



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

September 2009

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Key Highlights

Overnight auto travel from the US posted a sharp increase in September (+14.0%), partly recovering from a sudden drop at the same time last year, while US air travel was down only 1.7%.

The introduction of new visa requirements this July coupled with a subdued economic environment continued to affect inbound travel to Canada from Mexico registering the most significant decline this year (-56.0%), followed by South Korea (-29.4%), Australia (-23.7%), Brazil (-23.5%), Japan (-18.9%), and the UK (-18.6%).

Despite a fragile economic recovery underway, the strengthening Canadian dollar stimulated Canadian travel abroad - in September Canadian overnight travel to the US edged up by +2.7%, while visits to overseas destinations increased +4.9% over last year.

Tourism review

International Trips

- International travellers made 1.6 million overnight trips to Canada in September 2009, a decline of 1.7% over the same month in 2008;
- The number of non-US trips to Canada fell by 15.1% to 456,002 in September with U.S. overnight trips increasing 4.7% over 2008;
- Overnight trips from the Americas improved 3.5% with 1.2 million visitors, while year-to-date travel declined 6.2%, over the same period in 2008;
- For year-to-date September 2009, trips to Canada from overseas markets other than CTC key markets, reached 1.3 million, a decline of 8.3% over the same period in 2008.

United States

- In September 2009, total overnight trips by Americans increased 4.7%. Automobile trips grew by 14.0%, while there were decreases in both plane and "other" trips, down 1.7% and 8.1% respectively;
- Year-to-date, U.S. overnight trips to Canada declined 5.6%. Automobile trips fell 3.4%, plane trips decreased 8.9%, and "other" trips contracted 8.7%;

Overnight Trips To Canada

	Sept 2009	09/08 Sept % Change	Jan-Sept 2009	Year-to-date % Change
Americas*				
United States				
Automobile	645,960	14.0	5,829,514	-3.4
Plane	314,609	-1.7	2,582,573	-8.9
Other	231,213	-8.1	1,267,947	-8.7
U.S. Total	1,191,782	4.7	9,680,034	-5.6
Mexico	10,355	-56.0	152,110	-31.7
Americas Total	1,202,137	3.5	9,832,144	-6.2
Overseas Key Markets				
France	51,289	-7.1	336,575	-3.9
Germany	43,953	-11.4	258,997	-4.5
UK	85,386	-18.6	581,932	-18.5
China	19,706	4.9	127,787	1.2
Japan	31,283	-18.9	151,798	-30.8
South Korea	12,629	-29.4	112,612	-27.5
Australia	22,970	-23.7	164,623	-16.1
India**	10,290	-6.1	88,858	-3.7
Brazil**	5,983	-23.5	48,160	-13.7
Overseas Key Markets	283,489	-15.1	1,871,342	-14.2
As % of Overseas and Americas	19.1%		16.0%	
Other Overseas Countries	162,158	-9.8	1,306,000	-8.3
Non-US Countries	456,002	-15.1	3,329,452	-13.0
Total Countries	1,647,784	-1.7	13,009,486	-7.6

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

	Sept 2009	09/08 Sept % Change	Jan-Sept 2009	Year-to-date % Change
United States	1,517,109	2.7	14,043,658	-7.3
Other Countries	550,612	4.9	6,591,419	2.1
Total Trips from Canada	2,067,721	3.3	20,635,077	-4.5

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

- Ontario, Saskatchewan, Quebec, B.C., and Alberta all saw increases in overnight trips from the U.S. in September, up 7.9%, 7.8%, 5.8%, 3.6% and 2.1% respectively over 2008. (-11.3%) and 'other' non-automobile trips (-9.1%).

Mexico

- Trips from Mexico continued its six month downward trend, posting its largest decline (-56.0%) relative to September 2008. Year-to-date travel from Mexico has declined 31.7% over last year, to 152,110 visitors.

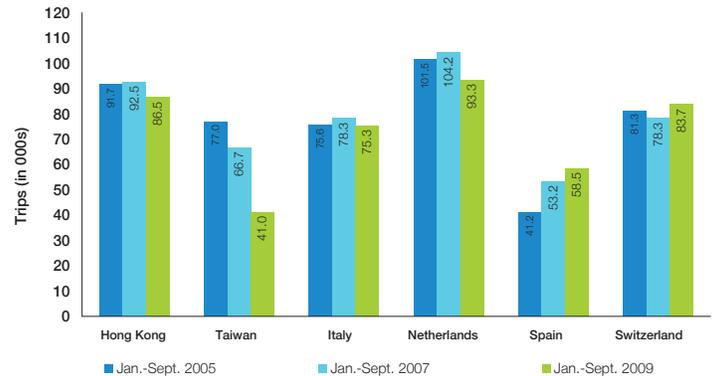
Overseas Key Markets

- In September 2009, travel from overseas key markets fell 15.1% over the same month in 2008, with 283,489 overnight trips to Canada;
- For the second consecutive month China was the only key market to show an improvement in trip volume, up 4.9% in September, down from its 11.8% increase in August;
- This month, South Korea (-29.4%), Australia (-23.7%) and Brazil (-23.5%) registered the most significant declines in trip volume, while Japan's decline of 18.9% was a moderate improvement against its 28.5% fall in August 2009;
- Year-to-date China posted the only gain of 1.2%, with Japan posting the largest decline of 30.8%, followed by South Korea (-27.5%);
- In the first nine months of 2009, India, France and Germany registered more moderate declines of 3.7%, 3.9% and 4.5% respectively over 2008.

Market Watch

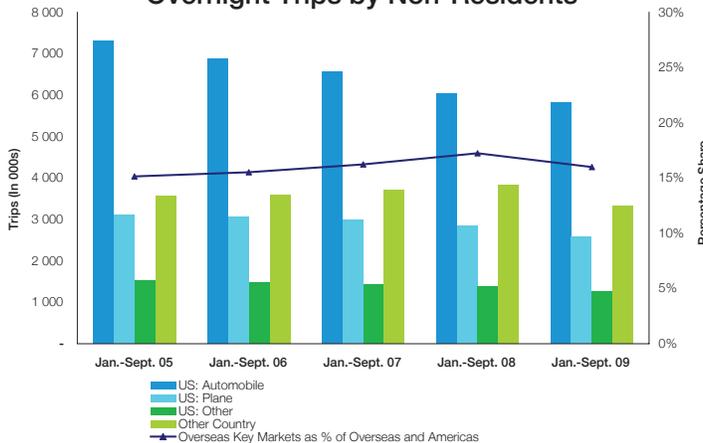
- Spain posted the largest growth rate over 2007, expanding 10.0% or +5,370 trips since the start of the year, followed by Switzerland with growth of 6.9% or +5,318 trips;
- Spain continued to post significant growth rates up 42.0% over the same period in 2005, while Switzerland registered a more moderate increase of 3.0%;
- Taiwan posted double-digit declines in trip volume over both 2007 and 2005, down 38.5% and 45.8% respectively;
- Over 2005, Italy saw a more moderate year-to-date decline of 0.4%, while the Netherlands and Hong Kong had declines of 8.1% and 5.7% respectively.

Trips to Canada, by Selected Markets



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

Overnight Trips by Non-Residents



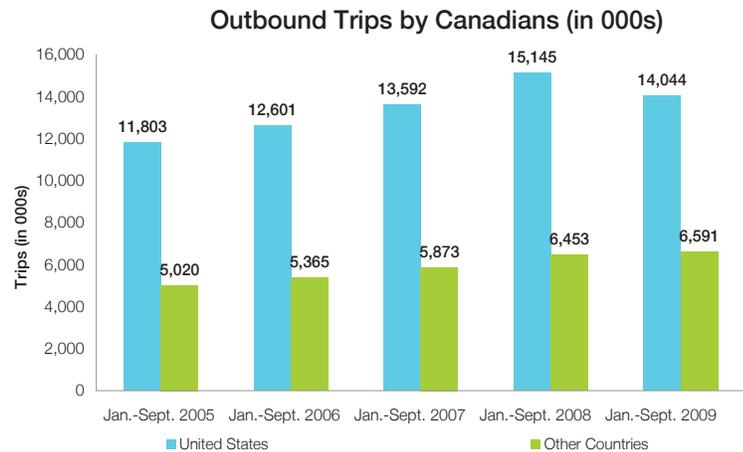
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey

Share of Entry (January – September, 2009)

- Year-to-date September, there were 9.7 million U.S. visitors, accounting for 82.7% of the total visitors from key markets: 49.8% were automobile trips; 22.1% were plane trips; and 10.8% were "other" non-auto trips;
- By the end of the first nine months of 2009, Mexican travel to Canada accounted for 1.3% of key markets;
- Overnight visitors from key European markets made 1.2 million trips to Canada, accounting for a share of 10.1%, a slight decline from its 10.7% share in 2008. Notable, the U.K. accounted for 5.0%;
- 556,820 visitors from Asia/Pacific markets accounted for 4.8% of total tourists from CTC key markets, with Australia accounting for 1.4% of market share year-to-date.
- Overseas key markets represented 16.0% of the key markets visiting Canada compared to 16.4% over the same period in 2008.

Canadian Outbound Trips

- Compared to September 2008, Canadian outbound travel increased by 3.3% to 2.1 million travellers;
- The U.S. saw an increase in visitation from Canadian travellers moving from a 5.7% drop in August to +2.7% in September; The greatest improvements were seen in Quebec (+6.0%), Manitoba (+5.9%) and New Brunswick (+3.9%), over September 2008;
- Year-to-date, outbound trips by Canadians declined by 4.5% to 20.6 million travellers, over the same period last year. This trend was led by a drop in Canadian travel to the U.S. (-7.3%) and an increase in international travel (+2.1%);
- Year-to-date, all provinces, except for B.C. (-3.2%) and the Yukon (-15.8%), experienced increases in travel to countries other than the U.S., with New Brunswick posting the strongest gain of 30.2%, over the same period in 2008.



Competitive Review (January-July 2009)

- Compared to the first seven months of 2008, travel to the U.S. was down 10%, with Canada and Australia registering a 7% and 3% decline;
- Of the three, destinations Australia outperformed both Canada and the U.S. with a 3% rise in the number of visitors from France and an 8% increase in the number of travellers from India, while Canada and the U.S. had declines;
- The U.S. experienced stronger growth from Brazil, welcoming an additional 36,116 visitors (+8%) in comparison to the same period last year, while Canada experienced a 10% decline;
- Canada posted the most significant drop in travel from Japan (-35%), while Australia and the U.S. saw Japanese traffic fall 27% and 18% respectively over January – July 2008.

International Travel, January-July 2009 (In 000s)

Trips From:	Trips To:					
	Canada		United States		Australia	
	#	09/08 Change	#	09/08 Change	#	09/08 Change
Total International	9,020	-7%	26,481	-10%	3,110	-3%
Americas						
United States	6,687	-5%	...	...	272	-2%
Mexico ¹	128	-24%	3,309	-10%	...	...
Other Key Markets						
France	217	-2%	694	-1%	50	3%
Germany	165	-3%	922	-8%	84	-5%
United Kingdom	405	-19%	2,149	-17%	363	-4%
China ²	88	-2%	333	-10%	230	-1%
Japan	96	-35%	1,564	-18%	193	-27%
South Korea	84	-26%	416	-12%	107	-23%
Australia	120	-13%	377	-3%	...	...
India	67	-3%	343	-12%	75	8%
Brazil	36	-10%	470	8%	...	...
...
Canada	...	...	10,108	-9%	69	-7%
Total Key Markets	8,093	-7%	20,685	-10%	1,443	-8%

...Not applicable or data not available.

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

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

Note: Statistics Canada preliminary figures.

Accommodations

- In September 2009, the national occupancy rate fell by 4.1 percentage points over the same month last year to 68.0%. The only provinces to see moderate increases were the Northwest Territories (+0.6%) and Newfoundland (+0.5%);
- The average daily rate (ADR) continued its downward trend falling by 6.9% in September, after seeing declines in August (-5.6%) and July (-6.6%). While most provinces faced decreases in September's ADR, the Northwest Territories, Saskatchewan, and Newfoundland had gains of 2.8%, 1.4%, and 1.3%;
- From January to September, the national average Revenue per Available Room (RevPar) was \$75.91 down 12.9% over the same period in 2008. The Northwest Territories, Newfoundland, Saskatchewan, Alberta, the Yukon and Quebec posted rates higher than the national average;
- For the first nine months of 2009, properties with over 500 rooms posted the highest occupancy rate of 67.6%, while properties under 50 rooms posted the lowest occupancy rate of 50.9%.

Canadian Occupancy Rates*, By Province

	Sept-09	09/08 Change [^]	Jan-Sept 2009	Year-to-date Change [^]
Alberta ¹	65.1	-10.7	60.7	-9.4
British Columbia	68.3	-3.0	62.3	-6.1
Saskatchewan	72.7	-5.5	70.3	-2.0
Manitoba	71.0	-1.9	65.1	-2.2
Ontario	68.7	-2.1	58.4	-4.8
Quebec	65.9	-5.6	58.6	-4.8
New Brunswick	63.5	-0.3	57.1	-4.5
Nova Scotia	73.2	-2.3	61.3	-4.2
Newfoundland	81.0	0.5	67.2	0.7
Prince Edward Island	57.0	-5.5	50.6	-0.8
Northwest Territories	68.0	0.6	61.2	-4.7
Yukon	82.0	-2.3	74.3	4.0
Canada	68.0	-4.1	60.2	-5.4

* Note: Based on the operating results of 209,741 rooms (unweighted data).

[^] Percentage points.

¹Excluding Alberta resorts

Source: PKF Consulting Inc.

Strategic Performance

Travel Volumes, January-September 2009

	Trips Made (000s)		
	Target	Actual	% Difference
United States	9,904	9,680	-2.3
Mexico	214	152	-29.0
Americas (Total)	10,118	9,832	-2.8
Overseas Key Markets			
France	327	337	3.0
Germany	250	259	3.7
UK	645	582	-9.7
China	129	128	-0.8
Japan	196	152	-22.5
South Korea	144	113	-21.6
Australia	187	165	-11.9
Overseas Key Market (Total)	1,878	1,736	-7.6
Total	11,996	11,568	-3.6

Note: As per strategic plans.

- Against all set targets for the CTC's core markets, there was a shortfall in projected trips of 428,000, a difference of -3.6% for January through September;
- Year-to-date, Germany and France exceeded their set targets by 3.7% and 3.0% respectively;
- The Americas fell short of meeting set targets by 2.8%, whereas trips by overseas key markets also fell short by 7.6%. The U.S. missed its target by 224,000 trips while Mexico missed its target by 62,000 trips.

Economic Indicators

- From July to September 2009, Canada's economy contracted (-3.2%), along with the US economy (-2.3%);
- The majority of Asia/Pacific markets saw economic growth in Q3 with China and India showing steady growth of 8.9% and 5.7%; while Australia and South Korea experienced more moderate growth of 0.8% and 0.6% over the year;
- In the third quarter of 2009, India was the only market to see an increase in inflation, from 8.9% in Q2 to 11.8% in Q3. A number of markets had declines in prices, resulting from deflationary pressure, most notably in Japan (-2.2%), the U.S. (-1.6%), and China (-1.2%).
- The Canadian dollar weakened against the US dollar, Brazil's new real, the Australian dollar, and the Chinese yuan, in Q3 2009.

Economic Indicators, Q2 2009 - Q3, 2009

America	Canada		USA		Mexico		Brazil	
	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009
Real GDP growth (yoy, %)	-3.2	-3.2	-3.8	-2.3	-9.7	-6.6	-1.2	-1.4
Consumer Price Index (yoy,%)	0.2	-0.9	-0.9	-1.6	6.0	5.1	5.2	4.4
Exchange Rate (1LCU:C\$)	1.000	1.000	1.167	1.097	0.088	0.083	0.562	0.588

Europe	France		Germany		UK	
	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009
Real GDP growth (yoy, %)	-2.9	-2.4	-5.8	-4.8	-5.5	-5.1
Consumer Price Index (yoy,%)	-0.2	-0.4	0.3	-0.2	2.1	1.5
Exchange Rate (1LCU:C\$)	1.589	1.569	1.589	1.569	1.807	1.800

Asia Pacific	Australia		China		Japan		South Korea		India	
	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009	Q2 2009	Q3 2009
Real GDP growth (yoy, %)	0.6	0.8	7.9	8.9	-7.2	-5.2	-2.2	0.6	6.1	5.7
Consumer Price Index (yoy,%)	1.5	1.3	-1.4	-1.2	-1.0	-2.2	2.8	2.0	8.9	11.8
Exchange Rate (1LCU:C\$)	0.8868	0.9145	0.1709	0.4820	0.0120	0.0117	0.0009	0.0009	0.0974	0.0227

Source: Bank of Canada; and Oxford Economics July- September 2009

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

Consumer Outlook

Travel Intentions

CANADA: Fewer Canadians are definitely planning to take a vacation trip this winter when compared with those who actually travelled last winter. Results from our October 2009 online survey of 1,501 Canadians show that 49 per cent of Canadians aged 18 and over took a vacation trip last winter between November 1, 2008 and April 30, 2009. Only 39 per cent of Canadians indicated in our October survey that they plan to travel this winter. Another 15 per cent of Canadians indicated that they “probably” will go on a vacation trip this winter. Tour operators and destinations are therefore dependent on these “fence sitting” Canadians to take a trip in order to grow their business this winter. If all of these “fence sitters” end up actually taking a winter trip, then 56.6 per cent of Canadians will be travelling this winter. This would result in a growth of 7.3 per cent in winter trips.

UNITED STATES: Total US vacation intentions (to domestic and foreign destinations) is up slightly from August 2008 although down considerably from 2007 and 2006 August surveys. A third of Americans polled in August stated they planned to take a domestic vacation trip during the next six months (September through February 2010). Only 31 per cent of Americans indicated in the August 2008 survey that they planned to take a vacation trip within the United States.

Consumer Confidence

CANADA: The Index of Consumer Confidence continued its upward trend in September, climbing 2.5 points to 90.9 (2002 = 100).

UNITED STATES: The Conference Board Consumer Confidence Index™, which had improved in August, dipped in September. The Index now stands at 53.1 (1985=100), down from 54.5 in August.

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

Air Capacity

Air Capacity, Q2 (July-September) 2009

	Q3 2009	09/08 % Change
Australia*	24,840	0.0%
China	123,573	-6.1%
Japan	111,760	4.6%
South Korea	65,432	-17.1%
India*	46,316	54.0%
France	394,116	0.7%
Germany	327,953	-2.9%
United Kingdom	587,863	-13.0%
Mexico	115,609	-3.2%
Brazil	18,779	-3.7%
United States	3,678,872	-9.6%

*Note: Non-stop flights. *Includes one stop.
Source: OAG data as provided by the Conference Board of Canada.*

- In the third quarter of 2009, there was a notable double digit improvement in air capacity for India (+54.0%), along with increases for Japan and France, up 4.6% and 0.7%, compared to Q3 2008;
- South Korea registered the most significant drop in air capacity (-17.1%) followed by the U.K. (-13.0%) and the U.S. (-9.6%).

**CTC Marketing
Market Research**