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New Innovative Forecasts on Canadian Tourism Sector Built on Strong Data Foundation

By research standards it is definitely a short report – only 13 pages long with an equal number of supporting tables of numbers. But it is a first in the world for tourism researchers, and will undoubtedly become one of the most sought-after reports for tourism players in Canada.

I am talking about the *Industrial Outlook: Canada's Tourism Industry*, a new initiative of the Conference Board of Canada in partnership with the Canadian Tourism Commission (CTC). The first edition of the tourism industry's industrial outlook was published in August, and it is scheduled to be published bi-annually.

The industrial outlooks are a series of forecasts developed by the Conference Board of Canada, which cover other industries as well as tourism, such as construction, IT and wood products. They take a look at the short and medium term, looking forward five years. Aggregate numbers are produced in the reports, providing an overall forecast picture.

The industrial outlooks are innovative for a couple reasons. Up until now, the forecasts we have produced at the CTC have been done on the demand side, but this one looks at the tourism sector's supply side. Also, these reports focus on the business bottom line, projecting revenues and costs to analyze the profitability of the sector. Players in our industry will be able to relate in a very direct way to this data, and be able to use it to make informed decisions.

What does the first industrial outlook say? It is reassuring reading, especially after the rocky road the Canadian tourism sector has been on from 2001 to 2003. The pace of growth recorded in 2004 will moderate, and business will be steady. Profits across the Canadian tourism sector are forecast to hit \$832 million (CAN) in 2005 – the highest level seen since 1999 – and rise steadily from there. Overall tourism profits will receive a boost from transportation companies, which have a particularly strong outlook for growth. The other industries included in the tourism sector are forecast to perform well, although not spectacularly.

The report does not ignore risks to the overall health of the tourism sector. It details five clear and present dangers, three of them originating in the U.S: more terrorist action possible in Canada or in our source markets, possible new restrictions on air routes brought about by the U.S. federal government, proposed new passport requirements for entry to the U.S., general economic indicators in the U.S. such as trade imbalances and debt / deficits in public accounts, and fuel prices rising generally around the world. Those reading this report are cautioned that the forecasts in it are produced with the presumption that such risks will not turn into real barriers to travel.

Canada is the first country in the world to produce such a forecast for the tourism sector. It was possible to produce forecasts for this industrial outlook because we had the necessary base data

available in place, as part of our ongoing data collection for the National Tourism Indicators database. Other countries are following Canada's lead in the production of a series of National Tourism Indicators, notably the U.S. and Australia.

Credit where credit is due: Greg Hermus, Associate Director of the Canadian Tourism Research Institute, was instrumental in having tourism included in this new series of reports. The CTC has been working with the Conference Board of Canada and Statistics Canada for several years, and the depth of expertise and resources available at these organizations allow for the production of reports like this.

A few years ago we began talking about becoming more forward-looking at the CTC. We are now seeing some of the fruits of this labour. Part of the CTC's mandate is to promote the vibrancy and growth of the tourism sector, and now we have more data which speak to that broad objective.