Canadian Tourism Commission | Commission canadienne du tourisme

Global Tourism Watch

United States Summary Report - 2011

Canada

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1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least one or more nights with one night in paid accommodations in the past three years or plan to take such a trip in the next two years. Trips had to be outside of the US.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In the US, the target was n=3,000 international pleasure travellers, with a quota of n=1,050 recent travellers to Canada. Quotas were also set for three regions – border states, mid-haul states and southern / long-haul states (as per the CTC's standard definition). The survey was conducted in March 2011.

3. Market Outlook and Potential

The importance of pleasure travel among US international travellers improved over the last two years, with 88% considering pleasure travel important or somewhat important, a 3% increase over 2009.

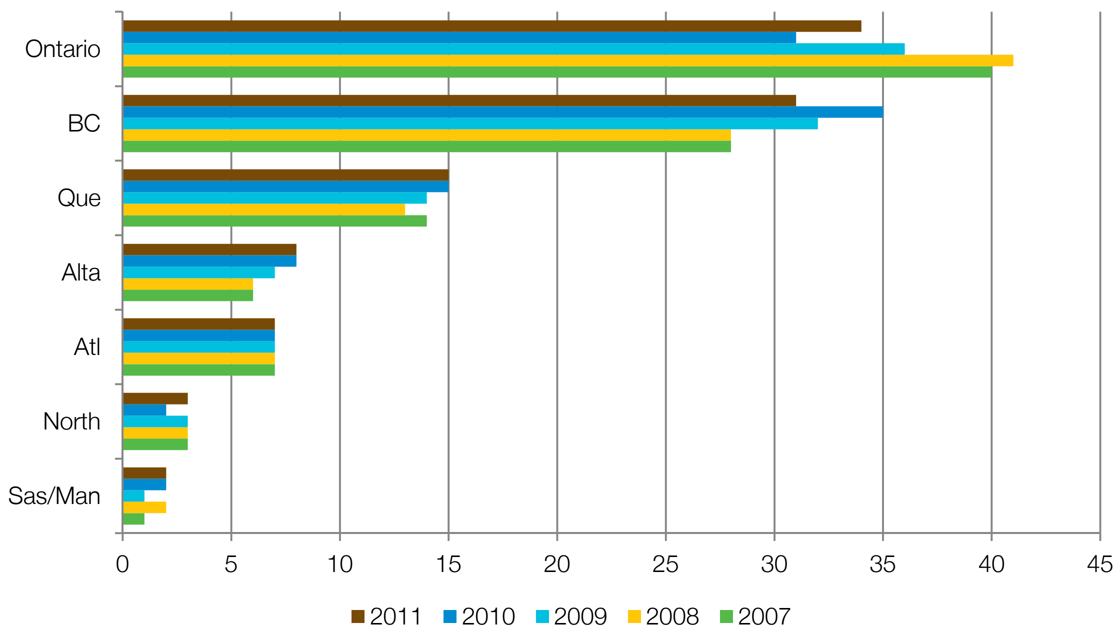
The GTW market outlook indicator (percentage difference between "will travel more" and "will travel less" in the next 3 years vs. the last 3 years) has been steadily improving for the US since 2009, when it hit a low of +20 as a result of the country's economic woes. While most of the positive movement occurred last year, the outlook indicator rose one point in 2011 to hit a three-year high of +28, with the proportion of travellers who intend to make more overseas travel in the next three years increasing to 39%. However, the market outlook indicator still remains 8 ppt below the pre-recession level of +36 recorded in 2007.

After peaking briefly in 2010, the likelihood of taking a getaway of one to three nights (30%, down 3%) or longer vacation (28%, down 3%) to Canada has eroded significantly this year, dropping back down to 2009 levels. The fact that interest in Canada has remained steadfast while intentions have tumbled, suggests that Canada's losses may be due to the resurgence in the popularity of the European destinations. With the economy on the mend, pent-up demand for overseas travel may be temporarily dampening the likelihood of visiting Canada in the near-term, even though overall interest remains strong.

The only shifts in terms of the regions that Americans are most likely to visit in 2011 is a 3 ppt gain for Ontario and a 4 ppt loss for British Columbia (see Exhibit 3.1). This puts Ontario back on top, after temporarily ceding the leadership to British Columbia in 2010, making it 4 out of 5 years that Ontario has won out as the destination of choice for US travellers.

Although overall interest in Québec is widespread, just 15% select it as a must-see destination. Alberta and Atlantic Canada are up next, continuing to keep pace with each other at around 7% to 8%. As in past years, only a handful of travellers choose Northern Canada or the Prairies as the place they most want to visit in Canada.

Exhibit 3.1 Canadian Destination Most Likely to Visit



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

Exhibit 3.2 shows the immediate potential for the regional partners of the GTW study based on current levels of interest. Given the large immediate potential for Canada in general (28 million travellers in 2011, down from a peak of 36 million in 2008), the potential market for all regions is substantial, but highest for British Columbia and Ontario at over 18 million travellers each.

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	BC	ON	QC	AB	YK	MB	NU
Immediate Interest[1]	35%	70%	66%	53%	39%	16%	9%	4%
Potential (M)[2]	28.0	19.6	18.5	14.9	10.9	4.5	2.5	1.1

Base: International pleasure travellers (n=3,028)
[1] Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Results are from the random telephone omnibus survey undertaken in 2010. Base is general population aged 18 plus.
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

4. Unaided Destination Awareness

To measure top-of-mind awareness for Canada, respondents were asked to name destinations that come to mind for an international vacation. Unaided awareness levels for Canada and most other vacation spots have held steady since last year. In fact, the top six destinations have remained the same since the inception of the GTW study. (see Exhibit 4.1)

Canada has been in sixth place in all five years of the study, with 17% to 18% of US international travellers citing it on an unaided basis. While this is respectable, it is not a position of strength considering the advantages that Canada has being next door to the US. Clearly, Canada continues to lack the presence it needs to be top-of-mind for Americans, as well as the excitement value that it takes to be a must-see destination.

Exhibit 4.1 Unaided Destination Awareness

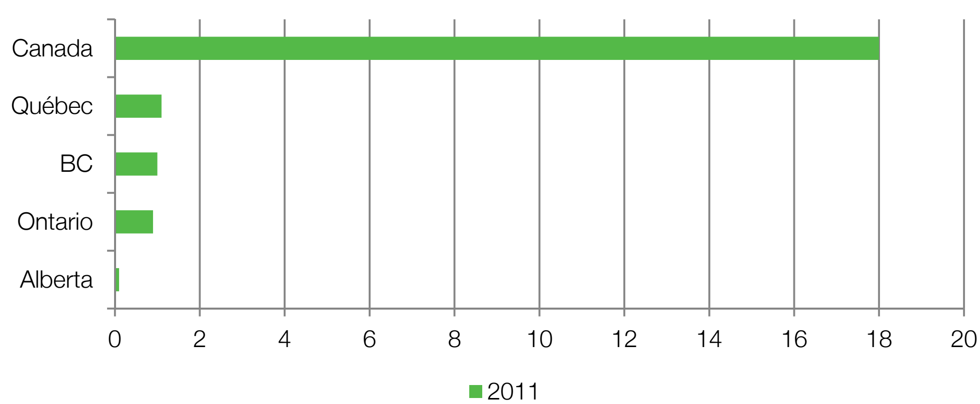
	2007	2008	2009	2010	2011
1. Italy	27%	29%	31%	29%	29%
2. Australia	28%	25%	25%	26%	25%
3. UK	27%	26%	24%	25%	24%
4. France	22%	24%	24%	23%	24%
5. Mexico	22%	28%	24%	21%	21%
6. Canada	17%	17%	17%	18%	**18%**

Base: International pleasure travellers (n=3,028)

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

When combined, specific Canadian cities and provinces contribute 3% to Canada's total awareness in the US, which is relatively high by GTW standards (see Exhibit 4.2). However, unaided awareness of individual cities and attractions is extremely low, with under 1% of US international travellers mentioning Canada's top cities (e.g., "Montréal," "Vancouver" and "Toronto") and a tenth of that citing its most famous attractions and landmarks (e.g., "Niagara Falls," "Banff" and the "Rocky Mountains"). In terms of provinces, Québec, British Columbia and Ontario are the only ones with any measure of awareness.

Exhibit 4.2 Unaided Awareness of Canada's regions



Base: International pleasure travellers (n=3,028)
Note: Only GTW regional partners are included.

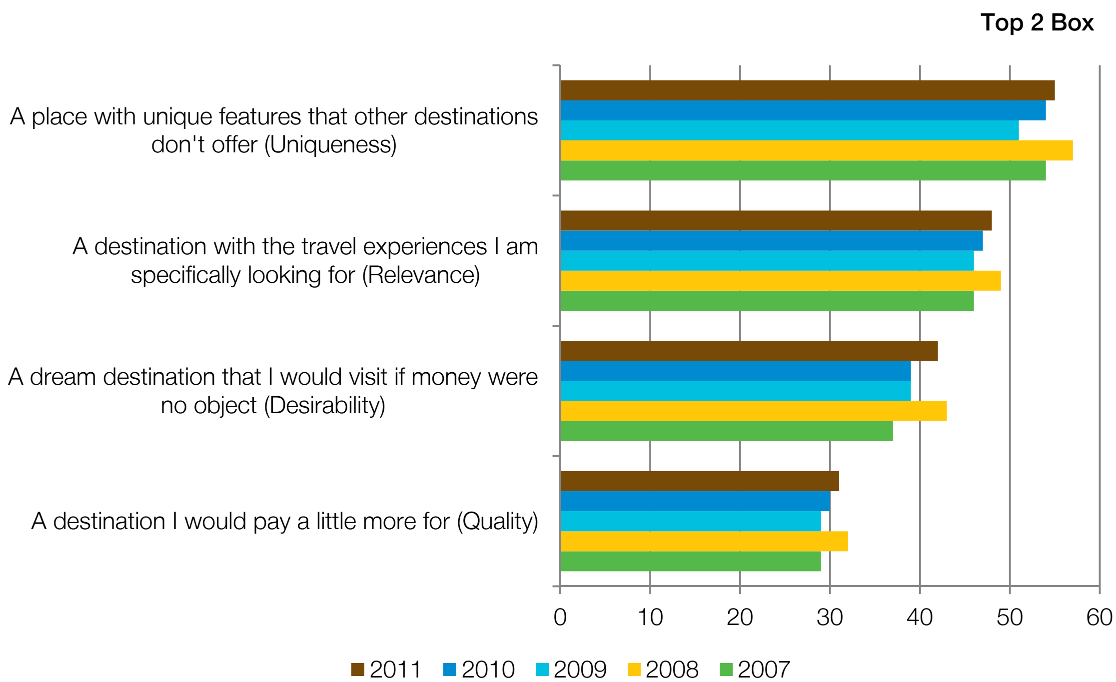
5. Canada's Value & Price Perceptions

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

While Canada has made headway on all of the individual value attributes since 2009, it is Uniqueness and Desirability that have seen the most definitive improvements. As in previous years, the area that requires the most work is Quality, and at 31%, the US is again shaping up to be the market with the poorest impressions of Canada on this front. (see Exhibit 5.1)

Boosting the Value Perceptions should be a key objective of any marketing strategy that Canadian destinations use to woo US tourists in today's travel climate. Having just emerged from a major recession, American consumers continue to be highly value-conscious, with a keen focus on getting the most out of their vacations. While they will continue to look for good deals, destinations that deliver quality, value-adds and travel experiences beyond the mainstream will ultimately emerge as the winners.

Exhibit 5.1 Value Perceptions



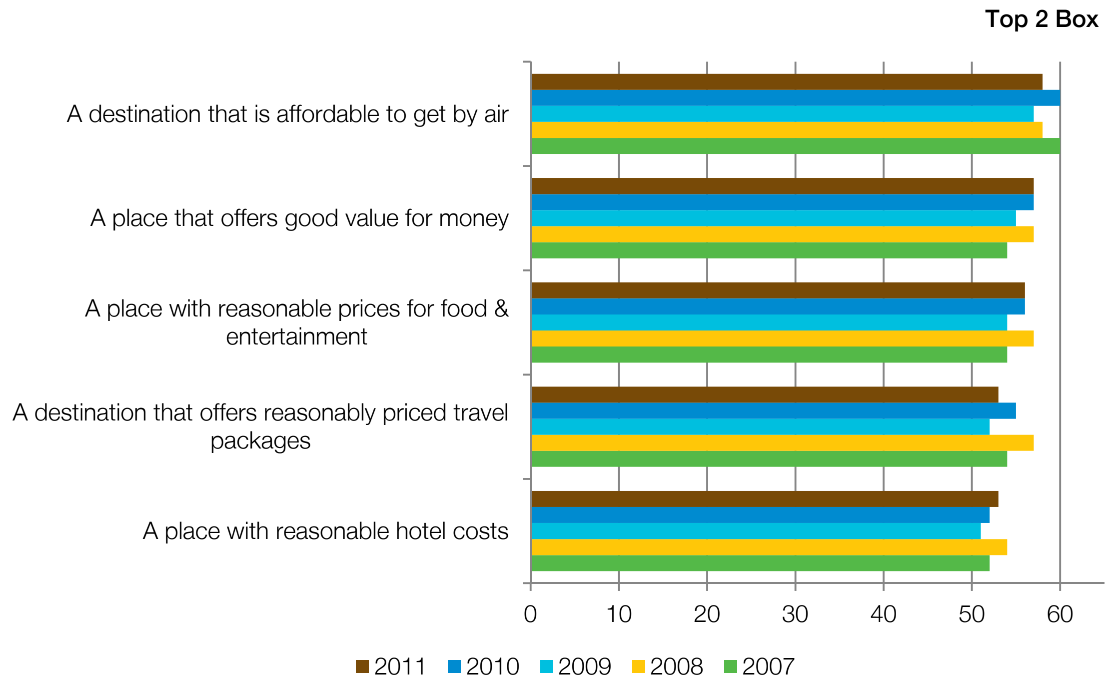
Base: International pleasure travellers

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

Like the Value Perceptions, the Price Perceptions have climbed steadily over the last two years and have now regained their former strength. (see Exhibit 5.2) These results are primarily being driven by enhanced perceptions of food/entertainment prices and hotel costs, with price perception of travel packages and airfare actually dropping back slightly after a significant upward hike in 2010.

Boosting favorable impressions of airfare and travel package costs is critical to encouraging visitation, particularly in the Mid-Haul and Southern markets. Moreover, with the purchasing power of US visitors deteriorating as the dollar sinks, enhancing perceptions of hotel and food/entertainment costs will be important as well. Both the GTW and other research show that Americans will remain cautious about travel spending in 2011, and possibly into 2012. In fact, the recession has sparked a growing Neo-Frugal segment in the marketplace that seeks out, and indeed expects good deals and extras when they travel. To capture their attention, the Canadian tourism industry could respond with incentives like third night free, room upgrades, free breakfasts, free wi-fi, complimentary parking, discounts for children on flights, etc.

Exhibit 5.2 Price Perceptions



Base: International pleasure travellers

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

6. Product Interest

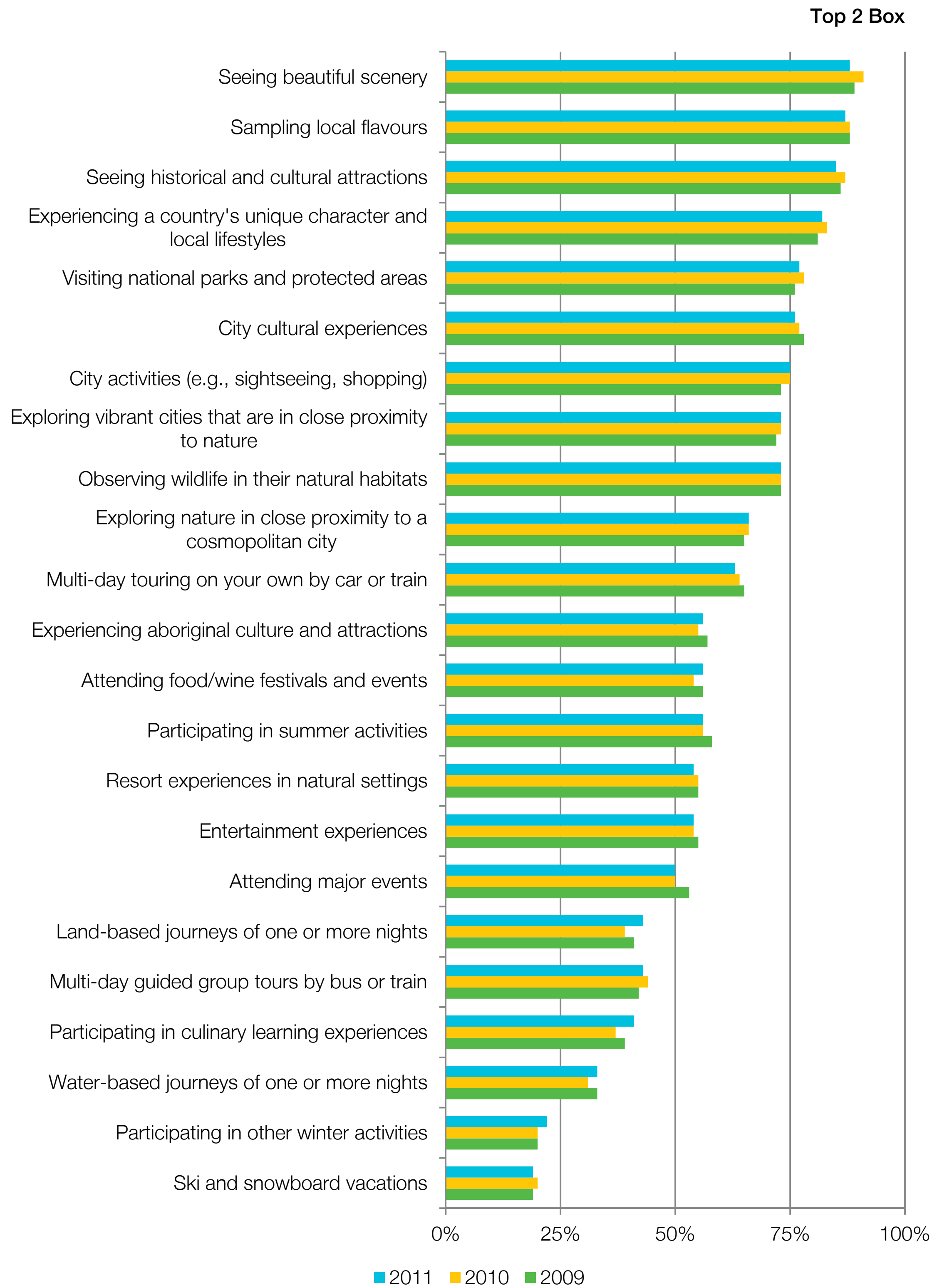
Exhibit 6.1 shows that the product interests of US travellers have generally remained the same as in 2010. Even with less interest in beautiful scenery and historical/cultural attractions this year, the top ten products are exactly the same as last year, with no material shifts in their rank order. While nature/scenery and cultural pursuits continue to rise to the upper half of the top ten travel products, city experiences tend to dominate the lower half. However, city cultural experiences (e.g., museums, galleries, theatre) are showing a slight downshift that may or may not deepen next year.

As in most markets, outdoor activities continue to be pinned to the bottom of the list, with ski vacations and winter pursuits hovering at the 20% mark, and water and land-based journeys at around 30% and 40%, respectively. Land-based journeys has actually seen a healthy gain in appeal (up 4 ppt this year), while water-based journeys and winter pursuits are both trending upward. These gains are consistent with the surging popularity of adventure travel, extreme sports and thrillcations among today's travellers, not only in the US, but around the world. This trend has, in turn, led to the development of specialized niches spanning the gamut from glamping (i.e., luxury camping) to deprivation vacations (e.g., boot-camp style resorts), all of which Canada is in an excellent position to cater to.

Culinary learning is the only niche product among the bottom five that is not outdoor-related, with the 4 ppt increase seen this year being consistent with the rising popularity of learning/educational travel in the US market.

Multi-day guided group tours is another sizeable niche at over 40%. While demand has held steady over the last few years, the travel industry is anticipating strong growth for group tours in the immediate future, particularly those that provide more exotic travel experiences at a lower price point. However, today's group tours differ from those of the past in that they are much smaller and incorporate more hands-on immersion and cultural discovery.

Exhibit 6.1 Product Interests



Base: International pleasure travellers

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

Results not comparable to previous years due to changes to the product list in 2009.

7. Competitive Product Positioning

Exhibit 7.1 provides more detailed results showing how Canada ranks against its six competitors on each specific product.

Despite a couple of significant drops (water-based journeys is down 3 ppt from 2010 and resort experiences in natural settings is down 4 ppt from 2009), Canada has managed to retain the six number one positions that it held in the competitive analysis last year. While Germany is second on the winter pursuits category, it is no match for Canada in this regard. However, Australia presents more of a threat, competing with Canada on the other nature/outdoor products. In fact, without a strong push, Canada may well find itself out-gunned by Australia on scenery and water-based journeys next year.

Australia is also the front-runner on a host of other nature/outdoor products, including wildlife, nature-city and city-nature products, land-based journeys and summer activities, with Canada in second place for each of these. With the exception of summer activities, however, Canada is within striking distance of Australia should it wish to push for a leadership position on any of these products.

There is good news on the touring front, with Canada making some headway this year. A 3 ppt surge for Canada, coupled with a 3 ppt decline for the UK, has enabled Canada to forge its way to 3rd spot on self-touring. Moreover, an uptick on guided group tours now puts Canada in sixth place, ahead of Mexico. However, to better compete with the European destinations, who tend to have a stranglehold on the top positions for touring vacations, Canada could better highlight its regional diversity in terms of geography, vistas, culture and cuisine.

Culinary learning and entertainment experiences are also upward bound in 2011, increasing by 2 to 3 ppt, with Canada bumping the UK out of 6th position on culinary learning this year.

On the other hand, Canada has lost some ground relative to its competitors on cultural pursuits. Aboriginal culture (15%) is down significantly, while local lifestyles (18%) is down directionally. Some attention to aboriginal culture might be worthwhile as Canada is close on Italy's heels and should be able to best it for third spot. Major events represent another area with strong potential for Canada as it is just 3 ppt behind the market leader (the UK).

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Participating in other winter activities	**CAN 73%**	GER 30%	FRA 19%	ITA 19%	AUS 10%	UK 8%	MEX 4%
Ski and snowboard vacations	**CAN 72%**	GER 32%	FRA 22%	ITA 20%	AUS 8%	UK 8%	MEX 5%
Visiting national parks and protected areas	**CAN 61%**	AUS 48%	MEX 15%	ITA 15%	GER 14%	UK 14%	FRA 13%
Seeing beautiful scenery	**CAN 53%**	AUS 52%	ITA 35%	GER 23%	FRA 22%	MEX 21%	UK 12%
Water-based journeys of one or more nights	**CAN 45%**	AUS 44%	MEX 25%	ITA 17%	FRA 12%	GER 12%	UK 11%
Resort experiences in natural settings	**CAN 41%**	AUS 36%	MEX 31%	ITA 22%	FRA 20%	UK 16%	GER 13%
Observing wildlife in their natural habitats	AUS 64%	**CAN 56%**	MEX 20%	GER 10%	ITA 10%	FRA 8%	UK 8%
Exploring nature in close proximity to a cosmopolitan city	AUS 47%	**CAN 41%**	ITA 24%	MEX 21%	FRA 20%	GER 19%	UK 15%
Exploring vibrant cities that are in close proximity to nature	AUS 50%	**CAN 41%**	ITA 30%	FRA 23%	MEX 23%	GER 19%	UK 15%
Land-based journeys of one or more nights	AUS 47%	**CAN 41%**	ITA 24%	GER 21%	FRA 21%	MEX 17%	UK 16%
Participating in summer activities	AUS 53%	**CAN 33%**	MEX 33%	ITA 30%	FRA 20%	GER 17%	UK 16%
Multi-day touring on your own by car or train	ITA 42%	FRA 37%	**CAN 36%**	UK 32%	GER 30%	AUS 28%	MEX 12%
Attending major events	UK 34%	ITA 31%	**CAN 31%**	GER 30%	FRA 25%	AUS 24%	MEX 19%
Entertainment experiences	FRA 39%	ITA 32%	UK 31%	**CAN 25%**	MEX 23%	AUS 22%	GER 21%
Experiencing aboriginal culture and attractions	AUS 68%	MEX 28%	ITA 16%	**CAN 15%**	FRA 12%	GER 10%	UK 10%
Attending food/wine festivals and events	ITA 61%	FRA 58%	GER 35%	AUS 18%	**CAN 13%**	UK 11%	MEX 10%
City activities (e.g., sightseeing, shopping)	FRA 54%	ITA 54%	UK 38%	GER 27%	AUS 21%	**CAN 20%**	MEX 14%
Multi-day guided group tours by bus or train	ITA 45%	FRA 39%	GER 33%	UK 28%	AUS 28%	**CAN 19%**	MEX 17%
City cultural experiences	ITA 57%	FRA 56%	UK 41%	GER 29%	AUS 17%	**CAN 14%**	MEX 12%
Participating in culinary learning experiences	ITA 62%	FRA 59%	GER 22%	MEX 15%	AUS 13%	**CAN 11%**	UK 10%
Experiencing a country's unique character and local lifestyles	ITA 51%	AUS 41%	FRA 33%	GER 30%	MEX 28%	UK 26%	**CAN 18%**
Seeing historical and cultural attractions	ITA 62%	FRA 51%	UK 40%	GER 37%	MEX 19%	AUS 15%	**CAN 12%**
Sampling local flavours	ITA 67%	FRA 54%	GER 33%	MEX 33%	AUS 19%	UK 14%	**CAN 12%**

Base: International pleasure travellers (n=3,028).

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

Legend: CAN = Canada, ITA = Italy, AUS = Australia, UK= United Kingdom, FRA = France, GER = Germany, MEX = Mexico.

8. Sources of Information on Canada

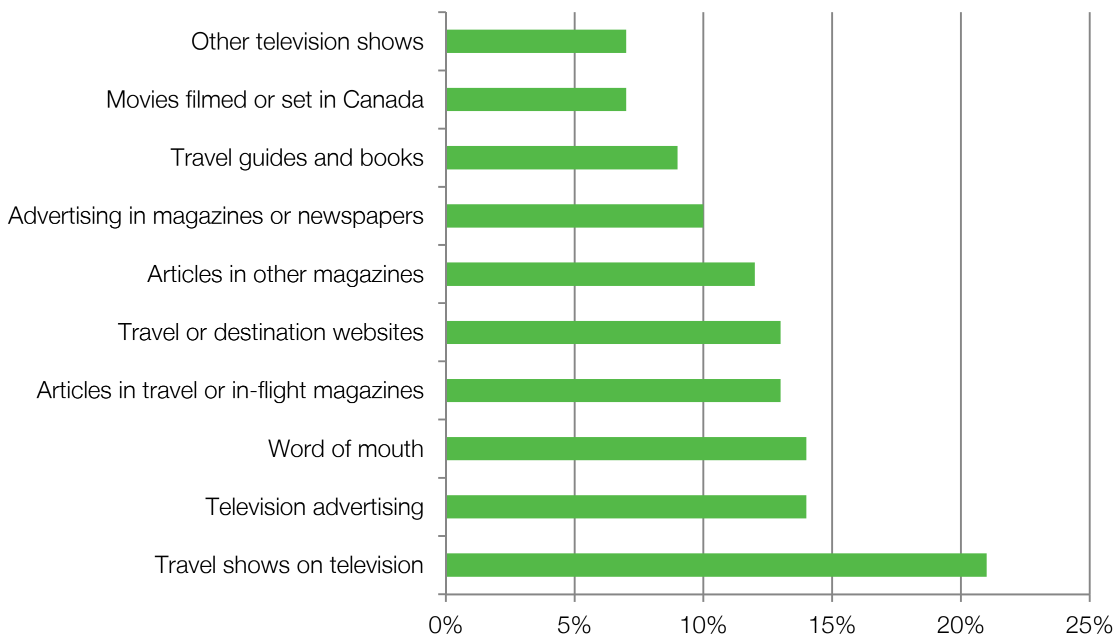
Television travel shows is the leading information source and the only one to reach more than 1 in 5 US travellers. Television advertising, word of mouth, articles in travel magazines and travel websites round out the top five, all in the 13% to 14% range.

Non-travel related magazines also achieve reasonable penetration levels at 12%, and likely provide opportunities to reach special interest travellers, socio-demographic niches and new travellers that may not have Canada on their travel radars. Print advertising (10%) and travel guides (9%) are other good ways of getting information on Canada out to US travellers.

Beyond travel websites, most online information sources appear in the bottom half of the exhibit, which was true for the domestic market as well. Email newsletters/promotions and online advertising are the most effective of the more targeted online sources, which again was the case in the Canadian market. While social networking websites tend to be ranked higher relative to other sources in the US than in Canada, travel blogs/podcasts and photo/video sharing websites are generally weaker ways of reaching travellers in both markets.

Exhibit 8.1 Top sources of information on Canada in the past three months

(showing top 10 sources only)



Base: International pleasure travellers (n=3,028)

Note: Question changed in 2011, so results are not comparable to previous years.

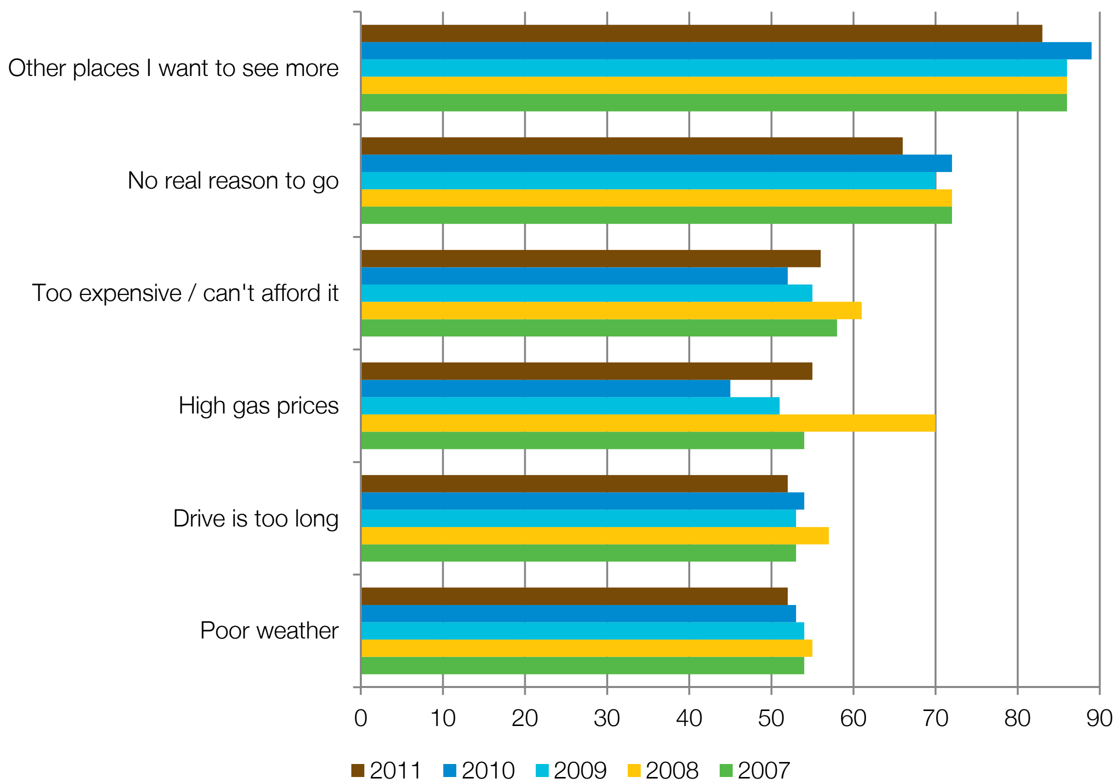
9. Key Barriers for Travel to Canada

Exhibit 9.1 shows why international travellers from the US are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that are likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

Generally, the barriers for travel have eased this year, which bodes well for Canada. In fact, with only a handful of exceptions, virtually all barriers are now on the downswing. And while airport/border delays, lack of knowledge and too expensive haven't necessarily experienced a steady decline, they are all currently sitting at levels that are considerably below those posted in 2008. Even high gas prices, which has surged 10 ppt to hit 55% this year, is still considerably below the 70% recorded in 2008. Only driving distance and poor weather appear to be immutable barriers that have not dropped significantly over the last few years.

Exhibit 9.1 Key Barriers for visiting to Canada

(showing top 6 barriers only)



Base:: International pleasure travellers who are unlikely to visit Canada in the near future.

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

10. Conclusions: Key Take-Aways

The US economy is finally starting to gain some traction, however, growth continues to be sluggish and uneven. While 2010 saw a strong final quarter, with US consumers finally roaring back to life, growth in the early months of 2011 has cooled substantially. In fact, consumer confidence in the US slumped in March as the GTW fieldwork got underway, with a substantial drop in the expectations index pointing to some lingering anxiety in the marketplace about the months ahead.

- The study shows that planners and less avid travellers are returning to the marketplace as the economy picks up. Household income levels among US travellers are starting to drop again as lower income travellers put international trips back on their radars, signaling that Canadian destinations could broaden their focus to include middle-income groups as well as more upscale travellers.
- Another sign that interest in international travel is on the mend is that fewer travellers now say they prefer closer destinations or shorter trips, indicating a willingness to venture further abroad. Moreover, the barriers for visiting Canada are easing virtually across the board, with everything from affordability to a boring image to passport requirements down significantly from 2008 levels. In the short-term, however, concerns about safety/terrorism, potential international conflicts/war and airport/border hassles may temporarily put a damper on US travel to some international destinations, including Canada.
- Travel intentions are down, with both short getaways and longer vacations returning to the lows of 2009. Pent-up demand for Europe – a long-standing favourite for US travellers – may be playing a role here, with gains in aided awareness and/or interest seen for several European destinations in 2011 (e.g., Germany, France, the UK). This may be causing some weakness in immediate travel intentions for Canada, although the good news is that longer-term interest remains healthy, with the intensity of interest actually enjoying an uptick this year.
- Canada's fundamental challenge in the US market continues to be poor awareness. As a vacation spot, Canada ranks an unimpressive sixth place on unaided awareness, with most individual cities and regions barely making mention. In terms of knowledge of vacation opportunities (aided destination awareness), Canada is only slightly ahead of some of the European destinations, which is disappointing considering its advantageous next-door location. US travellers could be made more aware of specific destinations, attractions and experiences so that they can formulate a more concrete picture of a trip to Canada and progress beyond the nebulous concept of the destination that they currently hold in their minds.
- Americans' perceptions of Canada as a vacation destination are looking up. After dipping from a peak in 2008 to a low in 2009, both the Value Perceptions and the Price Perceptions have risen steadily to recover their former highs. It will be critical to keep pushing on both fronts as the recession has instilled in US travellers a strong value-consciousness and a penchant for bargain-hunting that have lingered on. In view of this, Canadian destinations, attractions and travel providers should deliver quality products, value-adds and unique experiences that are beyond the mainstream, as well as financial incentives such as third night free, room upgrades, children's discounts, etc.

- With the US market having finally turned the corner, Canada could fine-tune its targeting strategies by enhancing its efforts in the Mid-Haul market. While travel intentions in the Border market have been deteriorating over the past few years, the Mid-Haul market is seeing a revival in interest, which has surged from 69% to 74%. Moreover, unaided brand awareness, knowledge of travel opportunities and destination consideration have all seen healthy gains over previous years, confirming the receptiveness of this market to Canada travel. On top of this, both brand and value perceptions are strengthening in the Mid-Haul market, and price perceptions are now more robust there than in the Border region.
- A stand-out trend in terms of product preferences and motivations for visiting Canada among US travellers is that active outdoor pursuits such as water-based journeys and winter activities appear to be gaining ground at the expense of more passive nature viewing activities. This is in line with the mainstreaming of adventure travel and thrillcations in the US, with a much broader demographic now interested in active outdoor pursuits. Culinary learning is another product that is both rising in popularity in the market as a whole, and strengthening as a catalyst for visiting Canada in particular.
- On the other hand, Canada has made some headway against its competitors on touring, moving up a notch on both self-touring and guided group tours. To push this advantage further, Canada could highlight its regional and cultural diversity in the US market, particularly in view of the fact that the travel industry is anticipating the resurgence of group tours for 2011 and beyond. Aboriginal culture and major events are other possible opportunities where Canada has strong potential to advance its positioning vs. competitors.

Note:

The GTW fieldwork in the US was completed in March 2011 and the report was prepared soon after. The economic conditions and indicators used throughout the report are based on the facts during that time.