Québec – International & Domestic Perspectives
Demographic Trends Relating to Tourism

Presented by
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Bon Jour, mesdames et messieurs. Je suis désolé, je ne parle pas français très bien.

It is an honour to present to you today and share the stage with a group of prestige colleagues.

I am here today to talk about demographic trends relating to tourism and how they affect Quebec.

I am aware that change is slow, but being aware of these shifts will help you build capacity and plan your brand and business now for a strong and sustainable future.

Over the course of my presentation, I will focus on three areas.

First, I will look at Quebec’s opportunity to reinforce its position as a destination with a distinct foreign feel within a North American context.

Then, we will look at Quebec within the context of North American population change.

And finally, it will touch on some tourism products, services and destinations that are evolving with the population changes in Canada and North America.

So let’s start by heading across the Atlantic to Europe.
Let's look at some population trends across Europe's largest countries, of which I have liberally included the United Kingdom.

This highlights something that is well documented—most European countries’ population growth has stagnated and some are well on the path to depopulating.

It is also well known that these populations are aging, and have been doing so for some time. I have included the aged dependency ratio—this is the ratio of persons 65 years and older relative to the those between 15 to 64, that is, the working population. There is also the child dependency ratio—those 14 years and under relative to the working population, aged 15 to 64 years. These dependency ratios are important to grasp—they are what policy maker, in both the public and private, sector are observing to plan human resources and pension plans.

These are important concepts throughout my presentation, as I want to emphasize that all stakeholders really need to get a firm grasp on this issue of aging and its potential effects.

While I am not going to get into a discussion of the economic benefits of a mature population, the fact is that we are entering into a very unique time in human history. Workers in western economies will be supporting more seniors than children. As noted here, within the next ten years, for all of these countries, the aged dependency ratio will exceed the child dependency ratio—that is, there are more seniors than children in these countries.

Before I discuss what this means for Quebec, let's take a look at the labour force implications of what this means for Europe. To support a rapidly aging population, Europe needs a steady and stable supply of labour. But where is this going to come from?
Europe is in a unique geographic position. It is bound by a number of Islamic countries to the south and east with a ready supply of young workers, as exhibited by the highlighted red box. These countries’ populations are growing and are eagerly seeking the benefits of western quality of life, as evidenced by internal tensions within these countries. And they will be growing at rates exceeding European populations for some time.

However, from the European’s perspective, immigration and assimilation are major issues. We have seen the election of conservative governments who have campaigned and been elected on stringent immigration platforms. This is an uneasy relationship and tensions remain – as witnessed by the riots in France’s cities and the cartoons of the Prophet Mohammed.

The reality is the most ready and stable supply of workers for Europe are from its neighbours, and European countries have to resolve this relationship with immigrants from these Islamic countries. For that matter, Islamic countries also need to resolve their own internal problems. Given the history of this relationship, it is likely that this unease will persist and increase in visibility in the near future.

So what does population change, immigration and politics in Europe mean for Quebec? A two-fold opportunity.
Québec’s North American Position

- A two-fold opportunity.

  - United States: “North America’s most European destination.”
    - Security conscious
    - Las Vegas/Hyper-reality

  - Europe: “Foreign, yet familiar.”
    - Aging population travels
    - Appreciative of lifestyle/culture

  - Additional: Canada - “After seeing the world, remember your country.”
    - Senior segments tend to travel at home
    - A rite of passage

The United states also has an aging population and American Boomers are looking to travel. Many have security concerns and will look at what is going on in Europe. There is also the advent of Las Vegas’ reinvention. While Las Vegas is well positioned to capitalize on Baby Boomers entering into the gambling years – 60 to 70 years old – they have been developing European themed hotels and attractions, who have capitalized on America’s unease with foreign travel. This includes hotels such as Paris, with a faux Eiffel Tower and the Venetian with its gondolas. While it is clearly ersatz, Las Vegas has clearly done its homework, and is a vibrant destination, especially barring proximity, looking at the total cost of a vacation it is not that different from travelling to Europe. For this market, Quebec can emphasize its nearby authenticity that a substantial portion of this market seeks.

For aging Europeans who are not seeking a beach vacation nor a hectic adventure, Quebec offers a foreign yet familiar feel. The Province offers an environment that senior European travellers can appreciate – North American, different, accessible, safe and appreciative of their lifestyle and culture.

Finally, while the causality is less clear and the reasons more complex, Seniors tend to gravitate to their own country when they don’t want to deal with the risks of a foreign, less familiar destination. This bodes well for a host of Canadian jurisdictions. In work that I have undertaken for the Yukon, we noted a common theme of seeing the entire country which can be labeled as a “rite of passage.” I will return to this towards the end of my presentation.

So, Quebec is reasonably well positioned take advantage of two of the largest travel markets in the world… but what about demographic change closer to home?
It is well known Canada’s population is aging. This year, the first of Canada’s Boomers turn 60. Over the next 20 years the number of persons aged 60 years or older will grow by over 80%, and the median age will increase by 12%. Overall, by 2026 almost 30% of the population will be 60 years or older.

In Quebec, it is forecast that the 60+ population will be slightly higher – at 31% of the population, and the median age will remain 2 years older than that for Canada.

Now, let’s return to those dependency ratios…
Québec’s Population: Dependency Ratios, 2006 to 2031

The Aged Dependency Ratio refers to the ratio of the number of the aged population to the total population aged 15-64, the aged being population aged 65 and over. The aged dependency ratio is calculated as follows: The Aged Dependency Ratio = Number of the Aged Population / Population Aged 15-64 × 100%. The Child dependency ratio is the number of children aged 0-14 relative to the total number of people aged 15-64 years.

By 2026, for every 100 persons aged 15 to 64 there will be 37 persons aged 65 years or older – 86% more than in 2006. Within the next decade, there will more seniors (65 years+) than children (under 15 years).

In 20 years, even as our population grows, the number of children will remain relatively stagnant, while the ranks of those 65 years or older will swell. This case will be more acute in Quebec where over there next twenty years the population will grow by 6.5%, but the 65+ age group will grow by 86% compared to 75% for Canada as a whole. From a taxation perspective, Quebec's working population, which is shrinking, has to support almost twice as many seniors.

Let’s take a look at the population pyramid for Quebec…
As you can see in 20 years, the Baby Boom will age and the 60 to 69 year group will be the largest cohort in Quebec.

Among the younger generations, we are starting to see these cohorts shrink. In fact the 24 and younger cohort will decline by almost 11%. 11%.

Much of the travel and hospitality business thrives on young employees and this is going to be a real problem in Quebec. Given the demand of different sectors, the cost of labour will be bid upwards, which presents challenges for the relatively less well paying tourism sector. At this point, it appears that the sector will be challenged to even maintain staff.

Let’s look at some more population pyramids for North America…
If we look at Canada as a whole, we can see the impact the boomers as they age.

However, looking at the country as whole, projections indicate that the younger cohort will be relatively stable. This is primarily a result of immigration. In fact, recent projections indicate that the population growth by this point will be *almost exclusively driven by immigration*.

It is anticipated that China and India will play a substantial role in this immigration. This will have a likely benefit of increasing ties with Canada, and increasing all forms of travel – VFR, Pleasure and Business – from these countries.

Let's now look at the US…
As with Canada, we can see the impact the boomers as they age in the US.

However, looking at the country as whole, it would appear that the US has held steady and will be able to manage its workforce more effectively as there is growth and stability with across all cohorts under 40. This is if you accept that the US will become officially a bilingual country. The primary driver in US population growth is from growth within the Hispanic population and immigration from Latin America.

Let’s take a quick look at Mexico…
Over this period, Mexico’s population is projected to grow by 22% or, on average 1.1% per year.

Mexico exhibits a traditional population pyramid for a developing country. And given their economic prospects and the lure of higher quality of life, it is not surprising that vast numbers of Mexican youth are taking the risk to cross the border into the US. Over time it is projected that Mexico’s population will stabilize, but for the time being, there appears to be an adequate number of young Mexicans to satisfy most of North America’s needs for entry level jobs.

So what does mean for Quebec? There are number opportunities…
Some Thoughts on Tackling Québec’s Potential Tourism Labour Crisis

- **Embrace seniors as part of workforce**
  - “Second Childhood”

- **Integrated Development**
  - Education/Retirement + Destination Development (e.g. Okanagan Valley, B.C.)
  - Co-housing
  - Product development, e.g. culinary tourism and hobby farms

- **Targeted & Facilitated Immigration**

The first opportunity lies with the Province’s seniors. Most are not ready to retire completely and would welcome the opportunity to work in a part-time and less stressful capacity. For many, this equates to the getting a part-time job as a youth. Plus, these are well trained people who have had a career and have much to offer. The tourism industry would be clever to get out front and welcome seniors as part of its workforce. It can emphasize the benefits of working with people, travel, health and well-being.

Another area worthy of investigation is integrated development. An example of this is the Okanagan Valley in British Columbia. With the growth in retirement communities, there are two large post-secondary institutions in the Valley. These schools provide a steady source of low-cost labour for the businesses in this growing tourism destination.

In Silver Sage Village in Boulder, Colorado there is space for health care professionals and multi-generational families. This notion can be extended to tourism destinations, where persons working in the industry can benefit from having their extended family nearby.

Another one is product development — engage seniors in the activities they like. One example is gardening. With the rise of local produce in culinary tourism, destinations can leverage the skill and desires of seniors to be part of small scale organic farming at the same time ensure the vibrancy of their communities by attracting tourists.

Finally, while I am not one to wade into Quebec politics, there is the major issue of immigration. Most immigrants head to Ontario and BC, and more recently Alberta. To ensure that Quebec is able to make its shortfall, and thus look after its tourism industry in the long term, policies that focus on developing French-language training in countries that maybe of interest to attract immigrants for entry-level jobs may be worth pursuing.

Let’s now look at some product and destination opportunities…
Here’s a demographic segmentation model that I developed a while back. This segmentation was adopted by a number of research bodies for the extensive Tourism Activities and Motivations Survey. The segmentation was done on leisure travellers, and are fairly robust and will vary by size, affluence, yield and age over time, but their relative magnitude and position will change little.

What we have here are two clear paths – one for the mainstream market and the other for the affluent market. While the mainstream market may travel and spend less in their post empty-nester and senior years, affluent travellers in the same age group tend to maintain a consistent level of travel activity.

Focusing on yield, let’s now look at some popular trip types for these affluent markets.
### Demographic Segmentation Model

#### Trip Types – Selected Affluent Markets

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<th>Affluent Segment</th>
<th>Trip Types</th>
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<tr>
<td>Affluent Young Singles</td>
<td>• Adventure Travel with Friends</td>
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<td></td>
<td>• Urban Indulgence with Friends</td>
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<td>• Solo Adventure Travel</td>
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<tr>
<td>Affluent Young Couples</td>
<td>• Couples Nature Retreats</td>
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<td>• Couples Resort Vacations</td>
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<td></td>
<td>• Urban Couple Retreats</td>
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<td>Affluent Mature Singles</td>
<td>• Solo Urban Exploration</td>
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<td>• Solo Adventure Travel</td>
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<td>• Urban Exploration with Friends</td>
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<td>Affluent Mature &amp; Senior Couples</td>
<td>• International Couples Vacations</td>
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Just to touch on these quickly…

Affluent Young Singles – this segment is living it up with their friends. Skiing is popular with this crowd. And this is where you will find some of the extreme sports enthusiasts.

Let’s skip off the affluent honeymooners…

Affluent Mature Singles – these folks tend to pursue their interests. This is where you will find your divorced buddy who is a ardent snowmobiler, but also getting a group of old friends to do a theatre and culinary weekend in the city.

The last one is of great interest. This is where the boomers will be firmly footed… armed with disposable income and the parents inheritance, they will travel. And they will have a taste for the unique, authentic and customized.
Tourism Products/Services/Destinations Evolving

- **Rejuvenation – Mind & Body**
  - Small Educational Tours – have proved popular for museums and universities.
  - Eco-tourism; smaller cruises; research/not-for-profit.
  - Cosmetic Surgery/Exercise Retreats

- **Customization & Exclusivity – Authenticity/Journey**
  - “Return to the land”

- **Multigenerational Experiences**

- **A Return to Main Street**

- **Integrated Medical Component**

What ever the Boomers are doing, they tend to think that they are starting a trend. They are going to fundamentally re-brand the aging experience. So lets look at some product, service and destination considerations going forward with that in mind…

Some things such as golf and theatre will remain popular, but there are some areas in niche markets that hold a particular appeal for Quebec. The areas identified were considered based on their ability to connect with the uniqueness and authenticity of Quebec’s people and culture.

First Rejuvenation is a key area. The front-end boomers were the flower children of the 60s and they are ready to spruce up their minds and take care of the sagging bits. First they are looking to explore things that they put off for years – they are ready to go to Machu Picchu, but want to do so in small group with a professor or some expert in Inca history. With eco-tourism being one of the drivers, World Heritage Sites have become popular destinations – to see them in their existing state before they are gone. There is also the travel to support field research and also participate in not-for-profit activities in exotic locales – The Canadian Executive Service Organization already has a over 3,000 volunteer advisers.

As for their own vanity, Boomers will likely be health-oriented senior compared to their predecessors. They will invest in their appearance and with more time making sure that stay healthy and age gracefully. Buenos Aires is now a destination of choice for those seeking cosmetic surgery, with packages including a enough care and relaxation to recuperate so no one will see a scar upon your return. The concept is similar for exercise retreats.

With more time and money, people are seeking more customization in their experience – they want to do things on their own schedule. The rise of “Freestyle” cruising is a testament to this. But exclusivity is becoming important. While this is related to rejuvenation, there is a desire to get at an authentic experience. For instance, such travelers would like to go to Charlevoix, milk a goat, make goat cheese and then go to a kitchen and prepare a 4-course meal with the theme ingredient. [Yukon example – the process of getting there is key element of the journey, and it has to have an “organic” feel about it.]

Parental guilt will never go out of style… and the Boomers will also re-invent grand parenting, and will seek to bring their families together, and will be willing to fit the bill. Resorts that can package reunions and all the associated activities will find a receptive market in years to come.

As for destination development, the desire for community will be as strong as ever. Non-urban destinations, a favourite for vacation homes and touring markets, should pay attention to the development of their main street and have a mix of services that cater to urban tastes but also facilitate interaction and upsell unique regional experiences.

Finally, as boomers age, anywhere and anything they do it will be helpful to include a medical component. Ships have done this for years. Given the increasing demand for the exotic, having a physician along will be a quiet but appreciated value added aspect. Looks like there is a ready market for retired physicians.
I hope that this has been enlightening for you and your organization.

I look forward to your questions.

Merci beaucoup.