Canadian Tourism Commission

Commission canadienne du tourisme

Global Tourism Watch

India Summary Report - 2011

Table of Contents

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. In 2011, India and Brazil were added to the study. 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 in the past three years where they stayed at least four or more nights with at least one night in paid accommodations or plan to take such a trip in the next two years. Trips had to be outside of India, the Middle East and South Asia.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In India, the in-person survey was conducted in six major urban centres (Bangalore, Chennai, Delhi, Hyderabad, Kolkata,Mumbai) and restricted to the social classes ABC. The target was n=1,500 long-haul pleasure travellers, with a quota of n=100 recent travellers to Canada. The survey was conducted from September to December 2011.

3. Market Outlook and Potential

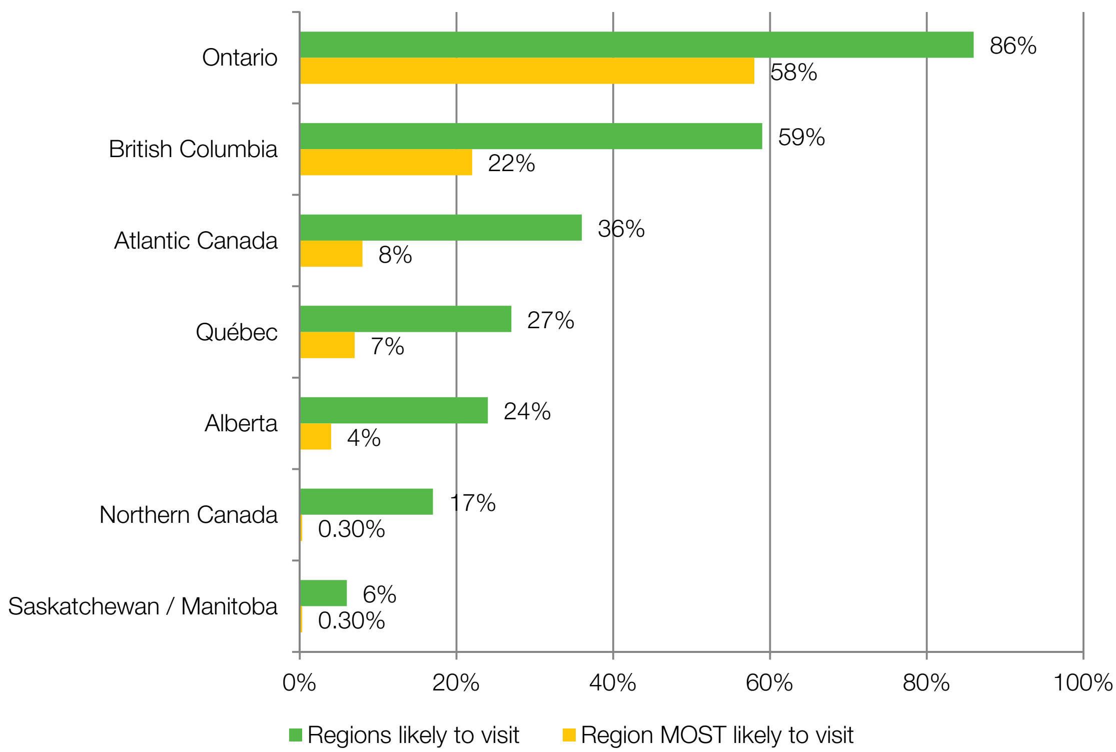
The GTW results show that 92% of Indian travellers feel that long-haul travel is important to them, which is on par with the typically higher scores of the emerging or newer travel markets (e.g., Brazil, China and Korea all sit in the 92% to 95% range). As in Brazil, Indian travellers tend to be passionate about their newfound travel habit, with close to 60% who say it is very important to them. As a relatively recent phenomenon, long-haul travel is widely regarded as a status symbol for more affluent Indian consumers, fulfilling their personal sense of achievement and giving them "bragging rights."

41% of Indian travellers say they will travel more in the next three years than they did in the last three years, while only 13% say they will travel less. This yields a market outlook indicator (or net change) of +28, which is higher than in mature markets like the UK, Germany and Japan, but well below the other BRIC and emerging markets. As discussed below, forward-looking traveller sentiments are temporarily being shaken by a slowdown in the economy, high inflation and a sinking currency that is making it more costly for Indians to travel. Although this has not really affected market performance to date, a slowdown may be in store for 2012 if the situation does not improve.

In total, 23% of Indian long-haul travellers say they are either definitely or very likely to visit Canada in the next two years. This is fairly anaemic when compared to other markets, with Canada seeing weaker travel intentions only in Japan. The proportion who favours shorter trips is about the same as those who intend to take longer vacations, pointing to opportunities for selling add-on travel to the US.

Exhibit 3.1 shows the results when travellers were asked to choose the one region they are most likely to visit. Ontario dominates the picture, capturing almost 60% of the vote, primarily because for many, Niagara Falls is considered a must-see icon. British Columbia is second (at 22%), followed at a distance by Atlantic Canada (8%), Québec (7%) and Alberta (4%).

Exhibit 3.1 Canadian Destination Most 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 (n=260).

Exhibit 3.2 estimates the immediate potential in the six Indian cities for the regional partners of the GTW study based on current levels of interest. Ontario and British Columbia enjoy the largest potential markets (approximately ¾ of a million travellers and a half million, respectively), followed by Québec and Alberta (at over 200,000 each).

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	ON	BC	QC	AB	YK	NU
Immediate Interest[1]	23%	86%	59%	27%	24%	12%	3%
Potential (M)[2]	0.9	0.7	0.5	0.2	0.2	0.1	0.03

Base: Long-haul pleasure travellers (n=1,528).
1 Base for percentages is 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 (n=331).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.
2 Notes: Results are from the random telephone omnibus survey undertaken in 2011 (n=2,998).
Base is general population aged 18 plus in Bangalore, Chennai, Delhi, Hyderabad, Kolkata, and Mumbai.
Sample was restricted to the SEC A, B, C population.

4. Unaided Destination Awareness

To measure top-of-mind awareness for Canada, respondents were asked to name destinations that come to mind for a long-haul vacation.

As in the other BRIC markets, the US leads the charge in terms of destination awareness, with 45% of Indian travellers naming it as a potential vacation spot. Singapore is a close second at 38%, with Malaysia (18%) and Thailand (14%) being other Southeast Asian destinations in the top ten. Data from Pacific Asia Travel Association (PATA) shows that the US trails all three of these Southeast Asian destinations in terms of actual visitation from India, so its number one position here points to its aspirational status for this market. Often the US is chosen for a honeymoon, celebratory travel or luxury trip by affluent Indians, with New York City and Las Vegas being particularly popular in this regard.

On the other hand, Southeast Asia appeals to the masses, with travellers lured by the region's proximity, easy air access, availability of cheap packages, liberalization of visa requirements and opportunities for shopping and sightseeing. As a gateway city with several hundred shopping malls, "Singapore" is particularly popular and has the highest brand awareness of any single destination, by far.

European destinations also figure prominently in awareness, with the UK (22%) being the third most popular stated destination for Indian travellers, and both Switzerland (16%) and France (9%) making the top ten. To Indian travellers, Europe represents the epitome of western culture and lifestyles, with the ability to visit multiple countries on the same visa being an added incentive. The UK's strong appeal hinges largely on its historical/cultural offerings, and the fact that many Indians having friends or family living there. Awareness may also have received a boost from the Royal Wedding, which was watched by over 42 million Indians, reviving interest in the British monarchy. Switzerland, in 7th spot, fares much better in India than it does in most other GTW markets, doubtlessly boosted by the large number of Bollywood films that are shot there.

Despite a series of violent attacks on Indian students studying in Australia in 2009, this destination currently ranks fourth in terms of destination awareness, with Tourism Australia having been very active in the Indian market to improve its image following these events. Canada emerges in sixth spot, with its score of 17% being stronger than in the other two BRIC markets (but lower than in most other GTW markets).

Exhibit 4.1 Unaided Destination Awareness

(showing top 7 countries only)

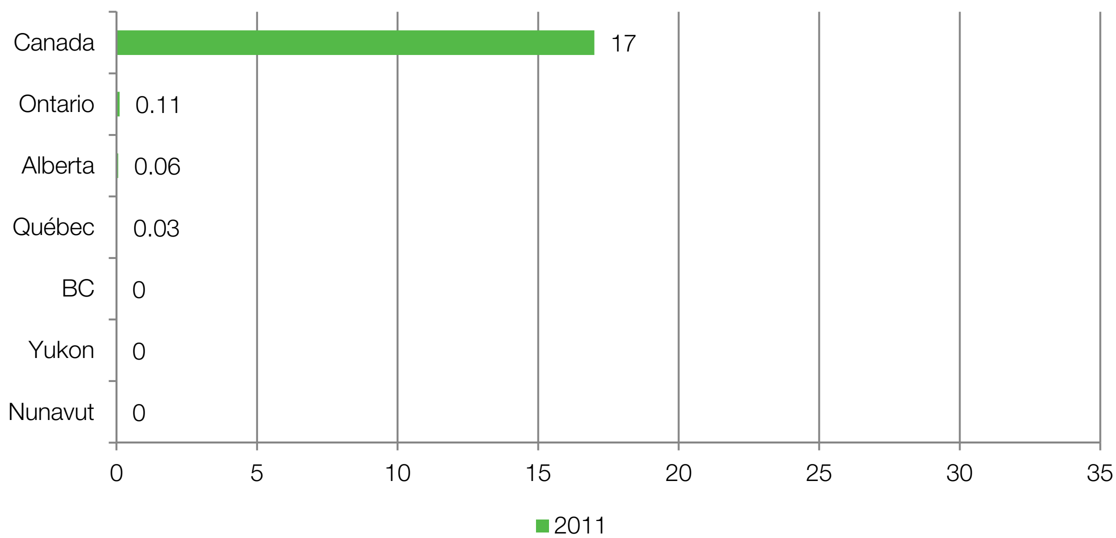
	2011
1. US	45%
2. Singapore	38%
3. UK	22%
4. Australia	20%
5. Malaysia	18%
6. Canada	17%
7. Switzerland	16%

Base : Long-haul pleasure travellers (2011 n=1,528)

Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

As seen in **Exhibit 4.2**, unaided awareness of the GTW partner regions in India is practically non-existent.

Exhibit 4.2 Unaided Awareness of Canada's regions



Base: Long-haul pleasure travellers (n=1,528)

Note: Only GTW regional partners are included.

5. Canada's Value & Price Perceptions

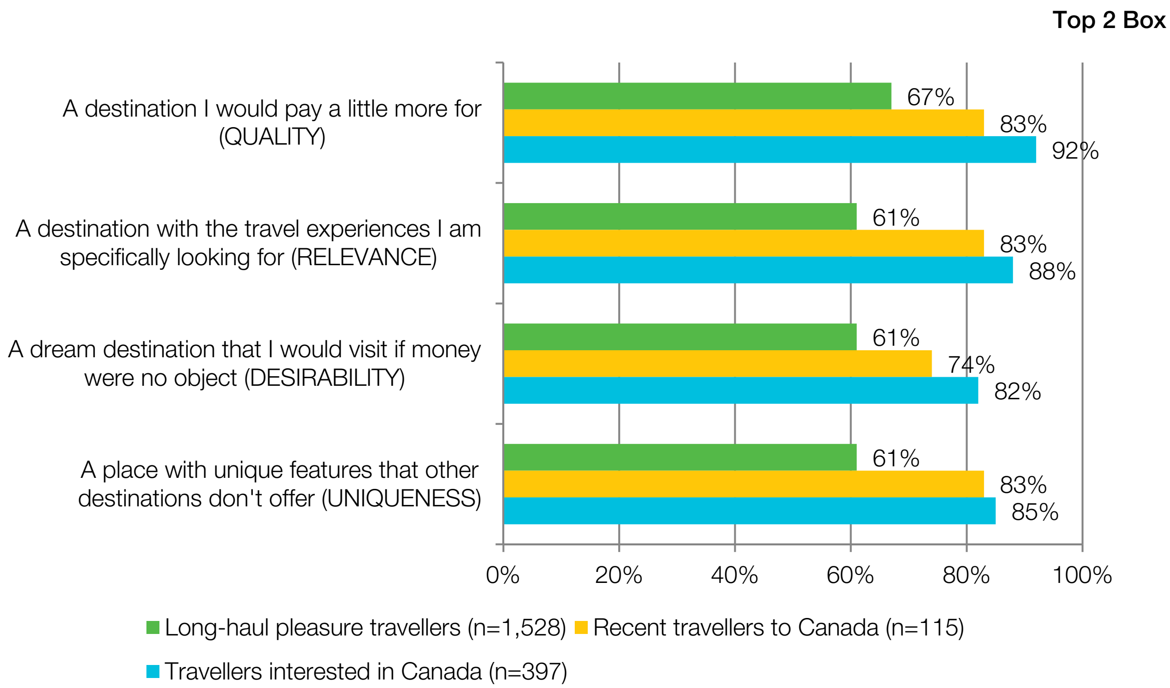
Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 shows that Canada is generally seen as offering good value to Indian travellers, While not a stand-out score, it is reasonably healthy with the score being above average for an emerging market and on par with more mature markets like France and Germany.

A closer look at the results shows that Canada is felt to offer quality products, with the score of 67% being the highest of any GTW market. In fact, with the exception of China, all other markets score Canada at under 55% on this value. The other three value components each emerge with a score of 61%, which is generally in line with other markets. Value perceptions are far stronger among the two Canada travel segments (recent travellers to Canada and travellers interested in Canada), with potential visitors offering up the best ratings.

Indians have always had a reputation for demanding high quality consumer goods, with the premiumization trend that has swept the country merely intensifying this trend. Travel is no exception, and destinations that offer a clear value proposition to travellers will be the ones to capture their business. The good news is that there are indications that Indian travellers are willing to pay for extra value, for example, an exotic destination or an experiential holiday. With Canada being an emerging vacation destination for this market, it is in an excellent position to tempt travellers with something new and different, i.e., a place that is beyond the "run of the mill" destinations frequented by the average traveller.

Exhibit 5.1 Value Perceptions



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".

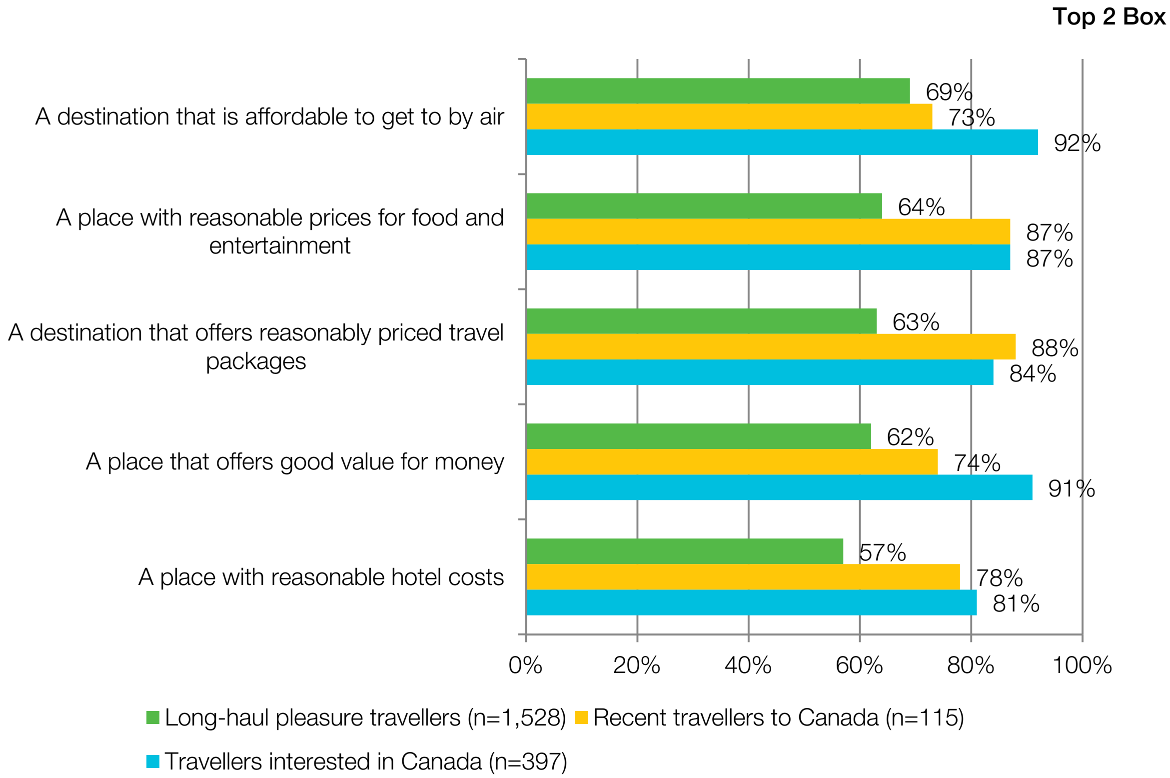
In addition to brand image and destination value, cost plays a major role when it comes to destination decision-making.

Exhibit 5.2 shows that Indian travellers generally give Canada the highest marks on each of the individual price components (value for money is the only exception, with Mexico's 65% winning out over India's 62%) when comparing with other GTW markets. The relatively strong Price Perceptions give Canada firm ground to stand on in terms of being able to offer high quality and memorable travel experiences at a fair price. However, it should be noted that these scores may be somewhat inflated relative to the other GTW markets due to the tendency for Indian survey respondents to give overly positive responses.

Generally, “airfare” tends to be one of the poorest ranked cost components, however, in India, it earns the highest agreement among travellers at almost 70%. This confirms the results of the CTC’s 2007 consumer study, which showed highly favourable perceptions of airfare costs to Canada relative to other long-haul destinations. Hotel costs are the most poorly rated cost component at 57%, with food/entertainment, travel packages and value for money falling between the two extremes.

Again, perceptions of travel prices for Canada generally tend to be better among the two Canada travel groups, with scores ranging from 73% to 88% for recent visitors and from 81% to 92% for potential visitors.

Exhibit 5.2 Price Perceptions



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”.

6. Product Interest

In many of the new or emerging markets (e.g., China, Brazil, South Korea, Mexico), travellers are characterized by a keen enthusiasm, wanting to do anything and everything on their long-haul trips. Exhibit 6.1 shows that Indian travellers are no different in this regard, with product scores ranging from a high 67% to an even higher 94%. In fact, with 19 of the 23 products awarded ratings of 70% or above, Indian travellers are even more enthusiastic than the Chinese. However, as in China, the high absolute scores may be overstated due to social desirability bias, with travellers wanting to demonstrate an interest in exciting foreign travel activities.

As in virtually every GTW market, seeing beautiful scenery is the number one vacation activity for Indian travellers. Visiting national parks and observing wildlife in natural habitats also emerge among the top five pursuits, with both products ranking higher than in any other market. In fact, India is the only market in which all three **nature products** emerge in the top five, which serves to emphasize the allure of scenic vistas and unspoiled nature for Indian travellers.

India is also distinctive in terms of the importance placed on **city activities** such as sightseeing and shopping. These tourist standards rank a strong third in India, compared with 7th to 13th in other markets, with major events also ranking on the high side. In addition, exploring cities close to nature and enjoying city cultural experiences (e.g., museums, galleries) are among the top ten vacation activities for this market. Taken together, these results confirm the appeal that famous cities and urban pursuits have for Indian travellers. City holidays are particularly sought after by the luxury segment, who tend to enjoy semi-customized city products with a good mix of sightseeing, fine dining, shopping and local activities. Often these are young professionals who want to travel in style, stay at five-star properties, pamper themselves and enjoy the fruits of their labours.

Aside from seeing historical/cultural attractions, which is a must on the vacation to do list of Indian travellers, **local culture** tends to have below average appeal. While sampling local flavours is among the top three products in every other GTW market, it is eighth in India. Similarly, local lifestyles is on the low side (in 9th spot), while aboriginal culture (15th) fares worse only in Australia and Brazil. While the travel industry expects that interest in cultural holidays will take off in the future, demand is felt to be limited at the moment. No matter where they happen to be, Indians still prefer to mingle with people from their own country rather than with locals, and to dine on Indian food rather than on local specialties. This may also explain why other **cuisine-related activities** such as food/wine festivals and culinary learning experiences are ranked comparatively low.

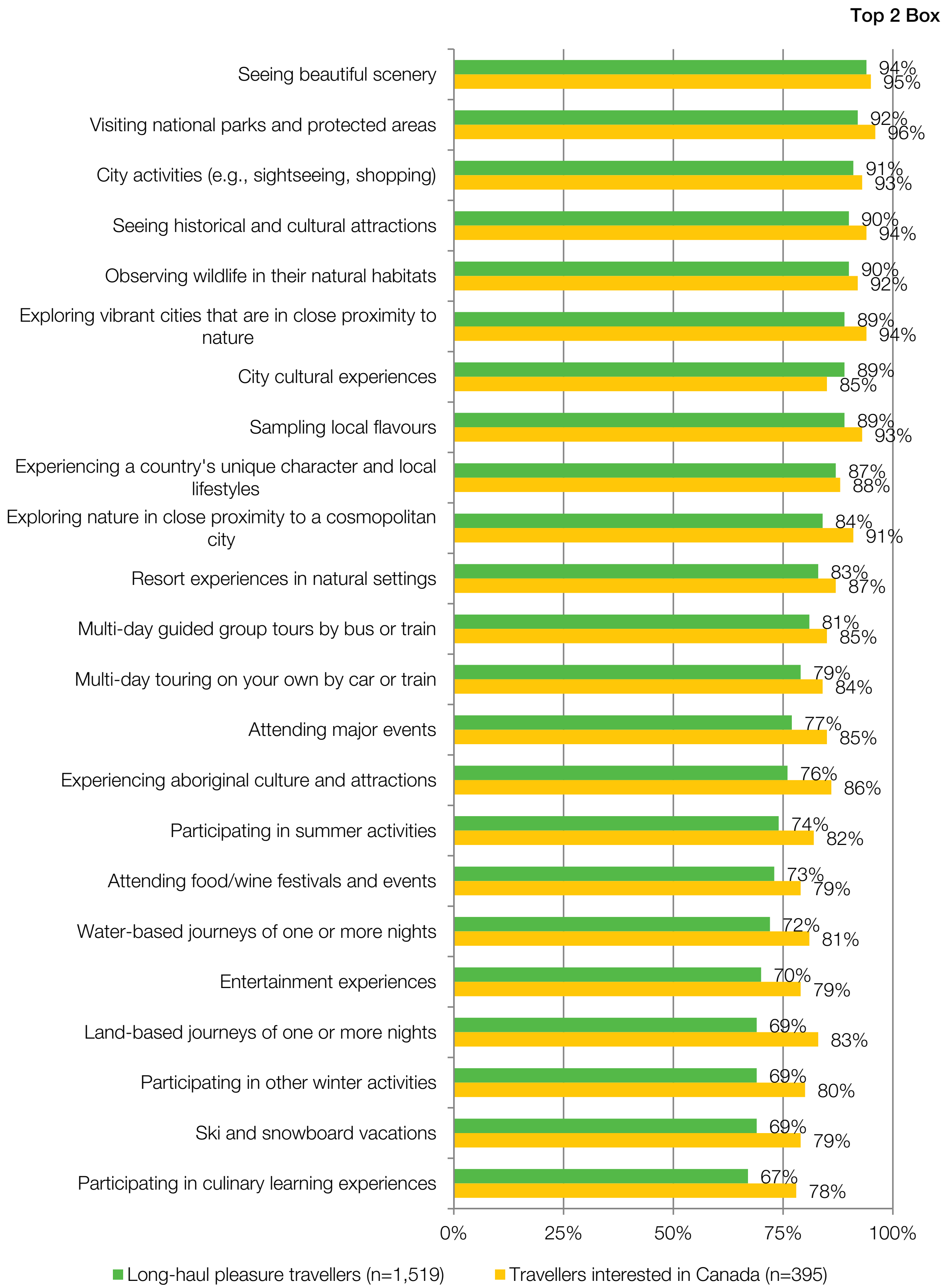
While **resort experiences** in natural settings narrowly misses a top ten position in this market, its 11th place rank is still the highest placement in any GTW market. Health, relaxation and well-being are growing priorities in life in India, especially among the country's hard-working professionals. More and more, they are seeking healing vacations and spa/wellness retreats to help them de-stress and rejuvenate, which suggests good opportunities down the road for destinations like Banff.

Touring surfaces as a mid-range product, with guided group tours and independent touring being rated similarly (both at around the 80% mark). Not surprisingly, giving the immaturity of the market, organized group travel tends to be more important to Indian travellers than to those in other markets, with its 12th place ranking being even higher than in China or Brazil. Typically, first-time long-haul travellers will choose the more structured confines of a guided package tour, while more savvy travellers, those in touch with western lifestyles and VFR travellers will often opt for self-touring. Self-drive holidays, in particular, have been heating up over the last five years, with international car rental companies reporting double-digit increases in the number of Indian travellers choosing self-drive vacations in places like New Zealand, Australia, the UK and South Africa.

Where Indian travellers don't differ from other markets is with respect to **outdoor activities**, which pepper the bottom half of the exhibit. While outdoor products appeal to more limited segments of the market (as noted above, the absolute percentages are likely over-stated), the trade reports that adventure holidays are growing for both domestic and international travel. Hiking, rock climbing, mountain biking, jet skiing, bungee jumping, scuba diving, white water rafting, and camping in the wild are just some of the activities that have captured the interest of more adventuresome travellers. Even skiing is becoming popular, particularly among India's elite who are continually seeking new experiences. However, most travellers still require hand-holding, with the provision of the requisite gear and expert guides/instructors being a must.

Most vacation pursuits hold greater appeal for potential travellers to Canada than for long-haul travellers in general (city culture is the only real exception). This is not surprising, as the battery of products was developed to correspond with Canada's product strengths. In addition, this segment has shown itself to be particularly keen on most aspects of long-haul travel, including overall travel propensity.

Exhibit 6.1 Product Interests



Notes: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

7. Sources of Information on Canada

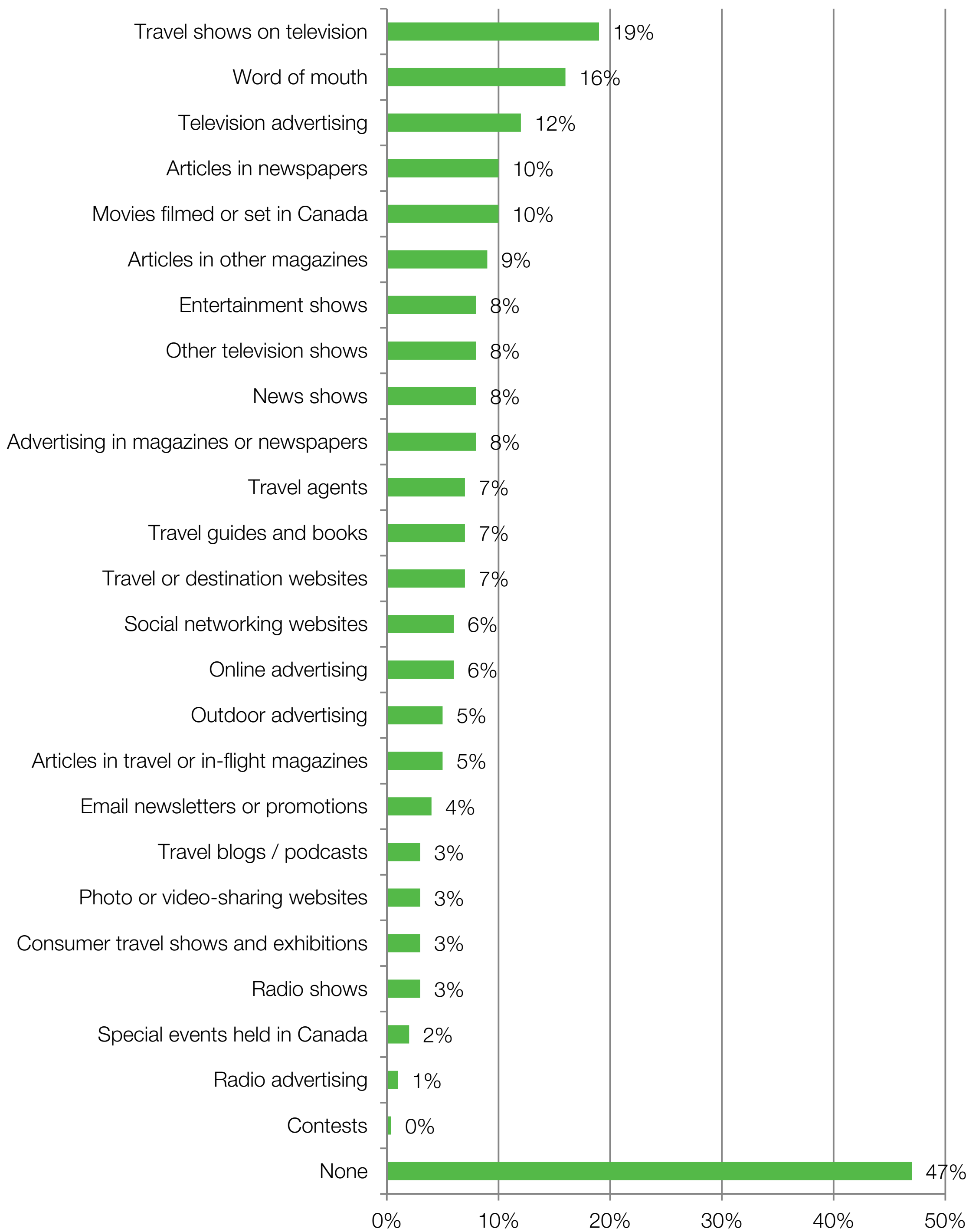
Exhibit 7.1 shows that just over half of Indian long-haul travellers reported having seen or heard information relating to Canada travel in the past three months. This is the lowest of any GTW market, which dovetails with Canada's poor showing on both unaided and total advertising awareness. Again, this is to be expected given that the CTC has only recently begun to gear up in this market.

Indian travellers rely to a large extent on television for information about Canada. As in most of the other GTW markets, television travel shows is the number one information source (at 19%). However, television advertising is also in the top three in India, which is true of only a handful of the international markets. Moreover, entertainment shows are ranked 7th, making India second only to China in terms of the importance of this source. In addition, the 9th place rank of news shows is consistent with their high penetration in the other Asian markets (faring far better than in the western markets). Finally, India is one of only two markets where other television shows achieve a better than 10th place finish. Clearly the results point to television as the most effective way to reach Indian travellers.

Aside from television sources, word of mouth, newspaper articles and movies filmed or set in Canada are the only other information sources to be mentioned by 10% or more of the Indian market. While word of mouth is a trusted information source for travellers around the world, newspaper articles achieves a better showing in India than in any other international market. India is also notable as the only market where movies filmed/set in Canada wins a spot in the top five, which underscores the importance of the Bollywood connection for Indian tourism. While Canada is on the right track in using Bollywood actors as brand ambassadors, encouraging more Indian films to be shot here would undoubtedly help to increase Canada's share of the long-haul market in the long-term.

With the widespread penetration of internet usage, travel/destination websites have become a key source of information for travellers on a global basis, being ranked among the top five sources in all of the GTW markets except China (where it narrowly misses a top five position). In India, however, travel/destination websites are far less important (ranked in 13th spot), perhaps because of the relatively low internet penetration rate there.

Exhibit 7.1 top sources of information on Canada in the past three months



Base: Long-haul pleasure travellers (n=1,528)

8. Key Barriers for Travel to Canada

Exhibit 8.1 shows why long-haul travellers from India are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that are likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

As in most GTW markets, competition from other destinations is the single greatest barrier for Canada (at just under 70%), which again suggests that awareness building and a strong presence in India are pre-requisites for market growth. Long flights surface in second position at just over 60%. While this rating is high by GTW standards, it is markedly better than in the other three Asian markets. "Exchange rates" are also worrisome for Indian travellers, with the rupee having depreciated against the strong Canadian dollar over the past few years.

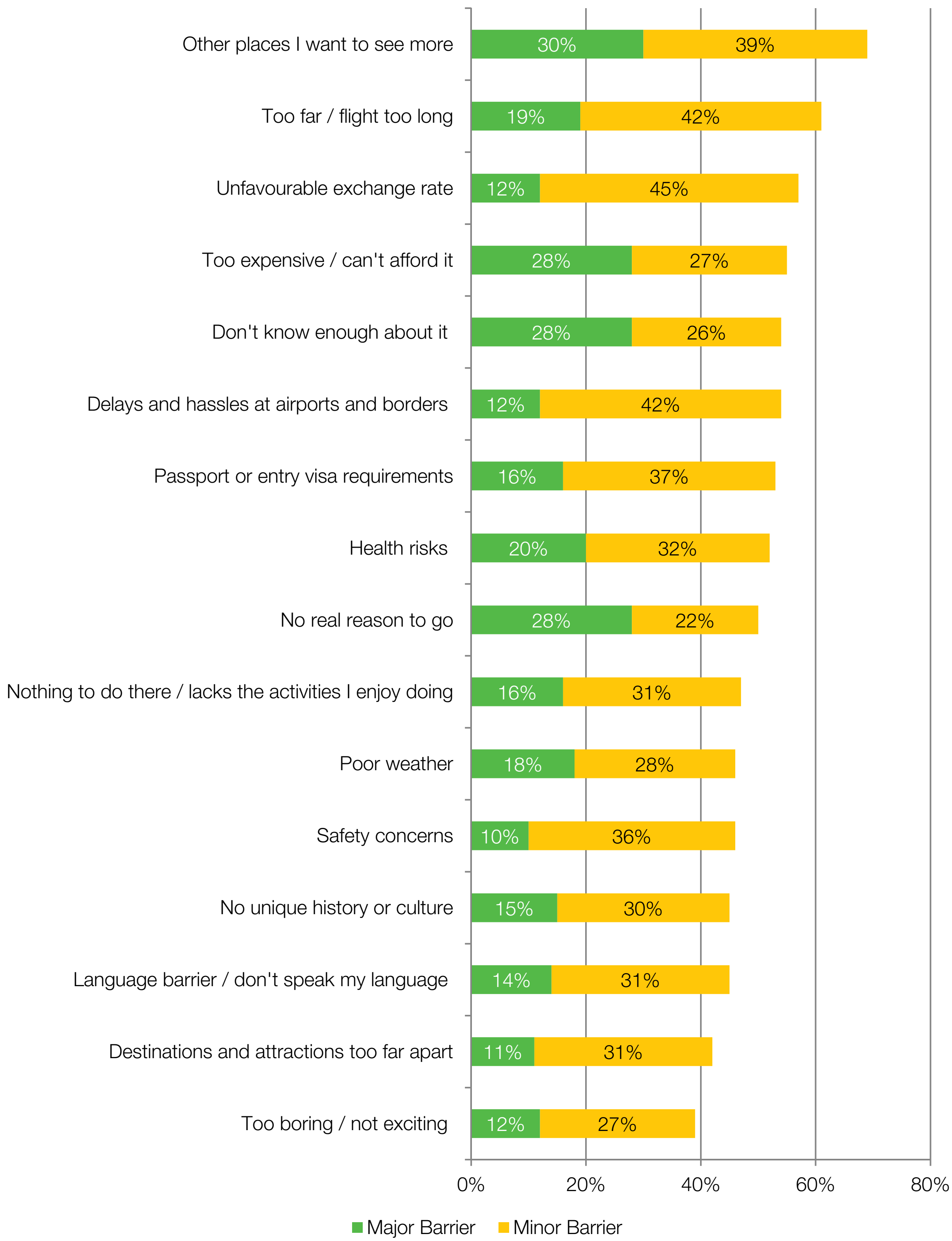
While the steep cost of a trip to Canada is seen as a major hurdle in most of the non-US markets, with scores of 73% to 87%, in India, cost is cited as a barrier by only 55%. This is consistent with the strong Price Perceptions in India and again suggests that Canada should be able to market itself as providing extraordinary travel experiences for a reasonable price.

Not knowing enough about Canada rounds out the top five barriers for Canada. At 54%, poor awareness is mentioned less frequently by Indian travellers than by those in the other Asian/BRIC markets, but this is likely understated to avoid appearing unknowledgeable. Despite the lack of acknowledgement, poor awareness is definitely an issue in India and is a priority for the CTC to address in developing this market.

No reason to go, nothing to do, too boring and no unique history/culture are also less likely to be going concerns in India than in the other Asian markets. This is good news as it confirms a generally positive impression of Canada as an exciting vacation spot despite the scant knowledge of specifics. This suggests that the CTC may face less resistance in conveying a vibrant and effervescent image of Canada in India than in the rest of Asia, where it has a more nondescript image.

On the other hand, some of the more practical barriers such as exchange rates and passport/entry requirements are on the high side, which is true of the other BRIC/emerging markets as well. Unease about safety and health is also notably high, which is generally the case among Asian tourists.

Exhibit 9.1 Key Barriers for visiting to Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future (n=987)
Notes: Percentage is the sum of major barrier and minor barrier responses.

9. Conclusions: Key Take-Aways

Spurred on by higher disposable incomes, more affordable travel options, the greater availability of credit, more westernized lifestyles and a penchant for shopping, Indian travellers are globetrotting like never before. Not only is India the fastest growing source market for many destinations, but Indian travellers are among the biggest spenders, staying for long periods of time, travelling in large groups and shopping for luxury products.

- Outbound tourism flows from India remained positive through the 2008/09 financial crisis, buoyed by the country's strong economic performance in the face of adversity and the evolving culture of consumption among its consumers. And despite the renewed economic uncertainties that surfaced in 2011, overall outbound travel from India ended the year with a robust 10% increase, with some long-haul destinations reporting growth of 20% to 40%. Canada turned in a healthy performance in India, with a 9.1% increase in vitiation over 2010, according to the Statistics Canada preliminary estimates.
- As 2012 unwinds, the market outlook for long-haul travel from India continues to be threatened by a cloudy economic picture, particularly in Europe, which is one of India's largest trading blocs. Moreover, further deterioration of the rupee is a distinct possibility if the Eurozone situation continues to worsen, which could act as a drag on the long-haul market. On the bright side, inflation is expected to ease in 2012, which could help to offset the impact of further currency declines on travellers' pocketbooks. In addition, there is a fairly large segment of highly affluent travellers in India who remain undaunted by poor exchange rates and higher travel costs. In fact, the GTW results confirm that few long-haul travellers (i.e., less than 5%) have let concerns about the poor economy, job losses or unfavourable exchange rates affect their long-haul travel plans to date.
- At +28, the market outlook indicator for India is moderate, coming out ahead of mature markets such as Germany, the UK and Japan, but well below the other emerging markets. While the prognosis for future travel in India may not be as strong as in Brazil, China and Korea (all sitting at +40 or above), Indian travellers do share the same passion for long-haul holidays and have made this a priority in their lives. As is the case in China, long-haul travel is considered to be a status symbol in India, giving travellers "bragging rights" among their peers. Still, in terms of incidence rates, the three BRIC markets are all at the starting gate, with India ahead of Brazil, but behind China.
- Travel intentions to Canada in the next two years are also anaemic at 23%, with Canada posting weaker results only in Japan. Moreover, cities like Toronto, Vancouver and Montreal garner some of the poorest intentions scores to date. Not surprisingly, Indian travellers are still at the outset of the path to purchase, with over 60% of travellers who say they either don't know anything about Canada or are not currently interested in visiting it, underscoring the need to shore up awareness in this market.
- Taken together, the results suggest that Indian travellers have an inherent curiosity about Canada, but are vague on the specifics, which means that it is unlikely to be chosen over well-established favourites like the US, Singapore and Switzerland. Over the next few years, the Canadian tourism industry will need to build genuine interest by colouring in the details and fleshing out Indian travellers' mental picture of Canada. In addition to using Bollywood celebrities as spokespeople for Canada, encouraging Indian films and television shows to be shot in Canada could help to jump-start the

market in a big way. Placing Canada in features on travel programs and incorporating tie-ins on entertainment shows might be other effective ways of harnessing the power of television in India.

- Among Indians the people and culture pillars of the Canada's brand are among its top-rated attributes, acknowledging Canada's friendly people and links to European history. In addition, Canada garners solid ratings for triggering positive emotions and extraordinary travel experiences on the brand side, and for quality on the value side. This suggests that it is in an ideal position to market itself as an aspirational destination for affluent Indians seeking premium experiences or experiential holidays. Moreover, being a relatively new destination for this market, Canada can deliver on the promise of value, tempting more savvy travellers with a unique experience that is beyond the "run of the mill" vacation spots preferred by the masses. On the cost side, the most urgent issue is a perception of steep hotel prices, so discounts and special offers would help to make Canada more appealing.
- As in many new or emerging markets, Indian travellers are very keen on long-haul travel and want to do and see everything on their trips, pointing to a range of product opportunities for Canada. Travellers are particularly enthused about nature and scenery, with three of the top five vacation pursuits being related to nature in some way. While Canada's scenic views are definitely seen as a high point, Indian travellers are less cognizant of what it offers beyond scenery. In fact, some nature products emerge as weaknesses for Canada, with Australia and Switzerland regarded as the go-to destinations for these pursuits. Clearly, Canada should play to its strengths and educate Indian travellers about its incredible nature offerings, with the objective of capturing a leadership position. Focusing on Canada's icons such as Niagara Falls will also help Canada's case as Indian travellers tend to gravitate to these famous icons, and they are a must-see on any first-timer's itinerary.
- Indian travellers, particularly young and affluent professionals, are zealous in their desire to experience the bright lights and exciting ambience of the world's greatest cities. The GTW results reveal that city brands are unusually popular in terms of the destinations being considered by travellers, and urban pursuits emerge notably high on their travel to-do lists. Clearly then, Canada would do well to push destinations like Toronto, Vancouver and Montreal in the Indian market, highlighting famous sights, major events, luxurious living and unique shopping opportunities. The cities on the doorstep of nature concept might also resonate well with Indian travellers, being one of the three top motivators for visiting Canada.
- While Canada is also reasonably well-regarded for culture products, with common historical ties to Britain possibly generating some interest, the market for culturally-oriented trips is still in its infancy in India. Aside from getting a taste of local flavours, seeing historically important sights and exploring Indian communities in Canada (i.e., seeing how the other half lives), the opportunities are sparse at the moment. Similarly, skiing and other outdoor activities currently have limited appeal, and Canada is not the destination of choice in this regard. However, with some aggressive awareness building, summer/winter activities and land/water-based journeys may offer some potential down the road.