

U.S. Leisure Travel Study Outlines Challenging Facing Canadian Tourism Industry

The challenges facing Toronto and Canada as a whole were outlined February 3rd, as representatives from Toronto Tourism joined more than 200 of our industry partners at the Fairmont Royal York to review an initial summary of the Canadian Tourism Commission's most recent U.S. Leisure Travel Study. Over 300 members of the Canadian travel industry also listened in via WebX.

According to the study, international competition for the U.S. traveler is up dramatically, with the CTC projecting that final numbers will show U.S. overnight leisure travel to Canada down 4.2 per cent for 2005.

While US leisure travel continues to rebound, the majority of this travel is destined for US domestic, Caribbean and Mexican destinations. Both Canadian and European visitation by Americans are down.

A number of potential reasons for declining visitation were explored in the research, including the exchange rate, the rising price of gasoline, border crossing issues and overall perceptions of Canada as a travel destination.

Numerous Factors Cited as Barriers to Traveling to Canada

When prompted, the barriers that were cited included weather conditions, more interesting and exotic places to visit, the low U.S. exchange rate, and travel costs. Concerns about border crossing delays and the required documentation were low, but most prevalent among border states.

Canada Simply Not Top-of-Mind

While the details of the study are still being digested, one message came through loud and clear: we are being outspent by competitors in our major markets and are simply not breaking through to the hearts and minds of US consumers. There is a "been there, done that" attitude among US consumers, and the explosion of low-cost airfares across the US, Caribbean and Mexico has opened the door for our loyal visitors to explore elsewhere. Many Americans feel they "know" what we have to offer, and are more attracted to destinations that promise a more "exotic", "interesting", or "less expensive" experience.

Our research has shown us that Toronto has compelling visitor experiences and opportunities that will appeal to Americans. We've taken aggressive strides to reshape Americans' perceptions of our region and we will continue to refine our programs and messages in order to present an exciting proposition to consumers.

Highlights of the Report

Details of the report are still being analyzed for further insights and implications, but among the initial findings are:

- U.S. residents visiting U.S. destinations produced a record 2.90 billion Person-Stays in 2004 (+3.8%). The leisure segment led this growth (4.6%). A profound shift is underway in the US market with overnight leisure stays surpassing business travel for the first time.
- In stark contrast, International travel by US residents remained flat, with business travel continuing to decline while leisure travel remained flat.
- Canada's share gains post 9/11 have dissolved, with Canada now accounting for only 23% of US international visits (down from 36% in 2002).
- The mid and low end of the US Leisure travel business spectrum (typically younger, less affluent people) to Canada continues to decline, though we are seeing some increases among older, higher income travelers. This shift has real implications for Toronto and we'll need to decide whether to adapt to this trend or fight to bring the low and mid-market back.
- US travelers who visit Canada continue to give the country higher value and satisfaction ratings compared to those who travel within the US. Ontario and Quebec are rated higher than other provinces.
- Unlike Short and Mid Haul US locations where Canada is often compared to close US locations, Long Haul travelers (those US visitors the furthest from Canada) saw the time and expense in visiting Canada more akin to an intercontinental trip. Canada is viewed as being simply too far and not unique enough. As we continue to evolve our Toronto Unlimited brand messaging, conveying a sense of the unique aspects of Toronto will be front and centre.
- In near-border markets, there was a sense that Canada does not offer enough that is different or unique to justify tolerating the travel barriers, such as border crossing, delays and less favorable exchange rate. Many Short-Haul travelers look at other locations with less hassle and similar products in the U.S. We can't always control our environment, but we can work to build greater desire and demand among consumers in order to overcome these perceptual barriers by telling more remarkable stories.
- Among other factors contributing to lower top-of-mind awareness, last year's NHL lockout was cited as a blow to Canada's profile within the US. This could be driven by the fact that hockey represents one of the few identifiable pop-culture icons in the US. Clearly, we can't rely on the NHL to carry our flag alone – efforts to extend our messages into non-traditional media will help to ensure Toronto finds its way into US consumers' hearts and minds.

The Industry Responds

On February 17th, Toronto Tourism will join with the CTC and industry partners from across Canada in a US Strategic Planning Summit. The goal of the meeting is to achieve a new level of co-operation and co-ordination among the various parties who seek to attract US visitors to Canada. By better coordinating our efforts where appropriate and sharing resources, we hope to greatly increase the efficiency and effectiveness of our marketing programs.

To be successful, Canada must develop a strong portfolio of destination brands that will capture the imagination of US travelers, and attract their attention through compelling and effective communications. Toronto is already well positioned to take advantage of this strategy, with new and innovative marketing programs set to come on-stream in support of Toronto Unlimited throughout 2006.

Watch for the results of this Summit and exciting new programs for 2006 as we use this opportunity to ensure maximum benefit for all members of Toronto Tourism.