



NON-DUES REVENUE RAISING INITIATIVES OF NATIONAL HOTEL AND TOURISM ASSOCIATIONS

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WHAT NHA'S ARE DOING TO RAISE NON-DUES REVENUE

INTRODUCTION

The Caribbean hotel industry is operating in a challenging and dynamic external environment of increasing competition and regulatory requirements and rising internal expectations for the industry to replace export agriculture and manufacturing as a source of revenues to sustain and improve national economic development.

Given the structure of the industry, the burden of response to these external challenges and internal demands is increasingly being borne by the hotel segment. As a result, an effective institutional response structure requires strong and vibrant national hotel associations (NHAs) positioned to monitor internal and external industry dynamics, challenges and opportunities, undertake research and provide advice and technical support to their membership. However, against this background of a clearly perceived need for expansion in the secretariat responsibilities and functions performed by NHAs on behalf of their members is the reality that most NHAs have been forced to reduce the range of services delivered to members because of financial constraints.



In the short term, most NHAs have sought to maintain viability and boost revenues by expanding membership categories to include hotel allied services. However, over the medium to long-term, even this initiative has been insufficient to guarantee the long-term financial viability of most associations, which have been forced to look for ways to increase non-dues revenues.



PURPOSE OF TOOLKIT

The purpose of this toolkit is to stimulate thinking about potential sources of revenue by providing, in summary form, initiatives undertaken by NHAs to raise revenues from sources other than membership dues. As a companion to Toolkit No 1 – **Writing Funding Proposals**, this toolkit is one of a series of activities intended to assist NHAs in addressing the financial sustainability of their operations.

It is recommended that this toolkit be a continuous work-in-progress to be updated annually through the input of its members and used by CSHAE to guide discussions on a subject that will become of increasing importance to NHAs. Over time therefore, iterations of this document will allow for the sharing of information on how initiatives were implemented, constraints encountered and lessons learned.



OBSERVATIONS

Research in preparing this toolkit suggests that those NHAs that have the best prospects for long term viability are those that have a portion of their revenues linked to one or all of the following:

- (a) the national hotel tax;
- (b) operation of a commercial enterprise;
- (c) ownership of a revenue generating asset such a tenanted building.

NHAs also need to consider the following in terms of their revenue potential:

- (a) intellectual property, including royalties, use of logo;
- (b) rights to distribute third party materials in properties of members. This will require the support of hoteliers;
- (c) international and regional public and private funding agencies. Separate Toolkit produced to assist in this area; and
- (d) Most NHAs have not yet sought to tap the potential of the Internet as a revenue source.



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REVENUE RAISING INITIATIVES	COUNTRY	DETAILS
Access to Portion of Hotel Room Tax – Collaboration With Government	Anguilla	Receives funding from Government for some programs and basic operating costs. Also shares office space provided by Government
	Aruba	Portion of room tax paid into the AHATA
	Bahamas	6% hotel tax collected is managed by the hotel association. The 6% goes directly into the private sector's Promotion Board efforts. The association controls how those funds are expended in marketing the destination as a whole as well as geographic specific areas of The Bahamas. Also, some funds are leveraged with the Ministry of Tourism, which has it's own marketing and public relations budget, received from Government's 'general fund'
Advertising in Publications	Anguilla	Receives revenue from advertising in the official publication
	Bahamas	Receives revenue from advertising sales in the Buyers and Suppliers Guide publication. This is also linked to BHA website
	Barbados	Association offers advertising space in its AGM booklet which is produced in high colour gloss
	Barbados	Produces a book ' Visit Barbados ' which is an advertising tool for the association's membership. The book is used at major trade shows throughout the year
	Bermuda	Receives revenue from advertising sales in Experience Bermuda publication
	Grenada	The Association has been a partner in producing The Visitor Magazine over the last 4 years, and has been receiving some revenue from it. Unfortunately the magazine was not published last year, and the year before discounts had to be given because of the magazines late arrival. This year, the association has taken over management of the publication and expects to increase the revenue earned from it
	St. Maarten	Received commission from advertising sales in Experience St. Maarten/St. Martin
	Turks and Caicos	Derives revenue from a destination guide which is produced by the association.
	Trinidad	Receives revenue from advertising sales in the production of discount coupons booklet for restaurant members
Auctions	Anguilla	Conducts auction of rooms
	St. Maarten	Conducts an auction of packages with hotel rooms, shopping, dining, or activity certificate with the offer being bartered for promotion on the SHTA consumer website.
Events – Major	Antigua	Hotel association owns Antigua Sailing Week, logos, royalties etc. associated with the event

REVENUE RAISING INITIATIVES	COUNTRY	DETAILS
Events – Special Fundraising	Barbados	Presidents Awards Dinner (see Joint Collaboration With Industry Partners/ Corporate Sponsorship)
	Barbados	Hosts an annual golf tournament
	Grenada	Marketing Weekend is designed to have all members contribute to the Marketing Funds on the last weekend of every quarter. Hotels are expected to contribute the proceeds of one room night, restaurants, the proceeds of one meal and car rentals and tour operators, US \$1 for every visitor handled on that weekend. The Association provides members with a pro forma invoice a few days before the weekend. Money collected is used for advertising, web site maintenance
	Guyana	Novelty pet show, exhibition of pet supplies and fair" and annual dinner and dance
	St. Lucia	Jazz Celebrity Party, Pageant, Presidents Ball and Culinary Event
Exclusivity - Sale of Rights	Bermuda	Only one brand of bottle water allowed in hotels. Distributor pays for exclusivity privilege in the form of a payment to the association of \$.50 for every case sold
Internet and Telecoms Generated Revenue	Bermuda	Association's website includes booking engine Long distance telephone program contributes \$.20 per call from participating members
	St. Maarten	Operates an on-line booking engine from which it gets a percentage of commissions
	TCI	Revenue sharing of proceeds from booking engine
Joint Collaboration With Industry Partners/ Corporate Sponsorship	Barbados	Receives sponsorship for all of the awards given at the Presidents dinner and a sponsor for the prize winners participation at the dinner
	Bahamas	Leverages available resources by through collaboration with industry partners in implementing activities and funding initiatives
	Guyana	Negotiated a corporate sponsorship programme at three levels - platinum, gold and silver to support employee awards programme
Operation of a Commercial Enterprise	St. Vincent	Operates a restaurant which is a major source of revenue
Operation of Non-Profit Foundation or Fund	Aruba	Aruba Hospitality & Security Foundation collects funds through fees paid
Operation of a Tourism Fund to Assist With Product Development and Marketing	Anguilla	Dollar-A-Day Tourism Marketing Fund provides for a voluntary contribution of US\$1.00 per day, collected from guests and registered businesses goes to support marketing
	Barbados	The Tourism Fund is a voluntary payment by guests per night. Rate ranges from US\$0.50 to US\$2.00. The \$ charge is added automatically to hotel bills. Guests can refuse to pay but only

REVENUE RAISING INITIATIVES	COUNTRY	DETAILS
		<p>5% do so. Hotels have a certificate that is highly visible showing they are a legitimate part of the programme. Hotels collect the funds and send instalments directly to an independent organization called the Tourism Development Corporation, who bank the monies separate to the Association bank account. Experience has shown that if the payment is not put directly on the bill, there is lower compliance. Operation of the system requires continuous training of front desk staff in order to ensure sustainability. The fund to date has raised BDD \$1.8M which is being used for both product development and marketing. Some of the product development projects include: a signage project, improving the signage for directional, historical and attractions. A garbage project, this includes the purchase of some 300 garbage bins that will be placed at bus stops, outside schools and at the various attritions around the island. The collection of the garbage from these bins will be carried out by a special vehicle and team. Also any road kill of animals will also be collected by this van. The BHTA logo is placed on the side of the van. Garbage bags for inside vehicles have also been provided with the BHTA logo on the bags. A beautification project of an area with heavy tourist usage. etc.</p> <p>NOTE: There is also an entity called the Tourism Development Corporation that was set up to collect monies from corporate Barbados, especially those not so directly connected with tourism e.g., Barbados Light and Power, Cable and Wireless, some of our car importers etc. They would pay a percentage of their profits on an annual basis. The other interested parties can also contribute to the fund by a minimum membership fee. These funds work also with the BHTA initiatives.</p>
	Grenada	<p>The association has a Visitor Contribution Programme through which guests are invited to contribute US \$1 to the GHTA Marketing and Promotional Fund. Hoteliers are encouraged to post letters from the Association in their guest rooms or in their lobbies inviting a contribution of US \$1 per night. It is a voluntary programme The contribution is incorporated on the visitor's bill. However it can be removed if they refuse to pay. Hotels are expected transfer contributions to the Association on a monthly basis</p>

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	St. Maarten	A charge of a "Dollar-A-Day" added to hotel account. This is a voluntary contribution to SHTA's " Dollar-A-Day" fund which is used for marketing, product development (educational, social and environmental programs) and research
	St. Martin	A charge of a "Dollar-A-Day" added to hotel account. This is a voluntary contribution to SHTA's " Dollar-A-Day" fund which is used to help improve the tourism product and to support a children's project
Rental Income	Barbados	The association is a landlord for property which it owns.
Rights to Distribute Brochures/Materials to Members	Anguilla	The association receives payment in return for allowing companies the right to distribute magazine in member properties
Royalties	Barbados	Royalties received from the publication "Ins and Outs"
	USVI	Royalties received from the publication of Room and Pocket Guides
	Guyana	Receives royalties from magazine
Training	Barbados	Organizes seminars and training courses for which it takes a commission

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