



Horwath HTL

Hotel, Tourism and Leisure

MARKET REPORT

**The 2019 Caribbean
Resort Product:
*Staying ahead of today's
customer preferences***

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The 2019 Caribbean Resort Product

Staying Ahead of Today's Customer Preferences

With its lush landscapes and endless shores, the Caribbean captures our imagination and evokes feelings of paradise lost, places of transformation and desire. Throughout history this sea of islands has attracted adventurers, poets, and hedonists; and, with four out of the top five beaches in the world according to Tripadvisor's 2018 Travelers' Choice Awards, it's no wonder the region has developed a thriving tourism industry.

In 2018, the Caribbean received close to 30 million visitors, and it continues to offer opportunities for hospitality investment. The region is showing a healthy development pipeline with several resorts scheduled to open over the next few years.

While the opportunities and pace of development vary amongst islands, the region also faces increasing competition from warm-weather destinations in Latin America, Southeast Asia, and North Africa. Many factors contribute to the competitiveness of the Caribbean tourism industry, including the relevancy of the product offerings. While traditional beach holidays still have the broadest appeal, consumers today are insisting upon more meaningful experiences.

That isn't to say that our love for the sea, sun, and sand will go away, especially during the hard winter months (for those on the US east coast). But, shifts in the socio-economic environment have influenced consumer values and purchasing habits.

So, how are consumer trends influencing the development of new resort product?

Value-driven purchases: The All-Inclusive Product

The last downturn changed the economic landscape, but it may have also altered the behavior of consumers who have learned to live without expensive products or see the value in them. In the hospitality industry, the search for value-related offers fuels the growth of the all-inclusive sector.

All-inclusive resorts usually require a minimum of 300 keys and pass on savings to the customer through effectively scaling operations, and a model of vertical integration with tour operators.

Last year, Apple Leisure Group, owner of AMResorts purchased The Mark Travel Corporation to "deliver exceptional value to travelers." Also, as the all-inclusive model is gaining approval in the luxury segment, it is earning interest from traditional American brands.



Source: Pelican Nest Villas, TCI

Hilton and Playa Hotels and Resort recently signed a strategic alliance which combines global brand power with operational know-how to grow this product class.

Community and Connectivity: Holidays to Bring People Together

Our increased reliance on the internet has proven to be isolating, and the need for social connecting is supporting group travel activities. In the Caribbean, group travel is often motivated by celebration events (wedding, anniversaries, women retreat, etc.). Also, for the first time, a large proportion of seniors enjoy better financial stability than do their children and want to share experiences that enrich the entire family.

The Caribbean is well positioned to accommodate multi-generational vacations as beach activities can satisfy all parties with little additional costs. While resorts are capitalizing on this trend, vacation rentals are an increasingly popular choice for small leisure group travel. They are not only perceived to offer better value than hotels for groups but also provide private spaces for gathering; one of the most sought-after amenities by this segment.

Experiential Travel: It's Not Just Guest Room Amenities

The trend in experiential travel is well underway, and destinations and brands that have not incorporated experiences to their product offer will quickly be perceived as dated. Within the resort environment, we see the “experience factor” included in the product offering with activities such as cooking demonstrations, artists in residence programs, yoga classes and excursions.

Resorts are also incorporating the experience in the design of properties, which supports the growing popularity of boutique and lifestyle hotels in the region. More than providing “instagrammable moments,” the design experience is intended to set a tone and influence the mood and activities of customers as well as immerse them in a unique environment. To note a few new additions, Kimpton Hotels opened in Grand Cayman in 2016 and is planning a property in Grenada in 2019; Kempinski and Marriott’s Autograph collection are both scheduled to open in Dominica shortly.

Also, with a constant need to innovate and create new spaces, resorts with entertainment as part of their DNA are gaining popularity. Brands such as Ushuaia by Palladium, Margaritaville and Hard Rock Hotels are all seeking to increase their presence throughout the region.



Source: Anse Chastanet, St. Lucia

Search for Truth and Authenticity: A “Sense of Place”

Empowered by the internet to research anything dubious, travelers, especially millennials, seek experiences that translate honesty and authenticity. As a place where “globalization” began and the conversation of universal human rights was ignited, the Caribbean offers a convoluted narrative and ideal setting that supports our search for truth.

Independent boutique properties that immerse guests in island histories will continue to define the Caribbean product -- provided their assets are kept relevant. Leading resorts in this segment include: Anse Chastanet in St Lucia, which uses creole madras fabric in its design and offers an on-site chocolate factory experience; GoldenEye in Jamaica which as the place where Ian Fleming wrote 007 James Bond cultivates our sense of adventure; and the Dunmore Beach Hotel on Harbour Island in The Bahamas, which through its New England style architecture recalls the days of gracious colonial living.

This trend has also spurred demand for vacation rentals that are perceived (partly due to Airbnb's marketing campaign) to deliver even more authentic experiences. In Jamaica, for example, Airbnb has seen rapid growth in the last couple of years, and some of the most popular listings

are reported in uptown areas in Kingston and several inner-city communities including Trench Town, former home of Bob Marley.

The reggae icon introduced Jamaican music to the world through lyrics that address the fundamentals of human identity. “We know where we’re going, we know where we’re from” on the record Exodus, continues to be relevant today.

Wellness and Holistic Health: Leading to “Immersive” Retreat Centers

The Caribbean offers a natural setting for rest and relaxation, and wellness tourism to the region is led by visitors who combine wellness with beach holidays.

The Islands are home to many resorts with acclaimed spas including The Sense, the spa at Jumby Bay in Antigua, which was recently re-opened under the Oetker collection and Amanara in Turks and Caicos. While Body Holiday in St. Lucia is the only wellness destination resort, developers are starting to consider immersive wellness properties and retreat centers.

For this type of product, however, the challenge is in how to package the product considering the cost of labor and the on-island skillset.



As the concept of “health” transitions to the philosophy of “wellness,” demand for alternative medicine solutions and practices are increasing, and spas are implementing treatments rooted in customs and the natural environment of the region.

While less commercialized than in eastern cultures, natural remedies based on herbs, plants, and foods that have proven to have healing powers are a significant part of Caribbean heritage. Coffee scrubs, massages with coconut oil or digestive ginger tea are quite commonly offered in today’s leading resorts, but your next visit to the islands may also include a turmeric facial, soursop tea (also known as graviola or guanabana in Latin America) to cure cancer, or a bath in sacred waterfall the cleanse your spirits.

In the area of Caribbean healing traditions and plant-based medicine, there is still much to be explored, but whether this trend will support new resort product in the region is yet to be seen.

As in any industry, only consumers trends that can be translated into returns on investment are likely to endure.

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Agnès Pierre-Louis is Senior Consultant in the Miami office of global hospitality advisory firm Horwath HTL. With extensive experience in international hotel operations, real estate and hospitality strategy, she focuses on market studies and predevelopment consulting for hotels, residential real estate and master planned communities in the United States, Latin America, and the Caribbean.

Reputed for strong analytical skills and a thorough understanding of the industry, Agnès develops successful strategies that maximize value for all project stakeholders. Recent assignments include programming of a luxury resort development in Mexico, brand selection for an all-inclusive property in Jamaica, concept refinement and feasibility of a lifestyle resort in Costa Rica's rainforest and assessing growth strategy for a wellness resort brand in the United States.

Agnès holds a bachelor's degree in Hotel and Tourism Management from Ecole Hôtelière de Lausanne, a Certificate in Hotel Real Estate Investment and Asset Management from Cornell University, and an MBA from Kellogg School of Management. She is fluent in English, French, Spanish and Creole.

Horwath HTL

Horwath HTL, Miami serves the sunbelt region of the United States, Central America, Mexico and the Caribbean Basin, assisting hotel investors and developers from around the globe with strategic planning and advisory. Specialty areas include eco-friendly hotels, health and wellness practices for hotels, spas and resorts, sustainability and connection with community, trophy resorts properties and destination hotels among others. Horwath HTL Miami has consulted for leading branded management companies such as Canyon Ranch, Six Senses, Montage, Solage and Bulgari.

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Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global Brand with 45 offices, who have successfully carried out over 20,000 assignments for private and public clients. We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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