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CTO State of the Industry Report 2014
Dissecting the Numbers

Leisure travel is showing steady demand again as the economies in the main markets continue signs of resurgence, although these signs vary from weak to moderate at best. This heightened demand significantly benefitted the Caribbean and is clearly evident in the fact that visitors are coming in larger numbers such that growth rates in arrivals (stay-over and cruise) were higher than expected last year. The growth rate of 5.3% in tourist arrivals was among the best at the region and sub-region levels worldwide.

Demand remained steady throughout the year with growth in each quarter ranging from 2.4% to 6.8%.

WHAT'S HAPPENING IN OUR SOURCE MARKETS

Business from the main markets was buoyant, each doing better than in the previous year.

North America surplus - USA remains dominant & Canada maintains Market share

With more Americans taking outbound trips, the US continued to be the dominant supplier of visitors to the region accounting for just under half of all tourists, while growing at 5.5%. Although, the bulk of the traffic is concentrated in four destinations, the market supplied increased numbers to half of the member countries reporting data.

Like their North American neighbors, Canadians also took more international trips during the year to the benefit of Caribbean destinations and thus the Canadian market share was retained at 12.3%. The increased number of trips was a recovery from the marginal decline which was realized from the market in 2013. The popularity of Cuba and Dominican Republic among Canadian visitors market is undeniable, together these destinations account for 57.9% of the total. However, many more destinations have been gaining traction in the market having attained double-digit growth.

European market re-emerging

Some semblance of economic growth returned to the Eurozone although it was feeble. In the individual countries from which the Caribbean attracts visitors the economic conditions varied. For the first time in almost six years, the arrival level has surpassed the 5.0 million mark, but still not quite back to pre-recession level. Strong showing in the UK and Germany markets assisted with this level being achieved. Clearly, long haul travel is still favored.

Intra-regional travels continues to grow

The drivers of the growth in intra-regional travel continue to be the larger destinations. The supply of visitors by Caribbean neighbors increased by 4.8% but this was not to the benefit of those destinations with heaviest reliance on the market. Demand for intra-regional travel to the OECS remained depressed for the most of 2014. Preliminary estimates suggest that this market segment contracted by 3.1% among the OECS countries.

New and Emerging Source Markets now trotting

When we examine tourism globally, new markets with lots of potential for the Caribbean are clearly emerging from among the BRICS countries (Brazil, Russia, India, China and South Africa). However, these economies have slowed considerably in growth. While still moving these economies have gone from galloping at double-digit speed to trotting.

In particular, Brazilians our closest BRIC neighbour have started to show interest in the Caribbean. Despite some evidence of intensified efforts to heighten awareness of the Caribbean among them there is no recording of significant incremental business last year.

Cruise Activity climbed

In 2014, the estimated total number of cruise passenger arrivals in the region was 23.9 million, an increase of 8% when compared to 2013. The monthly performances in 2014 were better than the corresponding performances in 2013 with the exception of December which contracted. Of the 24 destinations reporting data, 21 destinations achieved increases, 14 of which achieved were by double-digits. St. Vincent & the Grenadines (91.1%), Martinique (71.3%), Belize (42.9%), Trinidad & Tobago (30.1%) and Turks & Caicos (24.8%) were top five performing destinations. By market share, The Bahamas, Cozumel, US Virgin Islands, Cayman Islands and St. Maarten are the top five destinations. With the expansion in cruise business to Belize, Cayman Islands, Cozumel, Jamaica and Turks & Caicos Islands, the Western Caribbean is now the largest sub-region for cruise passenger arrivals having displaced the Eastern Caribbean from this position. The islands of the Southern Caribbean did regain some of the capacity which it had lost during the period of high cost fuel.

Airlines have been Active

Both legacy and low cost airlines have intensified their activity to a great extent using creative pricing strategies to stimulate demand. There is evidence that they are managing airlift to meet the required supply.

Caribbean Tourism Outlook 2015 encouraging

Key indicators give rise to continued optimism when anticipating the performance of tourism in the Caribbean this year. It's generally expected that global economies will again perform better in 2015, with the IMF still predicting sluggish 1% growth across Europe and 2.4 per cent in the US. According to the experts the emerging countries are expected to outdo the advanced ones. The demand for travel, therefore, should remain grow steadily. As a result, tourist arrivals to the Caribbean are expected to rise between four to five per cent in 2015 riding high on the further expected improvements in the global market place. At present business trends in accommodation, airlines and other tourism services we expect visitor spending to rise around 4 percent at a minimum again in 2015.