

Global Tourism Watch

2015 Canada Summary Report



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1. Introduction

Destination Canada (formerly the Canadian Tourism Commission) 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 world¹.

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 advocacy in the tourism context.

In response to a rapidly changing travel marketplace, Destination Canada 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 revised 2014 survey was used as the basis for the 2015 survey with minor modifications.

This particular report focuses on the Canadian out-of-region travel market². Destination Canada has designated the US, the UK, Italy, France, Australia/New Zealand and China/ Hong Kong as the primary competitor destinations when it comes to attracting Canadian out-of-region pleasure travellers. These destinations will represent the primary points of comparison for Canada throughout this report.

Methodology

In 2015, a web-based panel survey was conducted by TNS. The target population for the online survey was residents aged eighteen years or older, who had taken a pleasure trip outside of their region / province, where they had stayed at least two nights with a minimum of one night in paid accommodation, in the past three years, or plan to take such a trip in the next year. The survey consisted of 4,000 interviews in total, and was conducted in August and September of 2015.

¹ Identified by Destination Canada 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 Canadian out-of-region travel market is defined as Canadians who travel outside of their province or in the case of the Atlantic provinces, their region.

2. Strategic Considerations

The key strategic considerations for Canada arising from the 2015 study can be summarised as follows.

- The Canadian tourism industry is heavily dependent on domestic pleasure travel. While inbound travel has very recently been improving, Canada needs a strong focus on domestic travel to retain industry health.
- At the moment, economic factors are supporting domestic travel – the Canadian dollar is low and gas prices are low. Canadians are cancelling some plans for travel south of the border and optimism about domestic travel and domestic travel intentions are on the rise. At least in the short-term, the landscape is set to favour travel within Canada. It is important however, not to rely on volatile factors such as currency rates and oil prices for sustained growth. These factors will no doubt support domestic travel in the short term, but on their own may also create pent up demand for outbound travel causing a rapid reversal of fortune when economic conditions improve. It is important to position Canada based on true value rather than price to sustain domestic buoyancy.
- So, while domestic factors are favourable at the moment, one must not lose sight of the longer term goal of creating an affinity for travel in Canada so that current domestic volumes are sustained and provide a platform for future growth. Currently, the US is, by far, Canada's strongest competitor and, therefore, provides a very clear focal point or foil for marketing efforts devised to increase and more deeply engrain preference for Canadian destinations. The current exchange rate advantage provides some breathing space for Canada's primary tourism marketers to implement such a strategy with low risk to the domestic industry. The conditions are, indeed, favourable for gaining traction.

The question becomes: what are the major imperatives that should frame such a strategy? Results of this research provide us with some direction and are outlined below.

- Canadians participate in very similar types of activities whether travelling in Canada or the US. The US, however, benefits from being more foreign or "exotic" than domestic options. Canada's challenge, then, becomes defining meaningful points of differentiation from the US. Results from this research suggest a number of ways in which this can be done.
 - a. Canada's outdoor/nature offer is arguably much more powerful, authentic and pristine. This sees expression in Canadian travellers' increased propensity to hike, camp and view wildlife while in Canada, as well as in their more positive perceptions of Canada's relevance and uniqueness.
 - b. Canada is particularly well placed to uniquely juxtapose natural and urban environments. This aligns well with one of Canada's key USPs, "vibrant cities on the edge of nature". This USP's ability to resonate is confirmed by consumers' widespread desire for both sets of experiences and is indicative of an openness to obtaining a broad and deep sense of place when visiting a destination. This, too, can differentiate a Canadian travel experience, at least among domestic travellers who are attracted to the idea of more fully appreciating their own country with some degree of depth and authenticity.

- c. Canadians require more from a Canadian destination. Many feel very familiar with the offer, have already experienced a range of popular attractions and, consequently, can have a somewhat jaded perspective on Canada. They need to be impressed with what is new or different and, at the same time, aligned with the travel experiences they desire. This means featuring unique, often niche, experiences and running them adjacent to universally desirable experiences such as culinary activities, historic sites, entertainment, shopping, nature, etc.
 - d. In order to make the most of this opportunity, it is necessary to take a targeted approach to marketing – tailoring and delivering customized offers to specific consumer constituencies.
- In keeping with the above approach to communications and marketing, it is important to develop the domestic communications and marketing plan around core digital assets as a means of facilitating sophisticated and precise consumer targeting.
 - Digital engagement will also play a key role in moving Canadians further along the path to purchase. At the moment, out-of-region travellers are at the same spot on the path-to-purchase for Canada and the US. Destination Canada should work with its partners to optimize opportunities for domestic consumers to move effortlessly from exploration to booking using online tools. The goal is to move them more quickly along the path to purchase and thereby establish a competitive edge over the US in this regard.
 - To the extent that it is politically expedient to do so, encourage travel that aligns with domestic consumers' geographic preferences. This means giving priority to promoting and sustaining travel between neighbouring provinces/regions. It also means recognizing the powerful draw of BC eastward through to Central Canada and the reciprocal draw between Ontario and both the East and West coasts. Quebec should be treated as a special case, given its more inward focus and the greater reluctance of Quebecers to select Canada over international destinations with respect to out-of-province travel. Particular attention should be paid to understanding the essential nature of the travel experiences that are particularly motivating to Quebecers and to delivering the “all in” hassle free trips many in that province desire. Aligning such offers to specific destinations in English Canada such as the Maritimes and Ontario might be natural focal points for these out-of-Quebec domestic trips, given proximity and greater capacity to accommodate Quebecers' language of choice.
 - Overall, advertising for Canadian destinations has lost some presence in the domestic market – declining 12% over the last two years. This trend needs to be reversed through greater and more coordinated investment, especially given the growing US advertising presence in Canada. Particular attention should be paid to achieving greater breakthrough in the bigger regions of Ontario, Quebec and BC along with urban markets where advertising reach/registration is particularly soft at the present time. The tone of communications and the creative thrust should be more inclusive. Evidence suggests that, in aggregate, the middle age groups and young families have been less engaged with advertising for travel in Canada than have other segment of travellers. Both groups have significant purchasing power. In the case of young families, the potential impact is disproportionate to this segment's size. The needs and preferences of children exert a powerful influence over the choice of destination for the household's most significant annual trip. Moreover, establishing an affinity for domestic travel at an early age carries significant long-term benefits with respect to lifetime value and spend.

- These findings support the need for a youth strategy that will convince younger Canadians that destinations in their own country are capable of delivering their desired travel experiences. Canada needs to re-establish itself as a "cool" travel choice among younger travellers and generate greater awareness of specific elements of the offer that are relevant to youth. Canadian destinations must be seen capable of delivering experiences that facilitate active engagement with a destination, and complementary activities and services that are geared to the preferences of youth (entertainment, culinary experiences, accommodation choices, etc.). Facilitating the need to explore and engage in authentic experiences that have the power to inspire and impress friends is key to redirecting the attention of youth to Canadian destinations. This aligns well with Canada's USP of "active adventure among awe-inspiring natural wonders". Digital marketing assets have a critical role to play in this realm as well, in the sense that they offer the opportunity for youth to explore options in their medium of choice and craft experiences that are customized to their particular needs. Engagement through social media and the generation of powerful word-of-mouth endorsement via social media channels would seem to have particular relevance in the context of a youth strategy.
- Finally, the target EQ segments offer the potential to elevate marketing and communications efforts in two important ways - they establish the parameters or guardrails for articulating the overall experiential ambiance, and they provide the psychographic depth required to express those experiences in emotionally compelling ways. In the end, the capacity to achieve emotional engagement is the key to fueling excitement, and the excitement factor is critical to establishing urgency and preference. The segmentation model should retain its standing as a guiding force in strategic development and deployment. Given that each of the target segments for domestic travel (Free Spirits, Cultural Explorers and Authentic Experiencers) continue to exhibit elevated interest in Canada only underscores their enduring relevance.

3. Key Observations

The following section summarises the key points of interest from the 2015 survey of Canadian out-of-region travellers.

Key findings:

- Canada's travel outlook is generally positive – The MOI while down slightly, remains above 2013 levels and Canadian travellers are more likely to travel *within* Canada.
- Interest in travel within Canada is strong but conversion continues to be a challenge that may be getting more difficult. While general interest remains high, the likelihood of traveling within Canada imminently (within the next year) has softened slightly over the past year and now sits below the likelihood of travel to the US. Furthermore, while awareness of Canadian travel opportunities surpasses awareness of those in the US, Canadians are still more likely to go south of the border when travelling outside their province or region. This suggests the US is stimulating greater curiosity and enticement.
- For the most part, interest in any province increases with proximity and generally peaks among travellers that reside in a bordering province. For example, interest in Alberta is highest among travellers in BC and Saskatchewan while interest in BC is highest among travellers in Alberta. At the same time, there is clearly a strong attraction to BC that extends beyond Alberta east through to Ontario and an attraction to Ontario that extends to both coasts (and vice versa).
- While interest has generally held or seen only minor erosion, there is decidedly more vagueness around awareness of the domestic offer than there was one or two years ago. Claimed knowledge of travel opportunities in Canada currently stands at 60% - several points lower than the levels posted in 2013 and 2014.
- This development may, in part, be related to a general decline in recall of advertising for travel destinations in Canada. Over the past year, such advertising seems to have had particular difficulty resonating among middle aged travellers, those with young families, and among those in BC, Ontario and Quebec. Furthermore, while Canadian out-of-region travellers are much more likely to recall advertising for Canada than for overseas destinations, they are even more cognizant of travel advertising for the US.
- Indeed, Canada faces its stiffest competition from the US. The US continues to be the most popular vacation destination among out-of-region travellers. As well, close to half (45%) spontaneously mention the US as a destination they are considering visiting next year, while only one quarter (26%) refer to an out-of-region Canadian destination in this unprompted context³. Furthermore, US cities and states have made a concerted effort to market to

³ This does not include vacations *within their own province*. Consideration for Canada, as a whole, may therefore be higher.

Canadians, armed with a budget in excess of \$20 million (annually), earmarked specifically for Canada.

- Over the past two years, Canada has made gains in the value perceptions of the out-of-region leisure traveller when comparisons are made with its competitors. While Canada's absolute scores in this area have remained relatively stable, the competition has suffered declines, resulting in a modest net gain for Canada. Canada now ranks first when it comes to *experiences they are looking for* and places they have *dreamed of visiting*. Canada is closing the gap favouring Italy and Australia/New Zealand on *unique features* and destinations they are *willing to pay a little more* for. The positive gap is widening between Canada and the US on all value perceptions. Despite the high incidence of pleasure travel to the US, Canadian out-of-region travellers do not rate the US well when it comes to *value* – clearly favouring Canadian destinations. Canada has made gains in relation to price perceptions, displacing the US and now holding first place when it comes to perceptions of *value for money* and *reasonable prices*.
- It should be noted, though, that many of the gains achieved by Canada over the US on the price/value dimension are undoubtedly a result of the growing gap between the US and Canadian dollars. Price comparisons now more strongly favour Canada, and this has a corollary impact on value perceptions for similar travel experiences. These effects are volatile and potentially transitory and should not be misconstrued as improvement on the quality side of the value dimension capable of delivering a more enduring effect. It should also be noted that Canada was unable to move into first place on *air travel affordability*. This is likely a function of the unique cost structure that exists in Canada's aviation system, but does suppress overall travel price advantages stemming from the current strength of the US dollar.
- Out-of-region travellers like a combination of nature-based and urban experiences. Similar to last year, hiking, guided city tours and wildlife viewing are the most popular activities undertaken while on vacation. The most popular places visited included city parks, historic sites or buildings and museums and the most popular experiences include culinary elements. The overall profile of a trip tends to be similar regardless of age suggesting the basic areas of interest align by life-stage. It is the intensity of the experience and degree of participation that differs.
- The profile of a trip to the US is quite similar to that of one to Canada in terms of activity choices. Trips in Canada, though, are somewhat more likely to include niche activities drawing specific communities of interest (for instance, agritourism, spas, wellness centres and music festivals). It could be argued, then, that while universally popular activities may be core to Canada's drawing power, greater familiarity and experience with Canada may lead to a more nuanced approach to the domestic experiences sought – often involving unique, vertically focussed activities in addition to engagement with "big" tourism attractions.
- The main barrier among those not travelling within Canada next year is a general lack of excitement as half would rather go somewhere else or believe there is no real reason to travel within Canada. This lack of excitement is compounded in young people by a more widely held perception that Canada is boring and by a general lack of knowledge about travelling in Canada. Overall, this represents the weaker element of the value dimension. While prices might be perceived as reasonable in relative terms (though not necessarily in the absolute), some question the quality of the experience in relation to the more distinctive travel possibilities available elsewhere.

4. Market Health and Outlook

Background

The Canadian economy

The first six months of 2015 have been referred to as an “atrocious” start to the year by many economists (Isfeld, 2015). Canada fell into recession after having two consecutive quarters of negative economic growth (Parkinson, 2015).

Canada’s economy is, however, expected to rebound and return to positive growth through the rest of 2015 and continue to grow in 2016. In August, the Canadian economy had its third straight month of impressive growth, strengthening the case that Canada’s economic woes have turned a corner following a rough start to 2015 (Parkinson, 2015).

The Bank of Canada has revised down its growth estimate for 2015 to just over one per cent and to two per cent for 2016 citing low interest rates and cheap gasoline as drivers of slow growth (Childley, 2015). The Organization of Economic Co-operation and Development has a slightly more positive forecast and is predicting moderate growth of 1.5 per cent for 2015 and 2.3 per cent in 2016. (Isfeld, 2015).

While growth is expected to soften due to the significant drop in oil prices, it will be somewhat offset by the weaker Canadian dollar⁴ and stronger US growth (International Monetary Fund, 2015). Several bank economists also believe it will be further offset by the federal government’s 10 billion dollar stimulus plan. Some believe the stimulus plan will increase GDP by 0.1 to 0.5% in 2016 (Tencer, 2015).

While the Canadian economy had a rough start to 2015, it is expected to rebound. The improved economy and consistent, albeit modest, growth will bring increases in consumer confidence along with associated increases in consumer spending. This, in turn, means potential growth in leisure travel and likely domestic leisure travel given the weak state of the Canadian currency.

Travel outlook

The travel outlook remains positive in 2015. Nearly eight-in-ten Canadian leisure travellers believe they will spend the same or more on travel *inside of Canada* in the next twelve months⁵, while 67 percent believe they will spend the same or more on travel outside *Canada*. Optimism

⁴ The Canadian dollar fell to 75 cents in September 2015 – the lowest it has been in 11 years.

⁵ Compared to the *last twelve months*.

around domestic out-of-province travel fell slightly in 2015, with Destination Canada's Market Outlook Indicator falling from +29 in 2014 to +26⁶.

Travel trends

The following section is a review of the key trends related to the domestic Canadian travel market, and Canadian travel abroad, identified through secondary research conducted for this report.

- Canadians love to travel; they travel outside the country for leisure purposes at more than two times the rate per capita as do Americans (Conference Board of Canada). In 2014, Canadians made 33.5 million overnight trips outside of the country (up 15%), with 69% of those trips (23 million) made to the US (Statistics Canada, 2014), highlighting Canadians' strong preference for travel south of the border.
- While Canadian travellers support the domestic industry, they have also been increasingly spending their travel dollars outside the country (35 billion annually), contributing to Canada's \$17.8 billion travel deficit – an increase of 736% over the past decade. The US, in particular, has launched an aggressive campaign for Canadian travellers in recent years, with 10% of Brand USA's \$200 million marketing budget dedicated to Canada (Conference Board of Canada).
- When Canadians choose to stay closer to home and travel domestically, the most popular destinations are primarily the higher populated cities and warm-weather climates (Lauth, 2013). In some cases, these are undoubtedly substitutes for out-of-country alternatives, particularly during periods when cost barriers to travelling beyond Canada become more apparent.
- Overall, Canada's travel industry performed well in 2014. Domestic travel spending was supported by economic growth driven by the energy sector. (Euromonitor International, 2015). Domestic tourism has the potential to continue growing through to 2018 as economic conditions improve. With anticipated improvements in employment and the general economy, travel will be increasingly affordable and is expected to return to the higher growth rates seen prior to the recessionary years of 2009-2010 (Euromonitor, 2014). Deal consciousness and affordability will be high in the consumer consideration set, however given that slow-growth economic conditions will continue to prevail; domestic tourism growth will be disproportionately supported by short getaway trips.
- Domestic tourism spending rose slightly in the first two quarters of 2015 (Statistics Canada, 2015). Continued growth of domestic receipts would be consistent with the long-term trend. Canadians accounted for 81% of Canada's total tourism revenue in 2014 (up

⁶ The Market Outlook Indicator measures the number of Canadian out-of-province travellers who say they will travel more (within Canada, but beyond their own province or region), compared to those who say they will travel less, in the next twelve months (compared to the last twelve months).

from 72% in 2003 and 67% in 2000)⁷ (Statistics Canada, 2015). This highlights Canada's increasing dependency on domestic tourism to support the industry over the past decade (The Canadian Chamber of Commerce, 2013).

- The US is by far Canada's biggest competitor for domestic tourist dollars. It is the top out-of-country destination for Canadian overnight travellers, who made an estimated 23.0 million overnight trips south of the border in 2014, followed by Mexico (1.9 million) and the United Kingdom (1.1 million) and France (1 million) (Statistics Canada, 2015).
- The declining Canadian dollar has reduced some of the outbound travel to the US. According to Statistics Canada, the number of Canadians travelling south fell by 12 per cent again in September 2014, marking the 12th monthly decrease in a year and overall stateside travelling is down by 9 per cent compared to a year ago (Statistics Canada, 2015).
- The declining Canadian dollar is also encouraging Canadian travellers to vacation within Canada. The weak state of the Canadian dollar has made many Canadian leisure travellers reassess their vacations this year with 19 per cent saying they have already cancelled a trip they were planning to make to the United States, and half saying they will vacation in other areas of Canada instead of visiting the United States (Insights West, 2015). The transitory effects of currency exchange rate benefits must be interpreted with some degree of wariness. They are not in the travel industry's realm of influence and do not, in themselves, stimulate attachment to Canadian destinations or to domestic travel generally. Moreover, unless a concerted effort is made to generate higher rates of consumer loyalty among those choosing domestic options under such conditions, the effects can quickly reverse. Some Canadians will satisfy their desire for outbound travel (particularly to the US) as the Canadian dollar improves in concert with anticipated economic growth.
- This will be further compounded by the fact that Canada is unique in that it requires users to pay the entire cost of the aviation system, and as a result, it is (on average) 30% cheaper to fly to the US than Canada (Conference Board of Canada). To some degree this suppresses the exchange rate benefits that the industry is currently enjoying. The negative impact of these transportation costs could work against consumers making domestic choices should the Canadian dollar move closer to parity with its US equivalent in the coming months and years. The National Airlines Council of Canada says there is a "competitive gap" stemming from government policy that treats the industry as a source of revenue. The "gap" may close somewhat as the new federal government has indicated that it would "look at ways" to help the Canadian airline industry be more competitive (Marowits, 2015).

⁷ Total tourism revenue from the National Tourism Indicators (NTI) includes demand for tourism commodities by Canadian and foreign visitors within Canada as well as a portion of tourism demand by Canadians on Canadian-owned service providers outside of Canada (airlines, travel agents, etc.).

The trends of increased domestic travel and reduced US travel combined with the economic background of a slowly rising GDP, and the devaluation of the Canadian currency establish conditions for Canadian domestic travel to flourish, certainly over the short term. However, this must be balanced against the inherent desire of many Canadians to explore beyond their own borders, as well as the potential for pent-up demand for international travel to be exercised when consistent economic improvement is evident and currency exchange rates moderate. On top of this, the US investment in encouraging visitation from Canada should not be discounted. It would seem, then that sustained improvement of domestic tourism receipts should not be considered a "given". Astute marketing and brand/product positioning investments will be required to optimize the potential that clearly exists.

5. Market Potential

The size of the overall market and the immediate potential for Canada has declined slightly from 2014. However, the immediate potential for BC and Alberta remains stable in 2015.

Exhibit 5-1 provides an estimate of the size of the potential market for Canada in two ways – the macro target market and the pool of immediate potential.

The target market is a broader estimate of the market size based on expressed interest among all Canadian out-of-province travellers. The proportion of GTW respondents who are interested⁸ in travelling *within* Canada, beyond their own region, in the next year, is applied to the broader traveller population to come up with a target market estimate of 14 million for 2015 which is down slightly (-2%) from 2014. The slight decline can mostly be attributed to declines in the target markets for BC (-4%) and Ontario (-4%).

The immediate potential is a more conservative estimate based on GTW respondents who say they are “definitely” or “very likely” to travel within Canada. This translates into a market of 12.4 million travellers with more immediate potential for conversion – down by approximately two percent or 0.2 million visitors relative to 2014. While the immediate potential for Canada has declined overall, it has remained stable in BC and Alberta.

It should be kept in mind that these estimates of potential simply define the population pool from which Canada can draw domestic visits. While the lack of growth in the pool’s size might be seen as a constraint on future domestic visits, it is also true that conditions can be established to increase the rate at which visits are drawn from this pool. Put simply, we cannot rely on the growth of the potential pool to drive domestic visitation forward, nor can we rely on external factors that are outside the industry’s control such as currency exchange rate differences, although they may deliver short-term benefits. Instead, it will largely be up to the marketing efforts of the industry to realize growth potential in a sustained manner over the long-term.

⁸ Definitely, very or somewhat

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

	Size of Potential Market					
	BC (n=686)	AB (n=684)	SK/MN (n=647)	ON (n=688)	QC (n=677)	ATL (n=618)
Total potential out-of-region pleasure travellers (aged 18 +)	2,352,000	1,811,000	1,124,000	6,136,000	3,298,000	1,021,000
Target Market for Canada:						
Definitely / very / somewhat interested in travelling within Canada in the next year	89%	95%	95%	88%	86%	94%
Size of the target market	2,093,000	1,720,000	1,068,000	5,400,000	2,836,000	960,000
TOTAL	14,077,000					
Immediate Potential for Canada:						
Planning Canada trip next year	80%	78%	76%	81%	75%	79%
Immediate potential	1,882,000	1,413,000	854,000	4,970,000	2,474,000	807,000
TOTAL	12,400,000					

Note: Interest and consideration numbers shown are from the 2015 GTW results. Potential market size is results from the random telephone omnibus survey undertaken in 2009, 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?

S8: In the next year, how likely is it that you will take a trip of 1 or more nights outside of province where you will spend at least one night in paid accommodations?

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 Key Performance Indicators (KPIs) for Canada – Summary

Measure	Definition	All Out-of-Region Travellers	Recent Out-of Region Travellers ⁹	Interested In Canada ¹⁰
		n = 4000	n = 2505	n = 3690
Destination awareness:				
Aided awareness of travel opportunities in Canada	% with excellent / very good knowledge of travel opportunities in Canada	60%	70%	64%
Past visitation:				
Overall market penetration	% who have ever visited Canada for pleasure	77%	100%	78%
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list ¹¹	26%	36%	29%
Competitive positioning on destination consideration	Rank on the consideration list relative to competitors (roll-up)	2 nd	2 nd	2 nd

Base: Out-of-region travellers

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).

⁹ Canadians who visited a province or region in which they do not reside in the past three years for a pleasure trip of four or more nights with one or more nights in paid accommodations.

¹⁰ Definitely interested in visiting Canada in the next two years.

¹¹ For trips in the next two years.

Canada has declined on all four KPIs in 2015. Exhibit 6-2 reveals a sharp decline for aided awareness of travel opportunities within Canada and overall market penetration and a slight decline in unaided destination consideration. It also shows continuous declines since 2013 for aided awareness of advertising for Canada and overall market penetration.

Exhibit 6-2 Key Performance Indicators (KPIs) versus 2014

Key Performance Indicator	2013 (n=4,132)	2014 (n=4,011)	2015 (n=4,000)	YOY Change +/-
Aided awareness of travel opportunities in Canada	67%	68%	60%	-8%
Aided awareness of advertising for Canada	60%	52%	48%	-4%
Overall market penetration	86%	84%	77%	-7%
Unaided destination consideration	20%	28%	26%	-2%
Competitive positioning on destination consideration	2 nd	2 nd	2 nd	-

Base: Out-of-region pleasure travellers. See table for base sizes related to sub-sets of travellers.

Awareness of travel opportunities

Awareness of Canadian travel opportunities has declined sharply in 2015, but continues to surpass competing destinations including the US.

Sixty percent of Canadian travellers consider their knowledge of vacation opportunities (beyond their own province or region) to be “excellent” or “very good”. While Canadian travellers’ knowledge has fallen by eight percent over 2014, it continues to be ahead the US by over ten per cent (49%) and significantly higher than other international competing destinations by as many as 44 percentage points.

Travel within Canada

Interest in travel within Canada is strong; however, turning interest into action continues to be a challenge that may be getting more difficult.

Interest in visiting Canada in the future has remained stable in 2015 (90%) and continues to be on par with the US (87%)¹² and ahead of most competitive international markets by at least twenty-five percentage points. Both aided and unaided interest remain stable in 2015. Unaided interest continues to be higher for the target EQ segments: Free Spirits, Cultural Explorer and Authentic Experiencers however consideration is also higher for the US among these groups as well.

The likelihood of travelling within Canada *in the next year* has fallen another three percentage points in 2015 to slightly less than half (48%)¹³. Among those likely to take a trip *within* Canada, the regions they are most likely to visit are BC (25%), Ontario (22%) and Alberta (17%), although results vary significantly by province of residence¹⁴. For the most part, interest in any province increases with proximity to the province and generally peaks among travellers residing in a bordering province. For example, interest in Alberta is highest among travellers in BC and Saskatchewan while interest in BC is highest among travellers in Alberta.

Given these patterns, priority should be placed on encouraging and sustaining high rates of neighbouring province/region travel. This represents low hanging fruit in many ways, and acceptance of these types of trips is widespread. At the same time, though, there is clearly strong attraction to Ontario on both the East and West coasts. There is also evidence that elevated attraction to BC extends well beyond the neighbouring province of Alberta, eastward through to Ontario. These longer-haul trips should also be a focus of attention, as should reciprocal travel from Ontario to Atlantic Canada.

While interest in visiting Canada is very high, the actual intention to visit imminently for out-of-region travel is not. Canada's major competitor – the US – fares better in this regard. In fact, while interest levels are similar for both Canada and the US, more Canadians are planning a trip to the US (57%) in the next year than are planning an out-of-region trip within Canada (48%). So, while Canadians “say” they are interested in travelling within Canada they are “planning” to do so at a much lower rate compared to the US. Their interests are more casual and fluid when it comes to Canada. Thus marketers need to find a strong call to action in order to target those travellers with a mere interest in Canada and move them to commitment and a positive behavioural outcome.

¹² Q5: ‘How interested are you in taking a vacation trip to Canada in the next two years?’

¹³ Q11c: Likelihood of travelling within Canada in the next year for 2013 (54%); 2014 (51%)

¹⁴ Based on Q11e – Canadian region *most likely* to visit.

Exhibit 6-3 Canadian region *most likely to visit*

Province / Territories	TOTAL (n=4,000)	BC (n=686)	AB (n=684)	SK (n=256)	MN (n=391)	ON (n=688)	QC (n=677)	ATL (n=618)
British Columbia	25%		65%	26%	27%	25%	15%	12%
Alberta	17%	47%		46%	29%	14%	6%	16%
Saskatchewan	3%	5%	5%		10%	2%	-	-
Manitoba	2%	2%	5%	7%		1%	1%	2%
Ontario	22%	29%	13%	13%	24%		61%	47%
Québec	15%	9%	3%	2%	4%	31%		21%
Atlantic Canada	15%	6%	6%	6%	6%	26%	17%	
Northern Canada	2%	2%	3%	1%	1%	1%	1%	1%

Base: Those likely to travel within Canada in the next year (n=2,076)

Q11e: And, which region of Canada would you be most likely to visit?

Travel Outlook

Canada's longer-term domestic travel outlook is positive. While Canadian travellers are slightly less likely than they were in 2014 to express a desire to travel more in the next year or two, they are more likely to point to travel *within* Canada.

The Market Outlook Indicator (MOI) for 2015, which measures travel intentions for the next two to three years, decreased three points to +26 in 2015, but still remains above 2013 and 2012 indices by 4 to 5 points.¹⁵ Optimism around future travel is significantly higher among those aged 18 to 34 years.

Canadian travellers in Quebec are less optimistic about future travel *outside* of their province compared to those living in other regions (+18 vs +23-31). Interestingly, while overall confidence regarding future travel intentions is generally down for each region Quebec shows a significant increase (+5) over 2014.

¹⁵ The Market Outlook Indicator is calculated from QS10 – 'In the next two / three years, how likely is it that you will engage in pleasure travel more or less than you did in the last two / three years?'. The index is the % who said they would *travel more*, minus the % who said they would *travel less*.

Exhibit 6-4 Market Outlook Indices by Residence

Likelihood of travel in next 2-3 years	Total (n = 4,000)	BC (n=686)	AB (n=684)	SK (n=256)	MN (n=391)	ON (n=688)	QC (n=677)	ATL (n=618)
Travel more	37%	41%	35%	42%	33%	38%	31%	38%
Travel same	53%	50%	53%	47%	57%	52%	56%	52%
Travel less	11%	9%	12%	11%	11%	10%	13%	9%
Change from 2014								
2015	+26	+31	+24	+31	+23	+28	+18	+29
2014	+29	+32	+27	+28	+30	+35	+13	+28
2013	+22	+28	+28			+22	+14	+23
2012	+21	+26	+24			+20	+20	+20

Base: Out-of-region pleasure travellers (n = 4,000)

QS10: In the next 2 to 3 years, how likely is it that you will engage in a pleasure travel more or less than you did in the last 2 to 3 years?

Note: Question text changed slightly in 2012, so not directly comparable to previous years.

Note: Results for Manitoba and Saskatchewan only reported separately for 2014 and were grouped in previous years of the study.

Most Canadian travellers believe they will spend the same or more on leisure travel *within Canada* (84%) or *on short-break holidays* (82%) while fewer are as confident with regard to travel *outside* of Canada (69%). Compared to 2014, Canadian travellers are more likely to travel *within Canada* or take short-break trips and less likely to travel *outside Canada* in 2015. This more inward-looking outlook is consistent with economic and currency conditions prevailing at the time the survey was conducted.

Advertising recall

Advertising recall for Canada is substantially higher than recall for all other competing overseas destinations. However, recall of US advertising comes in a very close second.

Nearly half (48%) of all out-of-region travellers recall an advertisement for a Canadian destination, similar to the awareness level achieved by the US (44%) but surpassing overseas destinations recall by as much as 39 per cent. Recall was stronger among recent out-of-region travellers and those interested in travelling within Canada. This suggests that the advertising resonated with those who are most strongly aligned with extended domestic travel, but also supports the notion that advertising efforts may have played some role in elevating interest. In either case, it can be argued that the communications effort helped move Canadian consumers along the path-to-purchase.

Although not specifically shown in the table below, it should be noted that recall is notably stronger among younger (18-34) and older (55+) travellers, those without children and those living in Alberta, Saskatchewan and the Atlantic than among those living in other regions or from other demographic/life stage groups. This implies that the advertising resonated less among middle aged travellers, those with young families, and among those in BC, Ontario and Quebec. This is of some concern, given that these are the most populous age cohorts and provinces in Canada. Impact on young families (or lack thereof) is also of some importance given the desire to cultivate lifelong affinity with Canadian travel destinations at an early age.

Exhibit 6-5 Advertising awareness for travel destinations

Advertising Awareness	Out-of-Region Travellers	Recent Out-of Region Travellers ¹⁶	Interested In Canada ¹⁷
	n = 4,000	n = 2,505	n = 3,690
Canada	48%	55%	51%
US	44%	49%	46%
Italy	13%	14%	13%
UK	12%	14%	13%
France	12%	14%	13%
Australia/New Zealand	18%	22%	20%
China/Hong Kong	9%	11%	10%
None of the above	29%	24%	27%
Don't know	10%	9%	10%

Base: International pleasure travellers (n = 4,000), Recent visitors to Canada (n = 2,505) and those interested in visiting Canada (n = 3,690)

QB4: For which of the following travel or holiday destinations have you seen or heard an advertisement and / or a promotional article in the last three months? (Select all that apply)

¹⁶ Canadians who visited a province or region in which they do not reside in the past three years for a pleasure trip of four or more nights with one or more nights in paid accommodations.

¹⁷ 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 opportunities to travellers. To assess value and price perceptions respondents were asked to evaluate Canada relative to competing destinations on a number of attributes.

Value perceptions

Perceptions of Canada's value remained stable but have improved in relation to its competitors.

Canada now ranks first when it comes to *"experiences I am specifically looking for"* and *"places I have always dreamed of visiting"*. Furthermore, the gap between Canada and Italy and Australia/New Zealand is narrowing on *"features that other destinations don't offer"* and *"a destination I would pay a little more for"*. While Canada continues to rank third on these two value attributes the gap between Canada and Italy or Australia/New Zealand has narrowed substantially in the past two years.

Canada continues to place higher than the US on all *value* attributes again this year and while the difference was small last year the gap is beginning to grow – especially in the areas of *"experiences I am specifically looking for"* (+7 percentage points (p.p.)) and *"features that other destinations don't offer"* (+13 p.p.). This is an interesting change given a disconnect continues to exist between the high value ratings given for Canada and the lower consideration and preference toward Canada with regard to where Canadian travellers actually go. More specifically, Canadian travellers believe Canada has much value to offer and even more value than the US on all measures. However, they still consider the US more frequently for travel than Canada. Understanding this disconnect is vital to turning US travel into out-of-region domestic travel. There is evidently less urgency around the notion of travel in Canada. In other words, Canada is endorsed (and likely benefits from a "patriotism effect") when domestic travellers are prompted with a list of potential features, but Canada doesn't spontaneously stimulate excitement and aspirational desire in the same way as some foreign destinations.

So while it is good news that value perceptions are higher relative to most competitive destinations (especially the US) and improving, Canadian travellers are considering Canada with less commitment and, consequently, need a strong draw or call in order to get them to stay in Canada and spend their travel dollars domestically. Add to that, the fact that Canadians tend to undertake similar travel activities in the US as they do when travelling domestically (Lauth, 2013) it becomes clear that Canada needs to differentiate itself in order to retain and then elevate domestic volume.

Overall value perceptions among younger travellers (18-34) are significantly lower than those of their older counterparts. This reinforces the need for a youth strategy intent on convincing younger Canadians that destinations in their own country are capable of delivering their desired travel experiences, thereby offering true qualitative value.

Exhibit 7-1 Value perceptions

Value perceptions	1#	2#	3#	4#	5#	6#	7#
A destination with the travel experiences I am specifically looking for	CAN 54%	ITA 51%	AUS/NZ 50%	USA 47%	UK 45%	FRA 43%	CHN/HK 25%
A destination with places I have always dreamed of visiting	CAN 53%	ITA 53%	AUS/NZ 53%	UK 50%	FRA 50%	USA 48%	CHN/HK 26%
A place with unique features that other destinations don't offer	AUS/NZ 63%	ITA 61%	CAN 59%	FRA 58%	UK 56%	USA 46%	CHN/HK 46%
A destination I would pay a little more for	AUS/NZ 42%	ITA 40%	CAN 37%	UK 37%	FRA 36%	USA 32%	CHN/HK 20%

Base: Out-of-region pleasure travellers (n = 4,000)

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, on a 1 to 10 scale of agreement with each statement.

While average value perceptions for Canada are unchanged in 2015 versus the previous year, average ratings for Australia/New Zealand and Italy both fell directionally, moving Canada into a statistical three-way tie for first place. In reality, though, these changes have all been very modest, suggesting overall stability on the value front relative to other destinations, at least on this aggregated metric.

Exhibit 7-2 Year-on-year change in average rating for value attributes

Value	2014	2015	2014/2015 YOY change
Canada	7.2	7.2	-
Australia/New Zealand	7.3	7.2	-0.1
Italy	7.3	7.2	-0.1
France	6.8	6.9	+0.1
US	7.0	6.9	-0.1
UK	6.8	6.9	+0.1
China/Hong Kong	5.5	5.5	-

Base: Out-of-region pleasure travellers.

Note: Average ratings for all *value* attributes, based on a ten-point scale on agreement with the statements presented to them.

Exhibit 7-3 shows the value perception results for Canada and the US since 2013. In 2014, the US made significant gains on perceptions of value, closing the gap on Canada. However, in 2015 the gap has begun to widen again with respect to *relevance* and *uniqueness*, and Canada is again experiencing a considerable advantage over US destinations on all three image dimensions, including quality.

Exhibit 7-3 Value perceptions

Value perceptions	Canada (Out-of-region)				United States			
	2013	2014	2015	YOY	2013	2014	2015	YOY
A destination with the travel experiences I am specifically looking for (Relevance)	59%	55%	54%	-1%	45%	51%	47%	-4%
A place with unique features that other destinations don't offer (Uniqueness)	64%	57%	59%	+2%	43%	49%	46%	-3%
A destination I would pay a little more for (Quality)	40%	39%	37%	-2%	27%	34%	32%	-2%

Base: Out-of-region pleasure travellers. 2013 n = 4,132. 2014 n = 4,011. 2015 n=4,000

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, on a 1 to 10 scale of agreement with each statement.

While Canada has maintained or improved its standing on value perceptions relative to many competitive destinations over the most recent period, it has still experienced a small but steady decline in perceptions of *relevance* and *quality* since 2013. Though not of grave concern, given the erosion of the US on these measures during the most recent tracking period, the trend does warrant continued monitoring in the future.

Price perceptions

Canada has displaced the US and is now in first place when it comes to perceptions of *value for money* and *reasonable prices for food, entertainment and accommodation*. The change in rank is not attributable to an increase in perceptions of Canadian value over 2014; it has largely stayed the same. Rather, the shift is due to a large decrease in perceptions of value for the US. This turn of events is unquestionably a function of the relative strength of the US dollar against Canada's currency.

Even with a large decline in perceptions of US air affordability over last year, the US (-7%) continues to be viewed as *more affordable* compared to travel *within Canada*. Understanding Canada's unique situation requiring users to pay the entire cost of the aviation system, and resulting higher cost to fly domestically (Conference Board of Canada) efforts need to be made to improve the *value* afforded by Canadian destinations, relative to those in the US to remain competitive. The incoming federal government has suggested it will investigate the issue of airline competitiveness, but it will likely take some time before the industry and travellers feel the impact(s), if any, that occur.

As in 2014, Canada rates better on value than overseas destinations, a finding that is largely due to proximity and the resulting overall higher cost of travelling overseas than to any other underlying factor.

Exhibit 7-2 Price perceptions

Price perceptions	1#	2#	3#	4#	5#	6#	7#
A place that offers good value for money	CAN 55%	USA 47%	ITA 36%	AUS/NZ 31%	CHN/HK 27%	FRA 26%	UK 25%
A destination with reasonable prices for food, entertainment and accommodation	CAN 54%	USA 50%	ITA 34%	AUS/NZ 31%	CHN/HK 27%	FRA 26%	UK 23%
A destination that is affordable to get to by air	USA 51%	CAN 44%	ITA 31%	FRA 29%	UK 26%	AUS/NZ 26%	CHN/HK 20%

Base: Out-of-region pleasure travellers (n = 4,000)

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, on a 1 to 10 scale of agreement with each statement.

Exhibit 7-3 Price perceptions

Price perceptions	Canada (Out-of-region)				United States			
	2013	2014	2015	YOY	2013	2014	2015	YOY
A place that offers good value for money	58%	55%	55%	-	52%	56%	47%	-9%
A destination with reasonable prices for food, entertainment and accommodation	58%	54%	54%	-	55%	57%	50%	-7%
A destination that is affordable to get to by air	47%	47%	44%	-3%	56%	58%	51%	-7%

Base: Out-of-region pleasure travellers (n = 4,000)

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, on a 1 to 10 scale of agreement with each statement.

8. Trip Profiles

Most recent destination visited

As the US dollar gains strength, Canadian travellers have been shifting away from the US and directing more trips to Canada. While the US continues to be the most popular vacation destination among out-of-region travellers the incidence travelling there has fallen by three points to 43 percent since last year while the incidence of Canadian trips has increased by an equivalent amount.

The most popular Canadian locations included BC (9%), Ontario, Quebec (both 8%) and Alberta (7%) while the most popular US locations were Florida (9%), New York (8%) and California (5%)

Given the large size of Canada, the aggregated results somewhat obscure the trends across the regions and provinces and as such a regional analysis was undertaken.

Exhibit 8-1 shows the top-five vacation destinations visited by Canadian travellers *on their most recent trip*, by province or region of residence. The results illustrate how competitive Canada needs to be with US and “sun” destinations such as Mexico and the Caribbean. Outside of the adjacent, or nearest province or region, US cities and states and “sun” destinations are likely to trump other Canadian destinations. There is a seasonality aspect to this, of course, but the volume of travel dollars directed south has a direct impact on the funds available to devote to Canadian destinations. The challenge is to encourage Canadians to give priority to domestic travel and reserve more of their travel budgets to these experiences while limiting their sun destination investment.

Those who travelled to Canada on their most recent trip skew to age cohorts under 55 years to those with children and to those with incomes under \$120K. As well, the rate of travel to Canadian destinations tends to be elevated among those resident in the Prairies and Atlantic Canada.

Exhibit 8-1 Top-five destinations visited on most recent trip, by province and region

BC (n=633)	AB (n=632)	SK (n=239)	MN (n=360)	ON (n=633)	QC (n=621)	ATL (n=565)
Alberta (19%)	BC (35%)	Alberta (32%)	BC (11%)	Quebec (15%)	Ontario (18%)	Ontario (24%)
Washington (15%)	Sask. (8%)	BC (20%)	Alberta (16%)	Florida (13%)	Caribbean (15%)	Maine (15%)
California (14%)	Mexico* (7%)	Ontario (12%)	Ontario (13%)	New York (12%)	New York (12%)	Florida (14%)
Mexico* (9%)	Nevada (7%)	California (7%)	North Dakota (12%)	Caribbean (12%)	Florida (11%)	Quebec (13%)
Ontario (8%)	Manitoba (5%)	Nevada (5%)	Sask. (11%)	BC (8%)	France (7%)	Caribbean (12%)
New York (5%)	Florida (5%)	Mexico* (4%)	Minnesota (8%)	Mexico* (5%)	Mexico* (6%)	New Hampshire (6%)

Base: Out-of-region pleasure travellers who have taken vacation in the past three years

Q26: Destination visited on most recent trip.

*Note: Mexican coastal resorts only, including: Acapulco, Cancun, Puerto Vallarta, Los Cabo, Mazatlán, Huatulco, and Ixtapa.

Destinations visited in the past three years

In the past three years, Canadian out-of-region travellers have visited the US more often than they have travelled out-of-region in Canada. Exhibit 8-2 highlights the role age plays in relation to Canada's competition. Overall, age plays no role with respect to travel to the US, but older travellers (55+) are more likely to travel to the Caribbean, while those 35-54 are less likely to travel to Australia, Central America and/or Europe.

In keeping with patterns evident in the context of the most recent trip, those who travelled within Canada during the past three years tend to be younger than average (18-54), are more likely to have children at home, and more likely to be from the Prairies or Atlantic Canada.

Exhibit 8-2 Countries / regions visited in the past three years

Country / region	Total	18-34	35-54	55+
	n = 3,693	(n=921)	(n=1506)	(n=1266)
The US	65%	65%	65%	66%
Canada*	56%	60%	57%	52%
The Caribbean	24%	22%	24%	27%
Europe	23%	27%	19%	25%
Mexico	17%	17%	15%	20%
Asia	11%	17%	10%	8%
South America	4%	4%	3%	4%
Central America	4%	5%	2%	6%
Australia	3%	5%	1%	3%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years.

QS7: Countries / regions visited on a holiday trip of four or more nights, in the past three years.

*Note: Travel within Canada, but outside of their own province / region.

Type of vacation taken

Visiting friends and family dominates pleasure travel, regardless of destination, with city and touring vacations coming in a distant second and third.

The type of vacation taken by Canadian out-of-region travellers varies greatly by place of residence. Residents of Quebec are least likely to take vacations that involve visiting friends and family and more likely to take city, resort or spa/wellness vacations. Touring vacations are more common among those in Ontario and Alberta while outdoor vacations are more common among those in Alberta and Quebec.

Age also affects the type of vacation one chooses, with younger (18-54) out-of-region travellers more likely to take a city, outdoors or ski vacation and older travellers more likely to visit friends or relatives or take a cruise vacation.

These findings suggest marketing efforts should be different for Quebec in relation to the rest of Canada focusing on the rich urban experiences and wellness opportunities that Canada has to offer. Quebec's affinity for resort and spa/wellness vacations also suggests that Quebecers are looking for an "all in" option. They want to relax and recharge in an absence of external stresses, and with assurance of cost as well as full knowledge of exactly what they are getting for the money.

Results also suggest marketing efforts should be targeted according to age groups with a focus on active city, outdoor and ski vacations for those under 55 and a more subtle and multigenerational approach for the 55+.

Exhibit 8-3 Most recent trip: Type of vacation (Top-five)

	Total	BC	AB	SK	MN	ON	QC	ATL
Country / region	n = 3,683	(n=633)	(n=632)	(n=239)	(n=360)	(n=633)	(n=621)	(n=565)
VFR	25%	31%	28%	35%	37%	25%	14%	29%
City vacation	12%	14%	13%	9%	8%	10%	15%	9%
Touring vacation	10%	9%	12%	7%	5%	12%	9%	8%
Personal event vacation	8%	10%	10%	9%	7%	9%	6%	7%
Resort vacation	7%	6%	6%	4%	5%	7%	10%	7%
Special event vacations	7%	7%	5%	10%	7%	8%	4%	8%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years.

QPT1: 'Which of the following best-describes your most recent holiday?'

Activities

Out-of-region travellers like a combination of nature-based and urban experiences, a good fit with Canada's unique selling proposition (USP) of "vibrant cities on the edge of nature". Similar to last year, hiking, guided city tours and wildlife viewing are the most popular activities undertaken while on vacation.

The destination has some influence on the activities undertaken, though this is more about availability and destination-specific circumstances than anything else. For example, enjoying natural beauty through hiking, wildlife viewing and camping are more common on domestic trips, while guided tours are more popular when visiting Europe (city tours) and "sun" destinations (guided countryside tours).

Among those who have travelled to the US on their most recent trip, the activity profile aligns to some degree with domestic travel. This suggests that the US experience is similar to that of Canada, at least in terms of the relative popularity of broad activity types. There is, therefore, a need for the Canadian experience to be more positively differentiated from that of the US in qualitative terms. Domestic travellers do hike, view wildlife and camp twice as much as travellers to the US – this highlights a few areas of focus for distinguishing Canada in relation to the US.

Exhibit 8-4 Most recent trip: Activity participated in (Top-ten)

Activity Participated in	All Out-of-Region Travellers n = 3,683	Overseas n = 467	US n = 1,075	Mexico / Caribbean n = 369	Inter-Regional Domestic n = 1,772
Hiking	16%	14%	14%	12%	21%
Guided city tour	14%	25%	11%	19%	11%
Wildlife viewing	13%	12%	9%	11%	18%
Guided excursion beyond the city	10%	17%	6%	23%	5%
Day cruise	9%	11%	8%	12%	7%
Camping	8%	5%	6%	3%	12%
Marine life viewing (whale-watching or other sea life)	7%	5%	7%	11%	7%
Fishing	6%	6%	4%	5%	9%
Golfing	6%	4%	7%	5%	7%
Cycling or biking	6%	6%	5%	5%	8%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years. (n = 3,683)

QPT2: Did you participate in any of the following activities during your most recent stay?

While popular among travellers of all ages, city tours and excursions beyond the city are most popular among older out-of-region traveller (55+). Not unexpectedly, younger travellers are somewhat more likely to enjoy adventurous and active pursuits, such as climbing, camping, fishing, hunting, skiing, scuba diving and surfing.

These age-related differences are relatively modest, and it is important to note that the top five activity interests of younger and older travellers are, in fact, the same. This implies that the basic areas of interest, in terms of activity category align. It is the intensity of experience and degree of personal participation that distinguishes the various age groups.

These findings further support Destination Canada’s decision to market Canada as a destination with “vibrant cities on the edge of nature” especially to domestic travellers, as these results indicate that out-of-region travellers have strong interest in both urban and nature based activities. Many Canadian travellers evidently wish to gain a sense of a place in its fullness, often embracing a broad mix of experiences (both urban and rural). It is also clear that the appeal to younger cohorts should embrace active engagement with environments which further supports the decision to market Canada with “active adventure among awe-inspiring natural wonders”.

Exhibit 8-5 Most recent trip: Activity participated in (Top-ten)

	All Out-of-Region Travellers	18-34	35-54	55+
Activity Participated in	n = 3,683	n = 918	n = 1,503	n = 1,262
Hiking	16%	17%	17%	15%
Guided city tour	14%	13%	12%	19%
Wildlife viewing	13%	10%	13%	14%
Guided excursion beyond the city	10%	7%	10%	13%
Day cruise	9%	7%	8%	10%
Camping	8%	9%	8%	6%
Marine life viewing (whale-watching or other sea life)	7%	7%	7%	7%
Fishing	6%	6%	7%	4%
Golfing	6%	6%	5%	7%
Cycling or biking	6%	6%	7%	5%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years. (n = 3,683)

QPT2: Did you participate in any of the following activities during your most recent stay?

Attractions

The three most popular attractions visited on the last vacation include a historic site or building, a city park and/or a museum. While the top three attractions were the same for all out-of-region travellers, regardless of past travel behaviour, those who had been overseas were more likely to visit historic sites or buildings, museums, art galleries, world heritage sites and botanical gardens, while those who had been to the US were more likely to have visited a brewery or casino. For the most part, those who had recently travelled domestically or in the US undertook similar activities. This further supports the notion that Canada has a similar offer and one that is, perhaps, not yet distinct enough to divert travel away from the US in substantially larger volumes. It is at this point that Canada must differentiate itself. Out-of-region travellers' interests are similar whether they are visiting Canada or the US; they even undertake similar activities at similar incidences. Yet, the US continues to be the number one choice of Canadian out-of-region travellers, suggesting the US offers some competitive advantage, if only by virtue of a less parochial aura.

Exhibit 8-6 Most recent trip: Places visited

	All Out-of-Region Travellers	Overseas	US	Mexico / Caribbean	Inter-Regional Domestic
Places Visited on Vacation	n = 3,683	n = 467	n = 1,075	n = 369	n = 1,772
Historic site or building	33%	47%	28%	33%	32%
City park	31%	38%	30%	16%	36%
Museum	24%	36%	23%	13%	24%
National or State park	19%	22%	17%	14%	22%
Art gallery	12%	21%	10%	7%	10%
Casino	12%	8%	16%	7%	13%
World heritage site	13%	26%	7%	9%	12%
Amusement or theme park	11%	9%	15%	6%	11%
Botanical garden	11%	18%	9%	10%	9%
Brewery	9%	10%	11%	6%	8%
Winery	8%	12%	6%	6%	7%
None of the above	27%	18%	28%	41%	25%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years. (n=3,683)

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.

Some places were relatively more popular with the older traveller (55+) on the most recent trip, such as: art galleries, botanical gardens, historical sites and city parks. While their younger counterparts were more likely to partake in amusement or theme parks and breweries. From this perspective, knowledge seeking activities seem to skew older, while participatory and entertainment activities skew to youth.

Vacation experiences

Canadians tend to gravitate to the same experiences, whether vacationing in Canada, the US, Mexico or overseas. Differences are in terms of degree and limited to the relative popularity of live shows and spas among those visiting Mexico (possibly at the expense of fine dining) and to the higher profile achieved by local cuisine on trips beyond Canada and the US (particularly those overseas). Predictably, perhaps, car rental is somewhat more popular on trips overseas than on those taken to Mexico/Caribbean (where resorts are more popular and mobility more restricted) or destinations in Canada (where use of one's own car is more common).

With regard to the relative popularity of these experiences, it is clear that Canadian out-of-region travellers like to eat – the two most popular vacation experiences include trying local cuisine and dining at highly regarded restaurants. Those over the age of fifty-five are more likely than their younger cohorts to gravitate to culinary experiences. By contrast, younger people seem to have more interest in spas, wellness centres and remote natural wonders such as the Northern Lights.

When focusing specifically on Canada and the US as travel destinations, experiences again seem to be similar. There is some indication, though, that big ticket live shows are more common as activities when travelling in the US, whereas a number of niche experiences seem to have more drawing power in Canada – spas, wellness centres, music festivals, agri-tourism and, expectedly, experiencing the Northern Lights. It could be argued, then, that the targeted promotion of niche activities might have greater persuasive power in Canada and provide a point of differentiation relative to the larger and more generically appealing attractions featured in advertising for the US. This may be particularly true when these niche activities are linked to more broadly appealing “universals” such as localized culinary experiences, especially if such experiences can be aligned with the ambiance of the niche activity itself.

Exhibit 8-7 Most recent trip: Experiences

Experience	All Out-of-Region Travellers	Overseas	US	Mexico / Caribbean	Inter-Regional Domestic
	n = 3,683	n = 467	n = 1,075	n = 369	n = 1,772
Tried local cuisine	47%	58%	44%	51%	43%
Dined at a highly-regarded restaurant	28%	32%	30%	19%	29%
Attended a live show	16%	13%	18%	24%	11%
Rented a car	18%	22%	19%	15%	17%
Took a tour or visited a museum to learn about aboriginal people	10%	16%	7%	10%	8%
Attended a music festival	7%	7%	5%	8%	8%
Visited a spa or wellness centre	7%	7%	4%	12%	7%
Tried agritourism (e.g., visited a farm)	4%	6%	2%	5%	5%
Participated in a guided tour by train	4%	6%	4%	1%	3%
Northern (or Southern) lights	3%	5%	1%	1%	5%
None of the above	27%	17%	29%	25%	30%

Base: Out-of-region pleasure travellers who have visited other country/region in the past three years.

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

Accommodation choices by out-of-region travellers tend to reflect the accommodation options available in the particular destination.

Those who travelled within Canada were most likely to stay in a mid-priced hotel (33%) followed closely by friends or family (31%). The widespread presence of VFR among out-of-region trips in Canada raises a number of interesting possibilities. For instance, initiatives might be contemplated which encourage potential hosts to invite family and friends to their region or province, thereby increasing domestic travel volume. One could also contemplate efforts to stimulate greater spend among those involved with VFR trips by promoting the participation of hosts in the activities of their guests and providing tools to encourage joint itinerary planning.

Travel party

Canadian out-of-region travel continues to be dominated by couples, with family travel placing a distant second. More than half of out-of-region travellers (56%) took a vacation with their spouse or partner, while less than one-quarter (16%) travelled with children under the age of 18. There is naturally an older age skew to the former and a younger skew to the latter. Family travel is more likely to happen domestically, likely a function of the logistics and cost involved. This finding reinforces the previously identified need to ensure that communications directed to the domestic market incorporate some elements that resonate strongly with families.

Booking travel

Travel agents are rarely used by Canadian out-of-region travellers. When they are, their role tends to be reserved for assisting with exploring destinations that are less familiar or navigating among various resort possibilities based on actual experience rather than marketing "hype". As a consequence, use of travel agents peaks among those considering overseas and "sun" destinations.

Only 16 percent of travellers employed a travel agent to help them book their flight or accommodation. The incidence rises to twenty-four percent among those who have travelled overseas recently and forty-one percent among those who went to Mexico or the Caribbean. It would appear that services of travel agents are, for the most part, no longer required for domestic or US travel. Among those who did not need the help of a face-to-face travel agent there was a tendency to either use online travel services or to go directly to hotels and airlines. About one-quarter (26%) booked their flight and or accommodation on the internet through an online travel agency or online retailer, while a similar proportion booked directly with the airline (28%) or directly with the place of accommodation (31%).

9. Barriers to Travelling Within Canada

Reasons for choosing not to travel in Canada next year

A general lack of excitement about Canada prevents Canadians from travelling domestically (out-of-region).

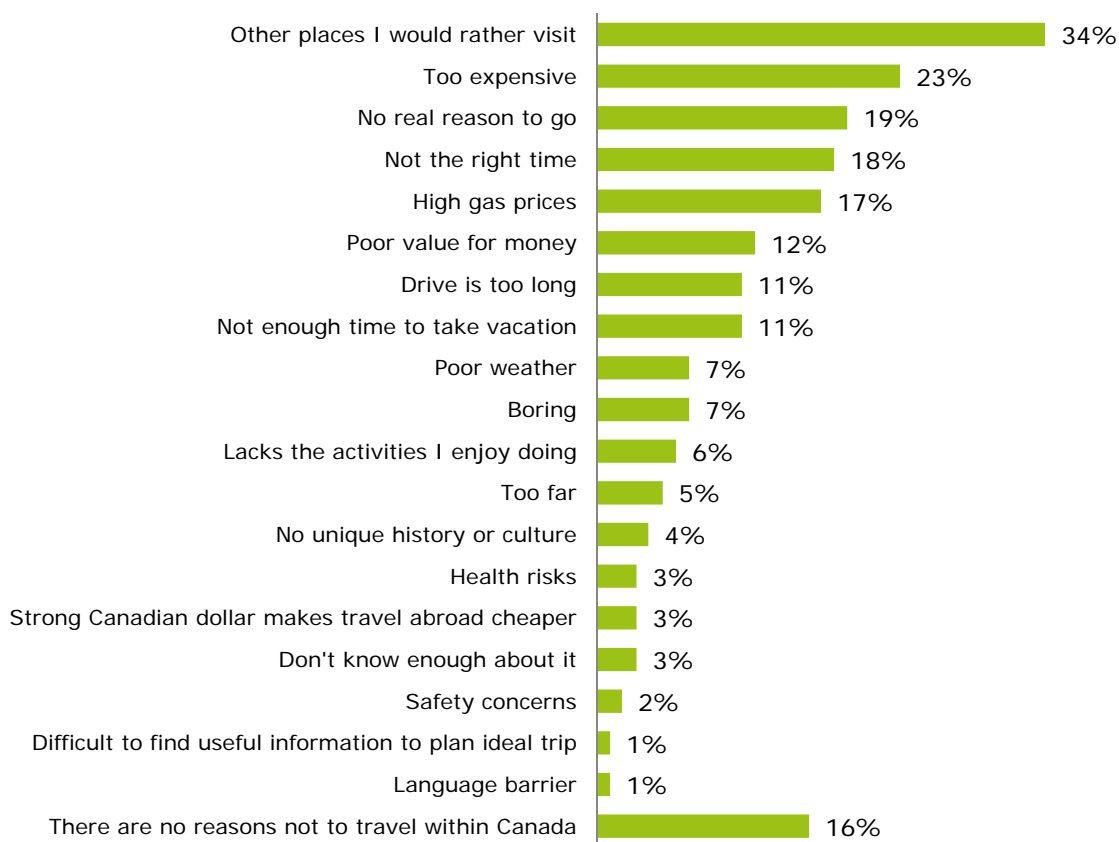
Exhibit 9-1 shows the main barriers to travelling *within Canada*, among those travellers who are *not* planning to travel domestically in the next year. Over half of Canadians express a distinct lack of interest in Canada as they would rather go somewhere else (34%) or believe there is no real reason to travel within Canada (19%). This lack of interest indicates that some Canadians haven't realized the potential Canada has to offer in relation to other destinations. There is, then, a need for marketers to bring compelling points of difference to life in manner that "sparks" enthusiasm among Canadians for travelling domestically. This can only be accomplished by juxtaposing, either explicitly or implicitly, the unique elements of the Canadian experience that cannot be replicated elsewhere and are particularly meaningful to desirable Canadian consumer segments. The psychographic nature of those segments should help set the appropriate tone for communications with the objective of stimulating emotional engagement. Clearly a targeted approach is useful here, with a particular focus on the EQ segments most likely to direct significant travel dollars to Canadian destinations.

The same thinking applies to engaging younger travellers (18-34 years of age). Their overall lack of interest is compounded by a heightened perception that Canada is boring (12%), and is to some extent fueled by lack of detailed knowledge of the country or of the travel experiences available to them in Canada. This is, perhaps, to be expected of the youth market. Their tendency is to focus aspirations on iconic experiences or on those endorsed by their peer group, and they may be finding fewer of these in Canada given a "grass is greener" mindset and eagerness to explore the world. A targeted solution also seems applicable here, with a focus on active experiences that incorporate adjacent activities that are geared to youth. Promoting basic awareness of youth-relevant destinations, attractions and experiences and the popularity of those experiences within their peer group would seem to be key. This calls for targeted communication and represents fertile ground for the incorporation of Social Media "buzz".

Canadians also cite the inter-related factors of expense, high gas prices and poor value for money as barriers to travel within Canada. Compared to competitive overseas and many US destinations, the cost of travelling domestically is likely not prohibitive in absolute terms. It would seem, then, that one needs to focus on the value for money aspect of travelling within Canada rather than overall cost. The weakness of the Canadian dollar relative to its US counterpart provides some advantage to Canada when consumers are comparing prices. However, this has no real strategic value and represents a volatile and transitory benefit. At best, this situation should be considered one that provides Canada with some breathing space and maneuverability to establish strong value perceptions among those who choose to direct their travel to domestic destinations during this period of relative currency weakness.

It should be kept in mind, as well, that some destinations in the US (especially those that include air travel) offer competitive pricing to domestic options. This has helped the US become more firmly entrenched as Canada's number one competitor, despite current exchange rates. This places even more pressure on Canada's destinations to focus on value as a means of keeping Canadian travellers in the domestic fold.

**Exhibit 9-1 Barriers to travelling within Canada
(Among those not planning to travel within Canada, in the next year)**



Base: Out-of-region pleasure travellers who are not planning to travel within Canada in the next year (n = 1,828)

Q11h1: Earlier you indicated that you were not planning to travel within Canada, beyond your Province, in the Next Year. Please indicate which of the following reasons will prevent you from travelling within Canada.

Reasons that could prevent planned travel in Canada next year

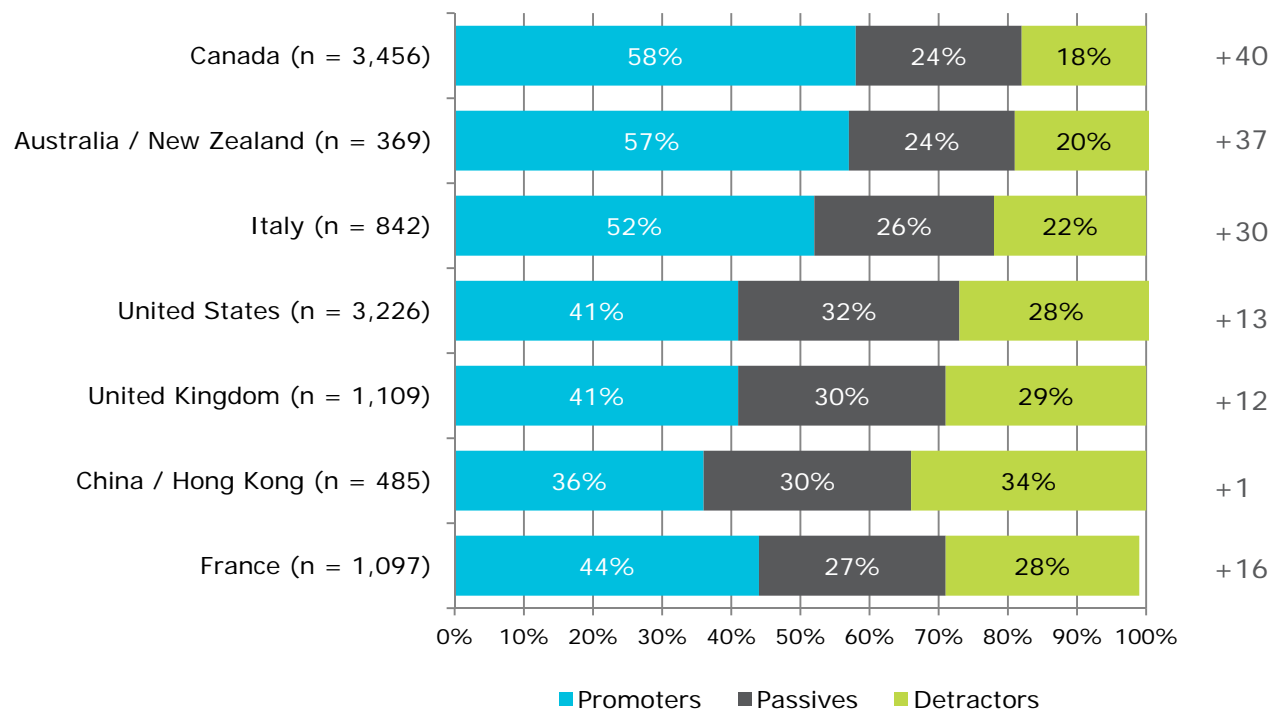
In further support of the points made above, those who are planning travel within Canada in the next year voice concerns that align with those who are not. This is particularly true when turning attention to the price/value equation. Concerns over cost are the biggest barriers. Being too expensive (40%), high gas prices (30%) and poor value for money (17%) are frequently cited obstacles to choosing a Canadian destination. Therefore, while Canada may be able to offer more favourable price points relative to the US than was the case when the dollar was closer to parity, this does not necessarily convert to domestic visitation. Absolute price points are still being scrutinized and, unless value for the money is clear, those who are open to a domestic trip may choose to curtail their spending or choose not to travel at all.

10. Net Promoter Score (NPS)

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

Of the Canadian travellers who have *ever* travelled domestically (outside of their own province), 58% would recommend Canada to friends, family and colleagues¹⁸, while 18% would not¹⁹ – resulting in an NPS score of +40²⁰.

Exhibit 10-1 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.

¹⁸ 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.

¹⁹ Rated the destination with a score between 1 and 6, on the ten-point scale.

²⁰ That is 58% minus 18% = 40%, or +40 as we report it. Note that negative NPS scores are possible.

Canada's NPS score for 2015 (+40) is down from the previous year by five points. And while Canada continues to rank first among competitive destinations, Australia/New Zealand follow closely behind and have now nearly closed the gap. This is telling. Given that Canada enjoys a "patriotic advantage" in the domestic market, the performance of Australia/New Zealand is indicative of superlative delivery to expectations and suggests that these competitors are poised to benefit from positive word-of-mouth among those in the market for extended and relatively expensive trips. In this realm, they are a threat to Canada.

On the positive side, while Canada's NPS score has fallen by five points, it still enjoys a large advantage over most other competitive destinations, including the US. Indeed the positive gap relative to the US has widened by another 5 points since 2014. On the basis of organic consumer promotion, then, this represents additional impetus to keep one's travel to destinations north of the border.

It should also be noted that three out of every five out-of-region travellers who have visited Canada (ever) would recommend it to a friend or family member – a level of endorsement similar to that achieved by New Zealand but substantially greater than the levels posted by all other competitive destinations. This finding provides a more direct measure of word-of-mouth advocacy than does the consolidated NPS score. The results are consistent, though, and suggest that while there is still room for improvement, Canada will continue to see a net benefit from the advocacy of friends and family – a highly influential source of travel advice.

It is encouraging that Canada's biggest advocates are those who have the deepest actual experience with domestic travel - in particular, older Canadians (55+) who have likely had numerous opportunities to travel out-of-region domestically. In addition, residents of Alberta, Manitoba and Atlantic Canada are stronger advocates than travellers in other parts of the country. Given the relative popularity of their domestic travel choices, this result speaks well of the experiences delivered by Ontario, Quebec and British Columbia.

11. Path to purchase

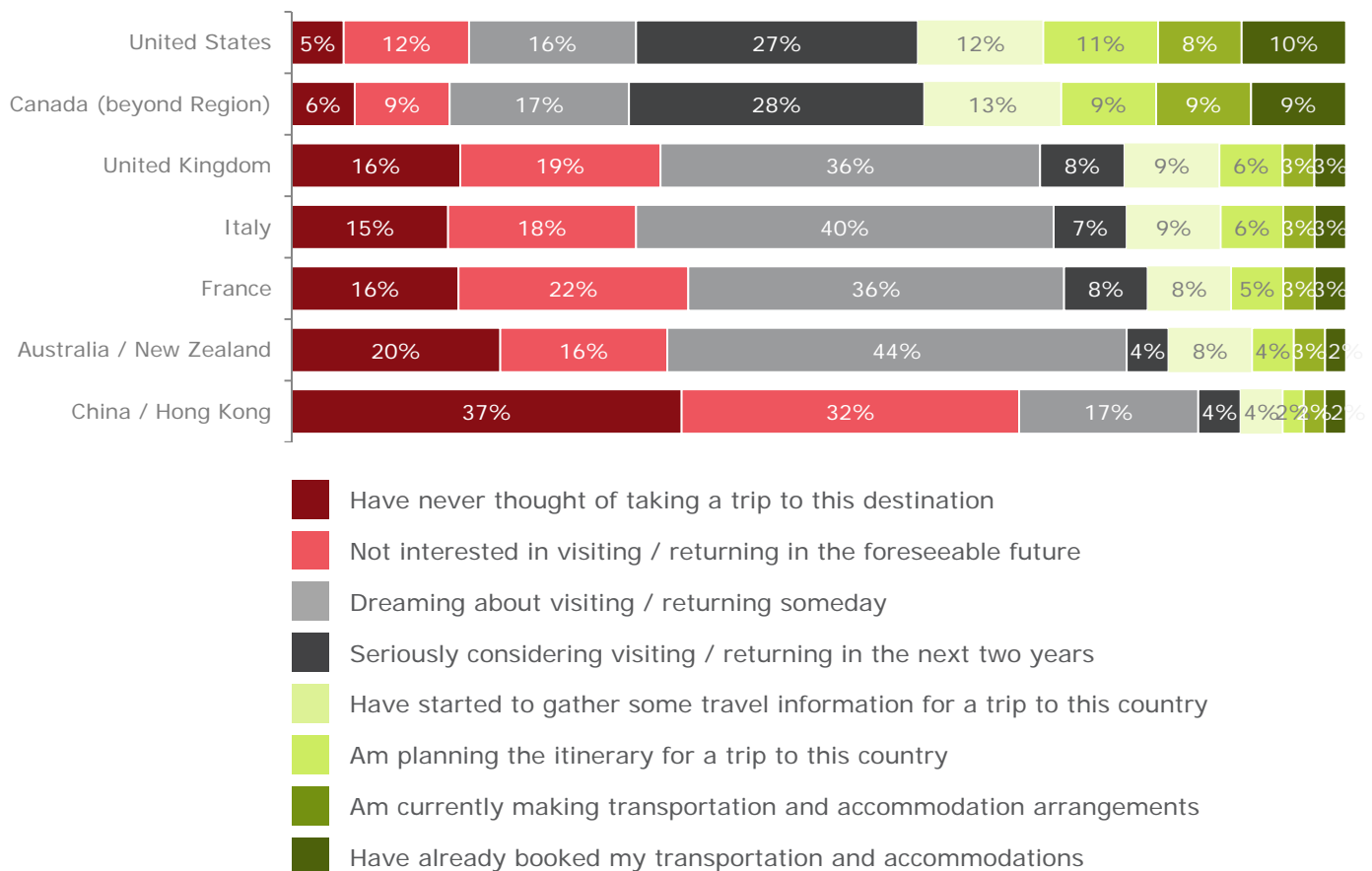
Like any other expensive and discretionary consumer product, there is a purchasing or decision-making cycle associated with travel: consumers move through various stages from not knowing anything about a destination to actually booking a trip.

Through additional research, Destination Canada has developed a Path to Purchase (P2P) model for long-haul travel and has 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 one's itinerary, travel and accommodations.

Exhibit 11-1 shows the percentage of Canadian travellers at each stage of the P2P, for destinations within Canada, and for the competitive set of destinations outside of Canada.

Exhibit 11-1 Stage in the path-to-purchase



Base: Out-of-region pleasure travellers (n = 4,000).

Q6: Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

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.*

One-in-four out-of-region pleasure travellers has started gathering information, has planned an itinerary or has booked / is booking travel and accommodation for a trip to Canada. This puts Canada on par with the US and well ahead of all other destinations in the competitive set. Canada's standing relative to the US is somewhat worrisome, however, because it suggests real potential for the US to attract traffic from Canada on later steps of the pathway. This, too, reinforces the need for meaningful differentiation relative to US alternatives.

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