

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

March 2007

Volume 3, Issue 03

## key highlights

Overnight visits from CTC's key overseas markets have increased by 10% this month to reach a five-year high (156,334 overnight trips). Notable is Mexico with an impressive growth rate of +53.2%.

Compared to 2006, more Canadians (+1.3 percentage points) plan to take a summer vacation trip in Canada.

Most recent data shows that the national occupancy rate increased +0.5 percentage point in March 2007 to reach 56.5% -- a 5-year high.

## tourism review

### International Trips

- International travellers made 925,112 overnight trips to Canada in March 2007, a decline of 2.9% over the previous year.
- US visits to Canada (accounting for 73% of March visits) fell 6.9%, while non-US trips to Canada rose by 9.6% in March.
- Year-to-date, international visits to Canada reached 2.5 million, a decline of 3.3% over the same period in 2006.
- For the Jan.-Mar. 2007 period, visits from the U.S. fell 6.5% to 1.8 million trips, while visits from non-US countries increased 6.3% over 2006, to reach 675,069 trips.
- Regionally, visits from all overseas regions posted increases.

### United States

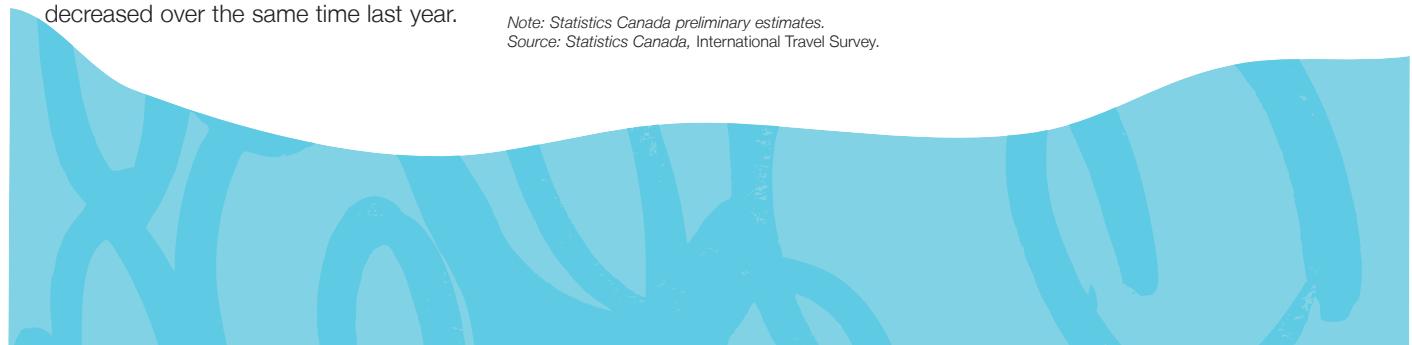
- In March 2007, trips by Americans fell 6.9% - Non-automobile trips (-8.3% or less 35,824 trips) accounted for the bulk of the decline.
- Year-to-date, US trips to Canada declined 6.5%. Overall, US trips to Nova Scotia (+23.1% or 1,471 overnight trips), Alberta (+6.8%, or 5,790 trips), and the Yukon (+0.3% or 18 trips) have increased while U.S. trips to other provinces have decreased over the same time last year.

## Overnight Trips to Canada

	March 2007	07/06 Mar % Change	Jan-Mar 2007	Year-to-date % Change
<b>United States</b>				
Automobile	393,615	-8.3	1,036,832	-8.3
Plane	237,825	-4.0	639,603	-2.2
Other	40,849	-9.4	109,411	-12.5
US Total	672,289	-6.9	1,785,846	-6.5
<b>Europe/Latin America Key Markets</b>				
France	18,327	11.4	60,509	7.5
Germany	14,095	10.6	37,887	9.3
UK	55,326	12.7	141,795	9.0
Mexico	16,262	53.2	37,152	33.8
<b>Asia/Pacific Key Markets</b>				
China	7,444	4.6	22,691	13.4
Japan	24,573	-9.3	56,920	-12.7
South Korea	11,596	8.0	36,172	10.2
Australia	8,711	6.2	31,344	7.7
<b>Overseas Key Markets</b>	<b>156,334</b>	<b>10.0</b>	<b>424,470</b>	<b>7.2</b>
<b>As % of Key Markets and US</b>	18.9		19.2	
Other Overseas Countries	96,489	8.9	250,599	4.9
<b>Total Non-US Countries</b>	<b>252,823</b>	<b>9.6</b>	<b>675,069</b>	<b>6.3</b>
<b>Total International Countries</b>	<b>925,112</b>	<b>-2.9</b>	<b>2,460,915</b>	<b>-3.3</b>

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.



## Overnight trips by Canadians

	March 2007	07/06 Mar % Change	Jan-Mar 2007	Year-to-date % Change
United States	1,566,704	4.8	3,698,400	4.8
Other Countries	880,461	11.5	2,460,796	11.4
Total Trips from Canada	2,447,165	7.1	6,159,196	7.3

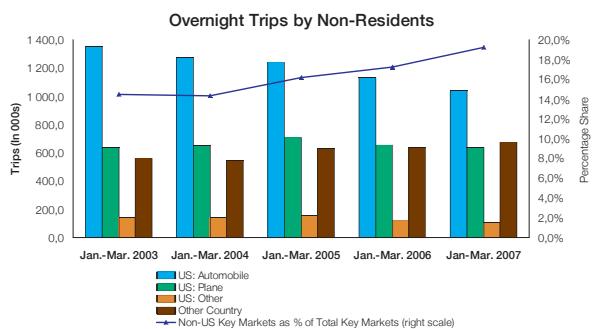
Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

- Automobile trips (which accounted for 58% of all U.S. trips to Canada) declined at a faster rate (-8.3%) than non-automobile trips (-3.9%).

## Overseas Key Markets

- In March 2007, CTC's non-US key markets rose 10% over the same month in 2006 (+14,274 trips) to reach 156,334 overnight trips.
- Most notable, visits from Mexico increased by 53% (+5,650 trips) in the month of March - accounting for 40% of the increase.
- Year-to-date, trips from Canada's key overseas markets increased 7.2% (+ 28,486 visits) to reach 424,470 million visits.
- With the exception of Japan (-12.7%), trips from all CTC key overseas markets posted increases in Q1 2007.



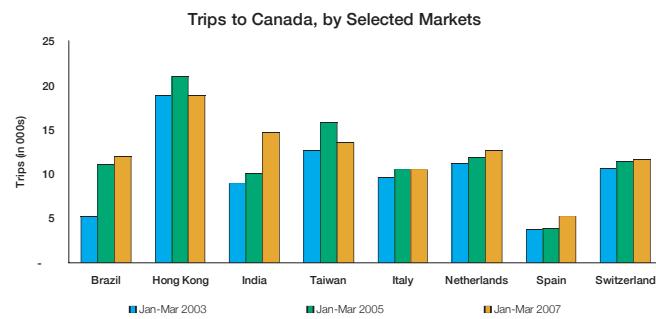
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

## Share of Entry

- In the first three months of 2007, there were 1.8 million US visitors, accounting for 81% of the total visitors from our key markets (down 5 percentage points from 2003). Nearly half (47%) were automobile trips; almost a third (29%) were plane trips; and 5% were other non-automobile trips.
- Year-to-date, key Europe/Latin America markets made 277,343 overnight trips to Canada, accounting for 13% of total key markets (up 4 percentage points from 2003).
- 147,127 visitors from Asia/Pacific markets accounted for 7% of total tourists from our key markets (up 2 percentage points from 2003).

## Market Watch

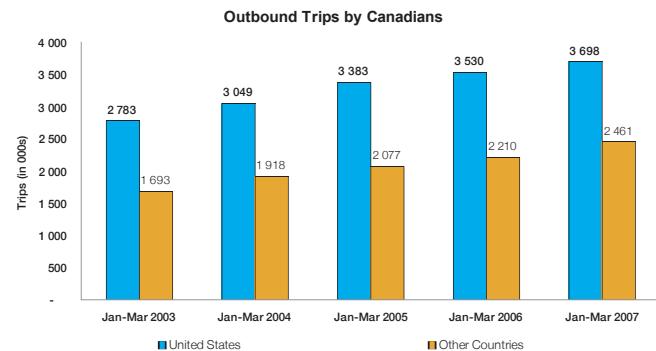
- In March, Hong Kong posted the highest volume of visitors (5,979 trips), followed by India (5,876), and Taiwan (5,508).
- For January to March, Spain posted the largest increase (+23%) over Q1 2006, followed by India (+12%) and Switzerland (+8%). Taiwan posted the largest decline (-14%), followed by Brazil (-7%).
- In Q1 2007, trips from Taiwan, Hong Kong, and Italy have fallen below the 2005 level (by 14%, 10%, and -0.1%, respectively). Trips from other countries have exceed the 2005 level - India (+45% or 4,534 trips), Spain (+33% or 1,300 trips), Brazil (+8%, or 898 trips), the Netherlands (+7% or 767 trips), and Switzerland (+2% or 171 trips).



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

## Canadian Outbound Trips

- Year-to-date, Canadians made 6.2 million trips abroad, an increase of 7.3% over the same period last year.



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

- The growth in travel to non-US countries (+11.4%) increased at nearly 2.5 times faster than trips to the U.S. (+4.8%). Both visits to the U.S. and to trips to other countries reach a 5-year high of 3.7 million and 2.5 million trips, respectively.
- From Jan.-Mar. 2007, total Canadian outbound travel to the U.S. rose in all provinces except Newfoundland (-51.9% or less 5,165 overnight trips), Yukon (-34.9% or less 833 trips) and P.E.I. (-42.9% or less 9 trips).

## consumer outlook

### Travel Intentions

**CANADA:** About 65.0% of Canadians surveyed in March 2007 stated that they planned to take a summer vacation trip, up from 59.5% the previous year (April 2006 survey). 43.1% plan to take a leisure trip in Canada (+1.3 percentage points), 10.2% plan to vacation in the U.S. (+1.8 points), 9.0% stated that they will vacation in a non-US international destination (+1.4 points), and 3% stated that they did not know or did not provide an answer.

**UNITED STATES\***: About 40.4% of Americans surveyed in April 2007 said that they intended to take a vacation trip in the next 6 months, down 1.5 percentage points from the same time last year. In April 2007, 32.9% of Americans said that they plan to take their vacation trip in the U.S. (down 2.3 points) and 9.9% said that they intended to travel abroad (up 1.5 points).

\*Preliminary figures, seasonally adjusted.

Sources: The Conference Board of Canada and the Consumer Research Center, the Conference Board Inc. (U.S.).

### Consumer Confidence

**CANADA:** Compared to February 2007, the Canadian Consumer Confidence Index improved slightly - increasing 0.4 of a point to reach 99.9 in March 2007. Compared to the same month last year, the Canadian consumer confidence index was also up by 0.4 points.

**UNITED STATES:** Following increases in the first two months of 2007, the U.S. Consumer Confidence Index fell 4 points over the previous month to reach 107.2 in March 2007. In March 2006, the Index stood at the same level - 107.2.

Source: The Conference Board (USA) and the Conference Board of Canada.

## air capacity

### Air Capacity, Q1 (January - March) 2007

	Q1 2006	Q1 2007**	07/06 %Change
Australia*	27,984	24,525	-12.4
China	83,759	85,062	1.6
Japan	99,614	99,900	0.3
South Korea	54,831	55,317	0.9
France	142,653	162,227	13.7
Germany	147,404	146,719	-0.5
United Kingdom	365,681	399,234	9.2
Mexico	126,128	145,697	15.5
United States	3,907,330	4,179,434	7.0

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

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

## competitive review (January 2007)

- For the first month of 2007, the U.S. saw a 5% increase in international visitors, while both Canada (-4%) and Australia (-2%) saw declines.
- In January 2007, **Australia** experienced mixed results. Arrivals from South Korea (+19%), France (+7%), the U.S. (+4%), and the U.K. (+4%) increased while visits from Japan (-20%), China (-12%), and Germany (-4%) posted declines.
- The **United States** registered a slight decrease in visitors from the U.K. (-1%) and a larger decrease from Japan (-11%). However, increases in other markets - Mexico (+15%), South Korea (+11%), France (+9%), Australia (+9%), Canada (+7%), China (+7%) and Germany (+1%) offset the declines.
- Compared to competitor countries, Canada saw the strongest growth in arrivals from China (+11%) and Germany (+9%).

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

## International Travel Matrix, January 2007 (In 000s)

Trips from:	Trips to:					
	Canada		United States		Australia	
	#	07/06 Change	#	07/06 Change	#	07/06 Change
Total International	723	-4	3,070	5	458	-2
United States	523	-6	...	...	38	4
<b>Other Key Markets</b>						
France	18	5	51	9	6	7
Germany	11	9	81	1	13	-4
United Kingdom	38	3	235	-1	70	4
Mexico	11	14	383	15	...	...
China	8	11	44	7	29	-12
Japan	13	-23	280	-11	50	-20
South Korea	14	10	83	11	33	19
Australia	13	5	51	9	...	...
Canada	...	...	1,156	7	12	-6
Total Key Markets	650	-4	2,365	5	251	-3

...Not applicable or data not available. Note: 1. US figures for China includes Hong Kong, SAR; US figures for Mexico include arrivals to interior only. 2. Statistics Canada preliminary figures. Sources: Statistics Canada (preliminary statistics); Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

## strategic performance

## Travel Volumes, January - March 2007

	Trips Made (000s)		
	Target	Actual	% Difference
<b>Europe/Latin America</b>			
France	59	61	2.6
Germany	36	38	5.2
UK	150	142	-5.8
Mexico	26	37	42.4
<b>Asia/Pacific</b>			
China	21	23	9.7
Japan	66	57	-13.8
S Korea	33	36	9.3
Australia	31	31	-0.6
United States	1,956	1,787	-8.6
<b>TOTAL</b>	<b>2,378</b>	<b>2,211</b>	<b>-7.0</b>

Note: As per strategic plans.

## economic indicators

- From January - March 2007, **Canada's** economy softened (+2.0%), along with the U.S. economy (+2.1%).
- The Canadian **inflation rate** grew by 1.8% in Q1 2007 - in the middle of the inflation target band, while the US inflation rate rose by 2.4%.
- **Mexico's** economy softened, expanding by 3.7% in Q1 2007 compared to 4.3% in Q4; Mexico's inflation rate remained steady at 4.1%.
- **Germany** posted the highest growth rate of European key markets (+3.1%); Inflation increased at a higher rate in Q1 2007 (+1.8%) than the previous quarter (+1.3%).
- The economies of the **UK** and **France** have remained fairly stable.
- **China** continues to maintain its robust growth rate, increasing 10.3% in Q1.
- **South Korea** posted the second-highest economic growth rates of key markets (+4.2%) in Q1, 2007.
- The **Australian economy** has softened; the inflation rate is also slowing down.
- **Japanese** consumer prices fell back into negative territory.
- The **Canadian dollar** has weakened relative to all currencies.

Economic Indicators, Q4 2006 - Q1 2007

	Canada		USA		Mexico			
	Q4 2006	Q1 2007	Q4 2006	Q1 2007	Q4 2006	Q1 2007		
<b>N. America</b>								
Real GDP growth (yoY, %)	2.3	2.0	3.1	2.1	4.3	3.7		
Consumer Price Index (yoY, %)	1.3	1.8	1.9	2.4	4.1	4.1		
Exchange Rate (1LCU:C\$)	1.000	1.000	1.139	1.172	0.105	0.106		
<b>Europe</b>								
Real GDP growth (yoY, %)	2.5	2.4	3.7	3.1	3.0	2.9		
Consumer Price Index (yoY, %)	1.3	1.2	1.3	1.8	2.7	2.7		
Exchange Rate (1LCU:C\$)	1.471	1.535	1.471	1.535	2.185	2.290		
<b>Asia Pacific</b>								
<b>Australia</b>			<b>China</b>		<b>Japan</b>		<b>South Korea</b>	
Real GDP growth (yoY, %)	2.8	2.4	10.4	10.3	2.5	2.2	4.0	4.2
Consumer Price Index (yoY, %)	3.3	3.1	2.0	2.5	0.3	-0.1	2.1	2.0
Exchange Rate (1LCU:C\$)	0.879	0.921	0.145	0.151	0.0097	0.0098	0.00122	0.00125

Source: Bank of Canada; and Global Insight, World Overview, First Quarter 2007.

## accommodations

## Canadian Occupancy Rates, By Province

	March 2007	07/06 Change^	Jan-Mar 2007	Year-to-date Change^	No. of rooms as of Mar 07 07/06 % Change
Alberta	71.7	-2.0	65.3	-1.5	11.2
British Columbia	60.8	2.3	54.2	1.7	0.3
Saskatchewan	58.3	2.9	53.2	4.1	4.8
Manitoba	64.4	4.2	58.6	3.2	-5.6
Ontario	55.5	0.5	51.3	-0.1	5.7
Quebec	49.4	0.7	46.2	0.7	9.2
New Brunswick	47.1	-1.2	41.1	-1.0	-1.7
Nova Scotia	45.7	-4.7	39.6	-2.5	-6.4
Newfoundland	56.1	10.1	49.6	8.9	1.7
Prince Edward Island	39.8	-4.7	36.8	-10.2	7.0
Northwest Territories	...	...	...	...	87.9
Yukon	...	...	...	...	0.0
<b>Canada</b>	<b>56.5</b>	<b>0.5</b>	<b>51.5</b>	<b>0.1</b>	<b>5.2</b>

\* Note: Data based on survey of hotels (15+ rooms) across Canada. ... - Insufficient data; ^ - Percentage points.  
 Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

- In March 2007, Canada's national occupancy rate rose slightly (+0.5 percentage point over March 2006) to reach 56.5%. Despite a decline in occupancy (-2.0 percentage points), Alberta posted the highest occupancy rate (71.7%).
- Year-to-date, the national occupancy rate remained steady (+0.1 percentage point) to reach 51.5%. Alberta posted the highest occupancy rate (65.3%) and Newfoundland posted the largest growth rate (+8.9 percentage points).
- Survey data shows that the number of rooms available in Canada increased 5.2% over March 2007. The Northwest Territories and Alberta experienced the highest growth rates.
- From January - March 2007, the average room rate was \$108.69 (up from \$100.60 at the same time last year). The national average room revenue per available room (RevPAR) was \$55.98 (up from \$51.71 in Jan.-Mar. 2006).

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