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1. Research Objectives

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its core markets. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology:

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least four nights paid in accommodation in the past three years, or who plan to take such a trip in the next two years.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In the UK, the target national sample was n=1,500 long-haul pleasure travellers, with a quota of 200-300 for recent travellers to Canada in the past three years.

3. Market Health & Outlook:

Based on the travel patterns in the past three years or plans in the next two years, the incidence of UK long-haul pleasure travel is 44% for Canada and translates into a total market potential of 20.9 million travellers. The immediate potential, those that will definitely and/or very likely to visit Canada in the next two years, is 24% or 5 million travellers with immediate potential for conversion. Exhibit 3.1 shows the regional preference, with strong immediate potential for Ontario and British Columbia.

Exhibit 3.1 Size of the immediate potential long-haul pleasure travel market

	CDA	BC	AB	MB	ON	ATL	YK	NT
Immediate Interest	24%	76%	45%	10%	77%	31%	15%	15%
Potential (M)	5.0	3.8	2.3	0.5	3.9	1.6	0.8	0.8

The importance placed on long-haul travel by Brits has gone down in 2010 (86%) from 89% in 2009, but still above the 2007 level of 83%.

4. Unaided Destination Awareness

To measure Canada's brand awareness, top-of-mind destinations for a long-haul vacation were requested. In comparison to previous years, boasted by the 2010 Winter Games, Canada made inroads, gaining 6 points over 2009, but still 1% shy from the 2007 level.

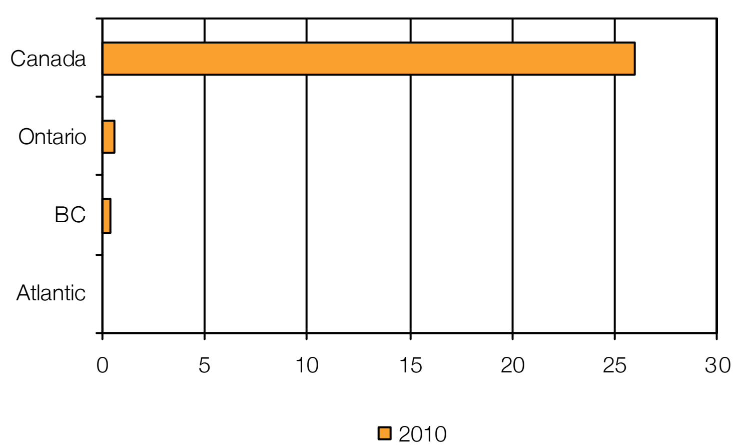
Exhibit 4.1 Unaided Destination Awareness

	2007	2008	2009	2010
1. Australia	55%	52%	56%	54%
2. USA	57%	56%	48%	48%
3. New Zealand	33%	31%	28%	31%
4. Canada	28%	26%	21%	**27%**
5. China	19%	18%	19%	17%

Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?

As illustrated in **Exhibit 4.2**, as a general rule, Canada's regions do not have top-of-mind awareness in the UK.

Exhibit 4.2 Unaided AWARENESS OF Canada's regions

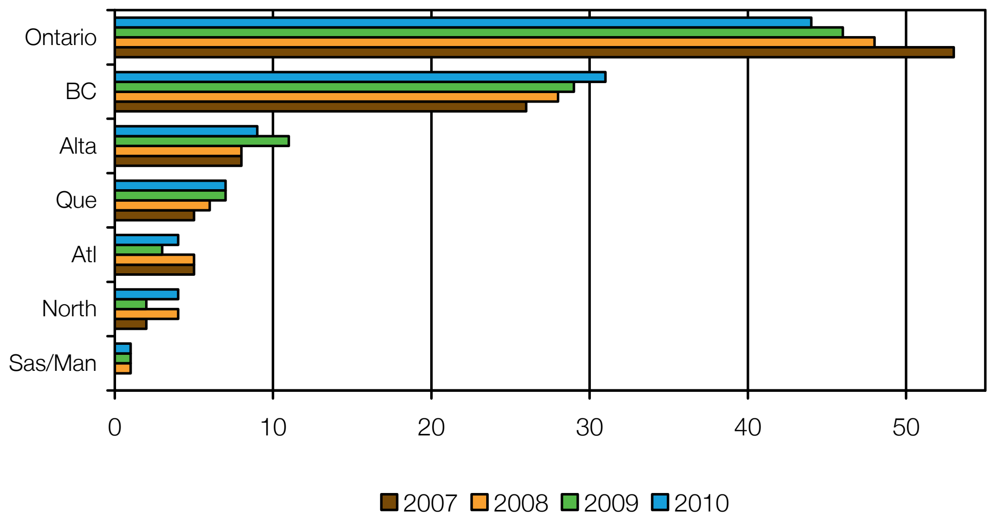


Despite the economic environment in the UK remaining fairly subdued, travel intentions remain stable. Overall, 24% have indicated that they are definitely or very likely to visit Canada in the next two years for a trip of four or more nights. This level remains unchanged from 2009, but is up when compared to 2007 (21%).

- Of interest, are travel intentions for those that will definitely or very likely take a trip of one to three nights, which remained at 18% in 2010, but up from 14% in 2007;
- This reflects a growing percentage for short-break travel which could be add-ons to US travel.

Ontario remains their Canadian travel destination of choice, but its popularity has lost momentum since 2007, giving way to a gain in popularity for British Columbia.

Exhibit 4.3 Canadian Destination Likely to Visit



5. Canada's Value & Price Perception

Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 Value Perceptions

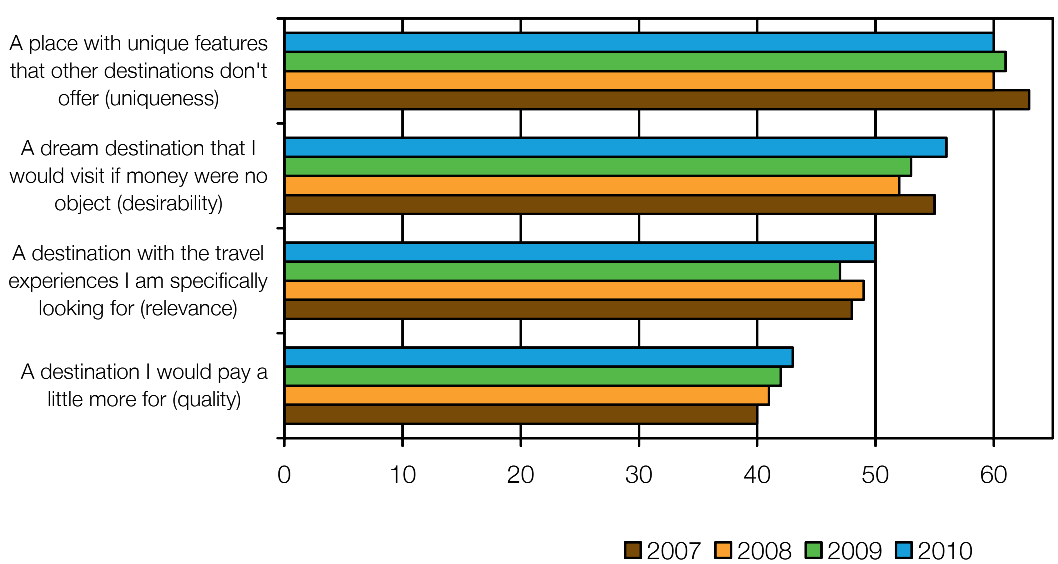


Exhibit 5.1 shows improvements in Canada's value perception with desirability, relevance and quality all surpassing 2007 levels. However, Canada may wish reassess its uniqueness proposition, as this measure dipped in 2010.

Cost also plays a major role when it comes to travel destination decision making. **Exhibit 5.2** shows how Canada is perceived by Brit travellers on various travel cost components.

Exhibit 5.2 Price Perceptions

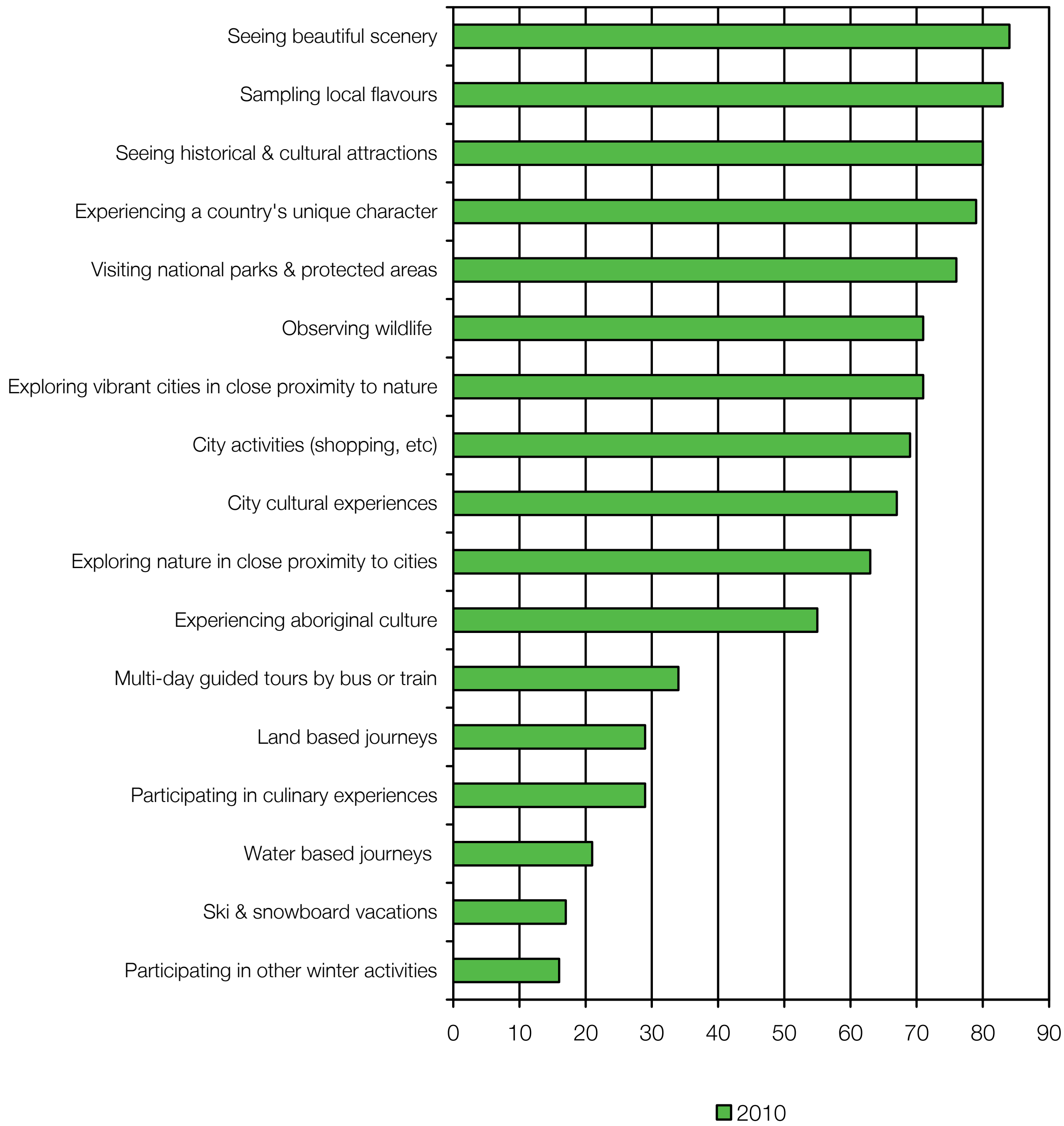
Fortunately in most part, price perceptions have made gains in 2010, following a fairly disturbed economic environment in 2009. More likely due to the sinking pound, price perceptions are however still below 2007 levels.

6. Product Interest

UK travellers are widely interested in experiencing the nature & culture of the destination they visit. As provided in **Exhibit 6.1**, 9 out of the top 10 vacation pursuits are related in some way to either nature or culture. This includes the unique character/local lifestyles and local flavours. Not surprisingly, given the strong interest in both nature and culture, close to three quarters of the market is interested in combining the two by exploring cities close to nature.

Multi-day touring ranks far ahead of guided tours in terms of appeal (52% vs. 32%). These results also demonstrates that UK travellers generally have less of an outdoor bent, with low scores in land & water based journeys, ski & snowboard vacations and other winter activities.

Exhibit 6.1 Product Interests



7. Competitive Product Positioning

Canada is seen as having incomparable outdoor activities (ski vacations, other winter activities and water based activities), but given the lower importance of these activities by UK travellers, these only represent niche opportunities for Canada.

Exhibit 7.1 Competitive Positioning

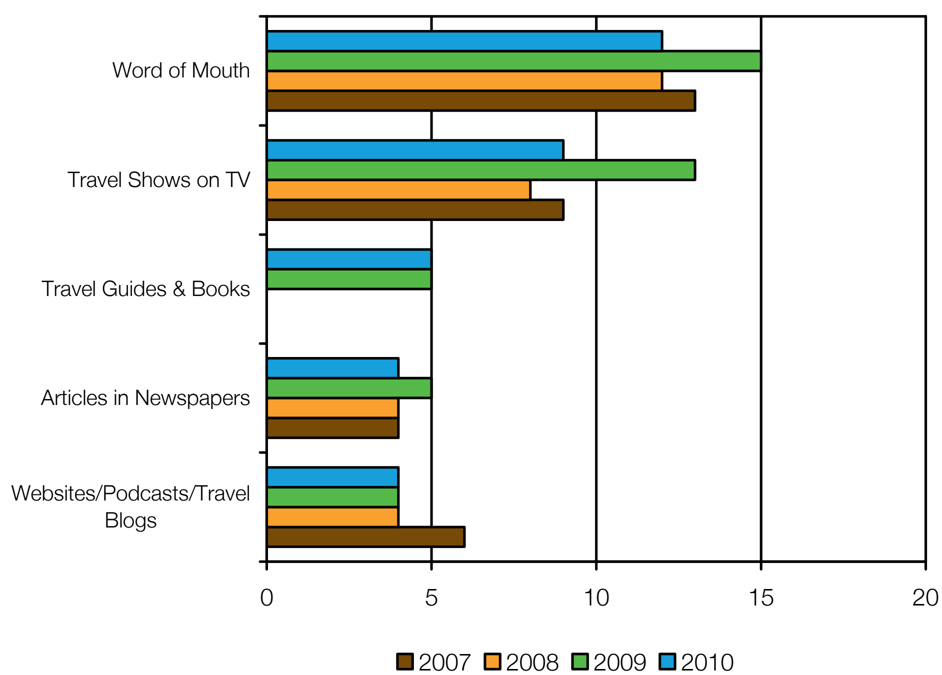
	1	2	3	4	5	6	7
Ski & Snowboard	**CAN**	US	NZ	AUS	THA	SA	IND
Other Winter Activities	**CAN**	US	NZ	AUS	SA	IND	THA
Water based journeys	**CAN**	NZ	US	AUS	SA	THA	IND
Seeing beautiful Scenery	NZ	**CAN**	AUS	US	SA	THA	IND
Visiting National Parks	US	**CAN**	AUS	NZ	SA	IND	THA
Exploring Vibrant Cities that are Close to Nature	AUS	**CAN**	NZ	US	SA	THA	IND
Exploring Nature close to cities	AUS	**CAN**	US	NZ	SA	IND	THA
Multi-day Touring on your own	US	AUS	**CAN**	NZ	SA	IND	THA
Land-based journeys	NZ	AUS	**CAN**	US	SA	THA	IND
City Activities	US	AUS	**CAN**	**NZ**	THA	SA	IND
City Cultural Experiences	US	AUS	**CAN**	**NZ**	IND	THA	SA
Observing Wildlife	SA	AUS	**CAN**	NZ	IND	US	THA
Resort Experience in Nature	US	AUS	**CAN**	NZ	SA	THA	IND
Multi-day Guided Group Tours	US	IND	**CAN**	AUS	SA	THA	NZ
Entertainment Experiences	US	AUS	**CAN**	THA	SA	NZ	IND
Participating in Summer Activities	AUS	NZ	**US**	**CAN**	SA	THA	IND
Attending Major Events	US	AUS	SA	**CAN**	NZ	IND	THA
Seeing Historical & Cultural Attractions	IND	US	THA	AUS	**CAN**	NZ	SA
Attending Food/Wine Festivals	AUS	US	THA	NZ	**CAN**	THA	IND
Experiencing a Country's Unique Character & Local Lifestyles	IND	THA	AUS	NZ	SA	US	**CAN**
Participating in Culinary Learning Experiences	IND	THA	US	AUS	SA	NZ	**CAN**
Sampling Local Flavours	IND	THA	SA	AUS	US	NZ	**CAN**
Experiencing Aboriginal Culture & Attractions	AUS	NZ	IND	SA	THA	US	**CAN**

Australia & New Zealand offers strong competition on nature and the outdoors and wins out over Canada when it comes to hybrid nature city products. The US is distinctively different on the urban product front as well as strengths in the nature and outdoor arena. Not surprisingly, culture is the major strength of India and Thailand, faring well with local flavours.

8. Sources of Information for Increasing Canada's Appeal

Aside from word of mouth, traditional media are leading sources of information that increases Canada's appeal for travellers in the UK. These channels are the best bets to reach potential travellers to Canada.

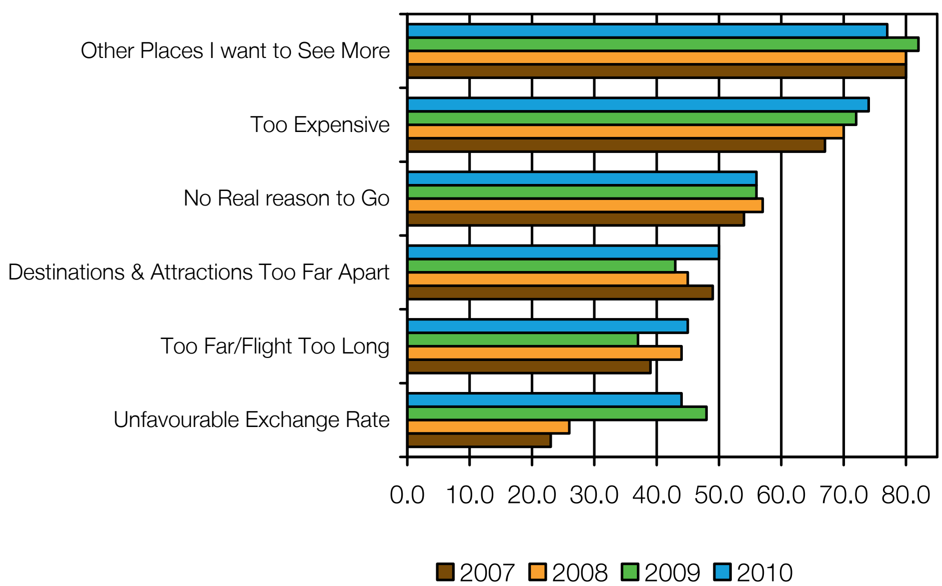
Exhibit 8.1 top sources of information



9. Key Barriers for Travel to Canada

Barriers to travel to Canada are important, as these concerns for those interested in visiting Canada could lead them to select alternative destinations. Competition is by far the most notable barrier for travel to Canada. Affordability is the second most frequently mentioned barrier. Notable is the almost doubling of unfavourable exchange rate since 2007 as a roadblock for visiting Canada.

Exhibit 9.1 Key Barriers for Visiting Canada



10. Conclusions: Key Take-Aways

UK residents remain avid travellers with a relatively high propensity to travel long-haul:

- At 5.0 million long-haul travellers, with an immediate interest for Canada in the next two years, the UK represents an excellent opportunity, but we face challenges to capitalize on this opportunity - Canada is firmly in the consideration set, but Brits have no immediacy;
- With a subdued economic environment, UK consumers are in an austerity mode, where less affluent travellers and intenders are dropping out of the long-haul market and the more affluent scaling back their budgets and choosing more affordable destinations;
- To improve the realization of this potential in a fairly fierce competitive environment, Canada may need to consider more attractively-priced offers such as shorter packages, all-inclusive, self-catering products, hotel discounts and other ways to keep prices down;
- The unaided awareness of Canada is relatively high in the UK, but its regions are not top-of-mind – increasing the awareness of the specifics of where to go and what to see would help convert the nebulous interest in Canada into firm travel plans;
- Canada faces stiff competition from both Australia and the US on the product front; while perceived as offering a more diverse set of offerings, both are strong contenders on nature and the outdoors, Canada's main areas of strength;
- Local lifestyles and historical/cultural attractions are keen interests of UK travellers, but distinct weaknesses for Canada – this perceived gap makes it difficult to compete with well-rounded destinations like Australia and the US, and culturally rich destinations like China and India;
- Canada should fortify and differentiate its products so that it is seen as the definitive destination for active adventure among awe-inspiring natural wonders;
- Canada should address top barriers for travel by highlighting unique and distinctly Canadian experiences, along with affordable travel options.