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

MILLIONS OF PERSONS

YEAR

ILO – TRIPARTITE CARIBBEAN CONFERENCE APRIL 2009
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.
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

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

- Occupancy (%): 2000 - 67.7%, 2001 - 63.8%, 2002 - 63.5%
- Room Rate (US$): 2000 - US$140.69, 2001 - US$149.79, 2002 - US$144.5
CARIBBEAN HOTEL PERFORMANCE 2006-2008

- Occupancy (%)
  - 2006: 64.7
  - 2007: 67.3
  - 2008: 64.9

- Room Rate (US$)
  - 2006: 159.77
  - 2007: 197.63
  - 2008: 178.02

- RevPAR (US$)
  - 2006: 103.37
  - 2007: 132.99
  - 2008: 115.47
FIVE MAJOR AREAS OF TOURISM IMPACT

- Gross Domestic Product (GDP) or Value Added
- Balance of Payments
- Employment
- Government Revenue
- Investment
## VISITOR EXPENDITURE IMPACTS

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Normal Mult.</th>
<th>% of GOV. REV</th>
<th>B.O.P % of Imports</th>
<th>EMPLOY Jobs as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>0.8273</td>
<td>40.8</td>
<td>19.2</td>
<td>48.1</td>
</tr>
<tr>
<td>Barbados</td>
<td>0.8229</td>
<td>20.0</td>
<td>16.4</td>
<td>26.6</td>
</tr>
<tr>
<td>B.V.I.</td>
<td>0.6135</td>
<td>9.3</td>
<td>38.6</td>
<td>50.9</td>
</tr>
<tr>
<td>Jamaica</td>
<td>0.7590</td>
<td>15.3</td>
<td>10.7</td>
<td>12.5</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>0.6471</td>
<td>20.3</td>
<td>18.4</td>
<td>20.7</td>
</tr>
</tbody>
</table>
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!!