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U.S. Travel Market Behavioural Study

Summary Report

Prepared for:
Canadian Tourism Commission

August, 2008

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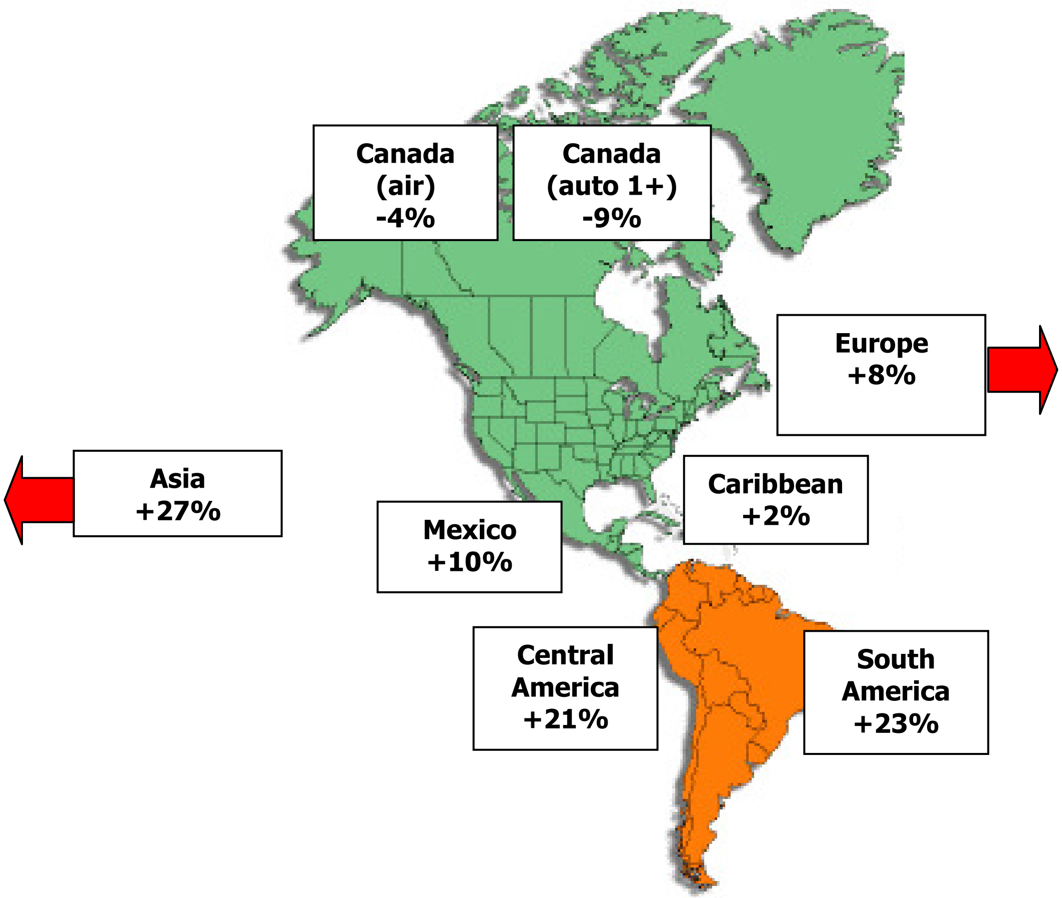
1. U.S. Market Situation Analysis

What Are the U.S. Foreign Travel Trends?

Over the past 3 years outbound air travel has grown sharply to Asia, Central and South America, risen marginally to Europe, Mexico and the Caribbean, and declined to Canada.

Auto travel to Canada has also declined, but more sharply.



Source: http://tinet.ita.doc.gov

Overall, U.S. outbound travel has risen by 11% between 2004 and 2007.

Why Has Travel to Canada Declined?

There are 9 key factors contributing to the weaknesses in the U.S. travel market to Canada, split between short-term issues and ongoing problems.

Short-Term Issues

1. Devaluation of U.S. dollar against Canadian currency
2. Rising price of gas
3. Perceived border crossing hassles
4. Weakening economy

Ongoing Issues

5. Airfare costs to Canada
6. No sense of urgency to visit Canada
7. Canada perceived more as a getaway not a primary vacation destination
8. Limited vision of Canadian vacation product
9. Lack of a strong call to action

Short Term Issues

1. Devaluation of U.S. Dollar Against Canadian Currency

Since 2004, the U.S. dollar has lost 18% of its purchasing power relative to the Canadian dollar. Against other destination currencies, in comparison, the U.S. dollar has not fallen so far, so fast.

U.S. Dollar Value **Against:**	Change 2004 **to 2007**
Canadian	-18%
Euro	-10%
Pound Sterling	-9%
Chinese Yuan	-8%
Hong Kong dollar	--
Yen	+9%
Mexican Peso	-3%
Costa Rica Colon	+18%
Argentine Peso	+5%

Related to this is the availability of ***"good deals"*** in Asia and Central/South America. The bottom line is that Canada is perceived as relatively expensive vis-à-vis other foreign destinations.

As the trade notes:

"The exchange rate is no longer an advantage"

"Canada is no longer on sale"

"One of the main incentives to go to Canada had been the favourable exchange rate and the sense of good value. That draw is no longer there"

"We need to be able to say let's go to Canada. It's cheap"

2. Rising Price of Gas

For border and mid-travel states, auto is the preferred mode of travel. Even for southern states, auto accounts for a significant share of trips. Hence, the price of fuel is very relevant to the overall Canadian market.

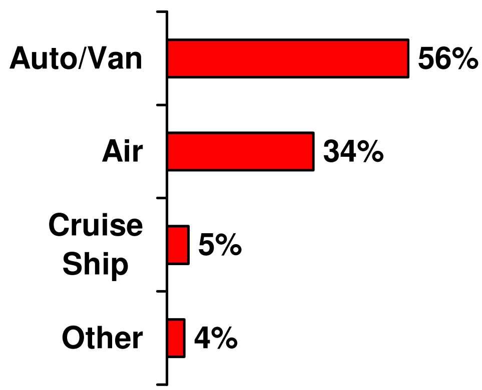
The price of gas has been rising sharply in the U.S. which is impacting long distance auto travel. In 2004, the price of oil started its rise above $40 per barrel and has continued its climb.

Auto travel to Canada (one or more nights) fell 9% from 2004 to 2007.

As many as 28% now cite the price of gas as a barrier to travelling to Canada, up from only 15% in 2006, the time of the most recent previous survey. In mid and border markets, as many as 32% identify the cost of fuel as a deterrent.

Percent Among Past Canada Visitors

Primary Mode



Region of Residence		
South	**Mid-haul**	**Border**
36	68	73
53	25	17
8	3	5
4	4	6

3. Perceived Border Hassles

Respondents indicated that this is more of an issue for those living in border states (17%) than for mid-haul (12%) or southern markets (9%). However, across the board it acts as one more reason not to consider Canada at the present time. The good news, according to the trade, is that the passport requirement barrier seems to be gradually passing as more and more travellers obtain international travel documents.

4. Weakening Economy

The current weakness in the U.S. economy which is flirting with recession has weakened consumer confidence and will likely dampen discretionary spending in the short term. This likely will impact travel to Canada.

Ongoing Issues

5. Air Fare Costs To Canada

The trade notes that air fares to Canada are typically higher than for an equal distant domestic trip and often for a Trans Atlantic flight to Europe. The causes are two fold:

- Greater competition domestically and to Europe which puts downward pressure on air ticket prices.

- Higher taxes on flights to Canada.

As many as 27% of travellers in southern markets reference the cost of air transportation to Canada as a barrier.

6. No Sense of Urgency to Visit Canada

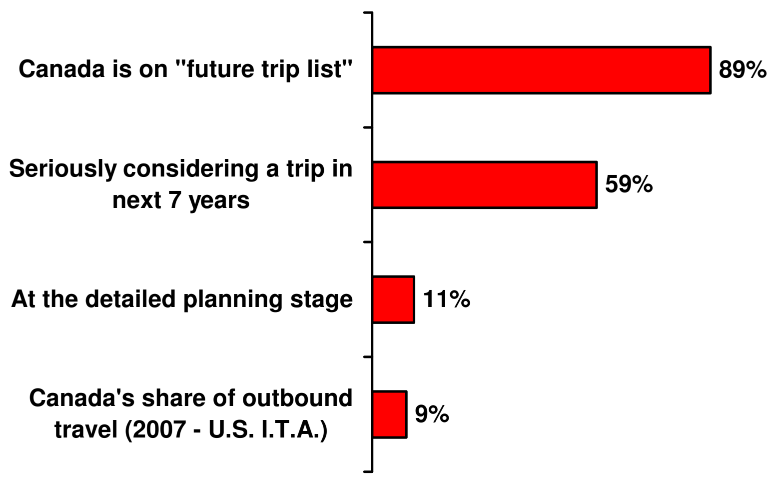
Procrastination is a problem that faces most destinations. Travellers may have a desire to visit some day, but if there is no sense of urgency to go, they simply will not go. Canada seems to face this problem in spades in the U.S.

"It is nearby and always there"

"We can go anytime"

"I can do longer trips now while I am still young"

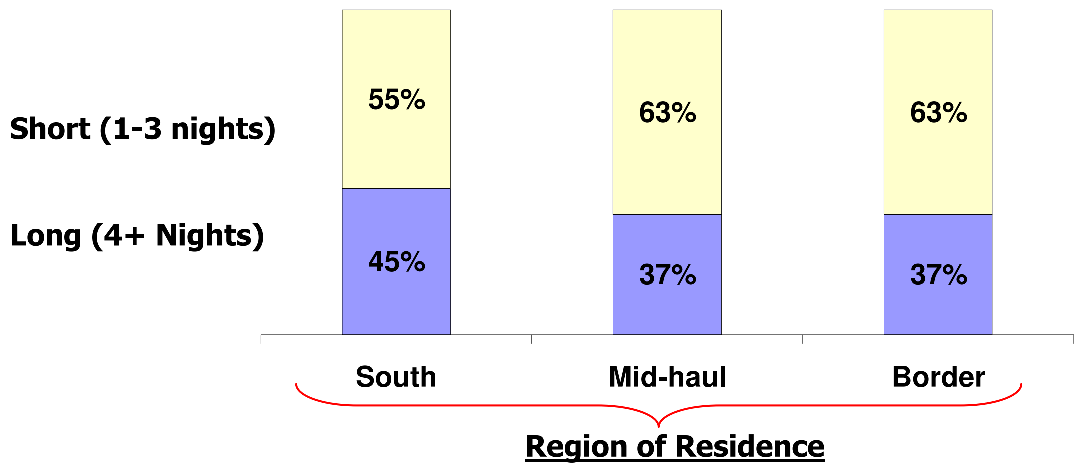
Yet, the latent demand to visit Canada ***"some day"*** is very high:



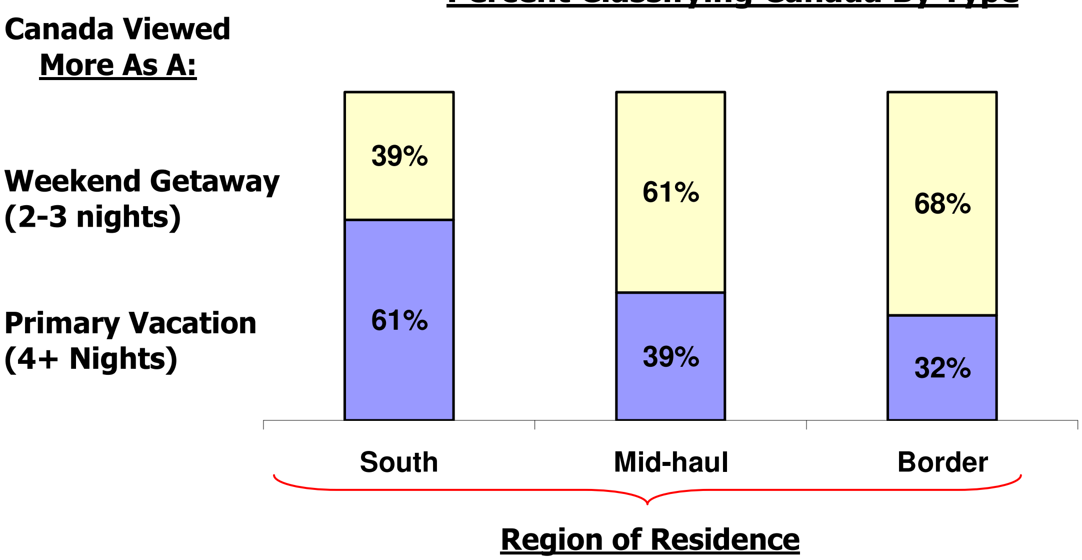
7. Canada Perceived More As a Getaway, Not As a Primary Vacation Destination

Canada is perceived as a getaway for 2 or 3 nights rather than as a legitimate primary vacation destination (4+ nights), particularly in border and mid-haul markets. This perception takes Canada off the consideration list for primary vacations for a sizeable slice of the American market.

Recent Travel to Canada



Percent Classifying Canada By Type



8. Limited Vision of Canadian Vacation Product

Americans typically think in terms of and take five different types of vacations:

- Sightseeing
- Rest and Relaxation
- Short getaways
- Outdoor vacation – ski
- Outdoor vacation – other

Canada tends to be on the radar only for **short getaways** and **outdoor**, not the two key categories of **sightseeing** and **rest and relaxation** trips. Each vacation category has not only specific need states but also different competitive sets in terms of destinations.

a) Sightseeing Vacations

As the following chart illustrates, the vision of the Canadian Sightseeing Vacation product is limited. Canada is strong on perceptions of nature and outdoors, but particularly weak on perceptions of culture, vibe/mood and romance, as well as history and food.

These are all prerequisites when considering and weighing the merits of alternative destinations. So, Canada to the broad base of travel prospects simply does not measure up. It is essential to communicate that Canada indeed can satisfy these underlying core requirements.

	Country Perceptions			
Needs Categories	**Europe**	**Asia**	**U.S.A**	**Canada**
City	*****	****	*****	***
Culture	*****	*****	**	*
Food	*****	****	****	**
Vibe/Mood	*****	*****	*	*
Nature	****	****	****	*****
Icons	*****	****	*****	**
History	*****	****	*****	**
Outdoor Activities	**	***	****	*****
Genealogy	*****	**	*****	***
Adventure/Discover	*****	***	***	***
Romance	*****	***	**	*

b) Rest and Relaxation

Here Canada is strong on fresh air and nature, but far too weak on resort and activities, for example.

		Country Perceptions		
Winter in the U.S.	**Europe**	**Asia**	**U.S.A**	**Canada**
Warm Climate	--	*****	***	--
Beach	--	*****	***	--
Sun	--	*****	****	--
Resort	**	*****	*****	***
Food/Drink	*****		****	***
Summer in the U.S.				
Resort	*****	--	*****	**
Fresh Air (get out of heat)	***	--	***	*****
Natural Scenery	****	--	****	*****
Water	***	--	****	**
Activities	***	--	*****	**
Price/Value	*	--	****	***

Past travellers, the trade and prospective non-travellers who had a chance to review product information in this research, all agree that Canada really can measure up to the needs of the market for both Sightseeing and R & R Vacations.

9. Lack of a Strong Call to Action

The path to purchase research has confirmed that the best way to create a sense of urgency for Americans to travel to Canada is through a strong call to action. Otherwise, the latent demand will remain dormant.

Beyond friends and relatives urging visitation, the key triggers in the path to purchase are:

a) Seeing a **powerful image** coupled with a very compelling experiential emotion that creates excitement and a sense of "I've got to see that." It is important to have the image imbedded in a travel category so that the consumer is triggered to think "sightseeing" or "R&R".

b) Hearing of a **special event** that is of personal interest also creates a sense of urgency.

c) **Retail advertising** that speaks to affordability. For example, a low airfare, a package deal, triggers the importance of checking out the trip.

These motivators, then, **drive the consumer to the internet** where they begin their in-depth research, create their vacation movie and essentially driving themselves the rest of the way through the decision process.

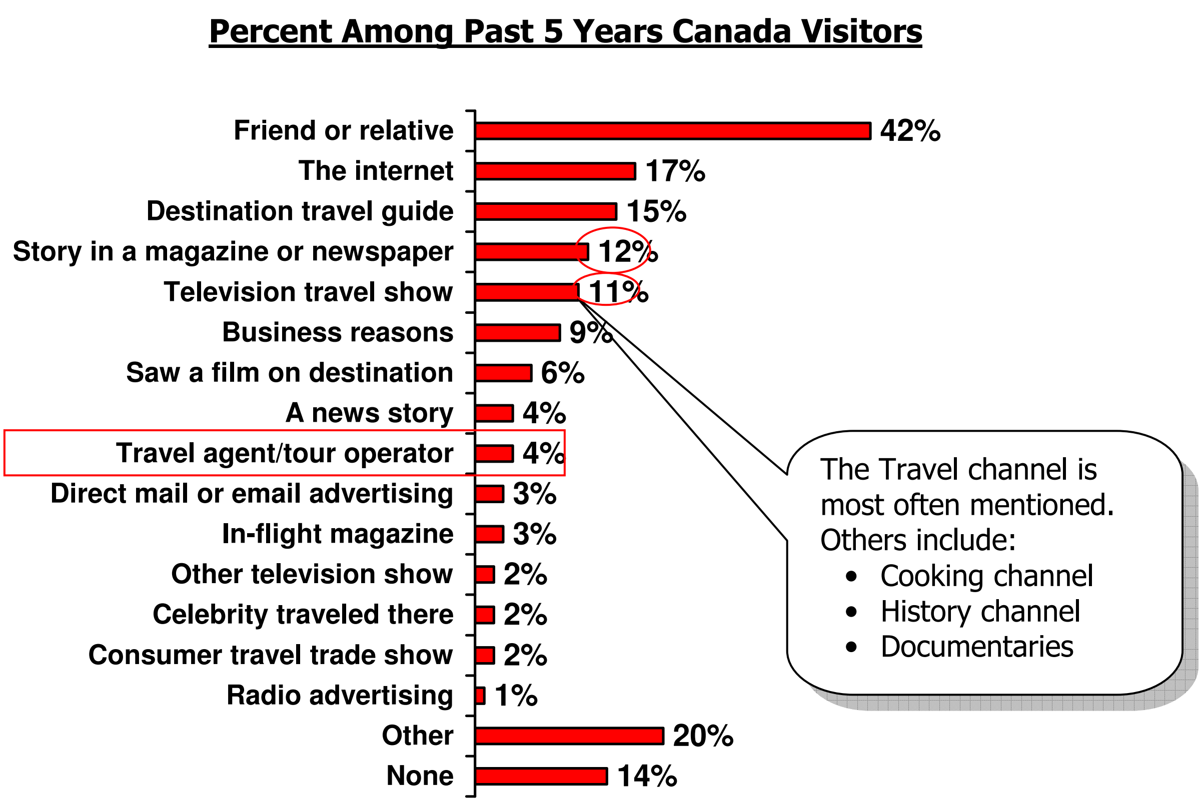
The trade notes that the tactical, retail component which is critical to creating that urgency has been missing from recent CTC campaigns.

"They don't have any call to action in their advertising. They really need to create an advisory committee (among the trade) to steer them in the right direction"

What Are the Sources of Inspiration For Trips to Canada?

This chart provides quantitative evidence of the influences that trigger a sense of urgency. Often it is friends or relatives, but equally likely a media story – either a travel show, newspaper or magazine article – that inspire prospects. Note that the internet is less of a source of inspiration and more of a planning tool, as discussed later. Travel agents have very little influence in the choice of Canada as a destination, also discussed later.

Exhibit Section 1-1: All Sources of Inspiration to Canada



Source=Quantitative Survey Q. 37b[1]
Base=n=3738

Qualitative feedback provides additional insight into what the specific influences are.

[1]Q.37b Were any of the following a source of inspiration for you to decide to travel to **Canada**? **(please select as many as apply)**

a) Friends/Relatives

These can be people who have just been to Canada and are encouraging them to share the same experiences. Or, they can be people who live in Canada who are urging their friends to "come now".

Special events, festivals and other timely happenings become valuable reasons for avoiding procrastination and travelling now. These time sensitive events are important to promote in the U.S. market.

b) The Internet

More of a planning tool than a source of initial inspiration, the internet is a powerful influencer overall. Focus on initial inspiration perspective, images and deals seen in ads or testimonials are highly influential. For example:

- Ads in major search engines commonly perused like Google, Yahoo, etc. and popular travel sites (e.g., Orbitz, Expedia). If there is a powerful image or deal it will catch people's attention.
- A link to the CTC/partner websites provides instant exposure.
- Advertising within the internet medium overcomes the hurdle that traditional media ads have of persuading the audience to go to the CTC/partner websites at a later time.
- Tripadvisor.com and other traveller review sites can be powerful influencers for those who have reached the stage of checking out a destination.

c) Destination Travel Guide

Whether package tour brochures or Frommer type travel guides, prospective travellers pick these up primarily to get itinerary ideas, not necessarily to buy into the specific offers. Making Canadian package brochures available in bookstores near the travel section could prove to be an effective non-linear distribution channel.

d) Print Articles

Viewed as objective, these articles can be extremely powerful and are a reminder of the importance of public relations activity.

e) Television Travel Shows

The travel channel is constantly referred to as a source of inspiration. Getting film on that channel should be a very high priority. The cooking, history and documentary channels also are influential.

f) Films

Feature films on Canada should be another high priority to support.

g) Travel Agent/Operator

Few ask agents for advise on whether or not to visit Canada.

However, advertising and promotion of Canada by agents and operators to prospective travellers is important to support.

Operators also need direction on the kinds of product to create in order to address the needs of:

- 'Free Spirits' vs. 'Learners'
- Sightseeing vs. R&R vacations

h) Other Sources

These include:

- Travel ads in credit card mailings
- Travel products promoted by clubs, and associations
- AAA member communication
- Loyalty programme communications

People enjoy seeing travel product offers by these "member" organizations.

Where Do They Get Their Planning Information?

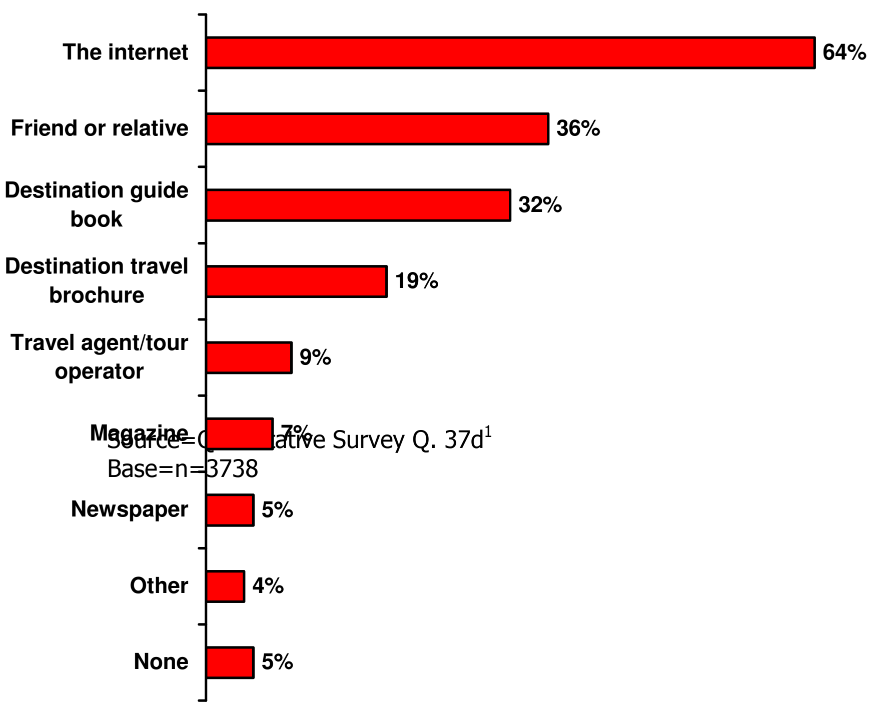
The quantitative survey confirms that the internet is the most common source of planning information for U.S. travellers. Friends and relatives are also very important sources of recommendations.

Once again, the travel trade has little involvement in formulating plans – even in southern markets (13%).

EXHIBIT SECTION 1-2: TRAVEL PLANNING SOURCES – CANADIAN TRIP

Percent Among Past 5 Years Canada Visitors

South	Mid-Haul	Border
63	66	61
38	35	34
34	31	29
22	16	18
13	9	6
7	6	7
4	4	7
3	4	5
4	6	6



Source=Quantitative Survey Q. 37d[1]
Base=n=3738

[1] Q.37d Which of the following sources did you use to plan your most recent trip to Canada?

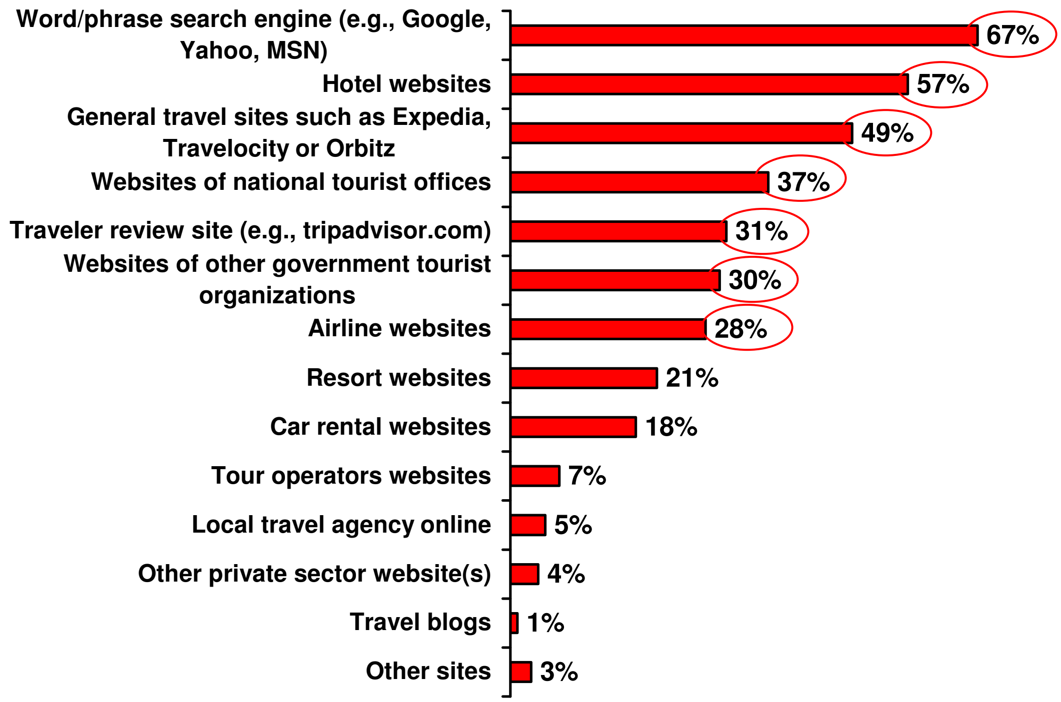
What Are The Popular Websites for Travel Planning?

These are the most popular sites used for trip planning – typically word/phrase search engines and well known travel sites.

Tourist office sites and airline sites are also highly popular.

EXHIBIT SECTION 1-3: MAJOR WEBSITE USED FOR TRAVEL PLANNING – CANADIAN TRIP

Percent Among Those Who Used Internet to Plan Most Recent Trip



Source=Quantitative Survey Q. 37e[1]
Base=n=2396

[1] Q.37e) (**IF USED INTERNET IN Q.37d, ASK. OTHERS SKIP TO Q.37f**) You mentioned that you used the Internet as a source of planning your most recent trip to Canada. Did you use any of the following sites? (Please select all that apply)

From the Kitchen Table research, here is what many of the popular sites are used for:

Google.com
- For key word browsing

Sidestep.com
- Low airfares

Lonelyplanet.com
- Provide information on the destination and trustworthy
- Has itinerary ideas

Hotels.com
- Has hotels by neighbourhood
- Helps to locate property in location of interest (e.g., Kitsilano)

Expedia.com
- Scrolls through accommodation list
- Gets price information
- Likes star ratings
- Best prices for hotels

Tripadvisor.com
- Looks for objective traveller comments
- Official city site
- What's going on/special interests
- Sporting events by date
- Top ten best bars/breakfasts, etc.

Frommer.com
- Recommendations for hotel, itineraries

Ticketmaster
- What events are on

Kayak.com
- Packages, flights

Attractions website (e.g., Banff Park)
- Activities

Mapquest.com
- Check distances

Weather.com
- Check on weather

Orbitz.com
- Packages, flights, hotels, car, ratings

Cheaphotel.com
- Hotel deals

Vacationaway.com
- Activities, ratings, feedback from past visitors

Travelchannel.com
- Up and coming TV shows

<u>Other Sources</u>

Brochure
- For itinerary ideas

Friends
- For itinerary ideas

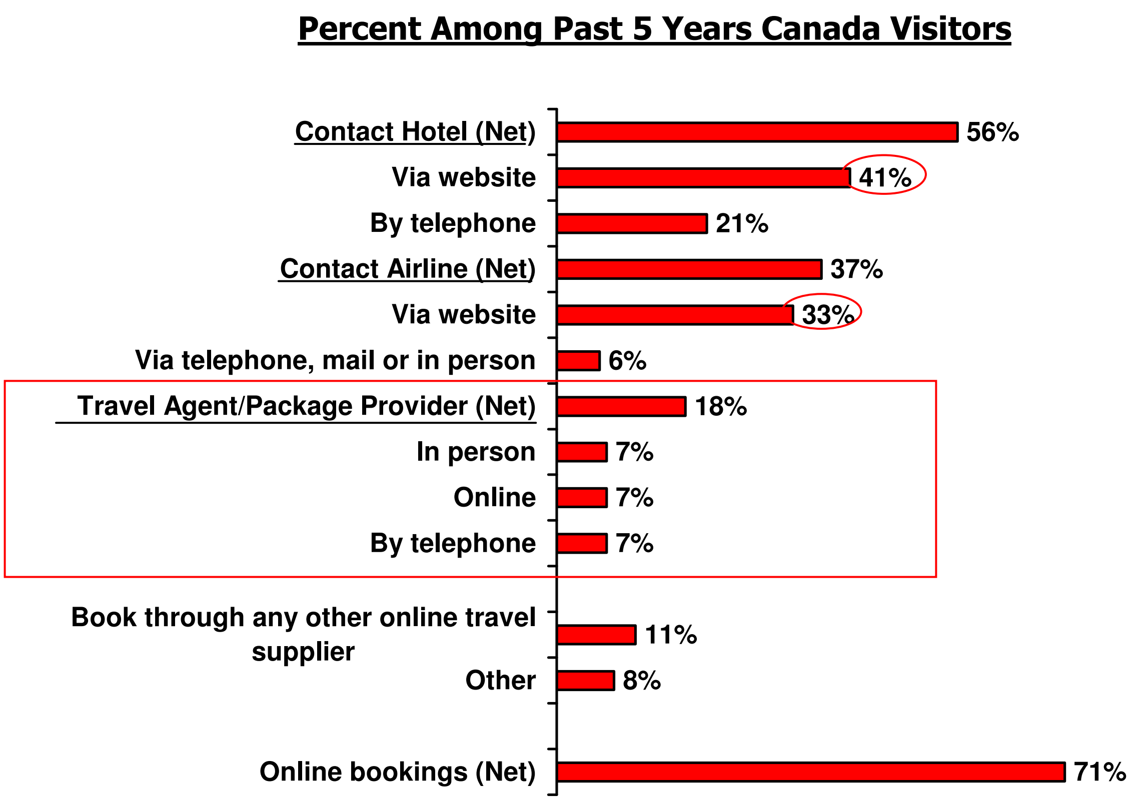
Newspaper Travel Sections (online)

Book stores

How Do Travellers Book Their Trips?

Contributing to the low agency use is the fact that 56% of trips to Canada among the target market are by auto and 61% are short getaways. Statistically, only 18% of travellers to Canada actually book through an agent. Most book through an airline or property online. This reinforces how agents are losing their influence and role in today's travel market.

Exhibit Section 1-4: How Trip To Canada Was Booked



Source=Quantitative Survey Q. 37f[1]
Base=n=3738

Quote

"Why should we use an agent. It's cheaper online"

"A dying business"

"They often do a bait and switch from cheap ad offer"

[1] Q.37f How did you book that trip?

What Are The Implications for Marketing?

1. Getting Travellers to the Planning Stage

The essential first step is to stimulate the relatively dormant interest in visiting Canada and drive prospect to the planning or movie creation stages. That requires communication activity at two levels:

a) Iconic Images

These trigger interest – shots of polar bears, Bay of Fundy tides, Vancouver lifestyle, deep powder at Whistler, etc. The most powerful media are travel channel shows, films or other television shows, articles in newspapers and magazines.

b) Special Events

These clearly create a sense of urgency and provide a reason to act now – special events, festivals, sporting events, etc.

Regional in nature, examples of motivating events are:

- Quebec 400th anniversary
- Calgary Stampede
- Caribana Festival, Toronto
- Fall colours

Consumers' also suggest events in nature could trigger interest – for example:

- A special lunar eclipse
- The blooming of the wild flowers at Mount Garibaldi
- Fall colours
- Aurora Borealis

c) Low fares/package deals

These are highly motivating, once the initial interest has been triggered. Consequently, retail advertising by airlines, tour operators, agents and resorts, etc. is a key piece of the puzzle.

2. Triggering the Movie Creation

Most travellers go online to research their vacations. Website providers must make it as easy as possible to design a Canadian vacation. That means providing:

- Itinerary plans
- Routes to take
- Sights to see at each stop
- Accommodation at each stop
- Cost parameters

Most industry websites are inadequate at providing itinerary ideas, routes to follow with time and distances factors. In their search for recommendations, travellers often visit tripadvisor.com, orbitz.com and vacationaway.com, all of which provide ratings which facilitate decision making.

Section 2: U.S. Travel Trade

2. U.S. Travel Trade

What is the Trade's Perspective on Destination Trends?

a) Destination

Agents and operators are generally aware of the destination shifts taking place, reflecting statistical data. However, they can add perception on why these trends are occurring.

Asia

The U.S. dollar is still very strong relative to Asian currencies which means affordability, especially in relation to Europe.

South America

Again, the U.S. dollar has remained strong against South America currencies which is providing relative bargains. Also, very important is the heightened coverage that the Travel Channel has been giving South America – likely due to the availability of good deals and the greater interest among U.S. travellers. The Travel Channel, as discussed earlier, is an extremely important source of inspiration in the U.S. market.

Caribbean

Always quiet and warm. Cruises offer the advantage of offering a predictable price

- ***"You always know how much the trip is going to cost"***

Europe

Flat or down is the common belief. The key factor is the declining value of the U.S. dollar against the strengthening Euro. Anti-American sentiment is a factor but very secondary to the exchange rate issue.

Canada

Seen more as flat than down. There is an absence of a compelling reason to go to Canada now. It is easily postponed because it is so close. Economic factors and border regulations are aggravating the situation as discussed later. Agents and operators are spotting a number of trends in the market place.

What Trends Does The Trade See Happening?

Internet Bookings

This goes without saying. Many agents have suffered a significant loss of business, others are hanging on to their market niches. However, the rapid growth in online bookings is expected to slow (as the market saturates).

Multi-generational Travel

This is a hot trend, noted by many in the trade. Grandparents, children and grandchildren are seeking destinations where they can spend time together as a family. Canada is considered an excellent choice for these ***"getaway"*** vacations.

Travellers More Savvy

They know what they want and where they want to go when they meet with the agent. The ability to research destinations online is obviously the major cause. Virtually all agents agree that the vast majority of Canada destined clients made up their mind to visit Canada, prior to talking with the agent. Hence, the agent is no longer significantly influential in selling Canada, confirmed in the quantitative survey. The exception is when the agent is involved with retail activity selling Canada outside of their offices such as online or via direct mail.

Travellers Younger

Travellers appear to be increasingly younger, seeking a break from their hectic work lives.

Travellers More Active

Travellers are increasingly seeking meaningful activity. Heli-skiing, fly fishing and other ***"extreme"*** adventures are appealing to larger niches.

Mobile Phones

Mobile phone technology is advancing rapidly and will become more important for travel arrangements, checking flights, etc.

Group Travel Freedom

Group travellers want more flexibility and a sense of freedom. They do not want to have all their meals with the group and seek options and separate activities within the group structure.

What Does The Trade Consider To Be The Barriers to Canada?

Here are the perceived barriers to Canada-destined travel – some new, others ongoing.

Exchange Rate

"Canada is no longer on sale" is a common refrain. It is no longer a bargain. Consequently, the destination has to compete on its other merits. The good news is that the Euro exchange rate has worsened even more.

Border Issues

Common opinions are that there are issues with border crossing that may be deterring many:

- Passport requirements (although this ***"may be over"*** as a significant deterrent as one operator noted)
- No entry if a D.U.I. charge or conviction (Driving Under the Influence)

Air Costs

Air fares to Canada are very expensive relative to domestic flights and even to Europe. Group operators commented that Air Canada is unwilling to work with them.

Fuel Prices

Escalating recently, higher gas prices are expected to restrict long distance driving trips.

Nothing New

You can ***"go to Canada anytime"*** with nothing really motivating people to go now.

Lack of Knowledge

Beyond its major cities and primary natural icons, American knowledge of Canada is very low. Agents/operators who have been to Canada and who create destination product remark that Canada has so much going for it that most Americans are not aware of.

GST Rebate

This is a real issue for many operators. It adds 6% to hotel packages, is very difficult to get reimbursed, and very labour intensive

- ***"Not worth it"*** and ***"An accounting nightmare for operators"***

What Does The Trade See As Canada's Product Benefits?

Most agents and operators have a similar view of Canada's qualities that make it attractive to Americans.

a) A Foreign Experience Nearby

The most commonly sighted advantage is that Canada is:

- ***"A foreign experience, yet so close by"***
- ***"Unique, a whole different experience, plus you can driver there"***

The trade truly believes that this is one of Canada's true strengths among Americans who are seeking a change from a domestic vacation, but who are not prepared to travel overseas at this time (for economic, political or other reasons).

When they refer to differences, they often cite:

- ***"Canadian culture stuff – like the changing of the guard"***
- ***"Cobblestone streets" (Quebec City/Montreal)***
- ***"French culture – almost as if I have left the country"***
- ***"Interacting with people, connecting with a different culture – even in Vancouver"***
- ***"It's some place that isn't America"***

b) Great Cities

Vancouver, Toronto, Montreal and Quebec City are at the top of the list, while Calgary provides a ***"cowboy feel"*** (likely during the stampede).

c) Excellent Family Vacation

Canada is considered a great choice for family looking for an alternative with kids age 7 to 13:

- Alberta train
- Horseback riding
- Fly Fishing
- Ontario Place

- Nature experiences
- Wildlife viewing

d) The Unexpected

Given low awareness of Canada's product, the outcome is often encountering something quite unique and unexpected:

- ***"Higher mountains"***
- ***"The Bay of Fundy"***
- ***"Peggy's Cove takes your breath away"***
- ***"Canadians are much calmer, more hospitable"***
- ***"Excellent views"***
- ***"Great wine regions"***
- ***"It is the uniqueness that interests Americans"***

Section 3: SWOT Analysis

3. SWOT Analysis

Strengths

- Canada is viewed as a foreign experience, setting it apart from a domestic vacation.
- Canada can be a viable and timely substitute for Europe, given the current weakness in the U.S. dollar against the Euro and Pound and concerns about anti-Americanism.
- Canada has excellent but not well known product that Americans would enjoy.
- As family travel increases, Canada can provide an opportunity to create a far superior learning experience or "lasting memories" more so than a domestic vacation alternative.
- There is sizeable latent demand to visit Canada some day.
- Americans are awakening to Canadian values – culturally, environmentally, way of life, friendliness, tolerance.
- Canada is an ideal option for Free Spirits who are seeking R&R vacations.
- Canada also has plenty of cultural and exploratory product options for Learners (Cultural Explorers and Authentic Experiencers).
- Good air access exists to major U.S. origin markets.
- The passport requirement as a barrier is expected to diminish over the short term as prospects acquire necessary documentation.

Weaknesses

- Both air and overnight auto travel to Canada are down.
- Asia, Central/South America, Caribbean offering great deals, supported by less erosion of U.S. dollar than Canada.
- Devaluation of U.S. dollar against Canadian currency makes Canada more expensive now.
- Rising price of gas may curtail longer distance auto travel affecting Canada.
- Airfares to Canada are expensive vis-à-vis equal distance domestic routes and even Trans Atlantic promotional fares.
- Perceived border crossing hassles.
- Weakening U.S. economy.
- No sense of urgency to visit Canada ("always there").
- Canada is viewed more as a getaway rather than a primary vacation destination alternative.
- Limited vision of Canadian product – strong on nature, but weak on most other vacation prerequisites – cultural experiences, vibe/mood, romance, history, food, resorts and non-nature related activities.
- Current CTC campaign missing a strong call to action.

Opportunities

- Take advantage of the current costs and concerns about travelling to Europe by positioning Canada as an easy to reach, safe friendly foreign experience.
- Greater focus on tactical retail advertising and promotion (e.g., airfare, package deals, specific events, festivals, etc) to create a sense of urgency.
- Create a short term strategy (separate from the long term strategy) to go after the low hanging fruit in order to stimulate immediate travel.
- Create a regional campaign which maximizes the opportunity to meet the specific needs of the consumer via specific product/market matching.
- Target hot prospect niche markets – including family travel, multi-generational trips, high end luxury travel, special event travel, sports spectators.
- Attach a stronger call to action to current brand campaign (may involve industry partnerships with special events, air and package deals).
- Address the unique needs of each E.Q. target by promoting different products to each.
- Focus on congested cities where daily stress runs high – ideal markets for the Canadian product, especially for Free Spirits.
- Perceived Border crossing problems for drivers and the cost of gas will be less of an issue in the mid to southern states where flying is a viable option to reach Canada.
- Advertising and promotion can effectively be directed to one specific point on the path to purchase – triggering trip research or "movie" creation, primarily online. Once travellers begin the research process, the internet is rich enough in information and stimuli to drive the prospect through to a sale on its own.

Threats

- The U.S. will fall into a significant recession further undermining discretionary travel.
- The price of gas will continue to rise creating a serious psychological (and real) barrier to long-haul auto.
- Other foreign destinations will become even more aggressive, especially with air and package deals, if the U.S. foreign travel market contracts further.

Section 4: The Way Forward: Considerations

4. The Way Forward: Considerations

The CTC should consider both a short and long term strategy for the U.S. market.

- The short term strategy is designed to focus on the specific market segments and products that hold the greatest potential to stimulate travel in the immediate future.
- The long term strategy focuses on a longer term view.

Long Term Initiatives

1. Develop a clear, focused overall positioning
2. Establish Canada's Legitimacy as a primary sightseeing and R&R vacation destination
3. Address the fear of boredom
4. Communication needs a strong call to action
5. A regional campaign can be powerful
6. Address E.Q. Segment Needs Through Product Mix
7. Tightly co-ordinated product/market match in messaging
8. Develop partnerships with the trade and industry to integrate specific product/price messages
9. Focus on the Trade Directed Marketing and Communication Opportunities by Market
10. Broaden current campaign reach to additional markets

a) Short Term Strategy

Designed to go after the low hanging fruit in the short term.

- Duration
  - 3 to 4 day drive
  - 3 to 4 day fly

- Key markets
  - Boston
  - Tri-states
  - San Francisco

  Fly
  - Generally, the best opportunities today for Canada are major congested cities where relief from stress is highly desirable. Secondly, beyond the border cities within which sensitivity to exchange rates and border hassles is high.

- Type of products
  - R&R vacations (Free Spirits)
  - City vacations (Learners)
  - City/nature juxtaposition (both)
  - Romantic (both)

- Marketing Focus
  - Better to have significant spending in fewer markets rather than spread spending too thinly across many markets. Maximum GRP for concentrated message.
  - Must be above basic awareness threshold to have meaningful impact. In the extremely cluttered and competitive category of travel, an advertiser is not going to be heard if the GRP's are too low.

Promotion

Offer package deals/airfare deals as loss leaders to draw prospects into CTC/partner websites and then to look for opportunities to trade up once at website. Integrate time sensitive elements like festivals, shows, rodeos, concerts, sports.

Media

Consider advertising on key search engine sites and/or travel sites. Much easier to draw prospect to website with a simple link (one click) than via print/broadcast which requires recalling website and remembering to go to at a later point in time.

Work with operators and retailers in their efforts to sell to their own audiences/data bases (e.g., AAA, Amex, loyalty programs). Consumers enjoy seeing travel product ads in their membership communication.

Positioning

In all communication, ensure that Canada is positioned as "a foreign experience so close by". This is an opportune time to take advantage of pent up demand to travel to Europe now faced with a low U.S. dollar value and risk of anti-American sentiment.

Secondary Target

In addition to getaway vacations, selected 4+ night trips could be targeted:

- Train travel (in particular the Rocky Mountaineer but also other legs like Atlantic Canada, Toronto to Montreal on Via).
- Get out of heat in the south
- "See it now" status icon (e.g., polar bears, Niagara Falls, Banff, Aurora Borealis, glamping).
- Use the European sightseeing model which is creating add-on sightseeing activity trip around selected icons.
- For example:
  - Feature: Niagara Falls, CN Tower
  - Add ons: wine tour, Niagara on the Lake, country markets, Kensington Market, Chinatown, Thousand Islands
- Another example
  - Relaxing activities in magnificent environment (e.g., golf in scenic Rockies environment).

b) Long Term Strategy

1. Develop a Clear, Focused Overall Positioning

Both the consumer and the trade, regardless of region of residence, provide a unanimous view on how Canada should be positioned to appeal to the U.S. market. Their thoughts stress the points of difference and advantage of Canada vs. domestic vacations and overseas alternatives.

> ***"Canada is a foreign experience, yet so close by"***
>
> ***"It is unique"***
>
> ***"it is more exotic to say that you have been to Canada than somewhere in the U.S."***
>
> ***"A whole different experience"***
>
> ***"Canada is both safe and close to home"***

The Canadian "difference" encompasses many aspects of the country:

- Our culture and customs
- Architectural differences
- Scenery
- Hospitable and welcoming, particular to Americans
- A kinder, gentler place reminiscent of the past
- Canadian Values

There can be a risk in over-emphasizing the closeness since it almost contradicts Canada as foreign and could be construed as imply a "51st state". The way around this potential problem is to emphasize Canada's accessibility and ease of reaching rather than closeness.

Summary

- Focus on "a foreign experience so close to home".

2. Establish Canada's Legitimacy as a Primary Sightseeing and R&R Vacation Destination

While Canada is thought of in terms of short getaways and stereotypical outdoor vacations, it is not considered as relevant for a 4+ night sightseeing or rest and relaxation destination.

For **sightseeing trips**, the fact that Canada can deliver all of the core requirements must be emphasized:

- Exciting city activities
- Unique culture
- Excellent food
- Vibe/mood
- History
- Genealogy
- Romance
- Icons

At present, Canada is strong on nature and outdoor imagery, but consumers lack the perspective that the country also provides most of the other prerequisite benefits noted above.

For **rest and relaxation trips**, Canada should address the weaknesses in its imagery – the absence of:

- Excellent resorts
- Water related scenery and activities
- Relaxing activities
- Excellent food and drink
- Excellent price/value

At present, Canada's image strengths for R&R vacations are limited to fresh air and natural scenery.

What Are The Hooks for The Five Vacation Categories?

Getaways

- City/nature juxtaposition
- Travel and accommodation only package deal
- Luxury, all inclusive
- City immersion culturally (architecture, local food markets, the people)
- City fun (shopping, night life, top restaurants, top entertainment, best wines)

Sightseeing

- City/nature
- Travel and accommodation only package deal
- City emersion culturally (architecture, local food markets, the people)
- City fun (shopping, night life, top restaurants, top entertainment, best wines)
- Local cultural activities (festivals, events, fairs)
- Extraordinary nature (Niagara Falls, Aurora Borealis, Wildlife, Escape/Fantasy)
- Outdoor activities (kayaking, hiking, skiing, golf)
- Unique Canadian experiences (glamping, rocky mountain train)

Rest & Relaxation

- Peaceful, decompressing relaxation
- Hobbies and special interests (golf, tennis)
- Luxury resorts and service
- Clean air/refreshing
- Stars at night
- Water
- Lunenburg sail
- Heli-hiking
- Canoeing
- Walking

Beautiful scenery
inhabited

Outdoor – Outside of Ski

- Polar Bears
- Glamping
- Aurora Borealis
- Dog sledding

Outdoor –Ski

- Exceptional ski conditions (powder snow)
- Après ski
- Amazing villages
- Uncrowded Slopes

Summary

- Focus on how well Canada can meet the full range of needs for Sightseeing and Rest & Relaxation Vacations.
  - Always speaks to the:
    - Core product categories (Sightseeing, R&R)
    - Needs of Learners and Free Spirits
    - 4+ nights
- Ensure that communication is robust in key markets before extending efforts to other markets.

3. Address the Fears of Boredom

One of the downsides of not having a clear vision of Canada's vacation product is a common fear of boredom.

"After I see the scenery, there might not be enough to do"

This is one reason why Canada is far more acceptable as a short getaway than a longer primary vacation. Past visitors, the trade, and prospects who had taken the time to explore what Canada has to offer in the research, all agree that this country does have enough to excite and engage the traveller. It is just that people do not know about it.

One of the best ways to dispel concerns of becoming bored is to encourage visitors to rent a car which gives them a sense of freedom and flexibility.

Summary

- Addressing how well Canada meets all the prerequisites of primary sightseeing and R & R vacations should help deal with this issue.

4. Communication Needs a Strong Call to Action

The path to purchase research confirmed the importance of a strong call to action in order to drive the latent demand through the Buy Cycle. Clearly the CTC needs to integrate into its core message a strong call to action. The goal of the call to action is to create a sense of **urgency** or **opportunity** to organize a trip to Canada now.

These can include:

1. **Powerful imagery** coupled with a very compelling experiential emotion that creates excitement and a sense of "I've got to see that now."

2. Highlighting **special events/ festivals** taking place in Canada in the immediate future.

3. **Sporting events** – that includes specific games, matches or races that would appeal to specific market niches (e.g., Boston Red Soxs baseball game in Toronto).

4. **Special package deals, airfare offers** that will communicate "sale prices" and the importance of acting quickly to take advantage of them. Since many of these events and packages will be regional in nature, partnerships with agencies, DMO's, PMO's, airlines, hotels and resorts should be an integral part of the plan.

<u>Summary</u>

- The core advertising must include not only lure imagery which creates an emotional response (which most of the current CTC ads accomplish), but also a strong retail call to action.

5. A Regional Campaign Can Be Powerful

A campaign strategy that is designed and targeted regionally has the potential to be far more powerful than a more homogeneous national campaign.

The reasons are:

- Travellers needs vary considerably by region, not simply distance from Canada related but also whether they live centrally, in the west or the east.
- The regions of Canada of prime interest tend to be north-south aligned, but not exclusively.
- The kinds of product experience sought in Canada is also regionally driven – e.g., escape from the summer heat in the south, cultural getaway from New England, R&R opportunity for Free Spirits in the tri-states and Los Angeles.
- A regional campaign means that the calls to action can be tailored to specific regions – e.g., package deals, special events, etc. which have specific origin/ destination combinations.

Increase spending on existing high yield markets to ensure that they remain active and/or even perpetuate more travel.

- California
- New York
- New Jersey
- Massachusetts
- Washington, D.C.
- In addition, focus on good potential markets to generate new business
- Texas
- Florida

Summary

- A regional campaign strategy can create more powerful communication by talking directly to the needs of individual markets.

6. Tightly Co-ordinated Product/market Match in Messaging

The following charts illustrate the key differences by major target city. These can be utilized in creating unique regional campaigns.

Perceptions, Behaviour, and Opportunities for Canada

	BOSTON	NEW YORK	CHICAGO	DC	SAN FRAN	LA	DALLAS	MIAMI
Preferred Canadian Destinations	Montreal Quebec City Toronto Atlantic Canada	Toronto Montreal Quebec City Atlantic Canada	Toronto Montreal Quebec City Atlantic Canada	Toronto Montreal Quebec City Atlantic Canada	Vancouver Victoria Rockies	Vancouver Victoria Rockies	Toronto Quebec Rockies Vancouver	Toronto Quebec (French Canada) Rockies
Preferred Trip Type	3-4 day Getaways	3-4 days Getaways Rest & Relaxation	3-4 day Getaways	3-4 day Getaways	3-4 day Getaways 1 week Sightseeing	3-4 day Getaways, via Seattle 1 week Rest & Relaxation	1 week Rest & Relaxation Sightseeing	1 week Rest & Relaxation Sightseeing
Emotional Needs	Change of culture - Food, wine, art galleries, architecture, locals	Get out of compression and pace of the City Cleaner air/no filth The rut and routine Status	Change of scene - The outdoors with a foreign flare - Into sparsely populated areas	Change of culture - Food, wine, art galleries, architecture, locals Status	Change of culture - Food, wine, art galleries, architecture, locals	Change of scene - Get out of city pace (highway traffic congestion) - See scenery Get out of the heat Status	Change of scene - the outdoors with a foreign flare - untouched - city/outdoors juxtaposition Status	Change of scene - See scenery - Get out of the city. - Pace. Get out of the heat Status
Most Emotive Images (See Sightseeing Chart for details)	Maritimes European Culture Intellectual Pursuits	Clean fresh urban environment Stars out at night City/outdoors juxtaposition Status icons (polar bears, glamping)	Magnificent Outdoors unique to Canada	Maritimes European Culture Intellectual Pursuits Status icons (polar bears, glamping)	West Coast European Culture Intellectual Pursuits	Clean fresh urban environment Stars out at night City/outdoors juxtaposition Status icons (polar bears, glamping)	Magnificent Outdoors unique to Canada Status icons (polar bears, glamping)	Clean fresh urban environment Stars out at night City/outdoors juxtaposition Status icons (polar bears, glamping)
Mode	Auto	Auto Air	Auto Air	Auto Air	Air	Air	Air	Air
Duration	3-4 days One week	3-4 days One week	3-4 days One week	3-4 days	3-4 days One week	3-4 days One week	One Week	One Week

Niche Opportunities

	BOSTON	NEW YORK	CHICAGO	DC	SAN FRAN	LA	DALLAS	MIAMI
Sporting Events	Package	Package	Package			Package		
Cultural Exhibits	√		√	√	√	√		√
Festivals		√	√			√		√
Gay Community	Canadian Values				Canadian Values			
European Heritage	√		√		√		√	
East Coast	√	√	√		Via New York	Via New York		
West Coast	Via Seattle	Via Seattle			√	√	Via Calgary	
Black History	√		√	√		√		
Glamping		√		√		√	√	√
Rocky Mountains		√		√	√	√	√	
Polar Bears	√	√	√	√	√	√	√	√
Aurora Borealis	√	√	√	√	√	√	√	√
Most Northern Resort		√		√	√	√	√	√
Galapagos North		√		√	√	√	√	√
1+ Week Sightseeing	Atlantic Canada			Atlantic Canada Quebec	West Quebec			
1+ Week Rest and Relaxation		Status	Atlantic Canada Quebec			West City/outdoors juxtaposition	Midwest	City/outdoors juxtaposition

Targets

	BOSTON	NEW YORK	CHICAGO	DC	SAN FRAN	LA	DALLAS	MIAMI
Free Spirits		✓				✓		
Learners	✓		✓	✓	✓		✓	✓
Multigenerational	Church groups	High income		High income AARP Association		High income	High income	High income

Key Images

	BOSTON	NEW YORK	CHICAGO	DC	SAN FRAN	LA	DALLAS	MIAMI
British Columbia Stanley Park Killer Whales Native Interaction British heritage culture Glamping Wineries					✓	✓	✓	
Alberta/Prairies Rocky Mountaineer Train Banff and Lake Louise Glaciers Stampede Aurora Drumheller dinosaurs Polar bears Dog sledding					✓	✓		✓
Ontario Great Lakes Tour CN Tower Wineries Niagara Falls Multicultural Toronto	✓	✓	✓	✓			✓	✓
Quebec Unique architecture Cityscapes French culture, food, and language History	✓	✓	✓	✓			✓	✓
ATLANTIC Ice bergs Puffins Peggy's Cove Kitty Vitty Luneberg	✓	✓	✓	✓				

City Commonalities – Group 1

Boston

Numerous universities, strong student/professor/educated populace
Strong Irish and Italian roots, affinity with European origins
- Strong interest in Maritime as a result of Irish links

Old city, strong sense of history and appreciation for older cities/buildings
Religious, Catholic and African-American Protestantism
- Church groups are large travelers

Good proximity, driving distance

DC

Think tanks, consultancies, politicians and political staff—all well educated
Image and status driven in many cases
Poor urban layout, desire for better city experiences
City with a lot of history, but less culture present
Good access to international flights
Largest retirement association—AARP—based in DC.

San Francisco

Universities, fair student/professor/educated populace
Culture focused, looks outward (often beyond US) for culture
Opportunity for history and old culture
Among cultural elite an admiration for social values
Trend conscious but not obsessed
Good proximity to Vancouver by air

Commonalities

Intellectual
Culturally adventurous
Exploratory
Interested in the locals
City focused—cultural centres

Marketing Opportunities

Speak to an intellectual mindset, status for the thinking mind.
Promote at universities for sightseeing.
Promote at churches for multigenerational travel.
DC specifically a good city to generate status buzz.
DC—retirement association for multigenerational (take the grand kids).

City Commonalities – Group 2

Los Angeles

Very image conscious, interested in glamour, glitz, and "bling"
Trendy, want to be in on the latest trend, want to make the latest trend
Not much nature familiarity or comfort, want city connection/safety net
Open to high end offerings that include nature (glamping)
Crowded circumstances, too much heat and pressure, want out of it
Poor air quality, looking for fresher environment
Likely to travel through Seattle by air

Miami

Heavily invested in nightlife, want something to do, want to mingle
Want out of the city, pressure, pace, and heat
Interested in a quick break to unload some stress
Richer residences interested in high end everything
Most travel options are by air

New York

Strong wealth and image emphasis for those living in Manhattan
Great deal of culture and history present, interested in differences
Want an escape from routine, they feel the pressure of the daily grind
Interested in escaping the city and its pace, want an escape
Crave clean air and a "purer" place
Consider shopping and restaurants a big part of living, even on vacation
Want to be welcomed (not always welcome at in state destinations)

Commonalities

Image and status focused
Wealth = Status
Desire to escape the city
Luxury expectations
Nightlife demands

Marketing Opportunities

Speak to the **superficial** mindset.
Status is enticing and highly desirable.
Focus on new experiences, photo opportunities and bragging rights.
For cities, focus on the bounty of excellent food, wine and night life.
City and outdoors juxtaposition is appealing.
Unique and exquisitely beautiful landscapes.
Escape the heat of summer products.

City Commonalities – Group 3

Chicago

Ring cities are more important/vital to focus on, they are where those with money/culture seeker have fled
Interested in cities with good public transport to get around
Not as influenced by city/nature juxtaposition (feel they have it there)
Good proximity and air access

Commonalities

Outdoors/nature interest
Want interesting terrain
Foreign country appreciation

Dallas

Cultural affinity with Alberta, strong interest in "Texas of the North"
Hunting interest, can be redirected to photo safari with up-close exposure to animals
Need to escape the heat
Nature is present, but featureless, around them. Want interesting features (mountains especially)
Status value of trips, those with money like to show it off.

Marketing Opportunities

Speak to the outdoors mindset
Focus on both untouched, beautiful surroundings and the excellent venues and accommodations.
For Dallas getting gout of the heat is strong, also an affinity company with Mid-West.

What are The Key Opportunity Areas/Niches?

- Multi-generational
- Group (discount for 5-10 or more friends/relatives)
- Annual friend or family get-togethers
- Cruises
- City/nature
- Business with vacation added on
- Fly into Canada and rent a car

Family travel

- 3 in 10 current visitors are travelling to Canada with children
- Canada provides an excellent opportunity to educate children
- Creating meaningful "family memories" is a viable positioning opportunity. It challenges the parent to make the extra effort.
- With the stressful time starved environment today, parents want to spend vacation time with their children – away from the stresses of daily life. This applies to the "hot" category of multigenerational travel as well.
- Canada also has the added perception of safety.
- Kids are often the decision makers today, so they can be played to.
- Many families are travelling to Canada by air and from the south, so the whole market spectrum is open to family travel.

Luxury, all inclusive

History related – show spouse old roots, where they/ancestors came from.

Summary

- If the communication is targeted to the specific needs and uniqueness of individual markets, the CTC will have a much better opportunity of connecting with its potential audience and stimulating travel.

7. Develop Relevant Partnerships With The Trade

Traditional travel agencies have little involvement in selling Canada:

- Only 4% of recent travellers to Canada say that an agent had any influence in their decision to visit Canada.
- Travel agents surveyed all agree that their clients have almost always decided to visit Canada before talking with them.
- The opportunity for travellers to educate themselves online before visiting is the most important contributing factor.

From the agents point of view:

- There is little to gain by attempting to switch clients from a preferred choice to another (e.g., Canada).
- If a destination that they recommend leads to a bad experience, they risk losing the client because that destination was their idea.
- This applies both to airline agencies and traditional bricks and mortar agencies.

Less than one in five (18%) recent Canadian travellers booked through a traditional agency.

- With those clients they may have influenced what the traveller sees and does within the country, but that does **not** equate to influencing the Canada sale.

The PhoCus Wright's *Travel Agency Distribution Landscape Research Project, 2007* notes that traditional agencies account for 40% of all travel bookings in the U.S. in 2006. Why does this differ from the 18% agency share of trips to Canada measured in this research? For a number of reasons:

1. It reflects share of revenue, not trips. Since agents likely book the more expensive trips, the 40% share is undoubtedly smaller if calculated as a share of trips.

2. The data reflect 2006. The 2008 volume was forecast to fall to 35%.

3. The share is of all travel in the U.S. market. The 21% share reflects trips to Canada only.

4. Most important, travel to Canada is highly skewed toward auto travel (56% of the target market's trips) and short getaways (61%). These are less likely to involve the services of a travel agency.

Again from the CTC's perspective, the critical figure is the proportion of trips where the Canada decision was influenced at all by agents – an extremely small 4%.

However, this should not imply that the trade should be ignored. Simply, support for the trade needs to be channelled into specific areas – namely:

1. Supporting and partnering with travel agencies in their **external** marketing and promotional campaigns designed to sell Canada.

    - For example, where agents are promoting Canada with special packages and air fare deals in their advertising.

2. Supporting tour operators in their own initiatives marketing Canadian packages to the consumer – whether via their own database or to a wide audience.

3. Encourage tour operators to create better product that addresses the needs of each target region.

    - Regions
    - Sightseeing vacations vs. R&R vacations
    - Niche markets like multi-generational travel and family markets

    These are outlined elsewhere in this document in the appropriate sections.

4. Continue to help facilitate the organization and marketing of group travel.

5. Encourage retailers to offer low cost packages or deals (retailer loss leader type strategies) to draw in prospects to their websites and to eventually trade them up.

6. Provide content for the retailer websites. Many retailers are reluctant to include links in their websites because it may draw away prospects and result in a loss of sale. Hence, they need more relevant content within their own sites. The CTC and its partners need to provide these.

7. Work with the federal revenue department to improve the GST rebate process, now unworkable for most operators.

8. Host venues for operators/retailers who are pitching clients on Canada.

9. The major sources of influence for destinations are:

    - Exposure – e.g., dinners, presentations, FAM trips
    - Commissions – most U.S. agencies work through wholesalers rather than airlines and hotels. Consequently, these key wholesalers are very important to work with.

The Canadian Specialist program, if under consideration to continue, is far more beneficial to specific destinations, attractions and facilities within Canada, since these agents may have influence on what their clients see and do and where to stay. However, this should **not** be a focus of the CTC in its mandate to attract visitors to Canada.

Summary

- Trade support should focus on their efforts to advertise and promote Canada among the broader target audience, leaving the Canada Specialist efforts to micro sectors of the Canadian industry like districts, hotel chains and other brands.
- The bottom line to make the most effective use of the CTC sales team working the trade is to work with them to create stronger communication pieces to generate demand.

8. Focus on The Trade Directed Marketing and Communication Opportunities by Market

Border/Mid-State Opportunities

Continue to let the PMO's and DMO's focus on the border states. Provide the trade and partners with Canada's positioning expressed in a way that it can be dropped into partner ads. Work with the trade to develop 4+night packages – for example:

- Boston/Chicago Atlantic sightseeing historic adventure
- Boston/Chicago fly/drive to Seattle and/or Vancouver
- San Francisco journeys to Atlantic Canada (the other coast with a Scottish/Irish influence).

Southern States

Summer trips to Canada to "get away from the heat"

Sister city visit opportunities:

- Calgary for Dallas residents
- Latin-based appreciation for Montreal from Miami

Winter wonderland opportunities

- Usually surrounded by an icon or iconic activity (e.g., icebergs, polar bears, dog sledding, ice all climbing, ice hotel, etc)
- Summer iconic outdoors (Lake Louise, canoeing, Niagara Falls, etc.)
- Romantic Canada which leverages resorts, cities, reconnecting and indulgence.
- City/nature juxtaposition with all the benefits of a great city next to nature.

Special Packages

Many special, targeted packages should be available:

- Summertime multi-generational R&R trips.
- Family trips with a significant educational component for kids (e.g., whale watching, iceberg viewing, Drumheller dinosaurs, glacier walking, other experiences unique to Canada).
- Status Venues (focus on the status/bragging right ? plus great cuisine, nightlife, fantasy/escapism elements.
- Educational and personal growth opportunities (icon focused seeing first hand what was read about or studied from home).
- High end, all-inclusive experiential products (glamping, Calgary Stampede, poshest most northerly resort, Rocky Mountaineer first class, emphasis on high quality and lux service).
- Opportunities to learn how Europe/overseas cultures have evolved in Canada (then could compare to high integration practice in the U.S.)

9. Broaden Current Campaign Reach to Additional Markets

The CTC's current campaign, directed primarily to Boston, the tri-states, Los Angeles and San Francisco is only reaching a fraction of the market.

The five states (Massachusetts, New York, New Jersey, Connecticut and California) only account for:

- 29% of the total travel market
- 31% of current travellers to Canada
- 34% of air travellers to Canada

Given the latent demand across the U.S., clearly there is a major lost opportunity, beyond the 4 targeted.

Summary

- Consider broadening the CTC campaign to other markets beyond the current four, especially to other centres within those regions, assuming a regional campaign had been created only consider if solid GRP levels have been achieved in the core markets.

Section 5: Appendix: Methodology

5. Appendix: Methodology

The research was designed primarily to determine:

a) Why travel to Canada is down from the U.S. market?

b) What needs to be done to trigger more travel to Canada?

Nine specific information goals were established to address these issues:

1. Who are the prime target markets for Canada?
2. What are the barriers holding Americans back from visiting Canada?
3. What triggers effectively move travellers down the path to purchase?
4. What kinds of experiences do today's travellers want that Canada can fulfil?
5. What products/experiences fit best with **each** specific target segment?
6. What are the role's of travel agents and tour operators in the U.S. market for Canada and to whom should the CTC direct it's sales force?
7. How should Canada be positioned?
8. How has the market evolved since the DKS 2006 research was conducted?
9. What strategies would work best in short term and the long term.

A four phase approach was implemented for this research. This includes:

Phase 1:	Review of Existing Data
Phase 2:	a) Consumer Focus Groups
	b) Kitchen Table interviews
Phase 3:	In-depth Travel Trade Interviews
Phase 4:	Consumer Quantitative Survey

Phase 1: Review of Existing Data

An examination of existing available data on US travel patterns and economics was conducted in order to provide context for the findings of the original research.

Information of particular relevance to the existing research included:

- Existing CTC research including Shifflet and previous studies by Insignia and others
- Economic growth -- recent and forecast
- Inflation -- recent and forecast
- Consumer confidence
- Disposable income
- The socio-economic structure of the population and its relevance to tourism
- Outbound travel by destination -- recent trends and projected future trends
- Exchange rate fluctuations between the U.S. and Canadian dollar
- Short-haul travel – preference and trends
- Other data that would predict the current health and longevity of U.S. travel trends outbound
- The learning especially from previous market studies will help guide the questionnaire development.

Phase 2: Qualitative Consumer Research

a) Focus Groups

In order to gather grassroots insights to shape the quantitative survey, as well as to give context to its results, focus groups were conducted among American travellers.

Sixteen groups (recruit 8 for 6 per group) were conducted across the US, in 8 cities. All participants had either travelled internationally in the past 3 years or had plans to travel internationally in the next 2 years.

Each city had two groups, separating CTC defined US traveller segments in order to provide a clearer picture of travel needs and attitudes. In addition, groups were either conducted among those who travelled to Canada previously or those who had not but were not rejecters of Canada. All cities besides Miami had one potential traveller and one past traveller group. Miami had two potential travellers as potential US long-haul travellers were of particular interest for the research.

b) Kitchen Tables

To further the understanding of planning and buying behaviour among the targets, kitchen table sessions were carried out in the cities where the focus groups had been conducted.

These sessions consisted of a couple planning a Canadian vacation with a moderator present and all potential resources available.

Phase 3: In-depth Interviews with the Travel Trade

As a great deal of the CTC's activities in the U.S. relate to the travel trade, a series of in depth interviews were conducted among the trade, including online providers as according to OTTI and other sources the momentum in the U.S. with respect to booking air travel is toward online providers.

A discussion guide is included in the appendix of this report.

Thirty-five interviews in total were conducted in the key markets among:

- Tour Operators/Wholesalers,
- Travel Agents/Retailers,
- Online Retailers/Airlines, and
- Canadian DMO's/PMO's

Phase 4: Consumer Quantitative Survey

A national online panel operated by Insignia's online partner Research Now was conducted with 9,293 long-haul travellers aged 25-74 and with minimum household income of US$70K, from April 17 to 23, 2008.

Respondents met the following criteria:

- Taken a leisure trip and spent at least one night in paid accommodation in the past 12 months:
    - Short and mid haul residents: at least 100 miles away from home*
    - Long-haul residents: at least 1,000 miles away from home*
- Travelled outside of U.S. for an overnight leisure trip with paid accommodation in the past 5 years.

Incidence: 35% among adults age 25-74.

*This definition was used to match the one used in the previous Shifflet report (2006)

Sample distribution of the surveyed regions and the key identified states are as follows.

	Total Long-Haul Travellers
New England	**1,000**
• Connecticut	219
• Massachusetts	544
Mid Atlantic	**1,016**
• New Jersey	300
• New York	474
South Atlantic	**1,000**
• Florida	338
East North Central	**1,000**
• Illinois	317
West North Central	**1,000**
East South Central	**1,000**
West South Central	**1,000**
• Texas	813
Mountain	**1,000**
Pacific	**1,077**
• California	708
• Washington	300
Hawaii/Alaska	**200**
Total	**N=9,293**

A regional weight was applied to the online sample to reflect a more accurate distribution of traveller population within each region.

The average duration of interview was 20 minutes. Detailed tables are available in a separate file. The questionnaire is appended for reference.

The average error range with a sample of 9,293 is ± 1.0%.   This means that in 19 out of 20 cases, the results based on a sample of 9,293 will differ by no more than 1.0% from what would have been obtained by interviewing all consumers who meet the qualification criteria in the markets surveyed.