



Canadian Tourism  
Commission

Commission canadienne  
du tourisme

# Global marketing & sales plan 2011



Canada



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# Introduction

The Canadian Tourism Commission (CTC)'s 2011 Global Marketing and Sales Plan reflects new realities in the tourism industry. It also presents workable and efficient solutions to growing tourism export revenues for Canada over the long term.

This plan is aligned with the CTC corporate priorities of focusing on high-yield travellers, consistently applying the Canada Brand and developing marketing programs that are flexible and responsive to changing market conditions. As well, the CTC is highly engaged with partners based both in Canada and in respective global markets, ensuring a united and effective marketing thrust. This plan identifies opportunities while analyzing extensive market research and reviewing past successes and challenges for both traditional and emerging markets.

A drastically changed economic climate demands creative and strategic planning to place Canada in a more competitive position internationally. Significant for 2011, the CTC has recently embarked on two strategic directional changes in line with our corporate goal of investing in markets of high return potential and where Canada's tourism brand leads. First, fundamental changes will be taking place in how we invest in the US market and, second, the organization is pursuing profound changes to our operational footprint to maximize available investment dollars for sales and marketing activity.

The CTC's new business structure will focus marketing investments where the Canada tourism brand is a leader. A global approach to marketing Canada presents a consistent voice and brand message, and leads to increased operational efficiencies, strengthening the brand internationally. From 2011 on, a streamlined organization will focus on both established and emerging markets that include Australia, France, Germany, United Kingdom and United States as core markets and Brazil, China, India, Japan, Mexico and South Korea as emerging markets or markets in transition. The individual marketing plans contained here address challenges and risks while presenting strategies that will promote Canada's tourism brand and lead to increased visitation.

The CTC will continue to capitalize on our proven marketing tools, which include a strong brand identity, a clearly defined set of Unique Selling Propositions and a sophisticated market segmentation system. Each market has identified a channel marketing approach that employs a blend of consumer direct, travel trade, public relations and social marketing. As well, partnership opportunities for Canadian industry partners are noted. The CTC's 2011 Global Marketing and Sales Plan also outlines current and valuable research insights for each market.

As we approach new challenges and opportunities in tourism marketing in global markets, we must prepare with solid planning based on research and results. Armed with a strategy that addresses both risks and potential, a streamlined and efficient CTC will achieve continued success in growing Canada's tourism export revenue.

Further details on the CTC, market research and programs are available on the CTC's corporate website, [www.corporate.canada.travel](http://www.corporate.canada.travel)

**Charles McKee**

Vice-president, International





# CTC 2011-2015

## Corporate Plan Overview

### CTC mandate

The Canadian Tourism Commission (CTC) is Canada's national tourism marketing organization. A federal Crown corporation, the CTC leads the Canadian tourism industry in marketing Canada as a premier four-season tourism destination. The commission supports the Canadian economy by generating tourism export revenues.

Through collaboration and partnerships with the private sector, the Government of Canada, plus the provinces and territories, the CTC works with the tourism sector to maintain our competitiveness and reposition Canada as a destination where travellers can create extraordinary personal experiences.

### Marketing Canadian tourism globally

The CTC's approach focuses on those global markets where Canada's tourism brand leads and yields the highest return on investment. The CTC is active in 11 key geographic markets: the new and emerging markets of **Brazil, China, India, Japan, Mexico** and **South Korea**, as well as the core markets of **Australia, France, Germany, United Kingdom** and **United States**.

By implementing a targeted, focused approach to marketing, the CTC develops and executes marketing strategies that are relevant to customers' individual needs and the personal experiences they seek in their travel destinations.

### Corporate objectives & strategic priorities

The 2011-2015 Corporate Plan lays out objectives and priorities for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. By concentrating efforts on the following objectives, CTC will be in the best position possible to achieve our mandate for the benefit of Canada's tourism industry.

#### Objectives

##### 1. Increase demand for Canada's visitor economy.

- Generate wealth for Canadians by focusing on both short- and long-term potential for maximizing return on investment as markets mature and evolve.
- Engage in effective tourism marketing, promotions and market development activities supported by market research, with an aim to helping Canada achieve its national tourism revenue goal of \$100 billion by 2015.

##### 2. Focus on markets where Canada's tourism brand leads and yields the highest return on investment.

- Concentrate on those geographic markets or consumer market segments where marketing at the national level leads to the highest potential for return on investment.
- Convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

## Priorities

The following key priorities for action form the framework for how the CTC will achieve our objectives in the 2011-2015 period.

### 1. Ensure customer relevancy and differentiate Canada.

- Develop and maintain communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations.
- Position Canada's tourism brand as a leading experiential brand in the world, where travellers create extraordinary stories all their own.

### 2. Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games.

- Engage with industry partners and international travel intermediaries to target consumers with the aim of converting their interest in Canada from media coverage of the 2010 Winter Games into travel intentions with a focus on closing the sale.

### 3. Lead the tourism industry in international brand alignment and consistency.

- Harness Canada's collective voice and work closely with the tourism industry to communicate the advantage of a strong, consistent international tourism brand for Canada.
- Engage export-ready small and medium-size enterprises (SMEs) in CTC communications platforms to align supply with consumer demand in international markets and to strengthen the value of Canada's tourism brand by showcasing compelling product experiences.
- Lead industry and government in tourism marketing.
- Drive brand alignment and relevancy.

### 4. Foster organizational excellence.

- Be a strategy-focused organization with the right tools, people and resources in place to deliver.
- Maintain a positive and collaborative relationship with the shareholder.
- Focus on overhead management and implement cost containment measures.



# CTC's Strategic Shift

## 2011 – 2015

CTC is setting new directions to reclaim growth for tourism in Canada. The primary business shift is to focus marketing investments where the Canada tourism brand leads and where Canada will be able to compete meaningfully in high-value international markets. The secondary shift is operational, delivering a scalable structure with leaner operations at our headquarters in Vancouver as well as a change in the international footprint to a regional office model.

These shifts have meant CTC has freed up substantial funds to invest in more marketing programs within high-yield international source markets—an additional \$16 million dollars by 2012. Additional international investment will contribute to the Canada tourism brand gaining strength and inspiring more travellers to visit Canada. Further, the organization will have a more scalable operation and be better positioned to adjust rapidly to compete for tourism business under its regional model.

With a base budget of \$71.8 million for 2011, we need to adapt to new financial realities and position investment to drive maximum results in support of the stated goal to grow tourism export revenues for Canada.

Canada needs to stimulate international visitation. Over the past decade, there has been a dramatic shift in the profile of travellers. Right now, 80% of tourism revenue comes from domestic travellers. This percentage has increased from 65% in 2000; it is clear that relying on more than 80% of revenue from the domestic market is not sustainable for Canada's tourism industry.

Two key shifts that will influence the CTC's operations over the next five years:

### 1. Shift to a focus on roles.

Beginning in 2011, the CTC will adapt its investment parameters to focus on markets where the "Canada. Keep exploring" brand leads. CTC will maximize investment in international markets where our brand has a leadership position in both mature and emerging source markets. CTC will cease investment in the Locals Know domestic market campaign of 2009-2010, which was funded under a two-year federal stimulus program. Finally, CTC will cede leadership in the US leisure arena to Canadian partners, but will remain invested in US marketing activities through meetings, convention & incentive travel (MCIT), media and public relations and social media.

### 2. Shift to a leaner, more scalable operation.

The CTC's operational footprint, both at headquarters and internationally, will be leaner and more scalable. By the end of 2010, our wholly owned offices in Paris, Dusseldorf and Sydney will have been converted to general sales agency-appointed offices. Moreover, the CTC will seek partnerships in the form of co-location with provincial marketing organizations in our international markets to reduce redundant overheads.

By creating efficiencies and investing increased program dollars and marketing resources into international markets where the CTC brand leads and drives a higher return on investment, CTC expects to generate an additional \$5.4 billion in attributable tourism export revenues to support Canada's national tourism revenue target of \$100 billion by 2015.

# Global Marketing & Sales Strategy

## Introduction

The Canadian tourism industry faces both opportunities and challenges for 2011. The CTC has embarked on a global approach that will ensure world-class marketing and sales practices are aligned with corporate priorities. By taking a global approach to strategic and communications planning, and maintaining marketing relevance in each of the countries served, the organization will continue to be efficient, flexible and innovative. The CTC will focus on those markets and consumer segments where there is the highest potential for return on investment, promoting Canada's tourism brand in the emerging markets of **Brazil, China, India, Japan, Mexico** and **South Korea** as well as the mature and traditional markets of **Australia, France, Germany, United Kingdom** and **United States**.

## Situation analysis

With cautious optimism for a renewed economic environment and excitement following to the 2010 Winter Games, the CTC, along with the Canadian tourism industry, is poised to capitalize on opportunities, resulting in more tourists to Canada this year. To date, positive results have been seen from most markets, although the impact of the global recession has made the recovery more subdued.

In 2009, international visitors made 15.6 million trips to Canada, down 22% from 2002, Canada's peak year in international arrivals. At the same time, global tourist arrivals to all countries have increased. In other words, Canada continues to lose market share in an era when more global tourists are travelling.

### Factors leading to decreased market share include:

- Economic uncertainties
- Strength of the Canadian dollar
- Security concerns
- Low-cost air carriers leading to a greater demand for short-haul travel
- Fierce competition
- A more discriminating consumer who readily shares critiques and reviews via extensive online channels
- New visa policy implementation in Mexico.

One of Canada's greatest challenges over the next few years will be to improve its competitive positioning. Canada is a maturing travel destination; visitation from primary markets has moved beyond the peak growth phase into a period of slower growth. Canada is not alone in this situation; many other mature tourism destinations such as Japan, the UK and Germany also face declining market share. Improved air access and interest in exotic new experiences have led to growth for destinations such as Southeast Asia, Africa, Eastern Europe, Turkey and Dubai.

That being said, Canada emerged in 2010 with new opportunities for increased tourism demand by recently gaining Approved Destination Status in China and hosting the Vancouver 2010 Olympic and Paralympic Winter Games.



## Overview by market

### Brazil

Brazilians currently make 2.8 million long-haul trips annually, a small market by global standards. Still, double-digit growth in recent years and strong economic forecasts make the emerging Brazilian travel market alluring. Plus, Brazilians' destination preferences seem to be changing to less mainstream destinations, which presents good potential for Canada. Brazil was one of the first economies in 2009 to begin its recovery, emerging from a short recession in the second quarter of 2009. GDP contracted 0.2% in 2009, largely driven by weak domestic consumption and investment in the start of the year. However, by year end, employment and economic activity were improving. Brazil was the smallest inbound market among CTC core markets in 2009 with 56,700 visitors, a 19% decline over 2008. However, Brazilian visitors spent \$97.6 million on trips to Canada in 2009. And they spent an average \$1,719 per trip—a 10% increase over 2008 and the highest average spend per trip of CTC's core markets. Inbound arrivals from Brazil are expected to grow by 12.3% in 2010, with total spending increasing by 14% over 2009.

### China

Thanks to Canada's newly Approved Destination Status (ADS)—a designation that allows a country to market directly to Chinese consumers—China represents a major opportunity. Outbound travel from China has risen over the last few years, fuelled by rapid economic growth, a rising middle class, less restrictive travel policies and a desire among Chinese to experience other cultures. The impact of gaining ADS status will be enormous; for example, Australia reported a 90% increase in Chinese arrivals following ADS approval. Measures are already in place to capitalize on this significant opportunity for increased demand to Canada.

### India

India has one of the fastest expanding economies and a growing middle-class population who want to explore the world. With the economic pace picking up globally, India expects overall GDP to expand by 7.8% in 2010 and 9% in 2011. Following 10 years of uninterrupted growth averaging 10% per annum in visitor arrivals to Canada, arrivals from India contracted by 3% in 2009. In 2010, the CTC forecasts a 6.1% increase in the total number of Indian visitors, reaching approximately 133,700 overnight trips.

### Japan

Canada experienced a significant decrease in the number of Japanese visitors in 2009, with visitation down 30.4% since 2008. While much of the 2009 decline can be attributed to the country's weaker economic condition and the onset of the H1N1 flu virus, the number of Japanese visitors to Canada has been continuously eroding, and represents challenges for conversions moving forward. The positive news is that Japan is showing signs of economic recovery with a projected growth in GDP of 2.8% for 2010. Indeed, the first half of 2010 saw an increase of 29% over 2009 in the number of Japanese tourists, through this is still 15% lower than in 2008. This market remains fragile, hampered by rising unemployment, lagging investment, falling prices and an aging workforce.

### Mexico

Mexico represented one of the fastest-growing emerging markets for Canada in 2009, showing good potential for long-term growth. However, after the July 2009 announcement regarding the visa requirement to enter Canada, together with an ailing economy and weakening peso, travel from Mexico plummeted. This market posted Canada's largest drop in visitation, down 37% in 2009 compared to the previous year. Year-to-date June 2010 trip statistics indicate that trips from Mexico declined 43% over the same period in 2009. A levelling off is expected in the months to come with communications efforts to mitigate negative impressions and with travellers now obtaining five-year visas. Also aiding the recovery situation are Mexico's wealthier populations, who engage in long-haul travel, and are less affected by volatile economies, exchange-rate issues and other external factors such as visa requirements.

## South Korea

In 2009, South Korea's travel industry was hit hard by the global economic slowdown with outbound travel declining for most of the year. Declines in income levels, a weakening currency and a struggling economy shook South Korean consumer confidence. In 2010 South Korea's economy is showing signs of recovery, with an anticipated rise in GDP of 5.3%. Trips made by South Koreans to Canada in 2009 fell 24% over the previous year, in part impacted by health concerns over the H1N1 outbreak. Over the first six months of 2010, Canada has experienced a healthy recovery of 18% over 2009, but this still represents 14% fewer tourists from South Korea than the same period in 2008.

## Australia

Among the CTC's traditional markets, Australia was one of the few economies not to enter into a recession in 2009. While consumer confidence, job opportunities and the Australian dollar strengthened throughout 2009, Australians also faced rising inflation. Despite Australia's stronger economic situation, travel to Canada slipped 14.3% in 2009. Canada is starting to regain some momentum in the market, with visitation up 11% over the first half of 2010. Canada is back on the radar of Australian travellers given its price competitiveness relative to other overseas destinations.

## France and Germany

French and German arrivals in 2009 were impacted by the global economic downturn, but both showed more resilience than other CTC mature markets, which bodes well for Canada looking forward. French and German economies are the strongest in the European zone, and their GDPs are forecasted to modestly expand by approximately 1.5% in 2010 and 1.7% in 2011. Over the first half of 2010, the number of French and German tourists to Canada increased by 8% and 10% over 2009, respectively, surpassing levels achieved over the same period in 2008. Germans are well aware of Canada as a travel destination and will benefit from greater insight into the cultural diversity and range of experiences. Global Tourism Watch data suggests that even in the current economic climate, French citizens show an increase in travel intentions this year.

## United Kingdom

The UK market, which represents half of all trips from the three European markets, fell in 2009 by 18% over 2008. However, the CTC's Market Portfolio Analysis ranks the UK at number one, suggesting continued strong potential for the future.

## United States

Of the total arrivals to Canada from CTC target markets, leisure travel from the US accounts for over 71% of visits. Declines from the US are a major factor in Canada's overall performance on the international front. In 2009, the 9.9 million overnight leisure arrivals from the US constituted a fifth consecutive year-over-year decline (-6.1%). With continued economic instability characterized by plummeting housing prices, a weakened currency and record high unemployment, Canada continues to see reduced demand from its most valuable international market.

*For more detailed research analyses, refer to the individual "At a Glance" market reports in Appendix A. The marketing and sales plans for each market begin on page 42.*

## Selecting target markets

Market selection decisions are based on the CTC's performance evaluation tools—the Market Portfolio Analysis (MPA) rating system and the Market Investment Model (MIM). Both models have been validated by Tourism Economics, a subsidiary of Oxford Economics, and lead the market with groundbreaking applications. For more information on the MPA and MIM models, please see Appendix C.

For more information on the global context, please refer to the CTC's 2011 Environmental Scan report.





# Global marketing & sales plan

## Objectives

In support of the CTC's strategic objectives, the Global Marketing and Sales Plan will:

- **Convert high-yield customers**

The CTC targets markets of highest return, or markets with the highest concentration and volume of high-yield travellers who have the greatest propensity to travel both outbound and to Canada. Within the geographic markets, focus will be on travellers who tend to travel more, stay longer, be less sensitive to economic barriers and generate a higher return on investment. Ongoing market research and segmentation will allow for a better understanding of Canada's best prospects, plus their travel needs and motivators, in order to move them along the path to purchase.

- **Lead industry in brand alignment and consistency**

The CTC will employ a global communications platform built on the three pillars of Canada's tourism brand (people, geography, culture), Canada's Unique Selling Propositions and enhanced Explorer Quotient customer segmentation. CTC will work closely with Canadian tourism industry partners to maximize resources and marketing reach.

- **Respond to changing market dynamics with best-in-class tourism marketing**

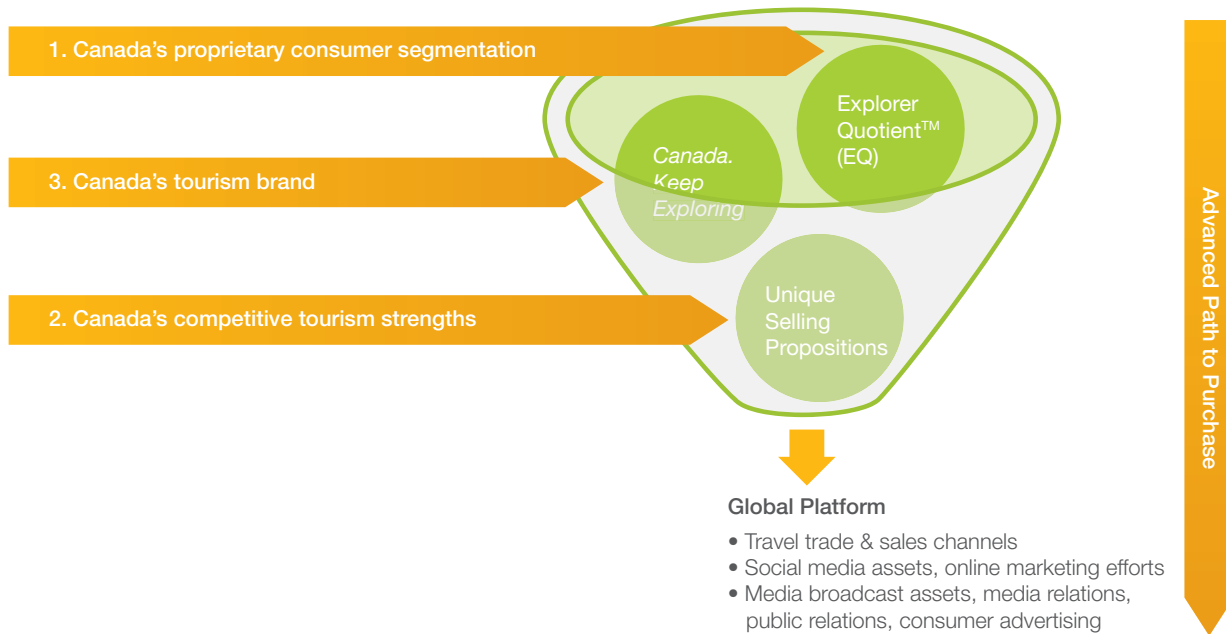
The world presents a constantly evolving travel environment and the CTC will be agile in responding to issues and opportunities. While the global strategy will remain consistent, channel tactics will be flexible in order to respond to evolving market dynamics.



## Strategy foundation

To achieve our marketing and sales objectives, the global strategy has at its foundation three key elements:

### Exhibit A: Strategy Foundation

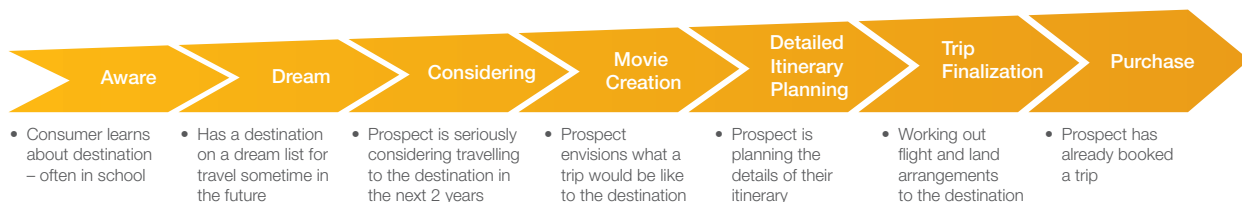


Through these three elements, the CTC facilitates the sales process by engaging consumers using the channel and messaging appropriate to their stage in the trip planning and purchasing process. To better understand where prospective Canada consumers are in this process and how best to influence their purchase decisions, the CTC employs an Advanced Path to Purchase Framework in our research efforts and strategy.

### The Advanced Path to Purchase Framework

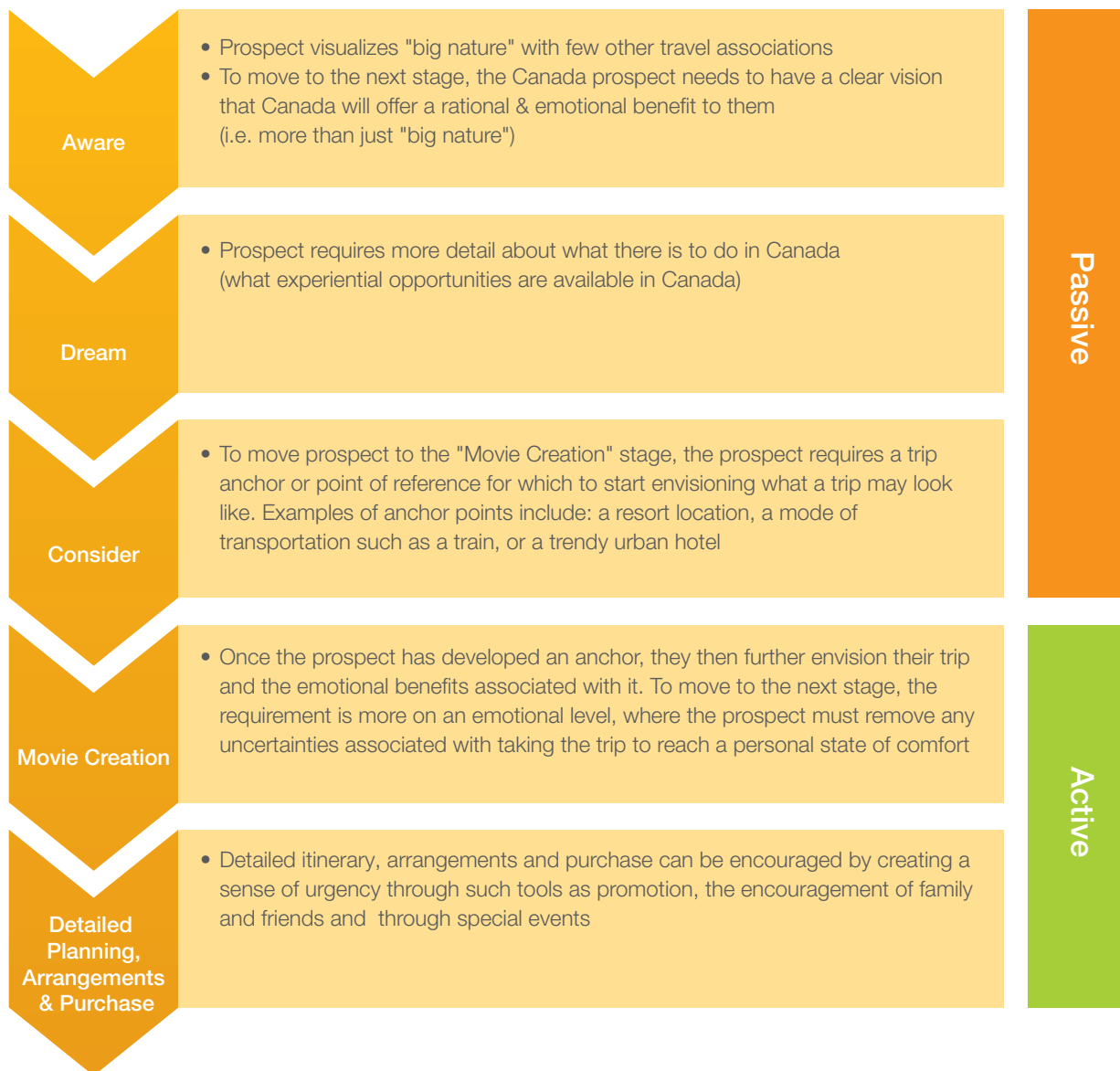
This framework aims to better understand and distinguish between prospective and non-prospective travellers and where they are along the path, as well as to provide the ability to better anticipate a prospective consumer's needs, perceptions and behaviours at each stage.

### Exhibit B: Advanced Path to Purchase Framework



Incorporated into major CTC studies, this path provides a clear representation of the consumer's journey in making travel decisions and ultimately purchasing travel to Canada.

## Influences and barriers along the Path to Purchase



### The CTC's proprietary consumer segmentation system, Explorer Quotient™

Much as the Advanced Path to Purchase allows the CTC to better understand the prospect's journey in purchasing travel to Canada, CTC's unique and propriety consumer segmentation system provides a lens to better understand the values, motivators and needs of Canada's most promising and valuable prospects.

EQ serves as a way of targeting consumers beyond traditional demographics, using a set of values specific to travel to categorize consumers into meaningful groups. From there, the CTC can understand the social attitudes, demographic and travel characteristics intrinsic to each EQ type.

The CTC has chosen to focus its efforts on selected EQ types by international market.

## EQ Segments and Types of Focus



**Note:** Orange = Target EQ type

EQ targets falling into the Learners segment aim to be immersed in their travel experience and get to know about the culture, people and environment. They are constant travellers and place a great importance on experiencing authenticity.

Enthusiastic Indulgers share enthusiasm for the culture, people and environment; however, they are more inclined to seek out opportunities for fun and excitement along the way and tend to place a great importance on a shared experience and escapism while they travel.

For a more detailed understanding of CTC's EQ types, visit our corporate website: [www.corporate.canada.travel](http://www.corporate.canada.travel)



## The tourism brand: *Canada. Keep Exploring.*

Canada's tourism brand continues to establish itself as a leader in the sector. In 2009, Marketing magazine named the Canadian Tourism Commission "Canada's Marketer of the Year," an honour that validates the CTC's marketing approach. As well, the Country Brand Index ranks the Canada Brand at number two (behind US and in front of Australia). During the Vancouver 2010 Olympic and Paralympic Winter Games, Canada's tourism brand was exposed to the world via an extensive airport "Welcome to Canada" display program. Over the course of 2009, CTC's Brand Experiences unit partnered with provinces and territories to produce over 300 short travel documentaries for social media that are now being actively distributed by both CTC and partners. At the same time, the Brand Canada Library was augmented by 1,800 still images, which are shared at various social sites. CTC's social-media content has achieved over a million views and over 25,000 hours of online engagement via sites such as Facebook, Twitter, YouTube and Flickr, which CTC has now established in several international markets.

## Selling experiences: Canada's Unique Selling Propositions

The CTC has identified five competitive strengths that resonate with the target customer from a tourism experience standpoint.

### 1. **Vibrant cities (on the edge of nature)**

Our cities are alive and inviting with experiences that engage all the senses filling you with a sense of exploration, discovery and inspiration; nature is often the backdrop. The vibe and pace of Canadian city centres can also stand alone as competitive strengths.

### 2. **Personal journeys by land, sea, air, rail**

In Canada, the journey can be just as rewarding as the experience at the final destination.

### 3. **Connecting with Canadians**

This is where Canada's brand personality comes to life; witty, fun, approachable and authentic. Travellers will understand where Canada comes from and where it's going.

### 4. **Award-winning local cuisine**

Canadian cuisine acts as an introduction to the geography, people and culture that shape the country.

### 5. **Active adventure among awe-inspiring natural wonders**

Visitors don't have to sacrifice comfort to be engaged in natural wonders, regardless of skill or experience in the outdoors.

By focusing on product in these five areas, the CTC can effectively communicate experiences that are most relevant to the target customer and that can compete on a global stage. While these propositions may be found elsewhere, it is the unique experience to be had in Canada that will form the focus of the global communications platform for upcoming marketing programs.

## Strategic execution

### The CTC's global communications platform

This platform is designed to align Canada's tourism brand with the preferred travel experiences identified by the EQ segmentation tool. As a result, it will enable the marketing, sales and communications teams to advance perceptions of a Canadian travel experience to create a renewed sense of urgency to visit Canada. It will also deliver operational efficiencies through production of creative campaign materials that are consistent across global markets and relevant to CTC targets.

The CTC is building on the success of Canada's national tourism brand to break through the clutter and inspire consumers to think differently about Canada. We will reach our target audiences with an even more engaging and exciting message to compel them to travel to Canada now.

Electronic media such as television and video campaign content will share authentic Canadian experiences as seen from a unique traveller perspective. The strategy will build on the previous mix of media such as print, television and online, and will include travel-trade and media relations plus social-media activities. This strategy has already shown positive year-over-year conversion results and has been well received by stakeholders in the tourism industry.

## Channel strategy

The CTC will reach its targeted high-yield traveller via three channels: consumer; travel trade and sales; and public relations and social media.

### Consumer direct

The integrated marketing mix will include both traditional and non-traditional paid media, complemented by innovative initiatives such as social and community marketing, content syndication and affinity partnerships. An emphasis on tactical messaging and media will harvest the Olympic afterglow and drive conversion. E-marketing is at the heart of the CTC's marketing program. We will continue to learn about and connect with consumers, making use of current databases and enhancing segmentation of customer data. A strengthened online focus will drive traffic to [www.Canada.travel](http://www.Canada.travel). The website has been localized and/or translated for each of the CTC global markets and over 2011 will be enhanced with contextual online conversations and seamless presentation of experiential and user-generated content.

### Travel trade and sales

Travel professionals who best understand Canada's tourism products have greater success in selling Canada as a vacation destination. To better train and inform agents and tour operators, the CTC offers the Canada Specialist Program (CSP) and tour operator key account program.

Tour operators, agents and other sales channels are vital to the success of Canada's tourism marketing and sales initiatives, playing a key role in converting customers. Travel agency consortia and consumer-direct tour operators can identify and influence the target audience and deliver Canada's tourism brand message, resulting in high-yield product placement and sales. Moreover, the Explorer Quotient (EQ) segmentation model provides a unique opportunity to work in partnership with key sales accounts to segment databases and assist operators in tailoring product and identifying best-prospect clients.

The Canada Specialist Program is a comprehensive trade development and education program that is integrated with other components of our market-specific global strategy and runs in all of the CTC's core markets. Ultimately, CSP encourages increased bookings to Canada by educating travel agents, tour operators' sales and reservations teams and other influencers. These CSP-trained agents will be the CTC's strongest frontline sales network. Other in-market trade support includes certified training programs and testing; conferences and seminars; familiarization (FAM) trips; tools and training manuals; and Canada Specialist e-newsletters. The in-market offices share global online CSP training tools, creating efficiencies and communicating consistent brand messaging.

The key account program enables the CTC to identify those operators who are the best fit for Canada's tourism brand and EQ segments. Key account analysis identifies the best means to reach high-yield customers.

### Global communications

In the lead up to and during the 2010 Winter Games, a global approach to media relations proved to be a successful means for the CTC to reach Canada's priority consumers. Hosting one of the world's largest media events was an ideal opportunity to apply CTC's global media relations strategy and evaluate effectiveness. We learned a lot, and these lessons will influence planning and initiatives and ultimately allocation of resources.

The CTC's Global Communications team focuses on telling Canada's tourism story through international editorial coverage with relevant targeted media outlets and influencers. The CTC's media and public relations strategy introduces Canada into consumer conversations through social-media channels and helps create the "vacation movie of Canada" through broadcast channels. Communications include:

- Targeted media outreach to outlets aligned with marketing programs
- Visiting journalists program
- Public relations outreach through non-traditional alliances, entertainment media, niche publications, non-traditional outlets and national promotions
- Tools and resources
  - Rights-free images and b-roll
  - CTC Media Centre website: [www.mediacentre.canada.travel](http://www.mediacentre.canada.travel)
  - Travel story ideas: [www.mediacentre.canada.travel/media/story-ideas](http://www.mediacentre.canada.travel/media/story-ideas)
  - Media marketplaces.

### Social media outreach

Embracing social media enables the CTC to reach influencers as well as consumers. The CTC proactively identifies online audiences that would be interested in Canadian travel experiences, then distributes relevant content coordinated with other elements of the consumer, trade and media programs. This personalized communication gives travellers a richer picture of the experiences they can have in Canada, thereby inspiring them to visit. The CTC's social-media program will continue to progress with the development of new and innovative approaches to engaging influencers and customers in the Canadian conversation.

The 2011 communications program is aligned with Canada's tourism brand, focusing on media outlets and influencers reaching high-yield customers with the greatest propensity to travel to Canada and thus providing the greatest return on investment. The Global Communications team will continue to develop stories that are aligned with the CTC USPs and tailored to EQ types, while integrating all media and social-media outreach with in-market marketing programs.



## Vertical programs

### Ski

In 2010 the CTC, in conjunction with many industry partners, launched a successful global ski program that uses consistent creative platforms and messaging. The target ski markets for the CTC are Australia, US, UK, Germany, Mexico and Brazil. A global web platform will be the primary call to action and will be localized to meet market needs.

One of the CTC's strategic directions is conversion and motivating the consumer to move along the path to purchase. Ski is a niche product and the slowed global economy continues to create challenges. Market changes include shorter booking periods, last-minute booking patterns and a declining skier base travelling to Canada year over year.

Research supports a ski message that leverages the breadth of experiences available with a Canadian ski vacation. This approach also capitalizes on the creative range and flexibility of the user-generated content platform. Ski remains a high-yield product that augments the CTC's present vacation product, presenting a complete four-season destination message.

### International meetings, convention & incentive travel (MCIT)

The mandate of MCIT is to develop a comprehensive and fully integrated program in key European and North American markets to maximize the sales impact on Canadian meeting and incentive destinations. This is accomplished through direct solicitation, in-market promotions and incorporation of the brand positioning and marketing of the respective leisure programs. The program should elevate and expand core partnership opportunities and allow each component to support the attainment of overall sales lead targets for meeting and incentive markets.

The CTC's MCIT program positions Canada as an attractive alternative to international meeting and incentive destinations, providing the cachet of a foreign experience with the familiarity and ease of being at home. Canada's state-of-the-art facilities, high service levels, diverse destinations and distinctive niche product experiences are promoted in key geographic and segment-specific markets to generate new business opportunities away from competitive US and overseas destinations. More information on the CTC's International MCIT Strategic Plan is available at the CTC corporate website, [www.corporate.canada.travel](http://www.corporate.canada.travel).

## Partnership programs

Creating and leveraging strategic relationships with traditional and non-traditional partners is a foundation of the CTC's marketing programs. The CTC will continue to create multi-market vertical alliances and modernize the marketing mix around content distribution. Specific partnering opportunities will be developed around marketing, sales, and media and public relations. Each partnered program has been filtered through guidelines to ensure that it:

- Is consistent with the high-yield potential requirement of the strategy
- Positions Canada in accordance with Canada's tourism brand: *Canada. Keep Exploring*
- Leads consumers down the path to purchase
- Creates a compelling platform for initial and future partner opportunities
- Develops database and customer intelligence for one-to-one marketing communications.



# Marketing and Sales plans by market

## New and emerging markets

### BRAZIL

#### Situation analysis

2011 will mark the third year of Canada's entry into the Brazil market. CTC plans to continue to develop the market by engaging tour operators, travel agents, airlines, social media, media, the Canadian Embassy and Canadian partners in order to generate interest and demand, as well as to lay the foundations for conversion. GDP growth in Brazil continues to be strong, and the Brazilian tourism trade's enthusiasm for Canada has resulted in a major increase in Canadian product offerings, now in place to service the growth in the middle class. The 2010 Winter Games drew great attention to Canada in Brazil, and there was a significant increase of media coverage, which only intensified when Brazil was selected as an upcoming Olympic host.

The Brazilian market has responded quickly to the strategies and actions CTC has implemented since its entry in 2009. Positive feedback has been universal from receptive tour operators, partners, provincial and destination marketing groups and Brazilian tour operators. Increased sales figures from tour and receptive operators indicate confidence from the trade with immediate commitment to develop and sell Canada. Sixty tour operators are now selling Canada, 17 of which are partnering in co-op campaigns.

#### Strategic considerations and opportunities

CTC's market entry strategy for Brazil focused on strong trade and media engagement in Rio de Janeiro and São Paulo. In 2011, CTC will continue to work closely with Canadian partners that have shown interest in the market, as well as encourage and support new partners.

The 2009 TNS Brazil study concluded that while the majority of Brazilians research online prior to booking a trip, they use a travel agent to book their trip. CTC's continued investment in the travel trade and key account management is directly supported by these findings. Almost 60% of past long-haul travellers' destination choices were influenced by a friend or relative. Enhanced education and engagement is important since many Brazilians still perceive Canada as a cold, snowy and isolated wilderness. Of those consumers planning a trip to Canada, 70% were from either Rio de Janeiro or São Paulo, confirming the CTC's initial target market selection.

There has been no formal research into Explorer Quotient (EQ) customer types in Brazil. However, the characteristics and travel patterns suggest a high degree of Free Spirit travellers. As a result, products, education and communication are targeted to Free Spirits and have been well received.

#### Risks

- Economy
- Air access and price
- Distance
- Perceptions of Canada
- Competing destinations
- Product weakness: perceived lack of stand-alone city experiences, quality entertainment and festivals and events, food and wine and culinary products.



To mitigate these risks the CTC will continue to foster strong relationships with key stakeholders. Agent training will continue aligned with an aggressive key account strategy. The CTC will host familiarization tours and explore in-market outreach. Relationships with the media are ongoing, helping to create excitement with travellers for Canadian tourism experiences. With the Canada tourism brand as the lead, the CTC will work with partners in this venture.

### **Execution**

Building on the momentum from the stimulus investment, the CTC will ensure that key trade and media relationships are cultivated and aligned with core product offerings. New products and itineraries will be developed, supported by solid social media, plus tactical co-op and consumer campaigns. Public relations and media activities will be fully integrated with trade tactics. Several large Brazilian incentive programs were delivered in Canada in 2010, the results of which CTC will capitalize on in 2011.

Canada's tourism brand, "Canada. Keep Exploring," plus the global communications platform and assets play a key role in moving travellers from Brazil down the path to purchase. The consumer website, Brand Canada Library assets and CTC Media Centre have been translated into Portuguese and/or adapted for market relevancy.

Through ongoing, one-on-one sales calls, CTC will ensure that Canada is front and centre with key trade accounts in Brazil. So far, 950 agents have completed Canada Specialist Program (CSP) - Level 1. CSP - Level 2 will be promoted to this audience to broaden and expand its knowledge of Canada.

Consultation is underway to determine the best course of action for a fully integrated consumer marketing campaign. Marketing channels will be split:

- Sales 75%
- Consumer direct 25%

### **2011 Partnership opportunities**

- Tour operator and agent training; familiarization tours; media visits; co-op marketing programs; B2B showcases; Canada Ski Week and Winter Launch
- Tradeshows in key cities with an intent to expand to secondary cities such as Belo Horizonte, Recife and Curitiba
- Ski promotion and communications
- Non-traditional partnerships with Canadian private companies with similar interests and target audience.

### **2011 Highlights**

- Expanded partner involvement and programs aligned with CTC's Canada tourism brand, "Canada. Keep Exploring" as the lead
- CTC will work with Air Canada and other airlines to increase access to Canada from São Paulo and Rio
- Segmentation of target markets ensuring alignment with operator experiential products
- Enhanced consumer marketing strategies for all seasons.

## CHINA

### Situation analysis

The June 2010 signing of the Approved Destination Status (ADS) agreement now places Canada on a level playing field but well behind its principal long-haul competitor destinations. Adequate funding for the China market in 2011 now enables the CTC and key partners to mount an effective campaign to build strong brand and destination awareness.

Outbound overseas travel from China is in a relatively early stage of development. In conjunction with key provincial partners, over the last five years the CTC has successfully promoted a united Canada approach and a continuation of this policy will avoid fragmentation of the Canada message.

### Strategic considerations and opportunities

The Global Tourism Watch (GTW) study for China has helped us gain knowledge of consumers and to keep a pulse on changes occurring in the marketplace. This research has confirmed market intelligence gleaned through close relationships with leading Chinese operators. The GTW has evaluated the size of the target market and its immediate potential and provided valuable intelligence that will form the basis of the campaign strategy in 2011. Marketing decisions will also be informed by other research materials and by working in close cooperation with key account partners.

### Risks

- Increasing the awareness of Canada as a four-season vacation destination may take some time.
- There is a need to communicate Canadian vacation experiences that will appeal to those Chinese citizens who are willing and able to travel.
- There is a high dependence on travel agency bookings.

To mitigate those risks the CTC will continue its work with Chinese travel trade, developing close relationships with key accounts and coordinating marketing activities with Canadian partners.

### Execution

CTC will adopt a phased approach to maximize growth in export revenues and increase Canada brand awareness in a post-ADS environment. It is anticipated that leisure group travel will be the main driver of increased visitor numbers throughout 2011.

- **Phase one: Development and alignment**

Activities include facilitating itinerary development, continued relationship building with the Chinese travel trade following key account selection, as well as aligning and coordinating PMO and DMO approaches to the market. The latter part of 2010 and Q1 2011 will see the development of direct-to-consumer co-op advertising.

- **Phase two: Building brand and destination awareness**

The latter part of Q1 2011 activities will include the launch of a direct-to-consumer fully integrated marketing communications campaign in conjunction with key Canadian and in-market partners. The campaign will be developed building on the Unique Selling Propositions that resonate in China as identified by GTW.

- **Phase three: Market expansion**

Post-2011 activities will include the expansion of the product mix and experiences utilizing Explorer Quotient™ (EQ) to target the right consumers.

CTC's brand and global communications platform will play a key role in intriguing Chinese travellers to consider Canada and convert this travel intention into actual bookings. However, it is important to understand that China is a relatively undeveloped market and increasing the awareness of Canada as a four-season vacation destination may take some time. Ensuring Canada's experiences are matched with those willing and able to travel is key. Travel agents are highly influential in the market, with 99% of all travellers booking through agents. The above activities will be complemented by media and public relations activities in all three phases. Canada's strong appeal as an incentive travel destination will also be developed in 2011.

The media channel mix, weighting and buy for the direct-to-consumer integrated campaign in 2011 will be determined following consultation with DDB Canada, DDB Canada's China affiliate, Canadian provincial partners and the CTC overseas marketing team.

### **2011 Partnership opportunities**

CTC has a strong record in collaborating with industry and trade in China under a united Canada strategy, through trade and consumer shows, Showcase Canada, media events, trade and press visits and other activities.

The increase in CTC and partner core funding for the China market, linked with strong growth potential following ADS, will result in increased partner contributions. Fresh interest and investment is anticipated from a number of provinces, cities and commercial partners. An important focus in 2011 will be to communicate and present new opportunities for investment in China.

CTC's preferred agent/key account strategy in China, linked with quality tour guidelines, market support funding and close cooperation with the Canadian Embassy visa section, will play a key role.

An intensive agent training program, agent and media familiarization tours and numerous other in-market activities over the last five years, including substantial Olympic coverage across all media channels, have laid a solid foundation for the anticipated growth in visitor numbers to Canada.

### **2011 Highlights**

- Approved Destination Status for Canada and the ability for the CTC, provincial partners and Chinese tour operators to fully promote and advertise Canada to Chinese consumers
- Expanded partner involvement and programs aligned with the CTC's Canada tourism brand as the lead
- The ability to promote Canada on a level playing field with other competitor long-haul destinations will result in immediate growth in the group leisure market; research clearly indicates that there will be a substantial increase in other market segments such as incentive travel, FIT, visiting friends and relatives and English-as-second-language summer camp activities
- Canada's brand and global communications platform, the development and enhancement of global imagery and media assets, the Canada Specialist Program - Level 2 and increased air capacity will all have a positive impact on growing export revenues in this rapidly developing market.



## INDIA

### Situation analysis

India's relevance on the world stage, tremendous growth and attitudinal change are all indicators of potential success for Canada in terms of capturing a greater share of India's long-haul travel market. The population is large and expectation of sustained growth in India implies significant long-term opportunities for Canada. While many competitors have entered the market, Canada has a diverse and unique set of experiences aligned to target the high-yield customer. Market adaptation and a deep understanding of customs, culture, dietary and travel behaviour are essential for client satisfaction in this marketplace.

Stimulus funding has permitted the CTC to actively engage and educate the travel trade and media in the key cities of Delhi and Mumbai. The CTC has also commenced a key account/preferred agent strategy and offered opportunities for partner participation that support the CTC in its leadership role.

### Strategic considerations and opportunities

The Indian economy continues to grow at a rate second only to China; with the emerging middle class forecast to increase tenfold by 2025, there is potential for significant growth in visitor numbers and export revenues.

The 2007 Emerging Market Study conducted in India showed that friends and relatives are an important source of inspiration for choosing a destination. In addition, travel agents, stories in magazines and Bollywood celebrity activity are all influential. Canada ranked seventh in a 2005 survey rating the most aspirational destinations outside Asia. The research also pointed to a growing demand for long-haul travel. It is anticipated that the Global Tourism Watch report will allow the CTC and partners to gain knowledge of consumers and to keep a pulse on marketplace shifts, leading to closely aligned marketing activities. The CTC's intensive agent training program, agent and media familiarization tours and numerous other in-market activities since August 2009 have laid a solid foundation for the anticipated growth in visitor numbers to Canada.

### Risks

- Lack of direct air access
- Distance
- Product knowledge
- Competition
- Product weakness: perceived lack of stand-alone city experiences, quality entertainment and festivals and events, food and wine and culinary products.

To mitigate these risks, CTC will continue to work with airlines and investigate various options for air access to Canada from India via other routes. While India is clearly a long-haul source market, Canada's competitors face much the same challenge. Average long-haul travel stays are between 15 and 25 days and Canada has an extensive Indian community (second only to the number of Chinese in Canada), which is a strong support for the "visiting friends and relatives" motivator. CTC holds extensive training seminars, conducts familiarization tours, participates in marketplaces and conducts Canada Specialist training in order to enhance product knowledge. Increased advertising and strong relationships with partners will enhance Canada's competitive position in India.

### Execution

The CTC will continue to build relationships with the Indian travel trade and expand sales and training activities to other Indian cities as well as coordinating provincial investment in the market. Other activities will include facilitating itinerary and experience development, leveraging social-media opportunities and expanding key account strategy, linked to a partnership with the Canadian High Commission. In addition, marketing activities and tactical co-op campaigns are planned.

The influence and reach of Bollywood cannot be overstated for the India market; CTC will be leveraging a variety of opportunities through a contract with Akshay Kumar, the leading Bollywood film star, who will be acting as the CTC's Tourism Ambassador for India. Along with the strengths of Bollywood, the connection to one million Indians living in Canada, the number of films created in Canada and related social-media opportunities present a solid opportunity to advance Canada's tourism brand awareness.

The above activities will be complemented by media and public relations events. Canada also holds strong appeal as an incentive travel destination and this will be developed throughout 2011.

Canada's brand and global communications platform will play a key role in moving travellers from India down the path to purchase and further their likelihood of visiting Canada. It is important to understand that India is an emerging market and awareness of Canada as a long-haul leisure destination is low. Adaptation, content update and relevancy of the consumer website, plus the Brand Canada Library and the CTC Media Centre will be critical tools in building awareness of Canada.

Travel agents are highly influential in the market, with 95% of all travellers booking through agents; it is anticipated that funding will continue to support co-promotional activity with key accounts. The Canada Specialist Program - Level 2 will be utilized extensively throughout India, building on the positive response to the initial Explorer level launch in late 2009 when over 800 agents completed the course.

Outside research indicates print media is an effective communications tool, with wide reach to the target audience. The media channel mix, weighting and buy, plus potential direct-to-consumer fully integrated marketing communications campaigns in 2011 are now under consideration.

#### **2010 Partner opportunities**

- A united Canadian tourism strategy through trade and consumer shows such as Showcase Canada India and Showcase Asia
- Media events, trade and media familiarization tours and other activities
- Hosting of filming and promotional activities with Akshay Kumar, including the India International Film Festival in Ontario.

#### **2011 highlights**

- CTC's close relationship with the travel trade in India demonstrates the potential strength of the market
- The commitment to India by Canadian partners will augment the CTC's ability to increase destination awareness
- Further implementation of CTC tools such as Canada's brand and global communications platform and Canada Specialist Program - Level 2
- Increased air capacity into a number of Canadian gateways
- CTC's preferred agent/key account strategy in India linked with close cooperation with the Canadian High Commission visa section.

## JAPAN

### Situation Analysis

Japan is among Canada's leading overseas inbound tourism markets, ranking number five in 2009. Yet as a mature destination, Canada faces a very competitive environment. Canada is outspent by competitors and has lost impact on the consumer path to purchase, remaining a "dream destination" for Japanese rather than a "must see now" destination.

However, the first signs of revival in almost five years were seen with positive visitation statistics in 2009-2010. Japan's economy is the second largest in the world and is poised for significant growth in 2010, led by recovering global consumer demand for Japanese exports. 2010 also saw the introduction of additional direct air capacity from Japan to Canada with the launch of the new Tokyo (Narita) to Calgary service. Japan is one of the highest spending international travel markets to Canada and Japanese motivation for outbound travel remains high.

### Strategic considerations and opportunities

The CTC's strategic marketing approach in Japan is based on research, driven by Japanese consumers' unique needs and motivators. Specifically, the CTC will address the need to create a sense of urgency to visit and advance prospects further down the path to purchase, targeting Explorer Quotient (EQ) types who represent the best opportunity for conversion. The CTC will also focus on online and traditional media channels. CTC's goal in Japan is to reposition Canada within target segments; to collaboratively develop, promote and distribute new and repositioned products with partners through travel trade; to create a "wow" factor utilizing mass consumer audiences; and to elevate brand awareness through emerging technologies.

The CTC's activities in Japan focus on the continued development of marketing partnerships with provincial and territorial partners and the Japanese travel trade, plus education of travel agents and planners to increase awareness and knowledge of Canadian product. CTC-Japan will also maximize unpaid media coverage and focus on high-yield consumer segments. For Japan, the target EQ types are Free Spirits, Cultural History Explorers and Personal History Explorers.

Opportunities for growth include the continuation of Tokyo (Narita) to Calgary direct seasonal air service and reduced fuel surcharges. Economic recovery has released pent-up demand for travel, Japanese currency is stable and Canada's competitive price index is expected to improve during 2011. There has been a significant increase in consumer awareness of Canada. A marketing opportunity exists as a result of Japan's high Internet use and increase in social-media membership. Also, growth continues in FIT, luxury and niche tourism markets. Finally, CTC-Japan will explore opportunities for the MCIT market.

### Risks

- Fierce competition
- Continued decline in long-haul travel market; trend towards short-haul destinations
- Air access and price
- Younger generation disenchanted with overseas travel
- Year-to-year fluctuations in air capacity to Canada
- Aging population; loss of core market segment
- Product knowledge and perception.

To mitigate those risks the CTC will integrate programs and leverage investment across CTC and provincial and destination marketing partners in Japan by employing tactics targeted to identified EQ target segments and by leveraging the recognized strengths of the Canada's tourism brand in the Japan market.

### Execution

CTC-Japan's channel strategy is based on an integrated and balanced approach utilizing media relations and travel trade channels as follows:

- Travel trade 70%
- Media, public relations and social media 30%

For the trade channel, CTC will build on the success of cooperative education efforts with key accounts continuing to leverage awareness of 2010 Winter Games. Tour operator co-ops, quarterly sales calls, in-house training and innovative e-newsletters will engage key trade partners. Quarterly Canada Specialist events, spring training events in cooperation with provincial partners and continuation of the trade marketplace "Showcase Canada" are also planned.

Integrated media and PR activities will include experiential themed media trips for print, electronic and television journalists. Priority will be given to high-end travel and lifestyle media, and those with significant market penetration, targeting core EQ segments. Target media will include national TV, film projects, national newspaper, up-market lifestyle publications, Tokyo-specific and niche interest (i.e. ski, adventure, nature, women's lifestyle). CTC will also communicate via social media and e-newsletters.

Utilization of CTC global marketing platforms and tools such as the Brand Canada Library will realize cost efficiencies and brand consistency. The CTC will continue to enhance the membership value of the global Canada Specialist Program, working with partners to adopt Canada's tourism brand.

### 2010 Partnership opportunities

Key account management will continue to articulate program opportunities and identify travel trade partners. Quarterly sales calls and regular meetings will strengthen communications between the CTC and industry partners. CTC will continue to build upon e-marketing successes such as e-newsletters, online advertising and special offers programs, leveraging the database of over 100,000 consumers. A new collaborative model of joint marketing initiated in 2010, the "Japan Working Group" funded by the CTC and provincial/territorial partners, will continue in 2011, wherein contributing partners collectively create and decide strategic and tactical marketing plans for execution in Japan on behalf of all partners. This new model of leadership and collaboration sets the stage for a greater level of cooperation among stakeholders ensuring an integrated and focused approach to recovering the Japanese tourism market for Canada.

### 2011 highlights

- Greater emphasis on travel-trade engagement, education and support, plus Canada's 2010 "Visit World Campaign" (endorsed by the Japan Association of Travel Agents), will form the basis for 2011 collaboration with provincial and territorial partners.
- The opportunity to "harvest the afterglow" of the 2010 Winter Games, leveraging increased consumer awareness, media partnerships and maximize conversion prospects with travel-trade partners.



## MEXICO

### Situation analysis

Although in recent years Mexico has shown the greatest amount of growth of all of Canada's markets, the market is currently in a state of shock. The requirement as of July 2009 for Mexicans to acquire travel visas to enter Canada is disrupting travel in the short term; however, fundamental, long-term interest in Canada remains intact.

### Strategic considerations and opportunities

Travel to Canada has decreased significantly due to the imposition of the visa requirement, making it is even more important to keep a high profile in this marketplace. Research evaluating the impact of visa requirements on the Mexico travel market suggests a strategy of reinforcing information about the range of Canadian travel experiences available and addressing negative perceptions.

2009 Global Tourism Watch results show that Canada maintains a strong standing against its competitors in Mexico despite setbacks in key performance indicators. Overall interest in Canada remains solid, retaining the top spot as the destination of interest for Mexican travellers. The goal of the CTC is to support the brand message through a continuous barrage of strategically positioned information. Tour operators will be trained in the adoption of the Explorer Quotient (EQ) segmentation model to enhance the sales process, targeting key prospects. One hundred fifty Canada Specialist-trained travel agents will promote Canada through their own unique experiences. Media relations will play an important role in promoting brand messages as well as mitigating negative impressions around the travel visa process.

Mexican travellers are sophisticated. They like to be stylish and cool. Spas, shopping, fine dining, nightclubs, nice cars and trendy clothes all have great appeal. Word of mouth is powerful in Mexico. Main travel motivators to Canada align well with Canada's Unique Selling Propositions, in particular Vibrant Cities at the Edge of Nature and Connecting with Canadians. Based on this, the following three EQ segments will be targeted: Cultural History Buffs, Authentic Experiencers and Free Spirits.

### Risks

- Tourism market recovery takes more time than estimated; Canadian partners may lose interest and the visibility of Canada will be reduced
- Visa requirements will deter Mexicans from choosing Canada in favour of destinations that don't require visas
- Air access
- Perceived lack of stand-alone city experiences, quality entertainment and festivals and events, food and wine and culinary products.

To mitigate those risks, the CTC will continue to promote Canada through advertising campaigns and training in order that consumers have easy access to learn about and book travel experiences offered by Canada.

### Execution

#### Marketing channels

- Consumer direct/social marketing 50%
- Travel trade 25%
- Media and public relations/social media 25%

Consumer campaigns will target the identified EQ types in Mexico City, Guadalajara and Monterrey. The emphasis will be on summer and winter seasons to capitalize on major travel traffic. The Canada Specialist Program and Conozca Canadá are two examples of proven means to maintain relationships with the tourism industry, to educate key people and develop business opportunities. CTC-Mexico will continue its media relations program, reaching out with editorials and Canadian content. As well, innovative programs such as the Mexico Influencers program will communicate Canada travel experiences in an original way that is effective through social and media relations channels.

#### **2010 Partnership opportunities**

- Integrated consumer/trade/media/PR “bundles” in Mexico City, Monterrey, Guadalajara
- Canada Specialist Program/agent training
- Conozca Canadá (trade and media event)
- Familiarization tours for media and trade
- Expo Travelshop
- Hola Canadá consumer show.

#### **2011 highlights**

- Expanded partner involvement and programs aligned with CTC's Canada tourism brand as the lead
- Consumer advertising campaigns reaching targeted EQ types in Mexico City, Guadalajara and Monterrey
- Media outreach with editorials and press visits
- Media relations to mitigate negative effect of visa requirements
- Social-media marketing
- Train 150 agents in Canada Specialist Program
- Train three key operators in EQ.

## SOUTH KOREA

### Situation analysis

South Koreans are travelling more in 2010, especially long-haul. As well, more travel guidebooks and articles are being published, leading to greater awareness and interest in going abroad, including travel to Canada. However, air access continues to be a challenge and Canada is one of the most expensive destinations for South Koreans. Consumers are willing to save and pay more for what they want and generally have become more adventurous travellers, searching out new experiences. The US, Hawaii and Australia are Canada's strongest competition in South Korea.

### Strategic considerations and opportunities

The CTC Research department's 2010 Global Tourism Watch (GTW), ad-tracking data, news articles and reports on market trends in South Korea contributed to market planning for 2011. Canada's culture, cuisine and activities are found as general product weaknesses in South Korea, so greater focus will be placed on these themes in 2011. Also, according to GTW, Canada has been recognized as a popular ski destination even though overall winter awareness is quite low. For the post-Olympic period, CTC-South Korea will continue working with western Canada resorts to increase sales for ski products. At the same time the CTC will generate awareness for unique winter products, including aurora borealis viewing, winter festivals and dogsledding. Trade partners will also be approached to develop "hot" winter product and cooperate with airlines to increase winter travel. Insights may also be gained by looking at travel patterns to competitive destinations such as Hawaii and Australia, as well as the increasing popularity of Alaska and Alaska cruises.

### Risks

- Air capacity to Canada continues to be limited. Airfare to Canada is expensive, topping other long-haul competitors such as Australia, Switzerland, northern Europe and Hawaii.
- South Koreans do not perceive Canada as an exciting destination; Canada is considered to be too cold in the winter, attractive mainly to seniors and offering nature-only experiences.

To mitigate those risks, CTC will continue to focus on Canada's tourism brand, "**Canada. Keep Exploring,**" promote our Unique Selling Proposition experiences and refine marketing activities based on EQ insights targeting Cultural History Buffs, Free Spirits and Personal History Explorers. Databases will be collected and targeted messaging delivered by e-newsletters. As well, CTC will identify tour operators whose customer base aligns with CTC's EQ targets.

### Execution

#### Marketing channels

- Consumer 45%
- Travel Trade 30%
- Media and public relations, social media 25%

CTC-South Korea will extend its "Do you know Canada?" consumer campaign, increasing awareness of Canada's USPs and altering preconceptions. The EQ will be more integrated in the products and marketing program. A package/FIT brochure for trade will introduce the EQ concept. Trained Canada Specialists will be active in the market and CSP - Level 2 will be introduced along with offline CSP support. Social-media channels are an effective means to reach target EQ types in South Korea. The "Canada Supporter" program will be enhanced in 2011; bloggers will be recruited within main EQ target groups. Other opportunities are seen in the rapidly increasing use of smart phones and wireless Internet access.

The CTC's global marketing assets, including the ad template and new e-newsletter design, support the campaign in South Korea. As well, the official brand guidelines, Brand Canada Library and CTC Media Centre will continue to be used extensively to provide consistent look and content for Canada in this marketplace.

### 2011 Partnership opportunities

- Agriculture and agri-food Canada projects
- “Do you know Canada?” campaign
- Provincial partnerships
- Non-traditional partnerships with high-value corporate brands.

### 2011 Highlights

- Showcase Canada in South Korea
- Canada Specialist Program enhanced
- “Do you know Canada?” campaign
- EQ-integrated media visits to target provinces of Canada
- EQ-integrated non-traditional promotions
- Enhanced “Canada Supporter” program.



## Traditional and Mature Markets

### AUSTRALIA

#### Situation analysis

Canada's "unaided advertising awareness" score in Australia is second highest after Mexico. Canada is the destination brand with the strongest top-of-mind recall for the third year in a row—emerging well ahead of the competition. Focus must now shift from brand awareness to converting consumers to travel to Canada. Visiting friends and relatives continues to be a primary driver; 55% of recent visitors have close friends or family in Canada. While the white-collar categories comprise the largest proportion of visitors to Canada, the category of self-employed/farm owner could offer potential and some consideration could be given to less urban targets in 2011. The CTC will focus on four identified Explorer Quotient (EQ) types: Free Spirit, Social Sampler, Personal History Explorer and Cultural Explorer. BC and Ontario hold the greatest appeal for Australians, followed by Quebec, Alberta, Nova Scotia and Yukon. The overall preference for potential visitors is to self tour; there is a need to educate trade and consumers on the ease of self-drive Canadian vacations.

#### Strategic considerations and opportunities

Australians are spending less, staying at home and eschewing luxury goods for more carefully considered purchases—value assessments play a pivotal role in destination decision making. To offer value to travellers Canada should have inherent desirability, offer high-quality/value experiences and promote Canadian products of distinction. Simply put, Australians need a compelling reason to justify a trip to Canada when there are closer and cheaper options.

The Global Tourism Watch research report and the 2010 Path to Purchase reports provided insight into the travel behaviours of the Australian consumer. Media consumption habits are trending to online; at 80%, Australia has the second-highest Internet penetration in the world. TV shows, travel magazines, newspapers and word of mouth all contribute to the travel decisions of Australians. However, only 11% of travellers had noticed information about Canada on websites, blogs or e-news. In fact, guidebooks and travel agents rank more highly in terms of influence. The travel trade is an important element in travel planning, but it is evident that the Australian travel trade lacks knowledge of Canada's diverse product; in-depth training will take place in 2011.

According to the research, primary motivations continue to include scenery, parks and wildlife. Self-touring remains a strength, but is the area that requires most improvement in awareness. Ski vacations and winter activities are Canada's strongest niche products. The team will also work with three selected wholesalers who launched EQ programs in 2010. Opportunities for growth are very much in line with Canada's Unique Selling Propositions: Connecting with Canadians, Award-winning Local Cuisine, as well as culture and festivals and events.

#### Risks

- Barriers to travel include affordability and competition, distance, lack of a compelling reason to go, high costs, unfavourable exchange rates
- Travellers are seeking more value-conscious destinations
- Tougher economic climate prompting intenders and less committed travellers to trade down to short-haul destinations or postpone travel altogether; the long-haul travel market has evolved into one that is significantly more value conscious
- Product weakness: perceived lack of stand-alone city experiences, quality entertainment and festivals and events, food and wine and culinary products.

To mitigate these risks, the CTC will foster strong relationships with industry partners. Canada Specialist Program agent training will continue, aligned with an aggressive key account strategy. The CTC will host various familiarization tours and in-market outreach. Relationships with the media are also key and will continue to create excitement for unique travel experiences in Canada.

### Execution

In 2011, the CTC will promote a more dynamic side of Canada's brand personality, aimed particularly at younger Australians who account for close to 40% of the market. Consumer messaging will highlight affordability and value for money of travel to Canada. Iconic products will lure the consumer to consider Canada and then new, diverse products will be introduced. Public and media relations focus will continue to be newspaper, travel and consumer magazines, ensuring a tie-in to Canadian editorial features. The CTC will also explore social media given the high level of Internet usage.

The core consumer marketing campaign will support our activities using a combination of TV, online and print:

- Consumer direct 60%
- Trade 25%
- Media and public relations, social media 15%

While consumer campaigns will continue to lead brand awareness and conversion efforts, there will be greater priority placed on engaging Australian trade with CTC's global assets and activities. To convert potential visitors, the CTC will work closely with Australian tour operators and retail agents to optimize CTC tools such as the Canada Specialist Program and the Brand Canada Library, ensuring relevance to the sales process while staying true to Canada's core brand values.

Initiatives will be measured according to the Balanced Scorecard approach, using measurements such as Aided Destination Awareness for brand tracking, website visits and open rates for online activities. As well, feedback from tour operators and incremental sales will be evaluated.

### 2011 Partnership opportunities

- Canada Specialist Program agent training
- Newsletters for trade
- Corroboree agent trade show and media events
- Global ski and travel guides
- Canada Day event
- Core advertising campaigns (leisure and ski)
- New product development familiarization tours for trade, media and wholesale
- The 2010 Winter Games have greatly expanded awareness of Canada, and Vancouver in particular; co-op programs with Australian trade partners will leverage this awareness and create exposure for new, experiential product range.

### 2011 Highlights

- Use iconic product to stimulate consumer awareness and as an opportunity to introduce new product(s)
- Uplift consumer advertising campaigns to remain competitive, to introduce Canada in a new light and to capitalize on the 2010 Winter Games exposure
- Strengthen Canada's cultural product and message to enhance overall desirability and broaden brand image.

## FRANCE

### Situation Analysis

Canada continues to be top-of-mind in France as a safe and friendly destination providing a wide variety of experiences. Natural disasters, climate change and political unrest have increased last-minute booking trends. Mergers in the travel industry will standardize product offerings and decrease competition in the marketplace. More customers are asking for made-to-measure products as they become more informed on their destination of choice—receptive agencies and tour operators will have to become more flexible and creative.

Feedback for 2010 is positive from both airlines and tour operators. However, the optimism is expected to fade if the euro continues to weaken, having a negative impact on winter package pricing. In the past, winter travel to Canada and Lapland were priced competitively—exchange rate shifts could now make Canada a higher-priced travel option.

### Strategic considerations and opportunities

The CTC will target three Explorer Quotient (EQ) types—Free Spirits, Cultural Explorers and Cultural History Buffs. By matching the vacation profiles of the three EQ types with specifically designed products, the CTC will be in a good position to generate conversion and maintain visitation momentum. Ultimately, the database will be segmented by EQ types providing additional value to developing partnership offers.

Paris will remain a geographic target market; however, the CTC will intensify marketing and promotional activities in and around Lyon (the second-largest city) as well as in the south and west of the country identified as secondary markets.

The successful Quebec/New Brunswick partnership should be extended to other combinations such as: New Brunswick/Nova Scotia, New Brunswick/Maine, Yukon/Alaska, New York/ Montréal, Boston/Montréal, Seattle/Vancouver. With this in mind, the CTC will create a one-day workshop, the Americas Forum, bringing together provinces, states, cities, regions and receptive operators to meet with French travel trade. There is a growing trend on the part of agency networks to deal directly with receptive agencies versus tour operators. As a result, the CTC should become more involved with receptive agencies while continuing to work hand-in-hand with tour operators.

The CTC will capitalize on the Olympic afterglow by continuing to work closely with all media venues to ensure pan-Canada destination coverage while emphasizing the key Unique Selling Propositions. The 2010 Winter Games helped staff develop contacts with publications and TV programs that might not normally have been accessible; those relationships will be nurtured to further develop story ideas and reach.

### Risks

- Affordability remains the leading barrier to travel
- Strong Canadian dollar; Canada becomes an expensive destination
- European economic situation; uncertainty about the future as it relates to the economies of financially struggling countries
- Lack of awareness of provinces and experiences beyond Québec combined with lack of product availability among French tour operators in profiling these provinces
- The ever-present lure of “stay-cationing” or visiting other accessible countries in mainland Europe.

To mitigate these risks the CTC will deploy a campaign promoting multi-activity winter packages in eastern Canada and capitalize on the afterglow of the 2010 Winter Games by promoting winter products in the west. These marketing campaigns will be developed with tour operators recognized as winter specialists. To focus on the active, high-yield consumer booking with agencies, the CTC will develop partnerships with the networks representing 3,000 travel agencies (approximately half the agencies in France).

### Execution

The CTC will reach targeted high-yield travellers (Free Spirits, Cultural History Buff and Cultural Explorer) via three channels:

- Consumer 60%
- Travel trade 30%
- Media and public relations, social media 10%

TV will play a larger role to reflect the results of Global Tourism Watch. While consumer campaigns will continue to lead brand awareness and conversion efforts, there will be greater priority placed on engaging French travel trade with CTC's global assets and activities. To convert potential visitors, the CTC will work closely with French tour operators and retail agents to optimize CTC tools such as the Canada Specialist Program and the Brand Canada Library, ensuring relevance to the sales process while staying true to Canada's core brand values. CTC will also focus on developing social media, supporting Canada's reputation as an innovative and creative country.

The tour operator key account management system will enable the CTC to deploy financial and creative resources to generate the highest return on investment. The implementation of the EQ segmentation tool will enable tour operators to augment their client loyalty by featuring new products geared to specific EQ types.

Initiatives will be measured according to the Balanced Scorecard approach, using measurements such as Aided Destination Awareness for brand tracking, website visits and open rates for online activities. As well, feedback from tour operators and incremental sales will be evaluated.

### 2011 Partnership opportunities

- Joint marketing activities with traditional and online tour operators and travel agency networks
- Partnered PR activities and media events.

### 2011 Highlights

- Marketing campaign in Paris and key cities
- Interactive online campaigns
- Canada Specialist Program; Premier and Explorer levels
- E-newsletter, four per year
- America's Forum
- Rendez-vous Canada Media and public relations
- Annual Adonet Day
- Individual and group press trips
- Radio and TV promotions
- GoMedia marketplace.



## GERMANY

### Situation Analysis

Despite worldwide economic turmoil, visitation to Canada from Germany decreased only a moderate 3% in 2009. With the slight economic recovery, travel intentions are now much better. Also, package prices in comparison to the US are more favourable this year. Air capacity remains healthy, in particular during summer. Global Tourism Watch suggests that Canada enjoys high awareness as a destination but loses considerable ground when it comes to serious investigation during the path to purchase. Canada does not yet enjoy a strong reputation as a vacation destination, especially when it comes to cities and cultural experiences.

As in many other source markets, Canada is facing an ever-growing competitive environment with new destinations coming up every year and many destinations (such as Australia and China) outperforming the CTC. A particular challenge will be pricing, given the current weakness of the euro. It will therefore be crucial to provide added value and products that differentiate Canada from destinations. Flexibility should be kept in mind since the trend towards short-term bookings is expected to continue.

### Strategic considerations and opportunities

For 2011, the positive effects from the 2010 Winter Games will have subsided to a large extent. A particular challenge will be substantial increases in the price of travel packages, given the weakness of the euro and additional taxes that have been introduced in Canada. It will be important to focus on value-based conversion and attractive product offerings while continuing to build brand.

### Risks

- Affordability and current weakness of the euro
- Less strong reputation as a city or cultural vacation destination
- Preference for closer destinations or shorter trips.

To mitigate those risks the CTC will continue to foster strong relationships with industry partners. Canada Specialist Program agent training will continue, aligned with an aggressive key account strategy. The CTC will host familiarization tours and in-market outreach. Relationships with the media are also key and will continue to create excitement with travellers for unique travel experiences in Canada.

### Execution

The CTC will reach targeted high-yield travellers (Free Spirits, Cultural Explorers and Authentic Experiencers) via three channels:

- Consumer direct 60%
- Travel trade 25%
- Media and public relations, social media 15%

In the consumer channel, TV will play a larger role to reflect the results of Global Tourism Watch. Social media channels such as Facebook and YouTube will promote Canadian experiences and offers.

In the German travel-trade sector the Canada Specialist Program - Level 2 has been ongoing since 1997 and the new level will be fully introduced in 2011. The Explorer program will be extended and used as an “appetizer” for the Canada Specialist Program. The key account program will continue with industry-led and strategically aligned activities to close the sale and EQ promotions to increase sales and to enlarge our consumer database. New products will be introduced to over 130 tour operators, including those who are not yet selling Canada, through two fully branded newsletters using global assets. This vehicle will also allow us to further promote EQ and to provide a platform for SMEs to showcase their product. Canada will again have presence at ITB with a fully branded pavilion. Our Unique Selling Propositions will be featured through appropriate global imagery, Canadian food and wine offerings and EQ-related activities.

The CTC will continue to feed the German media with relevant and strategically aligned stories. Based on the findings of GTW, the CTC will put more effort on TV with a focus on channels that match the target groups. TV exposure will support efforts to move consumers from the “movie in their head” stage to the trip-planning stage. EQ-themed media familiarization tours and individual press trips will be carried out to cover a wide array of Canadian destinations and ensure exposure in appropriate high-end media. Preference will be given to those media that best match the overall strategy. Media events will promote Canadian cuisine, wines and festivals. All media activities will be measured through a clipping service.

#### **2011 Partnership opportunities**

- ITB marketplace/exhibition February 2011
- Canada Specialist Program agent training
- Consumer advertising campaign
- Visiting Journalist Program
- Rendezvous Canada
- GoMedia Marketplace
- Familiarization trips for Canada Specialist agents and tour operators.

#### **2011 Highlights**

- TV will play a more vital role
- Full introduction of the Canada Specialist Program - Level 2
- Further penetration of EQ among German travel trade
- The overall goal will be to maintain the visitor and revenue level of 2010.

## UNITED KINGDOM

### Situation analysis

The UK is one of the largest and most resilient travel markets in the world. Awareness of Canada has been consistently high in recent times. According to Global Tourism Watch, some 16 million UK travellers are interested in visiting Canada, making the UK the overseas market with the greatest potential for Canada in terms of travel volumes. The challenge for 2011 and beyond is to convert this high level of interest into action. The CTC will fast-forward the idea of Canada being a “someday destination” and convert consumers to actually travel in the near future.

Canada must be positioned as an accessible, easy-to-book and easy-to-explore destination. The CTC will emphasize Canada’s strengths of world-class nature, scenery and wildlife and at the same time combat barriers that are “actionable” such as lack of urgency to visit and the need for assistance with itinerary planning. According to GTW, one recurring barrier is that UK travellers are lured by Canada’s iconic scenery but somehow can’t quite picture themselves exploring it.

### Strategic considerations and opportunities

To convert potential visitors into actual travellers to Canada, the CTC must become more tactical in travel trade and consumer promotions, place even greater focus on the best prospect Explore Quotient (EQ) segments and stay in tune with the core brand values of “**Canada. Keep Exploring.**” Greater collaboration with the UK trade will be vitally important in order to drive customers along the path to purchase and help close the sale.

Following the heightened awareness of Canada after the 2010 Winter Games, new opportunities exist to create non-traditional “affinity” partnerships with diverse organizations. CTC will source companies whose target consumer group closely matches the CTC’s best-prospect Explorer Quotient segments.

A more proactive trade development plan is imperative to retain and increase market share for Canada. The key account management program will be used to identify Canada’s best prospect tour operator partners and to collaborate with them to develop the right experiences for the right customer.

### Risks

- Weakened demand that could extend beyond 2011
- Later bookings and greater price sensitivity
- Consumers who are less destination loyal; competition is fierce
- Fragmented exposure to Canada in the eyes of UK trade buyers who are invited to many events and missions.

To mitigate those risks, it is imperative that trade partners continue to offer value-added deals and early-bird specials to lure bookings. It’s important to align these with offers from airlines and other partners to create maximum impact. Marketing activity must also be timed correctly and in the right medium giving full attention to the targeted EQ segments. Spotlight Canada in London has been cancelled due to UK buyer feedback; in 2011 the priority will be to optimize UK buyer attendance at Rendez-vous Canada and at World Travel Market in London.

### Execution

#### Marketing channels

- Consumer direct 62%
- Travel trade 27%
- Media and public relations, social media 11%

While consumer marketing will continue, in 2011 there will be greater priority placed on engaging the UK trade with CTC's global assets and activities. To convert potential visitors the CTC will work closely with UK tour operators and retail agents utilizing CTC tools such as the Canada Specialist Program and Brand Canada Library, ensuring relevance to the sales process while staying true to Canada's core brand values.

Initiatives will be measured according to the UK Balanced Scorecard using measurements such as Aided Destination Awareness for brand tracking, website visits and open and click rates for online activities. Feedback from UK tour operators and incremental sales will also be evaluated.

#### **2011 partnership opportunities**

- Participation at the Canada pavilion at World Travel Market
- Attendance at Rendez-vous Canada
- Participation in Canada Features and various levels of the Canada Specialist Program.

#### **2011 Highlights**

##### **Consumer**

- Ski campaign in partnership with Canadian Destination Ski Consortium
- Consumer marketing campaign
- Non-traditional partnership marketing with affinity UK brand names
- Targeted social media, online promotions and search engine optimization.

##### **Travel trade**

- Increase the profile of Canada in key tour operator programs and incorporate EQ-friendly product
- Canada Specialist Program: optimize recruitment into program through direct mail and trade promotions
- Quarterly e-newsletters to showcase Canada's EQ experiences
- Familiarization trips for Canada Specialist agents
- BACTA: Canada Awards for the UK travel industry.

##### **Media & public relations**

- Visiting Journalist Program
- UK media attendance at Go Media and World Travel Market
- Ski media event
- Canada Day event for media and VIP trade.



## UNITED STATES

### Situation analysis

The US market represents a vast source of international visitation; 9,921 million leisure travellers from the US spent \$4,694 billion in 2009. Since 2002, the market has been in decline. A series of factors have contributed to this decline, including health scares such as SARS and H1N1, the weakening economy, easy access for Americans to new and competing travel destinations and tightened passport and border security requirements. Converting interest post-2010 Winter Games has proven successful; however, in a time of ongoing recession, gains in interest and bookings have not outweighed the biggest challenge facing the entire tourism industry—the weakened US economy. High unemployment, the housing crisis, rising fuel costs and tight credit continue to inhibit Americans from travelling, softening demand overall. This is further challenged by fierce advertising competition in expensive feeder markets.

### Strategic considerations and opportunities

As a result of continued declining returns and resource constraints in a cluttered and expensive advertising market, the CTC has readdressed the strategy within the US to tap into the highest- yielding business opportunities. Effort will be positioned against social marketing and media relations channels to best utilize the resources available. Partnerships will be forged that complement the Canada tourism brand, “**Canada. Keep Exploring.**” Research studies such as Global Tourism Watch, ad tracking and conversion data and path to purchase were consulted in determining the best strategic approach.

### Risks

- Recessionary impacts on consumer spending
- Direct air access and price of travel
- Competing destinations with larger budgets and investments
- New USA National Tourism Office with a budget of approximately \$400 million
- Ability of marketing and sales to break through in a cluttered market.

To mitigate these risks, the CTC will remain active and positive in response to the current crisis through research and appropriate sales and marketing. CTC will realign strategies and work with those companies that show commitment as well as a successful track record of selling Canada while supporting the Canadian tourism brand.

### Execution

A targeted and revitalized media relations strategy will highlight Canada’s competitive strengths, tapping into top-selling product and unique and unexpected travel stories. Influencers will be sought to deliver the experience message to ensure both new and repeat visitation is achieved. Social media channels will play an important role. The marketing channels break down as follows:

- Media and public relations 50 %
- Social media 50%

#### **2011 Partnership opportunities**

- Ski
- Canada Specialist Program
- 2011 Canada Media Marketplace, New York
- Media and public relations
- Social marketing
- Consumer one-to-one communications

#### **2011 Highlights**

- Renewed media and public relations strategy
- Emphasis on social media and marketing
- Research and competitive analysis for market adaptations and strategy development.

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## Appendix A:

### Market reports “At a glance”

#### Summary: The Chinese market at a glance

Summary	2009
Long-haul Country Visits ('000)	4,106.2
Year-to-Year % Change	1.2%
Overnight Trips to Canada ('000)	159.4
Year-to-Year Change	0.4%
Canada's Market Share*	3.9%
Receipts (\$M)	260.6
Year-to-Year Change	-0.9%
Leisure Overnight Trips to Canada ('000)	125.1
Year-to-Year Change	-1.3%
Leisure Receipts (\$M)	201.8
Year-to-Year Change	9.5%
Business Overnight Trips to Canada ('000)	34.4
Year-to-Year Change	7.5%
Business Receipts (\$M)	58.7
Year-to-Year Change	-25.2%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- China managed to avoid the global economic recession in 2009 with GDP and private consumption remaining strong at 8.7% and 9.6%, respectively
- In 2009, China experienced a moderate deflation of -0.7%, while the CNY value against the Canadian dollar increased by 8.9%
- Canada's market share remained relatively unchanged (3.9%) as long-haul travel edged up 1.2% and overnight travel to Canada increased by 0.4% compared to 2008
- Ranked #3 in 2009 overseas Market Portfolio Analysis, down from 2nd place in 2008

#### 2009 all visitor characteristics – Canada

- \$260.6M in receipts, down 0.9% over 2008
- 159.4K overnight trips to Canada, up 0.4%
- Direct air capacity contracted 8.5% in 2009 to 393.5K available seats
- Average spend per trip: \$1,634
- Average number of nights per trip: 28
- Average spend per night: \$59
- 45.6% of overnight visitors are travelling alone
- Nearly one-quarter (24.8%) of travellers to Canada are between the age of 45 to 54

### 2009 leisure travel characteristics – Canada

- \$201.8M overnight leisure receipts, up 9.5% over 2008
- 125.1K overnight leisure visitors in 2009, down 1.3% over the previous year
- Leisure travellers make up approximately 78.5% of the visitation and 77.5% of receipts
- The largest proportion of leisure travellers in 2009 were between the age of 45 to 54 (22.0% share), followed by those under the age of 25 (21.3% share)
- Average spend per trip: \$1,614 – the highest of all CTC markets
- Average number of nights per trip: 33 – the highest of all CTC markets
- Average spend per night: \$49 – the lowest of all CTC markets

### 2009 facts & figures - China

	2007	2008	2009	2010	2011	2012
GDP (% change)	14.2	9.6	8.7	9.0	8.8	9.3
Private Consumption (% change)	11.4	9.5	9.6	9.2	9.7	9.9
Unemployment Rate (%)	4.0	4.1	4.3	4.3	4.2	4.2
Inflation Rate (%)	4.8	5.9	-0.7	3.8	4.4	3.4
Exchange Rate (CAD/ CNY)	0.141	0.154	0.167	0.154	0.165	0.179
(Year-to-Year % change)	-0.7	8.8%	8.9%	-7.9	7.1	8.8

Source: Tourism Economics; Oxford Economics

### S.W.O.T. analysis - China

#### Strengths

- Economic growth is expected to remain strong, although the forecast is for a gradual slowing in GDP growth by the end of 2010
- Robust growth is projected for Chinese outbound travel in 2010 (China Tourism Academy)
- With Chinese income increasing and paid annual leave becoming commonplace, the personal barriers to long-haul travel are rapidly disappearing. Importance of long-haul travel for Chinese is on the rise (2009 GTW)
- The outlook for Chinese long-haul travel is extremely positive with approximately 60% of travellers saying they will travel more in the next three years than in the last three years (2009 GTW)
- Direct air capacity between Canada and China is forecast to increase in 2010
- Canada has high appeal as incentive reward destination for Chinese and multinational corporations with distribution network across China
- Chinese are favorably ranking Canada's cultural products and cultural attributes such as "aboriginal culture" and "local lifestyles" are emerging as strengths (2009 GTW)

#### Weaknesses

- More travellers have indicated "potential job losses" as one of the barriers for long-haul travel, which dovetails with continued softness of the labour market in China (2009 GTW)
- Canada has seen a drop in top-of-mind awareness, advertising awareness and unaided consideration for upcoming trips (2009 GTW)
- Canada is perceived as an expensive destination. Depreciation of currencies make key competitor destinations more attractive



- Canada's competitive positioning in terms of product is fairly weak, with only three number one products (2009 GTW)
- Time and difficulties in obtaining visas; substantial deposits (up to CA\$12,000 per person) are required for the ADS leisure groups prior to departure

### Opportunities

- "United Canada" approach has been established in collaboration with the Canadian industry and the Chinese travel trade to avoid fragmentation of the Canada message
- Substantial Olympic coverage across all media channels has laid a solid foundation for the tourism promotion in China
- Canada is perceived as "offering excellent value" to Chinese travellers. Perceptions of Canada's Quality and Desirability remain strong, with China ranking among the top GTW markets in this regard (2009 GTW)
- Canada is viewed as a leading nature and outdoor destination. In particular more Chinese are interested in winter activities (speed skating, figure skating and skiing) as a result of recent successes at the 2010 Winter Olympics (2009 GTW)
- Proximity to the US – potential to develop US/Canada combined tour programs to complement Canada only itineraries
- The CTC has developed strong trade relationships and leadership position. Travel agents are highly influential in the market with 99% of all travellers booking through agents
- Chinese residents are now spending vast amounts of their leisure time online and the number of on-line booking for travel has surged
- The signing of the ADS agreement now places Canada on a level playing field with other long-haul competitor destinations. ADS is expected to provide a healthy boost to Chinese visitation to Canada
- "Word of Mouth" ranked in the top three sources of information on Canada and also sources for increasing Canada's appeal. Leveraging of domestic affiliations and VFR (Visit Friends and Relatives) visitation have potential for tourism promotion for Canada (2009 GTW)

### Threats

- Fierce competition from short-haul, particularly Asian destinations - number one barrier to visit Canada is "too expensive" and Chinese travellers are shifting their focus to closer destinations in Asia in response to the softer economy (2009 GTW)
- Chinese travellers have become increasingly budget-conscious, and reluctant to pay full price for anything other than themed packages, personalized tours and innovative new products (2009 GTW)
- Chinese travellers and the Chinese Government are extremely sensitive to health concerns
- Challenges regarding control quality of Canadian tour programs – leading to dissatisfied consumers and negative media exposure

## Summary: The Japan market at a glance

Summary	2009
Long-haul Country Visits ('000)	8,743.2
Year-to-Year % Change	-2.6%
Overnight Trips to Canada ('000)	180.3
Year-to-Year Change	-30.4%
Canada's Market Share*	2.1%
Receipts (\$M)	268.7
Year-to-Year Change	-24.6%
Leisure Overnight Trips to Canada ('000)	158.1
Year-to-Year Change	-28.7%
Leisure Receipts (\$M)	239.6
Year-to-Year Change	-20.9%
Business Overnight Trips to Canada ('000)	22.1
Year-to-Year Change	-40.6%
Business Receipts (\$M)	29.1
Year-to-Year Change	-45.5%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- The world's second largest economy, Japan is expected to recover in 2010 (GDP 1.6%) following two years of economic downturn
- In 2010, household expenditures will remain moderate (1.4%), while unemployment will remain relatively unchanged
- Deflation is expected to continue at a rate of 0.6% in 2010
- Canada's market share decreased to 2.1% in 2009 as Japanese trips to Canada declined by 30.4%
- Ranked #9 by 2009 overseas MPA, down from 8th place in 2008

### 2009 all visitor characteristics – Canada

- \$268.7M in receipts, a decline of 24.6% over the previous year
- 180.3K overnight trips to Canada (down 30.4%)
- Direct air capacity increased by 7.2% in 2009
- Average spend per trip: \$1,491
- Average number of nights per trip: 14
- Average spend per night: \$111
- 43.2% of overnight visitors to Canada are under the age of 35

### 2009 Leisure travel characteristics – Canada

- \$239.6M overnight leisure receipts, a decline of 20.9% over 2008
- 158.1K overnight leisure visitors in 2009 (down 28.7%)
- Leisure travellers make up approximately 87.7% of the visitation and 89.2% of receipts
- Average spend per trip: \$1,515
- Average number of nights per trip: 14
- Average spend per night: \$107
- The largest proportion of leisure travellers to Canada are under the age of 35 (46.3% share), followed by those aged 55 to 64 which represents 20.4% share of travellers

### 2009 facts & figures - Japan

	2007	2008	2009	2010	2011	2012
GDP (% change)	2.3	-1.2	-5.2	1.6	1.6	2.1
Private Consumption (% change)	1.6	-0.6	-1.1	1.4	1.0	1.7
Unemployment Rate (%)	3.9	4.0	5.1	5.2	5.3	4.9
Inflation Rate (%)	0.1	1.4	-1.4	-0.6	0.2	0.5
Exchange Rate (CAD/ JPY)	0.0091	0.0103	0.0122	0.0107	0.0107	0.0113
(Year-to-Year % change)	-6.4	13.2	18.2	-12.0	-0.4	6.0

Source: Tourism Economics; Oxford Economics

## S.W.O.T. analysis - Japan

### Strengths

- Japanese economy continues to improve, although the pace of the recovery is likely to be slow
- Consumer confidence and travel sentiment has registered a year-over-year increase in 2010 (Bank of Japan survey 2010)
- Outbound travel demand is rebounding and expected to continue to improve in 2010;
- The potential long-haul outbound travel market in Japan remains robust with over 19 million travellers (2009 GTW)
- Canada continues to be viewed as the foremost nature and outdoor destination; nature is a powerful drawing card for Canada that can be successfully leveraged to sell other types of experiences

### Weaknesses

- Poor awareness of Canada as a travel destination with a lack of clarity around the value of Canadian travel experience and a narrow view of Canada's product offerings
- Top-of-mind awareness and consideration level for Canada are among the lowest of the CTC's key markets (2009 GTW)
- Japan continues to rank as having the poorest immediate travel potential for Canada (2009 GTW)
- "Lack of knowledge" and "No real reason to go" are among the top five barriers for travel to Canada (2009 GTW)
- Canada's traditional, but rather bland, image is still deeply entrenched in Japan
- High airfare costs hindering Canada's competitive edge

### Opportunities

- Pent-up demand from consumers who put off travel due to the H1N1 virus or the recession
- The number of senior travellers (aged 60 or over) is on the rise (JATA survey, March 2010)
- Good opportunities to tap into the repeat travel market - almost 3 in 10 Japanese long-haul travellers have visited Canada before (2009 GTW)
- Japanese travellers are looking for unique, deep and individualistic experiences and are often willing to pay more for something that is truly different or life-changing
- The market is starting to move beyond passive touring to more experiential travel, which is in line with the direction of Canada's brand
- Continuation of Tokyo (Narita)/Calgary direct seasonal air service introduced in spring, 2010
- Increase in consumer awareness in Canada as a result of Vancouver 2010 Winter Olympics (2009 Ad Tracking Study)

### Threats

- Canadian dollar depreciated against the Japanese yen in 2009, however, is gaining strength in 2010
- While economic conditions and travel trends in Japan are improving, Canada's declining price competitiveness is likely dampening some of the growth potential in Japanese arrivals
- Fierce competition – number one barrier to visit Canada is "other places they want to see more" and short-haul destinations such as Asian countries are gaining popularity
- Japanese consumers tire of products easily and constantly look for trendy products
- Limited direct air capacity and limited airline partners

## Summary: The Mexico market at a glance

Summary	2009
Long-haul Country Visits ('000)	1,850
Year-to-Year % Change	4.3%
Overnight Trips to Canada ('000)	161.1
Year-to-Year Change	-37.4%
Canada's Market Share*	8.7%
Receipts (\$M)	231.6
Year-to-Year Change	-36.4%
Leisure Overnight Trips to Canada ('000)	132.7
Year-to-Year Change	-36.3%
Leisure Receipts (\$M)	180.9
Year-to-Year Change	-38.1%
Business Overnight Trips to Canada ('000)	28.4
Year-to-Year Change	-42.0%
Business Receipts (\$M)	50.7
Year-to-Year Change	-29.3%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- Impacted by both the global economic downturn and H1N1 flu, Mexico's economy experienced a deep recession in 2009, as GDP and private consumption declined 6.6% and 6.2%, respectively, while unemployment increased to 5.5%
- Mexico's economy is forecasted to experience a strong recovery in 2010, with GDP expected to rebound by 4.5% and household expenditures to increase 4.3%
- 1.85M long-haul country visits in 2009, up 4.3% over 2008
- Canada's share of Mexican long-haul travel declined from 14.6% in 2008 to 8.7% in 2009
- Ranked #5 in 2009 overseas MPA, down from 4th place in 2008

### 2009 all visitor characteristics – Canada

- \$231.6M in receipts in 2009, (down 36.4%)
- 161.1 overnight trips to Canada (down 37.4%)
- Direct air capacity expanded by a significant 18.0% in 2009
- Average spend per trip: \$1,438
- Average number of nights per trip: 23
- Average spend per night: \$64
- 54.8% of travellers to Canada travel alone, while 23.5% travel in parties of 2 adults



### 2009 leisure travel characteristics – Canada

- \$180.9M overnight leisure receipts, down 38.1% over 2008
- 132.7K overnight leisure visitors, (down 36.3%)
- Leisure travellers make up approximately 82.4% of the visitation and 78.1% of receipts
- Average spend per trip: \$1,363
- Average number of nights per trip: 18
- Average spend per night: \$76
- Summer remains the most popular season with 36.1% share, although since 2000 winter is gaining ground up 11.8 points to 23.2%
- Major shift in those aged between 25 to 34, down 12.3 points to 17.9%, which was offset by those aged 35 to 64, up 15.4 points to 48.5%

### 2009 facts & figures - Mexico

	2007	2008	2009	2010	2011	2012
GDP (% change)	3.3	1.5	-6.6	4.5	5.1	5.4
Private Consumption (% change)	4.0	1.9	-6.2	4.3	4.8	5.2
Unemployment Rate (%)	3.7	4.0	5.5	5.1	4.4	3.7
Inflation Rate (%)	4.0	5.1	5.3	5.2	3.8	3.2
Exchange Rate (CAD/Peso)	0.098	0.096	0.085	0.080	0.082	0.085
(Year-to-Year % change)	-5.5	-2.5	-11.9	-5.8	3.0	3.5

Source: Tourism Economics; Oxford Economics

## S.W.O.T. analysis - Mexico

### Strengths

- Mexico is showing signs of recovery from its economic problems and damages caused by the H1N1 flu outbreak. It is expected to post positive GDP growth in 2010 as exports to the US expand
- Consumers appear to be more positive about current economic conditions and their ability to purchase big-ticket items
- Top-of-mind awareness of Canada continued to be high, sustaining a strong second place in the country rankings for unaided awareness (2009 GTW)
- “Canada” retained the title of the top advertised travel brand in Mexico, holding the position for three years in a row (2009 GTW)

### Weaknesses

- “Poor economy” became the top barrier for long-haul travel in the Mexican market (2009 GTW)
- The spiraling peso has been hurting long-haul travel from Mexico in 2009. “Unfavourable exchange rates” as a travel barrier have nearly doubled compared to 2008 GTW results (2009 GTW)
- The study showed a severe decline in the immediate potential for travel to Canada (2009 GTW) due to the economic climate in 2009
- Cultural products remain an ongoing issue for Canada, with all of its cultural offerings falling under weaknesses. Seeing different cultures and experiencing unique lifestyles were identified as key motivations for taking long-haul trips including trips to Canada

### Opportunities

- Canada retained high scores across the board for perceptions of Canada’s brand. Mexican travellers continue to view Canada as an engaging vacation destination (2009 GTW)
- The culture and people ratings continue to be high in terms of Canada’s brand perceptions, indicating that Mexicans view Canada as spectacular nature with unique history, heritage and lifestyles (2009 GTW)
- Mexicans consider Canada as a destination which provides a value-added visitor experience (2009 GTW)
- Good opportunities to tap into the repeat travel market - almost 3 in 10 Mexican long-haul travellers have visited Canada before. “Having made a previous trip to Canada” was indicated as a strong driver of future travel. (2009 GTW)
- Mexican long-haul travellers consider Canada as the best destination for ski vacations and other winter activities (2009 GTW)

### Threats

- Canada’s price competitiveness declined significantly due to the strong Canadian dollar – number one barrier for travel to Canada was “too expensive/can’t afford it” (2009 GTW)
- Fierce competition - number two barrier to visit Canada was “other places they want to see more” (2009 GTW)
- Canada has lost a competitive advantage over its largest competitor, the US, since the visa requirement to enter Canada was introduced in 2009
- Canadian partners may lose interest in investing into the Mexican market if the tourism recovery takes longer than anticipated

## Summary: The South Korea market at a glance

Summary	2009
Long-haul Country Visits ('000)	2,135.8
Year-to-Year % Change	-14.6%
Overnight Trips to Canada ('000)	131.3
Year-to-Year Change	-24.0%
Canada's Market Share*	6.1%
Receipts (\$M)	218.4
Year-to-Year Change	-20.9%
Leisure Overnight Trips to Canada ('000)	105.9
Year-to-Year Change	-27.2%
Leisure Receipts (\$M)	168.8
Year-to-Year Change	-28.4%
Business Overnight Trips to Canada ('000)	25.4
Year-to-Year Change	-6.6%
Business Receipts (\$M)	49.6
Year-to-Year Change	22.9%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- South Korea avoided a recession in 2009, mainly due to manufactured exports (particularly to China) and fiscal stimulus
- Fuelled by exports and an increase in consumer confidence in 2010 (up 3.5%), South Korea's GDP is forecasted to increase by 5.1%
- Canada's market share dropped to 6.1% in 2009 as overnight trips to Canada contracted 24.0%, while long-haul travel declined 14.6%
- Ranked #7 by 2009 overseas MPA, unchanged from the previous year

### 2009 all visitor characteristics – Canada

- \$218.4M in receipts (down 20.9%);
- 131.3K overnight trips to Canada (down 24.0%)
- Direct air capacity declined by 1.4%
- Average spend per trip: \$1,663
- Average number of nights per trip: 26
- Average spend per night: \$65
- The largest proportion of Korean travellers to Canada in 2009 was under the age of 45 years old (78.1% share)
- 71.5% of traveller's to Canada travelled alone

### 2009 leisure travel characteristics – Canada

- \$168.8 M overnight leisure receipts in 2008, down 28.4% over 2008
- 105.9K overnight leisure visitors, down 27.2% compared to the previous year
- Leisure traveller's make up approximately 80.7% of the visitation and 77.3% of receipts
- Summer remains the most popular season with 39.3% share of leisure travellers
- Average spend per trip: \$1,595
- Average number of nights per trip: 29
- Average spend per night: \$56

### 2009 facts & figures - South Korea

	2007	2008	2009	2010	2011	2012
GDP (% change)	5.1	2.3	0.2	5.1	4.4	4.8
Private Consumption (% change)	5.1	1.3	0.2	3.5	3.5	4.2
Unemployment Rate (%)	3.3	3.2	3.6	3.8	3.5	3.5
Inflation Rate (%)	2.5	4.7	2.8	2.6	2.7	2.8
Exchange Rate (CAD/Peso)	0.0012	0.0010	0.0009	0.0009	0.0010	0.0010
(Year-to-Year % change)	-2.6	-16.1	-7.8	2.1	4.6	5.4

**Source:** Tourism Economics; Oxford Economics

## S.W.O.T. analysis - South Korea

### Strengths

- South Korea's economy is recovering and expected to improve through 2010 and 2011
- Outbound travel demand has rebounded and shows potential for growth in visits
- Growing number of experienced travellers aspire to travel long-haul
- Canada is seeing strong gains in value perceptions particularly on perceived relevance and authenticity of its products (2009 GTW)
- Supportive of environmentally friendly tourism and rates Canada high as an environmentally friendly tourism destination (2009 GTW)

### Weaknesses

- Low consumer confidence - concerns about lagging job markets and minimal income growth are casting a shadow on consumers' optimism about the economic recovery
- Lowest level of advertising awareness and second lowest of destination consideration of all CTC key markets (2009 GTW)
- Canada is losing ground to its competitors on knowledge and advertising recall (2009 GTW)
- Price perception is one of the poorest of any CTC key markets – airfare, hotel costs and food/entertainment prices remain the most notable concerns (2009 GTW)
- Ongoing challenges to position Canada as a destination for cultural experiences (2009 GTW)
- “Sampling local flavours” and “food/wine festivals” are identified as Canada's product weakness while Korean travellers have strong desire to indulge in a destination's cuisine (2009 GTW)
- Canada's product positioning relative to our competitors is weak – Canada has only three number one products in the Korean market (2009 GTW)

### Opportunities

- Luxury is gradually being redefined as personal experiences that result in cherished memories in Korea - a trend that meshes well with Canada's brand promises of extraordinary personal experiences
- Potential add-on travel from the US as popularity of travel to the US is on the rise since the US Visa Waiver program was launched in late 2008
- Capitalize on Koreans' high-tech savvy consumer and deliver tourism message and sales proposition through on-line media
- Perceptions of Canada as “Youthful” is strengthening which is encouraging for the predominantly young market – over 40% of potential visitors to Canada are between the ages of 18 to 34” (2009 GTW)
- South Korea is one of the foremost markets for health and well-being travel which presents good opportunities for resorts in western Canada (2009 GTW)
- Self-tourism emerges as a niche strength for Canada (2009 GTW)
- Many Koreans are keen skiers and Canada stands out on skiing and winter activities, which gives Canada a competitive edge (2009 GTW)

### Threats

- Two main obstacles for travel to Canada are “high costs” and “long distance” (2009 GTW)
- Higher airfares compared to other long-haul competitors
- Air capacity, particularly in high seasons is limited and limited inter-line agreements in Canada
- Fierce competition from short-haul destinations – 8 out of 10 stated that they have “other places they want to see more” (2009 GTW)



## Summary: The Australia market at a glance

Summary	2009
Long-haul Country Visits ('000)	7830.7
Year-to-Year % Change	-7.5%
Overnight Trips to Canada ('000)	188.0
Year-to-Year Change	-14.3%
Canada's Market Share*	2.4%
Receipts (\$M)	310.3
Year-to-Year Change	-12.8%
Leisure Overnight Trips to Canada ('000)	169.9
Year-to-Year Change	-10.3%
Leisure Receipts (\$M)	273.6
Year-to-Year Change	-3.0%
Business Overnight Trips to Canada ('000)	18.1
Year-to-Year Change	-39.3%
Business Receipts (\$M)	36.7
Year-to-Year Change	-50.2%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- Australia was one of the few economies not to fall into a recession in 2009 (GDP 1.3%)
- In 2010, the Australian economy is expected to improve by 3.2%, with household expenditures increasing by 2.9%
- Australia is faced with a growing inflation (2.9%) and an increase in both housing and oil prices in 2010
- After 5 years of positive growth, long-haul travel declined 7.5% in 2009, while Canada's market share edged down to 2.4%
- Ranked #4 in 2009 overseas Market Portfolio Analysis, down from 3rd place in 2008

### 2009 all visitor characteristics – Canada

- \$310.3M in receipts, down 12.8% over 2008
- 188.0K overnight trips to Canada, down 14.3%
- Direct air capacity introduced at the end of 2007, declined by 6.0% in 2009 over 2008
- Average spend per trip: \$1,651
- Average number of nights per trip: 14
- Average spend per night: \$118
- 43% of travelling parties to Canada are composed of two adults, while 33% travelled alone

### 2009 leisure travel characteristics – Canada

- \$273.6M overnight leisure receipts declined by 3.0% over 2008
- 170.0K overnight leisure visitors in 2009, down 10.3%
- Leisure travellers make up approximately 90.0% of the visitation and 88.2% of receipts
- Average spend per trip: \$1,610
- Average number of nights per trip: 13
- Average spend per night: \$122 – highest of all CTC overseas markets
- Those over the age of 54 represent 47.0% of travellers to Canada, up 7.0 points since 2000
- Summer remains the most popular season (35.0%), followed by spring (29.7%)

### 2009 facts & figures - Australia

	2007	2008	2009	2010	2011	2012
GDP (% change)	4.7	2.4	1.3	3.2	3.5	3.9
Private Consumption (% change)	4.8	2.7	2.2	2.9	3.7	3.6
Unemployment Rate (%)	4.4	4.3	5.6	5.3	4.9	5.0
Inflation Rate (%)	2.3	4.4	1.8	2.9	2.8	2.5
Exchange Rate (CAD/AUD)	0.90	0.89	0.89	0.92	0.90	0.89
(Year-to-Year % change)	5.2	-0.7	-0.1	3.2	-2.3	-1.5

Source: Tourism Economics; Oxford Economics

## S.W.O.T. analysis - Australia

### Strengths

- The Australian economy is expected to continue to expand
- The strong value of the Australian dollar continues to bolster the appeal of outbound destinations
- Canada has a formidable edge over its competitors on winter products, scenery, wildlife and water-based journeys (2009 GTW)
- Canada is the single destination brand with the strongest advertising recall for the third year in a row (2009 GTW)
- Ski vacations and winter activities are Canada's strongest niche products (2009 GTW)

### Weaknesses

- Canada is still considered to be "someday" destination (2009 GTW)
- Culture and stand-alone city experiences are product vulnerabilities for Canada in the Australian market (2009 GTW)
- Knowledge of vacation opportunities in Canada and interest level are among the worst of all CTC key markets (2009 GTW)

### Opportunities

- Penetration of the Australian market remains fairly low (22% - 2009 GTW)
- The remarkable gains of the Australian dollar makes Canada travel more affordable
- FIT demand is growing strongly, which is seen as an opportunity for "products and regional diversification"
- Indicative of their general enthusiasm for Canada, Australian travellers express above- average interest in visiting regions in Canada
- Development of new experiential products through integrated co-op campaign with the travel industry
- Maximize internet and on-line activities as medium strongly endorsed by the Australian consumers

### Threats

- Fierce competition from short-haul destinations – closer and more economical Asian destinations are gaining ground – 8 out of 10 mentioned that there were "other places they want to see more" and that may hamper conversion (2009 GTW)
- Value assessments play the pivotal role in destination decision-making (2009 GTW)
- Limited direct air capacity and higher air transport costs

## Summary: The France market at a glance

Summary	2009
Long-haul Country Visits ('000)	7,703
Year-to-Year % Change	-9.3%
Overnight Trips to Canada ('000)	388.0
Year-to-Year Change	-4.1%
Canada's Market Share*	5.0%
Receipts (\$M)	514.1
Year-to-Year Change	-5.0%
Leisure Overnight Trips to Canada ('000)	340.6
Year-to-Year Change	-2.4%
Leisure Receipts (\$M)	449.9
Year-to-Year Change	-0.1%
Business Overnight Trips to Canada ('000)	47.4
Year-to-Year Change	-14.9%
Business Receipts (\$M)	64.2
Year-to-Year Change	-29.2%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- France, the 5th largest economy in the world and 2nd largest in Europe, was severely affected by the global recession in 2009, with unemployment reaching 9.1% and household expenditures easing to 0.6%
- Despite an increase in the unemployment rate to 9.8% in 2010, France's economy is expected to improve by 1.2%, due to fiscal stimulus and investment by the French government, in addition to a growing demand for French exports within the EU
- Canada's market share of long-haul travellers from France edged up to 5.0% in 2009
- Ranked #2 in 2009 overseas MPA, up from 5th place in 2008

### 2009 all visitor characteristics – Canada

- Canada's second largest overseas market with \$514.1M in receipts and 388.0 overnight trips to Canada, declining 5.0% and 4.1%, respectively
- Direct air capacity remained relatively unchanged at 1,012M seats in 2009
- Average spend per trip: \$1,325
- Average number of nights per trip: 17
- Average spend per night: \$80
- 43.0% of travellers to Canada travel alone

### 2009 Leisure travel characteristics – Canada

- \$449.9M overnight leisure receipts, relatively unchanged over the previous year
- 340.6K overnight leisure visitors in 2009, down 2.4% over 2008
- Leisure travellers make up approximately 87.8% of the visitation and 87.5% of receipts
- Average spend per trip: \$1,321
- Average number of nights per trip: 17
- Average spend per night: \$78
- The largest proportion of French leisure travellers to Canada are those aged 55 to 64 with a share of 21.6%

### France Economy

	2007	2008	2009	2010	2011	2012
GDP (% change)	2.3	0.1	-2.5	1.2	1.7	2.2
Private Consumption (% change)	2.5	0.5	0.6	1.2	1.2	1.9
Unemployment Rate (%)	8.0	7.4	9.1	9.8	10.1	9.7
Inflation Rate (%)	1.5	2.8	0.1	1.9	1.9	1.8
Exchange Rate (CAD/ Euro)	1.47	1.57	1.59	1.44	1.49	1.54
(Year-to-Year % change)	3.3	6.7	1.4	-9.2	2.9	3.5

Source: Tourism Economics; Oxford Economics



## S.W.O.T. analysis - France

### Strengths

- The French economy improved at the end of 2009. France is expected to continue its muted recovery into 2010
- The French tend to be more insulated from economic downturns than most markets, as a result of being sheltered by generous social programs and being a nation of savers who avoid high levels of personal debt
- Unaided awareness of Canada remained remarkably high, winning the number three spot (2009 GTW)
- At over 5.4 million travellers, France retained its standing as the overseas market with the greatest immediate potential for Canada (2009 GTW)

### Weaknesses

- Households are more pessimistic about their personal financial situation and general economy in the future
- Canada is losing ground to its competitors for aided destination awareness and aided destination interest (2009 GTW)
- Canada is perceived as an expensive destination which is a major concern as the French market is becoming increasingly price-conscious (2009 GTW)
- Although Canada is a dream destination for French travellers, only 4 in 10 are willing to “pay a little more” for the experience (2009 GTW)
- Although French travellers have reasonably strong perceptions of the cultural dimension of Canada's brand, cultural related products continued to be viewed as weaknesses for Canada relative to other products (2009 GTW)

### Opportunities

- French travellers continue to view Canada as a welcoming place, offering real experiences that are uncontrived, unspoiled and not overly packaged (2009 GTW)
- Canada continued to enjoy the strongest interest among the major competitors (2009 GTW)
- Travel intentions of visiting Canada for one to three nights was up significantly, likely because the burgeoning interest in the US is spilling over into potential add-on travel for Canada (2009 GTW)
- The proportion of travellers who have made a firm purchase decision about Canada remained very high by GTW standards, suggesting France may well stand as the most travel-ready market for Canada (2009 GTW)
- Canada's incredible nature and vast size continue to dominate the mindset of French travellers (2009 GTW)
- Canada has impressive product positioning against its major competitors, having twelve number one products (2009 GTW)
- The 2010 Winter Olympics enabled CTC France to work with publications and TV programs that are not typically accessible
- Opportunity to leverage the historic French connection in regions outside of Quebec and develop “combined destination”

### Threats

- Fierce competition coming from newer destinations that promise exotic and unique experiences at a budget-conscious price
- Weakening of the Euro has a cooling effect on the recovery of the long-haul market if this trend deepens into 2010
- Canada is losing price competitiveness, due to the strengthening of the Canadian dollar against the Euro
- Increase of direct on-line reservations – less business for the traditional tour operators which could lead to consolidation and/or bankruptcies

## Summary: The Germany market at a glance

Summary	2009
Long-haul Country Visits ('000)	8,197
Year-to-Year % Change	-5.2%
Overnight Trips to Canada ('000)	291.4
Year-to-Year Change	-7.6%
Canada's Market Share*	3.6%
Receipts (\$M)	443.1
Year-to-Year Change	-5.0%
Leisure Overnight Trips to Canada ('000)	244.5
Year-to-Year Change	-3.3%
Leisure Receipts (\$M)	375.1
Year-to-Year Change	1.8%
Business Overnight Trips to Canada ('000)	46.9
Year-to-Year Change	-25.1%
Business Receipts (\$M)	68.0
Year-to-Year Change	-30.6%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Tourism Economics and Statistics Canada.

- Germany is Europe's largest and the world's fourth largest economy
- During the economic downturn, the heavily exported German economy experienced a deep recession of 4.9%, while the unemployment rate increased to 8.2% in 2009
- Household expenditures and inflation remained relatively unchanged in 2009 (up 0.3%)
- In 2010, Germany will be faced with a slow recovery and the economy will be reliant on exports, as households reduce expenditures by 0.6% and unemployment remains high
- Despite a 7.6% decline in visitation to Canada by German travellers, Canada's market share remained relatively unchanged at 3.6%, as German travellers made 5.2% fewer long-haul trips in 2009
- Ranked #6 in 2008 & 2009 overseas MPA

### 2009 all visitor characteristics – Canada

- \$443.1M in receipts, down 5.0% over 2008
- 291.4K overnight trips to Canada, down 7.6%
- Direct air capacity edged up 0.7% in 2009
- Average spend per trip: \$1,520
- Average number of nights per trip: 17
- Average spend per night: \$87
- German travellers to Canada are most likely to travel in groups of 2 adults (42.6%) followed by alone (40.3%)

### 2009 Leisure travel characteristics – Canada

- \$375.1M overnight leisure receipts, an increase of 1.8% over 2008
- 244.5K overnight leisure visitors in 2009, down 3.3%
- Leisure travellers make up approximately 84.0% of the visitation and 84.7% of receipts
- Average spend per trip: \$1,534
- Average number of nights per trip: 19
- Average spend per night: \$82
- Summer remains the most popular season (49.5%)
- German leisure travellers aged 44 or younger represented the highest proportion (51.1%)

### Germany Economy

	2007	2008	2009	2010	2011	2012
GDP (% change)	2.6	1.0	-4.9	1.5	1.7	1.9
Private Consumption (% change)	-0.3	0.2	0.3	-0.6	1.6	1.7
Unemployment Rate (%)	9.0	7.8	8.2	8.1	8.2	8.3
Inflation Rate (%)	2.3	2.6	0.3	1.3	1.5	1.5
Exchange Rate (CAD/ Euro)	1.47	1.57	1.59	1.44	1.49	1.54
(Year-to-Year % change)	3.3%	6.7%	1.4%	-9.2%	2.9%	3.5%

Source: Tourism Economics; Oxford Economics

## S.W.O.T. analysis - Germany

### Strengths

- Economic activity in Germany is expected to continue to expand at a gradual pace over the short term
- Travel trade surveys suggested a recovery in the German travel market is well under way (TATS survey, GfK survey / CTC ITB May issue)
- Air capacity remain healthy, in particular during summer
- Canada's competitive positioning remains steadfast for destination awareness (2009 GTW)

### Weaknesses

- The Euro depreciated against the Canadian dollar, as a result Canada became a relatively more expensive long-haul destination
- Market outlook deteriorated markedly and the proportion of Germans planning to travel more dropped significantly (2009 GTW)
- Mentions of the "poor economy" was the second largest deterrent after affordability for taking long-haul travel in the next 2 years (2009 GTW)
- Canada has lost ground to its competitors in the advertising stakes (2009 GTW)
- Canada is still perceived with its traditional image and not viewed as a popular or trendy destination (2009 GTW)
- Alignment with Canada's desired brand personality have weakened, pointing to issues around brand acceptance in the market (2009 GTW)
- Canada continues to face challenges in positioning itself as a destination for cultural experiences, while cultural offerings are at the top of German travellers' to do list (2009 GTW)
- The view of Canada as cold and remote is a major deterrent as the vast majority of travellers tend to gravitate to warm weather and are fond of "sun and sand" (2009 GTW)

### Opportunities

- Canada maintained in the top three destinations for both destination consideration and interest (2009 GTW)
- Purchase intentions for Canada remain fairly strong, indicating that Canada's core market consists of loyal travellers who have not yet been deterred by external conditions (2009 GTW)
- Canada has a strong competitive edge for ski vacations, winter activities and multi-day water-based journeys (2009 GTW)
- Only one in five of the German market potential have taken a trip to Canada (2009 GTW)

### Threats

- Declining Canada's price competitiveness – Canada is becoming an expensive destination due to the weak Euro
- Fierce competition – new destinations are entering the market and outspending Canada
- German travellers became more quality-conscious in their destination choices – When looking at Canada's value perception, "Quality" perceptions have continued to deteriorate (2009 GTW)

## Summary: The United Kingdom market at a glance

Summary	2009
Long-haul Country Visits ('000)	14,484
Year-to-Year % Change	-14.4%
Overnight Trips to Canada ('000)	685.8
Year-to-Year Change	-18.1%
Canada's Market Share*	4.7%
Receipts (\$M)	892.2
Year-to-Year Change	-24.6%
Leisure Overnight Trips to Canada ('000)	604.1
Year-to-Year Change	-16.8%
Leisure Receipts (\$M)	766.4
Year-to-Year Change	-25.0%
Business Overnight Trips to Canada ('000)	81.8
Year-to-Year Change	-26.2%
Business Receipts (\$M)	125.8
Year-to-Year Change	-22.5%

**Note:** Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits.

**Sources:** Oxford Economics and Statistics Canada.

- During the global economic downturn in 2009, unemployment in the UK increased to 4.7% as the country fell into a deep recession, fuelled by the collapse of the financial markets, which caused households to scale back expenditures by 3.2% and the GDP to decline 4.9%
- In 2010, a slow economic recovery is expected for the UK, with GDP to edge up 1.1%
- Canada's market share shrank to 4.7% as the contraction in overnight trips to Canada (down 18.1%) outpaced the decline in long-haul travel (down 14.4%) by UK residents
- Maintains #1 position in 2009 overseas MPA

### 2009 all visitor characteristics – Canada

- Canada's largest overseas inbound market with \$892.2M in receipts, (down 24.6%) and 685.8K overnight trips to Canada (down 18.1%)
- Direct air capacity contracted 9.2% in 2009
- Average spend per trip: \$1,300
- Average number of nights per trip: 14
- Average spend per night: \$96
- 45.3% of UK travellers to Canada are over the age of 54
- 49.4% of travellers are composed of two adults

### 2009 Leisure travel characteristics – Canada

- \$766.4M overnight leisure receipts, a 25.0% decline over 2008
- 604.1K overnight leisure visitors (down 16.8%)
- Leisure travellers make up approximately 88.1% of the visitation and 86.0% of receipts
- Average spend per trip: \$1,269
- Average number of nights per trip: 14
- Average spend per night: \$92
- UK leisure travellers aged 45 and over represented the highest proportion (64.1%)

### United Kingdom Economy

	2007	2008	2009	2010	2011	2012
GDP (% change)	2.6	0.5	-4.9	1.1	2.3	2.9
Private Consumption (% change)	2.5	0.9	-3.2	0.2	1.6	2.2
Unemployment Rate (%)	2.7	2.8	4.7	4.9	5.0	4.9
Inflation Rate (%)	2.3	3.6	2.2	2.9	1.4	1.6
Exchange Rate (CAD/ Euro)	2.15	1.98	1.79	1.67	1.77	1.90
(Year-to-Year % change)	2.9	-8.0	-9.6	-6.7	6.4	7.1

Source: Tourism Economics; Oxford Economics



## S.W.O.T. analysis - United Kingdom

### Strengths

- Major British tour operators suggested a sign of recovery and presented optimistic outlook for the 2010 season (CTC Tourism Intelligence Bulletin, May 2010)
- High destination awareness – For unaided destination awareness, Canada ranked number four over the past three years (2009 GTW)
- Destination interest and likelihood of visiting Canada remained steadfast, showing that the long-term potential in the UK remains strong (2009 GTW)
- Some 16 million UK long-haul travellers are interested in visiting Canada, making the UK the overseas market with the greatest potential for Canada in terms of travel volumes (2009 GTW)
- Approximately 30% of British long-haul travellers have close friends or relatives in Canada (2009 GTW)

### Weaknesses

- Weak economic condition continues and consumer confidence remains fragile
- The global recession has affected demand for outbound travel from the UK; total outbound travel from the UK is expected to continue to decline in 2010 (The UK office for National Statistics)
- The British pound depreciated against the Canadian dollar – “unfavourable exchange rates” vaulted and moved up to second place as an impediment to long-haul travel (2009 GTW)
- Unemployment concerns became the sixth most prominent roadblock for long-haul travel (2009 GTW)
- The majority of UK travellers remain at the “someday” stage, showing a casual interest in Canada, but no immediate desire or reason to visit (2009 GTW)
- Canada’s product positioning against its competitors in the UK is weak, as only three products are listed as number one (2009 GTW)
- Canada’s cultural offerings don’t typically stand up well to competitor products, while cultural pursuits tend to dominate the top interests for long-haul travel in the UK market (2009 GTW)

### Opportunities

- Travel review websites are now an important research tool for British travellers in planning a holiday (Travel and Hospitality Industry Digest)
- Canada is seen as having incomparable outdoor activities, particularly winter-related products, as well as commendable nature products (2009 GTW)
- Leverage VFR (Visit Friends and Relatives) connections – “word of mouth” strengthened as a way to increase Canada’s appeal and also ranked second as information source on Canada (2009 GTW)
- Leverage the higher propensity to travel to the US

### Threats

- Fierce competition – consumers are becoming less “destination loyal” as they shop around for the best deal. Number one barrier to visit Canada is “other places they want to see more” (2009 GTW)
- Price sensitive consumers - the weak economy is driving consumers towards more affordable destinations and shorter trips with inexpensive air and ground costs. (2009 GTW)
- UK consumers are becoming more value sensitive – “Quality” and “Relevance” are particularly poorly rated for Canada in comparison with other GTW markets (2009 GTW)

## Summary: The United States market at a glance

Summary	2009
Outbound Trips ('000)	59,632
US Leisure Outbound Trips ('000)	47,705
Total US Arrivals to Canada ('000)	18,289
Year-to-Year Change	-9.3%
Total US Receipts (\$M)	\$5,187
Year-to-Year Change	-7.0%
Overnight Leisure Arrivals to Canada (000)	9,921
Year-to-Year Change	-6.1%
Overnight Leisure Receipts (\$M)	4,694
Year-to-Year Change	-6.5%
Overnight VFR Arrivals to Canada ('000)	2,619
Year-to-Year Change	4.8%
VFR Receipts (\$M)	\$775
Year-to-Year Change	3.2%
Overnight Pleasure Arrivals to Canada ('000)	6,346
*Canada's Market Share	20.8%
Auto Overnight Leisure Trips to Canada (000)	6,582
Year-to-Year Change	-4.8%
Auto Overnight Leisure Receipts (\$M)	\$2,521
Year-to-Year Change	-5.7%
Air Overnight Leisure Trips to Canada ('000)	2,019
Year-to-Year Change	-5.8%
Air Overnight Leisure Receipts (\$M)	\$1,635
Year-to-Year Change	-4.3%
Other Modes Ovrnt Leisure Trips to Canada (000)	1,320
Year-to-Year Change	-12.8%
Other Modes Overnight Leisure Receipts (\$M)	\$538
Year-to-Year Change	-15.7%
Overnight Pleasure Auto Trips to Canada ('000)	4,284
Year-to-Year Change	-8.9%
Overnight Pleasure Plane Trips to Canada ('000)	1,056
Year-to-Year Change	-9.6%

**Note:** Note: Long-haul country visits are based on country arrivals statistics and therefore travellers may visit one or more countries per trip.

\*Based on share of long-haul country visits and inbound overnight trips into Canada

**Sources:** Tourism Economics and Statistics Canada.

- The US financial and housing markets were hit hard by the end of 2008, which caused the US economy to fall into a severe recession in 2009
- As a result of the US economy weakening further in the first half of 2009, the unemployment rate dramatically increased to 9.3% and households scaled back spending by 0.6%
- In 2010, the US economy is expected to rebound, with GDP growth forecasted at 3.5% and private consumption to increase at 2.7%
- Canada's largest international source for visitors (18.3M travellers) and expenditures (\$5.2B)
- Total estimated US outbound travel: 59.6M
- Estimated long-haul travel: 31.4M
- Estimated travel to Mexico: 18.4M

#### 2009 Leisure Travel Characteristics Canada

- \$4.7B overnight leisure receipts, for a 6.5% decrease over 2008
- 9.9M overnight trips to Canada (down 6.1%)
- Air capacity contracted 4.8% in 2009
- Spend per trip: \$473
- Number of nights per trip: 4
- Spend per night: \$113
- Summer remains the most popular season with 44.6% share of seasonal travel
- Approximately 44.0% of leisure travellers to Canada are over the age of 54
- 48.0% of leisure travellers to Canada travel in a group of two adults

#### Auto

- Overnight leisure auto travel declined 4.8% to 6.6B and represented 66.3% of overnight leisure trips into Canada
- Overnight auto leisure receipts declined further to \$2.5B and represented 53.7% of total overnight US leisure receipts to Canada

#### Air

- Overnight air leisure travel accounted for \$1.6 (down 4.3%) and 2.0M trips from the US. (down 5.8%) from 2008
- Average spending by leisure plane travellers was \$810 in 2009, up 1.6%

### 2009 facts & figures - United States

	2007	2008	2009	2010	2011	2012
GDP (% change)	2.1	0.4	-2.4	3.5	3.8	3.3
Private Consumption (% change)	2.7	-0.2	-0.6	2.7	3.2	3.2
Unemployment Rate (%)	4.6	5.8	9.3	9.7	9.1	8.0
Inflation Rate (%)	2.9	3.8	-0.3	2.1	2.0	2.8
Exchange Rate (CAD/USD)	1.07	1.07	1.14	1.05	1.09	1.14
(Year-to-Year % change)	-5.3	-0.7	7.0	-8.3	4.0	5.0

Source: Tourism Economics; Oxford Economics

## S.W.O.T. analysis - United States

### Strengths

- Economic conditions are gradually improving; however the recovery remains fragile
- Canada is the number one destination when it comes to knowledge of vacation opportunities (2009 GTW)
- By far the largest potential CTC market for long-haul travel (93.4M) as a result of the high incidence of travel and the sheer size of the country's population (2009 GTW)
- No language barrier

### Weaknesses

- Consumer confidence remains low, which suggests Americans continue to be relatively pessimistic in their outlook for the economy
- US consumers continue to be wary, driven by mounting job losses and weak income growth – concerns about unemployment have increased as a travel deterrent (2009 GTW)
- The travelhorizons survey (polled in February, 2010) suggested US travel intentions were weak
- Canada continues to lack a strong top-of-mind presence in the US market, ranking 6th on unaided destination awareness (2009 GTW)
- The likelihood of visiting Canada in the next two years, particularly for vacations of four or more nights declined significantly (2009 GTW)
- The brand personality and brand image results suggested that Canada has lost some ground in the US with respect to alignment with Canada's brand (2009 GTW)
- Value perceptions dropped, particularly for "Quality" and "Desirability" attributes. Canada tends to be overlooked as an inspirational vacation destination, as over-familiarity makes Canada less intriguing or exotic than other destinations (2009 GTW)
- Product positioning in the US market continues to be a challenge as only four products were named as number one product for Canada against its major competitors (2009 GTW)

### Opportunities

- Canada was ranked number one international destination for ski vacations and other winter activities with an imposing lead over its major competitors. Travellers in the South are more likely to be drawn to Canada for winter related products and activities(2009 GTW)
- Social media is becoming an effective and low-cost way of engaging consumers and promoting word-of-mouth recommendations

### Threats

- Canada's price competitiveness for US travellers is declining significantly due to the strong appreciation of the Canadian dollar against the US dollar
- Fierce competition - number one barrier to visit Canada is "other places they want to see more" (2009 GTW). Competing destinations are in the market with more aggressive sales plans and investments
- Price-sensitivity has heightened with US consumers spending less and saving more. A more cautious mindset has led travellers to scale back their vacation budgets, take trips closer to home and search for last minute bargains (2009 GTW)

## Appendix B:

### Measuring Sales and Marketing Performance

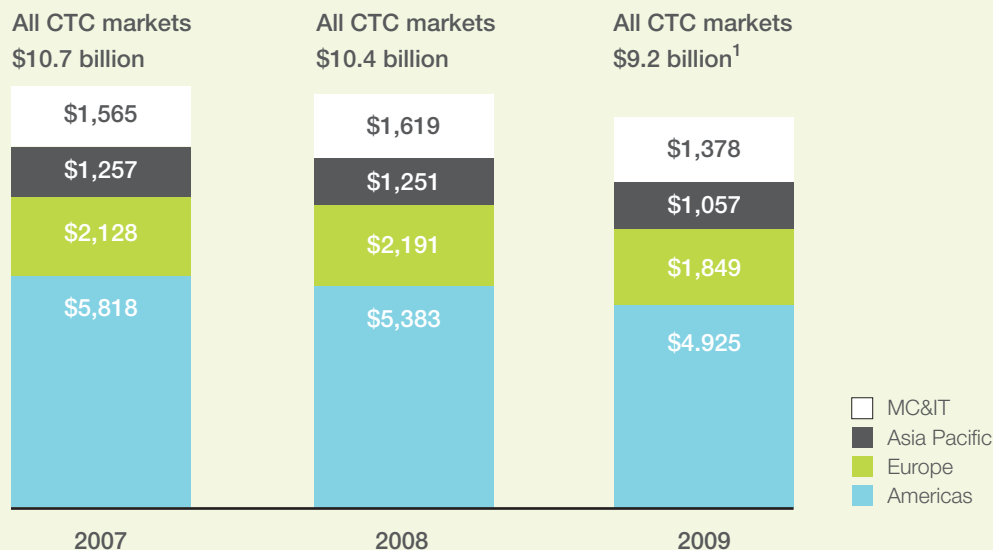
The CTC employs a Balanced Scorecard (BSC) as part of its robust Performance Management Framework—through which it measures and evaluates the performance of Canada as a visitor destination as well as the performance of CTC's programs and initiatives. In 2008, consistent with BSC methodology the Enterprise BSC was cascaded down to each business unit.

CTC will continue to track and evaluate the success of marketing campaigns through Advertising Tracking and Conversion Studies. In 2011 CTC will also focus on performance measures that will help determine the economic value of CTC's travel trade sales and MC&IT programs.

Below is a summary of key performance measures related to CTC global marketing and sales activities:

**Tourist receipts from CTC markets** – total spend by foreign visitors on Canadian tourism goods and services. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company e.g. purchase of an airline ticket from a Canadian international carrier to travel to Canada.

#### Tourist Receipts (CAD millions)

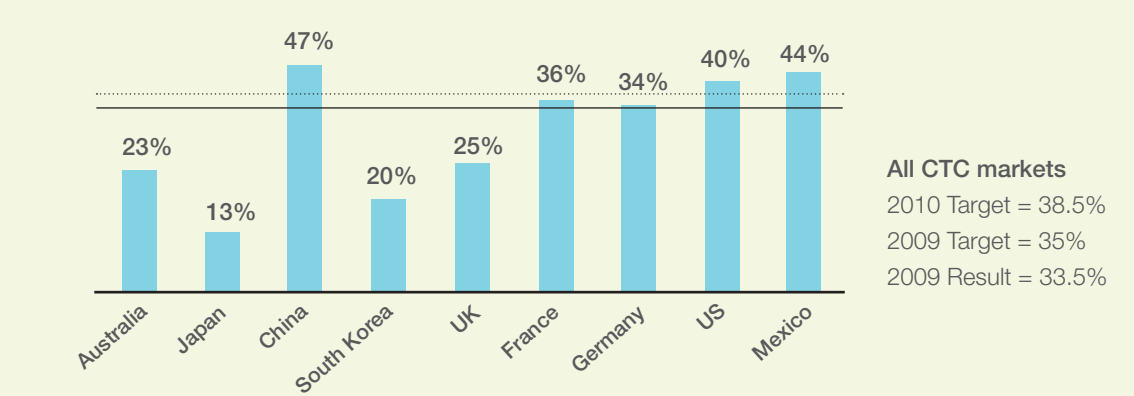


Source: Statistics Canada, International Travel Survey, 2009

<sup>1</sup> 2008 Results were preliminary at time of publishing

**Aided destination awareness in CTC markets** – percentage of long-haul travellers in CTC markets who rate their knowledge of vacation opportunities in Canada as “excellent” or “very good”

Aided destination awareness  
2009 results versus 2009 - 2010 targets



Source: Canadian Tourism Commission, Global Tourism Watch 2009

**Campaign ROI (Positive Influence)** – the value of tourist receipts generated by CTC’s core marketing campaigns per dollar spent to run the campaign. This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

	UK	France	Germany	Canada	US	US	Mexico	Australia	Japan	S. Korea
					Core	Stimulus				
2009 ROI	357:1	259:1	180:1	154:1	34:1	34:1	289:1	402:1	804:1	337:1

Source: Canadian Tourism Commission, Conversion Studies 2009



## Appendix C:

### Market portfolio analysis, market investment model and return on investment model

#### The market portfolio analysis (MPA) rating system

The MPA is designed to objectively assess and prioritize the potential of selected markets. Using a well-defined and structured framework, MPA ratings are based on three frames of reference: size, performance and potential.

Ratings from the 2009 overseas MPA confirms CTC's marketing efforts are directed in markets that demonstrate excellent tourism market potential. In comparison to 2008, results confirm Canada's tourism strength in its European core developed/traditional markets. Despite traditional resiliency in period of disturbances, with the exception of India, the 2009 MPA results suggest that growth and emerging markets would have been hit harder by last year's economic crisis.

The key strength of the growth markets relative to traditional markets is based on performance, whereas size is the more important factor in traditional markets.

The model is particularly helpful in identifying emerging markets, mainly India and Spain, rankings that were held by Mexico and China ten years ago.

**Table 1: Market portfolio analysis (MPA) results**

	2008	2009		2008	2009
1	UK	UK	12	Scandinavia	SE Asia
2	China	France	13	Switzerland	Italy
3	Australia	Germany	14	Brazil	Spain
4	Mexico	China	15	Belgium	Switzerland
5	France	Australia	16	SE Asia	Scandinavia
6	Germany	Mexico	17	Russia	Hong Kong
7	S Korea	India	18	Italy	N Zealand
8	Japan	S Korea	19	N Zealand	Brazil
9	India	Japan	20	Hong Kong	Belgium
10	Netherlands	Russia	21	Austria	Austria
11	Spain	Netherlands	22	Taiwan	Taiwan

#### The market investment model (MIM)

To assist the CTC in allocating marketing budgets objectively, the MIM is used to generate spending recommendations for CTC's international markets. The MIM determines allocations by comparing market conditions that could have impact on Canadian tourism revenues. The relative opportunities are based on weights statistically derived from eight drivers of references, capturing 36 tourism and economic indicators that could affect inbound tourism revenue to Canada. This process creates a score for each market, providing objective guidance for allocation of marketing resources.

#### The critical components of the MIM score are

- Attractiveness – relating to current market conditions
- Growth – past growth performance
- Opportunity – future expectations
- Receptivity – acceptance of the Canadian product
- Accessibility – ease of travel to Canada
- Prosperity – level of consumer spending and wealth
- In Market Affordability – the cost of doing business
- Competitiveness – Canada's ability to compete

The MIM was recently updated to generate suggested marketing budget for nine international markets using 2008 data and the latest forecast data to 2017. This takes into account the recent depressed economic environment. Table 2 provides suggested investment allocations for the years 2009 through 2011, compared to actual CTC investment levels by market for 2009. It is important to note that the MIM is not a predictive model and does not provide an estimate of expected return on investment.

**Table 2. Total Marketing & Sales (Program) Budget**

	CTC Actual Allocations 2009	MIM Suggested Allocations 2010	2011
UK	18.0%	15.7%	16.2%
France	11.9%	9.1%	9.1%
Germany	11.9%	9.6%	9.6%
Japan	9.4%	9.2%	9.1%
S Korea	7.3%	10.6%	10.8%
China	7.5%	10.3%	10.4%
Australia	9.4%	10.7%	9.6%
Mexico*	13.1%	8.3%	8.4%
India	4.9%	8.9%	9.0%
Brazil	6.6%	7.7%	7.7%

**Note:** \* Excludes stimulus funding

The MIM compares relative strengths and weaknesses of conditions that impact Canadian tourism within CTC markets. The model then suggests spending levels for each market given the relative presence of these conditions. For more information on the MPA and MIM models, please contact the CTC.

## The return on investment model (RIM)

The CTC has supplemented its strategic planning tools with the addition of the Return on Investment Model (RIM). The RIM evaluates marketing portfolio scenarios for 20 selected markets. The current and potential number of visits to Canada from its core markets, and the amount visitors spend while in Canada, are driven by a myriad of factors – most of which are captured by the MPA and MIM.

However, marketing is also a key determinant of past and future travel demand and is the fundamental lever at the disposal of the CTC. The RIM informs as to what is the best mix of marketing expenditure across countries defined as: *“The mix of marketing spend that generates the highest overall return on investment for a given level of risk”*.

### Identifying the optimal mix involves three stages of analysis

- 1 Assessing the level of historical returns** to marketing expenditure in each individual country, identifying the drivers of those historical returns and projecting both drivers and returns into the future;
- 2 Assessing the risk associated with each market** based on the variability of historical returns by market, identifying the drivers of that historic variability and projecting both drivers and variability into the future;
- 3 Developing a portfolio optimization model** which determines the optimal allocation of marketing to maximize returns given a certain level of risk under varying time horizons (short-term, balanced, long-term);

The risk metrics incorporated in the RIM measure the likelihood that inbound travel receipts to Canada from a market from an expected level of return on marketing investment (ROI) may be adversely impacted by external factors related to international travel such as competitive pressures, perceptions associated with extraordinary events, cyclical travel patterns and macro-economic/political stability.



