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The Future of Tourism in Aruba: Part One

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The Dick Pope Sr. Institute *for* Tourism Studies

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UCF Rosen College *of* Hospitality Management

The Future of Tourism in Aruba: Part One

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Executive Summary

Global issues dominated the discussion at the Aruba Timeshare Association (ATSA) sponsored think tank on visioning the future of Aruba. Global competition, global foreign policy, changing demographics and the global environment emerged as primary concerns by participants at the ATSA event on November 30, 2006. They also expressed major concerns over the lack of public-private cooperation to assist the Aruba tourism industry in addressing the challenges in these areas. Additionally, they also were quick to identify the lack of serious industry-wide leadership in moving the industry's collective level of understanding of these challenges to the next level. While discussion and debate was robust with many divergent views, all participants agreed that 1) the global market place will continue to drive and reshape the products and services that make up what has become known as Aruba's number one industry, *tourism*; and 2) this will change the Aruba's competitive landscape more than most realize.

Figure 1

Major Macro Forces Driving Change

Economic Environment

Technological Environment

Political Environment

Ecological Environment

Socio-Cultural Environment

This first Think Tank, focused on the five major forces driving change identified in the International Hotel and Restaurant Association's publication "Into the new millennium, a white paper on the global hospitality industry" (see figure 1). The forum included thirty-five representatives from the private sector, government organizations and educational institutions. These leaders of the Aruba tourism industry were asked to consider the future in the context of the five macro forces identified in the White Paper. The

questions they were asked to respond to are listed in figure two. The day long nominal group technique has identified a number of critical issues for the industry. In the sections to follow these issues will be summarized. These summaries will then yield an agenda of research designed to improve the industry's overall understanding of how it can meet the challenges brought on by this force driving change.

Figure 2

What are the emerging patterns of change over the next five years?

What are the impacts of emerging patterns on the tourism industry?

What is the estimated timing of these emerging patterns of change?

The findings of the Think Tanks reveal:

- The tourism industry in the Aruba is facing major challenges in a rapidly changing environment.
- The global economy will offer more opportunities, new market segments, and generate more challenges, new competitors. Looking for new sources of funding will be paramount to survive and prosper in an increasingly challenging environment. This new trend will require a strong lobbying network and new partnerships.

- A multicultural fragmentation of the tourism market, older travelers and more leisure time will have a significant impact on the travel industry. More differentiated services at destinations will be offered to satisfy a more self-centered and diverse traveler.
- Technology will play a critical role in quicker response to the requests of clients and in the delivery of quality services. However, it will increase the pressure on tourism companies as they will be required to invest more in technological goods and services.
- Travelers and governments alike are more aware of the importance of protecting the environment. Tourism leaders will give more attention to the actual and potential impact of ecological forces on both the local residents and the visiting traveler.

The goal of a Think Tank is to generate awareness of key forces and take proactive action based on their meaning and consequences. Hospitality and Tourism professionals in Aruba are encouraged to think through each of the key points presented in this report to better understand an increasingly turbulent business environment. After generating awareness of future forces, industry leaders must make business decisions today based on what will happen tomorrow. The next step, therefore, will be to develop future-oriented competitive methods that will take advantage of the forces that were identified on November 30, 2006. We are looking forward to taking that challenge with all of you!

Introduction

Tourism, as a socio-economic activity, does not occur randomly. Some destinations appear to be more successful than others in offering tourism services and activities, and in attracting travelers. Because of the dramatic development of technology and transportation, the variety of destinations competing for international travelers is now much broader than in the past. The pressure exerted by competition is compelling international, national, state, and local governments to re-evaluate the existing tourism resources and to capitalize on them in order to attract more visitors (Fayos and Sola, 1996). In a highly competitive tourism market, it is increasingly important to understand the role each destination plays in relation to other competitive destinations.

The success of tourism destinations depends on many factors, such as infrastructure, accessibility, resources, attractions, marketing, and location. However, all these elements will not be sufficient to ensure sustained visitation and popularity of the destination, unless substantial coordination and integration of tourism planning, development and marketing are achieved. The numerous stakeholders involved in determining the role and development of an area define different interests and objectives, which ultimately must converge to support the marketed image of that area as a destination (King, McVey, and Simmons, 2000).

Caribbean nations dependent on tourism often try to diversify their economy with other sources of revenue. Aruba at different intervals has expressed a desire to diversify their economy with a financial center, trade free zone and as of late a knowledge economy. However, since the 1980s tourism has been the main stay of the economy and has served the country quite well for the past 30 years. There are few reasons Aruba's economy should not be able to thrive on tourism in the years ahead. Most certainly there are challenges ahead. However, Aruba's tourism base is solid with nearly 7000 rooms on the island currently and another 4600 units in various phases of the development stage..

In recent years, tourist destinations managers have been criticized because of their difficulty in reinventing themselves in the face of radical changes in the external environment. Indeed, the first few years of the new millennium have brought extraordinary change and transformation. War, terrorism, political upheaval, the spread of infectious diseases, airline restructuring and the advancement and use of technology are just a few of the events that are having a profound impact on destinations' performance around the world. For example, political and environmental instability are forcing many tourism destinations to hire experts in disaster management planning to respond to increasing human tragedies and natural calamities. Ritchie, Dorrell, Miller, and Miller (2004) explain that the tourism damage caused by the Foot and Mouth disease in the United Kingdom could have been partially eliminated with the availability of a plan and appropriate preparation for unexpected events. The greatest agent for change in destination marketing is, however, technology. Recent studies (Yuan, Gretzel, &

Fesenmaier, 2003) have demonstrated that tourist organizations have not fully embraced and incorporated technology in their operations and strategies, and they offer suggestions to reconfigure the organizational structure to make it more technology-friendly.

Successful tourist destinations perform activities that are more strategic in nature and which quickly adjust to the continuous changes that are occurring in the external environment (Olsen, 1996). Poon (1993) urges tourism destinations to reframe their goals and actions because tourism is a volatile, highly competitive, and unforgiving industry. Also, Poon emphasizes that: “the industry is undergoing rapid and radical transformation—the rules of the game are changing for everyone” (p. 291).

How This Report Was Developed

The general goal of the forum is to identify and describe future trends and events that are likely to affect the Aruba tourism industry in the next five to ten years. The underlying premise of the Forum for the Future of Tourism is to develop foresight about the major forces driving change in the tourism/hospitality industry. The Forum comprises five Think Tank sessions. The objectives of each are threefold: 1) to identify the major forces driving change in today’s business environment of the hospitality and tourism industry, 2) to estimate the timing and evolution of these forces, and 3) to determine their impact upon the industry.

To achieve these objectives, thirty-five leaders of the Aruba tourism industry gathered for a one-day program in November 2006 at the ATSA conference. Participants were from within and outside the tourism/hospitality industry and included representatives from transportation companies, suppliers, attractions, lodging, special events, cultural-historical organizations, government, and destination management organizations to provide opportunities for a cross-pollination of ideas and to stimulate creative (i.e., out-of-the-box) thinking. Participants were invited based upon their qualifications defining them as experts in their respective fields.

The Think Tanks occurred during one day. Participants first gathered for a plenary session, which consisted of a brief welcoming address, overview of the Think Tank process, and the workshop’s agenda. Three questions were posed to the group:

- 1) What are the emerging patterns of change over the next five years?
- 2) What are the impacts of emerging patterns on the tourism industry?
- 3) What is the estimated timing of these emerging patterns of change?

The large group was divided into five, predetermined groups of approximately seven participants each. Each group was moderated by a facilitator and conducted in a modified Nominal Group format. Sessions lasted approximately 45 minutes each, spread over the

course of the day. Each facilitator was assisted by a public recorder for each of the groups, documenting all the discussion on flip charts for reference, on-going dialogue, and, later, consolidation of common themes and ranking.

At the conclusion of each session, participants were asked to rank the top three points s/he feel would have the biggest impact on the tourism industry in the next 5- 10 years. Upon completion of this exercise, the points were tallied. Participants were then reassembled so that the highlights of each group could be shared, discussed, synthesized, and validated. A final large group vote was conducted and the top three forces are recorded. As a result the forces are ranked and collapsed.

Economic Forces

This section of the report identifies the most significant economic forces and trends that will impact the tourism economy in Aruba from an economic perspective. The economic environment includes events and elements such as competition, economic growth, consumer confidence, exchange rates, employment, US and global economy, inflation, oil prices, interest rates, and others.

The dominant economic topic discussed at the forum was competition from other Caribbean destinations and how to guarantee a stable flow of funding to direct the appropriate budgeting of marketing and planning money. The common concern about inadequate funding was based on the assumption that public authorities recognize tourism as a leading economic engine, but have other public concerns, and spending priorities.

Local, national, and global markets are becoming more competitive and will exert more financial pressure on business and public organizations. Participants acknowledged the increasing challenges associated with providing adequate returns on invested capital in the tourism industry and asserted that it will be necessary to engage in creative forms of funding and investment in the future.

Public and private partnerships involving tourism and non-tourism organizations ventures in projects such as tourism marketing, infrastructure and transportation will help maximize revenue. Higher tourism taxes will lead to travelers' discontent since; ultimately, travelers will carry the burden of increased economic costs. Creativity will be a core competence in such a competitive environment because it will be increasingly difficult to generate cash flow. Creative alliances with community organizations, business representatives and developers will become a popular strategy for survival and success.

Tourism is the largest income generator in Aruba; however, funding allocated to tourism organizations does not reflect the economic strength of this industry. Tourism will continue to be funded on a marginal basis in light of local governments' failure to recognize it as the major revenue source on the island. Most likely in the future, tourism

taxes will not be reinvested in the industry. They will, instead, be used to fund education and other unrelated services which rely heavily on public support.

Economic Force One: *Energy*

All participants considered the increase in oil prices as a major threat to the entire tourism industry in Aruba. This upward price trend is expected to continue well into the future and it will result in decreased travel, especially from Europe, where the price of gas per gallon is well above eight dollars. As oil continues to reach new highs imported supplies will become increasingly expensive. Since Aruba imports almost all of its products the impact on the cost of business continues to increase, which is ultimately passed on to the consumers making Aruba more expensive as a destination. Gas, water and electricity continue to make volatile swings as the unpredictable oil markets fluctuate.

Economic Force Two: *Competition*

Participants predicted continuous and substantial market changes in the next five years. These changes will occur in both the US domestic and international markets and will encompass emerging markets, new competitors, skilled workers, and energy costs.

International destinations (competition) of high quality are being developed and have a lower cost base that is more affordable than Aruba. Aruba could potentially lose tourists to these new markets, because consumers may go somewhere else that is more reasonably priced. This impact could become substantial over the next 3-5 years.

As the market becomes more complex and dynamic, the search for qualified and specialized personnel will increase. In order to fulfill this new demand, new outsourcing firms will be created. New markets not only offer new opportunities for inbound travel to Aruba but they also generate more competition. Currently, there are no new markets discovering Aruba (e.g. China). Aruba needs new market development over the next decade to increase diversification in the tourist economy. Finally, new immigration rules

for specific foreigners/tourists and the new U.S. passport requirements for every person that comes to Aruba will impact visits.

Economic Force Three: *US Economy*

Over the next 10-15 years Aruba will continue to depend on the U.S. as its major source of visitors. Currently, upwards of 75% of the island's tourists' departure originate in America, but Aruba can try to develop new partnerships with other countries.

Once again there are no new markets discovering Aruba (e.g. India). Aruba must expand its tourist economic base over the next ten years to augment diversification in the tourist sector. The tremendous potential for Aruba to be adversely impacted if something goes wrong in the U.S. economy remains a reality. This has already been felt in the slow down of U.S. investment in the housing market.

Additional devaluation in the U.S. currency causes tourists to hold back on international travel. Also the current devaluation of the currency in some Latin American countries makes travel unaffordable to their residents. It has already started in Argentina and most probably will continue to increase.

The economic challenges that lie ahead are of utmost concern to the Forum participants. One group specified that "we can't wait to act" to highlight its belief that tourism organizations will face more threats than opportunities. A number of global and domestic challenges were identified in this section, such as increasing taxation for tourism services, the changing structure of the labor market, increasing competition, insufficient funding and the hope to form new public/private partnerships within Aruba to combat the slide in visits. Other forces, such as rising health care expenses, cost of education, retirement costs and terrorism, were also presented as challenges to the growth of tourism in Aruba.

Political Forces

Tourism is a highly fragmented global industry and it is unavoidably dependent on the political environment because of its reliance upon governmental funding. Tourism encompasses issues of freedom of mobility, the politics of safety and security and the compromise of risk; thus, it challenges the very notion that tourism can exist apart from the

policy-making arena. Considering the significant impact that politics has on this business, Forum experts identified the political environment to be one of the most important among all the environments discussed during the Think Tank.

The government search for new sources of revenue was recognized as an important force within the political environment by the think tank members. Most participants believe that a number of the policies and regulations imposed upon tourists and tourism businesses will create a negative image of Aruba as a tourist destination. This negative image, of course, will then result in decreasing numbers of visitors to the area. The participants suggested that adequate representation by tourism industry experts during policy formulation and decision making processes can result in more 'tourist friendly' regulations as opposed to the current 'tax the tourist' regulations.

Political Force One: U.S. Foreign Policy/politics

One of the most significant political forces identified by the Think Tank experts was the variability of political interests and leadership agendas. The experts complained that political agendas change every election cycle resulting in an inconsistency in tourism planning and policy formulation in Aruba.

For example, U.S. immigration has imposed new travel and security restrictions for travel to the U.S. Therefore, the law of Admission was recently changed where certain nationalities can stay 30 days only, others need a visa, and we subjectively select tourists that will have to go to DIMAS for an extension of their stay beyond 30 days. Think Tank participants cited this as just one example of political expediency taking precedence over substantive, informed policy making.

Political Force Two: Global Foreign Policy

Obviously the politics in other foreign countries is important for the island. The war in Iraq affects the security of tourists reducing their travel demand because of increased risk and impacting our economy. Following 9/11 the global politics changed around the world in terms of general security and the control of the sea and air ports. The way tourists

travel has changed with the introduction of new polices and more restrictions. Tourists are experiencing a greater feeling of uncertainty when it comes to their security and safety which is impacting the amount of tourists that visit annually.

For example, some panelists indicated that the governmental structure between the Netherlands and the other Dutch Antilles is impacting Aruba tourism negatively. Antilles such as Bonaire and Curacao have voted to change their status to insular territories of the Netherlands, whereas Aruba has not. Some panelists project that Europeans may re-think their vacation destinations and choose the other Antilles islands.

Political Force Three: Chavez – Cuba effect

The political problems in Venezuela and the relation that they are having with the United States of America, our primary tourism customer are not good, especially since the U.S. imports 10% of its oil supply from Venezuela. Hugo Chavez, Venezuelan president, is moving towards socialism in concert with Cuba and other socialist governments in South America creating a destabilizing effect in some parts of the world.

The illness of Fidel Castro in Cuba presents a lot of uncertainty in the region. What will happen when Fidel dies? What will be the response of the new leaders of Cuba? Will they continue with the socialist movement or will the country become more open? Will the U.S. lift its trade ban? If Havana returns as a U.S. tourist destination it would impact Aruba's tourism and economy negatively

Socio-cultural Forces

This section illustrates the most significant forces and trends that will influence tourism in Aruba from a socio-cultural perspective. The socio-cultural environment includes factors such as demographics, diversity, immigration and migration, religion, culture, generational gaps, and others.

Participants identified the role of multicultural fragmentation of the tourism market as a significant impact on the travel industry. Additionally, the changing demographics of

Aruba's population is placing a significant strain on the country's infrastructure, culture and identity. This, combined with the graying of the population and increasing rate of leisure time, will strongly influence how and with whom business will be conducted.

Socio-cultural Force One: Changing Demographics

Shifts in the migration of the work force will affect Aruba because it is a small island that is growing largely due to immigration. Aruba's population has soared to 102,000 in 2006 and the demographics have changed dramatically. Shifts in demographics will challenge the tourism industry in ways that will have far reaching implications. These shifts include the aging of populations in developed countries as compared to the burgeoning youthful populations of developing countries. Another shift results from an increase in immigration to developed countries by those seeking improved economic circumstances.

Unchecked immigration can strain the infrastructure and change the education level of the population and in some cases damage the tourist product that Aruba is offering. The native Aruban people that traditionally worked in the tourist industry are aging and the labor force willing to work in the tourism industry is very different from the labor force of the past. As one expert phrased it "many Arubans do not care for certain jobs in the hotel industry anymore, think of housemen, room-keepers, beach and pool boys and to some extent service and preparation staff; so, consequently there will be a need for additional work permits. With the new projects planned we will be in need of quite a few work permits as a matter of fact."

The Global movement of people and foreign cultural influences impact the essence of Aruba's native culture and as a consequence it will eventually change the Aruba tourism product. For example; Aruba promotes a multilingual product that has been a source of strength to the major tourist markets. Now when tourists arrive to the island not everybody speaks four languages as previously. Currently most workers are Latin and not all of them can speak English or Dutch. Native Arubans need to get re-involved with tourism and hospitality to try to maintain the traditional identity.

Aging tourists have more time and money to travel than ever before. They will require such accommodations as easy accessibility to travel destinations, larger print promotional material and other acknowledgements of their particular concerns for safety and comfort.

Niche markets will develop to accommodate the specific needs of emerging travel segments such as gay and lesbian tourists to the financial benefit of those businesses which accurately identify them. These markets are comprised of loyal customers and big spenders who respond particularly well to quality service.

Socio-cultural Force Two: Social Conscience and Awareness

There is strong pressure to satisfy the demands of travelers who define themselves and their needs in countless different ways. These differences will place a greater demand on the type of product offered to the customer and will require a greater menu of services at destination.

In the service industry, with today's consumers becoming more demanding and more diverse, the concepts of mass customization and catering to a segment-of-one become important. Consumers have become more self-focused, emphasizing their needs for pampering as well as spiritual enlightenment. This requires the service provider to become increasingly focused upon giving personal attention to each client. Each element of the business operation will identify and address the customers' needs so that they will feel valued and improved as a result of the travel experience.

The trend is to travel to different countries globally to learn different cultures and gain new experiences. Tourists want to experience more spirit/soul of a destination. This will mean less return visits for the Aruban tourism industry. The loss of return visitors is commencing now and more resources will need to be devoted to the development of new customers, which is at a greater cost than repeat visits.

Socio-cultural Force Three: Worldwide Terrorism

Terrorism is often defined as random acts of violence with a political agenda. The terrorist activity across the globe in the new millennium suggests that these random acts of violence are on the rise with some being targeted at the hospitality industry. The existing forces identified as driving this rising tide of violence: religious fanatics, the growing nationalistic tendencies of many ethnic based groups across the globe, civil wars, causal based riots, and the growing awareness of the gap between the “haves” and

“have-nots”. These forces are difficult to anticipate, a costly challenge to control and unlikely to subside any time soon. They pose very real challenges for the Aruba tourist industry.

Radicalism in the world will affect Aruba and Caribbean immigration. Terrorists have succeeded in making a change in people’s behavior and thinking from the present and into the future. Several factors are impacting the island now and into the future such as: diversity of education levels in the developed countries, an increase in the fertility rate, suspicion and lack of trust for other cultural societies that change the way of traveling; in addition, the radicalism of these societies effect tourism and its safety factor and the freedom of movement.

Religion is another factor that is affecting the world of travel. Not everyone is tolerant of the religion of others and this is growing into a major conflict in the world. In some fundamentalist cases they turn discriminative or even terrorist (my suggestion: Religious fundamentalism is often discriminating and easily translates into terrorism). This is creating fear and is causing governments to enact special regulations restricting travel to other countries and destinations.

Technological Forces

Technology Force One: Internet and E-business

Without a doubt, the internet and e-commerce has reshaped all aspects of business. It is through these technologies that the concept of real-time becomes a necessity in the mind of the consumer. Consumers have instantaneous access to information about organizations and their product offerings without having to use an intermediary. They have the tools to easily and effortlessly shop for products and substitutes at their convenience and pay for them electronically. Therefore, hospitality enterprises need to focus on providing customers with real-time to product information, availability, and rates. The Internet also provides the hospitality industry with opportunities to rethink how they interface with their employees, their suppliers, and their affiliates.

The effect is profound on all the intermediaries such as wholesalers, travel agents as well as service providers such as hotels and restaurants etc. This process has been ongoing, but the next 1-3 years will be fully influenced in all aspects of Aruba's tourism.

The increase use of technology for travel and internet booking is changing the form of our distribution channels. The accesses that the tourist has to the information from other travelers' opinion and experiences can work in either a positive or negative way of promotion. Internet "blogs" and travel rating sites have increasing impact on the travel decision making. Also the use of technology is reducing the inter-personal relations. People day after day have less personal contact because of the internet, e-mails and chat rooms that are a common form of socialization that is changing our way of communication.

The panel of experts identified some advantages that people are getting through the internet such as education. Additionally, interest is growing; work is more systematic and easier for employees with rapid reaction and more efficiency. There is greater demand for instant gratification from services especially for a tourist island like Aruba. There is increased control of the interaction between the suppliers and wholesalers and recognition of the products that we are buying. "We have more control over our distributors, more accessibility to promote and sell our island."

Technology Force Two: Alternative Energy

Energy development is an ongoing effort to provide sustainable, accessible [energy](#) resources through knowledge, skills, and constructions. When harnessing energy from [primary energy](#) sources and converting them into more convenient secondary energy forms, such as [electrical energy](#) and cleaner [fuels](#), both emissions (reducing pollution) and quality (more efficient use) are important. Technologically advanced societies have become increasingly vulnerable in their dependence on external energy sources for the production of many manufactured goods and the delivery of a myriad of services.

One of the forum experts gave a stirring and impassioned delivery on the dangers facing Aruba and the Caribbean if a comprehensive and sustainable plan is not developed within the next decade for the use of alternative sources of energy, such as wind and solar power. For example, Barbados has solar panes that produce 40% of the energy that is consumed in some houses. In Aruba this will work well despite the expense to introduce this type of technology. Oil spillage is damaging the coast of many lands and destroying animal life, coral reefs and many other eco systems around the world. The idea of having different types of oil or fuel sources is good for the eco system, nature and also for the economy.

Technology Force Three: Knowledge Factor

One major change at all levels is that employees will be expected to become a content consultant. This implies a much greater level of knowledge about the hospitality enterprise and its products. It also requires a higher level of awareness about the surrounding domain in order to achieve better matches for the guest to the experience desired. Like any consultant then, the employee's understanding of the business is expected to be substantial. In addition, they are also expected to be able to understand the guest's problems or needs at much higher levels of expectations—or at least be capable of probing these needs effectively. Once this is accomplished they will be expected to not only provide for them but also be able to conduct the search for the solutions needed and do so efficiently and effectively. This is truly the definition of the knowledge worker.

This process of being knowledge content masters and managers raises the skill level expectations of all employees. The traveler is growing to expect this capability and will become increasingly less tolerant of those organizations which cannot meet it. This becomes even more critical when the traveler is trying to package the perfect set of experiences. In this setting, it is highly unlikely that any individual will be capable of fulfilling this challenge, even with assistance from expert systems or other forms of technology designed to meet this need.

Tourist organizations will need creative response teams. These employees will possess the ability to create solutions to the customer's overall experience needs. This is different than the creative experiences found at a place like Disney World where in reality, the

experiences are carefully scripted and orchestrated. Increasingly, the guest will want to achieve a customized set of experiences timed to their needs and not those of the organization. This will perhaps be the greatest challenge for not only the employee of tomorrow but also the technology. The matching process, no matter what, will become more complicated.

Ecological Forces

The need to sustain the earth's resources is an overwhelming task. Tourism leaders will need to pay more attention to the actual and potential impact of ecological forces on both the local residents and the visiting traveler. Tourism represents a significant part of Aruba's economy. Island-wide, nearly one job in four is directly or indirectly dependent upon tourism. Increasing development activities and an overabundance of tourists in traditional areas of tourism are endangering the integrity of the destinations. Pristine natural settings, the uniqueness of the regional culture and the hospitality of the local population are in peril of losing those attributes that drew tourists to those settings in the first place.

The greatest justifications for being environmentally friendly and supporting sustainable development are economic and monetary that relate to the very existence of businesses.

Ecological Force One: Global Environment

The effect of global warming is upsetting nature all over the world. On a daily basis we see examples of this impact in hurricanes that are stronger, colder winters, melting ice caps and warmer summers distressing all the natural resources around the world. The need to be more conscious and eco friendly is gaining momentum and greater action needs to be taken to increase worldwide awareness of the importance of the environment.

In Aruba the impact from global ecological changes are affecting the island in many ways, some positive and some negative.

From a negative point there has been an increase of jelly fish affecting the pristine beaches that can be attributed to the warming of the sea. The ozone layer in the earth's atmosphere is thinning because of increased industrial development and carbon output and the ecological consequences are already taking place (e.g. the beaches are getting hotter; the marine life is dying etc.). Ecological imbalance in weather will mean higher

temperatures in the U.S. and more rain in Aruba, which could translate into less travel to Aruba over the next decade. Natural disasters, especially hurricanes, have been on the rise which could destroy Aruba completely. Lastly, a new report estimates that the polar ice caps are melting and the sea will rise 1 -2 feet over the next century flooding lower coastal areas.

On the positive side International ecological regulations will continue to strengthen and Aruba will benefit as a tourist destination from these regulations. Technological advancement affecting the ecology for example with plastics and recycling will help the environment.

Ecological Force Two: Sustainable Development

The increasingly dominant paradigm for economic development activity for the future is likely to be the stress on sustainability of private and public action: namely sustainable development. As the development of hotels and restaurants forms the core of tourism activity, it is already under the scrutiny of national and international development agencies that are not only monitoring but also providing the much-needed funds for tourism and hospitality industry growth worldwide.

As the world continues to grow closer together economically and as population growth continues to accelerate, significant concern must be given to efforts that will manage this growth in a responsible way. Many global organizations have called for more energized efforts in this regard. While the issue of sustainable development is gaining much attention around the world, primary support for its initiation must come forth from government quarters. Some of the issues that would require the government to formulate and regulate protocols for the environment include appropriate planning and development regulations, land development and financing laws etc. The greatest concern for these issues remains within the developing regions of the world where the threat to fragile environments is the greatest.

Oil spills are damaging the coast of many lands and destroying marine life, coral reefs and many other eco systems around the world. The idea of developing alternative energy sources such as wind farms, solar and ethanol that do not harm the eco system and nature

can also be good for our economy. Developing, while not over developing so as to maintain a sustainable rate of growth on the island will be the key to success of the tourism industry in the future

One member of the expert panel made a most passionate plea for others in the room to “open their eyes to the impact that unregulated growth and development are having on Aruba.” Currently and into the future some of the tourists are opting for “green” destinations where the environment is being better taken care of than Aruba. The government is introducing some polices in order to maintain the quality of the environment, but more needs to be done.

Ecological Force Three: Waste Management

The uncertainty of the environment and its definition has resulted in an overemphasis of certain industry actions addressing only certain concerns of environmental management. However, there is more to being “environmentally friendly” than just waste management and recycling activities. With such varied characteristics of hotel and restaurant operations, the set of appropriate actions need to be further investigated and understood by the industry across the world.

Much of the pollution is a result of Aruba’s growth, from a sleepy Caribbean island in the 1960s to a major tourist destination of nearly 102,000 residents today. As a result, services such as water treatment, sewage treatment and sanitation have struggled to keep up. Tourists complain about the litter all over the island. Developers go unchecked and are accused of spoiling the environment. Illegal dumps appear on parts of the island and go unmonitored and the oil refineries have been accused of destructive environmental practices for years

The Aruba Government holds the view of "polluter pays principle"; in the interest of conserving a clean and healthy environment it makes sense to invest in the prevention of pollution rather than to pay later for the consequences of pollution. In this regard incentives and facilities that encourage such environmental investments are considered of importance. These regard for example the promotion of energy efficiency and conservation, the use of environmentally friendly products, efficient waste management, etc.

Conclusion: On the Way to the Future

This section provides answers to the "so what?" question. Based on the additional knowledge generated by the present study, what can be done to increase the likelihood of success of tourism organizations in the Greater Philadelphia Region? A step-by-step framework is offered as a guideline to those interested in applying the concepts illustrated in this study to future strategies.

The findings of the Think Tanks reveal:

- The tourism industry in Aruba is facing major challenges in a rapidly changing environment.
- The global economy will offer more opportunities, new market segments, and generate more challenges, and new competitors. Looking for new sources of funding will be paramount to survive and prosper in an increasingly challenging environment. This new trend will require a strong lobbying network and new partnerships.
- A multicultural fragmentation of the tourism market, older travelers and more leisure time will have a significant impact on the travel industry. More differentiated services at destinations will be offered to satisfy a more self-centered and diverse traveler.
- Technology will play a critical role in quicker response to the requests of clients and in the delivery of quality services. However, it will increase the pressure on tourism companies as they will be required to invest more in technological goods and services.
- Travelers and governments alike are more aware of the importance of protecting the environment. Tourism leaders will give more attention to the actual and potential impact of ecological forces on both the local residents and the visiting traveler.

The results of the Forum have demonstrated that there is a distinct link between environmental forces and the impact that those forces have on tourism businesses located in Aruba. Previous studies have shown that those organizations that match their core competencies and competitive methods to the impacts generated by environmental forces are in alignment and thus perform better than those that are not in alignment. This Forum has provided the requisite information to create sound future strategies based on the constructive feedback of many tourism leaders. The following are sets of questions intended to stimulate your strategic thinking and guide your decision making process. These questions require answers which will allow you to align your organization to future changes and thereby improve business performance.



Final Thoughts

The goal of a Think Tank is to generate awareness of key forces and take proactive action based on their meaning and consequences. Hospitality and Tourism professionals in Aruba are encouraged to think through each of the key points presented in this report to better understand an increasingly turbulent business environment. After generating awareness of future forces, industry leaders must make business decisions today based on what will happen tomorrow. The next step, therefore, will be to develop future-oriented competitive methods that will take advantage of the forces that were identified on November 30, 2006. We are looking forward to taking that challenge with all of you!