

Caribbean tourism had best year 'ever' in 2015

The Caribbean Tourism Organization (CTO) reports that the business outperformed every other major tourism region in the world in 2015, setting new arrival and spend records in 2015.



Management says 2015 was the second consecutive year that the region has outperformed the rest of the world and the sixth consecutive growth year for the Caribbean.

Hugh Riley, CTO Secretary General said tourism grew around seven per cent to 28.7m visits, much higher than the projected four to five per cent and way above the global World Tourism Organization rate of 4.4%.

ONE BILLION DOLLARS MORE

He said: "In that period, visitors spent over a billion dollars more than they did in 2014, contributing approximately US\$30bn to Caribbean economies. That's 4.2% higher than the US\$28.8bn spent during the previous year."

Sustained demand from major source markets and other factors contributed to the performance, as the region as a whole benefited from the big rise in consumer confidence in the United States, thanks to the strong dollar stimulating outbound travel for Americans.



The Carnival Vista - due to enter service in the Caribbean in May of this year.

Riley added that 'other factors' such as increased air capacity and persistent and effective marketing by several Caribbean destinations and resorts played their part.

US TRAFFIC GREW 6.3% TO 14.3M VISITS

He said: "Consequently, travel from the US grew an impressive 6.3% to 14.3m visits, accounting for approximately 50% of all arrivals.

"The Canadian market continued to be resilient with a 4.5% increase in 2015, although its share of total arrivals dropped marginally from 12.1% to 11.8%, with 3.4m Canadians coming to the Caribbean.

"The European market made significant gains in 2015, recording its best performance in seven years. For the first time since 2008, total arrivals from Europe reached the five million mark, a rise of 4.2% compared to 2014. The UK was one of the dominant performers, growing by a healthy 10.4% to 1.1m visitors.

"Arrivals from Germany recorded an even better 11.5% rise, while France was relatively flat, increasing by 0.8%. Despite ongoing concerns about the high cost of travel within the region, intra-Caribbean travel recorded its best performance since we started keeping records."



A rendering of the Carnival Vista shops which are due to open when the vessel enters service this May.

TRAFFIC FROM THE CARIBBEAN

The CTO said that last year, traffic from the Caribbean accounted for 6% of total arrivals, with 1.7m visits among the various states, a rise of 11.4% over the previous year. All of the regional groupings registered strong growth from this market, ranging from 6% to 9.3%.

Interestingly and despite the political and economic challenges faced by many South American countries, that source market also maintained its rapid growth last year, generating 2.1m visitors to the Caribbean, an 18.3% increase over 2014. This represented 7.2 per cent of overall regional traffic.

Riley continued: "Travel to countries of the Organization of Eastern Caribbean States was up 2.1%, while every other sub-grouping recorded growth of at least 3%.

BEST PERFORMING DESTINATIONS

"The best performing was the grouping of 'Other Caribbean' comprising Cancun, Cozumel, Cuba, The Dominican Republic, Haiti and Suriname, which recorded arrivals of 11.3%.

"The combination of Aruba, Bonaire, Curaçao, Saint Maarten, St. Eustatius and Saba recorded a 7.4% increase. An analysis of data provided by Smith Travel Research, a US company which tracks overall performance of the hotel sector, reveals that Caribbean hotels performed better last year than in 2014.



The Majestic-Princess cruiseline shops as reflected in an artists rendering impression.

"The number of available rooms rose by 1.6% per cent, hotel occupancy increased by one per cent, and average daily rates climbed 4.6% to an estimated US\$229. In addition, the revenue per available room rose by 6% to US\$158 and total room revenue jumped by 7.7%.

"As I indicated earlier, among the factors that led to a rise in arrivals was increased air capacity. The International Air Transport Association (IATA) reported a global rise of 5.9%, including an increase of 9.3% in Latin America."

CRUISE GROWTH FELL BACK LAST SUMMER

However, the CTO's Riley also pointed out that the cruise sector's performance was not so robust – despite a rise compared to 2014. Demand for Caribbean cruises was apparently relatively high in the first four months of the year, averaging 4.8% and there were also strong gains of 3.5% in June and 3.8% in November.

It was the summer month that let these numbers down however, together with the traditional redeployment of vessels away from the Caribbean region. As a result, there were an estimated 24.4m cruise visits in 2015, a rise of 1.3% over 2014.

The CTO said it was nevertheless 'very pleased' with the Caribbean's performance in relation to 'stayover arrivals' last year.



Holland America Lines Koningsdam Signature shops. This new vessel has just completed its sea trials.

Most telling was that in each quarter, the region recorded at least 6% growth over the corresponding quarter for 2014, while every month in 2015 was better than the same month in 2014.

AIMING FOR 30M ARRIVALS

Meanwhile, the CTO is continuing to target the 30m arrivals goal it set itself some years ago, although it acknowledges that it must improve its marketing, profitability and value for money.

Looking forward, Riley added: "While the outlook for 2016 is positive, we must continue to monitor some possible hurdles, like the volatility of the economy of some of our major markets, China's economic slowdown and the continuation of recessions in Brazil and other South American countries.

"We have seen in recent weeks the dramatic falls in stock markets around the world and other extraneous factors which could invariably impact travel.

"However, falling oil prices and the strength of the US dollar will have positive impacts on some key source markets. All factors considered, the CTO is forecasting a 4.5% to 5.5% rise in tourist arrivals in 2016.



Cruiselines line up in the Miami cruiseline port.

At the same time, cruise ship passenger arrivals are predicted to grow by one to two per cent, as the summer re-deployment of ships continues.”

Giving an even more detailed perspective, the CTO’s Acting Director of Research, Ryan Skeete remarked that 2015 was the first year in recent history that the industry has outpaced all major regions.

28.7M ARRIVALS TO THE CARIBBEAN IN 2015

He added: “Moreover, the average annual growth rate over the last five years exceeded the average annual global growth rate of international trips. The 7% increase in international trips to the Caribbean (28.7m arrivals) in 2015 is supported by sustained economic recovery in our main markets, a strong US dollar and a collapse in oil prices.”

Looking at the market trends, he said that of the 14.3m US visits to the region (+ 6.3%) , the American market accounted for roughly half, with the majority visiting the Dominican Republic, Jamaica, Puerto Rico and The Bahamas.

The highest growth rates in arrivals from the US market were recorded in Barbados (27.6%), Curaçao (15.3%) and Trinidad & Tobago (14.9%).

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Holland America Line has long enjoyed a good relationship with the LVMH-owned Starboard Cruise Services retail company.

Similarly, the Canadian market continued to perform well, rising by 4.5% in 2015, although he added that a cause for concern is the number of destinations (13) recording decreases exceeded the number with increases (11) in arrivals from the market.

The top performing destinations were Curaçao (45.5%), Suriname (58.0%) and Barbados (17.8%).

EUROPEAN VISITORS PASSED 5M FOR THE FIRST TIME

Skeete said: "Arrivals from the European market were estimated at 5.2m, breaching the 5m mark for the first time since 2008. This represented growth of 4.2%. The top performers were Turks & Caicos Islands (34.7%), Cuba (23.1%) and Montserrat (12.1%).

"Of this market, 1.1m arrivals were from the UK – the leading European source market – which translates to an increase of 10.4% compared to 2014. The top performers here were Cuba (25.2%), Barbados (14.3%) and Jamaica (12.3%).

"Caribbean intra-regional travel peaked in 2015, as arrivals rose by 11.4% to register 1.7m trips. All sub-regional groupings experienced solid growth, with other Caribbean (Cancun, Cozumel, Cuba, Dominican Republic, Haiti, Suriname) registering the highest rate of increase of 13.7%."



The Coach shop on the Royal Caribbean Voyager of the Seas cruiseline, which is operated by Starboards Cruise Services.

He said that despite the political and economic challenges faced by many South American countries, the South American source market provided the highest rate of growth of Caribbean trips, registering 18.3%.

"Indeed, this has been consistently the case since 2010, which resulted in South American arrivals displacing Caribbean arrivals as the fourth-largest source market in 2014," said Skeete.

HIGHEST INCREASES RECORDED BY DOM REPUBLIC AND ARUBA

"The destinations receiving the highest increases in South American tourists were Dominican Republic (25.1%) and Aruba (28.8%). The main markets within South America are Venezuela, Brazil and Argentina, in that order."

With regards to the cruise sector, the CTO said that cruise arrivals to the Caribbean grew by about 1.3% to reach 24.4m, in line with expectations at the beginning of 2014. Demand for Caribbean cruises was relatively high in the winter months of 2015 and averaged a 4.8% rise in the period.

However, cruise passenger visits contracted by 2.0% in the summer period, as cruise lines repositioned their ships to other destinations. Trinidad & Tobago (104.0%), Bonaire (74.2%) and British Virgin Islands (43.1%) recorded the highest percentage increases during 2015.



Celebrity Solstice and Rhapsody of the Seas at rest in the Port of Seattle.

"The Eastern Caribbean, the largest sub region for cruise passenger arrivals, hosted 32.2% of all arrivals to the region and recorded the highest rate of growth of 3.3%," said the CTO.

Meanwhile, total tourism expenditure is estimated to have risen by approximately 4.2% to reach US\$30billion. As a result, the CTO estimates that a Caribbean trip in 2015 (excluding the air fare), cost on average about US\$950 – down marginally from US\$975 in 2014.

HIGH OPTIMISM BUT ZIKA IS A CONCERN

Looking forward, a combination of lower oil prices, a strong US dollar, improved economic growth in major source markets and extra airline seat capacity are all expected to positively impact tourism performance in the Caribbean.

However, major uncertainty related to the potential impact of the mosquito-borne Zika disease is a problem, along with the implications from the economic slowdown in China. Added to this are major concerns about the continuing recessions in Brazil and Venezuela.

As a result, the CTO is limiting its optimism to a prediction that stay-over arrivals to the Caribbean will rise by between 4.5% to 5.5%, while cruise arrivals are expected to increase by between one or two per cent.