



Tourism snapshot

Canadian Tourism Commission

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

December 2008

Volume 4, Issue 12

Key highlights

In December 2008, trips from overseas key markets decreased by 9.1%, primarily due to significant drops from South Korea (-31.3%), Japan (-13.2%) and the UK (-12.8%). In Americas, a slowdown was registered from Mexico (-10.4%) and the U.S. (-3.0%).

For the year, international trips to Canada fell 4.7% over 2007, while CTC overseas key markets increased by 1.7%. Exceptional gains from France (+12.3%), Australia (+8.8%) and Mexico (+7.8%) helped offset drops registered from Japan (-16.6%), South Korea (-8.2%) and the UK (-6.0%). Trips from North America fell 6.9%, due mainly to losses from the U.S.

The U.S. Consumer Confidence Index, which had increased moderately in November to 44.7, declined to a new all-time low of 38 in December 2008.

Tourism review

International trips

- International travellers made over 1 million overnight trips to Canada in the month of December, down 3.8% over 2007;
- In 2008, international visits to Canada decreased 4.7% over the previous year, with almost 17.1 million overnight trips made;
- This month, trips to Canada from both the Americas and overseas key markets decreased compared to the same period in 2007, falling 3.0% and 9.1%, respectively;
- For the January to December period, overnight trips from the U.S. fell 6.9% to reach just over 12.4 million, while overnight trips by non-U.S. countries increased 1.7% over last year, reaching 4.6 million.

United States

- Overall, trips by the U.S. fell 3.0% in December with automobile trips falling by 4.1% and trips by "other" modes facing the most significant drop of 21.3% over 2007. Plane trips however, posted a positive increase of 1.7%;
- Although U.S. trips to Canada decreased 6.9% for the year, two provinces (NFLD: 88.4%, PEI: 17.4%) posted increases;

Overnight Trips To Canada

	Dec 2008	08/07 Dec. % Change	Jan-Dec 2008	Year-to-date % Change
Americas*				
United States				
Automobile	448,901	-4.1	7,366,824	-7.5
Plane	269,665	1.7	3,589,559	-5.0
Other	31,976	-21.3	1,494,545	-8.5
U.S. Total	750,542	-3.0	12,450,928	-6.9
Mexico	18,553	-10.4	266,295	7.8
Americas Total	769,095	-3.0	12,717,223	-6.9
Overseas Key Markets				
France	25,036	-2.0	420,895	12.3
Germany	15,180	8.5	319,895	4.3
UK	53,875	-12.8	854,404	-6.0
China	10,571	4.0	159,927	5.1
Japan	13,140	-13.8	276,091	-16.6
South Korea	10,101	-31.3	183,895	-8.2
Australia	19,885	-6.6	238,802	8.8
Overseas Key Markets Total	147,788	-9.1	2,453,909	-1.6
As % of Overseas and Americas	16.1		16.2	
Other Overseas Countries	125,354	-0.3	1,918,018	5.4
Non-US Countries	291,695	-5.6	4,638,222	1.7
Total Countries	1,042,237	-3.8	17,089,150	-4.7

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

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

Overnight Trips by Canadians

	December 2008	08/07 Dec % Change	Jan-Dec 2008	Year-to-date % Change
United States	1,078,664	-11.2	18,925,264	6.6
Other Countries	639,715	10.9	8,124,012	9.7
Total Trips from Canada	1,718,379	-4.1	27,049,276	7.5

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

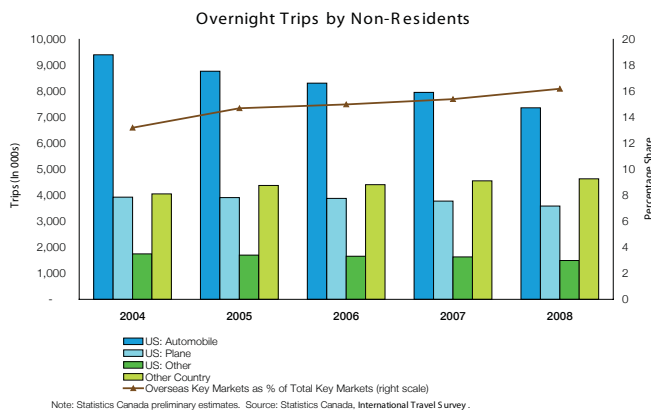
- Automobile trips (which accounted for 60% of all U.S. trips to Canada) declined at a faster rate (-7.5%) than non-automobile trips (-6.0%) in the January-December 2008 period.

Mexico

- Trips from Mexico dropped for the second consecutive month falling 10.4% in December over 2007. For the year however, Mexico recorded an increase in visitation of 7.8% over 2007.

Overseas key markets

- In December 2008, overseas key markets fell 9.1% over the same period in 2007, with a total of 147,788 overnight trips to Canada;
- Regionally this month, Canada experienced significant decreases in trips from South Korea (-31.3%), Japan (-13.8%) and the U.K. (-12.8%). Germany and China were the only two key markets showing increases up 8.5% and 4.0%, respectively;
- For 2008, trips from Canada's key overseas markets decreased marginally by 1.6%, reaching over 2.4 million;
- For the year, increases in visitation from France (12.3%), Australia (8.8%), Mexico (7.8%), China (5.1%) and Germany (4.3%) were primarily offset by decreases from Japan (-16.6%), South Korea (-8.2%) and the U.K. (-6.0%).



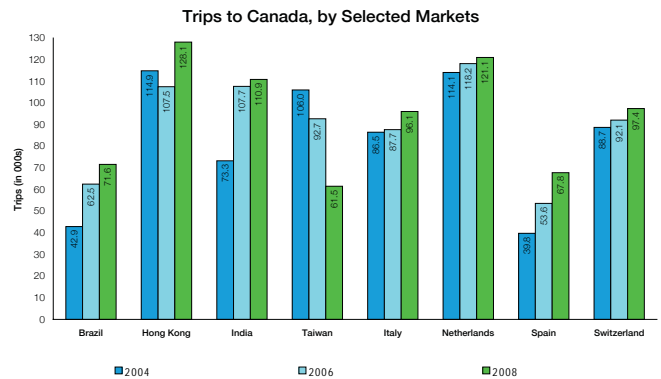
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

Share of entry

- For 2008, Canada received 12.4 million overnight U.S. visitors, which accounted for 82.1% of total visitors from core markets. Of these U.S. visitors, 48.6% travelled by automobile, 23.7% by plane, while 9.9% used "other" modes of transportation;
- Visitors from key European markets made just under 1.6 million overnight trips to Canada in 2008, accounting for 10.5% of travel from all CTC's core markets. Notable, is that the UK accounted for 5.6%;
- Visitors from Asian key markets made 858,715 trips in 2008, accounting for 5.7% of total visitors from CTC's core markets;
- Overseas key markets have gained a small share increase over Americas, and now account for 16.2% of international visitors to Canada, up modestly by 0.8% compared to 2007, but up by 3.0% over 2004.

Market watch

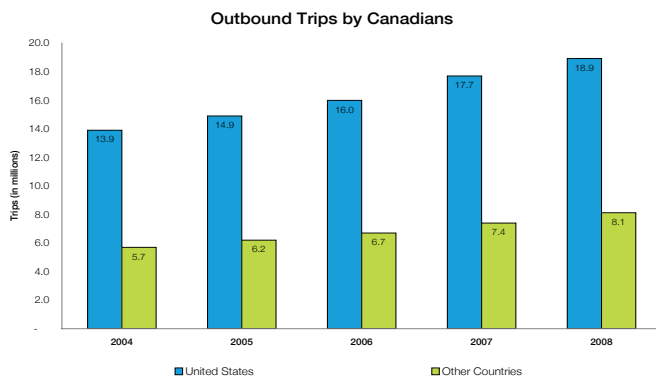
- Hong Kong continued to record the largest growth rate over 2007, increasing 13% during the January-December 2008 period, followed by Spain, India and Brazil with growth of 9.7%, 9.0% and 8.3% respectively;
- In 2008, Taiwan posted a significant decrease of 23.2% over 2007 while Netherlands recorded a modest decline of 0.5%;
- Over the last four years, Spain has posted the most significant increase, up 70.3% with a total of 67,799 trips in the January-December 2008 period. Brazil and India also posted significant increases, up 66.8% and 51.3% respectively over 2004. Taiwan is the only destination which registered a decline over 2004 (-41.9%).



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

Canadian outbound trips

- In December 2008, overall outbound trips by Canadians posted a decrease of 4.1% over the same period last year;
- Trips to the U.S. were down 11.2%, while an increase of 10.9% was recorded to non-U.S. outbound destinations for the month of December;
- For 2008, Canadians made 27 million trips abroad, an increase of 7.5% over last year, with trips to the U.S. up 6.6% and trips to non-U.S. outbound destinations up 9.7%;
- Outbound travel increased 141.5% from Newfoundland in December over last year, with four other provinces also experiencing gains. (Nova Scotia, Québec, Saskatchewan, Alberta) The largest decline in outbound trips for the month was by the Yukon down 31.1% over 2007;
- For 2008, all provinces have experienced an increase in outbound trips with exemption of New Brunswick and the Yukon, which fell by 3.2% and 2.8% respectively.



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

Consumer outlook

Travel intentions

CANADA: Results from the October 2008 survey suggest that just 39.1% of the Canadians polled intend to take a winter holiday, down from 47.5% in 2007. The most substantial decline in trip intentions was for holiday trips to the U.S. (10.1%), down 2.8% from a year ago. While international destinations were down 3.6% now at 13.8% compared to a year ago. A decrease was also registered in the number of Canadians planning a domestic holiday this winter.

UNITED STATES:** U.S. travel intentions continue to hover near record lows, according to the latest Consumer Confidence Survey report with 39.2% of Americans surveyed in October 2008 planning to take a vacation trip over the next six months. This figure is down from 45.8% a year ago. Of this 39.2, only 8.8% said they planned to travel outside the country while 31.4 planned to travel within the U.S.

Consumer confidence

CANADA: Canadian Consumer Confidence dropped for the third consecutive month in December and is now standing at 67.7 falling 3.3 points over November 2008. In the same month last year, consumer confidence stood at 96.2. (2002=100)

UNITED STATES: The U.S. Consumer Confidence Index, which had increased moderately in November to 44.7, declined to a new all-time low of 38 in December. The index stood at 88.6 in December of 2007. (1985=100)

Source: December 2008 Consumer Confidence Index, the Conference Board (USA); and Index of Consumer Confidence, the Conference Board of Canada.

Competitive review (October 2008)

- From January to October 2008, international visitors to the U.S. increased 6.9% over last year, while Australia posted a moderate decrease (-1.0%) and Canada fell 5.1%;
- Year-to-date, all three destinations registered healthy growth from France with the U.S. experiencing the largest growth (27.6%) followed by Australia, up 18% and Canada up 14.2%;
- All three destinations posted declines from Japan during the January-October period with the most significant visitation drop to Australia, down 19.0% followed by Canada down 15.3% and the U.S. down 6.7%;
- Compared to the U.S., Canada posted higher growth levels from Mexico (+10.5% vs. -6.4% for the U.S.) and Australia (+10.6% vs. +4.9% for the U.S.);
- The U.S. experienced stronger growth from France (+27.6%), Germany (+19.4%) and China (+19.1%) over last year compared to Canada and Australia;
- Australia posted a more significant decline from South Korea (-11%) while the U.S. and Canada also experienced declines of -3.4% and -5.3%, respectively.

International Travel, January-October 2008 (In 000s)

Trips From:	Trips To:					
	Canada		United States		Australia	
	#	08/07 Change	#	08/07 Change	#	08/07 Change
Total International	16,424	-5.1%	43,039	6.9%	4,501	-1.0%
Americas						
United States	11,075	-7.1%	...	...	370	-2.0%
Mexico ¹	238	10.5%	5,019	-6.4%	...	...
Other Key Markets						
France	382	14.2%	1,077	27.6%	69	18.0%
Germany	294	4.0%	1,539	19.4%	128	6.0%
United Kingdom	770	-5.3%	3,881	4.8%	510	-2.0%
China ²	140	5.8%	549	19.1%	296	1.0%
Japan	252	-15.3%	2,765	-6.7%	381	-19.0%
South Korea	167	-5.3%	669	-3.4%	188	-11.0%
Australia	209	10.6%	581	4.9%	...	...
Canada	...	...	16,542	9.8%	98	9.0%
Total Key Markets	13,527	-6.1%	32,622	5.5%	2,040	-4.7%

...Data not available or not applicable.

¹US figures for Mexico include arrivals to interior only. ²US 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

- In December 2008, the national occupancy rate fell by 2.2% over the previous year to 45.5%. While most provinces faced decreases in occupancy, Newfoundland posted a modest increase this month (+ 2.0%) followed by Saskatchewan (+1.8%). British Columbia posted the largest decline (-4.1%);
- For the year, the national occupancy rate decreased 1.5% falling to 63.4% over 2007. Saskatchewan posted the highest occupancy rate at 72.3% (up 1.6%) followed by the Yukon at 71.0% (up 1.7%);
- For 2008, the national average Revenue per Available Room (RevPAR) was \$83.02, up marginally (0.6%) over last year. Québec, Alberta, British Columbia and the Northwest Territories all posted rates higher than the national average;
- The national Average Daily Rate for 2008 was \$130.90, up 3.0% over the same period last year. Québec, Alberta, British Columbia and the Northwest Territories again posted averages higher than the national average.

Canadian Occupancy Rates*, By Province

	Dec-08	08/07 Change [^]	Jan-Dec 2008	Year-to-date Change [^]
Alberta ¹	51.2	-2.6	68.5	-3.3
British Columbia	45.0	-4.1	64.5	-2.0
Saskatchewan	56.8	1.8	72.3	1.6
Manitoba	52.1	-1.7	67.1	1.9
Ontario	44.1	-1.4	61.4	-1.0
Quebec	44.8	-2.8	61.5	-1.4
New Brunswick	37.6	-1.8	59.0	-2.0
Nova Scotia	38.8	-1.5	62.0	-3.1
Newfoundland	41.1	2.0	65.1	1.6
Prince Edward Island	24.5	-0.9	48.3	1.2
Northwest Territories	46.9	-2.5	62.7	-4.2
Yukon	48.1	-1.2	71.0	1.7
Canada	45.5	-2.2	63.4	-1.5

* Note: Based on the operating results of 203,331 rooms (unweighted data).

[^] Percentage points.

¹Excluding Alberta resorts

Source: PKF Consulting

Strategic performance

Travel Volumes, January-December 2008

	Trips Made (000s)		
	Target	Actual	% Difference
United States	12,742	12,451	-2.3
Mexico	254	266	5.0
Americas (Total)	12,996	12,717	-2.1
Overseas Key Markets			
France	362	421	16.2
Germany	303	320	5.6
UK	914	854	-6.5
China	164	160	-2.6
Japan	264	276	4.7
South Korea	191	184	-3.5
Australia	229	239	4.2
Overseas Key Market (Total)	2,426	2,454	1.1
Total	15,422	15,171	-1.6

Note: as per most strategic plans.

- In 2008, international trips by core markets fell short of meeting set targets by 251,000 or 1.6%;
- The Americas mainly led the shortfall, under by 2.1% or 291,000 trips, whereas trips by overseas key markets exceeded set targets by 1.1%. Mexico exceeded set target by 13,000 trips or 5%;
- The most notable performance has been from France exceeding its set target by 16.2% (59,000 trips), while Germany, Japan and Australia all posted stronger results than targeted, up 5.6%, 4.7% and 4.2%.

Economic indicators

■ 2008 led the way for poor economic growth, with all core markets registering weaker growth compared with 2007. While the worst effects of the global economic crisis were felt by Canada's more mature markets (the U.S., France, Germany, the U.K. and Japan), CTC's growth markets (China, Australia, South Korea and Mexico) experienced reasonable economic growth with China sustaining a high level of growth of 10%.

■ Among all core markets, the U.S. posted the largest increase in unemployment, reaching 5.6% in 2008. Canada, Mexico and Japan experienced modest increases in unemployment. Unemployment was unchanged in the U.K. and China, while France, Germany, Australia and South Korea registered modest decreases.

■ Inflation for all core markets increased in 2008 compared with 2007. South Korea and Australia posted the significant increases with 2.1 and 2.2 point gains.

■ The Canadian dollar weakened against the Euro and Australian dollar, Chinese renminbi and Japanese yen, but strengthened again all other currencies.

Economic Indicators, 2007-2008

North America	Canada		USA		Mexico	
	2007	2008	2007	2008	2007	2008
Real GDP growth (yoy, %)	2.7	0.5	2.0	1.5	3.2	2.0
Private Consumption (yoy, %)	4.5	3.9	2.8	0.6	4.2	2.9
Unemployment rate (%)	6.0	6.1	4.6	5.6	3.7	3.9
Consumer Price Index (yoy,%)	2.1	2.8	2.9	4.6	4.0	4.9
Exchange Rate (1LCU:C\$)	1.000	1.000	1.075	1.066	0.098	0.096

Europe	France		Germany		UK	
	2007	2008	2007	2008	2007	2008
Real GDP growth (yoy, %)	2.1	0.9	2.6	1.5	3.0	0.8
Private Consumption (yoy, %)	2.4	0.8	-0.3	-0.7	3.0	1.8
Unemployment rate (%)	8.0	7.2	9.0	8.0	2.7	2.7
Consumer Price Index (yoy,%)	1.5	3.1	2.3	2.9	2.3	3.8
Exchange Rate (1LCU:C\$)	1.469	1.560	1.469	1.560	2.149	1.962

Asia Pacific	Australia		China		Japan		South Korea	
	2007	2008	2007	2008	2007	2008	2007	2008
Real GDP growth (yoy, %)	4.2	2.5	11.9	10.0	2.0	0.7	5.0	4.2
Private Consumption (yoy, %)	4.5	2.5	11.1	14.0	1.5	0.7	4.5	2.0
Unemployment rate (%)	4.4	4.2	4.0	4.0	3.9	4.0	3.3	3.2
Consumer Price Index (yoy,%)	2.3	4.4	4.8	6.4	0.1	1.2	2.5	4.7
Exchange Rate (1LCU:C\$)	0.898	0.900	0.141	0.154	0.009	0.010	0.0012	0.0010

Note: Exchange rates, average of 251 - 252 days.

Source: Bank of Canada; and Oxford Economics

Air capacity

Air Capacity, Q4 (October-December) 2008

	Q4 2008	08/07 % Change
Australia*	45,360	51.5
China	89,698	-16.8
Japan	74,000	-17.7
South Korea	55,070	-7.9
France	181,073	-8.5
Germany	206,814	12.8
United Kingdom	375,802	-19.1
Mexico	149,164	30.0
United States	3,821,667	1.7

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

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

■ In the fourth quarter of 2008, there are notable double digit increases in air capacity from Australia (+51.5%), Mexico (+30.0%) and Germany (+12.8%);

■ Double digit decreases in air capacity were recorded from the U.K. (-19.1%), Japan (-17.7%) and China (-16.8%) in the fourth quarter of 2008.

**CTC Marketing
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