



# 2006 - 2007 Tourism Yukon Situation Analysis





# SITUATION ANALYSIS

## WHAT IS TOURISM WORTH IN THE YUKON?

In 2000, it was estimated that \$164 million in revenue was directly attributable to non-resident tourism.

This figure is based on revenue estimated by Yukon businesses, generated by non-resident spending. It does not include Yukon resident spending, or any indirect spending in the territory which is a spin-off of tourism, such as new hotel construction, cleaning services, consulting, etc.

Note: The 2000 Yukon figures have been adjusted for inflation and reported in 2000 equivalent dollars.

## HOW MANY YUKON JOBS ARE SUPPORTED BY TOURISM?

Approximately 80% of all Yukon employees work for businesses which reported at least some level of tourism revenue.

- It is estimated that 1,900 jobs are directly dependent on tourism
- This represents approximately 11% of all jobs in the Yukon (down 1.0% from 2000)
- Tourism is the largest private sector employer.

## HOW MANY YUKON BUSINESSES CREATE THOSE JOBS?

Eight hundred and ninety Yukon businesses (41% of Yukon businesses responding to the business survey) report revenue generated from tourism.

- 15.0% of Yukon businesses generate more than one-third of gross revenues from tourism.
- The traditional tourism sectors such as accommodations, food and beverage, retail, and transportation are the largest generators of tourism-related jobs.
- Over half of the non-traditional sector businesses such as wholesale trade, finance, insurance, and real estate derive a portion of their revenues from tourism.

## WHAT MAKES UP THE TOURISM INDUSTRY IN THE YUKON?

Tourism is spread throughout the Yukon economy. Businesses across nearly all sectors feel the impact of tourism, from large organizations and government to small, one-person companies. The tourism industry is grouped into eight sectors: Accommodations, Food & Beverage, Transportation, Adventure Tourism & Recreation, Events & Conferences, Travel Trade, Attractions and Tourism Services. In the Yukon, a large percentage of these businesses are small, sole proprietorships and are often seasonal operations. This diversity provides challenges to define tourism, quantify its size and measure its full economic impact.

## HOW MANY VISITORS CREATE THIS DEMAND?

In 2005, an estimated 324,284 visitors came to the Yukon:

- 86.1% arrived between May and September
- Total visitation has increased 2.7% from 2004
- Private vehicle traffic has decreased 3.1% from 2004
- motorcoach traffic increased 19.7% over 2004
- Dawson marine traffic (Yukon Queen, May–September) increased 28.4% from 2004
- Passengers arriving at the Whitehorse International Airport increased 9.2% over 2004

## SITUATION ANALYSIS

### BORDER CROSSING STATISTICS

Since 1999, over 2,100,000 travellers have visited the Yukon. This is a conservative estimate as official border crossing statistics do not include air arrivals into Whitehorse from Vancouver, Edmonton or Calgary or those travelling up the Alaska Highway/Stewart Cassiar Highway and entering at Watson Lake.

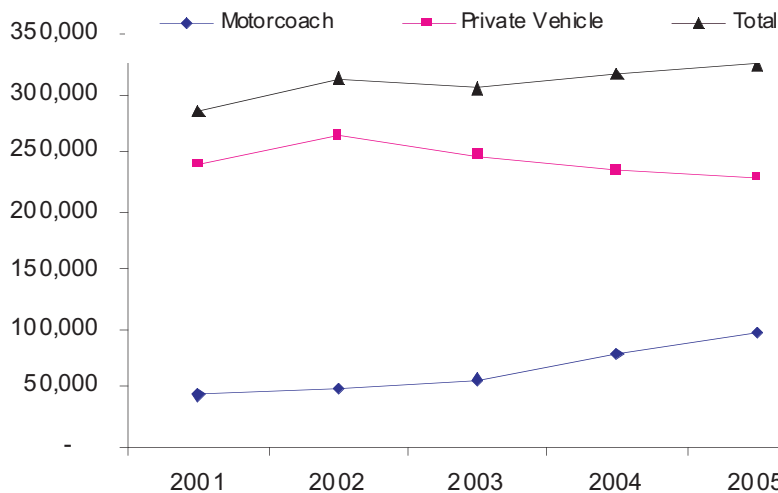
Although many of these travellers venture into Alaska and cross the border back into the Yukon (and thus would be captured in the border crossing statistics) many travel exclusively in the Yukon and are not included in the final border crossing figures. The annual number of border crossings made by visitors into the Yukon fluctuates each year.

#### Annual Yukon Border Crossing Statistics 1999 to 2005 — By Origin

	Canada	U.S.	Other
1999	65,183	236,459	29,330
2000	61,299	218,390	28,768
2001	59,607	200,608	23,261
2002	62,053	229,000	22,237
2003	62,454	217,946	23,332
2004	64,893	224,897	26,107
2005	64,960	230,655	28,669
Total	440,449	1,557,955	181,704

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.

### VISITORS TO THE YUKON



Note: The number of travellers that have visited the Yukon is a conservative estimate, as official border crossing statistics do not include air arrivals into Whitehorse from Vancouver/Calgary/Edmonton or those travelling up the Alaska Highway/Stewart Cassiar Highway and entering at Watson Lake.

Total visitors to the Yukon include Yukon residents, they do not include those in commercial vehicles or train. Visitors arriving by air and marine arrivals (Dawson City) are not included.

# SITUATION ANALYSIS

## BORDER CROSSING STATISTICS

The main sources of information included in this report are Yukon Border Crossing Statistics. Yukon border crossing statistics are annual (January–December) and are generated by the Yukon Bureau of Statistics from daily border crossing sheets provided by Canada Border Service Agency. The figures include border crossings at the four official land border crossings into the Yukon—Fraser (Skagway), Pleasant Camp (Haines), Beaver Creek, and Little Gold, (Dawson City)

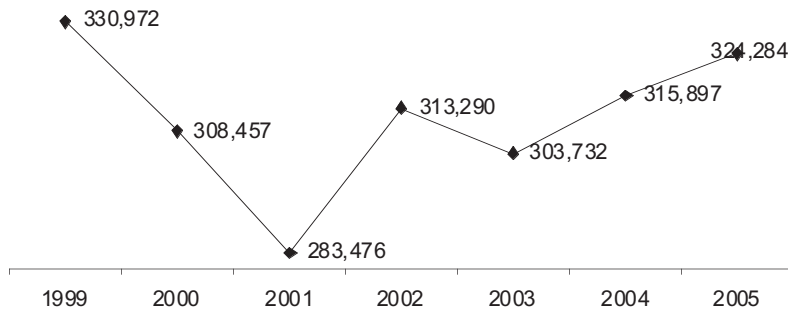
Utilizing border crossing statistics as an indicator, the top ten countries to visit the Yukon in 2005 were the 1) United States, 2) Canada, 3) Germany, 4) United Kingdom, 5) Australia, 6) Switzerland, 7) Netherlands, 8) New Zealand, 9) France and 10) Italy. In 2005 Australia surpassed Switzerland to take the fifth ranking country and New Zealand bumped France for eighth spot.

### Annual Yukon Border Crossing Statistics 1999 to 2005 Totals

1999	330,972
2000	308,457
2001	283,476
2002	313,290
2003	303,732
2004	315,897
2005	324,284
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Total	2,180,108

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.

### 1999 TO 2005 YUKON BORDER CROSSING TRENDS





## MARKET PRIORITIES

The Tourism Yukon travel trade approach to primary, secondary and tertiary markets will be as follows:

### *PRIMARY MARKETS*

U.S.  
Canada  
Germany  
United Kingdom

### *SECONDARY MARKETS*

Switzerland  
Australia  
Netherlands  
France  
Japan

### *TERTIARY MARKETS*

Austria  
New Zealand  
Mexico  
Italy  
Taiwan  
China  
South Korea

## NORTH AMERICA

The majority of visitors travelling to the Yukon are from the United States. In 2005, 71% of Yukon visitors were from the United States. However, many of these visitors are passing through the Yukon on their way to Alaska and as a result spend considerably less time and money in the Yukon per party than other groups of visitors (see results from the 2004 Visitor Exit Survey).

### **Annual Yukon Border Crossing Statistics 1999 to 2005 — NORTH AMERICA**

	Canada	U.S.	Mexico
1999	65,183	236,459	309
2000	61,299	218,390	242
2001	59,607	200,608	364
2002	62,053	229,000	395
2003	62,454	217,946	421
2004	64,893	224,897	525
2005	64,960	230,655	582
Total	440,449	1,557,955	2,838

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.



## MARKET PRIORITIES

### Yukon Border Crossing Statistics 1999 to 2005—Dawson—Yukon River

#### Dawson Marine

1999	0
2000	8,209
2001	7,630
2002	6,402
2003	7,041
2004	5,733
2005	7,360
Total	42,375

*\*Dawson marine numbers are recorded between May and September.*

#### AIR

### Annual Whitehorse Airport Passenger Traffic 1999 to 2005

	Arrivals	Departures
1999	75,039	74,882
2000	76,159	76,666
2001	76,776	77,096
2002	75,219	76,472
2003	79,511	79,750
2004	85,600	88,924
2005	93,463	93,067
Total	561,767	566,857

*Note: These numbers include all air arrivals including overseas.*

#### NORTH AMERICA: MOTORCOACH MARKET

Since 1999, over 450,000 visitors entered the Yukon via motorcoach. The majority of motorcoach visitors are from the United States and are touring through the Yukon as part of an add-on land portion of an Alaskan cruise. The cruise-related motorcoach visitors usually travel one way through the Yukon either from Skagway to Anchorage, or Anchorage to Skagway. Many of these motorcoach cruise packages travel through either Haines Junction/Kluane or Dawson City.

Cruise motorcoach visitors spend less in destination, stay fewer days, and typically do not have flexible schedules.



## MARKET PRIORITIES

### Annual Yukon Border Crossing Statistics 1999 to 2005 — Motorcoach

1999	65,528
2000	59,266
2001	43,838
2002	49,546
2003	56,802
2004	80,150
2005	95,936
Total	451,066

Source: *Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics*

The annual number of border crossings made by motorcoach visitors into the Yukon fluctuates each year. The total number of visitors has declined since reaching a peak during the anniversary years of 1998 and 1999. motorcoach traffic through Yukon increased in 2004 and 2005.

### NORTH AMERICA: NON-MOTORCOACH MARKET

(Personal vehicles i.e., cars, trucks, campers, RVs, etc.)

Since 1999, over 1,700,000 non-motorcoach visitors travelled to the Yukon. It is important to distinguish the non-motorcoach segment of travellers from the motorcoach segment, as they have vastly different travel and spending patterns. Non-motorcoach visitors spend more time in the Yukon, spend more per person and also have more flexibility during their trip, when compared to motorcoach travellers.

The annual number of border crossings made by non-motorcoach visitors into the Yukon fluctuates each year.

### Annual Yukon Border Crossing Statistics 1999 to 2005 — Non-Motorcoach

1999	265,444
2000	249,191
2001	239,638
2002	263,744
2003	246,930
2004	235,747
2005	228,348
Total	1,729,042

Source: *Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics*.

## NORTH AMERICA MARKET REPORTS

### COUNTRY OVERVIEW — CANADA

TOTAL POPULATION	33.098M
GDP GROWTH FORECAST <sup>1</sup>	2006 2.7%
	2007 2.7%
GDP PER CAPITA WORLD RANKING	16
INTERNET ACCESS <sup>2</sup>	67.9%
INTERNET GROWTH 2000 – 2005 <sup>3</sup>	72.4%

### KEY TRAVEL INDICATORS

TOTAL YUKON VISITORS 2005	64,960
(LESS THAN 1% CHANGE FROM 2004)	
PERCENTAGE OF YT NORTH AMERICAN MARKET	21.9%
PERCENTAGE OF TOTAL YT MARKET	20%

Sources used in this report: Yukon Border Crossing Statistics, Yukon Visitor Exit Survey 2004, Statistics Canada National Tourism Indicators, Visit Britain Market Profile — Canada

### ECONOMIC & POLITICAL OUTLOOK

- Canada has seen slower economic growth than the U.S., with typical growth rates a shade below 3% per annum in recent years—a trend that the IMF expect to continue through to 2006.
- Twelve years of Liberal government in Canada ended in late January 2005 with the Conservative Party winning the general election brought about by a confidence vote following a corruption scandal. The Conservatives under Stephen Harper will need the support of smaller parties to form a working government.
- Fewer than half of Canadians believe that now is a good time to make a major purchase like an appliance, house or automobile. It appears that the combination of higher gas prices and a boost in interest rates is serving to slow down consumers' desire to spend.
- The Canadian population is growing and aging. The population is projected to grow 3.5% between 2004 and 2011. However, the 55+ population is forecast to grow 15% compared to a decline for aged 15 to 44.
- 86% of the Canadian population lives in the 4 provinces of British Columbia, Alberta, Ontario and Quebec, with 45% of the population living in the six largest metro centres: Toronto, Montreal, Vancouver, Ottawa, Calgary and Edmonton.

Economic outlook for the Yukon's three key provincial markets:

#### British Columbia:

- In a recent update, RBC Financial Group reaffirmed its confidence in British Columbia's economy. With real GDP growth of 4.0 per forecast for 2006, B.C. will continue to have one of the best economies in the country. RBC forecasts improved retail sales, higher disposable incomes, and lower unemployment rates. (*RBC Financial Group, Provincial Outlook, January 2006*)

#### Ontario:

- Despite a buoyant construction sector and relatively upbeat retail sales, Ontario's overall economic performance is likely to remain on the slower side in 2006. A strong Canadian dollar, continuing high energy prices, intense competition from low-cost overseas producers, especially China, and moderating U.S. growth are all challenges that will place continued pressure on manufacturers, and the provincial economy as a whole. Ontario's GDP growth is expected to further decelerate to 2% in 2006, placing the province below the national average for the fourth year in a row. (*Scotiabank Provincial Pulse December 2005*)

#### Alberta:

- Economic growth is expected to be 4.8% cent in 2006. Increasing oil sands production, rising investment and consumer spending, along with an improved agriculture sector, will all contribute to 2006's impressive rate of growth.
- Over the medium term, Alberta's economic outlook is very positive, with growth averaging 3.5% per year through 2009. Several factors, including a vibrant energy sector, strong business investment, robust consumer spending and a healthy labour market, will sustain this performance. (*Alberta Government Budget 2006*)

### TRAVEL MARKET OVERVIEW

- The Canadian domestic market continues to represent the largest tourism market for Canada.

#### TRAVEL TRENDS

- In 2005, spending by Canadians on domestic travel increased by 5.9% — the largest annual gain since 2000.



## NORTH AMERICA MARKET REPORTS

- Domestic tourism spending grew 1.0% in the fourth quarter of 2005, slowing slightly from a 1.3% gain in the third. Spending was in line with continued growth in the Canadian economy as personal disposable income (+1.0%) and final domestic demand (+1.1%) both advanced.
- In the first three quarters of 2005, air transportation was the driving force behind domestic travel spending, recording increases ranging from 2% to 4%. This trend ended in the fourth quarter as purchases of plane tickets increased by only 0.7%. Vehicle fuel prices dropped 2.8% in the quarter, helping to boost tourism domestic spending on fuel by 1.5%.
- In 2005, Canadian outbound travel reached a five-year high of 21.1 million trips. The total number of trips by Canadians to the U.S. was 14.9 million (7.3% increase on 2004) and to other outbound destinations was 6.2 million (8.7% increase on 2004). The total annual increase in outbound travel was 7.7%.
- Spurred by a more favourable exchange rate, outbound travel from all provinces increased over 2004, with the exceptions of PEI (trips to the U.S. fell 26%) and New Brunswick (trips to other countries decreased 32%).
- Trips to non-U.S. countries grew at a faster pace (8.7%) than trips to the U.S. (7.3%).
- In the last quarter of 2005, prices for travel within Canada increased less than the rate of inflation.
- In 2004, Canadian residents accounted for 69.1%, or \$31.7 billion of tourism spending in Canada.
- In terms of quarterly travel patterns, Canadian domestic travel in 2004 was as follows:
  - January–March 18%
  - April–June 22%
  - July–September 38%
  - October–December 22%
- Statistics Canada says Canadians travelled to overseas countries at a record pace between July and September 2005.
- Travel economic indicators remain strong for continued growth in outbound travel in 2006.
- One of the key changes that will be seen over the next two years is the introduction by the U.S. of the Western Hemisphere Travel Initiative (WHTI). This new regulation passed by the United States is scheduled to be phased in over the next two years. The WHTI will require travellers entering or re-entering the U.S. to have yet-to-be-determined secure identification, with a passport looking most likely.
- The net result for domestic tourism is that it will probably increase, as those Canadians who do not own passports will no longer be able to travel to the U.S., and will substitute U.S. travel with domestic travel. However, the increase in domestic travel will not offset the drop in U.S. visitation.
- The WHTI comes into effect for air and sea arrivals into the U.S. on Dec 31, 2006 and for land border crossings on Dec 31, 2007.
- Few Canadians view agents as important influencers in destination choice or for information gathering, preferring more independent media such as the Internet.
- Canadian consumers are highly value conscious and are motivated by “good value deals”.
- Studies show that the Internet is dramatically transforming the Canadian travel industry. Over two-thirds of Canadian web users have used the Internet to obtain travel information, while 25% have made some of their travel purchases on-line.
- The vast majority of those who have booked travel on-line are now using traditional travel agents less because of the Internet and it is projected that over half of all Canadian adults could be using the Internet to book their travel in the near future.
- Canadian travel agents are more pro-active in their promotion of leisure travel than American agents who are driven by their corporate accounts.
- While more Canadians are buying their travel on-line, this has not replaced the need for the storefront travel agent. What Internet travel sites have done, is change the role of the travel agent. Internet travel websites perform a valuable service for Canadians looking for a flight, hotel and/or car rental for a domestic or U.S. business or leisure trip. However, the more complex and costly the trip, the more likely the traveller is to use a travel agent.
- Off-line agencies are beginning to use the power of the Internet to develop personal relationships with their clients through e-communications.
- Business travel within Canada is expected to grow by CAD\$14 Billion in the next 10 years. (*Meeting Professionals International 2005*)

## NORTH AMERICA MARKET REPORTS

### COMPETITION

- The top ten overseas destinations for Canadians in 2004 — U.K., Mexico, France, Cuba, Dominican Republic, Germany, Italy, Netherlands, Spain and China.
- The top ten U.S. destinations for Canadian travellers in 2004 — New York, Florida, Washington, Michigan, California, Nevada, Maine, Minnesota, Vermont and Pennsylvania.
- In January 2006, Canadians took more than 1.3 million overnight trips to the U.S. — the highest level in over twelve years. (*Statistics Canada*)

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### THE CANADIAN TRAVELLER

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- Canadians are knowledgeable, independent travellers who are accustomed to a high standard of living, a quality service and expect value-for-money product.
- Canada's wealthiest (annual household income of at least CAD\$200,000) take an average of three vacations per year, expect to pay \$5,000 per person, per trip and are more interested in collecting experiences and memories than possessions. 76% shop around for the best price but the majority agrees that quality and good service are more important than the price tag. (*Leger Marketing*)

#### Media Habits

- There has been a significant change in the growth and diversity of media distribution channels.
- Viewership of specialty TV has doubled in the past five years. (*Statistics Canada*)
- Readership of community newspapers by professionals has grown to 67% compared to 52% who read daily newspapers. (*ComBase 2004 Study*)
- Major daily newspapers and magazines actively promote their on-line editions.
- Lifestyle magazines are widely read and provide an excellent means of reaching consumers with targeted messages.

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### CANADIAN VISITORS TO THE YUKON

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- The total number of Canadian visitors to the Yukon in 2005 was 64,960 which showed no significant change over 2004.

The Yukon's Visitor Exit Survey 2004, which covered the period

June to September 2004, revealed the following information about Canadian visitors to the Yukon:

- The total number of Canadian visitors to the Yukon during the period was 35,505 — an increase of 5% since 1999.
- 14% of visitors to the Yukon were from Canada — a total of 19,714 visitor parties. 33% were from B.C., 28% were from Ontario, 22% were from Alberta and 17% were from the other provinces.
- There has been a significant shift in the provincial share of visitors since 1999; B.C. has declined by 9%, Ontario and Alberta have both increased by 6% and other provinces have increased by 3%.
- Ontario visitation is up 72% since 1994.
- The average party size for Canadian visitors is 1.8 compared to the average of 2.3.
- The average length of stay by Canadian visitors was approximately eight nights, a decrease of one night, compared to 1999. Canadian visitors also spent three nights in Alaska and five nights elsewhere.
- Canadian visitors stayed approximately three times longer than visitors from the United States, who stayed approximately three nights.
- Canadian visitors spent a total of \$22,135,000 or 29% of all visitor spending.
- The average spent by Canadian parties was \$819 compared to an average of \$396.
- Canadians spend the most per day — \$90 (up \$11 since 1999), which compares to \$76 per day by Americans and \$59 by other nationalities.
- The breakdown in expenditure between the Yukon's key markets was:
  - British Columbia \$6.8M (31%)
  - Ontario \$5.8M (26%)
  - Alberta \$5.5M (25%)
  - Other provinces \$4.1M (18%)
- Average expenditure while in the Yukon was highest among visitors from Quebec (\$1,364) and lowest among visitors from British Columbia (\$633).
- Of the Yukon's top three provincial markets, Albertans are the biggest spenders, spending an average of \$1032 per trip.

## NORTH AMERICA MARKET REPORTS

### COUNTRY OVERVIEW—U.S.

TOTAL POPULATION	293 MILLION
MAJOR MARKETS	NEW YORK 16.7M LOS ANGELES 3.8M SEATTLE 2.1M CHICAGO 7.0M WASHINGTON DC 4.0M BOSTON 2.9M PHILADELPHIA 4.4M SAN DIEGO 3.0M DENVER 1.7M
LANGUAGE	ENGLISH
CURRENCY	U.S. DOLLAR (USD)
EXCHANGE RATE <sup>4</sup>	1 \$CAD = 0.87 USD
AVERAGE RATE 2005 <sup>5</sup>	1 \$CAD = 0.83 USD
GDP GROWTH FORECAST <sup>6</sup>	2006 2.8% 2007 2.5%
GDP PER CAPITA WORLD RANKING	5
GST/VAT	SALES TAX AT POINT OF SALE VARIES FROM STATE TO STATE
ANNUAL LEAVE ENTITLEMENT	2 WEEKS
INTERNET ACCESS <sup>7</sup>	68.1%
INTERNET GROWTH 2000–2005 <sup>8</sup>	113.8%

### KEY TRAVEL INDICATORS<sup>9</sup>

TOTAL OUTBOUND MARKET 2004	67.8M
FORECAST GROWTH	82.9M BY 2010
VISITORS TO CANADA 2005	14.4M (-4.6%)
MARKET POSITION FOR YUKON 2005	1
TOTAL YUKON VISITORS 2005	230,655
PERCENTAGE OF YT NORTH AMERICAN MARKET	77.9%
PERCENTAGE OF YT OVERSEAS MARKET	71.1%
MARKET PRIORITY	PRIMARY

### ECONOMIC & POLITICAL OUTLOOK<sup>10</sup>

- The U.S. population is growing and aging. The proportion aged 10 to 24 is forecast to decline, while the proportion aged 50-79 are forecast to grow. By 2018 there will be more than 50 million U.S. citizens aged 65+ according to the U.S. Census Bureau (representing nearly one-in-six of the population).
- The President is struggling to build momentum behind his domestic policy agenda. Mr. Bush's approval ratings are low, public concern about military intervention in Iraq is high and his Republican Party is suffering from a series of scandals.
- Federal finances will remain in deep deficit, given the

demands of defence and homeland security and limited resolve to plug holes in the budget. Monetary policy tightening will continue at a measured pace, but the upward cycle of U.S. interest rates is nearing its end.

- The final rate increases in the first half of 2006 and high oil prices will have an adverse effect on highly indebted U.S. consumers, thus affecting discretionary spending.
- The U.S. dollar will come under renewed downward pressure in 2006 and 2007 as market attention returns to the U.S. current account deficit, which is forecast to remain above 6% of GDP in both years.

### TRAVEL MARKET OVERVIEW

- After some years of unfavourable outbound travel conditions resulting in a switch to domestic travel, some pent-up demand for outbound travel is assumed.

### TRAVEL TRENDS

- In 2004, as a result of Americans travelling closer to home, U.S. international outbound travel suffered, declining from 64 million room-nights to 47 million—a 26.4% setback. In 2004, leisure travel stabilized while business travel still declined.
- Leisure travellers now provide the most industry room-nights and the profile of leisure travellers has changed with the Generation X (1965–1980) surpassing the Boomers (1946–1964) in growth.
- Canada gained some share of a declining U.S. outbound travel market post 9/11, as Canada was seen as a safe alternative for travel. However, the gain in share has dissolved since 2002, losing 9% of leisure person-stays, and has remained depressed. Canada's net losses are significant, representing an estimated \$1.2 billion in foregone revenues since 2002. 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%). By comparison, the business segment grew only 1.5% in 2004. Leisure grew from 71% of all person-stays in 1992 to a record 75% in 2004.
- The appeal of spa vacations has increased markedly and spas have become increasingly popular in the U.S.
- Some American travellers are also becoming more



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sophisticated, eschewing the traditional “grand tour” in favour of self-improvement and self-enlightenment. In short, they want to return from a vacation feeling as if they have achieved or experienced something.

- Niche markets are becoming more important. The buying power of the Hispanic market is currently USD\$401 billion and is expected to reach \$558 billion in 2006. The African American market is \$488 billion and is expected to reach \$610 billion in 2006. (*Market looks, Marketresearch.com*) Both markets are tech savvy and have a strong propensity to travel.
- At the luxury end of the market, American Express’ Departures Magazine’s 2004 survey of Platinum and Centurion Card members concludes that “experiences” are what count most for today’s luxury consumer — not material goods. 59% receive the greatest personal satisfaction from experiences like fine dining, travel, entertainment, cultural and art events, and sporting events. The company’s most affluent card members said they wanted to ease their busy and hectic lives with experiences that make them feel special.
- The profile of the U.S. consumer is changing in that the middle-market is better educated, more sophisticated, better travelled, more adventurous and more discerning than ever before.
- The Boston Consulting Group’s 2004 research identified what it classifies as a new trend of “Trading Up.” Travel and vacations rank as number two in a top ten index of categories for what Boston Consulting term as “rocketing,” where almost every American spends a disproportionate amount of his income in a category that holds great meaning.

### COMPETITION

Note: The U.S. market for Canada falls into three separate geographic categories:

short-haul = northern border states

mid-haul = mid-U.S. states

long-haul = southern states

- Canada’s strongest competition comes from domestic U.S. destinations, particularly in the short and mid haul markets:

#### *Short-Haul Market*

- U.S. domestic is a primary competitor, all seasons
- Caribbean and Mexico more considered in winter season only

#### *Mid-Haul Market*

- U.S. domestic is primary competitor
- Caribbean and Europe strongly considered in spring/summer/fall seasons, followed by Canada
- Caribbean and Mexico strongly considered in winter season, followed by Canada

#### *Long-Haul Market*

- Almost equal consideration for Mexico and Caribbean as fall/winter destination
- Europe, Caribbean, and Mexico equally considered as spring/summer/fall destination
- Consideration of Canada is highest among short-haul markets and declines with distance. Europe is less of a competitor in the short-haul markets but increases in mid and long-haul markets. In the short-haul market, the U.S. remains the primary competitor for all seasons. The Caribbean and Mexico are more likely to be considered in winter, but Canada is on the consideration set in spring/summer and fall surpassing the Caribbean and Europe in preference. For non-Canada travellers in the mid and long-haul markets, the U.S. is the primary competitor and Canada is rarely in the consideration set.
- From 1999 to 2004, Canada lost 4% market share of U.S. outbound overnight travellers, but it still captures the largest amount at 28%. Mexico at 21% market share (+7%) and the Caribbean with 19% (+4%) have gained share while Europe has declined 7% to 20% market share.
- Over the next 12 months, Canada will compete directly with the U.S. and Europe as a preferred leisure destination, followed by the Caribbean and Mexico.
- U.S. residents who have visited Canada are more likely to consider visiting Canada but represent only 23% of U.S. outbound travel.
- Canada has more opportunities with U.S. non-Canada



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travellers, but their consideration of Canada as a travel destination is much lower as they focus more on the Caribbean and Europe.

- Top ten destinations 2004—Mexico, Canada, UK, Italy, Puerto Rico, France, Germany, Bahamas, China and Jamaica.
- The world's cruise lines are committed to investing well over \$14 billion over the next four years, including 26 ships and 72,000 new berths. Forecasts revealed that major lines carried 11.7 million passengers in 2005 with a 4.5% growth expected in 2006.

### WESTERN HEMISPHERE TRAVEL INITIATIVE

- Possibly the most critical issue facing the Canadian tourism industry is that of the Western Hemisphere Travel Initiative (WHTI).
  - Forecasters surveyed by the Conference Board of Canada estimate that tourism will drop in 2007 and 2008 as the Western Hemisphere Travel Initiative (WHTI) is implemented. This new regulation passed by the United States is scheduled to be phased in over the next two years. The WHTI will require travellers entering or re-entering the U.S. to have yet-to-be-determined secure identification (most likely a passport).
  - If implemented as currently planned, the WHTI would result in a loss of 7.7 million inbound trips from the U.S. and a shortfall in international travel receipts of \$1.7 billion as well as a net shortfall of \$1.6 billion in overall industry revenues after adjusting for domestic substitution effects. (*Canadian Tourism Commission forecast*)
  - Studies by the province of Ontario indicate that they face losing 13.6% of U.S. visitors in 2008, with a revenue loss of CAD\$700M and 7,000 jobs.
  - Passport possession rates among U.S. adults in Ontario's near and mid U.S. markets was 37.5% in May 2005.<sup>11</sup>
  - Passport ownership continues to grow among U.S. citizens, with State Department figures showing that the number of new passports issued to U.S. citizens in fiscal year 2004 was 8.8 million, a 21% increase on 2003.
- where they want to go and for how long, before they consider the price tag. As TIA's Senior Vice President commented "the destination or company that gets travellers interested in their offerings before the question turns to price has an advantage."
- As the U.S. market is becoming so advanced in terms of the Internet, if a business wants the consumer to book directly, they will need to have a website with an on-line booking facility.
  - There has been a huge increase in American consumers using the Internet to purchase travel. Airline, hotel and on-line travel agency sites are the travel websites most accessed.
  - In excess of 30% of on-line travellers initiate their search for travel information by typing a keyword or phrase into a search engine like Google.
  - Research conducted by Visit Britain found that generally, the Internet is the most common source of information for international travellers and travel agents the second—throughout the stages of planning a trip.
  - Brochures are not used as commonly (fourth choice) with a fifth of consumers using a brochure when deciding on a destination and when planning an itinerary. Only 11% used a brochure when booking a trip. American travellers' reliance on travel agents in planning and booking vacations has lessened dramatically, largely as a result of the Internet.
  - Virtuoso's (exclusive network of over 6,000 elite travel specialists in North and South America) regular member surveys give insight into the lifestyles of the world's wealthiest travellers:
    - hottest travel trend younger (34–52 years) = 24% active / adventure
    - hottest travel trend older (53+) = 44% luxury cruises
    - escorted group travel is declining in popularity regardless of age
    - outdoor/nature components are an increasing trend
    - 66% of clients use Internet to access travel information
    - sources of influence with biggest impact on clients' travel choices: 55% recommendation; 19% travel magazines; 8% lifestyle/culinary magazines with travel sections

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### THE AMERICAN TRAVELLER

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- Research from Travel Industry Association of America (TIA) shows that U.S. leisure travellers are tending to decide upon

## NORTH AMERICA MARKET REPORTS

### AMERICAN VISITORS TO CANADA

- The perception of Canada as a vacation or getaway destination depends primarily on the visitor's distance to Canada. Most of the short-haul market sees Canada as a getaway, while the long-haul market is more likely to view Canada as a vacation (four or more nights) destination. Two main factors influencing the choice of destination in the past year included a desire to have fun and a need to explore.
- References in popular culture can be powerful in driving top of mind recall of Canada. Events such as the NHL hockey strike may result in unexpected side effects, reducing reminders of Canada and removing Canada from the "travel radar." The consideration set for the short-haul market with respect to Canada tends to be very myopic, focused almost exclusively on their northern corridor destinations. Previous visitors to Canada from the mid-haul market expressed a fondness for Canada although Canada was not necessarily on their list of places to visit in the future. Non-Canada travellers in the mid- and long-haul markets do not seem to have a cohesive understanding of Canada as a destination. Additionally, travellers in the long-haul market tend to compare trips to Canada with other intercontinental destinations such as Europe, Asia, and Australia/New Zealand.
- In 2005 there were 8.77M (down 6.7% on 2004) U.S. visits by automobile and 5.61M (down 1.1%) visits by non-auto transport.

The CTC recently conducted an extensive survey to explore changing U.S. travel trends. Some of the results include:

In terms of likelihood of visiting Canada:

- The short-haul market is the most likely to travel to Canada, followed by the Caribbean and Europe.
- The mid-haul market is most likely to travel to Canada, followed by Europe and the Caribbean.
- The long-haul market is the most likely to have travelled outside the U.S. and prefer Europe, followed by Canada and Mexico.

Awareness of Canada by the American traveller is an issue.

- Unaided and aided awareness of Canada advertising declined gradually with greater distance from Canada.
- Canada travellers stated higher aided recall of Caribbean,

Mexico and Europe advertising followed by Canada.

- Non-Canada travellers— aided recall was higher for the Caribbean, Mexico, Europe, Australia/New Zealand than for Canada.

#### *Short-Haul Market:*

- Aware of what Canada has to offer
- Total awareness highest of regions (42%) yet unaided awareness at half that of all competitors.

#### *Mid-Haul Market:*

- Unaided Canada awareness (7%) less than half of competitors' levels.
- Total awareness also near or below half of competitors' levels. Positive responses to Canada, but it is not top of mind.

#### *Long-Haul Market:*

- Lack compelling reason to visit Canada because they don't know what Canada has to offer.
- Canada has lowest unaided awareness among all U.S. markets.
- Canada has lowest unaided awareness among Canada, Europe, Mexico, and Caribbean.

Survey participant perceptions of Canada:

- Among U.S. outbound travellers, Canada scores favourably in peaceful/relaxing, authentic experience, exploration, and safety.
- Among the U.S. outbound travellers, Europe scores favourably on conveying a feeling of exploration, delivering authentic experience, romantic atmosphere, insight into other cultures, and uniqueness.

Canada's weakness: consumers prefer

- a more authentic experience
- beach and waterfront experiences
- more unique experience
- greater insight into other cultures
- A large gap exists between visitor ratings versus the target market ratings of Canada's ability to deliver authentic or unique experiences.
- Canada travellers rate Canada higher across all attributes than do non-Canada visitors.

## NORTH AMERICA MARKET REPORTS

- Among eight competing destinations (excluding the U.S.), Canada is the top country choice for participating in the following activities:
  - hiking/trekking (58%) but closely followed by Australia/New Zealand and Europe
  - downhill skiing and snowboarding (57%)
  - snowshoe/snowmobile/cross-country skiing (47%)
  - visiting national parks (45%)
  - hunting/fishing (44%)
  - camping/RV (43%)
  - canoe/rafting/kayak/whitewater rafting (27%) but closely followed by Australia/New Zealand, Caribbean, and South America
- Based on spending, California, New York and Michigan offer the highest potential returns followed by Illinois, Washington, Ohio and New Jersey.

The research also determined which image elements should be included in marketing initiatives for the U.S. market, as well as those to avoid:

### *Elements to Include:*

- unique-special
- relaxing
- more than a weekend getaway
- providing an authentic experience
- different than home
- romantic
- variety of dining, etc.
- outdoor opportunities
- insight to other cultures
- safe (background element)

### *Elements to Avoid/Minimize:*

- cold bad weather
- a simple getaway
- a weekend getaway
- similar to home
- too much outdoor
- rugged outdoor
- your neighbor next door — right next door

Perceived travel barriers to Canada:

- Other more interesting places to see (31%).
- Cost focused air (20%), hotel (18%), and value (17%)
- Price of gas (only significant for short-haul markets — 20%).
- Feeling of “been there, done that” (16% — declines with distance).
- Border crossing issues (12% — only significant for short-haul markets).
- Cultural/political differences (insignificant at less than 5%).
- One major shift occurring with U.S. visitors to Canada, is that their average household income has risen to a new peak in 2004. This was driven by the growth of share in older more affluent travellers and a share drop in younger less affluent travellers. Since 2000, a change in share of room-nights by life stage has driven changes. The greatest growth has occurred with the more affluent couples aged 35–54, 18–34 year-olds with no children and the 55+ couples. The greatest losses are among the less affluent 35–54 year-olds with families.
- Among U.S. residents, Canada captures a higher share of educated travellers than the does the U.S.
- According to the Anholt–GMI Nation Brands Index (Wave 3 2005), Canada is ranked 4th (after Australia, UK and Italy) out of 24 destinations that would be likely for a leisure visit “if money were no object.”
- The Brand Index also found that Americans believe that Canadians would be the second most welcoming nation, after Australia.

*Sources for this report: Changing U.S. Travel Trends to Canada Findings and Executive Summary—Canadian Tourism Commission, Visit Britain Market Profile—U.S., Visit Britain Market Intelligence Report Jan 2006, Tourism Australia Country Overview—U.S.*

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## AMERICAN VISITORS TO THE YUKON

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- The U.S. Market for over 230,000 visitors in 2005 — over 70% of total visitation.
- Private vehicle traffic was down 3.1%, while motorcoach was up 19.7%.
- A lower U.S. exchange rate and rising gas prices have a negative impact on visitation from the U.S.
- The key motivators for U.S. visitors continues to be outdoor experiences and touring.

## NORTH AMERICA MARKET REPORTS

### COUNTRY OVERVIEW — MEXICO

TOTAL POPULATION	105 MILLION
LANGUAGE	SPANISH
CURRENCY	MEXICAN PESO (MXN)
EXCHANGE RATE <sup>12</sup>	1 \$CAD = 9.40 MXN
AVERAGE RATE 2005 <sup>13</sup>	1 \$CAD = 9.01 MXN
GDP GROWTH FORECAST <sup>14</sup>	2006 3.2%
	2007 N/A
GDP PER CAPITA WORLD RANKING	86
ANNUAL LEAVE ENTITLEMENT	6 DAYS
INTERNET ACCESS <sup>15</sup>	16.2%
INTERNET GROWTH 2000 – 2005 <sup>16</sup>	526.6%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>17</sup>

TOTAL OUTBOUND MARKET 2004	13.1M
FORECAST GROWTH	17.6M BY 2010
VISITORS TO CANADA 2005	189,357 (9.3%)
TOTAL SPEND 2004	\$232M
MARKET POSITION FOR YUKON 2005	9
TOTAL YUKON VISITORS 2005	582 (10.9%)
PERCENTAGE OF YT NORTH AMERICAN MARKET	0.2%
PERCENTAGE OF YT OVERSEAS MARKET	0.18%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (45.1%)
	SEP – OCT (14.65%)
SPEND PER PERSON/TRIP 2004	\$1225
AVERAGE STAY 2004	3 NIGHTS OR LESS = 26%
	4 – 9 NIGHTS = 29.6%
	10 – 16 NIGHTS = 17.1%
AVERAGE AGE 2004	20 – 34 = 29.1%
	35 – 54 = 33.03%

### ECONOMIC & POLITICAL OUTLOOK

- Mexico is a federal republic.
- The Mexican population is growing and aging.
- Wide geographical differences exist in the standard of living enjoyed by Mexicans. In broad terms those closest to the U.S. border tend to be more affluent.
- According to the World Bank, around half the population live in poverty, with around a fifth living in extreme poverty.
- Mexico's economic performance is determined in large measure by that of the U.S., and as a result growth increased to 4.4% in 2004, with an expectation that it will slow to 3% by 2006.
- Around one-third of government revenue is generated through oil production.
- The economy received a boost from booming inbound tourism during 2004. The country welcomed 10% more visitors with total visitor receipts of just under \$11BN. However hurricane damage during 2005 has been a major, but probably short-lived, set back for the tourism sector.

### OUTBOUND TRAVEL MARKET

#### TRENDS

- Increasing wealth and security has brought the first entry of imported "luxury" brands and products over recent years. Mexico now boasts a growing number of luxury consumers. This growing wealth and freedom to spend (in contrast to historical high tariffs, import restrictions, etc.) offers great potential to the long-haul travel, luxury market.
- Mexicans are receptive to quick response promotions—short planning and booking times are the norm for travel.



## NORTH AMERICA MARKET REPORTS

- Use of travel agents is low.
- Evidence suggests that many international travellers will be swayed by a promotional fare or package—this is the most important factor in factors influencing choice of destination, followed by previous visit experience and having family or friends based at the destination.
- Of those using the Internet for travel purposes, most will use it purely as a source of information, with payments and booking reserved for telephone or face-to-face transactions.
- With the number of Mexicans on-line set to increase over the next few years, there is a lot of potential to target the consumer via e-mail.
- Print media offers a good route to market for the cultured elite market (25–54). In this medium, newspaper readership outstrips magazine coverage, although new magazine titles offer inspirational/lifestyle choices.
- The Internet is the most popular media among the youth segment (16–24).

### COMPETITION

- Top ten Destinations 2004—U.S., Spain, Canada, Italy, France, Cuba, Guatemala, UK, Brazil, Germany

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### THE MEXICAN TRAVELLER

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Two key core Mexican markets are:

cultured elite (25–54 years)

youth (16–24 years)

- Both these segments are more tightly defined within the AB social demographic, based in major urban centres, predominantly Mexico City.
- High end accommodation, gastronomy and travel options will continue to appeal to the cultured elite. They also want to stay in luxury four to five star accommodation, in a good location and which reflects the local culture.
- The quality of food and drink in Mexico is high. As discerning eaters, Mexican visitors expect high quality and value for money.
- Many Mexican travellers speak a foreign language—usually English. Brochures and information in Spanish are always helpful, although nearly all travellers will speak good English.

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### MEXICAN VISITORS TO CANADA

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- As a short-haul market, there is a higher propensity to shorter stay visits than other tertiary markets. 26% of visitors only stay three nights or less.
- The age group is also younger than other more mature markets, with 29% being 20–34 and 33% are 35–54.
- 52.2% of visitors come for holiday purposes and 18% for VFR.
- Canada is viewed more as a secondary English as a second language (ESL) destination after the UK.
- According to the Anholt–GMI Nation Brands Index (Wave 3 2005), Canada is ranked 3rd (behind France and Italy) out of twenty-four destinations that would be likely for a leisure visit “if money were no object.”
- The Nation Brands Index (Wave 3 2005) also ranked Canada as the country that the Mexican respondents would be most willing to live and work in for a substantial period of time.

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### MEXICAN VISITORS TO THE YUKON

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- Opportunities exist in the ESL market.
- Yukon experienced a substantial increase in visitation from Mexican clients in the winter of 2005/06 for northern lights/aurora viewing.
- Use of the Internet to provide promotional offers could be one way of encouraging Mexican travellers.
- As use of the trade is low, direct to consumer marketing tactics are key—print media advertising, non-traditional partnerships and e-marketing.
- Yukon industry partners have noticed an increase in interest from the Mexico market, so timing seems appropriate to explore the potential of the market.
- Yukon is planning to participate in the Conozc Canada 2006 (CTCC) marketplace in Mexico City in September 2006 to further explore opportunities for Yukon in Mexico.

*Sources used in this report: Visit Britain Market Profile–Mexico, 2004 International Travel Survey*

# MARKET PRIORITIES

## EUROPE

Since 1999, over 140,000 European travellers have visited the Yukon. This is a conservative estimate as official border crossing statistics do not include air arrivals into Whitehorse from Vancouver, Edmonton or Calgary, or those travelling up the Alaska Highway or the Stewart Cassiar Highway and entering at Watson Lake. Although many of these travellers venture into Alaska and cross the border back into the Yukon (and thus would be captured in the border crossing statistics) many travel exclusively in the Yukon and are not included in the final border crossing figures.

Collectively, the European markets have decreased since 2000 with a slight resurgence of visitors in 2004 and 2005. Individually however, three of Yukon's seven top countries recorded increases over 2004 levels, with the exceptions of Germany, France, Austria and Switzerland, which showed small decreases. When compared to 2005, total European visitation grew by 7.5% or over 1,456 visitors. This is important as overseas markets generally spend more time in the Yukon and spend considerably more money per party than visitors from the United States.

### Annual Yukon Border Crossing Statistics 1999–2005 – EUROPE

	1999	2000	2001	2002	2003	2004	2005	Total
Germany	11,298	10,491	8,346	7,457	7,776	8,724	8,426	62,518
United Kingdom	3,841	3,971	3,564	3,720	3,977	3,869	5,454	28,396
Switzerland	2,707	3,331	2,980	2,213	2,601	2,206	2,145	18,183
Netherlands	917	1,235	1,151	1,355	1,237	1,209	1,343	8,447
France	956	824	634	592	703	669	631	5,009
Austria	605	962	529	473	544	677	525	4,315
Italy	677	541	457	458	362	530	583	3,608
Other	1,499	1,477	1,234	1,188	1,371	1,491	1,724	9,984
Total	22,500	22,832	18,895	17,456	18,571	19,375	20,831	140,460

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.

## AIR

In 1998, direct charters from Europe to Whitehorse were established and have increased in frequency and popularity. In the first seven years of operation 28,306 European travellers landed in Whitehorse directly from Frankfurt or Zurich (Condor, Balair, Air Transat). With increased air access and focused product development in the Yukon this market can only continue to expand.

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — GERMANY

TOTAL POPULATION	82.431 MILLION
MAJOR MARKETS	BERLIN 3.9M HAMBURG 3.3M MUNICH 2.3M FRANKFURT 2.7M STUTT GART 2.3M DUSSELDORF 0.57M
LANGUAGE	GERMAN, ENGLISH WIDELY SPOKEN
CURRENCY	EURO (EUR)
EXCHANGE RATE <sup>18</sup>	1 \$CAD = 0.71355 EUR (AT JAN 27, 2006)
AVERAGE RATE 2005	1 EUR = 1.50991 CAD
GDP GROWTH FORECAST	2006 0.9% 2007 1.7%
GDP PER CAPITA WORLD RANKING	20
GST/VAT	16% VAT
ANNUAL LEAVE ENTITLEMENT	5–6 WEEKS
INTERNET ACCESS <sup>19</sup>	59%
INTERNET GROWTH 2000–2005 <sup>20</sup>	103%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>21</sup>

TOTAL OUTBOUND MARKET 2004	77.9M
FORECAST GROWTH	89.4 BY 2010
TOTAL VISITORS 2005	324,373 (8.2%)
TOTAL SPEND 2004	\$397M (15.1%)
MARKET POSITION FOR YUKON 2005	1
TOTAL YUKON VISITORS 2005	8,426 (-3.4%)
PERCENTAGE OF YT EUROPE MARKET	40.4%

### PERCENTAGE OF YT OVERSEAS MARKET MARKET PRIORITY

30%  
PRIMARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUL–SEP (47.7%) MAY–JUN (22.6%)
PREFERRED DESTINATIONS 2004	ON–26% BRITISH COLUMBIA–25%
SPEND PER PERSON/TRIP 2004	\$1341
AVERAGE STAY 2004	15.8NTS
AVERAGE AGE 2004	25–44 = 39% 45–64 = 36%

### ECONOMIC & POLITICAL OUTLOOK<sup>22</sup>

- The 2006 economic outlook for Germany is better than it has been for several years—key economic indicators are all pointing up and the growth forecast has been raised.
- The December 2005 consumer sentiment survey by GfK found that German households were more willing now than they have been in the past four years to go out and spend money.
- VAT is due to rise by 3% to 19% in 2007 which could be driving the increased consumer spending as people bring forward big-ticket purchases ahead of the rise.
- Expectations are that private consumption will decrease by 0.3% after a recovery in 2006.
- Inflation will continue to be boosted by high oil prices in 2006.
- Unemployment also looks set to improve—the jobless rate fell to 11.2% in December from 11.4% in November.
- Statistically, there is a strong relation between the value of the German mark/Euro and the willingness of the German tourist to travel overseas. Past evidence indicates that when the German mark is strong, travel increases to North America. The exchange rate appears to be one of the most important factors affecting travel between Germany and North America within the last few years.
- A strong Euro will encourage holidays to non-Euro destinations and a weak Euro favours trips within the Euro zone. The Euro is currently reasonably strong against the USD.
- In November 2005, Germany elected a new chancellor — Angela Merkel. The coalition between the Social Democrats

## EUROPE MARKET REPORTS

(SPD) and the Christian Democrats (CDU)/Christian Social Union (CSU) has set itself goals to minimize the state bureaucracy and regulation and to return the German economy to the top three in Europe by 2015.

- Despite a massive and continuing travel account deficit, the federal government's stance toward tourism remains positive with no intervention on the domestic scene, or impediments to foreign travel.

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### OUTBOUND TRAVEL MARKET

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- Germany is the world leader in terms of trips and nights spent abroad—second only to the U.S. in terms of travel spending. While the average German still out-travels and out-spends the typical American tourist, there are three times as many Americans as Germans.
- Germans take significantly more international than domestic holidays. In 2005, 47.8 million Germans undertook at least one holiday (five days or longer) which equals a holiday travel propensity of 73.6%. (*Source: Reiseanalyse 2006*)
- After a slump in 2002/03, the German long-haul holiday market recovered to four million trips in 2003/04. The largest long-haul destination is North America with 1.4 million trips, ahead of Asia/Australia (1.1M), the Caribbean (0.6M), Africa (0.5M) and Central/South America (0.4M). ([www.fvw.com](http://www.fvw.com) Jan 28, 2006)

### TRAVEL TRENDS

- Issues which could impact the German travel industry in 2006 are weak consumer demand, rising prices due to fuel surcharges and the football World Cup in Germany.
- On-line bookings continue to grow, especially for air and rail travel.
- There is a clear trend away from traditional packages towards more flexible holidays based on individual combinations of different modules. Seat-only sales still represent the largest single booking form.
- The trend towards individual holidays is most marked for the U.S. and Canada. Of the 1.42 million trips in 2003/04, 0.31 million (21%) were in the form of modular holidays compared to 0.28 million traditional packages, while 0.83 million trips were based on seat-only sales.
- Senior citizens are the driving force in tourism and its

importance for the German holiday market is increasing.

Currently, the travel propensity of those aged 60–69 is 75%, for those over 70 it is 60%. Seniors currently represent 29% of all holiday-makers and 48% of all travel packages sold by travel agencies.

- The “new” seniors (those currently aged 40–59) will not only be even more inclined to travel than today's seniors, but also have more differentiated demands on their holiday. They will travel more and differently in their retirement than the current senior generation. Their long travel experience, financial possibilities and state of health will create very demanding and powerful consumers with firm ideas about their holidays. (*Source: Reiseanalyse 2006*)
- Travel among seniors is growing at a faster rate than any other group. Trends show fewer bookings in high season and strong interest in shoulder season travel. Long-haul products—which appeal to this group—are escorted tours, fly-drives with accommodation, spa, soft-hiking, special interest study tours etc.

### COMPETITION

- Given the size of the market, competition for Germany's outbound travellers is intense.
- Canada's main competitors are the U.S., Asia, Australia and South Africa; with a similar focus to that of Canada—“value for money” and urban and nature/outdoor appeal.
- Product offerings are also similar—national parks, motor home, fly/drive and cottages.
- The German cruise market is booming within Europe (rather than long-haul destinations). In 2005, the market was up 8.5% to 965,000.
- Top ten destinations 2004 for Germans were Spain, Austria, Italy, France, Turkey, Netherlands, Hungary, Greece, U.S., Denmark and Portugal. (*Source: Tourism Australia and Euromonitor Estimates*)

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### THE GERMAN TRAVELLER

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- Vacation and travel are extremely important in German life. When it comes to lifestyle cutbacks, the Germans would rather save on hobbies, cars and entertainment than on travel, which ranks right behind food and drink, shelter and clothing on their list of priorities.



## EUROPE MARKET REPORTS

- They are very price sensitive and will make travel bookings to take advantage of special prices.
  - Germans enjoy very generous holiday entitlements — minimum five weeks vacation leave and ten public holidays annually.
  - Increasingly, environmental considerations are becoming part of the travel decision-making process. According to a recent survey, two out of five tourists prefer to spend their holiday in an unspoiled environment, or pick a “green” vacation spot. (Source: *Canadian Tourism Commission*)
  - Germans continue to be keen on safety and tend to stay away from destinations with recent catastrophes.
  - Health, security and individuality are the most important values for German travellers
  - They are careful planners, seeking detailed information from a range of sources prior to departure. They are savvy and shop around as part of their extensive planning process.
  - The lead time for bookings is longer than in other markets — between four to six months. While there is a trend towards shorter lead times, it is still hard to stimulate the market with distressed inventory sales.
  - Conversely, the rising popularity of Internet bookings continues to propel growth in low-cost air travel and dynamic packaging.
  - According to the 2004 Reiseanalyse, 62% of Internet users had already used it to gather travel-related information and 23% to book a holiday (or parts of it) on-line. The Internet is therefore hugely important in terms of information and marketing.
  - The travel trade continues to play a very strong role in Germany: in 2005, 54% of all outbound travel arrangements were booked through travel agencies. Retail agencies in Germany still have an influential role in the choice of holiday destination. (Source: *Visit Britain & Reiseanalyse 2006*)
- potential of combination visits by Germans travelling to the U.S.
- Around 23% of German long-haul travels go to the U.S. However, recent problems in the U.S. could influence this figure in a positive way for Canada.
  - The share of Germans coming directly to Canada has increased by 21% during the last ten years.
  - The CTC’s September 2005 Business Outlook Survey participants anticipated that the FIT segment is expected to maintain the strongest pace of growth, while growth in group leisure travel will be somewhat more restrained.
  - Tourism Australia’s Brand Health and Communications Study of the German market undertaken in April 2004 showed that:
    - In terms of inspirational travel, 18% of travellers stated they wanted to travel to Canada if they had all the time and money. This placed Canada in 4th position behind Australia (45%), New Zealand (28%) and the U.S. (23%).
    - In terms of intention to travel (within the next few years), 13% of travellers stated they wanted to travel to Canada. This represents an increase from the previous survey (July 2003) of 7%. Canada is in 5th position behind U.S. (24%), Australia (18%), Spain (18%), Italy (14%).
  - According to a survey by Ulaub & Reisen, around 10% of the entire population of Germany is currently expressing the wish to visit North America within the next three years. Previous surveys have shown that around two-thirds of those planning long-haul vacations do in fact take these holidays. (Source: *Canadian Tourism Commission*)
  - The CTC has identified the following product segments as offering the best potential for Canada:
    - soft outdoor adventure
    - winter experiences
    - cities
    - touring
    - hard outdoor adventure
  - There is also potential for specialist operators in more segmented activities such as wilderness experiences, farm and ranch vacations and Aboriginal cultural experiences.
  - While the primary market sector for Canada is the pleasure

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### GERMAN VISITORS TO CANADA

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- Recent CTC research has revealed that the awareness of Canada as a travel destination is very high.
- Combined visits to the U.S. and Canada are popular, and around 31% of all German visitors to Canada arrive via the U.S. This presents an opportunity to better exploit the



## EUROPE MARKET REPORTS

traveller, there is potential in the incentive market, which has been valued at over \$500 Million in Germany.

- 50% of German visitors are repeat travellers to Canada.

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### GERMAN VISITORS TO THE YUKON

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- This is a mature market with very experienced travellers and will therefore remain an important source market for the Yukon.
  - The Yukon offers many of the attributes being sought by the German traveller — scenery, nature, and rejuvenation.
  - As there is a 50% repeat visitation to Canada from Germany, there is potential in targeting past Canada passengers through promotions with retailers/wholesalers.
  - Research by the Canadian Tourism Commission's Germany office indicates that the main competitive advantage for Canada in the German market is its outdoors. It is also seen as a culturally diverse destination. Their recommendations of strengths which should be promoted are:
    - outstanding scenery, parks and wildlife
    - exciting sports
    - a safe, civilized country with friendly people
    - interesting cities
    - a large variety of cultural opportunities
    - "value for money" — a destination which offers quality accommodation, food and experiences for a reasonable price
  - The key factor in all of these aspects is the emphasis on nature — and this should always be a key component of communicating with the German consumer. The Yukon is clearly well-placed to capitalize on the German interest in nature and the outdoors.
  - Some of the perceived weaknesses in Canada's image present opportunities for the Yukon:
    - lack of interesting local people
    - lack of interesting history
    - lack of diversified experiences beyond the "outdoors"
  - The Yukon has a unique history in Canada as well as a community of interesting people, which could be used to address these perceived weaknesses in German perception of Canada.
- The RV self-drive market continues to be strong and the Yukon has also achieved success in expanding product range including winter product with tour wholesalers and operators. Yukon continues to out-perform many other jurisdictions in Canada.

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — UK

TOTAL POPULATION	60.442 MILLION
MAJOR MARKETS	BIRMINGHAM 2.3M LEEDS 1.4M LIVERPOOL 0.9M LONDON 7.6M MANCHESTER 2.3M TYNESIDE 1.0M
LANGUAGE	ENGLISH
CURRENCY	BRITISH POUNDS STERLING (GBP)
EXCHANGE RATE <sup>23</sup>	\$1 CAD = 0.49304 GBP (AT JAN 30, 2006)
AVERAGE RATE 2005	\$1 CAD = 0.45469 GBP
GDP GROWTH FORECAST <sup>24</sup>	2006 2.25% 2007 2.75%
GST/VAT	17.5% VAT
ANNUAL LEAVE ENTITLEMENT	23 DAYS
INTERNET USE <sup>25</sup>	62.9%
INTERNET GROWTH 2000 – 2005 <sup>26</sup>	145.5%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>27</sup>

TOTAL OUTBOUND 2004	64.2M
FORECAST GROWTH	72.8M BY 2008
TOTAL VISITORS 2005	906,179 (9.9%)
TOTAL SPEND 2004	\$1,115M (18%)
YUKON MARKET POSITION 2005	2
TOTAL YUKON VISITORS 2005	5,454 (41%)
PERCENTAGE OF YT ASIA/PAC MARKET	26.2%

PERCENTAGE OF YT OVERSEAS MARKET	19.4%
MARKET PRIORITY	PRIMARY

### VISITOR PROFILE<sup>28</sup>

SPEND PER PERSON/TRIP 2004	\$1392
AVERAGE LENGTH OF STAY 2004	12.8 NTS
PEAK VISITATION 2004	JUL – SEP (40.6%) MAY – JUN (21%) ONTARIO (35%) BRITISH COLUMBIA (25%)
PREFERRED DESTINATIONS 2004	OVER 55 = 40.3% 35 – 54 = 36.3%
AVERAGE AGE 2004	

### ECONOMIC & POLITICAL OUTLOOK<sup>29</sup>

- The UK economy is showing signs of a revival, although there are concerns over long-term stability. (*Source: Ernst & Young Item Club*)
- CPI to remain at around 2%, although if oil prices continue to rise it could put downward pressure on growth and upward pressure on inflation.
- While the 2005 London bombings do not appear to have had a macroeconomic impact, further terrorist attacks could result in depressed consumer and business confidence.
- The other potential economic threat is the possibility of bird flu.
- Any sharp correction to the housing market could result in a lowering of consumer confidence and spending.
- While it is expected that Tony Blair will remain in power until the next election in 2008, poor relations with his own party could force him to leave office earlier.
- Public finances have weakened sharply since 2001 and the government will have no alternative but to raise taxes in 2007 to fund increases in public expenditure.
- The government's main domestic priority is to deliver improvements in key public services such as health, education and transport. Their longer-term objective is to raise the country's productivity performance, which remains below the OECD average.
- There is little or no prospect of the UK holding a referendum on joining the European economic and monetary Union (EMU) over the next five years.



## EUROPE MARKET REPORTS

### OUTBOUND TRAVEL MARKET

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#### TRAVEL TRENDS

- Total outbound travel by UK residents increased by 4% during the 12 months ending November 2005 (from 64 Million to 66.4 Million). Two-thirds of these were holidays.
- The number of long-haul trips (four nights or longer) increased by 14%, while short stays declined slightly, although 45% of all holidays are less than a week.
- Visits to North America during the same period increased by 4% (to 5 million) although they have still not reached pre-2001 levels.
- In 2004, holidays accounted for 66% of total outbound trips. VFR and other leisure trips accounted for 24% and business travel for 10%.
- The UK has the largest number of low-cost and no-frills carriers which is helping to keep the outbound market buoyant.
- In 2004, 45% of UK outbound trips involved on-line booking for at least some component and a further 10% used the Internet for research. Therefore the “on-line” share of the market was 55%. There is a general trend towards the on-line booking of holidays. However 57% of long-haul bookings were made through agents.
- According to a report by the Association of British Travel Agents (ABTA) in July 2005, people are continuing to spend money on top-end holidays (UKL 2,500 or above for two people). These people want both value for money and excellent service.
- Beaches are the number one request for luxury seekers but increasingly, holidays that are experiential, inspirational, exclusive and unknown are being sought.
- The British Council Japan’s TrendUK states that “experiential” holidays are the new vogue for British travellers — whether trying something new in familiar places or going somewhere completely different.
- The major threat facing all outbound markets is that of a bird flu pandemic. In their UK Economic Outlook March 2006, Price Waterhouse Coopers state that the travel and tourism industry could be adversely affected even if fears of a global pandemic do not materialize.
- The July 2005 London bombings do not appear to have had

any long-term effect on travel confidence.

- Lead times for long-haul bookings are shortening to three to five weeks, although remain on average between three and six months.
- The trend towards on-line booking in all sectors of the travel and tourism industry continues to gain momentum, although for long-haul travel this option is mainly used for research, however on-line bookings for long-haul holidays are slowly increasing.

#### COMPETITION

- There is intense competition for the UK consumer by long-haul destinations and the travel advertising marketplace is crowded, making it difficult to be noticed.
- Canada’s major competition has always come from Australia and to a lesser extent New Zealand.
- The competitive travel environment in the UK remains as fierce as ever. Short-haul destinations, (i.e. Turkey), are reportedly taking a large share of growth.
- With the USD exchange rate continuing to offer good value to the GBP, the U.S. now more than ever represents a short-haul travel proposition. New York and LA are consistently rated as favoured destinations among Britons.
- China’s tourism industry is growing rapidly and 2005 saw an increase in UK arrivals of 20% due to increased air capacity, tour companies expanding their programs and new operators entering the market.
- During the summer 2005, ABTA members experienced growth in long-haul bookings to Africa (+45%), Cuba (+21%), Dominican Republic (+9%) and China (+10%). Without exception, these destinations are set to continue a growth trend in 2006.

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#### THE UK TRAVELLER

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- UK travellers tend to take at least one holiday a year regardless of the country’s economic situation.
- The top “dream destination” is Australia, mentioned by 15% of package holiday makers, followed by the U.S., New Zealand and Canada.<sup>30</sup>
- In early 2004, Tourism Australia, using a needs-based segmentation — based on the emotional and personal drivers behind people’s travel choices, conducted extensive market





## EUROPE MARKET REPORTS

research on the British long-haul traveller. They identified the following segments within the long-haul market:

- self-challengers
- comfort adventurers
- cocoon travellers
- taste and try
- pushing boundaries

Of these, the two with the greatest potential for Canada, and the Yukon in particular, are:

### *Self-Challengers:*

- Travel forms an essential part of life and they seek to challenge themselves. Experienced, passionate travellers, they want to explore and immerse themselves in the culture and lifestyle of the destination.
- Estimated market segment size — 1.8 million long-haul travellers — 12% of market.
- Destination inspiration — TV travel documentaries and travel books.
- Media preferences — Sunday Times, travel and arts section of the newspaper; BBC radio. They are the least likely to watch television or read magazines and have the highest use of the Internet.
- Planning time — shorter than other groups — they start planning approximately 25 weeks prior to departure and start booking 16 weeks ahead.
- Information sources — Internet, friends & family, airline websites, newspapers, magazines and travel guides.
- Travel trends — more likely to travel alone for about three weeks; highest proportion of all segments for travel of eight weeks or longer; budget to moderate accommodation; spend about UKL 80 per day; lower than average spend per day but the longest length of stay.
- Preferred vacation activities — walking or hiking, nature and wilderness activities, local food and wine, cultural events, visiting gardens, wildlife viewing, exploring the country and getting to know the local people.
- Destinations they would “seriously consider going to” — Australia, Argentina, New Zealand, China, Canada, Nepal, South Africa, Kenya/Tanzania, Thailand, Ukraine/Russia, Brazil.

### *Comfort Adventurers:*

- This market segment love to travel and do so as often as possible. They are “civilized” adventurers, experienced and confident long-haul travellers. Travel is an opportunity to get to know other cultures, but they don’t want to live like the locals. Most importantly for them, travel is a holiday — a chance for some rest and relaxation, some sightseeing, a chance for immersion into the “real” country and making the most of good tourism infrastructure.
- Estimated market segment size — 2.7 million long-haul travellers — 18% of the market.
- They seek to experience the unique and unusual without forgoing their creature comforts.
- They are more likely to be slightly older, retired, empty nesters, married, highly educated with a wide range of interests.
- They want to see destinations before they’re discovered by the masses.
- Destination inspiration — newspapers, specialist travel magazines and family who live there.
- Media preferences — local newspapers; Daily Telegraph; travel, business and arts sections of the newspaper; TV and entertainment magazines; hobby and leisure magazines; motoring magazines; National Geographic (above average usage); airline magazines and IT magazines; on-line magazines.
- They are more likely to listen to BBC4, local BBC stations, and Classic FM. TV viewing preferences include documentaries, holiday and travel shows, drama, news and current affairs and wildlife programs.
- They are the heaviest TV viewers and least frequent cinema goers.
- Their levels of Internet penetration and use are average, and they are most likely to access the Internet at home.
- Planning 26 weeks before departure and booking approximately 19 weeks prior.
- Main sources of planning information — newspapers and magazines, airline magazines, Internet travel sites, airline websites and travel agents.
- Key trait — open to marketing influences and are very likely to respond to publicity, promotions and branded



## EUROPE MARKET REPORTS

- destination messages.
- Travel trends — most likely to travel with their spouse or partner for about two weeks; moderate to luxury hotels; spend almost UKL 120 per person per day; total spend of UKL 2005 per trip — the highest of all segments.
  - Preferred holiday activities — food & wine, shopping, walking or hiking, visiting gardens, photography and sightseeing.
  - Destinations they would “seriously consider going to” — Australia, Thailand, Spain, Hong Kong, France, Malaysia, North America, China, New Zealand, Singapore and South Africa.
  - According to recent TGI data<sup>31</sup> there are currently about ten million adults in Britain who take two or more holidays abroad per year. These people are most likely to come from demographic segments that do not have children. The largest single group is the “Empty Nester” with a market size of 2.5 million.

### **Empty Nester:**

- Over 55, married without children at home.
- Very disparate in their attitudes and preferences.
- The younger sector (55–64s) is the most likely to crave vacation variety and to steer clear of package holidays. Older members want to return to familiar places and to have activities organized for them.
- Three times more likely than the average to go abroad September to November than in August.
- Distinctly more likely to book their holiday four or five months in advance — the cheap late deal is of less importance to them than it is for many others.
- Most difficult to reach via the Internet — a fact that is underlined by their relative reluctance to book their holiday on-line. Newspapers and TV seem to offer the most efficient route by which they can be reached — the reverse, unsurprisingly, of the situation among younger groups and an indication of what the future may hold.
- Equally drawn to both newspaper and magazine coverage.

- Other groups identified in the multiple foreign holiday takers include:

### **Midlife Independents:**

- 35 – 54, not married, no children at home.

### **Unconstrained Couples**

- 35–54, married, no children at home.

### **Senior Sole Decision Maker**

- 55+, living alone.
- In the meantime almost two-thirds of multiple foreign holiday takers do not use the Internet to book their holiday. Conventional, above-the-line, media remains a major influence both through editorial and advertising and, in a market that responds to fresh ideas and recommendations.

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## UK VISITORS TO CANADA

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- 2005 saw increased capacity and routes though the introduction of low cost airlines to Canada.
- A CTC Advertising survey conducted in 2002 listed Canada in unaided awareness in 5th place behind the U.S., Australia/New Zealand, Asia and the Caribbean.
- The major barriers in this market of sophisticated travellers were the appeal of other destinations, the desire to see new places and the perceived expense of travelling to Canada.
- Those surveyed generally saw Canada as a diverse and unique vacation spot with lots to see and do and particularly as a destination offering the outdoors and nature experiences.
- The key media sources stated for unprompted recall of Canada advertising were television (56%), newspaper (39%), magazine (7.7%) and the Internet (3.8%).
- The CTC’s UK Business Outlook Q4 2005 indicates that Atlantic Canada was found to be strongest price-competitive region of Canada for UK travellers.
- The 2004 International Travel Survey shows that the major group of UK visitors were aged 55 – 64 (22%) with 40% of all visitors being over the age of 55.

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## UK VISITORS TO THE YUKON

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- Escorted tours and self-drives are key products, and as with the Yukon’s other key markets, the shift towards experiential tourism is of benefit to the Yukon.



## *EUROPE MARKET REPORTS*

- The “self-challengers” and “comfort adventurers” present good marketing opportunities for Yukon product with targeted campaigns.
- Given the British traveller’s desire to experience new things and new places, as well as the already high visitation to the rest of Canada, there is an opportunity to target repeat passengers.

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — SWITZERLAND

TOTAL POPULATION	7.489 MILLION
MAJOR MARKETS	GREATER ZURICH 1.09M
LANGUAGE	GERMAN, FRENCH, ITALIAN & ENGLISH
CURRENCY	SWISS FRANC (SWF)
EXCHANGE RATE <sup>32</sup>	1 \$CAD = 1.11 SWF
AVERAGE RATE 2005	1 \$CAD = N/A
GDP GROWTH FORECAST <sup>33</sup>	2006 2.1%
	2007 1.9%
GDP PER CAPITA WORLD RANKING	10
GST/VAT	N/A
ANNUAL LEAVE ENTITLEMENT	6 WEEKS
INTERNET ACCESS <sup>34</sup>	66%
INTERNET GROWTH 2000–2005 <sup>35</sup>	131.7%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG
12	SWITZERLAND

Key travel indicators<sup>36</sup>

TOTAL OUTBOUND MARKET 2004	12.8M
FORECAST GROWTH	16M BY 2010
VISITORS TO CANADA 2005	96,547 (5.9%)
TOTAL SPEND 2004	147M
MARKET POSITION FOR YUKON 2005	4
TOTAL YUKON VISITORS 2005	2,145 (-2.8%)
PERCENTAGE OF YT EUROPE MARKET	10.3%
PERCENTAGE OF YT OVERSEAS MARKET	0.66%
MARKET PRIORITY	SECONDARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN–AUG 47.5%
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SPEND PER PERSON/TRIP 2004	SEP–OCT 19.5%
LENGTH OF STAY 2004	\$1522
	4–9 NIGHTS= 21.4%
	10–16 NIGHTS = 27.6%
	17–30 NIGHTS = 31.23%
AVERAGE AGE 2004	25–44 = 39.8%
	45–64 = 31.5%

### ECONOMIC & POLITICAL OUTLOOK

- Although tensions between the four main parties have increased since the last election in 2003, there is little chance of the coalition government breaking up during the current parliamentary term, which lasts until 2007. The tensions will continue to add to difficulties in getting legislation passed.
- Following an earlier deterioration, the public finances have started to improve, and the general government balance is likely to reach a small surplus in 2007.
- Further liberalization of the domestic economy will also remain an important issue on the political agenda, despite some setbacks. After foreign policy during the last decade focused on the negotiation and implementation of bilateral agreements with the EU, Switzerland is now putting more resources into relations with other countries.
- The Swiss remain a prosperous people, but economic growth has been disappointing for many years. Only a mild recovery is in store after the setback in 2005, when GDP rose by little more than 1%. Indeed, the economy is stuck in a low-growth trap, says the OECD
- Unemployment 3.7%
- Inflation 1.4%
- All age groups under 49 are forecast to shrink in number over the coming decades, with increases in all age groups aged over 50. At present a third of the population is aged 50+, but within the next four decades this figure will increase to 50%.

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- The tourism market is slowly but steadily recovering from the crisis year 2003 in line with the general economic recovery.
- The decline in outbound travel over recent years is a result of



## EUROPE MARKET REPORTS

- unfavourable economic conditions and the international political situation, which have made holidays in Switzerland appear a safe and familiar option.
- July to September inclusive is the peak holiday period for Swiss travellers, accounting for over 40% of all outbound trips. Over 35% of the population takes both a winter and a summer holiday, with 86% of all their foreign trips being confined to Europe.
  - The Swiss are still among Europe's most independent travellers — the share of independently organized holidays is currently around 80%.
  - The city-break market has been one of the fastest growth sectors for Swiss tour operators in the last few years. Short breaks have been proven to generate at least 1.5 times greater expenditure per night than longer trips, explaining the fact that spending abroad has continued to increase, despite the fact that the average length of stay has fallen from 13 to seven days.
  - Suitable products for this market are products which offer perceived "value-for-money" whether at the top of the price scale or lower down.
  - The Swiss have one of the highest travel intensities and are among the highest travel spenders in outbound travel markets.
  - Switzerland is an extremely mature travel market, almost spoiled for choice of overseas destinations, with high expectations and discerning taste.
  - The Internet is an increasing source of information for travel planning and booking, although there is still a reluctance to give personal details such as credit card numbers over the web. Consequently, travel web portals and on-line booking systems are relatively under-developed, except for those operated by the airlines, both budget and full-service.
  - Switzerland has the highest Internet penetration in the Europe Central region, and is indeed among the highest in the world. 58% use the Internet for travel planning. However, 40% of trips are still booked through travel agents, with the travel industry focusing on a few big players.
  - According to the Swiss national travel agents association (SRV), the top ten tour operators in Switzerland probably account for 70% of the total market.

### COMPETITION

- Top ten destinations 2004 — France, Germany, Italy, Spain, Austria, UK, U.S., Greece, Netherlands and Portugal.
- All major city tour operators are reporting a strong trend towards Eastern European cities this year. They offer excellent value for money for Swiss visitors.
- The U.S. is Canada's key long-haul competitor.

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### THE SWISS TRAVELLER

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- The main reason for the Swiss to take a holiday is for rest and relaxation, a response cited by over 40% of the participants in a recent survey. The countryside takes second place, particularly for older travellers, with culture, sport and social contacts following in order of importance.
- The Swiss visitor will take time to pursue their specialist interest and will seek the experiential as well as the exclusive.
- Foreign travel intensity, or the level of trip-taking as a factor of age and socio-economic level, varies much less widely for the Swiss market than for most other European countries.
- 35–54 year olds are the most enthusiastic travellers abroad.
- Switzerland's land-locked status has contributed to the Swiss love of travelling. However, with such a heterogeneous outbound market, it is difficult to portray a typical Swiss visitor.
- The most frequently travelled are those from the major urban centres.
- The German Swiss are generally multi-lingual but have little in common with either Germans or the French-speaking Swiss, the "Suisse-Romands." The Romands are slightly less linguistically adept and yet do not mix well with their French neighbours — as some tour operators have found to their cost when trying to package tour programs for the two markets combined. Some like Sky Tours recognize the importance of dedicated German and French brochures. They are, nevertheless, keen travellers.
- To a certain extent, and perhaps subconsciously because this is what they are used to in their home country, the Swiss brings with him/herself an expectation of a clean, reliable and well functioning environment.
- According to a recent survey of 1,002 Swiss travellers conducted by Elvia travel insurance, 40% of all respondents book their holiday through travel agencies, with 26% making their own arrangements.



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- 37% of all respondents book their holiday more than two months in advance, while 44% between four and eight weeks in advance.
- Younger Swiss travellers are likely to book air only, waiting until arrival in the destination to finalize ground arrangements.
- Approximately 46% of travellers still rely on tour operator brochures as the main source of information, followed by word of mouth.

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### SWISS VISITORS TO CANADA

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- Canada is the third most popular long-haul destination for Swiss travellers.
- Swiss visitors stay for a relatively long time, with 31% staying between 17 and 30 days.
- 58.5% of visitors are holiday traffic and 23% VFR.

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### SWISS VISITORS TO THE YUKON

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- The RV market segment continues to grow particularly as a result of Sky Tours recent truck camper campaign; and Swiss interest in experiential and adventure travel (including fishing) offers a marketing opportunity for the Yukon.
- With 46% of the Swiss relying on tour operator brochures as their main source of information, relationships with the tour operators are critical, as well as offering them a broad range of product. Yukon continues to maintain relationships with key operators in Switzerland.
- Use of the Internet for tactical offers and marketing campaigns also presents an opportunity as the Swiss have the highest Internet penetration rate in Europe.

*Sources for this report: Visit Britain Market Profile – Switzerland, Tourism Australia – Country Overview, Tourism Australia – How the Swiss Purchase Travel, Tourism Australia – Market Briefing Presentation, 2004 International Visitor Survey*

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — THE NETHERLANDS

TOTAL POPULATION	16.407 MILLION
MAJOR MARKETS	AMSTERDAM 1.1M ROTTERDAM 1.1M
LANGUAGE	DUTCH, FLEMISH ENGLISH WIDELY SPOKEN
CURRENCY	EURO (EUR)
EXCHANGE RATE <sup>37</sup>	1 \$CAD = 0.70 EUR
AVERAGE RATE 2005 <sup>38</sup>	1 \$CAD = 0.67EUR
GDP GROWTH FORECAST <sup>39</sup>	2006 2.6% 2007 2.7%
GDP PER CAPITA WORLD RANKING	23
GST/VAT	19% VAT
ANNUAL LEAVE ENTITLEMENT	4 WEEKS
INTERNET ACCESS <sup>40</sup>	65.9%
INTERNET GROWTH 2000 – 2005 <sup>41</sup>	177.1%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>42</sup>

TOTAL OUTBOUND MARKET 2004	29.4M
FORECAST GROWTH	34.4M BY 2010
VISITORS TO CANADA 2005	118,805 (1.6%)
TOTAL SPEND 2004	147M
MARKET POSITION FOR YUKON 2005	5
TOTAL YUKON VISITORS 2005	1,343 (11.1%)
PERCENTAGE OF YT EUROPE MARKET	6.4%
PERCENTAGE OF YT OVERSEAS MARKET	0.41%
MARKET PRIORITY	SECONDARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (48.5%) SEP – OCT (18.4%)
SPEND PER PERSON/TRIP 2004	\$1237
LENGTH OF STAY 2004	4 – 10 NIGHTS = 23.5% 10 – 16 NIGHTS = 23.7% 17 – 30 NIGHTS = 38%
AVERAGE AGE 2004	25 – 44 = 45.8% 45 – 64 = 37.2%

### ECONOMIC & POLITICAL OUTLOOK<sup>43</sup>

- The economy is forecast to grow at around 2% per annum until 2013.
- The government — composed of the centrist Christian Democratic Appeal (CDA), the centre-right Liberals (VVD) and the left-liberal Democrats 66 (D66) and led by the Prime Minister, Jan Peter Balkenende — is expected to remain in office until the next election, due in May 2007.
- In the wake of the threat of a government crisis by D66 over the sending of Dutch troops to Afghanistan, prominent members of D66 have expressed their determination to hold the government together. The Economist believes that the threat to government stability posed by D66 has diminished significantly for the remainder of the government's term in office.
- The Netherlands has an advanced economy, which combines high income per head with a fairly even income distribution. As exports and imports of goods and services both account for well over 60% of nominal GDP, the life-blood of Dutch prosperity is foreign trade.
- Economic performance in the Netherlands has been somewhat stronger than many of its neighbours.
- Inflation is forecast to stay below 2% over the next two years.
- Unemployment 4.5%.

### OUTBOUND TRAVEL MARKET

- Dutch resident departures have decreased primarily as a result of a worsening economic situation as the Netherlands slipped into a recession in 2003. This led more people to take fewer trips or more frequent short trips rather than longer holidays.



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- Official tour operator bookings are decreasing overall, however a slight improvement has been seen in the first two months of 2006.

### TRAVEL TRENDS

- Holiday and leisure time will be increasingly important as means to escape from the pressure of daily life, according to research by TNS Nipo.
- Approximately 80% of over-50s go on three holidays per year. They keep an unchanged holiday pattern until they are 70 years old.
- Luxury is not their primary motivation, and safety and certainty are important factors. Furthermore they are loyal if the product is good.
- While the experience is a main holiday motivator for the seniors, future generations of youngsters are very focused on status and luxury.
- Youngsters in particular will travel more and more often to long-haul destinations.
- Seniors will also travel further away from home, but Europe will remain an important destination for them. (Source: *BrouwerBetist TNS–Nipo*)
- As is the current trend in Europe, the Dutch travel industry has experienced considerable consolidation in the past few years, with mergers and acquisitions changing the landscape of the industry.

### Internet Buying

- The Dutch are displaying a decreasing confidence in payments made on the Internet.
- In August 2005 a new and safer system was introduced, named Ideal.
- It has the advantage of being able to make payments within the on-line environment of the associated banks, using their on-line payment method.

### Experiential Travel

- A 2003 report from NFO Trendbox suggests that the Dutch travel psyche is moving towards what it calls a “hedonistic society” model.
- Dutch travellers are increasingly looking for holiday options that give them a memorable and rewarding holiday experience.
- Propositions from Canadian marketers that offer good value

for experiential or self-enrichment products are likely to win good business from the Netherlands in the medium-term.

- The move towards on-line delivery and bookings continues. It is predicted that in the near future more than half of all the Dutch will book their holidays via the Internet. Research company TNS NIPO reports 35% of all trips were booked via the Internet in 2004. It is no surprise to learn that tour operators and carriers continue to put an increasing marketing effort into improving their direct on-line delivery channels to win business on-line. (Source: *TNS NIPO, The marapport Internet en vakanties, 2004*)

### COMPETITION

- Top ten Destinations 2004— France, Germany, Spain, Belgium, UK, Austria, Turkey, Greece, Switzerland and Portugal.
- ANWB expects that in 2006 the most popular holiday destinations abroad for the Dutch will be: France, as the most popular holiday destination; Turkey as the most popular flight destination; the U.S. as the most popular long-haul destination; Austria as the most popular snow destination; and the Canary Islands as the most popular winter sun destination.

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### THE DUTCH TRAVELLER

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- Dutch travellers tend to research a destination in depth prior to travel.
- They are more likely to purchase air only and arrange their land content on arrival.
- The Dutch are passionate about their independence when travelling and a high proportion include a self-drive campervan in their itinerary.
- Outdoor activity and soft adventure— particularly walking and cycling (the latter being particularly popular with the Dutch) offer strong marketing propositions.
- Generally, “green” travel products, whether walking, cycling, camping, visits to gardens or simply escaping a crowded urban life, are increasingly in demand.
- Visit Britain Amsterdam ran its customer database through a lifestyle profiling analysis program in 2003. This profiling identified six main lifestyle segments:
  - Independent Wanderers (32% of analyzed addresses)





## EUROPE MARKET REPORTS

- younger people under 35 and families with older (10 to 17 years) children. Vacation trend—high season in Europe for about two weeks. Trekking and touring with overnight stays in B&Bs or at camp sites. Interested in both culture and nature as well as shopping. This segment is highly interested in going out and music and loves to watch series on television and other entertainment programs.
- Touring seniors (24% of analyzed addresses)—touring seniors enjoy their leisure now they have retired. They enjoy several short holidays per year. Income is average to twice average.
- Cultural wealthy (17% of analyzed addresses)—have a busy life. Singles and couples aged between 35 and 60. To escape their busy life, they take a short break in the off-season, go sailing or play golf. This segment has an income of 1.5 to three times average.
- Organized elderly (11% of analyzed addresses)—are usually couples or singles. They like to book an organized (coach) tour for about one or two weeks. They prefer to stay in hotels. About 52% of this segment did not have a connection to the Internet.
- Enthusiastic sportsmen (10% of analyzed addresses)—when they go on holiday, they take their video or photo camera with them and travel by car, the countryside is being explored by bicycle or by foot. They also play golf. The income of this segment is 1.5 to three times average.
- Religious greens (5% of analyzed addresses)—religious greens have a few working years to go or are retired already. Their two weeks or longer summer holiday will be based on nature and countryside. Most of the people travel in high season and spend the night at a campsite or in a holiday home. Income is average to 1.5 times average.
- The old adage of Dutch thriftiness still holds some resonance. They continue to look for and expect a quality product for a value for money price, but a significant proportion of the market will pay a little extra for a quality experience.
- The Dutch are information hungry. Before travelling, they try to find out as much as possible about their destination through the Internet, books and brochures.

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### DUTCH VISITORS TO CANADA

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- The Dutch have strong ties to Canada—45% of Dutch visitors are holiday travellers and 37.4% VFR.
- According to the Anholt–GMI Nation Brands Index (Wave 3 2005), Canada is ranked 2nd (behind Australia) out of 24 destinations that would be likely for a leisure visit “if money were no object.”
- The brand index also indicates that the Dutch rank Canada:
  - 1st as a place they would be happy to live and work
  - 1st in terms of the friendliness of its people

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### DUTCH VISITORS TO THE YUKON

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- The Dutch passion for independence means that the Yukon is an ideal destination for them.
- Their preference for R.V. self-drive vacations offers an ideal marketing opportunity.
- Increased demand for “green” tourism products and desire to escape crowded urban life also offers the Yukon a strong marketing proposition.

*Sources used to prepare this report: Visit Britain Market Profile Netherlands, Tourism Australia Country Overview, 2004 International Travel Survey*

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — FRANCE

TOTAL POPULATION	60.4 MILLION
MAJOR MARKETS	PARIS 9.6M LYON 1.3M
LANGUAGE	FRENCH
CURRENCY	EURO (EUR)
EXCHANGE RATE <sup>44</sup>	1 \$CAD = 0.70 EUR
AVERAGE RATE 2005 <sup>45</sup>	1 \$CAD = 0.67 EUR
GDP GROWTH FORECAST <sup>46</sup>	2006 1.9% 2007 2.4%
GDP PER CAPITA WORLD RANKING	24
GST/VAT	VARIES FROM 5.5% – 19.6%
ANNUAL LEAVE ENTITLEMENT	5 – 6 WEEKS
INTERNET ACCESS <sup>47</sup>	43%
INTERNET GROWTH 2000 – 2005 <sup>48</sup>	208.4%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>49</sup>

TOTAL OUTBOUND MARKET 2004	29.6M
FORECAST GROWTH	36.4 BY 2010
VISITORS TO CANADA 2005	356,489 (7.4%)
TOTAL SPEND 2004	405M
MARKET POSITION FOR YUKON 2005	7
TOTAL YUKON VISITORS 2005	631 (-5.7%)
PERCENTAGE OF YT EUROPEAN MARKET	3%
PERCENTAGE OF YT OVERSEAS MARKET	0.19%
MARKET PRIORITY	SECONDARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (40.43%) SEP – OCT (22.86%)
SPEND PER PERSON/TRIP 2004	\$1136
DURATION OF STAY 2004	4 – 9 NIGHTS = 29.5% 10 – 13 NIGHTS = 18.3%
AVERAGE AGE 2004	25 – 44 = 32.3% 45 – 64 = 37.5%

### ECONOMIC & POLITICAL OUTLOOK

- The French population has slight growth and is ageing.
- The hard-line French Interior Minister, Mr. Sarkozy, continues to enjoy widespread public support following his zero-tolerance approach to the recent rioting that sprang up in urban centres across France.
- Many of the economic woes in France are part of the explanation for the recent unrest, although addressing long-standing social issues are considered key in resolving the discontent.
- A Presidential election will be held in May 2007.
- France remains one of the main protagonists in the ongoing dispute over EU financing due to its reluctance to tackle the failed Common Agricultural Policy.
- Despite the many political distractions there remain fragile signs of economic revival in France, with unemployment now falling slowly. Nevertheless, growth rates in the foreseeable future predicted by the economists are, at best, modest.
- The French economy is highly diversified, with agriculture, manufacturing, services and tourism all playing an important role.
- Consumer confidence took a knock following the recent riots, and although now recovering remains below levels seen during last summer.

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- 90% of French nationals choose to holiday in France.
- The last minute booking tendency continues to develop in France, with approximately a third of all travellers deciding on their destination, accommodation and transport method



## EUROPE MARKET REPORTS

at the last minute. However this applies to some holiday and customer types more than others.

- Late bookers tend to book on-line and are aged between 18 – 50. 47% of on-line reservations are made at most one month prior to departure. This means that 53% still book in advance, and these are either taking advantage of early booking offers, for example low-cost airline deals, or booking with an operator or going direct.
- The type of holiday booked also has an effect on when the booking is made. A touring holiday is more likely to be booked in advance than a city break, so we can assume that cost and the length of time spent on a holiday have an important part to play in booking patterns.
- Booking patterns are quite different to holiday planning patterns, with the latter beginning after New Year (for long summer holidays and spring short breaks), and August/September for autumn and winter breaks.
- In terms of on-line travel booking, France accounts for 12% of Internet travel reservations in Europe, after the UK (37%) and Germany (20%).
- Travel products are the 2nd most popular items purchased on-line with approximately 21% of French Internet users purchasing travel via the web, and a third of these living in Paris.
- The three most visited travel sites are [voyages-sncf.com](http://voyages-sncf.com) (49%), [lastminute.com](http://lastminute.com) (29%) and [opodo.fr](http://opodo.fr) (22%). Worries over credit card fraud have been eased with the introduction of more sophisticated banking controls.
- Therefore websites should not only continue to provide the French consumer with information but should also supply more tactical offers and services to assist with conversion.

### Hypermarkets

- These travel agency outlets in supermarkets have proliferated over the last few years. They sell through dedicated Internet sites and/or call centres. Some examples: Leclerc Voyages (travel agent with 117 outlets); Vacances Carrefour: (travel agent with 87 outlets); Auchan Voyages: (call centre and website only) Casino Group: phone-sales-only points for the group's brands (Géant Vacances, Leader Price Voyages, Monoprix Voyages, Mousquetaires). The tendency has been for them to offer time-restrictive but very attractively priced offers to supermarket clientèle. British Airways has seen excellent sales growth through this distribution channel.

- Generally, the French market remains comparatively small relative to France's population and affluence.
- French consumers are traditionally last minute planners with a short lead time between booking and travel. This has been a heightened trend in recent years.
- The French consumer still prefers to use a retail agent to make holiday arrangements. Internet usage in researching a potential holiday destination is increasing.
- Consumers are increasingly driven by airline deals and growing numbers book airfares direct through airlines or Internet.
- There is an increase in French travel related to health and well-being as observed at this year's annual Thermal Spa Trade Show whereby 25 countries were present.
- Passenger air traffic is on the rise, long-haul increased by 3.9% in 2004.

### COMPETITION

- Top ten destinations 2004 — Spain, UK, Italy, Germany, Morocco, Turkey, Tunisia, Belgium, Portugal and Greece.
- Hong Kong reported a 25% increase in French visitors in 2005.
- Morocco, Croatia, the Dominican Republic and Egypt all offer strong competition for Canada.

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### THE FRENCH TRAVELLER

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- The French have the highest amount of paid leave among developed nations. However, the 35-hour-week law means that those who exceed this limit gain additional weeks of holiday, often up to 50 days.
- Key demographic groups:
  - EFL (mostly aged 13–16 on individual trips but also adults on business courses). The average study trip is worth 5 times that of a holiday visit.
  - Seniors (aged 50–64)—a third of the French population is aged 50+, a figure which is due to increase so that by 2012 those aged 65+ will outnumber those under 20. The seniors market in fact consists of 2 types of "senior," the "young senior" aged 50–64 and the "senior" aged 65+.

## EUROPE MARKET REPORTS

- The group of most interest is the baby-boomer generation—those currently aged 50–64.
- Technologically aware and the fastest growing segment of Internet users, more likely to speak English, interested by overseas travel and better educated, these baby-boomers are becoming an important target market for all marketers.
- DINKS / SINKS—this segment is mainly couples and families without children. The segment has more disposable income than the average person, is educated to a high standard and is most likely to live in urban locations.
- The French prefer to stay in mid-range accommodation.
- Food is extremely important to the French—although they like to change their habits during their holidays (even when it comes to food), there are some areas where the French will not make concessions.
- Travel agents are the most common source of information used by consumers throughout the stages of planning a trip. The Internet is second choice when deciding on the destination (42%) and booking the trip (34%). Brochures are not so popular following as the third choice (38%) for the preferred source of information when deciding on a destination (38%) and when booking a trip (30%). This dropped to fourth choice when planning an itinerary (31%).
- Canada rates second (after the U.S.) as a good place to study for educational qualifications.
- Canada is top of mind in the French market.
- Canadian artists are very popular.
- The French regard Canada as a safe destination.

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### FRENCH VISITORS TO THE YUKON

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- There is an opportunity via involvement of the RDÉE Yukon.
- Training of the travel trade on Yukon destination and product is key as they are the most common source of information for consumers planning a vacation.
- As travel is the second most popular on-line purchase, there is opportunity to provide tactical offers via the website.
- *Le Dernier Trappeur* filmed in the Yukon generated exposure for the destination which lead to a targeted travel trade familiarization tour from France and as a result there is more brochured product featuring the Yukon.

*Sources used for this report: Visit Britain Market Profile – France, Tourism Australia – Country Overview, Tourism Australia – How the French Purchase Travel, Canadian Tourism Commission 2006 – 08 France Strategy Plan*

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### FRENCH VISITORS TO CANADA

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- Holiday traffic makes up the bulk of French visitors to Canada (48%), followed by VFR (30%).
- According to the Anholt–GMI Nation Brands Index (Wave 3 2005), Canada is ranked first out of 24 destinations that they would be most likely to visit for a leisure holiday “if money were no object.”
- The Nation Brands Index also found that:
  - The French perceive that they would receive the warmest welcome in Canada.
  - The French prefer a Canadian or Australian as a friend.
  - When considering employing someone for an important position Canadians are the preferred choice.
  - Canada is the country that the French would be most willing to live and work in for a substantial period of time.

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW—AUSTRIA

TOTAL POPULATION	8 MILLION
MAJOR MARKETS	VIENNA 1.6M
LANGUAGE	GERMAN
CURRENCY	EURO (EUR)
EXCHANGE RATE <sup>50</sup>	1 \$CAD = 0.70 EUR
AVERAGE RATE 2005 <sup>51</sup>	1 \$CAD = 0.69 EUR
GDP GROWTH FORECAST <sup>52</sup>	2006 2.3%
	2007 2.3%
GDP PER CAPITA WORLD RANKING	15
GST/VAT	20% VAT
ANNUAL LEAVE ENTITLEMENT	25 DAYS
INTERNET ACCESS <sup>53</sup>	56.8%
INTERNET GROWTH 2000–2005 <sup>54</sup>	121.4%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG
21	AUSTRIA

### KEY TRAVEL INDICATORS<sup>55</sup>

TOTAL OUTBOUND MARKET 2004	10.8M
FORECAST GROWTH	N/A
VISITORS TO CANADA 2005	31,912 (5.4%)
TOTAL SPEND 2004	N/A
MARKET POSITION FOR YUKON 2005	11
TOTAL YUKON VISITORS 2005	525 (-22.5%)
PERCENTAGE OF YT EUROPEAN MARKET	2.5%
PERCENTAGE OF YT OVERSEAS MARKET	0.16%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JAN – AUG (46.53%)
	SEP – OCT (19.35%)

Note: other statistics not tracked by the international travel survey.

### ECONOMIC & POLITICAL OUTLOOK

- The Austrian economy has enjoyed marginally better performance than its large neighbor Germany in recent years, but nevertheless economic growth has been modest.
- In terms of per capita income (measured in terms of purchasing power parity), Austria is the 10th wealthiest nation worldwide.
- Unemployment has remained well below the Eurozone average for a number of years. Currently at 4.7%.
- Inflation has increased recently driven by high fuel prices and there are concerns that this may feed through to higher wage settlements. Inflation currently at 1.8%.
- Tourism is vital to the Austrian economy, accounting for around 16% of GDP.
- A general election is expected to take place late in 2006.
- By the 2040s only 33% of the population will be 20 – 49, while 49% will be aged over 50.

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- City and short breaks are popular in the Austrian market.
- Holidaymakers are also increasingly choosing their holiday destination by activity (walking, spa-breaks, etc.) or special interest (gardening).
- In Austria there is a huge demand in language course/holidays, with the majority of students visiting English-speaking countries, Britain being the closest.
- The role of the travel trade in Austria is very strong. According to the Ministry of Economic and Labour (BMWA), the number of Austrians booking package holiday trips through travel agencies has increased from 20% to 33% over the past two decades.
- The role of travel agencies is, however, threatened by increasing use of the Internet.



## EUROPE MARKET REPORTS

### COMPETITION

- Top ten destinations 2004—Italy, Germany, Croatia, Greece, France, Turkey, Spain, Thailand, U.K. and Hungary.

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### THE AUSTRIAN TRAVELLER

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- Key influences in destination selection are value for money and recommendations from friends, rather than by the destination itself.
- Austrian travellers expect high standards and will appreciate and recognize good service.

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### AUSTRIAN VISITORS TO CANADA

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- In 2004, 45.7% of Austrians came to Canada as holiday visitors and 28% as VFR.

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### AUSTRIAN VISITORS TO THE YUKON

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- Fly-drive and the increasing trend among holidaymakers of choosing a destination by activity offers the Yukon excellent potential by targeting specific “activity” segments of the market (i.e. advertising in a hiking publication).
- The ESL market is another area that may present an opportunity for the Yukon.

Sources used for this report: *Visit Britain Market Profile—Austria*

## EUROPE MARKET REPORTS

### COUNTRY OVERVIEW — ITALY

TOTAL POPULATION	58.1 MILLION
MAJOR MARKETS	MILAN 4.05M ROME 3.55M
LANGUAGE	ITALIAN
CURRENCY	EURO (EUR)
EXCHANGE RATE <sup>56</sup>	1 \$CAD = 0.70 EUR
AVERAGE RATE 2005 <sup>57</sup>	1 \$CAD = 0.67 EUR
GDP GROWTH FORECAST <sup>58</sup>	2006 1.5% 2007 1.5%
GDP PER CAPITA WORLD RANKING	30
GST/VAT	20% VAT
ANNUAL LEAVE ENTITLEMENT	4 – 6 WEEKS
INTERNET ACCESS <sup>59</sup>	48.8%
INTERNET GROWTH 2000 – 2005 <sup>60</sup>	118.7%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG
13	ITALY

### KEY TRAVEL INDICATORS<sup>61</sup>

TOTAL OUTBOUND MARKET 2004	23 MILLION
FORECAST GROWTH	28M BY 2010
VISITORS TO CANADA 2005	90,585 (9.8%)
TOTAL SPEND 2004	100M
MARKET POSITION FOR YUKON 2005	8
TOTAL YUKON VISITORS 2005	583 (10%)
PERCENTAGE OF YT EUROPEAN MARKET	2.8%
PERCENTAGE OF YT OVERSEAS MARKET	0.18%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (50.4%) SEP – OCT (15.95%)
SPEND PER PERSON/TRIP 2004	\$1104
LENGTH OF STAY 2004	4 – 9 NIGHTS = 30.8% 10 – 16 NIGHTS = 35.8%
AVERAGE AGE 2004	25 – 44 = 51.8% 45 – 64 = 26%

### ECONOMIC & POLITICAL OUTLOOK

- The Economist Intelligence Unit expects the centre-left *Unione*, led by Romano Prodi, to win the general election in April. A significantly more stable and effective government is unlikely to emerge.
- Post-war Italy has been characterized by a weak political structure and a strong, but recently declining economic base.
- Weak economic growth in 2001 to 2005 has contributed to deterioration in the public accounts. Balancing fiscal austerity and policies to promote growth will pose a major policy challenge in the medium term.
- There have been calls from a minority of politicians within Italy for a withdrawal from the Eurozone, in the belief that membership has resulted in Italian exports being priced out of a number of markets due to the relative strength of the Euro in comparison with the old Italian lira.
- Unemployment – 8%.
- Inflation 2%.

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- The Italian market has a growing middle class and high propensity for outbound travel with new segments seeking different experiences within the increasing “FIT” market.
- There is a move away from the traditional August to September holiday period, although it still remains the most popular time for long-haul travel from Italy.
- The tourism market is divided in to two distinct groups — top end/special interest/discerning travellers and more mass market low cost/package tour/ mid- to short-haulers/cruise lovers.



## EUROPE MARKET REPORTS

- Fears for safety have led to increased domestic tourism. There is widespread inclination to a “new conservatism” among Italian travellers due to the general climate of uncertainty, resulting in a tendency to prefer domestic destinations. (Source: *Trademark Italia*).
- The last minute booking tendency continues to develop in Italy.
- A number of niche travel occasions have become increasingly popular including products such as agritourism (farm stay)—especially among young people aged 18–35. Golf, cycling (road racing and off-roading) and motorcycling, walking, visits to sports events such as rugby and golf and special interest themes such as gardens are also popular.
- Campervan holidays in particular represent a significant niche sector within the Italian market. This product appeals because it offers freedom, is experiential and also a cost-saver facilitating long breaks.
- Language study—normally a two-week course in July arranged by parents and/or teachers.
- Outbound travel has been boosted by the introduction of low cost flights and the increased international outlook of the Italian people.

### COMPETITION

- Top ten destinations 2004—France, Spain, U.K., Germany, Croatia, Austria, Egypt, Greece, Switzerland and U.S.

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### THE ITALIAN TRAVELLER

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- The Italian population is declining and aging.
- Consumers are becoming more familiar with researching destinations over the Internet, however they prefer to book with their travel agent. Agents have a major influence on their client’s choice of holiday destination.
- While it is likely that consumers will only use a booking engine for booking short-haul holiday travel or packages, there is a definite sign that consumers are more comfortable to book on-line, especially flights for both short- and long-haul.
- Italians are influenced by recommendations of relatives and what is “trendy” at the time.
- Safety is also a large consideration, especially for long-haul and elderly travellers.

- With the present economic difficulties there is a drop in “middle class” consumer enquiries and a significant rise from the richer end of the market seeking luxury products.
- Value for money is an important criteria in choosing a destination and accommodation.
- Although Italy is not living a particularly positive economic period, the Italians still devote a substantial budget for their holidays. It is common to take two or even three holidays during the course of the year. (Source: *Trade mark Italia*)

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### ITALIAN VISITORS TO CANADA

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- Italian visitors to Canada are young compared to other European markets. Those aged 25 – 44 make up almost 52% of the market.
- Holiday travel makes up 60.6% of the market and VFR 21.3%.
- According to the Anholt – GMI Nation Brands Index (Wave 3 2005), Canada is ranked 3rd (behind Australia & Spain) out of 24 destinations that would be likely for a leisure visit “if money were no object.”

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### ITALIAN VISITORS TO THE YUKON

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- Areas of opportunity for the Yukon are with the niche markets — cycling, walking and particularly motor home vacations.
- Another area of potential interest is that of ESL.
- New market segments seeking new experiences offer marketing opportunities.
- As travel agents influence clients’ holiday choices, education of the trade must be a key component of marketing activities.

Sources used for this report: *Visit Britain Market Profile – Italy, Tourism Australia Country Overview, 2004 International Travel Survey*





## MARKET PRIORITIES

### ASIA – PACIFIC

Since 1999, over 26,000 Asia–Pacific travellers have visited the Yukon. The Asia–Pacific region constitutes several countries, however in this analysis we are offering data only from secondary and tertiary markets. During 2005, Yukon experienced an overall decrease in the number of visitors from Asia.

#### Annual Yukon Border Crossing Statistics 1999 to 2005 — ASIA

	Japan	Taiwan
1999	354	0
2000	288	0
2001	435	40
2002	419	113
2003	385	102
2004	732	271
2005	563	256
Total	3,176	782

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.

#### Annual Yukon Border Crossing Statistics 1999 to 2005 — PACIFIC

	Australia	New Zealand
1999	3,243	514
2000	2,874	484
2001	1,897	382
2002	2,128	423
2003	2,261	483
2004	2,721	632
2005	3,797	1020
Total	18,921	3,938

Source: Annual Yukon Border Crossing Statistics – Canada Border Services Agency and Yukon Bureau of Statistics.

## ASIA MARKET REPORTS

### COUNTRY OVERVIEW — JAPAN

TOTAL POPULATION	127.417 MILLION
MAJOR MARKETS	TOKYO 40.0M OSAKA 20.7M NAGOYA 11.0M FUKUOKA 13.4M SAPPORO 5.7M
LANGUAGE	JAPANESE – LIMITED ENGLISH SPOKEN
CURRENCY	JAPANESE YEN (YEN)
EXCHANGE RATE <sup>62</sup>	1 \$CAD = 100.58 YEN
AVERAGE RATE 2005 <sup>63</sup>	1 \$CAD = 91.06 YEN
GDP GROWTH FORECAST	2005 2.4% 2006 1.3%
GDP PER CAPITA WORLD RANKING	21
GST/VAT	5% CONSUMPTION TAX
ANNUAL LEAVE ENTITLEMENT (ALTHOUGH LEAVE IS OFTEN NOT FULLY UTILISED)	15–20 DAYS
INTERNET ACCESS <sup>64</sup>	67.2%
INTERNET GROWTH 2000–2005 <sup>65</sup>	83.3%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>66</sup>

TOTAL OUTBOUND MARKET 2005	17.4M (3.4%)
FORECAST GROWTH	20M BY 2007
MARKET POSITION FOR CANADA 2005	2
VISITORS TO CANADA 2005	423,881 (8.4%)
TOTAL SPEND 2004	\$553M (59%)
MARKET POSITION FOR YUKON 2005	10
TOTAL YUKON VISITORS 2005	563 (-23.1%)
PERCENTAGE OF YT ASIA/PAC MARKET	8.7%

### PERCENTAGE OF YT OVERSEAS MARKET MARKET PRIORITY

2%  
SECONDARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	AUG – OCT (37.8%) MAY – JUL (29.2%)
PREFERRED DESTINATIONS 2004	BC (37%) ONTARIO (32%)
SPEND PER PERSON/TRIP 2004	\$1414
AVERAGE STAY 2004	8.46 NIGHTS
AVERAGE AGE 2004	UNDER 35 = 49% OVER 55 = 27%

### ECONOMIC & POLITICAL OUTLOOK<sup>67</sup>

- Japan is the third largest economy in the world (after the U.S. and China).
- After an economic slump that began with a stock market crash in 1989, Japan's economy is healthier than it has been for a long time.
- Unemployment has fallen to its lowest level in seven years.
- Long term issues include a need to cut public spending and cope with a declining population and a shrinking workforce.
- The CAD continues to gain strength against the Japanese Yen which is a concern for the outbound travel market.
- The biggest challenge for Japan in 2006 will be managing the transition if Prime Minister Junichiro Koizumi steps down in September 2006 as dictated by party rules. Mr. Koizumi is under pressure to cut public spending and ease a budget deficit of 6.4% of GDP, but he will not want to upset Japan's nascent economic recovery.
- Japan's huge government debt (currently 170% of GDP), and the aging population are two major long-run problems.
- Japanese outbound travel is, unlike many countries in the region, is not affected by political changes.

### OUTBOUND TRAVEL MARKET<sup>68</sup>

#### TRAVEL TRENDS

- The sustained economic downturn and the relative value of the Yen in recent years led to conservative consumer



## ASIA MARKET REPORTS

spending and consequent dampening impact on travel intentions and spending.

- Consumer confidence has rebounded in the last year which provides better prospects for outbound tourism.
- The economic downturn contributed to significant changes in travel patterns including:
  - a switch to cheaper and shorter duration short-haul travel (An-Kin-Tan);
  - reduction in business and incentive travel.
- In addition to economic pressures, the last few years have seen many other setbacks affecting growth from Japan. September 11, the “war on terror,” the Iraq war and the onset of SARS all contributed to slowdowns. These events affected traveller confidence and choice of destination and as a result, outbound travel from Japan took a big hit in 2003 declining by 19.2% — the worst performance in the history of Japanese travel. 2004, however, saw a post-SARS rebound.
- While the impact of world events does seem to be fading away, Japan remains a market which is highly susceptible to geo-political disturbances. The key threats are continued terrorism and a potential bird flu pandemic
- According to a JTB report, between 1990 and 2004 there was a major shift in the way outbound travel from Japan was purchased:
  - fully inclusive package business has declined from 80% to 50% of market share, with a 30% increase in unstructured free time (skeleton) packages;
  - in the air only sector — business travel has seen a decrease of 30%, while holiday travel has increased 30%.
- A recent Tourism Australia report indicates 50.8% of overseas travel is a full package tour, 34% is FIT and 7.8% is special interest groups. All are booked through the trade.
- Generally, the market’s level of sophistication is lower (particularly in regional areas) and therefore information demands are higher when it comes to long-haul destinations.
- The importance of the Internet both an information tool and booking device is expected to increase. However, use of the Internet to book travel still remains low.
- Travel agent brochures remain the largest single source of destination information for consumers and travel agents heavily influence consumers in travel purchase decisions

(including destination choice) and are still the critical component — over 90% of travellers rely on travel agents to plan their travel arrangements.

- The increasing popularity of media sales (sales driven by newspaper advertising or database marketing campaigns) is quickly changing the way consumers book travel. Lead times are shortening and consumers are more willing to shop around.
- Japan is a heavily media-driven society — TV, newspapers, the Internet and lifestyle magazines all shape Japanese opinion — and destination image is extremely important in destination choice.
- The pace of change in the Japanese travel industry is rapid — it is becoming more specialized and consumer-oriented.
- The top ten destinations for Japanese travellers in 2004 were: U.S., China, South Korea, Italy, Thailand, Hong Kong, Taiwan, Germany, Australia and France.

*(Source: Japan Tourism Marketing Co.)*

### COMPETITION

- Japan is still seen as a major source market by many destinations and therefore the Japanese traveller is aggressively marketed to by other DMOs.
- The demand for shorter, closer, cheaper breaks, has seen a range of short-haul destinations gaining share.
- In the medium to long-haul sector the picture has been quite different with only Thailand gaining business in the last five years. It has successfully repositioned itself as a “rejuvenation destination” specifically targeting the Office Ladies and Honeymoon sectors. They have successfully matched the “experience” with the right benefits to the right market.
- Australia is one of Canada’s key competitors in this market and has also suffered a decline in Japanese visitors over recent years. One of Tourism Australia’s key approaches to reviving the flagging Japanese market will be to focus marketing initiatives on attitudinal (psychographic) market segmentation rather than the traditional demographic segmentation with an aim to launching major campaigns as well as developing and matching products to the consumer.
- Other competitive destinations include Las Vegas and some other U.S. cities. Hawaii and New Zealand continue to be aggressive in the market.

## ASIA MARKET REPORTS

- Europe has been offering lower-priced packages compared to Canada and is on the rise in popularity among Japanese travellers.
- Aurora viewing competition comes from Europe, Alaska and other Canadian destinations.
- JTB 2004 research showed that the preferred long-haul destination of Japanese travellers was Australia (53%), then Hawaii at 52%. Canada was 6th behind France, Italy and Switzerland.

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### THE JAPANESE TRAVELLER<sup>69</sup>

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- Traditional segmentation of the Japanese market by DMOs has largely been demographic. The groups of key interest are:

#### *“Dankai” – Japanese Baby Boomers*

- Seven million people (6% of the population) are aged 57 – 59. There is also a developing “early retirement” sector currently aged 53 – 56 (5 Million). 29% of the population is now over 55 and by 2010 this figure will be 37%.
- Their lifestyle and way of thinking are different to their predecessors—they are keen to learn and happy to spend money on themselves.
- They lead consumerism in Japan on almost every front and, as a result, are keenly targeted by marketers of everything from confectionery to banking.
- Special interest travel offers a lot of potential for this market. Interests include health, mental and physical care—for example, healing, relaxation and organic food. These factors are increasingly important in choosing a travel destination.
- Overseas travel is highly in demand for this group—they have sufficient time and resources, healthy lifestyles and enjoy new experiences and meeting local people.
- There is also a growing interest in “active nature” travel.

#### *“Office Ladies” and “Ohitorisama” – Single, Not Young Lady*

- Office Ladies comprises working women older than 30.
- Japan Tourism Marketing (JTM) research shows there is also a new group of women of interest to the travel industry—the “Ohitorisama”—who travel alone by choice.
- One of the most noticeable changes in 2003 was the rise in

the number of consumers travelling alone, increasing 3.8% from 13.2% in 2002 to 17% in 2003. In 1997 the figure was 9.7%.

- Ohitorisama tend to be in their 30s and 40s—many of them highly successful career women, who seek travelling alone as a way of rejuvenating themselves.
- As more women gain financial independence and choose career before marriage, spending habits, lifestyles and leisure demands will change.
- They tend to be very selective and want to be pampered and spend quality time alone.

#### *“Mothers & Daughters”*

- Mothers aged 45 – 65 are increasingly holidaying with their 20 – 35 year old daughters.
- Often the daughters make plans and interpret overseas as if they were personal guides, while mothers assist the trip financially.

#### *“Student and Study Tours”*

- Kyoiku Ryoko—students or adults
- Shugako Ryoko—up to high school age

#### *“Aurora Viewing”*

- Winter peak time—December to April
- Fall colour with aurora viewing (late Aug/Sept)

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### JAPANESE VISITORS TO CANADA

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- Canada has a strong image in the minds of the Japanese, and is noted for its nature, safe environment and friendly people.
- JTB Research indicates that consumers rank Canada in first place for ecotourism and fishing, and in second place for nature viewing.
- Japanese consumers remain wealthy and eager to travel, however travel to Canada is perceived to be expensive by long-haul travellers who are becoming increasingly price sensitive.
- The lingering effect of September 11 and concerns about safety, particularly with the 50+ age group, will continue to be an issue for Canada as long as the potential of terrorist



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activity either in or directed at the U.S. exists.

- The Japanese market has seen a marked shift towards the shoulder season of Sep/Oct since 2003
- According to the Anholt – GMI Nation Brands Index (Wave 3 2005), Canada is ranked 5th out of 24 destinations that would be likely for a leisure visit “if money were no object.”
- The Japanese are beginning to travel beyond the traditional destinations and are more price conscious than they were in the past
- Interest in long-haul travel remains strong with considerable pent-up demand.
- Working Japanese are unable to take long holidays. Seven to ten days is generally the maximum.
- The Japanese are discerning travellers and have high expectations of good quality — polite and fast service is a must and literature such as guides, menus etc should be available in Japanese.

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### JAPANESE VISITORS TO THE YUKON

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- One of the essentials for success in the Japanese market is long-term commitment from both the DMO and products.
- The fact that the Japan market is not as sophisticated as some of the Yukon’s other source markets means that there is a higher requirement for education and information on the destination.
- With the Japanese outbound market tipped to reach 20 million in 2007, Canada and consequently the Yukon will, with sustained targeted activities in the market, benefit from this overall growth.
- The rapidly growing “Baby Boomer” sector warrants particular attention as this is where major growth will be seen. As this group has shown an increased interest in “active nature” travel, the Yukon is well-placed to capitalize on this market segment through targeted marketing initiatives.
- The move to less structured and special interest travel will also create opportunities. In order to capitalize on this trend, it will be necessary to monitor and understand changing consumer needs in order to successfully match appropriate products and promotions.
- Different regional needs within Japan also need to be considered in the marketing mix.
- The wide use of mobile phone technology presents opportunities to reach Japanese consumers directly via e-mail with special offers, newsletters (non-html) etc.
- Given the increasing use of the Internet to plan vacations, the Japanese language website ([www.yukonjapan.com](http://www.yukonjapan.com)) is essential in reaching and educating the Japanese consumer as well as building destination awareness and should become a key marketing tool— both to consumer and travel agents. In addition to general destination information, the website could be used to promote specific product offerings.
- Interactive Internet experiences could also possibly tap into the “sharing” trend among the Japanese and encouraging visitors to post images, messages and opinions to friends and family back home in Japan could be a way of furthering the message of the Yukon’s offerings.
- The general perception of the Japanese that Canada is a destination of “nature, safe environment and friendly people” is one which the Yukon can use to its advantage throughout its Japanese marketing activities.
- Since one of the growing interests among the booming seniors market is “active nature” travel, there is an excellent opportunity for the Yukon to target this group with these types of products. Another area of potential is that of special interest tours. (CTS have already expressed interest in development of special interest tours for targeted markets.)
- As the CTC have identified, there is an opportunity to work with agents/wholesalers who are willing to develop programs focusing on ecotourism, fishing, nature viewing and camping.
- The heavy usage of the media in Japan makes media coverage extremely important and therefore VJP needs to be a key element in the marketing mix.

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### COUNTRY OVERVIEW—TAIWAN

TOTAL POPULATION	22.9 MILLION
MAJOR MARKETS	TAIPEI 2.7M
LANGUAGE	MANDARIN, TAIWANESE, HOKKIEN
CURRENCY	NEW TAIWANESE DOLLAR (TWD)
EXCHANGE RATE <sup>70</sup>	1 \$CAD = 27.94 TWD
AVERAGE RATE 2005 <sup>71</sup>	1 \$CAD = 26.62 TWD
GDP GROWTH FORECAST <sup>72</sup>	2006 4%
	2007 4.2%
GDP PER CAPITA WORLD RANKING	34
GST/VAT	N/A
ANNUAL LEAVE ENTITLEMENT	7 – 14 DAYS
INTERNET ACCESS <sup>73</sup>	60.3%
INTERNET GROWTH 2000–2005 <sup>74</sup>	120.4%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG
11	TAIWAN

### KEY TRAVEL INDICATORS<sup>75</sup>

TOTAL OUTBOUND MARKET 2004	6.9M
FORECAST GROWTH	
VISITORS TO CANADA 2005	98,238 (7.9%)
TOTAL SPEND 2004	125M
MARKET POSITION FOR YUKON 2005	15
TOTAL YUKON VISITORS 2005	256 (-5.5%)
PERCENTAGE OF YT ASIA/PAC MARKET	4%
PERCENTAGE OF YT OVERSEAS MARKET	0.08%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (34.5%)
	SEP – OCT (22.08%)
SPEND PER PERSON/TRIP 2004	\$1272
LENGTH OF STAY 2004	7 – 9 NIGHTS = 49.1%
	4 – 6 NIGHTS = 17.7%
AVERAGE AGE 2004	45 – 64 = 44.4%
	25 – 44 = 29.2%

### ECONOMIC & POLITICAL OUTLOOK<sup>76</sup>

- Disputes over Taiwan's policy towards China, as well as efforts by the Democratic Progressive Party (DPP) government to amend the constitution, will remain major obstacles to better relations between the main political parties.
- In the fourth quarter of 2005, Taiwan's economy rebounded.
- The absence of national elections in 2005–06 augurs well for political stability, but disputes over policy towards China will remain a major obstacle to closer ties between the main political parties.
- The New Taiwan dollar will appreciate against the U.S. dollar during 2006–07.
- Unemployment 4.07%

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- Low-cost Asian carriers (ValueAir and JetStar Asia) are offering extremely low air fares, further fuelling intra-Asia travel. It is assumed that long and medium haul travel is likely to lose some market share (Canada included) given this competition.
- Outbound departures from Taiwan in January were 667,004, an increase of 17.34% from 2005. The increase is due to the different month of China New Year holidays in 2005 and 2006. (2005: February, 2006: January)
- Short-haul, cheaper intra-Asian travel is expected to continue to increase in popularity while the economic and political scene remains difficult.
- Mono-destination travel is expected to grow as short breaks become more popular.



## ASIA MARKET REPORTS

- There are an estimated 1,000 travel websites in Taiwan. Many of these run by travel magazines or newspapers.
- Online bookings are becoming popular.

### COMPETITION

- Competition between long-haul destinations is fierce, with price-led promotions dominating the market place. This is particularly focused on low season trough periods throughout the year.
- Australia and New Zealand are direct competitors offering similar products.
- In Taiwan, competition often focuses on price rather than product or package variations.
- Travel Alberta and Tourism British Columbia are launching an FIT campaign in early April.

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### THE TAIWANESE TRAVELLER

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- Taiwanese travellers are moving away from packaged holidays to skeleton or FIT.
- More than 90% of Taiwanese travellers pre-book all arrangements for transportation, accommodation, tours and meals before leaving Taiwan. However, bookings may only be made four weeks prior to departure.

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### TAIWANESE VISITORS TO CANADA

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- Canada attracts families of multiple generations as well as couples from Taiwan. There are also a higher percentage of females to males (57.2% to 42.8%), but this proportion is consistent with the gender characteristics of all Taiwanese outbound travellers.
- Nearly half of all Taiwanese visitors stay between seven and nine nights.
- Taiwan market is a challenge since this is one of the markets dropped by the CTC.

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### TAIWANESE VISITORS TO THE YUKON

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- One of the Yukon's key opportunities lies in the superstar status of Yukon performer Matthew Lien in Taiwan. Matthew recently completed a successful tour of Taiwan and has been recruited by Taiwan's largest brewery as the celebrity face of

Gold Medal King, the latest brand of Taiwan beer—the first time the company has used a foreign face to promote its products. The campaign will include press ads, TVCs and billboards in major cities around the country.

- Matthew Lien was also appointed Cultural Ambassador by the Taiwanese government in 2005. This high celebrity awareness of a Yukon artist can create opportunities for the Yukon.
- The Yukon did have an operator focused solely on the Taiwan market, but there may be opportunities for other suppliers to work with the inbound operators based in Vancouver that handle the Taiwan and other Asian markets. Yukon Tourism and several industry partners maintain membership in the Canadian Inbound Tourism Association Asia Pacific (CITAP) in Vancouver.

*Sources used in this report:*

*Tourism Australia Country Overview, Taiwan Market Snapshot & How the Taiwanese Purchase Travel  
2004 International Travel Survey*

## ASIA MARKET REPORTS

### COUNTRY OVERVIEW — SOUTH KOREA

TOTAL POPULATION	48.6 MILLION
MAJOR MARKETS	SEOUL 9.9M PUSAN 3.8M
LANGUAGE	KOREAN
CURRENCY	SOUTH KOREAN WON (KRW)
EXCHANGE RATE <sup>77</sup>	1 \$CAD = 833.94 KRW
AVERAGE RATE 2005 <sup>78</sup>	1 \$CAD = 849.22 KRW
GDP GROWTH FORECAST <sup>79</sup>	2006 5.1% 2007 4.1%
GDP PER CAPITA WORLD RANKING	51
GST/VAT	10% VAT
ANNUAL LEAVE ENTITLEMENT	10 DAYS + 1 FOR EACH YEAR OF SERVICE UP TO 20 DAYS
INTERNET ACCESS <sup>80</sup>	67%
INTERNET GROWTH 2000 – 2005 <sup>81</sup>	78%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>82</sup>

TOTAL OUTBOUND MARKET 2004	9M
FORECAST GROWTH	16M BY 2010
VISITORS TO CANADA 2005	179,961 (5.9%)
TOTAL SPEND 2004	232M
MARKET POSITION FOR YUKON 2005	17
TOTAL YUKON VISITORS 2005	201 (40.6%)
PERCENTAGE OF YT ASIA/PAC MARKET	3.1%
PERCENTAGE OF YT OVERSEAS MARKET	0.06%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (40.4%) SEP – OCT (16.7%)
SPEND PER PERSON/TRIP 2004	\$1289
AVERAGE STAY 2004	4 – 9 NIGHTS = 39% 10 – 16 NIGHTS = 13.3%
AVERAGE AGE 2004	25 – 44 = 42.6% 45 – 64 = 29.6%

### ECONOMIC & POLITICAL OUTLOOK<sup>83</sup>

- South Korea is the 4th largest economy in Asia.
- The ruling Uri Party is likely to fare badly in the end-May local elections.
- The fiscal outlook is broadly positive, and monetary policy will undergo a further, but relatively modest, tightening.
- The government will push ahead with bilateral free-trade talks.
- Output in the services industry rose by 6.5% year on year in December 2005. This was the fastest rate of expansion since December 2002, and augurs well for the firming of domestic demand over the short term.
- Unemployment 3.3%
- Inflation 2.9%

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- Well-being in Korea is becoming a measure of a luxurious lifestyle. Well-being and luxury products, such as spas or golf holidays are getting popular, particularly among high-class consumers.
- Tastes are changing from package tours to independent travel. The proportions of package tours and FIT travellers in 2003 were 48% and 52%, respectively. The FIT market has increased sharply over the last few years owing to increased Internet use (for searching) and a five-day working week, which began partially from July 2004.
- Those with more travel experience and language advantages seek good value independent travel and there has also been growth in products such as Airtel (air + hotel), backpacker products and golf.





## ASIA MARKET REPORTS

- Group travel, however, still makes up a relatively high proportion of total visits due to convenience, low price and language worries. Koreans are not confident English speakers and require Korean language content on the Internet.
- The Internet is an important resource for Korean travellers and this importance will continue to increase. Korea is the world's most Internet savvy population, 67% of the population is on-line and an estimated 93% of households have Broadband access.
- While using the Internet for research, when actually booking a trip, travel agents were the most popular source.
- Korea is a media-driven society and stars have a huge influence on public perceptions of places and current affairs. In 2004, several NTOs used Korean celebrities in their marketing activities. Particularly, the PPL (Product Placement) formula in TV soap operas is seen as effective in marketing tourist destinations to Korean audiences.

### COMPETITION

- Top ten destinations 2004 — China, Japan, Thailand, U.S., Hong Kong, Philippines, Singapore, Indonesia, Australia and Italy.

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### THE KOREAN TRAVELLER

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- Research by Tourism Australia (2003) found that although Koreans do see international travel as a way to rest and relax (to escape the pressures and stress of working life), for the majority of Koreans this is NOT something you achieve by lying on a beach doing nothing.
- Instead, they relax and rejuvenate by participating in activities that would not be possible in everyday lives. Therefore it is likely that Korean travellers are starting to seek out destinations that offer a range of well-being experiences.
- Visit Britain's Brand Tracking Research (2003) found that Korean travellers were more motivated by a concept of "refreshed & invigorated" than one of "relax & unwind."
- Korean travellers are keen on shopping, especially brand-named goods.

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### KOREAN VISITORS TO CANADA

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- According to the Anholt – GMI Nation Brands Index (Wave 3

2005), Canada is ranked 6th (behind Switzerland, Italy, Australia, France & U.K.) out of 24 destinations that would be likely for a leisure visit "if money were no object."

- Almost a quarter (24%) of Koreans stayed longer than 31 nights in 2004, with the bulk of trips being four to nine nights (39%).
- Nearly 43% of the market in 2004 was aged between 25 – 44 with 29% aged between 45 and 64.

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### KOREAN VISITORS TO THE YUKON

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- The motivation of Korean travellers towards being "refreshed and invigorated" when they travel offers the Yukon an excellent opportunity to match appropriate product with a defined consumer need.
- A Korean language website and language-versioned materials is important in reaching the Korean consumer.
- High-end lodges would appeal to the growing luxury market.
- Growth in the Korean backpacker market also represents an opportunity.
- Aurora viewing also represents an opportunity (Yellowknife is currently brochured and promoted)

*Sources used in this report: Visit Britain Market Profile – South Korea, 2004 International Travel Survey*

## ASIA MARKET REPORTS

### COUNTRY OVERVIEW — CHINA

TOTAL POPULATION	1.3 BILLION
MAJOR MARKETS	BEIJING 13.8M SHANGHAI 16.7M GUANGDONG 86.4M HE BEI 67.4M SHAN DONG 90.8M CHONG QING 31M JIANG SU 74.4M ZHE JIANG 46.8M
LANGUAGE	CHINESE OR MANDARIN & LOCAL DIALECTS
CURRENCY	CHINESE YUAN (CNY)
EXCHANGE RATE <sup>84</sup>	1 \$CAD = 6.92 CNY
AVERAGE RATE 2005 <sup>85</sup>	1 \$CAD = 6.78 CNY
GDP GROWTH FORECAST <sup>86</sup>	2006 8.6% 2007 8.2%
GDP PER CAPITA WORLD RANKING	118
GST/VAT	17% VAT
ANNUAL LEAVE ENTITLEMENT	14 DAYS
INTERNET ACCESS <sup>87</sup>	8.5%
INTERNET GROWTH 2000 – 2005 <sup>88</sup>	393.3%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>89</sup>

TOTAL OUTBOUND MARKET 2004	28M
FORECAST GROWTH	100M BY 2010
VISITORS TO CANADA 2005	117,490 (15.3%)
TOTAL SPEND 2004	171M
MARKET POSITION FOR YUKON 2005	23
TOTAL YUKON VISITORS 2005	117 (143.8%)

PERCENTAGE OF YT ASIA/PAC MARKET	1.8%
PERCENTAGE OF YT OVERSEAS MARKET	0.04%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (35.6%) SEP – OCT (21.4%)
SPEND PER PERSON/TRIP 2004	\$1455
AVERAGE STAY 2004	4 – 9 NIGHTS = 23.2% 10 – 16 NIGHTS = 18.6%
AVERAGE AGE 2004	25 – 44 = 48.6% 45 – 64 = 31%

### ECONOMIC & POLITICAL OUTLOOK

- The Peoples Republic of China is still a Communist state, but communism comes with a small “c” these days.
- According to the China Brand Strategy Association, about 175 million Chinese people, 13% of the population, can now afford high-end luxury goods. By 2010, that number is estimated to reach 250 million, based on a 20% year-on-year growth rate expected for the coming five years.
- China is now a member of the World Trade Organization and further economic liberalization is expected in the coming years, but the Chinese authorities have stated that they want the benefits of further reform to be targeted at the rural poor.
- Global Insight estimate that on current growth projections China will be the world's largest single economy by 2050.

### OUTBOUND TRAVEL MARKET

- The attitudinal prerequisites for a travel boom in China seem to be firmly in place.
- Some have commented that although China is looking similar to Japan and South Korea in their early stages — i.e. heavy emphasis on group travel and reliance on the travel trade, it may actually develop more quickly as a market for travel as it has done in so many other areas of development.
- Some of the key developments are:
  - short-haul to long-haul
  - first time traveller to repeat visitor
  - group tour to DIY to independent travel
  - golden weeks to off-peak / individual



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- trophy tourism to experiential tourism
- A lot will depend on the levels of restrictions capping the development of these trends. Currently ADS (**Approved Destination Status**) visas are only permissible for group tours of five or more people—groups, which are highly bound to rules, and regulations that inhibit the development of independence in travel.

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### ADS OVERVIEW

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- 76 countries now operate with ADS agreements.
- Another 15, including Canada, have been granted the right to apply for ADS, but must negotiate an MOU prior to becoming operational.
- CNTA (China National Tourism Administration) approved another 144 outbound agents in May 2005, bringing the total to 672 authorized agents to offer outbound tours to ADS approved destinations.
- CNTA determines the regions where an ADS country can promote their destination—and the respective authorized agents they can work with in those regions.
- There are three key issues affecting Canada's ADS negotiations:
  - 30-day stay versus six months;
  - Chinese residents visiting Canada on ADS visas regarded as “Chinese” if they abscond;
  - immigration wanting time to “review” ADS to better understand what it means to Canada—how to handle absconders, etc.
- With ADS, Canada has the right to promote Canada in China, receive ADS group tours and it will be easier to transfer funds from Canada to China.
- Delay in receiving ADS means visitor forecasts would be reduced, group tours are not permitted, but we can receive business, incentive and technical tours.
- Assuming ADS is granted, the forecasts for Chinese visitors to Canada is:
  - 2006 123,000 (+12%)
  - 2007 142,000 (+15%)
  - 2008 163,000 (+15%)
- In 1999 Australia became the first western country granted ADS by China. Currently, Australia, receives 250,000 Chinese visitors a year, and forecast growth at 16% per year until 2014. Canada is looking to the Australian model.
- The CTC formed a China National Working Group which has worked extensively on Canada's ADS application. TIAC participates in this group and is leading an initiative to determine receptive tour operator guidelines and standards.

*Sources used for this report: Visit Britain Market Profile – China, Tourism Australia Country Overview China, CITAP Mainland China Market Update Dec 2005*

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### COUNTRY OVERVIEW — AUSTRALIA

POPULATION	20.4 MILLION (MAR 2006)
MAJOR MARKETS	SYDNEY 4.2M MELBOURNE 3.6M BRISBANE 1.7M ADELAIDE 1.1M PERTH 1.4M
LANGUAGE	ENGLISH
CURRENCY	AUSTRALIAN DOLLAR (AUD)
EXCHANGE RATE <sup>90</sup>	\$1 CAD = \$1.21 AUD (AS OF MARCH 29, 2006)
2005 AVERAGE GDP GROWTH FORECAST	\$1 CAD = \$1.09 AUD 2006 3.3% 2007 3%
GDP PER CAPITA WORLD RANKING	14
GST/VAT	10% GST
ANNUAL LEAVE ENTITLEMENT	20 DAYS
INTERNET ACCESS <sup>91</sup>	68.4%
INTERNET GROWTH 2000 – 2005 <sup>92</sup>	115%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG

### KEY TRAVEL INDICATORS<sup>93</sup>

TOTAL OUTBOUND MARKET 2005	4.75M
FORECAST GROWTH	5.96M BY 2010
TOTAL VISITORS 2005	201,939 (12.4%)
TOTAL SPEND 2004	\$229M (12%)
SPEND PER PERSON/TRIP 2004	\$1501
MARKET POSITION FOR YUKON 2005	3
TOTAL YUKON VISITORS 2005	3,797 (39.5%)
PERCENTAGE OF YT ASIA/PAC MARKET	58.6%

PERCENTAGE OF YT OVERSEAS MARKET  
MARKET PRIORITY

13.5%  
SECONDARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	MAY – JUL (38%) AUG – SEP (23.5%)
PREFERRED DESTINATIONS 2004	BRITISH COLUMBIA (37%) ONTARIO (24%)
SPEND PER PERSON/TRIP 2004	\$1501
AVERAGE STAY 2004	14.1 NIGHTS
AVERAGE AGE 2004	25 – 44 = 25.2% 45 – 64 = 44.9%

### ECONOMIC & POLITICAL OVERVIEW<sup>94</sup>

- Australia has an enviable Western-style capitalist economy, with a per capita GDP on par with the four dominant Western European economies.
- Rising output in the domestic economy, robust business and consumer confidence, and rising exports of raw materials and agricultural products are fueling the economy.
- The impact of drought, weak foreign demand and strong import demand pushed the trade deficit to \$16 billion (U.S.) in 2005.
- Conservative fiscal policies have kept Australia's budget in surplus from 2002 to 2005.
- Despite world events, the economy has remained stable and has been one of the better performing economies over recent years.
- Consumer Price Index 2.8% (Dec 2005)
- Unemployment 5.2% (Dec 2005)
- The Australian dollar continues to fall against the CAD, reaching its lowest point since April 2001 on the 28th March, 2006 at 0.82670. The AUD has fallen 12.52% since March 2005 and this could have negative implications for the outbound market to Canada.
- As a mature democracy, Australia is politically stable.
- While there are policy differences between the main political groupings — the Liberal/National Party and the Australian Labor Party (ALP) — changes to government rarely result in major alteration to political direction.



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- Business Monitor International expects that official policy will remain broadly liberal (politically and economically) over the medium term.
- Some risks exist, primarily due to Australia's support of the U.S. "war against terror" and the invasion of Iraq, which has made Australians a target of extremist Islamic groups in Asia.

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### OUTBOUND TRAVEL MARKET

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#### TRAVEL TRENDS

- Despite high fuel costs and surcharges, the travel industry continues to grow.
- "Earlybird" deals continue to show healthy sales. Initially started for the European market, Earlybirds are now a key component of sales to Canada. Consumers are required to book, deposit and then pay in full early.
- On-line research and short-haul bookings are booming.
- Excellent market potential in the short to medium term.
- The arrival of the new Airbus A380 in Australia in late 2005 has resulted in renewed enthusiasm for long-haul travel in the media. With Qantas purchasing a number of the A380s increased capacity between Australia and the U.S. will be of benefit to Canada.
- Australian Bureau of Statistics figures for 2005 show the top ten destinations for Australians as New Zealand, U.S., U.K., Indonesia, Thailand, China, Fiji, Singapore, Hong Kong and Malaysia, with China, Singapore and Canada showing the greatest growth.

#### COMPETITION

- Canada's main competition in this market is from the U.S., U.K., medium-haul Asian destinations and New Zealand.
- The U.K. is still the number one long-haul destination for Australians which can be attributed to strong cultural and historic ties between the two countries.
- Europe remains a strong destination for Australian visitors. The availability of multiple destinations is a major selling feature, as are icon cities, history, culture and high levels of destination awareness. There is huge capacity and fierce competition by airlines on the "Kangaroo" route to London (via Asia) which keeps airfares low.
- The U.S. has high levels of awareness in the market,

particularly of man-made attractions such as Disneyland which have strong appeal to the family market. High capacity on the Australia/West Coast U.S. routes means competitive package pricing and value added programs (e.g. Kids Stay Free). With the AUD falling against the USD in recent months, the U.S. could face challenges.

- Southeast Asia is a clear leader in this market with regards to pricing perceptions, based on accessibility, cheap package deals and excellent exchange rates. Destinations such as Indonesia are traditional favourites with Australian travellers and although the Bali bombings have impacted tourism to Indonesia, it still remains popular.
- India is aiming to be the fastest growing destination in the Australian market. Visitor arrivals from Australia have doubled over the last three years and India's department of tourism and culture are aiming to double this again over the next three years.
- New Zealand, as the closest "overseas" destination for Australians, remains the number one outbound destination. NZ offers very similar experiences to Canada and the AUD is stronger than the NZD, making it good value for money for Australians.

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### THE AUSTRALIAN TRAVELLER

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- Australians are resilient travellers and far less likely than other nationalities to be affected by geo-political disturbances.
- They are generally motivated to travel by the chance to expand their horizons through meeting local people, visiting new places, and increasing their personal knowledge.
- The Internet is being used increasingly as both an information and booking tool. It is providing more information and choice, putting the consumer more in charge of purchasing decisions and destination choice.
- The most common demand from the Australian traveler is "value for money."
- Changing consumer needs mean that in the future travel will become less about the destination rather than tailor-made experiences that the traveller can engage in, which will lead to new travel demands such as a desire for authenticity, instant gratification and self-fulfillment.
- Operators will need to be smarter, more selective and to really tap into the needs of individual travellers. Micro-



## PACIFIC MARKET REPORTS

segmentation of the market will enable the development of experiences to suit the needs of the discerning new consumer.

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### AUSTRALIAN VISITORS TO CANADA

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- Australia continues to be a high growth market for Canada.
- Recent years have seen increased consumer awareness of Canada in Australia.
- According to the Anholt–GMI Nation Brands Index (Wave 3, 2005), Canada is ranked first out of 24 destinations that would be likely for a leisure visit “if money were no object.” This is ahead of traditional competitors New Zealand, U.K. and U.S..
- Coach/rail/Alaska cruise product continues to be the key icon product for the Australian market, and “earlybird” deals on this product have been crucial in raising awareness of Canada in Australia. However, as the market matures, there is increasing interest in FIT and Fly/Drive product, as well as other destinations within Canada.
- There is increasing demand for new and more diversified products in the market:
- CTC research identified the following new growth areas and key areas of focus for Australia:
  - experiential
  - soft adventure
  - wildlife products
  - fly/drive
  - group/FIT
  - cultural
  - cruise
- In 2004, the market encompassed all age brackets, although the largest group was aged between 55 and 64. This reflects the popularity of Canada with this particular demographic—particularly the cruise/rail/coach tour market.
- As in other key markets, the Australian market is an aging one with a growing percentage of people aged over 55.
- Since 2004 there has been significant growth in the shoulder months of May and September. This has been largely driven by coach wholesalers offering competitive “Earlybird” fares which present excellent savings for travel in the shoulder months.
- Australian travellers are becoming more comfortable with

booking on-line travel. This confirms the growing strength of the Internet, however because their itineraries can be complicated and a holiday to Canada is likely to be a “once in a lifetime” experience, the confidence factor is important. Therefore the majority actually book their trip through a travel agent.

- Booking lead times appear to be getting shorter, with the exception of summer Earlybird programs

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### AUSTRALIAN VISITORS TO THE YUKON

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- Canada is perceived as a destination with strong nature-based offerings, and the opportunity to participate in outdoor activities and winter non-ski—these are key product offerings in the Yukon.
- Strong consumer awareness for Destination Canada—the Yukon can leverage off the already high awareness of Canada in the Australian market.
- Australians like to socialize with local inhabitants during their vacation, and are attracted to Canada’s distinctive culture and friendly people—with its unique culture and local inhabitants, the Yukon will appeal to the Australian traveller.
- Canada is attracting high yield niche consumer segments: wildlife viewing, adventure/trekking, gay market and winter non-ski—the Yukon is uniquely placed to offer exceptional adventure and winter non-ski high yield products.
- Keen interest in independent travel (FIT) and fly/drive product—with excellent FIT and self-drive product available, the Yukon can attract this growing Australian market.
- Strong interest from partners, especially travel wholesalers willing to partner and develop new Canada products—by fostering existing good relationships in market, as well as developing new ones, the Yukon can benefit from the interest of local wholesalers in both co-operative marketing efforts and expanding the Yukon product range available in Australia.
- The market is now maturing and therefore looking for new destinations and products within Canada.
- There is high potential for repeat travellers. As the Yukon is a second or third trip option for most Australian visitors, there is an opportunity to target past passengers with Yukon offerings.
- Canada grants 8,000 working holiday visas to young



## *PACIFIC MARKET REPORTS*

Australians each year. Through partnership with operators specializing in this market (i.e. STA and Overseas Working Holidays) the Yukon could potentially attract some of these visitors as they generally stay a year and work on a seasonal basis, spending the rest of their time travelling. In addition, opportunities exist in marketing Canada to the families of these young people to encourage them to come and visit.

- Building relationships with wholesalers in the market remains a key link between the consumer and Yukon product.

## PACIFIC MARKET REPORTS

### COUNTRY OVERVIEW — NEW ZEALAND

TOTAL POPULATION	4.1 MILLION
MAJOR MARKETS	AUCKLAND 1.2M WELLINGTON 347,000 CHRISTCHURCH 316,000
LANGUAGE	ENGLISH AND MAORI
CURRENCY	NEW ZEALAND DOLLAR (NZD)
EXCHANGE RATE <sup>95</sup>	1 \$CAD = 1.41 NZD
AVERAGE RATE 2005 <sup>96</sup>	1 \$CAD = 1.17 NZD
GDP GROWTH FORECAST <sup>97</sup>	2006 2.2% 2007 2.7%
GDP PER CAPITA WORLD RANKING	39
GST/VAT	12.5% GST
ANNUAL LEAVE ENTITLEMENT	15 DAYS
INTERNET ACCESS <sup>98</sup>	76.3%
INTERNET GROWTH 2000 – 2005 <sup>99</sup>	285.5%

### CANADA'S TOP TEN MARKETS 2005

1	UK
2	JAPAN
3	FRANCE
4	GERMANY
5	AUSTRALIA
6	MEXICO
7	SOUTH KOREA
8	NETHERLANDS
9	CHINA
10	HONG KONG
20	NEW ZEALAND

### KEY TRAVEL INDICATORS<sup>100</sup>

TOTAL OUTBOUND MARKET 2005	2.1M
FORECAST GROWTH	2.66M BY 2010
VISITORS TO CANADA 2005	38,868 (7.6%)
TOTAL SPEND 2004	40.7M
MARKET POSITION FOR YUKON 2005	6
TOTAL YUKON VISITORS 2005	1,020 (61.4%)
PERCENTAGE OF YT ASIA/PAC MARKET	15.8%
PERCENTAGE OF YT OVERSEAS MARKET	0.31%
MARKET PRIORITY	TERTIARY

### VISITOR PROFILE

PEAK TRAVEL TIME 2005	JUN – AUG (43.6%) SEP – OCT (18%)
SPEND PER PERSON/TRIP 2004	\$1046
LENGTH OF STAY 2004	4 – 9 NIGHTS = 41.7% 10 – 16 NIGHTS = 23.2%
AVERAGE AGE 2004	25 – 44 = 31.6% 45 – 64 = 42.8%

### ECONOMIC & POLITICAL OUTLOOK<sup>101</sup>

- The centre-left, Labour-led minority government is already looking rather vulnerable, only six months into its three-year term.
- Fiscal policy will remain broadly expansionary, as Labour tries to honour its election pledges.
- The main restraint on the country's long-term growth prospects is its continuing dependence on commodities, mostly agriculture — and forestry-related.
- Activity is projected to slow and capacity constraints to ease, but some imbalances will persist. While rapidly expanding household incomes are likely to temper the effects of higher interest rates on consumer spending, rising wages and other input costs will squeeze business profitability further and curtail investment.
- Significant monetary tightening has not yet produced a material slowdown in domestic demand growth, and risks of a sharp correction are increasing. (Source: <http://www.oecd.org/dataoecd/6/34/20213243.pdf>)
- The population is growing and aging.
- Unemployment 4.2%
- Inflation 2.7%

### OUTBOUND TRAVEL MARKET

#### TRAVEL TRENDS

- The New Zealand travel industry is dynamic and fiercely competitive, with the traditional wholesale and retail distribution channels undergoing significant change as consumers become savvier waiting for and expecting deals, discounts and value adds as a standard when booking.





## PACIFIC MARKET REPORTS

- There is a trend toward direct bookings in the younger segments.
- Airlines are relying less on the traditional wholesale distribution system and are increasing their focus on direct sales to consumers, particularly via the Internet.
- Consumers are well informed on the available price and product and are extremely price driven when making travel purchase decisions.
- Consumers are predominantly using the Internet to research travel information and fares rather than booking on-line.

### COMPETITION

- Top ten destinations—Australia, U.K., U.S., Singapore, Fiji, Thailand, Hong Kong, China, Italy and Canada.

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### THE NEW ZEALAND TRAVELLER

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- The most common demand from the New Zealand traveller is value for money.
- They are on holiday to have fun. They have a strong interest in history and like to know a lot about the area in which they are staying.
- Tourism Australia has identified a particular segment of the market—the Experience Seeker. These people:
  - are experienced international travellers
  - seek out and enjoy authentic personal experiences they can talk about
  - involve themselves in holiday activities, are sociable and enjoy engaging with the locals
  - are active in their pursuits and come away having learned something
  - are somewhat adventurous and enjoy a variety of experiences on any single trip
  - place high importance on value and hence critically balance benefits with costs
  - place high value on contrasting experiences (i.e. different from their day-to-day lives).
- They typically:
  - come from households that have higher than average income
  - are tertiary educated
  - are open-minded and have an interest in world affairs

- are selective about their media consumption
- are opinion leaders within their peer and social groups

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### NEW ZEALAND VISITORS TO CANADA

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- Significantly more New Zealanders come to Canada for VFR purposes (44.1%) than holidays (37.3%).
- While the bulk of visitors stay between four and 16 nights, almost 11.5% stay for longer than 31 days.
- The main market from NZ is seniors, with 39% over the age of 55.

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### NEW ZEALAND VISITORS TO THE YUKON

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- The key target market for the Yukon is the experience seeker, as identified above. As a destination appealing to the more experienced traveller, as well as offering an authentic experience, the Yukon is well-placed to appeal to this demographic.

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