



# **All-Inclusive Resorts and local development:**



## **as Best Practice in the Caribbean**

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# **Results and first conclusions from case studies on All-Inclusive tourism in the Caribbean and Central America**



## ■ Example: Jamaica

### **Foreign currency income**

#### ➤ **from Tourism:**

**1980 : 240 Mio US\$**

**2001: 1.232 Mio US\$**

#### ➤ **From Bauxite/Aluminium:**

**1980: 735 Mio US\$**

**2001: 736 Mio US \$**

Source: World Bank /Bank of Jamaica

# Jobs generated by tourism

*(direct and indirect employment)*

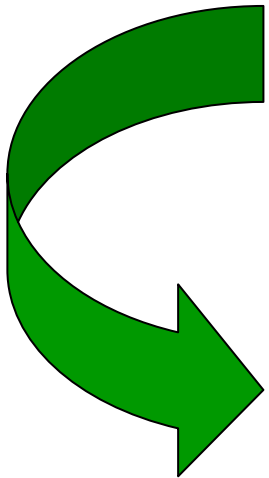
- **Caribbean** **22%**
- **Jamaica** **387 Tsd. (= 31%)**
- **Dominican Republic** **772 Tsd. (= 22%)**
- **Nicaragua** **118 Tsd. (= 6%)**

Source: WTTC



## Research question:

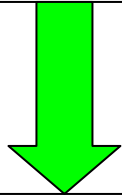
Are sustainability and  
mainstream/mass tourism  
incompatible contrasts ?



Does All-Inclusive tourism make a  
significant contribution to sustainable  
development in destination countries?



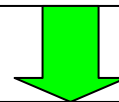
New Approach of development organisations  
to tourism:



Pick up the  
tourism industry  
where it stands



Tourism more sustainable  
instead of  
more sustainable Tourism

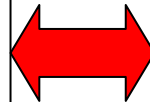


A 10% increase of social /environmental / cultural  
soundness of mass tourism is by far more impacting than  
the promotion of 100% sustainable, but niche tourism



## Why focus on All-Inclusive tourism?

All-Inclusive is the fastest growing segment of mainstream tourism



All-Inclusive is the most controversially discussed segment of mainstream tourism



## Researched Resorts

3 countries, 7 resorts with 2.550 rooms

- ✓ Dominican Republic: 4 resorts, 1800 rooms
- ✓ Jamaica: 2 resorts, 450 rooms
- ✓ Nicaragua 1 resort, 300 rooms

5 resorts of national owners  
2 resorts of international chains

All of them sell as 4-5 Stars Resorts,  
but with considerable differences in quality

Occupancy rates are over 80% (*normal hotels: 40-70 %*)





## Overview of the results

- **Jobs**
- **Income**
- **Working conditions**
- **Career options**
- **Purchase of of goods and services**



## ■ All-Inclusive Resorts create jobs

- Between 190 and 450 jobs created per Resort
- 3-4\*\*\*\* All-Inclusive resorts create 1 job/room  
(*normal 3-4\*\*\*\* hotels: 0,5-0,7 job/room*)
- **Sandals 5\*\*\*\*\* creates 1,5 – 2 jobs/room**  
(*normal 5\*\*\*\*\* hotels 1,0 job/room*)
- in all (except one<sup>1</sup>) resorts less than 10% seasonal jobs
- Each direct job creates approx. 2-4 indirect jobs (e.g. supplier of goods and services)

<sup>1</sup> one resort with 1/3 seasonal employees



## ■ Job losses through All-Inclusive ?

What happens when normal hotels change to All-Inclusive packages?

The only critical study we found on All-Inclusives stated that:

5 from 11 restaurants next to the hotels that introduced All-Inclusive had to close in Puerto Plata (Dom. Rep.)

- 50 jobs lost (estimated 10 employees per restaurant)

On the other side:

- 50 - 100 new jobs are created if a hotel with 300 rooms changes to become an All-Inclusive Resort
- increased food consumption under the All-Inclusive scheme means increased income and jobs in local agriculture



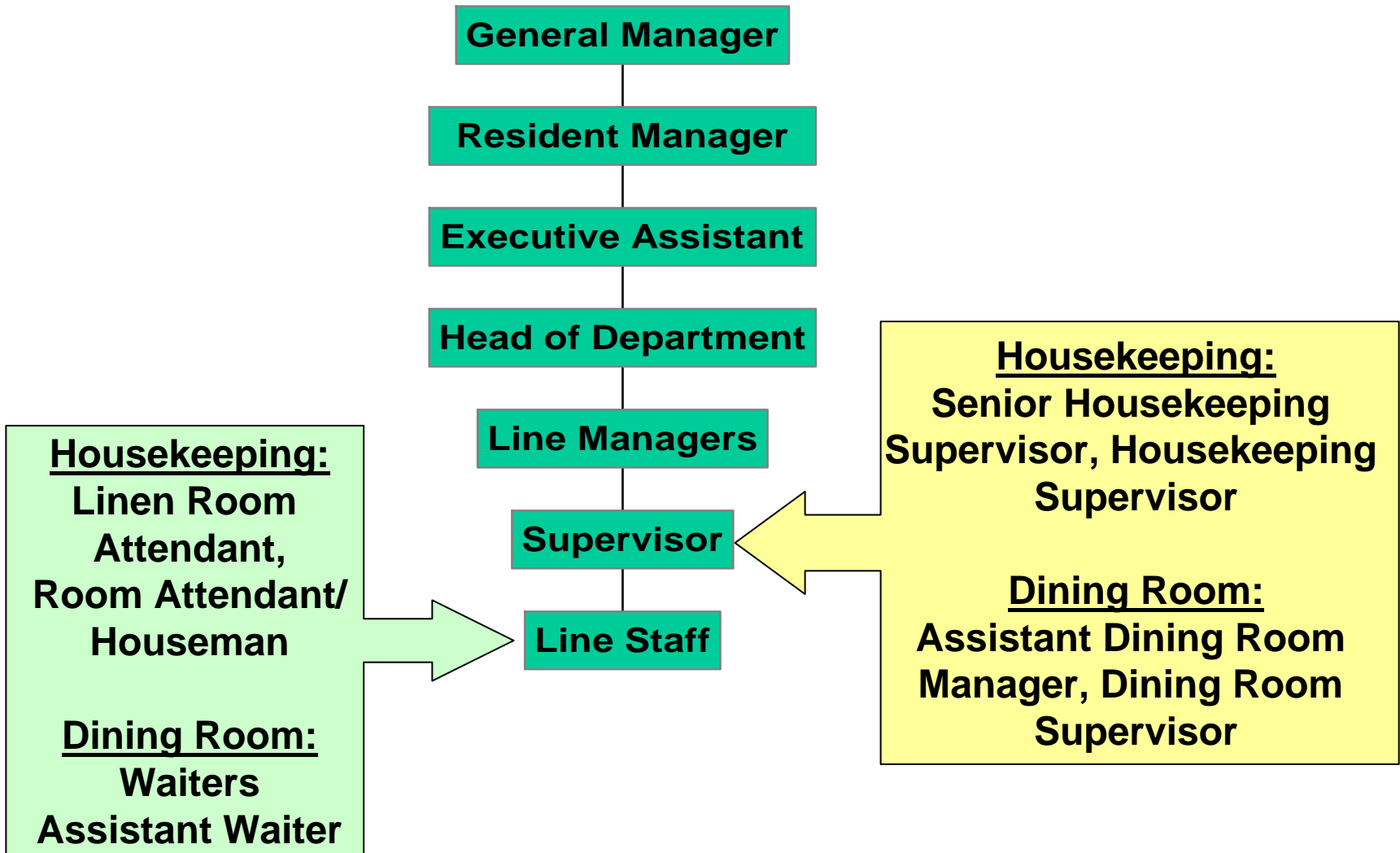
## Income I: Basic salaries

- minimum wage between 100-250 US\$/month (other researched resorts) and **450 US \$/month (Sandals)**

- net wages for different career levels accessible by employees who enter Sandals completely untrained range between 450 und 900 US\$/month



# Career options at Sandals Jamaica





## Income II: Add-ons to Sandals basic salaries

- training (120 hours/year is obligatory for line staff)
- training investment per line staff equivalent to 85 US\$/year

➤ Including the support for training centres and higher education for staff members, Sandals has spend an average of 5 Mio US\$/year or more than **600 US\$/employee/year** for training

➤ Free meals, transport and pension contribution                      200 US\$/month



## **Income III: Gross salary for Sandals staff**

Gross monthly wage (cash and in-kind contribution) for Sandals line staff ranges between 700 and 1,150 US \$

This wages exceed by far the subsistence level in Jamaica

A clear indicator is that all staff can save significant parts of their salary on their bank account (we interviewed 10% of total staff in the 2 Sandals and Beaches resorts, and their savings ranged between 10-33% of their monthly cash salary)



## ■ Total Payroll and Coffee Consumption

- Annual total salaries of the 7 researched resorts range from **320.000 and 3,2 Mio US\$** (the latter for Sandals)
- to bring in the same amount of money through coffee sales,
  - you'd have to sell between 440,000 and 4.4 Mio. Kilograms)\* of coffee, that is the average production of between 780 and 7,800 hectares coffee plantation

*)\* (7,2 US\$/kg average German end producer price for coffee (2001), from which about 10% or 0.72 cts. reach the coffee farmer)*





## Purchase of goods and services

**The researched resorts buy an average of 1,0 Mio up to more than 2 Mio US\$ per year on the local and national market**

- The only resorts in our sample that were actively supporting local farmer groups to produce for their needs is Sandals
- One Sandals resort buys watermelon and cantaloupe from St. Elizabeth farmers for 7,200 US\$/month
- 70 farmer families can receive an income of 100 US\$ per month (and live beyond the poverty line) just from these watermelon and cantaloupe supplies to Sandals



## **Sandals' community outreach**

- **More than 200 projects to support local communities in the Caribbean**
- Each resort has to adopt at least one school and to continuously support it, incl. construction work that needs to be done
- Tourism in Schools Programme
- Support to hospitals, infirmaries, AIDS hospices and children's homes



## Final question:

For how long do you need to drink coffee)\*,  
in order to transfer the same amount of money  
to the producer country through the price  
you pay for that coffee as through a  
**1 week All-Inclusive holiday at Sandals)\* ?**

**For more than 100 years.....)\*\***

)\* According to our research in Sandals resorts, 500 US \$ or 20% of the 1 week Sandals package price is the minimum that is distributed in Jamaica through staff salaries and purchases of goods and services

)\* based on the 2001 average German per capita consumption (6,6 kg/year), the average final consumer price of 7.2 US\$/kg and the fact that only 10% of the consumer price for coffee reaches the producers