

Promoting Rural Tourism in Central America

The promotion of rural tourism in Central America is seen as one of the key drivers to transforming portions of the economy most hindered by poverty due to a reliance on low paying jobs in the agricultural sector into an emerging middle class through higher paying jobs in the service sector. Tourism offers a number of opportunities as the job skills required can be easily taught and many do not require high levels of education. Anyone with a inclination to serve, a sense of pride in a job well done, and a friendly smile can find a role to play in the emerging rural tourism trade.

The countries of Central America are blessed with tremendous tourist potential. Of the three reasons people tend to travel – relaxation, adventure, or cultural exploration – the countries of CA can offer something to everyone. Each CA country has a coastline, and some, like Guatemala, have 2 coasts. The beaches are either gorgeous white sand or pristine black (colored by volcanic ash). Most countries have mountains to climb, rivers to rapid down, and rainforests to discover. Guatemala, for example, has some of the world's highest active volcanoes for the true adventure seeker. On the cultural side, Central America has ancient ruins (Mayan ruins in Honduras and Guatemala), and diverse indigenous peoples. Again using Guatemala as the example, there are more than 23 distinctive tribes – each with their own language and dress – residing around just one lake.

Clearly the potential for tourism is great. The attractions exist, the need exists, and the governments and NGOs are committed. So the question remains, what needs to be done in order to make it happen?

Tudog has given this matter a significant amount of thought and has developed what it believes to be a program for the development of a sustainable rural tourism model. The core aim of the Tudog model is to boost the quality of service for the entire rural tourism sector, ***enabling the marketing to make competitive promises in the US market, attracting capital to provide the resources for growth, raise competitiveness as a means of improving standards, and driving the shift from an agricultural based economy to a service based economy.***

These objectives have been identified as the primary needs because:

1. The promotion of tourism in the United States will not be effective and sufficiently persuasive (therefore not attracting considerable numbers of quality tourists) if the “offer” being made, the message being communicated and, most significantly, the experience delivered, is not superior to or competitive with those currently being sold to the tourist market by Mexico and the Caribbean States.
2. The development and sustainability of a sophisticated tourist infrastructure is dependent on the attraction of foreign capital. In addition to government incentives and government led infrastructure programs, there are things that the tourist related businesses can and should do to make themselves investment worthy.
3. The primary reason to attract tourism to the rural areas, aside from its natural beauty and high concentration of tourist credible sites, is to alleviate the poverty that is pervasive in many of the rural regions. By shifting the available work away from low paying agricultural jobs to higher paying service related jobs these

regions can experience a much needed economic surge and the misery related to poverty can be forever erased.

The model has a number of elements:

1. It is hotel centric, meaning that the hotel is the hub that serves as the quality driver for all its vertical and horizontal links - companies that service hotels and companies that benefit directly from tourism respectively. The links will be discussed in further depth shortly.
2. The model is training focused, providing mandatory training to all levels of the sector and working with NGOs and government to create the evaluation and maintenance of standards programs necessary to sustain high qualities of service.
3. The identification of constraints and the development of tactics to overcome them are central to the program. Constraints will be discussed in further depth shortly.
4. The use of sophisticated, yet simplistic learning tools will be applied, as will a system of learning accountability to be able to measure success and enforce learning conditions.
5. The Tudog model for marketing – Intelligence, Strategy, Tactics, Implementation, and Measurement & Adjustment - will be taught and executed for each level.
6. The Tudog model for capital recruitment – Audit, Repair, Prepare, Approach will be taught and executed for each level.

Let us review the program in greater depth:

The Hotel Centric Approach

Tudog has elected to focus on the hotel as the hub for its model because it believes that the quality of service delivered by the hotel can set the standard for the levels of service to be demanded of all other service providers. The hotel is viewed as the “home away from home” on a vacation and it is essential that, regardless of its grade or rating, it delivers on the expectations of the tourist. This includes levels of friendliness, amenities, cleanliness, helpfulness, safety, food service and more. Insofar as the hotel is dependent on other providers for some of these functions and feeds other businesses in order to fulfill others, the hotel is perfectly situated at the very center of the tourism experience.

The Tudog vision is that the hotel will serve as the training center, requiring all companies that serve it and are fed by it to reach and maintain certain standards of operations and quality that will be provided to them by the Tudog program of training, learning and accountability. By implementing this program, the resulting “cascading” effect will bring some measure of immediate and greater measure of eventual improvement in operations and quality – allowing the marketing of CA rural tourism to the U.S. market to make competitive promises (that can be delivered) and drawing the attention of (primarily) U.S. based sources of capital.

Horizontal & Vertical Links

While there are certainly more links that will become apparent as the program unfolds, Tudog has, for now, identified the following links:

Vertical Links – those companies serving the hotels and profiting from the services they provide:

- Suppliers of Materials including furniture, electronics, linens, and replenishables. The manufacturers and distributors of these goods, as well as their employees, serve to benefit as increased demand for hotel space leads to increased sales for their companies.
- Service Providers including sanitation, guest services and others. The agencies providing these services will experience an increase in revenues as the volume of tourism increases.
- Food Service Providers and Suppliers including farmers who grow the food and distributors who deliver the food. The quality of the food, its freshness, and the sanitary conditions under which it is grown and shipped will have a great deal of influence on the level of guest satisfaction, leaving positive results across the chain when high standards are met – resulting in an increase in demand and profitability.

Horizontal Links – those companies that are fed business by the hotels and the presence of tourists:

- Restaurants will greatly benefit from an increase in the number tourists and have to secure the appropriate standards of quality, service, diversity of menu, and other important elements necessary to capitalize on the influx of people. The increase in business will also improve real estate conditions and the revenues of companies that supply and provide services to restaurants. Also jobs in the sector will increase and income of employees will rise (higher wages and more tips).
- Souvenir & Tourist Shops need to have the correct products, proper pricing policies, attentive service, and clean, orderly merchandising in order to take full advantage of increases in tourism. The additional parties benefiting here include manufacturers of artifacts and souvenirs and store employees.
- Travel Agencies need to create packages and engage distributors in order to promote tourism and deliver an excellent experience. This includes on-the-ground services. The increase tourism will drive higher revenues for tour operators, guides, company employees, and the network of facilities each agency uses.
- Transportation Agencies such as taxis, buses and even internal air carriers need to have set pricing policies, safety and cleanliness standards, and trained drivers with sensitivity to speed limits and cautious travel. The greater demand for these services will drive fees higher and add demand to services such as sanitation, gasoline, repair and vehicle import.
- Tourist Attractions need proper signage, high safety standards, qualified, multi-lingual guides, easy access, and other conditions that make it attractive to tourists. The benefits will be felt by employees, on-site retail vendors and on-site food vendors.

A key element is the tremendous boost to the tax base that will be generated by the increase in tourism, providing these rural areas with much needed funds to improve education, healthcare, housing, and infrastructure. By doing this, the improvements in the conditions in the rural areas correspond with the increases in the earning capabilities

of its residents, thereby creating a coordinated and measurable improvement in quality of life that can be maintained and grown still further.

Identifying & Overcoming Constraints

The understanding of constraints and market barriers are critical if we are to effectively create the mechanisms and programs necessary to overcome them. Tudog has divided the constraints into internal and external. They are:

Internal Constraints - imposed by the companies

- Informality of operations
- Bad operational habits
- Lack of best practices
- Shortage of capital
- Lack of technology
- Poor management
- Poor communications
- Poor recognition of opportunities
- Low levels of education – possible illiteracy

External Constraints - imposed by general and specific market conditions

- Informal economy
- Isolated geographic location
- Poor infrastructure
- Limited channels
- Lack of qualified suppliers
- Low inclination to strategic partnerships
- Competition (international and local)

The Tudog learning tools (discussed below) are designed to serve as remedies for all the internal constraints, while the resulting improved performance is a powerful response to many of the external constraints. These external constraints are resolved through the improved internal operations of the hotels and their links, as their increased efficiencies and operational standards serve to encourage the development of more qualified suppliers, better channels, and strategic partnerships. Some constraints, like the informality of the economy and poor infrastructure will be corrected as business improves as companies see the benefits of coming out of the informal economy, allowing the local government councils to collect taxes and initiate new infrastructure programs.

Improving Competitiveness

A great deal of attention has been given to the need to increase the level of competitiveness of Central American companies not only in the tourism sector, but also in most other sectors. The issue of competitiveness is one of quality, price, marketing, negotiation skills, and delivering on promises made. For these things to happen the companies need to have the proper operating processes and the right products. Within the scope of this article – which is focusing solely on rural tourism – the product is the entire tourism experience (hotels, restaurants, internal travel, attractions). The quality of this product must first be upgraded by addressing the constraints to excellence. Once

this has been achieved, the marketing apparatus can take over – communicating the message of relaxation, adventure and culture at great prices (and close by) to vacationers in the United States. The ability to compete against the Mexican and Caribbean vacation destinations now claiming the overwhelming majority of U.S. travelers will come when the marketers are able to make promises that the hotels and their links are able to deliver. Therefore, in Tudog's view, the key to competitiveness begins with the improvement of operations and the establishment of the capacity to deliver on the demands being made by the market. Once those demands can be met, the communication of such capacities can be delivered to the market and the secondary issues of price and convenience (marketing issues) can be focused on.

A Word on Perception

Some authorities in Central America believe that one of the key constraints to tourism is the perception of the region by U.S. travelers as unsafe and prone to disease. While it is true that some people may have these views, the majority of Americans have no opinion at all, and it is therefore a function of good marketing to create and imbed the desired perceptions in the minds of the targeted markets. While it is true that the issues of disease (primarily stomach ailments) and security need to be acknowledged and addressed, they are not, in any measure insurmountable. The best example of this is Mexico, which while challenged by the same negative perceptions, managed to overcome them by providing evidence of operations at the highest of international standards. There is no reason why Central America cannot duplicate the successes of Mexico in this area.

The Learning Tools

The knowledge and operational processes necessary to instigate change and sustain higher levels of performance are transferred to the companies being trained via a series of sophisticated and highly effective knowledge transfer and learning tools. The tools serve to transmit information in practical ways that are integrated into the operations of the company, while also reinforcing compliance by immediately demonstrating value and results. The 6 essential learning tools include:

1. Cost Administration Program (CAP) – Includes monitoring and controlling of costs and the allocation of resources to maintain operational standards. Enables companies to understand the financial aspects of their business, manage the costs of operations, employees, supplies, etc., negotiate better deals, set their pricing, pay their taxes, and secure profitability. This is a financial management tool.
2. Concept Development Platforms (CDP) – Includes market data, channels, communications, entrepreneurship, management, operations & logistics, social factors, pricing, administration, facilitators, and partnership development. Enables the development of operational and marketing concepts and the planning, feasibility evaluation, and execution of viable ideas. This is a product/service and market development tool.
3. Market Development Program (MDP) – Includes market intelligence and analysis, tactical development, strategic implementation, monitoring and adjustment. Enables the identification of key advantages (distinctive competences) and creating, evaluating and implementing a marketing program

- around the core benefits, including marketing program options, communications, channel deployment, and measurement. This is a marketing enhancement tool.
4. Partnership Development Program (PDP) – Includes recognizing strategic partnership opportunities, negotiation skills, agreement conclusion processes, and implementation and monitoring mechanisms. Enables the development of strategic partnerships for the purposes of efficiency, improved competitiveness, influx of capital and other strategic objectives. This is a market growth tool.
 5. Operations Sustainability Platform (OSP) – Includes standardizing and embedding best practices and operations for prolonged profitability. Enables the creation and embedding of processes (according to operational needs) that establish a stable and consistent customer experience, regulate and control costs, and ensure marketing promises are met. This is a sustainability tool.
 6. Capital Recruitment Planning Program (CRPP) – Includes the process of preparing for funding, identifying potential sources of funding, and gaining access to targeted sources. Enables companies to structure their businesses so as to meet the investment or lending criteria of capital sources, including financial, operational, and marketing documents. This is a sustainability and growth tool.

Evaluation & Accountability

The transformation of the rural tourism sector will require the challenging of some deeply embedded and counter-productive behaviors and habits. The motivation for taking on these challenges is the complete makeover of the rural landscape – creating a wealth producing service sector economy that will eradicate poverty. The system for taking on these challenges is one of inclusion, training, confidence development, demonstration of value, and finally, accountability.

The Tudog Accountability Model provides for the evaluation of efficacy and the assignment of tasks so that all progress can be measured and tracked. The model includes 4 phases:

1. Definition of Objectives and Assignment of Tasks – goals cannot be met unless they are (a) clearly defined, (b) well constructed, (c) enabled through an obtainment process, (d) assigned to an implementing supervisor.
2. Development of Implementation Timeline – tasks should be broken up into rapidly achievable pieces so that (a) people can feel and see the progress, (b) motivation, commitment and compliance remain high, and (c) the little victories can be celebrated.
3. Assignment of Accountability – as each timeline comes to its conclusion the implementing supervisor (responsible party) must demonstrate its conclusion or account for its delay. This imposes discipline and makes certain that the overall progress of the program is not unreasonably delayed by excessive failure to comply. While initially rates of poor compliance are anticipated (and progress expectations are designed to absorb it), the level of compliance should increase dramatically within a relatively short period of time.
4. Efficacy Evaluation – once the task has been completed its efficacy is measured and its continuance determined. It is essential to maintain only those paths that ensure the greatest levels of success.

This process is ongoing. Once one set of objectives is completed, a new set of objectives are introduced.

The Tudog Marketing Model

The Tudog Marketing Model has been reviewed previously in Tudog's monthly newsletter, but insofar as it formulates the foundation of the marketing program to be implemented for the rural tourism sector, its 5 core elements are reviewed herein:

1. Intelligence – a marketing program is based on the information being fed to the company from the market. The market provides critical insights into its quality demands, product preferences, price tolerance, preferred channels of information, and much more. The first step in developing a marketing plan is going into the market and listening to what it is saying.
2. Strategy – based on the information provided from the market intelligence effort, a strong strategy can be constructed that includes targeted market, market position, competitive position, pricing, core benefits statement, market communication channels, and more.
3. Tactics – the tactics are the mechanisms used to implement the strategy. Tactics include advertising, web based communications, public relations, direct mail, special offers, partnership channels, and others.
4. Implementation – upon determining the tactics to be deployed, the plan is ready for implementation. All implementation should be executed in accordance with the Tudog Accountability Model.
5. Measurement & Adjustment – not all tactics will work, and some will work better than others. The faster a company can determine which tactics are working and which are not it can save the time and money wasted by not operating a marketing plan at its most efficient level. Therefore, constant measurement of tactics is deployed in order to test efficacy and determine the usefulness of any specific tactic. The marketing plan is then adjusted in accordance with the results of the measurements.

The Tudog Capital Recruitment Model

The Tudog Capital Recruitment Model is the focus of a separate article in this month's Tudog newsletter, however, for the purposes of providing this article with all the elements embedded in the Tudog CA Rural Tourism Program, a brief overview is provided.

Tudog views capital recruitment as a process that requires a significant amount of planning and positioning. Capital sources have criteria for the investments (or loans) made and it is important that, prior to seeking investment, a company meet all (or as many as possible) of the anticipated criteria. The Tudog model for achieving this objective is called ARPA. It is comprised of the following 4 components:

1. Audit – an extensive internal review of the company seeking funding and a listing of improvements needed in order to secure financing.
2. Repair – a process that enables the company to make the repairs and corrections necessary, as determined by the audit.
3. Prepare – the capital recruitment process requires that a company be prepared to present itself in a manner that can excite and impress funding sources. This includes the preparation of documents and presentations that effectively tell the company's story.

4. Approach – knowing which funding sources to approach and how to approach them is critical. There are funding sources that will look favorably on some deals that others might have no interest in. Also, how a funding source is approached is also very important and should be done in a strategic way.

The transformation of rural Central America into a tourism haven is more than just a vision, it is inevitable. The timeframe within which this happens – and the consequential benefits gained – is only a matter of how well the partnership of governments, NGOs and private sector leaders needed to get it done demonstrate their commitment.