



# Tourism snapshot

A focus on the markets that the CTC and its partners are active in

March 2009

Volume 5, Issue 3

## Key highlights

From an inbound perspective, international travellers made 788,611 overnight trips to Canada in March 2009, a decline of 12.8% over the previous year, but during which three key markets registered positive growth; China (+15.9%) India (+3.6%) and France (+0.6%).

The global financial crisis continued to impact CTC's key markets, particularly for more mature markets such as the U.S., Japan, France, Germany and the U.K. Emerging markets (China and India) were sustaining a reasonable economic growth of 6.1% and 3.4% for the first quarter of 2009.

U.S. travel intentions hit a new record low in April. Preliminary results showed that 33.9 per cent of Americans polled planned to take a vacation within the next six months, down from 37.3 per cent in February 2009.

## Tourism review

### International trips

- International travellers made 788,611 overnight trips to Canada in March 2009, a decline of 12.8% over the previous year;
- This month, overnight trips to Canada from both the Americas and overseas key markets decreased compared to March 2008, falling 12.3% and 17.7%, respectively;
- Overnight trips to Canada in March 2008 from overseas countries other than CTC key markets decreased by 8.7% reaching 80,482 trips. Overall, non-US countries registered a large decline of 16.3%;
- Overall international trips to Canada during the first quarter of 2009 fell by 8.2% to 2.2 million, despite trip volumes from overseas countries other than CTC key markets remaining unchanged over the same period in 2008.

### United States

- In March 2009, overnight trips from the U.S. continued to slide, falling 11.4% compared to the same month a year ago, as plane and automobile trips registered declines of 13.7% and 9.0%, respectively. Trips by "other" modes experienced the most significant drop (21.7%);

## Overnight Trips To Canada

	March 2009	09/08 March % Change	Jan-Mar 2009	Year-to-date % Change
<b>Americas*</b>				
<b>United States</b>				
Automobile	347,954	-9.0	954,893	-4.6
Plane	197,389	-13.7	549,463	-10.0
Other	31,742	-21.7	89,685	-21.2
<b>U.S. Total</b>	<b>577,085</b>	<b>-11.4</b>	<b>1,594,041</b>	<b>-7.6</b>
Mexico	13,663	-37.9	37,541	-20.9
<b>Americas Total</b>	<b>590,748</b>	<b>-12.3</b>	<b>1,631,582</b>	<b>-8.0</b>
<b>Overseas Key Markets</b>				
France	16,669	0.6	60,260	-1.8
Germany	12,533	-5.7	38,192	4.5
UK	36,622	-34.1	108,299	-24.1
China	9,612	15.9	30,061	14.5
Japan	14,960	-23.4	34,533	-24.3
South Korea	9,464	-13.9	27,810	-21.6
Australia	8,256	-5.9	32,886	6.2
India**	6,189	3.6	16,647	12.0
Brazil**	3,076	-15.6	13,409	6.6
<b>Overseas Key Markets</b>	<b>117,381</b>	<b>-17.7</b>	<b>362,097</b>	<b>-11.8</b>
<b>As % of Overseas and Americas</b>	<b>16.6%</b>		<b>18.2%</b>	
Other Overseas Countries	80,482	-8.7	236,339	0.0
Non-US Countries	<b>211,526</b>	<b>-16.3</b>	<b>626,513</b>	<b>-9.6</b>
<b>Total Countries</b>	<b>788,611</b>	<b>-12.8</b>	<b>2,220,554</b>	<b>-8.2</b>

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

\*Refers to the CTC's marketing group in the U.S. and Mexico.

\*\*India and Brazil are added to the CTC overseas key markets.

## Overnight Trips by Canadians

	March 2009	09/08 March % Change	Jan-Mar 2009	Year-to-date % Change
United States	1,718,795	-13.2	3,963,588	-11.8
Other Countries	1,036,886	4.4	2,895,938	5.1
<b>Total Trips from Canada</b>	<b>2,755,681</b>	<b>-7.3</b>	<b>6,859,526</b>	<b>-5.4</b>

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

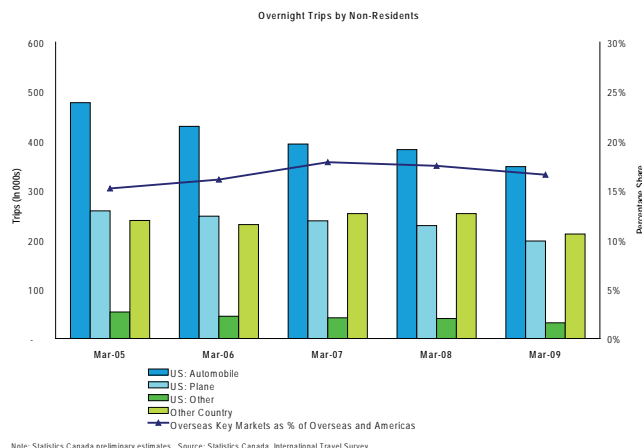
- Overall year-to-date, U.S. overnight trips declined by 7.6% over 2008, reaching 1,594,041 trips;
- In March 2009, all provinces registered losses in overnight trips from the U.S. with large declines to three Atlantic provinces (PEI -100%, Newfoundland -52.7% and Nova Scotia -25.9%);
- In the first quarter of 2009, two provinces (Saskatchewan +6.1%, Alberta +1.3%) registered increases in inbound U.S. trips.

### Mexico

- In March 2009, overnight trips from Mexico dropped significantly by 37.9% over 2008, with a total of 13,663 trips made to Canada.
- For the first quarter of 2009, Mexico also registered a large decrease of 20.9%, reaching 37,541 trips.

### Overseas key markets

- In March 2009, the overseas key markets posted a significant decrease, falling by 17.7% over the same month in 2008 with a total of 117,381 overnight trips made to Canada;
- Only three key markets posted gains in March 2009; China (15.9%), India (3.6%) and France (0.6%). Significant decreases in visitation were recorded from the U.K. (-34.1%), Japan (-23.4%), Brazil (15.6%) and South Korea (-13.9%). Australia and Germany also contributed to the negative performance of overseas key markets with drops of 5.9% and 5.7% respectively;

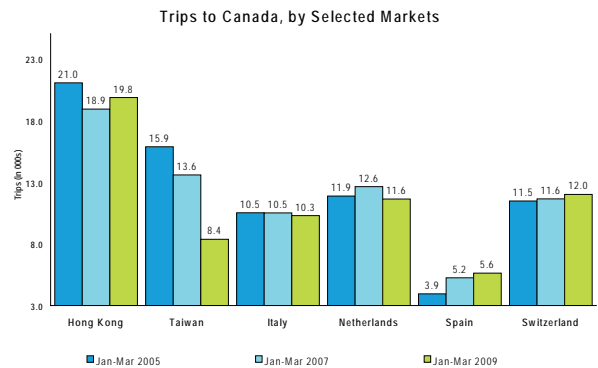


Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

- Year-to-date, increases registered by China (+14.5%), India (+12.0%), Brazil (+6.6%), Australia (+6.2%) and Germany (+4.5%) were more than offset by decreases from Japan (-24.3%), the U.K. (-24.1%) and South Korea (-21.6%).

### Market watch

- Canada experienced a 7.2% increase in trips from Spain during the first quarter of 2009 over the same period in 2007, with Hong Kong and Switzerland registering growth of 5.0% and 3.1% respectively;
- Trips from Taiwan posted a significant decline of 38.4% compared to the first quarter of 2007, while Netherlands and Italy also registered decreases, down 8.0% and 2.1% respectively;
- Year-to-date, Canada saw a more significant increase of 42.5% from Spain over the first quarter of 2005, while Taiwan, Hong Kong, Italy and Netherlands experienced a 47.3%, 5.7%, 2.2% and 2.0% decrease over 2005.



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

### Share of entry

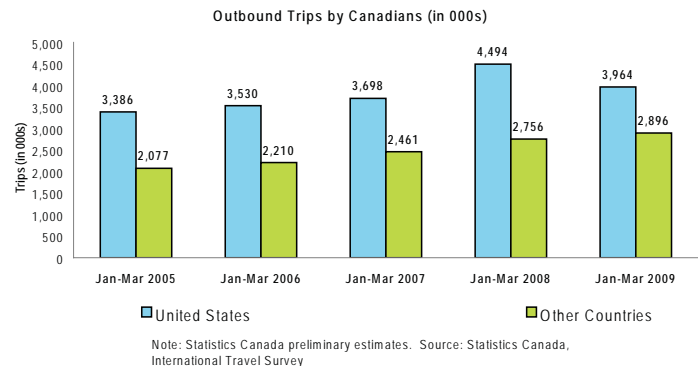
- Canada received 1,594,041 overnight U.S. visitors in the first quarter of 2009 accounting for 80% of total visitors from core markets, which remained unchanged compared to the same period in 2008. Of these U.S. visitors, 47.9% travelled by automobile, 27.6% by plane, while 4.5% used "other" modes of transportation;
- For the first three months of 2009, Americas (the U.S. and Mexico) accounted for 81.8% of total visitors from core markets with Mexico contributing a share of 1.9%;

- In the first quarter of 2009, overnight visitors from key European markets made 206,751 trips to Canada, accounting for a share of 10.4%, slightly less than the share of 11.1% achieved in 2008. Of all inbound trips from core market, the U.K. accounted for the largest share (5.4%), followed by France (3.0%) and Germany (1.9%);

- Overnight visitors from Asian key markets made 125,290 trips during the first three months of 2009, accounting for 6.3% of total visitors from key markets, representing a slight decline of 6.6% from 2008;
- Overseas key markets lost a small share to Americas in the first quarter of 2009, slipping from 18.8% in 2008 to 18.2% in 2009.

### Canadian outbound trips

- In March 2009, overall outbound trips by Canadians posted a decrease of 7.3% over the same month last year;
- Together with a weaker economy and a currency losing strength, Canadian travel to the U.S. continued to decline. For this month, overnight trips to the U.S. were down significantly by -13.2%, while outbound trips to non-U.S. destinations increased 4.4% over March 2008;
- Year-to-date, 7 provinces/territories posted decreases in trips to the U.S. over 2008, with British Columbia recording the largest decline of -18.2%; meantime, significant gains were recorded from P.E.I. (123.1%) and Newfoundland (48.6%);
- In the first quarter of 2009, all provinces registered gains in outbound trip to non-U.S. countries, with overall trips from Canada creeping up 5.1% over the same period last year, while total year-to-date trips by Canadian were down 5.4%.



### Competitive review (January 2009)

- In January 2009, international trips to Australia totaled 458,000 for a 3% increase over 2008, while Canada (-3%) and the U.S (-9%) experienced decreases in visitation;
- Of the three destinations, the Australia outperformed Canada and the U.S. in terms of market growth from China (54%), however Australia also experienced more severe decreases from South Korea (-34%) and Japan (-33%) relative to Canada and the U.K.;
- Canada experienced stronger growth from India (+25%) and Brazil (+24%) in January 2009 compared to Australia and the U.S. Trips from Germany to Canada grew 19% compared to the year prior, while both the U.S. and Australia saw declines of -10% and -5% respectively.

### International Travel, January 2009 (In 000s)

Trips From:	Trips To:					
	Canada		United States		Australia	
	#	09/08 Change	#	09/08 Change	#	09/08 Change
Total International	695	-3%	3,094	-9%	458	3%
<b>Americas</b>						
United States	485	-3%	...	...	34	-9%
Mexico <sup>1</sup>	13	-4%	405	-4%	...	...
<b>Other Key Markets</b>						
France	18	-3%	56	-3%	8	4%
Germany	13	19%	83	-10%	13	-5%
United Kingdom	34	-14%	200	-20%	59	-9%
China <sup>2</sup>	11	22%	71	28%	55	54%
Japan	8	-26%	237	-13%	26	-33%
South Korea	11	-21%	70	-17%	18	-34%
Australia	15	-8%	46	-15%	...	...
India	5	25%	39	-12%	8.6	14%
Brazil	7	24%	87	5%	...	...
Canada	...	...	1,149	-12%	12	-4%
<b>Total Key Markets</b>	<b>621</b>	<b>-4%</b>	<b>2,443</b>	<b>-11%</b>	<b>233</b>	<b>-5%</b>

...Data not available or not applicable.

<sup>1</sup>US figures for Mexico include arrivals to interior only. <sup>2</sup>US figures for China includes Hong Kong, SAR.

Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

Note: Statistics Canada preliminary estimates.

## Accommodations

- Canadian hotel occupancy rates continued to slip. In March 2009, the national occupancy rate fell by 3.9% over the previous year to 54.8%. While most provinces faced decreases in occupancy, Yukon posted a significant increase (+ 25.3%) followed by Newfoundland (+5.3%). The Northwest Territories posted the largest decline, down 12.2%;
- Year-to-date, the national occupancy rate decreased 3.8% falling to 52.4% when compared to the same period last year. Saskatchewan posted the highest occupancy rate at 67.1% (up 0.3%) followed by the Yukon at 62.2% (up 12.4%);
- For the first quarter of 2009, properties with over 500 rooms posted the highest occupancy rate of 60.2% while properties under 50 rooms posted the lowest occupancy rate of 42.4%;
- The national Average Daily Rate from January to March was \$122.69, registering a slight decrease of 1.2% compared to the same period last year. The Average Daily Rate in the Northwest Territories grew 6.0% to \$147.66, which is the highest average and higher than the national average;
- The national average Revenue per Available Room (RevPAR) for the first quarter of 2009 was \$64.25, down 7.9% over the same period last year. The Northwest Territories, Saskatchewan, Alberta and British Columbia posted higher averages than the national average.

## Canadian Occupancy Rates\*, By Province

	Mar-09	09/08 Change <sup>^</sup>	Jan-Mar 2009	Year-to-date Change <sup>^</sup>
Alberta <sup>1</sup>	61.2	-7.2	58.7	-6.2
British Columbia	57.6	-5.6	53.4	-5.0
Saskatchewan	70.8	0.1	67.1	0.3
Manitoba	63.8	-2.6	58.8	-4.3
Ontario	51.4	-2.8	49.8	-3.2
Quebec	50.2	-3.6	50.1	-2.4
New Brunswick	50.4	-3.8	45.3	-5.7
Nova Scotia	55.2	-2.2	47.8	-3.7
Newfoundland	57.3	5.3	51.7	3.2
Prince Edward Island	34.2	-0.7	33.7	-1.1
Northwest Territories	63.3	-12.2	59.1	-11.7
Yukon	65.5	25.3	62.2	12.4
<b>Canada</b>	<b>54.8</b>	<b>-3.9</b>	<b>52.4</b>	<b>-3.8</b>

\* Note: Based on the operating results of 205,272 rooms (unweighted data).

<sup>^</sup> Percentage points.

<sup>1</sup>Excluding Alberta resorts

Source: PKF Consulting

## Strategic performance

### Travel Volumes, January-March 2009

	Trips Made (000s)		
	Target	Actual	% Difference
United States	1,667	1,594	-4.4
Mexico	38	38	-0.7
<b>Americas (Total)</b>	<b>1,705</b>	<b>1,632</b>	<b>-4.3</b>
<b>Overseas Key Markets</b>			
France	61	60	-0.8
Germany	33	38	16.1
UK	121	108	-10.7
China	25	30	18.2
Japan	40	35	-13.1
South Korea	31	28	-10.7
Australia	35	33	-5.0
Overseas Key Market (Total)	<b>346</b>	<b>332</b>	<b>-4.0</b>
<b>Total</b>	<b>2,051</b>	<b>1,964</b>	<b>-4.2</b>

Note: As per strategic plans.

- In the first quarter of 2009, overall international trips by key markets fell short of meeting the set targets by 87,000 or 4.2%;
- The U.S. mainly led the shortfall for the Americas, under by 4.4% or 73,000 trips, whereas trips by Mexicans were slightly under the set target (-0.7%);
- The most notable performance has been from China and Germany exceeding their set targets by 18.2% and 16.1% respectively, while Japan, South Korea and the UK all posted weaker results than targeted, under 13.1%, 10.7% and 10.7%.

## Economic indicators

- Canada's economy worsened in the first quarter of 2009 with GDP falling 1.6%, while contraction in economic activity in the U.S. continued, with GDP falling 2.6%;
- The global financial crisis continued to impact CTC's key markets, particularly for more mature markets such as the U.S., Japan, France, Germany and the U.K. Emerging markets (China and India) sustained reasonable economic growth of 6.1% and 3.4% for the first quarter of 2009;
- In the first quarter of 2009, inflation for all key markets, with the exception of Mexico, dropped compared to the previous quarter. China, the U.S. and Japan registered negative inflation rates of -0.6%, -0.2% and -0.1% respectively;
- The Canadian dollar appreciated against the British pound and the Mexican peso, but weakened against all other currencies with exception of the Korean won and the Indian rupee during the first quarter of 2009.

## Economic Indicators, Q4 2008-Q1 2009

America	Canada		USA		Mexico		Brazil	
	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009
Real GDP growth (yoy, %)	-0.7	-1.6	-0.8	-2.6	-1.7	-3.9	1.3	-0.9
Consumer Price Index (yoy,%)	1.9	1.1	1.5	-0.2	6.2	6.2	6.2	5.8
Exchange Rate (1LCU:C\$)	1.000	1.000	1.212	1.245	0.093	0.087	0.532	0.538

Europe	France		Germany		UK	
	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009
Real GDP growth (yoy, %)	-0.9	-2.7	-1.6	-5.6	-2.0	-4.1
Consumer Price Index (yoy,%)	1.8	0.6	1.6	0.9	3.9	3.0
Exchange Rate (1LCU:C\$)	1.595	1.622	1.595	1.622	1.898	1.786

Asia Pacific	Australia		China		Japan		South Korea		India	
	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009
Real GDP growth (yoy, %)	0.3	-0.6	6.8	6.1	-4.3	-7.8	-3.4	-4.3	5.3	3.4
Consumer Price Index (yoy,%)	3.7	2.5	2.5	-0.6	1.0	-0.1	4.5	3.9	10.3	9.8
Exchange Rate (1LCU:C\$)	0.8185	0.8262	0.1773	0.1822	0.0127	0.0133	0.0009	0.0009	0.025	0.025

Source: Bank of Canada; and Oxford Economics May 2009

Note: Exchange rates, average of 20-22 days.

## Consumer outlook

### Travel intentions

**CANADA:** More Canadians are planning to stay closer to home this summer, according to the Conference Board of Canada. An online panel conducted in April 2009 revealed that 79.2 per cent of Canadian respondents intended to take a summer holiday, which was similar to the results of an online panel conducted a year earlier. However, the number of Canadians planning to stay in Canada for their longest summer vacation this year was significantly higher than in last year's survey. Conversely, trip intentions for holidays to the United States and international destinations registered a sharp decline.

**UNITED STATES:** U.S. travel intentions hit a new record low in April, according to the latest Consumer Confidence Survey report by The Conference Board, Inc. in the United States. Preliminary results showed that 33.9 per cent of Americans polled planned to take a vacation within the next six months, down from 37.3 per cent in February 2009. The previous low (36.2%) was hit in June 2008.

### Consumer confidence

**CANADA:** The Index of Consumer Confidence released by the Conference Board of Canada rose to 71.5 (2002=100) in March, up 2.7 points from February.

**UNITED STATES:** The Conference Board Consumer Confidence Index, which had declined sharply in February, was flat in March. The Index now stands at 26.0 (1985=100), up from 25.3 in February.

*Sources: Consumer Confidence Index, the Conference Board (USA); and Index of Consumer Confidence, the Conference Board of Canada.*

## Air capacity

### Air Capacity, Q1 (January - March) 2009

	Q1 2009	09/08 % Change
Australia*	45,360	-23.0
China	77,849	-23.5
Japan	61,383	-29.8
South Korea	55,448	3.4
India*	31,104	-3.5
France	152,537	-5.2
Germany	162,034	7.5
United Kingdom	338,568	-12.7
Mexico	217,974	26.0
Brazil	26,946	40.3
United States	3,967,686	-2.2

*Note: Non-stop flights. \*Includes one stop.*

*Source: OAG data as provided by the Conference Board of Canada.*

- In the first quarter of 2009, there were notable double digit increases in air capacity from Brazil (+40.3%) and Mexico (+26.0%);
- Significant changes with double digit decreases in air capacity were recorded from Japan (-29.8%), China (-23.5%), Australia (-23.0%) and the U.K. (-12.7%).

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