



Travel and Tourism

Global and National Travel

Travel and tourism worldwide recorded gains in 2011. International tourist arrivals increased 4.4% to 980 million, according to the United Nations World Tourism Organization. Growth was positive in all major regions, except North Africa and the Middle East, which were both affected by civil unrest throughout the year.

Tourism activity at the national level was somewhat mixed in 2011. International inbound travel to Canada declined by 2.4% over the year, reflecting a continued decline in visitors from the United States, a trend that has persisted for the past decade. The number of same-day and overnight trips made by U.S. residents declined by 5.5% and 1.6%, respectively, during the year due to a weak U.S. recovery, tighter border crossing security and a stronger Canadian dollar. These losses offset a slight increase in the number of visitors from other international markets.

Canadian hotel occupancy rates increased by 1.0 percentage points in 2011 compared with the previous year. This increase may reflect more domestic travel activity and/or an increased length of stay in hotels by travellers.

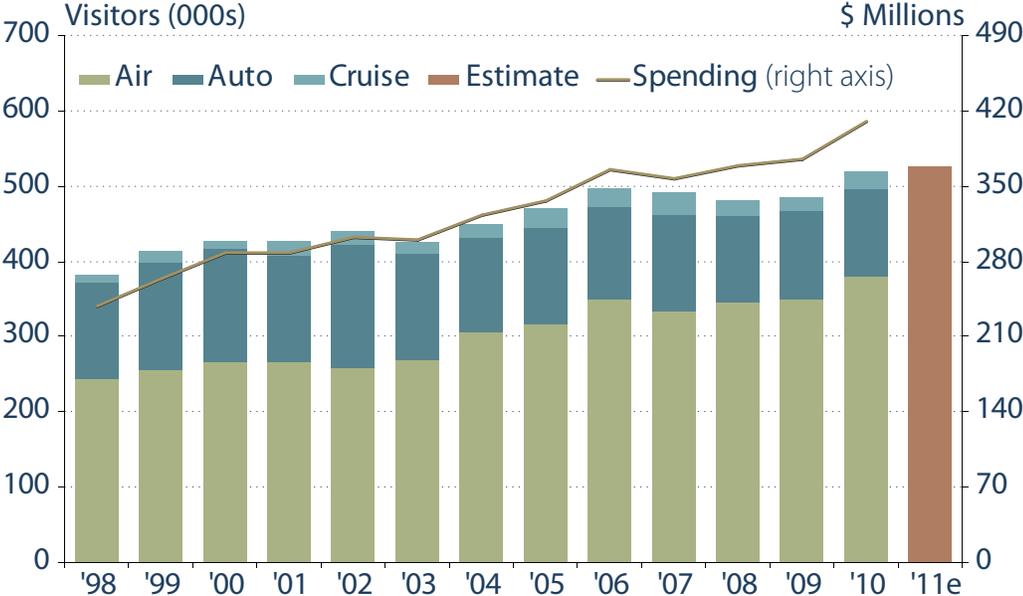
Provincial Travel

The Newfoundland and Labrador travel and tourism industry performed well in 2011. Preliminary data indicate that the number of non-resident visitors



to the province may have been slightly higher than in 2010, a record year (see chart). Indicators also suggest that Newfoundland and Labrador’s tourism sector performed more favourably than the other Atlantic provinces. The province led the region with respect to growth in overall air passenger movements, registering an 8.3% increase in passenger travel in 2011. This compares to growth of 2.4% in Nova Scotia and 1.0% in New Brunswick, and a decline of 1.5% in Prince Edward Island. Newfoundland and Labrador was also the only Atlantic province to show increases in accommodation occupancy rates and the number of room nights sold in 2011.

Non-Resident Travel and Tourism Visitors



Note: Data for 2011 is an estimate and is subject to revision. In particular, non-resident air estimates could be revised pending the results of the 2011 Air Exit Survey.

Source: Department of Tourism, Culture and Recreation

Air travel is the largest segment of the province’s non-resident tourism sector, accounting for 73% of visitors and 82% of spending in 2010. This segment has been the driver of visitation growth for a number of years. The implementation of the new 12-month air exit survey in 2011 will delay the release of non-resident air visitor estimates until later in 2012. However, increases in overall air passenger data for the province suggest that non-resident visitation (by air) may have continued to rise in 2011. This overall increase reflects, in part, improvements in airline seat capacity. Inbound direct seat capacity grew 3.0% in 2011, after expanding by about 11% in 2010. The increase in 2011 was mainly driven by gains domestically. However, increases were also noted for flights from the U.S. and other international locations.

TITANIC

2012 will mark the 100th anniversary of the sinking of the RMS *Titanic*, an event that lives on in the hearts and minds of people worldwide. Cape Race, in this province, played a pivotal role in relaying news of this historic event to other vessels in the area on the night of April 14, 1912. St. John's has also been a major port for the launching of research expeditions to the ship's final resting place in the North Atlantic.

A host of events and sites will play a role in increasing awareness of this province's connection to the *Titanic* story and increasing visitation to the province in 2012, particularly in the spring and fall of the year. These include the Myrick Wireless Interpretation Centre in Cape Race, a replica of the original radio station that was the first land station to answer *Titanic*'s distress call; a theatrical interactive simulation of ice and ocean conditions at the Centre for Marine Simulation; and other events.



Intra-provincial seat capacity increased 5.5% in 2011. Airlines significantly boosted their capacity to and within Labrador, with more flights between Goose Bay and Wabush and between Goose Bay and St. John's/Gander. Business travel associated with major project development in Labrador is one of the main drivers of this increase.

Non-resident automobile visitation declined in 2011 despite improvements in transportation infrastructure. The Marine Atlantic ferry service was boosted by an investment of over \$520 million over the last couple of years. Improvements were made to onshore facilities and two new ferries were introduced to the Gulf crossing. Information released by Marine Atlantic suggests that customer satisfaction and performance rates have improved significantly. Nonetheless, automobile visitation is estimated to have declined 7.0% from 2010, down to 108,100. Declines occurred in virtually all market segments (Western Canada down 14.2%, Ontario down 12.6%, Quebec down 7.7%, the Maritimes down 2.9% and the United States down 4.6%). Travelling by auto continues to be challenged by many factors, including increasing ferry rates, rising gasoline prices and the competing convenience of air travel.

Cruise activity declined in 2011 with the number of port calls estimated to have decreased from 133 in 2010 to 76 during 2011. A contributing factor to this decline was fewer small operators with cruises based in the province. Cruise activity was also negatively impacted by poor weather and some cruise operators shortening the length of their cruise voyages. Preliminary estimates indicate that there were about 15,800 unique cruise visitors⁸ in 2011, down 28.5% from 2010.

2011 was another good year for the accommodation industry. The provincial occupancy rate reached 51.0% in 2011, up 0.9 percentage points compared to 2010.

8 This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

ST. JOHN'S INTERNATIONAL AIRPORT – AIR PASSENGER GROWTH



Air Passengers – St. John's International Airport



Note: Data includes enplaning and deplaning passengers
Source: St. John's International Airport Authority

Air travel is a mode of transportation that has been increasing for travel to and within Newfoundland and Labrador. This is clearly evident in the amount of activity at St. John's International Airport – the largest airport in the province.

Air passenger traffic at the St. John's airport has doubled since 1998 (see chart) and has grown at a rate which is twice the national average for the period. This performance is a reflection of strong growth in the provincial economy and the increasing popularity of the St. John's area as a destination for leisure travel.

This momentum was sustained during the 2009 recession. While air travel declined about 6% in the rest of Canada during the recession, St. John's experienced a slight increase in air travelers. Growth continued, and in 2011 about 1.4 million people travelled through the airport, the highest number on record.

This fast-paced growth has not been without challenges. Between 2000 and 2002 the facility engaged in significant airport improvements designed to accommodate up to 900,000 passengers. It was anticipated that this expansion would provide adequate capacity until 2010. However, by 2004 the airport was already experiencing 1,000,000 passengers per year.

In recent years, the airport has been successful in recruiting new airlines and soliciting new destinations such that the number of available airline seats has increased by 40%.

In 2011, the airport announced a 10-year, \$167.2 million capital program that involves a number of infrastructure projects designed to increase the accessibility of the airport and expand the facilities to accommodate the forecasted demand of 1.9 million passengers by the year 2020. These projects will ensure that the airport continues to facilitate and contribute to economic growth in the region.

OUTLOOK 2012

TRAVEL and TOURISM

Global international tourist travel is forecast to increase by between 3% and 4% this year, reaching the historic one billion mark. Emerging economies are expected to lead the performance with high growth in the Asia and Pacific region as well as the Africa region.

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The Conference Board of Canada expects total overnight visits to Newfoundland and Labrador (international and domestic combined) to increase by about 1% in 2012.

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Airline schedules indicate a significant increase in intra-provincial seat capacity between Goose Bay and Gander/Wabush/St. Anthony, and between Deer Lake and St. John's in 2012. Direct inbound seat capacity is expected to be about the same as 2011.

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Non-resident automobile travellers will enjoy continued service improvements in the ferry link between Newfoundland and Nova Scotia. However, this mode of travel could be negatively impacted by increases in fuel surcharges introduced mid-2011, plus a recent 4.0% general rate increase.

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There are 95 port calls tentatively booked for the 2012 cruise season, with more expected as cruise lines finalize itineraries.

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Preliminary bookings for major meetings and conventions in the St. John's area are on pace to match 2011's solid performance. The expansion planned for the St. John's Convention Centre bodes well for future event capacity.

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Resident tourism is expected to benefit from solid growth in provincial employment and personal disposable income, as well as solid consumer confidence.

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Gains in occupancy rates in the Avalon (up 2.3 percentage points) and Central (up 0.7 percentage points) regions offset losses elsewhere. Preliminary data also indicated an increase of 3.8% in the overall provincial average daily hotel room rate during the year.

The major meeting and convention market (those events booking 50 or more guest rooms per night) in the St. John's Metropolitan Area performed well in 2011. The region hosted 104 conferences during the year, up from 95 in 2010. The number of room nights sold was 44,400, up about 3% from 2010 and the highest level since 2007. Actual conference sizes were smaller last year, resulting in a 1.0% decrease in the number of delegates to 22,700.

The solid tourism performance in the province is attributable to several factors including increased marketing efforts. In the 2011/12 provincial budget \$13 million was committed to tourism marketing, more than double the level six years ago. While the number of enquiries for information and visits to the province's official tourism website was about the same as 2010 (down 0.3%), those that did visit the site spent a longer time accessing information than in the previous years, indicating increased interest and contemplation. In addition, the province has more channels now than ever before for increasing awareness about the province, including tools such as blogs, Facebook, Twitter, Flickr and YouTube.

Promotional efforts received a significant boost early this year when National Geographic identified the East Coast Trail as one of the 10 best adventure destinations in the world for 2012. This 540-kilometre trail takes hikers along one of the most scenic and unspoiled coastlines in the world. A similar honour was announced in 2010 when *National Geographic Traveler* magazine ranked the Avalon Peninsula as the world's top rated coastal destination.