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# Travel-log

Summer 1998

# Aging Baby Boomers and What it Means for Domestic Travel in the 21st Century

**by Laurie McDougall**

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The signs are all around us.....from coffee mugs boasting that "*There is life after 50*" to the popularity of golf to the growing number of adult lifestyle communities: Canada's population is getting older. The aging of the baby boom generation is largely responsible for this trend, coupled with historically low fertility and mortality rates.

The baby boom generation has established trends in the marketplace as they have proceeded along the demographic trail. Tourism is no exception. Almost four out of every ten Canadians travelling within Canada were baby boomers in 1996 and they spent 53% of the total domestic expenditures. This article explores how this demographic cohort is influencing many current domestic travel trends and how these may shift in the future based on the travel behaviour of older age groups.

## Baby boomers make up one-third of Canada's population

Between 1946 and 1965 almost ten million Canadians were born, representing the most significant demographic development in Canada since the Second World War (Chart 1). Today this generation of baby boomers represents fully one-third of Canada's population or 9.7 million persons. The baby boom generation breaks into two sub-groups[1], the first-wave boomers being the leading edge of the boom born between 1946 and 1955. They have been able to reap many of the benefits of being part of a large cohort, simply by being toward the front of the line in a generation that would create,

[1] Statistics Canada, *Female Baby Boomers: A Generation at Work*, Cat. 96-315E, 1994.

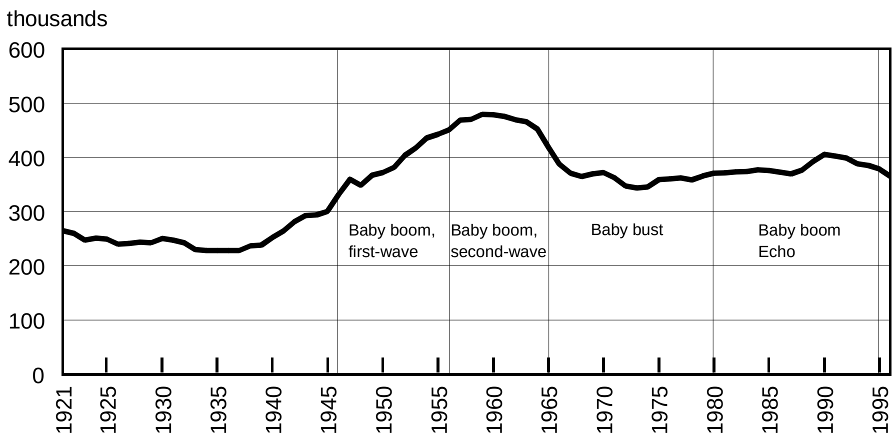
**Selected Demographic Cohorts**

| Cohort: | Born | Age in: 1996 | 2006 | 2016 |
|---|---|---|---|---|
| Baby Boom | | | | |
| First-wave | 1946-1955 | 41-50 | 51-60 | 61-70 |
| Second-wave | 1956-1965 | 31-40 | 41-50 | 51-60 |
| Baby Bust | 1966-1979 | 17-30 | 27-40 | 37-50 |
| Echo Boom | 1980-1995 | 1-16 | 11-26 | 21-36 |

## In This Issue...

Chart 1

**Number of Births in Canada, 1921-1996**




*Sources: Selected Birth and Fertility Statistics, Canada, 1921-1990, Catalogue No. 82-553; Births and Deaths 1995, Catalogue No. 84-210-XPB; Health Statistics Division, unpublished data*

through its sheer numbers, strong new demands for goods and services.

Unlike their older counterparts, the second-wave boomers born between 1956 and 1965 have been less well positioned to take advantage of certain trends. For example, housing prices were driven to record highs in the 1980s, making home ownership more difficult or even impossible for some of the younger boomers. Following the baby boom came a baby bust (1966 to 1979) as the number of births plummeted to historic lows.

However, maternity wards were busy again in the 1980s as the majority of baby boomer women were having children. The mini-boom or echo boom started in 1980 and peaked in 1990 at 406,000 births. Nevertheless, baby boomer women decided to have fewer children than their parents, as the average fertility rate dropped from a high of 3.9 births in 1959 to 1.7 by the 1970s.

As baby boomers have evolved through various life stages, their needs, tastes and behaviours have changed. For example, *cocooning* was considered a popular trend during the 1980s as many boomers were busy raising young families and were content to stay at home, rent movies and buy take-out foods.[2] But now that their children are growing up and mortgages are being paid off, boomers are emerging from their cocoons.

Over the coming decades aging boomers will make up the largest ever mature domestic travel market, which will represent many challenges and opportunities for the tourism industry. What will their needs be as they enter the next decade and how closely will they resemble the generations that preceded them? Some clues may be found in current travel patterns of baby boomers and those of mature travellers now enjoying their retirement years.

## Baby boomers dominate Canadian domestic travel

The distribution of domestic trips by age mirrors the demographic makeup of the population. Canadians aged 31 to 50 (baby boomers) dominated the population as well as the share of one-or-more-night domestic trips in 1996. In fact, they accounted for a greater share of trips relative to their population. In contrast, the share of travel among younger (under 15 years) and older age groups (aged 61 and over) dropped below their proportion of the population, particularly among travellers aged 71 and over. In total, baby

[2] David Foot, "Boomers dance to a new beat," *The Globe and Mail*, January 9, 1998, p. B21.

**Travel-log**

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**Note of appreciation**

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boomers took 39% of total domestic trips in 1996 and, if their children's (under age 15) trips are included, boomers were responsible for half of domestic travel (Table 1). They claimed an even larger share of domestic tourism expenditures (53%) in 1996, underpinning the importance of understanding the changing needs and tastes of this influential generation (Table 2).

## Population over the age of 50 to top 10 million by 2006

By the year 2006, half of boomers will already have celebrated their 50th birthdays while the youngest boomers will be in their 40s. Between 1996 and 2006, Canada's population is projected to grow by an estimated 12%, and between 2006 and 2016 by a further 10%. The population over the age of 50 is expected to swell from 7.5 million in 1996 to 10.0 million in 2006, and to 13.2 million by 2016. Also, the 15 to 30 age group will expand due to the aging of the echo generation.

## Front-end baby boomers will lead domestic travel growth in the 21st century

As front-end boomers enter their 50s by 2006, the number of domestic travellers in this age group (51-60) will explode from 1.8 million to an estimated 2.7 million or 52% between 1996 and 2006 (Chart 2). Between 2006 and 2016 these same boomers, aged 61 to 70, will push this travelling age cohort up from 1.3 to 1.9 million. As younger boomers reach the 41 to 50 age group by 2006, the number of travellers will expand 23% compared to 1996. All older age groups should experience healthy growth in numbers over the next twenty years. In contrast, the proportion of travellers among the younger age groups will remain relatively flat or even decline over the next ten to twenty years. The aging echo boom will also push growth in the number of travellers aged 15 to 30 between 1996 and 2006.

Table 1

**Share of Domestic Trips by Baby Boomers and Their Children, 1996**

| | Total | Sub-Total: Baby Boomers & Their Children | Sub-Total: Baby Boomers | Sub-Total: Their Children[1] | Other |
|---|---|---|---|---|---|
| | | | thousands | | |
| Trips of one or more nights | 71,585 | 36,150 | 26,942 | 9,208 | 35,435 |
| Same-day trips | 65,939 | 33,894 | 26,486 | 7,408 | 32,045 |
| **Total Trips** | **137,524** | **70,044** | **53,428** | **16,616** | **67,480** |
| | | | % | | |
| Distribution: | | | | | |
| Trips of one or more nights | 100 | 50 | 37 | 13 | 50 |
| Same-day trips | 100 | 51 | 40 | 11 | 49 |
| **Total Trips** | **100** | **51** | **39** | **12** | **49** |

*[1] Represents trips by children under 15 years of age who accompanied baby boomers on their trip.*
*Source: Canadian Travel Survey*

Table 2

**Share of Domestic Travel Expenditures, 1996**

| | Total | Baby Boomers[1] | Other |
|---|---|---|---|
| | | millions of dollars | |
| Trips of one or more nights | 13,262 | 7,108 | 6,154 |
| Same-day trips | 3,196 | 1,611 | 1,585 |
| **Total Expenditures** | **16,458** | **8,719** | **7,739** |
| | | % | |
| Distribution: | | | |
| Trips of one or more nights | 100 | 54 | 46 |
| Same-day trips | 100 | 50 | 50 |
| **Total Expenditures** | **100** | **53** | **47** |

*[1] Expenditures by the baby boomers includes children-related expenditures, since expenditures for children under the age of 15 are recorded with the adult travellers.*
*Source: Canadian Travel Survey*

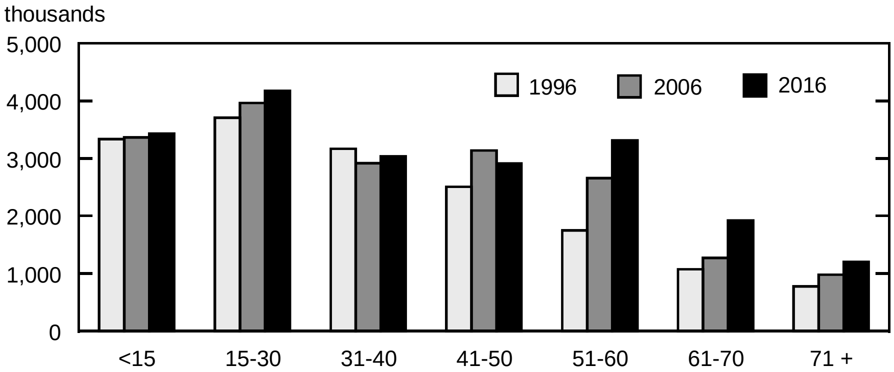
## Domestic travel peaks among travellers in their 30s and 40s

As shown in Chart 3, overnight non-business domestic travel participation (the ratio of the number of travellers to their population size) peaked at 60% among the 31 to 40 age group and 59% among travellers aged 41 to 50. Domestic travel participation dropped to 48% among the 61 to 70 age group and then fell sharply to 37% among those over 70 years of age. Over the next two decades as baby boomers maintain relatively high travel participation, they will continue to dominate domestic travel. In fact, the major increases in domestic travel over the 1996 to 2016 period will be led by the aging baby boomers. By the year 2016 almost one-third of travellers will be over the age of 50 compared to 23% in 1996.

An aging travel population also has many implications for international travel activity. Although this analysis focuses on domestic travel patterns, it is worth noting a few international travel habits by age group. As Chart 3 reveals, relative to their population, Canadians aged 51 to 60 claimed the highest travel rate to the United States, although this rate is much lower than the percentage travelling in Canada: 21% and 58% respectively. Travel participation to other countries is much lower than to both domestic and U.S. destinations

Chart 2

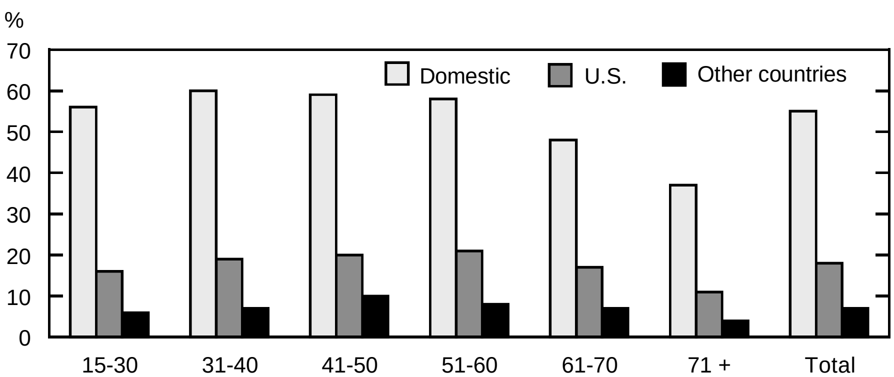
**Non-Business Domestic Trips of One or More Nights by Age Group, 1996, with Projections for 2006[1] and 2016[1]**




*[1] Traveller projections are based on the 1996 Preliminary postcensal estimates and the 1996 Canadian Travel Survey.*
*Sources: Canadian Travel Survey; Demography Division, unpublished data*

Chart 3

**Non-Business Overnight Travel Participation[1] by Destination and Age Group, 1996**




*[1] Participation is based on travellers aged 15 and older who took at least one non-business trip of one or more nights throughout the year.*
*Source: Canadian Travel Survey*

among all age groups but is just slightly higher among Canadians aged 41 to 50. If these international travel patterns continue in the future, aging boomers may increase their trips outside the country while reducing their travel in Canada.

## VFR travel increasingly popular among older travellers

As a large segment of the population enters retirement and has more leisure time, travel to visit friends and relatives (VFR) will become more prevalent in the next decade. VFR travel already accounts for a big chunk of overnight domestic travel (43% in 1996) and, given current participation rates and demographic shifts, this share will expand. As shown in Chart 4, VFR was the main reason for more than one-third of both the younger and the older baby boomer trips of one or more nights in 1996 but rose to 57% among travellers aged 71 and over.

As baby boomers age, VFR will likely play a more important role in their lives. In 1996, 22% of VFR travellers were over the age of 50. By 2006 the share of travellers over the age of 50 will jump to 27%, and further to 32% in 2016. An expanding VFR travel market presents many challenges and opportunities for the tourism industry. Research has shown that the VFR market is a large and important tourism market, but it is a travel market that is more self-reliant and depends somewhat less on tourism services than other travel markets.

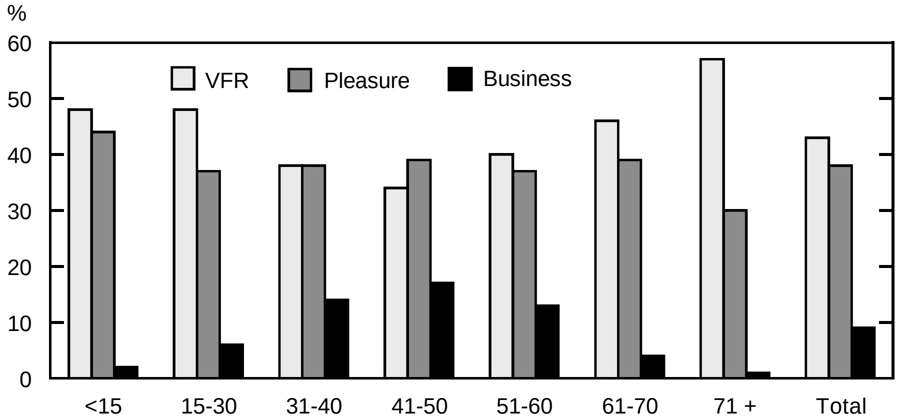
## Aging boomers will increase the average age of business travellers

Due to their prime business travel age, baby boomers accounted for a hefty 62% of business trips of one or more nights in 1996 (see Table 3), far in excess of their proportion in the population. In 1996, travellers in their 40s had the greatest tendency to travel on business (Chart 4). In 1996, 17% of travel by older boomers (aged 41 to 50) was for business versus 13% among those aged 51 to 60 and 4% for travellers aged 61 to 70. The average age of business travellers will rise dramatically over the next twenty years as aging boomers, who will have reached more senior positions, continue to take business trips. The share of business travellers over the age of 50 will jump from 18% in 1996 to 28% in 2016. It is only when the older boomers begin to enter their retirement years around 2010 that the average age of business travellers will start to reverse.

Older business travellers could represent new marketing opportunities. For instance, mature travellers (aged 51

Chart 4

**Distribution of Overnight Domestic Trips, by Trip Purpose and Age Group, 1996**




*Source: Canadian Travel Survey*

Table 3

**Share of Domestic Trips of One or More Nights by Purpose, 1996**

| | Total | Baby Boomers | Other |
|---|---|---|---|
| | | % | |
| Visiting friends or relatives | 100 | 32 | 68 |
| Pleasure | 100 | 37 | 63 |
| Personal | 100 | 37 | 63 |
| Business | 100 | 62 | 38 |
| **Trips of one or more nights** | **100** | **38** | **62** |

*Source: Canadian Travel Survey*

Table 4

**Distribution of Nights Spent by Baby Boomers and Their Children by Type of Accommodation, Domestic Trips of One or More Nights 1996**

| | Total | Baby Boomers | | | Other |
|---|---|---|---|---|---|
| | | Baby Boomers & Their Children | Baby Boomers | Their Children | |
| | | % nights | | | |
| **Non-commercial** | **100** | **45** | **31** | **14** | **55** |
| Friends & Relatives | 100 | 38 | 30 | 8 | 62 |
| Private cottages | 100 | 49 | 36 | 13 | 51 |
| **Commercial** | **100** | **57** | **43** | **14** | **43** |
| Hotels | 100 | 60 | 51 | 9 | 40 |
| Motels | 100 | 49 | 39 | 10 | 51 |
| Bed & Breakfasts | 100 | 49 | 43 | 6 | 51 |
| Resorts or Lodges | 100 | 57 | 45 | 12 | 43 |
| Campgrounds | 100 | 57 | 37 | 20 | 43 |
| Commercial cottages | 100 | 58 | 37 | 21 | 42 |
| **Total** | **100** | **44** | **35** | **9** | **56** |

*Source: Canadian Travel Survey*

and over) had the greatest tendency to take their spouses along on a business trip, with one-quarter of their business trips in 1996 involving two adults travelling together. On the other hand, just 9% of all baby boomer overnight business trips involved two adults. Therefore, combined business and pleasure travel may represent a growing segment in the next century as maturing business travellers have more free time and disposable income to take an extended trip with their spouses.

## Accommodation establishments rely heavily on boomers

The accommodation industry relies heavily on baby boomers, who accounted for half of nights spent in hotels in 1996. When their children's trips are included their market share is even more striking (Table 4). In fact, as many as six out of ten hotel nights were as a result of boomers travelling with their children. Resorts, campgrounds and commercial cottages were also occupied to a large extent by boomers and their families.

Of all age groups, boomers currently occupy more hotel space than other age groups. This is due to their numbers in the population and their more numerous business travel activities. In 1996, hotels accounted for 17% of baby boomer nights versus just 7% of nights spent by travellers aged 61 to 70 and 6% for travellers aged over 71 (Table 5). Forty-four percent of baby boomer hotel nights were directly business-related. Since older boomers may start to take fewer business trips as they enter their 60s, their use of hotels could decline.

As with old and young alike, baby boomers spent the bulk of their domestic nights with friends and relatives; however older travellers were more inclined to do this. Travellers aged 71 and over revealed the greatest propensity to stay with friends or family while travelling: 65% of their nights in 1996. Boomers also spent a large share of their nights at private cottages (14%), but travellers in their 50s spent the biggest share of their nights at the cottage: 18% of their

Table 5

**Distribution of Nights by Type of Accommodation and By Selected Age Groups, Trips of One or More Nights 1996**

| | Baby Boomers 31-50 | Age Groups: 51-60 | 61-70 | 71 and over |
|---|---|---|---|---|
| | % | | | |
| **Non-commercial** | **57** | **62** | **69** | **75** |
| Friends & Relatives | 43 | 44 | 54 | 65 |
| Private cottages | 14 | 18 | 15 | 10 |
| **Commercial** | **43** | **38** | **31** | **25** |
| Hotels | 17 | 12 | 7 | 6 |
| Motels | 6 | 8 | 7 | 6 |
| Campgrounds | 10 | 8 | 9 | 6 |
| Other & not stated | 10 | 10 | 8 | 7 |
| **Total** | **100** | **100** | **100** | **100** |

*Source: Canadian Travel Survey*

domestic travel nights in 1996. Cottages will probably remain fairly popular over the coming decades as aging boomers have the income to purchase them or, in some instances, inherit cottages from their parents.

Campgrounds will see their prime market – young families – dwindle in the coming decades as the population ages. Camping was most prevalent among boomers (age 31 to 50), representing 10% of their nights away from home in 1996. However, this age bracket will decrease from a 21% share in 1996 to 17% by 2006. Camping still remained relatively high among older age groups, which is a positive sign for growth into the next century. Campers over the age of 50 could account for 30% of the nights spent in campgrounds in 2006, compared to 20% of nights in 1996.

## Air travel by mature travellers may double by 2016

Air travel is most common among travellers in their 40s, no doubt due to the frequent business trips by this age group. In 1996, older baby boomers (aged 41 to 50) accounted for over half of airline trips. Another trend relevant to the airline industry is the aging of the population and the continued use of air travel among mature travellers. The bulk of the increased trips by air will be among the over 51 crowd, with air travel by this age group possibly doubling over the 1996 to 2016 period (see Chart 5).

Auto travel is the dominant mode for domestic travel among all age groups and will likely remain the most important mode for older travellers. Bus and rail travel still represent relatively low utilization (3% and 1% respectively) among all travellers; however, the good news for those working in these modes is that their use increases among older travellers. In 1996, travellers aged 71 and over took the highest share of bus trips relative to their overall trips (9%). Rail travel also increases among older age groups but it still represents a relatively small market share. The needs of a burgeoning aging baby boom population may stimulate demand and open up the possibility of new marketing initiatives for these modes.

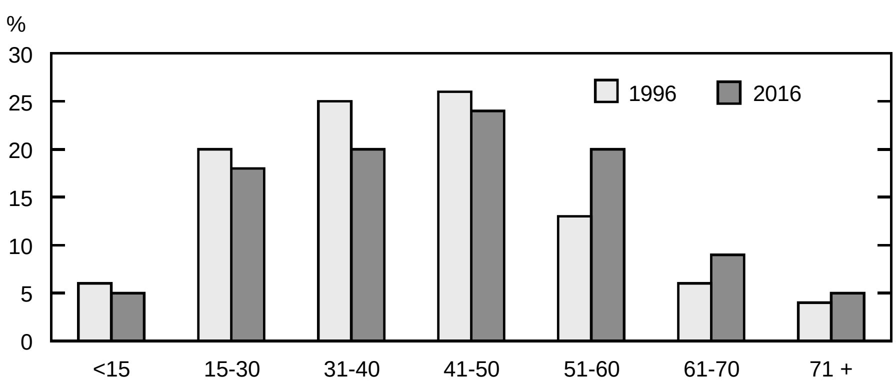
## Longer trip durations will become more prevalent

Over the past two decades, trips have become shorter in part due to family formation by the boomers and the prevalence of dual professions among boomer couples. The weekend getaway emerged in the 1980s as time-pressured travellers needed short breaks, an alternative to the longer vacations of the past. The average trip duration for all travellers is 3.2 nights; however as Chart 6 reveals, older travellers stay away longer than their younger counterparts. Therefore, the tourism industry may start to see trip durations increase as an expanding, maturing travel segment has more time to spend away from home.

This has many implications for the travel industry as the baby boom moves into the older age groups. Maturing travellers may seek destinations that offer longer stay arrangements such as weekly or monthly rates, or other accommodation alternatives like home

Chart 5

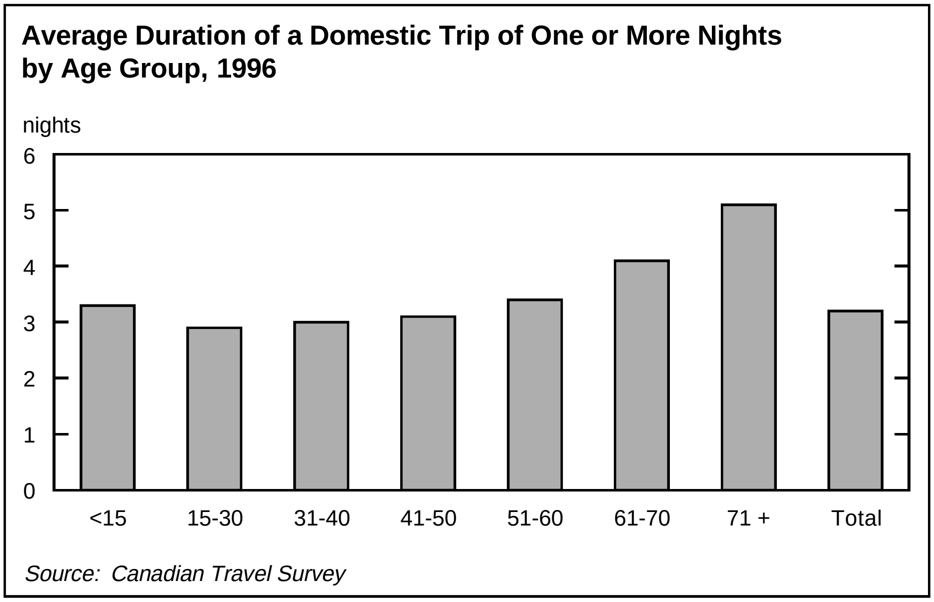
**Distribution of Domestic Air Travel of One or More Nights, by Age Group, 1996, with Projections for 2016[1]**




*[1] Traveller projections are based on the 1996 Preliminary postcensal estimates and the 1996 Canadian Travel Survey.*

*Sources: Canadian Travel Survey; Demography Division, unpublished data*

Chart 6




stays, apartment rentals and so on. Many international destinations currently offer such alternatives for travellers, such as gîtes in France, home stay or cottage rental programs in Great Britain and condominium rentals in Florida, to name a few. Canada does currently provide some longer stay arrangements such as cottage rentals and university dormitory stays through the Elderhostel program; however there may be room for expansion of such products.

## Mature travellers will make one-third of overnight domestic expenditures by 2016

In 1996 mature travellers (aged 51 and over) spent almost one-quarter of overnight domestic travel expenditures. By 2016, mature travellers may account for almost one-third of travel spending due to the impact of maturing baby boomers. This is based on the assumption that present spending patterns by age group remain constant. However, as boomers age they may take more expensive trips than the generations ahead of them (e.g., travel by air, stay in hotels more frequently) due to more disposable income and fewer dependents. Therefore the mature travel market could represent an even greater share of overall spending in the next century.

## Travel by empty nesters will surge in the coming decades

*Empty Nesters on Board!* As the number of adult travel parties mushrooms, this slogan may well replace the once popular *Baby on Board* signs displayed in car rear windows. In the recent past many tourism establishments were wooing customers with incentives aimed at the family market such as, kids stay free and activity programs for children. Now that the children of the front-end baby boomers are older and many have left the nest, there has been a shift toward more adults travelling together. Adults travelling without children comprise almost two-thirds of overnight trips in 1996 compared to 58% in 1980. In contrast, the share of travellers taking their children along has fallen to 35% in 1996 compared to 42% in 1980. This shift is largely due to the fact that an increasing number of boomers are travelling without their children: almost three-quarters of older boomers travelled without children in 1996. This trend will become even more evident in the future since travellers over the age of 50 almost overwhelmingly travel without children: in 1996, 98% of domestic trips by travellers over the age of 50 did not include any children.

## Fore....golf and tourism a winning combination in future

Golf and walking or hiking are among the few sports activities where participation increases with age and, as such, may experience considerable growth in the future. Golfing in particular tends to attract an older traveller since leisure time and disposable income are key aspects to playing the sport. Therefore, the tourism industry should be able to target a growing population of golfers eager to tee off at different golf courses. On the other hand, activities such as downhill skiing and cycling decrease with age and may see their prime target markets get smaller relative to the overall population.

## Future looks bright for culture and heritage travel

The high correlation between age and education and the related interest in culture and heritage should bode well for these types of activities in the future. In 1996, travellers over the age of 50 accounted for one-quarter of the visits to museums or art galleries. If this rate continues, the share of mature travellers could swell to 36% by 2016. Their share could be even larger given the higher education levels of boomers and the fact that culture/heritage travellers are more likely to have graduated from university and college than the general travelling population.[3]

## A maturing educated travel market

The mature traveller in the 21st century will have more education credentials than previous generations. In 1996, 63% of baby boomer travellers indicated that they had graduated from college or university compared to 45% of all other travellers (Table 6). Since the likelihood of travel increases with education, aging boomers could become more active travellers in their retirement than the preceding generations. In 1996, almost

[3] Statistics Canada, *Travel-log*, Cat. 87-003-XPB, Vol. 17, No. 2, Spring 1998.

***Data sources***

For the purposes of this analysis, the Canadian Travel Survey (CTS) and unpublished data from the Demography Division were used. Only domestic trips of one or more nights were considered unless otherwise indicated. All comparisons with the Canadian Travel Survey are based on percentage distributions in 1996 versus 1980, unless otherwise indicated. The baby boomer travellers were defined as those travellers born between 1946 and 1965 (aged 31 to 50 in 1996). The first-wave baby boomers were defined as those born between 1946 and 1955 (aged 41 to 50), while the second-wave boomers were those born between 1956 and 1965 (aged 31 to 40 in 1996).

***Methododology***

The population estimates by age for 2006 and 2016 were provided by the Demography Division in Statistics Canada. The medium-growth scenario was used. For further information on the methodology, see Annual Demographic Statistics,1996, Statistics Canada, Catalogue no. 91-213-XPB. The projected number of travellers for 2006 and 2016 were calculated by multiplying the 1996 domestic travel participation rates by age group from the Canadian Travel Survey by the population projections. The trip characteristic estimates were calculated by multiplying the 1996 trip participation rates by age group by the population projections by age group. The traveller and trip projections assume that the 1996 domestic traveller and trip participation rates by age group will remain constant in 2006 and 2016.

Table 6

**Distribution of One-or-More-Night Trips by Education Levels, 1996**

| | Baby Boomers | Other |
|---|---|---|
| | % | |
| 0-8 years | 2 | 7 |
| Some Secondary | 8 | 19 |
| High School diploma | 18 | 17 |
| Some post-secondary | 9 | 12 |
| Post-secondary diploma | 35 | 26 |
| University Degree | 28 | 19 |
| **Total[1]** | **100** | **100** |

[1] *Total excludes travellers under the age of 15.*
*Source: Canadian Travel Survey*

Table 7

**Household Income Levels, Trips of One or More Nights, 1996**

| | Baby Boomers | Other |
|---|---|---|
| | % | |
| Less than $20,000 | 6 | 17 |
| $20,000-$39,999 | 19 | 31 |
| $40,000-$59,999 | 29 | 24 |
| $60,000-$79,999 | 23 | 14 |
| $80,000 and over | 23 | 14 |
| **Total[1]** | **100** | **100** |

[1] *Total excludes travellers under the age of 15 and not stated.*
*Source: Canadian Travel Survey*

two-thirds of Canadians with a university/college education travelled in Canada compared to only about half of those with less than a university/college education.

Approximately 86% of boomers were employed, the highest rate among all age groups. However, by 2010 this employment rate will start to slide as the front-end boomers enter retirement age. Among the travellers aged 61 to 70, just 26% were employed in 1996. This declined to a mere 4% among those aged 71 and over. Considering that between 1961 and 1991 the participation rate of women in the labour market more than doubled, from 29% to 60%[4], women in the work force will have more income to draw upon for travel in their retirement than previous generations.

Many boomers have relatively high household incomes, with 46% of boomer travellers earning more than $60,000 per household in 1996 (Table 7). The majority will be entering their peak income earning years over the next 10 years, although the careers of many older workers may plateau as competition for more senior positions increases.[5]

The traveller in the next century will be more likely to be a widow or widower. In 1996, almost one-third (32%) of travellers aged 71 and over were widowed, compared to 3% for travellers aged 15 and over. A large proportion of these travellers will be women and, unlike previous generations, many of these women will be more independent economically and will have more travel experience.

## Conclusion

The question remains...will baby boomers in their 50s and 60s behave as their parents and grandparents did as they age? In some ways they will, since the aging process will bring about

[4] Statistics Canada, *Women and the Canadian Labour Market*, Catalogue 96-321-MPE, No. 2, 1991 Census.

[5] Statistics Canada, *Canada's Population: Charting Into the 21st Century*, Canadian Social Trends, Catalogue 11-008-XPE, No. 42, Autumn 1996.

predictable lifestyle changes and tastes. But this generation of well-educated, seasoned travellers may become a more demanding, mature travelling customer in the 21st century. Products and services that can cater to sophisticated travel tastes and at the same time meet the sensitivities of older travellers may be the winners in the first two decades of the next century.

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# International Travel Survey (ITS): Aiming to Improve Response

**by François Gendron and Lia Gendron**

The international travel data series – based on the International Travel Survey (ITS) – covers a whole range of information, such as where travellers went, what they did, how much they spent, and their satisfaction with a country's tourist attractions.

For many years, Canada Customs officers have distributed three types of ITS questionnaires every month (one for Canadians, one for Americans and one for overseas residents) at some 23 airports. Distribution is also done on a quarterly basis at major Canadian land ports and seaports.

However, the working environment has changed in many ways at Canadian borders. Technological changes allow preregistered travellers to skip Customs controls at the borders. The PALS program, which captures licence plate information through an automated computer system, expedites border operations and reduces the amount of time spent going through Customs. These changes have an impact on the opportunity for Customs officers to encourage visitors to respond to the survey. As well, the public is increasingly concerned with the privacy of personal information and is more and more reluctant to collaborate in government voluntary surveys.

### Travel survey response declining

As a result, participation in the ITS has been declining in recent years. Statistics Canada, with the financial assistance of the Canadian Tourism Commission (CTC), along with the collaboration of Canada Customs, has undertaken a number of research projects to try out new methods of data collection.

### Distribution by non-customs officers

In January 1997, the first phase of a pilot project was launched with the posting of statistical officers at eight major airports and land ports for the distribution of ITS questionnaires. During the two-days test 10,000 questionnaires were distributed.

The results from the first trial indicated that the distribution of ITS questionnaires by statistical officers could increase overall survey return rates. It was hoped that the January pilot results would show a return rate of at least 30 per cent but it only reached 15 per cent. More needed to be known about the logistical aspects of the distribution method and the cost implications of implementing it on a larger scale.

### Collecting information at point of entry

The second phase of the pilot project began in July 1997, a busier time for vacation travel. While the basic method used in phase I was repeated to compare with the January test, a number of new elements were added in phase II, namely:

A number of basic traveller characteristics, such as purpose and duration of trips, were captured through a short interview before handing out the ITS questionnaires.

The ITS questionnaire was translated into Japanese and Japanese-speaking interviewers were hired for the initial contacts with Japanese travellers. At some border points, an effort was made to encourage participation by offering rewards. The CTC sent posters or vacation guides to American travellers, and CD-ROMs or vacation guides to Canadian travellers who returned the questionnaires.

### Results

Overall, results from this second phase of the study indicated higher return rates for the mail-back questionnaire (23 per cent) after the traveller had been briefly interviewed upon entering Canada. The rate of return for overseas travellers also improved (13 per cent) compared to phase one ( 6 per cent) but not the 30 per cent level hoped.

The incentive test using free promotional material from the CTC marketing branch also had a positive impact on return rates.

### Alternate Methods Needed

In light of these results, the ITS Working Group has concluded that alternative methods will need to be pursued. It was also felt that a key source of support remains with Customs officials both at the ports of entry and at head office, a relationship that must be greatly strengthened.

### Future directions

In addition to a renewed Customs / Statistics Canada partnership, the next phase of the pilot project will include encouraging participation in the survey through the introduction of a major survey incentive in the form of a draw sponsored by industry partners (e.g., air carriers, hotel and tour operators, etc.). Consideration is also being given to redesigning the ITS questionnaires by adopting a modular approach. Through this methodology, the response burden would be shared among various traveller groups and new information might also be collected.

**TRENDS**

## Characteristics of International Travellers
### Year 1997

In 1997, Americans took 13.4 million overnight trips to Canada, up 3.8% from 1996. Meanwhile, Canadians made a record 4.0 million overnight trips to overseas destinations, up 8.5% from 1996.

Overseas residents made 4.2 million overnight trips to Canada in 1997, down 3.3% from the previous year. The Western provinces were most affected economically by this drop. However, the Maritimes – especially Prince Edward Island with the opening of Confederation Bridge on May 31, 1997 – saw overseas tourists spend more money in 1997 than in 1996 in their provinces.

### Increase in overnight trips from the United States

After decreasing slightly in 1996, the number of overnight trips to Canada from the United States increased 3.8% in 1997, to 13.4 million. Air travel was up again, but the growth rate for that mode of travel was below the double-digit rate that followed the implementation of the Open Skies agreement with the United States.

The number of short trips (less than one week) rose 4.8%, whereas trips lasting more than two weeks were down. Since short trips represent 85% of Americans' overnight trips to Canada, Americans overall stayed in Canada 1.2% longer than in 1996, and spent 4.0% more money.

**Characteristics of overnight trips to Canada from the United States**

| | 1996 | 1997 | 1996 to 1997 |
|---|---|---|---|
| | '000 trips | | % change |
| **Total** | **12,909** | **13,401** | **3.8** |
| **Type of Transportation** | | | |
| Automobile | 8,325 | 8,399 | 0.9 |
| Plane | 3,047 | 3,224 | 5.8 |
| Other | 1,536 | 1,778 | 15.7 |
| **Region of residence** | | | |
| Eastern[1] | 8,654 | 8,896 | 2.8 |
| Western[2] | 4,254 | 4,505 | 5.9 |
| **Purpose of trip** | | | |
| Business | 1,970 | 2,099 | 6.6 |
| Pleasure | 7,392 | 7,613 | 3.0 |
| Visit friends or relatives | 2,221 | 2,375 | 6.9 |
| Other | 1,325 | 1,315 | -0.8 |
| **Length of stay** | | | |
| 1 night | 2,721 | 2,916 | 7.1 |
| 2-6 nights | 8,101 | 8,421 | 4.0 |
| 7-13 nights | 1,758 | 1,771 | 0.7 |
| 14-20 nights | 244 | 216 | -11.1 |
| 21 nights or more | 85 | 77 | -9.2 |

1 *Includes New England, Mid-Atlantic and South Atlantic, East-northcentral and East-southcentral.*
2 *Includes West-northcentral, West-southcentral, Mountain, Pacific, Alaska and Hawaii.*

## More same-day visits from the United States in the Niagara area

The number of same day visits from the United States to the St. Catharines-Niagara census metropolitan area jumped 30% in 1997, driving the same-day spending up by more than 60% to $281 million. The opening of a casino in Niagara in December 1996 is probably related to these increases. More than three-quarters of the visitors are New York State residents, and their same-day spending in the St. Catharines-Niagara area almost doubled from $110 million in 1996 to $217 million in 1997.

**Characteristics of overnight trips to Canada from overseas countries**

| | 1996 | 1997 | 1996 to 1997 |
|---|---|---|---|
| | '000 trips | | % change |
| **Total** | **4,377** | **4,234** | **-3.3** |
| **Entry type** | | | |
| Direct | 2,430 | 2,540 | 4.5 |
| Via the U.S. | 1,946 | 1,694 | -12.9 |
| Land | 1,096 | 813 | -25.8 |
| Other | 850 | 881 | 3.7 |
| **Purpose of trip** | | | |
| Business | 671 | 769 | 14.7 |
| Visit friends or relatives | 1,171 | 1,204 | 2.8 |
| Pleasure | 2,360 | 2,080 | -11.9 |
| Other | 174 | 181 | 3.6 |
| **Origin** | | | |
| **Europe** | **2,288** | **2,260** | **-1.2** |
| United Kingdom | 691 | 734 | 6.2 |
| France | 460 | 439 | -4.4 |
| Germany | 447 | 398 | -11.1 |
| Netherlands | 114 | 115 | 1.3 |
| Switzerland | 107 | 101 | -5.5 |
| Italy | 106 | 102 | -4.3 |
| **Asia** | **1,511** | **1,376** | **-8.9** |
| Japan | 648 | 566 | -12.7 |
| South Korea | 159 | 147 | - 7.6 |
| Hong Kong | 199 | 146 | -26.3 |
| Taiwan | 132 | 138 | 5.0 |
| **Other** | **578** | **599** | **3.5** |
| Australia | 149 | 150 | 0.5 |
| Mexico | 80 | 96 | 18.8 |

**Destinations most visited by Canadians for an overnight stay**

| | 1996 | 1997 | 1996 to 1997 |
|---|---|---|---|
| | '000 trips | | % change |
| **United States** | | | |
| New York | 2,644 | 2,399 | -9.3 |
| Florida | 1,913 | 2,098 | 9.6 |
| Washington | 1,845 | 1,900 | 3.0 |
| Michigan | 1,355 | 1,326 | -2.2 |
| California | 931 | 1,000 | 7.4 |
| **Europe** | | | |
| United Kingdom | 737 | 770 | 4.4 |
| France | 424 | 404 | -4.8 |
| Germany | 236 | 229 | -2.8 |
| Italy | 183 | 163 | -12.1 |
| Netherlands | 177 | 145 | -18.3 |
| Switzerland | 123 | 123 | - - |
| **Other** | | | |
| Hong Kong | 157 | 139 | -11.8 |
| Dominican Republic | 112 | 138 | 23.0 |
| Mexico | 438 | 567 | 29.5 |

*- - Amount too small to be expressed.*

## Exchange-rate factors and Asia's financial crisis cut into overseas visits to Canada

The number of overseas trips to Canada fell to 4.2 million in 1997, a drop of 3.3% and the first since 1991. Double-digit increases had been registered over the three previous years.

Two main factors explain the 1997 drop: the currencies in many Asian and European countries depreciated in relation to the Canadian dollar, making Canada a more expensive destination; and, the financial crisis in Asia had a negative impact on leisure travel by Asian residents. In fact, the World Travel Organization reported slower growth in international tourist arrivals in 1997, mainly due to the Asian financial crisis.

These two factors have also contributed to a drop in the number of travellers visiting the United States from some of their major markets, including France, Germany, South Korea, Hong Kong and Switzerland.

The situation in the United States indirectly affected international travel to Canada. Forty percent of overseas visitors coming to Canada enter via the United States. The number of such travellers entering Canada via the United States dropped by 13% in 1997, to 1.7 million.

However, the number of overseas residents entering Canada directly was up 4.5% in 1997 from 1996. An increase in direct entries to Canada is important economically because travellers who enter Canada directly stay longer and spend more per trip than travellers entering Canada via the United States.

## Significant economic impact on PEI from the Confederation Bridge

Prince Edward Island attracted substantially more visitors with the opening in May 1997 of the Confederation Bridge. This new access to the island is an attraction in itself. Americans made almost 200,000 overnight visits to PEI in 1997, almost a 50% increase from 1996. Overseas residents made 52,000 overnight visits to the island, 40% more than in 1996. Europeans accounted for two thirds of the visits by overseas residents (34,000), a jump of 71% over the previous year.

During these 252,000 visits, foreign visitors injected $78 million into PEI's economy, 42% more than last year. This growing influx of visitors coincided with a greater number of visits, both from the United States and from overseas countries, to the neighbouring provinces of New Brunswick and Nova Scotia.

While the Maritime provinces received more visitors in 1997 than in 1996, the Western provinces were adversely affected by the drop in Asian and European visitors to Canada: 22% fewer visits were recorded in Alberta, and 20% fewer in British Columbia.

### More visits by Canadians to sun spots

Although Europe is still the preferred destination for Canadians (apart from the United States), the sun spots in the United States and overseas saw greater numbers of Canadians last year.

Despite a slight drop (-1.1%) in Canadians' overnight trips to the United States, their number of overnight visits to Florida was up 9.6% to 2.1 million. Last year, Canadians made 1.0 million visits to California, an increase of 7.4%.

Canadians visited sun spots in Central America and the Caribbean more often in 1997. And visits to Mexico jumped 29.5% to 567,000, second in overseas destinations after the United Kingdom.

### Overseas residents' spending in Canada fell

The drop in spending by overseas residents travelling to Canada was the main contributor to the increase in the overall deficit. Those receipts were down 8.1% from the previous quarter, to $1.2 billion, the lowest level since the second quarter of 1995.

A number of factors continue to deter overseas travellers from choosing Canada as a destination and from spending as much as in the past.

In the last few years, the Canadian dollar has gained strength against most European currencies and the Japanese yen, making Canada more expensive in the eyes of residents of these countries. Furthermore, the repercussions of Asia's financial crisis are still being felt.

Meanwhile, Canadians' spending in countries other than the United States slipped by 0.4% from the record of $1.5 billion in the fourth quarter of 1997.

Consequently, the deficit in the travel account between Canada and countries other than the United States swelled more than 50%, to $286 million. Only the $294 million deficit registered in the first quarter of 1990 was larger.

### Reduction in the deficit with the United States

During the first quarter of 1998, the Canadian dollar reached an all-time low compared with the U.S. dollar. Canadians made fewer trips south of the border and their spending during these trips ($2.4 billion) was down for a third consecutive quarter.

Meanwhile, receipts from Americans were practically unchanged from the record $1.8 billion spent the previous quarter.

The net result was a 4.7% reduction of the deficit in the travel account between Canada and the United States. It shrank to $592 million, the lowest in the last nine years.

Overall, the international travel account deficit jumped 8.9%, to $878 million. This deficit had peaked during the fourth quarter of 1991, when it was twice as large ($1.9 billion).

**Note to readers**

Unless otherwise stated, the quarterly data in this release are seasonally adjusted. Amounts are stated in Canadian dollars and not adjusted for inflation. The data have been revised back to 1993.

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.

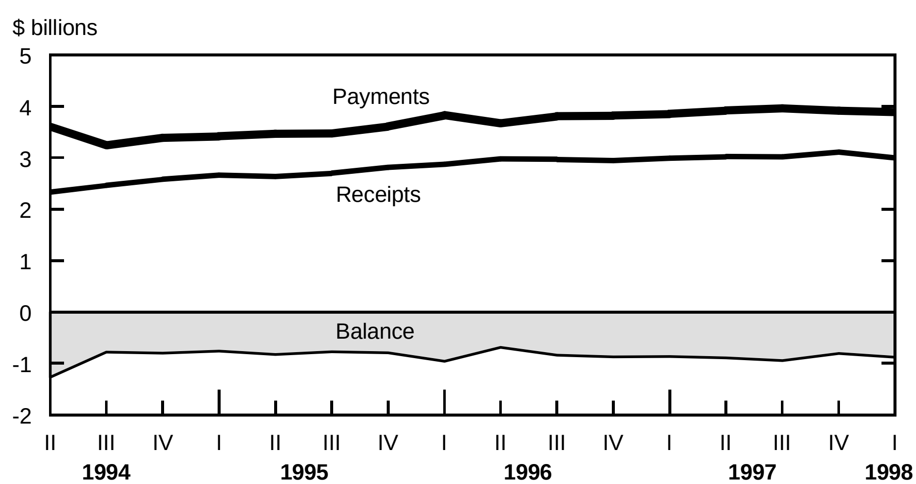
TRENDS

## International Travel Account

### First Quarter 1998 (preliminary)

The international travel account deficit increased 8.9% in the first quarter of 1998. The deficit in the travel account with the United States was at its lowest level in nine years, whereas the deficit with other countries was the highest since the first quarter of 1990.

**Canada's international travel account deficit jumped in the first quarter**



# National Tourism Indicators
## Fourth Quarter 1997 and Year 1997

In the fourth quarter of 1997, tourism spending in Canada reached $8.7 billion, an important increase of 6.9% over the same period last year. During this quarter, spending by Canadians in their own country rose by 6.6%, while spending by foreigners in Canada increased 8.1%.

### Domestic spending strengthens
The domestic market continues to be the main source of tourism spending. Canadians spent $6.6 billion traveling in Canada.

During the fourth quarter of 1997, domestic spending increased for all of the major goods and services. Expenditures by Canadian tourists in their own country rose 6.6% over the previous year. This growth is particularly attributable to the 14.7% rise in expenditures on air transportation.

The increase from the previous quarter in domestic expenditures was only 0.6% after adjusting for inflation and seasonal variation.

### Spending by foreign tourists picks up
Foreign tourists spending showed signs of strength during the fourth quarter of 1997. Foreign visitors spent $2.1 billion, a strong increase of 8.1% from the fourth quarter of the previous year. Important increases were recorded in every major category.

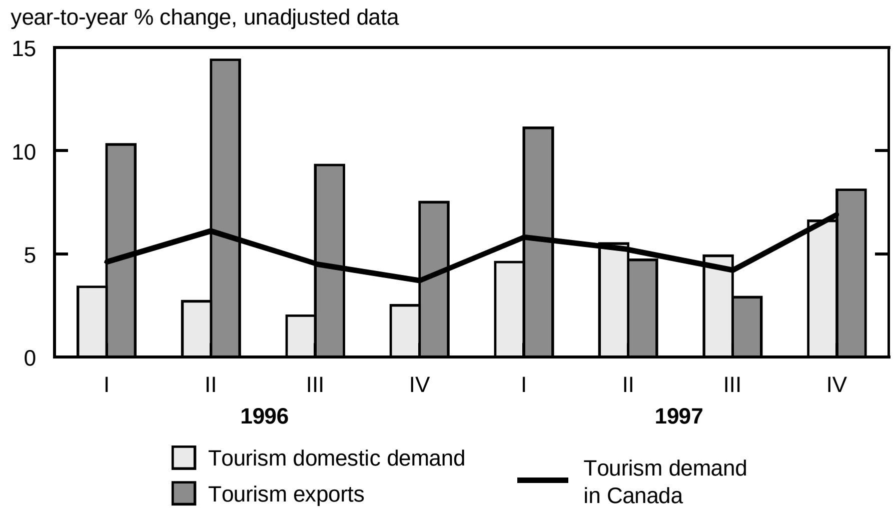
After adjusting for inflation and seasonal variation, the growth in tourism exports is even clearer, foreign spending jumped 3.3% from the previous quarter. This is the largest gain recorded since the end of 1995.

### Tourism creates more jobs
In the fourth quarter of 1997, 502,200 people were employed in the tourism industry, a 4.0% increase from a year ago. On a seasonally adjusted basis, however, tourism employment rose at a much slower pace than earlier in the year.

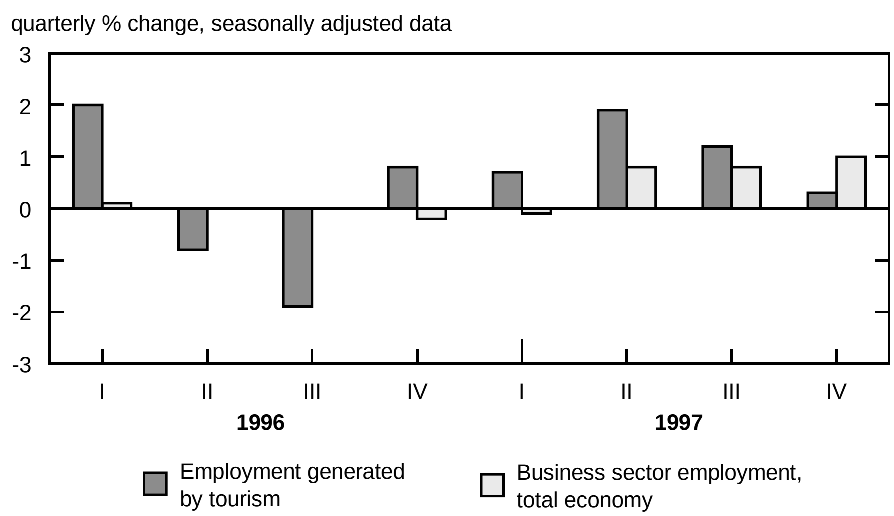
### Year 1997
Tourism spending in Canada reached almost $44 billion in 1997, up 5.3% compared with 1996. The growth was widespread with an important increase in passenger air transport (10.3%). The increases were equivalent for both the spending by Canadians (5.3%) and the spending by non-residents (5.2%).

### Employment generated by tourism on the rise
Employment generated by tourism increased to 503,200 in 1997, up 2.3% from 1996. Increased passenger traffic benefited the air transportation industry which gained 8.9% since last year. For the third year in a row, growth in tourism employment outpaced that recorded in the total business sector.

**Tourism spending increases**




**Employment growth higher in the business sector than in tourism**



# TRAVEL INDICATORS

| | First Quarter 1997 | First Quarter 1998 | % Change |
|---|---|---|---|
| **VISITORS TO CANADA (000s)** | | | |
| From United States | 6,939 | 7,403 | 6.7 |
| One-or-more-night visits | 1,693 | 1,790 | 5.7 |
| - By auto | 1,013 | 1,071 | 5.7 |
| From Overseas | 622 | 521 | -16.2 |
| One-or-more-night visits | 578 | 502 | -13.1 |
| Top Seven Countries: | | | |
| United Kingdom | 104 | 107 | 2.6 |
| Japan | 94 | 68 | -27.4 |
| France | 49 | 49 | 0.2 |
| Germany | 42 | 36 | -12.6 |
| Hong Kong | 35 | 25 | -28.9 |
| Australia | 21 | 23 | 9.5 |
| Taiwan | 18 | 16 | -10.0 |
| **CANADIANS OUTSIDE CANADA (000s)** | | | |
| To United States: | 11,410 | 9,809 | -14.0 |
| One-or-more-night visits | 3,375 | 3,043 | -9.8 |
| - By auto | 1,732 | 1,455 | -16.0 |
| To Overseas (one or more nights) | 1,320 | 1,395 | 5.6 |
| **INDUSTRY** | | | |
| Airline passengers (Level I) (000s) | 5,657 | 5,547 | -1.9 |
| Airline passenger-km (Level I) (000,000s) | 13,564 | 13,792 | 1.7 |
| **PRICES 1992=100 (not s.a.)** | | | |
| Travel Price Index | n/a | n/a | n/a |
| Consumer Price Index | 107.2 | 108.3 | 1.0 |
| - Restaurant meals | 107.4 | 109.6 | 2.0 |
| - Inter-city transportation | 136.1 | 149.7 | 10.0 |
| - Rental of automobiles | 114.9 | 113.4 | -1.3 |
| - Gasoline | 109.4 | 100.5 | -8.1 |
| **ECONOMIC 1992=100** | | | |
| Gross Domestic Product (s.a.) (000,000s) | 681,002 | 706,782 | 3.8 |
| - Amusement and recreation (000,000s) | 7,059 | 7,449 | 5.5 |
| - Accommodation and food services (000,000s) | 18,063 | 18,941 | 4.9 |
| Personal disposable income per capita (s.a.) | 17,311 | 17,545 | 1.4 |
| **LABOUR (000s)** | | | |
| Labour force (s.a.) | 15,229 | 15,517 | 1.9 |
| - Unemployed | 1,455 | 1,342 | -7.8 |
| - Employed | 13,774 | 14,175 | 2.9 |
| - Accommodation and food services (not s.a.) | 846 | 905 | 7.1 |
| **EXCHANGE RATES (in Canadian dollars)** | | | |
| American Dollar | 1.35855 | 1.43035 | 5.3 |
| British Pound | 2.21582 | 2.35455 | 6.3 |
| Japanese Yen | 0.01121 | 0.01117 | -0.4 |
| German Mark | 0.81951 | 0.78644 | -4.0 |
| French Franc | 0.24287 | 0.23469 | -3.4 |

*(s.a.) seasonally adjusted.*