

# TOURISM SNAPSHOT

Canadian Tourism Commission  
canadatourism.com

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

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## KEY HIGHLIGHTS

Visits from CTC's key overseas markets have fallen (-2.0%) this month, similar to the rate in August 2006 (-1.9%). Notable is China with an impressive growth rate of +40.7%, and France sustaining a positive momentum.

Compared to 2005, less Canadians (-1 point) plan to take a winter vacation trip in Canada. Slightly less Americans (-0.2 point) plan to take a vacation trip in Canada, during Sept. 2006-Feb. 2007.

Canada's occupancy rates increased 1.0 percentage point to reach 70.8% in September 2006. Nova Scotia took the lead (84.4%) followed by Alberta (80.7%).

## TOURISM REVIEW

### INTERNATIONAL TRIPS

- International travellers made 1.9 million overnight trips to Canada in September 2006, a decline of 3.9% over the previous year. The US posted a decline of -4.6%, while non-US countries declined at a lower rate (-1.9%).
- Year-to-date, international visits to Canada declined 4.0% (similar to the rate of -4.1% in August 2006) to reach 14.9 million overnight visits.
- Trips by non-US countries increased 0.7% over Jan.-Sept. 2005 to reach 3.6 million trips -- accounting for 24% of total international trips to Canada.
- Regionally, visits from Oceania and Europe fell (-2.1% and -1.7%, respectively) in Jan.-Sept. 2006, while all other regions posted increases.

### UNITED STATES

- In September 2006, trips by Americans fell 4.6% - 80% of the decrease is accounted for by the large decline (-10.8%, or less 23,367 trips) in 'other trips' and the decrease in automobile trips (-3.2%, or -25,673 trips).
- Year-to-date, US trips to Canada fell 5.4%. Overall, US trips to all provinces fell with the exception of Newfoundland (+8.0%) and PEI (+9.2%).
- From Jan.-Sept. 2006, automobile trips fell at a faster rate (-6.1%) than non-automobile trips (-4.2%). Following a high in 2005, US plane trips to Canada fell 2.4% (less 75,159 trips) in the first nine months of 2006.

### OVERNIGHT TRIPS TO CANADA

	Sept. 2006	06/05 Sep. % Change	Jan-Sep 2006	Year-to-date % Change
<b>United States</b>				
Automobile	779,150	-3.2	6,861,018	-6.1
Plane	357,521	-3.5	3,021,284	-2.4
Other	216,872	-10.8	1,396,860	-8.0
US Total	1,353,543	-4.6	11,279,162	-5.4
<b>Europe/Latin America Key Markets</b>				
France	51,004	1.0	299,996	2.7
Germany	44,740	-9.9	256,698	-7.5
UK	113,543	-1.5	712,863	-4.5
Mexico	18,614	8.1	171,664	9.9
<b>Asia/Pacific Key Markets</b>				
China	18,701	40.7	111,155	26.9
Japan	49,408	-15.9	304,217	-6.7
South Korea	19,938	15.1	155,218	5.5
Australia	24,365	-3.1	163,115	-2.0
Overseas Key Markets	340,313	-2.0	2,174,926	-1.1
As % of Key Markets and US	20.1		16.2	
<b>Other Countries</b>	<b>180,831</b>	<b>-1.8</b>	<b>1,414,249</b>	<b>3.6</b>
Total Non-US Countries	521,144	-1.9	3,589,175	0.7
<b>TOTAL COUNTRIES</b>	<b>1,874,687</b>	<b>-3.9</b>	<b>14,868,337</b>	<b>-4.0</b>

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

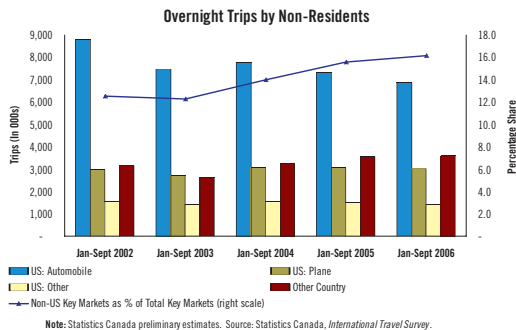
### OVERNIGHT TRIPS BY CANADIANS

	Sept. 2006	06/05 Sep. % Change	Jan-Sep 2006	Year-to-date % Change
United States	1,316,210	8.4	12,599,725	6.8
Other Countries	485,587	11.0	5,365,344	6.9
<b>Total Trips from Canada</b>	<b>1,801,797</b>	<b>9.1</b>	<b>17,965,069</b>	<b>6.8</b>

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

OVERSEAS KEY MARKETS

- In September 2006, CTC's non-US key markets fell 2.0% over the same month in 2005 (less 6,854 trips) to reach 340,313 overnight trips.
- Notable, China, South Korea, Mexico, and France have posted increases for three consecutive years since September 2003.
- Year-to-date, trips from Canada's key overseas markets fell slightly (-1.1% or less 24,599 overnight trips) to reach 2.2 million visits.
- Increases from China (+26.9%; +23,561 trips), Mexico (+9.9%; +15,573 trips), South Korea (+5.5%; +8,075 trips), and France (+2.7%; +7,842 trips) partially offset declines from Germany (-7.5%; -20,755 overnight trips), Japan (-6.7%; -21,895 trips), the UK (-4.5%; -33,657 trips), and Australia (-1.1%; -3,243 trips).

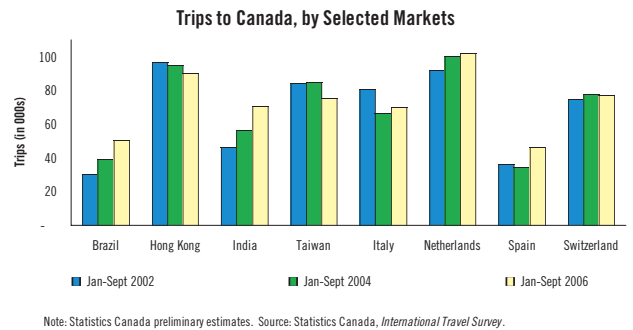


SHARE OF ENTRY

- In the first nine months of 2006, there were 11.3 million US visitors, accounting for 84% of the total visitors from our key markets (down from 87% in 2002). 51% were automobile trips; 22% were plane trips; and 10% were other non-automobile trips.
- Year-to-date, key Europe/Latin America markets made 1.4 million trips to Canada, accounting for 11% of total key markets (up from 8% in 2002).
- 733,705 visitors from Asia/Pacific markets accounted for 5% of total tourists from our key markets (up from 4% in 2002).
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US -- reaching a high of 16.2% in Jan-Sept. 2006 - up from 15.6% in 2005 and 12.5% in 2002.

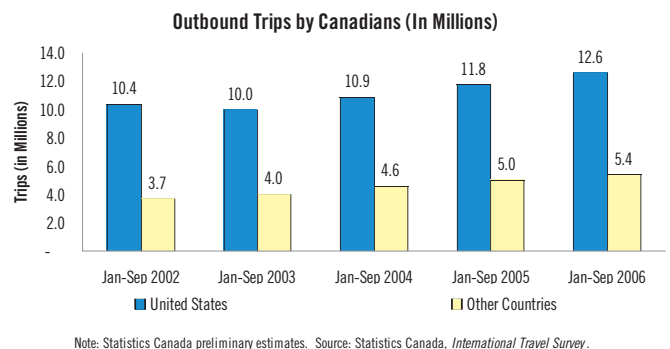
MARKET WATCH

- For the month of September, Spain posted the largest increase (+14.8%), followed by India (+2.1%). All other markets posted declines.
- Compared to Jan.-Sept. 2005, India posted the largest growth rate (+12.0%), followed by Spain (+11.6%), and Brazil (+5.4%), while Italy posted the largest decline (-7.0%).
- With the exception of Hong Kong and Taiwan, all other countries have surpassed 2002 levels - Brazil by 65% (19,845 trips), India by 55% (25,194 trips), Spain by 27% (9,769 trips), the Netherlands by 11% (10,056 trips), and Switzerland by 3.2% (2,368 trips).



CANADIAN OUTBOUND TRIPS

- Year-to-date, Canadian outbound travel increased 6.8% over the previous year, down from a rate of 9.0% in Jan.-Sept. 2005.
- Travel to the US and other countries both increased at similar rates (+6.8% and +6.9%, respectively) to reach a 5-year high of 12.6 million and 5.4 million trips, respectively.
- From Jan.-Sept. 2006, Canadian outbound travel to the US rose in all provinces except Yukon (-10.1%) and Nova Scotia (-4.3%). Canadian travel to other countries increased year-over-year with the exceptions of Manitoba (-9.0%), Yukon (-3.0%), and Saskatchewan (-1.7%).



## CONSUMER OUTLOOK

## TRAVEL INTENTIONS

**CANADA:** 40% of Canadians surveyed in August 2006 stated that they planned to take a winter vacation - down 5 percentage points from 2005. Of those planning to take a winter vacation trip, 39% plan to travel within Canada (down 1 percentage point from 2005); 34% planned to travel internationally to non-US destinations (down 4 points from the same time last year); and 23% planned to travel to the US (+1 point from 2005).

**UNITED STATES:** 41% of Americans surveyed in August 2006 stated that they planned to take a vacation in the next six months - up from 40.7% in August 2005. Of those planning a vacation trip, 83% said they planned to travel within the US (+0.1 percentage point from 2005), 17% said that they plan to travel to an international destination (down 1.2 points from the same time last year), and 2.0% said that they plan to travel to Canada (down 0.2 point from 2005).

**Sources:** The Conference Board of Canada and the U.S. Conference Board Inc. as part of the US consumer confidence survey.

## CONSUMER CONFIDENCE

**CANADA:** Compared to August 2006, the Canadian Consumer Confidence Index improved slightly - increasing 0.5 of a point to reach 119.8 in September 2006. Compared to the same month in 2005, the Canadian consumer confidence index was up by 11.9 points in 2006.

**UNITED STATES:** Following a sharp decline in August, the U.S. Consumer Confidence Index gained 4.3 points over the previous month to reach 104.5 in September as consumer expectations improved. In September 2005, the Index stood at 86.6.

**Source:** The Conference Board (USA), September 2006; and the Conference Board of Canada, September 2006.

## AIR CAPACITY

- Most notable are the double-digit increases from Australia (+36.9%), Mexico (+29.8%), and China (+16.9%).
- Japan, US, and the UK posted their second consecutive quarterly decline (-9.7%, -3.4%, and -3.1%, respectively in Q3 2006).

## AIR CAPACITY, Q3 (JULY-SEPTEMBER) 2006

	Q3 2005 (In 000s)	Q3 2006 (In 000s)	06/05 Change
Australia*	20	27	36.9
China	105	123	16.9
Japan	148	133	-9.7
South Korea	82	85	3.1
France	306	311	1.8
Germany	305	309	1.4
United Kingdom	707	685	-3.1
Mexico	77	100	29.8
United States	4,103	3,962	-3.4

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

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

## ACCOMMODATIONS

- This month, Canada's occupancy rate increased 1.0 percentage point over September 2005. Nova Scotia took the lead (84.4%) followed by Alberta (80.7%). Saskatchewan posted the largest increase (+6.9 percentage points) while BC posted the largest decline (-7.3 points).

- Year to date, the national occupancy rate rose 0.8 of a percentage point to reach 61.4% -- essentially matching the level achieved in 2002 (61.6%), but still 2.2 points below the peak of 2001.
- As of September 2006, 169,547 rooms were available, an increase of 5.0% over the same time last year.
- Compared to 2005, Yukon and NWT maintained the same number of rooms, while all other provinces posted increases. Ontario accounted for one-third of the increase and Nova Scotia posted the highest growth.

- In Jan.-Sept., the national average room revenue per available room (RevPAR) was \$67.98, up \$3.86 from the same time last year. Alberta, British Columbia and Quebec posted the highest RevPAR (\$93.61, \$90.90, and \$89.40, respectively).

**Source:** HVS International and Smith Travel Research, Canadian Lodging Outlook.

## CANADIAN OCCUPANCY RATES, BY PROVINCE

	Sep. 2006	06/05 Change *	Jan-Sep 2006 Occupancy Rate	Year-to-date Change *	No. of Rooms as of Sep 2006	06/05 % Change
Alberta	80.7	3.0	73.2	5.6	24,452	4.4
British Columbia	68.8	-7.3	67.9	2.0	29,420	5.0
Saskatchewan	71.7	6.9	64.0	2.9	5,729	6.7
Manitoba	70.3	5.6	63.1	1.8	4,849	2.6
Ontario	75.9	0.9	64.8	0.8	69,698	4.3
Quebec	75.5	-0.8	65.7	0.3	24,039	6.3
New Brunswick	72.3	3.3	63.8	0.0	3,507	5.5
Nova Scotia	84.4	1.7	67.1	-0.9	4,512	19.6
Newfoundland	76.0	6.4	64.3	-1.7	1,751	0.2
Prince Edward Island	76.0	3.1	57.1	4.6	939	0.1
Northwest Territories	...	...	...	...	66	0.0
Yukon	69.2	6.6	60.8	0.3	585	0.0
Canada	70.8	1.0	61.4	0.8	169,547	5.0

\* Percentage points.

**Source:** HVS International and Smith Travel Research, Lodging Outlook.

COMPETITIVE REVIEW (JULY 2006)

- From Jan.-July, **Australia** also registered a slowdown in international visitors (-1%), but more modestly, Canada (-5%). Australia experienced stronger growth from the US (+2%) and top European markets -- France (+6%) and Germany (+3%). However, Canada registered stronger growth from top Asian markets, China (+24%) and South Korea (+5%). Both countries experienced declines from Japan and the UK.
- The **United States** registered an increase (+4%) in international visitors in the Jan-July 2006 period. The US experienced stronger growth from Mexico (+25%) while Canada experienced stronger growth in China (+24%). Canada also posted a positive increase from France (+4%) while the US posted a sharp decrease (-16%). The US posted an increase from Australia (+5%) while Canada posted a decrease (-2%). Both countries experienced declines in Germany, the UK, and Japan.

**Please note:** UK statistics are only available quarterly.

INTERNATIONAL TRAVEL, JANUARY - JULY 2006 (IN 000s)

TRIPS FROM:	TRIPS TO:					
	Canada		United States		Australia	
	#	06/05 Change	#	06/05 Change	#	06/05 Change
Total International	10,307	-5	24,645	4	3,080	-1
United States	7,835	-6	...	...	278	2
Other Key Markets						
France	194	4	436	-16	37	6
Germany	162	-7	771	-4	80	3
United Kingdom	485	-5	2,328	-5	386	-1
Mexico	128	9	3,204 <sup>1</sup>	25	...	...
China	75	24	260 <sup>*</sup>	12	182	6
Japan	209	-4	2,087	-4	368	-4
South Korea	112	5	440	5	146	-4
Australia	116	-2	336	5	...	...
Canada	...	...	9,277	6	65	9
Total Key Markets	9,315	-5	19,139	5	1,542	0

<sup>\*</sup>Includes Hong Kong, SAR; <sup>1</sup>Arrivals to the interior only.  
Source: Statistics Canada; Tourism Australia; and ITA, Office of Travel and Tourism Industries (USA).

ECONOMIC INDICATORS

- In Q3 2006, **Canada's** economy grew 2.7% - a healthy growth rate, yet relatively weak when compared the **US** growth rate of 3.2%.
- The Canadian **inflation rate** grew by 1.8%, while the US inflation rate rose by 3.5%.
- Mexico's** economy slowed, growing 3.5% in Q3 (compared to 4.7% in Q2), while inflation rose 3.3%.
- France** and **Germany** posted steady growth with increases of 2.6% and 2.4%, respectively. Germany's inflation rate fell to 1.7% in Q3.
- The **UK** posted the highest growth rate of European key markets, with a 0.2 percentage point increase in Q3.
- China** continues to maintain its robust growth rate, increasing 10.6% in Q3.
- South Korea** posted the second-highest economic growth rates of key market in Q3, 2006.
- After falling to its lowest rate in 3 years in Q2, 2006, the **Australian economy** expanded in 2.7% in Q3.
- Japanese** consumer prices remain within positive territory for the third consecutive quarter.
- The **Canadian dollar** weakened relative to currencies from Mexico, the EU, Australia, and China.

ECONOMIC INDICATORS, Q2 - Q3 2006

N. America	CANADA		USA		Mexico	
	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q2 2006	Q3 2006
Real GDP growth (yoy, %)	2.9	2.7	3.6	3.2	4.7	3.5
Consumer Price Index (yoy,%)	2.6	1.8	4.0	3.5	3.1	3.3
Exchange Rate (1LCU:C\$)	1.000	1.000	1.122	1.121	0.100	0.102

Europe	France		Germany		UK	
	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q2 2006	Q3 2006
Real GDP growth (yoy, %)	2.6	2.6	2.4	2.4	2.6	2.8
Consumer Price Index (yoy,%)	1.9	1.9	1.9	1.7	2.2	2.5
Exchange Rate (1LCU:C\$)	1.410	1.428	1.410	1.428	2.049	2.101

Asia Pacific	Australia		China		Japan		South Korea	
	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q2 2006	Q3 2006	Q2 2006	Q3 2006
Real GDP growth (yoy, %)	1.9	2.7	11.3	10.6	2.5	2.6	5.4	5.0
Consumer Price Index (yoy,%)	4.0	3.5	1.4	1.2	0.2	0.4	2.4	2.7
Exchange Rate (1LCU:C\$)	0.838	0.849	0.140	0.141	0.010	0.010	0.0012	0.0012

Source: Bank of Canada; and Global Insight, World Overview, Third Quarter 2006.

**STRATEGIC PERFORMANCE**

- Against the target of all CTC's core markets, we have fallen short of our goal by 114,000 overnight trips, as of September 2006. This month's shortfall (-0.8%) was smaller than in August 2006 (-2%).
- Trips from Asia/Pacific key markets have exceeded its target by 1% (6,000 trips). Trips from Europe/Latin America key markets and the US have a shortfall of 4% (less 67,000 trips) and -0.5% (less 53,000 trips), respectively.
- The most notable performance is Mexico, which exceeded its target by 8% (13,000 trips).

**Please note:** Targets have been adjusted based on Statistics Canada's final data.

**TRAVEL VOLUMES, JANUARY - SEPTEMBER 2006**

	Trips Made (000s)		
	Target	Actual	% Difference
<b>Europe/Latin America</b>			
France	304	300	-1.3
Germany	276	257	-6.9
UK	770	713	-7.4
Mexico	159	172	8.2
<b>Asia/Pacific</b>			
China	97	111	14.4
Japan	321	304	-5.3
S Korea	155	155	0.0
Australia	154	163	5.8
United States	11,332	11,279	-0.5
<b>TOTAL</b>	<b>13,568</b>	<b>13,454</b>	<b>-0.8</b>

*Note: As per strategic plans.*

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