

# quarterly market report

United Kingdom

April - June 2007

## Market Highlights

# of outbound visitors:

% change from previous  
quarter:

# of visitors to Canada:

Year to date as at April 2007: 192,139

(Source CTC Snapshot April 2007)

% change from previous  
quarter:

Increase of 4.2 % from same period last  
year.

(Source CTC Snapshot April 2007)

## Comments / Other information:

## Air Capacity

- Zoom Airlines is to expand services from Belfast to Canada with a new direct service between Belfast International Airport and Halifax. The flights will operate from May to October 2007 with a weekly departure on a Saturday. Fares start from £99 one-way plus taxes.

- Canadian Air added capacity from Birmingham to Toronto with three flights a week and also Gatwick - Halifax now twice a week for summer 2007.

## Economic / Political Environment

GDP growth:	GDP grew by 0.7% in the first quarter of 2007. The level of GDP growth is now 3.0% higher than the first quarter of 2006. (Source: Office for National Statistics published 29th June 2007)
forecasted economic growth:	
unemployment rate:	5.5%. Unchanged for the quarter but up 0.2% over the year.
inflation:	CPI annual inflation - the Government's target measure was 2.5% in May, down from 2.8% in April. The main downward pressure on CPI came from average gas and electricity bills which continued to fall this year but rose a year ago.  RPI inflation fell to 4.3% in May, down 4.5% in April. (Source: Office for National Statistics published 29th June 2007)
consumer price index:	2.5%
exchange rate:	
net national disposable income:	In the year to April the annual rate of growth was 3.6% excluding bonuses. Unchanged from the previous month. Including bonuses it was 4.0%, down 0.4% from the previous month. In April 2007 CPI was 2.5% which is below the rate of earnings growth. (Source: Office for National Statistics published 29th June 2007)

#### **Comments / Other information**

Tony Blair has now handed over to Gordon Brown as UK Prime Minister. No major effects in the immediate future anticipated. Terrorism in the UK is again active causing concerns over overseas travel.

#### **Emerging Tourism Trends**

Major Consolidation: TUI AG, Europe's biggest tour operator will buy First Choice Holidays Plc to fight competition from internet bookings and discount airlines, mirroring a combination of two rivals Thomas Cook-MyTravel last month. (Source Bloomberg, last update March 19, 2007)

- Strong trend towards late booking patterns.
- Green Holidays (environmental concerns): 1 in 4 pays a lot of attention to green issues when travelling. (Source: TripVision, Base: All travellers)
- Trend towards very short holidays (less than 6 days) or very long holidays (more than 15 days). (Source: TripVision, Base: All who have had Holiday Abroad Jun-Sep 2006 fieldwork)
- Increasing interest in Activities and Cruises.
- A growing 88% of the population have used internet to plan their trip in the last six months (Jul 2006-Jan 2007). This is far before Word of Mouth, the second most important source of info to plan your trip. (Source: TripVision)
- Older people plan further ahead (Source: TripVision)
- Younger people travel more (Source: TripVision)
- Increase in low cost airlines and routes.
- We are attracting a younger age group (24-35 years old).
- The 59+ are getting younger.
- Changing booking patterns and travel style: for example the internet / direct brands showing strong growth, the dynamic packaging is on the increase and blurring between Tour Operators and Travel Agents.

### Market Development Activities

M&IT

Working closely with head office, the collateral update and rebrand has been in full swing, nearing completion and we will allow other markets access once finished.

Website - this is continually being worked on behind the scenes to update and add new content, due to go live shortly.

Sponsorship of the UK Eventia Summer Conference

### CTC Activities

#### Trade Development

Spotlight Canada - marketplace survey results:

Response rate: Buyers 47%, Suppliers 52%

- New venue and overall look of marketplace

78% of buyers rated The Brewery and the overall look of the marketplace as Very Good or Excellent

72% of suppliers rated The Brewery as Very Good or Excellent

- Meeting business objectives

63% of Supplier respondents had 21+ appointments

88% of Suppliers expect to contract new business post Spotlight Canada

73% of Suppliers claimed that Spotlight met their business objectives

61% of Buyer respondents had 21+ appointments

80% of Buyers expect to contract new business post Spotlight Canada

87% of Buyers claimed that Spotlight met their business objectives

- BACTA's black tie gala event

82% of Buyers voted to retain the black tie dress code

66% of Suppliers voted to retain the black tie dress code

Key areas for review for 2008 marketplace/BACTAs:

- E-communications
- Registration / appointment scheduling process
- Value of exhibitor package - European buyers/M&IT add on
- Hotel allocation and booking process
- BACTA's ticket allocation/more info on how they are judged
- Buyer Incentive

Product Managers Fam Trip

\* Product testing fam trip in Manitoba in partnership with Travel Manitoba and Air Canada. Representatives from the following UK tour operators: Tailor Made Travel, All America Holidays, Bales Worldwide, Travelsphere / Page & Moy / Just You, Barrhead Travel. Fam to promote product development within Manitoba including the migrating Beluga whales in Churchill and Riding Mountain National Park. Group departs London July 1st.

Canada Specialist Program

\* Provinces and Territories bought into the new stakeholder model:

- British Columbia
- Yukon Tourism

- Travel Alberta
- Travel Manitoba
- Ontario Tourism
- Destination Quebec
- Canada's East Coast

Held first UK meeting with UK in-market representatives as well as conference call with in-country representatives. Finalising pay-to-play options for airlines, Canadian suppliers and UK travel trade.

\* Advertising:

- Half page ad in STAN (May)
- Half page ad in Selling Long Haul magazine (June)

Advertisements incorporated new brand identity tone and imagery along with new Global Canada Specialist Program logo.

\* Updating of online training website and member website in-line with new branding.

\* Final stages of development of online booking tracking system.

\* Direct mail to Premier Level agents of Canada branded giveaways.

Canada Day

\* VIP trade event at CTC offices as part of the Canada Day celebrations

\* Promotion in TTG trade magazine in partnership with Travel 4 and Ontario

Tourism for an agent to win a trip to Canada Day festivities.

\* Promotion of the event to Canada Specialist Program to attend the event and also the opportunity to volunteer. Seven Canada Specialist agents volunteered to help out on the day.

### **Consumer Development**

Non Traditional Partnerships

NME and Canadian Blast Partnership (May 2007)

NME (owned by IPC Media) is the biggest-selling weekly music magazine in Britain. Featuring agenda-setting news, the UK's most comprehensive gig guide, definitive reviews of the week's hottest gigs, tracks and albums and exclusive interviews with the most important bands around, it's the Bible of every young music fan.

Description of initiative:

This is a time when Canadian bands are enjoying unprecedented UK coverage. In May 2007, NME cover mounted a CD (CANADIAN BLAST!) featuring 15 Canadian bands, at least 10 of the Canadian bands will be performing at the Great Escape festival, the 137,500 strong audience at Glastonbury Festival and Canada Day London. NME circulation climbs to 85,000 with CD inserts, an additional 10,000 CD's used for distribution at key events. In support of the cover mount CD the CTC ran a promotion to win tickets to the Virgin Festival, Toronto to see Canadian bands Metric and Tokyo Police Club in September 2007 showcased the week previously in NME.

Media Reach:

Promotion of the CD and competition combined reach via IPC Media's channels of print, live activity, editorial, online, on-air = 6.5 million

Wanderlust (Canada Day)

Unique photo gallery for Canada Day showcasing photographs from last years

photography winner trips to Canada.

Tesco Magazine (May/June 2007)

Tesco's has over 250,000 employees and 1,779 stores. It is one of the world's leading international retailers. Since the company first used the trading name of Tesco, in the mid 1920s, the group has expanded into different formats, markets and sectors.

Description of initiative:

We offered a prize for a family of four to go to Alberta in 2007 within Tesco Magazine, with a dedicated full page showcasing the competition. The magazine is distributed FREE to shoppers in this supermarket chain. In total 2 million will be produced amounting to over a 4 million readership.

Development plans for Pride London participation and various Canada Day promotions.

### **Media**

The long-awaited launch of TravelMail.co.uk, the new portal from the owners of the Daily Mail, Mail on Sunday newspapers and Teletext Holidays, took place on May 9th.

The site has been under development since late-2006 and has already had a provisional launch date postponed from mid-March.

It is understood that an early version of the site did not meet the expectations of bosses at the Daily Mail and General Trust, prompting the delay.

The TravelMail project has been widely anticipated in industry circles amid a flurry of activity in the travel channels of other national newspaper brands.

The Guardian and Times recently re-launched their travel sections with massively enhanced functionality and content.



TravelMail is expected to replace the existing ThisIsTravel brand and act as an aggregator for travel editorial content from across the Associated Newspapers portfolio, the press division of the Daily Mail and General Trust.

6 releases have been distributed on Travmedia (reaching 2000 travel writers) covering: Butchart Gardens at Chelsea flower show. A media invite to a press trip to northern Canada. A round up of Canadian media stories. Canada comes to the heart of London and info about the first aboriginal cruise terminal on Vancouver Island.

The following media have travelled to Canada in the 2nd quarter paid for by the CTC:

Andrew Hoskins/Selling Long Haul - RVC Quebec City (trade)

Rob Gill/TTG - RVC Quebec City (trade)

Paul Rouse/ Meetings and INcentive Magazine - Vancouver, Toronto, Montreal, Quebec City (M&IT)

Julie Stuart /The Independent - Newfoundland (National)

Charles Briscoe Knight - Golf Writer - Maple Leaf Cup PEI (niche)

Clive Angram - Golf Monthly - Maple Leaf Cup PEI (Niche)

May 2007 - In partnership with Canadian Affair and Tourism Toronto/Tourism Ontario the following media will be travelling to experience new Toronto:

Erin Paterson - Spectrum Magazine, Scotland on Sunday (regional Sunday)

Julie Hemmings - Yorkshire Post (regional)

Toby Chasseaud - Brighton Argus (regional)

Marjorie Yue - Sunday Mirror (national Sunday)

### Public Relations

Sponsored the Travelmole Web Awards on May 24th hosting the awards event at Canada House and presenting in category of Best On Line agency, which went to Lastminute.com. Over 150 attendees from the online travel world attended.

### Competitive Environment

Tourism Australia and Qantas have appointed Play to launch a digital campaign promoting Australia as a holiday destination. The initiative is intended to raise awareness of Qantas Dreamtime plus fare which offers travellers 2 stopovers en route to Australia and two internal flights once they reach the country. (Source Marketing 16/5/07)

Australia's controversial 'Where the bloody hell are you' campaign is now widely considered a success with a record number of tourists visiting Australia last year according to Tourism Australia. However, Australian tourism does face a challenge on the global marketplace from cheap short haul holiday packages, said Geoff Buckley, Tourism Australia's new Managing Director. Hits on the national tourism organisations website have increased by 30% since the ad campaign started nearly a year ago. TA has also been tracking consumer awareness of the ad, which has also drawn positive results. Incoming tourism to Australia grew by 0.6% in 2006 to a record 5.5 million arrivals. UK tourism demand rose significantly boosted by the number of British tourists who wanted to watch the Ashes cricket series. (Source Travel News Europe/April 07)

### Future Outlook

Britons are price sensitive and fluctuation in the exchange rate could influence their destination choice as well as their holiday budget.

- GDP is forecast to grow by 2.6% and 2.3% for 2007 and 2008 (Source: British Chambers of Commerce, Quarterly Economic Forecast as of 11/02/2007). Growth of the UK economy remain strong but fear of inflation

could alter the net disposable income.

- Declining fuel / energy costs could help to offset the increase in the Air Passenger Duty.

- The development and implementation of a Global CTC Tourism Policy is needed to respond to the growing consumers demand for responsible travel. To gain from the Canada status of 'Green' destination, a well-defined responsible tourism policy would enable them to get a clear and coherent message to the consumers. This is inline with the CTC global brand identity providing a coherent message across borders.

- The European 2006-2007 ski season was difficult because of mild temperatures and bad snow conditions. The next Canadian ski season should take advantage of its excellent snow condition and challenge the established European ski destinations. There is a need to remind the consumer that Canada is the right place for a successful ski holiday rather than Europe and its unpredictable snowfalls.