

The changing recreational spending patterns of Canadian families

by Frances Kremarik

When you went shopping for your 10-year-old son's Christmas present last year, did you stop in the sporting goods aisle for a baseball glove or a basketball, or did you walk on past to the electronics section to pick up a video game or a DVD player? Perhaps you thought about a trip to the hockey game because his sister received tickets to the latest boy-band on her birthday? Maybe you weren't sure what you could afford because you had already promised the family a Caribbean vacation during March break?

Using data from the 1982 Family Expenditure Survey and the 1999 Survey of Household Spending, this paper will look at the choices Canadians make when deciding how to spend their recreation dollar. The primary focus is the household, and the differences between different types of households will be examined. This paper will also look at whether the increase in average spending observed over the last 20 years is due primarily to an increase in the dollars spent by households, or due to an increase in the percentage of households spending.

We spent much more

The last two decades of the 20th century were marked by two recessions. Average after tax income for Canadian households was only about 4% higher at the end than at the beginning of this period, rising from \$41,000 in 1982 to \$42,500 in 1999.¹ Income growth did not keep pace with spending increases as average household expenditures on all items (excluding income tax) rose 10%

while spending on recreation jumped by almost 40%.²

Although spending rose in every recreation category, it did not increase by the same rate for all components. Recreational fees and athletic equipment grew by only 8%, but most other categories recorded significantly larger increases, with the highest being 253%.

These increases in overall average spending mask more complex and subtle shifts in recreation expenditures. We certainly know that the products and services available to help us enjoy our leisure time have changed substantially over the last 20 years; some were scarcely on the horizon while the quality and reliability of others improved significantly.

1. All dollars have been adjusted to 1999 dollars using the Consumer Price Index.
2. From 1980 to 1989, consumer credit debt increased by 9%; from 1990 to 1999, it increased by another 22%. Williams, C. Winter 2000. "100 years of income and expenditures." *Canadian Social Trends* 59: 7-12.

This paper uses data from the 1982 Family Expenditure Survey (FAMEX) and the 1999 Survey of Household Spending (SHS), which replaced FAMEX in 1998. The 1982 FAMEX surveyed almost 11,000 households and the 1999 SHS over 16,600.¹ Respondents were asked about their household income and expenditures, including their recreational spending. All dollar values have been adjusted for inflation and are presented in 1999 dollars. Percentage increases or decreases are calculated using 1999 dollars.

Overall average expenditure: The overall average expenditure covers all households, regardless of whether they reported expenditures in that category or not.

Recreational expenditures: The following are groupings of recreational spending used in this article. The items in each category are not necessarily exhaustive.

Event admission: movie theatres, live sports events, live performing arts.

Recreational fees: single use and seasonal fees to sports and recreational facilities. Also includes children's camps.

Home recreation equipment: playground equipment, toys, board games, electronic and video games, computer equipment and supplies, photographic goods and accessories, and musical instruments.

Computers: a subset of the home recreation equipment category that includes electronic and video games, computer equipment and supplies.

Athletic equipment: sporting and athletic equipment such as ice skates and golf clubs. This category does not include athletic clothing.

Recreation vehicles, camping: picnic equipment, bicycles, snowmobiles, boats, campers, and the associated costs of operating equipment.

Home entertainment equipment: radios, CD players, tapes, televisions, camcorders, videotape rentals, and satellite dishes.

Cablevision: includes cablevision and satellite services.

Package trips: travel tours.

Other: unspecified recreation items. Please note that although the spending in this category is included in the total recreation average, no analysis specific to this category is conducted.

1. Data from intervening survey years (1986, 1992 and 1996) support the trends noted here, but they are not discussed in this article.

Furthermore, people's definition of what constitutes recreation has expanded during this time as well.³

Spending on recreational goods and services has changed because we are spending more (or less), in conjunction with more (or fewer) of us purchasing the product. Determining how much each factor influences the overall average spending gives us a more accurate picture of how expenditure patterns are shifting.

At first glance, it would seem that average spending rose because we were buying goods and services that just were not available in 1982 and, therefore, spending more. For example, CD players and cell phones were not on the market, and items like VCRs and personal computers were just beginning to appear. When products enter the market, they often carry a high price tag. Over time (sometimes only a year or even less), the price declines to a point where more consumers are able to purchase them.

3. Entertainment services like live events and the world of videos and TV packages are becoming increasingly important consumer items. Live spectacles and leisure parks are designed to allow people to purchase an "experience," rather than entertaining themselves, many people now expect leisure and tourist destinations to entertain them. Notable places such as the Disney parks offer tourists a memorable experience, but places like the West Edmonton Mall and the Mall of America also are considered leisure attractions. Although their primary focus is shopping, they provide a variety of experiences from theme parks to rinks and golf courses and are conceptually no different than resorts. Earl, L. June 1999. "Entertainment services: a growing consumer market." *Canadian Economic Observer* 12, 6 (Statistics Canada Catalogue no. 11-010-XPB): 3.1-3.13; Butler, R.W. 1991. "West Edmonton Mall as a tourist attraction." *The Canadian Geographer* 35, 3: 287-295; Rojek, C. 1993. "Disney culture." *Leisure Studies* 12: 121-135; Jackson, E.L. 1991. "Shopping and leisure: Implications of West Edmonton Mall for leisure and for leisure research." *The Canadian Geographer* 35, 3: 280-287.

	Average spent by all Canadian households			Allocation analysis					
	\$		% change in spending	Components of change in spending (%)					
	1982	1999	(a)	=	(b)	+	(c)	+	(d)
Total recreational spending ¹	2,134	2,962	39	=	36	+	2	+	1
Event admission	155	228	47	=	43	+	3	+	1
Recreational fees	221	238	8	=	45	+	-26	+	-11
Home recreation equipment	421	727	73	=	63	+	6	+	4
Home recreation equipment (excluding computers)	362	361	0	=	-3	+	3	+	0
Computers	59	366	515	=	55	+	296	+	164
Athletic equipment	124	134	8	=	34	+	-19	+	-6
Recreation vehicles, camping	471	516	10	=	11	+	-1	+	0
Home entertainment equipment	422	503	19	=	5	+	13	+	1
Cablevision	94	333	253	=	134	+	51	+	68
Package trips	197	256	30	=	2	+	27	+	1

1. Categories listed do not add up to the total because of the exclusion of the "other" category.

Note: All values are presented in 1999 constant dollars.

Sources: Statistics Canada, Family Expenditure Survey, 1982 and Survey of Household Spending, 1999.

This increases market penetration, thus contributing to even lower prices as manufacturers take advantage of economies of scale and produce more units at less cost.

Many electronic goods became more affordable in the 1980s and 1990s for this reason. From 1985 to 1999, the price indices for both audio and video equipment fell by 21% and 33%, respectively. Despite lower prices, though, overall average household expenditures on these items rose. This example suggests that the overall average cannot tell us what really underlies the increases in recreational spending in recent years.

To find out, the change in spending over time was examined using an allocation analysis framework. This technique identifies whether the

change is due to households spending more money, or due to a larger percentage of households buying. For example, average household expenditures on home entertainment equipment rose 19% from 1982 to 1999, even though real prices dropped. In fact, increased spending accounted for only about one-quarter of this growth; two-thirds was due to more households buying these goods in 1999 than in 1982.

On the other hand, higher expenditures on other recreational items may reflect substantial spending increases. Average household spending on cablevision grew by 253% from 1982 to 1999. Just over half (53%) of this increase was attributable to the higher level of spending, although the substantial growth in the number

of Canadian households buying cablevision was also a significant contributing factor, as cable systems expanded into smaller urban and rural areas. Of course, the reason that households spent more and that more households purchased cable was, in part, due to the mushrooming variety of channels available beginning in the late 1980s.

Expenditures on computers represents both increasing popularity and improving quality of the product. Between 1982 and 1999, overall average spending on computers rose from \$59 to \$366, or 515%. However, 58% of this increase was due to more households buying and only 11% to households spending more (32% was due to the interaction between the two). By 1999, computers were a

		Average spent by all Canadian households				
		\$		% change in spending	% of households reporting	
		1982	1999		1982	1999
Total recreational spending	Two-parent households	2,718	4,089	50	100	100
	Lone-parent households	1,433	2,243	57	97	99
	Two adults	2,148	2,921	36	95	99
	Lone person	1,238	1,442	17	88	93
Event admission	Two-parent households	182	315	73	84	89
	Lone-parent households	126	189	50	74	80
	Two adults	129	196	52	62	67
	Lone person	124	121	-2	59	56
Recreational fees	Two-parent households	292	353	21	77	63
	Lone-parent households	160	189	18	64	51
	Two adults	202	224	11	56	39
	Lone person	108	93	-14	45	29
Home recreation equipment	Two-parent households	619	1,110	79	93	96
	Lone-parent households	281	599	113	80	88
	Two adults	335	587	75	75	84
	Lone person	177	276	56	53	60
Home recreation equipment (excluding computers)	Two-parent households	516	556	8	93	94
	Lone-parent households	245	296	21	79	84
	Two adults	308	311	1	75	82
	Lone person	159	132	-17	53	57
Computers	Two-parent households	104	554	433	20	67
	Lone-parent households	35	303	761	11	44
	Two adults	27	276	921	4	34
	Lone person	19	144	674	3	19
Athletic equipment	Two-parent households	185	230	24	60	52
	Lone-parent households	78	77	-2	37	32
	Two adults	97	102	5	35	28
	Lone person	98	54	-45	21	17
Recreation vehicles, camping	Two-parent households	594	716	21	64	62
	Lone-parent households	189	249	32	36	41
	Two adults	640	658	3	38	42
	Lone person	236	212	-10	19	21
Home entertainment equipment	Two-parent households	521	684	31	84	95
	Lone-parent households	287	481	68	70	90
	Two adults	383	389	2	65	77
	Lone person	280	276	-1	55	61
Cablevision	Two-parent households	108	374	245	54	80
	Lone-parent households	99	322	224	53	73
	Two adults	90	341	278	47	76
	Lone person	65	251	288	38	62
Package trips	Two-parent households	185	267	44	7	11
	Lone-parent households	180	115	-36	9	7
	Two adults	254	407	60	9	14
	Lone person	172	152	-12	10	9

Note: All values are presented in 1999 constant dollars.

Sources: Statistics Canada, Family Expenditure Survey, 1982 and Survey of Household Spending, 1999.

CST What is allocation analysis?

Allocation analysis is a way to determine why overall average expenditures increase or decrease. It is comprised of three components. The first component identifies the change in the average dollars spent by those households that purchased the good. The second component distinguishes the change in the percentage of households purchasing the good (household reporting rate). The third component is an interactive variable that acknowledges that neither factor is truly independent of the other. The overall average includes all households, regardless of whether they reported expenditures in that category or not.

Difference in overall average spending between 1999 and 1982 =
 Change in expenditures + Change in percentage of households reporting +
 Interaction between change in spending and change in reporting

Mathematically:

$$D = (S_{1999} - S_{1982}) * R_{1982} + (R_{1999} - R_{1982}) * S_{1982} + (S_{1999} - S_{1982})(R_{1999} - R_{1982})$$

where

D = Difference in overall average spending between 1999 and 1982

S_{1982} and S_{1999} = Average dollars spent by households purchasing the item in 1982 and 1999

and

R_{1982} and R_{1999} = Household reporting rates in 1982 and 1999

For example,

	Overall average spending (D)	Average dollars spent by reporting households (S)	Households reporting (R)	Interaction effect
1982	\$20	\$100	20%	--
1999	\$40	\$160	25%	--
1999-1982	\$20	\$60	5%	--
Difference due to change in \$	\$20	\$12	\$5	\$3

common item in Canadian homes because they had become far easier to use, more powerful and more versatile (product improvement) and their price had dropped substantially (the computer price index dropped 55% from 1995, when it was created, to 1999).

The case of athletic equipment illustrates another outcome. Overall household spending rose minimally from \$124 in 1982 to \$134 in 1999. This virtual stagnation was actually a case of fewer households buying athletic goods, but those fewer households spending more on their purchases.

Kids count when it comes to recreational spending

As we all know, households make different spending decisions according to their particular needs. Over the past two decades, spending on recreation by households with children grew faster than that of others. Two-parent households saw their recreational spending increase by 50% and lone-parent households by 57%. Couples without children recorded a 36% growth in expenditures and one-person households a 17% rise.

Purchases of cablevision represented the largest single increase in recreational spending for all types of households. The home recreation equipment category also recorded large increases regardless of household type, mainly because this category includes computer equipment and supplies.

However, the purchase of computers and computer-related items increased most for those households that had children. Sixty-seven percent of two-parent and 44% of lone-parent households spent money on computers in 1999, compared with 34% of couples only and 19% of one-person households. The computer's presence in schools and libraries, and its growth as a teaching tool, has created a situation in which many parents

feel that owning a computer is no longer a luxury but a necessity to help their children succeed scholastically.⁴

But even when computers are excluded, spending in the home recreation category rose considerably in households with children. Almost one-quarter of increased expenditures by two-parent households, and nearly one-third in lone-parent households, was due to proportionally more households purchasing these items; but the lion's share was due to more dollars being paid to buy recreational items.

Event admission is another key area of increased recreational spending for families with children. In this category, the increase was driven primarily by households spending more rather than more households buying. In fact, 75% to 87% of the change in event admission expenditures in households with children was due to higher spending.

Families with children also spent more on home entertainment equipment in 1999 than 1982, rising 31% for two-parent and 68% for lone-parent households. Almost half of the increase — 50% in two-parent and 45% in lone-parent households — can be attributed to families spending more on these kinds of goods. The situation was different for other households, where average spending on home entertainment equipment was stagnant, even though more couples and one-person households reported buying such products.

Not all recreation items enjoyed surges in popularity. While more households bought goods like TVs, VCRs, CD players and laptop computers, fewer of them spent as much on athletic equipment and recreational fees. For example, in one-person households,

the dollars spent on athletic equipment dropped significantly between 1982 and 1999, accounting for almost three-quarters (71%) of the overall decrease in spending in this category for these households. And even though one would expect households with children to be more involved in sports activities, proportionally fewer of them spent money on athletic equipment and recreation fees. Nevertheless, overall average spending on equipment increased moderately for two-parent households. This was due to the fact that although fewer households were purchasing athletic equipment and paying recreation fees, those that did spent considerably more in 1999 than in 1982.

Summary

The toys we used in 1999 had more glowing buttons and made more beeps than their predecessors in 1982. The rise of the computer industry appears to have influenced not only our work, but also our play. More of our recreation dollar is devoted to purchases of electronic entertainment goods as opposed to more traditional pursuits, such as sports. The growing attraction of these indoor and relatively sedentary activities suggests that even the instruction to “go out and play” may become obsolete.



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4. Clark, W. Autumn 2001. “Kids and teens on the Net.” *Canadian Social Trends* 62: 6-10.

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