

Travel arrangement and reservations services industry group sees 4.4% increase to operating revenue in 2019

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The travel arrangement and reservation services industry group generated \$14.5 billion in operating revenue in 2019, up 4.4% from the previous year. This was a marked improvement over the previous year's decline of 0.1%. These industries benefited from a record-breaking 22.1 million tourists coming to Canada, a 4.8% increase over 2018.

Ontario accounted for the largest share of 2019 revenue (48.0%), followed by Quebec (24.3%) and British Columbia (15.9%).

This industry group is composed of three industries: tour operators, travel agencies, and other travel arrangement and reservation services. Tour operators (62.2%) accounted for the largest share of revenue.

It should be noted that travel arrangement services can be offered to Canadians, mostly online, by firms that operate as legal entities from foreign countries. Purchases made by Canadian consumers from foreign companies are not included in this survey and are not included in the estimates.

The 2019 figures will inevitably set a high water mark for the near future, as all travel-related industries have been hit hard by the COVID-19 pandemic and its related restrictions on non-essential travel to Canada and border closures. The number of foreign travellers to Canada from the United States and overseas countries was down 95.3% in September 2020 compared with September 2019. Canadians' travel outside the country has seen declines of the same magnitude. While COVID-19 restrictions were eased over the summer in several areas of the country and domestic travel was possible, the travel arrangement and reservation services industry group remained strongly affected. Advisories against non-essential travel are still in effect, and several areas of the country are grappling with a resurgence of the pandemic.

Tour operators

Tour operators saw their operating revenue increase 3.9% to \$9.0 billion in 2019. Along with the increase in the number of tourists in Canada, tour operators also benefited from a 3.2% increase in the number of Canadians travelling to countries other than the United States, as they are more likely to use services from tour operators.

Packaged tours (63.7%) generated most of the sales, followed by group tours (21.7%), mainly to foreign destinations other than the United States. Individuals and households in Canada (81.6%) were the main source of tour operator sales, followed by clients outside Canada (13.7%).

E-commerce accounted for 26.3% of total sales in 2019, with 37.6% of business locations reporting e-commerce sales. Among businesses that made e-commerce sales, 93.5% of locations offered the option to buy through their company's website. Third-party websites (74.2%) and mobile applications (17.3%) were the next most popular e-commerce methods available to buyers.

Operating expenses increased 5.4% in 2019. The cost of goods sold (85.1%) was the largest contributor to industry expenses, followed by salaries, wages, commissions and benefits (5.4%).

The operating profit margin for tour operators was 0.8% in 2019, down from 2.2% in the previous year.

Travel agencies

Travel agencies generated \$2.4 billion in operating revenue in 2019, up 6.4% from the previous year. Travel agencies benefited from the increase in Canadians travelling to countries other than the United States (similar to tour operators), as well as from growth in online sales, which has allowed some Canadian firms to sell travel services to a broader market.

Airline seats (35.9%) accounted for the largest share of sales revenue for travel agencies, followed by packaged tours (23.8%) and cruises (8.0%). Most sales were made to individuals and households (58.0%) and businesses (24.1%) in Canada.

By destination, travel agencies generated the largest share of revenue from tour and cruise packages to foreign destinations other than the United States (32.6%).

E-commerce accounted for 29.9% of total sales in 2019, with 41.2% of business locations reporting e-commerce sales. Among businesses that made e-commerce sales, 94.7% of locations offered the option to buy through their company's website. Third-party websites (56.9%) and mobile applications (21.4%) were the next most popular e-commerce methods available to buyers.

Operating expenses were \$2.2 billion, up 7.7% from 2018. Salaries, wages, commissions and benefits (49.2%) contributed the most to industry expenses, followed by advertising, marketing, promotions, meals and entertainment (11.8%).

The profit margin for travel agencies declined to 10.9% in 2019, down from 11.9% in 2018.

Other travel arrangement and reservation services

The operating revenue for other travel arrangement and reservation services increased 4.7% to \$3.0 billion in 2019. Operating expenses rose by 5.5% to \$2.9 billion. This resulted in a profit margin of 5.1% in 2019, a decline from 5.9% in 2018.

This industry includes many different types of travel arrangement and reservation services companies, such as automobile clubs, ticket service companies and airline consolidators.

Note to readers

Data for 2017 and 2018 have been revised.

The data for reference year 2019 were collected during the spring and summer of 2020. This collection period includes the events and business disruptions around COVID-19 and, in general, response rates have been lower. As a result, there may be larger-than-normal revisions to the data in future releases. For more information on data quality and revisions please refer to [2423— Annual Survey of Service Industries: Travel Arrangement Services](#).

Information on the number of tourists was taken from table [24-10-0043-01](#).

Information on the change in travel from 2019 to 2020 was taken from table [24-10-0005-01](#).

Available tables: [21-10-0003-01](#), [21-10-0004-01](#), [21-10-0130-01](#), [21-10-0236-01](#), [21-10-0238-01](#), [21-10-0247-01](#) and [21-10-0257-01](#).

Definitions, data sources and methods: survey number [2423](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).