



Canadian Tourism
Commission

Commission canadienne
du tourisme

India Market Profile

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Canada

Contents

Introduction.....	2
Executive Summary	3
India Market Conditions & 2013 Outlook	4
India Travel to Canada	5
Competitive Environment	6
Marketing along the Path to Purchase.....	7

Introduction

The Canadian Tourism Commission (CTC), in conjunction with various Canadian tourism industry partners, undertakes two major consumer research studies on a rotating basis: [Global Tourism Watch](#) 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 Indian visitors during 2011*
- *An overview of key long-haul competitors*
- *Highlights of marketing insights along the path to purchase.*

Please note that neither the Global Tourism Watch nor the Advertising Evaluation study was conducted in India during 2012. The contents of this report reflect findings from the [2011 Global Tourism Watch](#) and 2010 Advanced Path to Purchase studies. The Global Tourism Watch will be conducted in India during 2013.

Executive Summary

Outbound long-haul travel from India to destinations beyond southeast Asia and the Middle East dipped slightly in 2009 but recovered quickly. Similarly, travel to Canada slowed in 2009 but promptly returned with a 25% increase in 2010. Canada performed well through 2011 with an 8% increase in overnight arrivals from India. The CTC estimates a 5% increase in both 2012 and 2013, to 138,000 and 146,000 overnight arrivals respectively.

Direct (nonstop plus one stop) seat capacity is scheduled to decrease 26% in 2013. Air India cancelled its service between Amritsar and Toronto (via Delhi) in June 2012 due to a pilot strike. Although some travellers shifted to flights over Europe and the Middle East, the cancellation may have been a contributing factor to the slower growth in arrivals during the last half of 2012. In 2013, direct air service between India and Canada will be limited to Jet Airways' one-stop service via Brussels. Connections in hubs in Europe and Asia offer the best opportunity for achieving growth in 2013.

India's economy slowed from 7.9% growth in 2011 to 4.4% in 2012 and the rupee continued its depreciation, falling a further 13% against the Canadian dollar in 2012. Going forward, the economy is forecast to grow 5.7% in 2013 and the rupee is forecast to appreciate 3.4% against the CAD in 2013 and 10% by 2016. The rupee should remain stable against the US dollar through 2016.

Travel to Canada to visit friends and family has driven most of the growth in arrivals over the past decade, increasing from 13,000 trips annually in 2002 to 70,000 trips in 2011.

Top-of-mind consideration for Canada is high among India's long-haul pleasure travellers. Canada was the fourth most-mentioned long-haul destination, behind the US, Singapore and Australia and just ahead of Malaysia, Switzerland and the UK. Although this report excludes southeast Asian destinations from Canada's competitor set, they are important competitors as they collectively receive 40% of Indian long-haul arrivals.

Affordability remains a challenge for Canada, especially given the depreciation of the rupee. Indian travellers also acknowledge that they don't know much about Canada and admit there are other places they would rather visit. While travellers have strong perceptions of Canada's natural beauty, they look to other destinations for important attributes such as entertainment and cultural experiences. Perceptions of Canada's visa requirements also pose as a potential barrier for some travellers.

At each stage of the path to purchase, travellers use a variety of both traditional sources and online sources to help them choose their holiday destinations, and to plan and book their holidays. Canada may want to consider a diversity of initiatives to reach travellers across both traditional and online sources.

India Market Conditions & 2013 Outlook

The Indian economy expanded 4.4% in 2012, down from 7.9% in 2011. The pace of expansion is projected to accelerate to 5.7% in 2013 and to exceed 7% by Q1 2014. **Inflation was 9.2% in 2012, exceeding the rate of real GDP growth**, and is expected to fall to a more manageable 4.4% in 2014. Exports, which expanded briskly in 2010 and 2011, stalled in 2012, but growth should resume in 2013 to reach 14.9%. The rate of increase in consumer spending is also expected to increase from 4.1% in 2012 to 6.5% in 2013 as the economy expands more rapidly.

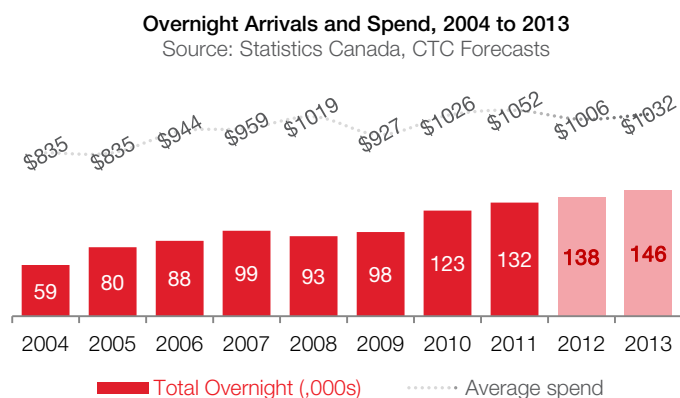
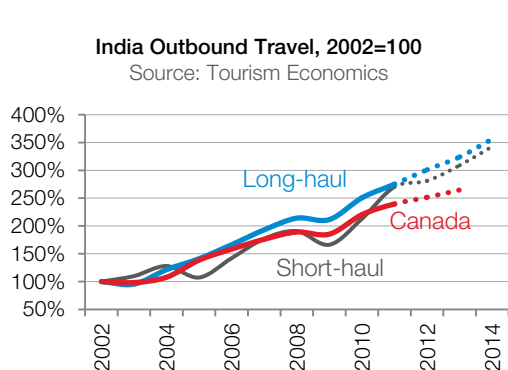
From a currency standpoint, **the rupee depreciated broadly against major currencies in 2012**, falling 14.5% against the US dollar, 13.1% against the British pound, and 13.3% against the Canadian dollar. This decline extends the overall depreciation seen from 2008-2012, where the INR fell 22.8% against the USD and 31% against the CAD. Going forward, the INR is expected to remain stable against the USD through 2016. In comparison, **the INR is forecast to appreciate 3.4% against the CAD in 2013 and 10.4% by 2016**, improving the value perception of a trip to Canada in the eyes of Indian travellers.

The Indian Economy					
	2010	2011	2012	2013	2014
Real GDP (% yoy)	10.3	7.9	4.4	5.7	7.6
Unemployment (%) *	8.0	8.0	8.0	8.0	8.0
Inflation (%)	12.0	8.9	9.2	8.2	4.4
Consumer spending (% yoy)	8.5	5.4	4.1	6.5	9.1
Exports (nominal % yoy)	34.0	27.4	0.0	14.9	16.2
Exchange rate (INR/CAD)	44.34	47.03	53.28	51.47	49.52

Source: Oxford Economics, 2013; Bank of Canada, 2013. *Oxford Economics estimate from latest official figures (2004).

OUTBOUND TRAVEL

Over the past decade, both long-haul and short-haul outbound travel from India have risen over 150% to reach new highs in 2011. **Canada also enjoyed a record number of overnight visitors (132,000) in 2011**, and the CTC has forecast growth of 5% in each of 2012 and 2013. Although Canada enjoyed a doubling of Indian arrivals over the past decade, this remains below the trend growth in outbound long-haul travel from India.

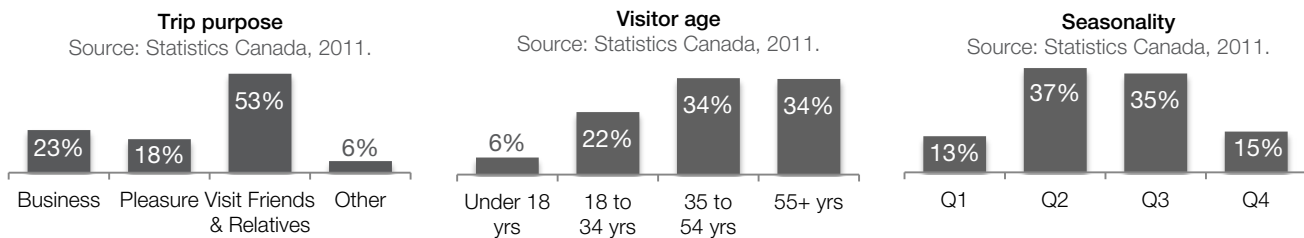


India Travel to Canada

TRAVELLER CHARACTERISTICS

In 2011, **71% of Indian trips to Canada were for pleasure or to visit friends and relatives (VFR)**. VFR travel has been increasing rapidly, particularly since 2005 when Air India introduced service between Canada and Amritsar (via Delhi). Canada has one of the largest overseas populations of Indians, particularly Punjabi people. Canada issued over 17,000 Temporary Resident Visas to Punjabi visitors in 2012.

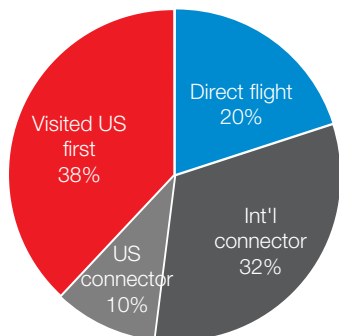
Most trips to Canada (72%) are taken during the second and third quarters. The age composition of Indian travellers has fluctuated over the past decade with no clear trends. For 2011, over two thirds of visitors were over age 35 and only a small proportion was youth under 18 years (6%).



TRAVELLER ROUTINGS TO CANADA

The CTC has estimated that during 2011, one fifth of visitors arrived in Canada via a direct flight and **nearly 40% arrived following a visit in the US** (20% entered Canada via land, 18% by air).

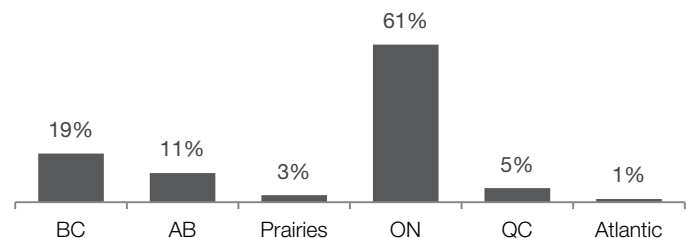
Seat capacity between India and Canada is scheduled to decrease 26% in 2013. This decrease reflects the cancellation of Air India's nonstop service in June 2012 due to a pilot strike. In 2013, direct air service between India and Canada will be limited to Jet Airways' one-stop service via Brussels. With a decrease in service between India and the US in 2013, international connectors in hubs in Europe and Asia offer the best opportunity for routing Indian travellers to 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

Since 2008, Canada has been the sixth most-visited destination for long-haul Indian travellers.

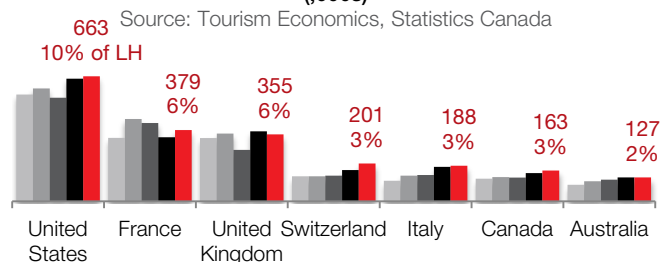
It currently holds 3% market share behind the US, France, the UK, Switzerland and Italy.

AIR SERVICE

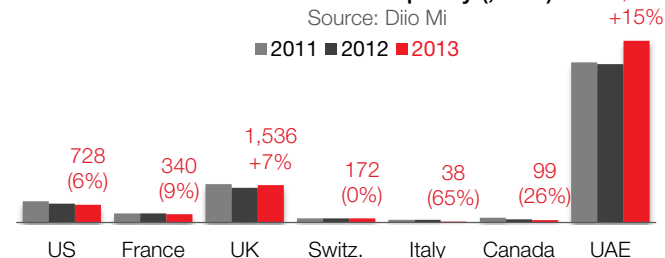
Although the United Arab Emirates is considered a short-haul destination, it is included in this chart because of its growing importance as a global hub. In 2013, **air service between the UAE and India will represent 30% of India's scheduled international seat capacity.** These seats will facilitate growth in Indian outbound travel to many competitor destinations.

Due to Air India's pilot strikes during 2012, **Air India temporarily cancelled service to Canada in June 2012.** It does not intend to resume service in 2013. (Note: US and Canada figures include one-stop flights.)

2007 to 2011 Arrivals in competitor destinations (,000s)

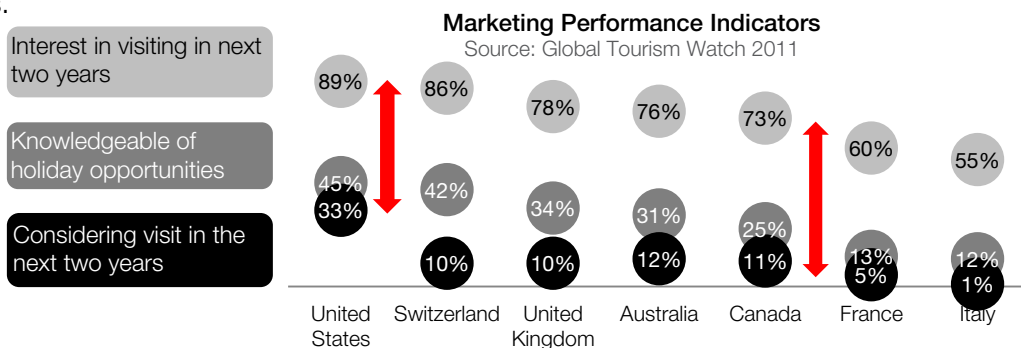


Scheduled seat capacity (,000s)



MARKETING PERFORMANCE

The US leads for consideration, with one out of every three Indian long-haul travellers considering the US for a trip in the next two years. Canada is placed in the next tier along with Australia, Switzerland and the UK. However, Indian travellers have less interest and knowledge of Canada than these three competitor destinations.



Canada is generally seen as offering good value to Indian travellers with the scores being above average for an emerging market and on par with more mature markets. All scores are far stronger among recent travellers to Canada.

Brand and Value Perceptions



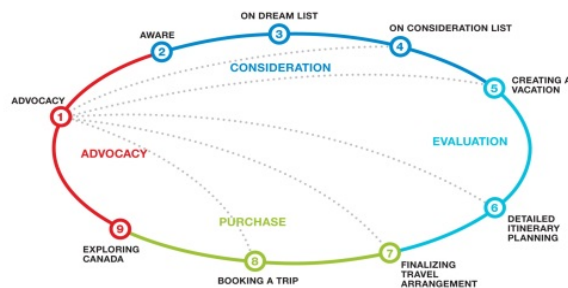
Marketing along the Path to Purchase

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

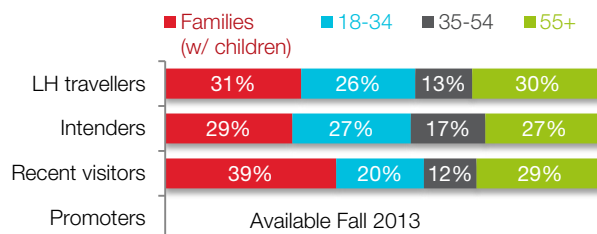
The traveller profile charts illustrate the distribution of travellers along the path to purchase:

- *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.*



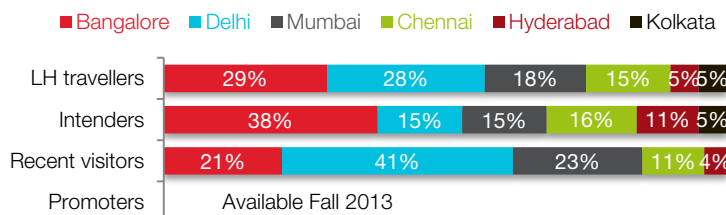
Compared to travellers who intend to visit Canada, a **greater proportion of recent visitors were families with children under 18 years** and a smaller proportion were singles and couples between 18 and 34 years.

Age/Lifestage
Source: Global Tourism Watch, 2011



The four urban centres of Bangalore, Delhi, Mumbai and Chennai represent 84% of intenders and 96% of recent visitors. A greater proportion of recent visitors reside in Delhi and Mumbai.

Residence
Source: Global Tourism Watch, 2011



Please note that travellers from the Punjab region were not included in the Global Tourism Watch.

Consideration: 91% of long-haul travellers

BARRIERS

Among travellers who are unlikely to visit Canada in the near future, the top reasons cited include a stronger desire to visit **other places, cost and a lack of knowledge about Canada.**

SOURCES FOR TRIP INSPIRATION

Indian travellers use a **combination of traditional and online sources** when choosing a destination that includes word of mouth, websites of online retailers, travel advertising, print media, destination-specific websites and websites of hotels, airlines and attractions.

Evaluate: 8% of long-haul travellers

MOTIVATORS

In the CTC's 2010 Advanced Path to Purchase study, the top motivators for long-haul travel were to see beautiful, unspoiled **nature**, to **visit family and friends**, to enjoy the destination's **entertainment, nightlife, shopping and city activities**, to experience an interesting **culture** and **affordability**. At the time of this study, travellers' perceptions of entertainment, nightlife, culture and affordability were stronger for other long-haul destinations than they were for Canada.

SOURCES FOR TRIP PLANNING

Indian travellers use both **traditional and online sources to plan** their trips: word of mouth, search engines, magazine/newspaper articles, retailers, destination-specific websites, plus websites of hotels, airlines and attractions. The CTC's 2010 study also showed that trip-planning sources were fairly similar across age groups with the exception of social networking sites, which was more prevalent among younger travellers and a higher reliance on word of mouth among older travellers.

Purchase: 1% of long-haul travellers

BOOKING METHOD

Most visitors to Canada use a travel agent to book their holidays to Canada, especially for their first trip to Canada.

Advocacy

Over the coming year, the CTC will provide more information on how recent visitors share their Canadian holiday experiences with others and the role of social-networking sites.

MEDIA RECALL

From the 2011 Global Tourism Watch study, **about half of Indian long-haul travellers recalled recently seeing or hearing information on Canada.** This is lowest recall level among Canada's key markets. Traditional media (TV and print) and word of mouth were most mentioned, followed by movies filmed in Canada. Online sources had far less recall.



Media recall

- Travel shows on TV (19%)
- Word of mouth e.g. from friends and family (16%)
- TV advertising (12%)
- Newspaper articles (10%)
- Movies filmed in Canada (10%)