



Quarterly market report

FRANCE

Q2 2009

Market Highlights

# of outbound travellers previous quarter:	(insert text here)
- % change from same quarter last year:	(insert text here)
# of visitors to Canada previous quarter:	January to March 2009 = 60,260
- % change from same quarter last year:	-1.76%

Comments / Other information:

(insert text here)

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

Air Capacity

The number of passengers between France and Canada for all airlines dropped by 2% in April and 17% in May.

The number of seats has increased significantly and the average ticket price has dropped considerably: -35% for April and -43% for May. A real fare war is raging, due especially to the addition of Air France and Air Transat flights on the Paris-Montreal route. There is now a noted overcapacity on this route.

Air Canada has announced a positive trend for the summer months. Flights are almost full. It is worth noting that strong last-minute demand for June is hard to satisfy due to high load factors. Air Canada also reports a significant drop in the average ticket price.

Air France has announced an 11% increase in leisure passengers, but an 18% drop in business travel. This results in reduced revenues, because the increase in passenger volume does not compensate for the loss of business revenues. Average load factor for the Paris-Montreal route: 84%.

Air Transat has announced a good load factor, especially on its flights to Calgary and Vancouver.

Economic / Political Environment

GDP growth:	-1.2%
forecasted economic growth:	+4.5%
unemployment rate:	+2.4%
inflation:	-0.5%
consumer price index:	+0.2%
exchange rate:	1 Euro=CAD 1.55

Comments / Other information

France officially went into recession with a 1.2% drop in GDP. The Minister of the Economy is anticipating a 3% drop for 2009.

The unemployment rate continues to rise with an increase of 2.4% (+58,500 people), exceeding 2.5 M unemployed people. According to the Prime Minister, unemployment will continue to rise in France and in the rest of Europe for the duration of 2009 and will no doubt continue into the start of 2010.

The government has announced that it will reinforce funding for the employment budget, which will be a major priority for the 2010 budget. Major efforts will also be made to prioritise funding for university, research and prison administration.

Household consumption is holding up in spite of the recession. The volume of manufactured goods has risen by 1.1%. This modest upswing is driven by automobiles (+2.9%) and clothing (+8%). Retail sales have also started to rise again (+0.9%).

According to a very recent study carried out by the "Institut National des Statistiques et des Études Économiques", approximately 8 M people (13.2% of the population) live under the poverty line. Youth and retired people are the most affected. The poverty line is set at 880 Euros per month. The Government has just implemented a new measure, the RSA (Revenu de Solidarité Active), designed to reduce the poverty rate by 10%.

Satisfaction ratings for President Sarkozy fell by one point to 41% and the ratings for Prime Minister François Fillon fell three points to 43%. 57% of French people say they are "dissatisfied" with the actions of the head of state and 52% with those of François Fillon. The Foreign Affairs Minister came in

at the top of the list of government figures, with a satisfaction rate of 61%. As for the Socialist Party, the Mayor of Paris, Bertrand Delanoë, is by far the most popular opposition figure, with 53% (-2 points), ranking ahead of the President of the Socialist Party, Martine Aubry (49%). The rating of former candidate for President of the Republic, Ségolène Royal, fell to 28%.

The Prime Minister announced that there would be a minor cabinet reshuffle after the European elections to replace ministers elected to the European Parliament.

European elections: with a record abstention rate of 59%, the elections in France were marked by two surprises: the success of the Europe Ecologie party, which obtained as many votes as the Socialist Party (16% of the vote), and the collapse of MoDem (8.5% of the vote). The UMP, the majority party, won with 27.9%. The Socialist Party met with one of the most dramatic electoral reversals in its history. From now on, it would appear that this leftist party is no longer in a position to win on its own and will need to make alliances, in particular with the Green Party. These results should put President Sarkozy in a stronger position.

Emerging Tourism Trends

According to a study carried out by the research agency Protourisme, 52% of French people—or more than one in two—will not be going on summer holidays. 37% of them cite financial reasons (32% last year). For low-income households, with 1,200 to 2,000 Euros of monthly income, this rate of staying home should reach 62%. Conversely, in French households with income over 5000 Euros per month, 82% plan to travel this summer compared to 77% in 2008. In addition, nearly 25% of holiday goers expect to be cutting their costs, especially on buying souvenirs (66%), on restaurants (50%) and on leisure activities (37%). 52% of them will reserve their travel two months prior to departure, against 43% last year. For the time being, the delay in reservations has reached 12%, and only bookings for mobile homes in camping grounds and quality rural lodgings are on the upswing.

Expedia.fr carried out a study amongst its web visitors, asking them about their holidays. The respondents answered a series of questions that focused on the gap between their dream holidays and the holidays they are planning to take this summer. This survey highlights a great desire on the part of Internet users to get away and reveals the real disparities between dream and reality. 87% of the people surveyed have travel plans and even more than 50% say they have several travel plans for 2009. Still just as attached to

their holidays, they plan to travel in spite of the recession and in spite of whatever obstacles stand in their way. 38% are in the habit of travelling for three to four weeks at a time.

However, French people are still very fond of holidays at the beach. 39% vacation on the French seaside, far more than those who vacation in the countryside (5%). Only 8% of the people surveyed dream of going on an adventure to spend a holiday completely devoted to sports activities; the others prefer rest and well-being above all, far from the stress and pressure of their professional lives. The French respondents travel most often as a couple (48%); 27% said that they go on holidays as a family and 13% holiday with friends. Finally, only 4% of those surveyed cite the fact that they are alone as an obstacle to following their travel dreams. Money is the main obstacle to travellers' fulfilling their dreams.

Australia, Canada and the US: This is the top trio of destinations that web surfers are dreaming about, according to a survey conducted by the group L'Internaute.com on their website Copains d'Avant. Visitors of the website who registered were able to list their dream destinations on a map. Australia was the first choice for nearly 840,000 of them; the island continent takes first place by a long run, since 700,000 of the website visitors voted for Canada, and 500,000 voted for the US.

The other rankings highlight Brazil, Mexico, Japan, India, Peru, Egypt and New Zealand. It is noteworthy that web surfers are dreaming more of discovering new and exotic places than of white sand beaches.

Amadeus (reservation system) noted an improvement in the volume of reservations for March. After a drop in activity of 14% and 10% for the first two months compared to the same months last year, the GDS announced a comparable level in March to that of March 2008. The trend was confirmed in April, but slowed at the beginning of May, following the outbreak of the H1N1 flu, yet showed the beginnings of a pick-up at the end of June.

For the summer, many tour operators are announcing that the delay in sales is starting to catch up, to reach a level that is only slightly lower than, or even equal to, last year's sales. This information takes into account all destinations except Vacances Canada, which has announced higher sales. In spite of the "Obama effect", sales for the US are not as high as expected for tour operators specialising in North America and the forecast for a difficult year, especially for the US, is being confirmed (-20% for JetSet, -3% for Aventuria, a drop for Cie du Monde and Maison des Amériques, Comptoir des États-

Unis and Kuoni).

For Canada, the majority of tour operators saw a drop in sales volume (-8% Voyageurs du Monde, -15% Vacances Transat, and as much as -20% for Aventuria). However, Vacances Transat expects to end the season with only -2% thanks to last-minute sales. Jet Set and Maison du Canada have effectively the same volume as last year. Terre Canada and Vacances Canada are recording increases of 5% and 38% respectively.

Market Development Activities

The tour operator Empreinte, in partnership with Tourisme Québec, published a mini-brochure called “Spécial Québec” for this summer, focusing on customised travel. In conjunction with this brochure, a major sales challenge was launched with the following announcement: “Become the top seller for Canada and win a stay in Montreal”.

JetSet organised a road show targeting travel agencies in partnership with Tourism and Parks New Brunswick.

Between April and May 2009, Quebec’s ministère du Tourisme invested 600,000 € in the French market in an institutional advertising campaign, to which an additional 150,000 € was devoted to the website to promote short stays in Montreal.

CTC Activities

Trade Development

Organisation of a study trip in partnership with Travel Alberta and Tourism British Columbia for 12 travel agents to familiarize them with summer activities that can be enjoyed in these two provinces.

Mailing to 151 Canada Specialists to inform them of our activities and new products on the market.

Mailing of the “Letter from Canada” to 310 travel agents.

Training of three travel agents from FNAC Voyages and one agent from

Rambaud Voyages.

Approach of former members of Club Canada to encourage them to register for the on-line “Explorer Level” training.

Participation of the CTC in an open house day for clients of Domi Voyages, a Canada Specialist Program (CSP) agency.

CTC contribution to a promotional event organised by Flandres Artois Tourisme, a CSP agency. Number of participants: 250.

CTC contribution to a promotional event organised by Havas Voyages/ Prêt à Partir, a CSP agency. Number of participants: 40.

Participation of ten tour operators at Rendez-Vous Canada. Participation of these ten tour operators in an event organised by the “Corridor francophone touristique de l’Ouest” to market francophone tourism products in the four Western provinces.

Mailing of the “Letter from Canada”: 170 professional contacts

Consumer Development

- Updating and standardization of the flagship brochure “Discover Canada”.

- Insertion of a four-page article and one page ads in the May edition of the magazine “FEAU – Belles Demeures de France”. Circulation of this biannual publication is 55,000 copies (20,000 subscribers and 35,000 inserts in the newspaper “Le Figaro”) and it targets a very affluent clientele. The article presented British Columbia and Alberta, as well as three high-end package offers from three tour operators.

The publisher Pôle d’Images published 2,000 copies of a book about polar bears, in which the CTC inserted a post card that directs readers to the online package tours on the “France” pages of the website. This book is sold in bookstores all over France.

In the lead-up to the Coldplay concert in Toronto, the radio stations RFM and Virgin organised a contest targeting their audiences (2.3 and 2.8 M listeners respectively). The prize: a one-week trip to Toronto to attend the concert. Both the destination and the tour operator Vacances Transat were mentioned several times a day during the whole contest period.

Mailing by Nouvelles Frontières of a brochure exclusively featuring Canada to its database of 10,000 clients and mailing of a flyer "Aventure" to 15,000 of the group's clients.

Mailing of the Letter from Canada on the theme of outdoor activities to more than 38,000 consumers.

Media

- Organisation of five individual press trips and two group trips (total of ten journalists).
- Mailing of the Letter from Canada to 350 journalists.

Public Relations

Organisation of an event on the theme of the Vancouver 2010 Olympic and Paralympic Winter Games for the reception given by the Canadian ambassador on July 1st, Canada Day. Six models will be in attendance, wearing the competition uniforms for the following sports: downhill skiing, Nordic skiing, speed skating, figure skating, snowboarding and ice hockey. An official key chain and pin will be given to the 700 expected guests. The CTC has also provided a list of guests composed of 145 professional contacts (media, airlines, tour operators, non-traditional partners, Canada Specialist travel agencies and members of the French Olympic Committee (CNOSF).

Competitive Environment

In 2008, there were 260,000 French visitors to Brazil, a destination that invested 2.5 M € on the French market and will have a 182 m² stand at the IFTM tradeshow.

There were 128,000 French visitors to South Africa, an increase of 11.2% over the previous year, and 85,600 French visitors to Australia, an increase of 16% over 2007.

Kenya launched a one-month online advertising campaign on lastminute.com and on Opodo in May.

The Moroccan National Tourist Office visited over 1,000 tourist agencies in

France over the first half of the month of June.

Visit Finland launched a new campaign to promote the summer season in Finland on www.visitfinland.com/extraordinaire as well as a billboard campaign in the Paris metro that looks very much like ours.

AFAT Voyages and the Israeli Tourism Bureau have put up advertisements on the Esplanade of the Grande Arche at La Défense in Paris. For one day the Tourism Bureau handed out Israel/Afat Voyages pamphlets. The offers were followed up by one page ads in Figaro Magazine and L'Express Styles.

Florida has seen an 11% drop in the number of tourist visitors in the first quarter and as a result has reduced its 2009 advertising budget by 30% (\$25 M) and has closed its sales office in France.

Future Outlook

The profession is optimistic after a rather morose start to the year. In fact, the summer trend for last-minute reservations is being confirmed with most of the distributors and especially the producers. However, the profession across the board acknowledges a notable drop in reservations compared to the previous year—a drop that should, however, be mitigated by these last-minute sales, which are of course stimulated by last-minute promotions.