

# *Tourism Maturity in Aruba*

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Centrale Bank van Aruba, November 7, 2018



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# Structure

Introduction

The concept of tourism life cycle

Identifying the stage

Z-score

The case of Aruba

Concluding remarks



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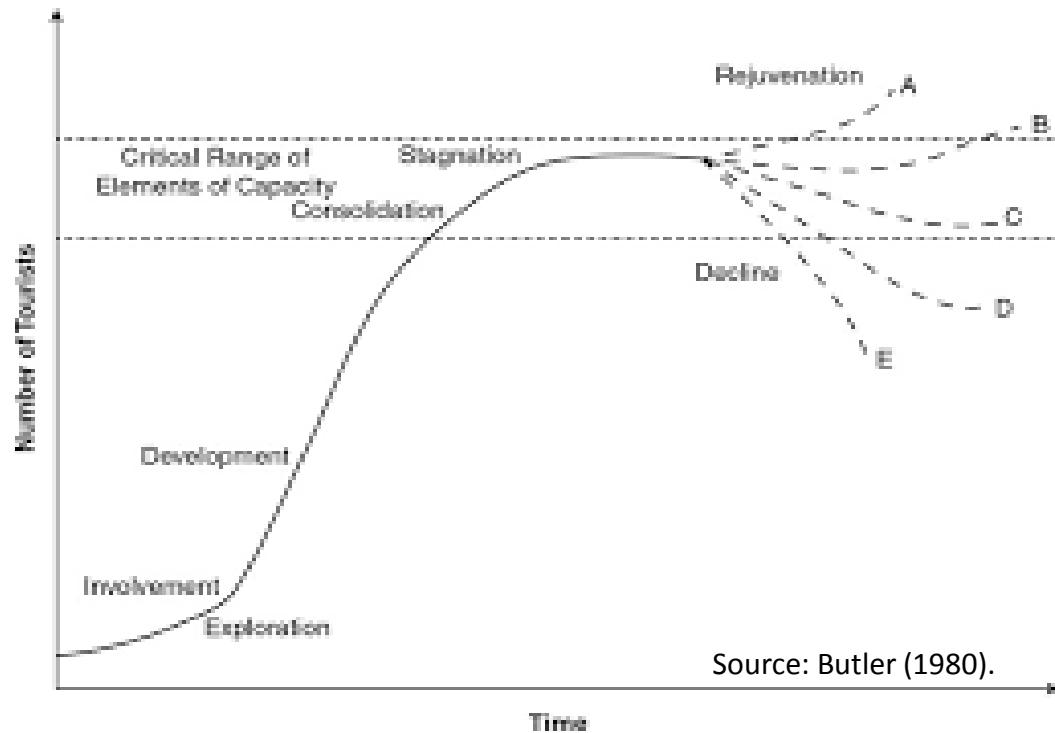
# *Introduction*

- Tourism sector has been the primary pillar of the Aruban economy for over 30 years.
- Large amount of investment in local infrastructure and tourist facilities.
- Significant development in number of rooms, visitors, and visitor spending.
- Question: in what stage of the tourism life cycle is tourism in Aruba?
- Attempt to answer by looking at among others, visitors, hotel rooms, and visitor spending.



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# The concept of tourism life cycle



Most widely used framework: tourism area life cycle (TALC) of Butler (1980). Based on the product cycle concept.



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# Identifying the stage...1

ECLAC (2008):

- Stay-over tourists and cruise passengers;
- Source markets;
- Hotel occupancy rates and average length of stay;
- Visitor expenditures per arrival;
- Room supply;
- The share of tourism in employment, exports and GDP.



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# Identifying the stage...2

De Albuquerque & McElroy (1992):

- Stayover and cruise visitors;
- Hotel rooms and occupancy rates;
- Visitor density;
- Visitor spending per capita;
- Average length of stay and percent of visitors in hotel;
- Number of hotels with 100+ rooms;
- Per capita promotional spending.



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# Z-score

Following Haywood method, estimate a Z-score for percentage changes in several indicators.

Z-score is equal to  $(x-\mu)/\sigma$

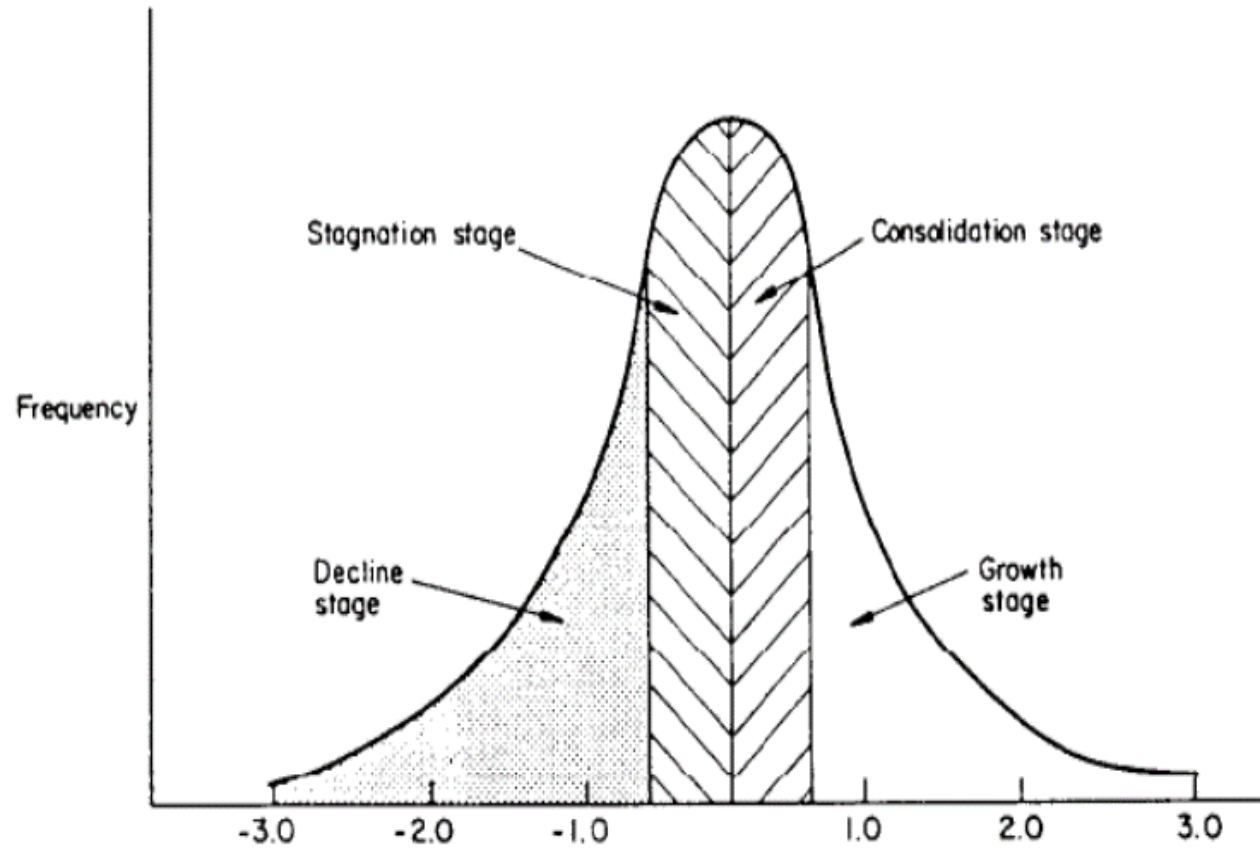
Z-scores are compared to the benchmarks  $-.5\sigma$  and  $0.5\sigma$  to determine stage of the tourism life cycle.



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# Z-score

Haywood (1986):

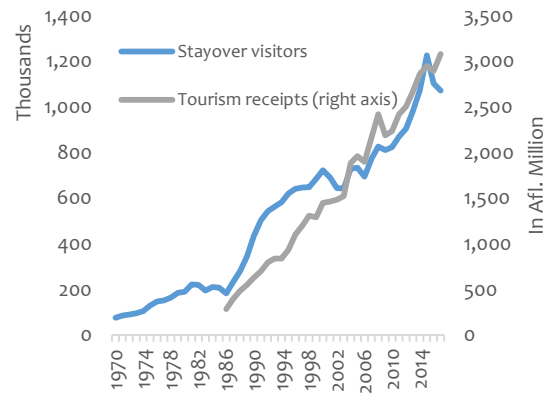


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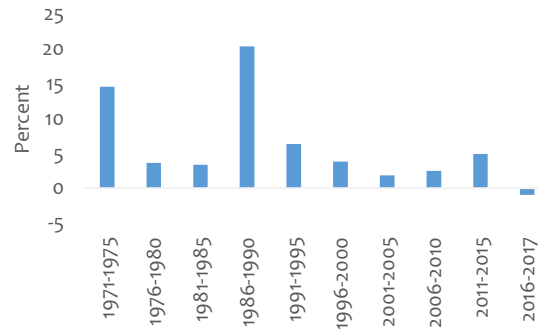


# The case of Aruba

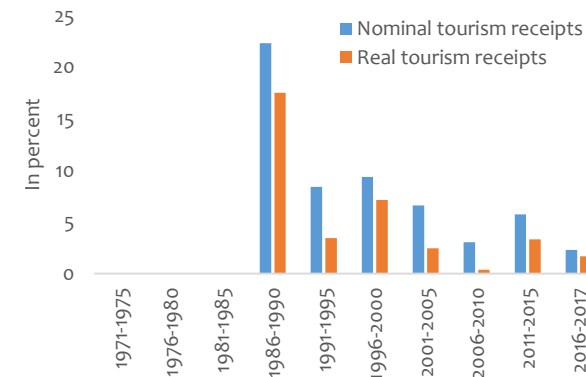
Stay-over visitors and tourism receipts



Total of visitor nights plus cruise passengers (% change)

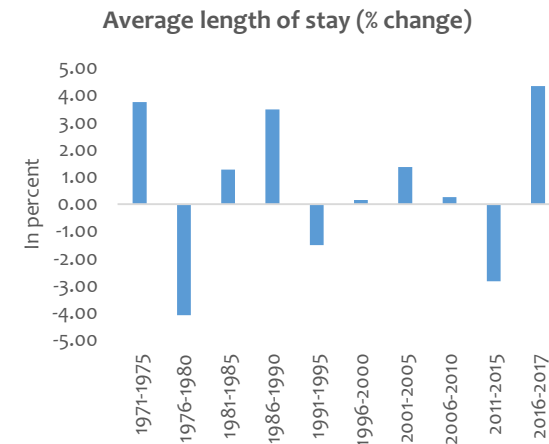
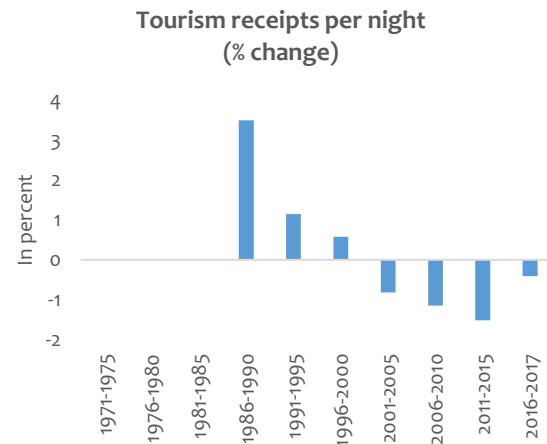


Tourism receipts (% change)



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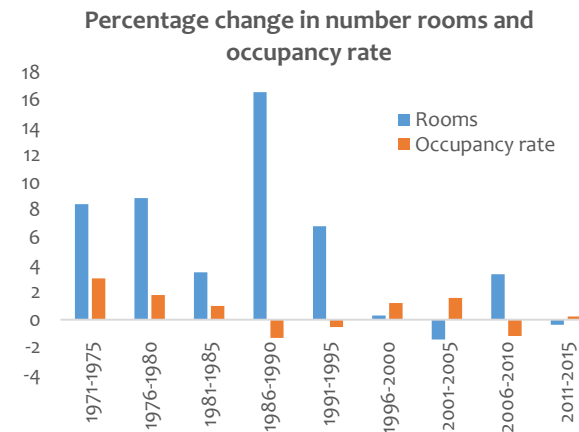
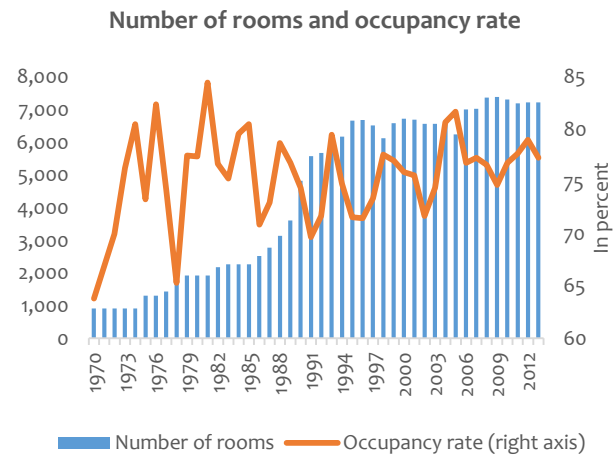


Overall, stayover, cruise, and tourism receipts could possibly indicate that the tourism life cycle reached the consolidation stage during the 90's and is currently in the stagnation stage.



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# The case of Aruba

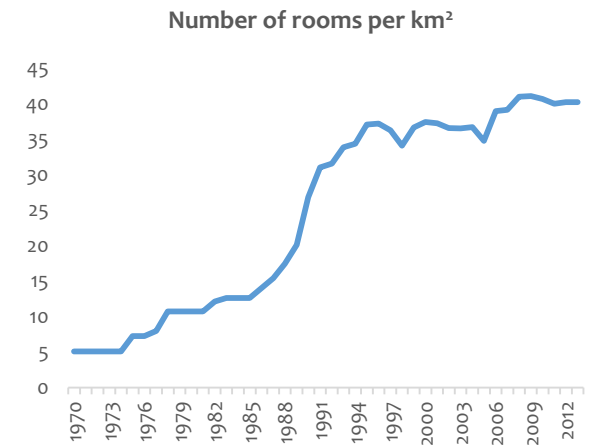
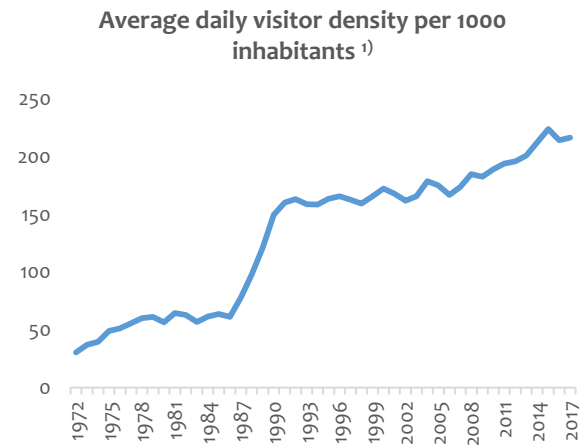
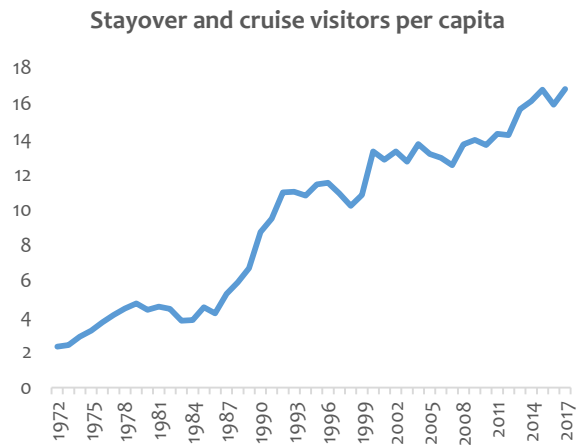


The number of rooms would seem to point to a tourism sector that has reached the consolidation phase and/or stagnation stage, it should be pointed out that it does not take into account alternative accommodations used by tourists.



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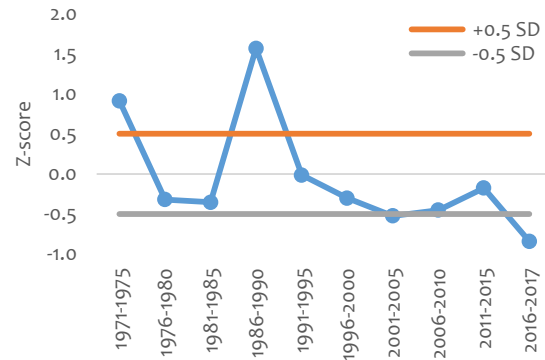
# The case of Aruba



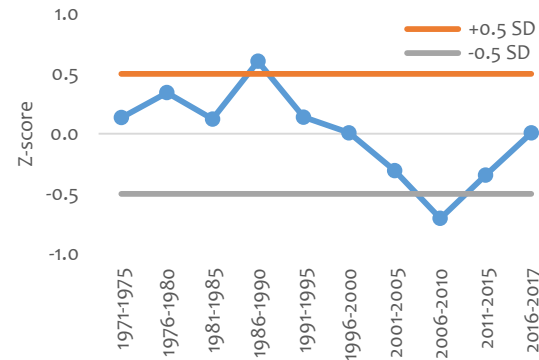
Indicators point to consolidation stage. However, continuous growth without signs of flattening out → possibly not yet stagnation stage. The increased density figures do suggest that Aruba is reaching its full capacity levels.

# The case of Aruba

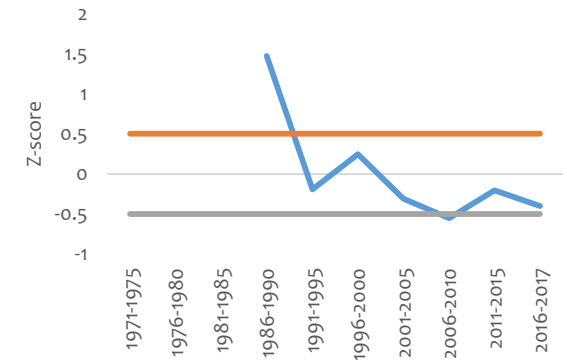
Average Z-score of the annual percentage change of stayover and cruise visitors



Average Z-score of the annual percentage change in visitor nights USA-market

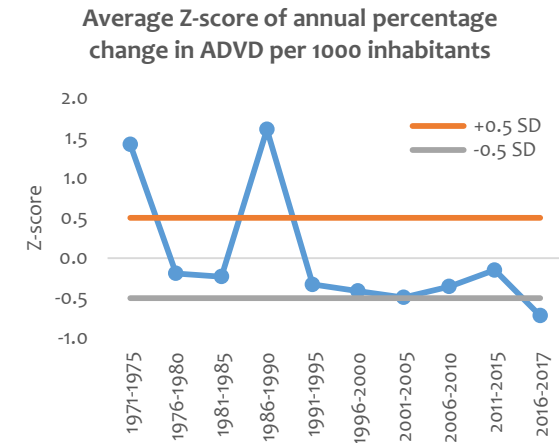
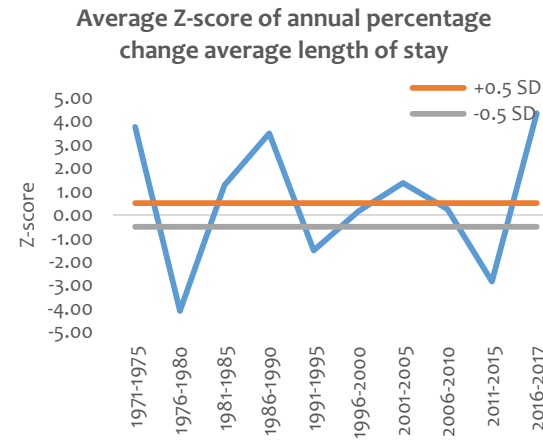
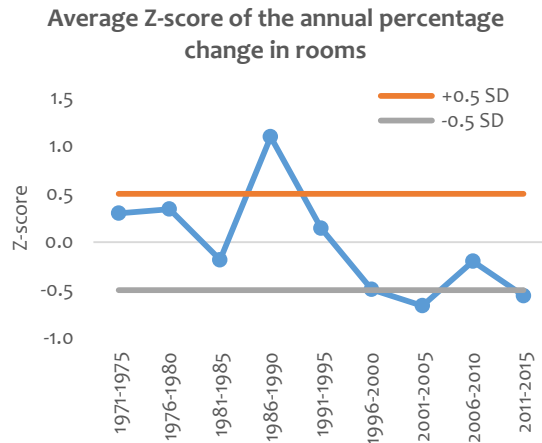


Average Z-score of annual percentage change in real tourism receipts <sup>1)</sup>



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# The case of Aruba



The majority of indicators tend to suggest that Aruba was in the growth phase in the late 80's, passed quickly the consolidation stage in the early 90's, and, thereafter, moved to a stagnation phase.



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# *The case of Aruba*

## Qualitative indicators:

- Large part of the economy tied to tourism;
- Wide reaching marketing and advertising efforts;
- Some opposition and discontent among residents with regard to new projects;
- Occupancy rates at about 90 percent;
- Heavy reliance on repeat visitation;
- Many imported attractions;
- Substantial increase in promotional expenditure per visitor.



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# *Concluding remarks*

- Density indicators point to consolidation;
- Majority of indicators suggest stagnation stage;
- The sector has not reached tipping point of decline;
- Increase in alternative accommodations could be initial sign of rejuvenation.



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*Thank you*



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