Ontario

ONTARIO TOURISM
FACTS & FIGURES
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Message from the Minister

Dear Tourism Colleagues:

As the new Minister of Tourism and Recreation, this is my first opportunity to present you with an issue of *Ontario Tourism Facts & Figures*. This publication is designed to keep you informed about the latest economic outlook, statistics and research for our industry, which, combined with your expertise, will help you to grow your business.

Over the last few weeks, I have listened to many of you as you added your voices and vision to our government's tourism plan. As part of our Tourism Strategy Stakeholder Consultations, stakeholders in Ottawa, Niagara Falls, Toronto and Windsor have shared their ideas for improving and promoting tourism in Ontario. In the weeks to come, I look forward to receiving the insight of others in North Bay, Thunder Bay and Peterborough, and incorporating your expertise into our overall strategy.

This publication and our current consultations will benefit us all as we strive to ensure ongoing success for Ontario's tourism stakeholders and the tourism industry as a whole.

Yours sincerely,

Frank Klees
Minister

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Economic Outlook

Ontario's Economic Strength Expected to Continue into 2003

Ontario's economic growth will outpace the overall Canadian economic growth during 2002 and the unemployment rate will be below the national average. This strength is expected to continue in 2003.

Canada

Canada's Real Gross Domestic Product (GDP) is expected to grow by 4.3% in 2002 and by 5.1% in 2003. Conference Board of Canada data indicates that Real GDP grew by 2.8% in the second quarter of 2002. Results for the third quarter are expected to show a growth of 1.1%.

In 2003, the unemployment rate is expected to fall to 7.2%, a decrease of 6.5% from the 2002 unemployment rate.

Real disposable income of Canadians is anticipated to increase by 4.9% in 2002 and by 4.2% in 2003.

The value of the Canadian dollar relative to the U.S. dollar is expected to increase slightly in 2003 over 2002.

Ontario

Real GDP in Ontario grew by 3.5% during the second quarter of 2002. Further growth of 1.4% is expected in the third quarter of 2002.

Over the full year, Ontario's Real GDP anticipated increase of 4.6% will outpace the 4.3% increase for the GDP of all of Canada in 2002. This trend will continue in 2003, with Ontario's expected growth rate of 5.4%.outpacing the anticipated Canadian growth rate of 5.1%.

Ontario's 7.2% unemployment rate during the third quarter of 2002 was below the national level. Projected Ontario annual unemployment rates of 7.3% in 2002 and 7.0% in 2003 are also below the national level.

Short Term Economic Indicators Canada & Ontario
Q2 2002 (actual), Q3 2002, 2002 and 2003 Forecast *(f)*

		Q2 2002	Q3 2002 *(f)*	2002 *(f)*	2003 *(f)*
Real Gross Domestic Product – ROC	Can	2.8	1.1	4.3	5.1
	ON	3.5	1.4	4.6	5.4
Consumer Price Index – ROC	Can	1.5	1.1	2.3	2.5
	ON	1.1	1.5	2.3	2.8
Unemployment Rate	Can	7.6	7.5	7.7	7.2
	ON	7.0	7.2	7.3	7.0
Real Disposable Income – ROC	Can	1.5	1.1	4.9	4.2
	ON	1.9	0.8	4.3	4.5
Exchange Rates (U.S./Can)	Can	0.643	0.642	0.639	0.646

(f) = forecast,
ROC = Rate of change over previous period
Source: Conference Board of Canada

Tourism Statistics

European Air Travel to Ontario: Up in second quarter, increases expected to continue

European air travel[1] to Ontario increased by 2% during the second quarter of 2002 over the same period of 2001. Based on tickets issued for travel from Europe to Ontario up to the end of the second quarter of 2002, there was an increase in air travel bookings of 8% for the third quarter of 2002 over the same period of 2001. An increase in bookings of 14% for the fourth quarter of 2002 over the same period of 2001 was also recorded.

Source: IATA Aviation Information and Research

[1] Data only available for UK, Germany, France, Netherlands, Switzerland and Belgium/Luxembourg

Ontario Travel Information Centres (TIC): Visitors and Inquiries remain down

Compared to the summer of 2001, inquiries (total number of parties at TICs, phone calls and mail) at Ontario's Travel Information Centres were down — by 10.2% in July 2002, by 12.9% in August and by 2.3% in September 2002.

Total visitors (total visitors at TICs, phone calls and mail) to Ontario TICs were lower than in 2001 — by 11.6% in July, 15.1% in August 2002 and 6.3% in September 2002.

Ontario's Travel Price Index: Cost of goods and services up slightly in September, but down overall in the third quarter

Ontario's Travel Price Index (TPI) increased by 2.8% in September 2002 over September 2001. This means that the same amount of travel-related goods and services in Ontario cost 2.8% more in September 2002 than in September 2001.

From August to September 2002, however, there was a decline in the TPI — travellers in Ontario paid 1.8% less in September than in August 2002 for tourism-related goods and services.

Ontario's TPI decreased by 3.5% in the third quarter of 2002, over the over the same period of 2001.

The United States' TPI was negative in July (-1.0%), August (-0.3%) and September (-0.4%), with the cost of travel lower than in the same months of 2001.

Accommodations: Occupancy and average daily rates remained down during first nine months of 2002

Ontario occupancy rates for the first nine months of 2002 dropped to 63.5%, 3.3% lower than in the same period of 2001. Average daily rates also decreased, but only by 0.2%.

The table to the right outlines occupancy and average daily rates for several different markets across the province.

International Border Crossings: Remain down in third quarter

Total border crossings by American and overseas visitors into Ontario were down by 4.0% in 2001 over 2000, but total 2001 crossings into Ontario by visitors who spent one night or more increased by 1.1% over 2000.

For the first nine months of 2002 (January to September), international border crossings decreased by 11.1% over the same period of 2001.

Compared to 2001, total border crossings were down by 13.7% in July 2002 and 9.5% in August 2002. Meanwhile, overnight border crossings increased by 3.5% in July and by 1.9% in August. The overall decreases were due to the decline in same day border crossings, which account for 68% of total crossings. U.S. residents account for 99% of same day crossings into Ontario.

The 14.0% increase in border crossings in September 2002 over September 2001 is a reflection of the fact that border crossings in September 2001 were unusually low because of the September 11, 2001 events. When September 2002 is compared to September 2000, there is a decrease of 19.1% in border crossings.

International (Int'l) Border Crossings into Ontario
Percent Change Same Period of Previous Year

	Total 2001	July 2002	August 2002	Sept 2002	YTD* 2002
Total U.S.	-3.5%	-14.5%	-9.6%	14.4%	-11.1%
Total Overseas	-11.0%	-2.2%	-8.3%	9.5%	-10.5%
Total Int'l	-4.0%	-13.7%	-9.5%	14.0%	-11.1%
Overnight U.S.	3.7%	4.2%	3.2%	10.2%	1.4%
Overnight Overseas	-9.9%	-0.1%	-6.5%	11.4%	-8.4%
Total Overnight Int'l	1.1%	3.5%	1.9%	10.4%	-0.3%

** Year-to-date January to September*
Source: Statistics Canada

Occupancy and Average Daily Rates
Year-to-Date September 2002

Market	Occupancy Rate		Average Daily Rate	
	YTD* 2002	% ch**	YTD* 2002	% ch**
Downtown Toronto	68.1%	-3.0	$162.07	-0.5
Toronto Airport	66.4%	-4.1	$113.28	-0.2
GTA West	63.6%	-6.7	$98.92	-0.9
GTA East/North	61.3%	-6.9	$107.30	1.0
Kingston	64.5%	-1.5	$106.09	6.8
Ottawa	65.8%	-5.8	$124.87	-2.0
Other Eastern Ontario	59.5%	3.9	$87.70	1.8
London	59.1%	-0.5	$93.94	0.8
Windsor	65.4%	3.9	$106.54	-2.4
KW/Cambridge/Guelph	63.3%	-3.6	$92.50	-1.4
Niagara Falls	60.8%	0.7	$136.09	0.3
Other Niagara Region	54.2%	-5.4	$88.93	3.4
Other Southern Ontario	54.4%	-1.6	$97.16	6.5
Central Ontario	57.9%	-4.9	$121.55	2.9
North Bay	60.2%	-4.4	$90.36	2.4
Sudbury	63.8%	-4.6	$83.43	-0.3
Sault Ste Marie	60.3%	1.0	$88.69	2.3
North Western Ontario	74.0%	8.2	$85.49	1.6
TOTAL ONTARIO	**63.5%**	**-3.3%**	**$118.77**	**-0.2%**

* Year-to-date January to September 2002
** percent change over YTD September 2001
Data based on Pannell Kerr Forster's unweighted sample, which tends to be branded properties of 30 rooms or more.
Source: Pannell Kerr Forster

** Please note that 1-800-ONTARIO data have not been included in this issue due to a change in the collection methodology.

Special Topics

If the future were now...

New Travel Activities and Motivation Survey (TAMS) reports project what Ontario tourism might be like 25 years from now, with an ageing, changing population.

How will the tourism industry cope with the older, more urban, less active and more diverse population that will occupy Ontario's primary tourism market 25 years from now?

Two new Travel Activities and Motivation Survey (TAMS) reports issued by MTR during the summer of 2002 (available on our web site at www.tourism.gov.on.ca) deal with population projections for Ontario and the Great Lakes States to the years 2026 and 2025 and examine some of the potential consequences for the tourism industry.

Ontario

Ontario's population will grow at a faster rate than the population of Canada as a whole and by the year 2026, Ontario's adult (18+) population will have increased by 37% to exceed 12 million. Those aged 55 and over will make up 41% of Ontario's population. Households with children will decrease.

About 50% of Ontario's adult population will live in the Toronto area making the city a key source for Ontario's domestic tourism sector and Toronto will be Ontario's key market for visitors with the vast majority (73%) of new Canadians living in the nation's largest city. New Canadians will increase from 31% of Ontario's adult population to 37%. Immigrants from Eastern Europe and Asia will increase.

Demand for tourism products and activities will change as the structure of Ontario's population changes. While the volume of leisure travel by Ontario residents in the province is expected to increase by 30% over the next 25 years, it will grow more slowly than the population – with tourism growing on average at 1% per annum as compared to 1.2% average annual growth for the population. The challenge the tourism industry faces is attracting more domestic visitors to keep pace with the growth in the population.

An older population will have different interests. By 2026, there will be a shift of interest in activities from strenuous outdoor activities to non-strenuous outdoor activities and indoor cultural events and attractions. Tourism products and services may need to be refocused on culture and comfort rather than excitement and adventure and further effort will be required to attract this market.

There could be a further shift from outdoor activities due to the increased number of foreign-born residents, who have an overall lower rate of participation in these activities. The foreign-born market will also have special needs, requiring development of products and services to meet those needs. The tourism industry may require more multi-lingual literature, both in print and on-line and may find it profitable to provide staff with cultural sensitivity training.

Due to the shrinking family market, it is expected that there will be, relative to other markets, lower interest in family-oriented products. Similarly, in relative terms, the rate of use of children's museums, zoos and theme parks is expected to decline. Operators that heavily rely on the family market to grow their business may need to consider diversifying their products and services to meet the needs of a broader audience.

Great Lakes States[1] 2025

The population of the U.S. Great Lakes states, the primary U.S. visitor market for Ontario, is expected to grow at a slower rate than that of the U.S. as a whole. The Great Lakes states are expected to have a 9% increase in population, from 60.2 million adults in 2000 to 65.4 million adults in 2025 while the U.S. as a whole will grow three times as fast, posting a 27% increase.

The age group of 55 and over will grow from 28% of the population to 36%. Households with children are expected to decrease from 33% to 29%.

With the exception of growth in foreign-born residents, the population changes in the U.S. border states will be much the same as those in Ontario. Therefore, the same implications for tourism product development are expected for this market, but more profound since participation in many outdoor activities by the US residents is projected to decline over this time period, while for the Canadian market participation in outdoor activities is projected to decline only relative to other activities.

The number of Great Lakes states residents who would visit Ontario for an overnight trip is expected to grow over this period by close to 9%, or by an average of 0.3% per annum. The Ontario tourism industry would need to intensify its efforts in the Greats Lakes area as well in the long-haul US market if any real growth in this important market is to materialize for the province.

[1] Great Lakes States: New York, Pennsylvania, Wisconsin, Michigan, Illinois, Indiana, Ohio, Minnesota

What's New in Research?

New Publications and Studies

Two new studies focusing on the travel activities and motivations of individuals in the year 2026 are available on our web site. A further study looking into the opera market now and in 2026 in the Toronto, Hamilton and Oshawa areas will be available in mid-December on the MTR web site.

A new study, also based on TAMS data, entitled Targeting Travel Innovators is available on the MTR web site. This report provides insight into the market that is most open to new experiences and it is often through endorsement emanating from them that the acceptance of the new product is accelerated to the broader market.

Ontario's Domestic Travel Market 2001 report is available on our web site at http://www.tourism.gov.on.ca/english/research/surveys.asp. This is a report on travel by Ontario and other Canadian residents in Ontario and its travel regions. The report provides detail on the volume of travel and expenditures by Canadian residents travelling in Ontario and their related travel behaviour. Also available are hundreds of pages for data from the Canadian Travel Survey for your own analysis, but if you encounter any problems please contact Min Yan at (416) 325-6057 or min.yan@mczcr.gov.on.ca.

The MTR bi-annual tourism industry forecast will be available on the MTR web site at www.tourism.gov.on.ca in mid-December 2002. The Economic Profile of Resource-based Tourism in Ontario, 1999 is now available on the MTR web site.

Upcoming Conferences

The Tourism Federation of Ontario will be holding their fifth annual industry-wide tourism forum on March 25-26, 2003 at Casino Rama, Orillia. Arrive a day early (March 24) and attend three other events happening at Casino Rama - The Ontario Accommodation Association's Mini-Convention and Annual Meeting, Resorts Ontario Spring Conference and Annual Meeting, and the fourth annual Super Accommodation eXhibition. Please contact Bruce Gravel at (705) 745-4982 for more information on any of the above events.

The Conference Board of Canada will be hosting the following conferences Please visit www.conferenceboard.ca for more information):

Knowledge Management Conference: Advancing Knowledge Management for Competitive Advantage on December 11 and 12, 2002 at the Sheraton Centre Hotel in Toronto.

Linking Sustainable Development and Shareholder Value: An Executive Seminar for the Investment Community on December 13, 2002 at The Design Exchange in Toronto.

Incubation and New Ventures Conference: A Commitment to Entrepreneurship on January 23 and 24, 2003 at the Hilton Bonaventure in Montreal, QC.

A series of Business Outlook Briefings across Canada. One session is planned for Ontario and will be held in Toronto on March 4, 2003 at the Novotel Toronto Centre hotel. Please call 1-800-267-0666 for more information.

The Canadian Marketing Association holds several monthly seminars on different aspects of marketing, such as an Advanced Internet Workshop being held at the Sheraton in Toronto on December 3, 2002. For more information on this seminar, and many others, please visit www.the-cma.org.

The 13th Annual IATOS 2003 Expo and World Congress on Adventure and Ecotourism will be held in Chicago, IL on February 19-23, 2003. Please visit www.iatos.com

Useful Web Sites

Ontario Ministry of Tourism and Recreation - www.tourism.gov.on.ca
Ontario Tourism Marketing Partnership – www.tourismpartners.com
Canadian Tourism Commission - www.canadatourism.com
Statistics Canada -www.statcan.ca
TTRA Canada - www.ttracanada.ca
TTRA International – www.ttra.com
Tourism Research Links – www.waksberg.com
Tourism Research Exchange - www.trex.uwaterloo.ca
World Tourism Organization – www.world-tourism.org
US Department of Commerce, Tourism Industries - tinet.ita.doc.gov

Questions? Suggestions?

Please contact Larissa Deneau at (416) 325-8287 or via email at larissa.deneau@mczcr.gov.on.ca

Provide us with your feedback! Visit www.tourism.gov.on.ca
Also, visit our web site for information on the industry's current performance, as well as historical trends and statistics.

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