

# Navigate

New directions in travel, hospitality and leisure

Volume 7 | Winter 2013



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- Sustainability

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## Navigate

This is the seventh edition of our semi-annual publication: Navigate. Each issue provides a pulse on the Canadian travel, hospitality and leisure industry and highlights future trends. Each issue also explores a 'hot' topic that is having significant influence on the industry.



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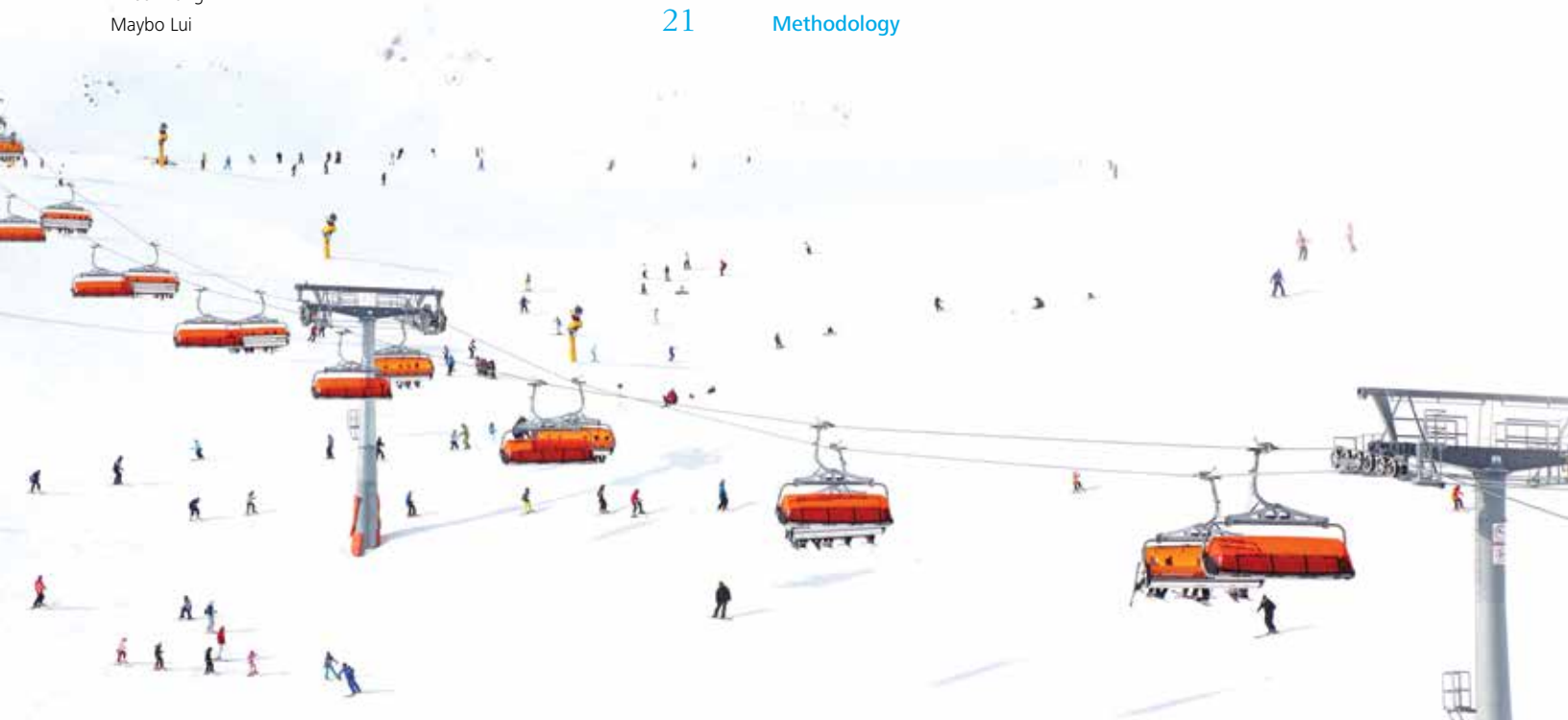
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## What's next?

The global travel industry continues its strong performance with a 5% increase over the same period last year. This exceeds the long term growth prediction of 3.8% by 2030 as stated by the UNWTO. Canada is experiencing the same pickup in emerging arrivals but our heavy weighting towards struggling core markets and the U.S. has dampened overall growth.

Compared to last year, Canadians are planning to take more vacations domestically and to the U.S. with five and four basis point increases in five or more night vacations. The 55+ age demographic represents some of the most active travellers, with youth travellers also representing an important market. For our winter edition we asked Canadians about the types of winter activities they participate in and how that impacted their travel decisions. With increasing domestic travel intentions, ski resort operators should look to recapture some of the visits lost to warmer destinations. Average leisure travel spending by Canadians was down, with spending in Canada and at overseas destinations declining from last year's survey. Business travel spending is improving across the board and intentions to travel for business within Canada are particularly strong.

Respondents from the Ipsos survey overwhelmingly chose British Columbia as their top destination for winter activities and, perhaps unsurprisingly, respondents from Western Canada were the country's most avid skiers. However, despite our wealth of mountain ranges, there are several factors working against Canadian operators, including competing southern getaways, demographics and erratic weather. Ski and snow resorts in Canada must retain loyal season pass holders and attract new customers – who now require more from a ski resort than a large mountain. The competition to attract skiers has turned global, and Canadian resorts are looking to innovative marketing campaigns to get ahead. Tourism British Columbia and 13 ski resorts within the province collaborated on a new geo-targeted ad campaign called 'Ski It to Believe It'. Blue Mountain Resort has made plans to further develop their tourism offerings with an enhanced ski resort village and more all-season activities.

Sustainability remains top of mind for tourism operators and hotels and ski resorts have an opportunity to link sustainability with their bottom line. We examine how hotels and resorts are implementing sustainability in their day-to-day operations. The Hotel Association of Canada has shared tools and best practices with its members through its Green Key eco-rating program and guests are interested in sustainability efforts that allow them to participate.

As always, we enjoy highlighting up-and-coming international travel destinations. In this edition, we visit the culturally rich land of Croatia. Croatia continues to make its way to the top of travellers lists with its combination of history and stunning landscapes as well as affordable accommodations. Young people are especially attracted to its vibrant festivals and proximity to other south eastern European destinations. Croatia's Tourism Board is following a trend observed across the industry in shifting its funding emphasis away from traditional marketing campaigns to focus on online and viral marketing, something many smaller destinations can accomplish to great effect.

We hope you enjoy our latest edition of Navigate and encourage any feedback or suggestions.

Sincerely,



**Lorrie King**  
Partner and National Travel, Hospitality  
and Leisure Leader  
Deloitte



**David Goldstein**  
President and Chief Executive Officer  
Tourism Industry Association of Canada (TIAC)

# A pulse on the tourism industry

## State of the industry

Global arrivals for the first half of 2013 stood at 494 million, an increase of 5.0% compared to the same period last year. Global tourism receipts grew 3.2% in 2012 compared to 1.8% growth within Canada (both domestic and international).

Arrivals to Canada from the U.S. in the first six months were stagnant with only a 0.5% gain over last year. Canada's other travel markets grew slightly at 1.0% despite declining arrivals from European core markets. Emerging markets continue to be attracted to Canada with the exception of India which has slumped (-3.8%) since 2012.

Domestic travel expenditures continue to drive the overall industry in 2013 as international expenditures in Canada fell flat.

The Canadian hospitality metrics remain healthy with revenue per available room growing faster than occupancy. Average daily rates grew at a slower pace with commoditization of rooms (online daily deal sites and increasingly mainstream alternatives (Airbnb) from non-industry players) likely playing a part making the environment more competitive.

Our fall 2013 survey of Canadian leisure travellers suggests that Canadians' intentions to travel to the U.S. and within Canada for the next 12 months have increased relative to the previous period. Business travellers are more focused on increasing travel within Canada over the next 12 months.



## A pulse on the tourism industry

Industry snapshot – International	
Global tourism arrivals (January - June 2013)	494M (+5.0%)
Global tourism receipts in USD (2012)	\$1,075B (+3.2%)
Canada's international travel deficit (LTM as of June 2012)	\$17.8B (+3.4%)
Industry snapshot – Canada	
International arrivals to Canada – (January - June 2013)	
U.S.	4.8M (+0.5%)
All other countries	1.9M (+1.0%)
<b>Total</b>	<b>6.8M (+0.6%)</b>
Canadian tourism receipts – (January - June 2013)	
Domestic	\$30.03B (+1.2%)
International	\$7.75B (-0.5%)
<b>Total</b>	<b>\$37.78B (+0.8%)</b>
Canadian hospitality metrics	
Canadian hospitality metrics – July 2013	
Occupancy rate	72.7% (1.3%)
Revenue per available room (RevPAR)	\$104.76 (+2.0%)*
Average daily rate (ADR)	\$144.11 (+0.7%)*
Traveller outlook	
Percentage of survey respondents who are more or as likely to travel to a specified destination for a personal vacation over the next 12 months**	
Within Canada	92% (vs. 91%)
To the U.S.	81% (vs. 81%)
Outside North America	69% (vs. 70%)
Percentage of survey respondents who are more or as likely to travel to a specified destination for business travel over the next 12 months**	
Within Canada	90% (vs. 88%)
To the U.S.	77% (vs. 74%)
Outside North America	72% (vs. 68%)

Note: Dollar figures are in Canadian Dollars Source: UNWTO, Statistics Canada, Ipsos

\*Converted from original values to CAD using Bank of Canada's July 2013 average exchange rate of 1USD = 1.04032273 CAD

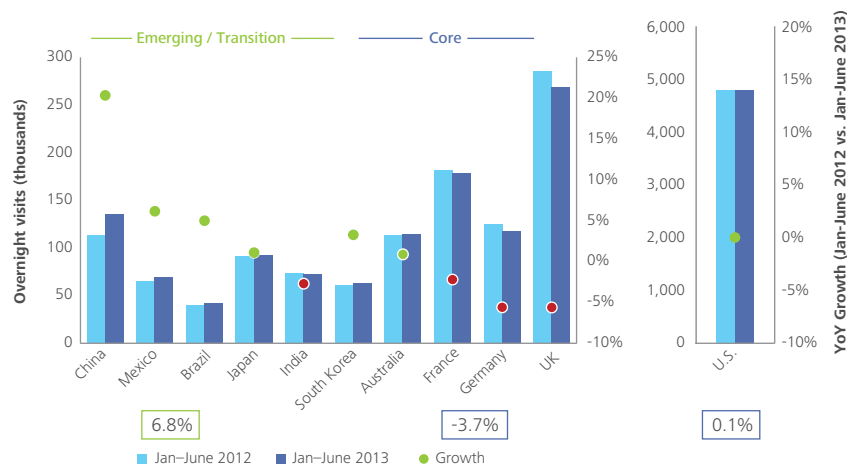
\*\*Traveller outlook % in parentheses represent responses from Winter 2012 Navigate survey (Oct. 2012)

# Canadian travel outlook



## Emerging markets continue to fuel Canada's arrivals growth

**Figure 1:** Canadian arrivals from key international markets  
January – June 2012 vs. January – June 2013

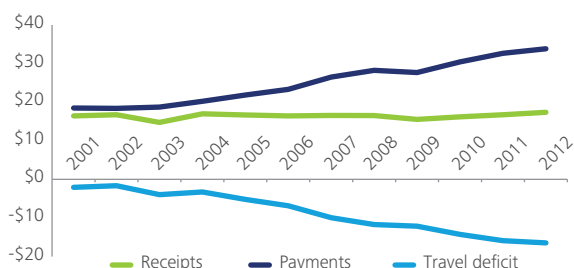


## The travel deficit continues to grow, especially within the U.S.

### Key insights

- The overall travel deficit stands at \$17.6 billion as of January 2013, growing 3.5% year over year.
- Canadian tourism payments abroad to the U.S. increased 7.0% resulting in a \$14 billion travel deficit with the U.S. for 2012.
- From 2007 to 2012, Canadian payments in the United States increased by 45.0%, while American receipts in Canada decreased by 12.4% during the same period.
- The overseas travel deficit is \$3.3 billion – its growth has slowed relative to the U.S., but still grew slightly at 1.2% from the previous year. Non-U.S. international inbound spending continues to post strong growth but has not yet outpaced Canadian spending abroad.

**Figure 2:** Canadian tourism receipts (from foreigners), payments (by Canadians abroad) and resulting travel deficit In CAD \$Billions



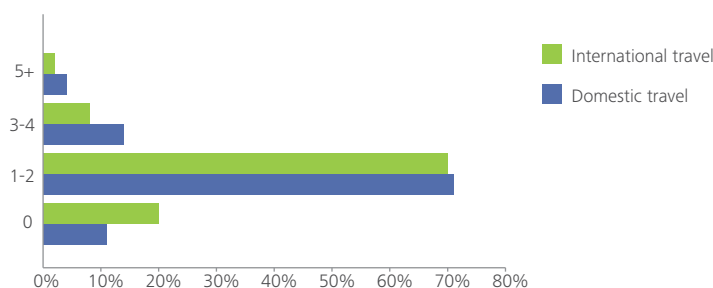
Source: Statistics Canada – International Travel Account

## Canadians are more likely to travel within Canada than internationally in the next 12 months

### Key insights

- The majority of Canadians plan to take 1-2 domestic and international trips over the next 12 months
- One in five Canadians will take no international trips while one in ten Canadians will take no domestic trips over the 12 months
- 14% of Canadians are planning to take 3-4 domestic trips in the next 12 months, up from 12% last year
- 8% are planning to take 3-4 trips internationally this year, compared to 6.5% last year

**Figure 3:** Number of trips Canadians intend to take within Canada and internationally over the next 12 months



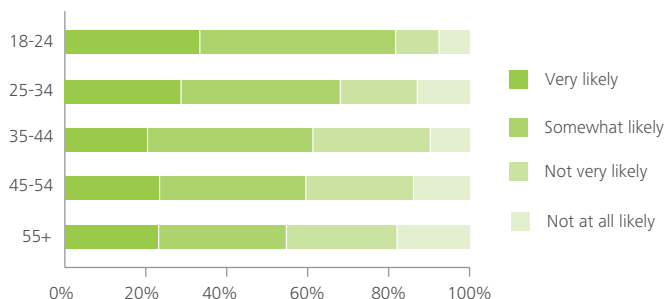
Source: Ipsos, Navigate travel intentions survey

## Canadians aged 18-34 are most likely to travel to a new destination over the next 12 months

### Key insights

- More than 80% of Canadians aged 18-24 are very likely or somewhat likely to travel to a new destination over the next 12 months
- Almost half of Canadians aged 55+ cited that they are not very likely or not at all likely to travel to a new destination over the next 12 months

**Figure 4:** Intentions to travel to a new destination over the next 12 months

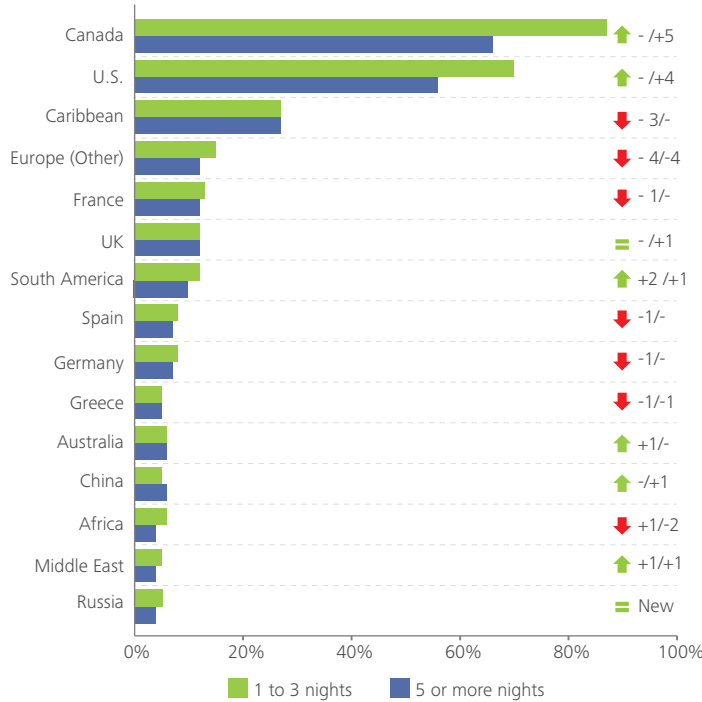


Source: Ipsos, Navigate travel intentions survey



Compared to the last survey, more Canadians are planning to take extended vacations domestically and to the U.S.

**Figure 5:** Very or somewhat likely to take a vacation to the following destinations over the next 12 months



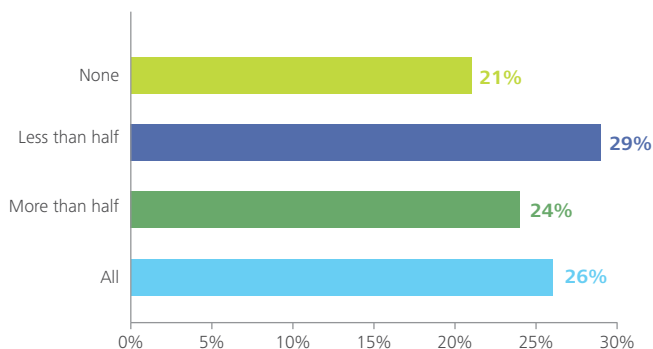
#### Key insights

- The greatest increase from the last survey is of Canadians planning to take longer vacations domestically and to the U.S.
- Outside of North America, Canadians have shown slightly more interest in vacations to South America, Australia, China, and the Middle East
- Compared to the last survey, Canadians are less likely to take vacations to European destinations

Basis point change from Winter 2012 survey (1 to 3 / 5+ nights)

## Where will Canadians spend their vacation days?

**Figure 6:** How many of your entitled vacation days from work do you plan on using for travel away from home? (Canadian respondents)



Source: Ipsos, Navigate travel intentions survey

#### Key insights

##### None

- 37% of respondents aged 55+ will stay close to home for their vacation
- 30% of 18-24 year olds will do the same, perhaps due to time or economic constraints

##### Less than half

- 38% of Quebec households will use less than half of their vacation for travel away from home, perhaps by taking relatively more time off for family holidays
- The 45-54 age demographic is also the most likely to use less than half their vacation days for outbound travel (37%)

##### More than half

- 39% of youth travellers (18-24) plan to travel for more than half of their entitled vacation days
- 37% of households with children took more than half of their days off for leisure vacations

##### All

- Consistent with accounts of adventurous boomers, 34% of respondents aged 55+ will take the opportunity to travel for all of their entitled time off
- Households of two people were significantly more likely (30%) to take all of their vacations away from home



## Canadian spending patterns

### Key insights

- Leisure travel spending is down across all destinations, with Canada and overseas declining the fastest between our Winter 2012 to Winter 2013 surveys
- Western Canada outspent other regions on overseas and domestic travel spending, while Atlantic Canadians spent the most, on average, in the United States

**Figure 7:** Spending on personal travel in the past 12 months

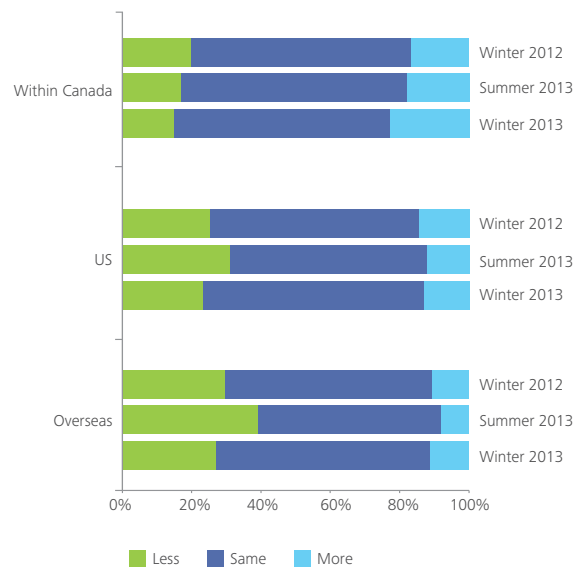


Source: Ipsos, Navigate travel intentions survey

### Key insights

- As the economy remains resilient in Canada, business travel spending continues to increase
- After declines in the last survey, U.S. and overseas business spending is once again recovering

**Figure 8:** Do you plan to spend more, less or the same on business travel over the next 12 months?

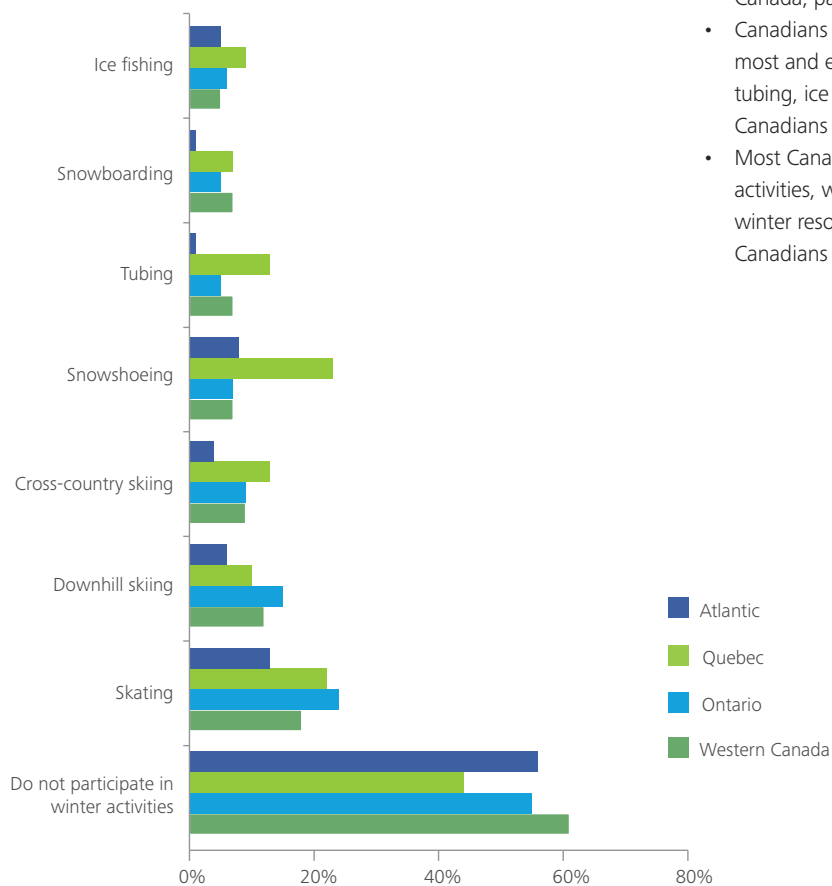


Source: Ipsos, Navigate travel intentions survey

# Winter activities

Canadians in Quebec are the most active during the winter season

**Figure 9:** Canadian participation in winter activities by region (%)



## Key insights

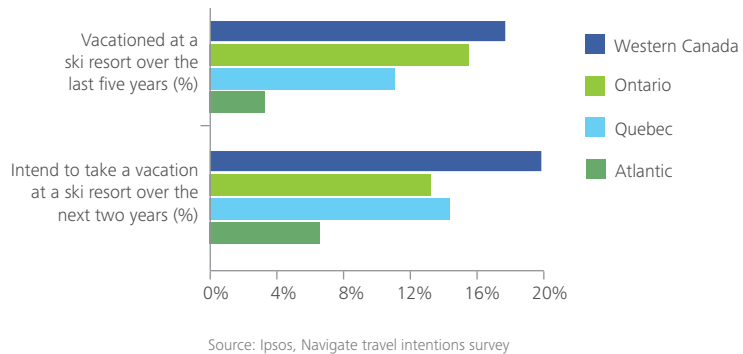
- Canadians in Western Canada, Ontario and Atlantic Canada, participate in skating the most
- Canadians in Quebec participate in snowshoeing the most and enjoy cross-country skiing, snowshoeing, tubing, ice fishing and dogsledding more than Canadians from any other regions
- Most Canadians still do not participate in any winter activities, which indicate potential opportunities for winter resort operators to target and engage these Canadians

## Only 1 in 5 Canadians spend vacations at ski resorts

### Key insights

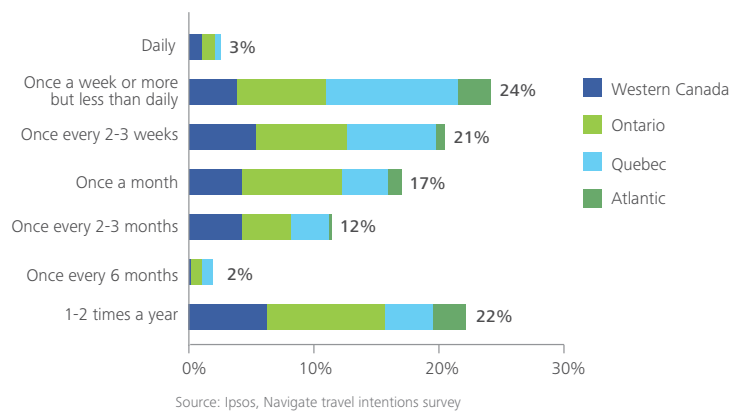
- Over 80% of all Canadians have not taken a vacation in a ski resort in the past five years and 82% indicated that they are not planning to take a ski vacation in the next two years
- People from Western Canada are more likely than other Canadian regions to vacation at a ski resort
- 6% of Atlantic Canadians plan to take a ski vacation in the next two years, an increase from the 4% who took a vacation to a ski resort in the past five years
- Interest among Ontario respondents for future ski resort vacations (12%) is declining relative to historic levels (14%)

**Figure 10:** Vacations at a ski resort



## Canadians fall into two major categories when it comes to winter activities – ‘weekly’ and ‘annual’ participation

**Figure 11:** How frequently do you plan to ski, snowboard or participate in other winter activities in the upcoming winter season? (Base: Participates in Winter Activities = 463)

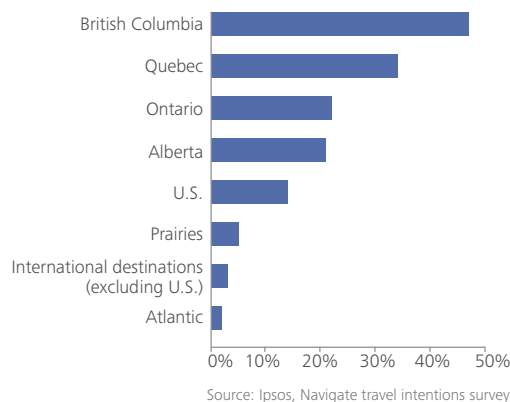


## Respondents overwhelmingly chose British Columbia as their top destination for winter activities

### Key insights

- Ontario and Quebec, perhaps aided by larger populations, edged out Alberta for the second and third place spot
- The U.S. was a more popular destination for winter activities than the Prairies or Atlantic Canada

**Figure 12:** Which of the following destinations do you plan to travel to for skiing, snowboarding or other winter activities in the upcoming winter season?





# Winter travel and the challenge for Canadian ski resorts

## **Capitalizing on winter travel is a difficult proposition**

The concept of a winter vacation has shifted among Canadians and the activities they associate with a ski resort. As has been well-documented, the Canadian traveller is increasingly adventurous and has continued to spend more abroad than international visitors spend when they visit. So what does this mean for Canadian 'ski and snow' resorts and what can they do to retain and attract new customers?

Many factors influence the desire to go south, including relatively cheaper air fares, no stress all expense paid fly-and-flop options, and the notorious Canadian winters. An Expedia.ca poll found that the number one reason why Canadians seek to 'escape' winter is to avoid the shorter days and lack of sunlight.

## **The hotel sector faces their own set of challenges in attracting and retaining customers**

### **Commoditization of rooms**

Without a strong corporate brand, individual operators have a hard time differentiating themselves from competitors. Even among branded chains, there is a lack of loyalty. Deloitte studies have shown that more than 50% of travel spend is spent with non-preferred brands and many travellers hold several loyalty cards.

### **Price sensitive customers**

The strong Canadian dollar makes it less attractive to visit from overseas and more value for money for Canadians to travel abroad. Daily deal sites (such as Groupon) have partnered with online travel agencies and other 'last minute' or 'flash sale' sites have emerged.

Peer-to-peer accommodation sharing networks (such as Airbnb) are becoming increasingly acceptable (despite some municipal crackdowns).

### Changing demographics will impact ski and snow visits

While domestic skiers have filled the gap left by decreasing international ski arrivals, the baby boomer generation will soon opt for more safe and relaxing alternatives.

The participation rate of young Canadians in ski and snowboard activities has declined as the industry struggles to attract the next generation of ski and snowboard customers.

### Build a solid foundation with the local market

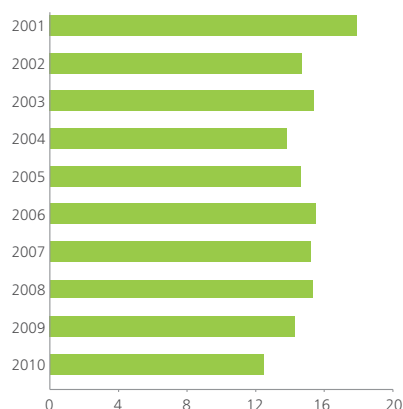
#### Standing out among the giants

With the Rockies and Appalachians stealing much of the spotlight, Atlantic Canadian ski resorts often struggle to retain avid skiers within their local market. Newfoundland's Marble Mountain has a simple message – With five meters (16ft) of average snowfall, it has some of the best snow outside of the Rockies and its own distinctive charm.

Last year, the ski resort enjoyed a 66% increase in international ski visits due largely to greater flight access. While validation of a great public relations and provincial tourism strategy, the ski resort recognizes that overseas visits only account for 5% of their skier population.

More significantly, a 3% increase among Newfoundland residents (86%) suggests that strategies to increase youth and community partnerships have paid off.

**Figure 13:** Participation rate (%) of Canadians 12 years and older



Source : Conseil canadien du ski, Le marché canadien des skieurs et surfeurs évolue



### Growing local visits during off-peak periods

The ski resort, in partnership with the provincial government, offers ski days for school groups to promote youth activity and sports development. Recognizing the demographic forces facing many ski operators, Marble Mountain has continued to nurture its local market, growing the number of instructors and courses available to students.

A night skiing marketing campaign in St. John's and Cornerbrook led to a 40% increase in night time ticket sales. The resort also engaged with and encouraged the development of community groups and associations such as the 'Shred Sisters' and other local alpine skiing clubs to promote the social aspect of night skiing.

The resort continues to work with third party operators to enhance the non-ski experience for visitors. Marble Zip Tours, Dog Sledding in Gros Mourn National Park and snowmobile rentals are some examples of reasons to extend a visit.

### Customize your value proposition to combat online commoditization

#### B.C. has already established a top-tier ski tourism brand

In the winter season of 2011-2012, British Columbia winter resorts were blessed with abundant snowfall while virtually every ski resort south of the border struggled. This season marked the second-busiest on record with 6.3 million skier visits (the busiest year on record was in the 2007-2008 season with 6.7 million skier visits).

B.C.'s ski resorts now account for more than 1 in 10 North American snow-sport visits and contribute \$1.1 billion to B.C.'s tourism GDP.

While these statistics are encouraging, factors such as aggressive post-recession pricing, and a strong Canadian dollar are challenging growth of the industry. These external factors have decreased yield per lift ticket and are making it increasingly difficult to retain Canadian vacationers from travelling outside of Canada for skiing or to simply escape the winter for a warm getaway.

#### Tourism British Columbia uses geo-targeting to attract visitors

For the 2012-2013, and 2013-2014 winter ski seasons, Tourism BC and 13 ski resorts responded to these trends by launching a new geo-targeted ad campaign called 'Ski It to Believe It', which aimed to draw in winter enthusiasts from Ontario, California and Washington.

According to Tourism BC, the emphasis is on creating that initial connection, driving people to a customized microsite, and putting the consumer directly in contact with the ski resorts.

The campaign leverages both traditional tactics such as ski show exhibitions and innovative, 'geo-targeted' online ads. In exchange for the organization's capturing of user data and highly targeted permission-based advertising messages, visitors to the website have an opportunity to win a \$15,000 ski vacation to a ski resort of their choice.



The *Ski It To Believe It* geo-site for Washington presents travellers with the best options for accessing B.C.'s 13 ski resorts



### Improve year-round utilization with more diverse summer and shoulder-season activities

Rather than being viewed as a winter-only escape, Ontario's Blue Mountain brands itself as a year-round destination

Increasingly unpredictable snow conditions have led to a decline in season pass purchases from customers while ski resorts have focused on either investing in snow-making equipment or diversifying their non-ski offerings.

With a recent \$20 million acquisition of property and nearby land by Skyline International, the Blue Mountain Village retail and real estate expansion will provide greater opportunities for third party operators to provide new customer activities.

### Expansion strategy to target non-winter visitors

Skyline plans to add 1,200 accommodation units to the village, doubling its existing size. In addition, 20,000 sq. ft. of retail space including grocery stores, pharmacy and LCBO are being added to attract visitors.

The resort recently expanded its summer activities to include segway tours along a 7km trail in 2012. Blue Mountain's summer portfolio also includes activities like hiking and mountain biking along with concert events and festivals. Currently, the resort receives an equal numbers of winter and summer visitors but summer visits will likely surpass winter as the village is built out.

Blue Mountain has developed commercials and online advertising to further highlight its summer offerings. Dispensing with the traditional quiet lakefront and cottage images, Blue Mountain differentiates itself through commercials that focus on high adrenaline activities such as zip-lining and forest-enclosed rollercoasters.



“The resort is confident in its brand strength within the ski community, however awareness isn’t a guarantee during the warmer season”

Paul Pinchbeck, Director of Marketing  
Blue Mountain Resort





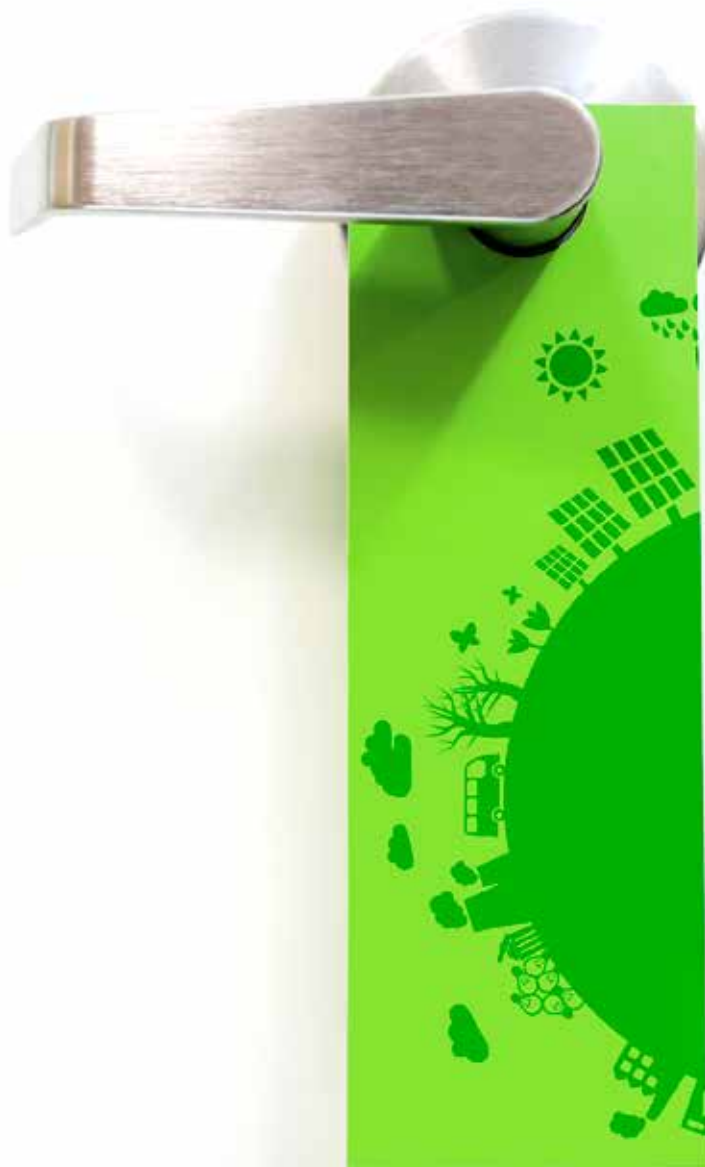
#### **Banff Lake Louise creates successful SnowDays to attract the Alberta crowd**

What do you do when the party is over? Throw another party! In 2012, Banff Lake Louise Tourism created SnowDays to generate visitor experiences in what was typically a slow period after the holiday rush. This campaign was developed to inspire visitors from the region to find new ways to experience winter in Banff National Park.

In 2013, a robust regional marketing campaign aimed at new Canadians and families in Calgary and Edmonton was launched for SnowDays through all traditional media and social media outlets. Tourism partners in the local community also promoted the event through their own channels, increasing awareness of the month-long event.

SnowDays exceeded expectations, with January and February hotel revenue increases of 10.2% and 6.9% respectively over the previous year. The regional media coverage was estimated at \$1.4M from local reporting to a national feature on CBC. Also, the festival grew to 361 events, a 165% increase from 2012, exceeding member, community participation and support goals. Banff Lake Louise Tourism will continue to add new events annually and promote the festival to the Alberta markets and long-haul international markets.

# Sustainability



## **The lodging sector is employing sustainability practices to the benefit of the environment and its shareholders**

Formerly the domain of niche properties and chains looking to differentiate themselves, increasing the 'green' factor is becoming a pillar of good hotel management:

- Accommodation providers have large carbon footprints and may create new costs for themselves if they are not proactive in incorporating sustainability and efficiency strategies
- Guests prefer to be made aware of their role and, if possible, participate in sustainability efforts as part of their overall vacation experience
- Corporate clients planning large meetings and conventions are using their clout to encourage more sustainable and green conferences
- Eco-tourism, linking travel to nature while learning about the environment, is the fastest growing sector in travel

**Tourism accommodations, especially ski resorts, are developing standard operating procedures to lessen their burden on the environment**

As new technologies and innovative designs emerge to reduce emissions, increasing regulations become more likely to take effect in the next two decades. Developers who are proactive in ensuring that new building designs fully incorporate sustainability will be able to avoid costly upgrades in the future.

The Hotel Association of Canada has helped to share tools and best practices with its members through its Green Key eco-rating program. The program assesses the five main operational areas of a hotel and covers nine areas of sustainable practice:

**Operational areas**

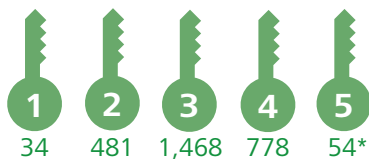
1. Corporate environmental management
2. Housekeeping
3. Food and beverage operations
4. Conference and meeting facilities
5. Engineering

**Areas of sustainable practice**

1. Energy conservation
2. Water conservation
3. Solid waste management
4. Hazardous waste management
5. Indoor air quality
6. Community outreach
7. Building infrastructure
8. Land use
9. Environmental management

**Green key rating (number of hotels)**

Number of participating hotels – 3,039



\*A Green Key rating of 5 is for a hotel that exemplifies the highest standards of environmental and social responsibility throughout all areas of operations. The hotel employs cutting edge technologies, policies, and programs which set the international standard for sustainable hotel operations.

**Engage guests in sustainability efforts and make it part of a unique stay**

A study by Expedia in January 2012 showed that over 75% of 5,000 respondents were familiar with the hotel industry's efforts to improve environmental performance, but were more interested in how the sustainability efforts had affected their experience, and how they themselves had contributed to helping the environment.

**Delta Hotel and Resorts empowers guests to participate while also helping the hotel achieve its efficiency goals**

Delta went beyond simply turning off the lights during Earth hour; it provided a three-course candlelit dinner featuring local and vegetarian cuisine, set up booths to educate guests on its sustainability practices and how they could participate, and offered an environmentally-themed story-time to children.

**Meetings and conventions are demanding green as an added benefit to their members**

The hotel industry's corporate client base is significant and its concerns, ranging from keeping conferences green to promoting employee health and wellness, will encourage competing venues to provide a holistic approach to sustainability including innovative social events including eco-tourism.

The Canadian Medical Association is a major client whose influence has 'changed the way two hotels operate and led one venue to develop a composting program'.

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A hotel chain's commitment to corporate social and environmental sustainability has a greater impact on lower income Canadians

### Can luxury and sustainability be compatible?

Canadians with \$150,000 or more income did not specify that a hotel chain's commitment to corporate social and environmental sustainability is very important in impacting their decision to stay with a chain.

Canadians with income under \$50,000 had the greatest proportion of respondents stating that a hotel chain's commitment to corporate social and environmental sustainability is very important in impacting their decision to stay with a chain.

Regardless of income levels, Canadians consistently agree that a hotel chain's commitment to corporate social and environmental sustainability is somewhat important in impacting their decision to stay with a chain.

### The Charlevoix region, in Quebec, has taken eco-tourism to new heights with a new all season resort

Daniel Gauthier, the co-founder of Cirque du Soleil has embarked on a new journey with La Ferme, a Swiss-inspired hotel with a communal atmosphere catering to everyone from corporate and cultural events to budget travellers.

Describing itself as a 'social gathering place where locals mingle with guests' the hotel is also the starting point for some of the region's best hiking trails.

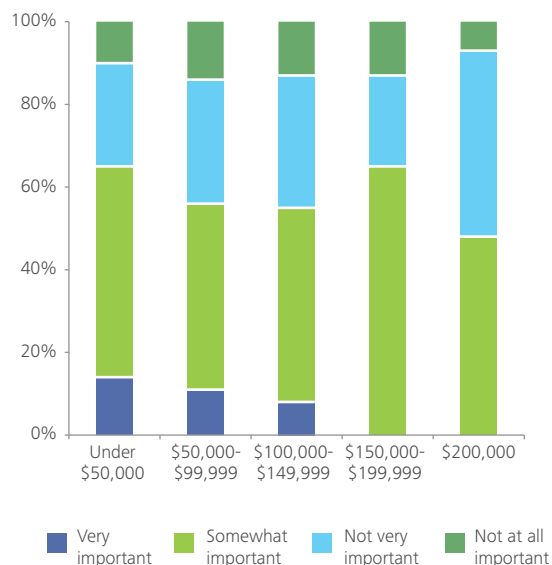
The hotel shares its regional pride even before guests arrive on the former farm grounds through an interactive train ride beginning at Quebec's Mont-Morency Falls.

The educational journey shares the history and importance of the region with the help of videos, music and tablets at every table.

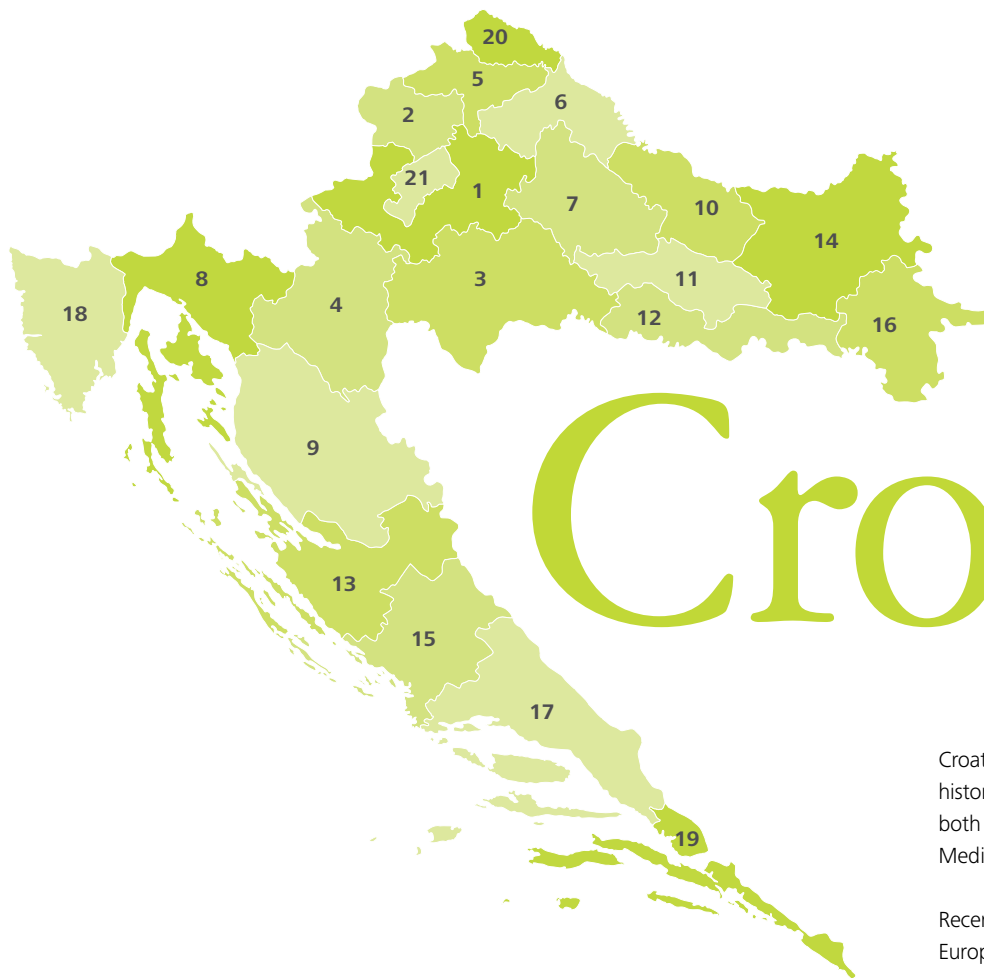
Guests are treated to local sourcing of seafood from the St. Lawrence, as well as meat and produce from local farmers markets – and some even grown on the hotel's grounds.

The tourism industry is adopting sustainability practices through innovation, refined technology and architecture. Not only do these changes demonstrate the industry's commitment to a greener future, but they also address the demands and expectations of today's consumer.

**Figure 14:** Influence of hotel chain's commitment to corporate social and environmental sustainability on Canadians' decision to stay with a chain



Designed with sustainability in mind, the hotel has also been internationally recognized with interior design awards for combining modern elements with its rustic wood furnishing



## Destination profile •

# Croatia

Croatia is a country of gorgeous landscapes, rich cultural history and vibrant cities. Travellers are treated to the best of both worlds: eclectic and adventurous activities with a Mediterranean pace and joie de vivre.

Recently, the nation's accession as a member of the European Union in July 2013 has placed the country in a new spotlight as numerous global, positive press articles are encouraging incrementally more travellers to visit this newly discovered Mediterranean jewel.

### Map of Republic of Croatia

#### Counties

Zagreb	1
Krapina – Zagorje	2
Sisak – Moslavina	3
Karlovac	4
Varazdin	5
Koprivnica – Krizevci	6
Bjelovar – Bilogora	7
Primorje – Gorski Kotar	8
Lika – Senj	9
Virovitica – Podravina	10
Pozega – Slavonia	11
Brod – Posavina	12
Zadar	13
Osijek – Baranja	14
Sibenik – Knin	15
Vukovar – Srijem	16
Split – Dalmatia	17
Istria	18
Dubrovnik – Neretva	19
Medimurje	20
City of Zagreb	21

#### Croatia Facts

- **Population:** 4,290,612 (July 2013)
- **Capital:** With a population of 792,875, Zagreb is the economic, transport, cultural and academic centre of the country
- **System of government:** Multi-party parliamentary republic
- **Length of the coastline:** 6,278 km, including 4,398 km which is made up of island coastlines, solitary rocks and reefs
- **Currency:** The official currency in Croatia is the Kuna
- **Official languages:** Croatian is the official language of Croatia, and is the 24th official language of the European Union





Source: [www.sloveniatimes.com/modules/uploader/uploads/Aktualno/Podobe1/croatia.jpg](http://www.sloveniatimes.com/modules/uploader/uploads/Aktualno/Podobe1/croatia.jpg)

### Performance highlights

- In 2012, Croatia saw a total of 10.4 million foreign tourist arrivals, an increase of approximately 5% from 2011
- Ranked 5th for Tourism Infrastructure and 14th for No. of World Heritage cultural sites in the Travel & Tourism Competitiveness Index conducted by the World Economic Forum in 2013
- Croatia has been highlighted in several top travel lists for 2013:
  - British Airways' Top 13 Destinations for 2013
  - Dubrovnik was included on Rough Guides' Top 10 Places to visit in 2013
  - Krk Island (part of the Northern Adriatic islands in Croatia) was selected as one of the Top 10 Islands in Europe in the Conde Nast Traveler Readers' Choice Awards

### Marketing

- Marketing campaigns are led through the Croatian National Tourist Board (CNTB), a national tourist organization founded with the purpose to promote, create and enhance the reputation of tourism in Croatia.
- Croatia's 2013 marketing budget is 32.7 million Euro. This includes a total of 7.6% on online advertising (109% more than 2012), and 10.4% on TV and print advertising (52% less than 2012).
- The Croatia Tourism Board's increased allocation on online advertising is due to its increased focus on digital strategy to attract more visitors. This includes viral campaigns, user generated content, optimization of digital presence, Search Engine Optimization (SEO) and Search Engine Marketing (SEM) campaigns.
- Despite continued strength in tourist arrivals from traditional markets such as Germany, new non-traditional markets such as China and Brazil are fueling growth from overseas. These present a strong opportunity for Croatia to create dedicated and focused campaigns to attract these markets.

**Figure 15:** Foreign tourist arrivals to Croatia



Source: [www.mint.hr/UserDocImages/htz-turizam-br012\\_ENG.pdf](http://www.mint.hr/UserDocImages/htz-turizam-br012_ENG.pdf)

**Figure 16:** Change in total border crossing of passengers in 2012 compared to 2011 (thousands)

Transport type	2012 YoY change
Air	7%
Maritime	-3%
Road	-7%
Railway	-11%

**Figure 17:** Top factors that influence Canadians' decisions to visit Croatia

Rank	Factors
1	Affordability
2	History / culture
3	Accommodations
4	Climate / weather
5	Close proximity to other destinations Canadians would like to visit
6	Activities
7	Their food and beverage
8	Recommendations from family / friends
9	On travel industry's top destination lists

## Access

- **EU membership improves access:** Croatia's accession into the EU on July 1, 2013 has improved the ease of access to Croatia from neighboring countries. For example, crossing the border from Slovenia to Croatia is now faster as 33 of the total of 57 border crossings have introduced a single checkpoint. Travellers from EU states are now exempt from customs checks.
- **Air travel:** Although there are no direct flights from North America, transfer hubs such as London or Frankfurt allow access to Croatia. Flights departing from Qatar and Tel Aviv are the only two non-European flights direct to Croatia, with occasional charter flights from Tokyo and Seoul. In aggregate total border crossings into Croatia by air increased by 7% to 2.5 million in 2012 as compared to 2011.
- **Railway and other:** With the exception of Dubrovnik, the Croatian rail network connects all major Croatian cities. There are direct lines outside the city borders from Austria, Czech Republic, Switzerland, Germany, Hungary, Slovenia, Italy, Bosnia and Herzegovina, Serbia, and Greece. There are indirect lines from almost all other European countries. Railway border crossings saw a decline of 11% from 2011 to 2012.
- **Proximity to other destinations:** 87% of Canadians agree that Croatia's close proximity to other destinations of interest positively influences their decision to visit Croatia. This comes to no surprise due to Croatia's close geographic proximity to Italy, Hungary, Slovenia, Bosnia and Herzegovina, and Serbia, along with ease of to a multitude of other European destinations.

## Product

- **Affordability** – Croatia's retention of the Kuna, despite being part of the EU, appeals to many international tourists as while Croatia is not cheap, it offers excellent value.
- **History / Culture** – Croatia prides itself on its diverse heritage with numerous museums, galleries and churches displaying its ties to several great empires including the Romans and the Dalmatians. Notably, Croatia has numerous sites on the UNESCO World Heritage list.
- **Accommodations** – There are plenty of quality and value options for travellers when it comes to accommodations. Almost half (49%) of accommodations in Croatia are privately owned which makes the industry highly fragmented with no price consensus. The Croatian National Tourism Board is plans to increase beds in commercial accommodation by another 102,000 by 2020.



## Methodology

### The survey panel (travellers)

Gender	
Male	48%
Female	52%
Age	
18 – 24	5%
25 – 34	23%
35 – 44	8%
45 – 54	32%
55 – 64	9%
65+	23%
Household with children under 18 years?	
Yes	11%
No	18%

Geography	
Western Canada	30%
Ontario	38%
Quebec	24%
Atlantic Canada	7%
Household income	
Under \$50,000	30%
\$50,000 – \$99,999	36%
\$100,000 – \$149,999	13%
\$150,000 – \$199,999	3%
\$200,000+	1%
Undisclosed	16%
<b>Total respondents</b>	<b>1,009</b>

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