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Tourism Research An Evolving Enterprise

In Canada we have had a lot of discussion lately about the data we are producing for the Canadian tourism industry. People in the industry have been hit hard by the shocks of the past few years, and want to know more about how we do things, especially when it comes to looking ahead.

Our quest in research is to make sense out of what is happening in the tourism sector. To do this, we use multiple lines of evidence:

- travel forecasts
- travel intentions
- emerging travel numbers
- advance bookings

Now, when all four lines of evidence are pointing the same way – say, towards a 10 per cent jump in travel from Europe – then we feel comfortable understanding what is happening, and so we predict a 10 per cent jump in travel from Europe.

We have become pretty good at measuring what is happening and understanding it. We made long term predictions on the war in Iraq that have been borne out by events. Our short term scenario for the tourism industry on the SARS health scare came pretty close to what transpired. We can also measure fairly accurately the effects of shifts in currency exchange rates.

In the past three years, in Canada and around the world, everyone in the tourism sector has been hit hard by short term shocks such as military action and health scares. While this means a constant flow of reliable research-based data is more necessary than ever, it also means we need to explain in more detail how we get this information.

What has happened in the past three years is that not all our lines of evidence are always going in the same direction. By way of example, our projections for traffic from overseas markets were not matched by emerging numbers nor advance bookings. We forecast a rebound in tourism demand this year, which took longer than expected to materialize.

To illustrate further, the latest forecast in the *Short Term Business Outlook* for the third quarter 2004, forecasts that the sector in Canada will come roaring back in the summer of 2004, with demand from the Canadian domestic market, our most important market, predicted to rise

by 8% compared to the third quarter of 2003. Demand from the U.S. market is predicted to rise by 9%, and demand from Europe is predicted to rise from 7% to 15%.

On the other hand, our *International Travel Forecasts, 2003 Year End Update*, predicts a milder growth pattern over the next few years, with international overnight arrivals expanding at an annual growth rate of 4.6% between 2004 and 2007. And the recent report from the Ontario Ministry of Tourism and Recreation on tourism performance in Ontario (Canada's most populous province), spelled out that the first quarter of 2004 was not one of recovery, recording decreases in border crossings to the province for the quarter.

U.S. figures from the U.S. Vacation Intentions Survey show that the percentage of U.S. residents planning a vacation trip in the next six months (figures from April), have risen slightly from 2003 – from 49.8% to 50.0%. Not a strong rebound, but at least heading in the direction of growth and reflecting the higher consumer confidence as recorded in the consumer confidence index included with the study (rating for April 2004: 92.9%).

It goes to the basics of what we are measuring. Without exaggerating the fact, we are measuring the attitudes and behaviours of human beings, who sometimes have a tendency to act with less rationality than we would like. The reaction of fear in different markets to terrorism events, health scares and so forth are things which are new. Similarly, the structural change in the way tourism products are delivered, with the new role of the internet in bookings, has meant more last minute travel. Also a new trend.

Like static on a television set, these things sometimes play with our data picture and interrupt a clear view. These days we are sorting out whether the static is a permanent thing or whether we have to adjust our set. Research is an evolving enterprise.

In the near future, this will be one of the Canadian Tourism Commission's essential research questions – is uncertainty a short term thing, or part of a changed reality? Stay tuned.

Several recent studies are available on canadatourism.com, including the Short-Term Business Outlook, for Quarter 3, 2004 and the International Travel Forecasts, 2003 Year End Update.