

Appendix B: Tourism Industry Trends

The following table presents key trends that are impacting the tourism industry.

Level	Trend	Description
Macro	COVID-19 Uncertainty	Uncertainty remains about travel rules, refund policies (e.g., airfares, hotels, etc.) and potential waves of infection and the emergence of new variants.
	Economic Change	The length of the pandemic has depleted tourism businesses' financial reserves, limited access to capital and created liquidity challenges. Inflation is increasing costs for the industry and is expected to influence demand for tourism products.
	Social Change	There is growing opportunity for tourism businesses to engage with Indigenous communities and promote Reconciliation.
	Climate Change	Companies are expected to reduce travel expenses as part of emissions-reducing strategies. Extreme weather events reduce consumers' sense of security and negatively impact the tourism sector.
	Accelerated Digitization	Increasing availability of data and analytics allows for greater strategic decision-making in the industry, but only for businesses that are able to use the technology.
Industry	Lack of Access and Reduced Transport Capacity	Reduced demand from travel restrictions and low consumer confidence, and reduced capacity from labour shortages, delayed aircraft orders and changing consumer preferences are having negative impacts on the tourism industry.
	Labour and Skills Shortage	The industry was experiencing recruitment challenges before the pandemic and many workers have now moved on to other industries.
	Higher Costs	Demand is expected to recover faster than supply, leading to inflation in the industry.
	Reduced Business and Travel Events	Business travel is expected to take a long time to recover due to increased use of online meetings.
	Product Degradation	Many service providers downgraded experience quality to adapt to the pandemic.
	Reduced Access to Capital and Limited Liquidity	The uncertainty from the pandemic has reduced investment in the industry. Any cash is devoted to survival rather than investment.
	Shift in Capacity & Role of DMOs	Destination marketing organizations have shifted to supporting the tourism industry (e.g., by helping secure funding). It will

		take time to switch back to their marketing roles after the pandemic.
Market	Frictionless Travel	Many tourism services are being digitized, creating disruptions for consumers and suppliers.
	Domestic Travel	The share of domestic travel has increased during the pandemic.
	Responsible Travel	Consumers are becoming more sensitive to their impacts on their travel destinations, creating a shift in consumer expectations.
	Ascendance of Communities	Local communities are becoming increasingly involved in local tourism and the goal of pure industry growth is being replaced by greater concern for community wellbeing.
	Indigenous Connection	Indigenous tourism has been hit especially hard by the pandemic and will take longer to recover than the rest of the industry.
	Wild for Wilderness	More consumers are travelling to wild destinations instead of cities.
	Health and Wellbeing	Consumers are showing greater preference for a sense of wellbeing and good feelings in their travels.
	Affluent Travel Boom	Higher-income consumers are travelling more, changing the nature of consumer demand.
	Great Resignation and Retirement	Many people retired during the pandemic and are looking to travel. Many people resigned from their jobs in search of more satisfying work creating both risk and opportunity for the industry.
	Remote Work and Residential Tourism	Employees working from home are taking the opportunity to work from a variety of vacation destinations, creating demand for a new type of experience.