

ANALYSIS OF THE NORTH AMERICAN COMMERCIALIZATION CHAIN (LOCAL, REGIONAL AND INTERNATIONAL) OF THE TARGET COUNTRIES

Author: Jorge de Vicente (TIES)

A publication of
Center on Ecotourism and Sustainable Development
The International Ecotourism Society
September 30, 2004



For:



Activity 3.1.4.3: Marketing certification

A component in the IDB-MIF project, "International Accreditation System and Consolidation of National Systems for Sustainable Tourism Certification to Facilitate Small and Medium Enterprises' (SMEs) Competitiveness and Market Access"

ABSTRACT

The commercialization chain of an ecotourism destination starts with a country tourism board marketing the destination through trade shows and seminars, promotional fairs, and its website. All the information, marketing and advertising generated about a country's ecotourism destinations in the promotion phase is then conveyed to the end consumers through a variety of channels (information sources) that compete for the ecotourists' attention, including guidebooks, internet websites, trade shows, newspapers, magazines, TV and radio, word of mouth, and promotional brochures. Once a tourist has decided on the destination, he can arrange and book his trip in a number of different ways as depicted on the value chain.

TABLE OF CONTENTS

INTRODUCTION	3
METHODOLOGY	3
RESULTS AND DISCUSSION	3
A) The Promotional Chain of an Ecotourism Destination	3
Figure 1: The Promotion of an Ecotourism Destination	4
Country Promotion	4
Table 6: Central America Regional Tourism Branding Initiative	8
Information sources in outbound country	9
Table 7: Educational and Outbound Operators	9
B) The Ecotourism Commercialization Chain	10
Figure 2: The Ecotourism Commercialization Chain	11
Table 8: Commercial airlines flying to the five target countries from the US and Canada	12
RECOMMENDATIONS & CONCLUSIONS	14
BIBLIOGRAPHY	15
CONTACTS LIST	16

INTRODUCTION

The purpose of this research is to analyze where certification can be most effectively promoted and utilized to 5 target countries.

METHODOLOGY

The research involved both primary and secondary data sources.

Primary research included: i) TIES-designed surveys conducted among outbound ecotourism operators, educational and study travel programs, and travel and responsible tourism websites; ii) phone interviews with tourism marketing specialists

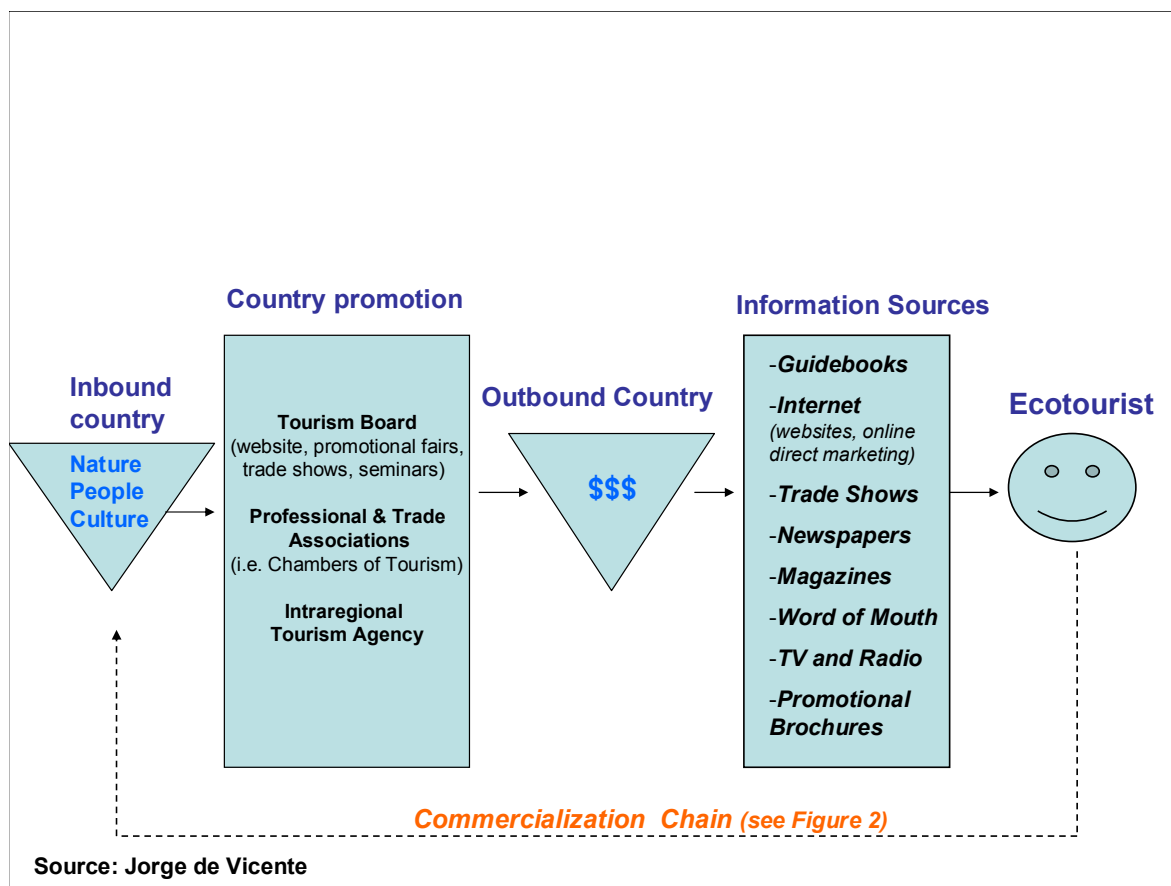
Secondary research included a review of the leading ecotourism literature on world trends, the US market and the five target countries—Costa Rica, Guatemala, Belize, Ecuador and Brazil

RESULTS AND DISCUSSION

A) The Promotional Chain of an Ecotourism Destination

In order to fully understand the commercialization chain of ecotourism, we must first consider how countries promote themselves as ecotourism destinations and how that information is conveyed to the end consumers in the developed countries. Figure 1 seeks to depict just that.

Figure 1: The Promotion of an Ecotourism Destination



Country Promotion

The most popular ecotourism destinations among U.S. and Canadian travelers are in developing countries. The so called ‘inbound country’, blessed with unique natural attractions, culture and people promotes itself for ecotourism purposes through two major vehicles: the National Tourism Board (usually a government agency under the umbrella of the Ministry of Tourism) and Professional and Trade Associations (i.e. Chambers of Tourism) representing the interests of the private sector. In some instances and depending on the level of regional integration, an Intra-regional tourism agency may also promote the destination.

The tourism board uses a number of different tools to promote an ecotourism destination, including a website, promotional fairs, trade shows and seminars. Also, it usually hires a Public Relations (PR) firm to carry out advertising campaigns in the outbound country. Some countries, like Costa Rica, give very clear parameters of what they want from PR

firms, while others go as far as charging the PR firm with developing and executing an integrated marketing and communications plan.

All five countries analyzed in this study – Costa Rica, Guatemala, Belize, Ecuador and Brazil – fit the model presented in Figure 1, though Brazil presents certain peculiarities. According to Brazil’s National Marketing Plan for Tourism¹, Embratur, which is technically the marketing department of the Ministry of Tourism, is to delegate ecotourism promotion abroad to the newly created National Bureau of Ecotourism, formed by ten inbound tour operators.



Table 1: COSTA RICA: TOURISM PROMOTION

<p>US/Canada based</p>	<ul style="list-style-type: none"> • Garnier BBDO (PR firm hired by the Costa Rican Tourism Board to develop advertising and promotion strategies for the US and Canadian markets) • Costa Rican Tourism Board Toll Free Number in the US and Canada: 1-866-COSTARICA • Costa Rica Tourism Board cooperative program with wholesalers whereby both parties invest a % in sales promotion.
<p>Costa Rica based</p>	<ul style="list-style-type: none"> • Costa Rica Tourism Board (allows online bookings) www.visitcostarica.com • Costa Rica National Chamber of Tourism (CANATUR) http://canatur.org/349020d71f1fb78606dfd6c229009edd/
<p>Regional</p>	<ul style="list-style-type: none"> • Central America Tourism Agency http://www.visitecentroamerica.com http://www.sgsica.org/turismo/index.html

¹ Phone Interview with Fario Groffi, Chief of Division, Product and Segmentation Division, Embratur. August, 2004.

**Table 2: GUATEMALA: TOURISM PROMOTION**

US/Canada Based	<ul style="list-style-type: none"> Guatemala Tourism Commission (INGUAT) has a two-prong marketing plan for US and Canada: <ul style="list-style-type: none"> Supply side: direct education and negotiation with wholesalers and airlines. Demand side: communications and marketing strategies, ad and commercial design by BBDO, pr firm hired by the Guatemala Tourism Board.
Guatemala based	<ul style="list-style-type: none"> Guatemala Tourism Commission http://www.inguat.gob.gt/
Regional	<ul style="list-style-type: none"> Central America Tourism Agency http://www.visitecentroamerica.com http://www.sgsica.org/turismo/index.html

**Table 3: BELIZE: TOURISM PROMOTION**

US/Canada Based	<ul style="list-style-type: none"> Richartz Fliss Clark & Pope (PR firm hired by the Belize Government to develop advertising and promotion strategies for the US and Canadian markets) Belize Tourism Board Toll Free Number in the US and Canada: 1-800-624-0686
Belize based	<ul style="list-style-type: none"> Belize Tourism Board http://www.travelbelize.org/ http://www.belizetourism.org/ (tourism industry info, including statistics)
Regional	<ul style="list-style-type: none"> Central America Tourism Agency http://www.visitecentroamerica.com http://www.sgsica.org/turismo/index.html



Table 4: ECUADOR: TOURISM PROMOTION

US/Canada based	<ul style="list-style-type: none">Embassy of Ecuador to the US http://www.ecuador.org/main.htm
Ecuador based	<ul style="list-style-type: none">Ecuadorian Ministry of Tourism http://www.vivecuador.com/html2/esp/home.htm http://www.ecoturismo.gov.ec/ http://www.galapagospark.org/en/home.htm
Regional	<ul style="list-style-type: none">Andean Community http://www.comunidadandina.org/ingles/tourism/e_home_tourist.htm



Table 5: BRAZIL: TOURISM PROMOTION

US/Canada based	<ul style="list-style-type: none">EMBRATUR Tourism Office in NY City. http://www.braziltourism.org/
Brazil based	<ul style="list-style-type: none">Ministry of Tourism (EMBRATUR) http://www.embratur.gov.br/en/home/index.aspNational Bureau of Ecotourism (created in July 2004)

With regard to intraregional tourism promotion initiatives, Costa Rica, Guatemala and Belize are part of a common tourism branding initiative comprising seven Central American countries.

Table 6: Central America Regional Tourism Branding Initiative



Creation: Regional tourism branding initiative launched in 2002 by the seven Central American countries (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) coordinated by the Central American Integration System (SICA) and supported with the funds of the German Government International Cooperation Agency (GTZ).

Positioning: “Central America as a geo-destination with unique and different characteristics: its exuberant tropical nature, its cultural wealth, a sum of pre-Colombian and Colonial cultures, along with the warmth and hospitality of its peoples, all in a relatively small territory.” *Centroamerica Corporate Identity Manual (Available in PDF from <http://www.sgsica.org/turismo/index.html>)*

Purpose: To market Central America as a regional tourist destination in the context of international tourism fairs and through promotional materials, including the official tourism websites of all seven Central American countries.

Notwithstanding this regional brand, each Central American country continues to have its own tourism brand (logo + tagline).

Institutional Framework: Central American Tourism Agency (CATA), a public-private partnership made up both by the Ministers of Tourism and the Presidents of the National Tourism Chambers from all seven Central American countries. Set up in 2003 and headquartered in Madrid, its main purpose is to plan, coordinate, and assist and further Central America as a multifaceted tourism destination, primarily in the European and Asian markets.

Private Sector participation: In addition to CATA, the regional airline “Grupo Taca” has agreed to showcase the brand ‘Centroamerica’ on all its airplanes.

Commercial Website: <http://www.visitecentroamerica.com> both in English and Spanish.

Institutional website: <http://www.sgsica.org/turismo/index.html>

(Source: De Vicente, Jorge. *State Branding in the XXI Century*. The Fletcher School, May 2004.)

Less significant but nevertheless noteworthy is the case of Andean Community, whose website features Ecuador tourism potential and attractions.

http://www.comunidadandina.org/ingles/tourism/profile_ecu.htm

Information sources in outbound country

All the information, marketing and advertising generated about a country's ecotourism destinations in the promotion phase is then conveyed to the end consumers through a variety of channels (information sources) that compete for the ecotourists' attention, including guidebooks, internet websites, trade shows, newspapers, magazines, TV and radio, word of mouth, and promotional brochures.

According to the survey conducted by TIES among outbound tour operators, the top four information vehicles leading to their customers' purchasing decision are as follows:

Table 7: Educational and Outbound Operators

Outbound Tour Operators	Educational and Study Travel Programs
Word of mouth	Direct email
Websites	Repeat visitors
Repeat visitors	Word of mouth
Company promotional literature	Company promotional literature

Travel guidebooks have clearly been taken over by the Internet. They continue, however, to play a critical information role right before and during the trip. It's hard to come by national statistics of the best selling travel guidebooks in the US, as the US book market is actually divided into three: national chains, independent bookstores, and the academic market. Based on TIES interviews with book wholesalers and bookstores², the best selling travel guidebooks among ecotourists would be in this order: Lonely Planet, Moon, and the Rough Guide. Other travel guidebooks popular among the ecotourism segment are: Footprint Guides, Insight Guides, The New Key to Costa Rica. Frommer's and Fodor's are great sellers across the board.

Websites have over the last five years become leading source of information about ecotourism destinations, especially in the planning stage of the vacation. They range from National Tourism Boards and Ecotourism and Conservation Associations to responsible and active travel websites. Among the latter, we can mention

² Interviews with Ingrambook (wholesale distributor), Avalon Publishing, the Globe Corner Bookstore, and Get Lost Bookstore. Summer 2004

www.responsibletravel.com, www.away.com, www.iexplore.com, www.ecoclub.com, www.planeta.com . The first two merit special attention, as they are not only information providers but also commercialization outlets.

Away.com is the leading active travel online providers in the US. It has two major lines of business:

- Publisher of active travel information (i.e. *Outdoor Magazine*, both in print and online) geared to “foreign independent travelers” (FIT), that is travelers who book their vacation directly with inbound tour operators or final destination providers), which accounts for 80% of its customer base.
- Travel booking business (away.com) which accounts for 20% of its customer base. Away.com works with highly specialized outbound and inbound tour operators. Customers book through a toll-free number.

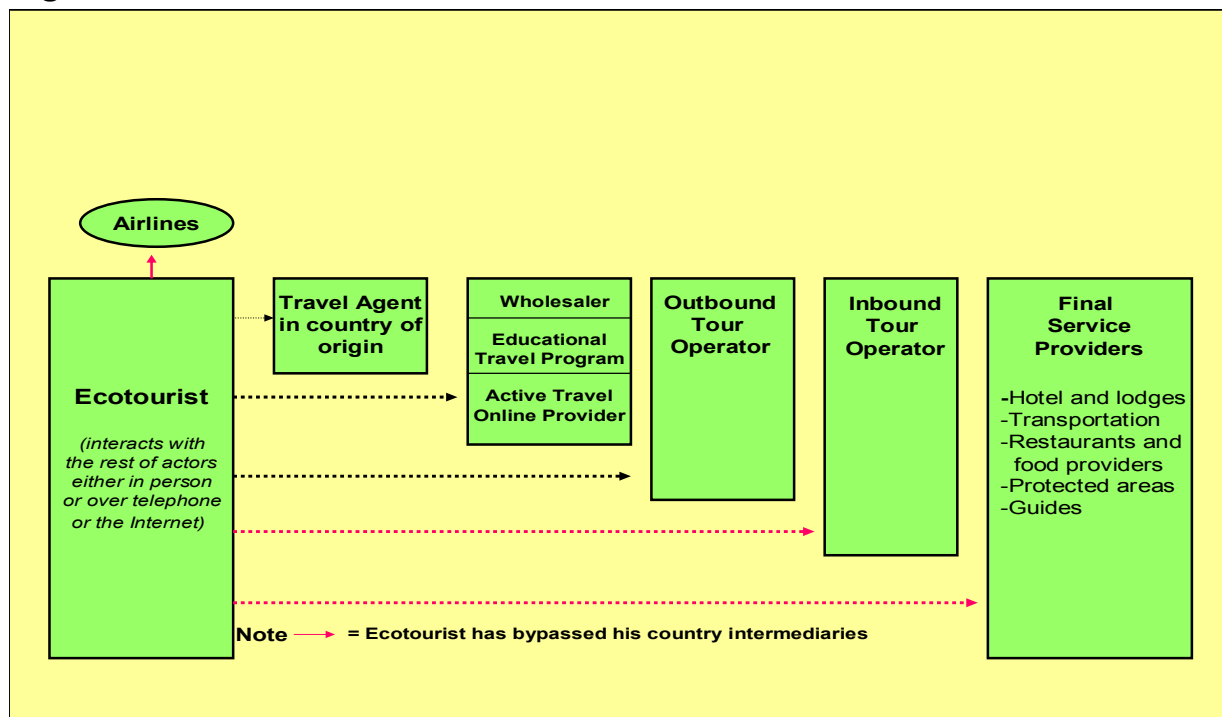
Away.com uses three primary ways to reach and enlarge its customer base: i) search engines-both free and paid space ii) big partnerships with USA today, Yahoo, Outdoor Magazine; and iii) email marketing among subscribers.

Responsibletravel.com is based in the UK and works directly with over 230 leading suppliers to create a marketplace for them to sell their holidays

B) The Ecotourism Commercialization Chain

Once the ecotourist has chosen his/her destination, he/she will then go through the commercialization chain depicted below. This chain, illustrated in Figure 2 below, shows the different possibilities available to an ecotourist when deciding how to book his/her vacation, as well as how value accumulates along a chain of activities or actors that lead to an end product or service, namely an ecotourism vacation.

Figure 2: The Ecotourism Commercialization Chain



Source: Jorge de Vicente, drawing on ACOT 1999 cited by Crist Inman in *Costa Rica Tourism: The Challenge of Competitiveness*, 2002.

Ecotourists arrange their trips in a number of different ways:

- Through a Travel Agent in his country, usually the most expensive way since it's the first link on the value chain³.
- Through a Wholesaler or an Educational Travel Program or a travel website. The latter two either work with or resell outbound tour operator packages.
- Through an Outbound Tour Operator, bypassing the first two links. In this case, the air fare can be bought directly by the ecotourist or provided by the tour operator.
- Through an Inbound Tour Operator, bypassing all industry actors in the outbound country. The air fare is bought directly by the ecotourist in his country.
- Through Final Service Providers, bypassing not only outbound businesses but also the inbound tour operator. The air fare is bought directly by the ecotourist in

³ The idea of a value chain was first suggested by Michael Porter (1985) to depict how customer value accumulates along a chain of activities that lead to an end product or service."

his country. This is usually the cheapest but most time consuming way to organize an ecotourism vacation, since it's the last link on the value chain.

As both Central and South America have become top destinations for US and Canadian ecotourists, more and more airlines are flying to those countries.

Table 8: Commercial airlines flying to the five target countries from the US and Canada.

Costa Rica	Guatemala	Belize	Ecuador	Brazil
American	American	American	American	American
Delta	Delta	Continental	Delta	Delta
Continental	Continental	US Airways	Continental	Continental
United	United	Taca	United	United
America West	Iberia			Varig
Air Canada	Taca			Tam
Northwest				Japan
Mexicana				
Iberia				
Taca				

Over the last five years, **Internet has changed the tourism industry fundamentally**⁴:

- Already 20% of all leisure tourism transactions take place over the Internet. In 2006, this figure will reach 36%.
- Individual bookings with outbound ecotourism operators have strongly declined in parallel with the growth of the Internet. However, group-related travel remains very strong, so outbound tour operators will be focusing more efforts on this segment.
- The Internet has created considerable growth opportunities for inbound tour operators but if they become too aggressive, outbound tour operators may not want to work with them. Besides, they should not expect to capture a bigger share of the market if they do not have a robust customer service.
- “There is an increasing trend toward ecolodges receiving direct bookings from individual travelers as compared to bookings from international and local agencies.”⁵

⁴ Source: Interviews with travel websites.

⁵ Eplerwood.

- “The Internet is allowing well-managed ecolodges in LDCs to deliver excellent competitive pricing, service and know-how to the special interest market, directly to Free and Independent Travelers (FITs) and tour groups, giving them a competitive edge with educated consumers who look for a high-quality educational content based on local expertise.⁶”
- “The Internet is enabling ecolodges in LDCs to market and cater directly to the FIT market, which is approximately 50-60% of the market worldwide for ecotourism.”
- “The Internet and its use for information, research, and purchase of tourism products/services will continue to increase⁷. The consequences are:
 - readily available information on destinations and products, and increasingly sophisticated search engines to analyze information, which will enable more comparison shopping.
 - experienced tourists will increasingly customize their vacations through direct bookings.
 - the role of travel agents will decrease, as full package tours are increasingly bought directly via the net, and as lodges sell direct to the client.
 - destination marketing will increase in importance as the source to stimulate website visits, for example, through better branding with public support.
 - a basic precondition for success will be in-depth information on ecolodges and related products (found either on the overall destination website, or accessible through links.)
 - the trend to later bookings will increase.
 - online reservations must be secure.”
- “Ecolodges will attract a growing segment of independent travelers and ecotourists. They will benefit greatly from the Internet shopping trend and be able to directly appeal to consumers in developed world markets by using low-cost internet marketing tools. At the same time, ecolodges will appeal to the population that prefers to travel with a tour operator, by working with specialized operators that increasingly seek comfortable, well-designed lodges in natural areas. This gives

⁶ Eplerwood, Wight, and Corvertto. *A Review of International Markets, Business, Finance & Technical Assistance Models for Ecolodges in Developing Countries*. Prepared for the International Finance Corporation, 2004.

⁷ Ibid.

ecolodges a broad market opportunity over the next 30 or more years, to develop products that will appeal to aging, special interest travelers.⁸”

RECOMMENDATIONS & CONCLUSIONS

- ☞ All available evidence indicates that in this day and age, it is good service and comfort that ecotourists value the most when making their travel decisions. The access of Small and Medium Enterprises (SMEs) to the national and international tourist markets will be determined by good facilities and customer service, not certification. That being said, certification can become a distinguishing feature and effective marketing tools for those SMEs that are already competitive.
- ☞ As Fairbanks and Lindsay have argued, “customer service is important at a thousand separate points during a tourist’s visit to a particular site. Consequently each company or business that interacts with tourists should make itself more aware of what is most important to the tourist in terms of quality and comfort as they relate to its products or services. That means making choices about which segments of potential customers to serve and investing in understanding how to ensure that those customers are satisfied. Failing to do so only perpetuates the pattern of overdependence on inherited factors.”⁹
- ☞ It seems that certification could play a much more useful role in terms of helping SMEs improve their triple bottom line: financial, environmental and social performance. This technical assistance is likely to be in high demand.
- ☞ SMEs should be educated about how to integrate conservation and social responsibility into their business models, so that environmental and social investments provide a return that enhances their sustainability and economic success. these investments.
- ☞ Since ecotourism is demand-driven, it’s on the international part of the commercialization chain where certification should be promoted. Governments of developing countries should form partnerships with international NGOs working to promote ecotourism to target the travel industry in North America. Trade organizations such as The Travel Industry Association of America (TIA), The United States Tour Operators Association (USTOA), The National Tour Association (NTA) should be made aware of and interested in the supply of certified businesses in the destination country capable of meeting the increasing demand of environmentally and social responsible travel from North American tourists. In the case of USTOA, which has a Traveler’s Conservation Foundation, the commitment to environmentally and socially responsible travel already exists.

⁸ Ibid.

⁹ Fairbanks, Michael and Lindsay, Stace. *Plowing the Sea*. HBS Press, 1997.

- ☞ Travel Agencies in North America should also be a key target for certification promotion, since they continue to greatly influence traveler's choices. They must be educated about why they should sell certified products to their customers.
- ☞ Reach less affluent but predisposed ecotourists thru Responsible Travel Websites.

BIBLIOGRAPHY

Primary Sources

Completed surveys from tour operators: International Expeditions, Adventure Life, Holbrook, Wildland Adventures, Myths and Mountains, and Gap Adventures. (Summer 2004)

Completed surveys from educational and travel study programs: American Museum of Natural History, Smithsonian Journeys, Nature Conservancy, World Wildlife Fund, Audubon Society. (Summer 2004)

Interview with Adventures in Travel Expo (Summer 2004)

Interviews with Ingrambook (wholesale distributor), Avalon Publishing, the Globe Corner Bookstore, and Get Lost Bookstore. Summer 2004

Interviews and surveys with travel and responsible tourism websites: Away.com and Responsibletravel.com (Summer 2004)

Interviews with marketing specialists: Barry Roberts (marketing specialist and former Advisor to the Costa Rica Tourism Board), Jose Luis Cabada (Sunny Land Tours Manager for Central and South American Product Development), Crist Inman (marketing specialist, businessman and INCAE Professor). Summer 2004

Interviews with National Tourism Boards:

Costa Rica: Luis Madrigal (ICT, Statistics Unit)

Guatemala: Juan Solórzano (Tourism Attaché, Embassy of Guatemala to the US)

Belize: Raymond (Statistics Unit)

Ecuador: Rita Betancourt (Statistics Unit)

Brazil: Fabio Grossa (Chief of Division, Product & Segmentation Division) and Miguel Jeronimo (Brazilian Tourism Office in New York)

Secondary Sources:

Epler Wood, Megan, in association with Pam Wight and Associates and Jeanine Corvetto. *A Review of International Markets, Business, Finance & Technical*

Assistance Models for Ecotourism in Developing Countries. (Prepared for the International Finance Corporation). January 2003.

Inman, Crist. *Impacts on developing countries of changing production and consumption patterns in developed countries: The case of ecotourism in Costa Rica.* United Nations Environment Program, 1998.

Travel Industry Association of America (TIA) *Geotourism: The New Trend in Travel* 2003

World Tourism Organization (WTO). *The US Ecotourism Market.* 2002.

World Tourism Organization (WTO). *The Canadian Ecotourism Market.* 2002.

CONTACTS LIST

TOUR OPERATORS

International Expeditions (Ralph Hammelbacker completed questionnaire)
(800) 633-4734 Spoke with Mason Fisher.

Adventure Life (Brian Morgan)
brian@adventurelifejourneys.com

Holbrook (Andrea Holbrook)
Andrea@Holbrooktravel.com

Gap Adventures
<http://www.gapadventures.com>
danielle@gap.ca

Myths and Mountains (Alli Armario)
www.mythsandmountains.com
allie@mythsandmountains.com

Wildland (Kurt Kutay)
kurt@wildland.com

EDUCATIONAL AND TRAVEL STUDY PROGRAMS

Smithsonian (Smithsonian Journeys)
Barbara York

yorkba@si.edu

AMNH (American Museum of Natural History)
Discovery Tours (Alicia Stevens)
212-769-5701
astevens@amnh.org

The Nature Conservancy
Conservation Journeys
Luciana Honigman
lhonigman@tnc.org
703-841-4526

Audubon Society
Odyssey journeys
Margaret Carnright
mcarnright@audubon.org

WWF
Membership Travel Program
Janelle Abriani
Janelle.abriani@wwfus.org

TRADE SHOW

Jim Cohen
Executive Director, Adventures in Travel Expo
jcohen@adventureexpo.com

RESPONSIBLE TRAVEL WEBSITES

Shawn Green
CEO, Away.com
shawn@away.com

Justin Francis
Responsibletravel.com
justin.francis@btopenworld.com

MARKETING SPECIALISTS

Barry Roberts
bary_roberts@yahoo.com

Miguel Cabada
jcabada2001@yahoo.com

Crist Inman
cinman@lapazgroup.com

NATIONAL TOURISM BOARDS

Costa Rica: Luis Madrigal (ICT, Statistics Unit)
lmadriga@ict.go.cr

Guatemala: Juan Solórzano (Tourism Attaché, Embassy of Guatemala to the US)
tourism@guatemala-embassy.org

Belize: Raymond (Statistics Unit)

Ecuador: Rita Betancourt (Statistics Unit)
rbetancourt@turismo.gov.ec

Brazil:
Fabio Grossi (Chief of Division, Product & Segmentation Division)
fabio.grossi@embratur.gov.br

Miguel Jeronimo (Brazilian Tourism Office in New York)
e-mail: ebt_usa@verizon.net