



Canadian Tourism  
Commission

Commission canadienne  
du tourisme

# U.S. and Overseas Travel to Canada

## Short-Term Competitive Outlook

### Third quarter of 2011

Prepared for:  
Canadian Tourism Commission

By:  
Conference Board of Canada

April 2011

WHAT'S INSIDE

This report provides competitive intelligence on Canada's U.S. and key international markets for the third quarter of 2011 (July to September).



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# Introduction

The *Short-Term Competitive Outlook* provides competitive data on Canada's key tourism markets (U.S. and overseas) for the upcoming travel season. The prime objective of this report is to provide some forward-looking indicators that will help the Canadian Tourism Commission (CTC) and its many tourism industry partners plan more effectively for the near term.

This report includes the following information:

**Competitive price index:** One important aspect of Canada's global competitiveness as a tourism destination is the price of Canadian travel products relative to those of its key international competitors' products. The competitive price index is calculated using prices for airfares, hotels, meals, and other costs incurred by visitors to Canada, compared against prices for competing destinations.

**Air capacity to Canada:** The ability to get to a destination is an integral part of planning and taking a trip. For this reason, the level of direct air capacity to Canada from key international markets is analyzed, using data from BACK Aviation Solutions, Inc. Air access between Canada and key travel markets is crucial, because growth in travel from specific markets is linked to improvements in air access.

*Please note:* the air capacity tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

**Air capacity to competitive destinations:** A comparison of air services from key international markets to travel destinations competing with Canada for those markets is an important measurement of Canada's relative performance as an international tourism destination. A table for each travel market country illustrates the level and rate of change in direct air service from that country to competing long-haul travel destinations for the upcoming travel season.

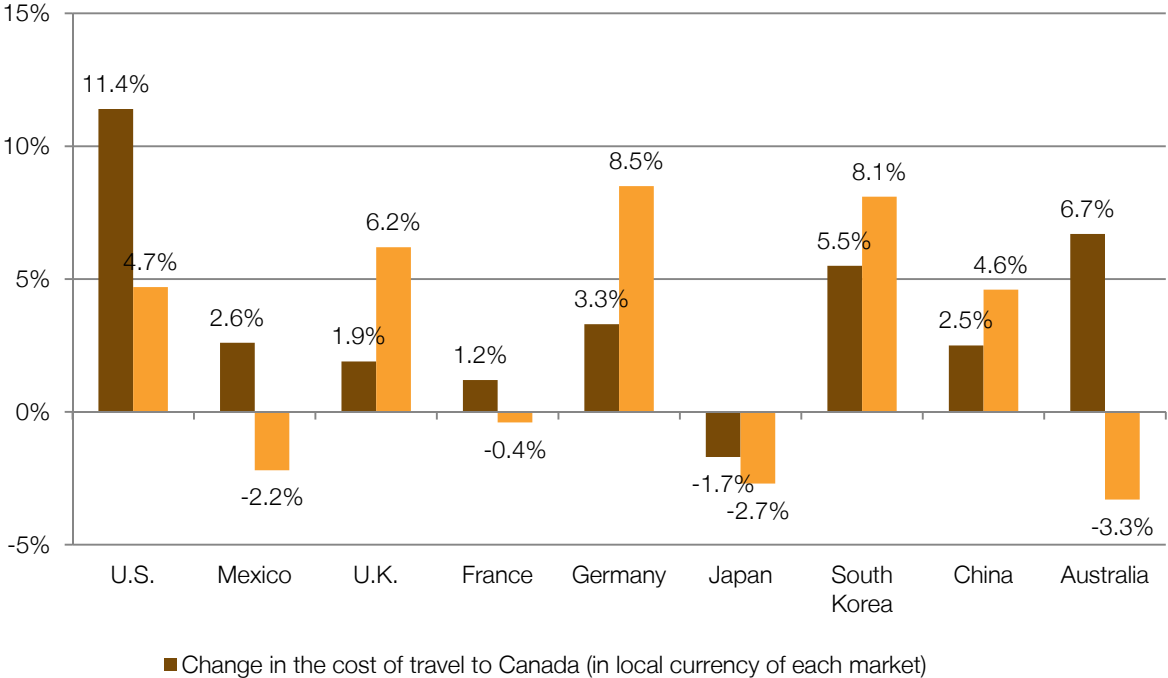
**Canadian exchange rate index (tourism weighted):** This index tracks the movement of the average exchange rate (including and excluding the U.S. dollar) that foreign travellers face when travelling to Canada.

**Added source market information for India and Brazil as well as expanded coverage of Canada's competitive set:** In addition to providing a first time look at forward looking indicators for India and Brazil, this report also expands on the list of competitive markets to Canada for many key inbound travel markets. However, since this is the first issue for this expanded analysis, a year-over-year competitive price comparison is not possible at this time.

# Competitive Price Index—Summary Table

- One important aspect of Canada’s global competitiveness as a tourism destination is the price of Canadian travel products relative to those of its key international competitors’ products. The competitive price index tracks product pricing trends in key markets and monitors Canada’s relative price competitiveness.
- The competitive price index is calculated based on a potential traveller’s expected spending on airfares, hotels, meals, and other costs for travel to Canada, compared with the costs for travelling to competing destinations.
- The following summarizes the results of the competitive price index for the third quarter of 2011. The chart represents a snapshot of the year-over-year difference in the average cost of travelling to Canada from each origin market (the first bar) and the difference in the average cost of travelling to traditional competitive markets from each origin market (the second bar).

**Changes in the Cost of Travel to Canada vs. Competitive Markets  
(Q3 2011 vs. Q3 2010)**



Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank; FareCompare; SideStep.

On a year-over-year basis, Canada’s price competitiveness is expected to improve for many inbound travel markets during the third quarter of 2011, with the exception of the U.S., Mexico, France and Australia. The decline in price competitiveness for these markets is partly the result of lower prices for travel to many of Canada’s competitive markets as well as the relative strength of the Canadian dollar. For details, please see the competitive price index found in each country section of this report.

# United States

## U.S.-to-Canada Air Capacity

Since the ability to get to a destination is an integral part of planning and taking a trip, the level of air service offered between the United States and Canada was studied using data from BACK Aviation Solutions. Air access is important because growth in travel from specific travel markets is linked to improvements in air access.

It is important to note that the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

The number of seats available on non-stop flights from the United States to Canada is scheduled to slip 0.7 per cent in the third quarter of 2011 over the same quarter of 2010.

### Seats Available for Direct Travel From the U.S. to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to Canada (overall)	3,982,631	3,956,585	-0.7%
B.C.	808,351	791,725	-2.1%
Yukon	840	800	-4.8%
Alberta	506,434	540,284	6.7%
Saskatchewan	59,188	48,358	-18.3%
Manitoba	75,770	65,268	-13.9%
Ontario	1,838,843	1,798,141	-2.2%
Quebec	591,726	613,324	3.7%
New Brunswick	4,757	4,550	-4.4%
Nova Scotia	85,456	81,522	-4.6%
Prince Edward Island	2,300	3,350	45.7%
Newfoundland & Labrador	8,966	9,263	3.3%

Source: BACK Aviation Solutions.

## Air Capacity from the U.S. to Competitive Destinations

A comparison of air services from the U.S. travel destinations competing with Canada for the U.S. travel market is an important measurement of Canada's relative performance as a tourism destination. The table below illustrates the level and rate of change in direct air service to domestic destinations within the United States, the main competition for short- and medium-haul U.S. travellers. As noted above, these numbers may change as airlines adjust their schedules.

In the third quarter of 2011, air capacity is expected to grow 1.6 per cent on non-stop domestic routes within the United States, compared with a year earlier.

**Seats Available for Domestic Travel Within the United States**  
(Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
U.S. domestic destinations	215,991,477	219,428,289	1.6%

Source: BACK Aviation Solutions.

## Competitive Price Index

From the perspective of U.S. travellers to Canada, the potential travel destinations that are most comparable to Canada are U.S. domestic destinations. The U.S. domestic market is Canada's main competitor for weekend getaways and mini-break trips made by U.S. travellers. The competitive price analysis was based on a typical four-night stay in Canada for U.S. travellers priced in U.S. dollars.

Our analysis suggests Canada's price competitiveness will decrease by 4.3 points in the third quarter of 2011, compared with a year earlier. The appreciation of the Canadian dollar will significantly increase the cost of hotels, meals and other items for potential U.S. visitors during the third quarter, but the strongest increase will come from airfares to Canada, compared with the same time last year.

Overall, the analysis suggests a four-night stay in Canada for U.S. travellers, including airfare, hotels, meals, and other items, will cost 11.4 per cent more in the third quarter of 2011 than it did a year earlier. Average airfares during the quarter are expected to increase 18.8 per cent.

Meanwhile, a similar trip within the United States is expected to cost 4.7 per cent more during the third quarter of 2011 than it did a year earlier. In Canada, Ontario/Quebec will continue to be the most price-competitive region for U.S. travellers during this period.

**Competitive Price Index—U.S. Travellers to Canada**  
(US\$, Based on Four-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	\$1,083	\$814	\$447	\$423	\$2,767	100.0	100.0
Atlantic Canada	\$1,274	\$733	\$416	\$423	\$2,847	102.9	98.5
Ontario/Quebec	\$997	\$877	\$438	\$423	\$2,735	98.8	97.0
Manitoba/Sask.	\$1,167	\$730	\$431	\$423	\$2,751	99.4	98.9
Alberta/B.C.	\$1,135	\$819	\$477	\$423	\$2,854	103.1	108.2
U.S. (domestic)	\$577	\$610	\$225	\$440	\$1,852	66.9	71.2

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank; FareCompare; SideStep.



# Mexico

## Mexico-to-Canada Air Capacity

In the third quarter of 2011, direct air capacity between Mexico and Canada is scheduled to increase by 5.8 per cent over the previous year. Following Mexicana's suspension of operations, Aeromexico and Canadian carriers stepped up to fill the gap, successfully compensating for the decline in Mexicana's capacity.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Travel From Mexico to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	122,529	129,637	5.8%
British Columbia	19,953	19,711	-1.2%
Alberta	27,188	26,207	-3.6%
Ontario	53,510	48,797	-8.8%
Quebec	21,878	34,922	59.6%

Source: BACK Aviation Solutions.

## Air Capacity from Mexico to Competitive Destinations

A comparison of air services from Mexico to travel destinations competing with Canada for the Mexican market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates the level and rate of change in direct air service to competing long-haul travel destinations for the upcoming travel season.

### Seats Available for Travel From Mexico to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	2,688,036	2,765,086	2.9%
to Italy	16,628	7,176	-56.8%
to Spain	148,991	166,661	11.9%
to France	86,797	94,977	9.4%
to Argentina	21,749	36,205	66.5%
to Brazil	30,879	32,686	5.9%

Source: BACK Aviation Solutions.

Direct air capacity from Mexico to key competitive destinations is expected to decline to Italy and increase to the U.S., Spain, France, Argentina and Brazil in the third quarter compared with a year earlier. For travel to the U.S., direct capacity to Texas is expected to expand 3.6 per cent while direct air access to California is expected to grow 9.8 per cent.

## Competitive Price Index

For potential Mexican travellers to Canada, the traditional competitive tourism destinations are the United States, Spain and Italy. From this report on, the Competitive Price Index will also track prices to France, Argentina and Brazil. For the Mexican market, the competitive price analysis was based on a typical seven-night stay in Canada, priced in Mexican pesos.

Canada's competitive price index is expected to decrease against all traditional competitive markets during the third quarter of 2011, year-over-year.

Our competitive price analysis suggests the cost of a seven-night stay in Canada during the third quarter, including airfare, hotels, meals, and other items, will increase 2.6 per cent for Mexican travellers, year-over-year. The modest increase in travel prices is, in part, attributed to the 2.8 per cent reduction in average airfares from Mexico to Canada. Costs in other categories of the index are expected to increase around 3-5 per cent.

Meanwhile, the cost of a similar trip to other competitive destinations during the quarter is expected to decrease 2.2 per cent.

The index suggests that Ontario/Quebec will be the most price-competitive region in Canada for Mexican travellers during the quarter.

### Competitive Price Index—Mexican Travellers to Canada (Mexican Pesos, Based on Seven-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	\$7,151	\$16,826	\$9,232	\$8,747	\$41,957	100.0	100.0
Atlantic	\$10,814	\$15,143	\$8,601	\$8,747	\$43,305	103.2	101.8
Ontario/Quebec	\$5,513	\$18,115	\$9,051	\$8,747	\$41,426	98.7	98.7
Manitoba/Sask.	\$12,491	\$15,077	\$8,914	\$8,747	\$45,228	107.8	109.1
Alberta/B.C.	\$6,879	\$16,924	\$9,846	\$8,747	\$42,396	101.0	101.6
U.S.	\$5,565	\$12,604	\$4,654	\$9,083	\$31,906	76.0	78.5
Spain	\$14,203	\$17,842	\$8,790	\$9,664	\$50,498	120.4	125.5
Italy	\$13,164	\$23,756	\$10,877	\$10,536	\$58,333	139.0	149.5
France	\$13,447	\$21,668	\$10,091	\$11,354	\$56,560	134.8	n.a.
Argentina	\$13,754	\$14,132	\$5,785	\$4,560	\$38,231	91.1	n.a.
Brazil	\$15,903	\$20,082	\$6,611	\$6,222	\$48,818	116.4	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity); FareCompare; SideStep.

# United Kingdom

## U.K.-to-Canada Air Capacity

The number of direct seats available from the United Kingdom to Canada is expected to remain largely unchanged during the third quarter of 2011 over the previous year. The lack of growth in air capacity may limit the growth potential of U.K. travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Direct Travel From the U.K. to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	623,258	622,715	-0.1%
British Columbia	132,992	140,058	5.3%
Alberta	104,207	106,056	1.8%
Ontario	304,891	276,864	-9.2%
Quebec	48,130	63,195	31.3%
Nova Scotia	22,478	25,862	15.1%
Newfoundland & Labrador	10,560	10,680	1.1%

Source: BACK Aviation Solutions.

## Air Capacity from the U.K. to Competitive Destinations

A comparison of air services from the United Kingdom to travel destinations competing with Canada for the British travel market is an important measurement of Canada's relative performance as an international tourism destination. Below is a table illustrating changes in air services to competing long-haul travel destinations during the upcoming travel season.

### Seats Available for Travel From the U.K. to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	2,647,672	2,839,317	7.2%
to India	371,071	380,780	2.6%
to South Africa	208,220	188,724	-9.4%
to Australia (includes one stop)	222,441	230,419	3.6%
to New Zealand (includes one stop)	60,100	59,064	-1.7%
to Thailand	160,328	164,245	2.4%

Source: BACK Aviation Solutions.

The U.S., India and Thailand are expected to see an increase in direct air access from the U.K. during the third quarter of 2011 compared with a year earlier, while capacity to South Africa is expected to decline. For travel to the U.S., direct capacity to New York is expected to expand 6.9 per cent.

## Competitive Price Index

Canada's traditional competitors for U.K. travellers are the United States, China, South Africa, sub-Saharan Africa (specifically, Kenya, Nigeria, and Ghana) and Latin America (specifically, Brazil and Mexico). From this report on, the Competitive Price Index will also track prices to Australia, New Zealand, Thailand and India. For the U.K. market, the competitive price analysis was based on a typical seven-night stay, priced in British pounds.

Canada's competitive price index is expected to improve slightly against all traditional competitive markets, with the exception of China, during the third quarter of 2011 compared with a year earlier.

The analysis suggests the average cost of a seven-night stay in Canada for U.K. travellers during the quarter, including airfare, hotels, meals, and other items, will increase 1.9 per cent over the previous year. Airfares from the U.K. to Canada are expected to increase by an average of 2.9 per cent during the quarter.

Meanwhile, the average cost of a similar trip to competitive destinations (the United States, China, South Africa, sub-Saharan Africa, Brazil and Mexico) during the quarter is expected to increase by 6.2 per cent.

In terms of Canadian destinations, the index shows that Atlantic Canada will be the most price-competitive region for U.K. travellers during the third quarter of 2011.

**Competitive Price Index—U.K. Travellers to Canada**  
(British Pounds, Based on Seven-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	£722	£877	£481	£456	£2,536	100.0	100.0
Atlantic	£743	£789	£448	£456	£2,437	96.1	92.3
Ontario/Quebec	£615	£944	£472	£456	£2,487	98.1	99.4
Manitoba/Sask.	£931	£786	£465	£456	£2,637	104.0	100.9
Alberta/B.C.	£823	£882	£513	£456	£2,674	105.4	106.0
United States	£706	£657	£243	£473	£2,079	82.0	80.6
China	£545	£870	£490	£276	£2,181	86.0	87.8
South Africa	£718	£1,082	£371	£249	£2,420	95.4	78.5
Sub-Saharan Africa (Kenya, Nigeria, Ghana)	£660	£959	£420	£243	£2,282	90.0	90.9
Latin America (Brazil and Mexico)	£829	£738	£313	£297	£2,177	85.9	85.5
Australia	£1,059	£998	£583	£436	£3,075	121.3	n.a.
New Zealand	£1,315	£672	£414	£384	£2,784	109.8	n.a.
Thailand	£673	£763	£250	£224	£1,909	75.3	n.a.
India	£540	£1,133	£331	£103	£2,107	83.1	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# France

## France-to-Canada Air Capacity

Direct air capacity from France to Canada is expected to decline 1.2 per cent in the third quarter of 2011, year-over-year. This drop in air access could reduce the growth potential of French travel to Canada during the quarter.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Direct Travel From France to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	410,162	405,073	-1.2%
B.C.	4,446	4,446	0.0%
Alberta	4,446	4,788	7.7%
Ontario	80,493	89,863	11.6%
Quebec	320,777	305,976	-4.6%

Source: BACK Aviation Solutions.

## Air Capacity From France to Competitive Destinations

A comparison of air services from France to travel destinations competing with Canada for the French travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates changes in air services to competing long-haul travel destinations during the upcoming travel season.

### Seats Available for Travel From France to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	1,147,021	1,224,124	6.7%
to Australia (includes one stop)	9,100	11,492	26.3%
to mainland China	203,391	224,156	10.2%
to South Africa	49,465	49,496	0.1%
to Thailand	73,525	81,116	10.3%
to Mexico	86,797	94,977	9.4%

Source: BACK Aviation Solutions.

All key competitive tourism destinations for the French market are expected to see an increase in direct air access during the third quarter of 2011. The number of direct seats available on routes to the United States, mainland China, Thailand and Mexico is expected to rise significantly, while a marginal increase is expected for routes to South Africa.

## Competitive Price Index

Canada's traditional competitors for French long-haul travellers are the United States, China, sub-Saharan Africa (specifically, Nigeria, Ghana, and Senegal), and Brazil. From this report on, the Competitive Price Index will also track prices to South Africa, Thailand, Mexico and Australia. For the French market, the competitive price analysis was based on a typical seven-night stay, priced in euros.

In the third quarter of 2011, Canada's competitive price index is expected to remain quite stable compared with each of the traditional competitive destinations. The analysis suggests the average cost of a seven-night stay in Canada, including airfare, hotels, meals, and other items, will increase 1.2 per cent for French travellers, year-over-year. During this period, average airfares from France to Canada are expected to increase by a slight 0.4 per cent.

Meanwhile, the average cost of a similar trip to traditional competitive destinations (the United States, China, sub-Saharan Africa, and Brazil) is expected to decline 0.4 per cent during the quarter.

In terms of Canadian destinations, the index suggests that Atlantic Canada will be the most price-competitive region for French travellers during the third quarter of 2011.

**Competitive Price Index – French Travellers to Canada**  
(Euros, Based on Seven-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	€ 898	€ 998	€ 547	€ 519	€ 2,962	100.0	100.0
Atlantic	€ 926	€ 898	€ 510	€ 519	€ 2,853	96.3	98.1
Ontario/Quebec	€ 806	€ 1,074	€ 537	€ 519	€ 2,936	99.1	99.5
Manitoba/Sask.	€ 1,066	€ 894	€ 528	€ 519	€ 3,007	101.5	99.1
Alberta/B.C.	€ 986	€ 1,003	€ 584	€ 519	€ 3,092	104.4	104.4
United States	€ 959	€ 747	€ 276	€ 539	€ 2,522	85.1	87.2
China	€ 608	€ 989	€ 558	€ 314	€ 2,469	83.4	86.7
Sub-Saharan Africa ( <i>Nigeria, Ghana, Senegal</i> )	€ 764	€ 1,121	€ 476	€ 276	€ 2,636	89.0	88.6
Brazil	€ 993	€ 937	€ 377	€ 369	€ 2,676	90.3	90.8
South Africa	€ 881	€ 1,231	€ 422	€ 283	€ 2,818	95.1	n.a.
Thailand	€ 761	€ 867	€ 284	€ 255	€ 2,168	73.2	n.a.
Mexico	€ 1,042	€ 750	€ 328	€ 307	€ 2,427	81.9	n.a.
Australia	€ 1,361	€ 585	€ 1,135	€ 663	€ 3,744	126.4	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# Germany

## Germany-to-Canada Air Capacity

Direct air capacity from Germany to Canada is expected to increase 3.5 per cent in the third quarter from the previous year. The growth in direct air access could enhance the growth potential of German travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

**Seats Available for Direct Travel From Germany to Canada**  
(Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	335,545	347,189	3.5%
B.C.	48,830	60,610	24.1%
Yukon	7,290	2,970	-59.3%
Alberta	59,890	58,208	-2.8%
Ontario	157,880	160,861	1.9%
Quebec	54,635	54,280	-0.6%
Nova Scotia	7,020	10,260	46.2%

Source: BACK Aviation Solutions.

## Air Capacity From Germany to Competitive Destinations

A comparison of air services from Germany to travel destinations competing with Canada for the German travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates changes in air services to competing long-haul travel destinations during the upcoming travel season.

**Seats Available for Travel From Germany to Other International Destinations**  
(Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	1,703,916	1,748,364	2.6%
to South Africa	91,816	103,133	12.3%
to Brazil	99,533	121,844	22.4%
to Australia (includes one stop)	34,868	34,868	0.0%
to mainland China	274,644	337,381	22.8%
to New Zealand (includes one stop)	0	0	

Source: BACK Aviation Solutions.

Direct capacity is expected to increase on all routes during the third quarter of 2011, compared with a year earlier. The most significant growth is expected to serve mainland China, Brazil and South Africa.

## Competitive Price Index

For potential German travellers to Canada, the traditional competitive destinations are the United States, China, South Africa, and Latin America (specifically, Brazil and Mexico). From this report on, the Competitive Price Index will also monitor travel prices to Brazil, Australia and New Zealand. For this market, the competitive price analysis was based on a typical seven-night stay, priced in euros.

Year-over-year, Canada's competitive price index is expected to decrease against the U.S. and China but improve against South Africa and Latin America.

The analysis suggests the average cost of a seven-night stay in Canada, including airfare, hotels, meals, and other items, will increase 3.3 per cent for German visitors during the third quarter. Average airfares from Germany to Canada are expected to increase 7.6 per cent, overall. The strength of the Euro should help keep in keeping accommodation, meals and other costs from increasing significantly, compared with the same time period in 2010.

Meanwhile, the average cost of a similar trip to competitive destinations (the United States, China, South Africa, Brazil, and Mexico) during the quarter will increase by 8.5 per cent.

In terms of Canadian destinations, the index suggests Atlantic Canada will be the most price-competitive region for German travellers in the third quarter of 2011.

**Competitive Price Index – German Travellers to Canada**  
(Euros, Based on Seven-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	€ 911	€ 998	€ 547	€ 519	€ 2,975	100.0	100.0
Atlantic	€ 1,023	€ 898	€ 510	€ 519	€ 2,949	99.1	98.5
Ontario/Quebec	€ 827	€ 1,074	€ 537	€ 519	€ 2,956	99.4	99.5
Manitoba/Sask.	€ 1,123	€ 894	€ 528	€ 519	€ 3,064	103.0	99.6
Alberta/B.C.	€ 945	€ 1,003	€ 584	€ 519	€ 3,051	102.5	104.1
United States	€ 915	€ 747	€ 276	€ 539	€ 2,477	83.2	84.7
China	€ 556	€ 989	€ 558	€ 314	€ 2,418	81.3	87.5
South Africa	€ 833	€ 1,231	€ 422	€ 283	€ 2,769	93.1	73.8
Latin America (Brazil and Mexico)	€ 1,053	€ 840	€ 356	€ 338	€ 2,587	86.9	84.4
Brazil	€ 1,049	€ 937	€ 377	€ 369	€ 2,732	91.8	n.a.
Australia	€ 1,057	€ 585	€ 1,135	€ 495	€ 3,272	109.9	n.a.
New Zealand	€ 1,263	€ 764	€ 470	€ 436	€ 2,934	98.6	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.



# Japan

## Japan-to-Canada Air Capacity

During the third quarter of 2011, direct air capacity from Japan to Canada is expected to decline 12.1 per cent over the previous year, due solely to the 47.2 per cent reduction in non-stop services to British Columbia provided by Japan Airlines. This reduction in direct capacity is likely to reduce Japanese travel to Canada over the third quarter.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Direct Travel From Japan to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	113,753	99,946	-12.1%
B.C.	73,416	53,912	-26.6%
Alberta	8,229	13,926	69.2%
Ontario	32,108	32,108	0.0%

Source: BACK Aviation Solutions.

## Air Capacity from Japan to Competitive Destinations

A comparison of air services from Japan to travel destinations competing with Canada for the Japanese travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates the growth or decline of air service to competing long-haul travel destinations for the upcoming travel season.

### Seats Available for Travel From Japan to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	1,906,694	1,893,490	-0.7%
to France	180,066	212,845	18.2%
to Germany	221,464	227,701	2.8%
to Italy	99,992	72,459	-27.5%
to Australia	182,015	133,521	-26.6%
to New Zealand	31,398	31,089	-1.0%

Source: BACK Aviation Solutions.

Direct air access from Japan to the United States, Italy, and Australia is expected to decrease during the third quarter of 2011, year-over-year. However, a substantial increase in direct air access is expected for France during the period.

## Competitive Price Index

For potential Japanese travellers to Canada, the traditional competitive destinations are the United States, France, Germany, Italy, and Australia. From this report on, the Competitive Price Index will also track prices to New Zealand. The competitive price analysis for the Japanese market was based on a typical 10-night stay, priced in Japanese yen.

Canada's competitive price index is expected to remain fairly consistent against each of the traditional competitive markets during the third quarter of 2011.

Our analysis suggests the average cost of a 10-night stay in Canada during the quarter, including airfare, hotels, meals, and other items, will decrease 1.7 per cent for Japanese travellers, year-over-year. Slight decreases are anticipated for all categories of the index.

Meanwhile, the average cost of travelling to key competitive destinations is expected to decrease 2.7 per cent during the quarter, year-over-year.

In terms of Canadian destinations, Alberta/B.C. will be the most price-competitive region for Japanese travellers during the quarter.

### Competitive Price Index—Japanese Travellers to Canada (Yen, Based on 10-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	¥166,721	¥172,370	¥94,576	¥89,601	¥523,268	100.0	100.0
Atlantic	¥209,275	¥155,125	¥88,107	¥89,601	¥542,107	103.6	99.9
Ontario/Quebec	¥180,116	¥185,566	¥92,716	¥89,601	¥548,000	104.7	104.3
Manitoba/Sask.	¥190,988	¥154,450	¥91,312	¥89,601	¥526,352	100.6	102.5
Alberta/B.C.	¥152,123	¥173,372	¥100,857	¥89,601	¥515,952	98.6	99.8
U.S.	¥170,861	¥129,111	¥47,679	¥93,044	¥440,696	84.2	88.0
France	¥79,071	¥221,963	¥103,375	¥116,305	¥520,714	99.5	100.4
Germany	¥126,310	¥213,585	¥103,390	¥107,931	¥551,216	105.3	103.4
Italy	¥119,114	¥243,356	¥111,425	¥107,931	¥581,825	111.2	115.4
Australia	¥101,031	¥196,080	¥114,601	¥85,600	¥497,313	95.0	93.2
New Zealand	¥109,971	¥132,066	¥81,272	¥75,366	¥398,674	76.2	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# South Korea

## South-Korea-to-Canada Air Capacity

Direct air capacity from South Korea to Canada during the third quarter of 2011 is scheduled to drop by 4 per cent over the previous year. Although Korean Air is planning on increasing direct air access to British Columbia by 4.8 per cent, it is also planning to cancel direct service to Alberta. Overall, the drop in direct air access could reduce the growth potential of Canada's Korean travel market during this period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

**Seats Available for Direct Travel From South Korea to Canada**  
(Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	67,723	65,044	-4.0%
B.C.	41,187	42,228	2.5%
Alberta	3,720	0	-100.0%
Ontario	22,816	22,816	0.0%

Source: BACK Aviation Solutions.

## Air Capacity from South Korea to Competitive Destinations

A comparison of air services from South Korea to travel destinations competing with Canada for the South Korean travel market is an important measurement of Canada's relative performance as an international tourism destination. Below is a table illustrating changes in air services to competing long-haul travel destinations during the upcoming travel season.

**Seats Available for Travel From South Korea to Other International Destinations**  
(Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	634,905	745,966	17.5%
to Australia	73,767	77,112	4.5%
to France	72,150	77,475	7.4%
to Switzerland (includes one stop)	9,920	13,065	32%
to the United Kingdom	49,730	49,730	0.0%
to New Zealand	20,584	23,450	13.9%

Source: BACK Aviation Solutions.

All key competitive destinations are expected to see increases in direct air access from South Korea during the third quarter of 2011. In particular, the United States, led by a 76.4 per cent increase in capacity to Hawaii, is expected to benefit from a 17.5 per cent increase in direct seat capacity over the third quarter.

## Competitive Price Index

Canada's traditional competitors for South Korean long-haul travellers are the United States, the United Kingdom, France, Germany, and Australia. From this report on, the Competitive Price Index will also track prices to Switzerland and New Zealand. For the Korean market, the competitive price analysis was based on a typical 10-night stay, priced in Korean won.

Compared with last year, Canada's competitive price index is expected to improve against France, German and the U.K. but decline slightly against the U.S. and Australia during the third quarter of 2011.

The analysis suggests the cost of a 10-night stay in Canada for Korean travellers during the quarter, including airfare, hotels, meals, and other items, will increase 5.5 per cent compared with a year earlier. While the cost of accommodation and other items is expected to increase between 4 per cent and 6 per cent, average airfares to Canada are expected to be 8 per cent more than they were a year earlier.

Meanwhile, the average cost of a similar trip to competitive destinations (the United States, the U.K., France, Germany, and Australia) during the third quarter is expected to increase 8.1 per cent, year-over-year.

In terms of Canadian destinations, Alberta/B.C. will be the most price-competitive region for Korean travellers during the period.

**Competitive Price Index—Korean Travellers to Canada**  
(Korean Won, Based on 10-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada = 100)	Q3 2010 Index
Canada	1,637,893	2,212,108	1,213,749	1,149,900	6,213,650	100.0	100.0
Atlantic	2,072,966	1,990,795	1,130,722	1,149,900	6,344,383	102.1	101.6
Ontario/Quebec	1,977,668	2,381,470	1,189,874	1,149,900	6,698,912	107.8	107.9
Manitoba/Sask.	1,952,369	1,982,140	1,171,853	1,149,900	6,256,261	100.7	99.8
Alberta/B.C.	1,353,532	2,224,968	1,294,351	1,149,900	6,022,751	96.9	97.7
U.S.	1,817,756	1,656,955	611,894	1,194,081	5,280,686	85.0	88.4
France	1,415,657	2,848,573	1,326,668	1,492,601	7,083,499	114.0	102.8
Germany	1,271,158	2,741,048	1,326,862	1,385,134	6,724,202	108.2	107.0
U.K.	1,600,356	2,302,186	1,041,872	1,170,199	6,114,614	98.4	92.5
Australia	1,035,831	2,516,394	1,470,740	1,098,554	6,121,519	98.5	100.8
Switzerland	1,204,884	3,248,515	1,597,096	1,567,828	7,618,324	122.6	n.a.
New Zealand	1,252,688	1,694,878	1,043,002	967,205	4,957,773	79.8	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# China

## China-to-Canada Air Capacity

During the third quarter of 2011, direct air capacity from mainland China to Canada is scheduled to expand by 28.4 per cent over the previous year. This substantial growth in direct air access could help bolster the growth potential of Chinese travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Direct Travel From China to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	153,376	196,898	28.4%
B.C.	96,428	128,718	33.5%
Ontario	56,948	68,180	19.7%

Source: BACK Aviation Solutions.

## Air Capacity from China to Competitive Destinations

A comparison of air services from China to travel destinations competing with Canada for the Chinese travel market is an important measurement of Canada's relative performance as an international tourism destination. Below is a table illustrating changes in air services to competing long-haul travel destinations during the upcoming travel season.

### Seats Available for Travel From China to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	446,418	556,002	24.5%
to Australia	134,913	214,066	58.7%
to France	203,207	223,831	10.1%
to Germany	274,318	337,381	23.0%
to the U.K.	101,232	114,026	12.6%
to New Zealand	20,064	30,344	51.2%

Source: BACK Aviation Solutions.

In the third quarter of 2011, growth in direct air access is expected all key long-haul destinations competing for the Chinese market. The largest increases are slated for routes to Australia, New Zealand and the United States. In the United States, the strongest growth is planned to Michigan, California and Washington.

## Competitive Price Index

Canada's traditional competitors for Chinese long-haul travellers are the United States, the United Kingdom, France, Germany, and Australia. From this report on, the Competitive Price Index will also track prices to New Zealand. For the Chinese market, the competitive price analysis was based on a typical 10-night stay, priced in Chinese Yuan.

Compared with a year ago, Canada's competitive price index is expected to improve slightly against France, Germany and the U.K., but decline against the U.S. and Australia during the third quarter.

The analysis suggests the cost of a 10-night stay in Canada will increase 2.5 per cent for Chinese travellers during the third quarter. Average airfares to Canada are expected to increase by 1 per cent, while costs for hotels, meals and other items are expected to increase between 2 per cent and 4 per cent.

Meanwhile, the cost of a similar trip to competitive destinations (the United States, the U.K., France, Germany, and Australia) during the quarter is expected to increase by an average of 4.6 per cent, year-over-year.

In terms of Canadian destinations, Manitoba/Saskatchewan will be the most price-competitive region for Chinese travellers during the third quarter.

### Competitive Price Index—Chinese Travellers to Canada (Chinese Yuan, Based on 10-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada=100)	Q3 2010 Index
Canada	10,394	13,319	7,308	6,924	37,946	100.0	100.0
Atlantic	13,267	11,987	6,808	6,924	38,986	102.7	104.1
Ontario/Quebec	12,028	14,339	7,164	6,924	40,456	106.6	104.1
Manitoba/Sask.	10,702	11,935	7,056	6,924	36,617	96.5	95.9
Alberta/B.C.	9,065	13,397	7,793	6,924	37,179	98.0	100.2
U.S.	10,755	9,977	3,684	7,190	31,605	83.3	85.9
France	6,679	17,152	7,988	8,987	40,806	107.5	97.1
Germany	6,306	16,504	7,989	8,340	39,140	103.1	101.2
U.K.	6,627	13,862	6,273	7,175	33,937	89.4	88.1
Australia	5,665	15,151	8,855	6,615	36,287	95.6	96.7
New Zealand	7,176	10,205	6,280	5,824	29,485	77.7	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# Australia

## Australia-to-Canada Air Capacity

Air capacity for direct (non-stop) flights between Australia and Canada during the third quarter of 2011 is expected to stay the same as it was in the same quarter of 2010. The lack of growth in air capacity may limit the growth potential of Australian travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

**Seats Available for Travel From Australia to Canada**  
(Q3—July to September)

<b>Non-stop seats available</b>	<b>2010 (Direct)</b>	<b>2011 est. (Direct)</b>	<b>2011 vs. 2010 Change</b>
Canada (overall)	24,840	24,840	0.0%
B.C.	24,840	24,840	0.0%

Source: BACK Aviation Solutions.

## Air Capacity From Australia to Competitive Destinations

A comparison of air services from Australia to travel destinations competing with Canada for the Australian travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates changes in air services to competing long-haul travel destinations during the upcoming travel season.

**Seats Available for Travel From Australia to Other International Destinations**  
(Q3—July to September)

<b>Non-stop seats available</b>	<b>2010 (Direct)</b>	<b>2011 est. (Direct)</b>	<b>2011 vs. 2010 Change</b>
to the United States	348,587	376,053	7.9%
to the U.K. (includes one stop)	222,891	230,869	3.6%
to mainland China	135,170	214,066	58.4%
to Thailand	316,013	336,832	6.6%
to Italy (includes one stop)	0	0	
to France (includes one stop)	8,736	11,492	31.5%

Source: BACK Aviation Solutions.

Key competitive markets are expected to see an expansion in direct air services from Australia during the third quarter of 2011. The most significant increase is expected to be on routes to mainland China.

## Competitive Price Index

The key competitive destinations for Australian long-haul travellers are the United States, the United Kingdom, Italy, Japan, China, Hong Kong, and India. From this report on, the Competitive Price Index will also track prices to Thailand and France. The competitive price analysis for the Australian market was based on a typical 10-night stay, priced in Australian dollars.

Compared with last year, Canada's competitive price index is expected to decline against all competitive markets during the third quarter of 2011, excluding India.

Our analysis suggests the cost of a 10-night stay in Canada for Australian travellers during the quarter, including airfare, hotels, meals, and other items, will increase 6.7 per cent from the previous year.

Meanwhile, the average cost of a similar trip to competitive destinations during the third quarter is expected to decrease 3.3 per cent from last year.

In terms of Canadian destinations, Alberta/B.C. will be the most price-competitive region for Australian travellers during the quarter.

**Competitive Price Index – Australian Travellers to Canada**  
(Australian Dollars, Based on 10-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada=100)	Q3 2010 Index
Canada	\$2,073	\$1,955	\$1,073	\$1,016	\$6,117	100.0	100.0
Atlantic	\$2,794	\$1,759	\$999	\$1,016	\$6,569	107.4	102.3
Ontario/Quebec	\$2,677	\$2,105	\$1,052	\$1,016	\$6,849	112.0	104.0
Manitoba/Sask.	\$2,543	\$1,752	\$1,036	\$1,016	\$6,346	103.7	95.7
Alberta/B.C.	\$1,580	\$1,966	\$1,144	\$1,016	\$5,707	93.3	100.5
U.S.	\$1,750	\$1,464	\$541	\$1,055	\$4,810	78.6	80.0
U.K.	\$1,887	\$2,035	\$921	\$1,034	\$5,876	96.1	106.1
Japan	\$992	\$2,266	\$1,208	\$1,287	\$5,753	94.1	104.2
China	\$822	\$1,939	\$1,093	\$615	\$4,469	73.1	80.2
Hong Kong	\$855	\$3,209	\$1,103	\$981	\$6,148	100.5	121.2
Italy	\$1,409	\$2,760	\$1,264	\$1,224	\$6,656	108.8	136.3
India	\$2,128	\$2,525	\$738	\$383	\$5,773	94.4	93.1
Thailand	\$950	\$1,699	\$557	\$501	\$3,707	60.6	n.a.
France	\$1,587	\$2,517	\$1,172	\$887	\$6,164	100.8	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.



# India

## India-to-Canada Air Capacity

Air capacity for direct (non-stop) flights between India and Canada during the third quarter of 2011 is expected to increase from no seats in the same quarter of 2010 to 31,464 seats. The launch of this new direct service by Air India may boost the growth potential of Indian travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Travel From India to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	0	31,464	
Ontario	0	31,464	

Source: BACK Aviation Solutions.

## Air Capacity From India to Competitive Destinations

A comparison of air services from India to travel destinations competing with Canada for the Indian travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates changes in air services to competing long-haul travel destinations during the upcoming travel season.

### Seats Available for Travel From India to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	115,196	154,017	33.7%
to France	82,700	92,329	11.6%
to the U.K.	371,260	380,297	2.4%
to Australia (includes on stop)	11,583	11,880	2.6%
to Switzerland	33,984	43,424	27.8%
to Italy	11,268	28,930	156.7%

Source: BACK Aviation Solutions.

All key competitive markets are expected to see an expansion in direct air services from India during the third quarter of 2011. The most significant increases are expected to be on routes to Italy and the U.S.

## Competitive Price Index

Since this is the inaugural report for calculating the Competitive Price Index for India, no year-over-year analysis is possible at this time. In addition to tracking prices to Canada, the Competitive Price Index will also monitor prices to the key competitive destinations for India long-haul travellers, including the United States, France, the United Kingdom, Australia, Switzerland and Italy. The competitive price analysis for the Indian market is based on a typical 10-night stay, priced in Indian Rupees.

Our analysis suggests the average cost of a 10-night stay in Canada for Indian travellers during the quarter, including airfare, hotels, meals, and other items, will be just over 251,000 Rupees.

In terms of competitive destinations, our analysis suggests that the most price competitive destination is the U.S. while the least price competitive is Switzerland.

In terms of Canadian destinations, Manitoba/Saskatchewan will be the most price-competitive region for Indian travellers during the quarter.

**Competitive Price Index—Indian Travellers to Canada**  
(Indian Rupees, Based on 10-Night Stay)

Competitive Destinations	Airfare (Round-trip)	Hotel	Meals	Other Items	Total	Q3 2011 Index (Canada=100)	Q3 2010 Index
Canada	64,665	90,100	49,437	46,876	251,078	100.0	n.a.
Atlantic	73,326	81,086	46,055	46,876	247,342	98.5	n.a.
Ontario/Quebec	53,368	96,998	48,464	46,876	245,707	97.9	n.a.
Manitoba/Sask.	69,299	80,733	47,730	46,876	244,638	97.4	n.a.
Alberta/B.C.	70,646	90,624	52,720	46,876	260,866	103.9	n.a.
U.S.	66,124	67,489	24,923	48,677	207,212	82.5	n.a.
France	34,340	116,024	54,036	60,847	265,245	97.7	n.a.
U.K.	34,782	93,769	42,436	48,580	219,567	81.7	n.a.
Australian	49,580	102,494	59,904	44,783	256,761	102.1	n.a.
Switzerland	35,048	132,313	65,050	63,913	296,325	118.0	n.a.
Italy	33,410	127,206	58,243	56,466	275,325	101.0	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# Brazil

## Brazil-to-Canada Air Capacity

Air capacity for direct (non-stop) flights between Brazil and Canada during the third quarter of 2011 is expected to slip 1.1 per cent over the same quarter of 2010. This decline in air capacity may limit the growth potential of Brazilian travel to Canada during the period.

Please note: the tables list the number of seats available as of early April 2011, but these numbers may change as airlines adjust their schedules.

### Seats Available for Travel From Brazil to Canada (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
Canada (overall)	19,623	19,412	-1.1%
Ontario	19,623	19,412	-1.1%

Source: BACK Aviation Solutions.

## Air Capacity From Brazil to Competitive Destinations

A comparison of air services from Brazil to travel destinations competing with Canada for the Indian travel market is an important measurement of Canada's relative performance as an international tourism destination. The table below illustrates changes in air services to competing long-haul travel destinations during the upcoming travel season.

### Seats Available for Travel From Brazil to Other International Destinations (Q3—July to September)

Non-stop seats available	2010 (Direct)	2011 est. (Direct)	2011 vs. 2010 Change
to the United States	557,010	610,237	9.6%
to France	164,221	158,526	-3.5%
to the U.K.	78,530	82,318	4.8%
to Mexico	30,879	32,686	5.9%
to Italy	62,522	64,906	3.8%

Source: BACK Aviation Solutions.

With the exception of France, all key competitive markets are expected to see an expansion in direct air services from Brazil during the third quarter of 2011. The most significant increases are expected to be on routes to the U.S. and Mexico.

## Competitive Price Index

Since this is the inaugural report for calculating the Competitive Price Index for Brazil, no year-over-year analysis is possible at this time. In addition to tracking prices to Canada, the Competitive Price Index will also monitor travel prices to the key competitive destinations for Brazil long-haul travellers including the United States, France, the United Kingdom, Australia, Mexico and Italy. The competitive price analysis for the Indian market is based on a typical 10-night stay, priced in Brazilian Reals.

Our analysis suggests the average cost of a 10-night stay in Canada for Brazilian travellers during the quarter, including airfare, hotels, meals, and other items, will be just under 8,800 Reals.

In terms of competitive destinations, our analysis suggests that the most price competitive destination is Mexico while the least price competitive is Australia.

In terms of Canadian destinations, Atlantic Canada will be the most price-competitive region for Brazilian travellers during the quarter.

**Competitive Price Index—Brazilian Travellers to Canada**  
(Brazilian Reals, Based on 10-Night Stay)

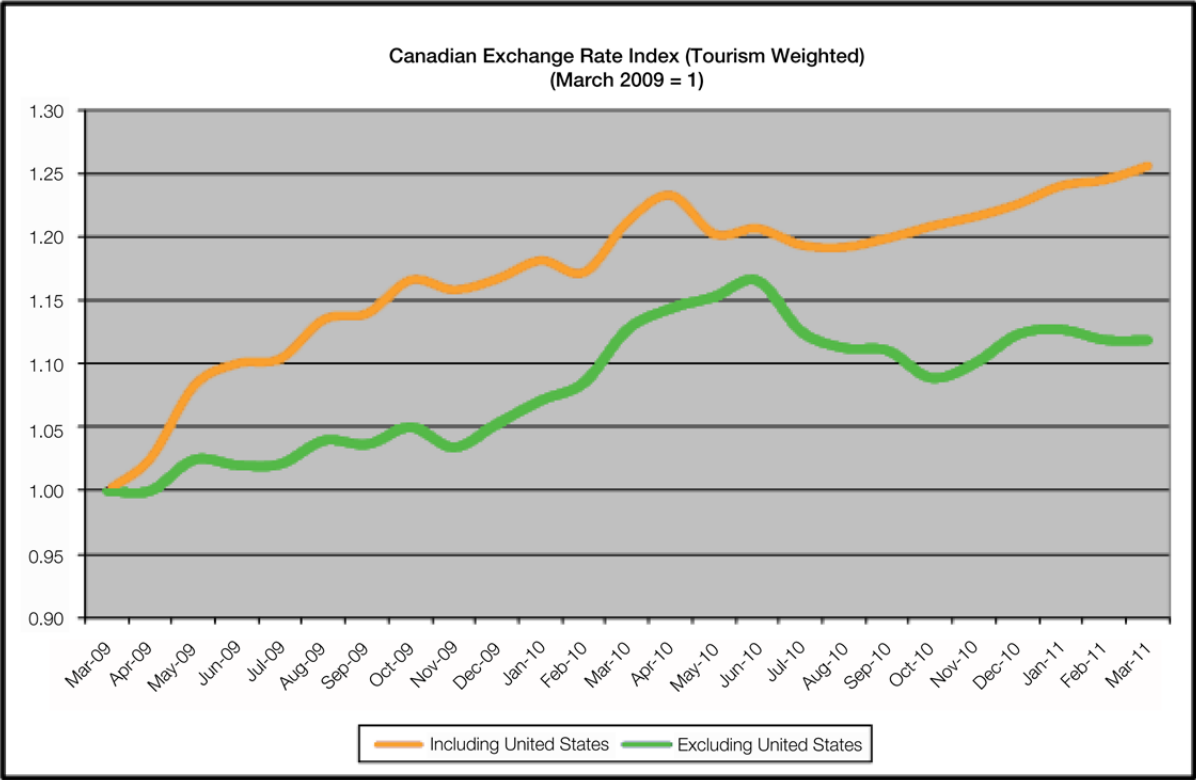
<b>Competitive Destinations</b>	<b>Airfare (Round-trip)</b>	<b>Hotel</b>	<b>Meals</b>	<b>Other Items</b>	<b>Total</b>	<b>Q3 2011 Index (Canada=100)</b>	<b>Q3 2010 Index</b>
Canada	2,046	3,260	1,789	1,696	8,791	100.0	n.a.
Atlantic	2,114	2,934	1,667	1,696	8,411	95.7	n.a.
Ontario/Quebec	1,674	3,510	1,754	1,696	8,634	98.2	n.a.
Manitoba/Sask.	2,399	2,921	1,727	1,696	8,744	99.5	n.a.
Alberta/B.C.	2,244	3,279	1,908	1,696	9,127	103.8	n.a.
U.S.	1,762	2,442	902	1,761	6,868	78.1	n.a.
France	1,837	4,198	1,955	2,202	10,192	115.9	n.a.
U.K.	2,299	3,393	1,536	1,758	8,986	102.2	n.a.
Australian	3,257	3,709	2,168	1,621	10,754	122.3	n.a.
Mexico	1,496	2,450	1,073	1,004	6,022	68.5	n.a.
Italy	1,712	4,603	2,108	2,043	10,466	119.0	n.a.

Sources: The Conference Board of Canada; U.S. General Services Administration; World Bank (purchasing power parity estimates); FareCompare; SideStep.

# Canadian Exchange Rate Index (Tourism Weighted)

The Canadian exchange rate index illustrates the movement of the average exchange rate (including and excluding the U.S. dollar) that foreign travellers face when travelling to Canada. When the index increases, international travellers face, on average, a less favourable exchange rate. Conversely, when the index decreases, international travellers to Canada face a more favourable exchange rate. The weights used for the exchange rate index are based on annual travel flows from 2009. The base value of the index is calculated using exchange rates from March 2009.

The most recent results of the Canadian exchange rate index suggest that over most of the past two years, international travellers to Canada faced increasingly less favourable exchange rates. Fortunately for overseas travellers, since peaking in June of 2010, the Canadian exchange rate index has retreated somewhat.



# Appendix: Construction of the Competitive Price Index

## Overview

One important aspect of Canada's global competitiveness as a tourism destination is the price of Canadian travel products relative to other key international competitors' products. As a regular feature of the *Short-Term Competitive Outlook*, the competitive price index serves as a valuable reference for tracking product pricing trends in key markets and monitoring Canada's relative competitiveness on an ongoing basis.

While the first competitive price index established certain pricing benchmarks, this feature now focuses on how Canada's price competitiveness is changing. The competitive price index is calculated based on a potential traveller's expected spending on airfares, hotels, meals, and other costs for travel to Canada, compared with those for competing destinations.

Viewed from the perspective of potential travellers from Canada's key international markets, the competitive price index produces a measure of the absolute and relative rate of change in Canada's price competitiveness against that of its closest competitors. In addition to the national perspective, Canada's price competitiveness is further disaggregated to show the relative position of four distinct regions within Canada: Atlantic Canada, Ontario/Quebec, Manitoba/Saskatchewan, and Alberta/B.C.

Since the launch of the competitive price index, we have made a few refinements to the methodology and data sources used to produce it. Further refinement in the development and presentation of the competitive price index may occur in upcoming issues as we continue to look for new sources and methods that will improve the index.

## Methodology

While the theory behind calculating the competitive price index may appear straightforward, the ultimate calculation (and interpretation) of such an index depends on the various assumptions and parameters used in its construction. Although the levels reported by the competitive price index are interesting (and potentially quite subjective), the primary objective in ongoing monitoring is to understand how Canada's competitive price position might be changing compared with various destinations.

The following sections in this appendix indicate some of the important assumptions and data sources used to construct the competitive price index.

### **Average Length of Stay**

The figures used to establish average length of stay for Canada's international travellers were determined by geography. Short-haul travellers (from the United States) were assumed to spend only four nights on average in Canada. Meanwhile, travellers from Europe and Mexico were assumed to spend an average of seven nights in Canada. Long-haul travellers from Asia-Pacific were assumed to spend an average of 10 nights in Canada. For the most part, the average length of stay was close to the average reported in the last full year of international arrivals data from Statistics Canada's International Travel Survey in 2009. For competing destinations, the same average length of stay was assumed to apply.

International visitor market origin	Average nights spent in Canada (and competing destinations)
U.S.	4
Mexico	7
U.K.	7
France	7
Germany	7
Japan	10
Korea	10
China	10
Australia	10
Brazil	10
India	10

### Canada's Competitive Destinations

The list of destinations deemed to be competing with Canada for travellers from the international markets covered in the *Short-Term Competitive Outlook* was provided by the Canadian Tourism Commission. The following table shows the competitive destinations for each international travel market monitored in the *Short-Term Competitive Outlook*.

International travel market	Competitive destinations (to Canada)
U.S.	Domestic U.S.
Mexico	U.S., Spain, Italy, France, Argentina, Brazil
U.K.	U.S., China, South Africa, sub-Saharan Africa (Kenya, Nigeria, Ghana), Latin America (Brazil, Mexico), Australia, New Zealand, Thailand
France	U.S., Latin America (Brazil), China, sub-Saharan Africa (Nigeria, Ghana, Senegal), South Africa, Thailand, Mexico
Germany	U.S., South Africa, Latin America (Brazil, Mexico), China, Australia, New Zealand
Japan	U.S., France, Germany, Italy, Australia, New Zealand
Korea	U.S., Australia, Germany, U.K., France, Switzerland, New Zealand
China	U.S., Australia, Germany, France, U.K., New Zealand
Australia	U.K., U.S., China, Hong Kong, Japan, Italy, India, Thailand, France
Brazil	U.S., France, U.K., Mexico, Australia, Italy
India	U.S., France, U.K., Switzerland, Australia, Italy

### Cost Components of the Competitive Price Index

The competitive price index comprises the estimated travel costs of airfares, hotels, and meals, as well as other costs that are expected to be incurred by potential visitors to Canada, compared with the costs of other competing destinations. The following table indicates the data used to establish the various cost elements.

Index component	Data sources/proxy values used
International airfares to Canada and other destinations (excluding airfare from the U.S. to Canada)	Lowest price obtained through web queries using travel search engines FareCompare and SideStep. The period examined was for travel between August 9, 2011 and August 16, 2011 – the midpoint of the period under analysis. Various specific destinations within each country were used, and results were weighted based on estimated travel flows. All taxes and charges were included.

Airfare from the U.S. to Canada	The top 10 inbound transborder journeys (for Halifax, Montréal, Toronto, Winnipeg, Calgary, and Vancouver) were probed using FareCompare and SideStep for the lowest prices on travel between August 9, 2011 and August 16, 2011—the midpoint of the period under analysis. Last year’s rates for the same segments were taken from the price analysis used to produce the Short-Term Competitive Outlook for the third quarter of 2010. The recent transition in this report to a lowest fare reporting on transborder flights was a departure from our original approach, which used average fares paid (including business and economy flights as well as discount flights). To accommodate the significantly lower costs reported by lowest fare reporting into the competitive price calculation, average airfares were multiplied by 2 (assuming an average travel party size of two adults).
Domestic U.S. average airfares	FareCompare and SideStep were used to probe 20 of the top 25 domestic U.S. journeys for the lowest prices on travel between August 9, 2011 and August 16, 2011—the midpoint of the period under analysis. The 5 domestic journeys excluded from the top 25 were short-haul segments that depend heavily on commuter travel. Last year’s rates for the same segments were taken from the price analysis used to produce the Short-Term Competitive Outlook for the third quarter of 2010. The recent transition in this report to a lowest fare average for domestic flights also represented a significant departure from our original approach of reporting average domestic fares. Once again, we multiplied the lowest average airfares by 2 (assuming an average travel party size of two adults).
U.S. hotel rates	The latest monthly published per diem from the U.S. Department of State, Office of Allowances. Since taxes and charges were not included, an additional 12.4% was added (the average rate according to the American Hotel & Lodging Association).
International hotel rates (including Canada)	U.S. Department of Defence. The maximum rates of per diem allowances for hotels outside the United States are established by the Secretary of State and updated every month. All taxes are included.
U.S. meal rates	Monthly published per diems from the U.S. Department of State, Office of Allowances. The amount allocated for incidentals was not used.
International meal rates (including Canada)	U.S. Department of Defence. The maximum rates of per diem allowances for meals outside the United States are provided by the Secretary of State and updated every month. The amount allocated for incidentals was not included.
Other items	This category includes all other travel-related spending at the destination aside from accommodation and meals. Specifically, this includes other intercity public transportation, private transportation, local transportation, retail, recreation and entertainment, and other miscellaneous purchases. For Canada, this figure was calculated to be roughly equal to half (52%) of the allocated hotel spending at the national level. To estimate the cost in competing destinations, this figure was converted using the relative purchasing power parity (PPP) of the competing market to that of Canada. The PPP estimates were produced by the World Bank (2009).

### Overall Construction of the Competitive Price Index

The competitive price index provides an aggregate assessment of the total cost of airfare, hotels, meals, and other costs for visitors to Canada, compared with competing destinations. While the final figure used for airfares in the competitive price index is simply the cost of one round-trip ticket, the cost attributed to hotels, meals, and other items is derived by multiplying daily spending by the travellers’ estimated length of stay. After summing up the various cost components, the index is normalized such that Canada (at the national level) equals 100. Index figures representing the price competitiveness of other competing destinations, as well as the various regions within Canada, are



calculated by dividing their estimated total cost for visitors by the cost calculated for Canada (at the national level) and multiplying by 100.