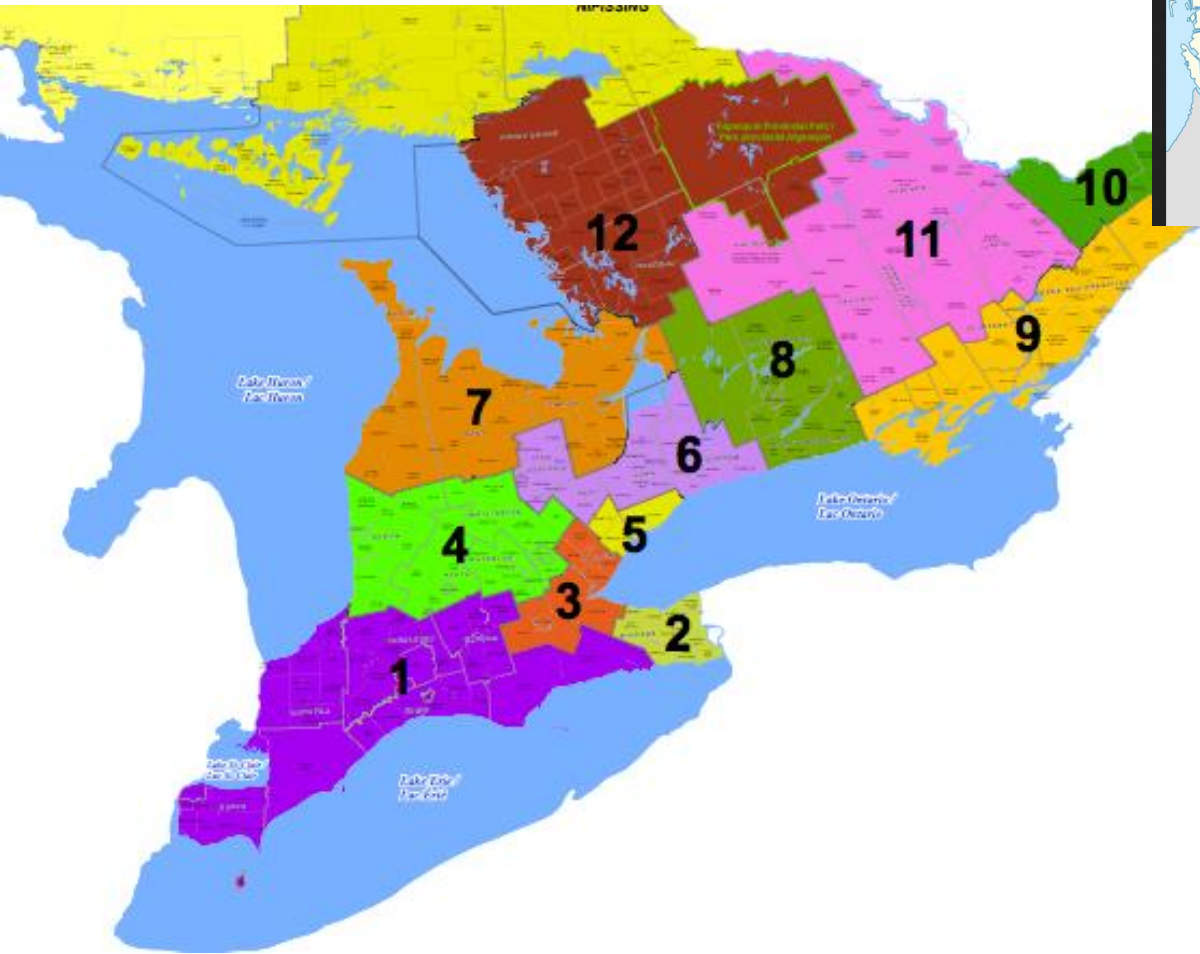


The logo for the University of Guelph, featuring the text "UNIVERSITY of GUELPH" in a serif font, with "of" in a smaller, lowercase font between "UNIVERSITY" and "GUELPH".

**A Cost Effective Approach to Better Estimating  
Tourism's Regional Economic Contribution**

Presented by:

Marion Joppe  
School of Hospitality, Food & Tourism Management



Province of Ontario  
and  
RTO4

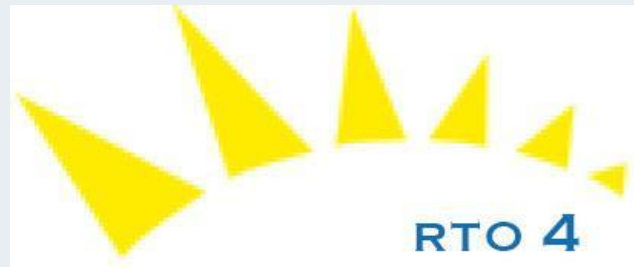
# Background

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Ontario's Tourism Competitiveness Strategy calls for

- Strategic investment
- Maximizing return on investment (ROI)
- 13 Regional Tourism Organizations (RTOs)
- Monitoring and benchmarking progress against performance measurements

➔ Province's Tourism Regional Economic Impact Model (TREIM)



# TREIM

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A multi-region input-output model with

- 49 Census Divisions,
- 14 Census Metropolitan Areas / Census Agglomerations,
- 13 Travel Regions, and
- The entire province.

TREIM produces estimates of:

- Direct, Indirect and Induced impacts of tourism-related activities on GDP, Labour Income and Employment
- Direct and Total impacts of tourism-related activities on Federal, Provincial and Municipal Tax Revenues.



## TREIM's shortcoming

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Visitor spending comes from

1. Travel Survey of Residents of Canada (TSRC)  
(sub-set of the Labour Force Survey)
  2. International Travel Survey (ITS).
- ◆ Both are voluntary surveys
  - ◆ Both require imputation of trip expenditures and trips.
  - ◆ Spending allocated on per night/main destination basis
- ➔ Distortion in values assigned to some regions, particularly those more rural or more remote



## RTO4

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- One of 13 Ontario Regional Tourism Organizations
- Established in 2010
- Population of 800,000 people - 6,600 km<sup>2</sup>
- Best known:
  - Stratford Shakespearean Festival
  - St. Jacobs village and market
  - Amish sub-culture

*To coordinate the diverse interests of the tourism industry to build and support a competitive tourism region through marketing and destination management*



# Objective

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1. To challenge accuracy of projected final demand for its region
2. Search for way that final demand can be calculated “from the ground up” cost effectively



## Meridian Reservation Systems

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- E-marketing and online booking capabilities
  - Accommodation
  - Attractions
  - Events
- Metrics produced by the system provide data for ongoing monitoring of progress
  - Conversion rate
  - ROI indicators





# Methodology

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3 data sources for triangulation:

1. Web traffic to individual portals

- portals for RTO4, the counties and Stratford
- total RTO4 website visitors into the reservation system
- website sales conversion rate = 10%

2. Meridian Reservation Systems booking information

- Total number of nights sold by origin
- per night spending
- total number of visitors = total number of room nights sold x av. party size x room nights sold
- proportions by origin used to weight the data



### 3. Survey data from bookers

- RTO4 sub-licenses Reservation System to accommodations, attractions, events
- On-line survey sent to individuals who booked via system to obtain trip characteristics and spending
- Target of 200 surveys per segment (Ontario, Rest of Canada, Foreign)
- Participating operators asked to provide occupancy and revenue data at end of season

*Very low response rate by operators*

- ➔ Smith Travel Accommodations Report (STAR)
- ➔ RTO4's share of the overall supply used to determine revenue generated in region



# Data Analysis

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- ◆ 805 surveys returned = 24.04% response rate
- ◆ 679 usable surveys for analysis
- ◆ Regrouped Ontario + rest of Canada = Canada
- ◆ Foreign (US) = 32% of respondents

## Profile:

- 60% women
- skewed to higher education, esp. for US
- Almost exclusively pleasure travel (>90%)
- vast majority travelled by car
- very high % of
  - prior experience with region
  - planning to return
- length of stay: Canada 1.48 / US 2.03 nights



# Expenditures based on survey booking data

Destination: RTO4 Year: 2013	Origin			Share of spending	TREIM
	Canadians	US	Total*		
Accommodation	\$416,744	\$380,041	\$796,785	25.15	\$631,799
Transportation	\$140,615	\$107,282	\$247,898	7.83	\$490,072
<i>Public transportation</i>	\$19,686	\$11,479	\$31,979	1.01	\$113,044
<i>Private transportation</i>	\$120,929	\$95,803	\$215,919	6.82	\$308,734
<i>Local transportation</i>					\$23,090
Food & Beverage	\$299,270	\$263,576	\$562,846	17.77	\$926,910
<i>At stores</i>					\$304,435
<i>At restaurants/bars</i>					\$622,475
Recreation & Entertainment	\$497,645	\$477,642	\$975,287	30.79	\$732,085
Other (retail)	\$188,151	\$149,144	\$337,295	10.65	\$394,364
Total spending	\$1,542,426	\$1,137,685	\$2,920,111	100.00	\$2,920,111

Accommodation \$ data from the survey ≈ booking \$ from reservation system

➔ actual reservation data + share of expenditures by category as determined by survey = total expenditure

✘ When total expenditure is input into TREIM model, results are significantly different by category

# Hotel performance

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## STAR report

### RTO4 has

- 83 hotels, motels and inns
- ranging from 10 to 202 rooms = 5821
- Represents 30.3% of accommodation base in SW Ontario.
- Same share of revenues by month = \$37,286,500 for 2013



## Expenditures based on regional hotel data

Destination: RTO4 Year: 2013	Expenditures based on hotel spending*	Share of spending	TREIM
Accommodation	\$37,286,500	25.15	\$30,882,756
Transportation	\$11,607,975	7.83	\$37,484,163
Public transportation	\$1,497,325	1.01	\$8,280,848
Private transportation	\$10,110,650	6.82	\$27,502,066
Local transportation			\$1,701,249
Food & Beverage	\$26,344,025	17.77	\$41,687,158
At stores			\$10,984,759
At restaurants/bars			\$30,702,399
Recreation & Entertainment	\$45,646,175	30.79	\$17,115,461
Other (retail)	\$15,788,625	10.65	\$21,080,461
Total spending	\$148,250,000	100.00	\$148,250,000

- Shares of the spending categories determined by reservation system using the hotel revenues derived for RTO4 from STAR report
- When inputting total spending into TREIM:
  - ➔ accommodation, recreation & entertainment = underestimated.
  - ➔ Transportation, food & beverage, other (retail) expenses = overestimated

# Conclusion

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- Regions are unique
- In RTO4, theatre is a major attraction → higher than average entertainment expenditures
- Not fully captured by macro statistics
- In rural destinations,
  - local transport,
  - food and beverage prices may be much less than in urban centers

**Economic impact models are built using macro level statistics and thus do not adequately reflect local realities.**

# Questions

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**Budget: \$10,000**

(including survey development and testing)

Repeat in 2-3 years:

\$5,000

