United States Travel Trade Research

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Context: Summary Report

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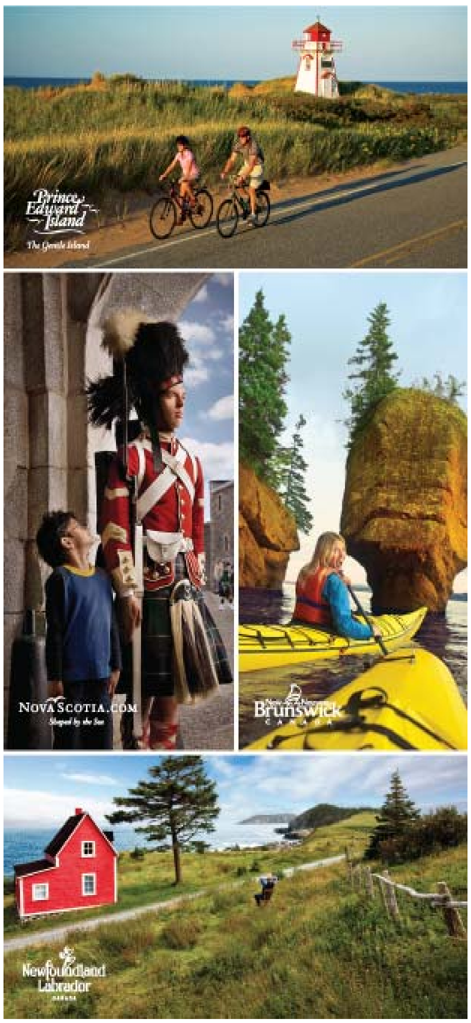

Research Objectives & Methodology

This study was undertaken to identify current trends and Atlantic Canada's position in the US Travel Trade Market.

Discussion interviews were conducted by telephone with 35 leading travel trade suppliers in the Eastern and Pacific regions of the US. Interviews were conducted in August 2009 .

Key Findings

- Because of the recession, prices (cost) were seen as the driving factor in the US travel industry in 2009.
- Two thirds of tour companies (67 percent) reporting customers shopping for deals or bargains was the single most important trend now taking place in the industry. (see chart #1)
- The US itself was reported as the destination showing the greatest increase in travel in 2009. This was attributed to the cost savings associated with closer to home destinations. This is expected to continue in 2010.
- None of the companies reported an increase in travel to Atlantic Canada in 2009 and none were expecting an increase in 2010.(see chart #3)
- Tour companies did not see prices in Atlantic Canada as too high but they did point out that competitive destinations were reducing rates and it was having an impact.
- In terms of trends in mode of travel; tour companies saw cruise as the leading growth segment in the short term because of its willingness to slash prices. Group travel is expected to remain strong with a division noted between new seniors and traditional seniors. FIT is expected to be the fastest growing segment among younger travelers.

- Tour operators saw the leading product trends of the future being driven by a desire for more trip flexibility and especially the opportunity for involvement. The trip components experiential, culinary and cultural rated very high. (see chart #2)
- Atlantic Canada was seen as having low awareness in the US marketplace (not "very low"). The Regions image was consistently described as "a good place to view or experience nature". The typical customer to Atlantic Canada was described as "seniors interested in nature"
- Priority changes recommended to improve Atlantic Canada's image included more opportunities for involvement and more experiential experiences.
- The leading trend in package sales was more web sales and less being sold by travel agents. Travel Agents are still considered very important by many. Some companies saw their roll evolving to professional travel consultants.
- The overall trend in consumer advertising was more web marketing and especially more integration between web and other media (usually direct mail).
- Social media was recognized as very important by 95 percent of Companies. Some described its impact as "huge". It is expected to grow in importance in the future.
- Tour companies were very supportive of ACTP's co operative advertising program. It was recommended as a first priority activity by 80 percent.

Implications to Industry

1. It is important to recognize that the current decline in US trade visitation to Atlantic Canada is being influenced to a significant extent by the impact of the recession (cost & closer to home vacations). While certainly not guaranteed, future recovery is possible as economic conditions improve.
2. Trade customers will be looking for more flexibility in their trips and the opportunity to experience "local life" at the destinations they visit. Industry should be prepared to accommodate this expectation.
3. Culinary experiences are now very hot products in the trade industry. This may present an opportunity (change simply dinning to an experience).
4. Experiential products are now so in demand with the trade that they are almost essential. Industry should be prepared to respond to this expectation.
5. Social media is expected to become very important in trade marketing. This should be followed as it may present very cost effective marketing opportunities.

Chart 1

Single Most Important Trend Currently Taking Place In the US Travel Trade Industry
Percent of Eastern US Companies* (N=22)

Trend	Percent of Companies Identifying
Customers shopping for deals/bargains	67%
More hands-on / experiential experiences	18%
Increased travel within the US	9%
Increased importance on brands (quality)	5%
Increased internet booking	5%
Increased FIT	5%
Increased group flexibility	5%

*Totals exceed 100 percent as some companies identified more than one key trend

Chart 2

Tour Operators Assessments of the Status of Tour Types and Elements Percent of Eastern US Tour Operators N=22				
Product	**Growing %**	**Stable %**	**Falling %**	**Don't Know %**
Participatory experiences	60	25	10	5
Learning experiences	60	30	5	5
Cultural tours	50	40	10	0
Sightseeing tours	60	30	10	0
Exotic destinations	50	15	25	10
Nature or wildlife observation tours	25	45	10	20
Historic tours	25	60	15	0
Discovery tours	50	25	10	15
Adventure travel	35	20	10	25
Gaming packages	15	25	30	30
Experiential experiences	45	30	10	15
Culinary experiences	50	25	5	20

Chart 3

Destinations Reported as Increasing, Decreasing and Expected to Grow Percent of Eastern Tour Companies (N=22)			
Destination	**Companies Reporting Increase %**	**Companies Reporting Decrease %**	**Companies Predicting Growth %**
USA (total)	36	23	45
Canada (total)	33	51	28
Africa	23	0	0
Europe	9	18	14
South America	9	0	5
Mexico	0	23	0
Asia/Pacific	0	0	9
Australia	0	0	0
Na / all / none	18	14	27
Canada Distribution			
Western Canada	23	5	18
Ontario	5	9	5
Quebec	5	0	5
Atlantic Canada	0	14	0
Eastern Can (general)	0	5	0
All Canada (general)	0	18	0