



## 5 Minutes for Business

### How to Turbocharge Tourism

June 2, 2015

Uh-oh! Canada's economy shrank by 0.6% in the first quarter. Consumers stopped spending, business investment is in retreat and inventories are piling up. Wouldn't it be great if we could get foreigners to come spend money here in Canada? That's why tourism is one of the top priorities of the Canadian Chamber of Commerce. We need it now more than ever.

The Governor of the Bank of Canada warned that Canada's first quarter would be "atrocious" and he was right. Consumers have put their credit cards away and spending barely grew, at just 0.1%. More importantly, the hit from falling oil was severe as business investment fell by 2.5% and support activities for the extraction sector plummeted by 30%.

With a weak domestic economy, Canadian business increasingly needs to look for opportunities in international markets. Thank goodness Canada's second largest export industry is tourism because it is gaining strength! It also benefits restaurants, retailers and so many more companies that don't export.

Tourism is a huge industry, larger than agriculture or the auto sector. It supports 170,000 small- and medium-sized businesses across the country, contributes over \$88 billion to the Canadian economy and generates over 627,000 jobs.

It is also one of the rare bright lights in the Canadian economy. In the first quarter of 2015, overnight arrivals to Canada hit 2.32 million, a 6.8% increase compared to the same period last year. Visits from the USA were up 6% and China (+23.9%) and Mexico (+37.8%) were particularly strong. With a growth rate more than double what we saw last year, is it time to celebrate?

The performance is good, but it comes after years of stagnation and decline. A decade ago, Canada was among the top five international tourist destinations,

and now it is in 16th place. The Canadian Tourism Commission, responsible for marketing Canada as a tourist destination, has watched its budget steadily decline from \$105.9 million in 2009 to just \$58 million in 2014. A few years ago, the CTC stopped marketing in the U.S. to focus on other markets. In May, the Prime Minister announced an additional \$10 million per year to market in the U.S.

The problem is that \$10 million is a drop in the bucket. The government spends around \$90 million per year to market its own programs in Canada. Proctor and Gamble spends \$275 million annually to market Crest toothpaste in the U.S. Canada is way better than any toothpaste, and if only more people knew about its rich cultural attractions, the potential is enormous.

Marketing works. Last year, tourism revenues from countries where Canada is actively marketing itself grew by 13.7%, nearly triple the growth from countries where it doesn't market. An Australian report showed that each \$1 of additional marketing was returning \$16 of revenues from tourists, an extraordinary ROI.

The U.S. tourism industry is currently booming. April had the highest occupancy ever (66.8%) and the highest room demand (99.4 million) ever. U.S. hotels are struggling to keep up with demand. With our cheap loonie and our soft economy, this is a great time to let the Americans know that we're open for business. That's why the Canadian Chamber is calling for a much larger investment, of around \$120 million annually, to market Canada internationally. Click [here](#) to join the conversation on Twitter and learn more on our campaign to Stand up for Tourism!

**For more information, please contact :**

Hendrik Brakel  
Senior Director, Economic, Financial & Tax Policy  
613.238.4000 (284) | [hbrakel@chamber.ca](mailto:hbrakel@chamber.ca)