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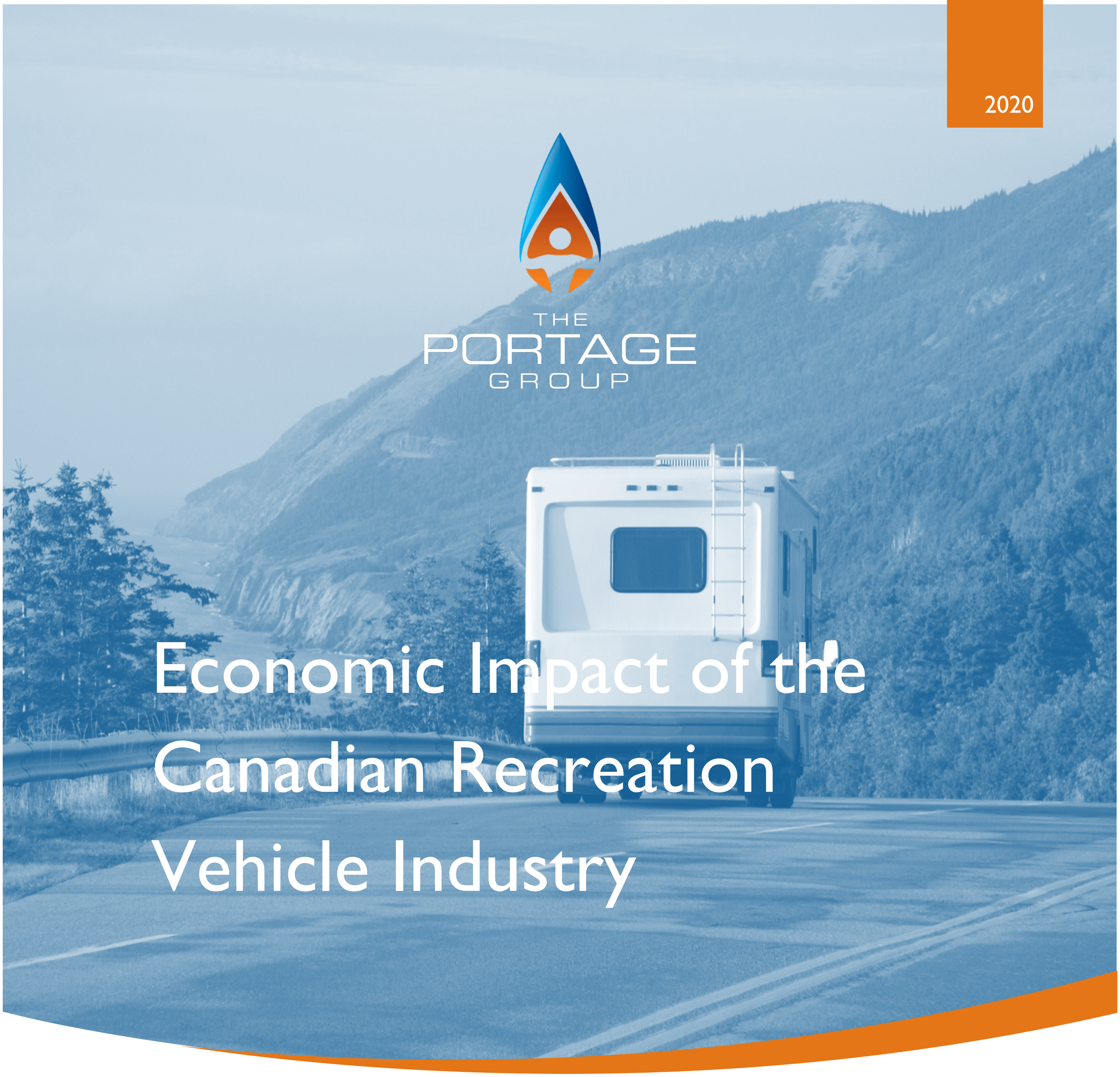

Economic Impact of the Canadian Recreation Vehicle Industry

RECREATION VEHICLE DEALERS ASSOCIATION OF CANADA
& CANADIAN RECREATIONAL VEHICLE ASSOCIATION
JUNE 2020

PREPARED BY THE PORTAGE GROUP INC. & URBANMETRICS INC.

About Recreation Vehicle Dealers Association

The Recreation Vehicle Dealers Association of Canada (RVDA) is a national federation which exists to protect and promote the interests and welfare of RV Dealers across Canada to enable the industry to maximize its potential. The core objective of the RVDA of Canada is to bring together and represent the retail businesses involved in the recreation vehicle industry across Canada, thus providing the support and strength to protect and promote the interests and welfare of Canadian RV Dealers, and to maximize the potential of the industry for all involved.

About The Canadian Recreational Vehicle Association

The Canadian Recreational Vehicle Association (CRVA) is a non-profit organization comprised of leading Recreational Vehicle Manufacturers and Suppliers of the components that go into Recreational Vehicles that are sold in Canada. CRVA has been in existence for over 40 years and works continually to promote all aspects pertaining to the quality and safety in the RVs built by its member companies. The Association ensures a continuity of professional standards beneficial to the RV industry and, ultimately, in the best interest of the consumer.

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Disclaimer

Although the information in this report has been obtained from sources that The Portage Group Inc. and urbanMetrics inc. believes to be reliable, its accuracy and completeness cannot be guaranteed. This report is based on available data from Statistics Canada, Industry Canada and other third-party suppliers as well as survey responses from an online panel survey conducted in September 2019. This report is for information purposes only. All opinions and estimates included in this report constitute the views of survey respondents combined with our judgment as of this date and are subject to revision.

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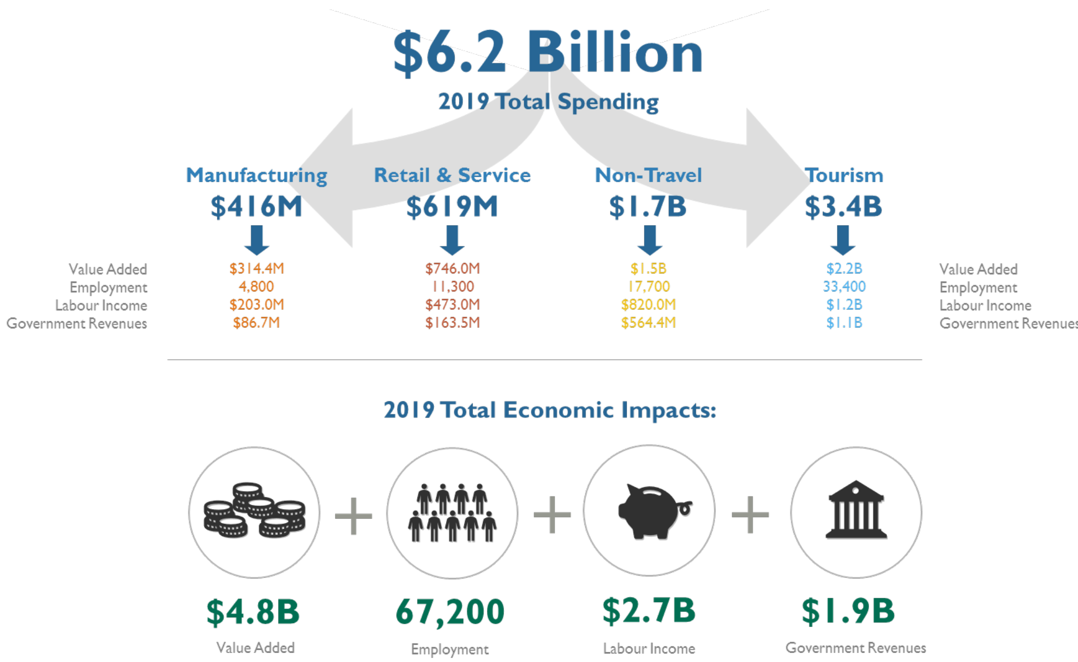
EXECUTIVE SUMMARY

For many Canadians, recreation vehicles (RVs) are more than just a convenient way to travel and enjoy the outdoors, it is a way of life. Given this, it is no surprise that recreation vehicles have a significant impact on the Canadian economy. The economic activity generated by the RV industry is considerable and multi-faceted, including everything from the manufacturing, sales and service of RVs to expenditures to use, store, maintain and travel in RVs.

In total, the RV sector directly and indirectly supported an estimated 67,200 jobs and delivered $4.8 billion in added economic value to the Canadian economy from an initial expenditure of $6.2 billion in 2019.



While manufactures and dealers contribute significantly to the total, a majority of the contribution occurs after the initial RV purchase. More specifically, expenditures associated with RV ownership and use account for 78% of the total value added to the Canadian economy. The study revealed that approximately 2.1 million (or 14% of) Canadian households own an RV. Post-purchase spending by this group of owners contributes to the economy through two expenditure categories:

- **Non-travel RV** expenditures are those costs associated with RV ownership and include insurance, storage, and accessories. RV owners spent an estimated $1.7 billion in these three categories in Canada in 2019. RV owners also spend on maintenance, however the value of this is included in the retail sales and service subsector expenditures.

- **RV tourism related** expenditures are costs associated with using the RV. The study reveals that the 2.1 million RV owners took an estimated 7.7 million RV trips in Canada in 2019. Further to this, Canadians who rented RVs took an estimated 419,000 trips in Canada bringing the total to 8.1 million RV trips. With an estimated $3.4 billion in spending from these trips, RV tourism is the largest contributor to the overall impact by a significant margin.

The results of this economic update demonstrate that the RV industry continues to be a significant contributor to the Canadian economy.

Notably, the winter of 2020 saw Canada, and the world, face an unprecedented economic shock caused by the COVID 19 pandemic. At the time of writing, much of Canada was just beginning to ease social distancing measures following over two months of self-imposed quarantine. With a high level of uncertainty over the coming months, businesses just beginning to re-open and the Canada-US border still closed, there will undoubtedly be significant impacts on the RV sector. The 2020 update offers a timely baseline against which to measure the impact of the pandemic on the RV industry.

I. INTRODUCTION

For many Canadians, recreation vehicles (RVs) are more than just a convenient way to travel and enjoy the outdoors, it is a way of life. Given this, it is no surprise that recreation vehicles have a significant impact on the Canadian economy. The economic activity generated by the RV industry is considerable and multi-faceted, including everything from the manufacturing, sales and service of RVs to expenditures to use, store, maintain and travel in RVs.

Recognizing an industry need to understand the economic impact of the sector, the Recreation Vehicle Dealers Association of Canada (RVDA) and the Canadian Recreational Vehicle Association (CRVA) engaged The Portage Group Inc. and urbanMetrics inc. to estimate the level of economic activity supported by the RV industry in Canada.

This report discusses the economic impact of the RV industry in Canada for 2019. Notably, the winter of 2020 saw Canada, and the world, face an unprecedented economic shock caused by the COVID 19 pandemic. At the time of writing, much of Canada was just beginning to ease social distancing measures following over two months of self-imposed quarantine. With a high level of uncertainty over the coming months, businesses just beginning to re-open and the Canada-US border still closed, there will undoubtedly be significant impacts on the RV sector. The 2020 update offers a timely baseline against which to measure the impact of the pandemic on the RV industry.

The economic impact analysis looks at the economic activity in four distinct subsectors, including:

- RV manufacturing (Chapter II);
- RV retail sales and service (Chapter III);
- Non-travel related RV expenditures (Chapter IV); and
- Tourism-related RV expenditures (Chapter V).

Expenditure estimates were developed for each of the four subsectors and subsequently entered into Statistics Canada's provincial Input-Output Model to examine the level of jobs, taxes, and economic activity supported in by each subsector and in aggregate. This report details the national level findings.

For this report, the term recreation vehicle, or RV, refers to a vehicle that can be lived in and can be driven or towed from place to place, although some are stationary park model homes. RV's include the following vehicle types: travel trailers; fifth wheel trailers; toy haulers; hybrid travel trailers; tent camping trailers; park model trailers; truck campers; class A motorhomes; class B motorhomes; and, class C motorhomes.

This study is an update to the *Economic Impact of the Canadian Recreation Vehicle Industry Study* conducted in 2018.

II. RV MANUFACTURING

The first subsector in this economic impact analysis is RV manufacturing. These are businesses that are primarily engaged in the manufacturing of RVs, such as motorhomes, fifth wheels, travel trailers, park models and campers, and RV parts – the primary commodity for the sector. This section looks at the revenues and economic impact generated by these businesses.

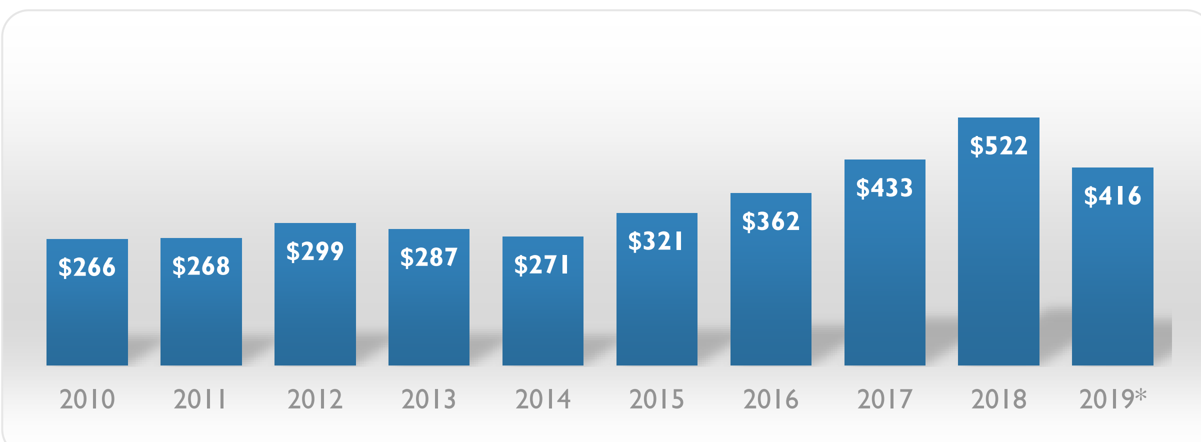
RV MANUFACTURING EXPENDITURE ESTIMATES

MANUFACTURING SALES GROWTH

According to the Statistics Canada Monthly Survey of Manufacturing, RV manufacturers in Canada (NAICS 336215) generated an estimated total of $416 million in the sale of goods manufactured (shipments) in 2019. While this represents a significant decrease from 2018 (-20%), it is only 4% lower than 2017 (see **Exhibit 2-1**).

It is important to note that the manufacturing estimates from 2013 to 2017 have been revised by Statistics Canada since the previous study. Notably, the 2017 estimate was revised downward from $470 million to $433 million. This drop of $37 million in spending also lowers the estimated economic impact for manufacturing in 2017.

Exhibit 2-1: RV Sales of Goods Manufactured (shipments) 2010 to 2019 ($ millions)



Sales of Goods Manufactured (shipments) Year Over Year Growth

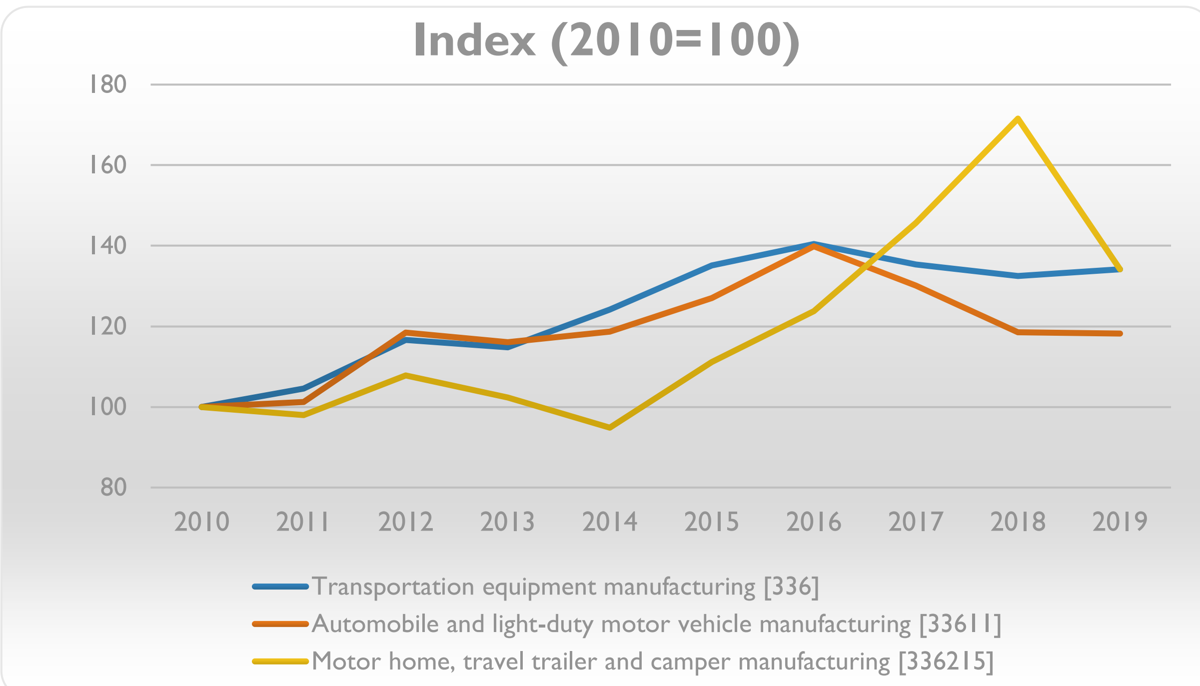
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Annual Change	5.0%	0.9%	11.7%	-4.2%	-5.5%	18.5%	12.9%	19.5%	20.5%	-20.3%

Source: Statistics Canada Monthly Survey of Manufacturing (304-0014) - NAICS 336215.
Notes: *2019 sales of goods manufactured based on preliminary Statistics Canada estimates and are subject to revision.
Data for 2013 to 2017 was revised by Statistics Canada. Accordingly, values do not match exactly with data presented in the 2018 report.

From 2010 to 2012, manufacturing sales grew by a total of 12% before decreasing again in 2013 (-4%) and 2014 (-6%). The net change over this period (2010 to 2014) was 2%. After 2014, RV manufacturing experienced annual increases each year up to 2018 for a cumulative gain of 93% before dropping by 20% in 2019.

As illustrated in **Exhibit 2-2**, with the exception of 2014, the RV manufacturing sector followed a similar, but slower, growth path as the rest of the transportation equipment manufacturing sector and automobile and light-duty motor vehicle manufacturing sector from 2010 to 2016. RV manufacturing continued to grow in 2017 and 2018 while the comparison sectors declined. However, a sharp decline in RV manufacturing in 2019 put it on par with the overall transportation equipment manufacturing sector for overall growth since 2010. Indices for both sit at 134 in 2019.

Exhibit 2-2: Inflation-Adjusted RV Sales of Goods Manufactured (shipments) 2010 to 2019



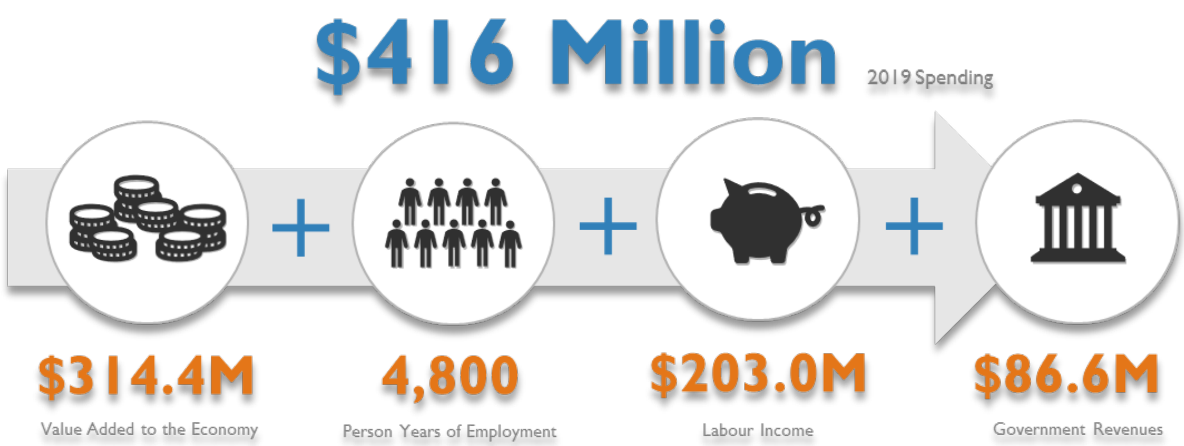
Source: Statistics Canada Monthly Survey of Manufacturing (304-0014).

ECONOMIC IMPACT – RV MANUFACTURING

As described above, the total value of recreation vehicles manufactured in Canada was approximately $416 million in 2019.

As detailed below, the value of recreation vehicles manufactured in Canada in 2019—including direct, indirect and induced impacts—generates significant value for the Canadian economy.

- **± $314.4 million in value added** to the Canadian economy;
- **± 4,800 full-time years of employment**;
- **± $203.0 million in labour income** across Canada; and,
- **± $86.6 million in tax revenue** to municipal, provincial and national governments, in the form of personal tax, corporate tax, and other taxes.



Relative to the results of the 2018 economic impact study undertaken on behalf of the RVDA, these manufacturing impacts represent a considerable decline across most variables considered. The decline is largely attributable to the decrease in initial spending, which dropped by just over 11% (the value of manufacturing reported in 2017 was $470 million). Accordingly, the various economic benefits derived from this initial shock expenditure have decreased as well. However, as noted earlier, there was a significant adjustment made by Statistics Canada in the 2017 spending estimate. This alone accounts for over half of the difference.

III. RV RETAIL SALES AND SERVICE

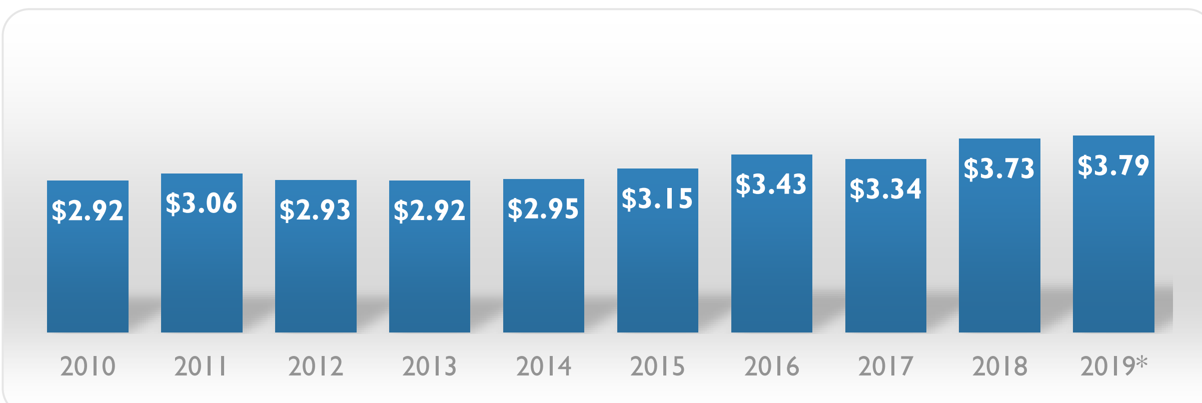
The RV retail sales and service subsector is comprised of businesses primarily engaged in retailing new and used RVs, such as motorhomes, fifth wheels, travel trailers, park models and campers. These establishments also typically provide maintenance and repair services as well as selling parts and accessories. This section looks at the revenues and economic impact generated by these businesses.

RV RETAIL SALES AND SERVICE EXPENDITURE ESTIMATES

RETAIL SALES GROWTH

According to the Statistics Canada Monthly Retail Trade Survey, RV retail sales and service businesses (NAICS 44121) generated an estimated total of $3.8 billion in sales in 2019 which represents a modest 1.6% increase in revenues from 2018. As illustrated in **Exhibit 3-1**, this comes on the heels of a significant 11.8% increase in 2018.

Exhibit 3-1: RV Retail Sales 2010 to 2019 ($ billions)



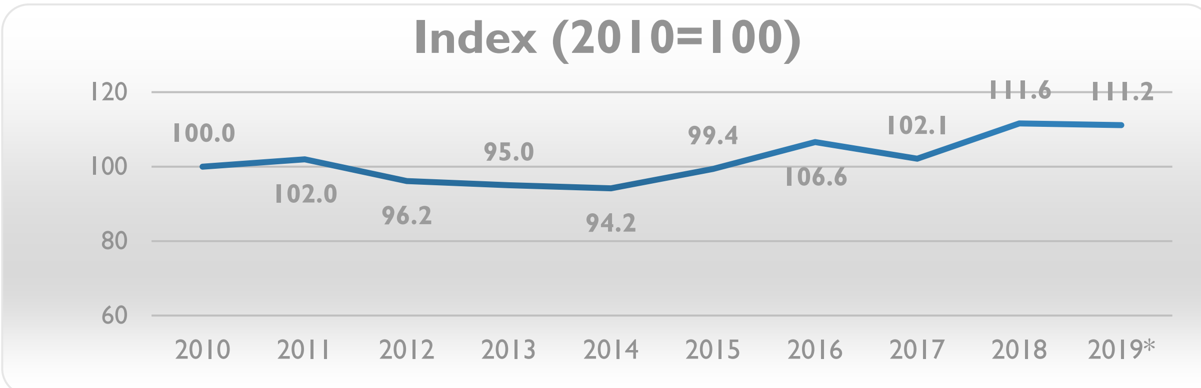
Retail RV Sales Year Over Year Growth										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Annual Change	0.3%	5.0%	-4.3%	-0.4%	1.1%	6.7%	8.8%	-2.7%	11.8%	1.6%

Source: Statistics Canada Monthly Retail Trade Survey - NAICS 44121.
Note: *2019 retail revenues based on preliminary Statistics Canada estimates and are subject to revision.

The retail subsector went through a five-year period of relative stagnation from 2010 to 2014. Since 2014, retail sales revenues have generally been on the rise.

While the nominal RV retail sales have grown almost 30% since the end of the global economic slowdown in 2009/2010, inflation-adjusted sales indicate a slower pace of growth with a total increase of 11.2% (see **Exhibit 3-2**) over this period. However, the inflation-adjusted index shows the same general growth trend since 2014.

Exhibit 3-2: Inflation-Adjusted RV Retail Sales Growth 2010 to 2019



Inflation-Adjusted Retail RV Sales Year Over Year Growth										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Annual Change	-1.5%	2.0%	-5.7%	-1.2%	-0.8%	5.5%	7.3%	-4.2%	9.3%	-0.4%

Source: Based on Statistics Canada Monthly Retail Trade Survey - NAICS 44121 and Consumer Price Index base year 2002.
Note: *2019 retail revenues based on preliminary Statistics Canada estimates and are subject to revision.

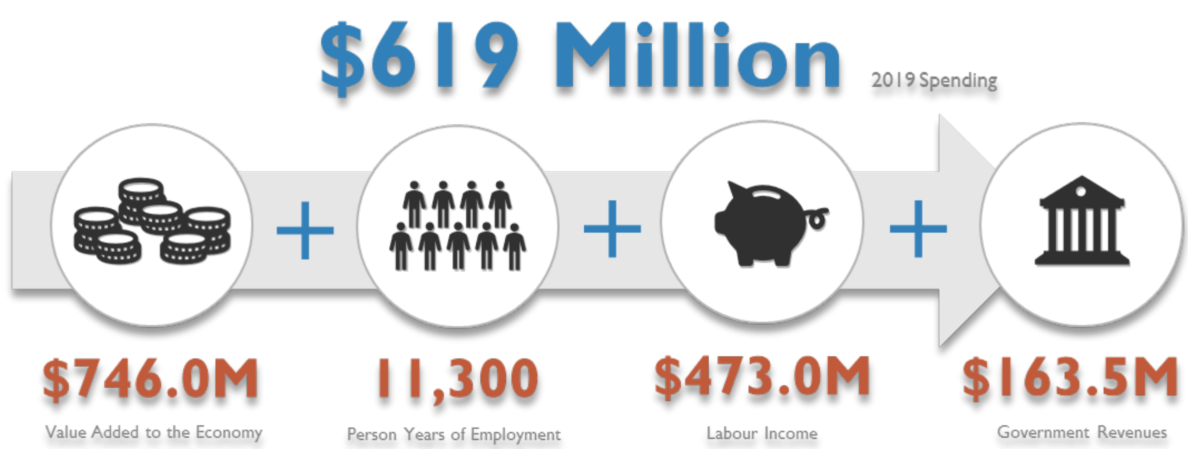
ECONOMIC IMPACT – RV RETAIL SALES AND SERVICE

As shown earlier, the total value of recreation vehicles sold and serviced in Canada in 2019 was approximately $3.8 billion. In calculating the economic impact of RV retail activities, however, it is important to note that only the gross retail and wholesale markup components represent the unique contributions of retail sales and service activities. The balance of these sales (including the cost of goods sold) has already been quantified separately as part of the corresponding manufacturing analysis (See Section II).

Based on this approach, the gross markup component of the total sales estimate above—some $619 million—has been considered as a direct input to our economic impact analysis. This represents a slight departure from the methodology employed as part of the 2012 study, but is consistent with the approach from the 2018 study undertaken on behalf of the RVDA.

As detailed below, the value of recreation vehicles sold in Canada in 2019 generated:

- **± $746.0 million in value added** to the Canadian economy;
- **± 11,300 full-time years of employment**;
- **± $473.0 million in labour income** across Canada; and,
- **± $163.5 million in tax revenue** to municipal, provincial and national governments, in the form of personal tax, corporate tax, and other taxes.



Overall, the economic impacts of RV retail in 2019 are up between 9% and 10% over estimates from the 2017 study.

IV. NON-TRAVEL RELATED RV EXPENDITURES

In addition to economic impact generated from the manufacture and sale of RVs, there are considerable impacts generated from the use and ownership of RVs. This chapter looks at non-travel related expenditures and economic impact. These are the expenditures associated with ownership that are not dependent on use and include insurance, storage, maintenance, and other purchases.

NON-TRAVEL RELATED RV EXPENDITURE ESTIMATES

APPROACH

As there is no existing data source for non-travel spending by RV owners, a survey was undertaken to determine the level of non-travel spending and the incidence of RV ownership and travel. Specifically, TPG conducted an online web-based panel survey in September 2019 with 2,100 households across Canada. The sample included completed surveys from 331 owners of recreation vehicles. Among other things, the 7-minute survey included questions regarding non-travel RV spending and frequency and location of RV travel.

Unlike the 2018 study, the 2020 study did not include an additional omnibus survey or a booster sample of RV owners because the 2020 study does not provide regional estimates.

RV OWNERSHIP

The online panel survey included questions about the ownership of recreation vehicles. These questions were used to estimate the incidence of RV owners in Canada. As seen in **Exhibit 4-1**, the results revealed that approximately **14% of Canadian households own or have access to a recreation vehicle**. This is slightly down from, but in line with, the 15% from 2017 and on par with the 14% from 2012. It should be noted that the differences in the incidence rates over the three studies are not statistically significant.

Exhibit 4-1: Household RV Ownership in 2019

Households[1]		Share Owning RVs[2]		Owners (household)
15,117,910	×	**13.9%**	=	**2,106,464**

Sources: [1]Statistics Canada Census 2016 adjusted to 2019 based on Statistics Canada population growth estimates.
[2]TPG online survey September 2019.

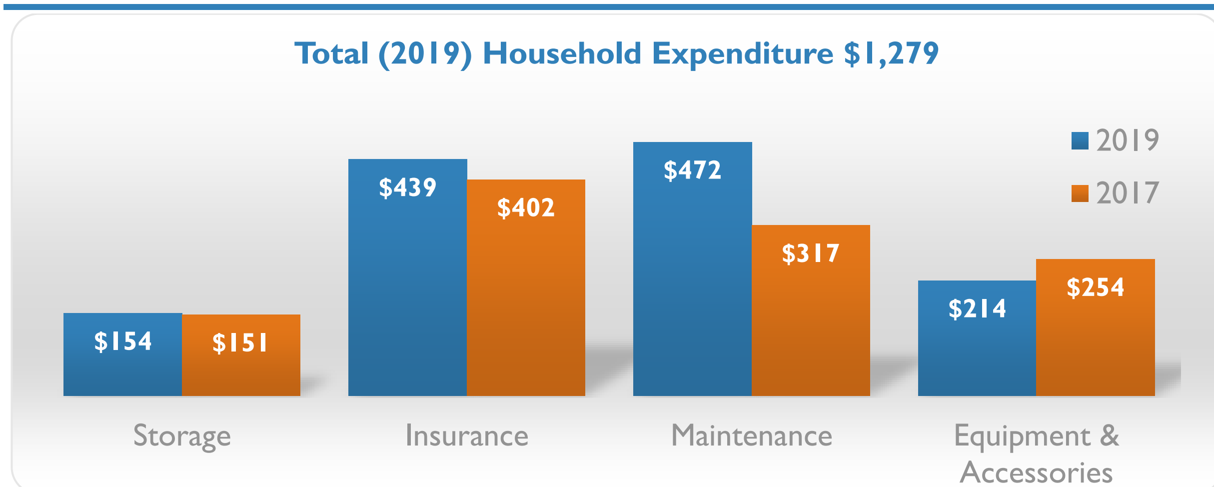
By multiplying the total number of households in Canada (15.1 million) by the incidence of ownership, it is estimated that just over **2.1 million Canadian households own an RV**. While the number of households has increased since 2017, the incidence of ownership in 2019 is slightly lower (13.9% in 2019 vs. 15.2% 2017). The net result is that the number of RV owners has not materially changed.

NON-TRAVEL SPENDING

The survey of RV owners asked respondents to indicate how much they spent in 2019 in four areas not related to travel. As shown in **Exhibit 4-2**, the largest non-travel related expenditure associated with RV ownership is maintenance at $472 followed closely by insurance at $439. The smallest expenditure is storage at only $154. In all, the average RV owner spent an average of $1,279 on non-travel related RV expenditures in 2019.

The exhibit also shows average values for 2017. With the exception of maintenance, spending levels are similar with 2019 being higher in three of four areas. On the whole, average non-travel spending per RV owner in 2019 was up by almost 14% over 2017 ($1,124).

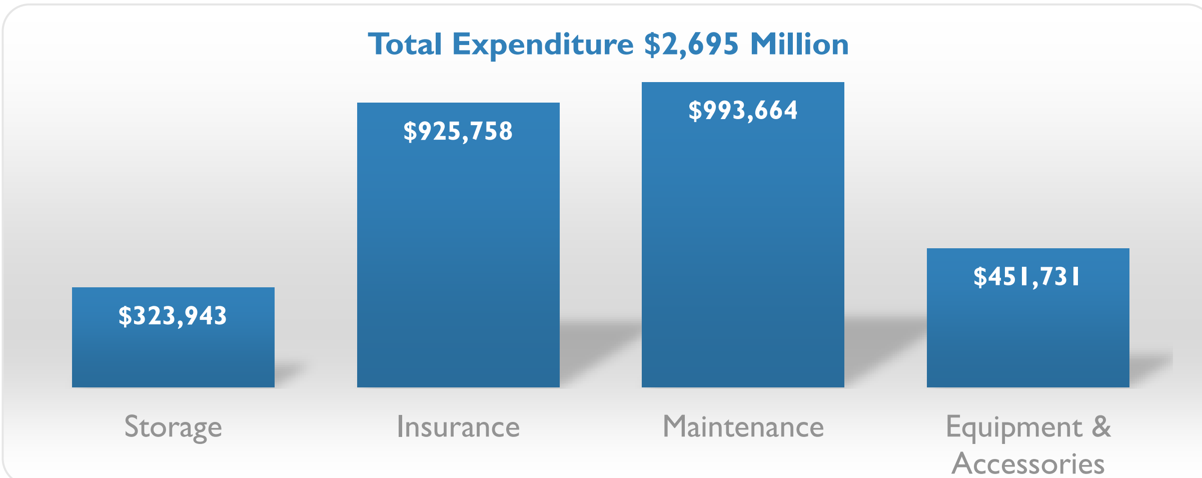
Exhibit 4-2 – Non-Travel RV Expenditure per Household in 2019



Source: TPG online survey of RV owners, September 2019

To generate the aggregate expenditures, the average expenditures are multiplied by the number of RV owners. As seen in **Exhibit 4-3**, the estimated total aggregate non-travel spending is $2.7 billion for 2019, an increase of 12% over 2017. Of this, $994 million on maintenance, $926 million was spent on insurance, $452 million on equipment and accessories and $324 million on storage.

Exhibit 4-3: Aggregate Non-Travel RV Expenditure ($000's) in 2019



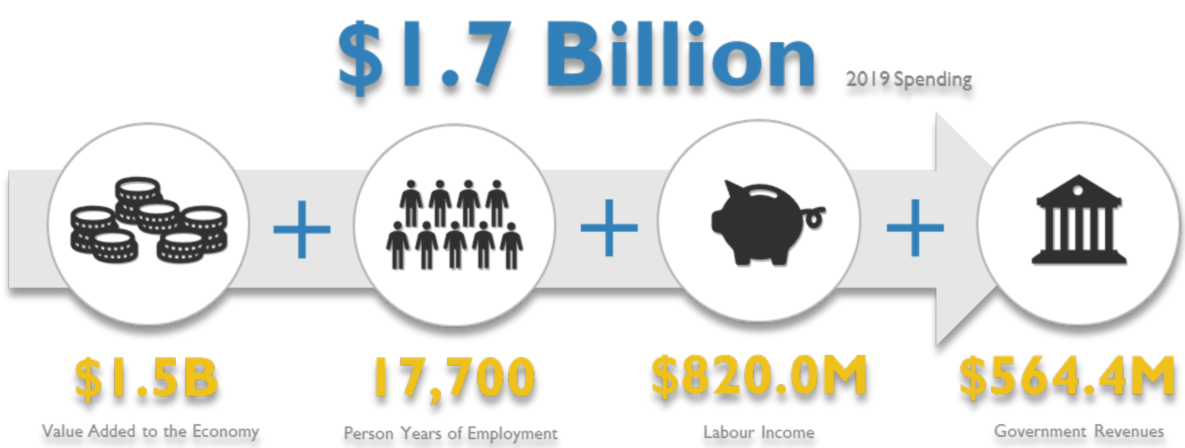
Source: TPG calculation.
Note: Totals may not sum due to rounding.

ECONOMIC IMPACT – NON-TRAVEL RELATED RV EXPENDITURES

Similar to the previous economic impact studies undertaken on behalf of the RVDA in 2012 and 2017, the maintenance component of non-travel related recreation vehicle expenditures was deliberately excluded from this portion of our analysis. In particular, we note that it has been assumed that the majority of this spending would be incurred at recreation vehicle dealerships and therefore included as part of our evaluation as to the economic impacts of RV retail and service activities (i.e., as presented in Section III). If not for this type of discounting for maintenance related expenditures, there is a risk of double-counting and thereby potentially over-stating the true impacts of this aspect of the RV industry in Canada.

Overall, total non-travel related recreation vehicle expenditures for 2019 are estimated at some $1.7 billion, after accounting for the maintenance component as described above. This substantial spending on items such as storage, insurance, as well as other equipment and accessories yields a significant economic impact across Canada.

- **± $1.5 billion in value added** to the Canadian economy;
- **± 17,700 full-time years of employment**.
- **± $820.0 million in labour income** across Canada; and,
- **± $564.4 million in tax revenue** to municipal, provincial and national governments, in the form of personal tax, corporate tax, and other taxes.



While overall non-travel RV spending is up, the largest change was in the amount spent on maintenance, which as outlined above is largely accounted for in the retail estimate. As a result, the 2019 economic impact generated from non-travel RV spending is on par with, or slightly down from, the 2017 estimates.

V. TOURISM RELATED RV EXPENDITURES

The final subsector included in the economic impact analysis is the RV tourism market. This includes all expenditures incurred from travel in or using an RV. These include expenditures such as campground fees, other accommodations, vehicle operation (including gas and repairs), food and beverage, and activities.

TOURISM RELATED RV EXPENDITURE ESTIMATES

APPROACH

Data from two different sources was used in combination to estimate the level of tourism-related expenditures generated from RV usage:

- **National Travel Survey (NTS)** *(formerly the Travel Survey of Resident Canadians (TSRC))***:** The National Travel Survey aims to measure the volume, the characteristics and the economic impact of domestic and international tourism of Canadian residents to provide the socio-demographic profile of travellers and non-travellers. Information from the voluntary survey will be used by members of the Canadian tourism industry and government tourism organizations to better understand and serve the travelling public.[1] The NTS survey replaced the Travel Survey of Resident Canadians (TSRC) in 2018. TPG commissioned custom data tabulations of the NTS and TSRC which included only those records where the primary mode of transportation was a recreation vehicle. As outlined later in this chapter, spending estimates for domestic travel in general were used to estimate RV trip spending due to inconsistencies in the special runs.

- **Online Panel Survey:** As outlined in *Chapter IV*, TPG undertook an online survey of 2,100 Canadian households in September 2019. The sample included completed surveys from 331 owners of recreation vehicles.

While the data from the custom NTS tabulation of RV travellers was used as the basis for inputs for the economic impact projection associated with recreation vehicle travel, the NTS estimate of the number of RV trips taken by Canadians suggests that only 54% of RV owners took a trip in 2019. The underestimate is likely attributable to respondents in the TSRC indicating that they travelled by car/truck/van when they were towing a recreation trailer or using a camper. Accordingly, the average frequency of trips and trip nights from the online panel survey were used to develop estimates for the full RV user population.

[1] Source: Statistics Canada https://www.statcan.gc.ca/eng/survey/household/5232 (May 27, 2020)

RV TRIPS

As seen in **Exhibit 5-1**, results from the online panel survey indicate that RV owners (households) took an average of 3.7 trips in Canada in 2019 (almost identical to 2017). Additional trips taken to the US are excluded from this analysis. Multiplying the average number of trips by the number of RV owning households yields a total of 7.7 million RV trips taken by RV owners in Canada in 2019. This represents a drop of 5% from the 8.1 million trips taken in 2017. The decrease comes from a slightly lower number of RV households and a 0.1 decrease in the average number of trips reported.

Exhibit 5-1: RV Trips in Canada by RV Owners in 2019

RV Owners (households)[1]		Avg. RV Trips in Canada (2019)		Total RV Trips in Canada by Owners
2,106,464	X	3.7	=	7,728,828

Sources: [1]TPG calculation per Exhibit 4-1.
[2]TPG online survey in September 2019 which included 331 RV owners.

In addition to trips taken by RV owners, many Canadians also rent RVs through both commercial suppliers and private owners. Based on results from the online panel survey, 2.0% of adult Canadians took at least one trip in a rented RV in 2019 (see **Exhibit 5-2**). While the portion renting appears to be down from the 2.6% in 2017, the difference is not statistically significant. Expanding this based on the number of Canadian households from the 2016 Canadian census, adjusted to 2019, and the average number of RV trips taken by renters (1.4) yields almost 419,000 rental market trips in 2019.

Exhibit 5-2: RV Rental Trips in Canada in 2019

	Total Canada Households[1]	15,117,910
X	Incidence of Taking Rental RV Trip in Canada[2]	2.0%
=	Total Households Taking an RV Rental Trip	296,489
X	Average RV Trips Per Rental Household[2]	1.4
=	**Total Canadian Rental Trips**	**418,812**

Sources: [1] Statistics Canada Census 2016 adjusted to 2019 based on Statistics Canada population growth estimates.
[2]TPG online survey of 2,100 adult Canadians, September 2019.

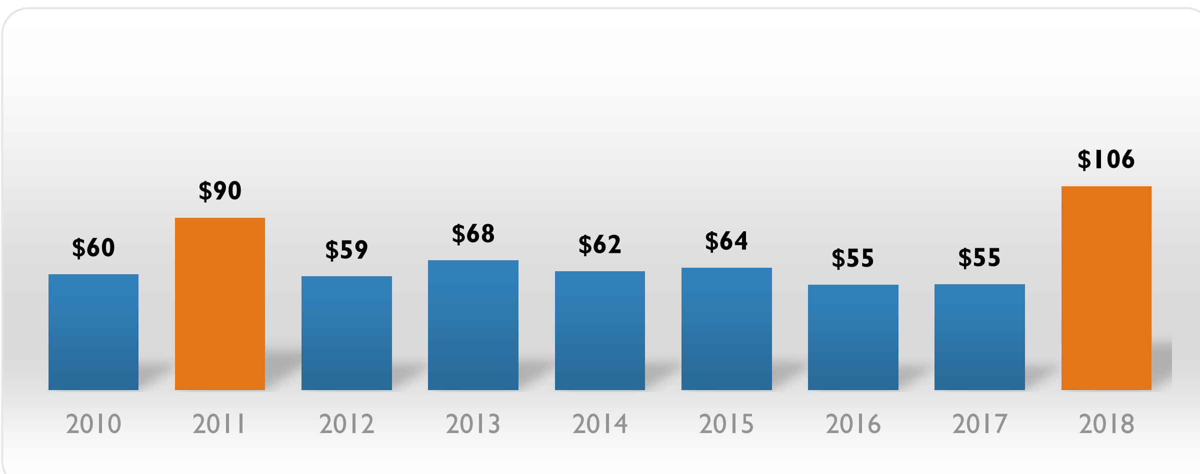
Combining trips from both RV owners and rentals yields a **total of 8.1 million RV trips in Canada in 2019**. This compares to an estimate of 8.8 million RV trips in 2017.

NATIONAL TRAVEL SURVEY DATA

As illustrated in **Exhibit 5-3**, average spending per person per night has generally been around $55 to $65 since 2010 with two significant exceptions. In 2011, the average expenditure was $90, which is 50% higher than the year before (2010) or after (2012). Similarly, in 2018, the average expenditure was $106, which is almost double the year before (2017). Notably, in both 2011 and 2018, Statistics Canada made changes to the methodology of the National Travel Survey (formerly the Travel Survey of Resident Canadians). In both cases, the anomalies do not correlate with average spending trends for overall domestic travel.

As noted in the previous study, the 2011 anomaly resulted in a significant overstating of the travel related expenditures in the inaugural RV economic impact study. To avoid the same issues in the current study, the methodology for determining the average spending on RV trips was adjusted. Instead of using average spending estimates from the special run from the NTS, an average spending growth index was calculated base on all types of domestic travel from 2014 to 2019 (3rd quarter). The index was applied to the average per RV trip spending from 2017 (the previous study) in order to estimate the average per RV trip spending for 2019.

Exhibit 5-3: Average Expenditures per Person per Night on RV Trips 2010 to 2018

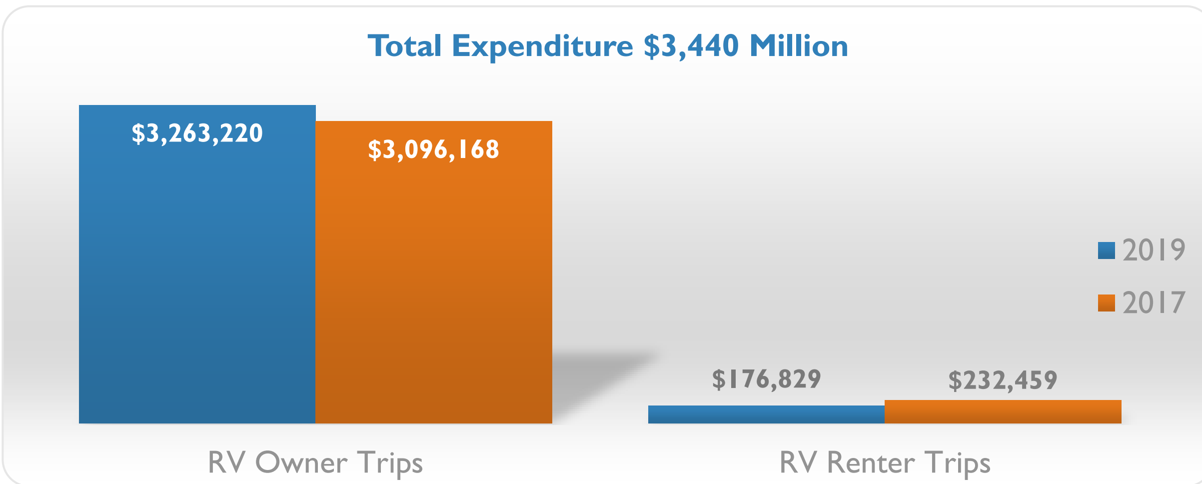


Source: Statistics Canada TSRC and NTS custom data tabulation, TPG calculations.

NON-TRAVEL SPENDING

The aggregate expenditures are generated by multiplying the average expenditures by the number of RV trips taken in Canada in 2019 by RV owners and renters. As seen in **Exhibit 5-4**, total aggregate RV travel spending is estimated at $3.44 billion for 2019. Of this, $3.3 billion was spent by RV owners and $177 million was spent by RV renters. Overall tourism related spending is up 3% over 2017.

Exhibit 5-4: Tourism Related Expenditures in 2019 ($000's)



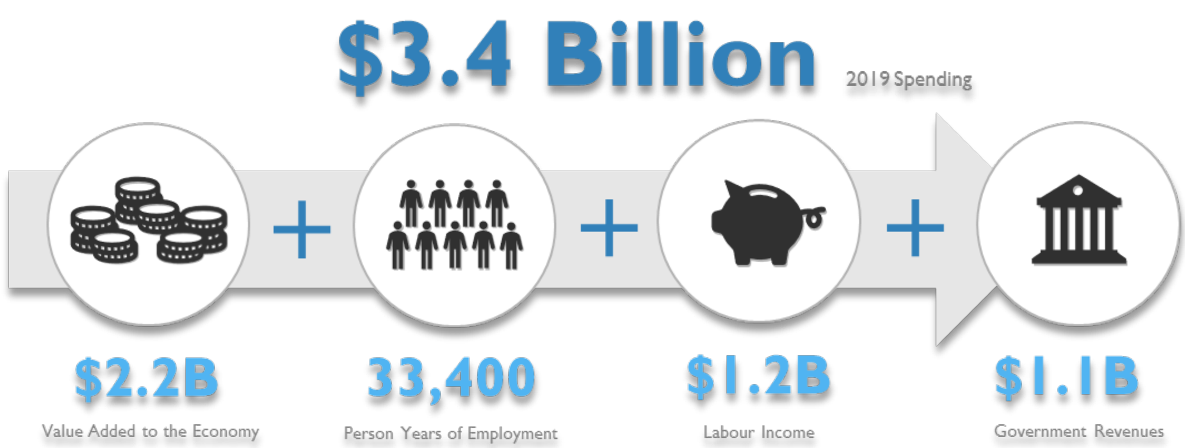
Source: TPG calculation based on Statistics Canada NYS data and TSRC Custom data tabulations and TPG's online survey of RV owners and renters, September 2019.
Note: Totals may not sum due to rounding.

ECONOMIC IMPACT – TOURISM RELATED RV EXPENDITURES

Based on the background and supporting data presented in the previous subsection, it is estimated that RV owners spent a total of approximately $3.4 billion on various goods and services while travelling throughout Canada in 2019. This includes spending on such items as food and beverage, vehicle operation (e.g., gas), recreation, entertainment, clothing, and several other categories relating to accommodation and transportation.

This spending generates a significant benefit to local municipalities, the provincial/territorial economies, as well as spread more broadly across Canada at the federal level.

- **± $2.2 billion in value added** to the Canadian economy;
- **± 33,400 full-time years of employment**;
- **± $1.2 billion in labour income** across Canada; and,
- **± $1.1 billion in tax revenue** to municipal, provincial and national governments, in the form of personal tax, corporate tax, and other taxes.



As outlined in the figure above, tourism-related expenditures continue to be the dominant source of spending relating to the RV industry as a whole (i.e., relative to the other categories considered as part of this study: manufacturing, retail sales and service, non-travel expenditures). Consequently, the key economic impacts derived from this spending are equivalently significant, generating billions in value added for the Canadian economy and tens of thousands of jobs.

As outlined earlier, overall travel-related spending is up by 3% over 2017. The increase is reflected in the added value to the economy and the increase in employment.

ECONOMIC IMPACT – CAMPGROUND AND RV PARK OPERATOR RELATED RV EXPENDITURES

The economic impact of campground and RV park operators generated from RV related expenditures is a subset of the economic impact of the tourism-related RV expenditures. Based on the results of the 2018 study, campgrounds and RV parks account for 70% of all RV trip nights. This share of trip nights was applied to the tourism-related RV input spending to determine the portion of expenditures attributable to campground and RV park operators.

Further, for the purpose of this study, only the accommodation portion of the total trip expenditure has been attributed to campground and RV park operators. In doing so, the expenditure and associated impact represents the value added from RV travellers choosing to stay at the campground or RV park instead of an alternative accommodation. Accordingly, the initial expenditure was further adjusted to reflect that approximately 24% of trip expenditures are spent on accommodation.

Based on these calculations, the total value of tourism-related RV expenditures attributable to campground and RV park operators has been estimated at some $549 million in 2019. This spending subset is estimated to have generated approximately 5,300 jobs, $354 million in value added to the Canadian economy, as well as a range of other related economic benefits.

VI. SUMMARY

The RV sector stimulates economic activity and creates jobs for Canadians across the country. Across all four subsectors, total RV industry expenditures for 2019 have been estimated at approximately $6.2 billion (see **Exhibit 6-1**). This includes spending on all facets of the industry, including manufacturing, retail, ownership and tourism. The initial expenditure translates into:

- **± $4.8 billion in value added** to the Canadian economy;
- **± 67,200 full-time years of employment**.
- **± $2.7 billion in labour income** across Canada; and,
- **± $1.9 billion in tax revenue** to municipal, provincial and national governments, in the form of personal tax, corporate tax, and other taxes.

Exhibit 6-1: Total Economic Impact Summary of the RV Industry for 2019

	Retail Sales and Service[1]	Manufacturing	Non-Travel Expenditures	Tourism Expenditures	Total for Canada
Initial Expenditure ($000's)	$619,072	$415,779	$1,701,432	$3,439,148	$6,175,431
Gross Output ($000's)	$1,231,890	$775,129	$2,865,420	$4,251,435	$9,123,874
GDP (Value Added) ($000's)	$746,008	$314,395	$1,487,260	$2,217,809	$4,765,472
Jobs	11,304	4,783	17,697	33,424	67,208
Labour Income ($000's)	$473,007	$202,953	$819,978	$1,207,750	$2,703,688
Total Taxes ($000's)	$163,476	$86,648	$564,423	$1,133,105	$1,947,653

Source: Statistics Canada I/O Model based on TPG calculations.
Note: Totals may not sum due to rounding.

While manufactures and dealers create a significant impact, the consumer side (non-travel and travel) of the sector drives 78% of the value added to the economy.

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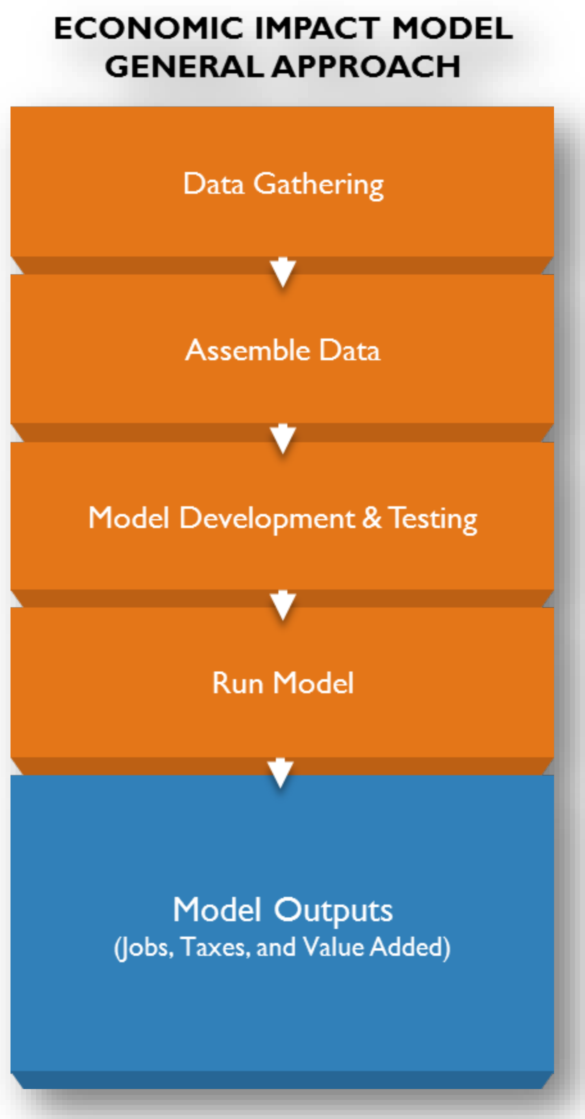
APPENDIX I – IMPACT METHODOLOGY

The quantitative economic impacts of expenditures relating to RV manufacturing, retail sales and service, non-travel expenditures, and tourism expenditures in Canada have all been estimated using a mathematical model, which simulates the flow of expenditures through the economy. The model is designed to provide a reliable measure of the impact of this spending from the RV industry on job creation, incomes, value added to the economy and taxes and other government revenues.



As illustrated in the accompanying diagram, the main steps in running this type of economic impact model are: compiling the input spending data; assembling the data to ensure all expenses are accounted for and divided into categories to ensure that the individual economic sectors are appropriately represented; calibrating the model to the local economy using employment data; testing against expected results; and running the finalized version of the model.

The input expenditure data considered as part of this analysis is based on a combination of data from Statistics Canada and Industry Canada as well as two online surveys of consumers including RV owners. As indicated earlier in this report, total expenditures amount to approximately $416 million for RV manufacturing, $619 million for RV retail sales/services, $1.7 billion for non-travel expenditures and some $3.4 billion for tourism-related expenditures.

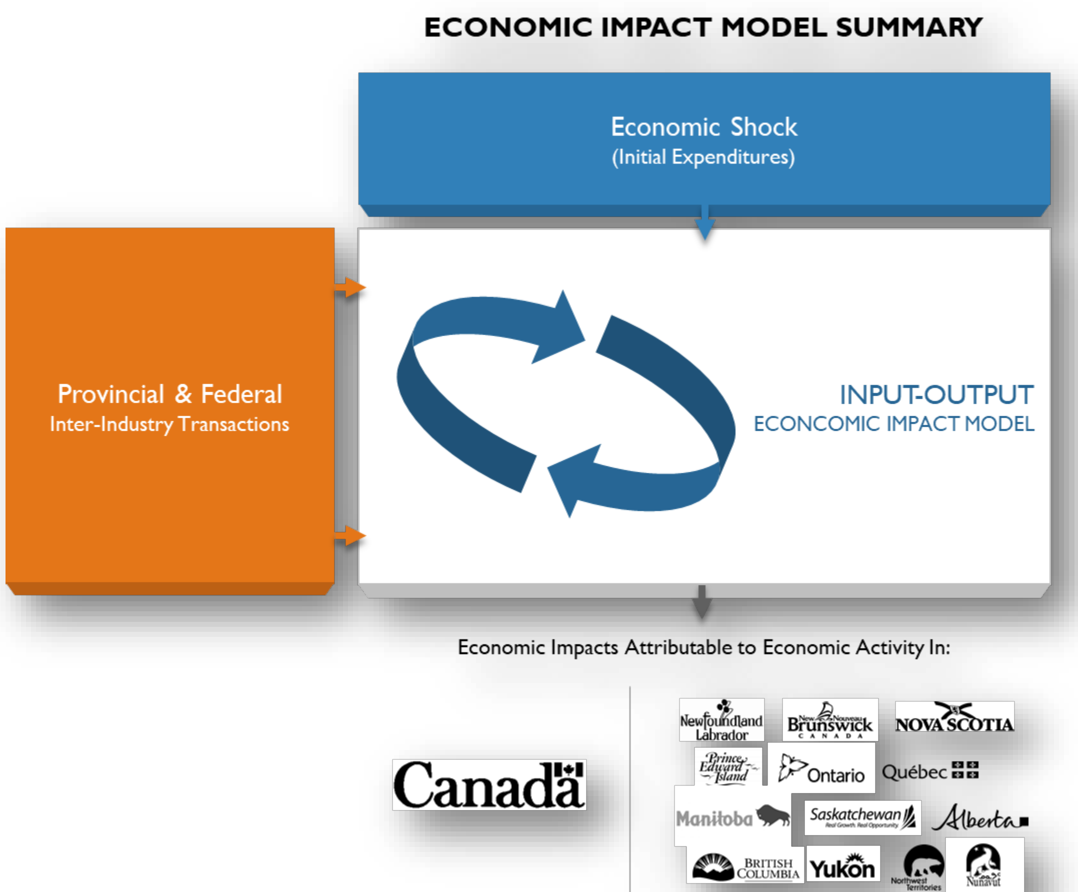
The data assembly stage for this analysis involved allocating a series of expenditure items to specific industry sectors using the North American Industry Classification System (NAICS), as well as the more detailed industry sub-categories identified in the latest available Statistics Canada input-output economic impact model.

ECONOMIC IMPACT MODEL

The economic impacts of various spending activities relating to the RV industry were measured at the national, provincial and local/regional levels, through the use of the Statistics Canada Interprovincial Input-Output model.

This model is based on the latest available Input-Output tables produced by Statistics Canada, which illustrate the structure of the economy through the depiction of transactions (sales and purchases) made among and between different industry sectors of the economy. The most recent input-output tables were used in this research update, based on 2014 data.

The diagram below provides an overview of the general structure of this model and its corresponding inputs and outputs.



National, Provincial and local impacts have been determined using the initial expenditure data relating to RV manufacturing, retail sales and service, non-travel spending and tourism spending. These inputs have been analyzed using the Statistics Canada Input-Output model to determine the following key economic impacts:

- **Gross Output**;
- **Value Added**;
- **Employment**;
- **Labour Income**; and,
- **Revenues to the Three Levels of Government**.

The model considers the *direct impact* of spending, as well as the *indirect* and *induced* impacts that are spread more broadly across the various Provinces/Territories and Canada.

QUANTITATIVE ESTIMATION OF ECONOMIC IMPACTS

Estimating economic impacts involves modelling the direct, indirect and induced impacts of RV related expenditures, on different spatial scales. Specifically, this type of modelling involves the application of economic multipliers to measure the marginal impact of these expenditures on gross output (sales), value added to GDP, employment, labour income and accrued taxes and tax credits going forward.

urbanMetrics inc. has utilized the Statistics Canada input-output economic impact model for this research, which is based on the Canadian National Input-Output Accounts for 2014. These accounts can be used to estimate the total impact of expenditures, on an aggregate and industry-specific basis. For the purposes of this report, the standard model was used to estimate economic impacts on the various provincial and territorial economies, as well as on the broader Canadian economy.

The basic principle of the model is the concept that each dollar of expenditure on goods and/or services purchased from a given industry sector circulates and re-circulates within the economy, thereby multiplying the effects of the original expenditure. As such, this process is referred to as the multiplier effect. The multipliers indicated in this report have been generated by the model for each level of geography. The multipliers have three components:

- *Direct Impacts*, which represent the initial operating and/or capital investments. These expenditures include the purchase of labour, equipment, other infrastructure and related services.

- *Indirect Impacts*, which represent the subsequent purchases by suppliers required to produce the goods and services related to the original construction expenditures; and

- *Induced Impacts*, which result when workers employed in the sectors, stimulated by initial and indirect expenditures, spend portions of their incomes on consumer goods and services.

The indirect and induced impact multipliers vary by geography depending on the extent to which goods and services are available locally. The higher the level of geography, the higher the multiplier will be reflecting the increased availability of goods and services. Direct, indirect and induced impacts are estimated for the following measures:

- **Gross Output** – a measure of total sales throughout the economy in question, as a result of an initial expenditure on goods and/or services produced by an industry.[2]

- **Value Added (Gross Domestic Product)** – represents the net impact on the economy after eliminating the double counting that can occur when calculating gross output and lead to the calculation of inflated multipliers. This measure only considers final goods (gross sales less cost of purchased inputs). At the local level "value added" is typically smaller, than the initial expenditure, due to leakage.[3]

- **Employment** – total *full-time, full-year* jobs generated by direct, indirect and induced expenditures. For one-time (annual) expenditures, such as those being analyzed, the employment figures produced by the model represent years of full-time employment. For example, one job identified by the model represents the equivalent of one person working full-time for the duration of one year.

- **Labour Income** – the total value of wages, salaries and benefits received by employees associated with direct, indirect and induced expenditure.

- **Government Revenues** – revenues accruing to federal, provincial and local jurisdictions as a result of direct, indirect and induced expenditures. Revenue categories include personal and corporate income tax, sales taxes (e.g. PST and GST), property taxes and other miscellaneous taxes, tariffs and fees.

- **Multipliers** are expressed by the ratio of total impacts (direct, indirect and induced) to initial expenditures. For example, the value-added multiplier is calculated by dividing total value added by the initial expenditure on the bundle of goods and/or services in question. The employment multiplier and multipliers for other similar variables are often similarly calculated whereby total impacts are divided by direct impacts in order to preserve the common units[4]. The multipliers

2 For example, with respect to a construction project, an initial expenditure would be made to pay for the design firm and contractor. The design team would then hire staff, purchase equipment and materials, such as computers, software, paper, etc. The construction company, would also hire labourers, pay for construction equipment and materials. The staff in turn would purchase goods and services from their wages to support their everyday living. The sum of all of these expenditures would be the gross output. This, however is not the true impact on the economy as it involves double counting (e.g. the initial expenditure, in reality covered wages and salaries, equipment, etc. of the contractors it hired).

3 For example, a firm building a project in one jurisdiction may purchase equipment and supplies from another. Furthermore design and construction employees may live outside of the jurisdiction in which the project is being built and thus spend their wages closer to their homes.

4 For example, the gross output multiplier on a $10 million construction project can be thought of in the following manner. Some $2 million of the budget was paid to the design firm for staff wages, equipment, and materials. Some $5 million was paid to the construction firm for wages, materials and equipment. Subsequently, design and construction employees paid $1 million from their wages for food, entertainment and other living expenses. The gross output would $10 + $5 + $2 +$1 million, or $17 million, or a gross output multiplier of 1.7.

relate to inflows and outflows of economic activity in a geographic area, with the highest multipliers associated with the largest geographical areas and areas with the largest amount of economic activity.