Market Insights

Great Lakes-St. Lawrence Region Tourism Trends and Statistics

Opportunities for Growth

Contents

Welcome

Welcome

A message from Mark Fisher, President and CEO of the Council of the Great Lakes Region

Global tourism has seen unprecedented and virtually uninterrupted growth since the 1950's. In fact today, travel and tourism is the world's largest service industry, contributing trillions to world GDP. Competition for travelers and tourism dollars, as a result, is fierce!

Against this backdrop, North America is the fastest growing geographical region in the tourism industry, thanks in large part to the high-quality destinations and visitor experiences offered by the United States and Canada.

The bi-national Great Lakes and St. Lawrence Region – spanning eight U.S. states and two Canadian provinces – has everything it needs to be one of the world's premier tourist destinations.

The challenge, however, is that we haven't had enough information at the Regional level to adequately understand the importance of the tourism industry to the Region, to promote the Region as a destination, or advocate for policy changes to improve access to the Region.

Therefore, this report, prepared in partnership with the Deloitte's Tourism, Hospitality and Leisure experts – Brad Hutchings and Andrew Bond – is a first-attempt at providing decision-makers, policy-specialists and industry leaders a "Regional look" into this vital sector.

Sincerely,

Mark P. Fisher

President & CEO

About the Study

About the Study

Overview

This study provides an overview of tourism throughout the Great Lakes-St. Lawrence Region ("the Region") based on a comprehensive review of publically available data. The study is intended to support the growth and success of the tourism industry in the Region.

The Great Lakes-St. Lawrence Region is comprised of two Canadian provinces – Ontario and Quebec, and eight US states – Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin. These provinces and states each produce individual reports on the impact of tourism within each respective geography, but a comprehensive review of performance and trends in the tourism industry across the Region does not currently exist.

How to read this study

The study is divided into five sections.

1) *Summary:* Consolidates the key trends and opportunities for growth in tourism in the Region, suggesting potential points to leverage inter-provincial/state collaboration.
2) *The Great Lakes-St. Lawrence Region:* Provides a macroeconomic overview of the Region, including a review of economic indicators and segmentation of employment;
3) *The Global Impact of Tourism:* Presents an overview of tourism around the globe, focusing on key trends in the international tourism industry;
4) *Tourism in the Great Lakes-St. Lawrence Region:* Reviews key tourism metrics at the provincial/state level including revenue, employment, hotel performance, urban centre performance and tourist segments; and

5) *Spotlight: Northern Ontario:* Presents Northern Ontario as a specific case study within the Region, reviewing macroeconomic and tourism trends, highlighting key differences between it and the rest of the Region.

Notes

1. **2014 tourism data** was used across provinces, states and other geographic regions, as it presented the most consistently available timeframe of data.
2. **2015 hotel performance data** was used to aggregate hotel performance, because it was the most recent consistently available hotel information for all provinces and states.
3. **All dollar values are in United States Dollars** to form a consistent basis for comparison between Canadian provinces and US states. Foreign exchange rates were calculated for the relevant time period and applied to Canadian currency data before summing or averaging.
4. **Aggregate Region statistics** were calculated by normalizing provinces and states to their population where appropriate, to ensure fair weighting.
5. **Quebec provincial data** was not available at the time of the study's writing

Summary

Summary

The Great Lakes-St. Lawrence Region represents a significant market for tourism and there is opportunity for growth

The Great Lakes-St. Lawrence Region represents a substantial segment of the North American tourism industry. It represents 22% of the population of North America, and is comprised of two Canadian provinces and eight US states. With this proportion of the population, it hosts 56% of North American tourists per year and provides 29% of the tourism related jobs. Although the Region punches above its weight in visitors and jobs, it only drives 15% of tourism related revenues and 19% of tourism related GDP in North America. This indicates that there is potentially opportunity for further growth within the Region.

Province/state performance

When looking closer at the provincial/state level, performance varies between states and provinces. New York State, home of New York City, drives the highest number of visitors, jobs, GDP and tax revenue in the Region. On a per capita basis, Illinois, Pennsylvania, Ohio and Wisconsin perform nearly as strongly. Revenues from tourism save households throughout the Region between $500 and $1,300 per year in taxes[1-11].

Bi-national tourism also fluctuates widely, with Ontario accounting for 5.7Mn border crossings, while Indiana, Illinois, Ohio and Wisconsin drive 0.5Mn or fewer cross-border tourists. Ontario is home to Niagara Falls, one of the Region's most prominent cross-border tourist areas, contributing just under $2.0Bn annually on the Canadian side alone. It is a prominent example that showcases the potential of the Region to drive tourists to attractions on either side of the border.

Throughout the Region, revenues are growing in key tourism segments, such as lodging, food and beverage and transportation. There may be opportunity to accelerate this growth as tourism revenues in the Region are growing at a slower pace than in North America overall.

Hotel occupancy rates and daily room prices are growing throughout the Region, though not as quickly as North America overall. Performance between the states and provinces is mixed, with some performing above the North American average and others performing below it. New York hotels perform at nearly double the Regional and North American averages. Understanding macro tourism trends and how they tie in with the unique characteristics of each province or state may act to boost performance in areas that are bringing in fewer tourists.

Tourist profile

The typical tourist within the Region is domestic in origin, does not stay overnight and engages primarily in leisure activities. These activities may include visiting art galleries, sporting events, casino gaming, shopping and visiting friends and family. This tourist profile typically does not spend as much as overnight or international tourists due to shorter length of stay and lack of spend on overnight accommodation[1-11]. Strategies to encourage tourists to stay overnight, as well as collaborative efforts throughout the Region to drive growth in more lucrative tourist groups may help increase the total size of the market throughout the Region.

Sources: The Economic Impact of Travel in (1) Illinois, (2) Indiana, (3) Michigan, (4) Minnesota, (5) New York State, (6) Ohio, (7) Pennsylvania, (8) Wisconsin, (9) Ontario Ministry of Tourism, Culture and Sport, (10) US National Travel & Tourism Office, (11) Deloitte Analysis

The path to realizing growth

Tourism in the Great Lakes-St. Lawrence Region is an important facet of the Region's economy. Although the Region does have strengths in employment and visitation, there is opportunity for growth of tourism-related revenue and GDP. Performance varies at the provincial and state level, with some areas outperforming others. To improve performance in provinces and states that typically see fewer tourists than others, a unified strategy and associated marketing plan for tourism, such as the collaborative efforts between Vermont and Quebec[1], throughout the Region may help to spread awareness and increase visibility to new and underdeveloped tourist groups, such as international visitors.

Capitalizing on trends in tourism

Consumer spending and job markets are strong in North America, which in turn corresponds with rising housing prices. Consumer confidence is high[2], which may lead to healthy demand for tourism. Additionally, the stage is set for strong growth in Canadian tourism in 2017, building off Canada's 150th birthday[2].

Although these are positive indicators for the outlook of tourism throughout the Region, there are potential risks as well. Challenging times may be ahead for airlines, with new labour deals threatening to put pressure on pricing, potentially making it more difficult to drive the much sought-after international tourism segment to the Region[2]. A collaborative approach to driving domestic tourism throughout the Region may help mitigate this challenge.

Lastly, ridesharing companies such as Uber and Lyft are increasing their market share over traditional forms of ground transportation, bolstered by a seamless technology experience, which reduces friction for customers.

The provinces and states impacted by this trend may see benefit by coming together to discuss solutions.

Leveraging consumer mindsets

In addition to awareness of tourism trends, understanding the mindset and drivers that lead to consumer behavior is essential to growing tourism throughout the Region.

Consumers are increasingly demanding stronger brand experiences, expecting similar functionality and personalization of experiences to those of top-tier consumer product companies. Consumers prefer experiences that are authentic and unique, making it that much more important for states and provinces throughout the Region to differentiate themselves with one-of-a-kind events and personalized, high-quality offerings in lodging, food and attractions.
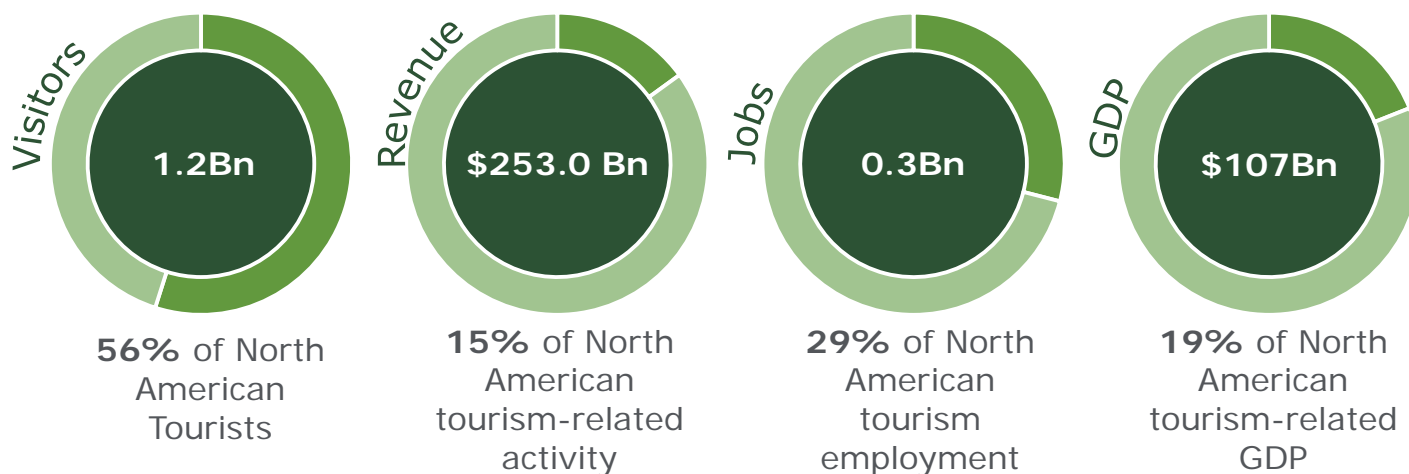
A critical issue limiting travel companies' ability to understand consumer mindsets is the variability of travel by individuals. It is difficult to create a useful database of information, as behaviours change dramatically with the types of trips tourists embark upon. There are research practices that can be leveraged to obtain the information necessary to understand diverse travel behaviours. Additionally, attractions and businesses throughout the Region have a vested interest in ensuring their target customer markets are defined. Exploration and implementation of these practices across the Region should be encouraged.

Next steps
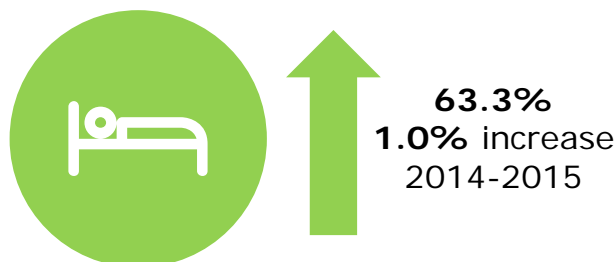
Tourism is an important contributor to both the global and Regional economy. The results of this report may act as an enabler for discussion between the states and provinces of the Great Lakes-St. Lawrence Region. This open dialogue throughout the Region may help in developing a unified strategy, which may in turn lead to an enhanced brand for the Region and awareness throughout the globe.

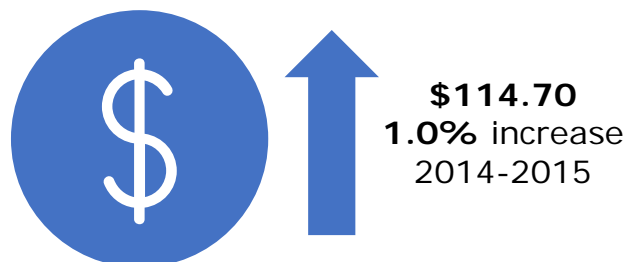# Key Facts: Tourism Across the Great Lakes-St. Lawrence Region

With 22% of North America's population, the Region drives:

Visitors
1.2Bn

56% of North American Tourists

Revenue
$253.0 Bn

15% of North American tourism-related activity

Jobs
0.3Bn

29% of North American tourism employment

GDP
$107Bn

19% of North American tourism-related GDP

Regional hotel occupancy percentage

63.3%
1.0% increase
2014-2015

Regional hotel Average daily room rate

$114.70
1.0% increase
2014-2015

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*Tourists to the Region are typically **domestic** in origin and stay for the **day***

Domestic tourists account for 84% of all tourists to the Region. Compared to international/cross-border tourists, they tend to stay for shorter periods of time and spend less money, and are more likely to visit a particular area repeatedly.

Day trip tourists account for 75% of all tourists to the Region. These tourists spend approximately four times less than overnight tourists primarily due to reduced length of stay and no requirement for lodging. Tourist activities include arts, attractions, outdoor activities, gambling, sporting events, visiting friends and family and shopping.

The Great Lakes-St. Lawrence Region
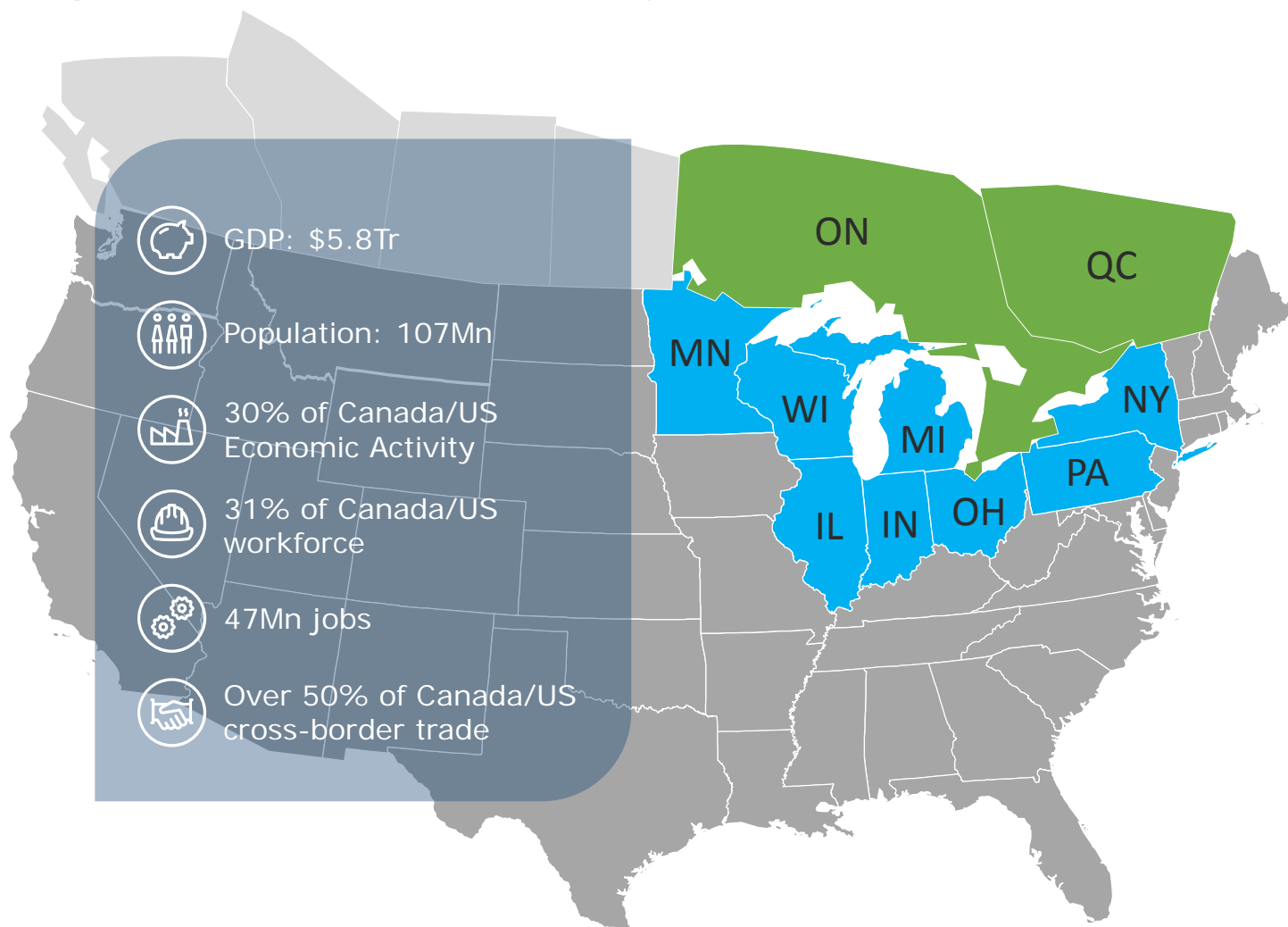
The Great Lakes-St. Lawrence Region

Meet the world's third largest economy

The Great Lakes-St. Lawrence Region is comprised of eight US states and two Canadian provinces. Despite not being a country unto itself, the Region's economy ranks as the third largest in the world by GDP, eclipsed only by China and the US. It ranks ahead of countries such as Japan, Germany, France and the United Kingdom. It employs almost a third of the Canadian and US population, and accounts for over half of Canada/US cross-border trade.

The Region's economy is recovering from the financial crisis of 2007/2008, a period that severely impacted the Region. GDP now tops that of 2007 in almost all of the Region's states and provinces. In the case of New York and Quebec, where the impacts were not as severe, output is eight to ten percent above pre-recession levels. By contrast, Michigan, where the automotive industry was hit particularly hard, remains below its pre-recession high.

Table 1

Region footprint and summary − 2014[1,2]

- GDP: $5.8Tr
- Population: 107Mn
- 30% of Canada/US Economic Activity
- 31% of Canada/US workforce
- 47Mn jobs
- Over 50% of Canada/US cross-border trade

Sources: (1) BMO Capital Markets – Great Lakes-St. Lawrence Region: North America's Economic Engine, (2) Clusters and Regional Economies: Implications for the Great Lakes-St. Lawrence Region
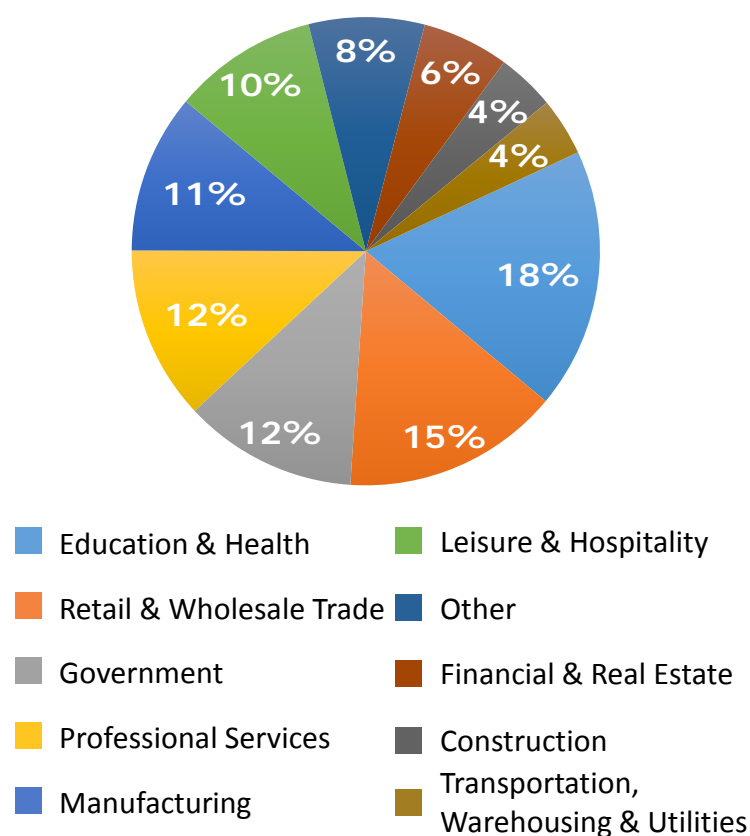
Employment

The Region is also critical to the North American labour market, employing the population across a diverse mix of industries. Although the Region is historically considered a major manufacturing hub, education and health and retail/wholesale trade now make up a third of jobs.

Notably, the leisure and hospitality industry is growing at a rate of 4.1%, outpacing growth in industries typical to the Region, such as manufacturing and professional services.

The Region's economy grew in 2014, with GDP growing on average at a rate of 1.8%, versus 2.4% growth in Canada and the US. GDP growth varied state-by-state and province-by-province, led by New York, Ontario and Michigan, with Indiana, Wisconsin and Illinois growing at a slower rate.

Table 2

Employment by industry (%) – 2014[1,2]

- Education & Health
- Retail & Wholesale Trade
- Government
- Professional Services
- Manufacturing
- Leisure & Hospitality
- Other
- Financial & Real Estate
- Construction
- Transportation, Warehousing & Utilities

Table 3

Economic indicators – 2014[1,2]

	Can	US	Great Lakes	ON	QC	IL	IN	MI	MN	NY	OH	PA	WI
GDP (% change)													
2014	2.4	2.4	1.8	2.3	1.4	1.2	0.4	1.9	1.4	2.5	2.1	1.8	1.0
Unemployment Rate (%)													
2014	6.9	6.2	6.2	7.2	7.8	7.0	5.9	7.1	4.0	6.2	5.6	5.6	5.5
Exports (% change)													
2014	10.3	2.7	7.7	8.0	14.6	3.5	3.8	-4.6	3.1	2.4	3.1	-1.7	1.5

Sources: (1) BMO Capital Markets – Great Lakes-St. Lawrence Region: North America's Economic Engine , (2) Clusters and Regional Economies: Implications for the Great Lakes-St. Lawrence Region
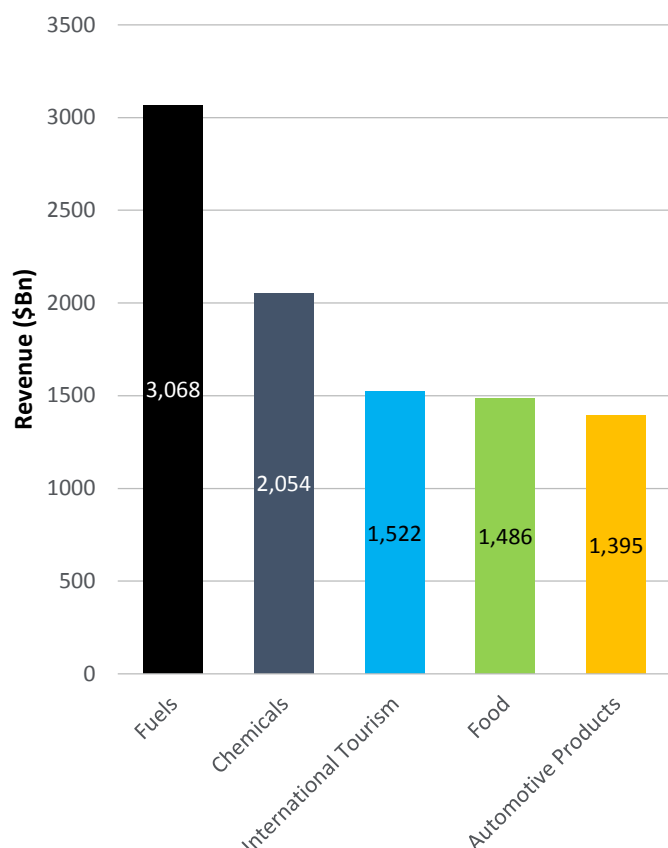
The Global Impact of Tourism

The Global Impact of Tourism

Tourism is a large and growing industry, representing an opportunity for economic growth within the Region

Tourism currently represents 9% of global GDP. It is growing rapidly, outpacing international trade, professional services, manufacturing and other commercial industries. Its revenues* are smaller than only fuels and chemicals, outpacing food and automotive products. The tourism industry grew strongly over the last 5 years and is expected to continue growing at a rate of 3.3% per year to 2030.

Currently, tourism in the Region only accounts for 2% of its GDP, significantly less than the 9% seen throughout the globe. Revenues grew at a rate of 4.1% between 2013 and 2014, slightly slower than the rest of the globe. Investment in tourism in the Region, in terms of financial support and strategic thinking, is required to ensure that the Region is capturing its fair share of the global tourism market.

Table 4

Top industries by revenue – 2014[1,2]

Table 5

Global tourism facts – 2014[1-3]

- 9% of GDP – direct, indirect and induced impact
- 1 in 11 jobs
- $1.5Tr in international revenue
- 1.1Bn international tourists
- 5.5Bn domestic tourists
- 4.3% growth between 2013 to 2014
- $814.4Bn in total investments, expected to grow at 4.5% per year for the next ten years

Note: (*): Revenues for international tourism are considered exports, because they represent foreign spending. Only export revenues for other industries were considered to form an accurate basis for comparison.
Sources: (1) UNWTO Tourism Highlights (2) UNWTO 2014 Annual Report (3) World Travel and Tourism Council: Economic Impact 2015
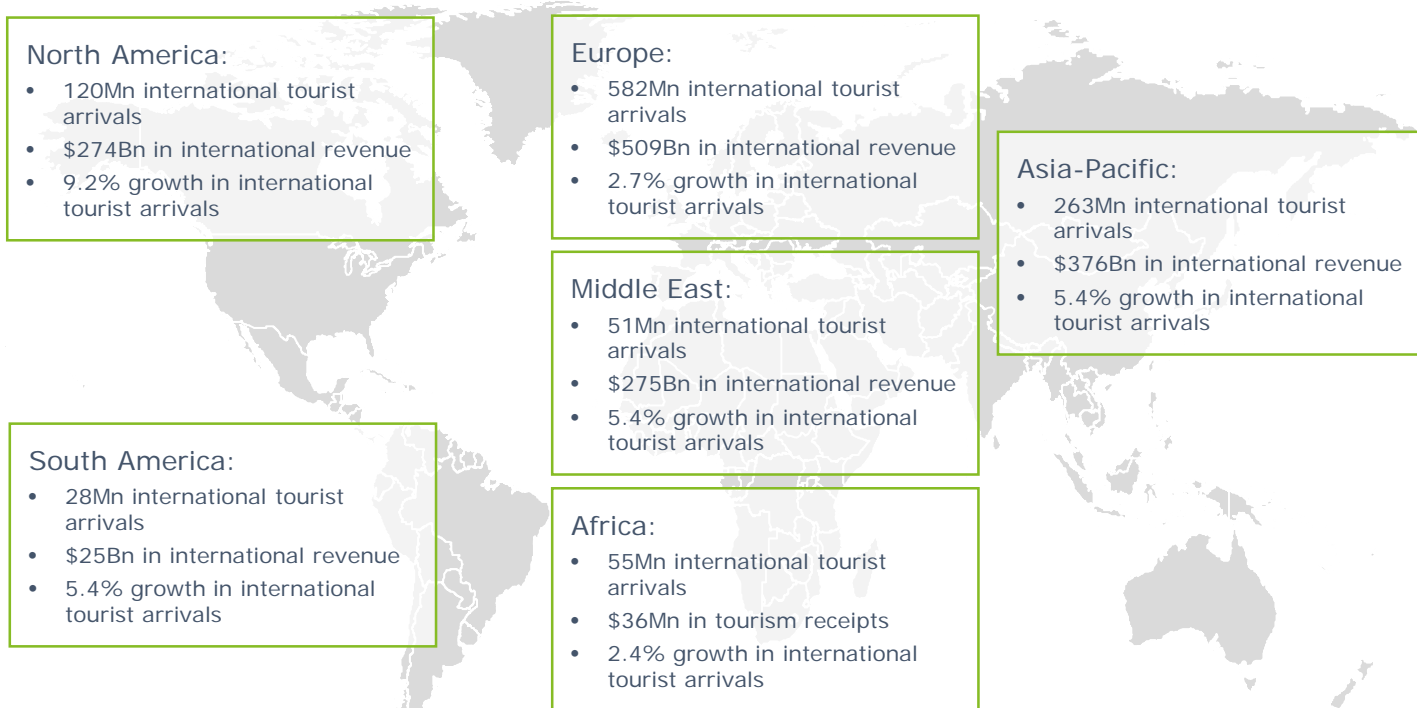
Table 6

International tourism by geographical region – 2014[1,2]

North America:
- 120Mn international tourist arrivals
- $274Bn in international revenue
- 9.2% growth in international tourist arrivals

Europe:
- 582Mn international tourist arrivals
- $509Bn in international revenue
- 2.7% growth in international tourist arrivals

Asia-Pacific:
- 263Mn international tourist arrivals
- $376Bn in international revenue
- 5.4% growth in international tourist arrivals

Middle East:
- 51Mn international tourist arrivals
- $275Bn in international revenue
- 5.4% growth in international tourist arrivals

South America:
- 28Mn international tourist arrivals
- $25Bn in international revenue
- 5.4% growth in international tourist arrivals

Africa:
- 55Mn international tourist arrivals
- $36Mn in tourism receipts
- 2.4% growth in international tourist arrivals

North America ranking vs other geographical regions

#2 Tourism contribution to GDP

#5 Tourism contribution to employment

#2 Capital investment in tourism

Tourism in North America

Of the major geographical regions, North America grew at the fastest rate (9.2% increase in international arrivals). This was driven primarily by a surge in arrivals to Mexico (20.0%). Canada grew at a rate of 3.0% and the US – North America's top destination and world's second largest destination – grew at a rate of 7.0%. North America ranks highly among competing regions when considering the contribution of tourism to GDP (second, $596Bn) and employment (fifth, 10Mn jobs). This is supported by the world's second highest capital investment in tourism ($166Bn).

By comparison, total visitors to the Region grew by only 2.7%. Though growing at a slower rate than North America as a whole, It has the sixth largest contribution to GDP, putting it ahead of non-European Union countries in Europe, but behind South East Asia. It is the ninth largest employer for tourism jobs, behind non-European Union countries in Europe and ahead of the Middle East. Capital investment in tourism in the Region is unknown.

> North America is the fastest growing geographical region in the tourism industry. Stakeholders in the Region need to ensure they are getting their fair share of the investment and growth.

Sources: (1) UNWTO Tourism Highlights (2) UNWTO 2014 Annual Report

North America Tourism Tailwinds and Headwinds

The following trends are currently impacting the tourism industry and may help inform growth strategies for the Region

👍 Tailwinds[1]

Strong economic indicators: Consumer spending, job markets and income growth in North America are all expected to remain strong throughout 2017 in North America. Disposable personal income and household earnings are rising, with corresponding rising asset prices.

Confident consumers: Healthy demand for travel services is expected throughout 2017, including domestic, inbound and outbound. As tourist spending increases, the hotel and Online Travel Agency (OTA) industry segments are expected to see strong growth in response to this trend.

Strong hotel performance: Major hotel players reported steady earnings throughout 2016. Most were able to leverage healthy travel demand to hit high levels of occupancy, which in turn drove up room rates.

Growth in OTAs: OTAs will benefit from strong sales in lodging, as travelers turn to them to review options and discover deals in a fragmented marketplace.

👎 Headwinds[1]

Operating costs for airlines: New labour deals threaten to put pressure on operating costs, forcing airlines to increase fares and prices of other products. This presents challenges, due to the competitive nature of the airline industry, driven by low-cost carriers and foreign competition.

The importance of risk management: Vulnerabilities to cyber-attacks and food safety issues threaten to hurt the relationships between travel brands and the travelers that use them. These relationships are built on trust, and businesses must do everything in their power to protect them.

Ridesharing is transforming ground transportation: Ridesharing receipts (e.g. Uber, Lyft) exceeded traditional ground transportation in 2016 for the first time ever amongst business travelers. Traditional car rental and taxi services are responding by implementing new technologies to address customer pain points.

Tourism Consumer Mindsets

A full understanding of the wants and needs of consumers is critical to identifying growth opportunities

Consumer expectations[1]

Consistently high brand experience: Aside from frequent business travelers, most consumers do not travel more than two to three times per year. Because of this, exposure to travel brands is relatively limited, and expectations are based on everyday brands. These non-travel brands are constantly showcasing their innovative services to consumers, setting the bar for high for brand expectations.

A critical factor for maintaining a high customer experience is engaging and retaining top talent.[2] Without talent to drive customer experience, travel brands may struggle to maintain such high standards.

Authenticity: In addition to a high brand experience, the demand for authentic and unique products, services and experiences from travel/hospitality brands is on the rise. The recent explosion in the popularity of craft beer is an example – consumers are demanding locally sourced, unique food items and the market is responding.

Hoteliers are also capitalizing on this trend, offering boutique, lifestyle lodging options that offer smart and efficiently designed guest rooms, reimagined public spaces and creative food and beverage offerings.

Consumer behaviours[1]

Social media ripple effect: The rise of authentic products and experiences is bolstered by the influence of picture and video based social platforms. Younger generations are using these social networks to curate and market their own individual brands with no more than a few pictures or words. Tourism provides excellent opportunities to generate likes and shares. Travel companies should make it a priority to create experiences worth sharing to capitalize on the exposure these platforms provide. This exposure can create a ripple effect through the social media ecosystem, which may result in additional growth.

Personalization: Most travel brands realize that making a traveler feel special and appreciated goes a long way. The goal of this is to leverage data to automate personalization and drive conversion.

There are research practices that can be leveraged to obtain the information necessary to understand diverse travel behaviours. Additionally, attractions and businesses throughout the Region have a vested interest in ensuring their target customer markets are defined. Exploration and implementation of these practices across the Region should be encouraged.

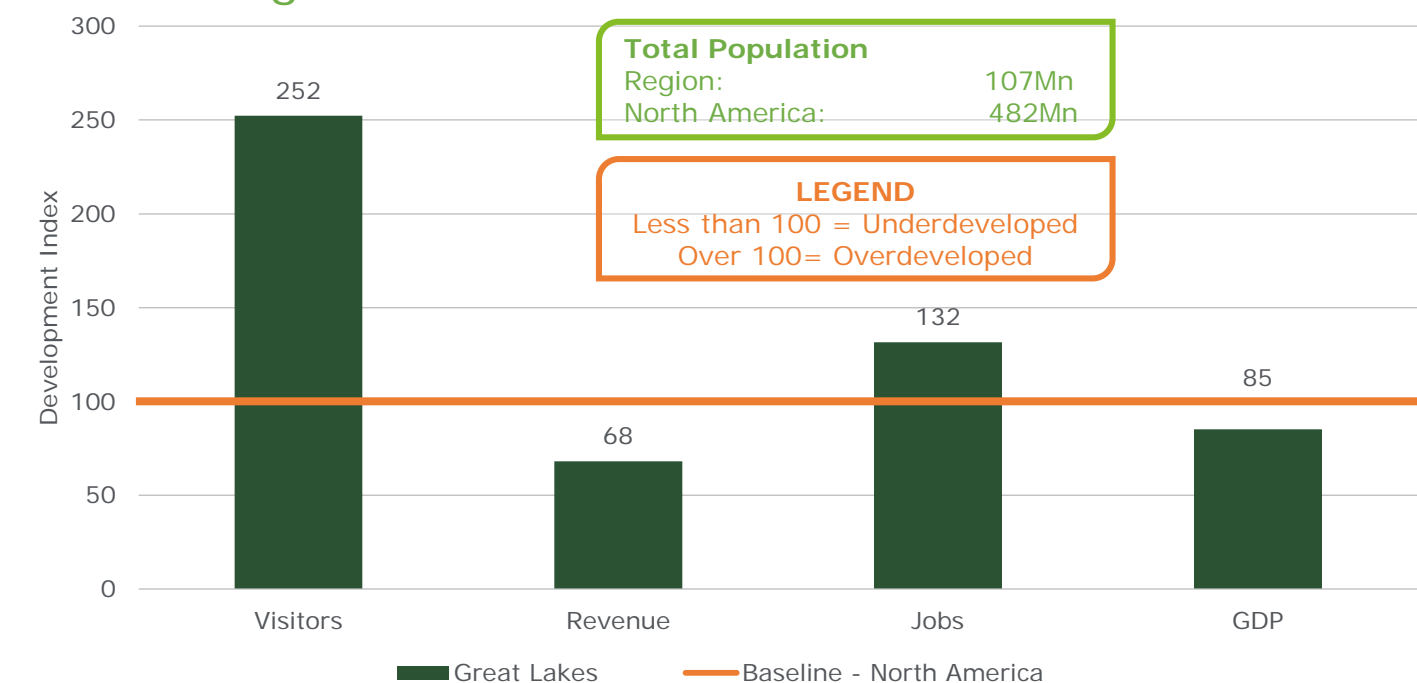# Tourism in the Great Lakes-St. Lawrence Region

Tourism in the Great Lakes-St. Lawrence Region

Tourism within the Great Lakes-St. Lawrence Region represents about one fifth of North America's tourism market

Tourism in the Great Lakes-St. Lawrence Region represents approximately 2.0% of the Region's GDP, compared to 2.9% of North America's GDP and 3.0% of the World's GDP. As an industry, it represents the ninth largest employer in the Region, responsible for employing over 2.7Mn workers across a range of industries, including lodging, transport, retail and entertainment. This represents approximately 6.0% of the Region's jobs, above the North American average of 4.5% and global average of 3.6%.

To understand how the Region performs in relation to North America as a whole, a performance index that accounts for the relative sizes of these two geographical areas was used, enabling a comparison of the Region's performance to North America as a baseline. Metrics above 100 are considered overdeveloped, and metrics under 100 are considered underdeveloped This comparison shows that the Region is overdeveloped in driving tourists and creating jobs, but underdeveloped in producing revenue and GDP. Further understanding of this disconnect between tourist numbers and the revenue produced by each is critical to driving growth and development of the Region.

Table 7

Comparison of key tourism metrics by performance index*: Region vs North America – 2014[1-11]

Total Population
Region: 107Mn
North America: 482Mn

LEGEND
Less than 100 = Underdeveloped
Over 100= Overdeveloped

Visitors: 252
Revenue: 68
Jobs: 132
GDP: 85

Development Index

Great Lakes — Baseline - North America

Note: (*) To enable a direct comparison, performance in the Region was normalized by population, and measured against NA's performance per capita
Sources: Tourism Economics – The Economic Impact of Travel in (1) Illinois, (2) Indiana, (3) Michigan, (4) Minnesota, (5) New York State, (6) Ohio, (7) Pennsylvania, (8) Wisconsin, (9) Ontario Ministry of Tourism, Culture and Sport, (10) Travel & Tourism – Economic Impact 2015 North America, (11) Traven & Tourism – Economic Impact 2015 World

Provincial/state tourism

Tourism affects the economies of the individual provinces and states within the Region differently. New York drives the highest numbers of visitors, followed by Ohio. New York drives the most jobs, GDP and tax revenue, and Ontario drives the most cross-border tourism. Illinois drove the highest GDP per visitor, but Indiana drove the highest GDP per job.

To quantify the impact of tourism within each province and state to the average citizen, the dollar amount of taxes saved per household was compared. The largest beneficiary was Illinois – without tourism, the average household would have to pay an additional $1,300 in taxes. Illinois is one of the most highly taxed state in the US, with Chicago being the most highly taxed city in the US[1], potentially explaining this high number. Next, New York, Pennsylvania and Ontario residents receive the highest tax relief from tourism.
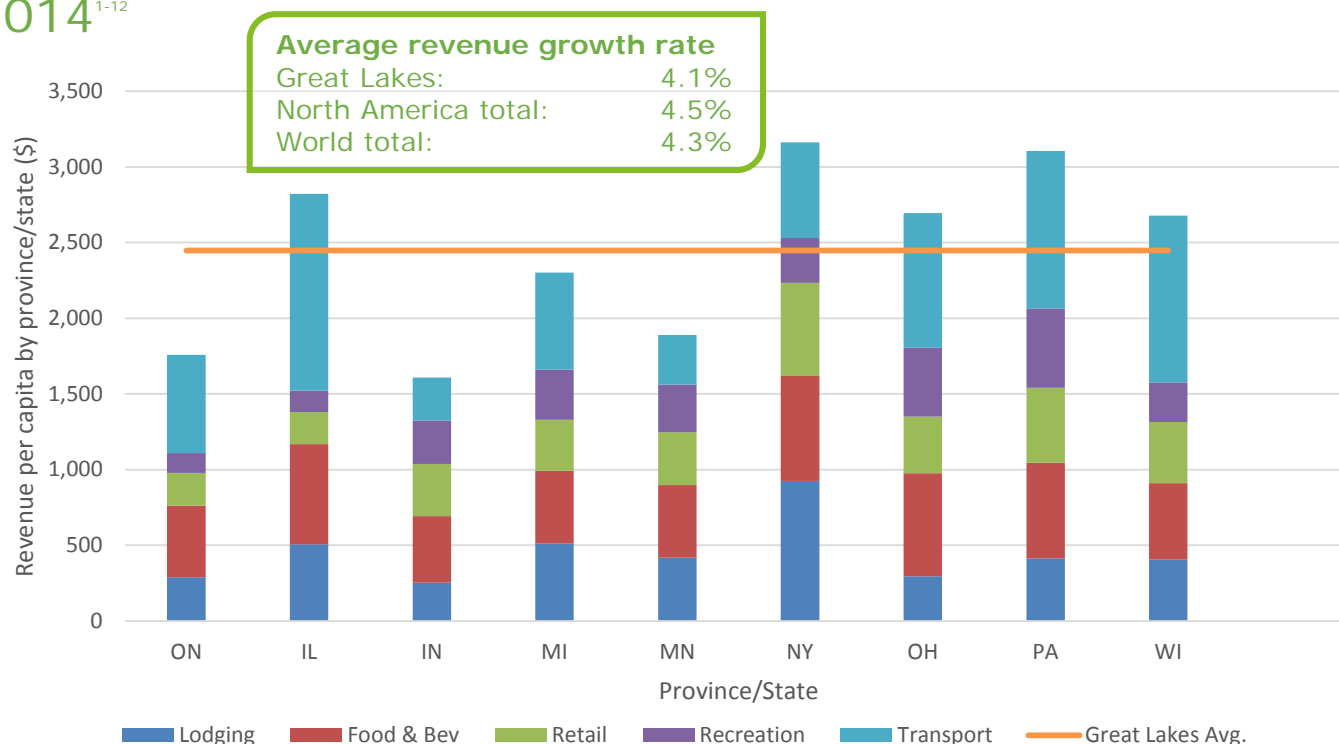
Table 8

Key metrics in Ontario/states within the Region – 2014[2-12]

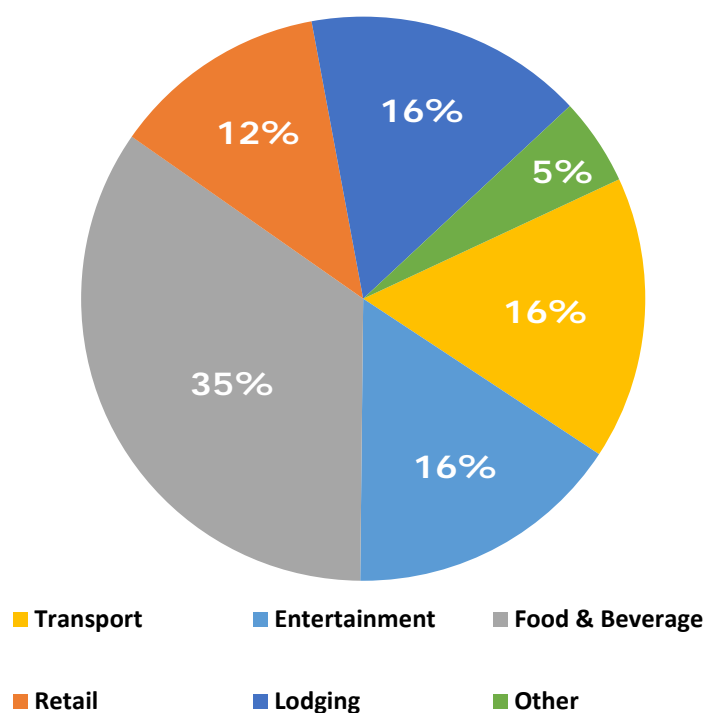| State/Province	Visitors (Mn)	Can/US border crossings (Mn)	Tourism jobs (000s)	GDP Contri-bution (Bn)	GDP per visitor ($)	GDP per tourism job ($)	Total tax revenue (Bn)	Tax revenue saved per house-hold
IL	109.4	0.5	306	$16.9	$154	$55,229	$2.7	$1,300
NY	234.0	3.9	748	$31.6	$135	$42,246	$7.8	$962
PA	192.8	0.9	306	$16.9	$88	$55,176	$4.2	$855
ON	139.5	5.7	372	$15.9	$114	$42,742	$4.6	$805
OH	200.0	<0.4	354	$7.9	$40	$22,316	$3.0	$690
MI	113.4	1.5	214	$8.8	$78	$41,122	$1.7	$640
WI	102.4	<0.4	132	$2.7	$25	$19,697	$1.4	$620
MN	71.2	0.6	186	$5.6	$79	$30,108	$1.2	$585
IN	74.0	<0.4	145	$8.1	$109	$55,862	$1.2	$500

Sources: (1) Illinoispolicy.gov – Illinois is a High Tax State, Tourism Economics – The Economic Impact of Travel in (2) Illinois, (3) Indiana, (4) Michigan, (5) Minnesota, (6) New York State, (7) Ohio, (8) Pennsylvania, (9) Wisconsin, (10) Ontario Ministry of Tourism, Culture and Sport, (11) US National Travel & Tourism Office, (12) Deloitte Analysis

Table 9

Tourism revenue by sector in the Region per capita: 2014[1-12]

Average revenue growth rate
Great Lakes: 4.1%
North America total: 4.5%
World total: 4.3%

Y-axis: Revenue per capita by province/state ($)
X-axis: Province/State — ON, IL, IN, MI, MN, NY, OH, PA, WI

Legend: Lodging · Food & Bev · Retail · Recreation · Transport · Great Lakes Avg.

Tourism revenue

Although the Region is responsible for 15.0% of tourism-related revenue in North America, it is not evenly distributed throughout the Region. Of the states and provinces, five generated greater than average revenues, with Ontario, Indiana, Michigan and Minnesota falling below average. Data on Quebec was not available.

Tourism revenue can be divided between five sectors:
- **Lodging**: hotels and other accommodations;
- **Food and beverage**: restaurants and bars;
- **Retail**: non-food related consumer goods;
- **Recreation**: gambling, arts and entertainment; and
- **Transport**: public transit, gas stations, car rentals and air travel.

On average, the transport sector generates approximately $8.7Bn per state. This is followed by food and beverage and lodging, which generate $5.4 and $4.3Bn respectively. Of these sectors, lodging grew the quickest at 6.0% between 2013 and 2014, followed by food and beverage at 4.6% over the same period. All sectors grew, with an average growth rate of 4.1%, slightly below the North American average growth rate of 4.5% and World tourism average growth rate of 4.3%. At the provincial/state level, Illinois, Ohio, Wisconsin, New York and Minnesota are the only states growing above the North American and World averages.

Visitation to the Region is strong, out-performing the rest of North America, on average, but tourists are not spending as much. Understanding why tourist spend is low is the first step towards developing a strategy to increase spend per tourist.

Tourism employment

Tourism creates and sustains jobs across a range of industries in the Region. In almost all states and provinces, food and beverage makes up the highest percentage of employment at just over a third. The next three largest industries - transport, entertainment and lodging - account for just over 48.0% of the job market. Of these, lodging and entertainment are fairly consistent employers state-to-state, province-to-province, but transport varies widely. Top province/state transport employers are Illinois, Ohio and Indiana, ranging from 24.0-29.0% of employment, and the lowest are Wisconsin, Ontario and Michigan, ranging from 5.0-8.0%. Retail fluctuates similarly, with 36.0% of tourism-employed workers in Ontario in retail jobs, but New York, Illinois and Michigan employing between 4.0-8.0% of the tourism workforce in retail. Other industries, such as business services, personal services and finance, insurance and real estate, play a small role in tourism activities and make up the minority of jobs in all provinces/states, with the exception of Ontario.

Table 10

Tourism employment distribution in the Region (%) – 2014[1-10]

- Transport 16%
- Entertainment 16%
- Food & Beverage 35%
- Retail 12%
- Lodging 16%
- Other 5%

Table 11

Tourism employment distribution by province/state – 2014[1-10]

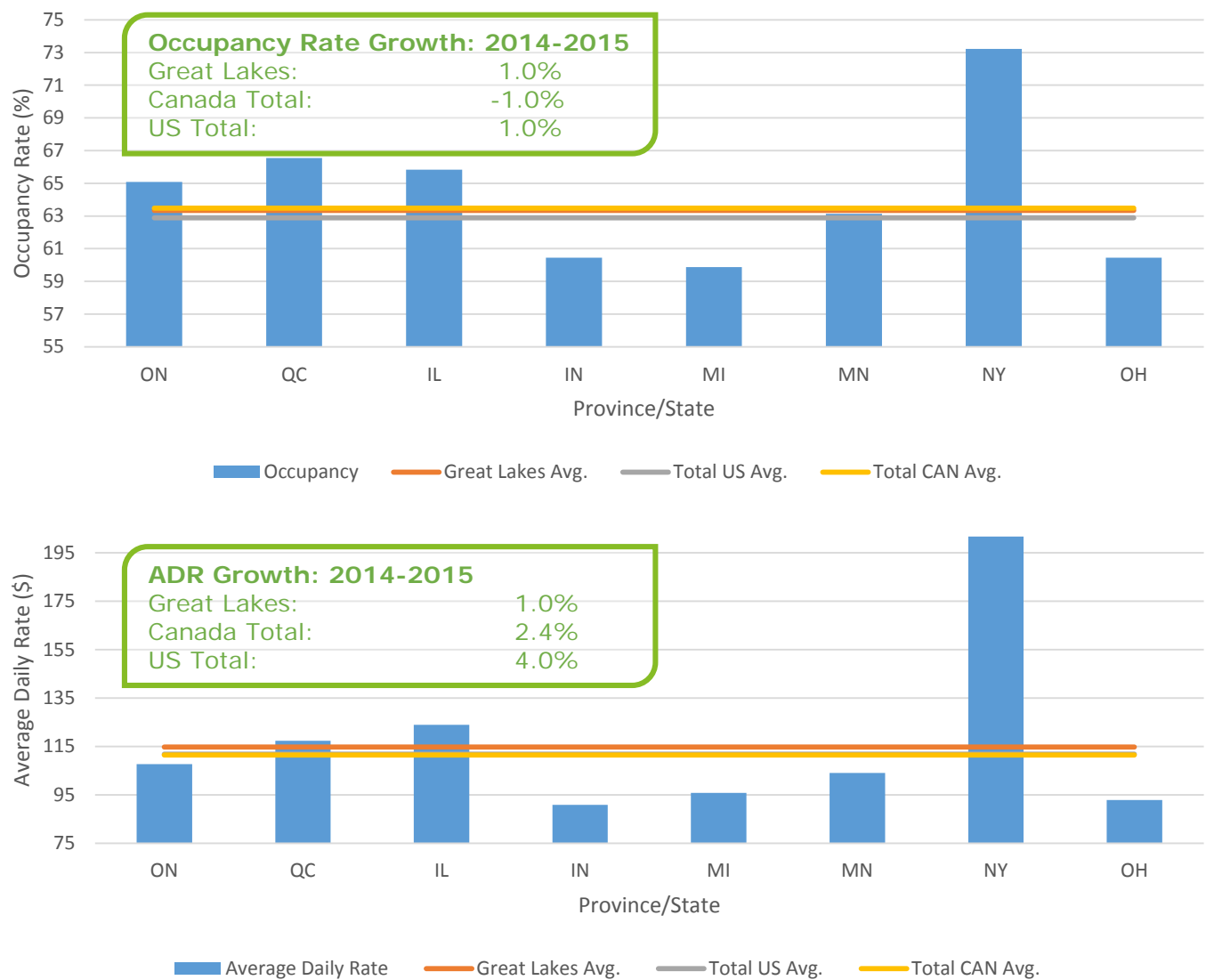| State/Province	Transport	Entertain-ment	Food & Beverage	Retail	Lodging	Other
Ontario	7.0%	12.0%	21.0%	36.0%	4.0%	20.0%
Illinois	29.0%	10.0%	40.0%	4.0%	14.0%	3.0%
Indiana	24.0%	19.0%	37.0%	9.0%	11.0%	0.0%
Michigan	8.0%	20.0%	40.0%	8.0%	20.0%	4.0%
Minnesota	11.0%	20.0%	34.0%	10.0%	22.0%	3.0%
New York	20.0%	14.0%	40.0%	5.0%	20.0%	1.0%
Ohio	27.0%	16.0%	25.0%	16.0%	11.0%	5.0%
Pennsylvania	15.0%	14.0%	38.0%	11.0%	18.0%	4.0%
Wisconsin	5.0%	18.0%	36.0%	12.0%	24.0%	5.0%

Hotel performance

Hotel performance in the Region is primarily driven by New York. Ontario, Quebec and Illinois perform above the Regional average of 63.3%, but all other states show weak performance in occupancy rates. Similarly, Average Daily Rate (ADR) is highest in New York, with only Illinois and Quebec performing above the Regional average of $114.70.

Occupancy and ADR are growing across the Region, with all provinces and states recording slightly higher occupancy rates in 2015 vs 2014. Most provinces and states are showing growth in ADR, with only New York, Ontario and Quebec reporting a small decline in average daily rate.

Table 12

Hotel performance across the Region – 2015[1-3]

Occupancy Rate Growth: 2014-2015
Great Lakes:	1.0%
Canada Total:	-1.0%
US Total:	1.0%

Legend: Occupancy — Great Lakes Avg. — Total US Avg. — Total CAN Avg.

ADR Growth: 2014-2015
Great Lakes:	1.0%
Canada Total:	2.4%
US Total:	4.0%

Legend: Average Daily Rate — Great Lakes Avg. — Total US Avg. — Total CAN Avg.

Tourism in urban centres

Urban centres are major drivers of tourist activity within the Region. Bringing in tourists interested in a mix of activities – from sight-seeing and retail, to festivals and conventions – the largest cities within each state or province of the Region are responsible for a disproportionate amount of tourist activity compared to the rest of the Region. They can capture anywhere from 16.0% to 66.0% of the respective state or province's tourism revenue and sustain 19.0% to 88.0% of tourism related jobs. Some larger cities, like New York and Chicago, can influence aggregate state/Regional statistics.

Cities also post higher than average hotel performance. For example, New York City saw occupancy rates of 89.0% and average daily room rates (ADR) of $294.00, well above the Region average of 50.0% and $114.00. Tourist activity between cities also helps explain the range of revenues from tourism between states, as cities such as Milwaukee and Minneapolis drive much lower revenues compared to larger urban centres like New York or Chicago. Though reaching this level of performance may not be feasible, smaller cities may experience growth by leveraging strategies employed by top performers in addition to understanding macro trends and how they relate to each area's unique attributes.

Table 13

Tourism metrics in key cities within the Region – 2014[1-9]

City	Tourism Revenue ($Bn)	% of State/ Province	Tourism Jobs	% of State/ Province
New York	41.4	66.0%	359,000	48.0%
Chicago	22.3	61.0%	194,000	63.0%
Philadelphia	6.5	16.0%	92,157	30.0%
Toronto	6.3	26.0%	329,000	88.0%
Columbus	5.7	18.4%	71,000	20.1%
Pittsburgh	5.3	13.4%	40,000	13.1%
Indianapolis	4.9	46.0%	77,800	54.0%
Minneapolis	4.7	43.0%	79,869	43.0%
Milwaukee	3.3	29.0%	50,000	38.0%
Montreal	2.5	N/A	38,000	N/A

Note: This list includes the top cities by tourism revenue and, as such, key cities in the Region such as Cleveland, Niagara Falls, Montreal, Ottawa, Buffalo, and others, were not included.
Sources: Annual reports on economic impact for: (1) New York, (2) Chicago, (3) Philadelphia, (4) Toronto, (5) Columbus, (6) Pittsburgh (7) Indianapolis, (8) Minneapolis, (9) Milwaukee, (10) Data for Detroit was not available

Tourist Profile

The table below outlines the profile of a typical tourist to the Region. All tourists have a point of origin (domestic or international) and stay for the day overnight. Tourists to the area are largely domestic in origin (84%), with the majority of spending coming from overnight trips. Day trip tourists outnumber overnight by a ratio of 3:2 but overnight tourists spend about four times more than day trip tourists.

These ratios differ from global tourism trends[1], where domestic tourists account for 72.3% of trips.

To grow tourism in the Region, the needs of the various types of tourists must be addressed and strategies to capture current industry trends and customer sentiments need to be considered. The states and provinces of the Region may see benefits if they collaborate to increase the number of authentic, unique experiences available to travelers, expand social media presence or combine tourism data to create a fulsome understanding of consumer preferences.
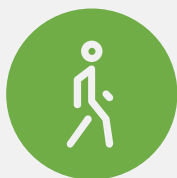
Table 14

Profile of tourists to the Region – 2014 [2-12]

*Tourists to the Region are typically **domestic** in origin, stay for the **day***

Domestic tourists typically live within a few hours of their destination and arrive by personal transport. Compared to international/cross-border tourists, they tend to stay for shorter periods of time and spend less, but are more likely to visit a particular area repeatedly. **Domestic tourists account for 84% of all tourists to the Region.**

Day trip tourists visit and leave a tourist area within the same day, typically for a particular activity, such as a festival, visiting friends and family, attending an art gallery or live performance, gambling, or outdoor experience. These tourists spend approximately four times less than overnight tourists primarily due to reduced length of stay and no requirement for lodging. **Day trip tourists account for 75% of all tourists to the Region.**

Sources: (1) Travel & Tourism – Economic Impact 2015 World, Tourism Economics – (2) The Economic Impact of Travel in (1) Illinois, (2) Indiana, (3) Michigan, (4) Minnesota, (5) New York State, (6) Ohio, (7) Pennsylvania, (8) Wisconsin, (9) Ontario Ministry of Tourism, Culture and Sport, (10) US National Travel & Tourism Office (11) Travel & Tourism – Economic Impact 2015 North America

Spotlight: Northern Ontario

Spotlight: Northern Ontario

Northern Ontario represents six percent of Ontario's tourism market, but captures a higher percentage of tourists interested in outdoor activities

Northern Ontario is a vast geographic area, representing approximately six percent of Ontario's population. Currently, this region of Ontario captures about six percent of the tourists and tourism revenue in Ontario – proportionate to its population. It drives this revenue with fewer tourism-related establishments by population compared to the rest of the province. Northern Ontario caters heavily to outdoor enthusiasts, such as those interested in camping, hunting and fishing.

Hotel performance in Northern Ontario is lower than Ontario. Occupancy and Average Daily Rate are about 5% lower than Ontario, and these metrics are growing more slowly as well. Though growth in occupancy rates is near that of Ontario, ADR is only growing at less than two thirds of the rate experienced by the rest of Ontario. A possible explanation for this slowed growth and performance may be that the majority of tourists to Northern Ontario are from Southern Ontario. A higher than normal percentage of these tourists have friends and family or a second home in the area, reducing the need for paid lodging when visiting. Additionally, a high proportion of tourists interested in camping may be a factor.
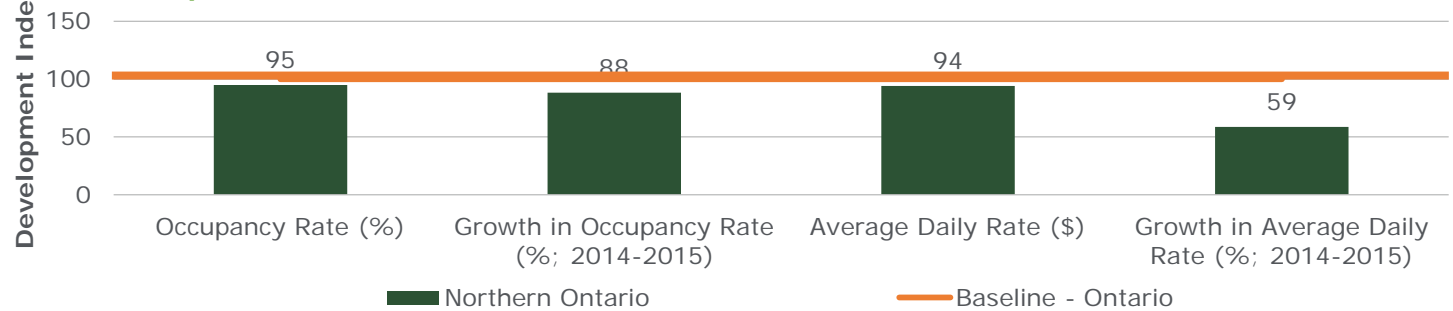
Table 15

Tourism in North On vs On by performance index* 2014[1-2]

Total Population
Northern Ontario: 0.8Mn
Ontario: 13.7Mn

LEGEND
Less than 100 = Underdeveloped
Over 100= Overdeveloped

Tourists	International Tourists	Tourism Revenue	Tourism-related Establishments	Tourists that Engage in Outdoor Activities
100	107	105	62	283

■ Northern Ontario   — Baseline - Ontario

Table 16

Hotel performance index*: North On vs On 2015[1-2]

Occupancy Rate (%)	Growth in Occupancy Rate (%; 2014-2015)	Average Daily Rate ($)	Growth in Average Daily Rate (%; 2014-2015)
95	88	94	59

■ Northern Ontario   — Baseline - Ontario

Note (*) To enable a direct comparison, performance in Northern Ontario was normalized by population, and measured against Ontario's performance per capita

Sources: Ontario Ministry of Culture Tourism and Sport Regional Profiles: (1) Northern Ontario (2) Ontario

Tourist profile

The typical tourist in Northern Ontario differs from those found within the rest of the Region. The majority of tourists are domestic, specifically from Southern Ontario. Unlike the rest of the Region, which is primarily host to day trip tourists, Northern Ontario is visited evenly by day and overnight guests. However, overnight guests to Northern Ontario spend much less on average than the rest of the Region. Tourists typically engage in leisure activities focused on either visiting friends and family and/or outdoor experiences, such as hunting, fishing and snowmobiling. Trips of this type range from simple weekend outdoor excursions with friends and family to high-value package vacations, often costing upwards of $4,000 per person.

Opportunities for growth[1]

Northern Ontario is currently looking to grow domestic and non-US international travelers by putting strategies in place to ensure tourism is attractive to these groups. There has been significant investment in Northern Ontario in recent years, with a large number of hotel and attraction developments in larger municipalities. An example is the recent clearing of old commercial/industrial buildings from the Thunder Bay waterfront, making way for hotel and condo developments. Additionally, a multimodal transportation strategy has recently been produced, aimed at improving road and air accessibility to Northern Ontario. This strategy will give tourists better access to Northern Ontario, and open up remote areas for fishing/hunting/camping excursions. Lastly, the Tourism Excellence North Program was created to provide resources and standards to operators in Northern Ontario, improving operator standards and customer experience.

Table 17

Breakdown of percentage of visitors and approximate spend by tourist segment in Northern Ontario – 2014[2,3]

*Tourists to Northern Ontario are typically **domestic** in origin, stay for the **day or overnight** and engage primarily in **Outdoor Leisure** activities.*

Domestic tourists account for 91% of all tourists to Northern Ontario. Not only is Northern Ontario visited by a higher proportion of domestic tourists than the rest of the Region, but these tourists are predominantly from Southern Ontario. Due to the remote nature of Northern Ontario, tourists throughout the Region may either not be aware of Northern Ontario's attractions or consider it to be inaccessible[1].

Day trip and overnight tourists each account for 50% of all tourists to Northern Ontario. Though there are 25% more overnight tourists in Northern Ontario vs the rest of the Region, this number is deceptive. Overnight guests to Northern Ontario spend far less than overnight guests throughout the rest of the Region, due in part to the fact that many stay with friends and family or in second homes/cottages[1]. A large proportion of tourists are interested in outdoor activities, such as camping, hiking, fishing, snowmobiling and hunting.

Conclusion

Conclusion

Final thoughts from CGLR

Tourism in the Great Lakes-St. Lawrence Region plays a vital role in the Region's economy. Existing within the world's fastest growing tourism market, the Region accounts for a significant part of North America's tourist industry. However, there is opportunity for further growth.

A key finding from the study is that while the Great Lakes-St. Lawrence Region represents a significant market for tourism and punches above its weight in visitors and jobs, it only drives 15% of tourism related revenues and 19% of tourism related GDP in North America.

Performance within the Region is mixed at the state/province level. Tourism revenue, jobs and hotel performance is stronger in some states and provinces than others. Additionally, major urban centres like New York and Chicago, influence aggregate state/provincial statistics, making it difficult to understand how these areas are performing as a whole.

Working together across the border, and through the Council of the Great Lakes Region, there's an opportunity to develop a Regional travel and tourism vision and strategy, the focus of our next report, in order set the stage for sizeable and sustainable growth in this sector in the years ahead.

In closing, I would like to thank the many experts from government and industry that provided insights and data for this project. Additionally, the Council would like to thank Tourism Northern Ontario for its direct financial support and Deloitte for its in-kind support. Without your involvement the production of this report would not have been possible.

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We have relied upon the completeness, accuracy and fair presentation of all the financial and other information, data, advice, opinions or representations obtained from interviewees (collectively, the "Information"). The report is conditional upon the completeness, accuracy and fair presentation of such Information.

This report is rendered on the basis of economic, financial and general business conditions prevailing as at the date of publication reflected in the Information. In the analyses and in preparing the report, we have made numerous assumptions with respect to industry performance, general business, economic conditions and other matters, which are beyond our control.

The study must be considered as a whole and selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the study.

The preparation of this study was a complex process, contains significant estimates, and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

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Accordingly, Deloitte has brought that same objectivity and independence of thought to the work we have performed on our assessment of tourism throughout the Great Lakes-St. Lawrence Region, and we have prepared this study from that perspective. Our continued ability to serve Canada's most prominent entities is dependent upon our reputation for objectivity and credibility, and no single assignment or report is more important than our professional reputation.