

## PROJECT LIFT

Chairperson: Lexie Van Haren

Goals for this committee include:

- Increase bilateral passenger traffic between Canada and Arizona
- Better analyze passenger traffic and bring in business component
- Help state and regional tourism office include private air travel in their numbers
- Have the state and regions integrate charter flight packages from Canada to Arizona
- Canada increase its tourism presence in Arizona
- Reengage connectivity with Phoenix-Mesa Gateway and Tucson Airports
- Track flight numbers and overall passenger numbers to account for increase in aircraft size

# PROJECT LIFT

Project Lift is a CABC initiative designed to bring awareness and updates in trends that may have an affect on Arizona and Canada airline and tourism industries. The CABC has recognized the economic impact that Canadian tourists and snowbirds have in Arizona. Non-stop direct flights to and from these locations, as well as tourism dollars play a part in establishing these figures. Paying attention to Canadian demography trends, providing updated statistics, recognizing and adapting new market segments and strategies provide an opportunity to reassess and create a solid, yet flexible, basis for tourism and airline expansion. The main thesis of this initiative is that lower flights from Canada directly affect the tourism-snowbird-investor pattern and that tourism today is the key to long term Canadian investment five to ten years out.

The Canadian tourist and snowbird combined have contributed an annual \$2.4 billion dollars in economic dollars in Arizona. Snowbirds alone contributed to over \$1.4 billion of that number. Another component in economic impact is through Canadian foreign direct investment, which is related to the business traveler, who accounts for 25% of air travel from Canada to Arizona (a percentage measured during Covid's shut down). This type of information allows for the airlines and tourism professionals to fine tune their marketing strategies and customize their services accordingly.

Direct flights have provided convenient travel for Canadian companies wanting to start businesses in Arizona. Today over 500 Canadian companies operate in Arizona, not to mention other foreign direct investments, which are by-products of the tourism industry. Data sets pulled from integrated bi-directional tourist/snowbird and cargo data allow the airlines to assess and consider routes between Canada and Arizona. Increasing flights back to pre-pandemic numbers would be advantageous for tourists, snowbirds, business travelers and Arizona. Weekly non-stop direct flights to and from dropped from 210 (pre-pandemic) to 192 (post-pandemic). There are 180 of these to Maricopa County (Phoenix & Scottsdale) and 12 to Tucson.

Recognizing new market segments, include Canadian snowbirds, who are an essential part of Arizona's economic impact is vital to tourism. The IRS defines this group as non-residents. Snowbirds as non-residents should be counted and marketed to as tourists, if even as a footnote. The annual \$1.4+ billion contribution estimated by CABC research into the economy is significant enough that it should be a priority to preserve and increase their non-stop direct flights to ensure that they do not go to other destinations. Snowbirds settle in on an average of four months or longer. The money brought into the state from the snowbird market segment goes to pay for properties, property and sales tax, purchase furniture, buy automobiles, pay for out-of-pocket medical treatment (including elective surgeries), buy tickets to sporting & music events, dining & entertainment and more. This segment is often left out of airline and tourism marketing and although they fly under the marketing radar, they most likely are the biggest purchaser of airline tickets to and from Canada, have expendable income and are loyal customers to local businesses during their stay.

The traditional Canadian tourist/snowbird flocked to the sunbelt states like Arizona or Florida for climate, economics and golf! However, the new Canadian will most likely travel to their mother-country to see family and friends, to high density attraction cities (Las Vegas) or to countries that cost less to travel to. New market segment-means new market opportunities! Arizona's tourism strategy may want to shift its focus on the next generation demographics of Canada.

Airlines are always an integral part of economic development in any community. The airlines took the Western Canadian tourist from driving down to the desert-to the international friendly skies. This was a game changer. The first airline to open up the fly-in tourist in Scottsdale was America West. There were other U.S. carriers that added flights, but they were via connections, less convenient and less desirable. Air Canada entered the market with their non-first class direct flights from Alberta. The airlines eventually added first-class non-stop direct flights to and from Toronto and Montreal. Other airlines like Westjet expanded the market along with Swoop and Flair. Canadian wholesalers like Air Transat and Sunwing have opportunities to expand tourism in Arizona.

The CABC built the business cases for most of these airlines and airports. Project Lift's goal is not only to keep Canadian flights on the forefront of economic development, tourism and foreign direct investment, but to collaborate research and collect data with both the airlines and tourism professionals. This model does not work if it is not reciprocated with Canada promoting its tourism product in Arizona! Filling the planes coming from the other direction, as well as the cargo (bellies) make the routes more profitable. With the resurgence of the North American manufacturing and supply chains it will most likely increase the demand for cargo needs between Arizona, Canada and Sonora, Mexico (North American Mega-Region), thus giving more opportunity for bodies in seats. Offering more direct flights to and from these locations not only strengthens bonds, but creates greater accessibility and benefits to both the airline and tourism industries. CABC will continue to bring the awareness to any marketing shifts or developing trends that might affect air travel and tourism between Canada and Arizona today or in the next decade.