

TOURISM RESEARCH UPDATE



November 2011

Tourism in the Northwest Territories

Tourism numbers and revenues have decreased across Canada as a result of the global economic downturn, and the NWT was no exception. The number of leisure visitors to the Northwest Territories (NWT) decreased by about three percent (or 1400 people). Business traveller numbers have also fallen by about five percent but the numbers are expected to stabilize in the next couple of years. As a result of the decline in visitor numbers, visitor spending has also fallen and is now at the lowest it has been in the last five years at about \$94.1 million.

However, as the Canadian economy recovers, there are signs showing that the situation is getting better in the NWT. Leisure visitors are spending more money per person during their visits now than they have in the last five years and visitor numbers in the Aurora Viewing and Visiting Friends and Relatives segments are on the rise. Similarly, Outdoor Adventure visitor numbers have increased by about three percent.

Excellent media coverage of the Territory's two royal visits this summer, the introduction of *Tourism 2015: New Directions for a Spectacular Future* and the continued expansion and improvement of tourism products are positive steps forward and will aid in the recovery and stabilization of tourism in the NWT.

For copies of tourism research reports completed by the Department of Industry, Tourism and Investment, check out: <http://www.iti.gov.nt.ca/Publications> and scroll down to "Tourism and Parks".

What's inside...

This newsletter addresses some of the key trends that impact tourism in the NWT and includes preliminary results from the 2010/2011 Leisure Visitor Exit Survey.

“With the can-do attitude of our business community, our abundance of wild places, and our vibrant Aboriginal cultures, there is great potential for growth in our tourism industry.”

- Tourism 2015

Purpose of Travel	Visitor Statistics					Visitor Spending (millions)				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Aurora Viewing	7,000	7,300	5,500	5,400	6,800	\$ 9.3	\$ 9.6	\$ 7.3	\$ 7.2	\$ 6.4
Fishing	7,700	7,500	7,300	6,400	5,400	\$ 18.0	\$ 17.5	\$ 17.0	\$ 12.6	\$ 12.0
General Touring	13,300	15,100	14,800	14,500	12,000	\$ 7.5	\$ 8.5	\$ 8.3	\$ 8.1	\$ 9.5
Hunting	1,200	900	900	800	400	\$ 16.2	\$ 13.0	\$ 12.5	\$ 10.1	\$ 4.3
Outdoor Adventure	2,100	2,100	2,100	1,900	1,900	\$ 6.8	\$ 6.9	\$ 6.8	\$ 6.1	\$ 5.8
Visiting Friends & Relatives	9,000	11,700	9,300	12,900	13,700	\$ 3.8	\$ 5.0	\$ 4.0	\$ 5.4	\$ 6.6
Total Leisure Travellers	40,300	44,600	39,900	41,900	40,200	\$ 61.6	\$ 60.5	\$ 55.9	\$ 49.5	\$ 44.6
Total Business Travellers	35,500	34,900	33,600	26,200	24,800	\$ 78.8	\$ 77.4	\$ 74.6	\$ 58.1	\$ 49.5
TOTAL	75,800	79,500	73,500	68,100	65,000	\$ 140.4	\$ 137.9	\$ 130.5	\$ 107.6	\$ 94.1



International and National Tourism Trends

US Travel Trends

The Canadian Tourism Commission (CTC) says overnight non-automobile travel from the United States (US) increased by 4.4% in 2010 and overnight travel increased by 0.7%. In 2011, 59% of Americans said they were going to take a vacation – up 3% from the previous year.

The CTC also reported that US consumer confidence went down significantly in March 2011, suggesting that Americans have less disposable income (used for travelling) and are more likely to stay within the country.

Since March, US unemployment has increased further, but gas prices have come down somewhat, which may increase tourism to Canada and the NWT. However, ongoing increases to Canadian airfare prices will likely have a negative impact on US travel.

The weaker US dollar likely contributed to the decreased number of US visitors to Canada. However, recent fluctuations have seen more parity, which may show some benefit to Canadian tourism if it continues.

In 2010/2011, 6% of leisure visitors to the NWT were from the US, so changes in their economy typically affect the probability they will travel to the NWT.

Domestic Travel Trends

The CTC stated that in early 2011, 80.5% of polled Canadians said they were going to be taking a vacation this year. It is believed that about 50% of these would travel within Canada (up 1% from 2010) and 14% to the US (up 0.7%). The stronger Canadian dollar has made it more appealing for Canadians to travel to the US. This may change though if the recent similar dollar levels remain.

While consumer confidence was higher in the first quarter of 2011, many people were worried about their personal financial situation. Although the Canadian economy grew by 0.5% in early 2011, consumer confidence has still not returned to pre-recession levels.

Three of Canada's major airlines have also reported growth in passenger traffic during the first part of 2011. This shows that despite higher airfares (due to higher fuel prices), more Canadians were traveling. International destinations seem to be increasing in popularity though.

Federal Tourism Strategy

In October 2011, the Federal Government launched the Federal Tourism Strategy to bring alignment to programs and services that support the tourism industry. The four priority areas include:

- Increasing awareness of Canada internationally;
- Improving access and movement of travellers across Canadian borders;
- Encouraging tourism product development and investment; and
- Fostering adequate supply of skills and labour to enhance hospitality.

At this time, it is unknown how the strategy will impact the NWT; however, the North and Aboriginal tourism were mentioned specifically as areas of interest.

Business Travel Trends

Difficult economic conditions worldwide have resulted in a large decrease in business travel demand. The number of business travellers to the NWT decreased over the last four years, with the latest decrease being 5% in 2010/2011. The oil and gas sector is one of the biggest contributors to business travel in the NWT. The recession has affected this sector and is likely the key reason why the number of business travellers to the NWT has been down.

On the other hand, the CTC reported that Canadian business confidence was at a six-year high by the end of 2010, suggesting that there may be an increase in future business travel. Some sources believed there would be growth in Canadian business sales throughout 2011, which would also encourage business travel. A large proportion of business travel agents believed bookings would increase in 2011. US businesses were also expected to increase their travel budgets by 5%.

The latest global economic uncertainty that has occurred in the second half of 2011, however, may begin to show a different picture than predicted. This uncertainty may also cause business forecasters to be less optimistic about 2012.



Japanese Travel Trends

The earthquake and tsunami that hit Japan in March 2011 caused major damage to Japanese infrastructure and weakened the country's power supply, causing significant decreases in the manufacturing sector. The decrease in manufacturing has had a negative impact on many residents' disposable income and their ability to travel.

However, the CTC says that Japan is recovering since these events, and across Canada, the number of Japanese overnight visits has increased by 18%.

In October 2011, Canada and Japan signed a bilateral air agreement that will allow for increased air travel to Canada. This will likely help increase the number of Japanese tourists coming to the NWT.

Japanese visitors have long been a major part of aurora viewing tourism to the NWT and in 2010/2011, they represented 13% of NWT's leisure visitors.

2010/2011 Leisure Visitor Exit Survey: A Snapshot of the Results

Purpose:

The Government of the Northwest Territories conducts a Visitor Exit Survey every four years to obtain baseline information on visitor numbers, spending patterns and visitation characteristics. Along with providing an accurate picture of visitation and spending for the survey year, these benchmark statistics are used to estimate numbers, spending and characteristics during the three years between the Visitor Exit Surveys.

Methods:

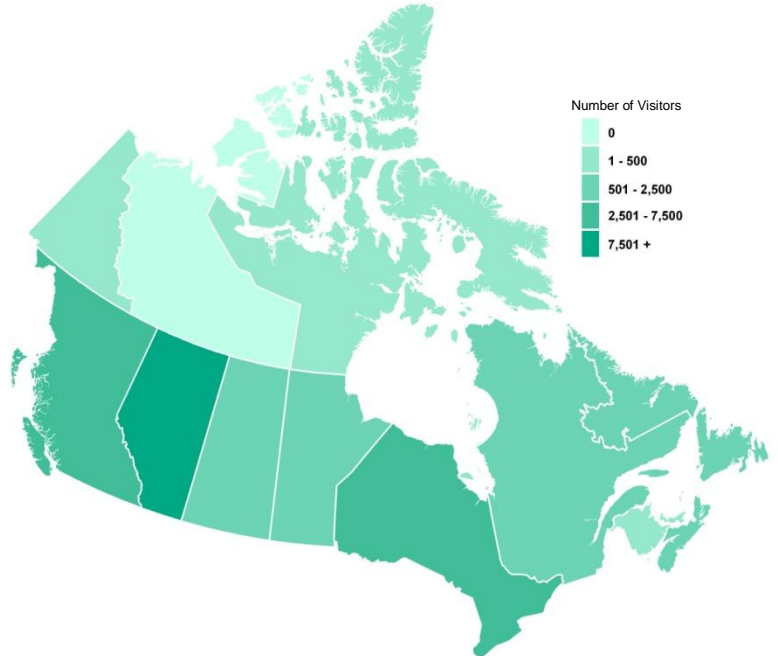
The survey instruments for the 2010/2011 Visitor Exit Survey varied according to segment and mode of transportation.

Self-administered surveys were distributed at airports to visitors waiting for their departing flights. Some were also given to guests by their guide at lodges. Post-trip telephone surveys captured detailed information from visitors travelling by road.

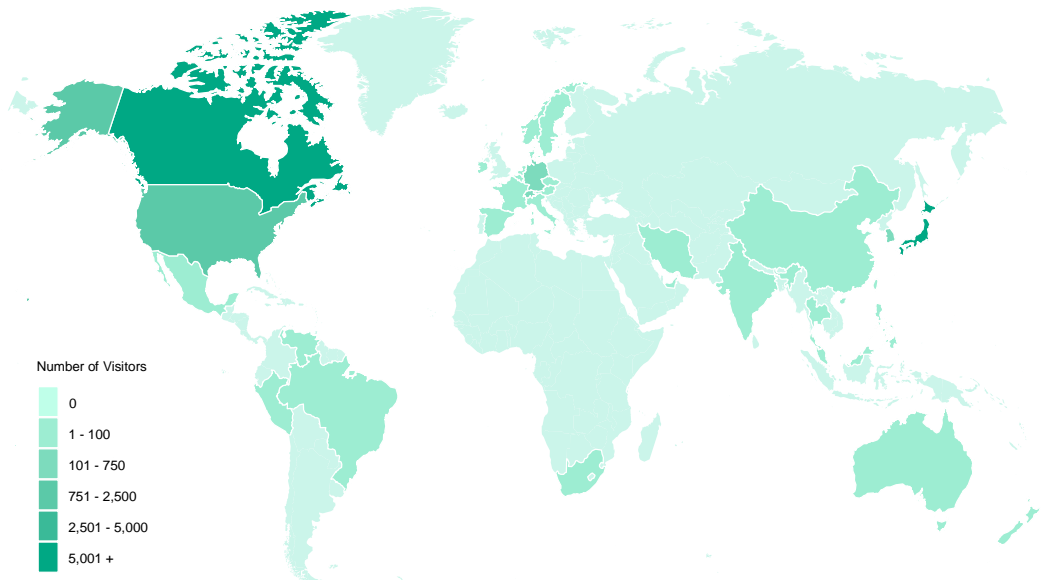
Airport tally counts were used in conjunction with the hunting and fishing license database, the territorial park permit database and vehicle counts at ferry crossings to estimate total visitation volume to the territory.

Surveys were completed between May 2010 and March 2011, including 4158 self-administered surveys completed at various airports and lodges and 544 telephone surveys.

Visitor Origin by Province and Territory:



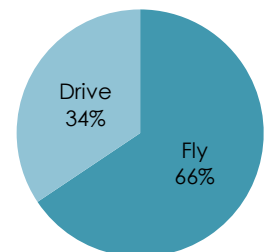
Visitor Origin by Country:



Top 5 Countries of Visitor Origin:

- Canada: 77%
- Japan: 13%
- United States: 6%
- Switzerland: 1%
- Germany: 1%

Transportation to NWT:

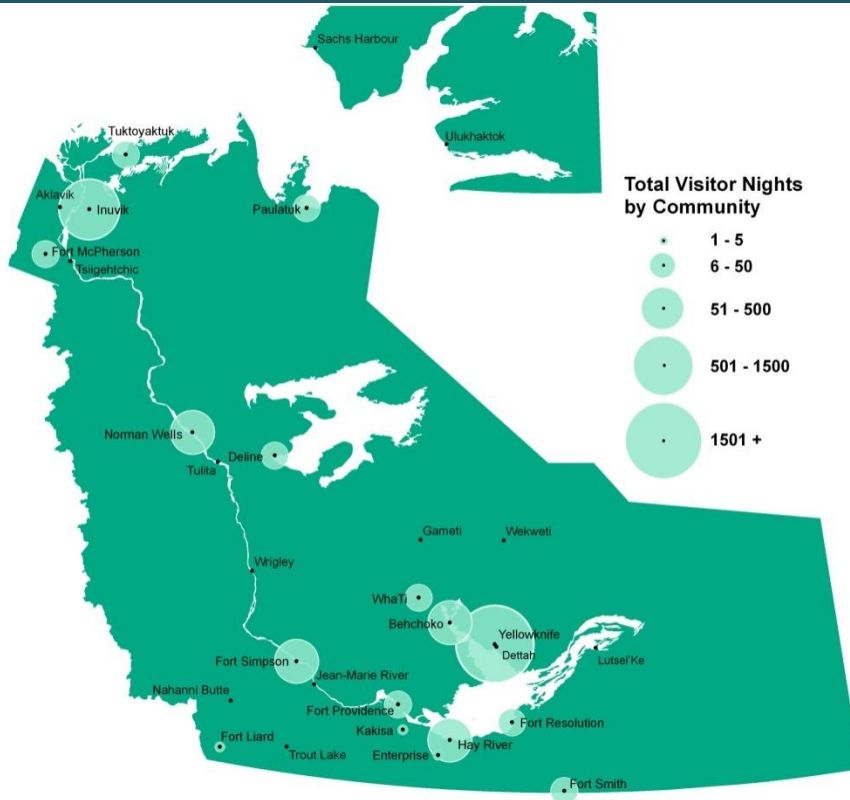


Visitor Demographics

Gender:	Age:	Education:	Occupation:	Household Income:
43% - Female 57% - Male	76% - Adults 6% - Children 17% - Seniors	20% - High school or less 66% - College/University 14% - Masters/PhD	38% - Professional 23% - Retired 10% - Self-employed 28% - Other	30% - \$49,999 or less 34% - \$50,000-\$89,999 36% - \$90,000 or higher

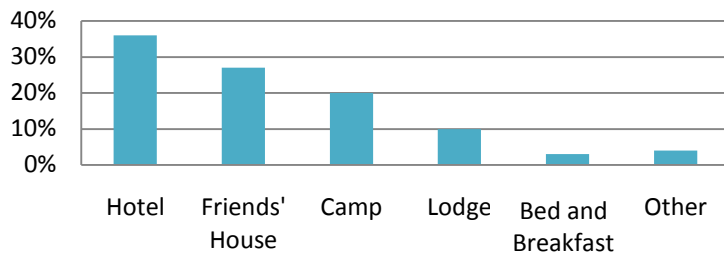
2010/2011 Leisure Visitor Exit Survey: A Snapshot of the Results

Total Visitor Nights by Community:

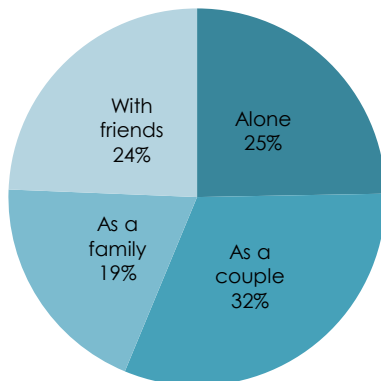


* Visitor Night = One person staying one night

Accommodations Used in the NWT:



Travel Companions:



Average Party Size:

3 People

Average Length of Stay:

8 Nights

TOP 10...

Sources Used for Trip Planning:

1. Word of Mouth
2. Been here before
3. Travel Guide Books
4. Brochures/Posters/Maps
5. Travel Website
6. Tourism Business/Operator
7. NWT Explorers' Guide
8. SpectacularNWT.com
9. The Milepost
10. Auto Club

Sources Used During the Trip:

1. Word of Mouth
2. Brochures/Posters/Maps
3. Visitor Information Centres
4. Travel Guide Books
5. Tourism Business/Operator
6. NWT Explorers' Guide
7. The Milepost
8. Travel Website
9. Magazine/Newspaper Ad
10. Auto Club

Most Popular Activities:

1. Museum Visit
2. Art Gallery Visit
3. Historic Site Visit
4. Eating Northern Cuisine
5. Aurora Viewing
6. Airplane/Helicopter Tour
7. Boating Tour
8. Guided Town Tour
9. Dog Sledding
10. Aboriginal Activities/Events

Q: What activities did you want to do, but didn't?



For more information, contact:
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* Size of the word reflects how frequently it showed up in responses.