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# TRAVELLER ACCOMMODATION SURVEY

A Report for the Year 2002

RESEARCH

Research  
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2004-5

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# **Traveller Accommodation Survey A Report for the Year 2002**

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Prepared for

The Canadian Tourism Commission

Ottawa, May 2004

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Statistics Canada would also like to extend its gratitude to its survey partners. The survey program continues to evolve and improve because of the valuable input, cooperation and support from agencies such as the Canadian Tourism Commission, the Canadian Hotel Association and many other supporters in both government and industry. Since 1992, the Canadian Tourism Commission has provided financial support to further enhance this survey program.

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## Introduction

Traveller accommodation industries provide important infrastructure for travel and tourism in the country. Tourism thrives on strategically located and efficiently managed traveller accommodation industries. This report analyzes the economic performance and operating characteristics of business establishments in the traveller accommodation industry for 2002.

The Annual Survey of Traveller Accommodation provides important supply-side data for tourism research, analysis and policy-making by government agencies, trade associations and business operators. Modifications to the structure of the report have been made to the focus, presentation and length. Rather than maintaining the same chapters as in previous versions, this report highlights tourism trends/characteristics (Part 1) and presents two sections (Part 2 and Part 3) about the traveller accommodation industry in 2002.

This report is based on a survey panel of Statistics Canada respondents from the 2002 Annual Survey of Traveller Accommodation. The traveller accommodation industry includes three sub-groups: hotels<sup>1</sup>; motels<sup>2</sup>; and other accommodations<sup>3</sup>

The report is divided into the following topics:

Part 1: Tourism and Economic Conditions in 2002

Part 2: Regional Perspectives

Part 3: Affiliated Establishments

As with past reports, the 2002 report will continue to provide tables of data (by province and size dimensions) for each of the three sub-groups (hotels and motor hotels, motels and other accommodations). These tables are found in Appendix A.

For a description of the panel of surveyed establishments, please refer to Appendix E (page 45).

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<sup>1</sup> Includes the following North American Industry Classification System: Hotels (NAICS 721111), Motor Hotels (NAICS 721112), Resorts (NAICS 721113), Casino Hotels (NAICS 721120) and All Other Accommodations n.e.c (NAICS 721198).

<sup>2</sup> Motels Industry (NAICS 721114).

<sup>3</sup> Includes the following industries: (NAICS 721191) Bed and Breakfast, (NAICS 721192) Cottages and Cabins, (NAICS 721211) RV Parks and Campgrounds, (NAICS 721212) Hunting and Fishing Camps, (NAICS 721213) Recreational and Vacation Camps, and Rooming and Boarding Houses (721310).



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# 2002 Annual Survey of Traveller Accommodation

## National Highlights

- Estimates for all traveller accommodation industries indicate that over 16,400 establishments generated \$12.8 billion in operating revenue in 2002; in current dollars, this is an increase of 4.9% over 2001.
- Tourism continued to be affected by the threat to global security as well as an economic slowdown.
- More tourists opted for familiar destinations and chose to travel by land rather than air.
- Airlines and hotels located near airports that depend on long-haul traffic faced difficulties.
- Spending on passenger air transport dropped 5.6% and hotels located near the airports experienced significant drops in their occupancy rates.
- Although some pockets in the tourism sector were harder hit than others, overall the traveller accommodation industry saw increases in revenues and maintained healthy profits.

## Regional Highlights

- Revenue growth displayed a regional pattern, with the eastern provinces performing stronger than the west.
- Eastern provinces enjoyed strong double-digit operating profit margins, and had increased operating revenues, revenues per available room (RevPAR) and occupancy rates compared to the previous year. This can be attributed, in part, to a hot, dry summer with perfect weekend weather through the season and a warm September. In addition, heightened marketing initiatives in the Atlantic provinces helped to promote tourism.
- Ontario and Quebec each had revenue growth hovering around 6%, and exceeded their profit margins achieved in the previous year. Quebec saw an increase in its number of US visitors during the summer of 2002. Ontario also had an overall increase in its share of accommodation revenue from foreign clients.
- Revenue growth for the western provinces and territories was generally less robust than in the eastern ones in 2002. The moderate revenue growth in the west can be explained, in part, by the overall decrease in their share of accommodation revenues from foreign visitors. Among the world's top tourism spenders are the United States, Germany and Japan, which were affected by slowdowns in their economies and uncertainty in global security.
- The weather also had an impact on accommodation revenues in the west. Occupancy rates dropped in Saskatchewan and Alberta, which suffered through a devastating prairie drought in 2002. Moreover, the late start of winter in British Columbia, with a lack of snow in December, resulted in hotel cancellations.



**Selected Financial Statistics for Traveller Accommodation, Canada and Provinces, 2002**

	NUMBER OF ESTABLISHMENTS	OPERATING REVENUE (\$000,000)	SALARIES, WAGES AND BENEFITS (\$000,000)	OPERATING EXPENSES (\$000,000)	OPERATING MARGIN (%)
Newfoundland	442	163.2	53.7	142.2	12.8
Prince Edward Island	214	77.9	24.4	66.3	14.0
Nova Scotia	586	328.5	99.6	280.2	14.7
New Brunswick	509	228.5	71.3	196.3	14.1
Quebec	3,127	2,130.3	682.2	1,865.5	12.4
Ontario	4,696	4,181.4	1,223.3	3,608.4	13.7
Manitoba	705	605.1	146.4	563.4	6.9
Saskatchewan	855	470.0	123.7	430.1	8.5
Alberta	1,642	2,024.6	600.3	1,738.9	14.1
British Columbia	3,320	2,405.6	762.3	2,184.9	9.2
Yukon	170	70.5	18.7	67.3	4.5
Northwest Territories	97	55.8	14.5	51.2	8.4
Nunavut	42	24.9	7.0	24.1	2.9
Canada	16,406	12,766.2	3,827.2	11,218.9	12.1

Estimates for 2002 are preliminary. Preliminary data are subject to revision. Due to rounding, components may not add to total (where applicable).

## Part 1: Tourism and Economic Conditions in 2002

As a result of a general economic downturn commencing in early 2001, domestic business travel decreased as many corporations kept costs under control by cutting business travel. The threat to global security combined with terrorist attacks in tourist destinations fueled uncertainty in this difficult climate. Fear of flying saw a greater demand for trips to familiar destinations as tourists chose to travel by land instead of air. As well, consumers adopted a wait-and-see attitude which resulted in late bookings. Airlines, hotels and other industries dependent on long-haul traffic faced difficult times.<sup>4</sup>

On average, airport hotels are the largest in terms of number of rooms, and cost considerably more to operate than their smaller counterparts. Compared to 2001, airport hotels in 2002 had lower average daily rates and profits, and faced the largest decline in their occupancy rates and their RevPAR (Figure 1.1).

**Figure 1.1**  
**Demand for Airport Hotels Decreased in 2002**

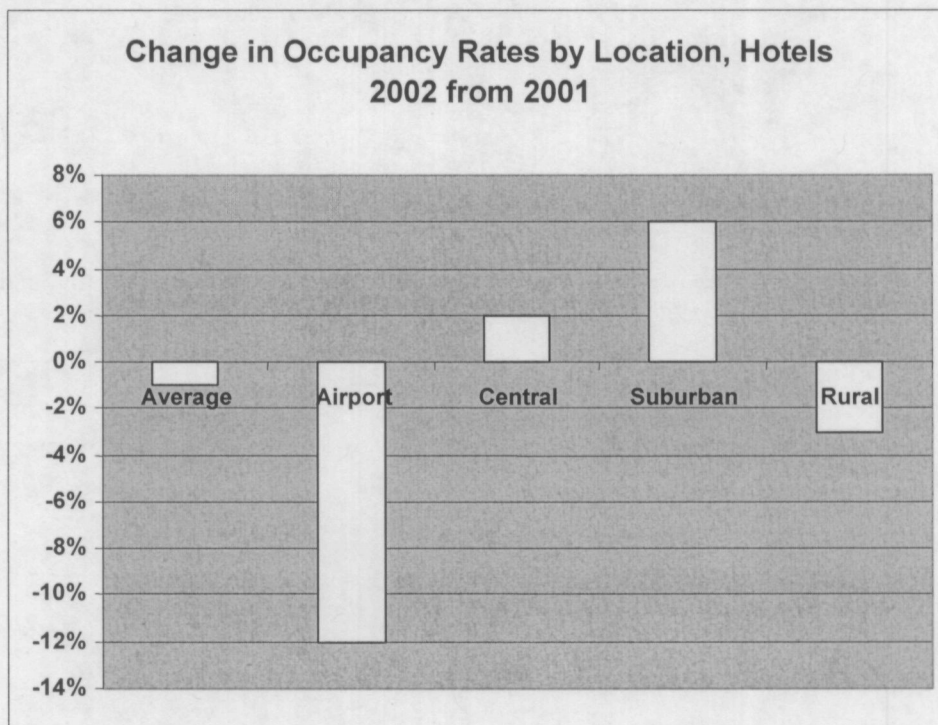


Table 1.1 shows that hotels located near the airport had the lowest profits (8%) compared to hotels located centrally (13%), or along the highway (15%) or in the suburbs (14%). As well, airport hotels also had among the lowest occupancy rates (55%) compared to hotels located downtown (65%) or in the suburbs (61%).

<sup>4</sup> *World Tourism Barometer*, Volume 1, Number 1, June 2003. World Tourism Organization

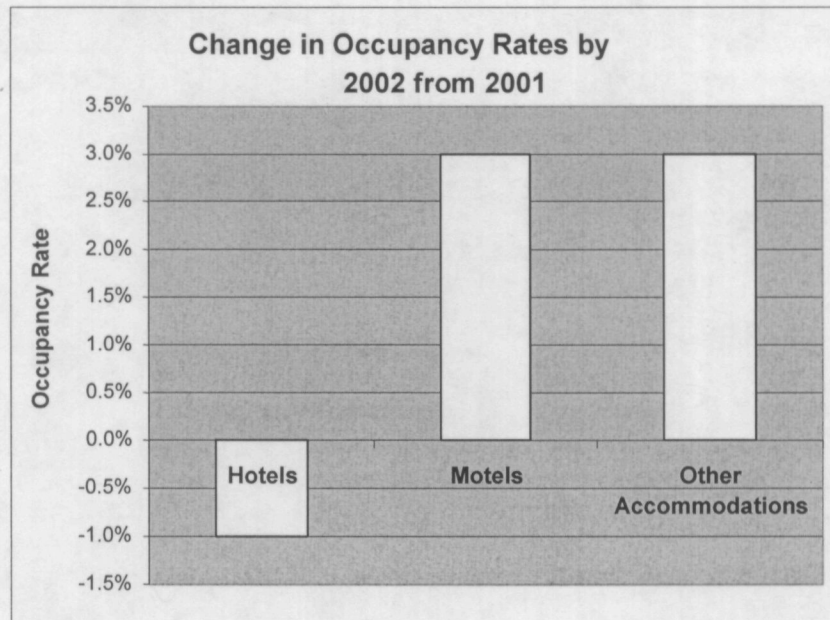
**Table 1.1**  
**Summary of the Panel of Surveyed Hotels by Location, 2001 and 2002**

		CANADA	AIRPORT	CENTRAL	HIGHWAY	SUBURBAN	RURAL
<b>AVERAGE NUMBER OF ROOMS</b>							
	2001	137	218	176	93	112	81
	2002	154	256	190	112	112	90
<b>AVERAGE DAILY RATE (ADR)</b>							
	2001	\$ 121	\$ 106	\$ 133	\$ 85	\$ 93	\$ 144
	2002	\$ 124	\$ 103	\$ 131	\$ 89	\$ 98	\$ 166
<b>REVENUE PER AVAILABLE ROOM (RevPAR)</b>							
	2001	\$ 75	\$ 71	\$ 84	\$ 51	\$ 58	\$ 80
	2002	\$ 75	\$ 57	\$ 85	\$ 43	\$ 59	\$ 98
<b>OCCUPANCY RATE</b>							
	2001	62%	67%	63%	60%	55%	62%
	2002	61%	55%	65%	48%	61%	59%
<b>PROFITS</b>							
	2001	13%	10%	12%	14%	18%	16%
	2002	13%	8%	13%	15%	14%	16%

Overall, hotels faced a marginal (1 percentage point drop) in occupancy rates in 2002, while the demand for motels and other accommodations each increased by three percentage points (Figure 1.2 and Table 1.2).



**Figure 1.2**  
**Improved Occupancy Rates for Motels and Other Accommodations**



The improved occupancy rates experienced by motels and other accommodations can be explained, in part, by a growth in special interest trips related to culture, sports, entertainment or travel for the purpose of visiting family, friends and relatives, a preference for travelling by land instead of air, excellent summer weather and a warm September in 2002. In addition, during an economic slowdown, lower consumer confidence and reduced discretionary spending may result in budget-wary travelers substituting motels and other accommodations for hotels.

**Table 1.2**  
**Summary of the Panel of Surveyed Hotels, Motels and**  
**Other Accommodations, 2001 and 2002**

<b>HOTELS</b>	<b>2001</b>	<b>2002</b>
Number of Establishments in the Survey Panel	920	744
Average Number of Rooms	137	154
Average Number of Employees	93	102
Average Daily Rate (ADR)	\$ 121	\$ 124
Revenue per available room (RevPAR)	\$ 75	\$ 75
Occupancy Rate	62%	61%
Profits	13%	13%
<b>MOTELS</b>	<b>2001</b>	<b>2002</b>
Number of Establishments in the Survey Panel	439	307
Average Number of Rooms	49	54
Average Number of Employees	13	13
Average Daily Rate (ADR)	\$ 68	\$ 72
Revenue per available room (RevPAR)	\$ 39	\$ 43
Occupancy Rate	57%	60%
Profits	23%	23%
<b>OTHER ACCOMMODATIONS</b>	<b>2001</b>	<b>2002</b>
Number of Establishments in the Survey Panel	652	416
Average Number of Rooms	94	97
Average Number of Employees	21	24
Occupancy Rate	66%	69%
Profits	13%	15%
<b>TOTAL NUMBER OF ESTABLISHMENTS IN THE SURVEY PANEL</b>	<b>2,011</b>	<b>1,467</b>

As seen in Table 1.3, domestic travellers comprised a larger share of business for motels and other accommodations than for hotels. Moreover, motels and other accommodations experienced increases in their proportion of domestic clients in 2002 compared to 2001. Conversely, hotels experienced an increase in their proportion of foreign clients to 28% in 2002, up from 26% in 2001.

Typically, foreign travellers tend to frequent hotels over other accommodations. The total number of foreign visitors staying in Canadian hotels increased in 2002 compared to 2001.<sup>5</sup> A contributing factor to this increase was an overall increase in the number of international tourist arrivals (+1.8%) in 2002 compared to 2001. Results from the World Tourism Organization show that Canada was the only country in North America that experienced an increase in international tourist arrivals. Indeed, Canada overtook Mexico, resulting in placing as the 7<sup>th</sup> most visited destination in the world in 2002, its highest rank to date. Canada had 20.1 million tourists compared to Mexico's 19.7 million.<sup>6</sup>

<sup>5</sup> International Travel Survey, Statistics Canada.

<sup>6</sup> Based on the number of international tourist arrivals, France maintains its position as the world's most visited country with 77 million tourists, followed by Spain with 51.7 million tourists and then the United States (41.9 million tourists). Italy is fourth with 39.8 million tourists followed by China with 36.8 million tourists and sixth is the United Kingdom with 24.2 million tourists. Source: World Tourism Organization: Tourism Highlights (data collected by WTO September 2003).

For the US market, the rise from yellow (elevated) to orange (high) of the US Homeland Security Threat Advisory System Color Code had an immediate and strong impact on both international and domestic travel. The decrease reported by Mexico is due mainly to stricter cross-border traffic with the United States.<sup>7</sup>

**Table 1.3**  
**Client Base of Hotels, Motels and Other**  
**Accommodations, 2001 and 2002**

<b>HOTELS</b>	<b>2001</b>	<b>2002</b>
Domestic	74%	72%
Foreign	26%	28%
<b>MOTELS</b>	<b>2001</b>	<b>2002</b>
Domestic	84%	89%
Foreign	15%	11%
<b>OTHER ACCOMMODATION</b>	<b>2001</b>	<b>2002</b>
Domestic	79%	81%
Foreign	21%	19%

Overall the traveller accommodation industry registered a growth of 4.9% in revenue nationally in 2002. The performance in this industry varied by region as outlined in Part 2.

<sup>7</sup> World Tourism Barometer, Volume 1, Number 1, June 2003. World Tourism Organization.





## Part 2: Regional Perspectives

### Growth in Tourism was Strong in the Eastern Provinces

The eastern provinces experienced relatively strong economic growth<sup>8</sup> and hotels in the Maritimes in 2002 enjoyed higher occupancy rates, average daily rates (ADR) and revenues per available room (RevPAR) and profits compared to 2001 (Table 2.1). Similarly, motels in the Maritimes also had increases in their occupancy rates, ADR and RevPar, while maintaining strong profits. Since motels are typically found along a highway, and travellers were choosing to travel by land instead of by air, this may help explain the strong performance of motels in the Maritimes in 2002.

**Table 2.1**  
Summary of Hotels, Motels and Other Accommodations, 2001 and 2002 for the Maritimes

	OCCUPANCY RATE		(ADR)		(RevPAR)		PROFITS	
HOTELS	2001	2002	2001	2002	2001	2002	2001	2002
PEI	47%	51%	\$80	\$98	\$37	\$50	5%	11%
NS	64%	65%	\$104	\$107	\$67	\$70	14%	17%
NB	59%	62%	\$92	\$96	\$55	\$60	12%	14%
MOTELS	2001	2002	2001	2002	2001	2002	2001	2002
PEI	49%	51%	\$48	\$52	\$24	\$27	24%	20%
NS	56%	65%	\$59	\$59	\$33	\$39	21%	23%
NB	55%	60%	\$63	\$67	\$34	\$40	22%	25%
OTHER ACCOMMODATIONS	2001	2002	2001	2002	2001	2002	2001	2002
PEI	x	x	na	na	na	na	x	x
NS	50%	54%	na	na	na	na	8%	4%
NB	57%	50%	na	na	na	na	-3%	8%

*x* Data for Prince Edward Island have been suppressed due to insufficient coverage for this group.

*na* Data not applicable

<sup>8</sup> Real GDP for Prince Edward Island, Nova Scotia and New Brunswick grew by 5%, 4% and 3% respectively compared to 3% for Canada. Statistics Canada.

Prince Edward Island had an overall increase in both the number of foreign and Canadian tourists in 2002.<sup>9</sup> As well, Nova Scotia and New Brunswick experienced their most successful year in tourism earnings. Nova Scotia saw a 5% increase in tourism earnings,<sup>10</sup> while for New Brunswick the 2002 tourist season boasted record earnings of \$1.2 billion.<sup>11</sup> Nova Scotia has invested in marketing its tourism and culture.<sup>12</sup> For the past decade, tourism has been one of New Brunswick's largest and fastest growing industries.<sup>13</sup>

While the occupancy rates of Newfoundland hotels dropped slightly, Newfoundland hotels overall experienced increased profits and ADRs in 2002. Over 90% of people frequenting hotels in Newfoundland were domestic tourists. The percentage of room revenue generated by domestic clients, however, declined from 95% in 2001 to 91% in 2002, largely as a result of a drop in business clientele (Table 2.2). Additionally, the other accommodations group which comprise campgrounds, cottages, and hunting and fishing camps, to name a few, displayed a decrease in their occupancy rates in 2002. The majority of visitors frequenting these other accommodations were domestic travellers. As reflected in Table 2.2, there was a drop in the relative share of revenue generated by this larger client group of domestic travellers who stayed in other accommodations for personal or leisure purposes.

**Table 2.2**  
**Summary of Hotels and Other Accommodations, 2001 and 2002,**  
**Newfoundland**

<b>HOTELS</b>	<b>2001</b>	<b>2002</b>
Occupancy Rate	63%	61%
Average Daily Rate (ADR)	\$ 93	\$ 99
Revenue per Available Room (RevPAR)	\$ 58	\$ 61
Profits	18%	18%
<b>OTHER ACCOMMODATIONS</b>		
Occupancy Rate	58%	55%
Profits	10%	11%
<b>HOTELS – CLIENT BASE</b>		
Domestic	95%	91%
Personal	19%	17%
Business	57%	53%
Government	19%	20%
Foreign	5%	9%
USA	2%	2%
Other Foreign <sup>1</sup>	3%	6%

<sup>9</sup> International Travel Survey and Canadian Travel Survey, Statistics Canada.

<sup>10</sup> NS Tourism and Culture, November 25, 2002. [www.gov.ns.ca/news/details/details.asp](http://www.gov.ns.ca/news/details/details.asp)

<sup>11</sup> Tourism in Focus: A Strategy to Target Future Success, 2003-2005, Tourism and Parks, March 2003, [www.gnb.ca](http://www.gnb.ca)

<sup>12</sup> NS Tourism and Culture, August 7, 2002. [www.gov.ns.ca/news/details/details.asp](http://www.gov.ns.ca/news/details/details.asp)

<sup>13</sup> Tourism in Focus: A Strategy to Target Future Success, 2003-2005, Tourism and Parks, March 2003, [www.gnb.ca](http://www.gnb.ca)

OTHER ACCOMMODATIONS		
Domestic	80%	70%
Personal	71%	43%
Business	7%	27%
Government	2%	0%
Foreign	20%	30%
USA	17%	18%
Other Foreign <sup>1</sup>	3%	12%

<sup>1</sup> Includes all non-US foreign visitors

x Data for motels have been suppressed due to insufficient coverage for this group.

## Quebec Experiences Growth in Occupancy Rates

Hotels, motels and other accommodations showed increased occupancy rates in 2002. Both hotels and motels had higher ADRs and RevPARs, and maintained strong profits in 2002. Other accommodations also realized higher profits in 2002 compared to the previous year.

In 2002, there was an overall increase in the number of trips to Quebec made by Canadian tourists<sup>14</sup> and foreign travellers<sup>15</sup> which affected their shares. In 2002, motels and other accommodations had notable increases in their share of domestic travellers while hotels realized a gain in their share of US visitors, as reflected in Table 2.3.

As well, the total number of American tourists to Quebec increased, especially those travelling by car. Security awareness was high and the number of tourists entering the province by car increased 7.3% in 2002 compared to the year before.<sup>16</sup>

<sup>14</sup> Canadian Travel Survey. Statistics Canada.

<sup>15</sup> International Travel Survey. Statistics Canada.

<sup>16</sup> *Le Bulletin Touristique*, vol. 20, no. 12, décembre 2002. Tourisme Québec



**Table 2.3**  
**Summary of Hotels and Other Accommodations, 2001 and 2002, Quebec**

<b>HOTELS</b>	<b>2001</b>	<b>2002</b>
Occupancy Rate	60%	64%
Average Daily Rate (ADR)	\$ 132	\$ 139
Revenue per Available Room (RevPAR)	\$ 79	\$ 89
Profits	14%	13%
<b>MOTELS</b>		
Occupancy Rate	57%	62%
Average Daily Rate (ADR)	\$ 73	\$ 76
Revenue per Available Room (RevPAR)	\$ 42	\$ 47
Profits	22%	25%
<b>OTHER ACCOMMODATIONS</b>		
Occupancy Rate	64%	74%
Profits	8%	10%
<b>HOTELS – CLIENT BASE</b>		
Domestic	69%	68%
Personal	29%	30%
Business	34%	31%
Government	6%	7%
Foreign	31%	32%
USA	16%	20%
Other Foreign <sup>1</sup>	15%	12%
<b>MOTELS – CLIENT BASE</b>		
Domestic	89%	94%
Personal	58%	60%
Business	27%	29%
Government	4%	5%
Foreign	11%	6%
USA	4%	4%
Other Foreign <sup>1</sup>	7%	2%
<b>OTHER ACCOMMODATIONS – CLIENT BASE</b>		
Domestic	85%	97%
Personal	82%	91%
Business	2%	1%
Government	1%	4%
Foreign	15%	3%
USA	4%	1%
Other Foreign <sup>1</sup>	11%	2%

<sup>1</sup>Includes all non-US foreign visitors

## Ontario had Mixed Results

In 2002, hotels and motels experienced declines in their occupancy rates. Hotels in Ontario registered an overall drop in the room revenue generated by domestic visitors. This was due to a decrease in the proportion of room revenue generated by individuals travelling for pleasure, from 30% in 2001 to 25% in 2002 (Table 2.4). Travel for pleasure or vacation purposes makes up the majority of tourism in Ontario<sup>17</sup>. Nevertheless, hotels in Ontario maintained their room rates in 2002 as well as the same level of profits achieved in the previous year.

The other accommodations group of establishments showed increased occupancy rates and profits. At the same time, 82% of the revenues were generated by domestic clients, particularly those staying in campgrounds. Campgrounds in Ontario generate over 85% of their business from domestic households. This is in keeping with the general trend and interest in rural and back-to-basics travel, an increase in family travel and an overall increase in auto travel.

**Table 2.4**  
**Summary of Hotels and Other Accommodations, 2001 and 2002,**  
**Ontario**

<b>HOTELS</b>	<b>2001</b>	<b>2002</b>
Occupancy Rate	64%	60%
Average Daily Rate (ADR)	\$ 134	\$ 134
Revenue per Available Room (RevPAR)	\$ 85	\$ 80
Profits	14%	14%
<b>MOTELS</b>		
Occupancy Rate	63%	62%
Average Daily Rate (ADR)	\$ 76	\$ 79
Revenue per Available Room (RevPAR)	\$ 47	\$ 49
Profits	29%	24%
<b>OTHER ACCOMMODATIONS</b>		
Occupancy Rate	77%	86%
Profits	12%	14%
<b>HOTELS – CLIENT BASE</b>		
Domestic	75%	72%
Personal	30%	25%
Business	38%	40%
Government	7%	7%
Foreign	25%	28%
USA	14%	15%
Other Foreign <sup>1</sup>	11%	13%

<sup>17</sup> Ontario Tourism Facts and Figures, Ministry of Tourism and Recreation, Fall 2003 (Vol. 2, No. 3)



MOTELS – CLIENT BASE		
Domestic	79%	89%
Personal	44%	55%
Business	30%	32%
Government	4%	2%
Foreign	21%	11%
USA	12%	7%
Other Foreign <sup>1</sup>	9%	4%
OTHER ACCOMMODATIONS – CLIENT BASE		
Domestic	59%	82%
Personal	57%	76%
Business	2%	6%
Government	0%	0%
Foreign	41%	18%
USA	32%	10%
Other Foreign <sup>1</sup>	8%	8%

<sup>1</sup> Includes all non-US foreign visitors

## Western Provinces Affected by the Weather

In general, the western provinces had below average economic growth in 2002; and increases in the occupancy rates were only found in hotels in Manitoba, where 96% of the revenue came from domestic visitors in general, with close to half of that from business clients.

Occupancy rates in Saskatchewan decreased from the previous year (Table 2.5). Saskatchewan was the only province in Canada that experienced a decline in its economic growth,<sup>18</sup> as the province was faced with one of the most severe droughts since the 1930s dust bowl.<sup>19</sup> Over half of the hotel room revenues were generated by business clients.

Alberta also had a drop in its hotel occupancy rates in 2002. The persistent lack of snow in its tourist destinations<sup>20</sup> and a global slowdown in travel and convention business contributed to this decline. In addition, energy-dependent towns faced a slowdown in oil and gas exploration and the potentially negative impact of the Kyoto accord, further impacting business travel. Moreover, the protracted softwood lumber dispute and devastating prairie drought affected restaurants and tourism in many places across the province.<sup>21</sup>

<sup>18</sup> Real GDP decreased by -2%. Statistics Canada.

<sup>19</sup> *The Top Ten Weather Stories for 2002*. Green Lane. Environment Canada.

<sup>20</sup> Banff and Jasper.

<sup>21</sup> Lamphier Gary, *Alberta restaurants dined on thin gruel through 2002: Rising competition added to sour year*, The Edmonton Journal, Wednesday, January 8, 2003.

**Table 2.5**  
**Hotel Occupancy Rates and Average Daily Rates (ADR),**  
**2001 and 2002, Western Provinces**

	OCCUPANCY RATE		ADR	
	2001	2002	2001	2002
Manitoba	59%	62%	\$79	\$82
Saskatchewan	60%	56%	\$73	\$78
Alberta	64%	59%	\$113	\$121
British Columbia	61%	62%	\$130	\$132

## Yukon Experiences Declines in Occupancy Rates

Hotels in the Yukon showed an overall decline in occupancy rates. With the exception of Saskatchewan, the Yukon's economy had the weakest growth in 2002.<sup>22</sup> The percentage of room revenue generated by foreign tourists staying in hotels declined (Table 2.6). Of all the provinces/territories, the Yukon generates the highest share of its room revenues from foreign clients – the majority of which are from the United States. Overall, the share of room revenues earned from US visitors dropped from 53% in 2001 to 37% in 2002. On the other hand, an increase in the share of room revenue generated by domestic clients could also be explained by a significant increase in the number of trips made by Canadians to the Yukon in 2002.<sup>23</sup>

**Table 2.6**  
**Summary of Hotels, 2001 and 2002, Yukon**

HOTELS	2001	2002
Occupancy Rate	51%	49%
Average Daily Rate (ADR)	\$ 52	\$ 52
Revenue per Available Room (RevPAR)	\$ 27	\$ 25
Profits	-2%	6%
CLIENT BASE		
Domestic	38%	55%
Personal	16%	24%
Business	16%	24%
Government	6%	8%
Foreign	62%	45%
USA	53%	37%
Other Foreign <sup>1</sup>	9%	8%

<sup>1</sup> Includes all non-US foreign visitors

x Data for motels have been suppressed due to insufficient coverage for this group.

Travel patterns in 2002 differed by province due to economic and climatic factors. The performance of the traveller accommodation establishments also varied according to whether or not they were affiliated, as described in Part 3: Affiliated Establishments.

<sup>22</sup> GDP growth in Yukon grew by 1%. Industry Measures and Analysis. Statistics Canada.

<sup>23</sup> Canadian Travel Survey. Statistics Canada.



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## Part 3: Affiliated Establishments

Hotels and motels with brand name affiliations perform differently from those that are not affiliated. This section will compare various characteristics of hotels and motels that were part of a chain with those that were not. In the 2002 panel, 48% of hotels (or 356 establishments) and 39% of motels were affiliated (119 establishments).

### Affiliated Establishments are Much Larger, Charge More for their Rooms and Enjoy Higher Occupancy Rates than Non-affiliated Establishments

In the 2002 panel, the average affiliated establishment had more than twice the number of rooms as non-affiliated establishments (Table 3.1). Affiliated hotels receive, on average, \$19 more for their rooms per night than non-affiliated hotels, while affiliated motels command \$15 more for their rooms per night. The panel also demonstrated that affiliated establishments have higher occupancy rates for both hotels (63%) and motels (63%) than their non-affiliated counterparts (58% and 56%, respectively).

**Table 3.1**  
**Summary of Hotels and Motels, by Affiliation, 2002**

<b>HOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Average Number of Rooms	154	226	88
Average Daily Rate (ADR)	\$ 124	\$ 131	\$ 112
Revenue per Available Room (RevPAR)	\$ 75	\$ 80	\$ 64
Occupancy Rate	61%	63%	58%
<b>MOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Average Number of Rooms	54	79	38
Average Daily Rate (ADR)	\$ 72	\$ 78	\$ 63
Revenue per Available Room (RevPAR)	\$ 43	\$ 50	\$ 35
Occupancy Rate	60%	63%	56%



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### Affiliated Establishments Focus More on Rooms and Less on Food and Beverage

Affiliated establishments, in general, generate more of their total revenue from the sale of rooms and proportionally less from the sale of goods (meals, alcohol and merchandise) than non-affiliated establishments. This distinction is more pronounced with motels (Table 3.2).

**Table 3.2**  
**Revenue Distribution of Hotels and Motels, by**  
**Affiliation, 2002**

<b>HOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Rooms	60%	63%	53%
Meals	20%	19%	22%
Alcohol	9%	7%	13%
Merchandise	1%	1%	1%
Service	10%	10%	11%
<b>MOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Rooms	80%	91%	65%
Meals	8%	4%	14%
Alcohol	4%	1%	7%
Merchandise	3%	0%	6%
Service	5%	4%	8%

### Distribution of Operating Expenses of Affiliated Establishments is Similar to Non-affiliated with Exception of Cost of Goods Sold

Affiliated and non-affiliated hotels both had labour expenses about equal to one-third of their revenues earned (Table 3.3). Labour costs as a share of revenue for motels is less than that for hotels. For affiliated motels, labour expenses equalled one-quarter of the share of revenues, while that of non-affiliated motels is slightly higher at 28%.

**Table 3.3**  
**Cost Distribution of Hotels and Motels by Affiliation, 2002**

HOTELS	CANADA	AFFILIATED	NON-AFFILIATED
Labour	33%	33%	32%
Cost of Goods Sold	11%	10%	15%
Occupancy Costs <sup>24</sup>	13%	13%	11%
Advertising	3%	3%	3%
Depreciation and Interest	5%	6%	5%
Other Expenses <sup>25</sup>	21%	22%	20%
Profits	13%	13%	14%
MOTELS	CANADA	AFFILIATED	NON-AFFILIATED
Labour	26%	25%	28%
Cost of Goods Sold	7%	2%	13%
Occupancy Costs	12%	13%	11%
Advertising	3%	4%	2%
Depreciation and Interest	7%	7%	5%
Other Expenses	22%	21%	24%
Profits	23%	28%	17%

Other expense items such as occupancy costs, advertising, depreciation and interest also show similar distributions between affiliated establishments and their non-affiliated counterparts. For both hotels and motels, it is the non-affiliated establishments that have a higher cost of goods sold than affiliated businesses. This is because they earn a greater portion of their revenue from the sale of merchandise, food and alcohol than do affiliated establishments. In keeping with their lower sales of goods, affiliated establishments have a lower cost of goods sold as a share of the revenue.

Affiliated hotels also have a higher margin on their sales of food, beverage and merchandise than do their non-affiliated counterparts (Table 3.4). The higher mark-up means that affiliated establishments are more profitable on the sale of their goods than the non-affiliated counterparts, which may be due to some economies of scale enjoyed by larger affiliated hotels.

<sup>24</sup> Occupancy costs include property taxes, insurance, rent of land, and utilities such as heat, light, power and water.

<sup>25</sup> Other expenses include items such as: repairs and maintenance, rent or lease of vehicles, legal, accounting fees, telephone, travel, royalties, franchise fees, office and other supplies, management and consulting fees, contract laundry, cleaning and maintenance, commission paid and all other operating expenses.



**Table 3.4**  
**Cost of Goods Margins of Hotels and Motels by Affiliation, 2002**

<b>HOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Cost of Goods Sold as a Share of Revenue	11%	10%	15%
Cost of Goods Margin <sup>26</sup>	62%	65%	58%
<b>MOTELS</b>	<b>CANADA</b>	<b>AFFILIATED</b>	<b>NON-AFFILIATED</b>
Cost of Goods Sold as a Share of Revenue	7%	2%	13%
Cost of Goods Margin	52%	54%	52%

### **Revenue per Available Room (RevPAR) Typically Used as a Measure of Hotel Performance**

The average hotel in Canada derives a significant portion (60%) of its revenue from room sales and hotel operators typically use RevPAR as a basis for their hotel performance measure. Revenue per available room (RevPAR) is a measure that reflects guest room revenue on a per room basis and monitors the success of the management of the hotel's rooms inventory. RevPAR<sup>27</sup> is calculated by dividing a hotel's room revenue by the total number of available rooms or by multiplying a hotel's average daily room rate (ADR) by its occupancy rate.

### **Gross Operating Profit per Available Room (GOPPAR) as an Additional Measure of Performance**

While RevPAR can demonstrate general market and revenue trends, there are some drawbacks to relying on this indicator alone. For example, in cases where room revenues account for about half of the total revenue, these hotels likely include significant food and beverage operations. RevPAR would only reflect a portion of a hotel's revenue performance and disregard all other sources of revenues. By taking into consideration the full revenue mix, as well as all operating costs on a per room basis, GOPPAR reflects the underlying operating profit of a hotel.<sup>28</sup> GOPPAR is calculated by dividing a hotel's total gross operating profit<sup>29</sup> (GOP) by the total number of rooms available per year<sup>30</sup>.

<sup>26</sup> Cost of goods margin is calculated by taking the ratio of cost of goods sold as a share of revenue and subtracting it from 1. Multiplying this by 100 expresses cost of goods margin as a percentage.

<sup>27</sup> Another way to calculate RevPAR is: Room Revenue / Number of Rooms / Number of Days per year = RevPAR

<sup>28</sup> Younes, Elie and Russell Kent. *GOPPAR, a derivative of RevPAR!*, Canadian Lodging Outlook, HVS International, January 2003.

<sup>29</sup> GOP = total operating revenue less the total operating expenses.

<sup>30</sup> The calculation of GOPPAR for the average hotel is based on the 744 hotels found in the 2002 panel of the hotels and motor hotels industry group. The calculation of GOPPAR for the average hotel in 2001 was also found to be the same as in 2002 and this was based on 920 hotels that were included in the survey panel that year. In both 2001 and 2002 the average hotel in Canada was mid-sized with similar occupancy rates. Based on the survey panels in 2001 and 2002, the average hotel had 137 rooms and 154 rooms respectively. Similarly, the average hotel had an occupancy rate of 62% and 61% respectively.

### GOPPAR Higher for Affiliated Hotels

As aforementioned, the affiliated hotel in the panel has more than twice the number of rooms than the non-affiliated establishment. It is not improbable that economies of scale of larger hotels contribute to the observed higher GOPPAR of affiliated hotels (\$31) compared to the non-affiliated hotels (\$27). Similarly, the operating profit margin of affiliated hotels, at 24%, was higher than that of non-affiliated (22%) hotels.

**Figure 3.1**  
**GOPPAR Higher for Affiliated Hotels**

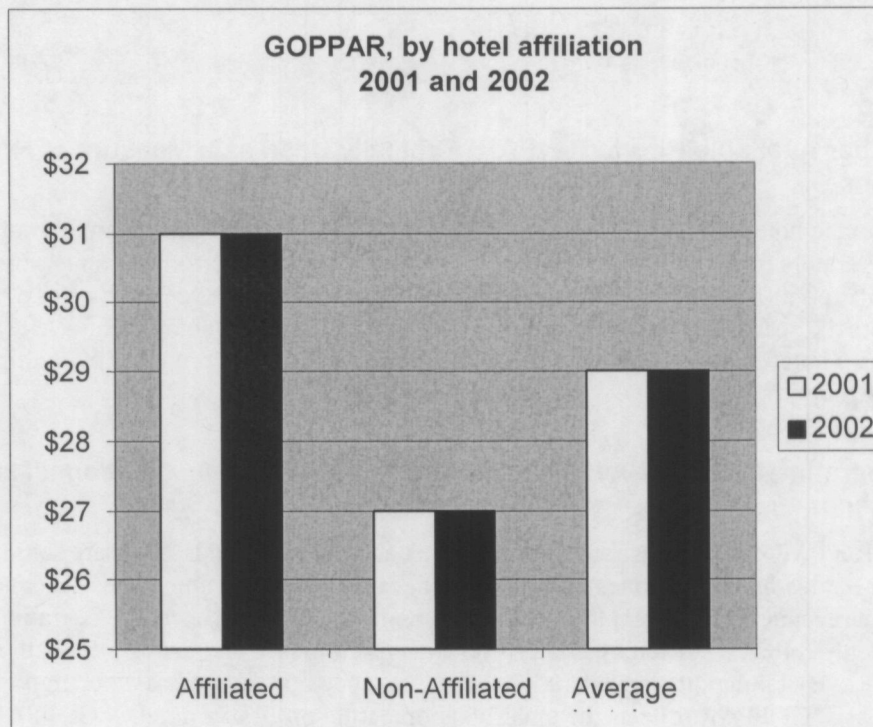


Table 3.5 indicates that non-affiliated hotels derive a greater portion of their revenues from food and beverage service than do their affiliated counterparts, at 35% and 26% respectively.

**Table 3.5**  
**Characteristics of Affiliated versus Non-affiliated Hotels, 2002**

	AVERAGE HOTEL	AFFILIATED	NON- AFFILIATED
Average Number of Rooms	154	226	88
RevPAR	\$ 75	\$ 80	\$ 64
GOPPAR	\$ 29	\$ 31	\$ 27
Operating Profit Margin	23%	24%	22%
Share of Room Revenues as % Total Revenues	60%	63%	53%
Share of Food and Beverage Revenues as % Total Revenues	29%	26%	35%
Margin on Food, Beverage and Merchandise	62%	65%	58%
Occupancy Rate	61%	63%	58%
Average Daily Rate (ADR)	\$ 124	\$ 131	\$ 112

Studies have shown that properties have either leased out their outlets or reduced their level of food and beverage service and still maintain high occupancies and rate premiums.<sup>31</sup> Our survey panel indicates that 90% of non-affiliated hotels are small or mid-sized. Interestingly, the GOPPAR of both the small and medium-sized non-affiliated hotel is slightly higher than their affiliated counterparts.<sup>32</sup>

The average affiliated establishment has more than twice the number of rooms, charges higher average daily rates and also has higher occupancy rates than non-affiliated establishments. The tourism market requires strategic locations for its hotels and motels. Our 2002 survey panel showed that whether a hotel is affiliated or not, the most popular spot is downtown or in a central location. As for motels, regardless of whether or not they are affiliated, the highway is the most typical location. Non-affiliated hotels do not have much presence at airport locations, rather hotels located near an airport tend to be populated by affiliated establishments.

Whether one looks at profits, operating profit margins, RevPAR or GOPPAR, the profitability of affiliated establishments is higher than for non-affiliated establishments. Affiliated establishments do earn a greater share of their revenues from the sale of rooms and they also have a greater margin on their cost of goods than do non-affiliated establishments. The RevPAR and GOPPAR of affiliated establishments are higher than for establishments that are not part of a chain.

<sup>31</sup> Quek, Patrick, *What Makes a Hotel Profitable?* PKF Consulting, February 1999.

<sup>32</sup> The GOPPAR of the mid-sized non-affiliated hotel is \$23 while that for the medium-sized affiliated hotel is \$22. As well the GOPPAR of the small non-affiliated hotel is \$22 while the GOPPAR for the small affiliated hotel is \$20.



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**Luxury Accommodation**

The highest standard of accommodation that offers an extensive range of facilities, amenities and guest services.

**Meals & Alcoholic Beverages per Room**

Total annual revenue received from meals and alcoholic beverages divided by the total number of available rooms.

**Medium Size Properties**

Properties with 50 to 199 rooms (units) for hotels and motor hotels, and 50 to 99 rooms (units) for motels and other accommodation.

**Mid-scale Accommodation**

Basic accommodation provided with some amenities, but limited facilities and guest services.

**Occupancy Expenses**

The total cost of rent or lease of land and buildings, heat, hydro, water, insurance, taxes, permits and licenses.

**Occupancy Rate**

The total number of units occupied divided by the total number of units available for a given reporting period, normally expressed as a percentage.

**Operating Margin**

A financial performance measure calculated by dividing the difference between operating revenue and operating expenses (operating profit/loss) by total operating revenue. Interest (both long-term and short-term) and depreciation are excluded from operating expenses.

**Part-time, Full-year employee**

One who is employed for less than 30 hours per week for a full-year as observed by the business.

**Part-time, Seasonal employee**

One who is employed for less than 30 hours per week for only part of the year (seasonal) as observed by the business.

**Profit**

A financial performance measure calculated by dividing the difference between total revenue and total operating expenses (gross profit/loss) by total revenue. Depreciation and interest expense on short-term loans are included. (Interest on long-term loans and mortgages are excluded as well as other non-operating expenses such as write-offs, valuation adjustments and capital losses).

**Rating System**

Quality rankings of accommodation, based on the range and the standard of its amenities, facilities and services using a star or other similar rating system.

**Overview of the Panel of other accommodations, by size, 2002**

SIZE	SURVEY PANEL	AVERAGE NUMBER OF GUEST UNITS	AVERAGE NUMBER OF EMPLOYEES	OCCUPANCY RATE	PROFIT
CANADA	416	97	24	69%	15%
Small	57%	18	18	64%	10%
Medium	15%	72	28	64%	14%
Large	28%	267	34	70%	22%

**Distribution of revenue by type of service for other accommodations, by size, 2002**

SIZE	ROOMS	PACKAGED VACATIONS	MEALS	ALCOHOL	MERCHANDISE	SERVICE
CANADA	25%	49%	3%	1%	7%	15%
Small	14%	61%	3%	2%	9%	10%
Medium	20%	61%	2%	1%	4%	12%
Large	41%	26%	3%	1%	4%	25%

**Selected expenses as a percentage of total revenue for other accommodations, by size, 2002**

SIZE	LABOUR	COST OF GOODS	OCCUPANCY COSTS	ADVERTISING	DEPRECIATION AND INTEREST	OTHER EXPENSES	PROFIT
CANADA	26%	17%	9%	3%	6%	25%	15%
Small	26%	22%	7%	4%	6%	26%	10%
Medium	24%	16%	9%	2%	6%	28%	14%
Large	28%	11%	11%	2%	5%	21%	22%

**Distribution of the accommodation revenue by type of client for other accommodations, by size, 2002**

SIZE	DOMESTIC	HOUSEHOLDS	BUSINESS	GOVERNMENT	FOREIGN	USA	OTHER FOREIGN <sup>1</sup>
CANADA	81%	74%	5%	1%	19%	10%	9%
Small	75%	64%	9%	3%	25%	17%	8%
Medium	61%	56%	5%	0%	39%	25%	14%
Large	87%	83%	4%	1%	13%	4%	9%

<sup>1</sup> Includes non-US foreign visitors

Overview of the panel of hotels and motor hotels, by province, 2002

PROVINCE	NUMBER OF ESTABLISHMENTS IN SURVEY PANEL	TOTAL NUMBER OF ROOMS	AVERAGE NUMBER OF ROOMS	OCCUPANCY RATE	ADR	REVPAR	PROFIT
CANADA	744	114,420	154	61%	\$ 124	\$ 75	13%
NF	17	1,497	88	61%	\$ 99	\$ 61	18%
PE	14	974	70	51%	\$ 98	\$ 50	11%
NS	36	4,337	120	65%	\$ 107	\$ 70	17%
NB	33	3,400	103	62%	\$ 96	\$ 60	14%
QC	108	17,521	162	64%	\$ 139	\$ 89	13%
ON	164	35,144	214	60%	\$ 134	\$ 80	14%
MN	64	5,147	80	62%	\$ 82	\$ 50	6%
SK	58	5,272	91	56%	\$ 78	\$ 44	12%
AB	112	21,052	188	59%	\$ 121	\$ 72	18%
BC	114	18,839	165	62%	\$ 132	\$ 82	9%
YT	12	861	72	49%	\$ 52	\$ 25	6%
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

Overview of the panel of motels, by province, 2002

PROVINCE	NUMBER OF ESTABLISHMENTS IN SURVEY PANEL	TOTAL NUMBER OF ROOMS	AVERAGE NUMBER OF ROOMS	OCCUPANCY RATE	ADR	REVPAR	PROFIT
CANADA	307	16,504	54	60%	\$ 72	\$ 43	23%
NF	x	x	x	x	x	x	x
PE	10	334	33	51%	\$ 52	\$ 27	20%
NS	26	1,125	43	65%	\$ 59	\$ 39	23%
NB	24	1,149	48	60%	\$ 67	\$ 40	25%
QC	52	3,451	66	62%	\$ 76	\$ 47	25%
ON	79	5,171	65	62%	\$ 79	\$ 49	24%
MN	11	418	38	58%	\$ 61	\$ 35	25%
SK	19	933	49	59%	\$ 55	\$ 32	20%
AB	31	1,642	53	58%	\$ 73	\$ 42	20%
BC	40	1,750	44	53%	\$ 70	\$ 37	23%
YT	x	x	x	x	x	x	x
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

x Confidential data

Canada totals include all provinces and territories



Overview of the panel of other accommodations, by province, 2002

PROVINCE	NUMBER OF ESTABLISHMENTS IN SURVEY PANEL	TOTAL NUMBER OF GUEST UNITS	AVERAGE NUMBER OF ROOMS	OCCUPANCY RATE	PROFIT
CANADA	416	40,373	97	69%	15%
NF	25	765	31	55%	11%
PE	x	x	x	x	x
NS	17	1,844	108	54%	4%
NB	23	1,974	86	50%	8%
QC	73	14,809	203	74%	10%
ON	94	8,047	86	86%	14%
MN	40	1,607	40	59%	12%
SK	38	1,771	47	67%	17%
AB	36	4,253	118	55%	9%
BC	42	3,352	80	65%	9%
YT	x	x	x	x	x
NT	x	x	x	x	x
NN	x	x	x	x	x

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution of revenue by type of service for hotels and motor hotels,  
by province, 2002**

	ROOMS	MEALS	ALCOHOL	MERCHANDISE	SERVICE
CANADA	60%	20%	9%	1%	9%
NF	59%	24%	8%	2%	7%
PE	68%	22%	5%	1%	4%
NS	68%	19%	5%	1%	7%
NB	64%	24%	5%	1%	6%
QC	62%	21%	7%	0%	9%
ON	64%	19%	6%	1%	11%
MN	36%	19%	34%	1%	10%
SK	49%	21%	20%	2%	8%
AB	59%	22%	9%	1%	9%
BC	63%	19%	9%	0%	9%
YT	40%	22%	16%	4%	18%
NT	x	x	x	x	x
NN	x	x	x	x	x

**Distribution of expenses as a share of revenue for hotels and motor hotels, by province, 2002**

	LABOUR	COST OF GOODS	OCCUPANCY COSTS	ADVERTISING	DEPRECIATION AND INTEREST	OTHER EXPENSES	PROFIT
CANADA	33%	11%	13%	3%	5%	21%	13%
NF	35%	13%	8%	3%	5%	18%	18%
PE	34%	11%	13%	3%	7%	22%	11%
NS	31%	10%	11%	4%	4%	24%	17%
NB	31%	12%	12%	3%	4%	25%	14%
QC	36%	10%	11%	3%	5%	22%	13%
ON	32%	9%	14%	4%	6%	22%	14%
MN	26%	27%	10%	4%	5%	23%	6%
SK	28%	21%	14%	3%	4%	19%	12%
AB	30%	12%	10%	3%	6%	20%	18%
BC	36%	10%	15%	3%	6%	20%	9%
YT	32%	18%	10%	1%	8%	25%	6%
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*x Confidential data*

*Canada totals include all provinces and territories*



**Distribution of revenue by type of service for motels, by province, 2002**

	ROOMS	MEALS	ALCOHOL	MERCHANDISE	SERVICE
CANADA	80%	8%	4%	3%	5%
NF	x	x	x	x	x
PE	63%	25%	8%	1%	3%
NS	80%	12%	2%	2%	4%
NB	69%	20%	2%	4%	5%
QC	82%	6%	3%	0%	8%
ON	83%	6%	2%	4%	5%
MN	74%	14%	5%	0%	6%
SK	78%	8%	10%	0%	5%
AB	79%	5%	8%	1%	7%
BC	85%	7%	2%	0%	5%
YT	x	x	x	x	x
NT	x	x	x	x	x
NN	x	x	x	x	x

**Distribution of expenses as a share of revenue for motels, by province, 2002**

	LABOUR	COST OF GOODS	OCCUPANCY COSTS	ADVERTISING	DEPRECIATION AND INTEREST	OTHER EXPENSES	PROFIT
CANADA	26%	7%	12%	3%	7%	22%	23%
NF	x	x	x	x	x	x	x
PE	30%	14%	8%	3%	11%	15%	20%
NS	28%	7%	11%	3%	8%	21%	23%
NB	27%	12%	11%	2%	6%	17%	25%
QC	28%	5%	13%	3%	6%	21%	25%
ON	24%	6%	12%	3%	7%	23%	24%
MN	21%	9%	16%	3%	9%	19%	25%
SK	29%	9%	11%	3%	6%	22%	20%
AB	27%	7%	11%	2%	6%	26%	20%
BC	29%	3%	13%	2%	6%	23%	23%
YT	x	x	x	x	x	x	x
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution of revenue by type of service for other accommodations, by province, 2002**

	GUEST UNITS	PACKAGED VACATIONS	MEALS	ALCOHOL	MERCHANDISE	SERVICE
CANADA	25%	49%	3%	1%	7%	15%
NF	19%	70%	3%	0%	2%	6%
PE	x	x	x	x	x	x
NS	36%	27%	8%	1%	18%	10%
NB	31%	49%	9%	1%	4%	6%
QC	23%	56%	4%	2%	4%	11%
ON	35%	36%	2%	1%	12%	14%
MN	9%	68%	3%	2%	6%	12%
SK	7%	69%	2%	2%	4%	16%
AB	40%	36%	7%	2%	6%	9%
BC	21%	63%	2%	2%	2%	8%
YT	x	x	x	x	x	x
NT	x	x	x	x	x	x
NN	x	x	x	x	x	x

**Distribution of expenses as a share of revenue for other accommodations, by province, 2002**

	LABOUR	COST OF GOODS	OCCUPANCY COSTS	ADVERTISING	DEPRECIATION AND INTEREST	OTHER EXPENSES	PROFIT
CANADA	26%	17%	9%	3%	6%	25%	15%
NF	32%	10%	12%	4%	7%	25%	11%
PE	x	x	x	x	x	x	x
NS	26%	24%	10%	2%	5%	28%	4%
NB	25%	30%	9%	2%	12%	15%	8%
QC	32%	16%	9%	3%	5%	25%	10%
ON	25%	19%	9%	2%	7%	24%	14%
MN	22%	21%	6%	4%	6%	30%	12%
SK	30%	20%	7%	3%	5%	18%	17%
AB	33%	17%	14%	2%	6%	19%	9%
BC	24%	14%	10%	4%	6%	33%	9%
YT	x	x	x	x	x	x	x
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution of the accommodation revenue by type of client for hotels and motor hotels, by province, 2002**

	DOMESTIC	HOUSEHOLDS	BUSINESS	GOVERNMENT	FOREIGN	USA	OTHER FOREIGN <sup>1</sup>
CANADA	72%	27%	37%	8%	28%	15%	13%
NF	91%	17%	53%	20%	9%	2%	6%
PE	81%	55%	19%	8%	19%	17%	2%
NS	91%	34%	44%	13%	9%	7%	2%
NB	91%	25%	46%	20%	9%	7%	2%
QC	68%	30%	31%	7%	32%	20%	12%
ON	72%	25%	40%	7%	28%	15%	13%
MN	96%	34%	47%	14%	4%	3%	2%
SK	96%	38%	55%	13%	4%	2%	2%
AB	70%	24%	40%	6%	30%	13%	17%
BC	65%	29%	29%	7%	35%	20%	15%
YT	55%	24%	24%	8%	45%	37%	8%
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*1 Includes all non-US foreign visitors*

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution by type of employment for hotels and motor hotels, 2001 and 2002**

CANADA	2001	2002
<b>Full Time</b>	<b>70%</b>	<b>70%</b>
Full Year	60%	61%
Part Year	10%	9%
<b>Part Time</b>	<b>30%</b>	<b>30%</b>
Full Year	23%	24%
Part Year	7%	6%



**Distribution of the accommodation revenue by type of client for motels, by province, 2002**

	<b>DOMESTIC</b>	<b>HOUSEHOLDS</b>	<b>BUSINESS</b>	<b>GOVERNMENT</b>	<b>FOREIGN</b>	<b>USA</b>	<b>OTHER FOREIGN<sup>1</sup></b>
CANADA	89%	47%	35%	7%	11%	6%	5%
NF	x	x	x	x	x	x	x
PE	92%	85%	6%	1%	8%	5%	3%
NS	83%	41%	33%	10%	17%	13%	4%
NB	90%	30%	48%	12%	10%	6%	4%
QC	94%	60%	29%	5%	6%	4%	2%
ON	89%	55%	32%	2%	11%	7%	4%
MN	96%	67%	21%	8%	4%	3%	1%
SK	96%	41%	38%	18%	4%	2%	2%
AB	83%	40%	41%	3%	17%	6%	11%
BC	86%	46%	35%	5%	14%	6%	8%
YT	x	x	x	x	x	x	x
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*<sup>1</sup> Includes all non-US foreign visitors*

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution by type of employment for motels,  
2001 and 2002**

<b>CANADA</b>	<b>2001</b>	<b>2002</b>
<b>Full Time</b>	<b>66%</b>	<b>64%</b>
Full Year	47%	45%
Part Year	19%	19%
<b>Part Time</b>	<b>34%</b>	<b>36%</b>
Full Year	22%	25%
Part Year	12%	11%

**Distribution of the accommodation revenue by type of client for other accommodations, by province,  
2002**

	DOMESTIC	HOUSEHOLDS	BUSINESS	GOVERNMENT	FOREIGN	USA	OTHER FOREIGN <sup>1</sup>
CANADA	81%	74%	5%	1%	19%	10%	9%
NF	70%	43%	27%	0%	30%	18%	12%
PE	x	x	x	x	x	x	x
NS	52%	50%	1%	1%	48%	33%	15%
NB	71%	68%	3%	0%	29%	8%	21%
QC	97%	91%	1%	4%	3%	1%	2%
ON	82%	76%	6%	0%	18%	10%	8%
MN	59%	53%	6%	1%	41%	17%	24%
SK	93%	64%	29%	0%	7%	4%	3%
AB	85%	74%	7%	4%	15%	8%	7%
BC	64%	59%	4%	0%	36%	19%	17%
YT	x	x	x	x	x	x	x
NT	x	x	x	x	x	x	x
NN	x	x	x	x	x	x	x

*<sup>1</sup> Includes all non-US foreign visitors*

*x Confidential data*

*Canada totals include all provinces and territories*

**Distribution by type of employment for other  
accommodations, 2001 and 2002**

CANADA	2001	2002
Full Time	82%	84%
Full Year	11%	13%
Part Year	71%	71%
Part Time	18%	16%
Full Year	5%	3%
Part Year	14%	13%





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## Appendix B: Concepts and Methods

### Background

The annual survey of traveller accommodation, conducted by Statistics Canada for over four decades, has undergone a number of important changes in methodology. It started as a census survey for hotel businesses and eventually the remaining traveller accommodation industries were added to provide a census survey for all accommodation business establishments. In 1985, the survey unit was changed to the company level (i.e. legal entity) and a sample of the larger size segment of the business population by type of industry was introduced.

In 1992, to make the survey outputs more relevant and useful, a redesign of the survey was undertaken to convert it back to an establishment base. At the same time, the survey was expanded to collect new data elements including the number of guest-room units, average occupancy rates, business market locations and facilities. To complete the annual picture, the non-surveyed businesses continue to be measured using administrative sources of data.

In order to have a more effective survey instrument, two separate questionnaires were developed for the survey. The first is sent to the Hotel and Motor Hotel and to Motel establishments; the second is sent to the remaining six industries (see *Appendix C*). However, the questionnaires are conceptually similar and have been designed to allow for an aggregation of common data elements.

With the cooperation and support of Tourism Canada, and later the Canadian Tourism Commission, questions were added on reservation and rating systems, market classes, capital spending, type of employment, country origin of foreign clientele, packaged vacations and advertising practices. Additional questions on revenue from vacation packages, the cost of sales breakdowns and on monthly occupancy rates are asked for the first time with the 1996-97 survey.

### Methodology

Commencing with the 1998 survey year, the methodology is no longer a cut-off sample of large establishments. Rather, the new methodology is a random sample stratified by type of industry, province, and establishment revenue size, designed to achieve a balanced representation of establishments from across accommodation services (NAICS 721). While larger establishments continue to be represented, smaller establishments are selected randomly. To contribute to industry total estimates, these sampled units are then multiplied by a sampling factor (i.e., "weighted up") to represent all the smaller units in the stratum. For purposes of this report, however, all data are unweighted (each survey establishment represents only itself).

For national accounting purposes, the original sample is drawn to obtain a significant coverage of total revenue. Support from the Canadian Tourism Commission allows for additional questionnaires to be mailed to establishments beyond the number required for national accounting.



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## Appendix C: Analytical Notes

The 2002 Traveller Accommodation Survey achieves a significant degree of coverage for the hotels, motels and other accommodation industry groups by province. The panel survey data in this report are presented to emphasize relative rather than absolute measures of the industries' business performance, structure and characteristics. However, in interpreting these data, the following considerations should be taken into account:

- For statistical purposes, the stratification of the survey sample ensures that maximum coverage by revenue of the total industry is obtained. The reporting establishments included in the 2002 panel for this Report represent almost 50% of the Hotel, Motor Hotel and Motel Group (NAICS 721111, 721112, 721113, 71114, 721120 and 721198) and almost 50% of total Accommodation Services (NAICS 721) based on the 2002 industry aggregate revenue estimates.
- Commencing with the 1998 survey year, the sample design changed from a strictly top-down approach to a probability sample stratified by industry type, province and revenue. As a result of this change, the survey panels after the 1997 reference year contain fewer hotels (Part I), fewer motels (Part II) and more other accommodation services establishments (Part III). As well, the coverage of smaller-sized businesses has increased relative to the large establishments in the surveys subsequent to 1997.
- Please note that while the majority of establishments report a December fiscal year end, establishments with a fiscal year reporting period ending anytime between April 1<sup>st</sup>, 2002 and March 31, 2003 also are included in the 2002 survey data. The data for fiscal year end other than December is not 'calanderized'.
- In preparing this report based on the panel data, Statistics Canada follows a thorough editing procedure with respondent follow-up for reported data but does not undertake any imputation for non-responding survey units. Therefore, panel data is compiled based only on reporting businesses. Year-to-year comparisons are made between survey panels that are not statistically identical.
- In an establishment-based survey, some expenditure categories may be understated because of the expenses incurred by head office. For example, a portion of expenditures on advertising and marketing in the case of affiliated properties is indirectly included in the management fees paid by the franchisee.





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## Appendix D: Sample and Coverage

The traveller accommodation survey covers establishments assigned to Major Group 721 – Accommodation Service Industries – of the North American Industry Classification System (NAICS), which contains the following twelve industries:

- **721111<sup>62</sup>: Hotels** – These establishments provide suites or guest rooms within a multi-story or high rise structure, accessible from the interior only, and they generally offer guests a range of complementary services and amenities, such as food and beverage services, parking, laundry services, swimming pools and exercise rooms, and conference and convention facilities.
- **721112<sup>63</sup>: Motor Hotels** – These establishments are designed to accommodate clients travelling by motor vehicle and provide short-stay suites or guest rooms within a low-rise structure, characterized by ample, convenient parking areas, interior access to rooms, and their location along major roads. Limited complementary services and amenities may also be provided.
- **721113<sup>64</sup>: Resorts** – These establishments feature extensive indoor and/or outdoor leisure activities on the premises on a year-round basis. Resorts are designed to accommodate vacationers and provide full-service suites and guest rooms, typically in a non-urban setting next to lakes, rivers or mountains. Establishments of this type often provide access to conference facilities.
- **721120<sup>65</sup>: Casino Hotels** – The casino operation includes table wagering games and may include other gambling activities, such as slot machines and sports betting. These establishments generally offer a range of services and amenities, such as food and beverage services, entertainment, valet parking, swimming pools, and conference and convention facilities.
- **721198<sup>66</sup>: All Other Traveller Accommodations** – These establishments are not classified to any other industry and are primarily engaged in providing short-term lodging. Guest Houses, tourist homes and youth hostels are included in this category.
- **721114<sup>67</sup>: Motels** – These establishments are designed to accommodate clients travelling by motor vehicle, and provide short-stay suites or guest rooms, within a one or two story structure, characterized by exterior access to rooms and ample parking areas adjacent to the room entrances. Limited complementary services and amenities may also be provided.
- **721192<sup>68</sup>: Housekeeping Cottages and Cabins** – These establishments are designed to accommodate vacationers and may include access to private beaches and fishing.
- **721191<sup>69</sup>: Bed and Breakfast** – These establishments provide guest rooms in private homes or in small buildings converted for this use, and they often possess a unique or historic character. Bed and Breakfast homes are characterized by a highly personalized service, and the inclusion in the room rate, of a full breakfast, served by the owner or owner-supervised staff.

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<sup>62</sup> Formerly part of SIC 9111 under the Standard Industrial Classification System – Hotels and Motor Hotels

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<sup>66</sup> Formerly part of SIC 9114 under the Standard Industrial Classification System – Guest Houses and Tourist Homes.

<sup>67</sup> Formerly SIC 9112 under the Standard Industrial Classification System – Motels

<sup>68</sup> Formerly SIC 9113 under the Standard Industrial Classification System – Tourist Courts and Cabins

<sup>69</sup> Formerly SIC 9114 under the Standard Industrial Classification System – Guest Houses and Tourist Homes.

- **721310<sup>70</sup>**: *Rooming and Boarding Houses* – These establishments provide temporary or longer-term accommodation, which for the period of occupancy, may serve as a principal residence. These establishments may also provide complementary services, such as housekeeping, meals and laundry services.
- **721211<sup>71</sup>**: *RV (Recreational Vehicle) Parks and Campgrounds* – These establishments are primarily engaged in operating serviced or unserviced sites to accommodate campers and their equipment, including tents, tent trailers, travel trailers and RVs (recreational vehicles). These establishments may provide access to facilities, such as washrooms, laundry rooms, recreation halls and facilities, and stores and snack bars.
- **721212<sup>72</sup>**: *Hunting and Fishing Camps* – These establishments provide a range of services, such as access to outpost camps or housekeeping cabins, meals and guides, and they may also provide transportation to the facility, and sale of food, beverages, and hunting and fishing supplies.
- **721213<sup>73</sup>**: *Recreational (except Hunting and Fishing) and Vacation Camps* – These establishments are primarily engaged in operating overnight recreational camps, such as children's camps, family vacation camps, and outdoor adventure retreats that offer trail riding, white-water rafting, hiking and similar activities. These establishments provide accommodation facilities, such as cabins and fixed campsites, and other amenities, such as food services, recreational facilities and equipment, and organized recreational activities.

The target population consists of all statistical establishments classified as **traveller accommodation services** according to the North American Industrial Classification System (NAICS 721) during the reference year 2002. Data users who wish to learn more about NAICS, its underlying principles, and many of the other statistical concepts discussed in this brief summary, are referred to the Introduction section of the Statistics Canada publication "North American Industrial Classification System: Canada 1997" (catalogue number 12-501).

The objective of the Traveller Accommodation Survey is to provide estimates for the whole industry. The portion of the population eligible for sampling was defined as all statistical establishments with revenue above \$50,000. The main motivation for the exclusion of unincorporated firms and incorporated firms below \$50,000 from direct data collection was to achieve major reductions in the response burden. The excluded portion represents a substantial proportion of the whole industry in terms of number, but its contribution to the overall estimate is modest at under 10%. Firms below the exclusion thresholds are still part of the universe, but their contribution is accounted for in the final estimates through the use of administrative records as proxy data. Only basic information can be obtained from this source, including: total revenue, expenses, depreciation, and wages, salaries and benefits.

The frame is the list that identifies the firms classified to the industry in question. The frame is maintained by Statistics Canada's Business Register, using taxation account information (i.e. income tax, goods and services tax and payroll deductions records) submitted to Canada Customs and Revenue Agency. Provincial tourist accommodation guides and other directories, and internet newswire services are also used to ensure establishments are correctly identified prior to sample selection and survey mailout.

<sup>70</sup> Formerly SIC 9121 under the Standard Industrial Classification System – Lodging Houses and Residential Clubs.

<sup>71</sup> Formerly SIC 9131 under the Standard Industrial Classification System – Camping Grounds and Travel Trailer Parks

<sup>72</sup> Formerly SIC 9141 under the Standard Industrial Classification System – Outfitters (Hunting and Fishing Camps

<sup>73</sup> Formerly SIC 9149- under the Standard Industrial Classification System – Other Recreation and Vacation Camps

**Table I**

<b>COVERAGE RATE BY INDUSTRY, 2002</b>	<b>2002 SURVEY SAMPLE SIZE</b>	<b>2002 REPORT PANEL</b>	<b>2002 PANEL COVERAGE RATE</b>
Hotel and Motor Hotel	1,268	744	58.7%
Motel	663	307	46.3%
Other Accommodation	1,044	416	39.8%
<b>Total Establishments</b>	<b>2,975</b>	<b>1,467</b>	<b>49.3%</b>

*Note: Panel coverage rate equals questionnaires mailed back and accepted as complete divided by the total number of establishments sampled.*





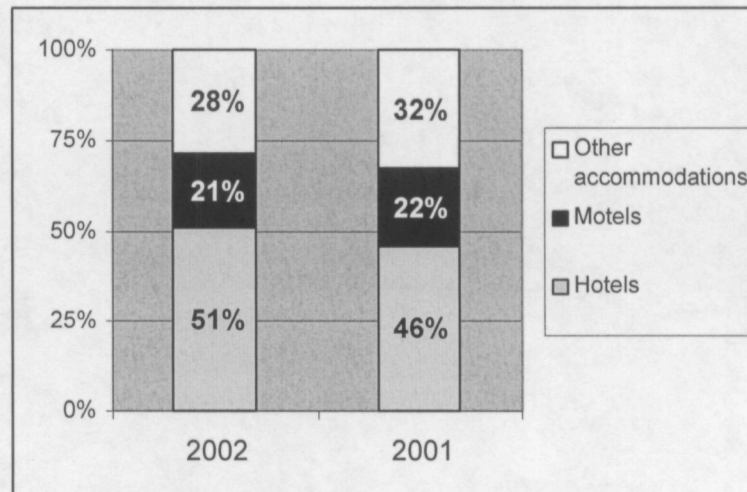
## Appendix E: Description of the Panel of Surveyed Establishments

In 2002, there were 1,427 respondents in the survey panel. Figure 1 shows that hotels accounted for 51% of the survey respondents, motels 21% and the other accommodation group accounted for 28% of the panel.

Close to half of the hotels (46%) in the 2002 survey panel were located centrally, and another 47% of the hotels in the panel were either located along the highway or in a rural or a suburban setting. Only 7% of the hotels in the survey panel were located near an airport.

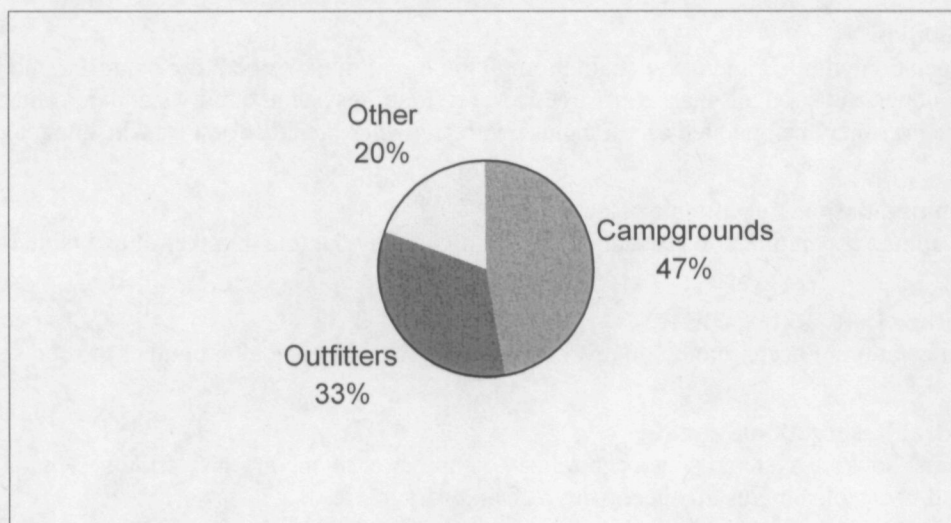
In 2002, one in three motels was located along the highway, and one in four motels in the suburbs. Motels, with a central or downtown location, made up 28% of the surveyed establishments.

**Figure 1**  
**The Percentage Share of Hotels, Motels and Other Accommodations in the Survey Panel, 2002 and 2001**



In 2002, close to half of the “other accommodations” industry group was made up of campgrounds (47%) while outfitters made up one-third of the establishments in the survey panel (Figure 2). The remaining 20% of the establishments in this industry group include bed and breakfasts (NAICS 721191), cottages and cabins (NAICS 721192) and rooming and boarding houses (NAICS 721310).

**Figure 2**  
**Other Accommodations in the Survey Panel, 2002**



The relative shares of the industry groups (hotel, motels and other accommodations) show a similar pattern in 2001 and 2002 (Figure 1). There were 1,467 establishments in the survey panel of traveller accommodation businesses in 2002 (Table 1) and 2,011 in 2001. Table 1 shows that there were 905 establishments which reported in 2001 and 2002. The greater the number of common reporting establishments in 2001 and 2002, the greater the reliability of the trends emerging from the year over year comparison of the panel data. Over half (58%) were hotels, while 20% were motels and the remaining 22% accounted for the other accommodations.

**Table 1**  
**Number of Common Establishments**  
**Reporting in 2001 and 2002**

All Traveller Accommodation	905
Hotels and Motor Hotels	520
Motels	182
Other Accommodations	203

Table 2 indicates the portion of total revenue covered by the 2002 survey panel based on the 2001 accommodation services industry aggregates. The unweighted survey panel covers close to half of the total revenues of the traveller accommodation industry, at 45.8%.

**Table 2: Industry Coverage By Revenue, 2002**

	2002 PANEL	2002 PANEL REVENUE (MILLIONS \$)	2002 TOTAL INDUSTRY REVENUE (MILLIONS \$)	ESTIMATED PANEL COVERAGE
Other Accommodations	416	311.6	1,489.2	20.9%
Accommodation Total	1,467	5,848.8	12,766.2	45.8%

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## Appendix F: Glossary of Terms

### **Affiliation**

Association with a brand name chain through the use of market operating name and management techniques and services, marketing practices, reservation system, quality standards and training, etc. A business may be operated as a franchise with an owner-manager or a franchise-manager.

### **Accommodation Revenue per Room**

The annual accommodation revenue received divided by the total number of available rooms.

### **Average Daily Rate (ADR)**

A calculation of accommodation revenue per day divided by the total number of rooms sold.

### **Central Reservation System**

A guest booking system using a centralized computer or telephone answering system. This is usually found in establishments affiliated with a chain or franchise.

### **Depreciation**

The proportion of the book value of tangible fixed assets that are charged to the current year for bookkeeping purposes. This would include any amortization of leasehold improvements.

### **Economy Accommodation**

Basic accommodation provided with minimal or no facilities, amenities and guest services.

### **Establishment**

A statistical concept used to denote the smallest business unit capable of providing a basic set of industrial statistics (e.g. a mine, store, factory, hotel, farm, airline).

### **Full-time, Full-year Employee**

A regular employee who worked more than 30 hours per week for a full year as observed by the business.

### **Full-time, Seasonal Employee**

A regular employee who worked more than 30 hours per week for only part of the year (seasonal) as observed by the business.

### **Gross Operating Profit per Available Room (GOPPAR)**

This is calculated by dividing an establishment's total gross operating profit (GOP) by the total number of rooms available per year.

### **Large Size Properties**

Properties with 200 or more rooms (units) for hotels and motor hotels, and 100 or more rooms (units) for motels and other accommodation.

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**Luxury Accommodation**

The highest standard of accommodation that offers an extensive range of facilities, amenities and guest services.

**Meals & Alcoholic Beverages per Room**

Total annual revenue received from meals and alcoholic beverages divided by the total number of available rooms.

**Medium Size Properties**

Properties with 50 to 199 rooms (units) for hotels and motor hotels, and 50 to 99 rooms (units) for motels and other accommodation.

**Mid-scale Accommodation**

Basic accommodation provided with some amenities, but limited facilities and guest services.

**Occupancy Expenses**

The total cost of rent or lease of land and buildings, heat, hydro, water, insurance, taxes, permits and licenses.

**Occupancy Rate**

The total number of units occupied divided by the total number of units available for a given reporting period, normally expressed as a percentage.

**Operating Margin**

A financial performance measure calculated by dividing the difference between operating revenue and operating expenses (operating profit/loss) by total operating revenue. Interest (both long-term and short-term) and depreciation are excluded from operating expenses.

**Part-time, Full-year employee**

One who is employed for less than 30 hours per week for a full-year as observed by the business.

**Part-time, Seasonal employee**

One who is employed for less than 30 hours per week for only part of the year (seasonal) as observed by the business.

**Profit**

A financial performance measure calculated by dividing the difference between total revenue and total operating expenses (gross profit/loss) by total revenue. Depreciation and interest expense on short-term loans are included. (Interest on long-term loans and mortgages are excluded as well as other non-operating expenses such as write-offs, valuation adjustments and capital losses).

**Rating System**

Quality rankings of accommodation, based on the range and the standard of its amenities, facilities and services using a star or other similar rating system.



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**Reference Year**

For the 2002 Annual Survey of Traveller Accommodation, businesses are asked to report for the calendar year or for the most recently completed fiscal year ending no later than March 31, 2003.

**Revenue per Available Room (RevPAR)**

A calculation of accommodation revenue per day divided by the total number of available rooms. It is also calculated by multiplying the occupancy rate by the average daily room rate (ADR).

**Salaries, Wages and Benefits**

Include the commissions, bonuses, vacation pay, and employers' contributions to pension, medical, unemployment insurance and worker's compensation plans.

**Salary Dollars per Room**

The annual labour costs divided by the total number of available rooms.

**Small Size Properties**

Properties with up to 49 rooms (units) for all types of accommodation.

**Total Revenue per Room**

Total annual operating revenue received divided by total available rooms.

**Upscale Accommodation**

More comfortable and attractive accommodations provided along with a broad range of facilities, amenities and services.