Table of Contents

1. Research Objectives

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its core markets. The overall objectives of the GTW study are:

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

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least four nights in paid accommodations in the past three years, or who plan to take such a trip in the next two years.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives and combined business-pleasure trips. In Germany, the target national sample was n=1,500 long-haul pleasure travellers, with a quota of 200-300 for recent travellers to Canada in the past three years.

3. Market Health & Outlook

Based on the travel patterns in the past three years, or plans in the next two years, the incidence of German long-haul pleasure travel is 27% for Canada, wich translates into a total market potential of 18.1 million travellers. The immediate potential - those that will definitely and/or very likely visit Canada in the next two years - is 26% or 4.7 million travellers with immediate potential for conversion. **Exhibit 3.1** shows the regional preference, with strong immediate potential for Ontario and British Columbia.

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

	CDA	BC	AB	MB	ON	YK	NT
Immediate Interest[1]	26%	82%	51%	18%	76%	31%	17%
Potential (M)	4.7	3.9	2.4	0.9	3.6	1.5	0.8

Base: Long-haul pleasure travellers (n=1,518).
[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=865).
Note: Regional estimates are not additive since travellers may visit more than one region in a single trip.

The importance placed on long-haul travel by Germans has risen moderately in 2010 (87%) from 86% in 2009, and is above 2007's 85%.

4. Unaided Destination Awareness

To measure Canada's brand awareness, top-of-mind destinations for a long-haul vacation were requested. In comparison to previous years, despite the 2010 Winter Games, Canada is still 2% shy from the 2007 level.

Exhibit 4.1 Unaided Destination Awareness

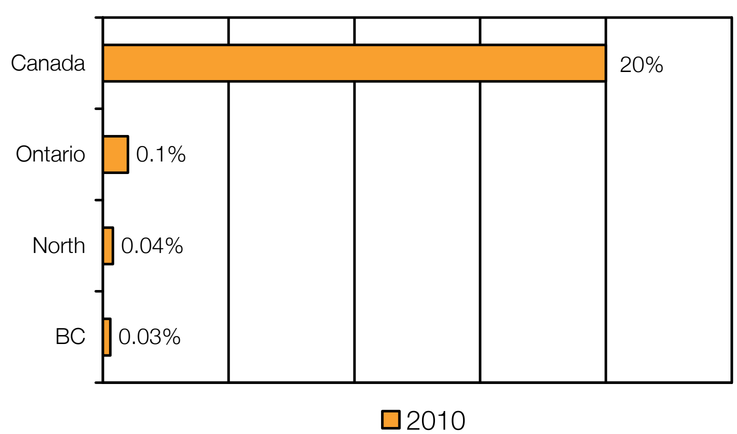
	2007	2008	2009	2010
1. USA	43%	42%	39%	41%
2. Australia	33%	34%	29%	31%
3. Canada	22%	23%	19%	**20%**
4. New Zealand	15%	18%	15%	18%
5. Thailand	12%	14%	15%	17%

Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?

Base: Long-haul pleasure travellers (n=1,518).

As illustrated in **Exhibit 4.2**, as general rule, Canada's regions do not have top-of-mind awareness in Germany.

Exhibit 4.2 Unaided AWARENESS OF Canada's regions



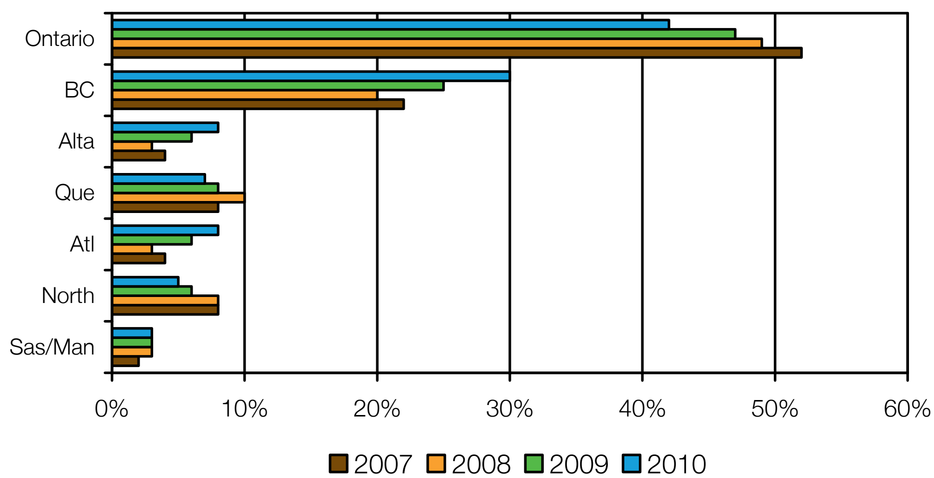
Base: Long-haul pleasure travellers (n=1,518).
Note: Only GTW region partners are included.

Spurred by a subdued but more stable economic environment, travel intentions are upbeat. Overall, 26% have indicated that they are definitely or very likely to visit Canada in the next two years for a trip of four or more nights. This is an improvement of 3% from 2009, and 2% up when compared to 2007 (24%).

- Travel intentions for those that will definitely or very likely take a trip of one to three nights, are at 22% in 2010, up from 19% in 2009;
- This reflects a growing percentage for short-break travel that could be add-ons to US travel.

British Columbia received growing attention, with its popularity gaining momentum since 2007, giving way to a loss of popularity for Ontario.

Exhibit 4.3 Canadian Destination Likely to Visit



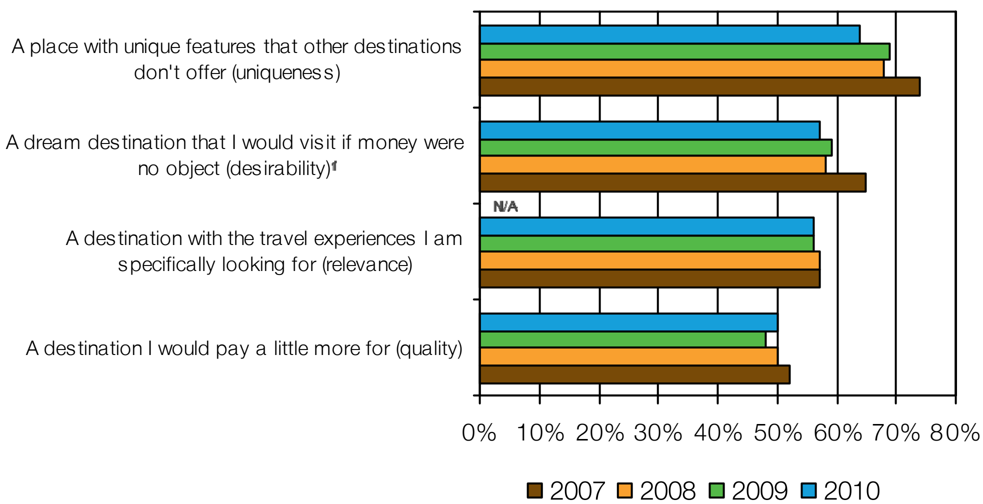
Base: Those likely to visit Canada in the next 2 years and/or those who are/or those who are considering, have decided to visit or have booked a trip there.

5. Canada's Value & Price Perception

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

Exhibit 5.1 shows further deterioration in Canada's value perception with desirability, relevance and quality all below 2007 levels. The economic slowdown experienced during 2009 appears to have forced Germans to cut back on the frequency of travel and as a result, they expect to get more out of the trips they take. This makes them more demanding and quality-conscious in their destination choice, a mindset that may be reflected in the poorer quality rating for Canada.

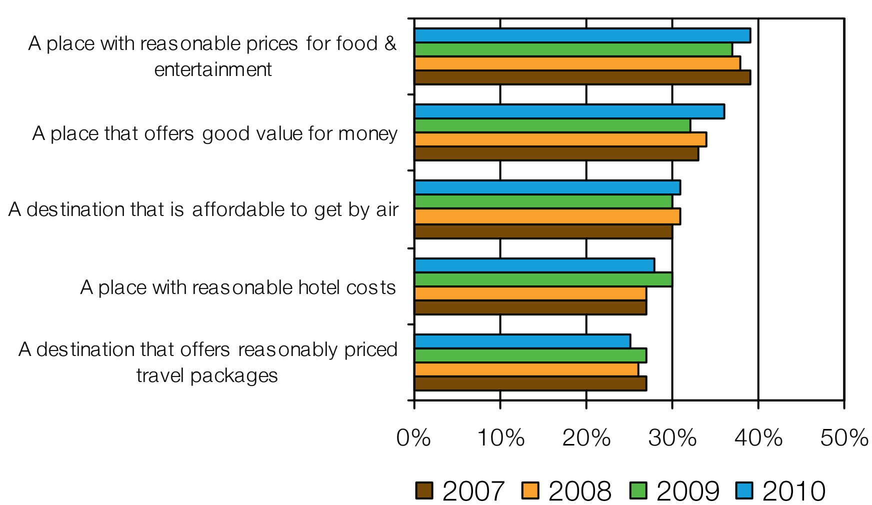
Exhibit 5.1 Value Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".
[1]Item not comparable in 2007.

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

Exhibit 5.2 Price Perceptions



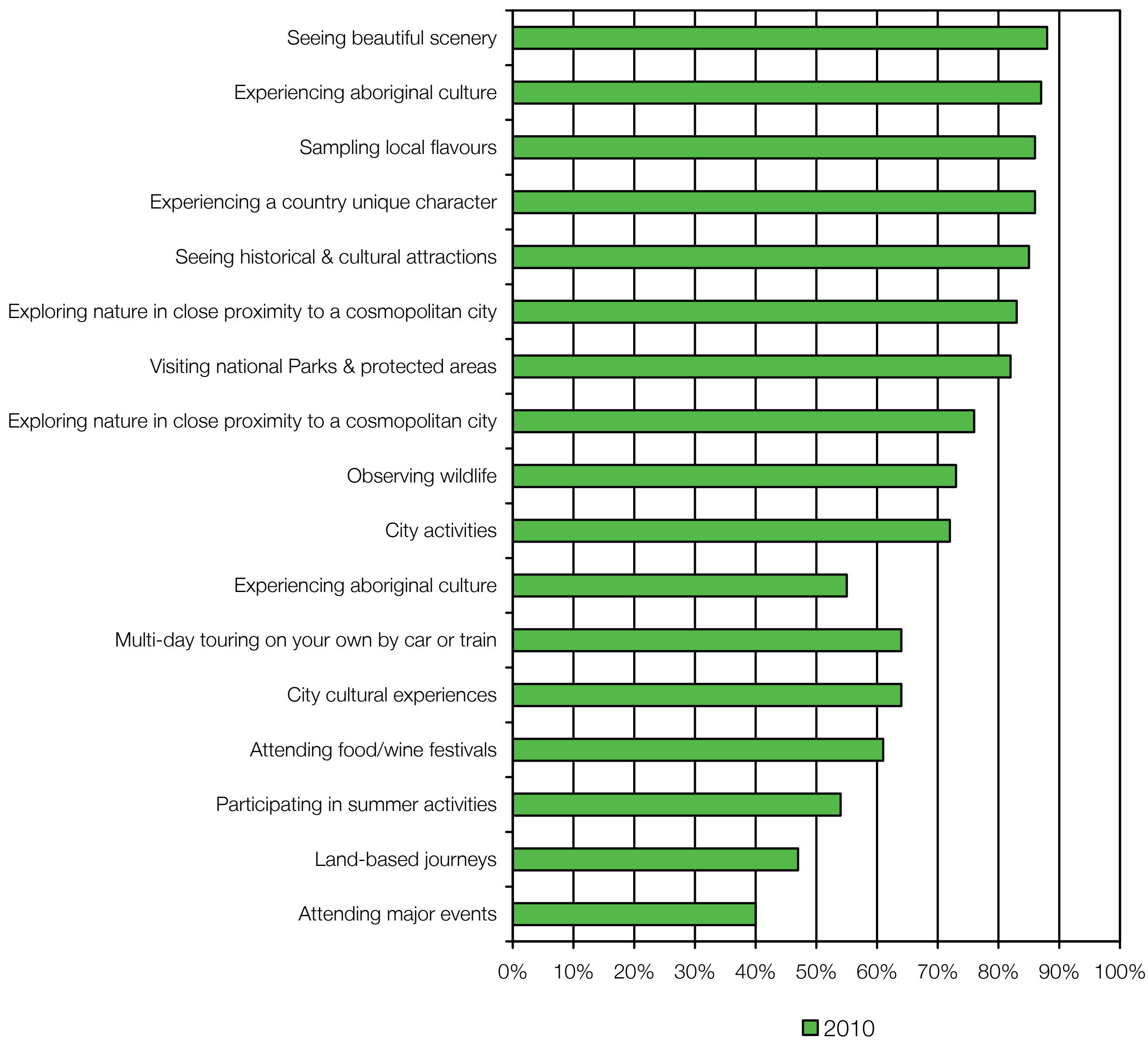
Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Germany's economic woes have resulted in a very price-conscious travel market. Despite improvements in the perception of prices for food and entertainment and "a place that offers good value for money", the overall price perception of Canada by Germans is quite low and continues to be a show-stopper.

6. Product Interest

German travellers are widely interested in experiencing the nature and culture of the destination they visit. As provided in Exhibit 6.1, nine out of the top 10 vacation pursuits are related in some way to either nature or culture. This includes the unique character/local lifestyles and local flavours. Not surprisingly, given the strong interest in both nature and culture, close to three-quarters of the market is interested in combining the two by exploring cities close to nature.

Exhibit 6.1 Product Interests



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

7. Competitive Product Positioning

Exhibit 7.1 confirms that Canada is well-entrenched in its leadership position on ski vacations and winter activities, with a commanding lead over the US. Canada is also comfortably ahead of Australia on multi-day water-based journeys of one or more nights. Canada is on more tenuous ground with respect to other nature/outdoor products, including scenery and nature close to cities, with Australia, New Zealand and the US close on its heels.

Exhibit 7.1 Competitive Positioning

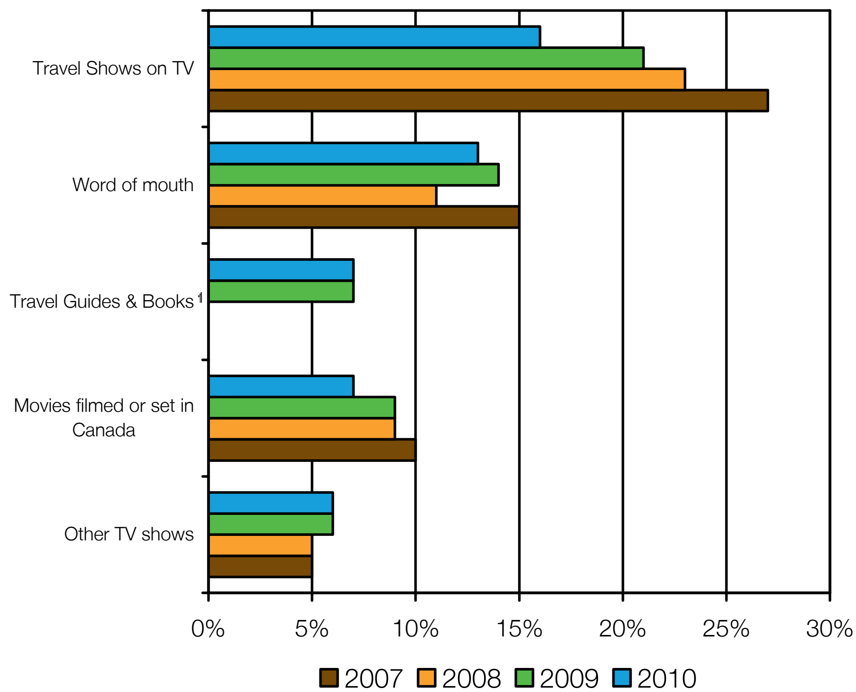
	1	2	3	4	5	6	7
Other Winter Activities	**CAN**	US	NZ	AUS	BRZ	CHN	SAF
Ski & Snowboard	**CAN**	US	NZ	AUS	SAF	BRZ	CHN
Water based journeys	**CAN**	NZ	US	AUS	BRZ	SAF	CHN
Seeing beautiful Scenery	**CAN**	**US**	NZ	AUS	SAF	BRZ	CHN
Exploring Nature close to cities	**CAN**	US	AUS	NZ	SAF	BRZ	CHN
Multi-day Touring on your own	US	**CAN**	AUS	NZ	SAF	CHN	BRZ
Visiting National Parks	US	**CAN**	SAF	AUS	NZ	BRZ	CHN
Land-based journeys	NZ	**CAN**	US	AUS	SAF	BRZ	CHN
Resort Experience in Nature	US	**CAN**	AUS	SAF	NZ	BRZ	CHN
City Cultural Experiences	US	**CAN**	AUS	**CHN**	NZ	SAF	BRZ
City Activities	US	**CAN**	AUS	**CHN**	BRZ	SAF	NZ
Observing Wildlife	SAF	AUS	**CAN**	US	NZ	BRZ	CHN
Exploring Vibrant Cities that are Close to Nature	US	AUS	**CAN**	BRZ	CHN	SAF	NZ
Attending Major Events	US	SAF	**CAN**	AUS	BRZ	NZ	CHN
Participating in Summer Activities	NZ	AUS	**US**	**CAN**	SAF	BRZ	CHN
Multi-day Guided Group Tours	US	AUS	CHN	**CAN**	SAF	NZ	BRZ
Entertainment Experiences	US	AUS	BRZ	**CAN**	SAF	NZ	CHN
Seeing Historical & Cultural Attractions	CHN	US	AUS	BRZ	**CAN**	NZ	SAF
Experiencing a Country's Unique Character & Local Lifestyles	AUS	NZ	SAF	CHN	BRZ	**CAN**	US
Experiencing Aboriginal Culture & Attractions	CHN	AUS	NZ	SAF	BRZ	US	**CAN**
Sampling Local Flavours	CHN	SAF	BRZ	AUS	NZ	US	**CAN**
Attending Food/Wine Festivals	SAF	AUS	US	NZ	BRZ	CHN	**CAN**
Participating in Culinary Learning Experiences	SAF	AUS	US	CHN	NZ	BRZ	**CAN**

Base: Long-haul pleasure travellers (n=1,518).
Notes: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.
Legend: CAN = Canada, AUS = Australia, USA = United States, NZ = New Zealand, CHN = China, BRZ = Brazil, SAF = South Africa.

8. Sources of Information for Increasing Canada’s Appeal

Aside from word of mouth, traditional media are leading sources of information that increases Canada’s appeal for travellers in Germany. These channels are the best bets to reach potential travellers to Canada.

Exhibit 8.1 Top sources of information

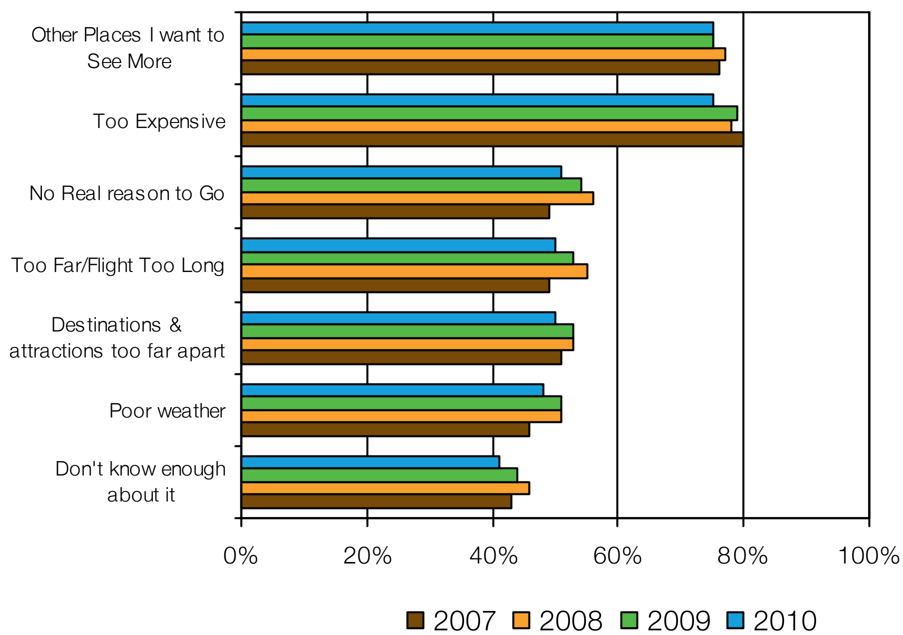


Base: Long-haul pleasure travellers.
[1]Item changed in 2009.

9. Key Barriers for Travel to Canada

Barriers to travel to Canada are important, as these concerns for those interested in visiting Canada could lead them to select alternative 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 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. Poor weather is the only other barrier to be mentioned by over 50% this year. Germans tend to gravitate to warm-weather destinations, so improving perceptions of Canada's weather is fairly critical in this market.

Exhibit 9.1 Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are likely to visit Canada in the near future.
Notes: Percentage is the sum of major barrier and minor barrier responses.

10. Conclusions: Key Take-Aways

Germans remain avid travellers with a relatively high propensity for long-haul travel:

- At 4.7 million long-haul travellers with an immediate interest for Canada in the next two years, Germany represents an excellent opportunity, but we face challenges to capitalize on this opportunity - Canada is firmly in the consideration set, but Germans have no immediacy;
- The tougher market conditions of 2009 have resulted in more affluent long-haul travellers, that are still price-conscious. Canada is perceived as a relatively expensive destination by Germans, suggesting that it will become even more important to focus on the upscale segments, as well as considering budget-conscious offers and promoting value-for-money messages;
- There is growing interest for shorter trips of one to three nights, so considerations should be given to capitalize on the German short-break travel segment with add-ons to US travel packages;
- The unaided awareness of Canada is relatively high in Germany, but its regions are not top-of-mind – increasing the awareness of where to go and what to see would help convert nebulous interest in Canada into firm travel plans;
- Competition has intensified, with destinations like New Zealand, South Africa and China all seeing strong gains in awareness;
- One big advantage for Canada in the German market is its clout in the outdoor/nature arena. Canada is viewed as the destination for outdoor activities as well as a market leader for natural scenery;
- Local lifestyles and historical/cultural attractions are also keen interests of German travellers, but a distinct weaknesses for Canada – this perceived gap makes it difficult to compete with well-rounded destinations like Australia and the US and culturally rich destinations like China;
- German travellers have a distinct bent for aboriginal culture. It is one of the leading product interests for long-haul travel, but surprisingly, there is almost a complete lack of association with Canada as a destination of choice for this kind of cultural experience; this gap undermines Canada's ability to capitalize on this opportunity;
- Canada should address top barriers for travel by highlighting unique and distinctly Canadian experiences, along with affordable travel options. The strong positive emotions that German's associate with Canada's nature and outdoor offerings suggest that they can be used to add distinctiveness and excitement to other product offerings, such as nature-culture combinations (small towns, aboriginal culture and rural lifestyles),
  nature-urban (cities, as a gateway to nature) and nature-luxury (world class resorts and spa holidays in spectacular natural settings);
- In addition to advertising in traditional media, consideration should be given to the use of travel-related television shows, the No. 1 non-advertising information source for increasing visibility, knowledge and appeal of their country among potential German travellers to Canada.