

## Tourism Room Revenue ♦ May 1998

### Highlights

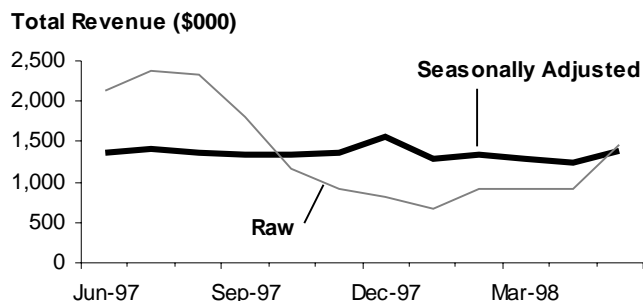
#### The Province

- Accommodation room revenue in British Columbia decreased slightly in May, declining 0.3% to \$95.0 million. This marked the fourth consecutive month of revenue decline.

#### In the Regions

- Kootenay (-9.9%) and Northeast (-8.2%) recorded the greatest percentage revenue decreases from April to May. Thompson/Okanagan (-\$424,000) and Vancouver Island/Coast (-\$419,000) recorded the largest total revenue declines in May. Nechako room revenue was unchanged from April.
- North Coast rebounded strongly from two months of declines to record a 12.1% increase in room revenue in May. Total revenue was at the highest level since December 97. Cariboo (+2.8) and Mainland/Southwest (+1.7%) both recorded increased revenue from last month.

#### North Coast revenue rebounds

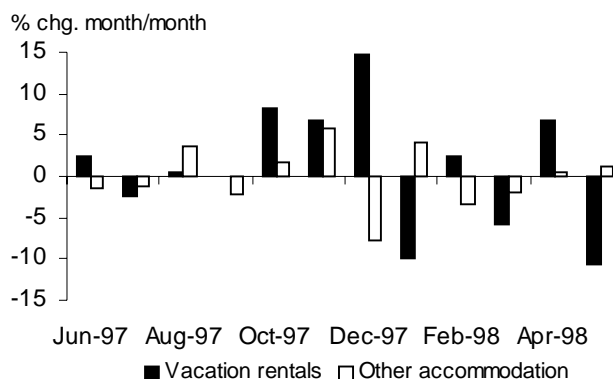


All data reported in Highlights are seasonally adjusted. All comparisons are to the month previous except where noted.

#### The Accommodation Types

- Revenue growth (+5.7%) in the mid-size hotels (76 to 249 rooms) partially offset the declines in all other accommodation types. A revenue drop (-\$902,000) in vacation rentals (-10.5%) accounted for a significant percentage of the overall seasonally adjusted revenue reduction.

#### Vacation rentals reduce May revenue



#### Text Table 1. Room Revenue Summary

Accommodation Type			
	May 98 (\$000)	Apr. 98 (\$000)	% change
Total	95,015	95,316	-0.3
Hotels	70,865	69,657	+1.7
Motels	14,295	14,358	-0.4
Other Acc.	11,288	12,267	-8.0
Regions (Top 3)			
North Coast	1,386	1,236	+12.1
Cariboo	3,902	3,798	+2.8
Mainland/Southwest	52,291	51,428	+1.7

## Room Revenue Trends

British Columbia unadjusted room revenue decreased 3.3% to \$97.0 million in May relative to May 1997.

Kootenay (-9.9%) and Mainland/Southwest (-8.3%) accounted for most of the revenue decline.

Combined, these regions decreased their percentage of total BC room revenue from 62% in May 97, to 59% in May 98. All other regions recorded revenue increases. Northeast rebounded from April to rise 6.5%. Thompson/Okanagan advanced 8.8%, the 12<sup>th</sup> straight month of increases.

### Prince George events boost Cariboo revenue

Cariboo (+5.8%) recorded a year over year revenue increase for the sixth consecutive month in May. Of the \$4.1 million total recorded revenue, 68% was generated by accommodation in Fraser-Fort George Regional District. In particular, revenue in the City of Prince George rose 15.6% to \$2.5 million. The city played host to numerous events in May, including the 1998 BC Festival of the Arts, and the internationally attended biannual Forest Expo. Conference delegate days at the Prince George Civic Centre exceeded 11 thousand. Other events included the Northern Children's Festival, and the Speech and Drama Festival.

### Victoria May Days up

Vancouver Island/Coast (+3.2%) revenue growth was almost entirely a product of strength in the Capital Regional District (+10.1%). Most of this advance came from the City of Victoria (+12.3%) where traditional May events such as the Harbour Festival, Bastion Square Cycling Grand Prix, May Day celebrations, and relatively warm weather attracted more visitors than usual. Victoria Conference Centre delegate days were 37.3% (to 8,955) higher than in May 97. Greater Victoria's room occupancy rate (76.9%) was the second highest in BC in May.

All references in **Room Revenue Trends** are to unadjusted data. All comparisons for **BC Tourism Indicators** are for the reference month relative to the same month the previous year.

Text Table 2. BC Tourism Indicators

	Change from May 97	Total May 98
<b>Hotel Industry</b>		
Occupancy rate	-5.8 pp.	65.3%
Average room charge <i>(Pannell Kerr Forster)</i>	4.1%	\$113.68
<b>Passenger Traffic (%) (000s)</b>		
<b>Vancouver International Airport</b>		
Total traffic	5.4	1312.8
US	14.5	352.1
Other International	-0.9	262.3
Canada <i>(YVR)</i>	3.7	698.4
<b>Victoria International Airport</b>		
Total traffic <i>(Victoria Airport Authority)</i>	14.4	104
<b>Transportation (%) (000s)</b>		
<b>Coquihalla Highway</b>		
Passenger Vehicles <i>(Ministry of Transportation &amp; Highways)</i>	3.4	230.1
<b>BC Ferries</b>		
Vehicle Volume	-3.3	693
Passenger Volume <i>(BC Ferries)</i>	-3.2	1,923
<b>Exchange Rates chg. from Apr. 98 May Cdn \$</b>		
US \$	0.015	1.445
UK Pound	-0.023	2.368
Japanese Yen	0.000	0.011
Australian \$ <i>(Statistics Canada)</i>	-0.020	0.913

### Large hotels down

An 18.4% revenue decline in the largest hotels (250 or more rooms) accounted for the overall BC decrease in unadjusted room revenue. The largest hotels have recorded declines in four of the last six months. In contrast, mid-size hotels (76-149 rooms), motels, and vacation rentals have recorded revenue increases in each of the last six months. However, BC's largest hotels still generated almost 30% of total room revenue in May.

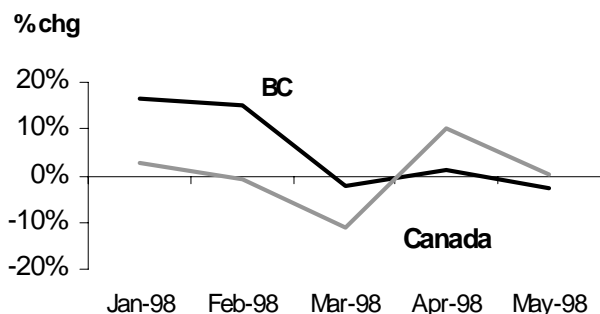
## Traveller Entries to BC

- Traveller entries to Canada via BC by residents of the US and overseas countries increased 2.9% to 694,382 in May. For the first five months of 1998 there have been nearly 2.5 million entries to the province by non-residents.

### Fewer overseas resident entries in May

- Entries by residents of Asian countries declined 23.4% to 57,503 relative to May 1997. This marked the fourth consecutive month of double-digit decreases. While entries by Hong Kong residents were up 7.1%, fewer Japanese (-17.0%), Taiwanese (-19.4%), and South Korean (-63.6%) visitors reduced the total number of Asian travellers to the lowest number recorded for the month of May since 1994.
- There were fewer European (-2.9%) resident travellers entering BC in May this year than last. This marked the second time in the last three months that European entries have declined. Despite a strengthening of many European currencies relative to the Canadian dollar in May, total entries by European residents to Canada were 0.5% lower.

### European entries down to BC & Canada



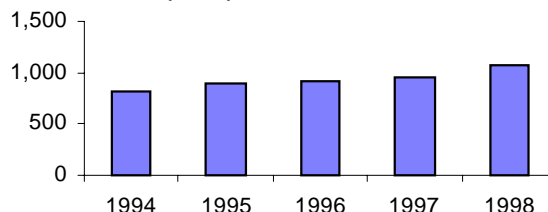
### Americans outnumber other international travellers four to one

- Over four-fifths of entries in May, and year-to-date, have been by American travellers. Total American traveller entries increased 6.8% to 576,598 in May. Over 2 million US resident entries have been recorded for the first 5 months of 1998.

- US same-day auto trips (+7.9%) to BC were up in May. Total year-to-date American auto trips to BC exceeded the one million mark in May, one month earlier in 1998 than in 1997.

### May YTD US same-day entries on the rise

Total Entries (000s)



### Canadians reduce border crossings

- Fewer British Columbians (-19.7%) took same day auto excursions to the US in May 98 than last year. This was the highest percentage decrease recorded in all of Canada for May.

Text Table 3. Traveller Entries

	% chg from May 97	May 98 (000)
<b>American visitors</b>		
Total	6.8	577
Same-day	7.9	269
Overnight	5.9	308
<b>Overseas visitors</b>		
Total	-12.7	118
Europe	-2.9	41
UK	5.1	20
Asia	-23.4	58
Hong Kong	7.1	9
Japan	-17.0	22
Oceania	7.4	13
<b>Canadian re-entries</b>		
Total	-15.3	1,029
From overseas	6.3	59
From US	-16.3	969
Same-day	-19.7	691

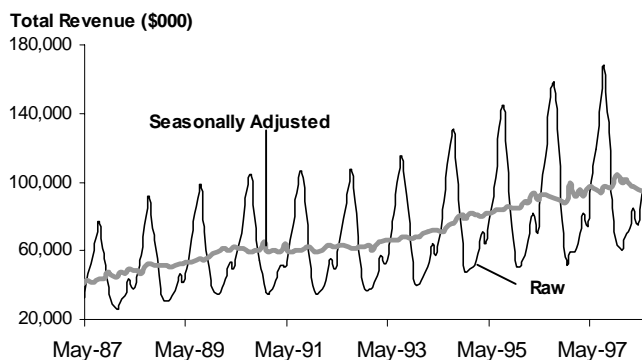
(Statistics Canada)

**Note:** All comparisons for Traveller Entries to BC are for the reference month relative to the same month the previous year.

## SPECIAL FOCUS: The raw, the seasoning, and the final analysis

*Tourism Room Revenue* report includes both seasonally adjusted (SA) and unadjusted (raw) monthly room revenue for British Columbia. Changes in revenue are reported as percentages on a month-over-month (for SA) or year-over-year (for raw) basis. This can lead to confusion when different numbers are reported for the same area or accommodation type in the same month. A good example of this is the May 1998 revenue changes for Vancouver Island/Coast. Using SA data, this region recorded a 2.3% decrease in revenue (to \$17 million) from the previous month, yet unadjusted revenue rose 3.2% to \$18 million relative to May 1997. What then, does seasonal adjustment do to the data, and why do we include both in our analysis?

**BC revenue 1987 to 1998**



### The raw

Most of British Columbia experiences four contrasting seasons (although it is generally acknowledged that the South Coast experiences two: wet and dry). While business tourism can occur year round, most leisure tourism occurs in the peak summer months. However, many tourism activities are seasonally dependent (i.e., snowboarding/skiing, water skiing, etc). Each region in BC is affected differently by seasonal tourism. Thompson/Okanagan experiences a higher summer peak while Vancouver Island/Coast experiences a deeper winter trough. Mainland/Southwest is more even throughout the year as winter recreation (Whistler, Vancouver ski hills) and summer attractions are both very strong.

Data compiled from the Consumer Taxation Branch, Ministry of Finance & Corporate Relations, is processed by geography and accommodation type. The output of this process is data

that represents the monthly accommodation revenue in current dollars (Tables 3,4,5, & 7). The raw data is then 'adjusted.'

### The 'seasoning'

Tourism room revenue is seasonally adjusted using Statistics Canada internationally renowned and widely accepted X-11-ARIMA technique. Without some form of adjustment, the fluctuations that occur in the data as a result of seasonal factors would render month to month comparison impossible. By seasonally adjusting the raw revenue data, the expected peaks (summer), and troughs (fall, winter, spring) are levelled out. In effect, the data is 'unseasoned'.

To compensate for variations due to seasonal activities within and between the regions, the seasonal adjustment process will average many years of data for each given month. As a result, consistent irregularities that indicate regular and expected events will be acknowledged in the resulting data. Additional adjustment factors include compensating for the movement of Easter weekend between March and April, and for months in which there are more Friday or Saturday nights (for some accommodation types, these nights generate disproportionate revenue). The raw input data is increased or decreased accordingly to produce a seasonally adjusted time series for each region and accommodation type (Tables 1 & 2).

### The final analysis

By levelling out the seasonal fluctuations in the revenue data, SA data allows meaningful month-to-month analysis. Underlying trends can be identified more readily. For this reason, the *Tourism Room Revenue* report uses seasonally adjusted data as the primary analysis tool for monthly tourism highlights. This kind of analysis is useful for planning and budgeting purposes.

Raw revenue analysis is only relevant on a year-over-year comparison basis. This analysis helps determine the relative position of the current month in relation to the same period the previous year. However, almost one full year of data is necessary before underlying revenue trends become apparent. Monthly raw revenue and year-to-year analysis is useful on a practical operational level.