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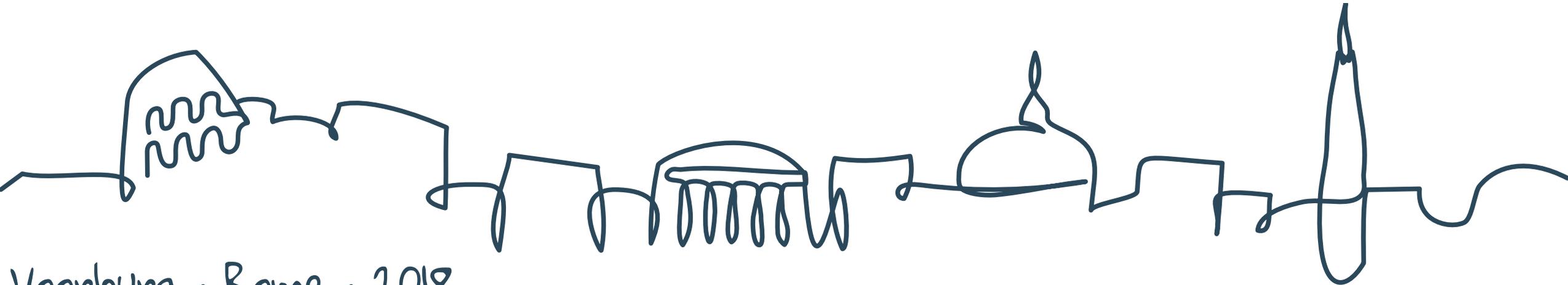
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2018

# Output Measurement of Travel Arrangement and Reservation Services

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# Travel Arrangement and Reservation Services in Canada

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Industry	Main products	Concentration (Revenue share of Top 5 companies)	Sector of clients
<p>Travel Agencies (NAICS 561510, ISIC 7911) Intermediaries selling the packages of tour operators, and individual travel services</p>	<p>35% packaged tours 34% airline seats 16% cruises</p>	<p>Least concentrated Top 5 account for 20% of industry</p>	<p>61% to households</p>
<p>Tour Operators (NAICS 561520, ISIC 7912) Arrange, assemble and market tours, generally through travel agencies.</p>	<p>80% packaged tours (typically include a bundle of transportation, lodging, and various meal plan options)</p>	<p>Concentrated Top 5 account for 72% of industry</p>	<p>77% of packages consumed by households</p>
<p>Other Travel Arrangement and Reservation Services (NAICS 561590, ISIC 7990) Examples: ticket offices, automobile clubs, convention and visitor bureaus, reservation services, time shares, travel clubs, etc.</p>	<p>Not measured (tax data)</p>	<p>Top 5 account for 38% of industry</p>	<p>Not measured</p>



# Gross revenue

- Includes both the value of the intermediary service provided by businesses in this industry, as well as the value of the transportation, accommodation and other related products
- Does not align with the Canadian System of Macroeconomic Accounts (CSMA) intermediate consumption concept required to measure the activity of this industry
- There is a demand for gross measures of the overall activity in the industry
- Most revenue for **tour operator** and **other travel arrangement industries** is reported, and aggregates are published, on a gross basis since this aligns with how the industry sees its output.



# Net revenue

- Revenue measured net of the value of the goods and services which are the final products of other industries (e.g. hotel rooms provided by accommodation service providers) and are consumed by the customers rather than directly by the travel arrangement service industry itself
- This net or margin valuation of output allows us to show the household sector as the consumer of the flights, tours and hotels rather than the travel arrangement industry
- Some businesses report their revenue this way
- Aggregate revenue estimates for **travel agencies** are published on a net basis

# Measurement methods and issues

- Businesses in the travel arrangement and reservation services industries have the option of valuing their output on a gross or on a net revenue (margin) basis in keeping with their accounting practices
- Businesses are stratified by size based on annual revenue which most often comes from tax data, which has an impact on their sampling weight
- Edit and imputation processes have been put in place to evaluate whether data from all contributing sources are reported in net or gross terms and to adjust all gross values to net
- If the cost of goods sold value is greater than zero it will be set to zero and any reported value will be removed from both revenue and expenses



# Evaluation of measurement

- The net valuation of travel agency service output aligns with the output concept of the CSMA.
- The activity of tour operators and other travel arrangement and reservation service providers is treated two ways. Retail and Services Industries Division publishes estimates for these industries on a gross revenue basis which aligns with the way the industry perceives its business. The CSMA treats these industries as intermediaries in calculating value added, removing non-zero cost of goods expenses for products such as (flights, hotels, tickets, etc.) from businesses' revenues and expenses.
- For the measurement of real output, there are currently no producer price indexes for the services of the travel arrangement and reservation service industries. Instead, the CSMA deflates the output of these industries using the all-services consumer price index from which taxes have been removed



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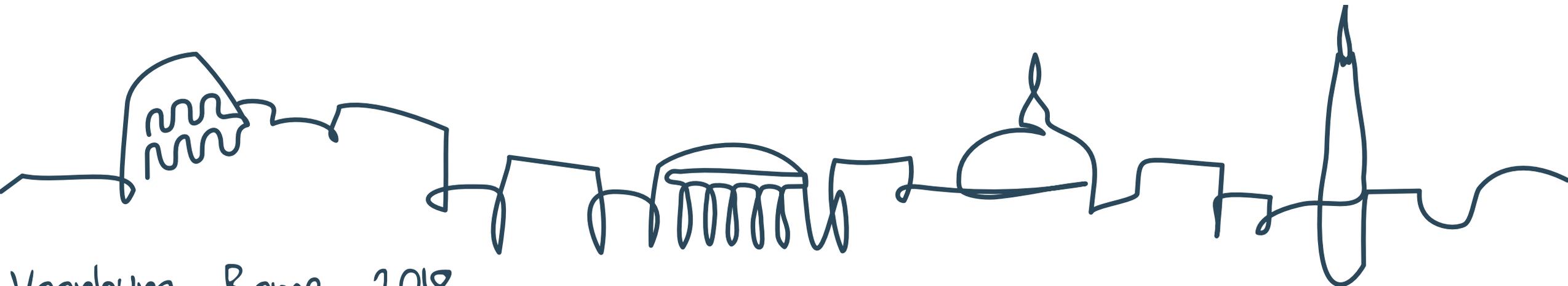
# Questions?

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