

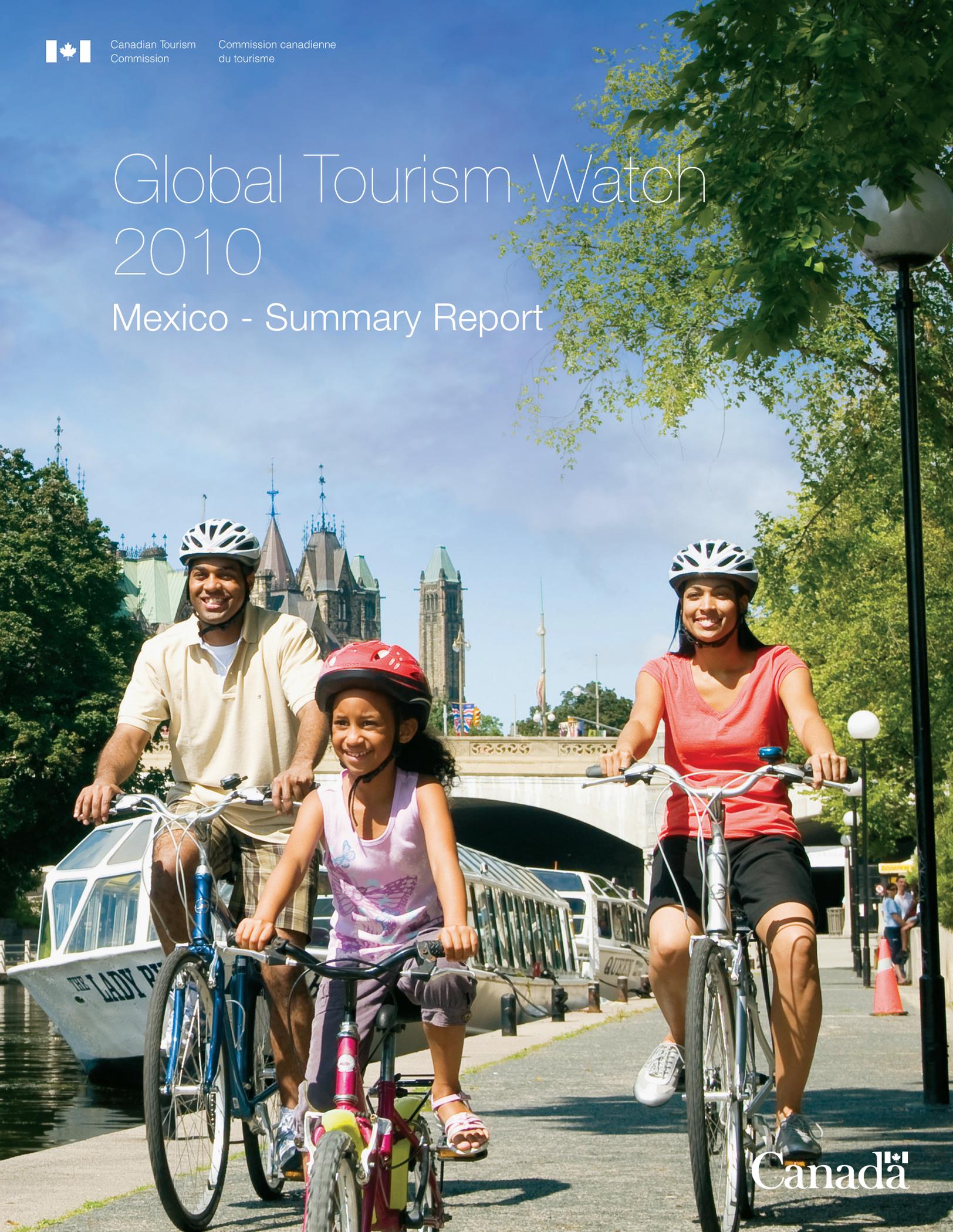


Canadian Tourism
Commission

Commission canadienne
du tourisme

Global Tourism Watch 2010

Mexico - Summary Report



Canada

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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 key 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 paid in accommodation 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 Mexico, the sample was restricted to the largest cities where most long-haul travellers reside cities Mexico City, Guadalajara and Monterrey with the sample evenly split across the three cities. The target national sample was n=1,300 long-haul pleasure travellers, with a quota of 200 for recent travellers to Canada in the past three years. The survey was conducted in May 2010.

3. Market Health & Outlook

Based on travel patterns of the past three years or plans to travel in the next two years, the incidence of Mexican long-haul international travel is 27%, translating into a total market potential of 4.0 million. The immediate potential, those that will definitely or very likely visit Canada in the next two years is 45% or 1.8 million travellers. In 2010, Mexico reported the second highest percentage of potential long-haul travellers with an immediate potential to visit Canada compared with other GTW markets. **Exhibit 3.1** shows the regional preference, with strong immediate potential for Ontario, British Columbia and Quebec.

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

	CDA	BC	AB	MB	ON	QC	YK	NT
Immediate Interest¹	45%	90%	65%	26%	91%	86%	30%	19%
Potential (M)	2.3	1.6	1.2	0.5	1.6	1.5	0.5	0.3

Base: Long-haul pleasure travellers (n=1,515).

¹Base 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=1,175).

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

The importance placed on long-haul travel by Mexican travellers improved in 2010 by five-points to 84%, following a three-point dip in 2009 (79%).

4. Unaided Destination Awareness

To measure Canada’s brand awareness, respondents were asked about their top-of-mind awareness of destinations for a long-haul vacation. In 2010, Canada’s unaided awareness among Mexican long-haul travellers rebounded by three-points (33%), but did not return to 2008 peak levels. Competitive long-haul destinations such as France (+13-points), Spain (+7-points) and Italy (+11-points) closed the gap on Canada over 2009.

Exhibit 4.1 Unaided Destination Awareness

	2007	2008	2009	2010
1. US	38%	37%	34%	35%
2. Canada	31%	35%	30%	33%
3. France	27%	29%	23%	26%
4. Spain	29%	27%	24%	26%
5. Italy	20%	23%	24%	21%

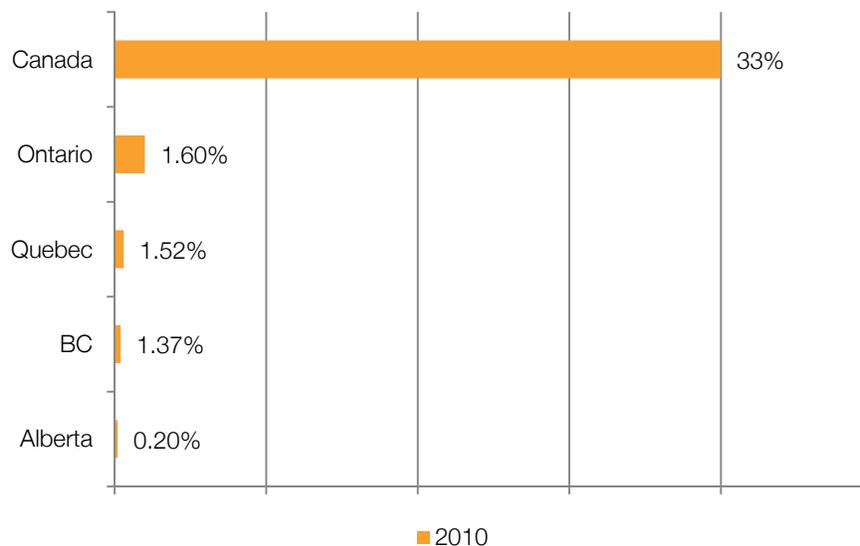
Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?

Base: Long-haul pleasure travellers (n=1,515).

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

As illustrated in [Exhibit 4.2](#), as a general rule Canada’s regions do not have top-of-mind awareness in Mexico.

Exhibit 4.2 Unaided AWARENESS OF Canada’s regions



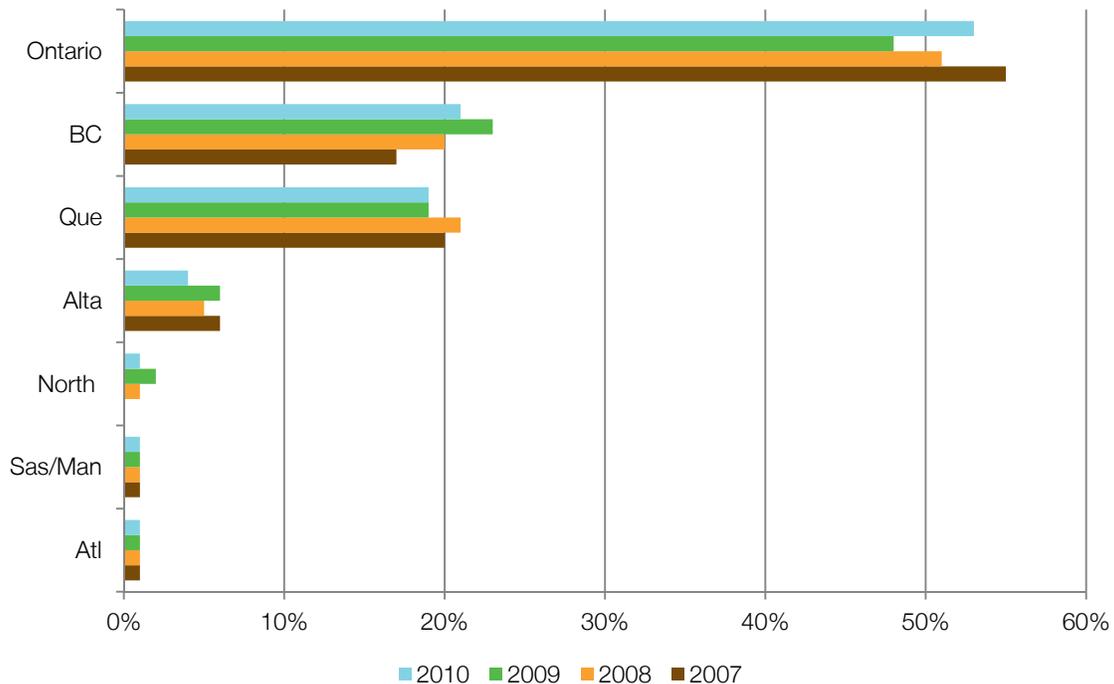
Base: Long-haul pleasure travellers (n=1,515).

Note: Only GTW regional partners are included.

In 2010, Mexico's economy rebounded with reported GDP growth of 5.0%. This improvement was closely linked to a better outlook for the US economy and accelerated consumer spending at home. Despite this positive change, there was a four-point decline in the number of long-haul pleasure travellers from Mexico who said there were definitely or very likely to visit Canada in the next two years, falling to 45%.

- In 2010, Mexican long-haul travellers showed a very slight preference towards shorter vacations (40%) in Canada of one to three nights rather than longer vacations of four or more nights (39%).
- Short-break trips could indicate a preference to add on a side trip to Canada as part of a US holiday.

Exhibit 4.3 Canadian Destination Likely to Visit



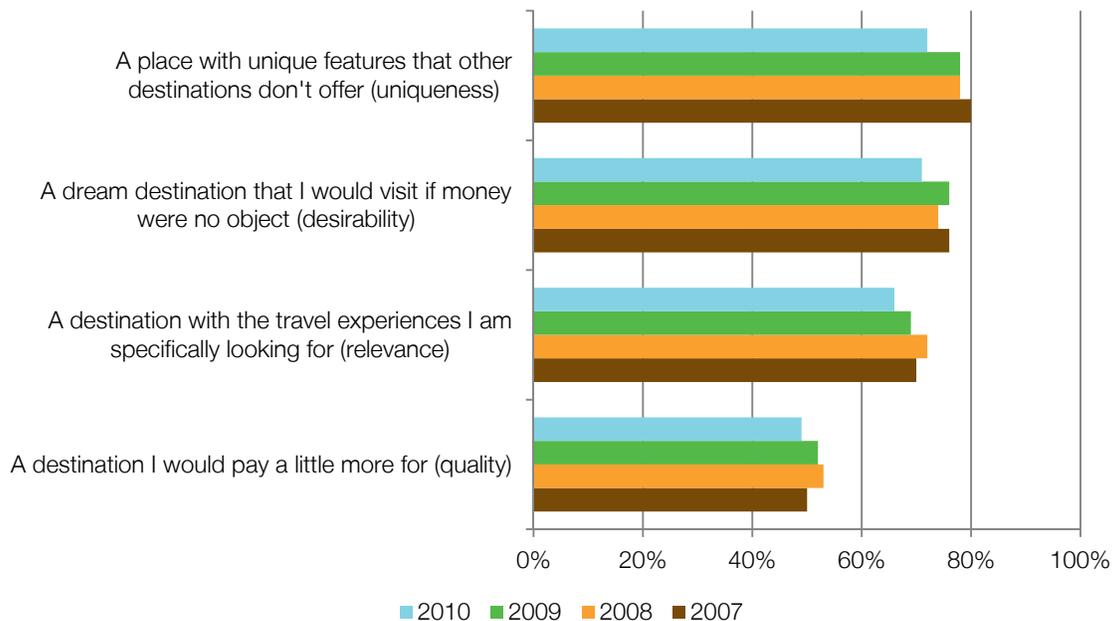
Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

In 2010, Ontario's appeal among Mexican long-haul travellers rebounded past 2008 levels, reaching 53%. British Columbia saw a two-point decline among Mexican visitors who were likely to visit in the next two years or considering a trip to Canada. This decline follows a surge in interest in British Columbia during the build-up to the 2010 Winter Olympic Games but, despite the drop, overall interest is still above 2008 levels.

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 Value Perceptions



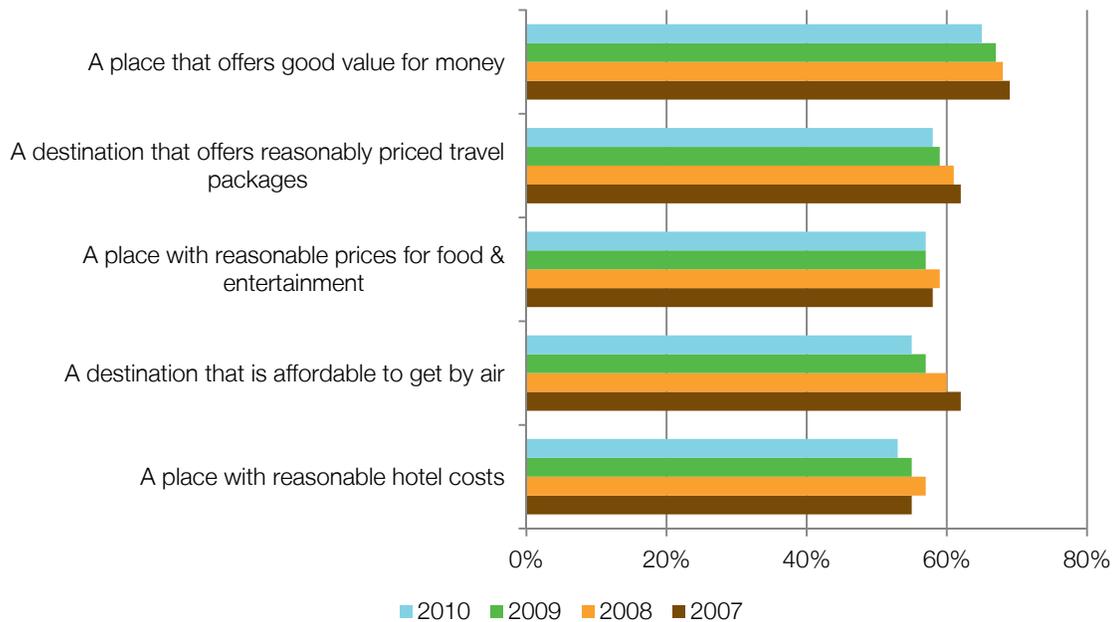
Base: Long-haul pleasure travellers.

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

Exhibit 5.1 shows that the majority of value perceptions dipped in 2010. However, overall Mexico's value perceptions of Canada are above other GTW markets. Notably, Canada appears to be known as both a unique and desirable destination among over 70% of respondents. At 52%, Canada struggles to be perceived as a destination that Mexican long-haul travellers would be willing to pay a little extra for.

Cost also plays a major role when it comes to travel destination decision-making. **Exhibit 5.2** shows how Canada is perceived by Mexican 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 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Overall, Mexico’s price perceptions of Canada as a travel destination saw declines in 2010, with many measures now below the baseline year. Airfare affordability continued its downward trend among long-haul Mexican travellers. At the same time, the perception that Canada offers reasonably priced hotels fell below 2007 levels for the first time. However, when compared with other GTW markets Mexico’s price perceptions of Canada remain on the high end of the scale, as most measures show that between 55% and 67% of respondents found Canadian travel products affordable.

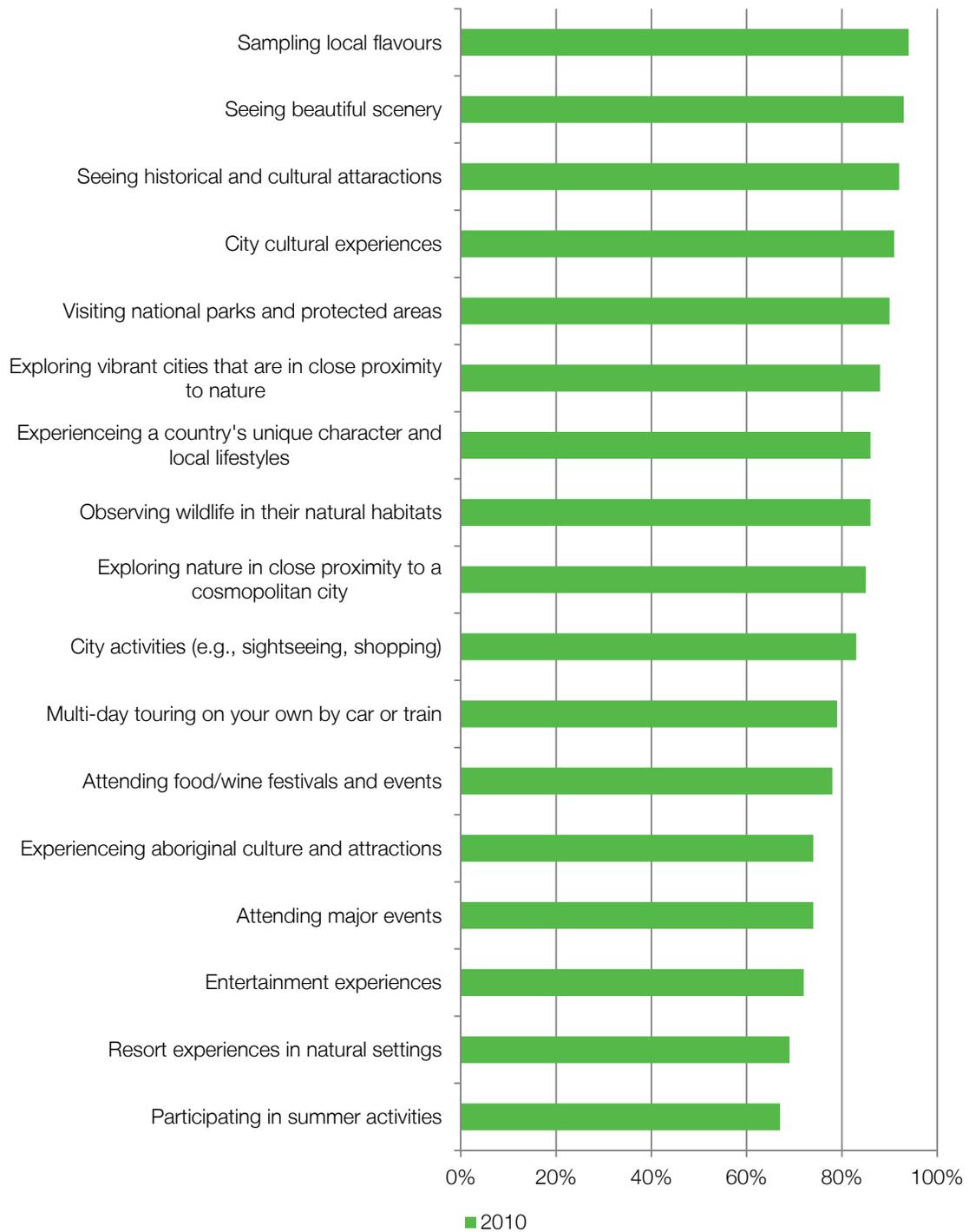
6. Product Interest

Mexican long-haul travellers enjoy similar travel related activities and products as seen in the majority of GTW markets. There is a strong interest in nature and cultural experiences. In fact, the top nine experiences for Mexican travellers relate to either nature or culture or are a hybrid of both, with these activities appealing to over 80% of respondents.

With an 83% appeal rating among Mexican travellers, city activities, which include shopping and sightseeing also have a strong pull. This can be expected with Canada and many of its competitive destinations offering a wide set of unique and quality products at competitive prices.

Mexican travellers still to prefer independent travel over group travels, with 79% reporting an interest in individual touring by car or train and just 60% reporting an interest in group travel.

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 highlights Canada's product scores against comparable competitive long-haul travel destinations. Overall, there appears to be relatively strong awareness of Canadian travel related products among long-haul Mexican travellers. Canada ranks among the top two competitive destinations for 10 products and shows a commanding lead in both winter (76%) and ski (73%) related activities and seeing beautiful scenery (65%). Generally, Canada performed well in nature related products, many of which were ranked among the top 10 most important experiences for Mexican long-haul travellers.

Canada could work towards strengthening the perception of offering city activities. This tourism product rounded out the top 10 experiences for Mexican travellers, while Canada is perceived in fifth place among competitive destinations at 25%, far behind the US which came first at 57%.

Canada also performed poorly in cultural related experiences, which were ranked as important among Mexican travellers. Notably, Canada came in either third or second to last place for sampling local flavours, seeing historical attraction, city cultural experiences and experiencing a country's unique character and local lifestyles.

At 26%, Canada came third as being a destination that offers experiences with aboriginal culture and attractions. This third place ranking come well ahead of the US who only saw 17% of respondents identify it as offering this product.

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Participating in other winter activities	CAN	USA	FRA	ARG	ITA	ESP	BRZ
Ski and snowboard vacations	CAN	USA	FRA	ARG	ITA	ESP	BRZ
Seeing beautiful scenery	CAN	BRZ	ARG	USA	FRA	ITA	ESP
Visiting national parks and protected areas	CAN	USA	BRZ	ARG	ESP	FRA	ITA
Water-based journeys of one or more nights	CAN	BRZ	USA	ARG	ITA	FRA	ESP
Exploring nature in close proximity to a cosmopolitan city	CAN	BRZ	USA	FRA	ITA	ESP	ARG
Observing wildlife in their natural habitats	BRZ	CAN	USA	ARG	ESP	ITA	FRA
Exploring vibrant cities that are in close proximity to nature	BRZ	CAN	ARG	USA	ESP	ITA	FRA
Resort experiences in natural settings	USA	CAN	BRZ	ESP	FRA	ARG	ITA
Land-based journeys of one or more nights	ESP	CAN	FRA	ITA	BRZ	USA	ARG
Experiencing aboriginal culture and attractions	BRZ	ARG	CAN	USA	ESP	ITA	FRA
Participating in summer activities	BRZ	ESP	USA	CAN	ITA	ARG	FRA
Multi-day touring on your own by car or train	ESP	FRA	ITA	CAN	USA	BRZ	ARG
Multi-day guided group tours by bus or train	FRA	ITA	ESP	CAN	BRZ	USA	ARG
City activities (e.g., sightseeing, shopping)	USA	FRA	ITA	ESP	CAN	ARG	BRZ
City cultural experiences	FRA	ITA	ESP	USA	CAN	BRZ	ARG
Seeing historical and cultural attractions	FRA	ITA	ESP	USA	CAN	BRZ	ARG
Attending major events	USA	FRA	ESP	ITA	BRZ	CAN	ARG
Experiencing a country's unique character and local lifestyles	ESP	ITA	BRZ	FRA	ARG	CAN	USA
Attending food/wine festivals and events	FRA	ITA	ESP	ARG	BRZ	CAN	USA
Sampling local flavours	ITA	FRA	ESP	ARG	BRZ	CAN	USA
Entertainment experiences	USA	FRA	ESP	BRZ	ITA	ARG	CAN
Participating in culinary learning experiences	FRA	ITA	ESP	ARG	BRZ	USA	CAN

Base: Long-haul pleasure travellers (n=1,515).

Note: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.

Legend: CAN = Canada, USA = United States, ARG = Argentina, FRA = France, ITA = Italy, ESP = Spain, BRZ = Brazil.

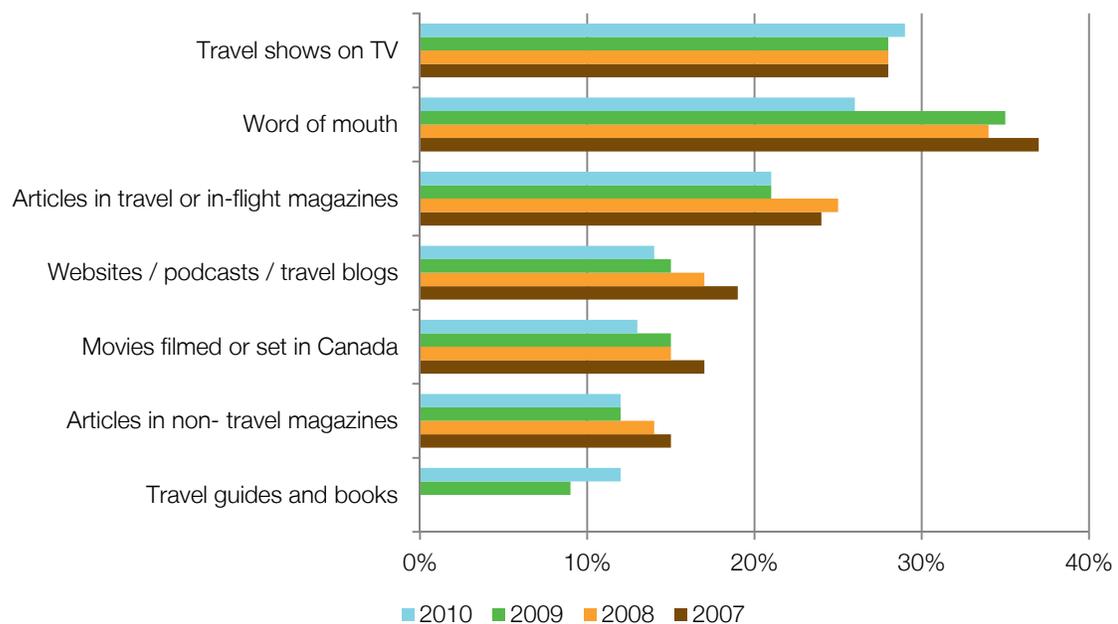
8. Sources of Information for Increasing Canada's Appeal

In 2010, travel related TV shows surpassed word of mouth as the most effective means of influencing travel to Canada. Travel TV shows rose to 29%, while word of mouth declined by nine-points to 26%.

Print media still has a positive influence in increasing Canada's appeal, despite declines of four points and two points for travel related and non-travel related magazines. While the internet (including: websites, podcasts and travel blogs) has seen year over year declines, it is still the third most successful source of information for increasing Canada's appeal as a travel destination.

Unique to Mexico and Germany, movies filmed or set in Canada were ranked within the top five influencers for increasing Canada's appeal, with 17% of Mexican long-haul travellers finding them influential.

Exhibit 8.1 Top sources of information



Base: Long-haul pleasure travellers.

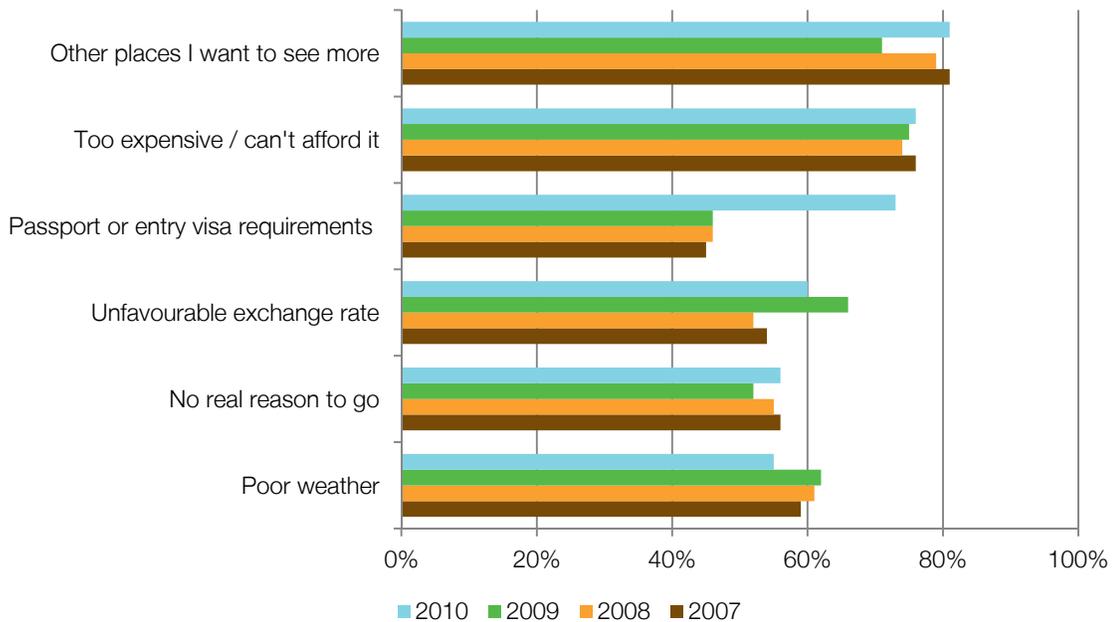
Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

9. Key Barriers for Travel to Canada

It's important to know barriers to travel to Canada, as these concerns could lead travellers to select alternative destinations. Among long-haul Mexican travellers who said that they were unlikely to visit Canada in the near future, there was a 27-point increase in the perception that passport or entry visa requirements acted as a barrier to travel to Canada. This spike is likely linked to the introduction in mid-2009 of new visa requirements for Mexican citizens visiting Canada. There was also a 10-point increase in respondents citing that there were other places they would prefer to see, making this the No. 1 barrier at 81%.

However, in 2010 there was a six-point decline in the perception that Canada was too expensive as a travel destination and one that they could not afford to visit. This shift was most likely a reflection of Mexico's economy strengthening in 2010.

Exhibit 9.1 Key Barriers for Visiting Canada



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

Note: Percentage is the sum of major barrier and minor barrier responses.

Result for past travellers to Canada who are unlikely to re-visit in the near future are not shown due to small sample size.

10. Conclusions: Key Takeaway

Mexico reported a notable decline in inbound travel to Canada in 2010, down 28.6% year-over-year:

- Mexico is the smallest GTW market for potential long-haul international travellers at approximately 3.9 million. Of this total, 45% said that they were very or somewhat interested in visiting Canada in the next two years, a four-point decline compared with the previous year;
- When asked unprompted what destinations comes to mind for a long-haul travel destination, Mexican long-haul travellers ranked Canada second, only two points behind the US. In 2010, top-of-mind awareness of Canada rebounded but failed to return to its 2008 high of 35%;
- 53% of Mexican long-haul travellers, who said that they were likely to visit Canada in the next two years or had decided to visit, said that Ontario was their top destination of choice;
- While the majority of value measures saw declines in 2010, on average Mexico reports stronger value perceptions than other GTW markets. The majority of Mexican long-haul travellers found Canada both as a unique and desirable travel destination;
- Despite seeing across the board declines in Canadian travel price perceptions, overall 55% to 67% of Mexican travellers found Canadian travel related product affordable in 2010;

- In 2010, Mexican long-haul travellers continued to show a strong overall interest in nature and culture related experiences. Canada reported a commanding lead in winter/ski activities and in seeing beautiful scenery. This is notable because Mexican travellers are avid skiers and seeing beautiful scenery is ranked as the second most popular tourism activity, appealing to 93% of respondents;
- This year, long-haul Mexican pleasure travellers found TV travel shows (29%) and word of mouth (26%) the most influential sources of information that increased Canada's appeal as a travel destination;
- In 2010, 73% of those surveyed identified entry visas as a barrier to visiting Canada, a 27-point increase over the previous year. This trend highlights the importance of educating Mexican long-haul travellers on the application process.