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Borderland Tourism as an Indicator of National Travel

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ABSTRACT

The subject of borders is core to international travel, yet remains an understudied component of tourism research. This paper evaluates the tourism performance of Canada's premier border destination, Niagara Falls, to gain insight to the national market trend of declining U.S. visitation to Canada. An assessment of eight years of accommodation reservation data indicates that American visitors spend more, and stay longer than Canadian visitors to Niagara Falls. Thus, as bookings shift from Americans to Canadians, revenues per available room are negatively affected. This close examination of borderland reservations highlights the significant shift in tourism that can result from the macro effects of health and safety concerns, tighter custom regulations, and economic turmoil.

Keywords: borderland tourism, Niagara Canada, reservation data

INTRODUCTION

The subject of borders is core to international travel, integrated into the very definition of an international tourist. Geographic boundaries are used to define markets, plan campaigns, and capture statistics. Yet, despite the significance of borders to travel and tourism statistics, it remains an understudied component of tourism research (Sofield, 2006), and much of what has been studied has been at a macro level (Helleiner, 2009), leaving a void in our understanding of events along country borders that may influence and even shape tourism at the national level.

The objective of this paper is to evaluate the tourism performance of Canada's premier border destination, Niagara Falls, Ontario, to gain insight to national market trends that indicate a serious decline in U.S. visitation to Canada. The analysis begins with macro-level statistics that track U.S. travel to Canada, "the forest", and then examines micro-level accommodation reservation data for a sample of properties in Niagara Falls, "the trees".

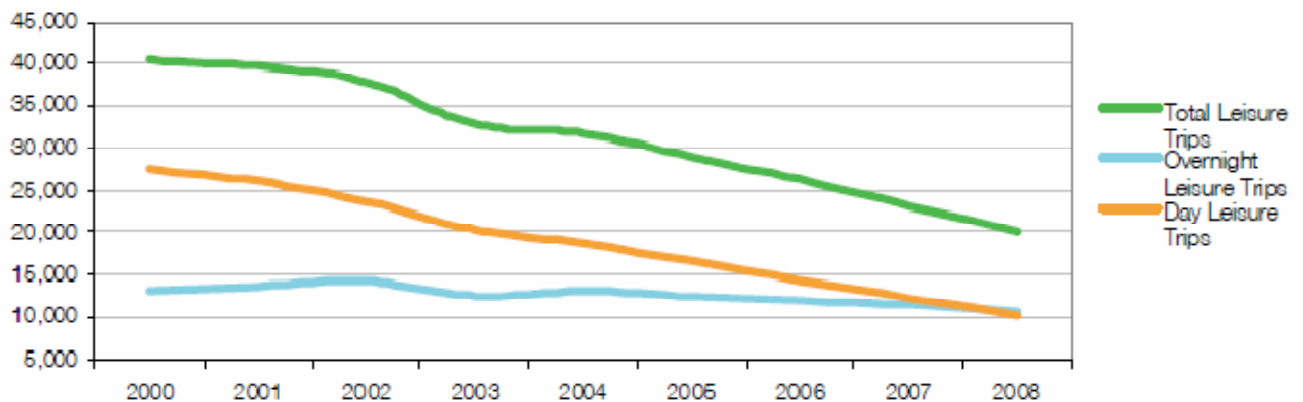
BACKGROUND

In the context of international borders, Canada and the U.S. share a relatively long, peaceful boundary, crossed with relative ease from one predominately English-speaking Western country into another. For Canada, the U.S. represents its number one foreign market, accounting for upwards of 80% of its foreign arrivals (Canadian Tourism Commission, 2009). In 2009, an estimated 20.2 million Americans travelled to Canada, spending \$5.6 billion (Canadian Tourism Commission, 2010). Thus, it is with seriousness that the Canadian industry observes current U.S. arrival levels at a 37-year low, and seemingly continuing on a downward trend for the

foreseeable future. In 2009, Mexico received an estimated 20.3 million American tourists, surpassing Canada as the top U.S. outbound destination (Canadian Tourism Commission, 2010).

In fact, from 2004 to 2007 U.S. outbound travel increased by 11%, yet U.S. travel to Canada decreased, both by air (4%) and by automobile (9%) (Canadian Tourism Commission, 2008). Americans have not stopped traveling; they have simply shifted away from Canada as their top international destination of choice. Many factors have influenced this shift. For years, Canada was viewed by Americans as a value destination, but rising gas prices, unfavorable exchange rates, and cheaper airfares to competing destinations in Asia and Europe, have all contributed to the view that Canada is no longer a deal. This perception, compounded with health and safety concerns, and the economic turmoil of recent years, has resulted in several consecutive years of falling numbers of U.S. leisure travellers to Canada, as seen in Figure 1.

Figure 1
U.S. Leisure Travel to Canada ('000)



Source: Statistics Canada, in Canadian Tourism Commission, 2009

LITERATURE REVIEW

Understandably, much of the border-related research exists within a political context, considering demarcations of nation states and their exercise of sovereignty, with connections to tourism identified in terms of human mobility, political relations, and transnational tourism development (Sofield, 2006). The realities of border security and surveillance have also been the focus of some research (Morgan and Pritchard, 2005), with tensions heightened in the post 9/11 environment. A world of freer global mobility envisioned prior to September, 2001, and demonstrated by the deconstruction of borders within the European Union (EU), suddenly became a world of international watch lists, closed-circuit television cameras and full-body scanners.

Still, at borders throughout the world, cross-border tourism destination development initiatives continue, particularly within, but not limited to, the EU. Prokkola (2010) examines the development of the Finnish-Swedish border, which was in itself is a tourist attraction representative of the old east-west divide, that has now vanished. Nilsson, Eskilsson and Ek

(2010) focus on the cross-border regions of the Baltic Sea area, and consider the interplay of political and economic issues on tourism co-operation.

Interesting cases of destination development can be found where hostile borders have been transformed into tourist attractions, such as the “Island of Peace” on the Israeli-Jordanian border, the “Golden Triangle” of Southeast Asia, and the Berlin Wall in Germany (Gelbman and Timothy, 2010). Formerly closed and fortified, the opening of these borders used tourism development as a catalyst for peace and cooperation (Gelbman and Timothy, 2010).

A special issue of *Tourism Geographies* is dedicated to the study of geographic neighbors cooperating or collaborating to develop tourism (Ioannides, 2006), including a range of in-country circumstances, from the case of Cyprus, where Greek Cypriots refuse to cross the divide into the Turkish-controlled north, to the more successful management of a region of New Zealand that spans an administrative border.

In the North American context, the relatively greater focus given to studying the Mexico-U.S. border (Helleiner, 2009) perhaps reflects the general view that the Canada-U.S. border is but a long-standing, peaceful continental fixture. Yet, the Canada-U.S. border significantly affects U.S. outbound travel to Canada. Smith and Xie (2003) estimate the distance equivalence of the Canada-U.S. border on U.S.-to-Canada visitor flows to be on average 1,650 kilometers of travel. Even within the International Peace Garden, located on the Canada-U.S. border between Manitoba and North Dakota, the crossing formalities, border officials, and lack of information are perceived as a hindrance by some travellers (Timothy and Tosun, 2003).

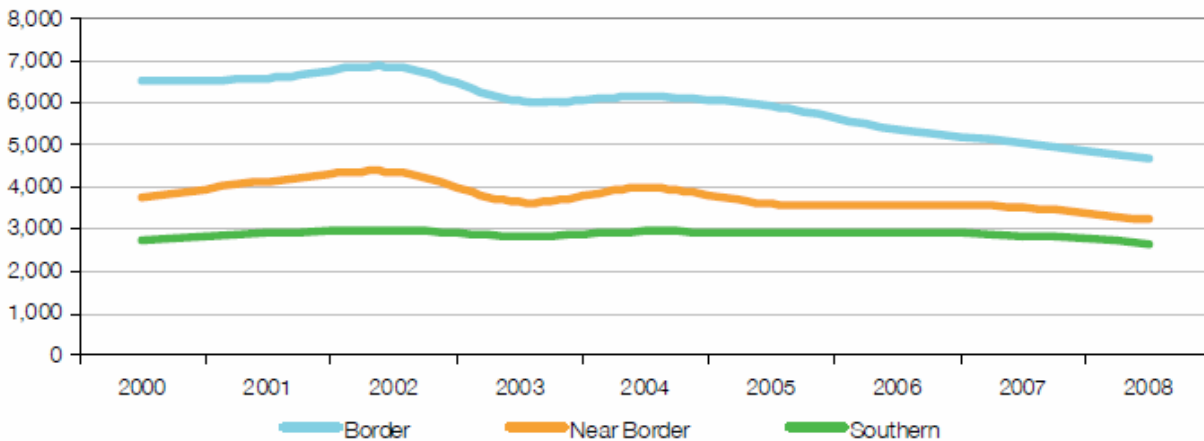
It has been suggested that “as free trade and increased economic integration reconceptualize North America into a continental amalgam, it is in the borderlands where the greatest changes are taking place and where the success or failure of such economic policies will ultimately be determined” (Turbeville and Bradbury, 2005, p. 268). At this juncture of falling U.S. visitation, and the Canadian Tourism Commission’s deliberations regarding whether to continue to market in the U.S., it is timely for Canadian tourism stakeholders to critically assess borderland tourism as an indicator of national tourism directions. There is perhaps no better “canary” by which to measure the state of borderland tourism than Niagara Falls, Ontario.

Niagara Falls has been Canada’s premiere tourism destination since the early 19th century, and remains the top destination for American visitors (Helleiner, 2009). The main attraction, the spectacular Horseshoe Falls on the Canadian side of the border, draws millions of visitors each year, from young honeymooners to senior motorcoachers. Niagara Falls is the most popular destination within the most popular province of Canada (Canadian Tourism Commission, 2010). Reflecting Canada’s best brand attributes of beauty and nature, Niagara Falls is a top-of-list icon along with the maple leaf (Canadian Tourism Commission, 2010). With 60% of the U.S./Canadian population living within a one-day drive, and marketing initiatives undertaken by local and national authorities, as well as the Bi-national Niagara Tourism Alliance (Jayawardena, White and Carmichael, 2008), Niagara Falls’ strengths are numerous.

However, in the past decade Niagara Falls has been hit hard by a series of challenges, beginning with the terror of 9/11, and followed by the SARS epidemic in 2003, the Mad Cow

outbreak, the U.S. Department of Homeland Security's 2005 announcement of the Western Hemisphere Travel Initiative, requiring stricter documentation in order to travel in and out of the U.S., and most recently, the economic crisis to hit North America, and particularly the U.S. For a destination strongly dependent on American tourists, the impact was severe. The majority of U.S. visitors to Niagara Falls come from the four border states of New York, Pennsylvania, Ohio and Michigan (Meridian Reservation Systems, 2010), and it is the U.S. border state visits to Canada that have seen the greatest fall. As seen in Figure 2, in comparison to U.S. leisure trips to Canada from near border and southern states, trips from border states have decreased at the greatest rate.

Figure 2
Regional Overnight U.S. Leisure Trips to Canada ('000)



Source: Statistics Canada, in Canadian Tourism Commission, 2009

From the broad view that shows us the picture of falling U.S. travel across the border into Canada, like Google Earth's satellite image, we can zoom the lense downward, closer to the border, and assess that state of affairs of U.S. trips to Niagara Falls specifically. By doing so, we can more finely, and quite sharply, see the impact of this significant shift in Canada-U.S. travel patterns.

METHODOLOGY

Canada has a good reputation internationally for its systematic method and practice of collecting tourism statistics via its national statistical agency, Statistics Canada, with support of various government and industry stakeholders. The International Travel Survey is a valuable resource for statistical data at national and provincial levels. Yet, survey data has its limitations due to the challenges of sampling, procedural uncertainties and variations from projections (Rideng and Christensen, 2004) that are almost unavoidable. A combination of research methods is a means of addressing limitations found in any one approach.

With existing e-booking technologies, rich reservation databases can now provide timely tourism data as a measure of travel volume. Approximately 80% of the U.S./Canadian population are now online (Tourism Industry Association of America, 2009), and the Internet has become the preferred method for travel planning purposes. Not only do e-reservation system

databases provide an indicator of volume, they also provide details of traveller origins and expenditures.

Founded in 1998, Meridian Reservation Systems is the current Destination Management System (DMS) provider for Niagara Falls, Ontario. Originally created as the reservation system for one small Niagara Falls motel, Meridian was a simple processing system to keep track and control of pricing, reservation, and booking information. Yet with its flexible design and ability to cater to a business's booking and marketing needs, the application potential was much bigger than its original purpose (Elliot and Joppe, 2010). Developed before internet marketing had become a major media for tourism, Meridian was able to adapt the system to e-marketing trends. From a processing system designed for one single property, to an international DMS provider, Meridian systems now support Canada's major destinations, including Niagara Falls, Toronto, Ottawa, Winnipeg, Quebec City and Hamilton.

A subset of the Meridian Reservation Systems booking data for Niagara Falls was provided to the author for teaching and research purposes. The subset contained reservation data for 15 accommodation properties, selected as a representative set of the Niagara Falls accommodation sector.

Table 1
Niagara Falls properties included in sample database

Category	Number	Description
Small (less than 100 rooms)	5	Motel-type property with 5 floors or less
Medium (100 to 250 rooms)	5	Mid-market branded properties
Large (more than 250 rooms)	5	Higher-end branded properties

While the properties cannot be named for reasons of confidentiality, Table 1 indicates the categorization of the 15 properties, selected to represent a balance of small, medium and large accommodation types, and totaling 3,302 available room units. Also, the properties selected were limited to those that had been with Meridian Reservation Systems from 2002 to 2009, or longer. It should be noted that the bookings captured by Meridian represent only a portion of total bookings, with all properties using additional reservation systems, from their own 1-800 telephone number to the major online travel agencies (e.g. Expedia, Travelocity and Orbitz). That said, it is felt that the data captured by Meridian and analyzed here is a valid sample, representative of overall booking trends, in that all numbers reflect actual reservations over an extended period.

RESULTS

Eight years of booking data, from January 2002 to December 2009, comprising over 175,000 individual bookings worth more than \$65 million in reservations were mined to evaluate the Canada-U.S. booking trends. Table 2 presents a summary of the booking data, illustrating the dramatic shift from a U.S. to Canadian booking majority over the years.

In 2002, reservations by American visitors represented a 67% share of bookings, a 72% share of nights booked, and three-quarters of the amount of booking revenues. In comparison, Canadian visitors represented just one-quarter of bookings, 21% of nights booked, and only 17% of booking revenues. In all three categories, the U.S. share was greater by more than 40%, and American bookings clearly held the majority. The value of a Canadian versus American booking was also quite different, with the U.S. average booking rate of \$419 well above the average Canadian rate of \$255.

Table 2
Niagara Falls Reservations by Canadian and American Visitors

SUMMARY OF BOOKINGS 2002-2009										
Year	% Bookings		% Nights		% Total Amount		AVG Booking Rate		AVG Night Rate	
	CDA	U.S.	CDA	U.S.	CDA	U.S.	CD A	U.S.	CDA	U.S.
2002	25.7%	67.4%	21.5%	72.1%	17.6%	75.6%	\$255	\$419	\$168	\$217
2003	41.0%	52.3%	35.5%	57.7%	29.6%	62.2%	\$229	\$377	\$155	\$200
2004	38.2%	52.8%	33.3%	57.9%	28.2%	60.7%	\$239	\$372	\$165	\$205
2005	43.0%	46.9%	37.6%	52.0%	32.1%	56.1%	\$271	\$434	\$186	\$235
2006	49.8%	42.4%	43.6%	48.1%	40.0%	50.5%	\$265	\$393	\$184	\$210
2007	55.2%	37.3%	48.8%	43.3%	45.7%	45.9%	\$266	\$395	\$187	\$212
2008	59.2%	32.9%	52.5%	38.8%	49.1%	41.5%	\$348	\$529	\$252	\$288
2009	59.7%	34.0%	53.1%	40.6%	48.2%	44.6%	\$430	\$700	\$309	\$375
Averages							\$288	\$452	\$201	\$243
% Above								57.1%		20.9%

Source: Meridian Reservation Systems, 2010

Over the eight year period captured in Table 2, the share of U.S. reservations drops each year to 2008, and the Canadian share rises. By 2009, reservations by Canadian visitors represent a 60% share of bookings, a 53% share of nights booked, and almost half of the amount of booking revenues. By contrast, American visitors now represent just over one-third of bookings, 40% of nights booked, and 44% of booking revenues. In all three categories, the U.S. share has fallen by 30%, and the Canadian share has risen by 30%. This shift is significant, particularly when the difference in value of a Canadian versus American booking is considered. At \$452 on average per booking, the value of an American reservation is 57% higher than the average Canadian reservation of \$288. The average rates per night have increased for both Canadian and American visitors, representing a greater number of packages purchased by both segments, but with the U.S. rate still above the Canadian rate by 21%.

CONCLUSION

The findings indicate that American visitors spend more, and stay longer than Canadian visitors to Niagara Falls (1.86 nights on average per American booking compared to 1.44 nights per Canadian booking). Thus, as the majority of bookings has shifted from Americans to Canadians, the figures suggest that revenue per available room has been negatively affected, more so than occupancy rates. Whether this trend will continue depends on a number of factors. The 2009 figures suggest a slight increase in the U.S. share of reservations over 2008, giving some hope of a recovery in the U.S. share of market. The next year's performance will be a key indicator of the strength of the recovery.

The limitation of this research is that the sample of reservation data analyzed represents only a portion of total bookings, though this is much like any survey sample. The strength of the data is that it is real, actual bookings. This enhances the validity of the figures, particularly the dollar value figures, which in surveys is a variable that is dependent on traveller recollections and/or estimations, and as such, is often weak. The results also mirror Statistics Canada's tracking of the decline in U.S. visitation at the national level, thereby lending some support to the findings. In consideration of the advantages and disadvantages of reservation-based research, it is felt that the depth and timeliness of these vast databases of real travel data represent a rich source for much future research.

Studies of international borders and border regions can contribute to wider debates about the future of the nation-state in a globalizing world (Helleiner, 2009), as the barrier effect of international borders on travel and tourism will no doubt be affected (Timothy and Tosun, 2003). This close examination of borderland reservations highlights the significant shift in tourism that can result from the macro effects of health and safety concerns, tighter custom regulations, and economic turmoil.

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