

**A SANDALIZED PERSPECTIVE ON
THE IMPACT OF TOURISM ON ECONOMIC GROWTH**

**Adam Stewart Address
Trinidad & Tobago Chamber of Commerce “Champions of Business”
Gala
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PROTOCOL (as of 11/18)

Senator the Honourable Stuart Young, Minister in the Office of the Prime Minister.... Members of the Board of Directors of the T&T Chamber.... Past Presidents of the T&T Chamber and other honorary members.... Mr. Robert Trestrail – President, T&T Chamber.... Mr. Gabriel Faria, Chief Executive Officer, T&T Chamber.... distinguished inductees, finalists and winnerskind corporate investors and company representatives.... members of the national business community.... specially invited guests.... members of the media, *ladies and gentlemen...*

As you may have noticed, I am not Butch Stewart. I’m his more compact alter ego. The Stewart blessed with good looks and smarts... You might say *Ivanka to his Donald.*

Thank you for allowing me to step in at the last minute for my father - who sends his sincere regrets for not being able to be here with you this evening... He's recovering from some minor surgery and on doctor's orders has been grounded... This would typically generate sympathy for him but as those closest to my father will tell you, it *is we who have earned your sympathy*, as his inability to keep his traditional and ridiculous schedule has made him a tad cranky... So yes, when I say thank you for allowing me to join you this evening, I mean it most sincerely.

It's great to be back in Trinidad and Tobago and to be among a group that share a kindred respect and appreciation for business... In my experience, the champions of business are the champions of life... They are involved in their communities, understand how each of our contributions are connected, value relationships and are keenly aware that to live well, to live fully is to risk.

And so before I begin my talk, I ask that everyone join me in raising a glass to this evening's winners and to everyone here that has put a toe in the water, brought a new idea or product to market, that has risked... May the rewards of your brave efforts bring you joy and riches beyond your imagination – my sincere congratulations!

This summer, I was invited by the Caribbean Tourism Organization to be the keynote speaker at the annual State of the Industry Conference which took place in Barbados... My topic was to consider the future of travel in the Caribbean region... I explained that my position on the future of travel was influenced by the thinking of business guru Knut Haanaes, based on research from Stanford University professor Jim March that considers the relationship between exploration and exploitation.

According to March, exploration is the relentless pursuit of new possibilities... Explorers are always on the lookout for the next big idea. They are our heroes, our innovators... Exploration is the stuff of dreams and is naturally exciting because explorers always go first.

Exploitation, on the other hand, is about taking what exists and trying to make it better... Basically, it's business as usual, sticking with what has worked; similarly as Trinidad and Tobago has – relying upon the certainty of the oil industry.

Of course, we've all read too many stories about how these old certainties are becoming less certain.

Like I am sure many of you, I have been shocked to read about the impact plummeting oil prices have had on the sector's contribution to Trinidad and Tobago's GDP, a 50% reduction - and if that were not startling enough, with production down and only the most highly skilled workers necessary, it seems as there will be people, good people – looking for work.

Now, oil is not where my business expertise lies, but I do believe Prime Minister Rowley may be onto something because everything I do know something about – hospitality, is telling me that Trinidad and Tobago is a gold mine just waiting to be discovered... As you consider new paths to economic growth, I believe now is the time for Trinidad and Tobago to make way for tourism, *Sandals Style*.

Now I say *Sandals Style*, not out of hubris, although as I have said before and I will say now, Sandals is the luxury all-inclusive resort leader... Where we compete, we compete with ourselves... No, when I say Sandals Style – I mean, as a Caribbean-based company, understanding this region, knowing the critical role of tourism as an economic engine across all sectors and the responsibility we accept for the success of any endeavor we pursue.

In fact, very much like Trinidad and Tobago – Sandals Resorts began when my old man sought a reliable and consistent way to earn foreign exchange for Appliance Traders Limited, his original business... When Jamaica's dance with socialism caused extreme migration and the collapse of the economy, ATL needed foreign currency... Tourism became the solution and with no experience, big Butch went into the hotel business.

Of course, we're Jamaican – *which means we can successfully hold more than one job at a time*, but the truth is, tourism was the catalyst for one of the Caribbean's greatest economic success stories... And it will be your story too.

Like all of you, we enter business strategically, thoughtfully...

Opportunity is why we expand... We are not here on the winds of whim – no, when it comes to Trinidad and Tobago, we see an excellent opportunity for Sandals *and for you, the people of Trinidad and Tobago*.

We can do great things together... Across the region and around the world, we have been hailed by the titans of industry as a powerful destination partner.

First, Sandals Resorts has developed a brand recognition that is unprecedented in the Caribbean and unmatched by any other all-inclusive resort company operating anywhere in the world... When destinations partner with our powerful brands – Sandals Resorts and Beaches Resorts, they receive instant and worldwide recognition because the destination plays a significant role in our communication strategy... We're like an information superhighway.

Legendary Grenadian hotelier and longtime family friend, Sir Royston Hopkin, owner of Spice Island Beach Resort made this point perfectly clear when he personally addressed members of the Trinidad and Tobago hospitality community last month... Sir Hopkin pointed out that Sandals was a powerful destination marketer. “Not everybody that sees a Sandals ad is a Sandals client but they see an ad for Grenada,” he said... As a result, in the first year that Sandals LaSource in Grenada opened, Sir Hopkin's business grew TT\$20 million year over year.

There is a Sandals effect.

We believe, firmly, that the destination is part of the experience we sell and so Jamaica, Antigua, Grenada, Bahamas, St. Lucia, Turks and Caicos and nearby Barbados have all become inextricably linked to our selling proposition.

This strategy has become more and more critical because the American traveler, our key customer, is evolving... They have more options and have become more sophisticated travel consumers, who across age and wage, yearn for authenticity of experience... Research confirms this. According to a recent Expedia survey, 76% of Baby Boomers rate experiencing authentic local culture as “the most important” aspect of their decision making.

And let me be frank, contrary to the myth – Sandals Resorts does not wall our guests off from the destination... We celebrate the destination... Our group of Caribbean resorts – which host nearly a million customers annually, took over 400,000 guests outside of our resorts on local tours and excursions last year... That’s a significant portion of our guests leaving the hotel to experience a local activity... In fact, we monitor and maintain daily sales conversions to ensure that linkages – what others might call the trickle-down effect, the impact of

our guests on the surrounding community, are being felt in relevant and real ways.

We encourage guests to take tours to discover our destinations - to sample the food, see the art, hear the music, buy our craft – *meet the people*. This is woven into who we are... We are the Caribbean and we are proud to be one of the best examples of CARICOM at work.

More than that, while demand for the region is strong, we believe we do ourselves a distinct disservice if we fall into the trap of making the Caribbean a commodity – selling sun, sea and sand to the exclusion of what makes each of our islands unique, authentic – their own... Right here is where Carnival, steel pan, limbo and calypso were born and any visitor that doesn't know what or where a lime is – cannot claim to have been to Trinidad and Tobago.

Carnival will be celebrated every week at our hotel and we'll be exposing an audience of vacationers hungry for something new what toppings make shark and bake sing and that when Trinis say "Doubles" – they're not talking tennis!

Our staff members come from the communities where we operate and so we're emphatic about embracing the community and working with them, so our guests come to know and appreciate what makes our varied Caribbean stories vibrant and compelling, and so our team members can experience pride of place.

Now, *God may well be a Trini*, but without destination demand – no amount of holy intervention will encourage lift... To be a successful tourist destination, Trinidad and Tobago must demonstrate to the airlines that it can support scheduled airline service... You've got to fill the planes. It is not anecdotal to say, where Sandals plants its flag – the airlines follow.

We credit our ability to court air with our success in the market.

Sandals Resorts is a marketing machine... The brand has a strong and consistent presence across all traditional media platforms including print, digital and television, which by the way, continues to be our most effective medium... To put our efforts in perspective, consider that *in the places where your market resides* –the United States, Canada and Europe, a Sandals Resorts ad appears on television *every thirty seconds*.

This paid media strategy is complemented by a significant earned public relations and promotions effort... And here again, we kill it, reaching nearly 6 billion people with our messaging in media outlets worldwide. From wrapped cars that become moving billboards to partnerships with beloved brands that range from Sesame Street to Xbox that put Sandals and Beaches in excellent company while also expanding our reach, it's hard to miss our brands.

And the destinations where we operate.

Think about this... Destination partner Jamaica was highly featured in a collaboration orchestrated by Sandals with ABC's The Bachelor, consistently one of the highest rated television series in the United States... In a single episode, Sandals garnered 18 minutes of national US television time valued at nearly US\$6.5 million.

Sandals' strong brand awareness, customer loyalty and innovation have made it the brand leader... Occupancies and daily room rates consistently outperform peers... This drives demand and has lengthened our booking window – which means airlines can plan and be confident that the inventory they commit to the destination will be sold.

And, by the way, those planes – *they deliver guests to other hotels too.* Depending on the destination, where new air service has been brought to the market, 40 to 50% of the traffic was Sandals bound, the remaining seats have supported the local economy in other, important ways from increasing occupancy at other hotels to allowing faster, more efficient transportation for locals.. We're proud of that.. **We believe a rising tide lifts all the boats.**

Of course, it's not just about hospitality and tourism and it shouldn't be.

No, our impact is felt across the economic spectrum... From engineering and supply chain management to design and the Caribbean's largest marine management organization – we are training, employing and preparing a workforce.

Sandals Style is all about being the ultimate corporate citizen. In fact, we think our most important role as good stewards of the Caribbean is to develop talent.

As Trinidad and Tobago begins to fully explore its tourism potential, no aspect will be more critical than readying its workforce to meet and

exceed visitor expectations... We do this better than any other hospitality company operating in the Caribbean today... And believe it or not, it all begins with a smile... Smile with me Trinidad.

Throughout our organization, we hire for the attitude and train the skill, giving new team members an opportunity regardless of where they are on their development growth pathway... And then, we send them to school - to Sandals Corporate University – of which we are so proud, the centerpiece of our training and corporate culture development initiative.

The philosophy of SCU is simple: through learning, change happens for the individual, for the company and ultimately, for the countries in which we operate.

SCU partners with quality local, regional and international trainers, vocational Institutions, colleges and universities to offer employees the chance to advance their education and hospitality skill level while they are on the job... SCU encourages life-long learning, becoming a tool that not only helps Sandals develop excellent team members, but that helps team members realize their own personal goals – from high school equivalency through to advanced degrees... And we award thousands

of dollars in scholarship money each year to help team members make their educational dreams come true.

Sandals is all about making more people, more competitive, *whether they ultimately choose to stay with us or not.*

And we never work in a silo... Sandals Resorts become part and parcel of the place where we operate... Our success trickles down and up and sideways and all ways... Whenever and as much as we can, we buy local. In Jamaica, for example, a country like your own with a strong agricultural sector – Sandals Resorts purchased US \$1.5 million in melons, lettuce, pineapples and potatoes last year alone... We provide local farmers with consistent demand, creating a robust market for their produce that simply would not exist without full hotel rooms.

Consider, the impact of what our guests consume in one year at a single resort of 750 rooms, about the size we're proposing here in Trinidad and Tobago, nearly:

- 350,000 bottles of water
- 215,000 bottles of beer
- 925,000 eggs

- 74,521 kilos of tomato, that's over 164,000 pounds for those who prefer to count their produce that way!

We partner local too... Across the Caribbean for the fiscal year which ended in May, we spent nearly ten million US dollars with local companies to transfer our guests between airport and hotel... We spent over US\$7 million to bring local entertainment to our resorts and delivered over sixteen million US dollars to local tours and attractions region wide.

Beyond the guest experience, we hire local businesses to manage our waste, build and renovate our properties, make our uniforms, print our menus and so much more.

Altogether, the economic foot print of a resort the size we propose for Tobago, when you take into account payroll, taxes, local services and more, would be in the region of US\$80 million annually. In the construction phase alone we anticipate to employ between 2500 to 3000 persons. Beyond that there will be some 1800 sustainable jobs for persons employed by the resort itself.

This is what a successful tourism program looks like – a rich and robust collaboration between the public and private sectors, between tourism and the industries that support its success – from agriculture to manufacturing... In Jamaica, where I have the honor of chairing the Tourism ‘Linkages’ Council, I see first-hand how effective these alliances can be. In fact, because they foster trust and mutual respect and create real, meaningful local opportunity for local business, I believe it’s precisely these “linkages” that make lasting and successful tourism development possible... In the simplest of terms, we’re playing one massive game of Connect the Dots – finding the gaps between suppliers and buyers.

Finally, when Sandals becomes part of your community, we take responsibility... We give back. In fact, corporate social responsibility is an expectation of employment at Sandals Resorts. After all, we’re Caribbean too.

Trinidad and Tobago is on the brink of a great opportunity, a breakthrough in its quest to become a vibrant and relevant member of the Caribbean tourism community... I applaud Prime Minister Rowley’s efforts to realize Trinidad and Tobago’s potential and appreciate his

thoughtful approach in considering the sizeable investment this will require. After all, so much is on the line.

Our chairman taught me that success in business is about building relationships and like everything worthwhile in this life, this means taking risk... As business people, you all know that without risk there can be no reward. This is what makes winning sweet and why it's important to rely upon the expertise of trusted advisors when facing your biggest decisions... For my dad, Fred Kassner, the founder of Liberty Travel in the United States was a transformative figure, who helped him learn the travel business... And here in Trinidad and Tobago, Ken Gordon generously shared his media know-how when my family stepped into that business and then there is the great, the inspirational Arthur Lok Jack and his tremendous family.

An entrepreneur's entrepreneur, Arthur Lok Jack is a Trinidadian who knows that betting on a Jamaican is a smart decision... Beaches Boscobel, Sandals LaSource and Sandals Barbados – were all made possible because of him.

Stories of Uncle Arthur loomed large while I was growing up. He was a successful *Caribbean* business person building success here in the Caribbean... That was tremendously important to my father and I never forgot it.

I believe we have an obligation and an opportunity to contribute to the success of our region, to demonstrate to our children that what is good and worthwhile can be had here at home and that every person has a role to play.

Creating a refreshed tourism industry will not be easy; building a business never is... Every person in this room knows that even with an approved loan and a bit of good luck, business requires grit. It means facing challenges and doing your best with honesty and integrity... It means taking risk.

And so here we are, at the precipice of a moment, your moment... Trinidad and Tobago is seeking to grow its economy through diversification and I believe tourism – *Sandals Style*, with its emphasis on investment in people and place, unrivaled brand awareness and commitment to excellence, is the path that will lead you to success.

Once again, to this evening's winners, I extend my heartiest congratulations; and to all the dreamers in this room who imagined a better way forward and who continue to pursue it with all that you have, I salute you... Keep on being brave... Take smart, calculated risks... Build relationships that can offer you expertise as well as support and have fun.

The future is yours. Take it.

Thank you.

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