



CANADIAN INBOUND TOURISM ASSOCIATION Plus (CITAP+)

Market: Australia

OVERVIEW

By Q3 of 2022 the visitation and spending level from the Australian market had reached 33-35% yet the airline capacity had recovered to 91% of pre-pandemic level. Initial recovery has been higher from FIT than group with some group clients seeing a shift to FIT bookings.

Many Australians are seeking out responsible travel options and they consider Canada a socially and environmentally friendly destination. They are drawn to authentic experiences that allow them to connect with local people and do something unique.

Key motivators are perceived safety, outdoors and nature and visiting a bucket list destination.

The main barriers to travel are costs (especially airfares) which impact the value for money, long flight distance and competition from other destinations.

The top provinces for visitation from Australia are BC, AB and ON followed by QC.

ECONOMY

Australians have a high level of savings post pandemic and there is huge pent up demand for travel.

Demand appears to be dampened somewhat by the high airfares – reports of 100% higher for Jun-Aug 2023 than were being sold for summer 2020.

One other concern is for mortgage holders - circa AUD \$400B comes off low fixed rates next year so considerable discretionary spend will come out of the market fairly rapidly given interest costs have more than doubled in 6 months and continue to grow.

FORECAST

Potential for 2.8 million visitors in next 2 years and over 75% would strongly consider using a travel agent. The increasing complexity of travel post-Covid has caused a move towards booking via travel trade.

As confidence in travel and cruises increases we should see the group travel sector recover further as group travel is typically tied in with an Alaska cruise. Given the long lead time on bookings the recovery to pre-pandemic levels is not expected until 2025.

Market: Europe

OVERVIEW

France, Germany and UK.

Airlift for all three markets is back to pre-covid levels. There is heavy competition for Canada with other countries offering very competitive pricing. US is experiencing resistance with pricing hitting the ceiling. It is a good observation for Canadian suppliers.

Germany: A typically early booking market, but hampered by the oil crisis and proximity to the war which is creating hesitancy in travel decisions.

France: A predominantly group market with booking trends 6 months out, which are somewhat back in play post covid.

UK: A typical early booking market that has continued this trend. The service level expectations are expected to be as they were pre-pandemic.

ECONOMY

Canadian dollar vs Euro or Pound has depreciated about 7% with a year-on-year comparison Jan '19 to Jan '23.

France: The government intends to reform the pension scheme, causing severe union disruption. This will hamper travel decisions.

Germany: Newish government faced an economic crisis, which is unusual for Germany, post a health crisis. Very heavy reliance on Russian gas, has cause concern and consumer angst. Once we are beyond the winter it is expected that the anxiety will reduce.

UK: Government stability post a rocky '22. Low personal debt and an all-time high household savings. Little impact on travel decision due to the war in Ukraine. Covid is old news. Some inflationary concerns.

FORECAST

UK is expect to return to pre-covid levels. Germany and France will take at least another year, but will return. In these two markets Group will be more heavily impacted as this product line books earlier than FIT.

Market: CHINA

OVERVIEW

The COVID-19 situation has improved drastically since last reported. In alignment with the Civil Aviation Administration of China (CAAC), the signs of growth for 2023 were evident as early as the beginning Q4 of 2022, where domestic hotel bookings saw an increase of up to 30% higher than 2019 levels! There was always a caveat to such growth, however, as China's "zero-COVID" policy was still a priority until end of December 2022.

Until China's "one-size-fits-all" approach ended, restrictions and case counts fluctuated significantly as regional lockdowns and mass testing were still a common response to outbreaks. A pivotal point in China's handling of COVID-19 was reached when the strategy changed from "Zero-COVID" to "Living with COVID". Significant progress was made following the change, including classifying COVID-19 cases as "Class B" infectious disease as of January 8, 2023, instead of Class A – the most serious classification.

The relaxed designation finally allowed removing strict quarantine requirements for inbound travelers to China. Foreign visa applications and other immigration procedures were also revived, and as of early February, the Ministry of Culture and Tourism announced that Chinese travel agencies will be allowed to provide outbound group travel for up to 20 destinations. These destinations included countries in Southeast Asia, Middle East, Africa, Europe, and South America. On February 16, 2023, China declared a victory against COVID-19.

ECONOMY

From 2022's slow to 2.8%, a gradual increase is expected in 2023 following relaxed pandemic restrictions. Overall, the activity should boost the global economy as well, with predictions that China will contribute a third of global growth this year. Although the economic outlook is positive given the declaration of "victory" against COVID-19, there is still an underlying concern of renewing pandemic restrictions which could disturb economic activity.

FORECAST

The challenge that remains is that as of January 5, 2023, all air travellers taking a flight originating from China, Hong Kong, or Macao that land in Canada must provide proof of a negative COVID-19 test result, taken no more than 2 days before the scheduled departure time, regardless of citizenship or vaccination status. Not only is this an inconvenience for travellers, but it acts as a deterrent for travel agencies to sell Canada as a destination. At the time of writing the market update, this policy has yet to be lifted. If all goes well with the restriction, China should be in line with the CAAC's plan of 2023 being the start of a growthy year. By mid-2023, inbound travel to Canada should rise as restrictions continue to lift and demand starts to catch up with the itch to travel!