Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch Year 2

Germany – Key Findings

Canadian Tourism Commission (CTC)

Canada

www.canada.travel

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Introduction

Background

The shocks of 2001 and 2003 were strong reminders for the tourism industry regarding the speed of which consumer perceptions and decision-making processes can change based on a single event.

While there has not been a major shock to the tourism industry since 2004, a myriad of technological, social, environmental, and policy changes have occurred, affecting consumer perceptions, attitudes, motivations and travel intentions. Such changes include:

- The escalation of social media websites and their popularity across many age groups;
- The desire for healthier and more sustainable lifestyles;
- Climate change and related advocacy efforts by high-profile personalities; and
- The global financial/economic crisis

To stay on top of and to adjust to the changes occurring, an annual research monitor was initiated in 2007 to keep a pulse on consumer changes in CTC key markets.

Objectives

In 2008, the second year of the GTW program was implemented in nine global markets – the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea. The Year 2 research was co-funded by a partnership group including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario,Yukon and the Northwest Territories.

The research objectives are to collect market intelligence (across all markets in a consistent way) related to four over-arching themes:

- Monitoring key performance indicators;
- Tracking response to Brand Canada;
- Identifying and tracking product opportunities; and
- Providing input into strategic market plans.

The primary focus of the 2008 reports is on identifying shifts in each market since 2007. The ultimate goal of the GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada’s market performance and examine market shifts over time.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years.

A total of 1,593 German respondents completed the online survey. A quota was set to reach n=300 past travellers to Canada. Fieldwork was conducted in March 2008 to align with the CTC's campaign timing.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

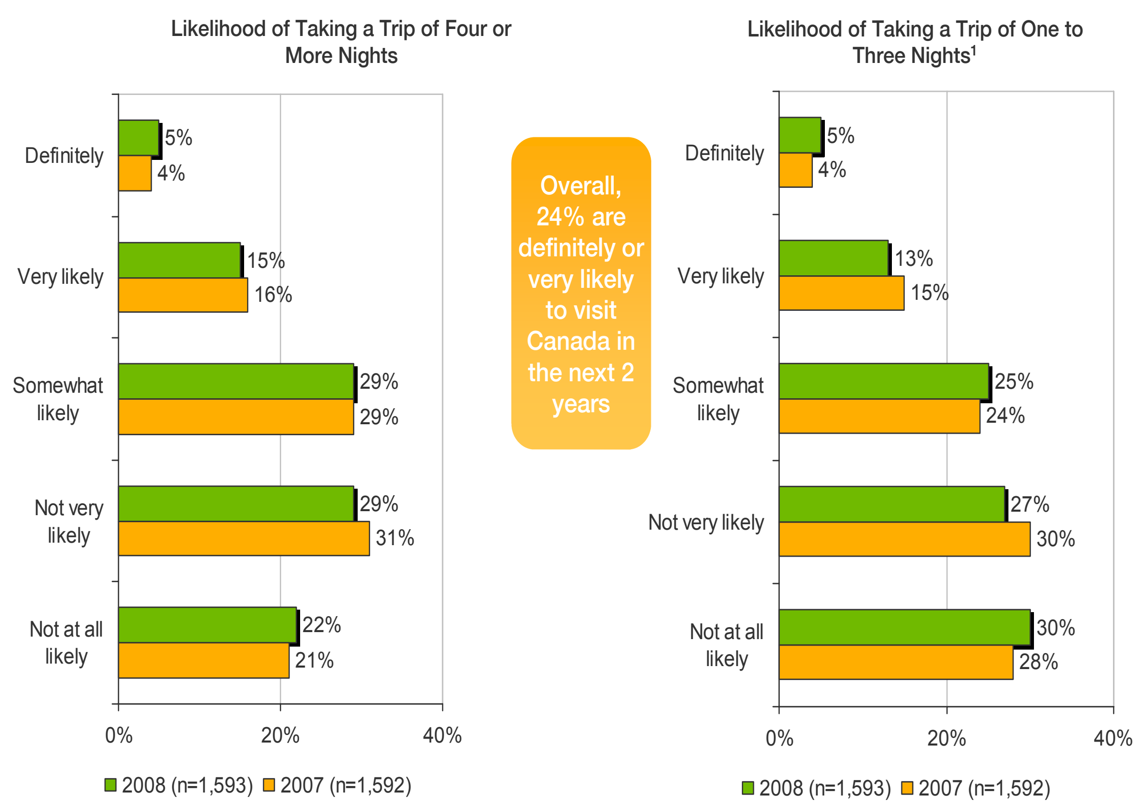
Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omunibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, interntional Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

The likelihood of visiting Canada in the next two years was assessed for both shorter stays of one to three nights and longer stays of four or more nights. **Exhibit 1** indicates that both measures have maintained an even keel since last year, with a quarter who are likely to visit Canada in the next two years. Taken together with the general cautiousness in the German marketplace, the steady tracking of this indicator suggests that there is unlikely to be high growth in German arrivals to Canada this year.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: Long-haul pleasure travellers.

Note: [1]Including trips to other countries (e.g. the US) that involve a stay of one to three nights in Canada.

Size of the Potential Market to Canada

Exhibit 2 provides two different estimates of the size of the potential market for Canada – the target market and more immediate potential.

The target market is a broader estimate of the market size based on expressed interest (very or somewhat) among German travellers interested in visiting Canada in the next two years. This yields a target market of 11.5 million travellers with some affinity for Canada, up slightly from last year.

The immediate potential — a more conservative estimate based on those who say they will definitely or are very likely visit Canada in the next two years — indicates there are close to 3.6 million travellers with immediate potential for conversion, which is unchanged from last year.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada
Total potential long-haul pleasure travellers (aged 18 plus)	14,916,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years	77%
Size of the target market	11,485,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years	24%
Immediate potential	3,580,000

Base: Long-haul pleasure travellers (n=1,593)

Canadian Destinations[1] Likely to Visit

Exhibit 3 highlights the preferred destinations in Canada among German travellers who are considering visiting Canada. This includes those who are likely to visit Canada in the next two years, those who are actively considering it, and those who have decided to visit or have booked a trip.

Travellers likely to visit Canada are interested in exploring many regions of the country. By region, Ontario (84%), British Columbia (75%) and Quebec (69%) are the three most favoured destinations. About half say they will visit the Atlantic provinces and just over 40% would visit Alberta. While the North and the Prairies are niche destinations in many of the CTC's other markets, in Germany, interest is fairly healthy (at 43% and 34%, respectively), which suggests that these regions could benefit from ramped up marketing efforts in Germany.

Unsurprisingly, Niagara Falls is the most popular holiday spot in Canada, with around 7 in 10 travellers saying they would like to visit this natural landmark. In terms of cities, Vancouver (6 in 10 interested) and Toronto (5 in 10 interested) are the most appealing to German travellers. Roughly 3 in 10 say they will visit Calgary and Ottawa, while 2 in 10 have an interest in Victoria.

Exhibit 3 shows the size of the immediate potential for the regional partners on the GTW study based on current levels of interest. The market sizes are obviously substantial for Ontario and BC, but as noted, the German market also offers potentially healthy returns for regions such as the North and Alberta.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	AB	SK	MB	ON	North
Size of immediate potential for Canada	3,580,000					
Likely to visit province	75%	43%	15%	25%	84%	43%
Size of immediate potential for the provinces	2,685,000	1,539,000	537,000	895,000	3,007,000	1,539,000
Most popular destinations within province	Vancouver (61%) Victoria (21%) Whistler (11%)	Calgary (32%) Edmonton (11%) Banff (9%)	n/a	n/a	Niagara Falls (71%) Toronto (53%) Ottawa (27%)	Yukon (36%) NWT (16%) Nunavut (9%)

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=845).Note: Provincial estimates are not additive since travellers may visit more than one region on a single trip.

1 Of CTC partner regions (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, the North).

Awareness Levels of Canada

Unaided Performance Indicators

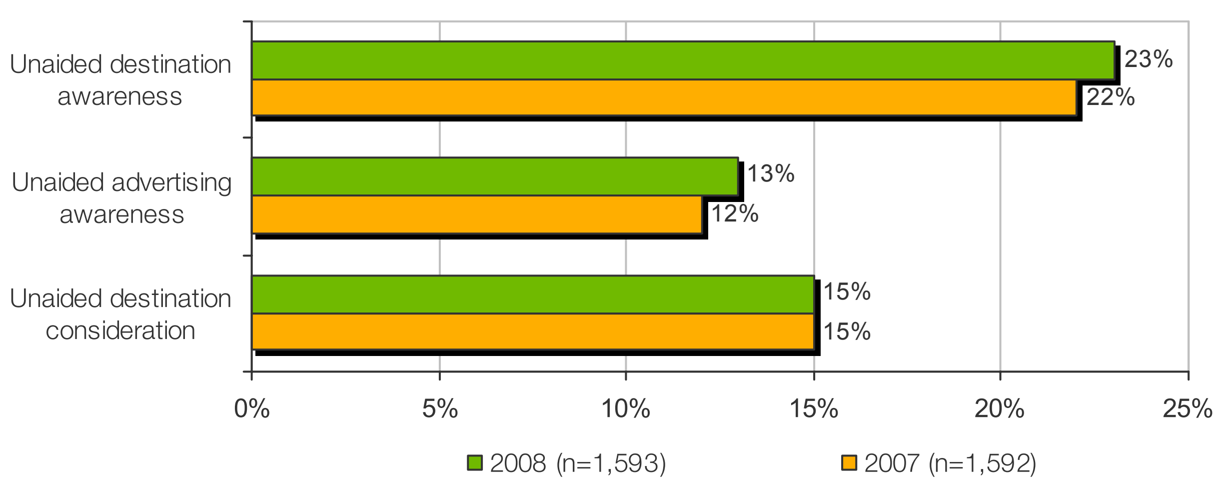
The Global Tourism Watch measured three unaided (or top-of-mind) indicators[2] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

In terms of unaided destination awareness, Canada is on par with last year at 23% of long-haul respondents mentioning Canada as a destination which comes to mind for a long-haul vacation and remains a distant third in the rainkings, behind the US and Australia.

Exhibit 4 shows that 13% of German travellers say they have seen advertising for Canada (or destinations in Canada) in the past 3 months on an unaided or unprompted basis. This is about the same as last year (12%), with Canada maintaining its third place rank behind the US and Australia. Canada moves up in the rankings in terms of top country brands and becomes the second most widely recognized tourism brand being advertised in Germany behind Australia.

Canada ranked third at 15% in unaided destination consideration by long-haul German pleasure travellers. These travellers who indicated that they are seriously considering Canada and Canadian destinations for their holiday trips in the next 2 years, placed Canada behind the US and Australia in terms of consideration.

Exhibit 4 - Unaided Performance Indicators



Base: Long-haul pleasure travellers.

2 Accumulative results are mentions of Canada and sub-destinations within Canada.

Recent and Potential Visitors from Germany

Target Market for Canada

Exhibit 5 provides demographic profiles recent travellers to Canada and travellers interested in visiting Canada.

Compared with other markets, German long-haul travellers tend to be notably older, with over a third who are 55 plus (see **Exhibit 5**). Approximately 28% have household incomes in excess of 4,000 euro per month (roughly CDN$70,000 per year), which is up slightly from last year (24%). It is possible that the tougher economic conditions, rising inflation and higher travel costs have resulted in a somewhat more affluent long-haul traveller population, with those of lesser means temporarily putting off their long-haul trips. The same shift to more affluent travellers can be seen among potential travellers to Canada, and to a lesser extent among recent visitors, with these being the only notable trends vs. the 2007 results.

As was the case last year, both potential and recent visitors are more likely to have friends and relatives living in Canada, again showing the influence of VFR as a pull factor. Recent visitors are also a more well-off group (14% with monthly household incomes in excess of 6,000 euro, roughly CDN$105), indicating that Canada tends to realize more travel from the upscale segments of the market. In light of this, Canada should consider targeting wealthier German travellers and/or making more budget-conscious packages available.

Exhibit 5 – Target market demographics for Canada

	All L-H Travellers (n=1,593)	Recent Travellers to Canada (n=306)	Interested in Canada (n=715)
Gender			
Female	45%	46%	51%
Age			
18 to 24	10%	10%	9%
25 to 34	19%	19%	17%
35 to 44	22%	23%	21%
45 to 54	15%	19%	17%
55 or older	34%	29%	36%
Close Friends or Relatives Living in Canada			
Yes	15%	42%	19%
Have Children in Household Under 18			
Yes	26%	29%	25%
Marital Status			
Married / partnered	66%	73%	68%
Single / never married	23%	18%	22%
Other (e.g. separated, divorced, widowed)	11%	8%	11%
Education			
High school or less	33%	28%	33%
Technical / vocational	15%	15%	14%
Completed college / university	51%	55%	52%
Employment Status			
Employed full-time/part-time	66%	68%	66%
Housewife / homemaker	5%	7%	6%
Retired	15%	16%	14%
Unemployed	2%	-	2%
Student	9%	7%	8%
Occupation			
Self employed or cooperative farmer	3%	3%	3%
Self-employed academic or professional	5%	3%	6%
Self-employed (sales, handicrafts, industry, services)	13%	11%	13%
Civil servant, judge, career military	12%	15%	13%
Salaried employee, white-collar worker	51%	50%	48%
Labourer, blue-collar worker	7%	8%	7%
Other	10%	9%	10%
Average Monthly Household Income			
Less than 2000 €	27%	$\boxed{16\%}$	25%
2000 to under 3000 €	26%	26%	27%
3000 to under 4000 €	19%	26%	18%
4000 to under 6000 €	19%	17%	19%
6000 € or more	9%	14%	10%

*Note: **Blue squares** indicate a result that is significantly lower than the total (all long-haul travellers); **orange circles** indicate a result that is significantly higher than the total.*

Target Market for Canadian Regions[3]

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada in the near-term (or are considering a trip there), as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for BC, Ontario and the North are based on those who say they are most likely to visit the region, while the other profiles are based on those who express an interest in visiting the region, given the fairly low proportion of travellers who say they are most likely to visit these regions.

There are very few material differences between regions, given the small sample sizes. The most notable difference is that travellers likely to visit the North and Saskatchewan tend to be older. As well, those interested in Saskatchewan are more likely to be women and have close friends or family living in Canada.

3 Of CTC partner regions (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, the North).

Exhibit 6 - Target market for Canada's regions

Gender	Total[1] (n=845)	BC[3] (n=187)	ON[3] (n=399)	North[3,4] (n=63)	SK[2] (n=114)	MB[2] (n=196)	AB[2] (n=353)
Female	47%	40%	48%	44%	60%	50%	47%
Age							
18 to 24	10%	10%	9%	3%	7%	8%	8%
25 to 34	19%	22%	19%	9%	17%	19%	19%
35 to 44	20%	20%	20%	26%	15%	18%	20%
45 to 54	15%	12%	17%	19%	12%	17%	17%
55 or older	36%	37%	35%	44%	49%	39%	37%
Close Friends or Relatives Living in Canada							
Yes	22%	29%	17%	13%	32%	18%	19%
Have Children in Household Under 18							
Yes	26%	26%	25%	25%	22%	19%	20%
Marital Status							
Married / partnered	65%	64%	66%	68%	65%	61%	65%
Single / never married	22%	22%	21%	10%	22%	21%	22%
Other (e.g. separated, divorced, widowed)	13%	14%	13%	22%	12%	18%	13%
Education							
High school or less	33%	26%	37%	29%	41%	33%	34%
Technical / vocational	16%	16%	18%	14%	15%	14%	18%
Completed college / university	50%	56%	44%	57%	42%	52%	46%
Employment Status							
Employed full-time/part-time	66%	57%	65%	71%	68%	62%	68%
Housewife / homemaker	5%	8%	5%	5%	4%	5%	5%
Retired	14%	21%	15%	14%	16%	19%	14%
Unemployed	2%	0%	3%	0%	1%	2%	2%
Student	9%	11%	8%	4%	7%	10%	8%
Occupation							
Self employed or cooperative farmer	3%	2%	3%	5%	2%	4%	4%
Self-employed academic or professional	5%	7%	4%	6%	9%	5%	5%
Self-employed (other)	16%	18%	14%	19%	27%	14%	18%
Civil servant, judge, career military	12%	12%	12%	19%	18%	13%	11%
Salaried employee, white-collar worker	49%	43%	53%	41%	32%	50%	48%
Labourer, blue-collar worker	6%	5%	6%	2%	6%	5%	6%
Other	9%	13%	8%	8%	6%	9%	9%
Average Monthly Household Income							
Less than 2000 €	25%	20%	27%	23%	22%	31%	25%
2000 to under 3000 €	24%	21%	27%	20%	20%	25%	25%
3000 to under 4000 €	21%	23%	17%	26%	36%	16%	20%
4000 to under 6000 €	20%	22%	19%	23%	16%	20%	20%
6000 € or more	11%	13%	11%	8%	7%	8%	10%

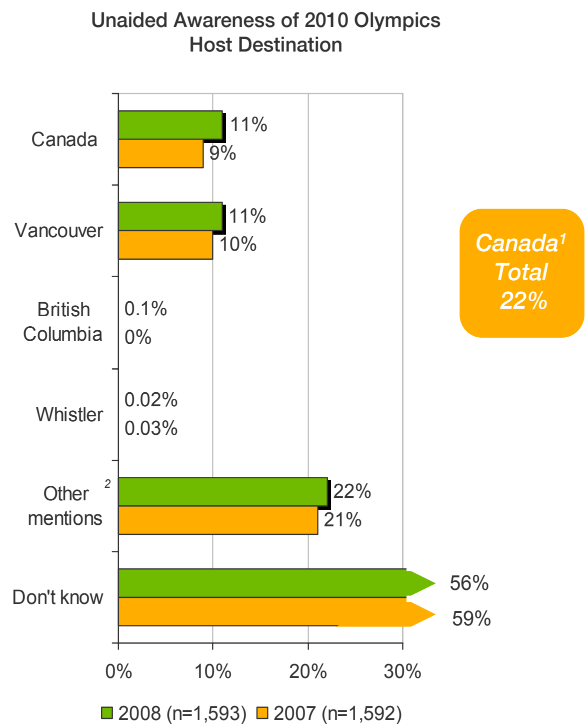
Notes:
[1] *Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.*
[2] *Those likely to visit the region.*
[3] *Those most likely to visit the region.*
[4] *Results should be interpreted with caution due to the small sample size.*

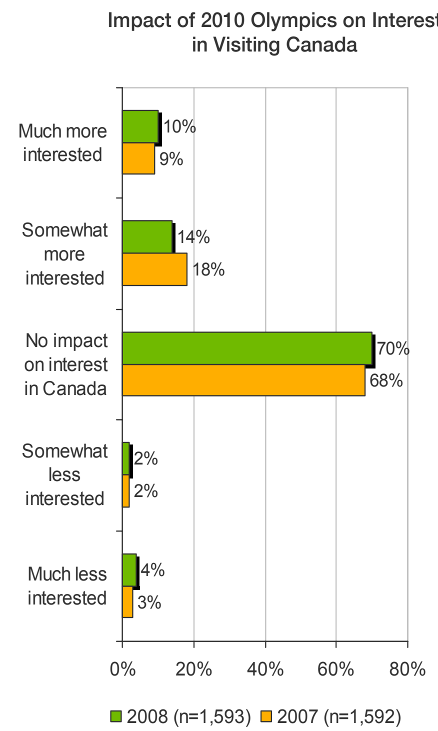
The Impact of the 2010 Winter Games on Travel to Canada

Exhibits 7 show that 22% of German travellers are able to correctly identify Canada as the host country for the upcoming 2010 Winter Games, up from 20% in 2007. Although not a significant difference, the upward movement is reassuring.

While the vast majority (70%) say that hosting the Olympics has no impact on their interest in visiting Canada, around a quarter say that it has enhanced their desire to visit the country. As seen in Year 1, Germany and the other European markets generally tend to be on the low side in terms of potential for Games-related travel.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada





Base: Long-haul pleasure travellers.

Note: [1] Includes all mentions of Canada, British Columbia, Vancouver and Whistler.

[2] Includes all mentions of China, Russia, Beijing, Sochi, Germany, South Africa, US, Turin, Japan, Africa for 2008 plus Munich, Asia for 2007

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product strengths and weaknesses map for Canada in Germany, which looks at impressions of Canada's product offerings vs. the importance of these products to German travellers on their long-haul trips. The purpose is to identify products of importance to the German market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their long-haul trips and for which Canada is favourably viewed. Nature continues to be Canada's key product strength, including rivers/waterfalls, beautiful landscapes and national parks/heritage sites. Wildlife is also a strength, but could stand some improvement relative to the other products.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. For Germany, these centre on outdoors activities. Not surprisingly, skiing is Canada's real strong suit, but fishing, hunting, hiking, and canoeing/kayaking are also niche strengths.

Product Weaknesses

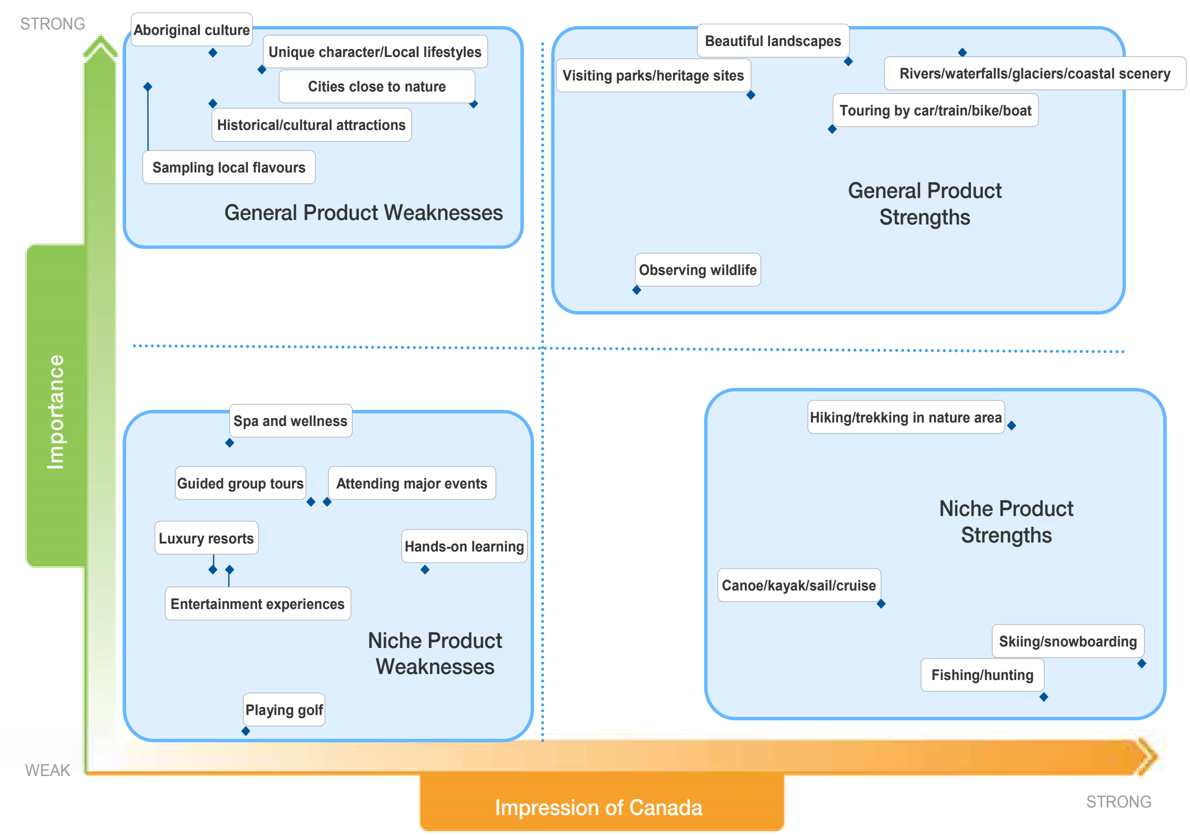
General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated.

Within the German market, Canada continues to face challenges in positioning itself as a destination for cultural experiences. Like last year, many of these weaknesses relate to cultural offerings, including aboriginal culture, unique character/local lifestyles and historical/cultural attractions. Sampling local flavours (e.g., wine, cuisine), a new item on this year's product list and one that is tied into local culture, also emerges as a general weakness for Canada. Given that exploring culture is one of the three pillars supporting the new brand, these perceptual deficiencies should be corrected to diversify Canada's image and product offerings.

Although currently a product weakness, vibrant cities close to nature seems to offer the most immediate potential for improvement, and its positioning in the strengths and weaknesses map indicates there is some acknowledgement among German travellers that even in Canada's largest cities, nature is ever-present and easily accessible.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. As such, a considerable investment may be required to improve product perceptions for a lower return. In particular, Canada is not really seen as being a luxury travel destination (e.g., it is weak on entertainment, luxury resorts, spas/wellness and golf), with major events (e.g., exhibitions, festivals and sports) also perceived as a shortcoming. In addition, with the change to focus on *group* tours this year, guided tours moves from a general weakness to a niche weakness due to lower interest.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,593).

Note: Impression ratings of Canadian products are relative to other destinations in the competitive set.

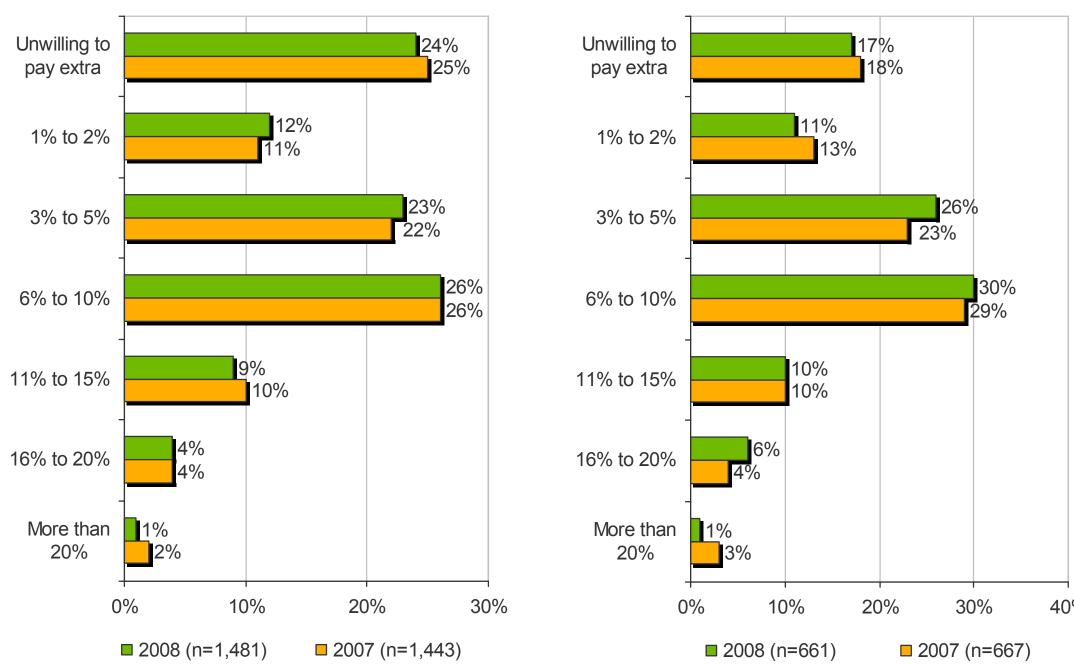
German Views on Environmentally-friendly Travel Products

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

There has been little change from last year in German attitudes toward environmentally-friendly travel, with approximately three-quarters of travellers who feel that this is important. However, far fewer (in the range of 40% to 50%) put this into action when deciding on a destination or making other travel choices. All in all, Germans are in the mid-range when it comes to environmental consciousness, and it will likely be several years before this changes, if at all.

Those travellers interested in Canada are more willing to pay a higher premium for green travel than overall long-haul pleasure travellers.

Exhibit 9 – Willingness to Pay a Premium for Environmentally-Friendly Travel Products



Base: Long-haul pleasure travellers

Base: Ttravellers interested in Canada

How Canada is Perceived by Germans

Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

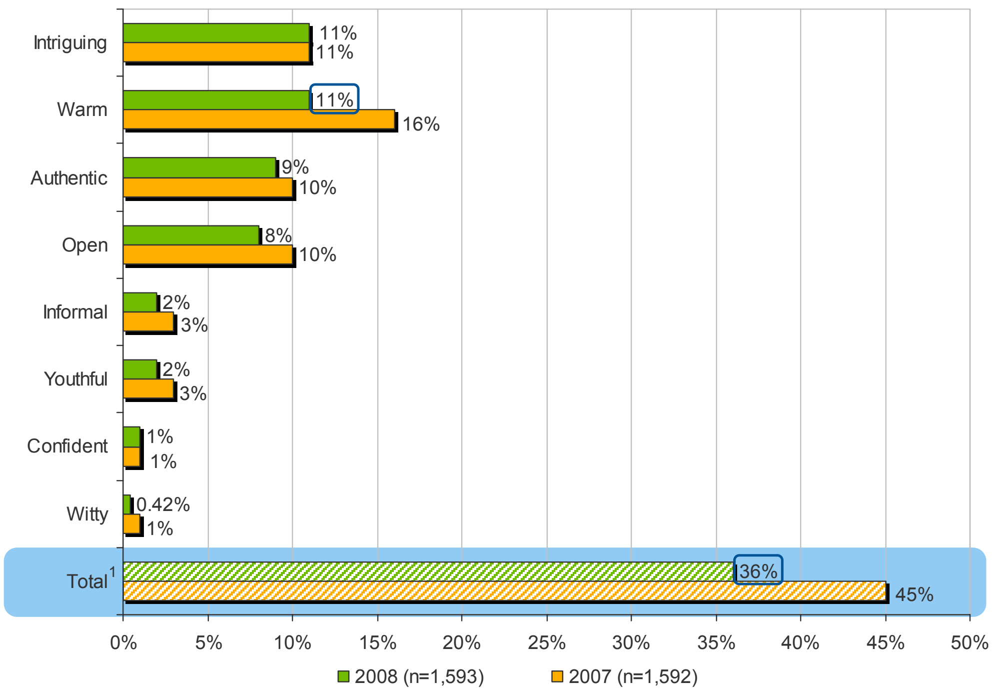
- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive); and
- **Witty** (e.g., humorous, quick, entertaining, clever, bright, intelligent).

Exhibit 10 shows that Canada's scores on most personality dimensions have held steady since last year. The main exception is that fewer travellers think of Canada or Canadians as Warm this year (dropping from 16% to 11%). This may be partly due to the fielding of the study in Winter, however, this same trend has emerged in several other markets that were fielded in the Spring and Summer, pointing to causes beyond the weather (for example, efforts by the CTC to enhance other dimensions).

With fewer mentions of Warm, there is a concomitant drop in the overall score (i.e., the proportion of travellers who mention at least one of the eight Brand Canada personality traits), falling from 45% to 36%.

While the mentions of Intriguing suggest that there is at least some association of Canada with exploration and excitement in the minds of German travellers, the other more vibrant dimensions (e.g., youthful, confident, witty) remain fairly weak (i.e., 2% or under).

Exhibit 10 – Unaided Brand Personality Perceptions

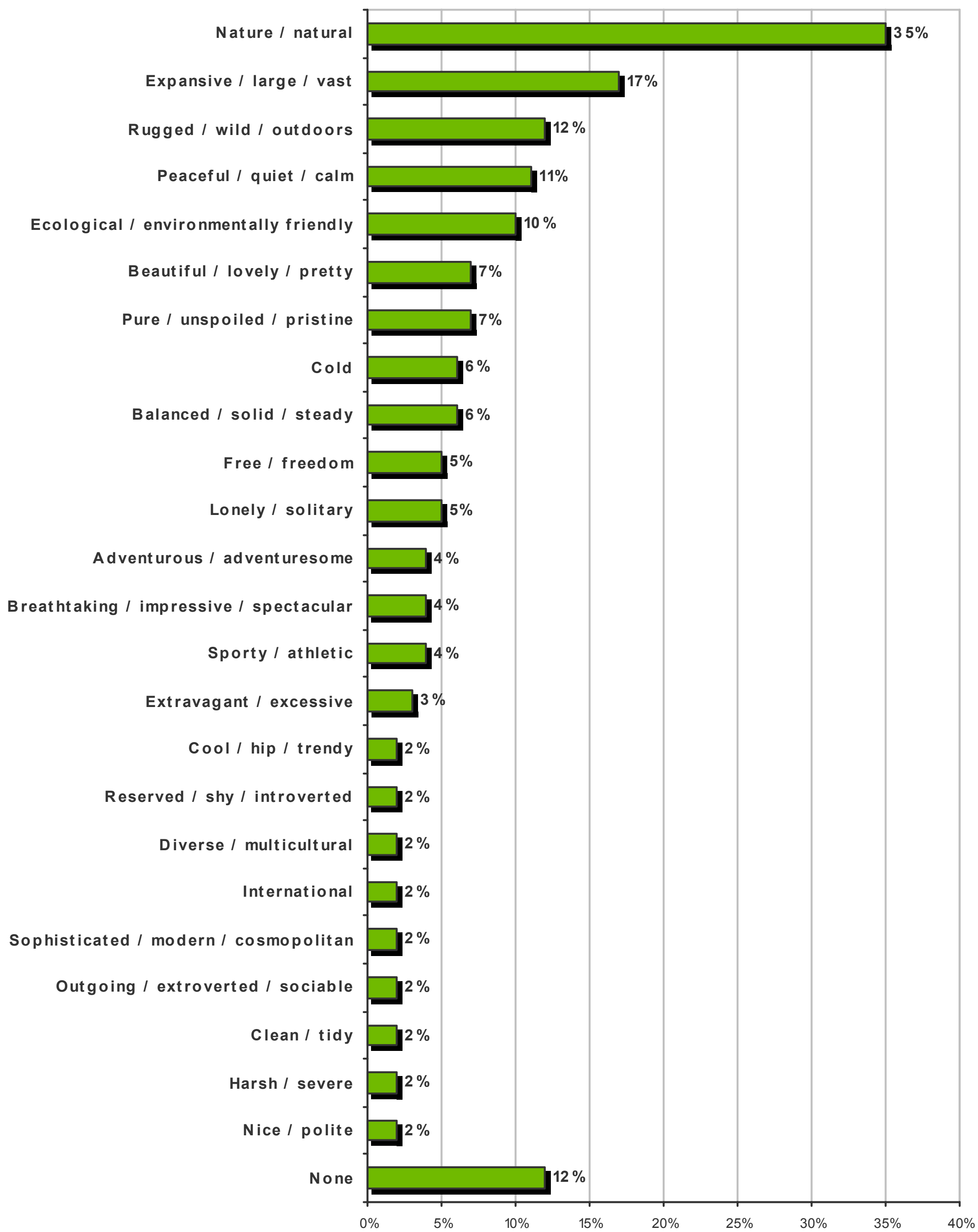


Base: Long-haul pleasure travellers
Note: [1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).
Blue squares indicate a result that is significantly lower than 2007.

Exhibit 11 shows other personality traits that are associated with Canada in the German market. Nature in general continues to dominate the picture, mentioned by over a third of respondents (35%), followed by a variety of specific descriptors like vast (17%), rugged/wild (12%), peaceful (11%), beautiful (7%), unspoiled (7%) and breathtaking (4%). In addition, 10% consider being ecological or environmentally friendly a part of the Canadian brand personality.

Cultural and urban mentions continue to be few and far between, including traits such as “international,” “diverse/multi-cultural,” “sophisticated/modern/cosmopolitan,” and “cool/hip/trendy” (each cited by 2%). Clearly, more time and effort will be required to shift current brand perceptions of Canada toward greater diversity of experience and offerings beyond nature and the outdoors.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,593).

Value Perceptions

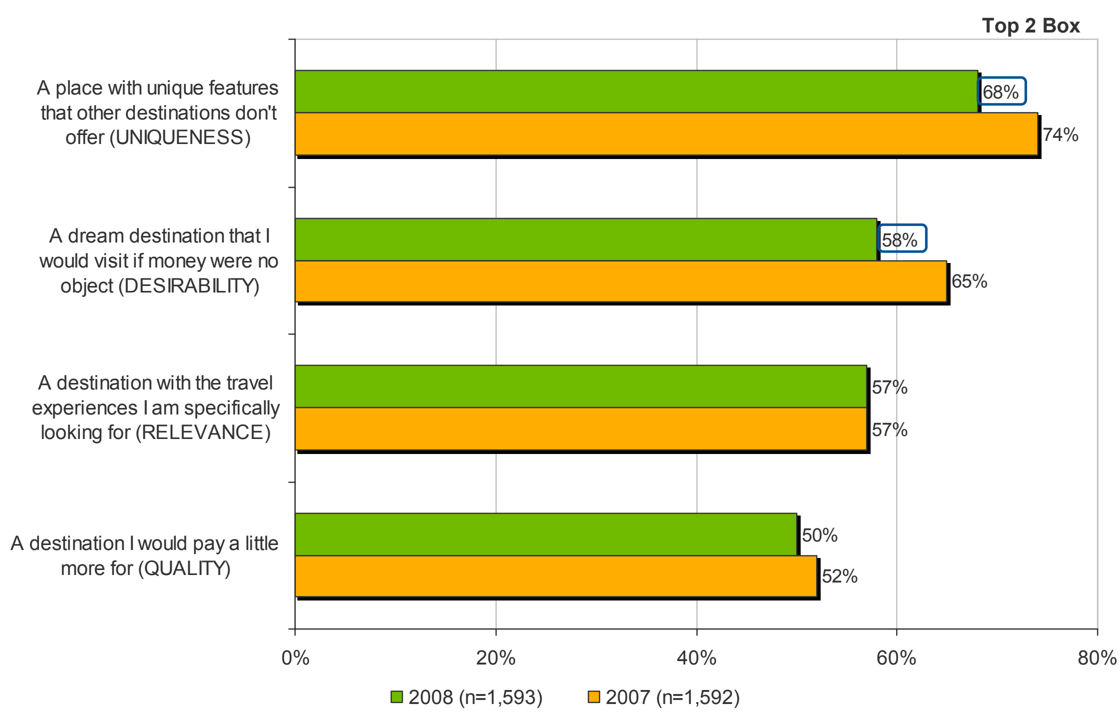
For a destination to have value, it should:

- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in Germany, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

Exhibit 12 shows that perceptions of Canada declined substantially on two attributes this year – Uniqueness and Desirability*.* However, at close to 70%, Uniqueness remains fairly strong, particularly in relation to other markets. Being seen as offering unique products and experiences is obviously an important plus for Canada, and may contribute to the high level of "intrigue" in this market. Desirability, however, has fallen closer to the norm for this measure.

Exhibit 12 – Value Perceptions



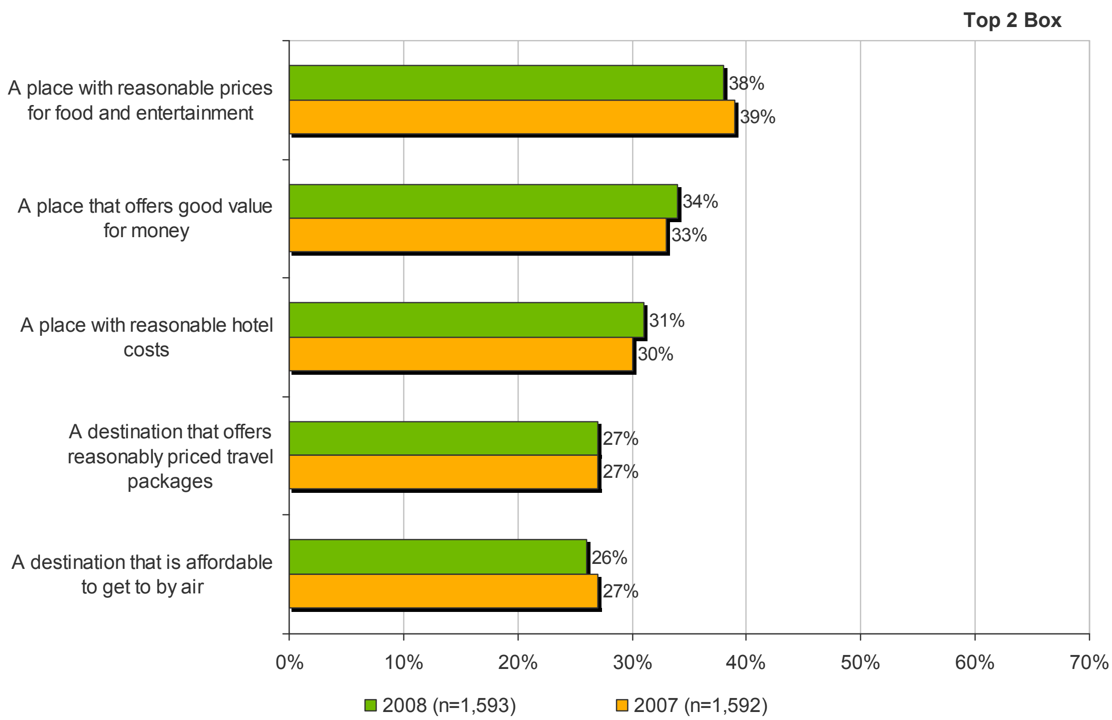
Base: Long-haul pleasure travellers.
*Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale. Blue squares indicate a result that is significantly **lower** than 2007; orange circles indicate a result that is significantly **higher** than 2007.*

Price Perceptions

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. **Exhibit 13** shows how Canada is perceived by German travellers on various travel cost components.

There has been no material change in agreement levels since last year, with cost ratings low across the board. The scores range from a high of 38% for reasonable food and entertainment costs down to 26% for airfare. As seen in the exhibit, the top 2 box scores remain the same this year on all cost components.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale.

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

In examining the key motivations for visiting Canada (see **Exhibit 14**), the German interest in nature – and their association of this with Canada – once again emerges loud and clear. Nature/scenery, unique attractions/landmarks and national parks/heritage sites are the three top reasons for travelling to Canada, all of which are mentioned by almost 90% of travellers likely to visit Canada. Tied into the nature experience is a desire to be challenged by Canada's outdoors adventure offerings, which at 76% is fairly high in relation to GTW benchmarks.

However, virtually all of these nature and outdoors-related attributes have declined substantially as pull factors since 2007. The fact that winter experiences also dropped as a motivation suggests that these declines may be due to shift of the 2008 study into the Winter months more than anything else. Year 3 of the GTW should reveal whether these are seasonally-related drops, or a more alarming market trend.

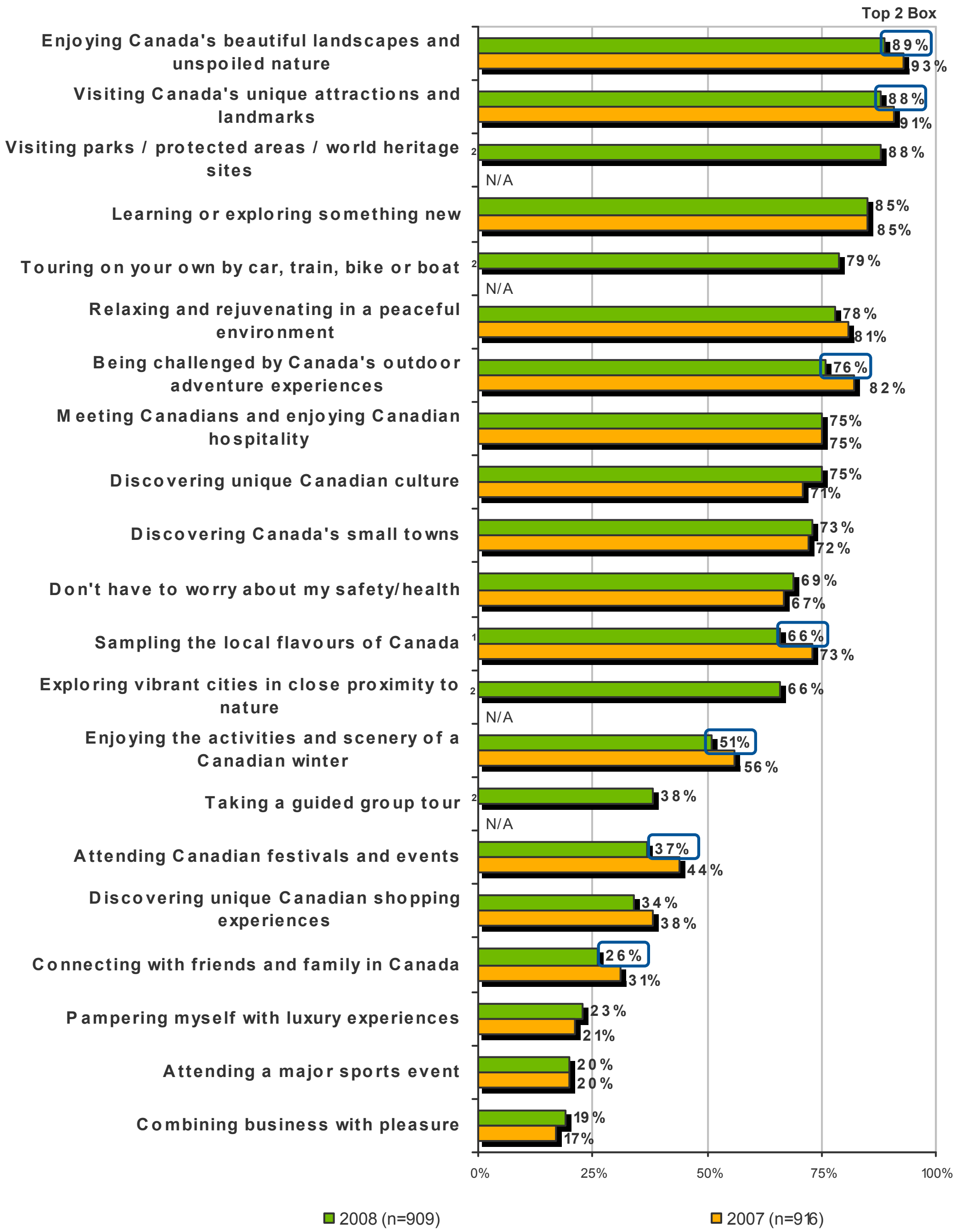
Self-touring, a new attribute added in 2008, emerges as a fairly strong motivator for travel to Canada (close to 80%), which is consistent with the fact that this is both a product strength for Canada and one where it fares very well competitively. This confirms that the *Personal Journeys* USP[4] is an excellent one for Canada to build on in Germany. Guided group tours, however, only has half the strength that self-touring does as a motivator for Canada travel (38%).

Cities in proximity to nature, another new attribute, is undistinguished as a drawing card for Canada in Germany (66%), and again suggests that more work needs to be done for this to qualify as a genuine USP for Canada in Germany, particularly since related urban items (e.g., shopping, sports events) are rated poorly. The same can be said of sampling local flavours, which ties directly into the *Award Winning Local Cuisine* USP. At 66%, and dropping, this is not a major incitement to visit Canada and not where it needs to be to weigh in as a credible USP in this market.

It is worth mentioning that several other motivators have also dropped this year – festivals/events and connecting with friends and family – however, neither is a strong impetus for visiting Canada to begin with.

[4] USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.

Exhibit 14 – Key Motivations for Visiting Canada



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.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale. Blue squares indicate a result that is significantly lower than 2007;
1 Item changed slightly in 2008.. [2] Not asked in 2007.

Regional Motivations[5]

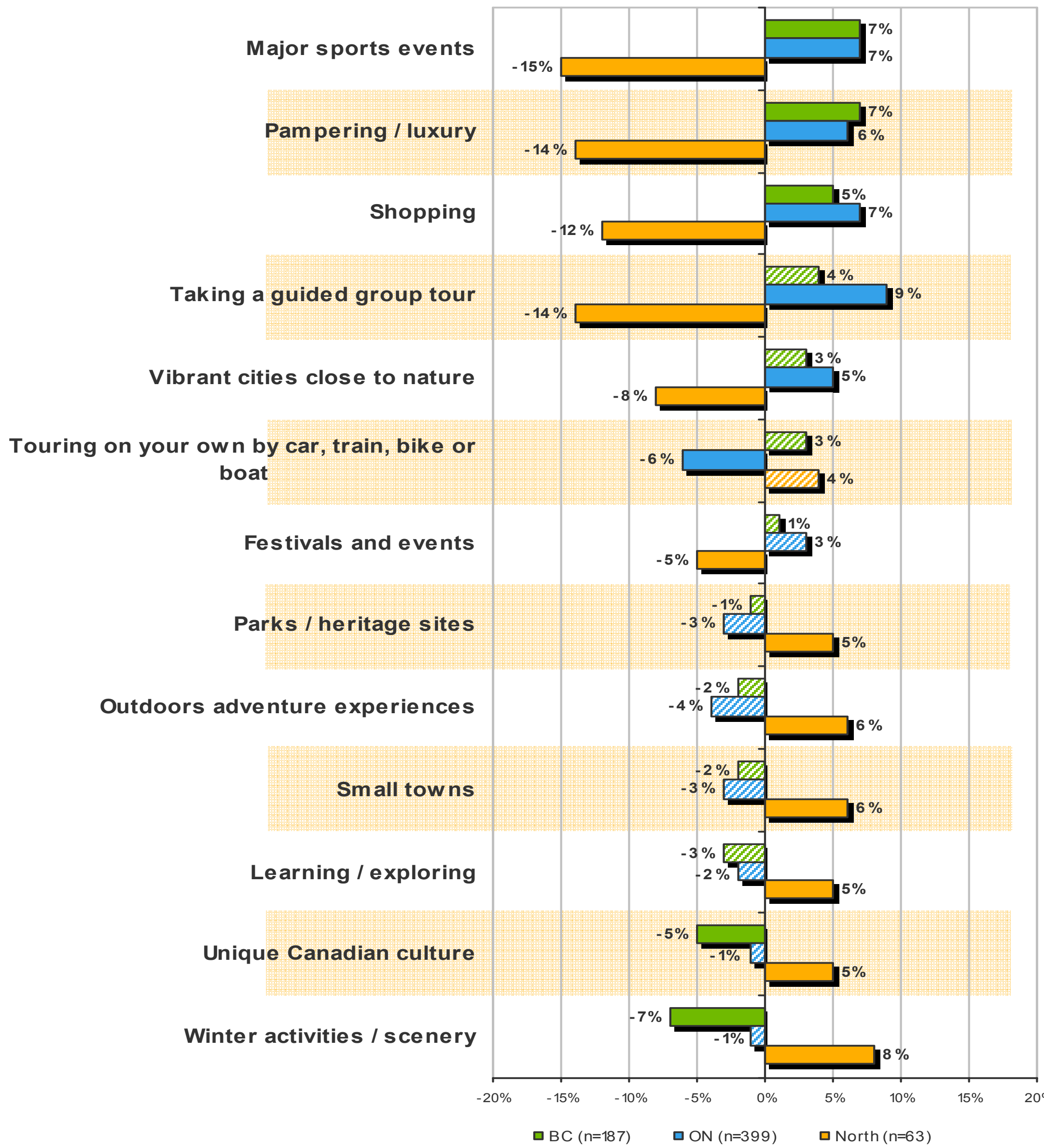
Exhibit 15 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove "group and attribute" effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions.

In the exhibit, high positive values indicate motivations that are of greater *relative* importance for a region, while high negative values represent motivations that are of lesser *relative* importance. The exhibit shows that:

- Travellers likely to visit **Ontario** are more likely to be motivated by urban experiences such as shopping, sports events and vibrant cities close to nature. They are also more inclined to take a guided group tour, and less likely to tour around on their own.
- Likely visitors to the **North** tend to be more outdoors-oriented, being driven by outdoor adventure experiences, winter activities/scenery and national parks/heritage sites. They are also more likely to be motivated by learning and discovery, and are particularly interested in exploring small towns and learning about unique Canadian culture.
- Along with Ontario, **BC** is seen as a good destination for major sporting events (no doubt a result of the province's currently high profile around the Olympics), but also for luxury experiences and shopping.
- None of the other GTW partner regions had a sufficiently large sample size (of those most likely to visit) to be included in this analysis.

5 Motivations of GTW regional partners with sufficient sample size.

Exhibit 15 - Regional Motivations



Base: Travellers most likely to visit British Columbia, Ontario and North.
Sample sizes for other regions were too small to be included.
Note: Solid bars with high positive values represent motivations that are of greater relative importance for a region, while solid bars with high negative values represent motivations that are of lesser relative importance for a region. Hatched bars represent low values that are not differentiating motivations.

Barriers in Attracting Visitors from Germany

Barriers for Travel to Canada

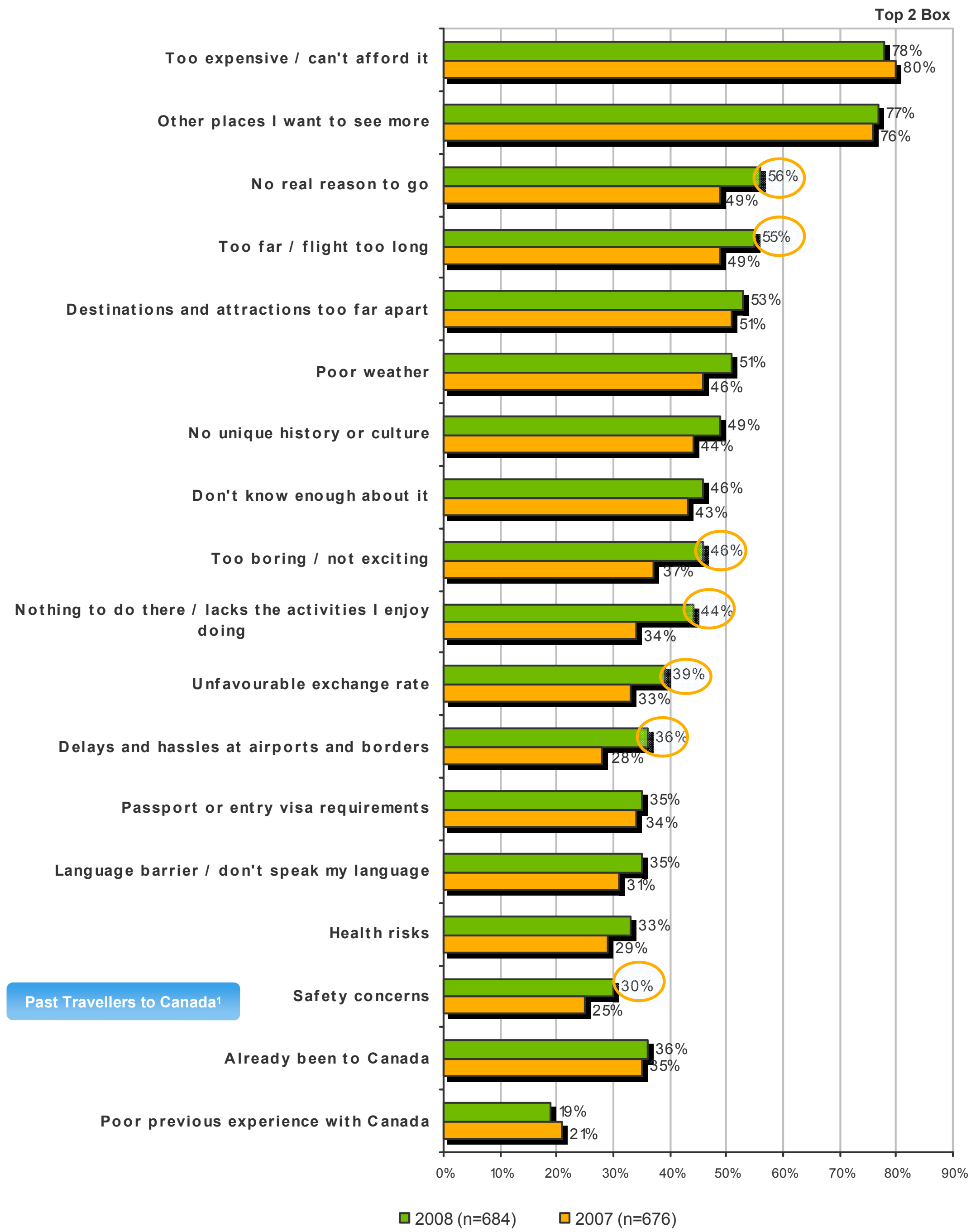
Exhibit 16 shows why German long-haul pleasure travellers are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that *are* likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

Like last year, the two greatest challenges for Canada in encouraging Germans to consider Canada as a travel option are cost and competition from other destinations, with close to 80% of respondents citing these factors as barriers. Having no immediate reason to go, perceptions of poor weather and geographical distances also play a role in steering travellers away from Canada (mentioned by between 50% and 60%), with all other barriers mentioned by less than half of travellers that are unlikely to visit Canada.

But the real story here is that the barriers for travel to Canada have intensified in 2008, with many barriers seeing substantial increases, and several others trending upward. Some are practical barriers to travel such as long flights and airport delays, which is consistent with the strengthening preference for closer destinations/shorter trips seen earlier. But perceptual barriers centred around the feeling that Canada lacks excitement (e.g., no reason to go, too boring, nothing to do, lacks relevant activities) are also on the rise. This dovetails with the eroding image perceptions of Canada and the generally weaker positioning of its products vs. competitors in 2008.

Taken together, these results suggest that conversion is becoming more of a challenge for Canada in the German market, and that it needs to do more to shore up its image and enhance value perceptions to persuade Germans that Canada is worth the trip.

Exhibit 16 – Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future.

Notes: Percentage is the sum of major barrier and minor barrier responses. **Blue circles** *indicate a result that is significantly lower than 2007;* **orange circles** *indicate a result that is significantly higher than 2007.*

1 Base is long-haul pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future. 2008 (n=91), 2007 (n=100).

Information Sources for German Travellers

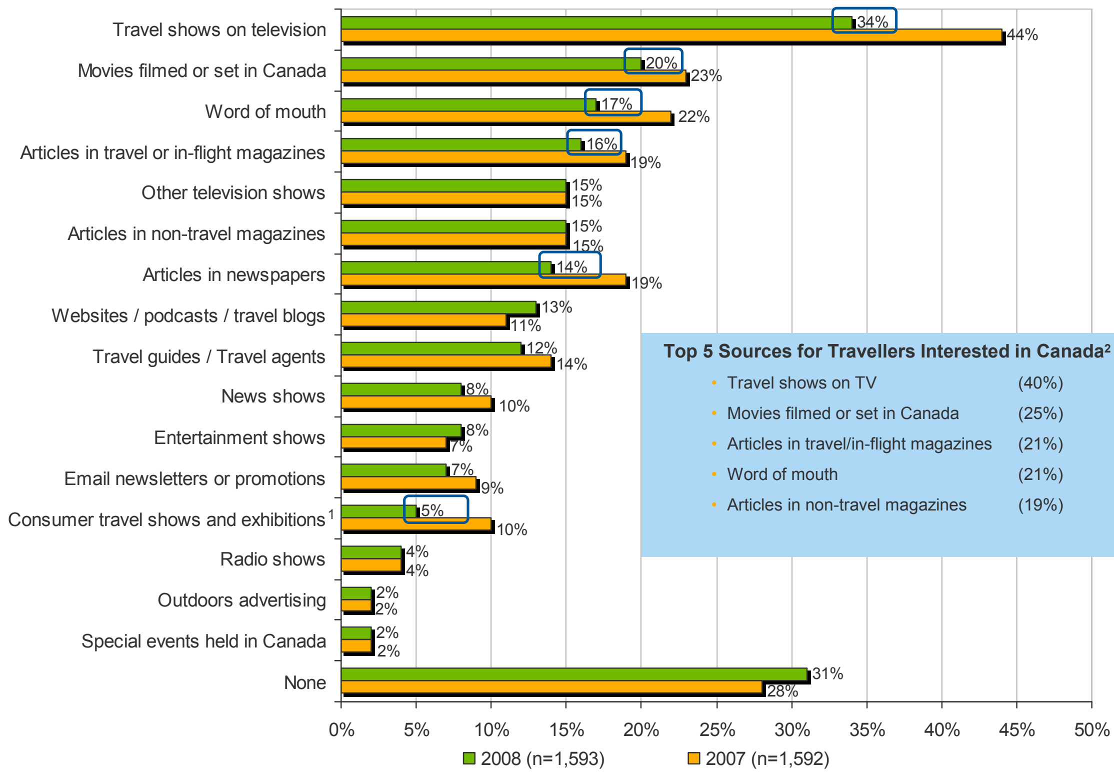
Sources of Information on Canada

As shown in **Exhibit 17** German travellers generally saw less information on Canada in the media this year than last. Several key information sources saw major declines, including travel shows on television, movies filmed/set in Canada, travel magazine articles, newspaper articles and word of mouth. However, the fact that the proportion of travellers who saw no information on Canada did not shoot upward suggests that equal numbers of consumers are seeing information on Canada, but across fewer sources. This could be due to the shift in the time of year (e.g., fewer people thinking and talking about travel in the winter, particularly to Canada), as well as variations caused by differences in television programming, movies playing, etc

The same trend was seen for potential visitors to Canada, although not to the same extent. Among the top sources, only television travel shows, newspaper articles and word of mouth saw significant drops over last year.

Notably, websites, podcasts and travel blogs sit in the middle of the list, cited by 13% of long-haul travellers as a source of information on Canada. This suggests that at the moment, online channels may not be the best vehicle for mass awareness building in Germany.

Exhibit 17 – Sources of Information on Canada (past 3 months)

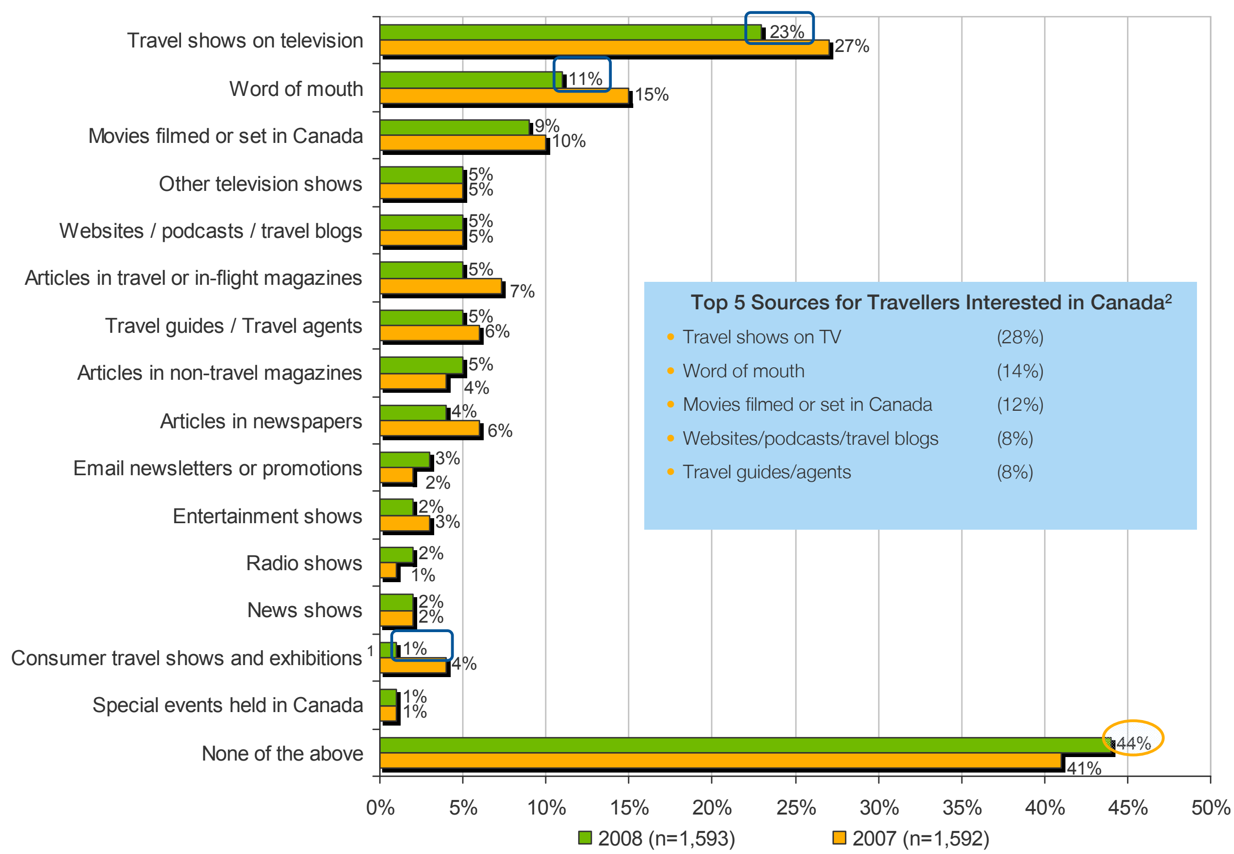


Base: Long-haul pleasure travellers. *Notes: Blue squares indicate a result that is significantly lower than 2007;*
1 Item changed slightly in 2008.
2Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Top Information Sources for Increasing Canada's Appeal

As shown in **Exhibit 18** potential travellers to Canada feel that television travel shows are the best way to increase their knowledge on Canada (28%), followed by word of mouth (14%), films (12%), websites/podcasts/travel blogs (8%) and travel guides/agents (8%).

Exhibit 18 – Top Information Sources for Increasing Canada's Appeal



Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly **higher** than 2007.*
1 Item changed slightly in 2008.
2 Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

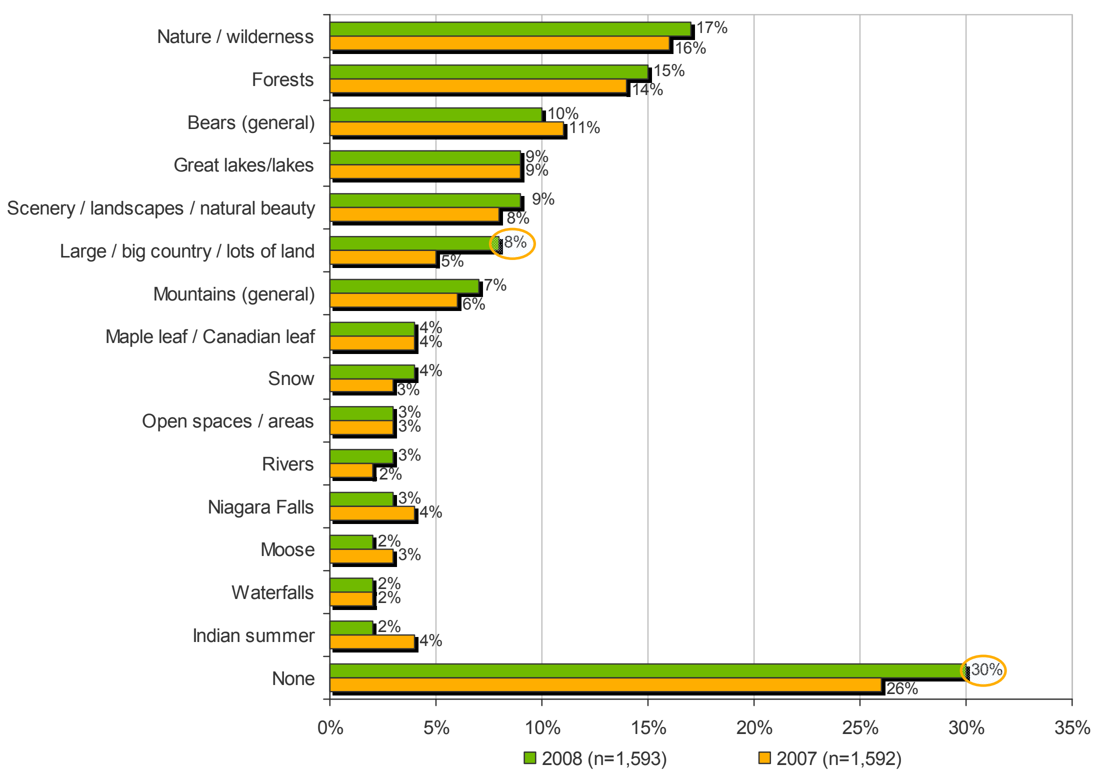
Icons or Images that Inspire Interest in Canada

Exhibit 19 shows the images and icons that inspire interest in Canada among German travellers. Although nature imagery is prevalent across most markets, it is even more so in Germany, with higher than average mentions of forests, lakes, bears, scenery/landscapes and nature in general. The sheer size of Canada is also impressive to German travellers, and in fact, this has risen notably from last year as an inspiring image.

Interestingly, Niagara Falls is not cited that frequently and the Rocky Mountains don't appear on the list at all – in most other markets, these tend to be among the top icons of Canada. German travellers tend to think of nature more generally, rather than linking it to specific sites and landmarks in Canada.

There continues to be very few mentions relating to cities/urban experiences and culture/history, again pointing to a rather one-sided view of Canada.

Exhibit 19 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.
Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

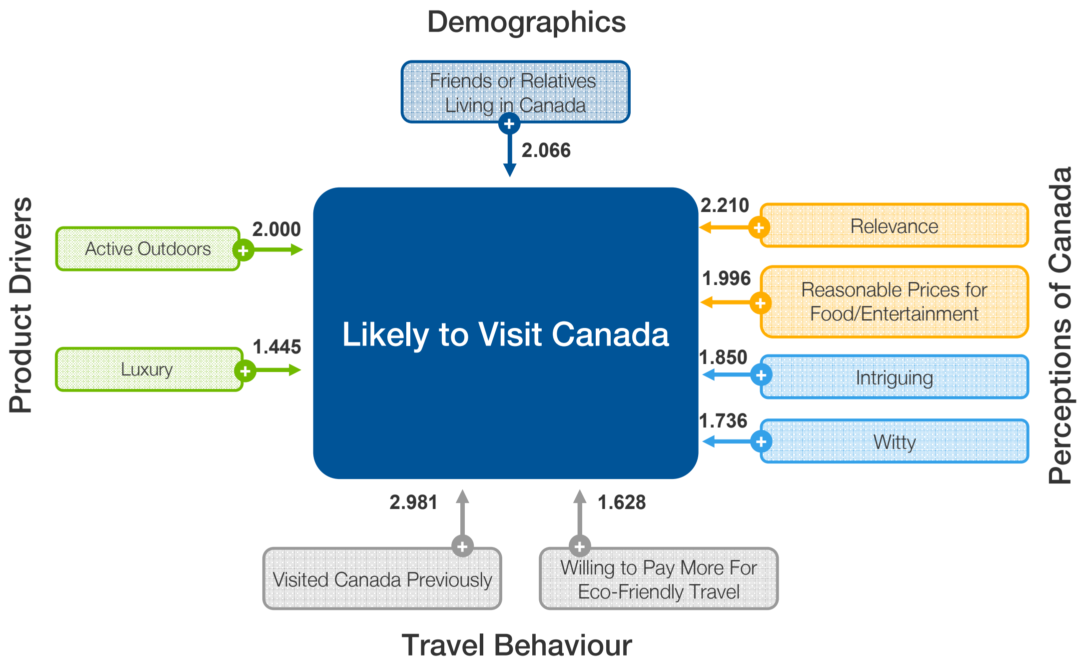
The Key Drivers for Visiting Canada

A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

Exhibit 20 summarizes the results of the key drivers model, which are generally similar to last year:

- Past travel to Canada continues to be the strongest predictor of future travel intentions. In fact, everything else being equal, those who have visited Canada in the past are around three times as likely to say they will visit Canada in the next two years than those who have never been to Canada.
- Having close friends and relatives in Canada is another key driver of travel intentions, which is consistent with previous findings relating to VFR.
- Not surprisingly, those looking for outdoors activities are about twice as likely to say they will visit. And, while luxury products are not a strength for Canada per se, those who do view it more strongly are significantly more likely to visit.
- Value, cost and image perceptions of Canada also have a strong influence on the purchase decision. Those who feel Canada has products and experiences that are relevant to them, reasonable food and entertainment prices and an intriguing or fun/entertaining image are roughly twice as likely to visit.

Exhibit 20 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,593).

Notes: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

Although German economic performance exceeded expectations in the first quarter of the year, a slowdown is imminent, and consumer confidence and spending have already weakened. While the outlook for long-haul travel remains optimistic, it is unlikely that arrivals to Canada will see a strong growth trend this year, as the current movement toward short-haul destinations will likely strengthen as the economy cools.

The tougher market conditions have already resulted in a more affluent long-haul traveller population, with those of lesser means shelving their long-haul travel plans, at least temporarily. This, taken together with the fact that Canada continues to be perceived as a relatively expensive destination, suggests that it will become even more important for Canada to focus on the upscale segments of the market, develop budget-conscious offers and promote value for money messages as the economy flounders.

To make the environment even more challenging, the competitive situation has intensified, with destinations like New Zealand, South Africa and Thailand all seeing strong gains in awareness, consideration and/or interest. The good news is that, Canada's advertising initiatives have been effective in maintaining its presence in the marketplace in the face of stronger competition, with all of the key performance indicators (KPIs[6]) remaining steady since 2007. In fact, total advertising awareness for Canada held steady while awareness for several key competitors (e.g., the US and Australia) softened. Canada may want to continue mounting aggressive campaigns to maintain its awareness and consideration levels as the competition thickens.

Despite some weakness in the alignment of German perceptions with Brand Canada this year, and parallel declines on uniqueness and desirability ratings, brand and value perceptions remain strong overall. It would be to Canada's benefit to continue building value and control price perceptions among Germany travellers given their hefty influence in the decision making process.

The product analysis shows that Canada may be losing some ground to competitors in terms of its products. Many product ratings are down from last year, particularly urban/luxury activities and cultural products. The latter is particularly worrisome as German travellers have a strong cultural bent, and Canada now places dead last on the cultural dimension. Ramping up promotion of Canada's unique character/local lifestyles as well as specific products such as aboriginal culture could help to strengthen the *Connections to Canadians* USP. Related to this is the *Award Winning Local Cuisine* USP which is currently not a major drawing card for Canada, and not where it needs to be to qualify as a genuine USP.

[6] KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.

However, the news is not all bad. On the positive side, Canada's positioning on the Nature dimension has solidified, with Canada pulling out in front of its competitors, primarily due to a lift in perceptions of its rivers/waterfalls/glaciers/coastal scenery. Despite declines on golf and kayaking/canoeing, Canada remains a steadfast and unchallenged leader in the Outdoors area and on the *Active Adventure* USP. Although it is worth noting that nature and outdoors related attributes have declined as pull factors since 2007, this could simply reflect the shift of the GTW research into the Winter months.

Not surprisingly given the more aggressive competition and the time of year, the barriers for travel to Canada have also intensified, with many barriers strengthening, and others trending upward. Most alarming is the fact that an unexciting or boring image plays more of a role in dissuading travellers this year, dovetailing to some extent with the eroding brand image perceptions and the weaker product positioning. Combined these results indicate that the climate is tougher all-around, and Canada may need to do more if it wants to preserve its market share in Germany in the coming months.