

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

June 2008  
Volume 4, Issue 06

## key highlights

In June 2008, total international trips to Canada fell 8.9% over June 2007. Overnight trips from North America decreased 5.3%, while overnight trips from key overseas markets fell 0.4%.

Only 52.7% of Canadians polled in June 2008 said they were planning a leisure trip between May and September 2008, down from 68.9% a year earlier.

According to the latest PKF survey data for June 2008, the national occupancy rate decreased 0.7% to 61.8% over last year.

## tourism review

### International Trips

- International travellers made just over 2 million overnight trips to Canada in June 2008, a decline of 8.9% over the same month in 2007;
- The number of non-U.S. trips to Canada in June increased 2.8% with US trips to Canada falling 12.6% over 2007;
- For year to date 2008, international visits to Canada reached just under 7 million, a decline of 4.1% over 2007;
- Overnight trips from the U.S. fell 6.8% to 5 million, while visits from overseas countries increased 0.1% to just over 1 million trips, compared to the same period last year;
- Regionally, visits from Asia posted a 2.5% decline in Jan.-June 2008 while visits from European key markets posted an increase of 1.7%.

### United States

- In June 2008, total trips by Americans fell 12.6%. Automobile trips fell by 12.8%, plane trips were down by 7.8% and 'other' non-automobile trips fell by 20.2%;
- Year-to-date, U.S. trips to Canada declined 6.8%. Automobile trips fell 7.3% and plane trips decreased by 4.9%, while 'other' non-automobile trips increased by 10.2%;

## Overnight Trips To Canada

	June 2008	08/07 Jun % Change	Jan-Jun 2008	Year-to-date % Change
<b>Americas Key Markets</b>				
United States (Total)	1,510,394	-12.6	5,013,629	-6.8
Automobile	879,620	-12.8	2,902,573	-7.3
Plane	424,006	-7.8	1,589,826	-4.9
Other	206,768	-20.2	521,230	-10.2
Mexico	30,653	7.2	115,697	12.9
Americas Total	1,541,047	-5.3	5,129,326	-6.5
<b>Overseas Key Markets</b>				
France	38,619	6.6	154,508	7.8
Germany	39,732	3.6	125,602	2.6
UK	102,314	-3.3	378,981	-0.9
Key European Markets	180,665	0.1	659,091	1.7
China	16,433	4.0	66,829	10.4
Japan	28,440	-11.9	113,916	-18.0
South Korea	20,631	0.0	85,491	0.3
Australia	31,536	6.6	111,798	8.6
Key Asian Markets	97,040	-1.3	378,034	-2.5
Overseas Key Market Total	277,705	-0.4	1,037,125	0.1
As % of Total Key Markets	15.5%		17.1%	
Other Overseas Countries	281,786	6.0	927,412	23.0
Total Non-US Countries	559,491	2.8	1,964,537	3.8
Total International Countries	2,069,885	-8.9	6,978,166	-4.1

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

## Overnight Trips by Canadians

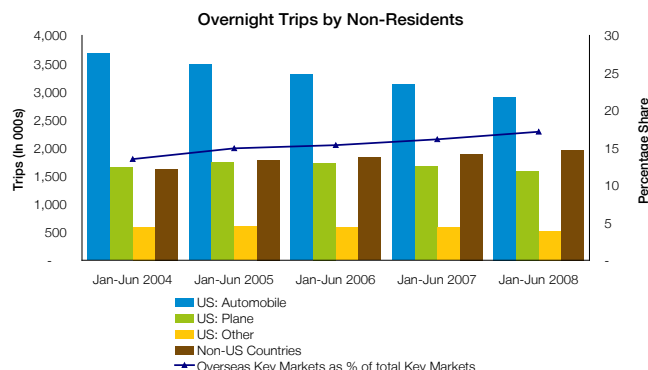
	June 2008	08/07 % Change	Jan-Jun 2008	Year-to-date % Change
United States	1,384,184	15.2	9,076,912	16.5
Other Countries	498,043	7.9	4,616,241	11.0
Total Trips from Canada	1,882,227	13.2	13,693,153	14.6

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

## Overseas Key Markets

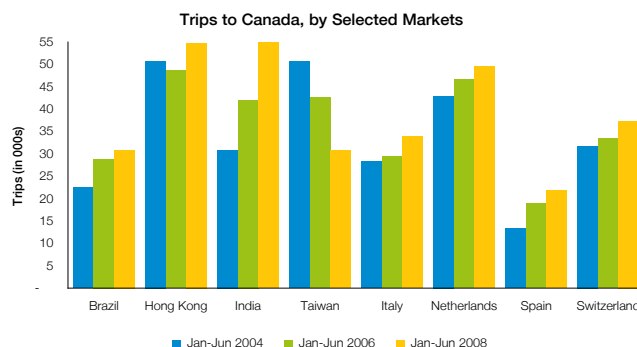
- In June 2008, CTC's key overseas markets posted a 0.4% decline, driven by decreases in trips from Japan (-11.9%), and UK (-3.3%);
- Key overseas markets posted an increase of 0.1% year-to-date, compared to the same period last year, reaching 1 million overnight trips;
- Notable, France and Australia tied with the highest monthly increase (+6.6%), while China posted the highest year-to-date increase (+10.4%) for overseas key markets.



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

## Market Watch

- For June year-to-date, 2 of the 8 selected markets posted double-digit increases over 2007, with Hong Kong up 15% and Switzerland 10%. Taiwan posted the largest decline year-over-year at -16%. Over a two year period, India, Spain, Switzerland and Hong Kong all posted double digit increases at 31%, 15%, 12% and 13%, respectively, while travel from Taiwan decreased 28%;
- Taiwan has fallen below Jan.-June 2006 and 2004 levels, while all other countries have surpassed the 2004 and 2006 volumes.



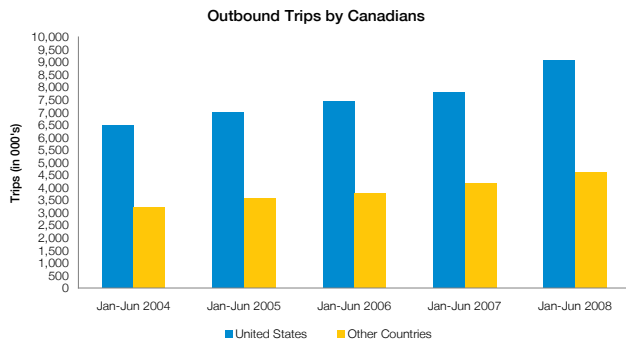
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

## Share Of Entry

- In Jan.-June 2008, there were 5 million U.S. visitors, accounting for 82.9% of the total visitors from key markets – 48% were automobile trips; 26.3% were plane trips; and 8.6% were “other” non-automobile trips;
- By the end of the 2nd quarter of 2008, 115,697 Mexicans travelled to Canada accounting for 1.9% of key markets;
- Visitors from key European markets made 659,091 overnight trips to Canada, accounting for 10.9% of total key markets. Notable, the U.K. accounted for 6.3% of key markets;
- Visitors from key Asia/Pacific markets made 378,034 overnight trips to Canada, accounting for 6.2% of total key markets. Notable, Japan accounted for 1.9%;
- Overseas key markets have lost a small share over the Americas after reaching a high in 2007. Overseas markets accounted for 17.1% of trips from all key markets by the end of the second quarter of 2008 compared to 17.5% in 2007.

## Canadian Outbound Trips

- With the Canadian dollar remaining strong, about 4 million Canadians travelled abroad in June 2008 (+9.2%), with about 3.6 million travelling to the U.S. (+9.2%) and almost 500K (+7.9%) travelling to other international destinations;
- Year-to-date, Canadians made 13.7 million overnight trips, an increase of 14.6% over 2007. Trips to the U.S. increased by 16.5% to reach over 9 million (5 million automobile trips and 4.1 non-automobile trips);
- Canadian trips to other international destinations reached 4.6 million (+11%) in Jan.-June. 2008.



**UNITED STATES:** When surveyed in June 2008, 35.8% (42.2% 2007) of American adults planned to take a vacation trip somewhere over the next six months representing a 30-year low in vacation intentions. Of the 5,000 American's interviewed, 29.6% (35.4% 2007) planned to travel in the US while only 7.5% (9.2%) planned to travel outside the country. The remaining 62.9% of Americans are either not taking a trip or are undecided about their travel plans.

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

## consumer outlook

### Travel Intentions

**CANADA:** According to the latest Canadian Travel Intentions Survey by The Conference Board of Canada, only 52.7% of Canadians polled in June 2008 said they were planning a leisure trip between May and September 2008, down from 68.9% a year earlier. The latest survey result is also a significant decline from the previous survey in March 2008, when 62% planned to take a summer trip. Vacation plans for all destinations registered a substantial decline, but the largest relative drop in vacation intentions appeared to be for overseas travel.

### Consumer Confidence

**CANADA:** Canadian consumer confidence fell 6.2 points to 79.6 after dropping seven points in May. The consumer confidence index sat at 98.1 in June 2007.

**UNITED STATES:** U.S. consumer confidence fell to 50.4 for June 2008, less than half the rate it was a year ago, when it was 105.3 in June.

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

## accommodations

- Occupancy rates in Canada for June 2008 decreased by -1.7 percentage points over the same month last year. The Yukon posted the highest occupancy rate, followed by Newfoundland and then Saskatchewan;
- Year-to-date, Canada's occupancy rate decreased -0.7 percentage points year-over-year to 61.8%. Saskatchewan posted the highest occupancy rate (70.8%) with a growth of 1 percentage point. The Yukon and Northwest Territories posted the next highest year-to-date occupancy rates at 68.2% and 68.1%, respectively;
- For the first six months of 2008, properties with 201-500 rooms posted the highest occupancy rate (66.7%), while properties with fewer than 50 rooms posted the lowest occupancy rate (48.3%);
- Year-to-date, the average daily rate in Canada was \$129.01, up 4.3% from \$123.66 in 2007. The NWT, BC, Alberta, Ontario and Québec posted room rates above the national rate;
- The national average room revenue per available room (RevPAR) was \$79.91 for the six months of 2008. BC, Alberta, Québec and the NWT all posted RevPAR above the average.

### Canadian Occupancy Rates, By Province\*

	June 2008	08/07 Change <sup>^</sup>	Jan-Jun 2008 Occupancy Rate	Year-to-date Change <sup>^</sup>
Alberta	72.7	-5.3	67.8	-3.2
British Columbia	75.9	0.3	64.6	-0.2
Manitoba	72.8	-1.7	66	1.3
New Brunswick	66.5	-2.0	56.7	-0.8
Newfoundland	78.5	2.7	59.7	2.6
Northwest Territories	71.2	-6.4	68.1	-1.0
Nova Scotia	73.6	-1.1	59.5	-1.2
Ontario	69.4	-1.9	59.2	-0.3
Prince Edward Island	56.0	-0.5	39.8	0.3
Quebec	70.8	-1.7	58.7	-1.2
Saskatchewan	77.6	0.1	70.8	1.0
Yukon	89.1	-1.7	68.2	0.5
Canada	71.9	-1.7	61.8	-0.7

\* Note: Data based on survey of hotels (15+ rooms) across Canada. <sup>^</sup> percentage points

Source: PKF Consulting.

## competitive review (April 2008)

- From Jan-April 2008, the U.S. registered an 11.5% increase in international visitors, while Australia and Canada posted decreases of 4.1% and 0.4%, respectively;
- Australia experienced stronger growth from France (+15.2 vs. +8% for Canada); Germany (+4.2% vs. +3% for Canada); and China (+11.2% vs. +10% for Canada). Canada registered smaller volume declines Jan-April from the UK (-1% vs. -1.2% for Australia), from Japan (-18%, compared to -18.7% for Australia) and registered 13% growth in Mexico compared to -4.3% for Australia;
- For the first four months of 2008, the U.S. showed stronger growth in international visitors from France, Germany, the U.K., China, and South Korea, while Canada registered stronger growth from Mexico (+13% compared to 3.3% for the U.S.);
- All three countries experienced declines in visitation from Japan; however the decline to the U.S. was smaller at -4.2% compared to Canada at -18% or Australia at -18.7%.

Please Note: UK statistics are only available quarterly.

### International Travel, January - April 2008 (In 000s)

	Trips to:					
	Canada		United States		Australia	
Trips from:	#	08/07 Change	#	08/07 Change	#	08/07 Change
Total International	6,978	-4.1	15,466	11.5	1,927	-0.4
United States	5,014	-4	...	...	161.5	0.9
<b>Other Key Markets</b>						
France	155	8	340	22.8	27	15.2
Germany	126	3	497	16.8	57	4.2
United Kingdom	379	-1	1,408	7.4	280	-1.2
Mexico <sup>1</sup>	116	13	1,962	3.3	2	-4.3
China*	67	10	192	25.3	157	11.2
Japan	114	-18	1,078	-4.2	168	-18.7
South Korea	85	0	252	3.0	83	-13.9
Australia	112	9	196	4.5	...	...
Canada	...	...	6,075	17.1	50	10.1
Total Key Markets	6,166	-5.4	11,999	-26.9	984	-2.7

...Data not available or not applicable. \*U.S. data: includes Hong Kong, SAR. <sup>1</sup>US data: Arrivals to the interior only.

Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA). Note: Statistics Canada are preliminary estimates.

## strategic performance

### Travel Volumes, January-June 2008

	Overnight Trips Made (000s)		
	Target	Actual	% Difference
<b>Americas</b>			
United States	5,079	5,014	-1.3
Mexico	101	116	14.1
<b>Overseas</b>			
France	135	156	14.9
Germany	115	126	9.2
UK	388	379	-2.3
China	64	67	4.8
Japan	108	114	5.2
S Korea	80	85	7.2
Australia	107	112	4.6
Total	6,178	6,167	-0.2

Note: As per strategic plans.

- Against the set targets for CTC's core markets, there was a shortfall of 11,000 overnight trips (-0.2%) by the end of the second quarter of 2008;
- Jan-June 2008, overnight trips to Canada from the Americas have experienced a shortfall of 1%. Overseas saw shortfalls in overnight trips based on targets within the UK market (-2.3), while overseas markets surpassed the targets by 4%;
- The most notable performance is from France exceeding the target by 14.9% (or 21,000 overnight trips) with Mexico following closely behind at 14.1% (15,000 overnight trips).

## economic indicators

- From January - June 2008, Canada's GDP growth softened (down to 0.9%), along with the U.S. (to 1.8%). Canada posted an inflation rate of 2.3% in Q2 2008, while the U.S. inflation was at 4.3%;
- Mexico's economy also slowed, expanding by 3.1% in Q2 2008 compared to 3.8% in Q1; Mexico's inflation rate increased 4.9% compared to 3.9% in Q1;
- The European countries (UK, France, and Germany) showed a slowdown in growth, falling to +1.6%, +1.7%, and +1.6% respectively in Q2 2008. Inflation rates range from 2.4% to 2.9%;
- China continues to maintain a robust growth rate, increasing 10.1% in Q2 2008, although dropping from 10.6% in Q1 and 11.8% in Q4 2007. The inflation rate decreased from 8.1% in Q4 2007 to 7.8% in Q2 2008;
- South Korea posted the second-highest economic growth rates for key CTC markets (+4.8%) in Q2 2008, down from 5.8% in Q1 of this year;
- The Australian economy has softened further with 3.1% GDP growth in Q2 2008, compared to 3.6% in Q1. Australia posted an inflation rate of 4.5%;
- Japan's economic growth in Q2 maintained a rate close to Q1 at 1.4%; its inflation rate increased slightly over Q1 to reach 1.4%;
- The Canadian dollar has weakened against all currencies with the exception of the Pound and Korean Won.

## Economic Indicators, Q1 - Q2, 2008

N. America	Canada		USA		Mexico	
	Q1 2008	Q2 2008	Q1 2008	Q2 2008	Q1 2008	Q2 2008
Real GDP growth (yoy, %)	1.7	0.9	2.5	1.8	3.8	3.1
Consumer Price Index (yoy, %)	1.8	2.3	4.2	4.3	3.9	4.9
Exchange Rate (1LCU:C\$)	1.000	1.000	1.004	1.010	0.093	0.097

Europe	France		Germany		UK	
	Q1 2008	Q2 2008	Q1 2008	Q2 2008	Q1 2008	Q2 2008
Real GDP growth (yoy, %)	2.0	1.7	2.6	1.6	2.3	1.6
Consumer Price Index (yoy, %)	2.9	3.3	2.9	2.9	2.4	3.4
Exchange Rate (1LCU:C\$)	1.506	1.578	1.506	1.578	1.971	1.951

Asia Pacific	Australia		China		Japan		South Korea	
	Q1 2008	Q2 2008	Q1 2008	Q2 2008	Q1 2008	Q2 2008	Q1 2008	Q2 2008
Real GDP growth (yoy, %)	3.6	3.1	10.6	10.1	1.3	1.4	5.8	4.8
Consumer Price Index (yoy, %)	4.2	4.5	8.1	7.8	1.0	1.4	3.8	4.8
Exchange Rate (1LCU:C\$)	0.9083	0.9533	0.1402	0.1452	0.0095	0.0097	0.0011	0.0010

Source: Bank of Canada; and Oxford Economics 2008

Note: Exchange rates, average of 22 days.

## air capacity

## Air Capacity, Q2 (April - June) 2008

	Q2 2008**	08/07 %Change
Australia*	24,570	10.1
China	295,647	36.8
France	303,830	23.6
Germany	278,570	18.1
Japan	100,765	-0.6
Mexico	129,667	29.5
South Korea	57,965	-
United Kingdom	629,342	2.0
United States	4,437,099	2.0

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

Source: The Conference Board of Canada; BACK Aviation Solutions

- In the second quarter of 2008, there are notable increases from China (+36.8%), Mexico (+29.5%), France (+23.6%) and Germany (+18.1%) in air seat capacity;
- Japan posted a decline (-2%) in Q2 2008, over the same period in 2007.

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