



Economic Impact Analysis of Tourism in the City of London (Internal Report)

Prepared for:
Tourism London

Prepared by:
The Conference Board of Canada

June 20, 2023





Contents

Preface	3
About the Conference Board of Canada	3
Key Findings	4
Introduction	5
Tourism Spending in London	6
Overnight Visits to London	8
Economic Impact of Tourism in London	9
Conclusion	11
Appendix A: Glossary of Terms.....	12



Preface

This research was undertaken by The Conference Board of Canada's Economic Research Division with funding and support from Tourism London. In keeping with Conference Board's guidelines for financed research, the design and method of research, as well as the content of this study, were determined solely by the Conference Board.

The following members of the Conference Board contributed to this research: Tony Bonen, Director; Gregory Hermus, Principal Economist; Alan Chaffe, Senior Economist; and Anthony Landry, Economist.

About the Conference Board of Canada

The Conference Board is Canada's foremost independent, not-for-profit, applied research organization. We provide unbiased, highly focused research and analysis to help build leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy issues, and organizational performance. The Conference Board's Economic Research Division employs nearly 20 professional economists with decades of research experience who combine their knowledge to produce custom economic forecasts and research. The Economic Research team studies complex issues from multiple perspectives, applying proprietary economic models and cutting-edge methodologies—supported by a deep understanding of the market, political, and social context in which they occur. These integrated insights help create meaningful impacts within Canadian organizations and industries by helping leaders cut through the noise and make informed decisions. The Conference Board was established in 1954 and is affiliated with the U.S.-based Conference Board, Inc., which serves some 2,000 companies in 60 nations.



Key Findings

- In 2022, tourism spending in London was estimated to be \$982.4 million, an increase of 42% relative to 2021.
- Purchases of food and beverages totaled \$371.1 million (38% of total tourism spending), of which \$276.0 million was spent in restaurants while the remaining \$95.1 million was spent in stores.
- Year-over-year, rental cars (70.6%), private transportation (59.5%), and accommodations (57.5%) demonstrated the greatest growth in tourism spending.
- The City of London was host to nearly 2.02 million overnight visitors, an increase of 31% relative to 2021, including 107,000 visitors from the United States, 18,000 from other international countries, and nearly 1.9 million domestic tourists.
- Tourism activity in London helped generate a total of \$949 million in GDP for the province and nearly \$554 million for the local economy of London.
- In 2022, tourism activity in London supported over 9,820 full-time jobs in Ontario, with 7,550 being in London.
- London's tourism sector contributed an estimated \$454.9 million in tax revenues across all levels of government. Of this, \$211.3 million accrued to the federal government, \$180.8 million to the provincial government, and \$62.8 million to municipal governments.



Introduction

The purpose of the study is to assess the economic impact of tourism on London, Ontario in 2022. Tourism spending in London increased 42% (\$290.2 million) in 2022 as tourist activities began to recover from the impacts of COVID-19 in 2021 and 2020. Estimates of the economic impact of tourism account for visitor volumes in the City of London during 2022 and are based on accommodation data collected by Tourism London and on other indicators regularly monitored by the Conference Board. The final economic impact estimates in this study were produced using the Conference Board's Tourism Economic Assessment Model.



Tourism Spending in London

In 2022, spending by both same-day and overnight visitors to London was estimated to be \$982.4 million (see Table 1), 41.9 per cent greater than 2021 (see Table 2). The largest portion of tourism spending in London in 2022 was attributed to purchases made on food and beverages, which totaled \$371.1 million or 38 per cent of total spending—about three-quarters of which (\$276.0 million) was spent in restaurants and the rest (\$95.1 million) in stores. Tourists also spent \$33.5 million (3.4% of the total) on public transportation, which includes ticket fares for intercity trains and buses. In addition, tourists spent \$193.1 million on private transportation (19.7%), namely the use of personal vehicles including vehicle parts and maintenance. Accommodation spending by visitors accounted for \$104.5 million (10.6%). Moreover, tourists spent \$203 million (20.6% of the total) on retail spending—nearly two-thirds of which (\$133.5 million) was spent on clothing while the remaining third (\$69 million) on other goods.

Table 1
Tourism Spending in London
(\$000's)

Expenditure Category	2022e	Share of Total
Public Transportation	\$33,520	3.4%
Rental Cars	\$9,298	0.9%
Private Transportation	\$193,135	19.7%
Local Transportation	\$6,393	0.7%
Accommodation	\$104,455	10.6%
Food & Beverage - At Stores	\$95,079	9.7%
Food & Beverage -At Restaurants	\$276,018	28.1%
Entertainment & Recreation	\$61,921	6.3%
Retail Spending - Clothing	\$133,547	13.6%
Retail Spending - Other Goods	\$69,080	7.0%
Total	\$982,445	100%

Source: The Conference Board of Canada.

Year-over-year, rental cars (70.6%), private transportation (59.5%), and accommodations (57.5%) had the greatest growth in tourism spending (see Table 2). As in 2021, the largest



share of tourism spending in London was driven by purchases of food and beverages at restaurants in 2022, marking an increase of nearly \$75 million relative to 2021.

Table 2
Tourism Spending in London
(\$000's)

Expenditure Category	2021e	2022e	Percentage change (2022 vs. 2021)
Public Transportation	\$22,228	\$33,520	50.8%
Rental Cars	\$5,451	\$9,298	70.6%
Private Transportation	\$121,089	\$193,135	59.5%
Local Transportation	\$4,695	\$6,393	36.2%
Accommodation	\$66,334	\$104,455	57.5%
Food & Beverage - At Stores	\$70,639	\$95,079	34.6%
Food & Beverage - At Restaurants	\$202,111	\$276,018	36.6%
Entertainment & Recreation	\$46,226	\$61,921	34.0%
Retail Spending - Clothing	\$99,717	\$133,547	33.9%
Retail Spending - Other Goods	\$53,732	\$69,080	28.6%
Total	\$692,221	\$982,445	41.9%

Source: The Conference Board of Canada.



Overnight Visits to London

In 2022, the City of London was host to approximately 2.02 million overnight visitors (see Table 3). This represents a 31 per cent increase over the number of overnight visitors estimated for 2021. This figure includes 107,000 visitors from the United States, 18,000 from other international countries, and nearly 1.9 million domestic tourists. As a share of total visitors, the percentage of overnight visitors coming to London from the United States between 2021 and 2022 rose from 1.6 per cent to 5.3 per cent while the percentage of overnight visitors from within Canada fell 4.3 percentage points (see Table 4).

Table 3
Overnight Visitors to London
(Person-Trips)

Visitor Origin	2021e	2022e	Percentage change (2022 vs. 2021)
Canada	1,520,000	1,899,000	24.9%
United States	25,000	107,000	328.0%
Other International	5,000	18,000	260.0%
Total	1,550,000	2,024,000	30.6%

Source: The Conference Board of Canada.

Table 4
Overnight Visitors to London
(As a share of total visitors)

Visitor Origin	2021e	2022e
Canada	98.1%	93.8%
United States	1.6%	5.3%
Other International	0.3%	0.9%
Total	100.0%	100.0%

Source: The Conference Board of Canada.



Economic Impact of Tourism in London

The Conference Board's Tourism Economic Assessment Model results estimate that the \$982.4 million spent by tourists in London last year supported over 9,820 full-time jobs in 2022 in Ontario, with the bulk of these (7,550) in London (see Table 5). Given that overall employment in the London metropolitan region was approximately 295,000,¹ our analysis suggests that tourism helped support 2.6 per cent of the region's employment. In total, tourism activity in London helped generate a total of \$949 million in GDP for the province and nearly \$554 million for the local economy of London (see Table 6).

Table 5
Impact of Tourism in London on Employment, 2022
(Full-year jobs)

Impact Phase	Employment in Ontario	Employment in London
Direct	5,282	5,182
Indirect	2,480	1,115
Induced	2,061	1,252
Total	9,823	7,550

Source: The Conference Board of Canada.

Table 6
Impact of Tourism in London on Gross Domestic Product (GDP), 2022
(\$000's)

Impact Phase	GDP in Ontario	GDP in London
Direct	332,170	319,582
Indirect	373,042	122,546
Induced	244,228	111,973
Total	949,440	554,102

Source: The Conference Board of Canada.

In addition, London's tourism sector contributed an estimated \$454.9 million in tax revenues across all levels of government. Of this, \$211.3 million accrued to the federal government, \$180.8 million to the provincial government, and \$62.8 million to municipal governments. In the

¹ Based on Statistics Canada, Labour Force Survey for London Census Metropolitan Area (annual average of monthly data). The London CMA includes the following cities, municipalities, and townships: Adelaide-Metcalf, Central Elgin, London, Middlesex Centre, Southwold, St. Thomas, Strathroy-Caradoc, and Thames Centre.



City of London, it is estimated that \$45.9 million was paid by London employers and employees in municipal taxes (see Table 7).

Table 7
Impact of Tourism in London on Taxes, 2022
(\$000's)

Level of Government	Taxes in Ontario	Taxes in London
Federal	211,324	139,711
Provincial	180,799	130,567
Municipal	62,781	45,850
Total	454,904	316,128

Source: The Conference Board of Canada.



Conclusion

This study leverages projections based on locally collected accommodation data as well as a range of other indicators to estimate visitor volumes and spending on tourism activity in London. Based on these sources, our analysis suggests that tourism activity generated an impressive \$982.4 million in spending during 2022, which marked a substantial increase of approximately \$290.2 million or 41.9% relative to 2021. This increased activity elevated tourism's role in driving economic growth, employment, and revenue generation for the local economy. Policymakers, businesses, and stakeholders in the tourism sector may leverage this valuable information to make informed decisions, allocate resources efficiently, and develop strategies that capitalize on the City of London's tourism potential.



Appendix A: Glossary of Terms

Gross Domestic Product (GDP): the value of goods and services produced by labour and capital located within a country (or region), regardless of the nationality of labour or ownership. GDP in this report is measured at market prices. Tourism GDP refers to the GDP generated by those businesses that directly produce or provide goods and services for travelers.

Employment: refers to the number of jobs, including full-time, part-time, and seasonal employment, as well as both employed and self-employed.

Federal tax revenues: include personal income tax, corporate income tax, commodity tax (i.e., the federal share of HST, gas tax, excise tax, excise duty, air tax, and trading profits), and payroll deductions that are collected by the federal government.

Provincial tax revenues: include personal income tax, corporate income tax, commodity tax (i.e., the provincial share of HST, gas tax, liquor gallonage tax, amusement tax, and trading profits), and employer health tax collected by the Ontario provincial government.

Municipal tax revenues: include business and personal property taxes that are collected by municipalities. It should be noted that the taxes reported are based on the share of the total property taxes collected by a municipality based on the share of revenues (or earnings) attributed to tourism.

Direct impact: measures the value added to the economy from businesses in the tourism sector (e.g., accommodations, restaurants, recreation centres, travel agents, transportation, and retail enterprises) that are attributed directly to the sector's employees, wages earned, and firms' profits.

Indirect impact: measures the value added that the "direct impact" firms generate within the economy through their demand for intermediate inputs or other support services. For example, hotel owners purchase linen from suppliers.

Induced impacts: are derived when employees of the tourism sector spend their income and owners spend their profits on food, clothing, shelter, and other consumer goods and services within the region. These purchases lead to more employment, higher wages, and increased income and tax revenues, and can be felt across a wide range of industries.



Where insights
meet impact