



## State of the Industry Report

Presented by

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With a strong year for air travel, a positive performance by the accommodation sector, solid growth in cruise visits and faster-than-expected rise in stay-over arrivals, the Caribbean Tourism Organization is pleased to report that the state of Caribbean tourism is sound.

In a clear demonstration of strong demand for travel, and for Caribbean vacations in particular, a record 26.3 million visitors came to enjoy the Caribbean's un-equaled and diverse experiences in 2014, spending a record 29.2 billion US dollars.

This means that in 2014, 1.3 million more visitors came to the Caribbean than in 2013 - which itself was a record year – representing a 5.3 per cent rise, and well above the projected two to three per cent. These visitors spent just over a billion dollars more than they did in 2013.

So strong was the demand for Caribbean vacations –that we outperformed the rest of the world, which, according to the UN World Tourism Organization– recorded a growth rate of 4.7 per cent.

This robust showing for the Caribbean was based on the fact that the traditional markets performed well. Canada, which was flat in 2013, rallied strongly; the US maintained healthy growth; and Europe topped five million visitors for the first time since 2008.

The intra-regional market performed reasonably well in 2014, although it’s a long way from where we would wish it to be.

We remain concerned over intra-regional travel to the sub-regional grouping, the Organization of Eastern Caribbean States, the OECS.

Demand for intra-regional travel to the OECS countries remained depressed for most of 2014, with preliminary estimates suggesting that this market segment contracted by over three per cent.

In terms of the performance of our sub-regions, the Dutch Caribbean saw the highest growth, followed by Cancun, Cozumel, Cuba, the Dominican Republic, Haiti, Suriname, and the US Territories. All other sub-groupings recorded increases, except for the French Caribbean where the performance was flat.

An analysis of data provided by Smith Travel Research, a U.S. company which tracks overall performance of the hotel sector, reveals that Caribbean hotels earned more revenue last year than in 2013

Room occupancy rates improved slightly; and revenue per available room was up 5.7 per cent.

2014 was a strong year for air travel, not only regionally, but globally. Airlines doing business in the Caribbean are adding seats to destinations to which they already fly, while some are adding new destinations. As a result, capacity to Latin America

and the Caribbean increased six per cent, according to IATA, the International Air Transport Association.

Like stay-over visits, the cruise sector's performance was strong last year, rebounding from a rise of just over two per cent in 2013 to post an eight per cent rise in 2014. There were nearly 24 million cruise passenger visits, compared to around 22 million in 2013.

### **Caribbean Tourism Outlook 2015**

Clearly, last year, the Caribbean's tourism industry was the strongest on record. There's no doubt that political and economic conditions, increased airline seat capacity, improved airport facilities, increased room stock - as recognized hotel chains established themselves in our destinations - and new initiatives in the marketplace, all contributed to this success.

And there's reason to be optimistic that we will continue this trend in 2015.

Increased economic activity in our Region's major source markets and the fact that several of our member countries have negotiated additional routes with the airlines to increase seat

capacity during the year, should lead to higher demand for Caribbean vacations.

At the same time, hotel brands are making substantial investments, bringing new rooms to the market, indicating rising confidence in the industry.

In regard to cruise passenger arrivals, the outlook is slightly less optimistic. While the Caribbean will remain the number one cruise destination worldwide, the 2015-2016 Cruise Industry News Annual Report suggests that some ships will be repositioned away from the region. Consequently, we anticipate a slight decline in capacity regionally, with growth in cruise passenger arrivals remaining flat.

With those comments, taking everything into account, the outlook for Caribbean tourism is positive, and we project a further four to five per cent rise in arrivals in 2015.

I will now ask our Director of Research, Winfield Griffith, to dissect the numbers and give us his analysis.

ENDS