TOURISM DEVELOPMENT STRATEGY

(2016-2023)

FINAL REPORT

December 2015

Falkland Islands Tourist Board

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ACRONYMS	
IAATO	International Association of Antarctica Tour Operators
FCA	Falklands Coldwater Academy
FIDC	Falkland Islands Development Corporation
FIG	Falkland Islands Government
FIGAS	Falkland Islands Government Air Service
FIH	Falkland Island Holidays
FITA	Falkland Islands Tourism Association
FITB	Falkland Islands Tourist Board
GRU	Airport Code for Guarulhos (Sao Paulo) International Airport
ITT	International Tours and Travel
JVC	Jetty Visitor Centre
LAN	LAN Airlines (flag carrier of Chile)
MOD	Ministry of Defence
MPA	Mount Pleasant Airport
MPC	Mount Pleasant Complex
PUQ	Airport Code for Punta Arenas International Airport
RDS	Rural Development Strategy
SWOT	Strengths Weaknesses Opportunities Threats
TDS	Tourism Development Strategy

EXECUTIVE SUMMARY

1. Tourism in the Falklands

1.1 Over the period 2000-2014, overnight leisure tourist arrivals have grown by an average annual rate of 1%. The UK is the largest leisure tourism market representing 39% of arrivals in 2014, followed by Argentina, USA, France, Germany and Australia. Seasonality of overnight leisure tourism is strong, with the majority of visits occurring over the period November to February; visitors are predominantly male in the 45-64 years age group.

1.2 From a low of just under 30,000 cruise visitors in the 2012/13 season, growth has been consistent over the last two seasons to reach over 43,000 in 2014/15. The USA is the largest market (35%), followed by the UK (10%).

1.3 Almost one-third of all cruises that include the Falklands start in Ushuaia. Stanley is the most significant destination in the Falklands for cruise ships, accounting for 40% of all visits, followed by West Point, Saunders and Carcass Islands. Around 19 vessels carrying almost 32,000 passengers bypass the Falklands altogether each season

1.4 Domestic leisure tourism trips (visits by residents of the Falklands to places in the Islands for one night or more) amounted to over 5,100 in 2014, and appear to be growing since 2011.

1.5 Total leisure tourism expenditure from overnight, cruise and domestic tourism totalled £4.7 million in 2014. 50% of this was from cruise tourism, 39% from overnight tourism, and 11% from domestic tourism.

2. Air and Accommodation Capacity

2.1 Air access to the Falklands is the biggest constraint to the growth of tourism. The one flight a week from Punta Arenas offers 168 seats, or around 8,736 per year.

2.2 In 2014 the load factor on this route was 48%, although this rose to 62% in the Jan-Mar and Oct-Dec *tourist season*. This means that there were only 1,750 spare seats during that period. The airbridge offers limited additional seats – on average there are five leisure tourists per airbridge flight (under 300 per year).

2.3 Consequently, the current air links provide capacity for a growth in leisure tourism (assuming all other travel to the Islands remains unchanged) of approximately only 1,500 visitors.

2.4 The accommodation sector in the Falklands is extremely fragile, with most establishments being family run and most destinations only having one accommodation establishment. By October 2016 there will be 283 beds in serviced accommodation (50% of these are in the Malvina House Hotel) and 118 beds in self-catering accommodation. There are only 98 beds in serviced accommodation in Camp.

2.5 Based on current visitor trip characteristics, the accommodation stock in camp is sufficient in size to take approximately 1,000 additional leisure overnight tourists during the October-March season.

3. Strategic Context of the Tourism Development Strategy

3.1 The TDS takes into consideration and is aligned with other significant strategic plans and development strategies in the Islands. These include:

- The Islands Plan (2014-2018)
- Economic Development Strategy (2010)
- Rural Development Strategy (2012-2017)

3.2 The TDS supports Option 2 of the Stanley Waterfront Development, although recommends that the Mixed User Waterfront Development and Cruise Passenger Jetty be brought forward in the development timeline and made priority development areas.

4. Tourism Vision

4.1 Vision 2022: the TDS sets out a vision for leisure tourism in 2022 based on the current air links status quo. The vision is of 2,600 overnight tourists, 65,500 cruise visitors, and total leisure tourism expenditure of £10 million.

4.2 The addition of additional weekly flights to the Falklands would have a profound impact on tourism. Each additional flight would generate around 1,500 leisure tourists, spending £2 million. Approximately 50 additional rooms would need to be developed to satisfy the demand created by these leisure tourists.

4.3 The FITB Vision is to: *develop a sustainable and economically significant tourism sector. This will involve creating an industry that provides excellent opportunities for residents in Stanley and Camp, and a destination that offers tourists the best possible experience to realise their travelling ambitions.*

5. Tourism Strategy Pillars

5.1 The TDS is based on the existing air links status quo, and the assumption that the Stanley Waterfront Development (Option 2) will be implemented over the duration of the strategy (by 2022).

5.2 The pillars underpinning the strategy for overnight tourism are:

- Increasing tourist arrivals and length of stay
- Extending the tourism season
- Developing "honeypots" to attract tourists to lesser visited areas

5.3 The pillars underpinning the strategy for cruise tourism are:

- Increasing both the number of cruise visitors and their levels of expenditure
- Encouraging expedition cruise ships to visit more destinations
- Enhancing the day visitor experience in Stanley

6. The Strategy

6.1 Research and Marketing

6.1.1 Develop traditional and digital marketing strategies that respond to the overall vision of the Tourism Development Strategy. These should clearly identify the core (UK, USA, France, Germany, Australia) and tactical (South America) markets being targeted and the products the Falklands offer to these markets. Birding and wildlife should remain the core focus of marketing, with eight identified secondary products providing additional depth (see Product Development). Marketing initiatives should be monitored to track their effectiveness.

6.1.2 Continue the market research programme that tracks air, cruise and domestic tourism, and accommodation occupancy, and use this programme to track the TDS. Maintain the Accommodation Accreditation Scheme and adapt and adjust to keep it fresh, and responding to international accommodation trends.

6.2 Product Development

6.2.1 Product diversification to attract tourists over a longer season, to different destinations, and to generate more overnight visitors should take place through marketing and investment. Eight market segments should form the focus of this product diversification.

6.2.2 War and Historical Interest, Fishing, Photographic Tourism, and Sports Events should all be developed though marketing strategy initiatives. Hiking (development of trails), Yachting (development of a marina – Stanley Waterfront Development) and Diving / water sports (development of a Falklands Coldwater Academy) should be developed through marketing *and* investment.

6.2.3 Market the Falklands to expedition cruise operators by focussing on three key areas:

- Encouraging them to include more calls in the Falklands
- Home porting their vessels in Stanley
- Offering cruisers an option of overnight tours in the Falklands on passenger exchanges

6.2.4 Improve cruise guide and passenger knowledge of the Falklands through the development of a new Visitor Guide and documentary video. Broaden the range of shore excursions in Stanley to satisfy increasing demand from cruise passengers.

6.2.5 Develop an attractive and engaging Domestic Tourism Guide to encourage new residents to the Falklands to engage with the tourism product.

6.3 Infrastructure

6.3.1 Improvement of the tourist arrival and departure experience and expansion of the capacity of the air terminal should be investigated due to a strong economic case that the existing facilities would not allow LAN to sell all 220 seats on an A321 aircraft, which is likely to be introduced in 2016. FITB should work closely with FIG to investigate alternatives proposed in the TDS.

6.3.2 Private sector investment in new accommodation is desirable but unlikely until there is improved international air access. However FITB should be prepared for change and encourage investment through the compilation and distribution of an Accommodation Investment Guide.

6.3.3 The Tourism Accommodation Grant Scheme should continue to be run, but administered by FITB, with an increased budget of £50,000, and relaxing expenditure restrictions.

6.3.4 The development of a café (with toilets) at Gypsy Cove would improve the visitor experience of cruise passengers to the most popular day visitor attraction in the Falklands. A build and lease scheme should be explored through a feasibility study. Cost of construction and fitting out is estimated at around £120,000.

6.3.5 Improving cruise visitor experience in Stanley, including signage, is an important element of visitor satisfaction and repeat visitation. An annual fund for small-scale improvements of £25,000 is proposed.

6.3.6 With the growth of cruise tourism, there is a need to encourage further private sector engagement with cruise visitors – in particular developing shore excursions, with the aim of increasing cruise visitor expenditure. The grant scheme would match-fund business development proposals with an annual budget of £30,000.

6.3.7 Cruise visitors provide FITB with an excellent opportunity to market the destination directly. Many visitors only spend a few hours on the Islands and therefore a high quality audio-visual exhibition in the JVC could provide a memorable experience that would convert to a future overnight tourism booking. It is estimated that through good marketing, over 1,200 visitors annually would seriously consider booking an overnight trip, which if converted represents a total spend of £1.4 million. An initial design study is proposed to refine possible ideas and costs. Total cost of developing a high quality exhibition in a space of around 60m^2 is estimated at £135,000.

6.4 Human Resources and Institutional

6.4.1 The FITB Tour Guide training course should be offered to residents in Camp (based on demand), and the scheme should continue to be offered in Stanley on an annual basis.

6.4.2 Short courses offering a range of useful skills to stakeholders in the sector should be offered on an annual basis through a training fund. FITB will identify and select courses based on demand and skills requirements.

6.4.3 The implementation of a holistic green (environmental) tourism scheme that would be relevant for all tourism sector businesses from accommodation through to tour operators and shops should be investigated from international best practice. Increasingly, tourists are responding positively to destinations with green accreditation schemes.

6.4.4 The establishment of a Falkland Islands Tourism Association would have significant benefits for the sector. FITB should assist with the establishment of this body.

7. Growth Targets

7.1 There are 10 key tracking indicators that will provide annual data on the progress of the TDS. These should be supplemented with other qualitative and quantitative data that shows the progress of the TDS in an *Annual TDS Progress Review*.

7.2 If the growth targets are achieved, by 2022 overnight tourism expenditure will reach £4.2m and cruise tourism expenditure will reach £5.0 million – both more than doubling their 2014 figures. Total expenditure from overnight, cruise and domestic tourism will exceed £10m in 2022.

8. Implementation Plan

8.1 The Implementation Plan involves considerable activity in Years 1 and 2 (2016/2017 and 2017/2028). All one-off TDS activites are undertaken in these two years, with other activities becoming ongoing annual activities.

8.2 The exception to the above are the funding and development of the Café and Toilets at Gypsy Cove, Falklands Coldwater Academy, JVC Falklands Showcase, and the Civilian Passenger Terminal, all of which will be subject to the outcome of their individual feasibility studies.

8.3 The budget for the one-off TDS development is £402,500, roughly split evently between the first two years (note that around 50% of this has been allocated to surfacing the JVC car park). The on-going cost of moving TDS activities forward is £493,000. This compares to a current subvention budget of £332,000 to cover equivalent activities.

8.4 The principal reasons for the increase in the annual budget is additional digital marketing spend of around £50,000, the transfer of the Tourism Accommodation Grant Scheme from FIDC, and the creation of the Stanley Infrastructure Improvement Fund and Cruise Tourism Business Grant Scheme.

1. INTRODUCTION

The Falkland Islands Tourist Board (FITB) has commissioned this Tourism Development Strategy (TDS) to replace the previous (2011) tourism strategy that had become out-dated and did not reflect the current economic conditions.

Whilst the Terms of Reference did not set out the duration of the TDS, during its compilation it became apparent that a period of seven years (2016/2017 to 2022/2023) was most appropriate and realistic. Developing a strategy that went beyond this period ran the risk of becoming obsolete, as internal and external factors (many of which are likely to be unforeseen) over the period would change the tourism and economic landscape considerably.

However, it should be noted that many of the recommendations made in this Strategy are expected to be a driving force for tourism in the Falklands well beyond 2023. This Strategy aims to place tourism in a strong and healthy position for many years to come.

The target growth rates for overnight and cruise tourism aim to double tourist expenditure in the Falklands over the period of the Strategy, thereby fulfilling the Terms of Reference objective for increasing tourism spend in the Islands.

The TDS has been compiled following six months of consultations (over 100 interviews including more than 60 in the Falklands), industry analysis, and detailed scrutiny of the Falkland Islands' system of tourism statistics. The overall aim has been to ensure that it is realistic and implementable. It is recognised that tourism stakeholders in the Falklands need to take ownership of the Strategy, and they can only be expected to do so if they support it and believe in it.

Whilst the Strategy sets out a seven-year plan of action, it should be remembered that it can be adapted if there are any significant external or internal changes. Economic and political events in generating markets or changing situations with regards to international air access are two obvious examples. The TDS should be treated as a working document and adapted as appropriate in such situations, with FITB Board approval.

Finally, and perhaps most importantly, the Strategy urges all relevant bodies to continue their efforts to introduce an additional air link to the Islands. This is the single most significant factor constraining the development of tourism, and indeed tourism can only be developed so far with the existing single commercial flight from Punta Arenas. The underwriting of airline services should continue to be explored. Although it has a bigger tourism sector, the Cook Islands spends £5.2 million a year underwriting Air New Zealand flights to Los Angeles and Sydney, with a net economic benefit to the country.

2. LEISURE TOURISM DEMAND IN THE FALKLANDS

Section Summary

1. The focus of the TDS is on leisure tourism, and the performance of the FITB can largely be measured by tracking overnight leisure visitor numbers, length of stay, and expenditure, and cruise visitor numbers and expenditure.

2. Over the period 2000-2014, overnight leisure tourist arrivals have grown by an average annual rate of 1%. The UK is the largest leisure tourism market representing 39% of arrivals in 2014, followed by Argentina, USA, France, Germany and Australia.

3. Seasonality of overnight leisure tourism is strong, with the majority of visits occurring over the period November to February; visitors are predominantly male in the 45-64 years age group.

4. From a low of just under 30,000 cruise visitors in the 2012/13 season, growth has been consistent over the last two seasons to reach over 43,000 in 2014/15. The USA is the largest market (35%), followed by the UK (10%).

5. Almost one-third of all cruises that include the Falklands start in Ushuaia. Stanley is the most significant destination in the Falklands for cruise ships, accounting for 40% of all visits, followed by West Point, Saunders and Carcass Islands. Around 19 vessels carrying almost 32,000 passengers bypass the Falklands altogether each season.

6. Domestic leisure tourism trips (visits by residents of the Falklands to places in the Islands for one night or more) amounted to over 5,100 in 2014, and appear to be growing since 2011.

7. Total leisure tourism expenditure from overnight, cruise and domestic tourism totalled £4.7 million in 2014. 50% of this was from cruise tourism, 39% from overnight tourism, and 11% from domestic tourism.

2.1 Overnight Tourists

2.1.1 Classification of Overnight Tourists

All non-residents of the Falkland Islands who are staying at least one night in the Islands complete an immigration form on arrival, with the exception of cruise passengers who are dealt with separately. Immigration shares this data with FITB, which allows an analysis of arrivals by the following purposes of visit.

Figure 2.1 Overnight Tourist Purpose of Visit

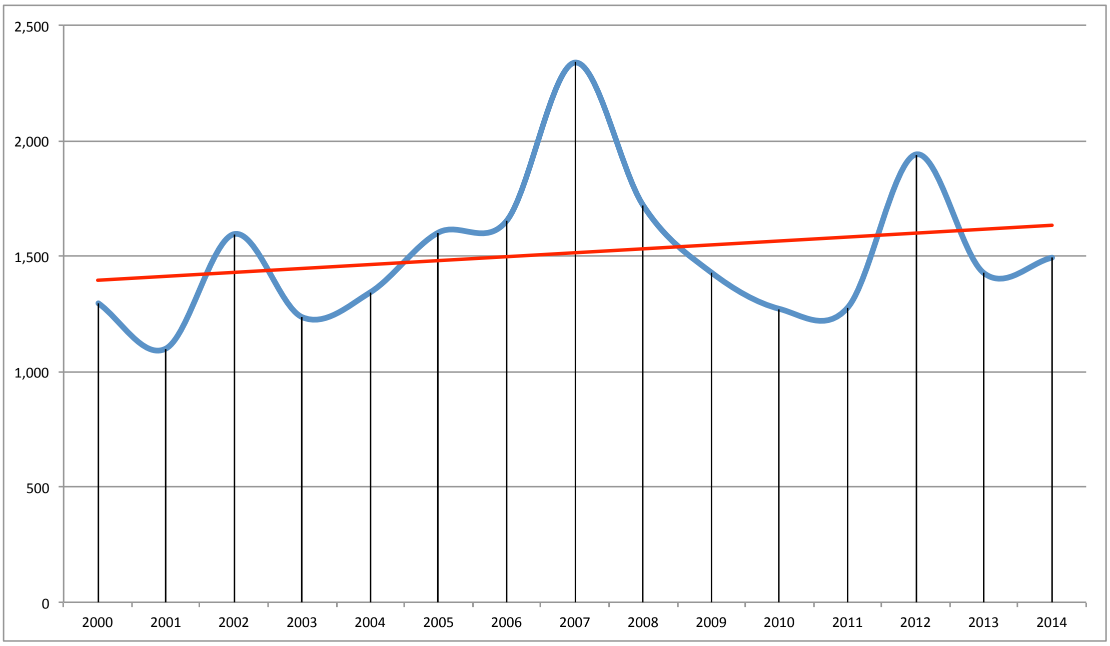
Leisure	Arrivals travelling for leisure. These are mainly on holiday vising the Islands for birds watching and wildlife. However they do also include British veterans and their families, as well as Argentines who predominantly stay in Stanley and visit Darwin. This latter group has grown significantly in recent years. A small proportion of Argentinians (mainly upper class) travel for birds, wildlife and photography.
Visiting Friends and Relatives	Arrivals who primarily travel to visit friends or relatives on the Islands. Whilst their primary motivation is usually leisure, and they may visit other parts of the Islands whilst in the country, their visit is typically driven by the desire to see people they know rather than any marketing initiative of FITB.
Business	Arrivals travelling for the purpose of business, and may include short-term workers for FIG, private sector, including journalists, etc.
Transit	Arrivals travelling on to another destination, typically transferring to a fishing or cruise vessel, or oil rig/offshore vessel. They may, if circumstances dictate, spend a short period of time on the Islands.

The focus of the TDS is on **leisure** tourism, and the performance of the FITB can (essentially) be measured by assessing leisure tourist arrivals (their number, length of stay, expenditure, etc). Within this group the Argentine visitors can distort the figures slightly, as a large proportion of them are motivated to take a trip for purposes that are not in line with FITB marketing and promotion. For this reason, they have been separately identified in some tables and figures in this section.

2.1.2 Leisure Tourist Arrivals Trends

Overall, over the period 2000 to 2014, leisure tourists have grown by an average annual rate of 1%. Figure 2.2 below shows the various peaks over this period, which corresponds to the 20th (2002), 25th (2007) and 30th (2012) anniversaries of the Falklands War. There were just under 1,500 leisure tourists in 2014.

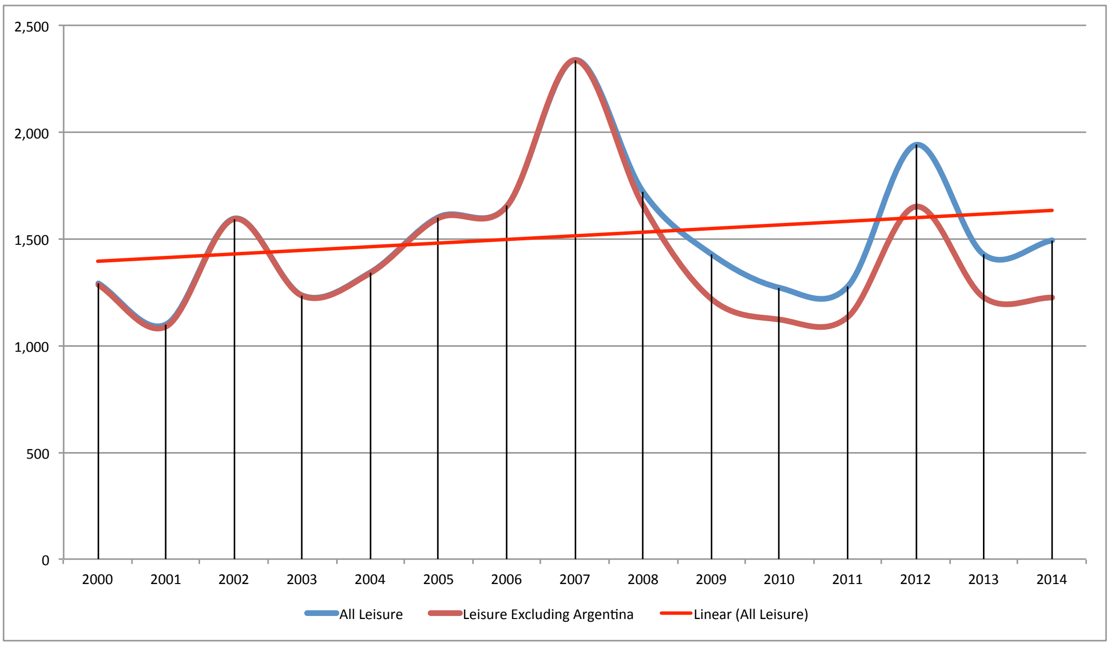
Figure 2.2 Leisure Tourist Arrivals to Falklands (2000-2014)



Source: T-Stats, FITB

Excluding Argentine leisure arrivals to the Falklands (Figure 2.3) highlights the growth of the Argentine leisure market over the last six years. It clearly shows that leisure tourism growth over the period 2013 to 2014 was entirely due to Argentine visitors; excluding them results in a 0% growth rate in leisure arrivals.

Figure 2.3 All Leisure Tourists and Argentine Leisure Arrivals (2000-2014)

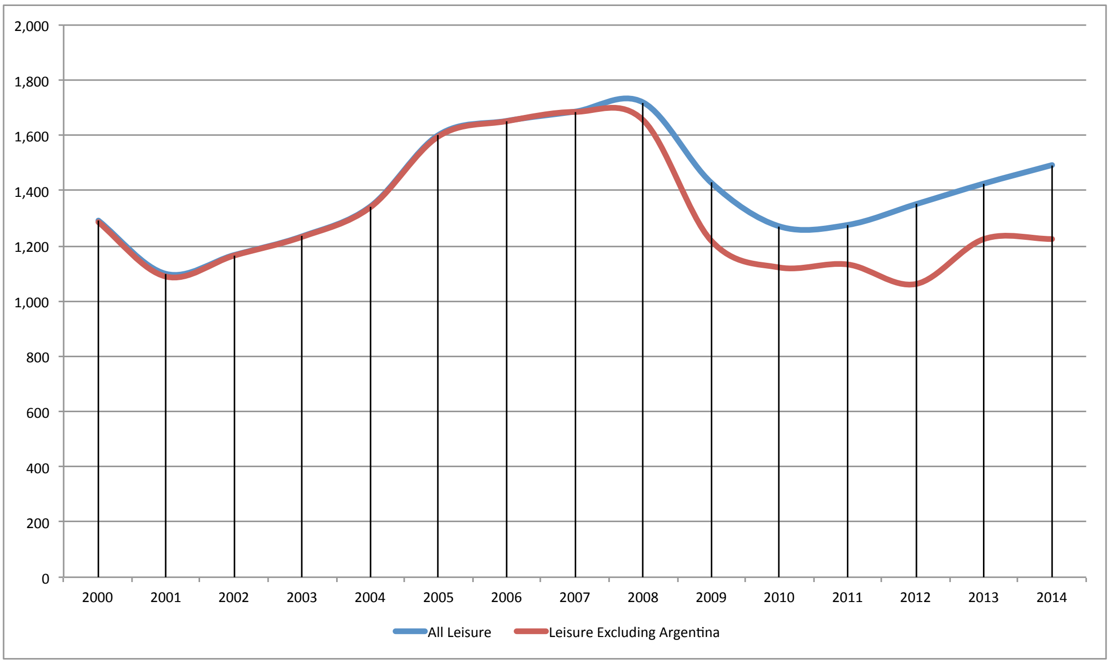


Whilst it is not know precisely the number of veterans and related family members who travelled to the Falklands in each of the three anniversary years (2002, 2007 and 2012), estimates have been made, and the chart of arrivals has been re-plotted (Figure 2.4). Essentially this aims to show leisure tourism in the Falklands without the effects of the anniversaries.

It shows a period of relatively strong growth between 2002 and 2005, then much slower growth until 2008, and then decline (almost certainly due to the global financial crisis) until 2010, with moderate growth since.

However, excluding the expanding Argentine leisure visitors, the picture looks a little different, with arrivals being broadly flat since 2010.

Figure 2.4 Leisure Excluding Anniversary Veterans in 2002, 2007 and 2012



Source: T-Stats, FITB

2.1.3 Leisure Tourist Arrivals by Country of Residence

The United Kingdom is still the largest generating market for leisure tourist arrivals, followed by Argentina, then the United States. Over the last five years, the average annual growth rate of arrivals from the UK has been 3.3% compared to 15.8% from Argentina and 2.5% from USA.

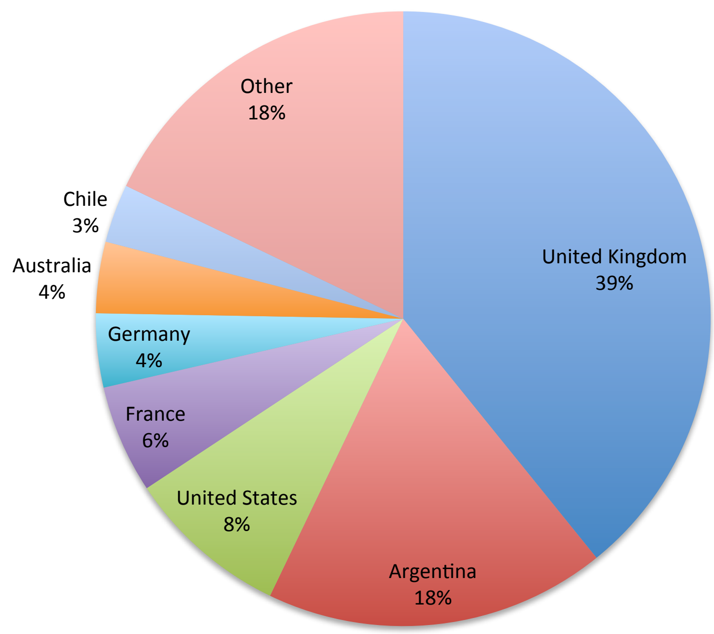
Great care should be taken when interpreting growth rates of other countries as the number of arrivals is small and consequently percentage changes can be large.

Figure 2.5 Leisure Tourist Arrivals by Main Markets (2010-2014)

Country of Residence	2010	2011	2012	2013	2014	Av. Rate (%)
United Kingdom	514	532	856	559	585	3.3
Argentina	149	143	289	201	268	15.8
United States	116	102	140	136	128	2.5
France	68	91	150	94	85	5.7
Germany	38	58	38	63	58	11.2
Australia	45	48	74	55	56	5.6
Chile	38	37	47	31	46	4.9
Netherlands	37	31	17	24	27	-7.6
Canada	22	34	25	38	21	-1.2
Poland	8	5	7	0	19	24.1
Switzerland	48	32	39	29	16	-24.0
New Zealand	24	17	27	15	15	-11.1
Brazil	9	14	25	11	14	11.7
South Africa	11	5	7	6	13	4.3
Uruguay	6	4	17	9	12	18.9
Finland	1	4	14	3	10	77.8
Italy	9	16	23	20	10	2.7

Source: T-Stats, FITB

Figure 2.6 Leisure Tourist Arrivals by Country of Residence (2014)

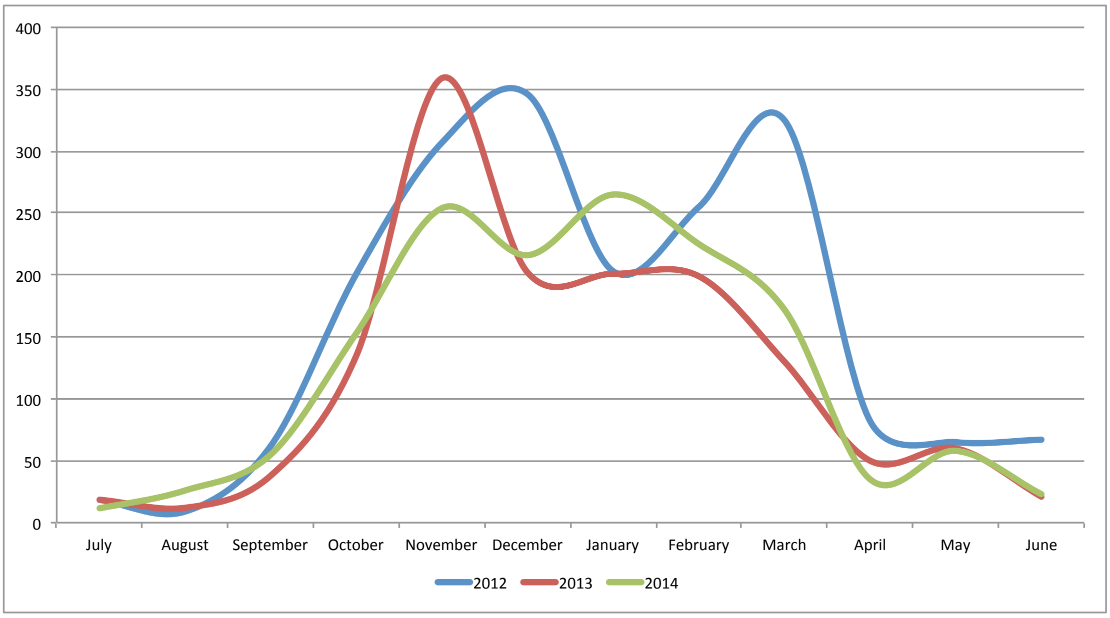


Source: T-Stats, FITB

2.1.4 Leisure Tourist Arrivals by Month

The seasonality of leisure tourist arrivals is quite considerable, as shown in Figure 2.7. Taking an average of the last four years (Figure 2.8) creates a clearer picture and shows that November generated the largest average number of leisure arrivals.

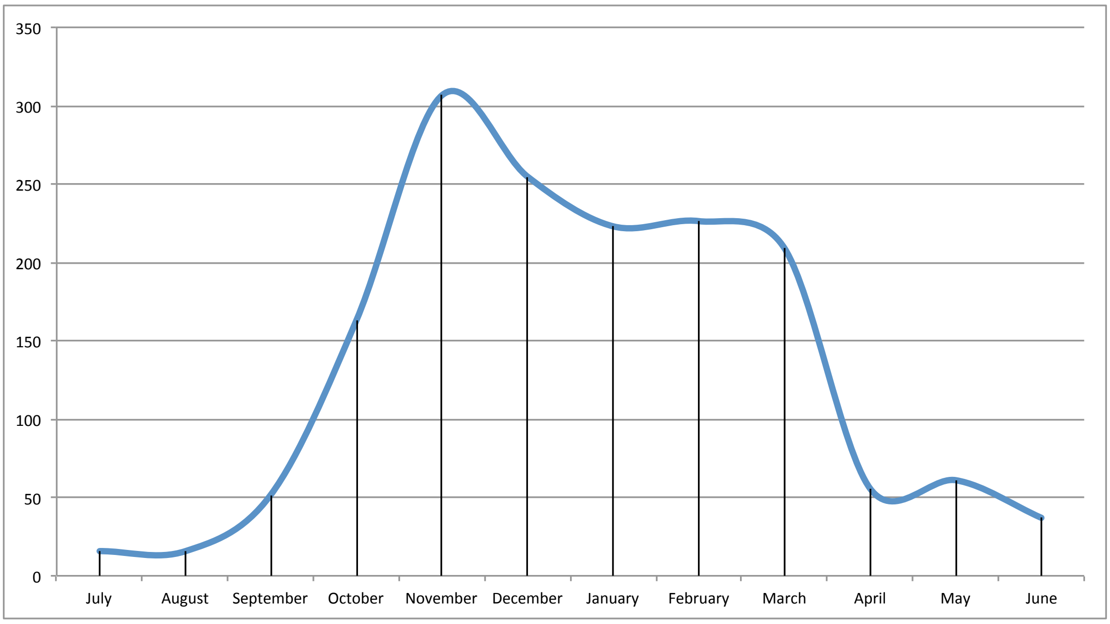
Figure 2.7 Leisure Tourist Arrivals by Month (2012-2014)



Source: T-Stats, FITB

It is clear that the leisure tourism season starts slowly in October, and tends to dominate November through to February, with March still performing well, but then falling off sharply in April.

Figure 2.8 Average Leisure Tourist Arrivals by Month (2012-2014)

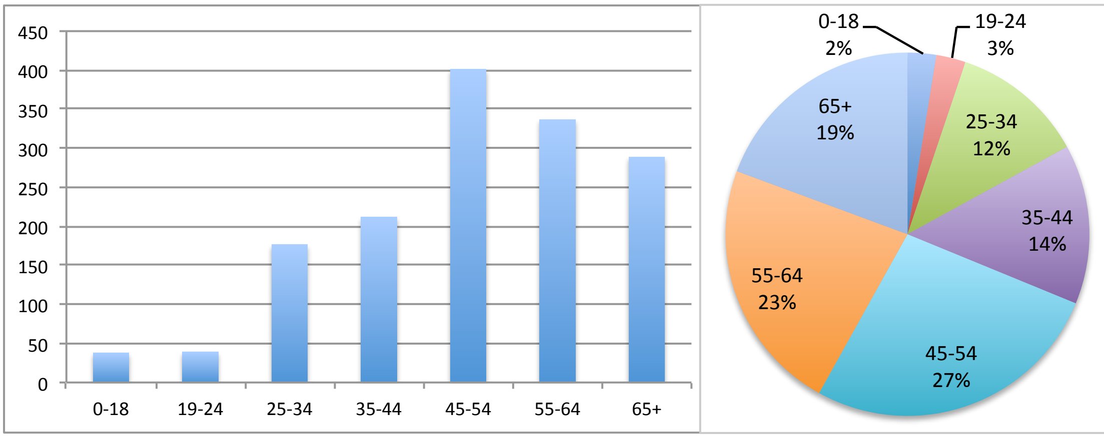


Source: T-Stats, FITB

2.1.5 Demographic Profile of Leisure Tourist Arrivals

The key age group for leisure arrivals are the 45-54 year olds, followed by the 55-64 year olds, which accounted for exactly 50% of all leisure tourist arrivals in 2014.

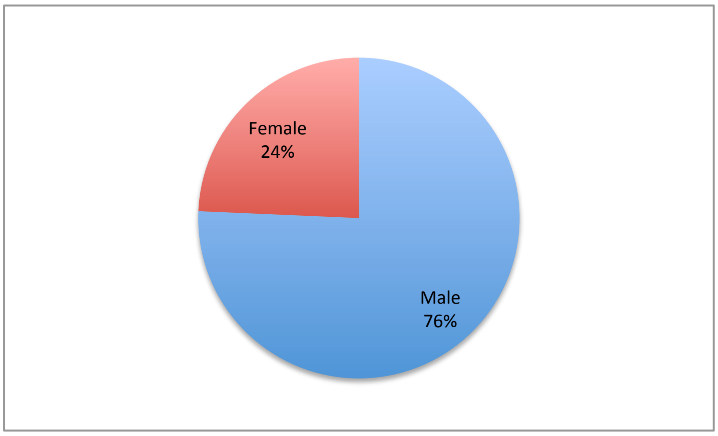
Figure 2.9 Leisure Tourist Arrivals by Age Group (2014)



Source: T-Stats, FITB

Over three-quarters of all leisure tourists are male. The bias towards males is driven by the veterans, Argentines, and some of the leisure segments that have a strong male interest, including bird watching and fishing.

Figure 2.10 Leisure Tourist Arrivals by Gender (2014)



Source: T-Stats, FITB

2.2 Cruise Passenger Arrivals

2.2.1 Classification of Cruise Passenger Arrivals

Cruise passengers are generally considered as day visitors to the Falklands, however, a number of expedition vessels (less than 250 passengers) visit more than one destination, and therefore passengers stay longer than a single day. However, they are all considered cruise passengers, are only counted once (even if they may, for example, visit Carcass Island and Stanley), and all passengers are accommodated on the vessel in which they are travelling.

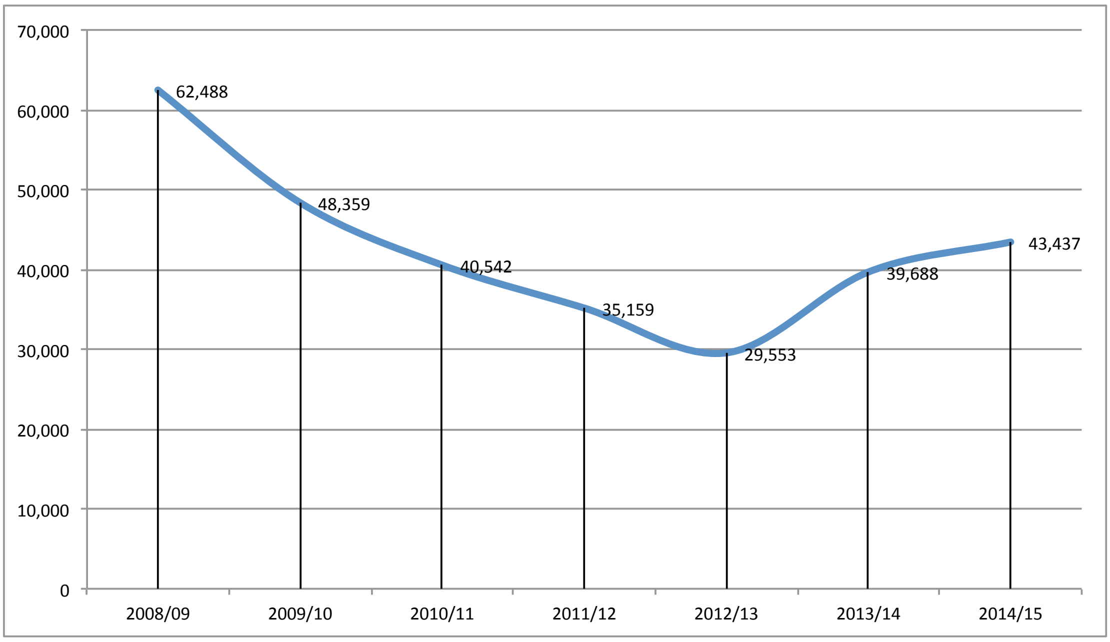
Some passengers join or leave their vessel in the Falklands, and these are known as passenger exchanges. If they stay in the Falklands for some nights before or after their cruise they are also included in the overnight tourist arrivals statistics. To date the number of passenger exchanges that stay in the Falklands before or after has been relatively small, however in the 2015/2016 season it is expected that around 150-200 will do this.

The cruise season in the Falklands starts in October and ends in March. There are no cruise ship arrivals outside of this period.

2.2.2 Cruise Passenger Arrivals Trends

From a peak in the 2008/2009 season of 62,488 passenger arrivals, numbers declined until 2012/2013 due to the withdrawal of some of the large cruise vessels, and other factors such as adverse weather and mechanical issues. However since then, there have been two seasons of consecutive growth, and further growth to an expected 50,000+ passengers in 2015/2016.

Figure 2.11 Cruise Passenger Arrivals (2008/09 – 2014/15)

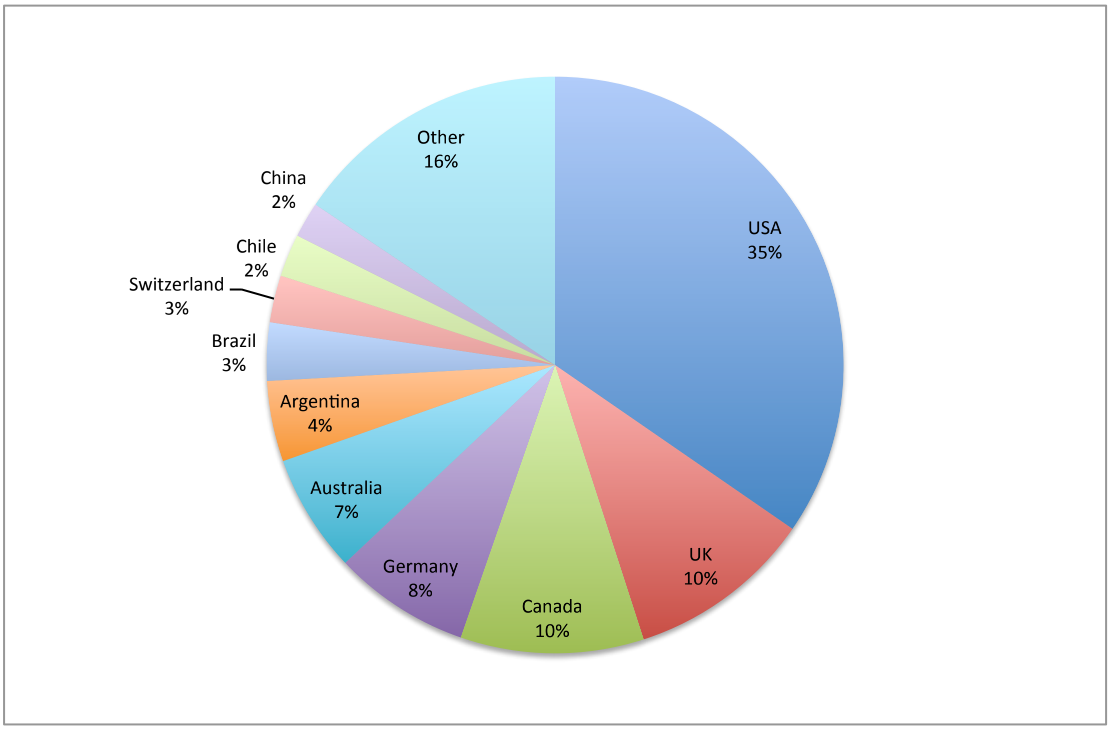


Source: T-Stats, FITB

The growth of passenger arrivals over the last two seasons has been mainly due to increased arrivals on cruise (rather than expedition) vessels, as these carry the bulk of all passengers.

Nationals from the USA accounted for over one-third of all arrivals in 2014/2015, followed by the UK, Canada and Germany. The nationality of passengers tends to be heavily influenced by the cruise lines operating to the Falklands and in the South Atlantic.

Figure 2.12 Cruise Passenger Arrivals by Nationality (2014/15)



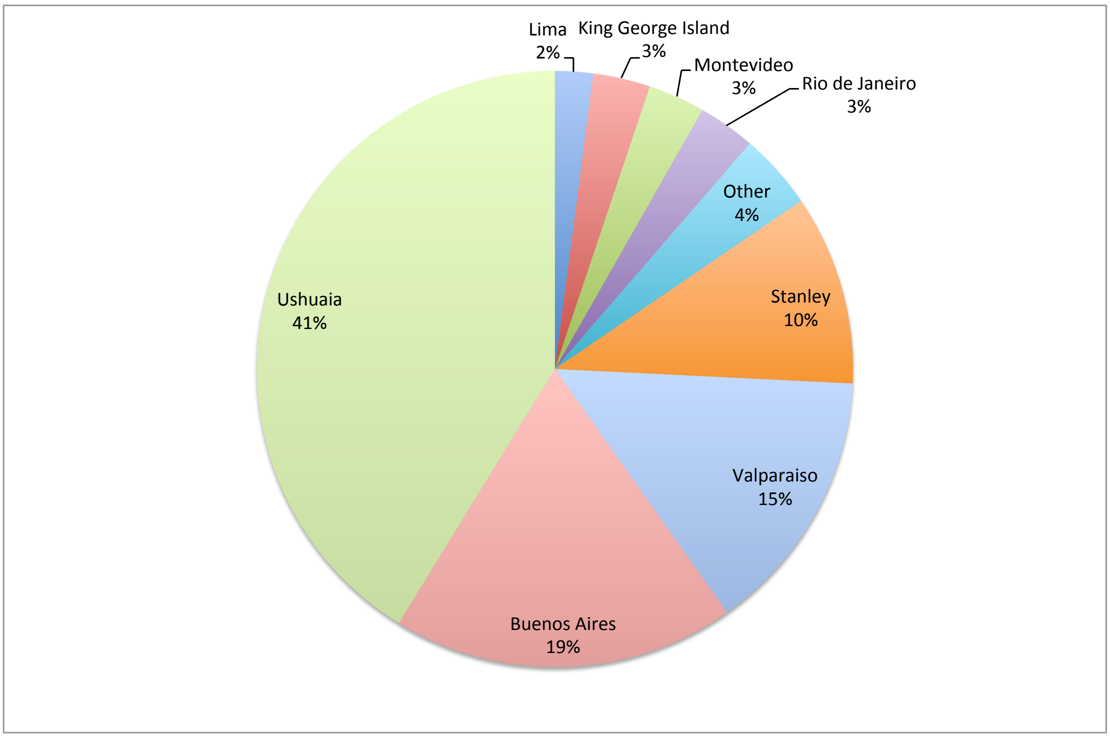
Source: T-Stats, FITB

2.2.3 South Atlantic Cruising Departure Ports

Analysis of the cruise industry in the South Atlantic provides greater insight into the geographical positioning of ships. The departure (home) port of a cruise journey plays an important role, as it is the place where (usually) the greatest level of expenditure takes place. The cruise operator will often purchase provisions from the homeport, and bunkering (purchase of fuel) often takes place there too. In addition to this, cruise passengers often spend time in the country of the homeport, either before or after the cruise.

Figure 2.13 below shows the port of departure of all cruise trips that visit the Falklands. It can be seen that just 10% of all cruise itineraries that include the Falklands start their journey there. Ushuaia is the most significant homeport for cruise vessels visiting the Falklands, followed by Buenos Aires.

Figure 2.13 Cruise Vessel Home Ports (2014/15)

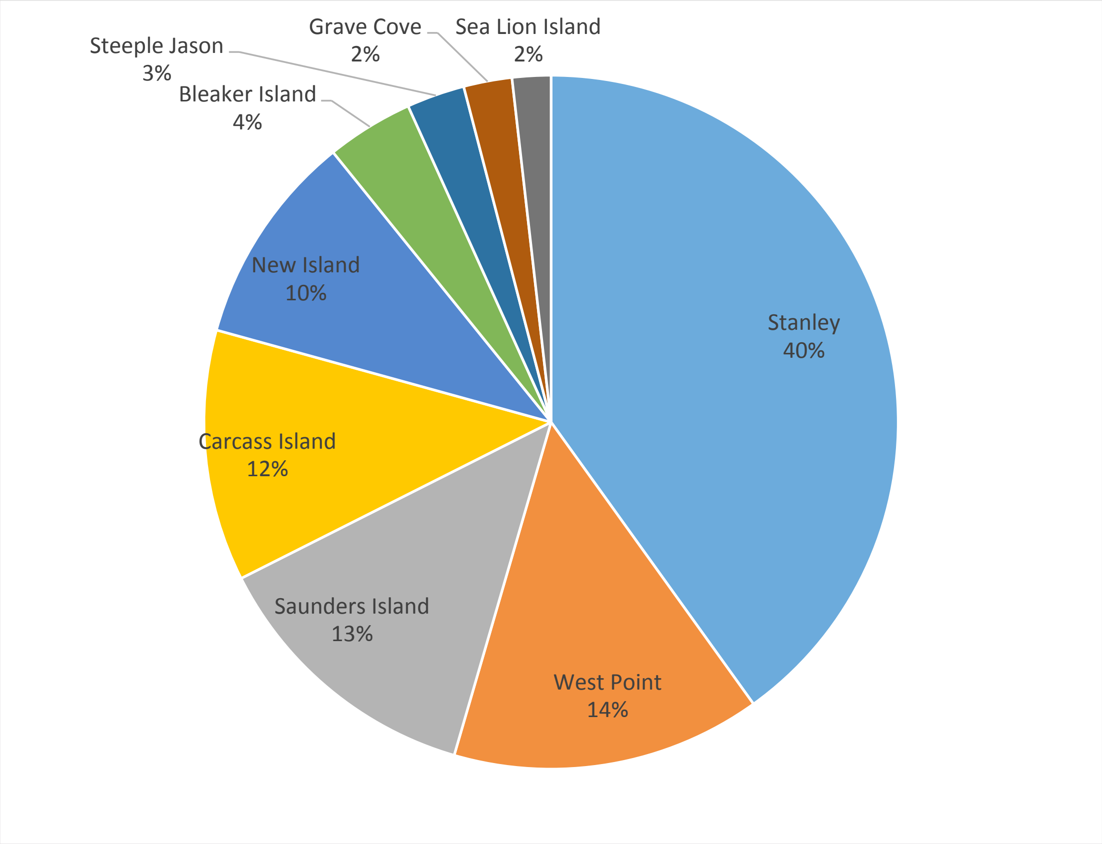


Source: Acorn Tourism Consulting Ltd

2.2.4 Falkland Islands Cruise Calling Points

Stanley is the most significant port of call in the Falklands, with 40% of all cruise vessels calling there. West Point Island, followed by Saunders Island and Carcass Island are the next most visited destinations by cruise ships. This is shown in more detail below, in Figure 2.14.

Figure 2.14 Falklands Cruise Calling Points (2014/15)



Source: Acorn Tourism Consulting Ltd

2.2.5 Cruise Journeys Bypassing the Falklands

In part, the potential for growth of cruise visitors can be measured by the capacity of ships that currently bypass the Falklands on journeys in the South Pacific. Over 55% of this potential capacity is on the Celebrity Infinity, which passes the Islands eight times in a season (and visits only once) – see Figure 2.15 below.

Figure 2.15 Cruise Journeys Bypassing the Falklands (2014/15)

Cruise Line	Ship	Vessels/ Season	Cap.	Max Pax	%
Celebrity	Celebrity Infinity	8	2,170	17,360	55.1
Compagnie du Ponant	Le Lyrial	2	264	528	1.7
Cunard	Queen Mary 2	1	3,090	3,090	9.8
Fred Olsen	Boudicca	2	880	1,760	5.6
Hapag Lloyd	MS Hanseatic	1	175	175	0.6
Royal Caribbean	Rhapsody of Seas	4	2,040	8,160	25.9
Seabourn	Seabourn Quest	1	450	450	1.4
Total		**19**	**9,069**	**31,523**	**100.0**

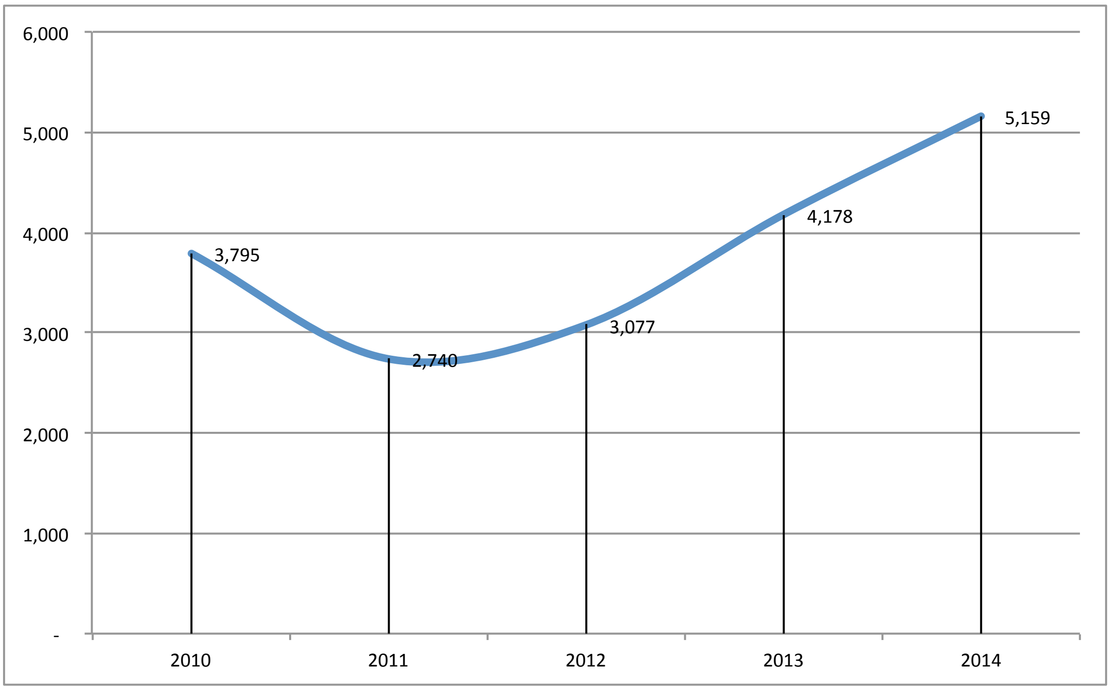
Source: Acorn Tourism Consulting Ltd

In total, just over 31,500 cruise passengers (assuming all vessels are operating at capacity) will pass the Falklands during the 2014/2015 season.

2.3 Domestic Tourism Trips

Domestic tourism in the Falklands is defined as trips made by residents of the Falklands (they may not be nationals, but they have lived, or intend to live, in the Islands for at least 12 months) for at least one night; trips can be for any purpose. In 2014 over 5,100 domestic leisure tourism trips were taken in the Falklands.

Figure 2.16 Domestic Tourism Trips (2010-2014)



Source: Domestic Tourism Survey, FITB

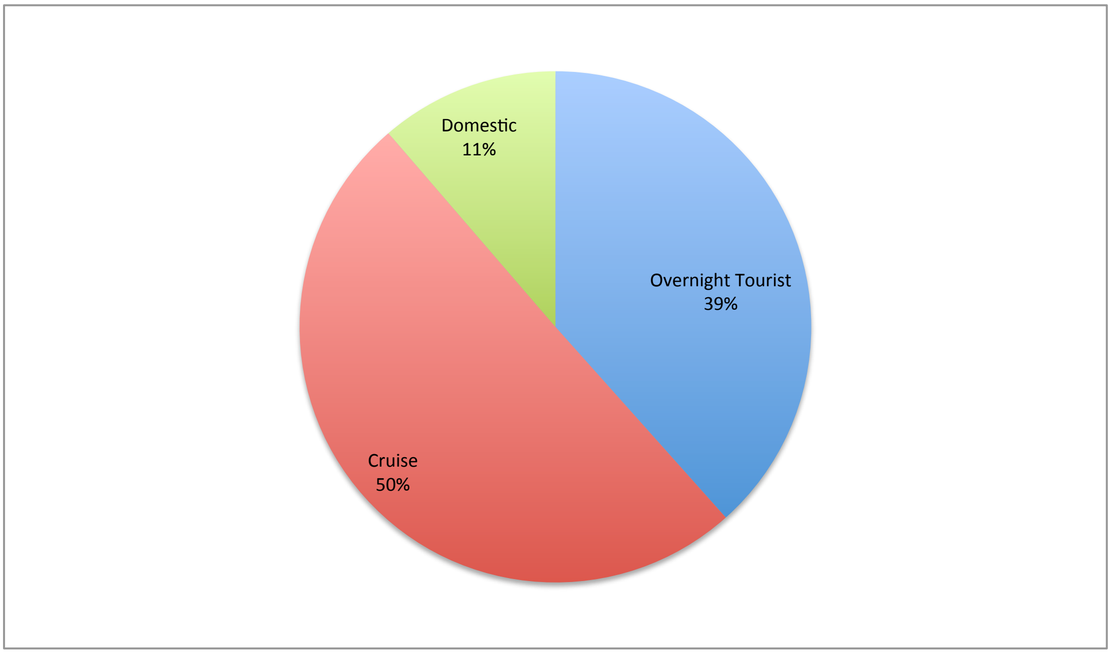
Whilst domestic tourism does not act as an export to the Islands' economy, it does redistribute wealth within the economy, and in particular from Stanley to Camp. Domestic tourism also allows operators (such as accommodation establishments) to fill spare capacity at short notice through special offers.

2.4 Leisure Tourism Expenditure in the Falklands

In 2014, an estimated £4.7 million was spent by leisure tourists in the Falkland Islands. The distribution of this expenditure is shown in Figure 2.17.

Whilst it shows that cruise passengers accounted for one-half of this expenditure, the importance of overnight tourism is underlined by the fact that 39% of all expenditure was generated by just 1,500 tourists, as opposed to 50% being generated by over 43,000 cruise visitors.

Figure 2.17 Leisure Tourism Expenditure (2014)



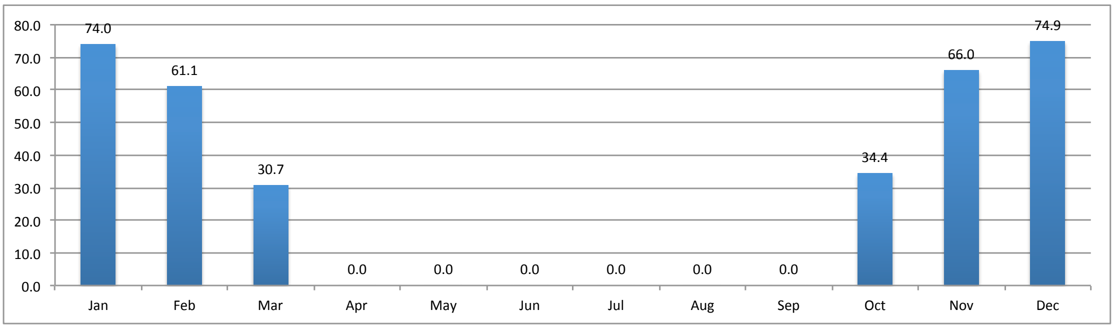
Source: Annual Statistics Report 2014, FITB

2.5 Accommodation Occupancy

Accommodation establishments in the Falklands benefit from Overnight Tourism and Domestic Tourism, and not just from leisure trips, but also trips that are for other purposes, such as business.

The Accommodation Occupancy Survey shows room occupancy for serviced Island accommodation in Figure 2.18 below. Whilst not all Islands close in the winter, not enough remain open to protect the confidentiality of data for those establishments that are reporting. Figure 2.18 shows that in December and January occupancy is very high. On the Islands, obtaining a room occupancy rate of greater than 80% is difficult due to the near impossibility of filling gaps in between other bookings.

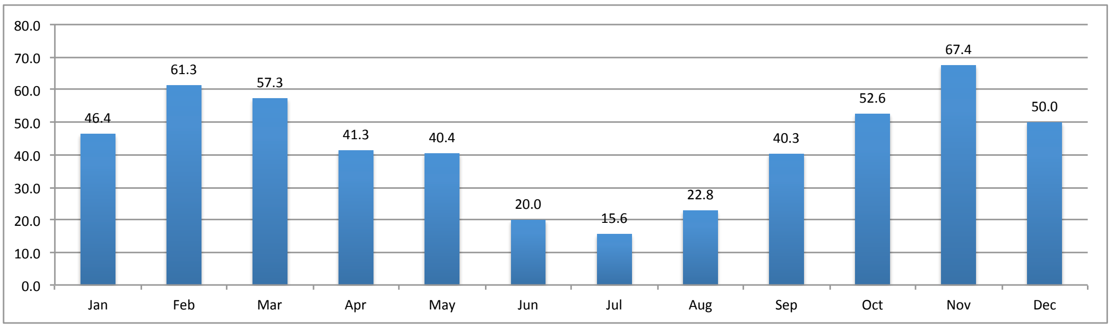
Figure 2.18 Serviced Accommodation: Islands (Room Occupancy: 2014)



Source: Accommodation Occupancy Survey, FITB

Serviced accommodation occupancy in Stanley (Figure 2.19) is less seasonal than on the Islands. It should be noted that Stanley data does not include the Malvina Hotel, which does not report monthly accommodation data at present. The Malvina currently holds 66% of all room capacity in Stanley.

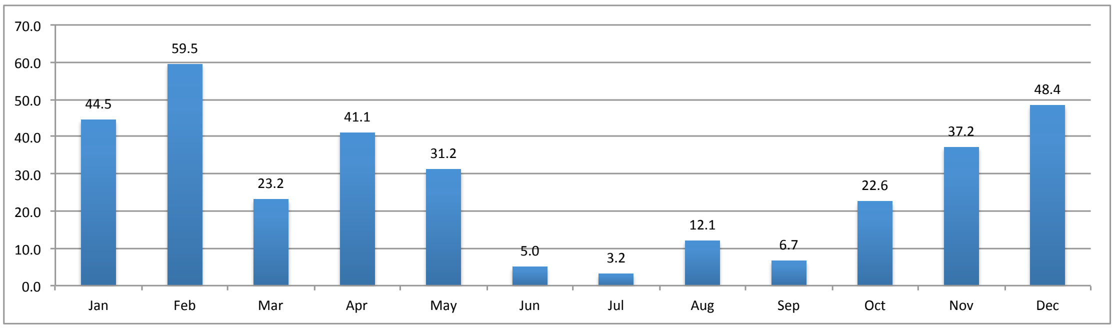
Figure 2.19 Serviced Accommodation: Stanley (Room Occupancy: 2014)



Source: Accommodation Occupancy Survey, FITB

Self-Catering accommodation occupancy (Figure 2.20), is measured in units (rather than rooms, as this is how they are typically sold) shows increased occupancy during the peak tourist season, but also raised occupancy during local holidays (Easter) and even mid-winter (the European school holidays).

Figure 2.20 Self-Catering Accommodation - Camp (Unit Occupancy: 2014)



Source: Accommodation Occupancy Survey, FITB

3. TOURISM SUPPLY IN THE FALKLANDS

Section Summary

1. Air access to the Falklands is the biggest constraint to the growth of tourism. The one flight a week from Punta Arenas offers 168 seats or around 8,736 per year.

2. In 2014 the load factor on this route was almost 48%, although this rose to 62% in the Jan-Mar and Oct-Dec *tourist season*. This means that there were only 1,750 spare seats. The airbridge offers limited additional seats – on average there are five leisure tourists per airbridge flight (under 300 per year).

3. Consequently, the current air links provide capacity for a growth in leisure tourism (assuming all other travel to the Islands remains unchanged) of approximately only 1,500 visitors.

4. The accommodation sector in the Falklands is extremely fragile, with most establishments being family run and most destinations only having one accommodation establishment. By October 2016 there will be 283 beds in serviced accommodation (50% in the Malvina) and 118 beds in self-catering accommodation.

5. The accommodation stock in camp is sufficient in size to take approximately 1,000 additional leisure overnight tourists during the October-March season.

3.1 Introduction

Tourism supply refers to the services that support the tourism sector, and are usually defined as:

- Accommodation
- Food and beverage services
- Transportation
- Tour operators and travel agents
- Recreation and cultural services
- Shopping

The tourism sector in the Falklands is relatively small and consists of some (mainly family run) accommodation, a few food and beverage services of which almost all are in Stanley, and transportation that is limited to inter-island air services (FIGAS), some car and bus hire, boat trips and taxis. There are two tour operator/travel agent companies. Recreation and cultural services are small in number and most significantly includes the Museum in Stanley. There are a number of souvenir shops in Stanley that cater for tourists, and in particular the cruise ship visitors.

In addition to the tourist services in the Falkland Islands, international air links that provide access to the Islands are also of considerable significance for the development of tourism.

3.2 International Air Access

3.2.1 Air Access Overview

With the exception of an outbreak of peace, security, or political change, a significant improvement in any country's tourism in terms of visitor numbers is almost exclusively driven by improved access (usually air).

Evidence from other countries shows that wherever there has been a step-change in the development of tourism it has either been due to an improvement in safety/security or the political situation (e.g. Uganda, Vietnam, Myanmar, South Africa) or improved air access (e.g. Easter Island, Cook Islands, Galapagos). For case studies on these latter three countries, see Appendix A.

The Falklands is one of the safest destinations in the world to visit, however air access is a significant constraint.

Current air capacity is limited to a weekly flight from Punta Arenas (every Saturday) operated by LAN using a A320 Airbus with 168 seats. This is supplemented by the MOD Airbridge arriving twice a week from RAF Brize Norton. Whilst the MOD use an A330 Air Tanker, the number of seats available to civilians is limited to around 30. Many of these are taken up by residents and contract workers/business people, and consequently there is limited capacity for tourists.

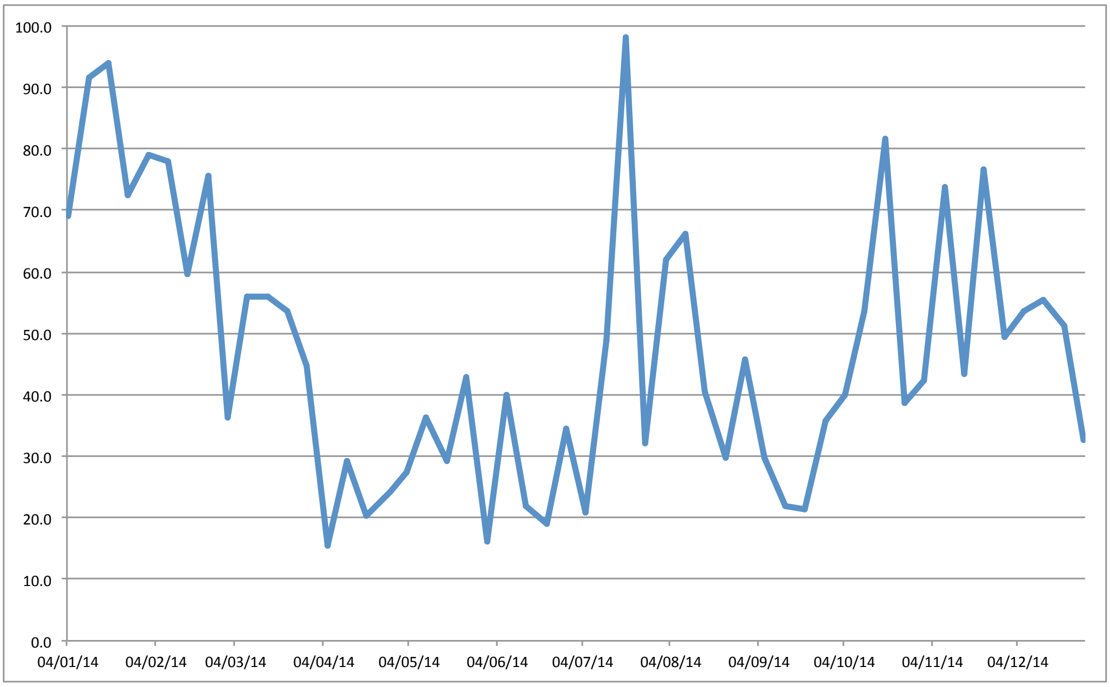
The emergence of the oil industry in the Falklands has generated, periodically, another air link between London Gatwick (via Cape Verde) to the Falklands, on which seats are sold at the same price as the air bridge. However, this service is infrequent (fortnightly and dependent on oil development) and therefore not useful for leisure tourism.

3.2.2 LAN Air Link

The LAN air link with Punta Arenas in Chile provides a total seat capacity of 168 per week, or around 8,736 per year. Leisure tourists using this service compete for seats with residents returning to the Islands and business/VFR travellers.

Figure 3.1 below shows the load factor analysis for the LAN air link in 2014. The seasonality of tourism in the Falklands can be seen on this graph, although other factors such as school holidays also play a role in load factors. Passenger exchanges on cruise ships and crew changes on commercial shipping vessels also strongly affect load factors.

Figure 3.1 Load Factor for LA991 PUQ-MPN, 2014



Source: Immigration

As the data in Figure 3.2 below shows, in 2014 the overall load factor on LA911 was 47.5%, indicating that of a total capacity of 8,736, 4,146 seats were taken.

Figure 3.2 Load Factor Analysis for LA991 PUQ-MPN, 2014

Measure	Unit
Seat Capacity	8,736
Seats Sold	4,146
Seats Available	4,590
Load Factor	47.5%
Spare Seats (Jan-Mar)	729
Spare Seats (Oct-Dec)	1,021
Total Season Spare Seats	1,750
% of Annual Spare Seats	38.1

Source: Immigration

However, during the tourist season (October-March) there were considerably fewer seats left unsold – with just 729 in the period January to March and 1,021 in the period October to December. So only 38% of all unsold seats were available during this period.

This clearly limits the scope to grow inbound overnight tourist arrivals in the Falklands, across the year, but in particular during the summer season.

3.2.3 MOD Airbridge

Whilst the airbridge is an essential link to the Falklands, and the most direct and quickest route to the Falklands for UK visitors, it is generally not liked by tour operators who find it unreliable and are more used to dealing with commercial air carriers. Some independent travellers are attracted to it for the appeal of travelling on a "non-commercial" route via Ascension Island. However it is more expensive than most LAN fares.

In 2014 only 276 leisure tourists travelled to the Falklands on the airbridge, an average of just five per flight. It therefore offers limited capacity for the development of leisure tourism.

In summary, the current air links to the Falkland Islands provide a capacity for a growth in leisure tourism (assuming all other travel to the Islands remains unchanged) of around 1,500 visitors.

3.3 Accommodation Capacity

3.3.1 Introduction

Accommodation capacity can be a key constraint to growth of leisure tourism, as in most destinations visitors will seek places to sleep that correspond to the type of holiday they are taking (e.g. luxury travellers would not be satisfied with a backpacker hostel). Consequently, not only the correct balance of accommodation in terms of quality and facilities is required, but also capacity in terms of rooms and beds too.

One of the key issues with accommodation, as opposed to flights, is that it takes time to develop hotels and resorts. Guest houses and bed and breakfast accommodation can emerge quicker, as the private sector often converts existing living space to rooms for guests. Some destinations have encouraged tourism segments such as diving (e.g. Eritrea, Marshall Islands), which is characterised by liveaboard accommodation whilst land-based accommodation is developed. Other countries (several in Africa) have set up tented camps to satisfy accommodation demand, which can be constructed relatively quickly.

3.3.2 Falkland Islands Capacity

The accommodation sector in the Falklands can be described as extremely (even dangerously) fragile. This is due to two aspects:

- Most accommodation is family run, and therefore if the wish of the family is to cease operating the accommodation, it will no longer be available to visitors.

- Most destinations have only one accommodation establishment, so if this closes down the destination itself can be lost as a destination.

This fragility is addressed in this strategy, however as in most countries accommodation development is best addressed through private sector investment responding to increased demand. At present accommodation occupancy (see Section 2.5) still has room for growth in several months of the year, and some businesses are still struggling to achieve a profit over the year. Figure 3.3 overleaf shows the current distribution of bed capacity in the Islands.

Figures 3.4 and 3.5 show the room and bed capacity by establishment split into serviced and self-catering properties, and by location. It shows 137 rooms with 238 beds in serviced accommodation, and 51 rooms and 118 beds in self-catering accommodation. Over 50% of serviced accommodation rooms and beds in the Falklands will be supplied by the Malvina House Hotel once the extension is completed in 2016.

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Figure 3.3 Distribution of Combined Serviced and Self-Catering Bed Capacity (as of September 2015)

Figure 3.4 Serviced Accommodation in the Falklands (by October 2016)

Name	Rooms	Beds	Location
Bennett House	3	9	Stanley
Lafone House	5	10	Stanley
Malvina House Hotel	72	144	Stanley
Waterfront Hotel	5	10	Stanley
Shorty's Motel	6	12	Stanley
Darwin Lodge	6	12	East Falklands
Volunteer Point	2	4	East Falklands
Little Chartres	2	5	West Falklands
Port Howard Lodge	7	16	West Falklands
Cobb's Cottage	2	4	Bleaker Island
Cassard House	4	8	Bleaker Island
Carcass Island Guest House	6	13	Carcass Island
Pebble Island Lodge	6	13	Pebble Island
Sea Lion Island Lodge	11	23	Sea Lion Island
Total	**137**	**283**	

Source: FITB
Note: Malvina and Waterfront capacity based on projected rooms and beds by October 2016
Excludes Lookout Lodge

Figure 3.5 Self-Catering Accommodation in the Falklands

Name	Rooms	Beds	Location
Speedwell Cottage	1	2	Stanley
Elephant Beach Farm - James Cabin	2	8	East Falklands
Johnsons Harbour - Cottage	3	6	East Falklands
Port San Carlos - Racepoint Cottage	2	8	East Falklands
Port San Carlos - Racepoint Flat	1	2	East Falklands
San Carlos - Kingsford Valley Farm	3	6	East Falklands
North Arm - George House	4	9	East Falklands
Roy Cove - Crooked Inlet	4	8	West Falklands
Port Edgar - Moelwyn Cottage	2	5	West Falklands
Fox Bay West - Black Shanty House	3	7	West Falklands
Port Howard Head Shepherds House	4	9	West Falklands
Port Stephens - Cottage	2	5	West Falklands
The Rookery	2	4	Saunders Island
The Neck	2	8	Saunders Island
R&R House	5	10	Saunders Island
Stone House	3	7	Saunders Island
The Nest	1	2	Pebble Island
Sea View Cottage	2	4	Weddell Island
Mountain View Cottage	5	8	Weddell Island
Total	**51**	**118**	

Source: FITB

3.3.3 *Visitor Growth Analysis*

Based on the accommodation capacity in the Falklands it is possible to determine the maximum number of leisure visitors the Islands are able to accommodate.

The following assumptions have been made:

- Lookout Lodge has been excluded from accommodation stock availability.

- On average only 50% of self-catering beds are filled when owners rent out a unit.

- Serviced accommodation bed occupancy per room is 75%.

Based on these assumptions, and an average length of stay of leisure visitors in Camp of 7.9 nights (average of 2.0 nights in Stanley) for the period October to March (182 days), it can be calculated that the maximum number of leisure tourists that can visit the Falklands in the period October to March is 2,500.

This amounts to 1,000 additional tourists above the number visiting in the 2014/2015 season. This calculation allows for some accommodation to be utilised by domestic and non-leisure tourists, in line with levels experienced over the last three years.

In summary, the current accommodation stock is sufficient to accommodate approximately 1,000 additional leisure arrivals during the October-March season.

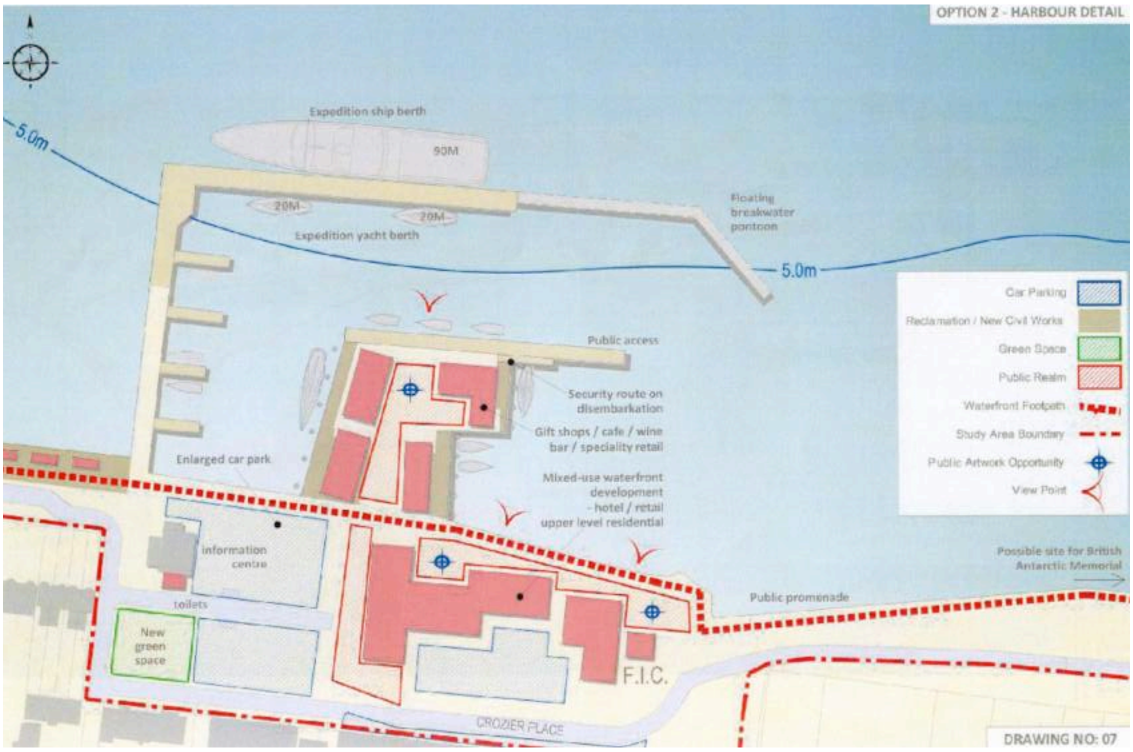
4. STRATEGIC CONTEXT OF THE TOURISM DEVELOPMENT STRATEGY

Section Summary

1. The TDS takes into consideration and is aligned with other significant strategic plans and development strategies in the Islands. These include:

- The Islands Plan (2014-2018)
- Economic Development Strategy (2010)
- Rural Development Strategy (2012-2017)

2. The TDS supports Option 2 of the Stanley Waterfront Development, although recommends that the Mixed User Waterfront Development and Cruise Passenger Jetty be brought forward in the development timeline and made priority development areas.



4.1 Falkland Islands Tourist Board

The Falkland Islands Tourist Board Bill (2014) sets out the functions and objectives of the FITB as listed below.

1. The objective of FITB is to facilitate and create a profitable and sustainable tourism industry.

2. To achieve the objective referred to [above], FITB will carry out the following functions:

(a) Coordinate, in consultation with all interested parties, the Falkland Islands Tourism Strategy.

(b) Develop and implement appropriate programmes for achieving the Falkland Islands Tourism Strategy, and improve tourism within the Falklands Islands generally.

(c) Carry out, at appropriate intervals and in consultation with all relevant parties, a review of the Falkland Islands Tourism Strategy.

(d) Advise on all matters relating to tourism, including planning and formulating strategies for the promotion and marketing of the tourism industry.

(e) Provide tourist information.

(f) Commission and undertake activities that will improve tourism operations and public amenities for tourists.

(g) Promote all interests related to tourism and promote new investments in the tourism sector.

3. FITB may also carry out the following functions:

(a) Make provision for the sale of merchandise promoting Falkland Islands tourism.

(b) Design, manage and implement appropriate marketing campaigns to promote Falkland Islands tourism.

(c) Create partnerships and mange relationships with both national and international stakeholders relevant to the tourist industry.

The Tourism Development Strategy takes these functions and objectives into consideration, and all recommendations made in the strategy comply with the remit of the FITB as set out in the 2014 Bill.

4.2 Relevant Strategies

When developing the Tourism Development Strategy, other strategic plans and development strategies for the Islands have been reviewed and taken into consideration (see Figure 4.1 below). Care has been taken to ensure that the Tourism Development Strategy is aligned with all aspects of these other Island strategies.

Figure 4.1 Key Island Strategies and their Relevance for Tourism

Strategy	Key Points for Tourism
The Islands Plan *2014-2018*	Core aim: Increase the value of the tourism sector. Focus on high-value land-based tourists, and new markets where possible. Increase the number of cruse vessel visits and increase the amount of tourist spending by facilitating waterfront development and improving the quality of welcoming facilities. Increase the number and frequency of cruise passenger exchanges, supported by improved air links. Support investment in improving the breadth and quality of the Islands' accommodation, leisure and recreational facilities.
Economic Development Strategy *2010*	Raise consumer awareness, interest and perception of the Falklands as a tourist destination. Develop non-accommodation services across the Islands. Improve and update existing accommodation offering whilst developing new accommodation in key new sites. Identify and develop new niche markets. Retain and increase the number of cruise visitors stopping in the Islands. Promote cruise passengers pre and post stay alongside extending the length of stay of expedition vessels. Encourage more residents and MPA personnel to holiday in Falklands. Identify the market potential of the Falklands as a destination for yachts.

Rural Development Strategy *2012-2017*	Whilst the RDS does not address tourism specifically, there are five key priority areas that have relevance for tourism development: 1. Business growth and development: developing a more productive and dynamic business base in Camp. 2. Workforce Development: increasing the size of the Camp labour force and improving skills and training to provide a flexible, adaptive and highly skilled workforce. 3. Services: improving access to services and expanding service provision to better serve the needs of the current population and to make Camp an attractive destination for new residents. 4. Infrastructure: providing the infrastructure required to drive growth in the economy and improve the quality of life in Camp. 5. Environment: managing, protecting and conserving the natural environment of Camp.

4.3 Stanley Waterfront Development

In addition to supporting the strategies discussed in Section 4.2 above, the Tourism Development Strategy supports Option 2 of the Stanley Waterfront Development (Marina Project, Final Report, September 2012). This is the option that FIDC has selected as the most appropriate for the development of the waterfront in Stanley, and includes an expedition ship berth and yachting berths. However, the TDS recommends that the Mixed Use Waterfront Development and Cruise Passenger Jetty be brought forward in the development timeline and made priority development areas.

It should be noted that there is a trend towards the building and deployment of larger expedition ships than are generally in operation at present. Over the next 5-10 years, ships similar in size and design to Le Boreal (length 142m, draft 4.7m, passengers 250) will be come more common. This will have two significant impacts:

- Expedition ship operators will find destinations that have alongside mooring facilities increasingly attractive, as they will be disembarking more passengers than before.

- Jetty facilities should be developed to ensure it can handle vessels of around 150m in length.

In addition to this, the development of the yachting sector has been identified in the TDS. It is anticipated that the berthing of yachts in the marina will be highly popular and therefore the design should consider berthing space for at least 30 yachts in the marina. Consequently the Waterfront Development should take these trends and recommendations into consideration when the final design of the jetty is undertaken.

4.4 Sustainable Tourism Development

Finally, the development of any tourism strategy needs to be sustainable. The development of tourism in a destination needs to be undertaken in a measured and responsible way, so as to minimise or eliminate any negative social, cultural or environmental impacts.

Tourism in the Falkland Islands is based on the natural environment, and therefore it is paramount to ensure that the quality of this is maintained, as the loss of it would seriously impact the product that visitors travel to experience. Unlike many other countries (such as the Galapagos and Easter Island) the number of visitors to the Falklands is tiny, and unless there are significant changes in air access and accommodation, will remain so for some time into the future (possibly forever).

At present, environmental impacts of tourism are extremely low. Discussions with Falklands Conservation raised no concerns about tourism. The growth projected by this TDS still keeps tourism well within the low-volume bracket, in which the impact is negligible.

Of course, external risks to tourism from other industries remain, such as an oil spillage. However, these lie outside the scope of this strategy other than remaining a risk to its long-term growth. These are covered in the *threats* section of the SWOT analysis.

5. FALKLANDS TOURISM SWOT ANALYSIS

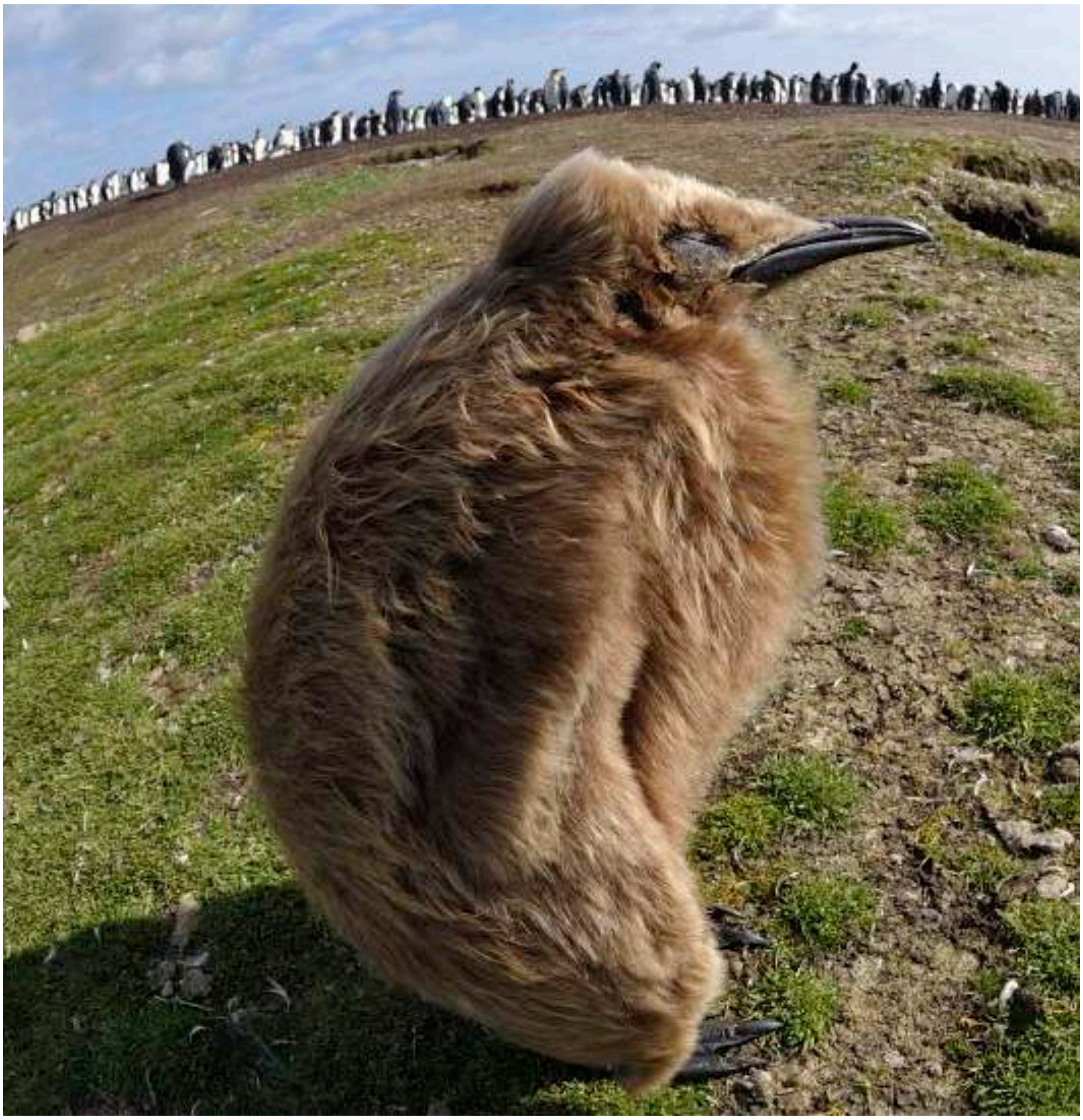
Section Summary

Key Strength
Birdlife: large and accessible colonies of rare and enchanting birds.

Key Weakness
Air Access: only 168 commercially scheduled seats per week.

Key Opportunity
New Air Routes: Linking the Falklands to Brazil or additional flights on the existing route to Punta Arenas

Key Threat
Argentina: political, economic and military threats and action



Drawing on the demand and supply analysis, consultations in Stanley and Camp, the Air Tourist Survey conducted at MPA, and Consultant observations, a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of tourism in the Falklands has been compiled.

Strengths	**Weaknesses**
Birdlife: large and accessible colonies of rare and enchanting birds Wilderness: undeveloped, unspoilt with low visitor numbers Safe and secure destination Tourists experience a strong and friendly interaction with the local community "Britishness" – for UK and some other English–speaking markets (e.g. USA)	Air access from international markets – only 168 commercially scheduled seats per week Lack of accommodation, family run and small in size (difficult to accommodate groups of more than eight in camp) Heavily seasonal – lack of winter attractions hinders investment and employment Distance from key markets makes it expensive and time consuming for travel (transport makes up around 50% of the cost of a 10-day trip from Europe) Land transport is limited, car hire not possible in West Falkland Labour shortage, in particular in Camp 1982 Conflict image – cold and wet Difficult to book flights and accommodation from overseas/lack of online information Undeveloped infrastructure for some niche markets (e.g. adventure, yachting) Low level local awareness of marketing and service Limited web presence and poor Internet speed. Lack of industry unity (e.g. a tourism association, centralised booking system) Unpredictability of cruise arrivals due to weather conditions Poor air arrival and departure experience at MPA

Opportunities	Threats
New air routes (Brazil) or additional flights on existing routes (Punta Arenas) Growth in wilderness/adventure tourism Growth in outbound South American markets Potential to develop niche segments (such as yachting and adventure tourism) Become the recognised “Gateway to the Antarctic” Growth in cruising and Antarctic interest Increasing overnight tourism through cruise passenger exchanges Government investment in tourism from oil revenues Increasing domestic and MPA travel, in particular in the shoulder and low seasons Develop a broader range of shore excursions Using people and personal stories for marketing More aggressive online digital marketing More aggressive and focussed marketing to tour operators in Europe and the USA	Argentina: political, economic and military threats and action Oil development draining human resources, filling accommodation and air capacity, and driving up prices; also possible environmental risk (oil spillage) affecting wildlife Fragility of accommodation availability, in particular in outer islands Immigration policy: thwarting workforce expansion and off-season employment

Sources: Consultations, Air Tourist Survey, Consultants’ Observations

6. TOURISM VISION

Section Summary

1. Vision 2022: the TDS sets out a vision for leisure tourism in 2022 based on the current air links status quo. The vision is of 2,600 overnight tourists, 65,500 cruise visitors, and total leisure tourism expenditure of £10 million.

2. The addition of additional weekly flights to the Falklands would have a profound impact on tourism. Each additional flight would generate around 1,500 leisure tourists, spending £2 million. Approximately 50 additional rooms would need to be developed to satisfy the demand created by these leisure tourists.

3. The FITB Vision is to: *develop a sustainable and economically significant tourism sector. This will involve creating an industry that provides excellent opportunities for residents in Stanley and Camp, and a destination that offers tourists the best possible experience to realise their travelling ambitions.*

6.1 Vision for 2022

The TDS sets out an achievable and realistic plan for tourism in 2022 that can be summarised as follows:

- There will be 2,600 overnight tourists and 65,500 cruise visitors. Expenditure from inbound, cruise and domestic tourists will be £10 million.
- A greater proportion of overnight tourists will visit in March, April, September and October (increasing from 28% in 2014 to 37% in 2022). Also, a greater proportion of overnight and cruise visitors will travel to lesser-visited areas of the Falklands (in particular in East and West Falkland).
- Whilst birds and wildlife will remain the main tourism product, more tourists will travel to the Falklands for other purposes, including fishing, hiking, diving and yachting.
- Cruise ships will visit more destinations in the Falklands; passengers will spend more money and will have more opportunities to combine cruises with land-based tourism.
- There will be more cruise passengers booking overnight holidays in the Falklands based on their positive experience in the Islands.
- Travellers will have a better arrival and departure experience at MPA.
- The Accommodation sector will have responded to tourism demand by providing additional rooms as and when required.
- Falkland Islands residents will have better opportunities to build a career in tourism, and improve the prospects of their businesses, as well as having access to training and skills-development courses.

Note that the Vision would need adjusting should there be changes to the Basic Assumptions set out in Section 7.1.

6.2 Vision for Tourism Growth from Additional Flight

The introduction of an additional weekly flight to the Falklands from Sao Paulo has been investigated by FIDC (and contracted Air Links consultants). This concluded that it would generate an additional 900 tourist arrivals (all purposes of visit: leisure, VFR and business) in its first year, generating over £1.2 million in expenditure. The TDS perceives this estimate to be conservative, and highly likely to be exceeded. However, caution does need to be applied in the first year of operation, as there would be a lag between seat supply and demand.

However, by the third year of operation, based on a 180-seat aircraft operating at 50% load factor, with 30% of all passengers being non-tourists (i.e. residents and intending residents), it is estimated that tourist arrivals could exceed 3,200, with over 1,100 being leisure tourists. Total expenditure of all tourist arrivals (leisure, VFR and business) would be around £4.5 million, with leisure tourists contributing £1.4 million towards this total.

Consequently, with the immediate introduction of an additional air flight to the Falklands, by 2018, the level of overnight tourism could be expected to have reached that forecast for 2022 in *Vision 2022* above.

As a rough rule of thumb, each new weekly air link introduced to the Falklands can expect to generate 1,500 additional leisure tourists and £2 million in direct tourist expenditure per annum. Each additional flight would require the development of at least 50 rooms.

6.3 Vision for Tourism Generating 20% of GDP

To demonstrate how tourism would need to change in order to contribute 20% to GDP in the Falklands (currently estimated at 3.9%), the following would be required:

- Total expenditure would need to increase by £41 million.
- This would require an *additional* 32,000 overnight tourists and 60,000 cruise visitors.
- An *additional* 4 flights per week would be required (using A321 aircraft) to transport the overnight tourists.
- An *additional* 1,000 rooms would need to be built.
- To service these tourists, at least 1,500 more jobs would be created (and need to be filled).

Clearly, to increase tourism's contribution to the national economy to this level would require not only significant investment (and highly successful marketing and ensuing demand) but also large migration to the Islands to provide service to the tourists.

Note that the above calculations are based on prevailing conditions with regards to tourist expenditure, length of stay and job to tourist ratios. As a benchmark, in Barbados tourism currently contributes around 11% to GDP.

6.4 Vision for Falkland Islands Tourist Board

The aim of a vision statement is to outline where the Falklands wants to be in the future. It should be a source of inspiration and provide clear decision-making criteria.

To this end, the consultation process (see Appendix E) in the Falklands was used to pull together various views on where tourism in the Falkland Islands should be in the future. It has been decided that “the future” should refer to 2022, which is the duration of the current Strategy – beyond this (and possibly before) the Strategy will need to be revised due to internal and external changes to the sector.

It was decided to make the Vision for the Falkland Island Tourism Board an achievable and relatively short-term statement that all stakeholders could relate to and feel part of. It was felt that statements that were too grand (e.g. “the leading wildlife destination” or “premier nature attraction”) were difficult to measure, and therefore impossible to generate any sense of achievement that the vision has been realised.

The Falkland Islands Tourist Board Vision is:

Develop a sustainable and economically significant tourism sector. This will involve creating an industry that provides excellent opportunities for residents in Stanley and Camp, and a destination that offers tourists the best possible experience to realise their travelling ambitions.

This Vision addresses:

- The development of the sector in terms of increased visitors, visitor nights and expenditure, whilst recognising the need to protect the environment.
- Creating an industry that can be economically viable for residents to engage with, and not simply providing seasonal or occasional work.
- The need to offer a high quality and broad tourism product. Whether that is bird watching, visiting war sites, or diving in the sea, it has to match or exceed visitor expectations.

7. TOURISM STRATEGY PILLARS

Section Summary

1. The TDS is based on the existing air links status quo, and the assumption that the Stanley Waterfront Development (Option 2) will be implemented over the duration of the strategy (by 2022).

2. The pillars underpinning the strategy for overnight tourism are:
- Increasing tourist arrivals and length of stay
- Extending the tourism season
- Developing "honeypots" to attract tourists to lesser visited areas

3. The pillars underpinning the strategy for cruise tourism are:
- Increasing both the number of cruise visitors and their levels of expenditure
- Encouraging expedition cruise ships to visit more destinations
- Enhancing the day visitor experience in Stanley

7.1 Basic Assumptions

The Tourism Development Strategy is based on the following assumptions:

1. International access to the Falkland Islands remains unchanged, that is: a weekly flight from Punta Arenas with LAN utilising a 168/174-seat A320 Airbus, and the twice-weekly airbridge from Brize Norton capacity for 30 civilian passengers.

2. The Waterfront Development (Option 2) will be implemented over the period to 2022. The development of the yachting sector depends on its implementation; as does the improved experience of cruise passengers in Stanley.

Any changes to the status quo of the above will require amendments to the Strategy. The most likely is improved air access, either with an additional flight from Punta Arenas, a larger airframe being used on the existing LA991 route, or an additional flight on another route. Additional flights are likely to have a profound change on tourism in the Falklands for both overnight and cruise tourism, and will therefore require the TDS to be reviewed and updated accordingly.

The TDS was informed through extensive consultations with a wide range of tourism sector professionals and stakeholders, including UK, European and USA tour operators (Appendix D) and stakeholders in the Falklands (Appendix E).

7.2 Pillars Underpinning the Strategy

The TDS is based on some basic pillars that underpin the strategy for both overnight and cruise tourism. There are shown in Figure 7.1 below.

Figure 7.1 Pillars Underpinning Overnight Tourism Development

Overnight Tourism	
Pillar	***Rationale***
1. Increase tourist overnights (a combination of additional visitors and increased length of stay) primarily, with increased expenditure being a secondary objective.	The tourism product in the Falkland Islands is not luxury (most accommodation is of a Three Star rating), but of a level that is broadly in line with the prices charged, based on international comparisons. Tour operators in Europe and the USA felt that a significant increase in price would have a negative impact on bookings.
2. Extend the tourism season in two phases: firstly more effectively utilise the October to March (Primary) season, but also focus on developing tourism in September and April (the Secondary season).	With limited air capacity and accommodation, the only way to increase visitor numbers significantly is to encourage visitors during those months where there are seats and beds available. Expanding the industry into an eight-months-a-year sector also provides better employment and business opportunities. It is also the first step towards further development into a 12-month industry (although it is recognised that the Falklands will remain a “hard sell” during May to August).
3. Develop “honeypots” to attract tourists to lesser-visited areas.	There are beds available in the Falklands in several locations, even in the high season. Better distribution will enable more operators to benefit from tourism, and encourage greater growth in all months.

Figure 7.2 Pillars Underpinning Cruise Tourism Development

Cruise Tourism	
Pillar	***Rationale***
1. Increase both the number of visitors and their levels of expenditure whilst in the Falklands.	There is plenty of capacity for cruise ship tourism to grow further in the Falklands. Arguably the Islands were less prepared for cruise visitors in 2008/09 when over 62,000 visited than they are today.
2. Encourage expedition cruise ships to visit more destinations around the Falklands.	Very few places in the Falklands benefit from cruise visitors at present. By encouraging visits to more destinations, the economic benefits can be brought to new areas.
3. Enhance the day visitor experience in Stanley.	Around 30% of all cruise visitor excursions are to Gypsy Cove and a further 15% on a Stanley Highlights tour. Improving facilities and signage in this areas is therefore important, especially as cruise visitors are potential future overnight tourists.

8. RESEARCH AND MARKETING STRATEGY

Section Summary

1. Develop traditional and digital marketing strategies that respond to the overall vision of the Tourism Development Strategy. These should clearly identify the core (UK, USA, France, Germany, Australia) and tactical (South America) markets being targeted and the products the Falklands offers to these markets. Birding and wildlife should remain the core focus of marketing, with eight identified secondary products (see Section 9) providing additional depth. Marketing initiatives should be monitored to track their effectiveness.

2. Develop branding identity guidelines to ensure a consistent look and feel for all marketing and promotional materials across print and digital media.

3. Continue the market research programme that tracks air, cruise and domestic tourism, and accommodation occupancy. Use this programme to track the TDS (see Section 12). Maintain the Accommodation Accreditation Scheme and adapt and adjust to keep it fresh, and responding to international accommodation trends.

8.1 Research and Marketing Overview

The aim of the Marketing Strategy is to increase awareness of the Falklands in the international markets, convert awareness into interest, and subsequently generate a desire to travel to the Islands. This should lead to a call-to-action (typically where the tour operators, accommodation establishments or transport operators take over) that generates a sale.

Research is an important element of marketing of a destination (as well as for planning, policy making and monitoring). Without detailed and accurate research there would be no data for any form of rational decision making within the tourism sector.

8.2 Traditional and Digital Marketing Strategies

8.2.1 Overview

There is a need to develop a marketing strategy for the Falkland Islands that will respond to the overall vision of the TDS. The markets to be targeted during the different phases of the TDS are divided into categories according to their potential to generate tourists in the Falklands, and are as follows:

- **Core Markets**: geographical markets that are already visiting the Falklands and present the best potential for growth. These are: UK, USA, France, Germany and Australia. These markets should be addressed from the beginning of the strategy.

- **Tactical Markets**: are those that can be attracted when specific opportunities arise, such as special events, specific packages, etc. These are the markets that are within easy reach of the Falklands (such as Chile, Uruguay, Brazil and Argentina). These markets should also be addressed from the beginning of the strategy.

- **Investment Markets**: are those with good future potential in the medium to long-term, as the product develops and should be nurtured. The Falklands needs to invest in its marketing effort aimed at these markets to eventually turn them into core markets. Examples of these markets include the Netherlands, Scandinavia, and Canada.

- **Watch List Markets**: are those that have long-term potential assuming that they evolve as expected but do not warrant much marketing activity at this stage. Examples of these markets include China and India.

An initial analysis of some of the key markets that have current or potential importance for the Falklands is presented in Appendix B.

The process of targeting these markets and moving through the chain of *awareness* to *interest* to *desire* to *action* needs well-planned traditional and digital marketing strategies, to address both the overnight and cruise markets.

Both the traditional and digital marketing strategies will primarily focus on the core Falklands product – that is the birdlife and wildlife, which is its unique selling point and where the Falklands can compete strongly with other destinations for tourists seeking these segments.

However, the strategies will also reflect the product development (see Section 9: Product Development Strategy) that will take place over the duration of the TDS, and will generate opportunities for new market segments such as hiking and diving.

8.2.2 Traditional Marketing Strategy

The Traditional Marketing Strategy will set out the activities that will be undertaken to develop awareness, interest, desire and sales through non-digital media. Based on the identified markets being targeted, the strategy will include:

- Trade and Consumer Fairs: identification of the trade and consumer fairs that FITB will attend.

- Fam Trips: tour operator visits for both the overnight and cruise sectors to the Falkland Islands.

- Journalist Visits: travel writer visits to the Falklands for publication in newspapers and magazines.

- Print Advertising: advertisements in travel magazines and newspapers.

- Tour operator sales: meetings with tour operators and cruise operators to familiarise them with the Falklands products and encourage sales.

- Sales Manual: designed to help tourism professionals such as tour operators and travel agents to sell the Falklands.

- Media Kit: to provide information for journalists, travel writers and travel bloggers.

Once the marketing strategy is completed, it should be delivered in close coordination with the digital marketing (see below) executed by the FITB office in the Falklands.

8.2.3 Digital Marketing Strategy and Training

The adoption of the Internet as the primary tool for researching, choosing and booking travel has radically altered the tourism promotion landscape. Destinations can no longer rely solely on trade shows, fam-trips, brochures, and paid advertising to attract visitors and the attention of the travel trade. Nearly 90% of international travellers now do most or all of their destination research online, and a rapidly growing percentage book over the Internet as well.

The goal of the Digital Marketing Strategy is to build awareness online of the Falklands as an interesting and distinctive destination. The five processes of the Digital Marketing Strategy are:

- **Planning**: Understanding the key markets and how best to target them. This requires research into the markets that are being targeted and developing "buyer personas" (fictional representations of ideal travellers) to ensure the digital content is appropriate for these consumers. For example, bird watchers may fall into various different categories: General birders; Specialist birders with limited budgets; Specialist birders willing to pay more to see birds; Specialist birders requiring packaged birding.

- **Creating**: developing a powerful website and content for each stage of the travel buying cycle. The key aim is to create a website that acts as a marketing hub, attracting visitors, building destination awareness, providing content that encourages them to consider the Falklands, and providing a means to nurture that visitor towards further planning and then booking a trip.

- **Engaging**: promoting content via search engines and social media to generate traffic, educate prospects and build trust. This phase includes search engine optimisation (improving search rankings to ensure the website can be found by the target audience), growing Facebook and Twitter networks, blogging (studies show that blogging leads to 55% more website visitors), and pay per click marketing (for example Facebook Ads allows potential audiences to be targeted in great detail).

- **Converting**: use calls-to-action and email marketing to encourage sales. One of the temptations is to place too much focus on destination awareness, and not at the end of the process where people buy. Calls-to-action are buttons or links that encourage visitors to take action on the FITB website or elsewhere online. Email marketing using targeting emails that are closely tied to the user's interests is one of the most effective ways of nurturing leads.

- **Growing**: monitoring and constant reviewing to refine how well the above steps are working.

The steps for the implementation of a long-term and sustainable Digital Marketing Strategy are:

- Develop Digital Marketing Strategy.

- Implement Strategy, which includes the following key elements:

    - Market research into five core markets as well as the South American tactical markets.
    - Development of new and dynamic FITB website with travel, trade, and media sections.
    - Training of FITB staff to be able to successfully execute digital marketing, including use of social media tools, and email marketing.

The digital marketing should be delivered in close coordination with the traditional international marketing that is being carried out from the London office.

8.2.4 Monitoring

The effectiveness of the marketing campaign should include regular monitoring of:

- Trade Fairs: track the number of contacts made and the number of international tour operators contacting local operators (e.g. FIH and ITT).

- Fam Trips: track the number of packages put together by tour operators attending the fam-trips and articles generated by participating journalists.

- Industry Database: track the number of businesses engaging with the Falklands at trade shows and other marketing campaigns.

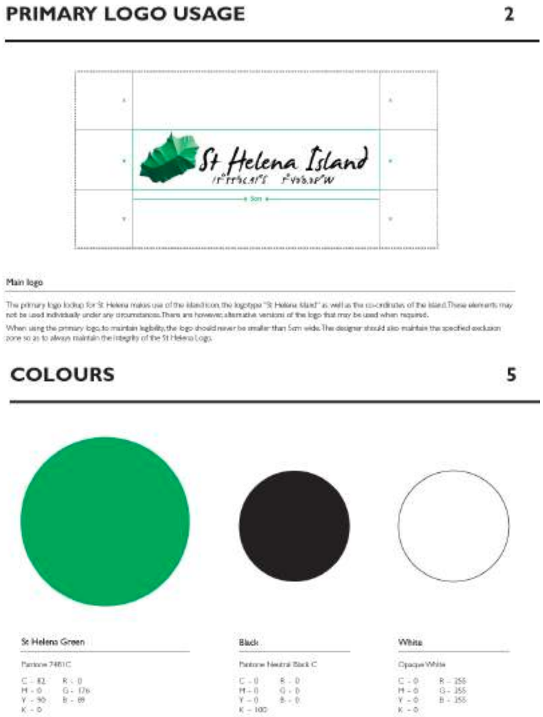
- Media Coverage: track media coverage in traditional and digital media.

- Email Database: track consumer database numbers.

In addition to this tracking, the databases of trade and consumer contacts should be organised into a central online database. These databases form important parts of the digital marketing process.

8.3 Branding Identity Guidelines

Brand identity guidelines provide guidelines for the use of the logo, fonts and colours in all print and digital publications. They are essential to ensure the same look and feel for all marketing and promotional materials. Examples from St Helena Brand Identity Guidelines are provided on the right.



The FITB logo is clear and distinctive, and whilst it is the logo of the Falkland Islands Tourist Board rather than the country, most countries have separate logos for their tourism administrations and their product (see below an example from Canada). At present the FITB logo doubles up as the country logo, and has been used on merchandise sold in the Jetty Visitor Centre to good effect.

Consequently, there is no immediate need to develop a country tourism logo (and strapline) although this should be continually reviewed.

Canadian Tourism Commission Logo

Canada Destination Logo

8.4 Tourism Sector Measurement and Tracking

8.4.1 Tourism Statistics

Statistics are the bedrock for planning, marketing, promoting, monitoring and regulating tourism. FITB has a detailed and robust programme of data collection, compilation, analysis and dissemination that is undertaken on a regular basis. This commenced in 2008 and therefore detailed historical data are available. The tourism sector measurement programme is shown in Figure 8.2 below.

Figure 8.2 Tourism Sector Measurement Programme

Data	Collection Process	Dissemination
Air Tourist Survey	Interviews undertaken by FITB contracted personnel at MPA on selected LAN and Airbridge flights. Annual sample size is around 600.	Data is analysed once a year and presented in the Annual Statistics Report.
Cruise Visitor Survey	Interviews undertaken by FITB staff at the Public Jetty on selected cruise passengers. Annual sample size is around 500.	Data is analysed once a year and presented in the Annual Statistics Report.
Domestic Visitor Survey	Interviews undertaken quarterly by FITB staff by telephone. Annual sample size is around 200.	Data is analysed once a year and presented in the Annual Statistics Report.
Air Arrivals	Data received by FITB on a monthly basis from Immigration.	Data is analysed monthly and presented in the quarterly *Falklands Forecast.*
Cruise Arrivals	Data received by FITB on a seasonal basis from Immigration.	Data is analysed once a year and presented in the Annual Statistics Report.
Accommodation Occupancy	Data is collected monthly by a Tourism Consultant.	Data is analysed monthly and presented in the quarterly *Falklands Forecast.*

The information from this data collection and analysis programme is made available in three ways:

- T-Stats Online Database: www.t-stats-uk.co.uk/falklands
- *Falklands Forecast* – quarterly (every 4 months)
- Tourism Statistics Report – annually (every April)

The above data collection programme should be continued with the following adjustments:

- *Falklands Forecast* should be used as the publication that will track the TDS Growth Targets (see Section 12).

- *Falklands Forecast* should be revised slightly to focus more on Leisure Tourism.

- Cruise Arrivals should be tracked on a monthly basis (similar to air arrivals) by sourcing data from Immigration. This will allow FITB to keep a closer track on cruise arrivals.

- Publish *Falklands Forecast*, Annual Statistics Report, and T-Stats database link on the FITB website in a Resources section.

8.4.2 Accommodation Accreditation

The annual Accommodation Accreditation programme started in 2013 and is now in its third year. In 2015, 26 serviced and self-catering properties were inspected and graded. There is good evidence that the scheme has not only helped increase the standard of accommodation on the Islands, but also helped encourage a new trend of purpose-built self-catering accommodation.

In 2015 the serviced accommodation *Breakfast Award* was introduced, which recognised those establishments providing a breakfast that was tasty and diverse in the dishes it offered.

Adjustments to the scheme should be on-going to keep it fresh and to respond to accommodation trends internationally. In 2016 the self-catering scheme should award Silver and Gold badges (as for the serviced accommodation) to recognise very good and excellent properties within each of the star grading bands.

9. PRODUCT DEVELOPMENT STRATEGY

Section Summary

1. Product diversification to attract tourists over a longer season, to different destinations, and to generate more overnight visitors should take place through marketing and investment. Eight market segments should form the focus of this product diversification.

War and Historical Interest, Fishing, Photographic Tourism, and Sports Events should all be developed though marketing initiatives (see Marketing Strategy). Hiking (development of trails), Yachting (development of a marina – Stanley Waterfront Development) and Diving / water sports (development of a Falklands Coldwater Academy) should be developed through marketing and investment.

2. Market the Falklands to expedition cruise operators by focussing on three key areas:

- Encouraging them to include more calls in the Falklands
- Home porting their vessels in Stanley
- Offering cruisers an option of overnight tours in the Falklands on passenger exchanges

3. Improve cruise guide and passenger knowledge of the Falklands through the development of a new Visitor Guide and documentary video.

4. Broaden the range of shore excursions in Stanley to satisfy increasing demand from cruise passengers.

5. Develop an attractive and engaging Domestic Tourism Guide to encourage new residents to the Falklands to engage with the tourism product.

9.1 Product Development Overview

The Product Development Strategy sets out to enhance what the Falklands has to offer. In order to grow tourism, broaden its appeal, and increase visitor satisfaction, the product needs to be developed accordingly. Many of the pillars (see Section 7) for tourism development, such as extending the season and distributing tourists to new destinations, are dependent on development of the product.

9.2 Overnight Tourism

The core tourism product of the Falklands is the birdlife. This shapes the demand for trips to the Islands, and consequently the seasonality of tourism, with most trips taking place between November and February.

The aim of product diversification is to attract more tourists at different times of the year, ideally outside of the main birding season, and to distribute visitors to other parts of the Islands. This gives the opportunity for individuals and businesses to respond to "new tourism" demand.

The Strategy is proposing the development of eight new niche tourism segments to broaden the scope of the tourism offer. They have been selected based on the strengths of the natural environment in the Falklands, international tourism demand trends, and general logistic and feasibility considerations. Preservation of the Falklands "brand" as a wildlife destination has also been taken into consideration. For example, the recommendation of motor sports in the Islands would be ill advised at this time, as it is likely to cause brand confusion with the environmental nature of the core product (birds and wildlife).

None of the proposed segments are expected to generate large numbers of visitors, comparable to the bird/wildlife segment, but they all have the potential to boost tourism in the Islands and provide additional business for accommodation establishments and opportunities for local resident involvement.

The segments identified for product development have been divided into two groups: those that can be marketed immediately, and those that require some level of investment and development first (i.e. they are not readily available in the Falklands at present). These are detailed in Figure 9.1 below.

Figure 9.1 Proposed Segments for Development

<table>
<tr><th colspan="2">Segments Requiring Marketing</th></tr>
<tr><td>1. War and Historical Interest</td><td>Brief Description: The key interest is the 1982 war, however earlier conflicts and history can be combined with this.
Pros:
1982 War sites and stories
Interesting maritime history
Some excellent guides
Stanley museum
Can be promoted during winter (in particular when 1982 war took place)
Most sites are away from the main birding destinations
Cons:
Limited information for self-guiding / interpretation
Recommendations: Re-establish links with battlefield tour specialists (e.g. Ledger/Holts). Raise overall marketing profile of the segment.</td></tr>
<tr><td>2. Fishing</td><td>Brief Description: Exceptional trout fishing product, and recognised by many keen fishermen as a “must do” destination.
Pros:
Excellent trout fishing locations in East and West Falkland away from the main birding destinations
Season runs from September to April
Cons:
Access (and gillies) to fishing sites
Recommendations: Target specialist fishing publications, websites, blogs, etc, as well as tour operators.</td></tr>
<tr><td>3. Photographic Tourism</td><td>Brief Description: Exceptional land, sea and sky scenes make the Falklands an appealing destination for photographers.
Pros:
Extraordinary skies, landscapes and light
Bird and wildlife opportunities
Opportunities in all four seasons
Can be undertaken almost anywhere in the Islands
Cons:
None specific
Recommendations: Target specialist photographic publications, websites, blogs, etc, but in particular tour operators such as National Geographic Expeditions.</td></tr>
</table>

<table>
<tr><td>4. Sporting Events</td><td>Brief Description: Sporting events (such as the Stanley Marathon) bring visitors to destinations in terms of competitors and supporters. They put destinations on the sporting calendar and therefore create awareness.

Pros:
• Organising body undertakes most marketing
• Raises awareness of a destination
• Provides local interest
• Out of peak season events can be encouraged
Cons:
• Research and effort required to identify sporting events and persuade organising bodies to choose the destination

Recommendations: With a Marathon already established (generating around 20+ international visitors), there is scope for other events such as international fell (trail) running, orienteering, triathlons, cold-water surfing, and spear fishing.</td></tr>
<tr><td colspan="2">Segments Requiring Investment and Development</td></tr>
<tr><td>1. Hiking</td><td>Brief Description: Hiking (more vigorous and challenging than walking) has great potential in the Falklands due to the peaty ground (not muddy), wide-open spaces and interesting local life and wildlife.

Pros:
• Large unpopulated areas
• Sense of discovery
• Shoulder seasons can be utilised (September/October and March/April)
Cons:
• Challenging terrain (although this would be seen as a “pro” for some markets)
• Few trails

Recommendations: Hikers gravitate towards trails as these allow them to plan their days and give them something to base a trip around. Short (up to 3 hours), medium (1 day) and long (2-7 day) trails around the Falklands should be established and mapped.

Trails require landmarks, which can be a mix of posts and natural structures. Themed trails: e.g. Yomp Trail (following the 1982 yomp), Usborne Loop (Darwin-Usborne-Darwin), etc, bring routes to life with local history or natural history features.

A Festival of Walking could be launched once a network of trails has been developed. Marketing walking more aggressively to international markets should follow the development of trails, with potential tours offering the movement of baggage by motorised vehicles from one destination to the next.</td></tr>
</table>

<table>
<tr><td>2. Yachting</td><td>Brief Description: There is strong evidence that, with the development of a marina in Stanley, the yachting sector will thrive.

At present cruiser (small family) vessels and charter vessels tend to bypass Stanley because of the lack of facilities and unwelcoming nature of the facilities that do exist.

If a simple jetty, with some facilities such as toilets, showers, power, water and Internet were provided, the number of vessels visiting would be expected to grow significantly. One of the draws to Stanley is that there are a large amount of repair skills available and that it is by far the easiest place in the region to import spare parts.

The average spend per passenger for yachts on turnaround visits to the Falklands is around £1,000. At present, with around 60 yachts per season calling at Stanley, conservative estimates show that over £250,000 is being spent in the local economy (for fuel, provisions, food, accommodation, local transport and souvenirs). At present this is not included in estimates of tourism expenditure in the Falklands.

Pros:
• Significant spend per person that is similar to the average spend of a land-based tourist
• Expenditure in a broad range of sectors
• A conservative estimate of over £750,000 p.a. of expenditure in the local economy is expected if Option 2 of the Waterfront Development was completed.
Cons:
• Will require investment before full potential of the yachting sector can be achieved

Recommendations: Fully support and encourage Option 2 of the Stanley Waterfront Development that provides safe facilities for around 12 yachts. Work closely with FIDC when the plans are refined and strive to ensure berthing facilities for up to 30 yachts can be included.</td></tr>
<tr><td>3. Diving</td><td>Brief Description: Diving in the Falklands has been described by many divers as some of the best in the world.

Pros:
• Divers are always looking for new destinations
• Can be done year-round with little differences in sea temperatures
• Offers wreck and wildlife diving opportunities.
Cons:
• Significant initial investment (boats and land-based dive centre)
• Requirement of qualified diving leaders and trainers

Recommendations: Develop the dive product as part of a Falklands Coldwater Academy (see below).</td></tr>
</table>

4. Falklands Coldwater Academy	***Brief Description:*** There are a number of cold-water sports that have considerable potential for development in the Falklands. These include: • Canoeing • Surfing • Coasteering • Windsurfing • Spear Fishing • Diving (see above) There is a thriving niche market for all of these sports, which are growing in popularity amongst an adventure-hungry group. Each of these could be developed in their own right within the Falklands. However with relatively low visitor numbers and leadership qualifications being required (in addition to insurance premiums) there is a strong argument for combining these activities under one organisational structure and creating a *Falklands Coldwater Academy (FCA)*. ***Pros:*** • Ideal natural environment for all of the above sports • The FCA will provide a valuable facility for Falklands residents (in particularly young people wanting to learn new skills) • Year-round facility ***Cons:*** • Some of the best locations for each sport are geographically far apart. • Investment in the facility will be required before it can operate. ***Recommendations:*** The FCA will require a building to operate out of. This would include office, training room, storage, drying room, and showers and toilets. It would also need at least two boats (a rib for close shore operations to carry around 8 pax, and a hard boat for larger distances to carry around 20 pax). Finally, it would need relevant equipment for diving, canoeing, surfing, etc) including wetsuits, life jackets, masks and snorkels, cylinders, weights, etc. Whilst this could be based somewhere such as Surf Bay, it could operate as the overall HQ, with items such as canoes being stored in other locations around the Islands. The aim of the FCA is to create an "economy of scale operation" that could cover costs (such as insurance) that would not be viable if all the sports were developed individually. Initially the FCA could be run by one full time staff, and any number of part time staff that could be called upon to satisfy bookings as and when required. However, the overall vision would be an Academy with over four full time and fully trained staff.

	Corporate Leadership / Team Building is another niche market that the Falklands could attract. Several operators offer courses in remote locations to create team building and leadership environments. This is a market that could be attracted once the FCA has been established, as companies looking for such opportunities will only seek out operations that are fully accredited with all the relevant health and safety certifications. The first step in the establishment of the FCA should be full feasibility study to confirm its viability. This would include costing of the establishment of the centre, operational costs, projected revenue streams, and marketing and promotional plans.

Other product development that has been considered but, at this present time, was judged not strong enough for successful development included:

- ***Horse Trekking***: very popular activity in other South American countries and increasing in popularity, in particular for 5+ night trips whereby baggage is moved on by motorised transport. The difficulties with the current situation in the Falklands includes lack of appropriate horses (most kept horses are now racehorses), lack of time by many residents in Camp to commit to this form of tourism, and the low volume of visitors making the high cost of insurance difficult to repay during a season. Unpredictable harsh weather is also a deterrent. In short, the marketplace is a tough one to compete in.

- ***Mountain Biking***: extremely high growth rates of this activity in Europe and North America. However, it is unlikely many people would travel to the Falklands specifically to mountain bike. Lack of trails and relatively low-lying terrain would make this difficult to sell in a highly competitive marketplace.

- ***Astronomy Tourism***: whilst the Falkland skies can be extremely good for viewing the night sky, frequent cloud cover can make it unpredictable. Destinations that offer good astronomy tourism have "back-up" attractions such as planetariums and observatories. The Falklands does not have these.

- ***Flora and Botany Tourism***: this highly niche form of ecotourism does have potential due to the very unique nature of some flora on the Islands. However, these interests tend to be combined with bird/wildlife tours by most travellers

Detailed profiles of the segments that have been proposed for further development are provided in Appendix C.

9.3 Cruise Tourism

9.3.1 Local Cruising

In October and November 2016 Lindblad is operating two cruises that are being promoted as *Falklands 360°* – each cruise will spend six days in Falklands waters (Steeple Jason – Carcass – Saunders – Stanley – George and Barren Islands – Fox Bay – New Island).

FITB should continue to encourage expedition cruise operators to increase their length of stay in Falklands waters, and develop more destinations in Camp. Already landowners have been spoken to in various destinations including:

- Carcass Bay (near Fox Bay)
- Bull Point (North Arm)
- Port San Carlos
- Port Howard
- Port Stephens
- San Carlos
- Goose Green

FITB should work with landowners to present appropriate portfolios of these (with all the required information and data) as options for Sulivan Shipping, FIC and cruise operators.

9.3.2 Home Porting

An extension of expanding the operations of cruise vessels in Falkland waters is home porting. This involves the basing of cruise vessels in the Falklands itself. To an extent this has started in the 2015-2016 season with OneOcean running 13 cruises from Stanley.

The move by OneOcean is hugely significant and is being watch closely by other IAATO operators. Like many of the other operators, OneOcean experiences significant difficulties dealing with Ushuaia. Whilst the detachment is not complete yet (bunkering and provisioning will still take place from South America and some OneOcean cruises are still operating from Ushuaia) it is the first step. OneOcean have made it clear that they would like to bunker and provision their ships from the Falklands if it cost-effective.

In the words of OneOcean: *The Falkland Islands now needs to respond to our belief in the Islands. We would like better land transport, including buses with toilets, more tours, and a general improvement in facilities in Stanley. If an additional weekly flight could be added we would be interested in investing more heavily in tourism in the Falklands, including accommodation facilities.*

FITB should encourage expedition cruise operators to establish Stanley as a home port by promoting its benefits. This should be undertaken through a multi-strand approach as detailed below:

- Work with other stakeholders to respond to cruise ship desires to bunker and provision in the Falklands

- Continually review and advise FIG with regards to changes to fees and taxes to ensure they are highly competitive.

- Encourage private sector to develop and offer an increased range of land-based shore excursions (see 9.3.5 below).

- Provision of more detailed and up-to-date information on the Falkland Islands for cruise operators and their passengers (see 9.3.4 below).

- Develop and market additional destinations for cruise ships to call at in Camp (see 9.3.1 above).

It is clear from discussions with operators and IAATO that the Falklands is the preferred *Gateway to the Antarctic*. This is an opportunity that should be embraced. However, it is abundantly clear that an additional flight to the Falklands (GRU is preferred to PUQ but either would be welcomed) would make a significant difference to home porting and making the Falklands the gateway in the region.

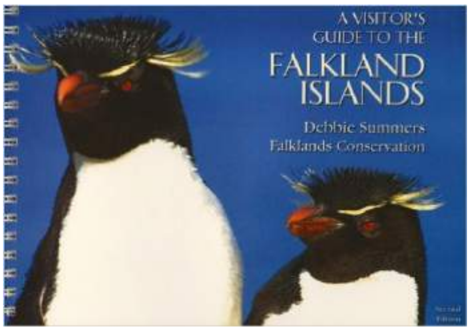
9.3.3 Cruise-Land Tours

An extension of home porting is the encouragement of cruise passengers to spend time in the Falklands before or after their cruises. It is estimated that around 10% of OneOcean passengers will spend a week in the Falklands before or after their cruise in the 2015-2016 season, generating over 100, visitors spending in excess of £150,000.

Cruise operators offering passenger exchanges in the Falklands should be encouraged to promote overnight stays in the Falklands. Whilst this initiative should largely be driven by the private sector (including FIH and ITT), FITB should help drive the initiative through joint marketing ventures with the cruise operators.

9.3.4 *Cruise Visitor Guides*

Passenger enjoyment of the destination is heavily dependent on the information they receive before arrival. Many of the cruise vessels offer information sessions on board before arriving in each port, and consequently it is essential that cruise directors are provided with the best possible information about the Falkland Islands and about what is available during shore excursions.



Debbie Summmers' excellent Visitor Guide to the Falkland Islands has served the Falklands well for the last 10 years (published in 2010). However, an update is now required that will provide additional information, including details of destinations in Camp that are being added to excursion ship schedules.

The production of a video for viewing by passengers should also be produced. All videos currently available are around 10 years old and are becoming dated, or are out of production.

9.3.5 Stanley Shore Excursion Development

With the expanding number of cruise ships visiting the Falklands, and the trend towards home porting that needs to be encouraged, there is a requirement to offer a broader range of shore excursions to passengers in Stanley. Some potential examples might include:

- Themed walking tours (Ghosts, War, Military History, etc)
- Golf
- Fishing
- Canoeing

FITB should encourage the private sector to engage with the cruise sector by developing appropriate tours under its guidance. This would be assisted through the development of a Cruise Tourism Business Grant Scheme (see 10.3.3 below).

9.4 Domestic Tourism

9.4.1 Introduction

Domestic tourism falls within the strategy for developing overnight tourism. Essentially, most of the products that are developed for inbound overnight tourists can be utilised by domestic tourists. The successful implementation of the TDS will encourage domestic tourism through the establishment of additional products and facilities (such as walking trails, the Coldwater Academy / diving facilities, etc) that residents can also use.

The specific development of domestic tourism in the Falklands is therefore mainly focussed on marketing. However, this should broadly fall within the domain of the private sector. Accommodation and other local businesses can use domestic tourism to fill capacity at short notice through special offers, which is impossible to do for overnight and cruise tourism. Individual businesses should develop their own strategies to stimulate and benefit from domestic tourism, and whilst many already do this, courses on marketing and exploiting local opportunities should be considered within the Skills Development Training Scheme (see Section 11.3).

The biggest constraint to the growth of domestic tourism is the cost of travel within the Falklands. Many residents cite the cost of a long weekend on one of the outer Islands as being equivalent to a week in Chile. The introduction of the ferry, as well as the emergence of good quality self-catering accommodation has improved the situation and encouraged more residents to travel by car to domestic destinations.

The situation at MPC is also not as buoyant as it has been in the past, with travel funds for military personnel being withdrawn.

Nevertheless, there are opportunities for marketing the Islands more effectively to contract workers and MPC personnel, and these should be exploited further.

9.4.2 Domestic Tourism Guide

The provision of an attractive and informative guide for new residents to the Falklands (both civilian and military) should increase the demand for domestic tourism. Whilst the new website (see Section 8.2) will be a valuable resource for domestic tourists, providing new arrivals with a physical document provides a stronger initial message and awareness.

The guide should be well-written and designed, covering all the destinations that can accommodate overnight stays, as well as day trips from Stanley. The aim of the guide should be to inspire residents to travel, and provide suggested itineraries. In particular, the guide should direct them to areas in East and West Falkland where accommodation demand is least strong. However, the outer Islands are an important part of the tourism product and should also feature.

10. INFRASTRUCTURE STRATEGY

Section Summary

1. Improvement of the tourist arrival and departure experience and expansion of the capacity of the air terminal should be investigated due to a strong economic case that the existing facilities would not allow LAN to sell all 220 seats on an A321 aircraft, which is likely to be introduced in 2016. FITB should work closely with FIG to investigate alternatives proposed in the TDS.

2. Private sector investment in new accommodation should be encouraged, in particular in preparation for larger airframe arrival (LAN A321) and a possible second weekly flight. This should be pursued through the compilation and distribution of an Accommodation Investment Guide.

3. The Tourism Accommodation Grant Scheme should continue to be run, but administered by FITB, with an increased budget of £50,000, and relaxing expenditure restrictions.

4. The development of a café (with toilets) at Gypsy Cove would improve the visitor experience of cruise passengers to the most popular day visitor attraction in the Falklands. A build and lease scheme should be explored through a feasibility study. Cost of construction and fitting out is estimated at around £120,000.

5. Improving cruise visitor experience in Stanley, including signage, is an important element of visitor satisfaction and repeat visitation. An annual fund for small-scale improvements of £25,000 is proposed.

6. With the growth of cruise tourism there is a need to encourage further private sector engagement with cruise visitors – in particular developing shore excursions, with the aim of increasing cruise visitor expenditure. The grant scheme would match-fund business development proposals with an annual budget of £30,000.

7. Cruise visitors provide FITB with an excellent opportunity to market the destination directly. Many visitors only spend a few hours on the Islands and therefore a high quality audio-visual exhibition in the JVC could provide a memorable experience that would convert to a future overnight tourism booking. It is estimated that through good marketing, over 1,200 cruise visitors annually would seriously consider booking an overnight trip, which if converted represents a total spend of £1.4 million. An initial design study is proposed to refine possible ideas and costs. Total cost of developing a high quality exhibition in a space of around $60m^2$ is estimated at £135,000.

10.1 Infrastructure Overview

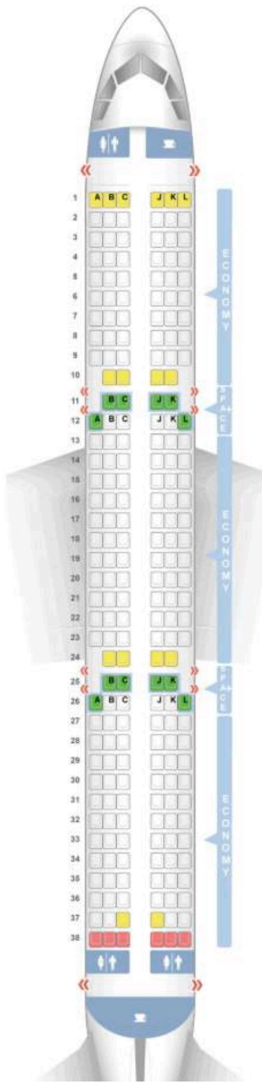
The aim of the Infrastructure Strategy is to improve the built environment for overnight and cruise tourists. In turn, this should lead to increased visitor satisfaction, greater repeat visitation, and longer length of say, all of which will improve the economic impact of tourism in the Falkland Islands.

10.2 Overnight Tourism

10.2.1 Civilian Passenger Terminal

Current Air Terminal Constraints

Destination research shows that the arrival and departure experience is significant amongst visitors with regards to overall impression, likelihood of returning, and word-of-mouth marketing.



The arrival and (in particular) departure experience at MPA is particularly poor. The queuing process for departure (which often means standing outside), and the cramped and uncomfortable departure lounge does not provide a level of comfort or welcome that is consistent with the destination in general. It is particularly unpopular with cruse passenger exchange travellers.

It is understood that the maximum occupancy of the terminal to comply with fire regulations is 450 people, which corresponds to a maximum of 200 passengers on arrival and 200 on departure. The current LAN A320 can carry 162 passengers on their A320 (V1) and 174 on their A320 (V3) aircraft.

LAN are replacing their A320 fleet with A321 aircraft (see seating plan on the right), with a configuration of 220 seats. The change in the airframe will provide the Falklands with at least 46 extra seats.

Over the period of a year, this would increase the seat capacity by 2,392 (or 1,196 in the six-month October to March season). However, without expanding the air terminal, this would effectively reduce air seats to the Falklands by 1,040 (or 520 in the October to March season). Assuming that around 60% of the 1,040 seats would be filled by leisure tourists, with an average spend per trip of £1,182, this would mean an annual potential loss of expenditure on the Islands of over £737,000.

It is therefore reasonable to conclude that the TDS should include a recommendation to expand the capacity of the air terminal to ensure all seats on the A321 can be utilised. A simple refurbishment with better check-in facilities of the existing terminal and lounge area is no longer a forward-thinking solution.

Option 1: New Terminal for Arrivals and Departures

The cost of developing a dedicated civilian passenger terminal, potentially with a route into the Mount Pleasant Complex that would not require passing through the Joint Forces security check would not be insignificant.

The new terminal building at St. Helena Airport is 3,500 m^2, and is broadly of the specification that would be required at MPA. Initial cost estimates based on data from airport civil engineers indicates that to develop a terminal similar to that at St Helena would cost in the region of £10.5 million.

Option 2: New Arrivals Terminal and Conversion of Existing Terminal for Departures

An alternative to developing a new passenger terminal would be to reconfigure the existing terminal as a departures terminal, and develop a new terminal building for arrivals. This would ensure that the A321 (and even larger airframes) could operate at MPA when arrivals and departures are processed at the same time.

This new terminal could be located to the west of the existing terminal building. With it not being adjoined to the departure building, the logistics of the movement of staff who work on both arrivals and departures would need to be addressed, and it may require a few additional staff that would otherwise not be required. However, this issue is not likely to be insurmountable.

It is estimated that the construction of this new arrivals terminal, and conversion of the existing terminal into a departures-only terminal would cost in the region of £3 million. This is calculated based on an area of 800 m^2 at a development and fitting cost of £3,500 per m^2, totalling £2.8 million. An additional £0.2 million would be made available for converting the current terminal to a departure area.

Stanley Check In

A technique that is used in some countries with small terminal buildings (there are examples in the Caribbean and South Pacific, e.g. Kiribati) is to provide a check in facility away from the airport. This allows passengers to travel to the airport closer to their departure time, and move straight through immigration and security and into the departure lounge.

The process in Kiribati works as follows. A café 10 kilometres from the airport has the facilities for appropriate personnel to undertake a security check on bags and issue boarding passes. Passengers can therefore check in their luggage, receive their boarding pass, and then relax in the café (private sector owned and run).

Chatterbox Café Check In: Tarawa

Baggage is then transported directly to the airport in bonded containers for loading onto the aircraft. Passengers make their way to the terminal around 45 minutes to 1 hour before flight departure for final security.

The majority of passengers departing the Falklands travel from Stanley, and therefore it would appear that a Stanley check-in facility could work, although it would need the involvement of LAN to move this forward.

Tarawa Airport Check In

Online check in for LAN flights could also improve speed of check in and flow of passengers. Most airports allow LAN passengers to check in online and print off their boarding pass. This is possible on MPN-PUQ flights, however, Immigration do not recognise online boarding passes at MPN, and consequently they have to be obtained from the check-in counter. This situation should be investigated further, as it would mean that those passengers without luggage (admittedly these are few in number when departing the Falklands) could proceed straight to security. However, a “fast drop” queue could be offered for those passengers with bags to check in who already have boarding passes.

Recommendations for Air Terminal

The difficulty with a firm recommendation for the development of the passenger terminal is the uncertainty of the opening of a new air link to the Falklands.

Overall it is recommended that until a second commercial air link is introduced, the construction of a new terminal for arrivals and departures (Option 1) is hard to justify. However, it is strongly recommended that a new arrivals terminal (Option 2) is planned and developed due to the imminent arrival (according to LAN sources) of the A321 aircraft.

The dilemma is being caught between the two schemes, that is developing Option 2, then finding a new air link being introduced, which (it is presumed) has an increased possibility with the recent political changes in Buenos Aires.

However, based on the facts and data available, it is recommended that Option 2 be pursued, with a Stanley Check In investigated with the LAN agents to further improve the departure experience of passengers.

Should there be strong support for Option 1 from MLAs and FITB Board members, the TDS would welcome the additional facilities and improved passenger experience that this would create.

10.2.2 Accommodation Investment Guide

Accommodation provision in the Islands is extremely fragile at present. In Camp, (with very few exceptions) only one operator provides accommodation in each destination. The effect of this could mean that if an operator closes down, the destination is lost. However, the development of accommodation should be driven by the private sector; only in exceptional circumstances should the Government intervene.

At present, there appears to be little appetite within the private sector to develop new serviced accommodation, and with the current limited air links investor tardiness can be understood.

The TDS aims to increase tourist arrivals within the limited capacity offered by the LAN and airbridge links, and to place tourism in the Falklands in a strong position to expand rapidly as and when additional air links are provided.

There is strong evidence that if this happens, investors are likely to show significant interest in developing new accommodation, and at that time FIG and FITB needs to be well prepared to offer investment incentives and identify areas of the country that are potential strong locations for accommodation development (examples include Port Stephens, Bull Point, and Cape Dolphin should landowners be in agreement).

Interviews with tour operators who sell the Falklands show that tourists are seeking accommodation of a similar quality to what is already available (i.e. 3-4 Star). The location of the accommodation is critical (for example many tourists excuse the basic facilities at The Neck because it offers accommodation "amongst" the wildlife; a comparison would be African safari-lodges located by watering holes). Simple standalone structures are becoming more commonplace in parks and zoos around the world and provide a possible solution for some locations (the picture shows accommodation at Whipsnade Zoo in the UK)

FITB should compile an accommodation investment portfolio, through communication with landowners and liaising with the relevant departments within FIG, to summarise and present all the available investment and development incentives in one place. This document should be continually updated and revised, and used as a tool for attracting accommodation investors when interest arises.

10.2.3 Tourism Accommodation Grant Scheme

The FIDC-administered Tourism Accommodation Grant has been a successful part of the Accommodation Accreditation Scheme, with several establishments applying for match-funded grants. It is recommended that this scheme be continued with the following changes:

- Administration transferred to by FITB (alongside the Cruise Tourism Business Grant Scheme and Stanley Infrastructure Improvement Fund).

- Allow establishments to request funding for soft furnishings (carpets, furniture, bedding, etc) in addition to building development work.

- Increase annual fund to £50,000.

10.3 Cruise Tourism

10.3.1 Café and Toilets at Gypsy Cove

By some margin, the main two attractions (other than Bluff Cove) that cruise passengers to Stanley visit are Gypsy Cove and Stanley itself. Around 30% of all cruise visitor excursions are to Gypsy Cove (approximately 7,000 visitors per annum) – the most popular day visitor attraction.

For many of the thousands of cruise tourists, impressions of the Falkland Islands are formed from their experiences at Gypsy Cove and Stanley. At present, the visitor facilities at Gypsy Cove are extremely poor. Whilst the natural setting is very good, the bus café and mobile toilets lower the visitor experience considerably.

A purpose-built café with toilets is proposed for development at the Gypsy Cove site, providing good facilities for visitors to purchase food and drink, use the conveniences, and shelter from (at times) inclement weather.

It is proposed that the café facility is built and leased to an operator for 5-year periods. On completion the bus and temporary toilets (currently costing FITB around £10,000 per annum) should be removed.

The design of the café should be carefully considered to ensure it is of an adequate size to cope with the volume of visitors experienced on cruise ship days. The café would also offer a welcome facility for local residents on other days of the year, and consequently the lease should include opening hour requirements.

A feasibility study should be carried out before moving forward with this scheme. However, it is anticipated that construction and fit-out costs would total around £120,000. There is no water or electricity at Gypsy Cove so electricity would need to be generated by wind and/or solar, with generator back up, and water would need to be collected and/or brought in by bowser. It is estimated that the café could turn over in excess of £40,000 per annum. The annual lease could be set at around £10,000.

There is an opportunity to generate revenue on Stanley cruise ship days (around 100 in the season) by charging visitors an entry fee to Gypsy Cove. A £10 entry fee (which is unlikely to have significant impact on demand considering the beauty of the location) could generate in excess of £70,000 per annum. There would be no collection of this fee on non-cruise ship days. The aim is not to generate revenue from residents, but to use cruise visitor revenue from the site to make it a more pleasant destination for residents and visitors.

10.3.2 Stanley Infrastructure Improvement Fund

Whilst around 30% of all cruise visitor excursions are to Gypsy Cove, a further 15% taking a Stanley Highlights tour, with many more visitors simply walking around Stanley unguided. To improve the visit experience of these passengers it is necessary to improve signage around the town and develop other aspects of the public realm such as a small bridge across the culvert to the "Stanley Signpost" which many visitors photograph themselves next to.

An annual fund that the FITB can utilise for these improvements should be established. It is proposed that a system should be put in place to allow stakeholders to propose improvements; FITB will review these (as well as their own proposals) and deploy the funds accordingly to make improvements on an on-going basis. An annual fund of £25,000 is proposed.

10.3.3 Cruise Tourism Business Grant Scheme

The aim of this scheme is to encourage residents to engage with the cruise sector by developing businesses that can serve cruise (and overnight) visitors.

Cruise passenger expenditure in Stanley currently stands at £55 (2014-2015 season). By comparison with other destinations worldwide, this is less than the UK (£100) and Australia (£80), but above the average for South Pacific islands (£40). The aim is to increase cruise expenditure by providing more opportunities for passengers to spend their money.

The scheme, that would be established and administered by the FITB, but developed with the assistance and experience of FIDC, and would fund proposals for businesses that primarily (although not exclusively) engage with cruise tourists. Funds would be allocated on a match-funding basis and would be available for equipment and training costs. It is envisaged that the fund would be capped at £30,000 in the first year, with £10,000 being the maximum available for any one business.

Whilst the scheme would be available to residents in Camp as well as Stanley, it is primarily intended for Stanley businesses in order to improve the visitor experience in the place where the most cruise passengers visit. Consequently, the number of cruise visitors to the location where the business operates will be taken intro consideration when evaluating proposals bidding for grants.

10.3.4 JVC Falklands Showcase

Cruise visitors travelling to the Falklands provide FITB with an excellent opportunity to market the destination directly to them. Some of these visitors are potential overnight tourists due to their interest in destinations such as the Falklands.

FITB should consider construction of an interpretation exhibition at the JVC. This should be visually engaging, interactive and of the highest quality, showcasing the Falklands and inspiring people to visit the Islands. The aim is to maximise the rate of conversion of cruise tourists to overnight tourists.

The Cruise Visitor Survey (2014-2015) showed that 8.4% of all visitors would d*efinitely* like to return to the Islands on an overnight holiday. In the 2014-2015 season there were over 43,000 cruise visitors. This implies that over 3,600 passengers have a strong interest in returning and travelling around the Falklands. If this is discounted by a factor of three (an industry standard for re-estimating the number to exclude those who are unlikely to act on their intentions), there are still over 1,200 passengers who are highly likely to "convert". Based on an average length of stay of 10 nights and an expenditure of £120 per night, these have a potential spend of £1.4 million.

The cost of developing a high-quality visual exhibition could be in the region of £135,000 based on a 60m^2 area being utilised in the JVC. An initial concept design study should be undertaken by a reputable interpretation and design firm, which would provide more information on the types of exhibition that could be developed and the implementation costs.

10.3.5 JVC Car Park Surfacing

As part of the overall drive to improve the cruise passenger experience, the Jetty Visitor Centre (JVC) car park should be surfaced with tarmac with painted lines for buses and taxis.

11. HUMAN RESOURCES AND INSTITUTIONAL STRATEGY

Section Summary

1. The FITB Tour Guide training course should be offered to residents in Camp (based on demand), and the scheme should continue to be offered in Stanley on an annual basis.

2. Short courses offering a range of useful skills to stakeholders in the sector should be offered on an annual basis through a training fund of £5,000. FITB will identify and select courses based on demand and skills requirements.

3. The implementation of a holistic green (environmental) tourism scheme that would be relevant for all tourism sector businesses (from accommodation through to tour operators and shops) should be investigated from international best practice. Increasingly, tourists are responding positively to destinations with green accreditation schemes.

4. The establishment of a Falkland Islands Tourism Association would have significant benefits for the sector. FITB should assist with the establishment of this body.

11.1 Human Resource and Institutional Overview

This strategy addresses the need to develop skills in the tourism sector amongst those working with tourists, in order to improve customer satisfaction and experience. It also addresses the requirement to make tourism an attractive and financially rewarding sector to work in.

The future of tourism in the Falklands rests with the younger generation, and the TDS recognises the need to encourage their involvement and investment.

11.2 Tour Guide Training

The FITB Tour Guide Training has proved to be a successful element of its in-house training. Whilst it has mainly focussed on tour guides operating in Stanley on cruise ship days, the scheme would also be useful for drivers and guides interacting with overnight tourists in Camp.

It is recommended that the course should be run (as required) in Camp, as well as on an on-going basis in Stanley, according to demand.

11.3 Skills Development Training Scheme

For many Falkland Islanders, the establishment of a tourism business is a series of trials and errors, and is based on their own experiences when travelling. They may not be qualified in hospitality or guiding, but they learn as they go along; formal training is often out of financial reach.

A training budget should be managed by the FITB, which would identify courses (at least one per year) that will respond to the needs of the sector. Examples might include food hygiene, survival cookery (basic knife skills and food preparation), restaurant and drinks service, marketing, website development, etc.

11.4 Green Tourism Scheme

Increasingly, tourism markets are aware of the environmental impact of tourism and respond positively to destinations that have in place industry guidelines for minimising its impact. The main attraction in the Falklands is the environment, and consequently it needs to be protected for future destinations.

The implementation of a green tourism scheme that will cover all aspects of the industry, including accommodation, food and beverage services, tour operators and guides, and retail should be investigated.

The initial stage should be a review of the various green/environmental accreditation schemes being deployed in international destinations, and to compile an initial outline scheme that could be developed in the Falkland Islands for presentation to the FITB Board and other stakeholders. If this is approved, it can be developed and implemented according to an agreed timetable.

11.5 Falkland Islands Tourism Association

A tourism sector that is not unified or does not speak with a single voice is not as effective as one that does. For the FITB, dealing with industry issues is also better through a single association than to individual stakeholders.

The FITB should encourage the establishment of a Falkland Islands Tourism Association (FITA) to represent the sector and provide a unified voice for FITB to speak to. Assistance should be provided with regards to the legal framework of the association and the setting up of the body. Once the time-consuming paperwork aspect of the establishment of the FITA has been completed, FITB should withdraw from its direct involvement with the association.

12. GROWTH TARGETS

Section Summary

1. There are 10 key tracking indicators that will provide annual data on the progress of the TDS. These should be supplemented with other qualitative and quantitative data that shows the progress of the TDS in an *Annual TDS Progress Review*.

2. If the growth targets are achieved, by 2022 overnight tourism expenditure will reach £4.2m and cruise tourism expenditure will reach £5.0 million – both more than doubling their 2014 figures.

3. Total expenditure from overnight, cruise and domestic tourism will exceed £10m in 2022.

12.1 Introduction

Whilst tourism is closely tracked in the Falkland Islands through *Falklands Forecast*, T-Stats (online database), and the Annual Statistics Report, growth targets are an essential part of the TDS to measure its progress and success.

The TDS should be treated as a document that, depending on external circumstances, such as changes in international air access, developments in key source markets, or new accommodation/destinations opening up in the Falklands, should be adjusted and adapted. For example, if the economy in Germany were to go into a deep recession, promoting the Falklands in that market may not yield the level of success expected, and decisions would need to be made regarding the shifting of marketing elsewhere).

Consequently, the level of achievement of the growth targets each year should not be assessed without considering the broader environment. If targets are not met, the FITB needs to assess why and adapt accordingly.

Note that additional indicators for tracking the marketing strategy (see Section 8) will be set out during the compilation of the Traditional and Digital Marketing Strategies.

12.2 Tracking Indicators

There are 10 indicators that should be tracked to measure the level of success of the TDS. These are explained in Figure 12.1 below.

Figure 12.1 TDS Tracking Indicators

Indicator	Notes
Leisure Arrivals	The TDS aims to grow overnight leisure tourism within the available capacity of international air links. However, as the overall aim is to increase overnights in the Falklands, leisure arrivals cannot be assessed alone, and therefore length of stay needs to be considered also (see below).
Length of Stay	As the overall aim is to grow overnights in the Falklands, if the length of stay increases but the number of arrivals stays the same (or even declines) the overnight target can still be achieved (see below).
Overnights	The number of tourist nights spent in the Falklands is a multiplication of arrivals and length of stay. This is the key figure of measurement. However, it is useful to track arrivals and length of stay individually as well, so that it is apparent which indicator is driving changes in overnights in the Falklands.
Leisure Arrivals – Core Markets	These are the number of visitor arrivals from the core markets as defined by the Marketing Strategy (likely to be UK, USA, France, Germany and Australia). They are tracked as the Marketing Strategy is focussing on these markets in a targeted way, and therefore they are expected to grow faster than other markets.
Leisure Arrivals – Tactical Markets	These are the number of visitor arrivals from the tactical markets as defined by the Marketing Strategy (likely to be South American countries). They are tracked as the Marketing Strategy is focussing on these markets in a targeted way, and therefore they are expected to grow faster than other markets.
Leisure Tourists Visiting in October and March	The strategy aims to extend the tourist season by encouraging visitors in October and March when occupancy rates are lower than in November to February. Therefore measuring the percentage of leisure tourists visiting in these two months is important.
Leisure Tourists Visiting in September and April	The strategy aims to extend the tourist season by encouraging visitors in September and April when occupancy rates are generally low. Therefore measuring the percentage of leisure tourists visiting in these two months is important.

Leisure Spend per Night	The TDS does not set out to increase nightly expenditure of tourists above the current levels. Consequently the targets for expenditure are based on anticipated price rise increases over the period.
Cruise Arrivals	The TDS aims to grow cruise tourism, both large cruise ships and expedition vessels. Tracking cruise tourism is difficult due to the “lumpy” nature of arrivals. For example the arrival or cancellation of a large vessel can add or reduce passenger visits by 3,000 in one go. Equally, the growth of expedition cruises is sometimes not apparent as they bring in fewer passengers per vessel, and therefore their impact is less noticeable. Nevertheless, total cruise passenger arrivals should be tracked as they are a key indicator of the success of the cruise tourism element of the Strategy.
Cruise Spend per Day	The TDS aims to increase cruise passenger spend, and therefore this indicator is an important measure of the success of increasing shore excursion availability and other expenditure opportunities when on land.

Note that the above indicators can be derived from the system of tourism statistics that FITB has in place. Additional measures should be added to track the TDS and should be included in an *Annual TDS Progress Review*. These would include data on all elements of the strategy such as:

- Number and Value of Grants issued
- Number of persons trained on Training Schemes
- Accommodation establishments inspected

In addition, information such as progress made with the various product development and infrastructure development elements of the Strategy should be included.

12.3 Growth Targets to 2022

Growth targets for the 10 key indicators are shown in Figure 12.2 below. These have been developed over a period to 2022. It was felt that projecting figures beyond this was not particularly helpful due to the likely changes in the external environment.

The following should be noted:

- The targets are based on the TDS commencing implementation in July 2016, with the existing strategy applying until then.

- The data is based on the TDS being implemented according to the timeline shown in the Implementation Plan (Section 13).

- 2022 will be the 40th Anniversary of the Falklands War and is likely to provide an increased number of visitors (historical data shows this is typical during key anniversary years).

If the growth targets are achieved, the outcomes in 2022 will be:

- Leisure overnight tourism expenditure will reach £4.2 million (up from £1.8 million in 2014).

- Cruise tourism will reach £5.0 million (up from £2.4 million in 2014).

- Total expenditure from international tourism will be £9.2 million. Domestic tourism is expected to generate up to £1 million. Consequently tourism expenditure should exceed £10 million (up from £4.7 million in 2014).

Figure 12.2 TDS Tracking Indicators to 2022

Indicator	2014	2015	2016	2017	2018	2019	2020	2021	2022
Leisure Arrivals (Total)	1,493	1,515	1,546	1,623	1,753	1,911	2,102	2,312	2,589
Growth Rate (%)		*1.5*	*2*	*5*	*8*	*9*	*10*	*10*	*12*
Length of Stay	9.9	10.0	10.1	10.2	10.3	10.4	10.5	10.6	10.7
Overnights	14,781	15,154	15,612	16,554	18,054	19,870	22,067	24,505	27,705
Leisure Arrivals - Core Markets	912	924	943	1006	1087	1204	1324	1480	1657
Leisure Arrivals - Tactical Markets	342	349	356	390	421	459	525	578	647
Leisure Tourists: Oct and Mar (%)	21.8	21.8	21.8	22.4	23.1	23.8	25.0	26.2	27.5
Leisure Tourists: Sep and Apr (%)	6.0	6.0	6.0	6.3	6.6	7.0	7.7	8.4	9.3
Leisure Spend/Night (£)	119	123	126	130	134	138	142	146	151
Cruise Arrivals	43,437	46,043	48,806	52,222	56,400	62,040	62,660	63,287	64,553
Growth Rate (%)		*6*	*6*	*7*	*8*	*10*	*1*	*1*	*2*
Cruise Spend/Day (£)	55.0	56.5	58.0	60.0	63.0	67.0	72.0	75.0	78.0

Notes:
Core Markets: expected to be UK, USA, France, Germany, Australia (dependent on Marketing Strategy)
Tactical Markets: expected to be South American countries (dependent on Marketing Strategy)
Cruise arrivals date – 2014 means 2014/2015 season, etc.

13. BUDGET AND IMPLEMENTATION PLAN

Section Summary

1. The Implementation Plan involves considerable activity in Years 1 and 2 (2016/2017 and 2017/2028). All one-off TDS activites are undertaken in these two years, with other activities becoming ongoing annual activities.

2. The exception to the above are the funding and development of the Café and Toilets at Gypsy Cove, Falklands Coldwater Academy, JVC Falklands Showcase, and the Civilian Passenger Terminal, all of which will be subject to the outcome of their individual feasibility studies.

3. The budget for the one-off TDS development is £402,500, roughly split evently between the first two years. The on-going cost of moving TDS activities forward is £493,000. This compares to a current subvention budget of £332,000 to cover marketing and research.

4. The principal reasons for the increase in the annual budget is additional digital marketing spend of around £50,000, the transfer of the Tourism Accommodation Grant Scheme from FIDC, and the creation of the Stanley Infrastructure Improvement Fund and Cruise Tourism Business Grant Scheme.

13.1 Implementation Plan Timeline

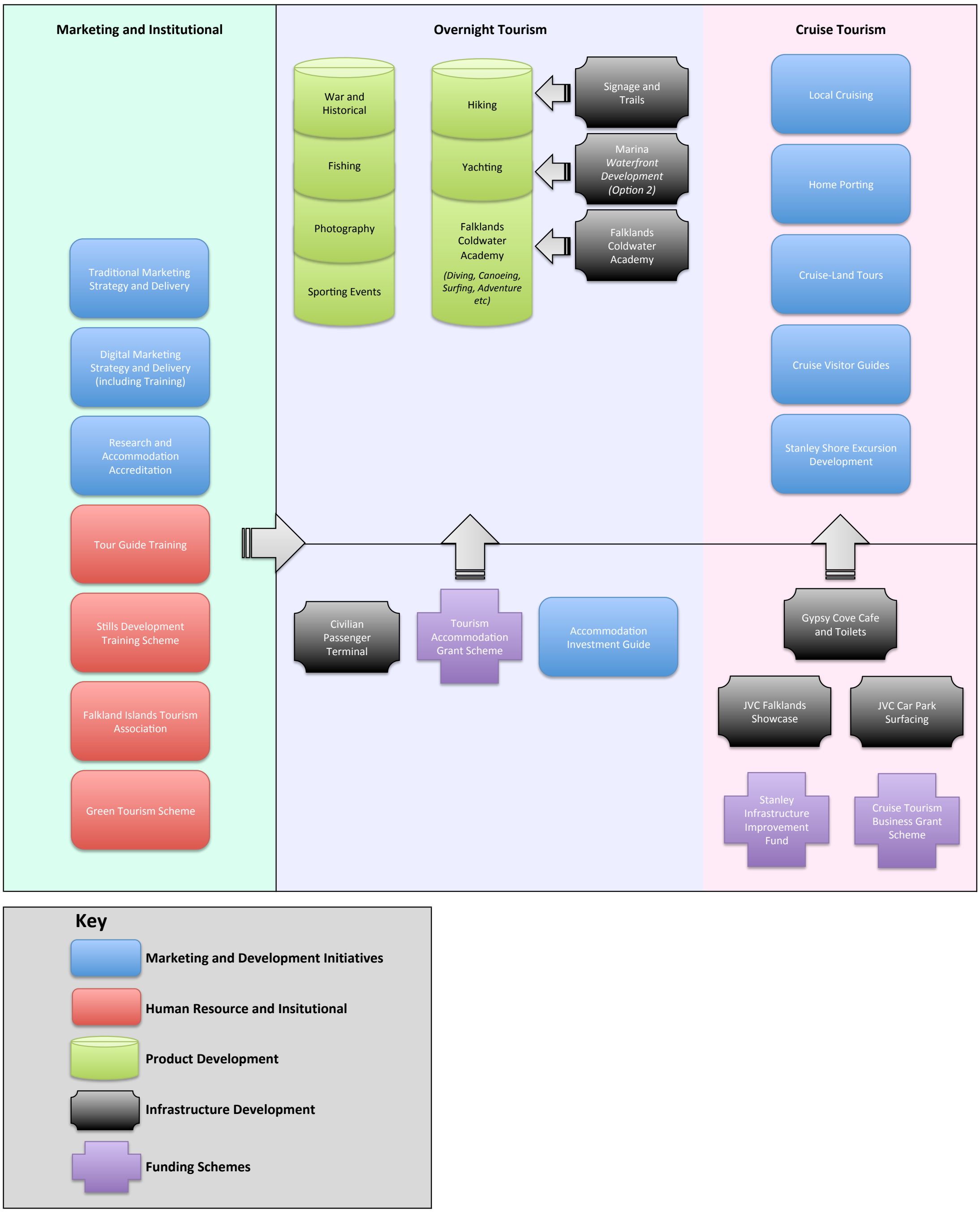
Implementation of the TDS requires an immediate development of the Traditional and Digital Marketing Strategies, which should be based on the overall objectives and pillars of the TDS. These should be addressed without delay, as many other elements of the TDS are reliant upon them. Note that the marketing strategies will include their own implementation plans that will be aligned with the TDS.

The Implementation Plan involves considerable activity in Years 1 and 2 (2016/2017 and 2017/2028). The outcomes of the four feasibility studies (Café and Toilets at Gypsy Cove, Falklands Coldwater Academy, JVC Falklands Showcase, and Civilian Passenger Terminal) are required before a final decision can be made on their development, and therefore only the inital studies (and costs) for these initiatives are shown in the Implementation Plan.

A diagrammatical representation of the TDS is shown in Figure 13.1. This shows how the different elements of the Strategy (Marketing, Product Development, Infrastructure Development, Human Resources/Institutional) all link together, with the funding schemes also clearly shown as separate inputs into the overall “strategy engine”. Overnight and cruise tourism elements of the Strategy are also separated for greater clarity.

Overall, the marketing and human resource/institutional activities can be thought of as the *fuel* driving the product and infrastructure development *engine*, with the funding schemes providing the *oil* to ease its operation!

Figure 13.1 Diagrammatical Representation of TDS



13.2 Implementation Plan Budget

The budget for implementing the TDS is shown in Figure 13.2. It includes

- TDS budget: these are specific activities that are required for delivering TDS initiaives. They are one-off costs for generating specific deliverables. All of these costs will be incurred during the first three years (2016-2019) of the TDS. As noted above, the outcome of feasibility studies may lead to additional expenditure being required over the duration of the TDS (to financial year 2022/2023).

- On-going budget: these are activities that will need to be undertaken on an annual basis to drive the overall Strategy forward.

A summary table showing the TDS and on-going budgets for the first three years of the Strategy (2016-2019) is shown below in Figure 13.3.

Figure 13.2 Summary TDS Budget (Y1 to Y3)

Year	TDS	On-Going	Total
Y1 (2016/2017)	£315,000	£493,000	£808,000
Y2 (2017/2018)	£72,500	£493,000	£565,500
Y3 (2018/2019)	£0	£493,000	£493,000
Total	£402,500		

The annual cost of driving the TDS recommendations forward is (as shown above) £493,000. This compares to the current subvention for research and marketing of £332,800. The principal reasons for the increase are:

- Increase in the digital marketing budget of around £50,000
- Tourism Accommodation Grant Scheme transferred from FIDC
- Creation of Stanley Infrastructure Improvement Fund
- Creation of Cruise Tourism Business Grant Scheme

Note that, dependent on the outcome of the feasibility studies, budget provision for the following may be required according to an agreed timetable:

- Civilian Passenger Terminal (Option 2): £3 million (est)
- Gypsy Cove Café and Toilets: £120,000 (est)
- Falklands Coldwater Academy: £250,000 (est)
- JVC Falklands Showcase: £135,000 (est)

All of these should generate a positive return in investment over a period of between 5 and 10 years. Individual feasibility studies will provide greater clarification on this.

The return on investment of the JVC car park is harder to quantify, as it will merely provide a better experience for cruise visitors. How this converts to future visits and positive word-of-mouth marketing is difficult to calculate, and can at best only be estimated.

Figure 13.3 Action Plan and Budget

TDS Section	Action Item	Delivery Period	TDS Budget	On-Going Budget (per Annum)
8.	**RESEARCH AND MARKETING**			
8.2	**Traditional and Digital Marketing Strategy**			
8.2.2	Traditional Marketing Strategy Annual Traditional Marketing Budget	Y1 Y1 – On-going	£20,000	 £260,000
8.2.3	Digital Marketing Strategy and Training Annual Digital Marketing Budget	Y1 Y1 – On-going	£35,000	 £80,000
8.2.4	Monitoring	Y1 – On-going		
8.3	**Branding Identity Guidelines**	Y1	£5,000	
8.4	**Tourism Sector Measurement and Tracking**			
8.4.1	Tourism Statistics Tracking	Y1 – On-going		£20,000
8.4.2	Accommodation Accreditation	Y1 – On-going		£20,000

Note:
Y1 – 2016/2017
Y2 – 2017/2018
Y3 – 2018/2019
Y4 – 2019/2020
Y5 – 2020/2021

TDS Section	Action Item	Delivery Period	TDS Budget	On-Going Budget (per Annum)
9.	**PRODUCT DEVELOPMENT**			
9.2	**Overnight Tourism**			
9.2.1	War and Historical Interest	Y1 – On-going		Incl. in Marketing
9.2.2	Fishing	Y1 – On-going		Incl. in Marketing
9.2.3	Photographic Tourism	Y1 – On-going		Incl. in Marketing
9.2.4	Sporting Events	Y1 – On-going		Incl. in Marketing
9.2.5	Hiking Development of Trails	Y3 – On-going Y1 – Y2	 £30,000	Incl. in Marketing
9.2.6	Yachting Development of Marina	After completion of Marina Dependent on SWD		Incl. in Marketing
9.2.8	Falklands Coldwater Academy: Feasibility Study	Y1	£10,000	
9.3	**Cruise Tourism**			
9.3.1	Local Cruising	Y1 – On-going		Incl. in Marketing
9.3.2	Home Porting	Y1 – On-going		Incl. in Marketing
9.3.3	Cruise-Land Tours	Y1 – On-going		Incl. in Marketing
9.3.4	Visitor Guide Documentary Video	Y2 Y2	£15,000 £35,000	
9.3.5	Stanley Shore Excursion Development	Y2 – On-going		Incl. in Marketing
9.4	**Domestic Tourism**			
9.4.2	Domestic Tourism Guide	Y1 – On-going	£5,000	£1,000

Note:
Y1 – 2016/2017
Y2 – 2017/2018
Y3 – 2018/2019
Y4 – 2019/2020
Y5 – 2020/2021

TDS Section	Action Item	Delivery Period	TDS Budget	On-Going Budget (per Annum)
10.	**INFRASTRUCTURE**			
	Overnight Tourism			
10.2.1	Civilian Passenger Terminal: Option 2 Feasibility	Y1	£5,000	
10.2.2	Accommodation Investment Guide	Y1 – On-going		£1,000
10.2.3	Tourism Accommodation Grant Scheme	Y1 – On-going		£50,000
	Cruise Tourism			
10.3.1	Café and Toilets at Gypsy Cove: Feasibility Study	Y1	£10,000	
10.3.2	Stanley Infrastructure Improvement Fund	Y1 – On-going		£25,000
10.3.3	Cruise Tourism Business Grant Scheme	Y2 – On-going		£30,000
10.3.4	JVC Falklands Showcase: Design Concept Study	Y1	£8,000	
10.3.5	JVC Car Park Surfacing	Y1	£200,000	
11.	**HUMAN RESOURCES AND INSTITUTIONAL**			
11.2	Tour Guide Training	Y1 – On-going		£1,000
11.3	Skills Development Training Scheme	Y1 – On-going		£5,000
11.4	Green Tourism: Outline Scheme	Y2	£7,500	
11.5	Falkland Islands Tourism Association	Y1	£2,000	

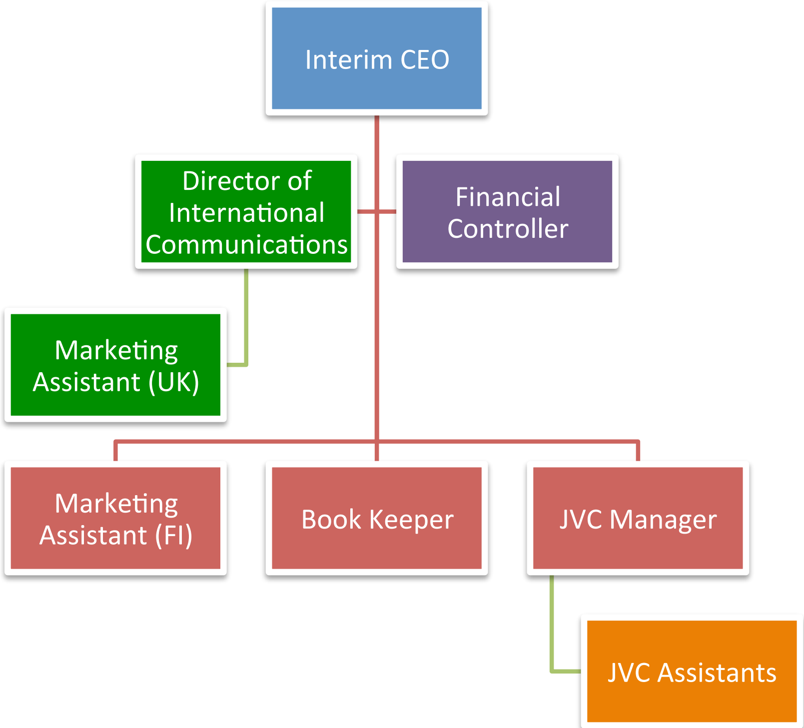
Note:
Y1 – 2016/2017
Y2 – 2017/2018
Y3 – 2018/2019
Y4 – 2019/2020
Y5 – 2020/2021

13.3 FITB Human Resources

In order to deliver the TDS, the FITB needs to be properly resourced with staff that have the time and relevant technical expertise to undertake each of the deliverables. It is recognised that some tasks will require *specific* expertise (such as digital marketing), and where relevant the cost of this support has been built into the budgets.

Figure 13.4 below shows the structure of the FITB, which it is believed should be sufficient to deliver the TDS. The posts coloured in green would be delivered from the UK.

Figure 13.4 Staff Structure of FITB for Delivery of the TDS



It is proposed that the various elements of the strategy are undertaken by the FITB staff as shown in Figure 13.5 below. Note that for several of the deliverables, additional expertise will be required, and where relevant the cost of this has been included in the TDS budget.

Figure 13.5 Staff Delivery of TDS

Position	Tasks	Additional Expertise
Interim CEO	Tourism Sector Measurement and Tracking Product Development - Hiking - Coldwater Academy/Diving - Cruise Visitor Guide / Video Infrastructure - Civilian Passenger Terminal - Accommodation Investment Guide - Gypsy Cove Feasibility Human Resources - Tour Guide Training - Skills Development Training Scheme - Falkland Islands Tourism Association TDS Tracking Reporting	Outsourced (in part) Expertise as required Expertise as required Outsourced Expertise as required Expertise as required Legal advice
Marketing Assistant (Falklands)	Digital marketing delivery Branding Identity Guidelines Green Tourism: Outline Scheme Domestic Tourism Guide	Training and assistance with delivery Outsourced Outsource if required
JVC Manager	JVC Falklands Showcase JVC Car Park Surfacing	Expertise as required
Bookkeeper	Tourism Accommodation Grant Scheme Stanley Infrastructure Improvement Fund Cruise Tourism Business Grant Scheme	
Director of International Marketing	Traditional Marketing Strategy and delivery	
Marketing Assistant (UK)	Traditional marketing delivery	