



Tourism Snapshot

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



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Key highlights

- Primarily led by declines in the US (-2.0%) and the UK (-9.1%), total arrivals from all CTC markets fell in September 2012 with a year-over-year decline of -2.1%;
- Arrivals from key CTC overseas markets decreased moderately (-2.7%), as flat growth in Emerging markets (0.1%) was insufficient to offset losses in Core markets (-3.9%);
- Strong overnight arrivals in September from Australia (+14.0%) stood in contrast to poor performances from the other Core CTC markets in the UK (-9.1%), France (-6.1%), and Germany (-3.2%);
- Year-to-date to September 2012, arrivals from key CTC overseas markets increased modestly (+2.0%), as growth in emerging markets such as China (+20.0%) and Mexico (+8.6%) managed to outpace declines in the CTC Core markets (-1.2%).

Tourism review Inbound highlights

Overnight trips to Canada

| | Sep. 2012 | 12/11 Sep. % Change | Jan. - Sep. 2012 | Year-to-date % Change |
|---------------------------------|------------------|------------------------|---------------------|--------------------------|
| United States | | | | |
| Automobile | 615,663 | -5.8 | 5,686,770 | 3.0 |
| Plane | 331,058 | -0.3 | 2,789,547 | 2.2 |
| Other | 209,846 | 7.7 | 1,230,091 | 2.5 |
| US Total | 1,156,567 | -2.0 | 9,706,408 | 2.7 |
| Core Markets | | | | |
| UK | 79,688 | -9.1 | 535,831 | -3.9 |
| France | 55,861 | -6.1 | 375,142 | -1.2 |
| Germany | 47,070 | -3.2 | 265,845 | -0.8 |
| Australia | 34,773 | 14.0 | 209,956 | 5.9 |
| Core Total | 217,392 | -3.9 | 1,386,774 | -1.2 |
| Emerging Markets | | | | |
| Japan | 30,489 | -1.9 | 176,665 | 8.0 |
| South Korea | 12,767 | -11.7 | 110,577 | -10.5 |
| Mexico | 11,645 | -1.8 | 118,580 | 8.6 |
| Brazil | 9,275 | 3.5 | 72,114 | 6.2 |
| China | 29,972 | 5.8 | 230,094 | 20.0 |
| India | 13,456 | 4.7 | 121,662 | 7.7 |
| Emerging Total | 107,604 | 0.1 | 829,692 | 7.9 |
| CTC Overseas Key Markets | 324,996 | -2.7 | 2,216,466 | 2.0 |
| Other Overseas Countries | 173,359 | -5.5 | 1,414,953 | -1.4 |
| Total Non-US Countries | 498,355 | -3.6 | 3,631,419 | 0.7 |
| Total Countries | 1,654,922 | -2.5 | 13,337,827 | 2.1 |

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

International trips

- Canada received approximately 1.65 million international visitors during the month of September, a decline of 2.5% compared to the same month in 2011;
- Despite strong performance by Australia (+14.0%), overall arrivals from CTC's core markets recorded a sixth consecutive monthly decline in September (-3.9%), bringing the year to date number of overnight visitors to 1,386,774, down slightly (-1.2%) over the same period last year;
- Total arrivals from CTC's emerging markets (Japan, South Korea, Mexico, Brazil, China and India) were flat (+0.1%) in September, although year to date arrivals to September were still up 7.9% to 829,692 compared to the same period last year.

United States

- The US retreated to negative territory with a 2.0% decline in overnight arrivals in September, largely driven by a 5.8% decline in auto travel;
- Year-to-date to September, total overnight trips to Canada by US residents grew 2.7% compared to the same period last year, bringing the total to over 9.7 million arrivals;
- In September, three provinces recorded healthy gains in arrivals by US visitors, with Newfoundland and Labrador posting the largest increase (+49.5%), followed by Nova Scotia (+12.2%) and Alberta (+6.2%).

Core Markets

- Overnight arrivals from the UK in September declined sharply (-9.1%) compared to the same month last year, suggesting the worsening economic conditions there had a significant impact on travel volume to Canada;
- Overnight arrivals from France (-6.1%) and Germany (-3.2%) continued to slide in September compared to the same month last year;
- Australia recorded a strong 14.0% gain, bringing year-over-year growth for the first nine months to 5.9%;
- Year-to-date to September, performance by all three European markets was relatively weak, with the UK posting the largest pull back (-3.9%), and France (-1.2%) and Germany (-0.8%) showing modest declines.

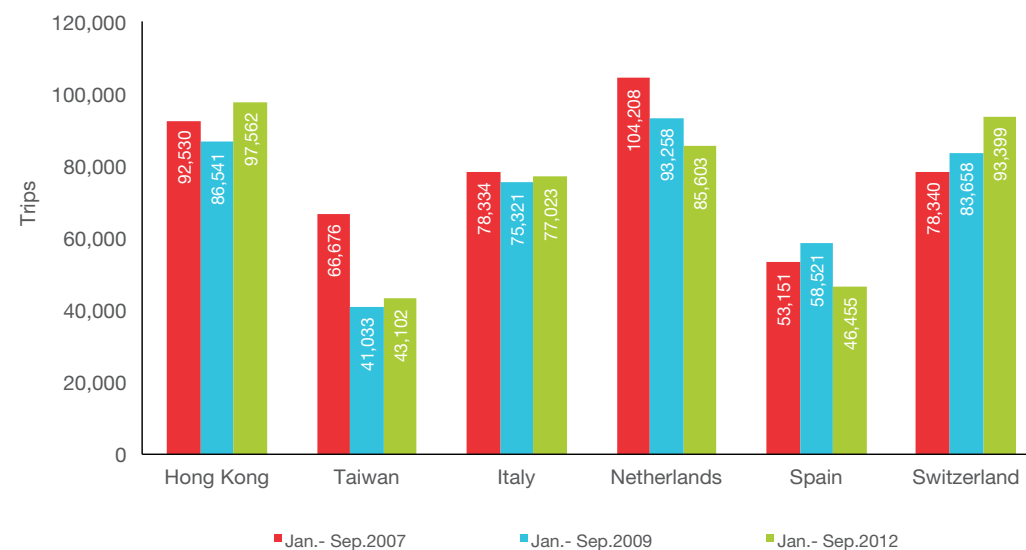
Emerging Markets

- Results were mixed for the CTC key emerging markets in September, with new growth in India (+4.7%) being offset by declines in Japan (-1.9%) and Mexico (-1.8%), leading to flat progression (+0.1%) for the CTC emerging markets category overall;
- Growth in arrivals slowed to 5.8% in China, while South Korea (-11.7%) declined for the seventh straight month on a year over year basis;
- Year-to-date to September, overall arrivals from CTC's emerging markets grew 7.9% compared to last year, with China (+20.0%), Mexico (+8.6%), and Japan (+8.0%) being strong performers.

Market Watch

- In September, overnight arrivals from all European secondary markets dropped, with Spain (-19.9%) posting the largest decline as the rapidly deteriorating economic situation there has affected the sentiment of long-haul travellers;
- Hong Kong is the only secondary market that showed a year-over-year gains in September (+2.9%);
- Year-to-date to September, Switzerland was the only market to stay in positive territory, although growth (+0.2%) was essentially flat compared to the same period last year;
- When compared to year-to-date result for September 2007, Switzerland saw the largest gain in overnight arrivals (+19.2%) followed by Hong Kong (+5.4%). Taiwan and the Netherlands posted significant declines, down 35.4% and 17.9%, respectively.

Overnight trips to Canada, by selected markets



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

Overnight trips to Canada, by selected markets

| | Sep. 2012 | 12/11 Sep. % Change | Jan. - Sep. 2012 | Year-to-date % Change |
|-------------|-----------|------------------------|---------------------|--------------------------|
| Italy | 9,412 | -0.7 | 77,023 | -6.8 |
| Netherlands | 11,576 | -5.6 | 85,603 | -5.5 |
| Spain | 6,223 | -19.9 | 46,455 | -16.7 |
| Switzerland | 12,303 | -6.4 | 93,399 | 0.2 |
| Hong Kong | 10,818 | 2.9 | 97,562 | -2.9 |
| Taiwan | 5,568 | -19.6 | 43,102 | -10.5 |

Competitive review (January - August 2012)**

International Travel (in thousands)

| Trips From: | Trips To: | | | |
|----------------------------|---------------|--------------|--------------|--------------|
| | Canada | 12/11 Change | Australia | 12/11 Change |
| Total International | 11,683 | 3% | 3,881 | 3% |
| United States | 8,550 | 3% | 308 | 3% |
| Canada | ... | | 76 | 2% |
| Core Markets | | | | |
| United Kingdom | 456 | -3% | 351 | -4% |
| France | 319 | 0% | 60 | 4% |
| Germany | 219 | 0% | 92 | -2% |
| Australia | 175 | 4% | ... | ... |
| Emerging Markets | | | | |
| Japan | 146 | 10% | 231 | 7% |
| South Korea | 98 | -10% | 129 | -1% |
| Mexico ¹ | 107 | 10% | ... | ... |
| Brazil | 63 | 7% | 19 | 6% |
| China | 200 | 22% | 427 | 15% |
| India | 108 | 8% | 101 | 5% |
| Total Key Markets | 10,441 | 3% | 1,792 | 4% |

...Not applicable. or data not available.

¹ US figures for Mexico include arrivals to interior only.

Note: Statistics Canada preliminary figures.

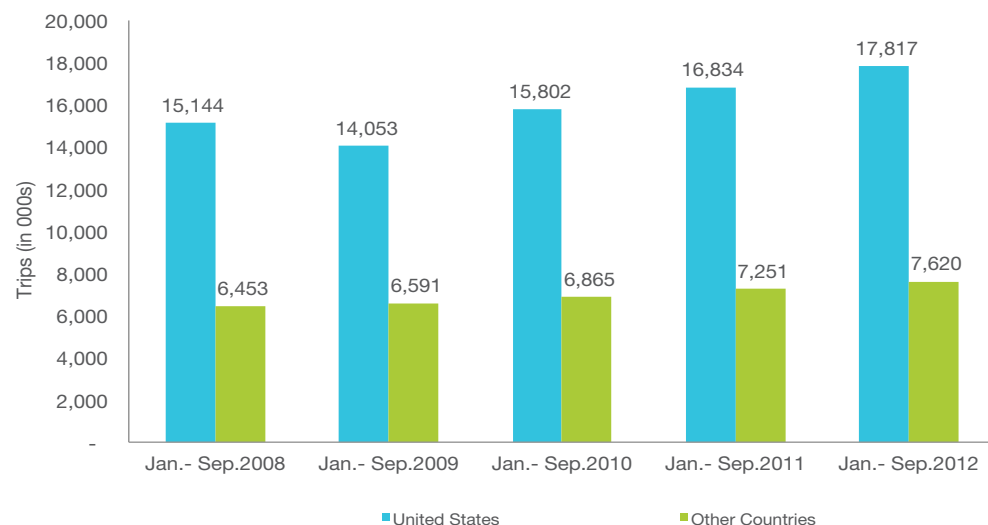
Sources: Statistics Canada; Tourism Australia.

** U.S. Visitation data for August 2012 was not available. There was a delay in the release of U.S. visitation data due to the change in the entry process for U.S. visitors.

- Year-to-date to August, both Australia and Canada registered growth in international arrivals, up 4% and 3% respectively compared with the same period last year;
- International visitor growth for Canada and Australia continued to be driven out of emerging markets, with China posting the largest growth followed by Japan;
- In contrast, performance from the three European markets continued to be weak in Canada and Australia due to the on-going economic uncertainty. The UK remained in negative territory in terms of arrivals to Canada (-3%) and Australia (-4%), while arrivals from France (0%) and Germany (0%) were flat in Canada and mixed (+4% and -2%, respectively) in Australia;
- Both Canada and Australia saw further deteriorations in overnight arrivals from South Korea, down 10% and 1% respectively. Concerns over economic uncertainty coming from sluggish export and domestic demand seemed to have had a negative effect on consumers' decisions to make long-haul travel;
- Canada outperformed Australia in overnight arrivals from two emerging markets, India and Brazil, up 8% and 7%.

Canadian outbound trips

Overnight trips by Canadians



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

Overnight trips by Canadians

| | Sep. 2012 | 12/11 Sep. % Change | Jan. - Sep. 2012 | Year-to-date % Change |
|--------------------------------|------------------|---------------------|-------------------|-----------------------|
| United States | 1,941,834 | 9.4 | 17,816,559 | 5.8 |
| Other Countries | 669,175 | 4.8 | 7,620,165 | 5.1 |
| Total Trips from Canada | 2,611,009 | 8.2 | 25,436,724 | 5.6 |

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

- Canadian outbound travel continued to grow in September, up 8.2% and reaching approximately 2.6 million trips compared to the same period last year;
- The number of Canadians visiting the US during the month of September grew 9.4%, reaching nearly 2 million trips;
- Likewise, Canadian overnight travel to overseas destinations (excluding the US) registered a 4.8% increase to 669,175 trips;
- Year-to-date to September, outbound trips by Canadians grew 5.6%, reaching 25.4 million overnight trips;
- In September, the largest re-entry of Canadians from the US occurred through Ontario, with 830,205 entries (+7.7%), followed by British Columbia (467,544 entries / +14.2%) and Québec (325,164 entries / +8.6%);
- The largest re-entry of Canadians from overseas countries (excluding the US) in September were recorded in Ontario (346,874 entries/ +6.2%), followed by Québec (157,045 entries / -1.2%) and British Columbia (107,432 entries / +11.5%).

Consumer outlook

Consumer confidence

- **Canada:** The Index of Consumer Confidence increased 6.7 points to 82.2 (2002 = 100) in September, representing a broad increase in optimism, albeit from levels that continue to reflect concern over the performance of the Canadian economy and the uncertainty surrounding the European sovereign debt crisis.
- **USA:** The Conference Board Consumer Confidence Index®, which had declined in August, improved in September. The Index now stands at 70.3 (1985=100), up from 61.3 in August.

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

Accommodations

- In September 2012, the National Occupancy Rate slipped marginally (-0.3 points) compared to the previous year to 71.3%. The Yukon posted the largest increase (+7.7 points) while Quebec experienced the largest decline (-1.9 points);
- Year-to-date to September, the National Occupancy Rate recorded a marginal increase of 0.9 points, reaching 63.5%. Alberta registered the largest increase (+3.9 points), followed by Newfoundland (+1.3 points);
- Year-to-date to September, the National Average Daily Rate improved to \$130.37, up 1.9% compared with the same period in 2011. Northwest Territories, British Columbia, Alberta, Québec, and Newfoundland and Labrador posted rates higher than the National Average Daily Rate;
- During the first nine months of 2012, the Average Revenue per Available Room (RevPAR) was \$82.83 (+3.3%) with Alberta posting the strongest growth (+12.0% / \$87.93) followed by Newfoundland (+5.5% / \$97.81).

Canadian Occupancy Rates, By Province*

| | Sep. 2012 | 12/11 Change [^] | Jan.-Sep. 2012 | Year-to-date Change [^] |
|-----------------------|-------------|---------------------------|----------------|----------------------------------|
| Alberta ¹ | 71.8 | 2.7 | 66.3 | 3.9 |
| British Columbia | 69.0 | -0.8 | 62.8 | 0.1 |
| Saskatchewan | 72.8 | -0.7 | 68.4 | 0.0 |
| Manitoba | 69.6 | -1.5 | 63.7 | -2.9 |
| Ontario | 72.4 | -0.9 | 62.8 | 0.8 |
| Quebec | 70.1 | -1.9 | 64.3 | -2.7 |
| New Brunswick | 62.9 | 0.7 | 57.0 | 0.0 |
| Nova Scotia | 73.8 | -0.6 | 63.0 | 0.6 |
| Newfoundland | 81.7 | -1.6 | 71.0 | 1.3 |
| Prince Edward Island | 63.4 | -0.6 | 50.7 | -3.2 |
| Northwest Territories | 76.9 | 2.3 | 65.2 | -2.6 |
| Yukon | 87.5 | 7.7 | 74.7 | 0.9 |
| Canada | 71.3 | -0.3 | 63.5 | 0.9 |

* Note: Based on the operating results of 221,636 rooms (unweighted data).

[^] Percentage points.

¹ Excluding Alberta resorts.

Source: PKF Consulting Inc. with reproduction and use of information subject to PKF Disclaimer and Restrictions as detailed at www.pkfcanada.com.

Economic indicators Q2 2012 – Q3 2012

- GDP growth worldwide slowed in Q3. While the UK (+1.0%) exited recession and the USA (+0.5%) improved over Q2, all other CTC markets experienced slowing growth. India was in recession (-0.5%), although the decline in output was less severe than in Q2;
- The economies of China (+1.9%) and Brazil (+1.7%) experienced much slower growth in Q3 compared to Q2, when growth was +10.3% and +3.9%, respectively, suggesting that these key emerging markets are fully exposed to the deteriorating global economic conditions at the hands of the European sovereign debt crisis;
- In Q3 2012, the inflation rates of Australia, Mexico, and Brazil rose, while those of all other CTC markets were flat or declined, with Japan even slipping into deflation;
- Compared to the second quarter of 2012, the Canadian dollar appreciated during the third quarter relative to the currencies of the US, UK, France, Germany, Brazil, and China, thereby making Canada a more expensive travel destination for visitors from these countries. Conversely, Mexico, Australia, Japan, and India all saw an increase in purchasing power from their currency appreciating against the Canadian dollar.

Economic Indicators, Q2 2012 – Q3 2012

| America | Canada | | USA | | Mexico | | Brazil | |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 |
| Real GDP growth (q/q, %) | 0.5 | 0.5 | 0.3 | 0.5 | 0.9 | 0.5 | 3.9 | 1.7 |
| Consumer Price Index (yoy,%) | 1.5 | 1.3 | 1.9 | 1.7 | 3.9 | 4.6 | 5.0 | 5.2 |
| Exchange Rate (1LCU:C\$) | 1.000 | 1.000 | 1.010 | 0.995 | 0.0747 | 0.0756 | 0.516 | 0.490 |

| Europe | France | | Germany | | UK | |
|------------------------------|---------|---------|---------|---------|---------|---------|
| | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 |
| Real GDP growth (q/q, %) | 0.0 | 0.0 | 0.3 | 0.2 | -0.4 | 1.0 |
| Consumer Price Index (yoy,%) | 2.0 | 2.0 | 1.9 | 1.9 | 2.7 | 2.7 |
| Exchange Rate (1LCU:C\$) | 1.296 | 1.245 | 1.296 | 1.245 | 1.598 | 1.573 |

| Asia Pacific | Australia | | China | | Japan | | South Korea | | India | |
|------------------------------|-----------|---------|---------|---------|---------|---------|-------------|---------|---------|---------|
| | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 | Q2 2012 | Q3 2012 |
| Real GDP growth (q/q, %) | 0.6 | 0.3 | 10.3 | 1.9 | 0.1 | -0.9 | 0.3 | 0.2 | -6.5 | -0.5 |
| Consumer Price Index (yoy,%) | 1.2 | 2.0 | 2.9 | 2.0 | 0.2 | -0.4 | 2.4 | 1.6 | 10.1 | 9.8 |
| Exchange Rate (1LCU:C\$) | 1.021 | 1.034 | 0.160 | 0.157 | 0.0126 | 0.0127 | 0.0009 | 0.0009 | 0.0187 | 0.0181 |

Source: Oxford Economics
Bank of Canada

Note: Exchange rates, average of 20-22 days / July - September 2012

CTC Market Research & Evaluation