



Canada Loses 97% of U.S. Tourists: Air Canada's Response? Priority Boarding for "Elite" Passengers

Description

It's been a tough, *tough* year for Canadian tourism. According to some estimates, our tourism industry has already lost \$52 billion in 2021 (compared to 2019). That's a massive loss, especially since tourism generated around \$104 billion in 2019.

Perhaps more shocking is how many Americans have stopped traveling to Canada. As compared to 2019, Canada lost around 97% of its overnight American tourists in the first half of 2021 from 6.8 million to only 178,000.

Losing over 50% of your revenue isn't easy, nor is losing 97% of tourists from a country just south of the border. To combat these declining numbers, Destination Canada and **Air Canada** have teamed up to target a very specific group of Americans: frequent flyers.

New perks for American frequent flyers

To revamp Canadian tourism, Air Canada now offers status matching (through the Aeroplan loyalty program) to American frequent flyers from a number of airlines, including Alaska Airlines, **American Airlines**, **Delta Air Lines**, Hawaiian Airlines, **JetBlue**, and **Southwest**.

Recall that status matching allows elite passengers to keep their benefits (such as priority seating, early boarding, priority check-in, and complimentary checked bags), even if they don't fly frequently with certain airlines.

For the record, Air Canada has never offered status matching for U.S. carriers. And it's going big. American frequent flyers can have elite status on Air Canada for *all* of 2022, if they book and complete one round-trip flight to Canada (on Air Canada, of course) before January 15, 2022.

To apply, Americans just need to fill out a two-minute application through Aeroplan. Within three days, StatusMatch will let applicants know if their application was approved.

Will this really work?

It's going to make some American travelers very happy, sure. But as far as reverse the downward trend of tourism in Canada, I'm skeptical that status matching will make a big difference.

For one, Canada is targeting a very small group of Americans. At most, Canada could attract 20,000 U.S. frequent flyers — and that's only *if* all apply and fly to Canada before January 15, 2022. To make up the difference between 6.8 million and 178,000 tourists, we'd need each of those 20,000 frequent flyers to fly 331 times to Canada. I love Canada, but sorry, folks — that's never going to happen.

What should Canada do?

If Canada really wants to attract more Americans, it's going to have to make travel cheaper for the vast majority. *Period.* Americans are feeling more cash strapped than ever, and many simply don't have the cash (or credit) to fund a vacation to, say, Ontario.

How can you make travel cheaper for Americans? Well, one solution comes to mind: reduce (at least temporarily) *landing fees*.

It's no secret that Canadian airports have some the highest landing fees in the world. As a recap, a "landing fee" is simply what airlines pay, usually by weight of their aircraft, to land and dock at airport gates. Though airline companies themselves pay these fees, you'd better believe the higher the fees at specific airports, the more airlines charge passengers to fly there.

Part of the reason Canadian airports have high landing fees is that our airports aren't exactly private corporations. In a model that's totally unique to Canada, the government owns airports as well their property. Airport operators pay "rent" to the government, a cost that's balanced with — you guessed it — higher landing fees.

In the past, landing fees didn't kill sales, simply because, well, *look* at our airports. They're spectacular. In fact, just this year, Vancouver International was named the best in the world, while Toronto Pearson took third for best airport in North America.

But if we're going to attract more U.S. travelers, I think this is definitely one thing we can improve. Telling elite passengers they can have "priority boarding" on overnight flights may help some. But telling the United States, "Hey, we're going to cut ticket costs by US\$30 to encourage American travelers to visit our great cities," now *that's* something I'd pay attention to.

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