Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch

Canada Summary Report 2011

Canada

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1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. 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 two or more nights with one night in paid accommodations in the past three years or plan to take such a trip in the next year. Trips had to be outside of their own province/region. Out-of-region travel was defined as being outside the Atlantic region for residents in the Atlantic provinces and outside of the province for all other regions. In Québec and Atlantic Canada, quotas were set for English vs. French-speaking respondents based on population distribution from the census to ensure a representative sample.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In Canada, the sample was split evenly by region: British Columbia, Alberta, Manitoba/Saskatchewan, Ontario, Québec and Atlantic Canada. The target national sample was n=4,000 including n=2,500 outbound travellers, n=1,200 inter-regional domestic travellers and n=300 intenders. The survey was conducted in February 2011.

3. Market Outlook and Potential

The importance of pleasure travel among out-of-region Canadian travellers remained largely unchanged over the last three years, with 93% considering pleasure travel important or somewhat important, a 1% decline over 2010.

The market outlook indicator has risen from +27 to +32 this year, driven by a four point surge in those who plan to travel more in the next three years than they did in the last three years. This suggests that the Canadian market has finally turned around, although the tenuous five point gain in the indicator suggests that some skittishness remains.

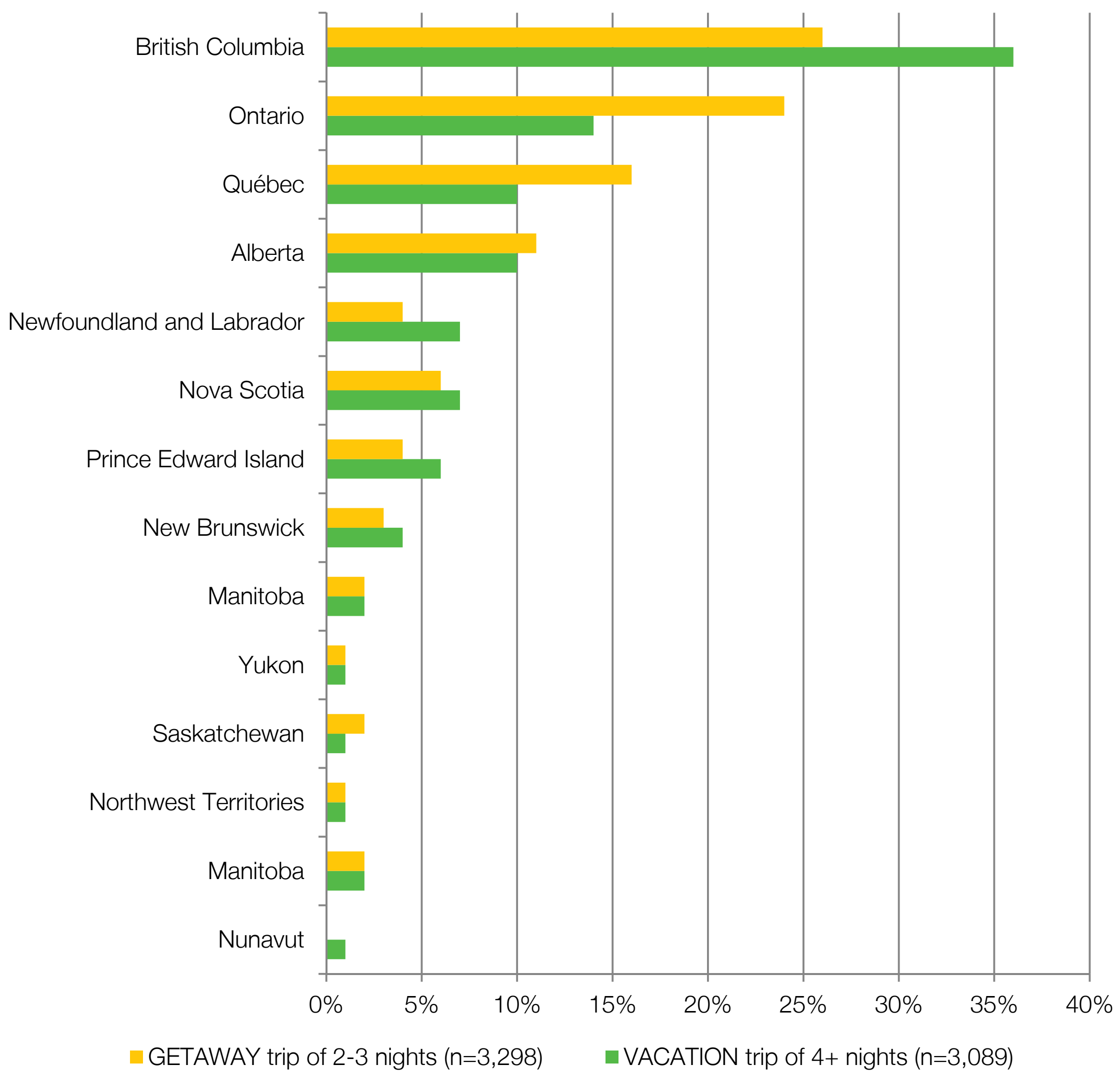
The likelihood of domestic travellers taking a getaway of two to three nights in Canada has edged lower over the last two years (falling to 55%). Reassuringly however, intentions to take a longer vacation of four or more nights remain steadfast, helping to shore up domestic travel intentions overall at 63%.

Although Ontario is the strongest province in terms of visitation by out-of-region travellers in the past three years, British Columbia emerges as the most popular province for upcoming travel (see **Exhibit 3.1**). For vacation trips of four or more nights, British Columbia (36%) is followed, at a distance, by Ontario, Alberta and Québec (10% to 14%).

For shorter getaways of two to three nights, British Columbia (26%) does not have such a commanding lead, with distance a key obstacle for travellers in central and eastern Canada. Here Ontario is close on British Columbia's heels (24%), with Québec (16%) and Alberta (11%) further behind.

The Atlantic provinces are next in terms of appeal for both short and long trips, with all other provinces at 2% or less. Nova Scotia has seen a small hike in its popularity for getaways, with no other shifts apparent in this year's results.

Exhibit 3.1 Canadian Destination Most Likely to Visit



Base: Those likely to visit Canada in the next year on a vacation trip.

Exhibit 3.2 provides an estimate of the size of the potential market for domestic pleasure travel among out-of-region travellers in Canada. The immediate potential is a conservative estimate of market size based on those who say they will definitely or are very likely to travel in Canada in the next year. This translates into 9.9 million travellers with a relatively strong potential for conversion. Consistent with past results, travellers in Alberta and Atlantic Canada have the most solid travel intentions, although immediate prospects in Alberta have seen some downward pressures over the last two years.

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	BC	AB	SK/MB	ON	QC	ATL
Immediate Interest[1]	63%	59%	67%	63%	64%	60%	68%
Potential (M)[2]	9.9	1.4	1.2	0.7	3.9	2.0	0.7

Base: Out-of-region pleasure travellers.

[1]Inludes respondents likely to travel within Canada on a trip of two to three nights or a trip of four nights or a trip of four nights or more (where at least one night is spent in paid accommodations).

[2]Results are from the random telephone omnibus survey undertaken in 2009. Base is general population aged 18 plus (n=4,054)

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

4. Unaided Destination Awareness

To measure brand awareness, respondents were asked to name destinations that come to mind for a vacation trip. The exact response was recorded, whether this was "Toronto," "Ontario" or "Canada." The exhibit shows a roll-up of the awareness results by country. This is essentially the total awareness for a country, including all sub-destinations. For example, total awareness for Canada includes mentions of "Canada" itself and all destinations within Canada.

With the GTW fieldwork moved into the winter this year, there have been some significant shifts in terms of awareness among the market leaders (see Exhibit 4.1). Not surprisingly, sun and sand destinations such as Mexico and Cuba have all gained some ground this year, with Australia also up 3 ppt. On the other hand, awareness of Canada has plunged to 31%, down from 35% and 36% in previous years. These shifts have resulted in a major reshuffling of the top ten players in the awareness standings. While the US, Canada and Mexico have managed to retain their first, second and third place positions, Cuba and Australia have vaulted into the top five for the first time since the study began, knocking the UK and France down to sixth and seventh, respectively.

Exhibit 4.1 Unaided Destination Awareness

	2009	2010	2011
1. US	50%	49%	50%
2. Canada	36%	35%	31%
3. Mexico	19%	17%	19%
4. Cuba	11%	11%	13%
5. Australia	10%	9%	12%

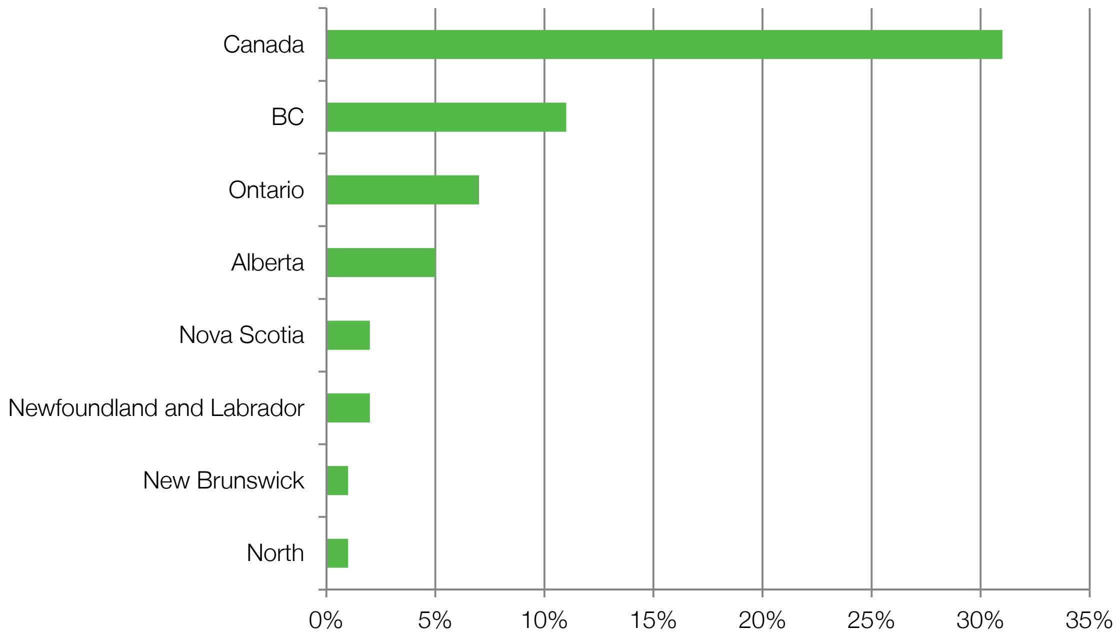
Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?

Base: Out-of-region pleasure travellers (n=4,066).

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

As shown in **Exhibit 4.2**, British Columbia continues to outpace other destinations in Canada, in terms of unaided awareness of the region as a whole at 11%.

Exhibit 4.2 Unaided Awareness of Canada's regions



5. Canada's Value & Price Perception

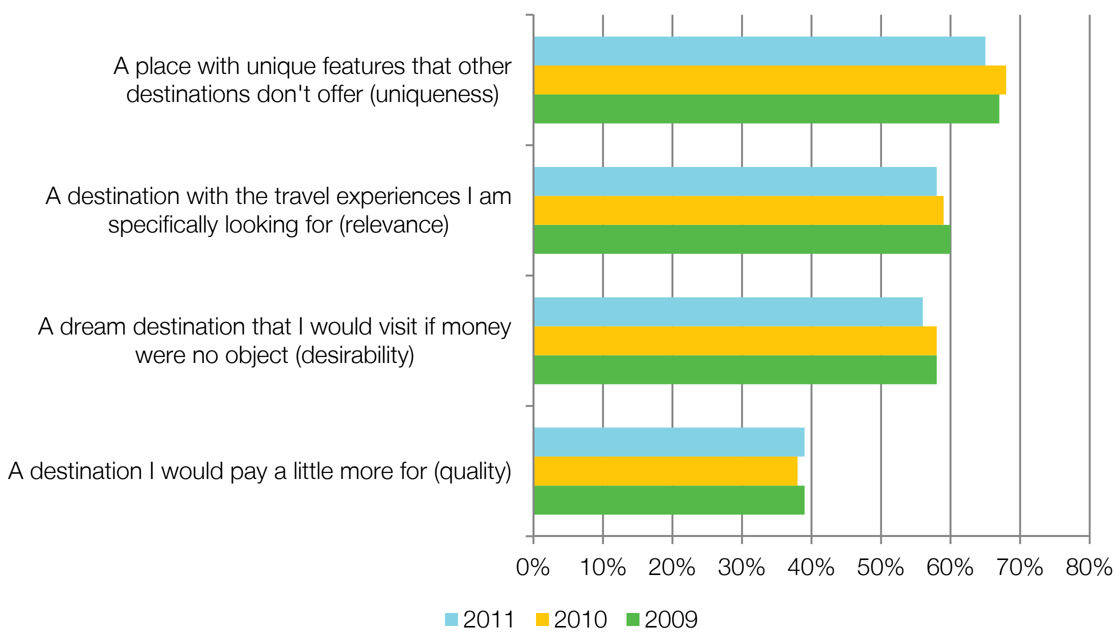
Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 shows that there has been an overall decline in value perceptions in 2011. This decline might be attributable to the fact that the Locals Know campaign, which highlighted the country's hidden gems and lesser-known tourism spots, has now wrapped up. However, perceptions of Canada's distinctiveness dropped last year in Mexico and some of the overseas markets as well, possibly pointing to a broader issue in terms of Canada's ability to differentiate itself from other vacation destinations.

As in previous years, Canada's Quality rating stands out as being poor, both relative to the other value attributes and to the standards set by the other GTW markets. This indicates a continued need to convey the quality of travel products and experiences on the home-front as Canadians need a compelling reason to justify a domestic trip when there are more alluring options available abroad.

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

Exhibit 5.1 Value Perceptions



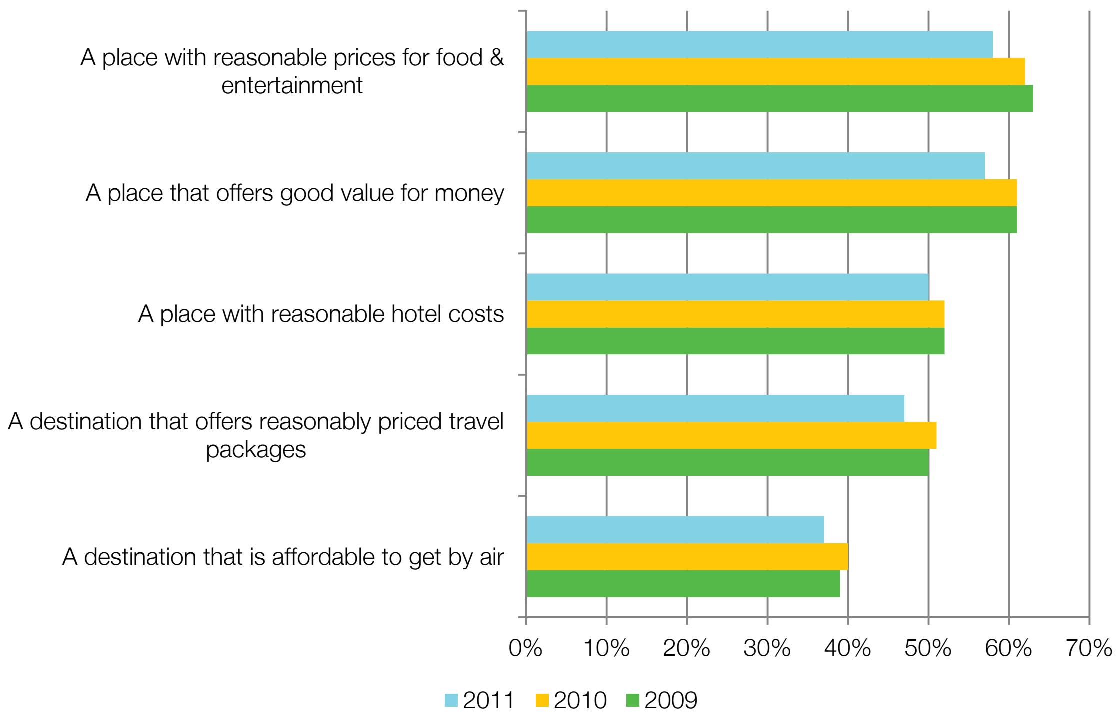
Base: Out-of-region pleasure travellers.

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".

Consistent with the cooling trend for Value Perceptions in 2011, Price Perceptions (see Exhibit 5.2) have also moderated this year. Rising airfare, and in turn, package prices, likely contributed to some of these results, as did numerous reports in the media on the high costs of domestic travel in the months leading up to the survey.

The drop in the value for money rating is especially worrisome in the aftermath of the recession, as getting value for money is firmly embedded in the consumer psyche. In fact, today's more demanding tourist is seeking not only value, but a favourably-branded destination and uniqueness at the same time.

Exhibit 5.2 Price Perceptions



Base: Out-of-region 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".

6. Product Interest

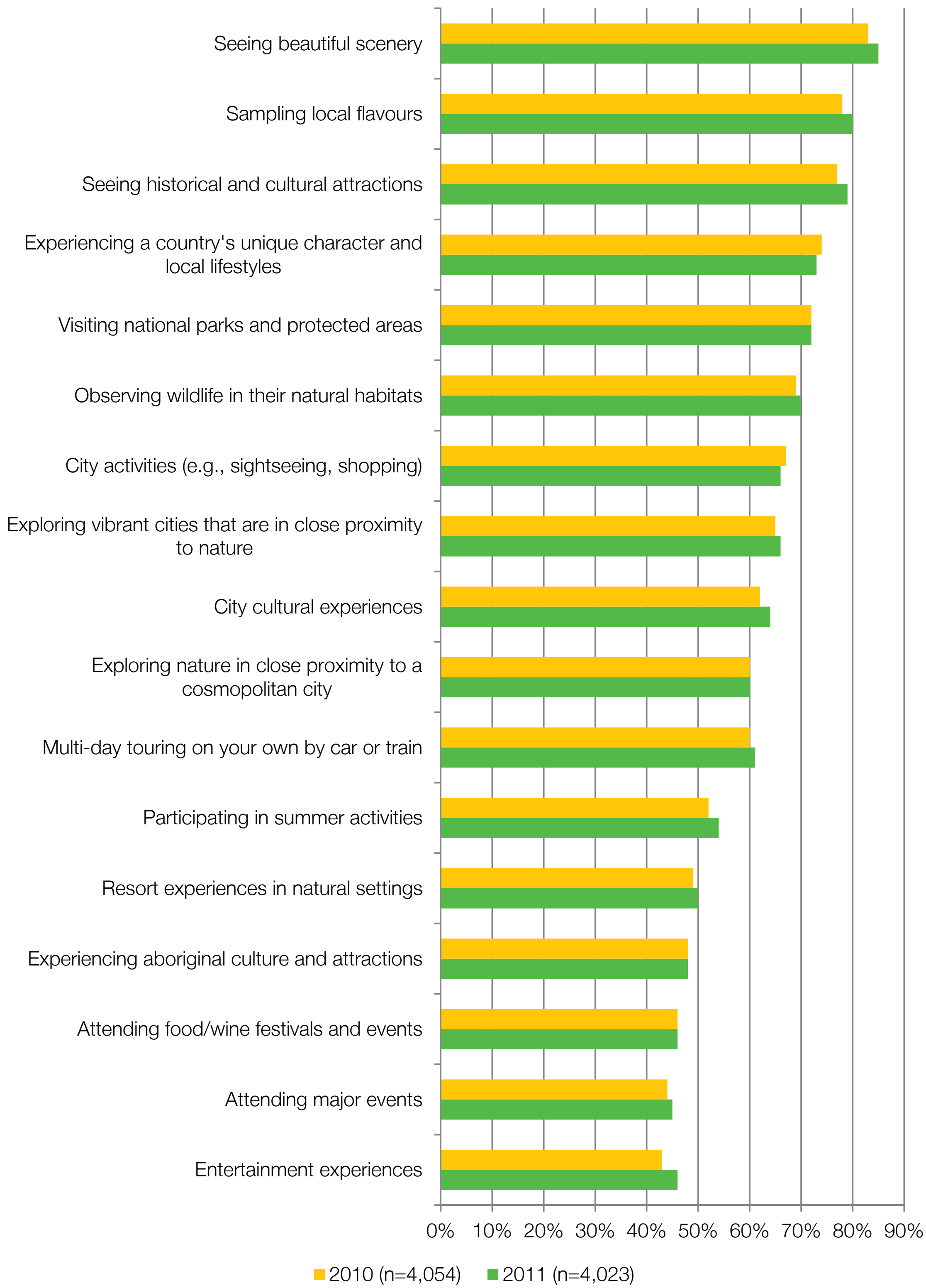
Key motivations for travelling in Canada and product interest are somewhat similar and study results showed that nature continues to dominate the top reasons for travelling in Canada

With the economy showing signs of life and a renewed trend for travel among Canadians, many products are now seeing a surge in popularity (see **Exhibit 6.1**). Most notably, outdoor activities are heating up, with summer activities, land-based journeys, water-based journeys, ski and snowboard vacations and other winter activities all reaching new highs this year. These findings undoubtedly reflect the mainstreaming of adventure travel in Canada, with more women and older travellers now taking part. This trend is expected to strengthen further over the next few years, with both budget and upscale products likely to enjoy greater popularity. Although most outdoor enthusiasts are seeking tales of adventure to relay to their friends back home, even more passive scenery viewing is seeing notable gains.

City pursuits are also drawing more out-of-region travellers, with entertainment experiences and major events both up significantly vs. previous years, and city culture and cities close to nature both trending upward. Travellers are also more likely to be tempted by gastronomic journeys in 2011, with sampling local flavours and culinary learning experiences both on the ascent. This suggests that it may be an opportune time to entice Canadians with products that not only involve dining on local specialties, but teaching participants how to prepare them.

Multi-day group tours by bus or train are also gaining in popularity. Although this may seem surprising, rail journeys are one of the hottest travel trends for 2011 both in Canada and around the world. Travel agents also report that group tours are seeing a renaissance, particularly flexible multi-destination products where customers can create a customized holiday from an extensive menu of components. Given current vacation interests, flexible products that offer immersion in city culture or culinary discovery (e.g., dinner at smaller restaurants with local atmosphere and cuisine) could prove popular.

Exhibit 6.1 Product Interests



Base: Out-of-region pleasure travellers (2011 n=4,023; 2010 n=4,054).

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

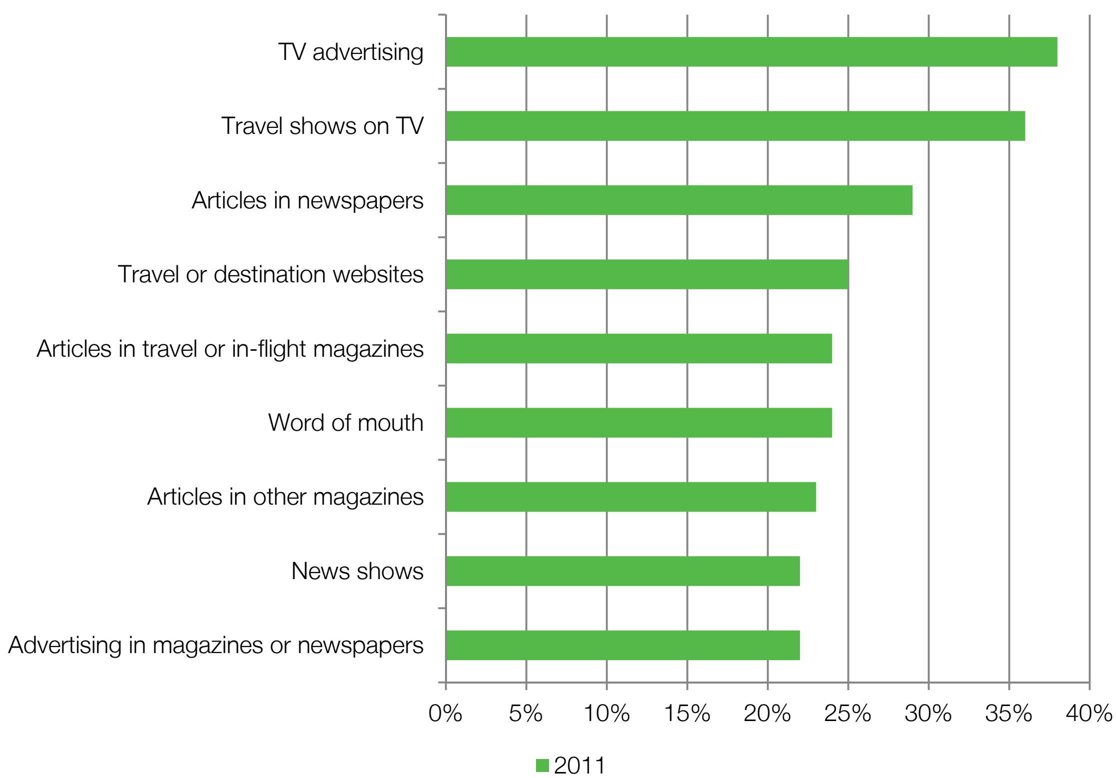
7. Sources of Information on Canada

Exhibit 7.1 shows that over 80% of Canadian travellers saw or heard travel-related information on Canada in the past three months, which is on par with past years. Television remains the best channel for reaching out-of-region travellers by far, with both advertisements (38%) and travel shows (36%) achieving strong penetration levels. Newspaper articles are the next most important source of information on Canada (29%), rounding out the top three for the third year running. These three channels are even more effective at reaching travellers who are very interested in travelling domestically in the next year (32% to 43%).

Travel or destination websites lead the next tier of information sources (reaching 23% to 25% of out-of-region travellers). Most print sources also fall into this group (including articles in travel magazines, articles in non-travel magazines and print advertising), as do news shows and word of mouth.

Aside from travel websites, most online channels are more limited in terms of reach. At 15%, email newsletters and promotions may be effective for targeting specific groups, and the same is true of online advertising at 13%. However, despite their growing importance in terms of promoting travel, the penetration of social networking websites (e.g., Facebook, Twitter), photo or video-sharing websites (e.g., YouTube, Flickr) and blogs/podcasts still remains fairly low (3% to 7%).

Exhibit 7.1 top sources of information on Canada in the past three months



Base: Out-of-region pleasure travellers.

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

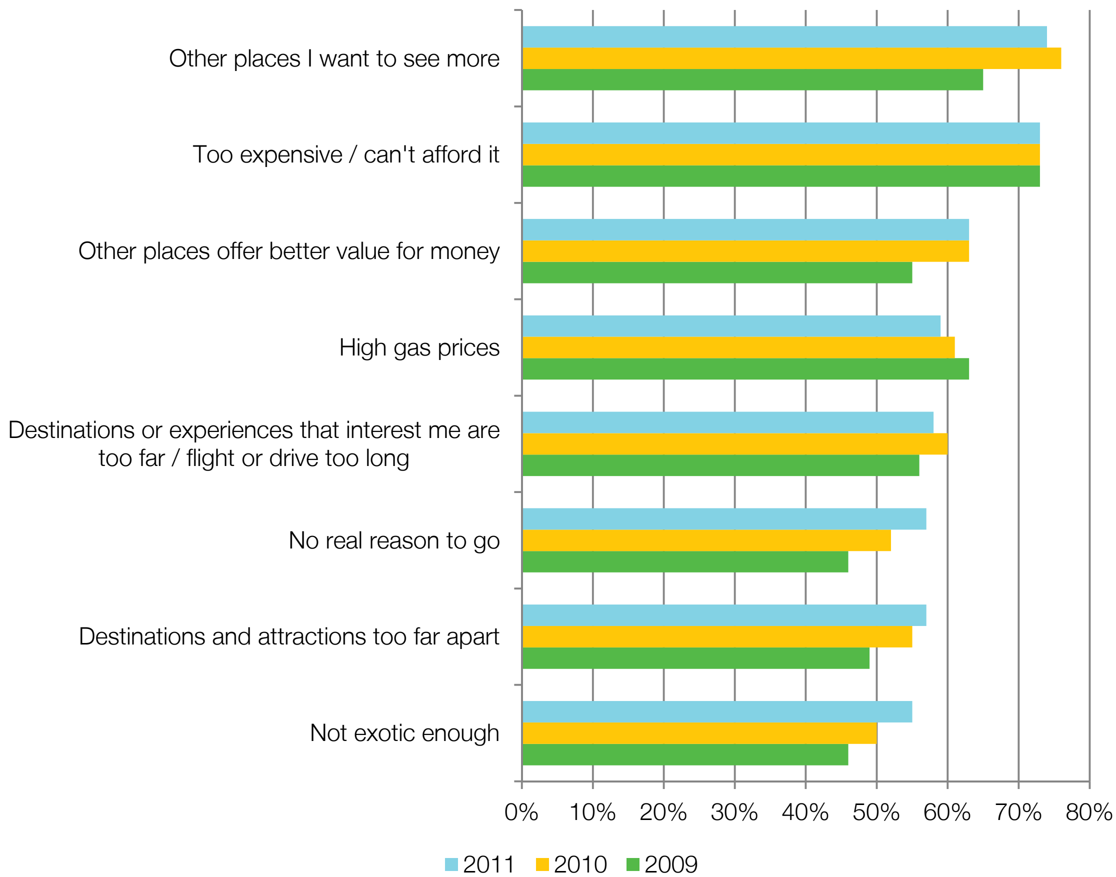
8. Key Barriers for Travel to Canada

Exhibit 8.1 shows the key barriers for Canadian travellers who are unlikely to travel in Canada in the next year. The top barriers have remained unchanged since 2009, with competition from other destinations and affordability surfacing once more as the greatest deterrents for domestic travel. In addition, perceptions of obtaining better value for money elsewhere, high gas prices and long distances round out the top five barriers for the third year running. Although both the allure of other vacation spots and the value that they offer have stabilized in 2011 after a dramatic surge last year, it is clear that steep competition remains the foremost roadblock to growing the domestic travel market, with no real improvement in sight.

The most striking thing about the exhibit, however, is the increasing numbers of travellers who mention Canada's nondescript image as a travel barrier. This trend first emerged last year, but has worsened in 2011, with no real reason to go, not exotic enough, nothing to do and no unique history/culture now up 8 to 11 ppt over 2009 levels. The proportion who feel that Canada is too boring is also trending skyward. These results dovetail with Canada's withering Brand Perceptions, and taken together with the intensifying competition from other destinations, no doubt contribute to the fact that outbound travel is currently recovering at a much faster pace than domestic travel is. Clearly, there is an ongoing need to ratchet up Canada's excitement value and more fully engage potential travellers.

Canada's competition and image issues are compounded by rising perceptions of poor weather and long distances between key points of interest in the country, although the former is likely due to the switch to a winter field date. As well, a growing number of people say they lack awareness about where to go and what to see in Canada. Unlike the weather and great distances, this is something that the tourism industry has the power to change.

Exhibit 8.1 Key Barriers for Travelling in Canada



Base: Out-of-region pleasure travellers who are unlikely to travel in Canada in the next year (2011 n=465; 2010 n=490; 2009 n=447).

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

9. Conclusions: Key Take-aways

With Canada's economy on the mend, domestic travel has picked up. However, outbound travel is currently expanding at a faster pace than domestic travel is, fuelled by a strong Canadian dollar and pent-up demand:

- While the Canadian market is expected to continue to strengthen through 2011, rising travel costs could well dampen the recovery, with increasing airfares, gas prices and hotel rates all expected to take their toll.
- Top-of-mind awareness of Canada as a travel spot exhibited some major fluctuations this year that were at least partly attributable to moving the GTW fieldwork from the summer in previous years to the winter in 2011. The unaided awareness of Canada as a vacation destination saw a losses, along with the likelihood of taking a domestic getaway in the next year.
- Without a CTC domestic campaign this year, Canadian destinations and attractions will need to take up the slack in terms of promoting themselves, particularly in view of the need to stem the tide of Canadians headed to the US. With a dollar that is currently favouring US travel, aggressive marketing initiatives might be prudent to ensure that domestic travel does not drop off the radar for Canadians.
- With value, quality and service deeply entrenched in the consumer psyche as a result of the recession, the slippage of the Value Perception Indicator (VPI) and Price Perception Indicator (PPI) this year is of some concern. Dovetailing with these results is a rising number of travellers who cite Canada's bland image as a barrier to travel, deepening a trend that first surfaced in 2010. Shoring up the flailing VPI by enhancing Canada's excitement value, and promoting its unique products and world-class experiences, is critical to winning over today's more selective travellers. Dealing with escalating impressions of steep travel costs is also paramount, particularly in view of recent media hype around the high price tag associated with domestic travel.
- In terms of product interests, outdoor activities are continuing to increase in popularity, both for travel to Canada and pleasure travel in general, reflecting the mainstreaming of adventure travel in Canada. Other products are also picking up steam this year as the travel market recovers, including city pursuits and culinary experiences. With Inter-Regional Domestic travellers reporting a growing penchant for urban experiences, Canada may want to raise the profile of its vibrant cities to avoid losses to the US among this key segment.
- Touring products (both guided and independent) have seen a healthy surge in interest this year, which is consistent not only with the increasing popularity of rail tours, but the resurgence of packaged travel both in Canada and world-wide. The Canadian tourism industry may want to respond to these trends by developing appropriate products, while keeping in mind the need for deals to encourage market growth at a time when consumers are still hesitant to spend and perceptions of domestic travel costs are high.