



# Travel-log

Winter 2001

## Canada's competitiveness in the US travel market

By Monique Beyrouti

International travel has been growing steadily since 1950. The same is true of the number of international destinations. According to the World Tourism Organization (WTO), a mere 15 countries accounted for all tourist arrivals in 1950. A half-century later, in 1999, over 70 countries and territories received more than one million international tourists. The 15 leading countries accounted for just two thirds of total arrivals. Between 1950 and 1999, international arrivals grew at an average annual rate of 7%.

Competition in the travel market between countries, economic and political conditions, the cost of energy and demographic shifts such - as population ageing and the change in family structure - are among the factors affecting the international tourist trade and travellers' preferences.

As international tourist destinations, countries have to adjust if they want to attract more travellers or even keep their market share. Canada is no different.

The United States has always been the biggest source of foreign tourists for Canada. In 1999, Americans accounted for 78% of all foreign overnight travel to Canada and 59% of expenditures. Yet between 1990 and 1997, growth in travel from the US was slower in Canada than elsewhere. Trips by Americans for pleasure and to visit friends and relatives in Canada, as a proportion of all travel to Canada were down between 1990 and 1997. At the same time, however, the proportion of the same type of travel has increased when Americans travelled in their country or in overseas countries. In addition, the proportion of family travel to Canada by Americans declined during the same period.

Have Americans changed their travel habits? Is Canada losing ground as a competitor in the international pleasure travel market?

To better understand the changes occurring in the US market, we will first compare the main characteristics of American travellers to Canada in 1990 and 1997. Then we will compare the characteristics of family travel and of non-family travel separately in 1990 and 1997.



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## Methodology

### Data Sources

The data on trips to Canada by US residents are from the International Travel Survey (ITS). The ITS has two components: the count of vehicles and travellers entering Canada at border crossings, and the questionnaire used to collect information on travel characteristics and expenditures. ITS data can be used to prepare detailed profiles of selected populations. We have combined those results with data from the U.S. Department of Commerce, International Trade Administration, Tourism Industries to study the patterns of family travel to Canada by Americans.

### Variables

The variable used in the ITS to define family travel is travel party composition. It can take the following values: one adult travelling alone, two adults travelling together, three or more adults travelling together, one adult travelling with children, two adults travelling with children, or three or more adults travelling with children. Tabulations were performed to obtain travel parties composed of adults only and travel parties composed of adults travelling

with children. For the purposes of this analysis, any travel by at least one adult with at least one child was deemed to be family travel, even if the parental relationship between the former and the latter was undetermined. Unless otherwise noted, the data used refer to overnight visits only.

### Data quality

The sizes of the ITS samples used to estimate overnight travel to Canada by Americans are shown in the table below:

### Number of questionnaires

|      | Adults<br>travelling<br>alone | Adults<br>travelling<br>with<br>children |
|------|-------------------------------|--|
| 1990 | 31,279                        | 3,157                                    |
| 1997 | 20,036                        | 2,071                                    |
| 1999 | 19,502                        | 1,938                                    |

Only a small proportion of international travellers complete an ITS questionnaire therefore results are weighted using border-crossing counts. Nevertheless, they may be subject to bias.

Finally, we will use the 1999 annual data from the International Travel Survey (ITS) to paint a picture of US family and non-family travel to Canada.

## A few facts about US travellers

US residents are great travellers. With nearly 53 million overnight trips outside the US and expenditures<sup>1</sup> of US\$51.2 billion in other countries in 1997,<sup>2</sup> they are the tourists who spend the most in other countries.

Over the last decade, international travel made up about 4% of total overnight travel by Americans, with the remaining 96% of trips occurring within the United States. In 1997, Canada was the destination of 25% of all international trips, a decline of two percentage points from 1990. During that period, the share of international travel to overseas countries increased from 36% to 41% (Table 1).

While Canada fared well world-wide in 1997, ranking ninth in international

arrivals, compared with tenth in 1990, its popularity with Americans seemed to dwindle between 1990 and 1997.

The ITS shows that between 1990 and 1997, overall US travel to Canada grew by 9%, while Overseas travel by Americans jumped 35%. US travel to Asia in particular was up 57%.

While overall international travel to East Asia and the Pacific declined in 1997 because of the economic crisis, Americans visited the region in large numbers, probably to take advantage of the devaluation of Asian currencies, which translated into lower costs for foreign visitors.

Americans also travelled more often in their own country, as the number of trips, regardless of duration, rose 31% between 1990 and 1997.<sup>3</sup>

<sup>1</sup> Excluding transportation.

<sup>2</sup> Source: World Tourism Organization.

<sup>3</sup> Source: Travel Industry Association of America, Washington, DC, National Travel Survey, annual.



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### Subscription Information

#### All prices exclude sales tax

This product, Catalogue no. 87-003-XPB, is published quarterly as a standard printed publication at a price of CDN \$13.00 per issue and CDN \$42.00 for a one-year subscription. ISSN 0713-2840

The following additional shipping charges apply for delivery outside Canada:

|                        | Single issue | Annual subscription |
|------------------------|--------------|---------------------|
| <b>United States</b>   | CDN \$ 6.00  | CDN \$ 24.00        |
| <b>Other countries</b> | CDN \$ 10.00 | CDN \$ 40.00        |

This product is also available in electronic format on the Statistics Canada Internet site as Catalogue no. 87-003-XIE at a price of CDN \$5.00 per issue and CDN \$16.00 for a one-year subscription. To obtain single issues or to subscribe, visit our Web site at:

**www.statcan.ca**, and select Products and Services.

ISSN 1209-1340

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences – Permanence of Paper for Printed Library Materials, ANSI (Z39.48 – 1984.)



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### Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Table 1

**U.S. Residents Travelling to Foreign Countries**

Trips of One or More Nights

|                        | 1990          | 1997          | 1997/1990 | 1990       | 1997       |
|------------------------|---------------|---------------|-----------|------------|------------|
|                        | '000          |               | % Change  | Share %    | Share %    |
| <b>Total</b>           | <b>44,623</b> | <b>52,735</b> | <b>18</b> | <b>100</b> | <b>100</b> |
| Canada                 | 12,252        | 13,401        | 9         | 27         | 25         |
| Mexico                 | 16,381        | 17,700        | 8         | 37         | 34         |
| Total overseas         | 15,990        | 21,634        | 35        | 36         | 41         |
| Europe                 | 8,043         | 9,800         | 22        |            |            |
| Caribbean <sup>1</sup> | 3,230         | 3,851         | 19        |            |            |
| Asia <sup>1</sup>      | 2,542         | 3,981         | 57        |            |            |

<sup>1</sup> U.S. Resident Travel to Overseas Countries-Historical Variation - Outbound 1988 - 1998 (one or more nights).

Source: U.S. Dept. of Commerce, International Trade Administration, Tourism Industries, Internet Site: <http://www.tinet.ita.doc.gov/view/f-1998-11-001/index.html>

Hence, the sluggishness of the US economy following the 1991 recession does not appear to have deterred Americans much from travelling, either within or outside their country, with the exception of Canada. Despite an increasingly favourable exchange rate between 1990 and 1997 (the value of the loonie dropped from 85.8 US cents in 1990 to 72.3 cents in 1997<sup>4</sup>), Americans did not head for Canada in droves.

### Principal changes in the characteristics of US travel to Canada, 1990-1997

#### Less travel by Middle Atlantic residents

Residents of the Middle Atlantic region, the second largest source of travellers bound for Canada, made 11% (Table 2) fewer trips to Canada and 13% fewer visits to Ontario, their most common destination, in 1997 than in 1990.

Table 2

**U.S. Trips to Canada by Region of Residence**

Trips of One or More Nights

|                    | 1990          | 1997          | 1997/1990 |
|--------------------|---------------|---------------|-----------|
|                    | '000          |               | % Change  |
| <b>Total</b>       | <b>12,252</b> | <b>13,401</b> | <b>9</b>  |
| New England        | 1,274         | 1,429         | 12        |
| Middle Atlantic    | 3,081         | 2,732         | -11       |
| South Atlantic     | 893           | 1,144         | 28        |
| East North Central | 3,128         | 3,361         | 7         |
| West North Central | 758           | 855           | 13        |
| East South Central | 236           | 231           | -2        |
| West South Central | 316           | 458           | 45        |
| Mountain           | 399           | 646           | 62        |
| Pacific            | 2,062         | 2,433         | 18        |
| Other States       | 104           | 113           | 9         |

Source: International Travel Survey.

Quebec and all the Eastern provinces experienced sharp decreases in the number of visitors from the Middle Atlantic region. The Western provinces, on the other hand, enjoyed substantial growth.

Since their surge of interest in Canada in 1990, the region's residents have steadily reduced their share of total travel by Americans to Canada. As Table 3 shows, only 20% of US travel to Canada in 1997 was by Middle Atlantic residents, compared with 25% in 1990.

During the same period, there were large increases in travellers from the Mountain (62%) and South Atlantic (28%) regions. Mountain residents made 42% more visits to British Columbia, the province they visit most.

Table 3

**Share of U.S. Trips to Canada by Region of Residence**

Trips of One or More Nights

|                    | 1990       | 1997       |
|--------------------|------------|------------|
|                    | %          |            |
| <b>Total</b>       | <b>100</b> | <b>100</b> |
| New England        | 10         | 11         |
| Middle Atlantic    | 25         | 20         |
| South Atlantic     | 7          | 9          |
| East North Central | 26         | 25         |
| West North Central | 6          | 6          |
| East South Central | 2          | 2          |
| West South Central | 3          | 3          |
| Mountain           | 3          | 5          |
| Pacific            | 17         | 18         |
| Other States       | 1          | 1          |

Source: International Travel Survey.

### Population ageing has major impact on travel

One of the key changes in the US population that travelled to Canada between 1990 and 1997 has to do with the age of the visitors, as shown in Table 4. Population ageing resulted in a sharp increase in travellers aged 45 and over, while travel declined in almost all younger age groups, especially the 20-24 group. In fact, the bulk of the growth in travel to

<sup>4</sup> Source: Bank of Canada.

### A quick overview of demographic changes in the US population

- The total population of the United States was 270.3 million in 1998,<sup>5</sup> up 8.6% from 1990.
- The ageing of the baby-boomer population is causing rapid growth in the population aged 35 to 59 in particular, which expanded by 24%<sup>6</sup> between 1990 and 1998. During the same period, the number of Americans between the ages of 20 and 34 decreased by 9%.
- There were 12.9% fewer Americans in the 25-29 age group in 1998 than in 1990 and nearly 8% fewer in the 20-24 and 30-34 age groups.
- While the number of children aged 4 and under grew by a total of only 1.1% over that period, the 5-9, 10-14 and 15-19 age groups posted increases ranging from 9% to 13%.
- Within five years, the United States will have 13% more people aged 45 to 54 and 21% more residents in the 55-64 group.<sup>7</sup> The under-5, 25-34 and 35-44 age groups will shrink by 6% between 2000 and 2005.

### Americans increase their fall and winter travel

There is greater interest in trips to Canada in the first and fourth quarters, and they are gaining popularity with Americans. For example, American residents made 20% more trips in the first quarter of 1997 than in the same period in 1990. Similarly, there were 17% more American visitors in the fourth quarter of 1997 than in the last quarter of 1990 (Table 5).

This trend may be due, at least in part, to the increasing amount of advertising concerning winter trips to Canada.

### Family travel is decreasing

If we divide the US traveller population into two groups, one composed of adults only and the other of adults travelling with children, we find that the latter group is visiting Canada less.

The data indicate that overnight travel by American adults accompanied by children is not growing at the same pace as travel by adults only. In fact, there was even a slight decline (-1%) in travel with children between 1990 and 1997, whereas non-family travel expanded by 12%.

This situation resulted in a decrease in the proportion of overnight trips with children from 22%<sup>8</sup> in 1990 to 19% in 1997 (Table 6). While this ratio varies with the province visited, in every case it was lower in 1997 than in 1990.

There is some question about the impact of the many advertising campaigns conducted over the past five years to attract a growing US baby-boomer market. Although the family market is smaller than the adult market, the growing number of American families presents excellent opportunities for the Canadian tourism industry.

In the next part, we will examine the changes that occurred between 1990 and 1997 in the characteristics of the two groups (families and adults only).

<sup>5</sup> Source: U.S. Census Bureau, Current Population Reports, P25-1095; unpublished data.

<sup>6</sup> Source: U.S. Census Bureau, Current Population Reports, P25-1045; unpublished data.

<sup>7</sup> Source: U.S. Bureau of the Census, Resident

<sup>8</sup> Missing responses excluded. Population Projections: 1995 to 2050 Current Population Reports, P25-1104.

Canada by Americans is attributable to people aged 45 and over. By contrast, the largest number of travellers in 1990 were in the 35-44 age group.

Table 4

#### US Trips to Canada by Age

Trips of One or More Nights

|                           | 1990          | 1997          | 1990       | 1997       | 1997/1990 |
|---------------------------|---------------|---------------|------------|------------|-----------|
|                           | '000          |               | Share %    | Share %    | % Change  |
| <b>Total</b> <sup>1</sup> | <b>11,328</b> | <b>12,613</b> | <b>100</b> | <b>100</b> | <b>11</b> |
| Less than 2 years         | 96            | 102           | 1          | 1          | 6         |
| 2 to 11 years             | 672           | 656           | 6          | 5          | -2        |
| 12 to 14 years            | 290           | 287           | 3          | 2          | -1        |
| 15 to 19 years            | 332           | 343           | 3          | 3          | 3         |
| 20 to 24 years            | 479           | 386           | 4          | 3          | -19       |
| 25 to 34 years            | 1,543         | 1,590         | 14         | 13         | 3         |
| 35 to 44 years            | 2,532         | 2,414         | 22         | 19         | -5        |
| 45 to 54 years            | 2,211         | 2,742         | 20         | 22         | 24        |
| 55 to 64 years            | 1,737         | 2,091         | 15         | 17         | 20        |
| 65 to 74 years            | 1,174         | 1,594         | 10         | 13         | 36        |
| 75 years and over         | 261           | 407           | 2          | 3          | 56        |

<sup>1</sup> The total excludes not stated.  
Source: International Travel Survey.

Table 5

#### U.S. Trips to Canada by Quarter

Trips of One or More Nights

|                | 1990          | 1997          | 1997/1990 |
|----------------|---------------|---------------|-----------|
|                | '000          |               | % Change  |
| <b>Total</b>   | <b>12,252</b> | <b>13,401</b> | <b>9</b>  |
| First Quarter  | 1,406         | 1,693         | 20        |
| Second Quarter | 3,324         | 3,480         | 5         |
| Third Quarter  | 5,558         | 5,939         | 7         |
| Fourth Quarter | 1,964         | 2,289         | 17        |

Source: International Travel Survey.

Table 6

**U.S. Trips to Canada by  
Composition of Travelling Party**  
Trips of One or More Nights

|                           | 1990          | 1997          |
|---------------------------|---------------|---------------|
|                           | '000          |               |
| <b>Total</b> <sup>1</sup> | <b>11,328</b> | <b>12,613</b> |
| Adults with children      | 2,466         | 2,435         |
| Adults only               | 8,862         | 10,178        |
| Distribution:             | %             |               |
| <b>Total</b> <sup>1</sup> | <b>100</b>    | <b>100</b>    |
| Adults with children      | 22            | 19            |
| Adults only               | 78            | 81            |

<sup>1</sup> Total excludes not stated.

Source: International Travel Survey.

## Family travel

### Fewer trips by car

In 1997, Americans made almost 2.4 million overnight trips to Canada with children, compared with 2.5 million in 1990, a slight decline of 1%. Car travellers accounted for the whole decrease.

Air travel, which became more affordable after the signing of the Open Skies Agreement, has gained popularity with American families visiting Canada; it was the transportation mode used in 8% of overnight trips in 1997, compared with 6% in 1990. The automobile was still the most popular form of

### Total number of American families increases, but "traditional" families decline

- In 1998, nearly half (49%)<sup>9</sup> of American families had children under age 18, the same proportion as in 1990. The number of American families with children under 18 was 7.6% higher in 1998 than in 1990. Despite this increase, the proportion of married couples fell from 77% in 1990 to 72.7% in 1998.
- Between 1990 and 1998, the number of non-married couples (living common-law) grew by 48%. The number of common-law couples that had children under age 15 increased by 70.6% during the same period.
- The average size of the American family household was 3.18 persons<sup>10</sup> in 1998, unchanged from 1990.

transportation, however, accounting for 89% of the trips in 1997, compared with 93% in 1990.

The data indicate British Columbia and Alberta were the only points of entry that saw more families in 1997 than in 1990. Specifically, family travel to British Columbia was up 13% between 1990 and 1997 (Table 7). The result was a larger share of the market, as family travel grew from 16% to 19% of total US travel to the province during the period.

### Fewer family vacationers

Although vacations are still the main reason for US family travel to Canada, the frequency of such trips declined by 7% from 1990 to 1997. Despite this decline, US family trips to Canada in the first and fourth quarters actually increased.

## Combining business and pleasure

In 1990, few parents took their children on business trips. In 1997, the practice was even less common. At one time, the tourism industry had expected this market to expand, but it did not happen, at least not during the period considered here. In fact, two types of travel gained popularity with American families visiting Canada during that period. First, twice as many of them came to Canada to take part in events or see special attractions in 1997 as in 1990. This was the purpose of travel that gained the most (52%) during the period. Six trips out of 100 were for that purpose in 1997, compared with four out of 100 in 1990. Second, American families paid more visits to friends and relatives in Canada, making 17% more such trips in 1997 than in 1990.

## Family travel with one adult: expanding market

The decline in family travel is due entirely to a decrease in trips by two adults with one or more children, which made up only 55% of the family market in 1997, compared with 59% in 1990. At the same time, there was a substantial increase (33%) in the number of trips by one adult accompanied by one or more children.

In general, travel parties consisting of one adult and one or more children stay longer in Canada than parties consisting

<sup>9</sup> Source: U.S. Census Bureau, *Current Population Reports*, P20-515, and earlier reports; and unpublished data.

<sup>10</sup> U.S. Census Bureau, Statistical Abstract of the United States: 1999, Table No. 70.

Table 7

**US Trips to Canada by Province of Entry**  
Trips of One or More Nights

|                              | 1990         | 1997          | 1997/1990 |
|------------------------------|--------------|---------------|-----------|
|                              | % Change     |               |           |
| <b>Adults with children:</b> | <b>2,466</b> | <b>2,435</b>  | <b>-1</b> |
| Quebec                       | 254          | 230           | -9        |
| Ontario                      | 1,520        | 1,489         | -2        |
| British Columbia             | 405          | 457           | 13        |
| Other provinces              | 287          | 259           | -10       |
| <b>Adults only:</b>          | <b>9,785</b> | <b>10,966</b> | <b>12</b> |
| Quebec                       | 1,329        | 1,338         | 1         |
| Ontario                      | 5,155        | 5,614         | 9         |
| British Columbia             | 2,012        | 2,638         | 31        |
| Other provinces              | 1,289        | 1,376         | 7         |

Source: International Travel Survey.

### Strong increase in the number of single fathers in the United States

- Between 1990 and 1998, the number of married women in the United States grew by 4.5%, while the number of divorced women rose by 25.4%. The corresponding figures for men were 5% and 32.6%.<sup>11</sup>
- An increasing number of children aged 18 or over in the United States were still living in the home of one or both parents. There were 22 million of them in 1998, compared with 15 million in 1970.
- The growth of lone-parent families has slowed. They made up 27% of all family households with children in 1998, compared with 24% in 1990. In 1970, they accounted for only 11%.
- While the number of single mothers remained steady between 1995 and 1998, the number of single fathers jumped by 25%.

of two or more adults and children. In 1990, the difference was a little more than one night; it was somewhat smaller in 1997.

With the increasing numbers of lone-parent families, travel by one adult with one or more children certainly represents a market with good potential for growth. The tourism industry might do well to make this type of travel easier by developing products tailored to the needs of lone-parent families. For example, at present in Canada, it is almost impossible to find customized travel packages for one adult accompanied by one or more children. More often than not, family packages are designed for parties of two adults and two children.

### Non-family travel

#### Arrivals in British Columbia up sharply

In 1997, there were nearly 11 million overnight trips to Canada by adults only, 12% more than in 1990 (Table 7). Although the number of arrivals was up in most provinces in 1997, British Columbia as a point of entry benefited most, with a 31% increase. As a result, the province's share of total arrivals by adult Americans rose to 24% in 1997 from 21% in 1990.

#### Air travel gains popularity

Travel by plane increased by a hefty 36% between 1990 and 1997. It accounted for 28,0% of all trips by adults only in 1997, compared with 23% in 1990.

In contrast to travel with children, there was a drop (-14%) in the number of trips to visit friends and relatives between 1990 and 1997. Travel for pleasure or vacation grew slightly, again the opposite of the trend observed in the family market.

However, as was the case for family travel, the number of trips to participate in events or see special attractions increased sharply, more than doubling during the period.

Finally, each quarter drew more adult travellers. While the third quarter remains most popular, the largest increases were in the first (23%) and fourth (16%) quarters.

### Travel in 1999: economic recovery stimulates US trips to Canada

After the 1991 US recession, it was not until 1997 that households regained their pre-recession income level (in constant dollars). By 1999, the US unemployment rate had reached its lowest level in 30 years, 4.2%. In families with children under 18, 91%<sup>12</sup> of parents had jobs in 1998, up from 88% three years earlier. Among female lone-parent families, 72% of the women were employed in 1998, up 8 percentage points from 1995.

In the late 1990s, the strong US dollar may have contributed to a slowdown of tourism to the US, but it also appears to have stimulated travel by Americans to the rest of the world. Canada certainly benefited. The number of trips to Canada in 1998 beat the old record set during Expo 86 in Vancouver.

In just two years, from 1997 to 1999, US travel to Canada jumped 13%, four percentage points more than the total growth from 1990 to 1997 (Table 8).

Adult travel and family travel both registered strong growth. In expenditure terms, American travellers spent 33% more on Canadian soil in 1999 than in 1997.

This was very good news for the Canadian tourism industry. After years of lacklustre growth, our neighbours to the south had returned in record numbers.

Table 8  
U.S. Residents Travelling to Foreign Countries  
Trips of One or More Nights

|                        | 1999/1997  | 1999         |
|------------------------|------------|--------------|
|                        | Change     | Share        |
| %                      |            |              |
| <b>Total</b>           | <b>9.0</b> | <b>100.0</b> |
| Canada                 | 13.3       | 26.4         |
| Mexico                 | 0.2        | 30.9         |
| Total Overseas         | 13.6       | 42.7         |
| Europe                 | 18.1       | 20.1         |
| Caribbean <sup>1</sup> | 10.4       | 7.4          |
| Asia <sup>1</sup>      | 13.6       | 7.9          |

<sup>1</sup> U.S. Resident Travel to Overseas Countries - Historical Variation - Outbound 1988 - 1998 (one or more nights).

Source: U.S. Dept. of Commerce, International Trade Administration, Tourism Industries, Internet Site: <http://www.tinet.ita.doc.gov/view/f-1998-11-001/index.html>

### American traveller demographics

Population ageing has produced a surge in the number of travellers aged 45 to 54. The number of trips made by Americans in this age group increased 40% between 1990 and 1999 and their share of the visiting population rose from 19% to 22%.

However, visitors to Canada also include more young children than in the past. The number of travellers under age 2 increased 17% between 1990 and 1999.

<sup>11</sup> U.S. Census Bureau, Statistical Abstract of the United States: 1999, Table No. 1418. Marital status of the Population, by Sex: 1900 to 1998.

<sup>12</sup> Source: U.S. Bureau of Labor Statistics, New, USDL-97; and unpublished data.

Table 9  
**Selected Characteristics of U.S. Travellers to Canada, 1999**  
 Trips of One or more nights

|  | Adults only | Adults with children |
|--|-------------|----------------------|
|  | %           |                      |
| <b>Province of Entry</b>               | <b>100</b>  | <b>100</b>           |
| Ontario                                | 51          | 58                   |
| British Columbia                       | 24          | 21                   |
| Quebec                                 | 12          | 12                   |
| Other                                  | 13          | 9                    |
| <b>Mode of Transportation</b>          | <b>100</b>  | <b>100</b>           |
| Automobile                             | 58          | 86                   |
| Plane                                  | 28          | 10                   |
| Other                                  | 14          | 4                    |
| <b>Purpose of Trip</b>                 | <b>100</b>  | <b>100</b>           |
| Visiting friends or relatives          | 18          | 20                   |
| Other pleasure                         | 44          | 63                   |
| Attend events/attractions              | 7           | 5                    |
| Other                                  | 31          | 12                   |
| <b>Quarter of Entry</b>                | <b>100</b>  | <b>100</b>           |
| First                                  | 14          | 11                   |
| Second                                 | 26          | 21                   |
| Third                                  | 41          | 56                   |
| Fourth                                 | 19          | 12                   |
| <b>Composition of Travelling Party</b> | <b>100</b>  | <b>100</b>           |
| 1 adult with child (children)          | -           | 9                    |
| 2 adults with child (children)         | -           | 57                   |
| 3 adults or more with child (children) | -           | 34                   |
| 1 adult                                | 20          | -                    |
| 2 adults                               | 53          | -                    |
| 3 adults or more                       | 27          | -                    |

- Not applicable.

Source: International Travel Survey.

These very young travellers perhaps owe their early Canadian experiences to the strong, buoyant US economy. Family overnight travel expanded by 11% between 1990 and 1999 – with all of this growth occurring since 1997.

Americans travelling with children tend to use their cars: 86% of all 1999 parties with children entered the country by car (Table 9). Ontario was the most common point of entry for families with children. Nearly two-thirds were here for pleasure travel (excluding visits to friends and relatives). Over half (56%) made their trip in the third quarter.

### More solo travel

The most common American party travelling to Canadian destinations consists of two adults. However, the number of Americans travelling solo is gaining in market share: solo trips made up 16% of all overnight travel by Americans in 1999, compared with 13% in 1990. One in five of all adult-only parties in 1999 were solo travellers.

Solo or not, adults crossing into Canada without children are a different breed of traveller. In 1999, 28% of them arrived by plane, compared with only 10% of parties with children. Their trips were more uniformly spaced through the year, although the third quarter was still the most popular (41% of all trips during the year by adult parties). Provinces other than Ontario, Quebec and BC received 13% of all adult-only parties, compared with just 9% of parties with children.

### Washington State to Vancouver: the single largest flow from any state to any Canadian city

The number of residents in a given place of origin as well as the proximity and size of a metropolitan area and the attractions the area has to offer are certainly important factors in the destination selected and the number of visits from the United States.

For example, Washington State, located just south of British Columbia, is a major source of American visitors to the province. Ferries between the State of Washington and Vancouver bring a steady flow of American visitors. In fact, trips from Washington made up 34% of all US travel to Vancouver in 1999.

Between 1990 and 1999, the number of American families visiting British Columbia rose 41%, pushing up BC's share of the American family market from 16% to 21%. (Quebec also enjoyed important growth in the number of visiting families, which increased 25% from 1990 to 1999.)

The second most popular flow is from New York to Toronto and St. Catherines/Niagara. New Yorkers make up 19% and 27% of these two markets, respectively. The Toronto area also receives a large volume of travellers from Michigan.

### Ottawa-Hull boom in American visitors

The Ottawa-Hull area enjoyed the fastest growth in visits by Americans. With a resurgence of visits from its main source of tourists, New York State, and other locations, the area saw an 18% increase in visits between 1997 and 1999. The Montréal and Québec City areas also fared well, with gains of 15% and 14% respectively.

### Toronto area still the big favourite

As the location most often visited by Americans, the Toronto metropolitan area had the highest tourism receipts from the US market, \$1.08 billion in 1999. The Vancouver and Montréal areas are next, with \$638.8 million and \$597.3 million respectively.

Americans' average expenditures are also highest in the Toronto area, at \$441 per person per overnight visit.

### Solo in Hamilton...

Fully one third of visits to the Hamilton area are by solo travellers. This may be because, after Toronto, the Edmonton and Hamilton areas tied for the second highest proportion of business travel.

## ...while couples favour Halifax and Victoria

These two cities seem to appeal particularly to couples. In 1999, 59% of parties visiting the Halifax metropolitan area consisted of two adults. In the case of the Victoria metropolitan area, the proportion was 55%.

## St. Catherines/Niagara most popular destination for families

In 1999, over a third (36%) of American visitors to the St. Catherines/Niagara area were accompanied by at least one child. This was the largest proportion in Canada.

## Conclusion

Following a slow progression between 1990 and 1997, the late 1990s saw a great increase in US travel to Canada. US travellers are very diverse. One challenge of the tourism industry is to keep pace with demographic change, an important determinant of market shares. American travellers to Canada now include significant numbers of older travellers, solo travellers, travelling lone parents families.

The presence of children has a major impact on mode of travel and destination. Families and solo travellers tend to congregate at certain destinations. Specific states account for very large shares of the total travel volume to certain Canadian cities.

Traveller information of this sort is key to effective tourism development initiatives and the International Travel Survey will continue to provide insights into not only the volume of travel but also the characteristics of trips and travellers.



## Characteristics of international travellers Second quarter 2000

Overnight international travel to Canada posted the highest second-quarter results in the 26 years that international travel data have been collected. A record 5.2 million tourists arrived from foreign countries from April to June, up 5.0% from the same three months of 1999.

Seventy-seven percent, or about 4.0 million, came from the United States, a 3.4% increase from the previous year and the highest second-quarter result on record.

About 1.2 million tourists arrived from overseas countries during the second quarter, up 10.5% from the second quarter of 1999. This was the sixth consecutive quarterly increase. European and Asian markets spurred much of this growth; the number of travellers from Europe rose 7.2%, and from Asia, 12.6%.

## American visits increased in most regions

Most regions across the country enjoyed more tourism from the United States during the second quarter. British Columbia led the increases with a 7.2% gain to 980,000.

American visits to the Atlantic Provinces rose 6.0% to 254,000 in second quarter, the second highest increase. Travel to Quebec expanded 5.6% to 565,000 visits, while there was virtually no change in Ontario. Alberta recorded a 2.0% drop in visits, while Saskatchewan and Manitoba saw 4.1% increases.

The U.S. states with the strongest percentage increases in travellers to Canada during the second quarter were Massachusetts (+21.4%) and Texas (+21.7%). However, travel from New York State, the largest in terms of absolute numbers, was practically unchanged (-0.6%).

The vast majority of Americans travelled to Canada for a holiday. In second quarter, they made a record 2.2 million such trips, up 2.6% from the same quarter of 1999. Americans took 661,000 trips to see friends or relatives living in Canada, relatively unchanged from 1999. Business travel increased 5.1% to 678,000.

Americans took 2.4 million trips by car to Canada in the second quarter, up just 0.8%, but they took 6.0% more trips by air. Air travel has consistently grown

### Top 10 states of origin for U.S. tourists to Canada

|               | Second quarter<br>1999 | Second quarter<br>2000 | Second quarter<br>1999 to second<br>quarter 2000 |
|---------------|------------------------|------------------------|--|
|               | '000                   |                        | % Change   |
| New York      | 494                    | 491                    | -0.6   |
| Michigan      | 449                    | 478                    | 6.5  |
| Washington    | 401                    | 409                    | 2.0  |
| California    | 274                    | 266                    | -2.9   |
| Ohio          | 193                    | 199                    | 3.1  |
| Massachusetts | 145                    | 176                    | 21.4   |
| Pennsylvania  | 197                    | 174                    | -11.7  |
| Minnesota     | 131                    | 152                    | 16.0   |
| Texas         | 106                    | 129                    | 21.7   |
| Illinois      | 148                    | 124                    | -16.2  |

Source: International Travel Survey.



faster than car travel, particularly since the signing of the Open Skies Agreement between Canada and the United States in 1995.

### Asian markets continue to recover

Travel from Asian markets expanded 12.6% in second quarter, the result of strong increases from South Korea (+52.0%) and Hong Kong (+20.6%). Japan was the exception; traffic dipped 2.3% in the second quarter. Travel from Asian markets has been on an upward trend since the second quarter of 1999.

Travel from the United Kingdom, Canada's largest overseas market, expanded 14.5% to 237,000 in the second quarter. This followed a 7.7% increase in the first quarter.

Overseas travel increased to almost all regions in Canada. Visits to the Atlantic region jumped 41.7% to 143,000, the largest percentage increase across the country. Alberta (+10.4%) and British Columbia (+7.9%) registered the next strongest rises. Visits from overseas countries advanced 1.3% in Ontario. Canadian travel to United States continues upward trend

Canadians made 3.7 million overnight trips to the United States in the second quarter, 4.6% more than in the second quarter of 1999. This marked the fifth consecutive year-over-year quarterly increase.

Travel to Florida surged 22.1% to 513,000. Despite this resurgence, the average number of nights Canadians spent in Florida on each visit fell from 37.8 in the second quarter of 1999 to 30.9 in the second quarter of 2000.

New York welcomed 594,000 Canadian travellers in second quarter, a

1.7% decline from the same quarter in 1999. About 32.5% more Canadians travelled to the gambling state of Nevada during the second quarter.

Canadians flew to the United States on 1.3 million trips in the second quarter, up 12.2% compared with the same quarter of 1999. Many of these travellers were headed to southerly states such as Florida, to which air travel was up 43.0%. Auto trips south of the border remained virtually unchanged (-0.1%) at just under two million trips.

Canadians took 1.9 million holiday trips during the second quarter, up 6.1% over the same quarter of 1999. About 763,000, or 5.7% more, went south of the border for business purposes. Canadians took an estimated 685,000 trips to visit friends and relatives, a 2.1% increase.

### Strong gains in Canadian travel overseas

Canadians made more than one million trips to overseas countries in the second quarter, up 10.2% from the second quarter of 1999. This increase follows three consecutive year-over-year declines. Overseas travel from Canada was generally on an upward trend throughout most of the 1990s.

The United Kingdom remained the most popular overseas destination in the second quarter, as Canadians made 241,000 visits, an 8.6% increase over the second quarter of 1999. Canadians made 144,000 visits to Mexico, a 25.2% increase. France followed closely with 125,000 visits from Canada, up 5.9%, while travel to Germany rose 33.9% to 79,000.



## International travel account Third quarter 2000 (preliminary)

In the third quarter, Canada's international travel deficit - the difference between what Canadians spent abroad and foreigners spend in Canada - decreased to its second lowest level since the third quarter of 1999.

This result was mostly because of a drop in spending by Canadians travelling abroad. From July to September, Canadians spent \$4.4 billion outside the country, 2.2% less than in the second quarter. In the third quarter, foreign travellers injected \$3.9 billion in the Canadian economy, unchanged from the second quarter.

As a result, the international travel deficit fell from a revised \$630 million in the second quarter to \$530 million in the third quarter.

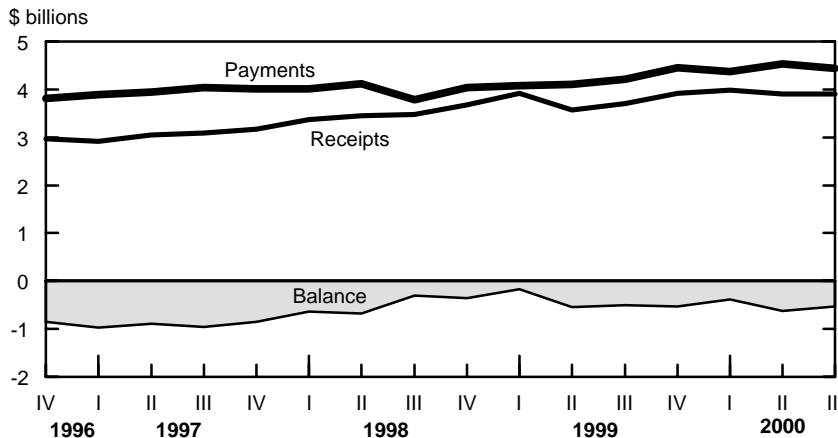
#### Note to readers

This international travel account analysis is based on preliminary quarterly data, seasonally adjusted unless otherwise stated. Amounts are in Canadian dollars and are not adjusted for inflation.

Receipts represent spending by foreigners travelling in Canada, including education-related spending and medical-related spending. Payments represent spending by Canadians travelling abroad, including education-related spending and medical-related spending.

Overseas countries are countries other than the United States.

### Decrease in Canadian spending abroad brought the travel deficit down from the second quarter



### Increase in American spending north of the border

While they made slightly fewer overnight trips to Canada (-0.7%), American travellers increased their spending from the second quarter to the third by 1.5% to \$2.4 billion.

Canadian spending south of the border decreased 0.6% from the second quarter to just under \$2.8 billion. The number of Canadian overnight trips to the U.S. was nearly unchanged, up 0.3% from the second quarter.

The result was a deficit with the United States of \$405 million in the third quarter, down from a revised \$456 million in the second.

### Spending between Canada and overseas nations decreases

Canadians continued to increase their number of overnight trips to overseas destinations, 0.4% more in the third quarter than the record high of 1.2 million in the second quarter. However, despite this slight increase in trips and the appreciation of the Canadian dollar against most European currencies, Canadian spending at those destinations fell 4.8% to \$1.6 billion in the third quarter.

Overseas residents, for their part, spent and travelled less in Canada in the third quarter than they did in the second quarter. Overseas residents made 5.6% fewer overnight trips to Canada and spent approximately \$1.5 billion, down 2.2% from the second quarter.

Consequently, the travel deficit with overseas nations fell from a revised \$174 million in the second quarter to \$126 million in the third quarter. This situation is the reverse of a year ago, when the travel account with overseas countries in the third quarter 1999 posted a surplus of \$37 million.

### International travel account receipts and payments

|                                  | Third quarter<br>1999 <sup>r</sup> | Second quarter<br>2000 <sup>r</sup> | Third quarter<br>2000 <sup>p</sup> |
|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| seasonally adjusted <sup>1</sup> |                                    |                                     |                                    |
| \$ millions                      |                                    |                                     |                                    |
| <b>United States</b>             |                                    |                                     |                                    |
| Receipts                         | 2,274                              | 2,352                               | 2,388                              |
| Payments                         | 2,813                              | 2,808                               | 2,793                              |
| Balance                          | -539                               | -456                                | -405                               |
| <b>All other countries</b>       |                                    |                                     |                                    |
| Receipts                         | 1,437                              | 1,552                               | 1,518                              |
| Payments                         | 1,400                              | 1,727                               | 1,644                              |
| Balance                          | 37                                 | -174                                | -126                               |
| <b>Total</b>                     |                                    |                                     |                                    |
| Receipts                         | 3,711                              | 3,905                               | 3,906                              |
| Payments                         | 4,212                              | 4,535                               | 4,437                              |
| Balance                          | -502                               | -630                                | -530                               |

<sup>1</sup> Data may not add to totals due to rounding.

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.



**Note to readers**

The Travel Price Index (TPI) is an aggregate index of goods and services used by travellers in Canada. Price movements are derived from detailed Consumer Price Index (CPI) series. A technical report on the Travel Price Index is available from the Tourism Statistics Program at (613) 951-1673.

budget to these components, whereas they spent more for accommodation. The cost of accommodation was 4.5% higher than in the third quarter of 1999.

By comparison, the Consumer Price Index (CPI), which measures the change in the prices of all goods and services, stood at 114.1, up 2.7% from the third quarter of 1999. The real gap between the TPI and the CPI, which was nil in the base year 1992, reached 21.3 points during the third quarter of 2000.

**TPI up 4.7% from preceding quarter**

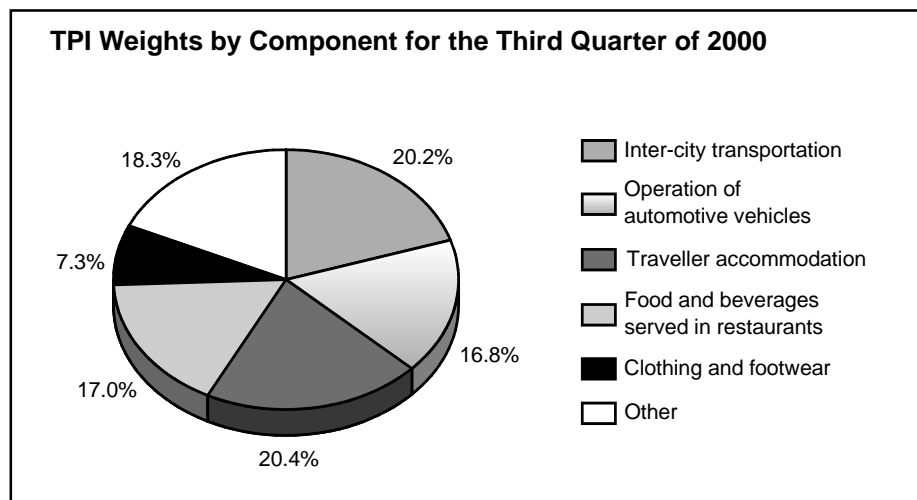
The Travel Price Index was up 4.7% in the third quarter of 2000 in comparison

with the preceding quarter. During the third quarter of 2000, travellers had to pay 17.1% more for accommodation, reflecting in part the higher rates for the summer season. In general, the increase in the TPI in the third quarter is mainly due to the seasonal increase in accommodation costs. The price of inter-city transportation was up 4.3% during the same period. The cost of most other components of the TPI was higher than in the last quarter, although only slightly. During the third quarter of 2000, the cost of all goods of services covered by the Consumer Price Index was up 1.0% compared with the preceding quarter.

**Travel Price Index  
Third quarter 2000**

**TPI up 4.7% from same period last year**

In the third quarter of 2000, consumers experienced an increase of 4.7% in the prices of goods and services included in the Travel Price Index basket, compared with the same quarter of last year. This is slightly less than the increase for the same period last year. The largest cost increases were in the operation of automotive vehicles and inter-city transportation, up 7.8% and 5.7% respectively. However, consumers devoted a smaller share of their travel





|   |                 | Third Quarter |         | Percentage Change |
|---|-----------------|---------------|---------|-------------------|
|   |                 | 1999          | 2000    |                   |
| <b>VISITORS TO CANADA (000s)</b>                      |                 | <b>CANSIM</b> |         |                   |
| From United States                                    | D145002         | 16,245        | 15,815  | -2.6              |
| One or more nights visits                             | D146752         | 6,630         | 6,470   | -2.4              |
| - By auto   | D145005+D145006 | 4,432         | 4,204   | -5.1              |
| From Overseas   | D145024         | 1,908         | 1,907   | 0.0               |
| One or more nights visits                             | D145764         | 1,812         | 1,825   | 0.7               |
| Top Seven Countries:                                  |                 |               |         |                   |
| United Kingdom  |                 | 324           | 351     | 8.2               |
| Japan   |                 | 223           | 209     | -6.4              |
| Germany   |                 | 192           | 187     | -2.8              |
| France  |                 | 198           | 183     | -7.6              |
| Taiwan  |                 | 57            | 60      | 5.3               |
| Australia   |                 | 55            | 60      | 8.9               |
| Hong Kong   |                 | 57            | 56      | -1.8              |
| <b>CANADIANS OUTSIDE CANADA (000s)</b>                |                 |               |         |                   |
| To United States:                                     | D145035         | 12,965        | 12,869  | -0.7              |
| One or more nights visits                             | D146777         | 4,704         | 4,749   | 1.0               |
| - By auto   | D145038+D145039 | 3,122         | 3,106   | -0.5              |
| To Overseas (one or more nights)                      | D145053         | 987           | 1,112   | 12.6              |
| <b>INDUSTRY</b>                                       |                 |               |         |                   |
| Airline passengers (Level I) (000s)                   | D462209         | 6,851         | 6,984   | 1.9               |
| Airline passenger-km (Level I) (000,000s)             | D462210         | 19,776        | 20,690  | 4.6               |
| <b>PRICES 1992 = 100 (not s.a)</b>                    |                 |               |         |                   |
| Travel Price Index                                    | D899726         | 129.3         | 135.4   | 4.7               |
| Consumer Price Index                                  | P100000         | 111.1         | 114.1   | 2.7               |
| - Restaurant meals                                    | P100073         | 112.6         | 115.1   | 2.2               |
| - Inter-city transportation                           | P100196         | 171.3         | 181.0   | 5.7               |
| - Renting and leasing of automotive vehicle           | P100328         | 118.9         | 118.6   | -0.3              |
| - Gasoline  | P100182         | 114.0         | 135.2   | 18.6              |
| <b>ECONOMIC</b>                                       |                 |               |         |                   |
| Gross Domestic Product, 1992 prices (s.a.) (000,000s) | I56001          | 758,514       | 791,674 | 4.4               |
| - Amusement and recreation (000,000s)                 | I56299          | 7,680         | 7,935   | 3.3               |
| - Accommodation and food services (000,000s)          | I56295          | 20,167        | 21,120  | 4.7               |
| Personal disposable income per capita (s.a.)          | D14914/D1       | 19,481        | 20,302  | 4.2               |
| <b>LABOUR (000s)</b>                                  |                 |               |         |                   |
| Labour force (s.a.)                                   | D980562         | 15,754        | 16,014  | 1.7               |
| Unemployed  | D980712         | 1,191         | 1,103   | -7.4              |
| Employed  | D980595         | 14,562        | 14,911  | 2.4               |
| - Accommodation and food services (not s.a.)          |                 | 968           | 1,002   | 3.6               |
| <b>EXCHANGE RATES (in Canadian dollars)</b>           |                 |               |         |                   |
| American Dollar                                       | B3400           | 1.4860        | 1.4822  | -0.3              |
| British Pound   | B3412           | 2.3804        | 2.1885  | -8.1              |
| Japanese Yen  | B3407           | 0.0132        | 0.0138  | 4.5               |
| German Mark   | B3405           | 0.7972        | 0.6852  | -14.0             |
| French Franc  | B3404           | 0.2377        | 0.2043  | -14.1             |

(s.a.) seasonally adjusted.