

# CHTA



CARIBBEAN  
HOTEL & TOURISM  
ASSOCIATION

## 2023 TOURISM INDUSTRY PERFORMANCE & 2024 OUTLOOK SURVEY RESULTS



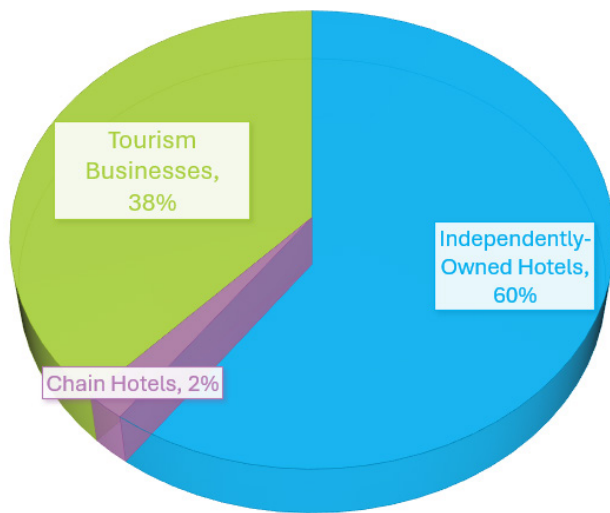
Exploring Trends and Forecasts: An In-depth Analysis of the CHTA 2023  
Tourism Industry Performance & 2024 Outlook Survey Results



### INTRODUCTION

CHTA’s annual Tourism Industry Performance and Outlook Survey was conducted in February 2024. Following are key takeaways and results from a cross-section of respondents throughout the Caribbean representing the accommodations and other tourism-related sectors (e.g. attractions, tour operators, restaurants).

### PROFILE OF RESPONDENTS



- 60% represented independently-owned hotels; 2% represented chain hotels;
- 38% of respondents represented non-accommodation types of tourism-related businesses – i.e. attractions, tour operators, restaurants, etc.

### KEY TAKEAWAYS

#### 1. Increased demand and Revenue Fuel Growth in Tourism-Related Employment:

Nearly two-thirds (63%) reported increasing staff levels in 2023.

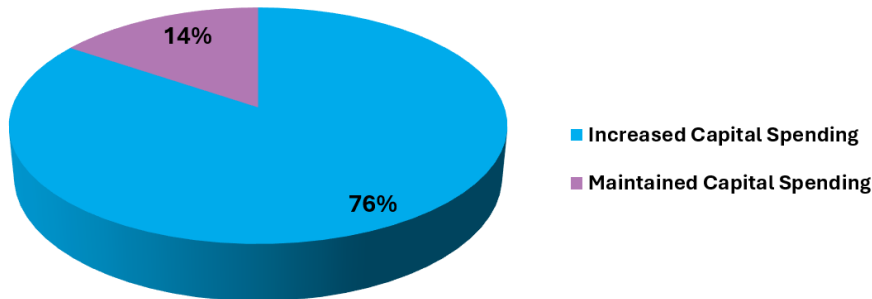
#### 2. Higher Operating Costs Outpace Revenue and Profit Gains:

Despite revenue growth, escalating operational expenses posed challenges to profitability.



### KEY TAKEAWAYS (CONTINUED)

#### 3. Industry Continues to Invest in Capital Improvements:



76% of respondents increased capital expenditure (Capex) in 2023.

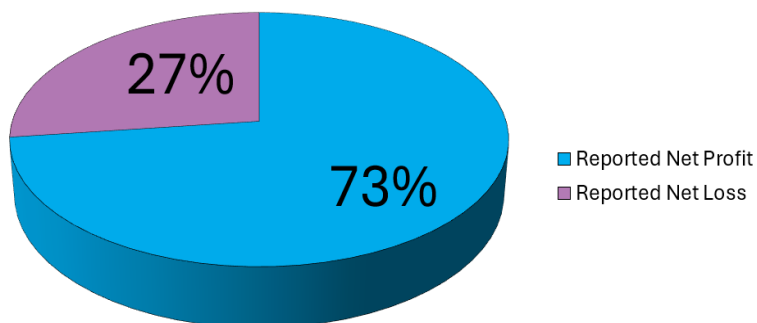
#### 4. Price Increases Appeared to Have No or Little Impact on Demand:

89% of hotels raised Average Daily Rates (ADR) by over 10% with 74% reporting higher occupancy rates.

#### 5. Tourism Industry Remains Bullish on the Economy:

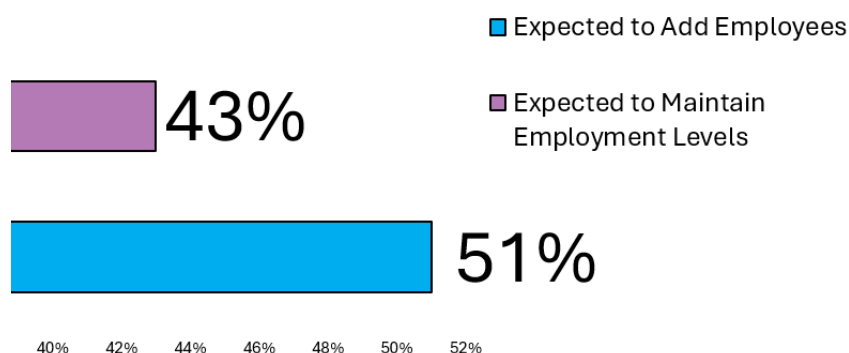
Three-quarters of respondents graded the outlook as strong or extremely strong.

#### 6. Higher Operating Costs Temper Increased Profits in 2024:



73% of respondents forecasted a net profit, while 27% reported a net loss.

### 7. Continued Employment Growth Expected in 2024:



51% plan to recruit new hires, and 43% aim to maintain existing employment levels.

### 8. Revenue Increases Expected Across Categories:

Anticipated rises in room, food & beverage, and other revenue streams signal overall industry growth.

### 9. Moderate Price Increases Anticipated for 2024:

68% of respondents expect to keep price increases under 10%. 18% of respondents plan to keep prices at the same level as 2023 or slightly lower.

### 10. Sustained Investments in Capital Expenditures

63% of respondents plan to increase investments in capital expenditures in 2024.

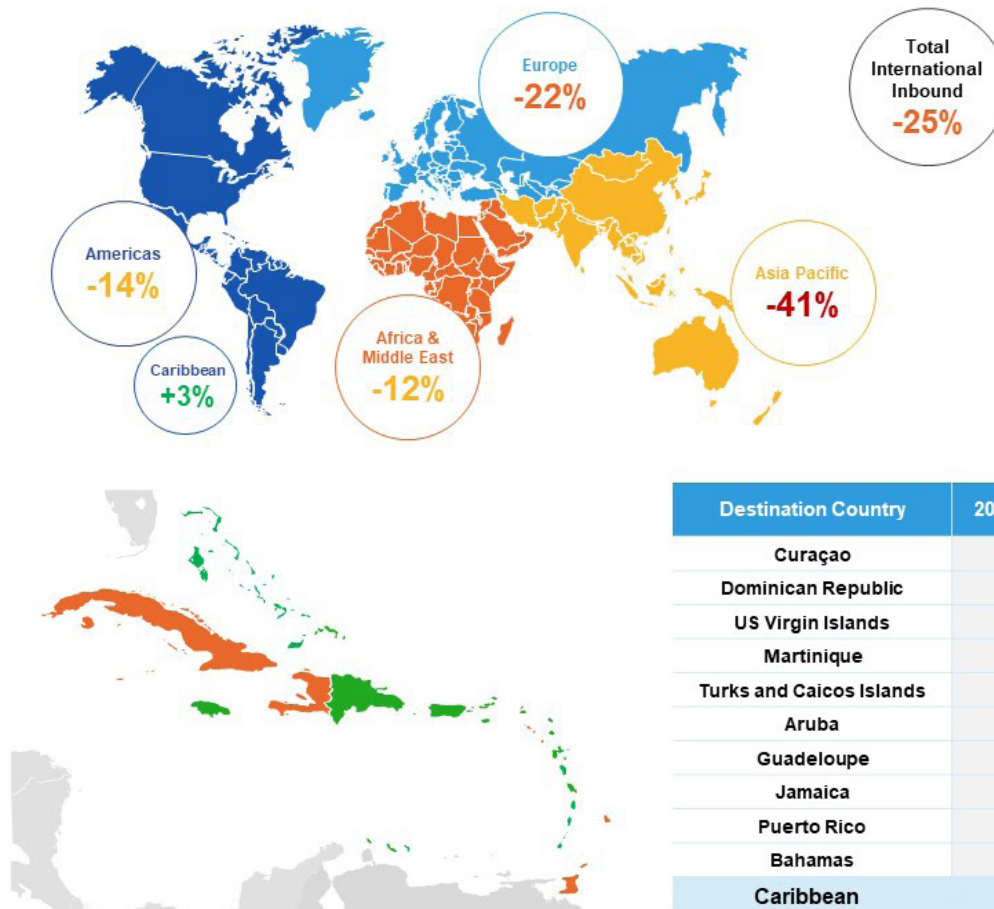


### Caribbean 2023 Performance Results: Travel From Major Markets, International Inbound Travel & Top Performing Destinations

- Travel from the US, Canada, and the UK led the way in 2023, approaching levels seen in 2019.
- While travel from China and intra-Caribbean destinations experienced slow recovery, there was a noticeable improvement in 2023.
- The US market is projected to remain strong in 2024; Travel from Canada is anticipated to slow (82% of 2023 levels), and travel from the UK and Continental Europe is also expected to decrease (77% of 2023 levels). Intra-Caribbean travel continues its gradual rebound.
- According to ForwardKeys data, the Caribbean leads the global recovery with a 3% increase in international arrivals compared to 2019, while the global average shows a 25% decrease.
- The top 10 Caribbean destinations are surpassing their 2019 overseas arrival figures

#### The Caribbean leads global travel recovery in 2023

International arrivals in 2023, by global region; vs 2019



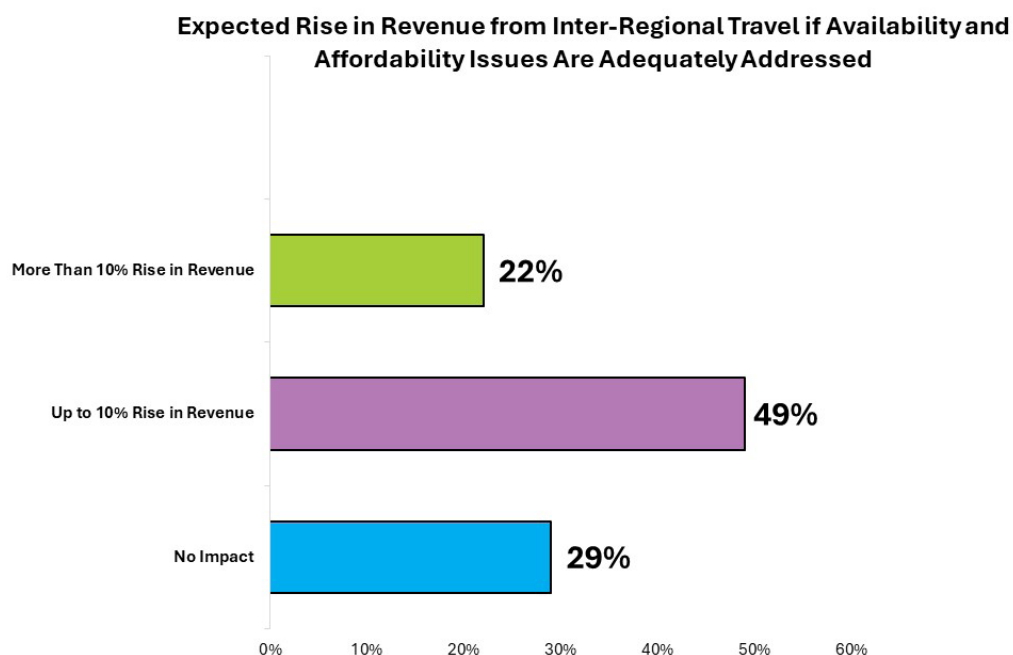
\* excluding Domestic travel



### Airlift Cost and Availability Impact



- Six out of ten respondents indicated that airlift cost and availability negatively impacted their business. Among them, 24% reported a significant impact due to these factors.
- Addressing issues related to the cost and availability of airlift could lead to a substantial increase in intra-regional travel. 70% of respondents expressed their anticipation of a rise in revenue if these issues were adequately addressed.

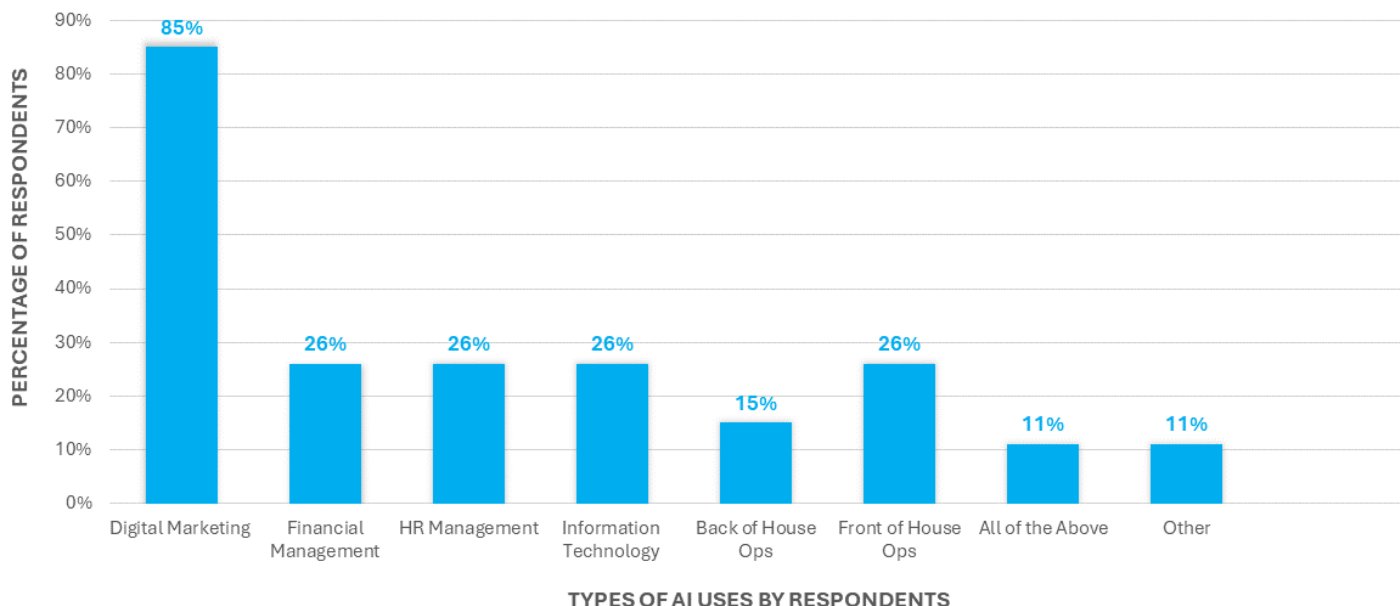


### Use of Artificial Intelligence in Business Planning and Operations



- 24% have already integrated AI into planning and operations.
- 39% plan to integrate it in the future.
- Presently 37% are not planning to integrate AI into planning and operations.
- 85% cite digital marketing as the top support area for AI implementation.
- How Businesses are integrating or planning to integrating AI: 85% digital marketing, 26% budgeting, 26% human resource management, 26% information and technology, 26% front of house operations, 15% back of house operations, 11% all of the above, 11% other.

#### HOW BUSINESSES ARE ALREADY INTEGRATING AI OR PLAN TO INTEGRATE AI





### Importance of Festivals and Large Events to Businesses



- 43% indicate that hosting regional and international events is important to their business.
- 40% cite the importance of sporting events to their business.
- 38% point to musical festivals as important to their business.
- 33% indicate Carnival and Annual Cultural Festival as important business generators.



## Top Issues Impacting Businesses - Priority Ranking

1. Increasing Taxes and Fees on the Tourism Sector
2. High Operating Costs
3. Insufficient Destination Marketing Support
4. Deteriorating Roads and Public Infrastructure
5. High Airlift Costs
6. Poor Airlift Connectivity (particularly intra-Caribbean)
7. Labor Matters (shortages, work permit restrictions, legislative mandates)
8. Environmental Vulnerabilities (waste disposal, plastics use, electricity, derelict buildings, climate change events)
9. Tax Inequalities (cruise lines, vacation home rentals, concessions)
10. Travel Advisories

## Major Local and Regional Tourism Industry Concerns - Priority Ranking

1. Airlift Capacity – Intra-Regional
2. Crime and Perception of Crime
3. Global Instability (wars and conflicts, economic, elections)
4. Climate Change (waste disposal, flooding, beach erosion, coral reef degradation, intense storms, sea level rises)
5. Poor Destination Planning
6. Poor Collaboration Between Public and Private Sectors
7. Increasing Taxes
8. Rising Cost of a Caribbean Vacation
9. Cruise Ship Growth Impact on Destinations
10. Shortage of Skilled Labor

## SURVEY RESULTS

### Performance in 2023 vs. 2022

#### Large Gains in Tourism-Related Employment in 2023

- 63% Reported Increasing Staff
- 25% Reported Increasing Hires by 10% or More
- 10% Experienced a Reduction in Workforce

#### Revenue Increases Driving Employment Increases

- 86% of Respondents Report Revenue Increases in 2023
- 43% Reported Increases of More Than 10%

#### Food and Beverage Revenue Up

- 66% of Businesses Showed Gains in F&B Revenue

#### Prices Increase for Many Don't Keep Pace with Revenue and Cost Increases

- 8% Held Prices to 2021 levels
- 12% Reduced Prices;
- 80% Raised Prices in 2023; 42% Kept Price Increases Under 10%; 33% Increased Prices Between 10% and 29%

#### 95% of Businesses Challenged with Higher Operating Costs

- 13% Reported Costs Increases Exceeding 30%
- 60% Experienced Increases Between 10 and 29 Percent
- 26% Reported Costs Increases Between 1 and 9 Percent

#### Higher Operating Costs Impact Profitability Gains

- 26% Reported Profits Were Down in 2023, 15% Saw No Change in Profits in 2023
- 59% Reported Increased Profits over 2022

#### Tourism Industry Continues to Invest in Product as Capital Spending Rises

- 76% Experienced Increases in Capital Spending
- 14% Maintained Spending at Previous Year's Level

#### Hotel Occupancy Rates and Average Daily Room Rates Increase for Most Hotels

- 74% Saw Increased Occupancy Rates Over 2022; 10% Maintained 2022 Rates
- 26% Report Occupancy Rate Increased More Than 10%
- 89% Increased ADR in 2023;

## 2024 Outlook

### Half of Employers Anticipate Adding Employees in 2024

- 51% Expect to Add Employees This Year
- 43% Plan to Maintain Same Employment Levels in 2024

### All Key Revenue Categories Expected to Rise

- 83% Expect Higher Room Revenue
- 75% Anticipate Increased Food and Beverage Revenue
- 62% Planning for Higher Revenue From Other Sources

### Most Respondents Expect to Hold the Line or Marginally Increase Prices

- 18% Plan to Keep Prices at Same Level as 2023 or slightly Reduce Prices in 2024
- 68% Plan to Keep Increases Under 10%
- 14% Expect Price Increases Above 10%

### Higher Operating Costs Expected by Over 90% of Respondents

- 50% Planning for up to 9% Higher Costs
- 35% Expect Cost Increases to Range Between 10% and 29%
- 3% Forecast Over 30% Increase in Costs

### Most Businesses Expect Profit Picture to Mirror 2023

- 14% Anticipate Reduced Profits
- 18% Expect Similar Results in 2024
- 68% Plan for Increased Profits

### Continued Increases in Capital Spending Expected

- 26% Will Spend at Same Level as 2023
- 63% to Increase Spending in 2024
- 23% to Raise Capital Spending by more than 10%
- 11% Plan to Reduce Capital Spending

### Most Hotels Anticipate Occupancy Rates and Average Daily Rate to Continue to Rise

- 22% Expect Rates to be Maintained at Last Year's Level
- 52% Expect to Occupancy Rates to Increase Between 1 and 9 Percent
- 19% Plan for Occupancy to Rise by 10 to 29%
- 15% Planning to Keep ADR Same as 2023
- 70% Increasing ADR between 2 and 9 Percent
- 15% Increasing ADR between 10 and 29 Percent

## Strength and Outlook for The Tourism Economy

### Industry Remains Bullish on Tourism Economy

- 75% Grade it 'Strong' or 'Extremely Strong'
- 23% Consider it Steady

### Outlook for Respondents Destination is Strong

- 78% Have a Positive or Extremely Positive Outlook
- 17% Project a 'Fair' Outlook

### Profit Outlook Improves for 2024

- 73% Expect a Net Profits in 2024
- 27% Anticipating a Net Loss

## Airlift Related Challenges

### 60% Report Negative Impact from Airlift Cost and Availability

- 24% Indicate Significant Impact
- 37% Report Small Impact
- 24% Report No Impact

### 70% Expect a Rise in Revenue from Inter-Regional Travel if Availability and Affordability Issues Were Adequately Addressed

- 29% Would Expect No Impact
- 49% Project Up to a 10 Percent Increase in Revenue
- 22% Would See Revenue Rise More Than 10 Percent

## Artificial Intelligence and Business Planning/Operations

### Integration of Artificial Intelligence in Business Planning & Operations

- 24% of Respondents Are Already Integrating AI
- 39% Plan to Integrate AI
- 37% Presently Do Not Plan to Integrate AI



## How Businesses are Already Integrating AI or Plan to Integrate AI

- 85%: Digital Marketing – social media, SEO, etc.
- 26%: Budgeting, Data Analytics and Revenue Management
- 26%: Human Resource Management
- 26%: Information Technology (network administration and security)
- 26%: Front of House Operations (food and beverage, front desk)
- 15%: Back of House Operations (maintenance, landscaping, etc.)
- 11%: All of the Above
- 11%: Other

## Local Festivals and Events in Tourism

### Industry Remains Bullish on Tourism Economy

- 43% Indicate that Hosting Regional and International Events is Important to their Business
- 40% Cite Importance of Sporting Events to their Business
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## Top Issues and Concerns

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### CONCLUSION

The CHTA 2023 Tourism Industry Performance and 2024 Outlook Report underscores the resilience of the Caribbean tourism sector despite ongoing challenges. With careful planning, strategic investments, and collaborative efforts, the region is poised for continued growth and prosperity in the years ahead.

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