Canadian Tourism Commission

Commission canadienne du tourisme

UK Market Profile

February 2013

Canada

Contents

Introduction

The Canadian Tourism Commission (CTC), in conjunction with various Canadian tourism industry partners, undertakes three major consumer research studies on a rotating basis: Global Tourism Watch, Explorer Quotient® (EQ), and Advertising Evaluation studies.

This report summarizes findings from the CTC's research studies as well as analyses that the CTC has conducted with other data sources. In particular, this report provides:

- *An overview of market conditions and an outlook for 2013*
- *A profile of UK visitors during 2011*
- *An overview of key long-haul competitors*
- *Highlights of marketing insights along the path to purchase.*

Executive Summary

UK outbound long-haul travel peaked in 2008 and has yet to return to pre-recession levels. Among the ten largest outbound markets, most are still below their 2008 arrivals level including the United States, Dubai, and Canada. Canada's decline in arrivals started in early 2008 following the loss of low-cost carriers FlyGlobespan and Zoom Airlines, which represented 14% of seat capacity in 2007.

The CTC forecasts a nominal increase in overnight arrivals to 601,000 in 2013, up from an estimated 599,000 in 2012, though nonstop seat capacity is scheduled to decline by 3% (46,000 seats). While the UK economy is expected to recover from the stagnation experienced in 2012 to post GDP growth of 1.2% in 2013, the downside risks from the prevailing eurozone crisis could inhibit the mildly positive economic momentum.

UK long-haul pleasure travellers still perceive Canada as a top destination to visit. Among key competitors, Canada ranks third in top-of-mind consideration and is the most recommended place to visit for a holiday after New Zealand. Air service remains strong as Canada continues to have the third-largest volume of scheduled seats among all long-haul destinations.

Affordability and value for money are weaknesses for Canada, which have become even greater challenges as the Canadian dollar remains strong compared to the pound sterling. This may have contributed to the steeper drop in travel among pleasure travellers than among business travellers and those visiting friends and relatives.

With 3.8 million British going to the US for a holiday, one opportunity to address Canada's affordability and value for money is to grow the volume of travellers visiting both nations. The US has the highest top-of-mind consideration: 36% of travellers are seriously considering visiting the US in the next two years. The US also leads long-haul competitors in being perceived as offering good value for money.

Marketers should continue to employ a mix of traditional and modern mediums to influence prospective travellers. Of particular interest are the growing use of social networks and the continued importance of the travel trade. Among recent visitors to Canada, nearly half consulted with a travel agent for their holiday to Canada.

Canada is in one of the best positions to facilitate the voice of past visitors to advocate on behalf of the country. Among key long-haul competitors, Canada has the second-highest net promoter score, the lowest proportion of detractors (travellers who would not recommend this destination) and the second-highest volume of past visitors. Almost all recent visitors (95%) already advocate for Canada by sharing their trip experiences with friends and family. While traditional in-person conversations and e-mail are the dominant forms of advocacy, nearly one third shared photos and messages on a social network.

UK Market Conditions & 2013 Outlook

The UK economy was stagnant in 2012; real GDP is expected to grow 1.2% in 2013 and 2.1% in 2014, but the downside risks from the eurozone crisis could inhibit the mildly positive economic momentum. While unemployment is expected to remain above 8% into 2013, consumers appear eager to resume spending, with growth accelerating from 0.6% in 2012 to 1.2% in 2013. Inflation, which ran as high as 4.5% in 2011, will be further controlled in 2013 and is forecast to fall to 2.2% from 2.8% in 2012.

From a currency standpoint, the GBP depreciated a modest 1.2% against the USD in 2012 and is forecast to remain virtually unchanged in 2013. This stability is expected to persist through 2016 (2.9% depreciation), which contrasts strongly with the 26.2% depreciation recorded against the USD from 2008-2012. This relative stability extends to the CAD as well: the GBP depreciated 0.1% in 2012, although appreciations of 1.8% in 2013 and 6.5% by 2016 are forecast, slightly improving Canada's competitive position in terms of affordability.

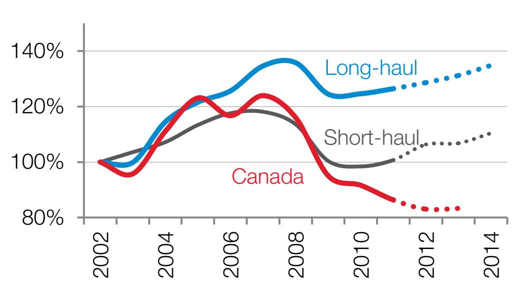
	The UK Economy				
	2010	**2011**	**2012**	**2013**	**2014**
Real GDP (% YOY)	2.9	2.0	0.0	1.2	2.1
Unemployment (%)	7.9	8.1	8.0	8.3	8.3
Inflation (%)	3.3	4.5	2.8	2.2	1.7
Consumer spending (% YOY)	1.3	(1.1)	0.6	1.2	2.0
Exports (nominal % YOY)	9.4	14.1	(1.7)	3.3	4.7
Exchange rate (CAD/GBP)	1.592	1.586	1.584	1.612	1.606

Source: Oxford Economics, 2013; Bank of Canada, 2013.

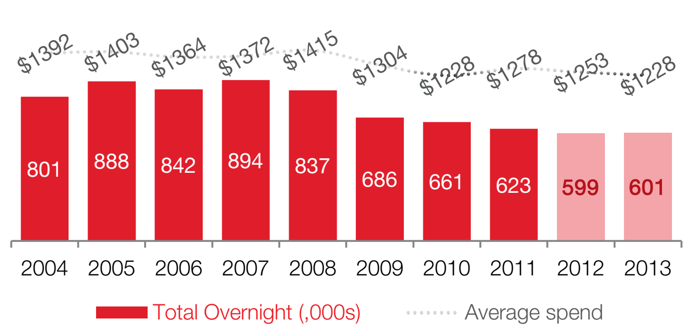
OUTBOUND TRAVEL

Over the past decade, both long-haul and short-haul outbound travel from the UK reached peaks in 2007-2008 and entered a rebound phase in 2011. Likewise, Canada reached a peak in 2007 with 894,000 overnight arrivals. During the global recession, travel to Canada fell below its 2002 arrival volume and has yet to recover in line with the UK rebound in long-haul travel. This situation is expected to prevail in the short-to-medium term. The CTC has forecast minimal growth in 2013.

UK Outbound Travel, 2002=100
Source: Tourism Economics



Overnight Arrivals and Spend, 2004 to 2013
Source: Statistics Canada, CTC Forecasts



UK Travel to Canada

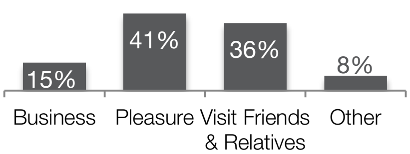
TRAVELLER CHARACTERISTICS

In 2011, 77% of UK trips to Canada were for pleasure or to visit friends and relatives (VFR). In recent years, pleasure trips have declined more than non-pleasure trips.

Over the past decade, the proportion of trips made by travellers over 55 years of age has steadily increased from 34% in 2000 to 43% during 2011. Summer remains the preferred season, although not to the same extent as for the French (45%) and Germans (49%), as the British seem to have a stronger appetite for Canadian experiences during shoulder seasons.

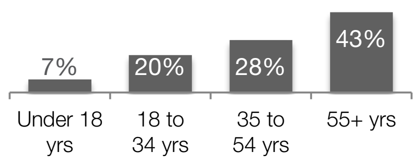
Trip purpose

Source: Statistics Canada, 2011.



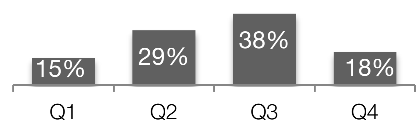
Visitor age

Source: Statistics Canada, 2011.



Seasonality

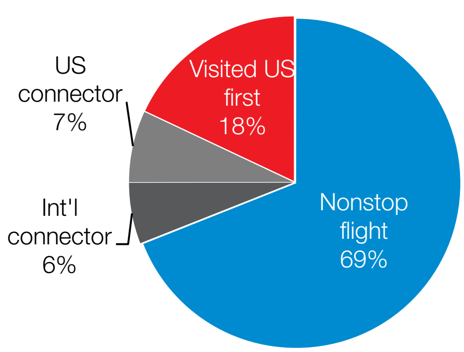
Source: Statistics Canada, 2011.



TRAVELLER ROUTINGS TO CANADA

The CTC has estimated that during 2011 over two thirds of visitors arrived in Canada via a nonstop flight and nearly 20% arrived following a visit in the US (10% entered Canada via land and 8% via air).

Nonstop seat capacity between the UK and Canada is scheduled to decline by 3% (46,000 seats) in 2013. However, Canada continues to have the third-largest volume of scheduled seat capacity among long-haul destinations behind the US and the United Arab Emirates.



Source: CTC estimates based on the International Travel Survey, and air traffic data from Diio Mi FMg.

2013 Nonstop seat capacity (,000s) by Canadian airport

YYZ	789; (3%) vs 2012
YVR	354; (1%)
YYC	212; (10%)
YUL	191; +1%
YOW	78; +2%
YHZ	65; +3%
YEG	60; (9%)
YYT	22; +17%
Total	**1,771; (3%)**

2013 Nonstop seat capacity (,000s) by UK airport

LHR	1,427; +1% vs 2012
LGW	206; (15%)
MAN	78; (10%)
GLA	43; (28%)
EDI	10; New
BHX	5; (29%)
Total	**1,771; (3%)**

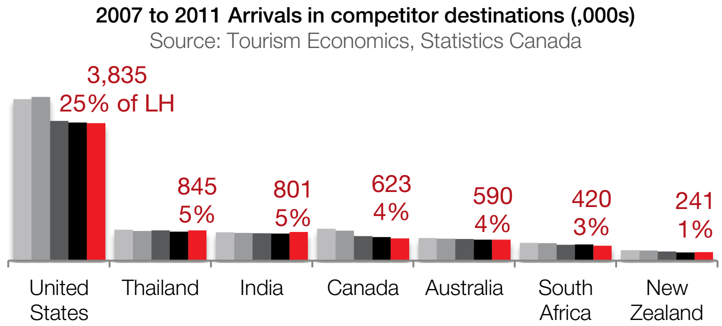
Source: Diio Mi. February 2013.

YYZ: Toronto; YVR: Vancouver; YYC: Calgary; YUL: Montréal; YOW: Ottawa; YHZ: Halifax; YEG: Edmonton; YYT: St. John's
LHR/LGW: London; MAN: Manchester; GLA: Glasgow; EDI: Edinburgh; BHX: Birmingham

Competitive Environment

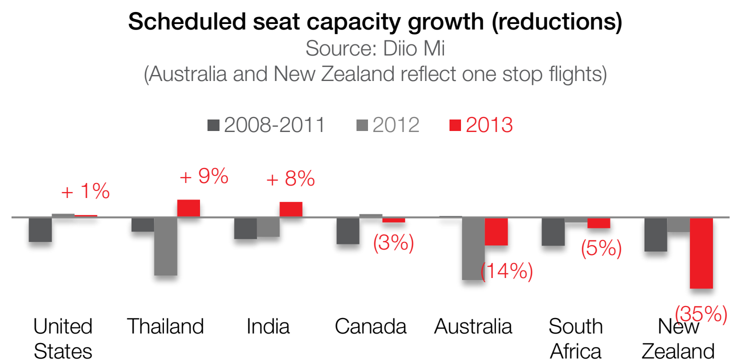
ARRIVALS

As recently as 2008, Canada ranked as the second- or third-most visited destination among key long-haul competitors. Canada is now in fourth position behind the US, Thailand, and India. Its share of long-haul travel also slipped from 5-6% to 4% in 2011.



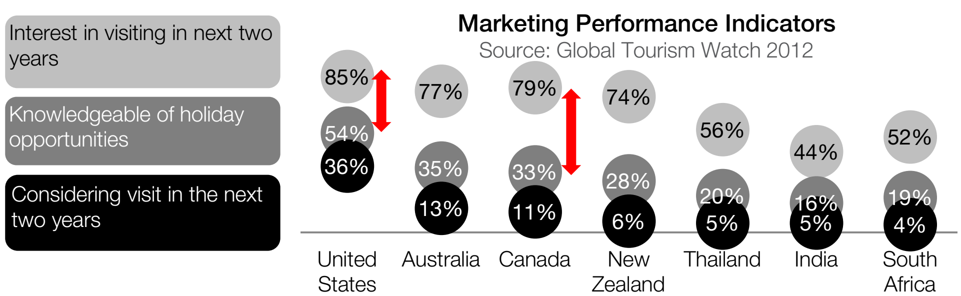
AIR SERVICE

Since 2008, the US, India, Canada and South Africa experienced the least reduction in scheduled seat capacity among key long-haul competitors.



MARKETING PERFORMANCE

Canada generally ranks third on key marketing indicators, behind the US and Australia. Over the longer term, it would be beneficial to achieve greater awareness and consideration among long-haul travellers.

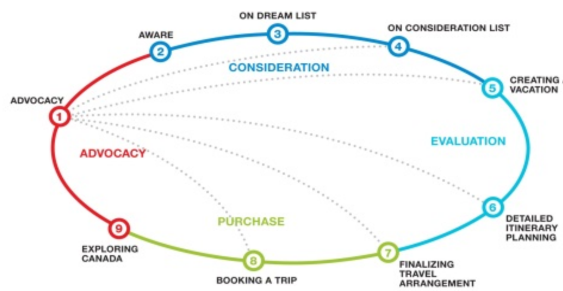


Although not in the lead, Canada is perceived relatively well as a place that offers an authentic experience and relevant travel experiences.

Canada is not perceived as well for offering good value for money. Note that at 54%, the US leads this category. A five-point improvement would place Canada tied for third spot.

Marketing along the Path to Purchase

The path-to-purchase model aids in understanding the decision journey of a traveller and the opportunity to influence it. It effectively identifies motivators and blockages to building destination awareness, consideration, evaluation and, ultimately, purchase of Canada.



TRAVELLER PROFILE

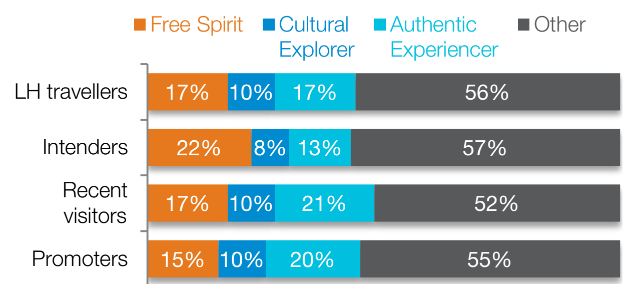
The traveller profile charts illustrate the distribution of travellers along the path to purchase:

- *Long-haul (LH) travellers represent all travellers on the path to purchase.*
- *Intenders are those at the consideration and evaluation phases.*
- *Recent visitors came to Canada in the past three years for a holiday.*
- *Promoters have visited Canada at least once and are very likely to recommend Canada for a holiday.*

The three **target EQ® segments represent 43% of intenders**. Among travellers who have visited Canada in the past, 61% said they would be very likely to recommend Canada to friends and family. The target EQ segments represent 45% of these promoters.

EQ

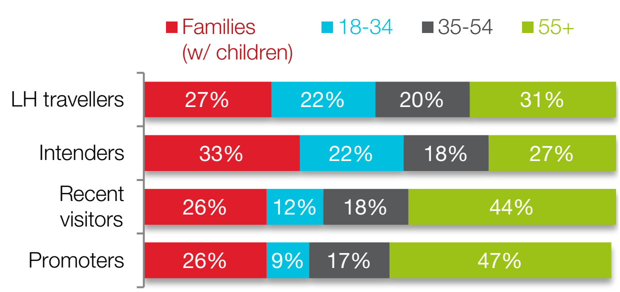
Source: Global Tourism Watch, 2012.



A greater proportion of recent visitors were over 55 years of age, suggesting that families and younger travellers may be confronted with more challenges in travelling long-haul, such as affordability and time. Furthermore, **nearly half of the promoters were over 55 years old.**

Age/Lifestage

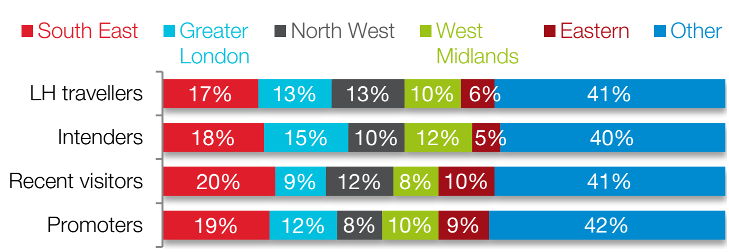
Source: Global Tourism Watch, 2012.



While a small proportion of recent visitors reside in Greater London (9%), these city dwellers represent the second-largest region of intenders. Conversely, a **slightly greater proportion of recent visitors reside in the eastern region** (10%).

Residence

Source: Global Tourism Watch, 2012.



Consideration: 85% of long-haul travellers

MOTIVATORS

A recent study identified the most important **drivers for destination preference** among Canada's competitors. The top five drivers for UK travellers **align well with Canada's brand**.

Most important drivers for destination preference

Lots of **once-in-a-lifetime** experiences
An **exciting** place
Provides **unique** holiday experiences
A place to have a real **adventure**
A place where I would feel **welcome**

BARRIERS

Half of UK travellers at the consideration phase cite **affordability** as a reason preventing them from visiting. About 25% admit that there are **other places** they would rather visit. **Nearly 20% say there are no reasons not to visit Canada** in the next two years.

SOURCES FOR TRIP INSPIRATION

Traditional media plays a more important role at the early stages of the path to purchase: word of mouth, TV/radio shows, magazine/newspaper articles, TV advertising and travel guides/books.

Evaluate: 11% of long-haul travellers

MOTIVATORS

Canada's target UK travellers seek different experiences.

Free Spirits are attracted to **exciting** experiences they cannot find at home. They want to see all the **main attractions** and appreciate being **pampered**.

Cultural Explorers enjoy going **off the beaten path**. They love learning about the **history** of the places they visit, and immerse themselves in the modern **culture**. They prefer not to be constrained by a set schedule.

Authentic Experiencers also love learning about history and culture, and spend the time to understand **cultural differences**. They prefer to chart their **own itinerary** and **avoid the tourist crowds**.

Travel motivators

Free Spirit	Cultural Explorer	Authentic Experiencer
Excitement	Cultural immersion	History
Experiences they cannot find at home	Unstructured travel	Cultural differences
Lives for travel	Lives for travel	Away from the crowds
Luxury	Natural beauty	Not a whirlwind tour of the must-sees
Main attractions	Fun	
Indulgence, carefree	Sharing experiences	
Sharing experiences	Off the beaten path	

BARRIERS

While nearly 40% of intenders are reluctant to book due to cost, **one third say there are no reasons not to visit Canada** in the next two years.

SOURCES FOR TRIP PLANNING

Most travellers use **online sources to plan** their trips: online retailers, traveller review sites, and websites of hotels, airlines, attractions, etc. Some travellers continue to rely on **travel guides/books**.

PLANNING TIMEFRAME

A majority of travellers (70%) **start planning their trip within six months** of travelling.

Purchase: 3% of long-haul travellers

SOURCES FOR DECIDING WHAT TO DO IN CANADA

In choosing to visit Canada and in deciding what to do while in Canada, recent visitors were **most influenced by past visitors** plus a mix of **traditional media**, **online sources** and the **travel trade**. Interestingly, "photos shared via social networks" is on par with "something you read in a magazine or newspaper."

Influential sources

- Past visitors (40%)
- Travel guides/books (21%)
- Travel agent (15%), Destination-specific websites (15%)
- Travel booking websites (14%)
- Traveller review sites (13%), Travel agency brochures (13%)
- Magazine/newspaper articles (9%); Photos shared via social networks (9%)

TRIP TYPE

Two thirds of recent visitors travelled independently, while 25% opted for at least some guided tours.

Trip type

- Travel independently (67%)
- Combined independent travel with some guided tours (14%)
- Fully escorted or guided tour (11%)
- Cruise (5%)
- Resort stay (4%)

BOOKING TIMEFRAME

Half of all UK travellers (50%) book their holiday within three months of travelling. **Only 20% book more than six months prior to travel.**

BOOKING METHOD

Among recent visitors, **nearly half consulted with a travel agent for their holiday to Canada**. One third booked their Canadian holiday with a travel agent, one quarter used an online retailer, and nearly 40% booked directly with the airline.

Booking method

- Direct with airline (38%)
- Travel agent (33%)
- Online retailer (24%)

Advocacy

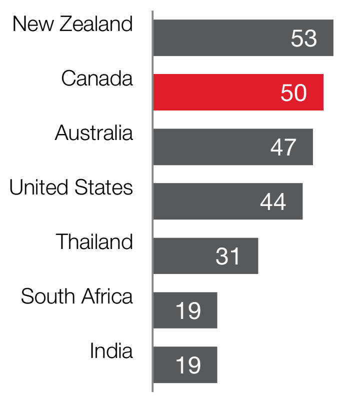
TRAVELLER PROFILE

Among the 29% of UK long-haul travellers who have been to Canada, **61% would be very likely to recommend Canada** for a holiday (promoters) while only 11% would not recommend the country (detractors). Thus, **Canada has a net promoter score of 50**, just behind New Zealand, which leads the competitor set at 53.

Online social networks can facilitate destination advocacy by providing past visitors a platform to share their experiences and opinions with like-minded prospective travellers. **Nearly 80% of target EQ travellers use Facebook**. YouTube and Twitter are also used but to a lesser degree, particularly among

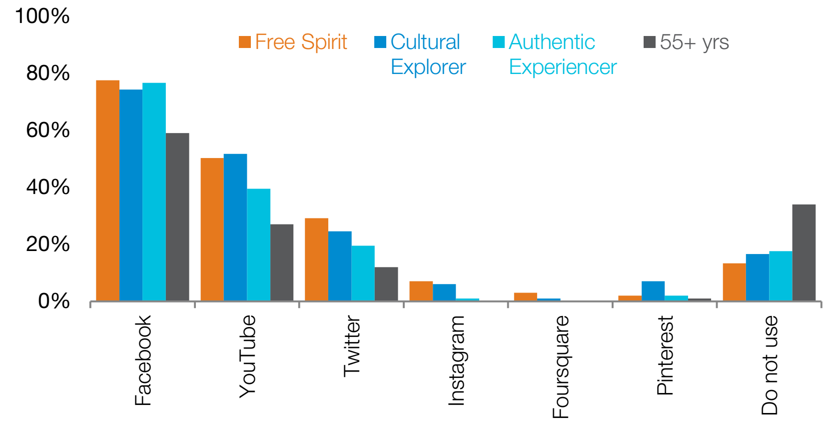
Authentic Experiencers. Earlier in this section, it was noted that **nearly half of promoters are over 55 years old**. While online social network use is less prevalent among these older travellers, **two thirds do use at least one social network service**.

Net Promoter Score
Source: Global Tourism Watch 2012



Base: Past visitors of each country.
12% of UK LH travellers have visited New Zealand, 29% have visited Canada, 23% Australia, 65% US, 17% Thailand, 13% South Africa, and 14% India.

Social networks used in the past three months
Source: Global Tourism Watch 2012



ADVOCACY WHILE EXPLORING CANADA

During their holiday in Canada, **80%** of recent visitors **shared their trip experiences while travelling**—47% by sending postcards, 24% through a social network via PC and 11% via mobile devices.

Advocacy while exploring Canada

Sent postcards (47%)
Shared photos or messages on a social network via computer (24%)
Shared photos or messages on a social network via mobile (11%)

POST-TRIP ADVOCACY

After returning home from their trip to Canada, **95% of recent visitors shared their travel experiences.**

While traditional means remain the dominant form of advocacy, nearly one third of recent visitors shared photos or messages on a social network and 9% said they blogged about their trip.

Post-trip advocacy

In person, with friends and family (78%)
Shared photos with friends and family via email or in person (61%)
Shared photos or messages on a social network (30%)
Submitted opinions about specific attractions, hotels, restaurants (12%)
Blogged about the trip (9%)

MEDIA RECALL

Over the past year, **two thirds of long-haul travellers recalled seeing or hearing information about travelling to Canada**. Note that an equal proportion of travellers recalled hearing about Canada through social networks and through travel agency brochures.

Media recall

Friends and family (25%)
Travel shows on TV (15%)
Magazine/Newspaper articles (14%), TV advertising (14%)
Travel agency brochure (12%), Friends and family via social networks (12%)
Travel guides/books (11%)

Further information

Tourism businesses need to make every resource count and focus on what can set them apart from the competition. The CTC can give you an edge by providing additional resources that will help you leverage Canada's highly successful tourism brand-"Canada. Keep exploring." Canada ranked first as the world's most respected country brand in 2010 and 2011 and the influential Lonely Planet guide named Canada one of the "Top 10 Countries to Visit in 2009,"so it's a powerful brand to get behind!

As Canada's national tourism marketing organization, the CTC leads the way in keeping Canada's tourism industry ahead of the pack while we work with our partners to inspire visitors around the world to explore Canada.

We rely on Canada's small- and medium-size tourism enterprises (SMEs) to deliver on our brand promise. Our resources provide support to help transform their tourism products into the extraordinary experiences that will keep visitors coming back for more.

We encourage you to learn more about working with the CTC and look forward to working with you in the future.

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