



Canadian Tourism
Commission

Commission canadienne
du tourisme

Global Tourism Watch Year 3

United States - Key Findings

Canadian Tourism Commission (CTC)

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Introduction

Background

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission (CTC) implemented an ongoing Global Tourism Watch (GTW) program in 2007 to expand consumer-based intelligence in its core markets.

In 2009, the third year of the program, the GTW was implemented in ten markets – Canada, the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea¹. The Year 3 research was co-funded by a regional partner group that included British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Atlantic Canada, Yukon and Northwest Territories.

Objectives

The GTW program was designed to collect market intelligence across core markets in a consistent way. The specific study objectives were set around following four over-arching themes:

- Monitor key performance indicators;
- Track response to Brand Canada;
- Identify and track product opportunities; and
- Provide input into strategic market plans.

The primary focus of the 2009 reports is on identifying shifts in each market since 2007. The GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Ultimately, the GTW study will provide the CTC, its partners and the Canadian tourism industry with information to help enhance Canada's marketing strategies globally and draw international travellers to its shores.

¹ The 2009 program is the second year in which China was included and the first year in which Canada was included.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years. For all markets, pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips.

A total of 3,023 American respondents (including 1,063 recent travellers to Canada) completed the online survey. Fieldwork was conducted in June 2009 to align with the CTC's campaign timing.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omnibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, international Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

US Competitive Set

To assess Canada's positioning in the US market, a number of questions in the survey asked respondents to rate Canada against key competitors, as identified by the CTC. The competitive set for the US was as follows: Mexico, the UK, Germany, France, Australia, and China.

US Study Partners

Regional partners for the Year 3 study in the US include: Alberta, Atlantic Canada, British Columbia, Northwest Territories, Ontario, Saskatchewan and Yukon.

Outlook on Travel to Canada and the Regions in the Next 2 Years

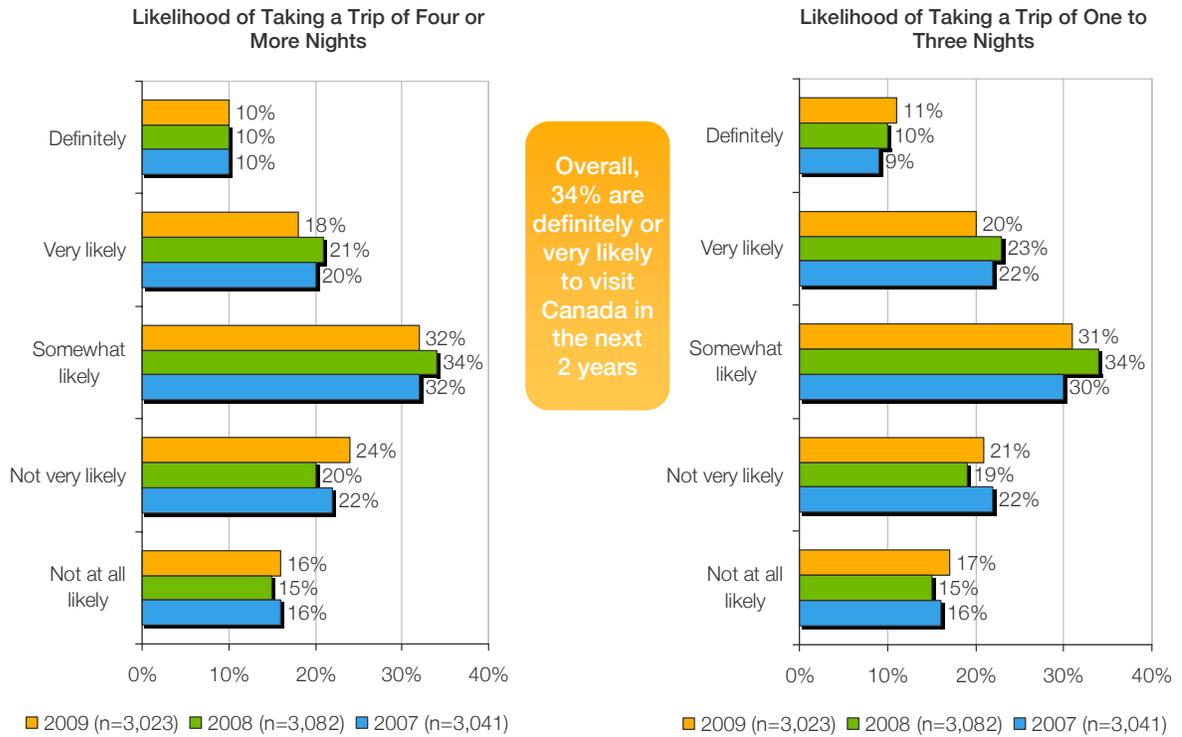
Likelihood of Visiting Canada

The overall likelihood of visiting Canada in the next two years was assessed for both short getaways of one to three nights and longer vacations of four or more nights (see [Exhibits 1](#)).

Echoing the weak interest results, travel intentions in the US are down this year, with the likelihood of visiting Canada in the next two years falling from 39% to 34%. This drop is not surprising in view of the fact that US arrivals to Canada are at a 37-year low, a reflection of the downtrodden US economy and the generally gloomy market conditions. While the US was one of the top three international markets for Canada in terms of travel propensity in 2008, the downward shift will likely push it down to fifth spot this year, with both South Korea and France having surpassed it.

While shorter getaways have declined to some extent, longer vacations of four or more nights have dropped significantly, and at 28%, have now fallen below baseline levels. In addition, the proportion of negatively committed travellers is now at a record high of 40%, making the conversion of longer trips more of a challenge.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: International pleasure travellers.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways – the target market and the immediate potential.

The target market is a broader estimate of the market size based on expressed interest among US travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of close to 66 million travellers with some level of interest in Canada.

The immediate potential is a more conservative estimate based on those who say they will definitely or are very likely visit Canada in the next two years. This translates into more than 32 million travellers with more immediate potential for conversion, which is down substantially from the 2008 figure of 36 million.

While both interest and intentions have dropped significantly in the Mid-Haul market since 2007, and intentions are down markedly in the South over 2008, the Border market is holding steady on both counts. If anything, interest is trending upward to hit a three-year high of 78%. This suggests that the Canadian tourism industry may want to temporarily focus more attention on the Border market until the US regains its economic health.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

| | Size of Potential Market to Canada | | |
|---|------------------------------------|-----------------------|--------------------|
| | Border (n=1,008) | Mid-Haul (n=1,007) | South (n=1,008) |
| Total potential international pleasure travellers (aged 18 plus) | 15,411,000 | 25,871,000 | 52,080,000 |
| Target Market for Canada | | | |
| Very/somewhat interested in visiting Canada in the next 2 years | 78% | 71% | 68% |
| Size of the target market | 12,021,000 | 18,368,000 | 35,414,000 |
| TOTAL | 65,803,000 | | |
| Immediate Potential for Canada | | | |
| Will definitely/very likely visit Canada in the next 2 years ¹ | 51% | 34% | 30% |
| Immediate potential | 7,860,000 | 8,796,000 | 15,624,000 |
| TOTAL | 32,280,000 | | |

Base: International pleasure travellers (n=3,023).

Notes: **Blue circles** indicate a result that is significantly lower than another region; **orange circles** indicate a result that is significantly higher than another region.

¹ Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations² Likely to Visit

The top five provinces of interest to US travellers have remained unchanged over the last three years. Ontario continues to be the leading destination of interest, followed by British Columbia, Québec, Alberta and Nova Scotia.

As in most of the markets completed to date, Ontario is experiencing waning interest, while British Columbia is seeing a surge. In fact, the 12-point gap between the two provinces in 2008 has narrowed to only two, with British Columbia in a position to overtake Ontario next year. This may be driven partly by growing awareness of the upcoming Olympics (both Vancouver and Whistler are up this year), but may also reflect a desire to see destinations beyond the obvious tourist attractions (e.g., Niagara Falls has slid by six percentage points).

However, travellers are increasingly reluctant to stray too far from the beaten path, with both the North and the Prairie region less popular than in 2008. With vacations few and far between, US travellers may not want to chance unfamiliar choices at this point in time.

Exhibit 3 also 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, the potential market for all regions is substantial, but highest for Ontario and British Columbia at over 23 million travellers each.

Exhibit 3 - Destination Interest and Market Potential for the Regions

| | ON | BC | AB | ATL | YK | NT | SK |
|---|--|---|--|--|-----------|-----------|-----------|
| Immediate potential for Canada | 32,280,000 | | | | | | |
| Likely to visit region ¹ | 74% | 72% | 42% | 41% | 16% | 13% | 12% |
| Immediate potential for the regions | 23,887,000 | 23,242,000 | 13,558,000 | 13,235,000 | 5,165,000 | 4,196,000 | 3,874,000 |
| Most popular destinations within region | Niagara (54%) Toronto (53%) Ottawa (17%) | Vancouver (61%) Victoria (30%) Whistler (14%) | Calgary (24%) Banff (18%) Edmonton (14%) | N.S. (30%) P.E.I. (19%) NF (18%) N.B. (14%) | n/a | n/a | n/a |

Base: International pleasure travellers (n=3,023).

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 (n=2,128).

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

² CTC partner regions only. (Alberta, Atlantic Canada, British Columbia, Northwest Territories, Ontario, Saskatchewan and Yukon)

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators³ – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

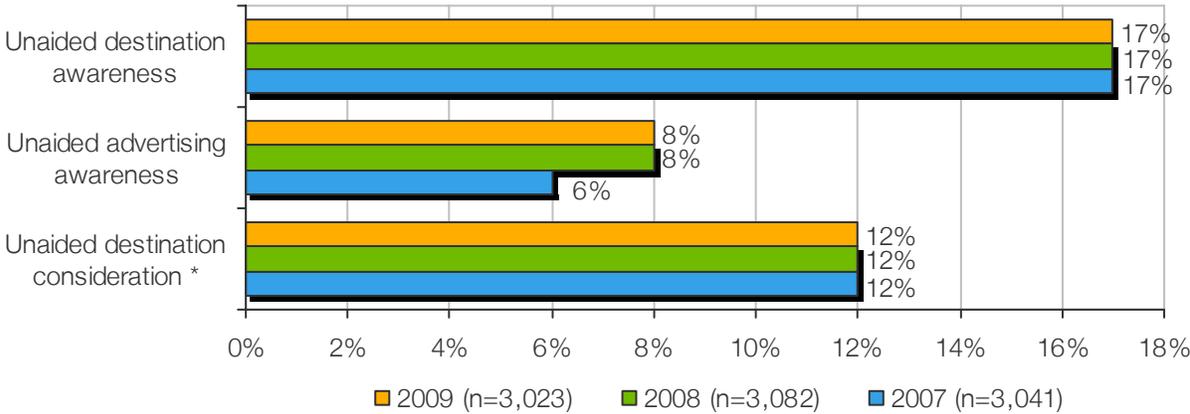
To measure brand awareness, respondents were asked to name destinations that come to mind for a long-haul vacation. **Exhibit 4** shows a roll-up of the awareness results for Canada. Although it is right next door, Canada does not readily spring to mind as a vacation destination for Americans, with more far-flung destinations such as Europe and Australia well ahead of it. Even with the H1N1 flu outbreak making the news on a daily basis in the weeks leading up to the survey, Mexico manages to top Canada by seven percentage points as a possible vacation spot. In fact, a lukewarm awareness level of 17% puts Canada in a rather unimpressive 6th place.

At 8%, recall of Canada's 2009 advertising in the US is strong enough to maintain its traction in the marketplace, including its third place positioning from last year. This is no small feat given the significant declines on this measure in five of the GTW markets completed to date.

With Mexico taking a tumble as a result of the H1N1 outbreak, Italy has been able to reclaim its title as the number one destination being considered by US travellers for upcoming international trips. The UK has managed to cling to third place despite steady losses in consideration since 2007, while an unwavering 12% keeps Canada in a stable fourth position. However, France has been gaining on Canada for the past two years and may well push past it next year without the benefit of a strong marketing effort in 2010.

³ Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: Long-haul pleasure travellers * Base : Those who are planning on taking a long-haul trip in the next two years 2009 (n=2,422) / 2008 / (n=2,549) / 2007(n=2,511)
 Notes: Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

Recent and Potential Visitors from the U.S.

Target Market for Canada

Exhibit 5 provides demographic profiles of international US travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada in the next two years.

Recent visitors to Canada remain a more distinct group than the market at large, being far older, better educated, more affluent and more likely to be married. Both recent and potential visitors are more likely to have friends or relatives in Canada, indicating that even in the US, VFR (Visiting Friends and Relatives) is a driver of both interest and actual travel.

With US consumers collectively in savings mode and many intenders putting their travel plans on hold until the economy returns to health, the US has seen a shift to a more affluent travelling population in 2009, echoing a trend common to many GTW markets (e.g., the UK, France, South Korea and Australia). Almost half of US international travellers now have household incomes of US\$75,000 (i.e., CDN \$81,000)⁴ or more, up from only 40% in 2008. Moreover, US travellers are now significantly more likely to have a college/university education and hold managerial/professional positions (both up eight percentage points since last year). A similar trend is also apparent for both Canada travel groups, indicating that the CTC and its partners may want to focus on the more upscale segments of the market until the middle-income groups feel confident enough to travel again.

⁴ Exchange rate (June 1, 2009): 1 USD = CDN\$1.0872

Exhibit 5 – Target Market Demographics

| | All International Travellers (n=3,023) | Recent Travellers to Canada (n=1,063) | Interested in Canada (n=1,059) |
|--|--|---------------------------------------|--------------------------------|
| Gender | | | |
| Female | 48% | 51% | 50% |
| Age | | | |
| 18 to 24 | 13% | 5% | 9% |
| 25 to 34 | 22% | 10% | 21% |
| 35 to 44 | 20% | 17% | 20% |
| 45 to 54 | 19% | 20% | 18% |
| 55 or older | 27% | 48% | 31% |
| Close Friends or Relatives Living in Canada | | | |
| Yes | 21% | 29% | 25% |
| Have Children in Household Under 18 | | | |
| Yes | 34% | 31% | 37% |
| Marital Status | | | |
| Married / partnered | 66% | 75% | 68% |
| Single / never married | 23% | 14% | 22% |
| Other (e.g., separated, divorced, widowed) | 11% | 11% | 11% |
| Education | | | |
| High school or less | 34% | 29% | 34% |
| Technical / vocational | 11% | 10% | 13% |
| Completed college / university | 55% | 61% | 52% |
| Employment Status | | | |
| Employed full-time / part-time | 69% | 66% | 71% |
| Housewife / homemaker | 6% | 6% | 5% |
| Retired | 13% | 20% | 13% |
| Unemployed | 5% | 4% | 5% |
| Student | 6% | 3% | 5% |
| Occupation | | | |
| Managerial/ Administrative/ Business owner | 23% | 26% | 21% |
| Professional | 33% | 32% | 35% |
| Clerical | 6% | 4% | 7% |
| Sales / Services | 11% | 10% | 11% |
| Technical / Skilled | 12% | 12% | 10% |
| Blue collar / Labourer | 5% | 4% | 4% |
| Other | 11% | 11% | 12% |
| Average Annual Household Income (\$USD) | | | |
| Less than \$35,000 | 13% | 10% | 13% |
| \$35,000 to less than \$50,000 | 14% | 12% | 16% |
| \$50,000 to less than \$75,000 | 26% | 21% | 28% |
| \$75,000 to less than \$100,000 | 21% | 21% | 20% |
| \$100,000 or more | 26% | 36% | 23% |

Note: **Blue squares** indicate a result that is significantly lower than the total (all international travellers); **orange circles** indicate a result that is significantly higher than the total.

Target Market for Canadian Regions⁵

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia, Ontario, Alberta and the Atlantic region are based on those who say they are *most* likely to visit the region, while the profiles for Saskatchewan and the North are based on those who express an interest in visiting these regions, given the relatively low proportion of travellers who say they are most likely to do so.

Across the regions, there are a few differences that are worthy of note:

- The **Atlantic** region tends to attract a much older crowd, with nearly 7 in 10 who are aged 45 or older. As such, they are more likely to be married and retired.
- Travellers who select **Alberta** as their destination of choice are also on the older side and more likely to be married. But they are distinctive in that they are better educated, very affluent and in the upper echelons of the workforce, which was true last year as well.
- Travellers with a preference for **British Columbia** are also well-educated, well-off and in management/professional positions, but to a lesser degree than Alberta travellers. They may also be less reliant on VFR to bring them to Canada, with fewer who have friends and relatives there.
- Like last year, those who find **Ontario** appealing tend to be younger and more likely to have children living at home, perhaps indicating that this region has a family appeal (e.g., Canada's Wonderland, Niagara Falls).

⁵ CTC partner regions only. (Alberta, Atlantic Canada, British Columbia, Northwest Territories, Ontario, Saskatchewan and Yukon)

Exhibit 6 - Target market for Canada's regions

| | TOTAL ¹ (n=2,128) | ON ³ (n=804) | BC ³ (n=632) | AB ³ (n=151) | ATL ³ (n=147) | North ² (n=412) | SK ² (n=248) |
|--|---------------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|-------------------------------|----------------------------|
| Gender | | | | | | | |
| Female | 47% | 50% | 42% | 46% | 56% | 42% | 48% |
| Age | | | | | | | |
| 18 to 24 | 12% | 16% | 10% | 8% | 6% | 9% | 11% |
| 25 to 34 | 21% | 24% | 22% | 18% | 12% | 16% | 16% |
| 35 to 44 | 20% | 20% | 21% | 17% | 14% | 17% | 18% |
| 45 to 54 | 19% | 18% | 20% | 17% | 26% | 24% | 23% |
| 55 or older | 28% | 23% | 27% | 41% | 43% | 34% | 32% |
| Close Friends or Relatives Living in Canada | | | | | | | |
| Yes | 24% | 26% | 21% | 28% | 25% | 23% | 28% |
| Have Children in Household Under 18 | | | | | | | |
| Yes | 36% | 39% | 32% | 33% | 30% | 36% | 34% |
| Marital Status | | | | | | | |
| Married / partnered | 67% | 65% | 65% | 76% | 78% | 65% | 60% |
| Single / never married | 23% | 27% | 22% | 14% | 12% | 20% | 21% |
| Other | 11% | 8% | 13% | 10% | 10% | 15% | 18% |
| Education | | | | | | | |
| High school or less | 32% | 40% | 26% | 22% | 33% | 38% | 37% |
| Technical / vocational | 12% | 13% | 10% | 10% | 13% | 17% | 19% |
| Completed college / university | 56% | 47% | 63% | 69% | 53% | 44% | 44% |
| Employment Status | | | | | | | |
| Employed full-time / part-time | 70% | 70% | 73% | 71% | 62% | 66% | 66% |
| Housewife / homemaker | 6% | 7% | 5% | 6% | 7% | 5% | 4% |
| Retired | 12% | 8% | 13% | 19% | 21% | 17% | 14% |
| Unemployed | 5% | 4% | 4% | 4% | 6% | 8% | 7% |
| Student | 6% | 9% | 4% | 1% | 3% | 3% | 7% |
| Occupation | | | | | | | |
| Managerial/ Administrative/ Business owner | 23% | 23% | 23% | 26% | 20% | 22% | 23% |
| Professional | 34% | 30% | 36% | 37% | 38% | 29% | 28% |
| Clerical | 5% | 7% | 4% | 3% | 4% | 5% | 5% |
| Sales / Services | 11% | 11% | 12% | 14% | 10% | 12% | 10% |
| Technical / Skilled | 12% | 15% | 10% | 11% | 13% | 14% | 15% |
| Blue collar / Labourer | 4% | 6% | 3% | 3% | 3% | 6% | 6% |
| Other | 10% | 8% | 12% | 7% | 11% | 12% | 14% |
| Average Annual Household Income (\$USD) | | | | | | | |
| Less than \$35,000 | 13% | 18% | 8% | 8% | 9% | 20% | 23% |
| \$35,000 to less than \$50,000 | 13% | 14% | 13% | 9% | 14% | 11% | 8% |
| \$50,000 to less than \$75,000 | 27% | 27% | 29% | 23% | 28% | 26% | 27% |
| \$75,000 to less than \$100,000 | 22% | 21% | 22% | 30% | 24% | 22% | 23% |
| \$100,000 or more | 25% | 20% | 28% | 30% | 25% | 21% | 20% |

Notes:

¹ 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 Those likely to visit the region.

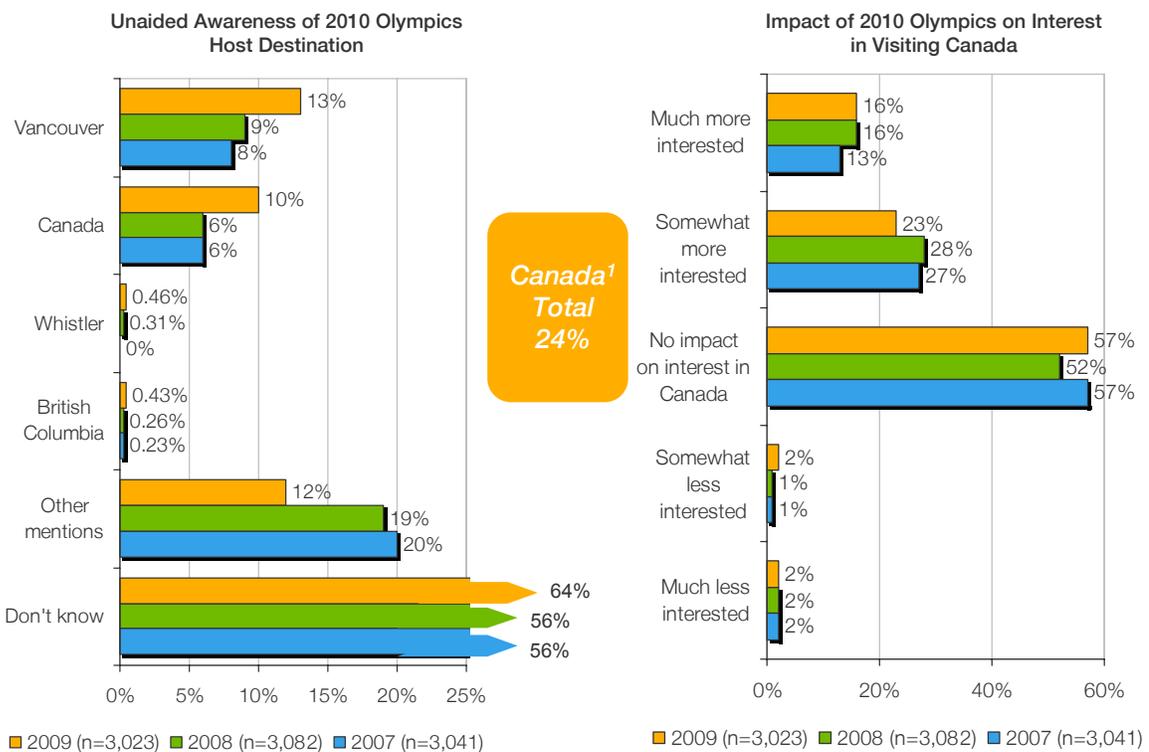
³ Those most likely to visit the region.

The Impact of the 2010 Winter Games on Travel to Canada

As may be seen in **Exhibit 7**, awareness of Canada as the host of the 2010 Olympic Games has risen dramatically since last year, including both mentions of Canada in general and those of Vancouver specifically. This mirrors the trend seen in all GTW markets to date. Interestingly, however, the US is the only market where the desire to visit Canada as a result of hosting the Games is down significantly (falling from 44% in 2008 to only 39% this year). However, this does not signal an avoidance trend, with the slack being taken up by the no impact group, rather than by those who are less interested in Canada.

As in 2007 and 2008, awareness is higher in the western border states (i.e., Montana, Idaho and Washington), with a remarkable 64% who correctly identify the host destination.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada



Base: International pleasure travellers.

Note: ¹ Includes all mentions of Canada, Vancouver, Whistler and British Columbia.

² Includes all mentions of destinations of than Canada

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product strengths and weaknesses map for Canada in the US, which looks at impressions of Canada's product offerings vs. the importance of these products to US travellers on their international trips. The purpose is to identify products of importance to the US market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their international trips and for which Canada is favourably viewed. Nature continues to emerge as Canada's primary product strength, including beautiful scenery, national parks/protected areas and wildlife. As in 2008, self-touring and cities close to nature edge in as strengths, as does nature close to cities – a new product added to the GTW this year. While the two hybrid products give Canada a good jumping off point in developing its Vibrant Cities on the Edge of Nature USP⁶, their position could do with some strengthening.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. Canada's niche strengths in the US continue to revolve around the great outdoors, particularly ski vacations and winter activities, but also multi-day journeys by water and land. Resorts in natural settings are another asset for Canada, although further development could be beneficial given the relatively high interest in this niche.

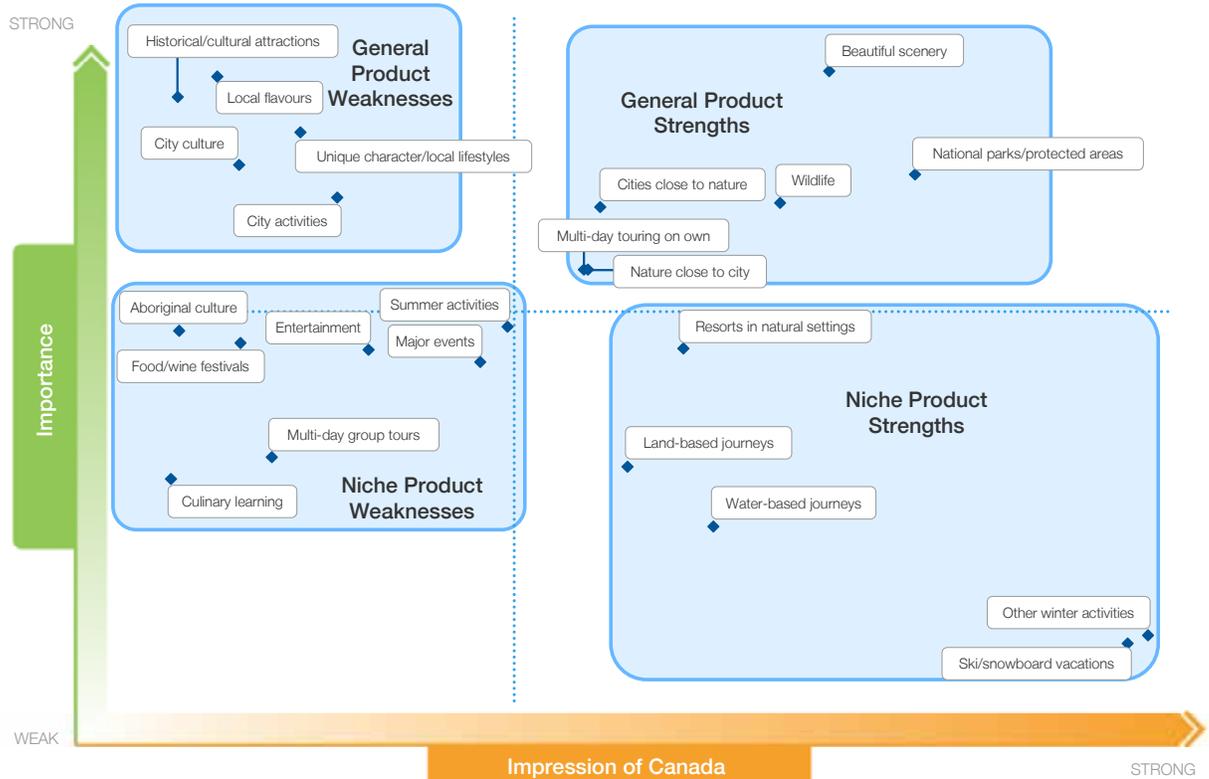
Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. As in previous years, most of the general product weaknesses in the US market are directly or tangentially related to culture, including historical/cultural attractions, local lifestyles, local flavours and city culture. Without nature to cast a favourable light on Canada's cities, urban activities such as sightseeing and shopping do not stand on their own, ranking as a major weakness.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. These include additional cultural and city products (e.g., aboriginal culture, entertainment, major events) and cuisine-related products (e.g., food/wine festivals, culinary learning). Summer activities is a niche that might be worth developing, given its relative popularity in the US market, its position as a borderline weakness and the abundance of high-quality products in Canada.

⁶ USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: International pleasure travellers (n=3,023).

U.S. Views on Environmentally-friendly Travel Products⁷

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

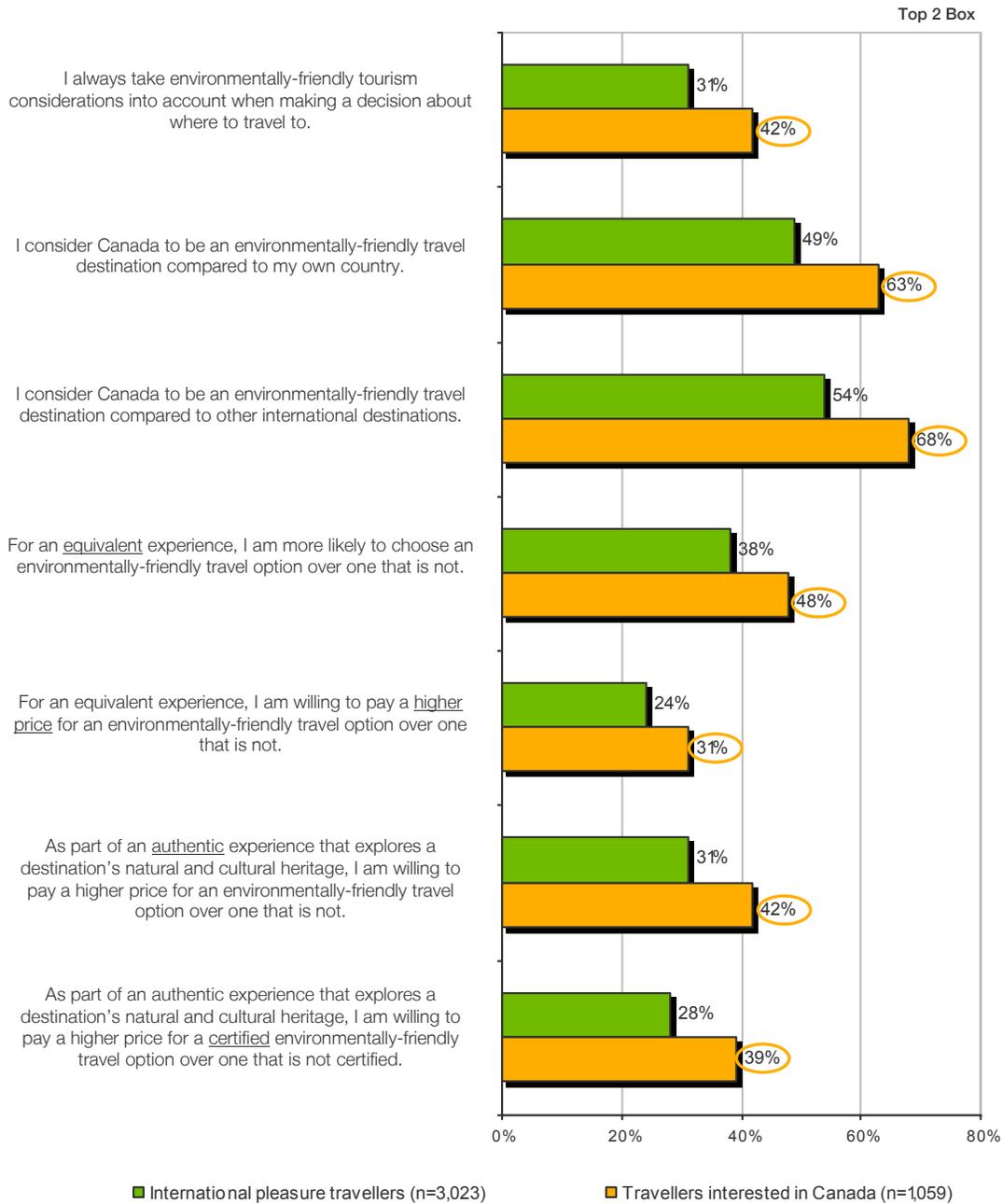
Although the trade reports that US travellers are becoming more environmentally-conscious in their travel decisions, the GTW study continues to show that, when benchmarked against other markets, US travellers are unexceptional in this regard.

As may be seen in [Exhibit 9](#), just over 30% of US travellers take environmentally-friendly tourism considerations into account when choosing a vacation destination, which is not particularly high. And, while almost 40% say that they will choose an environmentally-friendly travel option over an equivalent one that is not, most are not willing to pay more for it. Less than a quarter of US travellers say they would pay a premium for a green travel option, which is again on the low side compared with other markets. This figure increases to 31% for an authentic environmentally-friendly travel option, but does not increase further for a certified product.

Around half of US travellers consider Canada to be an environmentally-friendly travel destination compared with their own country, rising to 54% when compared with other countries. Potential travellers to Canada are 14 points higher on both counts, and, in fact, award higher ratings across the board.

⁷ Question changed in 2009, therefore results are not comparable to past years.

Exhibit 9 – Attitudes Toward Environmentally-Friendly Travel



Base: International pleasure travellers.

Notes: 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".

Blue squares indicate a result that is significantly lower than the total (all international travellers); orange circles indicate a result that is significantly higher than the total.

Travellers interested in Canada: those who are very interested in visiting Canada in the next two years.

Question changed in 2009 so results are not comparable to past years.

How Canada is Perceived by U.S. Travellers

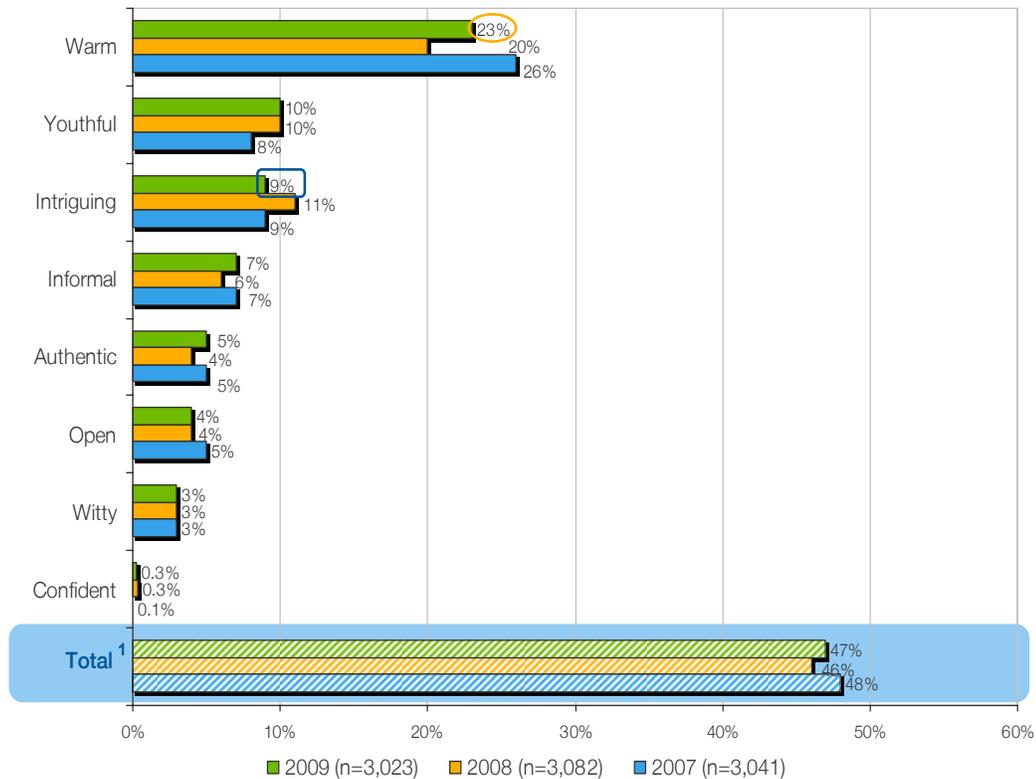
Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive); and
- **Witty** (e.g., humorous, quick, entertaining, clever, bright, intelligent).

Exhibit 10 shows that Warm has recovered some of the ground that it lost in 2008, increasing to 23%, while Intriguing has dropped two points to 9%. Despite switching places this year, Youthful and Intriguing continue to rank alongside Warm as the top three personality dimensions associated with Canada by US travellers. This is encouraging as it indicates that some Americans, at least, view Canada as a fun and exciting vacation spot, a view that the CTC and its partners could continue to cultivate. There is also considerably more work to be done on the Confident and Witty dimensions to enhance overall alignment with the brand.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: International pleasure travellers.

Notes: **Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007.

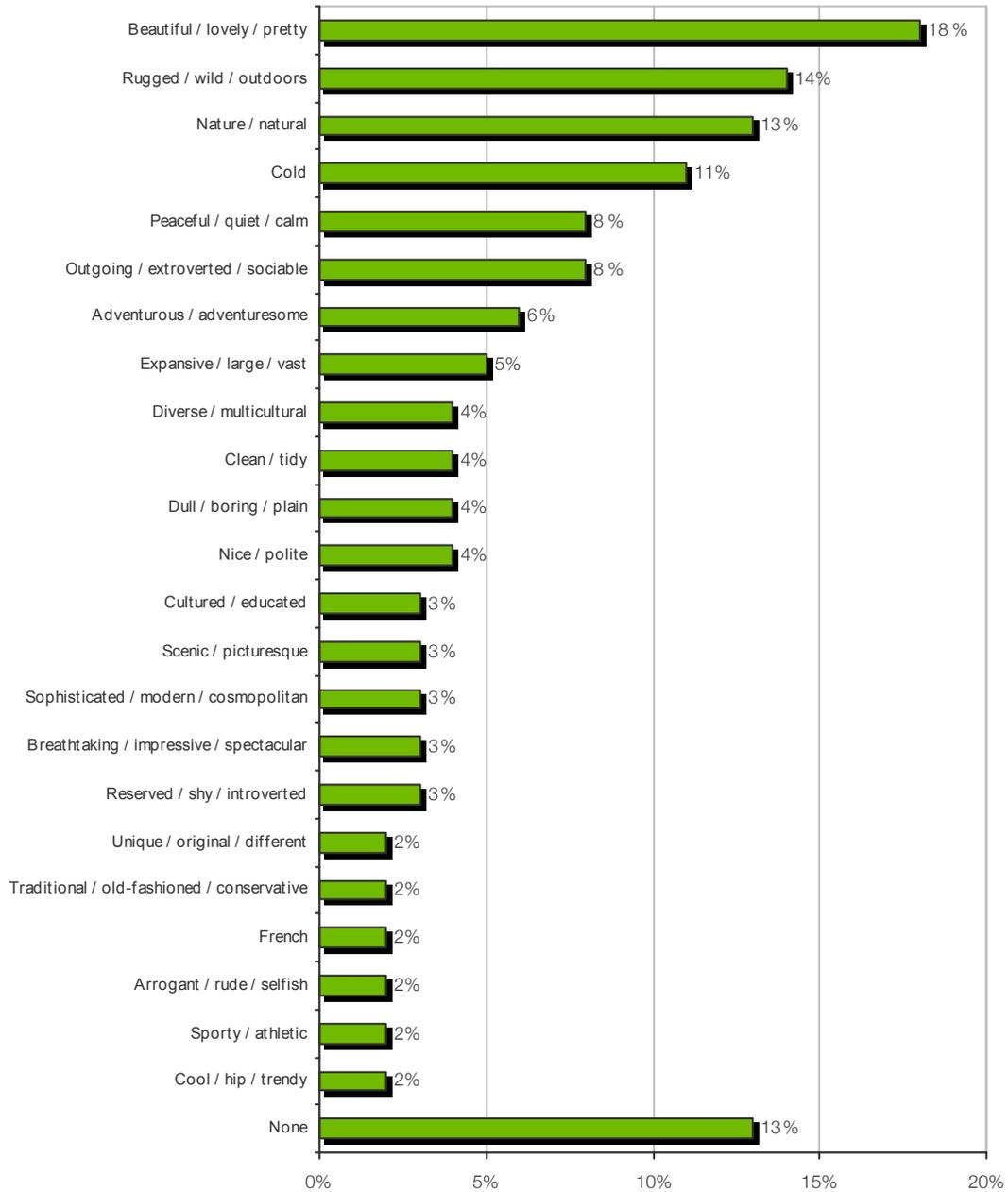
Orange circles indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.

¹ Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Exhibit 11 shows other personality traits that are associated with Canada in the US market. Americans continue to view Canada as having beautiful scenery, an incredible outdoor environment and awe-inspiring nature. Canada’s cold weather is also high on the list at 11%.

In many ways, Canada has a dual personality in the US. While there are many that recognize it as “outgoing/sociable” (8%), “adventurous” (6%), “diverse/multicultural” (4%), “cultured/educated” (3%), “sophisticated/cosmopolitan” (3%) and “cool/hip/trendy” (2%), there are also those that view it as being “clean/tidy” (4%), “dull/boring/plain” (4%), “nice/polite” (4%), “reserved/shy/introverted” (3%) and “traditional/old-fashioned/conservative” (2%). Although there have been no real shifts one way or the other since 2007, the results confirm that some Americans do see beyond Canada’s traditional image of beautiful, friendly and clean.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: International pleasure travellers (n=3,023).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

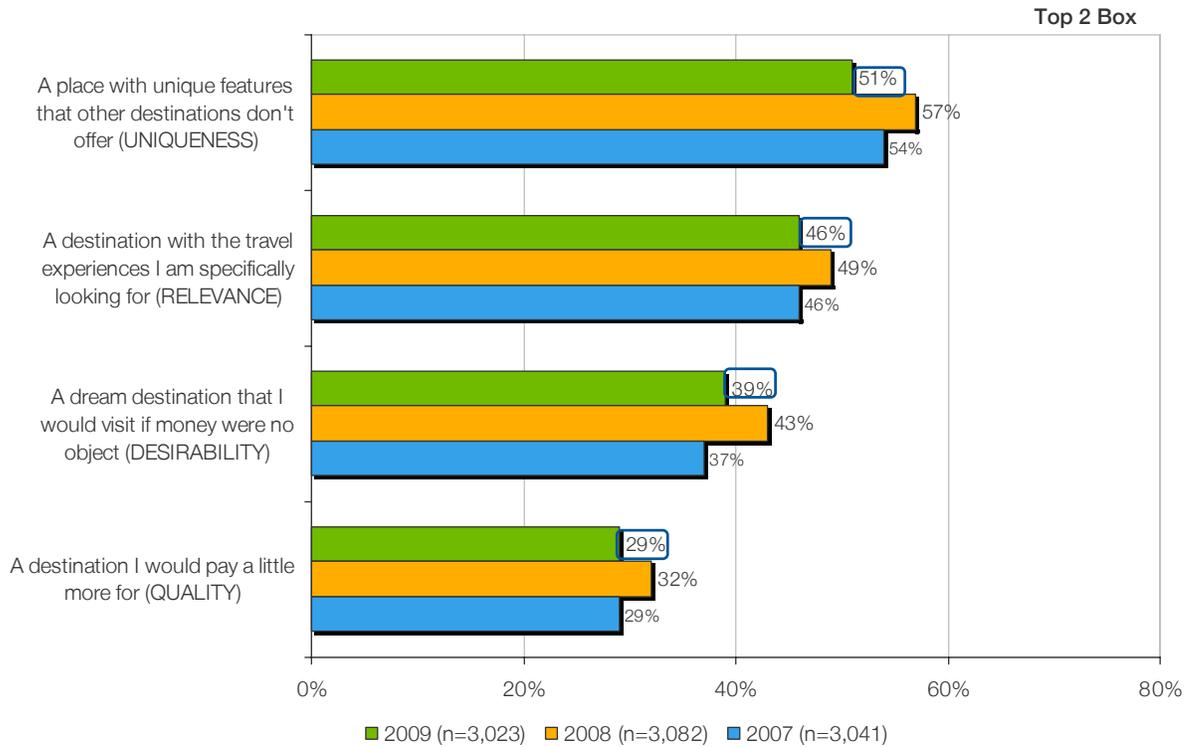
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in the US, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

Exhibit 12 reveals a universal decline in value perceptions of Canada, driving the already low **Value Perceptions** down significantly. This is by far the lowest VP of any GTW market, a distinction that the US has garnered in every year of the tracking study to date.

The CTC and its partners will want to improve these perceptions, particularly Quality and Desirability, which are not only low in an absolute sense, but also in relation to other markets. This likely stems from an over-familiarity with Canada, making it seem less intriguing or exotic than other destinations, at least on the surface. Giving US travellers a deeper glimpse into Canada's travel offerings and presenting familiar experiences in a new light may help to boost value impressions and give Americans new reasons to visit Canada beyond convenience and cost. This is particularly critical at a time when tougher economics have driven US travellers to become more value-conscious in their destination decision-making.

Exhibit 12 – Value Perceptions



Base: International pleasure travellers.

Notes: 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".

Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.

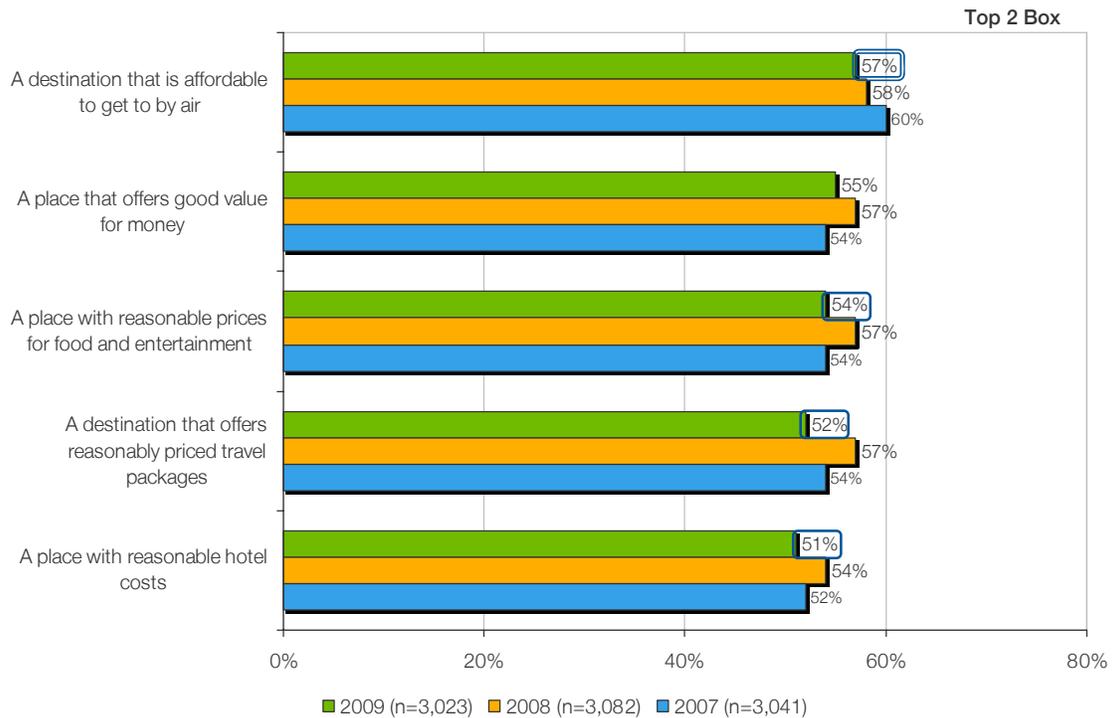
Price Perceptions

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. **Exhibit 13** shows how Canada is perceived by US travellers on various travel cost components.

Despite the fact that the US-Canada exchange rate has become more favourable for US travellers, price perceptions have declined in the US, with drops on all travel components from hotels to airfare. This downswing no doubt reflects the heightened price-sensitivity in today's market, with US consumers spending less and saving more. Those who are continuing to travel are trading down to less expensive destinations, travelling domestically, taking shorter trips, finding cheaper accommodations, spending less on entertainment and activities, and combing the Internet for bargains and last-minute deals.

Still, the Price Perceptions in the US remains high relative to other GTW markets, likely because Canada is viewed as a bargain when compared with overseas travel. As such, positioning Canada as a way of experiencing the thrill of international travel at a budget-conscious price may help to coax Americans out of their homes until the economic picture improves.

Exhibit 13 – Price Perceptions



Base: International pleasure travellers.

Notes: 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".

Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

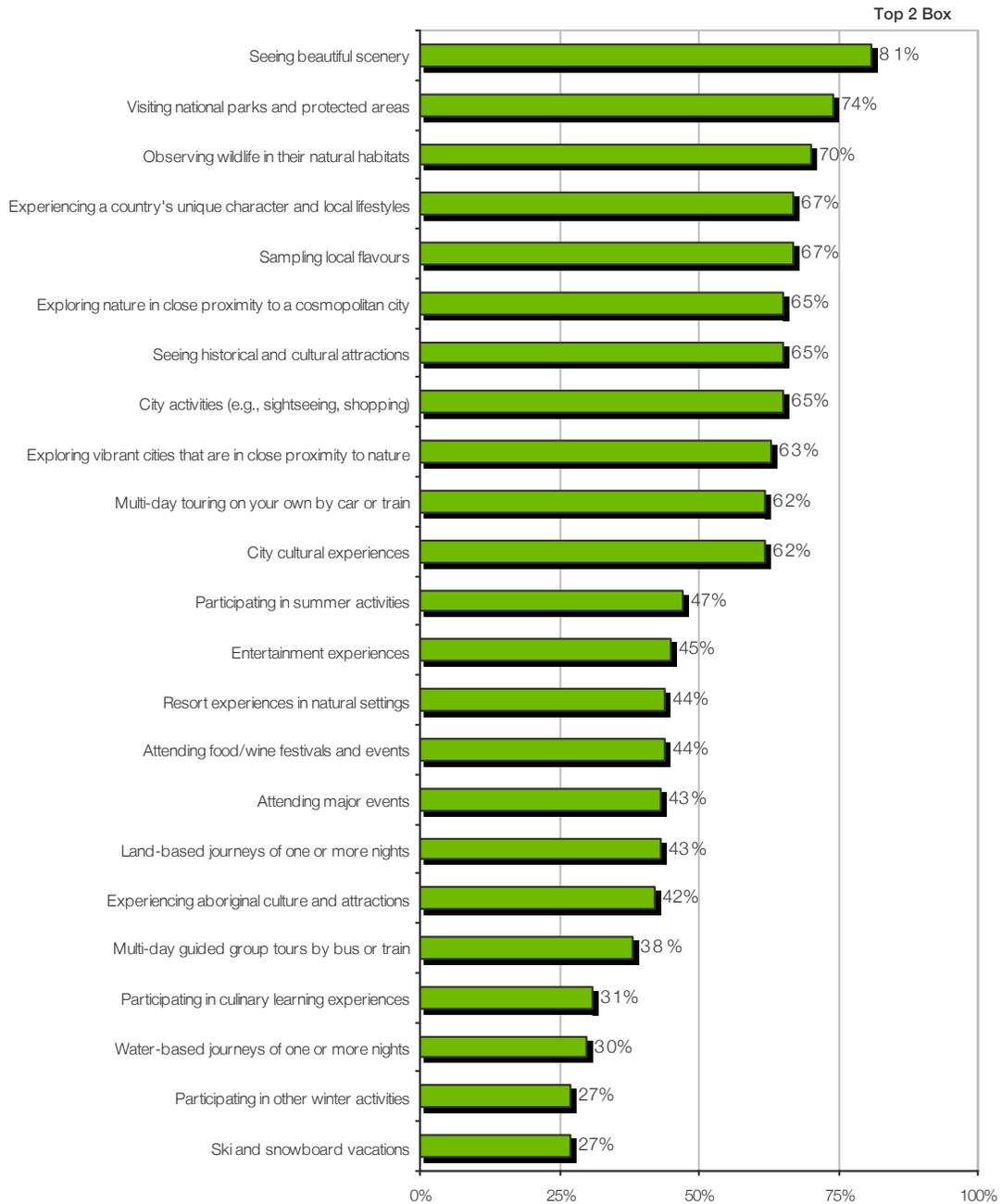
While culture dominates the general product interests of US travellers in general, [Exhibit 14](#) shows that nature is the driving force behind travel to Canada, with beautiful scenery, national parks/protected areas and wildlife emerging as the top three motivators (all at 70% or higher). Exploring culture is a secondary interest of likely travellers to Canada, with local lifestyles, local flavours and historical/cultural attractions drawing around two-thirds of the market. While Canada's competitive positioning on culture is admittedly weak, the broad interest of US travellers in experiencing the culture and lifestyles of the destinations they visit makes this important for Canada as well.

While city activities such as sightseeing and shopping are also relatively important in sparking travel to Canada at 65%, city cultural experiences appear further down the list. The midrange position of the latter is particularly notable in view of the fact that city culture is a top-five driver for international travel in general, which again reflects Canada's perceived weaknesses in the US. Similarly, cities close to nature is generally the hybrid product of choice among US travellers, but nature close to cities takes precedence for Canada, reflecting its obvious strengths on the nature front. Combined, these results show the importance of offering a strong mix of nature, culture and cities in wooing US travellers, and a fundamental need to improve Canada's positioning in two of the three areas.

Self-touring (62%) is rated far higher as a motivator than guided group tours are (38%), which reflects both this market's proclivities and Canada's perceived product strengths.

As outdoor activities are typically niche interests in this market, ski and snowboard vacations, other winter activities and water-based journeys all place among the bottom five motivators (at 30% or less). Land-based journeys and summer activities fare better at between 40% and 50%, which is in line with overall market preferences in the US.

Exhibit 14 – Key Motivations for Visiting Canada

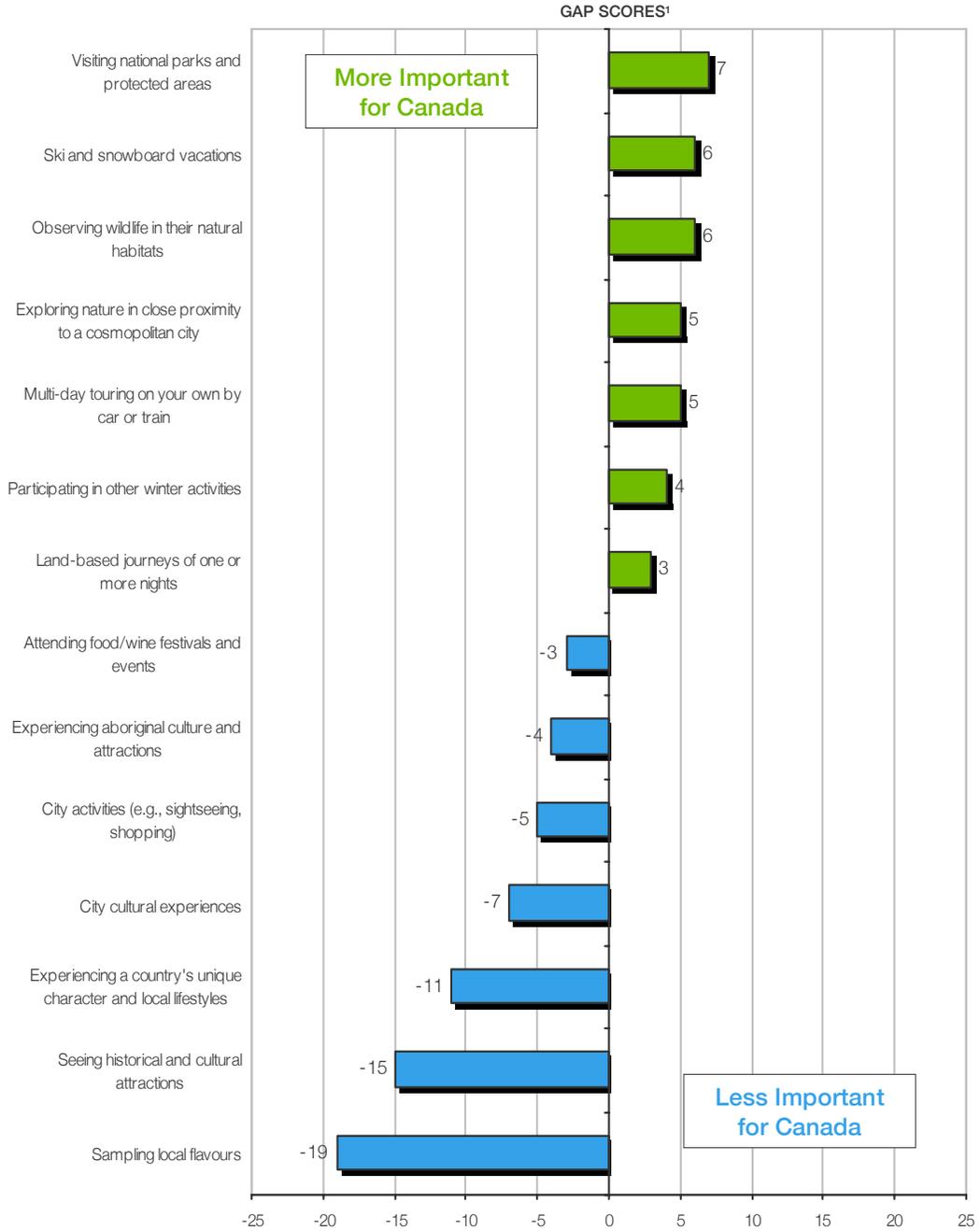


Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=2,211).

Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale where 1 is "Very Unimportant" and 5 is "Very Important".

Exhibit 15 highlights the motivations that are more important for travel to Canada than for international travel in general. Unsurprisingly, travellers to Canada are more likely to be seeking nature and outdoor experiences, with self-touring also a stronger motivation. On the other hand, culture, cuisine and city activities are less pivotal in driving travel to Canada, which again aligns with Canada's perceived weaknesses.

Exhibit 15 – Differences in Motivations for Travel to Canada vs. Long-haul Destinations in General



Base: Motivations for travel to international destinations in general: International pleasure travellers (n=2,984).

Base: Motivations for travel to Canada: 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 (n=2,211).

Notes: Only significant differences are shown.

¹A positive gap score indicates a motivation that is stronger for Canada relative to international destinations in general. A negative gap score indicates a motivation that is weaker for Canada relative to international destinations in general.

Regional Motivations⁸

Exhibit 16 shows how travellers that are likely to visit each of the regions are differentiated from each other in their motivations for visiting Canada (only GTW partners are included). Note that motivational scores have been re-calibrated to remove “group and attribute” effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions.

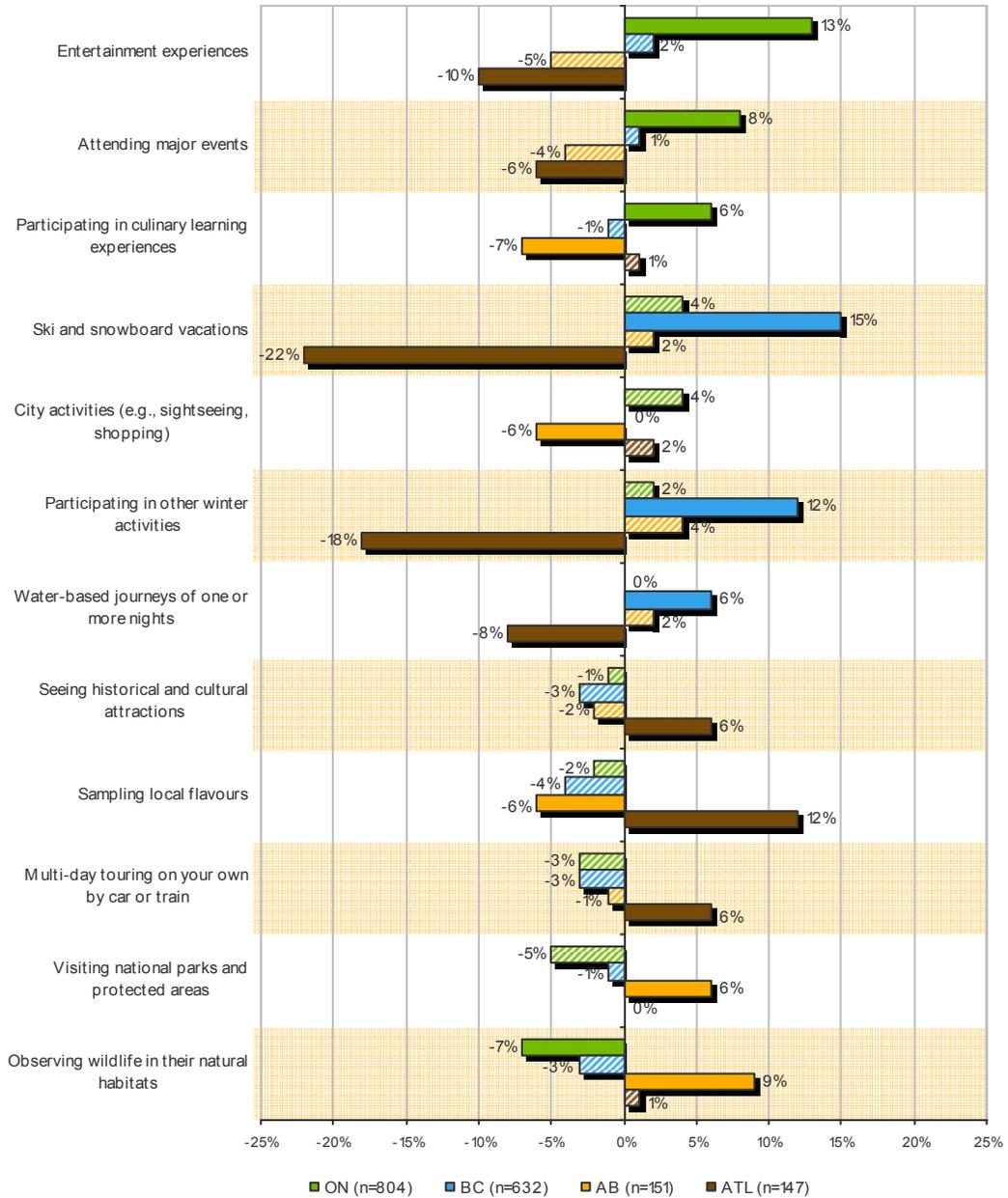
In the exhibit, high positive values indicate motivations that are of greater *relative* importance for a region, while high negative values represent motivations that are of lesser *relative* importance.

The exhibit reveals no real surprises, with traveller perceptions generally in line with regional strengths:

- Consistent with both the 2007 and 2008 results, travellers that are most likely to visit **Ontario** tend to be drawn to its cities for entertainment experiences, major events and culinary learning opportunities.
- Potential travellers to **British Columbia** are more likely to be outdoor enthusiasts seeking ski vacations, winter experiences and water-based journeys of one or more nights.
- Like last year, those tempted by **Alberta** are more apt to be seeking wondrous nature, including national parks and wildlife viewing.
- **Atlantic Canada’s** appeal reflects its cultural strengths, with sampling local flavours and seeing historical/cultural attractions high on the “to-do” list for potential travellers, and self-touring seen as the ideal way to explore the depth of this region’s offerings.
- The North and Saskatchewan did not have a sufficiently large sample (of those most likely to visit) to be included in this analysis.

⁸ Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



Base: Travellers most likely to visit Ontario, British Columbia, Alberta or Atlantic Canada. Sample sizes for other regions were too small to be included.

Notes: Solid bars with high positive values represent motivations that are of greater relative importance for a region, while solid bars with high negative values represent motivations that are of lesser relative importance for a region. Hatched bars represent low values that are not differentiating motivations.

Barriers in Attracting Visitors from the U.S.

Barriers for Travel to Canada

Exhibit 17 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.

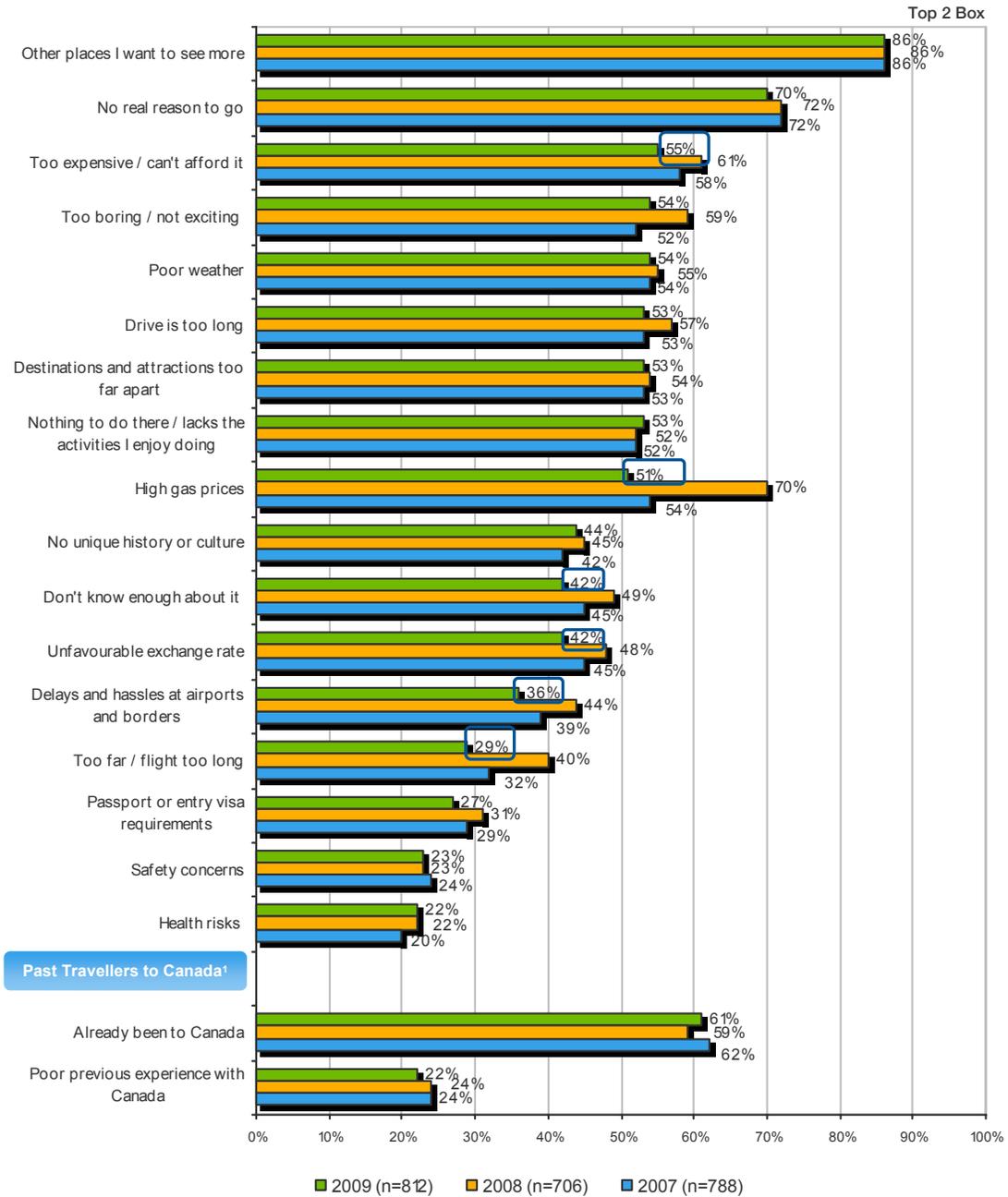
Consistent with the overall barriers for international travel, many of the barriers for travel to Canada have moderated this year. Most notably, some relief from steep gas prices since the 2008 study has resulted in a 19 point drop for high gas prices, which has fallen from the third most prevalent barrier in 2008 down to 9th in 2009. In addition, gains in the US dollar over the past year have driven unfavourable exchange rates down by six points. Both trends help to make affordability less of an issue in visiting Canada this year, with a drop of six percentage points since 2008, however this may not be enough to overcome the heightened price-sensitivity in the marketplace this year.

Indirectly related to falling gas prices is a substantial drop in the proportion of people citing the distance to Canada or the long flight as a barrier (falling from 40% to 29%), with the distance Americans are willing to travel likely increasing with the lower cost. Another practical concern that is more diluted this year is airport and border hassles, with entry requirements also trending downward. This could be due to improved clarity around WHTI (Western Hemisphere Travel Initiative) requirements now that it has been fully implemented.

The only other shift observed in 2009 is that lack of knowledge about Canada has dropped as a barrier, from 49% to 42%, which could be a result of a more sophisticated traveller population this year.

Worthy of note is the fact that competition from other destinations is still by far the biggest deterrent for travel to Canada at 86%, with no real reason to go also a negative factor at 70%. In fact, these two barriers have topped the list in all three years of the tracking study, with too boring/not exciting also a major roadblock. Although the CTC has made some inroads in enhancing Canada's excitement value, the destination's lacklustre image is still hurting it in the US, making it difficult to compete with more exotic and intriguing international destinations. Evolving Canada into a more engaging and compelling vacation destination remains a key priority for the CTC and its marketing partners in the US.

Exhibit 17 – Key Barriers for Visiting Canada



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

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

Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. ¹ Base is international pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future (2009 n=452; 2008 n=357; 2007 n=420).

Sources of Information for the U.S. Travellers

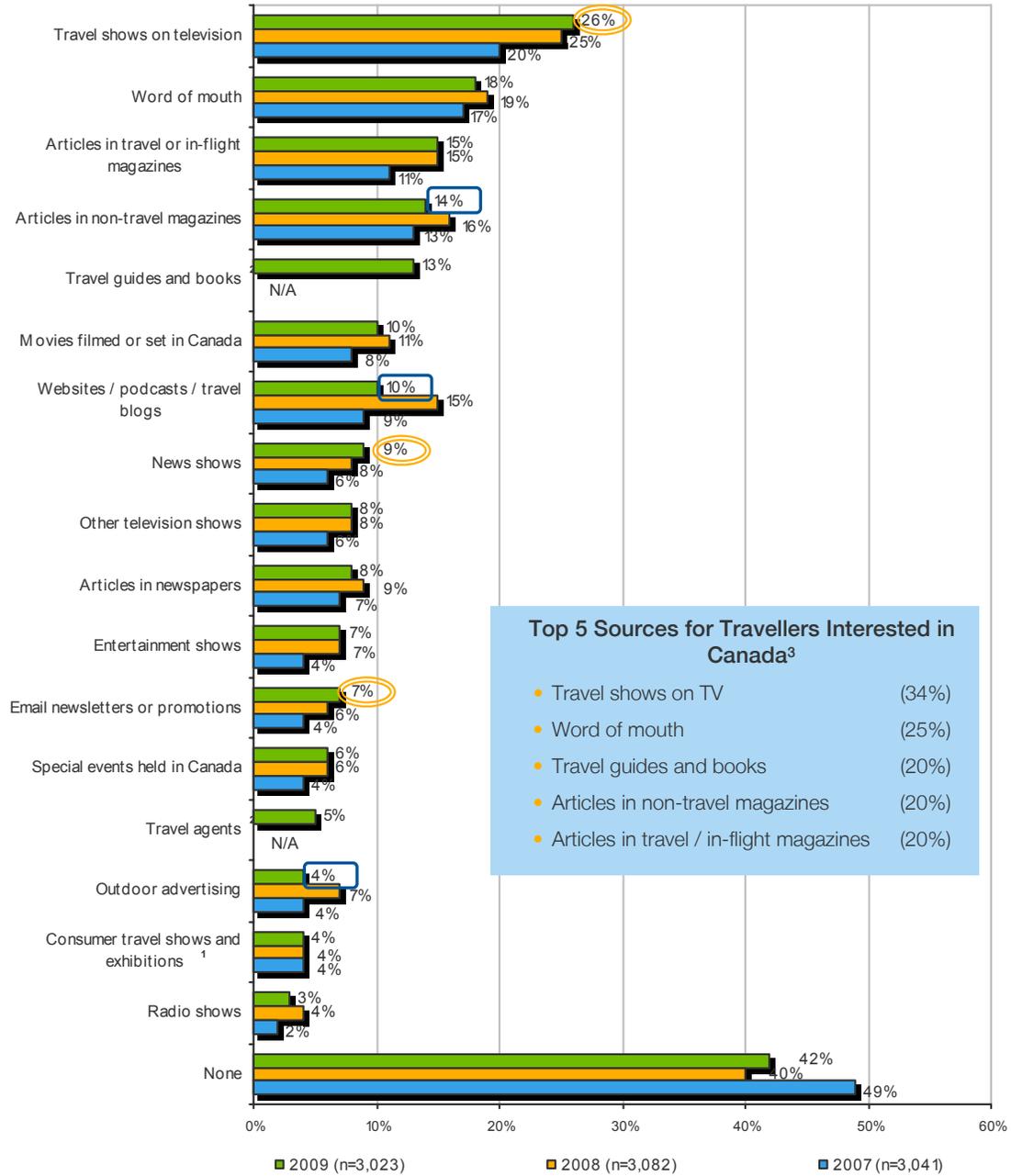
Sources of Information on Canada

Exhibit 18 shows that 58% of US travellers reported seeing information on Canada in the past three months, which is about the same as in 2008 (60%), but far higher than in 2007 (51%). However, this is still fairly weak when compared with other GTW markets – in fact, lower than any other market completed to date. This is not surprising in view of the enormity of the US marketplace and the challenges of getting Americans to take notice in an over-crowded marketing space.

The main information sources have remained static over the last few years, with travel shows on television, word of mouth and articles in both travel and non-travel magazines topping the list. Television in general is growing as an information source, with travel shows and news shows both seeing steady increases since 2007, and entertainment and other television shows having maintained the highs seen in 2008. Although websites/podcasts/travel blogs have declined substantially as a distribution channel this year, more targeted online approaches such as email newsletters and promotions have met with increasing success. The only other shifts in 2009 are downward ones for non-travel magazines and outdoor advertising.

The top information sources for potential travellers to Canada also remain the same as last year, with travel guides and books (a new item this year) bumping online media out of the top five.

Exhibit 18 – Sources of Information on Canada (past 3 months)



Base: International pleasure travellers.

Notes: **Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007. **Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.

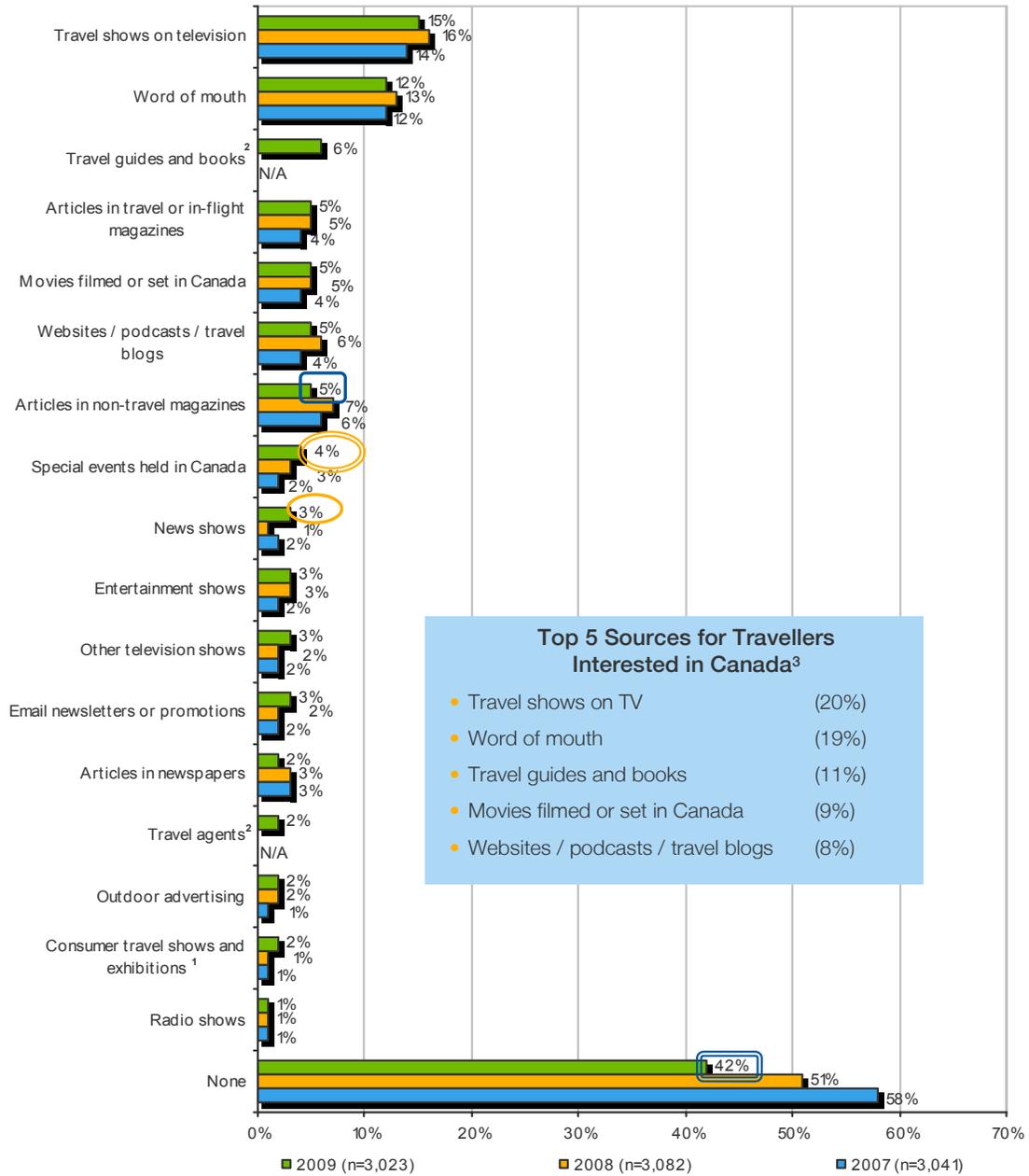
¹ Item changed in 2008. ² Item changed in 2009.

³ Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=1,059).

Top Information Sources for Increasing Canada's Appeal

The sources that are best for increasing Canada's appeal are similar to the general information sources, with television travel shows at the head of the list, followed closely by word of mouth. Travel guides/books and articles in travel magazines are also key ways to stoke Canada's appeal in this market (see [Exhibit 19](#)).

Exhibit 19 – Top Information Sources for Increasing Canada’s Appeal



Base: International pleasure travellers.

Notes: **Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007. **Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.

¹ Item changed in 2008. ² Item changed in 2009.

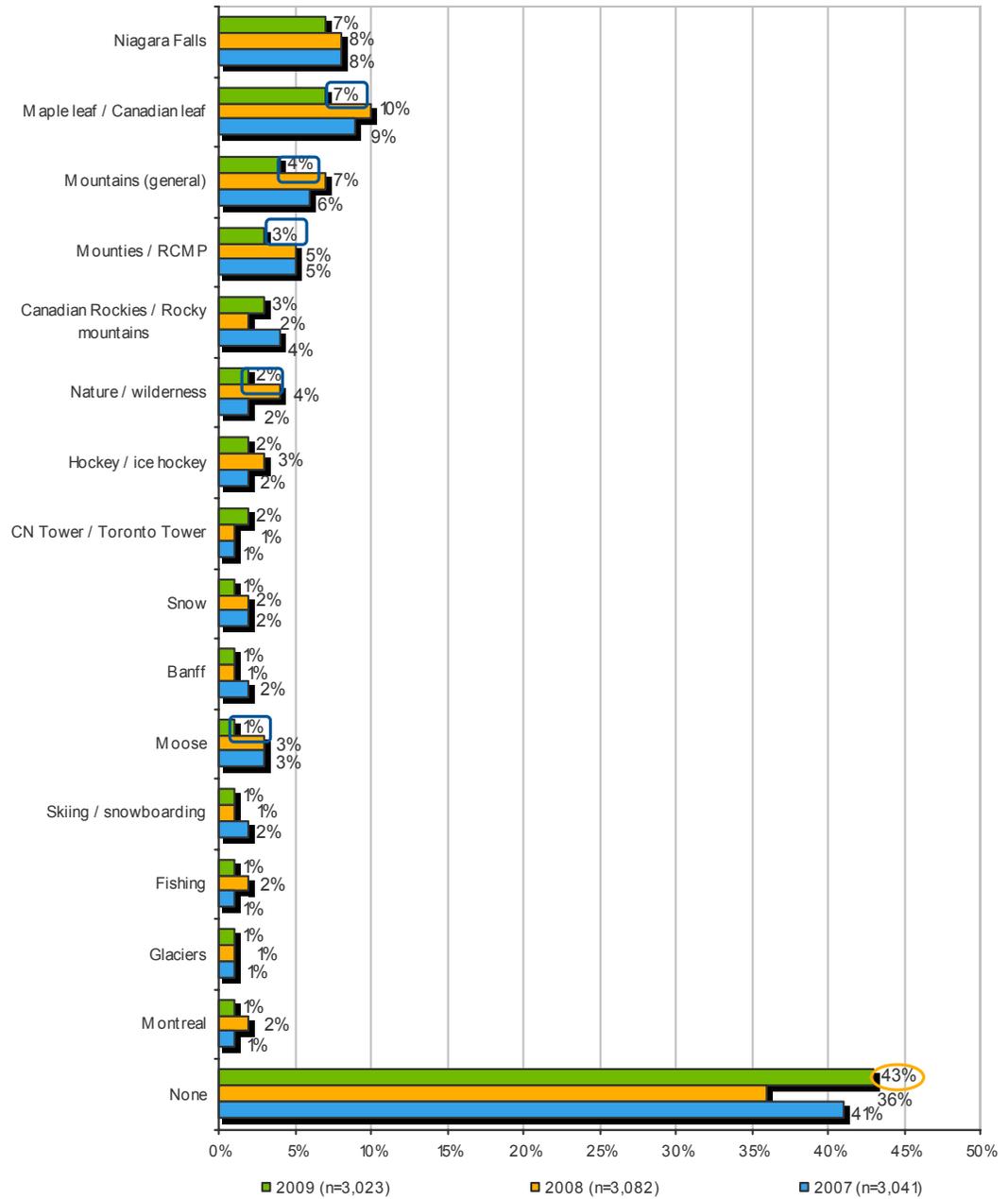
³ Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=1,059).

Icons or Images that Inspire Interest in Canada

Exhibit 20 shows that fewer US travellers are able to identify inspiring images or icons of Canada this year (57%) than last (64%), which may be tied to the lower penetration of Canada's advertising this year and/or the general disinterest of Americans in international travel at this point in time. The US is not alone, as a downswing in travellers who don't associate any inspirational images with Canada has been observed in several GTW markets, including Germany, France, Mexico and Australia. However, at 43%, the US surpasses most other markets in terms of travellers that come up empty, which is consistent with the blasé attitude of many American travellers toward Canada as a vacation spot.

Despite a greater familiarity with Canada than in most overseas markets, US travellers generally offer the standard responses in terms of images and icons, with Niagara Falls, maple leaves, mountains, Mounties and nature emerging at the head of the list. Mentions of the CN Tower, Banff, hockey and fishing do show some additional insights into Canada's offerings, but are still fairly stereotypical responses, indicating a need to enhance the depth of US travellers' knowledge and appreciation of Canada.

Exhibit 20 – Icons or Images that Inspire Interest in Canada



Base: International pleasure travellers.

Notes: **Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007.

Orange circles indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.

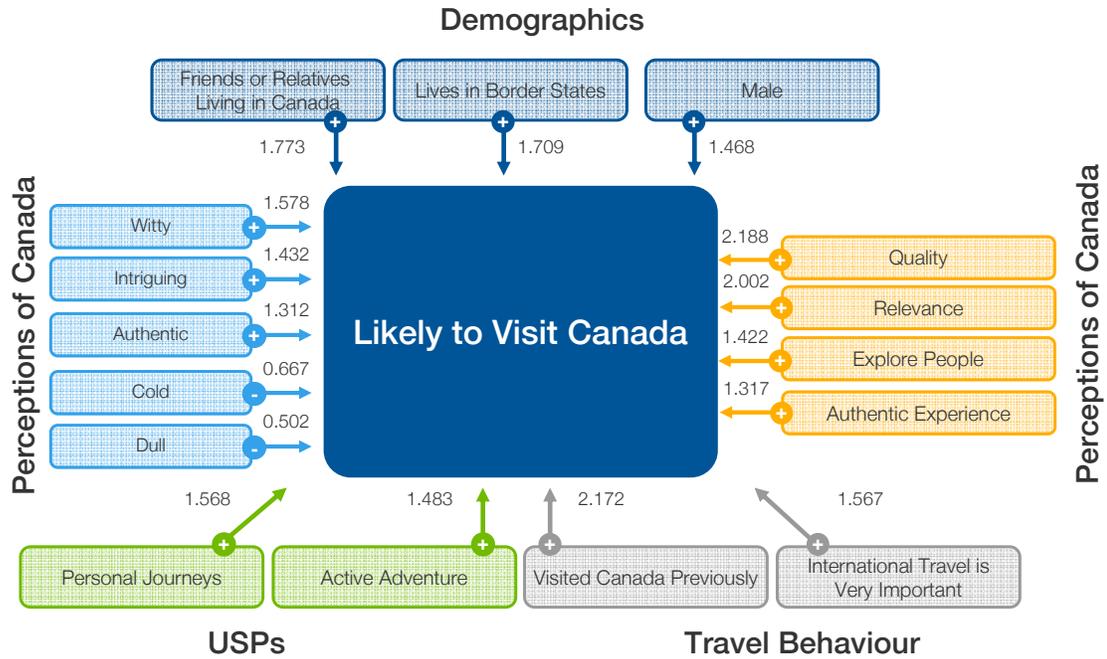
The Key Drivers for Visiting Canada

A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

Exhibit 21 summarizes the results of the key drivers model:

- Like last year, two of the strongest determinants of future US travel to Canada are value drivers, namely, Relevance and Quality, which again underscores the importance of enhancing value perceptions in this market.
- As in virtually all GTW markets, VFR and previous travel to Canada are major influencers in the travel decision. All things considered, those who have been to Canada before are around twice as likely to say they will visit Canada as those who have never visited. Having friends and relatives in Canada is somewhat less influential, but is still one of the top five travel drivers.
- Echoing the 2007 results, travellers in the Border states and men are more likely to express positive travel intentions.
- Reflecting Canada's solid competitive positioning on Personal Journeys and Active Adventure, travellers that rate Canada highly on these USPs are more apt to be candidates for future travel.
- Although value is uppermost in terms of importance, other perceptions of Canada also drive the purchase decision. For example, perceptions of Canada as a destination with authentic tourism experiences or interesting local people enhances the predisposition to visit. In addition, those who personify Canada as Intriguing and Witty are more likely to be drawn there, while those who characterize it as Cold and Dull are more easily dissuaded from paying a visit. This simply serves to re-emphasize the importance of gaining wider acceptance of brand Canada in the US market.
- Consistent with past years, a strong commitment to international travel is apparent among likely visitors.

Exhibit 21 – Key Drivers for Likelihood to visit Canada



Base: International pleasure travellers (n=3,023).

Note: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

The US is emerging from one of the most protracted and deepest recessions on record. In fact, shortly before the 2009 survey was conducted, the US economy posted its worst quarterly decline in over 25 years. Accompanied by plummeting housing prices, weakening income growth and record high unemployment, it is no wonder that the ailing economy prompted a precipitous drop in the GTW market outlook indicator between 2007 and 2009. In fact, the 44% decline in this key indicator is one of the steepest of any market, and is consistent with the wilting US arrivals to Canada, Mexico, the UK, Japan and other markets world-wide.

However, the positive quarter three results suggest that the US recession may finally be over. Certainly, consumer confidence has been gaining momentum since the spring, with Americans optimistic that the worst is behind them. Accordingly, fewer travellers now cite the poor economy as a barrier to international travel than in 2008, although, at 42%, the market is a long way from being out of the woods. With the US dollar rallying against many major currencies between the 2008 and 2009 studies, exchange rates have moderated as well, with mentions of this barrier cut virtually in half. Generally then, the travel climate is starting to improve, although concerns about unemployment have increased as a travel deterrent as the jobless rate continues to surge.

The tough economic times have led to a newfound frugality among US consumers, with the personal savings rate the highest in over 15 years. A more cautious mindset has led travellers to scale back their vacation budgets, take trips closer to home and search for last minute bargains. Some intenders or planners have dispensed with international travel altogether, resulting in more affluent and experienced travellers in the mix. As such, the CTC and its partners may want to focus on the more upscale market segments (e.g., \$80,000+), while using aggressive promotions and value-driven offers to coax mid-range travellers out of their homes.

The poor travel climate has resulted in a softening of the Key Performance Indicators (KPIs⁹) for Canada in the US market. While Canada is to be commended for holding its own on the unaided measures in the face of widespread competitor drops, its performance on aided destination awareness, total advertising awareness and intensity of interest has faltered this year, succumbing to intense downward market pressures and an overall cooling trend. Travel intentions have also decayed, particularly for vacations of four or more nights. In fact, the proportion of negatively committed travellers (i.e., not likely to visit) is now at a record high, making the conversion of longer vacations that much more challenging.

Not surprisingly, the Border market is proving to be the most resilient when it comes to international travel, with less deterioration in both the overall market outlook and the potential for Canada. Combined with stronger brand health and higher KPIs across the board, the GTW results suggest that Canada may benefit from a stronger focus on the Border market as the US nurses the economy back to health, with a priority being to encourage longer and higher-yield

⁹ KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.

trips. With a penetration of almost 80% in this market, the Canadian tourism industry will need to ensure that potential travellers are made aware of new experiences, products and events to entice them to make a return trip.

Although it is well-known to Americans (i.e., number one in terms of knowledge of vacation opportunities), familiarity may be a double-edged sword when it comes to Canada's competitiveness. Over-familiarity may be one reason why Canada tends to be overlooked as an inspirational vacation destination, saved only by its easy accessibility and cost competitiveness. Canada continues to lack a strong top-of-mind presence in the US market, ranking 6th on unaided destination awareness. And although it is second in terms of interest, the intensity of this interest is fairly weak and the overall rating of 70% is among the lowest of the international markets.

Although Canada has made some progress in retooling its image, its lacklustre presence continues to hurt it in the US. The 2009 results show a drop in all components of Canada's brand health, including brand image, value and price perceptions, with significant declines in every one of the 15 attributes that comprise these indices. The Brand Perception and Value Perception now stand among the lowest of any international market, although the Price Perception remains fairly robust. In view of the poor travel climate, a good short-term strategy might be to position Canada as offering the thrill of international travel at a budget-conscious price to appeal to hesitant travellers who are trading down to cheaper destinations or giving in to pent-up demand. However, in the longer-term, Canada needs to establish itself as a colourful, compelling and engaging vacation destination that springs readily to mind for US travellers on the basis of its own merits and excitement value rather than cost and convenience.

Compounding its challenges is Canada's unimpressive product positioning in the US market. While Canada ranks first on the Active Adventure USP on the strength of its ski and winter products, Australia is a formidable competitor that leads Canada on several nature and outdoor pursuits (e.g., scenery, wildlife, summer activities). Canada fares well on Personal Journeys, achieving a close second behind Australia, although here again Australia trumps it on both land and water-based journeys. Canada's first priority is to establish clear leadership over Australia on these traditional areas of strength, with products like scenery, water-based journeys and self touring offering strong opportunities for it to forge ahead.

Canada achieves the poorest rating of any market to date on the Vibrant Cities USP, ranking fifth behind the European destinations (which are buoyed by renowned cities like Paris and London) and Australia (which is sustained by its strong city-nature hybrid products). Touting Canada's premiere resorts in natural settings and major events like the Olympics, while strengthening the two hybrid products, offer the best opportunities to move ahead here.

As is par for the course in most markets, Canada fares poorly on Connecting with Locals and Award Winning Local Cuisine, with last place finishes in both cases. Improving its positioning on the former is most important given the high degree of interest in culture in this market, the need to shore up the people and culture pillars of Canada's brand, the importance of exploring people in driving travel to Canada, and the need to enhance interest.