Canadian Tourism Commission
Commission canadienne du tourisme

# Germany Market Profile

February 2013

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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 German visitors during 2011*
- *An overview of key long-haul competitors*
- *Highlights of marketing insights along the path to purchase.*

## Executive Summary

Germans took 50% more long-haul trips in 2011 than a decade ago. While their appetite for long-haul travel has grown, short-haul travel has remained steady. Long-haul travel currently represents about 10% of total outbound travel or about eight million trips annually.

German travel to Canada has also been consistent over the past decade with between 290,000 and 316,000 overnight arrivals annually. The CTC estimates 290,000 arrivals in 2012 with a 2% increase in 2013 to 296,000 overnight arrivals.

Nonstop scheduled seat capacity will remain stable through 2013. Canada continues to have the fourth-largest volume of scheduled seat capacity among long-haul destinations, behind the US, United Arab Emirates and China. Lufthansa will introduce a daily summer flight between Munich and Vancouver from May 16 through October 5.

Germany's economy slowed during 2012 and a stronger expansion is not expected until 2014. Although Germany has the lowest unemployment rate among the major European countries, consumer spending will be weak throughout 2013. Exports, the engine of Germany's economy, are expected to grow in 2013 after contracting in 2012.

German long-haul pleasure travellers still perceive Canada as a top destination to visit. Among key competitors, Canada ranks second behind the US and is tied with Australia for awareness and top-of-mind consideration. Germans travellers also rank Canada and New Zealand as the best places among the key competitors for offering authentic and relevant travel experiences.

While affordability is cited as one of the main reasons for not visiting Canada, about 20% say there are no reasons not to visit Canada. As many of these travellers are still in the early stages of trip planning, Canada has an opportunity to move these travellers further along the path to purchase.

Canada may want to consider initiatives to grow dual nation holidays with the US, particularly for western Canada as about half of German holiday trips are in BC, Alberta and/or Yukon. Promoting Lufthansa's new Munich-Vancouver flight should be a priority for 2013.

Canada is in a good position to facilitate the voice of past visitors to advocate on behalf of Canada. Among key long-haul competitors, Canada has the third-highest net promoter score, the third-lowest proportion of detractors (travellers who would not recommend a destination) and the second-highest volume of past visitors. Most recent visitors (92%) already advocate by sharing their trip experiences with friends and family. While some travellers use social networks to do so, most still share through in-person conversations and e-mail.

## Germany Market Conditions & 2013 Outlook

The **German economy slowed in 2012**, expanding only 1% after growing 3.1% in 2011. A marginal GDP growth rate of 0.8% is expected in 2013 before a **stronger expansion gets underway in Q1 2014**. At 6.8%, Germany has the lowest unemployment rate among major European economies, and the results of the sweeping labour market reforms it undertook in the 1990s will continue yielding low unemployment in 2013. Consumer spending is expected to be weak in 2013, although exports, the engine of the Germany economy, are forecast to expand 4.2% in 2013 after a contraction of 1.9% in 2012.

From a currency standpoint, the **euro declined against major global currencies in 2012**, depreciating 8.3% against the US dollar, 7.0% against the British pound and 7.1% against the Canadian dollar. Further depreciations against the USD of 1.9% in 2013 and 9.7% by 2016 are expected, which will reduce the euro to 2003 levels and eliminate most of the gains recorded against the USD over the past decade. A **period of relative stability is forecast for the euro against the CAD, as exchange rates are expected to remain unchanged in 2013 and through 2016**, providing a degree of cost certainty to prospective travellers.

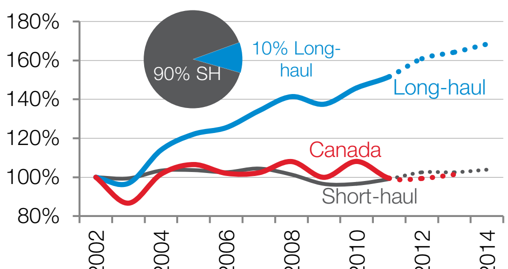
| | The German Economy | | | | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** |
| Real GDP (% yoy) | 4.0 | 3.1 | 1.0 | 0.8 | 1.7 |
| Unemployment (%) | 7.7 | 7.1 | 6.8 | 7.1 | 7.0 |
| Inflation (%) | 1.2 | 2.3 | 1.9 | 1.6 | 1.7 |
| Consumer spending (% yoy) | 0.8 | 1.7 | 0.6 | 0.9 | 1.2 |
| Exports (nominal% yoy) | 10.4 | 16.6 | (1.9) | 4.2 | 1.8 |
| Exchange rate (CAD/EUR) | 1.367 | 1.377 | 1.285 | 1.287 | 1.268 |

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

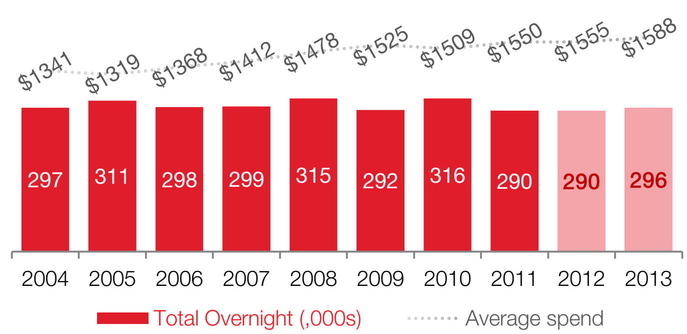
### OUTBOUND TRAVEL

**Over the past decade, German arrivals to long-haul destinations expanded 50%** to reach a new high in 2011, while those to short-haul destinations were flat over the same period. **Travel volumes to Canada also remained essentially unchanged over the past decade**, which stands in contrast to the growth enjoyed by other markets. The CTC has forecast a minor increase in arrivals for 2013, but arrivals will remain well below the trend growth in outbound travel, meaning Canada is expected to continue losing market share in the German outbound market.

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




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

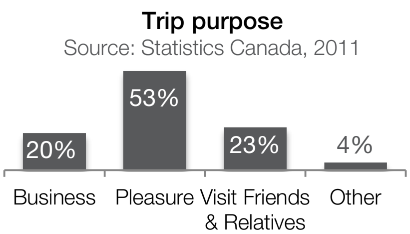


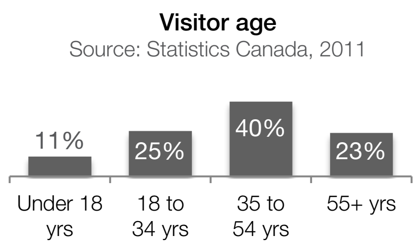
## Germany Travel to Canada

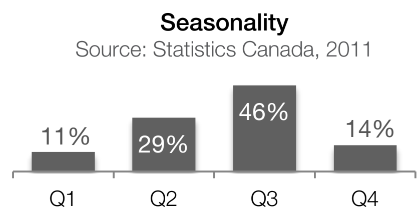
### TRAVELLER CHARACTERISTICS

In 2011, **three quarters of German trips to Canada were for pleasure or to visit friends and relatives** (VFR), with over 50% for pleasure alone. Nearly half of German visitors (46%) chose to travel during Q3 summer months.

Compared to Australia, UK and France, where the visitor age distribution is heavily tilted towards the 55+ years category, **Germany is unique in that 40% of travellers are aged 35-54 and only 23% are above age 55.** This age distribution has remained relatively constant over the past decade, suggesting that the types of travellers visiting Canada from Germany are fundamentally different than those arriving from the other three markets.



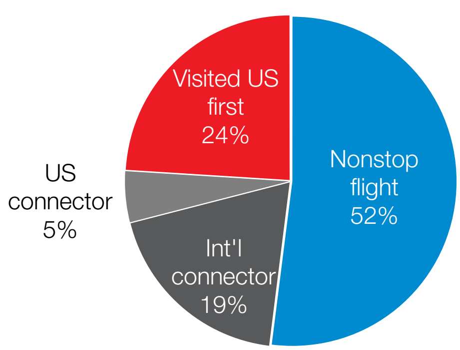




### TRAVELLER ROUTINGS TO CANADA

The CTC has estimated that during 2011 about half of visitors arrived in Canada via a nonstop flight and about one quarter arrived following a visit in the US (13% entered Canada via land and 11% via air).

Nonstop seat capacity between Germany and Canada is scheduled to remain stable during 2013. The cancellation of Air Berlin's Düsseldorf-Vancouver flight will be offset by Lufthansa's new daily summer flight (May – Oct) between Munich and Vancouver.




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

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

| | |
|---|---|
| YYZ | 474; (2%) vs 2012 |
| YUL | 188; +5% |
| YVR | 171; +10% |
| YYC | 115; (5%) |
| YOW | 66; (3%) |
| YHZ | 17; (3%) |
| YXY | 5; 0% |
| **Total** | **1,035; +0%** |

**2013 Nonstop seat capacity (,000s) by German airport**

| | |
|---|---|
| FRA | 803; (3%) vs 2012 |
| MUC | 196; +22% |
| DUS | 36; (23%) |
| **Total** | **1,035; +0%** |

Source: Diio Mi February 2013.

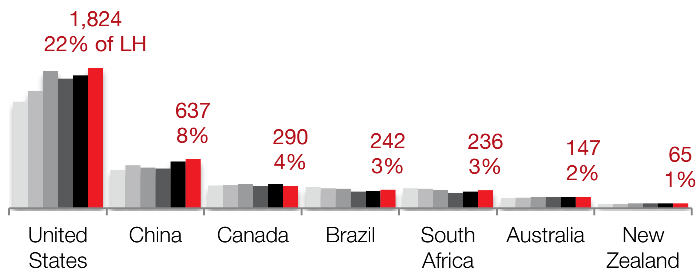
YYZ: Toronto; YUL: Montréal; YVR: Vancouver; YYC: Calgary; YOW: Ottawa; YHZ: Halifax; YXY: Whitehorse
FRA: Frankfurt; MUC: Munich; DUS: Düsseldorf

# Competitive Environment

## ARRIVALS

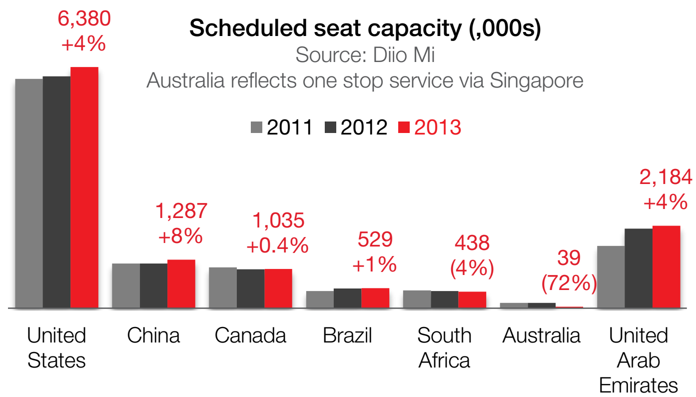
Since 2004, **Canada has ranked as the third most visited destination among key long-haul competitors**. As the number of German arrivals to Canada has been approximately constant over the past decade, Canada risks seeing its share of long-haul travellers, over 5% in 2002, decline to 3% in 2013 and beyond unless it can increase arrivals.

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




## AIR SERVICE

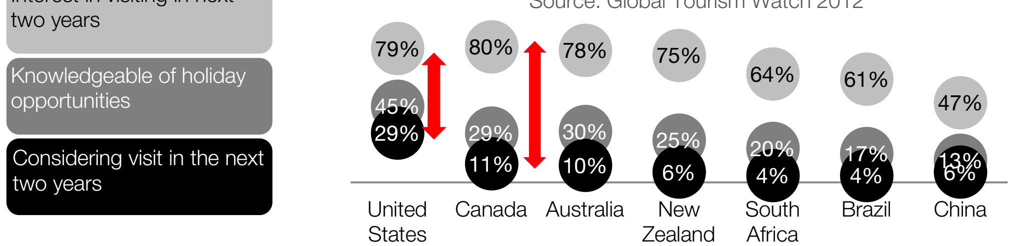
Air service to Canada will remain stable through 2013. **Canada has the fourth-largest volume of scheduled seat capacity among long-haul destinations**, behind the US, UAE and China. Air service between Germany and the UAE will also facilitate growth for German travel to the Asia-Pacific region.




## MARKETING PERFORMANCE

**Canada maintains a very strong position in the minds of German long-haul travellers with interest level being ranked first.** While Canada also ranks second on future trip consideration, the US leads by a wide margin of 29%.

**Marketing Performance Indicators**
Source: Global Tourism Watch 2012



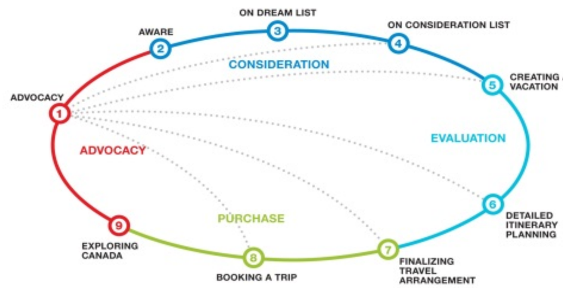

Canada is perceived as a place that offers authentic and relevant travel experiences, although just two percentage points separate first-place Canada from second-place New Zealand.

The US has a clear lead on the perception of “good value for money,” with the rest of the long-haul competitors battling it out for second spot.

**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

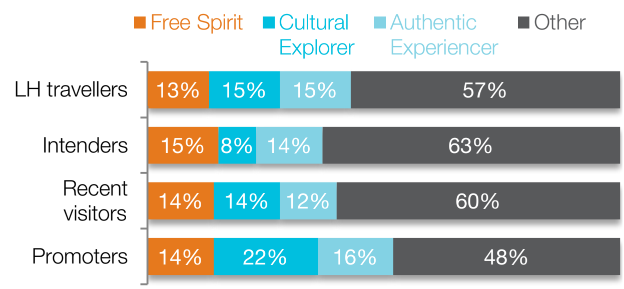
The traveller profile charts illustrate the distribution of travellers along the path to purchase:

- *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 three target EQ® segments represent 37% of intenders. Among travellers who have visited Canada in the past, 63% said they would be very likely to recommend Canada to friends and family. The **target EQ® segments represent 52% of these promoters**. Cultural Explorers are particularly eager to recommend Canada.

**EQ**

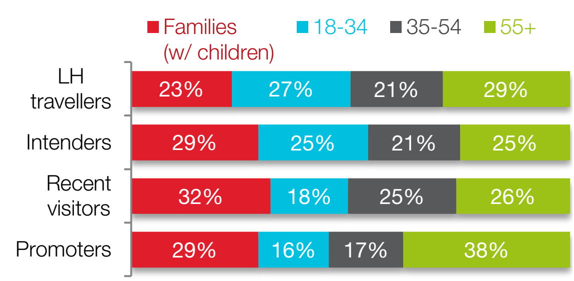
Source: Global Tourism Watch, 2012.




Families with children under 18 years represent one third of recent holiday visitors. **Younger singles and couples under 35 years seem to be interested in Canada but a smaller proportion of them visit**. Canada may want to consider initiatives to attract these younger travellers.

**Age/Lifestage**

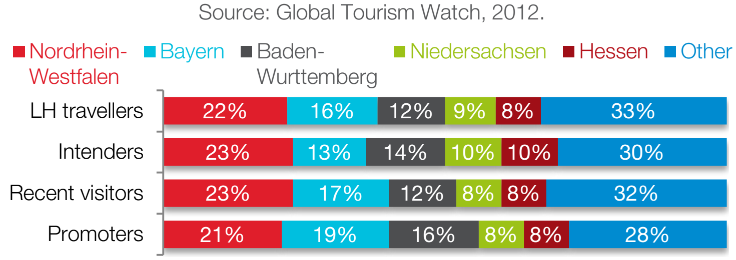
Source: Global Tourism Watch, 2012.




The three largest regions of Nordrhein-Westfalen, Bayern and Baden-Wurttemberg represent about 50% of intenders and recent visitors.

**Residence**

Source: Global Tourism Watch, 2012.



## Consideration: 81% of long-haul travellers

### MOTIVATORS

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

**Most important drivers for destination preference**

A place where I would feel **welcome**
Provides **unique** holiday experiences
Lots of **once-in-a-lifetime** experiences
An **exciting** place
**Lots of things** to see and do

### BARRIERS

One third of travellers at the consideration stage cite **affordability** as a reason preventing them from visiting and 17% admit that there are **other places** they would rather visit. **About 15% say there are no reasons not to visit Canada** in the next two years.

### SOURCES FOR TRIP INSPIRATION

**Traditional media** plays the most important role at the early stages of the path to purchase, and includes TV/radio shows, magazine/newspaper articles, plus word of mouth.

## Evaluate: 17% of long-haul travellers

### MOTIVATORS

Canada's target German travellers seek different experiences.

**Free Spirits** are attracted to **exciting** experiences they cannot find at home. Unlike their UK counterparts, German Free Spirits are **less inclined to show off and indulge in luxury** products. They also have a stronger preference for **group travel**.

**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.

**Authentic Experiencers** also enjoy learning about history and culture. They prefer to chart their **own itinerary** and **avoid the tourist crowds**.

**Travel motivators**

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

### BARRIERS

While nearly one third of intenders are reluctant to book due to cost, **28% 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, including travel guides/books, travel brochures, discussions with past visitors, online retailers and websites of hotels, airlines, attractions, etc.

PLANNING TIMEFRAME

Over 50% of travellers **start planning their trip within three months** of travelling. About one quarter of recent visitors to Canada (26%) started planning their holiday within one month prior to their trip.

## 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**. Recent visitors to Canada were also more influenced by travel agency brochures than travellers visiting other destinations.

**Influential sources**

Past visitors (31%)
Travel guides/books (27%)
Travel agency brochures (23%)
Travel agent (18%)
TV show (17%)
Destination-specific websites (16%)
Magazine/newspaper (15%)
Photos shared via social networks (14%)

TRIP TYPE

Over 60% of recent visitors travelled independently, while one quarter opted for at least some guided tours.

**Trip type**

Travel independently (62%)
Combined independent travel with some guided tours (16%)
Fully escorted or guided tour (12%)
Resort stay (8%)
Cruise (2%)

BOOKING TIMEFRAME

Two thirds of recent travellers to Canada booked their holiday within three months of travelling, which is not surprising given the short planning timeframe. **Only 9% booked more than six months prior to travel.**

BOOKING METHOD

Among recent visitors to Canada**, two thirds consulted with a travel agent for information or to book their holiday to Canada.** About half (49%) booked their holiday through a travel agent, 26% booked directly with their airline and 19% booked through an online retailer.

**Booking method**

Travel agent (49%)
Direct with airline (26%)
Online retailer (19%)

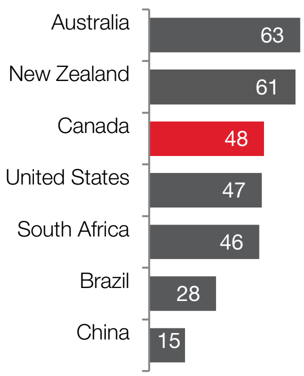
## Advocacy

TRAVELLER PROFILE

Among the 19% of German long-haul travellers who have been to Canada**, 63% would be very likely to recommend Canada** for a holiday (promoters) while only 15% would not recommend the country (detractors). Thus, **Canada has a net promoter score of 48.** German travellers seem quite enamoured with Australia and New Zealand, as both countries achieved net promoter scores above 60 among past visitors.

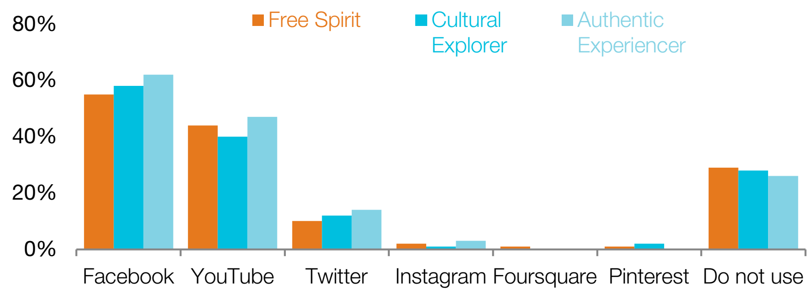
Online social networks can facilitate destination advocacy by providing past visitors a platform to share their experiences and opinions with like-minded prospective travellers. **About 60% of target EQ® travellers use Facebook and about 45% use YouTube.** Twitter usage is still below 20% among target EQ® travellers.

**Net Promoter Score**
Source: Global Tourism Watch 2012




Base: Past visitors of each country.
15% of German LH travellers have visited Australia,
7% have visited NZ, 19% Canada, 44% US,
10% South Africa, 9% Brazil and 8% China

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




## ADVOCACY WHILE EXPLORING CANADA

During their holiday in Canada, **80%** of recent visitors **shared their trip experiences while travelling—**nearly half by sending postcards, 15% through a social network via PC and 9% via mobile devices.

**Advocacy while exploring Canada**

Sent postcards (48%)
Shared photos or messages on a social network via computer (15%)
Shared photos or messages on a social network via mobile (9%)

## POST-TRIP ADVOCACY

**After returning** home from their trip to Canada, **92% of recent visitors shared their travel experiences.**

**Post-trip advocacy**

In person, with friends and family (65%)
Shared photos with friends and family via email or in person (64%)
Shared photos or messages on a social network (18%)
Submitted opinions about specific attractions, hotels, restaurants (17%)
Blogged about the trip (9%)

Traditional means remain the dominant form of advocacy, with only 18% of recent visitors sharing photos or messages on a social network and just 9% blogging about their trip.

## MEDIA RECALL

**Media recall**

Travel shows on TV (33%)
Friends and family (29%)
Magazine/newspaper articles (21%)
Travel guides/books (17%)
Travel agency brochure (15%)
Entertainment shows /films set in Canada (15%)

Over the past year, **approximately 80% of long-haul travellers recalled seeing or hearing information about travelling to Canada.** Traditional media (TV and print) has higher recall than online sources such as websites and social media.

## 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 Germany, Travel Marketing Romberg:**

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