

# Seasonal Price Adjustments in Winter Tourism: Impact on the Car Rental Market in Canada (2015-2022)

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## Abstract

This research explored seasonal price adjustments within the car rental market, offering a comprehensive analysis contextualized within the sphere of winter tourism in Canada from 2015 to 2022. Through an exploration of historical trends, consumer behavior, and market forecasts, the study uncovers the cyclical pattern of price fluctuations closely tied to the peaks and troughs of winter tourism demand. Noteworthy transformations within the winter tourism industry during this period, coupled with the increased reliance on car rentals for accessing remote winter destinations, underscore the pivotal role of seasonal price adjustments in shaping the accessibility and affordability of winter experiences. The implications extend across stakeholders, prompting car rental companies to balance profitability and competitiveness, while policymakers are urged to craft adaptable regulatory frameworks. Industry stakeholders are guided by insights to develop customer-centric strategies, embracing technology and sustainability for enhanced resilience. The study serves as a stepping stone for understanding the symbiotic relationship between winter tourism and the car rental market in Canada, providing valuable insights for industry adaptation and innovation.

**Keywords:** seasonal price adjustments, car rental market, winter tourism

## 1. Introduction

The winter tourism industry in Canada stands as a multifaceted economic force, casting its influence across various sectors, with a particularly pronounced impact on the car rental market. As the second-largest country globally, Canada boasts a tapestry of diverse winter conditions, beckoning a substantial influx of tourists in pursuit of cold-weather activities like skiing, snowboarding, and other winter pursuits. The intricate relationship between winter tourism and the car rental market underscores the need for a nuanced exploration of seasonal demand dynamics, a matter of significant concern for stakeholders, policymakers, and industry players.

Winter tourism, a cornerstone of Canada's GDP, extends its influence beyond mere economic contribution, significantly shaping the operational landscape of associated industries. Within this intricate web of interdependence, the car rental market emerges as a pivotal player. Tourists, drawn to the vast winter landscapes, often find themselves relying on rental vehicles to traverse the country's diverse terrains and access a myriad of winter sports destinations.

In this intricate interplay, the research at hand seeks to unravel a fundamental question: How do seasonal price adjustments within the car rental market impact and respond to the undulating tides of winter tourism in Canada? The study's primary objectives extend beyond mere observation, aiming to delve into the patterns of seasonal price adjustments, dissect the influencing factors, and discern the far-reaching implications for both consumers and car rental companies.

To contextualize the dynamics of seasonal price adjustments, it is imperative to embark on a comprehensive exploration of the broader winter tourism industry in Canada. The nation boasts an array of winter attractions,

from the majestic peaks of the Rocky Mountains to the picturesque landscapes of Quebec. Vibrant winter festivals in urban hubs like Toronto and Vancouver add an additional layer of allure. As tourists converge on these destinations during the winter months, the demand for transportation, particularly car rentals, undergoes notable fluctuations.

The venturing into the heart of winter tourism unveils the necessity for reliable transportation options, making car rentals an indispensable component of the overall winter travel experience. Tourists, seeking to explore the diverse winter offerings, find themselves relying on rental vehicles as a flexible and convenient means to navigate expansive winter landscapes and access various winter sports destinations. This symbiotic relationship between winter tourism and car rentals sets the stage for a comprehensive exploration of how seasonal price adjustments shape the intricate dance between consumer demand and market dynamics.

## **2. Contextualizing Seasonal Trends**

Diving into the exploration of seasonal trends within the tourism and car rental industries necessitates a deep understanding that goes beyond surface-level observations. This comprehension requires a meticulous examination of historical patterns and consumer behaviors, recognizing that these trends are not isolated occurrences. Instead, they are intricately woven into the broader fabric of economic, social, and environmental contexts that mold travel preferences and significantly impact the utilization of car rental services.

The rich tapestry of seasonal trends unravels as we delve into historical data, revealing recurrent patterns in consumer behavior across distinct seasons. In the specific context of winter tourism in Canada, these patterns bear the imprint of various influences, ranging from individual travel preferences to budget considerations and the allure of specific winter activities. The analysis of past trends becomes a compass, guiding us to identify recurring themes and anticipate potential shifts in consumer behavior that can shape the trajectory of the tourism and car rental industries.

The heartbeat of seasonal variations resonates prominently in the winter months, where tourists, avid participants in winter activities, seek flexible transportation options to reach remote and scenic destinations. This dynamic landscape requires a nuanced understanding of the factors influencing the demand for car rentals during these periods. For service providers and policymakers, this understanding is pivotal, offering insights that can optimize resource allocation and elevate the overall tourism experience.

Winter tourism emerges as a key catalyst in the tapestry of seasonal variations, with weather conditions playing a central role. The necessity for reliable transportation escalates during adverse weather, such as heavy snowfall, amplifying the importance of car rentals. Furthermore, holidays and special events, such as winter festivals and sporting competitions, act as orchestrators, influencing the timing and intensity of seasonal peaks in car rental demand.

External factors, the silent architects of seasonal trends, significantly contribute to the ebb and flow observed in the car rental market. Holidays, marked by winter getaways, trigger surges in demand for car rentals, particularly when families embark on seasonal journeys. Weather conditions, beyond influencing travel decisions, shape the very vehicles sought by consumers, reflecting a dynamic interplay between external forces and consumer choices.

## **3. Winter Tourism in Canada**

### *3.1 Trends and Developments (2015-2022)*

Delving into the tapestry of winter tourism in Canada reveals a captivating journey through a decade marked by transformative shifts in consumer preferences and the dynamic evolution of the tourism industry. The period from 2015 to 2022 has witnessed a remarkable metamorphosis, with key trends reshaping the very essence of the winter tourism experience. A discernible surge in the popularity of winter sports and outdoor activities has become a hallmark, attracting an increasing number of tourists in pursuit of immersive and authentic winter adventures.

The rise of adventure tourism during the winter months has been a driving force, propelling a heightened demand for diverse and specialized winter destinations. Traditional ski resorts, once the epitome of winter getaways, now share the spotlight with off-the-beaten-path locations, beckoning to those seeking unconventional and unparalleled experiences. This evolution in winter tourism activities inevitably influences the transportation needs of visitors, consequently impacting the demand for car rentals as the preferred mode of exploration.

### *3.2 Notable Factors Influencing Seasonal Demand for Car Rentals*

A closer examination of the factors fueling seasonal demand for car rentals during winter tourism uncovers a complex interplay of geographical diversity, cultural events, and technological advancements. The geographical vastness of winter destinations across Canada emerges as a primary driver, as tourists increasingly seek to traverse remote and picturesque locations beyond the reach of public transportation. The flexibility and

convenience offered by car rentals thus become indispensable components of the winter travel experience.

The surge in popularity of winter festivals, cultural events, and sporting competitions during the review period further amplifies seasonal fluctuations in the car rental market. These events, drawing visitors from across the nation and the globe, create concentrated periods of heightened demand for transportation services. The need for reliable and accessible transportation during such gatherings not only underscores the integral role of car rentals but also magnifies the intricate dance between event schedules and transportation logistics.

Technological advancements and changing consumer expectations have left an indelible mark on how individuals plan and experience winter vacations. The proliferation of digital platforms, mobile applications, and online travel agencies has empowered tourists to customize their winter itineraries with unprecedented ease. This newfound flexibility in travel planning contributes to the growing demand for flexible transportation solutions, solidifying the role of car rentals as indispensable tools for efficiently navigating winter destinations.

#### **4. Seasonal Price Adjustments and Market Forecast**

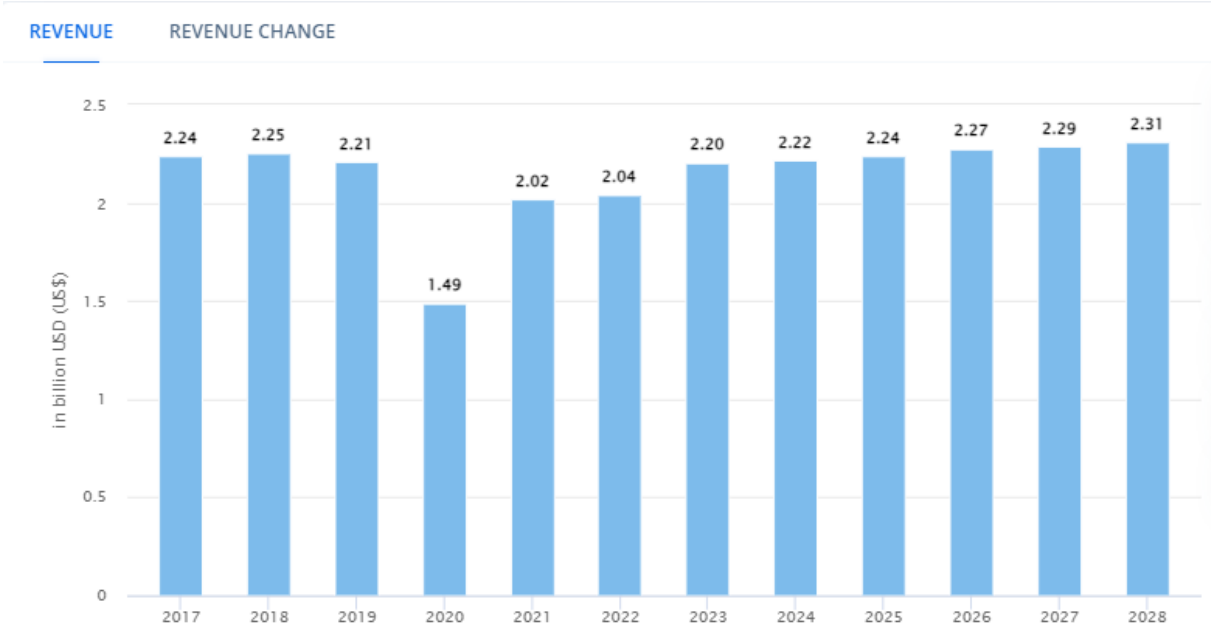
The dynamic nature of the car rental market in Canada is underscored by distinct seasonal price adjustments, intricately linked to the undulating tides of winter tourism demand. Unraveling these adjustments is not merely a task of numerical scrutiny; it is a critical pursuit for both service providers and consumers alike, seeking to extract optimal value from their engagements. In this section, a thorough exploration is undertaken through a comprehensive analysis of historical pricing data, spanning the period from 2015 to 2022. The objective is to unveil the intricate patterns, discern trends, and identify the influencing factors that orchestrate the seasonal dance of prices within the car rental market.

The observed fluctuations in car rental prices during different seasons are the result of a multifaceted interplay of factors. Firstly, the heightened demand for rental vehicles during peak winter tourism periods, such as holidays and festivals, acts as a prime mover, adhering to the fundamental principles of supply and demand. The surge in demand naturally prompts an upward adjustment in prices. Furthermore, weather conditions, assuming the role of an influential conductor, impact pricing structures as specialized vehicles become imperative during adverse weather.

Conversely, off-peak seasons witness a decline in demand, prompting agile responses from car rental companies. Strategic pricing interventions come into play, featuring promotional rates, discounts, and bundled services designed to stimulate demand during these quieter periods. Understanding this delicate interplay between demand dynamics and pricing strategies becomes paramount for a comprehensive assessment of the overall economic landscape within the car rental market.

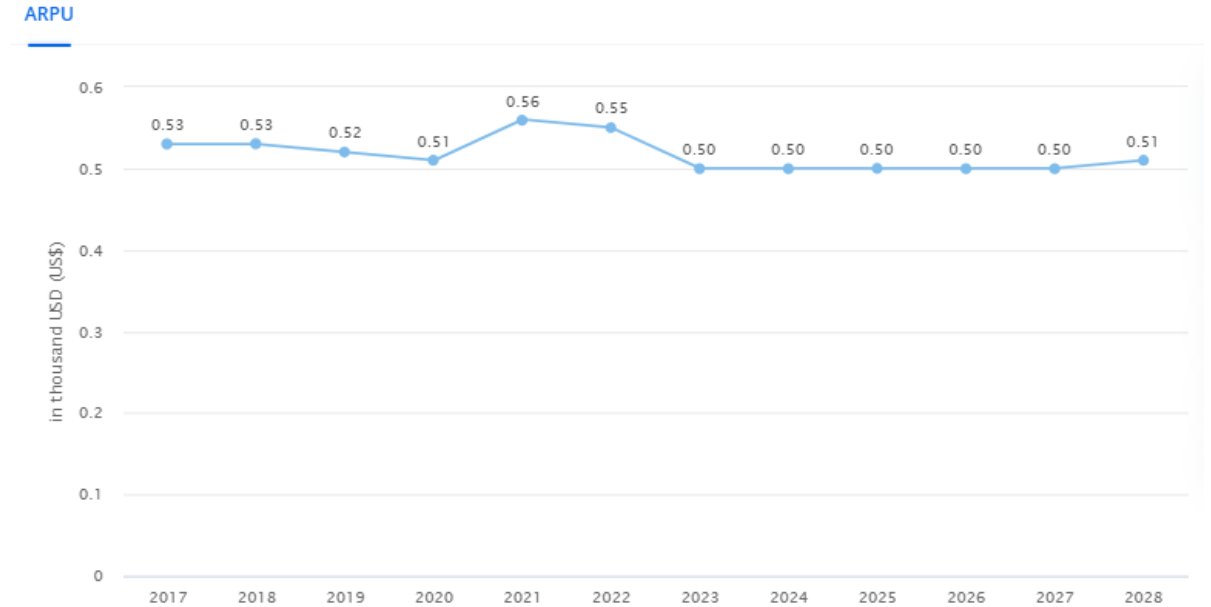
The repercussions of seasonal price adjustments extend beyond the numerical realm, weaving into the fabric of consumer behavior within the car rental market. Price-sensitive consumers, attuned to the rhythm of fluctuations, may recalibrate their travel plans. This could involve opting for alternative modes of transportation or strategically adjusting the timing of their trips to leverage more favorable rates. The profound influence of these nuanced shifts in consumer behavior echoes through the market dynamics, sculpting the overall competitiveness and profitability of car rental companies.

##### *Market Forecasts*



Notes: Data shown is using current exchange rates. Data shown does reflect market impacts of Russia-Ukraine war.  
Most recent update: Dec 2023  
Source: Statista Market Insights

Figure 1. Forecast of Revenue in Canada Car Rental Marke (2017-2028)



Most recent update: Dec 2023  
Source: Statista Market Insights

Figure 2. Forecast of ARPU in Canada Car Rental Marke (2017-2028)

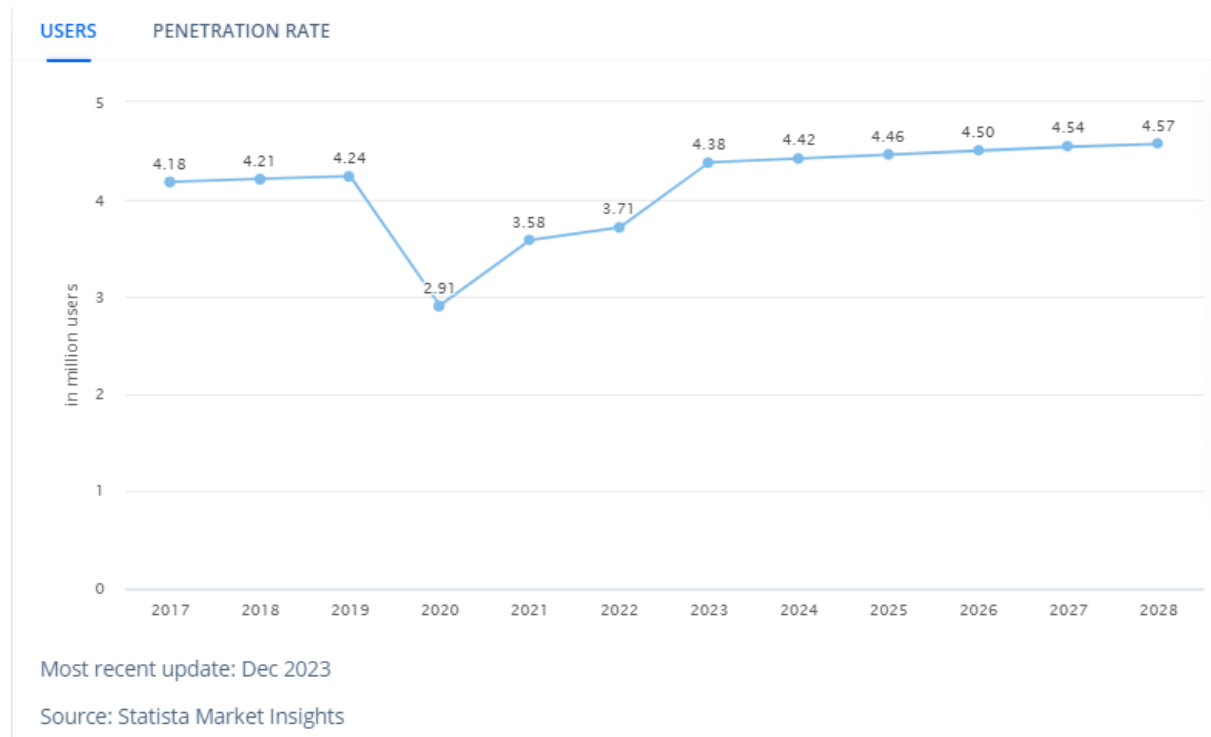


Figure 3. Forecast of Users in Canada Car Rental Marke (2017-2028)

Encompassing crucial aspects such as revenue, ARPU, and user projections, these figures provide a glimpse into the anticipated trajectory of the car rental market. This forward-looking dimension not only augments the understanding of anticipated trends but also sheds light on the alignment of seasonal price adjustments with broader industry trajectories.

## 5. Discussion

The analysis of seasonal price adjustments and market forecasts in the context of the winter tourism industry and the car rental market in Canada yields valuable insights into the intricate relationship between consumer behavior, market dynamics, and economic conditions. One of the key findings is the cyclical nature of price adjustments, closely aligned with the peaks and troughs of winter tourism demand. Understanding these patterns sheds light on the strategic considerations adopted by car rental companies to optimize their revenue streams.

The implications of seasonal price adjustments are manifold and extend beyond the realm of individual car rental transactions. Firstly, these adjustments influence the accessibility and affordability of winter tourism experiences for visitors. The fluctuating prices can impact the decision-making process of potential tourists, potentially influencing the timing and nature of their winter vacations. As a result, seasonal price adjustments play a pivotal role in shaping the overall success of the winter tourism industry in Canada.

Moreover, the discussion extends to the consequences for the car rental market. The impact on consumer behavior, driven by fluctuating prices, underscores the need for strategic pricing models that align with the evolving demands of winter tourists. Car rental companies must navigate the delicate balance between maximizing profitability during peak periods and maintaining competitive pricing to attract customers during off-peak seasons.

The integration of market forecasts further enriches the discussion by providing a forward-looking perspective. Anticipated trends in revenue, ARPU, and user projections offer stakeholders a roadmap for navigating future market conditions. The discussion delves into how these forecasts align with the identified patterns in seasonal price adjustments, enabling a nuanced understanding of potential challenges and opportunities on the horizon.

*Policy Implications and Recommendations:* Beyond industry considerations, the discussion addresses potential policy implications that may arise from the observed dynamics. Policymakers could use the findings to inform regulatory frameworks that balance market competitiveness with consumer protection, ensuring a fair and accessible car rental market for all. Recommendations may also be proposed for industry players, suggesting adaptive pricing strategies, customer-centric approaches, and sustainable business practices.

## 6. Conclusion

In drawing the curtains on this comprehensive exploration, the research has explored seasonal price adjustments within the car rental market, contextualized within the realm of winter tourism in Canada spanning the years 2015 to 2022. The journey has uncovered a rhythmic dance of price fluctuations intricately linked to the crescendos and diminuendos of winter tourism demand. Through the lenses of historical trends, consumer behavior, and market forecasts, the analysis has unveiled the subtle forces influencing these adjustments, painting a nuanced portrait of this symbiotic relationship.

The canvas of the winter tourism industry in Canada has undergone significant brushstrokes during the reviewed period. The surge in popularity for diverse winter activities coupled with an increased reliance on car rentals to access remote winter destinations is a notable transformation. Seasonal price adjustments emerge as key orchestrators in shaping the accessibility and affordability of these winter experiences, their impact rippling through the decision-making processes of both intrepid tourists and strategic-minded car rental companies. As the research unfurls its findings, the implications resonate across the spectrum of stakeholders within the winter tourism and car rental industry. For car rental companies, the delicate equilibrium between maximizing profits during peak periods and remaining competitive during off-peak seasons becomes the tightrope to traverse. Understanding the nuanced interplay between pricing strategies, consumer behavior, and market dynamics emerges as the cornerstone for formulating effective business strategies that withstand the seasons' ebb and flow. In the corridors of policymaking, our findings send a resonant call to action. Adaptable regulatory frameworks are advocated, ones that can deftly navigate the unique challenges posed by the seasonal undulations in demand. Fostering a marketplace that is both competitive and fair becomes the key to contributing to the sustainable growth of the car rental sector and elevating the overall winter tourism experience. The insights garnered from this research act as a compass, guiding industry stakeholders in the development of strategic approaches to pricing, marketing, and service provision. Recognizing the impactful role of external factors, such as weather conditions and special events, becomes the linchpin for proactive planning and the formulation of responsive business models that resonate with the evolving demands of the market.

While this study serves as a snapshot capturing the seasonal dynamics that underpin the symbiotic relationship between winter tourism and the car rental market in Canada, it is crucial to acknowledge its limitations. The industry is an ever-evolving entity, shaped by changing consumer preferences and external influences. Future research endeavors beckon to explore emerging trends, the impact of technology on consumer behavior, and the role of sustainability in sculpting the winter tourism and car rental landscape.

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