Canadian Tourism Commission

Commission canadienne du tourisme

Global Tourism Watch Year 2

Mexico - Key Findings

Canadian Tourism Commission (CTC)

Table of contents

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 in the marketplace, an annual research monitor was initiated to keep a pulse on consumer changes in CTC key markets.

Objectives

In 2008, the second year of the Global Tourism Watch (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, Ontario, Manitoba, 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 1,535 Mexican respondents completed the online survey. A quota was set to reach n=300 past travellers to Canada. Fieldwork was conducted in April 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).

In Mexico, the sample was restricted to the three largest cities where most long-haul travellers reside – Mexico City, Guadalajara and Monterrey. Again, the sample was split evenly across the three cities.

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

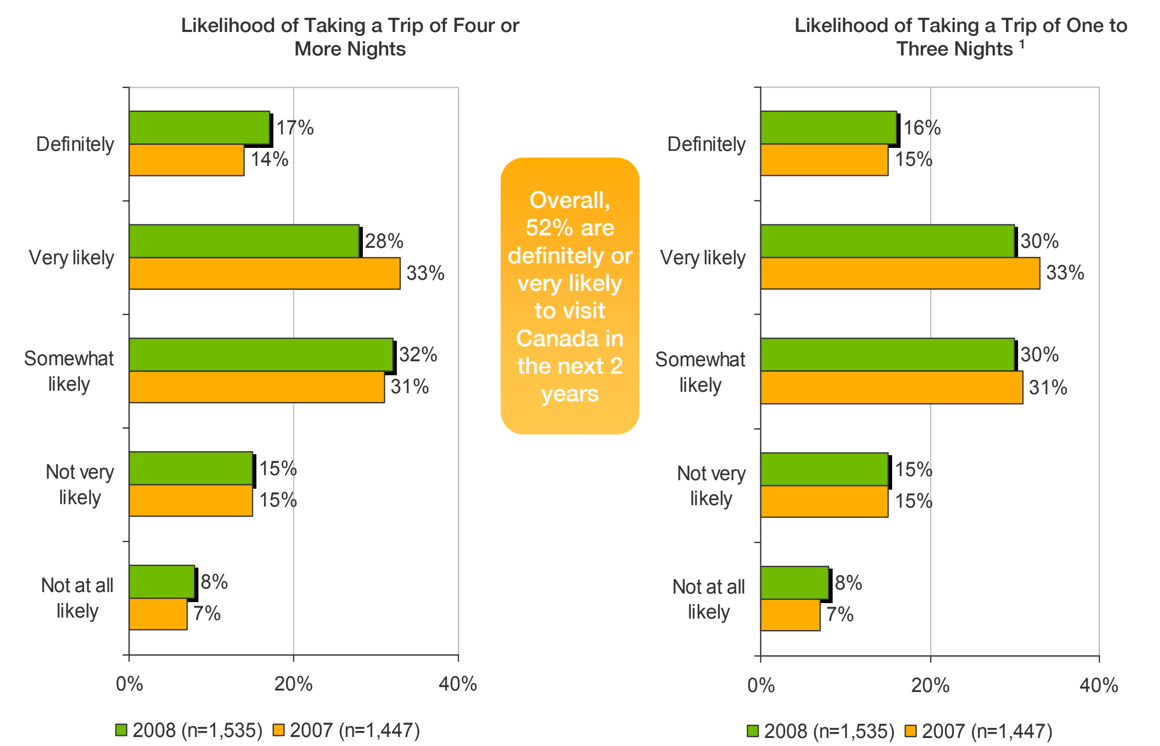
Likelihood of Visiting Canada

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 shows that Mexico continues to offer excellent potential for Canada. At 52%, the total likelihood of travel to Canada continues to track far above established GTW benchmarks (results for other markets are typically in the 20% to 40% range).

However, **Exhibit 1** reveals a slight downward movement since last year. Although not severe enough to be significant, this is a trend that merits watching as it may signal a softer market due to the worsening external conditions for travel. This may make conversion more challenging for Canada in the years ahead, despite the strengthened awareness and interest in this market.

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 an estimate of the size of the potential market for Canada in two ways. The target market is a broader estimate of the market size based on expressed interest among travellers in Mexico's three largest metropolitan areas, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of almost 2.4 million travellers who have some level of interest in Canada (which is unchanged from last year).

The immediate market is a more conservative estimate based on those who say they will definitely or are very likely to visit Canada in the next two years. This translates into about 1.5 million travellers with immediate potential for conversion, indicating continued opportunity to build on the tremendous growth seen in Mexican arrivals over the past few years. However, because this estimate is based on only three cities, Mexico represents one of the smaller markets for Canada in terms of absolute traveller volumes.

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)	2,954,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years	81%
Size of the target market	2,393,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years	52%
Immediate potential	1,536,000

Base: Long-haul pleasure travellers (n=1,535)

The estimate is derived from a sample of respondents residing in the three Mexican target cities.

Canadian Destinations[1] Likely to Visit

Exhibit 3 shows the destinations of interest to Mexican travellers who are considering a visit to Canada. This includes those who are likely to visit Canada in the next two years, as well as those who have already decided or booked a trip.

Findings remain basically unchanged from last year, with Mexican travellers continuing to show among the highest, if not the highest, interest in visiting all regions of Canada across the GTW markets. This again attests to an exceptionally high degree of enthusiasm for Canada in the Mexican market.

In terms of regional preferences, Ontario continues to be the leading destination of interest at 96%, although interest in Québec (93%) and British Columbia (91%) are also nearly universal. Alberta is the next most popular region, with nearly 70% interested.

Over half the market expresses interest in the Atlantic provinces, while just under half (46%) say they would like to visit the North or the Prairies. Within these regions, Newfoundland enjoys strengthened interest this year (increasing from 32% to 37%), while interest in Manitoba is notably weaker (dropping from 43% to 37%).

Among individual destinations, Vancouver draws the most attention (at 86%), followed by Niagara Falls (82%) and Toronto (72%). There is also considerable interest in moving beyond the major tourist destinations to visit places like Calgary (52%) and Ottawa (51%) in particular, but also Victoria (27%) and Edmonton (25%).

Exhibit 3 shows the size of the immediate market for the regional partners on the GTW study based on current levels of interest. The best potential is for Ontario and British Columbia (both hovering around the 1.4 million mark), followed by Alberta (at over a million potential travellers).

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	ON	AB	MB	North
Immediate potential for Canada	1,536,000				
Likely to visit province	91%	96%	67%	37%	46%
Immediate potential for the provinces	1,398,000	1,475,000	1,029,000	568,000	707,000
Most popular destinations within province	Vancouver (86%) Victoria (27%) Whistler (13%)	Niagara Falls (82%) Toronto (72%) Ottawa (51%)	Calgary (52%) Edmonton (25%) Jasper (11%)	n/a	Yukon (36%) NWT (21%) Nunavut (13%)

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=1,240).

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

[1] CTC partner regions only. (British Columbia, Alberta, Manitoba, Ontario and 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.

To measure brand awareness, respondents were asked to name destinations that come to mind for a long-haul vacation. At 35%, unaided awareness of Canada is up by four percentage points this year, which has helped to close the gap with the US. Canada is now within striking distance of the number one spot for unaided awareness, testifying to its very strong top of mind presence in the Mexican market. Interestingly, the lift in awareness for Canada is partly attributable to higher awareness of individual cities and regions in Canada. In fact, Mexico is one of the only GTW markets where awareness improved in 2008. Overall, the big picture remains largely unchanged from last year. Mexican travellers continue to think of North American destinations first, followed by key European destinations (e.g., France, Spain and Italy), with Argentina and Brazil next in popularity.

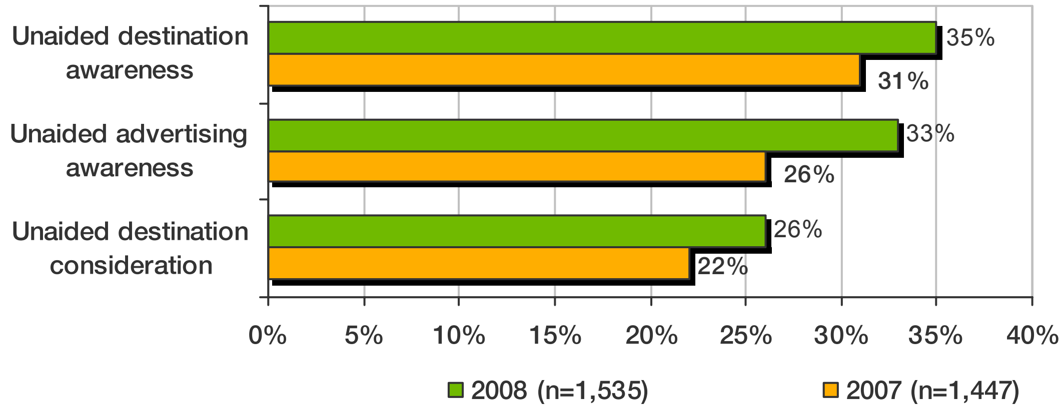
Unaided awareness of Canada's advertising has increased materially over the 2007 results, jumping by a remarkable seven percentage points to hit 33% (**Exhibit 4**). Although the US manages to cling to the top position, holding steady at just over 40%, Canada has substantially narrowed the gap with this key competitor. Like last year, "Canada" remains the number one advertised brand in Mexico.

The enhanced awareness may be partly attributable to moving the GTW fieldwork to after the peak advertising period this year. However, this shift was made for all GTW markets, yet Mexico is one of the few markets where unaided advertising awareness increased significantly, indicating that a strong 2008 campaign likely also contributed to the stellar results.

The travel consideration results shown in **Exhibit 4** hold more good news for Canada. Consistent with its enhanced awareness in the Mexican marketplace, unaided consideration of Canada for upcoming trips is up this year by four percentage points to 26%. This increase improves Canada's positioning relative to Spain, as a tied score of 22% in 2007 gives way to a six percentage point lead for Canada in 2008, bumping Canada into second spot behind the US. In fact, Mexico is the only GTW market where unaided consideration of Canada showed a measurable improvement this year.

[2] Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators



Base: Long-haul pleasure travellers.

Recent and Potential Visitors from Mexico

Target Market for Canada

Exhibit 5 provides demographic profiles of Mexican long-haul travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada. The exhibit reveals some minor shifts in the demographics of long-haul travellers over the last year, with a small drop in education and income levels being the most apparent change. The 2009 GTW study should reveal whether these fluctuations solidify into a meaningful trend (e.g., long-haul travel opening up to a broader spectrum of Mexicans).

Long-haul travellers in Mexico remain a fairly young group overall, with almost half who are under 35, reflecting the youth of the Mexico population at large. The distinct gender skew that emerged last year is still evident, with men representing almost 60% of all long-haul travellers (higher than in most other markets). While Mexican travellers continue to be well-educated, their incomes are not up to North American standards (over 40% have household of incomes of less than CDN$26,000 per year), likely limiting their long-haul destination options.

While potential travellers to Canada remain similar to the market as a whole, recent visitors to Canada continue to stand out from both groups, being older, predominantly women, more likely to be married, more advanced in their careers and more affluent. They are also far more likely to have friends and relatives in Canada (54%), which suggests that, as in most markets, VFR is a key driver of travel from Mexico. Fortunately for Canada, almost 40% of all Mexican long-haul travellers do have close friends and relatives in Canada, which may also contribute to its success as a vacation spot in this market.

Exhibit 5 – Target Market Demographics

Gender	All L-H Travellers (n=1,535)	Recent Travellers to Canada (n=184)	Interested in Canada (n=785)
Female	42%	56%	44%
Age			
18 to 24	19%	12%	18%
25 to 34	27%	23%	25%
35 to 44	26%	25%	24%
45 to 54	12%	17%	13%
55 or older	16%	23%	20%
Close Friends or Relatives Living in Canada			
Yes	38%	54%	40%
Have Children in Household Under 18			
Yes	48%	50%	46%
Marital Status			
Married / partnered	50%	60%	51%
Single / never married	40%	30%	38%
Other (e.g. separated, divorced, widowed)	10%	10%	11%
Education			
High school or less	28%	24%	26%
Technical / vocational	6%	3%	6%
Completed college / university	66%	72%	68%
Employment Status			
Employed full-time/part-time	77%	77%	77%
Housewife / homemaker	5%	3%	5%
Retired	4%	10%	4%
Unemployed	2%	1%	2%
Student	9%	6%	9%
Occupation			
Managerial / Administrative / Business owner	32%	39%	32%
Professional	30%	38%	29%
Clerical / public servant	18%	11%	17%
Sales / services	9%	8%	9%
Technical / skilled	2%	2%	3%
Farming / fishing	0%	0%	0%
Other	10%	3%	10%
Average Monthly Household Income			
Less than $7,000 Pesos	8%	3%	8%
$7,000 to $21,999 Pesos	36%	24%	34%
$22,000 to $54,999 Pesos	37%	37%	38%
$55,000 Pesos or more	19%	36%	20%

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 (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia, Ontario and Alberta are based on those who say they are *most* likely to visit the region, while the profiles for Manitoba and the North are based on those who express an interest in visiting these regions, given the relatively low proportion of travellers who say they are most likely to do so.

There are very few material differences across regions. Like last year, British Columbia is an exception, with potential visitors again more affluent and better positioned in the workforce.

[3] CTC partner regions only. (British Columbia, Alberta, Manitoba, Ontario and the North)

Exhibit 6 - Target market for Canada's regions

Gender	TOTAL (n=1,240)[1]	BC[3] (n=234)	ON[3] (n=642)	AB[3,4] (n=61)	MB[2] (n=450)	North[2] (n=544)
Female	43%	46%	43%	55%	42%	42%
Age						
18 to 24	17%	22%	16%	11%	13%	15%
25 to 34	26%	24%	27%	22%	24%	29%
35 to 44	26%	27%	29%	26%	28%	30%
45 to 54	14%	7%	16%	22%	16%	16%
55 or older	17%	20%	13%	19%	19%	9%
Close Friends or Relatives Living in Canada						
Yes	40%	43%	36%	56%	40%	40%
Have Children in Household Under 18						
Yes	47%	46%	53%	31%	47%	52%
Marital Status						
Married / partnered	51%	48%	55%	54%	55%	53%
Single / never married	38%	40%	36%	31%	33%	39%
Other	11%	12%	10%	15%	12%	8%
Education						
High school or less	27%	25%	27%	34%	26%	25%
Technical / vocational	6%	8%	7%	8%	8%	7%
Completed college / university	67%	67%	66%	58%	66%	68%
Employment Status						
Employed full-time/part-time	77%	76%	76%	66%	79%	79%
Housewife / homemaker	6%	4%	7%	13%	6%	6%
Retired	4%	2%	5%	9%	4%	2%
Unemployed	2%	2%	2%	0%	2%	1%
Student	8%	12%	7%	9%	7%	7%
Occupation						
Managerial / Administrative / Business owner	32%	40%	33%	32%	32%	31%
Professional	30%	30%	27%	27%	29%	32%
Clerical / public servant	18%	11%	20%	13%	17%	18%
Sales / services	9%	8%	9%	14%	12%	7%
Technical / skilled	2%	1%	3%	3%	2%	3%
Farming / fishing	0%	0%	0%	0%	0%	0%
Other	9%	9%	9%	10%	8%	10%
Average Monthly Household Income						
Less than $7,000 Pesos	7%	4%	7%	3%	6%	7%
$7,000 to $21,999 Pesos	36%	28%	41%	21%	39%	40%
$22,000 to $54,999 Pesos	37%	38%	33%	53%	38%	35%
$55,000 Pesos or more	20%	30%	18%	24%	17%	17%

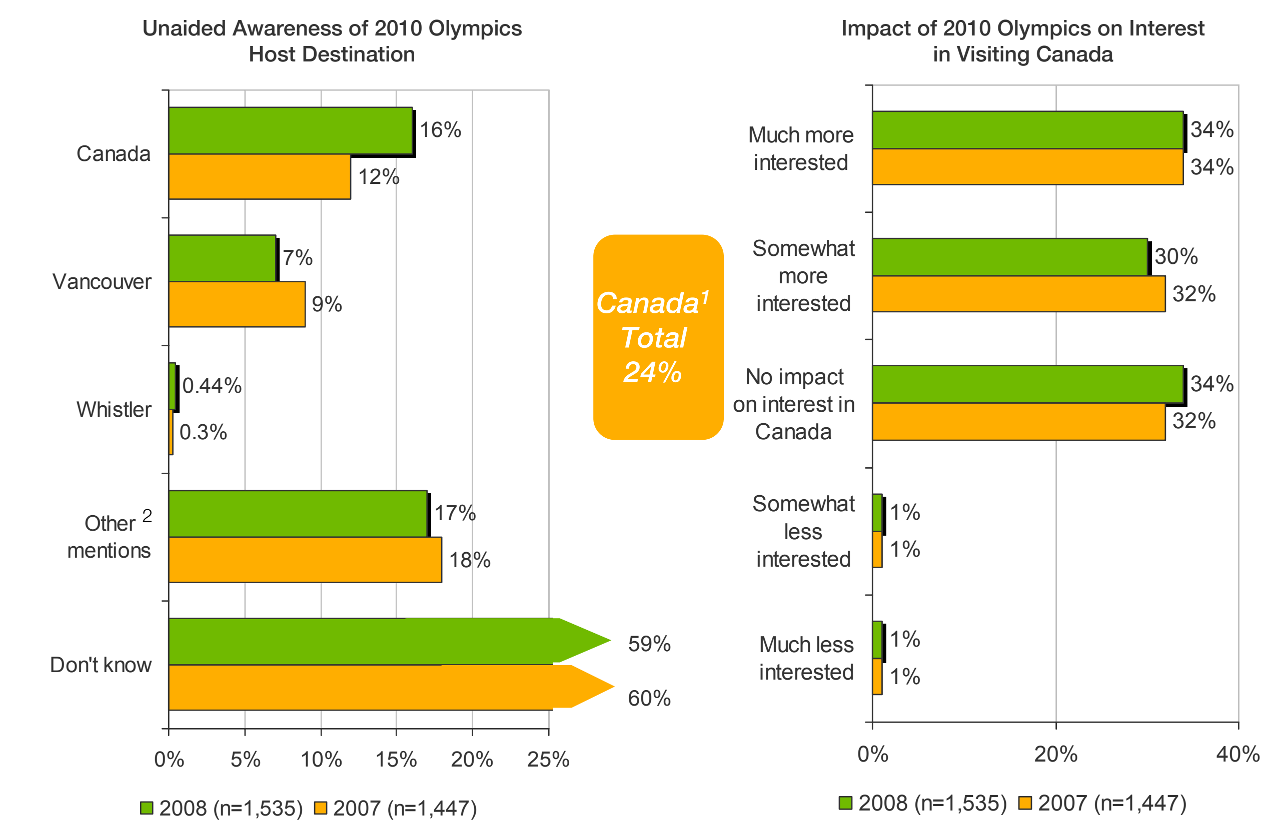
Notes:
[1] Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Those likely to visit the region.
[3] Those most likely to visit the region.
[4] Results should be interpreted with caution due to the small sample size.

The Impact of the 2010 Winter Games on Travel to Canada

Exhibits 7 shows that although mentions of "Canada" as the host of the 2010 Winter Olympics has increased significantly this year (from 12% to 16%), these gains have been partly offset by a decline in mentions of "Vancouver" specifically. As a result, total awareness of Canada as the host destination of the 2010 Olympics is up slightly, but not significantly so.

The impact of the Olympics on interest in visiting Canada has also remained steady, with just under two-thirds who say that hosting the Olympics has enhanced Canada's desirability as a vacation destination. Both the overall awareness level and the potential to leverage the Games to attract travellers to Canada continue to be fairly high in Mexico compared with other GTW markets.

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



Base: Long-haul pleasure travellers.

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

[2] Includes all mentions of destinations outside of Canada (China, France, Europe, Beijing, Japan, U.K., Mexico, Argentina, Brazil, Russia, Switzerland, Germany for 2008 plus U.S., England and Spain for 2007.)

Canada’s Product Strengths and Weaknesses

Exhibit 8 presents a product Strengths and Weaknesses Map for Canada in Mexico which looks at impressions of Canada’s product offerings vs. the importance of these products to Mexican travellers on their long-haul trips. The purpose is to identify products of importance to the Mexican 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 beautiful landscapes, rivers/waterfalls/glaciers/coastal scenery, national parks/heritage sites and wildlife. Cities close to nature also makes it onto the list of product strengths this year, although there is clearly room to improve perceptions of Canada here.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. As was the case last year, these primarily revolve around outdoor activities. Skiing remains Canada’s number one niche, rated far ahead of the other products, although hiking/trekking, fishing/hunting and canoeing/kayaking all continue to be classified as niche strengths.

As a popular study destination for Mexicans, it is not surprising that hands-on learning continues to be a key niche for Canada. Promoting specific products such as learning English and special interest courses could help to strengthen this niche.

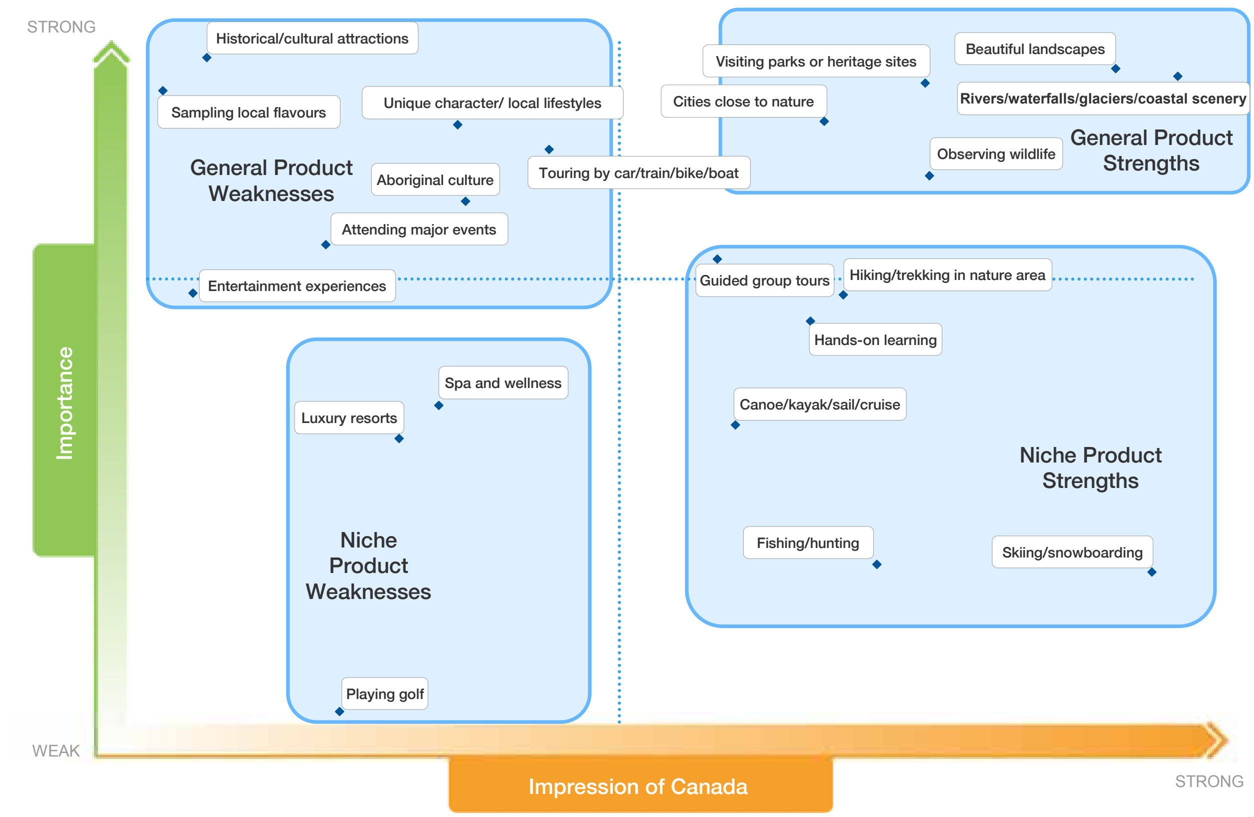
With the lower interest in guided group tours this year, this product shifts downward from a general strength to a niche strength.

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. Once again, Canada could do more to promote its cultural offerings, as all related products continue to be categorized by Mexican travellers as weaknesses for Canada, including the new items – unique character/local lifestyles and sampling local flavours. Most worrisome is the fact that the number one vacation pursuit among Mexicans – historical/cultural attractions – is one of the worst-rated products for Canada. Improving perceptions here would likely be of benefit to Canada.

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. The results show that Canada is not really viewed as a luxury travel destination, being weak on resorts, spas and golf, with no real improvement over last year.

Exhibit 8 – Product Strengths and Weaknesses Map



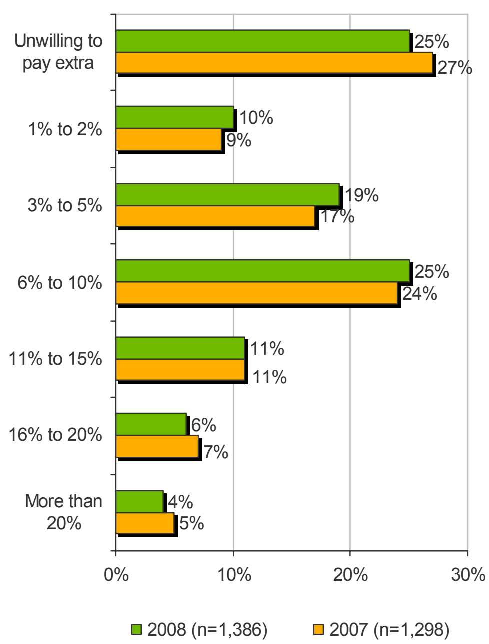
Base: Long-haul pleasure travellers (n=1,535).
Note: Impression ratings of Canadian products are relative to other destinations in the competitive set.

Mexican Views on Environmentally-friendly Travel Products

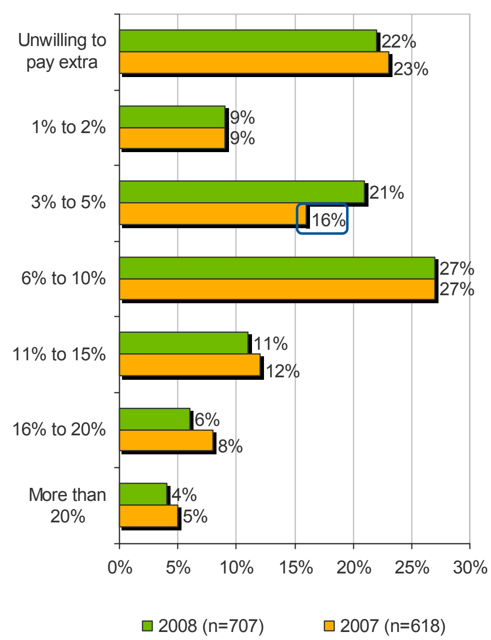
Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

Exhibit 9 shows that there has been no material change in the attitudes of Mexican travellers toward environmentally-friendly travel. With almost 9 in 10 agreeing that it is important, and over two-thirds guided by environmental concerns when choosing a vacation destination, Mexico continues to be one of the top GTW markets that can be targeted with eco-tourism products. This is particularly true in view of the fact that a sizable portion of the market (over 1 in 5) say they would pay a premium in excess of 10% for environmentally-friendly travel products, which is very high by GTW standards.

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



Base: Long-haul pleasure travellers



Base: Travellers interested in Canada.

Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

How Canada is Perceived by Mexican Travellers

Unaided Brand Personality Perceptions

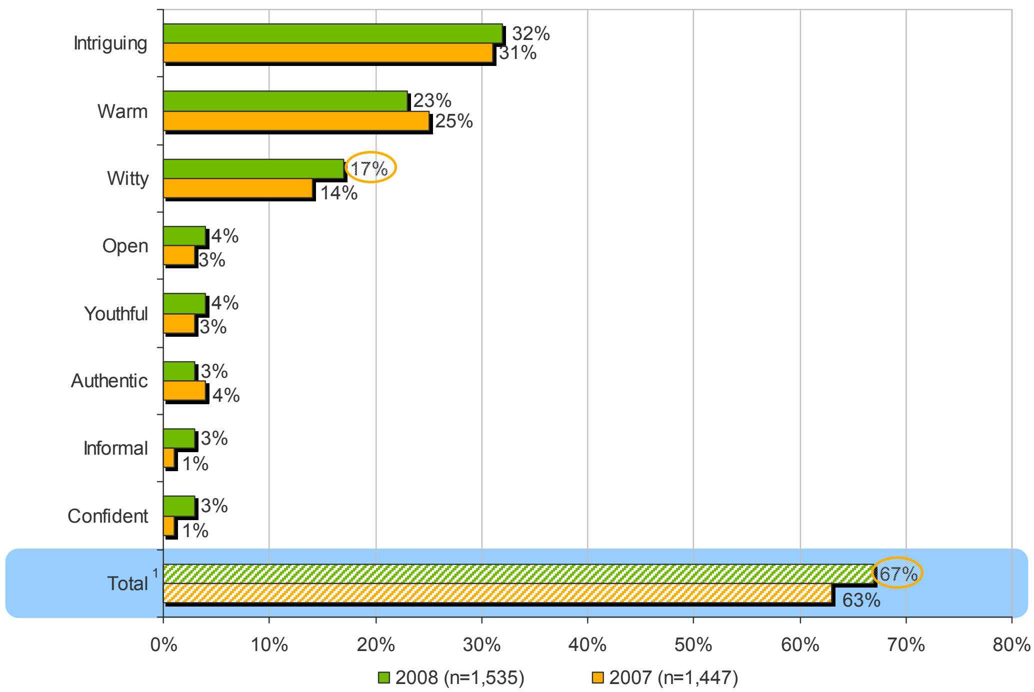
Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into several personality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

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

While Intriguing remains the top trait in 2008, at 32% (see **Exhibit 10**), notably more Mexican travellers now view Canada as Witty (17%), adding to the already strong appreciation that this market seems to have for the more fun and exciting elements of Brand Canada. In fact, few other markets come close to Mexico in viewing Canada as either Witty or Intriguing. This suggests an opportunity to leverage these positive impressions to improve top of mind associations with the other more dynamic aspects of the brand (e.g., Youthful and Confident), as these remain relatively weak.

The total percentage of travellers mentioning at least one of the Brand Canada personality traits on an unaided basis has now increased to 67%, which is very high by GTW standards, again highlighting the fact that Mexican sentiments are very much in step with the new brand.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers

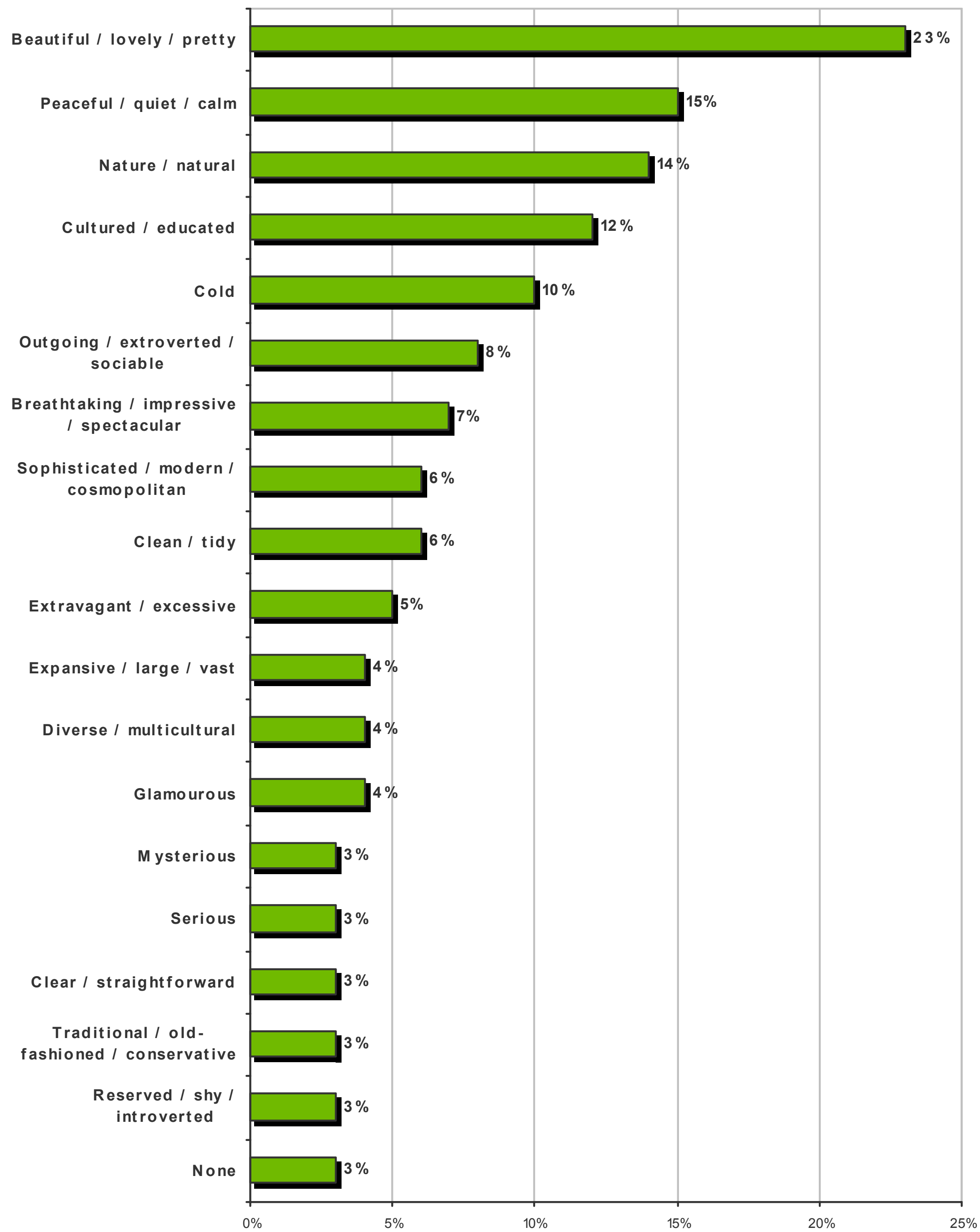
Note: [1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly ***higher*** *than 2007.*

Exhibit 11 shows other personality traits associated with Canada in the Mexican market. Clearly, perceptions of Canada as beautiful, peaceful and natural continue to be foremost in people's minds, which is not surprising as these traits tend to emerge in most markets.

However, like last year, the association of Canada with cultural and aspirational traits is far stronger in Mexico than in the other GTW markets, particularly mentions of "cultured/educated" (12%), "sophisticated/modern/cosmopolitan" (6%), "extravagant/excessive" (5%) and diverse/ multicultural" (4%). This paints a picture of Canada as having modern cities, high living standards, a wealthy population and diverse cultures/lifestyles. Juxtaposed with its natural beauty and friendly people, it is no wonder that Canada's brand image is riding strong in Mexico.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,535).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

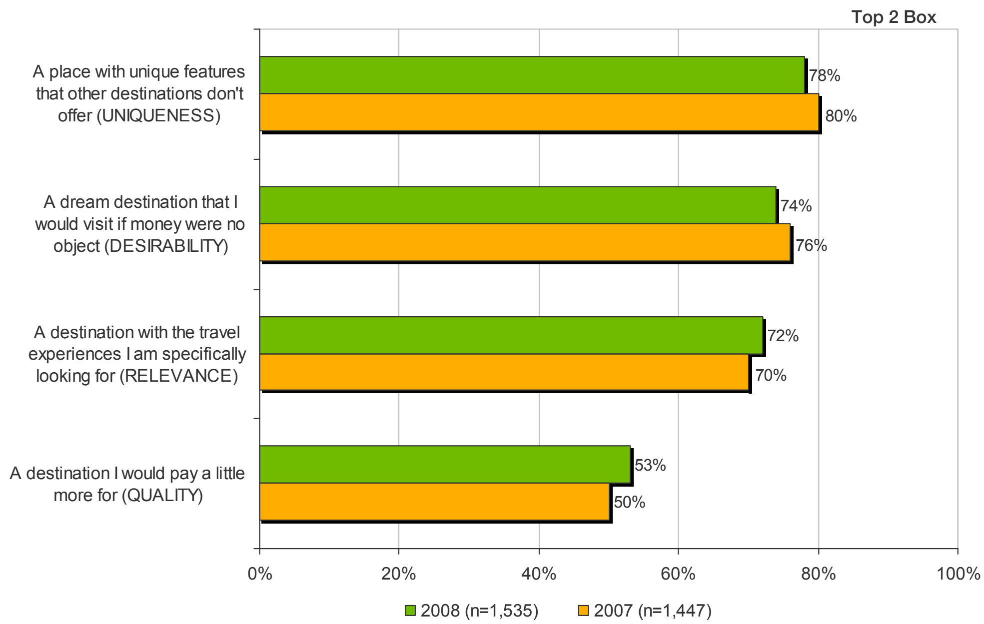
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

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

As shown in **Exhibit 12**, value perceptions of Canada remain unchanged since last year, with Canada continuing to be viewed as a high value destination. With scores of 70% to 80% on Uniqueness, Desirability and Relevance, results tend to be much higher than in other markets.

At 53%, perceptions of Quality are above average, and have trended up slightly over the last year, but still require work to bring them in line with the other three value dimensions, as they continue to lag by a sizable margin. This is likely a priority, as Mexicans are a discerning group of travellers for whom quality is paramount.

Exhibit 12 – Value Perceptions



Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale.

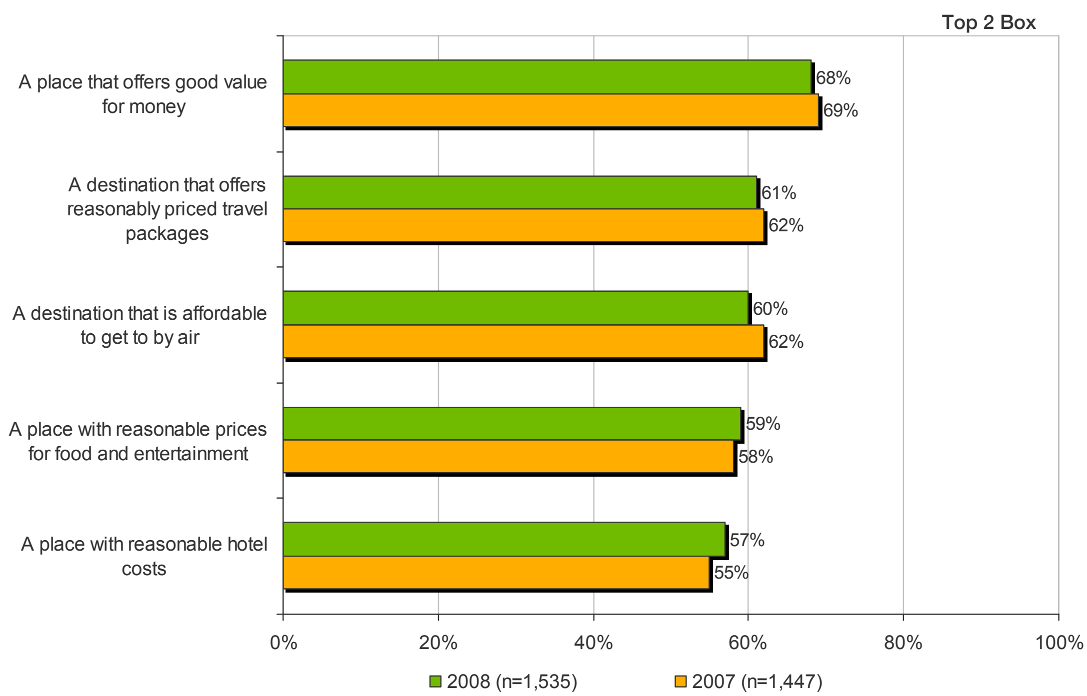
Price Perceptions

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

Price perceptions have not changed materially this year, and continue to be strong relative to other markets. Individual scores range from a high of just under 70% for value for money, down to just under 60% for hotel costs.

In an increasingly tough economic climate, Canada's virtue as an affordable (and high value) destination will provide it with a strong advantage in appealing to Mexican travellers.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale.

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

Exhibit 14 indicates that there has been upward movement in virtually every motivation for visiting Canada in 2008, including many significant increases, boosting the already high 2007 ratings to even higher positions. Individual scores for many attributes continue to be among the highest of any GTW market, underscoring the general enthusiasm that Mexican travellers have for Canada and their overwhelmingly positive views of the country.

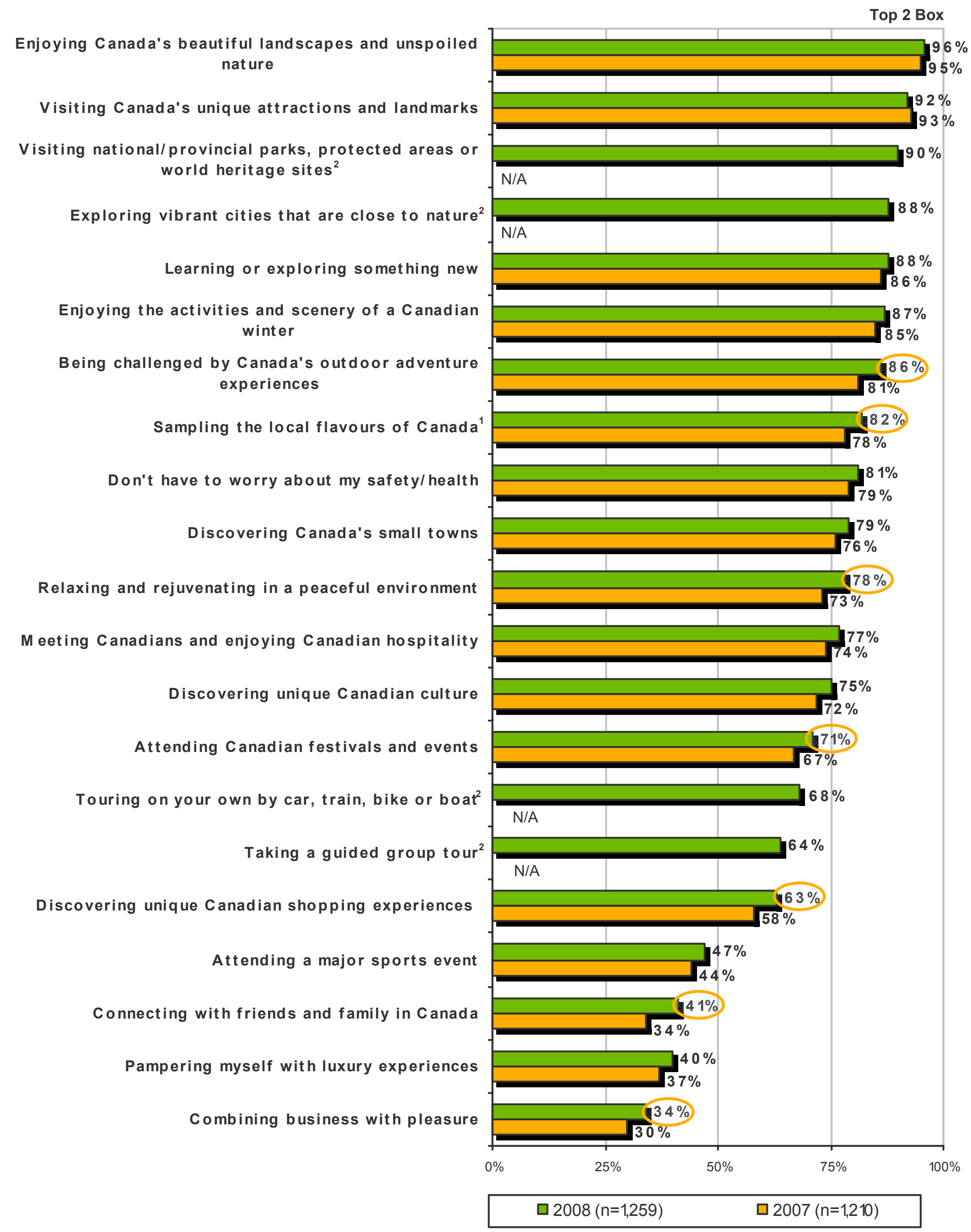
Nature remains the most compelling reason to visit Canada in this market. Landscapes/unspoiled nature and unique attractions/landmarks (e.g., Niagara Falls) continue to top the list of motivations, with two new item additions close behind them – parks/heritage sites and vibrant cities close to nature. All of these motivations are mentioned by at least 88% of Mexican travellers, a testament to their universal appeal.

With 87% wanting to experience winter activities and scenery, Mexico continues to be one of the most promising targets for winter travel, and at 86%, outdoor adventure is an even stronger drawing card now than it was last year. The only other motivation to be mentioned by 85% or more is learning and exploring, showing that Mexican travellers are strongly attuned to the main thrust of the new brand, with its focus on discovery.

There was also a boost this year in the percentage of Mexican travellers citing local flavours as a motivator. Notably, the word "local" was added in 2008 to emphasize the cultural-specific nature of cuisine-oriented travel, which likely contributes to the increased interest. The proportion of travellers citing relaxation, rejuvenation and a peaceful environment also increased as a motivator this year, but this still remains fairly low on the list in comparison to other markets, further indication that Mexican travellers like to stay busy while on holiday. Other motivators that are up this year include festivals/events, shopping, VFR, and combining business with pleasure.

Self touring and group tours were both added to the motivations battery this year, and while not among the top reasons for a trip to Canada, both serve as motivators for the majority of travellers, at between 64% and 68%. Interestingly, Mexico is one of the only markets where these are roughly equal as influencers – in most other markets, self-touring is a more powerful motivator than guided group tours.

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 scale. 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 Not asked in 2007.

Regional Motivations[4]

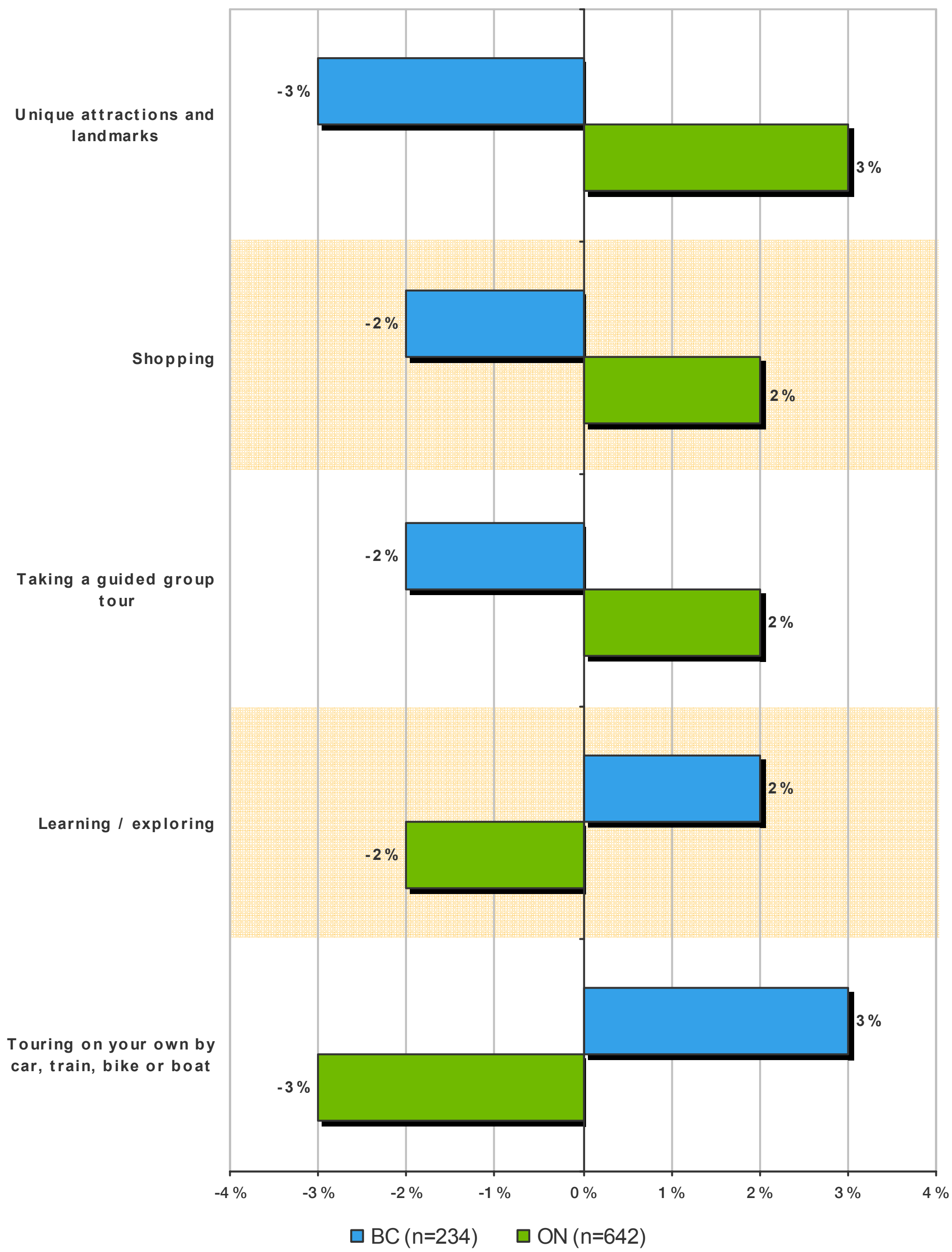
Exhibit 15 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove "group and attribute" effects to better emphasize the differences between 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:

- Potential travellers to **Ontario** are more likely to be motivated by seeing Canada's unique attractions and landmarks (e.g., Niagara Falls) and shopping for unique Canadian merchandise. Accordingly, they look to guided group tours as a way of taking in Canada's major tourist attractions and shopping spots.
- On the other hand, those interested in **BC** are more likely to be motivated by the opportunity for learning and exploration, and consistent with this, enjoy touring on their own by car, train, bike or boat.

4 Motivations of GTW regional partners with sufficient sample size.

Exhibit 15 - Regional Motivations



Base: Travellers most likely to visit British Columbia or Ontario. Sample sizes for other regions were too small to be included.

Note: High positive values represent motivations that are of greater relative importance for a region; High negative values represent motivations that are of lesser relative importance for a region.

Barriers in Attracting Visitors from Mexico

Barriers for Travel to Canada

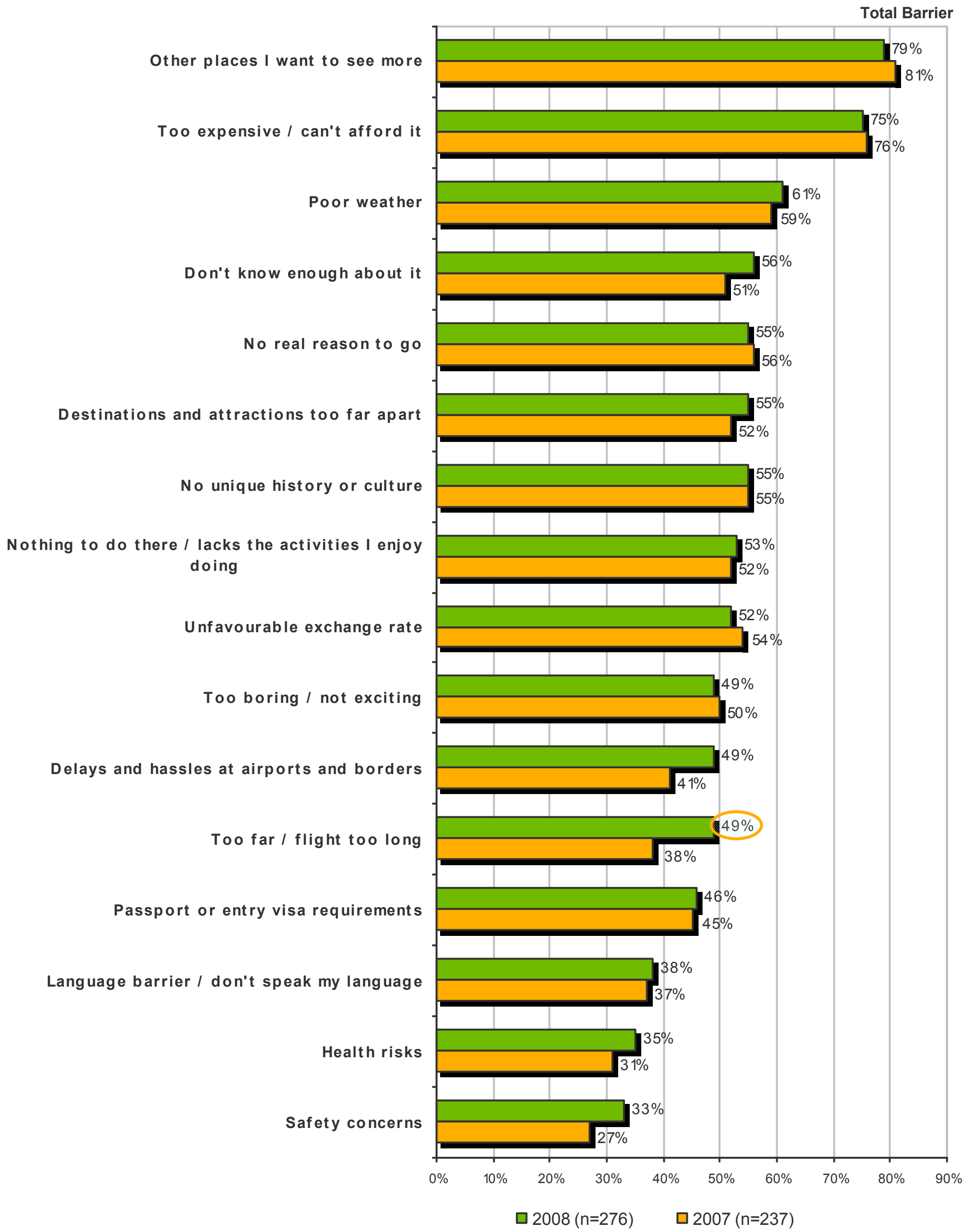
Exhibit 16 shows why long-haul travellers from Mexico are unlikely to visit Canada in the near-term. Competition (79%) and cost (75%) continue to be the top two barriers to travel, so even in a market where brand, value and cost perceptions are all extremely positive, more can always be done to sell travellers on the allure and affordability of the Canadian travel experience. Note that these barriers are not limited to Canada travel, as affordability and competition from closer destinations were also identified as major barriers to long-haul travel in general.

While there are many Mexicans that want to experience a Canadian winter, addressing misperceptions of Canada as a perpetually cold country is important, as poor weather rounds out the top three reasons why travellers are staying away. Moreover, the key drivers model showed that perceptions of Canada as “cold” has an overall negative influence on the purchase decision.

There are some opportunities for Canada to sway some travellers through awareness building and marketing efforts, especially those aimed at showcasing the diversity of interesting things to see and do in Canada, as fairly large proportions of travellers (between 50% and 55%) continue to say that they don’t know enough about Canada, have no real reason to go, or view the country as lacking in culture, activities or excitement.

Notably, most practical concerns, like safety and health risks, language barriers, entry requirements and airport hassles, are again at the bottom of the list, although concerns about long flights appear to be heightened this year. However, with almost half citing border issues, Canada could do more to highlight the relative ease with which Mexican travellers can enter the country, especially when compared to the US.

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 squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

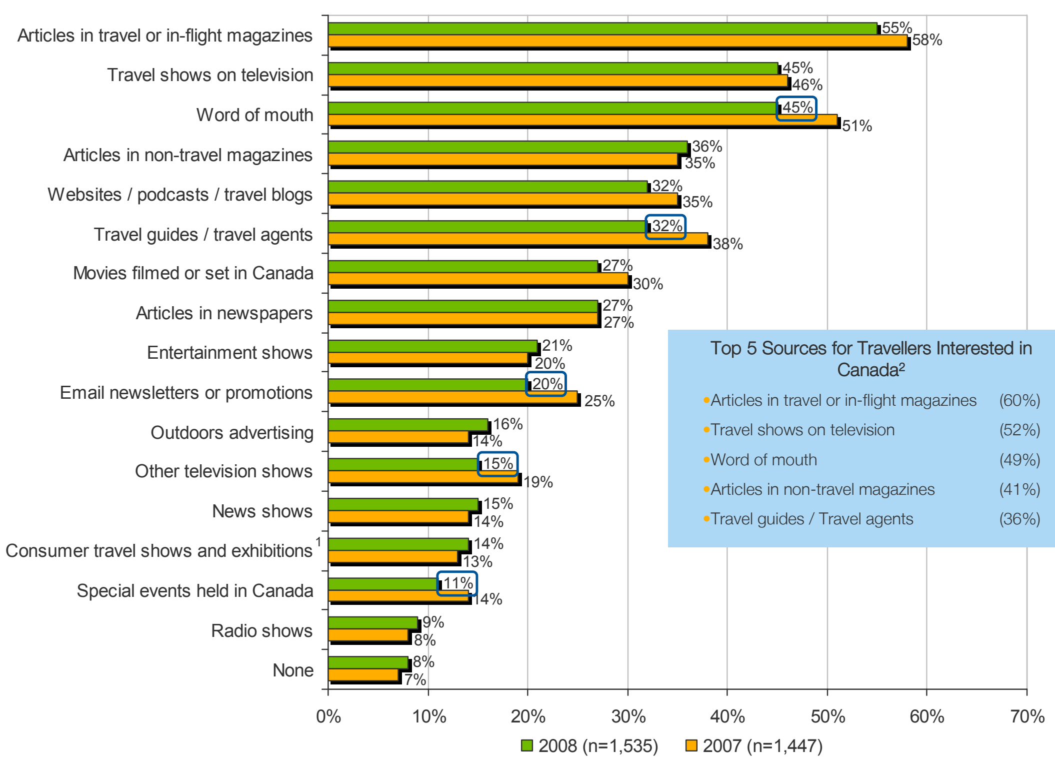
Sources of Information for Mexican travellers

Sources of Information on Canada

As **Exhibit 17** shows, information on Canada was less evident this year across several sources, including travel guides/agents, e-mail newsletters, non travel-related television shows, special events in Canada and word of mouth. However, the level of recall for information on Canada remains exceptionally high, with over 90% of Mexican travellers having seen or heard information on Canada over the past three months. This is consistent with the strong advertising awareness results seen earlier, and indicates that Canada's promotional efforts continue to reach a broad audience.

The top three sources of information on Canada among both potential travellers to Canada and Mexican travellers as a whole continue to be travel magazines, travel television shows and word of mouth. Clearly, travel-specific sources of information are critical for reaching Mexican travellers. And although word of mouth and travel agents both declined this year, Mexican travellers continue to exhibit above-average reliance on these trusted sources.

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



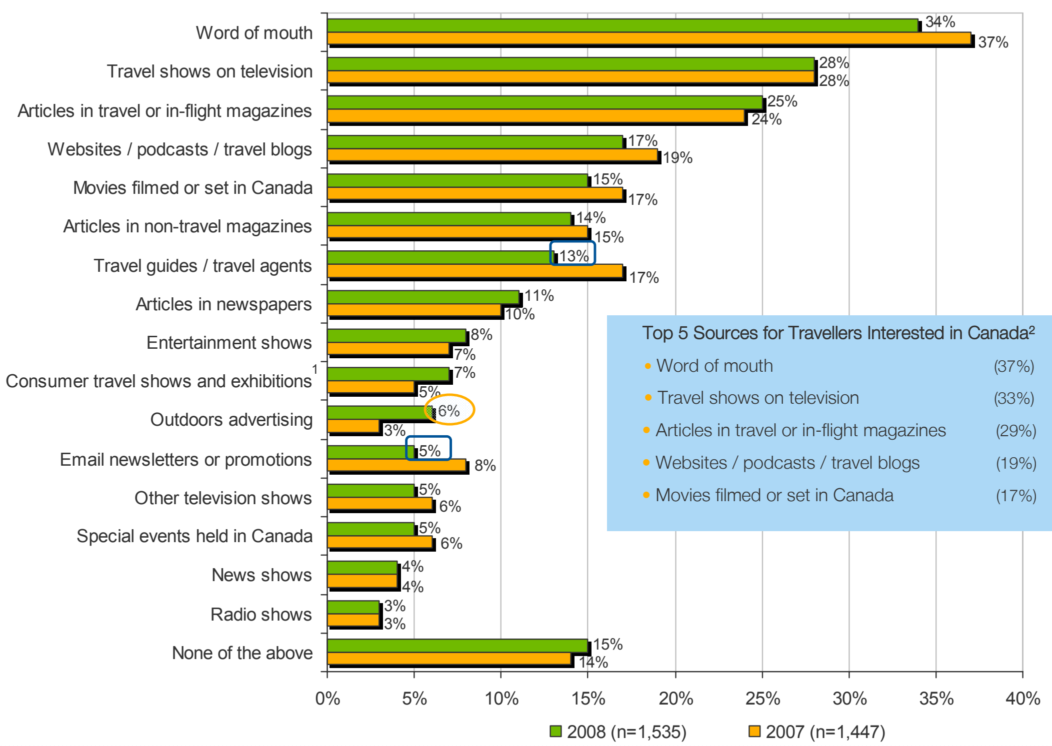
Base: Long-haul pleasure travellers.
Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.
[1] Item changed slightly in 2008. [2] Travellers 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**, the top sources for increasing Canada's appeal among Mexican travellers remain largely unchanged from last year. Among the top ten sources, there were only two shifts in the rank order, with notable drops in the appeal of travel guides/agents and email newsletters.

The same is true among potential travellers to Canada for whom word of mouth (37%) continues to be the best way to increase Canada's appeal (one of a handful of markets where this is the case). This is followed by travel television shows (33%), articles in travel magazines (29%) websites/podcasts/travel blogs (19%) and movies filmed or set in Canada (17%). Of these top five sources, only word of mouth is down substantially from last year.

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

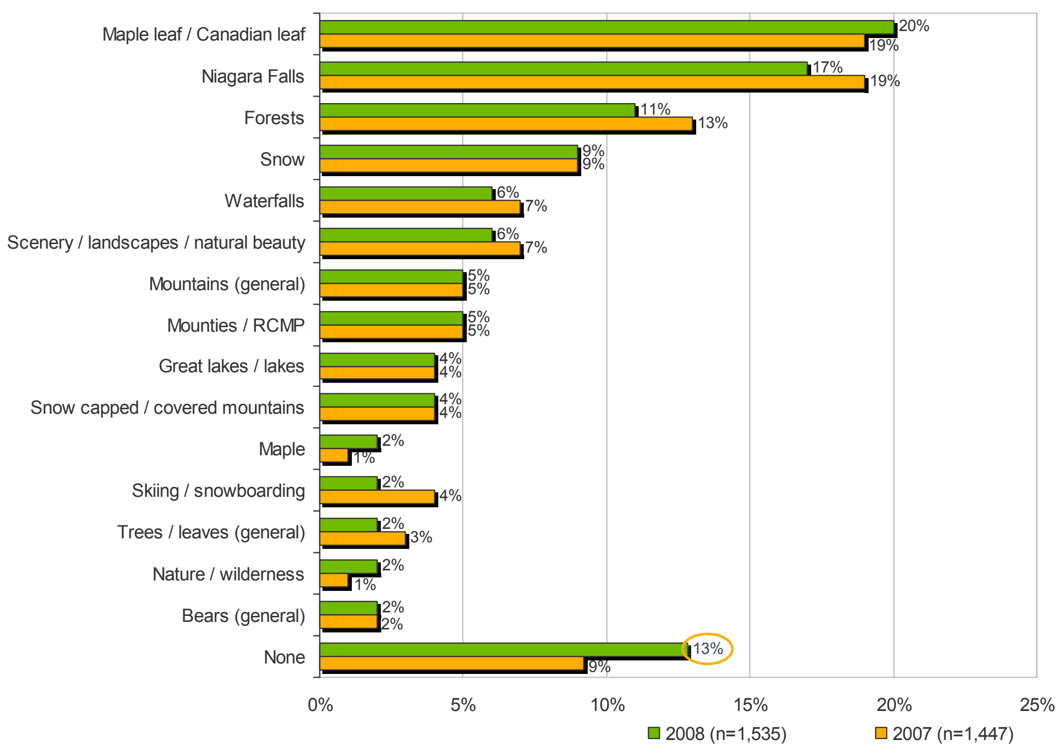


Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly **lower** than 2007; orange circles indicate a result that is significantly **higher** than 2007.*
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.
[1]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

For the most part, the icons and images that inspire interest in Canada are the same as last year (see **Exhibit 19**), with no notable changes in any of the items cited. Mexican travellers continue to be inspired almost exclusively by nature imagery when thinking about Canada. At the top of the list are the Maple Leaf and Niagara Falls, and the appeal of these two quintessentially Canadian icons remains higher in Mexico than in most other GTW markets. The Mexican partiality to waterfalls is also reflected in above average mentions of waterfalls in general. Other iconic images for Canada in this market include forests, winter imagery, mountain and lakes. Although Mexicans identified many icons and images that inspire interest, there was a significant increase in Mexicans indicating "none" albeit that this is low in comparison to other markets.

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.

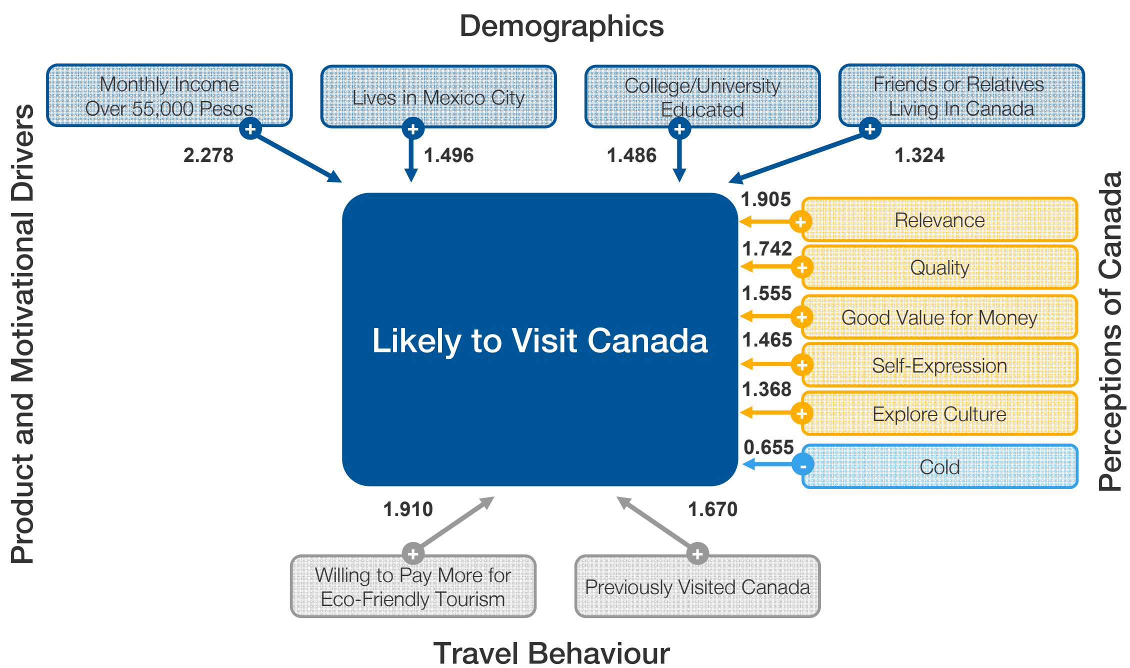
The Key Drivers for Visiting Canada

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 echoes many of the key themes that emerged in 2007:

- Income continues to be the strongest predictor of future travel to Canada among Mexican travellers, with those earning more than 55,000 pesos per month more than twice as likely to visit (everything else being equal). Independently of this, travellers who are college/university educated also have a better chance of paying a visit to Canada. Mexico City residents and those with close friends or relatives living in Canada are other groups that offer good prospects for Canada.
- Consistent with earlier findings showing that Mexicans view Canada as a "green" destination, those willing to pay more for eco-friendly tourism are almost twice as likely to visit Canada.
- While travel intentions are down this year, past visitors continue to be a well-primed group in terms of the likelihood of visiting.
- Perceptions of Canada also continue to have a strong influence on the purchase decision. Value considerations are among the most critical, with the perceived Relevance and Quality of products being strong drivers, again underscoring the need to enhance Canada's image in this regard. In addition, those who see Canada as offering good value for money are also more likely to visit, as are those who associate Canada with self-expression and cultural exploration. Like last year, those who view the country as cold are less encouraged to visit.

Exhibit 20 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers. (n=1,535)

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

As in most global markets, a slowing economy and runaway inflation are rising concerns in Mexico. Although the long-haul travel market and arrivals to Canada have not yet been affected, things could soften over the next year, as consumer confidence ebbs. Already, the market is showing preliminary indications of weakness – travellers appear to be cutting back on the number of long-haul trips, while worrisome economic conditions and affordability are increasingly being cited as barriers to long-haul travel. Generally, however, the mood among travellers at the time of the survey was still upbeat.

Mexico continues to be a good news story for the CTC. The high degree of motivation and enthusiasm around Canada that emerged last year persists, and if anything, has strengthened in 2008. The Key Performance Indicators (KPIs)[5] continue to be very strong, market perceptions remain well aligned with Canada's new brand, and there is widespread interest in Canada's key product offerings. In fact, Mexico continues to be one of the most travel-ready and well-primed markets for Canada, offering good potential for long-term growth.

Canada significantly improved its performance on a number of unaided indicators in 2008, including destination awareness, advertising awareness and destination consideration. "Canada" is now the number one destination brand in Mexico on all of these unaided measures, and the number one destination in the competitive set when it comes to consumer interest. This certainly suggests that Canada's messages are cutting through and making an impact. Moreover, the GTW results suggest that the CTC's 2008 advertising campaign contributed to this strong performance, in view of the strong surge in both unaided and aided advertising awareness.

Even more impressive is the fact that Canada is one of the few countries to see such consistent and solid positive shifts in Mexico, resulting in an overall strengthening of its competitive positioning. Most notably, Canada has managed to close the gap with the US on several KPIs. While the US is currently the most popular Mexican travel destination, interest in Canada is notably higher, pointing to an opportunity for Canada to play on its excitement value and intrigue vis a vis the US. Canada has also gained ground against Spain in terms of trip consideration and interest, possibly spurred by the strength of the Euro and rising travel costs to Europe. Again, Canada's relative affordability relative to overseas destinations is an opportunity that the CTC could exploit in view of today's tougher economics.

More good news arises out of the brand personality results, which show that Canada has taken some strong strides forward in positioning itself as a more exciting, vibrant and dynamic destination among Mexican travellers.

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

In terms of perceptions, the areas that could do with some attention are the same as last year – enhancing perceptions of the quality of the Canadian travel experience, promoting Canada's culture and people to balance its natural strengths, continuing to build up the more dynamic and vital elements of the brand, and more generally, raising price perceptions to bring them in line with brand and value scores. Canada's positioning as an affordable destination will become even more critical as the economy cools and Mexican travellers become increasingly price-conscious in their destination choices.

Canada also realized some dramatic gains this year on the product front. A more commanding lead on skiing/snowboarding helped to vault Canada into a Challenged Leader position on the Outdoors dimension. In addition, by improving its rivers/waterfalls rating, Canada successfully maintained its Unchallenged Leadership status on the Nature dimension in the face of a strong volley from Brazil. However, Mexicans enjoy diversity when it comes to long-haul trips, making destinations with mixed product strengths (e.g., the US, Europe and Brazil) highly appealing. Canada faces ongoing challenges in terms of a perceived one-sidedness in its product offerings, lacking product strengths in Culture or Luxury travel. In particular, it is worth noting that none of the new culturally-related products added to the GTW this year (e.g., unique character/local lifestyles or local flavours) helped to improve Canada's competitive positioning on Culture.

The best opportunities to improve diversity come in the form of vibrant cities close to nature (where Canada is within easy reach of Brazil, the market leader), guided group tours and hands-on learning (where Canada is the top-rated competitor in the set) and independent touring (where Canada successfully eclipsed the US this year). Canada could also strengthen its cultural offerings, including aboriginal products and historical/cultural attractions. Canada is ranked fifth on the latter and moving downward – a cause for concern in a market where this is the number one vacation pursuit.

As mentioned, external economic conditions are probably the greatest immediate threat to continued growth in Mexican travel to Canada, and the fact that travel intentions are trending downward could indicate a softening ahead. The CTC should be aware that conversion may become more challenging over the course of the next year, including key segments like repeat travellers who have temporarily put return trips on the back-burner. With tougher market conditions on the horizon, the CTC may want to focus its attention on the more affluent market segments (e.g., household incomes of 55,000 pesos per month or more) in the near-term.