

quarterly market report

US-Sales

January - March 2007

Market Highlights

of outbound visitors: 9,170,300 (Q4-2006)

% change from previous quarter: -14.6% from (Q3-2006)

of visitors to Canada: 2,449,817 (Q4-2006)

% change from previous quarter: -57% (Q3-2006)

Seats Available for Travel From the U.S. to Canada (Q1 – January to March)

	2006 (Direct)	2007 est. (Direct)	2006 vs. 2007 Change
Non-stop seats available			
to Canada (overall)	3,907,330	4,179,434	7.00%
B.C./Alberta	1,235,368	1,414,783	14.50%
Manitoba/Saskatchewan	112,120	115,540	3.10%
Ontario/Quebec	2,494,608	2,589,360	3.80%
Atlantic Canada	63,674	58,231	-8.5%

Source: OAG Worldwide.

Comments / Other information:

MC&IT:

- The 1st quarter of 2007 showed a slowed and stable business environment for Southern California corporate and incentive business. Planners expect a 2% increase over their 2006 budgets for 2007. The meetings industry reported a 3% growth in 2006 according to Meeting Professionals International (MPI). The trend is expected to continue for the remainder of 2007.
- Planners have been less concerned about attrition in 2007 than last year, and that they expect to be taking a more scientific approach to meetings with procurement in the year ahead. Most planners explain that they have to continue securing additional rooms beyond their original block with neighboring hotels due to lack of space as conferences grow.
- Thus far this year has seen an increase in short-term future bookings for meetings in 2008 through 2010. Some of the larger pieces of business have actually been in the shortest lead time (6 months or less), forcing planners and incentive houses to push clients to their 2nd and 3rd choices due to lack of space or availability.
- Leisure and Hospitality in California saw a 3.2% decrease over 2006 for the first quarter of 2007. Of the decreased market segments in California, Leisure and Hospitality trailed retail for modest decline.
- Incentive Houses have to bid on almost all of their business now due to the influence of corporate procurement directives and the increase of third-party planners in Southern California. Third-party planners in Southern California report 32% of their business is now incentive compared with only 30% the year prior.

Air Capacity

- Delta Airlines advises that they are increasing airlift from Atlanta to Montréal by using 70 and 90 passenger CRJ's.
- United Airlines will begin new Chicago/Halifax service on June 7, 2007. Service will be seasonal and operate until October 27, 2007. Aircraft that will be used will hold 70 passengers.
- Delta Airlines will begin new Boston/Charlottetown seasonal service, June 29-September 16, 2007. Aircraft that will be used will hold 50 passengers.
- Air Canada (Jazz) will begin new service as follows: (1) NYC LaGuardia/Halifax on April 1, 2007 (2) Seattle/Calgary on June 1,

2007 (3) Sacramento/Vancouver on June 15, 2007. Aircraft that will be used will hold 50 passengers.

- Air Canada has introduced their subscription-based flight passes in the US that will allow unlimited travel between the US and Canada.

- The European Union and the US have agreed to an open skies agreement between the world's two largest aviation markets. However, this agreement must be ratified by the US Congress and all of the EU transport ministers to become reality.

Economic / Political Environment

GDP growth:	3.2% *approx. for 2006
forecasted economic growth:	1.3% *approx. for 2006
unemployment rate:	4.8% *approx. for 2006
inflation:	2.5% *approx. for 2006
consumer price index:	2.5% *approx. for 2006
exchange rate:	\$1USD to \$1.17CDN
net national disposable income:	\$43,500 per capita *approx. for 2006

Comments / Other information

- The cost of the war in Iraq, the soft housing market and the Dow Jones Industrial Average corrections has Americans cautious about their financial future.

- After March's steep market decline, everyone will be looking for signs about the direction of the economy until new reports from the labor department on the unemployment rate for February are released.

- The Gross Domestic Product dropped 1.5% this year in California but has been stable over the 6.6% reported in 2006.
- California no longer leads the nation in housing appreciation with Nevada, Arizona and Hawaii now ahead of California. However, California enjoyed an appreciation in home values of 109% in the last five years. The current real estate prices in California saw a drop of 32% overall for the 2006 year.
- Unemployment rates have dropped but not substantially in the Midwest. The Midwest remains the area with the highest unemployment rate in the nation at 5%.
- The Consumer Price Index is virtually unchanged in the past couple of months as energy prices remained relatively stable.

Emerging Tourism Trends

MC&IT:

- The weak U.S. dollar and a strong Euro is resulting in a strong influx of European visitors.
- Europe is still a strong outbound destination for Americans despite the exchange rate.
- Conference planners with tight budgets are trimming the fat on the banquet menu as they try to balance the rising costs of food and labor with increasingly sophisticated tastes of attendees.
- Many domestic airlines are using advertising in-flight other than in-flight magazines, or entertainment screens. "Brand Connections" an advertising company offers new and creative advertising ideas in-flight (NY Times On the Road/March 6th). Clients have included Mercedes-Benz, Bose, Microsoft and Verizon.
- A majority of incentive houses look to boutique properties to provide a different element to the experience.

- Lead times continue to be short (usually 6 to 8 months) as a suppliers' market appears to be continuing for the future. Planners are limiting their choices to only 3 destinations for review by their clients. The need to have a passport to re-enter the US has caused some trepidation among corporate planners.
- Mexico has a "Lazer Visa"/Border crosser card that appears to be successful.
- Cited more frequently is the passport issue being the main reason a client might not consider Canada.
- Incentive houses and suppliers are becoming experts in the industries they wish to pursue.
- Incentive Houses are hiring procurement specialists to speak directly with decision-makers on the corporate side. These individuals are participating on business pitches.
- The number of meetings booked in 2007 should be consistent with 2006, but there will be an increase in per person cost due to higher hotel rates.
- Fishing and spa trips continue to be the most requested activities for incentive programs to Canada.
- Strong concern from Incentive Houses regarding the GST rebate potentially being eliminated.
- Hotels are eliminating trans fat from menus and food outlets. Clients are requesting fresh and healthier organic foods.
- From the insurance and financial world, all incentive programs need to have a meeting/educational component.
- Fewer insurance meetings being placed over next 24 months, but meetings are larger than in past years. This may be due to the combination of meetings.
- Meeting planners continue to plan meetings with a more health conscience approach. One result of this trend is that Marriott and Westin Hotels are now smoke free chain wide. An increasing number of meeting organizers are offsetting the environmental impact of their meetings by adopting

environmentally friendly concepts such as carbon-offset programs, zero-waste and green meetings. This represents a natural opportunity for Canada.

- With the market turn around and hotel rates on the rise, multi-year and multi-program deals are the ways clients can show value to management. Companies are looking for package deals – multi-programs at a particular property or multi-year destination contracts. Incentive houses are seeking preferred vendor programs not only with hotels, but with AV companies, production firms and DMC's in order to show more value to the end-user.

- International meetings remain the cornerstone of most US insurance and financial companies' reward and recognition strategy.

- Canada needs to stay mindful of the new generation of travelers. What motivates the nostalgic Baby Boomers could be a turnoff for the tech savvy Generation X group of up and coming travelers and meeting attendees.

- Canada is seeing more interest in winter programs as an alternative to sun and beach programs. Companies are looking for alternatives keeping in mind concerns of sun and related health issues. This is especially true in the insurance industry as companies want to practice what they preach.

- Small and medium sized meetings are still being booked short term; larger meetings are taking longer to source due to space and availability issues.

- Unique activities such as culinary team building are hot.

- Meetings from the Hi-Tech industry are making a comeback, especially true in the Southwest region.

- Clients are looking for “all in one” meeting packages, seeking value with no incremental costs.

- Hotels and destinations are starting to outline cost savings in bids and contracts to set themselves apart from the competition. Clients are looking to partners for solutions enabling them to do more with less.

- Perceived and real barriers and negative press such as WHTI, additional

customs scrutiny, visa regulations, etc., requires increased focus on customer reassurance that Canada still offers exceptional experience and value.

Leisure

- YPB&R top travel trends to watch for in 2007 are:

- a) Family travel (adults w/children) will continue to grow at a faster pace than other forms of leisure travel;
- b) The cruise industry will continue to grow and will become a formidable competitor of destination (land-based) hotels and resorts;
- c) Interest in spa-going/travel will continue to grow as more consumers look for ways to relieve the stress in their every-day lives;
- d) The .travel domain will grow in popularity as travel suppliers look for ways for a more refined online environment and consumers become more frustrated in the .com domain.

- A TIA survey of U.S. travelers in 2006, found that 56% are interested in taking an educational trip organized by their alumni associations, a museum or not-for-profit association.

- A joint survey by TIA & Gourmet Magazine indicates that 17% of American leisure travellers specifically sought out culinary and wine-related activities whilst on vacation. Another finding of the study revealed that culinary travellers are generally "younger, more affluent and better educated than non-culinary travellers" and seek "unique experiences" when travelling.

- According to a survey by USTOA, river-cruise tour programs have shown an increase in sales by member tour operators of anywhere from 15-40% in 2006. The most popular special-interest programs are: culinary and wine-tasting programs and soft-adventure programs and expect that special-interest packages to be their strongest growth area for 2007.

- According to Travelocity, there is a growing trend for spring skiing rather than the traditional winter skiing.

- Volunteer Tourism is a growing trend with American Travelers. TIA estimates that 24% of US citizens have expressed an interest in volunteering when they

travel in 2007.

- Weekend getaways have increased more than 10% in the past five years, according to TIA. The shoulder seasons of April/May and Sept/Oct. have become prime getaway times. The most popular activities in rank for weekend trips are eating, entertainment, shopping and sightseeing. Weekend travelers spend more money and have higher incomes (\$75,000+) than traditional travelers. Couples are the primary travelers for weekend trips, with the primary age range 35-54.

- An increasingly strong trend in travel is now called "mancation" which is the opportunity for male friends to travel together. At least two web sites (www.mancation.com and www.mancations.com) are dedicated to such travel activities. The consulting firm of Forrester Research believes the so-called Friends generation – those 35 and younger – tends to be better educated and travel more and will increasingly seek out this type of get away. After finding success with female only trips, Fairmont last summer began introducing mancations in about half of the chains 45 hotels.

- To support the growing demand for culinary and and cultural niche products, Globus has developed: wine themed and music themed cruises (Avalon Waterways), a DaVinci Code tour, a Beatles/British Invasion rock and roll as well as launching a new division specifically for religious travel.

- Royal Caribbean is currently building a 6,400 passenger ship for delivery in Fall 2009 currently called: "Project Genesis" at a cost of \$1.24 billion. Their next largest ship, the Freedom of the Seas carries 4,300 pax. The Genesis project ship will sail the Caribbean.

Media &PR

- Spa – Interest in spa-going will continue to grow as more consumers seek ways to manage the mounting stress in their lives. This could also ignite the next generation of spa development in commercial hotels. Becoming of greater interest to leisure travelers, about 1/3 of all spa goers, approximately 20.4 million people are spa travelers, defined as those who visit a spa while on an out-of-town, overnight trip. Spa-goers are also drawn to indigenous treatments and products, especially when traveling. Additionally, the increase in the

number of spa-going men boosts demand for spa products designed specifically for men in mind, the Travel Industry Association said. According to *Travel and Leisure* magazine, the newest spa trend for 2007 is a “longevity retreat” with a focus on medical testing and advice at a destination spa.

- Save the World – According to the Travel Industry Association’s “Voice of the Traveler” survey, found that 24% of travelers are interested in taking a volunteer or service-based vacation. The American Hiking Society, for example, organizes volunteers to fix up national parks and groups like Global Volunteers and Cross-Cultural Solutions send volunteers to help communities around the world. The survey also indicates that there is a lot more awareness about eco-tourism. Some have also started offsetting the carbon emissions from their flights or car trips by donating to organizations that preserve forests or support renewable sources of energy like solar power. Other travelers have chosen to stay in an eco-lodge where food is locally grown and waste is recycled.

- Leisure Travel – According to Hotel Marketing, the demand for leisure travel services will continue to outpace that for business travel services, as more business travelers attempt to use the latest technology as a substitute for business travel whenever possible. Additionally, travelers will attempt to manage the escalating cost of air transportation and lodging, as practically all travel suppliers will attempt to raise fares and/or rates. As the demand for travel services continues to grow, capacity becomes more strained and operating costs will rise. The concept of “inclusive pricing” will increase as well, growing in popularity beyond destination resorts to include commercial hotels seeking to provide good value for basics - a comfortable bed, breakfast, high-speed internet access and reward points.

- Geotourism - According to National Geographic Traveler and the Travel Industry Association, geotourism is defined as a tourism that sustains or enhances the geographical character of a place, including its environment, culture, aesthetics, heritage and the well-being of its residents. More than 55 million U.S. travelers are classified as geotourists, or are interested in nature, cultural and heritage tourism. Trips which include cultural and heritage activities comprise one of the most popular and significant segments of the travel industry -- more than 118 million people have included an historic or cultural activity while traveling. Additionally, the festivals and events industry

continues to grow worldwide, as events today range from state fairs and air shows to film festivals and farmers' markets. According to the International Festivals & Events Association, the industry is working to reach the new and changing demographics of their host communities, while maintaining awareness among loyal audiences.

- Web wonders – The new .travel Internet domain will continue to grow in popularity as companies and suppliers attempt to market their products and services in a more refined online environment, Hotel Marketing said. Consumers continue to seek refuge from the contamination and frustration coupled with searches in the .com domain. The role of the Internet will continue to dominate travel planning/booking; however, the occurrence of Internet usage by both business and leisure travelers to plan an aspect of travel will remain somewhat flat. Internet usage to actually book reservations will continue to grow, yet at a significantly lower rate than has been observed in the last three years.

Market Development Activities

MC&IT:

- Québec City Convention Centre hosted a small customer dinner to introduce new Sales Manager and promote 2008 activities.
- Tourism Toronto is sponsoring the Association of Meeting Professionals meeting in March.
- Tourisme Montréal is doing a small sales mission to Philadelphia in March.
- Both Four Seasons and the Westin Whistler sponsored FAMS out of the Midwest region to encourage more short-term corporate and incentive business.
- Tourisme Québec partnered with the CTC on a 3 day sale mission calling on corporate and incentive accounts in the Minnesota area.
- In the Western Region, Tourism Vancouver conducted a sales mission around the MPI Tradeshow bringing in four partners for sales calls.

- Clipper Navigation did a tradeshow featuring Victoria and Pacific Northwest destinations, group facilities and services (CTC exhibited).
- Tourism Whistler did a series of client events in San Francisco Bay. Four destination partners participated and they entertained 120 clients in total.
- Cantrav DMC offered a short term lead promotion along with participating hotels, CTC assisted with database.

Leisure:

- Rocky Mountaineer Vacations is offering a \$200 per couple credit to guests who book a minimum six-night rail vacation to Canada's West and the Canadian Rockies before March 16; a deal that can be doubled to \$400 USD if passengers pay in full at the time of the booking.
- Passengers on Via Rail can save up to 50% when purchasing tickets in economy aboard designated trains between Montreal and Halifax or Montreal and Gaspé for travel until May 31, 2007.
- Air Canada is doing a "kids fly free" out of LAX (ages 2-11) promotion offered through certain tour operators valid until February 2008.

Media&PR:

- The CTC participated in the launch event of the Société du 400eme anniversaire de Québec's 400 day countdown. Ambassador Michael Wilson and the Delegate General of Québec in New York, Michel Robitaille hosted the event titled Québec: Old World Charm, New World Excitement in partnership with Smithsonian Associates.
- Atlantic Canada Tourism Partnership – media relations representatives visited journalists in the New York area on January 29-April 1, 2007 and the Washington, DC area on February 5-8, 2007.
- Tourism British Columbia, Tourism Vancouver, Tourism Whistler and Tourism Victoria conducted a 2 week media trip to California and Arizona during the month of February.

CTC Activities

Trade Development

- Toronto was the site of Professional Convention Management Association's (PCMA) first internationally held meeting in January.
- The CTC and its partners hosted the opening reception at PCMA. The Annual Meeting provided an opportunity to showcase Canada and serve as a launch for the refreshed brand.
- During PCMA, an online contest was part of the integrated marketing campaign driving attendees to the MC&IT website. The response rate exceeded 40%.
- MC&IT produced its first e-newsletter in January and distributed to client database, approximately 8,000 clients. Second newsletter scheduled for March 16th.
- CTC had a first time showing/representation at Life Management Research Association (LIMRA) in February after not exhibiting for a few years. The organization has undergone a reorganization and is offering hospitality and destination partners a higher profile in the program. LIMRA is an association of insurance CEO's, VP's and Marketing Managers that influence the buy on future programs and incentives for their companies.
- "celsius. a new degree of cool" spa event in Dallas on March 21, 2007 for 20 key account clients. Partners are Tourism Vancouver and Tourism Whistler.
- International Meetings and Incentive Marketplace in New York City, March 10-13, 2007. This show offers meeting planners with an interest in international destinations the opportunity to arrange appointments with various suppliers.
- Pharmaceutical Meeting Planner Forum in Philadelphia, March 26-27, 2007. Networking educational conference/tradeshow with an exclusive audience of pharmaceutical meeting planners representing leading pharmaceutical corporations throughout the US.

- Meeting Planners International (MPI) Platinum Speakers Series in Stamford, CT, March 15, 2007. Through our national partnership, the CTC is a partner worldwide on this program gaining exposure within 66 chapters.
- The CTC participated in MPI-WEC in New Orleans in January, which included sponsorship of the Chapter Leadership Forum attended by 200+ people.
- The CTC participated and exhibited at the Annual Partner Meeting (APM) for ConferenceDirect in Chicago in February. Over 230 ConferenceDirect associates were in attendance.
- Southeastern US worked on two FAM programs (Banff/Lake Louise and Vancouver/Whistler) with a total of 15 clients.
- CTC in conjunction with Fairmont Canada created a training program for HelmsBriscoe associates and their clients. First program held in Calgary, March 14-16, 2007.

MC&IT: (January 1 – March 14, 2007)

Number of Leads – Primary	147
Primary Lead Revenue	\$79,362,953 USD
<ul style="list-style-type: none"> • Association • Incentive • Corporate • Unidentified 	56 34 57 0
Potential # of attendees from the leads	87,070
Number of In-market Promotions	7
Number of Showcases	0
Number of Fams	4
Number of Fam Participants	33
Number of Sites	26
Number of Site Participants	30
Number of Industry Events	10
Number of Tradeshow's	3
Number of Citywide's	1
Number of Sales Calls	109
Number of Sales Missions	1

Total Cost of Site/FAM Tickets	\$85,299 CDN
Amount of Initiative	\$13,005,563 CDN
Partner Cash	\$6,829,090 CDN
Partner In-Kind	\$7,043,842 CDN
CTC Contribution	\$2,588,015 CDN
<u>Leisure:</u>	
<ul style="list-style-type: none"> - Partnership with VIA Rail, NFLD and Labrador Tourism and Tourism New Brunswick for the 2007 Educational Travel Conference. - CTC Preferred destination partnership with Carlson Wagonlit Travel that will include 2 direct mails to 600 CWT locations in the US. One mailing was the new Inside Guide and the 2nd mailing will be the CTC's Pure Inspiration (Luxury) Guide. - CTC was provided a free ad in United Vacations newsletter, sent to 11,000 retail travel agents. - Adventures in Travel Expo & Luxury Shows, LA, Washington, DC, Chicago and NYC – Trade and Consumer show with over 60,000 attendees. - American Bus Association Marketplace in Dallas, TX – over 3,000 delegates, 52 marketplace appointments with motorcoach operators and tour operators. CTC in conjunction with Fairmont Canada created a training program for HelmsBriscoe associates and their clients. First program held in Calgary, March 14-16, 2007. - AAA Southern New England, Foxboro, MA – Trade and Consumer show with over 12,000 attendees. - Travel Impressions: Planning tactics to support May 2007 launch of FIT program. - Trek America: Planning with this adventure operator to support new 2008 Atlantic itineraries. 	

- Gutsy Women: Planning with this high-end women-oriented tour operator in launching a new 2008 Ontario itinerary.
- Fairmont FAM Trip Program – Three fam trips (total 30 Virtuoso agents) in January and February to BC and Alberta.
- Will assist REI Adventures with site inspection trip to Yukon to help develop new upscale winter tour program for inclusion in their 2008 brochure.
- Participated in Two Nation Vacations travel tradeshows, total attendance 555 travel agents with 21 Canadian suppliers exhibiting.
- Seatrade Cruise Event in Miami. Participation included tradeshow and events with cruiseline executives throughout the week with Bay of Fundy, Cruise BC and Cruise Association of NFLD and Labrador (CANAL).
- Virtuoso national partnership completed for 2007, consisting of marketing activities and attendance at annual TravelMart Conference.
- American Express Webex training for agents, 24 agents “attended” the training session from across the US at no cost to the CTC.
- Ambassador Wilson visit to Atlanta. Attended a breakfast meeting with the Ambassador at the Consulate to talk about the CTC’s role in the Southeast.

Partner 1st Quarter Contribution					
	CTC Cash	Partner Cash	Partner 3rd Party	Partner In-Kind	Total
1st Quarter	52,370.00	0.00	32,400.00	100,370.00	132,770.00
					0

Partner 1st Quarter Contribution / Consortia					
Consortia	CTC Cash	Partner Cash	Partner 3rd Party	Partner In-Kind	Total
1st Quarter	109,000.00	12,000.00	12,000.00	248,000.00	272,000.00
					0

Consumer Development

Leisure:

- Advertising campaign with Vacations to Go (Houston based agency) and Rocky Mountaineer Vacations. Full page ad in Vacations magazine with a distribution of 230,000 consumers.
- NY Times Travel Show: consumer w/trade component. 29,400 attendees, 8,100 of the attendees were trade professionals. 450 worldwide exhibitors contracted booths at the event. Canada Pavilion featured 18 exhibitors.
- Eat/Drink Canada Event: NYC Consulate with Niagara and BC Wineries; 250 consumer attendees, restaurants and wine distributors and culinary media in attendance. 25 wineries; 7 food purveyors participated.
- Participated in the Orange County Register Travel Show in Costa Mesa, CA organized by The Travel Store, an Ensemble consortium member agency; 5,500 consumers attended.
- Double page spread in Virtuoso Life Magazine (circulation 175,000) with Trafalgar Tours featuring two Canadian products.

Media

US Media Dinners

The CTC participated in five media dinners during the first quarter of 2007.

- January 28, 2007 – Seattle Media Dinner at the Ruins – 14 partners participated.
- January 30, 2007 – Denver Media Dinner at Maggiano’s Little Italy – 13 partners participated.
- February 8, 2007 – Chicago Media Luncheon at Les Nomades- 11 partners participated.
- March 8, 2007 – San Francisco Media Dinner at the St. Francis Yacht Club – 15 partners participated.
- March 28, 2007 – Washington, DC Media Dinner at Kinkead’s Restaurant – 11 partners participated.

Visit Canada Program:

January 1 - March 31, 2007 - 91 media to Canada (as of March 9, 2007)

CTC Budget: \$51,053,98

Partner (estimated) in-kind: \$289,513,11

Breakdown:

January 2007

CTC Spending - \$11,434,01

Partner In-Kind - \$81,213.11

Total Media: 28

Individual trips – 8

Press-Trips – 3, 13 pax

Film Visits – 2, 7 pax

February 2007

CTC Spending - \$31,066.31

Partner In-Kind - \$168,900

Total Media – 51

Individual Trips – 11

Press-Trips – 10, 33 pax

Film Visits – 1, 4 pax

Photo Shoots – 1 , 3 pax

March 2007

CTC Spending - \$8,553.66

Partner In-Kind - \$39,400

Total Media: 12

Individual trips – 6

Press-Trips – 3 trips, 5 participants

Photo Shoots – 1

U.S. Media Coverage - \$1,237,941 CDN (January and February 2007 only)

Press Releases

Brand Re launch Announcement

Woofstock – Weber Shandwick, CTC’s Public Relations firm in the U.S., submitted a press release on Woofstock, the annual festival for dogs in Toronto, prior to the commencement of the Westminster Dog Show in New York City.

Public Relations

Bryant Park 2006

- The Bryant Promotion concluded on January 15th after a successful 2 ½ month run in New York City for the second year in a row. In the heart of Manhattan, a Canadian team of designers, chefs, entertainers, musicians, retailers and tourism partners converted the eight-acre Bryant Park into Canada in New York. Elements included: a free outdoor skating rink, a retail market, and a café: Celsius, designed by Canada’s Designer Guys, Chris Hyndman and Steven Sabados. A special tree-lighting ceremony featured Canadian skater Jennifer Robinson, signer-songwriter John Gracie and appearances by Québec’s winter star Bonhomme and the Mounties.

- An integrated marketing campaign included print, broadcast (tv and radio) and e-marketing, along with innovative marketing tactics such as branded Canada bicycle taxis, whose drivers would actually prompt fares to come to Bryant Park and experience a taste of Canadian style, design and cuisine. As a result of the program, more than ½ a million people visited Canada in New York between November 2006 and January 2007.

- The space was also used to hold a CTC trade, media and partner event, which was hosted together with major tour operators, sponsors and partners. Ontario Tourism Marketing Partnership, Ottawa Tourism, and Niagara Falls Tourism also sponsored a week of activities that included a Niagara wine tasting and ice sculpting by Le Cordon Bleu Culinary School Chef Armando Baisas.

Estimated traffic numbers from this year’s initiative indicated an increase from previous years.

General attendance (per hour): 1,415

Percentage of women attendees: 57-60%

Total inside park attendance (over 82 operating days): 1,132,580

Total ice rink patron impressions: more than 2.7 million (includes adjacent sidewalk traffic from 42nd St. /6th Ave.). This is a 7-10% increase from 2005.
Total skaters: 163,142. This is an increase of 40,119 skaters from 2005, almost a 25% increase
Celsius Café sales increased 150% from the Ice Café pavilion in the year prior.

Competitive Environment

MC&IT:

- The issue of the Rx&D Code (pharmaceutical companies) continues to be a barrier for US medical associations considering meetings in Canada. When pharmaceutical meetings are held in Canada, they are impacted with lower exhibitor attendance thus making Canada a less desirable place for meetings and conventions. Until the US tightens their own Pharma code and enforces it, it will continue to affect Canada as a destination.
- Incentive houses look more and more at properties that offer rebates on food and beverage from the master bill. They would like to see Canada move in this direction.
- In the Western U.S., Las Vegas, San Antonio, San Diego and Hawaii continue to be competition for all groups considering Canada.
- SuperClubs Vacations is providing passport inclusive vacations, to defray the additional cost of traveling to the Caribbean.
- Europe is making a come back for future meetings, being booked 12-24 months out.
- With the passport mandate and potential for the GST Rebate going away, many planners are booking meetings within the U.S.
- Mexico invited planners to their 6th Annual Mexico Showcase & Travel Expo in Cancun with four free nights of accommodations in April. Mexico may also see slower group business due to the passport issue.
- Heavy sun and fun destination advertising is being done in local media and newspapers in the Metro Atlanta area.
- Mountain and winter destinations are coming on strong for incentives as alternatives to Sun and Beach. Europe is making a come back for future (12-24 months) bookings.
- In the Southwest, currently Las Vegas, Colorado, Jamaica, Hawaii, Florida

(esp. Orlando) and Australia are hot locations.

Leisure:

- United Vacations is offering 50% off kid's airfare to Mexico (thru Dec.15) when an air-land package is booked by at least one adult and one child when travelling.
- Preliminary figures from the European Travel Commission indicate that American arrivals into Europe for 2005 will exceed the record of 13.1 million that was set in 2000.
- AAA launched a new expanded online travel agency targeting the drive market. The site is available to non-members for the first time.
- An unusually warm winter with little snow reeked havoc with the New England Ski Season.
- Motorcoach operators attending the American Bus Association Marketing were optimistic of total business growth for the 2007 season. Concern was expressed for their flat or decreasing Canadian business. The possible elimination of the GST rebate was a hot topic. Many operators will run their 2007 programs but have indicated they will pull their 2008 programs if the changes go through.
- The AAA Southern New England Marketplace in Foxboro, MA attracted over 12,000 attendees. Heavy inquiries were for U.S. summer drive vacations and rail products.
- Travel agents report that Riverboat Cruising in Europe continues to be one of their fastest growing segments.
- Turkey and Eastern Europe have emerged as the hot destination with packages to Croatia leading the way. Italy continues to be a strong destination from New England.
- Florida's final 2006 tourism statistics show a decline from the record breaking 2005 year, according to information released at Florida Pow Wow. Anti-American sentiment abroad, competition from other destinations, hurricane threats, and robust gas prices were cited as reasons for decline.
- More than one million children under the age of 18 now cruise each year. according to CLIA, 68% of Gen-X'ers now say they want to take a cruise. In

2006, a record 12.1 million passengers sailed on cruises worldwide, up from 11.2 million in 2005. The forecast for 2007 is for 12.6 million cruise passengers

- According to a recent survey conducted by Carlson Wagonlit, new destinations such as India, South Africa and Hong Kong are showing up with increased frequency. Bookings to Europe are expected to stay strong despite the weak US dollar. About 64% (verses fewer than half in 2006) said people are more confident about traveling farther from home.

- NY&Co is launching it's first ever global ad campaign starting in Fall 2007. A recent infusion of \$15 million in annual funding from the city will finance the latest endeavors. Some 44 million people visited the city in 2006, generating an estimated \$24 billion for the local economy and outpacing such cities as Las Vegas, Los Angeles and Washington, D.C.

Media & PR:

- AirTran/Florida: In late February, downtown Chicago got a one-day taste of stunt marketing as thousands of plastic flamingos were placed in parks, squares and along Michigan Avenue. From a distance, the pink birds might have seemed random and out of place in wintry Chicago. However, up close, ribbons around each flamingo's neck identifies their purpose: ads for AirTran, trying to entice travelers to head to Florida.

- Fort Lauderdale: The Greater Fort Lauderdale Convention and Visitors Bureau spent about \$200,000 to create its faux beach scene in a temporary storefront last month, relying on the New York metro region for nearly 1/3 of it's 10.4 million visitors. It was snowing, but in Manhattans' Union Square there was sun, a blonde in a bikini, a beach ball and a sandcastle. Someone was even fly fishing. The sane and virtual fishing were all part of a weeklong promotional efforts by tourism officials hoping that a glimpse of paradise might remind New Yorker's of exactly what they are missing.

- Visit Britain: To "reinvigorate Britain in American's minds," Visit Britain has swapped historical treasures for adventure appeal in a new U.S. marketing campaign. VisitBritain's ads in specialty magazines, on radio and on travel websites will showcase adventure: working an archaeological dig near the Scottish border, hang gliding on the Welsh Coast. Tamer alternatives will also be offered: castle-hopping, cooking classes, mushroom foraging, a spy tour of London. Additionally, they have partnered with BBC America to tag

programming promotions for TV shows – program blocks are tagged with “Be A Brit Different” to subtly capitalize on cultural synergy.

- Greece: Greece’s Culture Ministry on Thursday unveiled a handheld gadget for visitors that offers high-resolution video, detailed diagrams of sites such as ancient temples, position indicators and imagery along with stereo sound. The battery-powered, touch screen devices are about the size and weight of a personal stereo weighing just 270 grams or 9.5 ounces. The units will be available at 15 sites around the country, including the Acropolis and National Archaeological Museum in Athens, Thessaloniki’s archaeological and Byzantine museum, Delphi, Rhodes, Olympia, Mycenae, Vergina, Epidauros and Knossos in Crete.

Future Outlook

MC&IT

-Meetings in the healthcare industry are up 14% since 2001 according to a study by Healthcare Convention Exhibitors Association (HCEA). This trend is expected to continue.

- Due to rapid growth in companies within the financial sector (due to mergers/acquisitions) meetings are 25% larger.

- By 2008, the groups and meetings market is expected to grow to \$175 billion as compared to \$164 billion in 2006, according to HSMAI Foundation and the PhoCusWright’s study. It is also reported that 41% of all groups and meetings travel revenue will be booked online.

- Groups are concerned about GST refund and passport requirements in addition to lower exchange rate for USD. 2007 will be challenging to overcome objections from these issues.

- Internet websites are being cited more and more as preferred means of information gathering for clients seeking to place events in Canada.

- Many North American insurance and financial companies own travel companies/subsidiaries, as a result are handling their own travel arrangements. Realizing the value of consolidating meeting and travel departments this is a

trend that will continue in the future.

- American Express has released a White Paper on consolidating meeting and travel departments.
- Procurement and purchasing departments sourcing travel has become a reality and is being embraced by meeting and travel departments.
- Technology (wireless, free internet) is becoming an increasingly important factor in selecting hotels and facilities.
- User friendly internet sites are the most valuable tool a destination/property can have as up to the minute/current information is imperative.
- More bookings than ever are going through sites such as StarCite.

Leisure:

- Economic conditions in New England remain strong with per capita income for the region being 17% above the national average.
- Many New Englanders have French Canadian ancestry; therefore, the Celebration of the 400th Anniversary of Québec City has tremendous potential from the New England region.
- The slowdown in economic activity in the US is causing uncertainty among consumers.
- Canada's price competitiveness is showing improvement for US travelers. This is largely due to an expected reduction in average airfares to Canadian destinations in the 2Q 2007, combined with an expected rise in US domestic fares.
- Negotiators for the European Union and the U.S. reached a preliminary agreement to all but eliminate restrictions on trans-Atlantic air routes, a breakthrough in talks aimed at increasing the number of flights and lowering fares. The deal needs Congressional approval before the rules would take effect on October 28th. This has the potential to make the discrepancy between air fares from the U.S. to Canada as compared to U.S. prices to Europe that much more pronounced in favour of air fares to Europe.

