

## Business Indicators ♦ March 2000

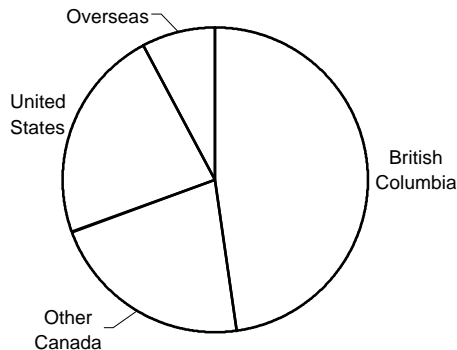
### International Traveller Entries in the Nineties

#### *Tracking international travel to BC*

British Columbia's tourists come from all over the world. Many travellers land on our shores from far-flung countries, some are our neighbours from the United States, and others are fellow Canadians—including British Columbians who travel within the province.

Tourism BC has estimated that international travellers account for roughly 1/3 of all overnight tourists in BC. International travellers make longer trips and spend somewhat more per day, so they are responsible for just over 2/5 of the spending by tourists.

#### *International travellers are less than half of the BC tourism pie<sup>1</sup>*



**Number of overnight tourists, 1999**  
(total: 22.3 million)

#### *International traveller entries*

While they aren't as big a component of tourism in BC as Canadians, international travellers are a lot easier to count. When entering into Canada at the border or an airport, Customs officers count them, and Statistics Canada then tabulates and publishes the data. When Canadians travel within the country, they are able to do so with impunity—but this means there is no way of directly tracking their movements. As a result, the domestic travel habits of Canadians are measured through a variety of survey mechanisms that are subject to varying degrees of imprecision.

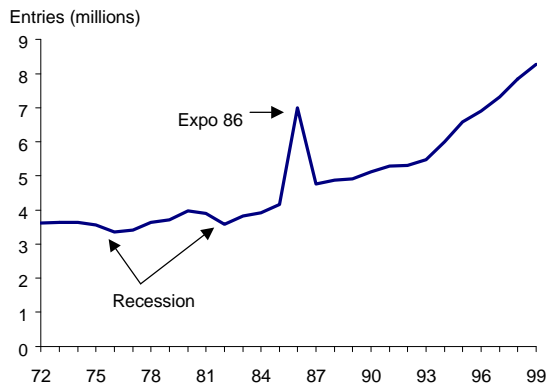
But while international visitor entries are relatively easy to count, they are not a perfect measure of international tourism in BC. Travellers who enter Canada via another province prior to coming to BC (primarily Europeans) are missed, and those who clear Customs in BC and promptly travel on to another province (those from the Pacific Rim) are counted. Still, entries provide a solid foundation of trends and volumes to analyze.

#### *Long term trend: up, up, up*

Last year, 8.3 million non-residents entered Canada through BC ports of entry, 5.4% more than in 1998. The annual increase recorded in 1999 was merely the latest jump in a long period of sustained growth. There have only been a few times when international traveller entries have fallen from one year to the next. The last time was in 1987, the year following the unprecedented boom associated with Expo 86, and before that, in 1981 and 1982, during a protracted North American economic recession.

<sup>1</sup> Source: Tourism BC.

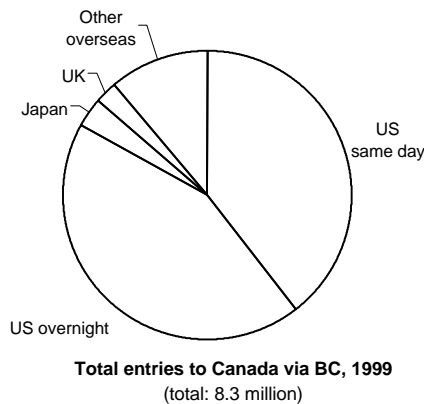
**International entries have been growing for two decades, booming in the 90s**



**US entries dominate**

American travellers dominate international travel to BC. In 1999, eight of every ten international travellers who came to Canada via BC were Americans. These Americans are split roughly 50/50 between same day (3.3 million in 1999) and overnight (3.6 million) travellers. This compares with 1.4 million travellers from all other countries of the world, led by Japan (284,000 entries) and the UK (207,000).

**US dominates international travel to BC**



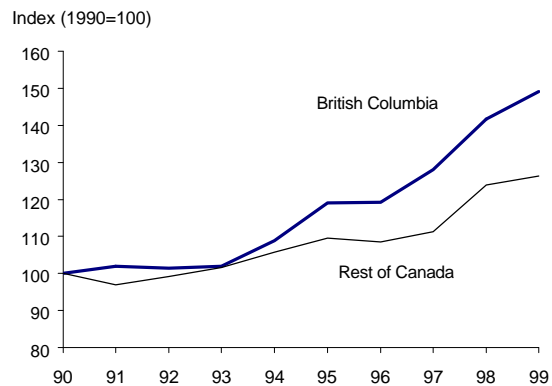
Entries from the US were up 4.8% in 1999, as growth cooled from the 11.1% increase seen in 1998. And in spite of dipping slightly in 1992, the number of Americans entering Canada via

BC grew at an annual average rate of 5.0%<sup>2</sup> during the nineties, an unprecedented period of expansion.

In 1999, overnight entries (+5.3%) outpaced same-day (+4.2%) travel from the US. In the rest of Canada, same-day travel from the US was little changed from 1998 (+0.9% to 26.6 million).

Overnight visitors account for a larger share of Americans coming to BC than in the rest of Canada. BC is the point of entry for only one of every ten Americans who enter Canada on a same-day trip, but one quarter of the overnight visitors. To put it another way, American overnight travellers cross the border into BC in roughly the number as same-day travellers, while in the rest of Canada same day travellers outnumber their overnight counterparts by more than two to one.

**Overnight entries from US: BC outpaces rest of Canada**



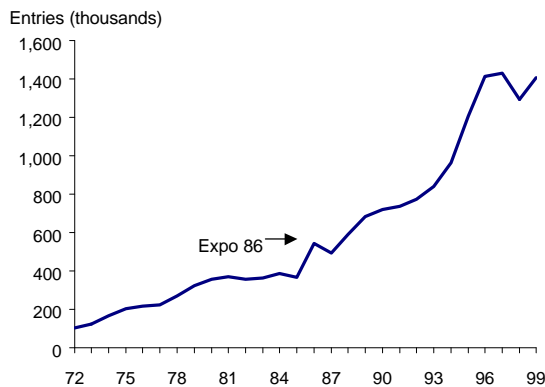
Furthermore, BC's share of overnight visitors has grown dramatically over the past decade, as overnight entries to BC from the US have frequently outpaced entries to the rest of Canada. 1999 was no exception, with overnight entries to BC jumping 5.3%, and the rest of Canada advancing a relatively modest 2.0%.

<sup>2</sup> Compound rate.

### **Overseas travel: a mixed bag**

Entries from countries other than the US picked up in 1999 (+8.6%), following a 9.4% decline in 1998 and a modest 1.3% jump in 1997. Through the nineties, travel from overseas countries was more volatile than from the US. After solid growth in the early part of the decade, travel boomed from 1994 through 1996, only to stagnate and fall in 1997 and 1998, in large part due to the Asian economic crisis. Through the whole ten year period, however, growth has averaged 7.7%<sup>3</sup>, nearly doubling the number of overseas residents entering Canada via BC.

### **Entries from overseas: the nineties saw a phenomenal increase**

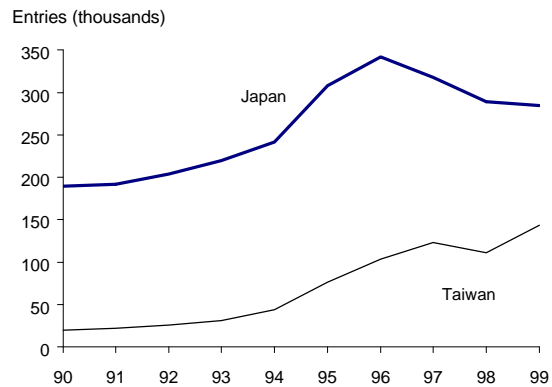


### **Asia: Japan continues slide, smaller nations pick up the slack**

In 1999, entries from Asia (+9.7%) recovered after falling nearly a fifth (-18.2%) in 1998. This recovery came in spite of the fact that the number of travellers from Japan—the largest source of overseas entries to BC—was down for the third straight year. Entries from Hong Kong were also off in 1999, but substantial recoveries in the number of Taiwanese and South Koreans buoyed the regional total.

<sup>3</sup> Compound rate.

### **Taiwan closing the gap with Japan**



While 1998 was a grim year for businesses in BC that cater to Asian travellers, it was far worse in other parts of Canada where Asian entries tumbled by a quarter, and 1999's recovery was nowhere near as substantial.

It is interesting to note that entries to BC from Asian countries more than doubled between 1990 and 1999 (720,000 to 1.4 million), while entries to the rest of Canada are now below 1990's level (falling from 612,000 to 582,000). Some of this shift may be attributed to Vancouver International Airport's improved air connections, enhancing its status as a gateway to North America from the Far East. But there may also be an element of increased tourism to BC, notably winter holidays that include trips to the ski resorts in western Canada, Whistler in particular.

### **Europe: up for the first time in three years**

For the first time since 1996, entries from Europe were up (+7.8%). European entries to the rest of Canada also grew (+3.3%) in 1999 after having fallen for two consecutive years. Unlike Asia, growth was spread across all of the major sources of European travellers. In 1999 the number of entries from the UK surpassed the 200,000 mark for the first time (+12.2%). German entries were up (+4.4% to 115,000), but were still below the high posted in 1996 (134,000).

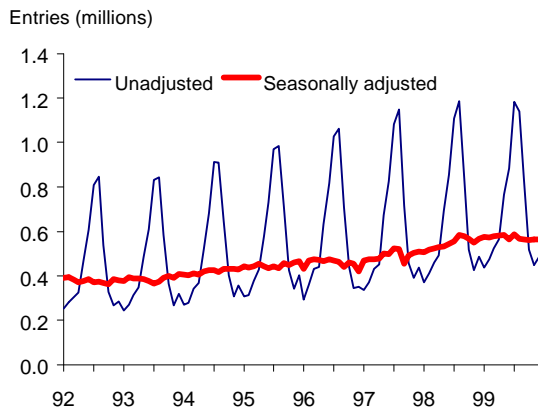
The short story on 1999 was that US entries cooled and overseas entries recovered. But there were interesting trends through the year that give some hints as to what we might expect to see in 2000. Seasonal adjustment of the data reveals those short term trends.

### Seasonality in tourism

Tourism in BC is a profoundly seasonal phenomenon. How seasonal is it? In the peak month of July, nearly three times as many international travellers entered Canada via BC as in the slowest month, January. And nearly half of the year's total entered in the four months of June through September.

Comparing one month's performance to the same month of the previous year (say, January 2000 over January 1999) is one way to assess how tourism is doing. But that approach ignores what's been going on in the intervening eleven months. And in a dynamic sector like tourism, eleven months can be a long, long time.

### Seasonal adjustment averages out the summer peaks and winter valleys



Seasonal adjustment gives us a method of comparing one month to the previous month, by removing the regular and predictable seasonal fluctuations that occur. Changes from the normal seasonal patterns are revealed in the seasonally adjusted data series.

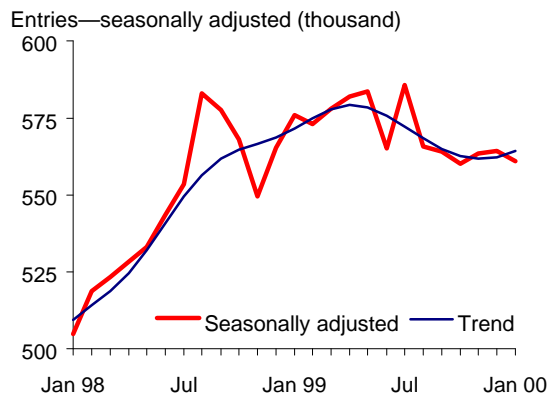
### Dynamics in tourism

Tourism is subject to big seasonal swings, thus making seasonal adjustment an important analytical tool. But other factors can create irregular changes in the volume of tourism activity. While tourism in BC has been trending upward over the long term, there can be specific events that precipitate dramatic short term changes in the sector's performance. As we saw in 1998, a shift in exchange rates between Canada and the US can lead to some rapid changes in the number of people who travel across the border. A special event, such as Expo '86, the APEC Summit in November 1997, and more recently the Royal BC Museum's Leonardo da Vinci exhibit of October 1998 through March 1999, can also generate a quick increase in the number of tourists visiting an area. On the other hand, a sudden economic downturn, as the one that occurred in Asian countries in 1998, can lead to a sharp drop in the number of tourists.

### US entries in 1999

Averaging just over 500,000 entries per month in the early part of 1998, the number of US entries shot up, hitting 583,000 in August. Growth slowed, and peaked in July 1999 at 586,000. Since then, entries have slipped back, and have remained in the vicinity of 560,000 US entries per month.

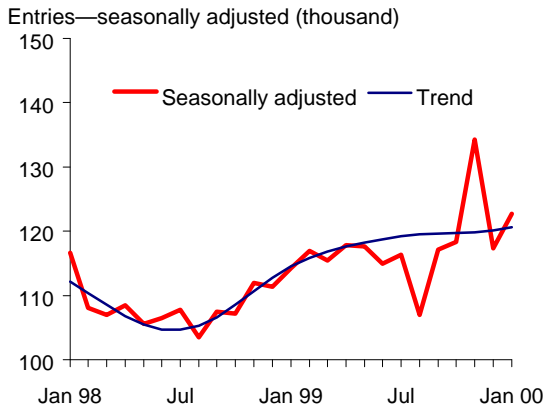
### US entries peaked in mid-1999



### Overseas entries on the upswing

Overseas entries have not yet fully recovered from 1998's slump, but if recent growth rates are sustained the numbers will soon replicate the peak volumes recorded in 1997. After bottoming out in August 1998 at 104,000, the number of overseas entries to BC has been trending gently upwards in the months since. Significantly, November's volume of 134,000 overseas entries represented a new peak, although the level quickly dropped back to the 120,000 level.

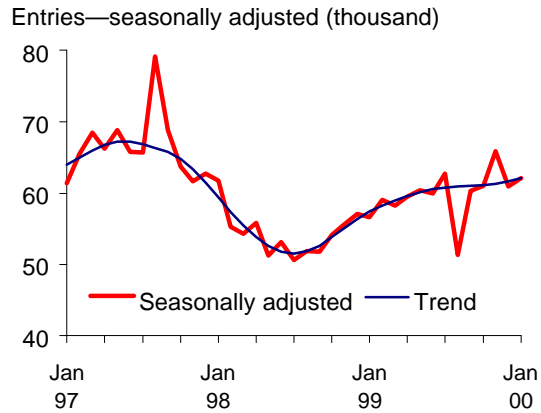
### Overseas entries are trending gently up



While we often refer to overseas entries as a homogenous group, the trend in entries often varies from one country to another even within one region of the world. A case in point is Asia, where the recent economic woes afflicted the countries in the region in varying degrees, which translated into different travel patterns.

After peaking at 79,000 in August 1997, entries from Asia slumped through 1998, bottoming out in July of that year (at 51,000). A recovery was evident by late 1998, but through the end of 1999 entries from Asia have held in the low 60,000s.

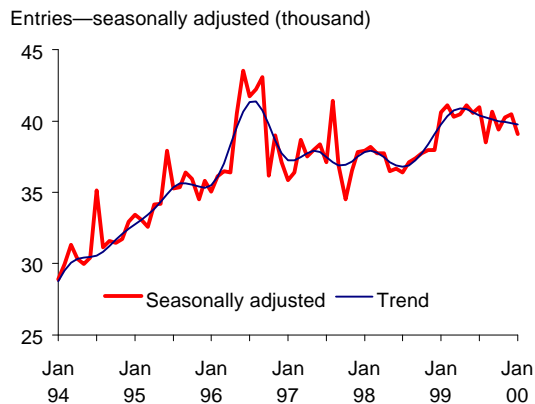
### Asian entries: recovering slowly



This steady recovery disguises the fact that entries from Japan continued to drift downward throughout 1999, while the number of entries from Taiwan has been on the upswing since mid-1998.

While comparing 1999's total with that of 1998, European entries were up. However, strong growth in the first few months of 1999 was not sustained, and the number of entries slipped through most of the year.

### European entries: a downward trend in the offing?



This article is adapted from a special focus article that appeared in the BC STATS report *Tourism Room Revenue*.