

# Accommodation services, 2020

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## Accommodation services operating revenue cut by more than one-third in 2020

The operating revenue of the accommodation services subsector dropped by 36.7% in 2020 to \$17.0 billion—the lowest level since 2012. The COVID-19 pandemic was the driving force behind the decline, as border restrictions were put in place for international travellers and domestic travel was curtailed. Ontario (28.3%) accounted for the largest share of revenue, followed by British Columbia (22.3%), Alberta (18.5%) and Quebec (16.7%).

Similarly, operating expenses fell to \$16.2 billion in 2020—a 30.1% decline compared with 2019. Salaries, wages, commissions and benefits (26.2%) contributed the most to expenses, followed by the cost of goods sold (14.3%)—mainly for food products and alcoholic beverages—and by amortization and depreciation (12.4%).

Because of the subsector's cost structure, the operating profit margin fell from 14.2% in 2019 to 4.8% in 2020.

The accommodation services subsector comprises two industry groupings: hotels, motor hotels and motels; and other accommodation industries. In 2020, hotels, motor hotels and motels accounted for 78.5% of operating revenue.

## Hotels, motor hotels and motels have large contractions

Total operating revenue for hotels, motor hotels and motels fell to \$13.3 billion in 2020—a 40.6% drop from 2019. The greater decline relative to the other industry group was driven mainly by tougher operating conditions, with lockdowns and other travel and border restrictions more directly affecting businesses in this industry group.

This industry group drew a lot less in sales from all types of clients, with the largest shift in trend in sales by client type during the first year of the pandemic coming from clients outside Canada. The share of sales to clients from outside Canada was nearly cut in half to 10.4% in 2020, while the share of sales to individuals and households accounted for a larger 51.7% of sales in 2020, compared with 42.7% in 2019. The share of sales to businesses edged down to 28.3% in 2020.

The largest share of sales revenue was generated by room or unit accommodation for travellers (67.8%), followed by meals and non-alcoholic beverages (10.4%), similar to pre-pandemic proportions.

Total operating expenses fell 33.0% to \$12.9 billion, with 27.0% going to salaries, wages, commissions and benefits. The operating profit margin declined from 14.7% in 2019 to 3.7% in 2020.

In 2020, e-commerce accounted for 27.6% of total sales. Among businesses that made e-commerce sales, 86.5% of hotels, motor hotels and motels offered the option to reserve through a third-party website. A company's own website (78.3%) and mobile applications (31.8%) were the next most popular e-commerce methods.

## Other accommodation industries face more moderate declines

The total operating revenue for other accommodation industries declined 16.5%, settling at \$3.7 billion in 2020. Alberta accounted for the largest share of revenue (33.2%), followed by Ontario (23.4%), British Columbia (17.7%) and Quebec (16.2%).

Alberta led all provinces in this industry group because a significant portion of this operating revenue estimate is made up of workforce lodging companies that provide accommodation at isolated working locations. This is common among industrial resource extraction operations such as those found in northern Alberta.

The industries in this group, which also include bed and breakfasts, cottages, cabins, and campgrounds, had smaller declines in demand compared with the hotels, motor hotels and motels industry group. This better performance was the result of consumer travel preferences during the pandemic. Additionally, the workforce lodging services operations that were not as impacted by the pandemic played a role in the much smaller decline in revenue in this industry group.

Total operating expenses dropped 13.6% to \$3.3 billion, with 23.0% of total operating expenses going to salaries, wages, commissions and benefits. The profit margin was 8.7% in 2020, down from 11.8% in 2019.

## A look at 2021

The reopening of many provincial economies and the easing of travel restrictions over the summer of 2021 started a rebound for accommodation services. The latest real gross domestic product (GDP) data for this industry subsector (up to October 2021) indicate that it grew in 2021 compared with the first year of the pandemic but had yet to make a full recovery. The level of real GDP for accommodation services in October 2021 was still almost one-fifth lower than in February 2020. In late November 2021, the World Health Organization declared a new variant of concern, Omicron, leading Canada to reinstate travel restrictions. This could pause the recovery of this industry subsector.

### Note to readers

Data for 2017, 2018 and 2019 have been revised. This includes an adjustment for short-term rental activity through online platforms.

The hotels, motor hotels and motels grouping contains the following standard North American Industry Classification System (NAICS) 2017 codes: 721111 (hotels), 721112 (motor hotels), 721113 (resorts), 721114 (motels), 721120 (casino hotels) and 721198 (all other traveller accommodation).

Other accommodation industries contain the following standard NAICS 2017 codes: 721191 (bed and breakfast), 721192 (housekeeping cottages and cabins), 721211 (recreational vehicle parks and campgrounds), 721212 (hunting and fishing camps), 721213 (recreational [except hunting and fishing] and vacation camps) and 721310 (rooming and boarding houses).

Data are collected for the 12-month fiscal period, which ends at some point from April 1, 2020 through March 31, 2021. This means that some businesses have reported for a year in which the majority of their operations were pre-pandemic. As such, the effects of the pandemic are not fully reflected in this reference year, but will extend to the reference year 2021 estimates.

These and other data related to business and consumer services can be found at the [Business and consumer services and culture statistics](#) portal.

**Available tables:** [21-10-0237-01](#), [21-10-0239-01](#), [21-10-0251-01](#), [21-10-0252-01](#), [33-10-0102-01](#) and [33-10-0103-01](#).

**Definitions, data sources and methods:** survey number [2418](#).

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; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).