
TOURISTS IN NORTHERN ONTARIO'S MAJOR URBAN CENTRES:

A SITUATION ANALYSIS

EXECUTIVE SUMMARY

Prepared for

Tourism Northern Ontario

By

 Research Resolutions & Consulting Ltd.



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TURNING THE SPOTLIGHT ON URBAN TOURISTS

Accessed by three major highway systems (#69, #11 and #17 – *Trans Canada*) and service by Porter, Air Canada and Bear Skin airlines, Greater Sudbury and Thunder Bay are key destinations to Northern Ontario. These cities not only have the largest populations of the urban centres in the North but they are also the only ones for which there is sufficient information to generate a profile of tourism activity.

In this attempt to depict the characteristics of major urban centres for Northern Ontario, Research Resolutions relied on Statistics Canada's domestic and international travel surveys. Information from these studies is only available for centres that are categorized as census metropolitan areas (CMAs) and in Northern Ontario, only Greater Sudbury and Thunder Bay are categorized as such. Hence, this analysis of tourism and touristic economic activity is restricted to these two major centres.

There is no reason to believe that the *patterns* of tourism activity including tourist origins, trip characteristics, spending and economic benefits would differ if smaller cities such as Sault Ste. Marie, North Bay or Timmins could be included in a quantitative analysis.

In light of the importance urban tourism to the North, Tourism Northern Ontario (TNO) commissioned Research Resolutions & Consulting Ltd.¹ to undertake this situation analysis. As noted above, Greater Sudbury and Thunder Bay are the only two cities for which reliable tourism data are available so the urban market is restricted to those who go to one of these major centres.

The North's Cities

Population, 2011 Census

Greater Sudbury	160,770
Thunder Bay	121,596
Sault Ste. Marie	79,800
North Bay	64,043
Timmins	43,165
Kenora	15,348
Temiskaming Shores	13,566

The project relies on the most current available data sources (2012/2013):

- Statistics Canada's 2013 Travel Survey of Residents of Canada (TSRC – 2012/2013 pooled) and
- Statistics Canada's International Travel Survey (ITS US/OVS 2012).

These studies capture the volume, value and characteristics of tourists across Canada. In this analysis, the focus is on those who meet the following criteria:

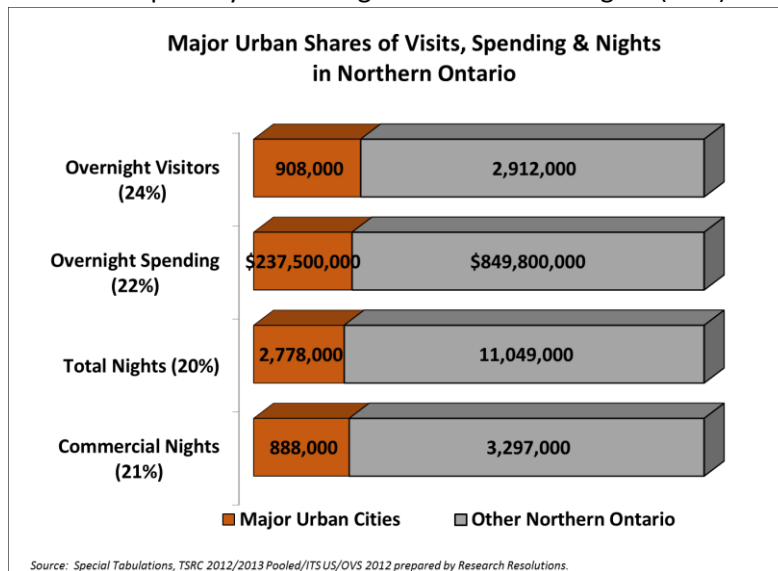
- Took an overnight trip and spent at least one night in a Northern Ontario Census Metropolitan Area (e.g., Greater Sudbury and Thunder Bay) on their trip.

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EXECUTIVE SUMMARY

Over the year almost one million overnight tourists spent nights in Northern Ontario's two largest cities -- Greater Sudbury and Thunder Bay.²

Combined, these cities represent one quarter of the 3.8 million overnight tourists who travelled in Northern Ontario over a year (24%) and about one fifth or \$237.5 million of the \$1.1 billion spent by all overnight tourists in the region (22%).



Northern Ontario's urban tourists spent about 2.8 million nights in the two cities. Of these, 888,000 were in paid roofed lodging establishments (hotels, motels, B&Bs, etc.).

The North's largest cities are more apt to be *destinations* than *gateways* to other destinations in Northern Ontario.

Although they are served by the major highways leading to and through Northern Ontario and have airports with flights from large population centres in Ontario and Manitoba, the majority of overnight tourists to Greater

Sudbury and Thunder Bay do *not* visit other locations in Northern Ontario while on their trip.

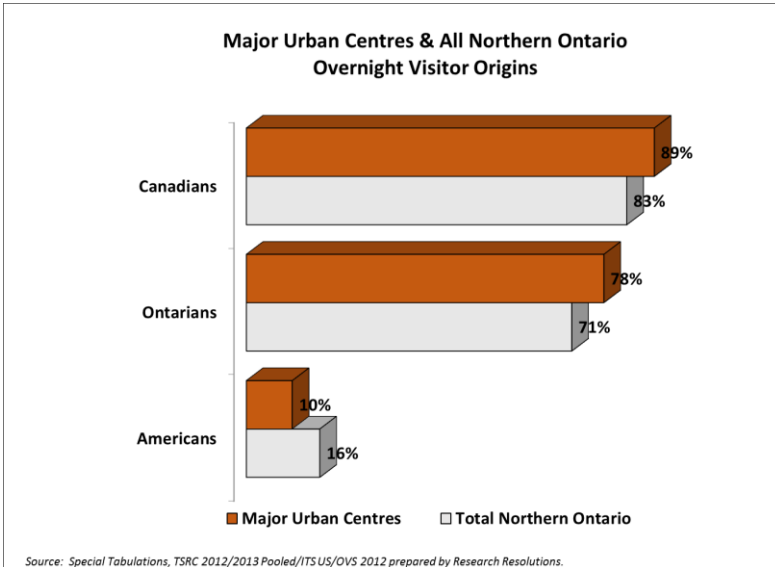
For some overnight tourists these centres are entry ports to Northern Ontario (i.e., act as *gateways*) but for most of their overnight visitors, Greater Sudbury and Thunder Bay are destinations in their own right. As a rough approximation about 57,000 of the 908,000 overnight tourists who spend nights in Greater Sudbury or Thunder Bay *also* spend nights in other parts of Northern Ontario (6%).³

² Although there are more cities in Northern Ontario, only Greater Sudbury and Thunder Bay are census metropolitan areas (CMAs). Statistics Canada only provides its tourism data to the public for CMAs. For this reason, this analysis is restricted to these two urban centres.

³ Within the available studies, precise figures for how many overnight tourists spend nights in one of these municipalities and also visit other parts of Northern Ontario are not directly available. A best estimate suggests that comparatively few of these cities' overnight tourists use them as launch pads for other parts of the North.

About 8-in-10 big city tourists live in Ontario.

To an even greater extent than Northern Ontario as a whole (71%), the urban centres attract their visitors from the province (78%). Conversely, they draw a smaller share of American tourists (10%) than does the region overall (16%).



The prominence of Ontario residents in the urban visitor mix is consistent with the high proportion travelling to visit friends or relatives.

Visiting friends and relatives (VFR) is the main purpose of fully one half of the Greater Sudbury and Thunder Bay overnight visitors (49%). About one third are on pleasure trips (30%).

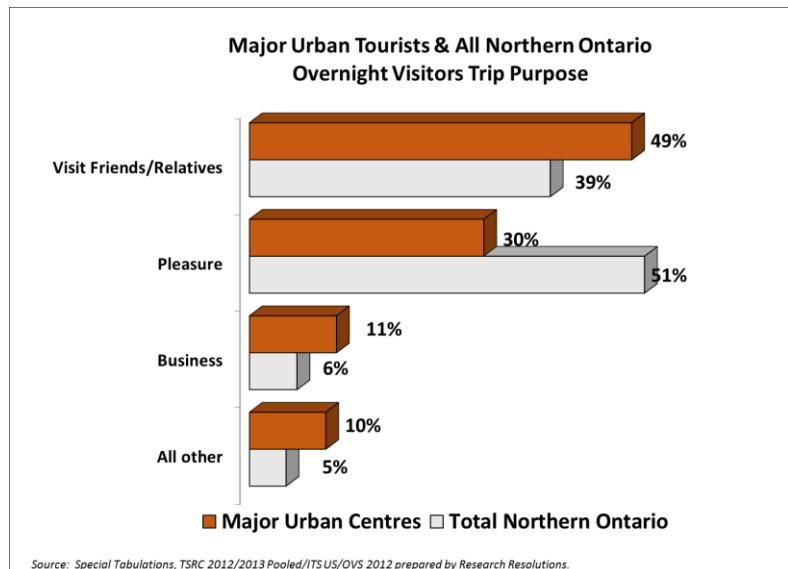
These proportions are reversed for Northern Ontario as a whole: half of Northern Ontario's tourists are on *pleasure* trips and closer to one third are travelling to see friends and relatives.

The cities attract *business* travellers at about twice the rate (11%) as is the case across the North (6%).

People travelling for *other* reasons including non-routine shopping, and personal business such as seeing accountants, lawyers, or doctors are also more prevalent among urban tourists (10%) than they are across the North as a whole (5%).

The large number of VFR tourists in urban centres has implications for lodging and attractions.

A trip's purpose is often related to the type of lodging the tourist uses which is, in turn, associated with how much spending they do in their destination and to many other trip characteristics.



For example, two fifths of *all* overnight tourists to the two cities rely on paid roofed lodging but this proportion is somewhat higher among pleasure travellers (49%), appreciably higher for business travellers (82%) and appreciably lower for VFR visitors (22%).

Urban business travellers are especially likely to utilize commercial properties.

Approximately 8-in-10 of them rely on hotels and motels or other roofed commercial lodgings (82%). They also spend more per person per day (\$93.00) than does the typical tourist to Greater Sudbury or Thunder Bay (\$71.00).

Examples of the Impact of Trip Purpose among Northern Ontario's Tourists to Major Urban Centres

	Total	Purpose of Trip		
		VFR	Pleasure	Business*
Overnight Person Visits	908,000	445,000	273,000	101,000
Using Paid Roofed Lodging	41%	22%	49%	82%
No Paid Roofed Lodging	59%	78%	51%	18%
Average Spending Per Person Per Night	\$71.00	\$45.00	\$96.00	\$93.00

*Special Tabulations, TSRC 2012/2013 Pooled/ITS US/OVS 2012 prepared by Research Resolutions. *Caution: small base size.*

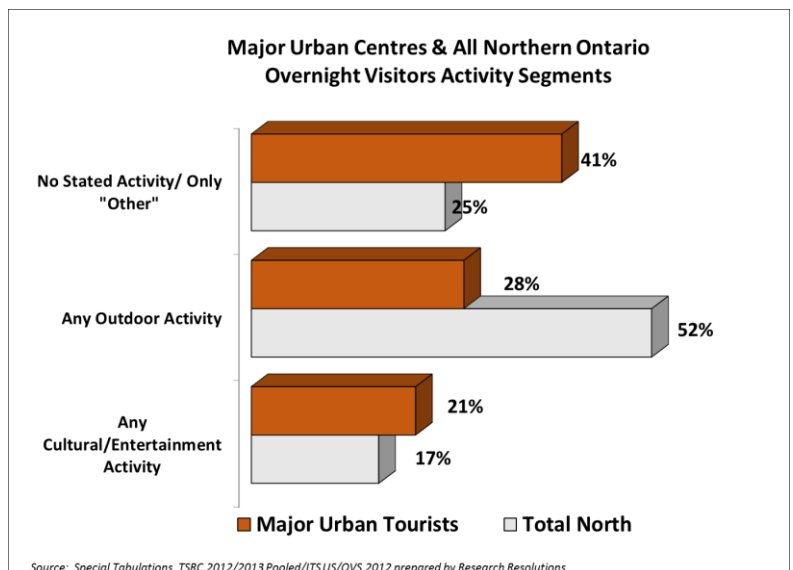
Since urban VFR tourists have friends or relatives in their destination, they commonly stay in private homes.

Almost 8-in-10 of these tourists do **not** use the cities' hotels, motels, B&Bs or other forms of roofed commercial lodging. The fact that they are not spending money on accommodation or, in many cases, on restaurant meals, contributes to VFR tourists' \$45.00 per person per day spending. This amount is about half of that spent by pleasure or business travellers in these urban centres.

The comparatively low concentration of pleasure tourists and prominence of the VFR and business segments contribute to reduced activity participation rates within the market.

As urban destinations, it is not surprising that the two major cities do not generate as much outdoor activity participation (28%) as is evident among tourists in Northern Ontario as a whole (52%).

At the same time, urban visitors might be expected to go to cultural and entertainment attractions and events at a higher rate than visitors across the North. This is, however, not the case. Again, largely because of the large complement of VFR tourists, these urban visitors



are not significantly more likely to go to cultural and entertainment attractions and events (21%) than are overnight visitors in the North as a whole (17%).⁴

Because business and VFR travel is not as weather-dependant as is pleasure travel, urban tourists are relatively evenly spread over the year.

There is a comparatively slight lift during the fair-weather season (32%) but one fifth of these urban tourists come between January and March and over one quarter are in these cities between October and December.

The North's big city tourists make substantial contributions to all types of tourism businesses.

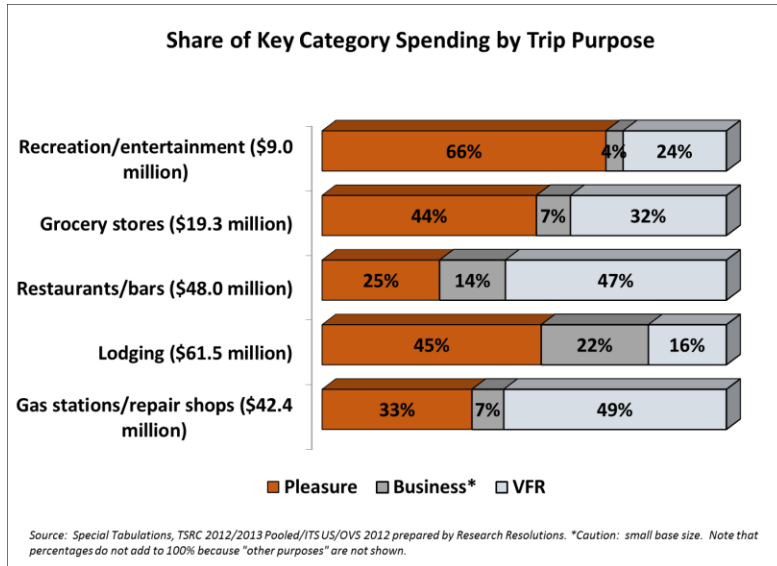
They spent \$61.5 million on roofed lodging in the urban cities. Their spending is also concentrated on eating in restaurants (\$48.0 million), keeping their vehicles fuelled (\$42.4 million), buying groceries in local stores (\$19.3 million), entertainment and recreation pursuits (\$9.0 million), and clothing in retail establishments (\$29.2 million). They also spent \$16.1 million on commercial plane, bus or boat fares.

Different types of trips play different roles in generating spending in urban communities.

The **pleasure market** is a driving force for attractions and events, accounting for two thirds of the \$9.0 million spent by overnight tourists on recreation and entertainment. These pleasure visitors

also contribute significantly to the health of Greater Sudbury's and Thunder Bay's commercial lodging businesses (45% of \$61.5 million).

While frequently under-rated as a contributor to the economic benefits of tourism, the **VFR segment** is key to tourism benefits achieved by urban gas stations (49%) and local restaurants and bars (47%).



⁴ For a more detailed analysis of the VFR market in Northern Ontario, see *Too Big to Ignore: VFR Tourism in Northern Ontario: A Situation Analysis* provided to TNO by Research Resolutions, May 2015.

Urban tourists contribute to the economic wellbeing of Northern Ontario and the province as a whole.⁵

Overnight tourists in Greater Sudbury and Thunder Bay (combined) contributed \$142.0 million toward Ontario's gross domestic product (GDP). Of this amount, about \$135.6 million was retained in Thunder Bay and Greater Sudbury.

Approximately 2,312 jobs and \$88.3 million in wages were generated throughout Ontario as a result of spending by tourists in the two cities.

All levels of government benefited from urban tourists' spending. It generated \$37.2 million in federal government taxes, a further \$31.3 million in provincial taxes and \$372,000 in municipal taxes based on incremental tourism revenue (direct, indirect, and induced) province-wide.

Thunder Bay and Greater Sudbury retained \$21.3 million in direct federal taxes and \$22.1 million in direct provincial taxes. More than 90% of the economic benefits generated in Ontario by these tourists were retained *within* the two urban centres.

SOME OBSERVATIONS

The VFR market is a mainstay of urban tourism in the North.

The VFR market is a significant factor in generating tourism activity and economic benefit to Northern cities. This group of travellers is simply too big for cities such as Greater Sudbury or Thunder Bay to ignore.

In addition to the contribution VFR *tourists* make, their *hosts* also spend money in local economies, taking their guests to restaurants, attractions and events, and buying the extra food and other supplies at local stores to care for them. Furthermore, visiting friends and relatives takes place throughout every season, providing customers for tourism businesses during the slower winter and shoulder seasons.

An aging population poses some threats to the VFR market.

With VFR tourists representing half the urban market, two sides of the "aging coin" have to be considered:

- **Supply of visitors:** Some of the older people currently travelling to see friends and relatives in northern cities will leave the market altogether and others may travel less often.
- **Supply of people to visit (hosts):** Hosting families will also age and eventually reach the point that they no longer host family or friends. In some cases, the families or younger members of

⁵ Estimates of economic impact are based on MTCS's TREIM model. Figures include direct, indirect and induced impacts. These findings are based on independent modelling of spending in Greater Sudbury and Thunder Bay. Findings for each city and its impacts on *the rest of Ontario* have been summed. Because there is essentially no duplication of visitors between the two cities, this approach is considered to be a viable way to extract economic impacts for the two urban centres as a single unit.

the communities will leave Northern Ontario cities in search of educational or employment opportunities elsewhere. In both cases, the supply of people to host may shrink.

Using the *outdoors* as a hook to attract “bookend” visitors.

Like so many pleasure tourists in Northern Ontario, those visiting its urban centres seem more drawn to the North’s outdoor activities (53%) than to cultural or entertainment experiences (37%). Leaving it to the outdoors to attract a visitor to Northern Ontario and having this visitor come to the North *via* its large urban centres is a logical role for a “gateway city”.

In light of the low reliance on the major urban centres as gateways to other parts of Northern Ontario, more partnering and co-marketing efforts to link these centres with outdoor experiences beyond their boundaries may prove useful in generating more tourism activity for these cities and for the North as a whole.

Emphasizing *unique* cultural and historical attractions may entice pleasure tourists.

Additional pleasure tourists may be drawn to the North’s cities by historic sites, museums or galleries. These are the very attractions that tend to make a destination *unique* – attractions such as Old Fort William or Science North. Stressing what is special, different and unique about urban settings in Northern Ontario will likely be more enticing to prospective pleasure tourists than experiences they can get in many other cities (e.g., casinos, amusement parks).

The business travel market is important to Northern Ontario’s cities.

This market is a relatively stable, trustworthy contributor to the economic wellbeing of hotels, motels, restaurants, airports, rental car agencies and the like. Like the VFR market, however, the business market is under some threat as more and more meetings and business transactions are completed electronically rather than face-to-face and as the economy remains sluggish.

Patterns of tourism activity and opportunities for Northern cities such as Sault Ste. Marie, North Bay or Timmins are likely to be similar to those described here for larger cities.⁶

No doubt volumes of overnight tourists would differ from city to city but each of the smaller cities is on major transportation corridors and served by airlines that can bring family and friends for visits, business associates for meetings and pleasure tourists who are apt to spend nights in the urban area as a stepping stone to the North’s outdoor recreational opportunities. The trip purposes, lodging choices, activities and ways of spending money in these cities are likely to closely resemble the proportions described in this report for larger municipalities.

⁶ Note that this is an untested hypothesis because quantitative evidence is not available for these smaller cities from the major tourism studies conducted by Statistics Canada.

In summary, for Northern Ontario's cities to attract more tourists and to function more effectively as *gateways*, every market segment is likely to benefit from linking urban experiences to the North's signature outdoor activities.

For **pleasure tourists**, the focus could be on how easy it is to go beyond Greater Sudbury or Thunder Bay to experience the North's fishing and non-consumptive nature-based activities and scenery;

For **business travellers**, it could be promoting *team building* programs that start in the urban centres but take advantage of the outdoor opportunities in the adjacent countryside; and

For **VFR tourists**, it could be getting hosts to take their visitors on day or overnight excursions to nearby natural attractions, thereby extending their stays by one or two nights and encouraging them to return more frequently for the combination of urban and non-urban activities.

Organizing family reunions that combine urban and nature-based experiences could also bolster VFR utilization of commercial lodging and recreational infrastructure in Northern Ontario.