Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch

2014 USA Summary Report

Canada

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1. Introduction

The Canadian Tourism Commission (CTC) began conducting the annual Global Tourism Watch (GTW) program in 2007. The primary purpose of this research program is to expand the base of consumer-based intelligence in twelve core markets around the world[1].

The overall objectives of the GTW study are to:

1. Monitor awareness, travel intentions, and other key market indicators for Canada and the regions;
2. Assess perceptions of Canada and track brand performance against the competitive set over time;
3. Identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
4. Identify motivators and barriers for travel to Canada; and,
5. Explore the role of social media and advocacy in the tourism context.

In response to a rapidly changing travel marketplace, the CTC and TNS worked together to substantially revise and update the questionnaire prior to the 2014 fieldwork. This was done to better reflect current travel realities and to gather more in-depth information on Canada's competitors in each market. The new GTW data permits direct comparison of Canada to those competitor countries unique to each market. The CTC has designated Australia, Italy, Germany, France, Mexico and the UK as the competitive set for the US traveller, for 2014[2].

Methodology

In 2014, a web-based panel survey was conducted by TNS. The target population for the online survey was residents aged eighteen years and older, who had taken an international pleasure trip where they had stayed at least one night in paid accommodation in the past three years, or intended to take such a trip in the next two years. Data was gathered from 3,000 respondents in the US, including 1,050 recent visitors to Canada, in September 2014.

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1 Identified by the CTC as the international 'long-haul' markets of: Australia, Brazil, China, the UK, Germany, France, India, Japan, Mexico and South Korea, as well as the US and the domestic Canadian market.
2 The competitive set for the US in 2014 remains unchanged from that of 2013. The CTC continuously reviews the competitive set for each market, and from time to time, may update it to better reflect the current realities in the marketplace.

2. Strategic Considerations

The key strategic considerations for Canada, arising from the 2014 results of the US long-haul travellers, can be summarised as:

1. With the US economy now showing strong growth, and optimism around future travel intentions growing, Canada can expect visitor numbers to increase, despite the long term decline in share of US outbound travel. The depreciation of the Canadian dollar should also bolster demand for vacations *north of the border*, which are generally seen as more affordable than other international destinations, but have been under pressure from the strength of the Loonie.

2. US international travellers have always been very optimistic about their intentions to visit Canada, and are even more so this year, but the challenge remains in trying to convert those good intentions to actual visitation. It has often been noted that Americans need a call-to-action when it comes to following through on those intentions to visit Canada, and require a compelling reason to make good on their promise.

3. While Canada is seen as an *affordable* destination, US travellers still do not perceive it as offering *value*. Canada's offer is not highly regarded among the majority of international travellers in the US, with affordability and ease of access driving visitation, rather than the allure of the experiences that await them. While they may rate their own knowledge of what Canada has to offer as *very good*, it remains to be seen if they truly understand what Canada has to offer *today*.

4. Canada is seen, however, as offering *value for money* compared to European destinations and Australia, largely due to the relatively low cost of travel and accommodation. The relative cost of travel is subject to currency exchange fluctuations, and much will depend on the continued devaluation of the Loonie and the strength of the Euro, which is once again under significant pressure following the election results in Greece, and growing anti-austerity sentiments in other countries (notably Spain).

5. While perhaps not receiving the same recognition and appreciation it does from other international travellers, US travellers do perceive Canada's strength to be its natural beauty and scenery, but this is predominantly driven by the perceptions of the older traveller. To deliver *value*, Canada must be able to demonstrate it can offer more than just outstanding natural beauty, and develop marketing campaigns to persuade the American traveller it has far much more to offer.

6. Given the influence of *advocacy* in choosing a vacation destination, it is of some concern that relatively few US visitors to Canada would recommend coming here to friends and family. Among all US travellers (not just those that have visited Canada), the level of advocacy is even lower, based on perceptions of Canada or what they have heard (perhaps from friends or family, or through the media).

7. Canada is well-placed to capitalise on the growing interest in wellness experiences and multi-generational vacations now sought by many US travellers. While they may be considered 'niche', they align well with Canada's offer.

3. Key Observations

The following section summarises the key points of interest from the 2014 survey of US international pleasure travellers.

Key findings:

- With the continuing recovery of the US economy, the outlook for travel is very encouraging with 44% of US international travellers believing they will *travel more* in the next two to three years[3]. Over a quarter (28%) also believe they will *spend a little more* on travel *outside* the US – which all points to an increasing number of visitors to Canada. With the recent appreciation of the US Dollar against the Loonie, the favourable exchange rate for US travellers may also help to drive visitation north of the border.

- Familiarity with travel opportunities available in Canada continues to increase among US international tourists, with more than half (52%) rating their knowledge of Canada as either 'excellent' or 'very good' – higher than all other destinations in the competitive set[4].

- The number of US travellers who are *considering* a trip to Canada (in the next two years) also increased from 10% last year to 15%, on par with Mexico – Canada's major competitor in the US market. The number who would be *interested* in taking a vacation here also reached 83% - the highest level since the tracking study began in 2007. Compared to 2013, Canada also witnessed the biggest improvement (+5 percentage points) and is now joint-top with Italy, ahead of Australia. Pressed specifically on the likelihood of visiting Canada in the next two year, almost half (48%) believe they will[5].

- Among those *considering* a trip to Canada already, the most exciting or intriguing aspects of their potential trip are those associated with the scenery and natural beauty (25%), but notably more so among those aged fifty-five or over (32%). The desire to see beautiful scenery and landscapes is significantly higher among the older age group, compared to those under thirty-five.

- In terms of brand perceptions, Canada's strongest offering is clearly its natural geography, although it is still seen as some way off that which Italy and Australia can offer. But when it comes to *exploring the culture*, *sampling local flavours* and authenticity, only Mexico fares worse. This is also somewhat true when it comes to *exploring cities* and *creating extraordinary personal travel experiences*[6].

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[3] The Market Outlook Indicator for 2014 was +34, the highest seen since before the global recession (+36 in 2007).
[4] Which are the international destinations of: Italy, Australia, the UK, France, Germany and Mexico.
[5] Up from 42% in 2013.
[6] Canada places ahead of both Germany and Mexico.

- Despite the fact that US travellers agree that Canada is by far the most *affordable* option compared to the international competitive set, only Mexico was rated lower when it came to offering *value*. Only around half (51%) of US travellers agree that Canada offers the *travel experiences I am looking for,* and those experiences are not perceived as being *unique* (52%). Viewed as the relatively cheap option compared to other international destinations[7], a vacation in Canada is not something they would be willing to *pay a little more for*. This ties back to the brand perceptions and how the US traveller views Canada's offer.

- There are no real significant barriers to US travellers coming to Canada. Almost a third (30%) of US travellers, who said they were *considering* a trip here, said as much[8]. While there were some mentions of the cost, or *not being able to afford to go* (16%) as well as gas prices (15%), for many US tourists the cost of coming to Canada is no more than many domestic options available to them. The *poor weather* (15%) was also mentioned, but perhaps by those who generally seek a warmer climate on their travels. The challenges facing Canada, when it comes to the US market, are around perceptions of the offer and driving preference for Canada over competing destinations and domestic travel, as opposed to addressing any major factors that might be stopping them from coming.

- Only half of US travellers, who have visited Canada (ever), would recommend it to a friend or relative, which is a somewhat worrying level of endorsement. Of some comfort is the fact that both Germany and France fared worse – clearly their expectations were not met while on vacation there. These results pose a challenge in terms of promoting Canada through advocacy.

- The Net Promoter Score is also a measure of the level of satisfaction travellers had with their vacation experience. Understanding why some US visitors felt they could not recommend Canada, or were reluctant to endorse it, could provide greater of understanding of their expectations and why they might feel they were not mer. Canada's biggest advocates are those over the age of fifty-five and those with children – the younger travellers are less likely to recommend Canada to their friends and family.

- Among those travellers who have not yet visited Canada, the level of advocacy is significantly lower – only 37% would recommend going there; 38% would not. While their views are not based on first-hand experience, it speaks to their perceptions of Canada, and what it can offer. Even advocacy among the ill-informed is still of influence to those around them.

- The importance of advocacy is highlighted by the fact that friends and family are the most *influential* source of information and advice when it comes to choosing a vacation destination. They are also how US travellers generally hear about international destinations (36%), and about vacation opportunities in Canada (25%).

[7] It is worth noting that Canada is being compared on price to long-haul destinations in Europe and Australasia.
[8] From the list of barriers presented them, 30% selected 'Nothing would prevent me from travelling to Canada'.

- Travel agents, travel guide books and traveller-review website are also influential in helping them to decide where to go. This is encouraging news for Canada's marketers, whose marketing budgets are dwarfed by those of the major US cities / States and many international competitors.

- The least effective, according to US travellers, are: online advertising, magazine or newspaper advertising, email promotions, outdoor advertising and TV advertising. While we know that consumers do tend to under-rate the influence of *paid-for* advertising on their purchase decisions, we also know that, in this market especially, *trusted* sources[9] are indeed the *most influential*, and those that are perceived to be *independent*[10].

- Travellers are no longer waiting until they return home to share their experiences, thanks to social media and the high levels of ownership of portable devices (e.g., smartphones, tablets and laptops). Forty-one percent of US international travellers shared photos or videos via social media *while on their trip* and almost a third (32%) shared them via email. This presents a number of means of promoting a brand, and the rise of the 'selfie vacation package'[11] which some hotels are now offering guests is just one example of how this opportunity can be seized[12].

- In fact, waiting until they return home might mean marketers might *miss the boat*, because only around a third (35%) share their photos and videos via social media *after the trip*. What hasn't changed is the likelihood that they will talk to friends and family about their trip (69%), but this is less likely to be in-person nowadays, and often through online channels.

- One-in-ten (9%) US travellers will blog about their trip *while on vacation*, and a slightly higher number upon return (12%). While these numbers might seem small compared to the number who share photos (for example), the potential reach of their opinions and impressions can be significant. Over two-thirds (68%) of US travellers aged between 18 and 34 years-old said that personal blogs were influential in choosing *where to take their vacation*.

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[9] Trusted sources are those which the consumer *perceives* to be independent (i.e., not sponsored), and whose opinion is *valued*. This could be friends and family, or independent travel review websites, articles in newspapers or magazines, or TV travel shows, for example.

[10] Some sources that are *perceived* to be independent by consumers i.e., not sponsored or endorsed directly by an organisation or corporation, may in fact be largely *content marketing*, but the consumer may perceive it as 'independent'.

[11] In an effort to garner free publicity from guests and to enhance their stays, some hotels now give official advice on where to take the best selfies and have contests enticing guests to post their best selfies and win a free stay.

[12] The Mandarin Oriental Paris offers the "Selfies in Paris" package, which includes a Mercedes Class E with driver at the guests' disposal for three hours, free Wi-Fi in the car and hotel room, and a list of the best selfie spots in Paris. Guests can also win a free one-night stay by tagging the hotel in selfies that they post to social media sites.

4. Market Health and Outlook

Background

The US economy

Economic growth slowed at the end of 2014, but robust consumer spending during the final quarter of the year, which is expected to continue as Americans enjoy the benefits of lower energy prices, suggested that the economy was likely to pick up speed again in 2015 (New York Times, 2015). Consumer spending in the fourth quarter of 2014 grew by 4.3%, compared to 3.2% in the third quarter (Bureau of Economic Analysis, 2015).

At 2.6 percent, the rate of growth in the final three months of the year was a significant downshift from the 5% recorded in the third quarter, but is still considered relatively healthy (Bureau of Economic Analysis, 2015).

There are signs that the eagerly-awaited increase in average wage earnings has finally materialised, which economists believe is essential to propel consumer spending. Until the growth in earnings is back on-track, US monetary policy continues to be somewhat loose, so long as there are no indications that it is fuelling inflation.

The International Monetary Fund (IMF) expects 2014 to show 2.2% growth in Real GDP, matching the gains made in 2013, with an improved forecast of 3.1% for 2015 (International Monetary Fund, 2015).

Travel Outlook

With the continuing recovery of the US economy, the outlook for US outbound travel is positive with a projected growth of about 7% in 2015 and 6% in 2016, the highest outbound travel increase since 2004 (Tourism Economics, 2015). This optimistic outbound travel outlook is corroborated by travel intentions indicators from the GTW with 44% of US international travellers believing they will *travel more* in the next two to three years[13]. Over a quarter (28%) also believe they will *spend a little more* on travel *outside* the US – which all points to an increasing number of visitors to Canada.

Travel trends

The following section is a review of the key trends related to the US tourism market identified through secondary research conducted for this report.

- According to the US International Trade Administration (ITA), the top-five destinations for US international travel, based on data from 2013, are: Mexico (21 million trips) and Canada (12 million), followed by the UK (2.6 million), France (2.0 million) and Italy (1.8 million) (International Trade Administration, 2014).
- The top origin regions or states from which US residents travelled to overseas destinations are the Mid-Atlantic States (25%), South Atlantic States (20%) and the Pacific States (15%), with the biggest growth in 2013 coming from the South Atlantic States[14] (International Trade Administration, 2014).
- Canada continues to be the second most-visited destination by US international travelers, but numbers have declined since the peak of 2002 (16.2 million). Since then, US travel to Canada has declined in six of the last ten years (International Trade Administration, 2014).
- A report published by the CTC in 2008 identified one of the reasons for not realising the potential from the US market was a lack of a *sense of urgency to visit*, and a degree of procrastination around actually making a trip north of the border. The need for a strong *call to action* was identified as a priority for marketing efforts directed towards the US market (Insignia, 2008).
- Interest in *experiential travel* is being driven by social media sharing and increasing desire for consumers to be *world travellers* rather than 'just' tourists. Coupled with the desire of Gen X & Y's desire to do more than just 'see the sights', travellers are focusing on *experiencing* a country or city by connecting to its history, people and culture. This has led to an increase in the number of travellers 'booking local' (Visit Britain, 2014).

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[13] The Market Outlook Indicator for 2014 was +34, the highest seen since before the global recession (+36 in 2007). The data is from the GTW.
[14] Which consist primarily of Florida, Georgia, Virginia, Washington DC, Maryland and North Carolina.

- According to a study commissioned by Hotwire.com in 2014, *Millennial*[15] travelers intend to take more vacations, be more deal conscious and more spontaneous than older generations in 2015. The survey results reveal that:

    1. One-third of the *Millennial* respondents, more than any other age group, intend to travel more often in the new year.
    2. Thirty-five percent of Millennials intend to take one or two large vacations in 2015, compared to just 23% of travelers ages 45 to 54.
    3. Nearly one quarter of Millennials (24%) plan to be more deal conscious when booking, compared to just 16% of those age 65 and up (Hotwire.com, 2015).

- There is some debate about whether *Millennials*, *Gen-X*[16] or *Boomers*[17] are the most important target for marketers in the US. The sixty-odd million *Gen-X-ers* in the US account for 25% of the population but 29% of estimated net worth (31% of income-dollars), with research suggesting that spending on vacations tops the list of a significant increase in expenditures (Visit Britain, 2014).

- *Multi-generational travel* has increased in the US due to families living much farther apart, with research indicating that nearly 21 million households in the US are actively looking to travel to meet up with their families (Visit Britain, 2014). This is also leading to more interest in vacation experiences that contain an educational component for the younger members of the family, which can be enjoyed by the entire travel party (Huffington Post, 2014)[18].

- Pop-culture tourism is also a growing phenomenon with fans of Disney's *Frozen* flocking to Norway in search of ice castles and snow-covered fjords, in the same way that *Game of Thrones* has boosted tourism to Northern Ireland, and *The Hobbit* to New Zealand. The Hawaiian island of Oahu is already preparing for an influx of visitors expected to visit Kualoa Ranch once *Jurassic World* is released this year (The Travel Channel, 2015).

- According to a report conducted by Euromonitor International, cycling is fast becoming a major interest among middle-aged American men and cycling tourism is growing fast – cycling is now more popular than Golf, based on participation. The biggest opportunity rests with the Generation X and Boomers, and demand for cycling tours is on the increase (World Travel Market, 2014).

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[15] Millennials (also known as the Millennial Generation or Generation Y) are the demographic cohort following Generation X. There are no precise dates when the generation starts and ends, but researchers use birth years ranging from the early 1980s to the early 2000s.

[16] Generation X, commonly abbreviated to Gen X, is the generation born after the Western Post–World War II baby boom. Demographers and historians generally define them as birth dates from the early 1960s to the early 1980s.

[17] Boomers is the shortened term for 'Baby Boomers' - people born during the demographic Post–World War II baby boom between the years 1946 and 1964.

[18] Multigenerational aspiration trips are a recent trend that is forecasted to continue in 2015 with families seeking experiences and adventures that can be enjoyed by both the youngest and oldest members alike. Cruises and wildlife adventures are often cited as examples of these, but almost any experience can be positioned this way, if it has appeal across the age range, and is equally accessible to all members of the family (The Travel Channel, 2015).

- The *sharing economy*[19] looks set to continue to impact the tourism industry with a diverse range of accommodation options, thanks to the growth of brands such as *Airbnb*[20], *HouseTrip* and *HomeAway*. TripAdvisor has embraced the concept by acquiring Flipkey, as well as listing HouseTrip and Airbnb as trusted partners for rentals (World Travel Market, 2014). US travellers looking to stretch their budget are increasingly turning to 'alternative' accommodation options as they search for *value*, and also an alternative vacation experience.

- Forty-seven percent of women in the US, between the ages of 15 and 44 do not have children, and have been identified as a new lucrative market by Euromonitor International and DeVries Global. They have even been coined *PANKs* – 'Professional Aunts, No Kids' (Visit Britain, 2014).

- Forty-three percent of all demand at spa and wellness facilities worldwide is tourist-drive, with the US ranked second in the world for international wellness travel (Visit Britain, 2014).

[19] Also sometimes referred to as the peer-to-peer (P2P) economy.
[20] Portland has approved measures to legalise Airbnb (with prerequisites), which may serve as a precedent for other cities across the country and somewhat legitimizes Airbnb further.

5. Market Potential

Exhibit 5-1 provides an estimate of the size of the potential market for Canada in two ways – the macro target market and the immediate potential. Exhibit 5-2 shows the distribution of the estimated market potential for Canada by region and province.

The target market is a broader estimate of the market size based on expressed interest among all US long-haul travellers (market size estimate derived from the 2010 omnibus study of the US adult population). The proportion of GTW respondents who are “definitely”, “very”, or “somewhat” interested in Canada in the next two years is applied to the broader traveller population to come up with a target market estimate of 67 million.

The immediate potential is a more conservative estimate based on GTW respondents who say they are “definitely” or “very likely” to visit Canada in the next two years. This translates into a market of 38.8 million travellers with more immediate potential for conversion.

Exhibit 5-1 Size of the potential market to Canada (next two years)

Measure	Size Of Potential Market To Canada
Total potential international pleasure travellers (aged 18 plus)	80,909,000
Target market for Canada:	
Definitely / very / somewhat interested in visiting Canada in the next two years	83%
Size of the target market	67,154,000
Immediate potential for Canada:	
Will definitely / very likely visit Canada in the next two years[21]	48%
Immediate potential	38,836,000

Base: International pleasure travellers (n = 3,000)
Notes: Interest and consideration numbers shown are from the 2014 GTW results. Potential market size is results from the random telephone omnibus survey undertaken in 2010, among the general population aged eighteen years or older.
Q5: How interested are you in taking a trip to Canada in the next two years?
Q14 / 15: Realistically, how likely are you to take a vacation trip of one or more nights to Canada in the next two years? And, how likely are you to take a vacation trip of one to three nights to Canada in the next two years?.

[21] Includes respondents likely to visit Canada for a trip of one to three nights, or a trip of four nights or more.

Exhibit 5-2 – Market Potential for Each of the Regions

Measure	ON	BC	QC	AB	ATL	YK	MB	SK	NWT	NU
Immediate potential for Canada	38,836,000									
Likely to visit region	67%	65%	48%	34%	28%	8%	7%	6%	6%	2%
Immediate potential for the regions (000s)	26,020	25,243	18,641	13,204	10,874	3,107	2,719	2.330	2,330	777

Base: Those likely to visit Canada on a trip of one to three nights, or four or more nights, in the next two years (n = 1,552)

Q16: If you were to take a vacation trip to Canada in the next two years, which of the following Canadian travel destinations are you likely to visit?

6. Competitive Environment

The GTW tracks Key Performance Indicators (KPIs) for Canada in areas such as aided destination awareness, unaided and aided destination consideration, and market penetration. Exhibit 6-1 summarises the 2014 KPIs for Canada[22].

More than half (52%) of US international pleasure travellers rate their knowledge of travel opportunities in Canada as either 'excellent' or 'very good', up from 47% last year. In fact, this is an upward trend recorded since 2010 (40%), putting Canada ahead of all competing long-haul destinations, most notably Italy (48%) and the UK (46%).

This figure also rises to 80% for those US travellers *interested in visiting Canada*. Their self-rated knowledge of opportunities in Canada is likely to be higher if they are: 18 to 34 years old, have children and have friends or relatives living in Canada (71%).

In addition, more than half (55%) have already been to Canada, with the figure rising significantly for older US travellers, especially those aged 55+ (75%). While they are more likely to have visited Canada compared to the other destinations defined as the competitive set for long-haul travel, visitation is down slightly on last year (57%).

Unaided consideration for Canada[23] increased over last year from 10% to 15%, and is on par with *consideration* for Mexico – Canada's main competitor for the US long-haul traveller.

Interest in visiting Canada in the future has also increased by five percentage-points (83%) and is now on par with Italy[24], ahead of all other long-haul markets, moving up in the ranking ahead of Australia – there is clearly a growing propensity among US travellers to travel to Canada, and the figure in 2014 is the highest since the survey began in 2007. This interest is notably higher among 18 to 34 year olds and those with children.

This signals a reversal in the results seen last year, when *interest* dropped slightly in 2013 (78%), compared to 2012 (80%).

Asked specifically *'how interested are you in taking a vacation trip to Canada in the next two years?'*, we have witnessed the same trend. The number of US international travellers who believe they will *likely* take a vacation here (in the next two years) rose six percentage-points to almost half (48%).

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[22] Unaided destination awareness was dropped from the 2014 survey.
[23] Q2" 'Which destinations are you seriously considering for your trips in the next two years?' (Unaided)
[24] Q5: 'How interested are you in taking a vacation trip to Canada in the next two years?'. The percentage of those *definitely, very* or *somewhat interested* increased from 78% in 2013 to 83% in 2014.

Exhibit 6-1 Key Performance Indicators (KPIs) for Canada – Summary

Key Performance Indicator	Definition	All International Travellers	Recent Visitors To Canada[25]	Interested In Canada[26]
		n = 3,000	n = 1,050	n = 935
Destination awareness:				
Aided awareness of travel opportunities in Canada	% with excellent / very good knowledge of travel opportunities in Canada	52%	73%	80%
Past visitation:				
Overall market penetration	% who have ever visited Canada for pleasure	55%	100%	57%
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list	15%	26%	27%
Competitive positioning on destination consideration	Rank on the consideration list relative to competitors (roll-up)	2nd	1st	1st

Base: International pleasure travellers (n = 3,000), Recent visitors to Canada (n = 1,050) and those interested in visiting Canada (n = 935)
Aided awareness (Q4) – "How would you rate your level of knowledge of vacation opportunities in each of the following destinations?" (Aided list of Canada plus six pre-defined long-haul competitors).
Market penetration (ever visited) (Q11b) – "Which of the following countries have you ever visited while on a vacation trip?" (Aided list of long-haul destinations).
Unaided destination consideration (Q2) – "Which destinations are you seriously considering for your trips in the next two years?" (Open-ended, coded responses).

[25] Visited Canada in the past three years for a pleasure trip of four or more nights with one or more nights in paid accommodations.
[26] Definitely interested in visiting Canada in the next two years.

7. Perceptions of Canada

To be successful, a destination must be perceived as offering value, relevant experiences, and unique tourism products to travellers. To assess brand, value, and price perceptions, respondents were asked to evaluate Canada relative to competing destinations on a number of attributes.

Brand perceptions

Exhibit 7-1 shows Canada's competitive position, based on US travellers' impressions of each of the competing long-haul destinations on a number of brand-related attributes. Canada's most competitive and compelling offer is its natural geography, but nonetheless trails both Italy and Australia by some way, on par with the UK.

On all other brand attributes, Canada's positioning is relatively weak and some way behind the top-ranked destinations. As a destination that *inspires me to explore its cities* and *a place where I can create extraordinary personal travel experiences*, only Germany and Mexico are rated lower.

For authenticity, cuisine and cultural experiences, the European destinations all place ahead of both Canada and Mexico. While Mexico is the most popular destination for US travellers outside of Canada, they clearly do not rate it on the brand attributes presented to them here.

Exhibit 7-1 Brand perceptions

Brand Perceptions	1#	2#	3#	4#	5#	6#	7#
A place that inspires me to explore its geography	ITA 71%	AUS 70%	CAN 61%	UK 60%	FRA 57%	GER 53%	MEX 46%
A place that inspires me to meet and engage with its people	ITA 66%	AUS 64%	UK 62%	CAN 56%	FRA 53%	GER 50%	MEX 43%
A place that inspires me to explore its cities*	ITA 73%	UK 67%	AUS 65%	FRA 64%	CAN 57%	GER 54%	MEX 40%
A place where I can create extraordinary personal travel experiences*	ITA 70%	AUS 69%	UK 62%	FRA 60%	CAN 55%	GER 52%	MEX 43%
A place that offers an authentic experience	ITA 75%	AUS 70%	UK 65%	FRA 64%	GER 59%	CAN 57%	MEX 51%
A place that inspires me to sample local flavour and cuisine*	ITA 76%	FRA 66%	AUS 62%	UK 58%	GER 57%	CAN 54%	MEX 54%
A place that inspires me to explore its culture*	ITA 72%	AUS 65%	UK 64%	FRA 59%	GER 56%	CAN 52%	MEX 47%

Base: International pleasure travellers (n = 3,000)
Q11: We are interested in your general impressions on [country] as a holiday destination, even if you have never been there. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how would you rate [country] on each of the following?
Note: Scores shown are the 'top-three-box scores' i.e., the percentage of respondents who provided the destination with a rating of 8, 9 or 10, and a 1 to 10 scales of agreement with each statement.
***Note: New attribute added for the 2014 survey.**

Value perceptions

Exhibit 7-2 reveals that Canada also trails its competitors on *value* attributes, and there has been little change since last year.

Around half (51%) of US travellers agree that Canada is a *destination with the travel experiences I am specifically looking for*, but this is some way behind their perceptions of what Italy and Australia can offer.

On all other *value* attributes, only Mexico fairs worse. Compared to Australia and the European destinations, Canada is not perceived as being unique in its offer, or offering the specific experiences they are looking for. As a result, it is not seen to be a *dream destination*, or one they would *pay a little more for*.

Exhibit 7-2 Value perceptions

Value Perceptions	1#	2#	3#	4#	5#	6#	7#
A destination with the travel experiences I am specifically looking for	ITA 64%	AUS 61%	UK 55%	FRA 54%	CAN 51%	GER 47%	MEX 40%
A place with unique features that other destinations don't offer	AUS 71%	ITA 69%	UK 62%	FRA 61%	GER 53%	CAN 52%	MEX 46%
A dream destination that I would visit if money were no object	ITA 68%	AUS 67%	FRA 58%	UK 58%	GER 49%	CAN 47%	MEX 35%
A destination I would pay a little more for	ITA 59%	AUS 55%	UK 49%	FRA 49%	GER 42%	CAN 41%	MEX 31%

Base: International pleasure travellers (n = 3,000)
Q11: We are interested in your general impressions on [country] as a holiday destination, even if you have never been there. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how would you rate [country] on each of the following?
Note: Scores shown are the 'top-three-box scores' i.e., the percentage of respondents who provided the destination with a rating of 8, 9 or 10, and a 1 to 10 scales of agreement with each statement.

There is some encouraging news however, as revealed in Exhibit 7-3, with Canada, Germany and Mexico closing the gap slightly on Italy, Australia and France.

Younger US travellers, aged 18 to 34 years old, tend to look on Canada a little more favourably when it comes to the four *value* attributes, as do those with children and those with relatives in Canada.

Exhibit 7-3 Year-on-year change in average rating for *value* attributes

Value	2013	2014	YOY change
Italy	7.8	7.8	-
Australia	7.8	7.8	-
UK	7.1	7.3	+0.2
France	7.2	7.2	-
Canada	6.7	7.0	+0.3
Germany	6.7	6.9	+0.2
Mexico	5.9	6.2	+0.3

Base Long-haul pleasure travellers: 2012 n = 1,563, 2014 n = 1,499
Note: Average ratings for all *value* attributes, based on a ten-point scale on agreement with the statements presented to them.

Price perceptions

Where Canada does supersede all other international (long-haul) destinations, as well as Mexico, is on *price* – perhaps understandably given its relative proximity to the US market.

Canada is far more *affordable to get to by air* compared to Australia and the main European competitors, and can only be somewhat matched by Mexico for *value for money*.

While the relative cost of travel and accommodation is heavily influenced by the exchange rate between the US and Canadian Dollar ($), as well as the Mexican *peso,* the cost of travel does not compare to the cost of a return flight to Europe or Australia.

For most Americans, air travel to Canada does not constitute long-haul travel, and the same can be said of Mexico. A flight from Orlando to Vancouver takes just over eight hours – less than the shortest flight time to Europe (just under ten hours to reach the UK).

Still, Canada is likely to benefit from a weakening Loonie against the US Dollar, especially given the parity enjoyed by Canadians over the past two years.

Exhibit 7-4 Price perceptions

			Long-haul international markets →				
Price Perceptions	1#	2#	3#	4#	5#	6#	7#
A destination that is affordable to get to by air	CAN 63%	MEX 56%	UK 43%	ITA 41%	AUS 37%	FRA 37%	GER 36%
A destination with reasonable prices for food, entertainment and accommodation	CAN 57%	MEX 55%	ITA 48%	AUS 46%	UK 44%	GER 42%	FRA 38%
A place that offers good value for money	CAN 57%	MEX 55%	ITA 47%	AUS 44%	UK 42%	GER 40%	FRA 38%

Base: International pleasure travellers (n = 3,000)
Q11: We are interested in your general impressions on [country] as a holiday destination, even if you have never been there. On a scale of 1 to 10, where 1 is 'strongly disagree' and 10 is 'strongly agree', how would you rate [country] on each of the following?
Note: Scores shown are the 'top-three-box scores' i.e., the percentage of respondents who provided the destination with a rating of 8, 9 or 10, and a 1 to 10 scales of agreement with each statement.

8. Trip Profiles

Most recent destination visited

Almost one-in-five (19%) US travellers, who had taken a long-haul trip in the past three years[27], visited Canada on their last trip, rising significantly to almost 30% for those aged fifty-five years or older.

The Caribbean (19%) actually place ahead of Mexico's coastal resort areas (15%), based on the last vacation they took, which offers resort and beach experiences. The Caribbean islands were particularly popular among the 18 to 34 (22%) and over fifty-five (21%) age group.

Only around half that number (11%) had visited the UK – the most popular European destination ahead of Italy (8%) and France (7%), driven predominantly by US travellers under the age of fifty-five.

Type of vacation taken

Based on their most recent qualifying *vacation*, the most popular type of trip was a *touring vacation* (16%), *a visit to see friends or family* (14%) and a *city vacation* (14%).

Both touring and cruise vacations are heavily skewed towards the older American traveller (55+), while *resort vacations* prove relatively more popular among the 34 to 54 year age group. Around one-in-five (21%) travellers over the age of 55 took a touring vacation and the same is also true for cruises (20%).

Among those whose last trip was to Canada, *city vacations* were the most popular type of holiday among one-in-five (19%), followed by *touring vacations* (18%) and v*isits to see friends or family* (14%). Again, touring vacations are significantly more popular among the older age group, while *city vacations* are predominantly favoured by those aged 18 to 34 years.

Activities participated in

Exhibit 8-1 shows the ten most popular activities which US travellers enjoyed while on their last pleasure trip[28].

[27] Does not include survey respondents who qualified for the study based on their *intention to take long-haul travel in the future*.
[28] The last pleasure trip they took, within the past three years.

Overall, the most popular activity enjoyed was a *guided city tour* (29%), closely followed by *guided excursions beyond the city* and *wildlife viewing*. Among those who had recently been to Canada, *hiking* and *fishing* were also among the top-five activities they enjoyed.

While popular among travellers of all ages, city tours and excursions beyond the city were particularly favoured among those over the age of fifty-five.

Younger travellers were more likely to enjoy outdoor pursuits, such as: *kayaking, fishing, cycling, scuba diving, camping* and *golfing,* compared to the older pleasure traveller, although their top-three interests were in fact the same.

Exhibit 8-1 Most recent trip: Activities participated in (Top-ten)

Activity Participated In	All International Travellers n = 2,474	Recent Visitors To Canada[29] n = 1,050
Guided city tour	29%	25%
Guided excursion beyond the city	22%	15%
Wildlife viewing	19%	20%
Hiking	16%	20%
Day cruise	15%	13%
Snorkeling	14%	3%
Fishing	11%	13%
Marine life viewing (whale-watching or other sea life)	11%	8%
Cycling or biking	9%	8%
Scuba diving	8%	3%

Base: Those who have taken an international pleasure trip in the past 3 years (n = 2,474)
QPT2: Did you participate in any of the following activities during your last vacation? Please select all that apply.

Places visited

Exhibit 8-2 shows the top ten types of place visited by US travellers during the more recent international trip.

[29] Visited Canada in the past three years for a pleasure trip of one or more nights with one or more nights in paid accommodations.

Almost half (48%) of US travellers enjoyed *visiting a historic site or building* on their last vacation – a figure rising to 58% for those aged over fifty-five.

Museums and *city parks* were also very popular, while over a third of recent visitors to Canada (36%) also visited a *national or Provincial park*.

Exhibit 8-2 Most recent trip: Places visited (Top-ten)

	All International Travellers	Recent Visitors To Canada[30]	Interested In Canada[31]
Places Visited on Vacation	n = 2,474	n = 1,050	n = 791
Historic site or building	48%	49%	47%
Museum	39%	39%	44%
City park	35%	40%	43%
National or State park	28%	36%	34%
Botanical garden	21%	25%	25%
Art gallery	21%	16%	28%
World heritage site	19%	13%	21%
Casino	17%	18%	23%
Winery	13%	14%	17%
Brewery	11%	12%	13%

Base: Those who have taken an international pleasure trip in the past 3 years (n = 2,474)
QPT3: Did you visit any of the following types of places during your last holiday? Please select all that apply.
Note: New question added for 2014.

Vacation experiences

There were some notable differences between US travellers of different ages when it came to experiences.

Those over the age of fifty-five were more than likely to have *tried the local cuisine* (71%) or *dined at a highly regarded restaurant* (36%).

[30] Visited Canada in the past three years for a pleasure trip of one or more nights with one or more nights in paid accommodations.
[31] Definitely interested in visiting Canada in the next two years. Data represents destination of most recent trip, not all trips within the past 3 years. Thus, the percentage for Canada will not be 100%.

Travellers under the age of thirty-five were more inclined to have *rented a car* (31%), *visited a spa or wellness center* (23%), *attended a music festival* (18%) or *participated in a guided tour by train* (11%). To a lesser extent, the same was true of those aged 35 to 54 years.

Exhibit 8-3 Most recent trip: Experiences (Top-five)

Experience	All International Travellers n = 2,474	Recent Visitors To Canada n = 1,050	Interested In Canada n = 791
Tried local cuisine	60%	58%	57%
Dined at a highly-regarded restaurant	36%	32%	42%
Rented a car	25%	25%	30%
Attended a live show (e.g., comedy, musical or theatre show)	21%	17%	25%
Took a tour or visited a museum to learn about aboriginal people	20%	18%	28%

Base: Those who have taken an international pleasure trip in the past 3 years (n = 2,474)
QPT4: Did you see or experience any of the following during your last holiday? Please select all that apply.
Note: New question added for 2014

Type of accommodation

US travellers visiting Canada were more likely to have stayed in a mid-priced hotel (40%), but this was largely due to the fact that a similar number are also staying in resort hotels when travelling to other international destinations. Interestingly, almost a third (31%) of those *interested in visiting Canada* have did in fact stay at a resort hotel during their last trip.

Almost one-in-five (19%) of recent visitors to Canada stayed at the home of friends or relatives, in-line with the average for all US international travellers (18%). The actual number of travellers who stay with relatives or friends may in fact be higher, given that qualifying trips must have included at least one night in paid accommodation[32].

Travel party

A third of US international travellers (65%) took a vacation with their spouse or partner, especially those aged between 34 and 54 years old, who were also more likely to be travelling with children (33%) under the age of eighteen.

[32] Trips to Canada in which travellers stayed with their friends or relatives for the entire duration of the trip would therefore not qualify them for this sub-group i.e., recent visitors to Canada.

Younger travellers, and those over the age of fifty-five, were more inclined to travel with friends or relatives, compared to the 'middle-age' group, and many young travellers (17%) were accompanied by their parents.

Sharing experiences during the trip

Increasingly, travellers are turning to the internet and social media to share their experiences and to search for information *while on their trip*. Forty-one percent of US travellers shared their photos or videos via social media on their most recent trip.

Perhaps unsurprisingly, this figure increases significantly for younger travellers below thirty-five years of age (60%), and falls off sharply for those over fifty-five (20%).

One-in-three (32%) also used email to send their photos directly, with a much less noticeable age bias in this method of sharing.

Younger travellers are also to *submit their opinions to a travel review website* (21%), *blog about their trip* (16%), as well as check websites (33%) and mobile apps (18%) to figure out what to *see and do*.

Sharing experiences after the trip

On returning home, more than two-thirds (69%) of US travellers will *talk to friends and family about their trip*. Again, they ae very likely to send or post photos and videos either via email (33%) or through social media (35%).

Booking travel

Less than a third (29%) of US travellers employed a travel agent to help them book their flight or accommodation, and the older traveller was less inclined to do so than those aged 18 to 34 years.

Among those who did not need the help of a travel agent, a third (33%) booked on the internet through a travel agency or online retailer, while the majority (43%) booked directly with the airline.

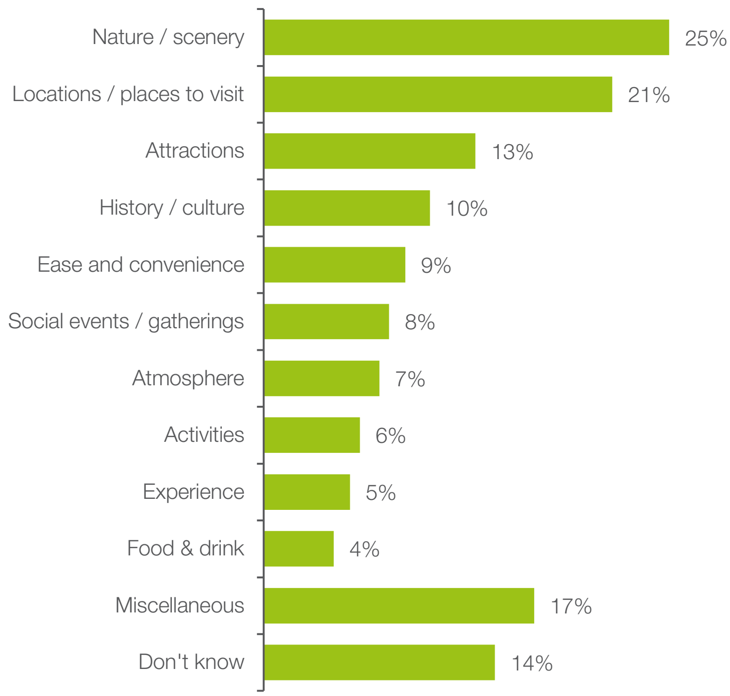
9. Attraction of Canada

Most appealing aspects of a trip to Canada

A new question for 2014[33] asked those travellers *considering a trip to Canada* what intrigued or excited them most about a potential visit to Canada?[34].

Exhibit 9-1 shows the coded results, grouped by common themes, revealing those aspects of a potential trip to Canada which US travellers were most enthused about.

Exhibit 9-1 What intrigues or excites you most about a potential trip to Canada? – Top-ten mentions by US travellers



Base: Respondents considering a trip to Canada (n = 1,641)
QTI1: "What intrigues or excites you most about a potential visit to Canada?"
Note: New question for 2014
Note: Open-ended question – results shown are the coded (grouped) responses)

A quarter of US travellers, who are considering a trip to Canada, said that the scenery and natural beauty were the most intriguing and exciting aspects of a potential trip here, especially those aged over fifty-five years (32%).

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[33] QTI1 – "What intrigues or excites you most about a potential visit to Canada?"
[34] Asked as an open-ended question, without prompt

One-in-five (21%) mentioned specific places or locations – most often a Province or Territory, which they were looking forward to visiting (most often in the east of Canada). Again, it was the older travellers (35+) who were more inclined to cite specific locations.

In terms of *attractions*, Niagara Falls was the most often-mentioned (5%), while Canada's *history and culture* appealed to one-in-ten.

The younger US traveller was more inclined to admit they didn't know what intrigued or excited them (19%), but compared to older travellers, were more likely to point to the fact that *it was close* (10%), or that they *liked everything about Canada* (8%). They also shared an interest in the history and culture with the over fifty-five traveller, which proved to be less of a draw for the middle-age group (35 to 54 years).

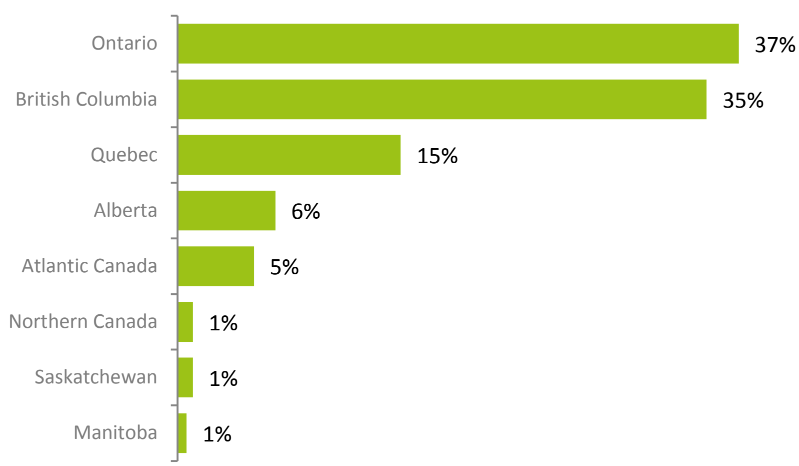
While the young traveller did not appear to be particularly clear on what interested them about coming to Canada, it is very clear that, while still the top-mention (19%), they are less enthused about the scenery and landscape than the older generation. Canada's offer needs to find a way to engage the younger US traveller without relying solely on its reputation for natural beauty.

Canadian regions likely to visit

Exhibit 9-2 reveals the regions US travellers are most likely to visit, based on those considering a trip to Canada in the next two years. Overall, Ontario remains the province US travellers are most likely to visit (37%), but among 18 to 34 year olds, British Columbia is the clear favourite (41%).

Quebec proved to be relatively more popular among those aged thirty-five years or older, while those over fifty-five were the most likely to be interested in a trip to Alberta and the Atlantic region.

Exhibit 9-2 Region likely to visit in Canada



Base: Q16 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, Q17 Long-haul pleasure travellers with an interest in visiting Canada (n = 839)
Q17: “And, which region of Canada would you be most likely to visit?”

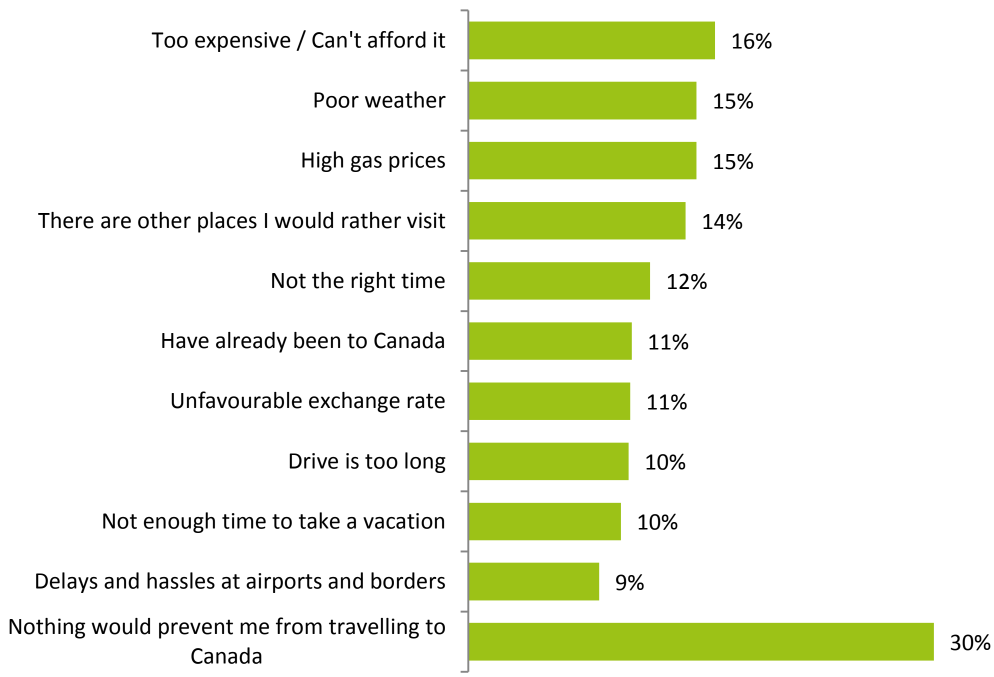
10. Barriers to Visiting Canada

Among US pleasure travellers who are *considering* a trip to Canada, the main factors which might discourage them are the *expense, poor weather*, *high gas prices* and the fact that there are *other places I would rather visit*.

Understandably, the issue of cost is more pervasive for those US travellers living in the South (18%) and Near Border (16%), compared to the Border States (11%)[35]. It should also be noted that *high gas prices* and the exchange rate also factor into considerations of *cost*.

Compared to Canada's other international long-haul markets, the cost of travel is not as significant, and the reasons given are a lot more varied. In fact, among those aged over fifty-five, there is very little that would prevent them from travelling to Canada (42%), if they so choose to.

Exhibit 10-1 Top-ten barriers to visiting Canada



[35] These are the three US regions defined by the CTC for the purposes of classifying the US markets.

Base: International pleasure travellers considering a trip to Canada (n = 1,641)
QTI3: Which of the following factors might discourage you from visiting Canada?

11. Sources of Information on Canada

Source of awareness

One-in-four US pleasure travellers had heard about Canadian destinations, or Canadian vacation opportunities, from friends or family (in person), in the past twelve months (28% of those aged over fifty-five).

However, almost one-third (31%) said they had not heard about Canada through any of the twenty channels they were asked about[36].

In terms of hearing about *other* international vacation destinations, over a third (36%) had heard about *at least one* through friends and family, and only 14% said they had not heard anything about destination opportunities outside of the US, in the past year.

Most influential sources

In 2014, respondents were asked how *influential* those same sources were, when it came to deciding where to take a vacation[37].

The two most influential channels were *friends and family in-person* (80%) and *travel agents in-person* (79%). The importance of friends and family increases when we factor in *friends and family via social media* (as opposed to in-person) (66%).

Among those that said they were *already considering a trip to Canada*[38], 41% pointed to friends and family as the source of information *that encouraged them to: consider visiting Canada, start to gather information on Canada, plan their trip itinerary, make arrangements* or *book their trip*. In fact, it was the most important source for all three latter stages of the path-to-purchase: consider, evaluate and purchase.

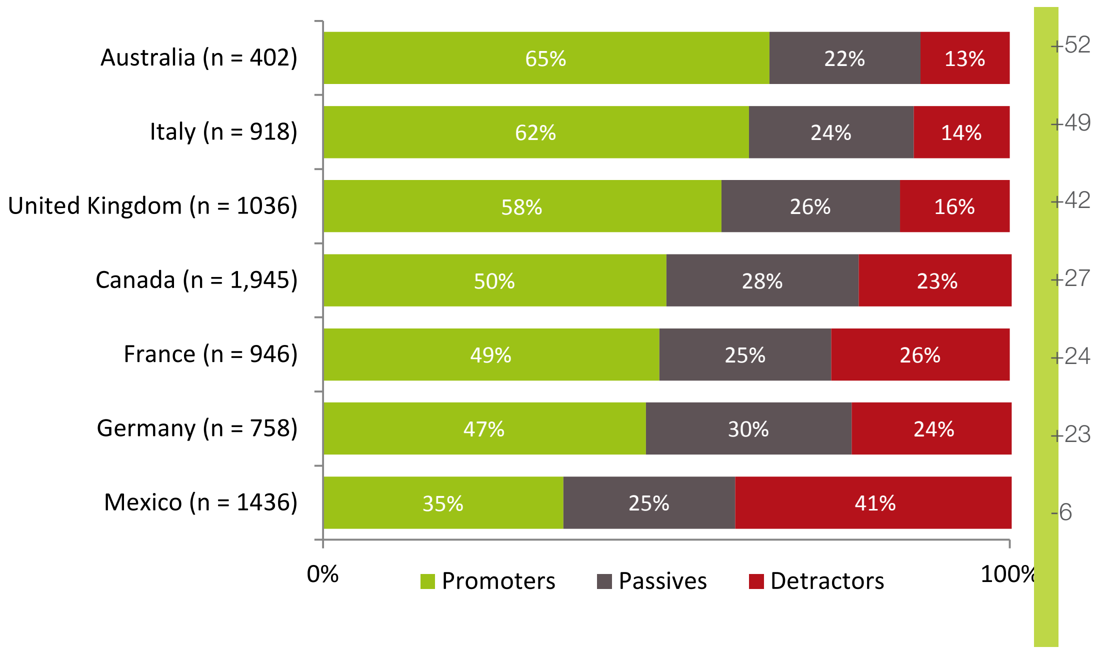
[36] Selected 'none of the above' when presented with twenty different means through which they may have heard about Canada.
[37] Respondents were asked to rate the *influence* from 1 to 10, where 10 was *very influential* and 1 was *not influential at all*.
[38] Based on their position on the path-to-purchase, with relation to booking a trip to Canada.

12. Net Promoter Score (NPS)

The Net Promoter Score (NPS) is an established tool to measure a respondent's likelihood to recommend a product or service to friends and family. Data was gathered among all respondents, but results from past visitors to each destination are the most telling and are presented below.

Of the 2,009 US travellers who had actually visited Canada, 50% would recommend it to friends[39], family and colleagues, while 23% would not[40] – resulting in an NPS score of +27[41].

Exhibit 12-1 Net Promoter Score (NPS) results (Ever Visited)



Q3: Whether you have visited or not, how likely are you to recommend each of the following holiday destinations to a friend, family member or colleague?
Base for each country is filtered to only those respondents who had actually visited *that* country.
Note: Results ranked in descending order according to the overall NPS score.

Canada's NPS score for 2014 (+27) is down on the previous year (+31) by four percentage points, with Germany also seeing a notable drop among US travellers who have visited these destinations.

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[39] Rated the destination 9 or 10, on a ten-point scale, when asked how likely they were to recommend the destination to a friend, relative or colleague.
[40] Rated the destination with a score between 1 and 6, on the ten-point scale.
[41] That is 50% minus 23% = 27%, or +27 as we report it. Note that negative NPS scores are possible.

Only half of US travellers, who have visited Canada (ever), would recommend it to a friend or family member, which is of some concern.

As well as being a barometer of their level of satisfaction with their trip north of the border, it also has implications for promoting Canada through advocacy, given that *friends and family* are the most *influential* sources when it comes to choosing where to go on vacation.

Whether there is a cultural bias, or whether Canada is failing to meet their expectations, traditional word-of-mouth recommendation, whether in-person or online, is not as strong as we would perhaps like.

Among all US travellers, whether they have been to Canada or not, our biggest advocates are those over the age of fifty-five, those with Children, and those in the highest household income bracket (more than $100k), or those with relatives in Canada.

Past visitors to Canada are far more likely to recommend Canada than those who have never been, or have not been recently, but non-visitors' perceptions of Canada also have a role in terms of advocacy – even if their opinion is not based on first-hand experience.

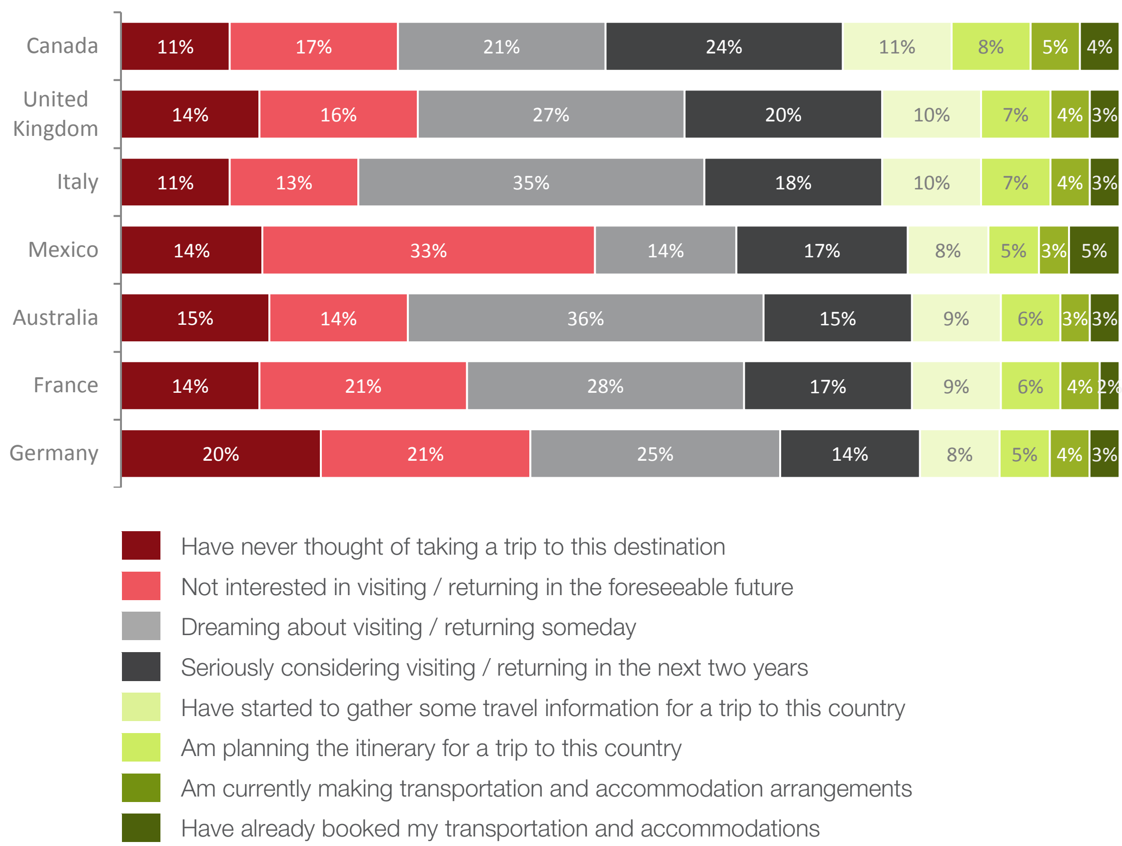
13. Path to purchase

Like any other expensive and discretionary consumer product, there is a purchasing or decision-making cycle associated with long-haul travel: consumers move through various stages from not knowing anything about a destination to actually booking a trip.

Through additional research, the CTC has developed a Path to Purchase (P2P) model for long-haul travel and identified where the organization can have the greatest influence in converting those with potential interest in Canada to actual visitors.

These include the consideration, evaluation and purchase stages of the P2P cycle, starting with awareness of the opportunity and interest in a destination, through to booking their itinerary, travel and accommodations.

Exhibit 13-1 Stage in the path-to-purchase



Base: International pleasure travellers (n = 3,000).
Q3: Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?
Note: Additional stage on the 'path to purchase model' was added for 2014 – 'Have never thought of taking a trip to this destination'. Results not directly comparable to previous years.
Note: Results ranked in descending order according to the number of travellers who: *are planning the itinerary for their trip, making transportation and / or accommodation arrangements for their trip,* or *have already booked transportation and accommodations.*

Exhibit 13-1 shows the percentage of US travellers at each stage of the P2P, for both Canada and the competitive set of long-haul destinations.

Over a quarter (28%) of US international pleasure travellers have started gathering information, are planning an itinerary or have booked / are booking their travel and accommodation for a trip to Canada. This puts Canada ahead of all destinations in the competitive set, with the UK (24%) the next most-advanced along the path-to-purchase.

Around the same proportion (28%) have either never considered taking a trip to Canada, or have no interest in visiting, or returning, in the foreseeable future[42], but a quarter (24%) are seriously considering visiting / returning in the next two.

In total, just less than half (45%) are considering visiting / returning to Canada, and converting these good intentions to actual visitation, by moving them to the next step on the path-to-purchase, should be a key priority for marketing communications.

As was noted in the CTC's 2008 study (Insignia, 2008), US travellers have a tendency to procrastinate when it comes to visiting Canada – often having good intentions but without any real sense of urgency to take their interest further.

[42] This includes those who have never been to Canada, and are not interested in doing so, or may have already been, but have no intention of returning in the foreseeable future.

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