

U.S. Citizens Outbound International Travel: 2018: Impact on the Caribbean.

Executive Summary.

- The U.S. Government's National Tourism and Travel Office recently released data showing the number of trips made by U.S. citizens to international destinations in 2018.
- Total international trips made by US citizens grew by 6.3% in 2018, growing from 87.6 million trips in 2017 to 93.0 million in 2018.
- Total trips to the Caribbean by US citizens (excluding trips to Puerto Rico and the USVI as these are U.S. territories) grew by 4.6%, to 8.7 million trips.
- Using published data from relevant Caribbean National Tourist Board sources shows that trips by U.S. stopovers/air arrivals to the non-US Caribbean (excluding a limited number of other smaller destinations due to lack of data) grew by 3.3%.
- In detail, trips to Cuba by U.S. visitors fell by 34% in this period, a decline of 151,000 visits while trips by US visitors to St Maarten fell by an estimated 141,000, down 68%.
- However, trips by US visitors to the Cayman Islands were up by 13%, to The Bahamas were up by 11%, to Jamaica were up 8%, to the Dominican Republic were up 8% and to Aruba were up by 7%. In aggregate these five destinations saw 503,000 more trips by US visitors in 2018 compared to the same 12 months of 2017.
- But hotel registrations for hotels in Puerto Rico by visitors from the US fell by 22% in this period, a loss of 322,287 visits while US air arrivals to the USVI were down by an estimated 25%, a loss of 143,075 visits. In aggregate this equates to a loss of 465,362 trips by visitors from the USA to these two destinations.
- So, taken together, the region saw 757,381 fewer trips by US visitors to Puerto Rico, the USVI, St Maarten and Cuba in 2018, but 562,479 more trips by US visitors to other destinations in the Caribbean.
- ***Which is a net loss of 195,00 trips by visitors from the USA, a 1.9% decline.***
- Given there was a general increase in travel by US citizens, where did they go? Cancun saw a 6.8% increase in international traffic in the same period, Hawaii saw a 9.0% increase in travel from the USA (526,000 more visits) while Europe saw trips by US citizens jump by 11.4%, a gain of over one million trips. And some visitors, it is thought, switched to cruises.
- Given the above, it is surprising the other destinations in the Caribbean appeared to have gained a smaller amount of incremental business than might otherwise have been expected.
- And going into 2019 it will be interesting to see how Puerto Rico particularly, which according to STR has 3,000/4,000 hotel rooms ready for reopening, will generate business to fill these rooms. If all of these rooms come on stream in

2019 then Puerto Rico would need about 195,000 – 260,000 incremental trips made by US visitors to fill these rooms at 80% without negatively impacting the existing local hotel inventory.

- The Dominican Republic could add 4,000 new rooms in 2019 and would need about 132,000 US visitors to fill these rooms at 80%, again without impacting existing inventory.
- And Jamaica will add about 2,500 new rooms and using the same assumptions would need a further 82,000 US visitors.
- And Cancun and The Riviera Maya continue to add new room inventory.
- So, 2019 looks to be a fiercely competitive year for US business in terms of protecting business gained in 2018, recapturing business lost in 2018 and allowing for increased US business to those destinations which continue to add room inventory.

Background.

The United States Government’s Department of Commerce, International Trade Administration’s National Travel and Tourism Office (NTTO) recently released the 2018 figures for U.S. citizens outbound travel to International Regions.

2018

U.S. Citizens Outbound Travel: 2018					
Number of Trips	2018	% share	2017	% share	% change
Europe	17,742,258	19.1%	15,792,769	18.0%	12.3%
Caribbean	8,702,217	9.4%	8,320,516	9.5%	4.6%
Asia	6,252,903	6.7%	5,770,890	6.6%	8.4%
South America	2,104,107	2.3%	1,925,300	2.2%	9.3%
Central America	3,236,733	3.5%	3,032,002	3.5%	6.8%
Oceania	860,554	0.9%	776,496	0.9%	10.8%
Middle East	2,443,291	2.6%	2,306,334	2.6%	5.9%
Africa	431,745	0.5%	403,151	0.5%	7.1%
Mexico (Air)	10,075,187	10.8%	9,810,713	11.2%	2.7%
Mexico (Other)	26,847,824	28.9%	25,136,237	28.7%	6.8%
Canada	14,341,438	15.4%	14,280,387	16.3%	0.4%
Total	93,038,257	100.0%	87,554,795	100.0%	6.3%

Source: ITA: National Travel & Tourism Office

Released: February 2019

The numbers for air traffic both to and from all international regions (on US and foreign flagged carriers) are reported to the NTTO by means of the “U.S. International Air Travel Statistics Report”. For more details of this survey go to

<http://tinet.ita.doc.gov/research/programs/i92/index.html>

As can be seen: -

- The overall number of trips taken by US citizens to international destinations increased by 6.3% in 2018 compared to 2017, from 87.5 million in 2017 to 93.0 million in 2018.
- The number of trips taken to the Caribbean grew by 4.6%, from 8,320,516 in 2017 to 8,702,217 in 2018.
- The share of trips taken to the Caribbean thus fell from 9.5% in 2017 to 9.4% in 2018.

The NTTO's definition of the Caribbean does not however include Puerto Rico or the United States Virgin Islands as, for the purposes of their study, they are deemed to be US territories and the focus of their system (APIS) is non-stop air traffic (segmented here for U.S. citizens) to foreign countries.

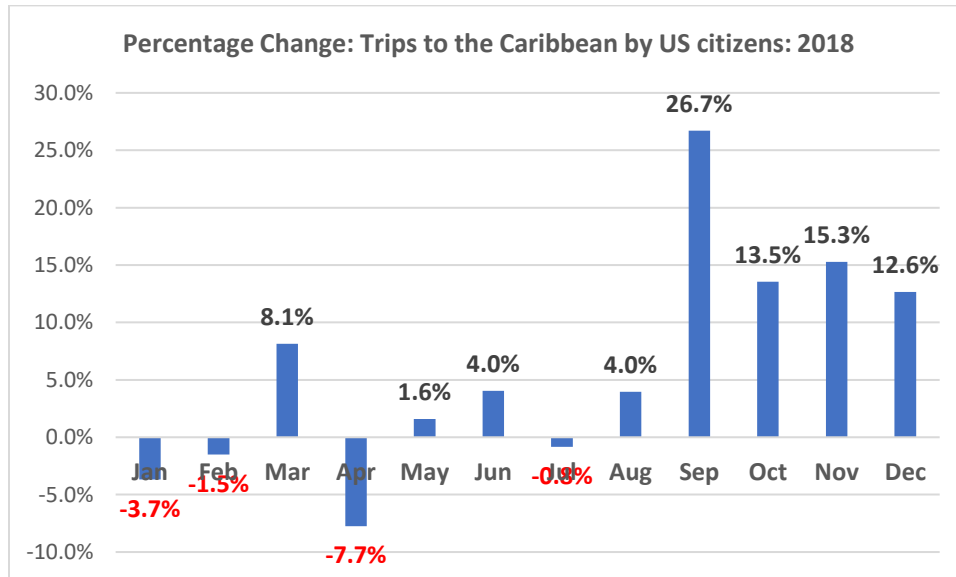
Consequently, the NTTO defines the Caribbean as including the following countries: -

Included in Caribbean for APIS:

- Anguilla
- Antigua/Barbuda
- Aruba
- The Bahamas
- Barbados
- Bermuda
- British Virgin Islands.
- Cuba
- Dominica
- Dominican Republic
- Grand Cayman (Cayman Islands)
- Grenada
- Guadeloupe
- Haiti
- Jamaica
- Martinique
- Netherlands Antilles (including Bonaire, Curacao and Sint Maarten)
- St Kitts/Nevis
- St Lucia
- St. Vincent
- Trinidad/Tobago
- Turks/Caicos

Now given the impact of Hurricanes Irma and Maria in September 2017 it might have been expected that trips to the Caribbean would have fallen substantially in 2018, particularly in the first half of the year.

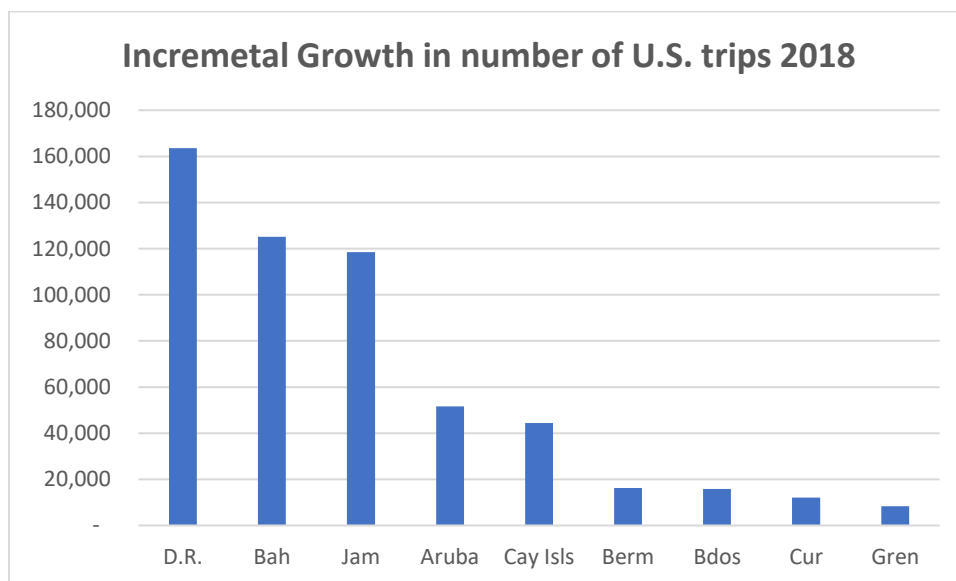
As can be seen between January and April the region saw declines in three of the first four months of the year. Traffic picked up substantially from September onwards, as would be expected.



Given that, the following shows the number U.S. stopovers to various key Caribbean destinations for 2018 as reported by the local tourist boards. (In some instances, data were not available for the full year or have not been broken out by source market and in both cases careful estimates have been made to address these deficiencies).

Stopovers/Air Arrivals from the USA	2018			
	2018	2017	Absolute	% change
Dominican Republic	2,237,519	2,073,963	163,556	7.9%
Jamaica	1,628,402	1,509,963	118,439	7.8%
Bahamas*	1,262,458	1,137,350	125,108	11.0%
Aruba*	788,155	736,593	51,562	7.0%
Cayman Islands	385,319	340,955	44,364	13.0%
Haiti*	364,000	350,000	14,000	4.0%
Turks & Caicos*	320,436	337,284	(16,848)	-5.0%
Cuba	297,360	448,475	(151,115)	-33.7%
Bermuda	214,499	198,259	16,240	8.2%
Barbados	204,830	189,022	15,808	8.4%
St Lucia	175,073	168,223	6,850	4.1%
Trinidad and Tobago	164,861	169,610	(4,749)	-2.8%
Antigua	104,055	96,347	7,708	8.0%
Grenada	75,574	67,237	8,337	12.4%
Curacao	73,259	61,155	12,104	19.8%
St Maarten	67,534	208,438	(140,904)	-67.6%
sub-total	8,363,334	8,092,874	270,460	3.3%
US Citizens Outbound - Caribbean	8,702,217	8,320,516	381,701	4.6%
Difference US Outbound	338,883	227,642	111,241	
without Cuba and St Maarten	7,998,440	7,435,961	562,479	7.6%

* Estimate



The above table does not include data from the following countries:

Anguilla, British Virgin Islands, Dominica, Guadeloupe, St. Kitts/Nevis, and St Vincent

However, it is thought that the aggregate numbers of US stopovers/air arrivals for these six destinations would not exceed 100,000.

The numbers for the following countries have been estimated: -

- The Bahamas numbers are current through November 2018. December 2018 was estimated.
- The numbers for Aruba are current through October 2018. November and December were estimated.
- The numbers for the Turks and Caicos Islands are current through April 2018. The numbers for the balance of the year have been estimated.
- In 2015 Haiti is estimated to have received 515,804 stopover visitors of which at least 80% are thought to have been from the USA, mostly visiting friends and family. The total number fell by 14.5% in 2016 to 441,013. Assuming no change in 2017 from 2016, with 80% being visitors from the USA, that would result in about 350,000 visitors from the USA to Haiti for full year 2017 and, based on an analysis of OAG data, an estimated 364,000 for 2018.

Now within the non-U.S. Caribbean (that is without the P.R. and the U.S.V.I.) two destinations saw substantial declines in US traffic: -

- St Maarten saw a decline of 141,000 US visitors consequent upon the impact of the two hurricanes.
- Cuba saw a decline of 151,000 US visitors as a result of changes in policy regarding travel by US citizens to Cuba.

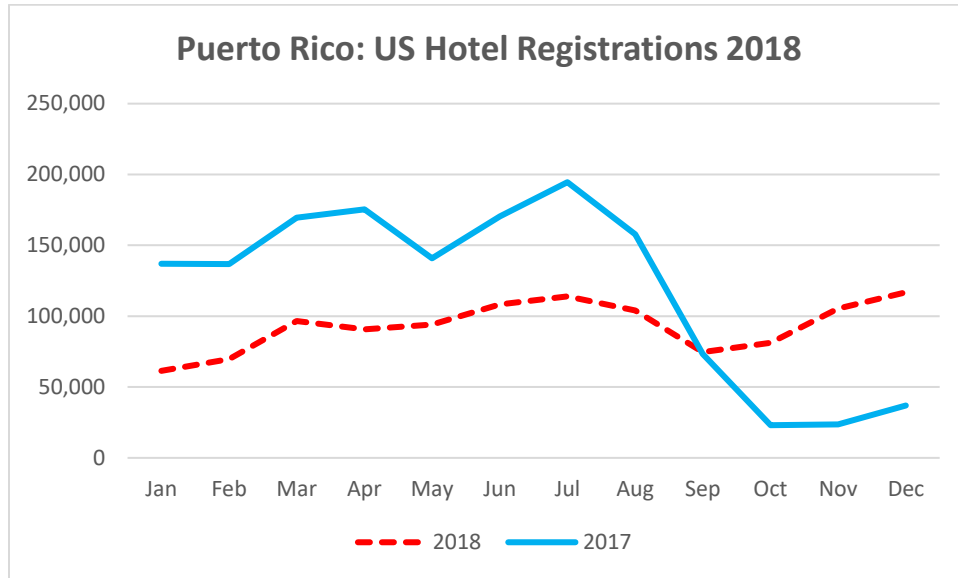
So, excluding St Maarten and Cuba, U.S. travel to non-US Caribbean destinations grew by about 7.6% between 2017 and 2018, (from 7.44 million trips in 2017 to 7.99 million trips in 2018).

However, there are two Caribbean destinations not included in the above which lost a great deal of traffic between 2017 and 2018, these being Puerto Rico and the USVI.

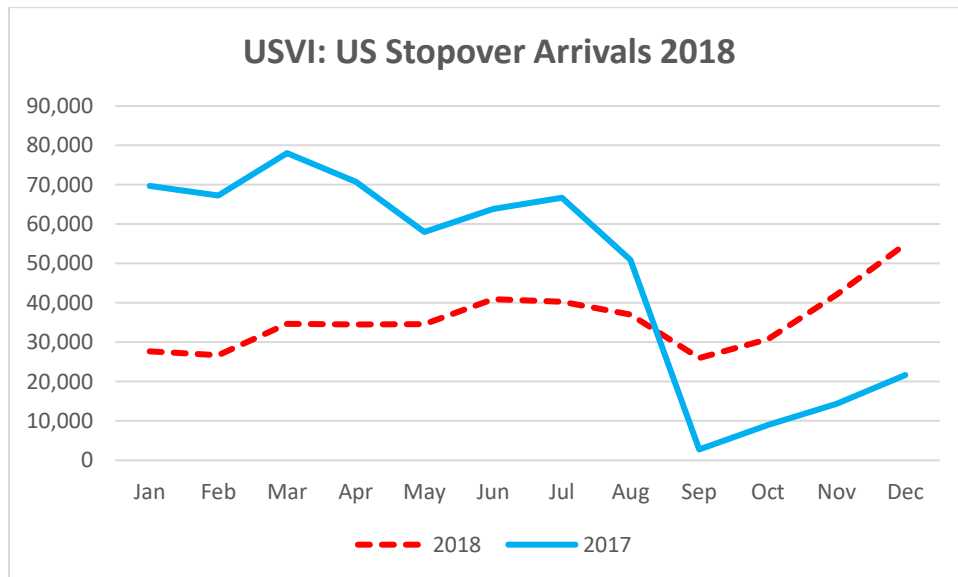
Arrivals from the USA	2018			
	2018	2017	Absolute	% change
Puerto Rico Hotel Registrations	1,116,912	1,439,199	(322,287)	-22.4%
USVI air arrivals*	430,056	573,131	(143,075)	-25.0%
sub-total	1,546,968	2,012,330	(465,362)	-23.1%

*Estimate

In the case of Puerto Rico non-resident hotel registrations made by residents of the USA fell by 22.4% from 1,439,199 in 2017 to 1,116,912 in 2018, a loss of 322,287 visitors.



In the case of the USVI air arrivals by US residents (estimated to be 90% of all air arrivals to the USVI) fell by 25.0% from 573,131 visitors in 2017 to 430,056 visitors in 2018, a loss of 143,075 visitors.



In aggregate therefore these two destinations lost 465,362 visitors.

So, when you add the losses of Puerto Rico, the USVI, St Maarten and Cuba together, the region lost about 757,000 trips by residents of the USA, while the other Caribbean destinations gained about 562,000 US trips compared to 2017.

So, what happened to the difference, about 195,000 visitors?

- It is possible that it may have something to do with hotel guests in Puerto Rico not being all leisure guests so a business trip to Puerto Rico in 2017 would not be replaced by a trip to another Caribbean island in 2018.
- In 2018 Cancun's total international air arrivals (not just USA) were 6.8% ahead of 2017 so some business could have gone to Cancun/Riviera Maya.
- As well, traffic to Hawaii from the USA grew by 9.0% in 2018, from 5,842,568 visitors in 2017 to 6,366,851 visitors in 2018, an increase of 526,283 visitors so some of the business could have gone there.
- It's also possible some of the lost traffic took a cruise.
- And trips to Europe increased by more than one million, (+11.4%) from 9,291,193 to 10,346,078 trips which could also have seen some diverted business.

Conclusions.

- Given that three major destinations (Puerto Rico, USVI, St Maarten) lost a substantial amount of traffic due to the storms and a fourth (Cuba) due to policy changes it is surprising that the destinations **not** so impacted did not benefit more from this loss of traffic.
- Going forward, it will be interesting to see how destinations such as the USVI, Puerto Rico and St Maarten rebuild their US business and whether or not they will do this by capturing business from those destinations not impacted by the storms.
- According to STR Puerto Rico has 3,000 – 4,000 hotel rooms ready to re-open. To fill these rooms at 80% average room occupancy *with no impact on the existing room inventory* and with 90% of those registrations generated by visitors from the U.S.A. (the average for Puerto Rico's hotels), with an average length of stay of 4 nights, 2 guests per room, and using an average 180 night year in 2019 to allow for the staggered entry of these rooms, that would need an additional 195,000 – 260,000 visits from the USA.
- At the same time both Jamaica and the Dominican Republic continue to add hotel room inventory which will demand they continue to grow their US business.
- Again, according to STR, the Dominican Republic has 6,664 rooms under construction with most targeting the high end (US) market. Assume 4,000 of those rooms open in 2019, again on a staggered basis, to fill these rooms at 80% average room occupancy *with no impact on the existing room inventory* and with 80% of those registrations generated by visitors from the U.S.A. with an average length of stay of 7 nights, 2 guests per room and using an average 180-night year, that would need an additional 132,000 visits from the USA. 5,000 rooms, using the same assumptions, would require 165,000 incremental US visits.
- And using similar assumptions for Jamaica which has, according to STR, 3,246 rooms under construction, if 2,500 of those rooms open in 2019, that would require 82,000 more US visits.

- So, for the three destinations an aggregate increase of 442,000 – 507,000 visits from the USA would be needed without having a negative impact on existing business.
- And Mexico, particularly Cancun and the Riviera Maya, continue to add new hotel inventory.
- As well, if the UK leaves the European Union in March 2019 without a deal the value of the pound could fall and take long haul international travel with it so destinations reliant on UK business will probably look to the US to replace that lost business.
- Which means for destinations such as Aruba, Barbados, the Cayman Islands, Curacao, and Saint Lucia, 2019 may be a very competitive marketplace for US travelers.
- It would behoove these destinations to keep close contact with key OTA and tour operator suppliers in late 2018 and early 2019 to keep track of forecasted/booked business not only to their own hotel and destinations but also for traffic to all competing destinations in the Caribbean.