

PROJECT LIFT

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CABC Project Lift: Strengthening Air Travel & Tourism Between Arizona and Canada

The **CABC's Project Lift** is an initiative designed to enhance the economic impact of Canadian tourism, snowbird migration, and foreign direct investment (FDI) in Arizona. By focusing on air travel trends, market shifts, and the symbiotic relationship between airlines and tourism, **Project Lift** aims to raise awareness of how direct flight access impacts Arizona's economy and long-term growth. Through strategic data collection, market analysis, and collaboration with both the tourism and airline industries, CABC seeks to ensure Arizona remains a top destination for Canadian tourists and business travelers.

Economic Impact of Canadian Travelers on Arizona

Canadian tourists and snowbirds have a significant economic footprint in Arizona. Together, they contribute over **\$2.4 billion annually** to the state's economy, with **\$1.4 billion** stemming from snowbirds alone. These individuals not only bring much-needed tourism dollars but also make substantial investments in real estate, services, and local businesses.

- **Snowbirds:** Canadians who migrate to Arizona for extended periods, particularly during the winter months, play an essential role in the economy. These individuals spend on housing (rent, purchase, taxes), healthcare (including elective surgeries), furniture, automobiles, and entertainment. Despite flying under the radar of traditional tourism marketing, snowbirds are often the **largest purchasers** of airline tickets and have disposable income that supports Arizona's local businesses.
- **Foreign Direct Investment (FDI):** Business travelers from Canada account for a notable percentage of air travel between Arizona and Canada. Post-pandemic, **business travel** from Canada accounted for 25% of air traffic, reflecting the **strong ties between Arizona and Canadian companies**. Currently, over 500 Canadian businesses operate in Arizona, and the ability to maintain direct flights is critical to fostering further economic connections.

Airline Trends and the Need for More Direct Flights

Airlines are central to Arizona's tourism and economic development. **Direct flights** between Arizona and Canada not only make travel more convenient for tourists but also encourage **business investment** by facilitating easier access to the region. Non-stop flights to Arizona provide a critical connection between Canadian cities and Arizona's economic landscape.

- **Pre-pandemic vs. Post-pandemic:** Prior to the pandemic, there were **210 weekly non-stop flights** between Canada and Arizona, including **180 to Maricopa County (Phoenix & Scottsdale)** and **12 to Tucson**. Post-pandemic, this number dropped to **192 weekly flights**, signaling a decline in air travel demand. With **Project Lift**, CABC aims to restore and even expand these flight routes, ensuring that Arizona remains accessible to tourists, snowbirds, and business travelers from Canada.
- **Snowbird Travel:** Snowbirds typically spend four or more months in Arizona, making it a key segment for airlines to target. The long stay means that these travelers spend significant money in the state, contributing to a variety of industries. The convenience of **direct, affordable flights** is a crucial factor in retaining and expanding this market segment. **Project Lift** aims to highlight the importance of maintaining and growing these routes to ensure the snowbird market remains a priority.

Identifying and Capturing New Market Segments

The **Canadian market** for Arizona tourism is evolving. The traditional snowbird and tourist segments are shifting due to changing demographics, economic factors, and preferences. **Project Lift** seeks to capture these shifts and adapt Arizona's tourism strategies to new trends in Canadian travel:

- **Changing Demographics:** The new generation of Canadian travelers is increasingly seeking trips to destinations like **Las Vegas**, or traveling back to visit family and friends. However, **Arizona** can still attract this demographic by targeting **younger Canadians**, adapting marketing strategies to appeal to their interests, and emphasizing Arizona's unique offerings, such as **family-friendly destinations**, outdoor activities, and cultural attractions.
- **New Opportunities for Airlines:** As Canadian tourism evolves, airlines need to adjust by exploring **new routes**, offering more **affordable travel options**, and ensuring that **Arizona remains competitive** with other destinations vying for Canadian tourists. Arizona must continue to work closely with airlines to ensure they are well-positioned to capture emerging market segments.
- **Increased Air Cargo Demand:** With the resurgence of **North American manufacturing** and supply chains, there is a growing demand for **cargo flights** between Arizona, Canada, and Mexico (especially **Sonora**). This will likely lead to increased **cargo flights**, which can be utilized to strengthen the **financial viability of direct passenger flights**. More frequent flights, especially to **North American mega-regions**, can help increase profitability for airlines and benefit the tourism sector by filling flights in both directions.

The Future of Canadian Tourism in Arizona: A Collaborative Approach

To maximize the potential of Canadian tourism and investment in Arizona, **Project Lift** advocates for a **collaborative approach** between airlines, tourism boards, and other stakeholders in Arizona, Canada, and Mexico:

1. **Data-Driven Marketing:** By integrating **tourism and air travel data**, airlines and tourism professionals can better assess market trends, flight demand, and route performance. With **CABC's support**, data-driven marketing strategies can be developed to ensure the tourism sector adapts to evolving Canadian demographics and preferences.
2. **Promotion of Arizona in Canada:** Arizona must continue to **promote its tourism products** in Canada. This includes marketing efforts aimed at **snowbirds, business travelers, and tourists**. The CABC will work with airlines and tourism boards to ensure **Arizona's unique offerings** are visible and attractive to Canadian travelers, especially as competition increases.
3. **Sustainability and Long-Term Planning:** Project Lift emphasizes the importance of thinking long-term about the relationship between **Arizona and Canada**. By maintaining strong air travel routes, adapting marketing strategies, and fostering business development, Arizona can ensure that **Canadian tourism and foreign direct investment** remain key drivers of economic growth for the next 5-10 years.

Project Lift Goals

- **Restore and Expand Direct Flights:** Increase the number of direct flights between Arizona and Canada to pre-pandemic levels and beyond, focusing on key cities like **Toronto, Montreal, and Vancouver**, as well as secondary cities.
- **Target New Market Segments:** Adapt tourism strategies to target new and emerging Canadian demographics, including younger travelers and niche markets such as eco-tourism, adventure tourism, and cultural experiences.
- **Strengthen Economic Ties:** Foster stronger collaboration between Arizona, Canadian airlines, tourism organizations, and businesses to ensure continued growth in tourism and foreign direct investment.
- **Integrate Data and Research:** Continuously gather data on air travel and tourism trends to make informed decisions and refine marketing strategies to maintain Arizona's appeal to Canadian travelers.

Conclusion

Project Lift is essential to the future of Arizona's tourism and airline industries, as well as the broader economic relationship between Arizona and Canada. By increasing direct flights, adapting marketing strategies to new market segments, and fostering strong collaboration between tourism boards, airlines, and business leaders, **CABC** aims to ensure that Canadian tourists and snowbirds continue to play a pivotal role in Arizona's economic future.

As air travel evolves and Canadian demographics shift, **Project Lift** will remain at the forefront of guiding Arizona's tourism and airline strategies for the long-term success of both industries. Through

this initiative, Arizona will continue to be a prime destination for Canadian visitors, investors, and businesses, cementing its place as a vibrant, thriving hub of North American growth.

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 West Jet 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.