

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

December 2007

Volume 3, Issue 12

## key highlights

In December 2007, trips from overseas key markets increased 2.5%, with exceptional growth from Australia (+18.4%). In the Americas, large gains in trips from Mexico (+15.3%) softened declines from the U.S. this month (-9.5%).

For the year, international trips fell 1.6% over 2006. CTC overseas key markets increased by 1.2% while trips from North America fell 2.9%, due to losses from the U.S.

According to the latest PKF survey data, in 2007, the national occupancy rate stood at 65.1% (+0.6 point over 2006). The average daily rate was \$127 and the revenue per available room was about \$83.

## tourism review

### International trips

- International travellers made 1.1 million overnight trips to Canada in December 2007, a decline of 5.9% over the same month in 2006.
- Non-U.S. trips to Canada rose by 4.5% this month, while US visits to Canada fell 9.5%.
- For the year, international visits to Canada reached almost 18 million, a decline of 1.6% over 2006.
- In 2007, visits from the U.S. fell 3.2% to 13.4 million overnight trips, while visits from non-US countries increased 3.4% over 2006, to reach 4.6 million trips.
- Regionally, visits from Asia posted a slight decline in 2007 (-1.8%) while visits from all other overseas regions posted increases.

### United States

- In December 2007, total trips by Americans fell 9.5%. Automobile trips fell by 11.6%, plane trips were down by 6.5% and 'other' non-automobile trips fell by 2.1%.
- Year-to-date, US trips to Canada declined 3.2%. Overall, US trips to 5 provinces increased (P.E.I: 63.8%; Yukon: 10.9%; New Brunswick: 5.4%; Alberta: 1.9%, and Nova Scotia: 1.6%).
- In 2007, automobile trips (which accounted for almost 60% of all U.S. trips

## Overnight Trips To Canada

	Dec. 2007	07/06 Dec % Change	2007	Year-to-date % Change
<b>AMERICAS*</b>				
<b>United States (Total)</b>	<b>772,210</b>	<b>-9.5</b>	<b>13,415,032</b>	<b>-3.2</b>
Automobile	468,075	-11.6	7,961,126	-4.3
Plane	263,332	-6.5	3,758,128	-3.2
Other	40,803	-2.1	1,695,778	2.4
Mexico	20,701	15.3	247,106	17.3
<b>Americas Total</b>	<b>792,911</b>	<b>-9.0</b>	<b>13,662,138</b>	<b>-2.9</b>
<b>OVERSEAS</b>				
France	25,541	1.0	374,785	1.4
Germany	13,989	-4.2	306,638	1.4
UK	61,754	2.8	908,806	4.9
China	10,164	4.8	152,200	5.3
Japan	15,236	-10.1	330,931	-14.4
South Korea	14,696	3.9	200,388	3.5
Australia	21,285	18.4	219,592	10.0
<b>Overseas Key Markets</b>	<b>162,664</b>	<b>2.5</b>	<b>2,493,340</b>	<b>1.2</b>
<b>As % of Overseas and Americas</b>	<b>17.0%</b>		<b>15.4%</b>	
Other Overseas Countries	125,747	5.5	1,819,234	10.5
<b>Non-US Countries</b>	<b>309,112</b>	<b>4.5</b>	<b>4,559,680</b>	<b>3.4</b>
<b>TOTAL COUNTRIES</b>	<b>1,081,322</b>	<b>-5.9</b>	<b>17,974,712</b>	<b>-1.6</b>

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 2007	07/06 Dec. % Change	Jan.-Dec. 2007	Year-to-date % Change
United States	1,211,418	20.4	17,734,783	10.9
Other Countries	576,775	10.5	7,403,835	9.9
<b>Total Trips from Canada</b>	<b>1,788,193</b>	<b>17.0</b>	<b>25,138,618</b>	<b>10.6</b>

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

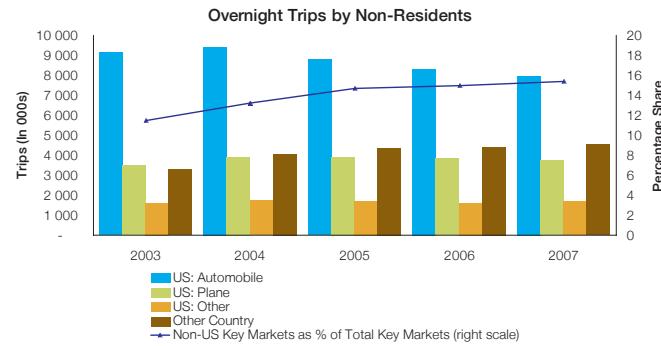
to Canada) declined at a faster rate (-4.3%) than non-automobile trips (-1.5%).

### Mexico

- Trips from Mexico increased 15.3% in December 2007.
- Trips from Mexico for the year increased 17.3% -- posting the highest growth rate of all CTC key markets.

### Overseas Key Markets

- In December 2007, CTC's key overseas markets rose 2.5% over the same month in 2006 (+3,942) to reach 162,664 overnight trips.
- In 2007, trips from key overseas markets increased 1.2% (+30,662 visits) to reach 2.5 million visits.
- With the exception of Japan (-14.4%), trips from all other CTC key overseas markets posted increases for the year.



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

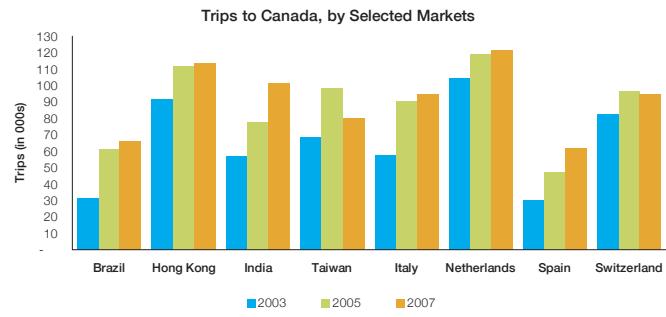
Most notable is Australia which posted an increase of 10.0%.

### Share of Entry

- For 2007, there were 13 million US visitors, accounting for 83% of the total visitors from our key markets - 49.3% were automobile trips; 23.3% were plane trips; and 10.5% were other non-automobile trips.
- In 2007, visitors from key overseas markets made 2.5 million overnight trips to Canada, accounting for 15.4% of total key markets. Notable, the U.K. accounted for 5.6% and Japan accounted for 2.0%.
- Overseas key markets have gained share of entry over the Americas -- reaching a high of 15.4% in 2007 - up 0.5 percentage points from 2006 and 0.7 points from 2005.

### Market Watch

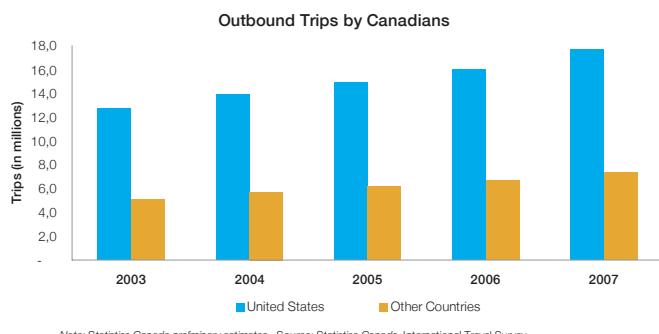
- In December, 4 of the 8 selected markets posted double-digit increases - Switzerland, Spain, Italy and Hong Kong (+18.0%, +14.5%, +12.1%, and +10.9%, respectively).
- For the year, Spain posted the largest growth rate (16.7%), followed closely by India (16.6%). Taiwan posted the largest decline (-13.7%).
- Compared to 2005, trips from Taiwan, and Switzerland have fallen below the 2005 level (by 18.4% or 18,071 fewer trips and -2.2% or 2,166 fewer trips, respectively). Trips from all other countries have exceeded the 2005 level - In particular, India (+30.7% or 23,875 more trips) and Spain (+30.9% or 14,580 more trips).



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

### Canadian Outbound Trips

- As the Canadian and U.S. dollar were on par in December 2007, 1.2 million Canadians visited the U.S. (+20.4% over Dec. 2006) and over half a million visited other international destinations (+10.5% over 2006).
- In 2007, Canadians made 25.1 million trips abroad, an increase of 10.6% over 2006. Trips to the U.S. reached 17.7 million for the year (an increase of 10.9% over 2006) and trips to other international destinations reached 7.4 million (+9.9%).
- For this year, Canadian outbound international travel rose in all provinces except Newfoundland, P.E.I., and Yukon.



## consumer outlook

### Travel Intentions

**CANADA:** 47.5% of Canadians surveyed in October 2007 stated that they planned to take a vacation trip in November 2007 to April 2008 - up 0.8 percentage point from 2006. 15.3% plan to take a trip within Canada (down 4.7 percentage point from a year ago); 17.4% plan to travel internationally to non-US destinations (up 3.4 points from the same time last year); and 12.9% planned to travel to the US (+0.7 point from 2006).

## strategic performance

### Travel Volumes, 2007

	Trips Made (000s)		
	Target	Actual	% Difference
<b>Americas</b>			
United States	13,287	13,415	1.0
Mexico	219	247	12.8
<b>Overseas</b>			
France	375	375	0.0
Germany	314	307	-2.2
UK	884	909	2.8
China	167	152	-9.0
Japan	346	331	-4.3
S Korea	205	200	-2.4
Australia	188	220	17.0
<b>Total</b>	<b>15,985</b>	<b>16,156</b>	<b>1.1</b>

Note: As per strategic plans.

**UNITED STATES:** In the October 2007 survey, 45.8% of Americans surveyed, stated that they planned to take a vacation in the next 6 months - down from 46.4% in October 2006. 37.4% said they planned to travel within the US (down 0.1 percentage point from 2006) and 9.3% said that they plan to travel to an international destination (down 0.5 point from the same time last year).

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

### Consumer Confidence

**CANADA:** Canadian consumer confidence fell by 4 percentage points over November 2007 to reach 96.2 in December 2007. At the same month last year, Canadian consumer confidence index had reached 120.5.

**UNITED STATES:** The US consumer confidence improved moderately in December at 88.6 (up from 87.8 November of 2007). The confidence index was at 109 in December 2006.

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

- Against the set target for CTC's core markets, we have exceeded the target slightly, by +1.1% (or 171,000 overnight trips) in 2007.
- For the year, trips from North America have exceeded its target by 1.2% (or 156,000 trips) and trips from overseas key markets have essentially matched its target (+0.6% or 15,000 trips).
- The most notable performances are from Australia and Mexico which exceeded their targets by 17.0% (32,000 trips) and 12.8% (28,000 trips).

## accommodations

- In December 2007, occupancy rates in Canada increased slightly (+0.3 percentage point) over the same month last year. Saskatchewan posted the highest occupancy rate, followed by Alberta and Manitoba.
- For the year, Canada's occupancy rate increased 0.6 percentage point over 2006. Despite a decline in occupancy (-0.5 percentage point), Alberta posted the highest occupancy rate (71.5%). Saskatchewan posted the second highest occupancy rate (70.3%) with a growth rate of 4.8 points.
- For 2007, properties with over 500 rooms posted the highest occupancy rate (70.2%) and the highest growth rate (+1.3 percentage points), while properties with under 50 rooms posted the lowest occupancy rate (53.7%).
- In 2007, the average daily rate in Canada was \$127.06, up from \$122.57 in 2006. B.C., and the Northwest Territories posted room rates above the national rate.
- The national average room revenue per available room (RevPAR) was \$82.74 in 2007. Quebec, Alberta, B.C., and the Northwest Territories posted RevPAR above the national RevPAR.

Source: PKF Consulting.

## Canadian Occupancy Rates, By Province\*

	Dec-07	07/06 Change^	Jan-Dec 2007	Year-to-date Change^
Alberta'	53.6	-2.5	71.5	-0.5
British Columbia	49.3	0.4	66.9	1.3
Saskatchewan	54.9	3.6	70.3	4.8
Manitoba	53.3	3.7	65.3	2.9
Ontario	45.8	0.7	62.8	0.0
Quebec	47.5	-0.1	63.6	-0.4
New Brunswick	39.5	-1.2	60.8	2.0
Nova Scotia	40.3	0.6	65.1	1.0
Newfoundland	39.1	1.5	63.5	4.6
Prince Edward Island	25.4	-0.3	47.1	-1.0
Northwest Territories	49.4	4.2	66.9	5.4
Yukon	47.8	9.3	69.0	4.6
<b>Canada</b>	<b>47.9</b>	<b>0.3</b>	<b>65.1</b>	<b>0.6</b>

\* Note: Based on the operating results of 191,743 rooms (unweighted data).

^ Percentage points. 'Excluding Alberta resorts.

Source: Pannell Kerr Forster Consulting Inc.

## competitive review (October 2007)

- During the first ten months of 2007, the U.S. and Australia registered increases in international visitors (+10% and +3% respectively) compared to Canada (-1%).
- Australia experienced stronger growth than Canada from the U.S. (+1%), France (+7%), Germany (+2%) and China (+16%). Canada registered stronger growth compared to Australia from the South Korean market (+4%, vs. +2% for the U.S.) and the UK (+5% compared to -1%).
- The U.S. showed considerably strong growth in international visitors from France (+28%) and Germany (+9%), compared to Canada - France (+1%) and Germany (+2%). The U.S. is experiencing notable growth from China (+18%) from the same period last year, compared to Canada (+6%). Visits from Australia for the U.S. is stronger (+11%), with Canada experiencing growth of +9%.
- All three countries have experienced declines for Japan in Jan-Oct 2007 compared to the same period in 2006.

Please Note: UK statistics are only available quarterly.

## International Travel, January-October 2007 (In 000s)

Trips from:	Trips to:			
	Canada	United States	Australia	07/06 Change
Total International	16,014	-1%	40,251	10%
<b>Americas</b>				
United States	11,969	-2%	...	...
Mexico	215	17%	5359	17%
<b>Overseas Key Markets</b>				
France	334	1%	844	28%
Germany	283	2%	1289	9%
United Kingdom	813	5%	3704	7%
China	132	6%	461	18%
Japan	298	-15%	2963	-4%
South Korea	176	4%	692	7%
Australia	189	9%	554	11%
Canada	...	...	15,045	9%
<b>Total Key Markets</b>	<b>14,409</b>	<b>-2%</b>	<b>30,911</b>	<b>9%</b>
				<b>2,140</b>
				<b>1%</b>

...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; Tourism Australia; and ITA, and Office of Travel and Tourism Industries (USA).

## air capacity

## Air Capacity, Q4 (October-December) 2007

	Australia*	China	Japan	South Korea	France	Germany	United Kingdom	Mexico	United States
Q4 2007	30,445	113,949	96,773	61,340	219,400	189,152	560,729	106,961	3,887,676
07/06 Change	17.5	20.7	-8.8	5.7	13.9	5.9	30.8	2.3	-1.3

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

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

- Notable are the double digit increases from the U.K. (+30.8%), China (+20.7%), Australia (+17.5%), and France (+13.9%).
- Air capacity for Germany and South Korea posted air capacity increases of about 6%. Mexico posted an increase of 2.3%.
- Japan and the U.S. posted declines in air capacity of 8.8% and 1.3%, respectively.

## economic indicators

- Economic growth in North America, France, Germany, Japan and South Korea have slowed from 2007 to 2006. UK and Australia experienced higher growth rates in 2007 (3.1% and 3.9%, respectively). China continues to experience phenomenal growth rates around 11%.
- Private consumption increased for the U.K. (+0.4 percentage points), Australia (+1.1 points), China (+0.1 point), and South Korea (+0.3 point). Consumption in Germany decreased in 2007 (-0.2%).
- With the exception of the U.S. and Mexico, all other countries posted lower unemployment rates in 2007 than 2006.
- The U.S., the U.K., Australia, and Japan are experiencing lower inflation rates in 2007 than 2006.
- The Canadian dollar weakened against the Euro, the Pound, and the Australian dollar, but strengthened against all other currencies.

## Economic Indicators, 2006-2007

N. America	Canada		USA		Mexico	
	2006	2007	2006	2007	2006	2007
Real GDP growth (yoY, %)	2.8	2.6	2.9	2.2	4.8	3.1
Private Consumption (yoY, %)	4.2	4.1	3.1	2.9	5.0	4.4
Unemployment rate (%)	6.30	6.00	4.61	4.64	3.61	3.79
Consumer Price Index (yoY, %)	2.0	2.2	3.2	2.8	3.6	4.0
Exchange Rate (1LCU:C\$)	1.000	1.000	1.134	1.075	0.104	0.098

Europe	France		Germany		UK	
	2006	2007	2006	2007	2006	2007
Real GDP growth (yoY, %)	2.2	1.9	3.1	2.6	2.9	3.1
Private Consumption (yoY, %)	2.2	2.1	1.1	-0.2	1.9	2.3
Unemployment rate (%)	9.02	8.05	10.77	9.02	2.93	2.73
Consumer Price Index (yoY, %)	1.7	1.5	1.7	2.1	2.3	2.3
Exchange Rate (1LCU:C\$)	1.424	1.469	1.424	1.469	2.089	2.149

Asia Pacific	Australia		China		Japan		South Korea	
	2006	2007	2006	2007	2006	2007	2006	2007
Real GDP growth (yoY, %)	2.8	3.9	11.1	11.5	2.4	1.8	5.0	4.9
Private Consumption (yoY, %)	2.8	4.0	10.8	10.9	2.0	1.6	4.2	4.5
Unemployment rate (%)	4.79	4.35	4.15	4.08	4.13	3.82	3.47	3.30
Consumer Price Index (yoY, %)	3.5	2.3	1.5	4.8	0.2	0.0	2.2	2.5
Exchange Rate (1LCU:C\$)	0.854	0.898	0.142	0.141	0.010	0.009	0.0012	0.0012

Note: Exchange rates, average of 250 - 251 days.

Source: Bank of Canada; and Oxford Economics (February 2008).

**CTC Marketing  
Market Research**