

US Consumer Research (2014)

Summary Report

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(ACTP)



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1.0 Background and Methodology

The following summary highlights the key findings from a research study undertaken for the Atlantic Canada Tourism Partnership (ACTP) in 2014 by TNS Canada. ACTP wanted to learn more about the characteristics of out-of-state travellers residing in the Mid Atlantic (New York, New Jersey, and Pennsylvania) and New England states (Maine, Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont), with a focus exclusively on three 'high potential' Prizm lifestyle segments.

The main objectives of the US Consumer Research study were to determine:

- Current travel behaviour and future intentions;
- Destinations recently visited and under consideration for an upcoming summer vacation;
- Sources of travel information;
- The travel purchase process and role of travel agents;
- Factors that inspire this market to travel, including experiences and activities, as well as factors that influence selection of a destination;
- Awareness (unaided and aided), interest in, and likelihood of visiting the Atlantic Canada Provinces;
- Unaided and aided recall of advertising for the four Atlantic Provinces;
- Destination appeal and perceptions;
- Perceived obstacles or deterrents to visitation;
- Opportunities for enhancing the competitiveness of the four Atlantic provinces.

The research also provided insight on the following:

- Motivational impact of the advertising;
- Alignment of message registration with the creative and brand strategies;
- Attention to, and impact of, specific messages and images in the communication.

Data were collected online:

- 1,080 interviews among Mid Atlantic and New England pleasure travellers falling into the three Prizm segments (Exurban Explorers, Outdoor Experiencers, and Young Families) sourced from TNS' *Travels America* study database.
- Fieldwork was conducted between December 2-8, 2014.
- Qualifiers: had to have taken an out-of-state pleasure trip of 3+nights in the summer months (between the May – October) within the past two years.
- Prior to tabulation, data were weighted to their correct geographic and demographic proportions within the sampled markets.

2.0 Key Findings

The following section highlights the key findings of the research.

2.1 Pleasure Travel Patterns

Northeastern travellers continue to prioritize domestic destinations over international ones for pleasure trips of 3 or more nights.

- Of the 91% of travellers who have taken an overnight pleasure trip within the US, Florida was the most popular destination. However, after Florida, nearby states are a much bigger draw than other domestic sun destinations (like the Carolinas, California, or Nevada). This suggests a “sun/backyard” scenario when Americans are considering domestic trips with strong ties to seasonality.

Canada as a travel destination has not increased its momentum in the Northeast markets over the last three years.

- Canada remains the third most visited international destination by Northeast travellers, although the overall percentage of those who have visited has softened since 2011 (9% have visited Canada within the past two years versus 12% in 2011).

Top Destinations – Past 2 Years

Mid Atlantic and New England Travellers (n=1,080)		Change vs. 2011
United States	91%	+4%
Caribbean	14%	+1%
Europe	13%	-1%
Canada	9%	-3%
Mexico	5%	-1%

- This is almost the same proportion (10%) of those who state that they are very likely to visit in the next two years. The same balance between past behaviour and future interest was noted in the 2011 research findings, demonstrating that Canada has not been able to build momentum as a desirable potential future tourist destination within the Northeast markets.

Although the Atlantic provinces benefit from the advantage of relative proximity, pleasure trips to the region by Northeastern travellers remains subdued.

- Nova Scotia is the most visited Atlantic Canada province with past 2 year levels of visitation double that of the next province, Prince Edward Island (14% vs. 7%).
- New Brunswick is the third most visited followed by Newfoundland and Labrador (at 6% and 3% respectively).
- With the exception of PEI, which has remained stable, all other Atlantic provinces have experienced a moderate decline in visitation of between 3-4 points. This suggests that the Atlantic province still remain at the formative stage of building a destination brand in the Northeast markets.

2.2 Activity Profile and Opportunity for Atlantic Canada

Shopping and water-related activities are the top vacation activities reported from recent trips (to any destination).

- Almost one-half (47%) of all Northeastern travelers have shopped on a recent trip.
- Water-related activities such as visits to the beach and swimming are also popular, with roughly one-third of travelers engaging in these activities while on a recent pleasure trip.
- These common preferences suggest that, though these activities may not represent the cornerstones of the unique Atlantic Canada offering, some reference should be made to them in marketing efforts where appropriate as they elevate many travel experiences. This is especially true of any communications that target *Outdoor Experiencers*, who are more likely than other segments to shop while on vacation.

Recent travellers to Atlantic Canada are also likely to have participated in travel activities related to historical sites and local cuisine.

- The most popular activity among Northeast travellers who have visited Atlantic Canada in the past 2 years is visiting historic sites, with one-half (50%) of respondents indicating that they participated in this activity on their trip.
- Experiencing local cuisine was the second most popular activity (40%).
- This suggests Atlantic Canada's local culture and sense of place is an important draw to visitors and can continue to be leveraged going forward.

When choosing a travel destination, relaxation opportunities, great weather, and beautiful scenery are all key factors in the destination selection process.

- Nearly one-half of Northeast travellers identified these factors as integral to their decision.
- A desire to visit a destination that allows for relaxation opportunities is a common thread among travellers in general, among travellers intending to visit Atlantic Canada in the next two years, and among those giving more general consideration to Atlantic Canada as a potential future destination,. Beautiful scenery is also a commonly identified motivator among these three groups. Most particularly, it is the top determining factor among those intending to visit or considering a trip to Atlantic Canada.
- As a result, it is important that Atlantic Canada continues to feature compelling scenery in its advertising along with relaxation opportunities.
- This is especially imperative in any communication targeting *Exurban Explorers* who are more likely to choose a destination based on the aesthetic appeal of the scenery than are *Young Families*.
- This also rounds out the importance of "sense of place" and, more particularly, "sense of distinctive place" in establishing Atlantic Canada's drawing power for targeted Americans. This involves defining a holistic sense of place that incorporates heritage, culture and the natural environment (land and sea). The marriage of these unique experiential elements with more universal activity interests and travel style preferences provides the opportunity to attract more US travellers over the border.

2.3 Future Opportunity

Atlantic Canada is still in the formative stages of building a presence in the minds of Northeastern travellers. However, there is clearly potential to increase visitation from these source markets in the future.

- Awareness and future travel interest for each of the Atlantic Canada provinces have regressed from levels seen in 2011. This trend holds true across all regions of Canada, suggesting that this growing hurdle that is not unique to Atlantic Canada.
- Against other Canadian destinations, the Atlantic Canada provinces are well positioned to capitalize on future opportunity in the Northeast markets once stronger brand foundations have been established.
- However, the draw of nearby domestic States is the greatest challenge that Atlantic Canada faces in the competitive set.
- Lack of differentiation for the Atlantic Canada offer (especially vs New England) combined with greater proximity give these US States an advantage in the minds of travellers.
- Therefore, it is of crucial importance that marketing activities balance the appeal of ease of travel, familiarity, and safety with the need to promote and differentiate the region's unique offer and sense of place.

2.4 Sizing The Opportunity

Within the US market, New England offers a more immediate growth opportunity compared to the Mid-Atlantic region.

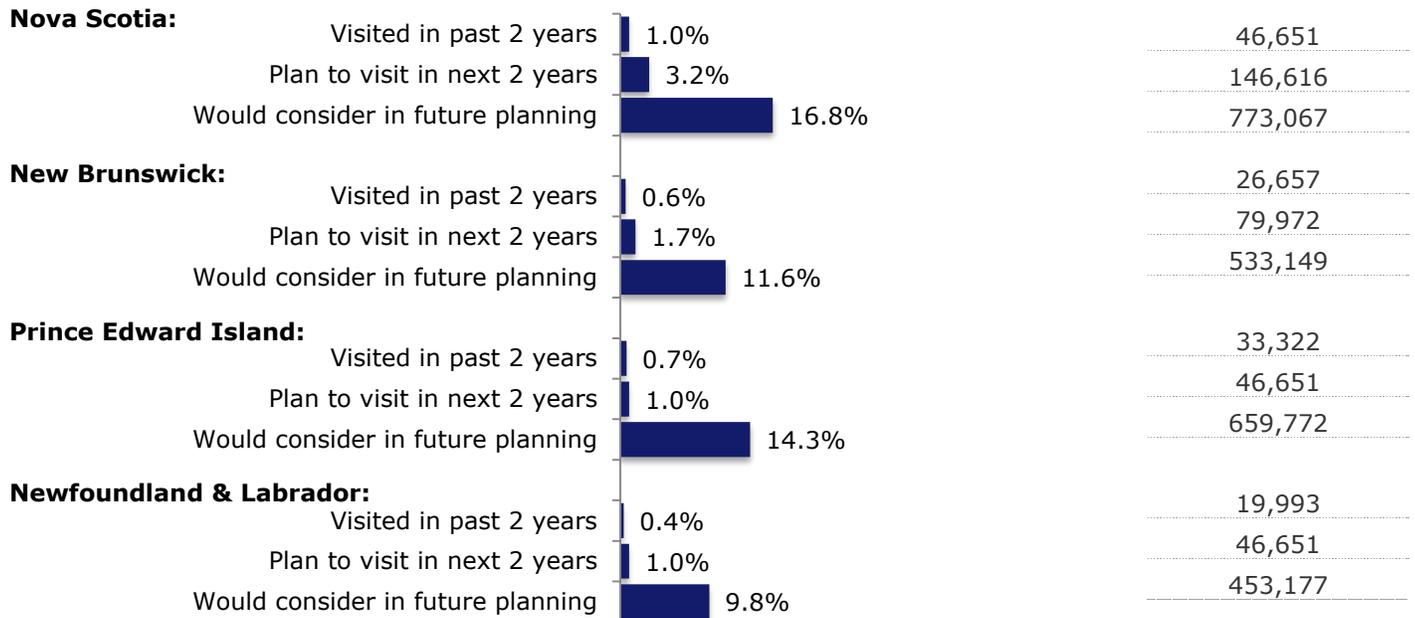
- Proportionally, the gaps between past behaviour and future interest are considerably narrower in the Mid-Atlantic than New England. This is likely due to perceived barriers related to the proximity of the Atlantic Canada provinces.
- In order to achieve meaningful growth from the Mid-Atlantic region, the Atlantic provinces will need to look beyond those expressing an immediate interest in visiting (due to the natural attrition that occurs between intention and behavior). Rather, it will be necessary to convert from the larger pool of pleasure travelers who are willing to put Atlantic Canada in their consideration set. However, converting this more peripheral group will be a challenge that will require a considerable long term marketing investment.

Nova Scotia is the focal point of travel intentions and will draw considerably more traffic from the US Northeast than other Atlantic Canada provinces.

- The number of projected travelers expressing a desire to visit Nova Scotia in the next two years is over 2.5 times that of the next most popular province for future consideration (Prince Edward Island).
- If reasonable conversion rates are achieved within the US Northeast, Newfoundland & Labrador and Nova Scotia are best positioned to achieve growth within the next two years. Overall, the ratio of interest-to-behavior is, respectively, 5:1 and 4:1 for these two provinces. It is roughly 3:1 for PEI and New Brunswick.

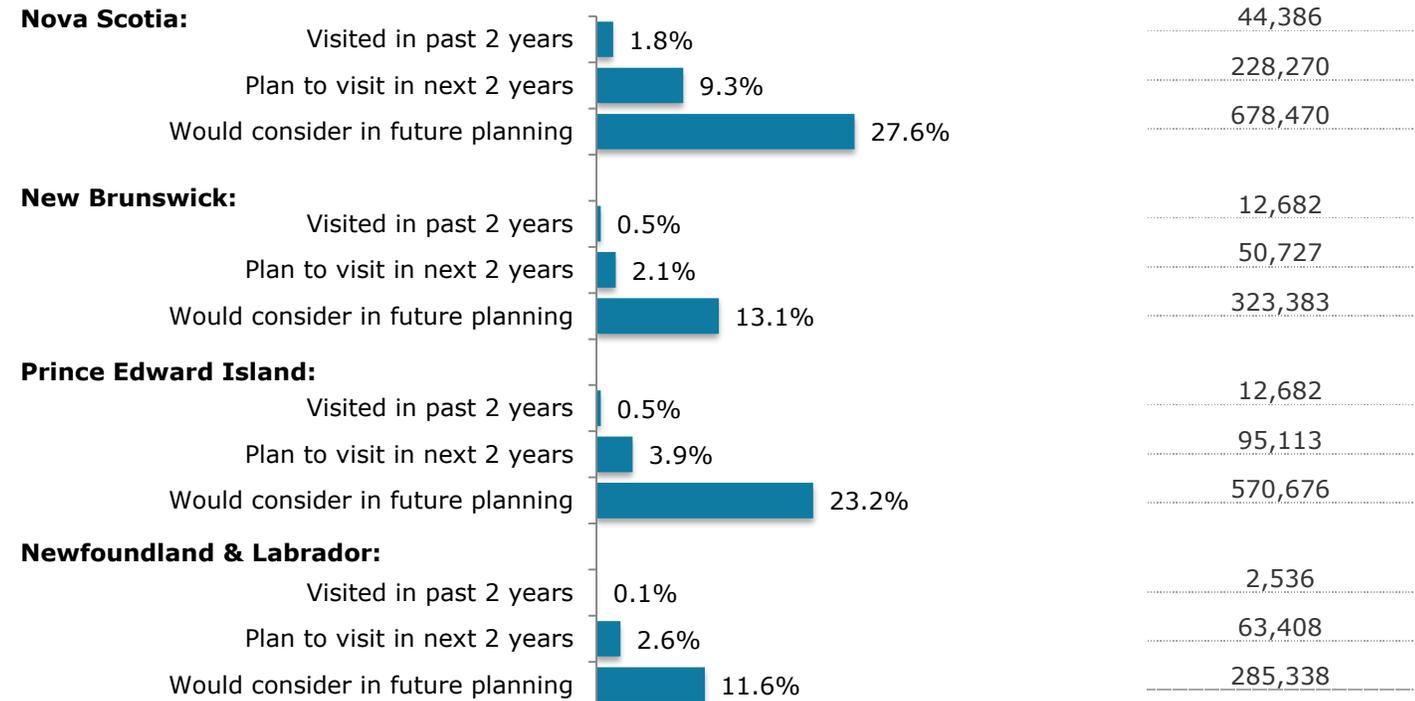
Sizing The Market - Mid Atlantic States

Among 3 Target Prizm Segments (31% of Region's Population)



Sizing The Market - New England States

Among 3 Target Prizm Segments (47% of Region's Population)



** From US Census figures, Prizm data, and survey qualification incidence data.

2.5 Travel Motivations and Brand Image

Northeast travellers value the opportunity that travel allows them to escape from their ordinary routine and experience something new.

- The benefits that Mid-Atlantic and New England travellers most associate with travel are the opportunity to escape from their ordinary routine, create family memories (especially among Young Families), see and do new things, experience the freedom to do what they want, and to relieve stress.
- They are looking for destinations that are somewhat familiar and easy but at the same time offer this 'newness' and escape from the ordinary.
- This explains the continued tie to familiar domestic destinations and, at the same time, the growing draw of more exotic overseas locations among targeted travellers in the US Northeast. They want the best of both worlds. This duality of desire is, in fact, something that Atlantic Canada can play to its advantage, as Quebec has done in the recent past. The alternative scenario is to fall between the cracks (neither sufficiently distinctive nor sufficiently convenient to warrant consideration).

Those considering a pleasure trip to Atlantic Canada value local cuisine.

- Trying local cuisine when travelling is significantly more important to those considering a trip to Atlantic Canada than total Northeast travellers as a whole (62% versus 39%).
- This emphasizes the importance of featuring local cuisine and, more broadly, local culture as a key part of the region's offer, again speaking to the desire for something new and different.

With the exception of attributes related to ease of travel, the Atlantic Canada provinces have strong imagery profiles that are largely on par with New England.

- Attributes related to natural wonders, authentic maritime experiences and friendliness are strengths for Atlantic Canada and are an opportunity to differentiate the region in marketing.
- Prince Edward Island is currently the best performing province in this regard with scores that greatly exceed New England's on beautiful coastline, spectacular scenery, unique natural environment, authentic maritime experience, and friendly people.
- It should be kept in mind, though, that while Atlantic Canada can credibly compete on these dimensions, New England generally performs just as well. Moreover, New England benefits from a greater alignment to ease, convenience and familiarity and does not convey negative connotations associated with remoteness. Atlantic Canada must, therefore, present its attributes in a manner that emphasizes the region's distinctiveness on broad imagery dimensions shared with New England (meaningfully different if not merely better). It is only in this way that it can convey a unique value proposition capable of overcoming barriers associated with inconvenience or remoteness. Indeed, a sense of "accessible remoteness" could, for some, be turned to Atlantic Canada's advantage by taking this strategic path (worth the trade-off).

2.6 Trip Planning

Online channels are 'go-to' sources of information for Northeastern travellers interested in visiting Atlantic Canada.

- While booking sites like *Expedia* and *Travelocity* are prominent, review sites such as *Tripadvisor* are equally important.
- This suggests that online marketing activity has to extend beyond simply 'closing the deal' at booking and instead engage influencers and potential visitors at an early stage and throughout the planning process.

More generally, advice and recommendations from trusted sources like friends and family or AAA are key.

- Travellers are looking for assurances that their travel choices are 'safe' but still stimulating and rewarding.
- Engaging with these key sources of guidance where possible will help positively influence the trip planning process.
- This also speaks to the opportunity to encourage positive **online** word-of-mouth among recent visitors who can promote the region as a trusted authentic source.

While most trips to Atlantic Canada will occur in the summer months, planning for these trips often commences in the spring

- Most travellers expect to travel to Atlantic Canada between May and September.
- However, planning starts in earnest in March and lasts until September.
- Marketing activity should cover as much of this window as possible (March to September, immediately before and **throughout** the peak season).

Automobiles remain the dominant travel mode for potential Atlantic Canada visitors.

- This presents a challenge to Atlantic Canada due to distance from home compared to competitive destinations in New England and the Mid-Atlantic states.
- However, emphasizing the appeal of the region as a whole and the potential to visit multiple fascinating destinations by vehicle during the same trip might help demonstrate the value of making a longer trip.
- A third of travellers would also consider transportation by air, while other modes of transport are less frequently used.

A minority of potential visitors (14%) anticipate using a travel agent to book a trip to Atlantic Canada. However, this represents a modest increase versus 2011.

- While this confirms that the majority of marketing efforts should be directed elsewhere, among those who would use an agent, half would ask for recommendation for where to visit.
- The role of the travel agent is not going to fade to oblivion and is particularly important among those travellers standing on the periphery as far as Atlantic Canada is concerned. A well-equipped and erudite agent can swing the decision in the region's favour among those who do not have any of these provinces at the top of their consideration set.
- There is, then, opportunity to engage with these agents to help direct their clients to Atlantic Canada if the necessary materials can be assembled at reasonable cost within the overall marketing budget.

Few potential visitors anticipate taking more trips this summer than they did last summer.

- This implies that increasing visitation to Atlantic Canada will come by winning share away from other competitive destinations rather than increasing the number of trips taken.
- This makes the competitive environment more challenging and reinforces the need to interact effectively with consumers from a multiplicity of sources and at all touch-points throughout the planning cycle.

3.0 Growth Summary

Growth insights	Precise plans for growth (1/2)
<p>Americans are paying less attention to Canadian destinations.</p> <ul style="list-style-type: none"> ▪ Favour convenient domestic and exotic foreign ones. ▪ Reduces momentum for Atlantic Canada. <p>Metrics for both recent visitation and future intent have shown softness.</p> <ul style="list-style-type: none"> ▪ Current interest in each province is likely insufficient to spur substantive growth. <p>Nova Scotia remains the main focal point.</p> <ul style="list-style-type: none"> ▪ The other provinces are under-developed from a cognitive standpoint. ▪ The same is true for the region as a whole relative to close competitors. <p>Travel enthusiasts drawn to the region expect a unique sense of place defined in terms of:</p> <ul style="list-style-type: none"> ▪ History, cuisine, culture, ▪ Natural and man-made environment. 	<p>Revitalize the marketing effort:</p> <ul style="list-style-type: none"> ▪ To overcome US inertia vis-à-vis Canada; ▪ Stimulate wider and deeper interest in Atlantic Canada. <p>Continue to position Nova Scotia as a recognizable focal point in communications.</p> <ul style="list-style-type: none"> ▪ But encourage appreciation of the other provinces as distinctive and unique offerings. <p>Leverage the breadth of each province’s assets to deliver integrated experiences to target segments within province.</p> <ul style="list-style-type: none"> ▪ A broader offer will encourage extended stays and draw across longer distances. ▪ Will more likely meet the needs of those with peripheral interest. <p>Consider coordinating individual provincial plans to maximize differentiation & minimize cross-competition.</p> <p>The features defining a unique sense of place need to be central to promotion of the offer:</p> <ul style="list-style-type: none"> ▪ Local culture/cuisine, outstanding friendliness, distinct heritage; ▪ Unique natural and built environment.

Growth insights	Precise plans for growth (2/2)
<p>Americans seek a number of core experiences when choosing travel destinations:</p> <ul style="list-style-type: none"> ▪ Sun/sand/surf; ▪ Shopping; ▪ Dining; ▪ Themed parks/sight-seeing. <p>In terms of tonality:</p> <ul style="list-style-type: none"> ▪ A unique and different experience; ▪ Capable of delivering lasting memories (Young Families); ▪ An escape from the everyday (Exurban and Outdoor). <p>A restful, relaxing and welcoming ambiance has drawing power.</p> <p>More so than a physical challenge or an intense learning experience.</p> <p>The Atlantic Canada provinces are on par with New England on the broad dimensions of ...</p> <ul style="list-style-type: none"> ▪ Cuisine, history, culture, natural environment, restfulness and family. ▪ Excels on perceived friendliness. ▪ Some resistance based on expected accessibility and remoteness. 	<p>Establish links to universals to both deepen and broaden appeal:</p> <ul style="list-style-type: none"> ▪ Shopping, beaches, sightseeing (land or sea) and other themed experiences. <p>Establish creative context that will draw most widely:</p> <ul style="list-style-type: none"> ▪ Unique experience in a distinctive place ; ▪ A relaxing & accommodating environment; ▪ Avoid intense cerebral or physical activities; ▪ But highlight “out of the ordinary”. <p>Don’t need separate creative strategies for segments. But underscore themes that are relevant to each:</p> <ul style="list-style-type: none"> ▪ Impressive outdoor environments; ▪ Safety/friendliness; ▪ Family fun; ▪ Premium shopping/cuisine; ▪ Lasting memories. <p>Play the duality of consumer need to advantage:</p> <ul style="list-style-type: none"> ▪ Accessible/nearby/low risk; ▪ While also unique/intriguing and even exotic. <p>Implicitly differentiate from New England.</p> <p>Give consumers guidance to relieve accessibility concerns (transportation options, etc.).</p> <p>Use true remoteness to elevate an unparalleled experience that warrants the trade-off.</p>