

2015

GATEWAY TO GROWTH

ANNUAL REPORT ON CANADIAN TOURISM



TIAC  AITC

TOURISM INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION DE L'INDUSTRIE TOURISTIQUE DU CANADA

HLT
ADVISORY



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EXECUTIVE SUMMARY

Building Momentum from a Strong 2015

The Tourism Industry Association of Canada (TIAC) and HLT Advisory (HLT) are pleased to present the 2015 Annual Report on Canadian Tourism. This fourth annual collaboration examines the current state of Canada's tourism industry and provides a detailed, industry-focused look at issues impacting Canadian competitiveness. In addition to relevant statistics and research from 2015, the report focuses on the importance of bringing more Americans to Canada, the impact of the low-dollar on attracting visitors, the danger of relying on currency exchange as a growth strategy and re-defining how we perceive and market to short and long-haul travel markets.

International tourism is one of the fastest growing economic sectors on the globe, serving as a major economic driver and job creator for countries that make it a priority. While Canada's numbers are solid, our market share of the tourism industry is not keeping pace with other countries. The UNWTO ranks Canada as 17th in overall visitation globally when we had been as high as 8th in 2000. Canada is also the only country to fall out of the top ten since 2000.

Much work remains to be done. The recent spike in visitation, favourable currency exchange and federal support of Connecting America are all positive signs. But to make any headway in reclaiming Canada's position among the Top 10 international destinations the recommendations in this report should be given careful consideration.

A message from HLT

HLT is pleased to partner with The Tourism Industry Association of Canada (TIAC) on the 2015 Annual Report on Tourism.

The tourism industry has changed since Canada was a top 10 destination and so too have traveller behaviours. For this report we examined the strategic growth opportunities available to Canada in the key markets of China and the United States and analyzed the merits of marketing to long haul versus short haul routes. However you look at it, Canada's ability to return to the top 10 is contingent upon national leadership in funding and maintaining a consistent message to potential international visitors while aligning relevant provincial and municipal partners on the same objective.



Lyle Hall,
Managing Director of HLT Advisory

A message from the Tourism Industry Association of Canada

The Tourism Industry Association of Canada (TIAC) is pleased to partner with HLT in presenting the fourth Annual Report on Tourism.

2015 is shaping up to be one of the best years for Canadian tourism in over a decade. There are several factors contributing to this success, most of which are short term and outside our control including US economic conditions and favourable currency exchange rates.

Moving from an anomaly to a sustainable industrial strategy requires more than currency exchange and TIAC looks forward to working with the new federal government to achieve an adequately funded federal marketing partnership; an aviation cost structure reflecting a fair and competitive level of fees, taxes and levies; and solutions to the labour market challenges facing employers across Canada.



Charlotte Bell
President & CEO, TIAC

SECTION 1

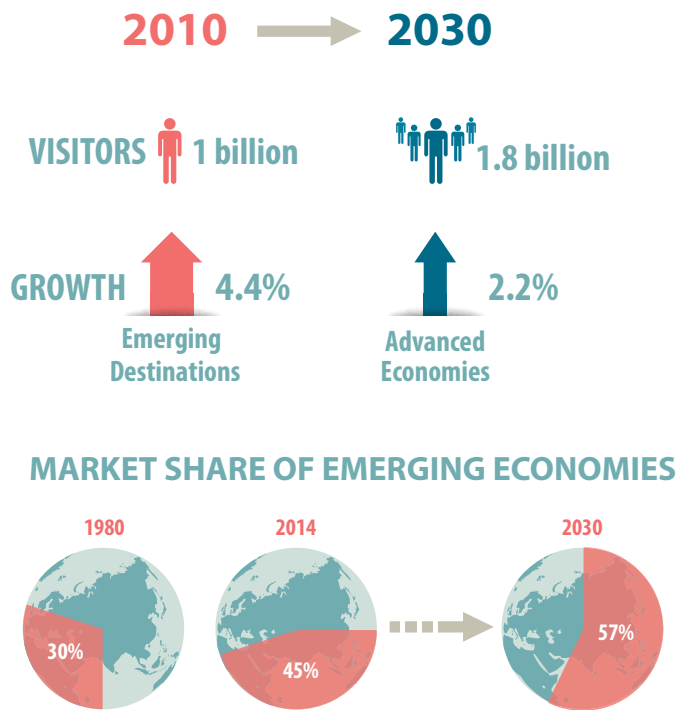
INTRODUCTION

The Tourism Industry Association of Canada (TIAC) has once again commissioned HLT Advisory Inc. (HLT) to prepare a report on Canadian tourism and Canada’s place in the international tourism industry. This fourth annual report is published amidst continued growth in international (and domestic) travel, an unsettled economic outlook as well as political uncertainty and change (at home and abroad).

Above all else, tourism remains resilient with strong growth relative to any comparative measure. The United Nations World Tourism Organization (UNWTO) 2014 Tourism Highlights report noted that:

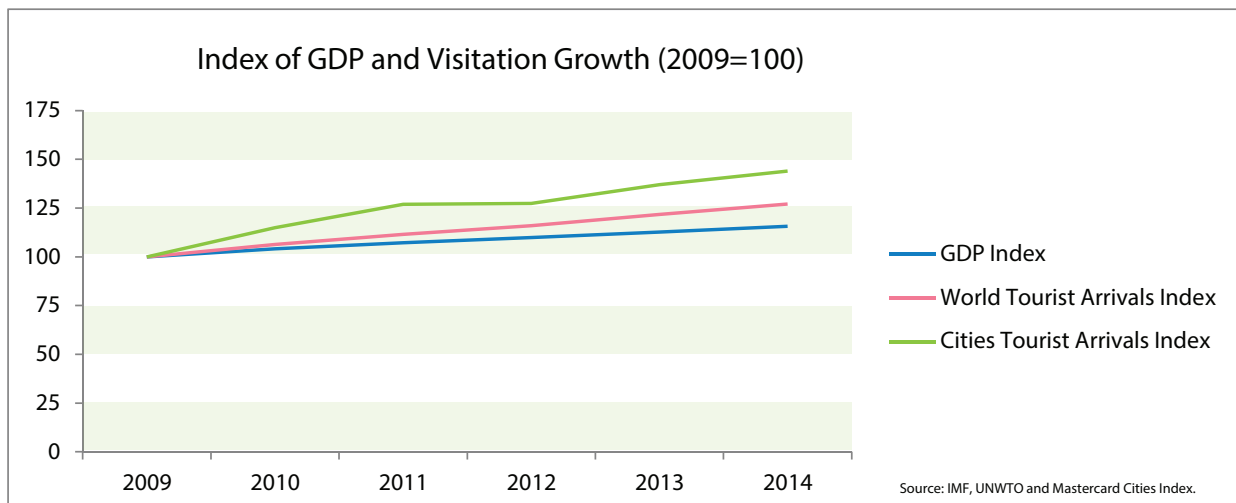
- “International tourist arrivals worldwide are expected to increase by 3.3% a year between 2010 and 2030 to reach 1.8 billion by 2030, according to UNWTO’s long term forecast Tourism Towards 2030.”
- “Between 2010 and 2030, arrivals in emerging destinations (+4.4% a year) are expected to increase at twice the rate of those in advanced economies (+2.2% a year).”
- “The market share of emerging economies increased from 30% in 1980 to 45% in 2014, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.”

The growth in tourism arrivals (whether measured on a national basis or looking at city destinations only) far exceeds average GDP growth (see Figure 1).



Source: UNWTO 2014 Tourism Highlights




Figure 1



From a Canadian perspective, 2015 is shaping up to be an interesting year for tourism:



Through June 2015, Canada has welcomed the largest number of U.S. visitors in the first half of the year since 2007.

		JUNE 2014	JUNE 2015
	\$1 USD	\$1.06	\$1.32
	€ 1	\$1.31	\$1.48
	£ 1	\$1.76	\$2.06

GIVEN THIS BACKDROP, THE FOURTH ANNUAL REPORT ON CANADIAN TOURISM LOOKS POINTEDLY AT CANADA'S CURRENT POSITION IN THE INTERNATIONAL TRAVEL MARKETPLACE NOTING THAT TODAY'S ADVANTAGES (E.G., FAVOURABLE EXCHANGE RATES) SHOULD BE SEEN AS A BASE TO STRENGTHEN THE INDUSTRY FURTHER BY ADDRESSING KEY MARKETING, AVIATION COST, PRODUCT INVESTMENT, VISA PROCESSING AND LABOUR ISSUES.

The report looks at short-haul versus long-haul travel to Canada to understand the true picture of the international market. We also investigate Canadian tourism marketing budgets at all levels and how these budgets are deployed to reach key market segments.



A strengthening U.S. dollar has seen the value relative to the Canadian dollar increase from \$1.06 to \$1.32 between June 2014 and June 2015. Over this same period the Euro rose against the Canadian dollar from \$1.31 to \$1.48 and the Pound increased \$1.76 to \$2.06.



Fuel prices, while not declining on pace with the slump in world oil prices are lower than during the summer of 2014.



The federal government's support for Connecting America (a \$30 million investment over a three-year period) will see Destination Canada and its partners re-enter the United States market in a noticeable way.



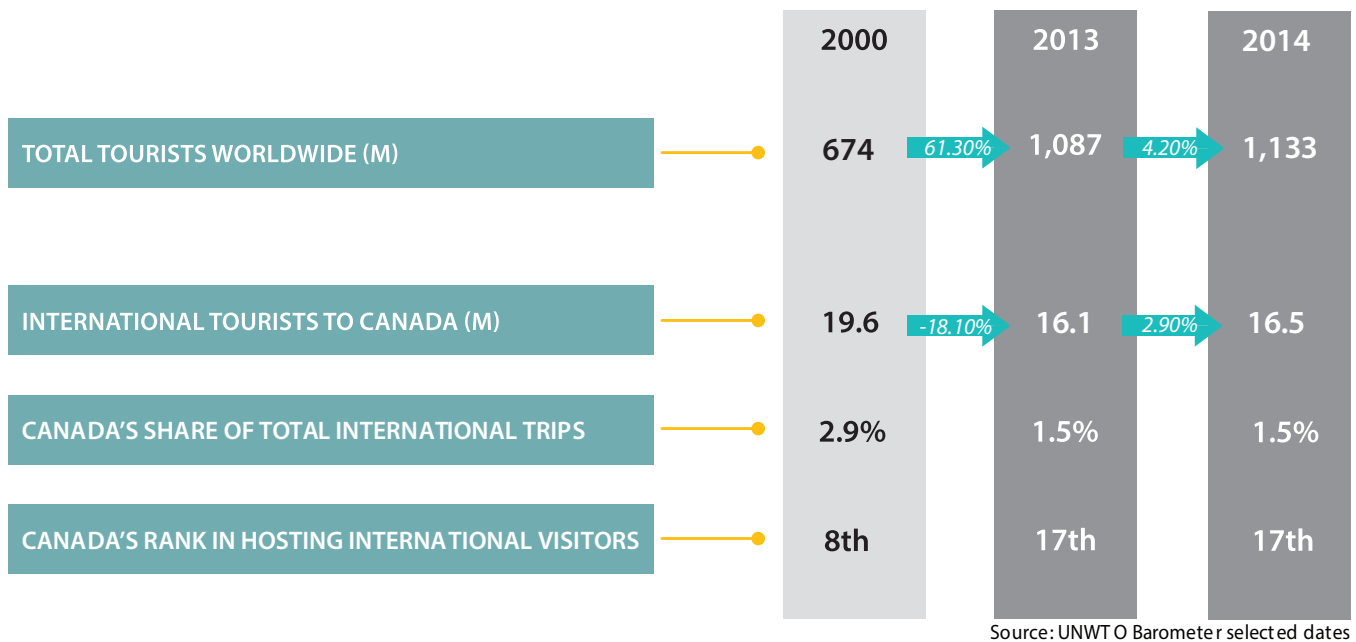
Leadership changes at every level of the destination marketing community (i.e., national, provincial and/or municipal) is likely to reshape focus and strategy.

SECTION 2

CONTINUED GROWTH BUT A CROWDED FIELD

In a quickly growing worldwide industry Canada saw modest volume improvements in 2014 but still trails many established and most emerging destinations from the perspective of year-over-year growth.

Figure 2



Forecasts of total international arrivals continue in the 3.5% to 4.0%/annum range.

THE UNWTO COUNTRY RANKING

The United Nations World Tourism Organization (“UNWTO”) annually compiles total visitation and visitor spending data. These data indicate the shifts in tourism economies and rankings among traditional destinations (mostly first world, largely western nations) and emerging economies.

Canada’s ranking has remained at 17th place between 2013 and 2014 however, Canada’s 16.5 million international visits still trails 15th place Greece by almost 5.5 million visits and 16th place Saudi Arabia by 1.8 million visits. Ukraine fell from 14th place in 2013 (in fact, out of the Top 20 rankings all together) given the current border and conflict issues with neighbouring Russia.

Rank	Country Name	2000 (Millions)	Rank	Country Name	2013 (Millions)	Rank	Country Name	2014 (Millions)
	World	674.0		World	1,087.0		World	1,133.0
#1	France	77.2	#1	France	83.6	#1	France	83.8
#2	United States	51.2	#2	United States	69.8	#2	United States	74.8
#3	Spain	46.4	#3	Spain	60.7	#3	Spain	65.0
#4	Italy	41.2	#4	China	55.7	#4	China	55.6
#5	China	31.2	#5	Italy	47.7	#5	Italy	48.6
#6	United Kingdom	23.2	#6	Turkey	37.8	#6	Turkey	39.8
#7	Mexico	20.6	#7	Germany	31.5	#7	Germany	33.0
#8	Canada	19.6	#8	United Kingdom	31.2	#8	United Kingdom	32.6
#9	Russian Federation	19.2	#9	Russian Federation	28.4	#9	Russian Federation	29.8
#10	Germany	19.0	#10	Thailand	26.5	#10	Mexico	29.3
#11	Austria	18.0	#11	Malaysia	25.7	#11	Hong Kong	27.8
#12	Poland	17.4	#12	Hong Kong	25.7	#12	Malaysia	27.4
#13	Greece	13.1	#13	Austria	24.8	#13	Austria	25.3
#14	Portugal	12.1	#14	Ukraine	24.7	#14	Thailand	24.8
#15	Malaysia	10.2	#15	Mexico	23.7	#15	Greece	22.0
#16	Bangladesh	10.0	#16	Greece	17.9	#16	Saudi Arabia	18.3
#17	Turkey	9.6	#17	Canada	16.1	#17	Canada	16.5
#18	Thailand	9.6	#18	Poland	15.8	#18	Poland	16.0
#19	Hong Kong	8.8	#19	Macau	14.3	#19	Macau	14.6
#20	Switzerland	7.8	#20	Saudi Arabia	13.2	#20	Korea	14.2
Total Top 20 Countries		465.5			674.8			699.2
As % of Total		69.1%			62.1%			61.7%
Canada as % of Total		2.9%			1.5%			1.5%
Source: UNWTO, World Tourism Barometer, April 2014								
Notes: Numbers represent international arrivals (excludes same-day travellers)								

Top ten ranked countries welcomed 51% of international visitors

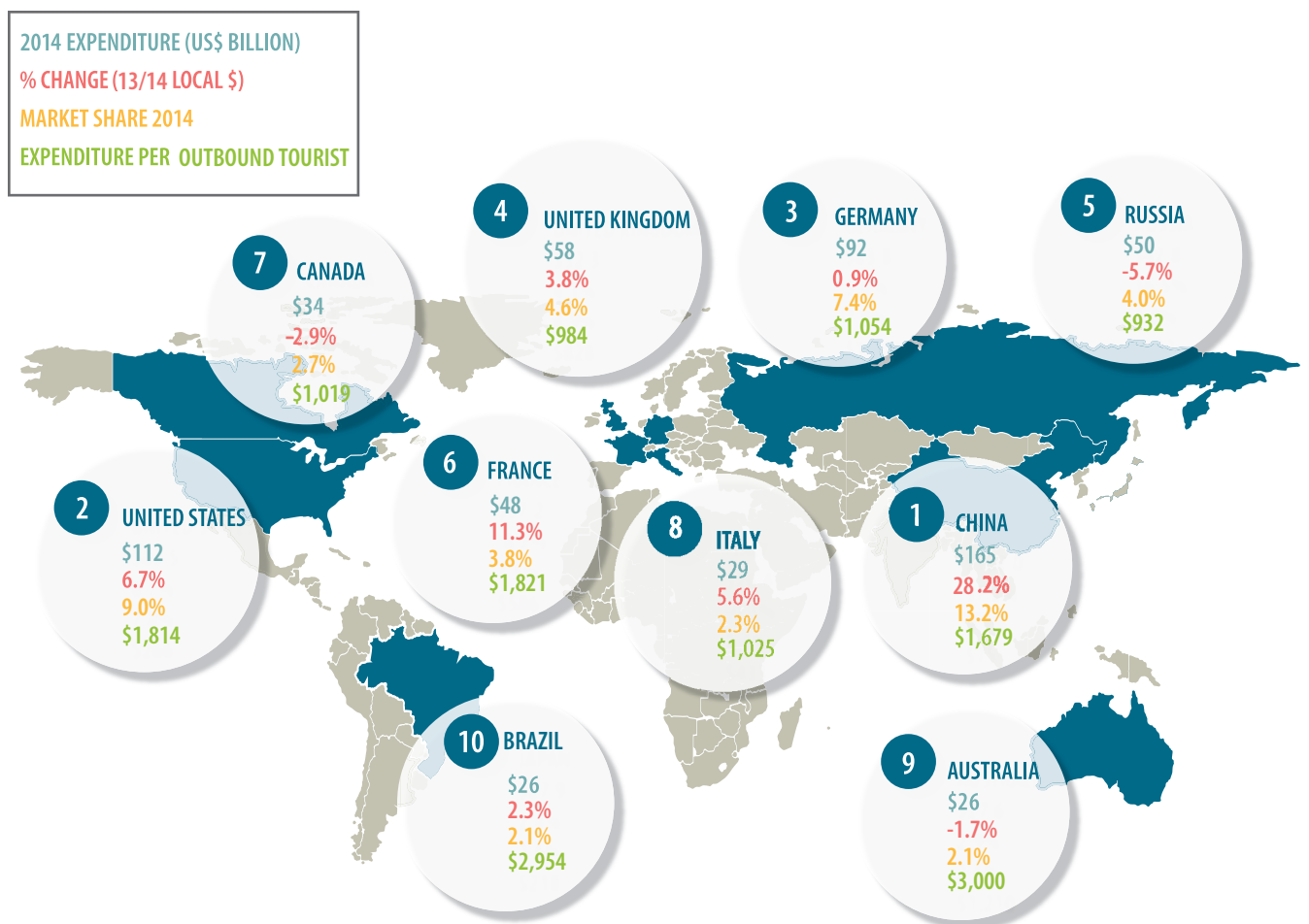
Top ten countries’ share of global visitors reduced to 43%

Canada is the only country to fall out of top ten since 2000

Canada’s 17th place position reflects not only a decrease in total visitors to Canada but, also substantially faster growing visitation to the traditional “top 10” as well as numerous emerging countries (e.g. Thailand, Malaysia). Canada requires almost a 30% increase in international visitation to move up to 15th position.

Canada receives only 1.5% of total inbound visitation but Canadians travelling outside Canada generate some 2.7% of total international tourism spending. In this regard, Canada is among the international “top 10” spenders (an accomplishment given Canada’s population is the smallest of all but one of the top 10).

FIGURE 4
TOP SPENDERS ON INTERNATIONAL TOURISM



Source: World Tourism Organization (UNWTO), April 2015 and The World Bank.

On a per trip basis, Australians and Brazilians are the largest spenders (in part due to distance and the impact of airfares on total trip spending) followed by the French, Americans and Chinese. Canadian per-trip spending, well behind the leaders, is similar to outbound travellers from Germany, Italy, United Kingdom and Russia.

MASTERCARD GLOBAL DESTINATION CITIES INDEX: MEASURING AIR CONNECTIVITY

In 2009 MasterCard commenced the Global Destination Cities Index charting the number of international air visitors to (and their spending in) 132 cities. MasterCard also calculates a “connectivity” score where the higher score results from the broadest base of origin cities (i.e., a city/airport with one million arrivals from twenty different origin points will receive a higher score than a city/airport with one million arrivals from only ten origin points). For example, with 18.82 million expected international visitors in 2015, London is not only the most visited city by air but also leads the connectivity score with 26 cities accounting for 50% of all international inbound flights compared with second-place Bangkok (18.24 million visitors with 50% of all passengers originating in just 13 cities).

The MasterCard Index of North American cities presents an interesting comparison, with three Canadian cities in the Top 10.

TORONTO AND VANCOUVER’S POSITIONING AMONG NORTH AMERICAN AIRPORTS REINFORCES THE IMPORTANCE OF FURTHER AIR LIBERALIZATION AS NOTED IN THE TOURISM INDUSTRY ASSOCIATION OF CANADA’S AIR LIBERALIZATION STRATEGY DOCUMENT

Only New York and Los Angeles make the worldwide Top 20 list, placing 6th and 20th respectively.

The highest spending inbound travel to Canada will originate in countries outside North America and, therefore, will arrive by air. As a result, continued growth of Toronto and Vancouver airport activity (as well as that in Montreal, Calgary and other Canadian airports with significant international arrivals) will depend on:

- elimination of airport rents, municipal taxes imposed on airports and payments in lieu of taxes;
- dedication of the proceeds of the excise tax on aviation fuel to aviation infrastructure; and
- significant reduction or elimination of the Air Travelers Security Charge (ATSC) through greatly expanded government funding for aviation security and passenger screening services

The federal government’s support of the health and expansion of Canada’s aviation and airport infrastructure is a key element of TIAC’s air liberalization strategy.

MasterCard Global Destination Cities (North American component) 2015						
NA Rank	City	Million Int’l. Arrivals		CAGR 2009/2015	2015 US\$ Billion	Primary Source Cities
		2011	2015			
1	New York	10.26	12.27	12.3%	17.4	London, Sao Paulo, Paris, Toronto, Beijing, Paris
2	Los Angeles	4.45	5.2	5.2%	7.4	London, Vancouver, Shanghai, Tokyo, Paris
3	Miami	3.25	4.52	4.5%	6.4	Sao Paulo, Buenos Aires, London, Bogota, Caracas
4	Toronto	3.41	4.18	4.3%	2.4	n/a
5	Vancouver	3.12	3.76	3.4%	2.7	n/a
6	San Francisco	2.87	3.39	3.4%	4.8	n/a
7	Chicago	1.97	2.35	2.4%	3.3	n/a
8	Montreal	1.94	2.12	2.1%	1.2	n/a
9	Washington	2.02	2.06	n/a	2.9	n/a
10	Boston	1.52	1.64	1.6%	2.3	n/a

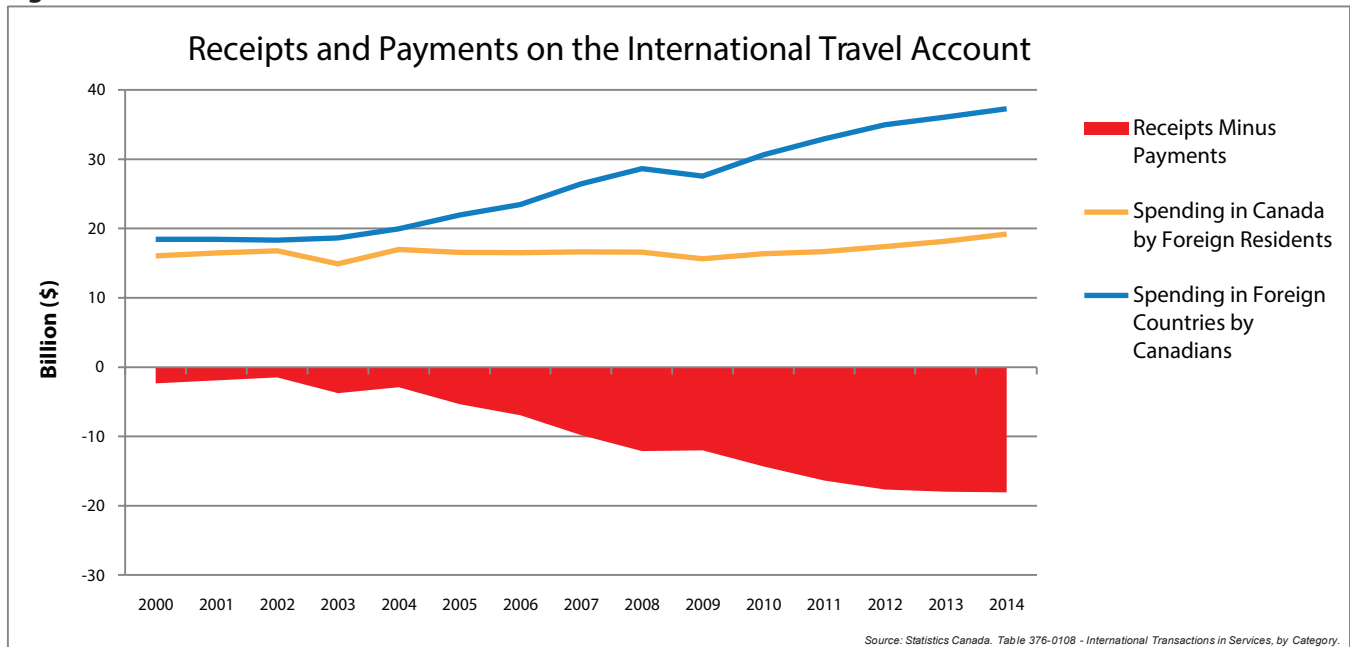
Source: MasterCard Global Destination Cities Index 2015
 CAGR: Compound Annual Growth Rate Source: Mastercard Global Destination Cities Index 2015

THE CANADIAN TRAVEL DEFICIT CONTINUES TO GROW

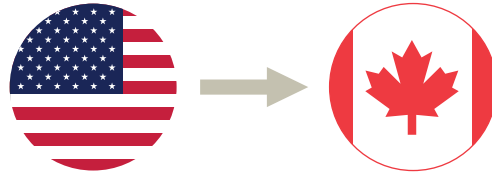
Canadians' international outbound travel, coupled with declining international visitation to Canada, has produced a consistently accumulating travel deficit for the past decade. However, 2014 was the first year since 2004 where visitors to Canada spent \$1 billion more than the previous year. The increased foreign spending within Canada slowed the growing travel deficit by adding only \$100 million in 2014 (over 2013) compared with increases of \$300 million plus over the past two years. The travel deficit stood at \$18.055 billion at the end of 2014.

The current travel deficit ratio (i.e., Canadians spending abroad compared with spending by international visitors while in Canada) has grown from 1.14:1 in 2000 to 1.93:1 in 2014. Recognizing that the citizens of a wealthy nation such as Canada will continue to spend their discretionary income on travel throughout the world, the focus needs to be placed on the unhealthy dependence on domestic travel by Canadians. By depending on domestic travellers, Canadian businesses are neglecting to diversify, risking stability and growth. Domestic and/or foreign investment in Canada's tourism product (which is an increasingly urgent need) will only be achieved in a substantial manner from increased international visitation.

Figure 6ⁱ



CURRENCY: AMERICAN TRAVEL TO CANADA

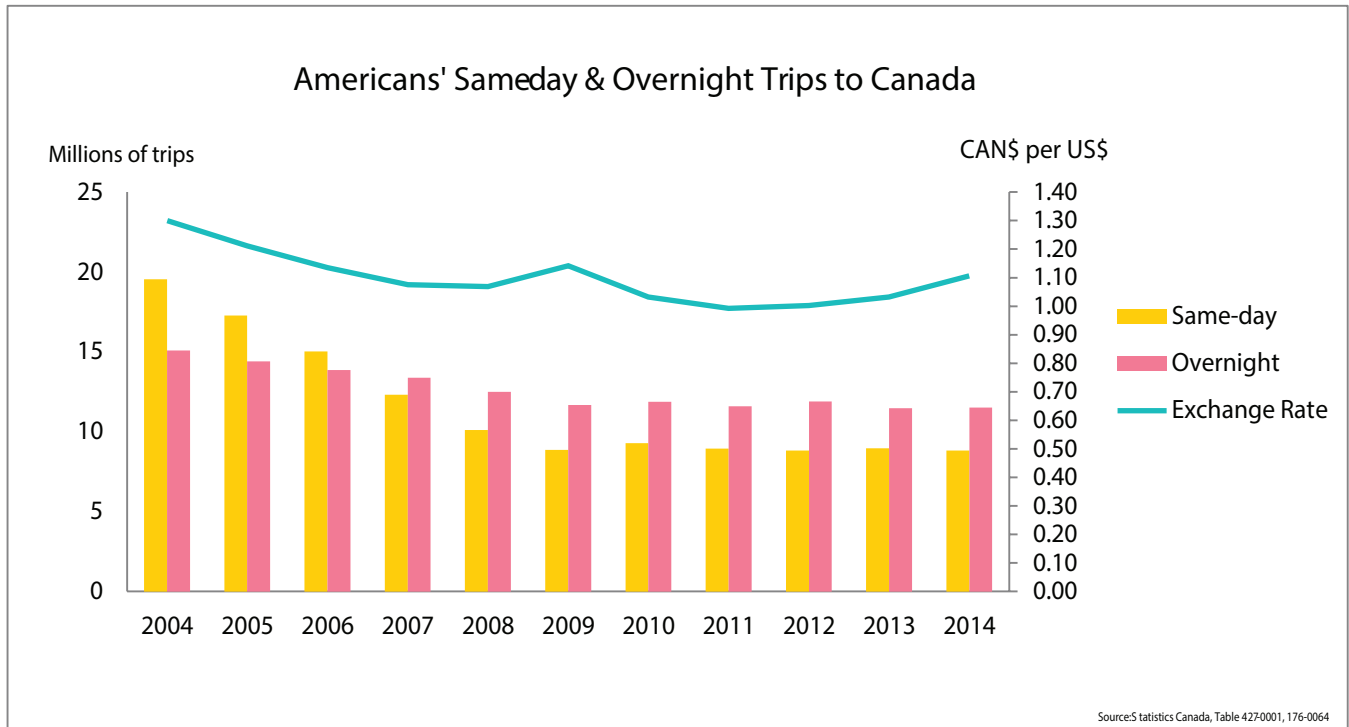


IMPACT OF CURRENCY

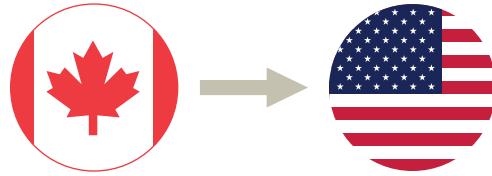
The past decade has seen a marked variance in the rate of exchange between the Canadian and U.S. dollar. Following a period of substantial discount (reaching a low of \$0.62 to the US\$ in 2002) the Canadian dollar attained parity and, for a brief period, was valued at as much as \$1.10 in late 2007. Spurred by declining commodity prices (notably oil), Bank of Canada interest rate policies and a strengthening U.S. economy, the Canadian dollar has descended steeply through the end of 2014, with the trend expected to continue through mid-2015.

The impact of exchange rates on international tourism is much discussed and debated. In the case of U.S. travel to Canada, a host of factors interceded through the mid to late 2000's and early 2010s (e.g., border security issues, WHTI passport requirements, SARS) in addition to currency fluctuation. During this period U.S. same-day and overnight travel declined but, isolating only one factor is impossible.

Figure 7



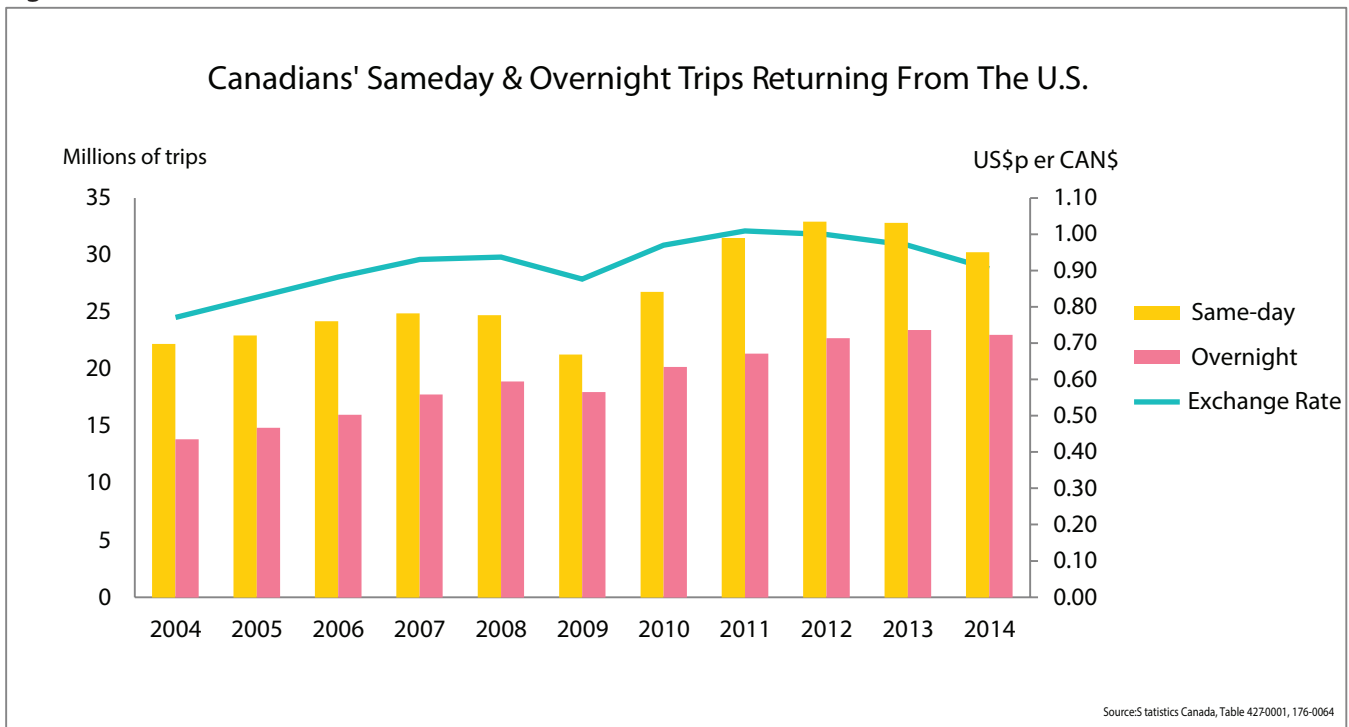
CURRENCY: CANADIAN TRAVEL TO AMERICA



The impact of exchange rate however, seems to be more pronounced for Canadians as a lower Canadian dollar tends to keep Canadians at home at least as much as incenting Americans to travel to Canada. Same-day travel from

Canada to the U.S. closely follows the exchange rate (likely a result of shopping-related travel) although overnight outbound travel seems largely unaffected.

Figure 8

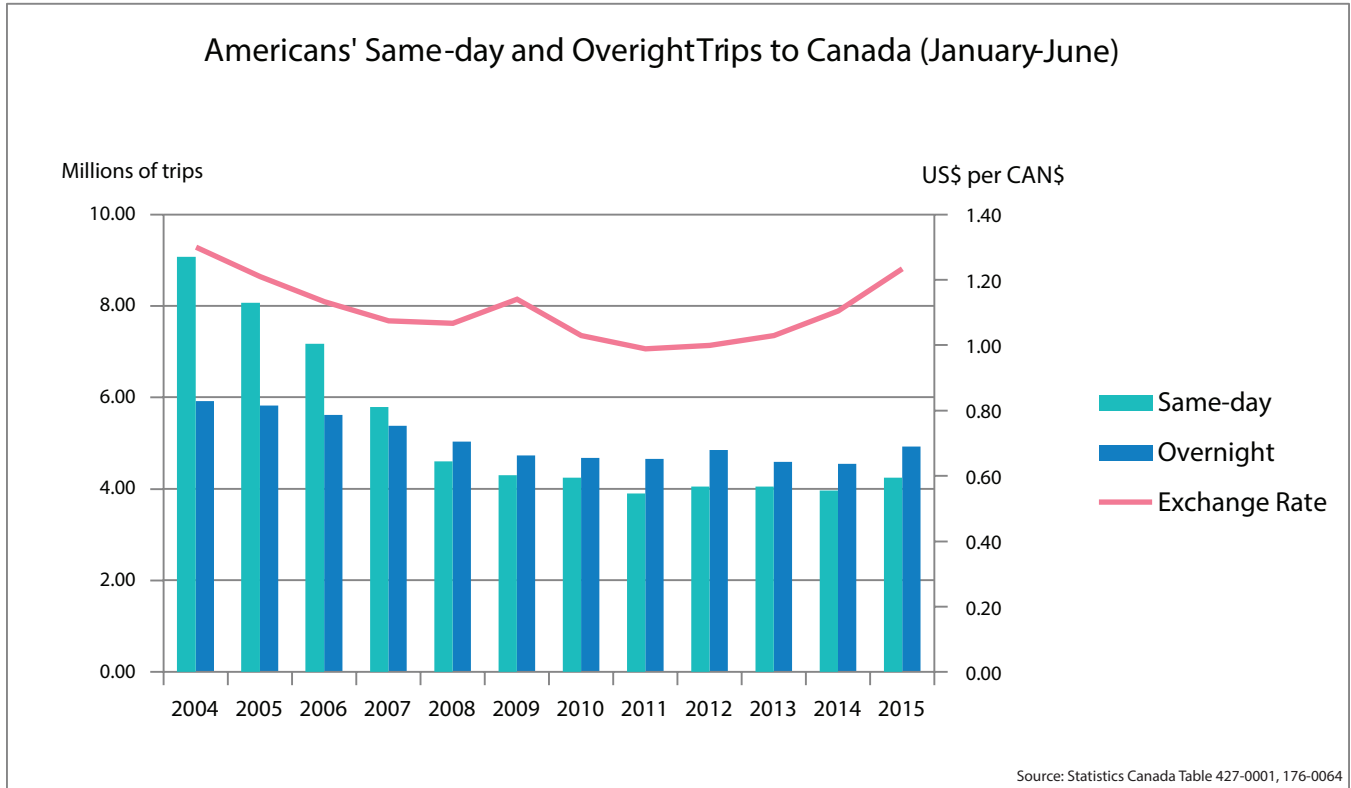


U.S. VISITATION AND 2015 CURRENCY EXCHANGE

U.S. visitation to Canada spiked in 2015 with year-to-date June 30, 2015 data suggesting one of the strongest first six months in almost a decade.

Border communities, and those Canadian destinations within easy driving distance of U.S. markets have seen the greatest benefit (as year-to-date hotel occupancies in destinations such as Victoria and Niagara Falls demonstrate).

Figure 9



Source: HLT Advisory based on Statistics Canada, Tourism and the Centre for Education Statistics | Full data in Appendix

CONCLUDING THOUGHTS

Canada has experienced a much-needed and long overdue increase in international visitation in 2015 but a single year's result does not a pattern make. The 2015 performance does not suggest a sustainable pattern nor is it enough to return Canada to past market share levels.

Further, 2015 performance reinforces two systemic weaknesses of Canadian tourism:

1. Impact of currency—the almost immediate gain in international visitation (mostly from U.S. and primarily residents of nearby U.S. states) as a result of currency fluctuations is proven and, of course, welcome. However, the nature of economic cycles means a swing back to a high dollar down the road is inevitable. Canadian tourism operators need to exploit such an advantage while possible to increase awareness and build a longer-term patronage base beyond price differentiation.

2. Reliance on domestic travel—more than 80% of total Canadian tourism activity (i.e., visitation and spending) is generated by Canadians traveling within the country. Much of this, unsurprisingly, is visiting friends and relatives (VFR)-related in addition to leisure, business and other purposes. However, reliance on domestic travel, will not create the meaningful investment in tourism product that Canada needs to compete internationally.

Canada's market share of international tourism will continue to weaken, and the travel deficit continue to grow, without addressing key marketing, aviation cost, product investment, visa processing and labour issues as identified by TIAC. The 2015 results to date—strong international arrivals buoyed by favourable exchange rates—should be seen as a platform for continued improvement not a signal that the industry is performing at ideal levels.

SECTION 3

LONG-HAUL VERSUS SHORT-HAUL TRAVEL

The UNWTO calculation of international arrivals includes all foreign visitors regardless of distance and time between origin and destination points. Therefore a German travelling to France, the perennial leader in total international visitation—is counted the same as an Australian or Japanese traveller to France.

Why is separation of long-haul travellers from short-haul travellers of interest? It helps us to understand the approach taken by different national tourism organizations in positioning a given destination and provides a different angle on destination success.

DEFINING SHORT-HAUL AND LONG-HAUL

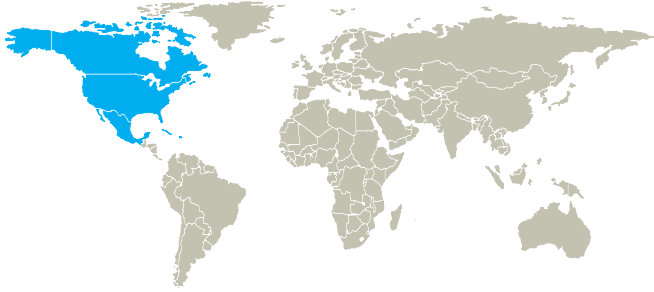
How should short-haul and long-haul travel be defined (and separated) where transportation options (e.g., air versus regular or high-speed train), regional ties, visa requirements and other factors differ to a great degree between countries?

A simplistic, but effective, approach would be to segment travel by continent (e.g., North America, Europe or regional groupings such as Oceania including Australia) where travel within a continent is considered short-haul and travel between continents as long haul. This approach would take broad ethnic similarities (e.g., family connections/VFR potential), economic linkages (e.g., common currency in Europe), travel time and visa policies (such as Turkey's visa waiver for Russian travellers although Canada's visa approach to Mexican travellers is an exception) into account.

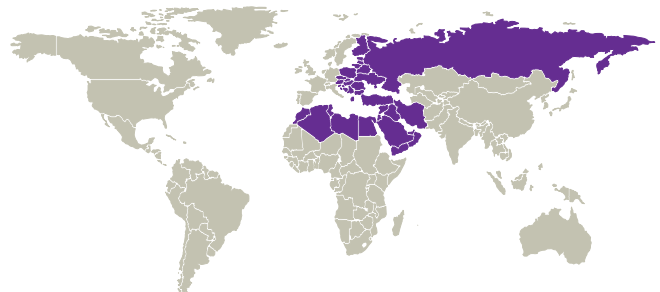
Such an approach requires some adjustments to address continental connection points where markets overlap, notably for a few countries that generate or receive large volumes of visitors. **The maps on the following page shows our adjusted short-haul groups. (See endnote ii for a full explanation)**

The intent of this analysis is not to create definitive short-haul and long-haul groupings, rather to provide some perspective on the relative weightings of these visitor classifications in order to understand how marketing activities lead to results.

NORTH AMERICA SHORT HAUL ZONE



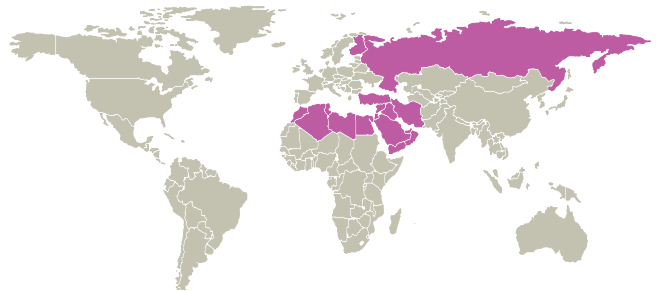
TURKEY SHORT HAUL ZONE



SOUTH AMERICA SHORT HAUL ZONE



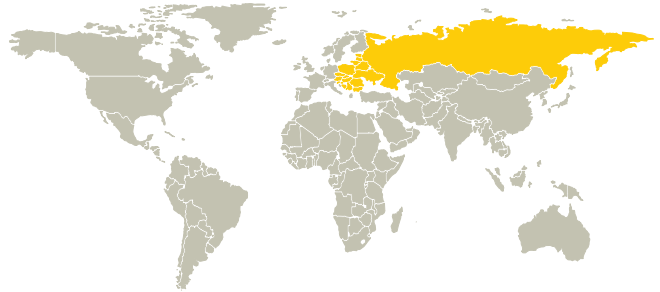
MIDDLE EAST SHORT HAUL ZONE



ASIA SHORT HAUL ZONE



EASTERN EUROPE AND RUSSIA SHORT HAUL ZONE



The exceptions are eastern European countries bordering western European countries, such as Poland, where inbound/outbound travel to/from all of Europe are also considered short haul.

ANALYSIS OF THE UNWTO TOP 20 COUNTRIES

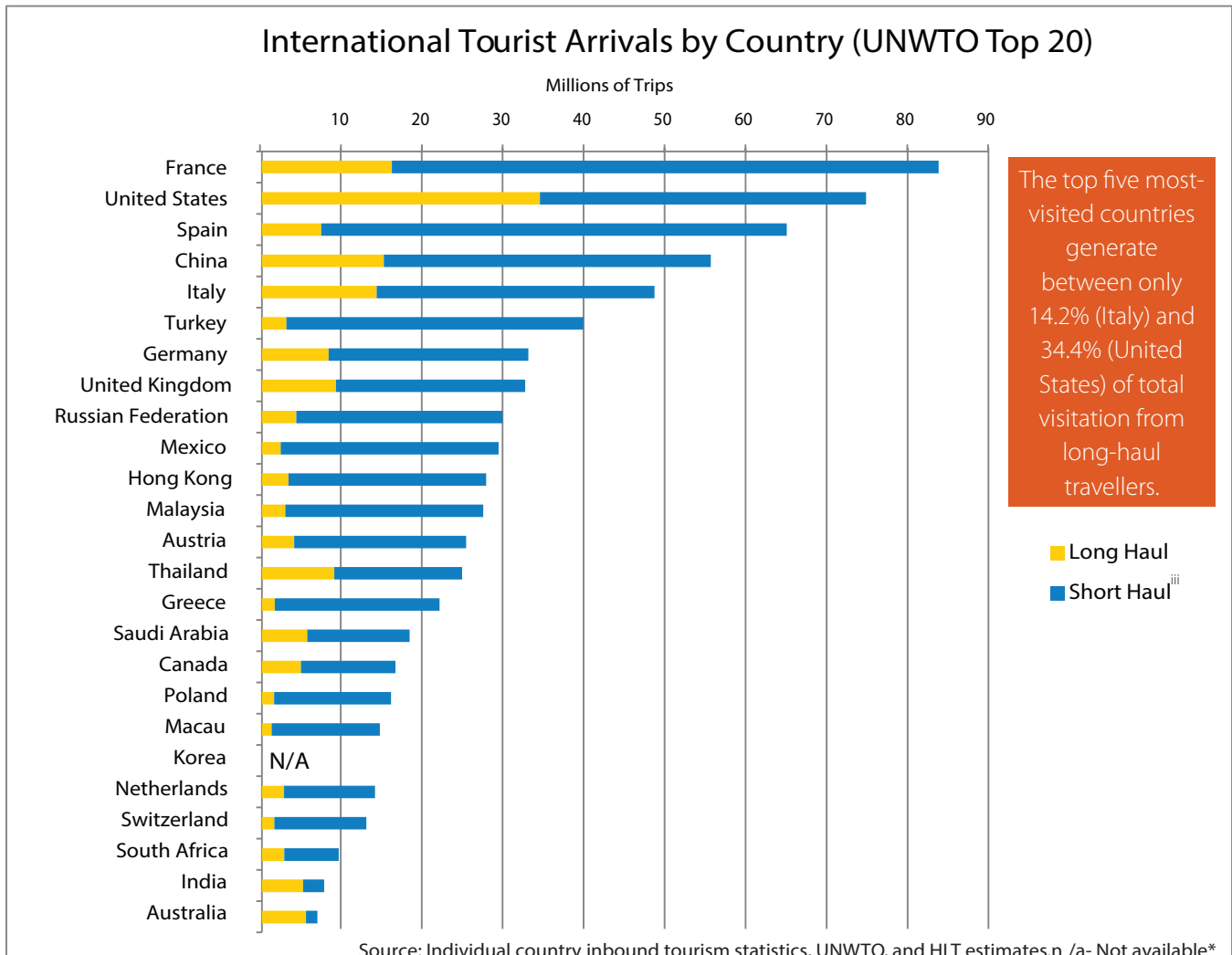
Taking the 2014 UNWTO rankings of the top most visited countries and separating short-haul from long-haul visitors paints a very different picture of visitation.

Seven of the top 20 most visited destinations are European countries and are a reflection, at least in part, of a common currency, efficient rail travel and the absence of passport/visa requirements. Some European countries (such as

Austria) are far more reliant on short-haul travel than others.

Emerging destinations such as Thailand and Malaysia have made concerted efforts to focus on the long-haul market while still generating substantial demand from short-haul origin points. Other emerging countries, such as Turkey, have crafted a short-haul focus largely geared to a few high volume outbound markets such as Russia.

Figure 10

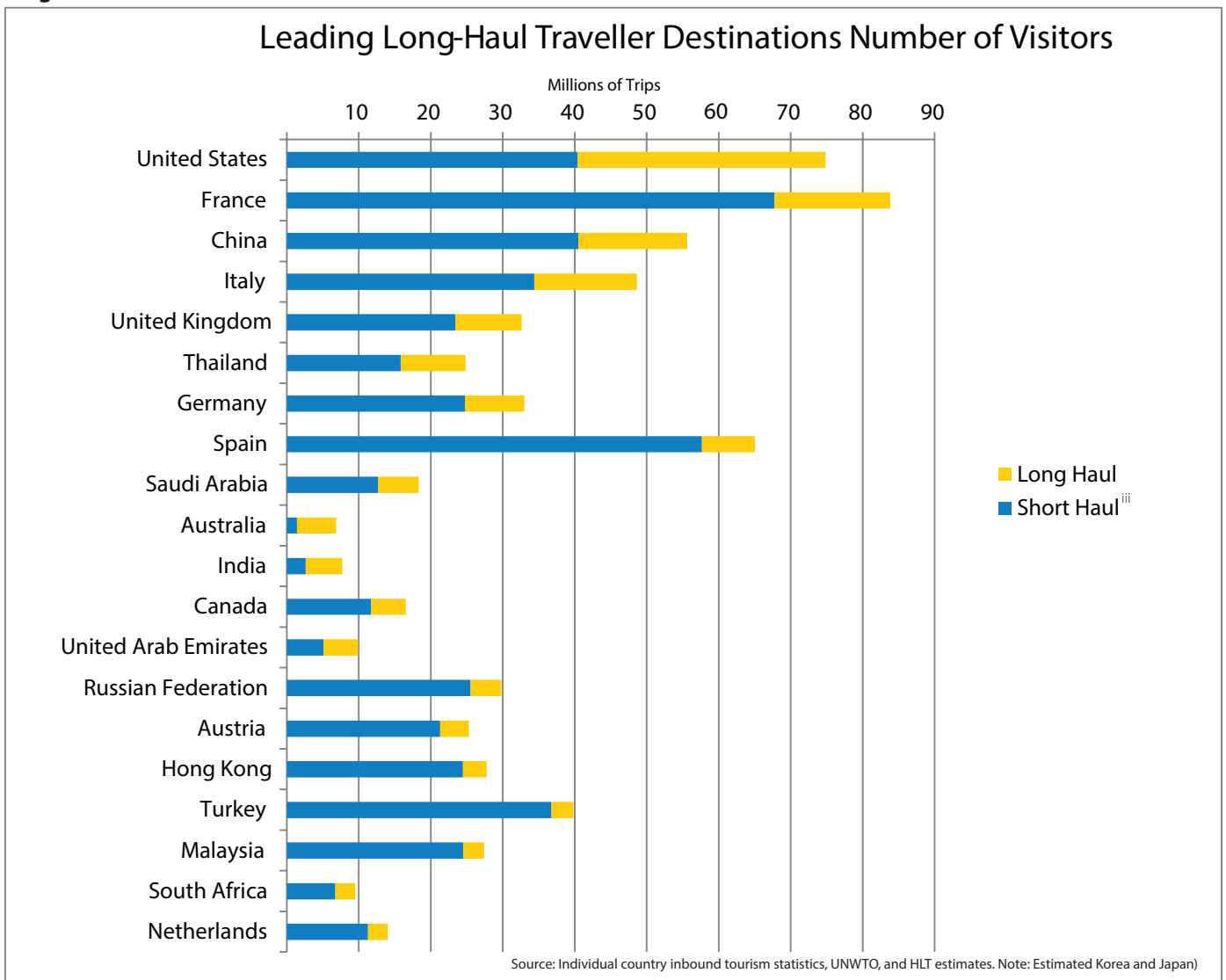


THE LONG-HAUL LEADER BOARD

When focused solely on long-haul travel the leader board looks quite different. Traditional European destinations remain but fall down the ranks. The relatively modest long-haul components of Spain, Austria and Poland, for example, speaks to the market focus of these destinations. More remote destinations, such as Australia, fare much better. Canada improves from 17th to 12th place.

The success of the top four destinations, all with greater than 10 million long-haul visitors results from a number of factors including population (certainly in the case of the United States and China and the associated VFR potential), leisure image (including cultural significance, culinary and historical attractions such as in France and Italy) business/convention travel and the like.^{iv}

Figure 11



ALLOCATION OF MARKETING SPEND

Interestingly, allocation of marketing spend does not always align with sources of visitors. Allocation of marketing dollars by the U.S. (about 25% to short haul) and Spanish (about 70% to short haul) national tourism marketing entities are consistent with the proportion of short-haul to long-haul visitation. Others such as Thailand are less so.

Marketing activities by Thailand and Malaysia have experienced—and likely will continue to experience—significant volatility given the unique circumstances of these two countries (i.e., political strife in Thailand and the unfortunate circumstances surrounding Air Malaysia over the recent past).

Figure 12.1

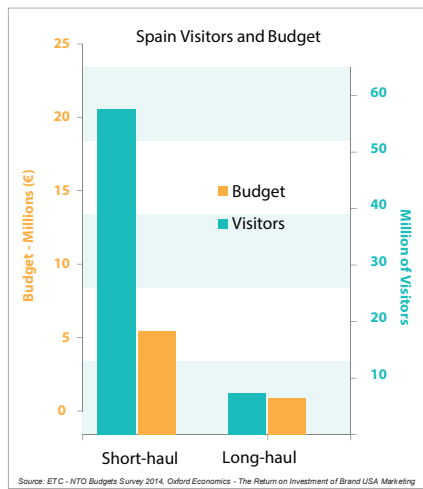


Figure 12.2

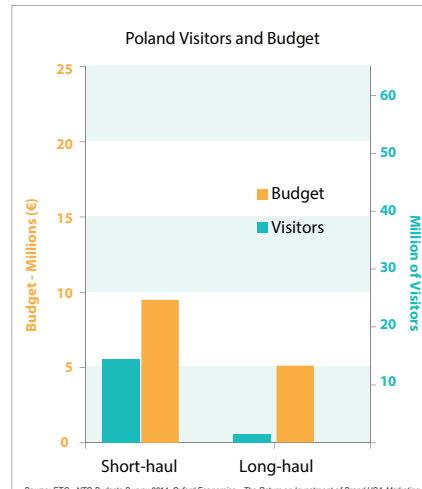


Figure 12.3

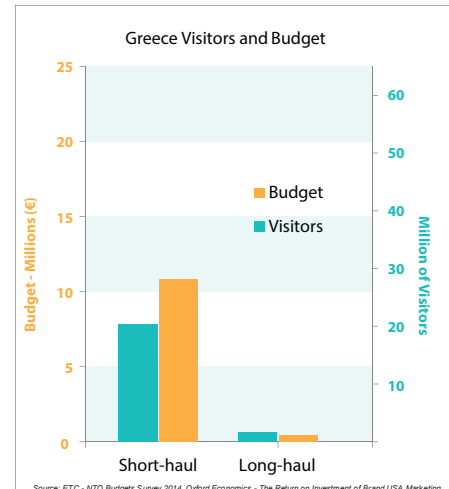


Figure 12.4

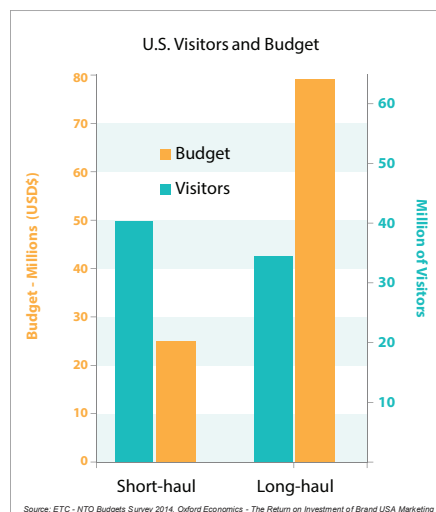
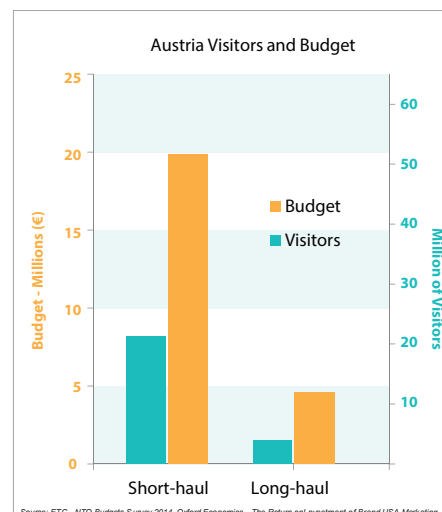


Figure 12.5



SHORT-HAUL AND LONG-HAUL MARKET SHARES

Comparing the UNWTO Top 10 visitor list from 2000 with inbound visitation levels for the same countries some fifteen years later provides an interesting picture of performance. Average overall increase in visitation for the top 10 was 34.5% with a slight higher average increase in long-haul traffic (39.2%) versus short-haul traffic (33%). Averages fail to paint the significant growth of some destinations such as China (overall at 78%), Spain, Germany and Russia in the long-haul market and the United States in short-haul visitation. But perhaps most interesting, is the consistency of long-haul travel market share among the top 20 countries. We believe this reflects the presence of traditional/well established tourism product, receptiveness to tourism visitation and the power of VFR to incent travel... although other factors may also be at play

Canada's performance was among the most anemic of the top 10 countries (a fact supporting Canada's fall from among the top 10), with the lowest growth in long-haul (18%) and the only country among the top 10 to see reduced short-haul visitation (-21%).

Figure 13.1

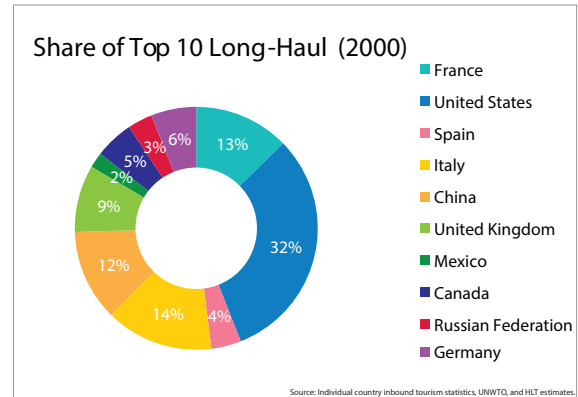


Figure 13.2

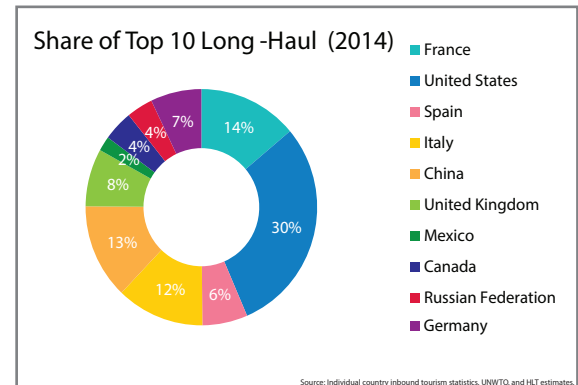
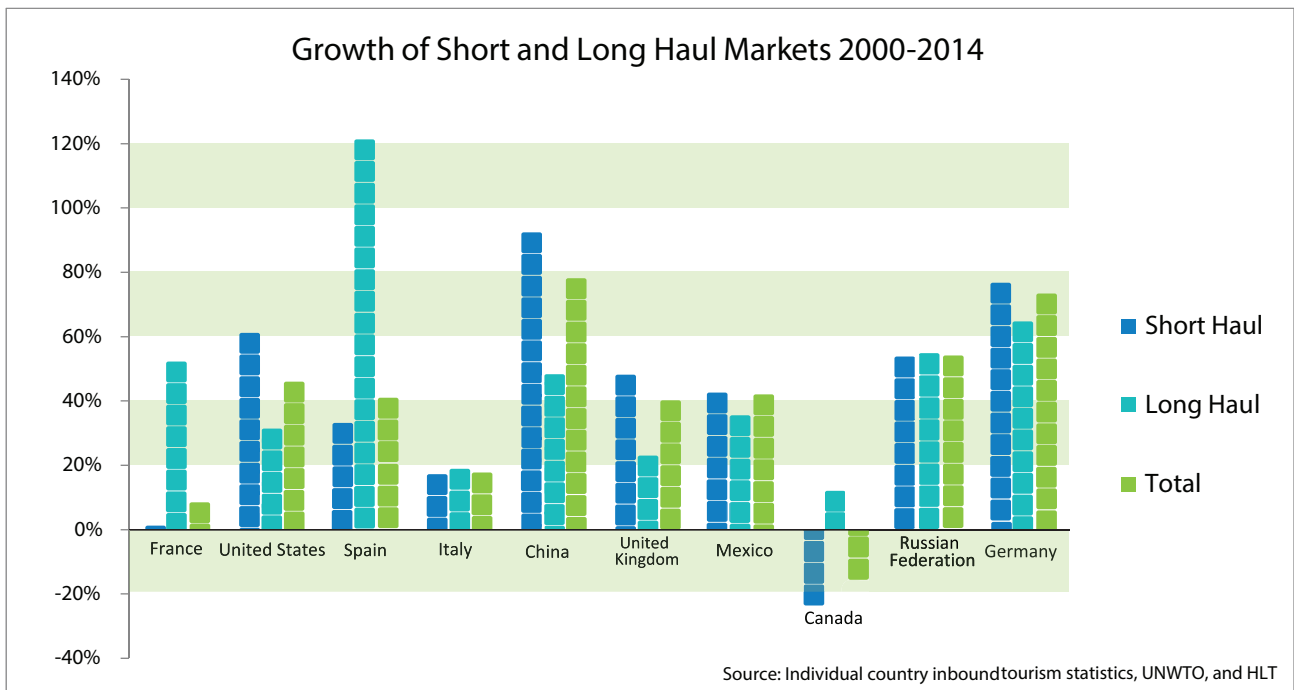


Figure 13.3



NORTH AMERICAN SHORT-HAUL INBOUND MARKETS

Using the definition of short-haul set out in this chapter Canada, the United States and Mexico have only two short-haul markets each. The United States dominates both.

Short-haul travel patterns within North American have shifted dramatically over the past decade with a significant increase in U.S. visitation to Mexico offset by a significant decrease to Canada.

At about 172,000 the number of Mexicans visiting Canada pales in comparison to the almost 1.7 million Canadians that visited Mexico in 2014. Prior to the imposition of visa requirements on Mexicans entering Canada (from 2009 forward), Mexican visitation was as high as 270,000 per annum.

The disparity between North American markets continues when looking at long-haul inbound visitation.

WHILE THE COUNTRIES ON EACH OF THE UNITED STATES' AND CANADA'S KEY INBOUND MARKET LISTS ARE VIRTUALLY IDENTICAL, THE UNITED STATES WELCOMES TENFOLD MORE VISITORS THAN CANADA FROM ALMOST EVERY SOURCE COUNTRY.

Mexico also receives strong levels of visitation from several traditional Canadian markets (e.g., United Kingdom). Success in the Canadian tourism industry is a function of facilitating visits from both short- and long-haul origin points.

Figure 14.1

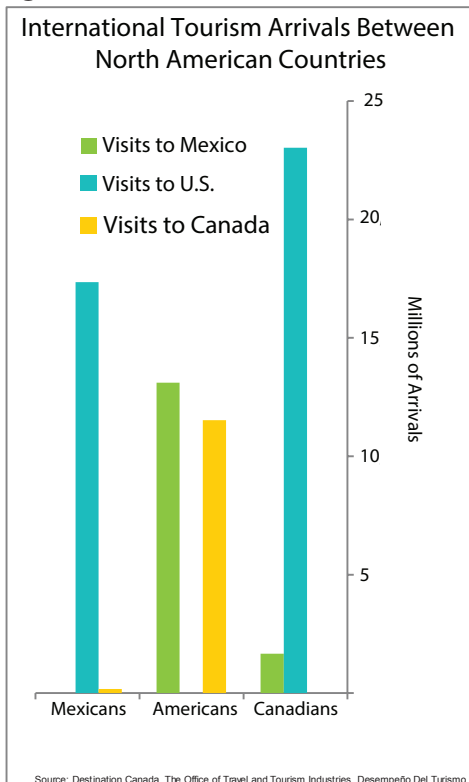
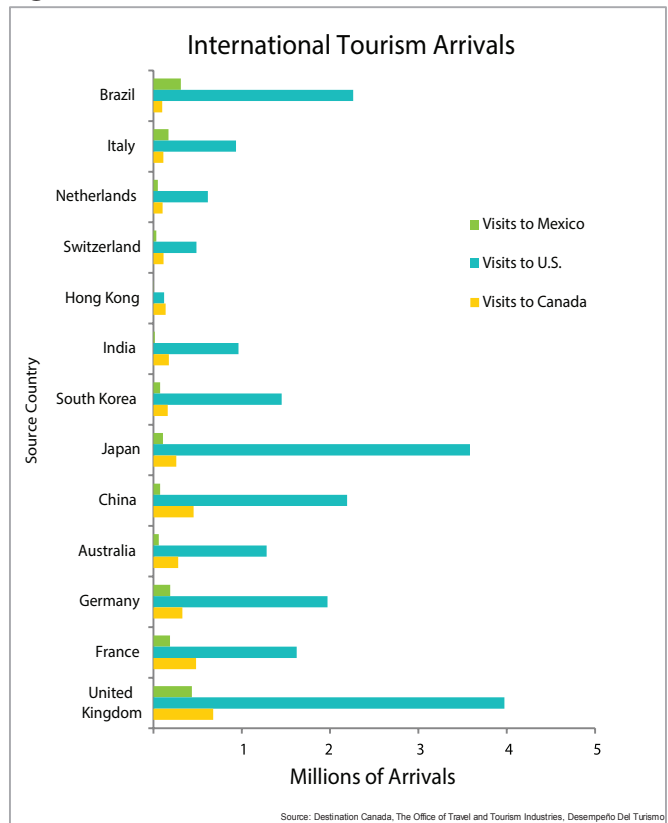


Figure 14.2



IMPLICATIONS FOR “SHORT-HAUL” MARKET POTENTIAL TO CANADA

Although opportunity from the Mexican market is significant, the overwhelming “short-haul” market for Canada is the United States. But when looking at the U.S. market the concept of “short-haul” needs further examination given distances, modes of travel and related factors.

Any strategy focused on the U. S. traveller must first seek to maintain existing overnight and same-day travel volumes. From there, more surgical approaches to U.S. market opportunities are necessary such as:



Air pairings—targeting existing air connections between Canadian and U.S. cities.



Activity focus—identifying those sectors that match with Canadian product such as sport (e.g., ski, hunting), activity (e.g., festivals) and convention/meeting.



Leisure trade—recapturing group tour activity of the 1990’s and 2000’s.

Effectively reaching this market will necessitate segmentation based on travel time, transportation method, season, interest level (from past and future research) and activity focus. Travel patterns and approaches across Europe offer insights into how the short haul and “not-so-short” haul markets can be addressed (recognizing the variances in available transportation options).

A cohesive national strategy to attack the U.S. market is essential. Such a strategy should originate with Destination Canada, as part of the Connecting America initiative, and seek to complement and work in partnership with appropriate provincial and municipal destination marketing organizations. The strategy should seek to identify efficiencies and opportunities in research, branding, targeting and direct sales/appeals to this customer base.

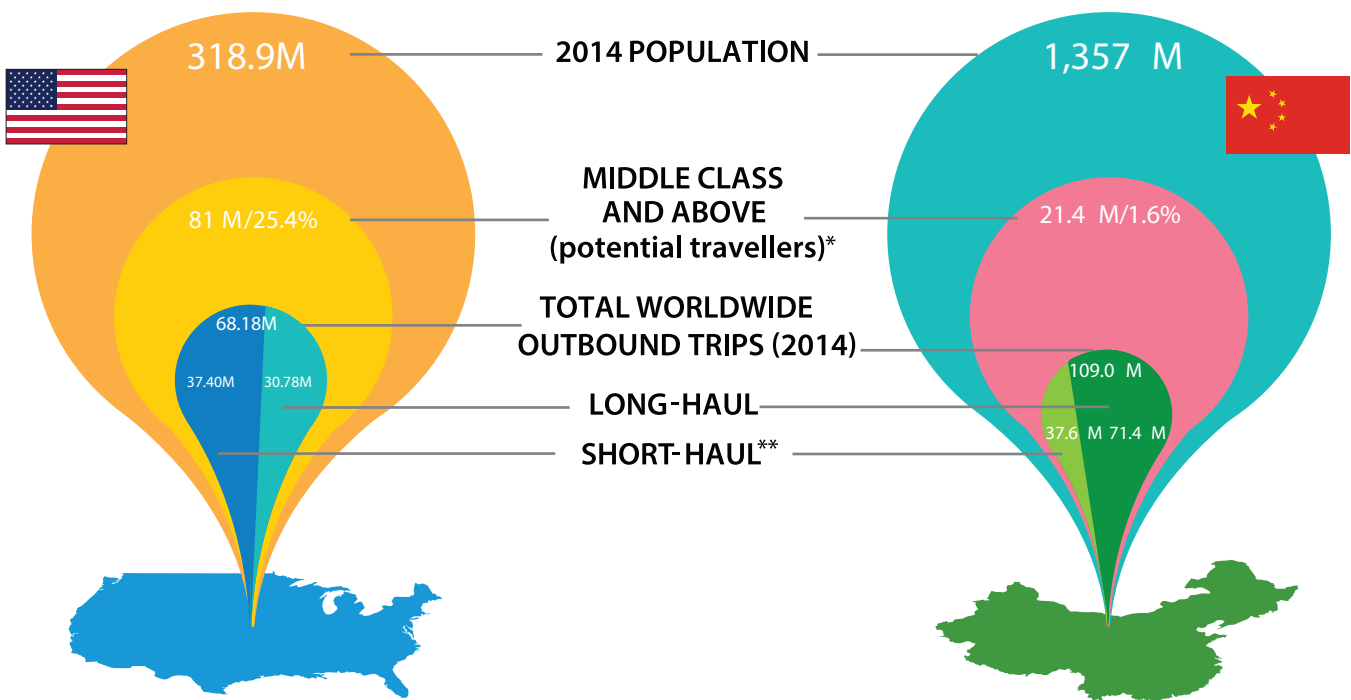
SECTION 4

THE TWO GIANTS OF CANADIAN INBOUND TOURISM

THE GIANTS OF CANADIAN TOURISM: THE UNITED STATES AND CHINA

The United States is, has been and likely will continue to be the largest potential market for Canadian tourism. China is Canada's fastest growing inbound market having risen from 14th place in total international arrivals in 2000 to third place in 2014 behind only the United Kingdom (and likely exceeding the UK in total spending).

The two countries present an interesting comparison not only for their differences but also the similarities.



Source: Destination Canada, UNWTO, HLT Advisory

Some similarities between U.S. and China markets:

- Only a small percentage of the population travels to long-haul destinations.
- Significant family ties and connections through immigration (Chinese more geographically concentrated)
- Significant challenges reaching target audience through marketing messages

	United States	China
% of population taking a long-haul trip (2014)	~10%	~5%
Total overnight visits to Canada 2014 (000's)	11.5M	454,000
Total spending (C\$ 000's)	\$7.5B	\$1 B
Average number of days/trip	4.5	33
Average spending/trip (C\$)	\$647	\$2,300
Proportion spent on tourism services***	77%	* 58%

*Potential traveller figures taken from the 2014 Global Tourism Watch Study conducted by Destination Canada. For China, the figure includes all potential long haul travellers. For the United States the figure includes all potential pleasure travellers.

**Short-haul travel from the United States includes trips to Canada and Mexico. Short-haul travel from China includes trips to Hong Kong, Macau, Taiwan.

***Includes lodging, local transportation, food and beverage, recreation and entertainment.

UNITED STATES

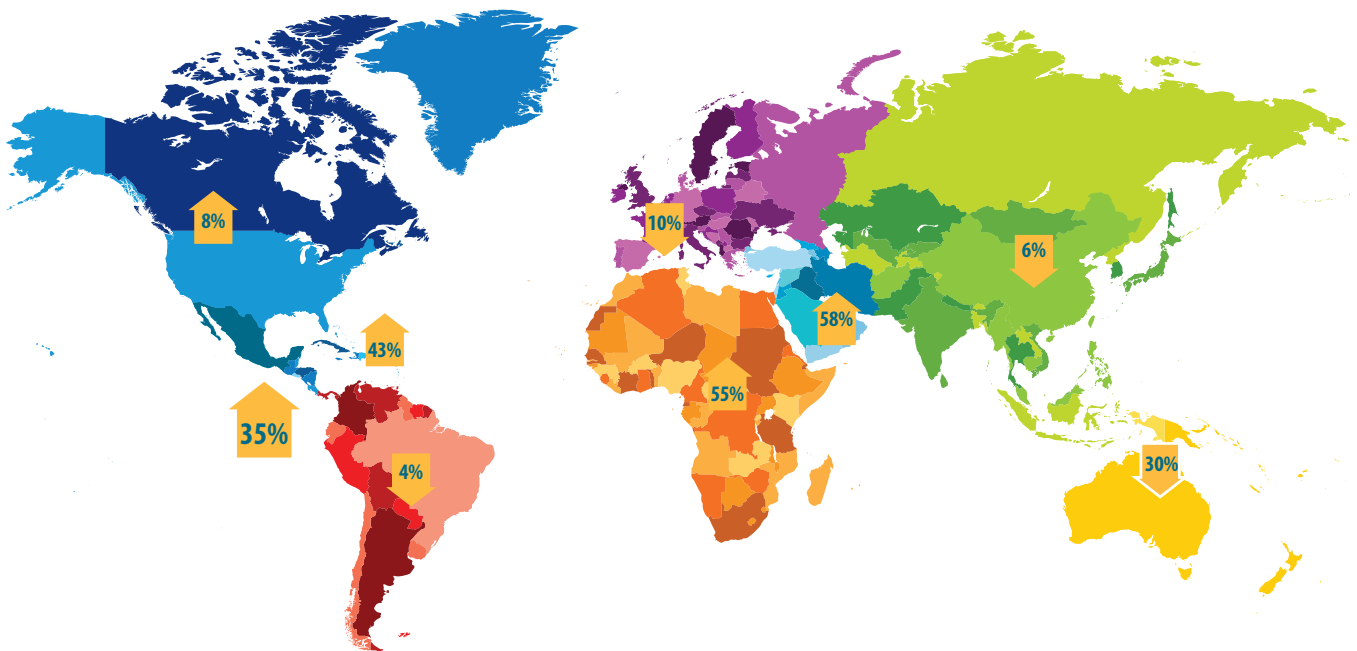
The United States is one of the world's wealthiest nations, has a broad range of international business and family connections and plays a role as a cultural trendsetter. Nevertheless—and despite both a growing population (almost 15% since 2000) and a rapidly growing subset of that population holding a valid passport (almost 40% or 120 million people)—the United States produces anemic international visitation. Between 2000 and 2013 the number of international trips taken by Americans ranged from just over 60 million to about 64 million (2007 peak year).

A significant spike in outbound travel occurred in 2014 resulting in total outbound international trips rising to about 68 million (including an increase in U.S. visitation to Mexico of more than 5 million in 2014 over 2013).

Although little variation has occurred in total outbound trips, significant change has taken place with respect to the destinations selected. Regionally speaking, the Caribbean, Central America and Africa increased (on a percentage basis) at the expense of Europe, Australia and Asia.

Figure 15

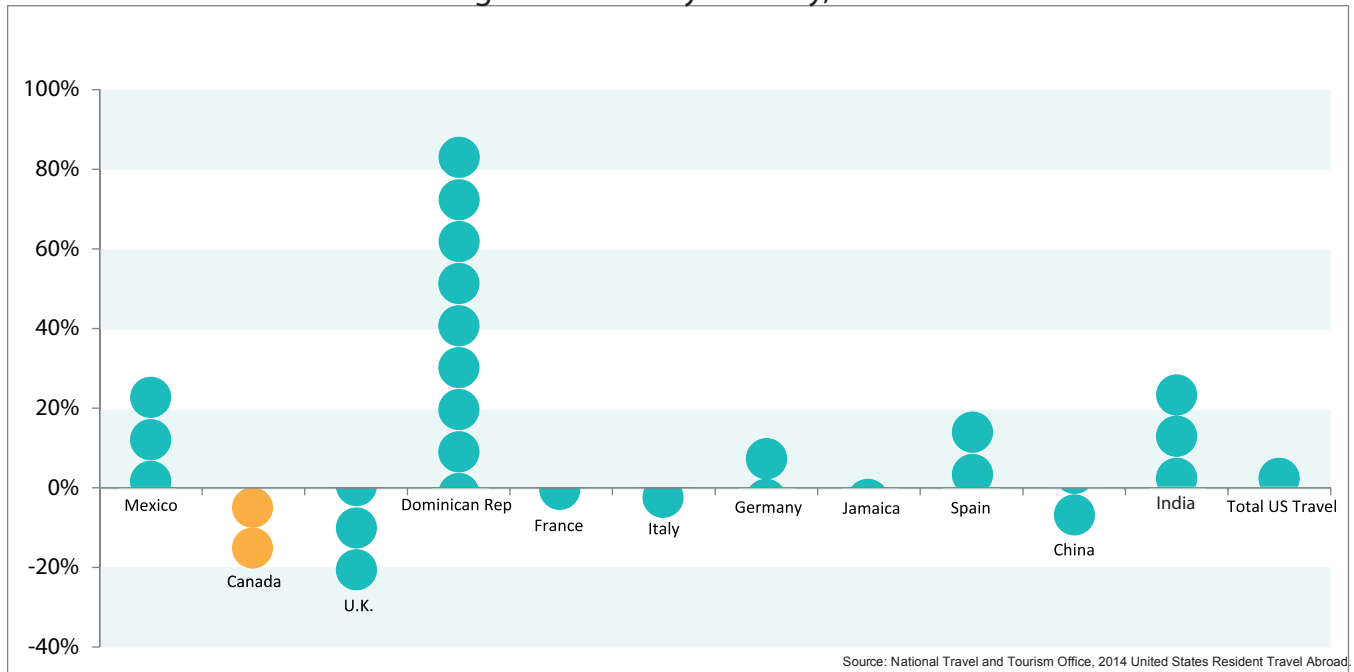
Destinations of Overnight American Travelers by Region, Growth 2005-2014



Source: National Travel and Tourism Office, 2014 United States Resident Travel Abroad

On an individual country basis, Canada experienced the greatest decline in U.S. visitation. At the high point of U.S. overnight visitation to Canada in 2002, the 16.167 million visitors represented almost 28% of total U.S. outbound. The low point in 2009 saw a decline to just about 18%.

Figure 16
Destinations of American Overnight Travelers by Country, Growth 2005-2015



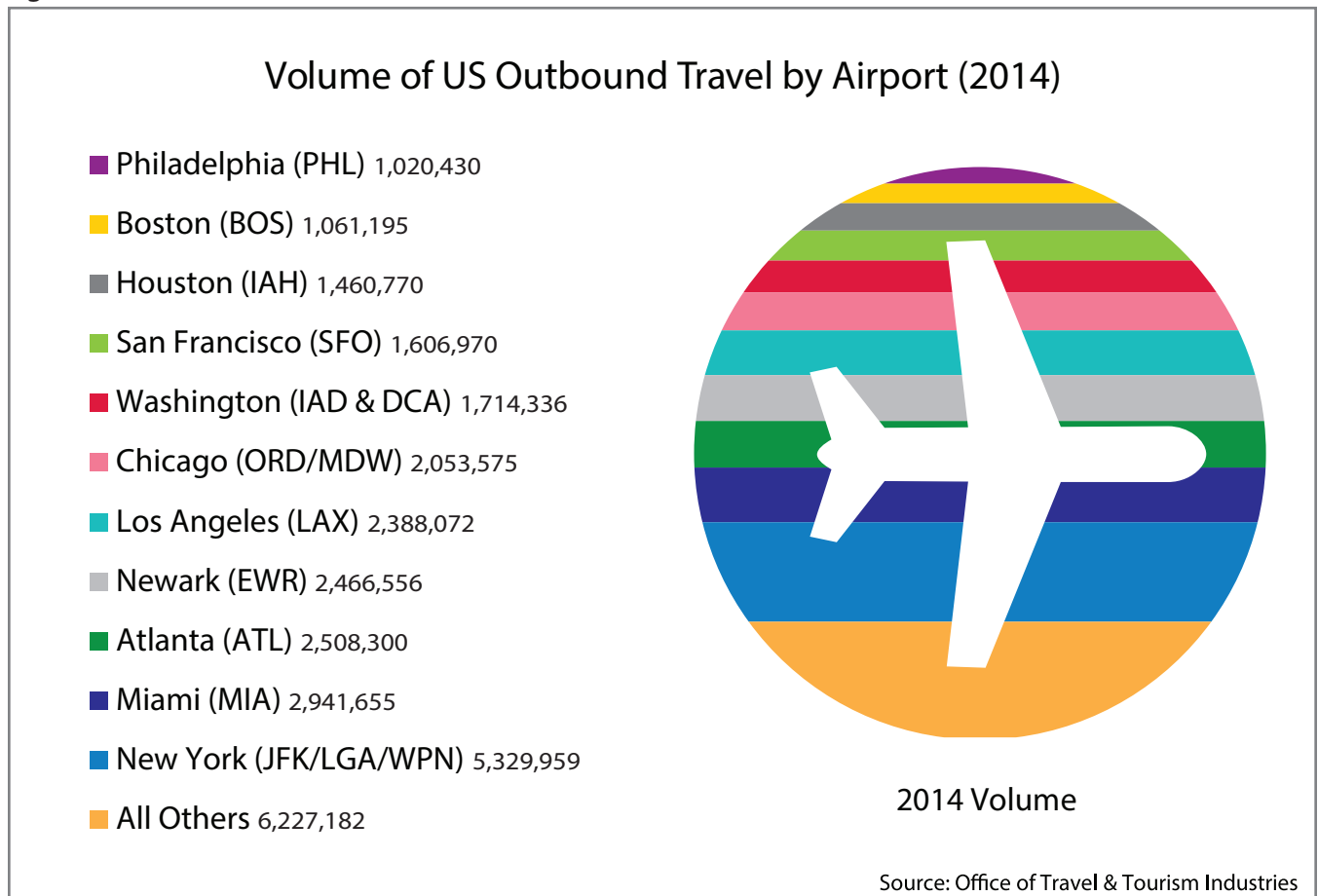
Several traditional destinations such as the United Kingdom, France and Italy have seen less U.S. visitation of late. Mass market Caribbean destinations (e.g., Jamaica, Dominican Republic) have significantly increased their penetration as have historically less popular destinations such as India, Spain and Germany.

CLEARLY NOT ALL, OR EVEN A SIGNIFICANT NUMBER OF AMERICANS TRAVEL. LESS THAN 10% TOOK A LONG-HAUL TRIP IN 2014 AND, ALLOWING FOR THOSE TAKING MULTIPLE LONG-HAUL TRIPS, THE ACTUAL PERCENTAGE IS LIKELY SUBSTANTIALLY LESS. THEREFORE EFFECTIVE TARGETING AMONG THE 300+ U.S. POPULATION IS KEY.

Focusing on major cities and associated metropolitan areas, is a reasonable place to start not only given the access provided through major airports but also as research has shown that those living in urban areas are more likely to travel further afield. Data from the Office of Travel and Tourism Industries suggests that 80% of all outbound overseas travel originates through eleven U.S. airports. Further, the eleven cities (not counting larger metropolitan areas) closest to these airports generate a third of all outbound travel.

Such an approach reinforces the need for a cohesive framework from Destination Canada with respect to prioritizing and targeting potential visitors from these major metropolitan areas.

Figure 17



CHINA

In contrast to the United States, the general population of China has historically been viewed as some of the world's less affluent. Various reforms over the past decade have resulted in considerable change with the Chinese economy emerging as a world leader (and influencer) and Chinese outbound travellers the fastest growing source of total international travel.

A majority of Chinese outbound travel occurs within Asia and Oceania (i.e., estimates of 90%) although long-haul travel to Europe, the Americas and Africa is also growing rapidly. The United States is the only long-haul destination within the top ten Chinese traveller outbound destinations. And, despite the tremendous growth in Chinese outbound travel to date.

PROJECTIONS FROM VARIOUS SOURCES SUGGEST TOTAL CHINESE OUTBOUND COULD REACH 200 MILLION BY 2020.

Chinese travel to Canada is predictable and concentrated. Some 95% of all Chinese travellers visit British Columbia and Ontario are a result of practical (e.g., air access points), and familial reasons among other factors. Chinese travel is largely summer focused with two thirds visiting between April and September.

Despite more than doubling between 2009 and 2014, the challenge for Canada is how to further increase Chinese visitation and expand beyond the VFR segment.

Figure 18



Despite more than doubling between 2009 and 2014, the challenge for Canada is how to further increase Chinese visitation and expand beyond the VFR segment.

A fraction of this figure will actually be converted to travellers, recognizing total Chinese visitation to Canada in 2014 was less than 500,000 and Chinese visitation to the U.S. was less than 2.2 million.

THE “IMMEDIATE POTENTIAL” FOR CHINESE VISITATION TO CANADA IS 7.261 MILLION.¹

Figure 19

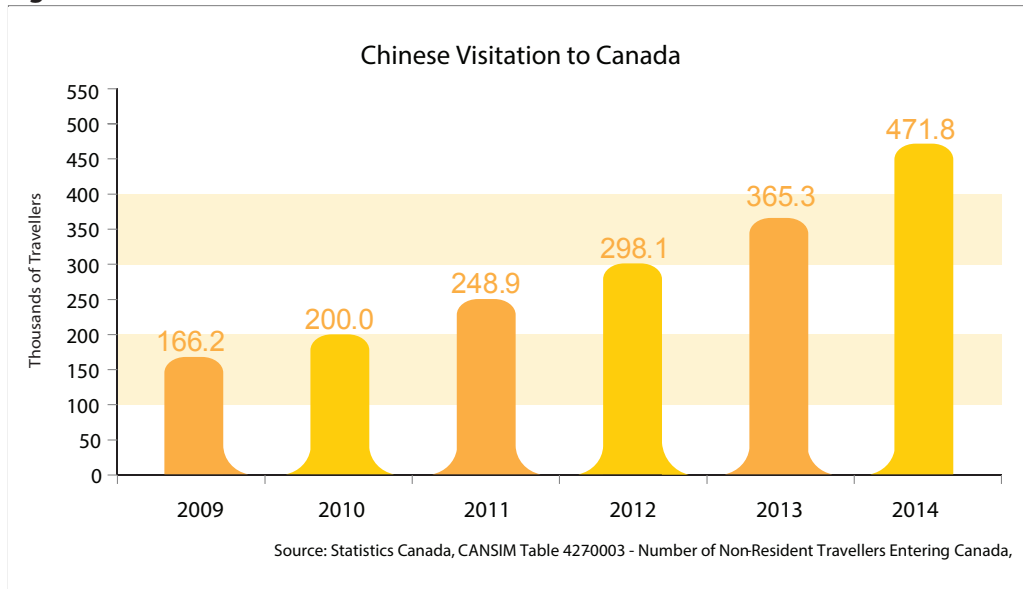
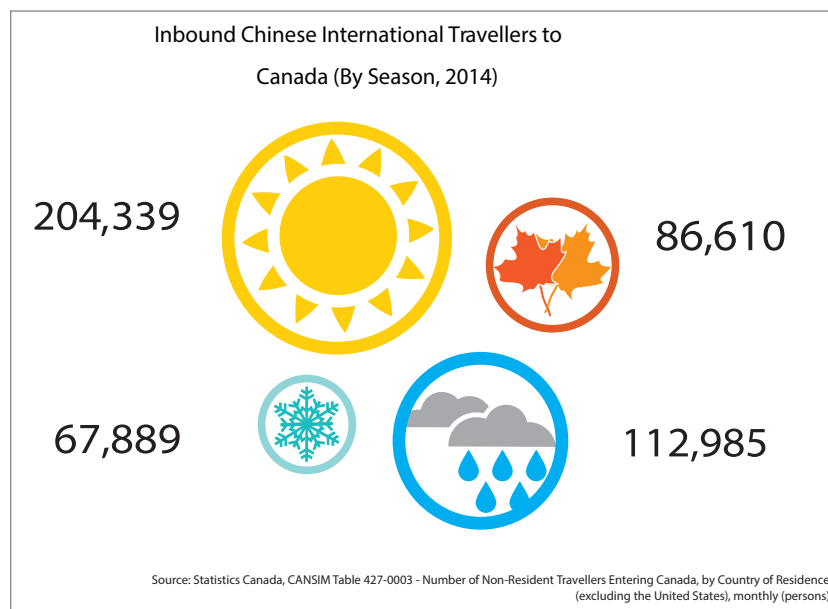


Figure 20



The focus needs to be on converting intention to action. A recent study by Hotels.com reinforces this need through survey questions of potential travellers that probed “wish list” destinations versus actual travel destinations. The survey found that the USA, France and the United Kingdom were wish list destinations to which travel had actually occurred while Canada, New Zealand, Australia and Switzerland were desired but not yet visited. Why?

Challenges for Chinese in visiting Canada include air access, visa requirements (and lengthy delays) as well as the lack

of urgency in the attributes most associated with Canada. Global Tourism Watch identifies “nature/scenery” (51%), “history/culture” (19%) and atmosphere (11%) as the three leading attributes that excited a potential Chinese visitor to Canada. Specific activities, attractions, events or other reasons to encourage more immediate travel were either not stated or mentioned by only a small number of respondents.

Figure 21



Source: Chinese international travel monitor 2014: Hotels.com

SECTION 5

GETTING NOTICED

New Mexico True promoted as ‘Find your True Story’ A haven for the unexpected. A place for those who seek to follow their own path. It’s an attitude.

Web content focused on real stories about real people all conveying the experience and a ttitude of visiting New Mexico.

Whether international inbound visitation originates in the United States or China or from any other country from which Canada welcomes visitors, the destination selection process starts with getting noticed. Effective positioning of Canada as a travel destination is a function of marketing, awareness/profile building (some through concerted efforts some by chance) and direct sales. Ultimately the challenge of any marketer is to provide the justification to visit now as opposed to simply increasing interest in a potential future trip.

TOURISM MARKETING BUDGETS

In the highly competitive world of tourism marketing, how much marketing budget is enough? Is there ever enough?

The resources provided to national tourism marketing organizations vary greatly in terms of amount, source (e.g., direct appropriation, tax), stability (i.e., variance from year to year) and special conditions, if any.

Destination Canada’s core annual budget has ranged from about \$65 million currently to as much as \$109 in 2010. Special project/purpose funding has often resulted in significant additional funds in a given year. The announced \$30 million Connecting America funding (over three years) is an example of special purpose funding.

Destination Canada’s budget pales when compared with several of the Top 20 inbound market’s national tourism organizations. Once currency fluctuations are taken into account, the buying power of Destination Canada’s in market budget is often further diminished:

Best Job in the world... Tourism Queensland promoted in the jobs section of newspapers a \$150,000 salary to be an Ambassador for a year in Queensland... applicant was required to create 60 sec video of why they were best suited.. largest response to any ad campaign on social media fueled awareness levels never before seen in Queensland or Australia.



	USD	EUR	GBP	JPY	AUD	CNY	KRW	MXN	INR	BRL
Estimated Change in Buying Power	-26%	-7%	-30%	5%	7%	-16%	-22%	-4%	0%	28%

Source: Destination Canada

Comparison of national tourism marketing organization budgets leads to the perception that insufficient marketing dollars are available to effectively position Canada—as well as its provinces, cities, rural and resort areas—on the world stage. Without question many other countries have national marketing budgets that exceed Destination Canada's but, a significant pool of funds is spent annually at the national, provincial and local levels in Canada.

The combined budget of Destination Canada, the 10 provincial and 3 territorial tourism marketing entities together with the thirteen largest local marketing organizations totalled over \$625 million in 2014. This amount is slightly greater than that available in 2013 (about \$620 million).

Schedule 1 - Expenditures of Federal, Provincial and Municipal Tourism Entities					
Region	Entity	Marketing ¹	Admin ²	Other ³	Total
Canada	Canadian Tourism Commission	\$56,432,000	\$8,041,000	-	\$64,473,000
<i>Provincial/Municipal/Resort</i>					
British Columbia	Destination British Columbia				
<i>Vancouver</i>	<i>Tourism Vancouver</i>				
<i>Victoria</i>	<i>Tourism Victoria</i>				
<i>Whistler</i>	<i>Tourism Whistler</i>				
Total		\$73,856,804	\$9,067,769	\$7,156,280	\$90,080,853
Alberta	Travel Alberta				
<i>Calgary</i>	<i>Tourism Calgary</i>				
<i>Edmonton</i>	<i>Edmonton Economic Development (Tourism)</i>				
<i>Banff/Lake Louise</i>	<i>Banff Lake Louise Tourism Bureau</i>				
Total		\$65,298,057	\$7,785,469	\$1,745,000	\$74,828,526
Saskatchewan	Tourism Saskatchewan				
Manitoba	Travel Manitoba				
<i>Winnipeg</i>	<i>Economic Development Winnipeg</i>				
Total		\$25,748,387	\$5,196,536	\$2,066,143	\$33,011,066
Ontario	Ontario Tourism Marketing Partnership Corporation				
<i>Toronto</i>	<i>Tourism Toronto</i>				
<i>Ottawa</i>	<i>Ottawa Tourism</i>				
Total		\$81,435,963	\$12,665,663	\$1,316,415	\$95,418,041
Quebec	Quebec Ministere du Tourisme				
<i>Montreal</i>	<i>Tourisme Montreal</i>				
<i>Quebec City</i>	<i>de l'Office du tourisme de Québec</i>				
<i>Tremblant</i>	<i>Tremblant Resort Association</i>				
Total		\$145,109,510	\$24,468,518	\$913,900	\$170,491,928
Newfoundland	Newfoundland Department of Tourism, Culture and Recreation				
New Brunswick	New Brunswick Department of Tourism, Heritage and Culture				
PEI	Tourism PEI				
Nova Scotia	Nova Scotia Tourism Agency				
<i>Halifax</i>	<i>Destination Halifax</i>				
Total		\$48,997,829	\$4,382,065	\$36,199,298	\$89,579,192
Nunavut	Nunavut Tourism				
Yukon	Yukon Tourism and Culture				
Northwest Territories	Northwest Territories Tourism				
Total		\$8,922,022	\$1,179,499	-	\$10,101,521
Total Canada		\$505,800,572	\$72,786,519	\$49,397,036	\$627,984,127

Source: HLT Advisory Inc. based on most recent tourism organization annual reports, business plans, and annual budgets.

n/a- Not Available

1-Includes information services/centres.

2-In some cases sales and marketing staff have not been broken out from from "Admin/Salaries" in the source documents. In some cases, the source

3-Includes tourism product operations (convention centres, golf courses) and membership services.

Norway as the Norwegians See it

Website utilizes domestic survey data to promote the experiences and attractions that are most heralded by Norwegians.

Comparatively, Canadian tourism marketing entities spend more, on a per-international visitor basis, than their counterparts in the United States.

Comparing total budgets, whether aggregate Canadian or aggregate U.S., does not tell the full story as only a fraction of total marketing dollars are used to target international travellers.

NOT ALL, IN FACT FAR LESS THAN HALF OF THE CANADIAN SPENDING, IS USED TO INCENT INTERNATIONAL TRAVEL TO CANADA.

InterVISTAS prepares an annual study of destination marketing organization budgets for the Destination Marketing Association of Canada. The InterVISTAS sample includes 19 DMOs as opposed to the thirteen used in this report (including a number of very small DMOs

and excluding Whistler and Mt. Tremblant). InterVISTAS found that of the \$59 million aggregate sales/marketing/promotion budgets of these organizations (from a total combined operating budget of about \$120 million), about 29% was spent on international marketing with the balance on domestic activities.

Comparing the 71% domestic/29% international split between domestic and international budget allocations at the municipal level (total provincial allocation is believed to be consistent or even more weighted towards domestic travel) to the total number of trips taken to/within Canada is revealing. Statistics Canada data suggest that 86% of all Canadian trips are made by Canadians travelling within Canada while 14% are from international visitors. These data suggest that the proportion of domestic and international trips are relatively consistent with the budget allocations.

Meet South Africa brand video reflects the perspective of a visitor experiencing the culture, history and experiences of the country in a personal narrative that connects the viewer to the country.

	Canada	United States
Number of International Tourists (million)	16.5	74.8
Marketing Budgets (2014) (000's Rounded)	C\$627,984	US\$ 1,390,232
National	C\$64,473	US\$ 152,732
Provincial/State*	C\$388,512	US\$ 838,000
Municipal**	C\$174,998	US\$ 400,000
Total Marketing \$/000's of International Visitors	C\$38.06	US\$18.58

Includes all provinces, states and Canadian territories.

***Canada includes cities from tourism marketing table. U.S. cities include Boston, New York, Chicago, Miami, San Francisco, Los Angeles, San Diego, Las Vegas, Seattle, Philadelphia, Orlando, Washington and Dallas.*

ALIGNMENT

The focus on domestic travel is not surprising and reflects a hierarchy of demand tied to funding sources. At the municipal level, DMOs and their funding partners (usually area hotels through various fees and/or partnership programs) focus on a range of marketing strategies tied to achieving visitation from outside the municipal boundaries. As a result, these visitors could include residents of nearby communities from elsewhere in Canada or internationally. Marketing campaigns undertaken further afield are usually done with partners (e.g., provincial marketing entities, Destination Canada) and only by the larger, better funded entities. At the provincial level, with provincial marketing organization funding coming from the provincial government, the focus is on bringing visitors from outside the province. This could mean international visitors (primarily for those provinces offering international air access or destinations proximate to the U.S. border) but in all cases includes other Canadians (i.e., additional domestic market spending). Only Destination Canada is solely focused on attracting international visitors to Canada.

At the heart of the matter is reframing some of the traditional questions:

- From “Don’t we need a larger budget?” to “How

can we creatively get more impact from what we have?

- “From “Is the budget large enough?” to “Is the budget being spent correctly?”
- From “What can we (a single organization) do on our own?” to “What can “we” (a collection of marketing entities) do together?”

Central leadership, a mechanism to pool funds (for marketing, research, communication), and the development of programs tied to specific growth targets has been proven effective.

Possibly the best and most relevant example is Brand USA where a single focal point for international travel, combined with substantial (and stable) funding and buy-in from partners of all kinds has resulted in impressive growth in international visitation. A study commissioned from Oxford Economics by Brand USA, showed that Brand USA’s marketing efforts for the two years ending December 31, 2014 generated an incremental 2 million visitors, about a million in each of the last two years.

Iceland...Ask Gudmundour, The Human Search Engine. Irreverent, off-beat approach to communicating detail of travel experience in a manner which engages browser to destination.

The Visit California Work Plan is built on a research process which supports a tourism destination spend of its US\$50 million (moving to US\$100 million) annual budget.

- A three-stage approach begins with a global target defined by age, income and desire to travel.
- The next layer consists of an opportunity target focusing on specific demographic and psychographic niches which match the broad product offering in California;
- The psychographic niches, segmented and defined by travel interest and passion criteria such as culinary, adventure, sport etc., provide the basis for the proposed marketing spend
- The final component involves separating the California target set into two sub-groups: family travelers and aspirational travelers.

An interesting element of the California marketing process is the significant focus put on the female decision-maker, particularly related to family and couples experiential travel.

Hamilton Island, Australia... To create conversations around their destination, Hamilton Island Resort, Australia created the Ultimate Instameet. The campaign aimed to create a mass meeting between Instagram users from across the globe on the island. Staged between November 23 -25 2012, the campaign generated over 640 images and reached over eight million people through social media, including 815,000 of their direct Instagram followers alone. The campaign also gained mainstream media attention generating AUS\$2.3 million and 65 million media impressions in the process.

Two of the most mentioned indices in recent years have been FutureBrand’s Country Index and the Reputation Institute’s RepTrak. While a look at the Top 10 list for both rankings surfaces many of the same countries the other similarity is how far out of the Top 10 these countries are with respect to international visitation. Canada ranks highest. The others, for the most part, are well out of the Top 20...or even Top 30.

Consideration of these ranking exercises in relation to realized visitation reinforces the need to look further afield and be more creative in achieving international awareness for Canada.

DESTINATION BRAND & REPUTATION: IMPACT ON INTERNATIONAL VISITATION

Much has been written about the role of national brand and reputation in tourism marketing. Reporting of these indices regularly place Canada on top or within the top few countries. But is the “value” of the national brand or reputational ranking helpful in promoting a country to potential visitors? The data seem to suggest otherwise.

Philadelphia Neighborhoods whereby the city tourism agency handed over the Instagram account to a n outsider (photographer) who toured independently to share all sides of the city experience.

Valuation (reputation and brand ranking) versus Visitation			
	Rank		
	Reputation 2014 (2013)	Brand Value 2014/5 (2012/13)	Inbound Visitors 2014 (2013)
Canada	1 (2)	5 (2)	16 (17)
Norway	2 (6)	6 (10)	49 (n/a)
Sweden	3 (3)	4 (4)	26 (24)
Switzerland	4 (1)	2 (1)	36 (33)
Australia	5 (5)	8 (6)	43 (43)
Finland	6 (4)	13 (9)	61 (n/a)
New Zealand	7 (8)	11 (5)	63 (n/a)
Denmark	8 (7)	9 (12)	37 (35)
Netherlands	9 (9)	16 (18)	21 (21)
Belgium	10 (12)	22 (31)	39 (39)

Reputation Institute, *2015 Country RepTrak*; Future Brand, *Country Brand Index 2014 – 2015 and 2012-2103*; UNWTO *World Tourism Barometer*, April 2014.

Visit Britain: Love Wall App developed a customized 'Pinterest' of travel experiences for the web visitor, allowing photo sharing, exploring of locations, attractions in Britain

EVOLVING APPROACHES

The global destination marketing entities competing with to Canada's national, provincial and local organizations are, by and large, reacting to the broad trends affecting marketing execution methods utilized to gain the attention of the global tourist.

Four common elements can be identified:

1. Defining then researching the characteristics of the highest-potential visitor(s). The definition process needs to take life cycle of traveller into account (i.e., a visitor to Canada making his/her one-time trip versus a repeat traveller taking multiple trips over a lifetime). The definition element reinforces the value of the United States visitor.
2. Positioning the destination brand appropriately against the target market. How can Canada be best "sold" to the market (the marketing needs)? What policy (e.g., visa), infrastructure (e.g., air access) and related products/services need to be put in place?
3. Executing a communications platform that best reaches the target visitor(s).
4. Pushing more responsibility to the small- and medium-sized tourism enterprises to take advantage of social media connection points.

Recognizing that Canada's ground-breaking 'Explorer' platform developed 6-7 years ago led much of the move

toward destination customer segmentation, today a number of destinations target a specific global traveller in a more precise way than in the past. The Destination Canada's focus, on moving from product promotion to the impact of the memorable travel experience, introduced the psychographic approach to connecting a customer segment to travel experiences offered throughout Canada.

The primary trends influencing destination marketing globally and contributing to much of the market positioning and tactics used by destinations of all sizes:

- Authenticity of the travel experience
- Storytelling replaces promotion
- Integration of Social media tools

In a tourism setting, authenticity refers to tourists' personal evaluation of the extent to which their expectations and impressions from a destination hold true during a visit. Current tourism brand promotion has transitioned from fact to emotion-based content; providing a window of a destination through the eyes of a traveller is an effective practice that has replaced facts and beauty shots.

The use of social media tools to drive engagement through a destination website is an imperative that has been evident over the past decade. Utilizing user content to reflect the reality of the destination, and facilitating blogger activity to add credential-based commentary has resulted in a new 'truth in travel' perspective that didn't exist in the past.

Visit Norway integrates social media tools integrating social media tools back into the primary site. Social links, a Facebook Like button, videos create a true sense of connectivity between the site and viewer. Visit Norway includes an embed tool that allows the influencer to pull content from the visitnorway.com to their blog or wall.

SECTION 6

LOOKING FORWARD

The 2015 Annual Report is the fourth installment of a continuing series of industry observations and outlooks. This year we addressed the impact of short and long-haul travel, the largest Canadian markets (one emerging the other very much the core customer) as well as alignment in marketing spending. Prior versions have documented the balance between domestic and international visitation, the need for core marketing dollars, policy changes to facilitate greater travel as well as providing a collection of use travel data.

Throughout the four annual reports several perennial issues appear. Within three broad categories these issues are addressed together with recommendations as established by TIAC.

MARKETING

Canada has a lot to offer visitors including natural beauty, vibrant and safe cities, an impressive culinary scene and breathtaking adventure experiences. Recently-announced investments to reinstate marketing to our largest international customer, the United States, is helpful. However for long-term success, Destination Canada needs to be aligned with industry needs and to encourage partnering investment on a much greater scale.

Canada's current international tourism marketing budget is inadequate to position Canada competitively in key global markets. As a result, TIAC recommends:

- Replacing Destination Canada's current A-based funding with a new, performance-based funding model contingent upon incremental growth in international arrivals to Canada. Further, the model should leverage a minimum of 1:1 in industry partnership investments. TIAC believes that at least \$100 million of annual funding is required for Destination Canada to be globally competitive and effective.
- Retaining and expanding the federal investment in Connecting America leisure marketing campaign into the United States.

Greater alignment among all marketing entities is a core success factor in any reformulated marketing process.



ACCESS

Based on Canada's vast geography, efficient and affordable aviation travel is necessary to facilitate economic growth through domestic and international travel. While Canada has the best airport infrastructure in the world the burden of taxes, fees and levies imposed on the airfares results in over 6 million flights taken by Canadians at US border airports every year. Further, despite the geographic necessity of air travel (to and within Canada), Canada is the only country in the world that imposes all associated costs of air travel onto travellers distorting the cost of air travel by as much as 40%.

Given these air access issues, TIAC recommends:

- Reduce the fees, taxes and levies imposed on air transportation to and within Canada.
- Support intermodal infrastructure projects.

Another issue complicating access to Canada by potential international visitors is the process to obtain visas. In 2015, the World Economic Forum ranked Canada 118 out of 141 countries for openness of visa requirements. Despite some progress, Canada continues to struggle with a reputation as being a difficult country for visa applications. This is especially true in some of our key growth markets: China, Brazil, India and Mexico.

TIAC's recommendations with respect to visitor entry issues include:

- Expedite the removal of visa requirements for Mexico and Brazil.
- Utilize international treaties and the electronic Travel Authorization (eTA) program to eliminate visa requirements for "low-risk" travellers from all priority markets.
- Continue to improve and simplify the processing of travel documentation for legitimate travellers to Canada including using electronic travel authorization to lift restrictions for some countries.

These relatively straightforward suggestions should greatly reduce the current challenges of facilitating entry by international visitors.



PRODUCT

The challenges in developing tourism product directed towards international visitors covers several focus areas including:

1. People--tourism relies on front-line staff to deliver quality service to travellers and create memorable experiences. The current labour shortage, particularly in western Canada, is forcing many tourism businesses including attractions, hotels and restaurants to reduce hours of operation, close hotel rooms and eliminate food services. By 2030 labour shortages in tourism are expected to surpass a quarter million jobs costing the sector \$31.4 B in forgone revenues. As a result, TIAC recommends:

- Developing labour market solutions that meet the supply, training and retention of Canada's travel industry.
- Creating a longer-term solution through immigration reform to attract workers of all skill levels to meet Canada's labour market needs.
- Implementing a short-term fix by creating a seasonal tourism stream of the Temporary Foreign Workers program similar to the agricultural stream.
- Reforming the programs and public policies that serve to dissuade full domestic participation in the national labour force.

2. Core tourism products—Canada's natural assets can be enhanced through the development and promotion of festivals, events, natural and historic sites. Man-made assets require regular rejuvenation and enhancement to remain fresh and relevant. New product is always necessary to remain current. However, for Canada to be differentiated from the competition, Canada's tourism products need financial support. For this reason TIAC recommends:

- Reforming the programs and public policies that serve to dissuade full domestic participation in the national labour force.

- Including travel and tourism in economic development and regional infrastructure programs e.g. sport and cultural event hosting.

3. Tax Equity-- Creating equitable treatment of all export products and services by zero-rating the purchase of tourism products and services by foreign visitors to Canada. Travel is the only export product/service that is not zero-rated, undermining Canadian competitiveness on price-point. The current Foreign Convention and Tour Incentive Program (FCTIP) program is far too complicated to incent travel. TIAC recommends:

- Removing the federal sales tax from Canadian travel products and services purchased outside of Canada. This will align tourism with other Canadian exports and reduce the price of Canadian tourism experiences from 5 to 15% depending on the province.

Much work remains to be done. The recent spike in visitation, favourable currency exchange and federal support of Connecting America are all positive signs. But to make any headway in reclaiming Canada's position among the Top 10 international destinations these recommendations should be given careful consideration.



Figure 1

Index of GDP and Visitation Growth (2009=100)						
	2009	2010	2011	2012	2013	2014
GDP Index	100.0	104.1	107.2	109.8	112.6	115.6
World Tourist Arrivals Index	100.0	106.4	111.5	115.9	121.7	127.1
Cities Tourist Arrivals Index	100.0	114.9	126.9	127.3	137.0	144.0

Source: IMF, UNWTO and Mastercard Cities Index.

Figure 4

Top Spenders on International Tourism							
Country	2014	2013		% change (local \$)	Market Share 2014	Outbound Tourists 2013 (millions)	Expenditure per outbound tourist
	Expenditure (US\$ billion)	Expenditure (US\$ billion)					
China ¹	\$ 65	\$ 129		28.2% ¹	3.2%	98	1,679
United States ¹	12	105		6.7%	9.0%	62	1,814
Germany ⁹	2	91		0.9%	7.4%	87	1,054
United Kingdom ⁵	8	53		3.8%	4.6%	59	984
Russian Federation	50	54		-5.7% ⁴	.0% ⁵	4	932
France	48	43		11.3% ³	.8% ²	6	1,821
Canada ³	4	35		2.9%	2.7%	33	1,019
Italy ²	9	27		5.6%	2.3%	28	1,025
Australia ²	6	29		-1.7% ²	.1% ⁹		3,000
Brazil	26	25		2.3%	2.1%	9	2,954

Source: World Tourism Organization (UNWTO), April 2015 and The World Bank.

See Page 10

MasterCard Global Destination Cities (North American component) 2015						
NA Rank	City	Million Int'l. Arrivals		CAGR 2009/201	2015 US\$ Billion	Primary Source Cities
		2011	2015			
1	New York	10.26	12.27	12.3%	17.4	London, Sao Paulo, Paris, Toronto, Beijing, Paris
2	Los Angeles	4.45	5.2	5.2%	7.4	London, Vancouver, Shanghai, Tokyo, Paris
3	Miami	3.25	4.52	4.5%	6.4	Sao Paulo, Buenos Aires, London, Bogota, Caracas
4	Toronto	3.41	4.18	4.3%	2.4	n/a
5	Vancouver	3.12	3.76	3.4%	2.7	n/a
6	San Francisco	2.87	3.39	3.4%	4.8	n/a
7	Chicago	1.97	2.35	2.4%	3.3	n/a
8	Montreal	1.94	2.12	2.1%	1.2	n/a
9	Washington	2.02	2.06	n/a	2.9	n/a
10	Boston	1.52	1.64	1.6%	2.3	n/a

Source: MasterCard Global Destination Cities Index 2015

Figure 6

Receipts and Payments on International Travel Account				
Receipts and Payments	Spending in Canada by Foreign Residents	Spending in Foreign Countries by Canadians	Receipts Minus Payments	
2000	\$15,997	\$18,336	-\$2,339	
2001	\$16,437	\$18,344	-\$1,907	
2002	\$16,741	\$18,222	-\$1,481	
2003	\$14,775	\$18,527	-\$3,752	
2004	\$16,980	\$19,876	-\$2,896	
2005	\$16,532	\$21,869	-\$5,337	
2006	\$16,459	\$23,396	-\$6,937	
2007	\$16,617	\$26,421	-\$9,804	
2008	\$16,546	\$28,645	-\$12,099	
2009	\$15,547	\$27,544	-\$11,997	
2010	\$16,320	\$30,637	-\$14,317	
2011	\$16,624	\$32,975	-\$16,351	
2012	\$17,388	\$35,031	-\$17,643	
2013	\$18,200	\$36,161	-\$17,961	
2014	\$19,296	\$37,351	-\$18,055	

Figure 7

Americans' Same-day and Overnight Trips to			
	Same-day	Overnight	Exchange Rate
2004	9.07	5.92	1.30
2005	8.07	5.82	1.21
2006	7.17	5.62	1.13
2007	5.78	5.38	1.07
2008	4.60	5.03	1.07
2009	4.29	4.73	1.14
2010	4.25	4.68	1.03
2011	3.90	4.65	0.99
2012	4.05	4.84	1.00
2013	4.05	4.59	1.03
2014	3.96	4.54	1.10
2015	4.25	4.93	1.24

Source: Statistics Canada Table 427-0001, 176-0064

Figure 8

Canadians same-day & overnight trips to the US			
	Same-day	Overnight	Exchange Rate
2004	22	14	0.77
2005	23	15	0.83
2006	24	16	0.88
2007	25	18	0.93
2008	25	19	0.94
2009	21	18	0.88
2010	27	20	0.97
2011	31	21	1.01
2012	33	23	1.00
2013	33	23	0.97
2014	30	23	0.91

Figure 10

**International Tourist Arrivals by Country (UNWTO Top 20):
Short Haul and Long Haul**

Rank	Country	Tourist Arrivals		
		Short Haul	Long Haul	Total
1	France	67.7	16.1	83.8
2	United States	40.4	34.4	74.8
3	Spain	57.7	7.3	65.0
4	China	40.5	15.1	55.6
5	Italy	34.4	14.2	48.6
6	Turkey	36.8	3.0	39.8
7	Germany	24.8	8.3	33.0
8	United Kingdom	23.4	9.2	32.6
9	Russian Federation	25.5	4.3	29.8
10	Mexico	27.0	2.3	29.3
11	Hong Kong	24.5	3.3	27.8
12	Malaysia	24.5	2.9	27.4
13	Austria	21.3	4.0	25.3
14	Thailand	15.8	9.0	24.8
15	Greece	20.4	1.6	22.0
16	Saudi Arabia	12.7	5.6	18.3
17	Canada	11.7	4.8	16.5
18	Poland	14.5	1.5	16.0
19	Macau	13.4	1.2	14.6
20	Korea	n/a	n/a	14.2

Source: Individual country inbound tourism statistics, UNWTO, and HLT estimates.

n/a- Not available

*Short haul arrivals categorized as follows:

- Europe: All other Europe.
- North America: All other North America.
- South/Central America: All other South/Central America.
- Africa: All other Africa.
- Oceania: All other Oceania. Includes Australia, Fiji, New Caledonia, New Zealand, and Papa New Guinea.
- North Asia: All other North Asia. Includes China, Hong Kong, Macau, Taiwan, Korea, and Japan.
- Middle East- All other Middle East. Includes Bahrain, Cyprus, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.
- South Asia: All other South Asia. Includes all Asian countries excluding Turkey and those included in North Asia and Middle East listed above.

Figure 9

Americans same-day and overnight trips to Canada

	Same-day	Overnight	Exchange Rate
2004	20	15	1.30
2005	17	14	1.21
2006	15	14	1.13
2007	12	13	1.07
2008	10	13	1.07
2009	9	12	1.14
2010	9	12	1.03
2011	9	12	0.99
2012	9	12	1.00
2013	9	11	1.03
2014	9	12	1.10

Figure 11

Leading Long-Haul Traveller Destinations Number of Visitors and Receipts					
Rank	Country	Tourist Arrivals			2014 Receipts US\$ Billion
		Short Haul*	Long Haul	Total	
1	United States	40.4	34.4	74.8	\$176.9
2	France	67.7	16.1	83.8	\$55.4
3	China	40.5	15.1	55.6	\$56.9
4	Italy	34.4	14.2	48.6	\$45.5
5	United Kingdom	23.4	9.2	32.6	\$45.3
6	Thailand	15.8	9.0	24.8	\$38.4
7	Germany	24.8	8.3	33.0	\$43.3
8	Spain	57.7	7.3	65.0	\$65.2
9	Saudi Arabia	12.7	5.6	18.3	\$8.2
10	Australia	1.4	5.5	6.9	\$32.0
11	India	2.6	5.1	7.7	\$19.7
12	Canada	11.7	4.8	16.5	\$17.4
13	United Arab Emirates	5.1	4.8	9.9	\$11.6
14	Russian Federation	25.5	4.3	29.8	\$11.6
15	Austria	21.3	4.0	25.3	\$20.6
16	Hong Kong	24.5	3.3	27.8	\$38.4
17	Turkey	36.8	3.0	39.8	\$29.6
18	Malaysia	24.5	2.9	27.4	\$21.8
19	South Africa	6.7	2.8	9.5	\$9.5
20	Netherlands	11.3	2.7	14.0	\$14.7

Source: Individual country inbound tourism statistics, UNWTO, and HLT estimates.

Figure 12

Geographic Concentration of NTO Marketing Budget (2014)				
Country	Short-haul Budget	Short-haul Visitors	Long-haul Budget	Long-haul Visitors
Austria	€ 19,831,500	21,300,000	€ 4,576,500	4,000,000
China		40,500,000		15,100,000
France		67,700,000		16,000,000
Greece	€ 10,810,000	20,400,000	€ 460,000	1,600,000
Italy		34,400,000		14,200,000
Malaysia		22,100,000		5,300,000
Poland	€ 9,492,000	14,500,000	€ 5,085,000	1,500,000
Spain	€ 7,019,600	57,700,000	€ 2,507,000	7,300,000
Thailand		8,300,000		16,500,000
US	\$24,430,162	40,300,000	\$79,281,601	34,400,000

Source: ETC - NTO Budgets Survey 2014, Oxford Economics - The Return on Investment of Brand USA Marketing

Figure 13

	2000			2014			2000 as % of 2014			% Change	
	Short-Haul	Long-Haul	Total	Short-Haul	Long-Haul	Total	Short-Haul	Long-Haul	Total	2000	2014
France	66.6	10.6	77.2	67.7	16.1	83.8	2%	52%	9%	13%	14%
United States	25.1	26.1	51.2	40.4	34.4	74.8	61%	32%	46%	31%	30%
Spain	43.1	3.3	46.4	57.7	7.3	65.0	34%	122%	40%	4%	6%
Italy	29.3	11.9	41.2	34.4	14.2	48.6	17%	19%	18%	14%	12%
China	21.0	10.2	31.2	40.5	15.1	55.6	93%	49%	78%	12%	13%
United Kingdom	15.7	7.5	23.2	23.4	9.2	32.6	49%	23%	41%	9%	8%
Mexico	18.9	1.7	20.6	27.0	2.3	29.3	43%	36%	42%	2%	2%
Canada	15.3	4.3	19.6	11.7	4.8	16.5	-24%	13%	-16%	5%	4%
Russian Federation	16.5	2.7	19.2	25.5	4.3	29.8	55%	55%	55%	3%	4%
Germany	14.0	5.0	19.0	24.8	8.3	33.0	77%	64%	74%	6%	7%
Total	300.0	100.0	400.0	300.0	100.0	400.0	100%	100%	100%	100%	100%

Source: Individual country inbound tourism statistics, UNWTO, and HLT estimates.

Figure 14

Country	International Tourism Arrivals in Canada 2014	International Tourism Arrivals in U.S. 2014	International Tourism Arrivals in Mexico 2014
Canada	n/a	23,003,055	1,661,102
United States	11,515,000	n/a	13,095,386
Mexico	172,604	17,334,000	n/a
Subtotal (North America)	11,687,604	40,337,055	14,756,488
United Kingdom	676,328	3,970,000	434,976
France	482,362	1,620,000	188,529
Germany	326,808	1,970,000	189,139
Australia	280,808	1,280,000	61,576
China	454,030	2,190,000	75,700
Japan	258,457	3,580,000	107,400
South Korea	163,089	1,450,000	75,100
India	175,536	961,790	14,755
Hong Kong	137,852	122,226	3,060
Switzerland	114,130	486,506	32,887
Netherlands	103,121	615,856	51,197
Italy	112,048	934,066	171,000
Brazil	99,901	2,260,000	309,700

Source: Destination Canada, The Office of Travel and Tourism Industries, Desempeño Del Turismo

Figure 15

Region	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	'05-'14 Change
North America*	34,715	33,515	32,821	32,864	31,871	32,553	32,187	32,195	32,329	37,397	8%
Overseas	28,787	30,148	31,228	30,789	30,300	28,507	27,023	28,502	29,015	30,779	7%
Europe	11,976	12,029	12,304	11,238	10,635	9,806	9,674	10,204	10,039	10,804	-10%
Caribbean	5,182	6,150	5,184	5,973	5,696	6,186	6,134	6,698	7,196	7,387	43%
Asia	6,074	6,271	6,714	6,404	6,333	5,616	5,107	5,415	5,455	5,694	-6%
Central America	1,756	1,538	2,248	2,001	2,060	1,910	1,946	2,081	2,002	2,370	35%
South America	2,361	2,442	2,811	3,017	2,818	2,395	1,973	1,995	2,118	2,278	-4%
Middle East	1,094	1,115	1,312	1,724	1,909	1,824	1,756	1,739	1,712	1,724	58%
Africa	576	663	874	801	1,061	969	892	884	899	893	55%
Oceania	835	874	874	801	818	599	486	513	551	585	-30%
Total US Travel	63,502	63,663	64,049	63,653	62,171	61,060	59,210	60,697	61,344	68,176	7%

Source: National Travel and Tourism Office, 2014 United States Resident Travel Abroad
 * North America = American travel to Canada & Mexico
 The sum of countries may not equal Overseas as multiple regions could have been visited

APPENDICES

Figure 16

Destinations of >1M American Overnight Travelers by Country (in 000's)											
Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	'05-'14 Change
Mexico	20,325	19,659	19,446	20,360	20,162	20,682	20,590	20,308	20,851	25,882	27%
Canada	14,390	13,856	13,375	12,504	11,709	11,871	11,597	11,887	11,478	11,515	-20%
U.K.	3,829	3,286	3,123	2,894	2,727	2,366	2,405	2,537	2,640	2,832	-26%
Dominican Rep	1,439	n/a	n/a	n/a	1,454	1,796	n/a	2,252	n/a	2,709	88%
France	2,217	2,231	2,217	2,124	1,909	1,739	1,756	2,024	2,002	2,124	-4%
Italy	2,044	2,201	2,373	1,940	1,848	1,739	1,702	1,938	1,799	1,908	-7%
Germany	1,670	1,688	1,936	1,601	1,545	1,739	1,594	1,710	1,741	1,878	12%
Jamaica	1,353	1,688	1,530	1,447	1,424	1,482	1,486	1,511	1,799	1,385	2%
Spain	979	995	1,093	1,139	1,151	969	1,081	1,140	1,045	1,170	20%
China	1,295	1,327	1,374	1,201	1,182	1,254	1,108	1,140	1,132	1,139	-12%
India	835	904	999	1,016	1,061	770	946	941	1,045	1,077	29%
Total US Travelers	63,502	63,663	64,049	63,653	62,171	61,060	59,210	60,697	61,344	68,176	7%

Source: National Travel and Tourism Office, 2014 United States Resident Travel Abroad

Figure 17

Top US Airports and City of Origins for Overseas Departing US				
Outbound by City		Outbound by Airport		
City	Number	Airport/City of Origin	2014 Volume	Cumulative
New York City	3,509,000	New York (JFK/LGA/WPN)	5,329,959	17.3%
Miami	770,000	Miami (MIA)	2,941,655	26.9%
Atlanta	677,000	Atlanta (ATL)	2,508,300	35.0%
Nassau County	616,000	Newark (EWR)	2,466,556	43.0%
Los Angeles	1,293,000	Los Angeles (LAX)	2,388,072	50.8%
Chicago	646,000	Chicago (ORD/MDW)	2,053,575	57.5%
Washington	930,000	Washington (IAD & DCA)	1,714,336	63.0%
San Francisco	369,000	San Francisco (SFO)	1,606,970	68.3%
Houston	400,000	Houston (IAH)	1,460,770	73.0%
Boston	462,000	Boston (BOS)	1,061,195	76.5%
Philadelphia	523,000	Philadelphia (PHL)	1,020,430	79.8%
All Other	20,221,000	All Others	6,227,182	20.2%
	30,779,000	Total	30,779,000	100%

Source: Office of Travel & Tourism Industries - US Travel Abroad, Outbound to Overseas

Figure 18

Chinese Outbound Tourism (Number of Outbound Visits)						
	2009	2010	2011	2012	2013	2014
Taiwan	0.9	1.5	1.7	2.5	2.8	4.0
Macau	3.3	4	4.7	5.4	8.9	9.7
Hong Kong	9.7	11.7	13.6	15.1	17.1	19.1
Rest of World	33.8	40.1	50.3	60.2	69.3	76.2
Total	47.7	57.3	70.3	83.2	98.2	109.0

Source: UNWTO, World Bank, Taiwan Tourism Bureau, Macau Government Tourist Office, and Hong Kong Tourism Bureau

Figures 19 & 20

Inbound Chinese International Travellers to Canada						
	2009	2010	2011	2012	2013	2014
Chinese Inbound	166,192	200,033	248,888	298,070	365,314	471,823
<i>By Province</i>						
British Columbia	103,936	122,138	139,334	165,018	207,149	260,003
Ontario ⁵	7,3627	1,835	101,829	122,170	145,070	192,133
Quebec	2,4153	,130	4,0806	,226	7,2521	1,925
Alberta ⁸	40	1,0481	,073	1,7262	,053	3,316
All Other ¹	,639	1,8822	,572	2,9303	,790	4,446
<i>By Season</i>						
Winter (Jan-Mar)	30,767	30,444	35,287	44,447	53,374	67,889
Spring (Apr-Jun)	40,616	48,175	57,668	72,011	87,581	112,985
Summer (Jul-Sep)	60,920	80,921	103,029	121,611	155,766	204,339
Fall (Oct-Dec) ³	3,8894	0,4935	2,9046	0,0016	8,5938	6,610

Source: Statistics Canada, CANSIM Table 427-0003 - Number of Non-Resident Travellers Entering Canada, by Country of Residence (excluding the United States), monthly (persons).

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Schedule 1 - Expenditures of Federal, Provincial and Municipal Tourism Entities					
Region	Entity	Marketing ¹	Admin ²	Other ³	Total
Canada	Canadian Tourism Commission	\$56,432,000	\$8,041,000	-	\$64,473,000
<i>Provincial/Municipal/Resort</i>					
British Columbia	Destination British Columbia				
Vancouver	Tourism Vancouver				
Victoria	Tourism Victoria				
Whistler	Tourism Whistler				
Total		\$73,856,804	\$9,067,769	\$7,156,280	\$90,080,853
Alberta	Travel Alberta				
Calgary	Tourism Calgary				
Edmonton	Edmonton Economic Development (Tourism)				
Banff/Lake Louise	Banff Lake Louise Tourism Bureau				
Total		\$65,298,057	\$7,785,469	\$1,745,000	\$74,828,526
Saskatchewan	Tourism Saskatchewan				
Manitoba	Travel Manitoba				
Winnipeg	Economic Development Winnipeg				
Total		\$25,748,387	\$5,196,536	\$2,066,143	\$33,011,066
Ontario	Ontario Tourism Marketing Partnership Corporation				
Toronto	Tourism Toronto				
Ottawa	Ottawa Tourism				
Total		\$81,435,963	\$12,665,663	\$1,316,415	\$95,418,041
Quebec	Quebec Ministère du Tourisme				
Montreal	Tourisme Montreal				
Quebec City	de l'Office du tourisme de Québec				
Tremblant	Tremblant Resort Association				
Total		\$145,109,510	\$24,468,518	\$913,900	\$170,491,928
Newfoundland	Newfoundland Department of Tourism, Culture and Recreation				
New Brunswick	New Brunswick Department of Tourism, Heritage and Culture				
PEI	Tourism PEI				
Nova Scotia	Nova Scotia Tourism Agency				
Halifax	Destination Halifax				
Total		\$48,997,829	\$4,382,065	\$36,199,298	\$89,579,192
Nunavut	Nunavut Tourism				
Yukon	Yukon Tourism and Culture				
Northwest Territories	Northwest Territories Tourism				
Total		\$8,922,022	\$1,179,499	-	\$10,101,521
Total Canada		\$505,800,572	\$72,786,519	\$49,397,036	\$627,984,127

Source: HLT Advisory Inc. based on most recent tourism organization annual reports, business plans, and annual budgets.

n/a- Not Available

1-Includes information services/centres.

2-In some cases sales and marketing staff have not been broken out from from "Admin/Salaries" in the source documents. In some cases, the source

3-Includes tourism product operations (convention centres, golf courses) and membership services.

ENDNOTES

i The travel deficit would be substantially higher but for the approach Statistics Canada takes in including international students residing in Canada as part of total travel receipts. International student spending in 2012 was \$4.3 billion, up from about \$900K in 2000. If student spending in 2012 was the same level as in 2000 (i.e., about \$900k) the travel deficit would exceed \$20 billion.

Receipts in the travel account are defined to include all expenses incidental to travel in Canada by non-residents. Among these are expenditures in Canada for lodging, food, entertainment, local and intercity transportation and all other purchases of personal goods to be exported by travellers. Also included are medical expenses and education expenses of non-residents in Canada as well as foreign crew members' spending in the country

Payments in the travel account are correspondingly defined to include all expenses incidental to travel abroad by residents of Canada. Among these are expenditures abroad for lodging, food, entertainment, local and intercity transportation and all other purchases of goods and services (including gifts) made by the travellers. The series thus includes any purchases of foods to be imported for personal use by travellers. Also included are medical expenses and education expenses of Canadian residents outside Canada as well as Canadian Crew members' spending in other countries.

ii Americas—Central and South America are grouped together; North America is considered in isolation.

- Eastern Europe and Russia—all travel within this area was considered short haul and outbound to any area, including western Europe, as long haul. The exceptions are eastern European countries bordering western European countries, such as Poland, where inbound/outbound travel to/from all of Europe are also considered short-haul
- Turkey—inbound visitation to Turkey from Eastern Europe and Russia, Middle Eastern countries and northern Africa is considered short-haul.
- Asia—Travel within Asia is considered short-haul with the exception of Middle Eastern countries. Middle East short-haul destinations/origins include all Middle Eastern countries as well as northern Africa, Turkey and Russia.

iii *Short haul arrivals categorized as follows:

- Europe: All other Europe.
- North America: All other North America.
- South/Central America: All other South/Central America.
- Africa: All other Africa.
- Oceania: All other Oceania. Includes Australia, Fiji, New Caledonia, New Zealand, and Papa New Guinea.
- North Asia: All other North Asia. Includes China, Hong Kong, Macau, Taiwan, Korea, and Japan.
- Middle East- All other Middle East. Includes Bahrain, Cyprus, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.
- South Asia: All other South Asia. Includes all Asian countries excluding Turkey and those included in North Asia and Middle East listed above.
- Turkey: Includes Europe, the Middle East, and Russia.
- Russia: Includes Europe, the Middle East, and Turkey.

iv Visitor spending (as shown in US\$) varies based on proportion of short-haul and long-haul travel, although local economic circumstances are also reflected in total spend. An area of future research would be an analysis of spending by long-haul travellers versus short haul travellers to each of these destinations...and relation to the amounts invested in marketing.

v Destination Canada's Global Tourism Watch (2014 China Summary Report) quantifies the "immediate potential" for Chinese visitation to Canada (i.e., potential long-haul pleasure travellers stating intentions to visit Canada within the next two years) at 7.261 million.

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