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TOURISM IN THE BAHAMAS: A PERIOD OF CHANGE

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ABSTRACT

Bahamas' tourism industry is undergoing several serious changes. Although the numbers of international tourists are increasing, the level of real tourism expenditures is declining. The highly competitive U.S. travel market and Canadian and European travelers are declining in importance and cruiseship visitors are increasing. These changes underlie a minimal increase in total real tourism revenue and a fall in real expenditures per visitor.

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INTRODUCTION

The primary attractions of the Bahamas' tourism industry are the subtropical climate and white beaches that offer leisure activities such as swimming, scuba diving, fishing, and boating. The legal casino gambling is a secondary tourist attraction.(4) Young (8) regards the industry as multi-dimensional because it offers several kinds of sports, has historical monuments and sight-seeing, offers a number of different types of lodgings, and provides for a diversity of tourist interest. Young also classifies the Bahamas as having a significant amount of luxury tourims involving water sports, night-life on a large scale, and shopping for imports from many foreign countries.

Tourism in the Bahamas--the country's dominant industry--employs a majority of the workforce directly or indirectly and provide 70% of its gross national product and 60% of government revenues.(2) International capital investment and training personnel have accompanied the growth of the industry.

Nonetheless, tourism in the Bahamas has failed to create the level of development anticipated. The industry is associated with problems such as racism, generation of delinquency and criminal activities, and destruction of valued sociocultural systems.(5) The government has diversified economic development which strengthens other industries in addition to tourism, but this goal is necessarily long term. Regarding tourism, Ramsaran (6) states that the country "has the natural assets on which a viable industry can be built." However, Ramsaran concludes, "an approach operation on a comprehensive set of objectives formulated by Bahamians and conforming to national values which are deemed essential to the strength of the society and economy" is essential.

Bahamas tourism data show a number of changes have occurred in the industry. These changes affect the overall tourist industry and particularly the hotel industry. Cruiseship visitors have grown at a rate which over-shadows the growth in air tourist visitors. The expenditures of the air travelers are much larger than those of the cruiseship day visitors. Real tourism expenditures are declining. This study looks in detail at these data and some of the serious problems they imply. The number and expenditures of visitors to the Bahamas in 1978-85 are examined.

ANALYSIS

International visitors are affected by both the level of economic activity in their resident countries and the exchange rate as well as the cyclical patterns of tourist attractions faced by all international destinations. The numbers of international visitors to the Bahamas are given in Table 1 for 1978-85. Stopover visitors, defined as persons staying 24 hours or more, spend more than any other kind of visitors. The Bahama Islands have been the most popular destination in all of the Caribbean during the 1980's for foreign (non-resident) stopover visitors. Puerto Rico has a greater number of total stopover visitors but many of these are not international.(1) Stopover and day visitor numbers (excluding transits) are combined in the first column and are based on information given on Immigration Cards. Cruise visitor numbers are based on cruiseship manifestos. The cruise numbers have increased considerably in every year and comprised 43% of all visitors in 1985; the other totals increased in every year except 1980 and 1981 and even these latter trends are significant ($P < .025$).

The stopover visitors come mainly from the U.S., increasing from 76% of all visitors in 1978 to 88% in 1985. The strength of the U.S. dollar has hurt the Bahamas tourism industry because the Bahamian dollar is at par with the U.S. dollar. Visitors from countries other than the U.S. have declined through 1984. Canadians rank second, followed by visitors from Europe and Latin America.(5, Table 14) About half of the stopover

visitors stay in New Providence; most of the remainder stay in Grand Bahama. Most stay in hotels for most nights of the visit but the annual hotel occupancy rates were only 62.1% in 1984. (5, Table 136) Visitors from Europe stay the longest number of nights, followed by visitors from Canada, and then the U.S. and Latin America. The average length of stay for all visitors has been decreasing and was 6.1 nights in 1985. (2)

Visitor expenditures are more important to the economy of the Bahamas than are visitor numbers. The expenditures are given in Table 2 in both nominal dollars and real dollars for 1978-85. All expenditures in nominal dollars show significant upward trends ($P < .020$) after conversion to real dollars.

The expenditures per person are given in Table 3 in both nominal and real dollars. (7) The nominal figures for each category of visitors are obtained by dividing total expenditures in Table 2 by total number in Table 1. The per person expenditure for stopover and day visitors shows a significant upward trend ($P = .001$) for 1978-85 in nominal dollars. However, these numbers show a significant downward trend ($P = .004$) after conversion to real dollars. A real expenditure of \$270 per person in 1985 is an expenditure of only \$45 per night if that person spends the average of six nights. The per person expenditure of cruise passengers in nominal dollars averages only \$53 and show no significant downward trend ($P = .002$). The total expenditures per person in real dollars also show a significant downward trend ($P < .002$). The total expenditures per person in real dollars also show a significant downward trend ($P < .001$).

CONCLUDING OBSERVATIONS

Several industry changes must be addressed by the Ministry of Tourism. The stopover and day visitor numbers have increased by only 27% during these eight years while the cruise numbers increased by 152%. The total increase was 53%. Thus the Bahamas have become extremely attractive as a port-of-call for cruise ships while other kinds of tourists have increased only slightly by comparison. In 1985, cruise visitors comprised 43% of all visitors.

If the expenditures of cruise visitors were a major part of expenditures of all tourists, the increases in total numbers would indicate a healthy tourism economy for the Bahamas. However, cruise visitors apparently find little to spend money on in the Bahamas in spite of its free port status and legality of gambling. Cruise visitor expenditures in 1985 comprised only 7.2% of total expenditures. The availability of duty-free shops and gambling facilities on cruise ships has decreased the attractiveness of spending money in the Bahamas.

The decline in real expenditures by stopover and day visitors is not being offset by increasing lengths of stay or by increases in the number of this type of visitor. The economic worth of visitor is therefore declining in real value. The Ministry of Tourism is focusing on increasing tourist flows and identifying the best potential source of visitors. The Inter-American Development Bank (3) on October 30, 1986 announced a \$357,200 grant to the Bahamas to "finance tourism market

segmentation studies and to train Ministry of Tourism personnel in their execution."

The U.S. represents the largest, closest, and most viable market for new and repeat visitors to the Islands. Yet, as the International Tourism Reports (2) emphasize, the U.S. tourist market for the Bahamas has become highly competitive. The Islands compete with the rest of the Caribbean, Mexico, Hawaii, Florida, and Europe. With the decreased value of the U.S. dollar, visitors from Canada and Europe represent a stronger market. Also, Canadians and Europeans usually stay longer than U.S. States visitors because they are travelling longer distances.

International tourism follows fads and trends in consumer behavior. At this time, cruise vacations are extremely popular. It is entirely possible that in the near future, cruises will become less popular and the large number of Caribbean cruises presently in action will move to another part of the world. By that time the number of air travelers to the Bahamas will have to be increased by generating markets for new and repeat visitors from North America and Europe. Without this substantial marketing success, the tourism industry and the economy of the Islands will be facing an uncertain future.

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TABLE 1

NUMBER OF TOURISTS TO THE BAHAMAS (THOUSANDS)
1978-1985

Year	Stopover and Day Visitors	Cruise Visitors	Total
1978	1,177	450	1,627
1979	1,235	476	1,712
1980	1,295	577	1,872
1981	1,148	597	1,745
1982	1,222	720	1,942
1983	1,361	854	2,215
1984	1,411	908	2,318
1985 p	1,489	1,136	2,622

p = preliminary

Source: Table 12 of Bahamas Tourism Statistics, and International Tourism Reports, p. 45.

TABLE 2

EXPENDITURES OF TOURISTS TO THE BAHAMAS IN NOMINAL AND
 REAL* (1975=1000 U.S. MILLIONS OF DOLLARS
 1978-1985

Year	Stopover and Day Visitors		Cruise Visitors		Totals	
	Nominal	Real	Nominal	Real	Nominal	Real
1978	472	389	22	18	495	408
1979	537	398	25	18	562	416
1980	564	368	32	21	596	389
1981	608	360	31	18	639	378
1982	615	343	39	22	655	365
1983	721	390	49	27	770	416
1984	747	387	55	28	802	415
1985 p	802	401	62	31	864	432

*The U.S. Consumer Price Index figures used to convert expenditures into 1975 real dollars are 121.3, 134.9, 153.1, 169.0, 179.3, 185.1, 193.0, and 199.8 for 1978-85, respectively.

p = preliminary

Source: Table 143 of Bahamas Tourism Statistics, and International Tourism Reports, p. 49.

TABLE 3
 EXPENDITURES PER PERSON OF TOURISTS TO THE BAHAMAS
 IN NOMINAL AND REAL* (1975=100) U.S. DOLLARS
 1978-1985

Year	Stopover and Day Visitors		Cruise Visitors		Total	
	Nominal	Real	Nominal	Real	Nominal	Real
1978	401	331	50	41	304	251
1979	435	322	52	39	328	243
1980	435	284	55	36	318	208
1981	530	313	52	31	366	217
1982	503	281	54	30	337	188
1983	530	286	57	31	348	188
1984	530	274	50	26	346	179
1985 p	539	270	62	31	330	165

*See note to Table 2.

p = preliminary