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## Tourism in Census Metropolitan Areas: New Possibility for the Tourism Statistics Program

by Luc Dubois

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Tourism is without question an important sector of the Canadian economy. In 1996, the tourism sector in Canada generated revenues which rose to a record level of \$41.8 billion<sup>1</sup>; 492,000 people were employed in the tourism sector.

In recent years, it has often been suggested that tourism might be a panacea for the economic problems experienced by certain regions of Canada. Further, in the aftermath of budget cuts by all levels of government, many organizers of local events can no longer rely on grants from the public sector. In order to find the additional financial resources needed to continue to operate, they must attract a clientele from outside their regions.

Although the economic impact of the tourism sector has often been examined at the national and provincial levels, the impact on regional communities has been overlooked. The following analysis uses data from Statistics Canada surveys on travel and travellers (the Canadian Travel Survey, CTS, and the International Travel Survey, ITS) to examine the direct contribution of Canadian and foreign visitors to the economies of certain census metropolitan areas (CMAs) in Canada. As one might expect, the largest CMAs are also the most popular places to visit and report the highest tourism spending. The infrastructures developed to serve the local population of these major cities often become, by necessity or by virtue of their national and international reputation, tourist attractions. In order to permit a more objective comparison of the CMAs, certain indicators are used which exclude size.

This analysis sketches a profile of the tourism market of certain CMAs, i.e. the characteristics of visitors such as their origin, purpose of their trip to Canada and the time of year during which they travel. Since the choice of a place to visit

<sup>1</sup> Source: National Tourism Indicators



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often depends on the tourism products offered, attractions are also described which characterize certain regions from others. Finally, for the purposes of this analysis, only visits of one or more nights are considered.

The CTS and the ITS only allow us to measure the direct impact of tourism demand in a given region, not its total impact. Indeed, the demand for tourism products and services in turn generates demand for numerous inputs, impacting on other sectors of the local economy. In addition, employees of the tourism industry also create demand for other products and services. The total impact can only be measured by taking this multiplier effect into account.

### Tourism in Canada in 1996

In 1996 tourists spent \$23 billion during the 89 million trips of one or more nights which they made to and within Canada. As expected, Canadians, with Ontarians heading the list, made the largest number of these trips (72 million), followed by Americans (13 million), United Kingdom residents (691,000) and Japanese (648,000).

Although only 20 percent of travellers in Canada came from abroad, foreign visitors accounted for 42 percent of total spending. Americans injected the largest portion of this amount into the Canadian economy, more than \$5.0 billion, while visitors from countries other than the United States spent \$4.5 billion during their trips, including \$690 million by Japanese tourists and \$641 million by United Kingdom residents.

### The most populated census metropolitan areas are also the most popular destinations

The indicator most frequently used to measure the importance of tourism in a given region is the number of visits. It is often possible to arrive at an approximate estimate by using the number of inquiries at tourism information booths, the number of hotel rooms occupied, conventions held in the area, arrivals at airports or nearby border crossings and/or attendance at major tourist attractions.

For the first time, in 1996, it is possible to paint a complete picture at the regional level. Information on places visited between origin and final destination is now collected by the CTS. The ITS was already gathering information on all places visited by foreign travellers in Canada.

As indicated in Table 1, the CMA's of Toronto, Montreal and Vancouver received the largest number of visits, which, given their size, is hardly surprising. While these three major Canadian cities have a number of points in common which allow them to attract many tourists, each also has its unique attractions.

### Toronto, the most visited census metropolitan area in Canada

The latest Statistics Canada Census of Population in 1996 counted 4,263,757 persons living in the Toronto census metropolitan area, the largest CMA in Canada.

Toronto is a cosmopolitan city with approximately 80 different ethnic communities represented in its population, including the largest Italian community outside Italy (nearly 147,000 people of Italian birth). More than two-fifths of its population is composed of immigrants, half of whom have settled in Canada since 1981.

The ethnic composition of Toronto has changed over the years. While the immigrants who settled in Toronto before the 1960s were born mainly in the United Kingdom, Italy and Germany, 60 percent of immigrants who have arrived since 1991 have come from Asia (particularly from Hong Kong, Sri Lanka and the People's Republic of China) or from the Middle East.

Toronto is a major financial and industrial centre. The Toronto Stock Exchange handles one of the largest volumes of stock transactions in North America. The city also boasts one of the largest concentrations of manufacturers in Canada.

Toronto has a significant cultural dimension as well, with a zoo, a theme park, and numerous museums, cultural centres and theatres. More than 140 professional theatre and dance companies call the city home, making Toronto the third largest English-language theatre centre in the world, after London and New York. There are 75 productions a month on average and more than 10,000 performances are staged every year.



# Travel-log

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#### Note of appreciation

*Canada owes the success of its statistical system to a long-standing co-operation involving Statistics Canada, the citizens of Canada, its businesses and governments. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.*

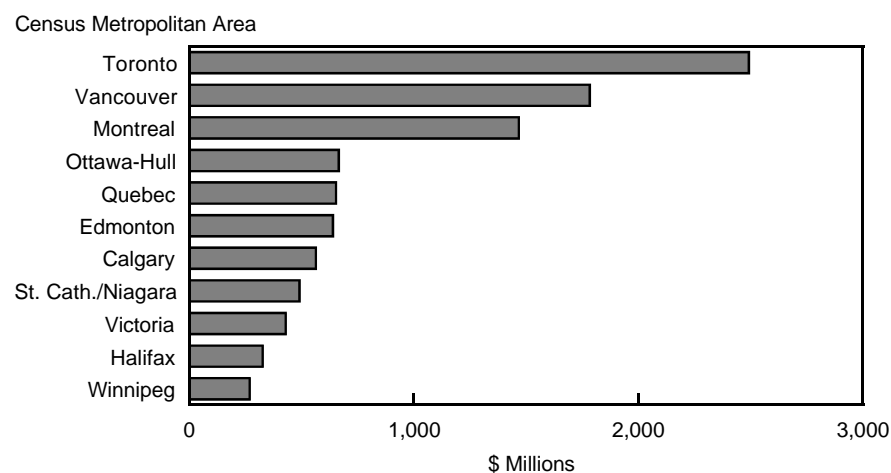
Table 1

**Census Metropolitan Areas (CMAs) which received over 1 million visits of one-or-more nights duration in 1996**

CMA Visited	Number of Visits	Origin					
		Same province	Other provinces	United States	Europe	Asia	Other
		'000					
Toronto	8,402	3,581	1,116	2,339	702	455	209
Montreal	5,649	2,080	1,350	1,233	664	169	153
Vancouver	4,714	1,274	934	1,485	361	536	124
Quebec	3,353	2,040	286	464	416	65	82
Ottawa-Hull	3,177	1,326	978	388	309	103	73
Calgary	2,912	1,248	1,008	375	137	105	39
St. Catharines – Niagara	2,880	892	90	1,300	314	232	52
Edmonton	2,771	1,605	722	248	101	72	23
Victoria	1,773	639	240	555	147	141	51
Halifax	1,279	507	519	172	58	9	14
Winnipeg	1,253	438	561	202	30	13	9
London	1,164	891	51	178	23	10	7

Sources: Canadian Travel Survey and International Travel Survey

Chart 1

**Total tourist expenditures**

Sources: Canadian Travel Survey and International Travel Survey

The city is also home to a number of professional sports teams (hockey, baseball, basketball, football and soccer). The Blue Jays baseball team set attendance records in the early 1990s when it won the World Series. There is a horse racing track and many golf courses, tennis courts, outdoor pools and beaches. There are also paths along the lakefront for cycling, walking and jogging as well as places to ski and skate in the winter.

Shopping is also an activity which tourists can indulge in. There is a wide range of boutiques and stores of all kinds, in the suburbs and downtown, a number of which are underground.

Many special events take place throughout the year, including a jazz festival, an international film festival, cultural festivals, a fireworks competition, an Indy Formula auto race and the Santa Claus parade, which is televised to millions of households worldwide.

In terms of access, Pearson Airport is the busiest in Canada, and could become much busier when the "Open Skies" agreement liberalizing air traffic between Canada and the United States becomes fully effective February 1998.

All these attractions and many more enticed 8.4 million tourists to spend at least one night in Toronto in 1996.

The purpose of trips influences the time of year visits take place. Overseas residents, most of whom stayed in Toronto while on vacation, made approximately half of their visits during the summer.

Visits by Americans and by Canadians were distributed somewhat more equally over the year. Approximately one in three visits to Toronto took place during the months of July, August or September (slightly more for Americans, slightly less for Canadians).

Like overseas residents, Americans made most of their visits during pleasure trips. However, they visited Toronto while on business trips more frequently than Canadians or residents of other countries (one visit out of three compared to one out of five and one out of six respectively). Canadians, however, stopped over in Toronto (44 percent of visits) mainly while travelling to visit relatives or friends.

**Montreal, host of numerous international events**

Montreal, the second-largest French-speaking city in the world after Paris, ranked behind Toronto in terms of the number of tourists who visited it in 1996 (5.6 million). One of the city's particular charms is the contrast it offers between the skyscrapers of a modern city and historic Old Montreal, reminiscent of Europe.

Montreal is also a major financial and industrial centre. The numerous high technology companies based in Montreal have helped make the city a leader in this field. Its port, although located more than 1,600 kilometres from the Atlantic Ocean, is one of the busiest in Canada.

Montreal also boasts the longest underground shopping mall in the world, which allows people to buy or simply window shop while escaping from the harshness of winter. In addition, the city is considered the fashion capital of Canada.

The city prides itself on supporting the most successful professional sports team ever, the Montreal Canadians



hockey team, which enjoys an international reputation.

In terms of tourist attractions, the casino and the Old Port of Montreal remain the most visited sites. Among its other attractions, Montreal has numerous museums, a botanical garden, a planetarium and religious sites such as St. Joseph's Oratory and Notre Dame Basilica.

Throughout the summer, festivals and international events follow one another. The month of June begins with a Formula One Grand Prix auto race, followed by a fireworks competition and jazz, cultural, comedy and film festivals. During the coldest months of winter, Montreal celebrates the Fête des Neiges.

Compared to Toronto, a larger proportion of visits to Montreal are made during the summer. Overseas residents make as many visits during this season as during the rest of the year, while two stays out of five by Americans take place in the summer. Three visits out of ten by Canadians are made during the summer.

In terms of the purpose of their trip, the majority of Canadians visiting Montreal travelled to visit friends and relatives, while foreigners travelled mainly for pleasure.

### **Vancouver, a growing city**

Vancouver is one of the fastest-growing cities in North America, primarily due to the large influx of immigrants. One out of five residents of Vancouver arrived in Canada during the past 15 years. Since 1991, the total immigrant population has increased by a third. Only 10 percent of these new immigrants came from Europe, while 80 percent were born in Asia (particularly Hong Kong, China and Taiwan) or in the Middle East. Of all the cities in North America, only San Francisco has a larger Chinatown. Despite the intermingling of all these various cultures, the city has succeeded in combining the Asian, European and North American West Coast influences.

Vancouver's geographic location makes it a crossroads for travel between North America and Asia and has helped make its port one of the busiest in the world. U.S. shipping legislation (the Jones Act), which does not allow foreign-registered vessels to carry passengers between two U.S. ports, helps make the port of Vancouver a major transfer point

and port of call for cruise ships operating between Los Angeles and Alaska.

Vancouver's natural setting, overlooking the ocean, dotted with green space and framed against the dramatic backdrop of the mountains, contrasts with the city's modern skyline and contributes to its appeal.

The appeal of this natural setting has undoubtedly helped the film industry to prosper in Vancouver in recent years, earning it the nickname "Hollywood North." In addition to the numerous American productions, the city now also boasts an increasing number of Asian productions.

In 1996, 4.7 million visitors spent at least one night in Vancouver. Only two visits out of five by Canadians were made while travelling to visit friends and relatives. Some 65 percent of visits by residents of countries other than the United States were made during a pleasure trip, compared to half for Americans. Conversely, only 17 percent of visits to Vancouver were made while on a business trip.

### **In search of the external market**

One of a regional economic development corporation's primary objectives is to stimulate spending by outsiders, thereby creating a greater multiplier effect. The degree of success in attaining this goal can be measured by the proportion of its market which is composed of visitors from outside the province.

Vancouver ranks first in this regard (see Table 1), attracting nearly three-quarters of its visitors from provinces other than British Columbia, the United States and overseas countries. Vancouver depends on the Asian market more than any other CMA in Canada.

Similarly, foreign visitors account for two-thirds of the St. Catharines-Niagara tourism market. In particular, this region is heavily dependent on American visitors, who make up 45 percent of its market. This is the highest proportion of visiting Americans among the major CMAs.

London, on the other hand, is at the opposite end of the spectrum. This region has the largest local market of all the major CMAs. Although it ranks twelfth on the list of CMAs by number of tourists, it receives as many visitors from Ontario as the St. Catharines-Niagara region, which ranks seventh.

More than 75 percent of visitors to London are Ontarians. Americans, mainly Michigan residents, comprise the region's second-largest market, ahead of Canadians from the other provinces. Only 3 percent of visitors are from outside North America.

The Quebec City CMA also relies heavily on the domestic provincial market. Three out of five visits to the region are made by residents of the province, who made nearly as many visits to Quebec City as to Montreal. The region is more popular with Americans and Europeans (particularly the French) than with Canadians from the other provinces.

### **More tourists, higher spending**

Spending by visitors represents the absolute measurement of the direct economic impact of tourism in a region. Table 2 shows the level of spending by tourists in selected CMAs in Canada. The results observed are hardly surprising. They confirm that visits constitute a fairly accurate indicator for estimating the economic impact of tourism: the CMAs which received the most visits are also those which reported the highest tourism spending.

In 1996, Canadian and foreign tourists injected \$2.5 billion in the Toronto economy during visits of one or more nights. This was the highest amount spent in a CMA.

Vancouver ranked second, with spending 28 percent lower than in Toronto. Total spending in Vancouver was 22 percent higher than in Montreal, which ranked third, although the number of visits in Vancouver was 17 percent lower than in Montreal.

With very few exceptions, a region's ranking by total spending reflects the number of visits it received.

### **Visitors stay longer in Vancouver**

In terms of the contribution to a region's economy, spending by tourists is much more important than the number of tourists. Two measurements, namely average length of stay and spending per overnight stay, enable us to compare the success of tourism in the regions on a relative basis. Although they are partly dependent on the cost of living in each CMA, these measurements (Table 2) can still be considered an indication of a

destination's attractiveness and of the number and variety of things to see and do there.

The higher spending (Table 2) in Vancouver compared to Montreal, despite a lower volume of visits, is easily explained with the help of these measurements. On the one hand, visitors stayed in Vancouver longer than anywhere else in Canada (4.0 overnight stays, one more than in Montreal); on the other hand, the Vancouver CMA also reported the highest average spending per overnight stay. When these two factors are combined, the result is spending per visit almost 50 percent higher during visits to Vancouver than to Montreal.

### Residents of Victoria benefit from tourism

However, the number of visits and the amount of total spending do not allow us to measure the relative economic importance of tourism in the various regions. In order to get a better idea of this, it is necessary to divide total spending by a common denominator, namely the population of each CMA as determined by the 1996 Census of the Population.

Chart 2 presents spending by tourists in certain census metropolitan areas as a proportion of their respective populations. The pattern seen in this chart contrasts with those seen in the two previous tables. In this chart, Toronto and Montreal ranked ninth and tenth respectively. Moreover, for every man, woman and child living in the Victoria CMA, the tourism industry directly generated almost 2.5 times more spending in 1996 than for residents of Toronto (\$1,414 versus \$584).

Victoria has the mildest climate in Canada. It is protected by coastal mountains and bathed by a warm current from the Pacific Ocean. Its ubiquitous gardens, which are in bloom year-round, and its "British" character lend it a particular charm. Ferries from Washington State and British Columbia bring a constant flow of tourists. Its temperate climate also encourages Canadians to visit year-round. Only 30 percent of Canadian visitors to Victoria come during the summer (one of the lowest proportions along with Montreal and Edmonton), in contrast to a majority of foreign visitors who choose this season. Among overseas visitors, as many Europeans as Asians are attracted by Victoria.

Table 2

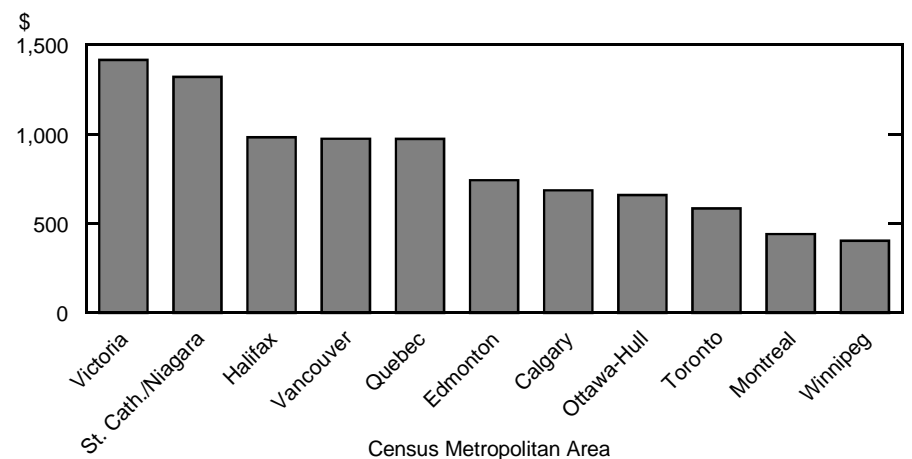
### Census Metropolitan Areas (CMAs) which received over 1 million visits of one or more nights duration in 1996

CMA Visited	Visits	Nights	Expen- ditures	Average Duration	Expen- ditures per visit	Expen- ditures per night
	'000	'000,000	\$'000,000	nights	\$	\$
Toronto	8,402	27	2,492	3.2	297	92
Montreal	5,649	17	1,468	3.0	260	86
Vancouver	4,714	19	1,784	4.0	378	94
Quebec	3,353	8	654	2.4	195	82
Ottawa-Hull	3,177	10	666	3.1	210	67
Calgary	2,912	8	564	2.7	194	71
St. Catharines - Niagara	2,880	6	491	2.1	170	82
Edmonton	2,771	8	640	2.9	231	80
Victoria	1,773	5	430	2.8	243	86
Halifax	1,279	4	327	3.1	256	82
Winnipeg	1,253	4	269	3.2	215	67
London	1,164	3	152	2.6	131	51

Sources: Canadian Travel Survey and International Travel Survey

Chart 2

### Tourist expenditures per capita, 1996



Sources: Canadian Travel Survey, International Travel Survey and the 1996 Census of Population

St. Catharines-Niagara is the region with the second-highest tourism spending per capita, at \$1,320. The region's number one attraction is approximately 12,000 years old and enjoys an international reputation: several falls, including the most famous one, in the shape of a horseshoe, which is located on the Canadian side and is more than 50 metres high and 675 metres long. Tourists eager to capture its majestic beauty on film reportedly buy more film here than anywhere else in the world. It is not unusual

to hear about ten different languages spoken when strolling along the scenic lookout leading to the falls. An entire tourism sector has developed around this natural site, including several observation towers, museums and souvenir shops. A casino opened its doors in December 1996. The region is also a favourite destination for honeymoon couples.

However, there is more to the St. Catharines-Niagara region than just Niagara Falls. It also boasts Niagara-On-The-Lake, a small town which has

conserved its quaint nineteenth century charm and is the home of a theatre festival highlighting the plays of George Bernard Shaw and some of his contemporaries. This festival runs from late April to mid-November in three different theatres. For its part, St. Catharines is located in the heart of the fruit-growing region of Ontario and includes a number of orchards and vineyards.

The St. Catharines-Niagara region is the only region where the majority of visits by Canadians were made during pleasure trips (51 percent) rather than while visiting friends and relatives. As for foreign tourists, only Quebec City and Victoria received as high a proportion.

## Conclusion

There are several traditional indicators, such as number of visits or total spending, for measuring the impact of tourism in census metropolitan areas. Now that the Canadian Travel Survey is gathering information on places visited between origin and destination, it is finally possible to obtain a more accurate picture than in the past. A word of caution is necessary, however: these indicators do not reveal the whole truth when it comes to comparing one region with another since the largest regions tend to dominate in absolute terms. It is therefore necessary to place visits and spending on a relative basis. In the course of this analysis, we have demonstrated a method which can be used to draw a much more revealing picture than what the absolute figures provide. This method puts the results of the Canadian Travel Survey and the International Travel Survey in perspective against the size of the population of the region visited.

### Note to Readers

A more extensive profile of municipal tourism markets has been developed in a recently completed work program called *The Cities Project*, sponsored by the Ontario Ministry of Economic Development, Trade and Tourism (MEDTT), the Canadian Tourism Commission, the Destination Marketing Research Group (DMRG), and Statistics Canada. This project allows these cities to compare their 1996 performance and visitor profile with other cities in the country and provides the opportunity for common estimates of the economic value of visitors. For more information about *The Cities Project*, please contact the Canadian Tourism Commission at 613-954-3835.

## Definitions

### Census Metropolitan Area (CMA)

A CMA is generally made of an urbanized core of a population at least 100,000, together with adjacent urban and rural areas which have a high degree of economic and social integration with the urbanized core.

## Methodology

### Canadian Travel Survey (CTS)

The CTS gathers information on Canadian trips and travellers. The survey collects more than 30 characteristics which include socio-demographic information on travellers, leisure activities, trip purpose, mode of transportation, length of stay, origin and destination and trip expenditures.

The CTS, sponsored by the Canadian Tourism Commission and the provincial governments, is conducted as a supplement to Statistics Canada's monthly Labour Force Survey (LFS). The LFS employs a complex probability sample representing almost all of the civilian residents of Canada 15 years of age and over.

The CTS is done on a monthly basis and has a sample size of about 10,000 households each collection period. For each month, information is collected for all overnight trips, regardless of distance, and for all same-day trips having a one-way distance from home of 80 kilometres (50 miles) or more.

In 1996, the coefficient of variation, which represents the statistical measure of sampling variability, was 1.4 percent for trips of one or more nights and of 2.6 percent for spending during these trips.

### International Travel Survey (ITS)

The ITS is a continuous questionnaire survey which collects quarterly information on the expenditure and other characteristics of the international traveller. A questionnaire is handed out to the travel party on entry by Canada Customs officials according to pre-arranged schedules. The questionnaire is then filled by a member of the travelling party and returned to Statistics Canada.

Spending for a region is estimated by allocating total spending according to the number of nights spent in that region compared to the total duration of the trip in Canada.

In 1996, the return rate of questionnaires was 6 percent for Americans and 4 percent for residents of countries other than the United States.

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## Traveller Accommodation Survey – 1995-96 Results

The traveller Accommodation Survey is by far the largest and most comprehensive survey of the traveller accommodation industry service industries. Since the redesign in 1992, the survey has continued to be expanded to include a collection of other business operating characteristics and marketing information to meet the needs of increased interests from outside users.

Recently released data from the 1995-96 Traveller Accommodation Survey show that the business activity of traveller accommodation industries continued to grow. The total revenue generated by these hospitality service industries was up 5 percent to reach almost \$10 billion.

Although it represents only one-third of the number of establishments, the hotel and motor hotel industry generated \$7.7 billion in revenue in 1995-96,

amounting to three-quarters of all accommodation revenue.

The motel industry and the other accommodation industries each had a share of 11 percent of all accommodation revenue.

Most provinces shared in the sustained growth in revenue in 1995-96. The more significant exception was shown in Alberta where the large revenue increase in the previous year (8 percent) was reduced to 4 percent.

The average room occupancy rate, as reported by the surveyed establishments of traveller accommodation industries, and in particular, of the hotel and motor hotel industry, showed an upward trend of two percentage points from the past year. The most significant increases were recorded in Quebec and Manitoba.

For more information on 1995-96 traveller accommodation statistics, please refer to Catalogue 63-204-XPB.

### Number of Establishments and Total Revenue, Traveller Accommodation Service Industries, 1995-96

		Accommoda- tion Service Industries	Hotel and Motor Hotel Industry	Motel Industry	Other Accom- modation Industries
Establishments	(#)	15,697	5,116	4,115	6,466
Distribution	(%)	100	33	26	41
Total Revenue	(\$M)	9,860	7,696	1,093	1,071
Distribution	(%)	100	78	11	11

Source: *Traveller Accommodation Survey*



### Canadian Travel Survey Results, 1996

Throughout 1996, Statistics Canada interviewers spoke with 180,000 adult

Canadians across the country about their domestic travel activity—the largest sample ever in the history of the survey and one of the largest domestic travel survey samples in the world. It is important that we know about domestic travellers since they represent the largest tourism market for Canada. In 1996, domestic tourism expenditures generated 71% of the \$41.8 billion<sup>1</sup> in tourism revenues.

The publication, "**Canadian Travel Survey Results, 1996**", which is to be released in the spring of 1998, provides an overview which highlights key aspects of the 1996 Canadian Travel Survey (CTS)

results and a summary of the economic situation across the country. New in this publication are *Market Profiles* which investigate current travel topics and key market segments. These findings will provide clues to the industry for developing appropriate marketing strategies, long-term planning and product development. With the analysis more practical, straightforward and user-friendly than ever before, readers should find this tourism publication an indispensable source.

<sup>1</sup> Source: National Tourism Indicators

### 1996 Canadian Travel Survey: microdata now available on *Beyond 20/20*

The Tourism Statistics Program is pleased to announce the release of its first *Beyond 20/20* microdata files, which include data from the 1996 **Canadian Travel Survey (CTS)** (No:87M0006XCB). The files are compiled on compact disc and accompanied by detailed documentation. This program's *Browser* function enables users to create their own statistical tables with a minimum of technical knowledge. It is possible to use up to eight variables and work with them simultaneously, while manipulating at least two of them in the same table.

This microdata file is designed both for current users of conventional CTS microdata files and for an entirely new clientele. Indeed, any analyst or researcher wishing to use 1996 CTS data who can take a little time to become familiar with the *Beyond 20/20* program will be delighted to discover how its capabilities can be put to good use.

For more information on the new format available for this product or to order the product, contact 613-951-6321. Fax: 613-951-2909.





## Characteristics of International Travellers Second Quarter 1997

Overseas residents made 1.1 million overnight trips to Canada during the second quarter of 1997, down 5.5% from the same quarter in 1996. Alberta and British Columbia were the provinces most affected economically by this drop.

Meanwhile, travel between Canada and the United States was down slightly

in both directions. Americans took 3.5 million overnight trips to Canada, while Canadians made 3.7 million trips to the United States, both down 0.6% from 1996.

### Strong Canadian dollar an important factor in the drop in overseas travel to Canada

The drop in overseas travel to Canada of at least one night in the second quarter was the first since the first quarter of 1992. Since then, favourable economic conditions and exchange rates have contributed to maintain the upward trend.

However, many foreign currencies have lost value compared with the Canadian dollar in the second quarter of 1997 and Canada's major markets have been strongly affected. Since the spring of 1995, the Japanese yen has lost 29% of its value compared with the Canadian dollar, the Swiss franc 19%, the German mark and the Dutch guilder 18% and the French franc 14%.

### Note to readers

Spring is the second quarter (April, May and June).

Atlantic Provinces are Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick. Prairie provinces are Manitoba and Saskatchewan, and western provinces are Alberta and British Columbia as well as the Yukon and Northwest Territories.

Eastern regions of the United States are New England, Mid- and South Atlantic, East North Central and East South Central. Western regions of the United States are West North Central, West South Central, Mountain, Pacific, Alaska and Hawaii.

Comparisons are made with the same quarter of previous years. Spending by Canadians in the United States for the second quarter 1996, for same-day car travel, has been adjusted from \$244.2 million to \$314.7 million.

A tourist is a traveller who stays at least one night in a place visited.

### Spending by residents of overseas countries during overnight visits

Second quarter

	1997	1996	1996 to 1997
	\$ millions		% change
<b>Canada</b>	<b>1,189</b>	<b>1,204</b>	<b>-1.2</b>
<b>Province visited</b>			
Atlantic provinces	55	29	89.7
Quebec	236	235	0.4
Ontario	477	444	7.4
Prairie provinces	23	18	27.8
Western provinces	397	478	-16.9

### Trip characteristics of overseas travel to Canada for at least one night

Second quarter 1997

	Person-trips	Average number of nights	Average spending per person-trip	Average spending per night
	millions		\$	
<b>Total</b>	<b>1,131</b>	<b>11.2</b>	<b>1,051</b>	<b>94</b>
Direct	687	14.1	1,265	90
Via the United States	444	6.7	725	108
by land	209	5.1	460	90
by other	235	8.1	960	119

### Western provinces most affected economically by the drop in overseas travel

Overseas travellers spent \$15 million less in Canada during overnight trips in the second quarter of 1997 than the same quarter in 1996. Alberta (down \$37 million) and British Columbia (down \$32 million) were the most affected provinces. In particular, Japanese visitors' spending in the two provinces was down \$63 million from last year, while British travellers spent \$25 million less.

Meanwhile, overseas visits of at least one night to the Atlantic provinces were up substantially and spending almost doubled. Spending in Ontario during overnight visits also increased from the second quarter of 1996 (\$33 million).

### More tourists entering Canada directly from overseas

Over 687,000 overseas travellers entered Canada directly, up 1.8% from the same period in 1996. The proportion of overseas travellers entering Canada directly rose following the increased supply of seats on direct routes between Canada and overseas countries, from 56% in the second quarter of 1996 to 61% in 1997. The economic impact of this increase is important because travellers



who entered Canada directly stayed twice as long on average as those who entered via the United States and they spent 75% more in Canada per trip. However, the drop in the total number of overseas tourists (down 28% from the spring of 1996) was caused by the decline in those

travellers entering Canada by land via the United States.

#### Slight drop in overnight travel to Canada by Americans

After a 5.5% advance in the first quarter of 1997, overnight travel to Canada by

Americans was down slightly during the spring of 1997 compared with the previous year. The decrease was mainly attributable to the drop in travel by car. Meanwhile, travel by other modes was on the rise.

After nine quarters of steady advances, the number of trips by plane by Americans to Canada was stable at 843,000. Preliminary estimates for the third quarter of 1997 indicate that the upward trend in air travel continued.

Americans undertook more than three quarters of their overnight business trips to Canada by plane. During the second quarter of 1997, Americans made 6.9% more overnight business trips compared with the same period of 1996. However, they made 2.5% fewer leisure trips (which includes pleasure trips and visits to friends and relatives). Average spending on business trips was 90% higher than on leisure trips.

Trips of one night only were up 7.9% in the second quarter of 1997 while longer trips (particularly those of 2 to 6 nights) dropped. Consequently, Americans spent 1.8% fewer nights in Canada and their spending was down 1.3%.

#### Increase in visits to Florida and Mexico by Canadians

Canadians made 3.7 million overnight trips to the United States during the spring of 1997, a slight drop from the previous spring. However, the number of their overnight visits to Florida was up 21%, to 542,000.

Even though New York State received the highest number of overnight visits from Canadians during the spring of 1997, Canadians spent the most money in Florida. During their stays, which averaged 28.4 nights, Canadians injected \$755 million in the Florida economy, five times the amount they spent in New York State. Ontarians and Quebecers again made the majority of these visits to Florida during this period.

Meanwhile, the number of overnight visits by Canadians to Mexico jumped to 99,000 (83%), second to the United Kingdom in overseas countries visited.

#### Selected characteristics of overnight trips by Americans to Canada

Second quarter 1997

	1997	1996	1996 to 1997
	'000		%
<b>Trips, total</b>	<b>3,480</b>	<b>3,499</b>	<b>-0.5</b>
Mode of transportation:			
Automobile	2,118	2,192	-3.4
Plane	843	843	-
Other	519	464	11.9
Region of residence:			
Eastern regions	2,260	2,304	- 1.9
Western regions	1,220	1,195	2.1
Purpose of trip:			
Business	631	590	6.9
Pleasure	1,883	1,935	-2.7
Visit to friends and relatives	551	561	-1.8
Other	415	413	0.5
Length of trip:			
1 night	736	682	7.9
2-6 nights	2,200	2,268	-3.0
7-13 nights	457	462	-1.1
14-20 nights	59	58	1.7
21 or more nights	28	29	-3.4

#### Places most visited by Canadians for an overnight stay

Second quarter 1997

	1997	1996	1996 to 1997
	'000		%
<b>United States</b>			
New York	636	720	-11.7
Florida	542	449	20.7
Washington	493	468	5.3
Michigan	375	363	3.3
California	228	229	-0.4
<b>Overseas</b>			
United Kingdom	183	191	-4.2
Mexico	99	54	83.3
France	99	98	1.0
Germany	70	68	2.9
The Netherlands	51	56	-8.9



## International Travel Account Third Quarter 1997 (preliminary)

Spending in Canada by overseas residents fell by 4.5% in the third quarter of 1997, contributing to an increase in Canada's international travel account deficit.

### Slight deficit in the travel account balance between Canada and overseas countries

During the third quarter, Canadians spent more in countries other than the United

States than residents of these countries spent in Canada. The result was a slight deficit of \$3 million, the first deficit since the second quarter of 1995. A surplus of \$27 million was recorded during the second quarter of 1997. However, the third quarter deficit remains well below the \$294 million deficit of the first quarter of 1990, when tensions ran high in the Persian Gulf.

Spending by overseas residents in Canada fell 4.5% from the second to the third quarter, to \$1.3 billion. Those tourism receipts peaked at \$1.5 billion in the fourth quarter of 1996 and have been falling ever since (-10%).

The strength of the Canadian dollar compared with most European currencies and the Japanese yen and the slowdown in the economy of some Asian countries have discouraged many overseas residents from travelling to Canada and spending as much as in the past.

Meanwhile, Canadians spent 2.3% less in countries other than the United States during the third quarter than during the second quarter. This was the third consecutive decline since the fourth quarter of 1996, when Canadians spent a record \$1.4 billion.

### Note to readers

Unless otherwise stated, quarterly data used in this release are seasonally adjusted. Amounts are in Canadian dollars and are not adjusted for inflation.

Receipts represent spending by foreigners travelling in Canada, including education-related spending and medical-related spending. Payments represent spending by Canadians travelling abroad, including education-related spending and medical-related spending.

### Deficit in Canada's travel account with the United States down slightly

During the third quarter of 1997, Americans spent \$1.7 billion while travelling in Canada, down 1.3% from the record high in the previous quarter. The travel account deficit still shrank slightly (-0.6%, to \$792 million) because the decrease in receipts was more than compensated for by lower spending by Canadians in the United States, which totalled \$2.5 billion.

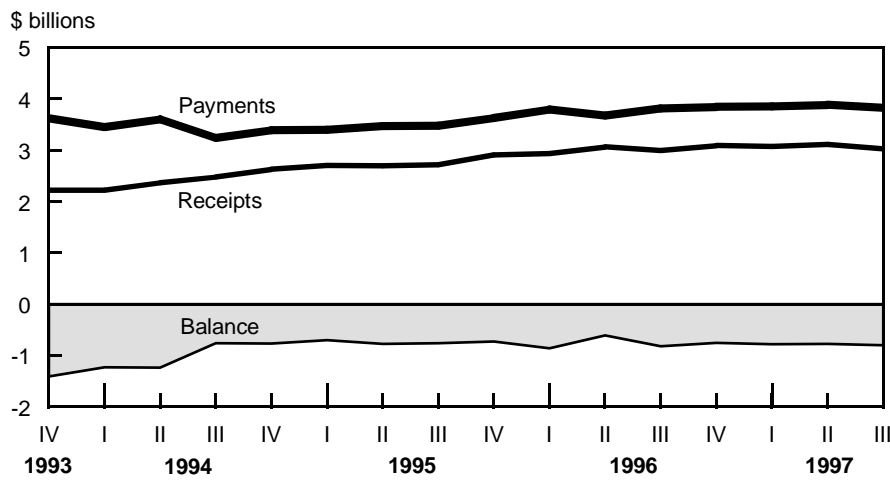
Spending by Canadians in the United States and the travel account deficit between the two countries peaked in the fourth quarter of 1991. At that time, the Canadian dollar was worth US\$0.87 and the number of same-day car trips by Canadians to the United States, often used as an indicator of cross-border shopping, was at an all-time high.

### The international travel account deficit increased

Canada's international travel account deficit was up 3.3% in the third quarter, with both total receipts and payments down.

Foreign visitors injected a little more than \$3.0 billion into the Canadian economy, down 2.7% from the previous quarter. Meanwhile, Canadians spent \$3.8 billion while travelling abroad, down 1.5%.

Canada's international travel account deficit was up in the third quarter





Inter-city transportation costs rose 9.1 percent due to airfare hikes. Prices usually rise in July because of increased summer demand, but the July 1997 increase was bigger than usual. Costs of rental and leasing of automotive vehicles climbed 1.9 percent and the cost of operation of automotive vehicles rose 0.8 percent. Prices for certain TPI components, like photographic supplies and equipment, as well as photographic

**Note to readers**

The Travel Price Index (TPI) is an aggregate index of the goods and services used by travellers in Canada. Price movements are derived from the detailed Consumer Price Index (CPI) series.

A technical report on the Travel Price Index is available from the Tourism Statistics Program at (613) 951-1673.

## Travel Price Index Third quarter 1997

### The TPI rises 4.7 percent from the same period last year

In the third quarter of 1997, consumers experienced a sharp rise of 4.7 percent in the cost of the goods and services contained in the Travel Price Index basket, compared with the same period of last year. This was the biggest quarterly hike recorded since the third quarter of 1991. The rise was dominated by a 15.7 percent surge in the cost of inter-city transportation. Increases in car insurance premiums plus higher gas costs may in part explain the situation. The largest third-quarter increase was recorded in 1986, when inter-city transportation costs shot up 22.7 percent. Tobacco products and smokers' supplies, along with operation of automotive vehicles and spectator entertainment, were among others recording increases.

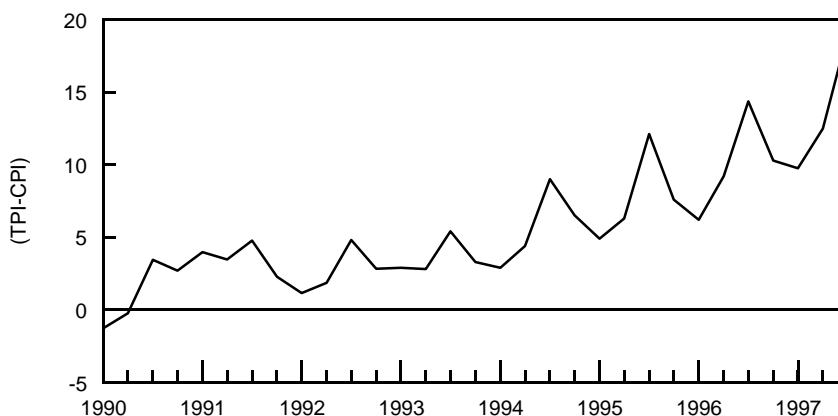
During this period, consumers got some respite from a drop in the cost of photographic equipment, as well as photographic services and supplies.

By way of comparison, cost of all goods and services, as included in the Consumer Price Index (CPI), rose to 138.1. This was a 1.8 percent increase over the third quarter of 1996.

### The TPI rises 4.5 percent from last quarter

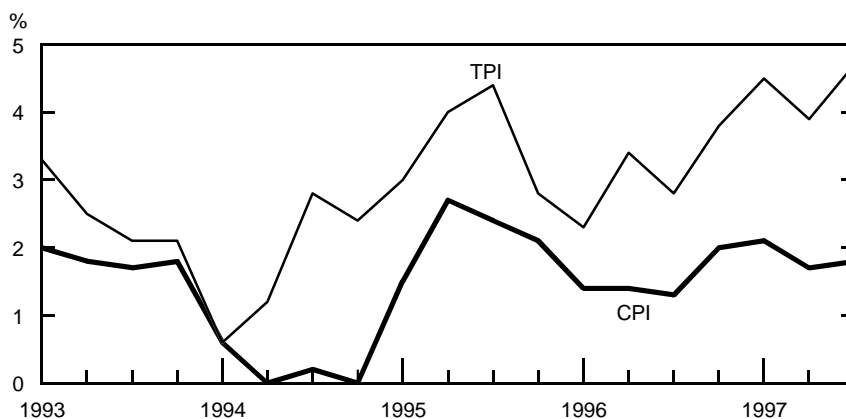
The Travel Price Index climbed 4.5 percent in the third quarter of 1997 over the preceding quarter. During the third quarter of 1997, travellers had to pay 16.2 percent more for accommodation costs, partly because of summer rates.

**Difference between TPI and CPI - The trend is increasing**



Source: Tourism Statistics Program

**Quarterly percentage change in TPI and CPI from preceding year**



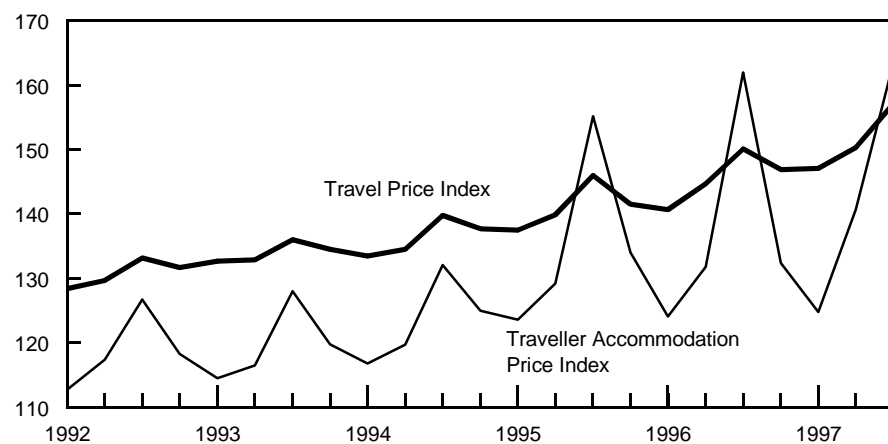
Source: Tourism Statistics Program



services, declined. During the third quarter of 1997, the cost of all goods and services included in the Consumer Price Index rose 0.2 percent compared with the previous quarter.

Traditionally, the cost of accommodation remains stable until May when it rises, stays stable again in June, then jumps from June to July. Despite the July 1997 rise, the index was at the same level as it had been in July 1996. From the beginning of 1997, the fluctuation in accommodation rates was unusual. Thus, for the first time since 1988, accommodation rates rose between March and April 1997. Moreover, between May and June 1997, these rates leaped 12.0 percent, although since 1980, accommodation rates had always been flat during this period.

**Traveller Accommodation Price Index and the Travel Price Index, By Quarter**



Source: Tourism Statistics Program

### The Travel Price Index (TPI) and its Components

(not seasonally adjusted, 1986 = 100)

Components of the TPI	Third Quarter 1997	% Change	
		Second Quarter 1997	Third Quarter 1996
Inter-city transportation	189.2	9.1	15.7
Local and commuter transportation	178.9	0.4	1.4
Rental and leasing of automotive vehicles	133.1	1.9	-2.1
Operation of automotive vehicles	151.2	0.8	4.7
Traveller accommodation	163.5	16.2	0.9
Food	130.1	0.1	1.7
Alcoholic beverages	149.4	0.1	1.6
Spectator entertainment	185.8	0.5	3.6
Clothing and footwear	133.1	-0.4	1.7
Medicinal and pharmaceutical products	152.4	-0.3	-0.9
Personal care	134.1	-0.1	2.2
Photographic equipment	105.8	-1.6	-4.4
Photographic services and supplies	111.2	-4.2	-3.6
Operation of recreational vehicles	155.4	0.7	3.4
Audio discs and tapes	123.7	-0.2	1.0
Use of recreational facilities and services	176.4	0.5	2.5
Reading materials and other printed matter	176.1	0.2	2.8
Tobacco products and smokers' supplies	152.7	0.4	6.3
<b>Travel Price Index (TPI)</b>	<b>157.1</b>	<b>4.5</b>	<b>4.7</b>
<b>Consumer Price Index (CPI)</b>	<b>138.1</b>	<b>0.2</b>	<b>1.8</b>

Sources: The Consumer Price Index, Cat. No. 62-001-XPB; and the Tourism Statistics Program

## National Tourism Indicators

### Second Quarter 1997

For the second quarter of 1997, tourism spending in Canada continued its climb, reaching \$10.4 billion. This figure represents a 2.3 percent rise over the same quarter in 1996. The increase was due to a 3.5 percent rise in the domestic demand. Meanwhile, foreigners reduced their expenses by 0.3 percent.

#### Domestic expenditures move up

The domestic market continues to be the primary source of spending, with Canadians spending \$7.2 billion while travelling in their country. Foreign visitors spent \$3.2 billion in Canada.

Domestic spending rose for all major tourism commodities. After adjusting for seasonality and inflation, a 2.6 percent increase on airfares from the previous quarter shows that Canadians continued to take advantage of lower airline ticket prices.

#### Foreign spending decreases

During the same period, foreign visitors spent less for all major tourism commodities except accommodation, into which they pumped \$757 million, or 8.1 percent more than the same quarter of last year.

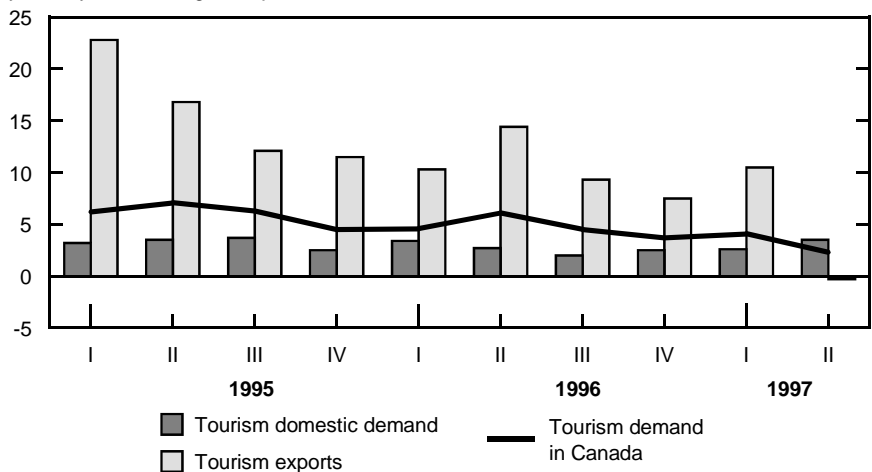
After adjusting for seasonality and inflation, total tourism spending remained unchanged compared with the first quarter of 1997. In these terms, a 3.3 percent drop in spending by foreign visitors offset the 1.5 percent increase in spending by Canadians.

#### Tourism creates more jobs

Employment in tourism was 518,000 in the second quarter, 2.8 percent above the second quarter of 1996. On a seasonally adjusted basis, tourism employment grew 2.3 percent from the first quarter, outstripping the 0.7 percent increase in the business sector as a whole.

#### Domestic expenditures move up, non-resident spending dips

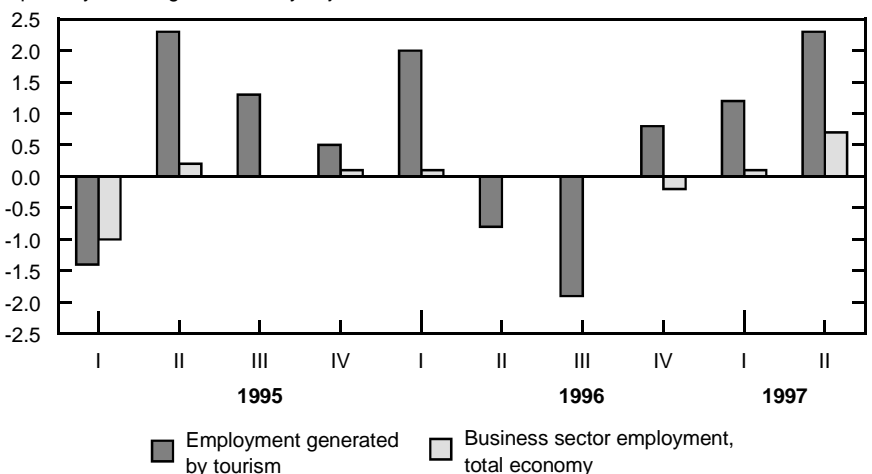
year-to-year % change, unadjusted data



Source: Statistics Canada, National Tourism Indicators

#### Tourism creates more jobs

quarterly % change, seasonally adjusted data



Source: Statistics Canada, National Tourism Indicators



	Third Quarter		% Change
	1996	1997	
<b>VISITORS TO CANADA (000s)</b>			
From United States	14,163	14,804	4.5
One or more nights visits	5,716	5,896	3.2
- By auto	3,879	3,886	0.2
From Overseas	2,126	2,001	-5.9
One or more nights visits	1,959	1,852	-5.4
Top Seven Countries:			
United Kingdom	302	306	1.2
Japan	274	231	-15.8
France	231	218	-5.6
Germany	230	206	-10.6
South Korea	68	63	-7.9
Taiwan	57	58	0.6
Australia	60	57	-4.4
<b>CANADIANS OUTSIDE CANADA (000s)</b>			
To United States:	15,733	15,409	-2.1
One or more nights visits	5,189	5,072	-2.3
- By auto	3,803	3,645	-4.2
To Overseas (one or more nights)	913	994	8.9
<b>INDUSTRY</b>			
Airline passengers (Level I) (000s)	6,599	6,853	3.8
Airline passenger-km (Level I) (000,000s)	17,744	19,108	7.7
<b>PRICES</b>			
1986 = 100 (not s.a.)			
Travel Price Index	150.1	157.1	4.7
Consumer Price Index	135.7	138.1	1.8
- Restaurant meals	144.6	147.1	1.7
- Inter-city transportation	163.5	189.2	15.7
- Renting and leasing of automotive vehicles	135.9	133.1	-2.1
- Gasoline	126.7	132.0	4.2
<b>ECONOMIC</b>			
Gross Domestic Product, 1986 prices (s.a.) (000,000s)	552,781	576,914	4.4
- Amusement and recreation (000,000s)	5,357	5,869	9.6
- Accommodation and food services (000,000s)	12,127	12,469	2.8
Personal disposable income per capita (s.a.)	17,284	17,376	0.5
<b>LABOUR (000s)</b>			
Labour force (s.a.)	15,164	15,390	1.5
Unemployed	1,484	1,386	-6.6
Employed	13,680	14,004	2.4
- Accommodation and food services (not s.a.)	943	944	0.1
<b>EXCHANGE RATES (in Canadian dollars)</b>			
American Dollar	1.3701	1.3848	1.1
British Pound	2.1298	2.2506	5.7
Japanese Yen	0.0126	0.0117	-6.6
German Mark	0.9151	0.7669	-16.2
French Franc	0.2690	0.2277	-15.4
<i>(s.a.) seasonally adjusted.</i>			