



Canada-Market Update- Q1 2024

I am including an excerpt from a current article in STAY Magazine (Canada) which includes some great insights from Canadian travelers for Leisure and Business Travel.

INTELLIGENCE PROFILE: *feature from the WINTER 2024 issue of STAY Magazine*

Canadian travellers are looking for better sleep on the road and are more willing to use artificial intelligence to plan their trips. We're also likely to see rising room rates in Canada, a continued slow recovery for business travel and more off-season travel.

AMERICAN EXPRESS: OCCUPANCY AND RATES

After three rollercoaster years, hotel rates will continue to rise in most locations globally during 2024, according to a report by American Express Global Business Travel (Amex GBT). The Hotel Monitor 2024 report found that most cities around the world should experience rate increases in line with local inflation, following the large price jumps in 2022 and 2023 fueled by a surge of so-called "revenge tourism" which helped inflate rates.

According to the report, Canada's hotel industry achieved record-breaking average daily rate (ADR) and revenue per available room (RevPAR) levels in 2023. Vancouver saw the country's highest occupancy, at 89 per cent.

Across the country, rates are expected to rise by about 7.8 per cent. The Amex study predicts hotel rates will rise 8.9 per cent in Vancouver, 8.3 per cent in Montreal and 6.7 per cent in Toronto in 2024, more than a point below the national average.

While global inflation is set to fall in 2024, the report said rising costs will continue to impact hotel bottom lines. A key factor is staffing, as Amex said hotel wages in North America are at record levels.

"Traditionally, low occupancy acted as a trigger for hotels to lower rates," the report reads. "Today, hotels are happy with lower occupancy so long as they can raise their rates. This is especially the case in destinations where hotels cannot deploy their full inventory because of staff shortages."

THE RISE OF SPORTS TRAVEL

Fans prioritized sports travel over dining at restaurants and going to concerts and reported spending on average \$4,294 per year on sports trips (including travel, accommodation, tickets and food). For football fans, the cost per trip was said to be approximately \$500 higher than the average fan trip, while hockey fans estimate an average spend of \$1,291 per trip.

Not surprisingly, the top cities for sports travel in Canada are Toronto, Montreal and Vancouver.

Music and television/movie travel

In 2023, the cultural impact of the Taylor Swift Eras and Beyonce's Renaissance tours was undeniable, driving ticket sales but also travel and tourism. Expedia predicts that Tour Tourism will continue to thrive in 2024. Nearly 70 per cent of survey respondents say they are more likely to travel to a concert outside their own town, with more than 40 per cent saying they'd travel for a concert as an excuse to visit a new place. Unexpected cities on Expedia's list of top tour tourism destinations are Kuala Lumpur, Edmonton, and Mexico City.

Revenge travel eases

Revenge travel was a big trend in 2022 and 2023, with tons of North Americans flying off to Europe and other destinations they could only dream about during the pandemic, 2024 will be a robust year but that demand will be down slightly.

Many people have spent their COVID savings and are worried about inflation. If that's true for Canada, it could mean more Canadian travellers will stay closer to home this year.

Canadians also are booking further in advance and thinking more strategically. That doesn't mean they don't book last minute, but they're more comfortable planning ahead right now.

Conferences are roaring back, but business travel won't be fully back until maybe 2024/2025.

"A lot of companies are cutting their budgets, and the first things that get cut are marketing and corporate travel."

China Slow to Recover

The Chinese market has been slow to return to pre-pandemic levels, which is not great news for British Columbia and other destinations that rely on strong bookings from China.

"We haven't seen the massive influx of Chinese inbound travel to North America yet. I think it will be another year until China gets back to normal. But India is now on the map. It just surpassed China in population, and a lot of Indians are travelling."

That might not be a big help to Canadian hotels given the current Canada-India political dispute, but it's a long-term trend worth watching.

One trend that has been noticed is that ski resorts in North America are adding more spring, summer and fall activities, such as triathlons and bike races, as well as art and music programs, to

boost their bookings. “They have great space that’s often underutilized when there’s no snow on the ground.”

Lastly, one big trend for 2024 is the solar eclipse that will take place next spring. Hotels and cities in Ontario, Newfoundland and other parts of Canada are announcing viewing parties, and hotel rates are already on the rise for the eclipse date, which is Monday, April 8, 2024.

Averse to the ‘sameness’ of everyday life and actively avoiding cookie-cutter experiences, the intuitively adventurous traveller of 2024 wants to step outside of the homogenized vacation, with 48 per cent preferring to venture off the beaten path and a quarter (26 per cent) seeking to travel with strangers. The majority (58 per cent) would like to have no plans set in stone prior to travelling in 2024 so they can go where the wind takes them, while over two thirds (65 per cent) prefer to travel with loose plans so they can change direction based on what feels good in the moment.

The travel industry is already responding fast with tech-enabled flexible services, giving travellers the option to cancel, change plans, and buy now, pay later at the press of a button. The explosion of AI, which has already seen the launch of Booking.com’s AI Trip planner, is going mainstream in 2024: 33 per cent of Canadian travellers would trust AI to plan a trip for them, with a third of baby boomers (30 per cent) and one in five (20 per cent) of the silent generation finally surrendering to AI in order to assist their travel plans in the year ahead.

Booking.com also reports that Canadians want to sleep better on holiday. Forty six per cent of respondents said they want to travel in 2024 solely to focus on uninterrupted shut-eye.

For those who are used to sleeping solo, over a quarter (29 per cent) of Canadian travellers would carve out time for a matchmaking holiday to find a spark with a new partner or lover, while 25 per cent would focus on a heartbreak holiday to get over an ex. On the contrary, for those still rocking their relationships, 23 per cent want to deepen that human connection with their partner as their main priority for travelling in 2024. On the flip side, for those increasingly frazzled parents, they are surprisingly seeking solace on completely solo holidays, with almost half (43 per cent) planning to travel alone in 2024, dropping the kids and their partners to prioritize their vitality.

Taking the impetus to reinvent their ‘real’ life, 41 per cent revealed that the stripped-back lifestyle of agrarian and Indigenous communities, where self-sufficiency is a way of life, would appeal to them in 2024. Beyond just back to basics, the focus is on a better balance with nature and the elements to reset their day-to-day back home.

One-half of Canadians (48 per cent) plan to pick destinations in 2024 where the cost of living is less expensive than their hometown, while travelling closer to home is also a draw for some who will be searching for luxe-for-less copycat vacations to reduce costs in 2024 (34 per cent). Many (35 per cent) Canadian travellers will be willing to pay for day passes to use the amenities in a five star hotel rather than actually staying there, with a similar number of parents (36 per cent) planning to take their children out of school to travel outside of peak season to make their money stretch further in 2024.

Their study also found that 40 per cent of Canadians are looking for accommodation that has wow-factor sustainability innovation. Half (50 per cent) want to see sustainability in action, while 56

per cent want to see the outside brought indoors with green spaces and plants in accommodations on vacation.

BREAKING NEWS in Canada

Mexican Nationals – VISAS to enter Canada

As of Feb. 29, Mexican citizens have to apply for an entry requirement known as an electronic travel authorization (ETA) if they hold a valid U.S. non-immigrant visa or have had a Canadian visa in the past 10 years and are travelling by plane.

Contact for this market is Rose Brown based in Toronto, Canada
rbrown@preferredhotels.com