Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch Year 3

Mexico - Key Findings

Canadian Tourism Commission (CTC)

Canada

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Introduction

Background

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission (CTC) implemented an ongoing Global Tourism Watch (GTW) program in 2007 to expand consumer-based intelligence in its core markets.

In 2009, the third year of the program, the GTW was implemented in ten markets – Canada, the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea[1]. The Year 3 research was co-funded by a regional partner group that included British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Atlantic Canada, Yukon and Northwest Territories.

Objectives

The GTW program was designed to collect market intelligence across core markets in a consistent way. The specific study objectives were set around following four over-arching themes:

- Monitor key performance indicators;
- Track response to Brand Canada;
- Identify and track product opportunities; and
- Provide input into strategic market plans.

The primary focus of the 2009 reports is on identifying shifts in each market since 2007. The GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Ultimately, the GTW study will provide the CTC, its partners and the Canadian tourism industry with information to help enhance Canada's marketing strategies globally and draw international travellers to its shores.

[1] The 2009 program is the second year in which China was included and the first year in which Canada was included.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years. For all markets, pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips.

A total of 1,536 Mexican respondents (including 230 recent travellers to Canada) completed the online survey. Fieldwork was conducted in April 2009 to align with the CTC's campaign timing. In Mexico, the sample was restricted to the three largest cities where most long-haul travellers reside – Mexico City, Guadalajara and Monterrey.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omunibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, interntional Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

Mexico Competitive Set

To assess Canada's positioning in the Mexico market, a number of questions in the survey asked respondents to rate Canada against key competitors, as identified by the CTC. The competitive set for Mexico was as follows: Brazil, Argentina, the US, the UK, Spain and France.

Mexico Study Partners

Regional partners for the Year 3 study in the Mexico market include: British Columbia, Alberta, Manitoba, Ontario, Northwest Territories and Yukon.

Note: the 2009 GTW fieldwork was completed prior to both the H1N1 flu outbreak in Mexico and the implementation of visa requirements for Mexican visitors to Canada.

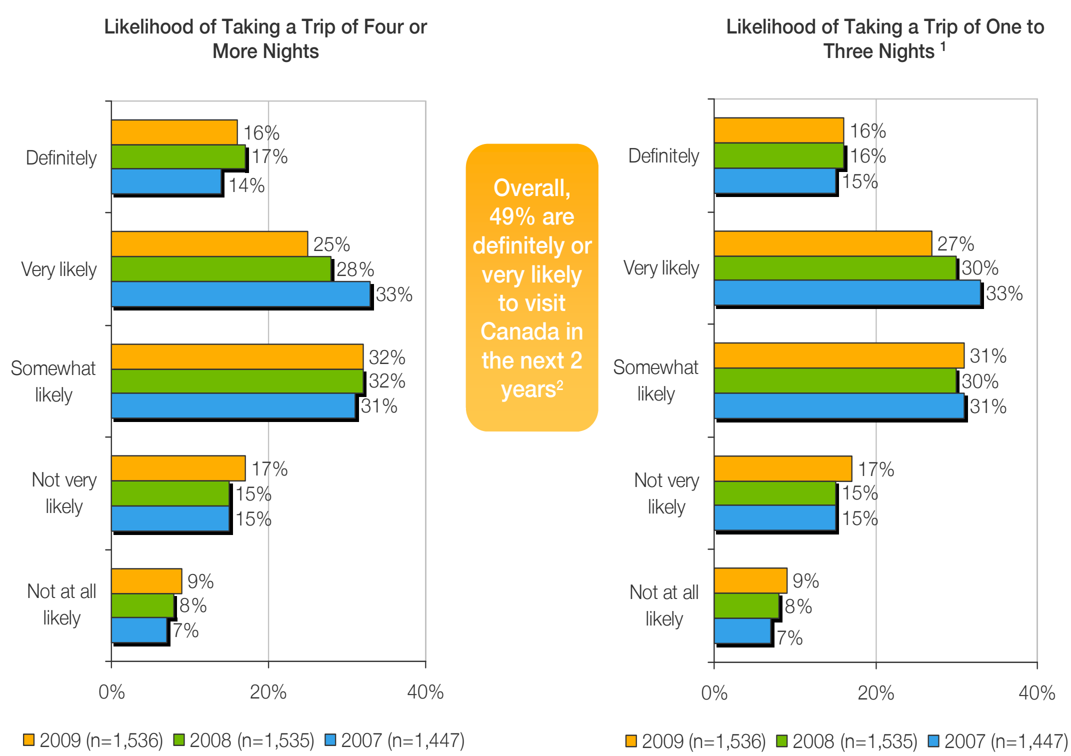
Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

Exhibit 1 shows that the current economic climate in Mexico has taken its toll on intentions to visit Canada. The likelihood of taking a short getaway or add-on trip to Canada has dropped by five percentage points since 2007 to hit 43%, while the likelihood of taking a longer trip has dropped by six percentage points to sit at 41%. On a combined basis, travel intentions have fallen from 55% to 49%, pointing to a severe decline in the immediate potential for travel to Canada.

The CTC and its regional partners should not worry unduly about these drops. The fact that overall interest in Canada remains strong suggests that the decay is largely linked to Mexico's economic troubles and the deteriorating peso rather than to an inherent loss of appeal for Canada. It is also worth emphasizing that travel intentions continue to be robust when benchmarked against other GTW markets.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: Long-haul pleasure travellers.

Note: [1] Including trips to other countries (e.g. the US) that involve a stay of one to three nights in Canada.
[2] Includes trips of one to three nights or four nights or more.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways. The target market is a broader estimate of the market size based on expressed interest among travellers in Mexico's three largest metropolitan areas, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of almost 2.4 million travellers who have some level of interest in Canada (which is unchanged from last year).

The immediate potential is a more conservative estimate based on those who say they will definitely or are very likely to visit Canada in the next two years. This translates into over 1.4 million travellers with more immediate potential for conversion, which, unsurprisingly, has slid from over 1.5 million in 2007.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada
Total potential long-haul pleasure travellers (aged 18 plus)	2,954,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years	81%
Size of the target market	2,393,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years[1]	49%
Immediate potential	1,447,000

Base: Long-haul pleasure travellers (n=1,536).
Note: [1] Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations[2] Likely to Visit

Exhibit 3 shows the destinations of interest to Mexican travellers who are considering a visit to Canada. This includes those who are likely to visit Canada in the next two years, as well as those who have already decided or booked a trip.

While most provinces have seen declines in interest from the Mexican market (e.g., Ontario, Québec, Manitoba, Newfoundland, Prince Edward Island and New Brunswick), the two western provinces (British Columbia and Alberta) buck the trend, showing gains versus previous years. As a result, British Columbia has now bumped Ontario out of the top spot at 93%. Northwest Territories and Nunavut have also seen gains in popularity in 2009, although overall interest in the Northern region has not changed substantially.

[2] CTC partner regions only. (British Columbia, Alberta, Manitoba, Ontaio and the North)

In terms of individual destinations among the GTW partner regions, Whistler and Edmonton both enjoy increased appeal in the Mexican market (largely driving the gains for British Columbia and Alberta). On the other hand, the popularity of Niagara Falls has dropped off dramatically, from 85% in 2007 to 74% this year (holding much of the responsibility for Ontario's losses). This could be because of the higher percentage of repeat travellers in the market this year, many of whom may have already seen major tourist attractions like Niagara Falls.

Exhibit 3 shows the immediate potential for the regional partners on the GTW study based on current levels of interest. The best potential is for British Columbia and Ontario (both hovering around the 1.3 million mark), followed by Alberta (at over a million potential travellers).

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	ON	AB	MB	YK	NT
Immediate potential for Canada[1]	1,447,000					
Likely to visit region[2]	93%	92%	72%	30%	36%	25%
Immediate potential for the regions	1,346,000	1,331,000	1,042,000	434,000	521,000	362,000
Most popular destinations within region[2]	Vancouver (87%) Victoria (26%) Whistler (17%)	Toronto (75%) Niagara Falls (74%) Ottawa (55%)	Calgary (48%) Edmonton (31%) Jasper (10%)	n/a	n/a	n/a

[1] Base: Long-haul pleasure travellers (n=1,536).
[2] 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 (n=1,225).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators[3] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

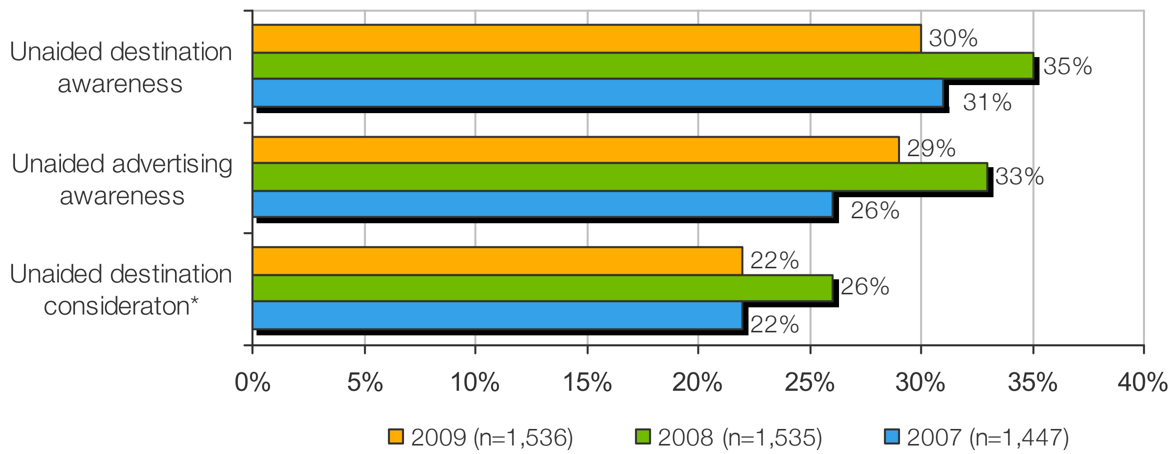
To measure brand awareness, respondents were asked to name destinations that come to mind for an international vacation. Unaided awareness of Canada fell five percentage points this year to sit at 30%. The good news is that awareness of many other long-haul destinations has slipped as well, helping Canada to sustain a strong second place in the country rankings. The US and Spain are both down significantly from 2007 levels, while France, Egypt and Germany are all down from last year. Clearly, this reflects the mindset of a more cautious travel market and lessened interest in taking major holidays at this point in time.

Not surprisingly given the state of the Mexican travel market, there have been ubiquitous declines in unaided advertising awareness across the leading long-haul destinations this year, with travel-related advertising obviously less salient to those who are not planning to travel in the near-term. Canada is among the destinations that have suffered material drops in advertising recall, falling from 33% in 2008 to 29% in 2009 (**Exhibit 4**). The US, Spain, France, Argentina and Brazil have also seen their recall levels tumble from the highs enjoyed in past years. Despite these shifts, the top advertisers in 2009 have remained unchanged from last year, with Canada behind the US, and ahead of Spain and France by a wide margin. "Canada" also retains the title of the top advertised brand in Mexico, a position that it has held for three years in a row.

Consistent with the prevailing downward trend, unaided consideration of Canada for upcoming trips has waned since 2008, falling from 26% to 22% (**Exhibit 4**). Spain is also on the radar of fewer travellers this year (down four percentage points from the 2007 baseline), with consideration of the US showing signs of weakness as well. Canada remains a distant second behind the US, but holds its own against Spain in third spot. Results for the other destinations generally stayed the course in 2009, with no significant changes.

[3] Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: International pleasure travellers
** Base: Those who are planning on taking a long-haul trip in the next two years 2009 (n=1,174) 2008 (n=1,273) 2007 (n=1,231).*
Notes: Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

Recent and Potential Visitors from Mexico.

Target Market for Canada

Exhibit 5 provides demographic profiles of Mexican long-haul travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada in the next two years.

As in previous years, potential travellers to Canada remain similar to the market as a whole, but recent visitors to Canada stand apart from both groups, being older and more likely to be women with children at home. In fact, the proportion of visitors to Canada with children at home has increased steadily since 2007 (rising from 44% to 50% to 56%), pointing to Canada's growing appeal to the family segment. Recent visitors also tend to be better educated, more affluent, and more likely to hold senior positions in the workforce, which suggests that the CTC and its partners should continue to target Mexico's upper-class.

Recent visitors are also more likely to have friends and relatives in Canada (51%) than the market at large (43%), underscoring the importance of VFR in driving travel to Canada. However, the differential is fairly low, indicating that VFR may not be as pivotal for driving Mexican travellers to Canada as it is in most other markets. This is good news as it suggests that Mexicans are coming to Canada for its products and experiences rather than to visit family/friends.

Exhibit 5 – Target Market Demographics

	All L-H Travellers (n=1,536)	Recent Travellers to Canada (n=230)	Interested in Canada (n=788)
Gender			
Female	42%	56%	45%
Age			
18 to 24	18%	13%	16%
25 to 34	28%	21%	30%
35 to 44	25%	25%	26%
45 to 54	14%	17%	15%
55 or older	16%	23%	14%
Close Friends or Relatives Living in Canada			
Yes	43%	51%	47%
Have Children in Household Under 18			
Yes	44%	56%	45%
Marital Status			
Married / partnered	52%	46%	51%
Single / never married	37%	34%	38%
Other (e.g. separated, divorced, widowed)	11%	19%	11%
Education			
High school or less	28%	18%	26%
Technical / vocational	7%	6%	8%
Completed college / university	65%	76%	65%
Employment Status			
Employed full-time/part-time	73%	75%	78%
Housewife / homemaker	6%	10%	6%
Retired	3%	6%	1%
Unemployed	3%	2%	3%
Student	9%	4%	7%
Occupation			
Managerial / Administrative / Business owner	32%	46%	31%
Professional	27%	27%	27%
Clerical / public servant	16%	8%	17%
Sales / services	10%	13%	11%
Technical / skilled	4%	1%	3%
Farming / fishing	1%	0%	1%
Other	10%	6%	9%
Average Monthly Household Income			
Less than $7,000 pesos	9%	4%	8%
$7,000 to $21,999 pesos	35%	24%	36%
$22,000 to $54,999 pesos	35%	37%	35%
$55,000 pesos or more	21%	35%	21%

Note: Blue squares indicate a result that is significantly lower than the total (all long-haul travellers); orange circles indicate a result that is significantly higher than the total.

Target Market for Canadian Regions[4]

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia, Ontario and Alberta are based on those who say they are *most* likely to visit the region, while the profiles for Manitoba and the North are based on those who express an interest in visiting these regions, given the relatively low proportion of travellers who say they are most likely to do so.

As in previous years, travellers likely to visit British Columbia tend to be more upscale, with more education, better positions in the workforce and higher incomes. Aside from this, there are no material differences between the regions.

[4] CTC partner regions only. (British Columbia, Alberta, Manitoba, Ontario and the North)

Exhibit 6 - Target market for Canada's regions

Gender	TOTAL (n=1,225)[1]	BC[3] (n=280)	ON[3] (n=581)	AB[3] (n=64)[4]	MB[2] (n=351)	North[2] (n=504)
Female	42%	43%	44%	29%	40%	41%
Age						
18 to 24	16%	12%	17%	19%	11%	16%
25 to 34	28%	30%	28%	16%	21%	26%
35 to 44	25%	23%	28%	23%	23%	26%
45 to 54	14%	15%	12%	20%	18%	15%
55 or older	17%	19%	15%	23%	26%	17%
Close Friends or Relatives Living in Canada						
Yes	44%	46%	40%	47%	47%	45%
Have Children in Household Under 18						
Yes	44%	41%	45%	46%	44%	47%
Marital Status						
Married / partnered	53%	50%	55%	55%	58%	54%
Single / never married	36%	36%	35%	37%	28%	33%
Other	11%	15%	9%	7%	14%	13%
Education						
High school or less	26%	23%	28%	28%	24%	29%
Technical / vocational	7%	4%	9%	10%	9%	7%
Completed college / university	67%	73%	63%	62%	67%	63%
Employment Status						
Employed full-time/part-time	75%	75%	75%	79%	72%	73%
Housewife / homemaker	6%	6%	6%	5%	5%	5%
Retired	3%	5%	3%	2%	6%	3%
Unemployed	3%	3%	3%	4%	5%	5%
Student	8%	7%	8%	5%	4%	8%
Occupation						
Managerial / Administrative / Business owner	35%	42%	30%	41%	39%	35%
Professional	26%	27%	25%	22%	25%	24%
Clerical / public servant	16%	12%	20%	8%	16%	15%
Sales / services	10%	7%	12%	9%	7%	11%
Technical / skilled	4%	2%	4%	4%	3%	5%
Farming / fishing	1%	1%	1%	1%	0%	1%
Other	9%	9%	8%	15%	10%	10%
Average Monthly Household Income						
Less than $7,000 pesos	7%	8%	7%	8%	7%	8%
$7,000 to $21,999 pesos	33%	28%	38%	30%	28%	34%
$22,000 to $54,999 pesos	37%	38%	37%	36%	44%	38%
$55,000 pesos or more	22%	26%	18%	27%	21%	20%

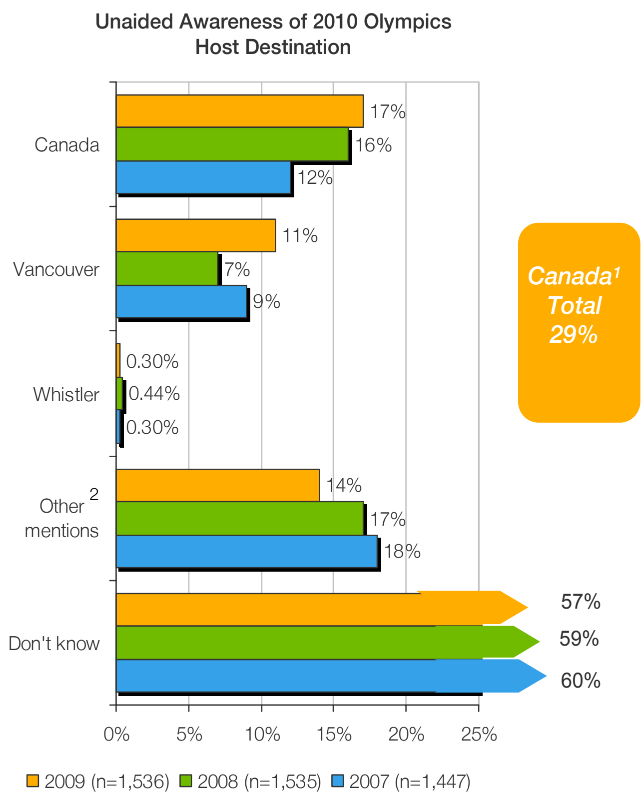
Notes:
[1] Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Those likely to visit the region.
[3] Those most likely to visit the region.
[4] Results should be interpreted with caution due to the small sample size.

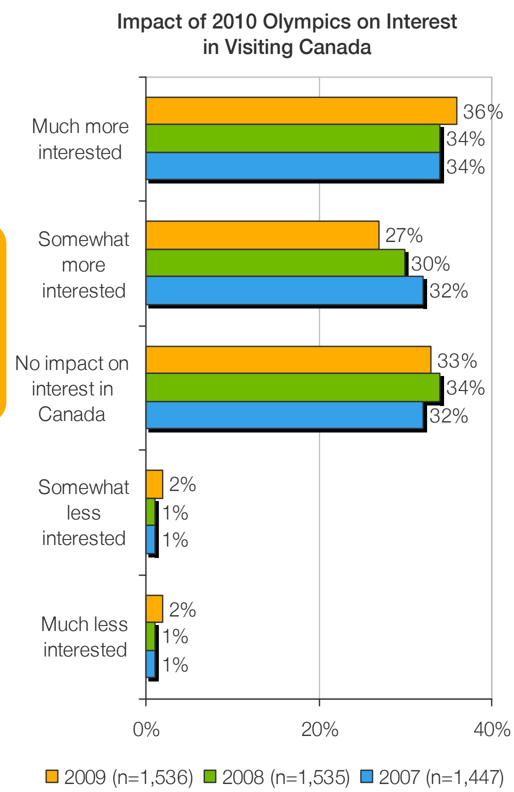
The Impact of the 2010 Winter Games on Travel to Canada

As in many other markets, awareness of Canada as the host of the 2010 Olympic Games is on the rise (see **Exhibit 7**). At 29%, awareness is now seven percentage points above the baseline measure in 2007, although general mentions of "Canada" (17%) still exceed more specific mentions of "Vancouver" (11%).

The impact of the Olympics on interest in visiting Canada has not increased, however, with 63% who say that hosting the Olympics has enhanced Canada's desirability as a vacation destination. Both the overall awareness level and the potential to leverage the Games to attract travellers to Canada continue to be fairly high in Mexico compared with other GTW markets.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada





Base: Long-haul pleasure travellers.
Note: [1] Includes all mentions of Canada, Vancouver, Whistler and British Columbia.
[2] Includes all mentions of destinations outside of Canada

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product Strengths and Weaknesses Map for Canada in Mexico which looks at impressions of Canada's product offerings vs. the importance of these products to Mexican travellers on their long-haul trips. The purpose is to identify products of importance to the Mexican market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their long-haul trips and for which Canada is favourably viewed. Although the specific products have changed in 2009, nature continues to be a major asset for Canada in the Mexican market, with beautiful scenery, national parks/protected areas and wildlife all heavy hitters for Canada. Both cities close to nature and nature close to cities also qualify as strengths, with nature clearly giving Canada's city products a healthy boost.

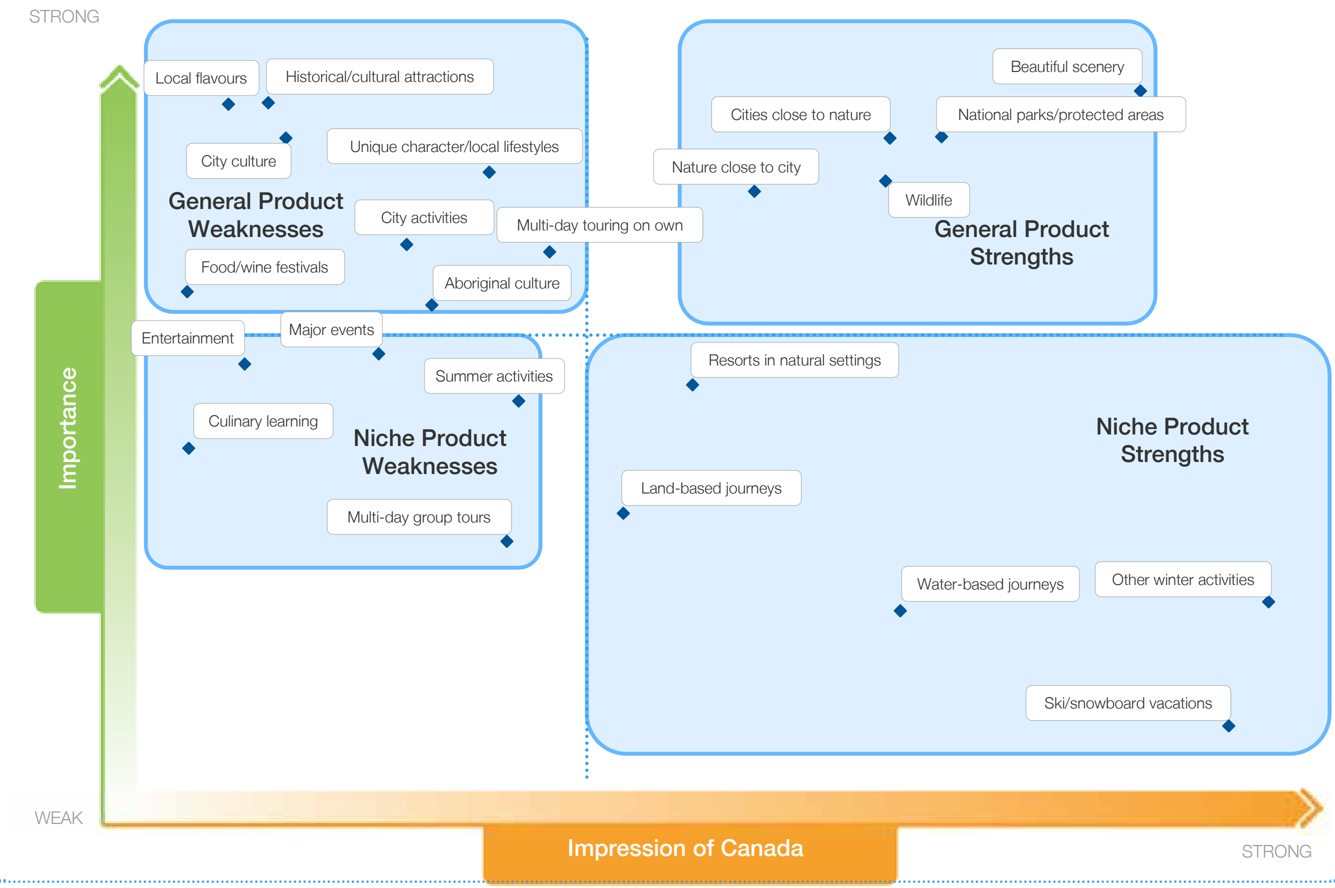
Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. As was the case last year, these tend to revolve around outdoor activities, including ski vacations, other winter activities, water-based journeys and land-based journeys. With the item change from luxury resorts to resorts in natural settings this year, this product now shifts from a niche weakness to a niche strength, again buoyed by Canada's unparalleled nature.

Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. Cultural products remain an ongoing issue for Canada, with all of its cultural offerings falling into the realm of weaknesses. When forced to stand alone, Canada's city offerings also do not impress. Like last year, self-touring is a weakness, but with excellent opportunities for development given its borderline positioning.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. As such, a considerable investment may be required to improve product perceptions for a lower return. The niche weaknesses include entertainment, major events and culinary learning. Group tours and summer activities also rank as shortcomings for Canada, but offer good potential for development, with only small improvements required to build these products into strengths.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,536).

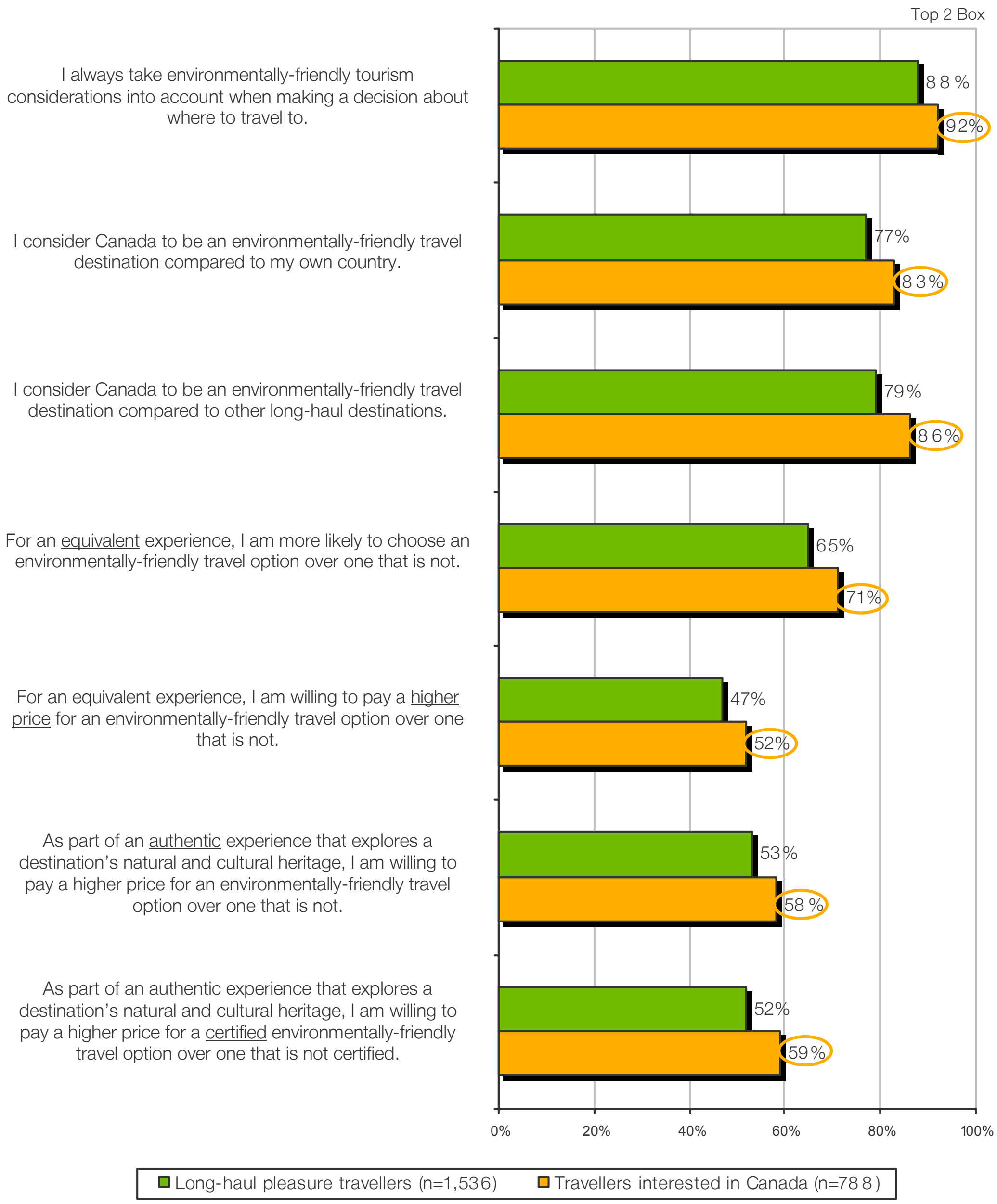
Mexican Views on Environmentally-friendly Travel Products

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

Previous waves of the GTW revealed that Mexico is one of the most environmentally conscious of the CTC's global markets. **Exhibit 9** suggests that this will be the case in 2009 as well, with close to 90% of all travellers who are guided by environmental concerns when choosing a vacation destination. Moreover, if given a choice, almost two-thirds will choose an environmentally-friendly travel option over one that is not, and close to half are willing to pay more for it. The latter is fairly high compared with the European markets, where only 20% to 40% of travellers will pay a premium for eco-friendly products. As in most other markets, a certified eco-friendly experience does not increase the willingness to pay a higher price.

The proportion of travellers who consider Canada to be an environmentally-friendly destination is also very high (at close to 80%), and in all cases, travellers interested in Canada are significantly more environmentally aware than the market at large, indicating excellent opportunities to promote "green" travel products in this market.

Exhibit 9 – Attitudes Toward Environmentally-Friendly Travel



Base: Long-haul pleasure travellers.

Notes: 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".

orange circles indicate a result that is significantly higher than the total.

Travellers interested in Canada: those who are very interested in visiting Canada in the next two years.

How Canada is Perceived by Mexican Travellers

Unaided Brand Personality Perceptions

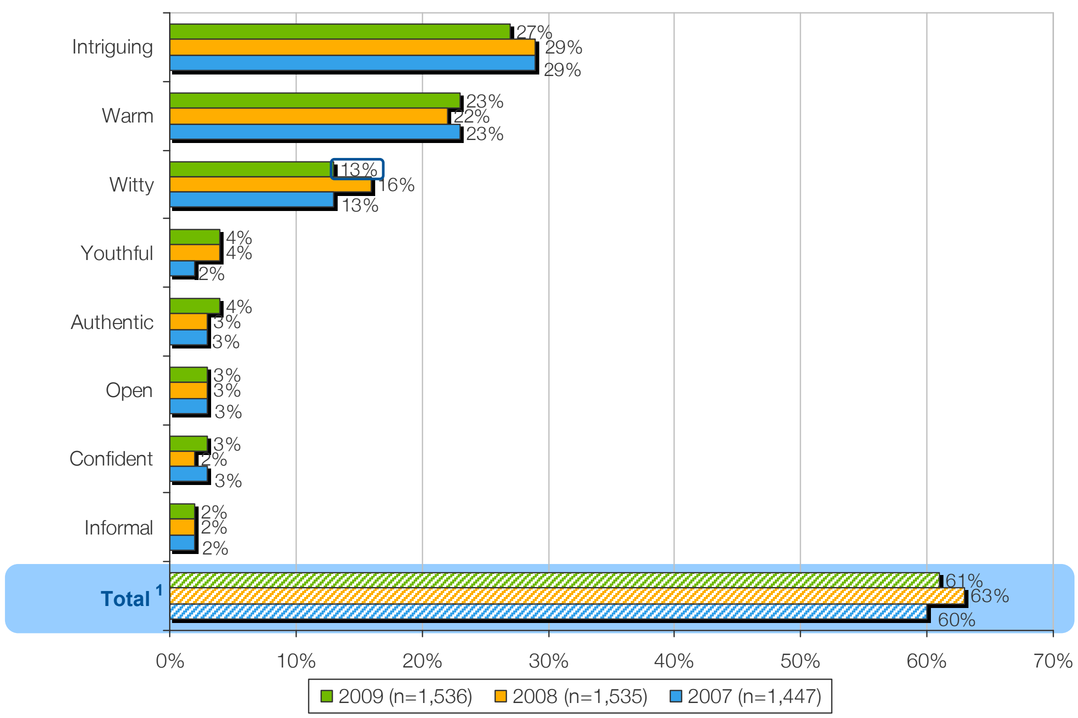
Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into several personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Witty** (e.g., humorous, quick, entertaining, clever, bright, intelligent); and
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy).

In 2008, proportionately more Mexican travellers described Canada as Intriguing than any other GTW market, and Mexico was one of only two markets where Intriguing was cited more often than any other personality trait. This pattern appears to be fairly well-entrenched and looks set to repeat itself in 2009 (see **Exhibit 10**). That Mexicans perceive Canada as intriguing and unique, as well as having a diversified image, may well be the crux of Canada's recent success and high growth rates in this market.

The only shift in the personality ratings in 2009 is a return to 2007 levels for Witty, although this measure is still above the norm for the GTW markets. The total who mentioned any of the eight brand Canada traits is also far above average, highlighting the fact that Mexican sentiments are very much in step with the new brand.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.

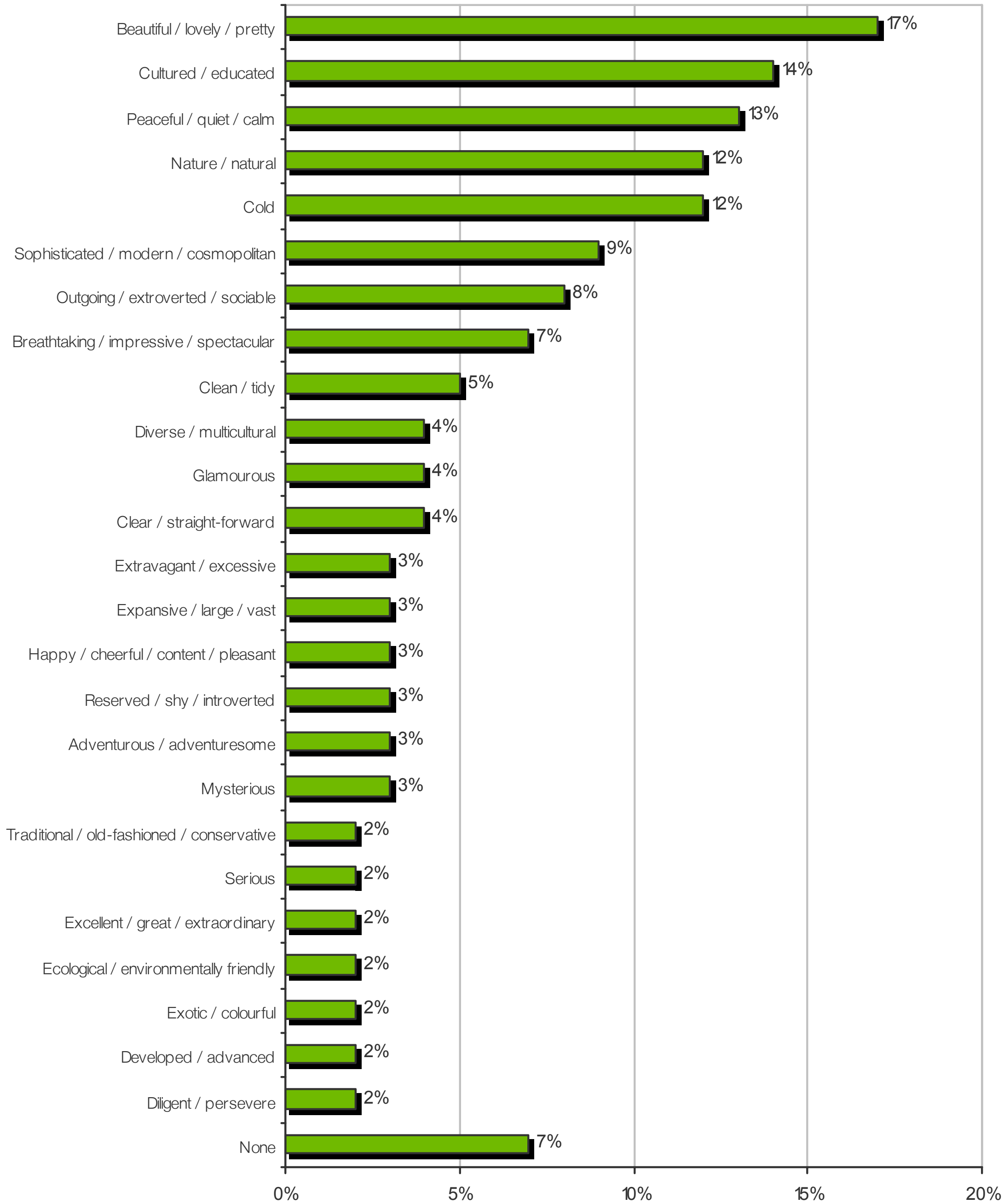
Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

[1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Exhibit 11 shows other personality traits associated with Canada in the Mexican market. Clearly, perceptions of Canada as beautiful, peaceful, natural and cold continue to be foremost in people's minds, which is not surprising as these traits tend to emerge in most markets. As in past years, the notably high mentions of "cultured/educated" (14%), "sophisticated/ modern/cosmopolitan" (9%), "diverse/multicultural" (4%), "extravagant/excessive" (3%) and "developed/ advanced" (2%) in the Mexican market suggest that Canada continues to be viewed as an aspirational destination with much to offer in the way of cosmopolitan cities, diverse cultures, advanced learning opportunities and high standards of living. There is also a feeling of grandeur associated with Canada, as conveyed by the mentions of "breathtaking/impressive/ spectacular" (7%), "expansive/large/vast" (3%) and "excellent/great/extraordinary" (2%).

These positive views of Canada far surpass the more negative impressions implied in the mentions of "reserved/shy/introverted," "traditional/old-fashioned/conservative" and "serious," which suggest that some travellers (a distinct minority) feel that Canada is lacking in fun and excitement.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,536).

Value Perceptions

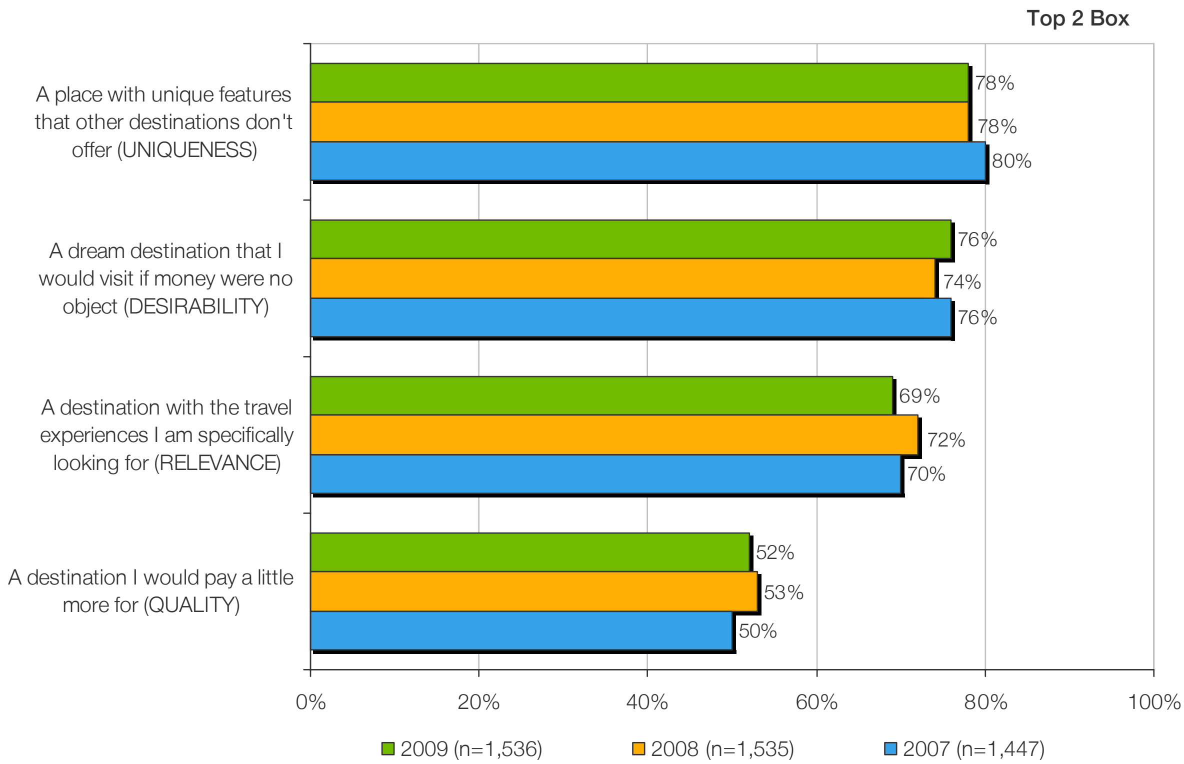
Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in Mexico, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

As shown in **Exhibit 12**, value perceptions of Canada have remained steady since the baseline wave, with Canada continuing to be held in high esteem in terms of providing value to visitors. With scores in the 70% to 80% range on Uniqueness, Desirability and Relevance, results in Mexico remain well above most other GTW markets. Although Quality continues to lag behind the other value attributes at only 52%, Mexican travellers are still more likely than most other markets to regard Canada as a premium destination that they would pay more for.

Exhibit 12 – Value Perceptions



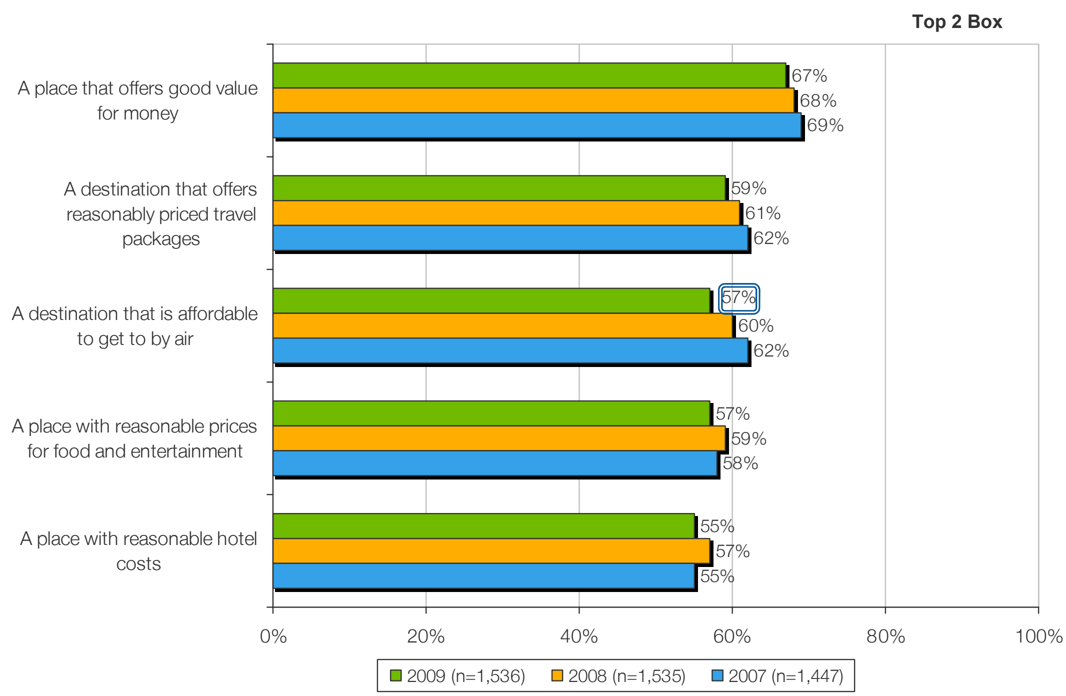
Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Price Perceptions

In addition to brand image and destination value, cost plays a major role when it comes to destination decision-making. Accordingly, **Exhibit 13** shows how Canada is perceived by Mexican travellers on various travel cost components.

Perceptions of airfare took a notable dive while most other price components also posted moderate declines. Even so, price perceptions remains at the high end of the scale compared with other GTW markets. This may stem from the fact that Canada is an eminently affordable vacation spot for Mexican travellers when benchmarked against vacation destinations like Europe, Japan and Australia. The CTC and its partners may want to use this to their advantage in promoting travel to Canada, particularly since the difficult economic conditions would make this message extremely well-received.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.

Notes: 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".

Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

Despite a change in the motivational attributes this year to harmonize the reasons for wanting to visit Canada with the motivations for long-haul travel in general, the interest of Mexican travellers in Canada continues to be driven largely by nature (see **Exhibit 14**), with beautiful scenery, national parks/protected areas and wildlife all ranking among the top five motivations for visiting Canada. The influence of nature can also be seen in the other two top five motivators – cities close to nature and nature close to cities. All of these motivations are mentioned by more than 8 in 10 travellers, demonstrating their widespread appeal.

The strong penchant of Mexican travellers for seeing different cultures and experiencing unique lifestyles makes this an important reason for taking any trip, including trips to Canada. As a result, historical/cultural attractions, city culture and local lifestyles are all among the top ten motivators for travel to Canada (mentioned by roughly 75% to 80% of travellers) despite the fact that other long-haul destinations are viewed as far superior to Canada for cultural products.

The same can be said of culinary experiences. With sampling local flavours high on the list of vacation pursuits and food/wine festivals also a much sought-after product, these emerge as mid-range motivators for travel to Canada (at 73% and 57%, respectively) even though Canada is not typically well regarded on these products.

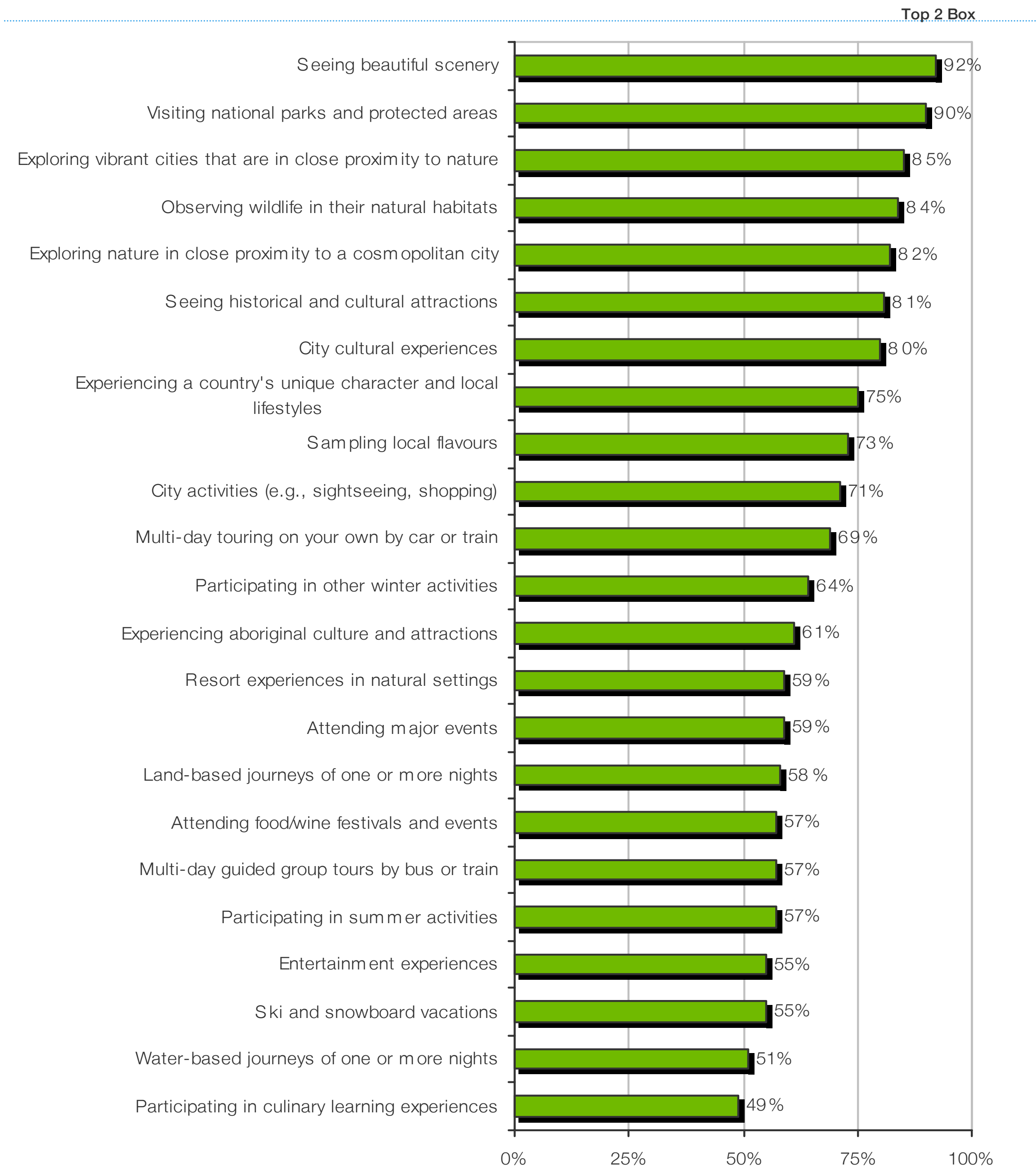
Reflecting the general preference for self-touring over guided tours, multi-day touring on one's own is a much higher motivator for likely visitors to Canada (almost 70%) than group tours are (under 60%).

With Mexico emerging as one of the most promising GTW markets for winter travel, it is not surprising that other winter activities is a strong mid-range motivator for visiting Canada. In fact, at 64% and a 12th place rank, Mexico looks set to top most other markets in terms of the influence of other winter activities as a reason to visit Canada. In comparison, the European markets range from 20% to 55% on this attribute. While ski/snowboard vacations emerge at the bottom of the list, the rating of 55% is still fairly high compared to many GTW markets.

At close to 60%, land-based journeys is a stronger driver of travel to Canada than water-based journeys is at 51%. Although Canada has a healthier competitive position on the latter, land-based journeys has a broader appeal among Mexican travellers and registers more strongly as a pull factor.

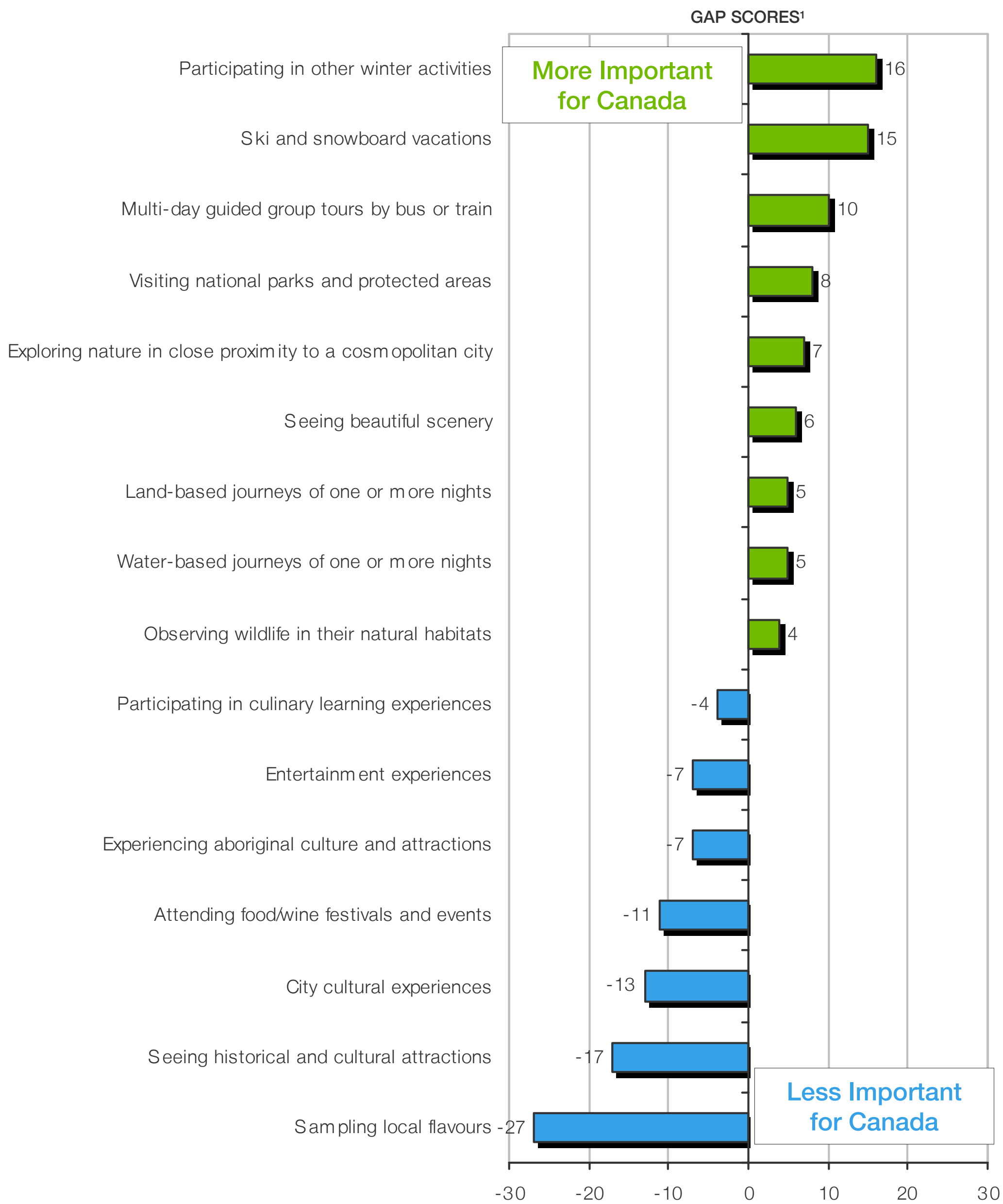
Exhibit 15 summarizes how the motivations for visiting Canada differ from those for long-haul travel as a whole. Travellers to Canada are more likely to be seeking skiing/winter activities, nature (e.g., national parks, scenery, wildlife, nature close to cities), both land and water-based journeys and somewhat surprisingly, guided tours. On the other hand, travellers are less likely to come to Canada for the cuisine (e.g., culinary learning, food/wine festivals, local flavours), culture (e.g., aboriginal culture, city culture, historical/cultural attractions) and entertainment.

Exhibit 14 – Key Motivations for Visiting Canada



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 (n=1,232).
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale where 1 is "Very Unimportant" and 5 is "Very Important".

Exhibit 15 – Diffrences in Motivations for Travel to Canada vs. Long-haul Destinations in General



Base: Motivations for travel to long-haul destinations in general: Long-haul pleasure travellers (n=1,484).

Base: Motivations for travel to Canada: 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 (n=1,232).

Notes: Only significant differences are shown.

[1]A positive gap score indicates a motivation that is stronger for Canada relative to long-haul destinations in general. A negative gap score indicates a motivation that is weaker for Canada relative to long-haul destinations in general.

Regional Motivations[5]

Exhibit 16 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove "group and attribute" effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions.

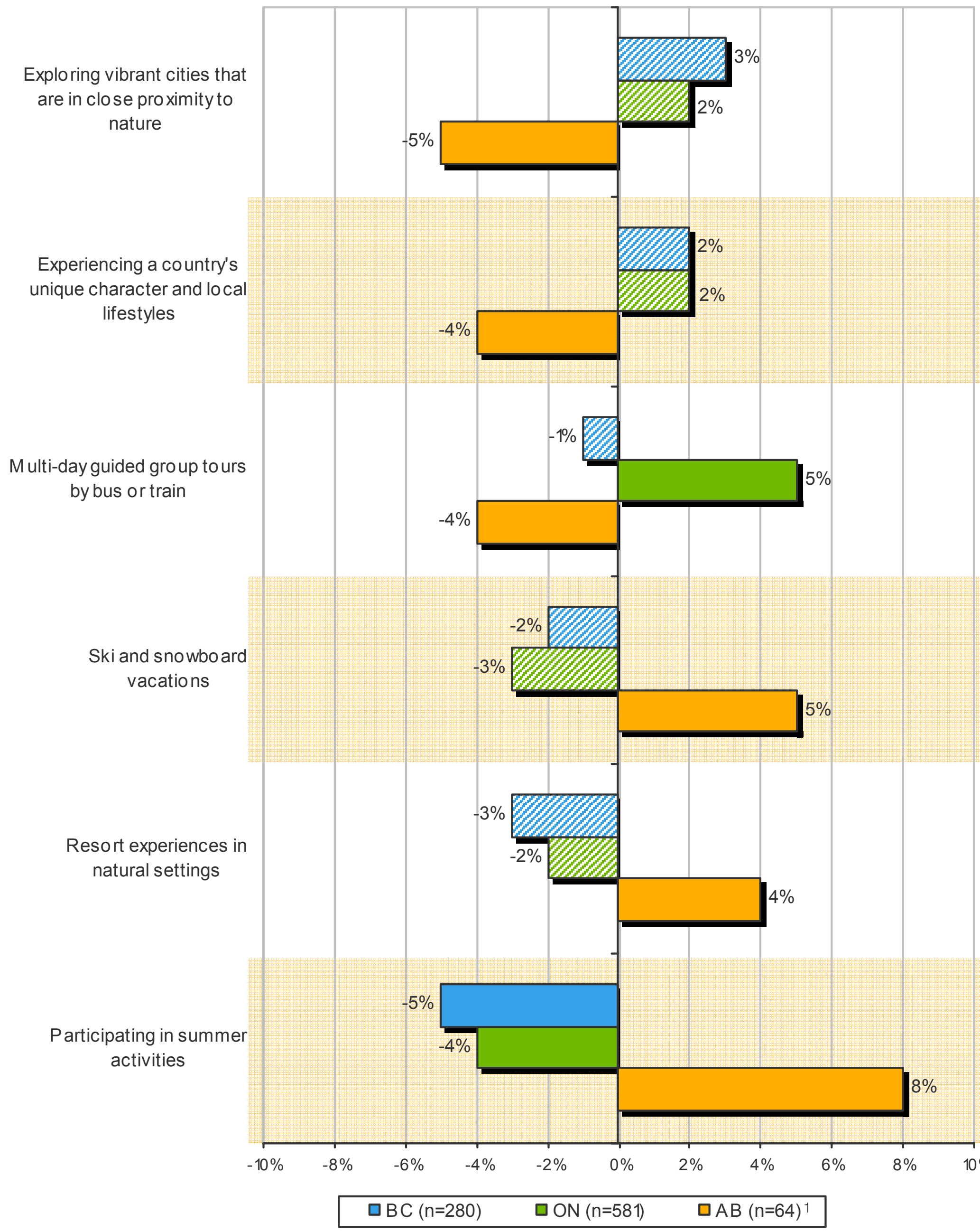
In the exhibit, high positive values indicate motivations that are of greater relative importance for a region, while high negative values represent motivations that are of lesser relative importance.

The exhibit shows that:

- As was the case last year, potential travellers to **Ontario** are more likely to be motivated by guided group tours, likely because this is a good way of seeing key tourist attractions/destinations like Niagara Falls and Toronto.
- On the other hand, those interested in **Alberta** are more likely to be motivated by ski/snowboard vacations, resorts in natural settings and summer activities such as day hikes and cycling, which is likely driven by the renown of Banff National Park for these types of activities.
- Vibrant cities close to nature is a weak differentiating motivation for travellers that are partial to **British Columbia,** a nod to Vancouver's spectacular natural setting.

5 Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



Base: Travellers most likely to visit British Columbia, Ontario or Alberta. Sample sizes for other regions were too small to be included.

Notes: Solid bars with high positive values represent motivations that are of greater relative importance for a region, while solid bars with high negative values represent motivations that are of lesser relative importance for a region. Hatched bars represent low values that are not differentiating motivations.

[1] Results should be interpreted with caution due to the small sample size.

Barriers in Attracting Visitors from Mexico

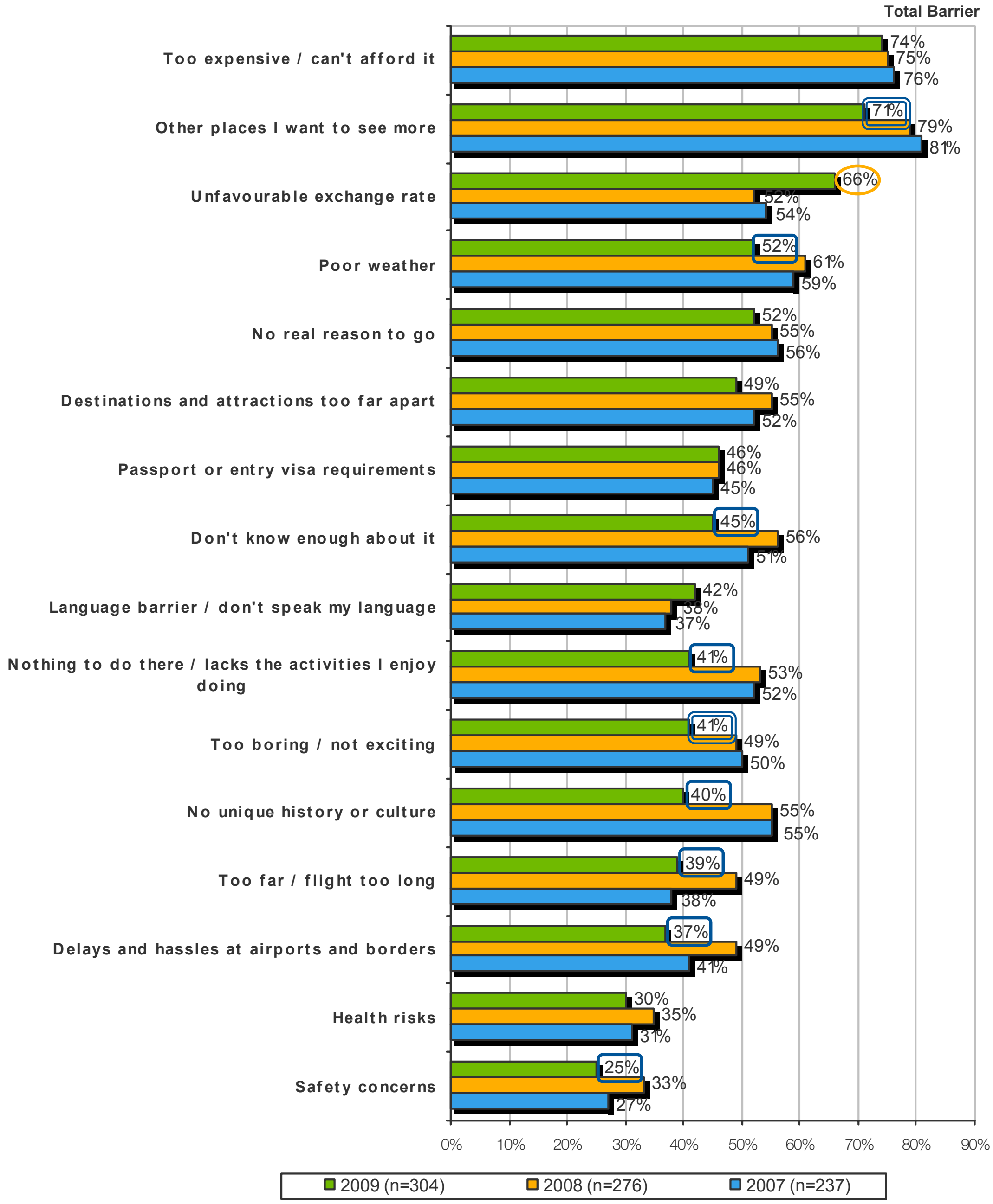
Barriers for Travel to Canada

Exhibit 17 shows why long-haul travellers from Mexico are unlikely to visit Canada in the near-term. Cost (74%) and competition (71%) continue to be the top two barriers to travel, although a lessening of the desire to see other places makes cost the number one barrier this year.

However, the most striking thing about the exhibit is the increasing impact of unfavourable exchange rates as a barrier to travel in 2009. Rising 14 percentage points to hit 66%, exchange rates now rank as the third most prevalent roadblock for travel to Canada, mirroring the trend seen for long-haul travel in general. Although the peso depreciated only 6% against the Canadian dollar between the 2008 and 2009 surveys versus close to 25% against the US dollar, travellers may not be aware of the differences between the Canadian and US currencies.

With the slump in the peso and the economy in general, most other barriers have taken a back seat to cost and exchange rates. Poor weather, long distances, airport hassles and safety concerns have all moderated as barriers this year, as have lack of awareness and impressions of Canada as unexciting and boring (e.g., nothing to do, too boring, no unique history/culture). While passport/entry requirements is one of the few barriers that did not trend downward this year, the implementation of visa requirements for Mexican visitors to Canada in July, 2009 will no doubt deter many travellers from visiting Canada in the coming months.

Exhibit 17 – Key Barriers for Visiting Canada



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

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

Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

Results for past travellers to Canada who are unlikely to re-visit in the near future not shown due to small sample size.

Sources of Information for Mexican Travellers

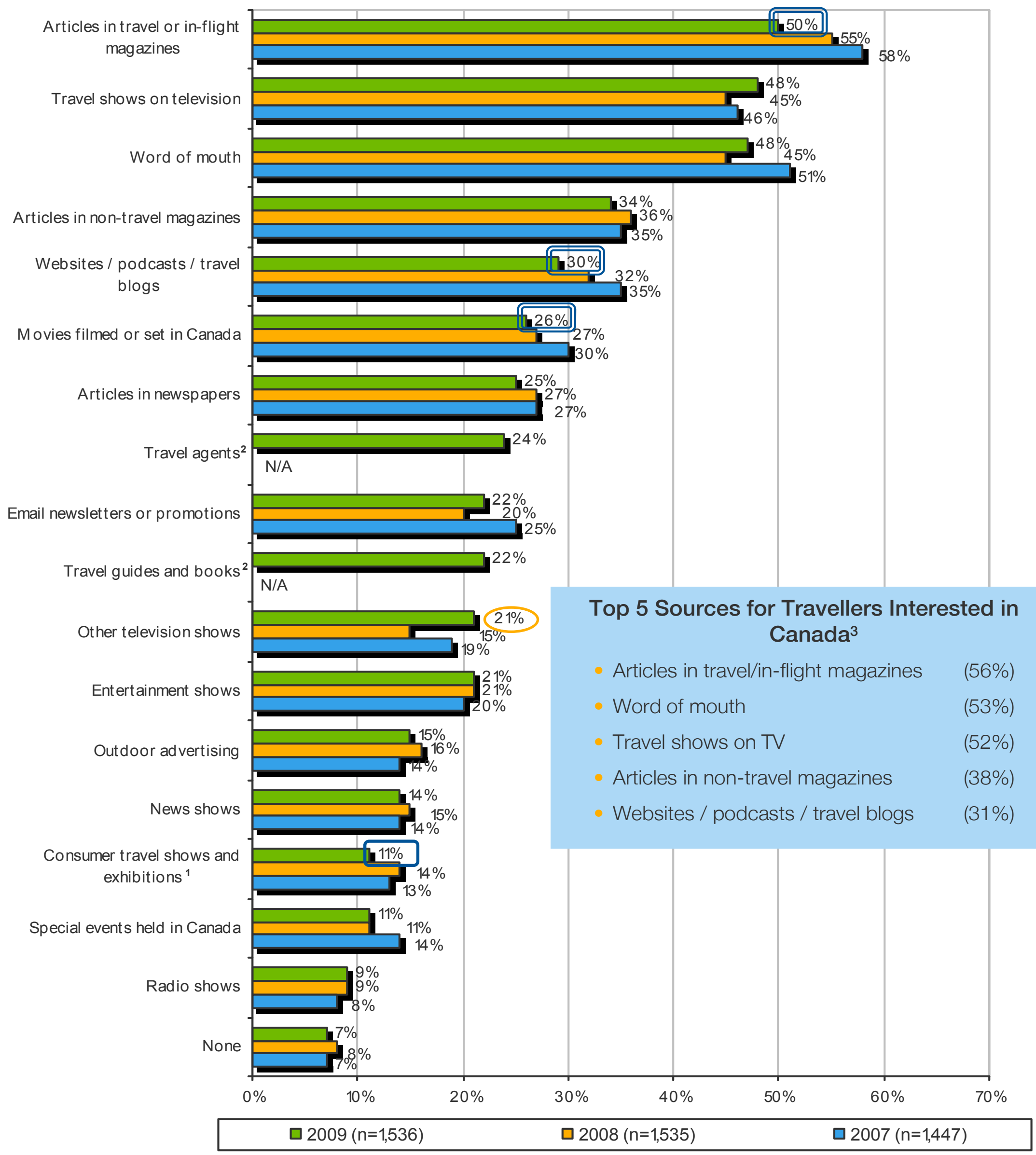
Sources of Information on Canada

As **Exhibit 18** shows, several leading channels have become less prevalent as sources of information on Canada since 2007, including articles in travel magazines (down 8 percentage points), websites/podcasts/travel blogs (down 5 ppt) and movies filmed/set in Canada (down 4 ppt). Consumer shows and exhibitions are also down from last year by 3 ppt. Despite these shifts, the top five media remain the same as last year, namely travel magazines, television travel shows, word of mouth, non-travel magazines and online media. In addition, the overall proportion of travellers seeing promotional information on Canada has remained steady over the course of the last three years (at 92% to 93%). This continues to be exceptionally high compared with most other GTW markets, reflecting both the strength of Canada's marketing programs in Mexico and the general enthusiasm that Mexican travellers have for Canada.

There are some indications that television is becoming a more prominent media source in Mexico, with other television shows rising six percentage points and travel shows trending upward since last year.

For the third year running, the top three sources of information for potential travellers to Canada include travel magazines, word of mouth and television travel shows, with non-travel magazines and online media rounding out the top five sources in 2009. Of the five, only travel magazines have seen a substantive drop in penetration rates (falling 8 ppt since 2007).

Exhibit 18 – Sources of Information on Canada (past 3 months)



Top 5 Sources for Travellers Interested in Canada[3]

- Articles in travel/in-flight magazines (56%)
- Word of mouth (53%)
- Travel shows on TV (52%)
- Articles in non-travel magazines (38%)
- Websites / podcasts / travel blogs (31%)

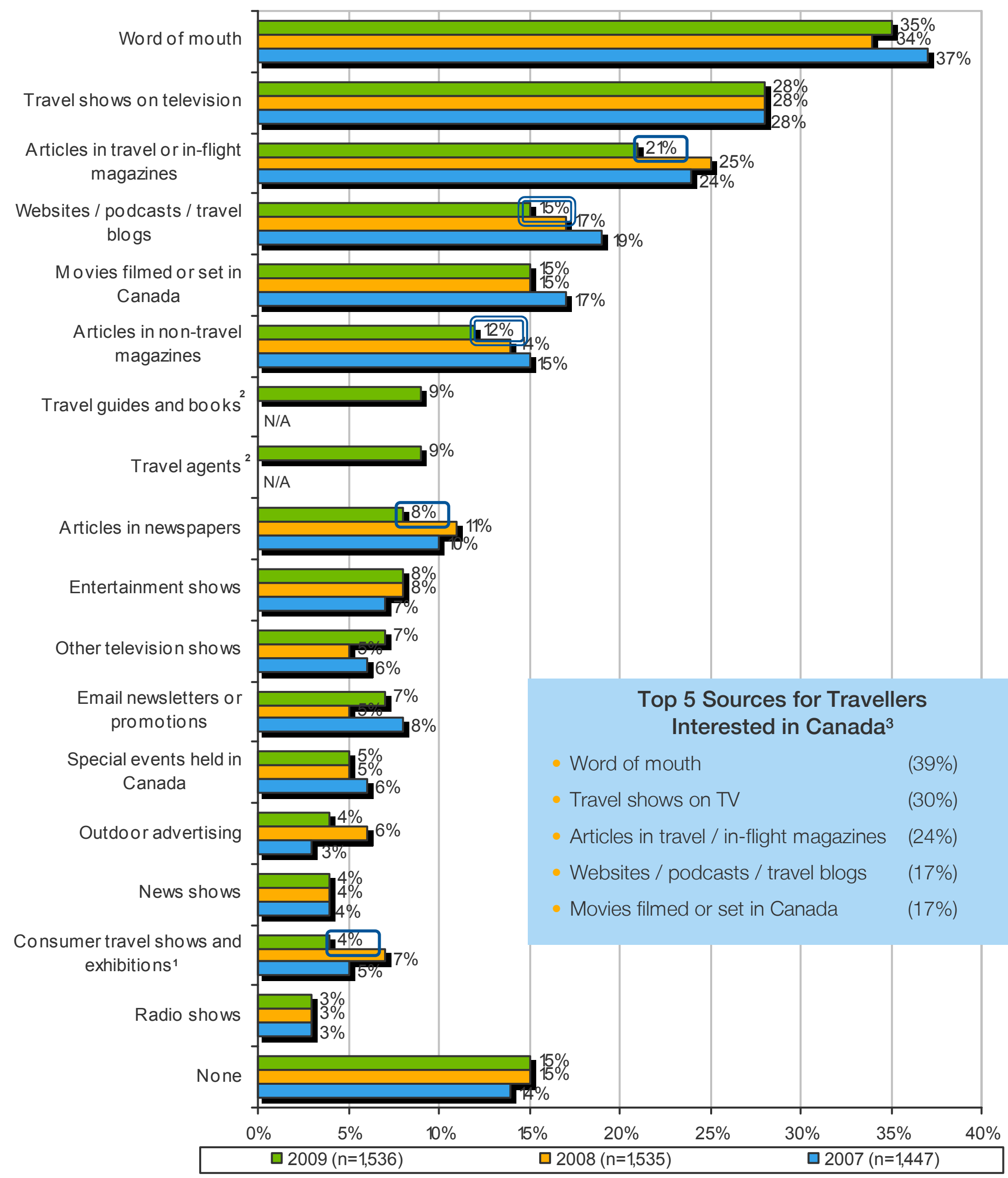
Base: Long-haul pleasure travellers.
Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.
[1] Item changed in 2008.
[2] Item changed in 2009.
[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=788).

Top Information Sources for Increasing Canada's Appeal

As shown in **Exhibit 19**, word of mouth takes on relatively more importance when considering sources to enhance Canada's appeal, rising to the number one spot, while non-travel magazines drops to sixth place. This highlights the importance of generating a good buzz around Canada in the Mexican market, as well as using visitor reviews and testimonials to heighten interest. Travel-specific media are also important, with television travel shows and articles in travel magazines ranked among the top three sources.

Several sources have slipped this year in terms of their ability to lift Canada's appeal, including many of the same channels that saw reduced penetration generally. Travel and non-travel magazines, websites/podcasts/travel blogs, newspaper articles and consumer travel shows/exhibitions have all seen losses this year, with no sources increasing significantly.

Exhibit 19 – Top Information Sources for Increasing Canada's Appeal



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.
Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

[1] Item changed in 2008.

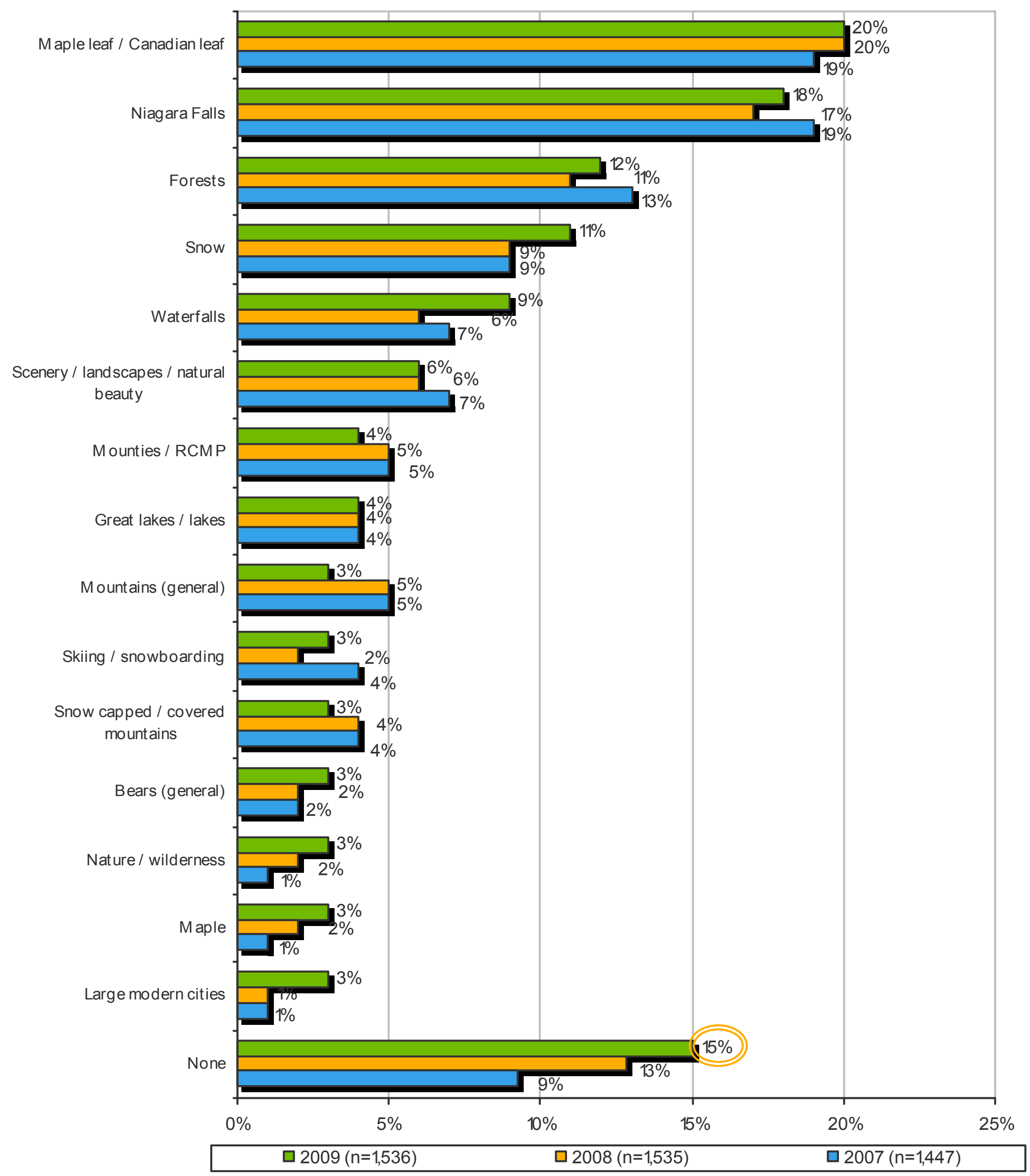
[2] Item changed in 2009.

[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=788).

Icons or Images that Inspire Interest in Canada

For the most part, the icons and images that inspire interest in Canada are the same as in previous years (see **Exhibit 20**), with no notable changes in any of the items cited. The maple leaf continues to top the list, while the presence of both Niagara Falls and waterfalls among the top five icons show the strong ongoing association of waterfall features with Canada in this market. Forests, landscapes and snow are other iconic images of Canada that are mentioned by more than 5% on an unprompted basis.

Exhibit 20 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.

Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

The Key Drivers for Visiting Canada

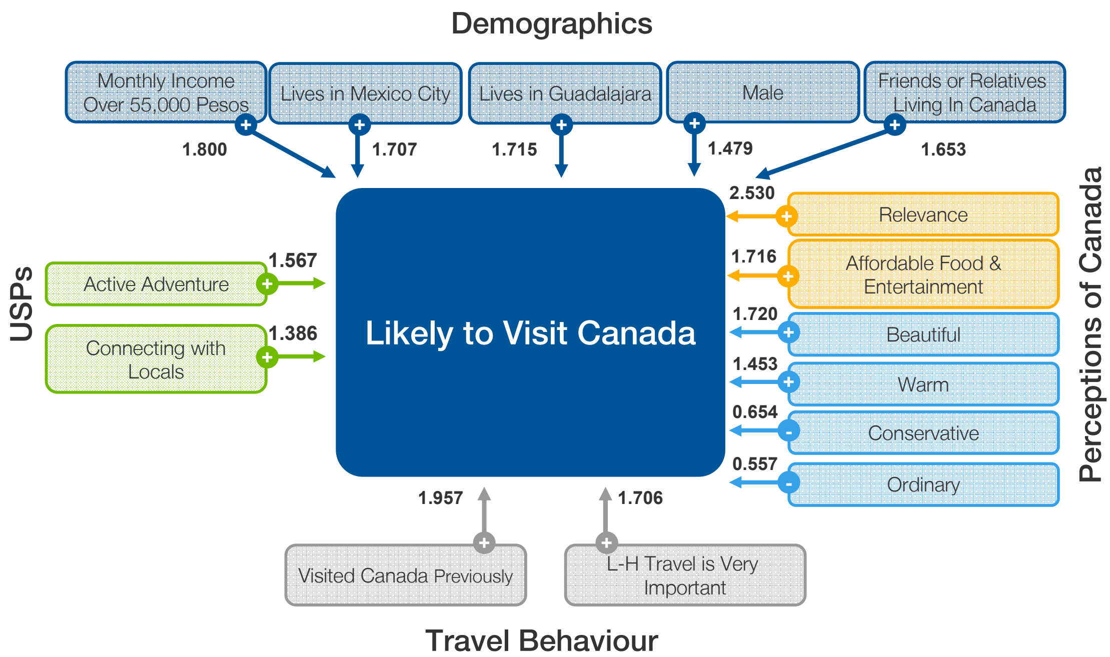
A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

Exhibit 21 summarizes the results of the key drivers model, which echo many of the key themes that emerged in previous years:

- As in both 2007 and 2008, having made a previous trip to Canada is a strong driver of future travel. In fact, everything else being equal, past visitors are about twice as likely to say they will visit as those who have not visited Canada before. Consistent with the 2007 model, those who have made long-haul travel a priority in their lives are more likely candidates for travel to Canada.
- Income again emerges as a strong predictor of future travel to Canada, with those earning more than 55,000 pesos per month (CDN$60,000[6] per year) more likely to say they will make the trip. Men and residents of Mexico City and Guadalajara are also more likely to express positive intentions, with all of these demographic drivers having emerged in previous years.
- VFR is also a key driver of travel to Canada, although perhaps less so in Mexico than in most other GTW markets.
- Consistent with the 2007 model, those seeking Active Adventure amidst wondrous nature are more likely to be drawn to Canada. Connecting with Locals is also a positive driver, which parallels the positive influence of the “exploring culture” brand attribute in the 2007 and 2008 results. This highlights the importance of strengthening perceptions of Canada’s cultural products in Mexico, as travellers who view these in a positive light are more likely to visit.
- As in both previous years, the perceived Relevance of Canada’s products has the most impact on the purchase decision among the perceptual attributes. Impressions of affordable food and entertainment is another important pull factor this year.
- Several of the brand personality traits also emerge in the model – impressions of Canada as Beautiful and Warm are positive predictors of travel intentions (consistent with past years when cold was a negative driver), while impressions of Canada as unexciting (i.e., Conservative and Ordinary) tend to keep travellers away. This calls for further efforts to establish Canada as a vibrant and exhilarating must-see destination.

[6] Exchange rate (April 6, 2009): 1 peso = CDN$0.09104

Exhibit 21 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,536).

Note: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

The Mexican long-haul travel market looks quite different today than it did a year ago, thanks to the ailing economy and beleaguered peso. The mood has swung from one that was relatively upbeat in 2008 to something infinitely more sombre, with the market outlook indicator softening from +37 to +29. This drop is in step with the generally weakened consumer sentiments in Mexico, triggered by the country's worst economic performance since the Tequila Crisis in 1995. Already in recession in Q1 of 2009, Mexico's economic problems deepened when the H1N1 flu outbreak hit in April, leading analysts to revise their 2009 GDP projections downward. Unemployment has now soared to its highest level in over a decade, with further job losses anticipated as Mexican businesses continue to fold. In view of this, it is not surprising that the poor economy has risen to become the number one barrier to long-haul travel in Mexico, and at 44%, now tops many other markets in terms of its severity.

The spiralling peso is also hurting long-haul travel from Mexico this year, with the currency falling by close to 25% against the US dollar between the 2008 and 2009 studies. Despite a small recovery in recent months, heightened risk aversion is expected to push the peso down further by the end of the year. Accordingly, the GTW results show that exchange rates have nearly doubled as a travel barrier since last year, and at 24%, now rank as one of the top three obstacles to travel from this market.

On top of a depreciating peso and a struggling economy, Canada will also have to deal with the fall-out from the recent implementation of visa requirements for Mexican visitors. This eliminates a key advantage that Canada had over the US as a Mexican vacation destination and will no doubt hurt Mexican tourism further in the coming months (arrivals are already down 14% in the first five months of the year). It will be critical for the CTC and its partners to ensure that Mexican visitors continue to feel welcome in the country and to convey positive messages about Canada to offset any negative impact this measure may have.

With less avid travellers temporarily putting the brakes on long-haul travel, the Mexican market is now composed of a more committed segment of well-experienced and high-frequency travellers, more of whom have been to Canada before. The changing market characteristics point to a greater need to promote new products and specialized experiences (e.g., eco-tours), secondary destinations (e.g., Alberta) and one-time special events (e.g., the Olympics) to persuade past visitors to make a return trip. Among potential visitors to Canada, both travel intentions and the market outlook have softened noticeably, posing new challenges for Canada's near-term conversion efforts.

Reflecting a more cautious and reticent long-haul travel market, Canada has seen some setbacks this year in its key performance indicators (KPIs[7]). Unaided destination awareness, knowledge of vacation opportunities, unaided advertising awareness, total advertising awareness and unaided consideration have all suffered material losses in 2009. Not surprisingly, travel intentions are also down six percentage points from the 2007 baseline, with both shorter getaways and longer vacations succumbing to the downward pressures.

[7] KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.

On the positive side, many of Canada's key competitors (e.g., the US, Spain, France) have seen commensurate drops on their KPIs, enabling Canada to maintain a strong standing in the competitor ranks. In addition, Canada continues to perform vastly better in Mexico than in most other GTW markets on these important measures. Finally, overall interest in Canada has remained solid at over 80%, with Canada continuing to be the number one destination of interest for Mexican travellers.

Another encouraging finding is that Mexican travellers continue to view Canada in an extraordinarily positive light. Mexicans are more apt to describe Canada as Intriguing or Witty, indicating an inherent alignment with the edgier Brand Canada personality traits and strong perceptions of Canada as an engaging vacation destination.

Canada is also held in high esteem when it comes to providing a value-added visitor experience. If there is an area for improvement, it is Quality perceptions, which at 52%, is the lowest rated single attribute across the three indices and a major shortcoming at a time when travellers are becoming increasingly selective about their destination choices. Given its cost-competitiveness over vacation spots like Europe, Japan and Australia, Canada may want to highlight economical advantages in its marketing efforts, with messages such as this bound to be well-received in today's tougher travel environment.

As in many other GTW markets, Canada ranks a robust number one on *Active Adventure Among Awe-Inspiring Natural Wonders*, buoyed by high first-place standings on ski vacations, other winter activities, scenery and national parks. To widen its already commanding lead on this USP[8], Canada may want to focus on pulling farther ahead of the US on national parks, and catching Brazil on wildlife. Canada is also number one on *Personal Journeys by Land, Water and Air*, although here its standing is more tenuous, with France and Spain close on its heels. Given its staunch positions on both water and land-based journeys, the key to establishing an unqualified lead on this USP lies in improving perceptions of its touring offerings (self-touring in particular). To this end, the CTC and its partners may want to focus on marketing Canada's highly distinctive regions as being ideal for touring, as well as promoting its unlimited-use rail passes, fly-drive products and scenic tour routes.

When it comes to *Vibrant Cities on the Edge of Nature,* Canada is in the middle of the pack, with France, the US and Spain all well ahead of it on the strength of their stand-alone city activities. While this is not Canada's forte, it could focus marketing efforts around its stronger hybrid products (e.g., exploring nature close to cities and cities close to nature) to improve its positioning vis a vis Brazil. This would help to diversify Canada's image in Mexico.

On *Local Cuisine* and *Connecting with Locals,* Canada places second last, with France and Spain taking the top honours. Of the two, *Connecting with Locals* represents the best bet for improvement as this is both a key driver and a stronger motivator of travel to Canada.

[8] USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature 2) Personal journeys by land, water, and air 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.