



Tourism Snapshot

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

Key highlights

- Overnight trips from CTC's key overseas markets edged up 1.8% in June 2012 while arrivals from non-CTC key overseas markets contracted 1.2% compared to the same month last year.
- Overnight trips from CTC's emerging/transition markets (+7.7%) more than offset the drop in core markets (-1.4%) that resulted from a significant retrenchment in German arrivals (-12.6%).
- Led by arrivals of US tourists by automobiles (+9.3%), the upturn in US overnight trips prevailed in June, constituting a 7th consecutive month (+5.5% in June) of growth and surpassing levels in overnight arrivals for June last achieved in 2008.
- China maintained its upward trend (+22.7%) while overnight arrivals from India contracted (-2.1%) for the first time after twelve months of continuous gains.



Tourism review Inbound highlights

Overnight trips to Canada

	June 2012	12/11 June % Change	Jan. - June 2012	Year-to-date % Change
United States				
Automobile	879,861	9.3	2,755,511	5.7
Plane	434,671	0.6	1,595,063	2.9
Other	225,589	0.8	513,368	3.8
US Total	1,540,121	5.5	4,863,942	4.6
Core Markets				
UK	82,826	1.4	285,070	-1.8
France	44,583	3.5	181,993	2.5
Germany	37,996	-12.6	124,566	0.5
Australia	32,342	-	113,222	1.0
Core Total	197,747	-1.4%	704,851	0.2%
Emerging/ Transition Markets				
Japan	21,552	16.2	91,066	15.8
South Korea	16,398	-10.9	61,434	-10.3
Mexico	15,786	4.4	64,819	10.8
Brazil**	9,972	14.9	40,211	10.8
China	30,797	22.7	113,350	24.2
India**	20,542	-2.1	74,300	12.3
Emerging/ Transition Total	115,047	7.7%	445,180	11.5%
CTC Overseas Key Markets	312,794	1.8%	1,150,031	4.3%
Other Overseas Countries	222,327	-1.2%	735,027	2.3%
Non-US Countries	535,121	0.5%	1,885,058	3.5%
Total Countries	2,075,242	4.1%	6,749,000	4.3%

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

** India and Brazil are added to the CTC key markets

International trips

- Canada received over 2 million international visitors during the month of June 2012, a 4.1% increase over the same month in 2011;
- Overall arrivals from CTC's core markets (the UK, France, Germany and Australia) recorded three consecutive monthly decline in June (-1.4%), bringing the total for the first six months to 704,851 overnight visitors, up by a marginal 0.2% over the same period last year;
- In contrast, overall arrivals from CTC's emerging/ transition markets (Japan, South Korea, Mexico, Brazil, China and India) averaged more consistent growth (up 7.7% in June), bringing the total for the first six months to 445,180, a double-digit increase of 11.5% relative to last year.

United States

- In June, the number of overnight arrivals from the US grew 5.5%, largely as a result of a 9.3% increase in auto travel;
- Year to date June, overnight trips to Canada by US residents increased 4.6% to reach 4.9 million arrivals;
- Ontario captured the greatest number of arrivals by US visitors in June with 775,981 entries (up 9.0%), followed by British Columbia (+2.8%) which reached 385,070 entries.

Core Markets

- France and the UK returned to positive territory, increasing 3.5% and 1.4% respectively, while Germany fell into negative territory with a 12.6% decline;
- Overnight arrivals from Australia remained at the same level relative to the same month a year earlier;
- Year to date June, overnight arrivals from CTC's core markets remained relatively flat with a 0.2% increase over 2011. A 1.8% decrease in arrivals from the UK was offset by increases made by France (+2.5%), Australia (+1.0%) and Germany (+0.5%).

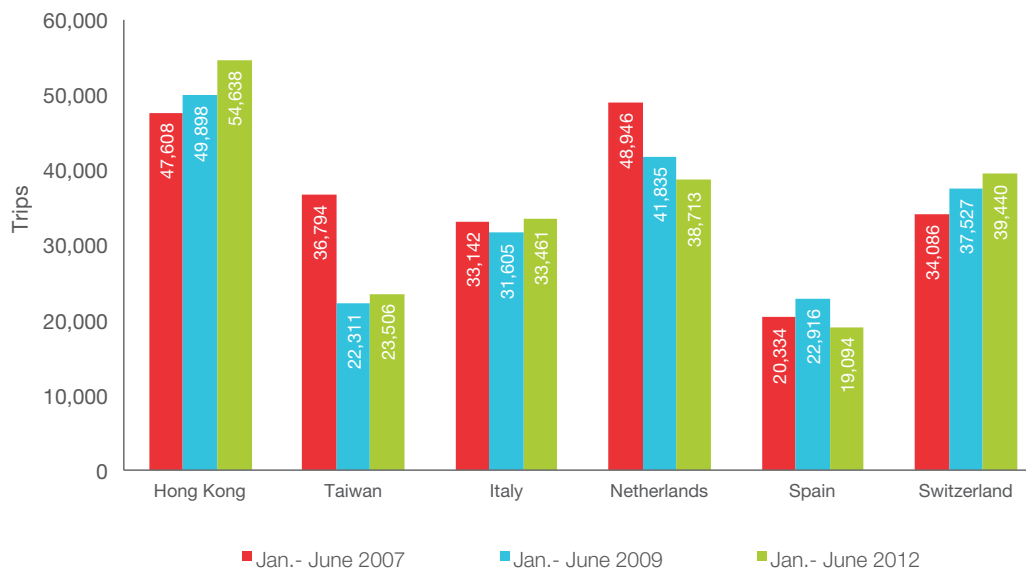
Emerging/ Transition Markets

- China maintained its upward trend with a 22.7% gain while growth in overnight arrivals from India dipped 2.1% below the same month 2011;
- Confirming Japan's recovery from the 2011 March disasters, overnight arrivals posted a 16.2% year-over-year growth, while South Korea continued to struggle with a 10.9% drop;
- Brazil stayed in positive territory with a 14.9% increase; likewise overnight arrivals from Mexico grew 4.4% compared to the same month in 2011;
- Year to date June, the number of overnight trips from CTC's emerging/transition markets grew 11.5% with all of markets posting double-digit growth excepting South Korea, down 10.3%.

Market Watch

- In June, all of the secondary markets experienced year-over-year negative growth with Spain recording the largest decline (-16.2%) followed by Taiwan (-14%);
- Year to date June 2012, Switzerland and Italy were the only markets to stay in positive territory, up 1.2% and 0.3% respectively;
- When compared to year-to-date result for June 2007, Switzerland saw the largest gain in overnight arrivals (+15.7%) followed by Hong Kong (+14.8). Taiwan and Netherlands posted significant declines, down 36.1% and 20.9% respectively.

Overnight trips to Canada, by selected markets



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

Overnight trips to Canada, by selected markets

	June 2012	12/11 June % Change	Jan. - June 2012	Year-to-date % Change
Italy	11,406	-2.9	33,461	0.3
Netherlands	12,115	-8.9	38,713	-4.4
Spain	7,094	-16.2	19,094	-5.3
Switzerland	12,139	-4.0	39,440	1.2
Hong Kong	14,528	-11.6	54,638	-2.8
Taiwan	7,628	-14.0	23,506	-7.5

Competitive review (January - May 2012)

International Travel (in thousands)

Trips From:	Trips To:					
	Canada		United States		Australia	
		12/11 Change		12/11 Change		12/11 Change
Total International	4,673	4%	25,132	6%	2,461	3%
United States	3,324	4%	198	4%
Canada	...		8,825	4%	55	2%
Core Markets						
United Kingdom	202	-3%	1,422	-2%	263	-4%
France	137	2%	576	5%	37	4%
Germany	87	8%	716	12%	62	-3%
Australia	81	2%	403	6%
Emerging/ Transition Markets						
Japan	70	16%	1,412	14%	139	7%
South Korea	45	-10%	486	12%	84	1%
Mexico ¹	49	13%	5,376	5%
Brazil	30	10%	674	19%	13	3%
China	83	25%	524	43%	281	15%
India	54	19%	305	12%	68	5%
Total Key Markets	4,161	4%	20,718	6%	1,200	4%

...Not applicable. or data not available.

¹ US figures for Mexico include arrivals to interior only.

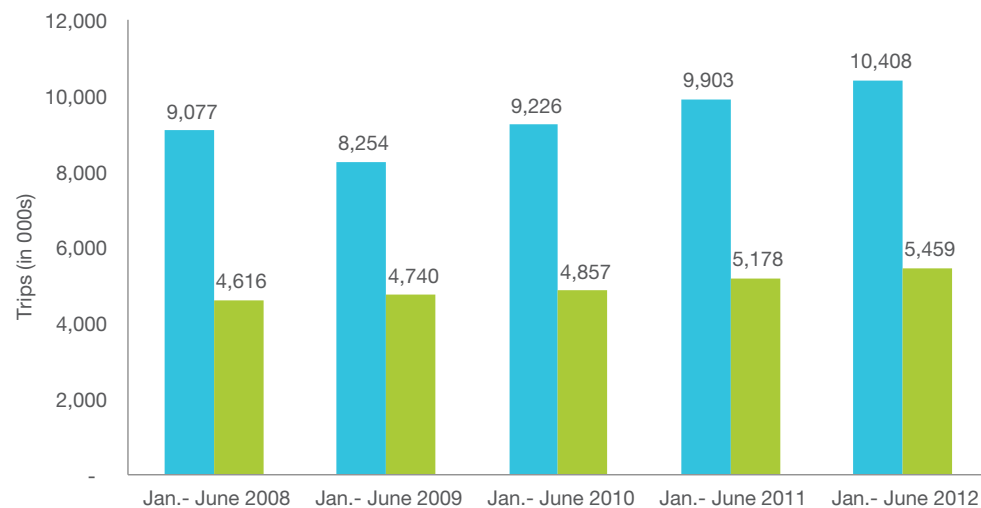
Note: Statistics Canada preliminary figures.

Sources: Statistics Canada; Tourism Australia, ITA Office of Travel and Tourism Industries (USA).

- Year to date May, total international travel to the US grew 6%; likewise, Canada and Australia registered growth in international arrivals, up 4% and 3% respectively;
- France performed generally well with overnight arrivals to the US, Australia and Canada, respectively posting growth of +5%, 4% and 2%;
- In contrast, June overnight arrivals from the UK to Australia, Canada and the US were down, -4%, -3% and -2% respectively;
- More Germans travellers came to North America (US +12%, Canada +8%) while fewer trips were made to Australia (-3%);
- Canada outperformed the US (+14%) and Australia (+7%) in overnight arrivals from Japan, posting a 16% increase;
- South Korean tourists made more trips to the US (+12%) while Canada received fewer tourists from South Korea (-10%);
- The US posted a notable 19% increase in visitation from Brazil, outperforming both Canada (+10%) and Australia (+3%).
- Although Canada and Australia recorded gains in arrivals from China, up 25% and 15%, the US outperformed both competitors with a remarkable 43% increase;
- In terms of growth in overnight arrivals from India, Canada (+19%) outperformed both the US (+12%) and Australia (+5%).

Canadian outbound trips

Overnight trips by Canadians



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

- After a slight drop in May, Canadian outbound travel returned to buoyant territory in June, up 8.4% and realising over 2 million trips;
- The number of Canadians visiting the US during the month of June grew 8.9% to 1.6 million trips;
- Likewise, Canadian overnight travel to overseas destinations (excluding the US) registered a 7% increase, totalling 595,006 trips;
- Year to date June, outbound trips by Canadians grew 5.2%, reaching almost 16 million overnight trips;
- In June, the largest re-entry of Canadians from the US occurred through Ontario, with 678,051 entries (+6.0%), followed by British Columbia (+14.8%), Québec (+8.7%) and Alberta (+9.5%);
- The largest re-entry of Canadians from overseas markets (excluding the US) in June were recorded in Ontario (298,451 entries/ +4.6%), followed by Québec (+3.0%) and British Columbia (+20.6%).

Overnight trips by Canadians

	June 2012	12/11 June % Change	Jan. - June 2012	Year-to-date % Change
United States	1,582,366	8.9	10,407,939	5.1
Other Countries	595,006	7.0	5,458,751	5.4
Total Trips from Canada	2,177,372	8.4	15,866,690	5.2

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

Consumer outlook

Consumer confidence

- **Canada:** The Index of Consumer Confidence continues to fluctuate—a reflection of the uncertainty facing the Canadian and global economies. After rising steadily in the first quarter, the index reversed course sharply in April, rose in May, and then fell again in June, dropping 6.8 points to 74.0 (2002 = 100).
- **USA:** The Conference Board Consumer Confidence Index®, which had declined in May, fell further in June. The Index now stands at 62.0 (1985=100), down from 64.4 in May.

Sources: Consumer Confidence Index, the Conference Board (USA); and Index of Consumer Confidence, the Conference Board of Canada.

Accommodations

- In June 2012, the National Occupancy Rate edged up 1.0 point over the previous year to 69.1%. Alberta posted the largest increase (+4.3 points) while the Northwest Territories experienced the largest decline (-16.2 points);
- Year-to-date June, the National Occupancy Rate grew by a moderate 1.2 points, reaching 59.1%. Alberta registered the largest increase (+4.1 points) followed by Newfoundland (+3.2 points);
- Year to date June, the National Average Daily Rate grew to \$127.07, up 1.6% compared with the same period in 2011. Northwest Territories, Québec, Newfoundland, Alberta and British Columbia posted rates higher than the Average Daily Rate;
- During the first six months of 2012, the Average Revenue per Available Room (RevPAR) was \$75.15 (up 3.7%) with Alberta posting the strongest growth (+11.5%) followed by Newfoundland (+11.0%).

Canadian Occupancy Rates, By Province*

	June 2012	12/11 Change [^]	Jan.-June 2012	Year-to-date Change [^]
Alberta ¹	69.8	4.3	64.1	4.1
British Columbia	65.7	-2.8	57.3	0.4
Saskatchewan	74.1	2.7	67.2	0.8
Manitoba	68.6	-5.8	62.5	-2.4
Ontario	69.9	2.0	58.5	0.8
Quebec	72.6	1.5	59.2	0.5
New Brunswick	58.4	-2.0	50.7	0.4
Nova Scotia	66.2	-1.0	56.2	0.6
Newfoundland	80.0	-2.3	64.6	3.2
Prince Edward Island	48.0	-5.3	39.4	-4.7
Northwest Territories	63.3	-16.2	62.8	-4.1
Yukon	91.3	1.3	68.0	0.4
Canada	69.1	1.0	59.1	1.2

* Note: Based on the operating results of 223,223 rooms (unweighted data).

[^] Percentage points.

¹ Excluding Alberta resorts.

Source: PKF Consulting Inc. with reproduction and use of information subject to PKF Disclaimer and Restrictions as detailed at www.pkfcanada.com.

Economic indicators Q1 2012 – Q2 2012

- GDP growth in France and the UK deteriorated in the second quarter of 2012, while the German economy continued its growth at a slightly slower pace. The escalating crisis in the Eurozone has the potential to have a significant impact on the global economy, including emerging markets such as China, India and Brazil.
- The economies in China and Brazil respectively expanded by 10.3% and 4.1% in 2012 Q2 compared with the previous quarter, while the Indian economy shrunk with Q2 GDP contracting by 6.7% relative to the previous quarter;
- In Q2 2012, India's inflation rate rose 10.1% while inflation rates slowed relative to the first quarter in all other key CTC markets.
- Compared to the first quarter 2012, Canadian dollar appreciated during the second quarter relative to the currencies from Mexico, Brazil, France, Germany, Australia and India, thereby making Canada a more expensive travel destination for visitors from these countries, while the US and the UK gained in purchasing power from their currency appreciating against the Canadian dollar.

Economic Indicators, Q1 2012 – Q2 2012

America	Canada		USA		Mexico		Brazil	
	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012
Real GDP growth (q/q, %)	0.5	0.4	0.5	0.4	1.3	0.6	-3.2	4.1
Consumer Price Index (yoy,%)	2.4	1.5	2.8	1.9	3.9	3.9	5.8	5.0
Exchange Rate (1LCU:C\$)	1.000	1.000	1.001	1.010	0.0772	0.0747	0.567	0.516

Europe	France		Germany		UK	
	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012
Real GDP growth (q/q, %)	0.0	-0.3	0.5*	0.3*	-0.3	-0.7
Consumer Price Index (yoy,%)	2.3	2.0	2.2	1.9	3.5	2.7
Exchange Rate (1LCU:C\$)	1.313	1.296	1.313	1.296	1.573	1.598

Asia Pacific	Australia		China		Japan		South Korea		India	
	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012	Q1 2012	Q2 2012
Real GDP growth (q/q, %)	1.3	0.2	-26.0	10.3	1.2	0.2	0.9	0.4	4.1	-6.7
Consumer Price Index (yoy,%)	1.6	1.2	3.8	2.9	0.3	0.2	3.0	2.4	7.2	10.1
Exchange Rate (1LCU:C\$)	1.057	1.021	0.159	0.160	0.0126	0.0126	0.0009	0.0009	0.0200	0.0187

Source: Oxford Economics

* The Federal Statistical Office, Germany
Bank of Canada

Note: Exchange rates, average of 20-22 days / January - June 2012.

CTC Market Research & Evaluation