



Quarterly market report

FRANCE

Q3 2009

Market Highlights

of outbound travellers previous quarter: (insert text here)
- % change from previous quarter last year: (insert text here)
of visitors to Canada previous quarter: (insert text here)
- % change from previous quarter last year: (insert text here)

Comments / Other information:

(insert text here)

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

Air Capacity

There is nothing new on air capacity since the last report. As for the volume of summer travellers, Air Canada's load factor on leisure travel is very good, even though overall sales for the company are down. Air Transat reports roughly equal volume (-59 passengers) compared to 2008 and Corsairfly had the same volume as the same period last year.

Economic / Political Environment

GDP growth: +0.3%
forecasted economic growth: -3%
unemployment rate: 9.1%
inflation: +0.3%
consumer price index: +0.5%
exchange rate: 1 Euro = CAD 1.56

Comments / Other information

- Positive signs have been building on the economic front since the summer: unexpected GDP growth, increased manufacturing output (+0.6%), narrowing trade gap to 1.3 billion Euros, slowdown in the rate of salary job losses, resilient personal consumption expenditure. Is the end of the recession in sight? The Minister of the Economy remains cautious and announced that “the economy is stabilising.” However, economists are predicting that the end of 2009 and the first months of 2010 will be gloomy.
- During the recession, companies are continuing to hire, albeit at a much lower rate than in times when business and growth are blooming. This dreadful economic environment for employment has created an unprecedented line up of top employers for 2010: McDonald’s France, GDF Suez and Véolia Environnement are on the podium this year, while the big names in the national economy are not showing up (large industrial groups, the automobile sector, tourism and recreation, pharmaceuticals). Among the other sectors that are coping fairly well, supermarket distribution is a front runner, followed by public works and transportation companies.
- The Government could invest 5 billion Euros in developing the infrastructure for rail freight forwarding. This amount would be earmarked for 4 projects: rolling highways, high speed freight trains, linking passenger and freight rail services, and the creation of local freight companies.
- The government is expected to announce the first order for approximately 40,000 electric to be used by public administration and public organisations, which would involve the Poste, the SNCF, Aéroports de Paris, EDF, government departments and the big cities. The order would be for light weight service vehicles.
- A recently published book has rekindled the controversy surrounding the election of Martine Aubry, Mayor of Lille, as leader of the socialist party (Parti Socialiste). The book states that fraud election did in fact take place. Ségolène Royal, the former candidate in the presidential elections who also ran for the position of President of the socialist party, is considering what action to take in response to these accusations.
- Polls on the popularity of the Head of State are stable for the second consecutive month, with 46% of the French population expressing a positive opinion of his actions and 51% expressing a negative opinion. On the other hand, the Prime Minister’s popularity has swung back into negative territory for the first time in 6 months (-3 points).
- **Influenza A (H1N1):** The Government and professional organisations are mobilising so that companies can maintain their activities as normally as possible. Hervé Novelli, Secretary of State in charge of Commerce, the Craft Industry and SMEs, is launching a kit to assist SMEs and VSEs (very small enterprises) to prepare for a possible Influenza A pandemic. A “Stop the flu virus” kit will be distributed by professional networks. It offers practical advice on hand washing hygiene, actions to limit the risk of transmission, how to organise the company for business-as-usual, and four questions to help the head of the company prepare his firm for a pandemic that could last three weeks.

Emerging Tourism Trends

As expected, tour operators saw a drop in activity of 6.7% during the month of July compared to the same quarter of the previous year. In addition, the unit sales price has dropped by 5% over the period to 814€ compared to 857€ the previous year. And for good measure, the Association of Tour Operators has recorded an 11.4% drop in sales volume. In terms of customer volume, destination France has seen a very slight increase (+0.9%), medium haul destinations have dropped (-9.4%) while long haul travel has plunged (-19.7%). For August statistics, the Cercle d'Études des Tour-Opérateurs (CETO) is cautious on market trends, citing a strong phenomenon of last-minute sales (60% of Opodo's sales, for example), but pointing out that the "jump in reservations seen in July does not compensate for the delays in traffic that were recorded during the previous months."

Tour operators are reporting a range of sales figures for Canada: Vacances Transat has seen an average drop of 30% on packaged tours, JetSet is down 20%, Kuoni is down 12% on guided tours and down 10% on individualised sales; Aventuria is down 25%. For Nouvelles Frontières, tours and automobile tours are on the rise (+3%) while individualised sales are down (-4%). Internet sales appear to be a factor in the drop for tour operators because their online sites now offer customers the opportunity to build their own trip: flight + car rental + hotels. On the other hand, Terre Canada has seen a 15% rise since they developed their destination product offering, with increased communication and development of their website. There has also been a drop in the average expenditure for a trip to North America, but expenditure for Canada is on average higher than for the US (1,800€ vs. 1,500€).

For the summer season, some online tour operators are reporting an increase of nearly 30% compared to the same period last year (Go Voyages). The last minute sales factor contributed to this increase. At Opodo, for example, 60% of sales are made at the last minute (less than 15 days prior to departure) against 50% last year.

Market Development Activities

New Brunswick attended the Interceltic Festival held in Lorient (distribution of brochures).

Vacances Transat went out to meet 1000 agencies in France to present its new winter product offerings. 150 tour operator representatives, covering all services, will meet with 1,000 agencies, 650 of which are in rural areas and 100 in urban centres.

Tourisme Montréal has undertaken a tour to visit tour operators and airline companies.

CTC Activities

Trade Development

Participation of 5 tour operators (Aventuria, Caractères d'Amérique, Comptoir des Voyages, JetSet, Vacances Transat) and one journalist from the trade press (le Quotidien du Tourisme) were at the Calgary Stampede from July 9 to 12.

Participation in road shows to present the destination and train travel agents from the Afat Voyages network in association with Jonview and BN Conseil (organiser). Out of the 10 cities selected for this operation, the Canadian Tourism Commission was present in 3 cities (Lille – 2 agents trained, Lyon – 6 agents trained, and Toulouse – 25 agents).

Training of "Canada Specialist" travel agents in Lille (1 travel agent), Lyon (6 travel agents) and Toulouse (3 travel agents).

Meetings with 8 tour operators and dinner with 10 contacts (airline company and tour operators) organised for the visit of the Yukon Minister of Tourism on the occasion of the IFTM-Top Resa tradeshow.

Letter from Canada sent to 144 "Canada Specialist" travel agencies to inform them of our activities as well as new products on the market.

Letter from Canada sent to 310 "Club Canada" travel agents.

E-mailing to 4,700 travel agents to encourage them to visit the Canada stand at the IFTM/TopResa trade fair.

IFTM – Top Resa tradeshow: Espace Canada section including 24 Canadian exhibitors. Installation of an 'O'-zone with the participation of France Sport International, the official ticketing agency for the Vancouver 2010 Olympic and Paralympic Winter Games. Communication with 4,700 travel agencies to encourage them to take part in a Quiz at the Canada booth and to visit the 23 partners present this year. Organisation of 3 cocktail receptions to host the prime contacts of the exhibitors in the "Espace Canada" section.

Consumer Development

Preparation and publication of the 2009-2010 winter edition of the *Manuel des Voyages au Canada* that collates all offers on Canada from tour operators and airlines. Targets: media, travel agencies and consumers.

Publication of 9 articles in trade and consumer press, in follow-up to the press trips organised by CTC-France (advertising cost: CAD 872,155; Readership: 5,722,608)

Preparation of a 4-page leaflet devoted to the Vancouver 2010 Olympic and Paralympic Winter Games, in partnership with FNAC Voyages. Distribution of 1 million copies to FNAC members.

Mailing of the Letter from Canada to our consumer base (42,947 contacts).

Insert in partnership with the *Corridor francophone de l'Ouest* in the special issue of

l'Express magazine, focussing on Canada: 3 package tour offerings. Advertising banner on the magazine's website.

Media

Mailing of the Letter from Canada to 250 journalists.

IFTM/Top Resa Trade Fair:

*Mailing to tourism trade magazines of a press release on Canada's participation in the IFTM/TopResa trade fair.

*Mailing of an invitation to tourism trade magazines to attend a dinner held in honour of the Minister of Tourism and Culture for the Yukon Territory.

*Mailing of an invitation to journalists from trade and consumer press to come to meet the Canadian exhibitors at a cocktail reception.

Organisation of 16 press trips.

Participation of 4 journalists at the GoMedia trade fair with pre- and post-tours.

Public Relations

Program "Connecting with Canadians": coordination of a trip to New Brunswick for Gold Medalist skier in the last World Championship Julien Lizeroux and his family.

Competitive Environment

The US Department of Tourism has organised training with some twenty travel agents in Strasbourg.

In association with Air Europa, the Spanish Tourism Office and Turismo en Tenerife, Go Voyage is holding a major contest for travel agencies to win an education tour.

Future Outlook

Far from optimistic about the final results of the 2009 summer season, CETO states that it is "unable to make any predictions for the fall shoulder season."

Initial signs of change in the distribution networks: the online tour operator Lastminute.com has opened up a sales office for consumers and has linked up with the Sélectour network,

which will now be able to sell Lastminute.com products. The launch of this multi-channel partnership surpassed their goals and expectations. “Already, more than half of the agencies in the network have placed at least one order with Lastminute.com,” in other words approximately 300 travel files since the month of June. Most of the files involve packaged tours.