

2013 GATEWAY TO GROWTH

Canadian Tourism Industry Survey



Canadian Tourism
Commission

Commission canadienne
du tourisme



NANOS
RESEARCH



TIAC AITC
Tourism Industry Association of Canada
Association de l'industrie touristique du Canada

FOREWORD FROM TIAC

The Tourism Industry Association of Canada (TIAC), in conjunction with the Canadian Tourism Commission, presents this series of research reports to increase awareness of the complexity of the global travel and tourism sector and to identify practical measures that will increase competitiveness and produce real and sustainable economic development, jobs and prosperity for Canadians.

Travel and tourism is among the highest performing sectors of the global economy, experiencing average growth of 4% and generating over \$1trillion of annual revenue. While travel and tourism is Canada's largest export service sector, it is not keeping pace with its competitors.

Progress has been made through recent government actions and investments to open new markets, improve visa facilitation and air access agreements (Brazil & China). However, in 2012, Canada's inbound growth was only 1.8% - just less than half the international average. This underperformance – due, in many cases to fixable policy barriers – is contributing to an innovation and investment deficit that, if unaddressed, will further erode future competitiveness.

TIAC has laid out a practical plan for Canada to match the annual global growth rate of 4% comprised of:

- » a competitively resourced national marketing agency that balances key markets including the US;
- » a review of Canada's aviation cost and access barriers;
- » a modernized traveller documentation process.

Annual growth of 4% will increase annual international visitation to Canada by over 650,000 and generate significant economic benefits across several economic sectors in every region of the country. TIAC and like-minded organizations will be seeking the continued momentum required to address the remaining public policy issues currently impeding growth.

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TIAC/CTC TOURISM INDUSTRY SURVEY

Together, the Tourism Industry Association of Canada (TIAC) and the Canadian Tourism Commission (CTC) have taken a variety of approaches to understand the concerns of our stakeholders. Both organizations have a series of qualitative consultation mechanisms such as TIAC's Tourism Town Halls and the CTC's Advisory Committees that are high-level or top-down informal consultations with industry leaders across the country. In order to ensure that our picture of the industry is truly comprehensive, we took a baseline review to add a quantitative perspective to our understanding.

As part of a joint research project, TIAC and CTC engaged Nanos Research to survey industry stakeholders. The fieldwork was conducted online between April 29th and May 21st, 2013 via online questionnaires¹. We reached out to over 6 000 businesses and got 690 complete responses.

This survey results provide us with baseline data to help us take the pulse of the industry and monitor what is most important to them. In addition, this survey provides a bottom-up response which supports our conclusions from the town hall consultations. This comprehensive snapshot of the industry's priorities and objectives will inform our government relations strategy moving forward.

FINDINGS AT-A-GLANCE

The Industry is Optimistic

- » 52% were somewhat and 20% were outright confident in the strength of the tourism industry
- » 57% said they have made investments in tourism products in the past year
- » 24% will do so in the coming year (weaker plans for future investments indicates slow rusting)

USA is still Top Priority

- » 57% said US was top marketing priority
- » 54% said US was top priority country for growth with China in second

Connecting America initiative is in-line with industry priorities.

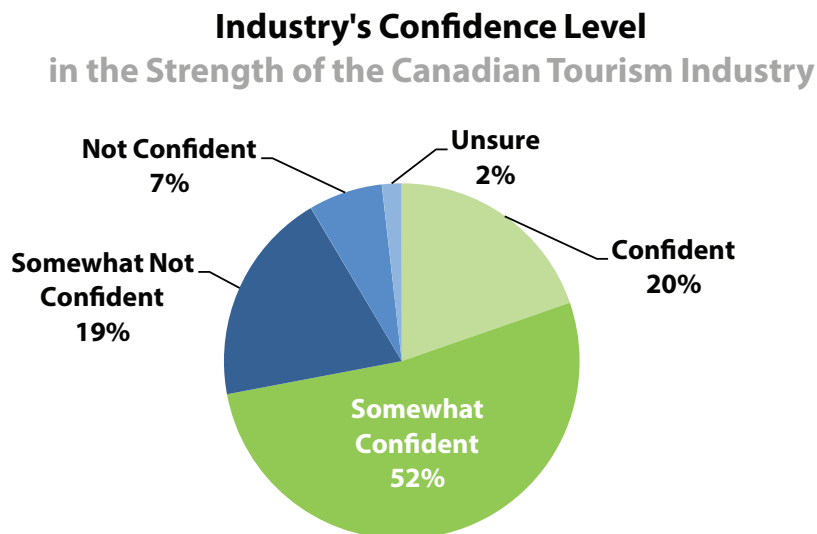
Tie for Top Policy Issues

- » Government funded-international marketing (4.5/5 agreement)
- » High cost of flying (4.5/5 agreement)

THE INDUSTRY IS OPTIMISTIC

Attitudes

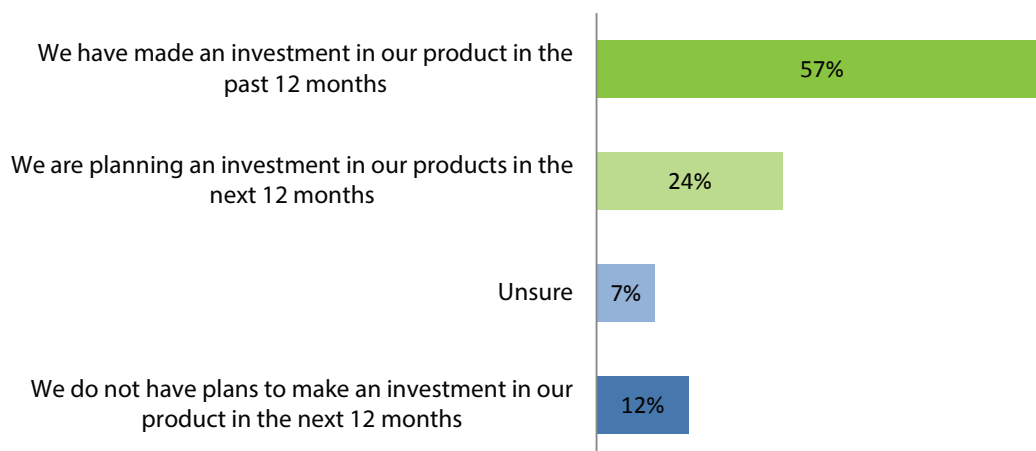
Over 70% of industry stakeholders are confident, or somewhat confident, in the strength of the tourism industry in Canada.



Investment Levels

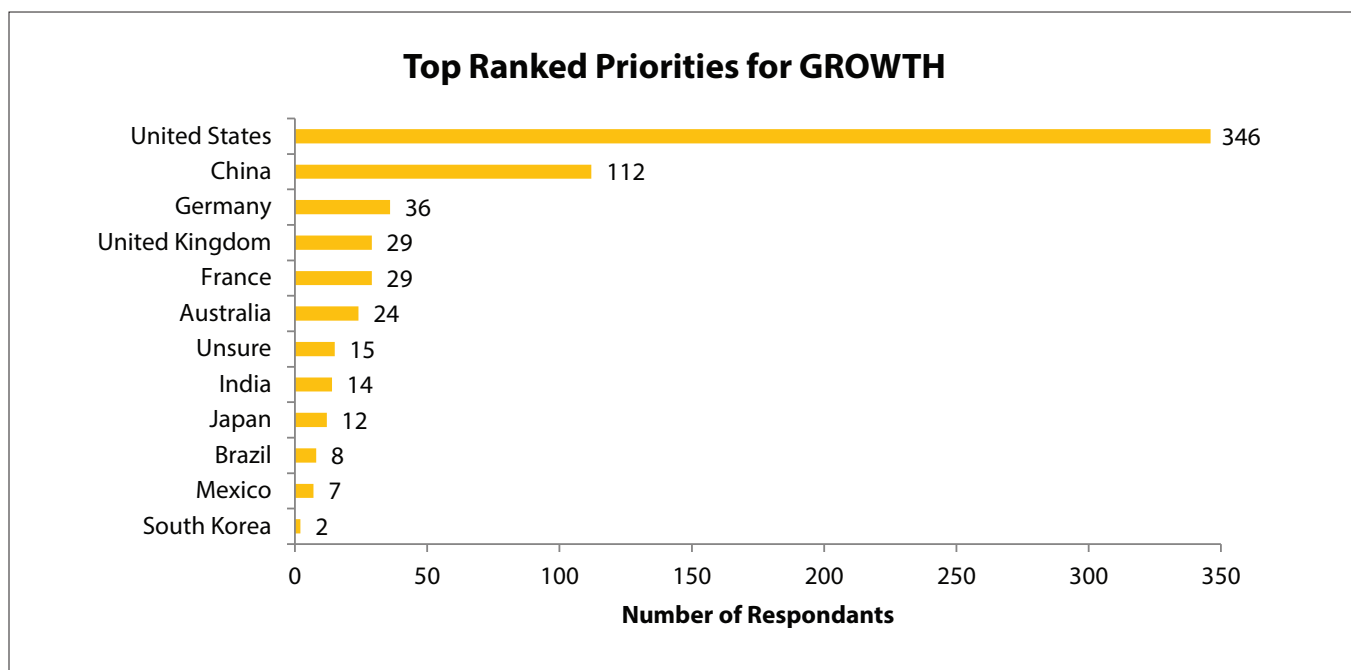
Capital investment is a good indication of the financial health of a sector, and tourism is experiencing a “rusting out” effect. Over half of those surveyed have made investments in the past year but less than half of those plan to do so again this year. Confidence levels follow investment and if this downward trend continues, Canada’s tourism industry will become less innovative and therefore less attractive to potential visitors. Industries that have growth on par with global trends and supportive government policies encourage investment.

Investment in Tourism Products



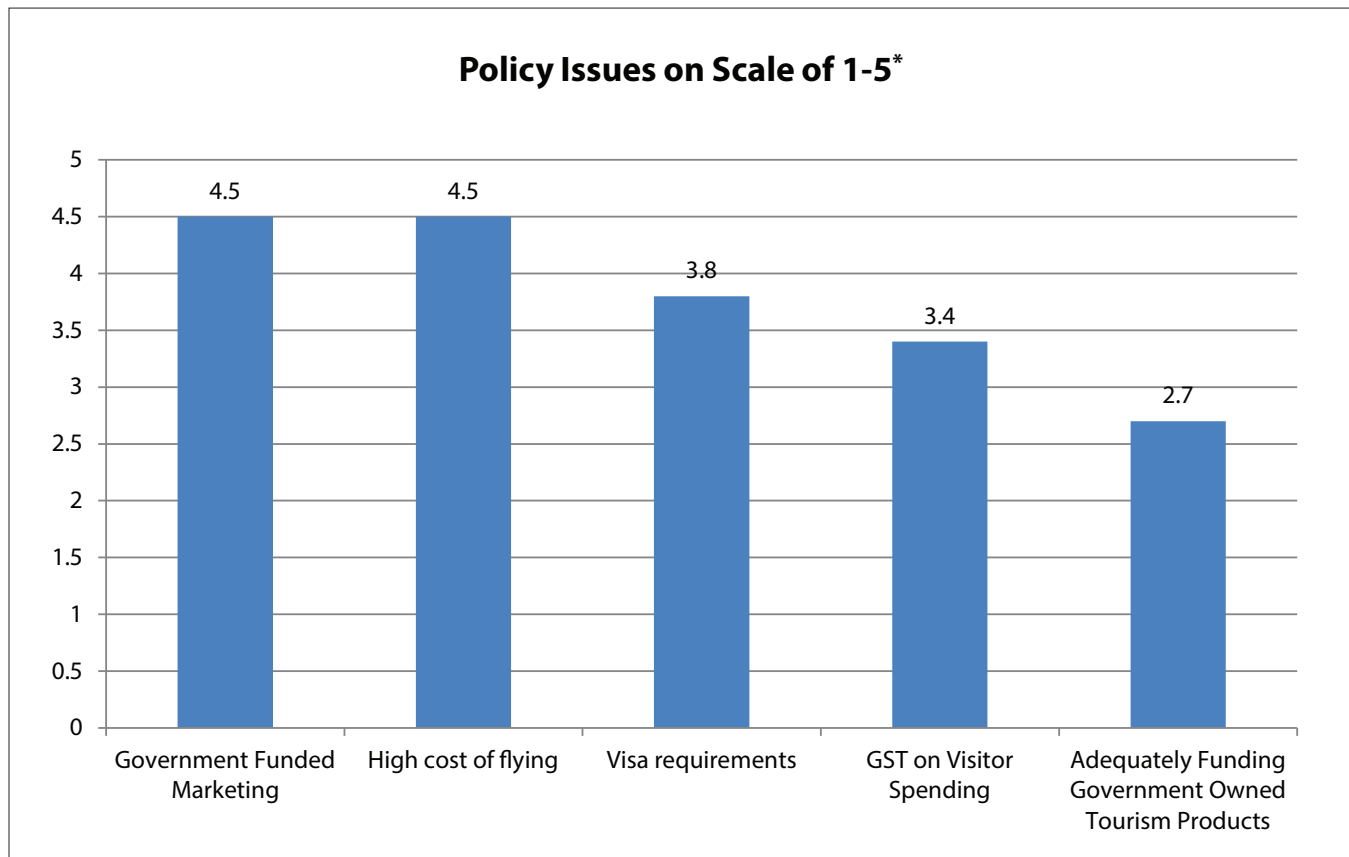
USA IS STILL TOP PRIORITY: MARKETING & GROWTH

The tourism industry continues to look to the USA for growth but is also turning its attention to China, falling in-line with the CTC's marketing plans abroad. TIAC and CTC are working on a number of initiatives, including *Connecting America*, to help the industry compete in these priority markets.



TIE FOR TOP POLICY ISSUES

Well-funded international marketing campaigns and cheaper airfare remain top policy priorities for stakeholders.



*Mean average

MOVING FORWARD

The data collected from industry stakeholders helps the CTC and TIAC in establishing both short and long-term goals and which aspects of the tourism industry to focus limited resources.

It is important to ensure that we represent our members' concerns, while simultaneously informing them of advances regarding current government policy and marketing efforts. The survey results confirmed that the CTC and TIAC are focusing their efforts on areas of importance to the industry.

GATEWAY TO GROWTH: TIAC RESEARCH SUITE

As one of the fastest growing industries in the world, travel and tourism is constantly evolving. Beyond the impressive contribution to employment levels, GDP and our country's export economy, travel and tourism stakeholders know instinctively that this industry impacts the country's economy on a basic, structural level. During the past year, the Tourism Industry Association of Canada (TIAC) has developed a suite of research papers to empirically explore the industry's deeper impact.



Canadian Tourism Industry Annual Report

This year's version of the Annual Report on the Tourism Industry will feature a new focus on tourism's role in Canada's overall economy. TIAC has worked in partnership with the CTC, Visa Canada and HLT Consulting to create this at-a-glance collection of industry statistics. As in previous years, this document can act as a reference piece for industry, key decision makers, business media and politicians.



Aiming High: Air Access to Canada

TIAC has produced a white paper on how the government's air access policies may or may not affect tourism. This paper considers all sides of the "Open Skies" debate while analyzing potential impacts and interactions with the tourism industry.

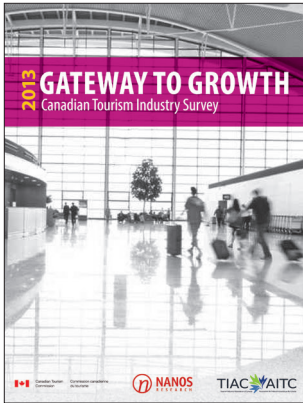
We conclude that it is imprudent to draw a direct correlation between liberalized air policies and tourism growth in Canada as there are various factors in play. We recommend that more liberalized agreements should be considered on a case-by-case basis after thorough study of all factors that could impact visitation.



Tourism Competitive Benchmarking Study

In recent years, the CTC commissioned The Conference Board of Canada to undertake a Tourism Competitive Benchmarking Study. This year CTC and TIAC partnered on an updated version for 2013. The study compared the performance of 11 sectors and 48 industries, including the travel and tourism sector and tourism industries, to each other and to the overall economy.

Compared with the results from 2011, the latest benchmark study shows that the tourism sector improved on its economic performance but slipped slightly on its financial performance, specifically, investment. In fact, investment in the tourism sector is currently down 30 per cent compared with the years leading up to the recession. At its current level, it is likely that investment will be one of the areas that restrict tourism demand growth in the future.



Canadian Tourism Industry Survey

TIAC and CTC worked together to conduct an industry survey. This past spring, 16 open-ended and multiple-choice questions were distributed to industry professionals and businesses. Respondents were asked about their objectives, priorities and concerns surrounding the tourism industry in Canada. The results of this survey provide a frontline perspective on the health of the industry. According to the survey findings:

- » While the respondents were optimistic about the strength of the industry; only 24% indicated that they would invest in upgrading their product in the next year.
- » The U.S. was identified as the top priority for both marketing and growth. The Chinese market was the second most important for respondents.
- » International marketing funding and the high cost of flying are tied for the policy issues of most concern to the industry.



Progress Report on Canadian Visitor Visa Process

TIAC and the CTC have worked closely with Citizenship and Immigration Canada over the past few months to address industry concerns with travel documentation identified in TIAC's 2011 whitepaper "Modernizing Canada's Visitor Visa Process." TIAC has written a progress report on how travel documentation issues are affecting the industry today. TIAC recommendations included the following:

- » Red tape reduction measures including: granting visa waiver status for Brazil and Mexico, expanding electronic Travel Authorization (eTAs) to cover visitor visas, and granting visa transferability from expired passport to a new passport.
- » Optimizing existing security measures, including: implementing a Canada/US Reciprocal Visa Program, expanding the Transit Without Visa program to more countries.

ACKNOWLEDGEMENTS

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TIAC gratefully acknowledges the principle author Adrienne Foster, M.A. of the following papers: *Aiming High: Air Access to Canada*, *Canadian Tourism Industry Survey*, and *Progress Report on Canadian Visitor Visa Process*.