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## **Report Reveals some Deeper Trends beyond Daily Crises**

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As the saying goes, be careful what you ask for, because you may get it! Earlier this year we at the Canadian Tourism Commission asked for an update of the National Tourism Indicators (NTI), including historical information going back 20 years. What we got was a diamond in the rough. A thick book, with lots and lots of statistical tables. For those of us who get excited by and are familiar with columns of numbers, this was a lot of detail!

So when we received the NTI data from Statistics Canada, we immediately knew we had an opportunity to be mined. We decided to take another look at some deeper trends in the tourism sector. We know that people working in tourism can be preoccupied with day-to-day crises affecting their businesses, and we all have to cope with short term events like military action or health scares. But we did not want to lose sight of the long term trends and conditions which have a bearing on tourism.

So we asked David Wilton of the University of Waterloo in the central Canadian province of Ontario, to look at exactly that. His new report is based on the NTI data and entitled , *Long Term Trends in the Canadian Tourism Sector as Shown in the National Tourism Indicators*, and looks at trends and cycles in Canadian tourism during the 1986 to 2002 period. It is an update of his 1998 report entitled *Recent Developments in Tourism as Revealed by the National Tourism Indicators*.

Canada's NTI are approximately 250 series of tourism trend data. The NTIs can be used to monitor the state of tourism in Canada, to study statistical trends and cycles, and to analyze the economic structure of tourism and its policy ramifications.

What does the report reveal? Among other things, it shows clearly that:

- tourism is still a growing, dynamic and large industry in Canada, a source of growth for the Canadian economy;
- the domestic market continues to be by far the most important market for the Canadian tourism sector;
- there is a business cycle in the tourism sector, which troughs and peaks over about a 10-year period, following closely the overall Canadian business cycle but with more extreme lows and highs. As professor Wilton puts it, "Tourism expenditures in Canada clearly cycle with the overall Canadian economy, and tourism cyclical deviations tend to be larger than cyclical deviations in Canadian GDP;"

- there would likely have been a tourism downturn between 2001 and 2003 regardless of the military action or health scares seen during these years. And it suggests a real, broad-based era of recovery in the sector is upon us which will continue for a number of years which will carry the sector past previous high points for sales;
- tourism employment also follows trends in the overall Canadian business sector
- some parts of the tourism sector are less affected by the dominant cyclical pattern, including travel agencies, air transportation and accommodation, depending on the proportion of their revenue that comes from the domestic market as opposed to international markets.

Canada is the first country to develop data from the NTI to provide a dynamic perspective such as this. This supplementary tool to the NTI works as an extension to it, and allows us to develop historical sets and do analyses over longer periods of time.

The methodology used in the report will be familiar to some. Trend lines are established and used to calculate the cyclical component in each National Tourism Indicator. The cyclical component in each NTI is defined as the percentage deviation in the actual data point from the trend line, and is calculated by dividing the difference between the actual data point and the trend line value by the trend line value, and then multiplying by 100 to express the deviation as a percentage. Cyclical components for the NTI also include atypical data changes, such as tourism effects attributable to Expo 86, held in the western Canadian province of Alberta.

For many of us the report tends to be reassuring reading. These past few years have been tough on all of us in tourism and the tourism industry has not shown growth. But this report reminds us that we have faced downturns before and have not fallen apart.

It was Chris Jackson's research team in Income and Expenditure Accounts at Statistics Canada that put together the base NTI data tables for us, and they deserve credit for thorough and satisfying work. Now that we have this report, it can be used by the CTC to help plan strategically for the industry. In some cases, as well, it may be used by public policy workers to influence policy. After all, if you want to build on long term trends, you have to know what those long term trends are!

Professor Wilton's report, , Long Term Trends in the Canadian Tourism Sector as Shown in the National Tourism Indicators, was presented at the recent Tourism Industry Association of Canada (TIAC) conference in Whitehorse, Yukon. Check out the full report on the CTC's business website, [canadatourism.com](http://canadatourism.com).

FIGURE 3

**Supply of Total Tourism Commodities**

