

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

March 2008

Volume 4, Issue 03

key highlights

In March 2008, total international trips to Canada fell 2.3% over March 2007. Overnight trips from North America fell 2.3% while overnight trips from overseas key markets fell 5.0%.

Compared to 2007, more Americans say that they are planning to take a vacation trip and more are planning to travel internationally.

According to the latest PKF survey data, in March 2008, the national occupancy rate stood at 59.0% (-3.9 percentage points over 2007).

tourism review

International trips

- International travellers made 905,280 overnight trips to Canada in March 2008, a decline of 2.3% over the same month in 2007.
- The number of non-U.S. trips to Canada remained at the same level this month, while US visits to Canada fell 3.2%.
- For the first quarter of 2008, international visits to Canada reached 2.4 million, a decline of 1.8% over 2007.
- Visits from the U.S. fell 3.4% to 1.7 million overnight trips, while visits from non-US countries increased 2.7% over Q1 2007, to reach 693,279 trips.
- Regionally, visits from Asia posted a 4.9% decline in Jan.-Mar. 2008 while visits from all other overseas regions posted increases.

United States

- In March 2008, total trips by Americans fell 3.2%. Automobile trips fell by 2.9%, plane trips were down by 3.6% and 'other' non-automobile trips fell by 3.4%.
- Year-to-date, US trips to Canada declined 3.4%. Automobile trips fell 3.4% and plane trips decreased by 4.3%, while 'other' non-automobile trips increased by 1.7%.
- Total US trips to 3 provinces (Newfoundland, P.E.I., and Ontario) increased in Q1 2008.(-4.3%) than non-automobile trips (-1.5%).

Overnight Trips To Canada

	March 2008	08/07 Mar % Change	Jan-Mar 2008	Year-to-date % Change
AMERICAS*				
United States (Total)	652,445	-3.2	1,727,987	-3.4
Automobile	382,386	-2.9	1,001,292	-3.4
Plane	229,519	-3.6	612,940	-4.3
Other	40,540	-3.4	113,755	1.7
Mexico	22,006	35.3	47,470	27.8
Americas Total	674,451	-2.3	1,775,457	-2.8
OVERSEAS				
France	16,564	-9.6	61,341	1.4
Germany	13,285	-5.8	36,558	-3.5
UK	55,587	0.5	142,692	0.6
China	8,296	11.5	26,266	15.8
Japan	19,526	-20.5	45,599	-19.9
South Korea	10,988	-5.2	35,457	-2.0
Australia	8,777	0.8	35,057	11.9
Overseas Key Markets	133,023	-5.0	382,970	-1.1
As % of Overseas and Americas	16.5%		17.7%	
Other Overseas Countries	97,806	1.4	262,839	4.9
Non-US Countries	252,835	0.0	693,279	2.7
TOTAL COUNTRIES	905,280	-2.3	2,421,266	-1.8

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

	March 2008	08/07 March % Change	Jan.-Mar. 2008	Year-to-date % Change
United States	1,979,108	26.4	4,489,619	21.4
Other Countries	992,910	12.8	2,755,750	12.0
Total Trips from Canada	2,972,018	21.5	7,245,369	17.7

Note: Statistics Canada preliminary estimates.

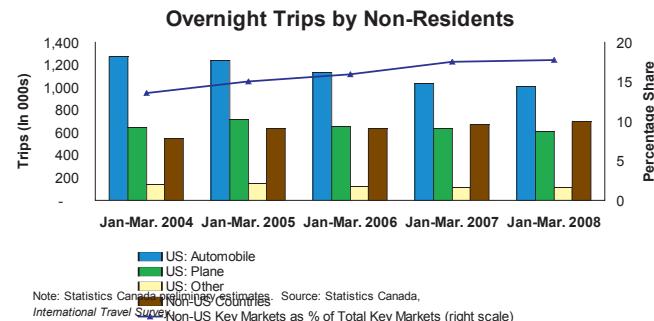
Source: Statistics Canada, International Travel Survey.

Mexico

- Trips from Mexico increased an impressive 35.3% in March 2008.
- In Jan.-Mar. 2008, trips from Mexico increased 27.8% -- posting the highest growth rate of all CTC key markets.

Overseas Key Markets

- In March 2008, CTC's key overseas markets posted a 5.0% decline, driven by decreases in trips from France (-9.6%), Germany (-5.8%), Japan (-20.5%), and South Korea (-5.2%).
- In the first quarter of the year, overseas key markets posted a decline of 1.1% over Q1 2007 to reach 382,970 overnight trips.
- Notable, China posted the highest monthly increase (+11.5%) and the highest year-to-date increase (+15.8%).



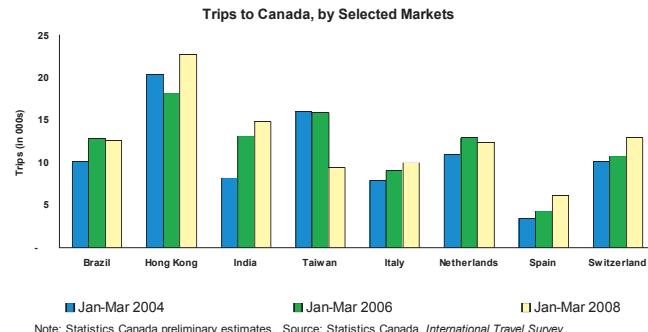
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey. Non-US Key Markets as % of Total Key Markets (right scale)

Share of Entry

- In Jan.-Mar. 2008, there were 1.7 million US visitors, accounting for 80.1% of the total visitors from key markets - 46.4% were automobile trips; 28.4% were plane trips; and 5.3% were other non-automobile trips.
- In Q1 2008, 47,470 Mexicans travelled to Canada, accounting for 2.2% of key markets.
- Visitors from key European markets made 240,591 overnight trips to Canada, accounting for 11.1% of total key markets. Notable, the U.K. accounted for 6.6% of key markets.
- Visitors from key Asia Pacific markets made 142,379 overnight trips to Canada, accounting for 6.6% of total key markets. Notable, Japan accounted for 2.1%.
- Overseas key markets have gained a small share over the Americas -- reaching a high of 17.7% of trips from key markets in the first quarter of 2008 - up from 17.5% in 2007 and 16.0% in 2006.

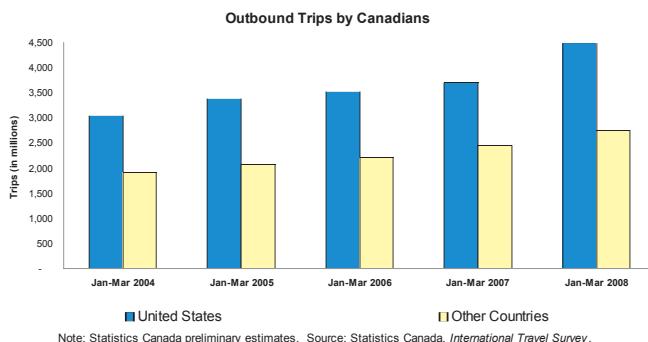
Market Watch

- In March 2008, 2 of the 8 selected markets posted double-digit increases - Hong Kong (+24.8%) and Spain (+23.8%). Taiwan posted the largest decline (-44.1%).
- Year-to-date, Hong Kong posted the highest growth rate (+20.1%), followed by Spain (+15.1%) and Switzerland (+10.7%). Taiwan posted the largest decline (-30.5%).
- Taiwan, the Netherlands, and Brazil have fallen below the Jan.-Mar. 2006 levels. All other countries have surpassed the 2004 and 2006 volumes.



Canadian Outbound Trips

- As the Canadian dollar remains strong, about 3 million Canadians travelled abroad in March 2008 (+21.5%), with about 2 million travelling to the U.S. (+26.4%) and almost a million (+12.8%) travelling to other international destinations.
- Year-to-date, Canadians made 7.2 million trips abroad, an increase of 17.7% over Q1 2008. Trips to the U.S. increased by 21.4% to reach 4.5 million (2.4 million automobile trips and 2.1 million non-automobile trips).
- Canadian trips to other international destinations reached 2.8 million (+12.0%) in Jan.-Mar. 2008.



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

consumer outlook

Travel Intentions

CANADA: About 62% of Canadians surveyed in March 2008 stated that they planned to take a summer vacation trip (May to September), down from 65% the previous year (March 2007 survey). 42.8% plan to take a leisure trip in Canada (-0.3 percentage points over the previous year), 8.6% plan to vacation in the U.S. (-1.6 points), 9.7% stated that they will vacation in a non-US international destination (+0.7 points), and 1.3% stated that they did not know or did not provide an answer.

UNITED STATES: When surveyed in February 2008, 42.2% American adults said that they plan to take a vacation trip in the next 6 months (compared to 40.6% in the previous year).

9.4% said they plan to travel internationally (up from 8.2% in Feb. 2007).

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 2 percentage points over February 2008 to reach 94.5 in March 2008. At the same month last year, Canadian consumer confidence index had reached 99.9.

UNITED STATES: The US consumer confidence fell (-10.5 percentage points from February 2008), a third consecutive monthly decline, to reach 64.5 in March 2008. The confidence index was at 107.2 in March 2007.

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

strategic performance

Travel Volumes, January-March 2008

	Trips Made (000s)		
	Target	Actual	% Difference
Americas			
United States	1,890	1,728	-8.6
Mexico	42	47	13.8
Overseas			
France	67	61	-8.0
Germany	38	37	-4.2
UK	163	143	-12.3
China	29	26	-8.4
Japan	56	46	-18.1
S Korea	39	35	-9.0
Australia	42	35	-16.3
Total	2,365	2,158	-8.7

Note: As per strategic plans.

- Against the set targets for CTC's core markets, there is a shortfall of 207,000 (-8.7%) in the first quarter of 2008.
- In Jan-Mar 2008, overnight trips to Canada from North America, Europe, and Asia Pacific have a short fall of -8.1%, -10.1%, and -13.8% (157,000, 27,000, and 23,000 overnight trips respectively).
- The most notable performance is from Mexico which exceeded the target by 13.8% (or 5,000 overnight trips).

accommodations

- In March 2008, occupancy rates in Canada decreased by -3.9 percentage points over the same month last year. The Northwest Territories posted the highest occupancy rate, followed by Saskatchewan and Alberta.
- Year-to-date, Canada's occupancy rate decreased -1.2 percentage points over 2007. The Northwest Territories, posted the highest occupancy rate (71.3%) with a growth of 6.2 percentage points. Saskatchewan and Alberta posted the next highest year-to-date occupancy rates.
- For the first three months of 2008, properties with 201-500 rooms posted the highest occupancy rate (60.8%), while properties with under 50 rooms posted the lowest occupancy rate (44.3%).
- Year-to-date, the average daily rate in Canada was \$124.10, up from \$118.93 in 2007. Quebec, Alberta, BC, and the NWT posted room rates above the national rate.
- The national average room revenue per available room (RevPAR) was \$69.77 for the first three months of 2008. BC, Saskatchewan, Alberta, and the NWT all posted RevPAR above the average.

Source: PKF Consulting.

Canadian Occupancy Rates, By Province*

	Mar-08	08/07 Change^	Jan.-Mar 2008	Year-to-date Change^
Alberta'	68.6	-6.6	64.9	-3.8
British Columbia	63.5	-2.9	58.9	-0.1
Saskatchewan	70.9	0.2	66.6	1.6
Manitoba	67.0	-0.9	63.3	2.3
Ontario	54.5	-4.0	53.2	-1.2
Quebec	53.7	-3.9	52	-1.4
New Brunswick	54.0	-5.5	50.4	-1.8
Nova Scotia	55.2	-7.1	50.5	-3.7
Newfoundland	52.1	-0.4	48.8	1.3
Prince Edward Island	35.0	-4.0	34.8	0.4
Northwest Territories	75.5	5.5	71.3	6.2
Yukon	65.9	-5.6	58.6	-4.8
Canada	59.0	-3.9	56.2	-1.2

* 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 (January 2008)

- In January 2008, the U.S. registered an increase in international visitors (+11%), while Australia and Canada posted decreases (-3% and -2%, respectively).
- Australia experienced stronger growth from France (+17 vs. +5% for Canada); Germany (+6% vs. -6% for Canada); and China (+24% vs. +15% for Canada). Canada registered stronger growth compared to Australia from the UK (+1% compared to -7%).
- In the first month of 2008, the U.S. showed stronger growth in international visitors from France, Germany, the U.K., China, and South Korea. Canada registered stronger growth from Mexico (+23% compared to 10% for the U.S.).
- All three countries experienced declines for Japan in January 2008. However, the decline to the U.S. is smaller (-3%) than the decline to Canada (-21%) or Australia (-22%).

Please Note: UK statistics are only available quarterly.

International Travel, January (In 000s)

Trips from:	Trips to:			
	Canada	United States	Australia	08/07 Change
Total International	718	-2	3,404	11
Americas				
United States	503	-5	...	37
Mexico	14	23	423	10
Overseas Key Markets				
France	19	5	58	15
Germany	11	-6	92	13
United Kingdom	39	1	248	6
China	9	15	56	26
Japan	11	-21	272	-3
South Korea	14	-4	85	2
Australia	17	20	54	6
Canada	1,314	13
Total Key Markets	636	-3	2,602	10
				239
				-5

...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, Q1 (January-March) 2008

	Australia*	China	Japan	South Korea	France	Germany	United Kingdom	Mexico	United States
Q1 2008	63,554	109,009	93,528	54,036	169,771	158,416	401,082	168,786	4,121,267
08/07 Change	159.1^	28.2	-6.4	-2.3	4.7	8.0	0.5	15.8	-1.4

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

[^]In December 2007, Air Canada launched daily same plane, one-stop service to Toronto and Vancouver. The launch of these new flights increased the number of recorded air seats by a significant amount.

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

- In the first quarter of 2008, there are notable increases from Australia (+159.1%), China (+28.2%), Mexico (+15.8%), Germany (+8%), France (+4.7%) in air seat capacity.

- Japan, South Korea and the U.S. posted declines (-6.4%, -2.3% and -1.4%, respectively) in Q1 2008, over the same period in 2007.

economic indicators (Q1, January-march)

- From January - March 2008, Canada's economy softened (+2.1%), along with the U.S. economy (+2.3%). Canadian posted an inflation rate of 1.8% in Q1 2008, while the US inflation rate posted an inflation rate of 4.3%.
- Mexico's economy also slowed, expanding by 2.8% in Q1 2008 compared to 3.8% in Q4; Mexico's inflation rate remained steady at 3.9%.
- The European countries (UK, France, and Germany) showed a slowdown in growth posting +2.5%, +1.8%, and +1.5% respectively in Q1 2008. Inflation rates range from 2.4% - 2.9%.

	Canada		USA		Mexico	
	2007	2008	2007	2008	2007	2008
N. America						
Real GDP growth (yoY, %)	2.9	2.1	2.5	2.3	3.8	2.8
Consumer Price Index (yoY, %)	2.4	1.8	4.0	4.3	3.8	3.9
Exchange Rate (1LCU:C\$)	1.000	1.000	0.982	1.004	0.090	0.093
Europe	France		Germany		UK	
	2007	2008	2007	2008	2007	2008
Real GDP growth (yoY, %)	2.1	1.8	1.7	1.5	2.8	2.5
Consumer Price Index (yoY, %)	1.3	2.8	3.1	2.9	2.1	2.4
Exchange Rate (1LCU:C\$)	1.423	1.506	1.423	1.506	2.007	1.986

	Australia		China		Japan		South Korea	
	2007	2008	2007	2008	2007	2008	2007	2008
Asia Pacific								
Real GDP growth (yoY, %)	3.9	3.4	11.8	10.6	1.8	1.1	5.7	5.7
Consumer Price Index (yoY, %)	3.0	3.2	6.7	8.0	0.5	0.9	3.4	3.8
Exchange Rate (1LCU:C\$)	0.8725	0.909	0.132	0.140	0.0087	0.0096	0.00107	0.00105

Note: Exchange rates, average of 22 days.
Source: Bank of Canada; and Oxford Economics (May 2008).

- China continues to maintain its robust growth rate, increasing 10.6% in Q1 2008, although has dropped from a growth rate of 11.8% in Q4. The inflation rate increased from 6.7% in Q4 2007 to 8.0% in Q1 2008.
- South Korea posted the second-highest economic growth rates of key markets (+5.7%) in Q1 2008.
- The Australian economy has softened slightly (+3.4% in Q1 2008) and posted an inflation rate of 3.2%.
- Japan's economic growth slowed (+1.1% in Q1 2008); its inflation rate increased slightly over Q4 to reach 0.9%.
- The Canadian dollar has weakened against all currencies with the exception of the Pound and Korean Won.

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