

Canada's Tourism Industry Poised to Surpass 2019 Levels, but Challenges Loom

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Canada's tourism sector is experiencing a remarkable resurgence, surpassing pre-pandemic levels seen in 2019. According to Destination Canada's recently released Tourism Outlook report, the country is on track to achieve total tourism revenue of \$109.5 billion by the end of this year. This achievement is not only a significant recovery for the industry but also comes one year ahead of expert predictions.

Furthermore, there is substantial potential for Canada's tourism sector to reach an impressive \$160 billion in revenue by 2030, indicating promising prospects for the future.

Despite the disruptions caused by the pandemic in 2020, the report highlights the resilience and economic significance of the tourism industry. It is projected to grow at a rate of 5.8 percent, outpacing the general economy's growth rate.

However, a closer examination of the data reveals regional and sub-sector disparities within Canada's travel industry. Additionally, capacity constraints may hinder the sector from realizing its full potential in the years to come.

The report emphasizes the need for a transformative approach to unlock Canada's tourism competitiveness and address existing constraints. It identifies several "key levers" that can bolster the sector's growth:

1. Workforce development
2. Utilizing capacity outside peak seasons
3. Attracting higher-yield guests
4. Increasing air access
5. Encouraging new investment and reinvestment in the sector

Meaghan Ferrigno, Chief Data and Analytics Officer at Destination Canada, underscores the significance of this moment, stating, "The difference between \$160 and \$140 billion is about more than revenue. It's about unleashing capacity when and where we have it, creating stable employment, enhancing societal well-being, and driving smart growth that benefits tourism businesses across the country."

Key Insights for Canada's Tourism Future:

1. **Revenue Exceeds Pre-Pandemic Levels in 2023:** Despite inflationary challenges, tourism spending is set to surpass pre-COVID-19 levels in 2023, reaching \$109.5 billion. Domestic activity has been the driving force behind this recovery.
2. **Capacity Constraints:** While growth opportunities exist, global competition for travelers remains fierce. Projected travel demand growth by 2030 may outstrip Canada's peak season capacity, posing limitations on growth potential.
3. **\$160 Billion Potential:** The report identifies a \$160 billion revenue potential for the tourism industry by 2030 if transformative measures are implemented to address constraints and shift demand patterns.
4. **Closing the \$20 Billion Opportunity Gap:** Destination Canada proposes a transformative path to secure an additional \$20 billion in annual revenue by 2030. This could result in a 14% increase in GDP generated by tourism, 84,000 more jobs, and \$5.3 billion in additional tax revenue for all levels of government.
5. **Transformational Path:** Industry-wide collaboration on seven key levers, including revenue and yield growth, brand leadership, investment, access, workforce readiness, environmental sustainability, and support from Canadians, is essential to achieve the tourism sector's full potential.

Canada's tourism industry stands at a pivotal moment, with the opportunity to significantly enhance its economic impact and global competitiveness. Collective action and strategic initiatives are crucial in realizing this potential and reaffirming Canada's position as a premier tourism destination.

