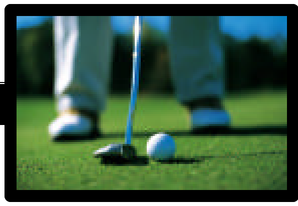
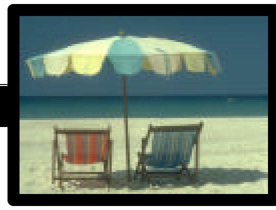
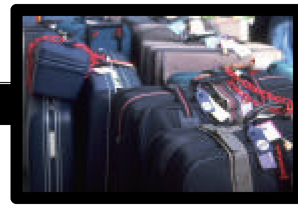
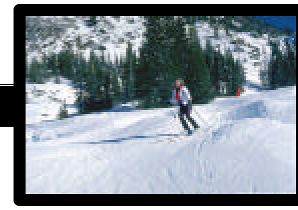





# A Strategic Analysis of the TAMS Database:

- **Ontario's Marketing Strengths and Competitive Positioning**
- **Travel Drivers and Loyalty Segmentation of Ontario's Visitors**

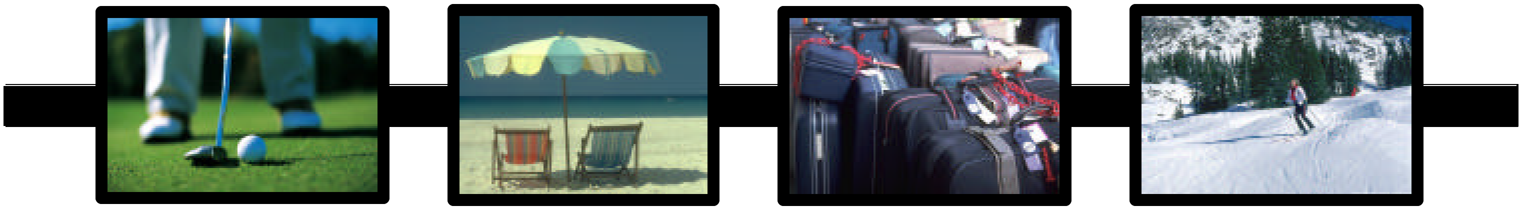
**Ontario Ministry of Tourism and Recreation**

**June 2002**


Ontario
Ministry of Tourism and Recreation

TAMS
Travel Activities & Motivation Survey

PWC CONSULTING
A business of PricewaterhouseCoopers



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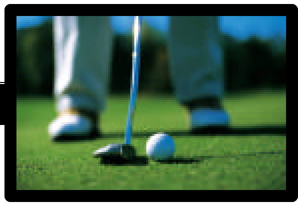
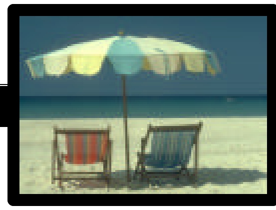
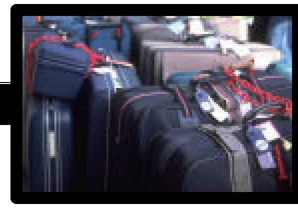
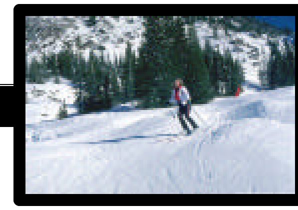





# Executive Summary

PwC Consulting was commissioned by the Tourism Branch and the Investment and Development Office of the Ontario Ministry of Tourism and Recreation (MTR) to conduct a strategic re-analysis of the Travel Activities and Motivations Survey (TAMs) database. This analysis focused on determining Ontario's marketing strengths and competitive positioning in its primary target markets, as well as travel drivers and loyalty segments for visitors to Ontario.

The analyses were conducted for both the domestic market (i.e., Ontario residents) and the U.S. near-border market (i.e., residents of Illinois, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin). Some of the key findings are highlighted below, with full details in the report that follows.

## Marketing Strengths and Weaknesses

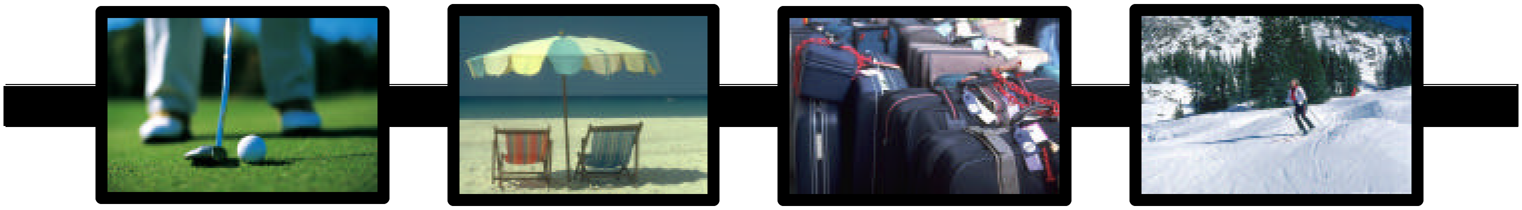
The marketing strengths and weaknesses analysis examines the way Ontario's tourism attributes are perceived in the marketplace relative to what the market is looking for in a travel destination.

- For both the U.S. near-border and domestic markets, Ontario's ***general marketing strengths*** revolve around rest and relaxation, family travel and scenery/natural wonders. This suggests that Ontario should continue to play to its combined strengths in both markets as a relaxing and scenic place to take a break with the entire family.
- In the near-border market, Ontario also has ***niche marketing strengths*** in the areas of adventure/excitement and unspoiled nature. In contrast, domestic travellers are more likely to see it as being good for city experiences, which is undoubtedly due to Toronto's appeal as one of the premiere cities in Canada.
- Relative to other attributes, Ontario tends not to be perceived as a romantic or trendy destination, nor as a place to experience the good life. Travellers from both markets also view Ontario's culture/history product as a ***marketing weakness*** – in particular, it is seen as lacking a distinct cultural identity as well as important historical sites. Ontario will need to mitigate some of these weaknesses in order to grow its markets in the future.

## Competitive Positioning of Ontario

The competitive positioning analysis shows how Ontario is positioned relative to other destinations on key motivational dimensions by drawing linkages between what travellers were looking for on recent trips and the destinations they chose to visit.

- Ontario is extremely well-positioned relative to other destinations on the ***active*** dimension. When it comes to pursuing sports and hobbies, Ontario clearly outdistances its competitors in both markets.

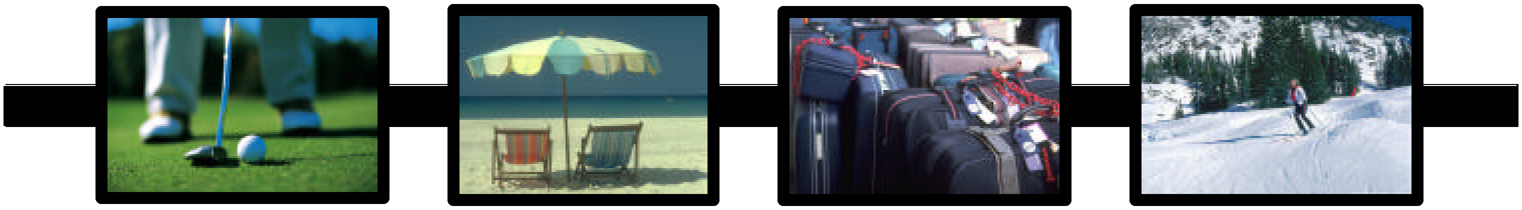


- While Ontario is seen as a good place for ***relaxation***, there is room for improvement relative to other destinations, particularly in the domestic market. Not surprisingly, sun and beach destinations such as Hawaii, Mexico and Florida tend to place ahead of Ontario as rest and relaxation destinations.
- In the near-border market, Ontario is fairly well-positioned for an ***indulging*** vacation, driven by the strength of its casino and city product. However, it fares less well in the domestic marketplace, ranking behind many of its close competitors (e.g., Quebec and New York state). It may be that domestic travel simply does not have the excitement value necessary for an indulging type vacation.
- Ontario performs least well on the ***exploration*** dimension, which includes nature, culture and history experiences. European and overseas destinations rate higher than Ontario on culture/history for obvious reasons, but so do competitors like Quebec. Moreover, places like B.C, Alberta and Hawaii have the upper hand when it comes to nature.

## Travel Drivers

The analysis of travel drivers uses statistical modelling to determine the key factors that drive past visitation to Ontario as well as future intentions to visit.

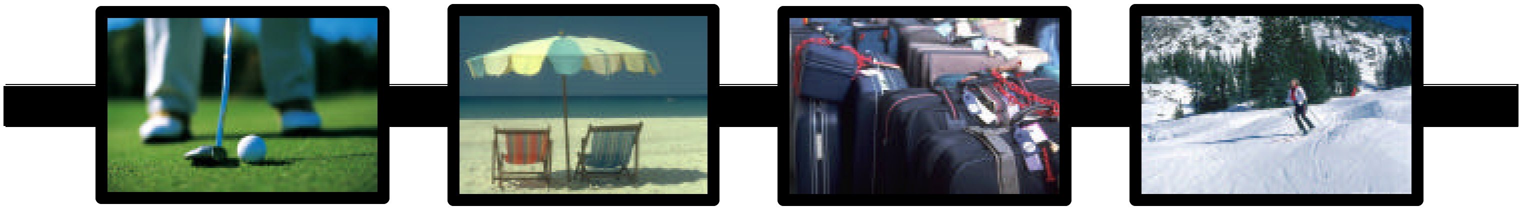
- In the near-border market, ***proximity*** is a key driver of both past visitation and future interest, with Michigan and New York state emerging as the key markets for Ontario by virtue of easy access to key border crossings. Getting beyond the distance barrier, however, will be a key marketing challenge for Ontario in the future, and one that must be met to drive future revenue growth.
- ***Being active*** (e.g., pursuing sports and outdoors activities) is a major pull factor in the U.S., with camping, lodges/lakeside resorts, cycling, etc., being specific product drivers. However, certain ***urban pursuits*** also draw near-border travellers, including casinos, attractions such as zoos, and music-related events.
- On the other hand, domestic travel tends to be driven by ***shorter getaways*** that are oriented towards ***VFR*** and ***relaxation***, as well as ***being active***. Camping, sports and other active outdoors activities are some of the key product drivers for domestic trips.
- Domestic travel can also be stimulated by ***events***, with people travelling to take in arts and cultural performances, as well as local fairs and festivals.
- Above all else, it is ***past experience*** that drives future travel intentions. In both markets, the strongest predictor of future visitation is having made a previous trip, indicating that to some extent, the Ontario experience sells itself. This means that each new visitor converted by Ontario's marketing initiatives potentially has a life-time value well beyond their immediate trip expenditures.



## Loyalty Segmentation

The loyalty analysis segments the market based on their past and future destination choices. The detailed segment profiles presented in this report provide some insight into the key drivers of loyalty and repeat travel to Ontario.

- In the near-border market, loyalty is driven by ***proximity***, with half of Ontario's entrenched travellers coming from New York, 20% from Michigan and 20% from Ohio. Given this breakdown, Ontario may want to consider increasing its currently limited marketing in Northern Ohio.
- A highly ***positive image*** of Ontario also drives loyalty among near-border travellers. In particular, those who feel that it offers good ***value for money*** return again and again, which suggests that Ontario should continue to play up the favourable exchange rate in its marketing initiatives.
- Not surprisingly, in the domestic market, ***VFR*** and relaxing at the ***cottage*** are key drivers of repeat travel, as well as opportunities to do sports, enjoy the outdoors and ***be active***. Interestingly, entrenched domestic travellers have fairly average impression ratings of Ontario, which suggests it is less the image that generates repeat trips in the domestic market, but rather the specific product offerings and convenience factor.



# 1. Introduction

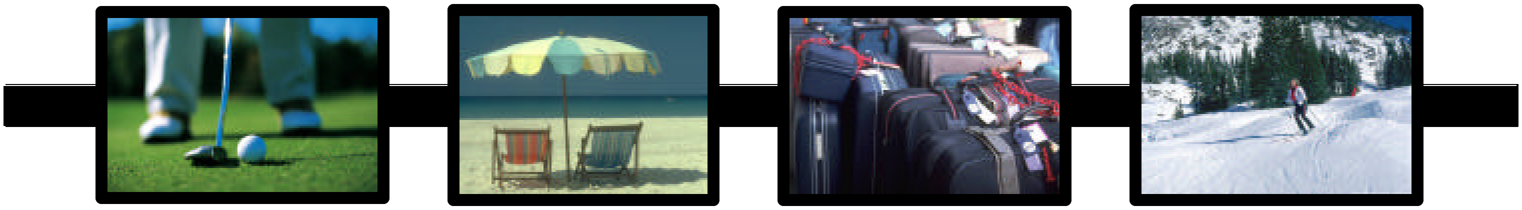
PwC Consulting was commissioned by the Tourism Branch and the Investment and Development Office of the Ontario Ministry of Tourism and Recreation (MTR) to undertake a supplementary analysis of the Travel Activities and Motivations Survey (TAMs) data.[1] The overall objective of this analysis was to provide MTR with additional strategic information on its domestic and U.S. near-border tourism markets.

The supplementary analysis consisted of four distinct components, as follows:

- A ***marketing strengths and weaknesses*** analysis that examines the way Ontario's tourism attributes are perceived in the marketplace relative to what the market is looking for in a travel destination;
- A ***competitive positioning*** analysis that shows how Ontario is positioned relative to other destinations on key motivational dimensions of importance to this market;
- A ***travel drivers*** analysis to identify the key factors driving past visitation to Ontario as well as future intentions to visit; and
- A ***loyalty-based segmentation*** of the market that identifies key visitor and non-visitor segments for Ontario based on their past and future destination choices.

Each of the above analyses was conducted for both the domestic market (i.e., residents of Ontario) and the U.S. near-border market (i.e., residents of Illinois, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin), in keeping with Ontario's primary target markets in Canada and the U.S.

[1] TAMs was conducted in Canada and the U.S. between September 27, 1999 and April 16, 2000. The telephone survey was completed by 28,397 individuals in the U.S. and by 18,385 in Canada. People participating in the telephone survey who had travelled in the past two years or expressed interest in travelling in the next two years were asked to complete a mail back questionnaire. Overall, 40,271 qualified for the mail back, of which, 11,892 (29%) returned usable questionnaires. The response rate was higher in Canada with 35% of respondents returning the questionnaire (n=5,490), compared with only 26% of the U.S. respondents (n=6,405).



# 2. Marketing Strengths and Weaknesses for Ontario

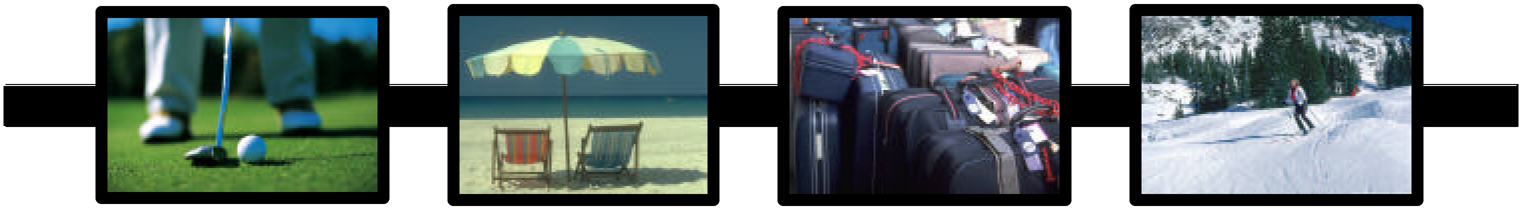
The concept of marketing strengths and weaknesses involves looking at a combination of the importance of various tourism attributes in motivating a market to travel and market impressions of these attributes for a particular destination, in this case, Ontario. The purpose is to emphasize the attributes of broad importance to travellers where Ontario is perceived favourably, or where perceptions are a problem. Note that the identified strengths and weaknesses are relative to one another and must be taken in context of the specific set of attributes that are being rated.

In TAMS, the importance of a given travel motivation to the market as a whole was measured by the proportion of respondents who sought that experience on an overnight trip in the last two years. Impressions of Ontario were measured on a 10 point rating scale where 1 was ‘disagree completely’ and 10 was ‘agree completely.’ Overall, there were 12 attributes where both aspects (i.e., importance as a travel motivation and impression of Ontario) were rated.

## 2.1 U.S. Near-Border Market

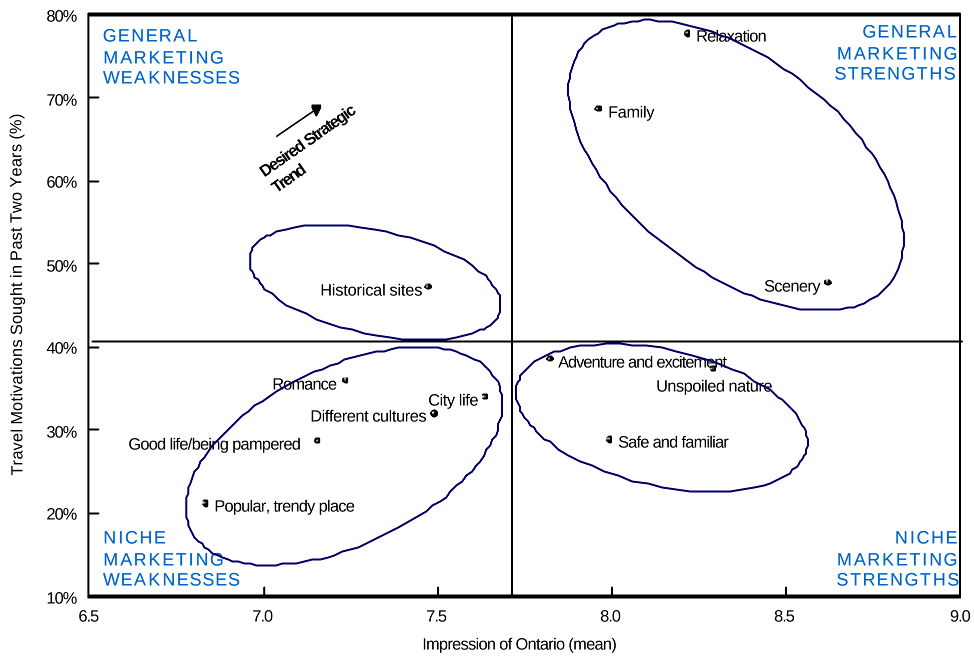
***Exhibit 1*** shows the marketing strengths and weaknesses for Ontario in the U.S. near-border market.

- ***General marketing strengths*** for Ontario are attributes that are both important to travellers and rated highly for Ontario. These strengths revolve around rest and relaxation, family travel, and scenery/natural wonders. This suggests that Ontario should continue to play to its combined strengths in the near-border market as a relaxing and scenic place to take a break with the entire family.
- ***Niche marketing strengths*** appeal to a smaller group of travellers. For near-border travellers, these include adventure/excitement and unspoiled nature, which point to niche markets for Ontario’s outdoors adventure and ecotourism products. Ontario is also seen as a safe and familiar destination. Although a driving motivation for less than 30% of this market at the time the study was conducted, this has undoubtedly increased as a result of September 11th.
- ***General marketing weaknesses*** are attributes that are highly sought after, but for which Ontario is less favourably rated. These may point to areas where there are problems (perceptual or actual) to be mitigated. In the near-border market, Ontario’s downside is primarily related to historical sites. In this market, almost as many travellers want to absorb the history of a destination as are looking to take in scenery and nature.
- ***Niche marketing weaknesses*** are less favourably rated activities that appeal to a smaller group of travellers. In these cases, considerable investment may be required to improve perceptions of an attribute for a lower return. Compared with the other attributes, Ontario is less often viewed as a popular, trendy place, or as a place to go to experience the good life or romance. In addition, Ontario appears to lack a distinct cultural identity, a problem that Canada also faces in the U.S., and indeed in most of its primary international markets. Ontario’s city products are also viewed



as somewhat of a weakness, but with appropriate marketing efforts, could probably be shifted to a strength given its borderline position on the plot.

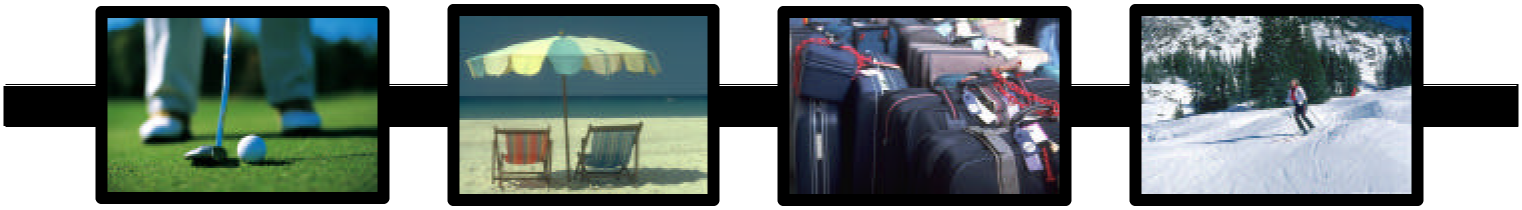
**Exhibit 1 - Marketing Strengths and Weaknesses of Ontario in the U.S. Near-Border Market**




## 2.2 Domestic Market

As shown in ***Exhibit 2***, Ontario's marketing strengths and weaknesses in the domestic market (i.e., among residents of Ontario) are similar in many ways to its strengths and weaknesses in the near-border market:

- ***General marketing strengths*** in the domestic market again centre on relaxation, family and scenery.
- As with near-border travellers, safety and familiarity are also ***niche marketing strengths*** in the domestic market. However, unlike near-border travellers, city experiences are viewed as a relative strength, which is undoubtedly due to Toronto's acknowledged appeal as one of the premiere cities in Canada.
- There are no ***general marketing weaknesses*** for Ontario in the domestic market. Domestic travellers are far less interested in history than near-border travellers, making this a niche rather

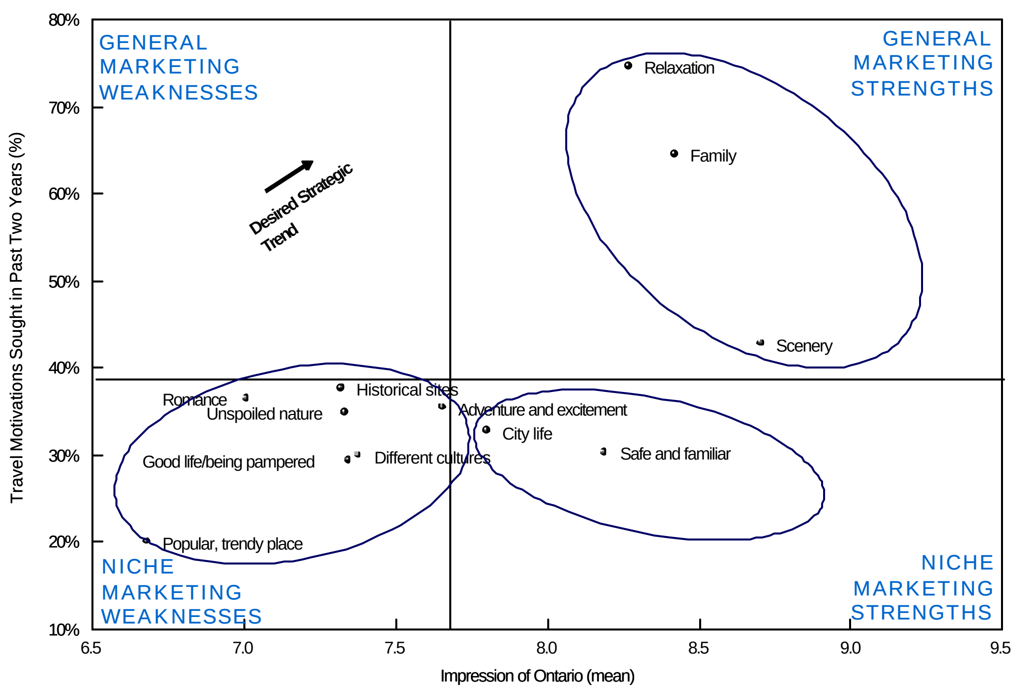


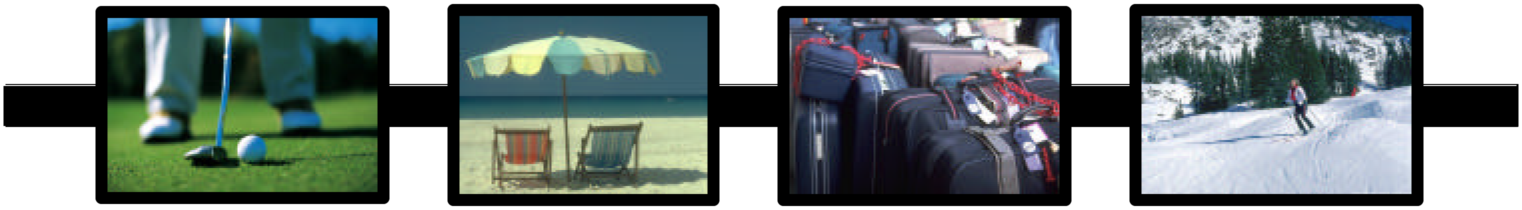
than a general marketing weakness. In other words, Ontario's perceived weakness on this attribute tends to be less critical in the domestic market.

- In terms of ***niche marketing weaknesses***, domestic travellers again find Ontario lacking in romance and culture, as well as not being a trendy place to visit or be pampered. In addition, unspoiled nature is viewed as a weakness of Ontario by domestic travellers. This is in sharp contrast to their near-border counterparts who perceive the natural environment as a clear strength. This trend was also seen in the main TAMS study when looking at Canadians and Americans as a whole.

  Finally, adventure and excitement rate as weaknesses for the domestic market. This is undoubtedly one of the key challenges in domestic marketing – travelling in one's own province tends to be viewed as not all that exciting.

**Exhibit 2 - Marketing Strengths and Weaknesses of Ontario in the Domestic Market**





# 3. Competitive Positioning of Ontario

While the strength and weaknesses analysis looked at market *perceptions* of Ontario's tourism offerings, the competitive positioning analysis is based on *actual travel behaviour* in the past two years. The competitive positioning maps presented in this section attempt to link the travel experiences sought by travellers in the last two years (i.e., their motivations for travel) with the destinations that they actually visited during this same period. These maps help to show where Ontario is positioned relative to other destinations in terms of the attributes that motivate this market to travel. By virtue of the large sample available for TAMs, linkages can be drawn in the data between what travellers were looking for and where they actually went.

A factor analysis was conducted to develop the motivational dimensions for the axes in the exhibits. This process identifies natural groupings of related motivations based on dominant patterns in the data. Four factors were identified as being key for this analysis:

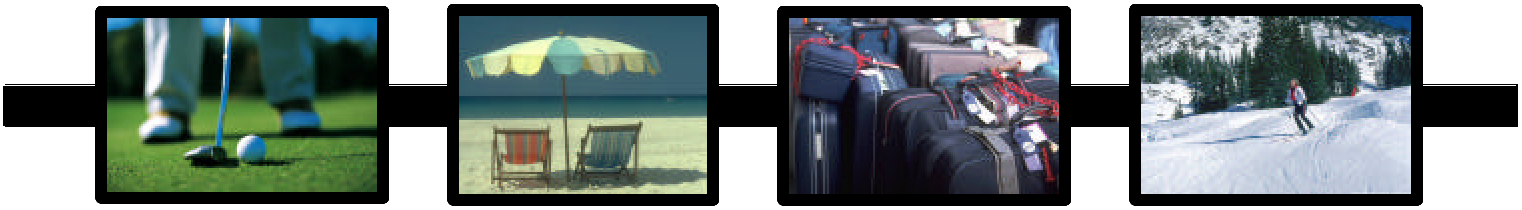
- ***Indulging*** – includes experiencing the good life and being pampered, visiting a popular trendy place, experiencing city life, and visiting casinos;
- ***Relaxation*** – includes resting, relaxing and recuperating, and spending quality time with the family away from home;
- ***Exploration*** – includes visiting historical sites, seeing natural wonders, experiencing unspoiled nature and experiencing different cultures and ways of life; and
- ***Active*** – includes participating in a sport or hobby (e.g., golf, fishing, photography).

The destination groups were created based on all travellers who visited a destination in the last two years, so there is some overlap between groups. The positioning maps were developed by plotting each group's average factor score on the various motivational dimensions.

## 3.1 U.S. Near-Border Market

***Exhibits 3a*** and ***3b*** show the competitive positioning of Ontario in the near-border market. Key findings are summarized below:

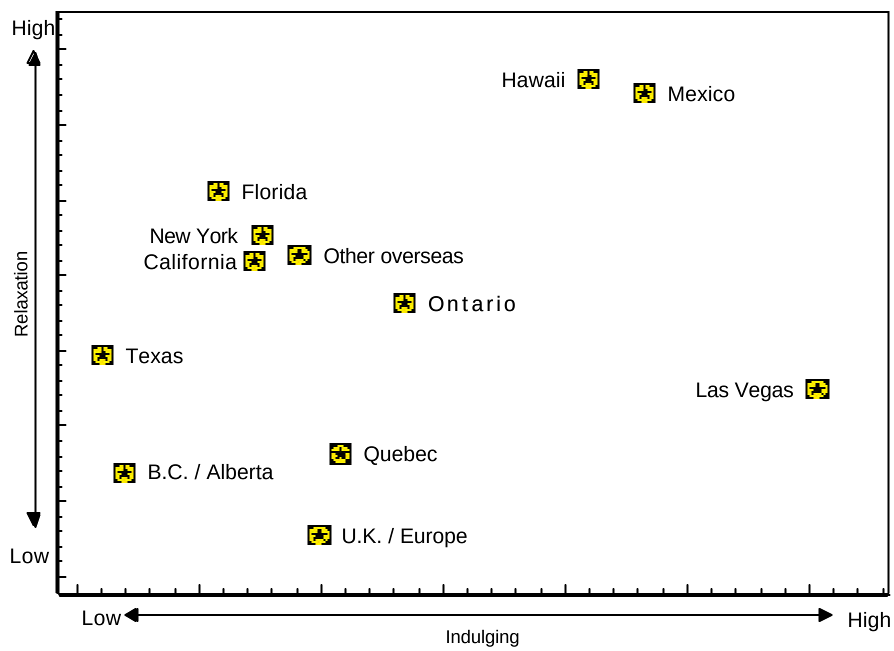
- For obvious reasons, Hawaii and Mexico are the foremost destinations for near-border travellers when it comes to ***Relaxation***. Ontario is in the middle of the pack, but interestingly, is not that far behind U.S. sunbelt destinations such as Florida and California. It is also far ahead of Canadian competitors such as Quebec and B.C./Alberta. This is because it is relatively strong on both aspects of the relaxation dimension – relaxing and being together with the family.
- Not surprisingly, Las Vegas is in the number one position for ***Indulging,*** with Mexico and Hawaii also very well positioned. However, Ontario leads the rest of the destinations, with

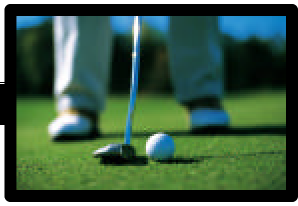


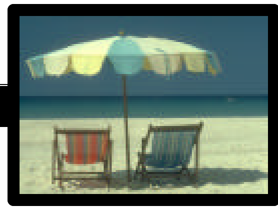
Quebec being its closest competitor for an indulging experience.  Ontario's positioning on this dimension is primarily driven by its casino and city product, rather than by being a place to experience the good life or be pampered.

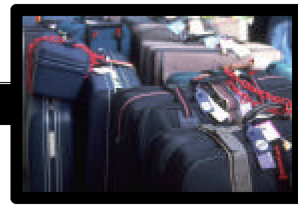
- Ontario is in a highly desirable position on the ***Active*** dimension, just behind B.C./Alberta and well ahead of all of the other destinations.  When it comes to pursuing sports and hobbies at least, Ontario is a clear choice for near-border travellers.
- For ***Exploration***, which includes nature, history and culture experiences, Ontario is not that well-positioned.  This is primarily because most of the other destinations are preferred for those seeking a bit of culture and history (Europe and other overseas destinations in particular).  And, while it may be somewhat unfair to compare Ontario to exotic overseas destinations on attributes like history and culture, even Quebec outperforms Ontario for these types of experiences.  Finally, while people do go to Ontario for nature, places like B.C./Alberta and Hawaii have the upper hand here.

**Exhibit 3a - Competitive Positioning of Ontario in the U.S. Near-Border Market (1)**









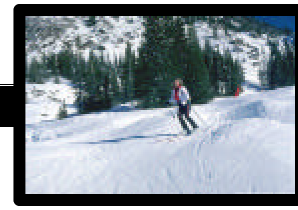
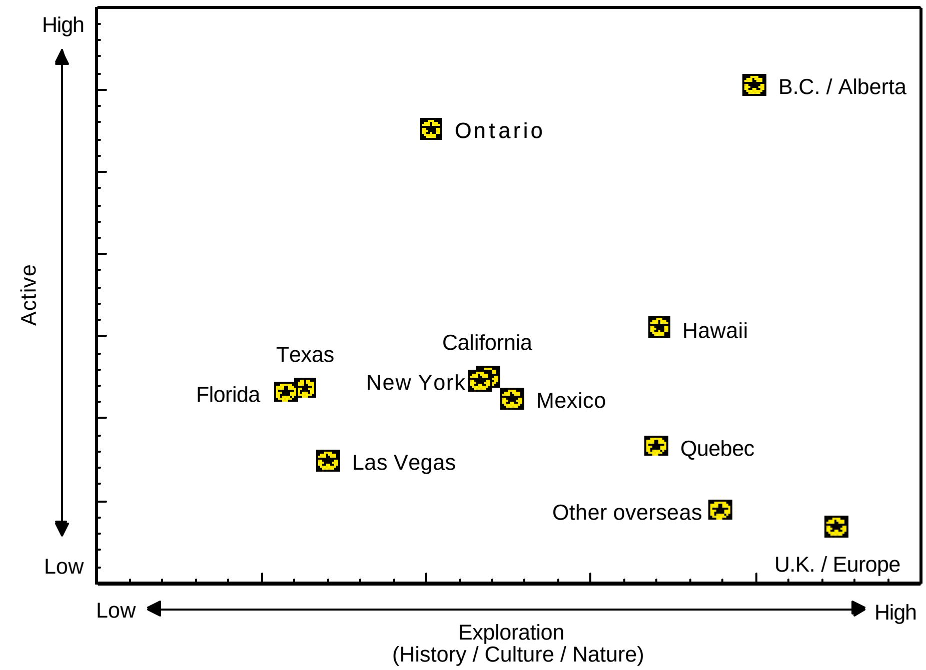


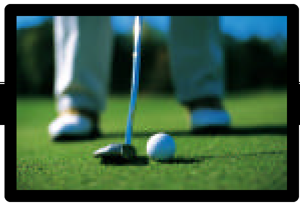
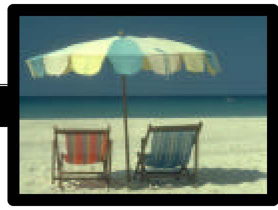
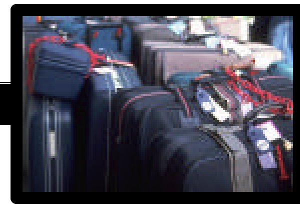
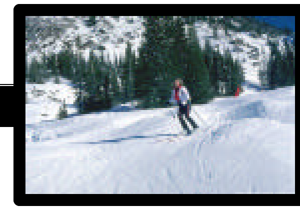
**Exhibit 3b - Competitive Positioning of Ontario in the U.S. Near-Border Market (2)**



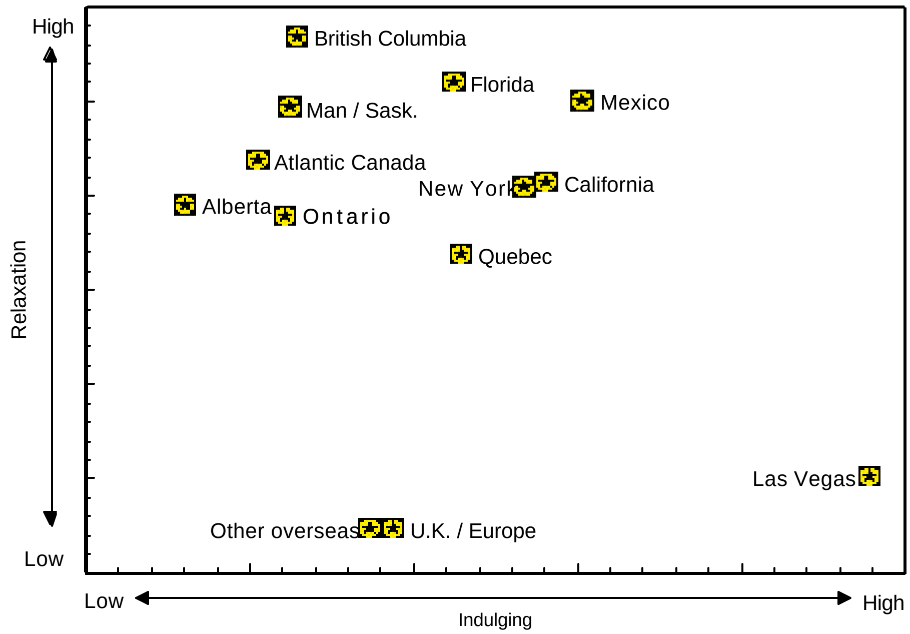

Generally, this analysis suggests that the only motivational dimension on which Ontario is clearly distinguished from other destinations in the near-border market is the active dimension. It also fares not too badly on indulging and relaxation relative to its immediate competitors in the area – Quebec and New York state. While Ontario is already seen as a good place to relax, there is still room for improvement relative to other destinations. In addition a stronger marketing push to enhance its image as a place for travellers to indulge themselves (e.g., in its cities) might help to move it into the league of the bigger players. Finally, Ontario is not among the destinations of choice for near-border travellers whose vacations are motivated by exploration, with people tending to go elsewhere to pursue these experiences (particularly culture and history).

## 3.2 Domestic Market

***Exhibits 4a*** and ***4b*** show the competitive positioning of Ontario in the domestic marketplace (i.e., among Ontario residents). A key point to mention here is that close to 70% of respondents have taken a domestic trip in the last two years. Because of this, a brand image analysis based on *perceptions* of Ontario and its competitors is probably more appropriate for ascertaining its positioning in the domestic market than the current visitation-based analysis of the TAMs data.

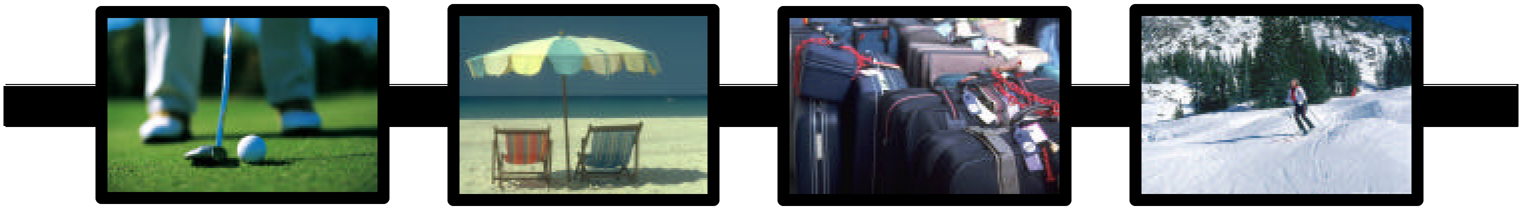





## Exhibit 4a - Competitive Positioning of Ontario in the Domestic Market (1)



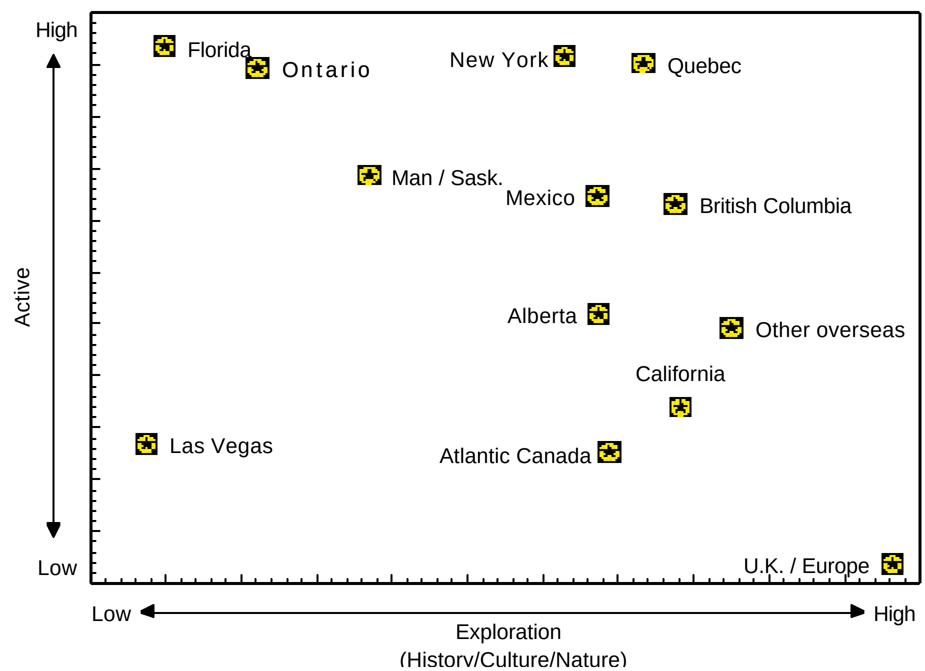

Key points from the two competitive positioning maps are as follows:

- Although Ontario is in the top half of the plot for ***Relaxation***, destinations such as B.C., Florida, Mexico and most other provinces in Canada tend to fare better than it does on this dimension. What is most noticeable from this plot, however, is that regardless of where they go, Ontarians generally travel to relax. The exceptions are places such as Europe, other overseas destinations and Las Vegas, which not only tend to be less associated with relaxation, but also with family travel, which is the other component of this dimension.
- Ontario is not well-positioned for an ***Indulging*** travel experience. Las Vegas holds sway here, just as it does in the U.S. Warmer destinations such as Mexico, California and Florida tend to be among the top destinations for an indulging vacation, although New York and Quebec also fare well on the strength of their city product. The two latter destinations are also more closely associated with living the good life and going to a popular, trendy place than Ontario is.
- As was the case in the U.S., Ontario is very high on the ***Active*** scale. In other words, those who took a trip in Ontario tended to look for active experiences such as sports. Unlike the U.S., however, Ontario has a number of close competitors in this domain. New York state and Quebec are both nearby destinations that offer similar products, while Florida draws Ontarians with its water sports, golf product, etc.

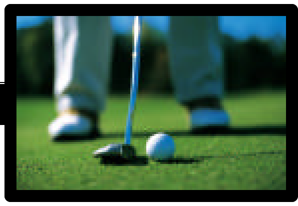
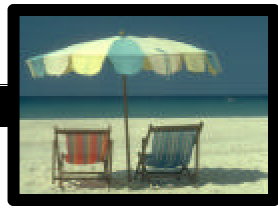
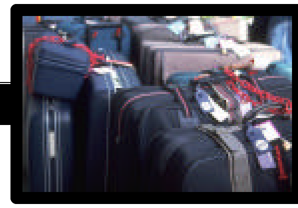
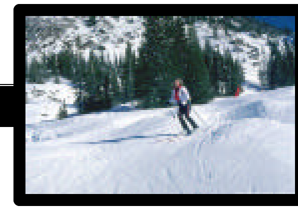


- Ontario places extremely low on the ***Exploration*** dimension, with virtually all destinations outperforming it. As in the U.S., those seeking history and culture are more likely to go to Europe or an overseas destination than to Ontario. In fact, almost every other destination does better than Ontario on these elements. Interestingly, Ontario fares somewhat better on this dimension in the near-border market than at home. It may be that to explore, by definition, means going elsewhere.

**Exhibit 4b - Competitive Positioning of Ontario in the Domestic Market (2)**




Again, with the exception of active experiences, Ontario does not fare that well on the competitive positioning plots, placing towards the low end of the exploration and indulging dimensions. In other words, Ontarians seeking these types of experiences would tend to go elsewhere. This is not really all that surprising – domestic travel may simply not hold the excitement value necessary for an exploration or indulging type vacation. Domestic travel tends to be better positioned for relaxation experiences, but there is considerable competition in this space from nearby destinations such as New York state and Quebec.

# 4. Travel Drivers

This component of the reanalysis used logistic regression modelling to examine the factors that drive past visitation to Ontario as well as future intentions to visit in both markets. Logistic regression is a statistical modelling technique that assesses the relationship between a single dichotomous dependent variable (e.g., travelled or not travelled to Ontario) and several independent or explanatory variables such as demographics, travel motivations, etc.

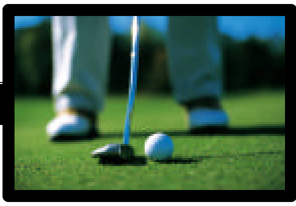
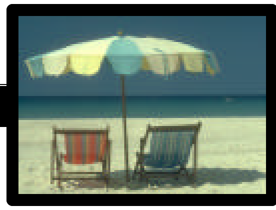
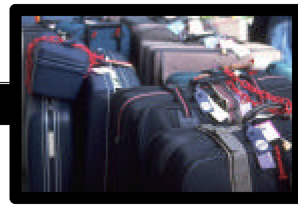
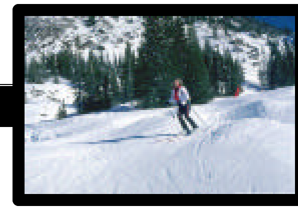
For the ***past visitation*** model, the dependent variable was whether or not respondents (i.e., all past travellers) had taken an overnight trip in Ontario in the past two years. The independent variables included:

- ***Demographics*** – e.g., age, education, income, employment status, country of birth, number of people in the household, cottage/vacation home ownership, and in the U.S., state and urban vs. non-urban;
- ***Travel motivations*** in the last two years – a factor analysis was used to reduce the data to six factors (exploration, indulging, relaxation, active, VFR and escaping winter), with factor scores entered into the model;
- ***Travel activities*** participated in the last two years – the activity factors developed in the TAMS main study were further collapsed into 30 activity variables, coded 1 if a respondent participated in any of the activities and 0 otherwise; and
- ***Travel behaviour*** variables – e.g., took getaways in the past 2 years, took longer vacation trips in the past 2 years, use of different types of travel packages, and other destinations visited in the past two years).

For the ***future intentions*** model, the dependent variable was whether or not respondents (i.e., all potential travellers) are likely to take an overnight trip in Ontario in the next two years. The independent variables included:

- ***Demographics*** – same as in the past visitation model;
- ***Travel motivations*** in the *next* two years – a factor analysis was used to reduce the motivations sought in the *next* two years to five factors (exploration, indulging, relaxation, active and VFR), with factor scores entered into the model;
- ***Travel activities*** participated in the *next* two years – as in the past visitation model, 30 activity variables were used, but coded based on participation in the next two years instead of the past two years; and
- ***Travel behaviour*** variables – visited Ontario in the past 2 years and likelihood of visiting other destinations.

The model results are summarized below.

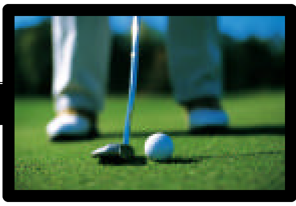
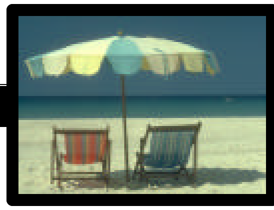
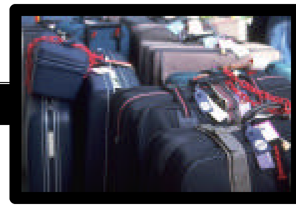
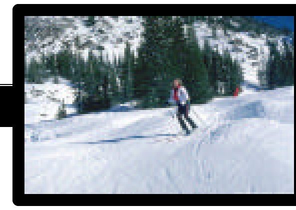
## 4.1 U.S. Near-Border Market

***Exhibit 5*** summarizes the model for past visitation to Ontario from the near-border market. For each variable in the model, an odds ratio is shown in the table. An odds ratio of more than 1 indicates that the odds of having travelled to Ontario increase as the variable increases. In other words, these variables predict the type of traveller more likely to have visited Ontario. On the other hand, an odds ratio of less than 1 indicates that the odds of having travelled to Ontario decrease as the variable increases – so these variables predict the type of traveller less likely to have visited Ontario.

**Exhibit 5 – Model for Past Visitation to Ontario in the U.S. Near-Border Market**

| Variable | B coeff | Significance | Exp (B) odds ratio* |
|---|---|---|---|
| State of residence | | .000 | |
| New York | 1.886 | .000 | 6.595 |
| Pennsylvania | .581 | .183 | 1.788 |
| Ohio | 1.568 | .000 | 4.799 |
| Michigan | 2.219 | .000 | 9.197 |
| Illinois | .265 | .581 | 1.304 |
| Wisconsin | .399 | .410 | 1.490 |
| Visited Quebec in past 2 years | 1.798 | .000 | 6.035 |
| Visited Man/Sask in past 2 years | 1.196 | .029 | 3.307 |
| Visited Alberta in past 2 years | 1.118 | .032 | 3.060 |
| Visited New York in past 2 years | .408 | .019 | 1.504 |
| Motivation Factor: Active | .448 | .006 | 1.566 |
| Motivation Factor: VFR | -.420 | .013 | .657 |
| Activities Factor: Staying at lodges | .585 | .000 | 1.795 |
| Activities Factor: Camping | .418 | .012 | 1.519 |
| Activities Factor: Staying at a seaside resort | -.448 | .011 | .639 |
| Activities Factor: Ocean cruises | .692 | .002 | 1.998 |
| Activities Factor: Casinos and racetracks | .389 | .015 | 1.476 |
| Impressions: a safe place | .234 | .000 | 1.263 |
| Impressions: place for mature adults | .221 | .003 | 1.247 |
| Impressions: cultural attractions | .241 | .000 | 1.272 |
| Impressions: experience aboriginal culture | -.170 | .003 | .843 |
| Impressions: place to see historical sites | -.191 | .001 | .826 |
| Used city package in past 2 years | .966 | .0011 | 2.627 |
| Used ski package in past 2 years | -.941 | .021 | .390 |
| Live in urban area | -.604 | .001 | .547 |
| Country of birth | -.813 | .006 | .444 |
| Constant | -4.989 | .000 | .007 |

* Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of having travelled to Ontario increase as the independent variable increases; if <1, it is the factor by which the odds of having travelled to Ontario decrease.

The model suggests a number of determinants for past travel to Ontario:

- Travellers from ***Michigan, New York State,*** and to a lesser extent, ***Ohio***, are far more likely to have visited Ontario in the past two years than those from the other near-border states. Obviously residents of Michigan and New York have easy access to Ontario through Windsor, Niagara Falls, Fort Erie, and other border crossings. But, the proximity of Northern Ohio to the Detroit-Windsor crossing also seems to have encouraged past visitation. This suggests that Ontario may want to ramp up marketing in Northern Ohio beyond Cleveland (e.g., Toledo);
- Near-border travellers who have ***visited Quebec*** in particular, but also ***Manitoba/Saskatchewan*** or ***Alberta***, in the past two years are far more likely (everything else being equal, three to six times more likely) to have taken an overnight trip to Ontario. This is not surprising since travellers driving to these destinations or taking touring trips of the Central/Prairies region are likely to enter Canada through an Ontario port;
- In the U.S., New York State is a strong competitor for the attentions of the near-border traveller. Those who have ***taken a trip to New York*** are more likely to have also gone to Ontario, which may suggest some commonalities between the two destinations. This effect also arises because many Ontario visitors live in New York and are more likely to travel in their own state;
- As seen earlier, Ontario tends to draw near-border travellers who are motivated by ***being active*** and pursuing sports and hobbies. On the other hand, travellers whose vacations are motivated by VFR have been less likely to visit in the past, perhaps because they don't have family and acquaintances there;
- People who enjoy ***camping*** and staying in ***lodges/lakeside resorts*** on their vacations had a higher likelihood of having visited Ontario, suggesting that these are specific product drivers in the near-border market. These products likely tie into the motivations of being active (in the outdoors), relaxation, and to some extent, the nature side of the exploration dimension. Curiously, many of those who have taken ocean cruises have also travelled to Ontario;
- ***Casino goers*** were also more likely to have gone to Ontario, which points to specific opportunities for the province's numerous gambling establishments in the near-border market;
- Travellers who view Ontario as a ***safe place*** and an attractive ***destination for older people*** are more likely to have visited. Those who view it as having many ***cultural attractions and events*** also tend to be drawn there, however, it is worth pointing out that only 37% of near-border travellers rate Ontario highly in this regard;
- Travellers who have used ***city packages*** tend to have gone to Ontario, while the reverse is true for ski packages. Although Toronto's urban offerings are no doubt attractive and accessible to some near-border travellers (e.g., those in Syracuse, Rochester, etc.), Ontario's ski resorts likely cannot stand against the strong competition offered by the multitude of ski resorts in New York State, Vermont and Pennsylvania;
- In terms of demographics, those who live in the core areas of major urban centres and those born in the U.S. are less likely to have come to Ontario than those in suburban/rural areas and those born elsewhere (e.g., Canada).

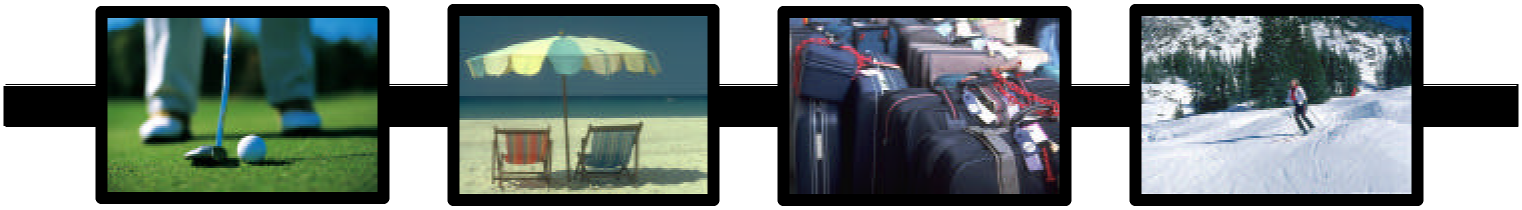


***Exhibit 6*** shows a similar model for future visitation in the near-border market. This model identifies the key activities, motivations, impressions and demographics that are linked to future intentions of travelling to Ontario. Again, variables with an odds ratio of more than 1 predict travellers that are more likely to visit Ontario in the future, while the opposite is true for variables with an odds ratio of less than 1.

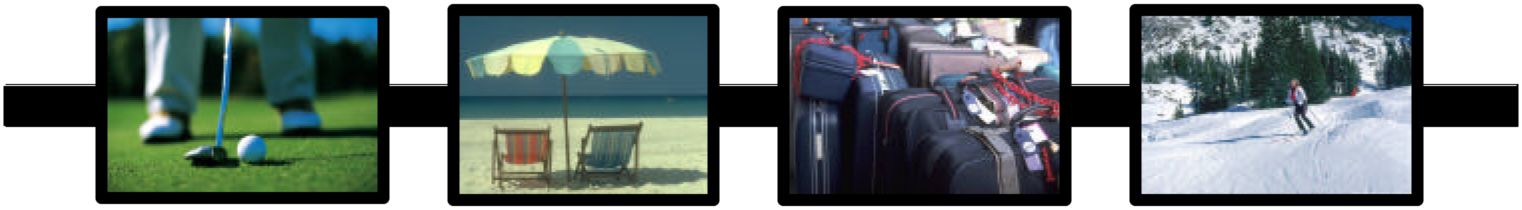
**Exhibit 6 – Model for Future Visitation to Ontario in the U.S. Near-Border Market**

| Variable | B coeff | Significance | Exp (B) odds ratio* |
|---|---|---|---|
| Visited Ontario in Past 2 years | 1.623 | .000 | 5.066 |
| State of residence | | .000 | |
| New York | .662 | .003 | 1.938 |
| Pennsylvania | -.073 | .757 | .930 |
| Ohio | .398 | .065 | 1.489 |
| Michigan | .617 | .014 | 1.853 |
| Illinois | -.339 | .188 | .713 |
| Wisconsin | -.590 | .032 | .554 |
| Activities Factor: Attractions | .470 | .002 | 1.600 |
| Activities Factor: Music | .359 | .002 | 1.431 |
| Activities Factor: Cycling | .407 | .001 | 1.503 |
| Motivation Factor: Explore | .354 | .032 | 1.425 |
| Impressions: a place to relax | .211 | .000 | 1.234 |
| Impressions: a place with beautiful scenery | -.106 | .041 | .900 |
| Constant | -2.274 | .000 | .103 |

* Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of travelling to Ontario in the next 2 years increase as the independent variable increases; if <1, it is the factor by which the odds of travelling to Ontario in the next 2 years decrease.

Key findings include:

- ***Past travel to Ontario*** is unquestionably the strongest predictor of future travel intentions. In fact, those who have visited in the last two years are about five times more likely to visit than those who have not (everything else being equal);
- Consistent with past visitation, travellers from ***New York State*** and ***Michigan*** have a higher likelihood of visiting Ontario in the future (almost double that of other states). On the other hand, Wisconsin residents are only half as likely to visit in the next two years;
- When it comes to vacation products, travellers who want to visit ***attractions*** are more likely to visit Ontario in the future. Both man-made attractions (e.g., theme parks, zoos, aquariums, botanical gardens, etc.) and natural attractions (e.g., Niagara Falls) can be successfully marketed to near-border travellers;
- ***Music*** is another important product driver – music-related events (e.g., concerts, festivals) and attractions have good potential to draw future visitors to the province. For some near-border residents at least, Toronto may be the closest big city that offers these types of events;



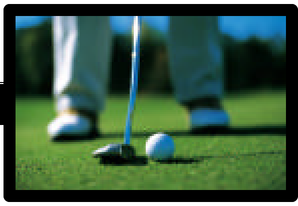
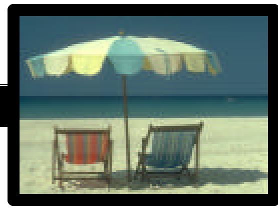
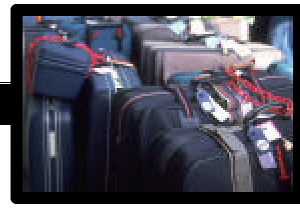
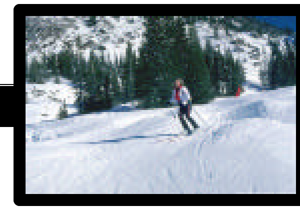
- As was the case for past visitation, outdoors activities are determinants of travel to Ontario, with ***cycling*** in particular emerging as a strong product driver;
- Interestingly, ***exploration*** appears to be a strong pull factor for Ontario. In the past, travellers who are motivated by exploration have tended to visit other destinations. However, Ontario is fairly strong on the nature component, and this may be what is driving the results;
- Finally, those who view Ontario as ***a good place to relax*** are more likely to say they will visit in the future. Interestingly, those who think it has beautiful scenery are less likely to go. It may be that these travellers tend to feel that scenery is all that Ontario has to offer.

These models confirm that there is definitely a distance or convenience factor that drives visitation from the U.S. Being active and pursuing sports and outdoors activities is a major pull factor (with camping, lodge stays, cycling, etc., being specific product drivers). However, certain urban pursuits also draw near-border travellers, including casinos, attractions like zoos and aquariums, and music-related events. Above all else, it is past experience that drives future travel intentions, indicating that the Ontario experience, to some extent, sells itself.

## 4.2 Domestic Market

***Exhibit 7*** summarizes the model for past visitation to Ontario among domestic travellers (i.e., travellers living in Ontario). The results are quite different from the U.S. in terms of specific variables, but are not really all that surprising. A number of general themes emerge for domestic travel:

- Those who have ***visited Quebec*** are much more likely to have taken a trip within Ontario than those who haven't visited Quebec. This confirms that Quebec is a strong competitor for domestic visitors, likely because of its proximity and similar product offerings;
- On the other hand, domestic travellers who have gone abroad to the U.K. or Europe are less likely to have taken a trip within their own province. Perhaps these more sophisticated travellers are less interested in travelling closer to home or Ontario may simply not have the culture/history products that they are seeking;
- Those who have taken ***shorter getaways*** have a higher probability of having travelled in Ontario, while the reverse is true for those who have taken longer vacations. The implication is that domestic travellers are more likely to take a getaway in their own province, but tend to go elsewhere for longer trips;
- Not surprisingly, ***VFR*** is a key driver of domestic travel. ***Relaxation*** is another important motivator of past domestic trips – again, the message is that Ontarians travel in their own province to relax. For obvious reasons, those who travel to escape winter do not tend to travel in Ontario;
- ***Active outdoors*** activities (e.g., hiking, rafting, kayaking, riding, water sports, extreme sports), ***camping*** and ***wildlife/nature viewing*** are key domestic travel products – people who participated

in these types of activities have a higher probability of having travelled in Ontario. This ties in with Ontario's strong positioning against its competitors on the active dimension;

- Travellers who enjoy taking in the ***performing arts*** (e.g., opera, ballet, theatre, orchestra, and film, literary and theatre festivals) are more likely to have taken a domestic trip, most likely to destinations like Toronto and Stratford. On the other hand, those who enjoy music-related activities (e.g., jazz or rock concerts and festivals) are less likely to have travelled in Ontario, which is the opposite of what was seen in the U.S.;
- In terms of impressions, those who associate Ontario with ***relaxation*** and ***friendly people*** are more likely to have taken a trip there, while those who perceive it as a place for young people tended to stay away;
- The only demographic in the model is the place of birth, with those ***born in Canada*** more likely to have taken domestic trips.

**Exhibit 7 – Model for Past Visitation to Ontario in the Domestic Market**

| Variable | B coeff | Significance | Exp (B) odds ratio* |
|---|---|---|---|
| Visited Quebec in past 2 years | .877 | .000 | 2.404 |
| Visited UK/Europe in the past 2 years | -.564 | .002 | .569 |
| Taken getaway trip in past 2 years | .923 | .000 | 2.518 |
| Taken longer vacation in past 2 years | -.621 | .010 | .537 |
| Motivations Factor: Escaping winter | -.696 | .000 | .499 |
| Motivation Factor: Relaxation | .578 | .002 | 1.783 |
| Motivation Factor: VFR | .437 | .002 | 1.548 |
| Activities Factor: Nature/wildlife viewing | .365 | .006 | 1.441 |
| Activities Factor: Camping | .552 | .000 | 1.737 |
| Activities Factor: Active outdoors | .283 | .044 | 1.328 |
| Activities Factor: Performing Arts | .393 | .005 | 1.482 |
| Activities Factor: Music | -.393 | .008 | .675 |
| Impressions: great place to relax | .174 | .000 | 1.190 |
| Impressions: a place for young adults | -.100 | .021 | .905 |
| Impressions: a clean place | -.161 | .001 | .851 |
| Impressions: a place with friendly people | .135 | .003 | 1.145 |
| Country of birth | .702 | .000 | 2.018 |
| Constant | -1.249 | .010 | .287 |

* Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of having travelled in Ontario increase as the independent variable increases; if <1, it is the factor by which the odds of having travelled in Ontario decrease.

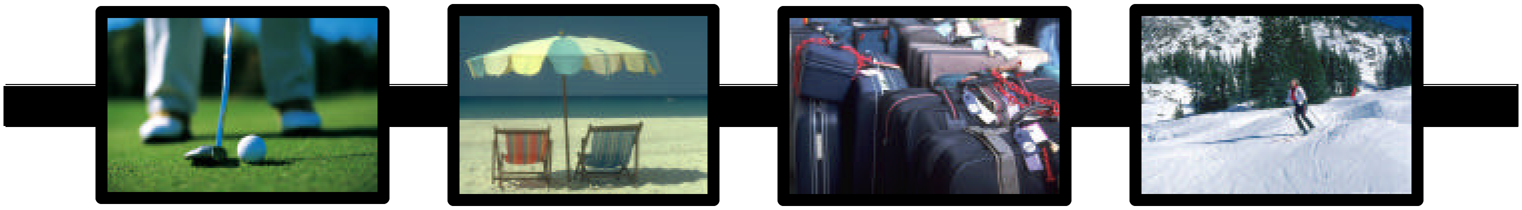
***Exhibit 8*** shows the model for future visitation in the domestic market. The key findings, many of which are consistent with those for past travel, are outlined below:

- ***Past travel experience*** is the primary driver of future visitation, even more so than in the U.S. Domestic travellers who have taken an overnight trip in Ontario in the last two years are almost nine times as likely to take a future trip than those who have not taken a past trip;
- ***Active outdoors*** activities are a key product driver for future as well as past travel, again indicating the importance of Ontario's outdoors offerings in getting Ontarians to travel close to home;
- Interestingly, ***local fairs and festivals*** are also important product drivers. Those who plan to attend an event such as an agricultural fair or local festival are more likely to take a domestic trip in the next two years;
- Consistent with the past travel model, ***VFR*** is a key motivator for future visitation. Being ***active*** is also a strong pull motivation for the domestic market, which is consistent with the product drivers as well as past visitation behaviour;
- Homemakers and retired travellers are both less likely than others to take a domestic trip. In the case of retirees, it may be that they are older travellers who have seen and done it all, so domestic travel holds less appeal for them. Looking at their travel patterns in the last two years, this would appear to be true, as they are more likely to have gone to British Columbia, Alberta, Manitoba/Saskatchewan, Florida, the U.K., and other destinations, but less likely to have travelled in Ontario.

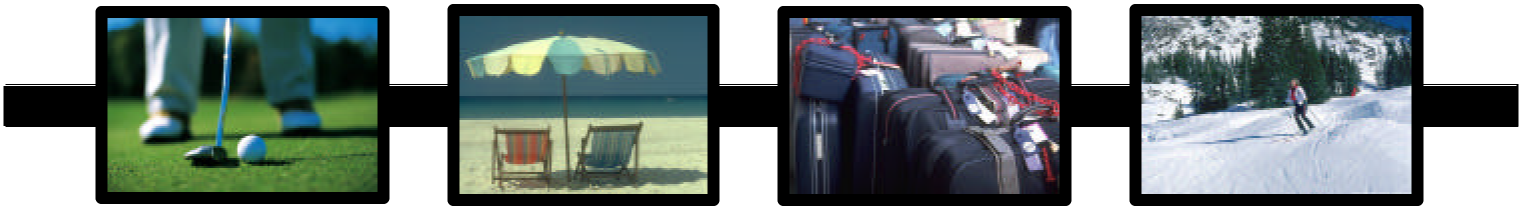
**Exhibit 8 – Model for Future Visitation to Ontario in the Domestic Market**

| Variable | B coeff | Significance | Exp (B) odds ratio* |
|---|---|---|---|
| Visited Ontario in past 2 years | 2.170 | .000 | 8.760 |
| Activities Factor: Fairs and festivals | .244 | .040 | 1.277 |
| Activities Factor: Active outdoors | .275 | .022 | 1.317 |
| Activities Factor: Ocean cruises | -.509 | .000 | .601 |
| Motivation Factor: Active | .290 | .014 | 1.336 |
| Motivation Factor: VFR | .334 | .038 | 1.397 |
| Employment status | | .001 | |
| Homemaker | -.493 | .016 | .611 |
| Student | -.226 | .527 | .798 |
| Retired | -.600 | .000 | .549 |
| Unemployed | .380 | .470 | 1.462 |
| Constant | -.809 | .000 | .445 |

* Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of travelling in Ontario in the next 2 years increase as the independent variable increases; if <1, it is the factor by which the odds of travelling in Ontario in the next 2 years decrease.



To sum up, domestic travel tends to focus on shorter getaways that are driven by VFR, relaxation and being active.  Camping, sports and other active outdoors activities are some of the key product drivers for domestic trips.  But, domestic travel can also be stimulated by events, with people travelling to take in arts and cultural performances, as well as local fairs and festivals.  As in the U.S., the key to encouraging a future trip is to ensure a satisfactory travel experience – those who have taken domestic trips before, are highly likely to do so again.



# 5. Loyalty Segmentation

The final component of this strategic reanalysis examines the factors that drive loyalty and repeat travel to Ontario among past travellers to the province. The main analysis consisted of a "loyalty" segmentation of the market, based on the extent to which respondents travelled to/in Ontario in the past and whether they are likely to go again or not in the future.

Only respondents who were both past travellers (took a trip in the last two years) *and* potential future travellers (i.e., likely to travel in the next two years) were included in the analysis. All percentages given in this section, including segment share, use this travelling population as a base.

The loyalty segments were defined in a similar way for both the U.S. and domestic markets. The first two are key visitor segments, while the last three are key non-visitor segments:

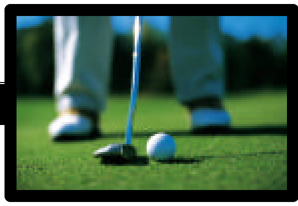
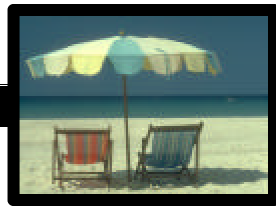
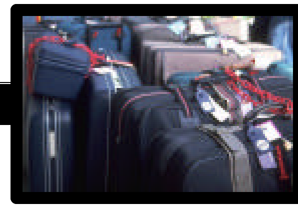
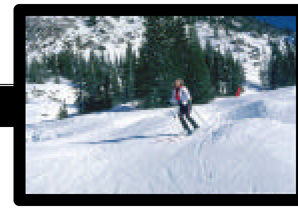
- ***Entrenched*** – Visited Ontario 7 or more times in the past two years (3 or more times in the U.S.), very likely to visit Canada in the next two years, and plan to visit Ontario;
- ***At Risk*** – Visited Ontario at least once in the past two years, but do not plan to visit Ontario in the next two years;
- ***Hot Prospects*** – Did not visit Ontario in the past two years, very likely to visit Canada in the next two years, and plan to visit Ontario;
- ***Potentially Convertable*** – Did not visit Ontario in the past two years, very or fairly likely to visit Canada in the next two years, but do not plan to go to Ontario; and
- ***Avoiders*** – Did not visit Ontario in the past two years and not likely to visit Canada (or Ontario) in the next two years.

## 5.1 U.S. Near-Border Market

Some of the key characteristics that *distinguish each segment from the travelling population as a whole* are highlighted below, with further details on the each segment provided in ***Exhibit 9.***

### Entrenched Travellers

Entrenched travellers are loyal Ontario travellers who have visited repeatedly in the last two years, and intend to continue doing so in the future. They represent 6.8% of the travelling population (i.e., close to 2.9 million travellers) in the near-border market. The Entrenched segment tends to consist of older travellers (35% are 55 plus) living in Buffalo, Rochester, Detroit and Toledo. Obviously their proximity to the border drives their frequent visits to Ontario. Although their incomes are about average, they are far more likely to own a private cottage or vacation home.

They are avid travellers, who take both shorter getaways and longer vacations. Being such keen travellers, the entrenched segment tends to have sought most travel experiences to a greater extent than the market as a whole. This is particularly notable, however, for experiencing city life, the good life and casinos. In terms of their vacation activities, they are more likely to have enjoyed high arts and culture, gambling, auto tours, wine tours, nature and wildlife viewing, lodge stays and nature/water sports. More than other groups, they tend to favour packages, and are more likely to have purchased a theatre package on past trips. In addition to Ontario, they are also more likely to have visited New York State (many live there), as well as Quebec, Atlantic Canada and British Columbia.

Entrenched travellers generally have extremely good impressions of Ontario, rating Ontario higher than the market as a whole on virtually every item. In particular, they are far more likely to view Ontario as being a good city destination and also for offering excellent value for money – 73% rated Ontario eight or higher, compared with only 56% of the general travelling population. Although a totally satisfactory logistic regression model comparing frequent Ontario travellers with infrequent ones could not be developed due to small sample sizes, one of the key predictors that emerged for frequent travel to Ontario was a high value for money rating. Clearly a positive image of Ontario, particularly when it comes to value, combined with proximity, helps to keep entrenched travellers returning time and time again. Attractions that would make this segment more interested in visiting Ontario in the future are consistent with their vacation interests – a cultural festival, a garden attraction, a wine region and a film festival.

### At Risk Travellers

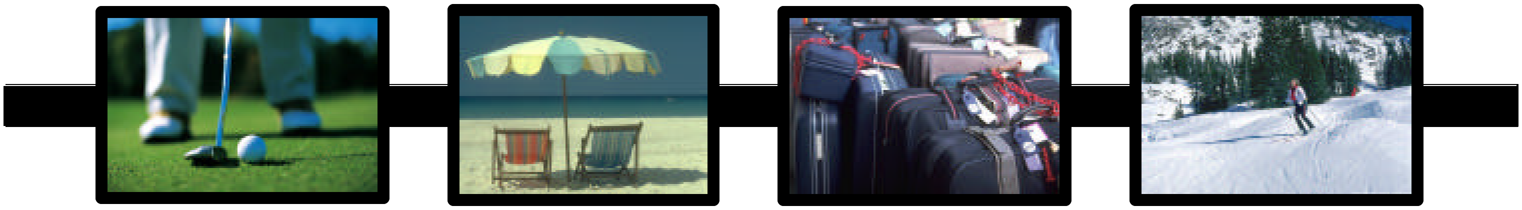
Representing only 3.8% of the near-border travelling population (i.e., nearly 1.6 million people), At Risk travellers have visited Ontario in the last two years, but don't plan to go again in the near future. In other words, this can be viewed as a visitor segment that has no real loyalty towards Ontario.

Like the entrenched segment, this is a somewhat older group of avid travellers that enjoys frequent getaways as well as longer vacation trips. And like entrenched travellers, they are more likely to have gone to Quebec, Atlantic Canada and British Columbia in the past two years. However, compared with the market overall, the factors more likely to have motivated their past trips are focused primarily on excitement and exploration – experiencing different cultures, visiting historical sites and seeing natural wonders. Although this may have drawn them to Ontario once, the urge to explore may lead them on to new territory rather than making a return trip. In addition, their impression ratings for Ontario tend to be consistently lower than those of entrenched travellers, and herein may lie the difference between returning and not returning. About the only new attraction that would increase their interest in Ontario is an overnight train ride though natural terrain, which is again consistent with their exploratory nature.

More prevalent vacation activities for At Risk travellers include shopping and dining, nature/wildlife viewing, high arts and culture, ethnic cultural experiences and ocean cruises. Motorcoach touring packages are often a preferred means of exploration for this group of older travellers.

### Hot Prospects

Hot Prospects account for about 9.0% of the market or approximately 3.8 million travellers. These are non-visitors who have expressed a strong interest in visiting Ontario in the next two years. They are



somewhat younger than the other segments profiled in this section, but still average 42 years of age. Key travel motivators that distinguish this group include experiencing the good life and visiting casinos, which is undoubtedly why so many of them have ventured to Las Vegas. They are also somewhat more likely to have travelled to Europe and other overseas destinations.

Their activity choices show a penchant for the outdoors as well as being active (e.g., camping, cycling, taking in winter sports, staying at a ski resort). They view Ontario as being a popular, trendy place that would appeal to young people, and allow them to experience the good life, find romance and shop in a friendly environment. This is generally consistent with their motivations for travel, which may be one reason for their interest in visiting. A potential new attraction that would be more likely to entice them to visit Ontario is a Great Lakes cruise.

### Potentially Convertable

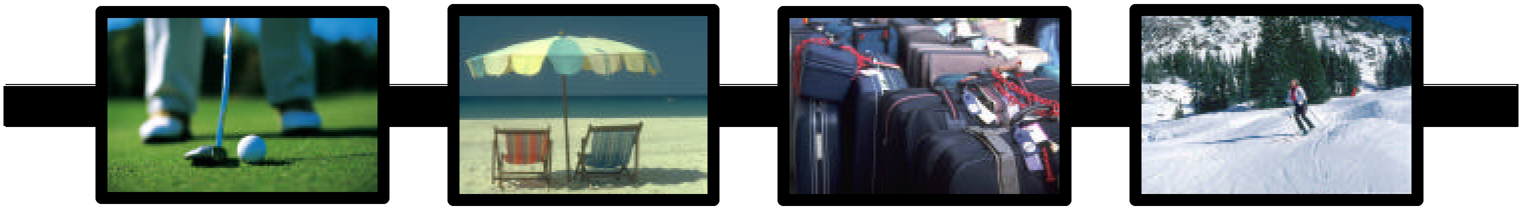
Approximately 5.3% of near-border travellers (i.e., 2.2 million travellers) fall into the Potentially Convertable segment. These are non-visitors who are likely to visit Canada in the next two years, but Ontario is not on their destination list. This is a well-educated, well-to-do segment of mostly men. Close to 40% of them have household incomes over USD$80,000, compared with a norm of only 22%. They tend to live in the largest urban centres – 37% live in New York City, Chicago or Philadelphia, versus only 21% of travellers in general.

Not surprisingly, given the demographics of this segment, they are more likely to be European or overseas travellers. In Canada, they are more likely than others to have gone to British Columbia, possibly for a ski trip. Being winter sports enthusiasts, they are more apt to have stayed at a ski resort or purchased a ski package in the last two years. They also enjoy shopping, fine dining and staying at bed and breakfasts. These activities are highly consistent with what drives their trips – they want to enjoy the good life and put some romance back in their lives. VFR is also a stronger than average motivator.

Converting this group will not be easy, however, as these sophisticated travellers tend to have average or below average impressions of Ontario, and are not really interested in any potential new attractions (particularly not theme parks). They do view Ontario as offering excellent value for money (perhaps due to a greater awareness of exchange rate benefits), and marketing Ontario as a place to enjoy the finer things in life for less might help to convince them to visit.

### Avoiders

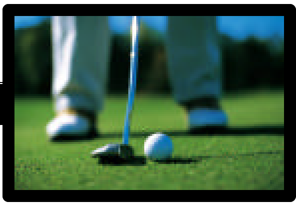
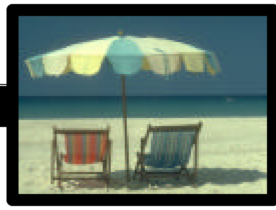
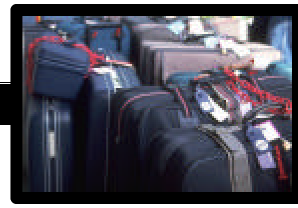
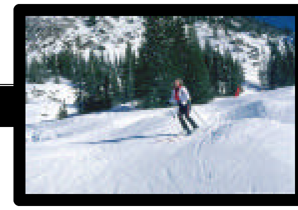
Close to 40% of near-border travellers (i.e., over 16.6 million people) are Ontario Avoiders. These travellers, who are more likely to be from Wisconsin (and less likely from New York), have stayed away from Ontario in the past and have no intentions to change this in the immediate future. Although their travel to most U.S. and overseas destinations is about average, they are distinctly disinclined to visit Canada – being more likely than other segments to have passed on Quebec, Atlantic Canada, British Columbia, Manitoba/Saskatchewan and other Canadian destinations. Generally they are not very enthusiastic travellers, being less likely to seek out different types of travel experiences and less likely to participate in all manner of vacation activities (particularly high arts and culture, camping, winter sports,



scenic touring and wine tours). Their ratings of Ontario are far lower than average, even more so than the Potentially Convertable group, indicating that it would be extremely tough to persuade them to visit.

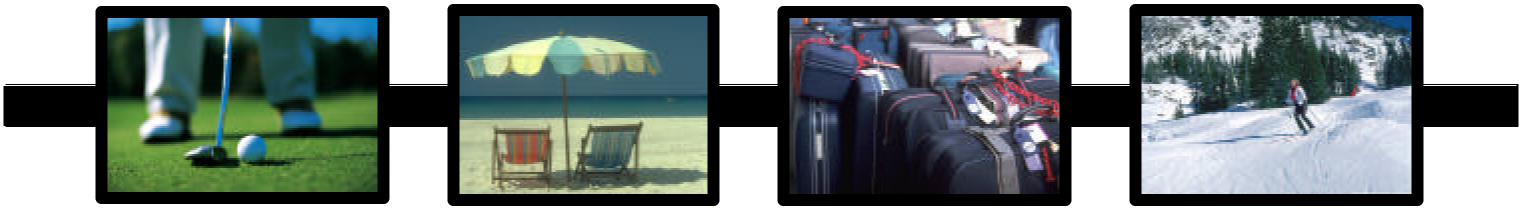
**Exhibit 9 – Loyalty Segments for the U.S. Near-Border Market**

| | Entrenched (n=193) | At Risk (n=111) | Hot Prospects (n=171) | Potentially Convertable (n=114) | Avoiders (n=705) | Total (n=2,047) |
|---|---|---|---|---|---|---|
| **Motivations – Past Two Years** | | | | | | |
| To rest, relax and recuperate | 86% | 84% | 78% | 85% | 77% | 80% |
| To visit friends/relatives | 73% | 73% | 72% | 82% | 73% | 73% |
| To spend time with the family away from home | 71% | 71% | 66% | 66% | 72% | 70% |
| To spend time with good friends | 59% | 52% | 51% | 48% | 45% | 49% |
| To see natural wonders/natural sites | 59% | 64% | 54% | 53% | 41% | 49% |
| To visit historical sites | 58% | 60% | 52% | 55% | 40% | 47% |
| To experience adventure and excitement | 53% | 54% | 47% | 44% | 34% | 40% |
| To experience unspoiled nature | 49% | 47% | 40% | 46% | 32% | 38% |
| For intimacy and romance | 45% | 31% | 45% | 48% | 31% | 37% |
| To participate in a hobby or sport | 49% | 31% | 37% | 42% | 34% | 37% |
| To experience city life | 52% | 46% | 43% | 33% | 30% | 35% |
| To experience different cultures/ways of life | 46% | 54% | 37% | 39% | 26% | 33% |
| To escape winter weather | 34% | 33% | 27% | 41% | 30% | 32% |
| To experience the good life with fine cuisine | 43% | 29% | 38% | 41% | 21% | 29% |
| To visit casinos and gamble | 43% | 26% | 40% | 25% | 26% | 29% |
| To be someplace that feels familiar/safe | 38% | 28% | 31% | 24% | 28% | 29% |
| To visit a popular, trendy place | 31% | 25% | 27% | 17% | 20% | 22% |
| To participate in a hands-on learning experience | 11% | 4% | 8% | 7% | 5% | 6% |
| **Activities – Past Two Years** | | | | | | |
| Shopping and dining | 88% | 94% | 85% | 94% | 88% | 88% |
| Attractions | 81% | 86% | 80% | 80% | 74% | 78% |
| Swimming | 76% | 77% | 75% | 78% | 73% | 76% |
| Touring by personal vehicle | 80% | 68% | 73% | 76% | 62% | 67% |
| Agricultural and local fairs | 68% | 71% | 63% | 60% | 60% | 62% |
| Museum, art galleries and historical sites | 61% | 67% | 64% | 67% | 54% | 58% |
| Nature viewing | 61% | 60% | 52% | 53% | 43% | 49% |
| Sporting events | 50% | 56% | 52% | 43% | 41% | 45% |
| Competitive sports | 46% | 42% | 46% | 39% | 45% | 45% |
| Business activities | 41% | 35% | 43% | 51% | 38% | 41% |
| Active outdoors | 51% | 50% | 46% | 43% | 37% | 41% |
| Gambling | 50% | 44% | 44% | 36% | 34% | 38% |
| High arts and culture | 51% | 51% | 43% | 35% | 32% | 38% |
| Concert, carnivals and festivals | 36% | 38% | 41% | 38% | 32% | 36% |
| Lodges | 44% | 45% | 37% | 37% | 29% | 34% |
| Camping | 38% | 42% | 43% | 41% | 27% | 33% |
| Hunting and fishing | 35% | 35% | 32% | 36% | 30% | 32% |
| Seaside resorts | 35% | 41% | 32% | 36% | 29% | 32% |
| Guided bus tours | 32% | 36% | 28% | 29% | 26% | 28% |
| Winter sports | 27% | 31% | 40% | 43% | 21% | 27% |
| Bed and breakfast | 34% | 30% | 30% | 36% | 22% | 26% |
| Fitness | 22% | 19% | 25% | 21% | 25% | 24% |
| Scenic tours by air, train or boat | 31% | 25% | 27% | 26% | 18% | 24% |
| Cycling | 22% | 20% | 35% | 28% | 21% | 23% |
| Wine tours | 35% | 24% | 21% | 22% | 15% | 21% |
| Ethnic cultural experience | 19% | 29% | 17% | 24% | 12% | 15% |
| Ski resorts | 14% | 17% | 20% | 25% | 9% | 13% |
| Ocean cruises | 10% | 21% | 9% | 16% | 10% | 11% |
| Specialty cruises | 5% | 5% | 6% | 3% | 2% | 3% |
| Cooking and wine tasting schools | 3% | 2% | 0% | 0% | 1% | 1% |

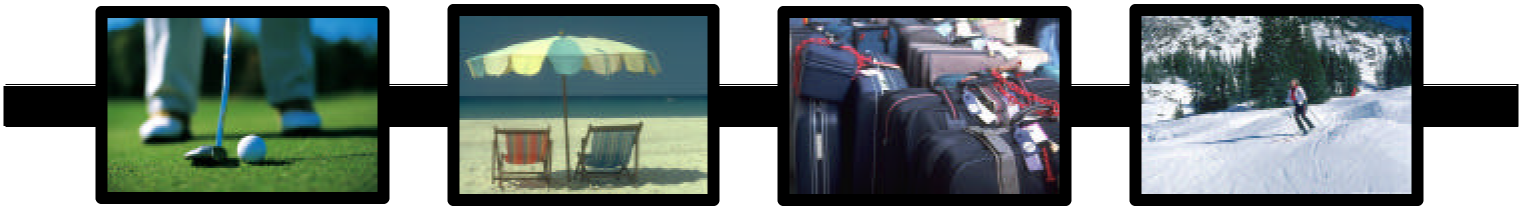
## Exhibit 9 – Loyalty Segments for the U.S. Near-Border Market

| | Entrenched (n=193) | At Risk (n=111) | Hot Prospects (n=171) | Potentially Convertable (n=114) | Avoiders (n=705) | Total (n=2,047) |
|---|---|---|---|---|---|---|
| **Destinations Visited – Past Two Years** | | | | | | |
| California | 17% | 23% | 27% | 23% | 23% | 22% |
| Hawaii | 6% | 7% | 9% | 8% | 5% | 6% |
| Texas | 13% | 14% | 19% | 17% | 14% | 15% |
| Las Vegas | 19% | 20% | 34% | 20% | 24% | 24% |
| Florida | 47% | 45% | 52% | 48% | 53% | 50% |
| New York | 49% | 35% | 38% | 34% | 30% | 35% |
| Atlantic Canada | 8% | 11% | 4% | 4% | 0% | 3% |
| Quebec | 17% | 25% | 4% | 12% | 1% | 7% |
| Ontario | 100% | 100% | 0% | 0% | 0% | 29% |
| Manitoba / Saskatchewan | 7% | 4% | 5% | 8% | 1% | 3% |
| Alberta | 4% | 6% | 2% | 6% | 1% | 2% |
| British Columbia | 9% | 10% | 7% | 11% | 2% | 4% |
| Yukon | 2% | 3% | 1% | 0% | 0% | 1% |
| NWT | 0% | 2% | 4% | 0% | 0% | 1% |
| Mexico / Caribbean | 25% | 17% | 20% | 23% | 27% | 23% |
| U.K. / Europe | 14% | 15% | 20% | 22% | 14% | 15% |
| Other overseas | 10% | 11% | 16% | 17% | 9% | 11% |
| **Getaways / Vacations Taken – Past Two Years** | | | | | | |
| Getaway trip | 97% | 97% | 92% | 94% | 89% | 92% |
| Vacation trip | 96% | 98% | 80% | 94% | 84% | 86% |
| **Types of Packages – Past Two Years** | | | | | | |
| A resort or cruise package | 30% | 33% | 25% | 26% | 20% | 24% |
| Some other type of package | 21% | 9% | 22% | 15% | 18% | 19% |
| Motorcoach touring package | 9% | 22% | 6% | 5% | 4% | 7% |
| A theatre package | 12% | 7% | 4% | 2% | 3% | 5% |
| A city package | 9% | 9% | 8% | 8% | 2% | 5% |
| A ski package | 3% | 5% | 8% | 11% | 3% | 4% |
| An adventure package | 5% | 9% | 4% | 5% | 3% | 3% |
| An educational package | 6% | 3% | 2% | 5% | 2% | 3% |
| None | 38% | 42% | 47% | 48% | 57% | 50% |
| **Image Impressions of Ontario – 8/9/10** | | | | | | |
| A place with beautiful scenery | 84% | 84% | 83% | 85% | 78% | 81% |
| A great place for fishing | 74% | 82% | 80% | 81% | 77% | 79% |
| A place that is very clean and well cared for | 83% | 76% | 79% | 70% | 73% | 76% |
| A place that respects the natural environment | 79% | 79% | 74% | 67% | 72% | 74% |
| A great place for hunting | 76% | 75% | 81% | 66% | 70% | 73% |
| A great place to relax and get away from it all | 84% | 70% | 79% | 68% | 67% | 71% |
| A place with lots of things for mature adults to see and do | 82% | 80% | 78% | 71% | 62% | 71% |
| A place that is very safe for visitors | 78% | 74% | 72% | 63% | 58% | 67% |
| A place with very friendly people | 76% | 63% | 75% | 65% | 60% | 66% |
| One of the best destinations for outdoor activities | 70% | 64% | 66% | 60% | 60% | 65% |
| A place with lots of things for families to see and do | 78% | 75% | 71% | 62% | 54% | 65% |
| A place with interesting shops | 73% | 74% | 73% | 61% | 56% | 64% |
| A great place to experience city life | 79% | 67% | 69% | 57% | 52% | 62% |
| A place with lots of things for young adults to see and do | 80% | 74% | 71% | 64% | 52% | 61% |
| One of the best destinations to visit in summer | 73% | 70% | 62% | 61% | 52% | 61% |
| A great place to experience adventure and excitement | 68% | 64% | 64% | 62% | 56% | 61% |
| A place with many cultural attractions | 72% | 62% | 61% | 64% | 50% | 59% |
| A place that offers excellent value for money | 73% | 62% | 53% | 66% | 45% | 56% |
| A great place to see historical sites & important places in history | 63% | 53% | 59% | 60% | 48% | 54% |
| A great place to experience different cultures & ways of life | 55% | 55% | 59% | 52% | 49% | 54% |
| A place you go to for romance | 66% | 63% | 63% | 50% | 42% | 52% |



## Exhibit 9 – Loyalty Segments for the U.S. Near-Border Market

| | Entrenched (n=193) | At Risk (n=111) | Hot Prospects (n=171) | Potentially Convertable (n=114) | Avoiders (n=705) | Total (n=2,047) |
|---|---|---|---|---|---|---|
| A great place to experience the 'good life' | 65% | 51% | 63% | 55% | 40% | 50% |
| A popular, trendy place | 59% | 48% | 56% | 46% | 36% | 45% |
| A great place to see and experience aboriginal culture | 50% | 49% | 45% | 44% | 43% | 45% |
| One of the best destinations to visit in winter | 46% | 32% | 41% | 40% | 27% | 34% |
| **Attractions in Ontario – A little + A lot more interested** | | | | | | |
| Overnight train through natural terrain | 74% | 89% | 83% | 81% | 77% | 79% |
| Cruises on the Great Lakes | 71% | 75% | 81% | 72% | 72% | 73% |
| Game parks or game preserves/wildlife viewing | 75% | 65% | 74% | 68% | 67% | 71% |
| A science and technology theme park | 73% | 61% | 68% | 56% | 65% | 68% |
| A garden attraction | 69% | 59% | 65% | 56% | 55% | 60% |
| A cultural festival | 68% | 57% | 61% | 55% | 53% | 59% |
| A heritage attraction | 63% | 58% | 59% | 51% | 55% | 58% |
| A movie theme park | 64% | 48% | 57% | 42% | 56% | 55% |
| An aboriginal attraction | 51% | 59% | 55% | 42% | 52% | 54% |
| A wine region | 59% | 52% | 58% | 48% | 43% | 49% |
| A music festival | 53% | 42% | 57% | 45% | 43% | 49% |
| Forestry or mining attractions | 48% | 52% | 55% | 50% | 40% | 46% |
| A children-oriented amusement park | 48% | 36% | 48% | 25% | 47% | 44% |
| A musical attraction | 44% | 36% | 46% | 30% | 34% | 39% |
| A film festival | 46% | 29% | 43% | 34% | 28% | 34% |
| World class trophy fishing tournaments | 25% | 17% | 26% | 19% | 21% | 22% |
| **Market** | | | | | | |
| Other Minnesota | 2% | 1% | 1% | 5% | 1% | 2% |
| Minneapolis/St. Paul, Minnesota | 1% | 5% | 8% | 11% | 8% | 7% |
| Other Wisconsin | 1% | 1% | 1% | 1% | 3% | 2% |
| Milwaukee, Wisconsin | 1% | 8% | 10% | 9% | 13% | 8% |
| Other Illinois | 0% | 2% | 0% | 1% | 3% | 2% |
| Chicago, Illinois | 1% | 8% | 9% | 12% | 9% | 8% |
| Other Michigan | 2% | 3% | 2% | 3% | 4% | 3% |
| Detroit, Michigan | 18% | 6% | 4% | 5% | 6% | 8% |
| Other Ohio | 2% | 2% | 1% | 2% | 2% | 2% |
| Columbus, Ohio | 1% | 7% | 7% | 6% | 7% | 6% |
| Cleveland, Ohio | 5% | 9% | 8% | 6% | 3% | 5% |
| Cincinnati, Ohio | 1% | 6% | 4% | 4% | 6% | 6% |
| Toledo, Ohio | 11% | 4% | 6% | 3% | 4% | 6% |
| Other Pennsylvania | 0% | 3% | 1% | 1% | 3% | 2% |
| Philadelphia, Pennsylvania | 2% | 9% | 4% | 14% | 10% | 8% |
| Pittsburgh, Pennsylvania | 3% | 7% | 11% | 3% | 6% | 6% |
| Other New York | 3% | 0% | 6% | 2% | 3% | 3% |
| New York City | 3% | 4% | 6% | 11% | 5% | 5% |
| Buffalo, New York | 24% | 8% | 7% | 1% | 3% | 6% |
| Rochester, New York | 20% | 7% | 8% | 0% | 3% | 6% |
| **State** | | | | | | |
| Minnesota | 3% | 6% | 9% | 16% | 9% | 9% |
| Wisconsin | 2% | 9% | 11% | 10% | 16% | 10% |
| Illinois | 1% | 10% | 9% | 13% | 12% | 9% |
| Michigan | 20% | 9% | 5% | 8% | 9% | 11% |
| Ohio | 20% | 29% | 26% | 20% | 22% | 25% |
| Pennsylvania | 5% | 19% | 15% | 18% | 19% | 16% |
| New York | 50% | 19% | 26% | 15% | 13% | 20% |



| Exhibit 9 – Loyalty Segments for the U.S. Near-Border Market | Entrenched (n=193) | At Risk (n=111) | Hot Prospects (n=171) | Potentially Convertable (n=114) | Avoiders (n=705) | Total (n=2,047) |
|---|---|---|---|---|---|---|
| **Highest Level of Education Completed** | | | | | | |
| No school / elementary / some high school | 6% | 1% | 9% | 0% | 8% | 6% |
| High school graduate | 23% | 26% | 24% | 23% | 29% | 27% |
| Some college or university / trade or vocational | 21% | 28% | 24% | 25% | 23% | 22% |
| College / university degree | 37% | 35% | 30% | 39% | 33% | 33% |
| Post graduate | 14% | 11% | 14% | 14% | 8% | 11% |
| **Cottage / RV Ownership** | | | | | | |
| Own private cottage or home | 41% | 24% | 29% | 37% | 28% | 29% |
| Own a recreation vehicle | 14% | 8% | 13% | 15% | 7% | 11% |
| **Country of Birth** | | | | | | |
| United States | 88% | 98% | 91% | 96% | 96% | 94% |
| Other | 12% | 2% | 9% | 4% | 4% | 6% |
| **1998 Household Income** | | | | | | |
| Under $20,000 | 9% | 6% | 7% | 4% | 12% | 9% |
| $20,000 to under $40,000 | 20% | 25% | 22% | 25% | 26% | 25% |
| $40,000 to under $60,000 | 26% | 21% | 30% | 17% | 25% | 25% |
| $60,000 to under $80,000 | 17% | 21% | 18% | 15% | 17% | 18% |
| $80,000 to under $100,000 | 14% | 8% | 7% | 16% | 10% | 9% |
| $100,000 or more | 14% | 19% | 16% | 22% | 10% | 13% |
| **Age (Categories)** | | | | | | |
| 18-24 | 6% | 8% | 12% | 9% | 11% | 9% |
| 25-34 | 18% | 11% | 21% | 15% | 22% | 21% |
| 35-44 | 19% | 30% | 26% | 29% | 21% | 25% |
| 45-54 | 21% | 20% | 18% | 21% | 20% | 20% |
| 55 plus | 35% | 31% | 24% | 27% | 27% | 25% |
| Age (average) | 47 | 48 | 42 | 45 | 44 | 44 |
| **Gender** | | | | | | |
| Male | 51% | 48% | 49% | 61% | 46% | 49% |
| Female | 49% | 53% | 51% | 39% | 54% | 52% |

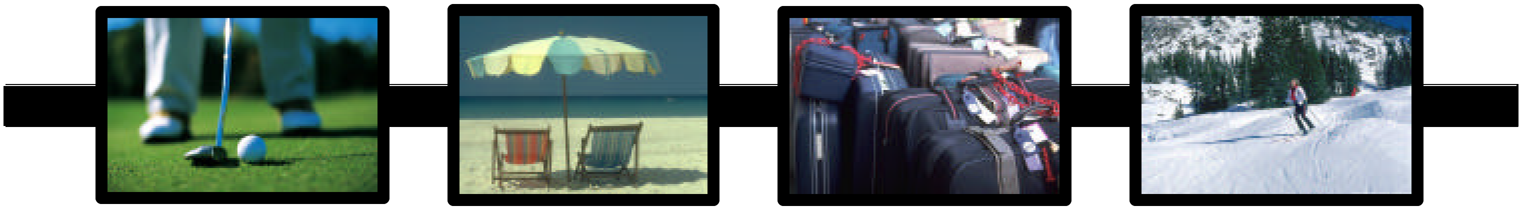
## 5.2 Domestic Market

A similar segmentation analysis was developed for domestic travellers (i.e., travellers living in Ontario). Each segment's distinguishing characteristics are discussed below, with a complete profile provided in ***Exhibit 10.***

### Entrenched Travellers

In the domestic market, Entrenched travellers (defined by seven or more trips taken in Ontario in the last two years) represent 18.6% of the travelling population (or over 1.1 million travellers). This is a fairly young segment overall, with 65% under the age of 45, and more youths aged 18 to 24.

A high proportion of these avid travellers have taken both getaways and longer vacations in the past two years. This enthusiastic segment seeks a variety of different vacation experiences, but relaxation, VFR, getting back to nature and being active are all stronger than average motivations. This group also seeks a



destination that offers intimacy and romance, adventure and excitement, and safety. Their vacation interests mesh closely with their travel motivations – swimming, nature viewing, camping, hunting/fishing, jogging and fitness activities, cycling, nature/water/extreme sports, competitive sports, winter sports, sporting events and staying at a ski resort all factor into their vacation plans. Visiting attractions, attending concerts, festivals and fairs, and touring are other preferred activities for this group.

Along with Ontario, Entrenched travellers are more likely to have also gone to Quebec, but are less likely to have travelled to Europe or overseas. The fact that just under 40% own a private cottage or vacation home, suggests that many of their Ontario trips are cottage trips. Interestingly, their image ratings of Ontario are fairly average. For domestic travel, it is probably less the image of Ontario that generates trips, but the specific product offerings and convenience that spark repeat travel. Certainly Ontario's products dovetail nicely with this group's travel interests.

As a supplementary analysis, a logistic regression model was run on frequent vs. non frequent domestic travellers. The results strongly confirm these findings, with being active and VFR emerging as the key motivations behind repeat travel, and fitness activities and camping being the key product drivers. Cottage/vacation home ownership also came out strongly in the model.

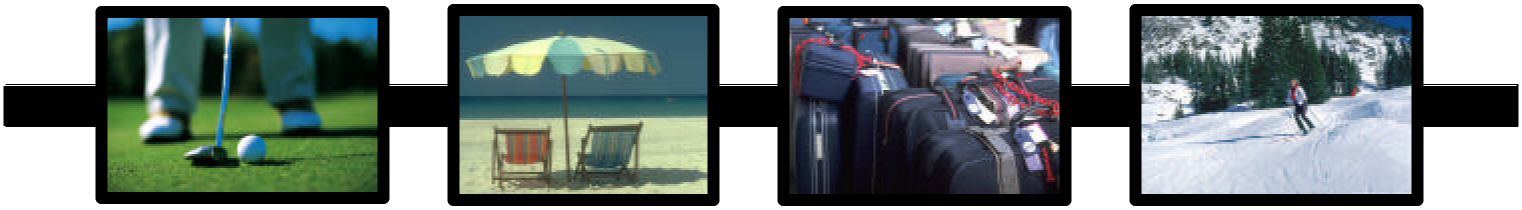
### At Risk

This segment of travellers accounts for 8.6% of the travelling population in the domestic market (i.e., close to 530,000 travellers). They have taken a trip in Ontario in the past, but don't intend to take another one, at least not in the next two years. Compared with the market overall, they are more likely to be middle-aged to older travellers, with 50% who are 45 plus. Like the entrenched group, they are avid travellers, with the vast majority who have taken a getaway and a longer vacation in the past two years. At Risk travellers appear to have more than a passing interest in the arts, culture and history. Stand-out vacation activities include high arts and culture, while notable travel motivations include experiencing different cultures and ways of life. Visiting historical sites is also one of the few motivations that are higher than the norm for this market, but not significantly so. This group also tends to have a penchant for guided bus tours.

At Risk travellers are more likely to see Ontario as a place for romance, but unfortunately their ratings of Ontario as a culture and history destination are not all that notable, which may be one reason why they are not planning to visit again anytime soon. Attractions that would enhance their interest in visiting include a heritage attraction or an overnight train ride through natural terrain.

### Hot Prospects

Hot Prospects (10.6% of the market or 652,000 travellers) are a non-Ontario travel segment with good prospects for future visitation as they intend to travel domestically in the next two years. Like their equivalent in the U.S., this is a group whose travel in the past two years has been focused largely on Europe and overseas destinations. Despite this, they do not appear to be particularly keen travellers, with far fewer who have taken both getaways and vacations in the last two years. Their travel motivations and activities are very average, although they tend to pass on taking guided bus tours. Their current desire to



travel domestically may be driven more by the fact that they have recently taken an expensive overseas trip than by any strong interest in Ontario.

### Potentially Convertable

Travellers that are Potentially Convertable account for 9.9% of domestic travellers (i.e., 609,000 people). Although they haven't taken a domestic trip in the past, and don't plan to in the future, they *are* interested in travelling elsewhere in Canada. A notable demographic characteristic of this group is a relatively high proportion of seniors (about a fifth are 65 plus versus only 12% of travellers in general). They are also more likely to live in Toronto or Oshawa.

This segment is considerably more likely than the market as a whole to have gone to both eastern Canada (particularly Nova Scotia) and western Canada (particularly British Columbia). Because they appear to enjoy travelling in Canada, this segment may represent an opportunity for import substitution – however, Ontario needs to convince these travellers that all they need is right here in their own province. This segment does view Ontario as a safe place to explore different cultures and a good place for younger people.

Perhaps because of their age, they are less apt to be seeking intimacy and romance, adventure and excitement, unspoiled nature or active travel experiences. This segment definitely does not enjoy roughing it or sports activities on their holidays, being more likely to pass on lodge stays, camping, winter sports, extreme sports and swimming. In fact, this group is much more likely to choose a resort package or cruise, or take a more passive motorcoach tour. This may explain, at least in part, their disinterest in Ontario, as Ontario tends to be viewed as a place for being active and enjoying the outdoors. In addition, although their level of vacation taking is about average, they are less likely to take shorter getaways, which as shown earlier in the report, is how many others choose to enjoy Ontario.

### Avoiders

Accounting for 10.7% of the market (or 656,000 travellers), Avoiders have not taken a domestic trip in the last two years, and do not want to travel in either Ontario or Canada in the next two years. Like the At Risk and Potentially Convertable segments, this is an older group of travellers, with a third aged 55 plus, and an average age of 47. Avoiders tend to be serious overseas travellers, more so than any of the other segments profiled so far. In the last two years, roughly a quarter went to Mexico/the Caribbean, a quarter went to the UK/Europe and 16% went to other overseas destinations. They are also more likely to have gone to California, Las Vegas and Florida (close to a third have visited Florida in last 2 years). In contrast, they tend to avoid Canadian destinations, with lower than average visitation levels to almost every province.
Like the Potentially Convertable group, they tend to take fewer short getaways, which is not surprising, given their destination choices.

In terms of motivations, they do not tend to travel for VFR or to get back to nature. In fact, the only motivation where they are distinctly higher is escaping winter, which is again consistent with their destination preferences. Their product choices are similar to the Potentially Convertable segment in that they have a tendency to avoid nature-related and sports activities, but on top of this, they also avoid arts

and culture products (e.g., museums, art galleries, festivals, concerts, high arts, wine tours, local fairs, ethnic culture events, etc.). The only product where they show higher than average usage is ocean cruises, which is consistent with their desire to escape winter.

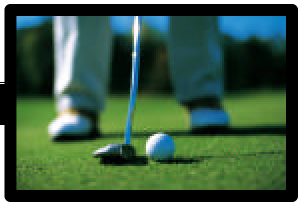
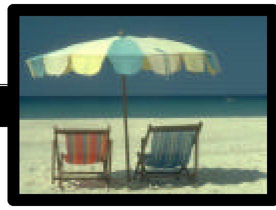
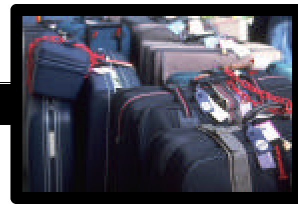
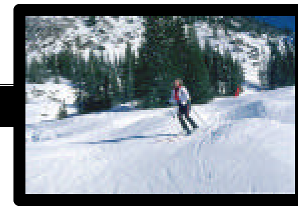
This would clearly be a difficult group for Ontario to convert – they are considerably lower than other segments in terms of rating Ontario as an attractive winter destination, and they are also less likely to view the province as being safe, popular, or good for outdoors activities, relaxing or historical sites. In addition, most of the potential new attractions tested in the study garnered lower than average ratings in terms of piquing their interest in travelling domestically.

**Exhibit 10 – Loyalty Segments for the Domestic Market**

| | Entrenched (n=471) | At Risk (n=227) | Hot Prospects (n=225) | Potentially Convertable (n=221) | Avoiders (n=217) | Total (n=2,417) |
|---|---|---|---|---|---|---|
| **Motivations – Past Two Years** | | | | | | |
| To rest, relax and recuperate | 83% | 75% | 71% | 71% | 70% | 76% |
| To visit friends/relatives | 82% | 72% | 67% | 70% | 63% | 72% |
| To spend time with the family away from home | 73% | 65% | 60% | 63% | 54% | 66% |
| To spend time with good friends | 62% | 49% | 54% | 46% | 40% | 52% |
| To see natural wonders/natural sites | 51% | 48% | 44% | 46% | 31% | 44% |
| To visit historical sites | 40% | 45% | 41% | 39% | 32% | 39% |
| For intimacy and romance | 48% | 38% | 36% | 26% | 32% | 38% |
| To participate in a hobby or sport | 49% | 39% | 37% | 29% | 31% | 37% |
| To experience adventure and excitement | 49% | 39% | 35% | 29% | 30% | 37% |
| To experience unspoiled nature | 47% | 39% | 38% | 25% | 19% | 36% |
| To experience city life | 37% | 37% | 36% | 29% | 28% | 34% |
| To escape winter weather | 32% | 34% | 28% | 39% | 51% | 32% |
| To be someplace that feels familiar/safe | 38% | 31% | 32% | 28% | 24% | 31% |
| To experience different cultures/ways of life | 33% | 38% | 29% | 35% | 30% | 30% |
| To experience the good life with fine cuisine | 32% | 36% | 25% | 33% | 32% | 30% |
| To visit casinos and gamble | 23% | 24% | 21% | 25% | 27% | 22% |
| To visit a popular, trendy place | 23% | 22% | 21% | 20% | 20% | 21% |
| To participate in a hands-on learning experience | 6% | 7% | 8% | 6% | 5% | 5% |
| **Activities – Past Two Years** | | | | | | |
| Shopping and dining | 90% | 88% | 86% | 87% | 89% | 88% |
| Swimming | 88% | 80% | 76% | 70% | 74% | 78% |
| Attractions | 76% | 75% | 64% | 70% | 61% | 69% |
| Agricultural and local fairs | 71% | 65% | 69% | 53% | 55% | 64% |
| Touring by personal vehicle | 69% | 66% | 58% | 55% | 51% | 62% |
| Museum, art galleries and historical sites | 58% | 50% | 49% | 50% | 43% | 52% |
| Competitive sports | 55% | 54% | 52% | 49% | 34% | 48% |
| Nature viewing | 55% | 47% | 44% | 41% | 33% | 47% |
| Camping | 57% | 48% | 36% | 21% | 28% | 41% |
| High arts and culture | 42% | 47% | 37% | 37% | 30% | 39% |
| Sporting events | 49% | 37% | 36% | 31% | 32% | 38% |
| Winter sports | 50% | 39% | 32% | 27% | 22% | 36% |
| Gambling | 41% | 33% | 32% | 38% | 37% | 36% |
| Business activities | 38% | 31% | 38% | 33% | 28% | 33% |
| Hunting and fishing | 42% | 33% | 29% | 26% | 18% | 32% |
| Lodges | 36% | 37% | 32% | 22% | 23% | 31% |
| Concert, carnivals and festivals | 37% | 34% | 28% | 28% | 21% | 29% |
| Active outdoors | 54% | 45% | 42% | 34% | 26% | 42% |

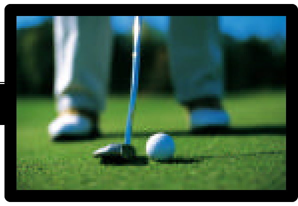
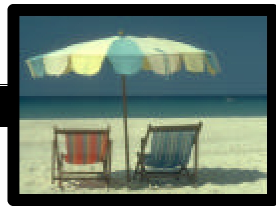
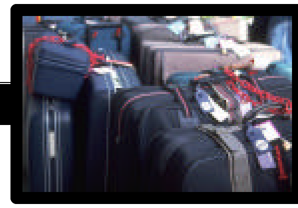
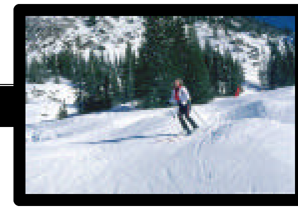
## Exhibit 10 – Loyalty Segments for the Domestic Market

| | Entrenched (n=471) | At Risk (n=227) | Hot Prospects (n=225) | Potentially Convertable (n=221) | Avoiders (n=217) | Total (n=2,417) |
|---|---|---|---|---|---|---|
| Guided bus tours | 21% | 37% | 16% | 31% | 23% | 24% |
| Cycling | 30% | 22% | 22% | 17% | 14% | 23% |
| Bed and breakfast | 21% | 28% | 25% | 23% | 20% | 22% |
| Seaside resorts | 23% | 24% | 26% | 26% | 25% | 22% |
| Fitness | 28% | 24% | 24% | 22% | 17% | 21% |
| Scenic tours by air, train or boat | 24% | 23% | 19% | 20% | 16% | 21% |
| Ethnic cultural experience | 24% | 24% | 17% | 20% | 13% | 19% |
| Wine tours | 18% | 17% | 14% | 14% | 10% | 16% |
| Ski resorts | 16% | 14% | 8% | 10% | 7% | 11% |
| Ocean cruises | 6% | 11% | 6% | 13% | 14% | 7% |
| Specialty cruises | 1% | 3% | 2% | 2% | 1% | 2% |
| Cooking and wine tasting schools | 1% | 1% | 0% | 0% | 0% | 0% |
| **Destinations Visited – Past Two Years** | | | | | | |
| California | 4% | 10% | 6% | 8% | 11% | 5% |
| Hawaii | 1% | 2% | 2% | 1% | 2% | 1% |
| Washington | 1% | 3% | 3% | 3% | 3% | 2% |
| Las Vegas | 5% | 5% | 3% | 5% | 10% | 5% |
| Florida | 17% | 15% | 23% | 22% | 31% | 18% |
| New York | 16% | 13% | 16% | 9% | 9% | 13% |
| Newfoundland | 4% | 5% | 3% | 5% | 2% | 3% |
| PEI | 6% | 8% | 3% | 9% | 3% | 6% |
| Nova Scotia | 10% | 10% | 10% | 20% | 5% | 10% |
| New Brunswick | 10% | 12% | 9% | 15% | 4% | 10% |
| Quebec | 29% | 30% | 22% | 29% | 6% | 23% |
| Ontario | 100% | 100% | 0% | 0% | 0% | 72% |
| Manitoba / Saskatchewan | 9% | 11% | 8% | 9% | 1% | 8% |
| Alberta | 13% | 13% | 8% | 15% | 3% | 10% |
| British Columbia | 17% | 17% | 14% | 21% | 3% | 14% |
| Yukon | 1% | 1% | 1% | 2% | 0% | 1% |
| NWT | 0% | 0% | 0% | 2% | 0% | 1% |
| Mexico / Caribbean | 15% | 17% | 19% | 19% | 25% | 15% |
| U.K. / Europe | 9% | 15% | 21% | 20% | 25% | 14% |
| Other Overseas | 7% | 13% | 20% | 15% | 16% | 10% |
| **Getaways / Vacations Taken – Past Two Years** | | | | | | |
| Took a getaway trip in the past two years | 95% | 89% | 58% | 71% | 73% | 83% |
| Took a vacation trip in the past two years | 88% | 88% | 61% | 77% | 84% | 82% |
| **Types of Packages – Past Two Years** | | | | | | |
| A resort or cruise package | 26% | 31% | 21% | 37% | 32% | 26% |
| Some other type of package | 15% | 15% | 22% | 11% | 15% | 15% |
| Motorcoach touring package | 5% | 9% | 4% | 13% | 8% | 7% |
| A ski package | 5% | 4% | 4% | 3% | 1% | 3% |
| A city package | 3% | 4% | 6% | 4% | 1% | 3% |
| An adventure package | 4% | 5% | 4% | 3% | 2% | 3% |
| A theatre package | 2% | 4% | 3% | 4% | 3% | 3% |
| An educational package | 1% | 2% | 4% | 1% | 0% | 2% |
| None | 55% | 48% | 49% | 42% | 43% | 52% |
| **Image Impressions of Ontario – 8/9/10** | | | | | | |
| A place with beautiful scenery | 86% | 85% | 79% | 80% | 78% | 82% |
| A place with lots of things for families to see and do | 80% | 81% | 78% | 78% | 71% | 78% |
| A great place for fishing | 78% | 77% | 76% | 80% | 76% | 77% |
| A place with lots of things for mature adults to see and do | 79% | 74% | 78% | 77% | 70% | 77% |

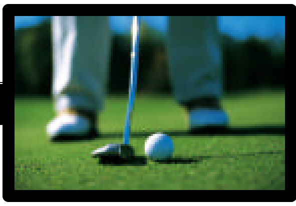
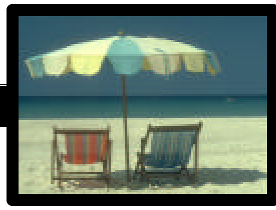
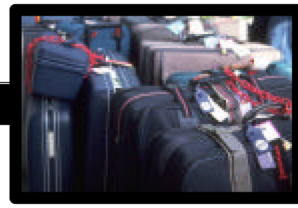
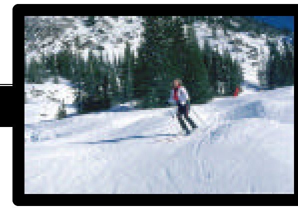
## Exhibit 10 – Loyalty Segments for the Domestic Market

| | Entrenched (n=471) | At Risk (n=227) | Hot Prospects (n=225) | Potentially Convertable (n=221) | Avoiders (n=217) | Total (n=2,417) |
|---|---|---|---|---|---|---|
| One of the best destinations for outdoor activities | 80% | 78% | 76% | 76% | 64% | 76% |
| A place that is very safe for visitors | 75% | 74% | 74% | 81% | 65% | 74% |
| A great place to relax and get away from it all | 75% | 74% | 70% | 71% | 63% | 72% |
| One of the best destinations to visit in summer | 73% | 68% | 66% | 73% | 64% | 71% |
| A great place for hunting | 71% | 68% | 72% | 73% | 72% | 70% |
| A place that is very clean and well cared for | 71% | 73% | 70% | 72% | 68% | 69% |
| A place with lots of things for young adults to see and do | 70% | 67% | 69% | 76% | 63% | 68% |
| A great place to experience city life | 67% | 63% | 65% | 72% | 63% | 65% |
| A place with very friendly people | 66% | 66% | 60% | 65% | 60% | 63% |
| A place with many cultural attractions | 61% | 60% | 57% | 68% | 61% | 61% |
| A place with interesting shops | 62% | 63% | 58% | 67% | 56% | 61% |
| A great place to experience adventure and excitement | 63% | 61% | 57% | 65% | 52% | 59% |
| A great place to experience different cultures and ways of life | 50% | 53% | 60% | 63% | 52% | 53% |
| A place that respects the natural environment | 53% | 56% | 51% | 57% | 55% | 53% |
| A great place to experience the 'good life' | 54% | 57% | 51% | 61% | 50% | 53% |
| A great place to see historical sites and important places in history | 56% | 54% | 47% | 53% | 41% | 52% |
| A place you go to for romance | 56% | 59% | 45% | 52% | 45% | 49% |
| One of the best destinations to visit in winter | 52% | 46% | 54% | 51% | 36% | 49% |
| A great place to see and experience aboriginal culture | 49% | 44% | 49% | 45% | 45% | 46% |
| A place that offers excellent value for money | 38% | 46% | 42% | 45% | 34% | 41% |
| A popular, trendy place | 39% | 37% | 41% | 45% | 29% | 38% |
| **Attractions in Ontario – A little + A lot more interested** | | | | | | |
| A science and technology theme park | 78% | 77% | 82% | 77% | 73% | 78% |
| A garden attraction | 69% | 75% | 69% | 77% | 74% | 71% |
| Game parks or game preserves/wildlife viewing | 71% | 70% | 72% | 65% | 59% | 69% |
| Overnight train through natural terrain | 69% | 77% | 71% | 66% | 59% | 69% |
| A little / A lot more interested | 69% | 72% | 68% | 68% | 63% | 68% |
| A cultural festival | 69% | 64% | 63% | 64% | 63% | 63% |
| A movie theme park | 63% | 61% | 61% | 61% | 67% | 62% |
| A heritage attraction | 58% | 69% | 63% | 65% | 53% | 60% |
| A wine region | 58% | 63% | 58% | 56% | 60% | 57% |
| An aboriginal attraction | 51% | 59% | 55% | 59% | 48% | 53% |
| A children-oriented amusement park | 52% | 52% | 49% | 50% | 52% | 52% |
| A music festival | 53% | 57% | 53% | 47% | 43% | 50% |
| A film festival | 45% | 50% | 40% | 45% | 36% | 43% |
| Forestry or mining attractions | 43% | 44% | 46% | 40% | 34% | 43% |
| A musical attraction | 41% | 42% | 43% | 39% | 42% | 42% |
| World class trophy fishing tournaments | 28% | 26% | 20% | 24% | 24% | 23% |
| **Market** | | | | | | |
| Toronto | 10% | 14% | 12% | 23% | 20% | 15% |
| Oshawa | 11% | 10% | 14% | 17% | 12% | 11% |
| Hamilton | 10% | 12% | 11% | 11% | 12% | 11% |
| Ottawa-Hull | 11% | 14% | 10% | 13% | 6% | 10% |
| Ontario Other | 12% | 8% | 9% | 2% | 9% | 9% |
| Kitchener | 11% | 7% | 9% | 8% | 8% | 9% |
| St. Catherines-Niagara | 9% | 13% | 11% | 8% | 7% | 9% |
| London | 10% | 9% | 8% | 4% | 8% | 8% |
| Windsor | 6% | 4% | 4% | 4% | 9% | 7% |
| Thunder Bay | 4% | 3% | 9% | 7% | 8% | 6% |
| Sudbury | 6% | 5% | 3% | 4% | 1% | 6% |

## Exhibit 10 – Loyalty Segments for the Domestic Market

| | Entrenched (n=471) | At Risk (n=227) | Hot Prospects (n=225) | Potentially Convertable (n=221) | Avoiders (n=217) | Total (n=2,417) |
|---|---|---|---|---|---|---|
| **Highest Level of Education Completed** | | | | | | |
| No school / elementary / some high school | 7% | 10% | 9% | 9% | 15% | 10% |
| High school graduate | 26% | 32% | 27% | 32% | 29% | 28% |
| Some college or university / trade or vocational | 21% | 16% | 18% | 17% | 16% | 18% |
| College / university degree | 40% | 34% | 38% | 35% | 35% | 37% |
| Post graduate | 7% | 9% | 9% | 8% | 6% | 8% |
| **Cottage / RV Ownership** | | | | | | |
| Own private cottage or vacation home | 39% | 31% | 32% | 30% | 29% | 31% |
| Own a recreation vehicle | 13% | 10% | 9% | 7% | 9% | 11% |
| **Country of Birth** | | | | | | |
| Canada | 86% | 79% | 79% | 79% | 75% | 82% |
| Other | 14% | 21% | 21% | 21% | 25% | 18% |
| **1998 Household Income** | | | | | | |
| Under $20,000 | 10% | 11% | 9% | 7% | 10% | 10% |
| $20,000 to under $40,000 | 17% | 23% | 25% | 25% | 25% | 22% |
| $40,000 to under $60,000 | 25% | 23% | 21% | 22% | 22% | 24% |
| $60,000 to under $80,000 | 20% | 15% | 16% | 17% | 16% | 18% |
| $80,000 to under $100,000 | 12% | 9% | 12% | 14% | 12% | 12% |
| $100,000 or more | 16% | 18% | 17% | 16% | 15% | 15% |
| **Age (Categories)** | | | | | | |
| 18-24 | 16% | 16% | 11% | 11% | 4% | 11% |
| 25-34 | 23% | 19% | 24% | 21% | 24% | 22% |
| 35-44 | 26% | 16% | 19% | 20% | 22% | 24% |
| 45-54 | 16% | 20% | 21% | 20% | 19% | 18% |
| 55 plus | 20% | 30% | 24% | 29% | 32% | 25% |
| Age (average) | 41 | 44 | 43 | 45 | 47 | 43 |
| **Gender** | | | | | | |
| Male | 55% | 45% | 53% | 51% | 48% | 50% |
| Female | 45% | 56% | 47% | 50% | 52% | 50% |

# 6. Conclusion

Some of the key findings that have emerged from this strategic reanalysis of the TAMs data are as follows:

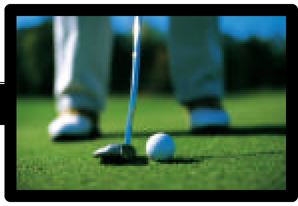
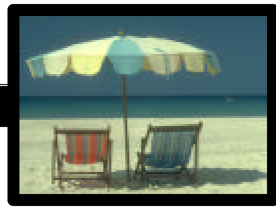
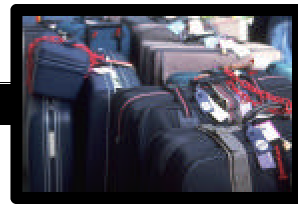
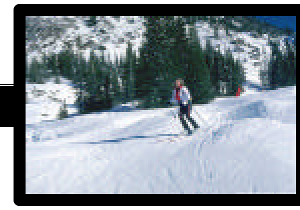
- In the U.S., ***proximity is a key driver of past visitation, future interest and traveller loyalty***. Michigan and New York State emerge as the key markets for Ontario by virtue of easy accessibility to border crossings from places like Detroit, Buffalo and Rochester. However, northern Ohio is also a promising market, and Ontario may want to consider increasing its currently limited marketing in places like Toledo. In fact, of Ontario's loyal travellers in the near-border market, 50% are from New York, 20% are from Michigan and 20% are from Ohio. Getting beyond the distance barrier, however, will be a key marketing challenge for Ontario in the future, and one that must be met in order to drive future revenue growth.

- ***Being active is a major pull factor*** for Ontario in both the domestic and near-border markets. People come to Ontario to pursue sports and hobbies, and for this, Ontario is unparalleled, outpacing its competitors in both markets, but particularly in the U.S. Also tied into this motivator are the key product drivers for Ontario, many of which are related to experiencing and being active in the great outdoors, e.g., camping, lodge/lakeside resort stays and cycling in the U.S., and camping, wildlife/nature viewing and active outdoors activities (e.g., nature, water and extreme sports) in Ontario.

- ***Urban pursuits also draw near-border visitors*** to Ontario. Loyal travellers to Ontario have a general interest in both urban activities and active outdoors experiences (although not necessarily on the same trip). Cities, casinos, music-related events, and attractions such as zoos, theme parks and botanical gardens, are all important product offerings in the near-market. Cities and casinos in particular help to position Ontario relatively well for an indulging vacation among U.S. travellers, particularly when compared with its regional competitors. For some near-border residents, Toronto may be the closest big city, while for others, casinos in Southern Ontario may be the big draw.

- In the domestic market, the picture is a bit different. Domestic travellers tend to take ***shorter getaways driven by VFR and relaxation, as well as being active***. The message that emerges is clear – Ontarians travel in their own province to relax and spend time with family and friends, with the cottage often being the destination of choice in the summer. Certainly entrenched domestic travellers are more highly motivated by all of these experiences. Domestic travel can also be stimulated by events – Ontarians will travel within the province for an event or show, or to attend a festival or fair.

- To some extent, ***the Ontario experience sells itself*** – in both the U.S. and Ontario, the strongest predictor of future visitation is having made a previous trip. In the near-border market, recent visitors are over five times as likely to visit in the next two years as non-visitors. In the domestic market, this is even higher, with recent travellers nine times as likely to take a trip. Thus marketing efforts to convert non-travellers in these markets can have long-lasting impacts, with each new visitor potentially having a life-time value well beyond their immediate trip expenditures.

- In addition to previous experience and proximity, a ***highly positive image of Ontario also drives loyalty*** in the U.S. near-border market. In particular, those who feel that it offers ***good value for money*** return again and again, with the exchange rate no doubt partly responsible for these perceptions. Notably, the image ratings of entrenched domestic travellers are not all that high, suggesting that it is less the destination image that generates domestic trips, but more the specific product offerings combined with the convenience of staying close to home.