

## Outlook on Leisure Travel - Canada

David Redekop

*The Conference Board of Canada*

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# MARKETING OUTLOOK FORUM: A GLOBAL PERSPECTIVE



Presented by the Travel and Tourism Research Association

## Outlook for Leisure Travel - Canada

Presented by: David Redekop, Principal Research Associate, The Conference Board of Canada

For more information, contact David at [redekop@conferenceboard.ca](mailto:redekop@conferenceboard.ca)

October 28-30, 2013 ~ The Drake Hotel ~ Chicago, Illinois, USA



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# Outlook for Leisure Travel - Canada

**David Redekop**

Principal Research Associate, The Conference Board of Canada

October 29, 2013

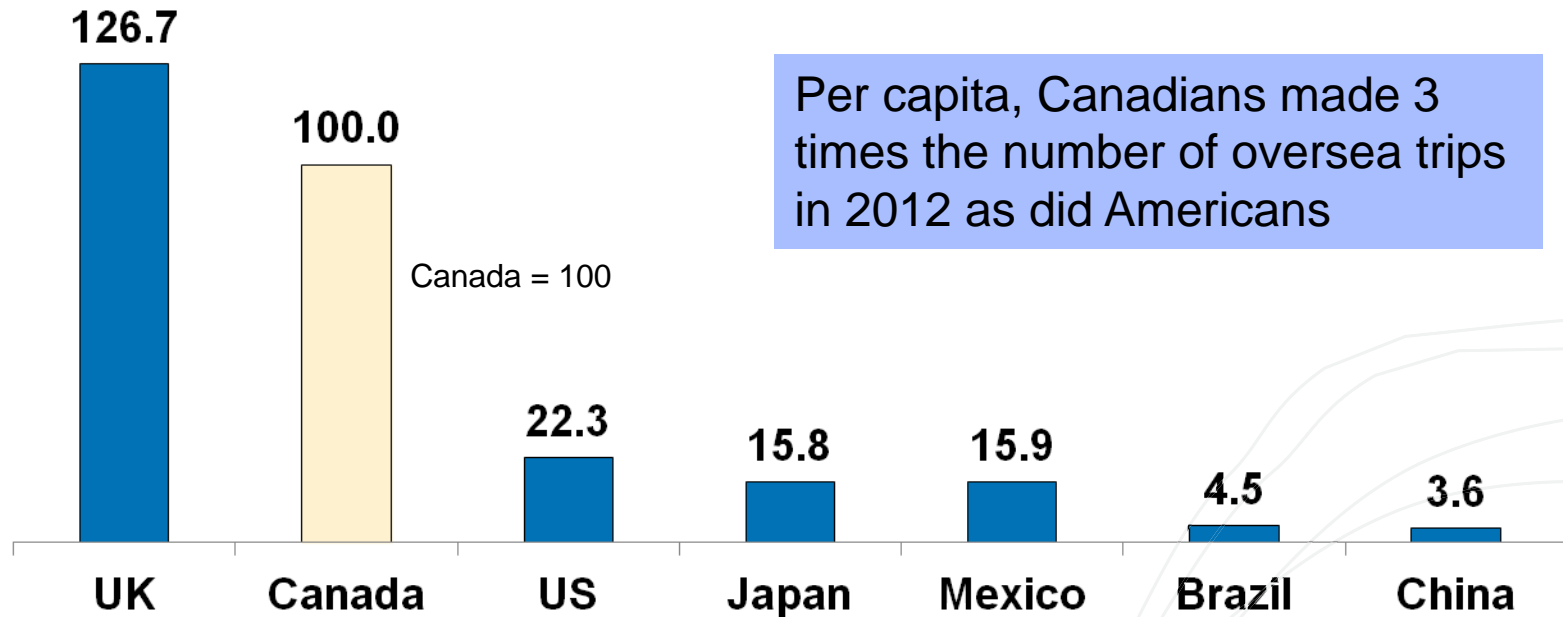


# Speaking Points

- **Economic Outlook** – confidence main issue for travel industry
- **Outlook for Outbound Travel**
- **Winter 2013/14**
- **Opportunities** – cruise, group travel, tours and activities



# POT Index – *Propensity for Outbound Travel*



Source: CBoC & various Gov't. agencies for population and outbound arrivals.

POT index = ratio of outbound trips to population relative to Canada in 2011.



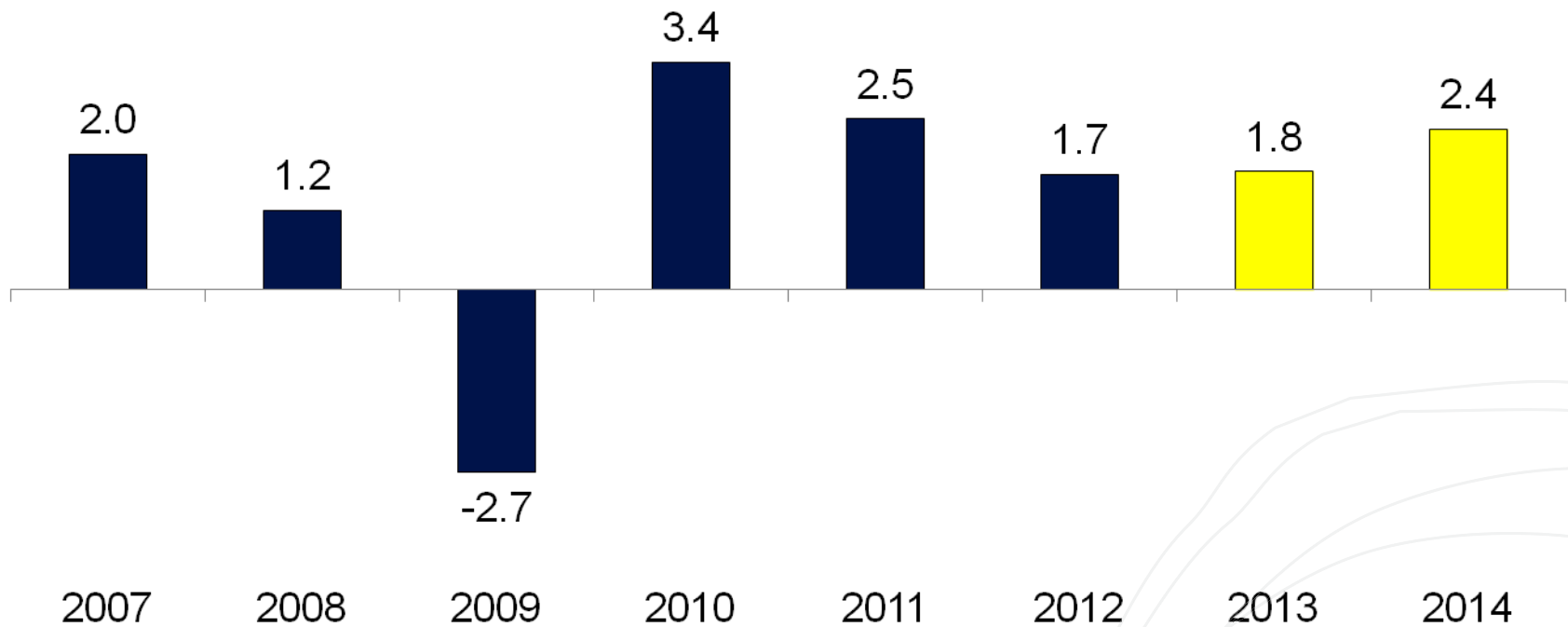
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# Economic Outlook

*Better growth over next three years versus past 3 years.*



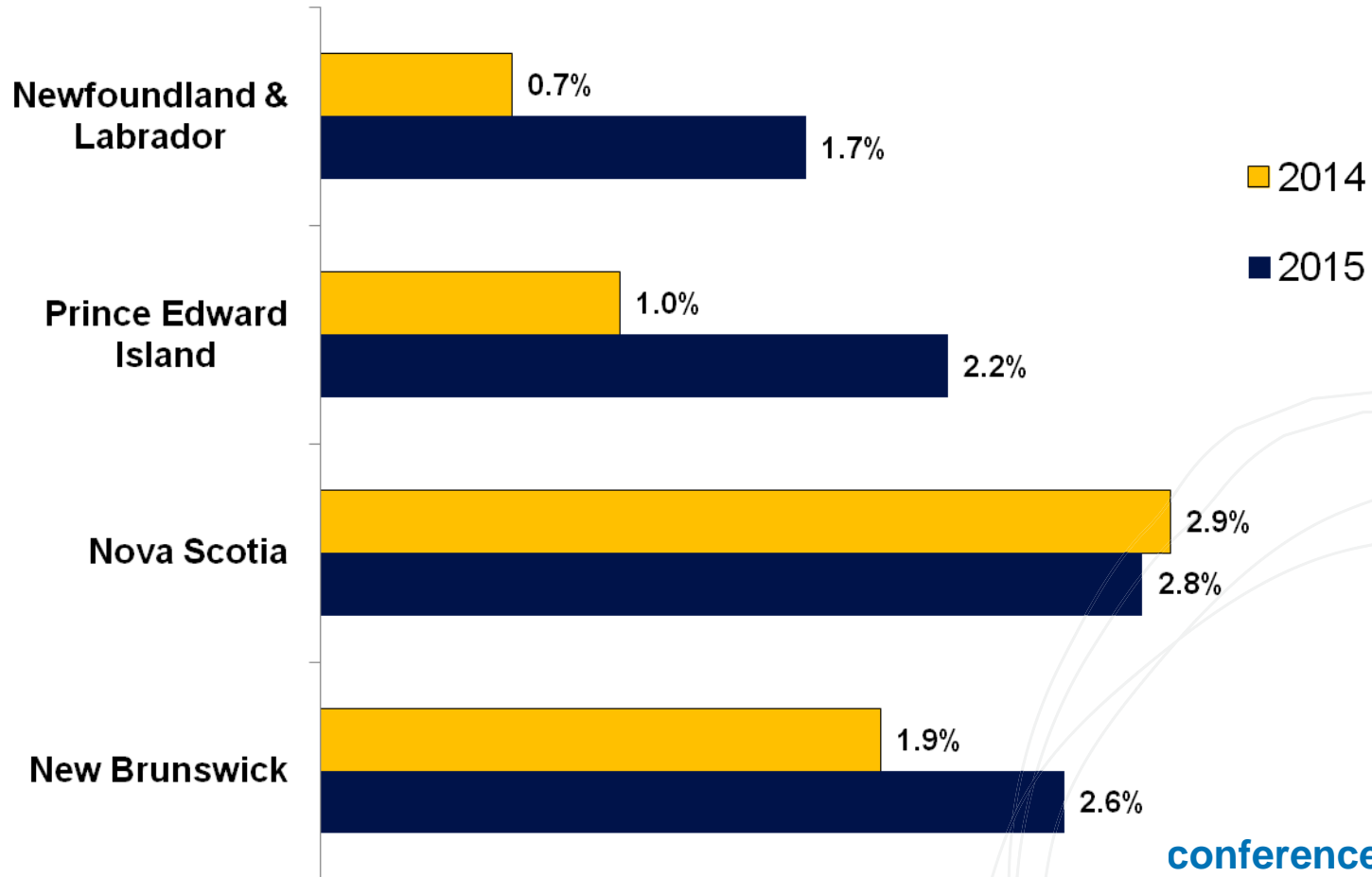
# Slow Growth Ahead



Source: CBoC economic forecast June 2013.



# GDP growth to vary by region

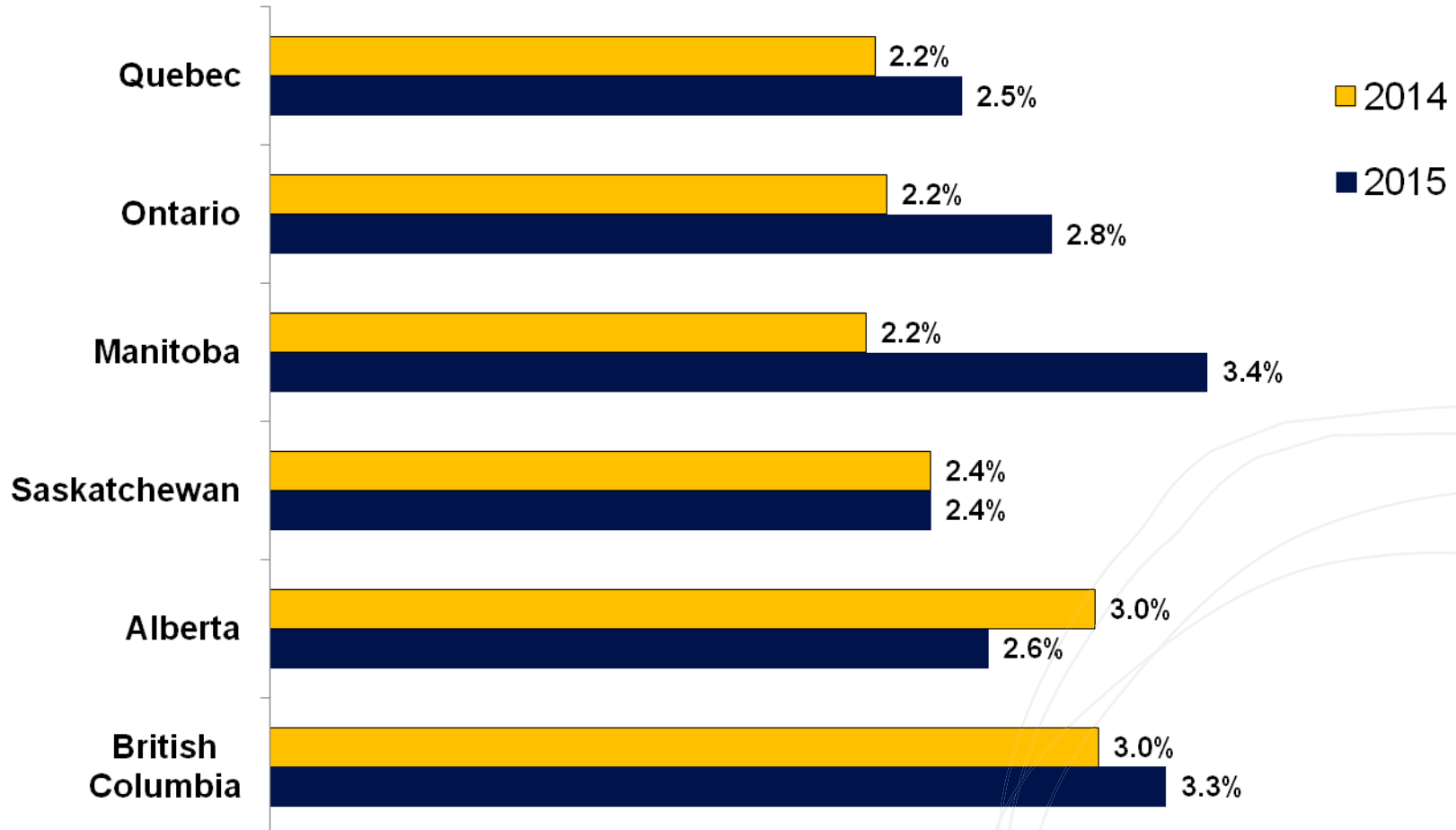






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# GDP growth to vary by region

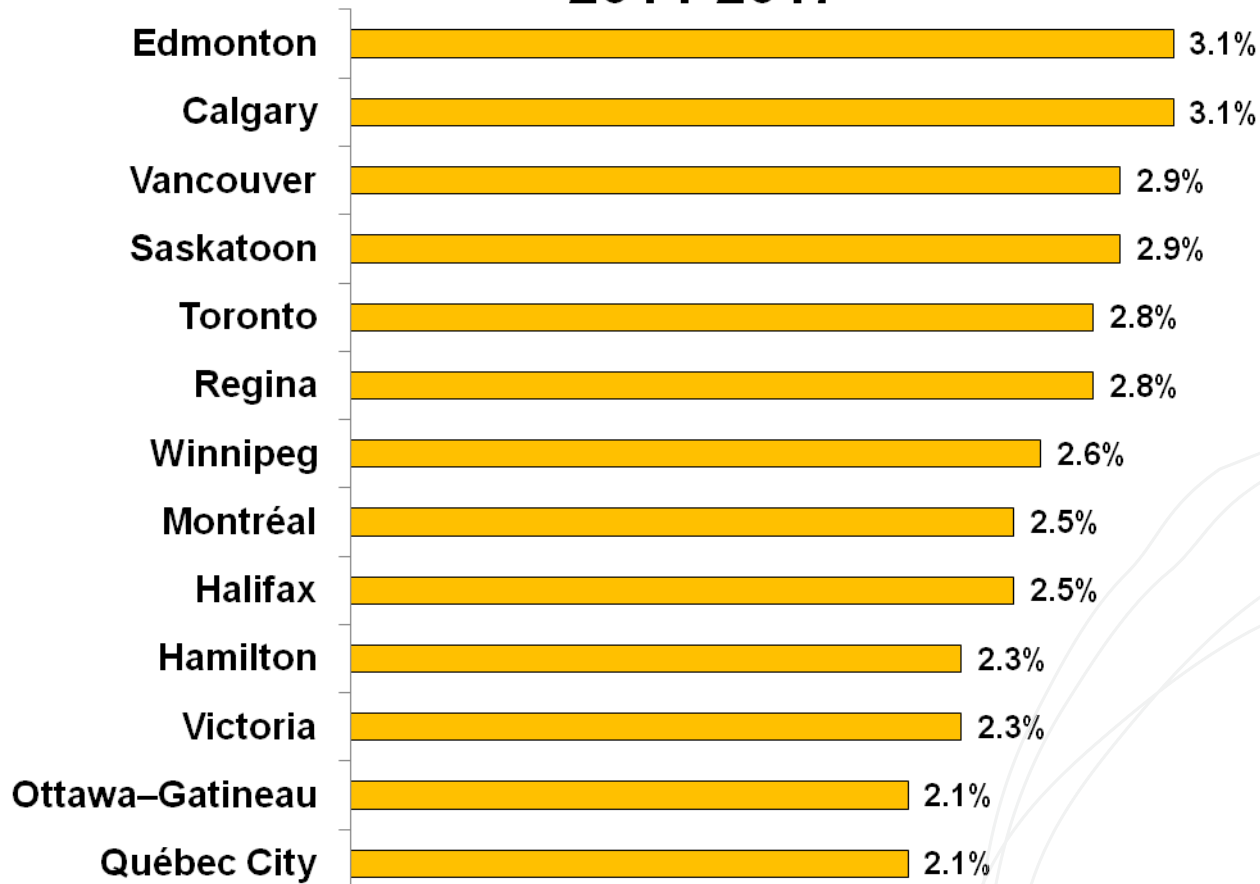




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# GDP growth by Major City

2014-2017

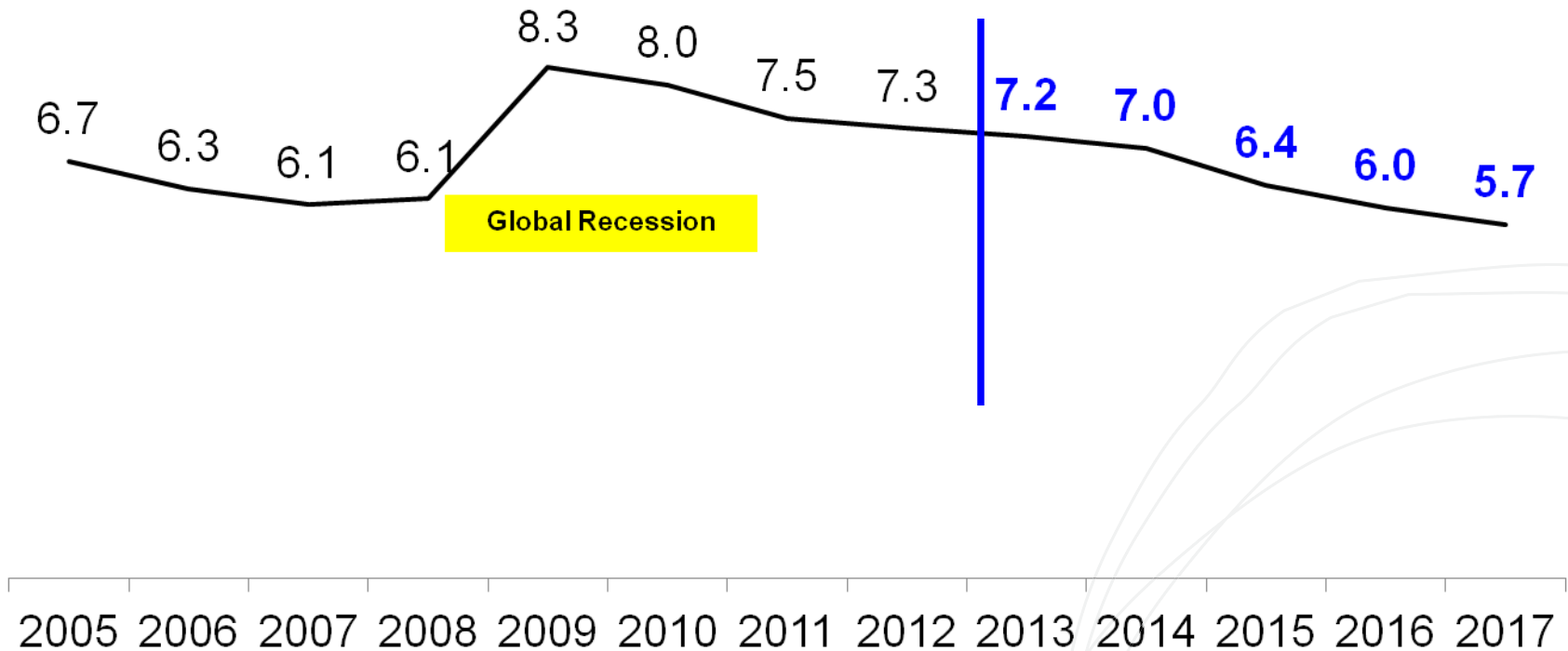




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# Unemployment rate falling

(annual unemployment rate in %)



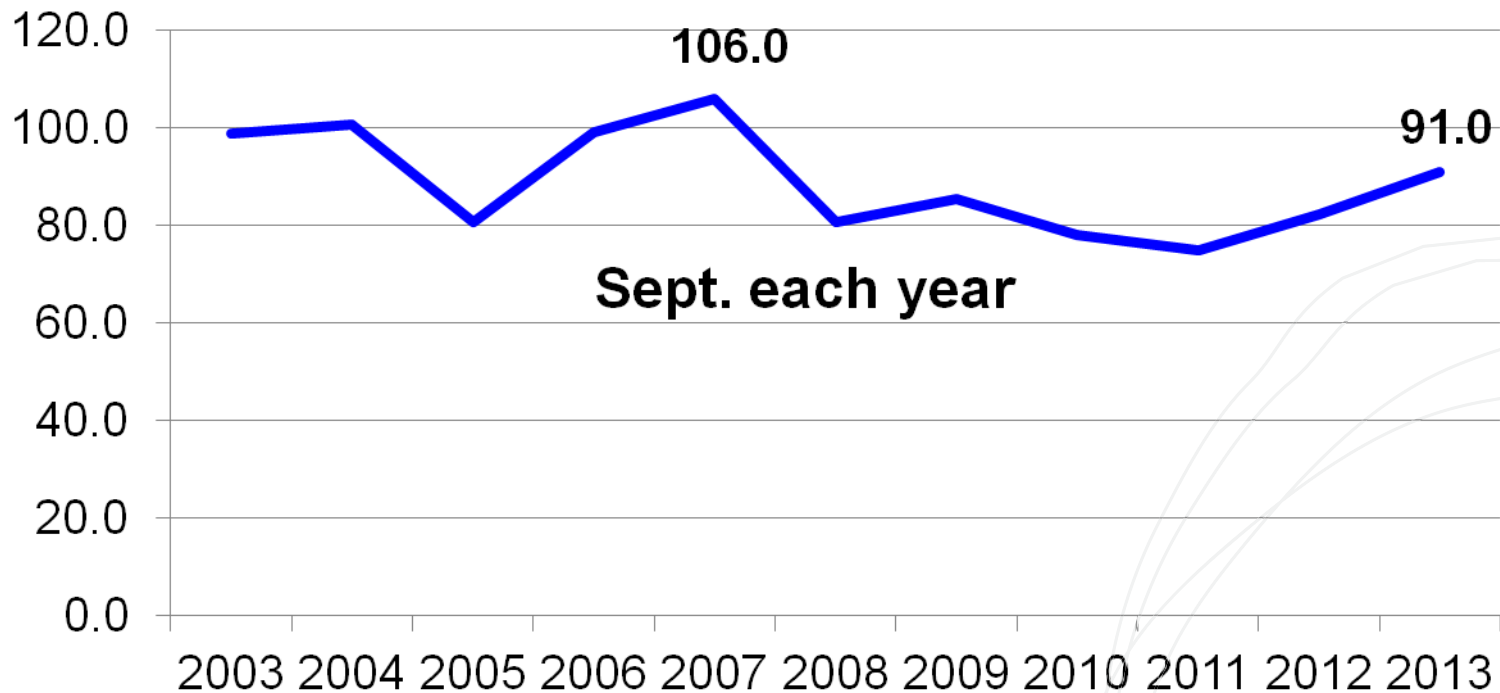
Source: CBoC five year economic forecast June 2013.

[conferenceboard.ca](http://conferenceboard.ca)



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# Consumer confidence yet to reach prerecession level



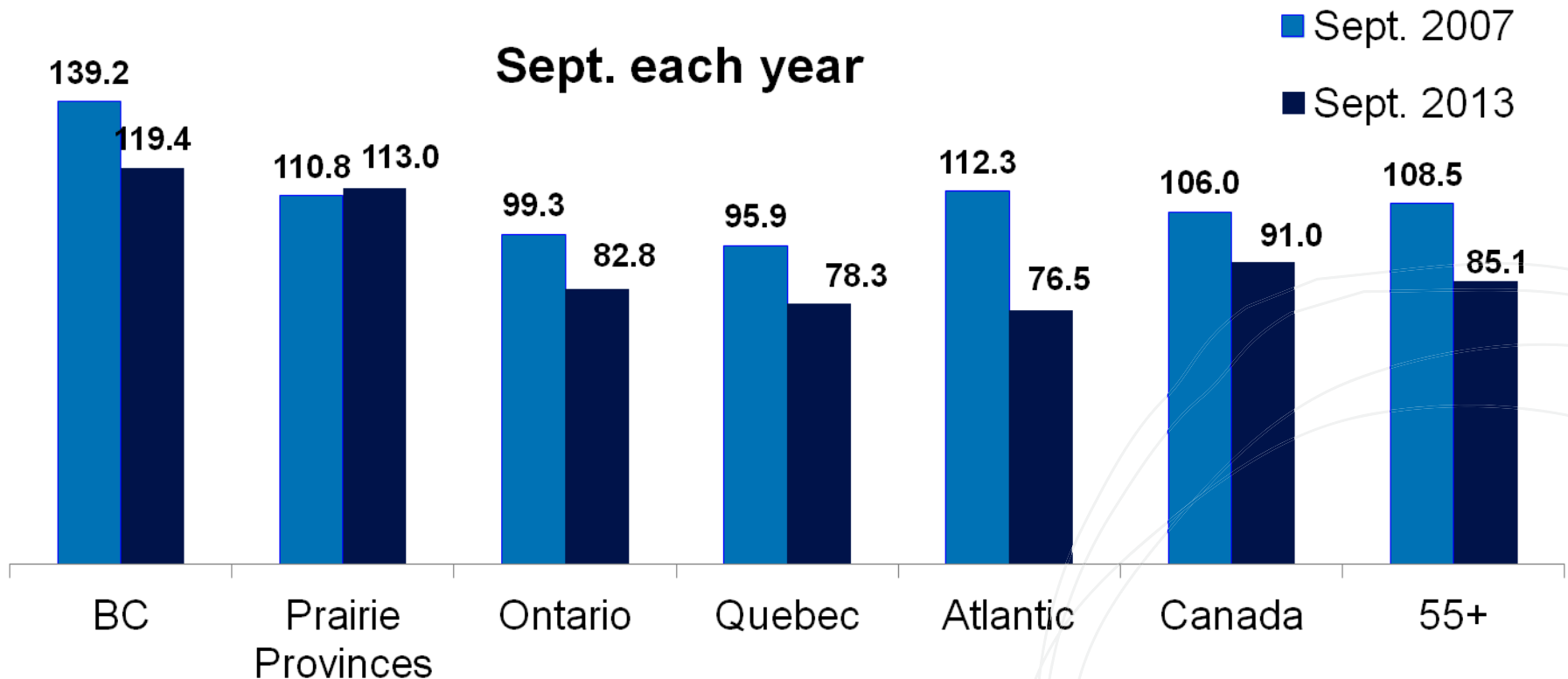
[conferenceboard.ca](http://conferenceboard.ca)

Source: CBoC monthly surveys of Canadian consumer confidence.



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# Confidence yet to reach prerecession level



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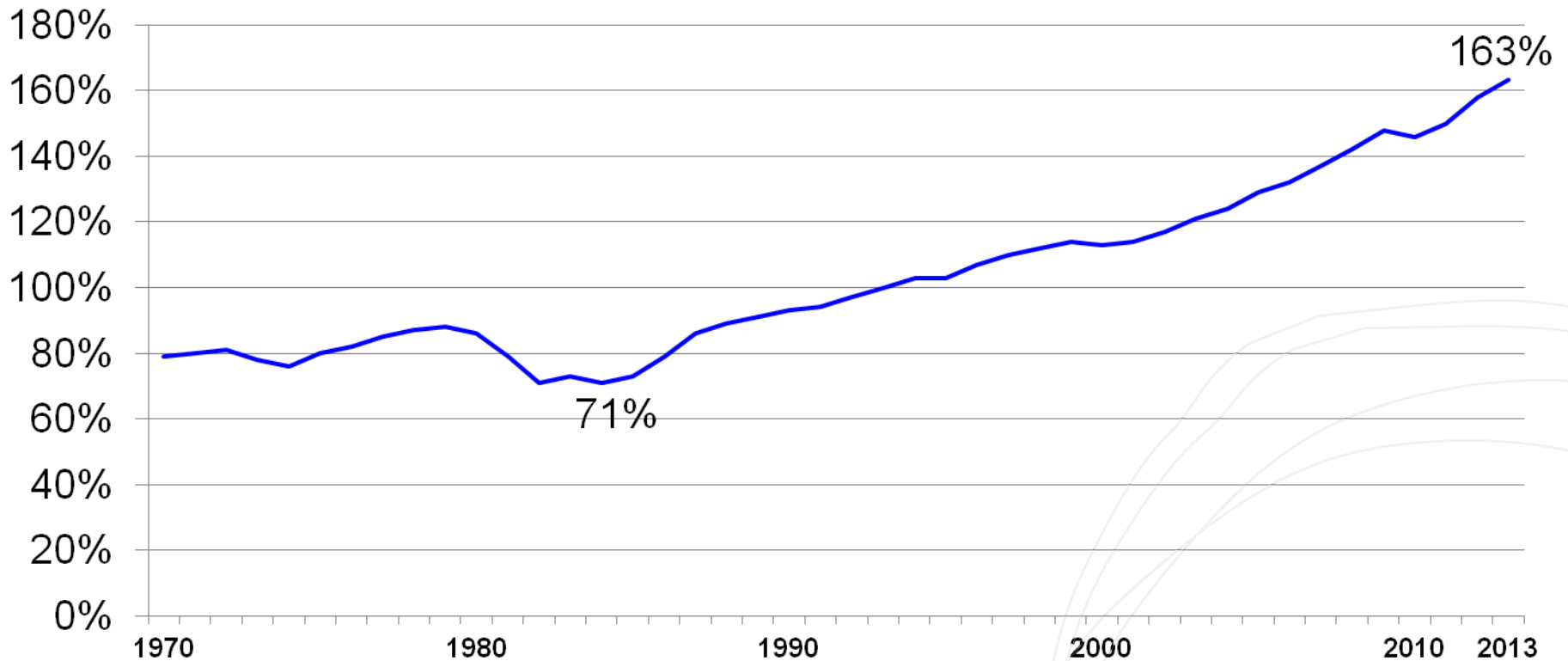
Source: CBoC monthly surveys of Canadian consumer confidence.



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# Household debt @ record level

(ratio of debt to personal disposable income)



Source: Statistics Canada.

[conferenceboard.ca](http://conferenceboard.ca)



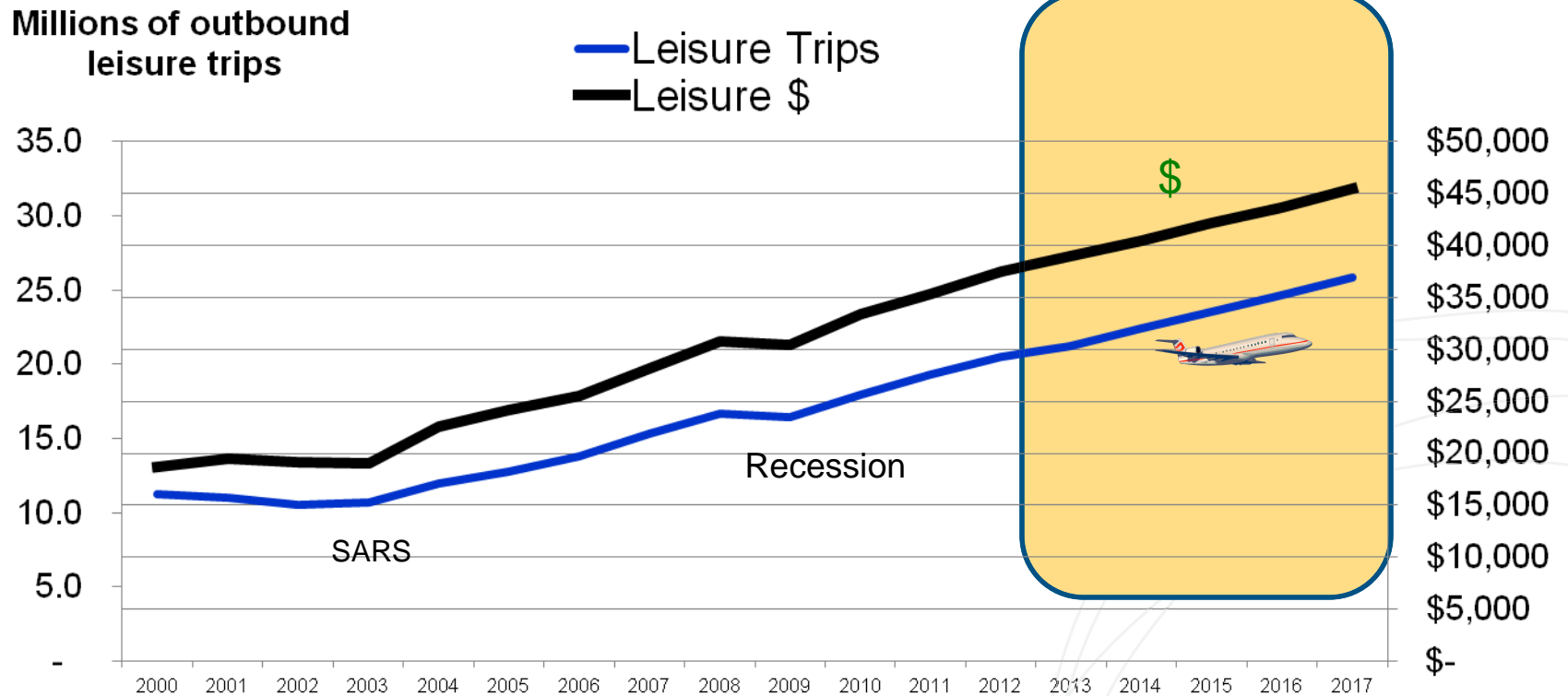
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# Outlook for outbound leisure travel

*Growth to average 4.1% through 2017*



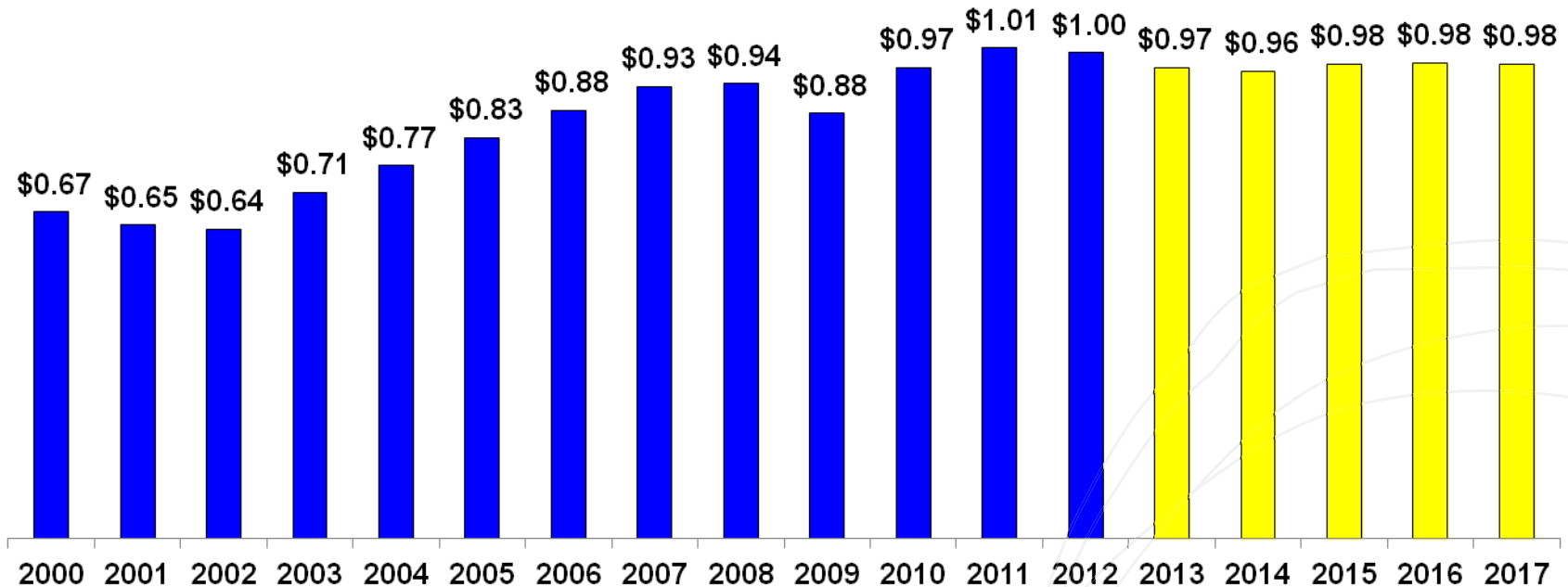
# Outbound Leisure Travel to Reach \$37 billion by 2017







# \$ CDN to trade slightly under par with US dollar

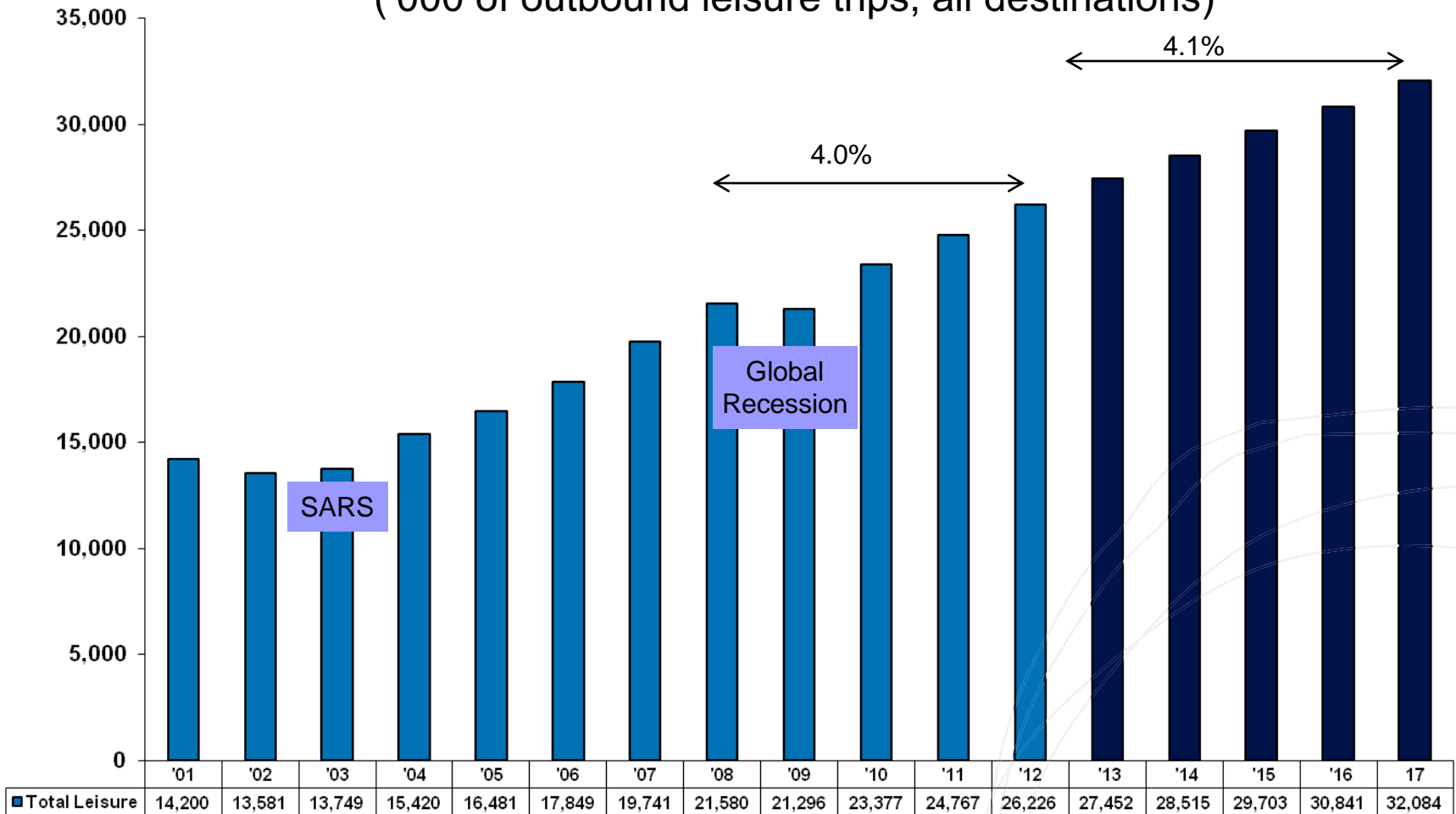




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# Canada: Total Outbound leisure trips

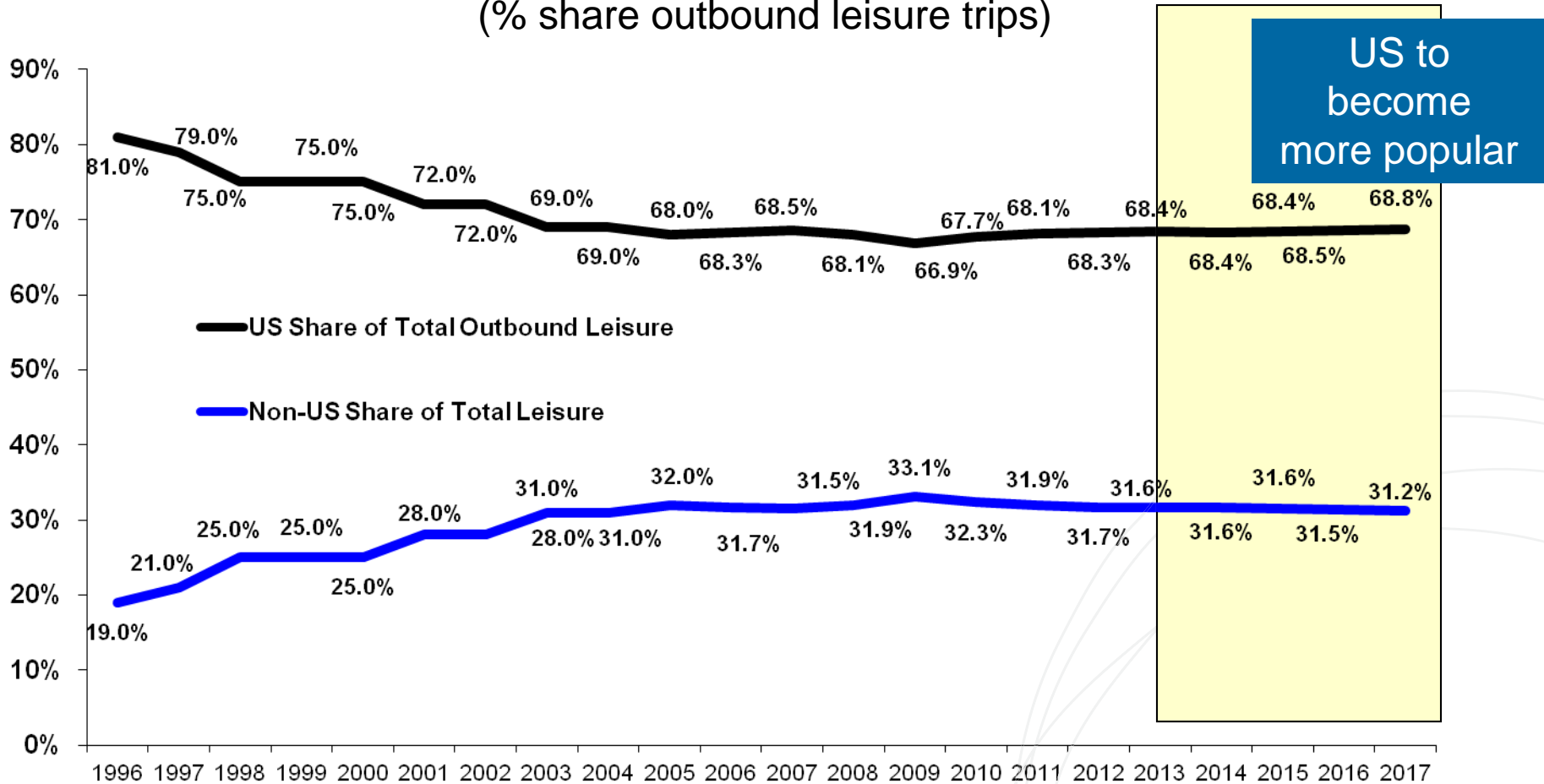
('000 of outbound leisure trips, all destinations)





# Canada: Outbound leisure trips

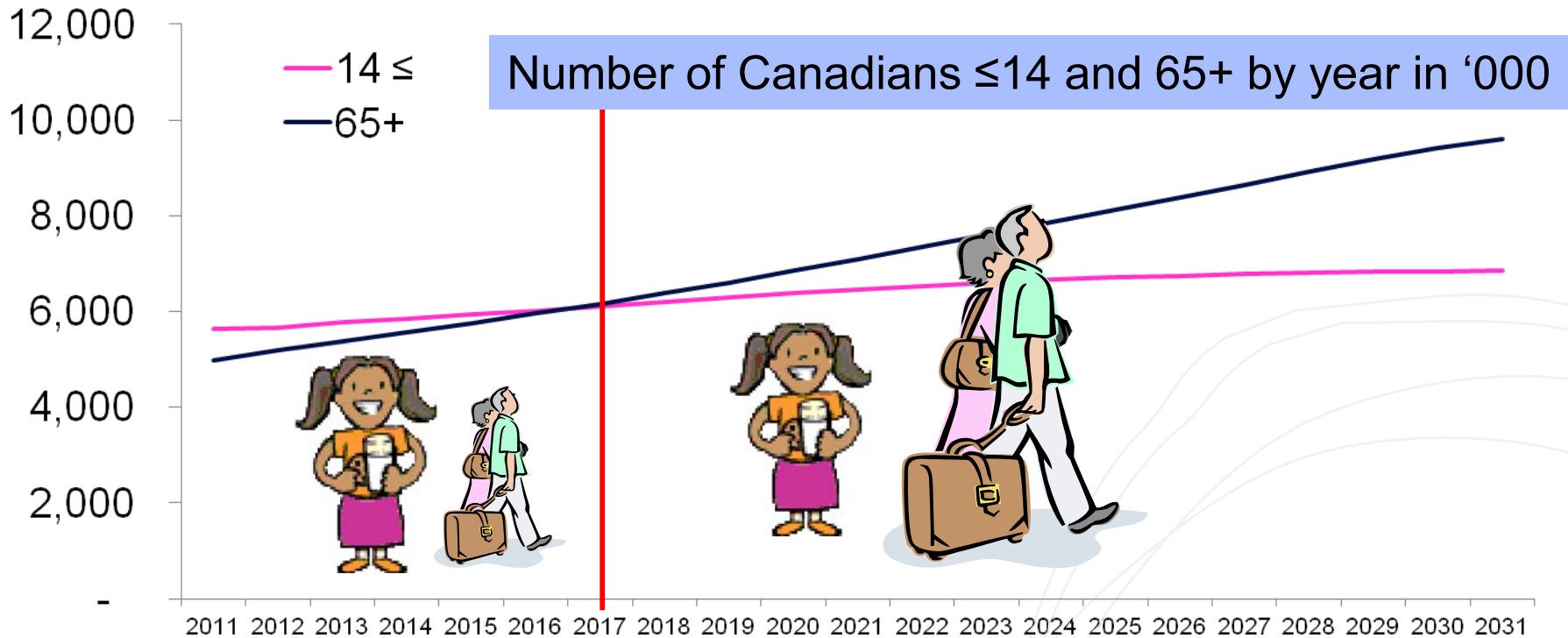
(% share outbound leisure trips)



US to  
become  
more popular



# More Seniors than children by 2017 – *first time in history*

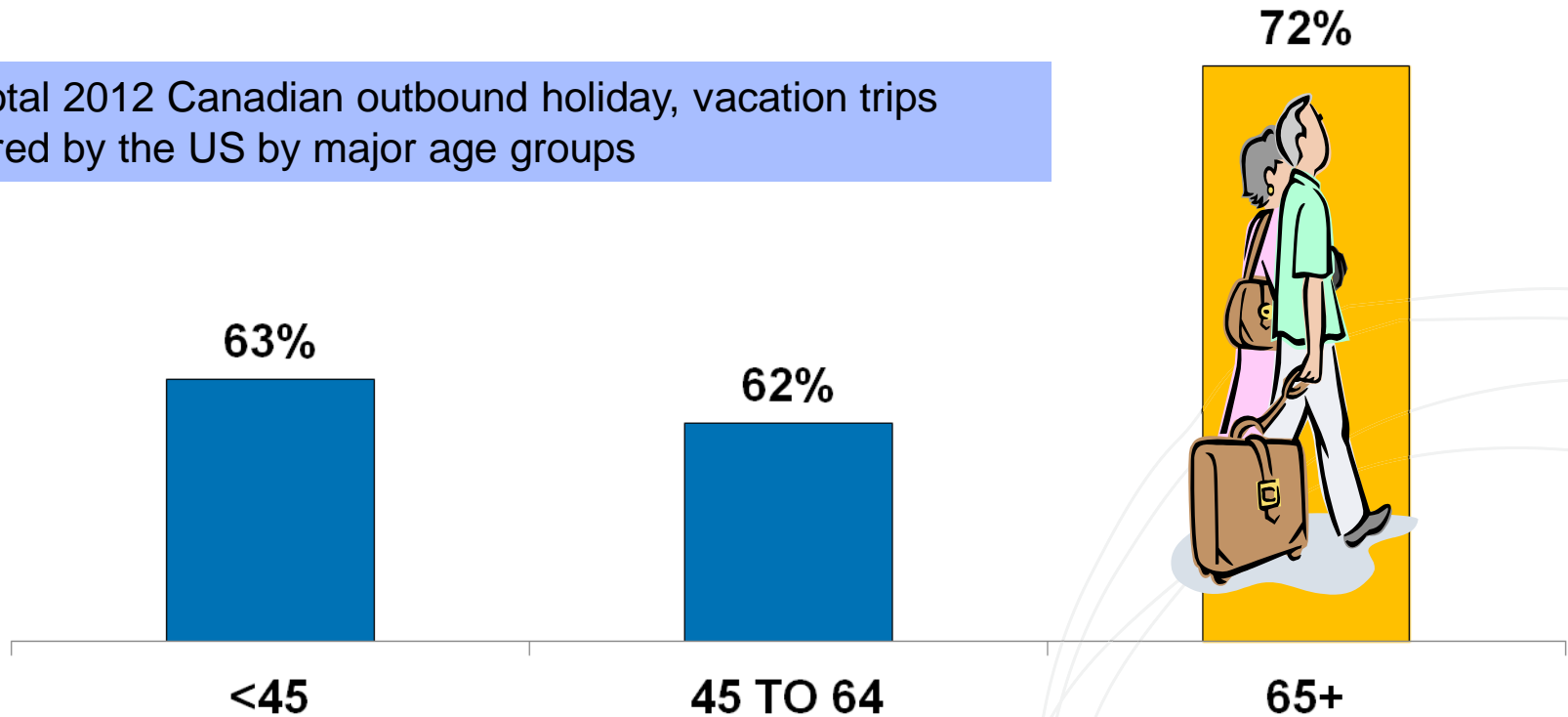




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# 65+ more likely to travel to US for leisure than overseas

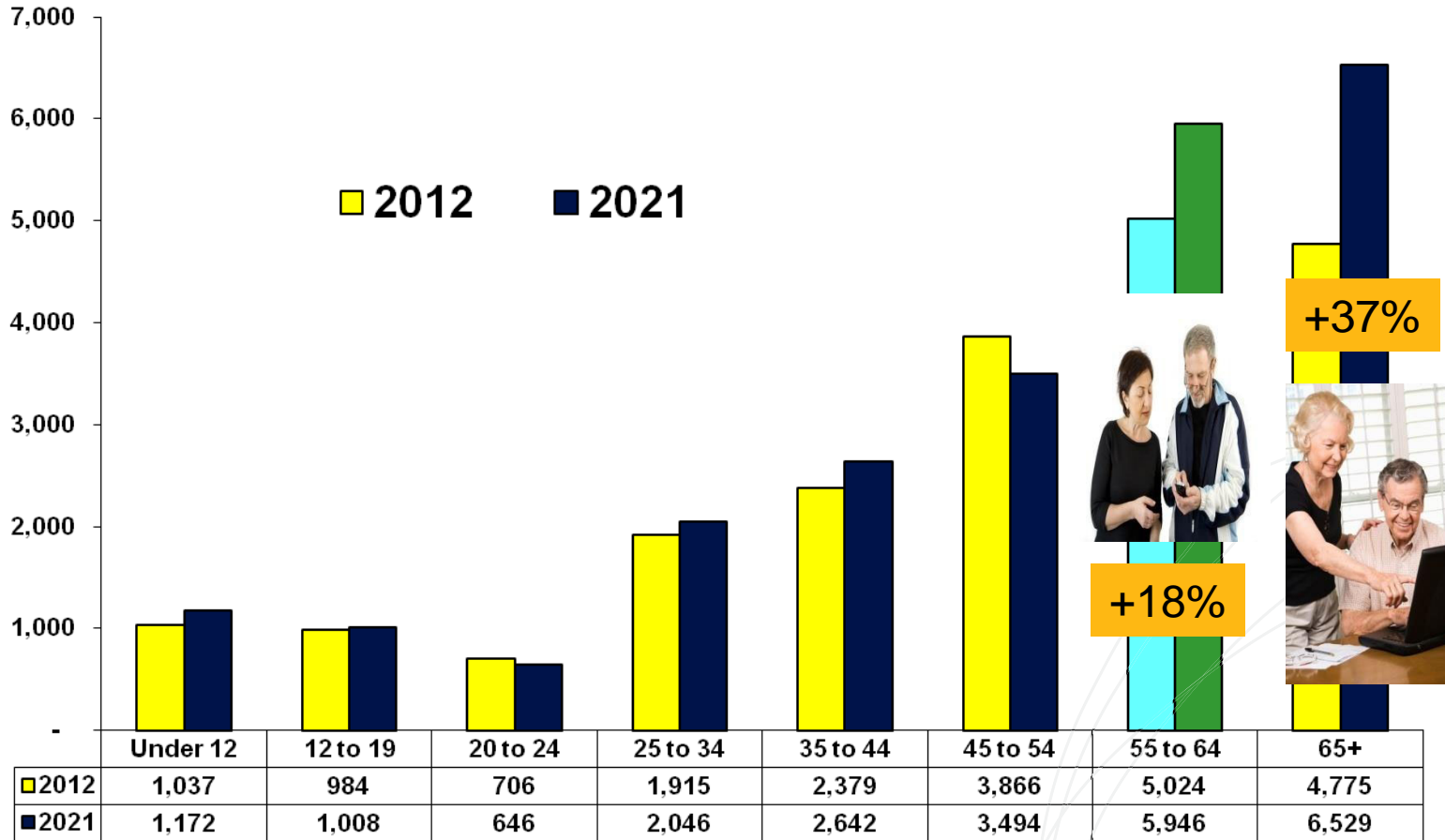
% of total 2012 Canadian outbound holiday, vacation trips captured by the US by major age groups





# Outbound Pleasure Trips

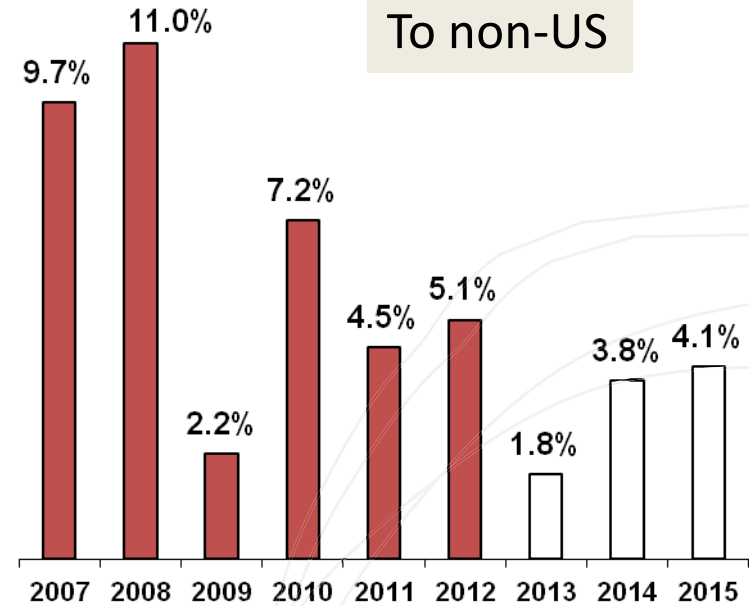
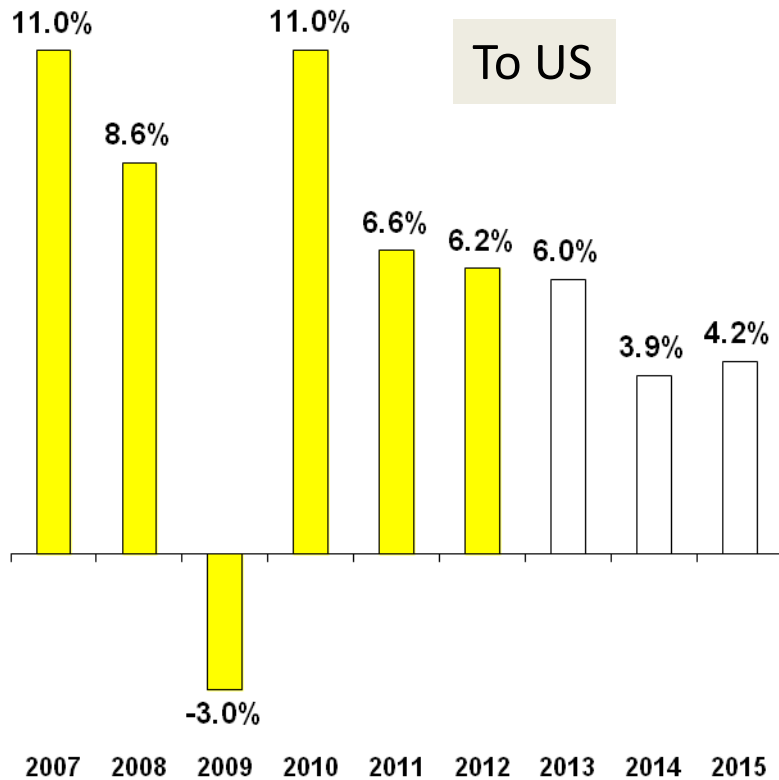
('000 of pleasure trips to all destinations by age group)





# Canada: Outbound leisure trip growth

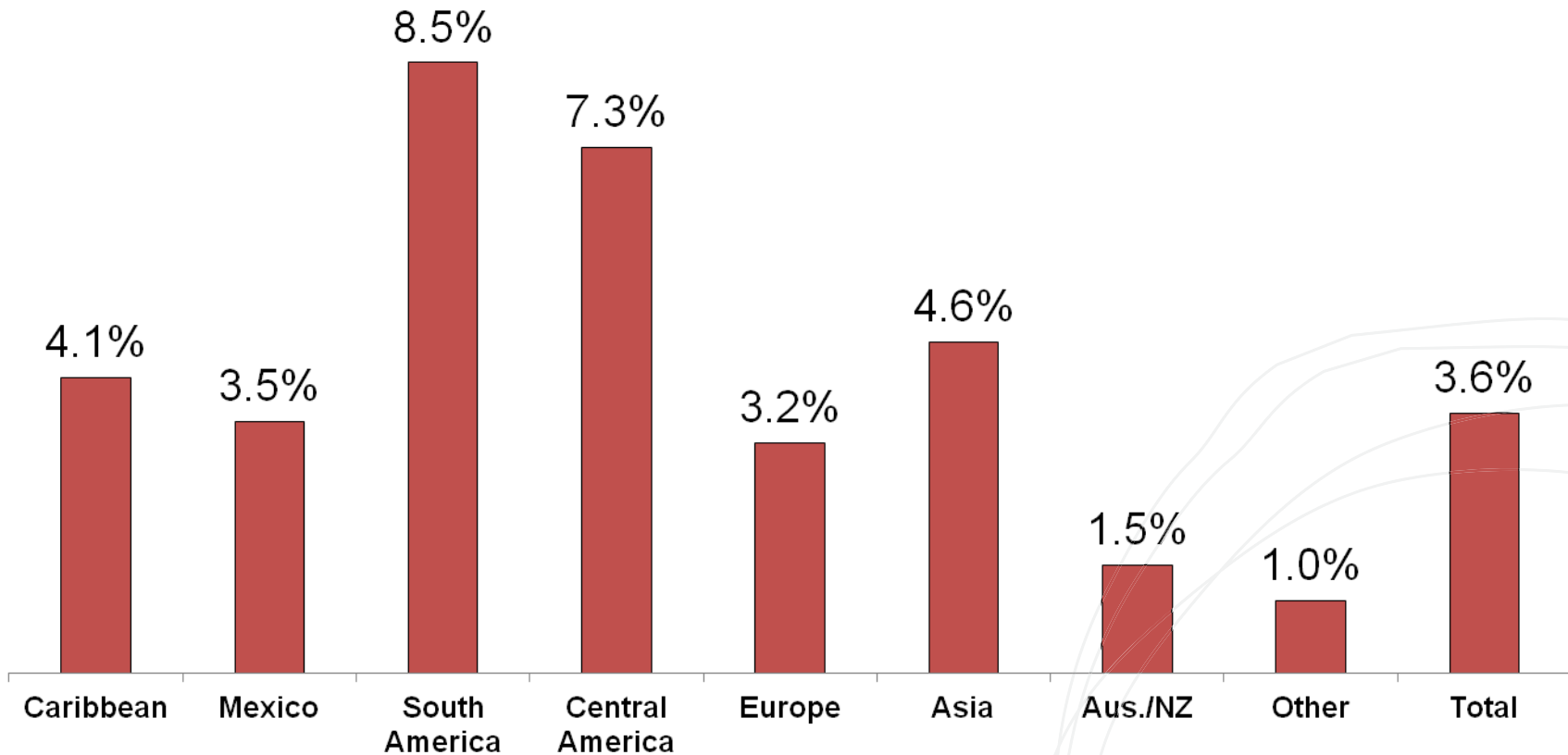
(% change in leisure trips from previous year)





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# Outbound Leisure Travel: Average Annual Rate of Growth 2013 - 2017

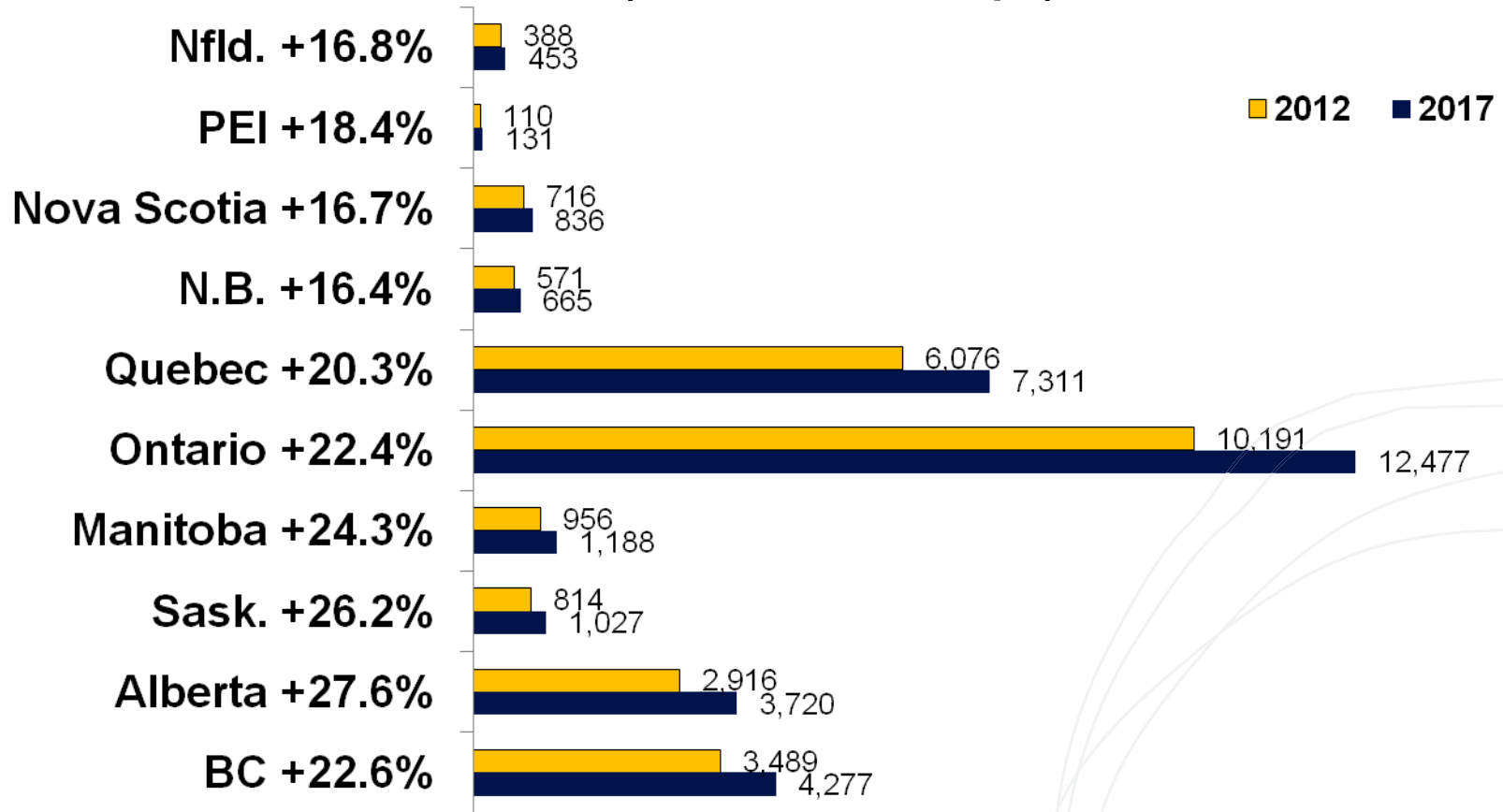






# Outbound Leisure Trips by Province

('000 of leisure trips)





# Canada: Slow growth in domestic and inbound travel

Trip Type	2012	2013	2014
Domestic Business	1.8%	1.5%	2.4%
Domestic Pleasure	1.6%	1.4%	2.3%
US to Canada	2.8%	1.2%	2.1%
Overseas to Canada	-2.2%	1.6%	2.6%

*Canada has been losing inbound visit share from the US and Oversea destinations for more than 10 years!*



# US Outbound Travel

- US overseas travel was up by **5.5%** in 2012 but is flat through YTD June 2013
- Americans made nearly 2 million fewer oversea trips in 2012 than in 2009.
- *UK residents made 13 million fewer outbound visits in 2012 than in 2006!!*



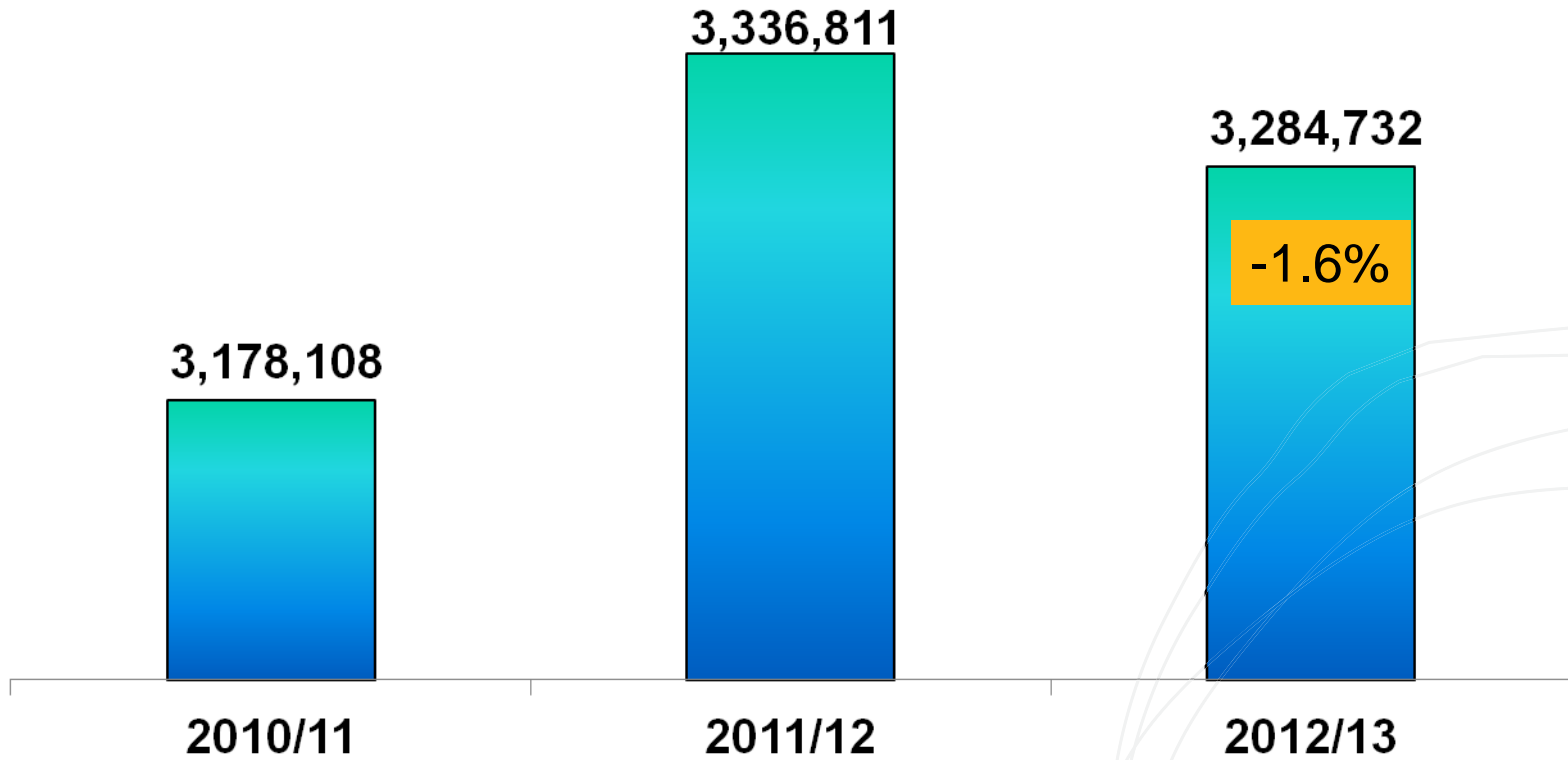
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# Winter 2013/14 Outlook



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# Canadian winter trips to Caribbean/Mexico each winter





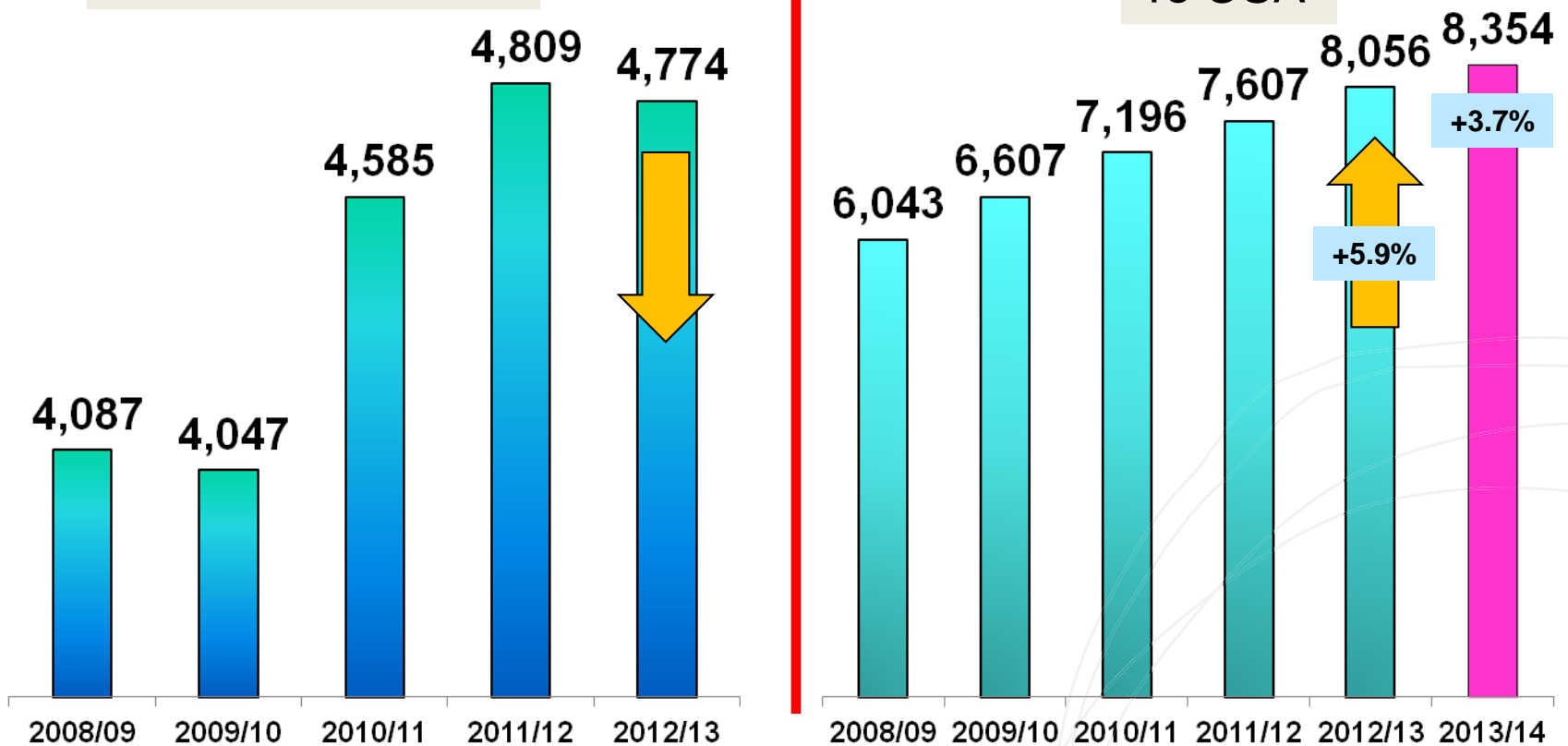
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# Canadian Leisure Trips each Winter

('000)

To Other Countries

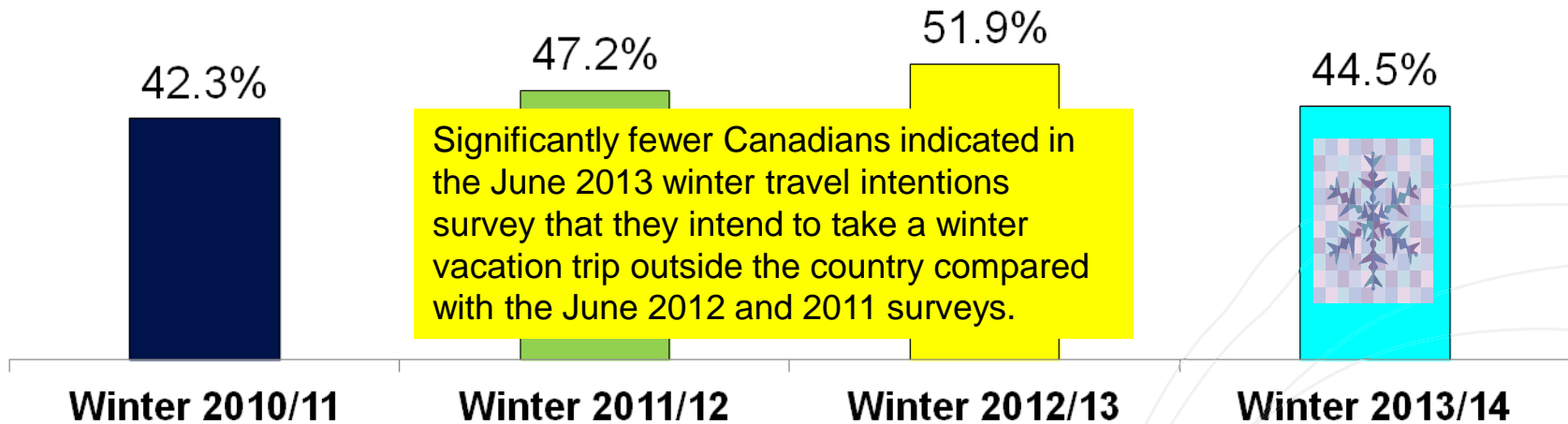
To USA





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# Fewer Canadians Planning Outbound Winter Trip

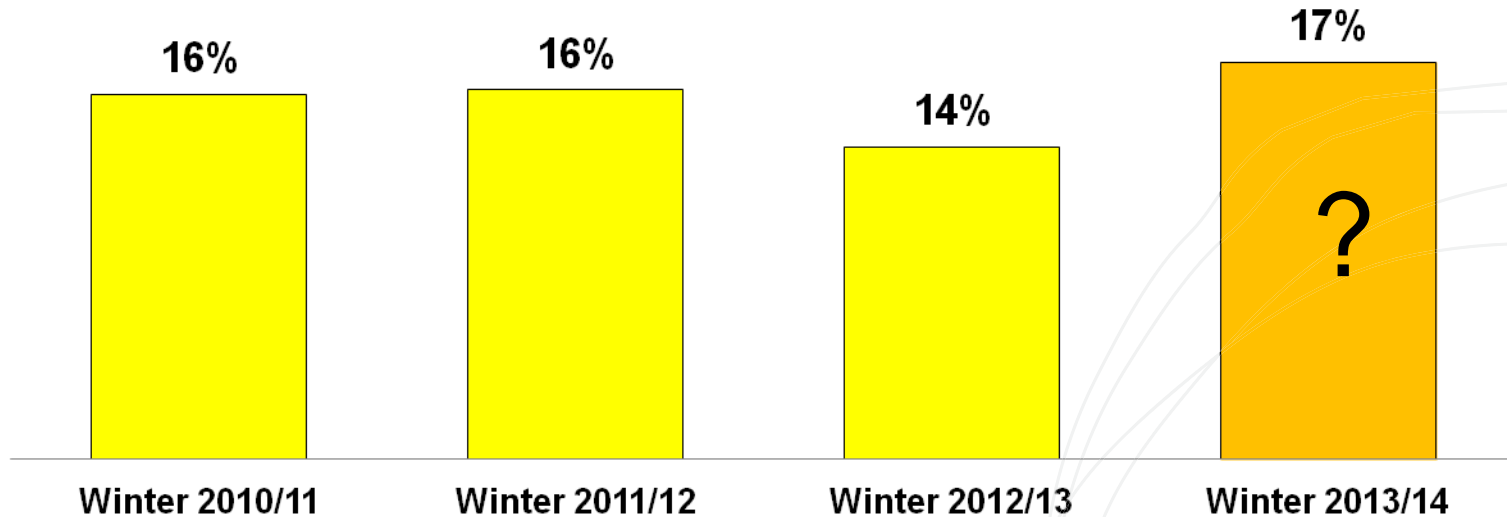




# More Uncertainty about taking Winter Trip

(% planning to take domestic or outbound winter vacation trip in June each year)

## Uncertain whether taking trip



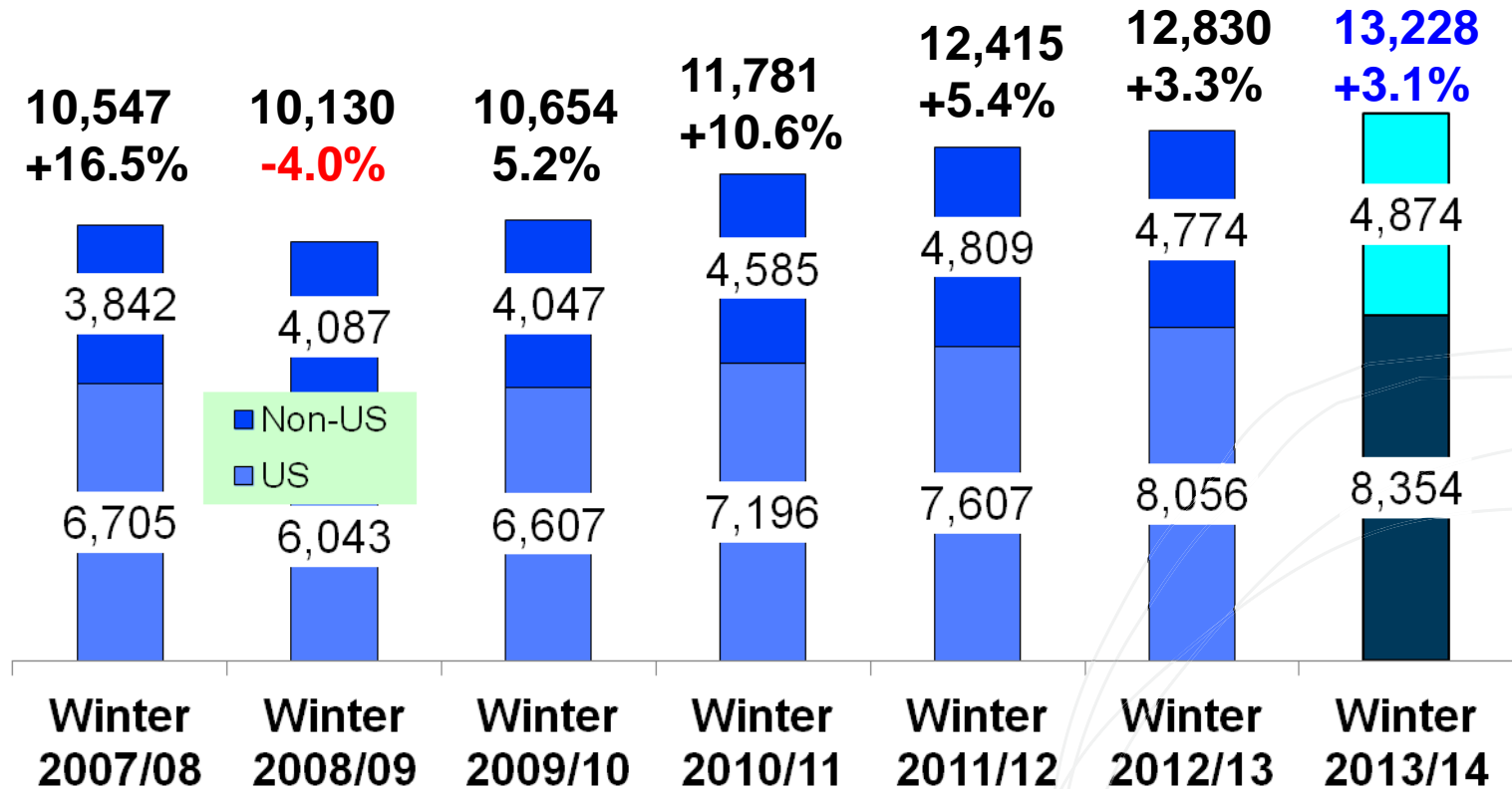




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# Outbound Winter Leisure Trips to grow 3.1% Winter 2013/14

('000 of outbound leisure trips each winter to US and non-US destinations and total)





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# Outlook for Winter 2013/14

US State	Winter 2012/13	% Change	Winter 2013/14	% Change
Florida	2,162,724	4.0%	2,244,908	3.8%
Hawaii	360,454	2.2%	369,105	2.4%
Arizona	452,810	1.3%	470,469	3.9%
California	798,204	2.2%	813,370	1.9%
Caribbean/Mexico				
Cuba	777,683	2.0%	801,971	3.1%
D. Republic	526,271	-4.8%	514,693	-2.2%
Jamaica	264,605	-8.4%	253,227	-4.3%
Mexico	1,216,690	-1.5%	1,232,507	1.3%



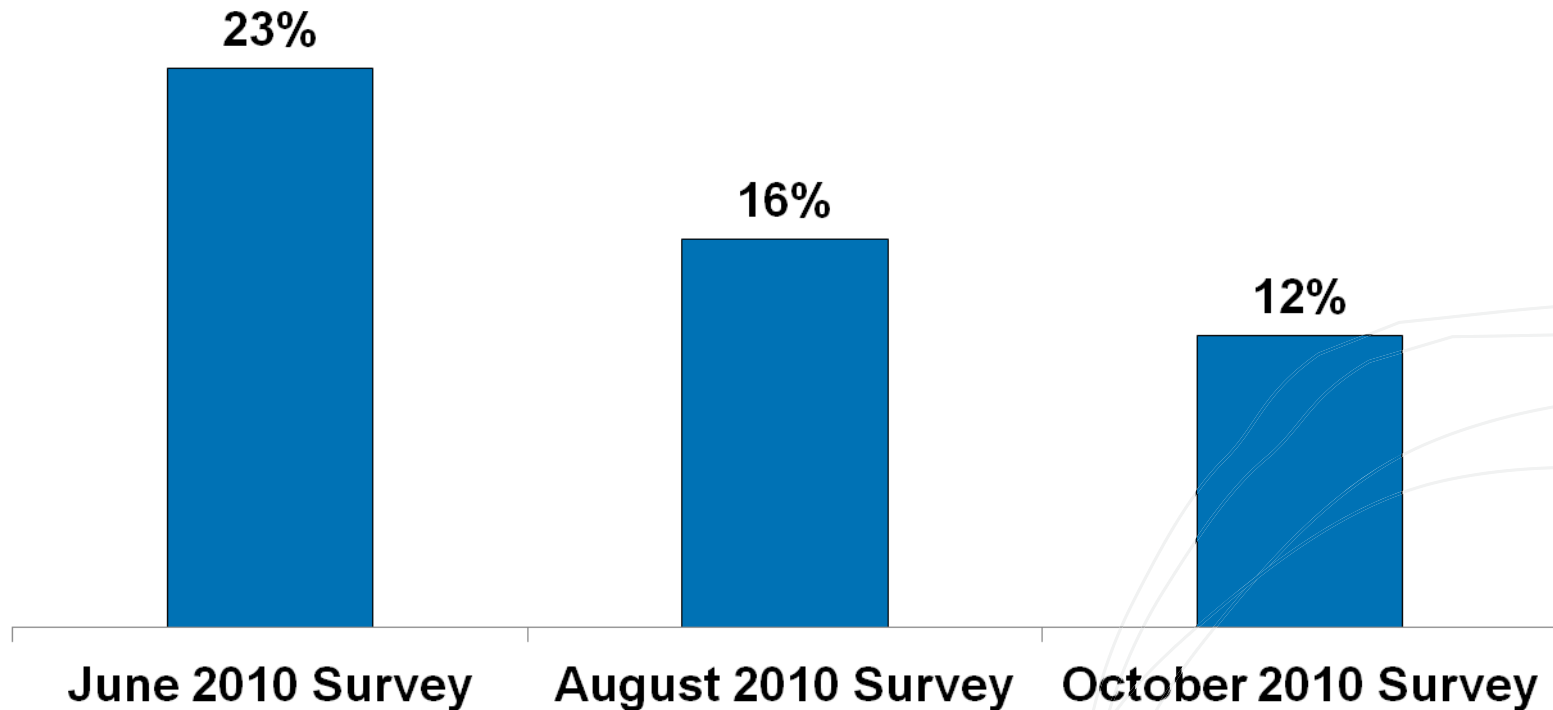
# Travel Intentions Surveys are “*surveys*” not “*forecasts*”

- # of intended visits rarely = actual visit volume
- Travel intention surveys best used to capture current selling climate for travel/destination.
- Transactional websites better predictor of near term performance/market share.



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## **% of Ontario Residents Indicating Gulf Oil Spill “*definitely or somewhat influenced plans to visit Florida this winter (2011/12)*”**



[conferenceboard.ca](http://conferenceboard.ca)

Source: CBoC Travel Intentions Surveys. N = 575 margin of error +/- 2.66%.



# Visit Interest & Awareness

## Been There/Done That

## US Destinations

## Social Techies

### Rank

- 1 Las Vegas 49%
- 2 NY City 45%
- 3 Other Florida 35%
- 4 Other California 31%
- 5 Florida Keys 31%
- 6 Other Hawaii 31%
- 7 Boston 30%
- 8 Cape Cod 26%
- 9 Maui 24%
- 10 Orlando/Chicago 22%

### Rank

- 1 NY City 100%
- 2 Las Vegas 85%
- 3 LA 67%
- 4 Miami 54%
- 5 Other California 52%
- 6 Other Hawaii 51%
- 7 Boston 50%
- 8 Chicago 47%
- 9 Orlando 45%
- 10 Maui 42%



# Visit Interest & Awareness

## Been There/Done That

## Caribbean/Mexico

## Social Techies

### Rank

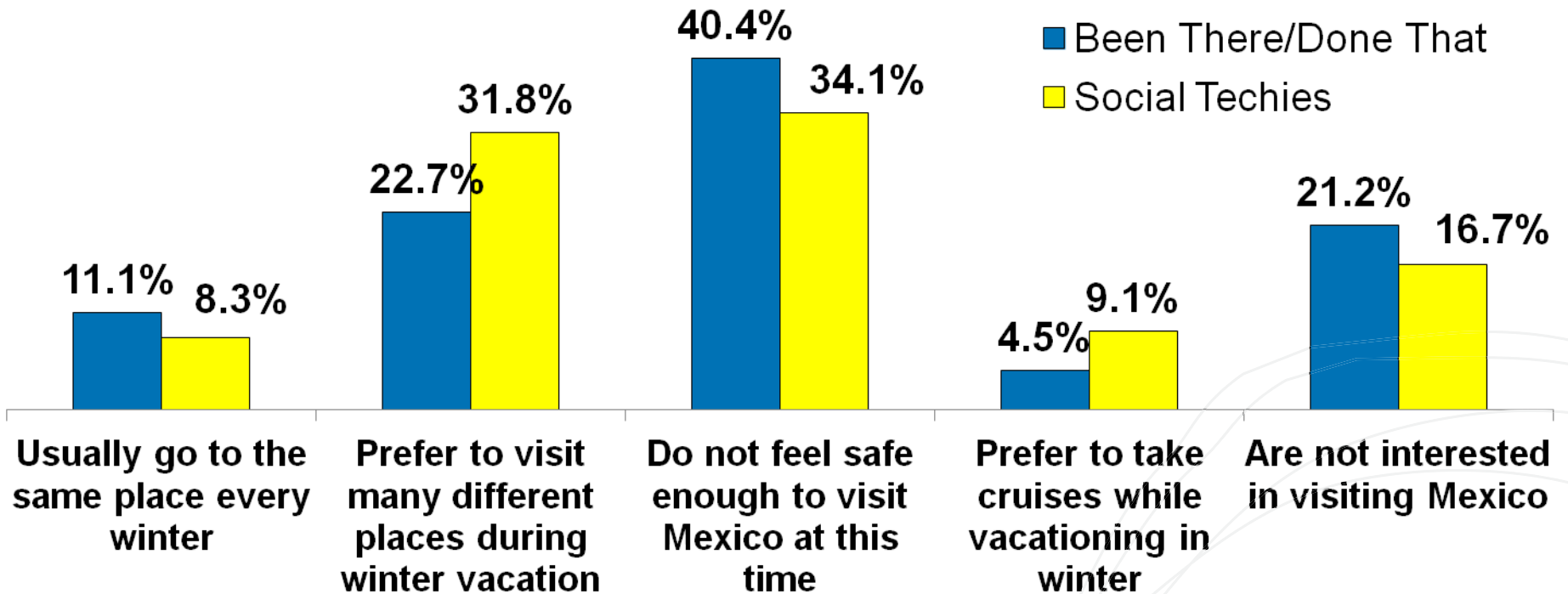
- 1 Cuba 42%
- 2 **Mexico 28%**
- 3 DR 26%
- 4 St. Maarten 26%
- 5 Jamaica 26%
- 6 Bahamas 25%
- 7 Barbados 23%
- 8 Bermuda 21%
- 9 Aruba 20%
- 10 Antigua 13%

### Rank

- 1 **Mexico 69%**
- 2 Cuba 65%
- 3 Jamaica 60%
- 4 Bahamas 57%
- 5 DR 53%
- 6 Barbados 37%
- 7 St. Maarten 32%
- 8 Bermuda 27%
- 9 Aruba 23%
- 10 Antigua 15%



# Mexico: Why not visiting winter 2013/14





# Visit Interest & Awareness

Been There/Done That

S/Central America

Social Techies

## Rank

- 1 Panamá 18%
- 2 Brazil 15%
- 3 Perú 14%
- 4 Argentina 13%
- 5 Chile 12%
- 6 Trinidad 9%
- 7 Ecuador 9%
- 8 Guatemala 5%
- 9 Honduras 4%
- 10 Colombia 4%

## Rank

- 1 Brazil 48%
- 2 Perú 33%
- 3 Panamá 28%
- 4 Argentina 25%
- 5 Chile 21%
- 6 Ecuador 19%
- 7 Colombia 18%
- 8 Honduras 16%
- 9 Guatemala 16%
- 10 Trinidad 15%





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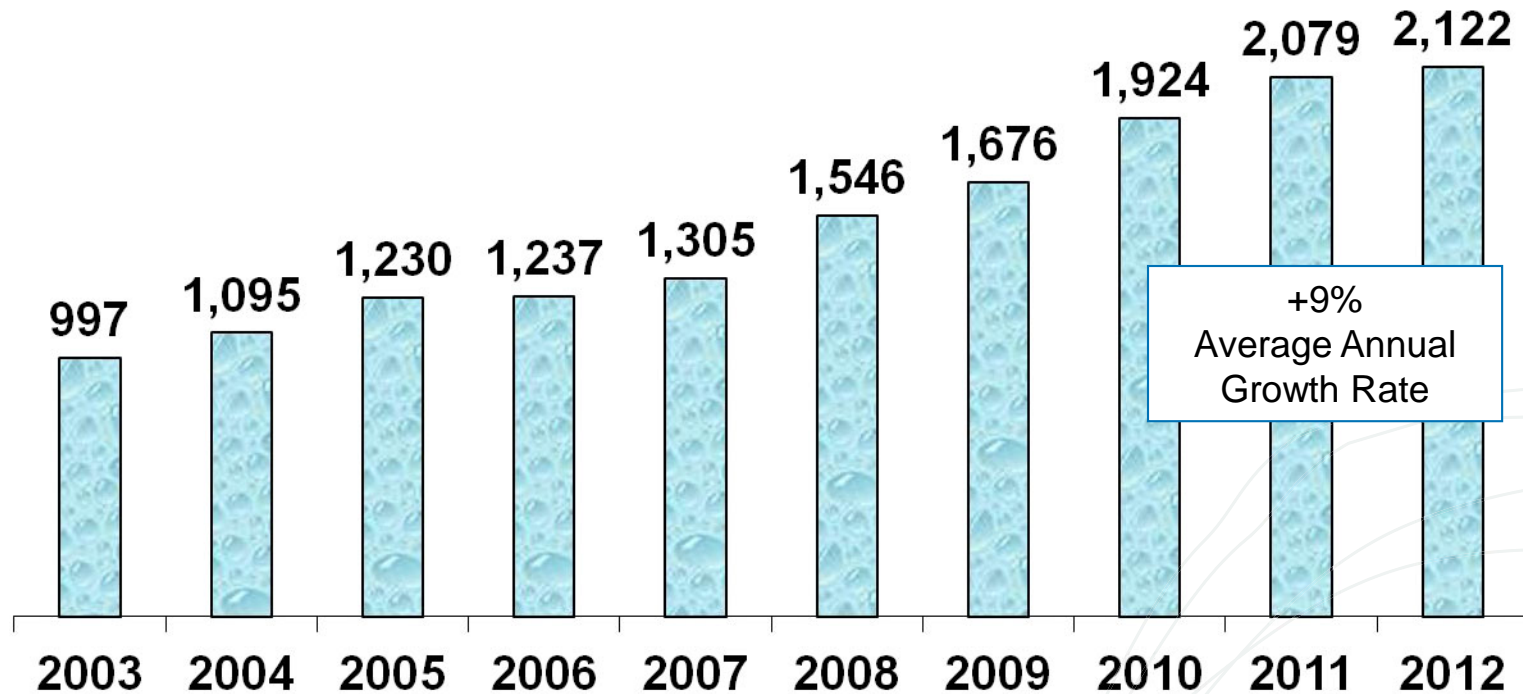
# The Opportunities

- Cruising
- Self-organized group travel
- Destination tours and activities



# Cruising remains a growth travel market

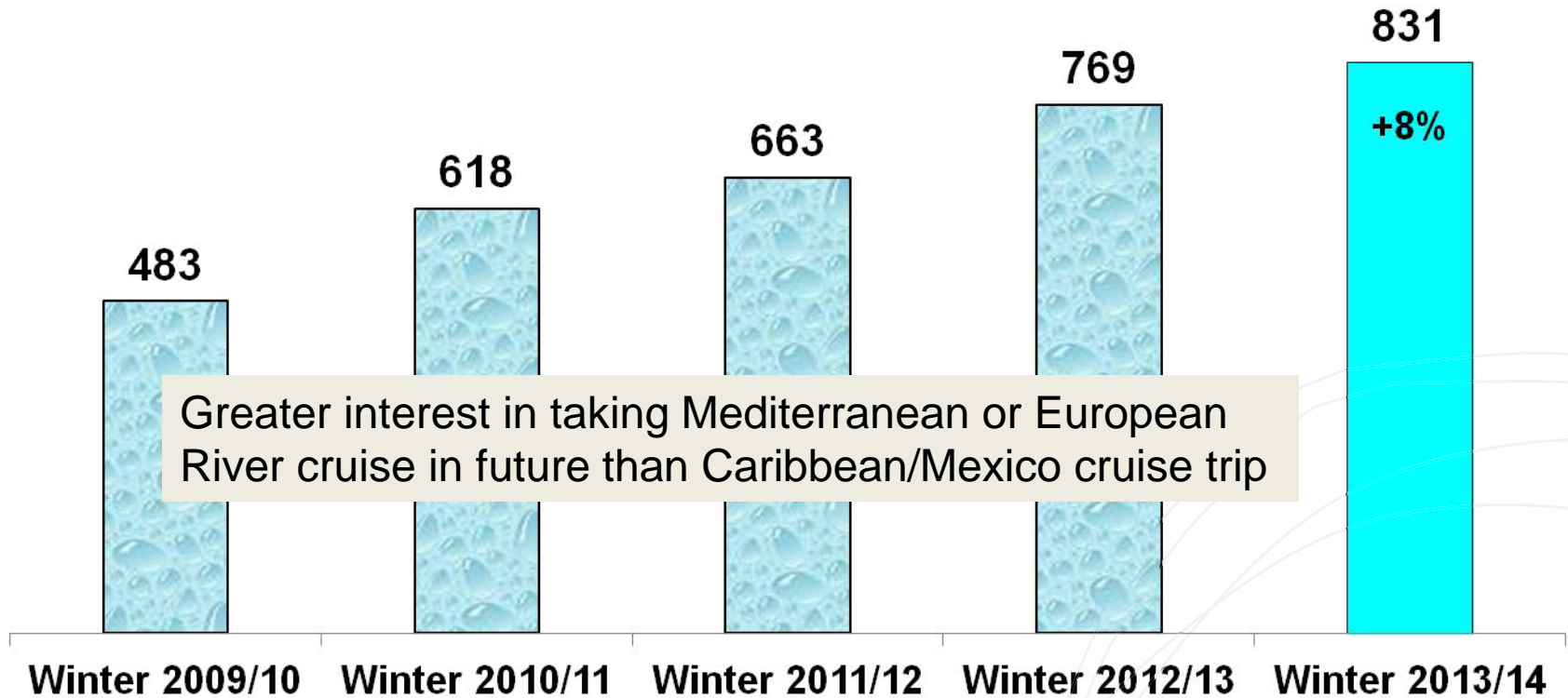
('000 of Canadians indicating they had been on 1 or more cruise trips during past 3 years)





# “000 of Intended Winter Cruise Trips

(Of Canadians planning winter trip to Caribbean/Mexico)



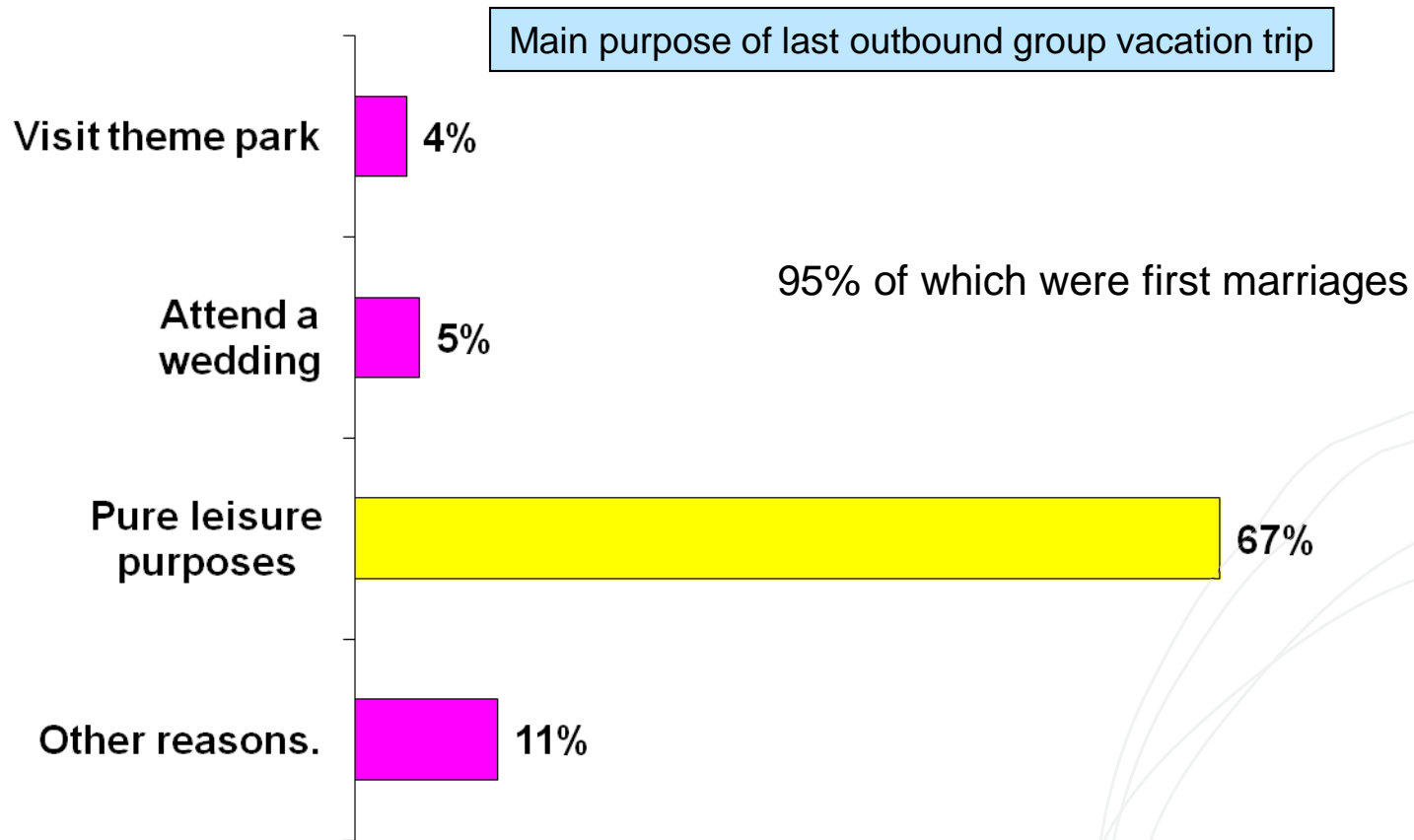


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# Group Travel

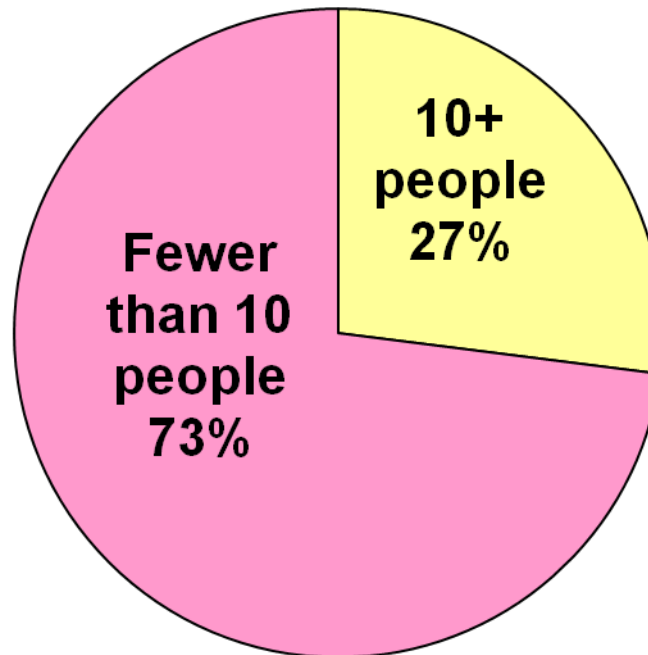


# Self-organized pure leisure main reason for group travel





## Small groups larger market



Source: CBoC travel intentions survey 2007



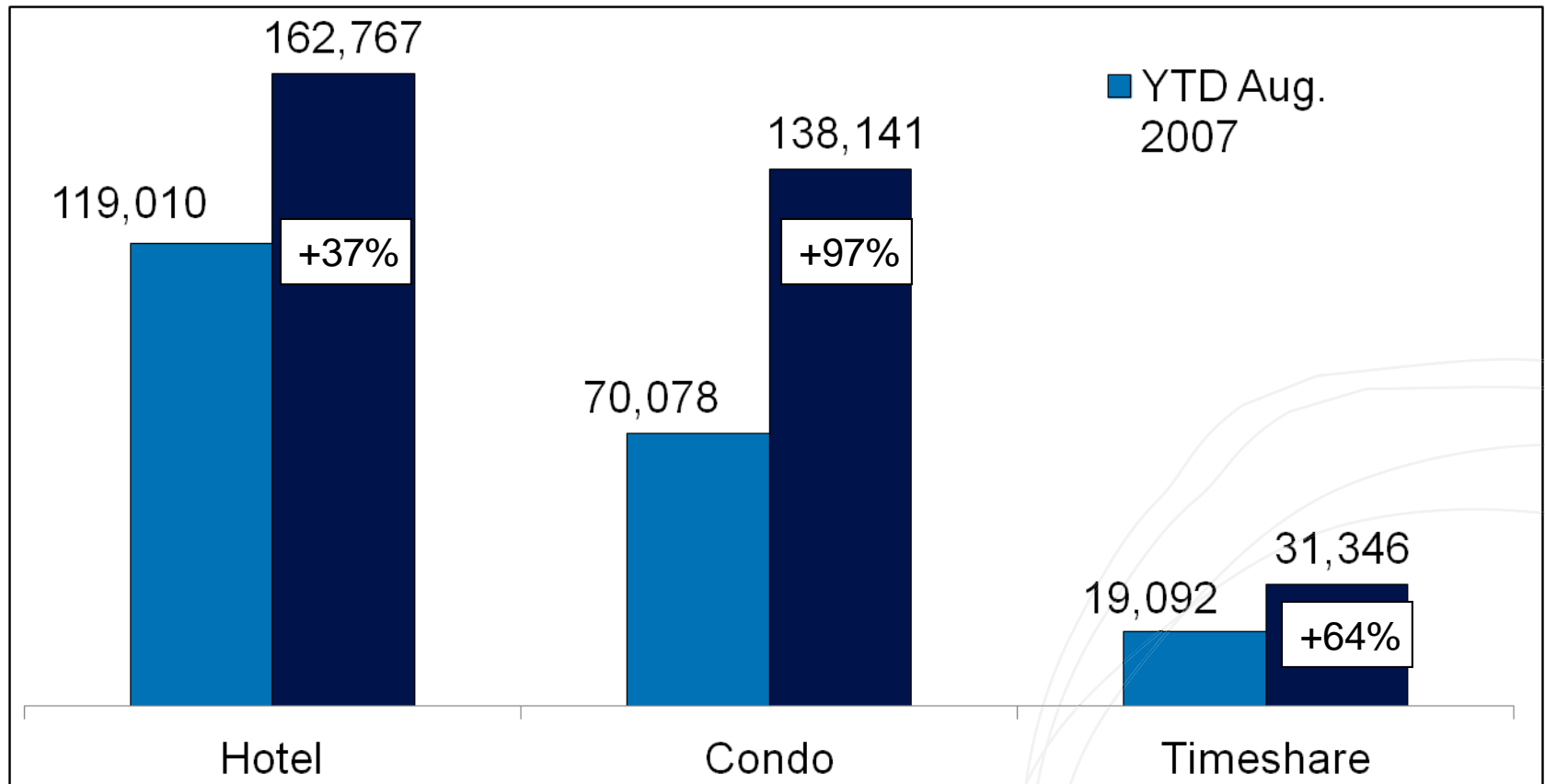
## Potential group market 3 times size of cruise market

- Over 5.7 million Canadians traveled outbound as a group over past 3 years
- 42% highly likely to go on group trip outside Canada next 2 years.
- Market of about 1.7 million – more than 3 times size of the cruise market in 2007



# Hawaii Condo & Timeshare Stays Growing

(Number of Canadians visits by accommodation type)







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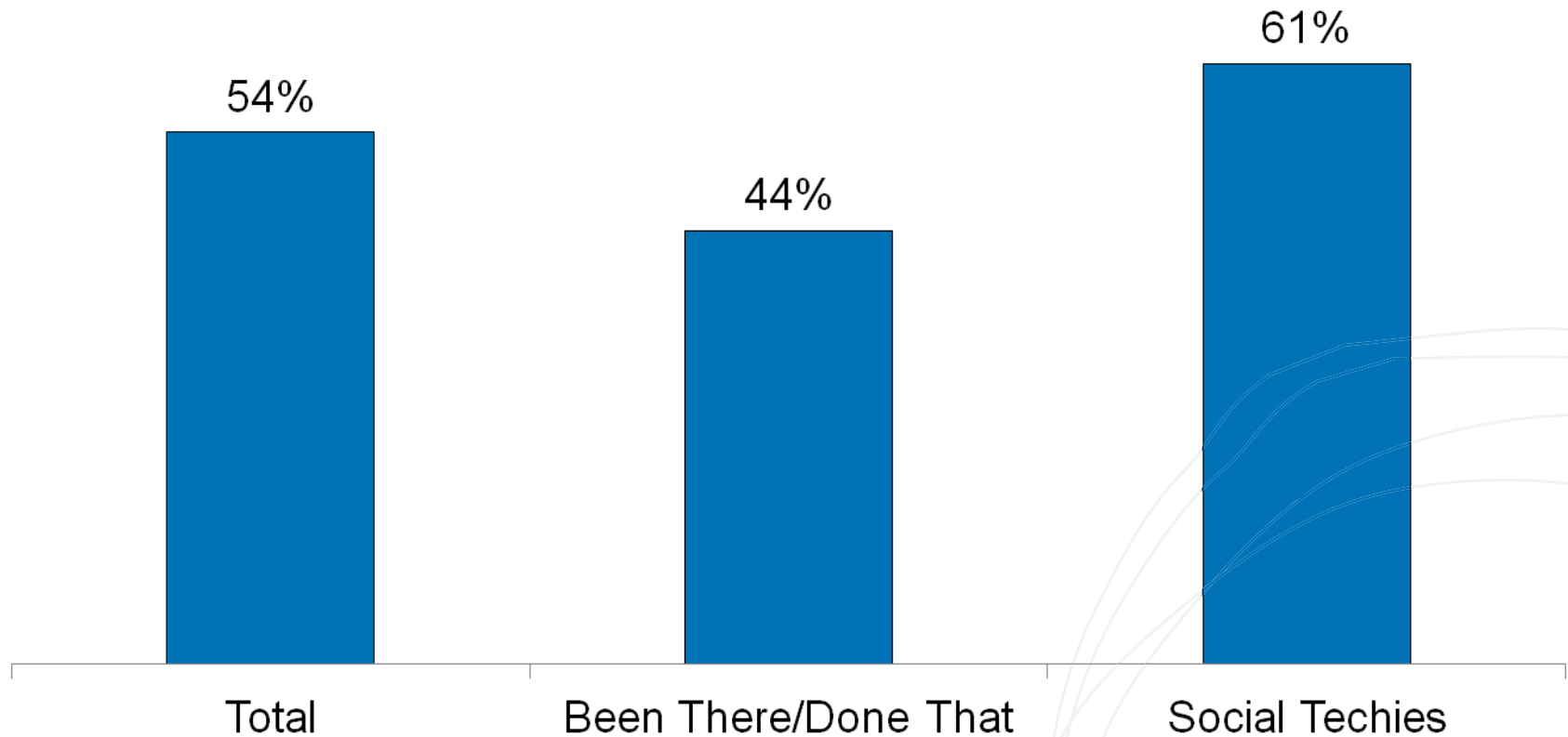
# Tours & Activities

*Selling at destination tours, activities & events*



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# % Intending to Purchase Activity/Event/Tour Winter 2013/14





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Bridgetown, Barbados

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Please select your Cruise Ship

Please select your Sailing Date

...by region:

Please select a Region

...by destination:



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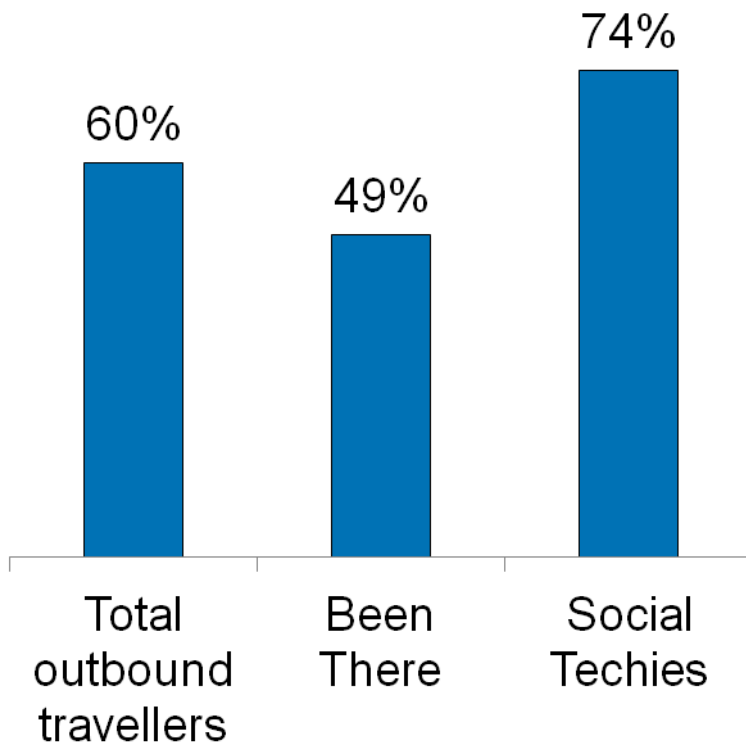
✔ Return to Ship Guarantee



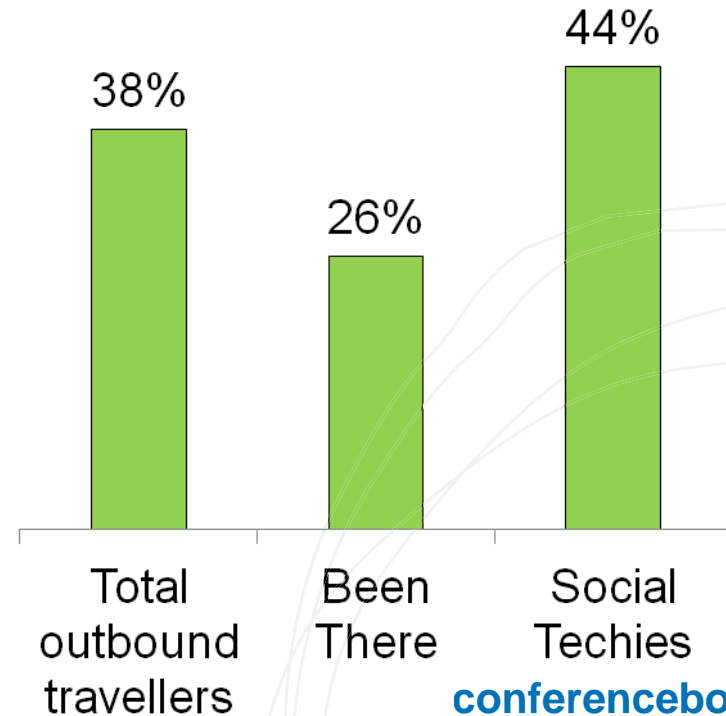


# Most taking Smart Device/Many Making at Destination Purchases

Taking Smart Device



Purchasing Something





# Multi-channel Environment

- “One of the key aspects of our strategy is selling directly to our customers through multiple channels, and so our retail network remains important to us.” TUI Travel plc.
- “.....an integrated ‘omni-channel presence’ and strong digital credentials are key to the operator’s recovery” Harriet Green, CEO Thomas Cook
- **60% of Canadians plan to bring a smart phone and/or tablet with them on their 2013/14 winter trip**
- **Of these travelers, 38% plan to make a purchase with their smart device on their trip!**



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*The travel experience sought will  
determine the travel channels used!*

*Thank you*