

# TOURISM TRENDS ISSUES AND CHALLENGES

- (IMPLICATIONS FOR CARIBBEAN ECONOMIES)

**Winfield Griffith,  
Caribbean Tourism Organization,  
April, 2009**

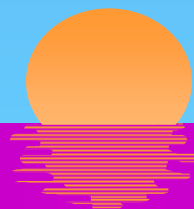


# IMPORTANCE OF TOURISM

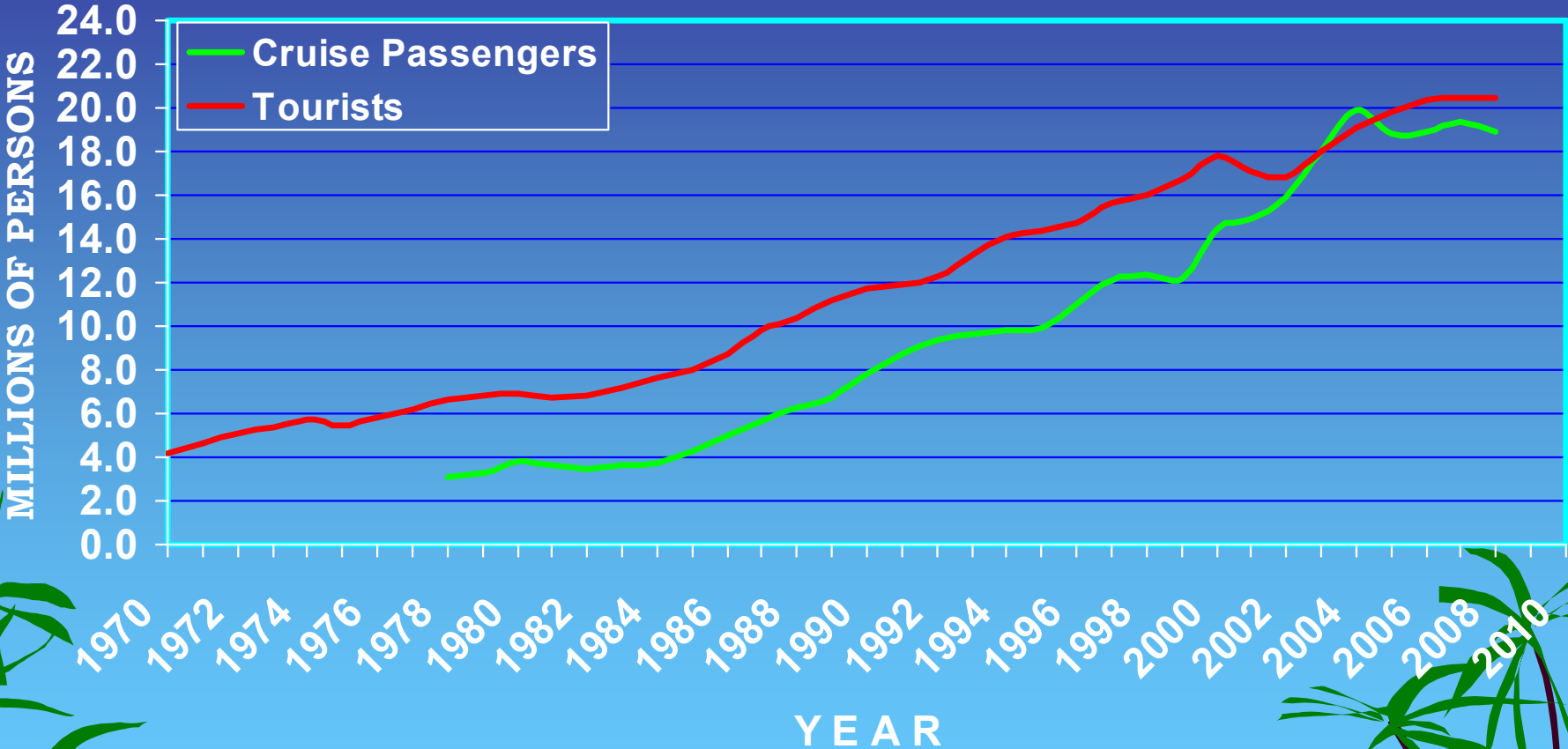
- ❖ **Most tourism dependent region in the world**
  - ☞ **gross tourism receipts above 1/3 of exports**
  - ☞ **an estimated close to 1 million workers directly employed – more than half the labour force in some Caribbean countries**
- ❖ **Tourism now well exceeds the traditional producing sectors as employer and foreign exchange earner.**

# Trends In Regional Tourism

- ◆ Raw data on arrivals over the last three decades paint a clear picture.
- ◆ Air arrivals took off, increasing over five fold for the period.
- ◆ Cruise visitors sailed even more swiftly behind catching up in recent years while growing almost three times as fast as land-based tourism, on average.



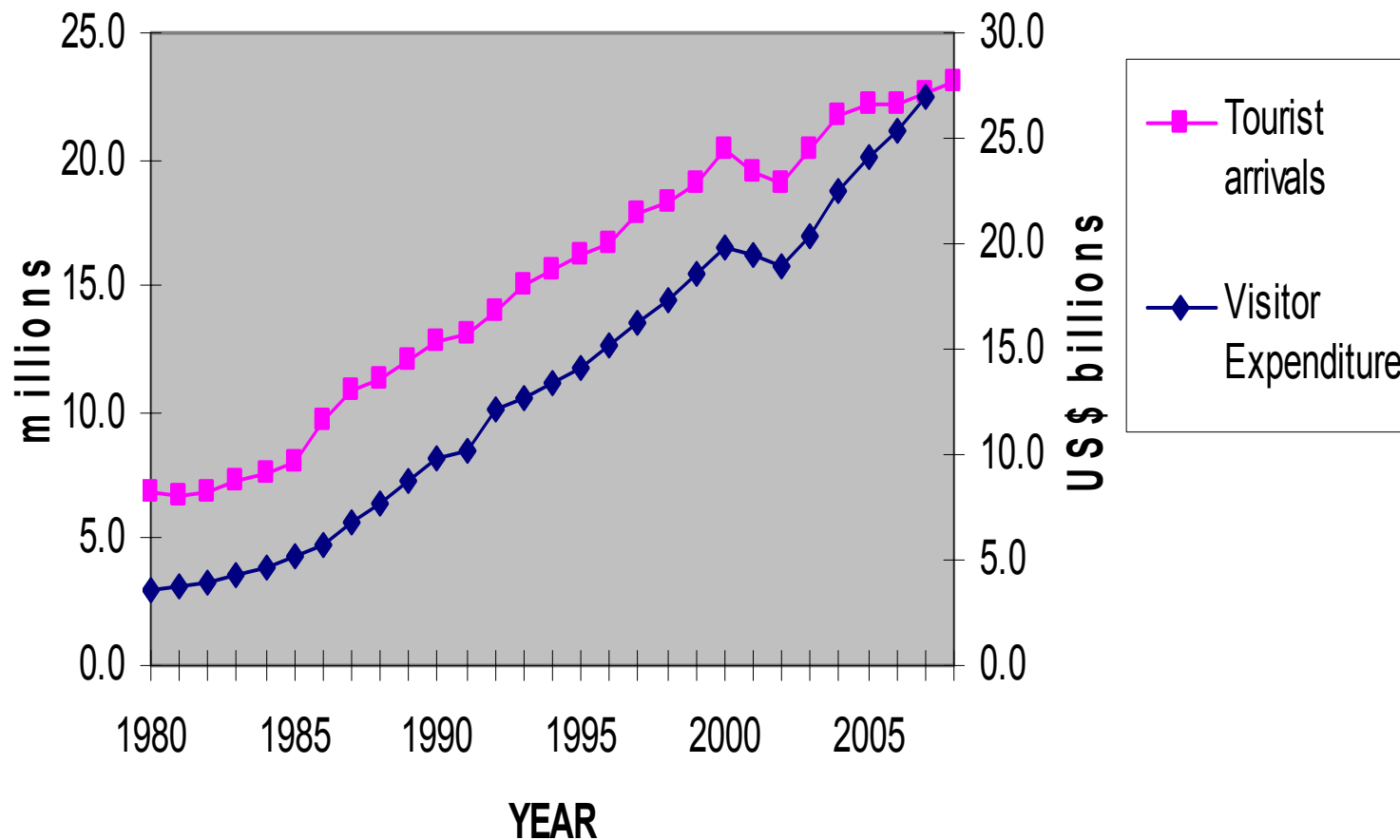
# Growth In Visitor Arrivals 1970 - 2008



# Magnitude of Visitor Spending

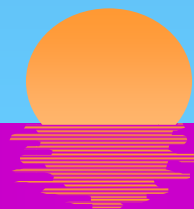
- ◆ Visitor spending has kept pace and reflected the movement in arrivals over the years
- ◆ Two decades ago aggregate visitor spending stood at around US\$3.8bil
- ◆ Spending rate clearly out-paced that of arrivals resulting in estimated total spending of over US\$27bil in the region in 2008.
- ◆ Cruise activity remains significant but has clearly felt the effects of the global and particularly the US economic crisis

# TOURIST ARRIVALS & VISITOR EXPENDITURE IN THE CARIBBEAN



# Demonstrated Resilience of Tourism Sector

- ◆ Oil crisis in early 1970's
- ◆ Global economic downturn in early 1990's
- ◆ 9/11 in 2001 with radical re-organisation of air travel.
- ◆ What of the current global financial crisis?



# RECENT MARKET PERFORMANCE

MARKETS	ARRIVALS (‘000)	%Change 2008/’07	% Change Winter	% Change Summer
USA	11,608.5	+0.0%	2.4%	-1.4%
Canada	2,413.1	+15.9%	18.5%	-12.8%
Europe	5,440.6	-1.9%	1.3%	-3.6%
Other	3,544.2	+2.9%	10.0%	-0.2%
Total Tourists	23,006.3	+1.5%	5.2%	-0.8%
Cruise Passenger	18,850.6	-2.6%	3.2	-7.5%

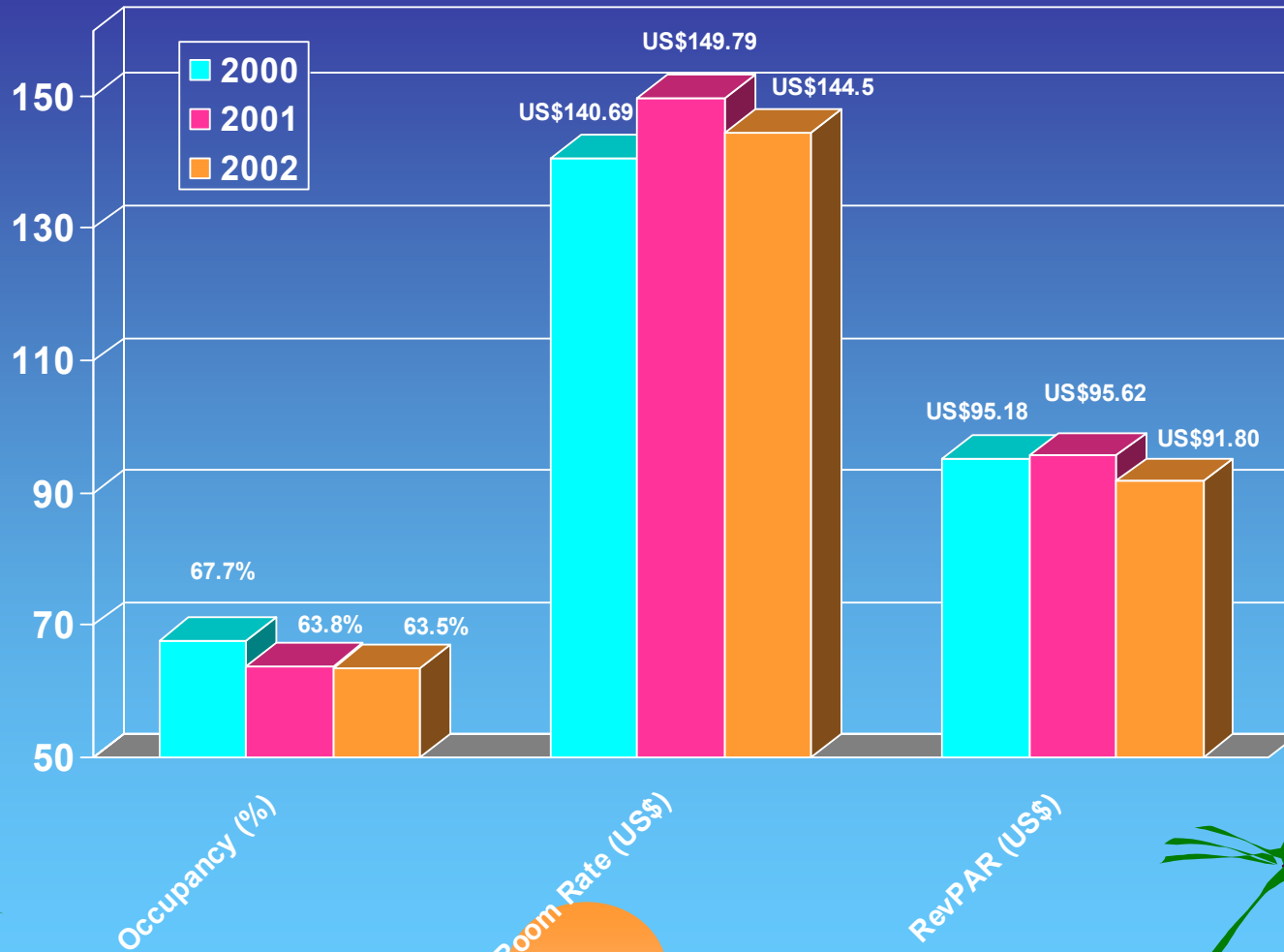


# MARKET PERFORMANCE

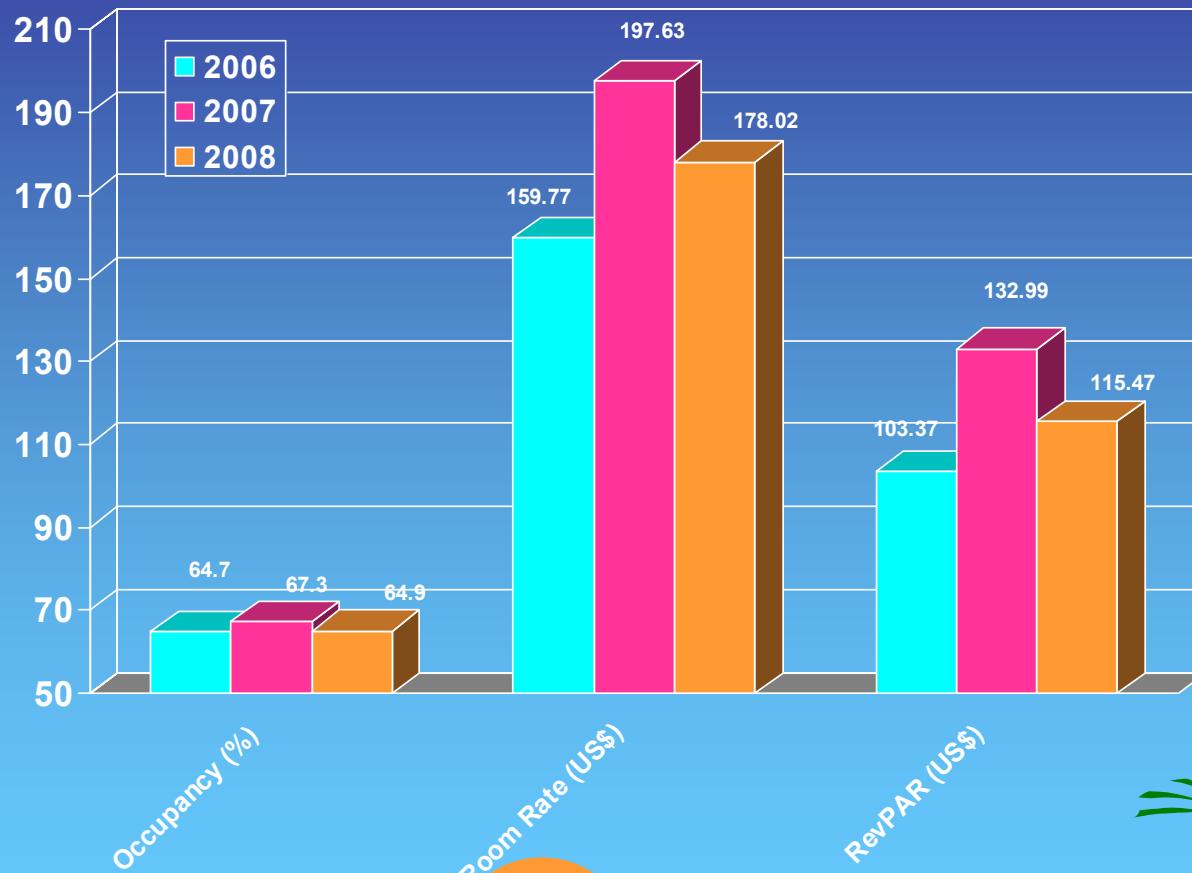
## Intra-Caribbean

- ◆ Arrivals have declined after 2006 with -7.3% in 2007 and -1.3% in 2008.
- ◆ Reduction in seating capacity in aftermath of LIAT, C'bean Star merger; BWIA closure and activity of new airline Caribbean Airlines on a scaled down version; AA, American Eagle cut backs
- ◆ Increasing unemployment
- ◆ Still relatively high airfares

# CARIBBEAN HOTEL PERFORMANCE 2000-2002



# CARIBBEAN HOTEL PERFORMANCE 2006-2008



# FIVE MAJOR AREAS OF TOURISM IMPACT

- ◆ **Gross Domestic Product (GDP) or Value Added**
- ◆ **Balance of Payments**
- ◆ **Employment**
- ◆ **Government Revenue**
- ◆ **Investment**

# VISITOR EXPENDITURE IMPACTS

	GDP Normal Mult.	% of GOV. REV	B.O.P % of Imports	EMPLOY Jobs as %
Anguilla	0.8273	40.8	19.2	48.1
Barbados	0.8229	20.0	16.4	26.6
B.V.I.	0.6135	9.3	38.6	50.9
Jamaica	0.7590	15.3	10.7	12.5
St. Lucia	0.6471	20.3	18.4	20.7

# Major Issues

- ◆ Weakening state of Global economy expected to prevail throughout the coming year
- ◆ Oil prices will continue to be unpredictable and unstable in a search for equilibrium
- ◆ Relatively stronger US dollar versus the Euro and the Pound sterling

# Major Issues (Cont'd)

- ◆ Higher than usual unemployment in the major markets
- ◆ Airlines continue to chop and change schedules in response to weakening demand
- ◆ Hotels and cruise lines embark on heavy promotion and discounting
- ◆ Ironically, cruise lines are also stuck with recently acquired inventory as well as undelivered mega vessels

# Major factors influencing coming performance

- Now relatively strong US dollar versus the Euro, Canadian dollar & Pound sterling
- Handling international tourism's extreme information dependence and sensitivity
- Continued perception of the Caribbean as a relatively safe and stable region



# Major factors influencing coming performance (Cont'd)

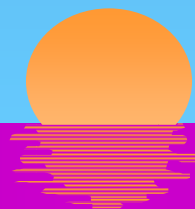
- ◆ The onerous British travel tax on tickets to the C'bean
- ◆ Region's ability to counteract fierce competition from resurgence among competing destinations

# Short Term Forecast

- ◆ Based on current trends, arrivals in the wider region as a whole in the first quarter of 2009 show a modest increase of the order of 2-3%:
  - **skewed by Cuba, Cancun & Curacao**
  - **Jamaica and other cricket playing nations**
- ◆ Most countries are seeing declines of 5-8% especially in the English speaking Caribbean, this marks the expected range for the remainder of the year
- ◆ Spending can also be expected to go down by a similar order of magnitude

# What is being done in the Caribbean?

- ◆ Beefing up of National Tourism Agencies
- ◆ Increased dialogue with the business sector
- ◆ Allocating resources for private sector support in case of emergency
- ◆ Attempting to intensify regional marketing



# What is being done in the C'bean? (cont'd)

- ◆ Talking to international funding agencies
- ◆ Establishing more modern information and booking options (using google, travelocity, etc.)
- ◆ Providing deals and incentives to encourage visitors

# CONCLUSION

- ◆ Need for continued Vigilance and pooling of resources and ideas by public and private tourism players
- ◆ Plan and execute strategies in a coordinated way
- ◆ Provide and secure the united front that is inevitable if the region must fend off any international regulations which are adverse to its interest
- ◆ Stay abreast of the new technology which our competitors are utilizing so effectively

**Thanks Very Much!!**

