



This month's newsletter will concentrate on **how economic headwinds and inflation affect traveller decisions** and what to expect in the face of a looming recession.

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How Inflation Influences Travel Sentiment

As the world recovers from the pandemic, it is natural to expect a surge in travel demand. The travel and tourism market is predicted to grow significantly in the coming years. However, the post-pandemic landscape has altered travel sentiments, rendering pre-pandemic data potentially misleading for marketers targeting specific demographics. Amidst rising global inflation, potential recession, and other macroeconomic factors, travel-related expenses heavily influence travelers' decisions. Consequently, travel and tourism marketers must strategize effectively to ensure their messages reach the appropriate audience at the right time.

A critical aspect to consider is affordability, which affects the demographics of travellers during an economic downturn. Many marketers assume that Gen Z is the ideal target audience. However, while this generation may be interested in travel, they may not have the financial means to fulfill their travel desires due to inflation sensitivity.

In times of inflation, the concept of affluence becomes less relevant, and the intentions of tourists gain greater importance. Although younger individuals may have the intention to travel, they may lack the necessary financial stability to do so during a recession. To navigate this landscape, marketers must expand their

strategies to target other and/or older generations. While appealing to Gen Z may generate awareness, it might not result in actual bookings during challenging financial times. Inflation sensitivity is an essential factor to consider when building campaigns to reach audiences willing to spend on travel, as it can significantly impact the success of marketing efforts.

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Navigating the Economic Storm: The Impact of Inflation on Tourism

To cope with inflation, tour operators and tourism activity providers can adopt various strategies, such as cost-saving measures, investing in marketing and promotional campaigns, exploring alternative revenue streams, adapting to changes in consumer behavior, and enhancing innovation activities and investments. Cost-saving strategies, like adopting green policies and automating tasks with booking systems, can help reduce unnecessary expenses. Zero-based budgeting, which starts from scratch and allocates expenses based on current needs and priorities, can ensure every investment is aligned with the organization's goals.

Marketing and promotional campaigns are essential to reach new audiences during periods of economic uncertainty. Staying true to the brand's identity, focusing on the hidden perks of traveling, and highlighting the added value of offers can help businesses stand out and attract customers. Adapting to changes in consumer behavior and desires is critical. Companies can offer more flexible booking and cancellation policies, embrace sustainable tourism, and provide virtual or hybrid travel experiences to appeal to a changing customer base.

Finally, innovation should not be overlooked, as it can help generate more revenue. Despite the economic situation, investing in improving online presence and utilizing cost-effective tools like website builders can lead to positive outcomes.

By applying the right strategies and adopting smart tools, businesses can successfully navigate the economic turbulence and emerge stronger on the other side.

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Travellers Remain Undeterred by Inflation, Yet Travel Businesses Need to Improve Their Strategy

Despite inflation and rising living costs, consumers are reluctant to reduce their travel budgets. According to [a report](#) from the World Travel and Tourism Council and Trip.com, 31% of travelers plan to spend more on travel this year than in 2022. The travel sector is growing strong, potentially surpassing 2019 levels. Additionally, [Expedia Group's latest survey](#) found that 43% of respondents would increase their travel budget in 2023, while 31% would maintain it.

Travellers' enthusiasm has helped the industry recover following years of restrictions. The United Nations World Tourism Organization expects the global tourism market to recover 80% to 95% of pre-pandemic levels this year. The trend of "revenge travel," where consumers return to travelling quickly after easing of restrictions, is expected to continue.

However, there is a disconnect between travellers and the industry. Inflation is the number one concern impacting travel plans, but many industry professionals prioritize health and safety risks and travel restrictions. Consumers are seeking low travel prices, but industry professionals underestimate the impact of inflation and price sensitivity. This could result in travel companies failing to provide the deals consumers are looking for.

Stretched finances are affecting travel habits, with consumers choosing to protect their travel spend but wanting to make the most of their trips. Longer stays and advanced bookings are becoming more common. Companies like Get Your Guide are offering options like "reserve now, pay later" to help travellers spread their costs. Airbnb has also seen a 30% increase in private room listings, with 40% of hosts saying it helps with their costs of living.

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RTO 9 News



RTO 9 Annual General Meeting

Date: June 9th, 2023 9:00 AM - 10:00 AM

Location: Online

Join the board and staff of RTO 9 for the 2023 Annual General Meeting!

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RTO 9 is Seeking New Members to Join Our Board of Directors

If you're passionate about the tourism industry and want to make a positive impact on the region, then we encourage you to apply for a position on our Board of Directors. You will have the opportunity to work with other like-minded professionals, share your knowledge and experience, and help shape the future of tourism in South Eastern Ontario.

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Here's How To Connect With Us on Social Media

Our consumer regional brand, [South Eastern Ontario](#), gives a sense of place and the content found on our social channels, website, and newsletter, targets future visitors from outside of the region and locals that live within the region.

We encourage our tourism partners and operators to share with us their stories, products, experiences, and packages [with our South Eastern Ontario social media channels](#). Keeping us in the loop with your offerings can lead to opportunities in features on our channels or pitched to our PR Agency. Read our blog post below on what our channels are and how to connect with us.

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Market Insights

RTO 9 Brand Health Research Results

The recent brand health research study conducted by Twenty31 Consulting and reported to South Eastern Ontario provides insights into the brand health of South Eastern Ontario as a travel destination, compared to other nearby destinations. The topline report is based on a custom market research study of a representative sample of n=4,250 identified travel consumers in travel markets across southern Ontario, Quebec and selected US states neighbouring Canada, carried out for the RTO9 team by Twenty31 Consulting. Here are the key findings:

- South Eastern Ontario's brand health is moderate compared to other nearby destinations, with 15% of travellers having visited the region. This is behind Toronto (27%) and Niagara-on-the-Lake (24%), but ahead of Muskoka (10%) and Algonquin Park (11%).
- Almost two in five (39%) travellers across these markets say they will consider South Eastern Ontario as a future leisure travel destination, with 19% stating they will definitely consider it.
- South Eastern Ontario's familiarity is higher for the region (26%) compared to other destinations within the region, except for Kingston

(25%). However, it is less well-known than urban centers like Ottawa (31%), Detroit (33%), or Buffalo (30%) and marquee destinations like Toronto (45%) and Niagara-on-the-Lake (40%).



- The most popular activities travellers are interested in undertaking on a potential holiday to South Eastern Ontario include food and drink (70%), exploring the natural environment (63%), and attending festivals (59%). More active or energetic activities, like adrenaline activities or winter sports, are less popular.
- The top specific activities mentioned include trying local food (61%), visiting lakes and waterfalls (57%), attending music festivals (48%), and hiking or walking in nature (46%).
- Inspiration sources for past visits are varied, with referrals and recommendations from friends (37%) and generic Google search (37%) as the most mentioned sources. However, as a category, online travel sites such as Trip Advisor and Expedia are more often mentioned (45%).
- South Eastern Ontario's natural beauty is its top attribute, with 56% of travelers associating the region with it. This aligns with travellers' preference for soft adventure activities in the outdoors.
- A majority (52%) of travellers feel that South Eastern Ontario is a good destination for families, which supports RTO9's current positioning.
- The region's weaker areas include offering adrenaline activities (35%), having good nightlife (36%), and being a good place to meet new people (41%). However, these factors don't seem to be major deterrents for travellers.
- Sustainability is another weak association with South Eastern Ontario. The reasons for this perception are unclear and may warrant further research.
- Key Drivers analysis reveals that the region's reputation as a beautiful, welcoming place that is appealing to all ages, authentic, and has inspiring

culture actively drives visitation. However, there is room for improvement in linking South Eastern Ontario's food and beverages with its brand.

- While adrenaline activities and nightlife are perceived as weaker offerings, they are not deal-breakers for potential visitors. Instead, perceptions of South Eastern Ontario not being unique or adventurous, lacking sustainability, and offering less diversity compared to other destinations might be more significant concerns. The issue of perceived diversity appears to be more problematic in some American markets.

[VIEW THE REPORT](#)

Media Spotlight

Canadian RV Industry Urges Camping, Tourism Investment

Representatives from the Recreation Vehicle Dealers Association (RVDA) of Canada and the Canadian Camping and RV Council (CCRVC) raised concerns about the need for a fair tax regime for campgrounds across Canada and increased investments in tourism policies and infrastructure upgrades on Parliament Hill. The RV and camping industry contributes billions of dollars to the Canadian economy each year, with over 4,231 campgrounds offering unique experiences for Canadians and international visitors. However, 75% of campsites lack necessary services for RVs, and campgrounds across Canada require infrastructure improvements to accommodate new camping and RV technologies. The industry is urging the government to provide financial investments to modernize campground and National Parks infrastructure to meet the increasing demand. The industry is also facing a severe labour shortage, particularly in skilled workers and tradespeople. Technicians play a central role in keeping RVs moving, but less than 50% have their Red Seal Designation. The industry is advocating for cost-limited solutions to help business owners find the right people for the job, such as increasing the Labour Mobility Tax Grant availability for skilled tradespeople temporarily relocating to pursue their Red Seal certification. The industry is calling on the government to work with them to find ways to find, train, and retain skilled workers to support

the sustained growth of the RV and camping sector and the wider Canadian tourism industry.

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The Indigenous Tourism Association of Canada Announces its 2023-24 Action Plan

The Indigenous Tourism Association of Canada (ITAC) has released its [2023-24 Action Plan](#), aiming to rebuild the Indigenous tourism industry to 2019 levels and establish Canada as the global leader in Indigenous tourism by 2030. ITAC's plan builds on a four-pillar approach: Leadership, Partnerships, Development, and Marketing. Key initiatives include expanding participation in national tourism organizations, providing \$1.5M for accreditation programming, delivering \$10M in national tourism funding through the Indigenous Tourism Fund, and launching a \$3M marketing campaign to promote Indigenous tourism. ITAC is encouraging members and partners to pledge their support for the plan by joining Indigenous Tourism Team Canada.

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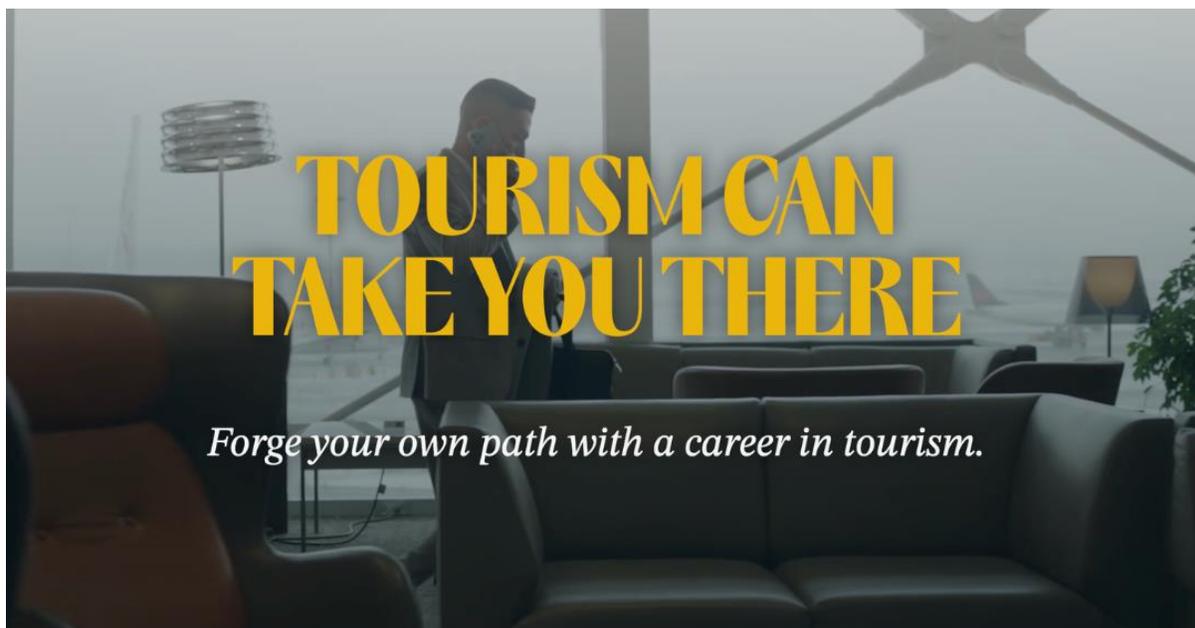


Canada Named a Popular Travel Destination for 2023 by British Vogue

According to a list of recommended travel destinations for 2023 published by British Vogue, Canada is among the top 10. The magazine emphasized Canada's various national parks, wildlife, and lively cities while highlighting specific locations in Alberta, Nova Scotia, British Columbia, Prince Edward Island, and Newfoundland and Labrador.

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Workforce Development



Tourism HR Canada Unveils Campaign to Promote Growth in Canada's Tourism Industry

The travel industry is recovering at a faster pace than anticipated; however, Canadian tourism businesses are operating with a workforce deficit of over 100,000 compared to 2019 levels. To tackle this labour shortage, [Tourism HR Canada](#) has initiated the "Discover Tourism" campaign, aimed at fostering

growth and recovery throughout the sector. Funded by the federal government's [Tourism Relief Fund](#), this campaign is set to facilitate the sector's complete recovery by 2024.

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Attracting, Building and Retaining an Indigenous Workforce

Date: May 16th, 2023 12:00 PM - 1:00 PM EDT

Location: Online

Join Kevin Eshkawkogan, President & CEO of Indigenous Tourism Ontario, Mark Capistrano, Special Projects Coordinator of the Tourism Industry Association of Ontario, and Adam Morrison, President & CEO of the Ontario Tourism Education Corporation (OTEC) for an informative online session. Learn valuable insights on how to attract, develop, and retain a talented Indigenous workforce in the tourism industry. By attending this event, participants will gain a deeper understanding of the unique opportunities and challenges in engaging and supporting Indigenous employees in the tourism sector.

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Featured Operators/ Destinations



Destination Canada's Incentive Canada Winter Hosted by Québec City

Incentive Canada Winter was hosted by [Destination Canada](#), in partnership with [Québec City Business Destination](#) and [Fairmont Le Château Frontenac](#) to showcase unique Canadian experiences for 14 international incentive buyers. Attendees experienced authentic Canadian activities such as visiting a sugar shack, ice canoeing, ice climbing, and attending the Winter Carnival festival.

Local cultures and sustainability were emphasized throughout the event, with a fireside chat about the cultural significance of moccasins and the event's carbon footprint tracked by the TRACE program. The program was designed to offer attendees a taste of the French-Canadian and Indigenous cultures, as well as promote wellness through various activities.

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ITBC and Destination BC Unveil Video Campaign with a Focus on Indigenous Culture

Destination BC and Indigenous Tourism BC (ITBC) have launched Illahee, an Indigenous-focused consumer marketing campaign. The campaign features

docu-style videos from the Illahee series that emphasize Indigenous voices and their connection to the land and wildlife in British Columbia. This collaboration represents the latest evolution of the partnership between Destination BC and ITBC, taking a holistic approach to consumer-direct marketing.

The first three episodes of the Illahee series highlighted Indigenous leaders and their connections to nature elements like water, rainforests, and mountains. The new 2023 Illahee campaign includes two additional videos focusing on the storytellers' connections to bears and whales. Bears play a significant role in Indigenous cultures, such as the Haíłzaqv (Heiltsuk) Nation, while whales have a storied history in the Tla-o-qui-aht First Nation's Clayoquot Sound region. The campaign will be supported by paid media in California and Washington until May 2, and promoted in owned and earned media in BC, California, Washington, the UK, Germany, and Australia. BC tourism industry partners are encouraged to share the video content directly from Destination BC's channels, ensuring the content is presented as being owned and produced with Destination BC and ITBC

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[WATCH THE VIDEOS](#)

Indigenous Tourism Receives \$6 Million Boost from Travel Alberta

Travel Alberta and Indigenous Tourism Alberta (ITA) announced a \$6 million funding commitment for the development and marketing of Indigenous-owned tourism experiences in Alberta. This is the largest ever provincial contribution towards Indigenous tourism development, provided over three years in direct and in-kind support to ITA. This investment will help more Indigenous tourism operators develop new tourism products, expand existing offerings, and market their experiences more effectively.

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Opportunities

Ontario Invests in Upgrades at Kakabeka Falls Provincial Park

The Ontario government is investing \$389,000 in infrastructure improvements at Kakabeka Falls Provincial Park in Northern Ontario. These improvements include a new and improved viewing platform and boardwalk, which will offer visitors unparalleled views of the province's second tallest waterfall, the historic Kaministiquia River, and the gorge below. The investment is intended to enhance the visitor experience at the park, encourage more Ontarians to visit, and boost local tourism. Kakabeka Falls is a popular attraction, drawing an average of 200,000 visitors annually from around the world. The park offers various recreational activities such as cross-country skiing, hiking trails, and camping. By upgrading the viewing platform, the government aims to provide an immersive, made-in-Ontario experience for all visitors. The investment in the park's infrastructure supports the diverse tourism sector in Northern Ontario and helps protect local wildlife and the environment. The project is part of a larger \$41.7 million investment over two years to upgrade and maintain Ontario Parks infrastructure.

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Rendez-Vous Canada

Dates: May 30 – June 2, 2023

Location: Quebec City, Quebec, Québec City Convention Centre

RVC 2023, a seller-seated exhibition offering focused engagement around the best of Canada's tourism experiences, is a collaborative project by Destination Canada and the Tourism Industry Association of Canada aimed at bringing international buyers to Canada to highlight the country's natural beauty and culturally enriching travel experiences in all its provinces and territories.

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Every month, we'll be sending you the latest insights, research and thoughtful perspectives on the issues that matter most to tourism businesses and operators in RTO 9.

If there are any topics you want to read about in a future newsletter, please email imedeiros@region9tourism.com with your ideas.

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