RESEARCH

IMPACT OF SPRING 2003 EVENTS ON U.S. PLEASURE TRAVEL TO CANADA

SUMMARY

Market Research
2003-1

Discover our true nature

Canadian Tourism Commission
Commission canadienne du tourisme

Canada

Impact of Spring 2003 Events on U.S. Pleasure Travel to Canada Summary

Prepared for:

The Canadian Tourism Commission (CTC)

Prepared by:

Ottawa – July 2003

Executive Summary

The United States is Canada's most important international tourism market. As such, there are extensive efforts to market to this population and to better understand these travellers. The spring of 2003 saw some of the most significant events since the September 11th, 2001 terrorist attacks on the United States. These events had both immediate and long-term impacts on Americans' travel behaviour. To understand the impacts of these events on American travellers, the Canadian Tourism Commission launched an extensive tracking study to monitor the impact of the war on Iraq and Severe Acute Respiratory Syndrome (SARS) on tourism to Canada. This report summarizes the findings from the study.

In all, six waves of interviews were conducted over a three-month period. To make the analysis in this report easier to follow, the interviews were grouped into three time periods: Wave I (April 5 to April 27), Wave II (April 28th to May 31st) and Wave III (June 1st to June 30th).

Impact of Spring 2003 Events on Existing Travel Plans

The events of spring 2003 did create a significant level of concern among U.S. travellers. In fact, approximately half of U.S. travellers in each time period expressed concern about travelling as a direct result of the Spring 2003 events. The main travel concerns were fear of terrorism and concerns about SARS. Other key concerns included fear of flying, the war in Iraq in general, personal safety, anti-American sentiment and too much hassle at the airport and border. While the overall level of concern did not change significantly across time periods, some of the specific concerns did change. More specifically, among those who had concerns, there was a significant increase from April to May in the portion citing a fear of terrorism and there was a significant decrease from Wave I to Wave II in the portion citing concern about SARS.

Despite the high level of concern, only 9.4 per cent to 11.6 per cent of the U.S. traveller population changed their upcoming trip plans in each of the three waves. Key highlights relating to changed travel plans include:

- Between 4.9 per cent and 6.1 per cent of respondents in each time period postponed a trip as a result of the Spring 2003 events. In Wave I, Canada saw a relatively small portion of the postponed trips (8% or 792,000 trips). However, with the World Health Organization (WHO) travel advisory in late April and concern over SARS continuing to grow in Toronto, so too did the number and share of trip postponements for Canada. Waves II and III saw an estimated 1.3 million trips to Canada postponed or a 12 per cent to 14 per cent share of postponements to all destinations with the lion's share being trips to Ontario.
- Between 56 per cent and 60 per cent of respondents who had postponed a trip in each wave had not yet decided when the postponed trip would be taken.
- The percentage of travellers who changed destinations as a result of Spring 2003 events significantly increased from 5.1 per cent in Wave I to 7.3 per cent in Wave II. The estimated net decrease in trips (gains less loss) resulting from destination changes was at 214,000 to 669,000 trips to Canada depending on the time period.
- At only 1.7 per cent to 2.2 per cent, relatively few U.S. travellers actually cancelled their trips. Cancellations of trips to Canada peaked in Wave II at 1.2 million, twice as high as in the other two waves.
- Between 1.1 per cent and 1.7 per cent (or 1.6 million to 2.5 million) of U.S. travellers indicated that they actually took a previously unbooked trip during the study period. Of these, Canada saw relatively few bookings until June when 25 per cent (or 496,000) of previously unbooked trips were taken to Canada.

- Only between 4.6 per cent and 6.5 per cent of U.S. travellers changed their mode of transportation as a result of the Spring 2003 events. The majority of transportation changes were from airplane to car.

Impact of Spring 2003 Events on the Psyche of the American Traveller

While many people did have concerns, and a number of trips had been reconsidered, especially to Canada, the results show that in general, the majority of respondents had not been dissuaded from travelling, with 3 per cent (2% in Wave III) being more willing to travel in general and approximately two-thirds to three-quarters indicating that Spring 2003 events had no impact on their overall willingness to travel. In fact, there was a significant increase in the portion of respondents indicating that the events had no impact on their willingness to travel from the period during the war (66%) to the following two periods (70% and 73% respectively). Moreover, two-thirds to three-quarters indicated that the war on Iraq would not impact their travel plans, while only one-fifth (only 15% in Wave III) indicated that they were suspending all non-essential travel.

In addition to the impact on travellers' willingness to travel, other traveller attitudes and perceptions may affect where they go and therefore how destinations might market to them. Following are some key points regarding the perceptions of U.S. travellers:

- By and large, U.S. traveller willingness to travel within their own state was not impacted by the events in the spring of 2003. However, these events did have some negative impact on U.S. travellers' willingness to travel outside the U.S. More specifically, in Wave I, when the both the Iraq war and SARS were escalating, half of U.S. travellers indicated that they were less willing to cross international borders or to travel overseas as a result of the events. While the severity of the impact decreased in subsequent waves as the war turned into a rebuilding mission and SARS was contained, the negative impact did not disappear. There are some significant challenges for destination marketers outside the U.S. as some traveller attitudes would restrict where they go such as choosing a country that supported the war (69% in Wave III), preferring to stay in the U.S. for safety (35% in Wave III) and flying only domestic airlines (45% in Wave III). It should be noted that the portion indicating that they are more likely to travel to a country that supported the war on Iraq decreased significantly from Wave I when it was 75 per cent.
- Looking specifically at U.S. traveller willingness to visit Canada or the United Kingdom, the negative impact of the Spring 2003 events decreased from the Wave I to the Wave III. A closer look, however, reveals that the negative impact on willingness to visit Canada remained constant through the first two waves and didn't drop until the final wave. The delay in improvement of results for Canada was undoubtedly the result of the ongoing concerns about SARS.
- Safety and peace of mind, friendliness towards Americans and to a lesser extent, choosing a destination where one does not have to worry about one's health were the most important destination selection considerations in the minds of American travellers among the items tested in the study. Incorporating a strong image in these areas in marketing plans will be paramount to increasing trip volumes from the U.S., particularly in the short term. Items of less importance include destinations with an international flavour and destinations within a two-hour flight. The importance of the different considerations did not change across interviewing waves.
- Given that travellers are leery about leaving the U.S. and that international flavour is not very important in selecting a destination, it is important to note that Canada is not widely viewed by U.S. travellers as a foreign destination. While this may not be the desired perception under normal circumstances, this view is beneficial in light of current circumstances.

Past Travel and Future Intentions

Almost 70 per cent of the U.S. traveller market over the age of 25 has travelled to Canada at some point in their life. In fact, a full quarter of the market indicated that they have visited in the past two years. Interestingly, one-third of travellers have travelled outside North America in the past two years while less than one-tenth have visited the U.K. Key findings regarding the future travel intentions of U.S. border market travellers are as follows:

- The average U.S. traveller plans to take 2.5 trips (2.25 in the final wave) in the coming six months and almost two trips in the six months following that. Of the 2.5 trips in the coming six months, roughly 1.5 of them will be to states outside the traveller's home state. Fewer will be to Canada (0.03 to 0.09) or overseas (0.09 to 0.15). The vast majority of trips in the next six months will be for pleasure.
- Despite the Spring 2003 events, particularly those that impact Canada's image, likelihood of visiting Canada remained strong across all waves. In fact, between one-fifth and one-quarter of travellers (depending on time period) indicated that they would definitely or were very or somewhat likely to visit in the next six months. Moreover, between 6 per cent and 8 per cent indicated that they would definitely visit. Similarly, almost one-third of respondents in each wave indicated that they would definitely or were very or somewhat likely to visit in the next year. While likelihood of visiting remained quite strong across all waves, there was a drop between Wave I and Wave III in the portion who indicated that they would definitely visit Canada in the next six months or in the next year.
- Interestingly, respondents who are not planning to travel at all in the next twelve months indicated it was because of a lack of funds, personal or family illness, or said they were too old, or too busy or that they just don't travel. These are all typical reasons for not planning a trip indicating that the Spring 2003 events were not the determining factor in their decision-making. For the most part, reasons for not visiting Canada in particular were also typical. However, the impact of the WHO advisory can definitely be seen with the significant increase in those concerned about SARS from 4 per cent in Wave I to 7 per cent in Wave II.

Competitive Positioning

U.S. travellers awarded fairly good ratings to Canada on all attributes in each of the three time periods. As seen in previous studies, Canada continues to hold an image of a safety and friendliness. Moreover, the highest ratings were; a safe place that offers peace of mind, friendliness toward Americans, a destination where one does not have to worry about one's health and the availability of emergency assistance.

While ratings for Canada were for the most part positive in all time periods, there were some significant shifts. In fact, seven of the ten attributes tested saw a significant decrease in the rating from Wave I to Wave II or Wave III. No attribute shifted significantly in both Wave II and Wave III. With the on-going issues related to SARS, some of the rating decreases are not surprising. More specifically, the continuation of issues surrounding the SARS outbreak in Canada (WHO travel advisory, resurgence of the outbreak in mid May, etc.) was likely the key factor in driving ratings down for Canada as a safe place that offers peace of mind and a destination where one does not have to worry about one's health.