



*Kingston's Tourism
Industry:*
Economic Impact,
Challenges and Opportunities

(Alexander Fritsche, Senior Economist)

(Kingston, May 21, 2008)

Overview

- Economic Impact of Tourism in Kingston
- Tourism in Kingston in Context:
- Opportunities for Tourism in Kingston
- Benefits of for Tourism in Kingston
- Challenges Ahead



Economic Contribution

Overview of Kingston's Tourism Market: 2004

- Total visitation of 2.3 million visits that generated spending of \$312 million.
- Roughly 50/50 split between same-day and overnight visitors, but overnight visitors are responsible of 80% of total spending
- Most visitors to Kingston come from the domestic market: 80% Canada – 15% U.S. – 5% Other International
- Nearly all Canadian visitors come from Ontario – 94%

(source: Statistics Canada, Conference Board of Canada)



Economic Contribution

Overview of Kingston's Tourism Market: 2004

- International visitors are an important source of tourism revenue. They account for over 25 per cent of total spending.
- Kingston is mostly a car destination and most visitors (85 per cent) stay for 2 nights or less.
- Primary activities include visiting friends and relatives, going shopping, going sightseeing, participating in sports and visiting historic sites

(source: Statistics Canada, Conference Board of Canada)



Economic Contribution

Economic Impact of Tourism in 2004

- Total GDP of \$218 million in Kingston plus \$20 million in the rest of Ontario.
- Total wages and salaries of \$113 million in Kingston plus \$12 million in the rest of Ontario.
- Employment of 3,724 jobs in Kingston plus 280 jobs in the rest of Ontario.
- Total Taxes of \$133 million of which:
 - Federal: \$68 million + \$ 4million
 - Provincial: \$56 million + \$3 million
 - Municipal: \$600,000 + \$760,000

(source: Ontario Ministry of Tourism TREIM model, Conference Board of Canada)



Economic Contribution

Economic Impact of Tourism in 2007

- Total GDP of \$251 million in Kingston plus \$23 million in the rest of Ontario.
- Total wages and salaries of \$138 million in Kingston plus \$15 million in the rest of Ontario.
- Employment of 40,070 jobs in Kingston plus 311 jobs in the rest of Ontario.
- Total Taxes of \$157 million of which:
 - Federal: \$78 million + \$ 5million
 - Provincial: \$68 million + \$4 million
 - Municipal: \$700,000 + \$800,000

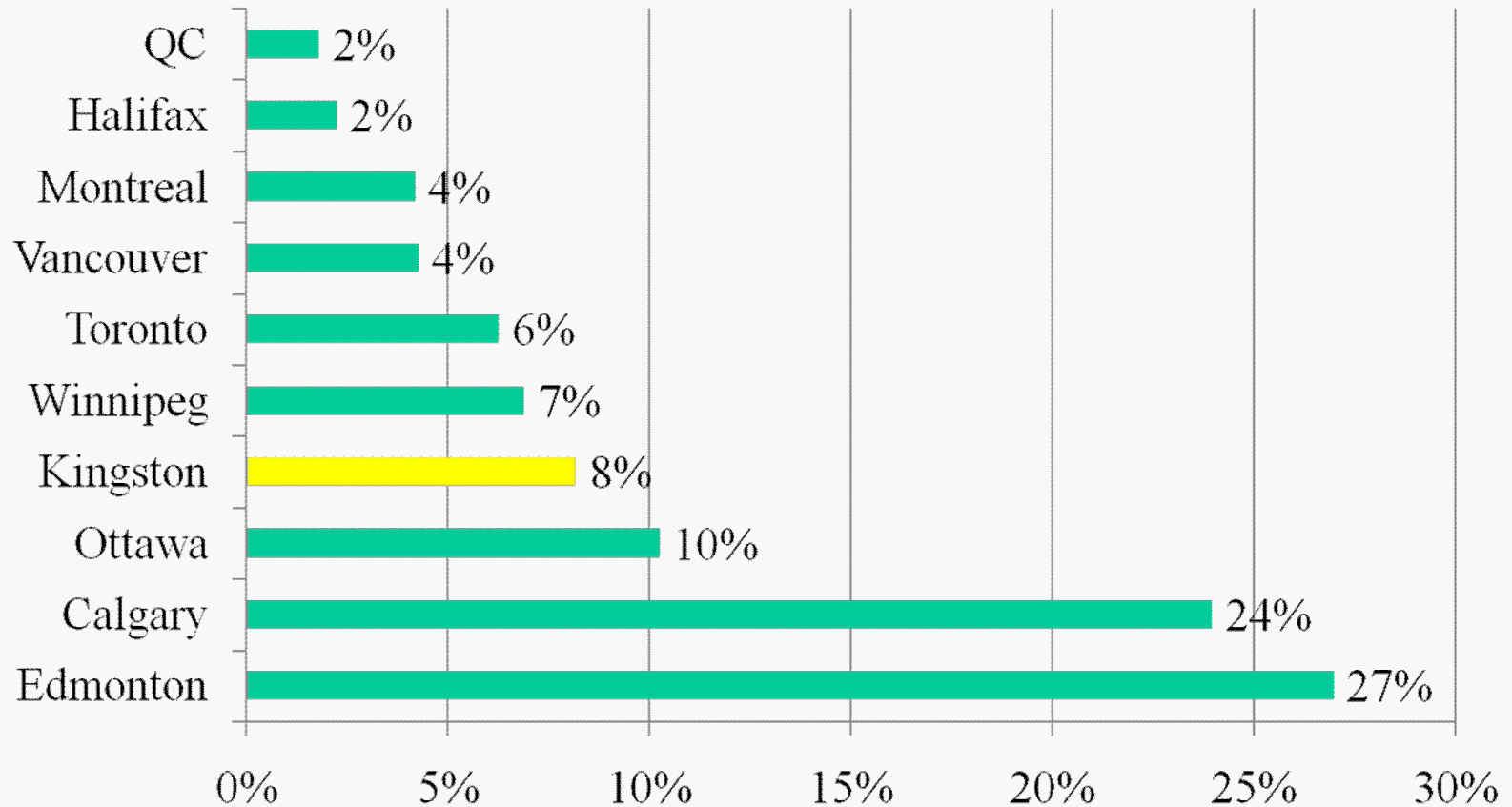
(source: Ontario Ministry of Tourism TREIM model, Conference Board of Canada)



Tourism Industry Performance

Growth in Overnight Visits to Select Canadian Cities: 2004 - 2007

Growth in Tourism Demand



Tourism Industry Performance

Employment in Selected Tourism Industries, Kingston: 1997 - 2007

	1997	2002	2007		97-07	02-07
Arts, Entertainment and Recreation	0.9	1.125	1.875		108.3%	66.7%
Accommodation and Food Services	4.7	5.4	6.625		41.0%	22.7%
Food Services and Drinking Places	3.55	4.75	5.675		59.9%	19.5%
Accommodation	1.15	0.65	0.95		-17.4%	46.2%
Retail Trade	8.375	8.475	10.2		21.8%	20.4%
Tourism Related Industries	8.3	8.375	10.875		31.0%	29.9%
Tourism Related Industries + Retail	11.85	13.125	16.55		39.7%	26.1%



Tourism Industry Performance

Employment Growth in Kingston by Industry: 1997 - 2007

Top 10 Growth Industries	
Since 1997	Growth
1 Arts, Entertainment and Recreation	66.7% *
2 Finance, Insurance, Real Estate and Leasing	41.0%
3 Transportation	28.4% *
4 Accommodation and Food Services	22.7% *
5 Educational Services	21.6%
6 Retail Trade	20.4% *
7 Public Administration	17.3%
8 Service-Producing Sector	15.7%
9 All Industries	10.0%
10 Health Care and Social Assistance	8.7%



Tourism Industry Performance

Employment Growth in Kingston by Industry: 2002 - 2007

Top 10 Growth Industries	
Since 2002	Growth
1 Arts, Entertainment and Recreation	108.3% *
2 Educational Services	60.3%
3 Accommodation and Food Services	41.0% *
4 Health Care and Social Assistance	38.9%
5 Construction	23.6%
6 Retail Trade	21.8% *
7 Service-Producing Sector	21.1%
8 All Industries	19.2%
9 Public Administration	16.3%
10 Manufacturing	11.7%



Tourism Industry Performance

Employment Growth in Accommodation and Food: 1997 - 2007

Growth in Accommodation and Food Employment	
Since 1997	Growth
1 St-John's T.-N.	80.1%
2 Hamilton	57.1%
3 Terre-Neuve-et-Labrador	53.1%
4 Île-du-Prince-Édouard	46.6%
5 Abbotsford (MATSQUI)	44.0%
6 Kingston	41.0%
7 Ottawa-Gatineau - Quebec Part	39.9%
8 London	38.2%
9 Windsor	35.9%
10 Victoria	32.1%



Tourism Industry Performance

Employment Growth in Arts, Entertainment and Recr.: 1997 - 2007

Growth in Arts, Entertainment and Recreation Employment Since 1997	Growth
1 Oshawa	136.5%
2 Kingston	108.3%
3 Kitchener	80.6%
4 Ottawa-Gatineau - Ontario Part	72.5%
5 St-John's T.-N.	68.8%
6 Ottawa-Gatineau	65.4%
7 St. Catharines - Niagara	61.1%
8 Ontario	59.7%
9 Edmonton	58.0%
10 Vancouver	57.5%



Tourism Industry Performance

Growth in the Share of Tourism Employment: 1997 - 2007

Growth in the Share of Tourism Employment	
Since 1997	Growth
1 Thunder Bay	55.7%
2 St-John's T.-N.	40.3%
3 Terre-Neuve-et-Labrador	31.3%
4 Kingston	27.4%
5 Abbotsford (MATSQUI)	23.6%
6 Hamilton	23.5%
7 London	19.5%
8 Île-du-Prince-Édouard	18.5%
9 Oshawa	14.2%
10 St. Catharines - Niagara	12.9%



Tourism Industry Performance

Summary

- The tourism industry is a significant contributor to the Kingston economy
- Kingston's tourism industry has performed well in recent years
- The tourism industry in Kingston has become more important over the past 10 years
- Employment in individual tourism industries continues to grow and consistently ranks among the top performers in the country

**Kingston has benefitted from
strong growth in domestic travel**



Opportunities for Tourism Kingston

The Silver Age of Travel

Silver Age of Travel: the 10 year period from 2002 to 2012

Why:

- Baby boomers are entering their prime travel years

Characteristics:

- Stable in their careers, fairly affluent and less dependent on economic cycles
- Empty nesters (.... the lucky ones anyway)
- Healthy, mobile, “adventurous”

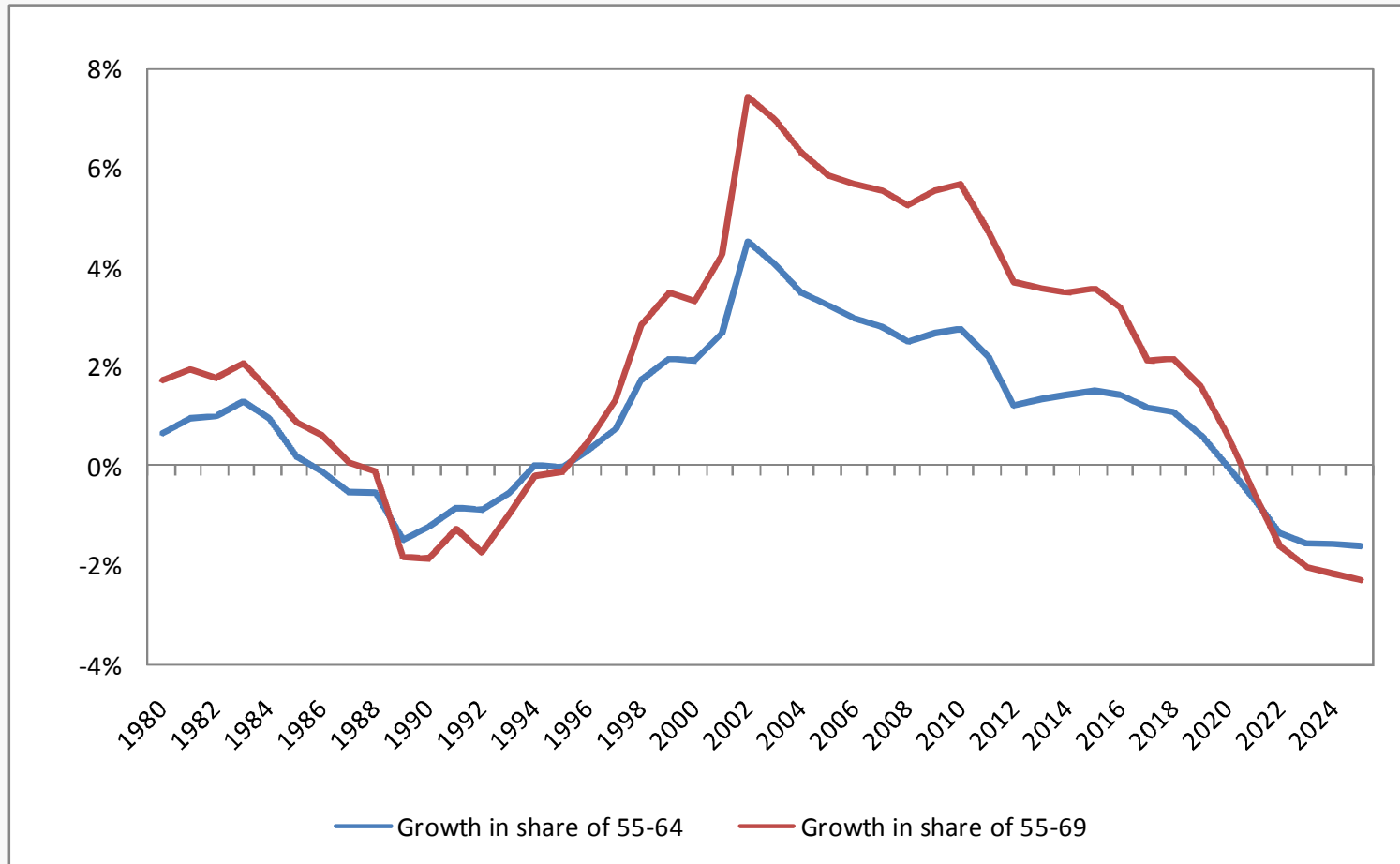
Like:

- Experiences, education, arts, entertainment, culture, history, food and wine, cruises and....driving



Opportunities for Tourism Kingston

The Silver Age of Travel



Opportunities for Tourism Kingston

The Cruise Industry

- Between 2002 and 2005, North American passenger growth grew by 30%
- Since 1980, passenger growth averaged 8.2 per cent per year
- 51 million North Americans plan on taking a cruise in the next 3 years
- Cruising opens up smaller destinations to potential visitors and creates opportunities for follow-up vacations
- The strongest growth is in the 2-5 day segment
- Cruisers are:
 - Somewhat “older”, median of 49 years of age (see boomers)
 - Mostly married and often retired
 - Highly educated with high household income



Opportunities for Tourism Kingston

The Cruise Industry

- In 2008, the number of calls in Saint John is expected to rise from 53 to 82, bringing potentially 250,000 people (including crew) to the city – a 41 per cent increase from 2007
- Cruise Newfoundland had a strong year and is expected to grow by at least 3 per cent in 2008
- The number of passengers on Arctic cruises in Vancouver grew by 15 per cent last year and is expected to have another strong year.
- Canada will invest \$36 million in port development along the St Lawrence and Saguenay rivers in Quebec (May 20th)



Opportunities for Tourism Kingston

Other Opportunities

- Other Opportunities for Tourism in Kingston
 - Believe it or not: high gas prices
 - Changing attitudes towards travel: now a right, not a necessity
 - Geographic location and domestic market
 - Renovation of the Grand Theatre – look at Stratford
 - Kingston Regional Sports and Entertainment Centre
 - International markets in Toronto/Ottawa



Challenges for Tourism Kingston

Data Gaps

- Data Challenges:
 - Last data available from 2004! ... and it's not that good
 - Who's coming and what are they doing here / looking for?
 - Who's not coming?
 - Up-to-date data empowers key decision makers across the various tourism segments to make timely and well informed decisions.
 - Different arms of the tourism industry can see how they operate together as a whole
 - Need for up-to date metrics in order to develop targeted marketing campaigns



Challenges for Tourism Kingston

Data Gaps

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Challenges for Tourism Kingston

Data Gaps

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Month: **January-08**

Instructions: Please fill in all blue cells (if the answer is zero, then enter "0"). Grey cells are calculated automatically.

General Information						
Number of Rooms Available	Estimated Room Nights Available for the Month	Average Daily Room Rate	Total Room Nights Sold (A)	Average Occupancy Rate	Room Revenues for Month	<=Total Room Nights Sold (A) must equal Total Room Nights Sold By Rate Type (B).
39,594	214,594	\$3,866.09	117,075	54.6%	\$15,554,450	

Room Nights Sold By Rate Type							
Rack/ Premium	Corporate/ Government	Leisure	Group Convention	Tour (Group/ Ind.)	SMERF	Long Stay & Crews	Total Room Nights Sold By Rate Type (B)
9,848	43,446	18,945	23,902	4,760	7,551	8,623	117,075

Room Nights Sold By Origin								
Toronto	Other Ontario	Montreal	Other Quebec	Other Canada	New York State	Other US	Other International	Origin Unknown
10,319	13,557	6,604	4,654	7,075	1,021	5,653	1,092	67,100

Meetings/Conventions			
Meeting/ Convention Room Nights (1)	Number of Meetings/ Conventions (2)	Meeting/ Convention Delegates (3)	<=Please record all room nights associated with meetings and convention room blocks (1), regardless of the meeting location. However, only fill in Number of Meetings/Conventions (2) and Meeting/Convention Delegates (3) for meetings and conventions that take place at your hotel.
17,943	186	32,379	

Motorcoach		
Number of Motorcoach Groups	Motorcoach Room Nights	<=Please record your Motorcoach Groups for the month, even if it is only one.
47	737	

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Challenges for Tourism Kingston

Data Gaps

Performance_Indicators - Monthly Report Feb 2008.pdf - Adobe Reader

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Ottawa-Gatineau Tourism Performance Indicators

February 2008

Ottawa-Gatineau Hotel Indicators						
Indicator	February			Year to Date		
	2008	2007	% Chg	2008	2007	% Chg
Hotel Occupancy	73.8%	73.8%	0.0 pts*	63.8%	61.2%	2.6 pts*
Room Nights Sold ¹	221,682	214,038	3.6%	396,680	374,266	6.0%
Average Daily Rate	\$141.15	\$130.83	7.9%	\$137.67	\$127.54	7.9%

* Year-over-year changes in occupancy reported as percentage point difference.
¹ Room nights sold based on the 10,358 rooms available by OGHA members.

Occupancy by Geographic Region (Ottawa-Gatineau)						
Region	February			Year to Date		
	2008	2007	Chg*	2008	2007	Chg*
Central	76.9%	78.0%	-1.1 pts	64.8%	64.3%	0.5 pts
Southeast	63.2%	63.5%	-0.3 pts	59.6%	52.4%	7.2 pts
West	70.0%	68.6%	1.4 pts	66.4%	59.1%	7.3 pts
Outaouais	62.6%	66.9%	-4.3 pts	57.6%	55.8%	1.8 pts

* Year-over-year changes in occupancy reported as percentage point difference.



Challenges for Tourism Kingston

Data Gaps

- Market Challenges:
 - U.S. market is in trouble – and it'll stay that way
 - What is Kingston's value proposition?
 - How to tap into other international markets?
 - How to differentiate in a competitive market place?
 - How do we get people to stop in Kingston as they travel through the triangle?
 - Labour shortages will transform the way the industry operates in the future.



Summary

- Tourism related industries represent an important part of Kingston's Economy. In 2004, tourism contributed over 3,500 jobs to Kingston's economy.
- Kingston's tourism industry has been growing at a healthy pace and has been one of the better performing sectors for the city.
- Changing travel trends and the baby boomer generation present unique growth opportunities for Kingston's tourism industry.
- Information about travellers will be crucial for the success of Kingston's tourism industry and data availability remains a challenge.
- Success is not guaranteed in today's competitive tourism marketplace and other challenges will need to be overcome.





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