

Jumbo Glacier Resort Master Plan

Appendix 6-F

Tourism Industry Assessment

Jumbo Glacier Resort

TOURISM INDUSTRY ASSESSMENT

A Master Plan Supplement

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1.1 THE TOURISM INDUSTRY: MARKETS, ECONOMIC IMPACTS AND PROJECTIONS

1.1.1 Worldwide Tourism¹

1.1.1.1 International Market Size and Resilience

Tourism is one of the major growing industries in the world. Worldwide, tourism employs more people than any other single industrial sector and makes a significant contribution to the economy of virtually every country.

Tourism has shown itself to be a resilient and stable economic sector. Recent information demonstrates that, notwithstanding September 11th, world tourism only experienced a small reduction in 2001. The decrease in world tourism arrivals was -0.6 per cent.² 2001 was the first year of negative growth for international tourism since 1982. However, according to the World Tourism Organization, the results for 2001 would have been in line with the trend observed over the past decade had it not been for the magnitude of increase in tourist arrivals in 2000, which was much larger than the figures obtained during the preceding years.

Worldwide there were 693 million international tourist arrivals in 2001 corresponding to a decrease of 0.6 per cent or 4 million down from the 697 million of 2000. Tourism growth already decelerated before September 11 because of the deterioration in economic conditions affecting major North American, European and Asian economies at the same time, with worldwide economic growth dropping to 2.5 per cent in 2001, down from 4.7 per cent in 2000, with some economies even slipping into recession for part of the year. The terrorist attacks of 11 September severely aggravated the situation and as a result, for the first time since 1982 (the times of the second oil crisis, martial law in Poland, the Falkland war and the conflict between Israel and Lebanon) the worldwide number of international tourist arrivals showed a slight decrease.

Notwithstanding significant geopolitical challenges, international tourism has shown considerable resiliency, and it has been an industry that has seen constant growth for nearly two decades. Decrease in some other industries, information technology for example, can be much more volatile and can have stronger effects.

¹ The detailed study of tourism data is rendered more difficult by a lack of coherence in the statistical data base and in the definitions of terms and categories provided by various international sources, be it governmental or independent consultants. This problem becomes even more pronounced when North American and European statistical data are compared. Initial data for the following sections was provided by Pannell Kerr Forster of Calgary, and was then augmented with data from numerous other sources contacted by Pheidias Project Management Corporation, Cascadia Planning and R-Dac Consultants.

² World Tourism Organization, "Tourism Proves to be a Resilient and Stable Economic Sector" Press Release, June 18, 2002

1.1.1.2 International Tourism Receipts and Arrivals

For many countries, both developed and developing, tourism is a very important source of foreign currency earnings and employment. Worldwide receipts amounted to US dollar 462 billion in 2001, which means US\$ 1.3 billion a day. Compared to 2000 the receipts decreased 2.6 per cent from 474 billion. Average receipts per arrival were US\$ 670.

Half of all receipts are still earned by Europe, the Americas have a share of 26 per cent, East Asia and the Pacific are growing steadily and are at 18 per cent, Africa 2.5 per cent, the Middle East 2.4 per cent and South Asia 1.0 per cent.

As indicated in the table below, Canada receives slightly more tourists than tiny Austria and has recently fallen behind Mexico and Russia in International Tourist Arrivals.

Table 1.1: World's Top 15 International Tourism Destinations

Rank	International Tourist Arrivals (million)			% Change 2001/00	Market Share 2001
	1999	2000	2001		
1. France	73.0	75.6	76.5	1.2	11.0
2. Spain	46.8	47.9	49.5	3.4	7.1
3. United States	48.5	50.9	45.5	-10.7	6.6
4. Italy	36.5	41.2	39.1	-5.2	5.6
5. China	27.0	31.2	33.2	6.2	4.8
6. United Kingdom	25.4	25.2	22.8	-9.4	3.3
7. Russian Federation	18.5	21.2	-	-	-
8. Mexico	19.0	20.6	19.8	-4.0	2.9
9. Canada	19.5	19.7	19.7	0.2	2.8
10. Austria	17.5	18.0	18.2	1.1	2.6
11. Germany	17.1	19.0	17.9	-5.9	2.6
12. Hungary	14.4	15.6	15.3	-1.5	2.2
13. Poland	18.0	17.4	15.0	-13.8	2.2
14. Hong Kong (China)	11.3	13.1	13.7	5.1	2.0
15. Greece	12.2	13.1	-	-	-

Source: World Tourism Organization (WTO), Canadian Tourism Commission

Table 1.2: International Tourism Receipts

Rank	International Tourist Receipts (US\$ billion)		% Change 2001/00	Market Share 2001
	2000	2001		
1. United States	82.0	72.3	-11.9	1.6
2. Spain	31.5	32.9	4.5	7.1
3. France	30.8	30.0	-2.5	6.5
4. Italy	27.5	25.8	-6.2	5.6
5. China	16.2	17.8	9.7	3.8
6. Germany	18.5	17.2	-6.8	3.7
7. United Kingdom	19.5	16.3	-16.7	3.5
8. Canada	10.7	10.8	0.7	2.3
9. Austria	9.9	10.1	1.9	2.2
10. Greece	9.2	-	-	-
11. Turkey	7.6	8.9	17.0	1.9
12. Mexico	8.3	8.4	1.3	1.8
13. Hong Kong (China)	7.9	8.2	4.5	1.8
14. Australia	8.5	7.6	-9.8	1.6
15. Switzerland	7.5	7.6	1.6	1.6

Source: World Tourism Organization (WTO)

1.1.1.3 Long Term Projections

The World Tourism Organization³ forecasts that international arrivals are expected to reach over 1.56 billion by the year 2020. Of these worldwide arrivals in 2020, 1.18 billion will be interregional and 377 million will be long-haul travellers.

The total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and Americas (282 million), followed by Africa, the Middle East and South Asia.

Long-haul travel worldwide is predicted to grow faster (5.4 % per year) over the period 1995-2020 than intraregional travel (3.8%). Relative to competing markets, particularly smaller European countries, and emerging markets such as

³ *Tourism 2020 Vision* is the World Tourism Organization's long-term forecast and assessment of the development of tourism up to the first 20 years of the 21st century. An essential outcome of *Tourism 2020 Vision* are quantitative forecasts covering a 25 year period, with 1995 as a base year.

South Africa and East Asia, Canada has failed to capture a proportionate share of long-haul travel, especially when considering Canada's advantageous geographic location and easy access for both Asian and European long-haul travellers.

Table 1.3: International Tourist Arrivals by Region (millions)

	Base Year	Forecasts		Average Annual Growth Rate (%)	Market Share (%)	
	<u>1995</u>	<u>2010</u>	<u>2020</u>	<u>1995-2020</u>	<u>1995</u>	<u>2020</u>
Total	565.4	1,001.1	1,561.1	4.1	100	100
Africa	20.2	47.0	77.3	5.5	3.6	5.0
Americas	108.9	190.4	282.3	3.9	19.3	18.1
East Asia/Pacific	81.4	195.2	397.2	6.5	14.4	25.4
Europe	338.4	527.3	717.0	3.0	59.8	45.9
Middle East	12.4	35.9	68.5	7.1	2.2	4.4
South Asia	4.2	10.6	18.8	6.2	0.7	1.2
Intraregional	464.1	790.9	1,183.3	3.8	82.1	75.8
Long-Haul	101.3	215.5	377.9	5.4	17.9	24.2

Source: World Tourism Organization (WTO) *Tourism 2020 Vision*

1.1.2 Canada and World Tourism⁴

1.1.2.1 General

Canada is viewed internationally as a haven for vast areas of unspoiled natural beauty. The country is also divided into different geological and cultural regions. The expansive area of the country provides the traveler with unique opportunities. Each province has developed its own slogan to help identify its uniqueness; British Columbia's is the well publicized "Super Natural British Columbia."

Stretching from the Atlantic coast across the prairies to the Pacific coast and up the Arctic sea Canada covers an expanse of territory to discover. Part of this discovery is being provided to peoples around the world through excursions and a few resorts in unique and wonderful locations.

Travelling to Canada may offer cultural and city orientated activities in one of the major cities complete with shopping and night life. Others may prefer the

⁴ Sources: National Tourism Indicators and International Travel Survey (Statistics Canada), Canadian Tourism Commission, World Tourism Organization

solitudes of the vast natural areas. Most travellers to Canada want to have a part of both with varying degrees of comfort.

The Canadian tourism market, however, has ample room for improvement, particularly from an international point of view. Notwithstanding Canada's incomparable natural wealth, diversity and geographic proximity to the United States, the world's largest travel spending market, Canada maintains a significant travel deficit (Canadian travellers spend more outside the country than foreign travellers spend in Canada). Canada ranks behind Russia and the U.K. , and barely ahead of Austria, Germany, Poland and Hungary in terms of international tourist visits and earns about the same as tiny Austria in tourism revenues.

1.1.2.2 Tourism in the Canadian Economy

Tourism spending in Canada continued its decade-long growth and reached \$54.6 billion in 2001, an incremental 0.9% increase over 2000 notwithstanding significant geopolitical events and three consecutive quarters of decline through the latter part of 2001.

Domestic demand accounted for \$38.4 billion while international visitors contributed \$16.2 billion in 2001.

As a percentage of total economy, tourism gross domestic product at factor cost reached 2.3% or \$22 billion in 2001.

1.1.2.2.1 Government Revenues

The total government revenues from tourism for all levels was \$16.9 billion in 2001; \$9.3 billion was collected by the Federal Government, \$6.5 billion by provincial governments and \$1.1 billion by municipal governments.

1.1.2.2.2 Employment Generated by Tourism in Canada

Tourism employed 563,500 people in 2001, up 3.1% (17,100) over 2000. Tourism employment growth outpaced the 2.3% rate of growth in both business sector employment, and in total employment.

1.1.2.3 Domestic Travel

In terms of total overnight person trips, domestic tourists accounted for 79% in 2001. Canadian domestic overnight trips have remained relatively stagnant over the past few years and recent surveys have shown that Canadians are travelling less domestically despite increases in personal disposable income.

**Table 1.4: Total Tourism in Canada, 1988-2001
Overnight Person Trips (000s)⁵**

Year	Foreign	Domestic	Total
1988	15,485	79,460	94,945
1989	15,111	-	-
1990	15,210	78,326	93,536
1991	14,912	-	-
1992	14,741	84,043*	98,784
1993	15,105	-	-
1994	15,972	76,599*	92571
1995	16,932	-	-
1996	17,285	80,885	98,170
1997	17,636	65,727*	83,363
1998	18,828	83,961	102,789
1999	19,367	85,862	105,229
2000	19,663	83,438	103,101
2001	19,697	73,859	93,556

Source: International Travel Survey and Canadian Travel Survey (Statistics Canada) and Canadian Tourism Commission

** Changes in Statistics Canada's domestic travel survey, The Canadian Travel Survey, result in estimates for 1992, 1994 and 1997 not being comparable with previous years.*

1.1.2.4 International Visitors to Canada

In the first quarter of 2002, total international visits to Canada were up 7.7% over the fourth quarter of 2001. Visits from the United States were up 8.1%, the first gain since the first quarter of 2001, while visits from other countries grew by 4.7%.

In terms of Canadian statistical data, the overseas tourist market provides only 4 per cent of the volume, but it accounts for 12 per cent of the receipts. It is therefore the most rewarding area of growth, even if the numbers are the smallest.

The spending patterns of overseas visitors combined with the World Tourism Organization's predictions of faster growth for long-haul travel (5.4 % per year) over the period 1995-2020 than intraregional travel (3.8%), places a special importance on this segment to the Canadian tourism economy.

⁵ Taking into account changes in methodology of domestic travel survey and external indicators, domestic travel was virtually flat between 1988-1992. The change in survey methodology masks the increase that occurred in domestic travel between 1992 and 1994, as reflected in industry indicators such as commercial accommodation occupancy rates.

**Table 1.5:
Volume of Tourists and Tourism Spending in Canada (2001)**

	Trips '000	\$ billions
Domestic	73,859	38.4
U.S.	15,687	10.0
Overseas	4,010	6.7
Total	93,556	54.6

Source: International Travel Survey and Canadian Travel Survey (Statistics Canada) and Canadian Tourism Commission

1.1.2.5 Canadian Travel Deficit

Canadians spend far more outside the country on tourism than foreign visitors spend in Canada. In 2001, the nation's travel account deficit totalled \$1.3 billion. This **travel deficit rose to \$4.3 billion** in 2004. This is a very significant fact that indicates the need for destination projects such as the one being studied, capable of attracting not only the out of province but also the foreign clientele, and of pointing the Canadian tourism industry in the direction of balancing the travel and tourism spending deficit.

According to the *Vancouver Sun*, "Canadians spent more than \$20 billion traveling outside the country last year, a record high and the biggest increase in more than a decade... The surge in foreign travel and spending by Canadians more than offset a rebound in travel to Canada from a SARS-related decline in 2003 and resulted in the highest travel deficit in a decade..."⁶

1.1.3 Tourism in British Columbia

British Columbia is a participant in the world wide movement of tourist traffic. On a world scale, tourism had a phenomenal growth since the last century, and it has grown in parallel with the transportation industry and with the rise in popularity and sophistication of sporting activities, from the oldest ones such as swimming or bathing, to the newer ones, such as snowboarding.

An example near the Purcell Mountains is that of Banff. The early Banff Springs Hotel opened for business in the wilderness of the National Park, without a ski market, in June 1888, because of the vision of William Cornelius Van Horne the Chairman of the Canadian Pacific Railway, who stated: "If we can't export the scenery, we'll import the tourists"⁷. In the first summer season the hotel had 1,503 guests. By 1911 the number had increased to 22,000 and the hotel had to be expanded. Banff has become the name by which Canada is best recognized in the world.

⁶ *Vancouver Sun*, February 25, 2005.

⁷ *An Altitude SuperGuide: CANADIAN ROCKIES*. pg. 77.

Today, tourism is a major part of the provincial economy. In 2001, British Columbia hosted 22.4 million overnight visitors who spent more than \$9.2 billion in the province. The impact of visitor spending on the provincial economy is reflected in a variety of ways ranging from Gross Domestic Product (GDP) and business revenues, to employment and incomes.

British Columbia's national, provincial, regional and local parks provide a spectrum of natural beauty, breathtaking scenery and opportunities for outdoor enjoyment and recreation. The province boasts 807 protected areas (provincial parks, ecological reserves, recreation areas and other protected areas) covering 11.4 million hectares. There are 13,302 campsites, 487 day-use areas, 136 boat launch areas and 3,000 km of hiking trails with provincial parks, that serve approximately 24 million park visitors each year. The abundance and variety of wildlife in British Columbia reflect the great diversity of the province's environment. There are more species in total, and more unique species of birds and mammals than in any other Canadian province.⁸

British Columbia's tourism economy has seen a decade of strong growth. The terrorist attacks of September 11th, however, had a significant impact, for the first time in a decade the industry experienced a decline in annual visitations and revenue. The impacts on the tourism industry were not as large or as long lasting as originally anticipated. Following September 11th, a decline of 2.0% in the number of international visitors to the province had been forecasted. However, the industry has shown itself to be more resilient and recovered much more quickly than predicted. During the first ten months of 2002, the number of international visitors to British Columbia rose by 0.6% including a 3.0% increase from the US market, compared to the same period of 2001.

1.1.3.1 Visitor Expenditures⁹

Tourism revenue in British Columbia totalled \$9.2 billion in 2001, a drop of 2.3% over 2000. 2001 was the first year in which revenues decreased in ten years. Spending by visitors from the American and British Columbia Markets was down only marginally, with declines of 0.6% and 1.0% respectively.

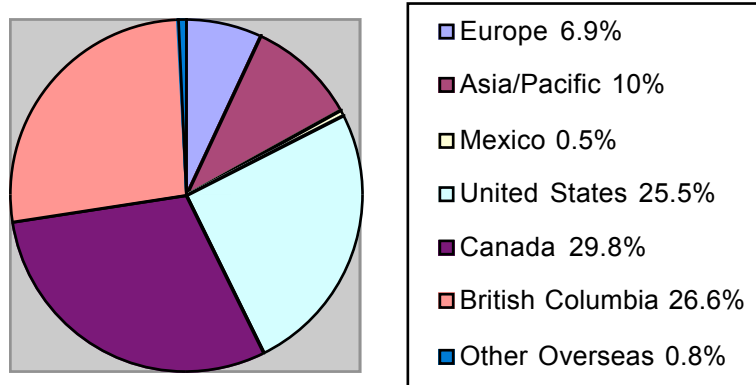
Due to differences in the average length of stay and expenditures per day there is a considerable variation between the shares of revenue and volume attributable to visitors from different markets. British Columbians represented 48.1% of total visitor volume in 2001 but only 26.6% of revenue, as they spent less per visit than visitors from long-haul markets. Overseas visitors contributed 17.7% of the total revenue while representing only 7.3% of the volume.

Over 92% of the total expenditures were made by non-resident and resident visitors who stayed overnight in the Province. On a regional basis, Vancouver Coast & Mountains plus Vancouver Island capture about two-thirds of all tourist dollars spent in the province.

⁸ BC Stats, Ministry of Management Services

⁹ Tourism British Columbia, The Value of Tourism, February 2003

Table 1.6: 2001 Visitor Revenue by Market
Total = \$9.2 billion



Source: Tourism BC

1.1.3.2 Visitor Volume and Visitor Markets¹⁰

British Columbia hosted 22.4 million overnight visitors in 2001. Just under half (48.1%) of these visitors were from within British Columbia. Residents from other parts of Canada represented 21.6% of all visitors, totalling 4.8 million visitors.

Nearly 5.1 million US overnight travellers visited B.C. in 2001, representing 22.7% of the province's total visitor volume. The number of US overnight visitors has increased a remarkable 25.7% since 1996.

Mexico continues to show strong growth as an emerging market for B.C. Visitation was up 11.3% in 2001 to 71,000 visitors, more than twice as many as in 1996.

Visitors from Asia/Pacific region remained above 1999 levels, in spite of a slight decline in 2000. Japan continues to be the second largest of British Columbia's overseas markets, although the number of Japanese visitors posted a drop of 7.9%. The emerging markets of China and South Korea showed strong growth in visitor volume of 26.1% and 15.1% respectively. The country groupings of Other Asia/Pacific (11.4%) and South East Asia (7.4%) also posted growth in visitor volume compared to 2000.

The number of European visitors decreased by 6.0% in 2001, due in part to the decrease in transatlantic air capacity and the September 11th terrorist attacks. A weak Euro (this situation reversed itself dramatically in 2002) and poor economic performance in some European countries also played a role in declining

¹⁰ Tourism British Columbia, The Value of Tourism, February 2003, and British Columbia Visitor Study, The Report on Visitors to B.C

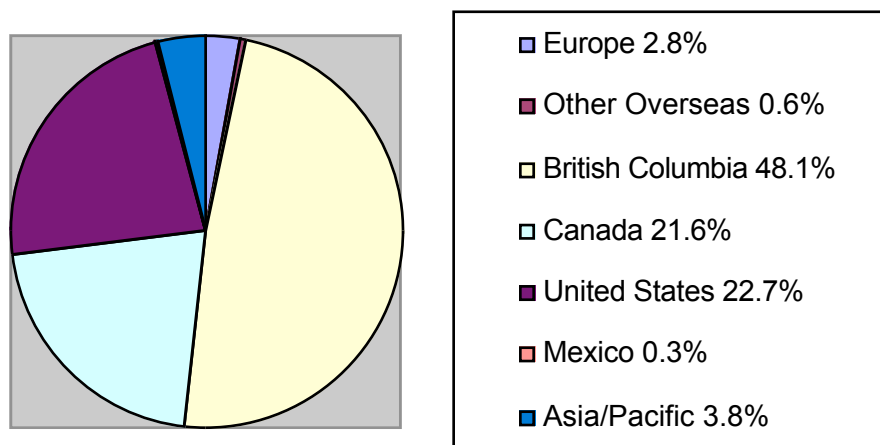
European visits in 2001.

Table 1.7: Visitor Volume and Revenue by Market (2001)

Market Origin	Overnight Visitors ('000s)	% Change Visitors 2000-2001	Overnight Revenue (\$ millions)	% Change Revenue 1999-2000
British Columbia	10,761	0.0%	2,452	-1.0%
Canada	4,832	-1.7%	2,749	-3.0%
United States	5,084	0.4%	2,351	-0.6%
Mexico	71	11.3%	49	10.2%
Asia/Pacific	852	-3.0%	919	-4.5%
Europe	619	-6.0%	638	-7.1%
Other Overseas	143	-6.1%	74	-7.0%

Source: Tourism BC

**Table 1.8: 2001 Visitor Volume by Market
Total = 22.4 million**



Source: Tourism BC

1.1.3.3 Representative Visitor Markets to BC

1.1.3.3.1 United Kingdom¹¹

The United Kingdom (UK) continues to be a very significant travel market for British Columbia (BC). It is currently the largest European market for both BC and Canada. In 2000, travellers from the UK comprised almost half (41.1%) of all European customs entries to BC.

- Estimated Outbound Travel from United Kingdom (UK) (2000): 55.8 million trips
- Real GDP (1999): \$1,244.7 (1995 US billions)
- GDP Growth (1999): 2.1%
- Direct Customs Entries to BC (2000): 223,619
- UK as a Share of BC's European Customs Entries (2000): 41.1%
- Europe as a Share of BC's Int'l Customs Entries (2000): 4.5%
- BC's Share of UK Customs Entries to Canada (2000): 25.4%
- Population (2000): 59.9 million

Size of the UK Market:

Outbound travel from the UK is estimated at 55.8 million trips in 2000, up 3.7% over 1999. The number of outbound trips from the UK grew at a far faster rate than outbound trips from other countries during the latter half of the last decade, increasing by 9.3% in 1997 and 10.8% in 1998. Increases in outbound trips from other countries averaged 3.5% and 3.0%, respectively during the same two years.

More than 875,000 UK travellers visited Canada in 2000, of whom more than 220,000 (25.4%) entered directly through BC. UK customs entries to BC and Canada showed large increases in 2000 over 1999 (11.5% and 10.6%, respectively).

The U.K. Traveller:

Of British travellers booking holidays to long-haul destinations, more than half (51.0%) travel independently, as opposed to booking inclusive tours. About 30% of these independent travellers are "truly" independent, making all of their own travel arrangements. Independent UK travellers are typically affluent and educated individuals between the ages of 25 and 55 who seek freedom and flexibility in their holiday experiences.

There is no indication however, that independent travel will eventually substitute for inclusive tours. In fact, a study released in May of 2000 by Mintel – Inclusive Tours, reported that 42.0% of UK travellers said their

¹¹ Source: Tourism British Columbia Market Profile: United Kingdom, April 2001

usual choice of a holiday abroad was a packaged tour which was typically booked through a travel agent.

Travellers from the UK are increasingly interested in activity-based vacations, likely due in part to heightened health awareness. Visitors from the UK take part in a variety of activities in BC including visiting National or Provincial parks, skiing, snowboarding and marine-based activities such as whale watching. Expenditure on activity-based holidays is typically higher due to the cost of activities. BC is well positioned to take advantage of this interest with its abundance and variety of year round, outdoor activities.

The British population is aging and growing at a very slow rate (under 0.3% per year). Approximately 16% of the population is currently over the age of 65. This proportion is forecast to grow to approximately 20% by 2021. The aging population, combined with an emerging trend of early retirement will increase the number of relatively healthy, affluent, older adults with the time and financial resources to travel, which may increase travel to BC.

UK visitors typically visit BC between the months of June to September, although there has been some growth during the winter months over the past few years. The influx of UK travellers to BC typically experienced during April is primarily due to an increase in ski vacations during Easter break.

The primary trip purposes for UK travellers visiting BC are visiting friends and relatives (VFR), outdoors/wilderness activities and sightseeing. There is some indication that VFR traffic to Canada from the UK is decreasing, although there is no clear indication that trend is also occurring in travel to BC.

What does this mean for tourism in BC? Shifts in British demographics and the emergence of new travel interests may impact the way BC is marketed to the UK. BC is well positioned to take advantage of the growing number of British travellers interested in activity-based vacations.

The Competition:

UK travellers visit a wide variety of destinations, due in part to the fact that many UK residents have historical links and a cultural affinity in countries that were once part of the British Empire.

The US remains the leading long-haul destination for UK travellers, capturing approximately 42% of the long-haul market in 1999. Although small in comparison, Canada ranked as the second most popular long-haul destination in 1999 capturing approximately 5% of the market.

Travel and Tourism Intelligence, a UK travel publication, lists cheap airfares, a shared language, Disney attractions, shopping and a wide variety of climates, scenery and sun and sand as reasons UK travellers

are attracted to the US as a vacation destination.

In terms of product, BC competes directly with Australia and New Zealand, both of which offer outdoor adventure and activity-based vacations. More favourable exchange rates for British travellers in both Australia and New Zealand will cause BC to face stiffer competition from these destinations in the next few years.

An emerging long-haul destination increasingly competing for the UK travel market is South Africa, which offers wildlife viewing, safari adventures and beach and sun. South Africa spent an estimated \$7.5 million on promotions within the UK in 1999, second only to Australia, which continued to have the largest presence in the UK in terms of promotion.

Within Canada, BC has managed to maintain a market share of approximately 25% over the past few years. Canada's customs entries from the UK travel market have also shown consistent growth over the past few years, up 11.2% between 1996 and 2000.

What does this mean for tourism in BC? Although visitation to BC and Canada will likely continue to increase, we are losing market share to Australia, New Zealand and South Africa. Growth in visitation to these countries from the UK is exceeding growth in visitation to BC.

Emerging Trends

One of the most important and recent developments in the UK travel trade has been an increase in the consolidation of tour operators to several large companies, who now control well over half of the UK market.

Larger tour operators will focus mainly on mass markets and packaged travel. BC and Canada are not mass market destinations in the UK travel market. Rather, they are positioned as special interest, or niche markets.

At the end of 1999, an estimated 9 million UK consumers had access to the Internet in their homes and a number of security features have been put in place to increase consumer confidence and encourage on-line travel bookings.

Over the next ten years, Digital TV is expected to revolutionize the way packaged holidays are booked in the UK. It is anticipated that Digital TV will enable viewers to gather in-depth travel information from holiday channels and book their holidays from the comfort of their own living rooms.

What does this mean for tourism in BC? Continued technological developments in travel information sources in the UK will likely impact the way BC is marketed there. While independent booking has increased in the past few years, there is no indication that travel agencies will be

replaced, especially given the size of some of the largest UK travel operators. The challenge lies in BC's ability to work with these larger operators, despite the fact that it is not a mass market destination, and to find and educate smaller, niche operators.

1.1.3.3.2

Germany¹²

Germany continues to be a very important travel market for both British Columbia (BC) and Canada. In 2000, German travellers accounted for 21.5% of BC's European customs entries and 16.0% of Canada's European customs entries. Germany was ranked as the second largest European travel market to BC and the third largest to Canada in 2000.

- Estimated Outbound Travel from Germany (2000): 65.9 million trips
- Direct Customs Entries to B.C. (2000): 103,623
- GDP Growth (1999): 1.5%
- B.C.'s Share of German Customs Entries to Canada (2000): 26.8%
- Germany as a Share of B.C.'s European Customs Entries (2000): 21.5%
- Europe as a Share of B.C.'s Total Int'l Customs Entries (2000): 9.7%
- Population (2000): 82.79 million

Size of German Market:

Germany is the world leader in terms of trips and nights spent abroad, and comes second only to the US in terms of travel spending.

The German market is one of the few that take significantly more international holidays than domestic. In fact, Germans took 44.5 million holidays (71.1% of total trips) internationally in 1999, up from 41.0 million holidays (64.7%) in 1993. This represents a 1.1% growth rate in international travel between the years of 1993 and 1999.

In 2000, nearly 400,000 German travellers visited Canada, of whom over 100,000 entered directly through British Columbia (26.8%). German customs entries to BC were down 7.2% over 1999.

The German Traveller:

Tourism for pure relaxation, or to visit friends and relatives (VFR) is diminishing in importance as Germans are growing more interested in opportunities to have new social and educational experiences. This market is comprised of more experienced travellers who generally have a higher level of education.

The upside of the decreasing VFR market is that overseas pleasure travellers spend about 25% more than those who come to Canada to visit

¹² Source: Tourism British Columbia Market Profile: Germany, April 2001

friends and relatives. The challenge lies in effectively competing with the entire global tourism market to attract outbound pleasure travellers.

The growth market over the next decade will be in servicing the independent traveller. The increased sophistication and experience of travellers is driving the trend towards more personalized vacations.

In 1996, a German survey found that 80.0% of German outbound pleasure travellers stated that an unspoiled environment was crucial to whether or not they were satisfied with the holiday. British Columbia's tourism product is well positioned to take advantage of the German interest in experiencing nature in a clean and unspoiled environment.

By 2010, the German population will show some dramatic shifts in the age categories, which will be important for travel to BC and Canada. In particular, significant growth is expected in the 45-54 age category and the 65+ age category. This growth will provide an opportunity to develop product for the mature or older traveller. Germans enjoy very generous holiday entitlements compared to most other countries. There is a minimum of five weeks vacation leave and ten days of public holidays every year.

July and August remain the main holiday months for Germans travelling internationally. As has been the case in recent years, German visitation to BC in 2000 was concentrated between the months of June to September, accounting for approximately 65% of German visitation.

January remains the peak month for Germans to make main holiday decisions. German travellers are very price sensitive and will make travel bookings to take advantage of special prices.

What does this mean for tourism in BC? BC is well positioned to take advantage of the growing German interest in experiencing nature in a clean and unspoiled environment. Future demographic shifts and emerging German interests (i.e. social and educational experiences) will impact the way BC is marketed as a travel destination to German travellers.

The Competition:

In 1999, almost one half (45.6%) of all outbound German travel was to eight key destinations in Europe. North American destinations accounted for about 2.6% of the total outbound German travel market.

Although North America recorded a decline of 0.4% in German market share for 1999, likely due to the depreciation of the Euro, it continues to account for the largest share of German arrivals to destinations outside of Europe.

Increased competition in the long-haul market (i.e. Germans travelling outside of Europe) is expected to come from South Africa and Asian

countries during the next few years.

British Columbia's competition in the German market varies by season and by product. In the winter BC is competing with ski destinations in Europe and North America as well as sunspots. During the summer we compete with other long-haul destinations in North America as well as Australia and South Africa.

What does this mean for tourism in BC? Although German visitation to BC is not expected to decline significantly in the next few years, growing competition from other long-haul destinations such as South Africa may impact the way BC is marketed in Germany with respect to product knowledge.

Emerging Trends:

A growing trend toward consolidation of tour operators and retail travel agencies exists in Germany. The outcome of this trend may be that several large conglomerates will exert significant control over the quality and distribution of travel products and brochures.

Canada may face difficulties in a more highly concentrated industry because the larger tour operators may focus mainly on mass markets and packaged travel.

To overcome dealing with these conglomerates, Canada and BC may position themselves as niche markets and find opportunities to work with many small operators rather than mass-market operators who continue to focus efforts on major sun destinations.

Targeting the high-end German traveller seeking culture, adventure and wilderness as a niche market may work to BC's advantage. The challenge, however, will be to educate a larger number of small operators rather than a few large conglomerates.

1.1.3.3.3

Japan¹³

The Japanese travel market continues to bring a significant volume of travellers to both British Columbia (BC) and Canada, although visitor volume has somewhat dampened in recent years due to Japanese economic conditions and difficulties with air capacity. However, in 2000 Japan continued to be the largest overseas market for BC and the second largest overseas market for Canada.

- Estimated Outbound Travel from Japan (2000): 16.9 million trips
- Direct Customs Entries to BC (2000): 274,553
- Japan as a Share of BC's Asia/Pacific Customs Entries (2000): 31.3%

¹³ Source: Tourism British Columbia Market Profile: Japan, April 2001

- Asia/Pacific as a Share of BC's Int'l Customs Entries (2000): 17.6%
- BC's Share of Japanese Customs Entries to Canada (2000): 54.1%
- GDP Growth (1999): 0.3%
- Population (2000): 126.9 million

Size of Japanese Market:

Japanese outbound travel in 2000 was estimated to total 16.9 million travellers, up 4.8% over 1999.

More than 505,000 Japanese travellers visited Canada in 2000, of which more than 270,000 (54.1%) entered through BC.

The Japanese Traveller:

Japanese travellers are becoming more experienced and moving toward more independent travel, especially those in younger age groups. Although approximately half of all Japanese travellers still use packaged tours, more are opting for skeleton tours that allow participants to choose their own activity.

The trend of an aging population is especially true in Japan where the proportion of the population under the age of 15 has declined by 15% since 1960. Segments of the Japanese population which may be of particular interest to BC and Canada are the middle aged (45-64) and seniors (65+). According to the 2000 Japanese Consumer Study, 67.0% of respondents in the 45-64 age category were interested in visiting BC in the next five years. Seniors, an age category which has more than doubled in size since 1995, have generally been less impacted by Japan's economic troubles, and therefore have not had to put their travel plans on hold.

Overseas school trips and educational tours are gaining importance for Japanese travel consumers. Canada is a popular, albeit expensive, destination for schools participating in overseas field trips, capturing about 4.0% of this market in 1997.

Japanese travellers are very interested in changing seasons and natural phenomena, such as aurora, spring blossoms and fall leaves. The Japanese market to North America is seasonal with a peak in March (blossom tours) and in July through September. Travel during these months accounted for approximately 44.5% of total Japanese customs entries to BC in 2000.

Japanese travellers appear to be shifting summer travel to the fall to take advantage of lower rates. In 1999, BC experienced a slight increase in Japanese visitor volume in September and October. In 2000, slight increases were experienced in October and November. In addition, entries to Ontario experienced 67.3% and 37.5% growth in September and October, respectively. This growth is likely due to the popularity of fall colour tours.

There appears to be a very strong correlation between the exchange rate (Yen to \$CDN) and Japanese customs entries to BC. As the Yen increased in value to the Canadian dollar throughout the mid nineties, visitation to BC generally increased with a typical lag time of approximately 1 year.

In 1999, the top 3 activities for Japanese leisure travellers to all destinations were viewing natural and scenic attractions, shopping and visiting historic and cultural attractions. Viewing natural and scenic attractions is seen to the Japanese as a way of rejuvenating themselves while overseas, an activity that BC is well positioned to provide.

The average trip length for a Japanese visitor to Canada is short, usually no more than seven nights.

What does this mean for tourism in BC? Shifts in Japanese demographics and the emergence of new travel interests among Japanese travellers may impact the way BC is marketed to Japan. BC is well positioned to take advantage of the growing number of Japanese travellers arriving in Canada during September and October with mild temperatures and year-round natural and scenic attractions.

The Competition

29.6% of Japanese outbound travel in 1999 was to the United States (including Hawaii), while Canada captured about 2.3% of the market.

Despite Canada's popularity as a desired destination, product knowledge of Canada within Japan is low. Canada is mainly known for its vast natural beauty and for little else. Therefore, BC and Canada's main challenge will be to build product knowledge in the Japanese market.

Canada sits in the fifth spot in terms of 'preferred' long-haul destinations for 2000, however a combination of cost, distance and time are likely deterrents for the Japanese traveller. Other preferred long-haul destinations for 2000 include Australia, Hawaii, Italy and France.

With the apparent shift in seasonality of Japanese travel, Ontario has recorded a higher growth rate than BC; however, BC may be able to compete for a higher proportion of these visitors with its mild fall temperatures. This would likely impact the way BC is marketed to Japanese visitors.

Interestingly, in 1999 'tourism' was the stated purpose for two thirds (68.4%) of Japanese travellers to Canada and less than half (44.9%) of Japanese travellers to the US mainland. The US mainland received a higher proportion of Japanese business travellers than Canada, 20.3% compared to 6.0%, respectively.

Emerging Trends

Package tours have become very diversified, ranging from low priced skeleton tours to costly, high quality, all-inclusive tours. The range of package tours reflects the polarization of demand. Canada remains a popular destination for packaged tours – an effective way to overcome language barriers and unfamiliarity with the country.

The great distances between attractions in Canada may be another reason Japanese travellers opt for package tours. Canada is one of the more expensive package tour destinations for both the higher and lower priced package segments. In fact, for lower priced packages, Canada is nearly double the cost of America, Hawaii and Australia.

To reduce costs associated with travelling, Japanese consumers are increasingly purchasing lower priced travel packages and reducing the length of their trips.

A study reported in the May 2000 Travel Journal International revealed that hotel bookings and air tickets are among the top purchases made on the Internet by Japanese consumers. Although not confirmed, it is speculated that most of these bookings have mainly been for domestic travel. However, as Japanese consumers become more comfortable with Internet purchasing, there may be an impact on overseas bookings as well.

1.1.3.3.4

Australia¹⁴

Australia continues to be a very important travel market for both British Columbia (BC) and Canada. In fact, Australia is the dominant generator of world-wide tourism from Oceania, and is among the largest travel markets to BC and Canada from the Asia/Pacific region. Australian outbound travel has shown fairly consistent growth throughout the last decade and visitation to BC is forecast to increase.

Size of Australian Market:

Outbound travel from Australia in 1999 was estimated to total 3.2 million travellers, up 1.5% over 1998. Australian outbound travel grew fairly consistently between 1993 and 1998 showing approximately 39% growth between those years.

More than 170,000 Australian travellers visited Canada in 2000, of whom over 105,000 (61.4%) entered directly through British Columbia. Direct entries to BC from Australia increased 11.8% in 2000 over 1999.

¹⁴ Source: Tourism British Columbia Market Profile: Australia, April 2001

The Australian Traveller

While unescorted, or fully independent travel (FIT), has become popular among many travel markets, Australian FIT travellers, although only a small proportion of all travellers, are among few “true” FIT visitors to BC and Canada. That is, they make all their own arrangements via phone, fax or Internet directly with suppliers rather than purchasing any travel packages.

June to September and December are the most popular months for Australian travellers to visit BC and Canada. However, the strongest growth in customs entries during 2000 was recorded in the shoulder months of April, May and November of 2000. These months showed increases of 13.8%, 14.2% and 31.3%, respectively over 1999. This compares to increases of 5.9%, 10.2% and 10.8% in June, July and August, respectively.

On average, Australia’s population is fairly young compared to other developed countries. In 2000, only 12.4% of the population were aged 65 and over. BC is well positioned to take advantage of this demographic profile; younger people may be more willing to travel internationally and may be more interested in vacations that include physical activity.

Demographic forecasts are predicting that the 65+ age group could represent up to 19.4% of the Australian population by 2025. This shift may also benefit tourism in BC as older people generally have more time and more disposable income available for travelling. In addition, older Australian travellers are often attracted to Canada and Alaska to participate in cruise vacations.

For Australians who prefer group touring, many are now demanding experiences beyond simply looking through a bus window. Taking part in physical activities, such as wildlife viewing, learning and culture as well as various forms of entertainment are among the emerging interests.

While Australians have typically taken longer vacations than the average traveller, there has been an increase in the proportion of shorter trips over the past decade. In 1998, 12.2% of outbound trips were one week or less compared to 8.1% in 1988. For trips between one and two weeks, the proportion has grown to 28.3% in 1998 from 23.7% in 1988. Decreasing leisure time and increased price sensitivity as a result of devalued currency may have caused the shift to shorter trips.

The main purposes of travel for all Australian outbound travellers are business, holiday and visiting friends and relatives (VFR). While no significant change is expected with respect to these main purposes, travel for education and sport is expected to outpace growth in those areas.

While in BC, skiing and snowboarding are among the most popular activities for Australian leisure visitors. Vancouver has increasingly been able to benefit from Australian travellers stopping to visit the city while on

cruises to Alaska.

What does this mean for tourism in BC? Shifts in Australian demographics and the emergence of new travel interests among Australian travellers may impact the way BC is marketed to Australia. BC is well positioned to take advantage of emerging interests in physical activity with its abundance of year-round, outdoor opportunities for activity.

The Competition:

New Zealand remained the number one international destination for Australian travellers in 1998 and 1999 followed by the US and the UK.

It is expected that the highest rate of growth in Australian outbound travel will be within the Asia/Pacific region. As a result, New Zealand is expected to compete strongly with Asian destinations, offering competitive holiday prices and a very favourable exchange rate to maintain or increase its market share of outbound travel from Australia.

Long-haul destinations, including the US, UK and BC and Canada may lose some market share due to the high cost in comparison with competitively priced short-haul destinations, which is compounded by the depreciating Australian dollar in long-haul destinations.

The increase in shorter trips over the past decade may also be a mitigating factor affecting visitation to long-haul destinations as Australians may feel they do not have the time necessary to take vacations to long-haul destinations.

Emerging Trends:

There are more than 4,500 travel agents in Australia. Exposure of products and destinations via brochures or websites offer travel retailers in Australia a convenient method of booking and purchasing vacations on behalf of their customers. If BC products are not readily available for booking and purchasing, retailers may turn to competing destinations that are.

The number of BC destinations appearing in Canadian brochures since 1998 has increased by approximately 7.0%. Despite this increase, BC's share of pages within Canadian brochures has remained fairly stable over the past couple of years. This is likely due to wholesalers looking to fit more product into the same number of pages.

In addition to FIT travel, modular travel is also increasing in popularity. Modular travel offers travellers the ability to combine several independent two or three day options together to create their vacation.

Canada/US packages are also popular for Australian travellers, however the strength of the US dollar is a problem for Australians travelling to

North America.

Quantas airlines, the leading Australian airline, has officially announced their new code share with Alaska Airlines via Los Angeles to Vancouver. This adds nineteen flights per week between Australia and Vancouver via Honolulu, Hawaii. BC has more active airline partners in Australia than any other overseas country.

1.1.3.4 Tourism GDP¹⁵

Tourism GDP is a measure of the industry's economic impact on the provincial economy and a basis on which to compare it to other industries. Tourism GDP measures the value added to the economy by the tourism industry. This value added is equal to the revenue earned by the tourism industry minus the cost of inputs either purchased from B.C. industries or imported.

Based on a 1997 constant dollar, tourism GDP in 2001 rose by 0.2% to a total of just over \$5 billion. The increase in tourism GDP outpaced the growth of the provincial economy as a whole, which declined by 0.2% in 2001.

Over the past decade, growth in tourism GDP, based on constant dollars, has averaged nearly 3.1% per year, exceeding the rate of growth of the province as a whole, which averaged 3.0% per year. In total tourism GDP, based on constant dollars was 35.5% higher in 2001 than in 1991.

The Accommodation and Food Services sectors were the dominant sources of tourism generated economic activity, accounting for more than \$2.1 billion, or 41.8% of tourism GDP. Transportation and Warehousing represented 26.3% of tourism GDP and Retail trade represented 11.4%.

Tourism is one of British Columbia's largest industries. Compared to other resource-based industries, Tourism GDP was greater than that of Mining, Agriculture and Fishing but less than that of Forestry.

Table 1.9:
2001 GDP Selected Comparisons (1997 Constant \$)

Sector	\$ (Billions)
Forestry	8.2
Tourism	5.0
Mining	1.4
Agriculture	1.0
Fishing Trapping & Related	0.1

Source: BC Stats, Statistics Canada

¹⁵ Tourism British Columbia, The Value of Tourism, February 2003

1.1.3.5 Tourism as an Export Industry¹⁶

Traditional exports are commodities that are shipped to markets in other countries. Tourism exports are different: the consumers travel to the province to purchase the product – the British Columbia tourism experience.

In 2001, while tourism exports fell slightly due to the impact of September 11th on international travel, tourism remained the province's third largest earner of export income – behind Wood Products and Energy, but ahead of Machinery & Equipment, Agriculture and Metallic Minerals.

\$4 billion of British Columbia's tourism revenue was earned in foreign exchange (exports) in 2001. This represented a significant increase of 18.3% since 1996.

1.1.3.6 Tourism Employment¹⁷

In the past, employment in the tourism industry was estimated through employment levels in tourism related industries. More recently, direct employment data has become available, providing a more accurate count of the number of British Columbians employed directly as a result of tourism activity. In 2001 the tourism industry employed 114,270 British Columbians out of a total of 1.596 million people employed in the province. Thus, tourism accounted for 7.2%, or 1-in-14 jobs in British Columbia in 2001.

The Food Services and Accommodation sectors accounted for approximately 28.0% and 23.1% respectively, of tourism jobs in 2001. Other key sectors in terms of tourism employment were Transportation & Storage, which accounted for 17.5% of tourism jobs, and Retail & Wholesale Trade at 16.0%. The largest growth was seen in Retail and Wholesale Trade, with a 7.1% increase over 2000. Conversely, the contribution of employment by Transportation and Storage was reduced by 4.7%.

Tourism employment rose 2.2% in the 4-year period from 1997 to 2001. 1,960 jobs were added in 2001 over 2000, an increase of 1.2%. The Retail and Wholesale Trade sector led the growth in tourism employment, up 11.7% over 1997, while employment in the Accommodation and Food Services sectors increased by 3.6% during the same period.

¹⁶ Tourism British Columbia, The Value of Tourism, February 2003

¹⁷ Tourism British Columbia, The Value of Tourism, February 2003

**Table 1.10:
2001 Employment by Industry Sector**

Sector	Employment
Retail and Wholesale Trade	259,020
Health and Social Services	176,310
Education and Related Services	132,120
Tourism	114,270
Finance, Insurance and Real Estate	99,950
Accommodation and Food Services	88,800
Forestry and Related manufacturing	84,970
Public Administration	74,100
Construction	73,740
Transportation and Storage	62,430
All Industries	1,595,800

Source: BC Stats, Statistics Canada, Survey of Employment

1.1.3.7 Wages and Salaries¹⁸

In 2001, wages and salaries in the tourism industry totalled \$3.2 billion. Of this total (which does not include tips or gratuities), \$1.3 billion (41.0%) went to workers in the Accommodation and Food Services industries, while \$1.1 billion (33.0%) was earned in the Transportation sector.

Of all sectors, Transportation & Warehousing workers had the highest average weekly earnings (\$803), followed by Travel Arrangement and Reservation Services (\$612), and Retail Trade (\$463).

¹⁸ Tourism British Columbia, The Value of Tourism, February 2003

**Table 1.11:
Average Weekly Earnings in the Tourism Industry (\$)**

Sector	\$
Transportation & Warehousing	803.2
Retail Trade	463.1
Accommodation Services	424.4
Food Services	278.4
Travel Arrangement & Reservation Services	611.7
All Service Industries	626.9

Source: BC Stats, Statistics Canada Survey of Employment

Note: The average number of hours per week varied from 20.7 hours in Food Services to 40.5 hours in Transportation and Warehousing, which affects the average weekly ratings.

Note: Please see Section 6.3.3.4 for more detailed lists of average tourism industry related wages and hours.

1.1.3.8 Tourism Related Business Establishments¹⁹

Another indicator of the level of tourism activity is the number of business establishments in tourism-related industries. In 2001 there were 17,966 tourism-related business establishments operating in British Columbia⁵. More than 11.0%, or 1-in-9, of the province's 157,421 business establishments were involved in the tourism industry.

Almost 9,500 – just over half (52.6%) – of the tourism-related establishments were in the Food Services industry. There were 2,108 accommodation properties in 2001, which represented 11.7% of all tourism-related businesses. This figure was up from 10.8% in 2000, with an increase of 220 establishments.

Tourism-related business establishments are mostly small or medium-sized firms when measured by the number of employees. In 2001, 92.2% of firms had fewer than 50 employees and 43.6% of firms employed only 1-4 workers. The Accommodation sector had the largest proportion of business establishments with 50 or more employees (11.5%) followed by Food Services establishments (8.7%). The Transportation sector had the largest proportion of firms with 1-4 employees (64.3%).

¹⁹ Tourism British Columbia, The Value of Tourism, February 2003

1.1.3.9 Accommodation Room Revenue²⁰

In 2001, the revenue generated through the sale of overnight accommodation, totaled nearly \$1.5 billion. Revenues have increased 34.7% since 1996 and in 2001 were up 2.2% over 2000. In 2001, large hotels – those with more than 150 rooms – generated approximately 41.6% of the accommodation sector revenue. Motels accounted for approximately 12.5% and fishing lodges accounted for nearly 1.2% of the total revenues generated. These proportions are similar to those of 2000.

Vancouver, Coast & Mountains continue to account for the largest share of provincial room revenue despite a 0.8% decrease in market share compared to 2000. This decrease in market share was due to the disproportionate impact of September 11th on tourism in the Vancouver, Coast & Mountains region. Vancouver Island had the second highest share of the room revenue, posting an increase in market share of 0.5% over 2000. The BC Rockies and Thompson Okanagan also increased their market share over 2000, by 0.3% and 0.2% respectively.

In 2001, the Vancouver Island tourism region posted the highest growth rate (5.3%) over 2000, earning \$253.3 million in room revenue. Over the last five years, room revenue in the BC Rockies tourism region grew the fastest among all tourism regions, increasing 43.4%. The Thompson Okanagan was the second fastest growing region with a 38.7% increase over the last five years followed by the Vancouver, Coast & Mountains region (33.2%).

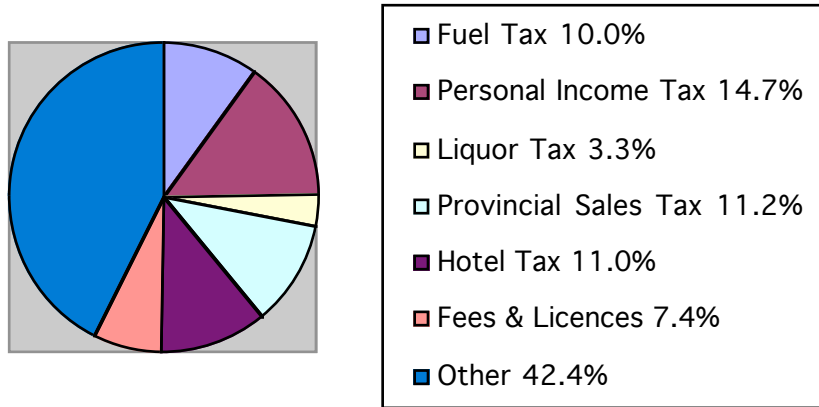
1.1.3.10 Provincial Government Revenue²¹

As well as generating revenue for British Columbian businesses and creating employment, the tourism industry is also a significant source of provincial government revenue. In 2001, the tourism industry contributed approximately \$990 million in revenue to the provincial treasury. Revenue was earned from taxes paid by tourists, for example hotel tax, liquor tax and provincial sales tax, from corporate and personal income taxes paid by tourism industry businesses and their employees, and from license fees, entry fees and other fees paid by tourists and tourism businesses.

²⁰ Tourism British Columbia, [The Value of Tourism](#), February 2003

²¹ Tourism British Columbia, [The Value of Tourism](#), February 2003

Table 1.12: 2001 Provincial Government Revenue by Source
Total = \$990 million



Source: Tourism BC

1.1.3.11 British Columbia Tourism Outlook²²

Overall visitation to British Columbia is forecast to increase 2.1% during 2003 to 23.0 million overnight visitors, generating \$9.7 billion in revenue. As predicted by the WTO, long haul markets are expected to grow somewhat faster than short haul markets as travel patterns return to normal following the impact of September 11th and as long haul air seat capacity gradually rebuilds.

Table 1.13:
British Columbia Tourism Outlook

Market Origin	% Share Overnight Visitor Volume	2003 Overnight Visitor Volume Forecast (000's)	% Change from 2002	% Share Overnight Visitor Revenue	2003 Overnight Visitor Revenue Forecast (\$M)	% Change from 2002
North America	93.2%	21,433	2.0%	83.2%	8,030	3.5%
BC Resident	48.3%	11,086	2.0%	26.9%	2,589	3.5%
Other Canada	21.3%	4,899	2.3%	29.4%	2,841	4.0%
United States & Mexico	23.7%	5,448	1.5%	26.9%	2,600	3.1%
Total Overseas	6.8%	1,607	3.8%	16.8%	1,666	5.5%
Asia Pacific	3.9%	905	3.8%	10.1%	995	5.4%
Europe	2.4%	573	4.1%	6.1%	63	5.7%

²² Tourism British Columbia, 2003 Tourism Outlook

Jumbo Glacier Resort – Master Plan Supplement

Other Overseas	0.6%	129	3.0%	0.7%	68	4.5%
Total International	30.5%	7,055	2.1%	43.8%	4,267	4.0%
Total Non BC Resident	51.7%	11,954	2.2%	73.1%	7,107	4.0%
Total	100.0%	23,040	2.1%	100.0%	9,697	3.9%

Source: Tourism British Columbia

Visitation from North America is forecast to increase 2.0% in 2003 to 21.4 million overnight visitors who will spend an estimated \$8.0 billion in the province. Strongest growth is expected from Ontario, as domestic long haul air capacity rises and travel patterns return to normal. Significant growth is also expected from Mexico.

Table 1.14:
Visitation from North America – 2003 Outlook

Market Origin	2003 Overnight Visitor Volume Forecast (000's)	% Change from 2002	2003 Overnight Visitor Revenue Forecast (\$M)	% Change from 2002
Total	21,433	2.0%	8,030	3.5%
British Columbia	11,086	2.0%	2,489	3.5%
Other Canada	4,899	2.3%	2,841	4.0%
United States	5,377	1.5%	2,549	3.0%
Mexico	71	5.0%	51	6.6%

Source: Tourism British Columbia

Tourism British Columbia forecasts that overnight visitation from the Asia/Pacific region will increase 3.8%, to 905,000 visitors, generating \$995 million in revenue during 2003. This follows an estimated increase of 2.3% in visitation for 2002, as the Asia/Pacific market rebounded from the impacts of September 11th more quickly than expected. Air seat capacity from Asia/Pacific to British Columbia is recovering and, with the exception of Japan, countries in the region are expected to experience good economic growth this year.

Table 1.15:
Visitation from Asia/Pacific – 2003 Outlook

Market Origin	2003 Overnight Visitor Volume Forecast (000's)	% Change from 2002	2003 Overnight Visitor Revenue Forecast (\$M)	% Change from 2002
Total	905	3.8%	995	5.4%
Japan	301	2.0%	299	3.5%
Australia & New Zealand	143	4.7%	174	6.2%
Taiwan	80	3.0%	104	4.5%
Hong Kong	81	1.0%	93	2.5%
South Korea	110	5.0%	110	6.6%
China	79	10.0%	90	11.7%
Other Asia Pacific	109	5.0%	125	6.6%

Source: Tourism British Columbia

Overnight visitation from Europe is forecast to rise 4.1% during 2003, with a total of 573,000 visitors generating \$603 million in revenue in British Columbia. This follows estimated decreases in visitation of 11.0% and 6.0% during 2002 and 2001, respectively. The lagged effect of a 16% appreciation of the Euro (in real and nominal terms) in 2002, which has decreased the cost of visiting British Columbia, and an increase in air seat capacity should result in a partial recovery of visitation during 2003.

Table 1.16:
Visitation from Europe – 2003 Outlook

Market Origin	2003 Overnight Visitor Volume Forecast (000's)	% Change from 2002	2003 Overnight Visitor Revenue Forecast (\$M)	% Change from 2002
Total	573	4.1%	603	5.7%
United Kingdom	279	5.0%	310	6.6%
Germany/Austria/Switzerland	116	2.8%	146	4.3%
Netherlands	35	3.0%	30	4.5%
France	24	3.0%	20	4.5%
Italy	21	3.0%	18	4.5%
Other Europe	98	4.0%	79	5.6%

Source: Tourism British Columbia

1.1.4 Tourism in the Rocky Mountains

1.1.4.1 Kootenay Region²³ and East B.C. Rockies

In the winter months, tourists are drawn to the region for skiing and snowmobiling. The region is also the home to some of the best helicopter skiing and ranges in the world: the Monashees, Purcells and Selkirks. In the summer, the Kootenay region provides tourists with a variety of outdoor activities, including hiking, fishing and golf.

Room revenue in the Kootenay region made up 4.5% of total room revenue for B.C. in 2000. While room revenue made significant gains during the shoulder seasons in 2000 (March +16.3%) and November (+10.8%), room revenue in the Kootenay region remains highly seasonal. November is typically amongst the lowest revenue months and August among the highest. In November 1999, unadjusted revenues were \$2.2 million. Less than a year later in August 2000, room revenues were \$9.5 million, a 332% increase. By November of 2000 revenues had fallen back below the \$3 million mark.

Earnings have also consistently risen from December to March only to decline shortly thereafter – coinciding with the start and finish of the ski season at regional resorts.

There were 279 accommodation properties in the Kootenay region in 2000. Forty percent of these were motels. These accommodations offered 6,725 rooms, up 5.7% from 1999.

The number of accommodation properties and rooms has risen over the past five years. 1998 and 1999 saw particularly strong growth with the number of accommodation properties rising 6.1% in 2000 and 3.6% in 1999.

The Regional District of East Kootenay contributed to over half (64%) of the \$64.3 million of room revenue for the region in 2000. The district has seen strong growth in the past few years. Room revenues for this district rose 21.1% in 2000 and 17.2% in 1999.

1.1.4.2 East B.C. Rockies Visitor Report

In 1996, Tourism British Columbia²⁴ profiled visitors to the Eastern B.C. Rockies region, which comprises primarily of the Regional District of East Kootenay.

The study found that in 1996 nearly 3.6 million visitors travelled to East B.C. Rockies for a day or overnight trip, 85% of whom were non-residents of B.C. The

²³ BC Stats, Tourism Sector Monitor, May 2001

²⁴ Tourism British Columbia, British Columbia Visitor Study, "The Report on Visitors to B.C. Rockies Tourism Region: East B.C. Rockies", 1998

region captured 12% of all B.C. visitors.

1.1.4.2.1 Value

Tourism revenue for the region was \$401 million in 1996 – 5% of the tourism revenue throughout the province generated by non-resident and resident visitors.

Non-residents generated \$344 million (86%) of the region's tourism revenue. Non-resident visitors spend on average \$32 per day and \$113 per stay in East B.C. Rockies. Resident visitors generated \$57 million (14%) of the region's tourism revenue and spent on average \$47 per day and \$105 per stay in the region.

Non-resident visitors stayed an average of 3.6 days in the region as compared to the average length of stay of non-residents in the province overall of 6.9 days. Resident visitors spend an average of 2.4 days, somewhat less than the average length of stay of resident travellers in the province overall (3.1 days).

1.1.4.2.2 Origin

Regional Canadians accounted for the greatest proportion (68%) of visitors. The remaining North American travellers made up a further 19% of non-resident visitors to the region. Overseas travellers accounted for 13% of non-resident visitors, of whom 7% were from Europe and 5% from Asia/Pacific.

The high proportion of European visitors relative to the provincial average is a testament to the drawing power of the region's heli-skiing operations to the European traveller. It is also an indicator of the "spill-over" effect from National Parks visits – another destination which is particularly popular amongst European travellers. Resident visitors from the South regions accounted for the greatest proportion (64%) of travellers to the region. Travellers from the Greater Vancouver Regional District accounted for a further 32% of resident visitors to the region.

1.1.4.2.3 Trip Purpose

91% of visitors to the region came for leisure purposes. Long-haul US and Overseas leisure travellers mostly cited general sightseeing (59% and 49% respectively) as a reason for visiting. Outdoor/wilderness activities were given as the main reason for travel by Regional Canadian (26%) and European (27%) leisure visitors.

1.1.4.2.4 Demographics

Non-resident overnight visitors averaged 49 years of age. Those living from the Long-haul markets tended to be older with approximately one-half (52% Canadian and 49% US) over the age of 55. Overseas visitors

tended to be younger, with 73% between the ages of 18 and 54.

Non-resident travellers were typically employed (77%), although a large number of Regional US travellers (32%) were retired. Resident travellers averaged 43 years of age and were significantly more likely to be 18 to 34 years of age than their non-resident counterparts. 69% of resident visitors were employed.

Most non-resident visitors (84%) were from households with at least some post-secondary education. This was especially true for the Regional US (88%), Long-haul US (93%) and Overseas (89%) markets.

Non-resident travellers were typically from middle income (45%) households. The largest proportions of upper-income visitors were from Regional US (38%), Long-haul US (40%) and Overseas (37%).

Over one-half of resident visitors (59%) had some post-secondary education.

1.1.4.2.5 Trip Characteristics

Non-resident visitors travelled extensively through the East BC Rockies region. Just over one-half visited Golden and area (52%), one-third travelled to Cranbrook and area (34%), nearly one-third headed to the Columbia Valley (29%) and a further one-fifth journeyed to the Elk Valley.

Resident patterns were somewhat different. Cranbrook and area was the most popular East BC Rockies location with 40% resident traveller visitation. 26% of resident travellers visited the Columbia Valley, 23% visited Golden and area, and 8% visited the Elk Valley.

In terms of seasons, summer proved particularly appealing to Long Haul US (90%) and European (86%) travellers. Nearly three quarters of Regional US and Long Haul Canadian visitors travelled to the province during the summer, while 21% of Regional Canadian visitors travelled during the winter. Non-resident business travellers visited BC throughout the year, but favoured the summer and winter seasons.

1.1.4.3 Alberta's Rockies²⁵

More than 3.2 million person visits to destinations within Alberta's Rockies Tourism Destination Region were made by Albertans, other Canadians, and visitors from the US and Overseas in 1999. These trips included day trips and overnight trips. Tourism generated \$956.7 million in consumer spending in the region.

²⁵ Alberta Economic Development, Tourism in Alberta's Rockies: A Summary of Visitor Numbers, Revenue & Characteristics – 1999

About 18% of overnight person visits in Alberta were to locations in Alberta's Rockies. The region accounted for 11% of total person visits made by Albertans, 46% made by US visitors and 68% by other international visitors. The Alberta Rocky Mountains are easily one of Canada's most popular destinations for international visitors.

One quarter of Alberta's total tourism revenues resulted from visitor spending in the region.

According to a study by Alberta Economic Development (AED)²⁶, expenditures by visitors to Alberta's Rocky Mountain National Parks (Banff, Jasper and Waterton) resulted in an economic impact (value added) of over \$1.0 billion on a province-wide basis. Over 28,000 person years of employment were sustained province-wide attributable to the impact of visitor expenditures in the three National Parks. Approximately \$401 million taxation revenues accrued to all levels of government. The Federal share accounted for \$211 million. The Provincial share was \$135 million. Local governments province-wide accounted for \$55 million.

1.1.4.3.1 Origin

The majority of visits to Alberta's Rockies (65%) are made by Canadians. This is a lower proportion than for any other Tourism Destination Region in the province. Albertans made 55% of all person visits in the region. More than one third (37%) of all visits in the region were by residents of Calgary & Area. Almost one-fifth (17%) of all person visits to the region are by US residents and the remaining 18% of person trips are by Overseas visitors.

Overnight trips to Alberta's Rockies totalled 2.1 million person visits in 1999. This is 65% of all person visits to the region. Canadians accounted for one half (51%) of all overnight trips to the region, while US visitors made up 21% and Overseas visitors 26%. Albertans took more than one third (37%) of all overnight trips in the region. The majority of these trips were by residents of Edmonton & Area and Calgary & Area.

At 78%, pleasure is the most often reported purpose of a person trip with an overnight stop in Alberta's Rockies. This is followed by trips to visit friends or relatives (10%) and business travel (eight per cent).

1.1.4.3.2 Spending

Tourism spending in Alberta in 1999 totalled \$4.20 billion. Of this, \$3.76 billion was spent by visitors who made same-day or overnight visits to locations in the province. The remaining \$433 million represents expenditures on tourism by Albertans travelling outside the province. It is not possible to allocate the \$433 million to any of the province's Tourism

²⁶ Alberta Economic Development, The Economic Impact of Visitors to Alberta's Rocky Mountain National Parks in 1998, February 2000

Destination Regions.

Of the \$3.76 billion spent in Alberta by all travellers in 1999, \$956.7 million was spent in Alberta's Rockies. Overseas visitors were responsible for 41% of all expenditures (\$391.8 million), while US visitors accounted for 30% (\$288.7 million). The remaining 29% of all spending in the region (\$276.2 million) was by Canadian visitors. The proportion of spending by Overseas visitors relative to regional visitors in the Alberta Rockies is significantly higher than in British Columbia, particularly in the B.C. Rockies region.

Pleasure trips accounted for 81% of the overnight trip spending in the region. Business travel accounted for 12% and trips to visit friends/relatives five per cent

Almost all (97%) of the expenditures in Alberta's Rockies were spent on trips where one or more nights were spent in the region.

Almost half (48%) of all expenditures in Alberta's Rockies were made in the third quarter (July to September). The second highest proportion was spent between April and June (21%). Eighteen per cent of all expenditures were made between January and March, and the remaining 13% was accounted for in the fourth quarter (October to December).

Of the \$923.9 million spent by overnight visitors to Alberta's Rockies, \$378.1 million (41%) went for accommodations and \$189.8 million (20%) for food/beverages. Retail/other purchases accounted for 12% (\$113.4 million) and vehicle operation/car rental for 10% (\$96.3 million). Recreation/entertainment accounted for 10% of expenditures in the region (\$96.2 million), while five per cent (\$50.1 million) purchased public/local transportation. The average spending per party per night was \$260.85.

1.1.4.3.3

Accommodations

Overnight visitors to Alberta spent 40.3 million person nights in the province. Of these, 7.1 million (19%) were spent in Alberta's Rockies. Nights in hotels made up 40% of all nights spent in the region, while campgrounds/trailer parks accounted for another 21%. Twelve per cent of the nights spent in the region were spent in motels, eight per cent in other roofed commercial accommodation and nine per cent with friends/relatives. Ten per cent of the person nights fell under the heading other/not stated. Canadians stayed for 38% of all nights spent in the region, while US visitors stayed 25% and Overseas visitors 36%. The average length of stay in Alberta's Rockies by overnight visitors was 3.3 nights.

Table 1.17:
Accommodation Occupancy Rates (%), Alberta, 1996-2001

Year	Calgary	Edmonton	Mountains	Total Alberta
1996	69.0	60.2	75.5	65.9
1997	73.5	61.1	72.9	69.2
1998	73.9	61.9	74.6	68.5
1999	67.6	60.8	76.5	65.1
2000	65.7	62.2	72.7	65.1
2001	64.7	64.6	66.0	64.1

Source: Alberta Economic Development, HVS International -- Canada

1.1.4.3.4 Seasonality

Almost half (49%) of the overnight person visits to Alberta's Rockies took place in the third quarter (July to September). Almost one quarter (22%) took place between April and June, and an additional 15% occurred between January and March. The remaining 14% of overnight visits took place in the fourth quarter (October to December).

1.1.4.3.5 Alberta Travel Outlook

A quick look at the prospects for travel by Albertans to the Rocky Mountain regions suggests a positive outlook. The Alberta economy, even in an economic downturn, will lead the nation in the foreseeable future. Alberta's long term growth rate is expected to be 3.2%, leading the country (Conference Board of Canada).

Alberta's unemployment rate will remain the lowest in the country, and labour force supply issues may be and likely are being experienced. In tourism and hospitality, these issues are already clearly evident. Announced major projects, totalling some \$78 billion, will continue to fuel economic growth in this decade. Albertan's disposable income will remain at one of the highest rates in Canada.

With high disposable income, high employment, a growing population, and good prospects for the decade, one can expect Albertans to continue to travel to the mountain regions. In fact, Alberta was the fastest growing province in Canada, at 10.3% population growth, between 1996 and 2001.

1.1.4.3.6 Tourism Trends Impacting the Rocky Mountain Region

According to Alberta Economic Development, a number of major tourism trends will impact mountain region visitation. Some key trends are summarized below:

Active, Outdoor-Oriented Visitors - Health-focused and active markets are attracted to the mountain destinations and its activities. Whether mature market or youth, they find activities meeting their interests in the mountain environment.

Baby Boom Impact - The baby boomers, just beginning to retire, will have a dramatic impact on mountain visitation, as they have had on all aspects of life since they were born. Their interest in outdoor activities, adventure, ecotourism, educational activities and specific sporting activities, well documented in the literature, will have a continuing impact on demand for mountain regions.

Mountain Real Estate Investment - The boomers are heavy investors in mountain communities, tourism homes, time share, and condominium developments in mountain settings. The growth in mountain region accommodation in B.C. is testament to this trend. This investment is global rather than local, and it creates accommodation directly in the form of tourism homes. More importantly, however, it builds the destination region, thereby attracting more visitors, more services and ultimately more accommodation demand.

Adventure Tourism - Still one of the fastest growing areas of tourism, adventure travel is growing at 15% - 20% rates. These markets seek mainly soft adventure - day trips with comfortable accommodations in the evening. The mountain regions offer this product.

Environmental Interest - Many travelers are looking for experiences that bring them closer to nature and the environment, often in a learning environment. This trend will increase as the boomers take more time from work, and certainly as they retire.

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