

quarterly market report

USA

April - June 2007

Market Highlights

# of outbound visitors:	672,289 (Q1-2007)
% change from previous quarter:	-6.9% from (Q1-2007)
# of visitors to Canada:	1,785,846 (Q1-2007)
% change from previous quarter:	-6.5% (Q1-2007)

Comments / Other information:

Air Capacity

MC & IT/LEISURE:

- Delta Air Lines: Salt Lake City- YYJ (Victoria) non-stop.
 - Northwest: Minneapolis-Ottawa; Minneapolis-Vancouver.
 - Air Canada: Ottawa - Las Vegas (9/6/07)
 - Air Canada Jazz: Calgary - Seattle, WA
 - Horizon Air: additional flight from Seattle- Calgary (6/28/07)
 - Frontier Airlines: non-stop Denver, CO-Vancouver, BC
 - United Airlines has announced 2% cut in domestic capacity to meet increased international demand.
- Montreal-based International Air Transport Association indicates that, while airlines around the world are expected to lose \$1.7 billion in 2006, they should post gains of \$7.2 billion in 2007.

Economic / Political Environment

GDP growth:	2.3% *approx. for 2007
forecasted economic growth:	5.25% *approx. for 2007
unemployment rate:	4.5 % * approx. for 2007
inflation:	3.0% *approx for 2007
consumer price index:	2.7% *approx for 2007
exchange rate:	\$1.00 USD to \$1.07 CDN
net national disposable income:	\$43,500 per capita *approx 2006

Comments / Other information

MC & IT:

- A survey taken at the end of 2006 by the National Business Travel Association found that 68% of corporate travel managers expect their companies to take more trips this year than last.

Emerging Tourism Trends

MC & IT:

- There has been a continued focus on "green meetings" and including healthy, organic menus.
- Volunteerism is on the rise at meetings, setting aside an afternoon of community service in the region they are meeting in, also encourages team-building with a purpose.

LEISURE:

-The typical American vacation trip spends \$1500.00 on the trip and travel 1200 miles from home and the most popular destinations are urban areas.
- American Airlines launched the first airline website specifically designed for female customers AA.com/women.

- Forrester Research polled 5K American consumers and found that travelers continue to resist booking online travel and the number one reason was credit card security. - 90% of Americans plan to spend the same or more money as they did in 2006 on vacations this summer. The group with the greatest increase in vacation spending is 25-34 year olds.
- 'Manscapes' (men only) vacations are the newest trend in gender-specific jaunts with an estimated 20 million men take guys-only vacations spending between \$10-12 billion per year.
- UCLA research has determined that Seattle has the second highest share of gay and lesbian adults (6.5%), second to the San Francisco Bay area.
- According to "Generations of Luxury" report compiled by Unit Marketing, wealthy consumers under 40 spend 31% more on personal luxury goods and 13% more on travel than their older counterparts.

Market Development Activities

MC & IT:

- Victoria, Vancouver Island, and Tremblant hosted FAMS out of the Midwest region.
- BI is hosting their client forum (Account Executives with End User clients) in Banff/Lake Louise in June.
- Tourism Toronto hosted a major 3 day blitz on all market segments in the Chicago and DC area with evening events.
- Tourisme Quebec partnered with the CTC on a 2 day sales mission calling on corporate and incentive accounts in Missouri area.
- The CTC in conjunction with Quebec City CVB, Fairmont and JPdL Destination Management hosted a site inspection to pitch the city to potentially host Trailblazers Incentive Marketplace's 2008 program. The bid was successful and QC was selected for 2008.

LEISURE:

- Delta Airlines and Prince Edward Island Tourism hosted a media luncheon in Boston to promote the new air service between Boston- Charlottetown.
- Nova Scotia Tourism organized a 2 day consumer promotion in Boston utilizing Celtic music and genealogy.

MEDIA & PR:

- Tourism British Columbia: conducted media calls in AZ and CA during the

month of May. Partners from Vancouver, Whistler, and Victoria also participated.

- Niagara Falls CVB: Leisure Trade representatives hosted a dinner in Boston and a luncheon in New York City in May. Focus was on the new TV and print advertising campaign in New England.

- Travel Alberta: Hosted a Fashion show by acclaimed designer, Paul Hardy, on April 18, 2007.

- Frontier's North: Secured coverage on the Today Show during it's week in May.

- Tourisme Quebec, Quebec City & Quebec City's 400th Anniversary Society: Media representatives from these organizations hosted media luncheons in Boston and New York City in June.

CTC Activities

Trade Development

MC & IT:

- MC&IT produced 3 newsletters this year so far. They were all distributed to the USA - MC&IT clients in Epiphany database.

- There will be a presentation at an MPI event in Sacramento to 70 planners, the co-sponsor of this event will be 5 Canadian partners.

- Showcase Canada in Seattle had over 100+clients in attendance; 50 partners participated.

- The CTC partnered in a Tourism Montreal Sales Mission in the Atlanta area for 3 days in April.

- The CTC exhibited at the Georgia Chapter of MPI trade show and conference for 2 days in April.

- The CTC Atlanta and Dallas produced a combined Edu-FAM of Niagara Falls and Toronto in May with 11 clients. The continued use of "journaling" engaged the clients to learn more about the destination. A "first" for our fams was video journal clips of clients and venues at the destinations, which were shared with the clients and partners after the program ended.

- FICP's (Financial and Insurance Conference Planners) Summer Forum is an Educational Meeting in which the CTC and Core Partners will sponsor an

educational portion of the program.

- The Farm Bureau Marketing Manager's Meeting will be held in Whistler in June. The CTC will be a co-sponsor with 20 managers present.
- ING Meeting Planner Summit will be held in Montreal. There will be 20 planners, with the CTC sponsoring an air portion of the program.
- Canada's training program at 3 Canadian destinations for HelmsBriscoe associates and qualified clients. The partner is Fairmont Hotels & Resorts. Each program has max. 20 attendees. The program is 2 nights at the destination with 1/2 day classroom education program, followed by city tour.

MC & IT: (April 1- June 20)

Number of leads- Primary:	215	
Primary lead revenue:	74,026,912 USD	
-Association:	93	
-Incentive:	37	
-Corporate:	79	
-Unidentified:	0	
Potential Number of attendees from leads:		57,343
Number of Industry Events:	36	
Number of In-Market Promotions:	17	
Number of Tradeshow's:	7	
Number of Citywide's:	3	
Number of Sales Calls:	142	
Number of Sales Missions:	5	
Total Cost of Site/FAM Tickets:		119,054.22 CDN
Site/FAM Costs:		108,210.34 CDN
Site/FAM Fees:		10,843.88 CDN
Number of FAMs:	11	
Number of FAM participants:		152
Number of Sites:	8	
Number of Site participants:		26

Total Partner Revenue:
1,295,517.64 CDN (year to date)

LEISURE:

- Collette Vacations Presidents Club to Banff, April 14-19 -incentive program for 175 top producing group leaders.

- AAA Southern New England - Toronto and Niagara Falls Fam tour, April 19-22 - 4 staff.
- Rocky Mountaineer Vacations Fam Tour, June 5-10, 20 agents.
- Tour Operator site inspections - Hospitality Tours, Unico Tours to Newfoundland, and DuVine Adventures to Nova Scotia. AAA Worcester to Vancouver.
- Chicago, IL: VIA Rail Chicago Seminar Chicago (65 travel agents, no cost to CTC); Midwest Travel Suppliers Association Travel Trade Seminar (70 travel agents/25 suppliers); Results Travel Regional Meeting/Presentation (30 travel agents).
- International Gay & Lesbian Travel Association Annual Conference, Montreal, QC - 297 attendees
- Fairmont Fam- June 9-16 to BC with Signature Travel Consortia agents.
- Lib/Go Fam: Toronto & Niagara Region, ON (June 8-11); Canada dedicated training class May 9 for summer program; May Commencement of summer '07 marketing program.
- Gutsy Women/V.com: E-mail blast to 3,500 agency data base on 2007 programs.
- Consortia sales calls: With Globus Family of Brands, V.Com, AMEX, Virtuoso and Signature preferred consortia members in NJ and NY.
- Provincial Partners- sales calls to 11 Liberty travel agencies in NYC.
- Ottawa Tourism- sales calls to Signature and AMEX Platinum agencies.
- Choice Hotels- sales call to AMEX Platinum.
- New Brunswick Tourism-sales calls to consortia network agencies AMEX, Virtuoso, Liberty, and Signature.
- Upcoming FAMS: Tourism Victoria (1 pax from Midwest), Vancouver Island (4 pax from Midwest), BI Forum in Banff/LL (30 pax from Midwest), Tremblant (6 pax from Midwest). The Sales Mission - Tourisme Quebec. Joint FAM trip planned for early Oct. with Travel Alberta, Fairmont Hotels and Road West DMC.

Consumer Development

LEISURE:

- Collette Vacations Beta Test New Product - Direct mail 50,000 consumers.
- AAA Southern New England consumer direct partnership

- Consumer advertising in TX has been Las Vegas, Puerto Rico & US Virgin Islands (both advertise no passport required).

Media

-US Media Dinners- The CTC participated in one media dinner during the second quarter of 2007; May 10, 2007 – Boston Media Dinner at the Cambridge Boat Club – 11 partners participated in this event.

Visit Canada Program

April 1 – June 30, 2007

81 media to Canada (as of June 12, 2007)

CTC Budget: \$50,188.30

Partner (estimated) in-kind: \$272,381.25

Breakdown:

April 2007

CTC Spending – \$7,337.02

Partner In-Kind – \$ 31,303.39

Total Media – 12

Individual Trips – 6

Press-Trips – 1, 3 pax

Film Visits – 1, 3 pax

May 2007

CTC Spending – \$12,180.39

Partner In-Kind – \$ 82,558.86

Total Media – 24

Individual Trips – 12

Press-Trips – 4, 10 pax

Film Visits – 1, 2 pax

June 2007

CTC Spending – \$ 30,670.89

Partner In-Kind – \$158,519

Total Media – 45

Individual Trips – 24

Press-Trips – 4 trips, 14 participants
Film Visit – 1, 7 pax

Media Marketplace 2007

-The Canadian Tourism Commission's 19th annual Media Marketplace was held in New York at the Waldorf Astoria from April 16-18, 2007.

- Registration fees - \$425,000*

- Sponsorship cash - \$164,000*

- Sponsorship in-kind – TBD

Number of Companies registered: 123

Number of Partners in attendance: 192

Number of new Partners: 13

Number of media registered for appointments and hospitality events: 292

Number of new media: 98 (approx)

Number of Sponsors: 17

*figures are being finalized.

Public Relations

Brand Re launch Announcement -

- Canada received excellent exposure on the final episode of "1,000 Places to See Before You Die", based on a popular book by Patricia Schultz. The final stop on the trip was to British Columbia. The travelers visited Whistler, Vancouver and Tofino. Total exposure for Canada is an estimated 42 minutes and estimated media coverage is \$630,000 USD.

- Total media impressions as of June 14, 2007 for all publications combined is 17.7 million.

Competitive Environment

MC & IT:

- Clients in the Southeast USA, are feeling the pain of increased hotel room rates both in Canada and domestically in USA, increases of 30%+ year over year are expected.

- California hotels and resorts seem to be competing for socially conscious and

eco-friendly green meetings and zero waste; a trend that is expected to gain momentum. - The

Hyatt Corp. and Ritz-Carlton have each recently unveiled new brands. Hyatt announced its Andaz brand of upscale urban hotels in April and Ritz-Carlton disclosed plans for its exclusive Reserve brand in March.

- Leads weakened for the first half of year compared to previous years; still getting resistance from clients on passport issue.

- Though oil and gas prices continue to rise, meetings in that industry are not keeping pace. Challenge: Calgary is almost at capacity for meetings and clients are unable to get space. -

The Canadian tourism industry continues to come up against Mexico and Hawaii for incentive programs.

- Incentive houses continue to look at properties that offer rebates on Food and Beverage from the master bill. They would like to see more Canadian properties doing this as well. - Puerto

Rico and the U.S. Virgin Islands have been on the radar of many planners and incentives houses due to their advertising that you don't need a passport to visit or have a meeting there and to return to the US.

LEISURE:

- Demand for Eastern Europe has increased significantly due to exchange rates, increased air service, and tourism promotion. Western Europe with exception of France is flat or down from 2006. - Slovenia

is emerging as Europe's next "hot" destination with a 10% increase in tourists over the past 2 years. Quality hotels, attractions, tourist friendly locals, and proximity to Italy are contributing to the country's profile as an up and coming destination.

- The State of California is doubling its tourism budget in the 2007-2008 fiscal year to \$40 million USD, which will catapult the state to the No. 2 spending spot, behind Hawaii.

- Visitor numbers to New Orleans have returned to pre-Hurricane Katrina levels as of March 2007. A new \$5 million dollar ad campaign will be launched nationwide soon, as well as new internet marketing strategy.

MEDIA & PR:

-Westin:Starwood Hotels & Resorts: In an online effort developed in-house, Westin Hotels & Resorts is striving to become a lifestyle. Gurus, selected with the assistance of Creative Artists Agency, make up the Westin's newly assembled Renewal Council, which in conjunction with Starwood's

www.FindRenewal.com campaign, give consumers an in-room TV channel flush with advice and recipes. Content can be dispatched to an audience that elects to receive it through an RSS feed or e-mail. The in-room channel will begin airing in early 2008.

-Nickelodeon: Targeting Vacationing Viewers: Nickelodeon is partnering with Marriott International and launching a new global family hotel brand, entitled "Nickelodeon Resorts by Marriott." Plans call for 20 hotels around the world by 2020. The first hotel, is set to open in early 2010 in San Diego, and will feature Nickelodeon characters like SpongeBob SquarePants, Dora the Explorer, and Diego. Guest rooms and restaurants will be built with themes for kids in mind, and water parks will be the focal point of the hotels.

-Delta: Launching New Brand Campaign: To herald its "new era, introduce and updated, boldly modern corporate brand and showcase a reinvigorated customer experience," Delta Air Lines will be launching a new marketing campaign featuring actual Delta employees. The campaigns aim is to emphasize changing the travel experience for customers worldwide with tangible benefits.

-Travel Oregon Goes Digital: In a digital campaign similar to Amazon meets eBay meets Trip Advisor, Travel Oregon launched "365 Things to do in Oregon," and a site – GoSeeOregon.com. Here visitors can search from reviews submitted by travelers for recommendations categorized by interests and lifestyles from places they have visited, accompanied by photos and travel tips.

VisitScotland:Tartan Week: A free public event was held in Vanderbilt Hall of Grand Central Station in New York City in March in celebration of everything Scottish, welcoming visitors into the Scottish Village where they could experience aspects of modern and traditional Scottish life. Bands performed donned in Scottish kilts, and information booths provided brochures to visitors. The week was also comprised of a Scottish parade on 6th Avenue, as well as a Tartan Day Party.

-Saks NY Shoe Department Gets Its Own Zip code: Saks Fifth Avenue claims its new shoe department is so big, it's worthy of its own ZIP code. When the fourth floor shoe department moves to an 8,500-square-foot space on the eighth floor in August, customers will be able to send mail to 10022-SHOE.

Future Outlook

MC & IT:

- In DC, insurance and financial has come back strong in the past few months and online bookings overall continue to gain strength.
- Texas economy has remained steady - Comerica is relocating from Michigan to Dallas. Building boom continues.
- Incentive houses are trying to become specialists in the corporate industries that they are pursuing.
- All clients are having a very hard time making urban areas work for meetings in the corporate sector due to lack of availability and high room rates (short term). Opportunity for 2nd tier cities and resort areas is the same as last quarter.
- Tradeshow participation among Southern California meeting planners should continue its strength due to many "joint partnerships" when planning industry events to capitalize on increasing attendance and participation among planners.
- The MPI WEC in Montreal this July is going to be the largest attended MPI conference in the association's history.
- Key upcoming events include: Trailblazers Incentive Marketplace in Dublin, Ireland - 60 plus clients registered with 6 countries featured.

LEISURE:

- According to key tour operator partner in the Central region, their FIT bookings to Canada are up slightly in 2007 over 2006 and they anticipate that overall business for 2007 will be up around 3-5% over 2006.
- While the US economy has lagged in the first quarter, the Massachusetts economy has surged in the first quarter growing at a 4.7% the fastest pace in nearly seven years. Driven by demand for technology and medical products that have fueled strong job growth.
- An agreement has been reached on a railway infrastructure project that will bring a second daily Amtrak passenger train between Seattle - Vancouver by the summer of 2008. The second train is expected to bring approximately 50,000 travelers to Vancouver.