

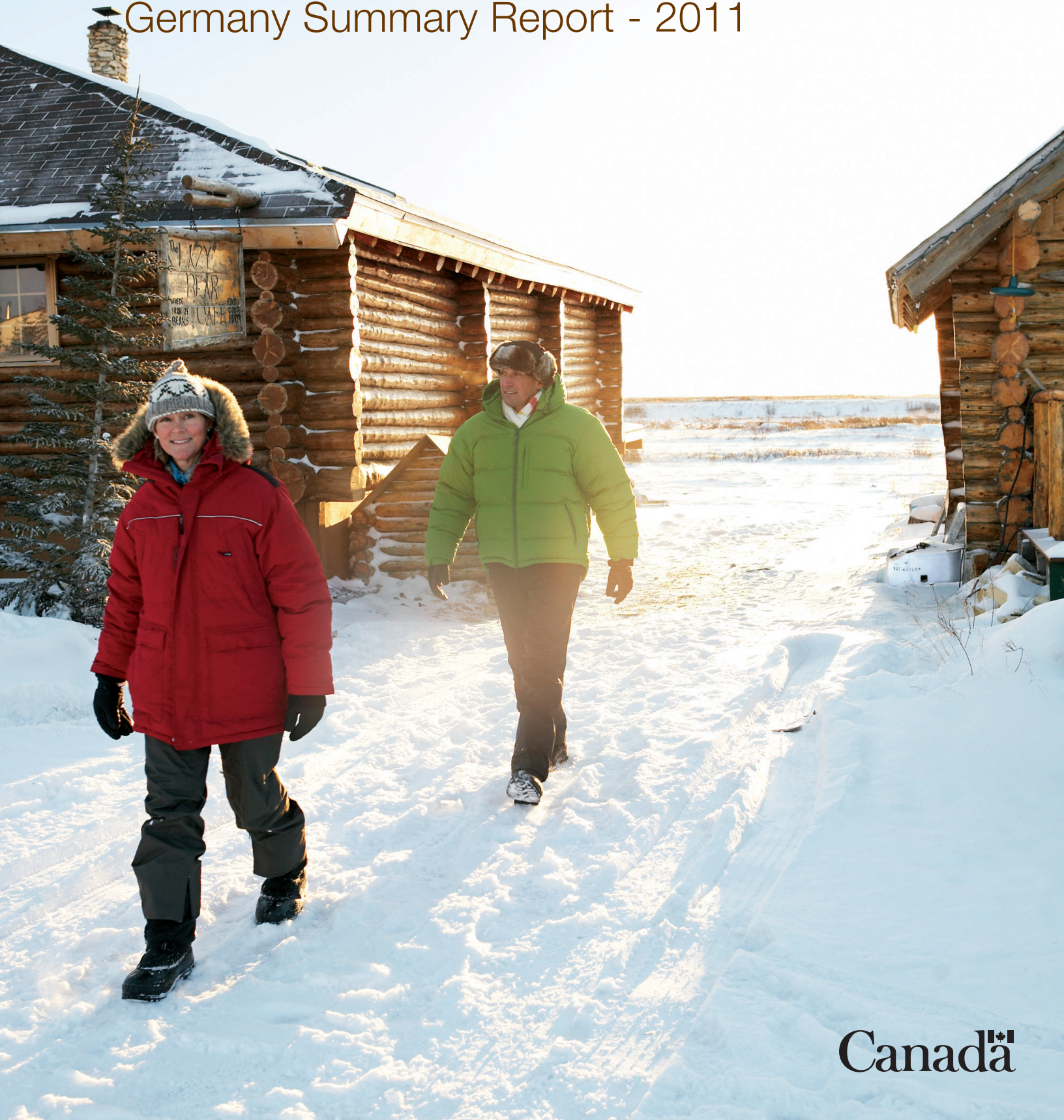


Canadian Tourism
Commission

Commission canadienne
du tourisme

Global Tourism Watch

Germany Summary Report - 2011



Canada

Table of Contents

1. Research Objectives	1
2. Methodology	1
3. Market Outlook and Potential	1
4. Unaided Destination Awareness	3
5. Canada's Value & Price Perceptions	4
6. Product Interest	7
7. Competitive Product Positioning	9
8. Sources of Information on Canada	11
9. Key Barriers for Travel to Canada	12
10. Conclusions: Key Take-Aways	13

1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least four or more nights with one night in paid accommodations in the past three years or plan to take such a trip in the next two years. Trips had to be outside of Europe, North Africa and the Mediterranean.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In Germany, the target was n=1,500 long-haul pleasure travellers, with a quota of n=300 recent travellers to Canada. The survey was conducted in May 2011.

3. Market Outlook and Potential

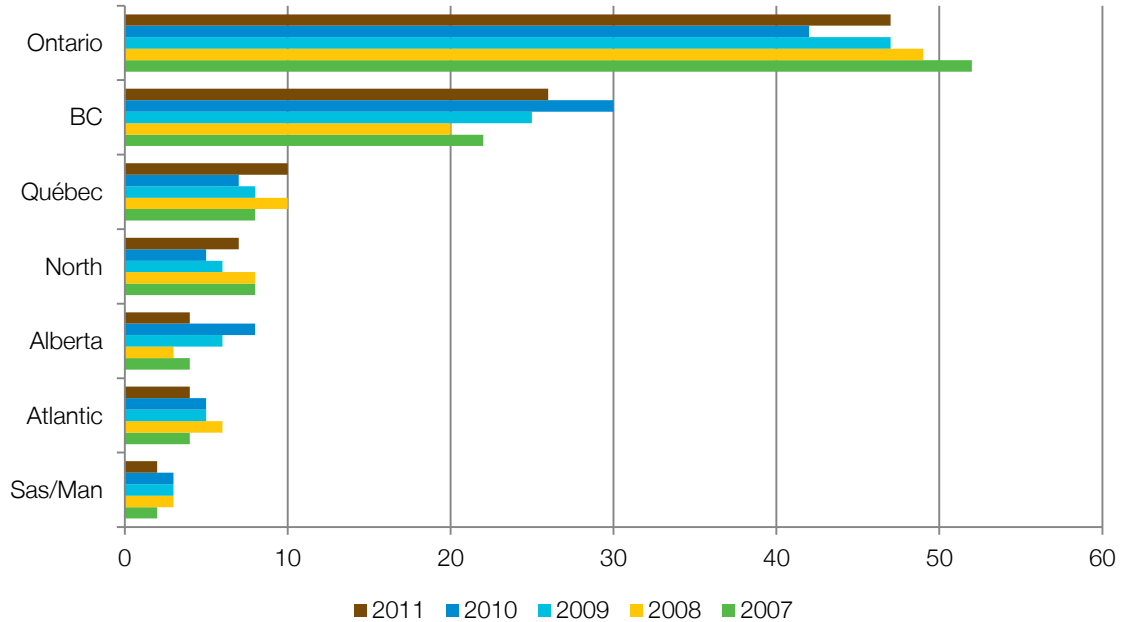
Eighty seven percent of German travellers feel that long-haul travel is important to them, which remains unchanged from previous years.

The GTW market outlook indicator (percentage difference between "will travel more" and "will travel less" in the next 3 years vs. the last 3 years) has fully recovered, returning to the pre-recession level of +23. The proportion of travellers who say they will travel more in the next three years is also back to more normal level. (34%, up from a low of 27% in 2009). In fact, the market now looks much the same as it did in 2007 in terms of travel confidence.

Now that Germany's economy is enjoying renewed vigour, and travellers are more optimistic about future long-haul travel prospects, Canada appears to be benefitting, with both overall travel intentions (28%) and the likelihood of taking shorter trips (including trips to other countries e.g., the US) hitting record highs this year.

Exhibit 3.1 shows a notable increase for Ontario and Québec as the Canadian destinations that German travellers are most likely to visit. This obviously bodes well for travel packages that focus on central Canada. In contrast, BC and Alberta have lost ground as a destination of choice, with Alberta in particular losing its popularity essentially cut in half since 2010.

Exhibit 3.1 Canadian Destination Most Likely to Visit



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

Exhibit 3.2 shows the immediate potential for the regional partners of the GTW study based on current levels of interest. The potential is obviously substantial for Ontario and British Columbia, but the German market also offers potentially healthy returns for Québec, Alberta and Yukon.

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	BC	ON	QC	AB	YK	MB	NU
Immediate Interest¹	28%	82%	80%	63%	48%	38%	17%	11%
Potential (M)²	5.1	4.2	4.1	3.2	2.4	1.9	0.9	0.6

Base: : Long-haul pleasure travellers (n=1,511)

¹ Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

² Results are from the random telephone omnibus survey undertaken in 2010. Base is general population aged 18 plus.

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

4. Unaided Destination Awareness

To measure top-of-mind awareness for Canada, respondents were asked to name destinations that come to mind for an international vacation. Awareness of Canada is showing signs of heating up, with a gradual ascent from 19% two years ago to 21% in 2011. While not significant, the gain has helped Canada to close the gap with both the US and Australia this year. Only 8 ppt now separate Canada from Australia, which is down notably from the 10 to 11 ppt gap seen in each of the last four years. Similarly, the 18 ppt gap between Canada and the US is the smallest since the inception of the tracking study. Canada would be advised to press its advantage in 2011/12 in order to capture its share of the market as long-haul travel from Germany rebounds.

For the most part, awareness of the leading long-haul destinations among German travellers has stayed the course this year. Notable exceptions are Brazil and Maldives, both of which have seen a 3 ppt gain since 2010, advancing Brazil from 14th to 9th place, and Maldives from 13th to 10th. Being avid soccer fans, Brazil is likely attracting some attention among Germans as host to the 2014 World Cup, while the increasing appeal of beaches and resorts in Maldives have elevated it to dream destination status among this nation of sun lovers. Aside from these two new entries, the top ten destinations remain in the same rank order as in 2010.

Exhibit 4.1 Unaided Destination Awareness
(showing top 5 countries only)

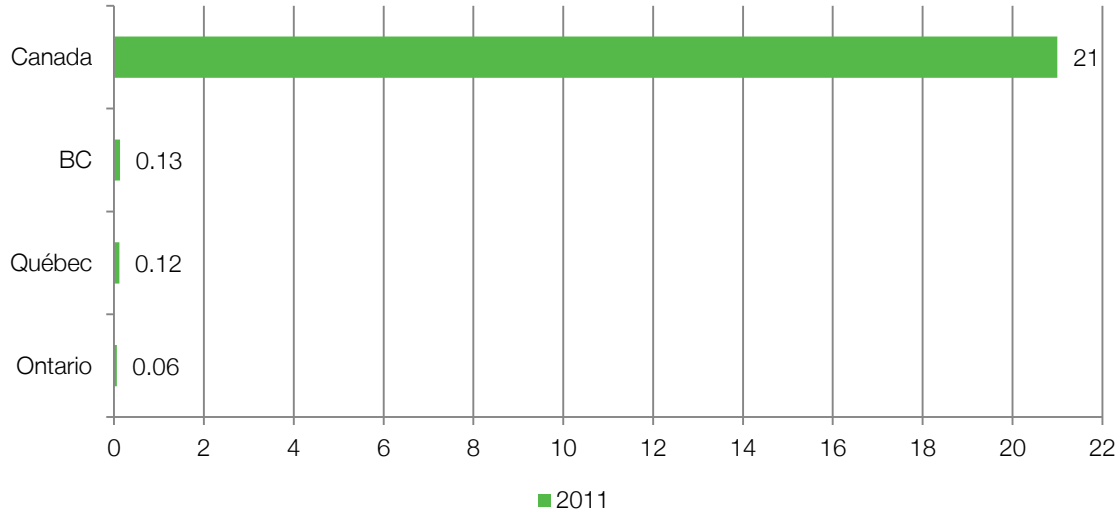
	2007	2008	2009	2010	2011
1. USA	43%	42%	39%	41%	39%
2. Australia	33%	34%	29%	31%	29%
3. Canada	22%	23%	19%	20%	21%
4. New Zealand	15%	18%	15%	18%	18%
5. Thailand	12%	14%	15%	17%	13%

Base: : Long-haul pleasure travellers (n=1,511).

Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

Exhibit 4.2 shows that German travellers continue to have very limited top of mind awareness of specific destinations within Canada, with mentions of individual cities and provinces being extremely low. In fact, the sum total of these mentions has a negligible effect on increasing Canada's awareness beyond mentions of "Canada" overall.

Exhibit 4.2 Unaided Awareness of Canada's regions



Base: : Long-haul pleasure travellers (n=1,511)
Note: Only GTW regional partners are included.

5. Canada's Value & Price Perceptions

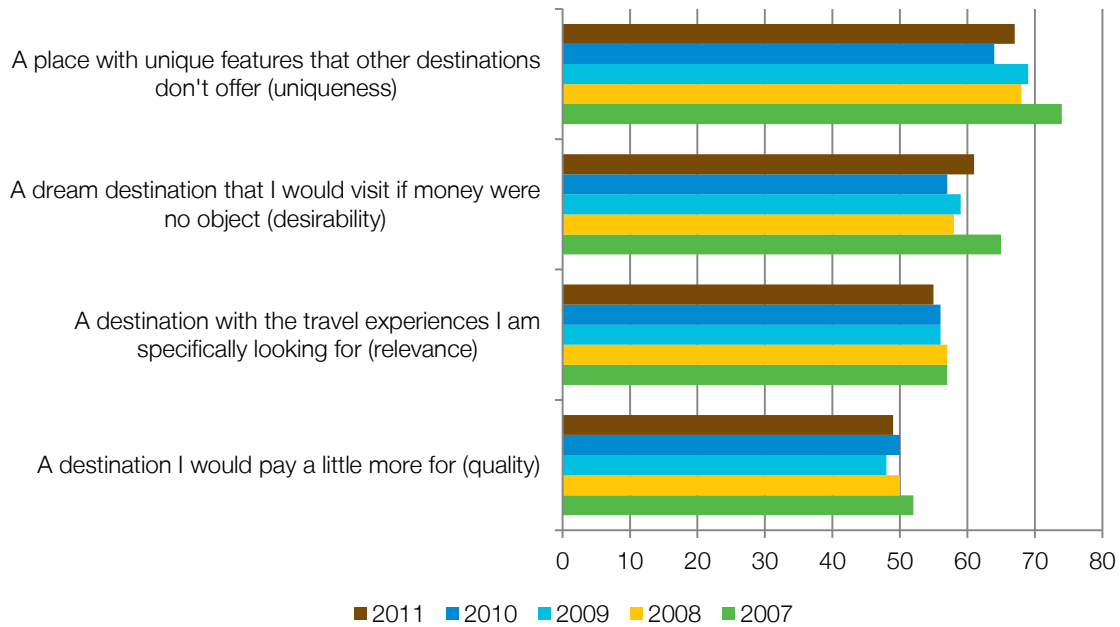
Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 shows that the Value Perceptions are finally starting to trend upward after sliding steadily downhill between 2007 and 2010. This improvement is primarily being spurred by a significant pick-up on Desirability and a directional gain on Uniqueness, with the other two attributes in a holding pattern this year.

Canada will want to take forceful action to strengthen Relevance and Quality perceptions in Germany as these attributes have repeatedly emerged as key drivers of travel to Canada over the past five years. Quality ratings can be boosted by showcasing Canada's world-class experiences and products of distinction to German travellers, while Relevance can be emphasized through highly-targeted campaigns that play to specific micro-segments of the market.

Exhibit 5.1 Value Perceptions

Top 2 Box



Base: : Long-haul pleasure travellers (n=1,511)

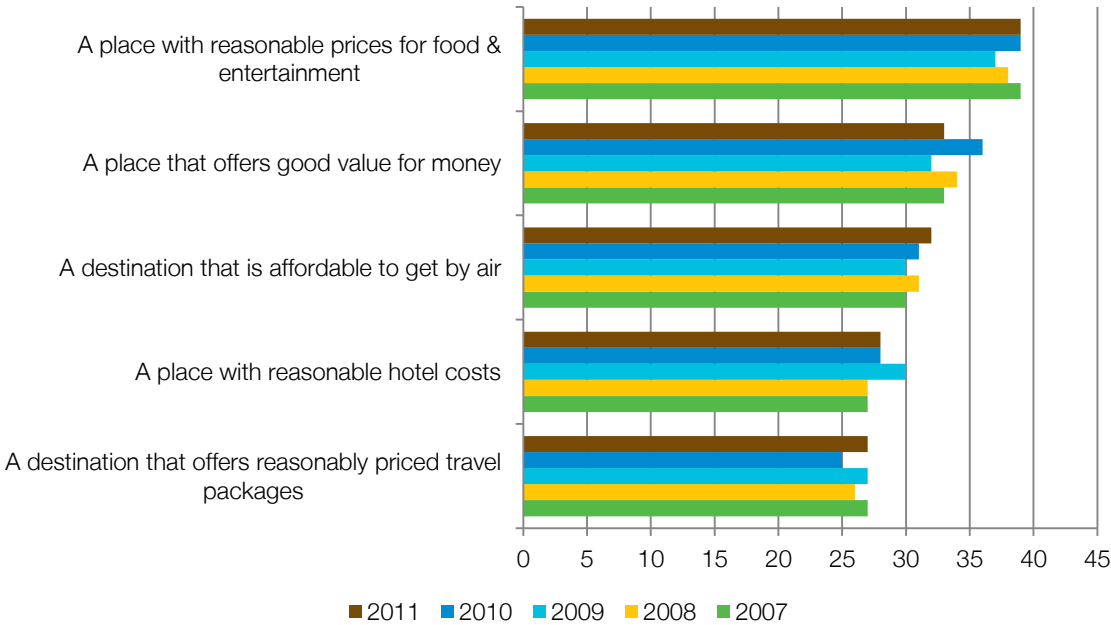
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. [Exhibit 5.2](#) shows how Canada is perceived by German travellers on various travel cost components.

While in some markets, a healthier economy, strong currency and rising household incomes have helped to lift the Price Perceptions by making Canada travel seem more affordable, this is not the case in Germany. German travellers are renowned for their price-consciousness, and the low Price Perceptions suggest that Canada is seen as a relatively expensive holiday spot. As such, it will likely take substantial discounts and/or value-added offers for Canada to make real headway on the Price Perceptions in this market.

Exhibit 5.2 Price Perceptions

Top 2 Box



Base: : Long-haul pleasure travellers (n=1,511)

Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

6. Product Interest

While taking in beautiful scenery continues to top the list of German holiday pursuits, **Exhibit 6.1** shows that this market's strong interest in culture has not diminished in any way. Local flavours, aboriginal culture, local lifestyles and historical/cultural attractions all rank among the top five products, reprising their performance of the last two years. Notably, Germany continues to be one of the foremost GTW markets for aboriginal culture and events (85%), with North American native culture being a long-standing favourite among these travellers.

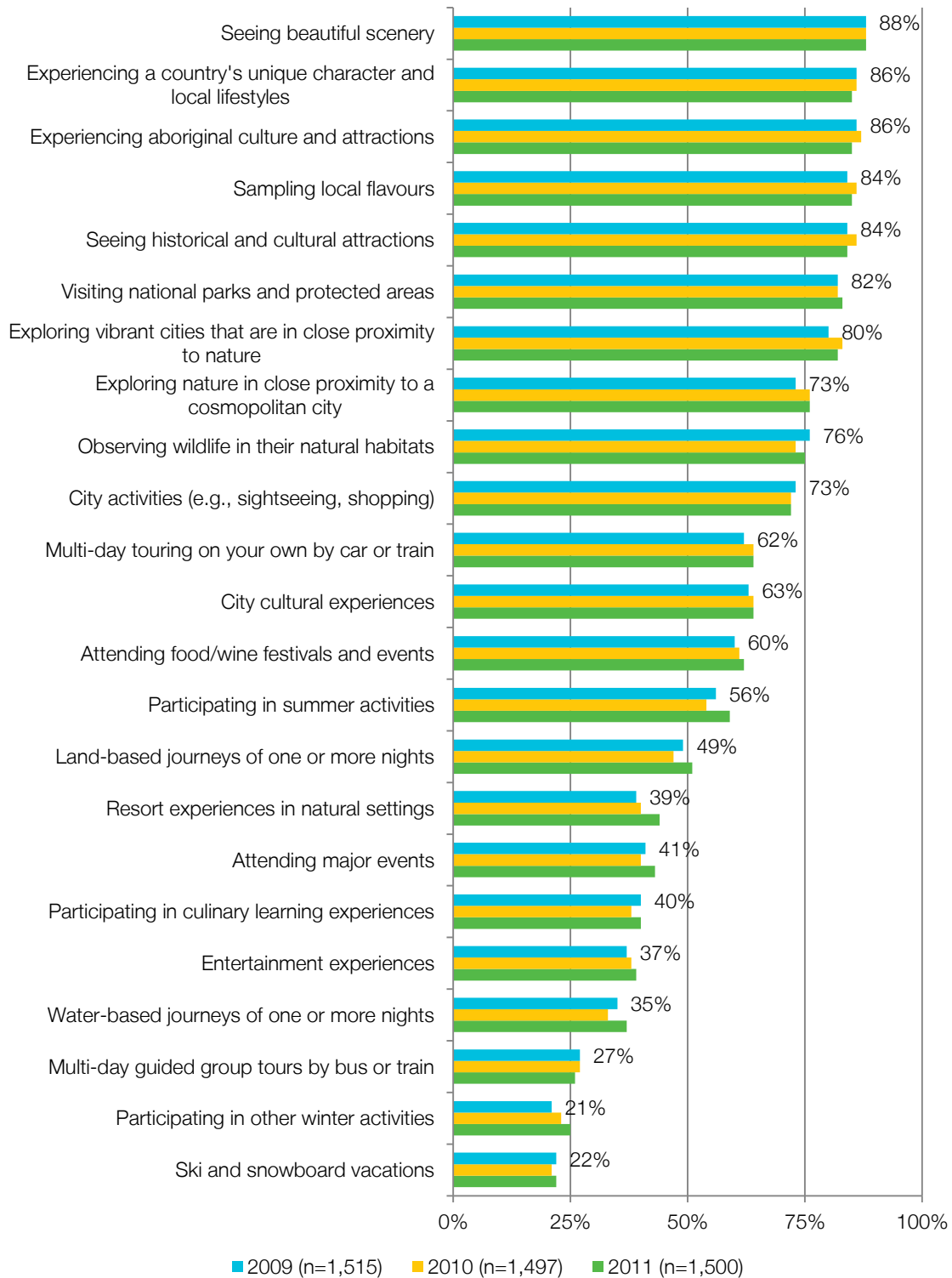
Nature again emerges as a strong secondary interest for German travellers, with visiting national parks and seeing wildlife both among the top ten vacation activities. Germans tend to enjoy their nature in tandem with city experiences, with both cities close to nature and nature close to cities having solid appeal. As stand-alone products, urban experiences are of lesser interest, with city activities and city culture sitting at 72% and 64%, respectively.

While outdoor activities tend to pull up at the tail-end of the list, interest in these products is heating up in Germany. Summer activities, land-based journeys, water-based journeys and winter activities have all soared in popularity to hit a three-year high. This same trend has been apparent to some degree in every GTW market completed to date, indicating that the growing penchant for outdoor adventure in Germany may be part of a global phenomenon. Australia, for one, reports that a growing number of German tourists are coming to the country for active holidays and outback adventures. These findings are in line with the growing LOHAS (Lifestyles of Health and Sustainability) movement in Germany. Currently sitting at 20% of the adult population, LOHAS travellers typically enjoy taking active holidays and wellness breaks, with ecological aspects being important to them when booking their holidays.

Other products that are enjoying a strengthening appeal in Germany include resorts in natural settings (up significantly) and major events (up directionally). The latter is likely related to the World Cup fever that has swept Germany, no doubt egged on by the fact that the country hosted the FIFA Women's World Cup this year.

Exhibit 6.1 Product Interests

Top 2 Box



Base: : Long-haul pleasure travellers

Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale. Results not comparable to years prior to 2009 due to changes to the product list in that year.

7. Competitive Product Positioning

Exhibit 7.1 provides more detailed results showing how Canada ranks against its six competitors on each specific product.

2011 sees Canada moving ahead of New Zealand on land-based journeys – the result of a small gain for Canada and a small loss for New Zealand. As a result, Canada now boasts six number one positions in the competitive analysis, which is one more than it claimed last year. All six are nature/outdoor products, which is not surprising given Canada’s natural advantages in this area. However, Canada cannot afford to rest on its laurels. It is starting to slip on summer activities, falling further behind Australia, the current market leader. In addition, both South Africa and Australia have seen strong gains on wildlife this year, strengthening their leadership positions. These same two destinations are also moving up behind Canada on resorts in natural settings, while the US is pulling further ahead. Bolstering perceptions of all three products will help to keep Canada’s reputation for outstanding nature/outdoor products intact.

With the 2010 World Cup now behind it, South Africa has seen an acute drop of 15 ppt on major events, tumbling from 2nd to 5th spot. The US, Canada, Australia and Brazil have all taken up the slack, with Canada maneuvering itself into second spot behind the US. However, Australia is close on its heels, with Brazil also a threat, particularly with the 2014 World Cup on the horizon. Canada has also surged from 4th to 2nd place on guided group tours, although this is little cause for excitement given the product’s niche status.

When it comes to culture, Canada’s performance in 2011 leaves much to be desired, with Canada yielding ground to its competitors on several products. An increase for the US on local lifestyles has dropped Canada down a notch into 7th place, while a gain for Australia on city culture has forced Canada from 2nd to 3rd spot. And, while perceptions of Canada’s historical/cultural attractions have improved visibly in 2011, this is an empty victory, as a stronger gain for South Africa has pushed Canada down into 6th spot.

The only bright spot is on aboriginal culture/events, where Canada has advanced from 7th to 6th place on the strength of a 3 ppt increase this year. However, even here, its performance tends to be overshadowed by a 4 to 5 ppt gain for Australia and South Africa, meaning that it is really no closer to the market leaders.

As was the case last year, Canada is seen as lacking on the gastronomic front, trailing all other competitors on food/wine festivals, local flavours and culinary learning. On the bright side, Canada has witnessed a significant or directional increase on all of these products.

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Participating in other winter activities	CAN 74%	USA 39%	NZ 15%	AUS 7%	CHN 5%	SAF 4%	BRZ 4%
Ski and snowboard vacations	CAN 74%	USA 42%	NZ 15%	AUS 6%	SAF 5%	CHN 4%	BRZ 4%
Water-based journeys of one or more nights	CAN 54%	NZ 36%	USA 35%	AUS 27%	BRZ 14%	SAF 11%	CHN 6%
Seeing beautiful scenery	CAN 46%	USA 43%	NZ 40%	AUS 36%	SAF 25%	BRZ 20%	CHN 15%
Land-based journeys of one or more nights	CAN 41%	NZ 39%	USA 38%	AUS 37%	SAF 19%	BRZ 11%	CHN 8%
Exploring nature in close proximity to a cosmopolitan city	CAN 39%	AUS 39%	USA 37%	NZ 30%	SAF 28%	BRZ 20%	CHN 12%
Multi-day touring on your own by car or train	USA 56%	CAN 42%	AUS 40%	NZ 29%	SAF 17%	BRZ 10%	CHN 9%
Visiting national parks and protected areas	USA 50%	CAN 42%	SAF 38%	AUS 35%	NZ 28%	BRZ 13%	CHN 7%
Resort experiences in natural settings	USA 49%	CAN 33%	AUS 29%	SAF 27%	NZ 24%	BRZ 9%	CHN 6%
City activities (e.g., sightseeing, shopping)	USA 73%	CAN 30%	AUS 28%	CHN 19%	BRZ 15%	SAF 14%	NZ 12%
Multi-day guided group tours by bus or train	USA 44%	CAN 29%	AUS 28%	CHN 24%	SAF 21%	NZ 20%	BRZ 15%
Attending major events	USA 65%	CAN 29%	AUS 28%	BRZ 21%	SAF 13%	NZ 13%	CHN 11%
Observing wildlife in their natural habitats	SAF 62%	AUS 39%	CAN 33%	NZ 20%	USA 18%	BRZ 14%	CHN 6%
Exploring vibrant cities that are in close proximity to nature	USA 51%	AUS 36%	CAN 31%	BRZ 30%	SAF 21%	NZ 20%	CHN 19%
City cultural experiences	USA 60%	AUS 31%	CAN 29%	CHN 23%	NZ 17%	SAF 13%	BRZ 12%
Participating in summer activities	AUS 42%	NZ 39%	USA 37%	CAN 33%	SAF 23%	BRZ 19%	CHN 7%
Entertainment experiences	USA 75%	BRZ 20%	AUS 19%	CAN 18%	CHN 12%	SAF 11%	NZ 9%
Experiencing aboriginal culture and attractions	AUS 39%	CHN 38%	SAF 31%	NZ 29%	BRZ 26%	CAN 23%	USA 21%
Seeing historical and cultural attractions	CHN 49%	USA 35%	AUS 27%	BRZ 22%	SAF 21%	CAN 20%	NZ 19%
Experiencing a country's unique character and local lifestyles	AUS 41%	SAF 35%	NZ 34%	BRZ 28%	CHN 28%	USA 23%	CAN 22%
Attending food/wine festivals and events	SAF 41%	AUS 31%	USA 26%	BRZ 25%	NZ 22%	CHN 19%	CAN 17%
Sampling local flavours	CHN 43%	SAF 39%	BRZ 36%	AUS 25%	USA 21%	NZ 19%	CAN 17%
Participating in culinary learning experiences	SAF 37%	AUS 27%	USA 25%	CHN 22%	NZ 21%	BRZ 20%	CAN 16%

Base: Long-haul pleasure travellers (n=1,511).

Notes: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.

Legend: CAN = Canada, USA = United States, AUS = Australia, NZ = New Zealand, CHN = China, BRZ = Brazil, SAF = South Africa.

8. Sources of Information on Canada

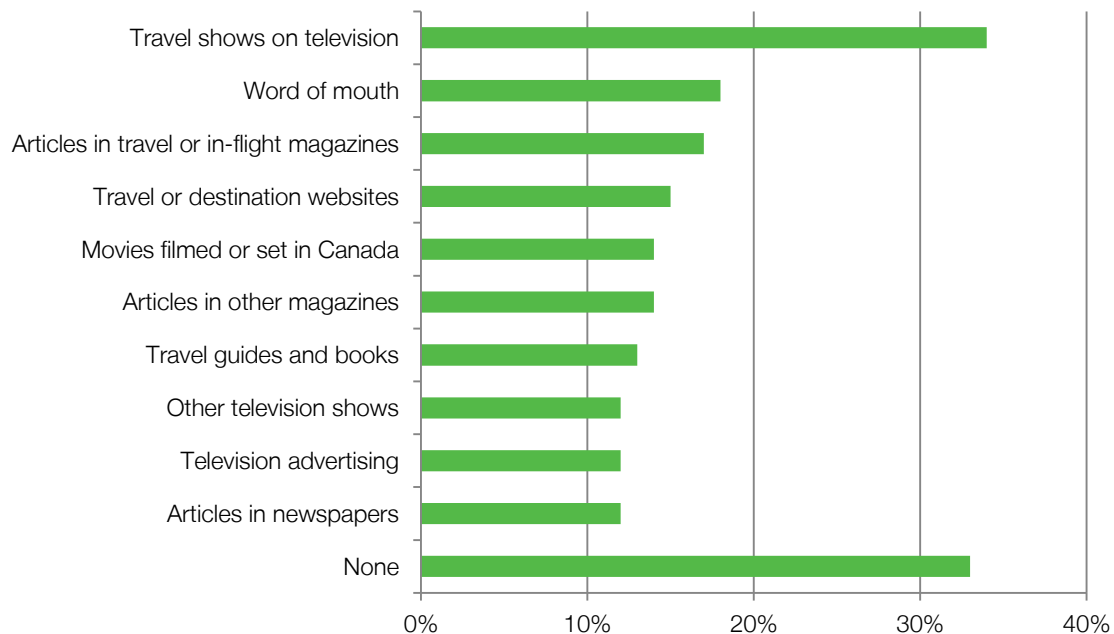
Exhibit 8.1 shows that roughly two-thirds of German travellers saw information on Canada in the past three months, which is a fairly respectable penetration level.

Of the individual sources, television travel shows have the greatest reach, by far, with approximately one in three travellers seeing information on Canada there. Word of mouth, travel magazines and travel websites are other key sources at 15% to 18%. Movies filmed or set in Canada round out the top five, with Germany being the only GTW market completed to date where this is the case. Germany is also one of the few markets where television advertising is not one of the top five sources.

Generally, the top five sources are the same for travellers interested in Canada, although articles in non-travel magazines replaces movies set in Canada for this group. This suggests that placing articles in health and wellness, cuisine, lifestyle, nature/outdoor and environmentally-oriented magazines, as well as others targeted at an affluent middle-age demographic might meet with success in Germany.

Aside from travel/destination websites, online media generally do not factor high into the mix, with online advertising and email promotions being the only two online sources with a penetration of more than 5%.

Exhibit 8.1 top sources of information on Canada in the past three months
(showing top 10 sources only)



Base: : Long-haul pleasure travellers (n=1,511)

Note: Question changed in 2011, so results are not comparable to previous years.

9. Key Barriers for Travel to Canada

Exhibit 9.1 shows why German long-haul pleasure travellers are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that are likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

With travellers of lesser means tentatively re-entering the long-haul market, inflation on the rise and Canada being perceived as a pricey destination, it is not surprising to see a massive 10 ppt surge in the proportion of travellers citing affordability as a barrier to visiting Canada. Again, this suggests that value for money messages and more reasonably priced travel products would resonate well with German travellers.

The proportion of travellers who say that they don't know enough about Canada, that it is too boring and that it has no unique history/culture has also increased substantially this year (i.e., by 7 to 10 ppt). This is consistent with the weakening of Canada's competitive positioning on cultural products. Clearly, more needs to be done in terms of making travellers aware of specific things to see and do in Canada, as well as playing up the country's excitement value in its upcoming marketing efforts.

Exhibit 9.1 Key Barriers for visiting to Canada
(showing top 6 barriers only)



Base:: : Long-haul pleasure travellers who are unlikely to visit Canada in the near future.

Note: Percentage is the sum of major barrier and minor barrier responses.

10. Conclusions: Key Take-Aways

While much of Europe struggles with the region's debt crisis, Germany was seeing an economic resurgence. Not surprisingly, the country's economic rebirth has prompted a renewed interest in long-haul travel away Germany.

- The GTW shows that the incidence of long-haul travel among the general population is now up significantly from 2007 and that travel intensity among long-haul travellers is strengthening. In terms of barriers, the poor economy has eased as a deterrent for long-haul travel, and German travellers are showing an increasing willingness to venture to destinations further afield.
- Although things are looking up for the long-haul market, there are some risks ahead. The economic climate in Germany has worsened since Q3 2011, with the Eurozone crisis escalating further and rising inflation clouding growth prospects. In fact, the GTW shows that affordability remains the number one barrier for upcoming travel, with high inflation fanning a drop-off in consumer sentiments as the 2011 GTW was being fielded. In addition, concerns about safety/terrorism and international conflicts/war have surged this year in response to events in the Middle East.
- In terms of perceptions of Canada, it appears that the downhill slide of the last few years has finally come to a halt. The Value Perceptions have begun to trend upward again after three years of steady erosion, driven by marked improvements in Desirability and Uniqueness. With Value bearing the brunt of the load in triggering purchase intentions in this market, the Canadian Industry may want to focus on improving the Value Perceptions over the next few years, with Relevance and Quality being the most critical areas to address.
- The Price Perceptions continue to be very low by GTW standards, showing that Canada continues to be seen as a pricey destination in this market despite the increasing disposable incomes and strong euro. This is not surprising as German travellers are notoriously price-sensitive, with deep discounts and value-added offers likely a prerequisite for Canada to capture their attention and get them to commit. Controlling price perceptions is all the more important now that less affluent consumers have re-entered the market, with perceived lack of affordability up a full 10 ppt as a deterrent for visiting Canada.
- The 2011 GTW sees "Active Adventure" category ceding ground to competitors like Australia and/or South Africa on summer activities, wildlife and resorts in natural settings, indicating a clear need to shore up its positioning in the face of stiffening competition. This is even more critical in view of the burgeoning interest in outdoor pursuits in Germany, with all three products seeing their popularity surge, either for long-haul travel in general or for travel to Canada in particular.
- Canada is also yielding to competitors in the cultural arena, tumbling from 6th to 7th place on local lifestyles, from 5th to 6th on historical/cultural attractions, and from 2nd to 3rd on city culture. Cultural experiences are the one area where Canada cannot afford to lose any traction, as they account for four of the top five long-haul travel products in this market, and Canada's ratings are already mediocre. As such, enhancing perceptions of Canada's peoples, cultures, lifestyles and communities is essential to diversifying its offerings and building the brand. Aboriginal culture is a

logical place to start, with Germans showing exceptionally strong interest in native cultures in Canada boasting top-notch products that are becoming increasingly competitive on the world stage. Other bright spots for Canada include land-based journeys, major events, guided group tours and culinary tourism, all of which have seen improvements in their ratings and/or rankings this year.