guests with them, and discuss ways to improve with them?



POINTS TO REMEMBER

THE IMPORTANCE OF ONLINE REVIEWS:

Many studies show the vast majority of travellers use online reviews when planning a trip. These sites also are a good source of new customers for tourism businesses. Be sure to ask your guests to write reviews of your business, especially on TripAdvisor, the site travellers are most likely to use. (See Section 8.7: How can I Learn from Feedback? For more information).

9.0 MARKETING YOUR PRODUCT



9.1

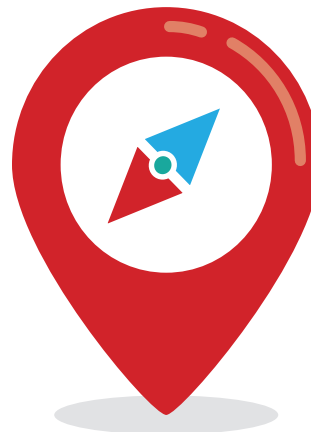
What are the 4 Ps of Marketing?

A detailed marketing plan gives you a road map to follow for your marketing activities. The goal of it is to reach your ideal guests, so you can spend your marketing funds effectively and attract customers for your product. You use the marketing mix when preparing your marketing plan. There are four main elements in the mix, which are called the 4 Ps: Product, Price, Place and Promotion. Descriptions of the elements are below.



PRODUCT:

Product means the CBT experiences – the tours, activities, accommodations, packages or other tourism products or services – that you offer to customers. Creating your product is a critical step in the marketing plan process. Use the information and tools in Section 6: Developing Your Product to create a product that appeals to your target customers. It should be a high-quality and authentic experience that engages your customers and fulfills their needs and preferences.



PLACE:

Place means how and where you will sell your product to customers. You learned that you can sell through different sales channels in Section 7.1: How does the Travel Distribution System Work? These channels include selling directly to consumers and through different travel trade sales partners, such as wholesale tour operators, retail travel agents, and online travel agencies.



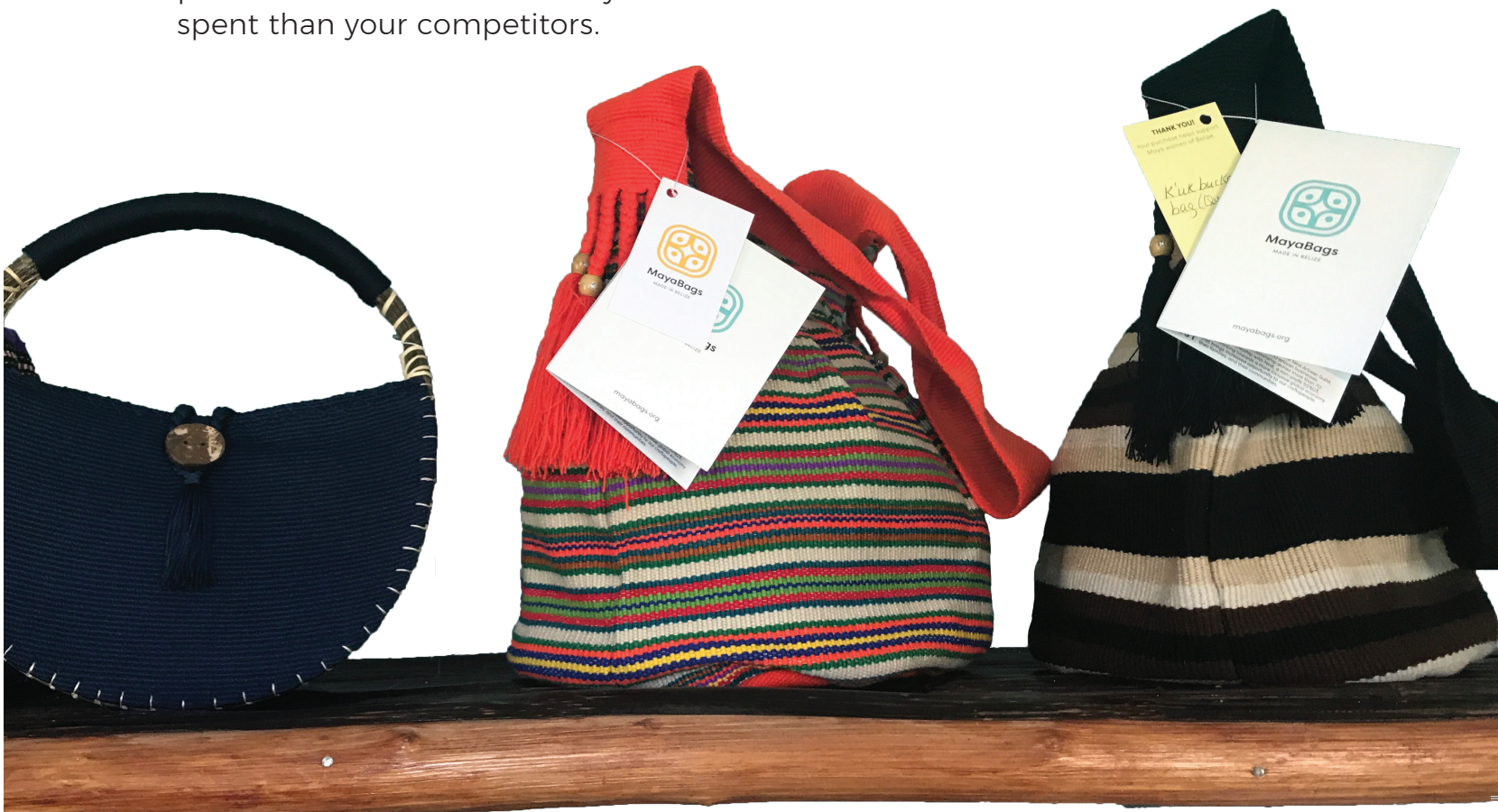
PRICE:

The price of your products depends on factors such as your costs, your target markets, your sales channels, and what your competitors are doing. In **Section 7: Pricing Your Product**, you learned how to calculate Net Rate and Retail Rate and the commissions expected by the different travel trade partners. You also found out that it's important to look at how you can provide more value for money spent than your competitors.



PROMOTION:

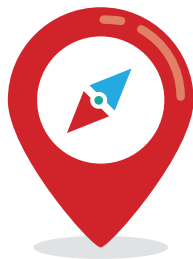
Promotion is the methods and tools you use to promote your products to customers and generate sales. That's what this Section 9: Marketing Your Product is all about. You will learn how to prepare a marketing plan, how to make a content library, the importance of online marketing and the best ways to promote CBT businesses.



When using the four Ps to prepare your marketing plan, ask yourself the following questions:

Product

- Is my product or service culturally authentic?
- Does my product have a Unique Selling Point (USP) that makes it different and sets it apart from the competitors?
- Are the benefits that the customer receives from my product clear?



Place

- Where do most people in my target market live?
- What are their media habits, meaning which websites, magazines, newspapers, TV/radio shows, etc. do they use?
- Do they travel independently or with a group?
- Where are they most likely to look for information about travel?
- Do they book their tours on their own, or do they use travel agents and tour operators?
- Will my sales partners include tour operators, agents, or wholesalers?
- Will I sell my products online such as through my website, OTAs and peer-to-peer marketplaces?

Price

- What is my approach to pricing? Am I going to match the price offered by my competitors, offer a price lower than my competitors', or provide better quality and service at a higher price?
- Who are my competitors, and what are their product pricing strategies?
- How much of a profit margin do I need?
- If I am going to work with sales partners like tour operators, agents or wholesalers, how much commission mark-up do I have to add?
- Will I offer off-season or occasional discounts or sale prices?
- Have I thought about charging different prices for different types of customers such as lower prices for domestic or student visitors?



Promotion

- What are the best ways to promote my business? Through my website or by social media? Advertising in certain newspapers or magazines? Tourism brochures? By offering familiarization (Fam) tours for people in the travel business?
- Does my business name clearly say what products I sell?
- Do my business cards and brochures show the community and cultural elements of my tourism business?
- Can people reach me easily by email, phone, etc.?
- Do I have clear roadside signs to guide customers to my business?
- Do I have a website, a Facebook page, or a page on someone else's site that describes my product or service? Are the benefits of purchasing the product clear and appealing? Does the page have a map and directions so customers can easily find me?
- Do I have materials (for example, brochures or videos) that educate and inform customers about my community and our culture?
- Do I have materials that tell customers what they need to know in advance (for example, how to find my business, what to wear or bring when they come, what to expect regarding accommodation and meal arrangements, what level of cultural contact to expect, and whether a visitor code of conduct exists)?
- Do I have something my customers can take home that will remind them of my business (for example, a giveaway item with our business name)?
- Do I have a way for customers to provide feedback (for example, a TripAdvisor link or a customer survey) about their experiences?
- Do I need to hire someone to work on sales and marketing?
- Have I addressed possible challenges that would prevent the guest from buying my products (e.g., are online payments accepted)?



9.2

What Goes into a Marketing Plan?

Marketing is the way that a CBT business attracts customers and achieves business growth. A marketing plan will help you to:

- Identify your best target markets.
- Plan how to reach your target markets.
- Make your product more appealing.
- Improve existing products or develop new ones.
- Attract new and repeat customers.
- Attract strong sales partners.
- Increase sales and make better profits.
- Plan ways to communicate with the guest before, during and after their visit.

Your marketing plan will guide all your marketing actions and decisions. The plan should be updated annually and should include:

- Products (or services) description of what you offer, and how your product or service is different.
- Marketing objectives that you want your business to achieve.
- Situation assessment of the internal and external factors that can affect your business.
- Target markets identification that includes an overview of target market trends and profiles of the ideal guests for your product.
- Marketing mix describing how you intend to use the 4 Ps (Product, Place, Price and Promotion) to market your product.
- Action plan detailing your key marketing strategies, including the actions you will take to fulfil your marketing strategies, the time frame for each action, and the target goals for each action. The action plan also includes the budget for each action and the overall marketing budget.
- Monitoring and evaluation plan of how you will evaluate the results and successes of your marketing activities. It is important to know whether you made money and measure the Return on Investment. ROI measures the amount of money you get back compared to the amount you invest in a marketing activity such as, for example, going to a trade show, buying Facebook Ads or advertising in a newspaper or magazine.

Marketing ROI Formula

In this example, the CBT business spends \$500 on a marketing activity and gets \$1,500 in new bookings. The gain on investment is \$1,000 (\$1,500 - \$500) and the ROI is 200%.

ROI Formula

$$\frac{\text{Revenue} - \text{Total Cost}}{\text{Total Cost}} \times 100 = \text{ROI}$$

ROI Formula

$$\frac{\$1,500 - \$500}{\$500} \times 100 = 200\%$$



POINTS TO REMEMBER

MEASURING ROI: It may not always be easy to determine if increases in sales (revenues) generated are caused by specific marketing activities, but this formula is useful to determine your return on monies invested.

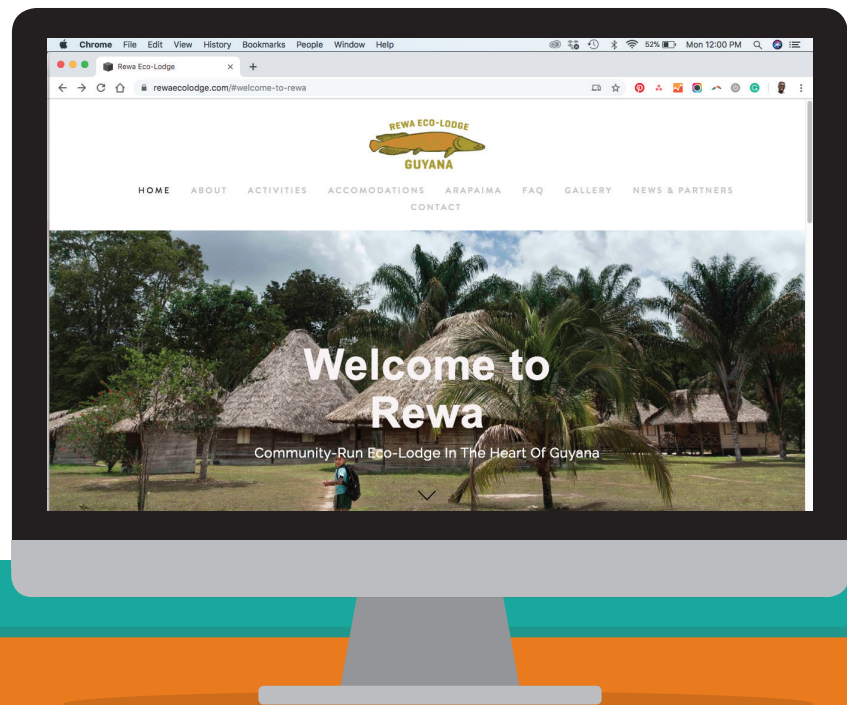


9.3 Why is Branding Important?

Branding will help your CBT business to stand out so people will notice and remember you. One of the first things you need for marketing is a well-designed logo. It is your visual brand, and includes the fonts and colours used. There are now many online custom logo design services where a small business can get logos and other graphic design services at affordable prices. You should always use your logo on all your marketing materials.

For online branding, you also need a domain name. This name is your identity on the Internet. It is the online “address” of your website and used for your professional email address.

Choosing a domain name is as important as choosing a company name. Your domain name should be the same or similar to your company’s name. It should be short and easy to type. Try to use keywords that describe your business. You have to register your domain through a domain name registrar, a company that manages the reservation of Internet domain names. Some of the best-known domain registrar companies are Bluehost, HostGator and GoDaddy.



POINTS TO REMEMBER

PROFESSIONAL EMAIL ADDRESS: It is important that you have a professional email address for your business. This is an email address with your name in it. For example, mary@mytourismbusiness.com is a professional address while mary@gmail.com or mary@yahoo.com is not.

9.4

How Do I Make a Marketing Content Library?

Marketing content is the text, photos, videos, and any other media that you use to market your CBT business. Good content is inspiring and gives your potential customers the desire to visit your business. If you make up a library of core marketing content, you can use it in various ways to make your itineraries, sales sheets, brochures, posters, signage, Facebook business page, TripAdvisor business listing, website, etc.

You need to put in the effort to create a good content library. Here are some tips to help you prepare tools for describing your CBT experience:

- **Title** – A creative title that explains your product or service is important to catch people’s interest. Strive for emotion, interest and uniqueness. If you offer something special such as food, add it to the title. For example, instead of saying “Local Farm Tour” your title could be “Meet Happy Cows and Taste Fresh Fruit”. It should be very short, only a few words.
- **Description** – Take the time to develop a well-written description of your product or service. Describe the theme of your experience, where it goes, what guests do and see, etc. Be sure to include the highlight of the experience, what makes it different (USP or unique selling point) and how it gives the guests special access to local culture and community. The length should be no more than 150 words.
- **Summary** – Write a short and catchy product summary to capture the attention of potential customers and make them want to read your full description. Use three short sentences that include your USP and highlights of the experience.
- **Skimmable highlights** – Create a “skimmable” list of bullet points that let customers quickly see the highlights of your experience, and makes them to want to learn more.

- **Images** - In travel, and especially in the digital age, photography is a key tool for attracting potential customers. You need images that are eye-catching, appealing and make a customer want to find out more. It's worth investing in a professional photographer to get main feature photos. Then you can use more amateur photos to expand your photo library. You should carry your camera or phone with you and look for opportunities to capture photos that will best sell your tours and activities (e.g., local people, food, heritage sites, cultural landmarks, natural sites, guests learning something or having fun on your tours).
- **Videos** - Travel videos are among the most looked at media on the Internet. You can use videos to show potential visitors your experience, take them on a virtual tour of your community, introduce them to local people, showcase things to do in your area and fun facts about your business or community.



POINTS TO REMEMBER

For every type of media that you are putting in your content library, it's important to think about your customers. Think about these questions and try to create content that reflects the answers:

- Who are the ideal guests for whom my product or service is perfect?
- Why would guests typically choose my product or service over others?
- What stands out for my guests about my product or service?
- How can I be useful to my ideal guests? What can they learn from me?
- How can I show my guests the community side of my business?
- How can I share authentic culture and local life with my guests?



9.5 Why is Online Marketing Important?

Online, or digital, marketing has become very important for CBT businesses. Today, the Internet is the first place most travellers look when they are planning to travel. They look for information on countries to visit, how to get there, where to stay, and things to do once they get there. They go to social media sites such as TripAdvisor and Facebook and travel sites such as Travelocity and Expedia to read customer reviews and to ask for advice from friends, family and others. Also, more travellers are booking and paying for travel online, often using their Internet-enabled devices like smart phones or tablets.

For all these reasons, it is important that your CBT business has a strong online presence. For example, you need to have a website or Facebook business page, a TripAdvisor business listing and a Google My Business listing. The following section covers these important online marketing methods and tools, as well as more traditional marketing tactics.

9.6 What are the Best Ways to Market?



Now we'll look at the best ways to market, some of which require that you put in the effort but which have little or no financial cost. When you prepare your marketing plan, you will choose which ones you will use.

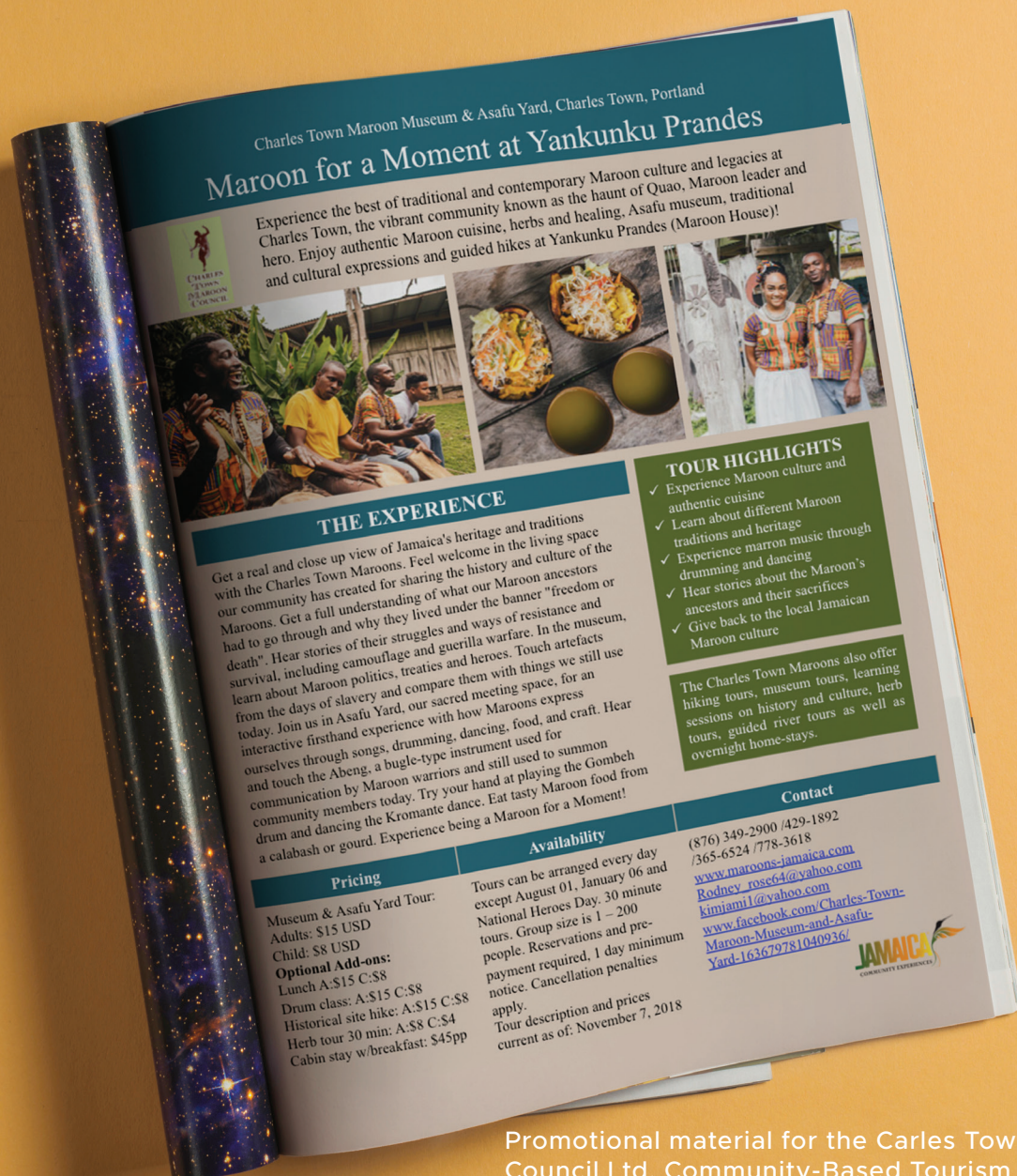
✓ Make Business Cards

Business cards remain a key way to promote tourism companies. A well-designed business card can be an important marketing tool for your CBT business. Once you have your logo, you can prepare your business card.

✓ Create a Brochure

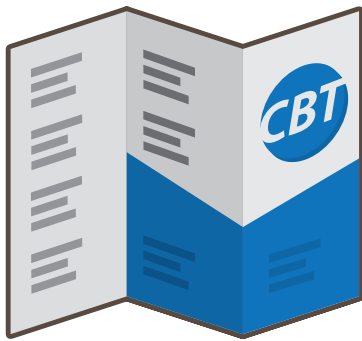
Although the travel marketing world is moving online, traditional brochures are still one of the most useful marketing tools for all tourism businesses. They still have a major role in travel decision making. A recent study found brochures are the #1 influencer of tourists & visitors once they are in a destination, so it's important to have brochures and to place them in places tourists will look, such as Visitor Information Centers, National Tourism Offices, and hotel lobbies.

Once you prepare a brochure, you can post it on a website or Facebook, send it out by email or print it. Here is a sample brochure from the Charles Town Maroon Museum in Jamaica.



Promotional material for the Carles Town Maroon Council Ltd. Community-Based Tourism experience.

✓ Set Up a TripAdvisor Business Listing



TripAdvisor is the world's largest travel site. Every CBT business should set up and manage its TripAdvisor business listing because:

- TripAdvisor has the trust of the market. The majority of people use it for travel reviews and research.
- The listing is 100% free and exposes your business to the millions of people that visit the TripAdvisor website each month.
- It gives you Word-of-Mouth marketing, the most trusted form of promotion.
- It provides an inbound link to your website or social media (Facebook business page), which makes it more likely your business is found in search engine results.
- Provides a map link to your location, helping you to use location-based marketing to attract more customers to your tourism experience and making it easier for customers to find you.
- Customers can rate and review your business, which gives you free Word of Mouth advertising.
- Customer reviews give you insight into the quality of your product or service and how you can improve.
- TripAdvisor owns the largest tour and activity online marketplace, TripAdvisor Experiences (formerly Viator).



BEST PRACTICES CHECKLIST

Follow this checklist for setting up and for managing your TripAdvisor business listing:

- **Join or Login to TripAdvisor** – You have to have a personal TripAdvisor account. If you do not have one, go to www.TripAdvisor.com and set up an account. If you already have a personal account, just log in to it.
- **Search for your Business Listing** – Once you’ve got your account set up, go to www.TripAdvisor.com/owners, where you can find a “Claim Your Listing” search box. Type in your business name into the search box to see if your business is already listed. It could be listed if a customer previously posted a review about you. If it is listed, you can claim your listing. If it is not listed, then you can create a new listing for your business.
- **Manage Your Page** – Once you claim or create your business listing, you have control over the content on the page. You will be able to access the Management Centre, where you will be able to update the website, phone contact and location details for your business. You will add a description of your experience and upload photos to market your business.
- **Ask your Customers for Reviews** – Be sure to ask your customers to post reviews and photos on TripAdvisor about their experience. TripAdvisor has several tools you can use to help collect reviews, including an email tool and a website widget.
- **Manage Customer Reviews** – You can reply to any review on your listing. It’s important to respond to all reviews, good or bad. Be sure to thank customers that write a positive review, and ask them to share their experience. If the review is negative, thank the customer for their feedback and tell them what you plan to do to deal with any issues and improve your experience.
- **Link to your Website and Facebook Page** – You should link your Trip Advisor page to your website and/or Facebook page so you can share testimonials with potential customers and get more reviews from customers. In addition, you should link your website and Facebook page back to your TripAdvisor page to encourage more testimonials from your guests.

✓ Set Up Google My Business Listing

Google My Business is another online marketing opportunity that all CBT businesses should set up and manage because:

- The listing is 100% free, and part of the huge Google community.
- It improves your business ranking in Google search results.
- Puts your business on Google Maps, which millions of people use to get map and business information when planning and to book travel.
- Puts your business in Google Trips, a mobile app that allows users to plan for upcoming trips.
- Helps with location-based marketing of your business through Google Maps, especially when customers choose the suggested “Near Me” search option.
- Provides an inbound link to your website or Facebook page, which makes it more likely your business is in search engine results.
- Customers can rate and review your business, which gives you more free Word-of-Mouth advertising.
- Customer reviews give you insight into the quality of your product or service and how you can improve.



BEST PRACTICES CHECKLIST

Follow this checklist for setting up and managing your Google My Business listing:

- **Join or Login to Google** - You have to have a personal Google account. If you do not have one, go to <https://accounts.google.com/SignUp>, and set up an account. If you already have a personal account, log in to it.
- **Create My Business listing** - Once you are signed into your Google account, go to <http://www.google.com/business>. Enter the name, the precise location, the phone number and the website of your business. Zoom in on the map and pin the exact location of your business.
- **Upload Photos** - Upload photos, which includes the option to upload 360-degree photos using the Street View app.
- **Promote your Business** - Take advantage of the free option to publish posts and photos promoting your products, and services directly to Google Search and Maps.
- **Get a Free Website** - You can get a free mobile-optimised business website that automatically uses and updates the information and photos from your My Business listing.

✓ Set Up Facebook Page

A Facebook Business Page is another online marketing method that all CBT businesses should take advantage of:

- A page is 100% free, and there are billions of active Facebook users.
- You can advertise your tours and service using the Services page.
- The page has contact information and a map link to your location, making it easier for customers to find you.
- It is linked to Facebook’s “Nearby Places” app, which helps with location-based marketing.
- It provides an inbound link to your website page, which makes it more likely your business will appear in search engine results.
- Customers can rate and review your business, which gives you more free Word-of-Mouth advertising.
- Customer reviews give you insight into the quality of your product and service and how you can improve.



BEST PRACTICES CHECKLIST

Follow this checklist for setting up and managing your Facebook Business listing:

- **Join or Login to Facebook** – You have to have a personal Facebook account. If you do not have one, go to www.facebook.com, and sign up. If you already have a personal account, log in to your account.
- **Set up your Facebook Business page** – Once signed into your Facebook account, set up a Facebook Business Page.
- **Add Business Details** – Under the ‘About’ section of your Business Page, add information about your business, including your business description and information about your products or services. Provide details on your hours, website, email and phone contact information.
- **Map location** – Be sure to add a map to help customers find you and so your business appears in Facebook’s ‘Nearby Places’ listings.
- **Upload Profile Photos** – Upload your business page profile picture, which can be your business logo. Also, upload a cover photo that promotes your products or service.

- **Upload Photos and Videos** – Upload more photos, photo albums and videos to your page, which will help you to get more views and followers.
- **Promote your Products or Services** – Set up your Services page to let visitors know about the product or service your business offers. (You will have to add this page using the ‘Services’ tab.)
- **Market your page** – Creating your Facebook Business Page is a good first step, but you must be active on Facebook if you want to grow your list of followers. It’s important to post photos, videos and other content on your Facebook page consistently (i.e., weekly is ideal).
- **Invite others to your Page** – Invite friends to like your page, make comments and add photos and videos. It’s also important to encourage your customers to like your page and to rate your service. These actions will help improve your visibility in the News Feed, help generate content, give you insight into the quality of your services, and give you Word-of-Mouth.
- **Promote using Facebook Live** – You can broadcast live video in real-time on your Facebook page. Facebook users enjoy such videos, and they are a good way to showcase your community’s people, places and culture. You can teach users how to do a cultural activity, talk with someone interesting from your community, show a beautiful natural site, or virtually take users into a community event.



Set Up Instagram

Instagram is another online marketing method that CBT businesses should consider because:

- The listing is 100% free, and Instagram has over a billion active users.
- A 2018 Facebook study found that 67% of travel enthusiasts on Instagram used it to look for inspiration for new travel destinations.
- Lets you easily create stories and videos about your CBT products and services.
- Can be linked to your Facebook Business page and your business website, which helps strengthen your online marketing.
- Provides contact information, providing another way for customers to reach you.



BEST PRACTICES CHECKLIST

Follow this checklist for setting up and managing your Instagram Business listing:

- Join or Log into Instagram App** – If you do not have an account, register for one. If you have an account, log in to it.
- Set up your Instagram Business Account** – Once signed into your Instagram account, you will be able to set up your Business Account.
- Connect your Instagram and Facebook Business Accounts** – If you connect your business account to your Facebook business page it will make it easier to use all of the features available for businesses.
- Set up Your Business Profile** – Make sure your username and your Instagram account name match, or are related to, the name of your business. Add a bio with your business name and a concise and interesting description of what you do. Be sure to include contact info and a clickable link to your website.
- Define Look and Feel** – Choose the colour tones for your page, selecting ones that complement your business logo. For example, if you give nature tours, you might choose blue and green. Use these colours for your backgrounds, texts, effects, etc.
- Create Great Content** – Share interesting photos and videos that show your products or services in a fun and engaging way. Also, you can show your company culture, your values, your contribution to the community, and other behind the scenes happenings.
- Try Instagram Stories** – You can use multiple photos and videos in a slideshow format to tell the ‘story’ of your day or an interesting activity taking place in the community. They are only live for 24-hours, but you can save them to use again later.
- Use Hashtags** – You should set up your company hashtag (#yourbusinessname), and use it on Instagram postings to make it easier for users to find content about you.



Set Up A Website

A website can be the hub of your online marketing but requires considerable financial effort and investment. If you have a strong Facebook Business Page and use other methods of marketing that are working, you may decide not to have one for your CTE business, at least not right away.

Once you are ready to set up a website, the first two decisions you have to make are:

- **Domain name** – As discussed under branding, this name is the online “address” of your website and is used for your professional email address.
- **Website development** – you can have someone build your website, or you can build your own if you have the time and technical skills. There are many options in both cases. Wix, Squarespace and Weebly are among the most popular self-build options for small businesses.



BEST PRACTICES CHECKLIST

Once you have chosen a domain name and a website provider, follow this checklist to help you build a great website:

- Well-organised** – It should be easy for people to get around your website, and to find and understand information about your CBT business and products.
- Mobile-friendly** – In today’s world, it’s essential that your website works well on phones and across other types of devices, including computers and tablets.
- Up-to-date** – You must keep the information on your website up to date, including services, prices, events, etc. For most CBT businesses, it is best to have a website with a user-friendly content management system (CMS), which allows the business owner to make website changes themselves.
- Social media links** – You should have links from your website to your Facebook business page and any other social media pages you use. You should also link the business address on your website to your TripAdvisor business page and pinned location on Google Maps.
- Contact information** – You must have clear and up to date contact information so people can easily reach you. Your contact options should include a phone number and a professional email address. If you use WhatsApp or other messaging systems your customers like to use, you can say so on your website. You should include links to your social media accounts on your Contacts page.

✓ Work with Local Partners

You learned about working with some other types of businesses to create product packages in Section 6.1: What is Packaging? You can work with these same types of businesses to promote and sell each other's products and services. You can also partner with other local partners such as hotels, taxi drivers and restaurants.

✓ Work with Travel Trade Partners

You learned about the different travel trade partners in Section 7.1: How Does the Travel Distribution System Work? Working with these tour operators and travel agents is a good way to sell more products or services. However, your business must be well established before you use this marketing tactic.

To team up with international travel trade partners, you must be export market-ready (see Section 4.1: What is a 'Market Ready' Tourism Business?). It also requires a big investment in time and money. It can take one to two years, or more, from the time you start building a relationship with a travel trade partner until they send their first clients to you.

The best tactics for building relationships with travel trade partners include:

- Ask your National Tourist Office to help you arrange meetings with tour operators and travel agents.
- Ask your NTO to promote your products or services when they attend key travel trade shows or marketplaces.
- Attend key trade shows or marketplaces yourself since the best way to build relationships is in person.
- Host tour operators and travel agents on familiarization tours. There is nothing more powerful than fam tours to give travel trade sales partners, and media, first-hand familiarity with the community-based tourism experience you offer.



POINTS TO REMEMBER

BE AWARE OF CULTURAL DIFFERENCES:

The travel markets differ by country and culture. For example, travellers from Germany, the UK and the US each have different needs and preferences. The tour operator and travel agent partners operate differently too. It is important to understand the cultures of your different target markets. It is not a one-size-fits-all model!

Work with Online Travel Agents

Today's travellers want to book online, so it's essential to look at options for selling your product on the Internet. That's where the Online Travel Agencies that sell online to consumers come in.

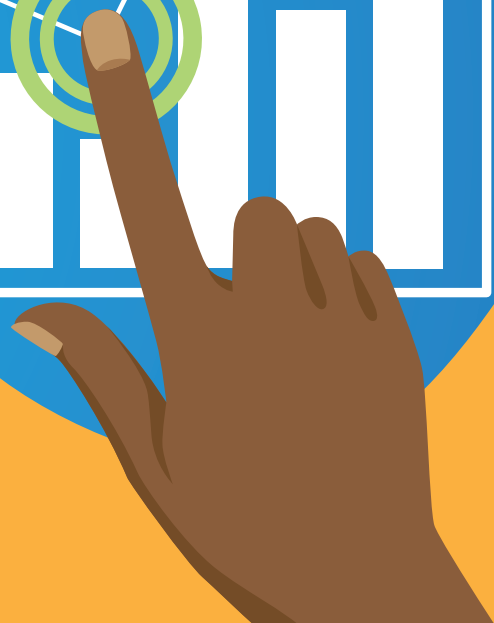
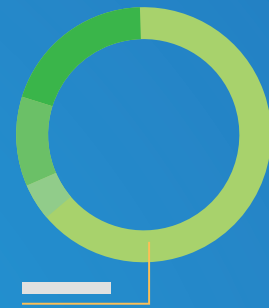
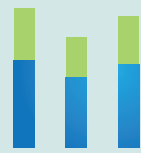
There are many OTAs, and you will need to choose the right partners for your business. Different OTAs can provide you with different services and advantages. Some of the ones that are most popular for CBT tour and activity businesses are Airbnb Experiences, GetYourGuide, ToursByLocals and TripAdvisor Experiences (formerly Viator). For accommodation establishments, popular sites include Booking.com, Hostelbookers.com and Airbnb.com.



MARKETING:

What marketing tactics will you use, or do you use now, in your business? Which ones do you think are the most effective and why?

10.0 DEVELOPING FINANCIAL MANAGEMENT SKILLS



10.1

Why Do I Need Financial Management?

Financial management is keeping your CBT business finances in order. It is an essential part of overall business management. You need to understand what your costs are, where your money comes from, and how you are spending the money to ensure that your business is successful. Financial management will help you plan and operate your business.

10.2

How Do I Estimate My Start-up Costs?

Estimating Start-up Costs

If you are starting a new CBT business, you need to know your start-up business costs. These are the one-time expenses to get your tourism business off the ground. Once you know your start-up costs, you will know how much money you will need to set up your business (your working capital).

Start-up costs for CBT tourism businesses typically include major purchases such as: construction, deposits, registering the business, purchasing property or leasing space, purchasing computers, mobile phones, and business-related software, refining the product or service, paying suppliers and paying staff salaries. Initial marketing costs for items such as signage and website development are also start-up costs.

The following template can help you estimate the start-up costs for your CBT business and how you will pay for them. The steps to complete it are:

- Under the Start-up Costs column, enter all your one-time start-up business expenses. Use only the cost types that apply. Add lines if there are other cost types you can think of for your business.
- Use the Financing Sources column to estimate how you will pay for your start-up costs. Banks, investors and other sources of loan and grant funding usually expect owners of tourism businesses to invest their own money in their businesses. Loans or investments by family and friends are often used to help start CBT businesses.

START-UP COSTS TEMPLATE

Start-up Costs		Financing Sources		
Land	\$	Personal Sources	\$	(%)
Building	\$	Family and Friends	\$	(%)
Rent	\$	Investors	\$	(%)
Equipment	\$	Bank Loans	\$	(%)
Renovations	\$	Community Funding	\$	(%)
Furniture/Fixtures	\$	Other Sources	\$	(%)
Vehicles	\$	Other Sources	\$	(%)
Utility Hookup	\$		\$	(%)
Inventory	\$		\$	(%)
Phone/Cell	\$		\$	(%)
Marketing	\$		\$	(%)
Professional Fees	\$		\$	(%)
Working Capital	\$		\$	(%)
Other Costs	\$		\$	(%)
Contingency	\$		\$	(%)
Total	\$	Total	\$	100%

Recommendation:

Using a spreadsheet program like Microsoft Excel or GoogleSheets, recreate this template on your computer to make it easier to use the template.



POINTS TO REMEMBER

KEEPING NOTES: Be sure to back up your financial projections with reliable information wherever possible. Keep detailed notes and comments on a line-by-line basis to help yourself, and others, understand the logic in your projections.



Working Capital

If you are running a CBT business, you will need funds to cover your day-to-day business expenses until you generate enough revenue to cover your start-up costs (see section above) and operating costs (see section below). Working capital for a start-up is your estimate of the money you need to pay your vendors until you can pay expenses from profits earned by your business.

To estimate the working capital needed to start your business, you have to:

- Estimate how long it will be to make your first sales.
- Determine how quickly you can turn sales into cash.
- Determine how many days your suppliers will give you to pay them for the products and services you buy from them.

You can use the cashflow template provided later in this section to estimate the working capital needed each month.

Contingency

Actual start-up costs tend to be higher than you estimate, so it is a good idea to budget an extra 5-10% for contingency. If you don't end up spending this contingency, then you will have more money to invest back into your business.



10.3

How Do I Prepare an Annual Operating Budget?

When operating a CBT business, you must have an Annual Operating Budget, which is all the revenues and expenses for your business for a year. You will need to estimate all your expenses, including your start-up business costs and operating costs. You also need to know your sources of revenues, how your business is going to pay for those costs. Your Annual Operating Budget will help you to:

- Track all your business expenses.
- Plan for the future.
- Plan for expansion.
- Show when you are making a profit.
- Identify where you can save expenses when you need to do so.

Operating Costs

Creating a monthly Operating Costs Budget is the place to start. It is a list of all your monthly tourism business expenses organised by categories. Every month, you should review your budget to see if you need to increase the monthly budget for some expenses that are growing or if there are ways you can reduce costs.

There are two categories of costs:

- **Fixed costs** are expenses that you will have regardless of the amount of sales revenues generated in a month (e.g., rent, debt payments).
- **Variable costs** are expenses that vary with the number of customers handled in a month (e.g., food and beverage, materials and supplies used for delivering a tourism experience).
- Some costs, like utilities and salaries, can be both.

The template below lists common operating cost budget categories. You may need to include other cost categories. Think carefully about your business expenses and create an Operating Costs Budget for each month.

OPERATING COSTS TEMPLATE

Budget for Month of: _____

Cost Category	Monthly Estimate	Monthly Actual
Rent	\$	\$
Salaries & Benefits	\$	\$
Owner's Salaries/Drawings	\$	\$
Marketing	\$	\$
Office Supplies	\$	\$
Insurance	\$	\$
Bank Charges	\$	\$
Utilities	\$	\$
Property Taxes	\$	\$
Professional Fees	\$	\$
Maintenance/Improvements	\$	\$
Phone/Internet	\$	\$
Inventory/Supplies	\$	\$
Permits/Licenses	\$	\$
Other:	\$	\$
Total	\$	\$

Operating Revenues

Now that you have an estimate of your operating costs for each month, you need to figure out how you will pay for these costs, which is your Operating Revenues. The following template will help you plan. If you are a start-up business, the template also will help you to plan how you will pay for start-up costs.

The template lists common operating revenue categories. You may need to include other categories. If you have multiple tourism products or experiences to sell, you should estimate the sales from each product separately. Then you can better evaluate which products are the most successful and profitable.

Think carefully about the sources of revenue for your business and create an Operating Revenues Budget for each month.

OPERATING REVENUES TEMPLATE

Budget for Month of: _____

Revenue Category	Monthly Estimate	Monthly Actual
Personal Sources	\$	\$
Working Capital	\$	\$
Investors	\$	\$
Bank Loans	\$	\$
Community Investment/Programs	\$	\$
Sales of:	\$	\$
Sales of:	\$	\$
Sales of:	\$	\$
Other	\$	\$
Total	\$	\$

Calculate your Break-Even Point (BEP) based on Units:

Contributed by Annie Bertrand, Compete Caribbean

Once you have prepared your Annual Operating Budget, you can calculate your break-even point: the point at which revenues equal costs (profit is 0). If your business does not at least break-even, you must revisit your budget to see how you can reduce Costs (expenses) or increase Revenues (sales).

To increase revenues, you can do two things: (1) Acquire more customers which may or may not cost extra money; and/or (2) Increase prices. To ensure your prices and the number of customers expected are enough to pay all expenses, you can calculate the break-even point (BEP) in units.

The break-even point in units represents the quantity of sales such as the number of customers, number of soaps, number of cakes, number of meals (whatever you are selling) that is required to cover the total costs.

Example 1: Soap making

Keisha makes soap using local ingredients. She receives visitors in a small classroom she sets-up nicely to demonstrate the process. By sourcing her ingredients locally and offering a unique experience involving touch, smell and learning about soap making, she can sell her soap at a much higher price than her competitors in supermarkets.

Price of soap bar: \$10

Variable cost of making 1 soap bar (ingredients and packaging material):\$2
Profit per unit called “contribution margin”: \$8

Her fixed costs are \$14,600 per year which include:

- Rent for the room she uses to receive visitors of \$1,100/year
- Minimum salary needed for her livelihood of \$10,000
- Electricity bill of +/- \$3,000/year
- Marketing expenses of \$500/year including internet, website, and brochures

To calculate the breakeven point in unit, divide the fixed costs by the contribution margin. The result is the number of soap bars that must be sold in order to cover the fixed costs.

Fixed cost

(rent, electricity, licenses, marketing, admin, staff) $\frac{14,600}{8} = 1,825$ soaps
Contribution margin (Price-Variable cost) 8

To analyze the results, Keisha must think if it is realistic for her to sell 1,825 soap bars per year. This represents about 153 soaps per month (1,825/12).

To answer this question, she will think about how many visitors come to her community every month. She knows that at least 25 visitors eat at the restaurant in the community every day except Sundays. That represents 600 people per month (25 x 6 days per week x 4 weeks per month). Could one quarter (25%) of these people buy one bar of soap during their visit to the community? If the answer is yes, great! If the answer is no, she needs to increase the price of her soap so she would not need to sell as many to cover her total costs:

New price: \$16

New contribution margin: $\$16 - \$2 = \$14$

New breakeven point: $14,600/14 = 1043$ soaps.

That means she needs to sell about 90 soaps per month in order to cover all costs.

At this breakeven point, her profit is \$0 (she only gets the small salary of \$10,000 included in the fixed costs).

Assuming there are 24 business days per month, she would need to sell 4 soaps per day. That seems much easier to achieve but would the visitors be willing to pay as much as \$16 for a soap bar even if they have a fantastic experience learning about it? The only way to know is to try and ask questions to her targeted customers to find out. If the visitors feel that they are contributing to the livelihoods of community members including the farmers who grow the lavender, ginger, and herbs used for the soap, they might be.

If she cannot increase the revenues by increasing the price or increasing the number of units sold, the other option is to reduce costs. If she cannot reduce the variable costs, she can perhaps find a new location available for free? If she does, see what happens to the breakeven point:

$$\frac{\text{New fixed costs (10,000+3000+500)}}{\text{Contribution margin (10-2)}} = \frac{13,500}{8} = 1,688 \text{ soaps to be sold}$$

In this third scenario, Keisha needs to sell 1,688 soaps to cover all costs. For every additional bar of soap she sells, she makes a profit of \$8 since all the fixed costs are already covered by the first 1,688 units sold. That is 137 less than in the first scenario (1,825-1,688). Assuming that the second scenario is feasible, it is best since she only needs to sell 1,043 soaps per year to breakeven.

This analysis can also be done before making an important investment decision. If you hire a new employee, how many more units must you sell in order to cover the additional fixed costs? Using the soap example, if Keisha would pay someone \$1,100 per year for a part-time position, she would need to sell 137 more soaps to cover the costs.

Example 2: Homemade meals

Courtney transformed his home into a small restaurant. It costs \$20,000 per year in rent, staff, insurance, license and other expenditures regardless if he gets 100 customers or 500. He sells each meal at \$25 on average. It costs him about \$15 per meal to pay for the ingredients needed.

$$\begin{array}{l} \text{Fixed costs} \\ \text{Contribution margin (25-15)} \end{array} = \frac{20,000}{10} = 2,000 \text{ meals/year}$$

This means that he needs at least 2,000 customers per year to pay for the fixed costs, or about 167 meals per month. Assuming 24 business days per month, this represents about 7 meals per day. Is it realistic? Highly probable? If yes, great! If not, the business model is wrong so in this situation, it would be better to close the business because it would cost him money to operate. If, however, he can sell the same meal at \$35, he would only need to serve 1,000 to start making a profit. For every customer above 1,000, he would make \$20 profit per customer.

$$\begin{array}{l} \text{Fixed cost} \\ \text{Contribution margin (35-15)} \end{array} = \frac{20,000}{20} = 1,000 \text{ meals/year}$$

The analysis of the breakeven point is essential to determine the feasibility of a business model or investment decision. You can present it to potential investors or loan officers to demonstrate that your business has a low risk of failure.

10.4

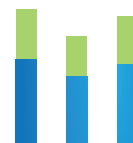
How Will I Finance My Business?

Starting and operating a tourism business requires investment. There are different options for financing businesses; the most common ones are below:

- **Personal Sources** - Money that you, the CBT business owner, invest yourself (e.g., personal savings, credit, proceeds from selling personal assets).
- **Family and Friends** - Borrowing from your family and friends is a common source of business financing.
- **Loans** - Banks and other financial institutions may make loans to entrepreneurs. There also are private investors who may lend funds. All of these sources will charge interest on the money they loan you. They often require collateral, such as property or a vehicle, that you pledge as a guarantee until you repay the loan.
- **Investors** - Instead of lending money to you, your family, friends or other investors could become equity investors, which means they invest their money in exchange for ownership shares in your business.
- **Community Development Sources** - These include grant, microloan or loan funding from organizations or programs that support CBT business development.
- **Crowdfunding** - This is a new way to fundraise using online sites such as Kickstarter or IndieGoGo. The idea is to raise small amounts of money from a large number of people who support a business idea. Crowdfunding might be used, for example, if a business is community-owned or if a privately-owned business gives a social benefit to the community.

10.5

What are the Essential Financial Statements?



Many CBT business owners are scared of preparing financial statements, but they should not be. It is as simple as tracking the money that comes into and goes out of your business. Your financial statements tell you if your company is growing or not and help you to operate your business better. The three essential financial statements are your Cash Flow Statement, Income Statement and Balance Sheet.

Cash Flow Statement

A Cash Flow Statement shows the expected cash inflows and cash outflows for your business over one year. The cash flow statement is the most important forecast for a new business because it shows whether or not you have the actual cash on hand needed to meet your financial obligations at the time when they come due. A cash flow statement records the actual timing of cash receipts (inflows) and cash disbursements (outflows).

- **Cash receipts or inflows** – This is cash you are receiving from cash sales, collections of accounts receivable, loan advances, owner’s contributions and sales of fixed assets. If you are providing credit to any of your clients, you will record any payment from them as a cash sale.
- **Cash disbursements or outflows** – This is cash you are paying out for operating expenses such as wages, rent, purchasing goods and services that you need to operate, and loan repayment.

Using the Projected Cash Flow template overleaf, you can estimate your cash flow for your business, based on your estimated operating revenues and operating costs. Begin by selecting a 12-month period (e.g., January to December). For each month, complete the Projected Cash Flow as follows:

- **Operating Cash Inflows section** – List the value of investments you put into your business for start-up, any loans you received, and all sources of incoming cash. Include sales from customers and interest income.
- **Operating Cash Outflows section** – List operating costs you expect to have each month. Categories include expenses such as wages, rent, utilities and marketing. Add others as needed.
- **Other Cash Outflows** – List non-operating costs you expect to have each month, such as loan repayment and purchase of assets.
- **Net Income** – This is the difference between cash inflows and cash outflows for any one month. Also known as the bottom line, it is your profit or earnings for the month.
- **Ending Cash** – This is the amount of cash your business has after adding the beginning cash balance for the month and the change in net income for that month. If the Ending Cash is projected to be less than \$0 in any month, then you must have a plan to deal with the shortage by reducing costs, investing more of your own money, getting a loan from friends or family, securing an operating loan from the bank, etc.

PROJECTED CASH FLOW TEMPLATE

Month:	1	2	3	4	5	6	7	8	TOTAL
Cash Balance at the start of the month									
SOURCES OF CASH INFLOWS									
Cash sales from customers									
Collection of account receivables									
Interest income									
Owners contributions									
Loan received									
Other sources of cash									
Total monthly cash inflows									
Operating Cash Outflows									
Employee/ contractor wages									
Rent									
Utilities									
Phone & internet									
Marketing & promotional									
Accounting & legal									
Office supplies									
Licenses & permits									
Insurance									
Other operating costs									
Subtotal monthly cash outflows									
Other Cash Outflows									
Purchase of assets									
Loan repayments									
Payments to the owners									
Other cash outflows									
Investments of surplus funds									
Subtotal other cash outflows									
Total monthly cash outflows									
Net Income									
Ending Cash Balance									

Recommendation:
 Using a spreadsheet program like Microsoft Excel or GoogleSheets, recreate this template on your computer to make it easier to use the template.

Income Statement

An Income Statement is a measure of your business' revenues (sales income) and expenses over a period of time. It is also known as a Profit and Loss Statement. It shows you how well your business is doing and provides information to help you manage your business.

If your income is greater than your expenses, the Income Statement will show a net profit. However, if your expenses are greater than your income, it will show a net loss.

Revenues and expenses are projected based on your Operating Budget and other reasonable assumptions. They are categorised as shown in the Projected Income Statement below, which you can use as a template to prepare an Income Statement for your CBT business.

Begin by choosing a 12-month period (e.g., January to December). Then complete the Projected Income Statement as follows:

- **Revenue Section** - List all sources of incoming cash. Include sales from customers and interest income.
- **Expenses Section** - List the operating costs you estimate you will have each month. Categories include expenses such as wages, rent, utilities and marketing. Add others as needed.
- **Net Profit** - Calculate the net profit using the formula in the template (revenue minus expenses equal profit or loss).

PROJECTED INCOME STATEMENT TEMPLATE

Statement Period:				
	Year 1	Year 2	Year 3	
Revenue:				
Sale of Products/Services	\$	\$	\$	
Sale of Products/Services	\$	\$	\$	
Sale of Products/Services	\$	\$	\$	
Interest Income	\$	\$	\$	
Other Sales/Revenues:	\$	\$	\$	
Less Customer Refunds	\$	\$	\$	
Total Revenues: (a)	\$	\$	\$	
Expenses:				
Rent	\$	\$	\$	
Salaries & Benefits	\$	\$	\$	
Owner's Salaries/Draw	\$	\$	\$	
Marketing	\$	\$	\$	
Office Supplies	\$	\$	\$	
Insurance	\$	\$	\$	
Bank Charges	\$	\$	\$	
Utilities	\$	\$	\$	
Property Taxes	\$	\$	\$	
Professional Fees	\$	\$	\$	
Maintenance/Improvements	\$	\$	\$	
Phone/Internet	\$	\$	\$	
Vehicles	\$	\$	\$	
Inventory/Supplies	\$	\$	\$	
Permits/Licenses	\$	\$	\$	
Other	\$	\$	\$	
Depreciation	\$	\$	\$	
Total Expenses (b)	\$	\$	\$	
Net Profit (a - b)	\$			

Your Projected Income Statement shows your net profit, whether you will make or lose money. During the start-up period, it is common for CBT businesses to lose money. This is why you need to estimate your working capital, as was covered in Section 10.2: How Do I Estimate My Start-up Costs? If your business is past the start-up phase and your net profit is a negative number, you must either increase operating revenues or reduce operating costs, which were discussed in Section 10.3: How Do I Prepare an Annual Operating Budget?

CALCULATING NET PROFIT



POINTS TO REMEMBER

COMPARING YEAR TO YEAR RESULTS:

The example Projected Income Statement is set up to show three years of results. Using this format benefits your business because you can compare the current year to past years to see patterns in high and low sales months and changes in sales revenues and expenses. For example, if you see that sales are low in one month, next year you might want to have a special sale for that month.

Balance Sheet

Your Balance Sheet is a snapshot of the financial position of your CBT business at a fixed point in time. It shows what the business owns (assets), what it owes (liabilities) and how much money shareholders have invested (owner's equity).

BALANCE SHEET FORMULA

A balance sheet shows what a company owns and owes and how much shareholders have invested

ASSETS	=	LIABILITIES	+	OWNER'S EQUITY
Cash, inventory, property, vehicles		Rent, wages, loans, taxes		Share Capital and retained earnings

Using the Balance Sheet template below, you can prepare a Balance Sheet for your business using the estimates from your Operating Revenue and Costs budgets. Begin by selecting a date for your business balance sheet. Because it is a snapshot of your company, a good date is the last day of your first year period. Then, complete the Balance Sheet as follows:

- **Current Assets section** - List cash and other assets that you expect to convert to cash in the next year such as cash equivalents, accounts receivable, prepaid expenses, inventory.
- **Fixed Assets section** - List more permanent assets of your business such as vehicles, land, buildings, equipment, investments.
- **Current Liabilities section** - List other expenses that have to be paid in the next year such as taxes, wages, accounts payable.
- **Long Term Liabilities section** - List loans, mortgages, etc. that are paid over the long term.
- **Owner's Equity section** - Calculate the Owner's Equity using the formula in the template (assets minus liabilities = owner's equity). Owner's Equity is the owner's value in the business (not the amount invested). If you sold all your assets and paid off all your liabilities, this is the amount you would have left.

BALANCE SHEET TEMPLATE

	Opening Balance	Closing Balance
Current Assets		
Cash	\$	\$
Prepaid Items	\$	\$
Inventory	\$	\$
Other Current Assets	\$	\$
Total Current Assets (a)	\$	\$
Fixed Assets		
Land	\$	\$
Building	\$	\$
Equipment	\$	\$
Vehicles	\$	\$
Furniture / Fixtures	\$	\$
Other Fixed Assets	\$	\$
Total Fixed Assets (b)	\$	\$
Less Depreciation (c)	\$	\$
Net Fixed Assets (d = b - c)	\$	\$
Total Assets (e = a + d)	\$	\$
Current Liabilities		
Accounts Payable (e.g., rent, wages, utilities)	\$	\$
Current Portion of Long-Term Debt	\$	\$
Total Current Liabilities (f)	\$	\$
Long Term Liabilities		
Mortgage	\$	\$
Shareholder Loans	\$	\$
Long-Term Debt	\$	\$
Total Long-Term Liabilities (g)	\$	\$
Owner's Equity		
Share Capital	\$	\$
Retained Earnings	\$	\$
Total Owner's Equity (h)	\$	\$
Total Liabilities & Owner's Equity (i = f + g + h)	\$	\$

Recommendation:

Using a spreadsheet program like Microsoft Excel or GoogleSheets, recreate this template on your computer to make it easier to use the template.



POINTS TO REMEMBER

BALANCE SHEET CHECK: Your Assets and Liabilities must be balanced. If you have completed your Balance Sheet correctly, the answer in part 'e' will equal the answer you get in part 'i'.

10.6

What about Taxation and Reporting?

As a CBT business owner, you will need to know your responsibilities regarding taxes and any annual reports that your national government requires from you each year.



BEST PRACTICES CHECKLIST

Here is a checklist of possible requirements for your CBT business:

- Obtain your business taxpayer number.
- Register for value-added tax (VAT) (if applicable).
- Learn how to prepare and file Income Tax returns – business or individual.
- Comply with other with government taxation and reporting requirements.

Look at the Community-Based Tourism Business Support Directory for your country to identify the organizations that can help you determine the taxation and reporting requirements for your CBT business. Be sure to contact them when preparing your business plan, and discuss your tax responsibilities with your accountant. (If there is no Directory for your country, contact your Ministry of Tourism or the National Tourism Office for information.)

How to Add Taxes to your Net Rate and Retail Rate

Contributed by Kennedy Pemberton - Caribbean Tourism Consultant

Section 7: Pricing Your Product

showed you how to calculate your Net Rate and Retail Rate prices. When setting these prices for your tourism product, you may also have to add government taxes to arrive at the final price you charge to visitors. In this case, you will have to check with the tax agency in your country to determine if you should add taxes, and which taxes have to be added. (See the Community-Based Tourism Support Directory for contact information for the Tax Agencies in your country.)

Here are two examples of common types of taxes that may have to be added to your Net Rate and Retail Rate Pricing:

Example 1: A percentage rate tax (e.g., Value-Added Tax (VAT) or sales tax)

Tom operates a cultural tour business in the St. Paul community of St. Kitts and Nevis. With effect from November 1, 2010, the sale of tourism products such as Tom's tours must include a 10% value added tax (VAT), but only IF Tom earns more than a fixed amount of revenue (known as the VAT threshold). At the start of 2014 Tom estimated the cost of his tours to be \$60/person. He set the price (net rate) to \$80 which means that he earns \$20/person

in profit. By December 2014 Tom's sales grew to be more than the VAT threshold (\$150,000/year). The law now requires Tom to register for VAT, and to add this tax to his Net Rate. In 2015, Tom adds the legally required 10% VAT which amounts to \$8 ($\80×0.10) to the price of his tour, and his Net Rate price now becomes \$88 ($\$80 + \8). If Tom does not add VAT to his Net Rate selling price, by law he is still required to pay 10% VAT to the government, and this will now reduce Tom's profit margin as the \$8 will have to be deducted from his original Net Rate price of \$80.

VAT also works the same way for Tom's Retail Rate price. Remember that the Retail Rate includes an amount for commissions to Travel Agents that help sell Tom's tours. In the case of the Retail Rate price, taxes are added at the very end last.

This is an example created from a real tax situation in St. Kitts and Nevis.

Example 2: A flat rate tax (e.g., a levy, surcharge or user fee)

Jessica lives in Barbados, and her home in the Oistins community has a downstairs apartment which she rents out to guests visiting the country. She currently rents the apartment for a Net Rate price of \$95, which includes \$50 to cover her costs, \$40 as her profit margin, and a \$5 Government nightly tax (called a room rate levy).

On March 21, 2019, the Government of Barbados announced an increase in the room rate levy of \$3.75, to take effect from April 1, for anyone renting apartments to visitors. Jessica now needs to adjust her Net Rate price in order to obey the law, and the nightly price she charges to customers will now become \$98.75 (\$50 + \$40 + 8.75). If Jessica continues to charge \$95, by law she is still expected to pay the Government the extra \$3.75 for each night her apartment is rented to a visitor, and this will reduce her profit margin.

The Room Rate Levy also works the same way for Jessica's Retail Rate. Remember that the Retail Rate includes an amount for commissions to Travel Agents that help get her apartment rented. In the case of the Retail Rate price, the Room Rate Levy is added last.

This is an example created from real tax situation in Barbados.



POINTS TO REMEMBER

- Did you contact your Tax Agency to find out if taxes apply to the prices you charge for your tourism products?
- Did you ask about which taxes you should charge to your customers (if any)?
- Are the taxes that apply 'flat rate' or 'percentage'?
- Is there a formula you need to know to calculate the taxes you include in your pricing?
- Remember to use the adjusted pricing formulas if your pricing has to include taxes. These are:
 - **Net Rate Pricing** = Cost + Profit Margin + Tax
 - **Retail Rate Pricing** = Net Rate before Tax + Commission + Tax

10.7

Why Should I Get Professional Assistance?

Good financial management is essential for starting and running a profitable CBT business. Countless small businesses fail because of bad financial management.

Many businesses get assistance to complete key financial documents and file their taxes. You should hire a qualified bookkeeper or accountant to set up and update your financial record-keeping system. At least once a year, you should meet with an accountant, ideally, one that is familiar with the tourism industry.

By working with professionals, you will manage your finances better so you can concentrate more on running your tourism business. It is worth it in the long run.



10.8

Checklist for Financial Success

As a CBT business owner, it is essential that you understand and practice fundamental financial management skills. Use this checklist of the important steps you need to take to manage your finances well.



BEST PRACTICES CHECKLIST

- Have you determined your Start-Up Costs?
- Did you prepare Monthly & Annual Operating Costs budgets?
- Did you prepare Monthly & Annual Revenues budgets?
- Have you identified ways you can finance your business?
- Did you prepare your main financial statements: Cash Flow, Income Statement and Balance Sheet?
- Have you determined your taxation and reporting requirements?
- Did you find a trusted and qualified professional for support?

11.0 BUILDING YOUR SUPPORT NETWORK



11.1 Building Your Support Network

Running a small business is rewarding, but it also can be challenging. Small business owners need support to succeed. It's important that you build financial, business operations and emotional support networks.

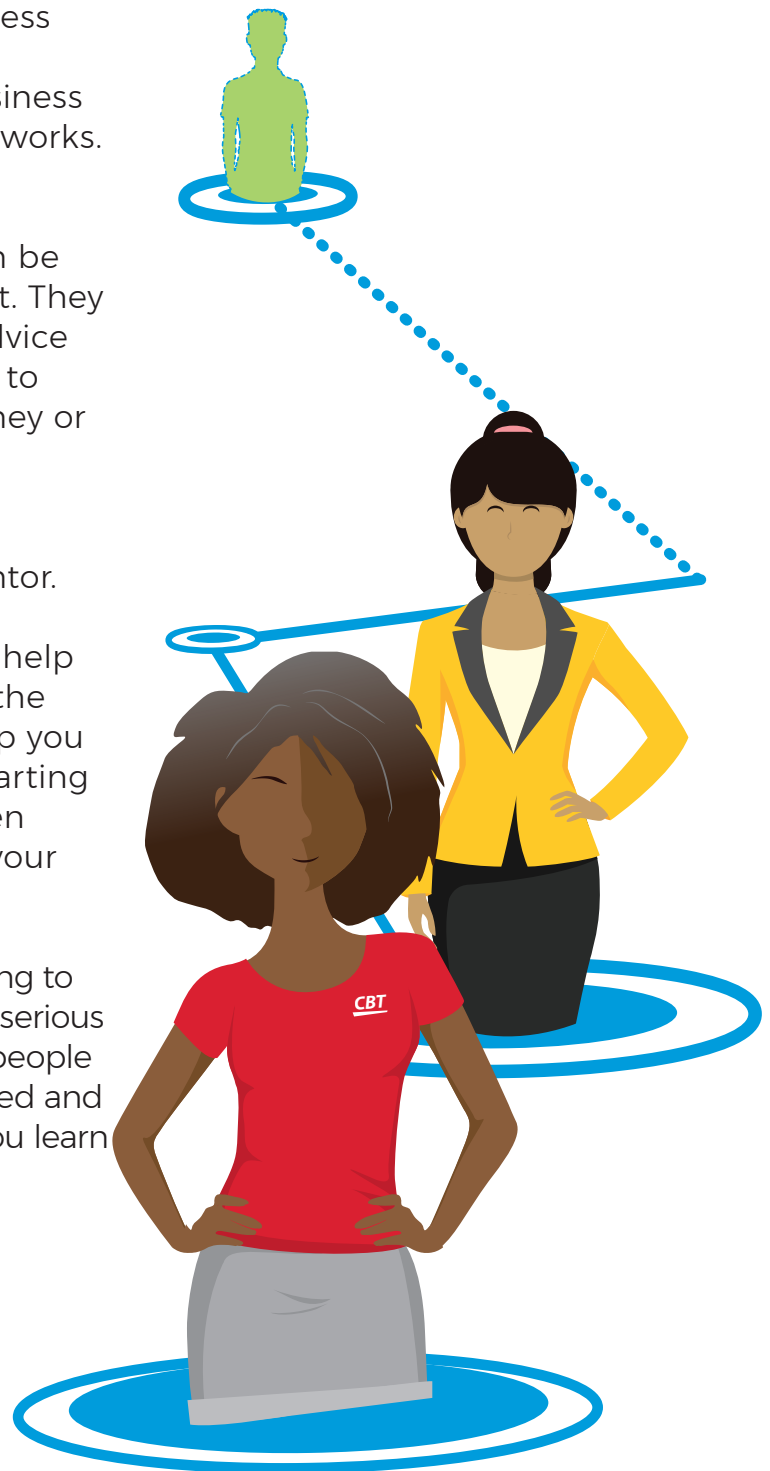
Family and Friends Network

Your network of family and friends can be your most important source of support. They can provide emotional support and advice when you need it. They might be able to provide business advice, lend you money or work in your business.

Find a Mentor

It's a good idea to find a business mentor. Mentors share their expertise and knowledge, give encouragement, and help you to focus on what is important for the success of your business. They can help you get on the right track when you are starting your business, and provide advice when you have to make tough decisions as your business develops.

Many successful business people are willing to help and support entrepreneurs who are serious about being successful. Think about the people you know who have the expertise you need and ask them if they would be willing to let you learn and benefit from their experience.



Other Tourism Professionals

It's also a good idea to build a network of other people in the tourism industry. If there are other tourism businesses in your community, you can meet with them to share ideas and talk about challenges. Informal meet-ups and networking meetings are both great ways. You should also explore ways to partner to create packages or jointly promote your businesses.

Tourism and hospitality industry organizations are excellent sources of information and support. Through them, your CBT business can get access to market and industry information. You can network with other industry professionals for mutual business development support.

Be sure to check the Community-Based Tourism Business Support Directory for your country, which lists important organizations in your country including ones that may have business networking support programs that can you connect with other tourism business owners. (If there is no Directory for your country, contact your Ministry of Tourism or the National Tourism Office for information.)



BUILD YOUR SUPPORT NETWORK:

It's important to have a good support network. Who are the trustworthy people you would like to have in your network? What skills and knowledge do they have that would help you and the enterprise be more successful? Would any of them be a good mentor for you?

Glossary

Assets – All of the economic resources owned by a company such as cash, vehicles, property or inventory.

Authentic – Real or genuine.

Balance Sheet – Financial statement for a company or business that summarizes the assets, liabilities, owner's equity (capital) and total debt at a specific point in time. It is a key financial document detailing the balance of income and expenditure over the period.

Best Practice – A method or technique that is considered an effective and efficient way of achieving desired results. A practice is generally considered a "BEST PRACTICE" when it has a proven record of success in several places.

Booking – An advanced reservation for a product or service between a customer and a business.

Breakeven Point – The point at which a company's total expenses equal its total revenue so profit and loss equals \$0. The Breakeven point in units provides the number of units or customers needed to cover all expenses including fixed costs.

Business Licence – Formal approval or permit issued by a Government Agency to operate as a business.

Business Plan – A written document describing the nature of the business, the products or services the business

will sell, the target market identified, and the revenue and expenses anticipated.

Cash Flow Statement – Financial statement that estimates when (and how much) money will be received and paid out of a business. Forecasting cash flows is the process of estimating the cash to be received every month from sales and other funding sources, as well as the payments to be made to suppliers, employees, banks, government, etc.

Collateral – The different kinds of assets like vehicles or property that borrowers pledge as security for a loan.

Commission – A form of payment (remuneration) usually a percentage of total value for sales or services rendered. In tourism, it is the percentage of a selling price paid by a tourism supplier to a travel distribution channel, such as a tour operator or travel agent that sells the supplier's tourism products or services.

Commission Mark-Up – Percentage difference between the net rate charged by a tourism business and Retail Rate at which a product or service is sold.

Community-Based Tourism – Tourism in which the host community has an active and leading role in the management of the tourism product offering and in the delivery of related goods and services.

Community Benefit - Tourism that generates direct and/or indirect positive benefits to the local/host community. These could be social, economic, environmental and other benefits.

Competition - Businesses that offer the same or similar products to those you are offering or developing.

Consumer - A user of tourism products and services. The consumer is often the decision maker who makes the purchasing decision.

Culturally Authentic - Tourism genuinely reflects and is representative of the community to which it belongs. It shares real local lifestyles, customs, culture and everyday life and is not staged for consumers.

Culture - The characteristics, knowledge, beliefs, social norms and ways of living shared by a group of people that is passed on from one generation to the next.

Current Assets - Cash, receivables, inventory or any other asset, which will be changed to cash within one year.

Current Liabilities - Short-term financial obligations and amounts that are owed such as accounts payable, bank loans and other debts that are payable within one year.

Customer - One that purchases or consumes a commodity or service. In tourism, this is a buyer and user of tourism products and services. Synonyms include client, patron, guest etc.

Destination - The geographical place (country, region, city, etc.) to which a consumer is going for tourism purposes.

Destination Management Company (DMC) - A professional services company with local knowledge, expertise and resources, working in the design and management of events, activities, tours, transportation and logistics for a particular tourist destination. Tour operators and travel agents from other countries, may use the services of a DMC to handle bookings and arrangements because they have specialised local knowledge.

Destination Marketing Organisation (DMO) - An organisation that promotes a particular tourist destination. The term 'Destination Management Organization' is sometimes substituted for an entity that fulfills dual roles of tourism product development, destination management and marketing. They include government tourism offices, tourist boards, chambers of commerce, and travel industry membership associations.

Distribution Channel - the intermediaries involved in selling the tourism destination or activity to the end consumer (e.g. travel agents, tour operators, concierge, hotels, etc.). Also see Travel Distribution Channels

Domestic Tourism - Travel within the country in which the consumer lives.

Economic Impact - A change in financial position resulting from tourism activities.

Emerging - A term describing a tourism business that is either in the start-up stage or which is operating as an informal business.

Expenses - Money spent or costs incurred to operate a business. May include payments to suppliers, wages, rent and utility bills etc.

Export Ready - A term describing a tourism business that meets the criteria to sell to the international travel distribution channels like wholesalers, tour operators and travel agents.

Familiarisation Tour (Fam Tour) - Tour for tour operators, travel agents and media to experience and become familiar with a destination by going to attractions, taking part in activities and tours, sample restaurants, etc. The goal is to educate and incentivise them to market and sell the destination to their customers.

Fixed Expenses - Costs which do not change with an increase or decrease in business activity or the amount of goods and services produced or sold; (i.e.) these costs remain the same no matter how many customers buy the tourism product or service (e.g.: rent, fixed salaries etc.).

Fully Independent Travellers (FIT) - FIT is a term given to those persons who travel independently without any assistance of any travel agency or Tour Company and any group. Usually refers to persons travelling solo or as couples or friends.

Gross Profit Margin - The difference between revenues and the costs of goods and services sold. The amount of money made or lost before paying administrative expenses such as interests, taxes, marketing, etc.

Group Travellers - People traveling together, usually ten or more people considered 'Group Travel'.

International Markets - Potential customers or distribution channels from other countries.

Itinerary - A detailed plan for travel, a tour or diverse tourism activities.

Local Tourism - Tourism that offers an authentic and local experience, and an opportunity to experience and/or immerse in the local lifestyle and culture. Experiences may include transportation, accommodation, meals, a guide, etc.

Market - Group of potential customers to which a business wants to sell its tourism products and services.

Market Demand - Demand from consumers for a tourism product or service.

Market Ready - A term describing a tourism business that meets the criteria to sell to national travel distributions channels like tour operators and travel agents.

Market Research - The process of finding out as much as you can about the consumers who might buy your tourism product or service.

Market Segment – A group of people who share one or more common characteristics. The market segments are defined to identify a target market used for marketing a product or service. Market segmentation is the process of dividing mass markets into groups with similar needs and wants.

Marketing – Activities involved in developing product, price, place and promotion mixes to sell tourism products and services.

Micro Business - A very small, often informal, business that employs one or very few people.

Net Income – Business profit after all operating costs and expenses are subtracted from revenues.

Net Rate - A basic rate charged by a tourism supplier that is marked up for resale by a tour operator, travel agent or other such distribution channel partner. The net rate is lower than what the consumer would pay if buying direct from the supplier, allowing the distribution partner to increase the price for resale and earn a commission for their efforts.

Niche Market - A niche tourism market is a specific market segment, usually with a well-defined product, which can be tailored to meet the interests of the customer. It is special interest focused.

Off Season – Time of year when there is the least amount of tourists and correspondingly tourism activity.

Online Marketing - Using the internet to market (e.g., websites, Facebook business page, TripAdvisor, Instagram).

Online Travel Agency (OTA) – Online tour operators that sell to consumers via the internet (e.g., Trip Advisor Experiences, Expedia).

Overhead Expenses - Costs related to running a tourism business such as rent, phone, utilities, insurance and licences.

Owner's Draw - Money paid to the owners of a business.

Package – When several tourism products and services are bundled together and sold to the consumer as one product at one combined price. The products/activities offered in a package are usually provided by different suppliers (businesses).

Peer-to-Peer (P2P) Online

Marketplaces – Online sites where peers (sellers) sell travel to other peers (buyers) who are not necessarily formal businesses (e.g., Airbnb Experiences, GetYourGuide, WithLocals).

Pricing - The process of adding up all costs, profit margins, and commissions and calculating the amount at which a supplier will sell a given tourism product or service.

Product – A tourism good or service (e.g., accommodation, tour, transportation, restaurant) or a package of tourism goods and services sold to consumers.

Product Development - Turning ideas into tourism products or services to sell to consumers.

Profit - The amount of money earned, when the amount of revenue gained from a business activity exceeds the expenses, costs, and taxes needed to sustain the activity. Profit is the difference between all costs and revenue generated from sales.

Receptive Tour Operator (RTO) - see Destination Marketing Company.

Retail Rate - It includes the Net Rate plus commission mark-ups. It is the price the consumer pays and should be the same through all distribution channels.

Return on Investment (ROI) - Revenue generated or profit made from an activity compared to the cost of the investment (i.e. how much was spent on the activity). Calculates as the gain or loss generated on an investment relative to the amount of money invested.

Revenue - The money your business receives from the sales of the product or services provided.

Revenue Streams - The different sources of revenues that a business generate. It refers to different lines of businesses (eg: meals, visits to the farm where the ingredients are procured, souvenirs sold at the restaurant.)

Share Capital - The money invested in a business by the shareholders, which is

a source of finance. Shareholders own part of the business.

Shareholder's Equity - The difference between total assets and total liabilities. It represents the net value of a company, or the amount that would be returned to shareholders if all of a company's assets were liquidated and all its debts repaid. It belongs to the 'owners/shareholders' of the business and includes the amount invested by the owners and the profit reinvested into the business over years.

Specific, Measurable, Attainable, Realistic, Time-bound (SMART) - Goal-setting system to help focus your efforts and increase the chances of achieving your goals. SMART goal setting allows for a verifiable plan with clear milestones and an estimated timeline to attain the goals.

Supplier - An individual or business entity that provides goods and services for sale. In the tourism context, suppliers sell tourism products or services such as accommodations, tours, and transportation to consumers or others in the market channels.

Sustainable - Acting to cause little or no damage in order not to disadvantage future generations.

Target market - A market segment that a business wants to attract because the products and services offered meet their needs.

Tourism Multiplier Effect - Measures the tourism industry's ability to

generate income, jobs and other economic benefits directly related to tourism and indirectly through supporting growth in other economic sectors and ancillary service providers. In its simplest form it is how many times money spent by a tourist circulates through a country's economy.

Tour Operator - A company that designs, develops, markets and operates packaged travel and tourism products and tours. They receive commissions from tourism businesses and sell through travel agents or direct to consumers.

Trade Show - An event held to bring together members of a particular industry to display and promote their product offerings. In tourism, an event where Destination Marketing Organisations and tourism businesses promote their products and services.

Travel Agency/Agents - Companies and individuals that sell travel to individuals or groups. They receive commissions from tour operators or tourism businesses and sell direct to consumers.

Travel Distribution Channels - The different ways to sell tourism products to customers. Distribution channels include Destination Management Companies, tour wholesalers, tour operators, travel agents and Online Travel Agents (OTAs).

Travel Distribution System - Made up of the different travel distribution channels, the different ways to sell tourism products to customers.

Travel Trade - Collective term for sales partners in the travel distribution system, including Destination Management Companies, tour wholesalers, tour operators and travel agents.

Unique Selling Point (USP) - The feature(s) of a product that differentiates it from its competitors. In simple terms, something that makes the tourism product or service different or better than the competition.

Variable Costs - Costs that apply to the sale of one unit sold, that changes in proportion to production output. Variable costs increase or decrease depending on a company's production volume; they rise as production increases and fall as production decreases. In tourism, it can be the direct costs involved in serving one customer, preparing one meal, selling one souvenir, etc.

Visitor - Someone who is visiting a place temporarily, especially socially or as a tourist.

Visitor Ready - A term describing a tourism business that meets the criteria to sell to consumers.

Wholesaler - A company that operates as a link between the tourism supplier and international tour operators and travel agents. They develop and market tourism products and tours. They receive commissions from the supplier and sell to the consumer through tour operators and travel agents. They usually do not sell direct to consumers.

Appendices

Appendix 1: References and Resources

Many relevant resource documents were used to inform and inspire the development of this Handbook. These include handbooks and manuals developed both within the Caribbean and elsewhere to support community tourism development. As stated in the Acknowledgements at the beginning of this Handbook, the *Belize Cultural Tourism Development: A Handbook for Community Champions*, the *Jamaica Community Tourism Toolkit: Handbook for Community Tourism Enterprises*, the *ITAC 2018 National Guidelines* and the *ITAC 2011 National Guidelines*, are important model handbooks.

Ideas and information from other resources and tools also have been incorporated within this Caribbean CBT Enterprise Handbook. These sources are listed below. They also are useful to deepen your understanding of how to operate a community-based tourism business.

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Appendix 2: NTOs and CBT Development

There are many community-based tourism initiatives across the Caribbean. The countries that are members of CTO have several projects and initiatives to raise the profile of community-based tourism and to support communities to develop tourism at the community level. Here are examples from Antigua and Barbuda, Dominica, Guyana and Jamaica, destinations which were chosen as leaders in the field.

Antigua and Barbuda continues to invest in Community-Based Tourism, given growing visitor demand for authentic cultural and natural experiences, and the need to link communities to the Tourism Value Chain. The Ministry of Tourism has developed a framework and program aimed at supporting the “Village as a Business” concept which was developed in 2014 and piloted in four (4) communities. This program allows for the assessment of community readiness, and identification of competency gaps and economic potential of the community. Based on the results, technical assistance is provided to help communities develop and market their experiences, with additional support provided by the private sector and the Global Environmental Facility Small Grants program. Notably, the Wallings Nature Reserve is one successful community in the assistance program and is the first community-managed nature park in the country. Additionally, the Government has embarked on the development of a National Sustainable Tourism Development Strategy which includes Community-Based Tourism as a key component and outlines its direction for the next three (3) years.

Dominica has recognized and supported community tourism for about 20 years. However, 2017 marked the beginning of greater Government investment in the sector by way of human resource capacity and additional finances for the operations of the Dominica Community Tourism Association (DCTAI), the non-governmental organization responsible for tourism. By 2018, the Government’s capital investments in community-based tourism development more than doubled 2016 levels. These investments also support climate resilient initiatives considering the devastating effects of hurricane Maria. The most impactful initiative to date is the Community Tourism Enhancement Competition. It gave participating communities an opportunity to showcase their unique offerings and attractions, and emphasized the pillars of cleanliness, landscaping, hospitality, and community participation. Through the Ministry of Tourism, the Discover Dominica Authority (DDA), and national/international partnerships being developed by the DCTAI, it is expected that community-based tourism will continue to expand.

Guyana has long supported community-led tourism development. There have been several programs in partnership with international partners. Among the most notable was the USAID-Guyana Trade Investment Support. The four-year program is credited with helping to advance community-led tourism and

take Guyana from a little known to a hot new destination for birders and nature tourists. More recently, in 2018, the Guyana Tourism Authority (GTA) developed a comprehensive Community-led Tourism Framework and toolkit. The GTA and Ministry of Indigenous Peoples' Affairs (MOIPA) have formally agreed to pool resources to scale up community-led and owned tourism using the Framework. Their priorities are based on past investments, community receptivity to tourism, visitor readiness of community tourism enterprises, market access and the mapping of strategic visitor flows and prioritised product development opportunities. Piloting the Framework is taking place in four indigenous communities, three of which are now connected to the tourism value chain and hosting visitors: Warapoka, Moraikabai, Chenapau and Karasabai.

Jamaica is known as the Home of Community Tourism. The Government of Jamaica has had several initiatives to support community tourism. One such initiative is the multi-year Rural Economic Development Initiative, launched in 2010 and implemented by the Jamaica Social Investment Fund (JSIF-REDI program). Funded by the World Bank, Phase One invested \$15 million in community tourism and agricultural development between 2010 to 2017. The National Community Tourism Policy and Strategy was developed in 2015 as the roadmap for community tourism development in Jamaica and to establish the requisite institutional framework to support projects such as REDI. Other support included \$1.83 million invested in infrastructure, the development of a national Toolkit to facilitate the establishment and development of Community Tourism Enterprises, training of Community Tourism Enterprises, the creation of the Jamaica Community Experiences brand, a three-year marketing plan, a website, photo bank, videos and other marketing collateral materials. The second phase of JSIF-REDI will be launched in 2019.

Appendix 3: Example Code of Conduct

The following example is a recommended Visitor Code of Conduct for Indigenous Community Tourism developed in Guyana. It is reproduced here with permission from the Guyana Tourism Authority.

Honour our Indigenous People

- Plan ahead. Research local customs, social norms before or when you arrive in Guyana, especially when planning to visit our indigenous communities. Evaluate the credentials and practices of tour companies and guides, and determine from them the extent to which your visit will benefit the Indigenous communities you visit.
- Follow the rules. Ensure you secure permission to visit Indigenous communities before arrival, especially if you are not travelling with a tour operator or staying at a community-owned eco-lodge. Respect the rights of community landowners and stick to areas that are open to visitors. If you're not sure, ask. Remember the usage fees you pay to visit communities support indigenous people's livelihoods.
- Show your respect. Always ask permission first before you take any photos. It is such a simple thing but it is so important. Also, be mindful of traditions and

cultural etiquette during your visit. Make an extra effort to learn and listen, which is encouraged over talking, especially when an elder is speaking.

- Support local culture. Consciously spend your money in local communities that offer locally produced meals, products and handicrafts. Your expenditures will benefit the people you meet and, in some cases, the entire community. It also encourages communities to preserve their cultural heritage and increases local pride.
- Engaging in the sacred. If you are invited to partake in a spiritual ceremony of some kind, try to be unobtrusive. And keep in mind that many events are sacred and are not open to the public.
- Be mindful of waste. Recycling is uncommon and plastic waste is often burned or buried. If you have to purchase disposable plastic items, pack them out with you.

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