



Travel-log

Winter 2000

More Skiers and Snowboarders are Visiting Canadian Ski Areas

by Monique Beyrouti

Whether it's to get away from the daily grind, rest and relax, discover different cultures, broaden their horizons, visit friends who live far away, enjoy a change of scenery or just for work, people are travelling to other countries in ever increasing numbers. For some of them, the urge to pack their bags and go abroad springs from a thirst for adventure and a desire to participate in sports.

That explains why, when the annual blanket of snow falls over Canada and its 250 ski areas, thousands of foreigners stream across our borders. More and more visitors, both from overseas and from the United States, are coming to Canada to go downhill skiing or snowboarding. While many people equate winter with cold and discomfort, others – fortunately – can't wait for it to arrive.

Over the last 20 years, the Canadian ski industry has undergone a number of major changes. Having suffered some setbacks, it had to make adjustments and take a more innovative, creative approach in order to survive. Now the long years of hard work seem at last to be paying off. All indications are that 1998-99 was an excellent year for the industry.

In the first part of this study, we will explore the development of the ski industry in Canada, after taking a short historical detour.

In part two we will examine the characteristics of American travellers who visited Canadian ski areas (to ski or snowboard) during an overnight stay in Canada in the winter of 1998-99. We will also touch briefly on the market situation in comparison with the two previous winters.

Lastly, we will take a quick look at some characteristics of the overseas skier/snowboarder and at their contribution to the Canadian economy.

Introduction

Developed as a sport by the British in the 1880s, skiing gained popularity by leaps and bounds, particularly in the 1960s, 1970s and 1980s. It is estimated that during that period the number of skiers in the world expanded by 10% to 15% a year.¹ Since then, however, the pace of growth has been much more modest.



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In fact, this rather young and dynamic sport has reached maturity much faster than the army of developers had expected. The fact that it is an expensive sport has been and certainly remains a major growth-inhibiting factor. In any case, the slowdown in the ski market had a serious impact on many businesses in the tourism industry, including manufacturers of clothing, boots and accessories, resort and hotel developers, and lift operators. As if this slump had not sufficiently weakened the market, the 1981-83 disaster in North America nearly finished it off. Those years saw a combination of snowless winters and economic recession that wreaked havoc on the ski industry. These factors, together with high interest rates and soaring gasoline prices, led to a sharp decline in the number of visits to ski areas.

Fortunately, though, the ski market fared reasonably well during the years that followed, as the number of active skiers (people aged 12 or over who ski at least three times a month) increased each year, peaking at 2.1 million in 1988.² Between 1988 and 1990, the market shrank by 13% to 1.9 million active skiers.

The Canadian ski industry innovates

After all these years, it became clear that the industry was highly dependent on such factors as Mother Nature, the economy and a somewhat jaded attitude, particularly among young people in search of thrills and challenges. Their profits having eroded, developers had to do something to revitalize the market. What the ski industry needed in order to regain lost ground was technological innovation. So it invested huge amounts of money in everything from ski lifts to accommodation services and, in particular, artificial-snow-making equipment. Resort operators realized that they could no longer afford to rely on Mother Nature. Long periods without snow such as North America experienced in the early 1980s could have more disastrous consequences than an economic recession.

Between late 1989 and 1995, ski resorts in Canada laid out about \$450 million to purchase snowmakers, install faster ski lifts, develop new trails, renovate lodges and introduce family services such as daycare centres and ski lessons for children.³ For example, ski schools now offer a variety of new, more customer-

oriented programs, including some designed for single-parent families. The developers pulled out all the stops – free skiing for young children, special daycare services, a wide range of accommodation choices, and so on – to revive this great winter sport.

New products hit the market

These initiatives certainly had a salutary effect on the market, but a warning sign persisted. Many skiers, mostly those in their early twenties, were abandoning the sport. Something new and exciting was needed not only to attract newcomers but especially to keep current customers interested. The industry had to find ways to innovate, to give skiing a facelift. Once again, it rose to the occasion, and two new products came onto the market: first monoskis, then snowboards.

The popularity of snowboarding has been growing steadily in Canada since the late 1980s. According to *Ski-Press* magazine, 30% of the sales of Quebec resorts were to snowboarders and 70% to skiers in 1998-99. In fact, snowboarders are the fastest-growing segment of the market, and many ski resorts are now providing more space and activities for them. A majority of snowboarders are under 24. Many of them would probably have deserted the slopes if this new sport had not been developed.

The shift from skiing to snowboarding has been blamed for the progressive decline in the number of skiers in Canada since the 1993-94 season.⁴

Number of Downhill Skiers and Snowboarders* in Canada

	97/98	98/99	Change 97-98/ 98-99
	(thousands)		%
Skiers	3,184	3,072	-4 %
Snowboarders	841	867	3 %
Total	4,025	3,939	-2 %

* Population aged 12 and over only.
Source: Print Measurement Bureau (PMB) and Canadian Ski Council.

¹ "Skiing changes style," David Lawday, *The Economist*, December 26, 1987.

² Print Measurement Bureau.

³ *The Financial Post*, January 23, 1989.

⁴ Print Measurement Bureau.



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Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Methodology

International Travel Survey (ITS)

In this report we use ITS data to describe the characteristics of foreign skiers visiting Canada.

The number of travellers arriving in Canada is recorded by border authorities at each point of entry and broken down by category and mode of transportation. At most points of entry, all foreign visitors are surveyed; at seven points of entry, automobile and bicycle traffic is only sampled. Statistics Canada's information about the expenditures and characteristics of international travellers, as reported here, is derived from questionnaires distributed by customs authorities at all points of entry to Canada.

Canadian Skier/Snowboarder Survey

The data on the characteristics of skiers and snowboarders in Canada are taken from the *Canadian Skier/Snowboarder Survey, 1999*, produced by the Canadian Ski Council. In this survey, 6,125 questionnaires were collected at 15 ski areas across Canada between December 1998 and April 1999. All respondents were 12 years of age or over.

Definitions

The ITS questionnaire includes an item on the kinds of activities tourists engaged in during their stay. We identified the skier/snowboarder population by selecting tourists who reported that they had gone skiing in Canada. Since the ITS does not include snowboarding as a separate activity, we assumed that it would be reported under skiing because snowboarders would necessarily have visited ski areas.

Unless otherwise indicated, all figures based on the ITS relate to overnight travel. The winter season is defined as the last three months of a year plus the first three months of the following year.

Limitations

For the winter of 1998-99 (i.e., the fourth quarter of 1998 and the first quarter of 1999), the ITS samples used to estimate travel from the United States and overseas consisted of 409 and 514 questionnaires respectively.

According to the Canadian Ski Council and the winter resorts that took part in the *Canadian Skier/Snowboarder Survey, 1999*, the survey data are representative of visitor markets.

Winter tourism benefits since, even though Canadians make up most of the customer base, more foreigners are discovering Canada and coming here to ski or snowboard on our magnificent mountains. In the winter of 1998-99, people from other countries made a total of 723,000 visits to Canadian ski areas. Americans account for 67% of that total and represent the largest foreign contingent.

The American market

Ten per cent of American visitors who stayed in Canada for at least one night during the 1998-99 season went downhill skiing or snowboarding. That is an increase of three percentage points from the previous winter.

In 1998-99 American tourists made a record high of more than 480,800 overnight visits to Canadian ski resorts, during which they pumped about \$348 million into the Canadian economy (Table 1). These results are substantially higher than the figures for the previous winter (1997-98): the number of visits was therefore up 66%, and spending jumped by 54%. While all four of the provinces that are popular ski-holiday destinations benefited from this growth, Ontario enjoyed the largest gain (Table 1), which more than compensated for the decline it suffered in 1996-97 and 1997-98.

The big favourite: British Columbia

In British Columbia, skiers and snowboarders have a very appealing variety of resorts to choose from, including Whistler/Blackcomb, Panorama, Big White and Silver Star. According to the *Ski Magazine's* readers, the Whistler/Blackcomb resort was ranked first among ski resorts in North America in 1999 ahead of Sun Valley, Idaho, Deer Valley, Utah, and Vail and Aspen, Colorado. The competition is fierce, though, as Colorado and Utah boast the best ski venues and conditions in the United States. Moreover, the Whistler village is built directly at the foot of the ski slope like the skiers want it.

⁵ Print Measurement Bureau.

⁶ Print Measurement Bureau and the Canadian Ski Council.

While the number of Canadians who ski has decreased, Canadian and foreign skiers have been visiting Canada's ski areas more frequently, as shown in the table below.

Number of Visits* to Downhill Ski Areas in Canada

	97/98	98/99**	Change 97-98/ 98-99
	(thousands)		%
Canada	15,308	17,354	13.4 %

* Number of visits refers to the number of times that skiers (population aged 12 and over only) visited ski areas. It therefore measures the volume of visits during a season. The number of visits includes non-resident skiers.

** Estimated on June 30, 1999.

Sources: Regional ski area operator associations: Atlantic Ski Area Association, Association des stations de ski du Québec, Ontario Ski Resorts Association.

During the 1998-99 season, Canadian ski resorts across the country received a total of over 17 million visitors.

Profile of Canadian downhill skiers

In 1999, 57% of skiers in Canada were men, and 43% were women;⁵ 68% were English speaking, 27% were French speakers and 5% spoke other languages. The provincial breakdown was as follows: Quebec and Ontario had the largest numbers of skiers, with 29% and 30% respectively; British Columbia and Alberta were next, with 16% and 12%. The 35-49 age group had the highest proportion of skiers (29%).

Twelve per cent of Canadians aged 12 and over have tried downhill skiing at least once, and roughly half of them go skiing at least three times a month.⁶

Who are Canadian snowboarders?

According to Print Measurement Bureau estimates, 72% of Canadian snowboarders are between 12 and 24 years of age. The most active snowboarders, those who engage in the sport at least four times a month, are between 12 and 17. Only 9% of all snowboarders are between 35 and 49.

British Columbia plays host to the largest number of American tourists who like sports involving ski or snowboarding. In fact, 56% of members of the latter group who visited Canada to indulge their passion selected British Columbia as their destination (Table 1). In the winter of 1998-99, American visitors to British Columbia spent over \$213 million (61% of their total expenditures in Canada). Although receipts from American visitors were up a healthy 40% compared with the previous winter, the national percentage was down. It was Alberta that gained, as its share, though still modest, jumped from 9% to 15% over the same period.

A large portion of British Columbia's visitors come from Washington State. In 1998-99, visitors from Washington accounted for 45% of the provincial total (Table 2), up six percentage points from a year earlier. Washington is by far the biggest source of foreign skiers visiting Canada. The increase in the number of Washington visitors put a little more cash in British Columbia's economy, as their expenditures rose from \$32 million to \$51 million over the same period.

The number of tourists is not necessarily a good indicator of the benefit to the industry, it may be misleading if it is used to measure the economic impact. For example, Washington was the source of 45% (Table 2) of all ski trips to British Columbia from the United States, but it provided only 24% (Table 4) of the province's receipts from that form of tourism.

California residents are British Columbia's second largest market, accounting for 12% of visits and 15% of receipts in 1998-99.

With 24% of the market, Quebec is the second most popular province for American skiers, well ahead of Ontario and Alberta (Table 1).

Quebec has about 100 ski resorts, mostly in the Laurentians, the Quebec City area and the Eastern Townships.

Among the regional ski resorts, skiers can choose between Le Massif, located 90 kilometres from the capital; Mont Sainte-Anne, which features a main ski complex with various accommodation, food and beverage, and entertainment options; and Stoneham, a large mountain with a vertical drop of 400 metres.

The Eastern Townships, with Owl's Head, Sutton, Orford and Bromont mountains, are also a popular destination.

Table 1

Provincial Distribution of U.S Ski Visits and Expenditures

	Winter trips of one or more nights							
	96-97		97-98		98-99		98-99/97-98 % Change	
	Visits	Spending	Visits	Spending	Visits	Spending	Visits	Spending
Total (in thousands)	291.7	\$157,556	289.4	\$225,572	480.8	\$347,776		
	%							
Total	100	100	100	100	100	100	66	54
Quebec	22	23	23	19	24	20	73	57
Ontario	9	5	6	2	11	4	236	169
Alberta	14	18	9	10	9	15	69	126
British Columbia	52	54	60	68	56	61	53	40
Other provinces	3	-	2	1	-	-	-76	-77

- nil or zero.

Source : International Travel Survey.

Table 2

Provincial Distribution of American Ski Visits by Key U.S States, Winter 1998-99

	Trips of one or more nights				
	Total	Quebec	Ontario	Alberta	British Columbia
	%				
Total	100	100	100	100	100
Washington	26	-	1	9	45
Michigan	10	2	78	3	1
New Jersey	10	40	-	2	-
California	8	-	-	17	12
Massachusetts	5	15	-	2	2
New York	5	11	3	2	3
Idaho	4	-	-	8	5
Sub Total	68	66	82	42	68
Other States	32	34	18	58	32

- nil or zero.

Source : International Travel Survey.

Next to Ontario, primarily the Ottawa-Toronto corridor, the northeastern United States is Quebec's biggest ski market.

In the Laurentians, Mont-Tremblant remains one of the most important Canadian destinations on the international market. The village of Mont-Tremblant, one of the area's most picturesque locations, has a multitude of hotels, motels, inns, condominiums and other tourism facilities to offer.

In the 1998-99 season, 40% of the American skiers who schussed down Quebec's slopes came from New Jersey (Table 2). Another 15% and 11% of them were from Massachusetts and New

York State respectively. American skiers spent a total of \$68 million in Quebec, 57% more than a year earlier. Although there are many ski hills in the United States, Americans are attracted to Quebec by the differences between the two cultures, the quality of the snow, and the American dollar's high exchange rate. These factors have long been understood by industry developers.

The province with the most stable market share across the 1996-97, 1997-98 and 1998-99 seasons was Quebec.

In Alberta, skiers can choose from Lake Louise ski resort, Sunshine Village resort, or Mount Norquay.

In Banff National Park, less than two hours' drive of Calgary in the Rocky Mountains south west of Alberta, the ski season can last until May on its 6,000 acres of downhill and cross-country trails. In 1998-99, Alberta welcomed 9% of all American visitors who went skiing in Canada and pocketed 15% of the receipts from those visits (Table 1).

The number of American visitors who spent time at Alberta's ski resorts soared between 1997-98 and 1998-99. Average

expenditures per visitor were also up, jumping from \$919 to \$1,227 over the same period. In fact, Alberta was the only province that recorded an increase in average spending per visit; the national average fell from \$780 in 1997-98 to \$723 in 1998-99.

California was Alberta's biggest market last winter, accounting for 17% of all visits to the province (Table 2) and, more importantly, a quarter of the province's receipts (Table 4) from this type of tourism.

While it is the smallest of Canada's four major markets, Ontario managed to double its share of visitors and receipts between 1997-98 and 1998-99. It is important to note, however, that like Alberta, Ontario suffered a sharp decline in visits by American skiers between 1996-97 and 1997-98. Nevertheless, in 1998-99 Ontario had twice as many visitors as in 1996-97. This province had the most heavily concentrated market in Canada: Michigan accounted for 78% of its ski visitors (Table 2) and 74% of its receipts in 1998-99 (Table 4).

Table 3

Distribution of American Skiers Expenditures by State of Residence

	Trips of one or more nights			
	96-97	97-98	98-99	98-99/97-98 % Change
Total Expenses (in Thousands of \$)	157,556	225,572	347,776	
in percentage:	100%	100%	100%	54
	%			
Washington	16	14	16	40
California	10	13	13	53
Indiana	5	1	1	-7
Massachusetts	6	6	6	38
Michigan	5	2	5	428
New York	7	9	6	-1
New Jersey	4	3	5	180
Texas	4	9	4	-35
Arizona	7	1	-	-21
Sub Total	63	58	55	-46
Other States	37	42	45	65

- nil or zero.

Source : International Travel Survey.

Table 4

Provincial Spending Distribution of American Ski Visits by Key U.S States, Winter 1998-99

	Trips of one or more nights				
	Total	Québec	Ontario	Alberta	British Columbia
	%				
Total	100	100	100	100	100
Washington	16	-	3	6	24
Michigan	5	7	74	3	1
New Jersey	5	24	-	2	1
California	13	-	-	25	15
Massachusetts	6	12	-	2	5
New York	6	14	2	2	5
Florida	6	4	1	1	8
Pennsylvania	4	8	1	5	3
Texas	4	1	-	5	5
Sub Total	64	68	81	50	66
Other States	36	32	19	50	34

- nil or zero.

Source : International Travel Survey.

Spending less time in Ontario, more time in Alberta

Americans who visit Ontario stay the shortest amount of time. In 1998-99, 74% of them stayed only two-to-three-nights (Chart 1). By comparison, 45% of American visitors to Alberta stayed seven to nine nights, and 37% of them four to six nights. In fact, stays in Alberta were longest, which partly explains the fact that average spending per stay is so high (average expenditure per night is also the highest in the country). In British Columbia, four-to-six-night visits are most common, followed by two-to-three-night visits. Finally, over three quarters of stays in Quebec by American visitors were for four to six nights.

Most Americans drive to Quebec

In the 1998-99 season, three out of four Americans who took ski holidays in Quebec used their cars. This is due primarily to the proximity of their homes to their destination. Air travel was most common in Alberta, as 72% of American visitors took a flight in order to reach the ski resorts they planned to visit. Finally, 29% of Americans travelling to Ontario arrived by coach.

More singles travel to Alberta

While the composition of travel groups was surprisingly diverse in every province, Ontario had a very different market from the rest of Canada. Groups of three adults or more were the most common arrangement, regardless of the province visited (Chart 2). In 1998-99, 54% of Americans who went skiing or snowboarding in Quebec travelled in such groups. Quebec had the highest percentage, while Ontario

had the lowest (31%). The second most frequent combination, in all provinces except Ontario, was groups of two adults. The proportion accounted for by such groups ranged from 18% in Alberta to 29% in British Columbia. By contrast, a mere 1% of American visitors to Ontario travelled in groups of two adults. Travelling alone was most common in Alberta (16% of visitors). For the other provinces, the proportion varied between 7% and 8%. An arrangement popular in Ontario was groups of three adults or more with children (28% of tourists). Groups of one adult with one or more children were most prevalent in Ontario; 20% of the province's visitors were members of such groups. In the other provinces, this arrangement was almost non-existent.

First quarter is more popular

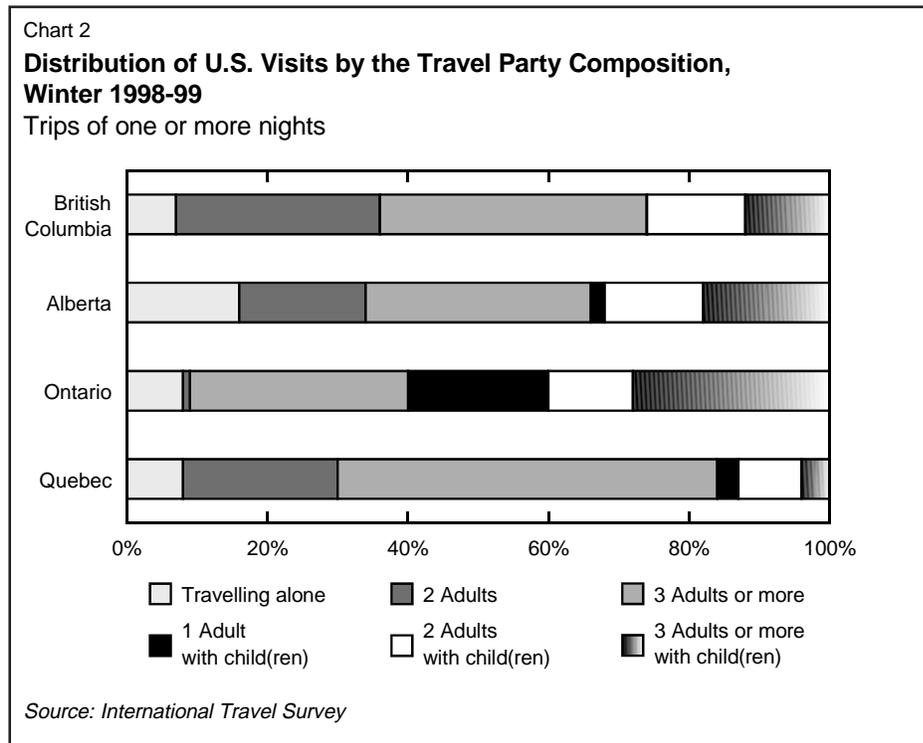
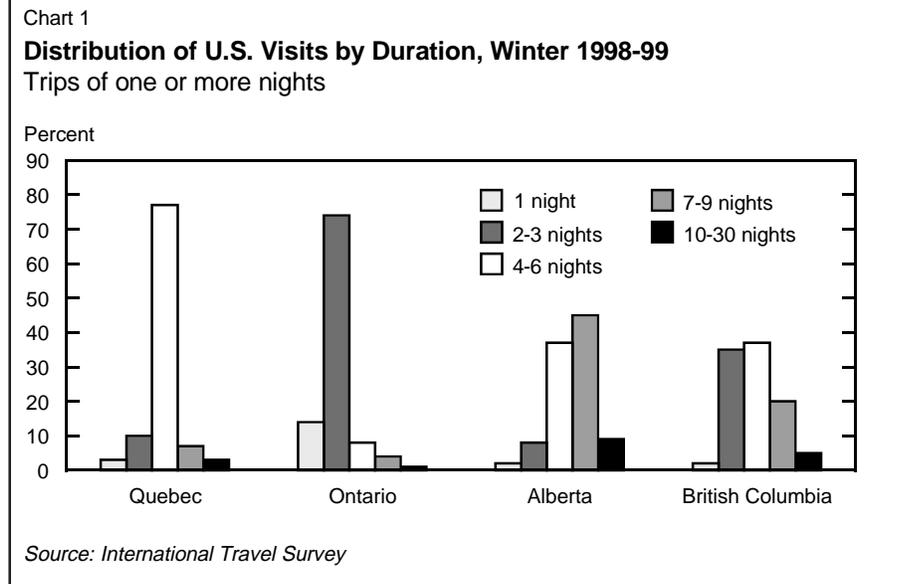
Broken down by quarter, the ITS estimates show that eight out of ten American tourists who went skiing or snowboarding in Canada did so in January, February or March 1999. The remaining 20% visited Canada in October, November or December 1998. There were substantial differences among the provinces. Although visits to Quebec were more common between January and March, 42% took place in the fourth quarter of 1998, compared with only 10% for British Columbia. The corresponding figures for Alberta and Ontario were 23% and 19%.

Pleasure travel, of course!

A large proportion (82%) of American visitors who went skiing or snowboarding in Canada were travelling primarily for pleasure. The proportion was lowest in Ontario, at only 60%, compared with 86% for British Columbia (Chart 3). Some Americans took time out during business trips to hit the slopes; this was most prevalent in Alberta (7% of travellers). Ontario had the highest proportion (11%) of American travellers who went skiing during a trip to visit relatives or friends.

More young families visit Ontario

Thirty-six per cent of Americans who visited Quebec in the winter of 1998-99 were between 45 and 54 years of age; this was the highest percentage for any one



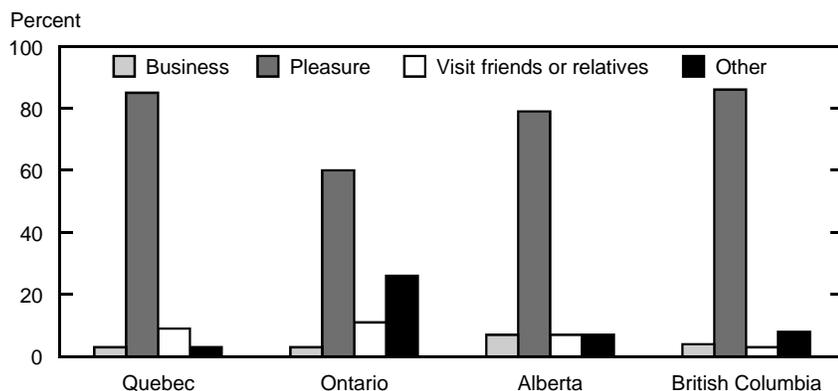
age group. One quarter of Quebec's American visitors were between the ages of 15 and 19, a much higher proportion than in any other province (Table 5). In Alberta, the 25-34, 35-44 and 45-54 age groups each accounted for about a fifth of the American visitors. The pattern was

similar for British Columbia, except that the proportion was slightly higher in the 35-44 age group. Young children (age 2 to 11) made up a large proportion (23%) of the American visitors to Ontario. Few travellers to that province were over 44.

Chart 3

Distribution of U.S. Visits by Trip Purpose, Winter 1998-99

Trips of one or more nights



Source: International Travel Survey

Tourists from overseas prefer skiing in British Columbia

In all, there were roughly 1.5 million visitors from overseas in the winter of 1998-99. Proportionately more overseas visitors than American visitors went skiing while in Canada. About 242,600 of them, or 16%, reported going skiing at some point during their stay. That percentage (13%) was the same as in the 1997-98 season.

The number of ski trips by overseas visitors was up 4% from the previous season and 11% from 1996-97.

Travellers from overseas who reported visiting Canadian downhill ski areas spent some \$320 million during their stays in 1998-99. Of that total, 58% was spent in British Columbia, 23% in Alberta, 9% in Quebec and 8% in Ontario.

Many visitors from the United Kingdom

By far the largest number of overseas visitors, Britons accounted for the highest proportion of ski travel expenditures in Canada: 40% in 1998-99 (Chart 4). Japanese travellers ranked second, though this market has slumped badly. Visitors from Japan contributed only 13% of total expenditures in Canada in 1998-99, compared with a third in 1996-97.

Australians made up 10% of all overseas visitors and accounted for 6% of spending in Canada. The Mexican market, though small, is growing fast. Mexicans' share of ski trip expenditures in Canada was 6% in 1998-99, compared with just 1% in 1996-97.

Ontario and Quebec equal in popularity

About half of all skiers from overseas visited resorts in British Columbia in 1998-99. Twenty-three per cent of them went to Alberta, while Ontario and Quebec each had a 13% share (Chart 5). A large majority of Alberta's overseas visitors were from the United Kingdom. Alberta was the only province with a heavily concentrated market. Britons accounted for 69% of the province's receipts and for 36% of British Columbia's receipts.

Furthermore, during the 1998-99 season, skiers from overseas stayed in

Table 5

Provincial Distribution of American Ski Visits by Age Groups, Winter 1998-99

	Trips of one or more nights				
	Total	Québec	Ontario	Alberta	British Columbia
			%		
All Age Groups ¹	100	100	100	100	100
2 to 11	7	6	23	3	5
12 to 14	4	1	9	8	4
15 to 19	10	25	11	6	3
20 to 24	5	2	16	5	4
25 to 34	15	4	14	22	19
35 to 44	22	14	17	21	28
45 to 54	23	36	7	21	20
55 and over	14	12	3	14	17

¹ Excludes not reported and children less than two years old.
Source: International Travel Survey.

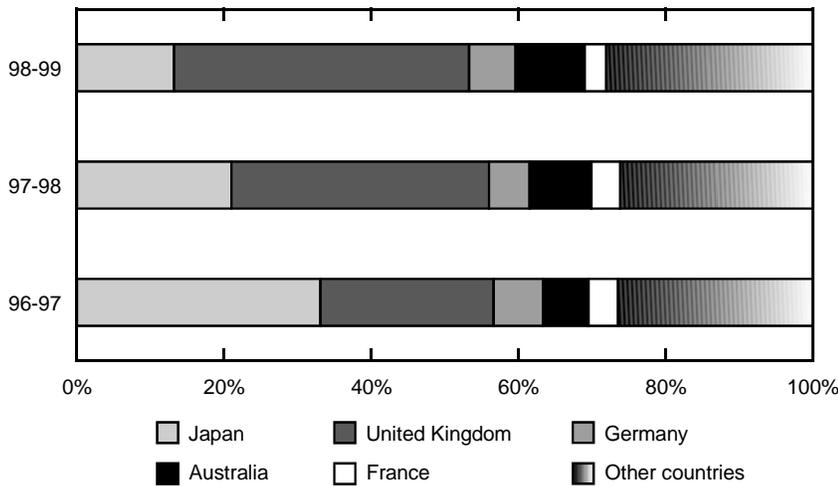
Table 6

Provincial Distribution of Skiers from Overseas Countries

	Winter trips of one or more nights					
	96-97		97-98		98-99	
	'000	%	'000	%	'000	%
Total	217.8	100	232.9	100	242.6	100
Quebec	26.9	12	31.1	13	31.6	13
Ontario	19.7	9	22.8	10	30.6	13
Alberta	51.3	24	55.5	24	56.5	23
British Columbia	113.2	52	120.6	52	117.0	48
Other Provinces	6.7	3	2.9	1	6.9	3

Source: International Travel Survey.

Chart 4
Distribution of Expenditures of Ski Related Trips to Canada,
by Country of Residence
 Trips of one or more nights



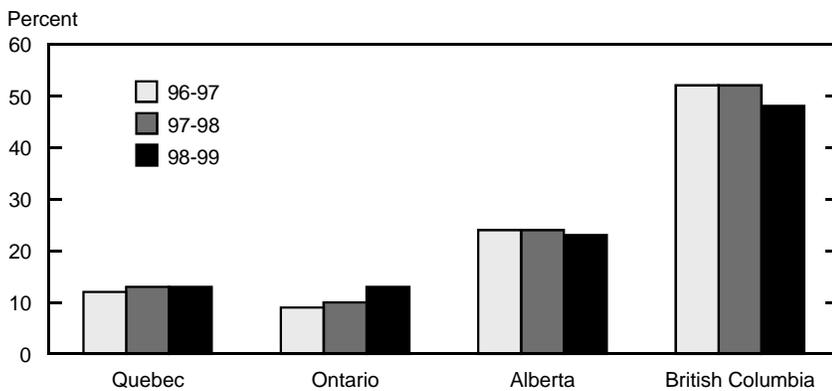
Source: International Travel Survey

Canada for an average of 10 days, during which they spent an average of \$1,318 (Table 7). Average stay and average expenditure were slightly higher than a year earlier. Average spending in 1998-99 was highest in British Columbia, at \$1,588.

While there is every reason to believe that Canada's ski travel market for foreign visitors is expanding, international travel, both here and elsewhere, may slump at the end of 1999. In fact, it is a fairly safe bet that all the "hype" about festivities and trips to celebrate the arrival of the new century will produce neither the significant increase in international travel nor the business windfall that travel agents, transportation companies and wholesalers had hoped for. Yet, only a few weeks before the momentous event, extra flights to the most popular destinations remain empty. Many people were undoubtedly discouraged by the cost. What's more, the Y2K bug was taken seriously, and many employers, both in Canada and in other countries, ordered their staff to remain available for work.

However, strong domestic demand will probably prevail, especially given the continued low value of the Canadian dollar and the possibility that Canadians may stay close to home, in light of the many uncertainties created by the controversy surrounding the arrival of the new millennium and other problems.

Chart 5
Distribution of Ski Visits from Overseas Countries
 Trips of one or more nights



Source: International Travel Survey

Table 7
Selected Characteristics of Overseas Ski Visits in Canada, Winter 1998-99

	Total	Québec	Ontario	Alberta	British Columbia
Average Party Size	2.3	2.2	1.9	2.6	2.4
Average Visit Duration (nights)	9.7	8.6	8.9	9.3	10.1
Average Reported Spending/Visit (\$)	1,318	923	853	1,308	1,588
Average Reported Spending/Night (\$)	136	108	95	141	158

Source: International Travel Survey

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Domestic Travel Second Quarter 1999

Canadians made 36.4 million trips within Canada in the second quarter of 1999, up 8.2% (2.7 million trips) compared with the second quarter of 1998, and the most trips recorded since the second quarter of 1996 — the first year this type of comparison can be made.

An exceptionally warm spring in Canada, an unfavourable Canada-U.S. exchange rate for Canadians and the continued consumption of goods and services, albeit at a less frantic pace, may have led Canadians to travel more within the country. Travellers in the 45-54 age bracket made the most trips, accounting for 42% of the increase of 2.7 million trips in the second quarter.

The 32.3 million trips taken by Canadians within their own province (intra-provincial travel) were responsible for the

increased number of trips taken in the second quarter of 1999. This type of travel increased 9.6% over the same quarter a year earlier, whereas inter-provincial travel declined 1.9% to 4.1 million trips.

Total expenditures for all domestic travel in the second quarter of 1999 reached \$4.7 billion, up 5.6% over the same quarter in 1998. This increase was only slightly higher than the increase in the cost of travel, which was 5% for the same period. The 17.0% increase in expenditures for intra-provincial travel was somewhat mitigated by a 9.6% drop for inter-provincial travel. This decrease was due in part to fewer inter-provincial travellers and in part to reduced expenditures by travellers on lodging (18.4%) and on food and beverages purchased in restaurants and bars (26.3%). Total expenditures for intra-provincial travel in the second quarter of 1999 came to \$3.0 billion, compared with \$1.7 billion in expenditures for inter-provincial travel.

The split between overnight trips (18.1 million) and same-day trips (18.3 million) was nearly even in the second quarter of 1999. There was a greater increase in same-day trips (12.7%) in the second quarter, whereas overnight trips increased by only 4.0% over the same quarter a year earlier. Average expenditures during overnight trips were \$205 per person and \$74 per person each night for an average length of 2.8 nights. Four out of ten nights were spent in accommodations deemed commercial.

Note: Domestic travel is defined as any trip of 80 kilometers or more one way, taken by Canadian residents and having a Canadian destination.

Various statistical profiles and microdata files are available on request.



Characteristics of International Travellers Second Quarter 1999

International travel to Canada slowed sharply in the second quarter of 1999 compared with the same period a year earlier as visits from both the United States and Canada's traditional European markets eased off.

In total, just under 5.0 million international tourists made overnight trips to

Canada between April and June 1999, up 1.2% from the same quarter in 1998. This contrasts sharply with increases in the first quarter (11%) and in 1998 overall (7%).

This was the first sign of weakening in the U.S. travel market following four quarters of year-over-year double-digit increases. Overseas travel to Canada increased 2.2% to 1.1 million, the second consecutive quarterly increase.

Tourism from the United States declined 3% in Ontario and 4% in New Brunswick during the second quarter. Otherwise, it increased slightly or remained stable in other regions. Quebec recorded the largest increase in American visitors (8.6%), the result of increased visits from the New England states.

Overnight visitors from the United States injected almost \$1.8 billion into the Canadian economy in the second quarter of 1999, up 3.3% over the same period in 1998.

American air travel to Canada expanded just 0.4% in the second quarter, after posting four years of stellar growth. Automobile trips increased 2.3% over the same period.

Visitors from countries other than the United States took 1.1 million trips to Canada between April and June, a 2.2% increase over the same quarter a year ago. This came on the heels of a 9.4% improvement in the first quarter of 1999. Asian travel to Canada expanded 6.2%, the second positive movement in Asian traffic since the winter of 1997. Overnight trips from Europe expanded a modest 1.2%, as most European currencies lost value against the Canadian dollar.

Overseas visitors spent \$1.3 billion in the second quarter of 1999, 5.3% more than in the same quarter of 1998.

Meanwhile, overnight trips by Canadians to the United States rose 0.1% to 3.5 million in the second quarter of 1999, bringing a halt to the decline that began in the fourth quarter of 1996.

Canadians made a record 950,000 second-quarter overseas trips (2.4%), continuing the growing but slowing trend in overseas outbound travel. They spent \$1.4 billion during these trips, a 1.7% gain over the same quarter in 1998. Although visits to European destinations declined overall, there was a 7.2% growth in the number of Canadians visiting the United Kingdom during the second quarter of 1999.



International Travel Account Third Quarter 1999 (preliminary)

The international travel account deficit fell from a revised \$525 million in the second quarter to just under \$500 million in the third quarter of 1999, mostly due to a decrease of Canadian spending south of the border.

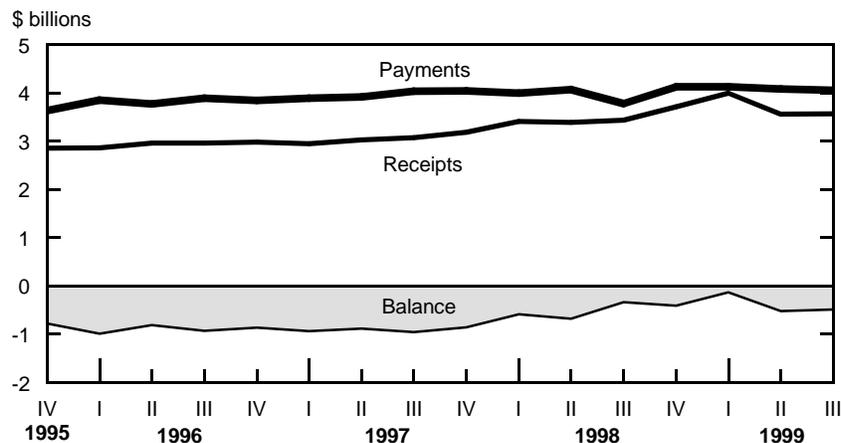
In total, Canadians spent \$4.1 billion outside the country during the third quarter of 1999, down slightly from the previous three months. Meanwhile, foreigners spent \$3.6 billion in Canada, unchanged from the second quarter.

Decrease in Canadian spending south of the border

Despite a 3.7% increase in the number of Canadian overnight trips to the United States, Canadian spending south of the border decreased from the previous quarter to just under \$2.5 billion. During the same period, the Canadian dollar lost 1.5% over the American dollar, from an average of US\$0.68 in the second quarter of 1999 to an average of US\$0.67 in the third quarter of 1999.

American travellers, for their part, spent \$2.2 billion in Canada between July and September 1999, up slightly from the previous quarter. The number of overnight trips by Americans to Canada remained practically unchanged from the previous quarter (0.1%).

Canada's international travel account deficit fell from the previous quarter



The result was a deficit with the United States of \$284 million in the third quarter of 1999, down from a revised \$391 million in the previous quarter.

However, in comparison with the same period last year, the deficit between Canada and the United States more than doubled. The Canadian dollar reached an all-time low compared with the American dollar during the third quarter of 1998, slipping below US\$0.66. This resulted in the lowest deficit in more than a decade.

Increase of the deficit between Canada and overseas countries

Between July and September 1999, Canadians spent more in countries other than the United States than overseas residents spent here, resulting in a deficit of \$208 million, up from a revised \$135 million from the previous quarter.

Canadian spending in overseas countries increased from the second quarter to \$1.6 billion. On the other hand, spending by overseas residents in Canada fell slightly to just under \$1.4 billion.

Note to readers

This International travel account analysis is based on preliminary quarterly data, seasonally adjusted unless otherwise stated. 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.

Overseas countries are those other than the United States.

International travel account receipts and payments

	First quarter 1998	Second quarter 1998	Third quarter 1998	Fourth quarter 1998	First quarter 1999 ^r	Second quarter 1999 ^r	Third quarter 1999 ^p	1997	1998
seasonally adjusted ¹									
\$ millions									
United States									
Receipts	2,101	2,064	2,143	2,342	2,491	2,158	2,183	6,921	8,650
Payments	2,498	2,591	2,278	2,519	2,517	2,549	2,467	10,259	9,885
Balance	-397	-526	-136	-177	-26	-391	-284	-3,337	-1,235
All other countries									
Receipts	1,306	1,320	1,290	1,369	1,499	1,397	1,377	5,300	5,285
Payments	1,497	1,476	1,493	1,603	1,605	1,532	1,586	5,613	6,070
Balance	-191	-156	-203	-234	-106	-135	-208	-313	-785
Total									
Receipts	3,407	3,385	3,433	3,711	3,990	3,555	3,560	12,221	13,935
Payments	3,995	4,067	3,772	4,121	4,122	4,081	4,052	15,871	15,955
Balance	-588	-682	-339	-411	-132	-526	-492	-3,651	-2,020
unadjusted ¹									
\$ millions									
United States									
Receipts	1,149	2,200	3,734	1,568	1,369	2,275	3,775	6,921	8,650
Payments	2,909	2,795	2,155	2,026	2,875	2,785	2,295	10,259	9,885
Balance	-1,760	-595	1,579	-459	-1,506	-510	1,480	-3,337	-1,235
All other countries									
Receipts	820	1,371	2,100	994	929	1,443	2,216	5,300	5,285
Payments	1,621	1,400	1,657	1,392	1,779	1,437	1,753	5,613	6,070
Balance	-801	-28	443	-399	-849	6	462	-313	-785
Total									
Receipts	1,968	3,571	5,834	2,561	2,298	3,718	5,991	12,221	13,935
Payments	4,530	4,195	3,812	3,419	4,653	4,222	4,049	15,871	15,955
Balance	-2,562	-623	2,022	-857	-2,355	-504	1,943	-3,651	-2,020

¹ Data may not add to totals due to rounding.

^r Revised figures.

^p Preliminary figures.



Travel Price Index Third quarter 1999

The TPI rises 5.1% from the same period last year

In the third quarter of 1999, consumers experienced a 5.1% increase in the cost of goods and services in the Travel Price Index basket compared to the same quarter in 1998. This was the sharpest increase for a third quarter since 1991. Inter-city transportation had the highest cost increase, climbing 8.5%. Consumers spent 23% of their travel budget on this single item in the third quarter of 1999. The other two items, accounting for 17% and 19% respectively of the traveller's pocketbook, recorded increases of 6.7% and 6.2% respectively. These items were the use of automotive vehicles and traveller's accommodation.

Another item on which travellers spend a large part of their budget (16.6%) is food and beverages consumed in restaurants and bars, which rose 1.8%. The sharpest increase for a third quarter dates back to 1986, when the cost of inter-city transportation jumped 22.7%.

In comparison, the increase in the cost of all goods and services, as measured by the Consumer Price Index (CPI), reached 111.1, up 2.2% from the third quarter of 1998.

The TPI rises 4.1% from the preceding quarter

The Travel Price Index rose 4.1% in the third quarter of 1999 from the preceding quarter. During the third quarter of 1998, accommodations cost travellers 17.7% more, reflecting in part the higher rates during the summer season.

With increases of 3.5% and 2.8% respectively, operation and rental of automotive vehicles were the other two areas that experienced the sharpest increases during

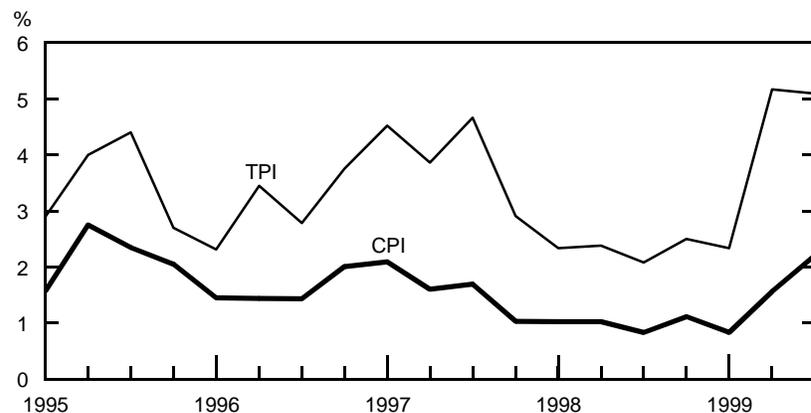
Note to readers

The Travel Price Index (TPI) is an aggregate index of goods and services used when travelling in Canada. Price movements are derived from 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.

the summer of 1999. However, rental of automotive vehicles accounts for only 2% of total travel expenditures.

During the third quarter of 1999, the cost of all goods and services recorded by the Consumer Price Index was up 0.7% from the previous quarter.

Quarterly percentage change in TPI and CPI from preceding year

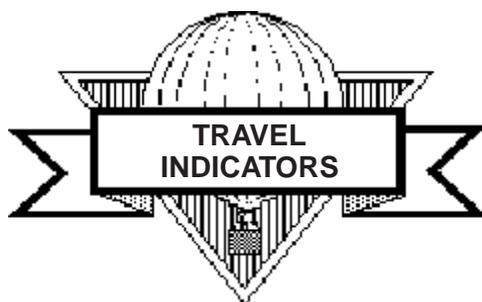


Source: Tourism Statistics Program

**The Travel Price Index (TPI) and its Components
(not seasonally adjusted, 1992 = 100)**

Components of the TPI	Third Quarter 1999	% Change	
		Second Quarter 1999	Third Quarter 1998
Inter-city transportation	171.3	1.5	8.5
Local and commuter transportation	125.5	1.5	3.0
Rental of automotive vehicles	118.9	2.8	2.8
Operation of automotive vehicles	120.4	3.5	6.7
Traveller accommodation	151.8	17.7	6.2
Food purchased from stores	109.9	-1.0	-1.0
Food purchased from restaurants	112.6	0.4	1.8
Served alcoholic beverages	109.0	0.6	1.8
Alcoholic beverages purchased from stores	112.3	-0.4	-0.4
Spectator entertainment	127.3	0.5	4.6
Clothing	106.6	1.5	2.4
Footwear	105.9	-1.1	1.6
Clothing accessories and jewellery	99.6	1.0	1.2
Clothing material, notions and services	111.4	-0.2	1.0
Medicinal and pharmaceutical products	108.6	0.6	1.6
Personal care	109.2	1.1	1.9
Photographic equipment	93.6	-2.7	-4.0
Photographic services and supplies	100.2	0.0	1.3
Operation of recreational vehicles	113.3	2.3	4.5
Audio discs and tapes	105.5	-1.0	-1.4
Use of recreational facilities and services	121.6	0.8	3.0
Reading material and other printed matter	123.1	-0.3	1.9
Tobacco products and smokers' supplies	73.4	0.4	1.5
Travel Price Index (TPI)	129.3	4.1	5.1
Consumer Price Index (CPI)	111.1	0.7	2.2

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



	Third Quarter		% Change
	1998	1999	
From United States	16,014	16,245	1.4
One or more nights visits	6,565	6,680	1.8
- By auto	4,368	4,432	1.5
From Overseas	1,808	1,907	5.5
One or more nights visits	1,708	1,811	6.0
Top Seven Countries:			
United Kingdom	306	324	5.9
Japan	200	223	11.5
France	194	198	2.1
Germany	189	192	1.6
Mexico	51	59	15.7
Italy	53	57	7.5
Hong Kong	61	57	-6.6
CANADIANS OUTSIDE CANADA (000s)			
To United States:	12,160	12,965	6.6
One or more nights visits	4,166	4,701	12.8
- By auto	2,792	3,122	11.8
To Overseas (one or more nights)	1,035	987	-4.6
INDUSTRY			
Airline passengers (Level I) (000s)	6,651	6,851	3.0
Airline passenger-km (Level I) (000,000s)	18,805	19,776	5.2
PRICES 1992 = 100 (not s.a)			
Travel Price Index	123.0	129.3	5.1
Consumer Price Index	108.7	111.1	2.2
- Restaurant meals	110.6	112.6	1.8
- Inter-city transportation	157.9	171.3	8.5
- Renting and leasing of automotive vehicles	115.7	118.9	2.8
- Gasoline	98.2	114.0	16.1
ECONOMIC			
Gross Domestic Product, 1992 prices (s.a.) (000,000s)	720,703	752,880	4.5
- Amusement and recreation (000,000s)	7,662	7,806	1.9
- Accommodation and food services (000,000s)	19,292	19,534	1.3
Personal disposable income per capita (s.a.)	18,243	18,694	2.5
LABOUR (000s)			
Labour force (s.a.)	15,637	15,913	1.8
Unemployed	1,301	1,217	-6.5
Employed	14,336	14,696	2.5
- Accommodation and food services (not s.a.)	941	971	3.2
EXCHANGE RATES (in Canadian dollars)			
American Dollar	1.5147	1.4860	-1.9
British Pound	2.5049	2.3804	-5.0
Japanese Yen	0.0108	0.0131	21.3
German Mark	0.8610	0.7972	-7.4
French Franc	0.2568	0.2377	-7.4
(s.a.) seasonally adjusted.			