
The New World of Tourism: A Demographic Perspective

A Presentation to

The New World of Tourism

Semi-annual Staff Meeting, Ontario Ministry of Tourism

By

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Demographic Analysis

Overview

- Study of human populations
- Key factors of analysis:
 - » Sex
 - » Ethnicity/race
 - » Marital status and family structure
 - » Births and deaths
 - » Migration
 - » **AGE**

Demographic Analysis

Overview

To become an amateur demographer
you must understand:

- Two assumptions
- Template of “generations”

Demographic Analysis

Assumptions

Assumption #1

Every year you get a year older

Demographic Analysis

Assumptions

Assumption #2

You tend to act your age

Demographic Analysis

Assumptions

- *Acting your age:*

- » “Two-thirds of everything” (David K. Foot, *Boom, Bust & Echo 2000*)
- » Life cycle analysis of **economic behaviour**: how you spend your time and money
- » **Strategic and long-term** (10-20 years)
- » **Baseline analysis** (don't forget the survey research, economic forecasting, policy analysis, etc.)

Demographic Analysis

Generations

- **Boom:** 1947-1966
 - » 40-59 in 2006
 - » 30 percent of Ontario's population
- **Bust:** 1967-1979
 - » 27-39 in 2006
 - » 19 percent of Ontario's population
- **Echo:** 1980-1995
 - » 11-26 in 2006
 - » 22 percent of Ontario's population

Demographic Analysis

- Today's presentation:
 - » Demographic trends in major source populations for Ontario tourism:
 - Canada
 - United States
 - Overseas
 - » What the trends mean for Ontario's tourism industry:
 - Potential demand (“demographic pressure”)
 - Marketing through the Internet and other media
 - Labour force

Observations and Assumptions

- Observations about tourism in Ontario:
 - » Canadian tourists, mostly from Ontario, are the largest market
 - » The second largest market is American tourists mostly from the states ringing the Great Lakes
 - » The major off-shore tourist sources are the United Kingdom, Japan, France, and Germany
- Assumptions:
 - » Source markets for Ontario tourism will remain relatively stable over the next ten years
 - » Tourists under the age of 45 behave differently than those over 45

Demographic Trends - Ontario

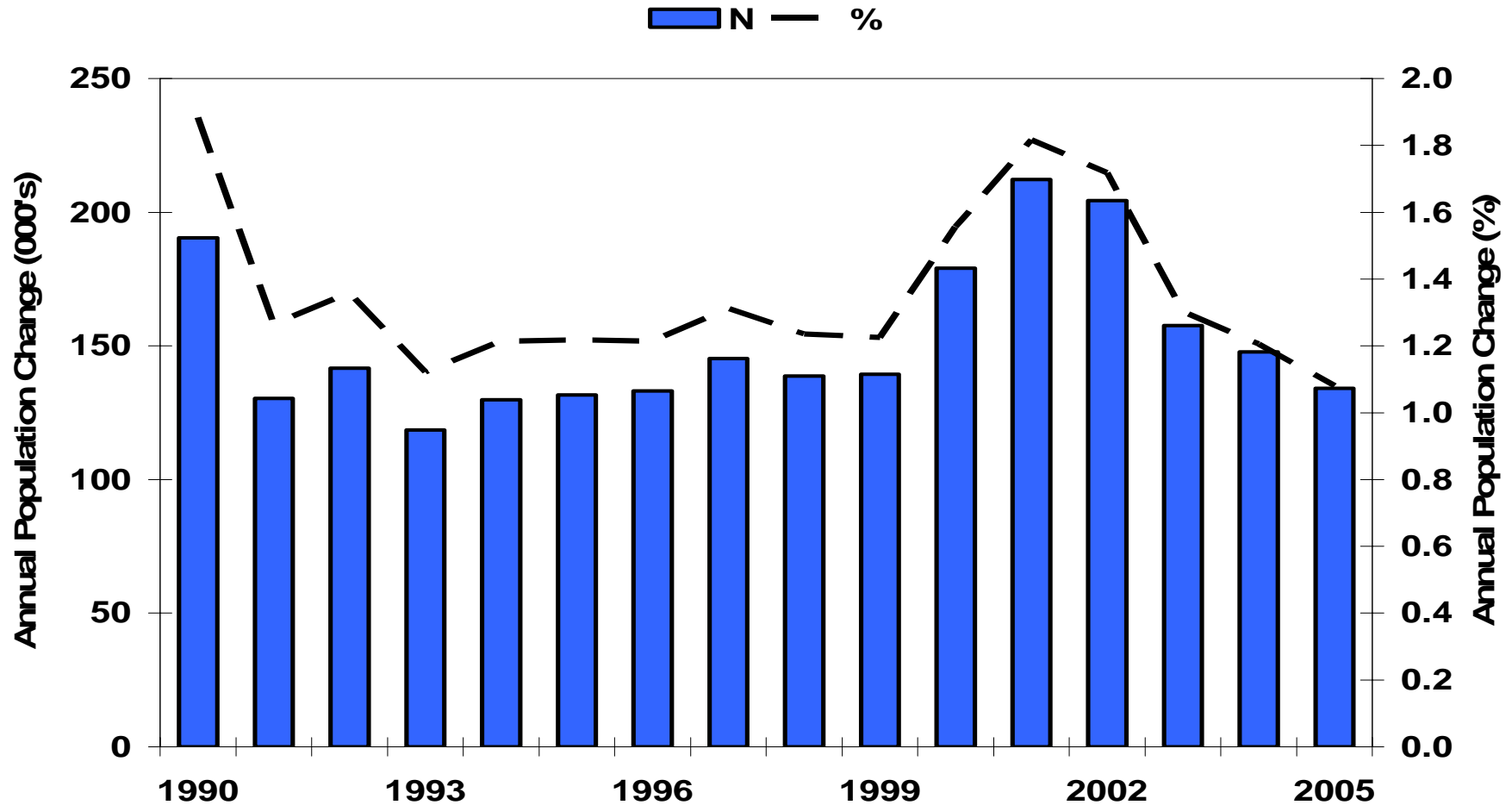
1990-2005

Demographic Trends - Ontario

Between 1990 and 2005, Ontario's population increased by 22 percent. On average, Ontario added over 150,000 persons each year (a growth rate of 1.4 percent).

Ontario

Population Change, 1990-2005

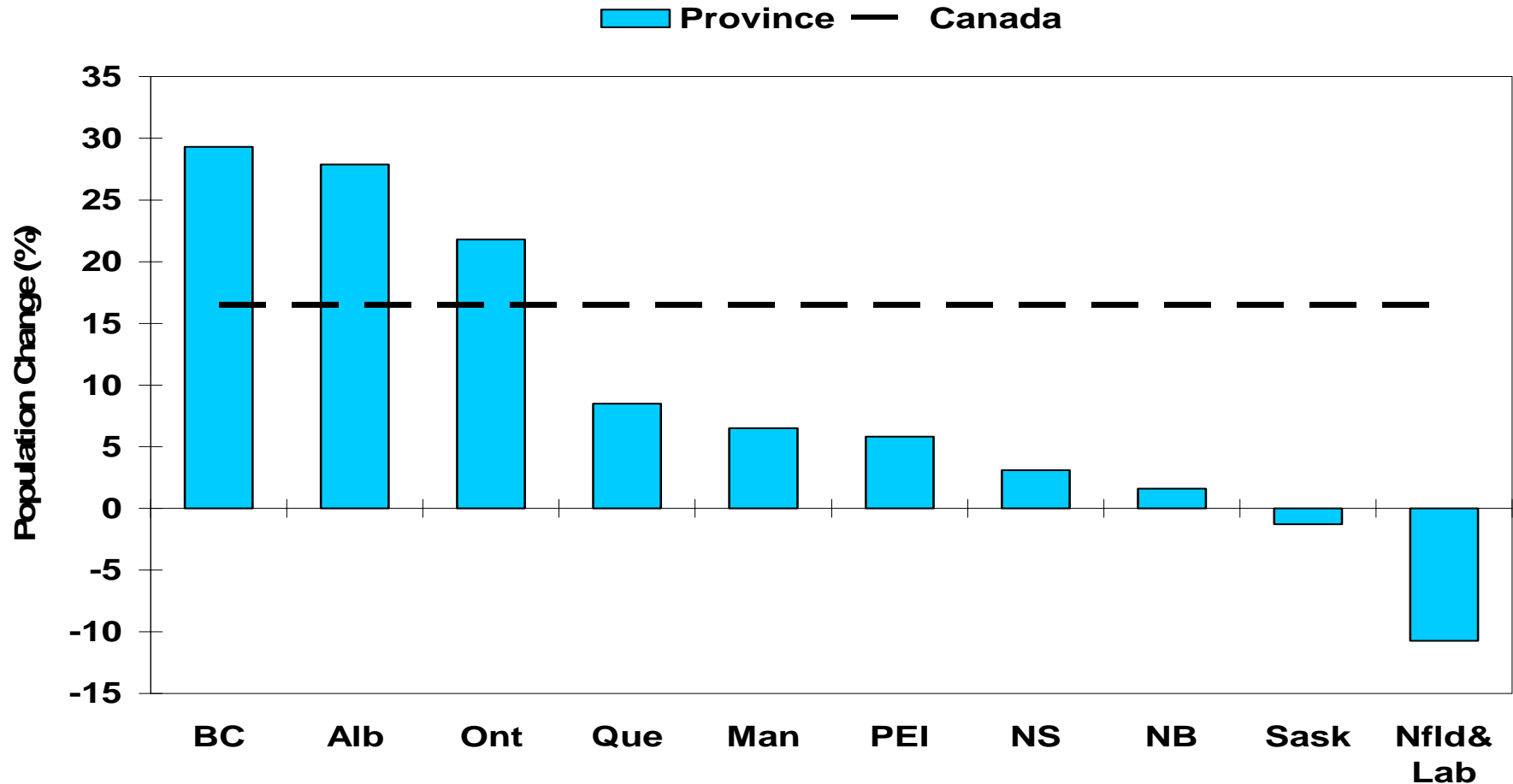


Demographic Trends - Ontario

Along with British Columbia and Alberta, Ontario grew well above the national average of 16.5 percent. Saskatchewan and Newfoundland & Labrador experienced population decline.

Canada's Provinces

Population Change, 1990-2005 (percent)

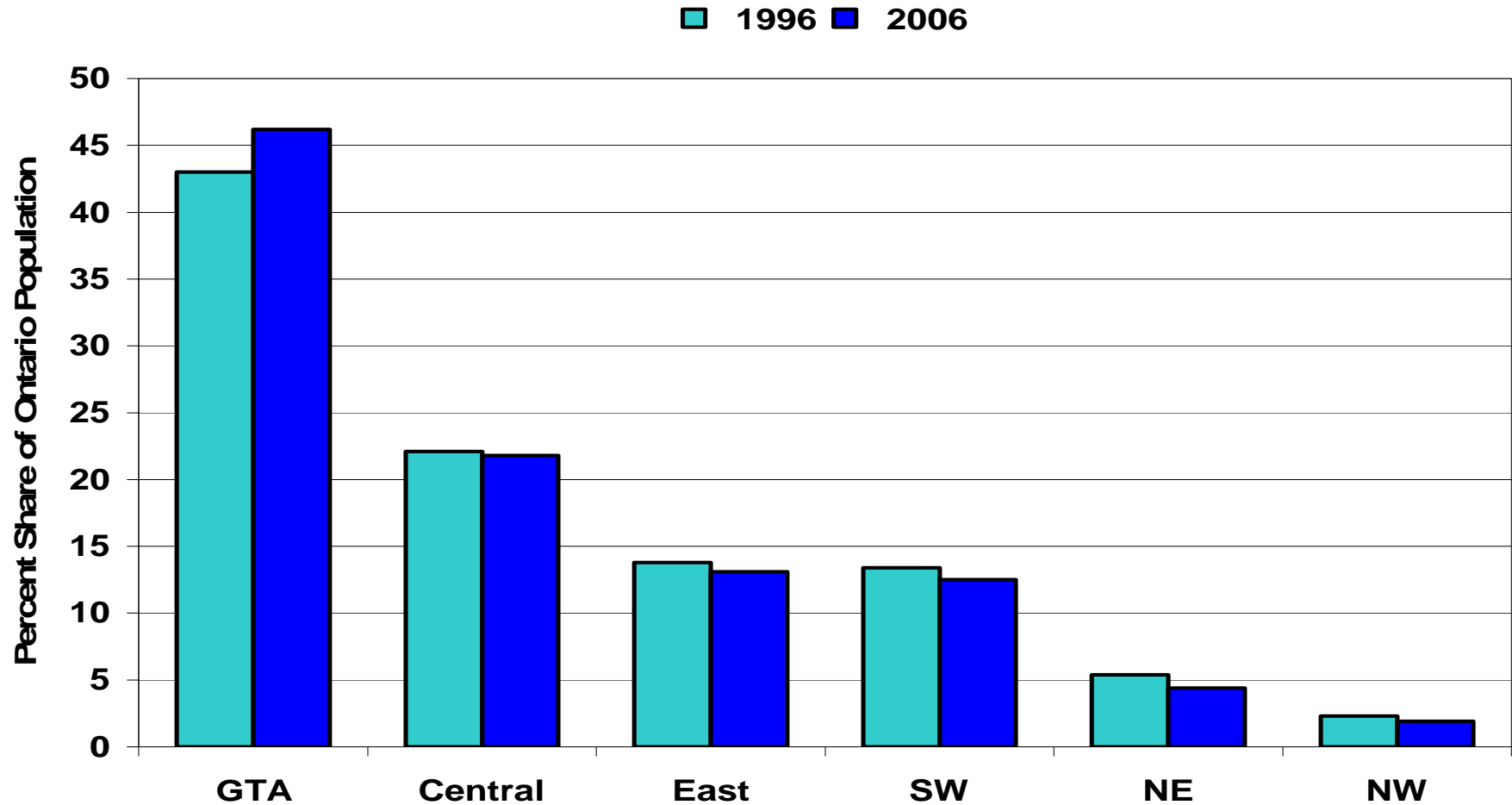


Demographic Trends - Ontario

Ontario's population is skewed regionally. Roughly one-half of the population lives in the GTA; two-thirds, in the GTA and Central Ontario. Only the GTA increased its share between 1996 and 2006.

Ontario

Population Distribution by Region, 1996 versus 2006

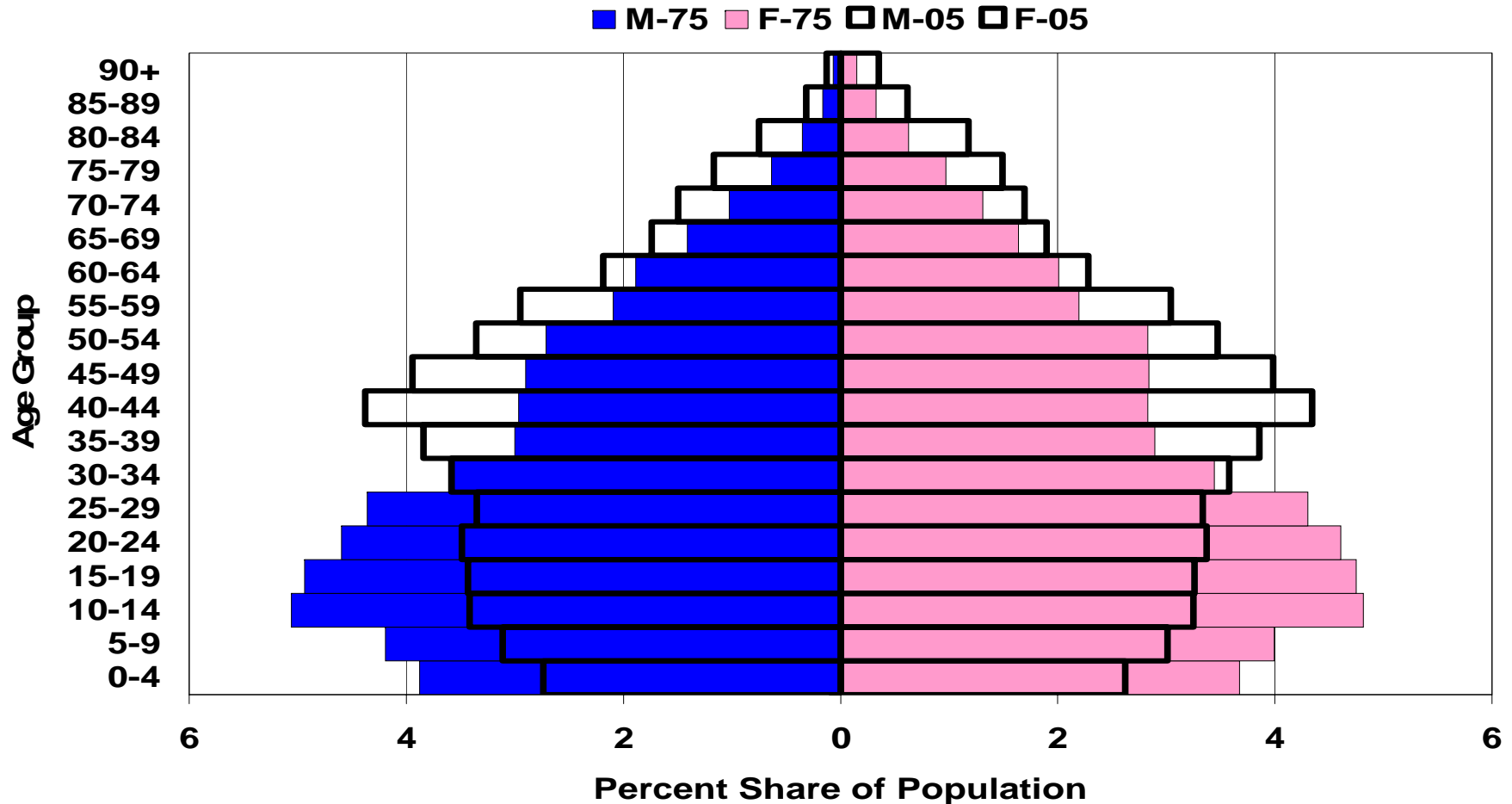


Demographic Trends - Ontario

Since 1975, Ontario's population has increased by one-half. It has also been aging. In 1975, 28 percent of Ontario's residents were 45-plus; by 2005, 38 percent.

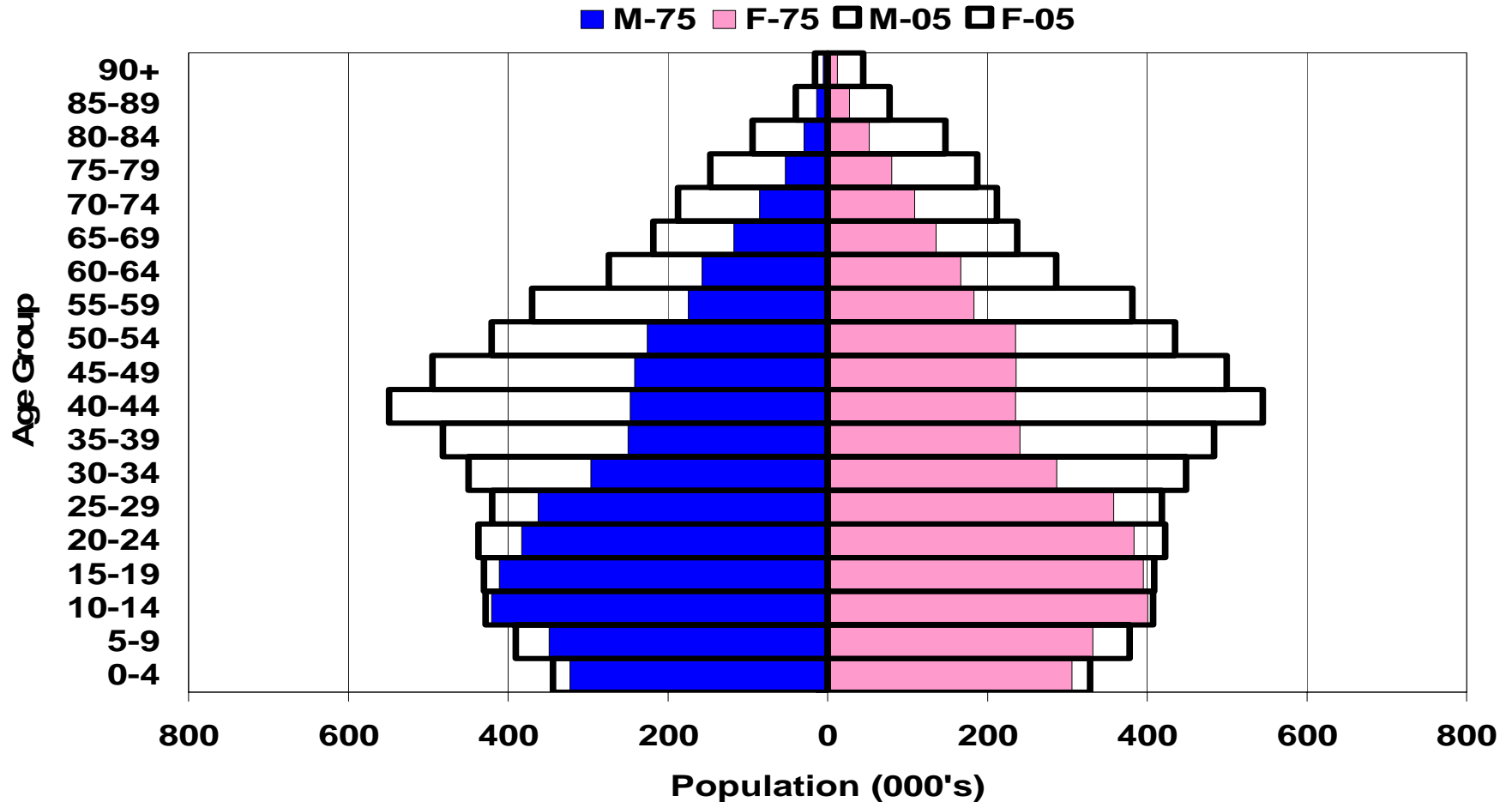
Ontario

Population Pyramid, 1975 (colour) versus 2005 (outline)



Ontario

Population Pyramid, 1975 (colour) versus 2005 (outline)

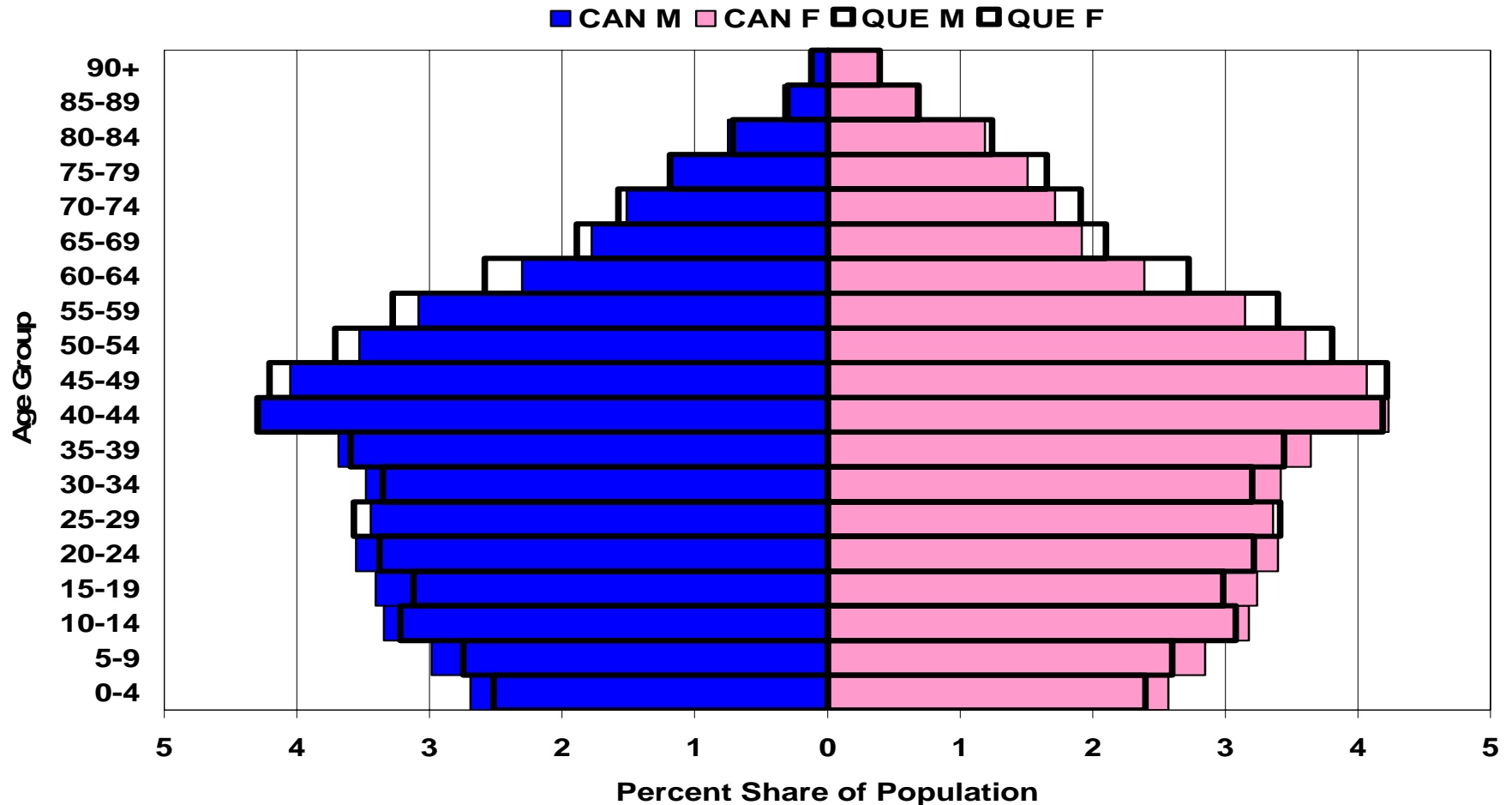


Demographic Trends - Canada

The aging trend varies somewhat by province.

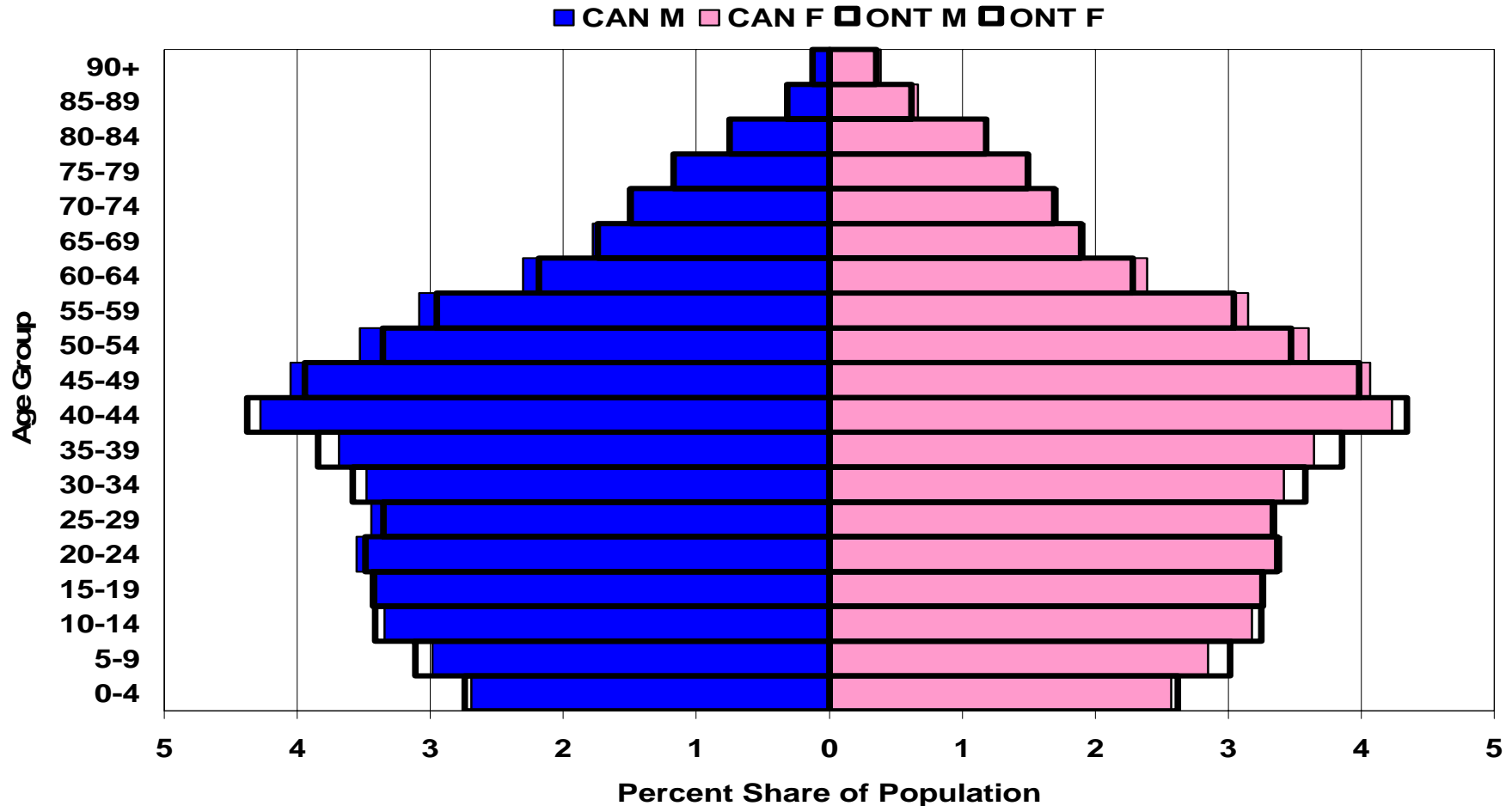
Population Pyramid

Québec (outline) versus Canada (colour), 2005 (percent)



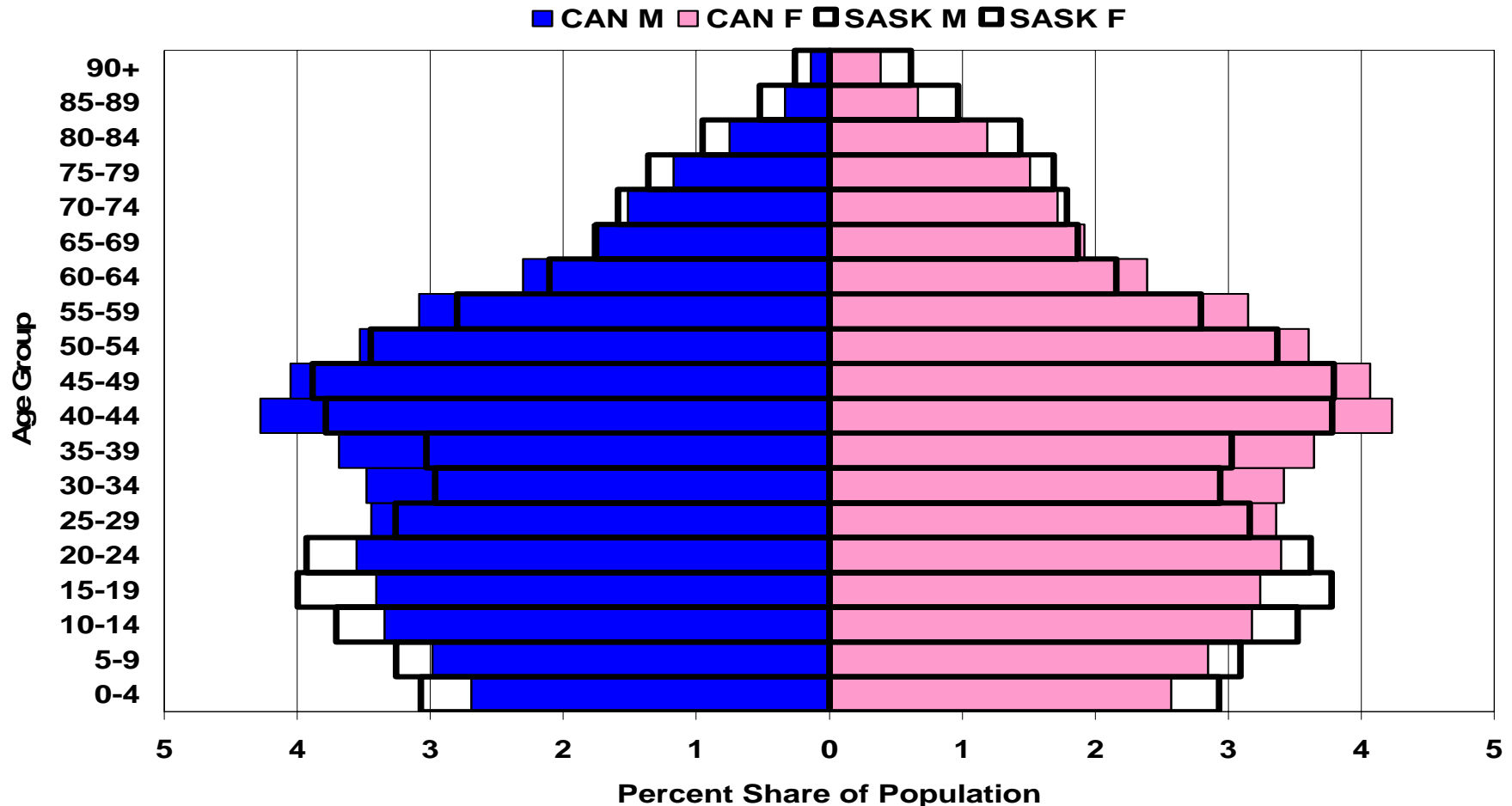
Population Pyramid

Ontario (outline) versus Canada (colour), 2005 (percent)



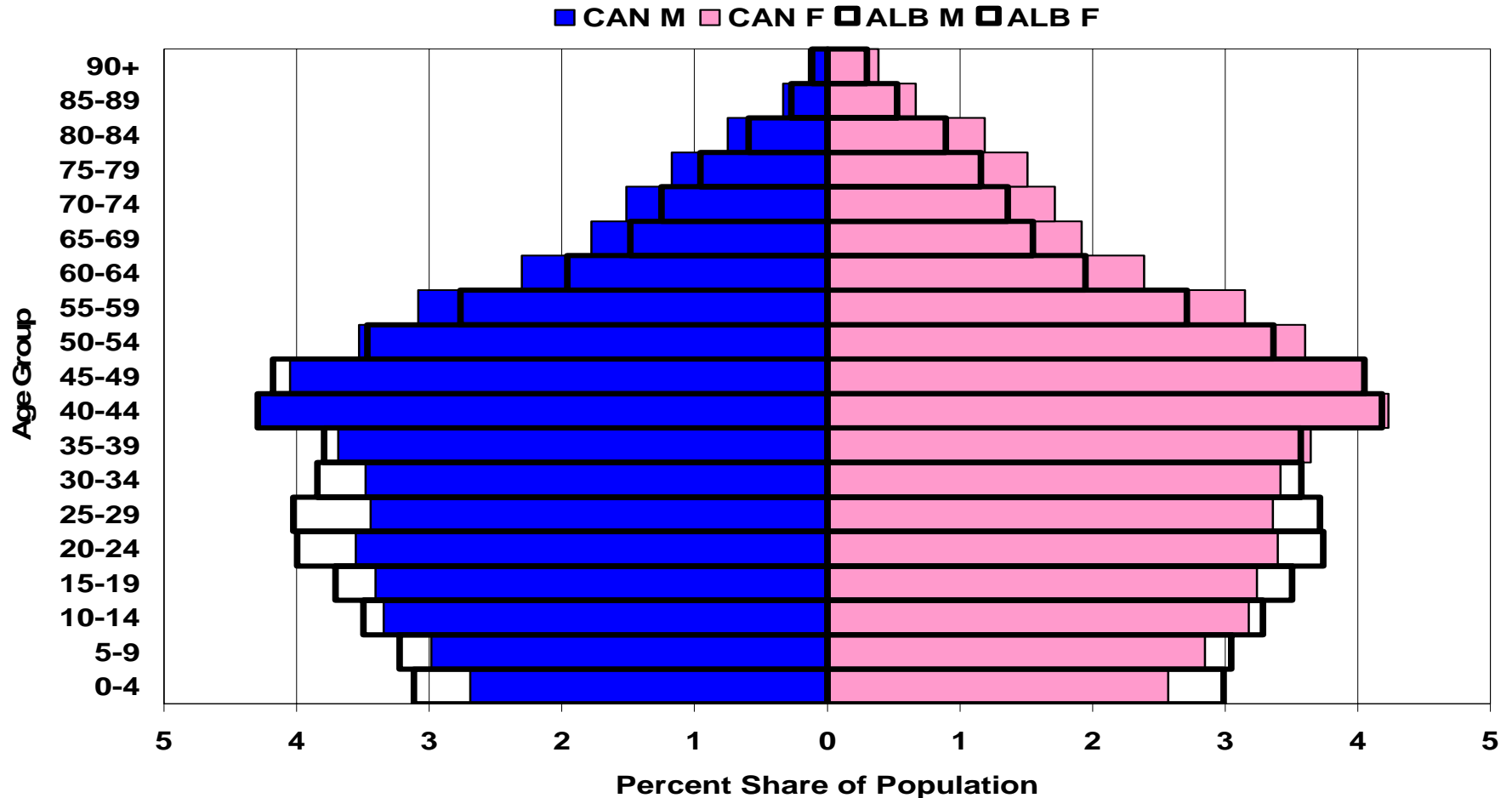
Population Pyramid

Saskatchewan (outline) versus Canada (colour), 2005 (percent)



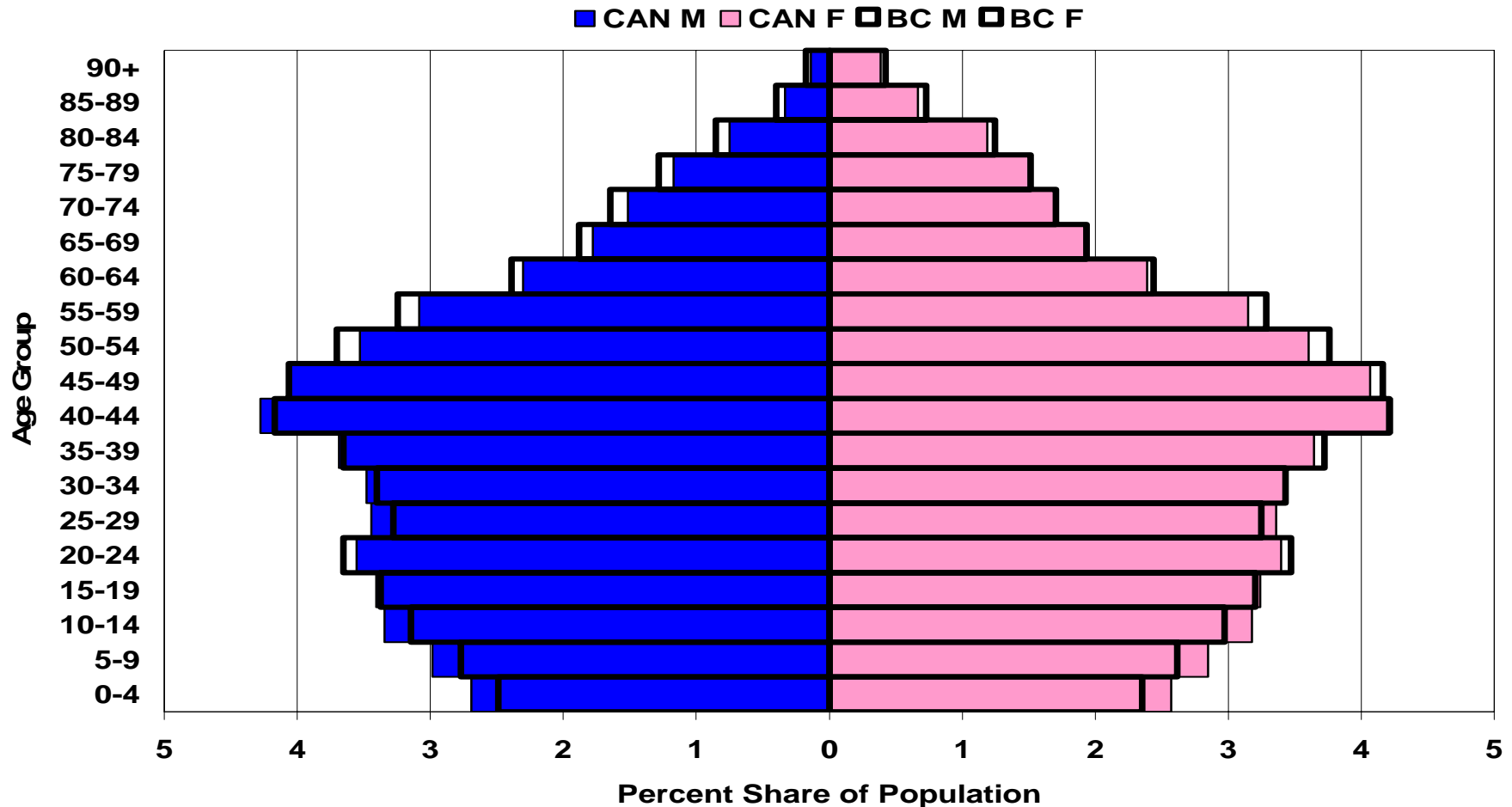
Population Pyramid

Alberta (outline) versus Canada (colour), 2005 (percent)



Population Pyramid

British Columbia (outline) versus Canada (colour), 2005 (percent)

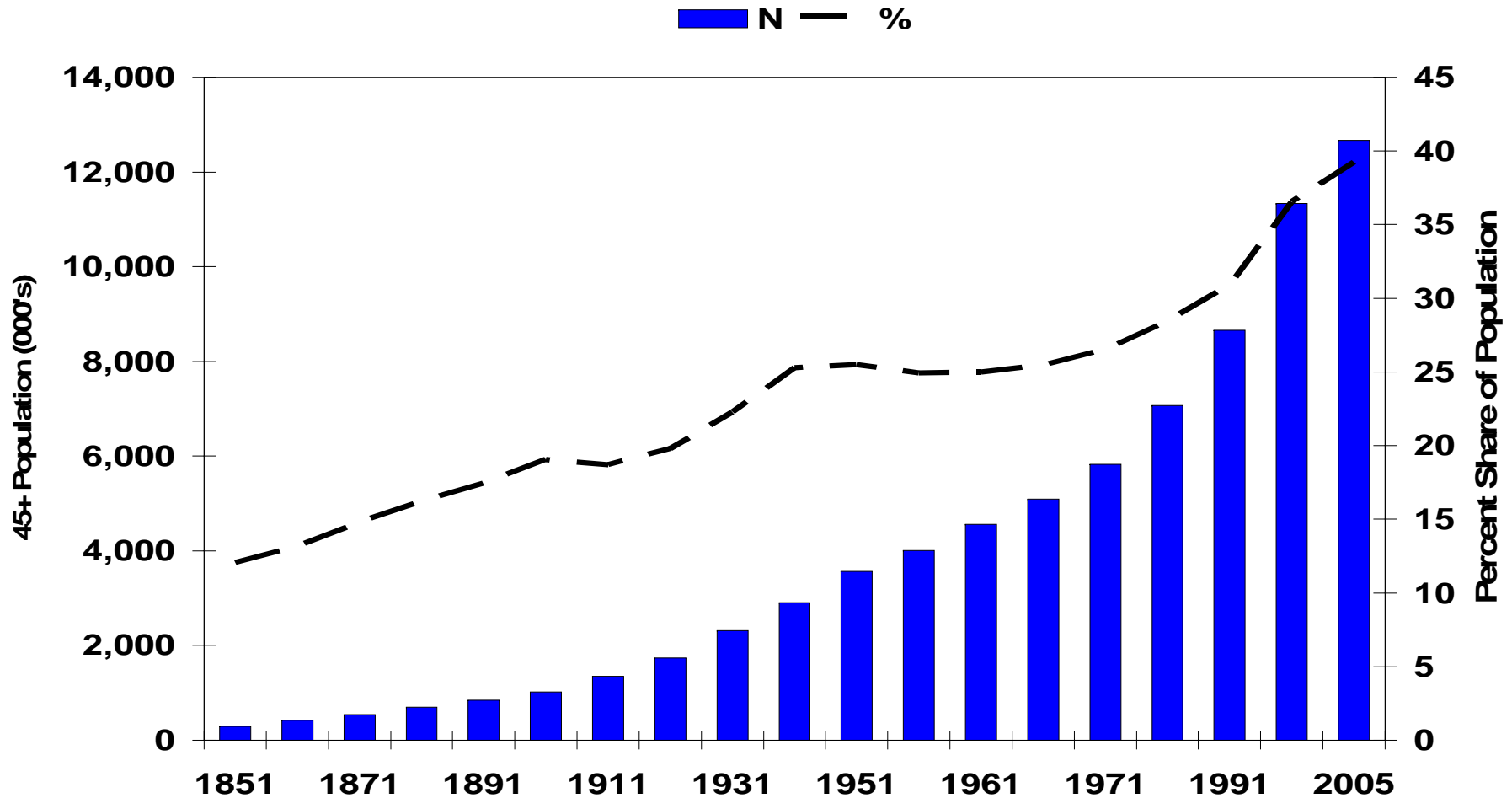


Demographic Trends - Canada

Boomers are leading the charge into the “45-plus society”.

Canada

45+ Age Group, # (left scale) and % Share (right scale), 1851-2005

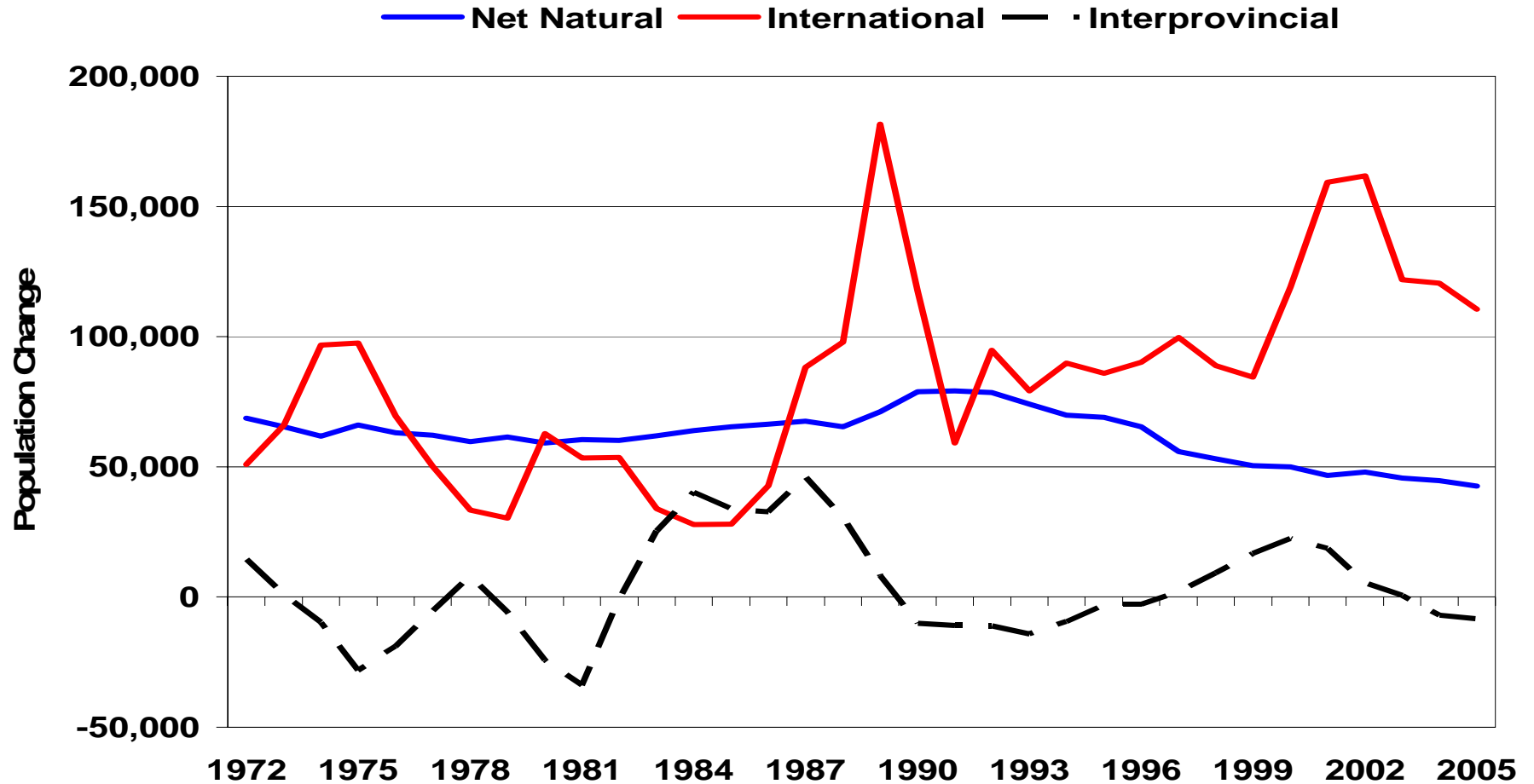


Demographic Trends - Ontario

**Between 1990 and 2005,
international migration
increasingly drove the growth
and ethnic/racial diversification
of Ontario's population.**

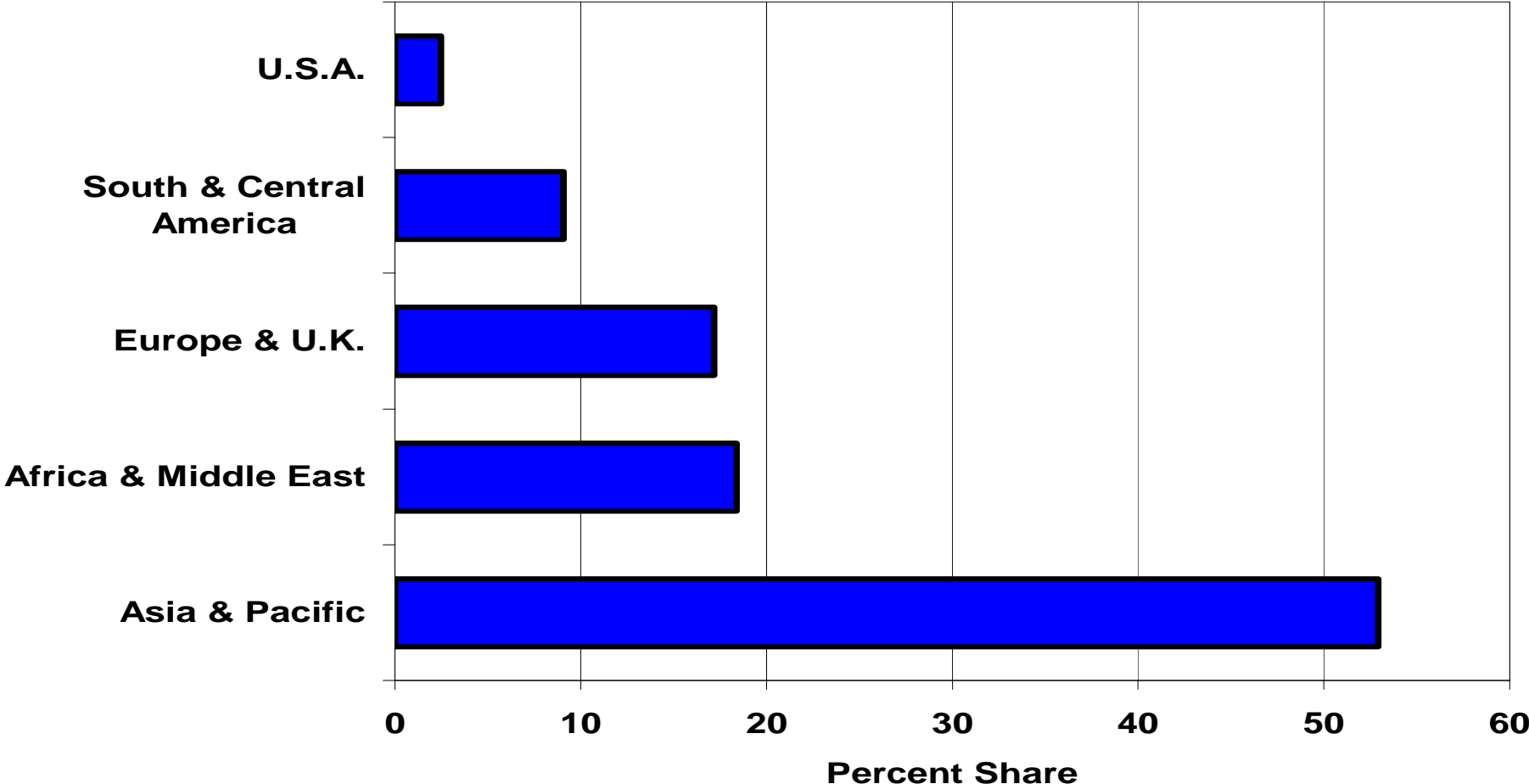
Ontario

Population Change by Source, 1972-2005



Ontario

Average Share of Immigrants by Source Region, 1995-2004

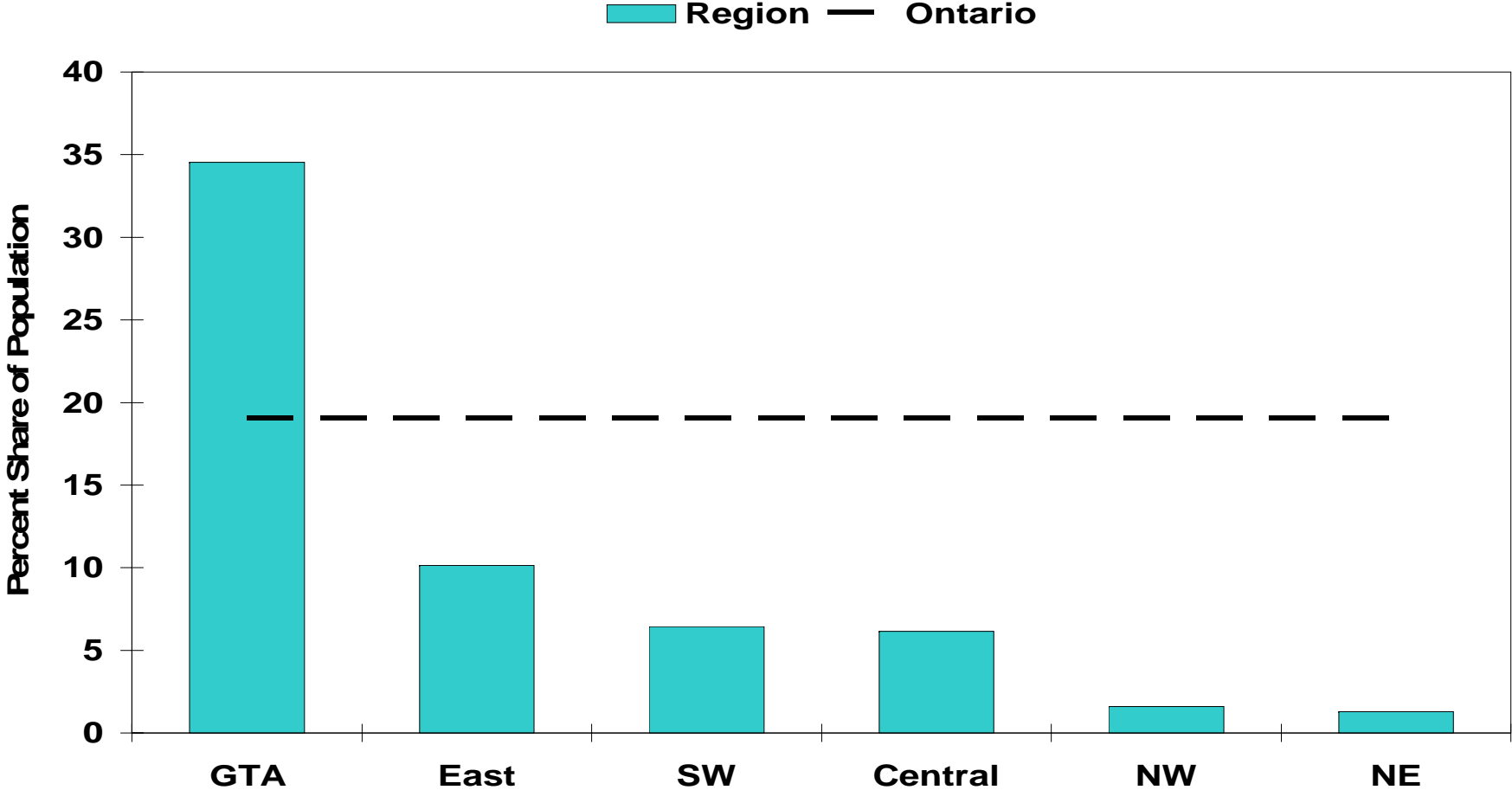


Demographic Trends - Ontario

The ethnic/racial diversification of Ontario's population varies dramatically by region.

Ontario

Visible Minority Population Share by Region, 2001

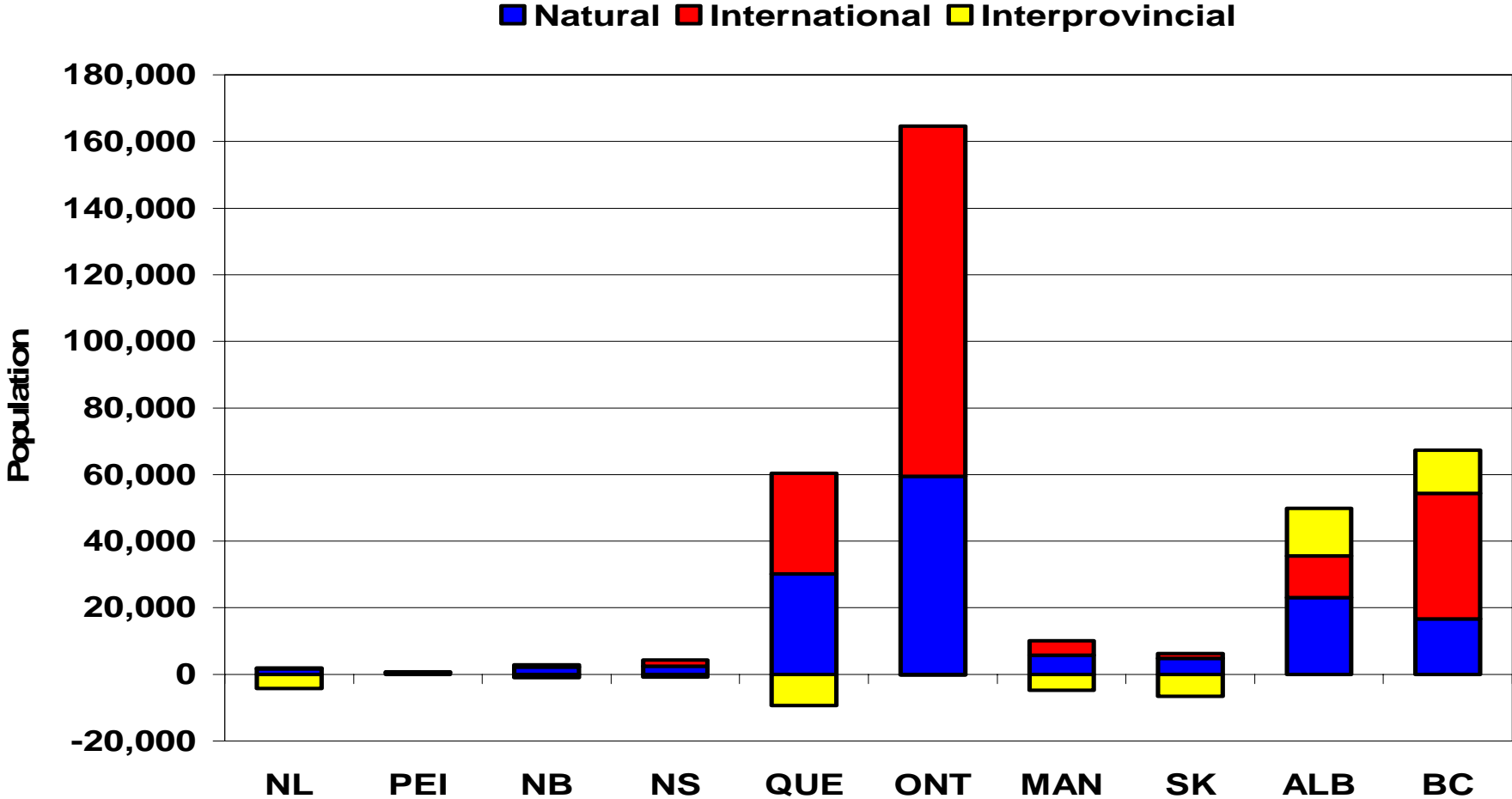


Demographic Trends - Canada

Migration has increased the population of some provinces more than others.

Canada's Provinces

Population Change by Source, 1990-2005 (annual average)

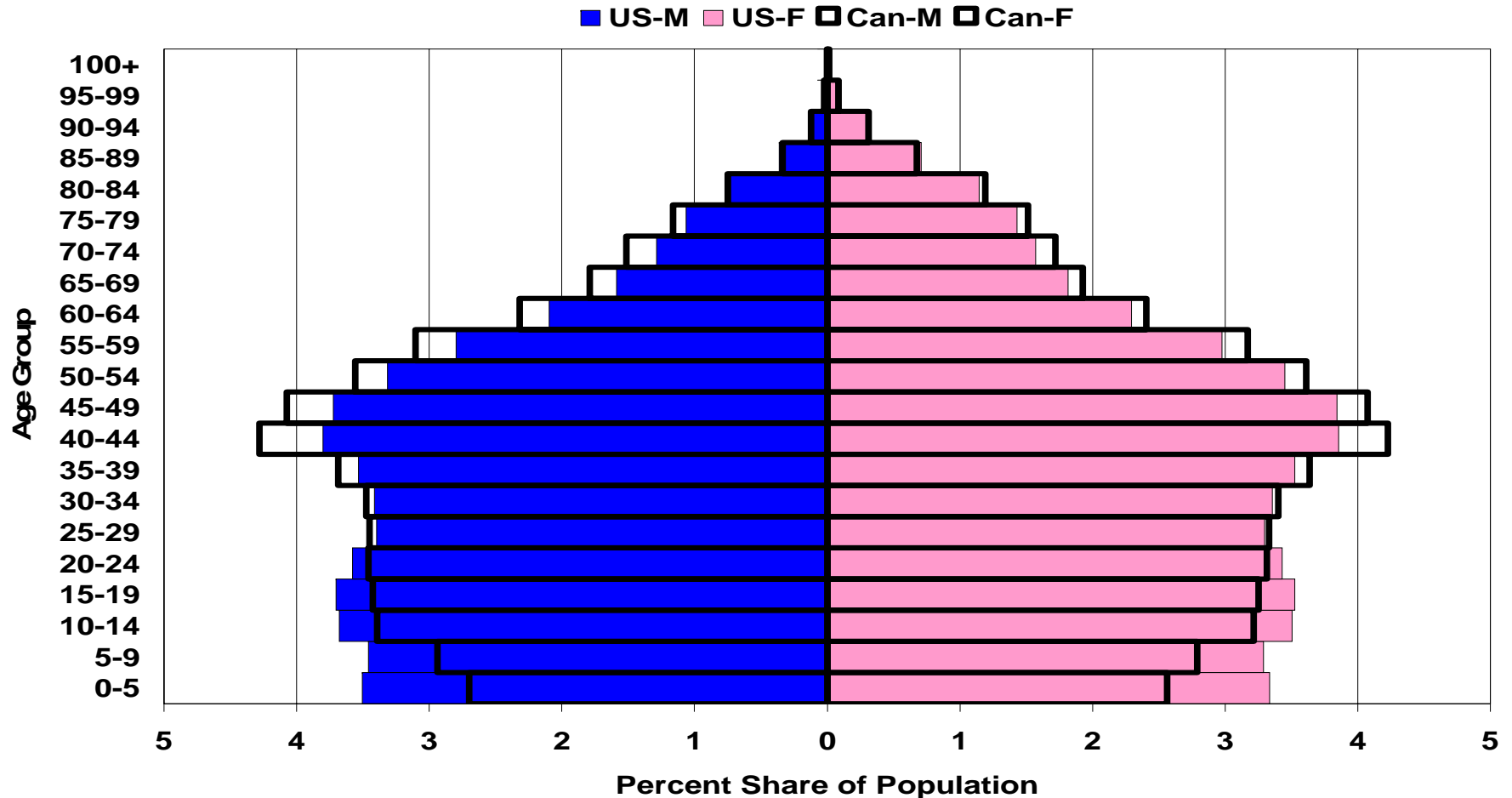


Demographic Trends – United States

The U.S. is somewhat younger than Canada but its age structure varies significantly by ethnic/racial group and region.

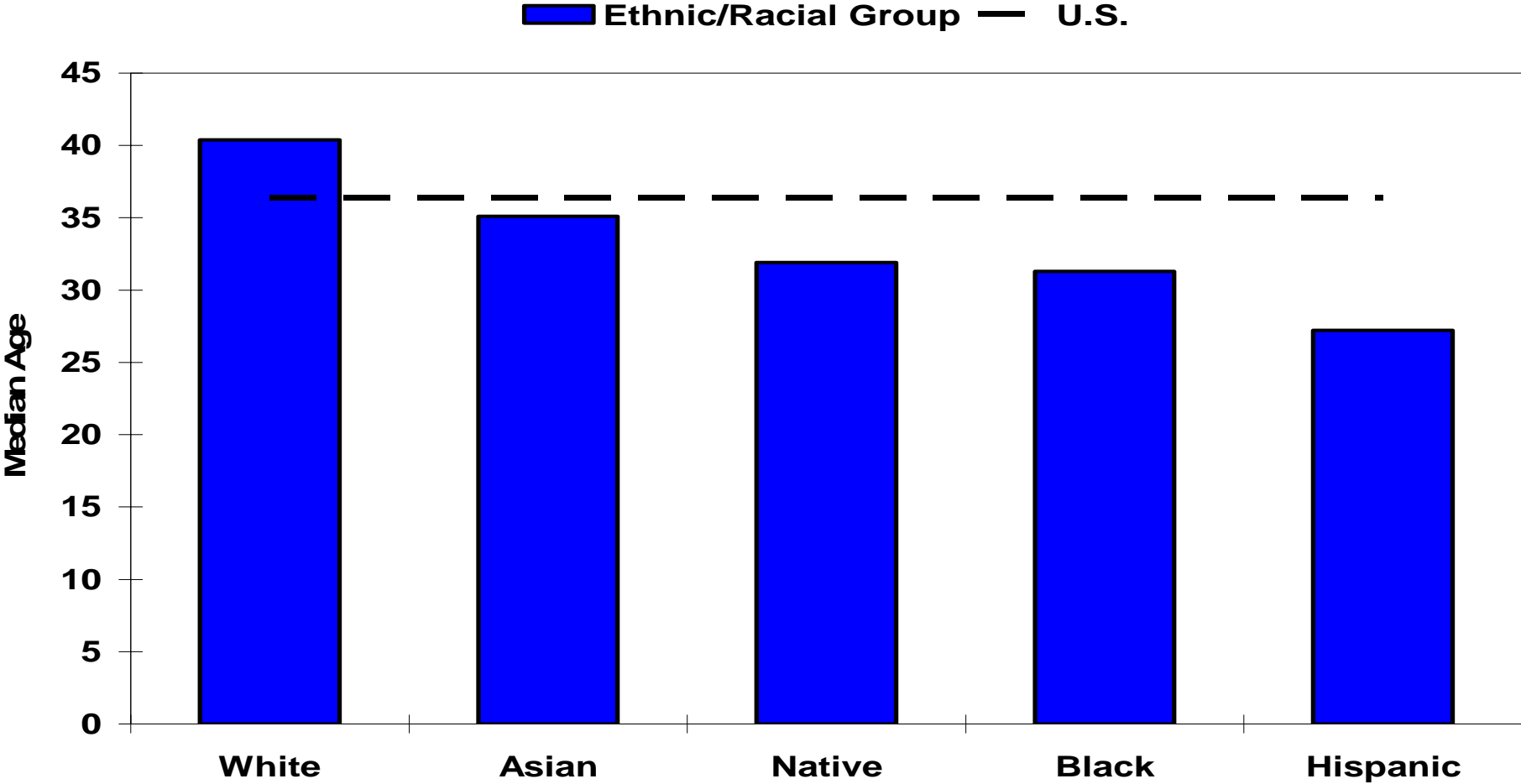
Population Pyramid

Canada (outline) versus U.S. (colour), 2005 (percent)



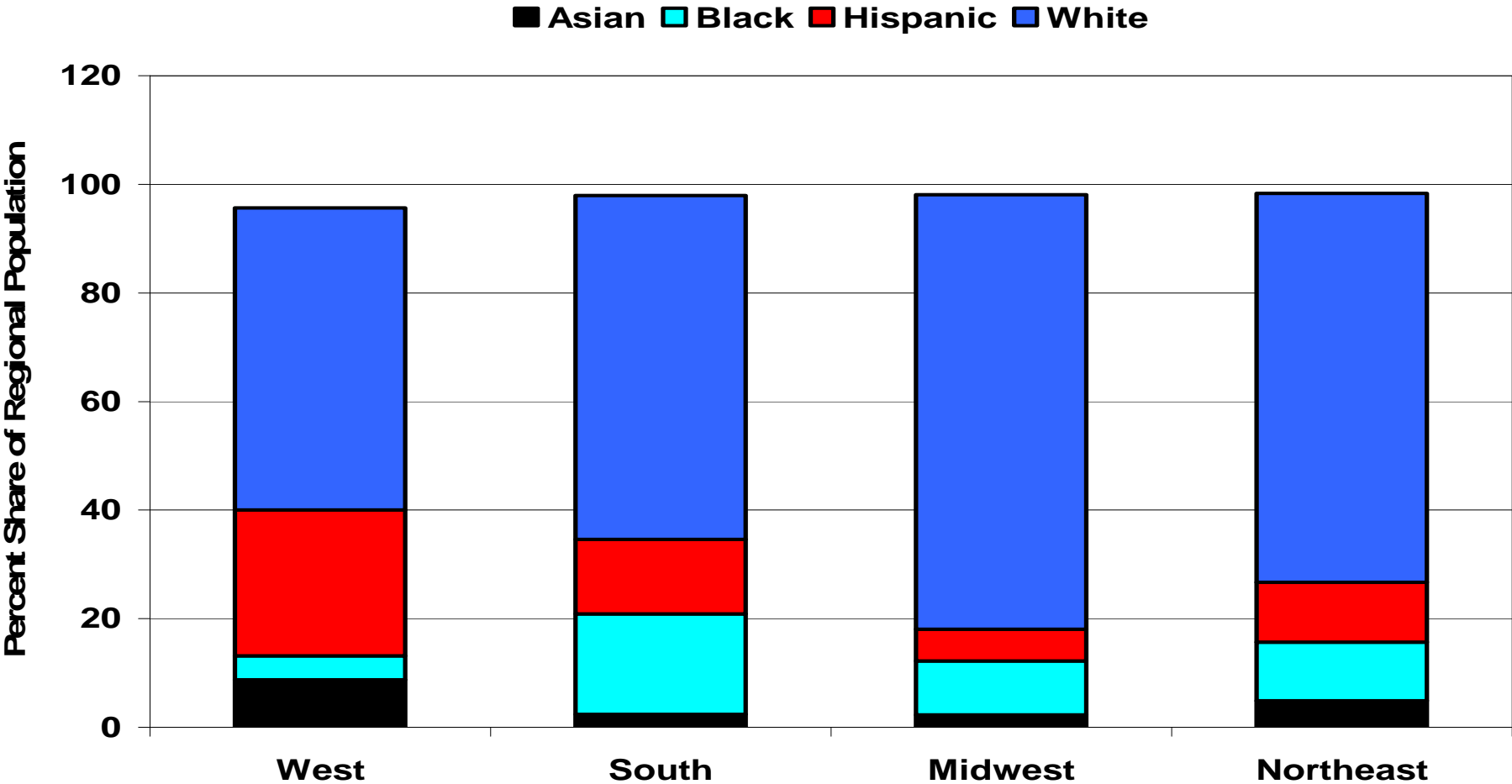
U.S. Ethnic and Racial Groups

Median Age, 2005



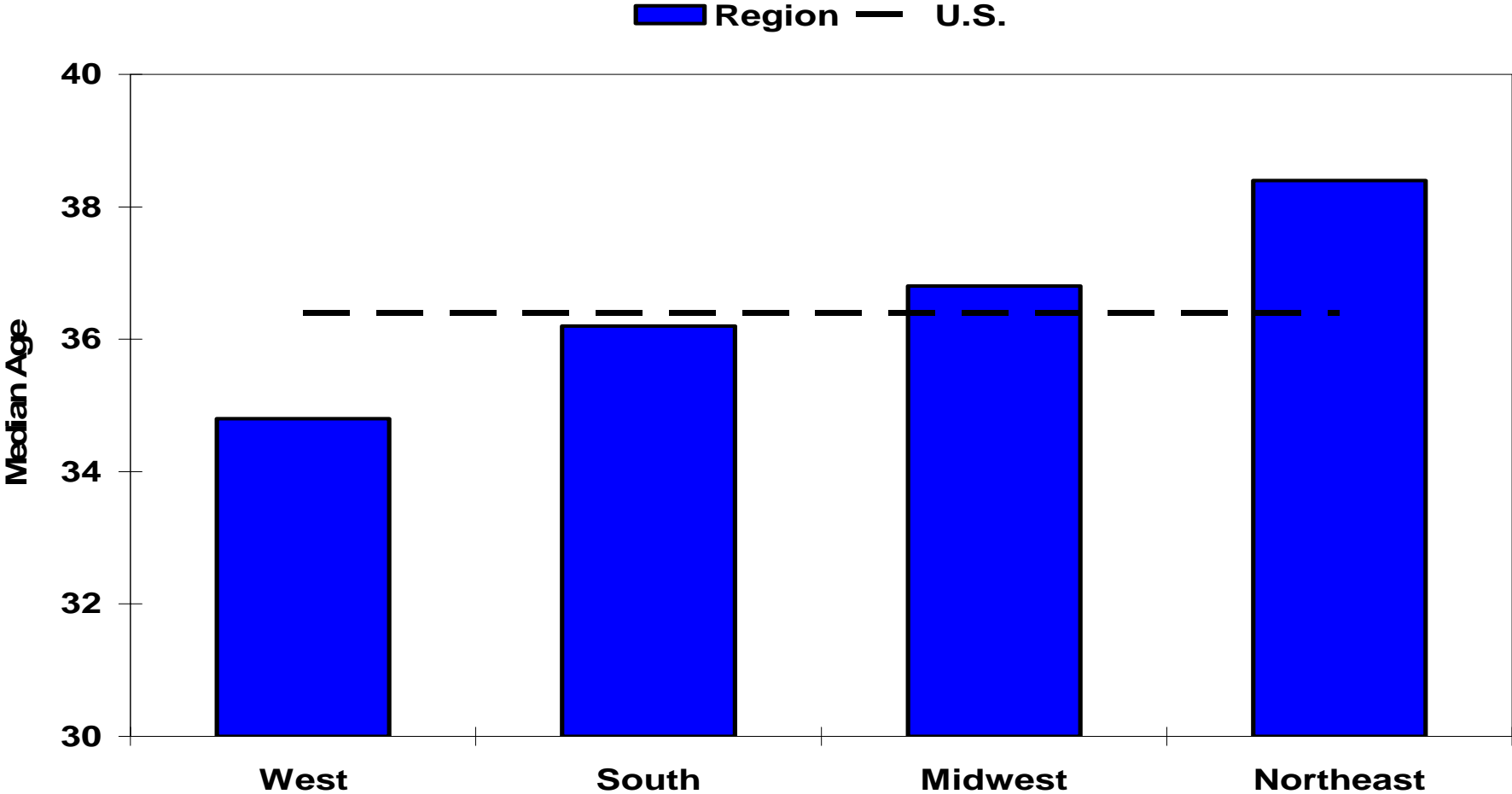
U.S. Regions

Ethnic and Racial Groups, 2005 (percent share of population)



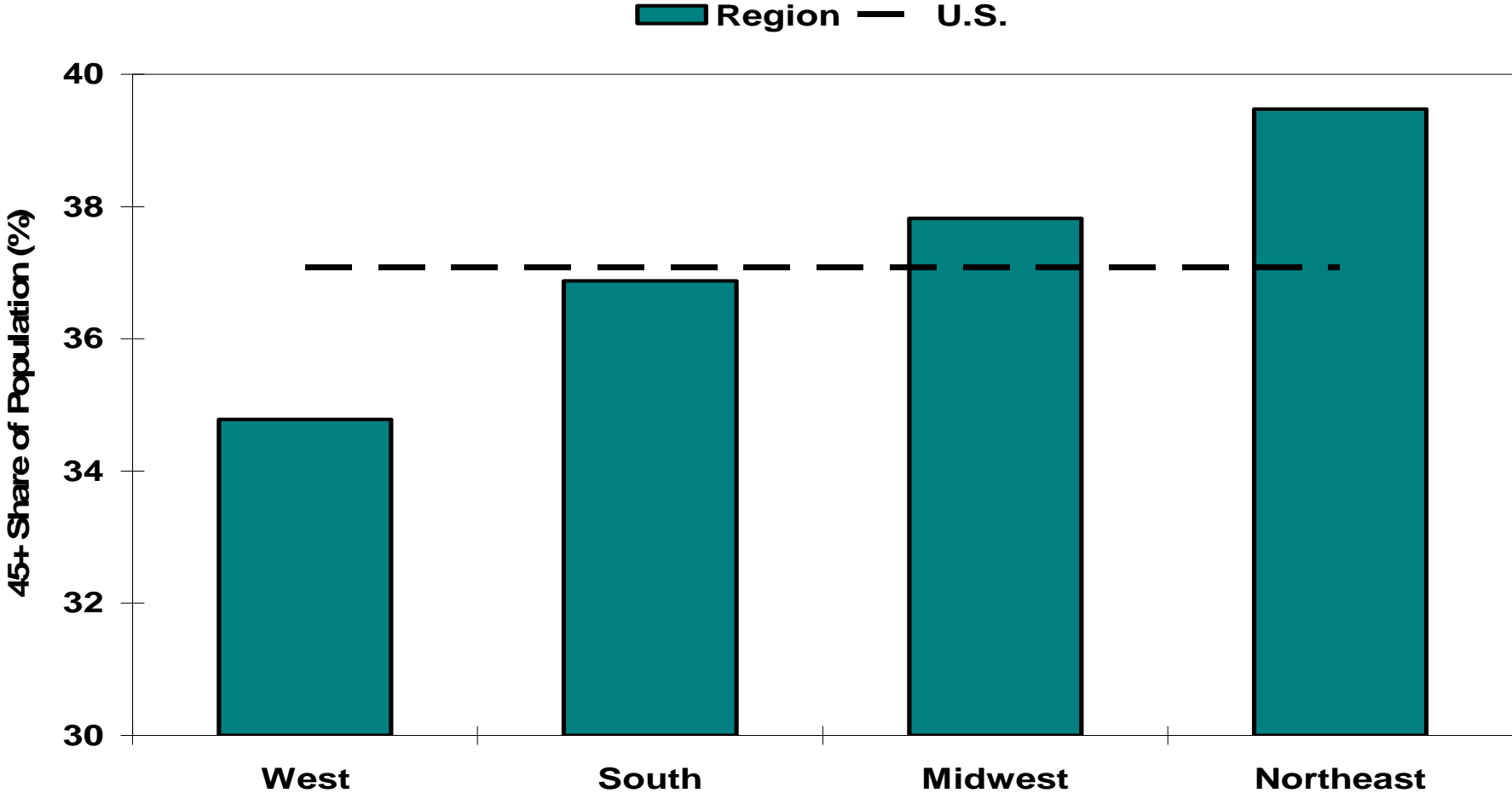
U.S. Regions

Median Age, 2005



U.S. Regions

45-plus Share of Population, 2005 (percent)

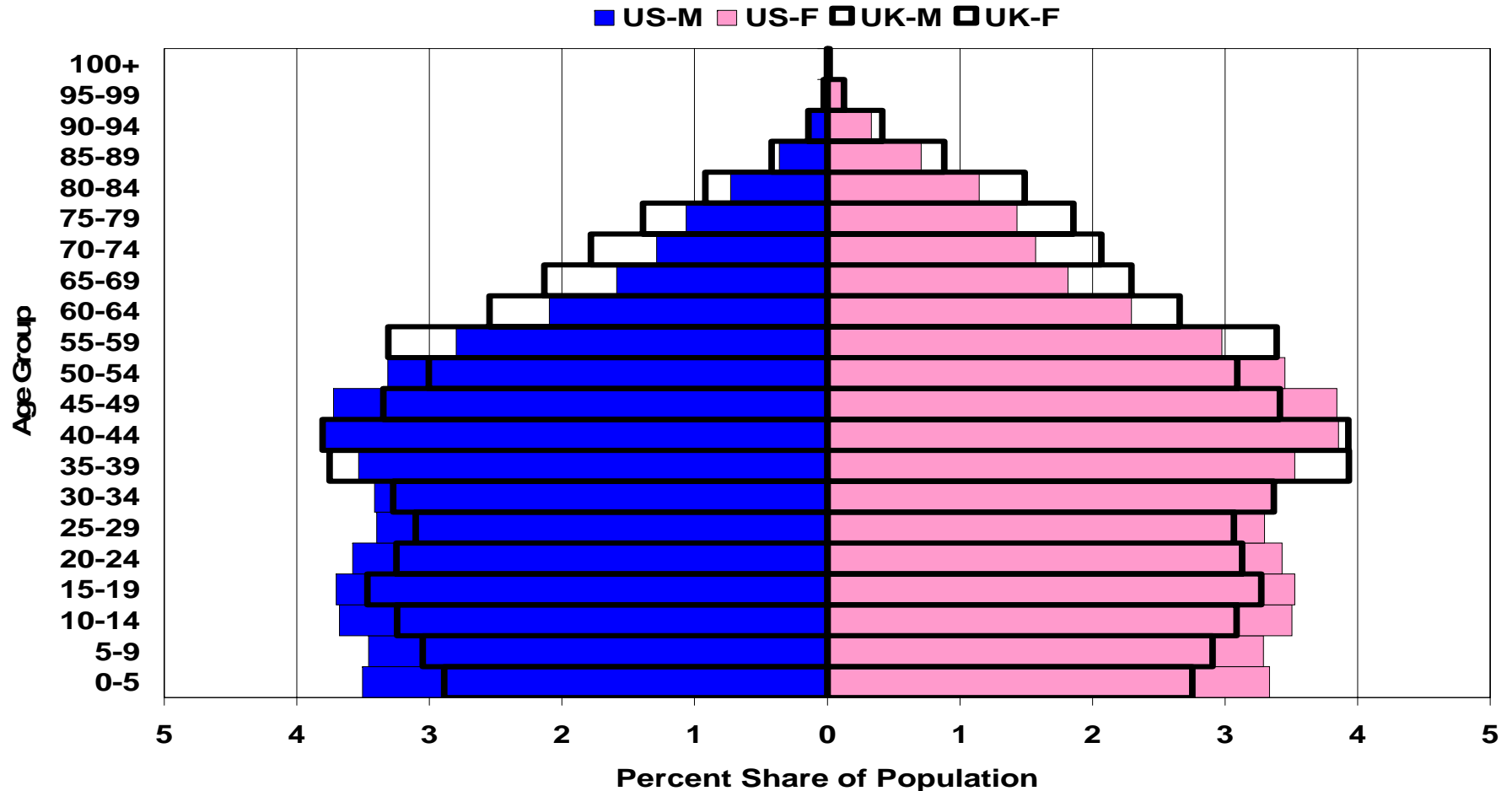


Demographic Trends - Global

Ontario's major overseas tourism source countries are aging at a faster rate than Canada and the U.S.

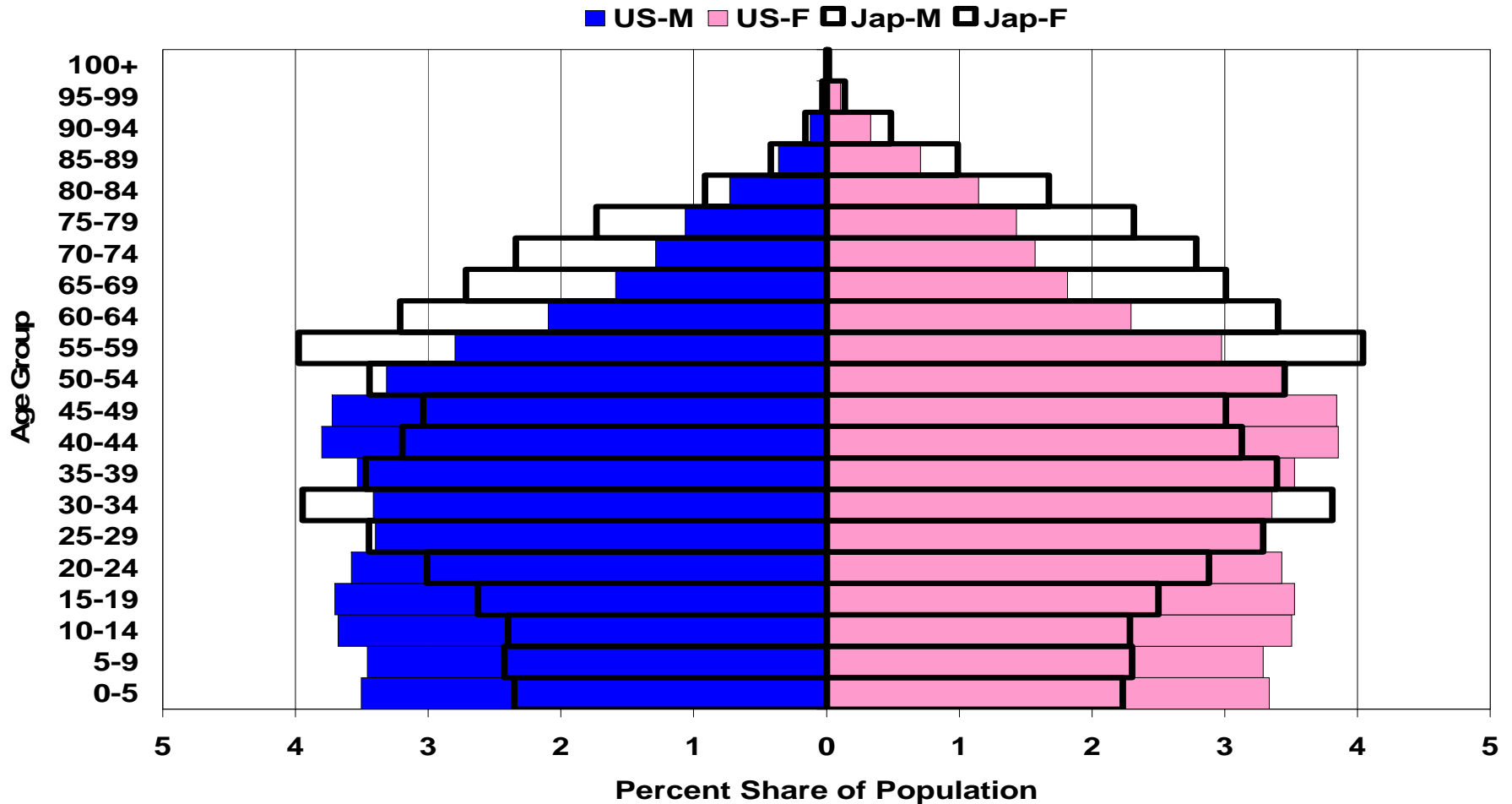
Population Pyramid

U.K. (outline) versus U.S. (colour), 2005 (percent)



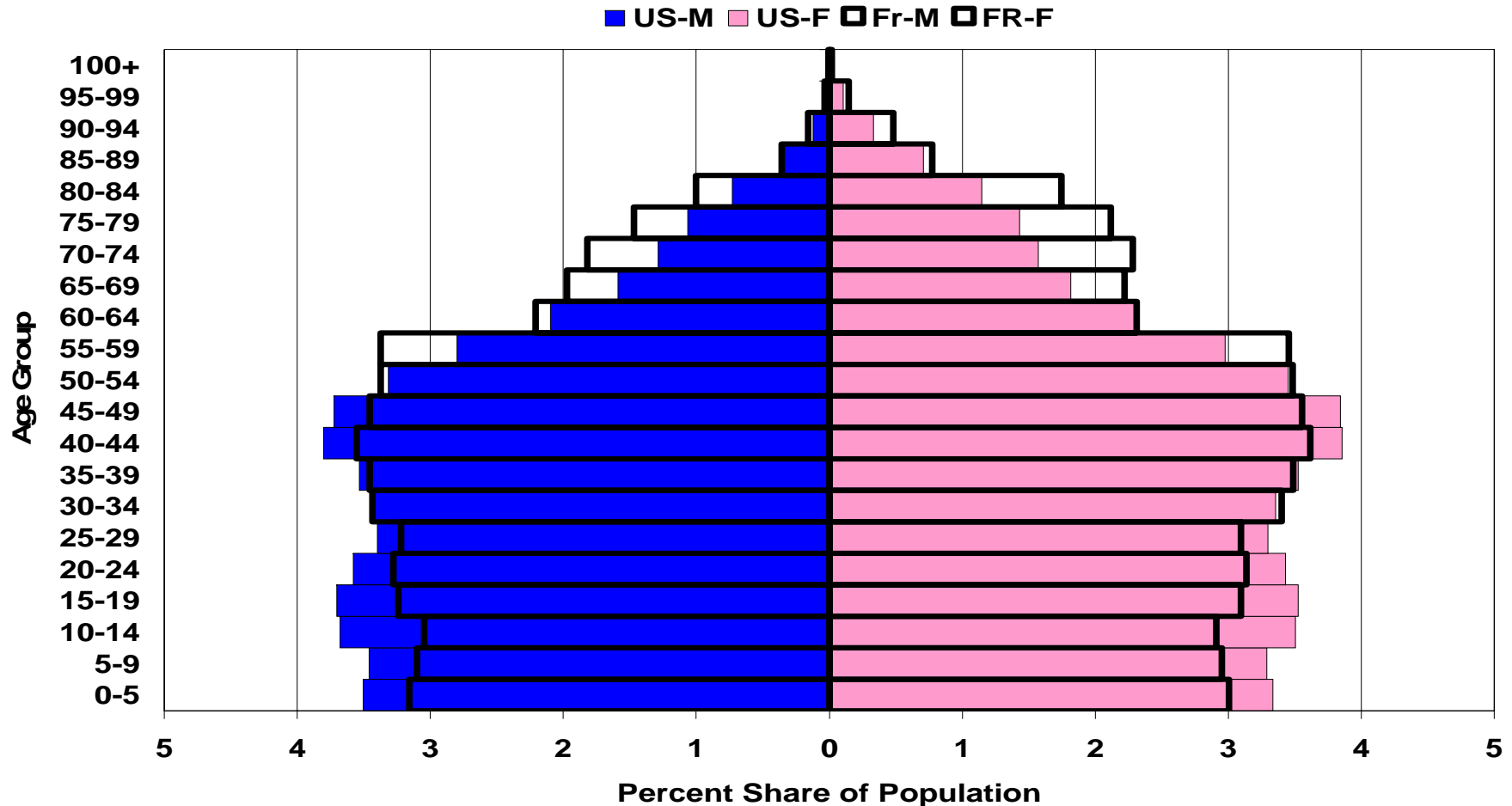
Population Pyramid

Japan (outline) versus U.S. (colour), 2005 (percent)



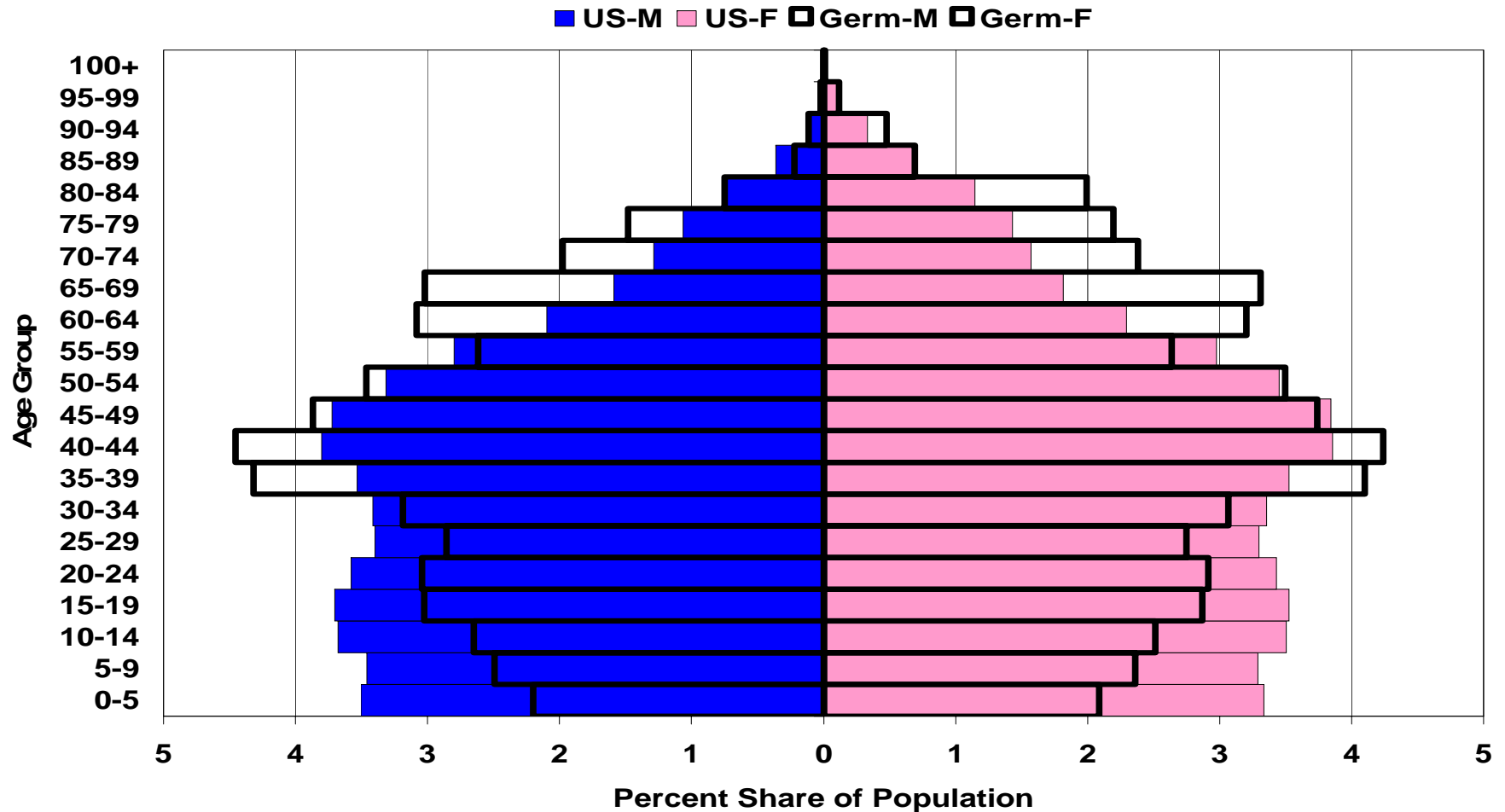
Population Pyramid

France (outline) versus U.S. (colour), 2005 (percent)



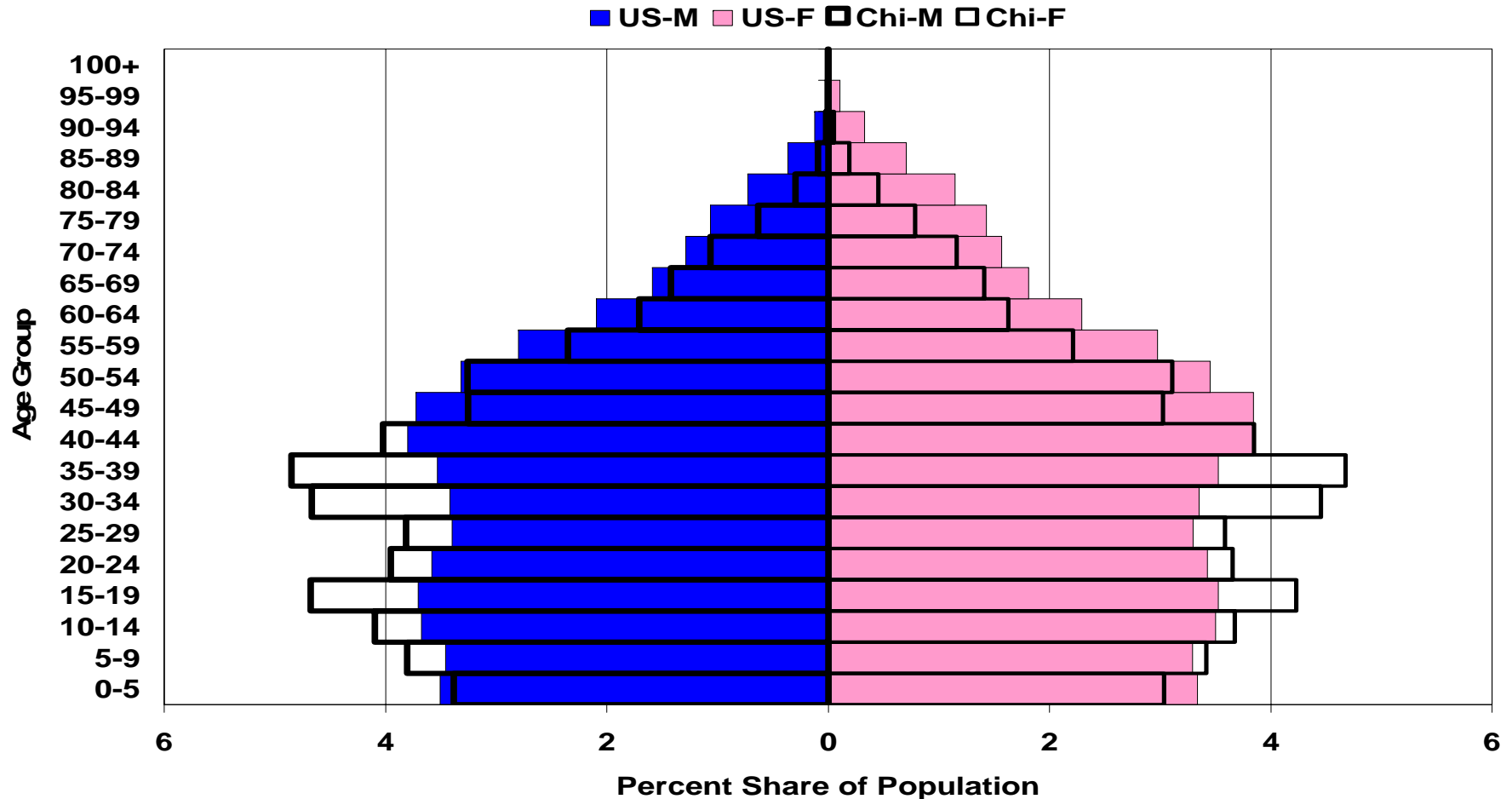
Population Pyramid

Germany (outline) versus U.S. (colour), 2005 (percent)



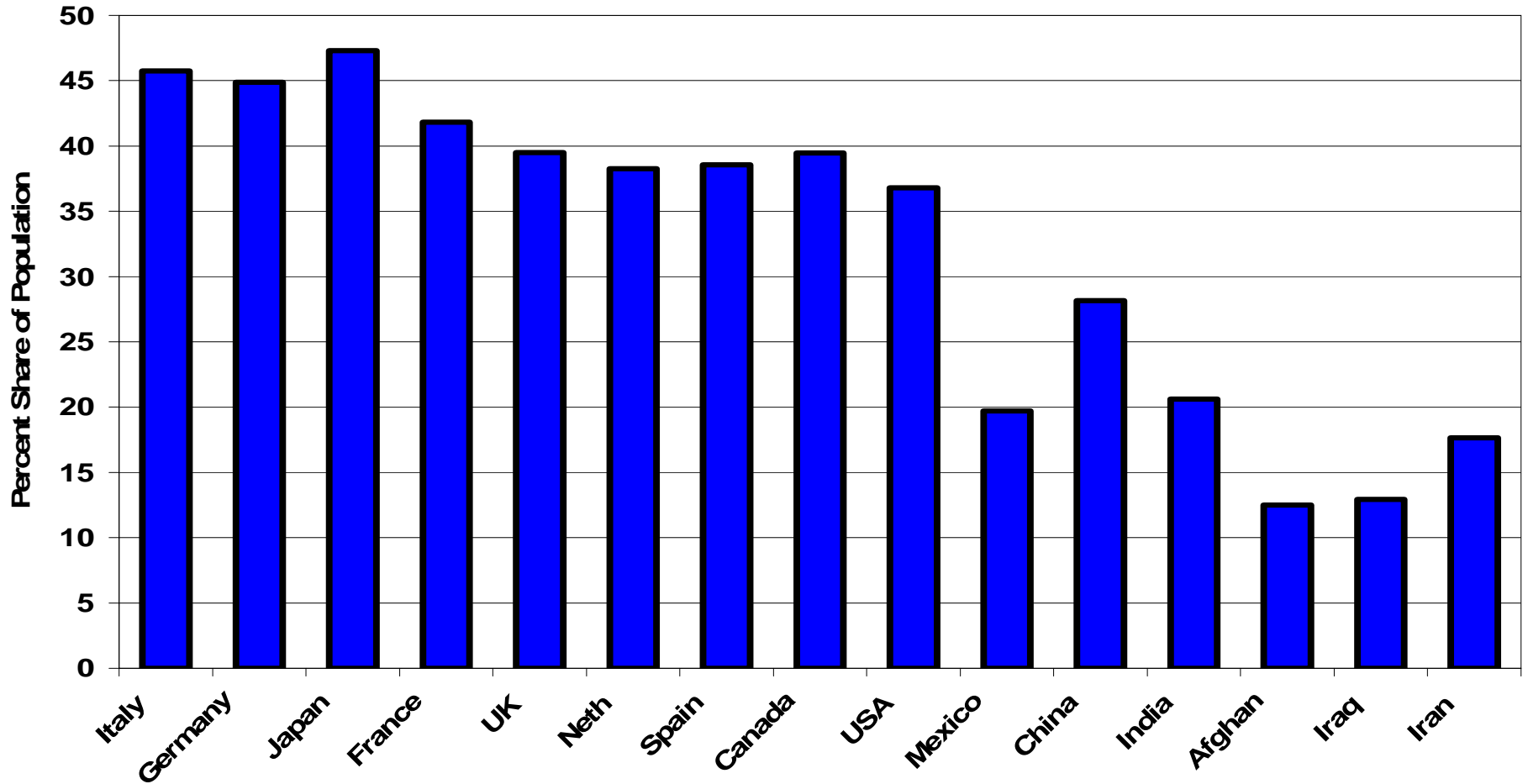
Population Pyramid

China (outline) versus U.S. (colour), 2005 (percent)



45-plus Population

Selected Countries, 2005 (percent share of total)



Demographic Trends - Ontario

2006-2016

Demographic Trends - Ontario

Ministry of Finance projections for Ontario's population in 2016:

- » **Low = 13,605,000**
- » **Reference = 14,270,500**
- » **High = 14,736,200**
- » **The reference projection envisions a 12.4 percent increase in Ontario's population over the next ten years.**

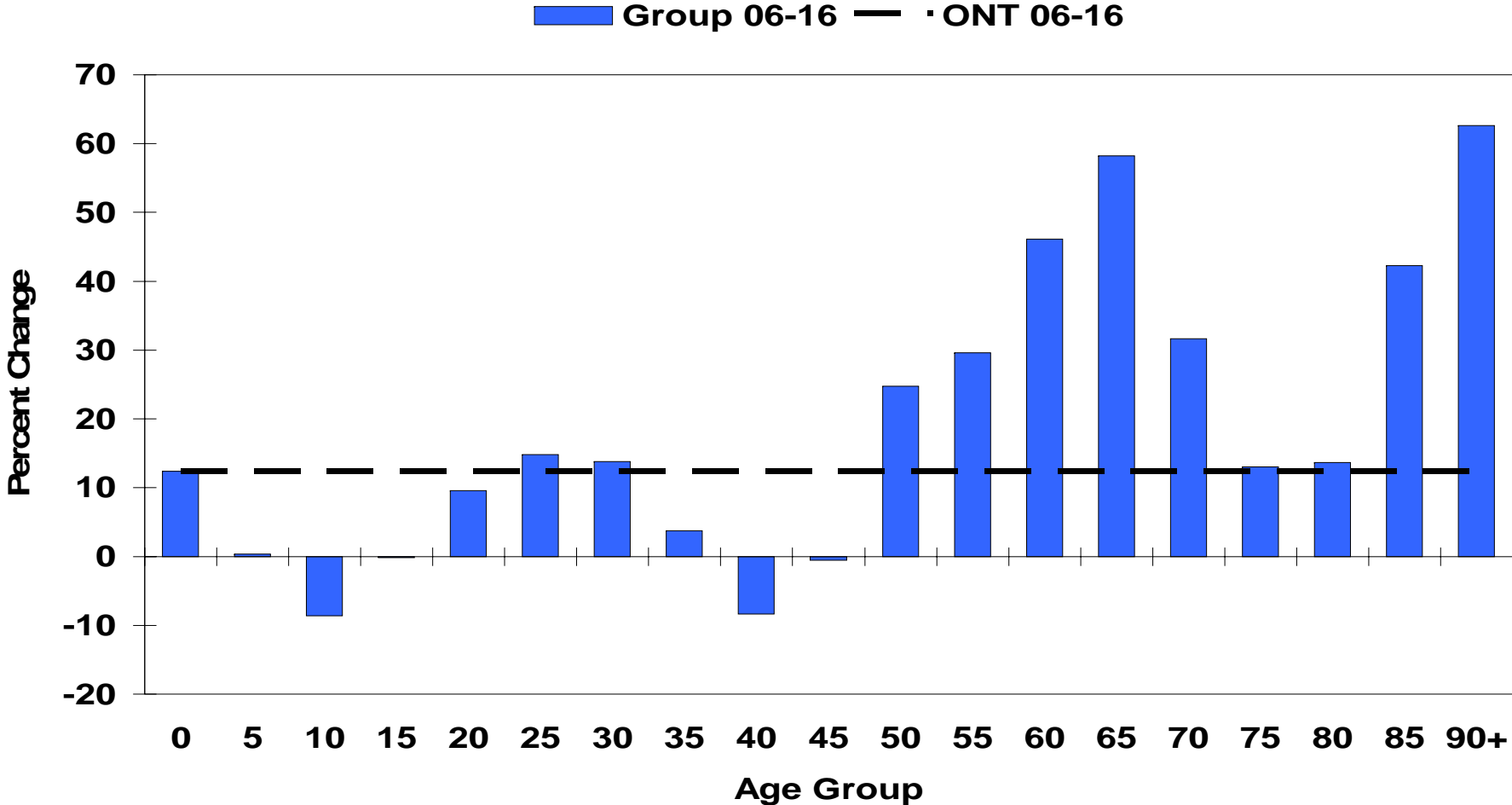
Demographic Trends - Ontario

Over the next 10 years, Ontario's population will continue to age:

- » The youth share (<25 years) will increase 2.4 percent;***
- » The labour force share (25-54) will increase 7.2 percent; and***
- » The "retiree" share (55+) will increase 35.6 percent.***

Ontario

Population Change by Age Group, 2006-16 (reference projection)

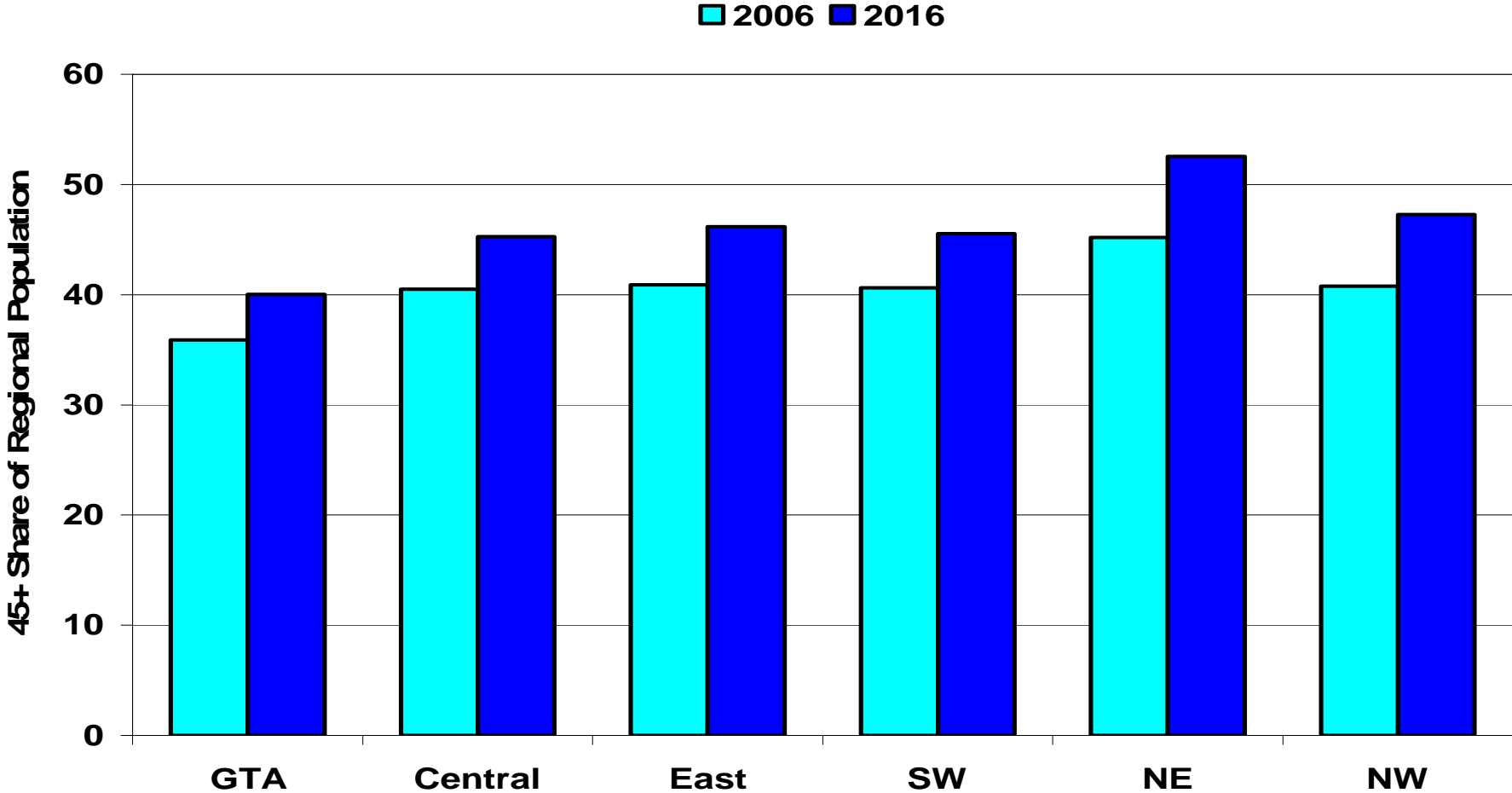


Demographic Trends - Ontario

Ontario's population is projected to age at different rates at the regional level.

Ontario

45+ Age Group Share by Region, 2006 versus 2016

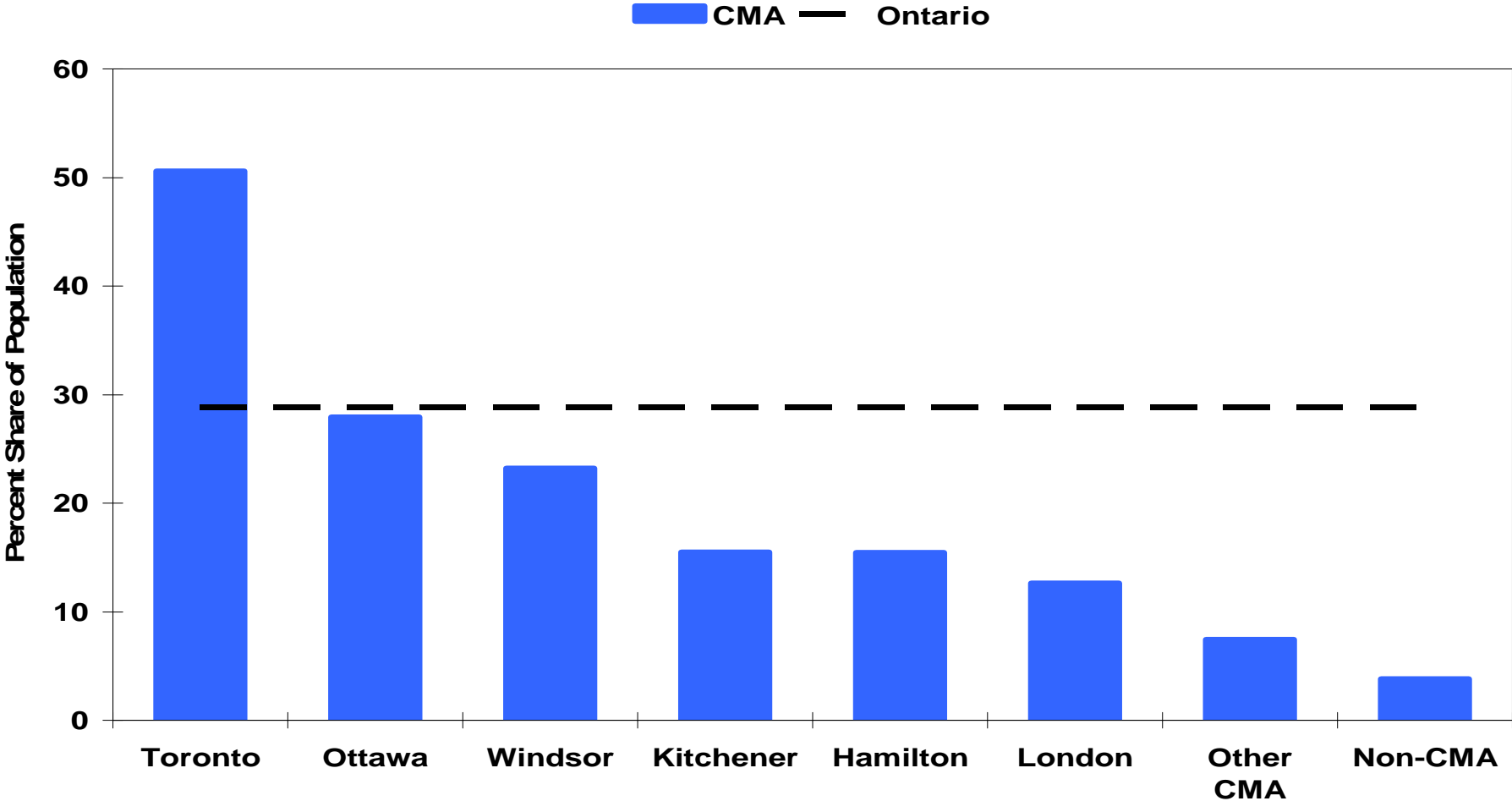


Demographic Trends - Ontario

Currently, two in ten Ontario residents are a visible minority. By 2017, Statistics Canada projects that three in ten will be visible minorities. The diversity of the province's population will continue to be skewed regionally.

Ontario

Visible Minority Population Share by CMA, 2017 (percent)



Demographic Forecasting

To construct a demographic forecast, you need to know the size of your market, both in total and by strategic age groups.

Demographic Trends - Canada

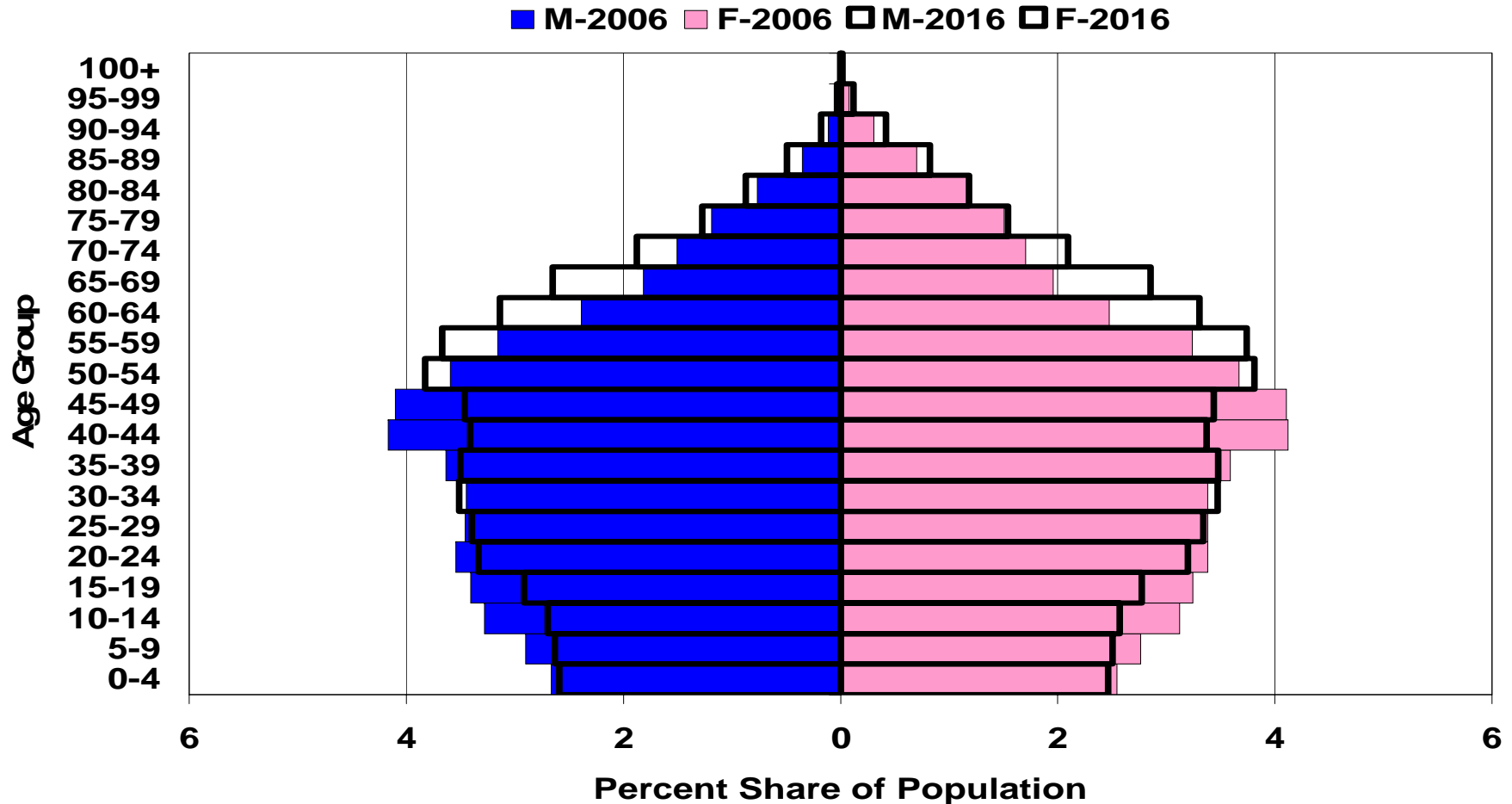
Between 2006 and 2016, 2.72 million people will be added to the population of Canada, an increase of 8.4 percent.

Demographic Trends - Canada

Between 2006 and 2016, over 2.8 million people 45 and older will be added to Canada's population. The under 45 age group will decrease by almost 87,000. Boomers will account for 60 percent of the 45-plus population in 2016.

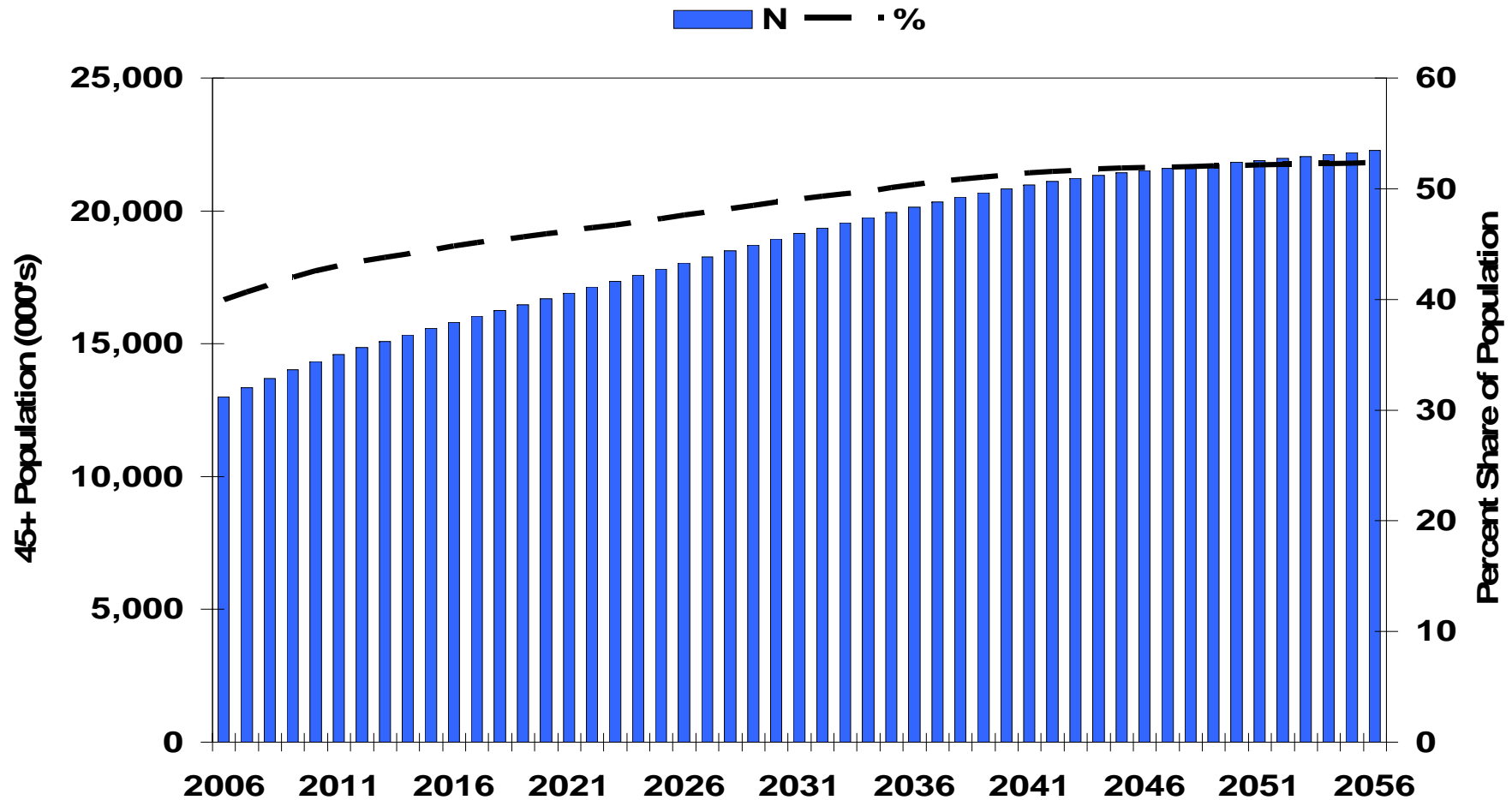
Canada

Population Pyramid, 2006 (colour) versus 2016 (outline)



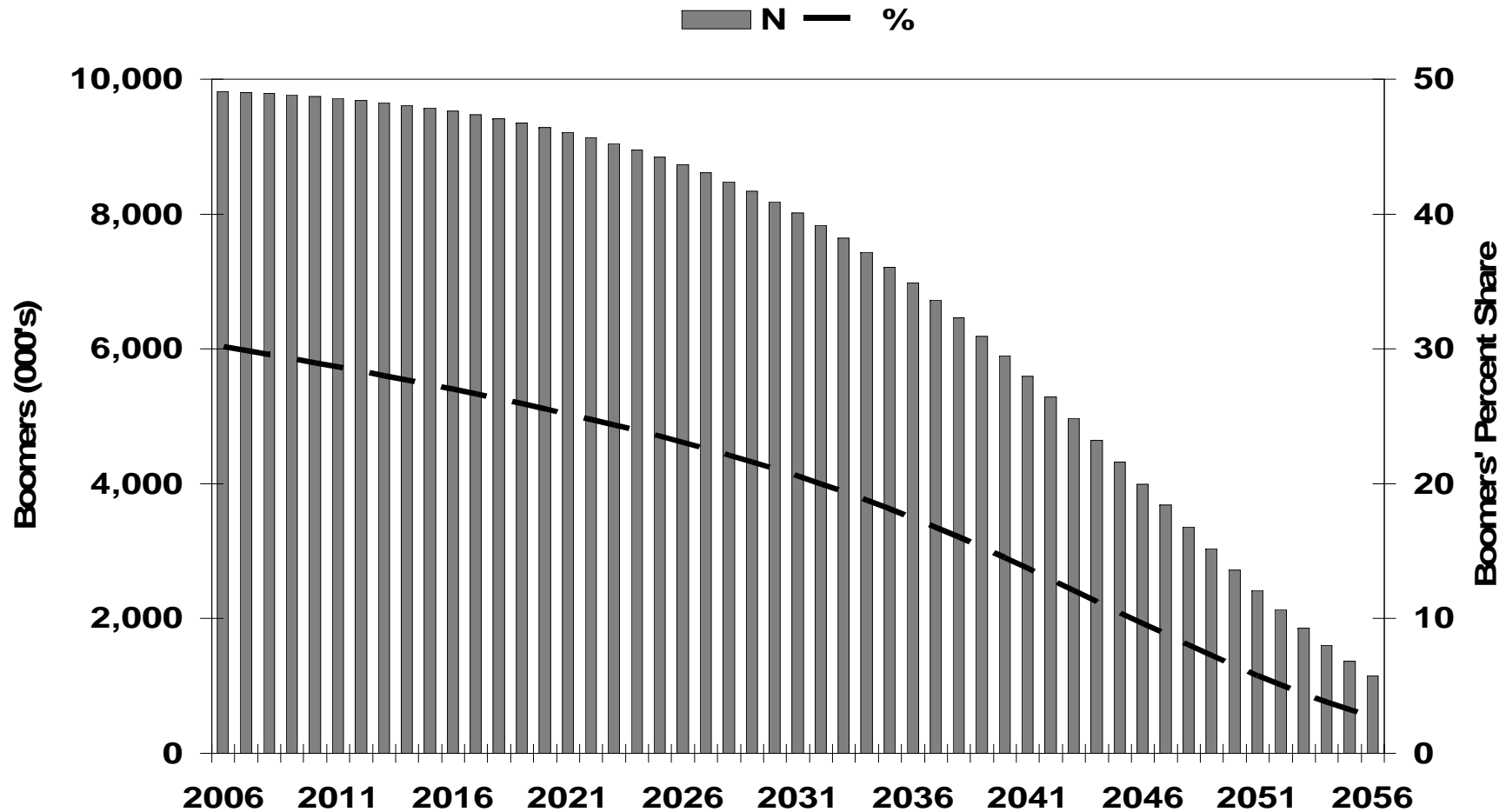
45-plus Population

Canada, 2006-2056 (number and percent share)



Boomers

Canada, 2006-2056 (number and percent share)

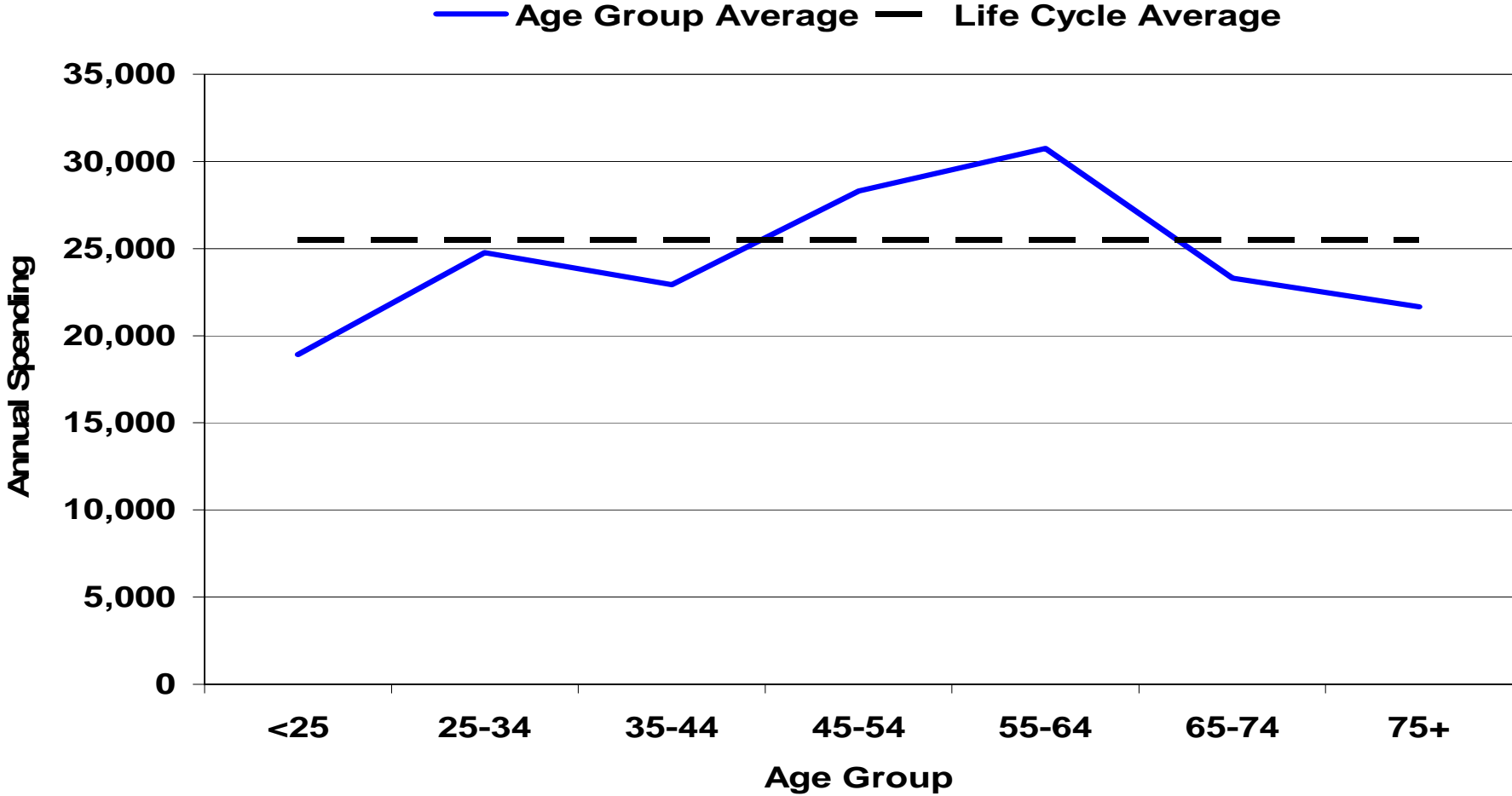


Demographic Forecasting

To construct a demographic forecast, you also need to know how consumers spend their money (or time) differently over the life cycle. Let's take a look at consumer spending items that are important to the tourism industry.

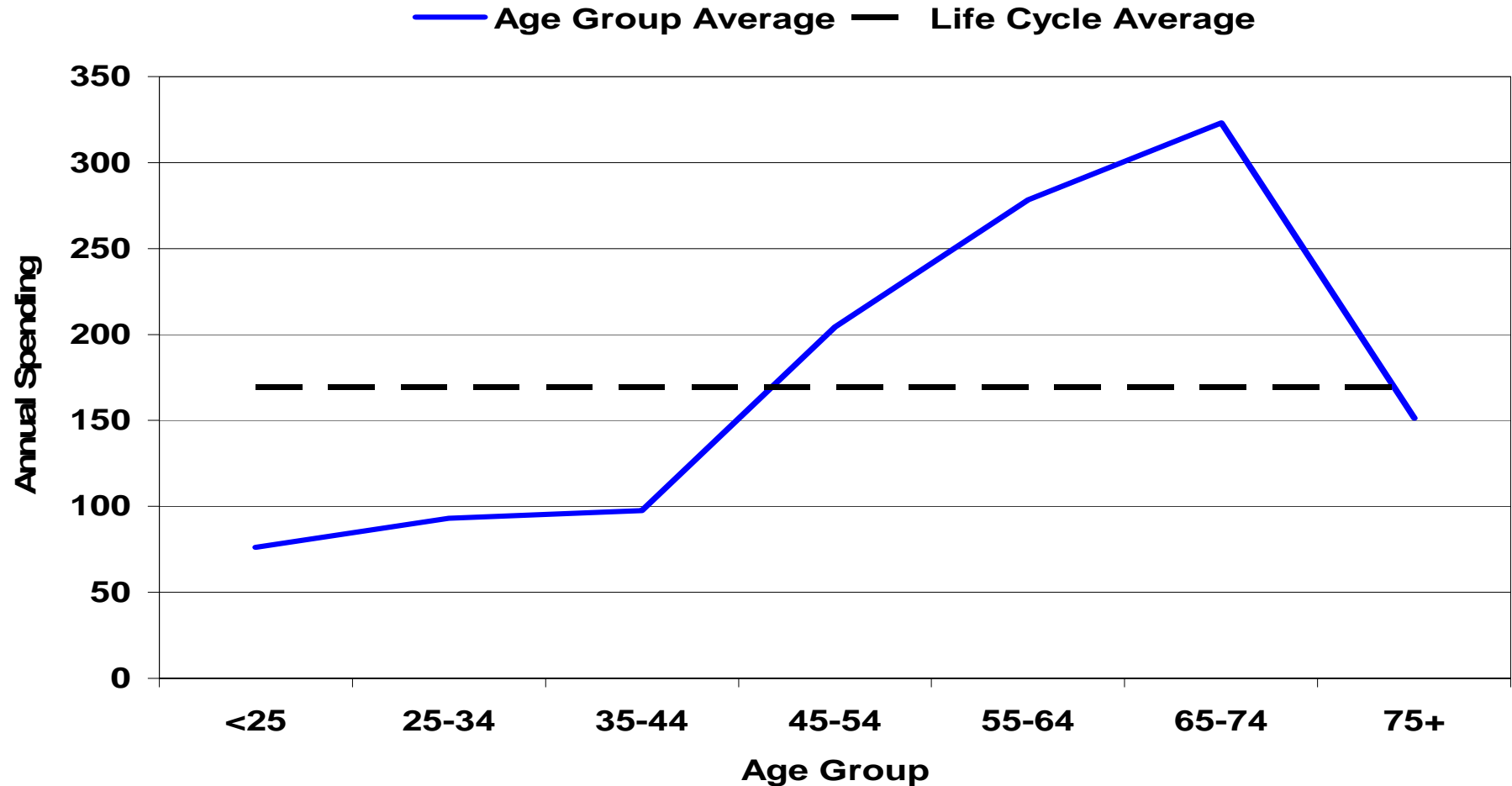
Household Income Before Tax

Canada, 2004 (per person)



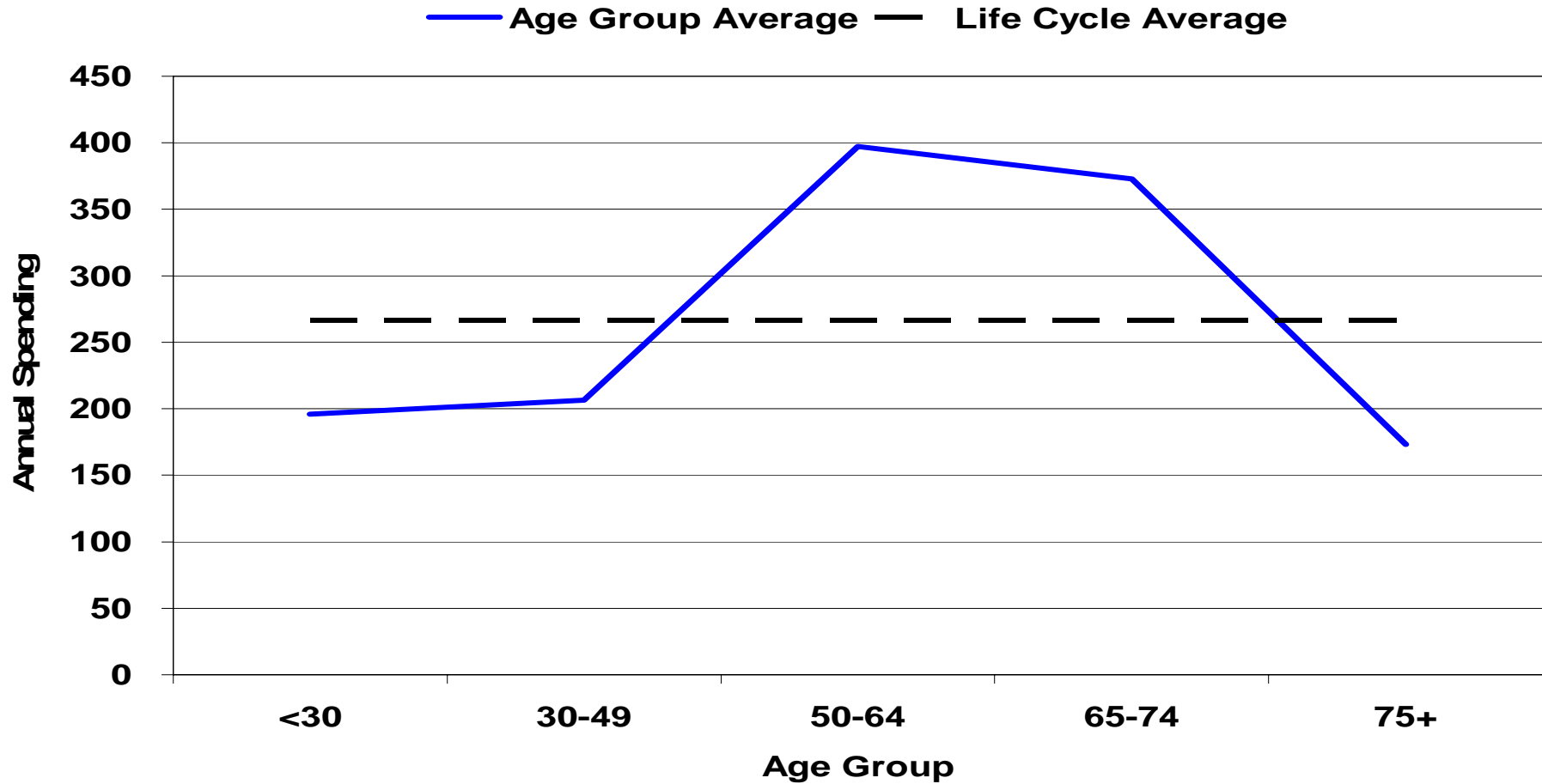
Consumer Spending

Package Travel Tours, Canada, 2004 (per person)



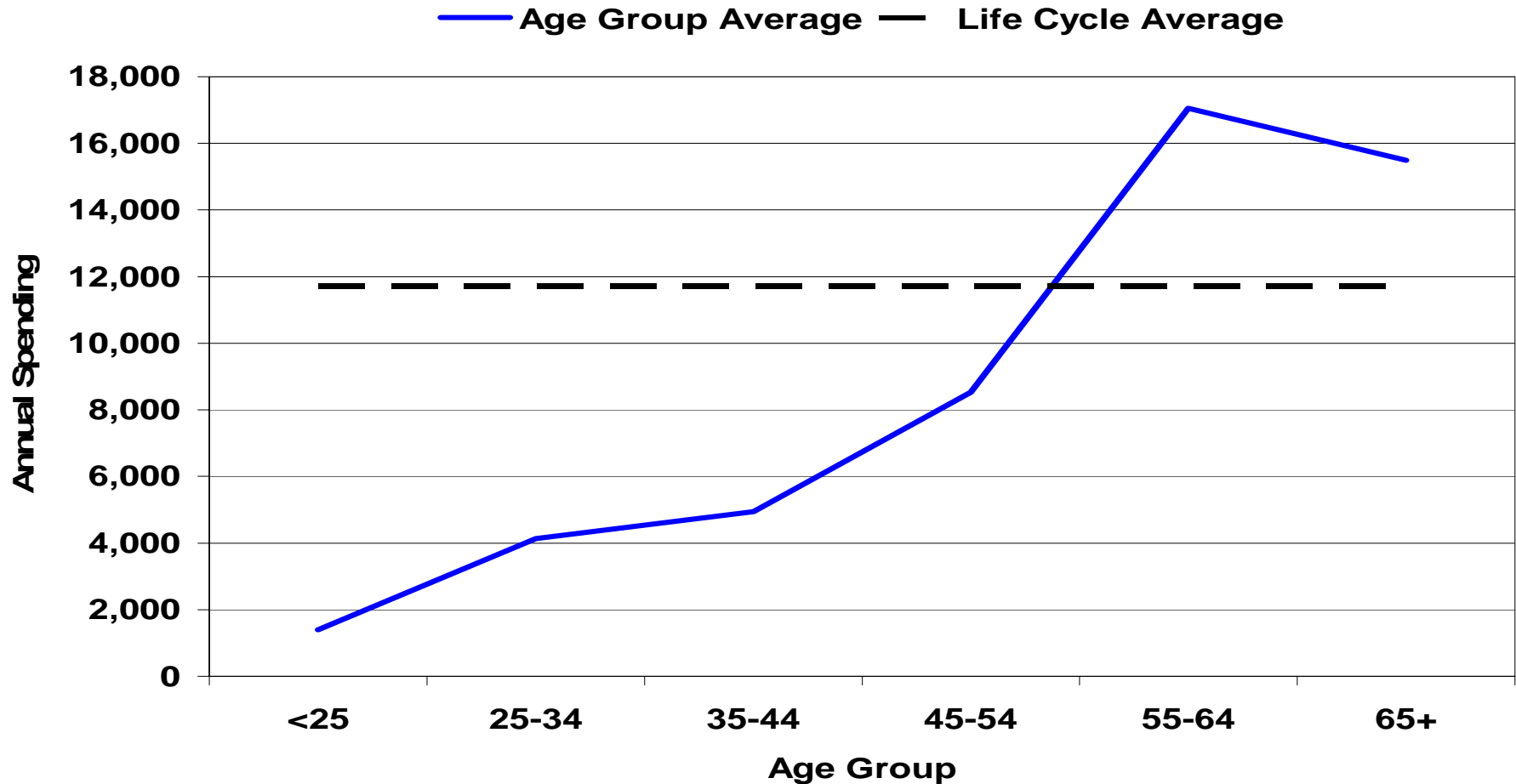
Consumer Spending

Packaged Holidays - Abroad, United Kingdom, 2004-05 (per person)



Consumer Spending

Packaged Tours, Japan, 2005 (per person)

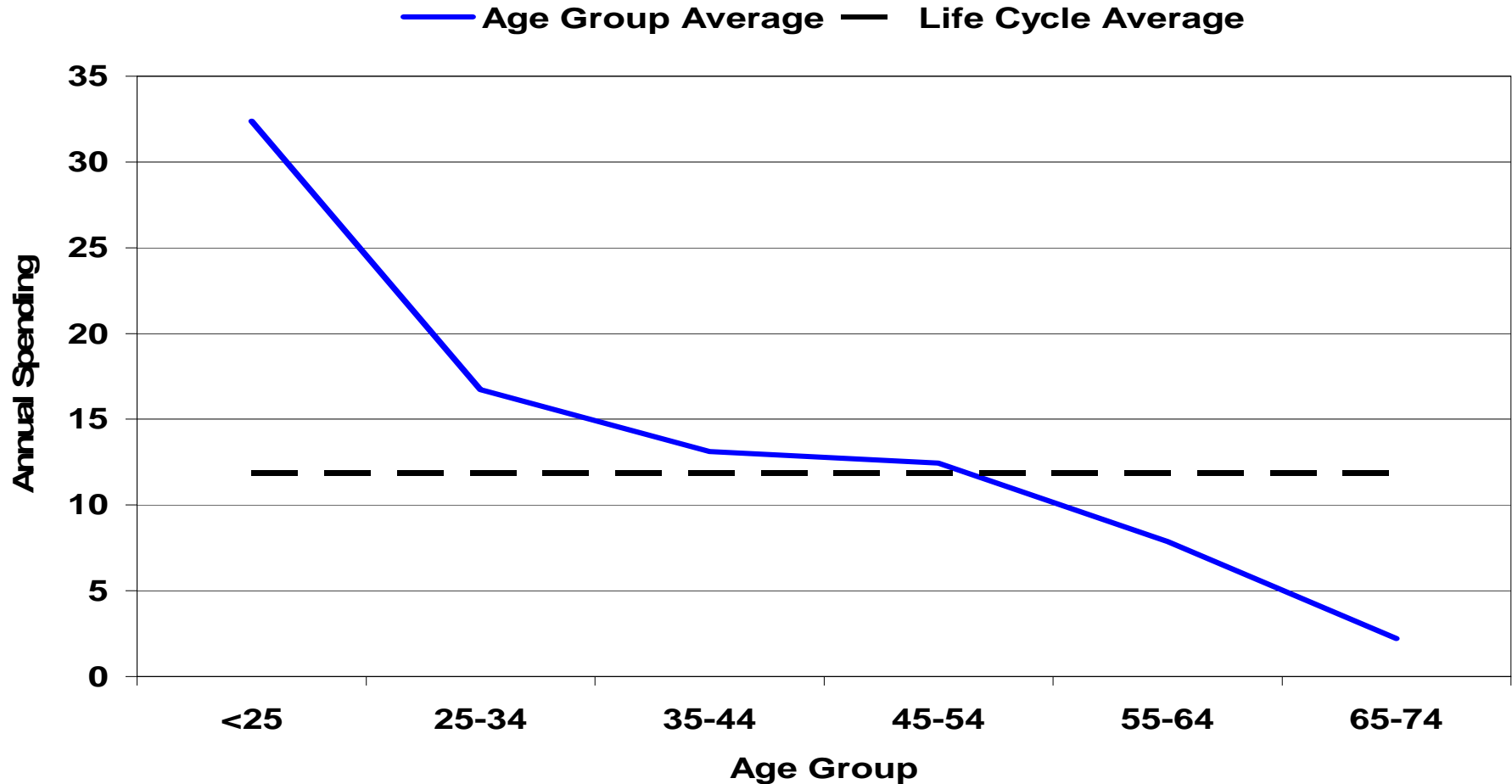


Demographic Forecasting

45-plus households account for 70 percent of spending on package travel tours. R.A.L. Consulting Limited forecasts that consumer spending by Canadians on package travel tours will grow 44 percent faster than all consumer spending between 2006 and 2011, and 63 percent faster between 2011 and 2016.

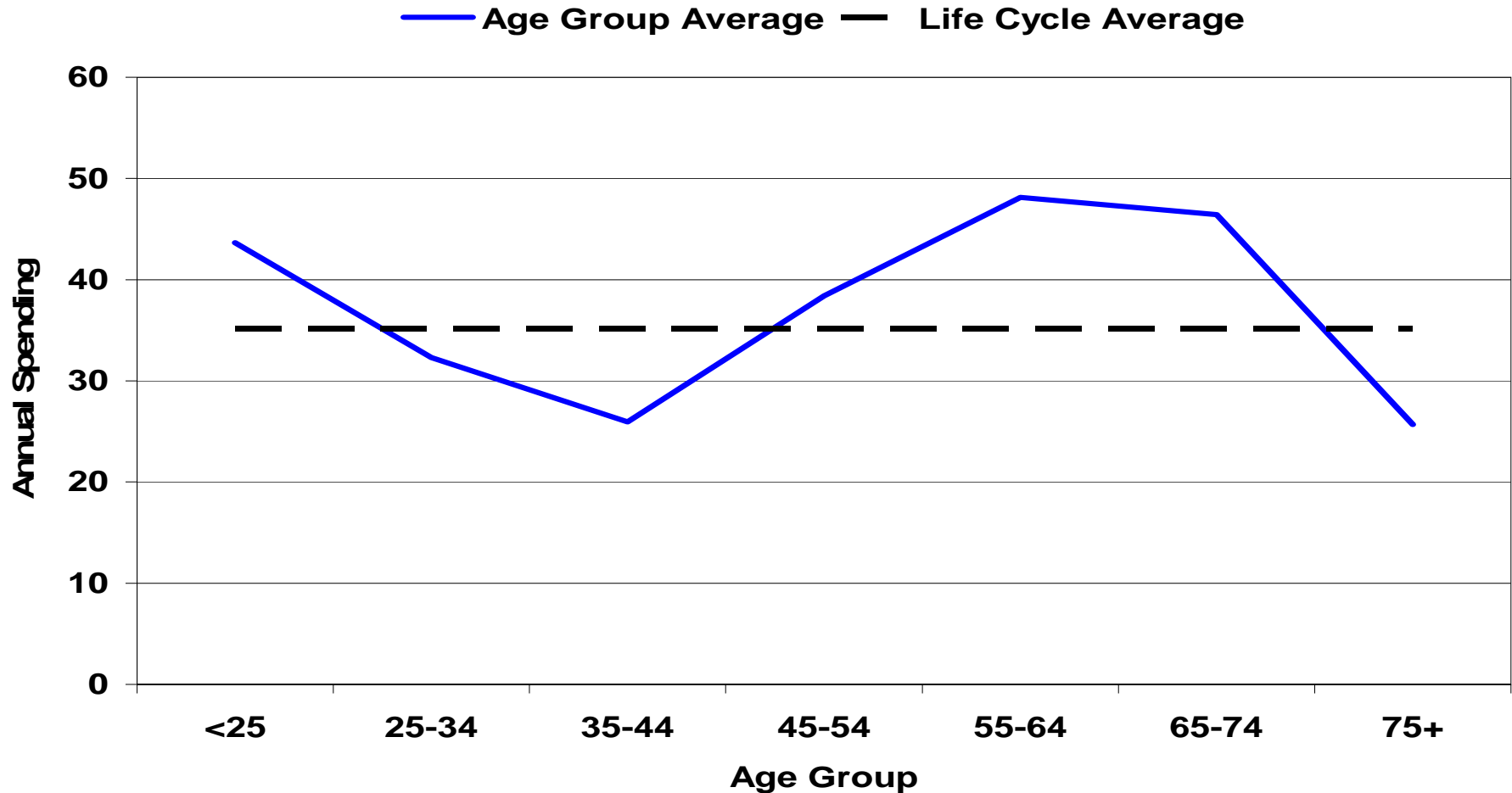
Consumer Spending

Camping & Picnic Equipment, Canada, 2004 (per person)



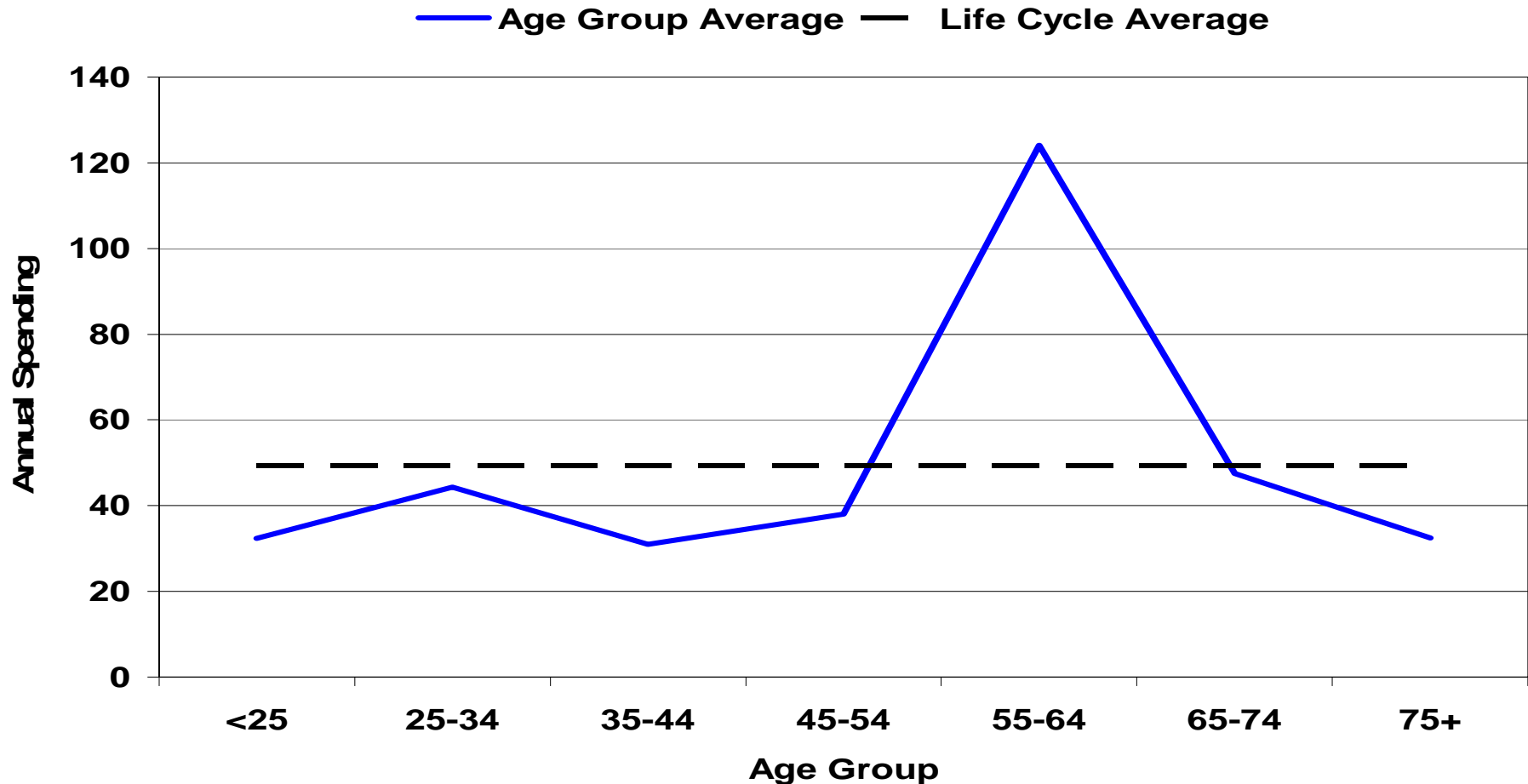
Consumer Spending

Live Performing Arts, Canada, 2004 (per person)



Consumer Spending

Casino, Slots & VLT's, Canada, 2004 (per person)

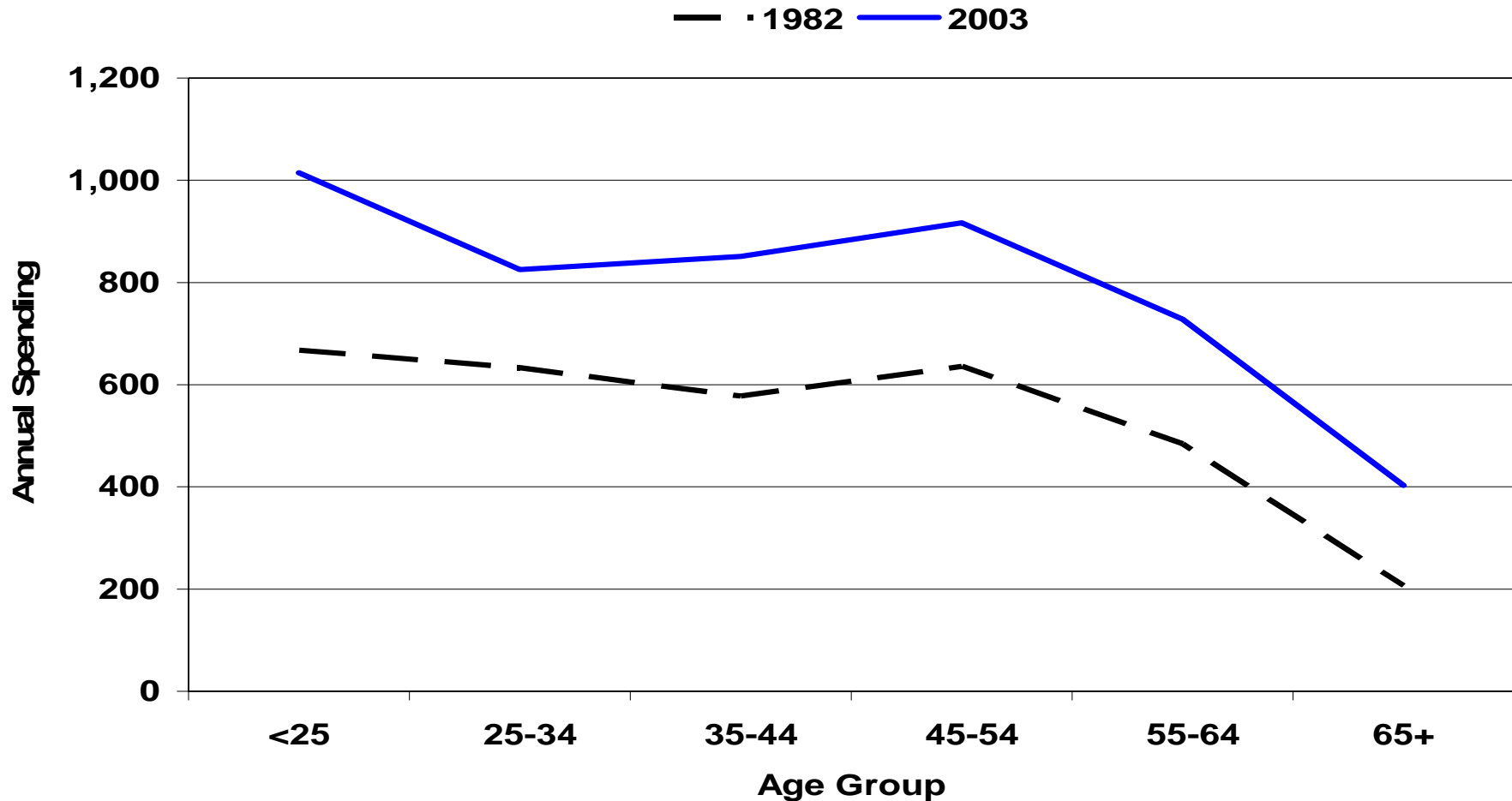


Demographic Forecasting

Finally, a demographic forecast assumes that life cycle spending patterns are fairly durable.

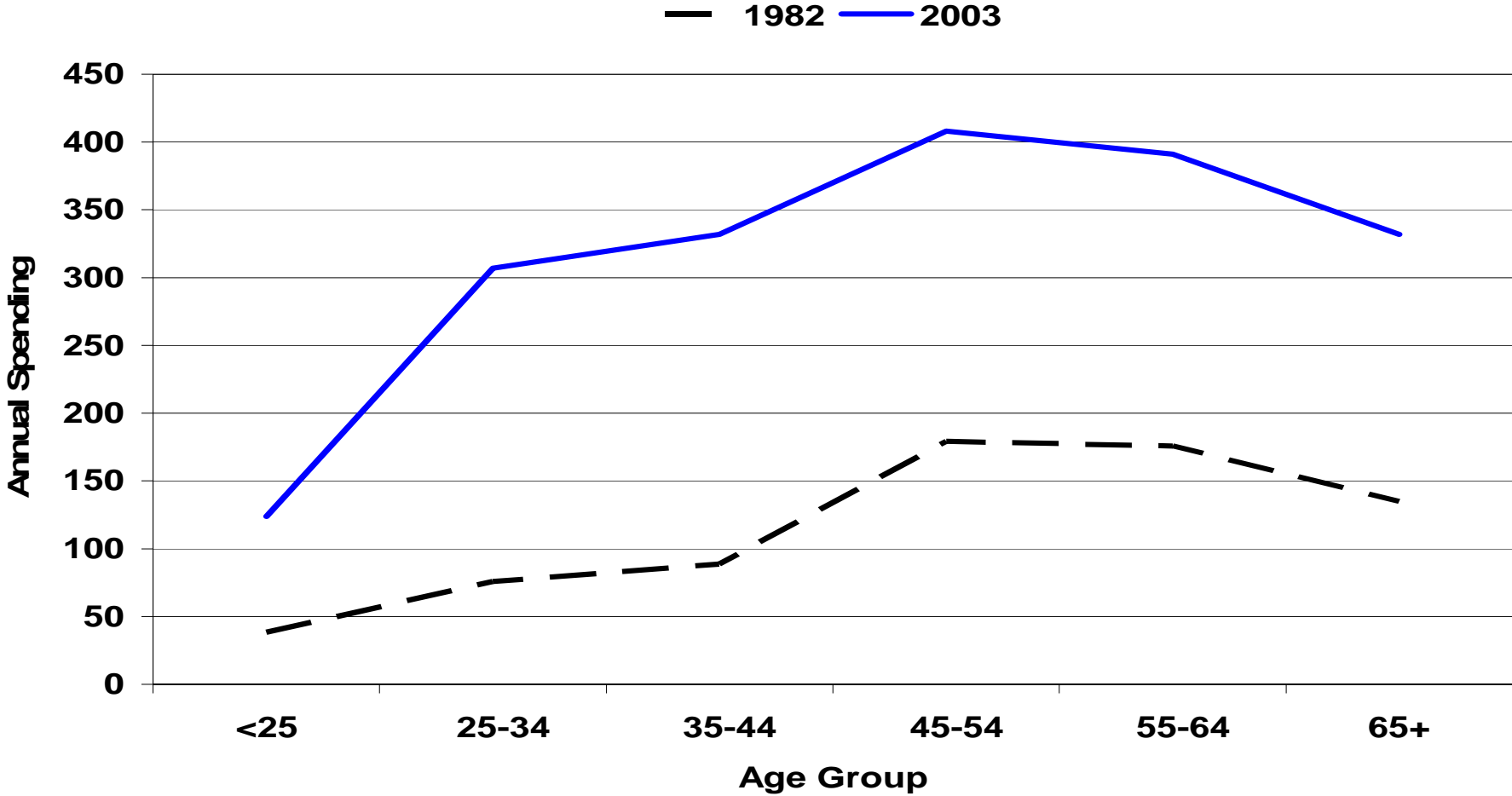
Consumer Spending

Alcoholic Beverages, Canada, 1982 versus 2003 (per household)



Consumer Spending

Package Travel Tours, Canada, 1982 versus 2003 (per household)

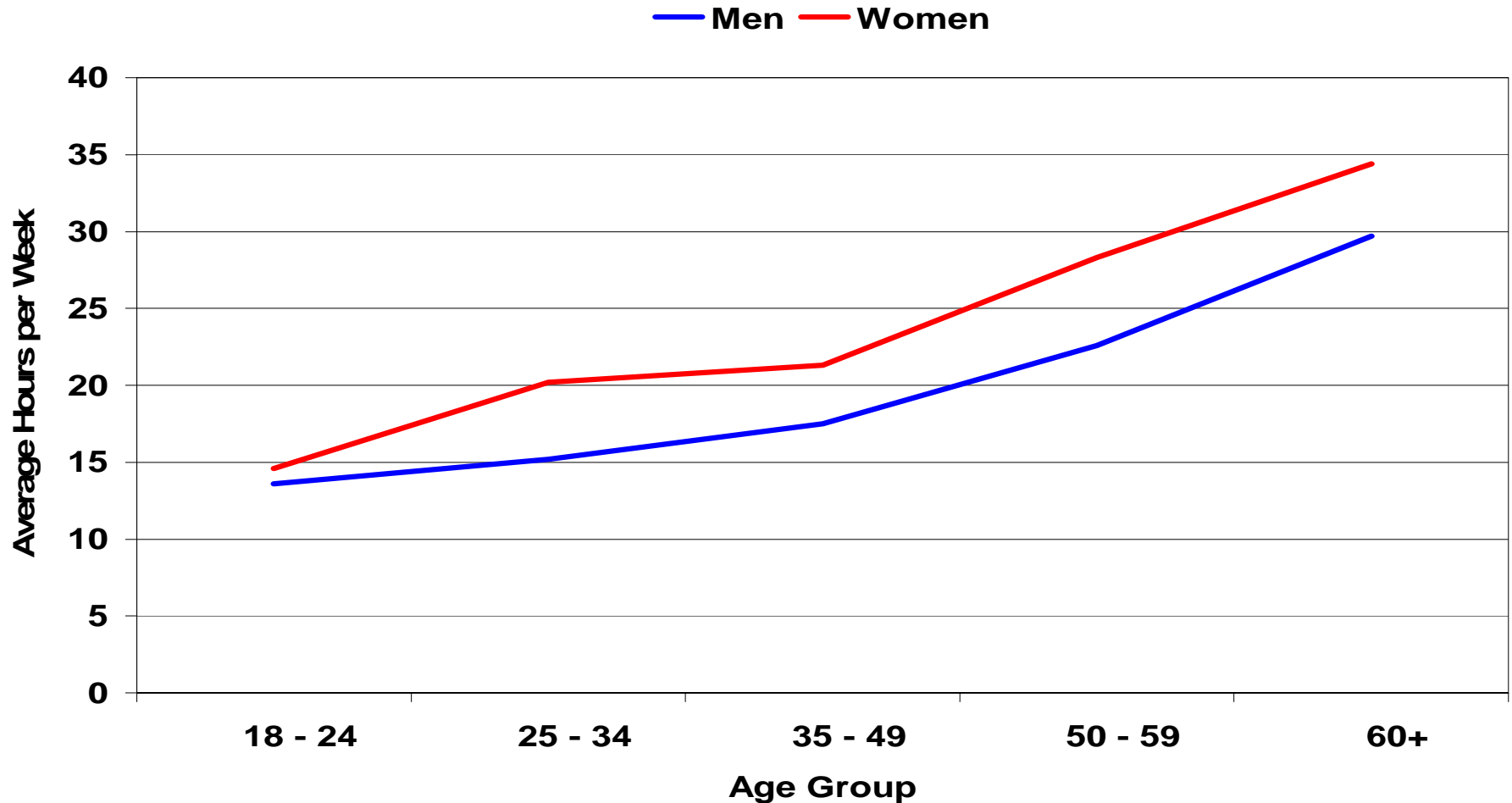


Demographics and Marketing

“Everybody is not on the Net”. In 2005, 38.5 percent of Canadians used the Internet to find travel information or make travel arrangements. Traditional marketing tools remain effective options for reaching the 45-plus tourist. The Internet works well with a niche market of wealthy, university educated 45-plus consumers.

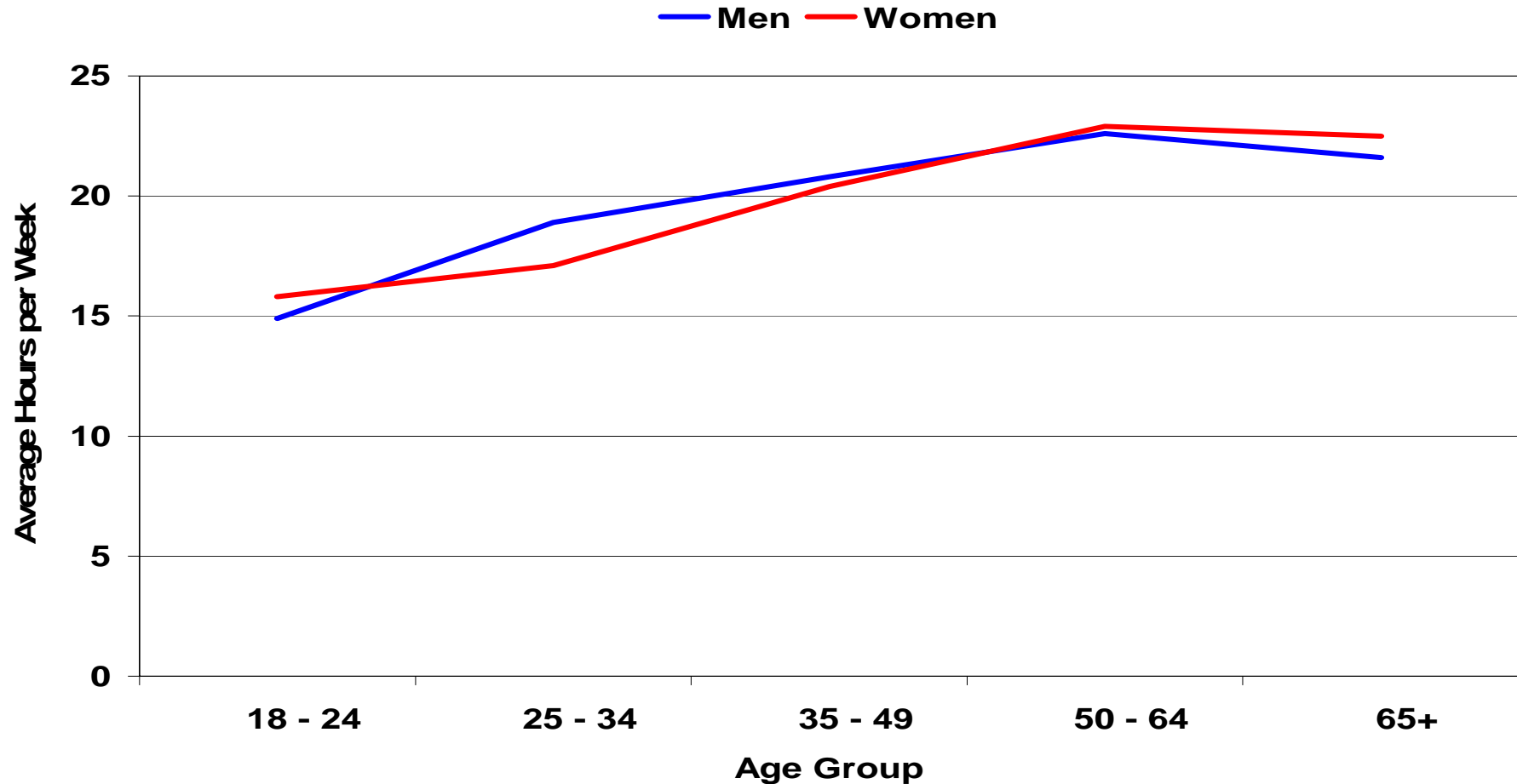
Television Viewing

Ontario, 2004 (hours per week)



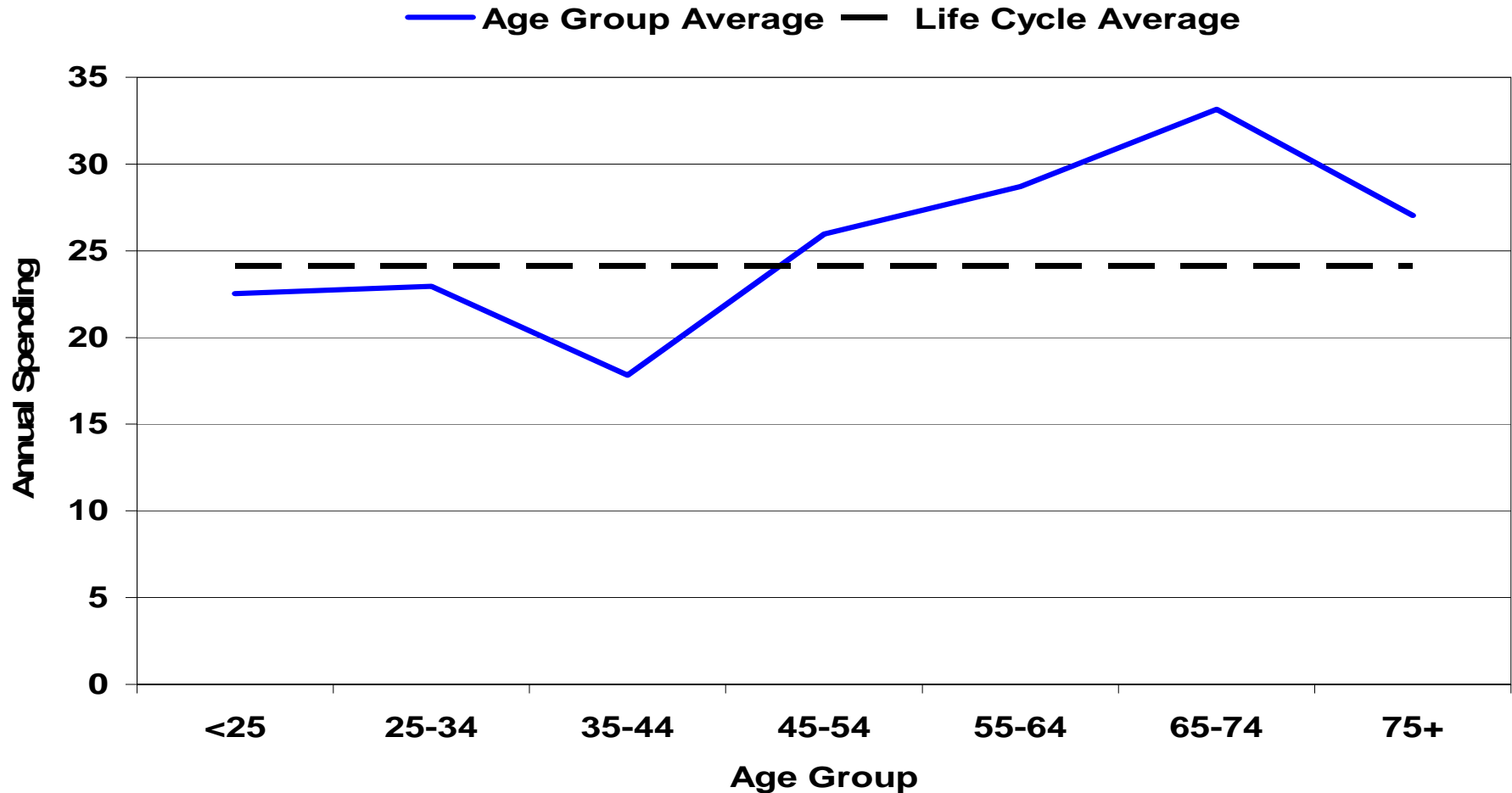
Radio Listening

Ontario, 2005 (hours per week)



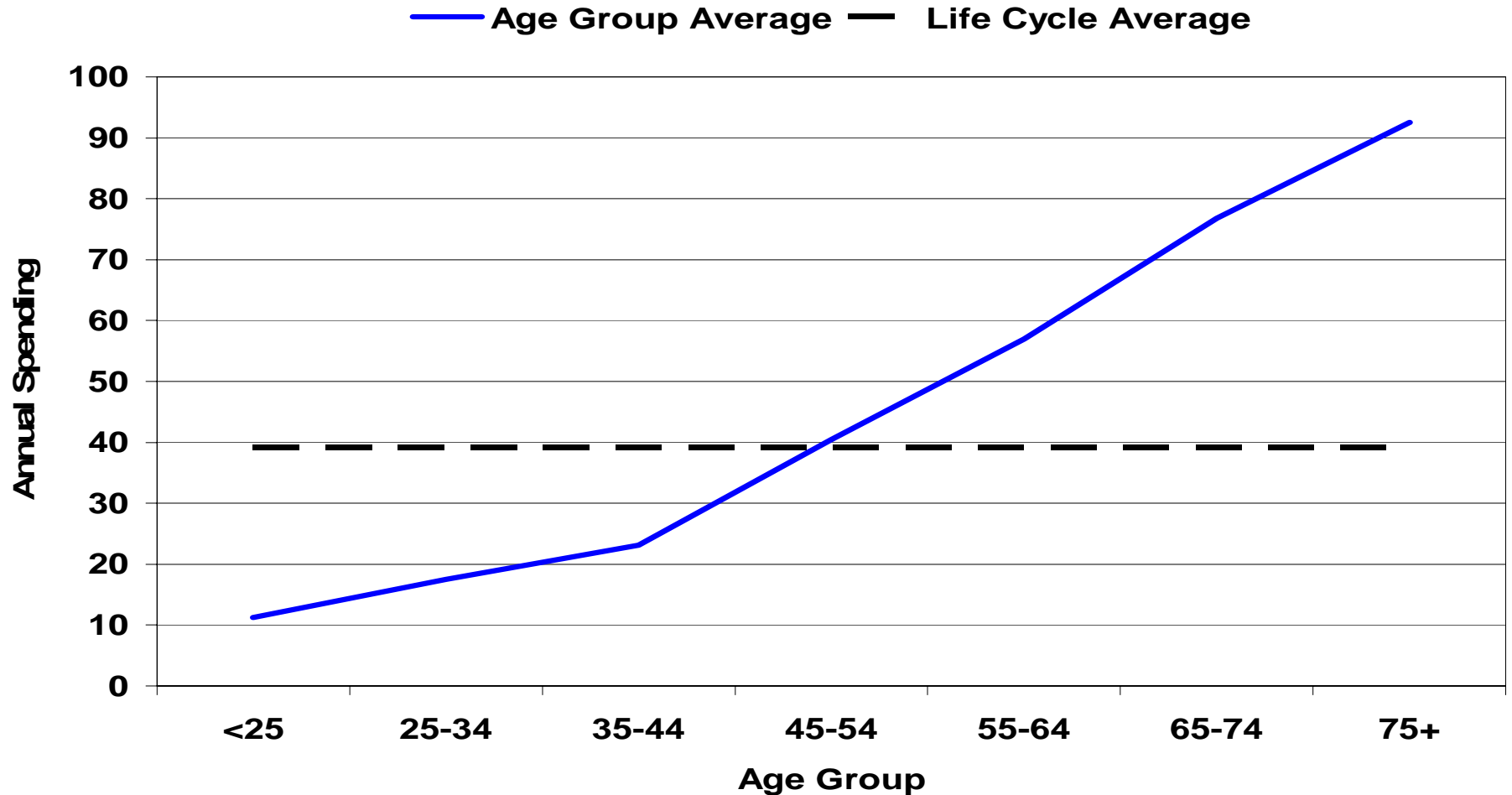
Consumer Spending

Magazines, Canada, 2004 (per person)



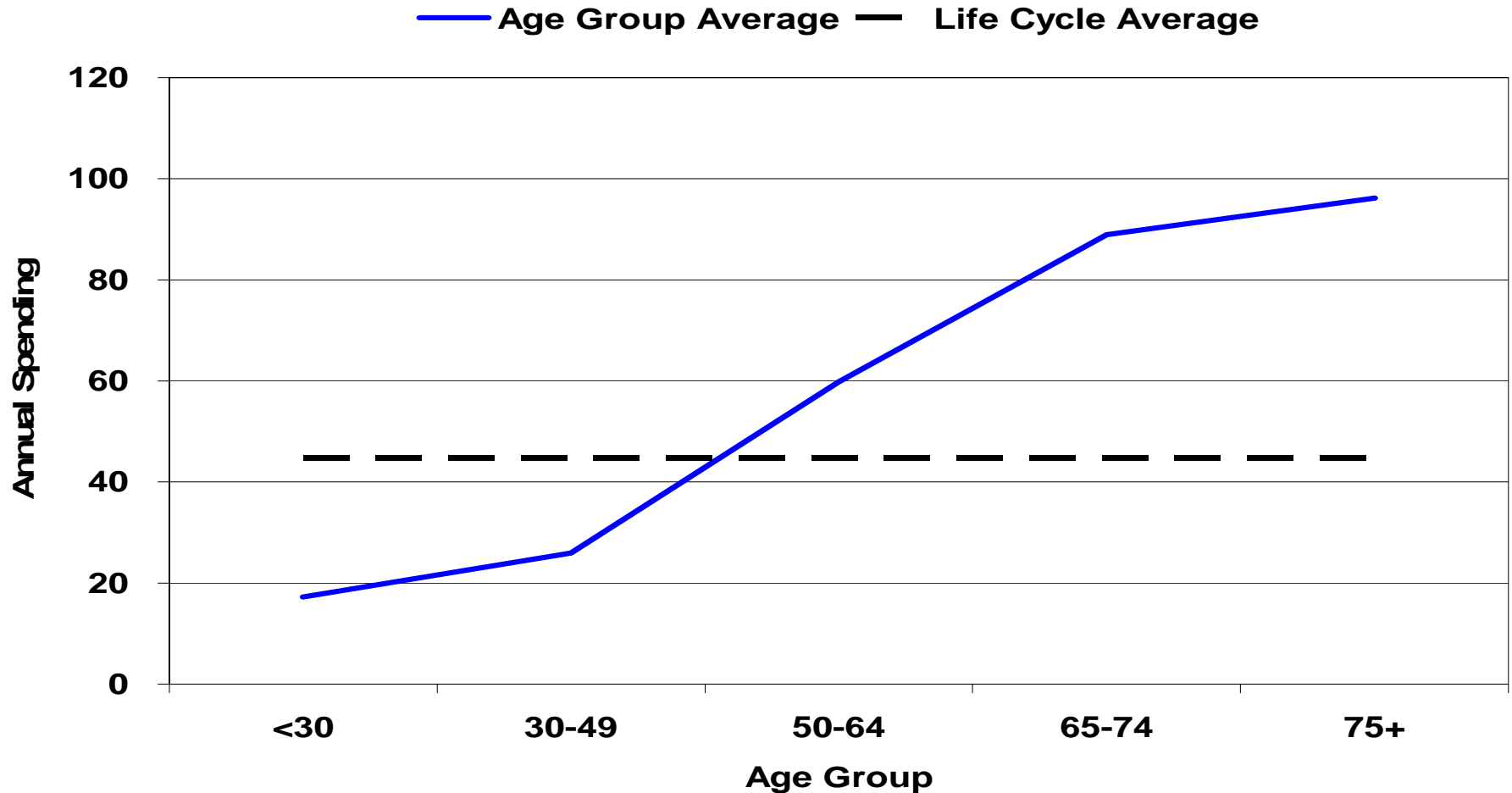
Consumer Spending

Newspapers, Canada, 2004 (per person)



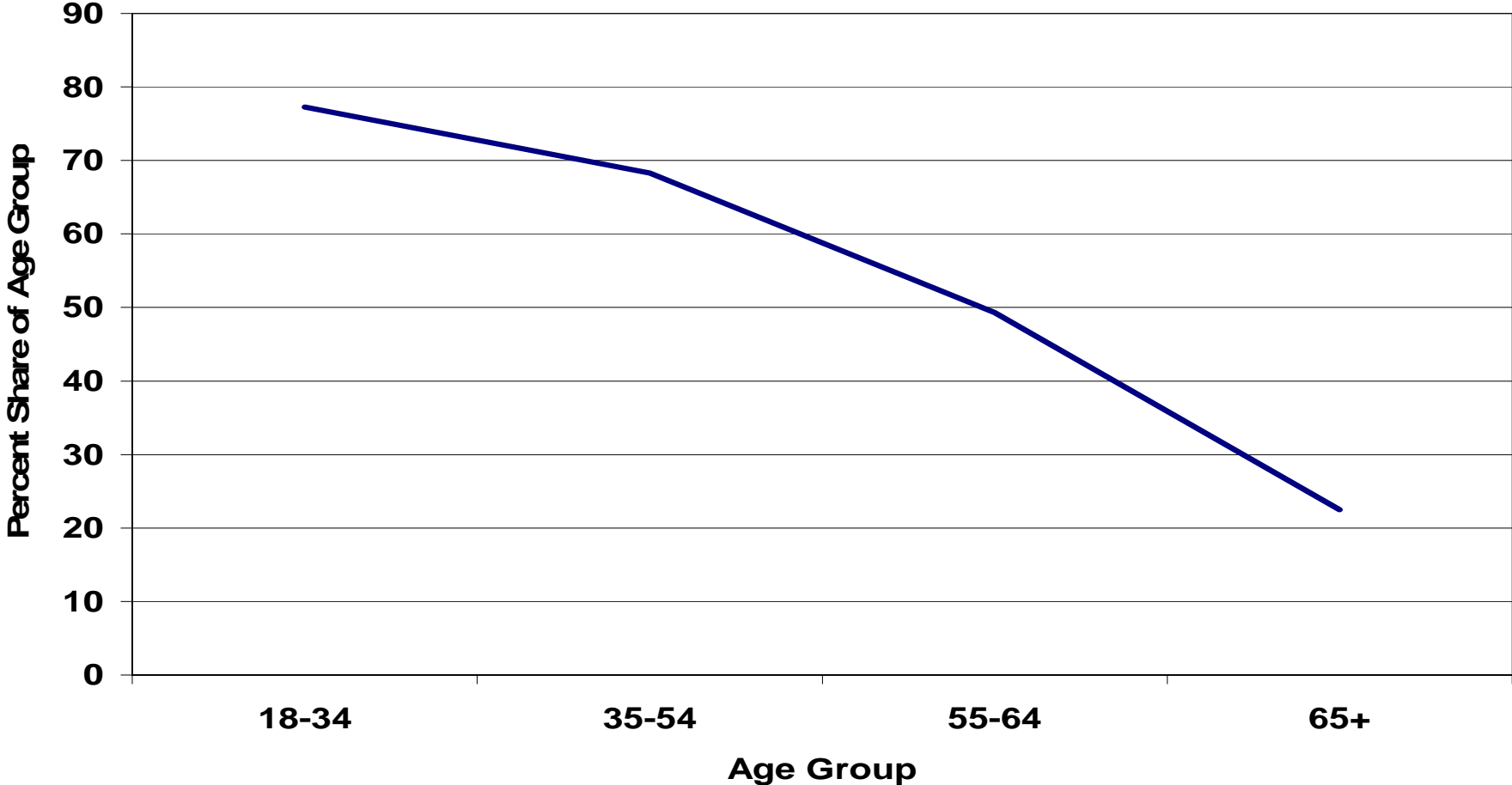
Consumer Spending

Newspapers, United Kingdom, 2004-05 (per person)



Home Internet Users

Canada, 2005 (percent)



Demographics and the Labour Market

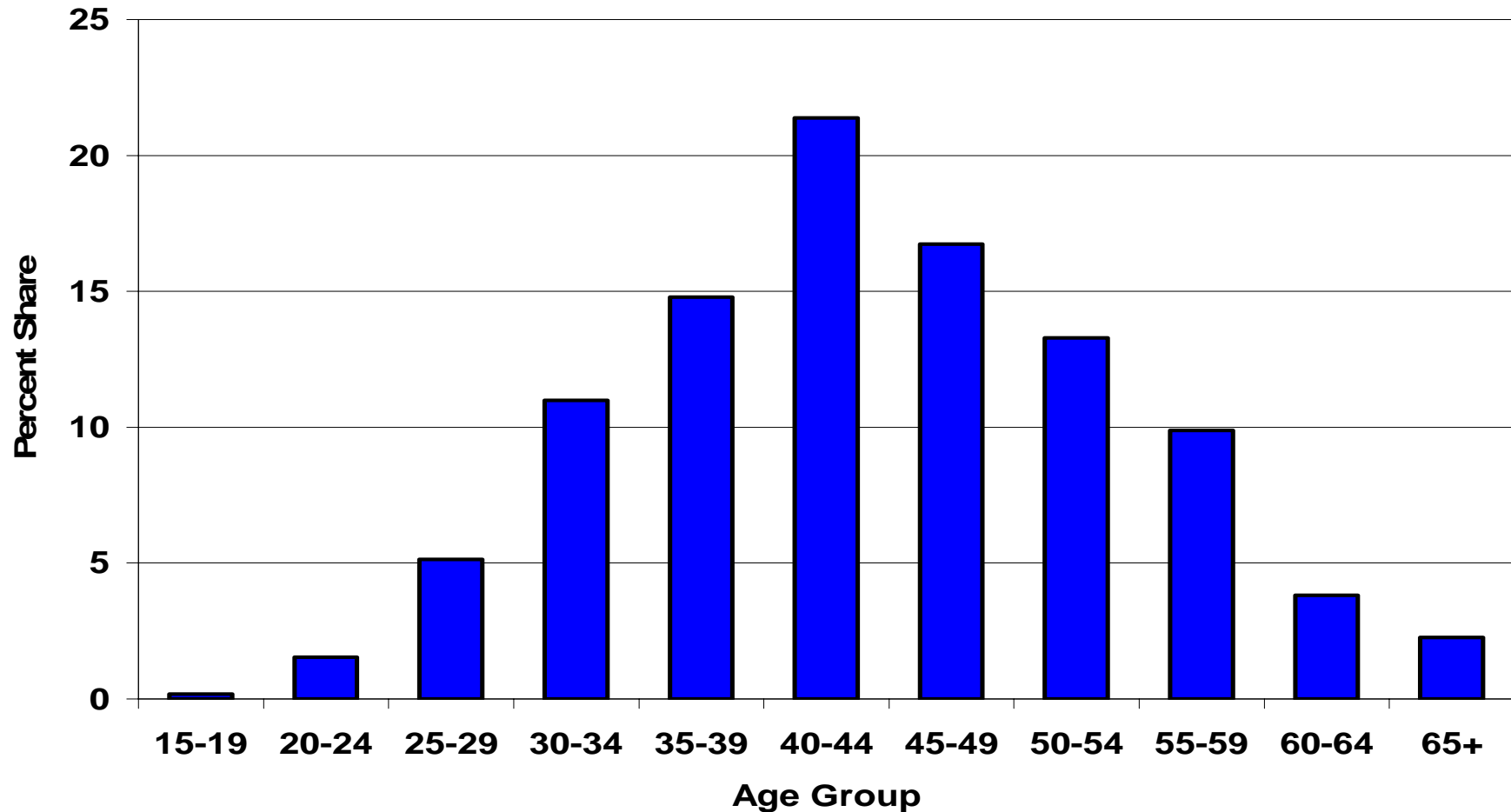
Ontario's tourism industry labour force shows signs of aging within the managerial ranks but it has an abundance of young workers ready to move up. What's the problem?

Demographics and the Labour Market

The problem is the need of other industries in Ontario's aging labour market for young workers. Will they target the food, hospitality, accommodation, and recreation sectors for recruitment?

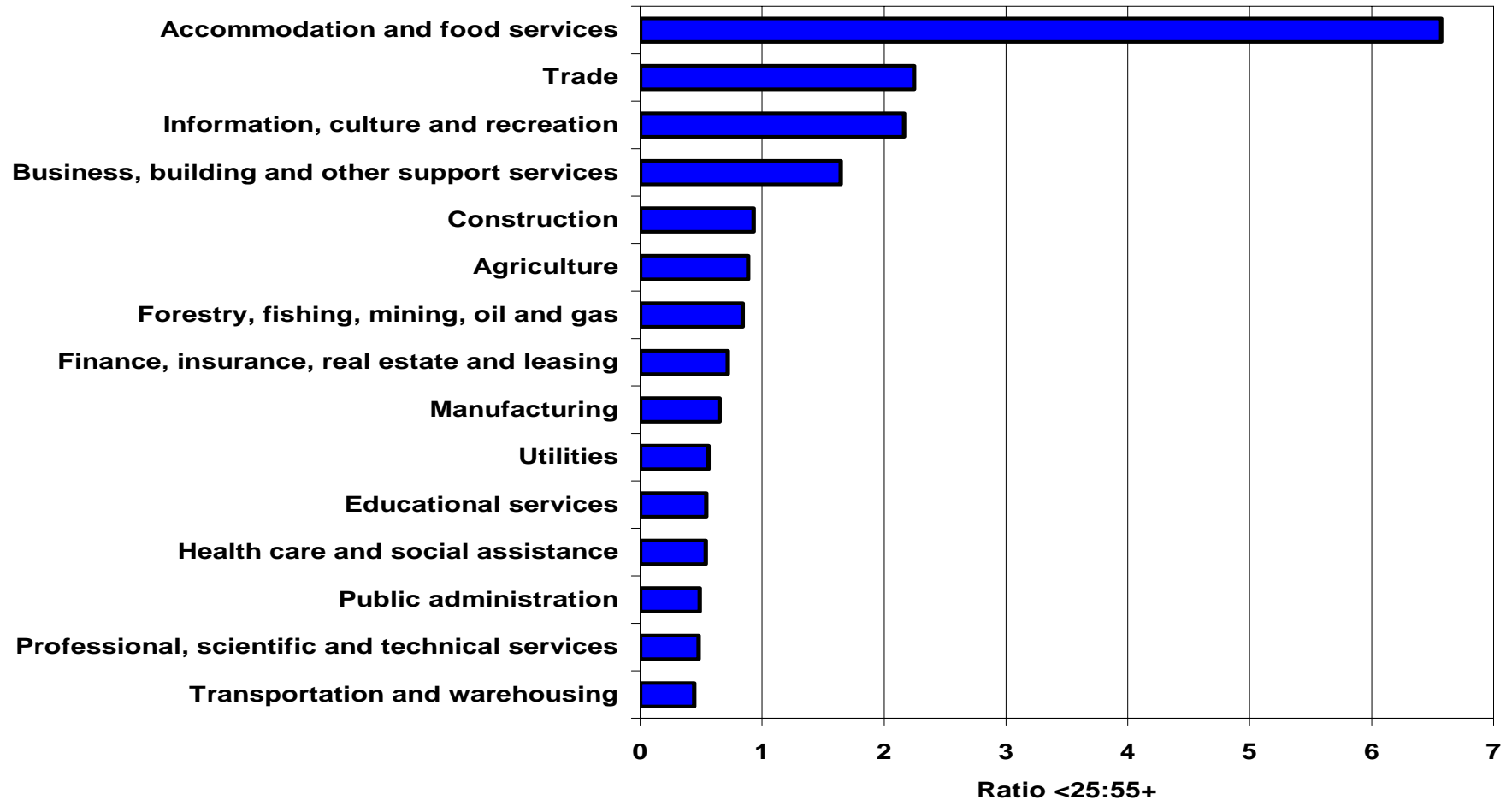
Ontario

Labour Force Change, 1976-2005 (percent share)



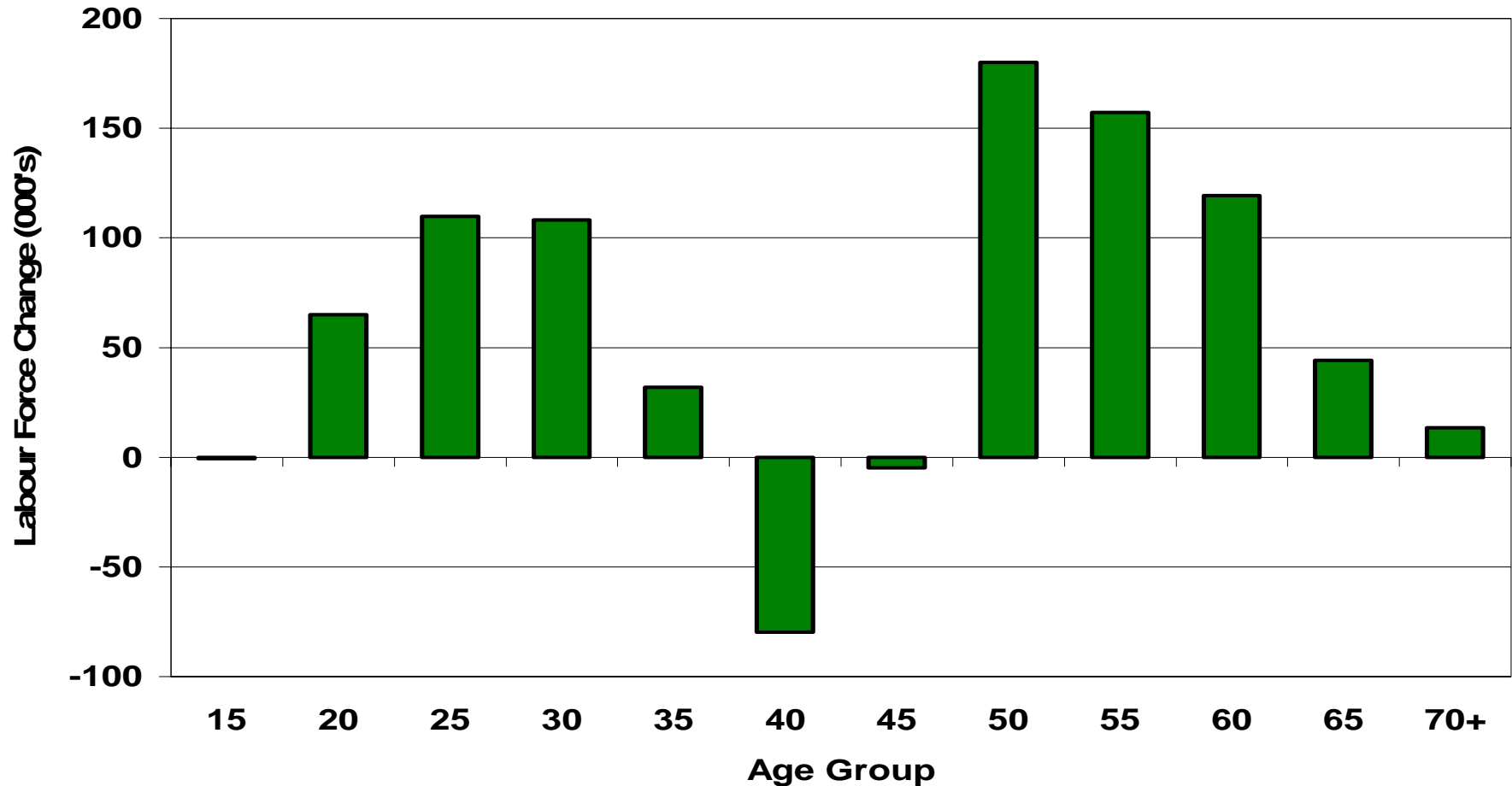
Ontario

Labour Force Feeder Groups by Industry, 2005 (<25:55+ ratio)



Ontario

Labour Force Change, 2006-2016 (000's)



Applying Demographics to Business Strategy

Conclusions

1. Increasing share of 45-plus is an indicator of population aging in major markets
2. Industry product strategies should reflect the fact that 45-plus tourists “act their age”
3. Marketing tools should be targeted on the basis of age group trends
4. There is a need for proactive labour force planning

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