



Skift.

ADVISORY

**BUILDING A DATA-DRIVEN
DECISION-MAKING
CULTURE WITHIN
ONTARIO'S
TOURISM INDUSTRY**

RTO Multi-Year Research Program

RTO 9: Quarterly Insights Report Edition 1 of 6

December 16th, 2024

Disclaimer

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The data and insights in this report originate from Destination Canada's Data Collective (<https://www.tourismdatacollective.ca/>) and Skift Inc. Please note that the data is current as of the date of publication. However, it is subject to change due to market dynamics, updated research, or new information becoming available.

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If you are considering disseminating the findings, we request that you consult with us regarding the form and content of publication. ESOMAR standards require us to address and correct any potential misinterpretation or misrepresentation of the findings.



Purpose of this Document

The ambition of the Multi-Year RTO Research Program is to cultivate a strong, data-driven decision-making culture across Ontario's Regional Tourism Organizations, which will be achieved through the design and implementation of this comprehensive data and research insights program.

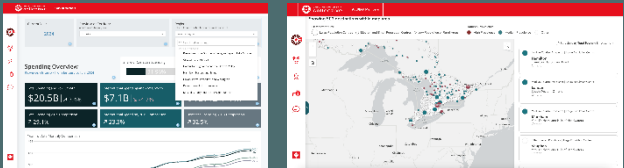
Our program features a series of quarterly insights reports and briefings alongside annual reports, providing comprehensive and ongoing analysis and strategic insights. These reports provide a snapshot of the latest trends and complement the access to the dynamic Destination Canada Data Collective Dashboard. Additionally, targeted training sessions are offered to enhance research capacity, ensuring that you can effectively leverage data to drive informed decision-making and foster long-term growth within your respective regions.

This document is the first of six quarterly insights reports that the RTOs will receive throughout the program.



Backed by Sound Data...

24/7 Destination Canada Data Collective Dashboard



Destination Canada Data Collective LASR CSV files
through monthly updated SFTP accounts

Annual Environics Analytics
membership CSV files

Skift Research &
Skift Pro insights



**Meet Skifty,
the Research Raccoon!**

Skifty LOVES to dig into data and is here
to guide you through key insights. Keep
an eye out for his key take-aways!

**...Brought to Life
Through Insights**

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Pan-Ontario Insights

In 2024, Ontario's tourism sector continues to show a resilient recovery trajectory, building on the post-pandemic rebound. However, the industry faces key challenges, including inflationary pressures, changing visitor spending behaviours, and the need to address seasonal imbalances in tourism activity.

Macroeconomic Influences

Tourism inflation, driven by rising costs in transportation, food, and other essential services, has influenced traveller decision-making. Price sensitivity has become more apparent, with travelers opting for value-for-money experiences. Inflationary pressure on the Consumer Price Index (CPI) and Travel Price Index (TPI) reflects broader economic conditions affecting the cost of travel-related services. As a result, sustainable economic growth depends heavily on monitoring these macroeconomic trends to mitigate negative impacts and ensure continued visitor satisfaction.

Visitor Spending and Seasonal Trends

While tourism spending has increased compared to pre-pandemic levels, seasonal imbalances persist. The winter season continues to underperform in both visitor numbers and spending, particularly among U.S. visitors, where winter deficits have yet to return to pre-pandemic levels. In contrast, Ontario has experienced a significant recovery in summer tourism, driven by strong domestic engagement and increased international spending from markets such as China and India. Targeted marketing campaigns and enhanced product offerings are essential to smoothing these seasonal fluctuations and ensuring year-round economic growth.

Border Crossings and International Trends

Border crossings into Ontario have yet to fully recover to pre-pandemic levels, with key international markets like the U.S. still falling short. However, emerging markets such as China, India, and Brazil are rapidly growing. Ontario's proximity to the U.S. continues to be a significant driver of tourism, and the state of cross-border travel remains critical to the sector's overall health. Strategic efforts should focus on attracting more U.S. travelers while capitalizing on the strong growth from other international markets.



EXECUTIVE SUMMARY (cont'd)

Workforce and Employment in Tourism

Ontario's tourism workforce has rebounded well post-COVID, with employment figures for 2022 showing recovery across key sectors. The industry now employs over 700,000 workers, with a growth rate of 7% projected through 2025. However, challenges persist, particularly in the transportation and accommodation sectors, where wage disparities and an aging workforce could impact labour availability. Investment in workforce development, recruiting younger workers and addressing labour shortages will be crucial for sustained growth in this sector.

Tourism Spending and Economic Growth

Ontario's tourism sector saw \$16.1 billion in spending during the first half of 2024, a modest 3.1% increase compared to 2023. Domestic tourism remains a critical pillar, with domestic travelers contributing to 53% of total spending. However, international spending has shown a slight decline, particularly from overseas markets. The growth in domestic travel provides Ontario with a stable foundation for continued economic sustainability. Nevertheless, targeted marketing and branding efforts are essential to counterbalance the slowdown in international spending and fully capitalize on local engagement.

Shifting Trends in Spending Categories

Food and Beverage remains the most significant spending category, accounting for 33% of tourism spending in 2024. Accommodation follows closely, while Recreation and Entertainment, although crucial for visitor experience, shows troubling signs of stagnation. This indicates a need to innovate entertainment offerings to align with visitor preferences and provide enriching experiences. On the other hand, culinary tourism presents a promising area for growth, with Ontario's diverse food scene poised to attract domestic and international visitors.



EXECUTIVE SUMMARY (cont'd)

Regional Insights: RTO 9

Spending Patterns and Growth

RTO 9 continues to experience significant growth in tourism spending, driven by both domestic and international visitors. From January to July 2024, total spending reached \$1.2 billion, reflecting a 10% year-over-year increase. Domestic tourism remains dominant, contributing 73% of total revenue. International markets, particularly the U.S., have seen substantial growth with a 17% year-over-year increase in spending. Inter-provincial travel, notably from Quebec, also plays an essential role, contributing 10% to total spending with a long-term growth rate of 5.5% per year. Overseas visitors, while still a smaller portion of the market, have demonstrated encouraging short-term growth of 17.3%.

Spending by Category

- **Food and Beverage as Leading Category:** Accounting for 33% of total spending, Food & Beverage remains the highest contributor, driven by intra-provincial travelers.
- **Transportation:** Contributing 31% to total spending, transportation has shown strong growth, particularly by inter-provincial travelers.
- **Recreation and Entertainment:** With 43% short-term growth, this category offers potential for further expansion, especially in overseas markets, where it holds more significance (22%).
- **Accommodation and Retail:** Accommodation represents 12% of total spending, with moderate growth, mainly supported by international visitors. Retail remains the smallest category, contributing 8%, suggesting opportunities for improvement.



EXECUTIVE SUMMARY (cont'd)

Occupancy and Pricing Trends

- **Short-Term Rentals:** Occupancy rates for short-term rentals in RTO 9 have increased to 45% in June 2024, following a significant drop in 2023. However, rates remain lower than in 2021 and 2022. ADR has steadily risen, reaching \$225 in June 2024, a 12% increase from the previous year. There is potential to fill more units, especially during peak seasons.
- **Hotel Performance:** Hotel occupancy rates in RTO 9 have recovered to 67% in June 2024, aligning closely with pre-pandemic levels. ADR for hotels reached \$174, a 10% year-on-year increase. Although rates have risen, occupancy remains below the provincial average, suggesting an opportunity to enhance value offerings.

FOR DETAILED INSIGHTS, PLEASE REFER
TO THE REMAINDER OF THE REPORT.

Strategic Implications and Opportunities

- **Expand Culinary Tourism:** With Food & Beverage as a dominant spending category, there's potential to further develop regional culinary experiences, including farm-to-table events and food festivals, by collaborating with local producers.
- **Promote Multi-Destination Travel:** Encouraging longer stays by bundling accommodation with local attractions and promoting multi-destination travel within RTO 9 can drive visitation and revenue growth.
- **Leverage Seasonal Campaigns:** Strengthen seasonal marketing efforts to attract visitors during off-peak times, ensuring year-round demand for hotels and short-term rentals.
- **Expand Cultural & Adventure Tourism:** Investment in unique cultural and eco-tourism experiences will attract more visitors. There's also a need to focus on U.S. markets, where luxury accommodation and retail experiences appeal.
- **Data-Driven Marketing:** RTO 9 can continue leveraging visitor spending data to more effectively target domestic and international markets, ensuring that marketing campaigns resonate with high-value traveller segments.



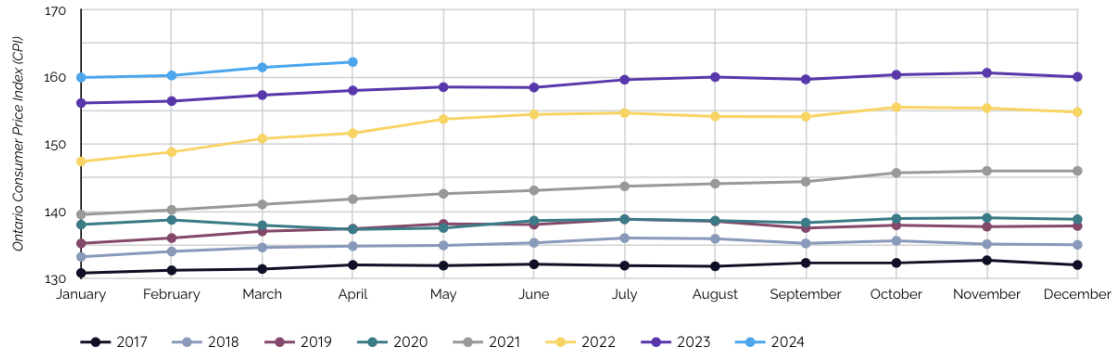
PAN-ONTARIO INSIGHTS

- High inflation in consumer goods and travel sectors could influence perceptions of economic performance, affecting travel intentions.
- Seasonality is a key concern for the province, with winter travel underperforming.
- Employment in the industry is stable and robust, although an ageing workforce and wage disparities may be of concern.
- Industry spending is trending upwards, although spending from non-US overseas visitors is dropping and may be of concern.
- Transportation and Retail are leading category growth, but Food and Beverage and Accommodation remain the most important contributors overall.

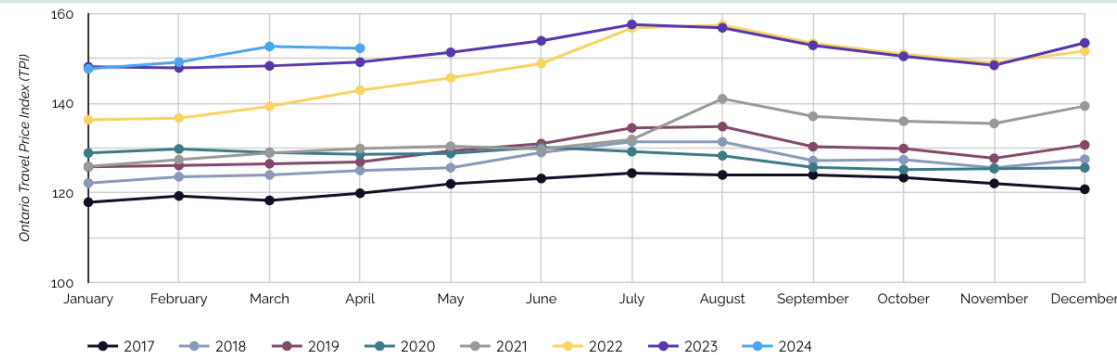
The Impact of Inflation on Travel to Ontario

To sustain economic growth and maintain visitor satisfaction, it's crucial to closely monitor inflation and macroeconomic trends, as high inflation can lead to reduced travel, prompting a shift towards value-for-money experiences in the face of rising costs and changing traveller priorities.

ONTARIO CONSUMER PRICE INDEX



ONTARIO TRAVEL PRICE INDEX



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- travelers use inflation as an indicator of economic performance. High inflation equals perceived poor performance, which inhibits travel.
- Monitoring inflation and price sensitivity is critical to ensure **sustainable economic growth**, as price-conscious travelers may alter their spending habits.
- Offering **value-for-money products and experiences** in light of rising travel costs will be crucial for maintaining visitor satisfaction and encouraging repeat visits, especially considering the end of the post-pandemic travel surge and the prioritization of essential travel over luxury.
- Without proper and consistent monitoring of global and local macroeconomic trends, Ontario's economy could be significantly affected by rising travel prices, potentially leading to a decline in tourism.



Let's Dig Deeper!

The Impact of Inflation on Travel to Ontario

SKIFTY SAYS...

- **CPI and TPI Trends**

Ontario's Consumer Price Index (CPI) and Travel Price Index (TPI) both saw **increases in early 2024**, with the CPI rising by 2.7% in April and the TPI by 2.1% compared to April 2023. These increases reflect the **broader inflationary pressures** affecting the cost of travel-related goods and services.

- **Rising Costs**

The Travel Price Index (TPI) in April 2024 increased by 2.1% compared with April 2023, following a 2.9% increase in March. This **growth is driven by transportation and food costs**, with notable increases in vehicle operations (+6.9%), restaurants (+4.4%), and recreation/entertainment (+3.8%). However, intercity **transportation** (-1.3%) and **accommodation prices** (-3.4%) saw **declines**.

- **Impact on Travel Behaviour**

The **drop in travel costs**, particularly in accommodation, has likely contributed to a **rising willingness to travel**, as demand was strong in early 2024 following two years of restrictions. This trend indicates that **price sensitivity remains a significant factor in travel decision-making**. Budget-conscious travelers are likely to be more strategic in their spending, opting for experiences that maximize value. The rising costs in key categories like vehicle operation and dining out suggest that consumers may **prioritize essential travel over luxury** or non-essential trips.

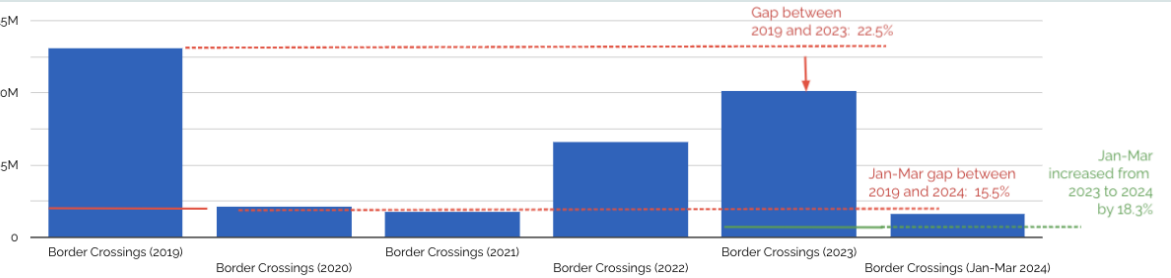
- RTOs should be mindful of current travelers' cost sensitivity. Marketing efforts could emphasize value-for-money experiences, particularly in accommodation where price declines could be leveraged to attract budget-conscious tourists.

Border Crossing Numbers as Economic Health Indicators

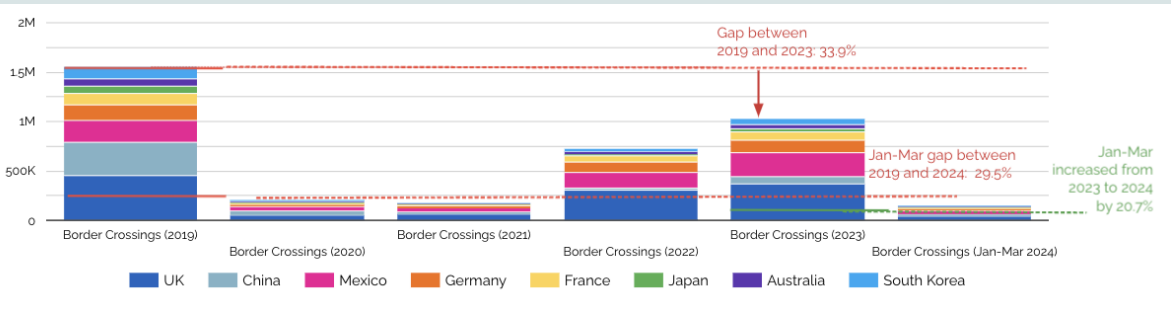


Border crossings into Ontario have not recovered to pre-pandemic levels. China, India, and Brazil are growing fastest, but current growth is still not projected to meet 2019 numbers.

ONTARIO'S BORDER CROSSINGS FROM USA



ONTARIO'S BORDER CROSSINGS FROM OTHER KEY MARKETS



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- For Ontario, border crossing numbers provide a look into willingness to travel, the region's attractiveness to potential visitors, and the travel desires of different markets (e.g., the desires of French travelers compared to those of Australian travelers).
- Emerging markets like China and India will play an increasingly important role in Ontario's economy and contribute to sustainable economic growth in the future. Therefore, RTOs should look into what these markets look for when choosing a destination.
- It's important to consider how RTOs might customize product offerings and marketing/branding to appeal to these segments. This will also help to lock in further sustainable economic growth.
- Brand segmentation processes can clearly define the proper offerings and messaging to attract key markets, including growing markets like China and India.



Let's Dig Deeper!

Border Crossing Numbers as Economic Health Indicators

SKIFTY SAYS...

- **Overall Recovery Trends**

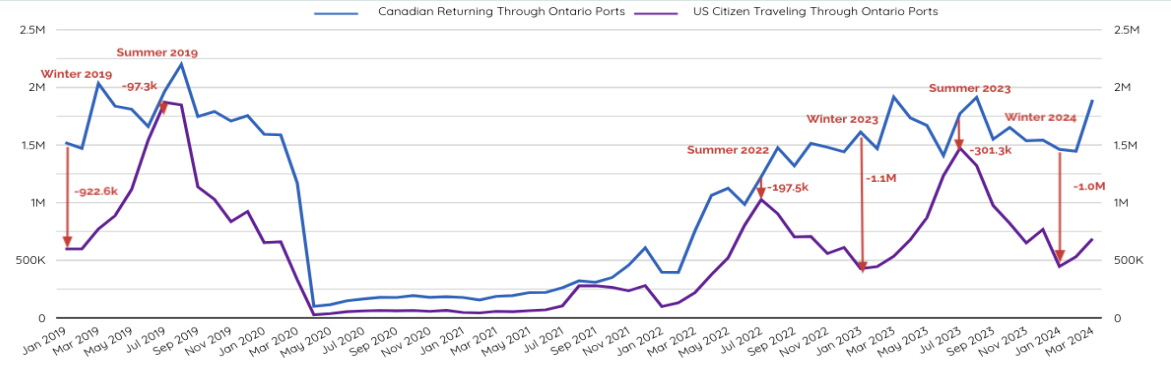
Border crossings from **all key markets** in March 2024 **surpassed March 2023 levels** but **remain below pre-pandemic levels** (2019). This reflects a continued recovery trajectory while highlighting ongoing challenges in fully regaining lost ground.

- China (+92.1%), India (+45.0%), and Brazil (+40.2%) experienced the most significant growth in March 2024. These markets are rebounding strongly, potentially driven by **pent-up demand, favourable exchange rates, or targeted marketing efforts**.
- Despite this growth, international border crossings in March 2024 for Destination Ontario's key markets **still need to increase by an average of 12.4% to reach 2019 levels**. For the U.S., a critical market, entries grew by 28.9% versus March 2023 but remained 11.0% below March 2019 levels.
- The robust recovery in specific international markets presents an opportunity for RTOs to focus marketing and partnership efforts on these regions. However, the persistent gap in U.S. entries requires a strategic approach **to re-engage this crucial market segment**, possibly through enhanced cross-border promotions or easing of travel-related barriers.

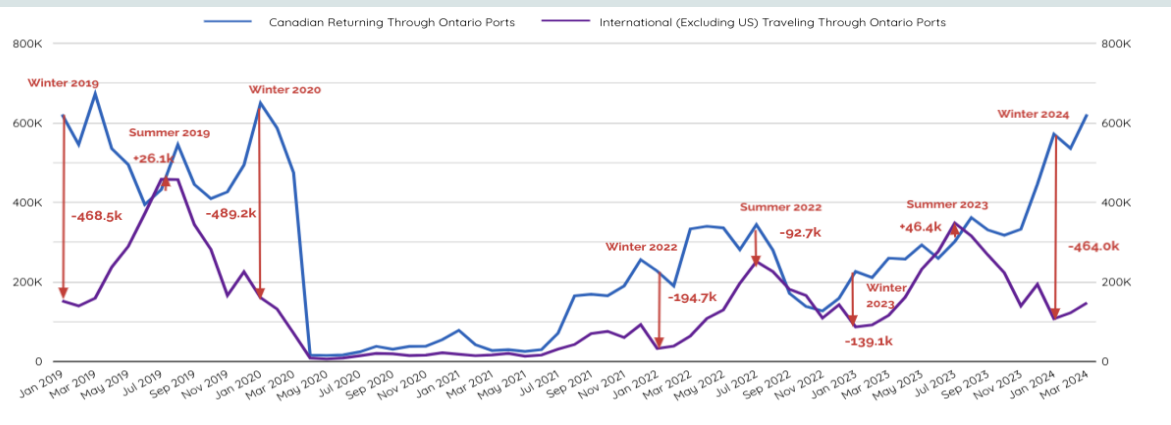
Seasonality Trends Limiting Consistent Economic Growth

Seasonality, particularly the significant drop in visitor numbers and spending during winter, remains a persistent challenge for Ontario, with even lower numbers in 2023 than pre-pandemic levels.

ONTARIO'S BORDER CROSSINGS FROM USA, BY MONTH



ONTARIO'S BORDER CROSSINGS FROM OTHER OVERSEAS, BY MONTH



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Improving seasonal travel has been a primary objective of Canadian tourism for a significant time, but inclement weather and traveller preferences are factors out of destinations' control.
- Seasonality plays a vital role in a number of the RTOs' goals. While it primarily **impacts economic growth**, it requires action through **community engagement and collaboration** (support from the community to continue offering attractive, high-value products and experiences outside of peak seasons) and pointed efforts of strategic marketing and branding to sell Ontario as an attractive destination.
- Reviewing messaging and comparing a prospective visitor's consideration and purchase process outside of peak season, along with ease of travel and available products, will help to assess the current offering and identify ways to improve it to **mitigate seasonality challenges**.



Let's Dig Deeper!

Seasonality Trends Limiting Consistent Economic Growth

SKIFTY SAYS...

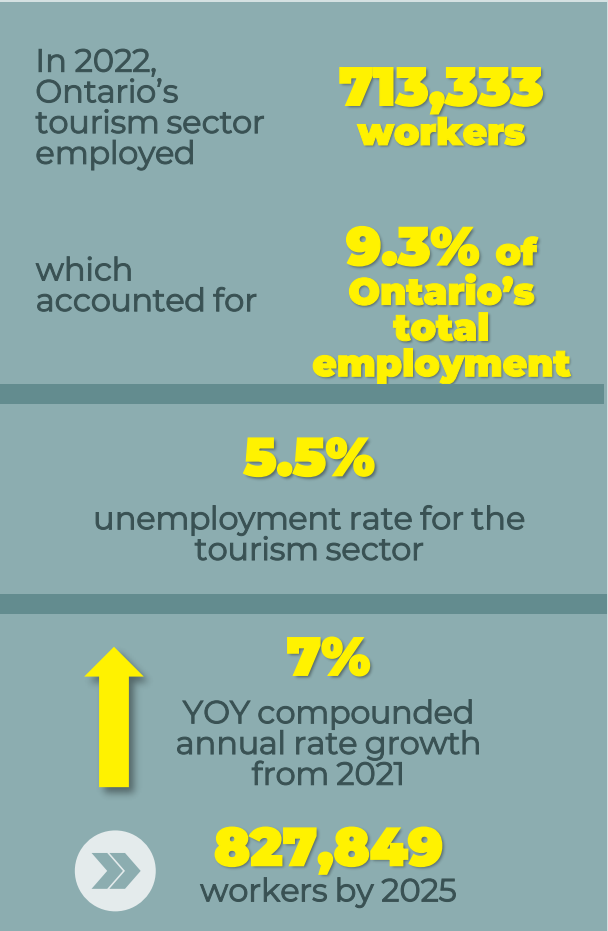
- Ontario's tourism recovery in 2024 exhibits strong seasonality, with **summer remaining the peak period** for both **visitor numbers** and **spending**. International markets are rebounding, led by China and India, but U.S. travel is lagging, especially in winter. The **winter season continues to underperform**, with significant visitor deficits and lower recreation spending. Rising costs are also influencing traveller behaviour, with higher prices in the summer and more budget-conscious decisions in winter.
- **Summer Strength**
Ontario's tourism peaks during summer, driven by **strong spending on food, beverages, and accommodation**. U.S. and international markets, especially **China and India**, are showing robust **summer recovery**, though U.S. entries are still below 2019 levels.
- **Winter Weakness**
Winter travel remains a challenge, with persistent **visitor deficits**, particularly from the U.S. However, there is a resurgence in March 2024, indicating **potential for targeted winter promotions**.
- **Spending Patterns**
Seasonal peaks in **summer drive higher spending** across most categories. However, **winter shows a decline** in recreation and entertainment spending despite steady spending in accommodation and retail.
- **Visitor Deficits**
U.S. **visitor deficits** remain significant, especially in winter. In contrast, **international markets are improving** but have not yet reached pre-pandemic levels.
- **Price Sensitivity**
Rising **transportation and dining costs** are leading to **price sensitivity** among travelers, particularly in summer. Winter sees lower costs, potentially attracting budget-conscious travelers.

Crucial Role of Workforce and Employment in Ontario's Tourism Industry

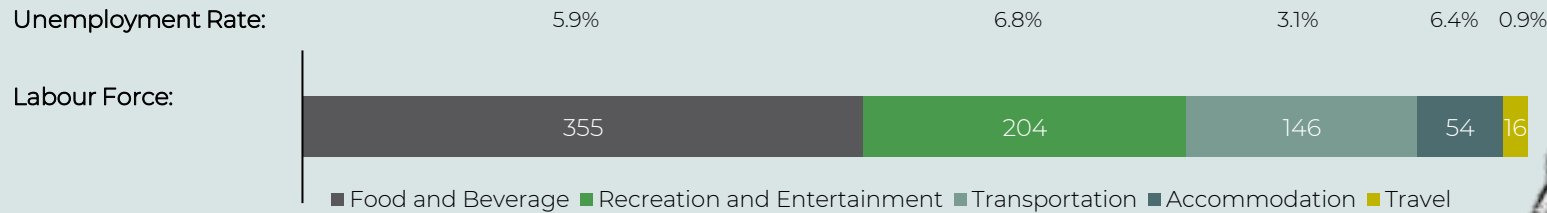


Ontario's tourism industry is demonstrating robust employment statistics, especially in the Food and Beverage sub-sector, indicating a strong recovery from COVID-19 lockdowns and restrictions.

RESILIENCY AND GROWTH POTENTIAL



LABOUR FORCE ('000) AND UNEMPLOYMENT RATE BY INDUSTRY



SKIFTY'S INSIGHTS CORNER

WHAT YOU SHOULD KNOW...

- Addressing labour shortages and wage disparities should be a priority, as it is crucial to ensuring sustainable economic growth without disruption.
- Engaging local communities in tackling labour shortages and wage disparities (via improving tourism industry employment messaging, sharing the opportunities available to tourism industry employees, etc.) also tackles the issue of local community engagement for a more cohesive tourism strategy.
- Successful *internal* strategic branding and marketing would make the local community more aware of the impact and importance of tourism in their community. Combined with a more attractive set of benefits of working in the tourism industry (opportunities for growth, further education, etc.), this could provide significantly better workforce support for Ontario.

Sub-sectors of Tourism Workforce and Employment in Ontario

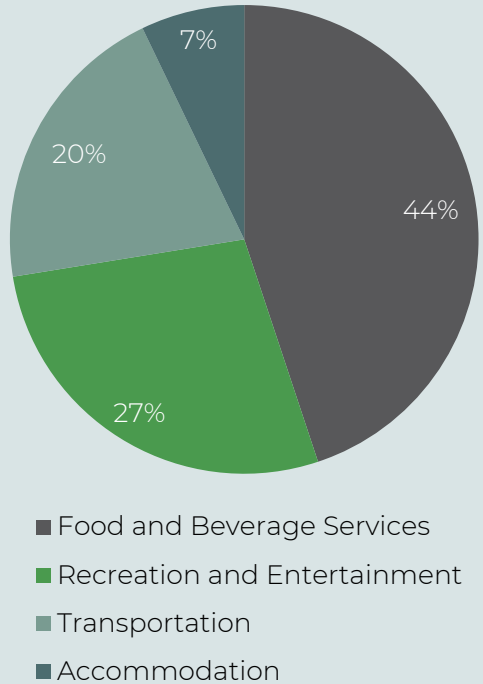


Almost half of Ontario’s tourism workforce is employed in Food and Beverage. An aging workforce in the transportation sub-sector and wage disparities across the industry are the primary challenges facing the sector in Ontario.

TOURISM INDUSTRY EMPLOYMENT DYNAMICS



EMPLOYMENT BY INDUSTRY, 2022



SKIFTY'S INSIGHTS CORNER

WHAT YOU SHOULD KNOW...

- Investing in **workforce development** is crucial to ensure a **skilled labour supply**.
- Additionally, with 31% of transportation workers aged 55 or older, **proactive succession planning** and **recruitment of younger workers** are needed to address potential risks.
- Consider investigating what makes Ontario's tourism industry attractive to different age groups.





Let's Dig Deeper!

Crucial Role of Workforce and Employment in Ontario Tourism

SKIFTY SAYS...

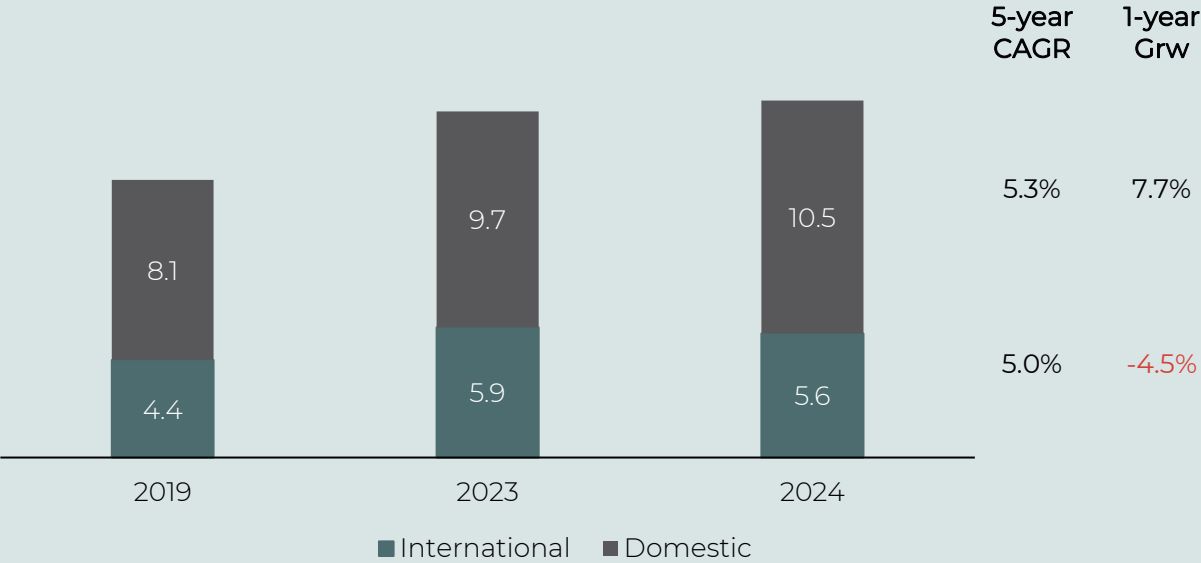
- Ontario employment figures for 2022 show a sector that has **rebounded significantly** from the challenges posed by the COVID-19 pandemic. An average of 713,333 employees accounts for 9.3% of Ontario's total employment.
- The sector shows **low unemployment of 5.5%**, indicating Ontario's tourism sector is clearly on a path to recovery.
- The **projected growth rate of 7%** compounded annually through 2025 is a strong indicator of **confidence in the industry's future**, particularly in the travel services sub-sector, which is expected to see the most significant growth.
- The projected annual growth in employment, especially in **travel services (16.1%)**, is promising. However, this growth may **worsen labour shortages in lower-wage sub-sectors** like food and beverage (wages average \$17.93) and accommodation (\$21.56).
- The **food and beverage sub-sector** employs 44% of the workforce, predominantly young and part-time, which can lead to **challenges in retention and consistency**.
- In contrast, the **transportation** sub-sector, employing 20%, offers **higher wages** (\$31.44 per hour), **longer hours**, and an **older workforce** but faces potential renewal challenges as 31% of workers are 55 or older.
- The **travel services sub-sector** has the **highest full-time employment rate (87%)**, while **wage disparities** persist, with accommodation workers earning \$21.56 per hour despite similar hours to transportation.
- **Gender disparities** are notable, with 72% of transportation workers being male and 70% of travel services workers being female.

Sustainable Economic Growth Through Visitor Spending



With an increase in domestic tourism spending and a decrease in international tourism spending, Ontario remains heavily reliant on Canadian travelers and regional tourism.

TOURISM SPENDING JAN-JUN 2024 (\$ BN)



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Ontario's enhanced visitor experience and product development should **focus on creating offerings that appeal specifically to Canadian visitors**, recognizing the importance of domestic spending across the province.
- An increase in domestic spending signifies a **stable economic base and sustainable growth**, providing Ontario with a safety net in the form of local tourism during global economic uncertainties, such as recessions or pandemics.
- For strategic marketing and branding, Ontario has two options: leverage the current economic support from domestic tourism by **catering marketing to "locals"** (Ontarians) and/or **strategically increasing marketing to international visitors**.

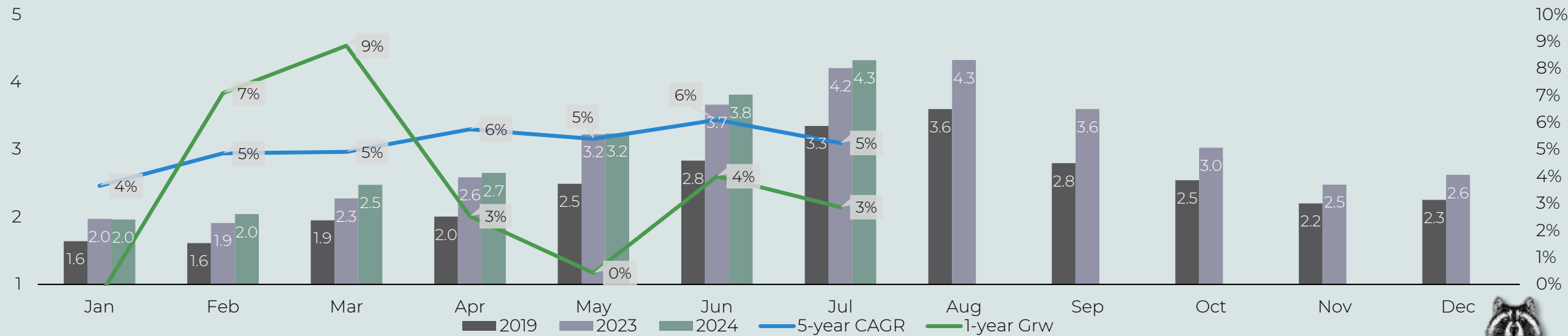
Tourism Spending in a Pre- and Post-Pandemic Ontario

TOURISM SPENDING



While tourism spending is showing consistent growth over pre-pandemic levels, January and May declined compared with 2023 levels. February and March showed significant year-on-year growth, however, indicating exciting changes in seasonal spending.

TOTAL YTD SPENDING COMPARISON, 2019 VS. 2023 VS. 2024 (\$ Bn)



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- The **steady increase in spending compared with pre-pandemic levels indicates robust economic growth** in the tourism sector, which is essential for overall economic sustainability and continued growth.
- Skift has reported that **the rush to travel has decreased globally following the surge seen post-pandemic**, so we can expect a stabilization, or potentially even a decrease, in these numbers as we move into the coming year. The seasonality of Canadian travel could exacerbate this further.



Let's Dig Deeper!



Tourism Spending in a Pre- and Post-Pandemic Ontario

SKIFTY SAYS...

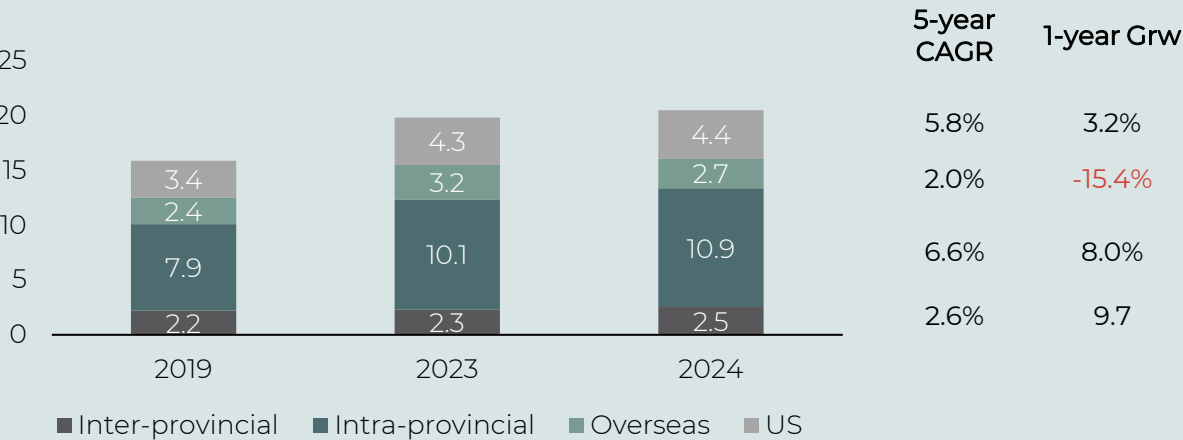
- Ontario's tourism sector spent \$16.1 billion during the first half of 2024, a **3.1% increase** compared to the same period in 2023. While the growth continues, the pace is slower than the post-pandemic surge seen last year, suggesting that the **initial rebound is stabilizing**.
- **International Spending**
The first six months of 2024 show a **4.5% decline in international spending** totalling \$5.6 billion. However, spending remains 27.5% above 2019, showing **long-term recovery**, although short-term factors like global economic uncertainty and competitive pressures dampen growth.
- **Domestic Spending**
With a **7.7% increase** to \$10.5 billion, **domestic tourism remains a cornerstone of Ontario's tourism economy**. The growth reflects strong local engagement and a preference for regional travel.
- Ontario saw a **steady increase in spending** throughout the first half of 2024 compared with the same period in 2023. After a minor dip in January, spending increased, with notable increases from March onward. By June 2024, spending was significantly higher than in June 2023, approaching the \$4 billion mark.
- **Growth in 2024 has been inconsistent**, peaking in March 2024 at 9% higher than March 2023 but flattening out in January and May 2024. This suggests strong growth momentum in the spring, likely driven by increased travel activity, improving weather, and possibly successful tourism campaigns or events.
- When comparing 2024 spending with **pre-pandemic levels in 2019**, the data shows **consistent growth across all months**. By July 2024, spending far exceeds July 2019, with current spending exceeding \$4 billion compared to just over \$3 billion in 2019.
- The 5-year CAGR indicates that **2024 spending is consistently higher** than in 2019, with monthly spending increasing on average between 4% and 6% per year. This steady increase in spending suggests that Ontario's tourism sector has not only recovered from the pandemic but is now **surpassing pre-pandemic performance levels**, indicating a robust and resilient market.

Shifting Trends in Spending Origins

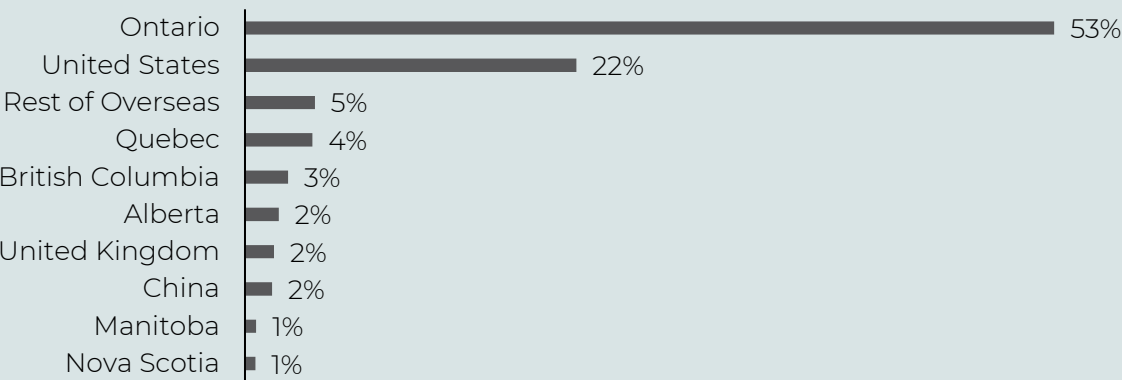
Despite positive spending patterns from domestic and U.S. markets, the significant decline in overseas spending is concerning and signifies a need for a change in strategy to foster future growth.



ONTARIO TOURISM SPEND ORIGINS, JAN-JUL



TOP TEN ORIGIN MARKETS, YTD



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Focusing on **targeted marketing campaigns in the U.S. and neighbouring markets** has the potential to counterbalance any decrease or sluggish expansion in spending from international sources and strengthen Ontario's reputation as a top-choice location.
- **Reevaluating current branding, messaging, and marketing** and leaning into branding designated toward international markets could prove successful.



Let's Dig Deeper!

Shifting Trends in Spending Origins

SKIFTY SAYS...

- **Ontario Residents Lead in Spending**

With 53% of the total tourism spending originating from within Ontario, **local tourism is the backbone** of the province's economy. This dominance highlights the success of domestic travel initiatives and the appeal of local destinations for residents.

- **Significant Contribution from the U.S.**

The United States accounts for 22% of the spending, reinforcing its position as Ontario's most critical international market. The steady growth in U.S. spending (+3.2% YoY) reflects the enduring appeal of Ontario as a travel destination for Americans, driven by **favourable exchange rates, ease of access, and targeted marketing efforts**. The U.S. market's recovery to 36.9% above 2019 is particularly notable.

- **Significant Drop in Overseas Spending**

The most concerning trend is the **15.4% decline in spending from overseas markets**, which now stands at \$2.7 billion. This sharp drop contrasts with other positive trends and indicates challenges in attracting long-haul international tourists.

- **Comparison to Pre-Pandemic Levels**

Despite the decline, overseas spending is still 15.0% higher than in 2019, suggesting that while the pandemic's impact has been mitigated, **current conditions are not yet conducive to further growth**.

- **Quebec, British Columbia, and Alberta**

The contributions from these provinces (Quebec at 4.1%, British Columbia at 2.9%, and Alberta at 2.3%) show the **importance of inter-provincial travel** to Ontario's economy. While these markets are smaller than Ontario and the U.S., they are stable and reliable sources.

- **Niche Markets**

Smaller markets, such as Manitoba and Nova Scotia, each contribute 0.7% of spending. Although modest, these markets present **opportunities for growth through targeted regional marketing efforts**.

Tourism Spending Patterns Across Key Categories

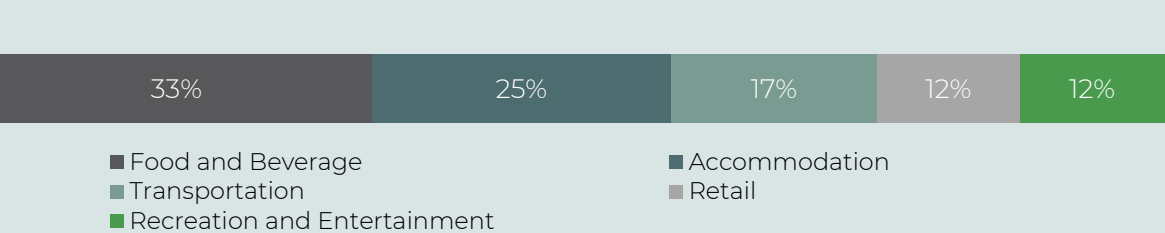


Food & Beverage leads Ontario tourism spending by nearly 10% of total spend by category, and while Accommodation, Transportation, and Retail continue to grow, Recreation & Entertainment is showing a troubling decrease in spending patterns suggesting a growing need to innovate.

ONTARIO TOURISM SPEND CATEGORIES



SPENDING BY CATEGORY, CURRENT YEAR



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

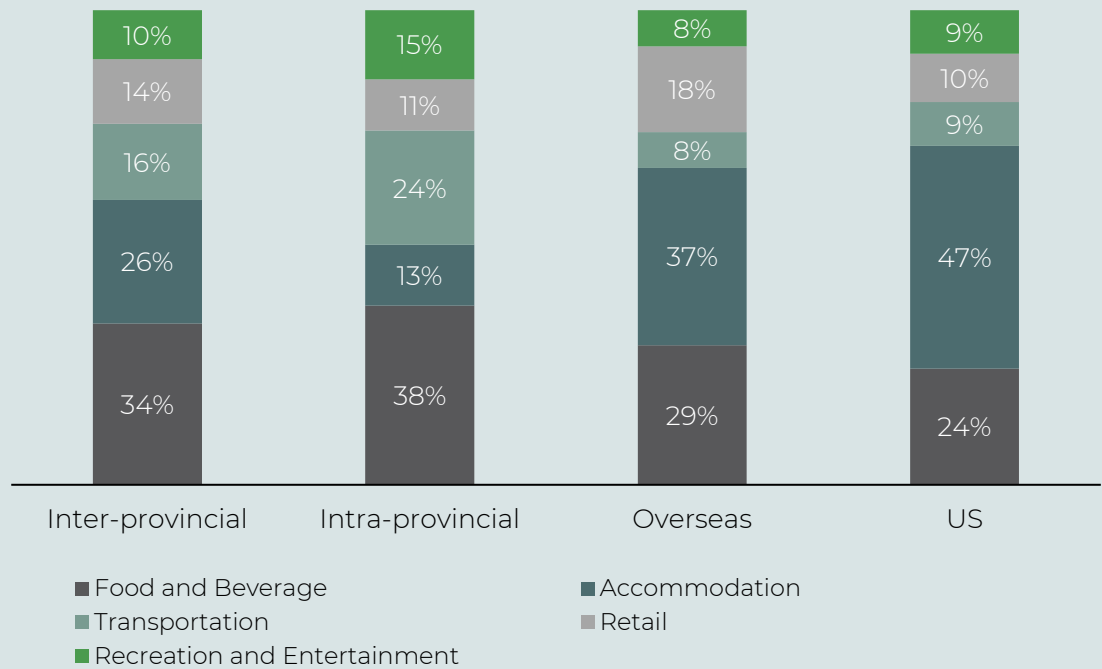
- The plateau in Recreation & Entertainment spending suggests a **growing need to innovate and develop new products** in this category to better align with evolving visitor preferences. Enhancing entertainment options could significantly elevate the visitor experience, leading to higher satisfaction and repeat visits.
- The significant contribution of Food & Beverage to overall tourism spending reveals a **strong foundation for expanding culinary tourism**. By building on this momentum, Ontario can leverage its unique cuisines and local food producers to create distinctive culinary experiences that attract domestic and international visitors.
- By prioritizing innovation in recreational offerings and strategic investment in culinary tourism, Ontario can create a more dynamic and sustainable tourism ecosystem.

Tourism Spending Patterns Across Key Categories (Cont'd)



While intra-provincial spending drives key categories, the Food & Beverage and Transportation spending categories are most strongly supported by intra-provincial travelers, while Accommodation and Retail are most strongly supported by International travelers.

SHARE OF TOTAL SPENDING BY MARKET AND CATEGORY, CURRENT YEAR



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Intra-provincial spending drives key categories, emphasizing the importance of nurturing local tourism to sustain and grow the regional economy. More importantly, it investigates how the Food & Beverage and Transportation offerings can be expanded and improved, **capitalizing on intra-provincial visitors' willingness to spend on these categories.**
- Transportation spend is relatively low across other markets, suggesting a potential lack of ease of use.
- There is plenty of room for development in the Recreation & Entertainment and Retail categories, meaning these product offerings could be further developed. This could include community involvement and engagement to include **more Ontario-centric products, events, and experiences.**



Let's Dig Deeper!

Tourism Spending Patterns Across Key Categories

SKIFTY SAYS...

- **Food & Beverage Leads Spending**

Accounting for 33% of the total tourism expenditure, Food and Beverage remains the **most significant spending category in Ontario**. This trend reflects the **essential role of dining experiences** in the visitor experience. The category saw a 2.6% increase compared to 2023 and has grown on average by 5% per year over the past five years.

- **Accommodation as a Key Contributor**

Accommodation spending represents 25% of total tourism expenditure, making it the **second-largest category**. With a 2% year-over-year growth and a 5.2% average annual increase from 2019, the accommodation sector has demonstrated **steady growth**. The stable performance in this category suggests that while visitors are returning, there might be **saturation or limited capacity** that is curbing faster growth.

- **Transportation Spending**

With 17% of total spending, Transportation is a critical category, reflecting the **importance of mobility** in the tourism experience. The 6% increase over 2023 and a 4.5% 5-year CAGR indicate strong recovery and possibly improvements in transportation infrastructure or increased mobility. The growth in this category suggests that **tourists are travelling more within Ontario, benefiting from better connectivity and more accessible travel options**.



Let's Dig Deeper!

Tourism Spending Patterns Across Key Categories (cont'd)

SKIFTY SAYS... (CONT'D)

- **Retail Sector**

Retail, which represents 12% of total spending, saw a 3.7% increase compared to 2023 and a 7.8% average annual increase since 2019. The steady increase suggests that **Ontario has successfully maintained retail as an attractive tourism offering by promoting local products and shopping experiences.**

- **Intra-Provincial Spending**

Most spending within the **Food & Beverage** and **Transportation** categories comes from **intra-provincial travelers**, indicating that Ontario residents are the primary drivers of these categories. This is consistent with the broader trend of strong domestic tourism.

- **International Spending**

The share of spending from international markets, particularly in **Accommodation** and **Retail**, suggests that these visitors are more likely to engage in **higher-value transactions**. While **international visitors might be fewer, their spending is more significant**, especially in these sectors.



REGIONAL INSIGHTS: RTO

9

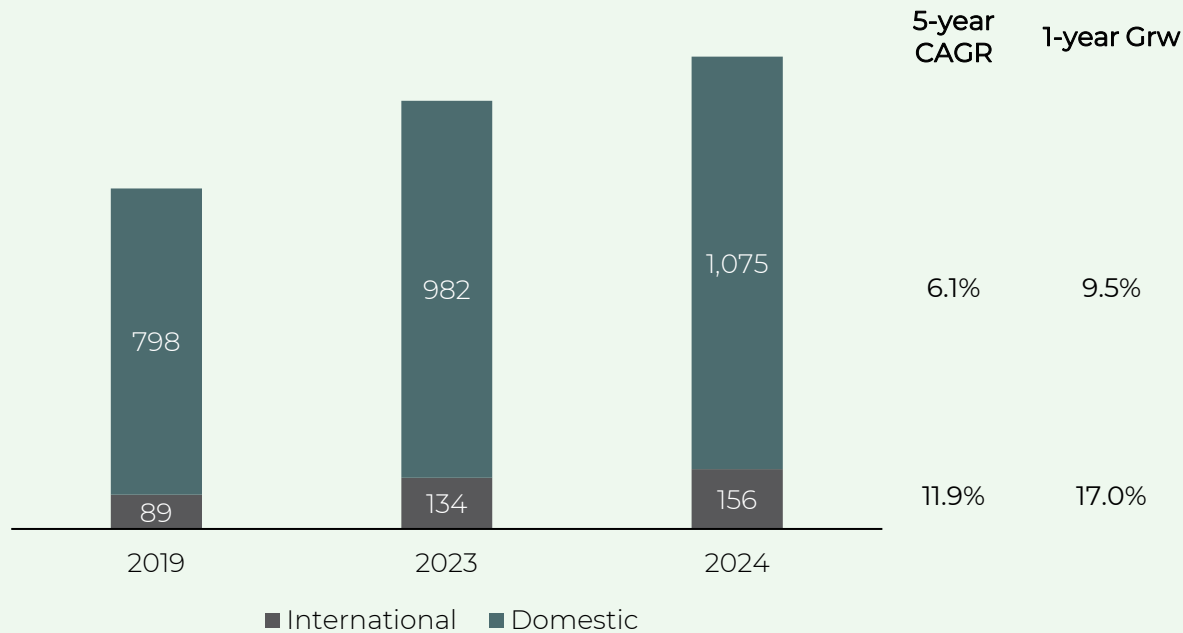
- Overall tourism spending in the region is growing and driven by domestic and international visitors.
- Intra-provincial travel is the region's most important source of tourism income and shows consistent long-term and short-term growth.
- Inter-provincial travel, especially from Quebec, is an important secondary market while spending from U.S. travelers is growing substantially.
- Food and Beverage and Transportation are the highest contributing spending categories. Accommodation and Retail are growing at comparatively slower rates.
- Occupancy rates in both short-term and hotel accommodation are increasing, with ADR in both categories also growing.

Emerging Spending Patterns of RTO 9 Visitors



Both International and Domestic tourism spending is increasing in the short and long term, with the International market growing faster than the Domestic. This highlights the success of RTO 9’s collaborative regional marketing efforts.

TOURISM SPENDING JAN-JUL 2024 (\$M)



SKIFTY’S INSIGHTS CORNER



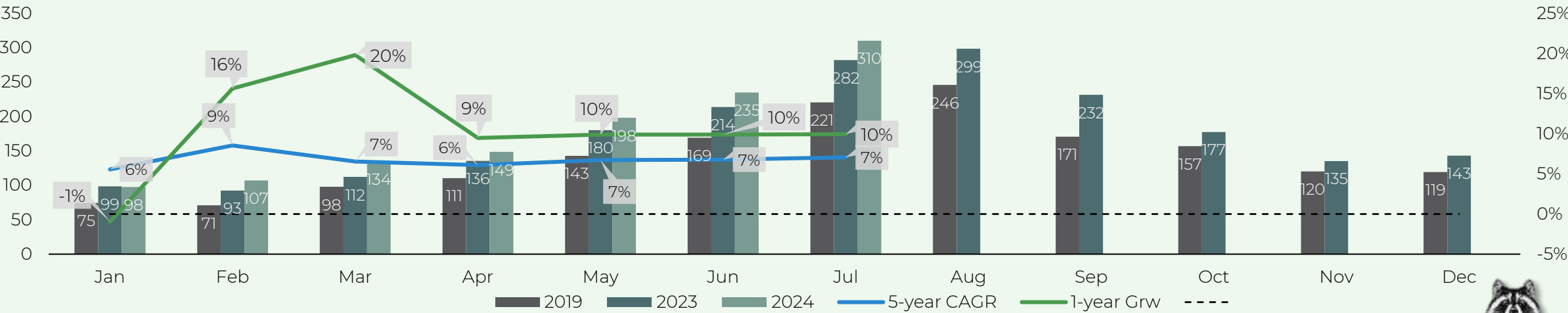
WHAT YOU SHOULD KNOW...

- RTO 9 has achieved steady growth in both domestic and international spending, with domestic markets contributing significantly (6.1% growth) and international markets, particularly the U.S., showing promising growth (11.9%). This reflects the success of RTO 9’s strategic direction of promoting **multi-destination travel** through strong regional partnerships and targeted marketing.
- By encouraging collaboration across South Eastern Ontario, RTO 9 continues to bolster tourism revenues through consistent marketing efforts that attract both domestic and international visitors. The strong performance in intra-provincial travel (73% of total spending) reinforces the importance of **collaborative regional efforts** in marketing, where promoting each destination’s unique offerings drives increased visitation and longer stays.
- Given strong long-term growth, it is evident the current tourism strategy is delivering sustainable value.

Emerging Spending Patterns of RTO 9 Visitors

RTO 9 is showing consistent short-term and long-term tourism spending growth, indicating sustainable performance and successful strategic execution.

TOTAL YTD SPENDING COMPARISON, 2019 VS. 2023 VS. 2024 (\$M)



SKIFTY'S INSIGHTS CORNER

WHAT YOU SHOULD KNOW...

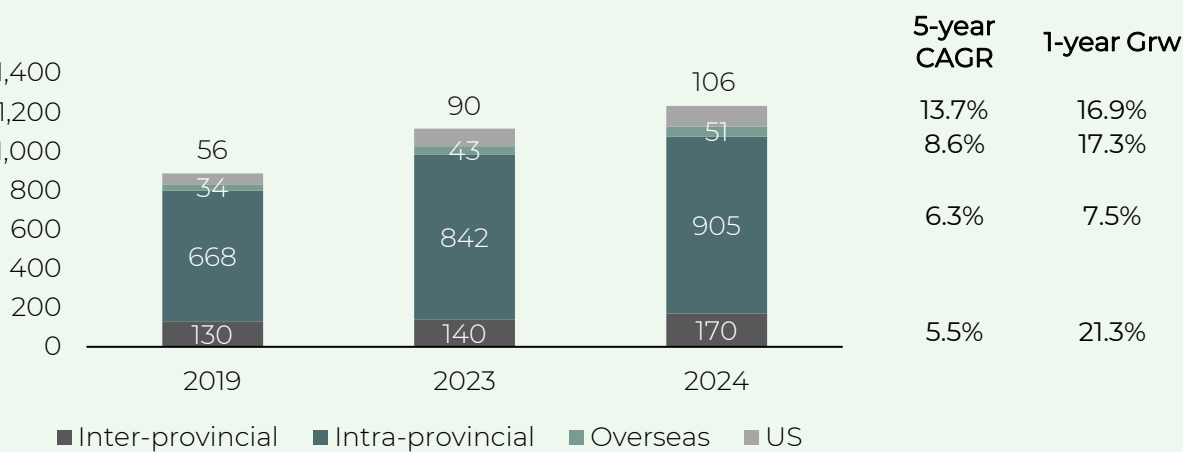
- While 1-year growth peaked in February and March, short-term growth has been sustained year-to-date at 10% during the Spring and Summer months, highlighting the effectiveness of RTO 9's **seasonal consumer marketing campaigns**, which have successfully reached key target markets and driven tourism recovery beyond pre-pandemic levels.
- Long-term (5-year) growth rates are stable at between 6% and 7%, indicating a **sustainable long-term strategy**.

Emerging Spending Patterns of RTO 9 Visitors

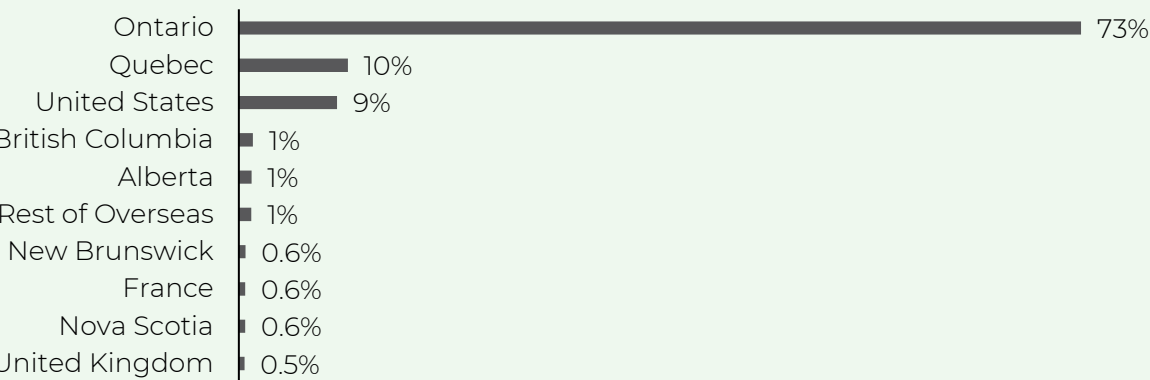


Intra-provincial spending dominates tourism in RTO 9; however, spending from other source markets is showing significant short-term and long-term growth, highlighting untapped development opportunities.

RTO 9 TOURISM SPENDING ORIGINS, JAN-JUL



TOP TEN ORIGIN MARKETS, YTD



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Intra-provincial travel remains the dominant revenue source, accounting for 73% of total tourism spending, with inter-provincial (16%) and U.S. markets (10%) also contributing.
- This distribution emphasizes the importance of **continuing collaborative marketing efforts** to promote domestic travel while simultaneously expanding targeted campaigns to attract more visitors from Quebec and the U.S., where growth opportunities remain untapped.
- Strengthening RTO 9's **regional marketing collaborations** will ensure that each destination in South Eastern Ontario is effectively promoted to both domestic and international travelers, aligning with RTO 9's strategic focus on **multi-destination travel**.



Let's Dig Deeper!



Emerging Spending Patterns of RTO 9 Visitors

SKIFTY SAYS...

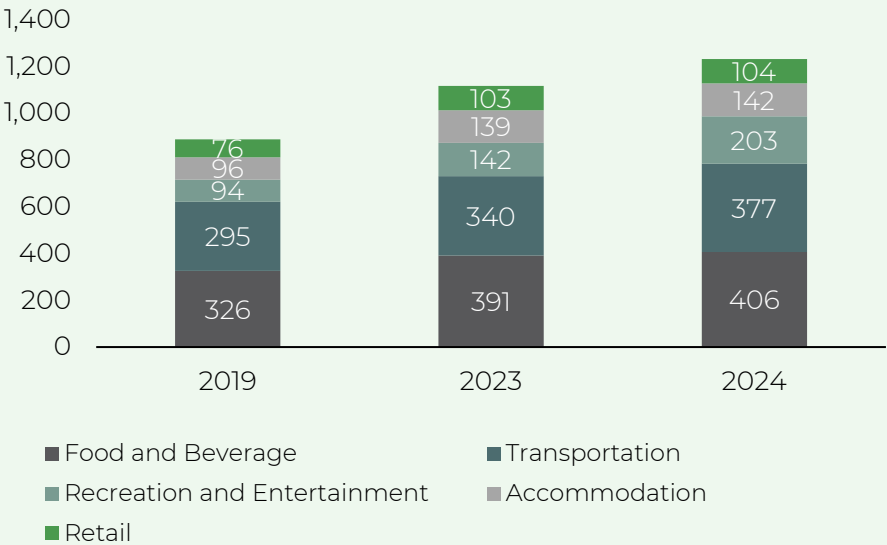
- Tourism spending in RTO 9 amounted to \$1.2 billion between January and July 2024, a 10% increase year over year.
- International spending slightly outperformed Domestic spending, with the two markets growing by 17% and 9.5%, respectively. Total spending for the period equalled \$156 million for International and \$1.08 billion for Domestic.
- The industry has **grown consistently over the past five years**, with a total average growth of 6.8% annually since 2019. Domestic and International spending grew at 6.1% and 11.9% per year, respectively, over the past five years.
- While the industry's short-term monthly growth shows some volatility, its long-term growth is stable and shows sustainable growth potential.
- **Intra-provincial Tourism Is Key**
Spending from travelers within Ontario makes up **73% of the total tourism revenue** generated in RTO 9, making it the most important source of income for the region. The market **grew at a rate of 7.5% year-on-year** in the first half of 2024 and showed **steady long-term growth of 6.3%** per year over the past five years.
- **Quebec As A Key Secondary Market**
Inter-provincial travel, particularly from Quebec, contributes 10% of total tourism spending in RTO 9. Inter-provincial travel grew by a substantial 21.3% in 2024 to date, also showing steady long-term growth of 5.5% per year over the past five years.
- **The U.S. Is a Growing Market**
Contributing **9% of total spending in RTO 9**, the U.S. market **grew by 16.9%** in the first half of 2024 compared to the previous year. This market is also showing **significant long-term growth of 13.7%** per year over the past five years.
- **Overseas Is A Small But Growing Market**
The remaining international market contributes 8% of total spending in RTO 9 and shows **significant short-term growth of 17.3%**.

Tourism Spending Led by Food and Beverage in RTO 9



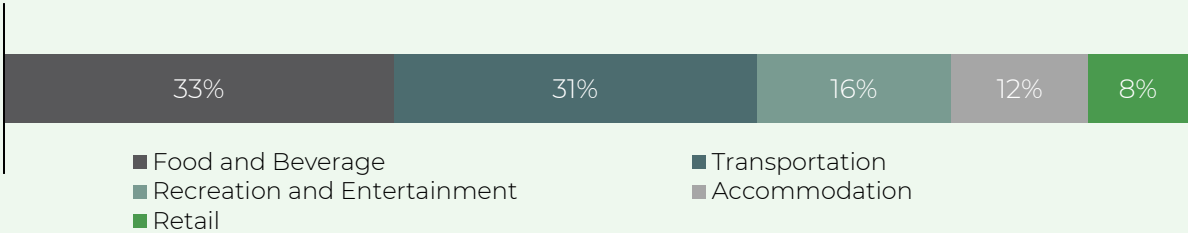
Consistent growth in spending across all tourism categories is encouraging, with Food and Beverage and Transportation serving as anchor categories, showing steady growth.

RTO 9 TOURISM SPENDING CATEGORIES



5-year CAGR	1-year Grw
6.5%	0.3%
8.0%	1.6%
16.6%	43.0%
5.1%	11.1%
4.5%	3.7%

RTO 9 SPENDING BY CATEGORY, CURRENT YEAR



SKIFT'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

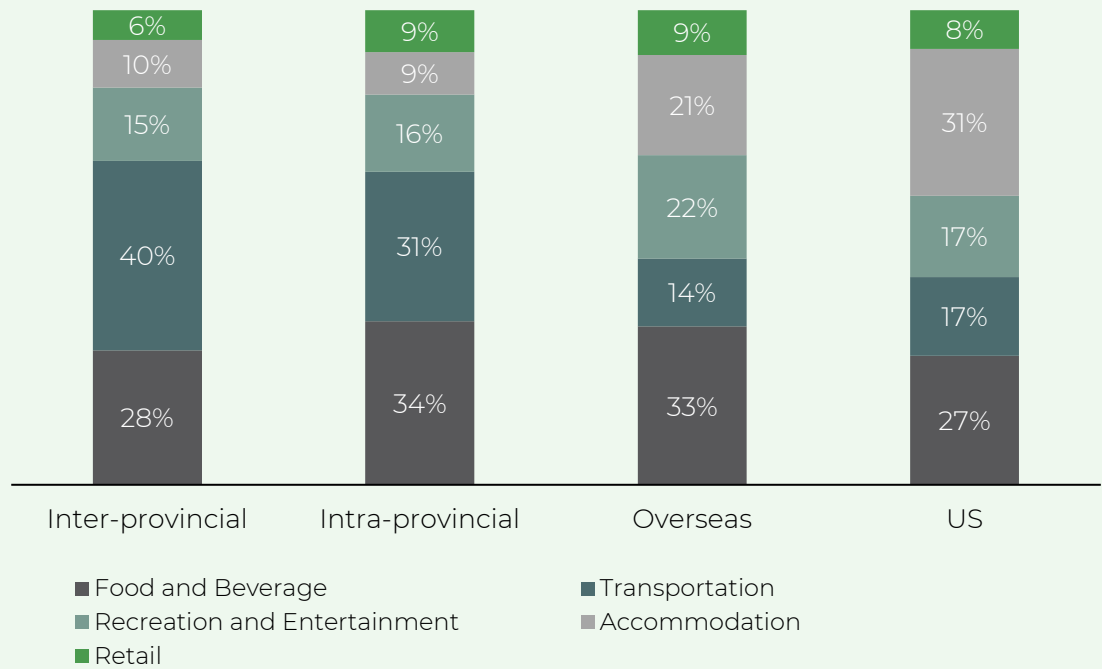
- Food and Beverage and Transportation are the dominant categories in RTO 9, contributing 33% and 31% to total spending, respectively.
- Recreation and Entertainment show significant growth potential, with 43% short-term growth and 16.6% long-term growth.
- To build on this success, RTO 9 should focus on **expanding partnerships with local producers and integrating culinary experiences across multiple destinations**. This would enhance visitor engagement with the region's food heritage while supporting local businesses and the Food and Beverage sector as well as Recreation and Entertainment.
- Accommodation and Retail are showing comparatively slower short-term growth, and underlying causes need to be investigated.

Tourism Spending Led by Food and Beverage in RTO 9



Food and Beverage carries a higher weight for Domestic visitors, while Accommodation is naturally more important to International visitors. Retail plays a dominant role for visitors from the U.S.

RTO 9 SHARE OF TOTAL SPENDING BY MARKET AND CATEGORY, CURRENT YEAR



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Food and Beverage and Transportation constitute the majority of Domestic visitors' spending. While this shows success in RTO 9's strategic approach to **targeting domestic markets**, it is important to maintain the growth trajectories in these categories by continuously understanding changing traveller needs from these source markets.
- With the growth in Accommodation spending slowing down in the first half of 2024, it is especially important to **understand the needs of U.S. visitors in this category**, as it is their dominant spending category.
- By emphasizing luxury accommodation, unique retail experiences, and **regional collaboration**, RTO 9 can attract high-spending U.S. visitors and encourage more extended stays.



Let's Dig Deeper!



Tourism Spending Led by Food and Beverage and Transportation in RTO 9

SKIFTY SAYS...

- **Food and Beverage and Transportation Lead Spending**
Accounting for **33% and 31% of total tourism** spending, respectively, in RTO 9, food and beverage grew by 3.7% and Transportation by 11.1% in the first half of 2024. Both categories show steady long-term growth of 4.5% and 5.1%, respectively.
- Food and Beverage and Transportation contributions are driven more by **domestic travelers**, making up **between 65% and 68%** of total spending. Transportation is slightly more important to inter-provincial travelers (40%) and Food and Beverage to intra-provincial travelers (34%).
- **Recreation and Entertainment is a Growing Category**
Contributing **16% of total spending**, Recreation and Entertainment shows both significant **short-term growth of 43%** and **long-term growth of 16.6%**.
- This category is slightly more important to **Overseas travelers (22%)** and could be used to stimulate a small but growing market.
- **Accommodation And Retail May Require Some Attention**
Both these categories have **slowed down in short-term growth**, growing at 1.6% and 0.3%, respectively.
- Accommodation is more important to international travelers, and the slowdown in growth needs to be better understood to ensure that U.S. travel, in particular, continues to grow.

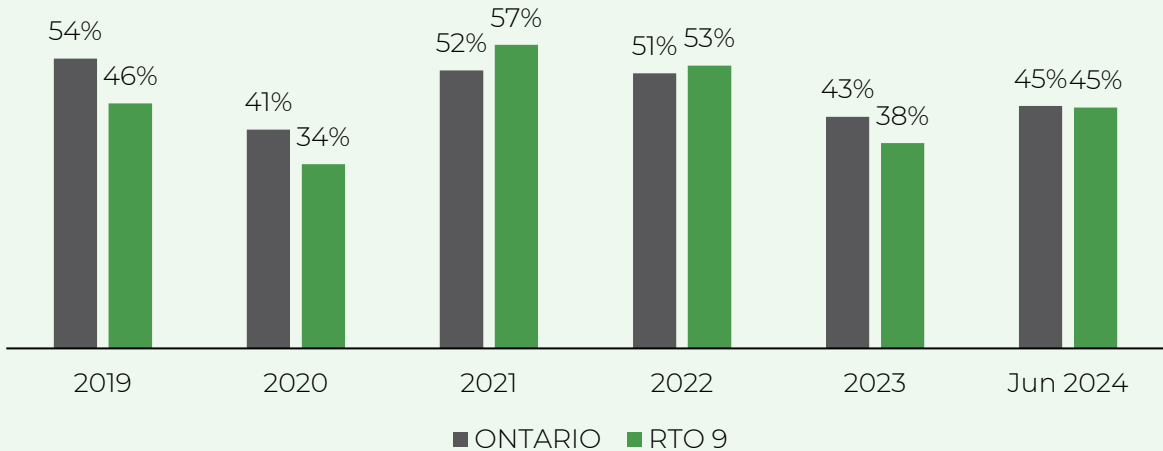
RTO 9 Short-Term Rental Occupancy In-line with Ontario



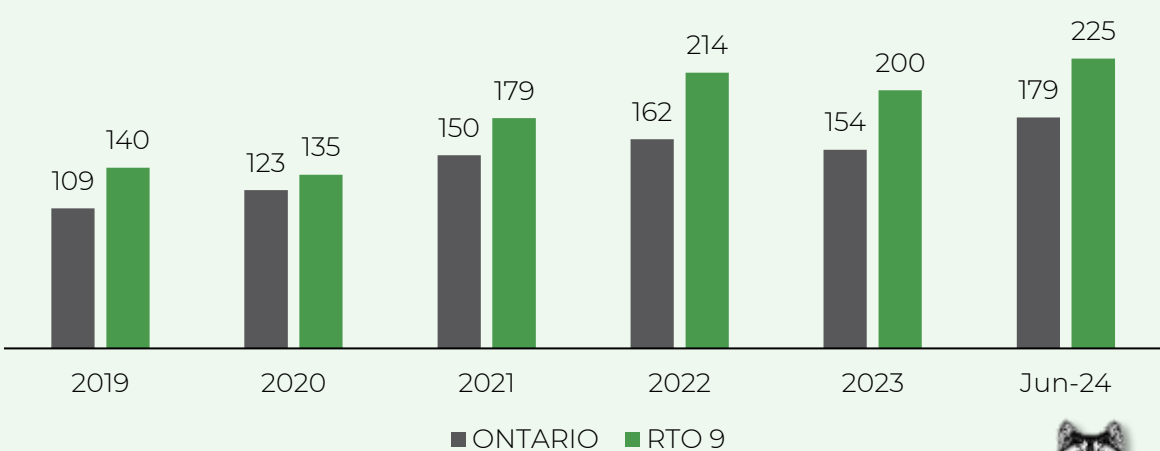
Occupancy rates increased over the past year but are lower than 2021 and 2022 levels. ADR has been steadily increasing for the past five years.

SHORT-TERM OCCUPANCY AND RENTAL RATES

Occupancy Percentage



Average Daily Rate (\$USD)



SKIFTY'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- Short-term occupancy rates in RTO 9 are **on par with pre-pandemic levels** and increased after a significant drop in 2023.
- Short-term ADR has steadily increased over the past five years (now at \$225) and has consistently been higher than the provincial average. Occupancy rates do not seem to be correlated to ADR.



Let's Dig Deeper!

RTO 9 Short-Term Rental Occupancy In-line with Ontario

SKIFTY SAYS...

- **Occupancy Rates Decline while Average Daily Rate Increases**

The occupancy rate for short-term rentals in RTO 9 in June 2024 was 45%, up seven percentage points from June 2023 and down one percentage point compared to June 2019. However, current occupancy is down significantly from 2021 and 2022 levels, indicating that **more recent factors have negatively impacted short-term occupancy**.

- **Strong Performance in Average Daily Rate (ADR) for STRs**

The ADR for short-term rentals in RTO 9 reached \$225 in June 2024, a 12% increase from June 2023 and a 10% average yearly increase from June 2019. This rise in ADR could indicate a **willingness among travelers to pay more for premium or well-located accommodations** for those who visit.

- **Need for Strategic Focus on Improving Occupancy**

The contrasting trends of **declining occupancy rates and rising ADR** present an interesting dynamic. It indicates that while the region attracts a wealthier clientele willing to spending more, there might be **untapped potential in filling more units**, especially during peak seasons.

- **Competitive Positioning within Ontario**

RTO 9's short-term occupancy rates are **comparable to the provincial average** despite having a higher ADR than the rest of the province. This could be an indication that there is a **perception of better value for money** in RTO 9's short-term accommodation options.

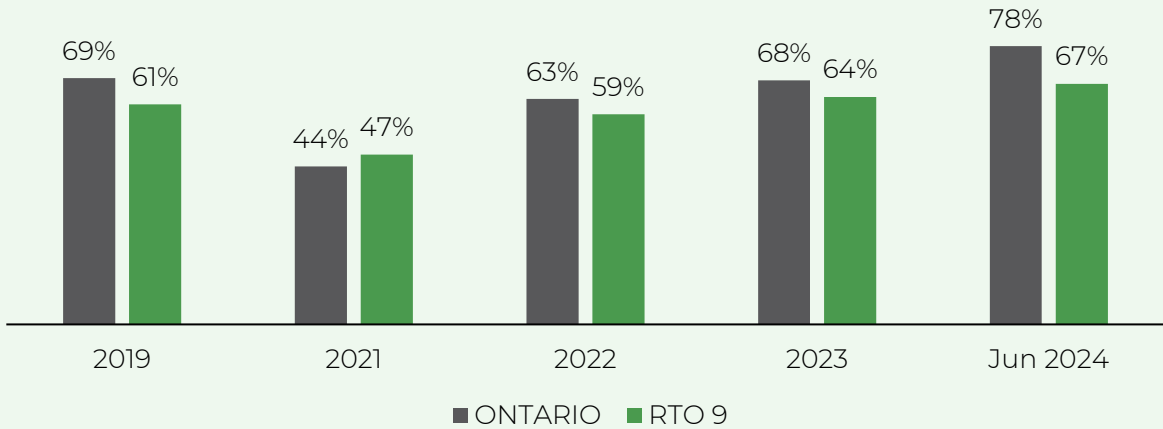
Hotel Occupancy in RTO 9 Lagging Ontario



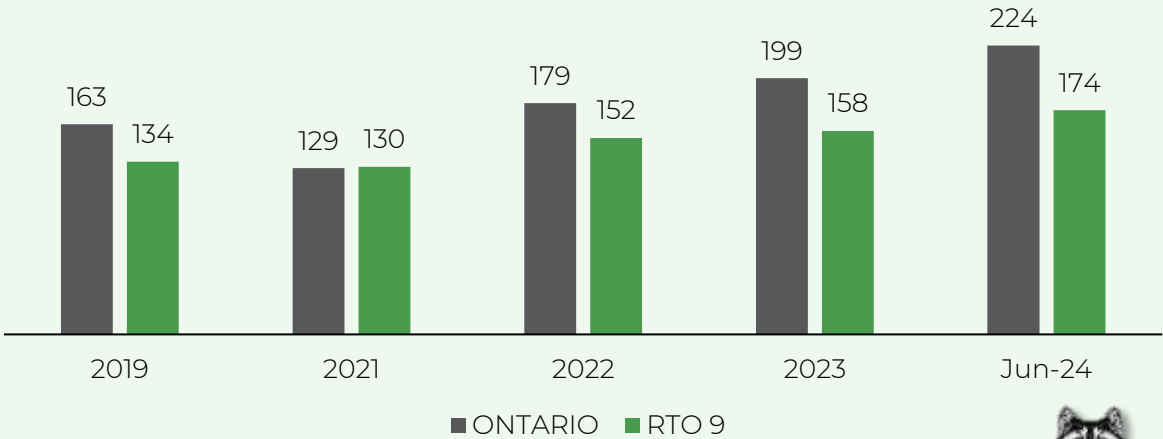
Hotel occupancy rates have increased over the past year and returned to pre-pandemic levels; however, they still lag considerably behind the provincial average.

HOTEL OCCUPANCY REGIONAL AND SUB-REGIONAL BREAKDOWN

Occupancy Percentage



Average Daily Rate (\$CAD)



SKIFT'S INSIGHTS CORNER



WHAT YOU SHOULD KNOW...

- While occupancy rates have increased year over year and recovered from pre-pandemic levels to 67%, they lag the provincial average by a considerable margin.
- ADR has been increasing steadily and does not seem to have affected occupancy rates.
- RTO 9's focus on collaborative seasonal marketing can help maintain high occupancy rates year-round, ensuring that hotels benefit from consistent demand during peak and off-peak seasons.



Let's Dig Deeper!

Hotel Occupancy in RTO 9 Lagging Ontario

SKIFTY SAYS...

- **Rising Occupancy Rates**

The hotel occupancy rates in RTO 9 for June 2024 stood at 67%, increasing by three percentage points from June 2023 and 6 percentage points compared to June 2019. This suggests a **full recovery to pre-pandemic** occupancy rates.

- **Steady Growth in Average Daily Rate (ADR) for Hotels**

The ADR in RTO 9 for June 2024 was \$174, marking **an increase of 10% from June 2023** and a 5% average yearly increase from June 2019. This moderate increase in ADR likely contributed to rising occupancy rates as inflation has not outstripped perceived value.

- **Lack of Value-for-money Offerings**

RTO 9's occupancy rates are consistently lower than the provincial average despite having a lower ADR than the province. This potentially suggests a **lack of value-for-money offerings** compared to the rest of the province.



So what does this all mean?

Implications for Tourism in RTO 9

RTO 9 has the potential to further increase high-value travelers and long-stay visits by expanding efforts to attract more international visitors, especially from the U.S., and promoting multi-destination travel across the region.

ACCOMMODATION

Refine Pricing and Offers: Adjust pricing strategies further attract both premium and budget-conscious travelers. Offering packages that bundle stays with local experiences or provide off-peak discounts can encourage longer stays and increase occupancy.

Promoting Multi-Destination Stays: Collaborate with other accommodations across the region to create packages that encourage visitors to explore multiple destinations.

ATTRACTIONS

Focus on Unique Experiences: Expand offerings in adventure, cultural, and eco-tourism, to appeal to a broader range of visitors. Market these as part of multi-destination itineraries to promote deeper exploration of the region.

Leveraging Seasonal Campaigns: Work closely with RTO 9's seasonal marketing initiatives to promote activities that draw visitors during off-peak times, helping to maintain visitor numbers year-round and spread demand more evenly.

AGENTS & OPERATORS

More Multi-Destination Itineraries: Innovate and promote travel packages encouraging tourists to visit multiple destinations within RTO 9. Emphasize diverse experiences.

Focus on Culinary and Cultural Tourism: Packages highlighting regional culinary experiences, such as food tours or local festivals, alongside cultural offerings to attract domestic and international travelers.

TRANSPORTATION

Enhancing Connectivity: Further collaborating with local governments and RTO 9 to improve access between key destinations, making it easier for travelers to navigate the region and explore multiple locations in one trip.

Group and Off-Peak Discounts: Providing more group travel deals and off-season discounts to encourage more frequent travel and higher visitor volumes during less busy periods.

FOOD & BEVERAGE

Expand on Regional Culinary Experiences: Expand food and beverage offerings by collaborating with local farms, wineries, etc., to create events such as farm-to-table experiences and regional food festivals – especially outside peak seasons.

More Collaborations with Local Producers: Strengthen partnerships with local producers to create authentic, locally-sourced dining experiences to position RTO 9 as a premier destination for food-conscious travelers.

MARKETING

More Focus on Domestic & International Markets: Continue to focus on attracting domestic travelers while expanding outreach to U.S. and international markets. To draw high-value visitors, emphasize the region's unique offerings, such as culinary, adventure, and cultural experiences.

Personalising Campaigns: Utilise visitor spending data to create targeted marketing campaigns that resonate with specific traveller segments.



APPENDIX



Noteworthy Vocabulary

Average Daily Rate (ADR): A metric used in the hospitality industry to measure the average rental income per paid occupied room in a given period, providing insights into pricing trends and operational efficiency.

Border Crossings: Refers to the number of entries across a border into a region or country, used as an indicator of international tourism flow and economic health.

CAGR (Compound Annual Growth Rate): CAGR represents the mean annual growth rate of an investment over a specified time period longer than one year. In tourism, it's used to evaluate long-term growth trends in visitor numbers, revenue, or other key metrics, smoothing out fluctuations to provide a clear picture of performance and strategic direction.

Data-Driven Decision Making: The practice of making decisions based on data analysis rather than intuition. For tourism, this can involve strategies based on visitor data to optimize marketing, pricing, and customer service.

Economic Sustainability: Practices aimed at ensuring the longevity and financial health of tourism operations and destinations, often by balancing visitor needs with resource management.

Hotel Occupancy Rates: A measure of the utilization of available accommodation; a key performance indicator for the hotel industry reflecting demand and operational success.

Inflationary Pressures: Refers to the impact of rising prices on tourism services, which can affect traveller behaviour and spending habits.

Macroeconomic Factors: Economic elements that impact the tourism industry on a large scale, such as economic growth, exchange rates, and inflation.

Occupancy Rates: Indicators of the percentage of available rooms or properties that are rented over a specific period, essential for gauging the health of the accommodation sector.

Seasonality: The variation in tourist activity throughout the year, often influenced by weather, holidays, or local events.

Strategic Marketing: The planning and execution of marketing initiatives that aim to reach specific tourism goals, such as increasing visitor numbers or promoting off-season travel.

Tourism Spending: The amount of money visitors spend in a destination, covering all sectors from accommodation and food to transport and entertainment, is crucial for economic assessments.

Unique Selling Point (USP): The distinctive features, experiences, or attractions that set a location apart from others and make it particularly appealing to visitors.

Visitor Satisfaction: A measure of how well a destination or service meets or exceeds visitors' expectations, often used to gauge the success of tourism offerings.

Workforce Development: Efforts to train and develop skilled workers in the tourism industry, ensuring quality service and operational efficiency.

Year-over-Year (YoY): Year-over-Year (YoY) compares data from one period to the same period in the previous year. It is often used in the tourism industry to assess the growth or decline in metrics such as arrivals, occupancy rates, or revenue, highlighting the impact of external factors or internal strategies on annual performance.

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