Canadian Tourism Commission

Commission canadienne du tourisme

Global Tourism Watch Year 3

Germany - Key Findings

Canadian Tourism Commission (CTC)

Canada

www.canada.travel

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Introduction

Background

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission (CTC) implemented an ongoing Global Tourism Watch (GTW) program in 2007 to expand consumer-based intelligence in its core markets.

In 2009, the third year of the program, the GTW was implemented in ten markets – Canada, the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea[1]. The Year 3 research was co-funded by a regional partner group that included British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Atlantic Canada, Yukon and Northwest Territories.

Objectives

The GTW program was designed to collect market intelligence across core markets in a consistent way. The specific study objectives were set around following four over-arching themes:

- Monitor key performance indicators;
- Track response to Brand Canada;
- Identify and track product opportunities; and
- Provide input into strategic market plans.

The primary focus of the 2009 reports is on identifying shifts in each market since 2007. 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.

Ultimately, the GTW study will provide the CTC, its partners and the Canadian tourism industry with information to help enhance Canada's marketing strategies globally and draw international travellers to its shores.

[1] The 2009 program is the second year in which China was included and the first year in which Canada was included.

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. For all markets, pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips.

A total of 1,524 German respondents (including 309 recent travellers to Canada) completed the online survey. Fieldwork was conducted in March 2009 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.

Germany Competitive Set

To assess Canada's positioning in the German market, a number of questions in the survey asked respondents to rate Canada against key competitors, as identified by the CTC. The competitive set for Germany was as follows: US, Australia/New Zealand, Thailand, South Africa, Brazil and China.

Germany Study Partners

Regional partners for the Year 3 study in Germany include: Alberta, British Columbia, Manitoba, Northwest Territories, Ontario, Saskatchewan and Yukon.

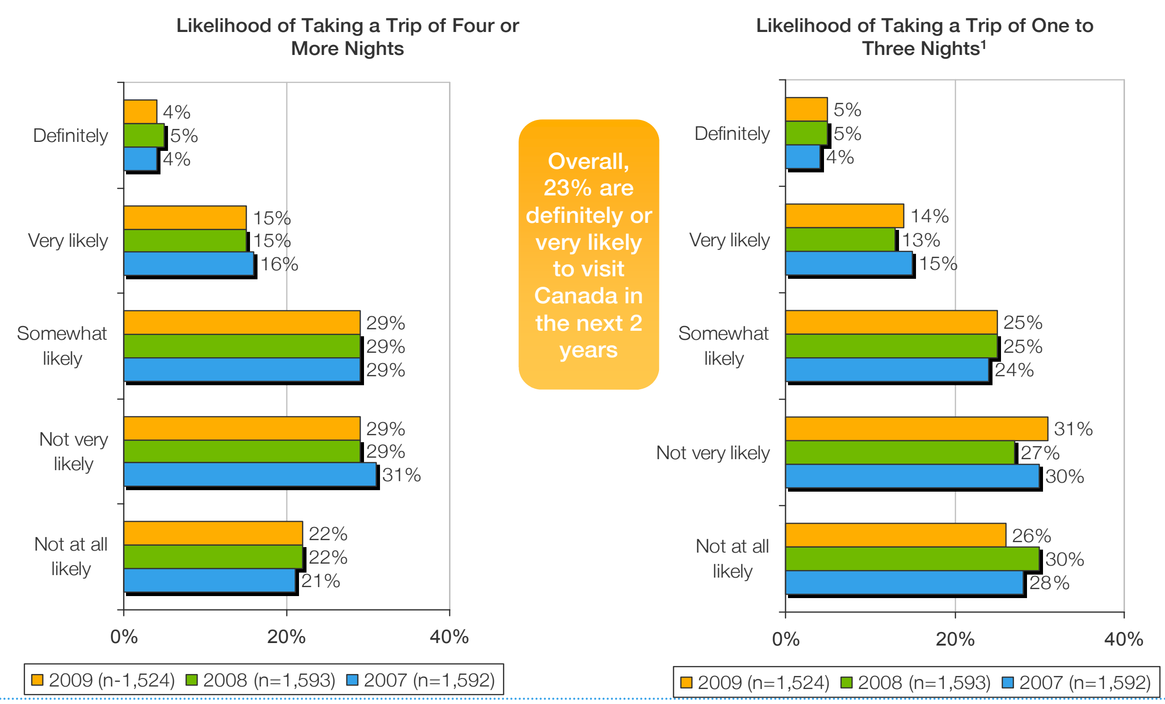
Outlook on Travel to Canada and the Regions in the Next 2 Years

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 2007, with a total of 23% who are likely to visit Canada in the next two years.

That the travel intentions indicator has not dropped off like consideration and interest have, suggests that Canada's core market consists of die-hard travellers who have not yet been deterred by external conditions. This is supported by a market outlook indicator of +33 for those likely to visit Canada, compared with +12 for the market as a whole and +15 for those merely interested in Canada. Another determining factor is that these travellers are more likely to have friends and relatives in Canada (i.e., an added impetus to visit) and are somewhat more affluent (i.e., less likely to suffer from the economic downturn).

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 the immediate potential.

The target market is a broader estimate of the market size based on expressed interest among German travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of 10.9 million travellers with some affinity for Canada, down considerably 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 over 3.4 million travellers with more immediate potential for conversion. As noted earlier, the travel outlook for this group of die-hard travellers has not dampened to the same extent as the market as a whole.

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	73%
Size of the target market	10,889,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years [1]	23%
Immediate potential	3,431,000

Base: Long-haul pleasure travellers (n=1,524).
Note: [1] Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations[2] 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.

Little has changed in terms of the top five regions German travellers are likely to visit, with Ontario, British Columbia, Québec, Alberta and Yukon continuing to be the most favoured regions in 2009. Interest in parts of western Canada has grown this year, specifically British Columbia (driven by gains for Vancouver, Victoria and Whistler), and Alberta (driven by increases for Calgary, Edmonton and Jasper). Nova Scotia is the only other province to enjoy markedly greater appeal in this market in 2009.

While the popularity of Ottawa and Toronto increased significantly, that of Ontario overall did not, perhaps pointing to a deeper interest in multi-destination trips within this province.

With 4 out of 10 travellers interested in the North and 3 out of 10 interested in the Prairies, German travellers continue to demonstrate high interest in what are niche destinations for many other GTW markets. Again, these regions may benefit from a stronger marketing focus in Germany.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	AB	SK	MB	ON	YK	NT
Immediate potential for Canada	3,431,000						
Likely to visit region[1]	82%	58%	16%	22%	84%	34%	18%
Immediate potential for the regions	2,813,000	1,990,000	549,000	755,000	2,882,000	1,167,000	618,000
Most popular destinations within region	Vancouver (68%) Victoria (28%) Whistler (15%)	Calgary (37%) Edmonton (16%) Banff (12%) Jasper (11%)	n/a	n/a	Niagara (68%) Toronto (63%) Ottawa (34%)	n/a	n/a

Base: Long-haul pleasure travellers (n=1,524).
[1] Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=834).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

[2] CTC partner regions only. (British Columbia, Alberta, Saskatchewan, Manitoba, Ontaio, Yukon and Northwest Territory)

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators[3] – 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. The exhibit (**Exhibit 4**) shows a roll-up of the awareness results for Canada. The country roll-up figure is the total awareness for a country, including all sub-destinations (i.e., total awareness for Canada includes mentions of "Canada" itself and all destinations within Canada).

Awareness of most leading long-haul destinations is down notably from last year, including Canada, which dropped by four percentage points to hit 19%. Also down significantly are Australia, New Zealand, China, Thailand and South Africa, with the US exhibiting a strong downward trend. These widespread declines are no doubt a sign of the times, reflecting a more hesitant long-haul travel market and a dampened interest in pursuing major holidays at this time.

Mirroring the prevailing downward trend, unaided advertising awareness for many key long-haul destinations has softened this year. Canada suffers the steepest drop of any destination (see **Exhibit 4**), with awareness cut by more than half (from 13% in 2008 to 6% in 2009). The US, Australia, South Africa, New Zealand and China also saw declines in the range of three to four percentage points. Advertising awareness for Thailand has fallen as well, but not significantly. Although Canada hangs on to its third place ranking in the advertising stakes, it has clearly lost ground to the US and Australia, being rated alongside the second-tier destinations this year.

Exhibit 4 shows the travel destinations German travellers are considering visiting on long-haul trips in the next two years. A downward trend is apparent here as well, with Canada, Thailand and South Africa all seeing significant drops since last year. Consideration of the US is also veering downward, although it still has an impregnable lead over Australia and Canada at 32%.

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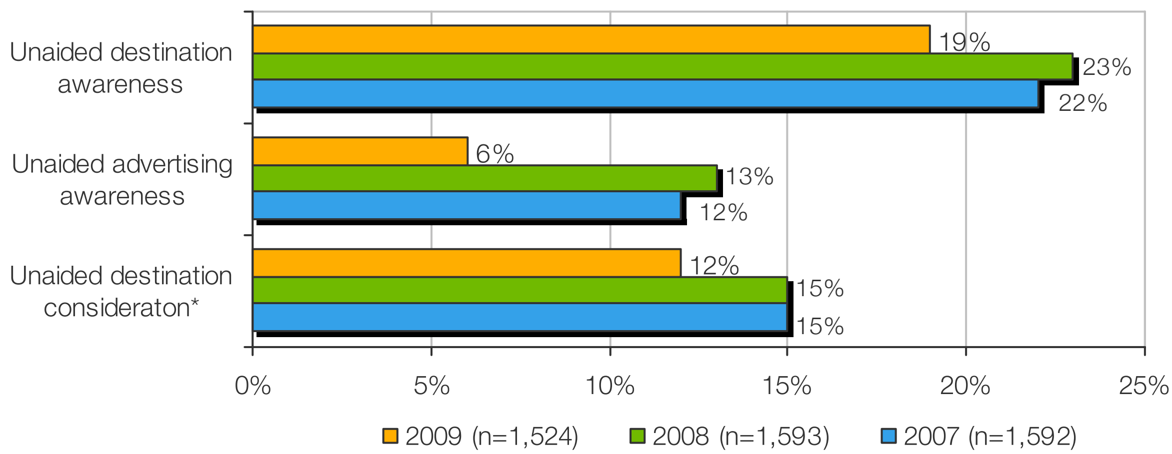
[3] Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: International pleasure travellers

** Base : Those who are planning on taking a long-haul trip in the next two years 2009 (n=1,246) / 2008 (n=1,286) / 2007(n=1.301)*

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

Recent and Potential Visitors from Germany.

Target Market for Canada

Compared with other GTW markets, the German market is one of the oldest, with over a third who are 55 plus (see **Exhibit 5**). Over two-thirds of German travellers are married, more than half have a college/university education and just over a quarter have household incomes in excess of 4,000 Euro per month (roughly CDN$78,000 per year[4]).

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 ongoing influence of VFR (Visiting Friends and Relatives) in driving travel to Canada. Recent visitors are also more likely to be married with children, a trend that has been strengthening since 2007, indicating that Canada may have growing appeal as a family destination in the German market. This is a positive finding as the trade reports they are currently seeing an increased demand for family travel.

Travellers to Canada are also distinctly more affluent, with close to 40% who have monthly household incomes in excess of 4,000 Euro per month. Clearly, Canada continues to appeal to a more upscale segment of the market, and marketing efforts should be targeted appropriately.

[4] Exchange rate (March 2, 2009): 1 Euro = CDN$1.6214

Exhibit 5 – Target Market Demographics

Gender	All L-H Travellers (n=1,524)	Recent Travellers to Canada (n=309)	Interested in Canada (n=632)
Female	47%	49%	49%
Age			
18 to 24	10%	10%	8%
25 to 34	19%	19%	18%
35 to 44	22%	24%	22%
45 to 54	15%	19%	16%
55 or older	34%	29%	36%
Close Friends or Relatives Living in Canada			
Yes	17%	39%	22%
Have Children in Household Under 18			
Yes	25%	33%	28%
Marital Status			
Married / partnered	68%	74%	71%
Single / never married	19%	19%	16%
Other (e.g., separated, divorced, widowed)	14%	$\boxed{7\%}$	12%
Education			
High school or less	31%	33%	33%
Technical / vocational	13%	11%	12%
Completed college / university	54%	56%	54%
Employment Status			
Employed full-time / part-time	68%	75%	68%
Housewife / homemaker	5%	3%	4%
Retired	13%	11%	14%
Unemployed	3%	1%	3%
Student	9%	6%	8%
Occupation			
Self employed or cooperative farmer	3%	2%	4%
Self-employed academic or professional	6%	10%	5%
Self-employed (sales, handicrafts, industry, services)	9%	10%	11%
Civil servant, judge, career military	9%	7%	9%
Salaried employee, white-collar worker	54%	58%	54%
Labourer, blue-collar worker	7%	6%	7%
Other	11%	$\boxed{7\%}$	10%
Average Monthly Household Income			
Less than 2000 €	27%	$\boxed{18\%}$	25%
2000 to under 3000 €	26%	25%	28%
3000 to under 4000 €	21%	19%	21%
4000 to under 6000 €	16%	23%	18%
6000 € or more	10%	15%	9%

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[5]

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 British Columbia, Ontario and Alberta 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.

The most distinctive regional segment is potential visitors to Alberta, who tend to be young (only 12% are 55 plus) and single. They are also more likely to have close friends or family living in Canada (36%).

[5] CTC partner regions only. (British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Yukon and Northwest Territories)

Exhibit 6 - Target market for Canada's regions

Gender	Total[1] (n=834)	BC[3] (n=217)	ON[3] (n=374)	AB[3,4] (n=64)	North[2] (n=323)	SK[2] (n=132)	MB[2] (n=174)
Female	44%	40%	48%	51%	42%	42%	39%
Age							
18 to 24	9%	6%	10%	7%	8%	6%	7%
25 to 34	20%	22%	18%	36%	21%	20%	20%
35 to 44	23%	20%	24%	23%	21%	22%	19%
45 to 54	16%	13%	17%	22%	17%	25%	22%
55 or older	33%	38%	31%	12%	33%	28%	32%
Close Friends or Relatives Living in Canada							
Yes	23%	28%	18%	36%	23%	29%	28%
Have Children in Household Under 18							
Yes	28%	24%	31%	32%	30%	35%	34%
Marital Status							
Married / partnered	71%	73%	72%	60%	71%	72%	72%
Single / never married	17%	16%	16%	32%	16%	12%	10%
Other	12%	11%	12%	8%	13%	15%	18%
Education							
High school or less	28%	26%	31%	27%	32%	31%	35%
Technical / vocational	15%	12%	17%	23%	13%	12%	18%
Completed college / university	56%	62%	51%	50%	53%	56%	46%
Employment Status							
Employed full-time / part-time	71%	69%	74%	71%	70%	82%	73%
Housewife / homemaker	5%	5%	4%	7%	6%	2%	6%
Retired	11%	15%	9%	8%	10%	9%	10%
Unemployed	3%	2%	3%	8%	4%	2%	4%
Student	8%	7%	8%	6%	8%	5%	6%
Occupation							
Self employed or cooperative farmer	2%	4%	2%	1%	1%	2%	3%
Self-employed academic or professional	7%	10%	5%	1%	6%	11%	8%
Self-employed (other)	10%	13%	8%	12%	13%	12%	15%
Civil servant, judge, career military	10%	9%	9%	14%	10%	9%	9%
Salaried employee, white-collar worker	55%	49%	59%	62%	53%	53%	50%
Labourer, blue-collar worker	6%	4%	8%	6%	6%	5%	6%
Other	10%	11%	9%	5%	10%	9%	9%
Average Monthly Household Income							
Less than 2000 €	23%	21%	23%	23%	21%	21%	22%
2000 to under 3000 €	30%	24%	37%	31%	32%	31%	28%
3000 to under 4000 €	20%	23%	17%	16%	20%	17%	23%
4000 to under 6000 €	16%	17%	15%	12%	15%	16%	18%
6000 € or more	12%	15%	9%	17%	12%	14%	9%

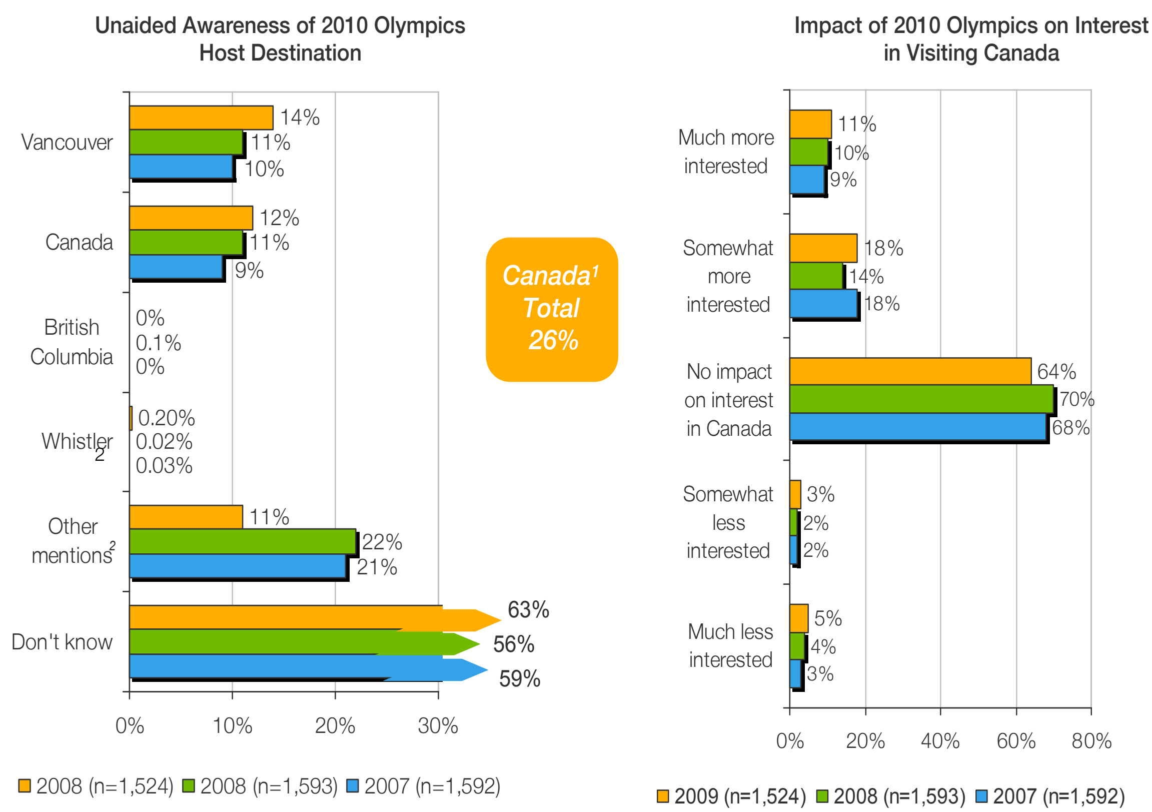
Notes:
[1] Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Those likely to visit the region.
[3] Those most likely to visit the region.
[4] Results should be interpreted with caution due to the small sample size.

The Impact of the 2010 Winter Games on Travel to Canada

With the Beijing Olympic Games behind us, **Exhibits 7** shows that awareness of Canada as the host of the 2010 Olympic Games has surged. Not only has the proportion of people identifying Canada as the host country climbed steadily since 2007, but those aware that Vancouver is the specific location has risen as well.

In addition, the impact of the Games on interest in Canada has increased from 24% last year to 29% this year. Although a positive sign, this is still low compared with the non-European markets, indicating that the Games are unlikely to yield a spike in German visitor flows.

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 destinations of than Canada

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 in Germany, including beautiful scenery, national parks/protected areas and exploring nature close to cities. Like last year, multi-day self touring also emerges as a strong point for Canada.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. For Germany, these centre on outdoor pursuits such as skiing/snowboarding vacations, winter activities, summer activities and multi-day land-based (e.g., hiking and biking) and water-based (e.g., canoeing/kayaking) journeys. Among these, summer activities are in most need of improvement, given the importance of warm weather pursuits in the German market. Resorts in natural settings is also a niche that is in need of development as it barely edges in as a strength.

Product Weaknesses

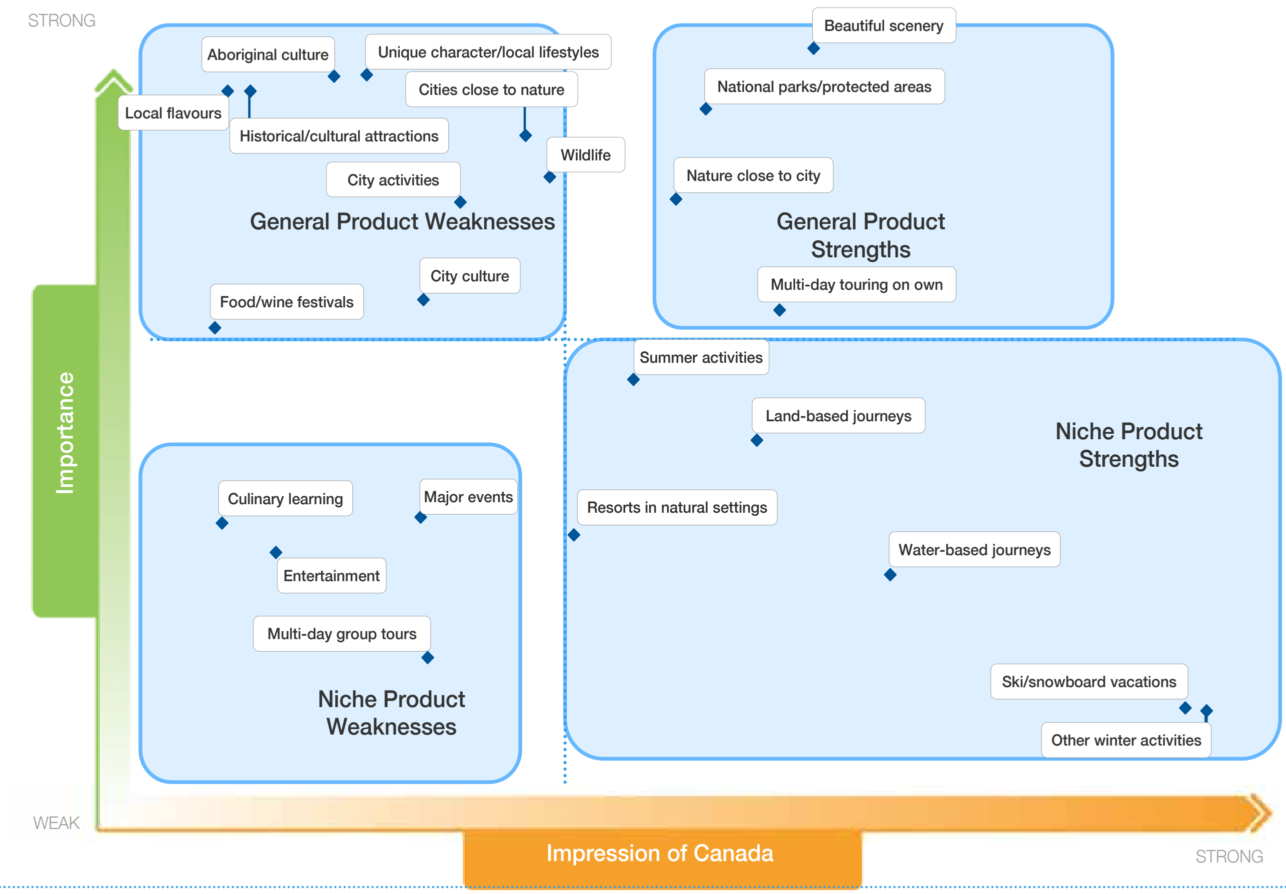
General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. Canada continues to face challenges in positioning itself as a destination for cultural experiences, with many of its weaknesses relating to cultural offerings, including aboriginal culture, unique character/local lifestyles and historical/cultural attractions. Improving perceptions of Canada's cultural offerings is paramount in this market as these are inevitably at the top of German travellers' to do lists.

While nature close to cities is viewed as a strength for Canada, cities close to nature is seen as a weakness. Even when tied into nature, Canada's weaknesses on the urban front emerge loud and clear. City activities (e.g., sightseeing, shopping) and urban culture (e.g., galleries, theatre) are also major shortcomings for Canada.

Canada is also not seen as a destination for food lovers or culinary explorers, with sampling local specialties and food/wine festivals among the very weakest of its products.

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. Canada has only four niche weaknesses in the German market, with culinary learning experiences again being the worst. Entertainment, guided group tours and major events are other niche weaknesses.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,524).

German Views on Environmentally-friendly Travel Products[6]

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.

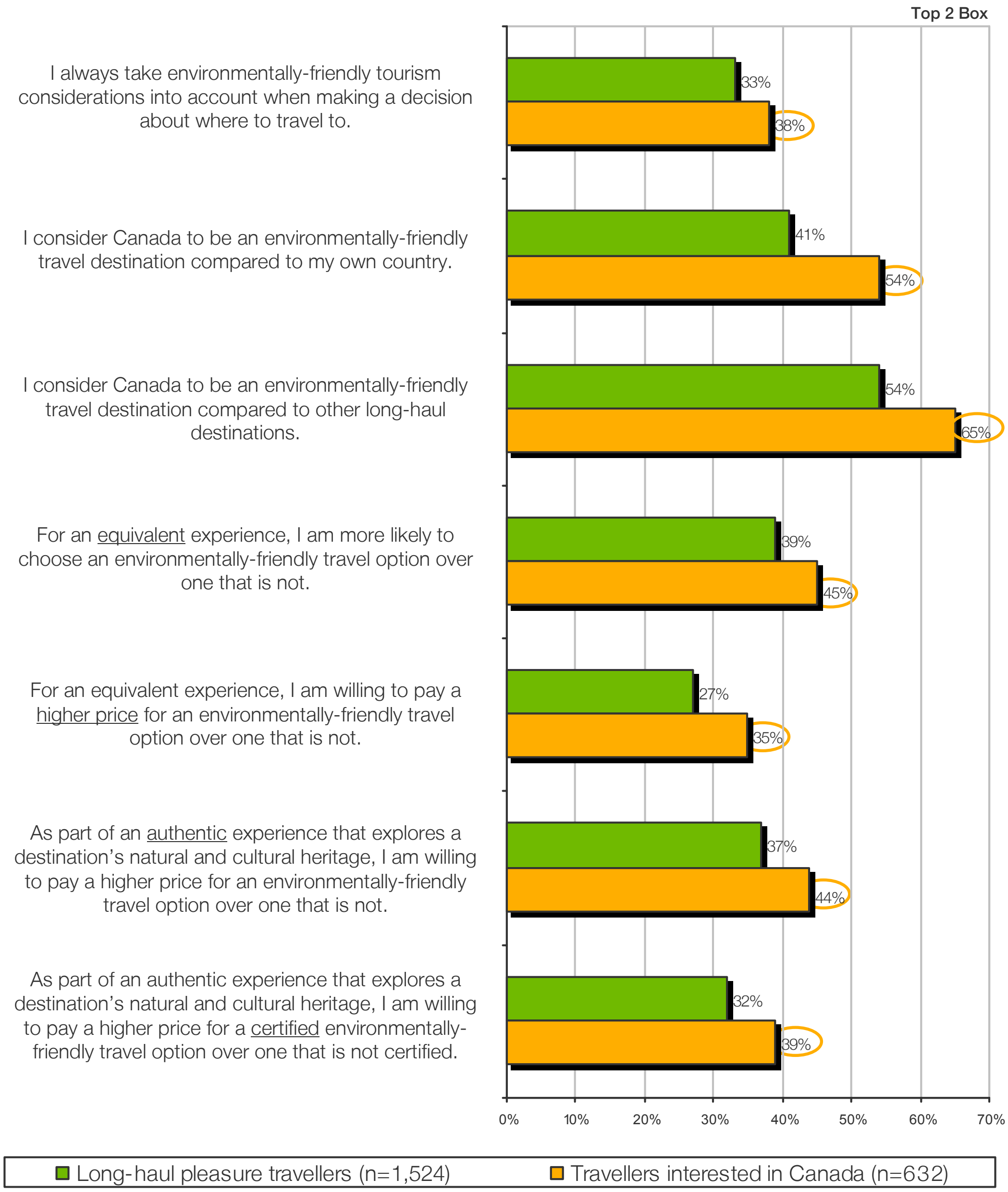
Exhibit 9 shows that just over 40% of German travellers consider Canada to be an environmentally-friendly travel destination relative to their own country, and even more (54%) feel it is environmentally-friendly relative to other long-haul destinations.

Approximately one in three travellers take environmentally-friendly considerations into account in their destination decision-making. A somewhat higher proportion (almost 40%) will choose an eco-friendly travel option over one that is not, however, just 27% are willing to pay more for it. This figure increases to 37% if the eco-friendly option is part of an authentic travel experience that explores a destination's natural and/or cultural heritage. However, no further gains are seen for a certified product.

Canada's potential market is generally more environmentally-conscious, with significantly higher ratings across the board.

[6] Question changed in 2009, therefore results are not comparable to past years.

Exhibit 9 – Attitudes Toward Environmentally-Friendly Travel



Base: Long-haul pleasure travellers.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

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.

Travellers interested in Canada: those who are very interested in visiting Canada in the next two years.

How Canada is Perceived by German Travellers

Unaided Brand Personality Perceptions

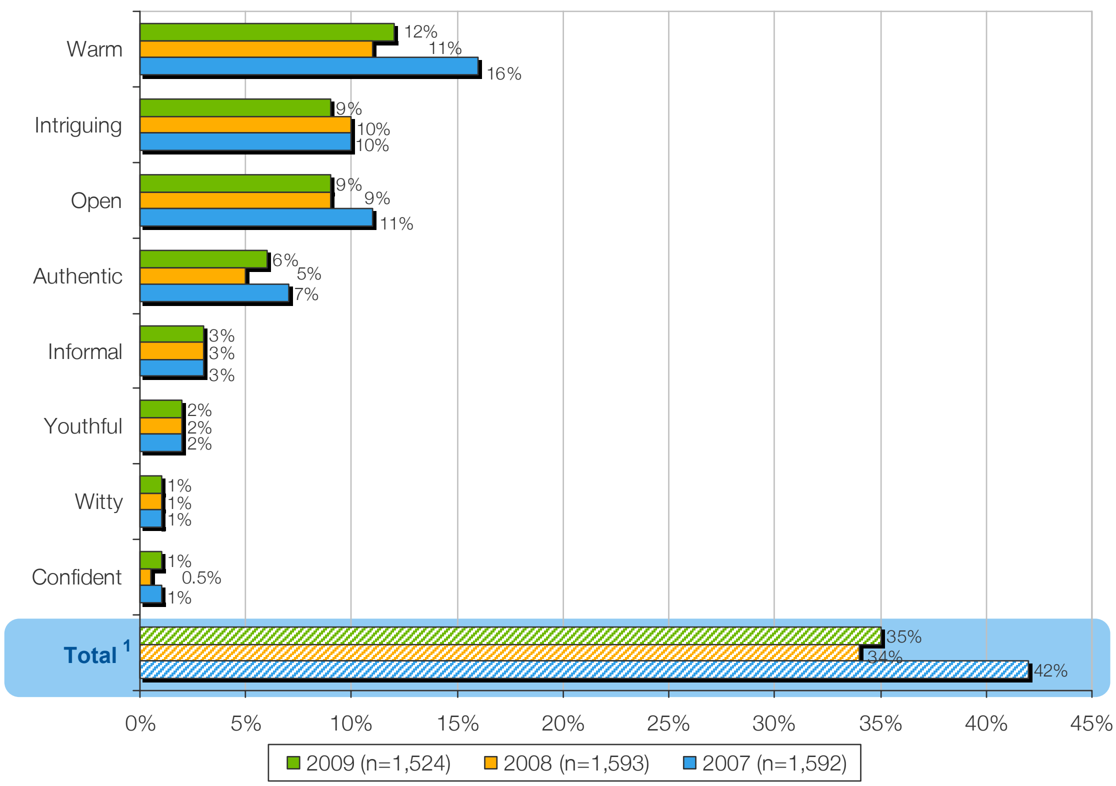
Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality 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).

Consistent with the past two years, four brand Canada personality traits rise above the rest – Warm, Intriguing, Open and Authentic – all with scores in the range of 6% to 12% (see **Exhibit 10**). Aside from Intriguing, the prevailing view of Canada among German travellers largely ties into the traits that are carry-overs from the older brand. The more vibrant dimensions (e.g., Youthful, Witty and Confident) remain fairly weak, with no real progress made since 2007. Clearly, there is a need to push these aspects of Canada's brand personality and to instil it with a more lively and colourful image.

In addition, none of the traits score particularly highly on an unaided basis, with many at the low end of the scale when benchmarked against other markets. In fact, the total of 35% who mention any of the eight brand Canada traits is among the lowest of any market, pointing to an apparent disconnect with the image that the CTC and its partners are attempting to convey.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

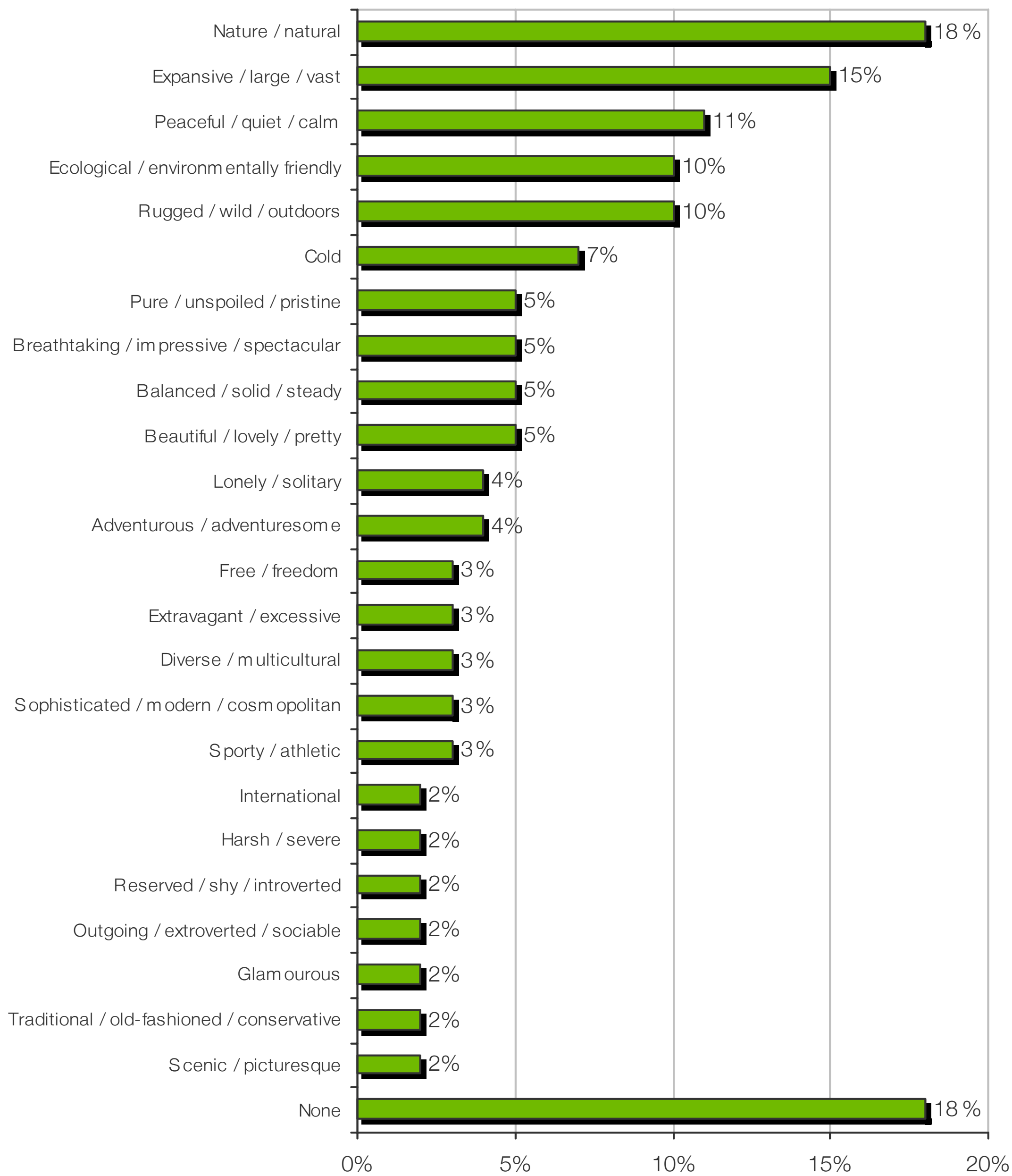
[1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

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 a quarter of all respondents, followed by a variety of specific descriptors like vast (15%), peaceful (11%), rugged/wild (10%), unspoiled (5%), breathtaking (5%), beautiful (5%) and adventurous (4%). In addition, 10% consider being ecological or environmentally friendly an integral part of the Canadian brand personality.

There are some negative connotations as well, with mentions of cold (7%), lonely/ solitary (4%) and harsh/severe (2%) likely alluding to Canada's northern climate and imagery. While a small segment of Germans are keen to see the Northern part of the country, the view of Canada as cold, inhospitable and remote is generally a major deterrent for German travellers, the vast majority of whom are fond of sun and sand.

Cultural and urban mentions continue to be few and far between, including traits such as diverse/multi-cultural, sophisticated/modern/cosmopolitan, international, extravagant and glamourous (each cited by 2% to 3% of travellers). That these attributes are clustered together at the end of the list suggests that Canada is not really viewed as a popular or trendy destination, calling for a greater marketing focus on the country's cosmopolitan cities, intriguing culture and vibrant nightlife to broaden out its traditional image.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,524).

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:

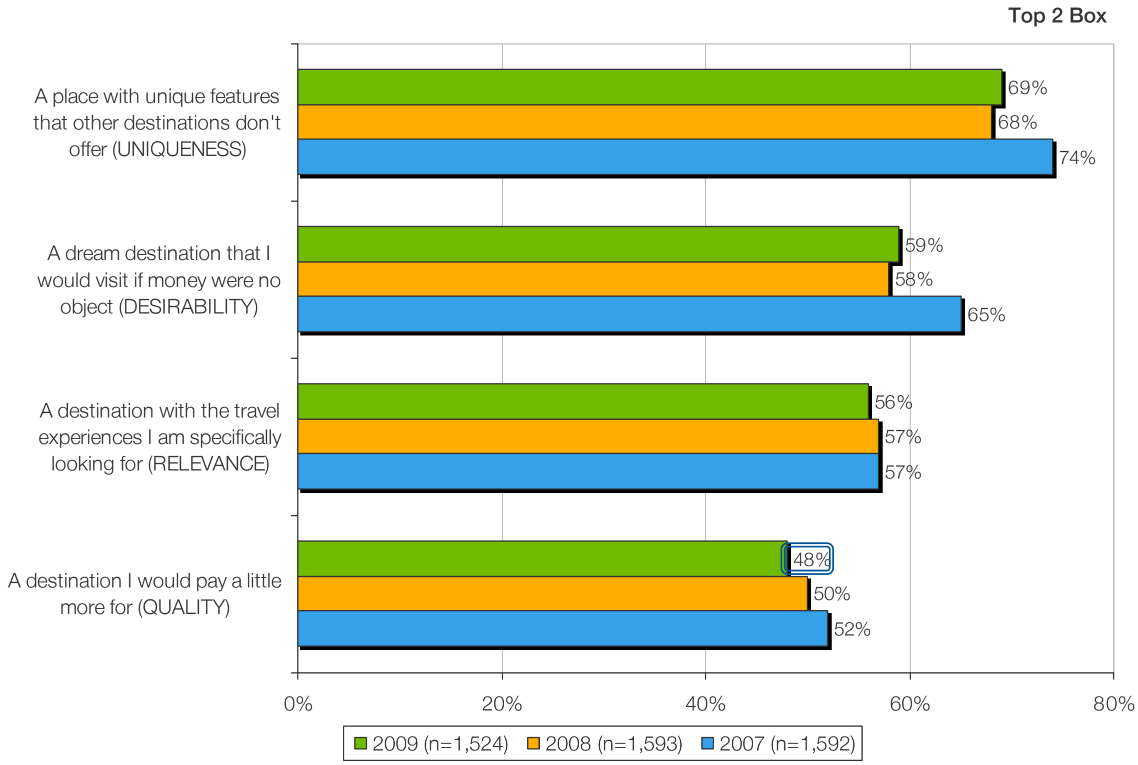
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

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

Although there have been no substantial changes in the ratings since last year, **Exhibit 12** shows that most scores are now down significantly from 2007 levels. Most notably, Quality perceptions have continued to deteriorate this year, falling to 48%, which is now significantly below the 52% posted in 2007. According to the German travel industry, customers have been forced to cut back on the frequency of travel, and as a result, expect to get more out of the trips they do take. This has made travellers more demanding and quality-conscious in their destination choices, a mindset that may be reflected in the poorer quality rating for Canada this year.

In addition, Uniqueness and Desirability have failed to recover from 2008's substantial declines, making Relevance the only value component that has held steady over the last two years.

Exhibit 12 – Value Perceptions



Base: Long-haul pleasure travellers.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Blue squares indicate a result that is significantly lower than 2008.

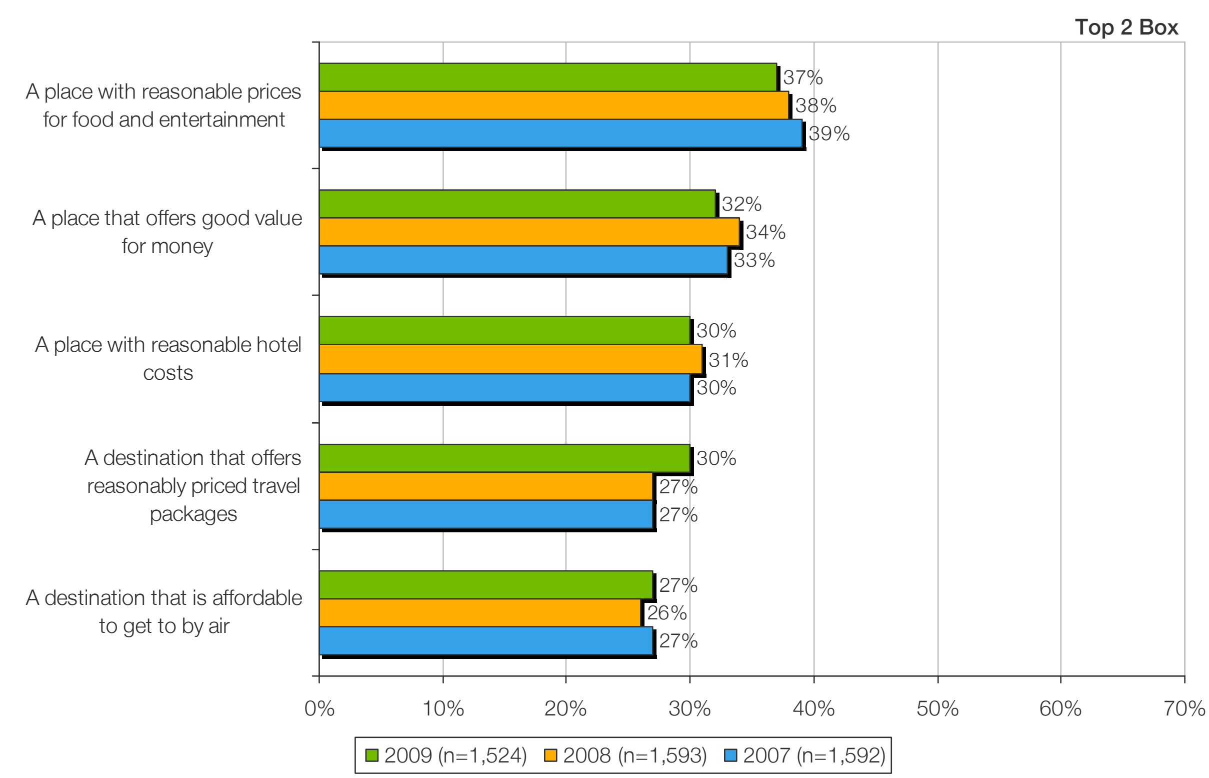
Price Perceptions

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.

Neither has there been a material change in any of the individual index components, with scores remaining fairly low across the board. At 32%, the value for money rating stands out as being particularly poor when compared with other GTW markets.

While the Euro has fallen against the US dollar, the yen and other major currencies, it has held its own against the Canadian dollar, which may give Canada some advantages in courting German travellers. This may be one reason why the Price Perceptions have not slipped in concert with the Brand and Value Perceptions. It may also explain why German travel flows to Canada have remained stronger than those to the US over the past few months.

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 where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

Despite a change in the list of motivational attributes this year to harmonize the reasons for wanting to visit Canada with the motivations for long-haul travel in general, the German interest in nature emerges strongly once again (see **Exhibit 14**). National parks/protected areas and beautiful scenery are the top two reasons for travelling to Canada, both mentioned by almost 85% of travellers likely to visit Canada. In addition, exploring nature close to a cosmopolitan city rounds out the top three motivations at 77%. Interestingly, exploring cities close to nature is almost 10 percentage points lower, no doubt driven downward by perceived weaknesses in Canada's city product.

While Canada does not tend to fare well on cultural attributes generally, the good news is that there is some recognition of the country's unique cultural offerings among likely visitors. Experiencing Canada's unique character/local lifestyles and aboriginal culture/attractions are key motivations for around three-quarters of travellers, while historical and cultural attractions also garner a healthy rating at just under 70%. Not surprisingly then, likely visitors rate Canada's cultural products significantly better than the long-haul market at large (i.e., four to five percentage points higher), with a stronger competitive positioning in each case. These results underscore the importance of having strong product diversity and a broad appeal in driving purchase intentions.

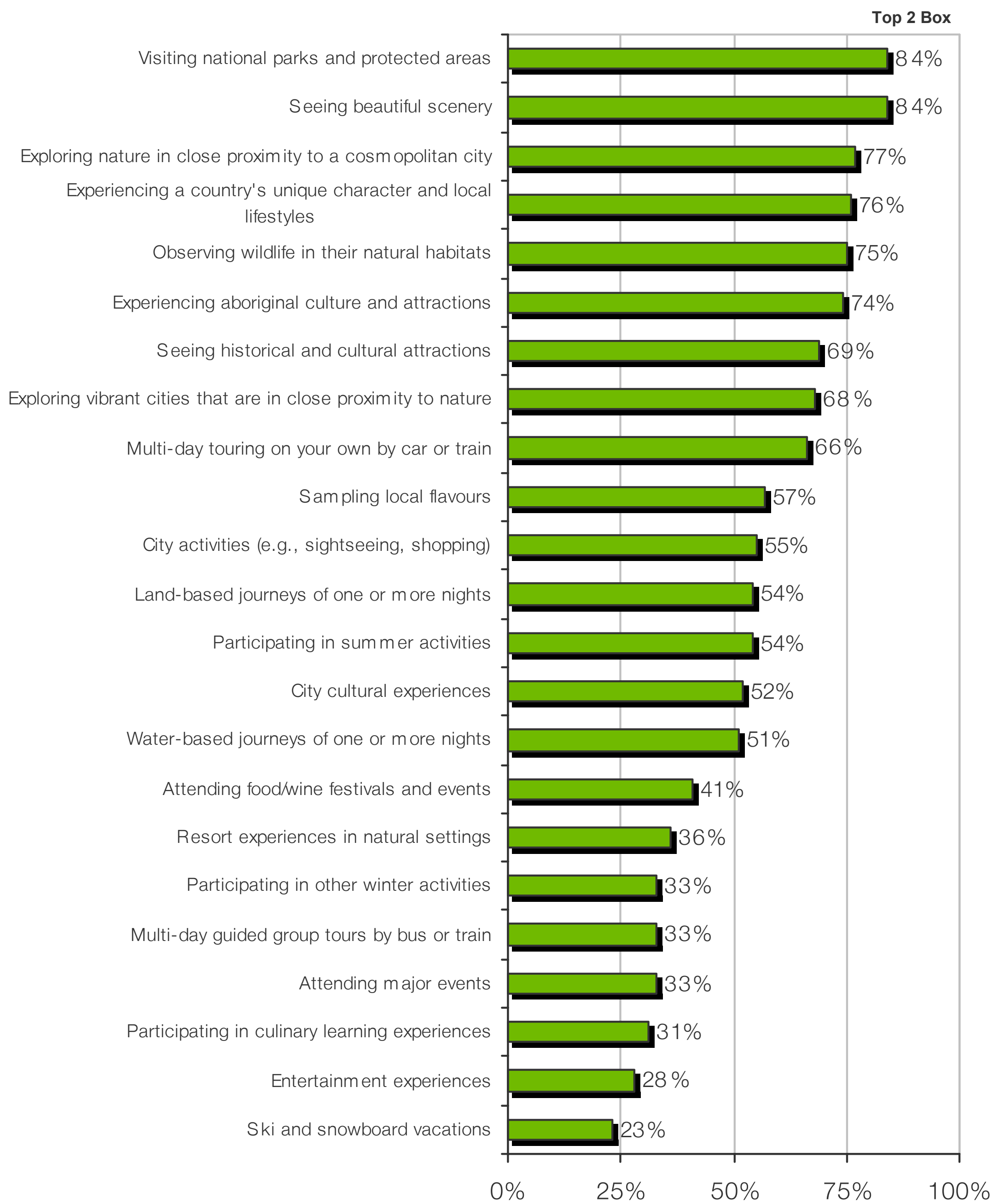
Reflecting both general travel preferences in the German market and Canada's own product strengths, multi-day self touring is a far greater motivator for travel to Canada than multi-day guided tours are, with twice as many travellers (66% vs. 33%) identifying this as a major reason to visit.

Standard tourist fare in the big city (e.g., sightseeing, shopping, sampling local specialties) is in the mid-range as an appealing reason to visit Canada, mentioned by 55% to 57% of travellers. City cultural experiences (e.g., visiting museums and galleries, going to the theatre) also have a moderate influence in attracting travellers at 52%.

While Canada is perceived as being stronger on water-based journeys than on land-based journeys, the latter (e.g., multi-day hiking and biking) is far more popular among German travellers, and accordingly, registers higher as a pull factor for Canada at 54%. Day-long summer activities such as day hikes, cycling and fishing are also at 54%.

Other motivations are far less important for travellers (i.e., under 50%). Among these are culinary experiences (e.g., food/wine festivals, culinary learning experiences), which have already been identified as shortcomings for Canada. And while Canada is very favourably perceived for ski and snowboard vacations and winter activities, relatively few travellers are interested in these products, resulting in their placement towards the bottom of the list.

Exhibit 14 – Key Motivations for Visiting Canada



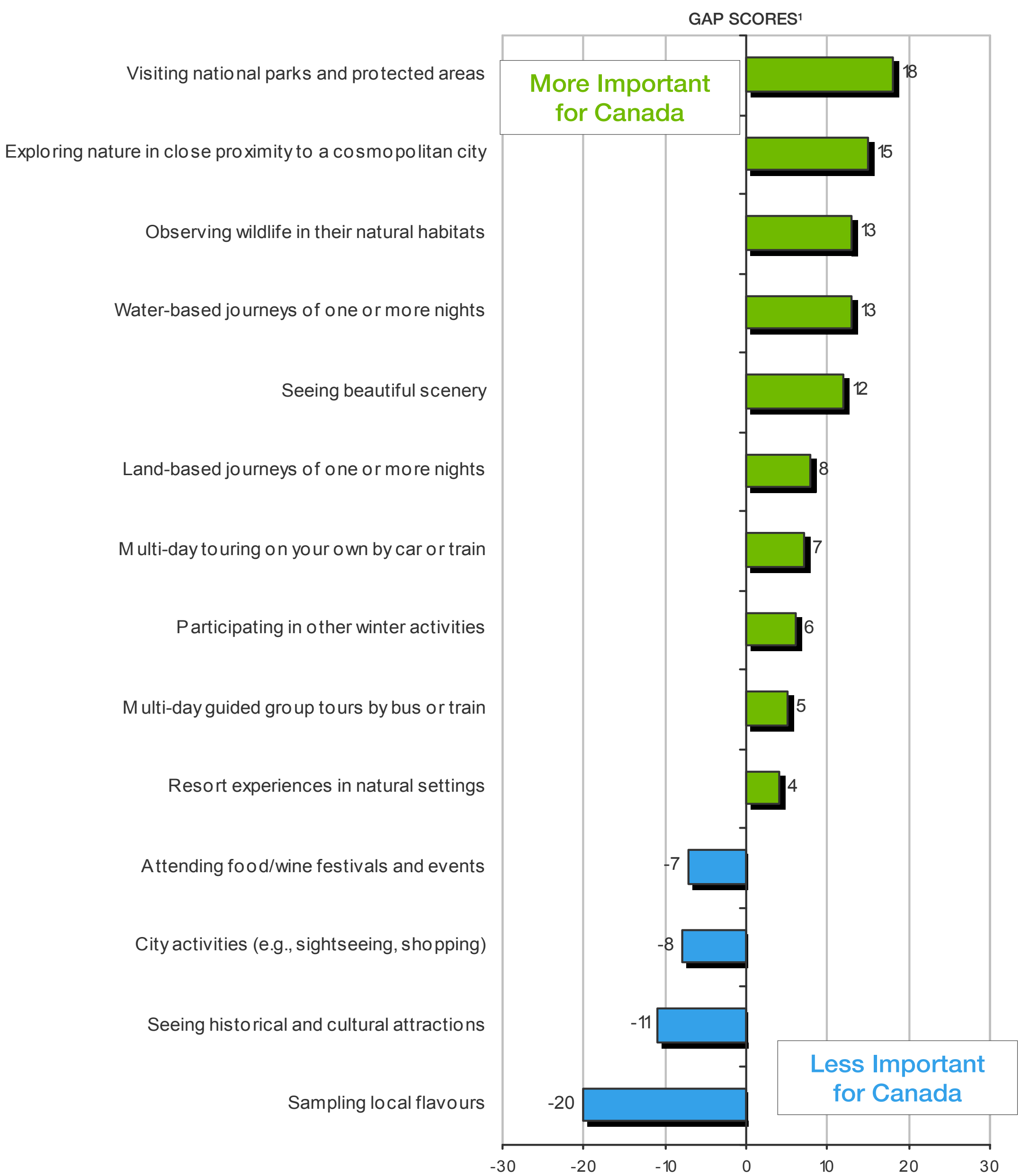
Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=881).

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale where 1 is "Very Unimportant" and 5 is "Very Important".

Exhibit 15 shows how the motivations for visiting Canada differ from those for long-haul travel as a whole. Not surprisingly, likely travellers to Canada are more likely to be seeking nature and scenery, water and land-based journeys, winter activities and resort experiences in natural settings, which essentially align with Canada's strengths. Multi-day touring is also a stronger motivation for travel to Canada than to other destinations.

On the other hand, German travellers don't typically come to Canada for the food, the cities or historical/cultural attractions. As seen in the competitive analysis, other destinations are perceived as having more to offer on these fronts.

Exhibit 15 – Diffrences in Motivations for Travel to Canada vs. Long-haul Destinations in General



Base: Motivations for travel to long-haul destinations in general: Long-haul pleasure travellers (n=1,524).

Base: Motivations for travel to Canada: 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=881).

Notes: Only significant differences are shown.

[1] A positive gap score indicates a motivation that is stronger for Canada relative to long-haul destinations in general. A negative gap score indicates a motivation that is weaker for Canada relative to long-haul destinations in general.

Regional Motivations[7]

Exhibit 16 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 (relative to other regions), while high negative values represent motivations that are of lesser *relative* importance.

The exhibit shows that:

- **British Columbia** is seen as ideal for ski/snowboarding vacations and major sporting events, but also for entertainment and self-touring.
- Travellers likely to visit **Ontario** are more likely to be motivated by food/wine festivals, historical/cultural attractions and aboriginal culture experiences.
- 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.

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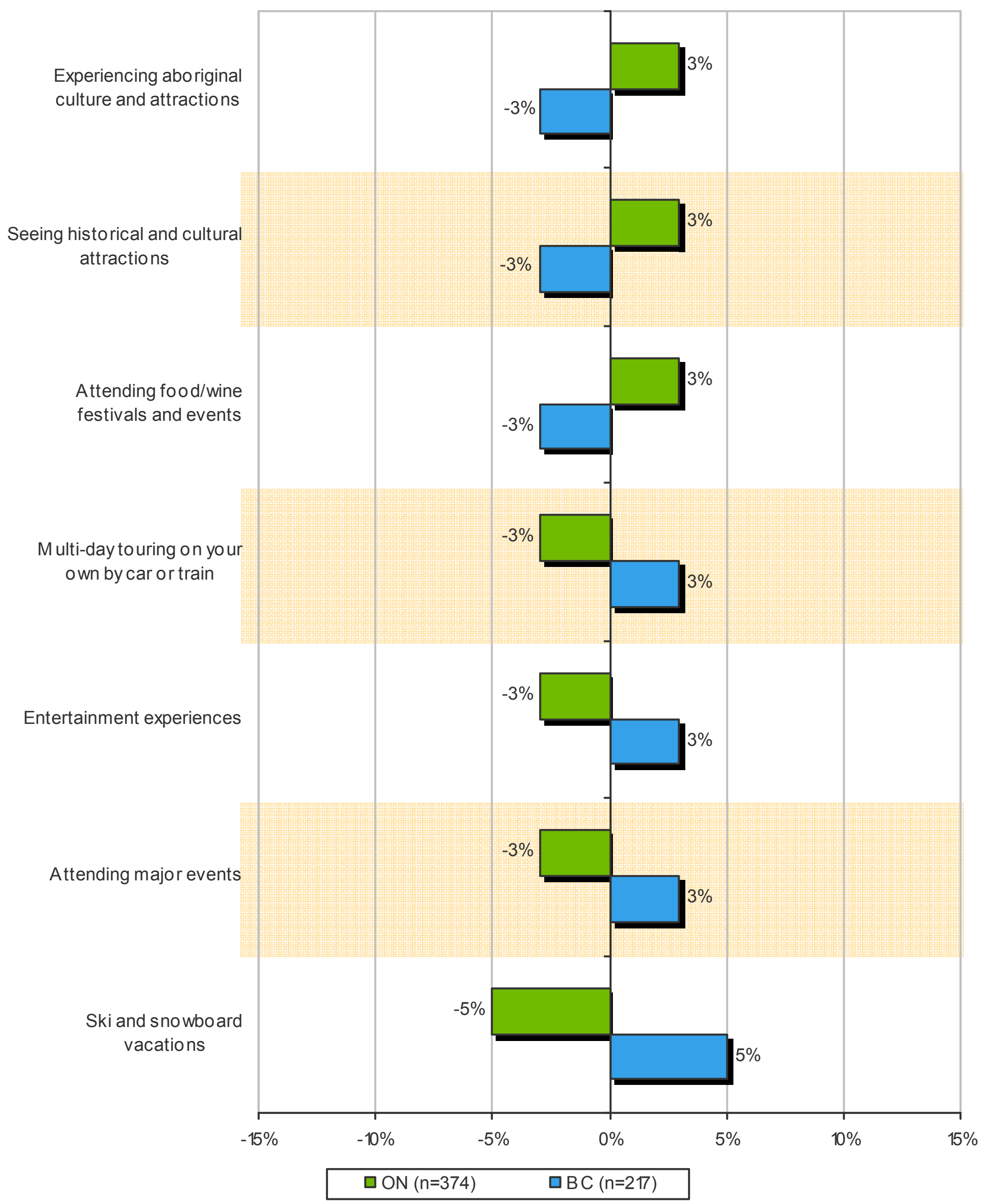
[7] Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



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

Notes: 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.

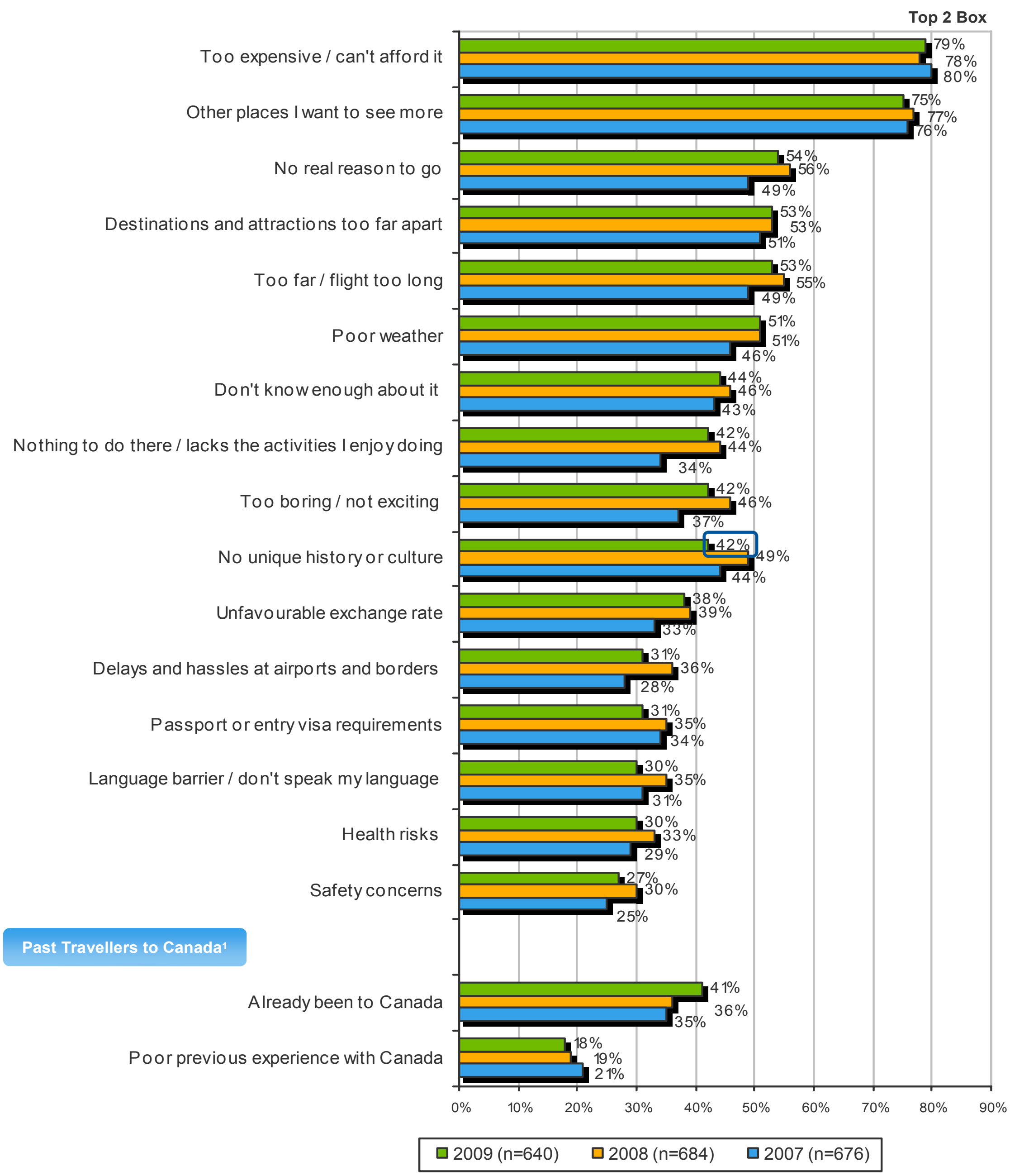
Barriers in Attracting Visitors from Germany

Barriers for Travel to Canada

Exhibit 17 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.

The two greatest challenges for Canada in encouraging Germans to consider Canada as a travel option continue to be cost and competition from other destinations, with 75% to 80% of travellers citing these factors as barriers in each year since 2007. Having no pressing reason to go and vast geographical distances also play a role in steering travellers away from Canada, mentioned by roughly 50% to 55% of travellers (again in all three years). Poor weather is the only other barrier to be mentioned by over 50% this year. As noted previously, German travellers tend to gravitate to warm weather destinations, so improving perceptions of Canada's weather is fairly critical in this market.

Exhibit 17 – 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 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

¹ Base is long-haul pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future (2009 n=108; 2008 n=91; 2007 n=100).

Sources of Information for German Travellers

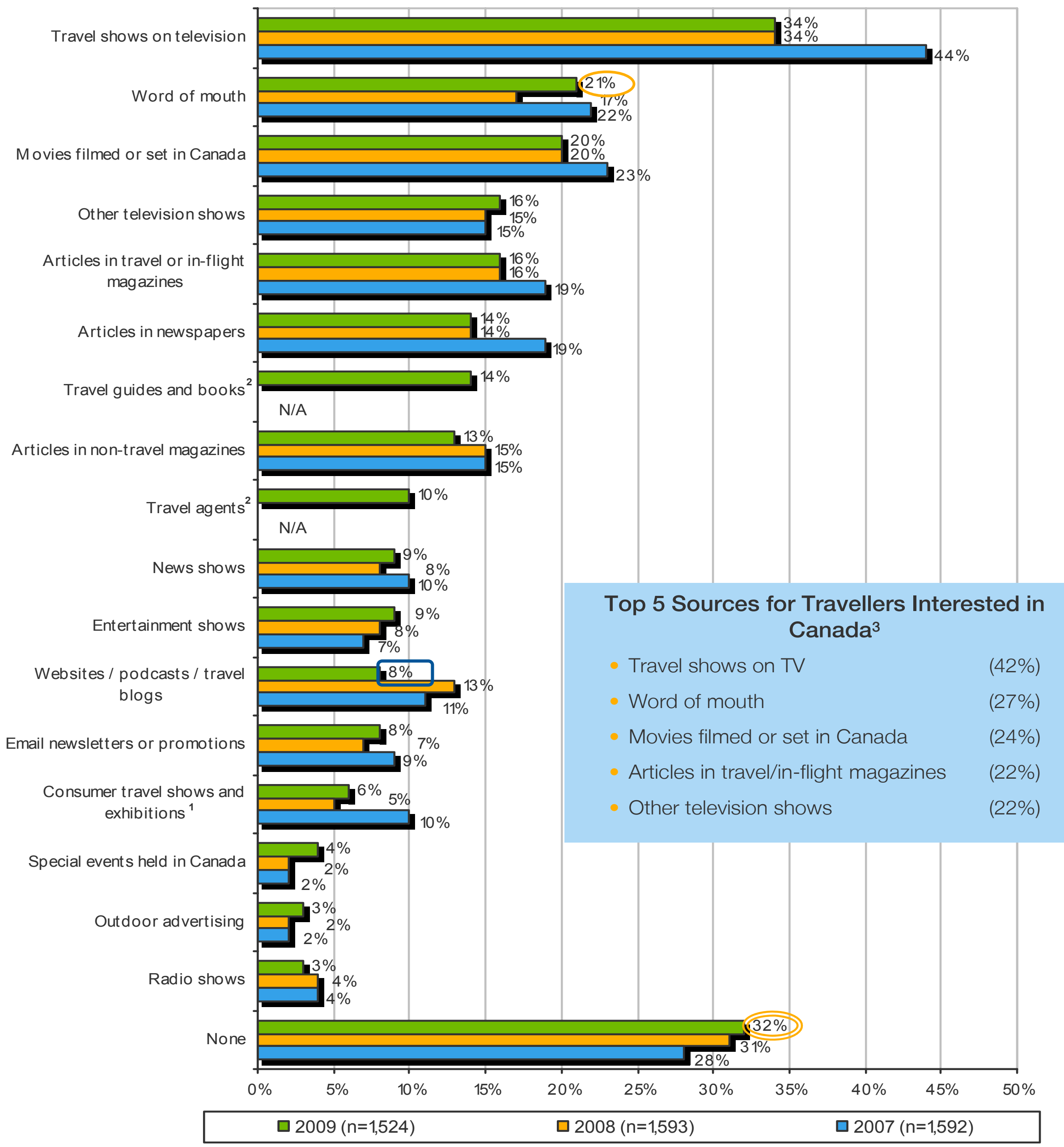
Sources of Information on Canada

As shown in **Exhibit 18**, the proportion of German travellers who saw information on Canada remained stable in 2009, but at 68%, is now considerably below 2007 levels. Most of the individual information sources have also held steady this year, with two key exceptions. Word of mouth has increased as a source of travel information on Canada, essentially returning to 2007 levels. In addition, websites/podcasts/travel blogs has declined by five percentage points, falling to a three-year low at 8% and dropping out of the top ten sources. Both the rating and the ranking are very low by GTW standards, suggesting that online media are best reserved for highly targeted campaigns rather than general awareness building.

Aside from these shifts, the top five information sources remain the same as last year – television travel shows, word of mouth, movies, other television shows and articles in travel magazines.

The same trends were seen for travellers interested in Canada, with word of mouth more important this year and websites less so.   In addition, other television shows is up from 16% to 22%, moving it into the top five. Generally, all of the sources shown in the exhibit have higher visibility among potential visitors, which is not surprising given the higher salience of Canada travel information to this group.

Exhibit 18 – Sources of Information on Canada (past 3 months)



Top 5 Sources for Travellers Interested in Canada[3]

- Travel shows on TV (42%)
- Word of mouth (27%)
- Movies filmed or set in Canada (24%)
- Articles in travel/in-flight magazines (22%)
- Other television shows (22%)

Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

[1] Item changed in 2008.

[2] Item changed in 2009.

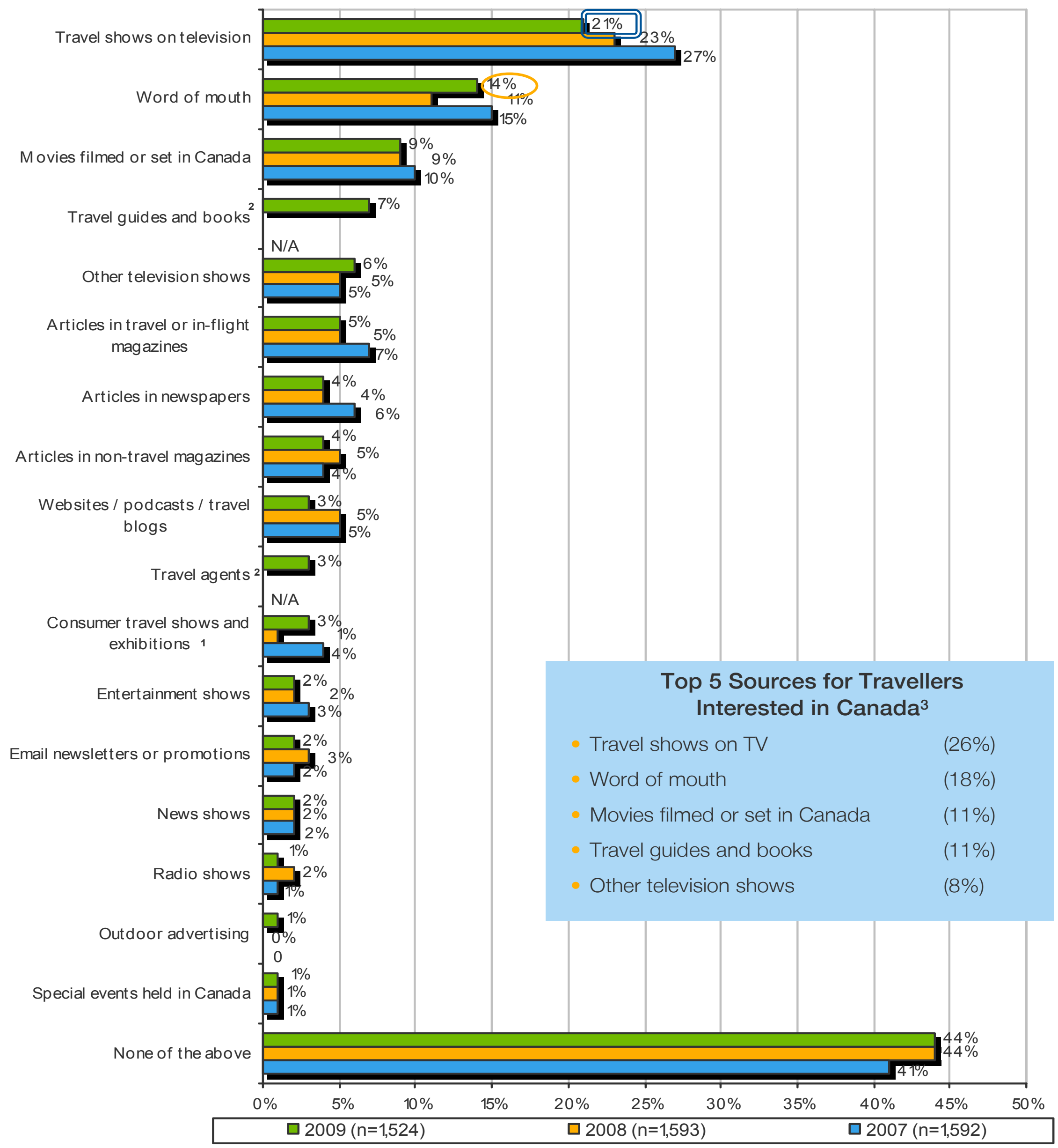
[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=632).

Top Information Sources for Increasing Canada's Appeal

For the most part, the information sources that German travellers view as being best for enhancing Canada's popularity and appeal are the same sources in which they are currently seeing information on Canada (see **Exhibit 19**). The main exception is that travel guides/books carry relatively more weight in bolstering Canada's attractiveness as a travel destination (ranked among the top five sources), as do online media (ranked as one of the top ten sources). Even so, these sources are selected by relatively few travellers, with television travel shows being the only media source with any real impact (at 21%).

Notably, word of mouth has seen renewed importance as a way to increase Canada's appeal this year, while travel shows have been declining steadily since 2007 in terms of perceived effectiveness.

Exhibit 19 – Top Information Sources for Increasing Canada's Appeal



Top 5 Sources for Travellers Interested in Canada[3]

- Travel shows on TV (26%)
- Word of mouth (18%)
- Movies filmed or set in Canada (11%)
- Travel guides and books (11%)
- Other television shows (8%)

Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

1 Item changed in 2008.

² Item changed in 2009.

³ Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=632).

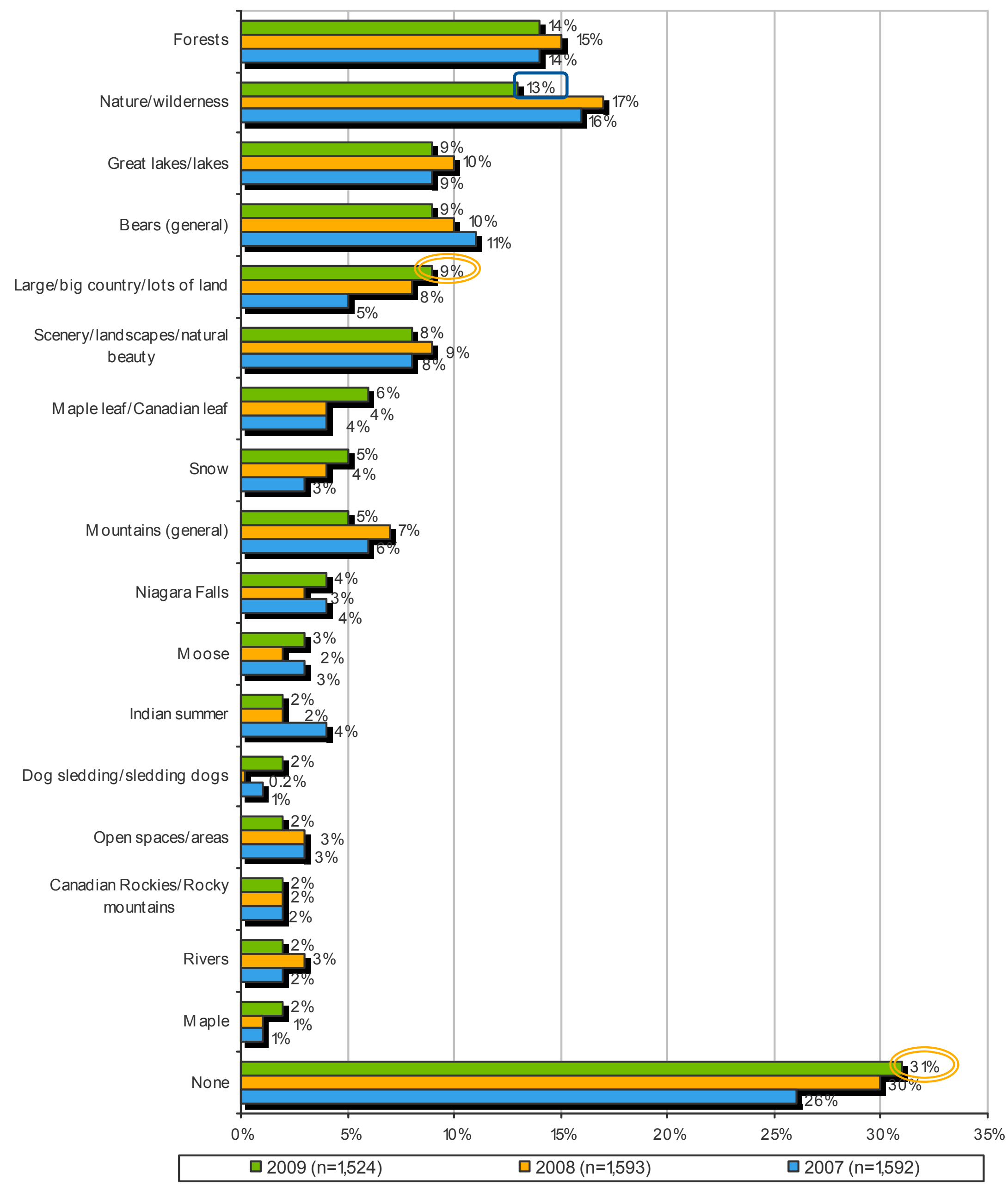
Icons or Images that Inspire Interest in Canada

Exhibit 20 shows the images and icons that inspire interest in Canada among German travellers. Both the 2007 and 2008 studies revealed that nature imagery was more frequently cited in Germany than in most other GTW markets, and this trend looks set to continue in 2009. Although general mentions of nature have dropped this year, mentions of forests, bears, lakes and scenery/landscapes continue to be notably high. Canada's vastness is also impressive to German travellers, and in fact, appears to be strengthening in terms of its ability to stir traveller emotions.

Mentions of Niagara Falls and the Rocky Mountains continue to be fairly minimal. In most other markets, one or both are inevitably among the top five icons of Canada. German travellers clearly think of nature more generally, rather than linking it to specific sites and landmarks in Canada.

As in past years, there are no mentions of cities/urban experiences, culture/history or Canada's peoples (aboriginal or otherwise), indicating that Canada's defining image in Germany is still focused squarely on nature and the outdoors.

Exhibit 20 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

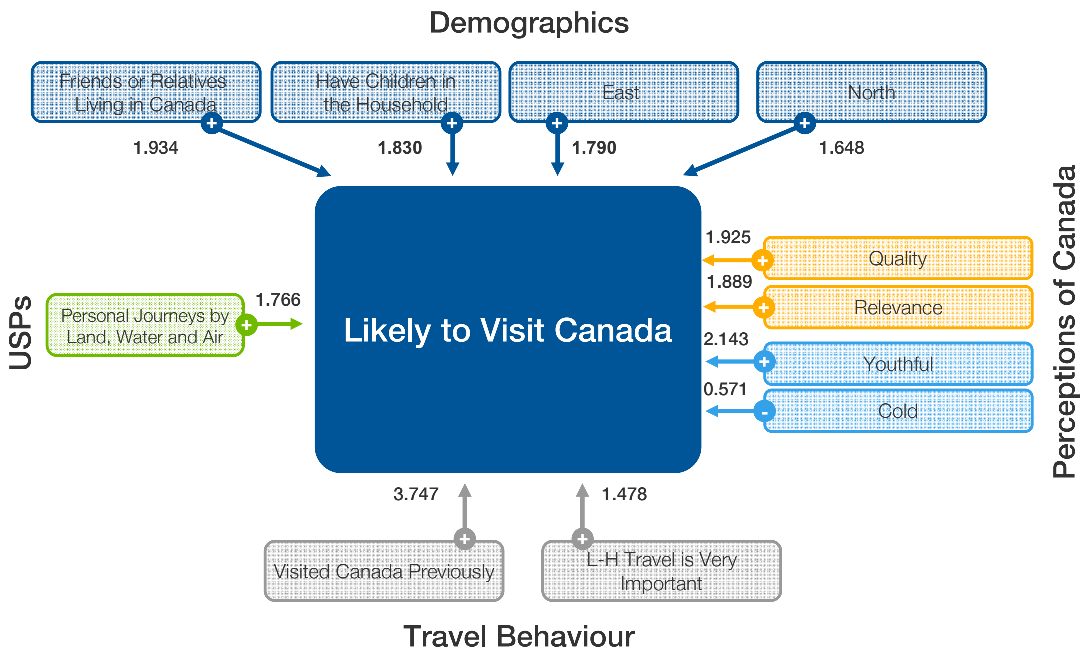
The Key Drivers for Visiting Canada

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 21 summarizes the results of the key drivers model, which are generally similar to previous years:

- 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 more than 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.
- Those likely to visit Canada are generally more committed long-haul travellers, which is consistent with the characteristics of recent visitors. Also in line with the demographics of recent visitors is that those with children are more likely to be interested in Canada, again pointing to possible opportunities to encourage family travel.
- Travellers interested in taking *Active Adventure Among Awe-Inspiring Natural Wonders* are more likely to want to visit Canada, which is consistent with the Active Outdoor results from 2008 and 2007.
- As in past years, value 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 and who associate the Canadian travel experience with premium quality are almost twice as likely to visit. Conveying a fun, energetic and youthful vibe, and convincing Germans that Canada isn't always cold, are other keys for drawing visitors to Canada.

Exhibit 21 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,524).
Note: 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

The picture in the German market is very different from a year ago, with signs of weakness beginning to emerge. With Germany facing its deepest recession since the post-war period, unemployment on the rise and consumer sentiments unsettled, the prognosis for this market has deteriorated dramatically, with the GTW market outlook indicator now down almost 50% from the 2007 baseline. Moreover, the number of Germans citing the poor economy as a long-haul travel deterrent has almost tripled since last year, while concerns about potential unemployment have virtually quadrupled, pointing to increased challenges ahead in this market.

Another factor contributing to the eroding prospects in Germany is that the formerly buoyant Euro – a key driver of long-haul travel over the last two years – has fallen against many global currencies. If this free fall continues through 2009, it could eliminate a key impetus for immediate travel. The good news is that, despite tumbling against currencies like the US dollar and the yen, the Euro has maintained its strength against the Canadian dollar, offering Canada a strategic short-term advantage over the competition.

While travel from Germany to many destinations remained robust to the end of 2008, sustained by healthy bookings through the summer and early fall, visitation has now begun to weaken visibly in markets like the US. According to the trade, most Germans remain indecisive about their 2009 travel plans, while those who do commit to travel are seeking shorter, but higher quality trips. This reflects a broader lifestyle trend that is currently sweeping Germany, with consumers now seeking a greater quality of life within their financial means – in other words, the goal is not necessarily to earn more, but to do more with what they have.

Not surprisingly, all the gloom and doom has had a negative effect on many of the key performance indicators (KPIs[8]) for Canada and its competitors. Unaided and aided awareness for most leading long-haul destinations are down in 2009, although the sun and sand destinations appear to be holding their own. Similarly, consideration and interest have softened for many destinations, including Canada. On the bright side, purchase intentions for Canada remain fairly strong, indicating that it has a core group of loyal travellers who have not yet been deterred by the ailing economic conditions.

Advertising awareness is also down across the board, as travel-related advertising obviously has less salience to people are who are not planning to travel. More noteworthy perhaps, is the fact that Canada has lost ground to its competitors in the German advertising stakes, with a steep 10 percentage point drop in awareness causing it to slip from a solid 2nd place ranking to an unremarkable 5th place in the competitive set. Strong marketing efforts may be called for in 2010 if Canada is to recover its advantageous positioning from years past.

Another potentially worrisome issue is the weakening of Canada's overall brand health in Germany. Both the Brand Perception and alignment with Canada's desired brand personality have weakened in 2009, pointing to issues around brand acceptance that warrant further

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

examination by the CTC. In addition, a notable drop in quality perceptions has led to decay in the Value Perception. Driving the Value Perception upward is paramount for Canada due to the high impact of value perceptions on the purchase decision, a trend that the travel industry reports has only intensified in light of the tighter economic environment. The Price Perception is the only one of the three indices that is not veering downward, however, the index remains disappointingly low and is not likely to draw travellers in an increasingly skittish travel market.

The feeling that Canada lacks excitement deepened in Germany last year, and 2009 sees no material improvement, indicating that more needs to be done to persuade travellers that Canada is exciting and worth the cost of the trip. The results of the key drivers model certainly confirm that establishing Canada as a more energetic, fun and lively destination would go a long way to encouraging positive travel intentions in this market. Convincing sun-loving Germans that Canada is not a cold and remote destination will also be important.

In terms of the CTC's Unique Selling Propositions (USPs[9]), Canada outperforms the competition on Active Adventure, excelling on ski vacations and winter activities, but requiring improvement on summer activities, national parks, wildlife and resort experiences in natural settings. These are all areas where Canada has high quality products that simply need to be established as best-in-class in Germany.

Canada also ranks alongside the US as a leading destination for Personal Journeys, which provides a solid concept around which to build campaigns and messaging. A key priority would be to strengthen the weaker touring aspects of this USP to match the superior perceptions of the more active components (i.e., water and land-based journeys) to achieve a higher rating overall.

As was the case in previous years, Canada doesn't begin to compare with the US for Cities on the Edge of Nature, and both Connecting with Locals and Local Cuisine are a stretch as far as selling propositions go. While it doesn't fare well on cultural attributes generally, there is some recognition among Canada's core market that it offers interesting local lifestyles and aboriginal culture, as this is a draw for around three-quarters of immediate travellers. These results underscore the importance of emphasizing product diversity, and particularly cultural strengths, in appealing to German holidaymakers.

[9] 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.