Canadian Tourism Commission
Commission canadienne du tourisme

Australia Market Profile

January 2013

Canada

Contents

Introduction

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

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

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

Executive Summary

Over 80% of Australian outbound travel is bound for long-haul destinations beyond the South Pacific region. Australian long-haul travel has more than doubled since 2002. Increased air service to Asia and the Middle East—China, Indonesia and the United Arab Emirates in particular—has facilitated this growth.

Australian travel to Canada has grown at a slower rate, which is not surprising given that nonstop air service between Australia and Canada has remained flat throughout this period. Between 2002 and 2012, Australian overnight arrivals to Canada grew by about 50%. The CTC forecasts 5% growth in 2013 to 246,000 overnight arrivals. As a result of limited seat capacity between Australia and Canada, the majority of Australians enter Canada via the US. The CTC estimates that nearly half opt to visit the US first before coming to Canada.

The Australian economy is expecting a slight slowdown in 2013 due to weaker demand for its exports. Overall, Australia's economy is in relatively good shape with low unemployment and inflation. GDP growth is expected to increase to 3.6% in 2014.

Canada is perceived well among Australian long-haul pleasure travellers. In fact, Australian travellers rate Canada as the second-best destination among key competitors (behind Italy) for offering relevant travel experiences. And 58% of travellers who have visited Canada in the past would be very likely to recommend Canada as a holiday destination to friends and family while only 13% would be unlikely to do so. This puts Canada in first spot among competitors with a net promoter score of 45.

While only one third of travellers perceive that Canada offers good value for money, even fewer perceive that European destinations offer good value. With limited air service, the best way to grow Australian travel to Canada is through air capacity over the US. Thus, it may make sense to promote US-Canada holidays. The US is also perceived relatively well for offering good value for money while Canada is an aspirational destination, so a combined US-Canada product may be more competitive with European destinations.

Australian travellers are also keen on cruising. According to International Cruise Council Australasia, over 600,000 Australians took a cruise in 2011. While the majority chose cruises within the South Pacific region, nearly 23,000 chose an Alaska cruise in 2011, a 20% growth over 2010. Encouraging more Australian cruise travellers to choose Vancouver over Seattle and to visit Canada before or after their cruise would increase both tourism revenue and advocacy.

Canada is in one of the best positions to facilitate the voice of past visitors to advocate on behalf of Canada. Among key long-haul competitors, Canada has the highest net promoter score and the lowest proportion of detractors (travellers that would not recommend a destination). Over 90% of recent visitors already advocate by sharing their trip experiences with friends and family. While traditional in-person conversations and e-mail are the dominant forms of advocacy, one third shared their photos and messages on a social network. When designing initiatives to facilitate advocacy, it may be important to consider that 55% of promoters are over 55 years and their social media use is a bit lower than other demographics.

Australia Market Conditions & 2013 Outlook

The Australia economy expanded 3.3% in 2012. Although a slight slowdown to 2.3% is expected in 2013, the pace of expansion is forecast to reach 3.6% in 2014. Unemployment and inflation are low and stable, while consumer spending should expand in line with GDP growth. Exports, which grew briskly in 2010 and 2011 on continued global demand for Australian raw materials, contracted 3.8% in 2012. A further contraction of 3.1% is forecast for 2013 before exports growth resumes in 2014.

From a currency standpoint, the Australian dollar appreciated slightly against major global currencies in 2012, rising 0.4% against the US dollar, 1.5% against the British pound and 1.4% against the Canadian dollar. This relative stability contrasts with the strong appreciations seen over the past decade—the AUD has risen 48% against the USD and 45% against the GBP since 2002. **For 2013, the AUD is expected to depreciate 8.8% against the USD and 6.6% against the CAD to fall below parity in both countries** as Australian interest rates fall on stabilizing inflation and speculative money exits the country.

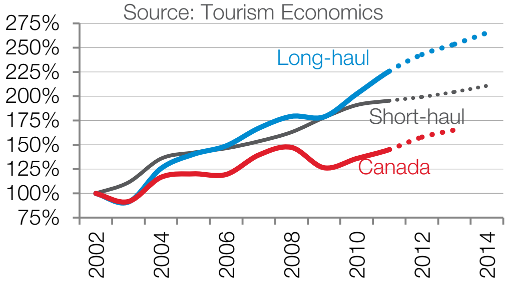
	The Australia Economy				
	2010	**2011**	**2012**	**2013**	**2014**
Real GDP (% yoy)	2.5	2.1	3.3	2.3	3.6
Unemployment (%)	5.2	5.1	5.3	5.5	5.0
Inflation (%)	2.9	3.4	1.7	1.9	2.3
Consumer spending (% yoy)	2.9	3.3	3.6	1.9	3.3
Exports (nominal % yoy)	32.9	24.0	(3.8)	(3.1)	6.0
Exchange rate (AUD/CAD)	1.056	0.980	0.966	1.029	1.038

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

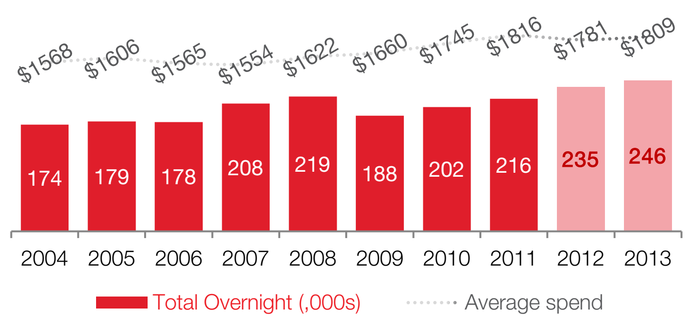
OUTBOUND TRAVEL

Over the past decade, Australian arrivals to long-haul destinations increased 125%, while the number of Australians travelling to short-haul destinations within Oceania approximately doubled. Travel volumes to Canada have generally grown below trend and were particularly affected by the recession in 2009, though **the number of Australians travelling to Canada returned to pre-recession levels in 2011.** The CTC estimates 9% growth in 2012 to 235,000 overnight arrivals—a record! Going forward, arrivals to Canada are expected to increase by 5% in 2013 to 246,000 overnight arrivals.

Australian arrivals to international destinations, 2002=100
Source: Tourism Economics



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



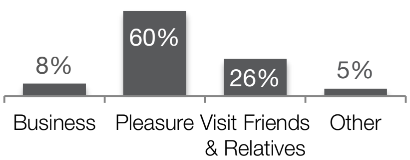
Australia Travel to Canada

TRAVELLER CHARACTERISTICS

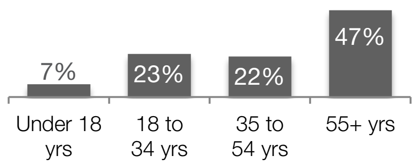
In 2011, **86% of Australian trips to Canada were for pleasure or to visit friends and relatives** (VFR), both of which have steadily increased in popularity since 2003. In fact, among the CTC's key overseas markets, Australia has the highest proportion of pleasure trips (60%). Trips during the Australian winter months in Q2 and Q3 were chosen by two thirds of visitors.

Over the past decade, the proportion of trips made by travellers over 55 years has increased from 29% in 2002 to 47% during 2011, while the proportion of those aged 18 to 34 has remained relatively constant.

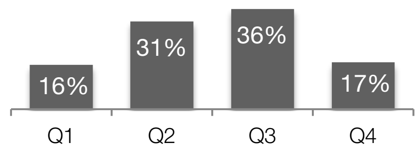
Trip purpose
Source: Statistics Canada, 2011



Visitor age
Source: Statistics Canada, 2011



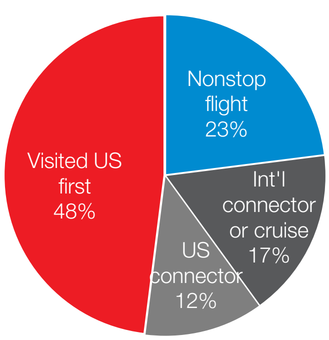
Seasonality
Source: Statistics Canada, 2011



TRAVELLER ROUTINGS TO CANADA

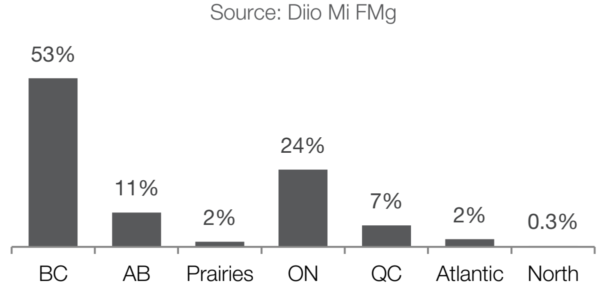
The CTC has estimated that during 2011 almost one quarter of visitors arrived in Canada via Air Canada's nonstop flight and nearly half arrived following a visit in the US (21% entered Canada via land and 27% via air).

Among travellers who booked their flights through a travel agent or online retailer, 53% *first* travelled to BC, 24% to Ontario, 11% to Alberta, 7% to Quebec and the remaining 5% to the Prairies, Maritimes and Northern Canada.



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

Share of airline passengers by province
12 months ending November 2012
Source: Diio Mi FMg

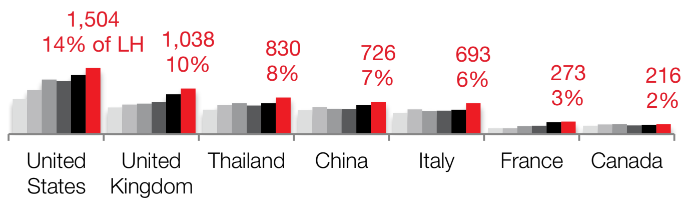


Competitive Environment

ARRIVALS

Canada has consistently ranked as the least-visited destination among key long-haul competitors. Although visitor numbers are expected to rise in 2013 and beyond, **Canada's market share is forecast to remain constant at 2%** of Australian long-haul travellers.

2006 to 2011 Arrivals in competitor destinations (,000s)
Source: Tourism Economics, Statistics Canada

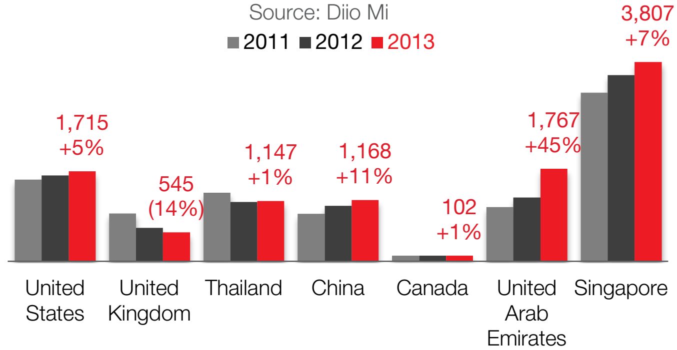


AIR SERVICE

Although Canada is dwarfed in air capacity compared to competitors, it is **one of only 20 countries outside of the South Pacific region with scheduled weekly nonstop service from Australia**.

The capacity increases to the UAE, Singapore and China also offer Australian travellers greater access to European destinations.
(Note: Thailand, UAE and Singapore figures reflect nonstop service; all other countries include one-stop service.)

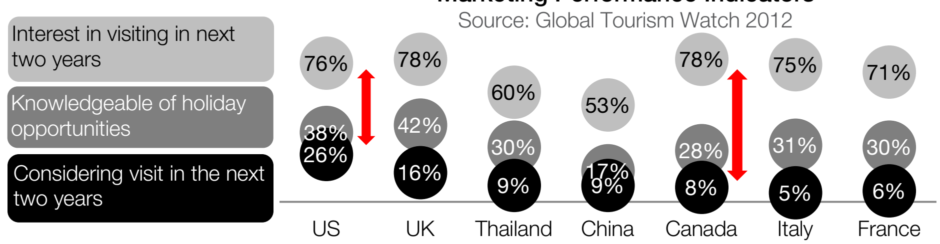
Scheduled seat capacity (,000s)
Source: Diio Mi



MARKETING PERFORMANCE

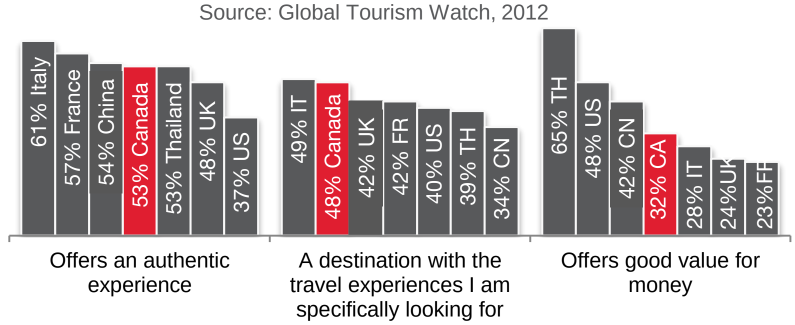
Canada performs well for overall interest, but low for awareness (knowledge of holiday opportunities) and top of mind consideration. Improving consideration will help grow arrivals over the medium term.

Marketing Performance Indicators
Source: Global Tourism Watch 2012



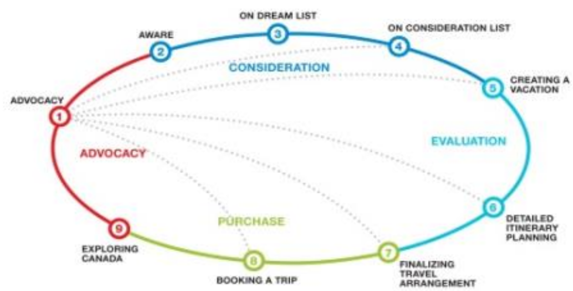
Although not in the lead, Canada is perceived as a place that offers relevant travel experiences. Canada is placed in the middle of the pack for offering authentic experiences. Thailand dominates as a destination offering good value for money.

Brand and Value Perceptions
Source: Global Tourism Watch, 2012



Marketing along the Path to Purchase

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



TRAVELLER PROFILE

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

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

The four target EQ® segments represent 37% of intenders and 59% of recent visitors.

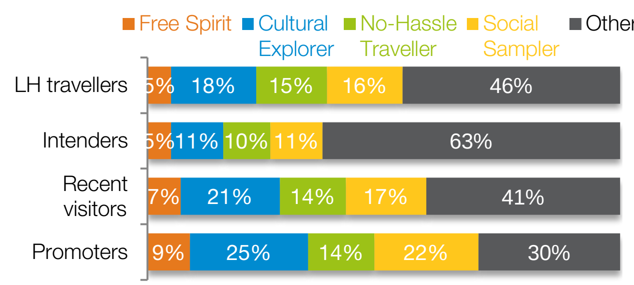
Among travellers who have visited Canada in the past, 58% said they would be very likely to recommend Canada to friends and family. **The target EQ® segments represent 70% of these promoters**.

Compared to those intending to visit Canada, a greater proportion of recent visitors were over 55 years, while **55% of promoters were also over 55 years**.

A much smaller proportion of recent visitors reside in Victoria compared with intenders. This may be related to the fairly aggressive growth in air service between Melbourne and destinations throughout East Asia and the Middle East, which would provide Victoria residents easier access to an array of competitive destinations, including ones in Europe.

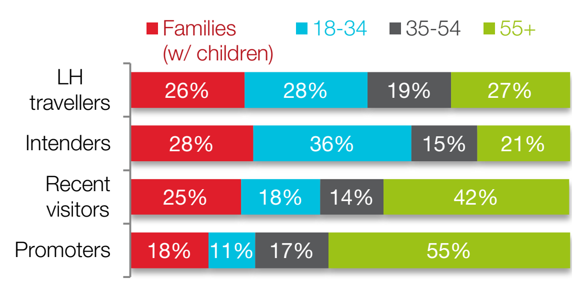
EQ

Source: Global Tourism Watch, 2012



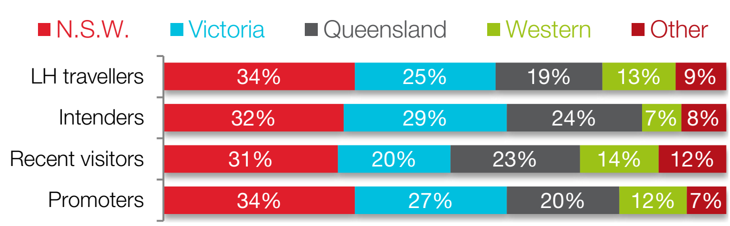
Age/Lifestage

Source: Global Tourism Watch, 2012



Residence

Source: Global Tourism Watch, 2012



Consideration: 85% of long-haul travellers

BARRIERS

Nearly 40% of travellers at the consideration stage cite **affordability** as a reason preventing them from visiting. About one fifth admit that there are **other places** they would rather visit. Another **15% say there are no reasons not to visit Canada** in the next two years.

SOURCES FOR TRIP INSPIRATION

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

Evaluate : 13% of long-haul travellers

MOTIVATORS

Canada's target Australian travellers seek different experiences.

Free Spirits are attracted to **exciting** experiences they cannot find at home. They seem to prefer **exploring a destination on their own terms** and appreciate being **pampered**.

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

No-Hassle Travellers prefer **organized tours** and **sharing their experiences with others**; they likely view travel as a social event. They appreciate the opportunity to **unwind and be pampered** while on vacation.

Social Samplers also prefer **organized tours**, which give them an **opportunity to share the experience with others**. They are fascinated in learning about the **history and culture** of the places they visit, and seeing the destination's **natural beauty**.

Travel motivators

Free Spirit	Cultural Explorer	No-Hassle Traveller	Social Sampler
Excitement	Cultural immersion	Group travel	Group travel
Experiences they cannot find at home	Unstructured travel	Comfort seeker	History
Lives for travel	Lives for travel	Main attractions	Main attractions
Luxury	Natural beauty	Luxury	Sharing experiences
Indulgence, carefree	Fun		Natural beauty
Sharing experiences	Sharing experiences		Lives for travel
	Off the beaten path		Cultural immersion

BARRIERS

While 30% of intenders are reluctant to book due to cost, **one third say there are no reasons not to visit Canada** in the next two years.

SOURCES FOR TRIP PLANNING

Travellers use a combination of **traditional and online sources to plan** their trips: travel brochures, travel guides/books, travel agents, websites of hotels, airlines, attractions, etc., online retailers and websites of regional or city tourism offices.

PLANNING TIMEFRAME

Nearly 70% of travellers **start planning their trip within six months** of travelling.

Purchase: 2% of long-haul travellers

SOURCES FOR DECIDING WHAT TO DO IN CANADA

In choosing to visit Canada and in deciding what to do while in Canada, recent visitors were **most influenced by past visitors** plus **a mix of traditional media, the travel trade and online sources**. Travel agency brochures and travel agents had a great influence on recent visitors, both being oft-cited sources.

TRIP TYPE

Nearly 60% of recent visitors travelled independently, while 18% opted to take fully escorted or guided tours.

BOOKING TIMEFRAME

Over 50% of recent visitors booked their holiday within three months of travelling; **only 18% booked more than six months prior to travel**.

BOOKING METHOD

Among recent visitors, **61% consulted with a travel agent for information and/or to book their holiday to Canada**. Nearly half booked their Canadian holiday with a travel agent, 22% booked their flights directly with an airline and 20% used an online retailer.

Influential sources

Past visitors (35%)
Travel agency brochures (27%)
Travel guides/books (23%)
Travel agent (22%)
TV show (21%)
Destination-specific websites (20%)
Travel booking websites (19%)
Traveller review sites (19%)
Magazine/newspaper articles (18%)

Trip type

Travel independently (58%)
Fully escorted or guided tour (18%)
Combined independent travel with some guided tours (16%)
Resort stay (5%)
Cruise (4%)

Booking method

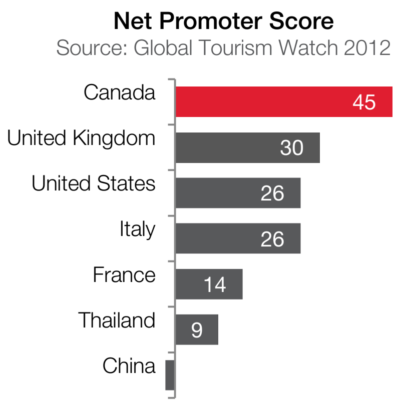
Travel agent (49%)
Direct with airline (22%)
Online retailer (20%)

Advocacy

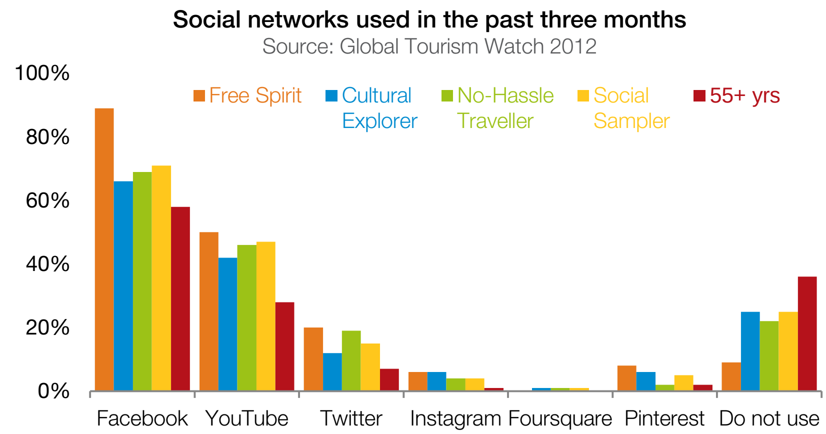
TRAVELLER PROFILE

Among the 19% of Australia long-haul travellers who have been to Canada, **58% would be very likely to recommend Canada** for a holiday (promoters) while only 13% would not recommend the country (detractors). Thus, **Canada has a net promoter score of 45**, which leads the pack by a wide margin (the UK is second with a score of 30).

Online social networks can facilitate destination advocacy by providing past visitors a platform to share their experiences and opinions with like-minded prospective travellers. **Over 60% of target EQ® travellers use Facebook**. YouTube and Twitter are also used but to a lesser degree, particularly among Cultural Explorers. Earlier it was noted that **55% of promoters are over 55 years**. While online social network use is less prevalent among these older travellers, **two thirds do use at least one social network service**.



Base: Past visitors of each country
19% of Australian LH travellers have visited Canada, 44% have visited UK, 41% US, 32% Italy, 38%France, 38% Thailand and 21% China



ADVOCACY WHILE EXPLORING CANADA

During their holiday in Canada, **85%** of recent visitors **shared their trip experiences while travelling**—nearly half by sending postcards; 31% through a social network via PC and 13% via mobile devices.

Advocacy while exploring Canada

Sent postcards (46%)
Shared photos or messages on a social network via computer (31%)
Shared photos or messages on a social network via mobile (13%)

POST-TRIP ADVOCACY

After returning home from their trip to Canada**, 94% of recent visitors shared their travel experiences.**

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

Post-trip advocacy

Friends and family (in person) (81%)
Shared photos with friends and family via email or in person (63%)
Shared photos or messages on a social network (33%)
Submitted opinions about specific attractions, hotels, restaurants (20%)
Blogged about the trip (9%)

MEDIA RECALL

A majority of long-haul travellers (65%) recalled seeing or hearing information about travelling to Canada during the past year. Most of travellers recall hearing about Canada through traditional mediums such as word of mouth, television, print media, travel brochures and books. One tenth recall hearing about travelling to Canada on a social network.

Media recall

Friends and family (24%)
Travel shows on TV (23%)
Magazine/Newspaper articles (18%)
TV advertising (16%)
Travel agency brochure (14%)
Travel guides/books (14%)
Magazine/Newspaper advertising (14%)
Travel booking websites (10%)
Friends and family via social networks (10%)

Further information

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

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

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

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

For more information on travel trade and media opportunities, please contact our GSA representative in Australia, DC & Associates:

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