

TOURISM TRENDS ISSUES AND CHALLENGES

- (IMPLICATIONS FOR CARIBBEAN ECONOMIES)

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

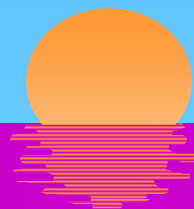


IMPORTANCE OF TOURISM

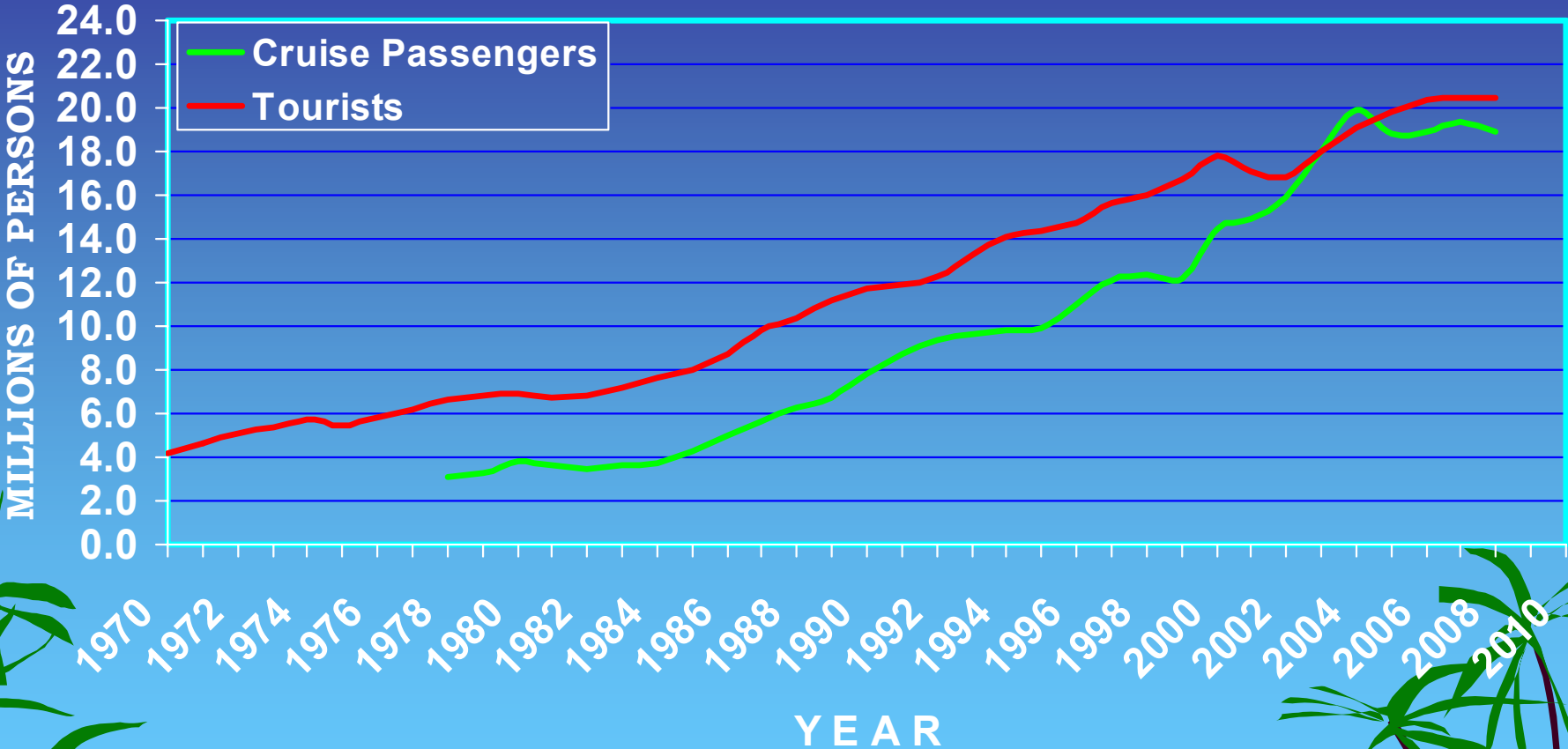
- ❖ **Most tourism dependent region in the world**
 - ☞ **gross tourism receipts above 1/3 of exports**
 - ☞ **an estimated close to 1 million workers directly employed – more than half the labour force in some Caribbean countries**
- ❖ **Tourism now well exceeds the traditional producing sectors as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



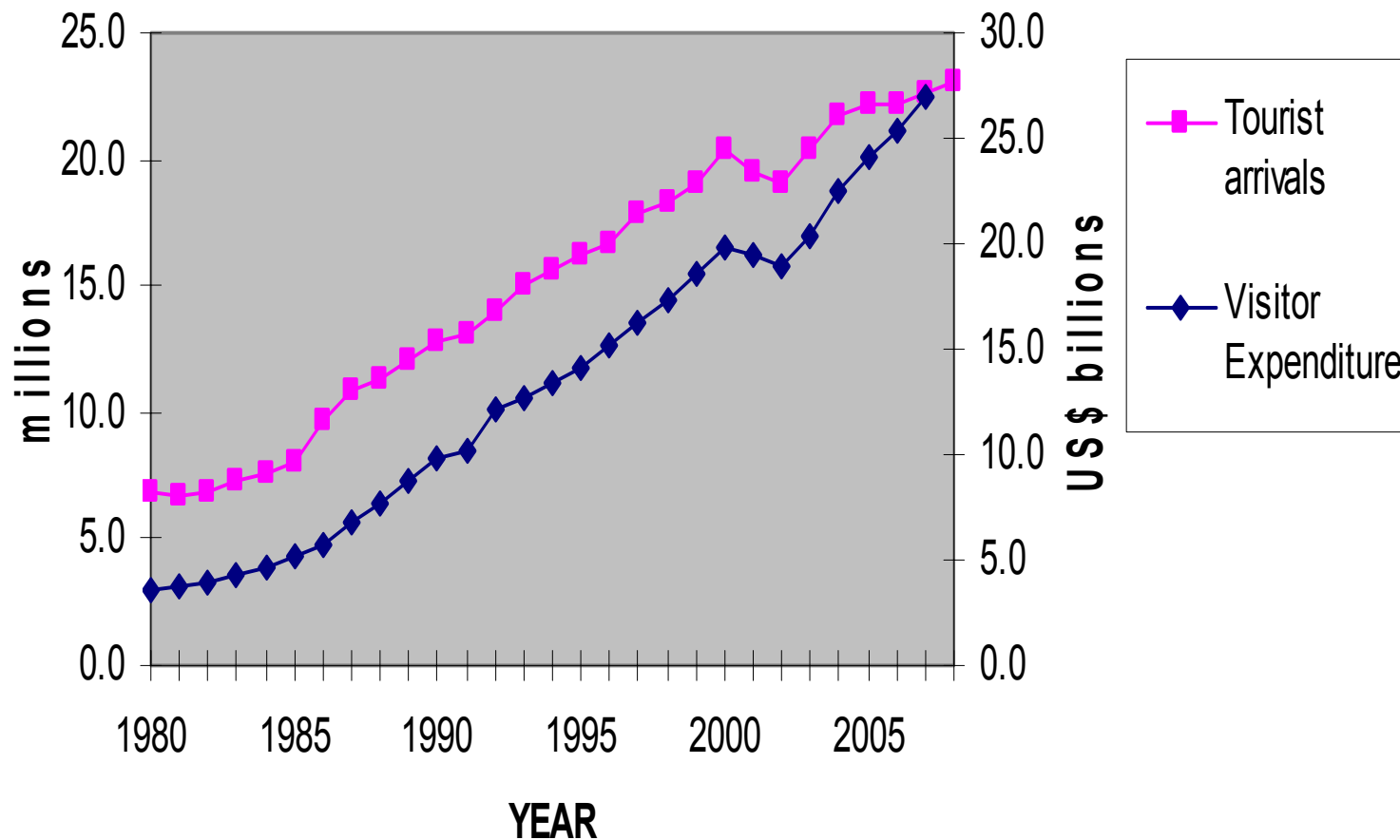
Growth In Visitor Arrivals 1970 - 2008



Magnitude of Visitor Spending

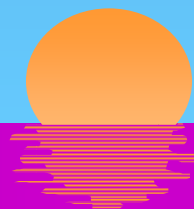
- ◆ Visitor spending has kept pace and reflected the movement in arrivals over the years
- ◆ Two decades ago aggregate visitor spending stood at around US\$3.8bil
- ◆ Spending rate clearly out-paced that of arrivals resulting in estimated total spending of over US\$27bil in the region in 2008.
- ◆ Cruise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

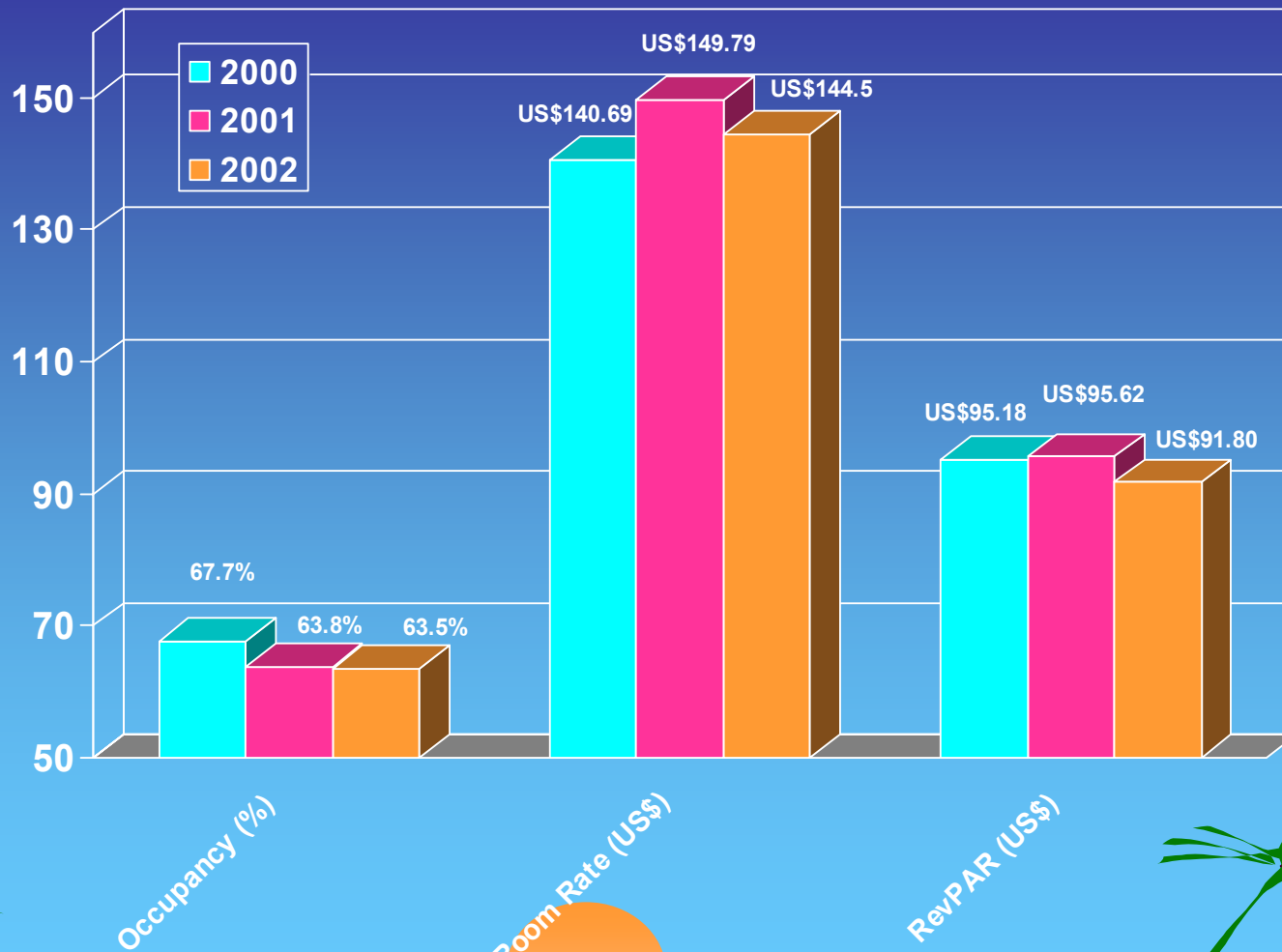
| MARKETS | ARRIVALS (‘000) | %Change 2008/’07 | % Change Winter | % Change Summer |
|---------------------|--------------------|---------------------|--------------------|--------------------|
| USA | 11,608.5 | +0.0% | 2.4% | -1.4% |
| Canada | 2,413.1 | +15.9% | 18.5% | -12.8% |
| Europe | 5,440.6 | -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

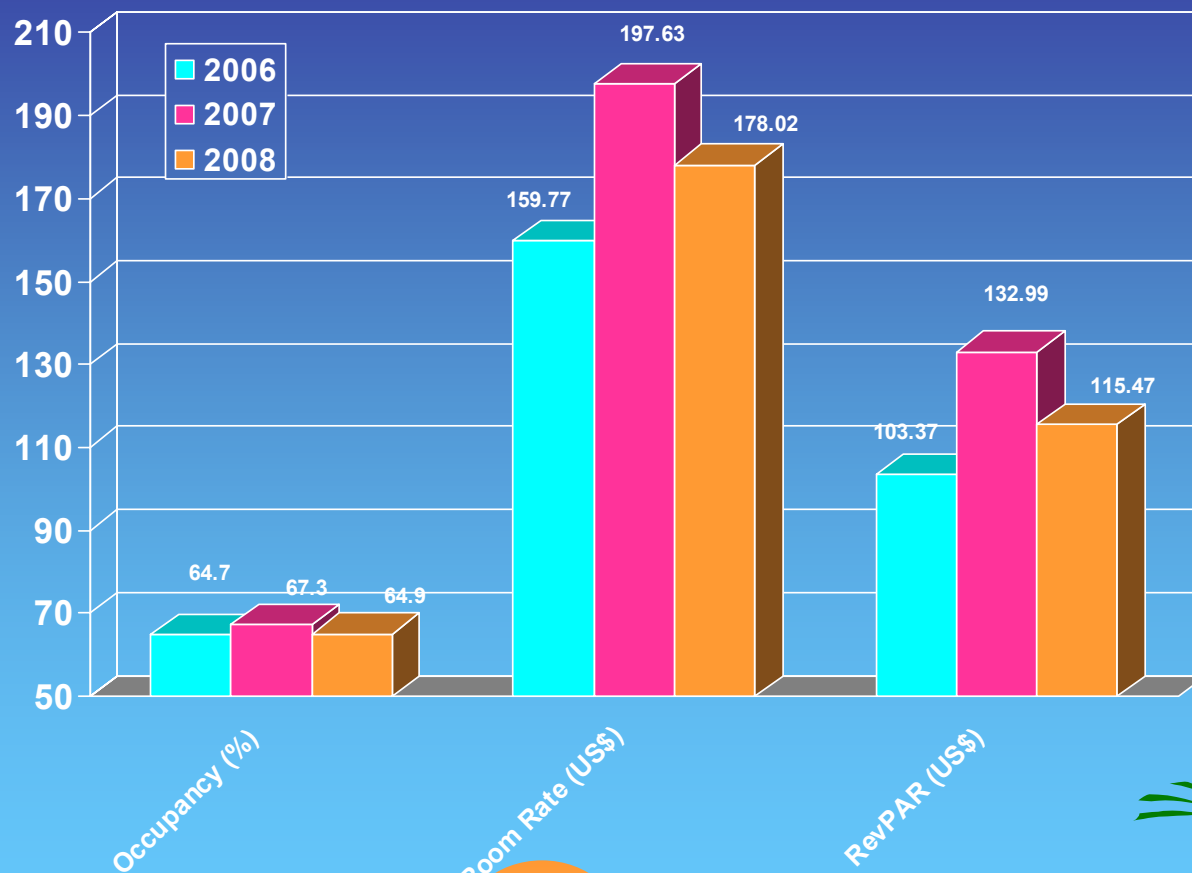
Intra-Caribbean

- ◆ 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)

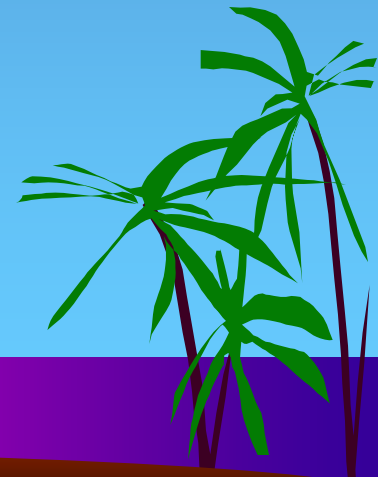
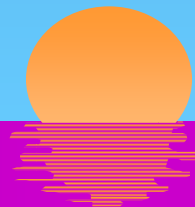
- ◆ The onerous British travel tax on tickets to the C'bean
- ◆ Region's ability to counteract fierce competition from resurgence among competing destinations

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!!

