



Quarterly Market Report

FRANCE

Q1 2009

Market Highlights

of outbound travellers previous quarter:

- % change from same quarter last year:

of visitors to Canada previous quarter: 18,400 (January 2009)

- % change from same quarter (T4) last year: -3.44% (vs. 2008)

Comments/Other information:

Additional market statistics available through [Tourism Snapshot](#).

Air Capacity

Air Canada will be replacing its aircraft to grow seating capacity by 30% on its Paris-Toronto route starting May 1. Starting July 2, it will reinstate a second daily flight between Paris CDG and Montreal, and will launch daily direct service between Paris and Vancouver with a stopover in Montreal.

Corsairfly is launching direct service between Nantes and Québec City, with flights operating weekly from June 13 to September 5, 2009. Once again, the company will be offering weekly summer service on its Paris-Montréal and Paris-Halifax routes.

Air Transit will resume direct Paris-Calgary-Vancouver and Paris-Calgary flights from May to September.

Air France is adding a fourth flight to Montreal during the summer and will offer, with KLM, five flights a week to Calgary and one weekly flight to Vancouver. France's national airline and West Jet recently signed a code-share agreement.

Economic / Political Environment

GDP growth: - 1.2%

forecasted economic growth: - 1%

unemployment rate: + 15.4%

inflation: + 1.7%

consumer price index:	- 0.4%
exchange rate:	1 Euro = 1.63 CAD

Comments / Other information:

France's deficit is expected to exceed 5% in 2009, reaching an average of 22,000 Euros per capita and 5.6% of GDP.

Although the country's GDP slumped by 1.2% in late 2008, growth remained positive for the year (0.7%).

January saw a record jump of 90,200 unemployed (up 15.4%). The annual unemployment rate for those aged 15 to 24 was seven times higher than that for other age categories, at 7.8% of the active population.

The only good news is that the employment rate for those over 55 increased 1.1 percentage points over the quarter. According to France's Minister of the Economy, this last statistic is proof that the measures enacted to increase employment among people over 50 were effective.

Although unemployment levels saw a marked increase, the number of financial aid (RMI) recipients dropped by 3%.

Despite 2008 earnings of 14 billion Euros, energy company Total announced that it would cut 555 jobs in some of its operating units by 2013. This announcement caused a general outcry within the country's political class.

Ministers voted to ban the sale of alcohol and tobacco products to people under 18. Until now, the age had been 16. The objective of this decision was to fight binge drinking, an increasingly common phenomenon among the country's youth.

Ministers also authorized the advertising of alcohol products on the Web, with a few restrictions directed primarily at youth-oriented Web sites and certain online associations, companies and professional federations.

President Sarkozy should play an active role in the campaign that his party led for the European elections, which will be a first in the history of these elections.

More than a month has passed since Guadeloupe launched a general strike to protest the high cost of living on the island coupled with salaries that are too low. As a result, life in the region has come to a standstill, provoking violent clashes with law enforcement agencies. Martinique and Reunion Island have also been protesting and threatening to strike.

Emerging Tourism Trends

According to the *Baromètre Opodo*, a travel industry study conducted annually by consulting firm Raffour, the tourism industry has been in recession for six years. In 2008, 58% of French people over 15 (i.e. 30 million people) vacationed abroad, compared to 64% in 2004. Short trips saw the greatest decline: down 12%, or 1.9 million travellers. In 2008, departure

frequency dropped 23% from 2.3 departures per year to an average of only 2.

Inversely, departures to destinations abroad increased by 7%, or 10 million passengers, in 2008. Many French travellers purchased their vacations long in advance to benefit from better prices, and 9.2 million of them did so on the Web (31% of the 30 million who travelled abroad).

Of those French people who travelled abroad in 2008, 66% stated that they will likely do so again this year, whereas 19% will not travel abroad and 15% are undecided.

Winter in review:

All winter getaway sales (November to February) considered, the Afat network forecasts a 4% drop compared with 2008. The network's client numbers are stable, though the average purchase is down, at 1,000 Euros.

For Canada, most tour operators saw their winter sales volume decline—down 8% for *Voyageurs du Monde*, 15% for *Vacances Transat* and as much as 50% for Aventuria. Some saw the same volume as last year (Jet Set), while *Vacances Transat* expects to close the year down only 2% thanks to last-minute sales.

For the summer, with all destinations considered as a whole, all tour operators noted slower sales. Destinations such as Asia are apparently suffering. Sales of travel to the United States are not meeting tour operator expectations. Even though some operators witnessed a slight strengthening in demand following the election of Barack Obama—a few reservations were made with Jet Set, *Comptoir des États-Unis* and Kuoni—tour operators do not expect an exceptional year like last year.

With respect to travel to Canada, tour operators have noted a 10% to 30% drop in purchases (Back Roads, Jet Set, *Vacances Transat*, *Kuoni-Vacances Fabuleuses*, Meltour), whereas others have already noted a modest increase over last year (*Comptoir du Canada* up 5%, Amerikasias up 6%).

Online sales have continued to grow, and with 25% of reservations made online, France ranks second behind the UK. Thanks to sites such as voyages-sncf.com, airfrance.fr, nouvelles-frontières.fr and lastminute.com, the online market grew by 16% in 2008 to reach overall sales of 7.3 billion Euros.

On the distribution side, the Carlson Wagonlit Travel network announced that it was cutting 440 jobs due to a massive slowdown in business in Q4 2008.

Market Development Activities

This year, at least nine tour operators have published brochures dedicated to Canada (*Aventuria*, Back Roads, *Compagnie du monde*, *Comptoir du Canada*, *Empreinte*, *Nouvelles Frontières*, *Vacances Canada*, *Terre Canada* and *Voyageurs du Monde*), whereas in previous years, only three or four had produced such documents.

New Brunswick hosted a promotional event showcasing the province for the benefit of the media.

Other events included Inuit festivities at the Canadian Cultural Centre, “polar nights”

organized by tour operator *Grand Nord Grand Large*, and a gathering organized for eight tour operators at the Ambassador's residence to highlight Nunavut's 10th anniversary.

For the first time, tour operator Marmara will include Canada in its brochure, while Fram will put Canada back into its line-up after having omitted the country for a number of years.

Tourisme Montréal is organizing a media event to announce its summer 2009 festivals and events calendar.

CTC Activities

Trade Development

Production and publication of an insert in the *Quotidien du Tourisme* dedicated to New Brunswick and Nova Scotia. This FAQ was created to serve as a sales tool for travel agents and includes 15 questions on the two provinces, along with useful information and a selection of tour operators listing these destinations among their offerings. Total distribution: 12,500, including 11,000 travel agencies.

Two seminars were organized for Canada Specialist agencies: one on Nova Scotia and New Brunswick (eight stakeholders and 19 agents present) and one on Western Canada (Alberta, Vancouver, Yukon) (eight stakeholders and 26 agencies present).

Training for six travel agents provided by the *Votre Voyage* mini-network.

Workshop with the Carlson Wagonlit Travel network in conjunction with *Vacances Transat* in Bordeaux (20 agencies) and Toulouse (30 agencies).

Evening for high-yield clients (30) in Fontainebleau in conjunction with Kuoni.

Research trip to Quebec in conjunction with *Destination Québec* to introduce 11 Canada Specialist agents to the province's many enjoyable winter activities.

A direct mailing aimed at group decision-makers (company committees) was sent to 4,000 people and included an offer featuring Canadian tourism products.

Discover Holidays (Canadian destination marketing agency) visited 11 tour operators to introduce its products.

Meetings were organized for Tourism Vancouver's Kathy Mak and seven tour operators.

A market presentation was made to four Tourism Yukon representatives, and meetings were arranged with four tour operators.

Consumer Development

Air Canada and *Destination Québec* joined forces to develop a large-scale poster that was subsequently displayed on the front of *Les Galeries Lafayette* for the first week of the annual

clearance sale period. The poster was supported by a special vacation package at the travel agency located in *Les Galeries Lafayette*.

Contest games highlighting Canada were included in the March issue of the monthly brain-teaser magazine *Télé 7 Jeux*. Canada was the theme of the main crossword puzzle, as well as a number of secondary crosswords. A draw was held in mid-March in which a New Brunswick family vacation package was given away. The April issue will feature a page of ads for New Brunswick.

The CTC and *Vacances Transat* teamed up to create a 12-page insert (62,000 copies printed) focusing on Western Canada to be included in *Le Figaro*.

The CTC partnered with *Voyages Auchan* to create a flyer (10 million copies) highlighting a tourism circuit through Quebec and Ontario; created 250 posters to be displayed in France's 166 Auchan stores; created a two-sided flyer (130,000 copies) and distributed them at Auchan stores over six months; published the offer on Auchan's Web site, with online sales extending until September; mailed two newsletters to 200,000 *Voyages Auchan* subscribers to remind them of the special offer for Canada; created a Web banner advertising the package for display on www.voyages-auchan.com and www.auchan.fr.

A partnership between the CTC and *Terre Canada* led to the creation of a document to be distributed (5,000 copies) at the MAP (*Le Monde à Paris*) trade show.

Canadian visibility was heightened through a contest game, signage featuring the CTC logo, the broadcast of a 30-second spot and a booth in the VIP area during the *Coupe de France* ice hockey finals, which took place in Paris-Bercy on February 22 (13,000 spectators).

From February 27 to March 1, 2009, the CTC took part in Nantes' *Salon International du Tourisme* as a featured destination. The CTC organized a skating activity, a space dedicated to the 2010 Winter Games and a 90 m² booth featuring six partners. This year, some 38,629 visitors attended the show, an increase of 1.79% over last year.

The CTC attended the MAP (*Le Monde à Paris*) trade show from March 19 to 22, 2009, and shared a 51 m² booth with seven partners.

The CTC's Paris office published the Spring-Summer-Fall 2009 issue of the *Manuel des Voyages au Canada*, which brings together all Canada-oriented tour operator and airline offers in one French-language publication. Target market: France's travel agencies and consumers.

In partnership with Jet Tours, the CTC developed posters, to be displayed at 600 travel agencies, highlighting Canada as a destination with a business offering.

Media

- Individual meetings were held with the media to present the CTC's new ad campaign, recap the highlights of 2008 and discuss upcoming activities. A media kit was created. Two articles have been published to date.

- The CTC took part in a media conference organized for the *Salon international de Nantes*.

Guests included regional media from western France. Radio and print media interviews were held, a media kit was developed and distributed for the occasion.

- The CTC sent out invitations to 200 journalists for a gala soirée celebrating Nunavut's 10th anniversary at the Canadian Cultural Centre in Paris.

- The CTC organized three media trips to British Columbia in the lead-up to the Vancouver 2010 Winter Olympic and Paralympic Games.

- The CTC attended the annual workshop organized by the *Association des Offices du Tourisme étrangers* for the benefit of the entire French media community. Future projects for 2009 were discussed.

- The CTC took part in the media day organized for the MAP (*Le Monde à Paris*) trade show.

Competitive Environment

As of June 7, 2009, Qantas will operate its A380 aircraft on five flights a week on its Sydney-London route, vs. the current three.

The *Office de Tourisme des USA*, in conjunction with 20 tourism, airline, hotel and government partners, will organize workshops in Lyon and Nice for some one hundred industry professionals.

Tour operator Jet Set and New York State Tourism have launched the great New York sales challenge.

The Hong Kong Tourism Board has launched an e-learning program for tour operators (www.elearning-hongkong.com). To motivate travel agents, the HKTB is launching a contest game whose winner earns a spot in a learning trip to Hong Kong. Once they have completed the training and passed all the modules, successful travel agents will receive the title of "Hong Kong Specialist" and will be listed on the HKTB Web site.

Croatia's tourism office has organized a demonstration and cocktail buffet for travel professionals (travel agencies, destination travel agencies, tour operators, hotel operators and airlines).

Tahiti Tourism launched a large viral marketing campaign featuring a Web site and a sales challenge open to all travel agents.

Mauritius, in conjunction with 13 partners in seven French cities, has organized a tour to meet with travel agents.

Countries that saw traveller numbers increase from 2007 to 2008 include South Africa, which closed the year up 12% with 127,956 visitors, and Egypt, which saw an increase of 27% in the period spanning January to November 2008, with 524,150 visitors.

Future Outlook

The French still consider travelling to be an absolute necessity, even though, for the first time, vacation budgets are on the decline. Of the 1,400 people interviewed by *L'Internaute Magazine*, 54% expect their vacation budget to remain unchanged whereas 39% expect it to shrink. This also means that 9% of respondents expect to spend more on vacations. The length of individual trips is less of an issue than the destination or accommodations chosen. 48% of respondents plan to wait longer before reserving their vacations, which confirms the wait-and-see approach that tour operators have been witnessing of late. According to surveys, half of those expecting to travel in 2009 plan to spend less, once at their destination.