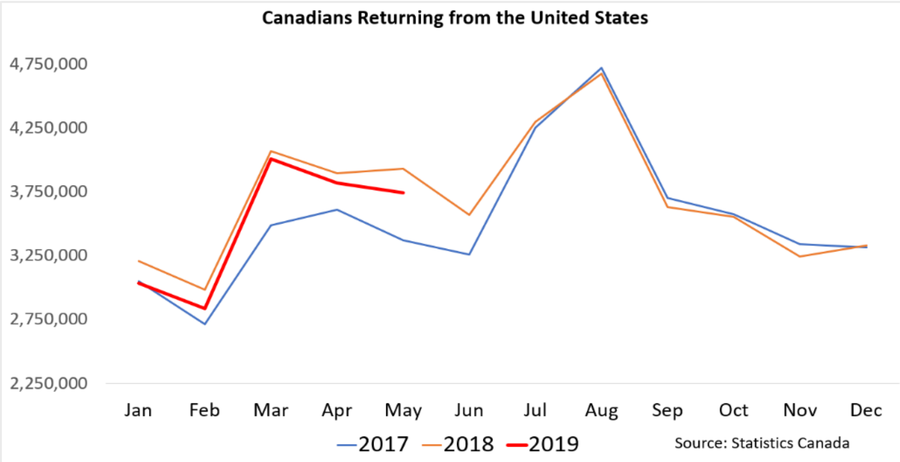
UP IN CANADA

ISSUE #1 | AUGUST 2019 |



Why Canadians are Staying Away

Based on data from Statistics Canada and the U.S. Department of Commerce, Canadian visitation to the U.S. has declined steadily for the past five straight months. As the official government data continues to show a drop in Canadian visitation to the United States, we, at XBorder Canada (XBC), want to share with you our insights into possible reasons why. For May of 2019, U.S. visitation from Canada dropped 5.7% (nearly evenly for both land and air), compared to May 2018. During this time period Canadian travel to other countries increased 2.2%. This is in light of the fact that the exchange rate (a key indicator of travel) between the two countries has seen the rate stay fairly flat (.777 in May of 2018 down to .744 in May of 2019). Typically, with a one-month lag, the dollar and the visitation counts go hand in hand, so what else might be driving this decline?

XBC asked 19,848 Canadians that question. Between March 19 and April 11, 2019, using an online panel, we asked Canadians if they had traveled to the U.S. in the past 12 months, and if not, why not? What we learned was that half (50%) of those who had not visited the U.S. indicated that the Cost/Price was too high, and they simply did not have the money to spend on travel to the U.S. Among those with concerns over the cost of travel, 27% did not travel at all, while 73% did travel, but not to the U.S. Among those who did choose to travel, most stayed mainly within Canada (88%), while 13% went to Mexico/Caribbean, 7% went to Europe, and 6% went to India/Asia. (Continued →)

MAKING THE HEADLINES

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[Election Year Polls]

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MARKET INDICATORS

	2019	Yr Over Yr.
Border Crossings (millions)	3.742	-5.7 ↓
Exchange Rate-July	.766	-.8 ↓
$/liter gas -	July	TY/LY
- Ontario	1.22	-7% ↓
- British Columbia	139.3	-5% ↓
GDP (all industries)	1.96	+1.4 ↑

COMING UP IN

Canada-U.S. Preclearance

Canadian Federal Election

New Forecast Released at TTRA Marketing Outlook Forum

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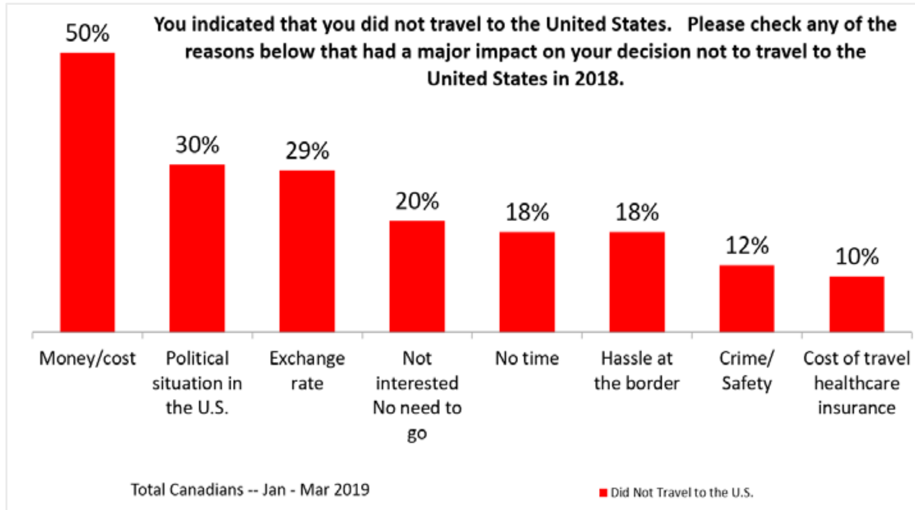
While the Canadian economy is currently on a slight up-swing in mid-2019, it had experienced some dips towards the end of 2018 and early 2019 – which might also account for some of the drop in U.S. visits. And while Canadians typically respond to the exchange rate, which has remained low for Canadian travelers since mid-2015, respondents indicated this as only the third most significant reason, impacting travel for 29% of non-U.S. visitors.



The second primary reason for not coming to the U.S. in 2018 and early 2019 was "The Current Political Situation in the U.S.". Among those who chose not to visit the U.S., 30% indicated that the political situation in the U.S. had a major impact on that decision. At the same time, 18% reported that "Hassles at the Border" impacted their decisions. Newly announced expansion of Canada-U.S. preclearance should ease some concerns at the border going forward. The new marijuana laws in Canada and concerns of U.S. security and immigration policy may continue to dampen travel. Those who are not visiting due to the current U.S. political situation are not limited to any single type of demographic group. Aside from being slightly older (49% are over the age of 54, compared to other non-visitors where 39% are over 54, and the population in general where 38% are over 54 years old), they cut across all demographic categories similar to the general population of Canada. Rounding out the reasons for not visiting the U.S. was: Not Interested/Visited Another Place/No Need to Go There (20%), No Time (18%), Crime/Safety Concerns (12%) and the Cost of Health Insurance (10%).

Looking ahead, XBorder Canada in our monthly survey, will be tracking visitor shifts and analyzing changes in pre-clearance, federal elections in Canada, oil price stability, the exchange rate volatility, and trade policy.

What's Next?

Up in Canada, Issue 2 will focus more on the Canadians who are coming to U.S. How do they plan a trip? Are they coming back? Why or why not? And the Forecast going forward.

XBorder Canada (XBC)is a syndicated product produced by XBorder Research Group, a partnership between Travel Market Insights Inc. and DataPath Systems.

- Replaced the official state-level Statistics Canada and NTTO Canadian visitor metrics starting with 2018.
- Reports state, regional, and city Canadian visitor metrics to the U.S.
- Provides Annual, Quarterly, and Custom travel periods.
- Allows for custom questions: ad awareness, product awareness, segmentation, etc.
- Creates custom analysis and reports.

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