FACTORS INFLUENCING VISITOR'S CHOICES TO VISIT URBAN DESTINATIONS

EXECUTIVE SUMMARY

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Factors Influencing Visitor's Choices to Visit Urban Destinations Executive Summary

Prepared for:

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Executive Summary[*]

The recent decline in both tourist visits and tourism spending in Ontario has sparked an interest in evaluating Ontario's tourist attractions base of its major centres, namely Toronto and Ottawa. This includes assessing the gaps of each city's product offering relative to other North American tourist centres. To help understand this issue, the Canadian Tourism Commission in partnership with Ontario Ministry of Tourism and Recreation (the Ministry), Canadian Heritage, and Parks Canada commissioned Global Insight to develop an econometric study to quantify the relative importance of a range of factors that influence tourists' decisions to visit a particular destination within North America.

The main objective of this study was to estimate the impact of building additional attractions on increasing tourist visitations to selected North American cities and, in particular, to Toronto and Ottawa. The study objective was achieved by establishing a database of the attractions offered to tourists visiting the selected North American cities and the number of leisure visitors to each city. Utilizing this database, Global Insight built a series of cross-sectional econometric models to examine the deviation among leisure visitation among these cities. The estimated coefficients from these models provided an assessment of the relative importance of various attractions in explaining the number of tourist visitations.

Global Insight selected a sample of 50 major metropolitan areas in North America with the population size of 500,000 or more to be covered in the attractions database (see Table 1). Ten of these cities were in Canada, while 40 were in the United States. These cities were those that offered a broad range of attractions by themselves.

Table 1: List of Selected North American Cities

CANADA (10 CITIES)	U.S (40 CITIES)			
Montreal	Orlando	Los Angeles	Milwaukee	Fort Lauderdale
Vancouver	Las Vegas	Seattle	Tampa	Oklahoma City
Ottawa-Hull	Austin	St. Louis	Washington	Minneapolis
Calgary	New York City	Portland	Boston	Cleveland
Edmonton	San Diego	Indianapolis	Columbus	Sacramento
Quebec	Chicago	Huston	Detroit	Denver
Winnipeg	San Antonio	Dallas	Philadelphia	Pittsburgh
Victoria	Atlanta	New Orleans	Miami	Charlotte
Halifax	Kansas City	Salt Lake City	Baltimore	Phoenix
Toronto	San Francisco	Nashville	Cincinnati	Memphis

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[*] The full report is available at Ontario Ministry of Tourism and Recreation in English language only at the following web site: www.tourism.gov.on.ca.

Global Insight developed an attractions matrix to classify the attractions into four categories that are recognized to draw tourists and consistent across cities (see Figure 1). Using this attraction matrix, the appropriate attractions data were collected for each city. The total leisure tourist visitations and additional non-attractions data were also assembled.

Travel reviews published by Michelin, Frommer's, and Fodor's were selected in order to populate the attractions matrix with relevant data for each city. These publications provided Global Insight with the wealth of information about various types of attractions and their quality ratings across the 50 North American cities.

Figure 1: "Attractor" Categories

The data required for this study can be classified into three categories: *visitations data*, *attraction data*, and *non-attraction data*.

The ***visitations data*** focused on tourists travelling for leisure (excluding trips to visit friends and relatives) and travelling at least 50 miles from their origin. These visits were totalled regardless of the visitor source—whether domestic or international. The data sources included D.K. Shifflet, the Office of Travel and Tourism Industries, and Statistics Canada. Global Insight focused only on the most recent year of data, which was 2002.

Choosing behavioural was preferred over attitudinal data since the former show actual behaviour rather than "desired" behaviour. This type of data is useful in quantitative measures of actual behaviour. Travellers tend to overstate their participation in several activities when, in fact, this desire never translates into action.

The attractions database was created for each selected North American city. The attractions data were the independent (or explanatory) variables in our regression analysis. The database contained (1) the total count of attractions (i.e. the number of amusement parks); and (2) the quality-rated attractions for each category, subcategory, and type of attraction.

Data on the attractions for the various cities was collected using the Michelin Guide and supplemented by Frommer's and Fodor's. Michelin's quality ratings for attractions were as follows:

3-star *** . Highly recommended / Worth a journey

2-star ** ... Recommended / Worth a detour

1-star * ..... Interesting / Interesting

Other ***non-attraction variables*** influence the number of visits a city receives (see Table 2). These variables were included to control for variations in other visitor influences from city to city; and to include measures of tourism infrastructure that also varied among the 50 cities.

Table 2: Non-attraction Variables

| Overall City Score |
| Population by State or Province |
| Hotel Room Count |
| Property Count |
| Public Transportation Score |
| Filter Variable for International Airport |
| Filter Variable for a Large Hub Airport |
| Total Count of Missing Attractions |
| Population Density |
| Proximity to Major Metro Areas |
| City-by-city Marketing Budgets |

Results

The econometric model estimated the number of visitations as a function of the attractions defined for each of the selected North American centers over the period for which visitation data is available. The structure of these models allowed Global Insight to identify and rank the relative return offered by each type of attraction in terms of the number of visitations it can generate. Based on these models, Global Insight identified a subset of the most important attraction types for generating city visits. Furthermore, Global Insight recommended an effective attractions development and promotional tourism strategy for Toronto and Ottawa to enhance future visitations.

Six propositions including both attraction and non-attraction variables were the most promising in explaining the variation of leisure visitors among the 50 North American cities.

1. 3-star Visual Arts
   - 3-star Art Galleries

2. 3-star Environment and Built Form
   - 3-star urban amenities
       i. 3-star shopping areas
       ii. 3-star business districts
   - 3-star Built Form
       i. 3-star general building architecture
       ii. 3-star specific structures of interest

3. 3-star Entertainment
    - 3-star Popular Entertainment
        i. 3-star amusement and theme parks
        ii. Casinos

4. 2-star Environment and Built Forms
        i. 2-star business districts
    - 2-star Built Form
        o 2-star general building architecture
        o 2-star specific structure of interest

5. 2-star Entertainment
    - 2-star popular entertainment
    - 2-star cultural entertainment

6. 2-star Food
    - 2-star high end restaurants

Thus, pleasure visitors would increase across cities depending on the number of attractors already existent. For example, adding one more attraction in a city that already has four of that type constitutes a 25% increase, while in a city that has only one it constitutes a 100% increase. The study shows that visitation levels would increase as follows:

Table 3: Results Achieved by Adding Attractors

ATTRACTIONS	IMPACT ON PLEASURE VISITORS
3-star Popular Entertainment	+ 520,000 to 600,000
3-star Shopping Area	+ 610,000 to 1,150,000
3-star Specific Structure	+ 1,020,000 to 2,870,000
3-star Amusement Park	+ 4,520,000 to 7,090,000
Casino	+ 390,000 to 430,000
Hotel Room	+ 79 to 104
Hotel Property	+ 5,000
1% Improvement in Public Transport System	+ 70,000
$1 Million Increase in Marketing Budget	+ 100,000

Additional analysis was done to better understand the implied impacts on Toronto and Ottawa. For this analysis, Global Insight has utilized the concept of elasticity, defined here as the percentage change in visitors divided by the percentage change in attractions. A higher existing ratio of visitors per attraction will result in a lower elasticity (in the equation (6) a lower value of attractions per visitor). This means that if a city already has a good return on its current base of attractions, it will have a lower response from adding an additional attraction of the same type relative to other cities.

For example, Table 4 shows that for a 10% increase in the 3-star Amusement Parks in Ottawa, pleasure visitors are expected to increase by a percent that lies somewhere between 9.4% and 14.8% (10%*0.94= 5.2%).

Table 4: Elasticity for Ottawa and Toronto

TYPE OF ATTRACTION	OTTAWA	TORONTO
Amusement Parks (Q3)	$0.94 \leq ap \leq 1.48$	$0.33 \leq ap \leq 0.52$
Shopping Areas (Q3)	$0.13 \leq sa \leq 0.17$	$0.05 \leq sa \leq 0.06$
Specific Structures (Q3)	$0.21 \leq ss \leq 0.60$	$0.22 \leq ss \leq 0.63$
Casinos (TC)	$0.08 \leq ca \leq 0.09$	$ca = 0.03$
Popular Entertainment (Q2)	$pe = 0.11$	$pe = 0.04$
Popular Entertainment (Q1)	$pe = 0.13$	$pe = 0.04$
Shopping Areas (Q1)	$sa = 0.24$	$sa = 0.08$

From this analysis, Global Insight's findings are:

▪ A smaller city like Ottawa has a lower attraction base than Toronto. Consequently, the addition of a tourist attraction will generate a higher marginal response in percentage terms in Ottawa than in Toronto.

▪ The response from adding amusement parks and specific structures is higher than the response from adding shopping areas and casinos in both cities.

▪ The response from adding amusement parks and casinos in both Ottawa and Toronto is lower than the North American average.

▪ The response from adding specific structures and shopping areas in both Ottawa and Toronto is lower than the North American average for all five models.

▪ Although the elasticity values are different among cities because the starting values for the number of attractions and for the number of visitors are different, keep in mind that the actual visitor impact will be the same. This result derives from the cross-sectional nature of the analysis, which yields the same impact for a given change in the base attraction count for all cities. For example, a 1% increase in the number of new amusement park (Q3) in Ottawa would yield a 0.94% to 1.48% increase in visitations to Ottawa depending on what model is used. The percent increase in visitations would result in an increase of 4.5 to 6.7 total visitors, depending on the model used. For Toronto, the 1% increase would yield a 0.33% to 0.52% increase in visitations, and the impact on the total number of visitors would be in the same range of 4.5 to 6.7 visitors.

Recommendations

The results of our study suggest that Toronto and Ottawa would both gain the largest number of additional visitors by concentrating their future attractions portfolio development on the following types of quality attractions:

▪ Three-star rated amusement parks.

▪ Three-star and one-star shopping areas.

▪ Three-star-specific structures (i.e. CN Tower or Sky Dome).

▪ They would also benefit from the construction of one- and two-star-rated attractions from a popular entertainment category (amusement and theme parks, and from casinos).

Furthermore, this tourism strategy should also stress the following aspects:

- Increasing marketing budgets in both cities. It was found that information available to the traveller prior to departure, as well as the presentation of this information, is important in determining the destination for many travellers. Furthermore, based on experience of several other Canadian cities, Toronto and Ottawa could receive substantial returns from increasing their marketing budgets.

- New attractions need to be added with careful consideration to the supporting tourist infrastructure needs, such as public transportation and hotels rooms, to maximize tourists' overall experience with the new attraction.

- The high U.S. population density is a plus in providing visitors to U.S. cities. This is another argument for increasing the promotion to U.S. markets and adopting schemes to encourage U.S. visitors to travel north. Joint air travel/hotel stay packages for U.S. visitors that feature incentives, such as reduced attraction admission fees or food and beverage vouchers, could be utilized in this regard.

- Complementarity or interaction of multiple sites at the destination is crucial. Both cities should be careful to maintain a balance among a variety of attraction types when adding new attractions.

Next Steps

This project has surfaced a good deal of information about the types of attractions that are successful in attracting visitors to North American cities. However, it has focused solely on the number of additional leisure visitors that could be enticed with the addition of a new attraction in Toronto or Ottawa. Notably, it has not considered visitor spend or length of stay. Nor has it shed light on the behaviour of local residents to the addition of new attractions. It has ignored tourists visiting friends and relatives and business travellers who indulge in non-business activities during their stay. Consequently, there is a range of potential follow-on analysis that could be considered.