Tourism Industry Perspectives

Identification and analysis of perspectives from tourism industry representatives in relation to current tourism and residential development along Costa Rica’s Pacific coast

FINAL REPORT

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Center for Responsible Travel
A Nonprofit Research Organization
Stanford University and Washington, DC

As a component of the project:
“The Impact of Tourism Related Development along Costa Rica’s Pacific Coast”

San José, Costa Rica
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### ACRONYMS

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<tr>
<th>Acronym</th>
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<tr>
<td>AyA</td>
<td>Costa Rica Water and Sewage Board</td>
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<td>CAJA</td>
<td>Costa Rican Social Security System</td>
</tr>
<tr>
<td>CANATUR</td>
<td>National Tourism Chamber</td>
</tr>
<tr>
<td>CANAECO</td>
<td>National Ecotourism Chamber</td>
</tr>
<tr>
<td>CCH</td>
<td>Costa Rican Hotel Chamber</td>
</tr>
<tr>
<td>CFIA</td>
<td>Association of Architects and Engineers</td>
</tr>
<tr>
<td>COM</td>
<td>Ministry of Competitiveness</td>
</tr>
<tr>
<td>CST</td>
<td>Certification for Sustainable Tourism</td>
</tr>
<tr>
<td>ICT</td>
<td>Costa Rican Tourist Board</td>
</tr>
<tr>
<td>MINAE</td>
<td>Ministry of Environment and Energy</td>
</tr>
<tr>
<td>MINSA</td>
<td>Ministry of Health</td>
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<tr>
<td>MIVAH</td>
<td>Ministry of Housing</td>
</tr>
<tr>
<td>MP</td>
<td>Ministry of the Presidency</td>
</tr>
<tr>
<td>TAA</td>
<td>Environmental Tribunal</td>
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<tr>
<td>UNWTO</td>
<td>World Tourism Organization</td>
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<tr>
<td>ZMT</td>
<td>Zona Maritima-Terrestre (Maritime Terrestrial Zone)</td>
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INTRODUCTION

Objectives

This report, as a component of the study “The Impact of Tourism Related Development along Costa Rica’s Pacific Coast,” offers perspectives on the sustainability of Costa Rica’s coastal development from key players from the country’s public and private tourism sectors. It traces trends driving demand for resort tourism and real-estate investment in condos and vacation homes for the international market, and offers insight into Costa Rica’s changing profile of travelers and their preferences. Interview subjects comment on Costa Rica’s positioning in the tourism market, offer tourism projections and make recommendations for the country’s future tourism related development.
METHODOLOGY

Research for this report was carried out through personal interviews with 13 decision makers in Costa Rica’s travel industry in adherence with Stanford University’s Human Subjects protocol. Interviewees (several of whom where multiple hats) include seven inbound tour operators managing approximately 42,000 travelers per year; six hotel groups representing 31 properties with a total of 692 rooms; and four tourism associations: Costa Rica’s Tourist Board (ICT), Costa Rican Hotel Chamber (CCH), Costa Rica’s National Ecotourism Chamber (CANAECO), and the National Tourism Chamber (CANATUR). Information gathered through interviews was supplemented with data collected from current independent studies and media reports.

Research on Costa Rica’s tourism product was also compiled from the websites of leading U.S. outbound tour operators with longstanding programs in Costa Rica, including: Backroads (Berkeley, CA), International Expeditions (Helena, AL), Tauck World Discovery (Connecticut), Overseas Adventure Travel/Grand Circle (Boston, MA), Wildland Adventures (Seattle WA), Costa Rica Experts (Chicago IL), Elderhostel (Boston Mass.), Southern Horizons (Los Angeles., CA) and Costa Rica Tours (North Carolina).
EXECUTIVE SUMMARY

Representatives from Costa Rica’s public and private travel sectors agree that the country continues to enjoy a privileged positioned in the marketplace as a nature-based destination, and that its image among international travelers remains strong. They say nearly everyone they talk to at travel fairs still wants to come to Costa Rica, and that the industry has enjoyed steady growth since 2002.¹ However, there is some evidence of a loss in brand identification with the country’s key attributes, as well as in its ranking in some sustainable tourism surveys. The country is also attracting less adventurous travelers who arrive with heightened expectations about the comforts of their lodging and dining, but show less interest in the country’s principal products of nature-based tours.

Travel professionals consider that growth in residential and resort developments, especially in the northern Guanacaste region may be contributing to the changes in visitor profiles. They are also concerned that the aesthetic and environmental impact of large scale construction may be sending a mixed message about the country’s green image. Residential properties that rent to vacationers have been identified as particularly problematic, since they generate competition for the hotel industry, yet do not provide travel services or in-country support to help ensure a positive holiday experience. This may lead to an increase in the number of poor vacation experiences and curtail word of mouth recommendations that have traditionally generated a steady base of new and repeat clients.

There are strong signs, however, that the current rate of investment in coastal real-estate projects will decrease due to the world economic slowdown compounded by the credit and housing crisis in the United States, which remains Costa Rica’s principal market. Interviewees say a slowdown in slated construction is welcome since it would allow more time for proposed restrictions on coastal development projects to take effect, such as a recent government decree limiting construction height and density. Local tourism professionals agree that such restrictions are essential in order to mitigate ecological and aesthetic damage attributed to coastal development and restore any loss of brand identification as a green destination. They specifically point to the protection of the Osa Peninsula from large-scale coastal development as critical in order for Costa Rica to maintain its green position in the marketplace.
PERSPECTIVES ON COSTA RICA BRAND

Overview

Costa Rica emerged as a natural history destination in the late 1980s, drawing on its rich biodiversity documented by the scientific community, its extensive system of national parks and growing network of private reserves, and its reputation as a peaceful and safe destination. The country’s principal attractions centered on nature/wildlife observation and some adventure tours based on its natural assets: white-water rivers, forest covered mountains, surfing beaches, volcanoes and waterfalls. Costa Rica began gaining attention as a destination where bird watchers, surfers and adventure seekers could visit pristine areas and country hamlets off the beaten tourist track.

In the 1990s, the term ecotourism was attached to Costa Rica’s tourism model, requiring that travel experiences in natural areas include an educational component and provide direct benefits to local, oftentimes community-based tourism operations. Ecotourism also helped protect conservation areas through low-impact visitation and by providing funds for protected areas. The term also promised a new travel experience that attracted writers from international travel publications eager to report on what ecotourism was all about. Costa Rica received growing attention for its model.

As the popularity of the destination grew, so too did the variety of ways to experience nature. Tour outfitters began to build nature-adventure attractions, such as butterfly farms, suspension bridge walkways and zipline tours running through the forest canopy. By broadening its range of services, Costa Rica became more accessible, not just for hard-core nature enthusiasts, but also to nature lovers of all ages, including families, students and younger Baby Boomers. Lodging options also became more comfortable, with rural hotels installing hot water heaters and air-conditioners to keep up with travelers’ expectations.

Today, the ecotourism model in Costa Rica has been expanded to fit under the umbrella of sustainable tourism, which allows for non-nature-based tourism models to comply with the objectives of ecotourism through green practices and policies. According to the UN’s World Tourism Organization (UNWTO):

1. Sustainable tourism guidelines and management practices should: 1) Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
2) Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.

3) Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.²

In 1997, Costa Rica created the government affiliated Certification for Sustainable Tourism (CST) program to demonstrate its commitment to sustainable tourism development. The voluntary program, initially developed for local hotels, was expanded to include tour operators in 2006. By January 2009, CST had certified 84 hotels and 14 tour operators in Costa Rica,³ after years of problems due to lack of funding that left it temporarily paralyzed and put in question its credibility. Despite the challenges associated with the CST, the certification is being championed by the ICT’s current administration and has been adopted by unlikely candidates, such as Four Seasons’ Papagayo Resort. The ICT aims to double the number of certified properties/business in 2009.⁴

In June 2007, President Oscar Arias expanded tourism sector initiatives towards sustainable development through his “Peace with Nature Initiative,” which pledged to make Costa Rica carbon neutral by 2021. The multilateral proposal also includes strengthening conservation efforts of protected areas, broadening tree planting campaigns, lowering the production of greenhouse gasses, and embracing renewable sources of energy.

Such commitment to sustainability is viewed favorably by the tourism industry, since the country’s product and brand depend on its natural resources. International outbound tour operators who promote trips around the world continue to position Costa Rica as a nature and wildlife destination.⁵ And the country remains strong in the marketplace because, as one of the country’s oldest tour operators put it, “it’s still delivering the goods.”⁶ In December, Costa Rica welcomed its 2 millionth international arrival tourist in 2008 -- the first time the country reached this number. Tourism numbers provided by CANATUR in July estimated an 8-9% growth in 2008 in line with tour operator projections.⁷ This growth is 4 points above world tourism numbers projected by the UNWTO.⁸ However, estimates offered by the ICT in January, 2009, rounded out the year in a 5% growth due to a slower than expected second semester.⁹ While the health of the tourism sector is typically measured in number of arrivals and percentage of annual growth, central questions for Costa Rica who are these tourists, where
are they spending their holidays, and do they represent a shift in Costa Rica’s international brand.

Causes for concern

Despite the perceived resilience of Costa Rica’s travel industry in these challenging economic times, some recent indicators set off alarm bells. The 2008 Travel Styles report, “Americans as International Travelers: Focus on Costa Rica,” says that the country’s brand image fell compared to previous years in almost every dimension addressed in its survey.

The report is commissioned every two years by the ICT and highlights the preferences for potential travelers or “best prospects” to Costa Rica. It states, “In our view the most serious decline relates to ecological attributes, given that, for many years, Costa Rica has been almost synonymous with environmental sensitivity, and the country’s biodiversity has long been its brand attribute. Four years ago, almost 8 in 10 best prospects described Costa Rica as having a rich variety of flora and fauna; that figure is down to 67.5%. In a related vein, substantially fewer best prospects believe that Costa Rica practices sustainable tourism than did four years ago.”

The study, which polls upwards of 700 respondents also points out that, “compared with 2005, more believe Costa Rica has large resorts with all-inclusive hotels and that they can find all the creature comforts in the country.”

While this perception is true, the data gets worrisome when potential travelers were asked to select another country that would be most like vacationing in Costa Rica. A growing number of respondents chose destinations typically associated with beach vacations than in previous years: Caribbean (25.4% in 2007 up from 16.5% in 2005), Panama (17% in 2007 up from 10.6% in 2005), and Hawaii (11% in 2007 up from 5% in 2005).

The Travel Styles warning is echoed in the 2006 report, “Competitive Destination Planning: The Case of Costa Rica,” by Cornell University’s school of hotel management. The report examines a sample of U.S. tourists to Costa Rica and warns that the country may be losing position as a leading ecotourism destination and should “take proactive steps to review its tourism planning and development initiatives.” It recommends stronger focus on ecotourism to help avoid becoming a mass market destination.
The report considers the lifecycle of travel destinations along a continuum of “discovery, development and decline” as matched to the profiles of the destination’s tourists. In the case of Costa Rica, the arrival of more mainstream travelers termed “Mid Centrics” is cause for concern. Mid Centrics represent 62% of U.S. international travelers who tend to visit destinations that are developed but not yet touristy or overrun by travelers. The report notes: “Up to this point everyone seems happy at the destination. Tourism growth continues unabated, property values rise as hotels continue to pop up, more local residents have jobs, tax receipts have increased, some run down areas have been cleaned up and most residents believe they have discovered the perfect industry. However, the arrival of Centrics encourages the kind of rampant development that leads to a destination’s decline.”

Following development for the Centric market, the destination becomes attractive only to what the report calls “Near Dependables” and “Dependables.” These groups are typically “unadventurous, cautious, and conservative in their thinking and spending habits; they desire little activity; and prefer comfortable familiar brand names for lodging and food service.”

While the ICT official interviewed contended that the study’s findings were “not valid” because they are based on only 122 respondents polled at San Jose’s Costa Rica Marriott hotel, its conclusions are similar to those in the ICT commissioned Travel Styles report.

**Mixed Perceptions**

Indeed, experts are giving mixed assessments and reaching different conclusions about the health of Costa Rica’s sustainability model.

In 2008, for instance, the country celebrated its standing as 5th in an Environmental Performance Index, which ranks 149 countries on 25 indicators across six policy categories: Environmental Health, Air Pollution, Water Resources, Biodiversity and Habitat, Productive Natural Resources, and Climate Change. The study put together by environmental experts at Columbia and Yale Universities in collaboration with the World Economic Forum states, “Costa Rica, known for its substantial environmental efforts, significantly outperforms its neighbors.” Costa Rica ranked behind Switzerland (1), Sweden (2), Norway (3) and Finland (4). It should be noted that this study rated a country’s overall environmental policies and performance, not simply in the tourism sector.
In contrast, when *National Geographic Traveler* magazine conducted a survey focused squarely on tourism, the results are more sobering. In its March 2004 issue, *National Geographic Traveler* rated 115 countries in the following categories: environment, cultural/social impact, and aesthetics, built heritage, tourism management and general outlook. The ratings were based on opinions of a global panel of 200 experts in ecology, sustainable tourism, geography, urban and regional planning, travel writing and photography, historic preservation, cultural anthropology and archaeology. Costa Rica received 64 out of 100 points, ranking it between “in moderate trouble” and “minor difficulties.” In explaining this lower-than-expected ranking, the report said, “Costa Rica started well with some exemplary ecotourism projects, but it is swaying to the demands of mass tourism with too many golf courses and large hotels in the past five years and on the drawing boards.”

### Challenges of Growing Popularity

Several tourism professionals interviewed for this report described Costa Rica as a “mature” destination at the height of its popularity. As one expert put it, “Costa Rica is still hot but oversold.” Another interviewee explained, “Costa Rica is at the high point in the curve. From here we can either fall or maintain.” Indeed, several of those interviewed expressed concern about how to continue offering fresh experiences and improved services to meet heightened expectations of a growing number of travelers.

While tour operators say that current guest evaluations remain overwhelmingly positive, they cite that principal tour offerings are becoming oversaturated due to growing numbers of tourists. Additionally they see a “loss of charm” and “poor infrastructure” appearing as negatives. As one tour operator who handles cruise tourism put it, “Costa Rica is ceasing to be cozy, hidden, and unique. It’s now open to the Spring Break crowd.”

These sentiments are underscored in a 2008 travel article in *Forbes* magazine. Writer Pierre Lehu leads his story with the following: “Mention Costa Rica at the office cooler or Friday night beer blast, and you'll likely hear that just about everyone either has plans to go, just returned or knows someone whose just been there. And all the reviews are raves.” Toward the end of its upbeat review, the *Forbes* article identifies a drawback in visiting popular beach town Tamarindo, warning that “its boom means visitors there are missing out on some of the typical laid back Tico flavor. While there are plenty of beaches further down the coast, the roads to these communities are not paved, so the trip is slow
and bone-rattling. In this part of the country there are two Costa Rica’s—the old one and the new, up-and-coming one built for tourists.”

In Guanacaste, along Costa Rica’s northern Pacific coast, residential and resort development is offering more rooms for visitors and second-home buyers. However, little else has been planned to provide additional travel services in the area of their operations. Interviewees questioned whether the impact of more people vying for relatively fewer services has been adequately addressed by these projects. A recent study for CCH projects 86,000 new rooms to be built in the Guanacaste region over the next 15-20 years. Only 10% of these are hotels which will provide dining and tour services to their guests. The rest will be vacation condos and homes for rent or sale, largely to foreigners.

Over concentration of tourists is also compromising the overall travel experience at Costa Rica’s ecotourism hotspots. For example, in Tortuguero National Park, an Atlantic coast rainforest area known for sea turtle conservation, up to 400 people visit nightly in hopes of seeing one turtle nesting on the beach. Park rangers control visitation in two shifts with a maximum of 200 people at a time. Even so, this has prompted at least one inbound tour operator and Tortuguero lodge owner to offer private turtle observation tours at a location about 45 minutes outside the park, in hopes of offering a better experience.

To get into Manuel Antonio National Park on Costa Rica’s central Pacific coast, travelers often have to wait in long lines during the December to April high season. The growing number of visitors eager to glimpse its famous Capuchin monkeys and white-sand beaches may have prompted the slogan for a nearby hotel promising, “Still more monkeys than people,” at its private reserve. In response to its growing popularity, the park began closing on Mondays in 1994 to let it rest from up to 800 tourists a day on weekends. However conservationists who spoke with Moon Handbook say the park can handle only 300 visitors and that walking trails and bathroom facilities are insufficient for the number of current visitors, who also have to wade across a polluted estuary to exit the park.

It is, however, in the southern-most tip of the Pacific coast, the Osa Peninsula, where much of the concern about the growth of resort and residential tourism and the impacts of tourism on its unique ecosystem has been focused. In recent years, many of Costa Rica’s leading tourism businesses and associations have joined with environmental organizations, community groups, and international agencies to mount a campaign to “save the Osa” from overdevelopment and to keep it for small-scale ecotourism. As one private sector tourism official said in an interview, “The Osa should maintain its ecotourism model; construction should be a maximum of two storeys, not the Papagayo model.” The director of sales
and marketing for a leading Costa Rican tour operator concurred: “The Osa Peninsula must be sustainable, controlled growth...[with] quality places like Lapa Rios,” Costa Rica’s best known ecododge. Similarly, another tour operator argued, “The Osa is the saving grace. It allows us to maintain a nature oriented client base.” She added, “On the Osa, people are willing to pay $1000 a day for a unique, world class experience, with no McDonalds. They want the essence of Costa Rica...More Lapa Rios and La Paloma style hotels, a luxury market but personalized service not based on 5-stars. [They want to] avoid the Guanacaste model [found] in other areas of the country.”

Yet the Osa is clearly under stress. In December 2005, for instance some travelers to the peninsula were denied access to the area’s principal attraction Corcovado National Park, known for its impressive biodiversity and varied natural ecosystems. The park had been closed temporarily while scientists evaluated the cause of unusually high number of deaths of howler monkeys. The area’s other main attraction, Caño Island Biological Reserve, has seen damage to its coral reefs due to uncontrolled recreational diving and snorkeling. Meanwhile, interest in further developing this area for tourism continues. Requests for construction permits for the country of Osa grew 202% in 2008.

In 2008, more alarm bells were raised when the government announced plans to convert a small domestic airport Palmar Sur into an international airport. Eventually, this plan was put on hold, in large part due to the global economic crisis and lack of investors, but not before a number of critics, including from the tourism industry, had voiced their objections. As one hotelier explained in an interview, “The Palmar airport is a big mistake; [They] would have to build another Papagayo to justify it,” while another added that an international airport at Palmar would be “the biggest disaster ever. A better airport is needed in Palmar, but not an international one.” In a similar vain, the president of one of the national hotel associations said that “I believe better roads from the local airport [in Palmar] to coastal areas will allow for more equal development and benefit more people. International commercial flights require a boom in hotel rooms within one hour away.”

While the benefits of further development on the coasts is questioned by travel professionals, several mentioned that the Peace with Nature Initiative’s global warming platform offers an opportunity for Costa Rica to strengthen its international image. According to one tour operator, “Global warming is creating new eco/carbon neutral markets and a new consciousness, and this offers an opportunity for Costa Rica.” Another executive argued, “Peace with Nature allows us to fortify our brand and show leadership in becoming carbon-neutral.”
Currently, “There is discord between the country’s image and reality,” another interviewee added.
SUMMARY OF COSTA RICA’S TOURISM PRODUCT

The hoteliers, tour operators, and tourism association officials interviewed for this study say that although resort/residential tourism has grown rapidly along the Pacific coast, the country’s principal destinations continue to focus on nature-based offerings and attractions. These views are collaborated by a survey done for this study of nine U.S. outbound operators with long-established programs in Costa Rican. These operators are offering a total of 52 tourism itineraries. Their clients stay an average of 8 days in Costa Rica, including arrival in capital city San Jose and two to three additional destinations.31

The principal areas offered in set itineraries usually included Arenal Volcano in the northern plains, Tortuguero on the Atlantic coast, and Monteverde in the Central Pacific highlands. Secondary destinations offering beach time, soft adventure or cultural components included the Pacific coast areas of Manuel Antonio, Tamarindo, Nosara, Dominical, Corcovado and Golfo Dulce, as well as inland sites as Sarapiqui, Rincon de la Vieja and Turrialba.32 (See complete chart in Annex 2.)

Itineraries featured an average of 9 nature/soft adventure based tours, such as nature walks, hikes, boating, kayaks, white-water rafting, zipline canopy tours, horseback riding, butterfly farms, volcano viewing, hot springs, snorkeling; and one culture activity that included visits to city sites, local towns or schools. Prices for in-country travel ranged greatly, from $152 to $665 per person per night, depending on lodging choice and the number of tours and services included.33 Programs targeted general nature lovers, families, adventure sports vacationers and honeymooners, and to a lesser degree bird watchers.34

In all cases, these programs were illustrated with wildlife and natural landscapes of Costa Rica. Photos of tourists engaged in soft adventure activities against a green backdrop of rainforest were also occasionally used. Titles for these itineraries included, “Jewels of Costa Rica,” “Family Costa Rica Adventure,” “Costa Rica Multisport,” “Costa Rica Walking and Hiking,” “Costa Rica Rainforests and Volcanoes,” “Costa Rica Honeymoon,” “Costa Rica National Parks and Reserves,” “Classic Costa Rica,” “Off the Beaten Path Costa Rica,” “Taste of Costa Rica,” “Natural Wonders,” “Pure Adrenaline Rush,” “Mountains and Beaches,” “Hot Sands (Volcano and Beach),” and “Costa Rica Connoisseur.”35
TRAVELER PROFILE AND PREFERENCES

Who is coming to Costa Rica?

According to 2007 statistics provided by the ICT based on information gathered during 6,173 interviews at Costa Rica’s San Jose’s Juan Santamaria International airport, 43% of travelers are 45 or older, 82% hold a university or post-graduate degree, 54.2% reside in the U.S., mainly in Florida (20.6%) and California (16%). U.S. tourists stay an average of 11 days. Some 5.6% of tourists are from Canada (mainly from Ontario, British Columbia and Quebec) and stay an average of 16 days. Europeans represent 18.1% of travelers, mainly arriving from Spain, Germany, France and Holland, and stay an average of 17 days.36

The same year, the ICT also carried out similar interviews of 1,628 leisure travelers at Liberia’s Daniel Oduber International airport, the transportation hub for the northern Pacific province of Guanacaste. The data for the first semester of 2007 did not show significant differences in traveler demographics (age, education, income). However, 83% were from the United States, while European arrivals were virtually non-existent, primarily because there are currently no direct flights to Liberia from Europe.37 This shows clear dependence on the regional tourism development on the North American market.

Changes in Preferences

The polls at the country’s two international airports also showed a difference in the travel preferences for lodging, tours and investment.

Only 3.7% of travelers through San Jose stayed in vacation rentals. When traveling through Liberia that figure climbed to 9% for the first semester of 2007.38 The data showed that 53% of travelers through San Jose visited at least one national park on a two-day visit to different areas of the country. When traveling through Liberia, only 41% visited national parks, often during day excursions from coastal properties to Arenal Volcano National Park and Rincon de la Vieja National Park.39 In addition, only 1% of vacationers traveling to through Juan Santamaria International Airport played golf on their trip, according to ICT statistics.40 That figure climbed to 8.7% among interviewees in Liberia during the first semester.41 More than 96% of travelers through Liberia spent time sunning on the beach, compared to 57.2% of travelers through San Jose.42 The most common activity among travelers through Liberia was shopping at
43%, compared to 30% of travelers through San Jose, who spent more time “walking on trails,” “visiting volcanoes,” “observing flora and fauna,” and “bird watching.” 43

Airport Statistics, 2007

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<th>Airport</th>
<th>San Jose</th>
<th>Liberia</th>
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<tr>
<td>% Stayed in Vacation Rentals</td>
<td>3.7%</td>
<td>9%</td>
<td></td>
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<tr>
<td>% Visited at Least One National Park</td>
<td>53%</td>
<td>41%</td>
<td></td>
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<tr>
<td>% Played Golf</td>
<td>1%</td>
<td>8.7%</td>
<td></td>
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<tr>
<td>% Beach &amp; Sun</td>
<td>57.2%</td>
<td>96%</td>
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<tr>
<td>% Shopping</td>
<td>30%</td>
<td>43%</td>
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Source: Perfil de Viajeros que compraron bienes inmuebles, ICT Airport Interviews Data, 200

From Resorts to Real Estate

Several of the tourism professionals interviewed for this study felt that tourists to resort areas are more likely potential clients for real-estate investment than ecotourists. They link the current resort offering in Guanacaste to the generation of second-home buyers who are looking for similar amenities as those offered at resorts, such as golf courses, spas and gated properties. As one of those interviewed stated, “The clients of resorts are the future investors in real estate. If it were not for resorts, we wouldn’t see the demand—there would be no clients.” According to another interviewee, “Tourists are the ones who are buying and they are naïve about what this means for country,” while a third added, “Real estate doesn’t benefit communities, they just get a rich neighbor.” 44

Among those who came through Liberia, 1.6% bought property during the first semester of 2007. 45 Sixty-three percent of those real estate buyers were Baby Boomers between 45-64 years old, 75% had an undergraduate degree, 69% were married, and 59% came from the U.S. 46 The remaining buyers were from Canada (15.1%), Venezuela (14.9%), Holland (5.2%), France (3.7%) and Germany (1.4%). 47
Evolving Expectations

These travel professionals also noted differences in the psychographics of Costa Rica travelers over the past 10 years. They say that today’s travelers are “more demanding for service and comfort,” “less understanding” when things go awry, “less adventurous” and “interested in nature, but want to relax above all.” These new travelers are more likely to bring a laptop to play DVDs and download vacation photos than bring binoculars for wildlife viewing. Such descriptions echo the Cornell study’s definition of “Dependables,” the travel type linked to a destination’s decline.

There is some consensus that the development of familiar branded resorts plays a role in attracting this profile by fostering trust in the destination. “People who would not have come to Costa Rica now think, ‘if Costa Rica is good enough to have a Four Season’s, then I’ll go,’” commented one interviewee. “This has helped open Costa Rica to less adventurous minded travelers who might have gone to Hawaii in years past. We have replaced bird watching groups from Audubon with family groups from Disney.”

In fact, Disney’s family trips to Costa Rica generally follow the same travel model offered by the outbound tour operators listed above. Included are rainforest walks, zipline tours, a visit to a butterfly observatory, white-water rafting and volcano viewing between Arenal Volcano and Manuel Antonio. Disney guests stay at a resort in San Jose, but also at two small, non-branded luxury hotels owned and operated by Costa Ricans and certified by the CST program.

While the product offering falls in line with traditional ecotourism vacations, Disney travelers may be on their first nature-based trip and demonstrate expectations more in line with theme park amenities. Take for instance this excerpt from Adventures by Disney e-newsletter used to promote its Costa Rica programs on the Kingdom Magic Travel website: “OK, so I’m a city slicker…I live in Hoboken, NJ and usually fall asleep to the sound of fire trucks and horns blaring on a nightly basis. So, when I found out I was going to Costa Rica on an Adventures by Disney escorted tour, I wasn’t really sure what to expect. To be honest, I didn’t even know exactly where the country was located, and the idea of ‘roughing it’ was not appealing at all. That hardly would seem like a vacation to me. Hanging out in a rain forest, swinging from the trees, and submerging myself in white water on a raft; where is the fun in that?”

The skeptical travel writer makes a point to celebrate the unexpected comforts and “pampering” by Disney staff on her trip, which helped her enjoy the country’s natural highlights and “turn this city slicker into a rain forest lover.”
PERSPECTIVES ON RESORT AND REAL-ESTATE DEVELOPMENT

Effect on Branding

Current coastal development is viewed as both positive and negative by travel professionals interviewed who draw distinctions between the impact of resort hotels and purely residential projects.

The arrival of high-end resorts, such as Four Seasons, and planned opening of Ritz Carlton, One & Only, and Mandarin Oriental is viewed is a double edged sword for Costa Rica’s travel industry. On the positive side, most tour professionals pointed out that these hotels open the country to luxury markets and attach an overall association of quality to Costa Rica’s brand attributes. “Large brand resorts foster credibility in the destination and the airlines open more routes,” said a leading tour operator, while the president of one of the tourism chambers added, “Resorts like Marriott and Four Seasons have helped position Costa Rica in the world.” However, by January, 2009, it was unclear as to when the construction of the Ritz Carlton, Mandarin and One & Only, would begin due to the credit crisis.

Resorts also allow Costa Rica to leverage their big-budget marketing efforts. “Resorts and real estate is generating more marketing than the tourism sector,” commented one tourism official, while another added, “Residential projects have changed the country’s image but not tarnished it.” In fact, CESD research on press coverage from 1991 to 2008 showed that the Costa Rica brand continues to be marketed as a nature tourism destination in largely the same way but to more traditional markets. Oftentimes, however, only the lodging featured has been changed from small ecolodges to high end hotels and resorts. Like Disney, other high-end brands promise a nature experience with all the comforts. (See details in “Press Perspectives” report, a component of the CESD study, “The Impact of Tourism Related Development along Costa Rica’s Pacific Coast.”)

However, another warned that the marketing benefits may be short-lived, as growing trust in the destination does not end at attracting only high-end brands. A number of those interviewed warned of the negative impacts of lower priced, more mass tourism resorts. “The Four Seasons model, yes, Allegro Papagayo model, no,” said one interviewee referring to Guanacaste’s mid-level all-inclusive Allegro Papagayo Resort. In February 2008, this resort polluted not only Costa Rica’s brand, but also its beaches. The Spanish-owned Hotel Occidental Allegro Papagayo gained international notoriety for its bursting septic tank that forced
health authorities to shut down the resort and evacuation of its 600 guests at the height of the tourism season. Costa Rica's Environmental Tribunal found the resort had been dumping sewage illegally into ocean waters at Playa Buena, fronting one of the region's most delicate coral reefs. Likewise, the mid-level all-inclusive Giardini di Papagayo was closed for sewage problems in 2008, although it managed to escape the attention of the media.

Likewise, the low budget airline Jet Blue, for example, is set to begin a direct weekly flight from Orlando to San Jose in March 2009; Costa Rica is the carrier's first route to Central America. As Costa Rica becomes more accessible, the positives of the high-end brand association may be cancelled out in the long run.

Meanwhile market studies commissioned by the ICT show that the majority of potential travelers to Costa Rica are less likely to choose places like Allegro Papagayo and Giardini. Affluent and educated travelers, who have defined Costa Rica's traveler profile, tend to prefer unique local accommodations over full-service hotels. As cited above, 59.8% Costa Rica's “Best Prospects” would be likely to stay at a bed-and-breakfast, 39.8% would stay in a boutique hotel and 34.2% would stay at an ecolodge. Only 19.1% would stay at an all-inclusive resort.

The danger is that as more resorts in Costa Rica are featured in the press and advertising of these places begins to outweigh marketing efforts of smaller brands, Costa Rica’s best prospects may feel the country no longer offers the kinds of lodging they prefer. As one industry official commented in an interview, "Tourists from five years ago will still only perceive small changes, but do notice that everything’s for sale. The impact on business is good in short term, but bad in long term unless it’s curtailed."

Effect on the Landscape

“When we look at [the high rises in] Jaco, our product makes no sense,” said one tour operator.

Aside from obvious effects on the physical landscape along Costa Rica’s Pacific coast, real-estate and resort development is affecting psychological landscape for travelers. One tour operator mentioned that a visiting representative of the UN’s World Tourism Organization (UNWTO) said he “felt the country was for sale,” following an inspection trip to Guanacaste. He thought the country was designed for investment more than for sustainable tourism. Upon arrival at Juan Santamaria International Airport, advertisements for zip lines and the rain forest
are increasingly overshadowed with condominum and resort lodgings that paper the walls and are flashed on screens at the baggage claim. These properties often feature golf courses in contrast with green images and wildlife photos promoted to travelers when planning their trip. At Liberia airport, it is virtually all about resorts and real estate, with free magazines advertising investment opportunities available at every turn.

**Condos and Vacation Homes: “Disloyal Competition”**

Even more than the all-inclusive resorts, real-estate projects building condos and second homes are criticized by Costa Rica’s hotel sector for generating unfair competition since they have not been paying a 3% room tax and 13% sales tax for renting rooms that is obligatory for hotels. As one interviewee stated, “Residential tourism is disloyal competition due to exemption from hotel taxes and sales taxes,” while another said, “Residential tourism has taken advantage of the real estate bubble and strong Costa Rican image. Investors are looking for places to put money, and the lack of restrictions has made it easy.” Several argued that rental properties should be required to pay these tourism taxes. In January, 2009, the additional 3% hotel tax was set to be eliminated and replaced by a $15 flat tourist fee attached to air tickets, to be collected by the ICT.

One tour operator complained of what he termed the “disconnect” between the travel industry and real estate. “Real estate exists in its own world, and has its own marketing and contacts. The travel industry has not had a voice.” This animosity is reflected in the fact that the San Jose based tourism association, CANATUR, does not permit vacation home projects--even those attached to tourism resorts, such as those at Reserva Conchal, Marriott Los Sueños and Hacienda Pinilla--to become members. In contrast, the Guanacaste tourism association, CATURGUA, allows residential projects to join. CATURGUA’s website states, “One of our goals is to have an important network of contacts. We represent all types of companies of all different sizes (big, medium and small), which makes us a chamber that represents the interests of the entire tourism sector.” It segments its membership among developers (11%), real estate (10%) and construction companies (5%), hotels (17%), tour operators (2%), adventure tour outfitters (8%), rental car agencies (6%), and airlines (4%). The remaining 37% are divided between law firms (9%), marketing companies (6%), banks (2%), consultants (6%), and other service providers (14%).

Some hoteliers in popular beach areas such as Manuel Antonio and Tamarindo credit condominiums and second homes for driving down expected hotel occupancy rates, which are out of line with growing tourism numbers provided by
Meanwhile the business reported by small hotel properties in more remote areas, such as Nosara and Piedras Blancas, have higher than expected occupancy for 2008. This makes sense considering the lodging trends described in the Travel Styles report.

Hoteliers in popular beach areas also share a perception that tourists staying at condominiums or home rentals tend to feel abandoned once there, since these properties do not provide travel information or services to their guests. In some cases, they look to nearby hotels for access to their tour desks and restaurant/bars, as well as contact with local people and other travelers. While hotels may enjoy the business generated by these travelers, some say they are not equipped to handle visitors outside their own guests during the high season. One hotelier described them as “disruptive” since they are not paying guests.

As the owner of a high-end beach resort which has earned 5 green leaves under the CST program noted, “Beach condos are unfairly competing for services, but are not putting money into local economy.” He said visitors from rental properties come to his hotel “for lunch and want to use the pool because they have no concierge, no services, no security. These people leave [Costa Rica] disappointed, causing damage to the brand.” Another hotelier contended, “The residential tourist disrupts the chain. They may do a day trip to Arenal but not overnight.” Yet another added, “Residential tourists are less likely to rent cars or take tours or have contact with local people.” He concluded, “For every family staying in a real-estate rental, the $1300 per person in tourism spending greatly reduced.”

Inbound tour operators have also experienced a growing number of “911 emergency calls” from travelers at condominium and home rentals. “They are in Guanacaste and wonder if they can drive to Tortuguero and be back the next night,” said one interviewee. “Sometimes they just end up abandoning the package they bought into.” This phenomenon compromises the overall travel experience for these vacationers, who will be less likely to recommend Costa Rica favorably and generate word-of-mouth business.

This raises questions about the long-term effects of what several of those interviewed call the “build, sell and get out” attitude of residential developers, while smaller, locally owned and operated hotels have a vested interest in the places where they operate and the resilience of the Costa Rica brand in the long term. They noted that having thousands of more rooms without “better roads, sidewalks, clinics, sewage treatment is not good for anyone.” They also warned that they and others who invested long term in Costa Rica’s tourism industry will
be left holding the bag of social and environmental impacts long after the real-
estate developers are gone.
ACTION ON THE COASTAL DEVELOPMENT DILEMMA

Tourism Studies

These sentiments are validated in recent studies done for the tourism industry. In 2008, the CCH commissioned a study on the current and potential impacts of coastal development in Guanacaste due to growing concerns among its 300 member hotels. The study links residential and resort construction to a host of pitfalls for the tourism industry and the country as a whole: “Costa Rica is at the crossroads due to residential tourism that is governed by a different set of rules, provides little to no infrastructure for services and limits contact with locals…with funding that flows outside local economy…creating an architectural landscape in contrast to Costa Rica and nature.” It forecasts “social collapse due to potable water limitations, waste and sewage management”.72

Such conclusions are not new. In a 2001 report commissioned by the ICT, the Agency for International Cooperation of Japan makes recommendations for sustainable tourism development in coastal areas. The report studies southern Guanacaste and the Corcovado-Golfito areas, and identifies disorganized development in coastal areas. That report notes that the rapid growth in tourism and real estate over 10 years -- during the 1990s -- caused environmental destruction and deterioration of both land and marine attributes of coastal areas. It attributes this to the absence of land-use studies that should identify and protect the most sensitive natural habitats and attractions, and could be used to develop the coast in an organized and sustainable way.73

Government Response

Amid growing concern within the tourism industry, increasing number of studies that warn of a range of problems associated with residential tourism, and mounting criticism in the press (see Press Perspectives), Costa Rica’s government agencies and ministries have made several attempts in recent years to control coastal development. Here are some examples:

Costa Rica’s Ministry of Environment and Energy (MINAE) made local news headlines in 2006 when it charged a Playa Carrillo resident with a penal violation for destroying seven hectares of forest on his coastal property. Land removal during construction had also caused erosion that spilled onto the beach. According to Forestry Law in 1996, MINAE is in charge of protecting forests in maritime zone, and determining whether any trees can be cut for construction.74
Costa Rica’s Comptroller Office has also been working overtime monitoring illegal construction in the maritime zone. In 2005, the office ordered the demolition of several houses and commercial businesses that had been built without permission and prevented beach access to Samara and Garza beaches. The office also reprimanded the Nicoya municipality for not upholding government regulations. In 2007, the office presented a report citing the Osa municipality for granting construction permits to build in the maritime zone without authorization from the regulatory bodies, the ICT and Ministry of Housing. In a separate report that same year, the office ordered the demolition of several buildings along 32 kilometers of coastline, which it said was not being properly managed or protected by the Osa municipality.

In its 2007 Memoria report, the Comptroller blames government inefficiency and possible conflict of interest for what is sees as out-of-control development. The report recommends that Costa Rican officials “Revise the planning, administration, vigilance and control of the maritime zone.” Currently, responsibility for the area—covering 29,790 hectares (about 115 square miles)—is spread among at least 11 government agencies and 23 local governments. “This dispersion and multiplicity of responsibilities has made it difficult for the government to keep an eye on all the developments popping up and to protect the environment,” the report says. The Comptroller’s Office also recommends eliminating the ICT’s responsibilities for approving zoning plans as the supreme authority in this area, hinting at a possible conflict of interest.

In July 2007, Costa Rica's Association of Architects and Engineers identified 199 construction sites in Guanacaste, the Central Pacific, and Northern zones that did not have building permits from their respective municipalities. It also identified a host of construction companies that were not registered with the association. Thirty-five percent of those were in Guanacaste. In March 2008, the Association revealed that a 2007 study had found that half of the construction in Jaco did not comply with minimum safety standards as prescribed in Costa Rica’s seismic code.

In December 2007, Costa Rica’s Health Ministry found 120 commercial and tourism establishments in Tamarindo that were not up to code and ordered them to clean up their act. The ministry identified problems ranging from food handling, to waste water management. In October of that year, the Ministry went to Jaco with the aim of stopping water contamination from treatment plants, septic tanks and residual runoff from area businesses. This effort was mounted in cooperation with AyA, MINAE, CFIA, the Garabito municipality, and the Chamber of Commerce.
In February 2008, Costa Rica’s Constitutional Court (Sala IV) made headlines when it stopped construction of a vacation home owned by a foreigner in Playa Grande after being alerted to alleged illegal construction in a protected area. In November of that year, the Court declared unconstitutional a decree that gave individuals who had been granted concessions in maritime zone the right to build infrastructure or cut trees since the coastline is national patrimony.

In July 2008, Costa Rica’s Environmental Tribunal began investigations on 3300 residences, condominiums, apartment buildings, and other constructions worth an estimated $1 billion as part of a crackdown on illegal development. This effort was initiated following a growing number of violations noted during routine inspections to Guanacaste and the southern zone. The Tribunal has stopped construction of five mega projects (Proyectos Ejecutivos del Cielo, Cabo Caletas, Mar Serena, Sea Breeze Mountain, and Proyecto de Desarrollo Playa Guacamaya), as well as six hotels, four golf courses, two tennis courts, an artificial lake, a shopping center and a marina, and has ordered fines for environmental damage. These actions made headlines in The Miami Herald, which also reported that judges had received anonymous death threats and pressure from the real-estate and construction interests to ease the crackdown. The Tribunal responded with a letter stating, “The time has come for Costa Rica to own up to its environmental commitment.”

Costa Rica’s Ombudsman joined the list of agencies taking closer look at development. In June 2008, the office said that “the government put business interest above the public good” when it approved a contract authorizing private developers in Guanacaste to fund a pipeline to a neighboring town to get their water, according to The Tico Times. The Comptroller’s office opened a review of the contract.

And in April 2008, the Ministries of Housing, Tourism, Energy/Environment, and Presidency enacted an Executive Decree 34456 to establish a methodology and general directives for the territorial planning of the Chorotega Region, applicable in absence of regulatory instruments such as Zoning Plans or specific tourist development plans for the region. Specifically, the decree limits the density and height of any construction along three zones: The Maritime Terrestrial Zone (ZMT, starting at 50 meters from the high tide line to 200 meters inland), the Intermediate Zone (from the ZMT to 1 kilometer inland), and the internal zone (from 1 kilometer to 3 kilometers inland). “We completely support this decree,” said one tourism chamber, which printed the full decree in its newsletter. Support for the decree was reiterated by other tourism chambers and the ICT, which helped draft the document. By early 2009, the applicability and range of this
The decree on current development projects remained to be seen. Environmentalists argue that the decree as too lenient with no specific environmental considerations. However, proponents say that establishing clear restrictions in areas where there are no zoning plans is an important step to regulating coastal development. The decree provides guidelines in three zones:

**The Maritime Terrestrial Zone**
- Restricts total construction to 65% of land area
- Restricts height of construction to a maximum of 16 meters
- Restricts density of building to 30 residences or 80 rooms per hectare (10,000 square meters)

**Intermediate Zone**
- Restricts total construction to 65% of land area
- Restricts height of construction to a maximum of 24 meters
- Restricts density of building to 20 residences per floor or 120 rooms per hectare (10,000 square meters)

**Internal Zone**
- Restricts total construction to 65% of land area
- Restricts height of construction to a maximum of 36 meters
- Restricts density of building to 25 residences per floor or 160 rooms per hectare (10,000 square meters)
TOURISM PROJECTIONS

Where Have All the Tourists Gone?

In mid-July, CANATUR predicted a healthy 8%-9% growth in tourism for 2008, two points above initial projections and in December, Costa Rica tallied the arrival, for the first time in any year, of two million tourists. These numbers coincided with the expectations of tour operators and small, boutique hotels polled for this report. Numbers of arrivals at Daniel Oduber International airport in Liberia were better still, with a projected 13% increase, which should have translated in higher occupancy rates in beach hotels in Guanacaste. However, according to CANATUR and the CCH, many hotels in Guanacaste did not see the expected growth in numbers of arrivals during the first half of the year and foresaw trouble in the second half of 2008. In fact, according to data provided by CANATUR in January, 2009, tourism closed lower in 2008 than expected, with 5%-6% growth for the country compared to 2007, and Liberia would close the year with a 3-4% growth. While international arrivals at Liberia’s airport grew by 9% during the first semester, they had fallen by 5% during the second semester.

Reasons for this decline in the second semester are clearly attributed to the world economic crisis, with the U.S.—Costa Rica’s and even more so Guanacaste’s main market—at the epicenter. Additionally the perception that numbers were less than estimated during the first semester could result from greater distribution of tourists among more hotel rooms throughout the country. Others perceive that condominium and home rentals are cutting into their business, and that the seasonality of the Costa Rica is becoming more marked. As one tour operator specializing in nature-based tourism explained, “Tourism numbers are growing, but for us business is flat.” He said he “believes that residential tourism inflates tourism numbers.”

Tour operators also say they have begun avoiding areas where there is more development, such as Tamarindo, recommending lodging options further south on the Nicoya Peninsula. “Our guests are looking for unique places,” said one tour operator interviewed, who referred to Tamarindo and Jaco beaches. This point was reiterated by several tour operators who said they needed more places like Lapa Rios, the best known coastal ecododge with 16 rooms located on the remote Osa Peninsula. One interviewee noted that some tour operators say that they avoid Guanacaste altogether when organizing “familiarization” trips for outbound tour operators. This preference for less developed areas may be driving tourist traffic away from Costa Rica’s popular beach destinations.
Tourism professionals say that there is also a more systemic problem with the Pacific coast resort and residential tourism. Costa Rica's beaches are not as beautiful nor its coral as extensive as in many other countries. "Costa Rica does not compete in beach tourism," commented the head of marketing with a leading Costa Rican tour company. A professional with another tour company concurred: "If sun and fun is desired, people are not coming here because beaches are better elsewhere," while yet another added, "If people coming to Costa Rica exclusively for beaches, they’re not returning." And the owner of a small beach resort also agreed: “Costa Rica can’t compete on quality of beaches [or] images of umbrella daiquiris overlooking turquoise waters.”

**Capitalizing on Sustainable Tourism Trends**

Given the range of reasons – that large all-inclusive resort and residential tourism bring less economic benefit and cause more environmental damage than nature-based tourism, and that the country does not have world class beaches -- Costa Rican tourism professionals argue that the country should work to strengthen its sustainable tourism sector where it has a successful track record, an international reputation, and a clear advantage in terms of biodiversity and protected areas. As the president of a boutique hotel group put it, “Costa Rica’s green image is a contradiction to the residential tourism model. The country needs more small places with local character, cultural reflection, and low environmental impact. Residential developments have large impact, with low distribution of wealth. It attracts tourists that are not sensitive to sustainable development and want to stay in one place.”

Further, the market is expected to remain strong for sustainable tourism. According to the UNWTO, while sun-and-sand resort tourism has now “matured as a market” and its growth is projected to remain flat, ecotourism is growing four times faster than the industry as a whole. Baby Boomers with more money and time are fueling travel trends with interest in ecotourism.

A 2003 *National Geographic Traveler* survey on “Geotourism” conducted together with the Travel Industry Association (TIA), says 43 million Americans prefer products that help protect the environment and 54 million prefer tour companies that help preserve environment. A growing number of mainstream magazines have launched “Green Issues”, including *Newsweek, Vanity Fair, Fortune, Elle,* and *New York Times Magazine.* Travel magazines *Conde Nast Traveler, Travel and Leisure* and *Outside* also produce green issues. Guidebooks, too, include sections and recommendation for responsible traveling.
These publications are reflecting and driving consumer demand for sustainable products and services (see Press Perspectives).  

Travel Styles considers environmentally conscious travelers to be promising market segments for the country and recommends that actions should be taken to prevent diluting its association with conservation. It states, “The comparatively high proportion of environmentally conscious travelers among Costa Rica’s best prospects reinforces our recommendation to the ICT to ensure a strong brand association with environmental protection.”

Challenges

The discord between Costa Rica’s sustainable tourism image and reports that question the country’s commitment to sustainable tourism creates significant challenges for the country. Specifically, news about declining health and safety standards basic to a destination’s appeal is putting the country’s green image at risk. In preparation for growing numbers of foreign visitors (and local residents) in Guanacaste, Costa Rica’s Social Security System is projecting a need to expand its services to the area. A recent article estimated the country’s investment at $200 million for the Pacific area hub towns of Parrita, Santa Cruz, Nicoya and Carrillo. Costa Rica’s medical services are promoted as one of the country’s assets to attract foreign real estate and tourism investment.

Ongoing safely and health issues, however, continue along the Pacific coast. According to one of those interviewed, “Safety is the most important issue facing country right now. Jaco and Tamarindo [have big problems with] delinquency,” making a bad impression on tourists who are more exposed to petty crimes there. Another said, “We must improve quality. Service and creativity are the big challenges for the industry. We may be losing repeat business.”

On several occasions in 2008, Costa Rica was featured as a country having trouble managing its sewage. In February news that the government closed Hotel Occidental Allegro Papagayo and relocated its 600 guests because of illegal dumping of sewage into the ocean was widely spread among travel forums and blogs, and appeared in international press.

Then in March, eight beaches were declared so polluted that they lost their Bandera Azul Ecologica or Blue Flag, a government program linked to a popular European certification program that assesses recreational beaches. The program measures ocean and drinking water quality, beach cleanliness, waste disposal, availability of sanitary facilities and existence of signs with safety
instructions, among other criteria. Seven of those beaches were in Guanacaste and Puntarenas and one in the Costa Rica’s Atlantic coast. They are Ocotal, Pelada de Nosara, Tamarindo, Manzanillo (Guanacaste), Arenilla, Agujas just outside Jaco, and Dominical.\textsuperscript{108} It was later reported by the AyA that water samples taken Jaco’s beaches were so contaminated with fecal matter that they were unsafe for bathing.\textsuperscript{109} Beaches that earn a Blue Flag are highlighted by the ICT’s official website. The certification is also often mentioned in the marketing materials of area hotels and tours. By early 2009, there were 50 Blue Flag beaches in Costa Rica.\textsuperscript{110}
CONCLUSIONS AND RECOMMENDATIONS

The influx of coastal development has had clear impact on Costa Rica’s tourism industry. While the arrival of high-end resorts with international chains has opened the country to new markets and fostered confidence in the destination among airlines and more mainstream travelers (in contrast with the ecotourism and adventure tourism travelers who have been coming to Costa Rica since the late 1980s), it has also weakened the unique brand attributes that bring the country continued resilience in its positioning.

Lodging options at resorts and residential projects are alienating nature-loving ecotourists who tend to spread tourism dollars throughout the industry supply chain and generate more revenue for conservation areas as well as for locally owned auxiliary tourism businesses. While rents paid on residential lodgings do bring some income into the domestic economy, they are not providing long-term investment in rural coastal areas, significant employment, nor paying taxes applied to the industry.

There is also evidence that tourists staying in real-estate rental properties have not been adequately informed about travel logistics and have unrealistic expectations about services at their disposal. This may be leading to poor vacation experiences, which in turn can hurt the country’s tourism reputation.

Coastal development has also contributed to environmental and aesthetic problems, including water shortages and unattractive over-development at prime beach areas such as Tamarindo, Jaco, Coco, Hermosa, and Manuel Antonio. This has alarmed Costa Ricans and visitors, tarnishing the country’s brand as a green destination.

Emerging from interviews with leading tour operators and tourism association officials and the conclusions above, are the following set of recommendations:

Call for More Regulation on Tourism Development

- There is a clear call for further regulation of land use in tourist areas. Current development plans should be reviewed and evaluated to ensure basic strategies for the management of natural resources and impact on communities.
- The private tourism sector needs better means of communication with its representatives in order to voice its concerns about development in
coastal areas and show its support of government actions aimed at controlling illegal construction.

**Sustainable Tourism Incentives**

- The real-estate and construction sectors should be required to adhere to minimum CST standards for resort and vacation home projects built in tourism areas, including coastal areas.
- In line with Peace with Nature Initiative, the Costa Rican government should provide tourism business with incentives for implementing green practices and help make purchasing sustainable and energy efficient products available at a lower cost.  
- The ICT should continue taking steps to strengthen CST and Bandera Azul certification and promote the efforts of participating businesses.

**Improve Tourism Services**

- Tour industry representatives mentioned the need to allocate resources aimed at enhancing infrastructure frequently used by tourists. These include roads, bridges and domestic airstrips.
- Publicly funded programs are needed to invest in Costa Rica’s national parks to improve trails, ranger stations and guide training.
- Small and medium sized travel business should receive government incentives for training to help create new types of tours and services that will help invigorate interest in the destination among potential and past travelers.

**Clarify Costa Rica Brand**

- Industry reps call for increased marketing efforts that enhance the unique attributes of Costa Rica’s brand, giving more presence to small hotels, which represent 80% of lodging types in Costa Rica.
- They suggest that the industry’s development of a sustainable tourism model depends on public awareness campaigns about sustainable development on a national level—in line with the Peace with Nature Initiative. Tourism cannot project a congruent image of sustainability in the marketplace unless the whole country is onboard.
They reject the use of images by the ICT showcasing mixed residential/resort projects and their amenities, such as golf courses, in ICT promotional materials.

Mass tourism – cruise, all inclusive resorts, and residential complexes – should be a small part of Costa Rica’s tourism brand, offerings, and numbers. Concrete limits should be placed on the various forms of mass tourism and incentives and tax breaks should be given only for sustainable tourism that meets the CST certification criteria.

Areas for further study: Traveler profiles and preferences

- This report cites a change in traveler profiles. However, more study is needed to pinpoint ecotourism profiles and preferences, since it is unclear whether there has been a general shift in ecotourism preferences or if Costa Rica is simply attracting a different travel type.
- Discrepancies between growing tourism numbers and a reduction in occupancy rates deserve further study.
- More research on the carrying capacity of coastal tourism areas are in order to designate areas allocated for tourism and mixed use.
- An evaluation of the vacation experience among tourists at rental properties should be tackled by the ICT. More information is required about this group, as well as about what motivates repeat visitors to the country.
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16. Hotel de la cadena Rosewood inicia obras en abril, La Republica, March 24, 2008
17. País necesita $500 millones para tratar las aguas negras, La Nación, March, 2008
18. Hoteleros piden renovar mercadeo turístico, La Republica, May 7, 2008
20. Hoteles bajo la lupa ambiental, La Republica, April 3, 2008
21. En guardia, La Republica, April 3, 2008
22. *Turismo goza de viento en popa*, La Republica, April 10, 2008
25. *Auge de marinas ilusiona a zonas costeras*, La Republica, April 15, 2008
Annex 1: Website Images of Pacific Coast Resorts

<table>
<thead>
<tr>
<th>Company</th>
<th>Resort</th>
<th>Strategies</th>
<th>&quot;Slogan&quot; Language Invoked</th>
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</thead>
</table>
## Annex 2: Costa Rica Inbound Tour Company Packages

**Costa Rica Inbound Tour Company Packages**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Tour Name</th>
<th>Areas visited</th>
<th>Total Price</th>
<th>Price per day</th>
<th># of activities</th>
<th>Type of activities</th>
<th># of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontes</td>
<td>Rainforest Adventure</td>
<td>Tortuguero/Arenal/Monteverde/</td>
<td>1,846.00</td>
<td>167.42</td>
<td>8</td>
<td>Beach, bird watching, boat tour, hiking with guide, hot springs, kayak, canopy tours, volcano viewing</td>
<td>11 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manuel Antonio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horizontes</td>
<td>Family Vacation</td>
<td>Arenal/Monteverde/La Cruz/</td>
<td>1,610.00</td>
<td>161</td>
<td>7</td>
<td>Beach, boat ride, canopy tour, hiking with guide, kayaking, small community cultural tour, volcano viewing</td>
<td>10 Days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manuel Antonio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horizontes</td>
<td>Honeymoon Adventure</td>
<td>Golfo Dulce/Arenal/Sarapiqui/Osa Peninsula</td>
<td>3,175.00</td>
<td>264.58</td>
<td>10</td>
<td>Beach, plant tree, candlelight dinner, boat ride, massage, rafting, volcano viewing, hot springs, nature walk, coffee plantation</td>
<td>12 Days</td>
</tr>
<tr>
<td>Horizontes</td>
<td>Multisport Adventure</td>
<td>Rio Blanco Canyon/ Rincon de la Vieja/Arenal/Faouano</td>
<td>1,065.00</td>
<td>185</td>
<td>7</td>
<td>Climbing, canopy tour, horseback riding, volcano viewing and hike, mountain bike, rafting</td>
<td>9 Days</td>
</tr>
<tr>
<td>Horizontes</td>
<td>Costa Rica Wildlife Photography</td>
<td>Tortuguero/Monteverde/Manuel Antonio</td>
<td>Not listed</td>
<td></td>
<td>4</td>
<td>Beach, boat tour/cruise, Monteverde photography/wildlife viewing</td>
<td>12 Days</td>
</tr>
<tr>
<td>Horizontes</td>
<td>Swiss Travel</td>
<td>Swiss Travel</td>
<td>Swiss Travel</td>
<td>Swiss Travel</td>
<td>Swiss Travel</td>
<td>Swiss Travel</td>
<td>Camino Travel</td>
</tr>
<tr>
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<td>--------------</td>
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<td>---------------</td>
</tr>
<tr>
<td></td>
<td>Costa Rica Adventure</td>
<td>Costa Rica Highlights</td>
<td>Tortuguero/Arenal/Monteverde/ Choose Guanacaste or Manuel Antonio</td>
<td>Jungle and Sea</td>
<td>Honeymoon and Nature</td>
<td>Ecological Costa Rica</td>
<td>Costa Rica Verde</td>
</tr>
<tr>
<td></td>
<td>Pacuare/Sarapiqui/Arenal/Guanacaste/Tamarindo</td>
<td>Not listed</td>
<td>Not listed</td>
<td>Not listed</td>
<td>Not listed</td>
<td>Not listed</td>
<td>Pocas/Arenal/Carto Negro/Monteverde/Carara/Jaco</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Beach, canopy tours, snorkeling, rafting, horseback riding, hot springs</td>
<td>Beach, rafting, horseback riding, canopy tour, kayak, boat ride, snorkeling</td>
<td>Beach, boat ride, biking, horseback riding, caves, volcano viewing, nature walk, canopy tour</td>
<td>Beach, snorkeling</td>
<td>Beach, canopy tour, guided walk, bike tour, volcano viewing, ultralight flight, rafting</td>
<td>Tractor ride, self-guided hike, bird watching, boat ride, beach</td>
<td>Volcano viewing, hot springs, birdwatching wildlife viewing, canopy tour, beach, guided walk</td>
</tr>
</tbody>
</table>

**Note:** The prices listed are for the Green season, which runs May-November, and they are based on double occupancy. The above trips are selected featured mainstream multi-day packages.

**Source:** © 2008 Costa Rica Horizontes Nature Tours www.horizontes.com

**Source:** Swiss Travel Service www.swisstravelcr.com
<table>
<thead>
<tr>
<th><strong>Camino Travel</strong></th>
<th><strong>Family Explorer</strong></th>
<th>INBIO Park/San Jose/Sarapiqui/Arenal/Jaco</th>
<th>11/07-4/08 1,744.00 private transportation single occ.</th>
<th>193.77</th>
<th>7</th>
<th>INBIO tour, City tour, hike, canopy tour, boat tour, horseback riding, beach, 9 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Camino Travel</strong></td>
<td><strong>Honey, Moon and Stars</strong></td>
<td>Poas/La Paz/Sarapiqui/Jaco/Manuel Antonio</td>
<td>11/07-4/08 1,601.00 private transportation double occ.</td>
<td>177.68</td>
<td>6</td>
<td>Volcano viewing, shopping, beach, rafting, kayaking, horseback riding, hiking, sportfishing, 9 Days</td>
</tr>
<tr>
<td><strong>Camino Travel</strong></td>
<td><strong>Jungle Escapade</strong></td>
<td>Corcovado/Costa Island/Pacuare</td>
<td>11/07-4/08 2,145.00 private transportation single occ.</td>
<td>238.33</td>
<td>6</td>
<td>Hike, snorkeling, beach, rafting, canopy tour, guided hike, 9 Days</td>
</tr>
<tr>
<td><strong>Camino Travel</strong></td>
<td><strong>Pacific Sands Fly and Drive</strong></td>
<td>Nicoya Peninsula/Central Pacific Coast</td>
<td>11/07-4/08 1,662.00 single occ.</td>
<td>207.75</td>
<td>3</td>
<td>4-wheeling, beach, sportfishing, 8 Days</td>
</tr>
<tr>
<td><strong>Camino Travel</strong></td>
<td><strong>With Children in the Tropics</strong></td>
<td>Sarapiqui/Arenal/Manuel Antonio</td>
<td>11/07-4/08 815.00 double occ.</td>
<td>90.55</td>
<td>4</td>
<td>4-wheeling, beach, volcano viewing, hot springs, 9 Days</td>
</tr>
<tr>
<td><strong>Camino Travel</strong></td>
<td><strong>Costa Rica Expeditions</strong></td>
<td>Costa Rica Connoisseur/Explorer Monteverde/Arenal/Tortuguero/San Jose</td>
<td>Current price 2,208.00</td>
<td>220.8</td>
<td>6</td>
<td>Guided hike, volcano viewing, hot springs, boat trip, shopping tour, beach, 10 Days</td>
</tr>
</tbody>
</table>

**Source:** Copyright © 2004 – 2008 Camino Travel. All rights reserved www.caminotravel.com
<table>
<thead>
<tr>
<th><strong>Costa Rica Expeditions</strong></th>
<th><strong>Costa Rica River and Rainforest</strong></th>
<th><strong>Corcovado/Cerro de La Muerte/Savegre/Pacuare</strong></th>
<th><strong>Current price 1,736.00</strong></th>
<th>193.11</th>
<th>2</th>
<th>Guided hike, rafting</th>
<th>9 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Costa Rica Expeditions</strong></td>
<td><strong>Ultimate Costa Rica Adventure</strong></td>
<td><strong>Crotona/Cristal Bellena/Carito Island/Savegre/Cerro de La Muerte/Pacuare</strong></td>
<td><strong>Current price 2,449.00</strong></td>
<td>305.13</td>
<td>7</td>
<td>Bike, beach, snorkel, paddle, hiking, rafting, canopy tour</td>
<td>8 days</td>
</tr>
<tr>
<td><strong>Costa Rica Expeditions</strong></td>
<td><strong>Costa Rica Multisport</strong></td>
<td><strong>Arenal/Tortuguero/Pacuare</strong></td>
<td><strong>Current price 1,796.00</strong></td>
<td>259.58</td>
<td>6</td>
<td>Bike, volcano viewing, hot springs, boat tour, kayak, rafting</td>
<td>7 Days</td>
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<td><strong>Costa Rica Expeditions</strong></td>
<td><strong>Sample Wedding and Honeymoon</strong></td>
<td><strong>Arenal/Monteverde/Papagayo</strong></td>
<td><strong>4,420.00</strong></td>
<td>366.33</td>
<td>9</td>
<td>Beach, volcano viewing, hot springs, birdwatching, horseback riding, hiking, wind surfing, fishing, golf</td>
<td>12 Days</td>
</tr>
</tbody>
</table>

*Note: The prices listed are for the current summer period which tends to be the most expensive.*

**Source:** Costa Rica Expeditions [www.costaricaexpeditions.com](http://www.costaricaexpeditions.com)
<table>
<thead>
<tr>
<th><strong>Costa Rican Trails</strong></th>
<th><strong>Paradise</strong></th>
<th>Jaco/Manuel Antonio/San Jose</th>
<th><strong>1,095.00</strong></th>
<th><strong>136.88</strong></th>
<th><strong>1</strong></th>
<th><strong>Beach</strong></th>
<th><strong>8 Days</strong></th>
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*Note: This is just a sampling of packages that Costa Rican Trails offers. They also have niche packages for wellness*

<table>
<thead>
<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Best of Costa Rica</strong></th>
<th>Golfito/Cocovado/Arenal/Monteverde</th>
<th><strong>1,995.00</strong></th>
<th><strong>221.66</strong></th>
<th><strong>6</strong></th>
<th><strong>Guided hike, beach, birdwatching, volcano viewing, canopy tour</strong></th>
<th><strong>9 Days</strong></th>
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</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Tropical Forest and Manuel Antonio</strong></th>
<th>Arenal/Monteverde/Michael Antonio</th>
<th><strong>1,556.00</strong></th>
<th><strong>172.88</strong></th>
<th><strong>7</strong></th>
<th><strong>Volcano viewing, hiking, canopy tour, beaches, (extra)-kayaking, rafting, boat trip</strong></th>
<th><strong>9 Days</strong></th>
</tr>
</thead>
</table>

<table>
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<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Tropical Forest and Tamarindo</strong></th>
<th>Arenal/Monteverde/Tamarindo</th>
<th><strong>1,570.00</strong></th>
<th><strong>174.44</strong></th>
<th><strong>6</strong></th>
<th><strong>Volcano viewing, canopy tour, hiking, beach, (extra)-turtle nesting tour, boat tour</strong></th>
<th><strong>9 Days</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Tortuguero and Tropical Forest</strong></th>
<th>Tortuguero/Arenal/Monteverde</th>
<th><strong>1,460.00</strong></th>
<th><strong>182.5</strong></th>
<th><strong>6</strong></th>
<th><strong>Beach, boat tour, museum, volcano viewing, canopy tour, hike</strong></th>
<th><strong>8 Days</strong></th>
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<table>
<thead>
<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Coast to Coast</strong></th>
<th>Tortuguero/Osa Peninsula</th>
<th><strong>1,512.00</strong></th>
<th><strong>201.5</strong></th>
<th><strong>6</strong></th>
<th><strong>Boat trip, beach, hike, museum, bird watching, horseback riding</strong></th>
<th><strong>8 Days</strong></th>
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</table>

<table>
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<tr>
<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Tropical Rafting and Beach Adventure</strong></th>
<th>Cartago/Turrialba/Pacuare/Marcelo Antonio</th>
<th><strong>1,388.00</strong></th>
<th><strong>173.5</strong></th>
<th><strong>7</strong></th>
<th><strong>Mountain biking, rafting, beach, hiking, birdwatching, kayaking, horseback riding</strong></th>
<th><strong>8 Days</strong></th>
</tr>
</thead>
</table>

<table>
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<th><strong>Costa Rica Sun Tours</strong></th>
<th><strong>Adventures with Nature</strong></th>
<th>Sarapiqui/Arenal/Monteverde/Uvita/Jaco</th>
<th><strong>1,925.00</strong></th>
<th><strong>182.5</strong></th>
<th><strong>5</strong></th>
<th><strong>Hiking, volcano viewing, canopy tour, birdwatching, beach</strong></th>
<th><strong>10 Days</strong></th>
</tr>
</thead>
</table>

**Source:** Copyright © 2005. All Rights Reserved. Hosted & Designed by matze.com www.crsuntours.com

*Note: CRT Team itineraries were very hard to assess from their website*
<table>
<thead>
<tr>
<th>Land Programs</th>
<th>Poas Volcano, Waterfall Gardens Arenal, etc.</th>
<th>Poas/Arena/Manuel Antonio/Sarapiqui/Osa Peninsula</th>
<th>Not listed</th>
<th>9</th>
<th>Hike, museum, beach, boat tour, volcano viewing, horseback riding, canopy tour, hot springs, fishing</th>
<th>12 Days</th>
</tr>
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<tbody>
<tr>
<td>Land Programs</td>
<td>Tortuguero N.P., Sueño Azul Resort, etc.</td>
<td>Tortuguero/Arenal/Guacacaste/Sarapiqui</td>
<td>Not listed</td>
<td>5</td>
<td>Beach, hiking, birdwatching, volcano viewing, canopy tour</td>
<td>9 Days</td>
</tr>
<tr>
<td>Land Programs</td>
<td>Manuel Antonio, Arenal Volcano, etc.</td>
<td>Manuel Antonio/Arenal</td>
<td>Not listed</td>
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<td>Hiking, canopy tour, beach, ATV-tour</td>
<td>7 Days</td>
</tr>
<tr>
<td>Land Programs</td>
<td>Jaco, Manuel Antonio</td>
<td>Manuel Antonio/ Jaco/Nicoya Peninsula</td>
<td>Not listed</td>
<td>6</td>
<td>Hiking, volcano viewing, canopy tour, birdwatching, beach, outrigger canoe</td>
<td>8 Days</td>
</tr>
</tbody>
</table>

*Note: These programs are a selected assortment of the packages that Land Programs offers.

Source: C.A. LAND PROGRAMS www.landprograms.net
ENDNOTES

1 Interview subjects, San Jose, Costa Rica, June-July 2008.
3 CST Website: http://www.turismo-sostenible.co.cr/EN/directorio/estadisticas/hotel_eval_prov.shtml
5 Outbound Tour Chart, CESD, July 2008.
6 Interview subject, San Jose, Costa Rica, June-July 2008.
7 Interview subjects, San Jose, Costa Rica, June-July 2008.
9 Interview with ICT, San Jose, Costa Rica, January 28, 2009.
15 The Environmental Performance Index, Columbia and Yale Universities, pp. 24.
18 Interview subjects, San Jose, Costa Rica, June-July 2008.
19 Interview subjects, San Jose, Costa Rica, June-July 2008.
21 Interview subjects, San Jose, Costa Rica, June-July 2008.
22 II Estudio de Crecimiento Hotelero y Inmobiliario, Alberto Salas, Camara Costarricense de Hoteles: 2008.
23 Interview subjects, San Jose, Costa Rica, June-July 2008.
26 Interview subjects, San Jose, Costa Rica, June-July 2008.
31 These companies sell multi-day nature-based trips to Costa Rica rather than packages to resort hotels: Backroads (Berkeley, CA), International Expeditions (Helena, AL), Tauck World Discovery (CT), Overseas Adventure Travel/Grand Circle (Boston, MA), Wildland Adventures (Seattle WA), Costa Rica Experts (Chicago IL), Elderhostel (Boston MA.), Southern Horizons (Los Angeles., CA) and Costa Rica Tours (NC).
32 Outbound Tour Chart, prepared by CESD, July, 2008.
33 Outbound Tour Chart, CESD, July, 2008.
34 Outbound Tour Chart, CESD, July, 2008.
35 Outbound Tour Chart, CESD, July, 2008.
Perfil de Viajeros que compraron bienes inmuebles, ICT Airport Interviews Data, 2007.
Perfil de Viajeros que compraron bienes inmuebles, ICT Airport Interviews Data, 2007.
Perfil de Viajeros que compraron bienes inmuebles, ICT Airport Interviews Data, 2007.
II Estudio de Crecimiento Hotelero y Inmobiliario, Alberto Salas, Camara Costarricense de Hoteles: 2008.
II Estudio de Crecimiento Hotelero y Inmobiliario, Alberto Salas, Camara Costarricense de Hoteles: 2008.
Japan International Cooperation Agency (JICA ) : Costa Rica Land Use Study along Coastal Zones, for ICT, 2001, pp 2


“Tribunal is on Coastal Crusade in Costa Rica,” The Miami Herald, July 19, 2008

“Tribunal is on Coastal Crusade in Costa Rica,” The Miami Herald, July 19, 2008

The Tico Times: June 20, 2008

Decreto Ejecutivo para el Ordenamiento Territorial de la Region Chorotega, #34456-MP-MIVAH-MINAE-COM, April 30, 2008


World Tourism Organization: www.intute.ac.uk/socialsciences/cgi-bin/search.pl?term1=World+Tourism+Organization&limit=0


Crecimiento Turistico Obliga a ampliar servicios de salud, La Nación.


