



## Canada Insights Report

April 2009

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## 1. April's Key Insights

- The EU backs an 'open-skies' airline agreement with Canada which could grow Can-EU travel 40% over the next few years
- The Canadian Tourism Commission is focussing on encouraging Canadians to vacation within Canada for the first time
- Immigrants feel strongly disconnected from marketing efforts
- Canadians still have a sense of travel entitlement, but are scaling back their holiday plans -some to the point of staying with relatives and associates rather than paid accommodation
- The Canadian dollar ended March 2009 at 1.79 (-11% cheaper than March 2008)
- Unemployment reached 8% in March, the highest level in seven years
- Vancouver is still Canada's wealthiest city despite a huge drop in real estate values
- Public broadcaster CBC will cut 800 jobs in an effort to save C\$171m amid a flagging economy that has seen advertising revenues plummet
- Canadian mobile phone use continues to lag behind other G8 countries and is even being outpaced by several developing economies

## 2. Travel News

### Transatlantic Air Fare Price Watch

In the complicated world of airline pricing it can be difficult to accurately measure trends across transatlantic air fares. The below table is an attempt to do this, using one of the many price comparison sites that search a number of airlines for a particular route for the best fares.

Route	Approx Lead Time*	Actual Dates of Travel	Lowest Price	No. of Airlines Surveyed
Tor to London return	1 Month	7/5/2009-14/5/2009	\$890	4
Tor to London return	3 Month	9/7/2009-16/7/2009	\$923	4
Tor to Paris return	1 Month	7/5/2009-14/5/2009	\$764	3
Tor to Paris return	3 Month	9/7/2009-16/7/2009	\$950	3
Tor to Rome return	1 Month	7/5/2009-14/5/2009	\$672	2
Tor to Rome return	3 Month	9/7/2009-16/7/2009	\$1059	2
Mont to Lon return	1 Month	7/5/2009-14/5/2009	\$892	3
Mont to Lon return	3 Month	9/7/2009-16/7/2009	\$1132	3
Mont to Paris return	1 Month	7/5/2009-14/5/2009	\$747	3
Mont to Paris return	3 Month	9/7/2009-16/7/2009	\$767	4
Mont to Rome return	1 Month	7/5/2009-14/5/2009	\$732-indirect	3+
Mont to Rome return	3 Month	9/7/2009-16/7/2009	\$1049	2
Vanc to London return	1 Month	7/5/2009-14/5/2009	\$1161	3
Vanc to London return	3 Month	9/7/2009-16/7/2009	\$1198	3
Vanc to Paris return	1 Month	7/5/2009-14/5/2009	\$956-indirect	5+
Vanc to Paris return	3 Month	9/7/2009-16/7/2009	\$985-indirect	5+
Vanc to Rome return	1 Month	7/5/2009-14/5/2009	\$1080- indirect	5+
Vanc to Rome return	3 Month	9/7/2009-16/7/2009	\$1080- indirect	5+

Source: Expedia.ca, 9th April 2009

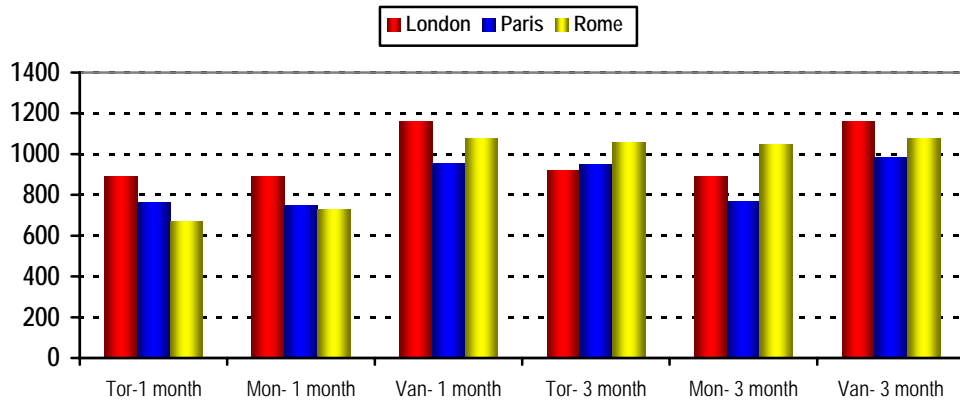
All prices are for 1 non-stop return flight unless stated, Thur to Thur

\*Lead times are approximate as the nearest Thur to Thur trip is calculated to ensure comparability.

Search is conducted on Thur of the 2nd week of every month.

Prices are per person and include all taxes & fees in USD. Baggage allowances and other airline fees vary.

## Transatlantic Airfare Price



Source: Expedia.ca, 9th April 2009

All prices are for 1 non-stop return flight (unless stated in table), Thur to Thur

\*Lead times are approximate as the nearest Thur to Thur trip is calculated to ensure comparability.

Search is conducted on Thur of the 2nd week of every month.

Prices are per person and include all taxes & fees in USD. Baggage allowances and other airline fees vary.

## Other Travel News

### EU backs 'open-skies' airline agreement with Canada (Source: Bloomberg)

The European Union agreed to deregulate air travel with Canada, expanding trans-Atlantic competition in the face of an industry slump after a similar EU- U.S. "open-skies" deal. National governments approved a treaty letting EU airlines such as BA fly to Canada from any airport in the 27-nation bloc, a step European regulators predict will increase passenger numbers by almost 40% within several years. Current rules force EU carriers to serve Canada from their home country, restricting competition among European operators as well as between them and Air Canada. The EU-Canada agreement may increase the number of passengers travelling between the two regions from 9m in 2007 to 12.5m within "a few years," according to the commission.

### Canadian tourism industry suffering in recession- focuses on 'staycations' (Source: Ottawa Citizen)

The CEO of the Tourism Industry Association of Canada has stated to media that Q1 2009 was especially bad for Canadian tourism and, based on anecdotal evidence, bookings were down 15-30%. Tourism is one of Canada's most important industries, worth roughly C\$70bn to the economy. The United States contributes four out of every five foreign visitors and about C\$20bn in revenues. In addition, after years of focusing exclusively on international markets, the Canadian Tourism Commission has just launched a two-year, C\$20m marketing campaign aiming to convince Canadians to visit their own country this summer.

### Canadians look towards staying with friends and relatives to save money (Source: National Post)

The Hotel Association of Canada have released a report finding that Canadians still have a sense of travel entitlement, but are scaling back their plans -some to the point of staying with relatives and associates. The survey found that this year, 74% of Canadians stated they are going to travel. Furthermore, 28% of leisure travellers plan to take more vacations in 2009 than last year, while only 12% plan to travel less. The rest will

travel about the same. In terms of accommodation, the survey found 76% plan to stay at the same type of hotel, 14% will upscale and 11% will downscale.

#### **Canadian Government focuses on events as key driver for tourism** (Source: Ottawa Citizen)

The federal government is spending \$100m million to draw tourists to major festivals and events across the country. Under the proposals, "marquee events" such as the Toronto International Film Festival, Caribana and other established events that draw more than 250,000 visitors are eligible to apply for C\$3m per year to stimulate tourism amid the economic woes. Festivals and events that draw 50,000 visitors, or proposals to develop events with an international presence, will be eligible for C\$1m per year in funding.

#### **Airbus A380 starts Toronto flights** (Source: Globe and Mail)

The Airbus A380 double-decker jumbo jet will be making its commercial debut in Canada this June at Toronto's Pearson International Airport. Three Canadian airports, Toronto, Vancouver and Montreal have made the modifications required to handle the double-decker configuration and wide wingspan. So far no Canada-UK airlines have announced plans to use the A380 for this route.

#### **Air Canada launches major new campaign** (Source: Canada Marketing Magazine)

Air Canada has just launched a national advertising campaign. The airline's Montreal agency, Marketel, created two 30-second TV spots that will run through May. Both spots feature scenes of people in different settings tracing colourful lines in the air with finger paint. In one spot, the lines eventually form an airplane on a seat-back video screen, while in the other a line morphs into a first-class cabin which includes seats that recline into beds. Air Canada has previously used music by Celine Dion in its adverts.

## **2. Economic News**

#### **Unemployment reaches 8%** (Source: Statistics Canada)

Canada lost 61k jobs in March as the unemployment rate jumped to the highest level in seven years. The loss brought Canada's official unemployment rate to 8%.

#### **Insolvencies rise** (Source: Canwest News Service)

More than 10,700 people in Canada declared themselves insolvent in January 2009, an increase of 23.1% from the same month in 2008. For the 12-month period ending on Jan 2009, 118k declared themselves insolvent, a 16% year-on-year jump.

#### **Canadian consumer confidence up in March** (Source: The Conference Board)

The Conference Board's Index of Consumer Confidence rose to 71.5 in March, up 2.7 points from February and above the 67.7 score in December, the lowest mark since the 1981-82 recession. More Canadians said now was a good time to make a major purchase, but the majority saw their financial situations unchanged over the coming six months.

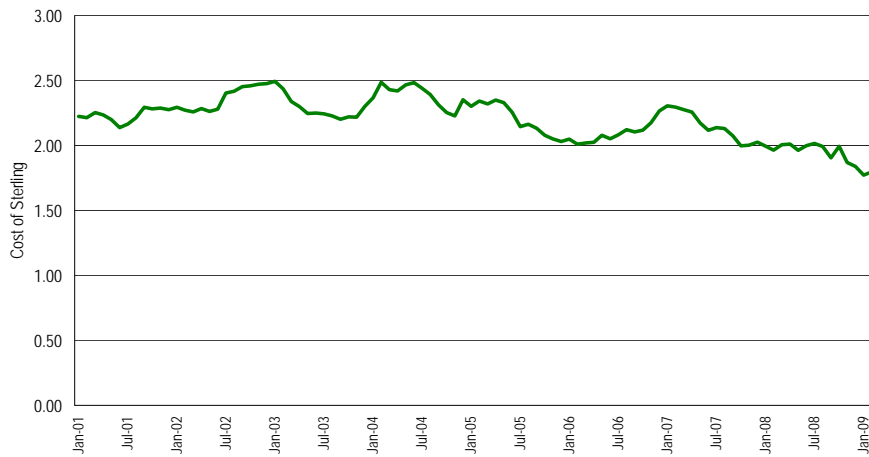
#### **Job seekers swarming to Atlantic Provinces** (Source: Globe and Mail)

According to an article in the Globe and Mail that draws on various sources, Atlantic Canada – much of which never fully boomed in the good times – has so far been insulated from the worst of the economic downturn. Job losses have been more muted. Retail spending is outpacing the rest of the country whilst the expected decline in house prices in other parts of Canada this year isn't forecast to occur in the East.

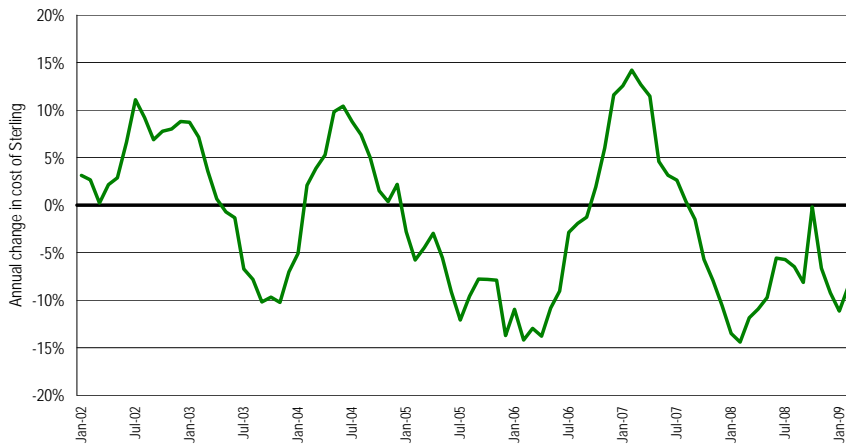
#### **Exchange rates**

The Canadian dollar ended March 2009 at 1.79 (-11% cheaper than a year ago).

### Canadian Dollar against Sterling



### Canadian Dollar against Sterling



### 3. Media News

#### 2008 newspaper circulation figures announced

The Canadian Circulation Audit Board (CCAB) has released circulation figures for 43 daily paid, non-paid and community newspapers across the country, including those from the three largest publishing groups: Sun Media, Torstar and Transcontinental. Below is a list of the top 6 newspapers (excludes national papers such as the Globe and Mail).

Rank	Title	Weekly circulation
1	Toronto Star	3.1m
2	Journal de Montreal	1.8m
3	Toronto Sun	1.4m
4	24 Hours (Vancouver)	0.6m
5	Ottawa Sun	0.3m
6	Calgary Sun	0.4m

#### Canwest posts huge loss (Source: Toronto Star)

Canada's largest media company, Canwest Global Communications reported a net quarterly loss of C\$1.44bn, including a \$1.19bn write down of assets. The company is negotiating extensions on repayments which if unsuccessful could force the company to seek bankruptcy protection. Canwest Global has cut jobs and programming costs and begun to sell assets. But no major asset sale has so far been achieved that would enable the Canadian broadcaster to significantly pay down its knee-buckling \$4 billion debt load. Among CanWest Global's media assets are 13 cable channels that it operates in partnership with Goldman Sachs.

#### CBC to cut jobs 800 jobs (Source: Globe and Mail)

Public broadcaster CBC will cut 800 jobs in an effort to save C\$171m amid a flagging economy that has seen advertising revenues plummet. The cuts will be largest in the television arm, which makes up 83% of the English services budget, compared to just 17% for radio. The changes will see decreases in news as well as programming of current affairs, drama, music and special event programming, and increases in repeat presentations to fill the void. 23% of the cuts will affect CBC's regional services, including a reduction in regional television and radio programming, though no stations will close.

#### Online TV accounts for 2% of Canadian TV advertising spend (Source: Convergence Consulting Group)

A new report from Convergence Consulting Group says its imperative broadcasters remain focused on their core business model of traditional TV. The report concluded that accelerating towards an online-only model would put an estimated C\$3.4bn in traditional TV advertising revenue at risk. Online currently provides only 25% of the hourly advertising minutes of traditional TV, the report said, without the benefit of a "lucrative" upfront market. The report also estimated that online TV-related ad revenue accounted for a mere 1.6%, or C\$55m, of the total Canadian TV ad spend in 2008. It predicted that figure to grow to 4.8% (C\$175m) by 2011. However, the report also noted an ongoing shift in Canadians' TV viewing habits-12% of weekly TV viewers watched a full episode of a show via a broadcaster or specialty channel website in 2008, a figure that is expected to reach 25% by 2011.

#### Government considers fund for broadcasters (Source: The Canadian Press)

The federal cabinet is considering a C\$150m fund for the country's private broadcasters to help rescue local TV stations and their newscasts. Canwest, CTVglobemedia and Quebecor have all been lobbying the

government to come up with both short-term and long-term assistance. The local programming fund would be tied to news and current affairs programming, and would favour smaller urban centres. A formula would be worked out to ensure that big cities such as Toronto and Montreal did not swallow up the lion's share of the cash.

#### **Canadian magazines show small decline in readership** (Source: PMB Survey)

The 2009 Print Measurement Bureau Survey, which records readership of 106 Canadian magazines, reported that average readership was down by -3% in spring 2009 compared to spring 2008. In contrast, readers-per-copy maintained the level of recent years. The overall figure of 4.9 readers per copy was consistent compared with surveys in both 2008 and 2007 (5.0).

## **4. Other Insights, Indicators**

#### **Canadians reluctant to go mobile** (Source: Vancouver Sun)

Canadian mobile phone use continues to lag behind other G8 countries and is even being outpaced by several developing economies, according to a study by TNS. The TNS survey of 32 countries found that wireless penetration has hit a plateau in Canada with 70% of Canadians aged 16 to 60 owning a mobile phone, up just 1% from last year. That puts Canada's mobile penetration rate well below the global average of 86% per cent and nowhere near other developed countries such as the United Kingdom, which has a 97% penetration rate, and the United States at 91%.

#### **2010 Games officials eye global warming costs** (Source: Reuters)

Organisers of the 2010 Olympic Winter Games are seeking sponsors to help with the estimated C\$4.5m cost of keeping the event from adding to global warming. The Winter Games in Vancouver are expected to create about 300,000 tonnes of carbon emissions, including those from airplanes bringing thousands of athletes and spectators to the western Canadian city. The Vancouver Organising Committee is in talks with carbon offset management companies it hopes will help sponsor the cost of buying credits, running between C\$10 and C\$20 a tonne.

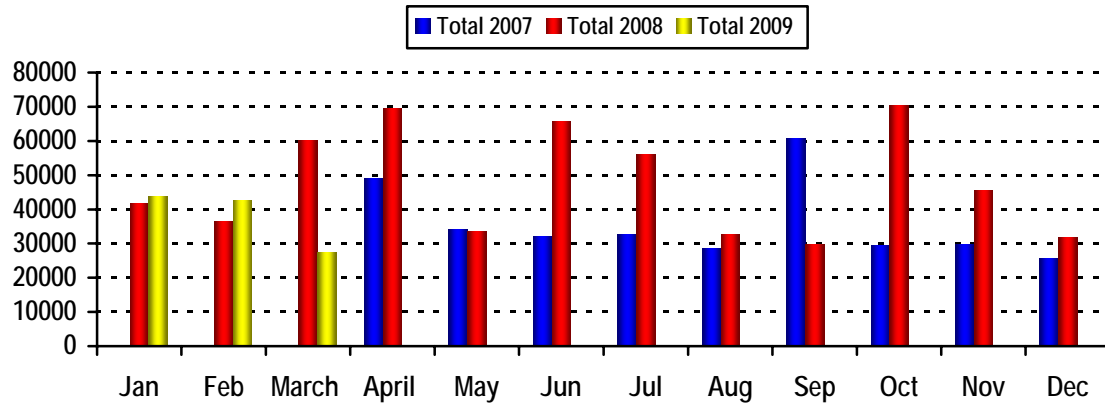
#### **Canadian immigrants feel strongly disconnected from marketing efforts** (Source: Bensimon Byrne)

A new survey by a Canadian advertising agency has investigated differences among generations of Canadian immigrants. The study revealed that a significant portion of first-generation immigrants feel strongly disconnected from marketing efforts. Almost a third strongly feel that most TV ads don't reflect them, not because of a lack of minority visibility or language, but because of the advertising's lack of relevance to their own life experience. The survey also states that marketers trying to reach a multicultural audience would be wise to incorporate diverse life situations into their ads, rather than focusing on ethnic casting and translations to create relevance.

#### **VisitBritain Web Traffic Figures**

VisitBritain's consumer website's ([visitbritain.com/ca](http://visitbritain.com/ca)) recorded a notable fall in March 2009 compared to the same month in 2008. This ended five month trend of growth towards the end of 2008 and early 2009.

#### **VisitBritain Web Traffic Figures by Month, April 2007- February 2009**



Source: VisitBritain

## 5. Inbound Visits to Britain

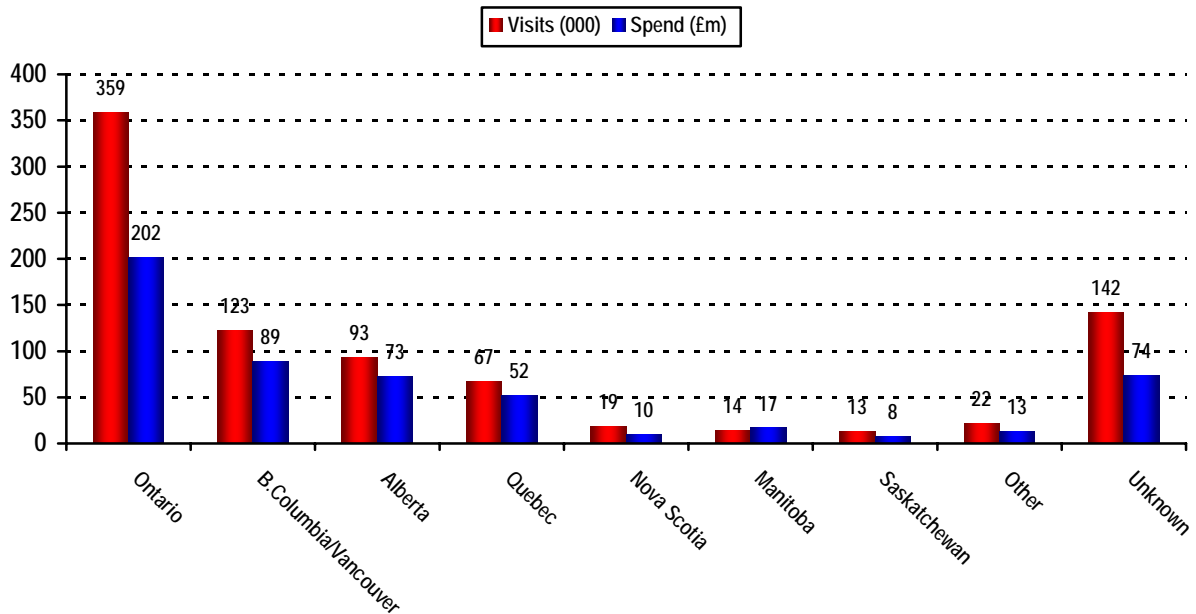
### Visits to UK from North America Remain Down

Provisional estimates from the International Passenger Survey report that year-on-year visits from North America (includes USA) to the UK were down 13% during 2008 compared with 2007. These figures compared to an overall decrease of 2% for all overseas visits to the UK during 2008.

### Visits to Britain from Canada by Province

Each year VisitBritain sponsors additional questions in the International Passenger Survey. One of these questions provides information about where visitors from four separate markets live within their home country. In 2007, this question was asked of visitors to Britain from Canada.

### Visits to Britain from Canada by Province, 2007



Source: International Passenger Survey

## 6. Outbound

### **Canadian Outbound Travel Strong in 2008** (Source: Statistics Canada)

In January 2009, overall outbound trips by Canadians posted a decrease of 4% over the same period last year. Trips to the U.S. were down 12% in those to non-US destinations increased 7 compared to the same month in 2008.

Canadians made 7.5% more outbound trips in 2008 than in 2007. Despite the growth in Canadian outbound travel in 2008, trip growth rates differed between the regions of Canada. Outbound travel from Saskatchewan grew faster than any other region of the country (0.3m trips or +18% y-on-y). Alberta residents made 2.1m outbound trips in 2008 (+13%). British Columbia residents made 5.2m (+10%) while Manitoba residents made 0.9m (+7%). Outbound trips from Quebec grew by 6% 2008 (5m total) while Ontario residents made 12.7m (+6%). Residents of the Atlantic Provinces made 0.8m trips in 2008, up 3% from 2007.



### Canada On-territory Insights Report- April 2009

Please see below for a schedule of market intelligence updates:

- **USA On-territory Insights Report**- 1<sup>st</sup> week of every month
- **Canada On-Territory Insights Report**- 2<sup>nd</sup> week of every month
- **Latin America (Mexico, Argentina, Brazil) On-Territory Insights Report**- 3<sup>rd</sup> week every other month

If you have any comments, suggestions of feedback on these reports, or please contact Phil Underwood, Market Intelligence Executive, the Americas, at [Philip.underwood@visitbritain.org](mailto:Philip.underwood@visitbritain.org).