E-tourism at a glance….. Sri-Lanka

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Chapter 1: Background

Introduction

The Democratic Socialist Republic of Sri Lanka was called Ceylon until 1972. In ancient sources it is referred to as Lanka, Taprobane and also as Serendib. As a tourism destination it indeed has everything to ensure 'serendipity': for making happy and unexpected discoveries. Despite its size of only 65,525 square kilometers the island offers a wide variety of landscapes and great natural beauty: from picturesque beaches to impressive mountains, from rainforests to red desert-like plains, from spectacular botanical gardens to unique wildlife. The profusion of heritage and cultural attractions, including seven UNESCO World Heritage sites, means the tagline "Small Island, Big Trip" used in promotional campaigns hardly promises too much.[1]

Main attractions

Climate
Sri Lanka has a good climate for holidaymakers throughout the year. The south west monsoon brings rain to the western, southern and central regions from May to July. The north eastern monsoon occurs in the north and east in December and January.

The driest and best seasons are from December to March for the west coast, the south coast and the Hill Country; from April to September for the ancient cities region and the east coast. The Low Lands have a tropical climate with an average temperature of 27C. The Central Hills are cooler, with temperatures dropping to 14C.

Sri Lanka's climate means that one can always find the 'right' beach season somewhere on the coast. However, December through March are the months when most foreign tourists visit, escaping the European winter. The Christmas-New Year period is an especially popular period.

Beaches
Sri Lanka offers tourists great beaches and opportunities for swimming, surfing, snorkelling, scuba–diving or just relaxing. Among the most famous are Aluthgama, Bentota, Induruwa, Arugam Bay, Hikkaduwa, Kalkudah Bay, Midigama, Mirissa, Tangalla, Unawatuna, Uppuveli and Nilaveli.

World Heritage Sites
Sri Lanka has seven UNESCO World Heritage Sites, places of outstanding value and important tourist attractions.

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[1] http://www.smallislandbigtrip.com, website of the Tourism Cluster (retrieved 7 October 2006).

The six cultural World Heritage Sites of Sri Lanka are:

- The Ancient City of Polonnaruwa (added in 1982). In 993 Polonnaruwa became the second capital of Sri Lanka after the destruction of Anuradhapura. It includes both the Brahmanic monuments built by the Cholas, and the ruins of the garden-city Parakramabahu I created in the 12th century.
- The Ancient City of Sigiriya (added in 1982). This capital was built by King Kassapa I (477–95). The ruins lie on the 370 m high 'Lion's Rock', which dominates the jungle.
- The Golden Temple of Dambulla (added in 1991) has been a sacred pilgrimage site for 22 centuries. The cave monastery comprises of five sanctuaries with impressive Buddhist mural paintings and 157 statues and is the largest and best-preserved cave-temple complex in Sri Lanka.
- The Old Town of Galle and its Fortifications (added in 1988). Galle was founded by the Portugese in the 16th century. UNESCO describes the site as "the best example of a fortified city built by Europeans in South and South-East Asia, showing the interaction between European architectural styles and South Asian traditions."[2]
- The Sacred City of Anuradhapura (added in 1982), established around a cutting from the 'tree of enlightenment'. This cutting of the Buddha's fig tree was brought there in the 3rd century B.C. by Sanghamitta, the founder of an order of Buddhist nuns. Anuradhapura flourished for 1,300 years as a religious center and the Ceylonese capital.
- The Sacred City of Kandy (added in 1988). Here one finds the Temple of the Tooth Relic (the sacred tooth of the Buddha), a famous Buddhist pilgrimage site. Kandy was the last capital of the Sinhala kings and the center of the Dinahala culture for more than 2,500 years, until the British occupation in 1815.

A natural World Heritage Site, the Sinharaja Forest Reserve, was added to the list in 1988. It is located in south-west Sri Lanka. Sinharaja is Sri Lanka's "last viable area of primary tropical rainforest" with endemic and rare flora and fauna.[3]

In 2006 three properties of great natural and cultural importance were submitted for tentative listing, namely Peak Wilderness Sanctuary, Horton Plains National Park and Knuckles Range.[4] They are all situated in the central highlands of Sri Lanka. Horton Plains National Park and Knuckles Range are part of the Central Massif. There, Adam's Peak reaches 2243 meters, Kirigalpotha and Totupolakanda in the rim of Horton Plains reach 2389 and 2357 meters respectively.

Other major national parks and reserves are, for example, Yala National Park, Gal Oya National Park, Uda Walawe National Park, Wilpattu National Park and Minneriya National Park.

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[2] http://whc.unesco.org/en/list/451 (retrieved 28 September 2006).

[3] http://whc.unesco.org/en/list/405 (retrieved 28 September 2006).

[4] http://whc.unesco.org/en/tentativelists/1728 (retrieved 28 September 2006).

Colombo

Colombo is Sri Lanka's biggest city and major port and the economic and cultural center. The legislative and judicial capital of Sri Lanka is Sri Jayawardenepura Kotte, a suburb of Colombo. It is located about 8 kilometers southeast of Colombo. It offers tourists shopping opportunities, an abundance of places to enjoy Sri Lanka's exciting cuisine, and several cultural and historical attractions. Tourists enjoy strolling through the colourful markets of Pettah, along Galle Face Green stretching along the Indian Ocean, through the Fort district. They visit the National Museum or the Dutch Period Museum and the many places of Buddhist, Hindu, Muslim and Christian worship.

Festivals

Among Sri Lanka's many Buddhist, Hindu, Muslim and Christian festivals some of the most famous are:

- The spectacular Kandy Esala Perahera that runs for 10 days in the city of Kandy in July/August in honour of the Sacred Tooth Relic.
- Navam Perahera, celebrated in February in Colombo with one of Sri Lanka's biggest 'peraheras' .
- The Hindu Kataragama festival in July/August.
- Vesak Poya held in Colombo each May and celebrating the enlightenment and death of Buddha with offerings, puppet shows, open-air theatre performances and the lighting of countless paper lanterns and oil lamps.

No list of attractions and festivals can possibly do justice to the richness and diversity of that which Sri Lanka offers the tourist, the island is gifted with an abundance of natural and cultural resources.

Modern Tourism: 40 Years of Ups and Many Downs

Modern tourism in Sri Lanka expanded rapidly after 1966 when the government established the Ceylon Tourist Board, now called the Sri Lanka Tourism Board (SLTB). The board was charged with promotional and organisational responsibilities. Services for tourists were mostly offered by the private sector. The Ceylon Tourist Board developed facilities in areas where private ones were considered inadequate.

Between 1976 and 1982, the number of tourist arrivals in the 'Pearl of the Indian Ocean' increased at an annual rate of almost 24 percent.[5] More than half of the tourists in this period were from Western Europe. They were especially attracted by the beach resorts of the South and Southwest. Most of them had booked package tours offered by the large tour operators in their own country. In this period Sri Lankan companies from outside tourism entered the vibrant tourism sector. Confidence was high in the period 1980-1982 and a few hotels dared to ask rates of up to USD 80.[6]

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[5] http://countrystudies.us/sri-lanka/55.htm
 (retrieved 9 October 2006).

[6] Interview Mr Prema Cooray (14 September 2006).

The number of tourist arrivals reached a peak of 407,230 but then declined to 337,342 arrivals in 1983. This was the result of the intensifying ethnic tension between Sinhalese and Tamils and the violent clashes between the Sinhalese–dominated government and Tamil separatists, the Liberation Tigers of Tamil Eelam (LTTE), demanding an independent Tamil state in north eastern Sri Lanka.

In 1986 total tourist arrivals were 230,106, down 43 percent from 1982. To ease the plight of the industry, the government provided various concessions to hotels, such as the rescheduling of loans and the reduction of the turnover tax from 10 percent to 5 percent. The Ceylon Tourist Board intensified its promotional efforts in an attempt to restore the island's image in world tourist markets. Tourist arrivals in the first six months of 1987, however, showed a decline of 23 percent compared with the same period the previous year. When by the late 1988 the country was terrorised by Sinhalese militants under the banner of Janatha Vimukthi Peramuna (JVP, Peoples Liberation Army) the economy further deteriorated.[7]

Relative peace at the beginning of the 1990s stimulated the tourism sector and Prema Cooray, now Chairman of the Ceylon Chamber of Commerce, but then active in the tourism industry, remembers well the optimism and the fact that the years 1991-1992 saw the first new hotel construction in a decade.[8] However, the bombing of the Central Bank in Colombo on 31 January 1996 by the LTTE set the tourism sector back years again.

In 1998, the national carrier Air Lanka, later renamed Sri Lankan Airlines, was privatised following the establishment of a strategic partnership with United Arab Emirates. The Dubai based airline took a 40 percent shareholding in the company which meant "the regenerative boost that was urgently needed to re-establish Air Lanka as southern Asia's preferred international carrier". Throughout the previous decade investments had been minimal and had taken away the airline's competitive edge.

As part of its commitment to the Sri Lankan government, Emirates contracted to undertake the management of Air Lanka for a 10-year period, establish programmes to stimulate growth and profitability and the development of Bandaranaike International Airport in Colombo Colombo, as a major passenger and cargo hub linking east and west.

In March 2003 Sri Lankan Airlines, now 43 percent owned by Emirates, was for the third consecutive time voted "Best Airline of the Year for Central Asia" by Skytrax Research Agency's worldwide passenger survey.[9] Its excellent reputation and good network in Asia and (via partners) beyond is of vital importance to Sri Lankan tourism.

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[7] http://countrystudies.us/sri-lanka/55.htm (retrieved 9 October 2006).

http://www.minbuza.nl/nl/actueel/ambtsberichten,2003/06/sri_lanka___situatie_x_15_05_02.html (retrieved 9 October 2006)

[8] Interview Mr Prema Cooray (14 September 2006).

[9] http://www.srilankan.aero/aboutus/srilankantoday.shtml (retrieved 26 September 2006).

Tourism arrivals and receipts stayed weak compared to world averages and to those among rival destinations in Asia - Malaysia, Maldives, India and Thailand – and the Caribbean. In April 2000 a 'Tourism Cluster' was formed by key tourism industry associations with the assistance of the United Stated Agency for International Development (USAID) funded The Competitiveness Initiative (TCI) and The Competitiveness Program (TCP). The Cluster was initiated to devise a unified, sector-wide strategy to enhance the competitiveness of the Sri Lanka tourism industry. For the position of the Sri Lankan tourism sector was due not only to the conflicts, but also to structural issues relating to type of product, services and facilities offered to tourists.

The strategy defined focused on creating added value by catering to niche markets and offering specialized products such as eco-tourism, adventure tourism and Ayurveda/spa tourism. Sri Lanka's main product, a packaged beach holiday attracting a low-cost, low-value market segment, was to be complemented by a more up-market clientele and substantial investments were made in so-called boutique resort hotels. The strategy defined by the Tourism Cluster foresaw in the development of new target markets, especially India.

The efforts of the Tourism Cluster were successful. There was a notable increase in bookings coupled with room rate increases of between 8-10%. In addition the rate of increase in tourist arrivals from Asia was higher.[10]

The tsunami caused by the Indian Ocean earthquake of 24 December 2004 killed 30.000 people and left many more injured and homeless. Resorts on the west coast were not affected. Resorts in the East and South of Sri Lanka were severely damaged. The SLTB developed an aggressive "Bounce Back Sri Lanka" programme designed to restore tourism as quickly as possible.[11] Some owners managed to rebuild relatively quickly and to open their doors again in the course of 2005. Others are still struggling. Especially in the East, once-popular guesthouses have vanished and one is likely to see ruined beachside buildings for some years. The average tourist hotel occupancy rate in 2005 was 45,5 percent.[12]

Initial optimism that the nation would unite in coping with this catastrophe, faded quickly into argument over aid distribution and land tenure and ownership. The interethnic violence that has affected tourism to Sri Lanka badly in the past two centuries has intensified again since Spring 2006 and so did coverage of the confrontations between the Sri Lankan government and the LTTE in the international the media. As a result, the tourism sector has not been able to really recover from the effects of the tsunami and is

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[10] http://www.competitiveness.lk/tourism.htm; http://www.competitiveness.lk/tourism-comm.htm (retrieved 24 September 2006)

[11] http://www.unwto.org/tsunami/eng.html; http://www.unwto.org/tsunami/reports/Crisis%20Management%20SLTB.pdf (retrieved 2 October 2006).

[12] SLTB, Annual Report 2005, p. 3.

characterised by stakeholders as "suffering".[13] Prospects for Winter 2006 and the near future are not looking good and recovery must be linked, at least in part, to a resolution of the conflict.

Annual Tourist Arrivals

International tourist arrivals to Sri Lanka amounted to 500,642 in 2003, to 566,202 in 2004 and to 549,308 in 2005.[14] The SLTB expects a total of 600.000 tourist arrivals for 2006.[15] Representatives of the private tourism sector, banks and NGOs, though, see this as a far too optimistic expectation for 2006.

70.3 percent of the respondents to the Airport Survey, performed by the SLTB Research Division from July 2005 to February 2006, declared as their purpose of visit "holiday/vacation/leisure"; 18.6 percent came for business and 5.9 percent travelled to visit friends and relations. 5.2 percent came to Sri Lanka for other purposes including Tsunami relief work.[16]

Tourism statistics published by the SLTB - those relating to annual tourist arrivals in particular - are viewed with scepticism by many in the private sector. These statistics are based on the declarations made by travellers in the so-called E/D card on arrival and also SLTB is of the opinion that the proportion of leisure tourists is only around two-thirds of the total traffic.[17] The figures may at least partly be biased due to for example the fact that business travellers do arrive on a tourism visa, because that is often the most easy visa to obtain.

The availability of more detailed information and the ability to perform data mining would benefit the Sri Lankan tourism sector. Therefore, the above mentioned Tourism Cluster developed a tourism research proposal outlining several initiatives that would complement the existing national tourism statistical reporting and research program of the SLTB. USAID will co-fund this research project, described in more detail in following paragraphs.[18]

> *Domestic tourism figures are not available. The SLTB Research Division does publish indicators such as the number of museum and attraction tickets sold to Sri Lankan nationals.*

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[13] For example: interview Mr David Griffith (27 September 2006); interview Mrs Anke Riemsma (25 September 2006).

[14] SLTB, Annual Report 2005, p. 2. SLTB, Annual Statistical Report 2005, p.14-15.

[15] SLTB, Annual Report 2005, Chairman's Review. Interview Mr Udaya Nanyakkara (21 September 2006).

[16] SLTB, Airport Survey, p. 5.

[17] SLTB, Annual Statistical Report 2005, p. 10. See also the more recent SLTB Airport Survey.

[18] Interview Mr Pradeep Liyanamana and Mr Preminda Fernando (28 September 2006). E-mail Mr Preminda Fernando (3 October 2006).

Main Tourism Markets and Motivations

The top ten tourism generating markets in 2005 were: India with 113,323 arrivals; the UK with 92,629 arrivals; Germany with 46,350 arrivals; France with 26,653 arrivals; Australia with 25,986 arrivals; USA with 25,272 arrivals; Maldives with 24.576; Canada with 21,185 arrivals; Japan with 17,148 arrivals and Netherlands with 15,156 arrivals.[19]

Out of the above mentioned 70 percent of holiday visitors 42.5 percent came for "sun and beach"; 49.8 percent for "culture"; 32.1 percent for "historical sites"; 21.1 percent had wildlife as special interest and 11.4 percent shopping, while 8.7 percent came to experience adventure. Out of the 18.6 percent of business travelers 3.4 percent came for MICE (Meetings, Incentives, Conventions and Exhibitions) related purposes.[20]

As described above, the strategy defined by the Tourism Cluster focused on Asia, as the area where new target markets could be developed to supplement the traditional Western European clientele. This strategy was successful: tourist arrivals from Asia have increased to 370,600 in 2005 and India has been the number one source of tourist arrivals since 2005.

The increase of tourist arrivals from India was influenced also by:
- the vibrant economy of India;
- the fact that is has become less of an effort for Indian travellers to obtain a visa;
- the fact that large investments have been made on the Indian fleet of airplanes and
- private Indian airlines were granted permission to fly to destinations abroad;
- the privatisation and considerable improvement of Indian airports.[21]

Sri Lanka was among the first group of countries which gained, in 2003, the Approved Destination Status (ADS) from the Chinese government. The two countries have also signed agreements to expand bilateral tourism cooperation. SLTB has organized training programs on Chinese language for Sri Lankan national travel guides and on Chinese foods for Sri Lankan cooks as part of a broader scheme to facilitate and improve the conditions for Chinese tourists to visit the country. The number of tourist arrivals have more than doubled to nearly 10,000 in 2005. SLTB expects to attract more than 250,000 tourists from China by 2010.[22]

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[19] SLTB, Annual Report 2005, p. 2.

[20] SLTB, Airport Survey, p. 5

[21] Interview Mr Prema Cooray (14 September 2006).

[22] "China becomes Sri Lanka's second largest tourists-source-market in NE Asia", in: People's Daily Online, 30 November 2005 as retrieved from http://english.peopledaily.com.cn/200511/30/eng20051130_224605.html (2 October 2006).

Although Europe produced 43.1 percent of tourist arrivals in 2005, only 22 percent of European tourist travelled to Sri Lanka directly from Europe.[23] A significant proportion of European tourists obviously undertook multi-destination tourist journeys and visited other countries, for example the Maldives, prior to visiting Sri Lanka.

Tourism within the Sri Lankan Economy

The overall average tourist expenditure per night was USD 74.2 in 2005 and now approaches USD 83.41 according to the recent Airport Survey. Around two thirds of expenditure was on accommodation, food and beverages. Shopping accounted for approximately one third of expenditure.

Tourism is the fourth largest foreign exchange earner to Sri Lanka. The first three are remittances from the large number of Sri Lankans working overseas, the garment industry and tea. In 2004 tourism earnings totalled 416.8 million; in 2005 USD 362.8 million, contributing relatively little, namely only 3.6 percent to the total foreign earnings.[24]

In 2005, the overall tourist price index showed a marginal increase of 0.7 percent compare to 2004.[25]

According to the SLTB the total number of persons employed directly in the tourism sector, that is, employed in tourism related business establishments such as hotels and other accommodation, restaurants, travel agents and tour operators, recreation businesses, souvenir and handicraft shops, amounted to 52,085 in 2005. Indirect employment by businesses supplying the tourism sector, is estimated much higher at a ratio of 1:1.4 and totalling 72,919 in 2005.

The majority of direct employment, 64.3 percent, was in the hospitality industry. 11.8 percent employed by travel agencies and tour-operators and 11.3 percent by airlines, an increase of nearly 22 percent compared to the previous year. [26]

According to the Sri Lankan Institute for Tourism and Hospitality Management circa 89 percent of the workforce in the hospitality sector have no formal training. The relatively low wages paid motivates staff with experience in - especially those formally trained for – the hospitality industry to seek their fortune elsewhere. The number of these emigrants amounts to an estimated 70 percent of the workforce trained in the last decade. The reputation the Sri Lankan people enjoy for being of a gentle and genuinely hospitable nature is said to make them more wanted than workers from other Asian countries. Active recruiting of hospitality staff takes places by teams from, for example, Dubai.

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[23] SLTB, Annual Statistical Report 2005, p. 10.

[24] SLTB, Annual Report 2005, p. 2; Annual Statistical Report 2005, p.7.

[25] SLTB, Annual Statistical Report 2005, p. 13, 46.

[26] SLTB, Annual Statistical Review 2005, p. 13, 43-45.

After working for a few years in the Middle East or India the workers often migrate further to countries where wages are generally higher, like Canada and Australia. In the latter country alone there are three alumni societies of Sri Lankans graduated from the Sri Lankan Institute of Tourism & Hotel Management.

As mentioned above, there is no cause for optimism on tourist arrivals and tourist receipts this year, 2006, as a result of the violent clashes between the government and Tamil separatists. Foreign tour operators are cancelling allotments booked and/or demanding lower (room) rates. As a result not only wages are low. The income generated by the 10% service charge component of bills, distributed amongst hospitality workers and providing them with a much needed supplement to their fixed salary, is low too, resulting in staff leaving.[27] This results in an almost inescapable downward spiral of service levels.

Use of Information and Communication Technology (ICT) to Promote Tourism

Availability and Use of ICT in General

The Sri Lankan Department of Census and Statistics (DCS) states for the year 2004 that 2.6 to 2.8% of the Sri Lankan population use the internet. Other sources state that computer literacy ranges from 3% in the rural area's to 20% in the Colombo area. Fortunately education is regarded highly and encouraged at all levels in Sri Lanka and adult literacy rate is 90% amongst women and 95% amongst men, a favourable condition for the expansion of computer literacy.[28]

Sri Lankan Telecom (SLT) estimates an 50.000 customers using a dial-up connection and 21.000 customers using ADSL in the country as a whole. The number of internet users is growing rapidly with 1000 new accounts per month. SLT expects a growth of 2000 new accounts per month soon.[29]

But internet access is not yet available and/or used everywhere in the country. Precise details are not available. The Information and Communication Technology Association of Sri Lanka (ICTA), "the single apex body involved in ICT policy and direction for the nation" recently commissioned several studies of the availability and use of internet and hopes up to date statistics will be available early 2007.[30]

There are at this moment no mobile services for tourists, i.e. tourism information and transaction services offered for mobile phones and/or PDAs (with GPS). According to a SLT spokesman the telecom operator

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[27] Interview Mr Kamal Hapuwatte (20 September 2006).

[28] http://www.statistics.gov.lk (retrieved 4 October 2006). http://www.documents.gov.lk (retrieved 14 September 2006). Lonely Planet, p. 26, 42.

[29] Interview Mr. Rohana D.W. Wijeweera (27 September 2006).

[30] Interview Mr Suresh Bartlett (26 September 2006). http://www.icta.lk (retrieved 25 September 2006).

offers all modern technology services available, but no tourism content providers or application developers have approached SLT yet.[31]

Use of ICT, Internet and Telecom by the Tourism Sector

Sri Lanka is promoted on the internet by the SLTB with the English website http://www.srilankatourism.org and market/language versions for France, The Netherlands and Italy. Subscribing to a SLTB-mail newsletters is possible in the French and the Italian website. These two websites also offer a simple trip planner and the opportunity to request a quote. Travel agents and tour operator can access the SLTB back office system, view the requests and send out proposals.

The SLTB websites give an overview of what's on offer in Sri Lanka and of all registered tourism accommodations and other businesses. The websites also offer detailed practical information. Checking on availability and making online real time bookings is not possible.

Of the Provincial Councils, only one, the Western Province, seems to have a dedicated tourism website-in–progress.[32] Dedicated tourism websites published by municipal governments, such as http://www.kandycity.org, are not easy to find.

The Sri Lanka Convention Bureau publishes http://www.visitsrilanka.net and except for the recently established ASMET, the main tourism associations offer websites.[33] The USAID and the Tourism Cluster built http://www.smallislandbigtrip.com to help Sri Lanka recover from the effects of the 2004 tsunami.

Most tourism companies have websites. On behalf of this Case Study a sample of these websites was analysed using a selection of the United Nations World Tourism Organization (UNWTO) Destination Web Watch Website Audit criteria to assess their quality.[34] This analysis showed that the overall quality of these websites is equal to those of tourism websites in, for example, European countries.

Online bookings of accommodation (by e-mail request and online real time) amount at this moment to "not more than a few rooms per day and 0.5% of total bookings" (Taj Group) to "certainly not more than 3%" (Aitken Spence Hotels). Some of the larger tour operators and accommodation providers are only now in the process of implementing search bookings engines that allow availability checks, online real time booking and trip planning.[35]

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[31] Interview Mr. Rohana D.W. Wijeweera (27 September 2006).

[32] Collecting information as to tourism strategies of Provincial Councils and/or their Provincial Tourist Boards has proven to be a challenge. Only two councils have websites and only one a dedicated tourism website-in-progress: http://www.ewisl.com/tmphost/West/New%20West_Eranga/west/index.php (retrieved 3 October 2006).

[33] Tourist Hotels Association of Sri Lanka (THASL): http://www.touristhotels.lk. Travel Agents Association of Sri Lanka (TAASL): http://www.visitsrilanka.org. Sri Lanka Association of Inbound Tour Operators (SLAITO): http://www.slaito.com. Adventure Operators Association Sri Lanka: http://www.adventure.lk. (Retrieved 15 September 2006).

[34] http://www.destinationwebwatch.org (retrieved 12 September 2006).

[35] Interview Mr Malin Hapugoda, Mr Anil Udawatte (15 September 2006). Interview Ms Amal Goonetilleke (19 September 2006).

When asked for the reasons for this comparatively late entry to customisation, interactivity and transaction services, CEOs and directors of sales and marketing of hotel chains, tour operators and travel agents said:

- that, indeed, they and the sector as a whole, have in recent years adopted a somewhat laid-back attitude and
- since they had trouble making a return on investments in tourism already, they had been hesitant to invest more and make the most of the information and communication technologies available;
- that they had had their doubts too whether offering online real time booking and payment facilities would turn out to be successful or, in other words, "would tourists really trust their credit card details to a website of company far away in Asia?"

Their change in attitude and strategy is described in Chapter 3.

Tourism websites and portals, such as http://www.lastminute.lk, are multi-stakeholder initiatives. The quality, success and continuity of these websites differ and depend on the strength of the partnerships and business models underlying the projects.

Sri Lanka, especially Colombo, offers a wide variety of website developers, other ICT related applications and services. Stakeholders in the tourism industry interviewed said that they judge the choice of providers, their knowledge and the quality of the services delivered as more than sufficient. More advanced applications as online booking systems are sometimes acquired from foreign technology partners.

The price of web access, web design, web application development and hosting is not seen as an obstacle by larger companies or SMEs. In the context of this Case Study it was not possible to perform detailed benchmarking of these price levels, but the first impression is that these should indeed not be too much of a problem, even for SMEs. Costs of hardware and software (licences), though, may always be an obstacle for SMEs.

Use of ICT and Internet by Tourists Visiting Sri Lanka

Sri Lankan Airlines Head of Corporate Communications Mr Chandana De Silva estimates the amount of online bookings of flights via www.srilankan.aero at 20 percent of the total amount of bookings globally, with online bookings by Europeans approaching 50 percent.[36]

According to the Airport Survey on Foreign Departing Tourists at Bandaranaike International Airport - July 2005 to February 2006 performed and published by the Research Division of the Sri Lanka Tourist Board, 62.7 percent of visitors used internet for collecting information for travel while 36.2% of visitors used internet for booking their holiday.[37]

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[36] Interview Mr Chandana De Silva (26 September 2006).

[37] SLTB, Airport Survey, p. 10-11.

Chapter 2 : The Travel and Tourism Sector: Organisation and Cooperation

The Public Sector

On behalf of the Sri Lankan government the Ministry of Tourism is responsible for:

- Formulation and implementation of policies, plans and programmes in respect of tourism
- Development of the tourism industry
- Management of rest houses and hotels under the SLTB and the Ceylon Hotels Corporation
- Registration of tourism agencies
- Establishment of standards for the tourism industry.[38]

The Ministry is governed by the Minister and the Deputy Minister of Tourism and the Secretary of the Ministry. Sri Lanka is a member state the United Nations World Tourism Organisation (UNWTO) since 1975.

Statutory institutions of the central government are:

- The Sri Lanka Tourist Board (SLTB, sometimes still referred to as the Ceylon Tourist Board) with its head office in Colombo, representative offices in London, Paris and Frankfurt and Travel Information Offices in Colombo, Katunayake, Anuradhapura and Kandy.
- The Sri Lanka Convention Bureau (SLCB).
- The Sri Lanka Institute of Tourism and Hotel Management (SLITHM) with 'satellite schools' in Colombo, Kandy, Matara, Anuradhapura and Bandarawela and planned facilities in other places. The SLTHM is part of the SLTB.
- The Ceylon Hotel Cooperation consisting of 23 properties, 25 percent government owned.

The Provincial Councils Act No 42 of 1987 provides for Provincial Councils as directly-elected as autonomous bodies as part of the wish to decentralise administrative decision making. There are nine provinces in Sri Lanka and 25 districts. However, only eight Provincial Councils were established because the Northern and Eastern provinces were temporarily merged into one. Furthermore, the North East Provincial Council ceased to function in 1989 as its administration was taken over by the Government. Fresh elections were held in 1993 and there are seven Provincial Councils functioning now, responsible also for the tourism information in and promotion of their provinces, namely:[39]

- The Central Provincial Council in the provincial capital Kandy

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[38] http://www.priu.gov.lk/Ministries/Min_Tourism.html (retrieved 12 September 2006).

[39] http://www.gov.lk/public/groups.asp?xi=65&groupname=Provincial+Councils;
http://www.priu.gov.lk/ProvCouncils/ProvicialCouncils.html (retrieved 18 September 2006).

- The North Central Provincial Council in Anaradhapura
- The North-East Provincial Council in Trincomalee
- The North-Western Provincial Council in Kurunegala
- The Sabaragamuwa Provincial Council in Ratnapura
- The Southern Provincial Council in Galle
- The Uva Provincial Council in Badulla

The public sector derives revenue in a variety of ways such as the Embarkation Levy, the Tourism Development Levy, Embarkation Tax, Entrance Fees. This amounted to LKR 2,526.6 in 2004 and LKR 1,880.3 million in 2005.[40]

SLTB is a member of and of the Pacific Asia Travel Association (PATA) since 1962.

The Private Sector

The private sector is mainly in Sri Lankan ownership. A few larger companies have foreign shareholders. The main associations are:

- The Tourist Hotels Association of Sri Lanka (THASL) including more than 140 companies owning at least one fully constructed "approved hotel" as recognized by the SLTB and representing a collective room strength of approximately 12,000 rooms.
- The Travel Agents Association of Sri Lanka (TAASL) representing the interests of 181 inbound and outbound travel and tour operators.
- The Sri Lanka Association of Inbound Tour Operators (SLAITO) representing 75 members.

The above three associations unite, according to the Secretary of the Ministry of Tourism, approximately 90 percent of the private tourism sector.[41]

There are also:
- The Adventure Operators Association Sri Lanka (AOA) and
- the Association of Small and Medium Enterprises in Tourism Sri Lanka (ASMET), established February 2006.

The Sri Lankan tourism sector is (still) a tour operator dominated sector. The traditional value chain is more or less as it has been since the development of tourism in the 1970s:

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[40] SLTB, Annual Statistical Report 2005, p. 13.

[41] Interview Mr Prathap Ramanujam (20 September 2006).

foreign/outgoing tour operator

⇩

incoming tour operator / travel agency / Sri Lankan Airlines

⇩

accommodation provider / tour guide / driver

⇩

other tourism and tourism-related service providers

Travel & Transport

Sri Lanka Railways, the state-run national railway operator connects most Sri Lankan cities and towns.

Approximately 80% of Sri Lanka's roads are covered by the Ceylon Transport Board (CTB), the state-run agency responsible for operating public bus services and privately owned bus companies.[42]

There are 12 paved airports and two unpaved airstrips in the country. The Bandaranaike International Airport is the country's only international airport, located in Katunayaka, approximately 30 kilometres north of Colombo.

Sri Lankan Airlines is, as described above, 43 percent owned and operated by United Arabic Emirates. Sri Lankan Airlines conducts amphibious aircraft operations under the name Sri Lankan Air Taxi to 14 popular domestic destinations. Expo Aviation offers international cargo and charter services especially to the Middle East. In addition, there are currently 22 foreign air operators conducting scheduled non-scheduled and charter operations into Sri Lanka.[43]

The Tourism Cluster

The Tourism Cluster, already mentioned above, was formed in April 2000 as one of the eight Clusters initiated and assisted by USAID. A broad range of industry stakeholders from the public and private sector participated in the Cluster's work on strategy development, including the SLTB, universities, community groups and regional tourism associations.

In 2004 the Tourism Cluster was registered as a non-profit company with the continued mandate to develop and implement initiatives that would optimise the industry's competitiveness. The Cluster has a board of 10 directors of whom three are appointed by THASL and three by SLAITO. The Joint Council of

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[42] http://en.wikipedia.org/wiki/Ceylon_Transport_Board (retrieved 23 September 2006). Lonely Planet, p. 340.

[43] http://www.caa.lk/ops.htm (retrieved 18 September 2006).

these two associations appoints the Chairman. The other three directors are invited from key industry players.

One of the key initiatives taken by The Tourism Cluster was the development of a plan for restructuring and modernization of the industry. The SLTB operated with limited public funding and was responsible for promotion, regulation, planning and standards. The plan developed by the Tourism Cluster proposed to share these functions between the following organizations:

- A Tourism Development Council, a public body with private sector participation, set up to manage the planning and regulatory functions of the Tourist Board and 5 regional councils for regional development.
- A Tourism Marketing Bureau, a private sector managed organization set up as a company by guarantee receiving 80% of the industry CESS.
- The Institute of Hospitality and Tourism Management, receiving 10-15% of the industry CESS, having a broader mandate and a wider industry participation and changing its name, in time, to National Institute of Travel and Tourism.

The industry CESS - a percentage of the Tourist Development Levy on revenue of all SLTB registered organisations and a percentage of the Embarkation Levy on all airline tickets – have been collected since September 2003.[44]

The 'New Tourism Act'

The Tourism Act, No. 38 of 2005, (certified on 30th November, 2005) – generally referred to as the 'New Tourism Act' – reflected many of the reforms strongly advocated by the Tourism Cluster.[45] The fact that not all aspects of this act are being implemented, is a source of great disappointment for the private sector in particular.

The New Tourism Act foresees to the establishment of:
A Sri Lanka Tourism Development Authority with as main tasks:
- the development of a Sri Lanka as a travel and tourism destination;
- advise the Minister of Tourism;
- provide guidance to a Sri Lanka Tourism Promotion Bureau;
- work towards the enhancement of the tourism and travel sectors in order to secure a contribution for the expansion and development of Sri Lanka's economy;
- develop and promote adequate, attractive and efficient tourist services;
- license and accredit tourist enterprises in order to develop, enforce and maintain locally and internationally accepted standards in relation to the tourism industry and other related industries.

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[44] http://www.competitiveness.lk/tourism.htm; http://www.competitiveness.lk/tourism-comm.htm (retrieved 24 September 2006).

[45] http://www.documents.gov.lk/Acts/2005/ Tourism%20Act%20No.%2038%20of%202005/P%20L% (retrieved 16 September 2006).

The Authority was to consist of the following persons appointed by the Minister:

- the Chairman of the Authority;
- the Director-General of the Authority;
- the Secretary to the Ministry of the Minister in charge of the subject to Tourism or his representative;
- the Secretary to the Treasury or his representative;
- one member nominated by the Tourist Hotels Association of Sri Lanka;
- one member nominated by the Sri Lanka Association of Inbound Tour Operators;
- one member nominated by the Travel Agents Association of Sri Lanka;
- one member appointed by the Minister from among persons possessing experience and knowledge in the fields of travel and tourism;
- the Secretary to the Ministry of the Minister in charge of the subject of Provincial Councils or his representative.

Furthermore, the New Tourism Act included decisions as to

- the establishment of a Tourism Development Fund;
- the establishment of a Tourism Advisory Committee for the purpose of advising the Minister and the Authority on any matters in relation to the travel and tourism industry;
- the existing Sri Lanka Institute of Tourism and Hotel Management (at this moment part of the SLTB)
- the establishment of a Sri Lanka Tourism Promotion Bureau including six persons who would be nominees of the Joint Council of the Sri Lanka Association of Inbound Tour Operators and the Tourist Hotels Association of Sri Lanka, and seeing to the marketing and promoting of Sri Lanka directly or indirectly as a tourist and travel destination;
- the existing Sri Lanka Convention Bureau.

SLTB Chairman Mr Udaya Nanayakkara is adamant: the above proposed "splitting up" of the SLTB into separate tourism development, tourism promotion and human resource development organisations would only cause inefficiency and damage to the sector.[46] An expert group was appointed earlier this year to review the Tourism Act and advise the Minister.

Other stakeholders and Partnerships

The Asian Development Bank provides financial and/or technical assistance to the government of Sri Lanka for certain development and re-development projects; as does the government owned Japan Bank for International Development (JBIC), complying with one of its missions, namely to contribute to

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[46] Interview Mr Udaya Nanayakkana (21 September 2006).

economic and social development as well as economic stability in the developing economies and as part of a bi-laterial agreement with the Sri Lankan government.[47]

JBICs first tourism program, the Tourism Resources Improvement Project (TRIP), aims to support private sector driven economic growth by developing tourism-related infrastructure and human resources in the tourism industry.[48]

JBIC recently provided soft loans for tourism development in four regions: Negombo. Anuradhapura, Nuwara Eliya and Kandy. The focus is on assisting the Sri Lankan government to improve the infrastructure necessary in the project regions. Also technical assistance is provided, that is, the government is enabled to contract technical consultants as well as experts in tourism marketing and promotion and community development. No specific attention is given to the development of e-tourism, to, for example, the development of a destination management system.

Loans as mentioned above, granted by JBIC to the government of Sri Lanka, are made available for entrepreneurs via the Ministry of Finance, the Central Bank and a range of commercial banks. They are also made available by grants given by the Ministry of Tourism to for example a municipality, a Provincial Council or UNESCO's Central Cultural Fund (CCF). JBIC's loans enable SLTHM as to curriculum development and capacity enhancement of its staff.[49]

A third financial institution with a vested interest in the tourism sector is the Sri Lankan and Maldives branch of the Hongkong and Shanghai Banking Corporation (HSBC) with an extensive clientele in the tourism sector. The bank is Sri Lanka's largest credit card issuer and was the first to establish, in Sri Lanka, Electronic Banking and – important for the development of e-tourism services – an Internet Payment Portal (2005).[50] HSBC sponsors events and partners with the SLTB and Sri Lankan Airlines in organizing the annual World Spice Festival in Colombo.

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[47] http://www.adb.org/Documents/Fact_Sheets/SRI.asp (retrieved 27 September 2006). Interview Mr Arinda I. Elepata (21 September 2006).

[48] http://www.slmts.slt.lk/trip.html (retrieved 21 September 2006).

[49] Interview Mr Arinda I. Elepata (21 September 2006).

[50] http://www.hsbc.lk/lk (retrieved 23 September 2006). Interview Mr David Griffiths (27 September 2006).

Chapter 3:Development of a National Tourism and E-Tourism Strategy

Introduction

As mentioned above USAID have in recent years been trying to assist the Sri Lankan tourism sector in defining a unified, sector-wide strategy to enhance the competitiveness of the Sri Lanka tourism industry and address structural issues relating to type of product, services and facilities offered to tourists.

> **There is currently no 'national tourism strategy', rather some overlap in views and some recurring themes. A significant barrier to cohesive national tourism planning seems to be the opposition to the New Tourism Act by the SLTB which divides the sector. This disagreement relates to the structures for collaboration proposed, rather then the direction.**

SLTB Strategy Development and Ambitions

In its Annual Report 2005 the SLTB defined its vision for Sri Lanka's tourism as: "To be the foremost tourism destination in Asia by the end of this decade." And its mission statement as:

- "Working towards delighting our customers (domestic and international) and developing their loyalty to destination Sri Lanka." In achieving this mission the SLTB shall:
- "Promote sustainable development of tourism as a key sector of the economy for the economic and social well being of the people.
- Promote and reposition Sri Lanka in all relevant international markets and market segments.

- Work towards delighting visitors (domestic and international) through effective and quality facilitation of access, accommodation and other services.
- Utilize new info-technology tools to enhance the effectiveness of tourism marketing and operations.
- Be catalytic in rallying the tourism industry to work as a team.
- Generate high yield, income, and employment and contribution to regional development.
- Work in close relationship with all stakeholder sectors such as sports, arts, crafts, culture, environment, investment, trade, the media and communities."[51]

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[51] SLTB, Annual Report 2005, p. 1.

In May 2001 SLTB took a step in the direction of formulating a "guiding strategy framework" and a strategic marketing plan for Sri Lanka Tourism. An inventory of the Sri Lankan tourism portfolio was made, containing the products "Sun and Sand, Nature, Culture, Adventure, Wildlife, MICE, Weddings and Honeymoon, Spa and Ayurveda, Senior Citizens Travel, Golf, Spiritual Seekers – Meditation and Yoga, Eco Tourism".

An extensive portfolio, judged as demanding well defined strategic plans based on prioritisation, the compilation and review of relevant information, market opportunity identification and the use of so-called commercial ranking models to determine the relative worth of each product and market.[52]

In order to avoid ad-hoc tourism development the SLTB recently introduced 45 tourism zones. For each zone there are or will be specific plans, and guidelines and marketing themes.[53] Examples of these zones and their themes are:

- Negombo - Beach Resort with fishing community
- Kalutara - Beach Resort in close proximity to Colombo
- Dedduwa - Lake resort with five Islands
- Matara - Beach Resort with Heritage
- Tangalle - Beach Resort with lagoons
- Arugambay - Beach Resort for surfing activities
- Pinnawala - Nature Park Resort
- Bandarawela - Hill Country Resort with water falls
- Maskeliya - Hill Country Resort with tea gardens
- Matale - Hill country with spice gardens
- Dambulla - Sacred Buddhist City
- Ratnapura - Gem City

Tourism development projects are, according to the Ministry of Tourism 95-98 percent a matter of private sector investments. The government only provides guidance, support in the form of local infrastructure improvement and by, for example, lease of government owned land. Financial aid is given is given by for example JBIC in the form of soft loans.

This Case Study is written on the eve of on a workshop organised by the SLTB to discuss, with stakeholders in the Sri Lanka tourism sector, the next three-year Strategic Marketing Plan plus a one-year operational plan to promote the destination based on the Strategic Marketing Plan. The workshop, called 'Building Our Future', will take place on on 21-24 October 2006. The agenda includes objectives as:

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[52] http://www.srilankatourism.org/lang/en/other/future/index.php;
http://www.srilankatourism.org/lang/en/other/future/background.php;
http://www.srilankatourism.org/lang/en/other/future/agenda.php;
http://www.srilankatourism.org/lang/en/other/future/methodology.php (retrieved 15 September 2006).
[53] SLTB, Annual Report 2005, p. 16-17.

- "To roll out the proposed SLT [Sri Lankan tourism ed.] key marketing strategies and to provide the industry representatives an opportunity to review them and make their comments/contributions to the thinking process.
- To draw from the expertise of key personnel from within the respective sectors of the tourist industry in formulating individual sector strategies which whilst being congruent with the SLT strategies, would contribute to the achievement of the SLT objectives.
- To combine the generating country specific experiences and expertise within the industry and the SLTB to develop individual country marketing strategies that are congruent with the SLT strategies and would lead to the achievement of the overall SLT marketing objectives.
- To build ownership, fellowship, inter-action and corporation for the achievement of the SLT strategic marketing objectives. "

Foreign experts on branding are invited to decide whether the destination needs a re-branding strategy with a new tourism logo. A gap analysis approach will be employed to assess key skill and knowledge areas.[54]

In an interview on behalf of this Case Study, Chairman Udaya Nanayakkara conveyed SLTB's ambition to welcome one million tourists in 2010 instead of the current 500.000-600.000 per year and to raise the overall average tourist expenditure per night from USD 83,41 to USD 150,00 per day.

In order to achieve and accommodate this number of tourist Sri Lanka will need 25,000 rooms on offer instead of the current approximately 15.600. The SLTB is working towards "guided edification" and a "sustainable and manageable tourism program with minimal negative effects on communities and environment". Furthermore, the SLTB plans to continue its focus on the exploitation of the Sri Lanka "beyond the beaches"- themes as Nature, Culture and Adventure, more specialised niche marketing, as opposed to a focus on mass tourism.[55]

Strategy Development by the Tourism Cluster

The USAID TCI and TCP are making efforts to partner with Sri Lankan leaders to devise a unified, industry-wide strategy to enhance the competitiveness of the Sri Lanka tourism industry and to:

- "Understand the challenges and opportunities of globalisation.
- Research customers expectations about products made in Sri Lanka.
- Analyze industry value chains, to determine Sri Lanka's competitive position.
- Evaluate and implement "Branding" and positioning strategies.

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[54] See note 53.

[55] Interview Mr Udaya Nanayakkana and Mr Kalaiselvam (21 September 2006). SLTB, Annual Report 2005, Chairman's Review.

- Identify cost savings and quality control opportunities in improving industry supply chain in Sri Lanka.
- Initiate or improve public-private dialogue on private sector development issues."[56]

The Tourism Cluster formed in 2000 focused on creating added value by catering to niche markets and offering specialized products such as eco-tourism, adventure tourism and Ayurveda and spa tourism, on supplementing Sri Lanka's main product - a packaged beach holiday attracting a low-cost, low-value market segment - by a more up-market clientele, on the development of new target markets in neighbouring Asian countries, especially India and achieved important successes. Examples of key strategic initiatives of the Tourism Cluster relate to:

- Improvement of the tourism product mix
- Upgrade tourism offerings

Improvement of the tourism product mix was, and is, necessary in order to increase the average daily spend and supplement Sri Lanka's tradition product - a packaged beach holiday attracting a low-cost, low-value market segment - by a more up-market clientele. The Tourism Cluster explores the possibilities of developing high-yield tourism products that appeal to independent, high-spending tourists such as ecotourism and adventure tourism.

As USAID state on their dedicated website http://www.competitiveness.lk/eco ecotourism has in the 1990s become the fastest developing sector of the international tourism industry with an annual growths of 30 percent. Following the Mexican ecology-economist Hector Ceballos-Lascuria in his definition of ecotourism as "travel that is ecologically and culturally sensitive, combining the understanding of flora, fauna and their ecosystemic interactions with the opportunity to contribute to their on going and future protection."[57] Sri Lanka is seen as having tremendous potential as an eco-tourist destination. It offers some of the richest flora and fauna ,and ecologically important habitats in Asia. Furthermore, with its long-standing Buddhist tradition, Sri Lanka has "an entrenched environmental ethic."[58]

The Tourism Cluster thought it important to engage in a pilot best practice ecotourism project and to establish standards for eco-lodges in Sri Lanka. After a feasibility report was finalised the pilot project was launched in 2003. By early 2004 approximately LKR 91 million had been raised from local industry participants and was set up to implement the project comprising a private property of 506 hectares containing tea cultivation and forestland in Deniyaya, a 20-unit ecolodge, a visitor interpretation center, a research station, nature trails and conservation projects. The newly established Rainforest Ecolodge Company oversees the construction.

In 2004 the Tourism Cluster initiated an Energy Efficiency Program for the Hotel Sector and an Alliance to Save Energy (ASE). The Energy Efficiency Program was funding from US-Asia Environmental

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[56] http://www.competitiveness.lk (retrieved 24 September 2006).

[57] http://www.competitiveness.lk/eco (retrieved 24 September 2006)

[58] http://www.competitiveness.lk/eco (retrieved 24 September 2006)

Partnership (USAEP), in collaboration with the Tourist Hotels Association of Sri Lanka (THASL) and encourages energy efficiency in the Sri Lankan Hotel sector. It includes activities such as the establishing a database of energy use to monitor and compare efficiency across the sector.[59]

As mentioned above, the Tourism Cluster developed a tourism research proposal outlining several initiatives that would complement the existing national tourism statistical reporting and research program of the SLTB. USAID sponsors a tourism research technical consultant to assist in the development of a sustainable research program.[60]

The objective is to evaluate tourism research systems and explore possibilities for improvements that would help improve the information availability to private and public sector for making strategic decisions. A web based Tourism Research Database is planned to gather data from airlines and hotel and travel agency associations to get a more accurate understanding of Sri Lanka's leisure visitors, to build a forecasting model for these organisations future bookings and enable them to adapt their strategy.

A Few Aspects of the National Carrier's Strategy

Sri Lankan Airlines is aiming to maximise its short-haul tourist travel from the Indian sub-continent to Sri Lanka. The costs of holidays in Sri Lanka are relatively inexpensive for Indians and Sri Lanka is, at most, only one and a half hours flying away. In addition Sri Lankan Airlines is aiming to attract the more well-to-do Indians, to persuade them to stay longer in Sri Lanka and enjoy the shopping possibilities offered by Colombo.

Sri Lankan Airlines actively promotes international golf, cricket and rugby tournaments taking place in Sri Lanka, for example the International Rugby Sevens, MICE special events.[61]

Other Initiatives and Partnerships

As examples of other initiatives to improve, in several aspects, Sri Lankan tourism products and to develop best practices for future tourism strategy development, the initiatives of the Core Group of Alternative Tourism - later established as ASMET – and The Center for Eco-Cultural Studies Sri Lanka (CES) are described here.

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[59] http://www.competitiveness.lk/tourism.htm (retrieved 24 September 2006).

[60] Chapter 1, paragraph Annual Tourist Arrivals. See note 18.

[61] Interview Mr Chandana De Silva (26 September 2006). http://www.srilankan.aero/aboutus/srilankantoday.shtml (retrieved 26 September 2006).

ASMET

ASMET evolved from the initiative The Value Chain Promotion Component of the Capacity Building for Competitiveness and Qualified Employment Programme of the Deutsche Gesellschaft für Technische Zusammenarbeit/German Technical Cooperation (GTZ). A group of SMEs unhappy with the amount of influence they could exert on the above mentioned USAID projects united themselves in 2003 in a Core Group of Alternative Tourism.

The target of the original Core Group of Alternative Tourism was to develop the niche market Alternative Tourism, i.e. not mass but individual tourism, especially eco- and community-based tourism, wellness tourism and sport and leisure tourism.

The Core Group decided that the development of a sustainable, responsible, "green" certification process in order to attract more responsible tourist and tour operators was particularly important to the Sri Lankan tourism sector . Together with the SLTB, the Core Group asked the UK based organisation Dick Sisman & Associates Ltd. For assistance. Sisman had developed standards for a Green Global Certification Process in the mid-1990s. The result were a System Evaluation Procedure, a Certifcation Process Marking System and a Responsible Tourism Manager's Starter Guide. 'Green Isles' (instead of something like stars and maximum three) are to be awarded to responsible entrepreneurs. In addition to the Alternative Tourism/Green Isle initiative, ASMET is offering theme workshops for SMEs and their staff in the field of quality jeep safaris, eco-tour guiding and life guarding.

The association has programs in other fields now and aims at empowering small and medium enterprises in the Sri Lankan tourism industry, i.e. those with a annual turnover of smaller than LKR 100 million. There are currently 65 members.[62]

The Centre for Eco-Cultural Studies Sri Lanka (CES)

The CES was established in 1998 by a group of interdisciplinary researchers whose aim was to create a Institute for participatory eco-cultural development in Sri Lanka through research, education, awareness and community development. CES is registered as a non-governmental Research Institute, advocates sustainable measures to suit the local environment and cultures, promote eco-cultural tourism in Sri Lanka and, for example, establish and maintain an interpretation and tourism visitor centers. The computers and internet connections available at these centers are made available for school children in the neighbourhood too so that they can enhance their computer skills.

CES collaborates with and monitors projects of organisations sharing the same views, such as United Nations Development Program (UNDP), the SLTB, and universities, and in this way aims to create an

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[62] Interviews Ms Wilja Witcombe, Mr Siri de Silva and Mr Mervyn Fernandopulle (18-19 September 2006). Dick Sisman & Associates (2006), Preamble, p.2. The Alternative Tourism Value Chain Core Group (2006), p. ii-iii.

extensive network to promote awareness and foster eco-cultural development in Sri Lanka.

In Sigiriya CES manages the Integrated Eco-cultural Resource Management Project which serves as a case study for the development of a strategy for local community participation in eco-cultural resource management in Sri Lanka, and a Sigiriya Eco-Tourism Project. Such working models are notably absent today, according to CES project director, Mr Sujeewa Jasinghe. CES is somewhat sceptical as to 'green' and 'community-based' initiatives of some of the stakeholders in the Sri Lankan tourism sector, alleging that they are often "more marketing" and less examples of long term commitment.[63]

As to "Responsible Tourism" projects CES refers to the following "Possible Guiding Principles for Responsibility in Tourism", adapted from The Capetown Declaration of 2002 of The Responsible Tourism Partnership and stating that it is necessary to:

- "Assess economic impacts before developing tourism and exercise preference for those forms of development that benefit local communities and minimise negative impacts on local livelihoods (for example through loss of access to resources), recognising that tourism may not always be the most appropriate form of local economic development.
- Maximise local economic benefits by increasing linkages and reducing leakages (eg local procurement), by ensuring that communities are involved in, and benefit from, tourism. Wherever possible adopt strategies which use tourism to assist in poverty reduction.
- Develop quality products that reflect, complement, and enhance Sigiriya as a destination.
- Market Sigiriya as a Responsible Tourism destination in order to reflect its natural, cultural and social integrity as well as encouraging responsible approaches.

- Adopt equitable business practises, pay and charge fair prices, and build partnerships in ways in which risk is minimised and shared, and recruit and employ staff recognising international labour standards.
- Provide appropriate and sufficient support to small, medium and micro enterprises to ensure tourism-related enterprises thrive and are sustainable.
- Consider the opportunity costs for local communities from tourism.
- Manage adverse impacts: land price inflation, loss of access to resources etc.
- Assist the development of the local market, access, facilities, marketing."[64]

Ambitions and Developments as to the Use of ICT and Internet

The ambitions of the SLTB for the near future as to the use of ICT and internet are many:

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[63] Email correspondence and interview Mr Sujeewa Jayasinghe (19-23 September 2006). http://www.cessrilanka.org; http://www.cessrilanka.org/eco_tourism.htm (retrieved 21 September 2006).

[64] PowerPoint presentation Peter Bisshop (2006) and email correspondence Mr Sujeewa Jayasinghe (19 September 2006).

- To turn the tourism board's administrative processes into more ICT driven processes and create, for example, a CRM system, an intranet and an extranet for its relations. Investment in hardware and training is necessary.
- To finalise the development of an accommodation website plus search engine database. To add search on availability, online real time booking and payment facilities as soon as possible. Visibility of and de-centralised content and allotment management by all registered tourism accommodations. Participation is free the first year, after that SLTB will ask a contribution of EUR 216 per accommodation. Each accommodation can upload up to 30 images of its property. In time ideally other categories of tourism businesses would be included
- To improve the SLTB websites by facilitating online flight reservation and car rental and by offering dynamic packaging.[65]

The SLITHM's is active in expanding their training capacities, has recently added education in the field of tourism related to their courses in hotel management and wishes to increasingly blend ICT and e-learning into their teaching methodologies.[66]

As mentioned above, the Sri Lankan tourism sector is (still) a tour operator dominated sector. The private sector is rather insecure in their attempts to move away from being almost totally dependent on foreign tour operators and to engage more actively in a multi-channel communication and distribution policy. The larger companies especially are in the process of enhancing their online branding, marketing and the look-to-book ratio. SME's wish to become less dependent on local travel agents or national guides to bring business in return for very high commissions.

In general, there is a growing awareness that it is of vital importance to acquire the skills and tools to reach the end customer. In addition, there is the growing awareness that having a 'web presence' is not enough, but that more detailed knowledge of aspects as usability and search engine optimisation is necessary.

In order to achieving the targets defined by the SLTB and the Tourism Cluster both have to expand their online branding and marketing activities and offer the whole scope of internet services – information, communication, relationship, transaction and entertainment services - because the Indian and other Asian markets targeted as well as the specialised high end niche markets cultivated now are populated by internet-savvy travellers.

Except for the Tourism Research Database being developed with the assistance of USAID and the website http://www.smallislandbigtrip.com there are no sector wide community e-tourism projects.

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[65] Interviews Mr Udaya Nanayakkana (21 September 2006) and Mr Dileep Mudadeniya (27 September 2006).
[66] Interview Mr Kamal Hapuwatte (20 September 2006).

Chapter 4: Opportunities and Constraints, Assets and Best Practices

Opportunities for Tourism

In the opinions of many, Sri Lanka has not yet come close to exploiting the myriad of possibilities it has to offer tourists. It is necessary and possible to develop new destinations, products and tourism services. New destinations are being developed and others upgraded with the help of, for example, the Japanese Bank for International Cooperation (JBIC) and its Tourism Resources Improvement Project (TRIP). As described above, the public and private sector have identified in recent years themes such as "beyond the beaches", and niche markets are now being explored. And there are more opportunities, for example, in religious tourism marketing the important Buddhist holy places Sri Lanka has to offer and to cater to the many millions of Buddhists in especially from Asia.

A prerequisite is the resumption of the peace process. Once the peace process is successfully re-established, the way lies open to encouraging higher spending tourists to rediscover Sri Lanka. Critical to this is, according to Sri Lankan Airlines, that the Government work to attract "quality" carriers back to Sri Lanka. This will encourage specialist tour operators to resume the promotion of "the unique delights of Sri Lanka", which in turn will encourage European scheduled airlines to resume flights to Colombo and entrepreneurs to invest again in facilities and ICT.[67]

Opportunities for E-Tourism

There is the growing awareness that ICT has drastically changed tourism world wide; it is of vital importance to acquire the skills and tools and to engage in a multi-channel strategy to reach the final customer– reducing dependence on foreign media, foreign tour operators and others in the traditional value chain.

Merely having a 'web presence' is not enough, a more detailed knowledge is required of aspects such as usability and search engine optimisation and other elements of online branding and marketing. As well as providing content online , there must be services as search facilities, availability checks and online reservation and payment.

Sri Lanka, especially Colombo, offers a wide variety of providers of web design, website development and other ICT related applications and services at affordable price levels, this will assist the ambitions of the tourism sector to make the most of information and communication technology.

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[67] Interview Mr Chandana De Silva (26 September 2006). http://www.srilankan.aero/aboutus/srilankantoday.shtml (retrieved 26 September 2006).

An example of an e-tourism initiative is the ambition of the International Finance Corporation (IFC) of the World bank Group and the SouthAsia Enterprise Development Facility (SEDF) to implement two online accommodation booking portals in Sri Lanka (based on the systems of Worldhotellink.com Ltd.) as part of their initiative to develop sustainable tourism in the region, benefiting local communities.[68]

The e-Sri Lanka initiative is also important - a stakeholder-led, multi-donor funded national development initiative with the objective to grow the ICT sector and use of ICT as an enabler for socio-economic development – is the responsibility of the Information and Communication Technology Association of Sri Lanka (ICTA). One of ICTA's projects is the development of Lanka Gate, a country portal where citizens, the general public, businesses, and government can access and obtain information and integrated government services from a single portal online. ICTA expects this to extend to the tourism sector in a few years time.[69]

Constraints

As is the case in many countries, in Sri Lankan the tourism sector may not be as effective in realizing its ambitions and as successful in reaching the targets defined in recent years as it could be because people are not working together as effectively as they could. Many stakeholders interviewed for this case study expressed regret that there is at this moment no united effort to promote Sri Lanka as a tourism destination. The Tourism Cluster formed in 2000 at the initiative of and with aid from USAID, made a promising start in devising a unified, sector-wide strategy to enhance the competitiveness of the Sri Lankan industry. However, realizing their ambitions has been hindered by not only the tsunami and violence, but also by differences of opinion over aspects of the New Tourism Act between public and private sectors, and by what are defined as 'personality clashes'.

SMEs feel that they maybe better off working together instead of relying on the established tourism organisations and suspect the larger companies that dominate the boards of pursuing their own interests.

This is all the more regrettable since, with the arrival of the internet is the responsibility of, the way we construct images of places has changed profoundly, both from a supply – projecting of identity – as well as demand – perceiving of images – perspective. As opposed to a one way push process of supply driven mass communication, place identity is now being produced, visualized and consumed through dynamic interactive processes, in physical as well as virtual environments.[70]

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[68] Expression of Interest in: *Daily News* 24 July 2006, copy provided by Mr Dileep Mudadeniya (27 September 2006).

[69] Interview Mr Suresh Bartlett (26 September 2006). http://www.icta.lk/insidepages/e-srilanka/e-srilanka.asp (retrieved 25 September 2006). ICTA, *Using ICT to Transform the Nation & Empower its People* (2006).

[70] See for more information on this topic Govers.

Initiatives in the field of 'responsible', 'alternative', 'eco' and 'green' tourism are likely to suffer from the fact that each initiator/initiative seeks to establish its own label, standards and accreditation. Much more could be achieved if the organisations and companies involved would unite their efforts to create one strong concept, brand and set of standards easily understood by consumers and providers of tourism services alike .

In general, branding can be defined as "the precise and pinpointed communication of your company, your product or service, the value it stands for and the feeling your customer will get from it"; and a destination or place brand as "a promise that describes a compelling experience in realistic but competitively differentiated terms and that offers the visitor a distinct and desired benefit".[71]

It is clear that in both terms a real understanding of what branding (offline and online) entails is lacking in the Sri Lankan tourism sector. Branding is often confused with positioning. The tagline 'Sri Lanka - A land like no other' may convey not clearly enough what Sri Lanka precisely has to offer to tourists Branding requires both a focus and consistency of message.

In addition, many stakeholders realise that they, and the Sri Lankan tourism sector as a whole, do have to enhance their knowledge of; quality criteria and critical success factors for websites and e-mail marketing, of devising a multi-channel strategy for their company, of event management, of CRM and public relations.

Because there is a lack of opportunity for academic tourism management study and a major lack of resources for academics to attend ICT and tourism conferences or keep their knowledge up to date in other ways, acquiring knowledge and skills is a matter of private endeavor or studying abroad.

The private tourism sector has always been in Sri Lankan ownership. This is an asset and the reason that not more than approximately 25 percent of profits leave the country.[72] But it is also mentioned as the reason for too much introspection and too little understanding of external factors. More global players would, according to insiders and outsiders, stimulate Sri Lankan entrepreneurs to better analysis and optimization of their competitiveness.

A significant barrier to innovation is the fact that it is hard to start a tourism business in Sri Lanka. Start-up businesses are extremely rare. The root cause of this can be found in the banking sector where it is hard for them and SMEs to secure the necessary loans, which are likely to be assessed against capital or property values rather than future business potential. Interest rates are rarely less than 15 percent and the banks, as typical in many developing countries focus more on security against assets, rather than management of risk through partnership with their clients.

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[71] Definitions used by Kim A. Castle and W. Vito Montone of Why Communications and by George Whitfield in DMO World Newsletter, issue 3, http://www.frontlinecommunication.co.uk/dmoworld/newsletterweb3.html (retrieved 29 March 2005).

[72] Interview Mr Prema Cooray (14 September 2006).

The recently established SME Bank does not have a program for the tourism sector, but focuses mainly on manufacturers. HSBC in Colombia, though, opened a special SME-center recently.[73]

Assets and Best Practices

Examples of courage and best practice abound:

- The e-Sri Lanka and Lanka Gate initiatives of the government and ICTA aiming to stimulate the availability and use of information and communication technologies in Sri Lanka.
- The efforts of the SLTB to gather information and opinions of stakeholders and to discuss the next three-year national tourism strategy plan through workshops.
- The initiative taken by the SLTB to build a accommodation search engine database offering online real time reservation and payment facilities as one of the first steps towards a comprehensive destination management system.
- The efforts of USAID Sri Lanka and the Tourism Cluster to develop new niches and markets and enhance the competitiveness of the tourism sector.
- The myriad of initiatives to shift the focus of the industry from beach to a much richer portfolio of tourism products that do respect the communities involved and the natural resources to protect.

It seems just a matter of combining efforts sector wide and of combining expertise and efforts to turn these best practices into a really effective and successful national tourism and e-tourism plan

The Sri Lankan tourism industry is quite rightly proud of the remarkable resilience it has shown in the past decades of ups and downs, and of its acknowledgement, at an early stage, of the importance of preserving Sri Lanka's cultural heritage, in part this can be attributed to the natural hospitality that the Sri Lankan people are so well known for, and (as in other Asian countries) their pride in delivering a valuable service to visitors.

It is this foundation of hospitality and diligent service to tourists that will form the basis for a rebirth of Sri Lanka as a tourist destination - providing the initiatives described above can be bound into a cohesive tourism strategy that can draw upon the support of the private and public infrastructure to support local businesses effectively.

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[73] Interviews Ms Wilja Witcombe, Mr Siri de Silva and Mr Mervyn Fernandopulle (18-19 September 2006). Interview Mr Roshanjith Siriniwasa (20 September 2006). Interview Mr David Griffith (27 September 2006).

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