Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch 2010

Canada - Summary Report

Canada

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1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least two or more nights with one night in paid accommodations in the past three years or plan to take such a trip in the next year. Trips had to be outside of their own province/region. Out-of-region travel was defined as being outside the Atlantic region for residents in the Atlantic provinces and outside of the province for all other regions. In Québec and Atlantic Canada, quotas were set for English vs. French-speaking respondents based on population distribution from the census to ensure a representative sample.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In Canada, the sample was split evenly by region: British Columbia, Alberta, Manitoba/Saskatchewan, Ontario, Québec and Atlantic Canada. The target national sample was n=4,000 including n=2,500 outbound travellers, n=1,200 inter-regional domestic travellers and n=300 intenders. The survey was conducted in August 2010.

3. Market Health & Outlook

At over six million potential travellers, Ontario offers the greatest prospects for out-of-region travel, by far, reflecting the sizable adult population in this market. In fact, Ontarians account for close to 40% of the total Canadian market for out-of-region travel, with almost double the potential of the next largest market – Québec. British Columbia and Alberta follows Québec in terms of potential market size, reflecting the mid-range populations of these provinces. Atlantic Canada is the smallest market – a combination of the low incidence of out-of-region travel and a relatively lower population base.

The immediate potential is a more conservative estimate of markets size based on those who say they will definitely or are very likely to travel in Canada in the next year. The immediate potential translates into just under 9.9 million travellers with relatively strong potential for conversion. The prospects for immediate travel are trending upward in the Québec market and downward in the Alberta market.

Exhibit 3.1 Size of the immediate potential long-haul pleasure travel market

	CDA	BC	AB	SK/MB	ON	QC	ATL
Immediate Interest[1]	63%	63%	69%	66%	59%	64%	68%
Potential (M)[2]	9.9	2.4	1.8	1.1	6.1	3.3	1.0

Base: Out-of-region pleasure travellers.
[1]Inludes respondents likely to travel within Canada on a trip of two to three nights or a trip of four nights or a trip of four nights or more (where at least one night is spent in paid accommodations).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.
[2]Results are from the random omnibus survey undertaken n 2009. Base in general population aged 18 plus (n=4,054).

The importance of pleasure travel among out-of-region travellers has held steady since last year, with 94% who consider pleasure travel to be at least somewhat important to them.

4. Unaided Destination Awareness

To measure brand awareness, respondents were asked to name destinations that come to mind for a vacation trip. The exact response was recorded, whether this was "Toronto," "Ontario" or "Canada." The exhibit shows a roll-up of the awareness results by country. This is essentially the total awareness for a country, including all sub-destinations. For example, total awareness for Canada includes mentions of "Canada" itself and all destinations within Canada.

The US remains the top destination for Canadian out-of-region travellers in terms of awareness, with almost 1 in 2 respondents citing it. Canada continues to play second fiddle to the US, with just over 1 in 3 travellers mentioning it on an unaided basis. Mexico remains in third place, but at 17%, its popularity has waned since last year, a trend that was also seen in the US market. This could undoubtedly be due to the wide-spread media reports of escalating drug violence in Mexico in the July/August timeframe, including the issuance of a travel warning by the US government. This is the only significant shift to occur in 2010, with awareness of all other destinations charting a steady course.

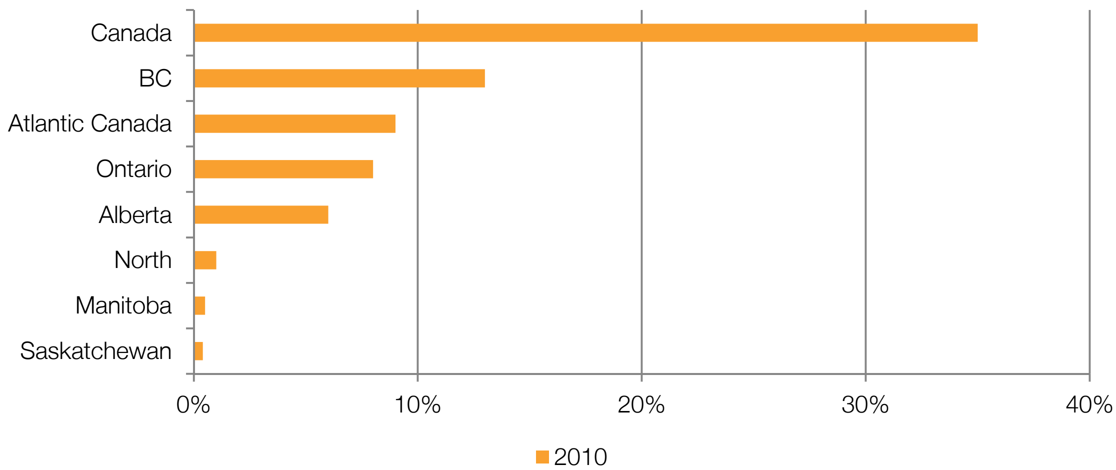
Exhibit 4.1 Unaided Destination Awareness

	2009	2010
1. US	50%	49%
2. Canada	36%	35%
3. Mexico	19%	17%
4. France	12%	12%
5. UK	12%	11%

Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?
Base: Out-of-region pleasure travellers (n=4,081).
Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

As shown in **Exhibit 4.2**, British Columbia continues to outpace other destinations in Canada, in terms of the region as a whole at 13%.

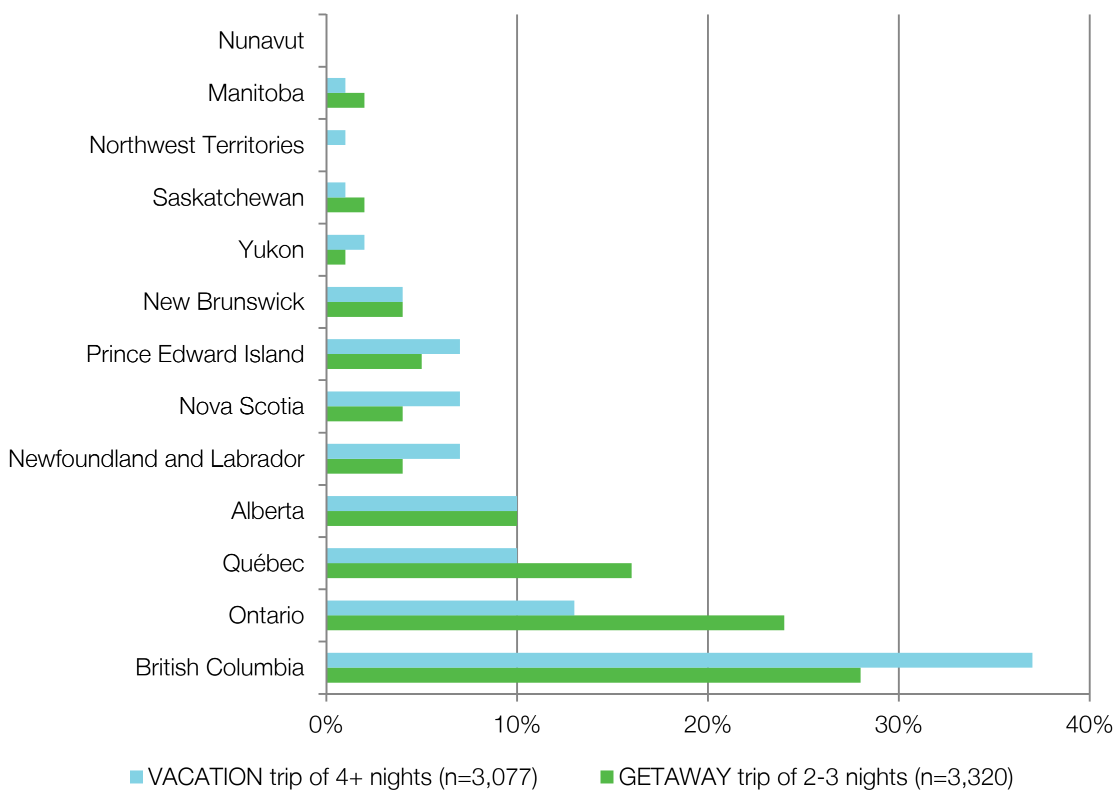
Exhibit 4.2 Unaided awareness of Canada's regions



Base: Long-haul out-of-region pleasure travellers (n=4,081).
Note: Only GTW regional partners are included.

Domestic travel is of imminent interest to approximately 63% of the market, a level that remains unchanged since last year. While the likelihood of taking a longer vacation remains steady (at 50%), intentions of taking a short getaway are trending downward (from 58% to 56%).

Exhibit 4.3 Canadian Destination Likely to Visit



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

Exhibit 4.3 shows the preferred destinations for getaways and longer vacations by market. For getaway travel, destination preferences continue to be determined largely by proximity, with travellers interested in exploring their own backyards as well as nearby provinces. For longer vacations, British Columbia remains the most coveted destination across the board, with Ontario the second choice for most markets. Québecers are a notable exception in their ongoing desire to travel in their own province, although British Columbia still wins out as the destination of choice in this market.

While destination preferences generally remain similar to 2009, a few notable trends are emerging:

The weakening travel intentions for getaways to Alberta are primarily due to a cooling trend in the west, with softer intentions surfacing in British Columbia and Alberta itself. Interest in Alberta also appears to be on the wane among Ontarians.

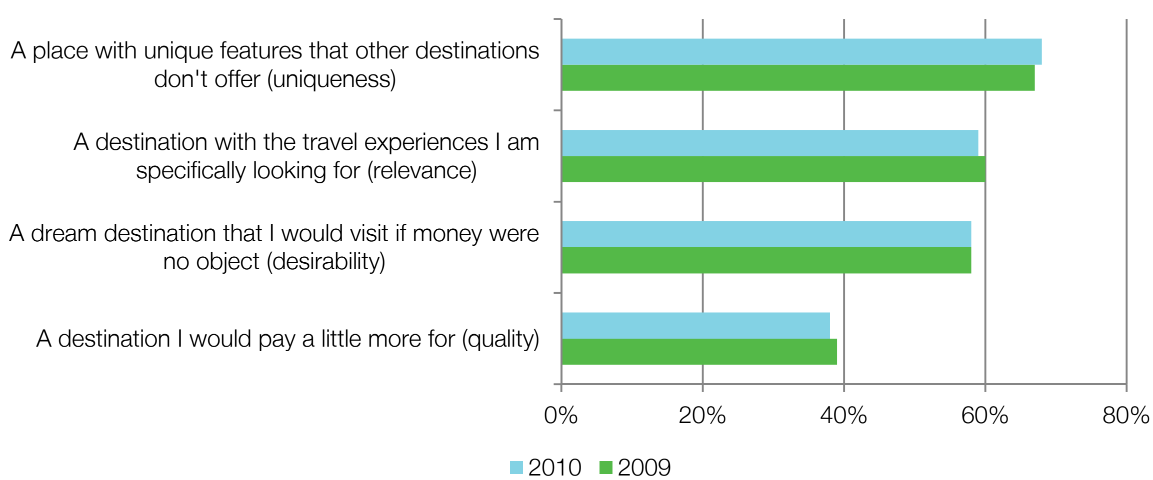
The stronger propensity for British Columbia getaways this year stems from a surge in interest among residents of Saskatchewan/Manitoba and central Canada, suggesting that these province's marketing messages are making an impact further afield.

Interest in a New Brunswick getaway arises primarily from the Atlantic region and Québec, with 2010 seeing heightened intentions to visit from both markets. For longer vacations, there appears to be a growing interest in Prince Edward Island from the mid-west (i.e., Alberta and the Prairie provinces). While Nova Scotia was the third most popular vacation destination for Ontarians in 2009, Newfoundland/Labrador has managed to supercede it this year.

5. Canada's Value & Price Perception

Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 Value Perceptions



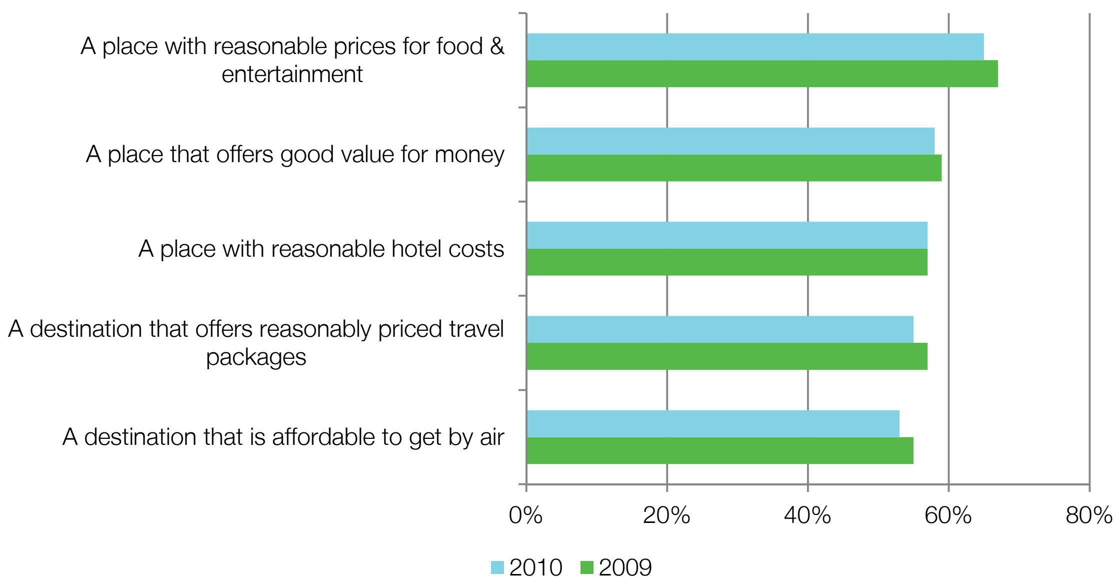
Base: Out-of-region pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Exhibit 5.1 shows that Quality continues to be the area that requires the most work, with less than 40% of out-of-region travellers who currently feel that Canada is worth paying a little more for. At just under 60%, impressions of Desirability and Relevance also leave much to be desired.

These results get at the heart of why it is difficult for domestic travel to compete with an international trip. If travellers don't feel that Canadian travel experiences offer value, they will spend their vacation dollars elsewhere. The tourism industry may want to ensure that their marketing messages consistently convey the quality of Canada's tourism experiences to potential domestic travellers, as well as their uniqueness and success on the world stage.

Cost also plays a major role when it comes to travel destination decision-making. **Exhibit 5.2** shows how Canada is perceived by various travel cost components.

Exhibit 5.2 Price Perceptions



Base: Out-of-region pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Compared with the overseas markets, Canadian travellers naturally see Canada as a reasonably affordable place to take a vacation. Sadly, however, Canadians view travelling in Canada as being less affordable than American and Mexican travellers do. More specifically, the issues are airfare costs (with Canadians giving a rating of 15 to 20 ppt below the other two markets), and travel package prices (with Canadians 4 to 7 ppt lower).

These results dovetail with the appearance of a number of articles in the media shortly before the GTW survey was launched. A Travelzoo Canada survey showed that two-thirds of Canadians feel that travelling in Canada is sometimes more expensive than going abroad, while a report on Canada's Not-So-Friendly Skies fanned the fire by detailing the sky-high airfares that Canadians pay for domestic travel compared with Americans and Europeans.

Clearly, any actions taken to enhance cost perceptions or make travelling within Canada more affordable (e.g., seat sales, kids fly free) would help to overcome one of the key obstacles to domestic travel. Failing that, Canadians need to be persuaded that domestic travel is a premium experience that is worth the extra money.

6. Product Interest

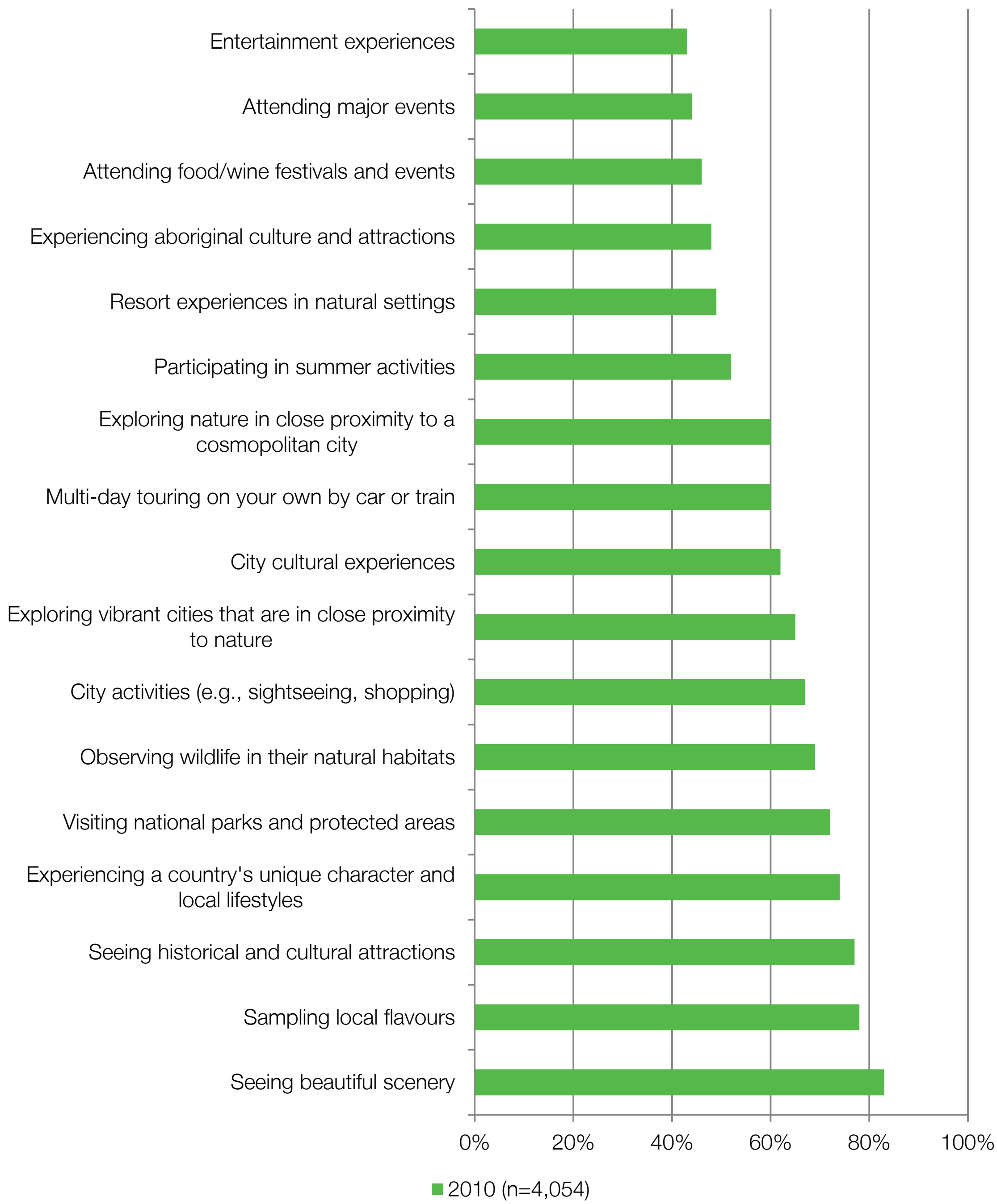
Exhibit 6.1a shows that active outdoor activities are more popular than ever in the domestic market, with significant increases in the appeal of winter activities, summer activities, land-based journeys, water-based journeys and visiting national parks/protected areas. These results are consistent with the “mainstreaming” of adventure travel in the Canadian marketplace. Today’s outdoor adventurer spans a broader demographic, with older people and women participating in greater numbers than ever before. In catering to the adventure set, product developers and marketers should keep in mind that an increasing number of travellers are seeking authenticity, personal journeys and life stories, which ties in nicely with Canada’s new brand. A comfort adventure segment is also emerging, with these travellers wanting to return from their daily adventures in the wild to a gourmet dinner and four-star hotel.

The heightened interest in outdoor activities comes at the expense of more passive scenery viewing, which has slipped in popularity this year. Even so, seeing beautiful scenery remains the number one vacation pursuit for Canadian travellers at 83%, while outdoor activities still tend to appeal to much smaller niches of the population (particularly winter and water-related products, which continue to capture less than 30% of the vote).

Culture remains prominent this year, with sampling local flavours, historical/cultural attractions and local lifestyles all entrenched among the top five vacation interests, with scores of well over 70%. However, aboriginal culture is still positioned well below the other cultural products at only 48%, with Canadians possibly getting their fill of aboriginal issues on a day-to-day basis (a similar trend can be found in Australia).

Like last year, city experiences round out the top ten product interests, including the traditional tourist standbys of sightseeing and shopping (67%), as well as city culture (62%) and exploring cities close to nature (65%). Exploring nature close to cities is somewhat less appealing at 60%, possibly because Canadians view nature as a complete escape from the city.

Exhibit 6.1 Product Interests

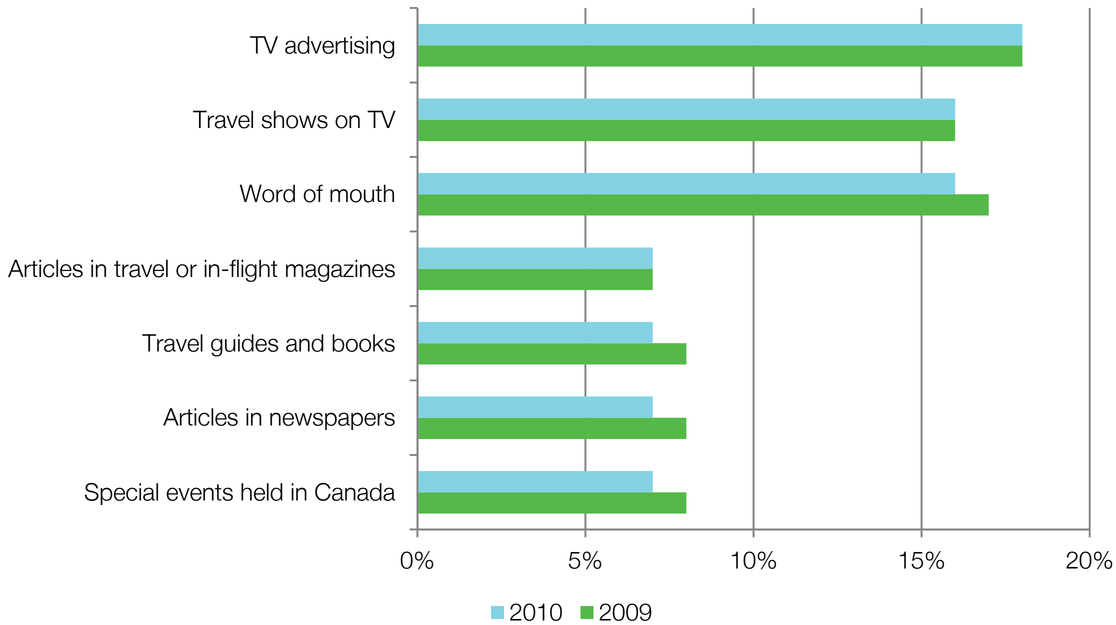


Base: Out-of-region pleasure travellers.
Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

7. Sources of Information for Increasing Canada's Appeal

Television advertising and travel shows are again felt to be the top sources for increasing Canada's appeal, each mentioned by over 15% of travellers, along with word of mouth.

Exhibit 7.1 Top sources of information



Base: Out-of-region pleasure travellers.
Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

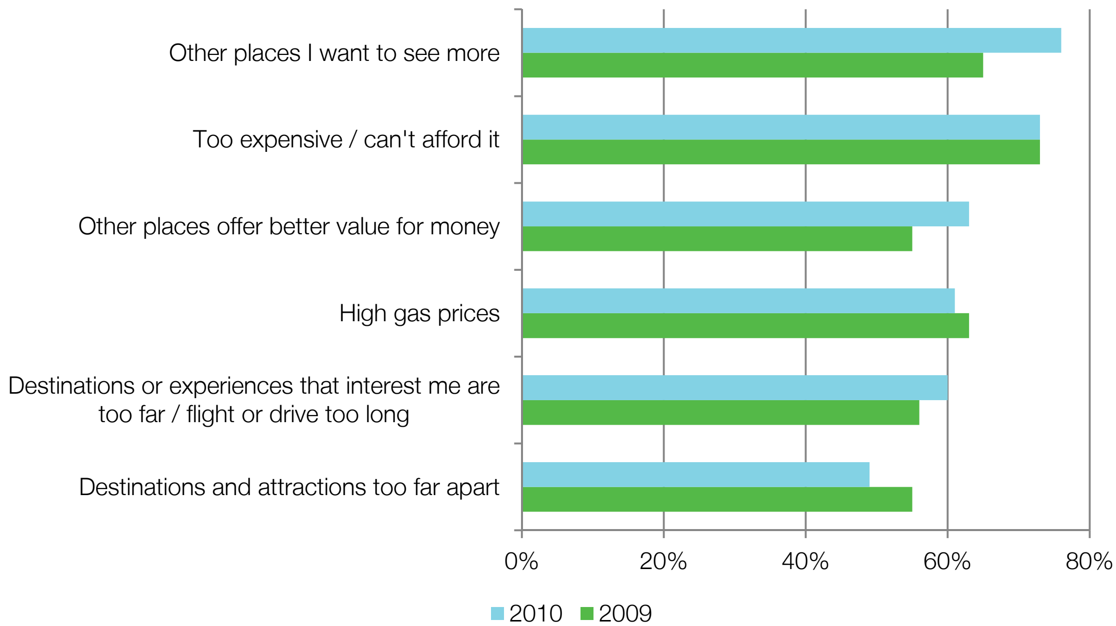
8. Key Barriers for Travel to Canada

Exhibit 8.1 shows the key barriers for Canadian travellers who are unlikely to travel in Canada in the next year. The results suggest that competition from other destinations is intensifying, with the desire to visit other places up a remarkable 11 ppt from last year and the feeling that other places offer better value up 8 ppt. This dovetails with both the lessened intensity of interest in domestic travel and the increased outbound flows from Canada this year. Again, there is a need to improve perceptions of both the quality and cost-effectiveness of the domestic travel experience so that Canadians don't see Canada as failing to live up to the lure and value of other destinations

Another growing deterrent for Canadians is domestic travel's rather humdrum image, with no real reason to go, nothing to do, not exotic enough, too boring and a reticence to travel where they live all up directionally this year. In fact, on a combined basis, these image-related issues rose significantly from 66% in 2009 to 74% in 2010, a finding that is consistent with the weaker brand personality results this year. Once again, this is a signal to Canada that it needs to develop a more dynamic and vital image for domestic travel going forward.

Distance is also an increasing concern, with destinations too far apart trending upward as a barrier. Again, enhancing the value of the domestic experience, creating more of a buzz around Canada travel and giving travellers a break on cost through discount airfares and seat sales could help to eradicate this barrier by making cross-country travel more affordable and persuading travellers that the domestic experience is worth going the extra mile.

Exhibit 8.1 Key Barriers for Visiting Canada



Base: Out-of-region pleasure travellers who are unlikely in Canada in the near future.
Note: Percentage is the sum of major barrier and minor barrier responses
Result for past travellers to Canada who are unlikely to re-visit in the near future are not shown due to small sample size.

9. Conclusions: Key Takeaway

Fuelled by pent-up demand as a result of the recession, a strong loonie and a brighter economic picture, 2010 saw Canadians begin to travel en masse both for domestic and international travel:

- The poor economy, high unemployment rates, affordability and unfavourable exchange rates are all less evident as barriers to travel in 2010. However, concerns around safety/terrorism and potential international conflicts have grown due to issues in Mexico, Korea and the Middle East, which could work in favour of domestic travel.
- This year, Canadian top-of-mind awareness held its own, seeing only a marginal one-point decline compared with the previous year. However, there are indications that Canada is beginning to lose some ground to the US in terms of appeal, with overnight Canadian trips to the US surging by almost 12%, compared with only minimal growth for domestic travel in the first six months of 2010.
- Quality continues to be the value attribute that requires most attention, as less than 40% of out-of-region travellers feel that Canada is worth paying a little more for.

- On the cost side, airfare and travel package prices are the key issues, with domestic travellers rating Canada far worse on these attributes than American and Mexican travellers do. With Canada travel seen as expensive, but not really offering a premium experience, it is not surprising that many travellers ultimately decide to spend their vacation dollars elsewhere.
- In terms of general product interests, active outdoor activities are gaining in popularity among Canadians, which is obviously good news for domestic travel in view of Canada's incomparable strengths in this area. However, product developers will need to ensure that domestic offerings are broad enough to accommodate the new demographic segments that are emerging in the marketplace as adventure travel hits the mainstream (e.g., developing comfort adventure products for older travellers).

Canada's tourism products continue to be strongly positioned in the domestic market, with 13 products emerging on top in the competitive analysis and an unassailable lead on most nature/outdoor products. However the US is close on its heels, with urban products such as city activities and major events.