UK Travel Trade Research Project for Atlantic Canada Tourism Marketing Partnership

The Economic Planning Group of Canada
Tourism Consultants

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Submitted by

The Economic Planning Group
in association with
Clover-George Associates

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Suite 120, 1061 Marginal Road, Halifax, Nova Scotia, B3H 4P7 • tel: (902) 423-7454 • fax: (902) 423-1690
epg@epgcanada.com • www.epgcanada.com

TABLE OF CONTENTS

TABLE OF CONTENTS cont'd

The Economic Planning Group of Canada
Tourism Consultants

Section 1
Introduction

The Economic Planning Group of Canada
Tourism Consultants

Section 1
Introduction and Summary of Findings

Introduction

The Atlantic Canada Tourism Partnership (ACTP) is a pan-Atlantic partnership comprising the Atlantic Canada Opportunities Agency (ACOA), the four provincial departments responsible for tourism and the four Tourism Industry Associations. The partnership has been in place since 1994 with a series of three year financial agreements. The current agreement, worth almost $20 million, is in place for 2009 through 2012.

ACTP's mission is to grow the tourism industry in Atlantic Canada. This is accomplished through promoting the region in the mid-Atlantic and Pacific regions of the United States and in the United Kingdom, using a combination of direct to consumer advertising, travel trade partnerships and media relations.

ACTP has an annual travel trade strategy for the UK which involves marketing partnerships with tour operators selling Atlantic Canada group and fully independent travel experiences to consumers in the UK. ACTP is re-examining its UK travel trade strategy from a consumer and market perspective and commissioned this research project to provide information to help in their examination.

The overall objective of this project was to research and assess market and product conditions for packaged travel from the UK.

The Economic Planning Group (EPG) in association with Clover-George Associates of the UK was contracted for the project. The tour operator interviews were conducted primarily by Lee George of Clover-George with a number of UK interviews and the receptive tour operator interviews done by Minto Schneider, an EPG Associate.

Work Program

The consultants work program comprised the following:

- Conference call meeting with the project steering committee to review project objectives and obtain a briefing on ACTP's UK travel trade strategy.
- Review of literature including ACTP materials and research, and research completed on behalf of the Canadian Tourism Commission.
- Development of a discussion guide for interviews with tour operators and review with the steering committee.

- Interviews with 29 UK-based tour operators, both group and FIT, including several who do not currently offer product in Atlantic Canada. A list of tour operators interviewed is provided in Appendix I.
- Interviews with four Canadian receptive tour operators active in the UK market and Atlantic Canada.

Definitions

The following definitions are provided of terminology used in the interviews and in the report.

FIT (Fully Independent Travel)
Packages that are designed for independent travellers and that do not usually involve group activities at any point during the trip. A typical example is the fly-drive package that includes air and car rental, and may or may not include accommodations and/or activities.

Packaged Travel
'Packaged travel' is defined as "the purchase of two or more components of a trip from a single supplier for leisure purposes'. The average UK consumer/tour operator would define a 'package' as buying an 'off the shelf' holiday which includes flights, transfers, hotels, often meals etc. However, most business from the UK to Atlantic Canada is of a tailor-made basis and thus not really packaged until the client actually requests it.

In our discussions with UK tour operators, the words 'travel arrangements' were used instead of packaged travel so as to be clear that we were talking about the full range of travel experiences, not just an all-inclusive package.

Sales Channels
The methods by which tour operators reach potential customers. The two main sales channels for UK tour operators are:

- Through travel agents
- Direct sales (direct sell), either through a telephone reservation system or their own on-line booking system

Tour operators may use either or both of these sales channels.

Receptive or Receptive Operator
A company that specializes in particular destinations, providing services at the destination to group and FIT tour operators. Some limit their services to the areas in which they are based; others provide services for entire regions of the continent.

Direct Marketing
The use of marketing media that involve contact directly with individual customers and prospects. This includes mail and email.

Socio-Demographic Segments

In the UK socio-demographic are generally described according to the following:

- A: Approximately 3% of the population; professionals, very senior managers or top-level civil servants
- B: Approximately 20% of the population; middle management executives, small business owners, principal officers in local government and civil service; retired persons from these occupations
- C1: Approximately 28% of the population; junior management, all others in non-manual positions; retired persons from these occupations
- C2: Approximately 21% of the population; all skilled workers and manual workers with responsibility for other people; retired persons from these occupations
- D: Approximately 18% of the population; all semi-skilled and un-skilled manual workers, apprentices, trainees, retired persons from these occupations
- E: Approximately 10% of the population; all those entirely dependent on the state long-term through sickness, unemployment, old age or other reasons; casual workers and those without a regular income

The Billy Connolly Show - This was a TV travelogue fronted by a hugely popular Scottish comedian (Billy Connolly), which documented his travels from Nova Scotia through the Northwest Passage, finishing in BC. All of the first programme was about Nova Scotia, New Brunswick, and Newfoundland and Labrador

It was screened in four episodes at peak times on a terrestrial TV channel and each episode was watched by many millions of viewers. An outline of the programme can be seen here:
http://www.itv.com/PressCentre/BillyConnollyJourneyToTheEdgeOfTheWorld/Ep1Wk08/default.html

Billy Connolly has previously made similar series on Australia and New Zealand (amongst others). The series was repeated in September 2009, a book has been published covering his travels and the series has also been released on DVD. It is very likely that the series will also be sold and shown in other English speaking countries.

Key Findings and Conclusions

The UK Long Haul Travel Market

Customers of the UK tour operators interviewed are mid to high income or affluent older adults, well-educated and well-travelled. They generally seek 3.5 star to 5 star experiences with an expectation of quality and value for money at all levels. They usually take two or three trips a year and often have a list of destinations that they are working through. Atlantic Canadian clients of these tour operators generally fit a similar profile.

The recent economic recession has had an impact on long haul travel by the UK market, with employment stability and the decline in investment income for older markets being key areas of concern.

UK long haul travel has also been impacted by the relative decline in the value of the Pound, making some destinations expensive for British travellers. Canada is one of those destinations that has been hurt by currency exchange issues, and by perceptions of poor value. In fact, Canada received the most mentions by tour operators as one of the destinations doing poorly.

While there has been a decline in long haul travel sales, the most significant trend reported by tour operators is a major decrease in advance booking times for long haul trips, down from 6 months or more to 1 – 3 months, and even only weeks in advance.

Consumers are waiting to the last possible minute to book trips, for their own peace of mind about their economic prospects but also to score deals and discounts. Value for money has become a key factor in destination and trip selection with destinations offering great value (as a result of currency exchange and/or good prices) doing well, particularly if they have trendy appeal and a strong market presence. Examples include South America and South Africa.

Shorter booking times and an emphasis on obtaining value for money are expected to continue to be key characteristics of the UK long haul travel market. Tour operators do not expect any big shifts in their markets, although a few anticipate more family travel and a slightly younger customer profile.

Continued growth in the use of the Internet by consumers, both for research and bookings, is expected to continue to be an increasing force in the travel sector. This is putting increasing pressure on tour operators to adapt and respond, to increase their own use of the web, and, for group tour operators, to offer more pre- and post-tour modular options.

The tour operators report that most consumers approach them with their research all done, knowing where they want to go and, in many cases, what they want to do when they get there. Consumers' communications with tour operators is about confirming their selections and making sure they are getting the best deal. A few of the tour operators, notably the more specialised ones (e.g. walking holidays) suggested that they help in the destination decision process with some 50% or more of their clients.

The growing importance of the Internet is also reflected in tour operators' marketing actions, with e-mail shots/blasts being the most common tactic, followed by direct mail to former customers and targeted lists. These two tactics generate the best return on investment. Tour operators report increasing use of web-based marketing such as search engine optimization and pay-per-click advertising, and declining use of national press advertising.

Perceptions about Atlantic Canada

Lack of consumer awareness of Atlantic Canada is by far the biggest challenge facing the region in its attempts to increase visitation from the UK market, according to the tour operators. Potential travellers have little or no awareness and no idea what to expect in the region. Added to this are concerns about price/value in Canada generally (due in part to exchange rate issues), challenges with air access and high fares to the region, a lack of marketing, high prices (particularly for accommodation) and strong competition from destinations around the world who are marketing aggressively in the UK, offer good value and have 'trendy' appeal.

It is not that Atlantic Canada does not have the product being sought by UK travellers. The tour operators report that their clients are seeking a variety of experiences while on long haul trips, with viewing wildlife (whale watching in particular) being mentioned by 65% of the tour operators interviewed. Other interests include soft adventure (as an activity, not the reason for a trip), sightseeing/outdoors/scenic drives, good food, walking and inns and B&B style accommodations. All of these are readily available in Atlantic Canada and generally of good quality.

Few of the tour operators had in-depth knowledge of the region, with only half of those that offered Atlantic Canada product having visited the region; only 1/3 of these had travelled to all four provinces. Their perceptions are that the region has great scenery, a good choice of inns and B&B accommodations, good wildlife viewing (particularly whales) and a variety of outdoor activities, all a good match with customer interests. The proximity of Atlantic Canada to the UK, only a five hour flight, was identified as an important strength which should be used in positioning the region as a destination.

Tour operators had a difficult time identifying any product weaknesses, with a number citing the lack of consumer awareness. The short season (and businesses not open early/late in the season) and a few issues related to accommodation prices, choice and export market readiness were the only real weaknesses identified.

Likewise, the tour operators had difficulty making suggestions for improvements, with almost 1/3 offering no ideas, either due to lack of knowledge or satisfaction with what was available. More product offers around wildlife (whales, moose) and more profile to ‘adventure for softies’ (hiking, sailing, tidal bore rafting, as well as cultural experiences) for ½ or 1 day periods was suggested, along with more activities for families. Given the strong offer of whale watching and/or soft adventure activities in all four Atlantic provinces, these comments indicate a need for education and marketing, and a higher profile for these types of suppliers.

Whales was the most common image of Atlantic Canada in the minds of the tour operators, and there was agreement that this was an appropriate image. Other images were rugged coastlines/seascapes, Peggy’s Cove and lighthouses, icebergs and seafood along with a number of specific sites. Most were seen to be appropriate although some tour operators thought icebergs made the region look cold. Other images suggested included fall colours and more soft adventure activities.

The lack of one or two ‘iconic’ images that can establish market recognition of Atlantic Canada was identified as an issue, with comments made about inconsistency in the use of images in marketing activities. Investing in a strong image library and in one or two top quality (non-doctored) images that are then used consistently for five to ten years was recommended to help build market awareness and an understanding of what the region has to offer.

Increasing consumer awareness through investment in more, and more consistent, marketing and promotional efforts was identified as critical if Atlantic Canada was to attract more demand from the UK.

Increased education of tour operator staff through FAM tours and on-site training, along with increased joint marketing activities by tour operators and ACTP (such as direct mail pieces, brochure inserts) was recommended.

Tour operators suggested positioning Atlantic Canada as being ‘on the doorstep’, and ‘your next trip to Canada’, focusing on strengths such as wildlife, Inns/B&Bs and the appeal of the region as a special place, not a mass market destination

Implications for ACTP

The findings of this research suggest that the challenge with attracting increased visitation from the UK is not product but awareness and marketing. Tour operators’ comments indicate that their customers’ interests are an excellent match with the product available in Atlantic Canada, and, indeed with our USPs. Although they have only limited knowledge about the region, the tour operators have few concerns about the existing product nor can they identify much in the way of new product needs. In fact, as one tour operator stated, "… clients that do discover Atlantic Canada were very impressed and think of it as a hidden gem".

Educating the tour operators and their staff and increasing their familiarity with the region and what it has to offer will help but, with the destination decision frequently made before the call to tour operators or travel agents, increasing consumer awareness is critical to creating increased demand for Atlantic Canada.

Developing new product (with the exception of wildlife experiences) will have little or no impact unless consumer awareness of Atlantic Canada can be increased. Other barriers, including air access/price and price/value perceptions of Atlantic Canada will also need to be addressed.

Obviously, ACTP does not have the resources to compete with the mass marketing efforts of destinations like Australia and New Zealand, or even with other parts of Canada which have much higher market awareness in the UK.

As such, ACTP's efforts will need to be 'clever', consistent and constant with one of the key messages being how close Atlantic Canada is to the UK. Thus perhaps it should be marketed as a medium haul – short haul destination as against West Coast Canada and even Toronto, which are seen as decidedly long-haul. There is little point in marketing on price or value as the message 'out there' is that neither apply to Canada. Instead marketing on experiences, which most consumers are prepared to pay for, offers the greatest chance of success.

'Iconic' images need to be determined and used repeatedly so that eventually they register with UK consumers. Whales and wildlife seem to be key drivers in attracting interest and consideration should be given to these types of images.

A decision probably needs to be made as to whether to target specific groups and what those groups should be, or market to the masses.

One suggestion is to target consumers that have already been to New Zealand, or plan to go, or would like to go. More than once the comparison with New Zealand was made, effectively that Atlantic Canada was like 'New Zealand on your doorstep'.

Section 2
Review of Literature

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Review of Literature

This section provides a summary of findings from our review of the background material and literature relating to the UK travel trade sector and, more generally, the UK travel market A bibliography of research material is provided in Appendix II.

Overview: UK Travel to Canada

The UK remains Canada's most important overseas market despite recent declines in visitation, with volumes more than double the next most important market. Between 2002 and 2007, visitation from the UK to Canada increased from 720,000 to over 890,000. The decline started in spring 2008, with the volume of activity down 6% in 2008. From January to June 2009, travel from the UK to Canada had declined over 18% compared to the same period the year before.

UK visitors to Atlantic Canada increased from roughly 43,000 in 2003 reaching 59,000 in 2005, declining in 2006 and rebounding somewhat to 56,000 in 2007. Overall, from 2002 to 2007, ACTP research indicates a 22% increase in travel from the UK to Atlantic Canada; Atlantic Canada's share of overnight travel to Canada has increased only marginally, from 6.1% in 2002 to 6.3% in 2007. Data for 2008 UK visits to Atlantic Canada is not yet available.

Economic conditions have obviously been a major factor in the decline with overall outbound travel from the UK decreasing. Canada's challenges have been compounded by the slipping value of the Pound against the CDN dollar, meaning that Canadian prices have increased for the UK market, and by a decline in direct air capacity.

CTC's July 2009 Tourism Intelligence Bulletin concludes " ...the continuing struggles with weaker economic conditions, declining outbound travel and reduced direct air capacity will result in further year-over-year declines in UK travel to Canada over the near term."

UK consumers are active travellers with a long haul market of over 10 million; travel abroad to non-European destinations increased by 66% between 2000 and 2006 prior to the impact of the current economic recession.

Even before economic conditions worsened, data suggests that North America was starting to lose favour as a destination for UK travel. CTC's Quarter 2, 2008 Report on the UK reported that, for the 12 months ending April 2008, UK outbound travel had remained about the same in total with trips to Europe declining slightly, those to North America remaining about the same and those to other destinations increasing by 5%. Like North Americans, UK travellers are exploring the world, enticed by an ever increasing number of destinations that can easily be researched on the Internet.

CTC's Quarterly Market Reports on the UK explore emerging trends and the competitive situation as well as their activities in the market. Along with increasing economic turmoil, the following trends were identified over the past 1½ years:

- The continued growth in the importance of the Internet as a resource for consumers, with lengthy time spent on line and multiple website visits during travel planning. A survey[1] of internet users and its impact on their travel planning is indicative of the influence of the Internet:
    - 44% said the Internet made them more spontaneous
    - 34% said it made them more adventurous
    - 23% said they were bored with the standard packaged holiday and were looking for more adventures, and
    - 18% had been on holiday to more than 10 different countries in the past decade.
- Later and later bookings
- Shorter trips, declining to 10 to 11 nights rather than 14 nights
- An increased demand for domestic holidays
- Travellers were returning to using travel agents for their bookings, to provide more security about their travel arrangements
- Travellers were looking for the best prices:
    - Shopping around to get the best deal
    - Travelling out-of-season
    - Choosing better value countries such as South Africa

In the Quarter 1, 2009 report, the CTC reported insights from tour operators on consumer trends, as follows:

- Later bookings (54%)
- Lower spending levels (40%)
- Shorter trips (27%)
- Less expensive destinations (45%)
- Taking fewer holidays (19%)

The CTC reports make note of a "growing trend in the UK for destinations to focus on their experiential differentiation to drive business" with specific reference to Australia's Experience Expert on-line training program for the travel trade. They also reported on research by Kuoni (a UK tour operator) that indicated travellers were looking for more personal fulfilment from their holidays, more

[1] Reported in Canadian Tourism Commission UK Quarterly Market Report, Quarter 4, 2008.

enriching experiences and more active participation and on Kuoni's effort to place more weight on the value of experiences by adding authentic experiences to their touring itineraries.

Key Findings from Selected Reports

Three main pieces of research were reviewed for this analysis:

- Canadian Tourism Commission's Global Tourism Watch, a three year program (2007 to 2009) of research with consumers in Canada's key travel markets. ACTP partnered in this research in 2007.
- A European Consumer and Travel Trade Research initiative (European Segmentation Research), also sponsored by the CTC, completed in 2007. ACTP participated in this research and a separate report was produced for Atlantic Canada. The research involved focus groups with long haul travellers, in-depth interviews with the travel trade, quantitative consumer research and on-line product forums for each region.
- 2006 Western European Competitiveness & Brand Research, prepared for ACTP by Leger Marketing.

Some of the key findings from this research relevant to this assignment are summarized below:

<u>Overall Market Trends</u>

The various research reports are fairly consistent in their findings with respect to trends in the UK long haul travel market. Key trends include:

- Greater use of the Internet and the availability of more information on-line. This means:
    - More on-line bookings
    - Consumers are more aware of where they want to go, what they want to do and how much it will cost them
- More demanding of service and standards of accommodation
- Demand for more active vacations, including among older travellers
- Strong competition in the UK market, particularly from destinations such as Australia and New Zealand which invest in significant marketing efforts in the UK
- Growth in the long haul travel market (prior to the recession)
- An increase in independent travel/fly-drive trips with consumers exploring and experiencing destinations on their own. Consequently, there is a decline in group travel.

ACTP's Western European Competitiveness Study report (2006), based on interviews with the travel trade, reported that European travellers were looking for exotic destinations with places such as China, Dubai and New Zealand being popular.

Canada's Product Strengths and Weaknesses

Most of Canada's product strengths[2] in the UK revolve around nature including landscapes, rivers/waterfalls, coastal scenery, national parks. Wildlife is reported as a strength but only "…edges in… which indicates some room for improvement"[3]. UK travellers see touring by car or train as a good way to see Canada. Niche product strengths, appealing to smaller groups of travellers, were primarily outdoor activities such as hiking, canoeing/kayaking, fishing and hunting.

Other strengths and unique selling propositions[4] included connections (e.g. friends and relatives, part of the Commonwealth), friendly people and the fact that it is easier to get to than Australia. The proximity of nature to urban centres was also cited as a strength. However, the research cautioned that the UK market is intimidated by extreme nature and remoteness and it was important to reassure them that Canada's wilderness could be experienced safely and easily.

Compared to competing destinations (such as Australia, New Zealand) Canada is seen as a leading destination for skiing and scenery/landscapes; nature related outdoor activities were also identified as competitive strengths.

General product weaknesses, areas important to consumers but where Canada is seen to be lacking, were cultural attractions, local lifestyles and aboriginal culture. Canada is also seen as cold and its image too focused on nature without the reassurance of nearby infrastructure.

The UK Traveller and Canada

The UK traveller to Canada spends an average of 13 nights in Canada, travels between May and September, usually with their spouse and is primarily an independent traveller. Almost 60% report close friends or relatives in Canada although the portion travelling to Canada mainly to visit friends and relatives has declined from 47% in 1997 to 32% in 2007. The average age of visitors is 44, down from 51 years in 1997. In 1997, 73% stated that travel agents were influential in their choosing Canada; in 2007, only 4% said travel agents had any role in their visiting Canada.

According to the Global Tourism Watch research, motivations for UK travellers to visit Canada included nature/scenery, unique attractions, national/provincial parks, protected areas and world heritage sites, and the opportunity for a worry

2 Canadian Tourism Commission, Global Tourism Watch, Year 1 (2007)
3 Ibid, page 13
4 Canadian Tourism Commission, European Consumer and Travel Trade Research, 2008

free, relaxing, friendly and safe vacation. The research also reported interest in 'sampling local flavours'.

This research, and the European Consumer and Travel Trade Research identified barriers to travel to Canada as well as 'drivers', factors that suggest an increased likelihood to visit.

The main barriers identified included:

- Competition from other destinations
- Affordability/concerns about cost
- Insufficient information or knowledge about where to go in Canada, where to get information, what to see, where to stay
- No real reason to visit Canada now
- Concerns about weather

Key drivers for UK travellers to select Canada were:

- Those who have been to Canada in the past (they are 3.5 times more likely to visit again in the next three years)
- Having friends and relatives in Canada
- Those likely to visit Canada tended to be younger and more educated travellers

UK travellers who viewed Canada as affordable by air and said it elicited positive emotions were 2 – 3 times more likely to visit, with these perceptions having a stronger influence on the purchase decision than demographics or vacation activities. The research reported strong competition from the US and Australia, both of whom are perceived to offer a more diverse product and have strengths around nature and the outdoors.

The European Segmentation: Atlantic Summary Report[5] offered the following key findings about the UK market for Atlantic Canada:

- UK visitors spent an average of 6 nights in the region; they also tended to visit other regions of Canada while on their trip.
- Only 39% were visiting friends and relatives, lower than average for Canada, suggesting that the vacation benefits of the region inspire visits.
- The majority of visits are FIT (94%).
- Their primary focus is enjoying the natural scenery, with other interests including seeing new places, experiencing local culture, interacting with local peoples, visiting historic sites, museums and galleries and visiting protected areas and parks. While wanting to see and feel nature, they also want "to keep one foot solidly planted in an urban setting".
- Topping the list of appealing attractions is:
    - Historical significance of the region

[5] Insignia Research, European Segmentation Study: Atlantic Canada Summary, February 2008, Pages 12 - 13

  - Regional culture and cuisine
  - Beautiful scenery

  The on-line product forum research findings suggested a number of product opportunities centred around history and culture, food and wine and nature. They also suggested potential to develop the 'sea cottage' rental business, given its popularity in the UK.
- The barrier to an east coast vacation is a "general lack of awareness and a belief among many that the coast will not be that different from what is available in many parts of the UK".

The report suggested that Atlantic Canada needed an 'iconic focal point' to get on the serious travel consideration list and suggested three possible themes - grand nature, an historical focus or a cultural treasure chest together with reminders about the closeness of urban comfort and the proximity/short flight from the UK.

It also identified the top ten activities among those travellers who would include Atlantic Canada on their idea trip. The top five were: viewing rivers/waterfalls, viewing mountains, visiting small towns, observing wildlife in their natural environment and visiting places of historical interest.

Travel Trade Insights

The European Segmentation Research involved extensive interviews with the UK travel trade, primarily travel agents with some tour operators, producing general insights into the UK market as well as specific comments relative to Atlantic Canada.

General Insights

- Virtually all prospective visitors to Canada had made up their minds to visit Canada before contacting the travel trade – the travel trade are not driving the decision to choose Canada. However, they can be very influential in promoting and marketing side trips, activities, etc. and the report concludes that "it will be important for partners [CTC's] in particular to continue a significant level of trade activity"[6]
- The Internet is a powerful new tool, and impacting the above noted behavioural shift. The report suggests "as the travel trade becomes less important as a route to driving travel to Canada…the focus must shift even more to promoting Canada direct to the consumer… especially via the Net"
- There was agreement that there was not enough new product on the market for Canada with opportunities to expand the offer of unique nature-based attractions as well as urban focused experiences and more experiential product.

[6] Insignia Research, European Segmentation Study: Atlantic Canada Summary, February 2008, Page 121

- A major barrier to broadening the product offer was identified as tour operators being reluctant to experiment with new packages unless there was proven demand. This restricts consumer appeal because new and exciting ideas never make it to the market.
- There is a trend to consumers going directly to the Internet for ideas, with less reliance on tour operator product offers. The research indicated that as much as 63% of the transactions when booking a trip to Canada are done on line.

Insights about Atlantic Canada[7]

- Relatively low interest as a tourist destination from the UK, with one issue being perceived similarities with the UK.
- Tour operators suggested that the region needed to focus on its uniqueness and strengths including:
    - Proximity
    - Lighthouses
    - Whales watching
    - Iceberg viewing
    - Unique dancing (this was not defined)
    - Putting tourists in unique accommodations, such as lighthouses

ACTP's Western European Competitiveness Study (2006) was based on in-depth interviews with tour operators and its findings were similar to many of those cited above. It reported that UK travellers were upscale, looking for a safe place to travel, friendly people and sightseeing opportunities as well as good value. Tour operators reported an extremely low awareness of Atlantic Canada among consumers but that when they did visit, their expectations were met.

Nearly all the tour operators reported a shift towards independent travel, with clients looking for unique experiences and willing to search them out themselves, exploring a region to discover unique destinations and accommodations. Group tour sales were on the decline.

Conclusions

As will be evident in the next section of the report, the findings from this research initiative are very similar to those drawn from this literature review. The literature insights into the interests of travellers (nature and outdoor experiences), growth in the use of the Internet, the decision about the destination being made prior to contacting travel agents or tour operators, and the lack of consumer awareness about Atlantic Canada all echo the comments reported in the next section.

[7] Insignia, UK Consumer and Travel Trade Research, February 2008

Section 3
Key Findings from Tour Operator Interviews

The Economic Planning Group of Canada
Tourism Consultants

Section 3
Key Findings from the Tour Operator Interviews

Introduction

Target interviewees were identified drawing from a list provided by ACTP of UK tour operators believed to be active in Canada. The targets were selected drawing on personal knowledge of the UK travel trade market so as to provide a mix of small and larger operators, some group tour operators, some operators that do not currently offer Atlantic Canada product and a mix of tour operators utilizing travel agent and direct sell distribution channels. The final list was reviewed with the Steering Committee.

We were successful in completing 29 out of our target of 30 interviews with UK tour operators. Five interviews were with group operators; 24 with FIT operators. Several of these tour operators are Canada specialists, selling only Canadian destinations. Five companies do not currently offer Atlantic Canada with several others having a very minimal offer of the region. In addition, we interviewed four Canadian receptive tour operators active in Atlantic Canada and the UK – Canadvac, Jonview Canada, Ambassatours and Vision Atlantic.

Exhibit 1 provides a list of the targeted tour operators with basic information on the type of operator (Group or FIT), their Atlantic Canada product offer, sales channels and some general comments on their size.

A discussion guide was developed and reviewed with the Steering Committee, with a modified version for tour operators who do not currently sell Atlantic Canada. Interviewees were emailed the discussion guide in advance.

The discussion guide covered the following topics:

- Primary target markets for the tour operators, and a profile of their Atlantic Canada clients.
- Major factors impacting long haul travel in 2009/2010.
- Key trends in long haul travel from the UK in the past three years including market and trip characteristics, sales channels.
- Anticipated changes in UK long haul outbound travel in the next five years.
- Most popular long haul destinations, those declining in appeal and the best future prospects, and the reasons for each.
- Types of vacation products and experiences being sought by clients and trends.
- Key marketing activities of the tour operator and which provides the best return on investment.

Exhibit 1

Profile of UK Tour Operators Targeted for Interviews

	Interviewed	Currently Offer Atlantic Canada Product	General Information (1)	Hotel only (2)	Self drive (3)	Tours incl. multiple ACTP provinces (4)	Tours wholly within one ACTP province	Other Elements Offered (e.g. experiences)	Motorhome Rentals Available	Sales channel (5)	Comments
Group Tour Operators											
Archers Direct	YES	YES				YES				Direct	Traditional coach tour operator, direct sell brand of Cosmos
Jetsave	YES	YES				YES				Both	Coach touring arm of TUI Travel PLC
Milestones Tours	NO	YES				YES				Direct	New operator, they buy-in product from Trafalgar Tours
Thomas Cook Signature	YES	YES				YES				Both	Group tours division of Thomas Cook Holidays. Large player in the escorted tours market.
Titan HiTours	YES	YES	YES			YES				Both, limited distribution through retail agents	Reportedly Titan used to be the largest single buyer of Air Canada tickets
Travelsphere / Page and Moy	YES	YES				YES				Both, limited distribution through retail agents	Interview covers both brands, Page and Moy used to be a major player in the escorted tours market to Canada.
FIT Tour Operators											
1st Class Holidays	YES	YES	YES	YES	YES	YES	YES	YES	YES	Through travel agents only	One of the larger Canadian specialist FIT operators. Competes with Travelpack and Travel 2
Audley Travel	YES	YES	YES	YES	YES			YES	YES	Direct	Small up market operator, very small numbers but high value.
Bales	YES	YES	YES	YES	YES			YES		Both	Family owned and run. Used to be a major player in the group touring business (20 years ago), now less significant but high value
Bon Voyage	YES	YES	W							Direct	Only just started taking the Canadian market seriously. Used to be a US fly drive specialist.
Bridge & Wickers	YES	YES	YES	YES	YES			YES		Direct	Small up market operator, very small numbers but high value.
British Airways Holidays	YES	NO								Both	Tend to only offer product in the areas where they have their own flights
Canadian Affair	YES	YES	YES	YES	YES		YES	YES	YES	Direct	The largest seller of airline seats to Canada from the UK other than Air Canada (AC)
Canadian Sky	YES	Very Little								Direct	Smaller operator, but growing. Will only grow Canada slowly. Their key areas are the USA and Caribbean.
Discover The World	YES	YES					W			Direct, but occasional sales through retail agents	Small specialist adventure / wildlife operator.
Experience Holidays	YES	YES	W		W			W	W	Direct	Small tour operator / agent
Frontier Travel	YES	YES	YES	YES	YES	YES		YES	YES	Direct, but occasional sales through retail agents	Mid-size Canada specialist with good ACTP coverage
Funway Hols	YES	YES								Both	Part of Mark Travel, tends to offer mainly the key tourist areas (Florida, Rockies etc)
Holiday 2	YES	YES		W	W	W			W	Direct	Small tour operator / agent, on-line only.
Inntravel	YES	YES	YES	YES	YES					Direct	Small operator to Canada but they are one of the larger inns/walking holiday specialists in the UK.
Jetlife	YES	DID NOT; JUST ADDED CDA								Both	Small - midsized operator, tend to offer mainly the key tourist areas (Florida, Rockies etc)
Kuoni UK	YES	YES	YES	YES	YES				YES	Both	Large operator with many brochures covering all areas of the World. Canada is a small part of their overall business.
NATS	NO	YES	YES	YES	YES			YES		Direct	Offers all of North America mainly through their small retail network.
North American Highways	NO	YES	W	W	W**					Direct	Small fly-drive specialist.
Ramblers Holidays	YES	NO								Direct	The largest of the walking holidays specialists in the UK.
Tailor Made Travel	YES	YES	YES	YES	YES	YES	YES	YES	YES	Direct	Part of the Titan Group. Well regarded but still quite small to Canada (AUS and NZ is their core business). Now also handles everything to do with Canadian Connections.
The Independent Traveller	YES	YES	YES	YES		YES		YES	YES	Direct	Small Canada specialist with good ACTP coverage and customer base.
Thomas Cook	YES	YES	YES	YES	YES	YES	YES	YES		Both	Part of Thomas Cook Group. Only responsible for UK market.
Travelpack	YES	YES	YES	YES	YES	YES		YES	YES	Both	One of the larger Canadian specialist FIT operators. Competes with 1st Class and Travel 2. Used to charter their own aircraft for flights to Canada, now buy from AC, BA and Canadian Affair.
Virgin Holidays	YES	Very Little								Both	Tend to only offer product in the areas where they have their own flights
Wexas	NO	N/A	Can't access website (closed user group)							Direct	A 'members only' tour operator. As a client you have to pay an annual membership fee to be able to access and book their product.
Window on the Wild	YES	YES			W		W			Direct, but occasional sales through retail agents	Small specialist adventure / wildlife operator.
Worldwide Group	YES	YES			YES					Direct, but occasional sales through retail agents	Small specialaist adventure / wildlife operator, with other niche products (diving etc).
Consolidators											
Travel 2	NO (unable to talk till mid-October)	YES	YES	YES	YES			YES	YES	Through travel agents only	One of the larger Canadian specialist FIT operators. Competes with 1st Class and Travelpack. Only sell through retail travel agents, no direct sales to the consumer. THEY ARE NOT REALLY A CONSOLIDATOR

** produce Great Drives in NS leaflet that can be downloaded

Notes to Titles

1: General information means that the company has some preamble about the destination in their brochure (YES) or website (W); this might be an introduction to the provinces they offer, for example.
2. Hotels means that if a client just wants a hotel, either on its own or in combination with other travel arrangements, they are available. Some tour operators will not make hotels available unless it is part of a pre-planned group or fly-drive tour.
3. Self-drive - The tour operator either has a pre-planned itinerary or the clients can ask for a tailor-made itinerary to suit their own requirements. It depends on the operator which option(s) is available.A64
4. Tours include mulitple ACTP provinces - Operator offers a group (bus) tour that visits more than one province in Atlantic Canada.
5. Sales Channels - The sales distribution channel that the tour operator uses to sell their product. Either direct to the consumer (with reservations taken by phone or via the web) or through travel agents, or a combination of both.A19

- The customer's decision making process, specifically whether a destination and/or activities are already decided before the call is made to book a trip.
- Personal experience with Atlantic Canada.
- Awareness and image of Atlantic Canada as a travel destination in the UK market and comparison to other long haul destinations.
- Constraints and barriers to increasing UK travel to Atlantic Canada and what can be done to overcome these constraints.
- Product strengths and weaknesses in Atlantic Canada.
- Experiences and products tour operators would like to see offered in Atlantic Canada to increase its appeal in the UK.
- Images of Atlantic Canada, their appropriateness and other images that would make the region appealing.
- What Atlantic Canada should be doing in working with the UK travel trade to promote the region and ideas on how to position Atlantic Canada.

It is important to note that this research was qualitative in nature and, as such, the findings should be considered directional and reflective of the opinions of the tour operators interviewed, not necessarily of the entire industry. The discussion topics were open ended and all respondents provided at least some response to each question asked of them. [8] For almost all of the questions, multiple responses were provided so the percentages reported add to more than 100.

Comments from the four receptive tour operators are provided separately under the appropriate headings.

The discussion below is structured around the various discussion topics. As the reader will observe, the tour operators frequently gave similar answers to different topics resulting in repetitive responses. This is indicative of the key issues, in their opinion, and of their lack of detailed knowledge of Atlantic Canada. Their opinions and insights can be distilled into a few key points:

- The absence of consumer awareness of Atlantic Canada is an overriding challenge.
- Destination and product knowledge (and personal experience) of tour operators and their reservation staff is limited and needs to be enhanced through tour operator education and FAMS.
- Existing product and experiences are generally satisfactory (or tour operators have insufficient knowledge to provide any insights).

[8] Note: The tour operators who do not currently offer Atlantic Canada product were not asked the more detailed questions about perceptions of the region and its strengths, weaknesses and opportunities.

- Wildlife viewing, particularly whale watching, and soft adventure (as an activity not the trip reason) were identified as experiences that could increase the appeal of Atlantic Canada.
- One or two, high quality iconic images should be used consistently over a number of years, to help create an image of the region in the minds of consumers.
- Other challenges to be addressed include air access, air fares and accommodation prices in the region. Atlantic Canada needs to be seen to offer good value to UK travellers.

The text boxes contain quotes from the tour operators to emphasize the points made in the text.

Key Findings: UK Long Haul Travel

Primary Target Markets

UK tour operators' primary target markets generally fall into two categories:

- ***High income, affluent, retired*** or semi-retired professionals, seeking 4 – 5 star experiences (A, B categories as defined earlier)
- ***Mid-moderately high income groups***, seeking 3 - 4 star experiences and ***slightly more price conscious*** (B, C1 and C2 categories as defined earlier)

Clients tend to be in the ***45 – 55 and over*** age range with an average age in the mid-50s. A few of the tour operators have much broader target markets from both an income and age perspective, with clients seeking 2 star up to 5 star experiences and in ages from their mid-20s and up. Several of the companies identified families, particularly ***families with teenagers***, as a target market and one where they saw future growth.

The group tour operators' target markets are more likely to be in the mid-moderately high income levels or slightly lower, are more price sensitive and slightly older, though one group operator reported seeing more younger clientele, from 45 and up.

Customers tend to be ***well-travelled and well-educated***. Value for money is important at all price ranges as is overall quality and good service. They have a ***broad range of interests*** and tend to be relatively active, seeking experiences such as soft adventure (e.g. walking, biking, hiking), natural landscapes, wildlife viewing, sightseeing and culture.

Major Factors Affecting Long Haul Travel in 2009/2010

Not surprisingly, ***the economy*** was cited as the major factor impacting long haul travel for the past year or so, with all respondents mentioning factors relating to the economy in some way. More than half of these comments spoke to the decline in investment income for their customers, most of whom are either retired or semi-retired and suffering from a decline in the value of their investments as well as low interest rates.

Over 25% of the tour operators interviewed indicated things were ***looking up for 2010*** and even short term bookings for 2009 were improving as people relaxed about the economy and poor UK summer weather drove consumers to seek vacations elsewhere.

Other factors impacting long haul travel included:

- ***Exchange rates***, specifically the weakness of the Pound relative to other currencies and the negative impact on value for money at many destinations, was the second most cited factor impacting long haul travel, mentioned by 35% of tour operators.
- ***Swine flu*** – only 3 tour operators indicated it had an impact on their bookings while another 7 commented that it had zero or very minimal impact.
- Other factors mentioned by four or less tour operators included:
    - Airfares
    - Rising airport taxes and fuel surcharges
    - Political stability/terrorist attacks
    - The exchange rate and GST in Canada

Key Trends in Long Haul Travel from the UK

All tour operators were in agreement that the major trend was a significant ***decline in advance booking time***. While this has been occurring for a while, the declines were particularly evident in the past year. Half of the tour operators reported significantly shorter booking times, with bookings occurring 3 to 6 months later than normal; getting bookings 2 to 4 weeks in advance was reported as not unusual by some FIT operators. Even the group tour operators reported shorter advance booking times, 2 to 6 months out rather than 12 months which had been the norm.

Other trends reported:

- 65% commented on the ***length of the trips*** they were booking. Of these, 42% reported slightly shorter trips (from 17 down to 14 days or 14 down to 10 days), 47% reported no change in trip length and 11% reported slightly longer trips.

- Interestingly, 25% reported that ***average spending and/or revenues were either the same or up***. At the same time, 28% indicated that travellers were seeking ***better value for their money***, were more price sensitive or were looking for deals. Some attributed the much shorter booking times to consumers waiting to see if they could get a better deal. The desire for 'a deal' was also cited as creating more flexibility in consumers as to the destination they selected.
- There is clearly a shift to ***increased use of the Internet***, both for research and for bookings. 1/3 of tour operators commented on this trend, with 25% reporting increased direct phone or on-line bookings.
- 25% reported that they were seeing a shift back to consumers talking to either the tour operator or the travel agent. They surmised that consumers perhaps saw this as a way to get a better deal and also a reflection of consumer concerns about the stability of airlines and other travel providers.

The receptive operators are generally in agreement with these trends, with the lengths of trips remaining about the same but much shorter booking times. Travellers were reported as being much more price sensitive.

Expected Trends for the Next Few Years

The predominant expectation for the next few years is ***continued growth in the use of the Internet*** including:

- Tour operators becoming more web-based, for their product offer (meaning declining use of brochures), bookings, marketing, etc.
- More competition from Internet-based tour operators.
- More use of the Internet by consumers for research and also for bookings, both with tour operators and directly with suppliers.

The growth in the use of the Internet was seen as putting more pressure on tour operators to adapt and respond in order to stay competitive. Several group tour operators mentioned that the ability of consumers to research destinations was forcing them to offer more pre & post-tour modular options or add-ons.

20% of tour operators expected that the ***shorter booking times*** would continue, though perhaps not as short as they have been. A similar percentage saw a continued emphasis on ***obtaining value for money,*** although they indicated that consumers would continue to be prepared to pay for experiences that were exclusive.

Other expectations for the next few years included:

- Demand for ***unusual and new destinations*** and authentic experiences will grow (14%)

- More demand for ***personal service and expertise,*** with clients seeking specialized advice and personal service when planning their trip (10%)
- More ***tour operator consolidation*** and tour operators and travel agents going out of business (7%)

The receptive tour operators expect continued shifts in the distribution channels, with more consumers buying direct or on-line and travel agents becoming “a thing of the past”.

Popular and Less Popular Destinations

The tour operators’ comments on long haul destinations that have been doing well varied considerably. Some companies only sold a few destinations (e.g. Canada, North America) and this impacted their comments. Interestingly, some destinations were identified by some tour operators as being more popular (e.g. US, China, Australia/New Zealand) but by others as declining in popularity.

It was clear, however, that for the most part it has been perceived ***value for money*** that has been behind the success of destinations in the past year or so. This value for money comes about due to a combination of favourable exchange rates, generally good prices and/or aggressive pricing offers, both for air travel and by suppliers at the destination in attempts to combat the decline in business (examples of the latter include the Caribbean, Florida, New York City). ***Strong marketing campaigns, trendy appeal and extraordinary/exotic experiences*** were also cited as the reasons why some destinations were doing well.

> *“ Customers are now choosing their destination on value; they have a list of places they want to see and things they want to do, and where they go is determined by the initial cost to get there plus the costs when they arrive. They are looking for a deal and for the first time are haggling on the price”*

Destinations that the tour operators reported as doing well in the UK market include:

- The United States, with mentions of Florida, Vegas and New York City (28%)
- South America (24%) – becoming a trendy destination offering good value
- South Africa (24%) – doing lots of advertising, no time difference from UK and relatively short flight
- Australia/New Zealand (21%) – have had very strong and aggressive marketing campaigns, profile from Lord of the Rings (NZ)
- Caribbean (14%)
- India (10%)

> *“ India looks like it will become our top seller…. Because it is seen as an exotic destination and offers really good value for money… 12 nights in India cost less than 10 in Nova Scotia (including flights and bearing in mind it is twice as far)”*

- China (7%)
- Dubai (7%)
- Single mentions – Oman, Thailand, Maldives

Five of the tour operators that sell Canada/Atlantic Canada reported that they had seen an increase in demand for Nova Scotia (particularly when compared to other parts of Canada), albeit from a small base.

Of the ***destinations doing poorly, Canada*** received the most mentions. The tour operators indicated that the ***price/value of the Canadian product was the major issue, compounded by high air fares, poor exchange rates and generally higher prices***. The destinations identified as being in decline included:

> *"Canada has been our worst performing destination during 2009… not exactly sure why but we did notice that Canadian destinations and suppliers were far slower to react with offers to help counteract the economic downturn….. we have dropped much of our Canadian product for 2010 including all of Atlantic Canada"*

- Canada (27%)
- US, specifically Florida (14%)
- Newfoundland[9] (7%)
- China (7%) (Interestingly, these two tour operators indicated that China had been popular leading up to the Beijing Olympics but had declined significantly since then)
- Single mentions:
  - Latin America
  - India
  - Australia/New Zealand – due to expense and time for flight
  - South Africa

> *"The US is suffering… particularly Florida as it offers less value for money than last year… but airlines and hotels are slashing prices to encourage business"*

The Types of Vacation Experiences Being Sought

The tour operators were asked what types of vacation products and experiences their clients were seeking and the best prospects for future growth. Our conclusion from this discussion was that many of the tour operators did not generally have particularly strong insights into the interests of their clients.

Nevertheless, the people interviewed did offer some opinions on this topic, and there was a strong consistency in their comments.

Clients of UK tour operators are seeking a variety of experiences with ***viewing wildlife*** (with many specific mentions of whale watching) being mentioned by

[9] Two tour operators mentioned a significant decline in interest in Newfoundland & Labrador and were at a loss to explain why. They acknowledged air access issues but indicated that they were not even getting enquiries.

65% of the tour operators. Whale watching was identified as one of the appeals of New Zealand, and also a strong selling point for British Columbia.

Other vacation products and experiences identified as being of interest included:

- Soft adventure (not as the reason for the trip but as an activity) (24%)
- Great scenery/scenic drives/sightseeing/landscapes/nature (21%)
- Good food and/or wine (17%)
- Walking (17%)
- Inns and bed & breakfast accommodations (10%)
- Family activities (10%)
- Small, personalized experiences, opportunities to interact with locals (10%)
- Authentic experiences (10%)
- A variety of hotel options (7%)
- Self-catering accommodation (7%)
- Off-the beaten track experiences (7%)

> *"The trends [we] are seeing are interest in sightseeing, whale watching, bungee jumping, white water rafting… more exciting types of activities and things that can be done by families….any activity with a train. Tidal bore rafting would work well too"*

Only a few of the tour operators had comments to make as to the products/experiences offering the best prospects for future growth. The comments received suggested:

> *"More lifestyle products, stimulation for mind and body, authentic local experiences, wildlife watching, train journeys, inns and lodges"*

- A continued search for new, authentic experiences and unusual destinations
- Wildlife viewing (as part of a larger itinerary)
- Fly-drive products using Inn/B&B accommodation
- Growth in fly-drive
- Growth in independent travel at the expense of group tours
- More self-booking
- Increasing interest in 'doing some good' while travelling, such as participating in volunteer programs
- Walking

> *"Clients are discerning and do not want 'mass market' experiences… and they are willing to pay. Opportunity for growth … self drive, boutique hotels, authentic experiences, private and exclusive experiences, wildlife viewing, walking, food and wine"*

Key Marketing Activities

Tour operators were asked about the key marketing activities they were using to reach their target markets, which offered the best return on investment (ROI) and any shifts in the relative success of different tactics. The ***growing importance of the Internet as a marketing tool*** is evident in their responses.

A number of the tour operators indicated that ***repeat customers*** represented a significant portion of their business (ranging from 40% to 80%) and reported different approaches for reaching former customers (newsletters, email blasts, direct mail) than for acquiring new customers (national press advertising, public relations/media).

The marketing activities used by tour operators included:

- ***E-mail blasts or shots*** to former customers, targeted lists (52%)
- ***Direct mail*** to databases of former customers, targeted lists (45%) and newsletters sent to former customers (21%)
- ***National press advertising*** (45%) – several tour operators indicated that their use of this tactic was minimal and/or was decreasing due to declining ROI and the expense.
- Various types of ***internet marketing*** including search engine optimization (SEO) and pay-per-click (PPC) (28%), website/on-line marketing generally (17%), banner ads (10%) and social media such as YouTube.
- Public relations and media (17%)
- Other mentions included:
    - Brochures (14%)
    - Consumer shows (3%)
    - Links to/from destination websites (3%)

Group tour operators were most likely to use direct mail and national press advertising.

Marketing actions generating ***the best ROI*** were those involving ***direct communication with the consumer, either via e-shots/blasts or direct mail*** to targeted lists, or via newsletters to former clients (sent by email or mail). Specific mentions included:

- E-shots/e-blasts (28%)
- Newsletters and other communication with former customers (28%)
- Direct mail (to targeted lists) (21%)
- Website advertising/web marketing including SEO, PPC and other (17%)
- National press advertising (7%)
- Brochure (4%)
- Travel consumer shows (4%)

Trip Decision Making Process – Destinations vs Activities

Tour operators were probed as to the process their customers go through when planning a trip, specifically whether they had decided on a destination before they made contact about booking a trip, or had activities in mind and were looking for appropriate destinations.

> *"When customers call us they inevitably know which destination they want, where they want to go and usually what they want to do when they get there.. but they still talk to us as they know our staff have personal experience of many destinations and can make valid suggestions"*

From the feedback obtained, it is evident that ***the destination decision is already made*** by almost all consumers before they contact tour operators. In addition, tour operators report that many consumers already have ***a good idea of what they want to do*** at the destination as well. According to the tour operators, the vast majority of consumers today have done all of their own research on the Internet before contacting them, or travel agents, to make trip bookings. However, many also seek suggestions from the reservations agents or get their views/advice on what they are planning.

Specifically:

- 55% of tour operators (including all the group tour operators interviewed) indicated the vast majority of consumers had decided on a destination before they contacted the tour operator or travel agent. As well, most know the type of trip they want, e.g. a city trip, beach vacation.
- 31% of tour operators reported that most consumers had decided on the destination and also had a very good sense of the activities/experiences they wanted at the destination. Two of these tour operators indicated that 80% - 90% of their customers had the destination and many of the experiences decided with the other 10% - 20% needing varying degrees of guidance.
- Another 14% indicated that some 50% of their clients had made the destination decision already with the other 50% having activities in mind and looking for assistance with selecting a destination.
- Only one tour operator specializing in walking/hiking tours indicated that their clients knew the activity they wanted (due to the nature of their business) and were seeking their input on appropriate destinations.

Key Findings: UK Tour Operators Knowledge and Perceptions about Atlantic Canada

Just over ***half of the tour operators*** interviewed who currently offer Atlantic Canada product (24 in total) ***had been to at least one province*** in Atlantic Canada. Of the 13 who had been to the region, 1/3 had been to all four provinces while 85% had been to Nova Scotia and 45% had been to Newfoundland and Labrador.

Two of the tour operators reported that most of their reservations staff had been to Nova Scotia; these two tour operators also reported growth in their Nova Scotia bookings.

For the most part, only those tour operators who offer Atlantic Canada product were asked the questions in this section. As such, the percentages are calculated out of 24 respondents.

The Typical Atlantic Canada Client

For 70% of the tour operators, their typical ***Atlantic Canada client mirrors their primary target*** markets. A few report slight differences in their Atlantic Canadian clients, such as:

- More interested in the ***outdoors/adventures*** (17%)
- ***Slightly older*** than their average clientele (17%)
- More likely to have a family or work affinity to the region (12%)
- More families (8%)

50% indicated that their Atlantic Canada clients were on ***repeat visits to Canada*** – either their second visit but more likely their third or fourth trip to the country.

Awareness of Atlantic Canada among UK Travellers

Tour operators were asked to describe the awareness and image of Atlantic Canada as a travel destination for travellers from the United Kingdom.

Overwhelmingly, the tour operators reported that ***awareness of Atlantic Canada was very low or limited, with the region hardly known among consumers***. A couple commented that the awareness that exists is of a wet and cold destination with beaches but poor weather. The lack of awareness means that travellers have ***no idea what to expect*** in Atlantic Canada. Since there is very limited awareness, it was impossible for tour operators to comment on how Atlantic Canada compares to other long haul destinations in the minds of UK travellers.

Several tour operators indicated that the lack of one or two iconic images of the region (like the Sydney Opera house or the BC Rockies) makes it difficult to create awareness.

A couple of the tour operators suggested that awareness was higher than one might think. Several also indicated that the recent Billy Connolly program raised the profile of the region.

The box contains a sample of the comments made by the tour operators about the awareness of Atlantic Canada.

Two of the group tour operators indicated that their clients that do discover Atlantic Canada ***were very impressed and "think of it as a hidden gem".***

Several comments were made by tour operators comparing Atlantic Canada to New Zealand in terms of its appeals, "like New Zealand only a lot closer".

The receptive tour operators were generally in agreement that awareness of Atlantic Canada in the UK was pretty low though their comments suggest they feel there is more awareness than indicated by the UK tour operators. Two suggested that the travel trade are fairly familiar with the region but that more education of their reservation agents is needed.

Comments about the Awareness of Atlantic Canada

" It has very limited awareness in the UK and therefore fights for exposure and appeal amongst a fairly small target audience….. generally gets lost"

"..Many clients do not think there is anything further east than Niagara Falls"

"Not well known at all… nowhere near as well known as the west coast of Canada"

"Doesn't have the distinct aura with consumers that western Canada has….but when it is suggested as a destination there is little resistance. …does not compare with other destinations (such as India, South Africa, NZ) because it does not enter their minds at all"

"On a scale of 1 down to 10 with 10 being the lowest, it would be a 10"

"Generally does not compete with other major destinations either globally or within Canada"

Images of Atlantic Canada

The tour operators who do sell the region were asked what images came to mind when they thought about Atlantic Canada and the marketing of the region. The responses were varied, supporting their earlier comments about the inconsistency in marketing and the lack of an iconic image of the region. One tour operator reported that "no specific images come to mind and I've been selling Canada for 20 years".

The most common image mentioned was ***whales***, reported by half of these tour operators; all of them thought this was an appropriate image for the region. Other images that came to mind were:

- Rugged coast/coastline, seascapes, the sea (29%)
- Peggy's Cove (21%)
- Lighthouses (17%)
- Icebergs (12%)
- Nova Scotia lobster/seafood (12%)

- Specific sites – Cabot Trail (12%), Lunenburg (8%), Bay of Fundy (8%), Western Brook Pond, Hopewell Rocks, and Tall Ships with one mention each

Most of these were seen as appropriate images for the region. A couple of comments were made about the inappropriateness of some images for the UK market, such as the Highlanders and bagpipers, and by several tour operators, lighthouses and coastlines, since these are all readily available within the UK and do not create a reason to visit Atlantic Canada.

This question was also posed to the tour operators who do not currently sell Atlantic Canada. Only two of the five had any response – craggy coastlines, cool temperatures and Peggy's Cove.

When asked what images should be used, the most common responses mentioned ***wildlife generally (20%), particularly whales (another 20%).***

Several suggestions were made about including people in the images, specifically older people. Other suggestions made, each by only a few tour operators, included:

- Fall colours with the comment that they are as good as in New England but closer and cheaper
- More soft adventure images such as sea kayaking, tidal bore rafting, hiking
- Easily identifiable sites such as the Cabot Trail, Fortress Louisbourg, Lunenburg
- Upmarket B&B's/boutique inns
- Warm and sunny shots
- Shots that illustrate appeal to family markets

Several of the tour operators spoke of the importance of investing in some good quality, real (non-doctored) images and a strong image library. Two suggested picking one or two images and sticking with them for five to ten years, using them consistently so that they become iconic for Atlantic Canada. This theme was repeated when discussing ways of overcoming the main barrier to increasing travel to the region (see discussion below).

> *"Other images I would like to see would be the Cabot Trail in the fall, and moose and whales. But, they must be used consistently and not changed every couple of years so that eventually they become iconic images"*

The receptive tour operators were not familiar with the images being used in the UK market but had a number of suggestions as to what would be appropriate:

- Wildlife, specifically whales and moose (75%)
- Cabot Trail (50%)

- Beaches with hikers or spectacular coastlines
- Hopewell Rocks, Bay of Fundy, Alexander Graham Bell Museum, Gros Morne, Fortress Louisbourg – ‘site specific images that set us apart from the rest of Canada”

One receptive operator suggested using YouTube or other social media to showcase the product in 2D.

Constraints to Increasing Travel to Atlantic Canada and Suggestions for Overcoming the Barriers

The ***lack of awareness and hence the lack of demand*** is the main constraint to increasing travel to the region, according to 87% of the tour operators who currently offer product in the region. ***Air access issues***, particularly high fares, were identified as a constraint by 33% of tour operators. Other constraints identified by a few tour operators included:

- Little marketing activity, a lack of focus in marketing, limited resources for marketing or what exists is overwhelmed by other Canadian advertising
- The short season, with attractions not available in May
- Exchange rates
- A lack of awareness within the travel trade

Suggestions for overcoming barriers were widely varied but were primarily associated with more (and more consistent) ***marketing and promotional efforts***.

The most common suggestion (by 6 tour operators) was to select/develop ***a few good images for the region and stick with them consistently*** for a number of years so as to build both market awareness and perception as to what the region has to offer. It was suggested that the images should focus on the reasons to visit Atlantic Canada, such as wildlife (whales), scenery, great drives.

Other marketing-related suggestions, each made by one to three tour operators, included:

- Increased investment in high profile campaigns to raise awareness
- Establish a profile at consumer shows, and do so consistently for several years
- More effort (and dollars) to work with tour operators through joint marketing agreements, to help them educate their clients
- More specials promotional/PR activities like the Billy Connelly show
- Crossover marketing to previous visitors to New Zealand

Tour operators also made a few suggestions about marketing messages, specifically:

- Make a lot more of the short distance/flight to Atlantic Canada – in fact it is not a long haul destination, only a mid-haul
- Make more of the appeals of Atlantic Canada to family markets

The only other suggestions made were about lowering prices, particularly for air fares which are perceived to be very high given the distances involved.

The receptive operators' perceptions are somewhat different, indicating that the key constraints to increasing travel to Atlantic Canada are related to air access (frequency of service, price, direct service), high ground prices, and the short season with only one mentioning the awareness in the marketplace. Two of the receptive operators suggested that the region needed to be pro-active about improving air access.

Product Strengths and Weaknesses and Opportunities/Needs for Improvement

A key objective of this research was to get tour operators' insights into product development needs in Atlantic Canada, both for new and improved products. Product perceptions and needs were explored with the tour operators from several perspectives and we did get a range of feedback, with some consistent findings. However, the tour operators had ***very little in-depth knowledge of the product***, not surprising in that only half had been to the region and only 4 had been to all four provinces. Two tour operators indicated they did not know enough to comment on product strengths; four did not know enough to comment on weaknesses.

The product strengths identified included:

- Great ***scenery*** (33%)
- The ***inn and B&B/smaller accommodation*** product, which appears to be preferred accommodation for the UK market (33%)
- ***Wildlife viewing***, with a number of specific mentions of whale watching (21%). As noted earlier, whale watching is very appealing to the UK market but, according to several tour operators, Atlantic Canada is not known as a place to see whales despite the quality of the product
- The relatively ***short flight*** (21%)
- ***Friendly people*** (21%)
- Good choice of good accommodation (17%)
- Outdoor activities and nature (with mentions of walking, kayaking) (17%)
- Unique products and experiences/good variety with mention of sites such as Hopewell Rocks, tidal bore rafting, Fortress Louisbourg and Gros Morne (17%)

- Character of the destination/slow pace/not a mass market destination/uncrowded (17%)
- History (and links to UK history) (12%)

Tour operators had a more difficult time identifying product weaknesses and their responses were less consistent than with the strengths. In fact, a number of the tour operator responses to this question reverted back to the "lack of awareness" issue.

The weaknesses identified were in two main areas:

- The ***short season***, specifically businesses opening late in the year and closing early, and those businesses that are open early/late offering very limited services. (21%)
- ***Accommodations issues***, specifically:
    - High prices, perceived to be due to the limited supply/choice (12%)
    - Smaller accommodation operators (inns, B&Bs) that are not export ready with respect to working with tour operators (net rates, role of tour operators, etc.) (8%)

The other weaknesses listed below were identified by only one or two tour operators:

- Lack of 'must do', unique experiences on which to 'hang our hat'
- High prices
- Limited choice of suppliers in many areas
- Air access and rental car availability in Newfoundland and Labrador
- Weather
- Perception of the region as a backwater
- Discord among the four provinces

Again, the receptive tour operators were in general agreement with the UK tour operators as to the strengths and weaknesses of the area. The region's strengths, in their perception, included:

- Wildlife (100%)
- The accessible outdoors including coastline, small villages, open spaces (75%)
- A safe destination/lack of crime (50%)
- Authentic cultural experiences such as the Parks Canada sites, Acadian Village, providing the opportunity for interaction with friendly local people;

Identified weaknesses included a short season and the fact that much of the product is also available in the United Kingdom, suggesting the importance of identifying the region's differences and focusing on selling them.

Suggestions for Products and Experiences to increase the Appeal of Atlantic Canada

The request for suggestions for products and experiences that would increase the appeal of the region met with somewhat limited responses.

Some 30% of the tour operators either had ***no ideas*** (because they did not know the region well enough), did not think that much else was needed or were happy with what they had available to them now. A number of these respondents repeated their earlier comments that ***more marketing/promotion to increase awareness was needed not more experiences*** or products.

The most common request reflects the comments made earlier, that is, ***more offering of wildlife experiences*** (packages, better access) particularly whale watching (30%) with some requests for moose.

A number of (29%) tour operators suggested more profile be given to ***soft adventure activities,*** such as hiking, tidal bore rafting, sailing, for a ½ day or 1 day experience as 'tasters', i.e. not the main reason for the trip. These activities need to be easily accessible and cater to the demographics of their markets.

"Easily accessible adventure for softies rather than soft adventure. Show older people (our demographic) enjoying the experiences. Greater offering of wildlife, whales…."

More soft adventure options, but those that can be done in day or part day"

Other suggestions made, by either one or two tour operators, were:

- Pre-packaged, fly-drive itineraries or sample itineraries at good lead-in prices, and with some unique or 'quirky' appeals
- Small group experiences/tours with expert guides, naturalists
- City experiences coupled with outdoor experiences
- More sightseeing via train
- Diving (in Nova Scotia)
- Extended season
- Self-catering (housekeeping) cottages-by-the-sea

One tour operator suggested that a quality assurance program similar to the Qualmark program in New Zealand would be useful to help them choose reputable suppliers for experiences.

The receptive tour operators believed that, for the most part, Atlantic Canada has the product and the key need is to make the UK consumer aware of what is available. Suggestions for improvements included:

- More activities for families
- Wildlife viewing
- Addressing issues around the expense of accommodations

- Extending the season – opening earlier and staying open later
- Educating suppliers about the UK market and their expectations

What Can Atlantic Canada Do in Working with the Travel Trade and How should the Region be Positioned?

The tour operators were fairly consistent in their comments as to what Atlantic Canada should do in working with them focusing on ***more FAM tours*** and ***training/education of their staff***.

Almost 40% suggested more FAMS for their reservation staff and 25% mentioned training and education for their staff. 30% mentioned joint marketing agreements (JMAs) specifically including assistance with direct mail pieces, brochure inserts, etc. with another 20% suggesting Atlantic Canada should be spending more money working with them in various ways such as e-marketing/direct mail to their databases, delivering high profile campaigns, allowing appointed tour operators to have contact details on ACTP and provincial websites. A couple emphasized that there was not much point in doing more work with tour operators ***unless overall consumer awareness could be increased***.

Three tour operators mentioned that they had found working with ACTP in the past too slow, bureaucratic and political, making it impossible for them to get timely decisions.

Five tour operators (20%) suggested an emphasis on ***positioning Atlantic Canada as "on the doorstep"*** focusing on its proximity to the UK via a short flight. Several suggested focusing on strengths, such as wildlife and Inn/B&B opportunities in a special place, rather than trying to sell the region as something it is not or compete in the mass market.

> *"Atlantic Canada should be positioned as the next place to visit [in Canada] …there is not enough $ available to catch up with the West, but you should be able to capture and motivate the next visit to Canada.*

Other suggestions about positioning included:

- Great for families
- A destination for fall colours (as long as restaurants and attractions are still open)
- An 'extra break' destination rather than a main holiday
- A soft adventure destination (not a city destination)
- Unspoiled
- Your next trip to Canada

The receptive tour operators' suggestions as to what needed to be done were very similar, with a focus on educating tour operators (product managers, reservations staff) either through FAMS or on-site training in the UK. Two suggested positioning Atlantic Canada as being a close destination (not long haul) and one with lots of activities. One mentioned the shift in traditional distribution channels and the need to look at working with new on-line players as well as traditional partners.

Tour Operators who do not Currently Sell Atlantic Canada

As noted, five interviews were with tour operators who do not currently sell Atlantic Canada. Their comments about the UK travel market were incorporated in the text above.

Two of these companies would offer Atlantic Canada ‘on request’. Four of the five company’s responses suggested it was unlikely that they would be offering the region in future, unless demand increased significantly. One has preliminary plans for a 2011 offer but “Atlantic Canada needs to offer good value for money, must be a competitive destination and I have to be educated on the region”.

Appendix I
List of Interviewees

The Economic Planning Group of Canada
Tourism Consultants

Appendix I
List of Interviewees

UK Tour Operators

(Note: Tour operators marked with an asterix do not currently offer any product in Atlantic Canada)

<u>Group Tour Operators</u>

David Binns, Product Manager, Archers Direct/Cosmos
Andrea Noble, Product Manager, Jetsave
Kathy Farahat, Program Manager, Thomas Cook Group Tours
Joanna Thomas, Titan Travel
Louise Heatly, Product Manager, Travelsphere, Page & Moy, Just You

<u>FIT Tour Operators</u>

James Butler, Program Manager, Audley Travel
Clare Moore, Head of Product, Bales (offer both group and FIT products)
Andrew Chapman, Bridge & Wickers
Sarah Boyett, Product Manager, Florida and Canada, British Airways Holidays *****
Kathryn Monroe, Marketing, Canadian Affair (offer both group and FIT products)
Alberto Boeri, Managing Director, Canadian Sky ***** (Atlantic Canada offered only on request, no formal product offer)
Liz Lunnon, Product Manager, Discover the World
Jackie Appleton, Managing Director, Experience Holidays
Sandra Potter, Managing Director, Frontier Travel
Lee Burns, Product Manager, Funway Holidays*****
Mike Carter, Managing Director, Holiday 2
Emily Bailey, Product Manager, Inntravel
Nikki Beszant, Product Manager, USA, Canada, Mexico & Indian Ocean, Jetlife ***** (Did not sell for the past 8 years but this is changing with new owners)
Malcolm Peasnall, Managing Director, The Independent Traveller
Anne Holmes, Assistant Product Manager, Thomas Cook (FIT)
Peter Allen, Product Director, Travelpack
Mark Meredith, Product Manager, USA and Canada, Virgin Holidays
Maggie Smit, Managing Director, Windows on the Wild
Sherree Winnan, Product Manager, Ramblers Holidays *****
Teresa Bennett, Wildlife Worldwide Group
Angie Columbo, Tailor Made Travel
Karen Niven, Sales Manager, Bon Voyage Travel
Sharon Mason, First Class Holidays
Mandy McGlade, Product Manager, Kuoni UK

Receptive Tour Operators

Maria Matthews, Director, Vision Atlantic Vacations
Franziska Feneslau, Canadvac Travel Services
Gary Powell, Vice President, Ambassatours
Andrew Lind, Product Manager, Jonview Canada

Appendix II
Bibliography

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Tourism Consultants

Appendix II
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