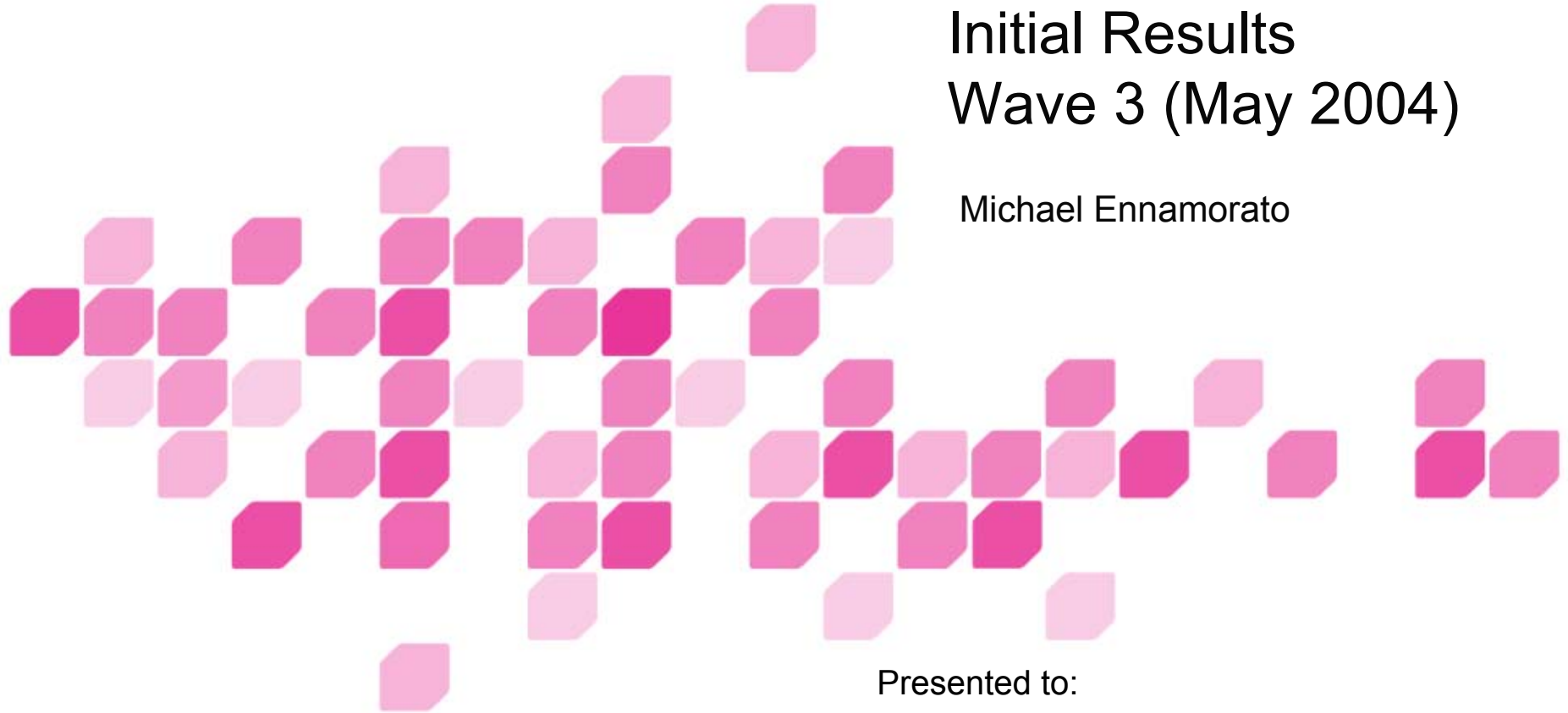


Travel Intentions Study Initial Results Wave 3 (May 2004)

Michael Ennamorato



Presented to:

Ontario Ministry Of Tourism And Recreation

June 17, 2004

Background

- This study is intended to measure intent to travel to Ontario and specific Ontario destinations within key US and domestic markets.
- Information will be used to:
 - gauge the impact of negative events on travel to Ontario;
 - forecast demand to assist with industry planning;
 - provide information to assist with messaging and targeting of promotional communications and other marketing initiatives.
- This presentation focuses on initial findings in two key areas:
 - understanding the factors placing pressure on summer travel to Ontario in the main US source markets;
 - measuring the travel dynamic in the domestic market.

Methodology

- Interviewing was conducted by telephone among individuals 18 years or older.
- The survey for this third wave was essentially confined to the month of May, 2004. This follows waves conducted in February 2004 and in November of last year.
- The focus was on travel intentions for the coming season (June/August) and, secondarily the following season (September/November).
- A stringent methodology was used:
 - modified random digit dialing using a seed sample drawn from up-to-date telephone listings;
 - Multiple callbacks (up to 8 calls to achieve a completion once contact is made with the household);
 - One additional callback to “soft” refusals.

Methodology (Cont'd)

- The Trodahl-Carder methodology was used to select a single age-eligible respondent to interview in each household.
- The sample was assigned disproportionately by market as follows:

	<u>Assigned</u>	<u>Achieved In Wave 3</u>
Canada:		
Toronto CMA	400	415
Ottawa CMA	200	183
Hamilton CMA	80	89
Ontario 100 – 499M	180	241
Ontario 30 – 99M	80	80
Ontario 10 – 29M	60	59
Ontario under 10M	100	102
Montreal CMA	300	269
Quebec City CMA	200	196
Winnipeg CMA	300	299

Methodology (Cont'd)

	<u>Assigned</u>	<u>Achieved In Wave 3</u>
United States:		
Rochester MSA	300	340
Buffalo — Niagara Falls MSA	300	292
Syracuse MSA	200	178
New York City PMSA	181	179
Nassau — Suffolk PMSA	43	48
Other NY State	87	68
Chicago PMSA	230	200
Other Illinois	70	75
Indianapolis MSA	90	81
Other Indiana	55	75
Boston NECMA	150	134
Mass. Ex-Boston	31	41

Methodology (Cont'd)

	<u>Assigned</u>	<u>Achieved In Wave 3</u>
United States: (Cont'd)		
Detroit PMSA	300	263
Northern Michigan PMSAs/MSAs	84	97
Other Michigan	64	75
Minneapolis—St. Paul UA	200	208
Other Minnesota	41	47
Cleveland—Lorain—Elyria PMSA	200	196
Cincinnati PMSA	100	100
Columbus MSA	104	90
Other Ohio	60	55
Pittsburgh MSA	300	266
Philadelphia PMSA	150	139
Other Pennsylvania	77	104
Milwaukee—Waukesha PMSA	200	197
Other Wisconsin	67	75
Washington DC PMSA	100	115
Maryland Ex. Washington DC	118	110

Methodology (Cont'd)

- In total, 5,781 interviews were completed:
 - 1,933 in Canada;
 - 3,848 in the United States.
- As part of data processing, the sample was weighted in three stages using the most recently available census information from each country:
 - household size within market;
 - household conversion weight (to correct for differential selection probabilities within household due to variations in number of age-qualified individuals within each);
 - age within gender within market.

Presentation Outline

- The U.S.
 - Travel Interest
 - Impediments To Travel
- Canada
 - Travel Interest
 - Impediments To Travel

Key Findings — U.S.

Key Findings — U.S.

- Evidence suggests that the trend toward taking fewer, shorter or closer-to-home trips may have started to become engrained among Americans.
 - Large proportions of US residents continue to report having constrained their travel activities in these ways.
 - The planning window for both short trips (one to three nights) and longer trips (four or more nights) has remained fairly constant over the past three waves of tracking, with 75% of shorter trips and 50% of longer trips being booked within one month of the departure date.
 - Moreover, there is some indication that, when compared with this past February, a slightly smaller proportion of American residents have firmed up their travel plans for the next year or so, further illustrating the fluidity of intentions and the potential for volatility.

Key Findings — U.S. (Cont'd)

- The impact of these behavioural and attitudinal patterns is likely to be felt primarily by destinations external to the US, as Americans draw inward and plan fewer trips abroad. This could translate into a more robust domestically fuelled travel market for US destinations, but softness for markets in other countries that have traditionally relied upon American travellers.
- Both the decline in general travel intentions and constriction of the trip planning process take on greater significance when it is considered that we are heading into the peak summer travel season.
 - The penchant for travel not only typically builds as the summer approaches, but trips taken during this period are often more substantial family outings requiring greater advance planning.

Key Findings — U.S. (Cont'd)

- It would certainly seem, then, that cross-border travel demand is suppressed within the US source markets and, to some degree, the decline in bookings noted among Ontario tourism businesses can be attributed to reduced travel intent combined with atypically short summer planning schedules.
- The impact on Ontario summer travel destinations is clearly evident.
 - In keeping with the decrease in travel expectations overall for the next 12 months, comparing May projections with those reported earlier in February reveals that anticipated summer travel to Ontario destinations is declining as we approach the season itself.
 - Moreover, among those who do express a positive travel disposition, the very large majority had not yet booked their trip as of May.

Key Findings — U.S. (Cont'd)

- This softness in travel intentions should not be confused with declining interest in Ontario per se. To the contrary, attitudes toward Ontario and *interest* in traveling to specific destinations have been maintained at a constant level, wave over wave.
- While enthusiasm for Ontario could certainly be improved upon, there are existing positive perceptions of the province and its destinations upon which to build:
 - relatively safe, friendly destinations;
 - even major cities considered to be suitable for a family experience;
 - superior nature/outdoor offering.

Key Findings — U.S. (Cont'd)

So what lies behind softness in the key US Source markets?

- To a large extent it boils down to financial considerations:
 - a depressed economy,
 - the high price of gasoline,
 - and increasing air fares.
- On top of this, there are lingering doubts about the safety of travel to most destinations, Ontario included.
 - Possible terrorist threats, avian flu, mad cow disease and West Nile virus, all have a demonstrable dampening effect.
 - And, for Toronto particularly, the lingering effects of the SARS crisis are still being felt.

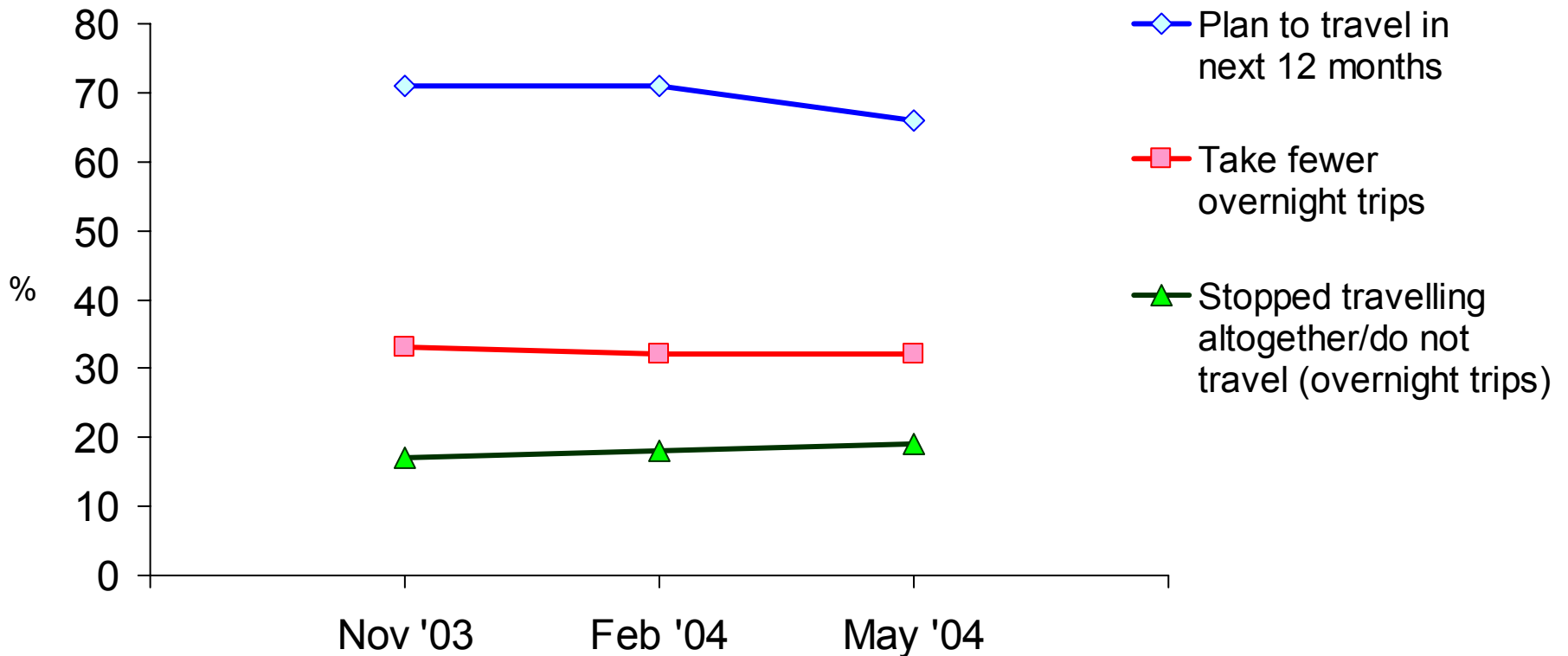
Key Findings — U.S. (Cont'd)

- It is important to note, though, that the intensity of health concern that is specific to Ontario may be lessening among Americans as time progresses, at least when they focus on the province as a whole rather than Toronto alone.
- Americans' level of comfort with Ontario is, to some extent, a double-edged sword in that it also suppresses excitement for the region as a pleasure travel destination.
- What seems to be required is continued efforts to impart better knowledge of specific Ontario destinations and travel products and greater appreciation of what (beyond the outdoors) makes Ontario exciting and different, even for the repeat US visitor.

Propensity To Travel & Trip Planning

Trend in general travel intentions and propensity to travel

Percent of Americans

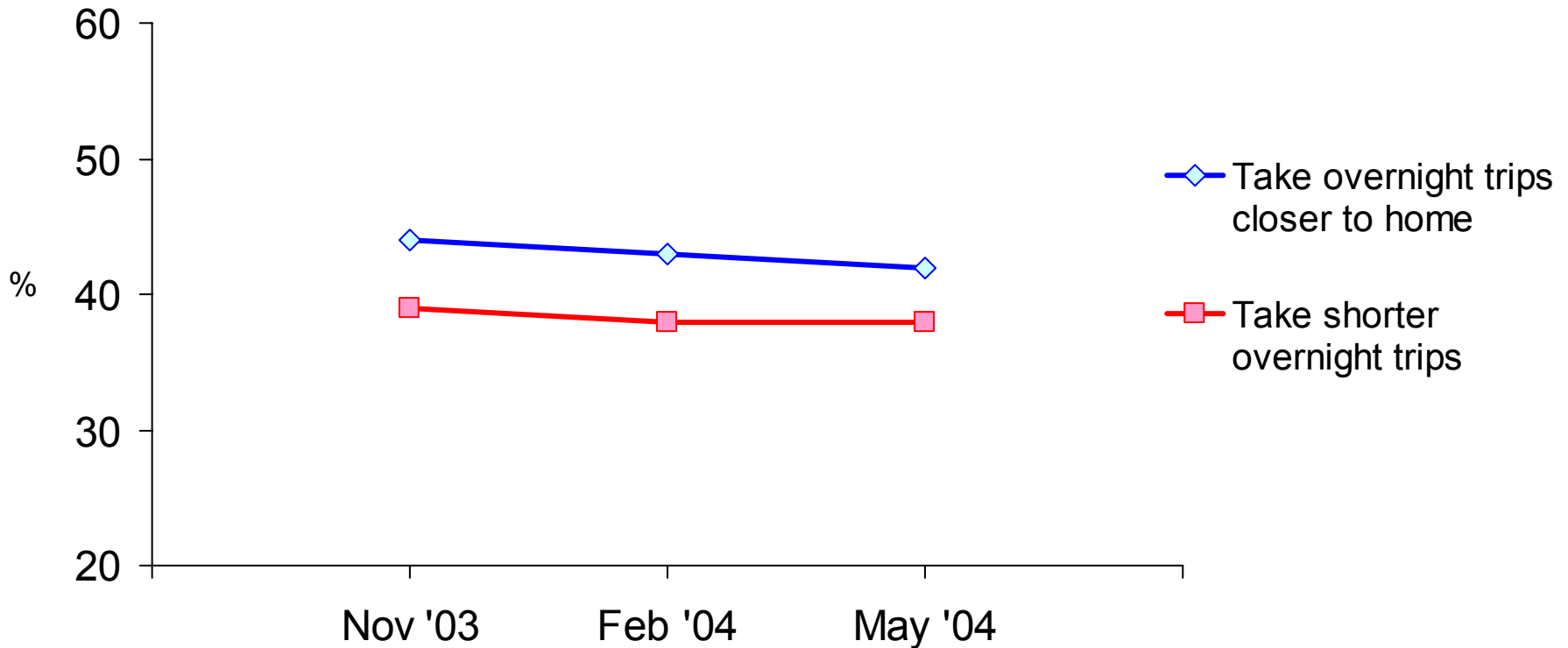


Q. Are you considering taking an out-of-town trip of one or more nights away from home in the next 12 months?

Q. How, if at all, have your travel plans changed over the past two years? Are you inclined to... ?

Trend in duration and distance of overnight trips

Percent of American travellers*

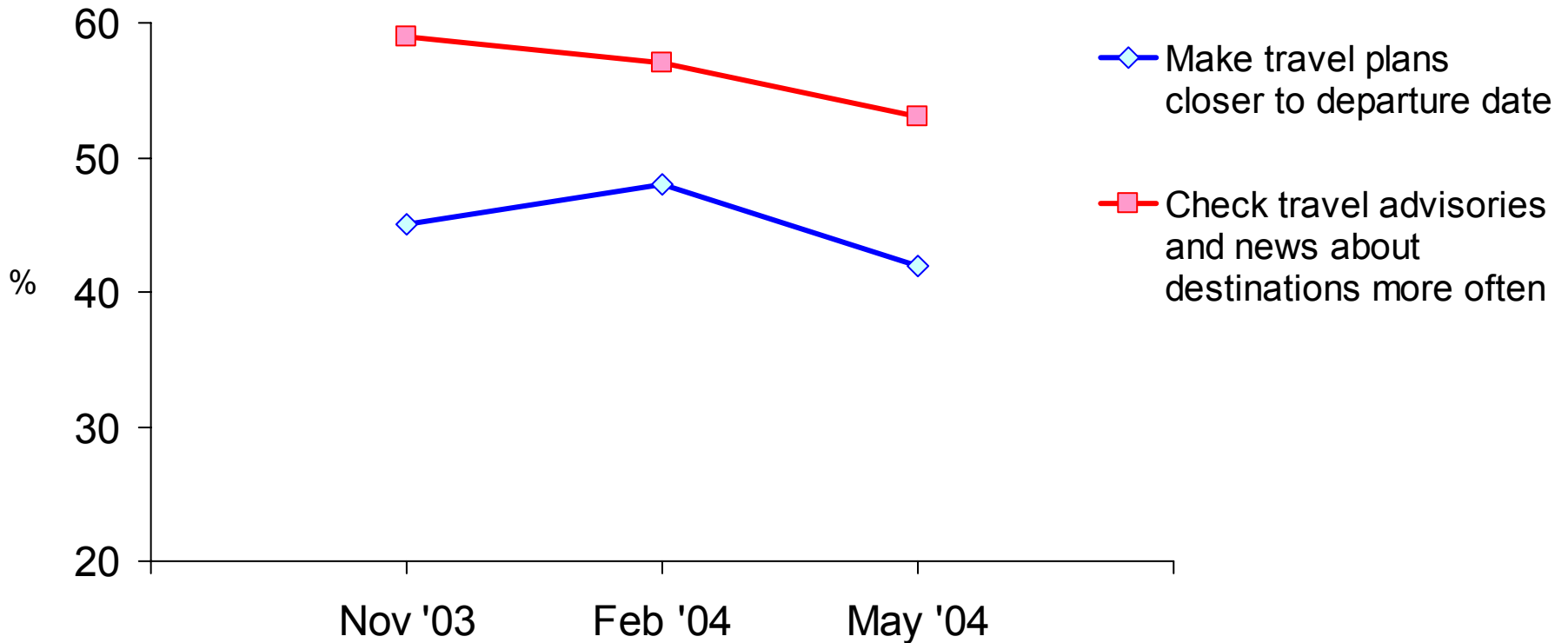


* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Q. How, if at all, have your travel plans changed over the past two years? Are you inclined to... ?

Trend in overnight trip planning

Percent of American travellers*

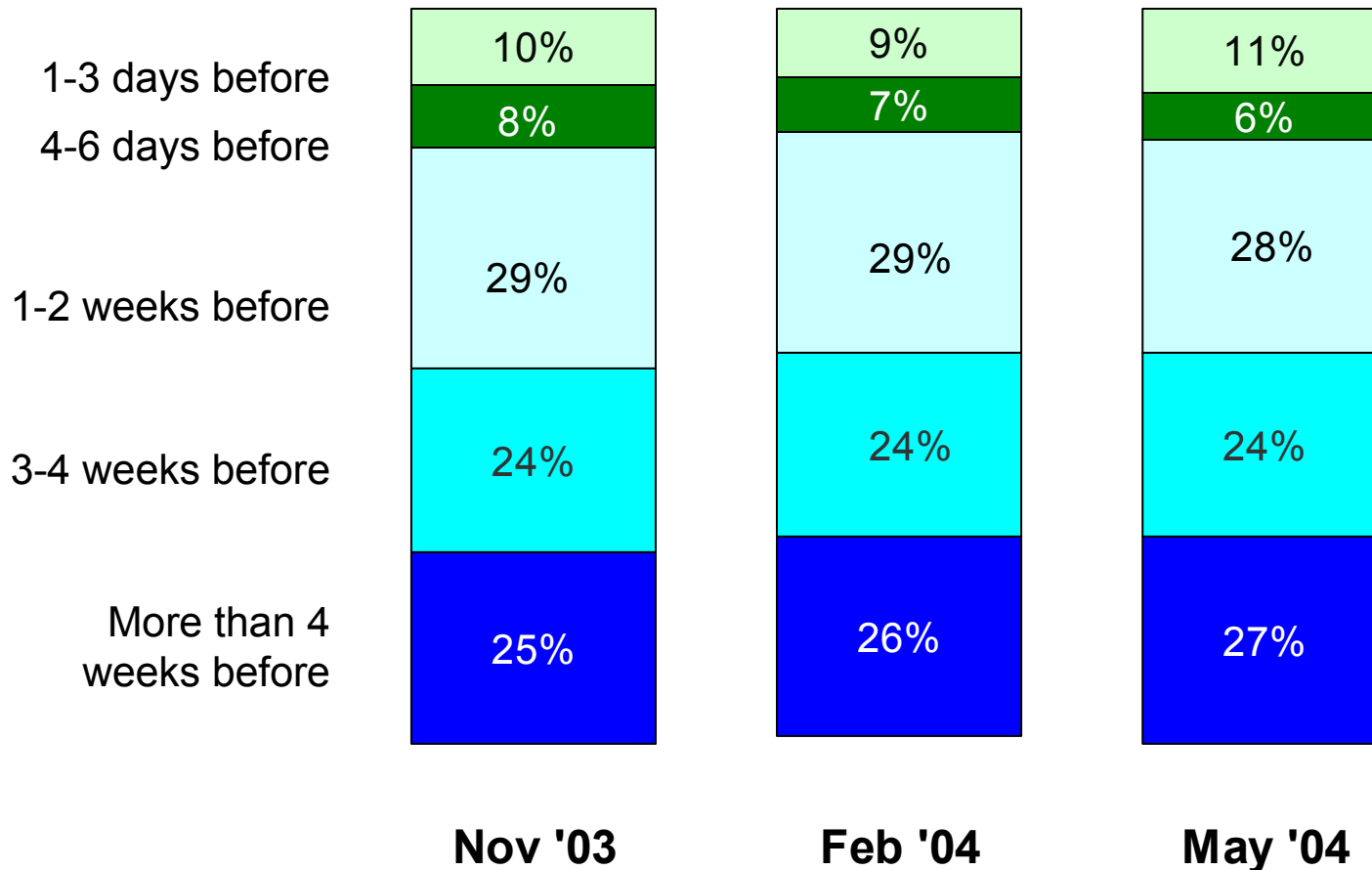


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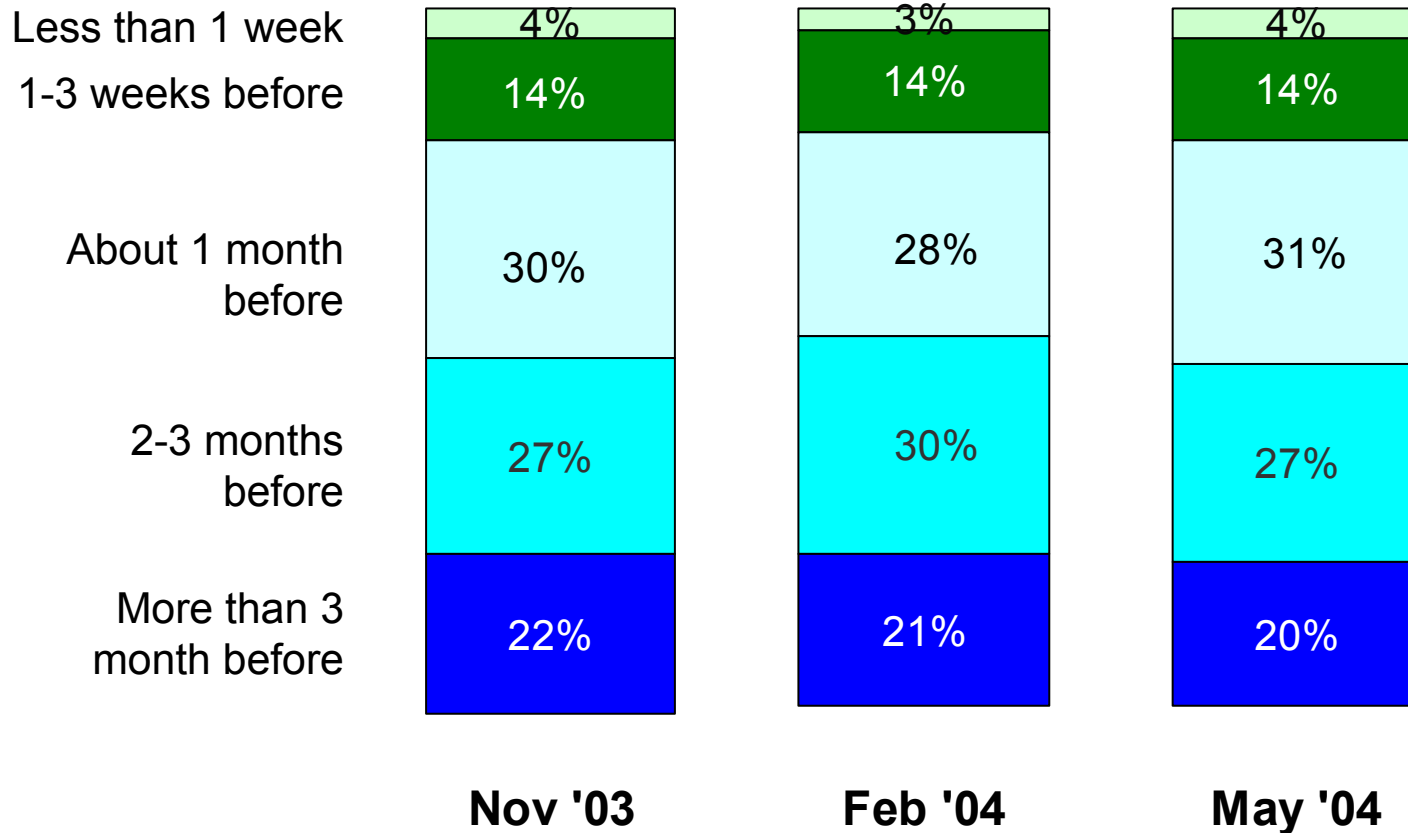
Planning cycle for overnight trips of short duration — 1 to 3 nights

Percent of Americans who have booked short trips



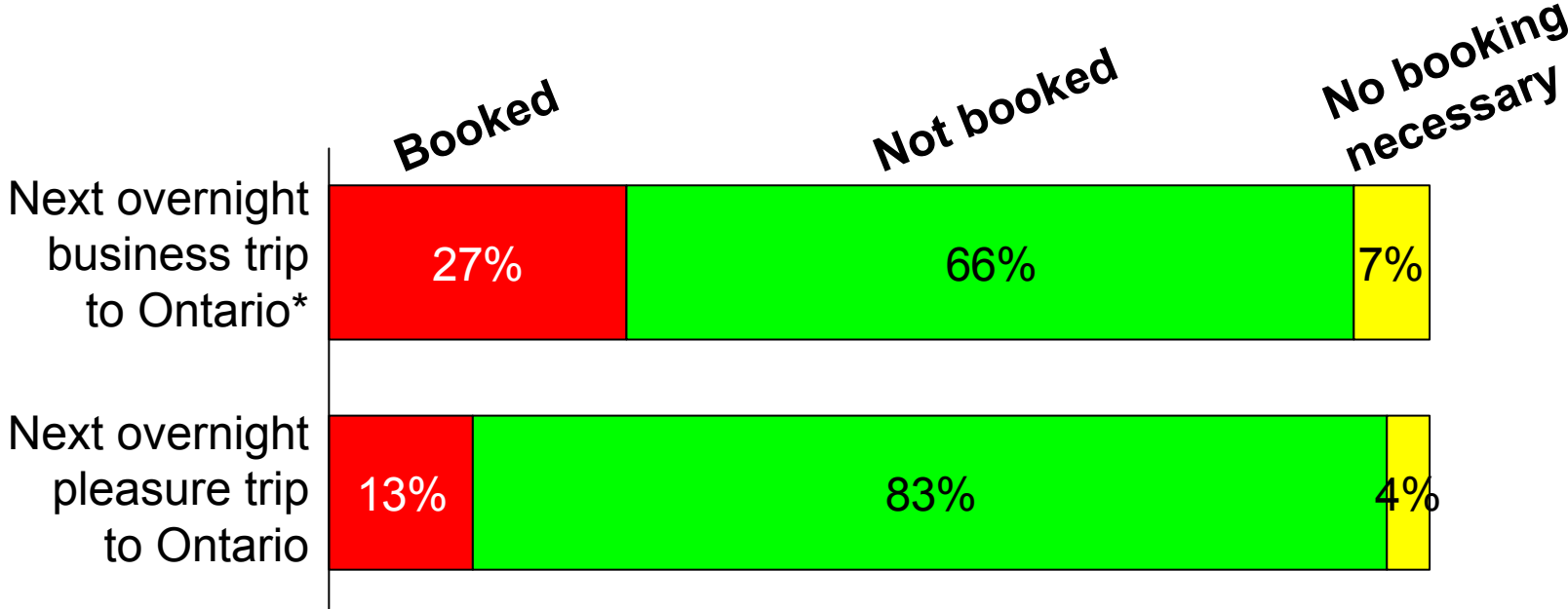
Planning cycle for overnight trips of long duration — 4 nights+

Percent of Americans who have booked long trips



Incidence of booking next overnight trip to Ontario

Percent of Americans who plan to travel to Ontario in June/Aug

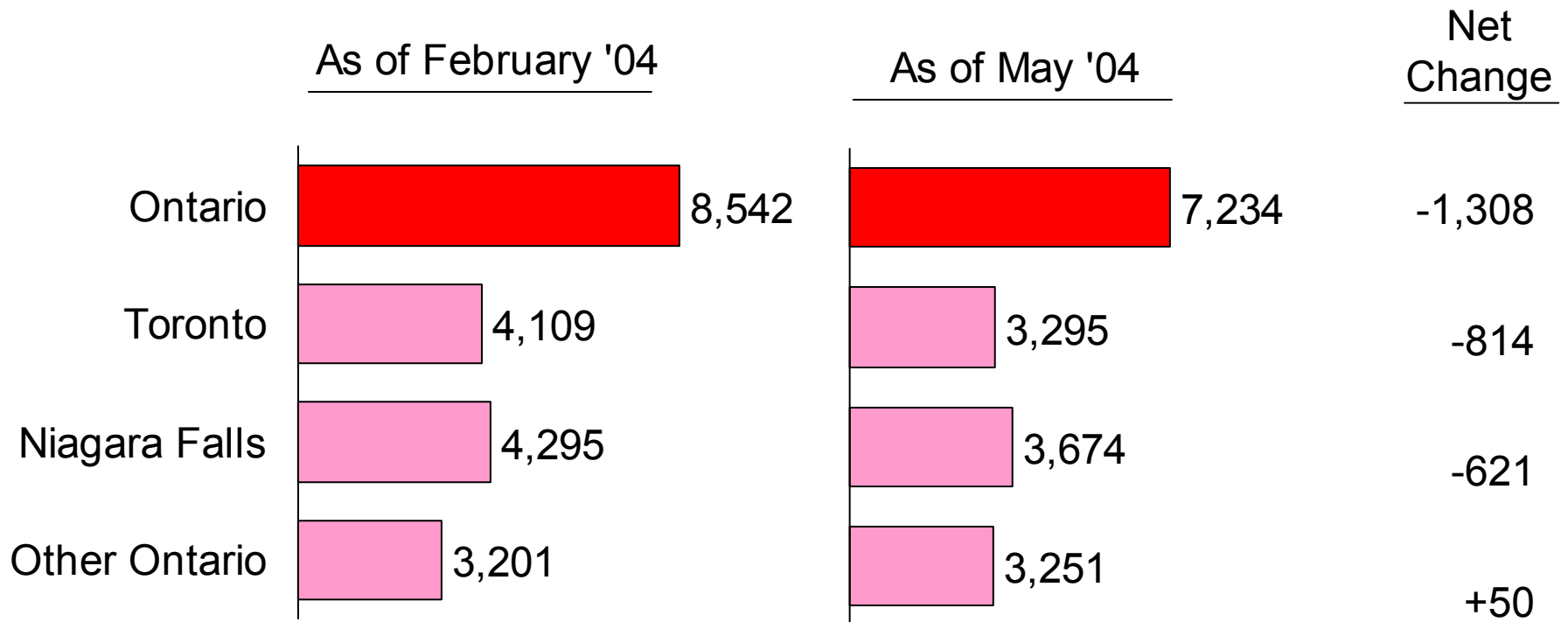


*Caution: Base size less than 50.

Travel Intention Details

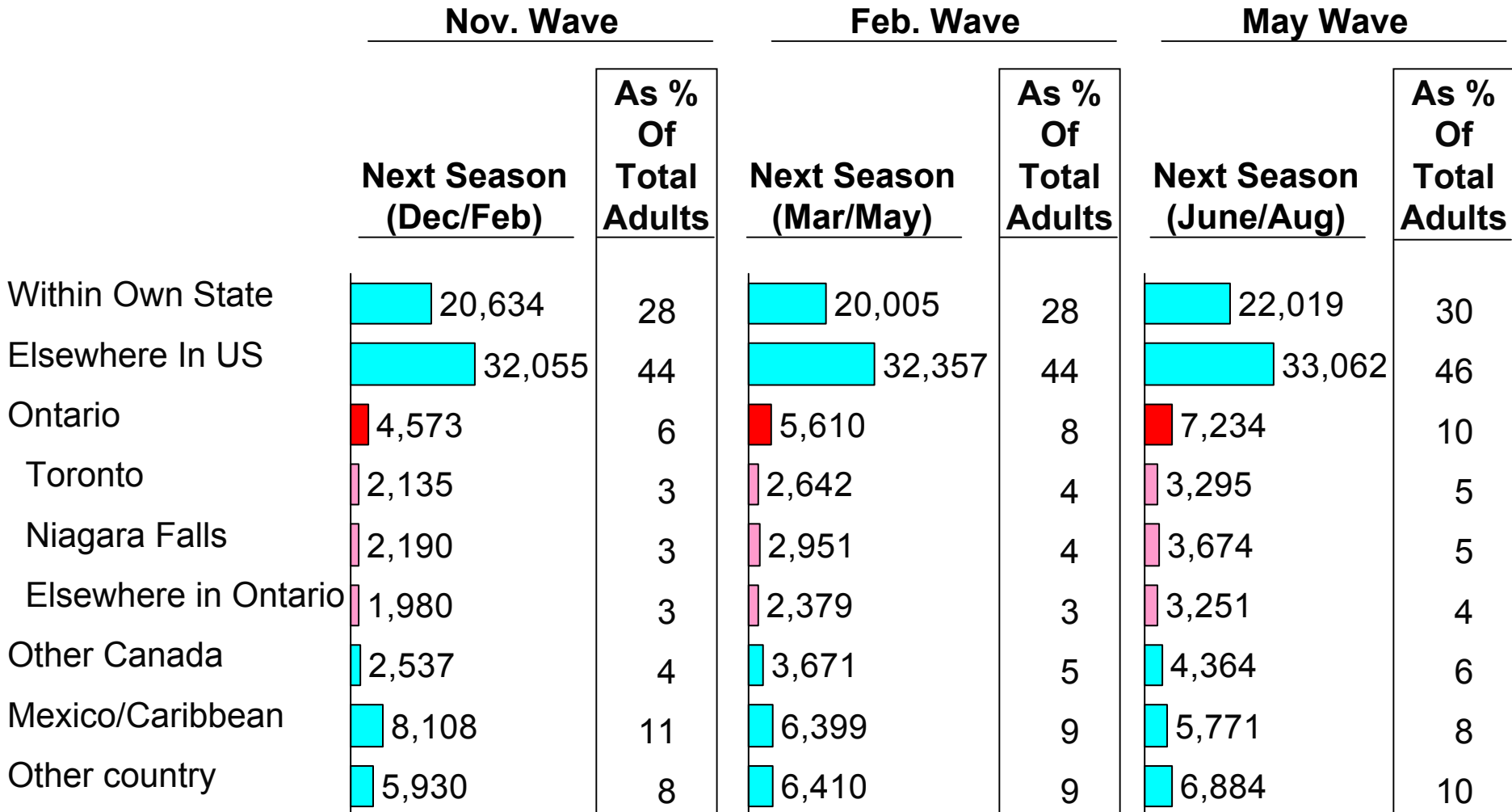
Travel intentions for Summer '04 (June/Aug)

Projected number of Americans intending to travel to each destination (in thousands)



Intended Travel Patterns Of US Residents

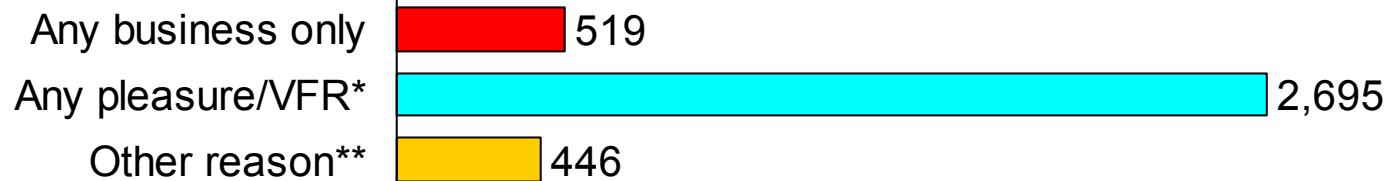
Number of adults claiming overnight trip (thousands) — not seasonally adjusted



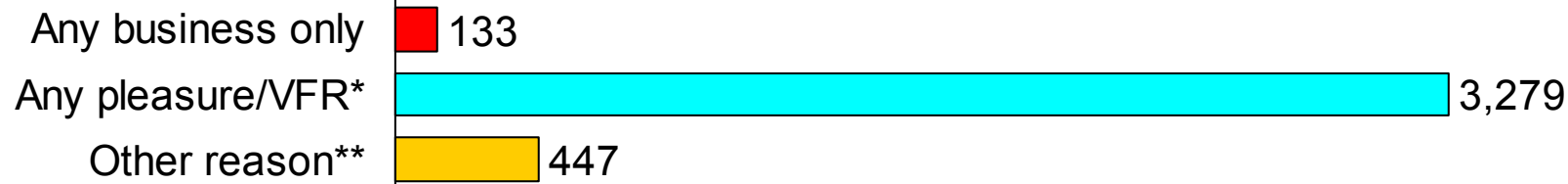
Main purpose of trips planned to Ontario — June/Aug '04

Projected number of Americans intending
to travel to each destination as of May '04

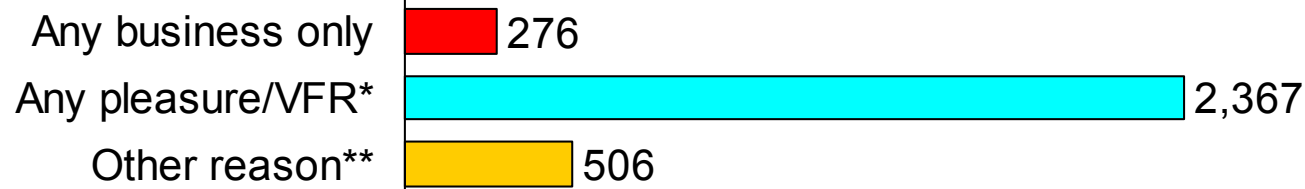
To Toronto



To Niagara Falls, Ontario



To Other Destinations In Ontario

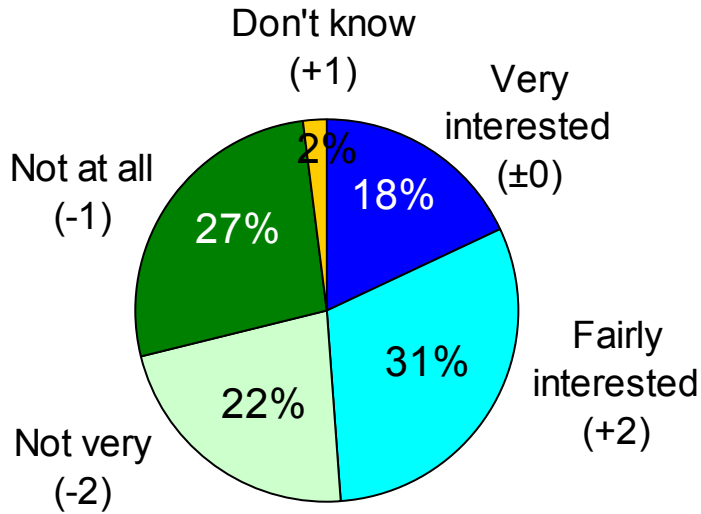


* Excluding cottage/country home.

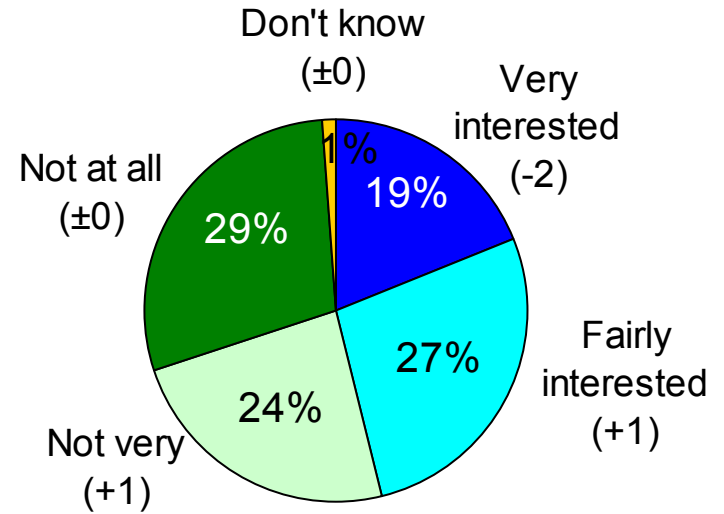
** Including cottage/country home.

General interest in travelling to Ontario destinations (within next two years)

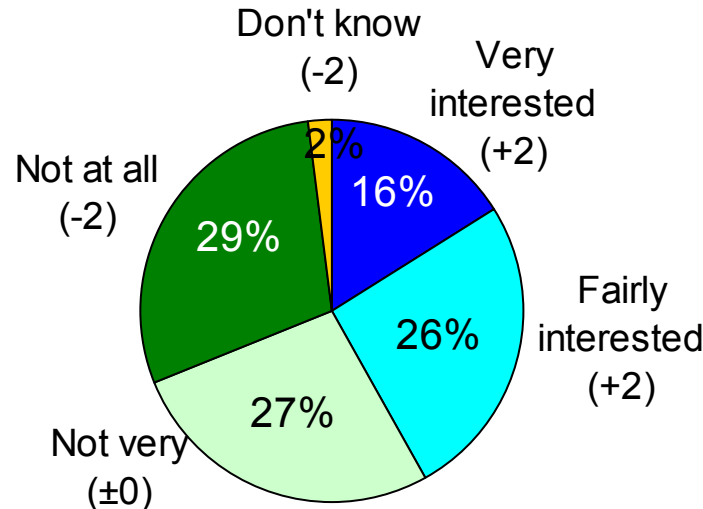
To Toronto



To Niagara Falls



To Elsewhere In Ontario

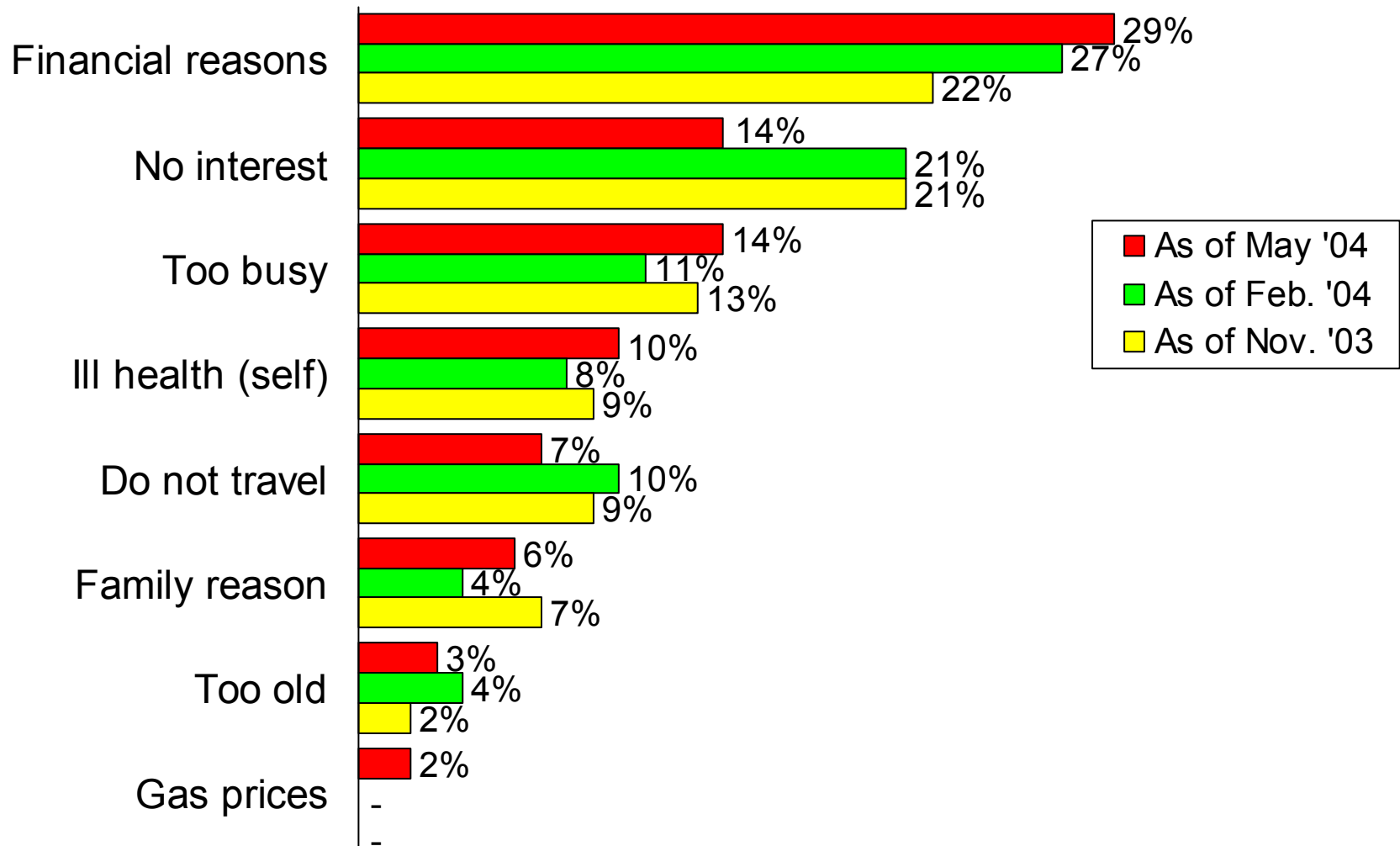


() Change versus Feb. '04

Volunteered Impediments To Travel (as of May '04)

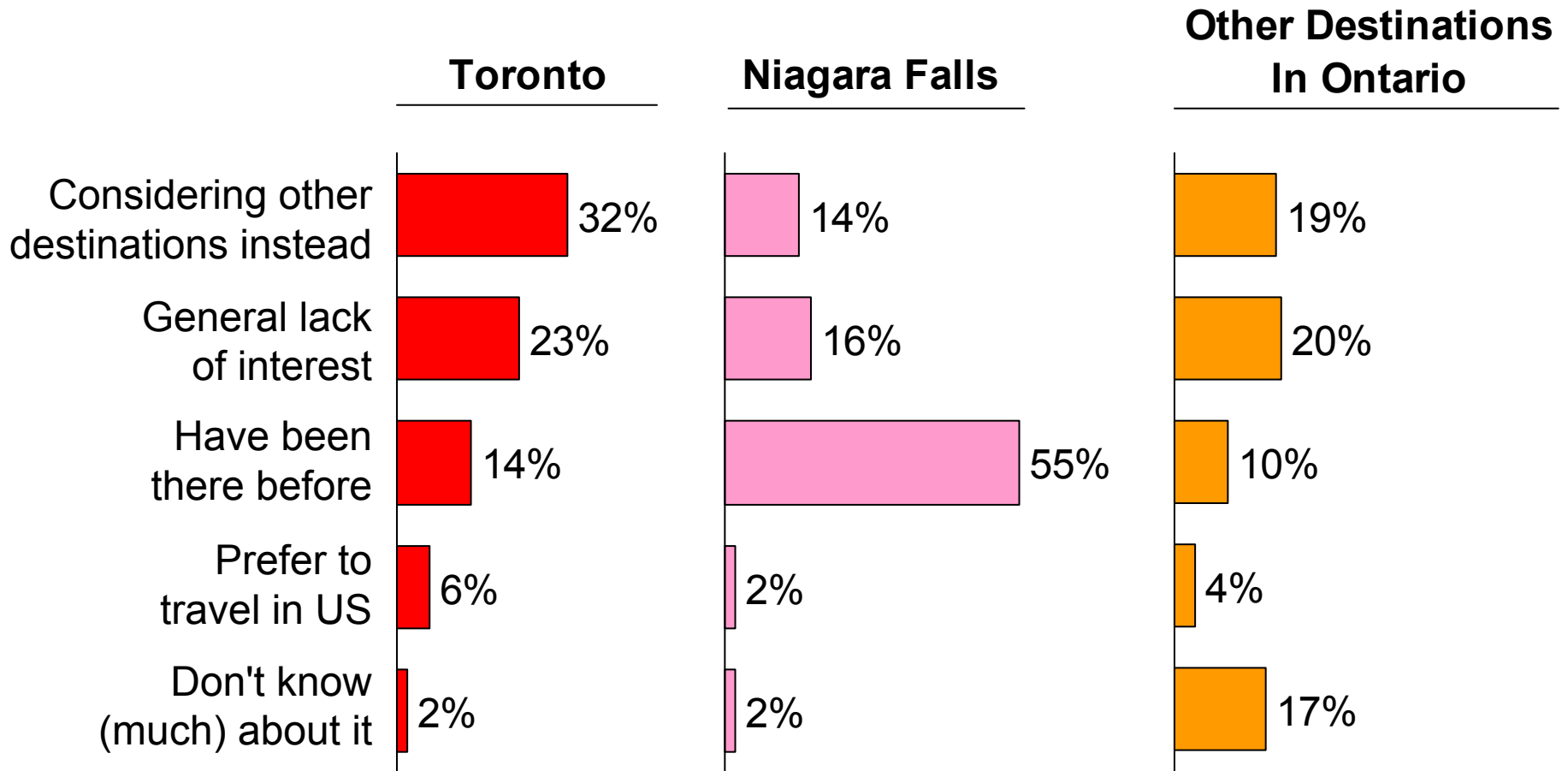
Expressed reasons for not considering travel for any purpose in next 12 months

Percent of Americans who do not intend to travel



Reasons for lack of interest in visiting specific Canadian destinations

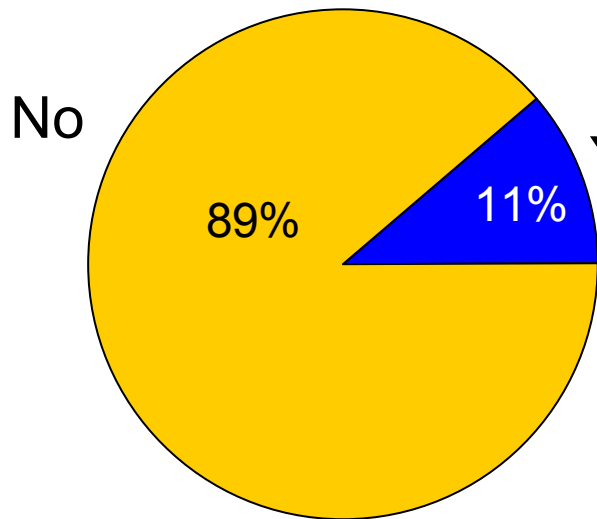
Percent of Americans who are “not very/not at all interested” in visiting each destination within the next 2 years and have visited Ontario in the past



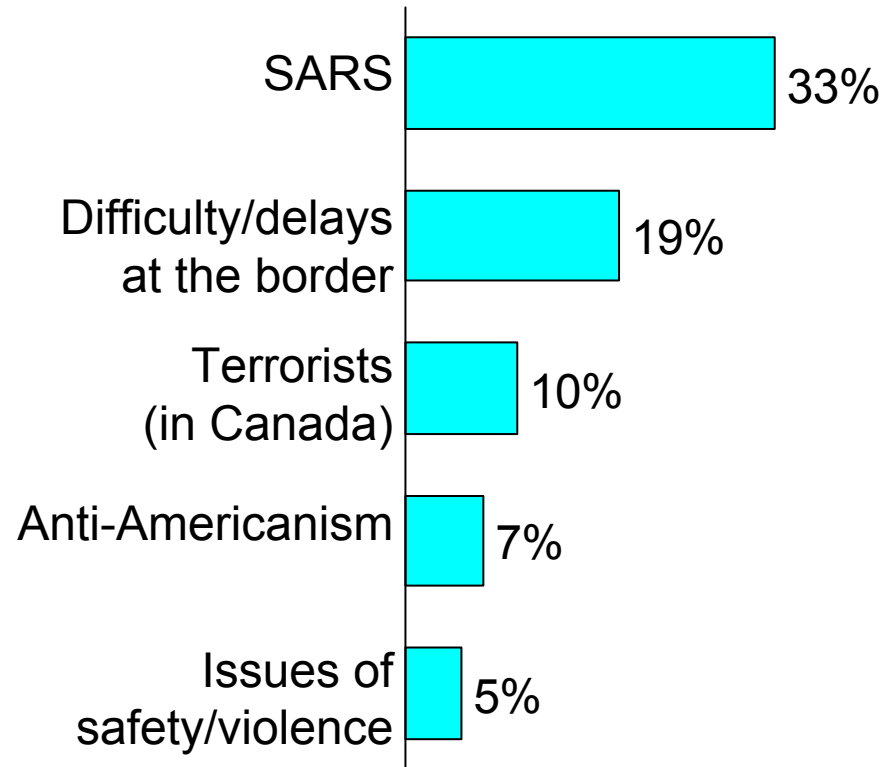
Are there any specific events or issues that you have heard about that make you less inclined to travel to Toronto, Niagara Falls or other places in Ontario?

Percent of Americans who have ever visited Ontario

What are these specifically?



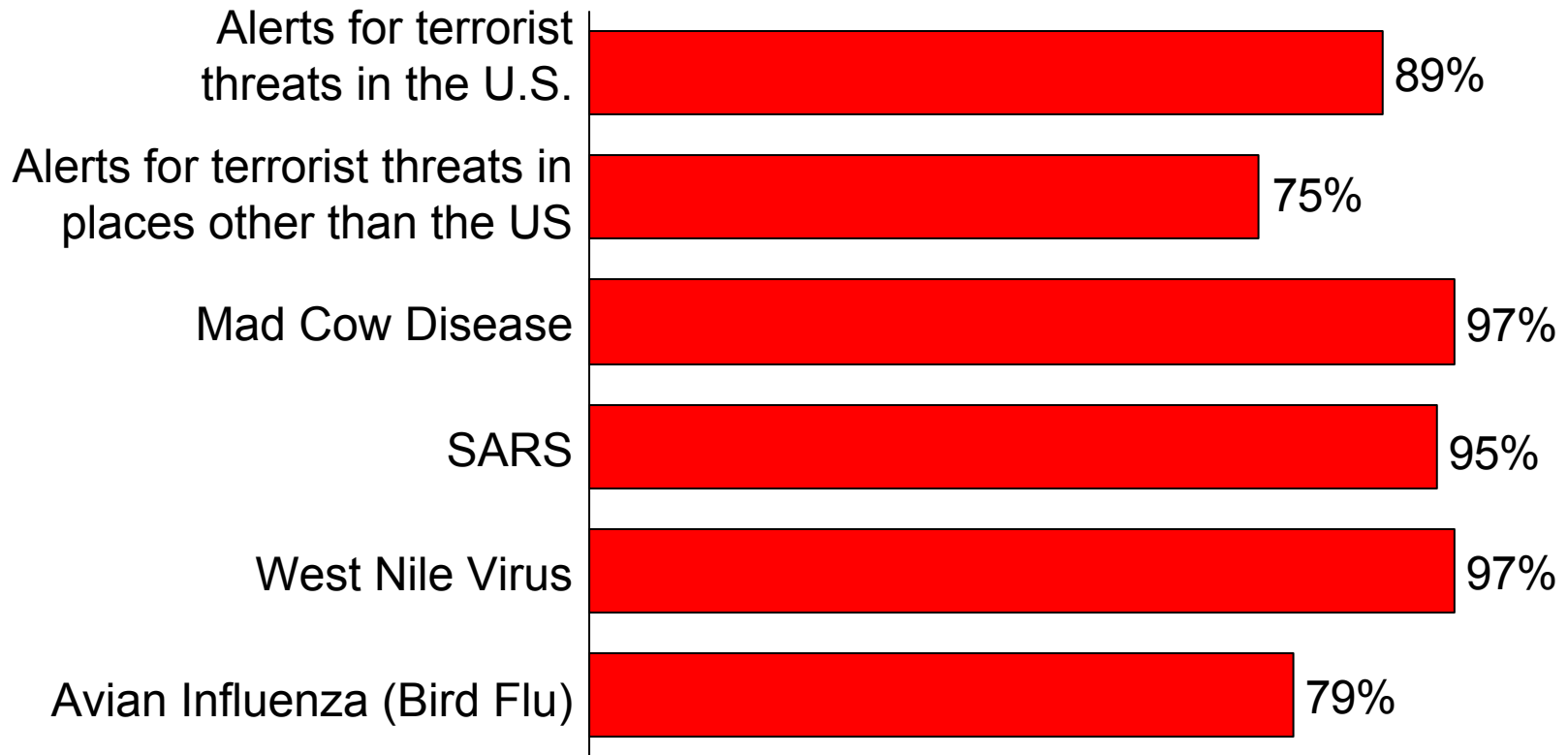
Yes →



Prompted Awareness And Response To Specific Negative Events

Prompted awareness of negative events (as of May '04)

Percent of American travellers*

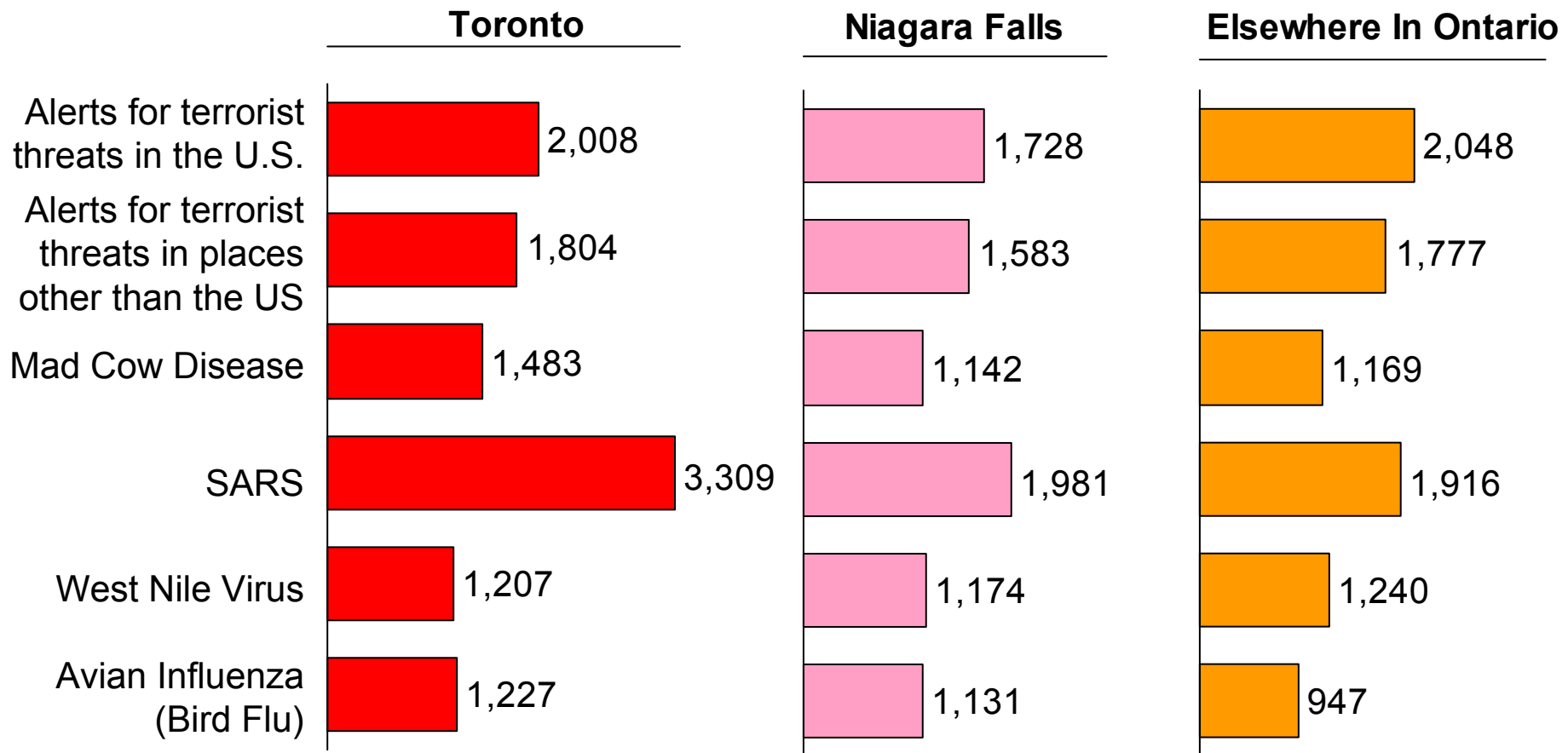


* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Q. Now I'd like to ask you about some specific events that have taken place in the recent past. Have you heard of... ?

Impact of negative events on intent to travel to specific destinations during coming season (as of May '04)

Projected number of American travellers* (in thousands) who are less likely to visit each destination in June/Aug

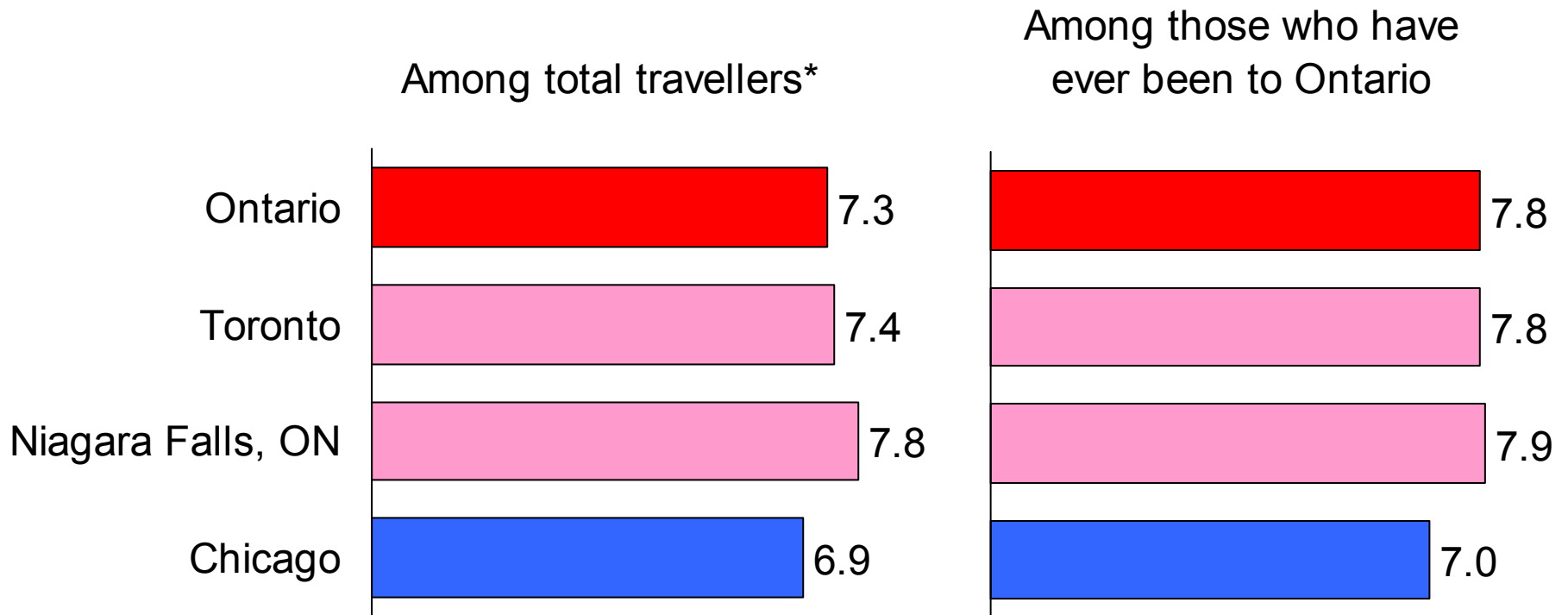


* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Destination Perceptions

Overall rating as travel destination (as of May '04)

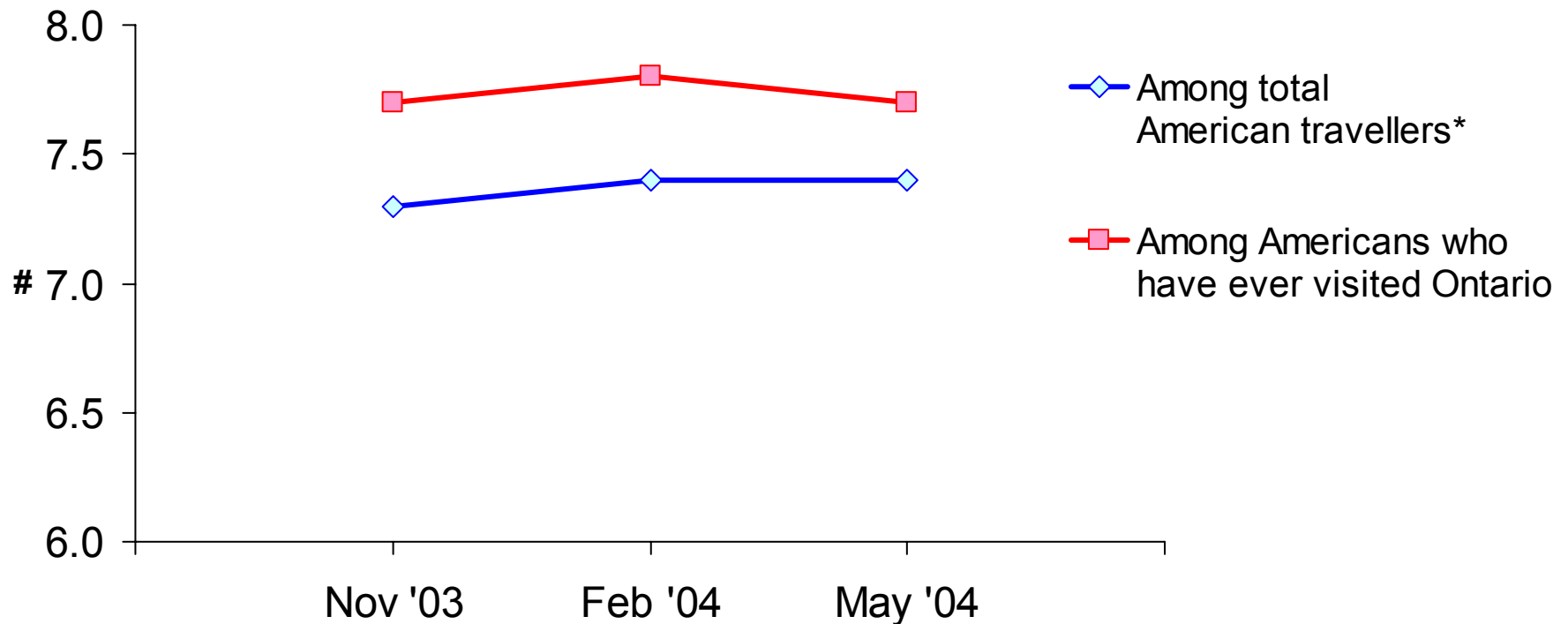
Average on 10-point scale among Americans



* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Trend in value for the money impressions of Ontario

Average on 10-point scale








* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Ratings For Specific Characteristics

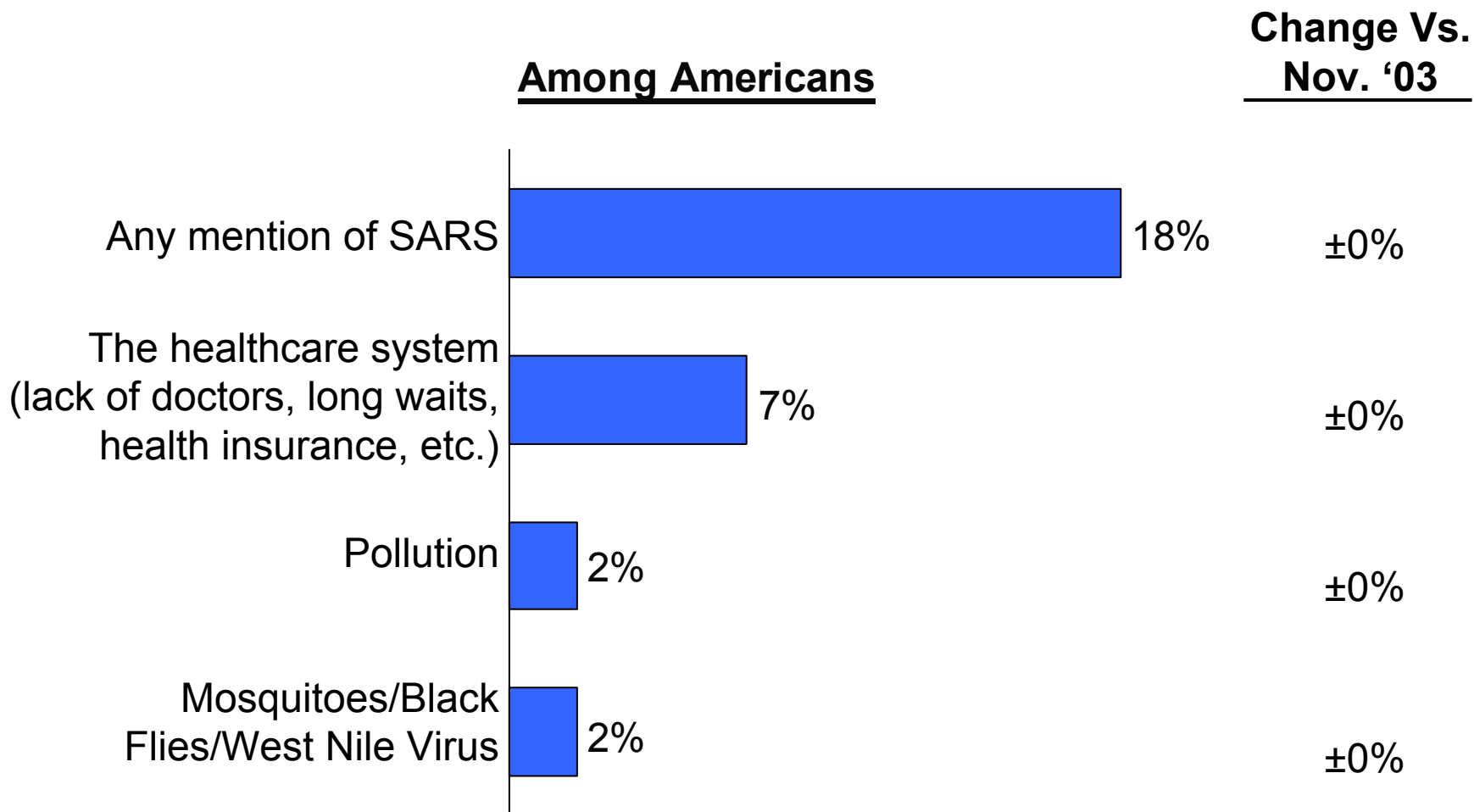
Ontario Imagery Ratings

Average on 10-point scale among American travellers

	Among Americans			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
Attributes In Order Of Importance:					
Safe from terrorists & criminals	7.8	7.9	8.0		+0.2
Good value for the money	7.3	7.4	7.4		+0.1
Friendly destination	7.9	7.9	8.1		+0.2
Don't have to worry about your health	7.6	7.8	8.0		+0.4
Lots to see and do	7.7	7.8	7.8		+0.1
Good health services for visitors	7.3	7.2	7.3		±0.0
Offers destinations you can drive to	7.5	7.5	7.5		±0.0

Volunteered Health Issues Associated With Ontario

Percent of those who rate Ontario 7 or lower as a destination where you don't have to worry about your health






Ontario Ratings For Trip Types

Average on 10-point scale among American travellers

	Among Americans			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
	Nature & outdoors	7.4	7.6	7.6	
Touring trip	6.9	7.1	7.0		+0.1
Big city trip	6.6	6.7	6.7		+0.1
Arts, culture & history	6.6	6.8	6.8		+0.2
Resort trip	6.4	6.7	6.4		±0.0

Toronto Ratings For Trip Types

Average on 10-point scale among American travellers

	Among Americans			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
Shopping, restaurants, nightlife	7.5	7.6	7.5		±0.0
Arts, culture & history	7.3	7.4	7.3		±0.0
Strolling around to see buildings/sights	7.1	7.2	7.3		+0.2
Family vacation	7.0	7.1	7.1		+0.1
Overall rating	7.3	7.5	7.4		+0.1
“Must See” destination	6.8	6.9	6.8		±0.0

Key Findings — Canada

Key Findings — Canada

- The climate for Ontario travel within the domestic market appears to be somewhat more favourable than that existing in the U.S.
 - General travel interest has not declined domestically.
 - There is evidence of an upswing in Ontario travel intentions as the summer approaches.
 - Impressions of Ontario and its main destinations remain better defined and generally more positive when comparisons are made with US residents.

Key Findings — Canada (Cont'd)

- This does not mean, however, that domestic travellers are not affected by the same pressures evident in the US.
 - Terrorism and health concerns are widely recognized and have had a dampening effect on enthusiasm for travel.
 - Concerns about SARS carry less weight from they do in the US, but, nonetheless, continue to have some negative impact on Toronto.
- And, like Americans, Canadians have tended to constrain their travel planning and activity patterns over the past two years and continue to operate in a constrained mode.

Key Findings — Canada (Cont'd)

- In fact, the travel planning window is even narrower for Canadians than Americans, with respect to both short and more extended overnight trips.
 - This makes it particularly difficult for the travel industry in Ontario to gauge domestic demand for specific products and destinations.
- Also, like Americans, Canadians need to be provided with strong reasons for travelling within Ontario if new interest or renewed enthusiasm for the province's tourism offering is to be generated.

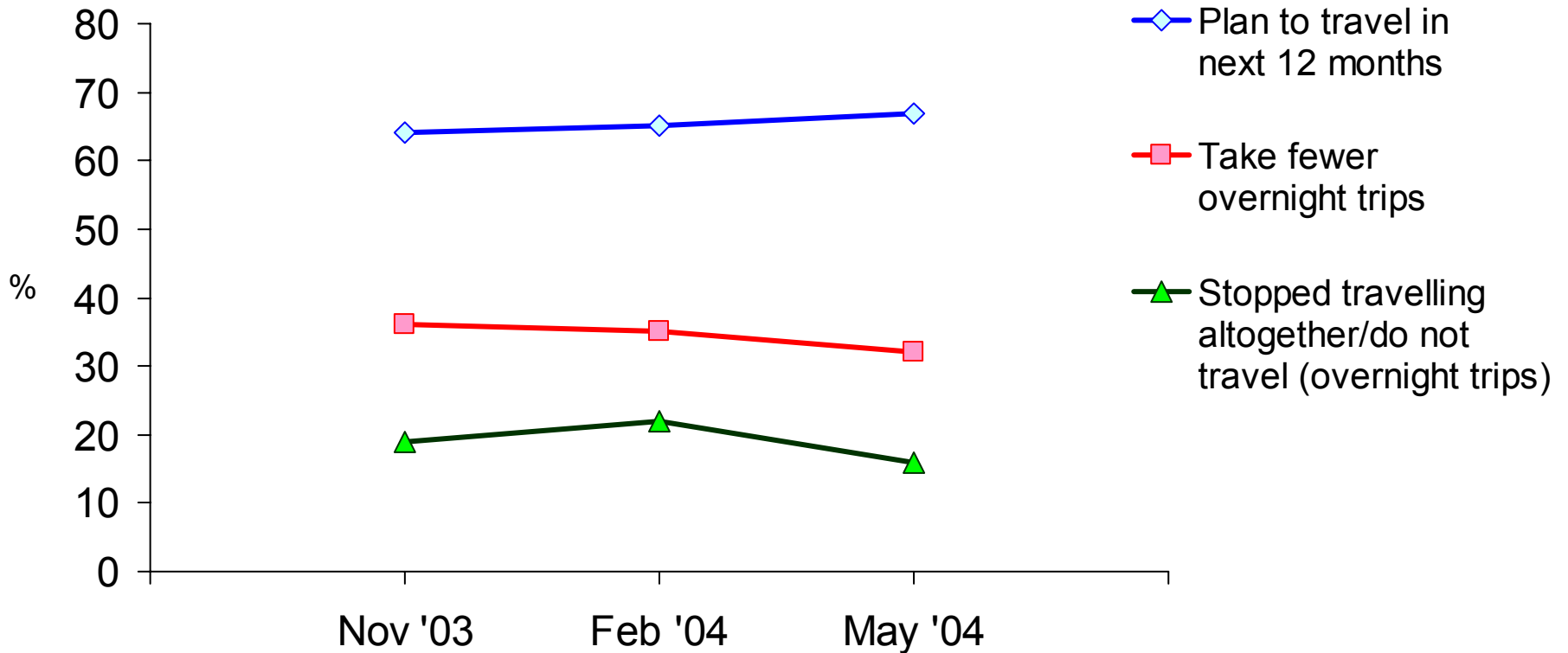
Key Findings — Canada (Cont'd)

- It should be underlined that, when considered in isolation, these survey results should not be taken as an indication that recent marketing and communication efforts directed toward the US or domestic markets have been unsuccessful.
 - A long-term, sustained effort is required to build a stronger profile for the region.
 - In the US particularly, the effort may have reduced the magnitude of the negative effects impacting Ontario in a troubled travel market.

Propensity To Travel & Trip Planning

Trend in general travel intentions and propensity to travel

Percent of Canadians

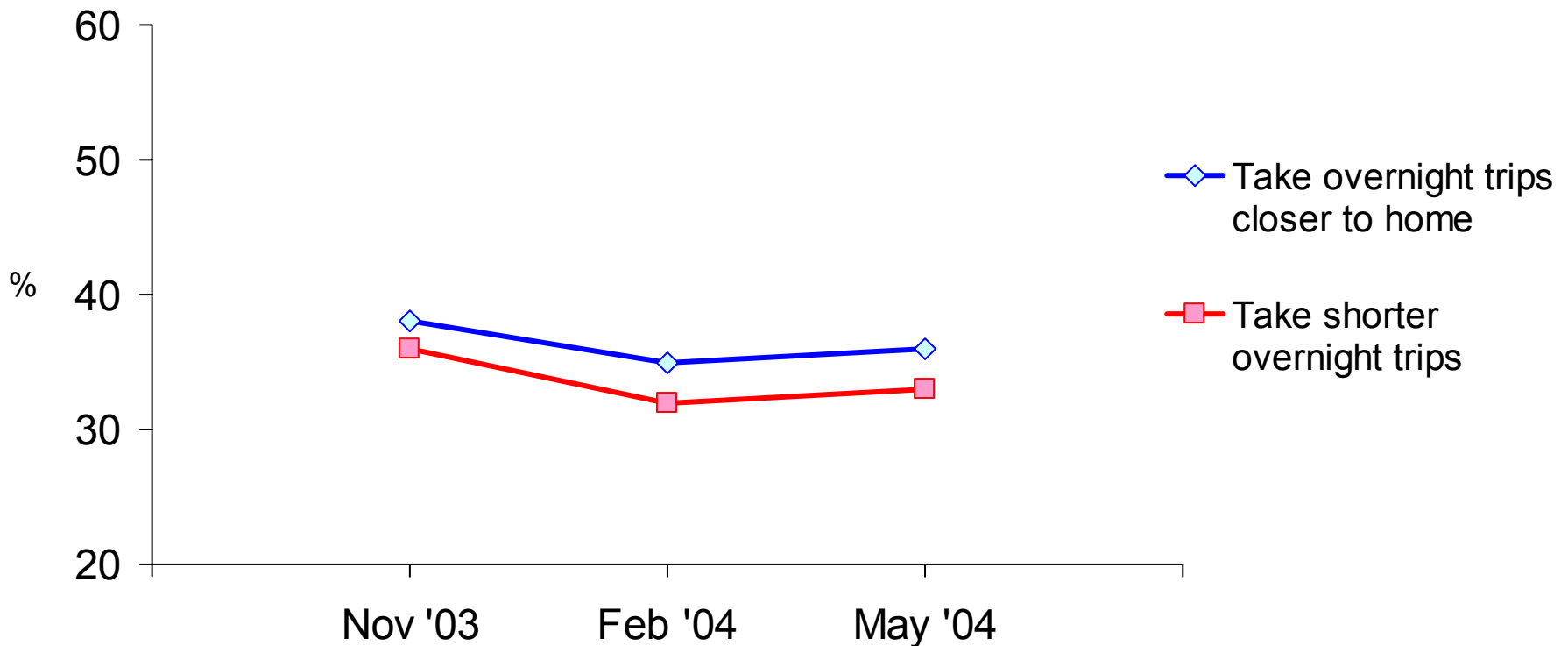


Q. Are you considering taking an out-of-town trip of one or more nights away from home in the next 12 months?

Q. How, if at all, have your travel plans changed over the past two years? Are you inclined to... ?

Trend in duration and distance of overnight trips

Percent of Canadian travellers*

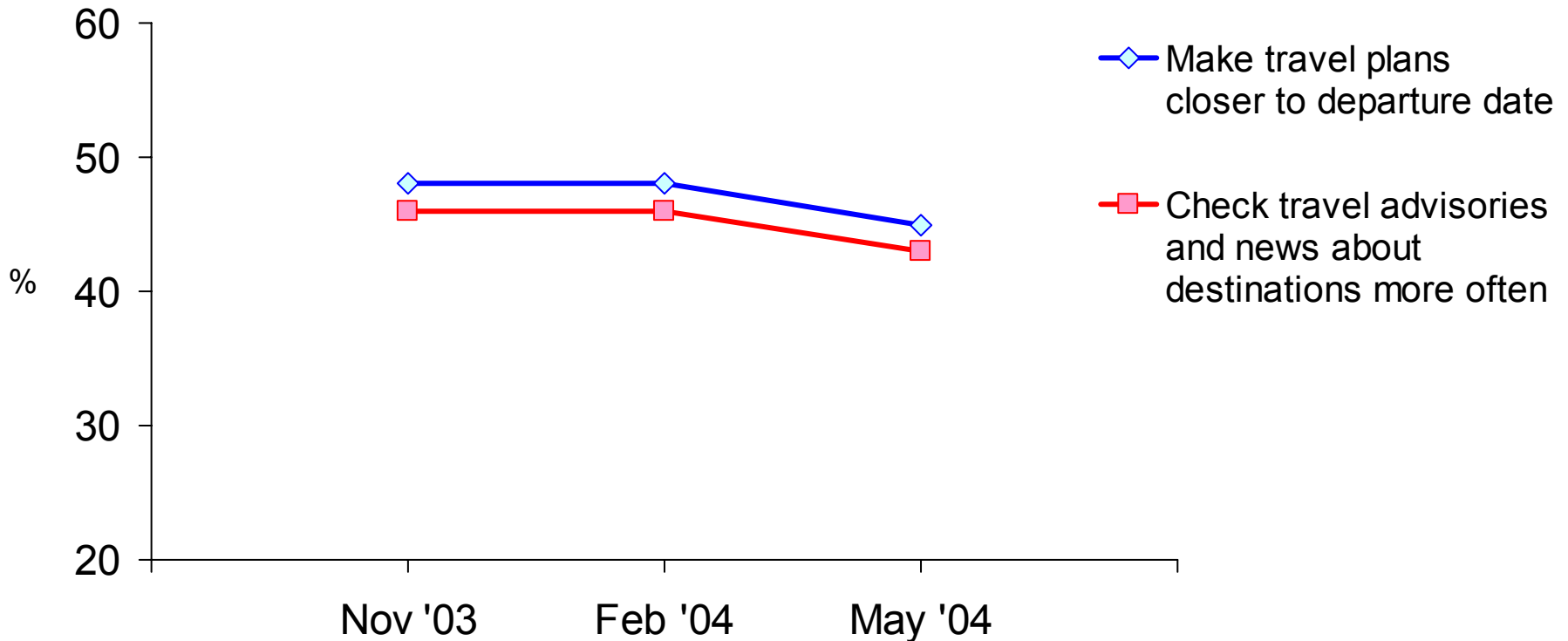


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Q. How, if at all, have your travel plans changed over the past two years? Are you inclined to... ?

Trend in overnight trip planning

Percent of Canadian travellers*

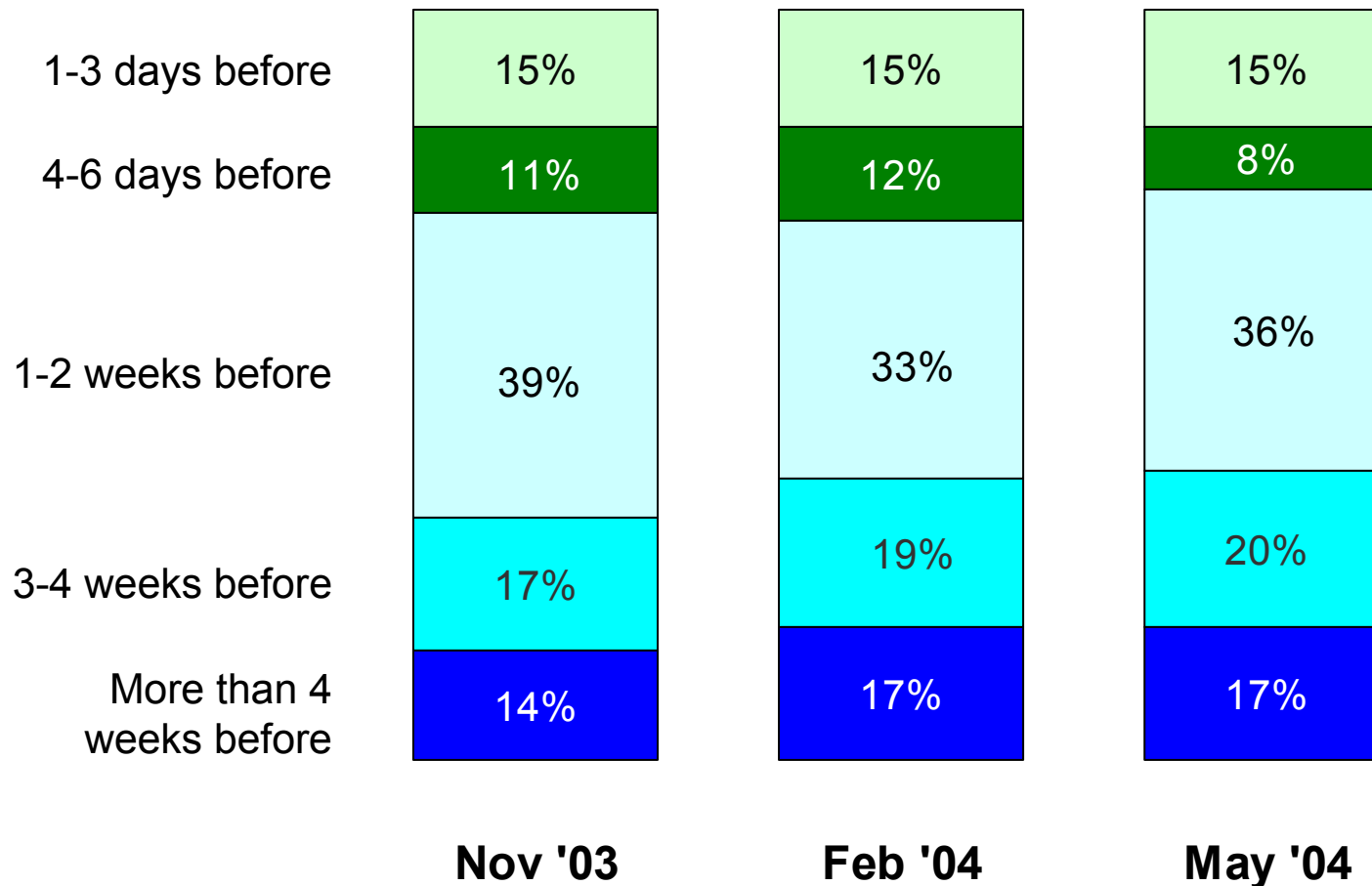


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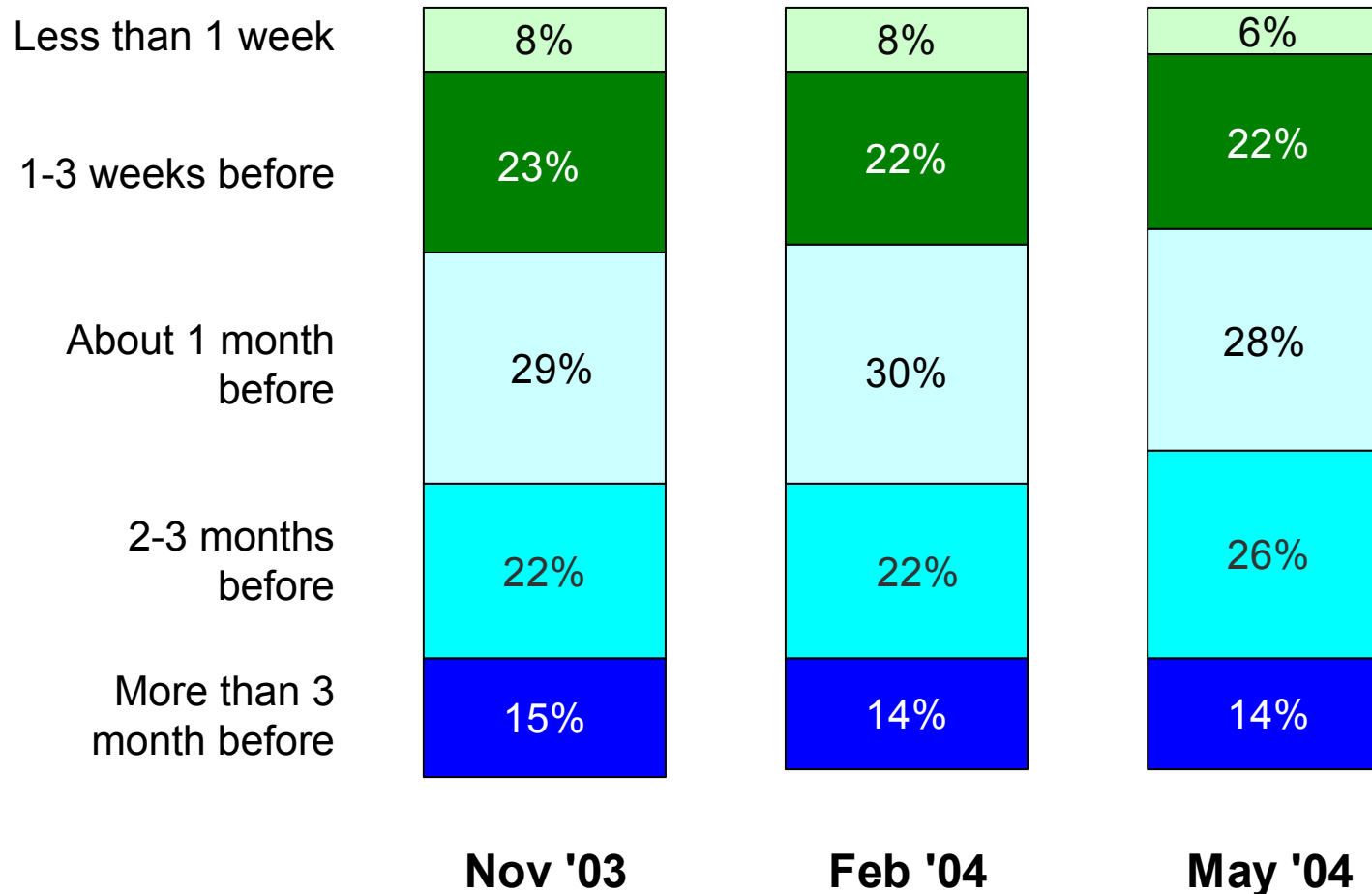
Planning cycle for overnight trips of short duration — 1 to 3 nights

Percent of Canadians who have booked short trips



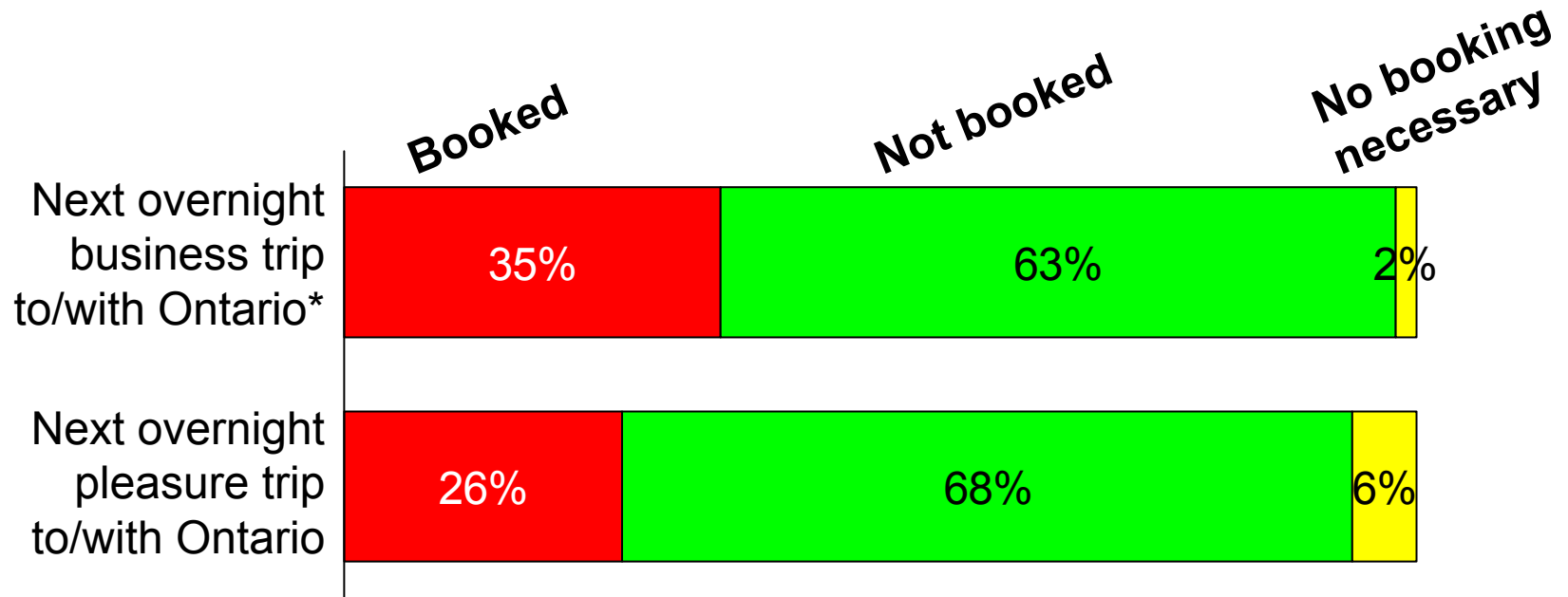
Planning cycle for overnight trips of long duration — 4 nights+

Percent of Canadians who have booked long trips



Incidence of booking next overnight trip to Ontario

Percent of Canadians who plan to travel to Ontario in June/Aug

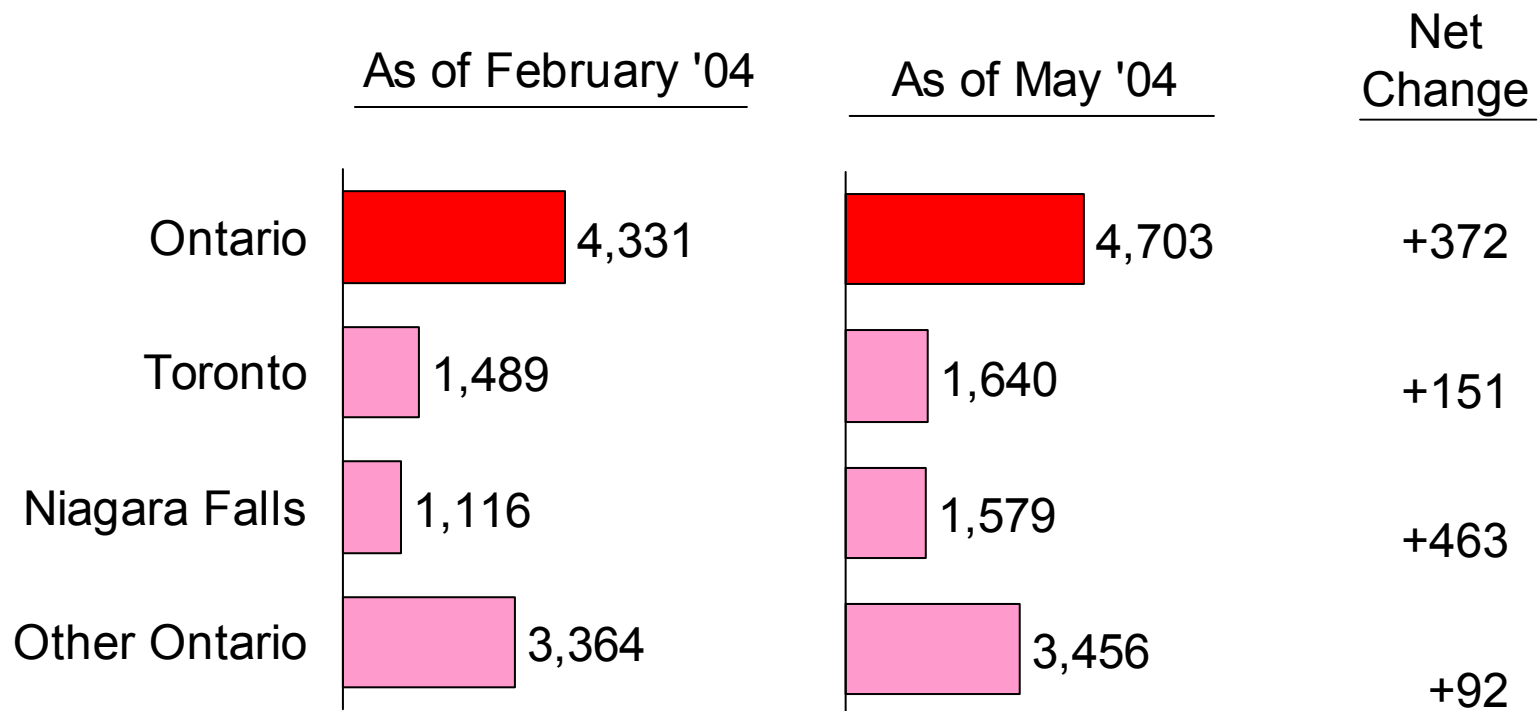


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Travel Intention Details

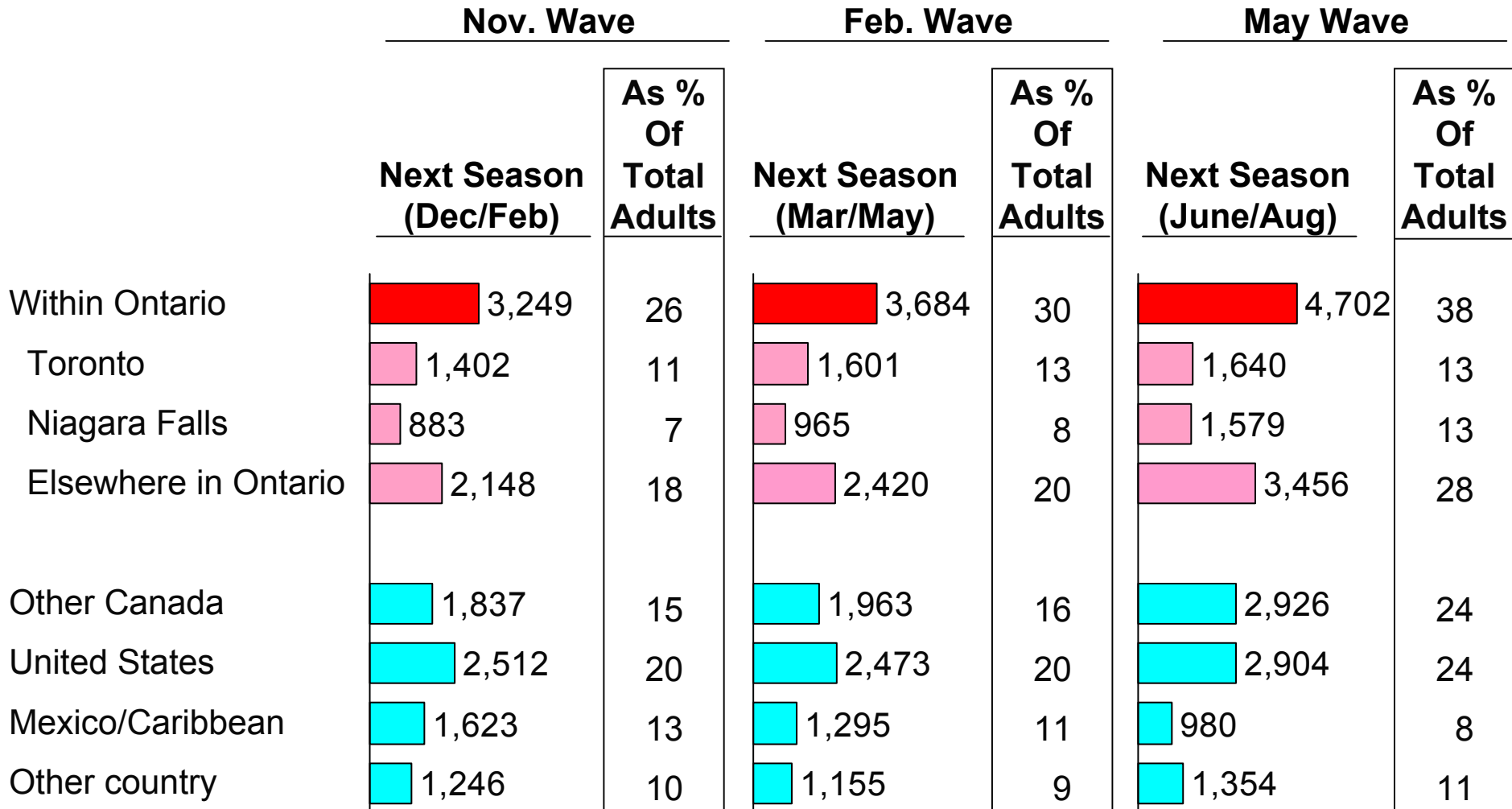
Travel intentions for Summer '04 (June/Aug)

Projected number of Canadians intending to travel to each destination (in thousands)



Intended Travel Patterns Of Canadian Residents

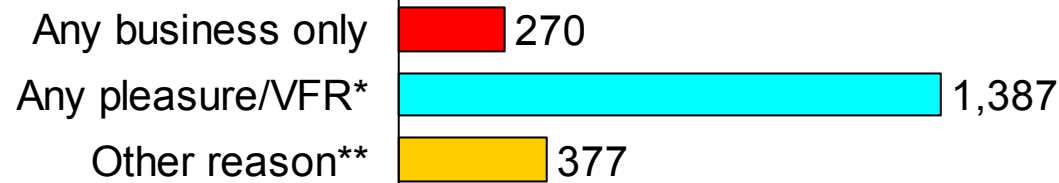
Number of adults claiming overnight trip (thousands) — not seasonally adjusted



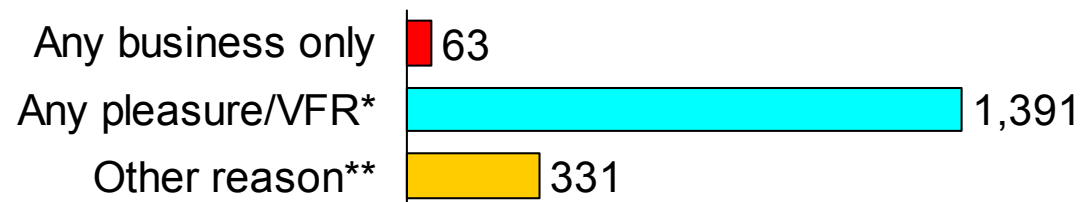
Main purpose of trips planned to Ontario — June/Aug '04

Projected number of Canadians intending
to travel to each destination as of May '04

To Toronto



To Niagara Falls, Ontario



To Other Destinations In Ontario

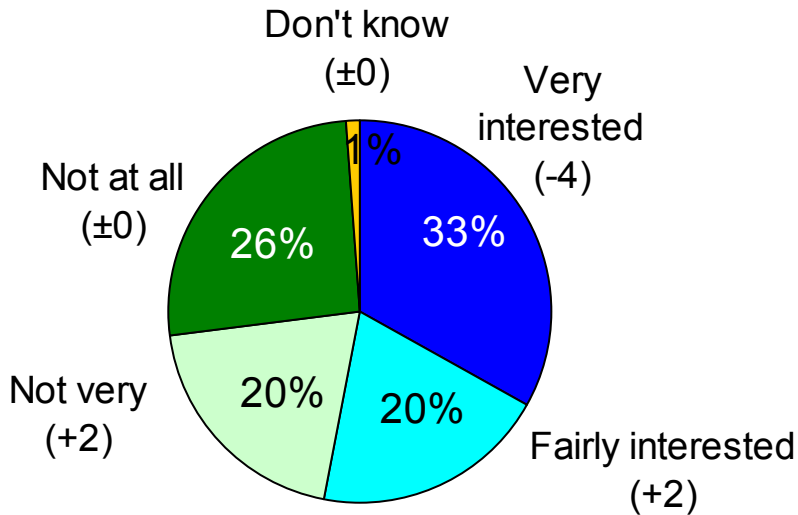


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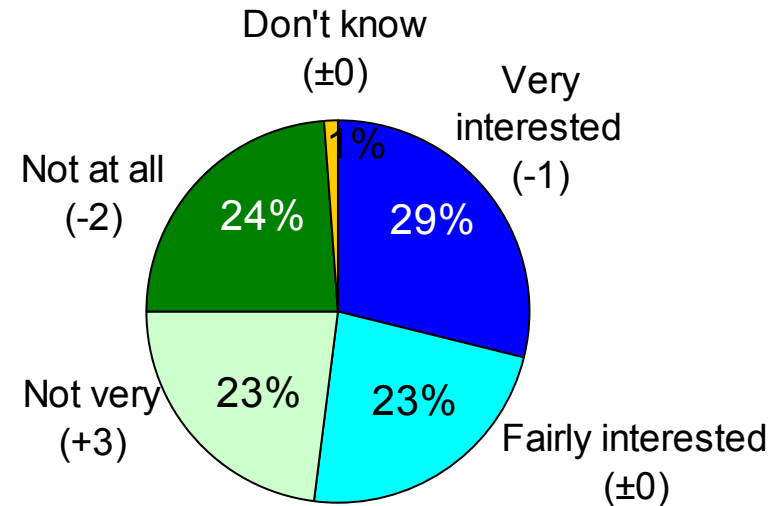
** Including cottage/country home.

General interest in travelling to Ontario destinations (within next two years)

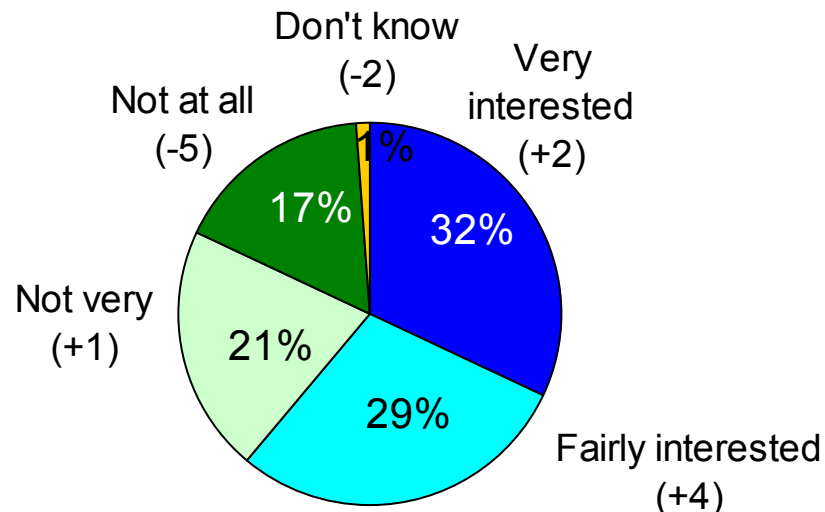
To Toronto*



To Niagara Falls



To Elsewhere In Ontario

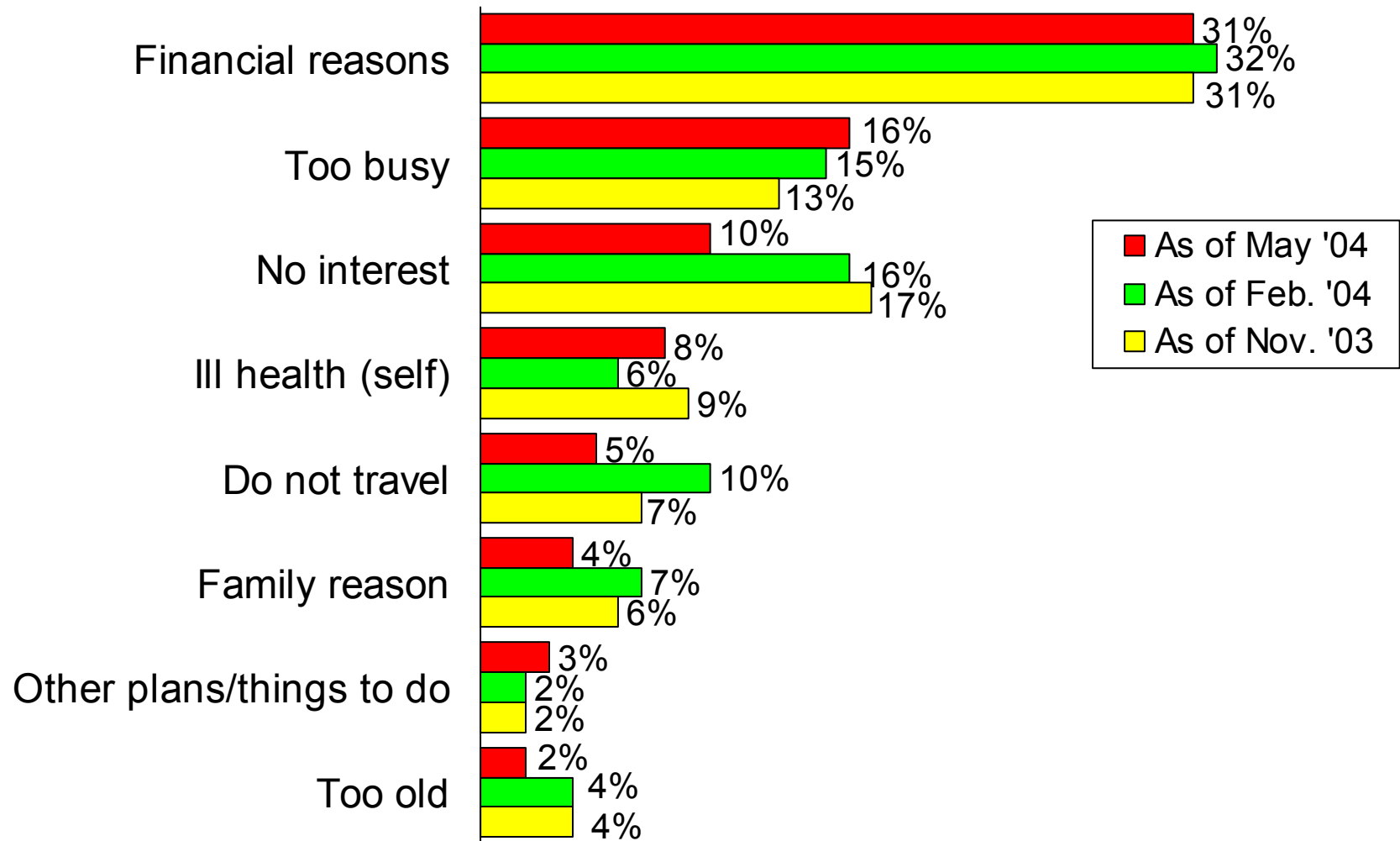


* Among non-residents of Toronto
() Change versus Feb. '04

Volunteered Impediments To Travel (as of May '04)

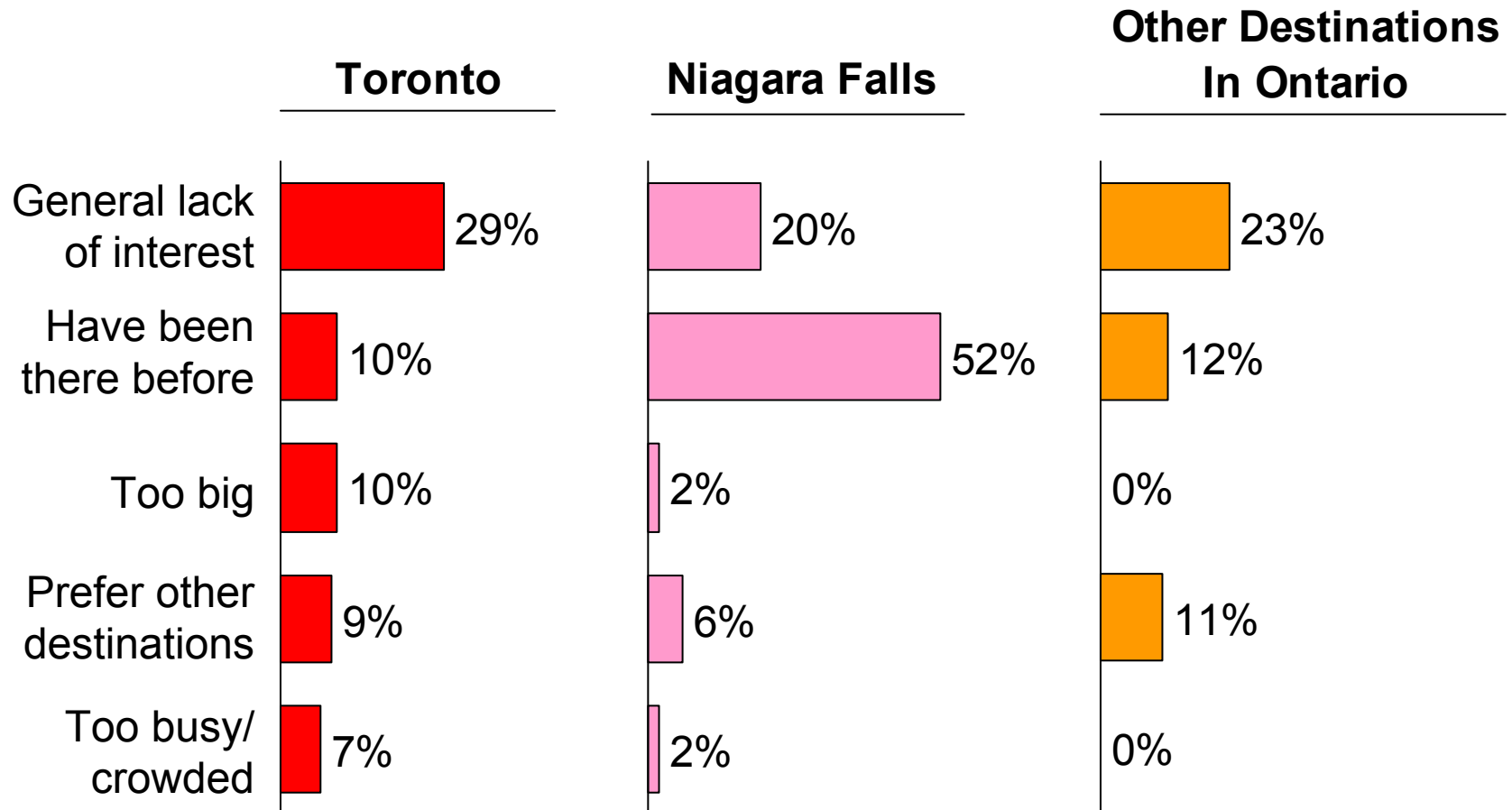
Expressed reasons for not considering travel for any purpose in next 12 months

Percent of Canadians who do not intend to travel



Reasons for lack of interest in visiting specific Canadian destinations

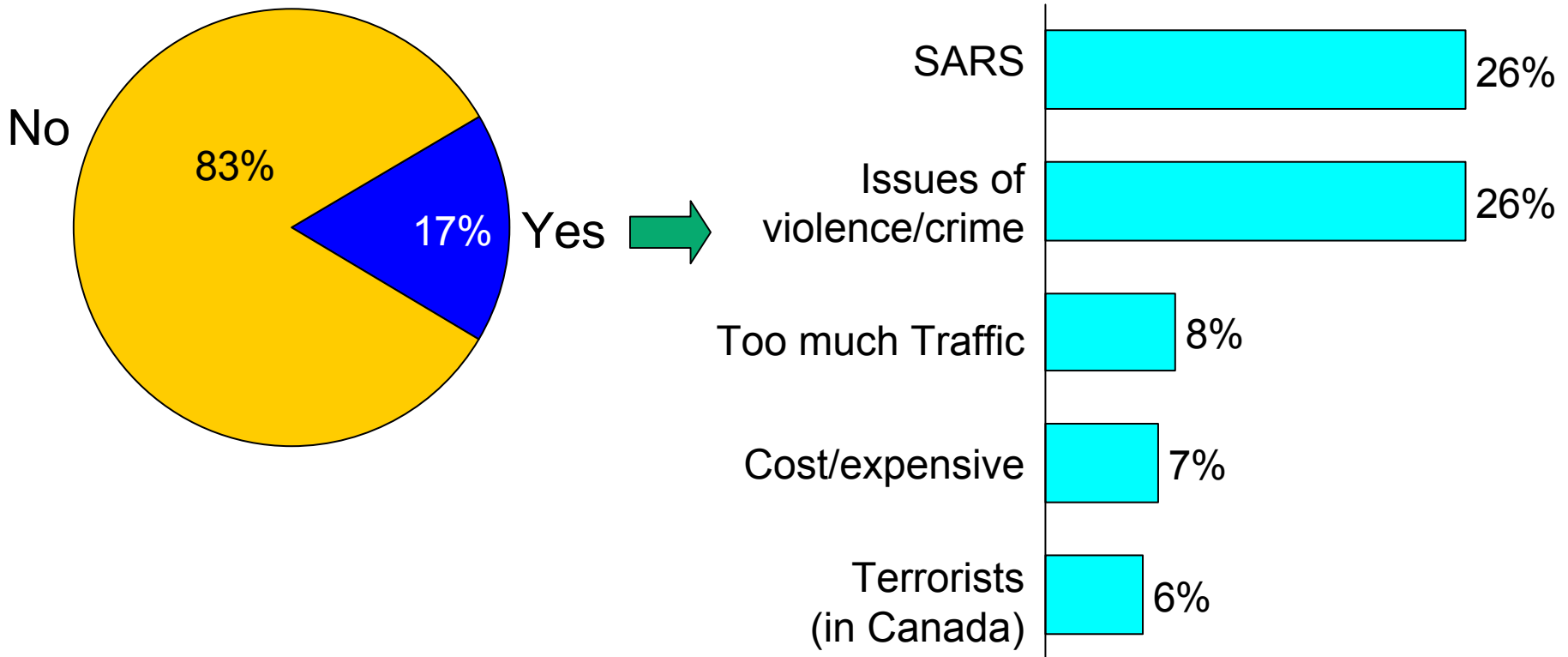
Percent of Canadians who are “not very/not at all interested” in visiting each destination within the next 2 years



Are there any specific events or issues that you have heard about that make you less inclined to travel to Toronto, Niagara Falls or other places in Ontario?

Percent of Canadians

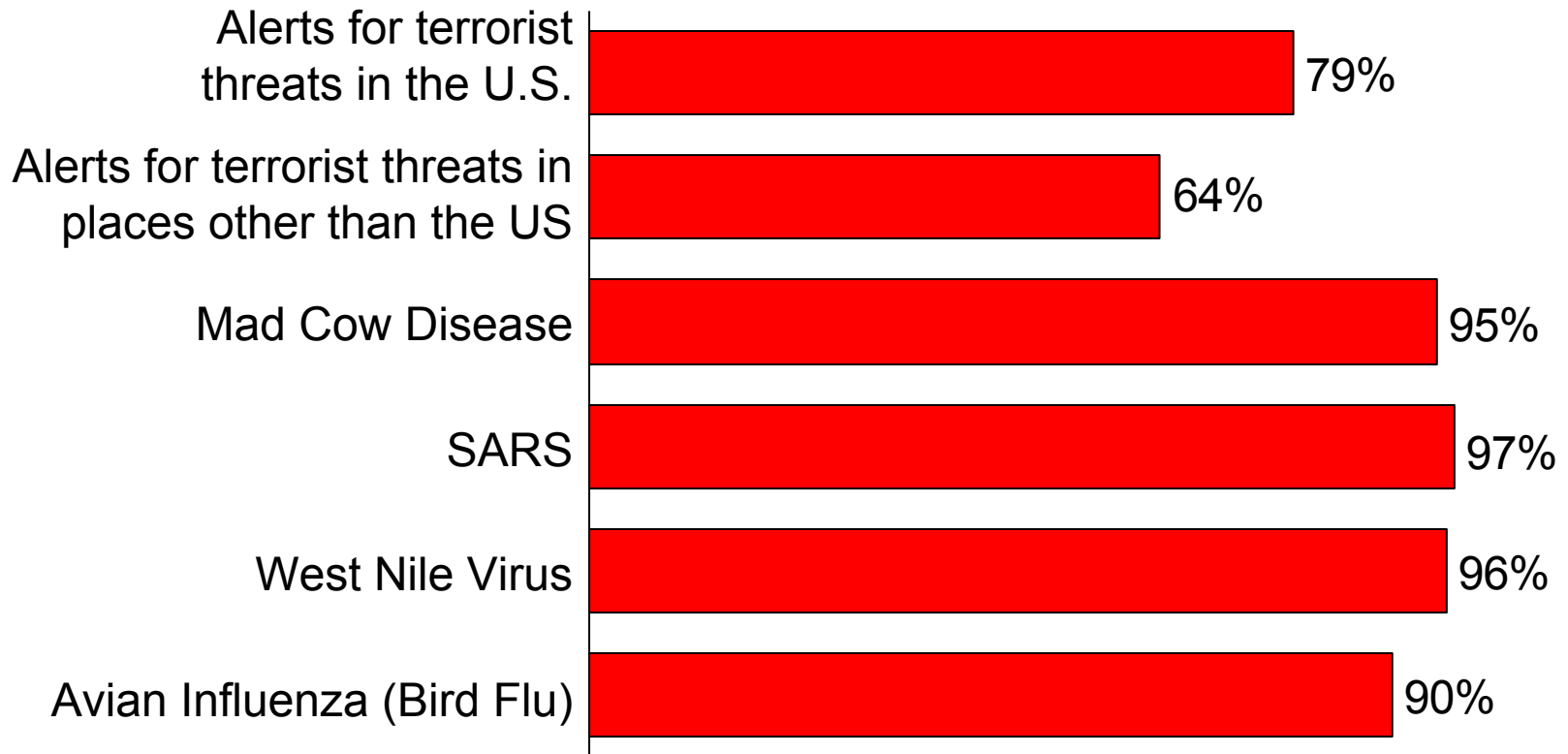
What are these specifically?



Prompted Awareness And Response To Specific Negative Events

Prompted awareness of negative events (as of May '04)

Percent of Canadian travellers*

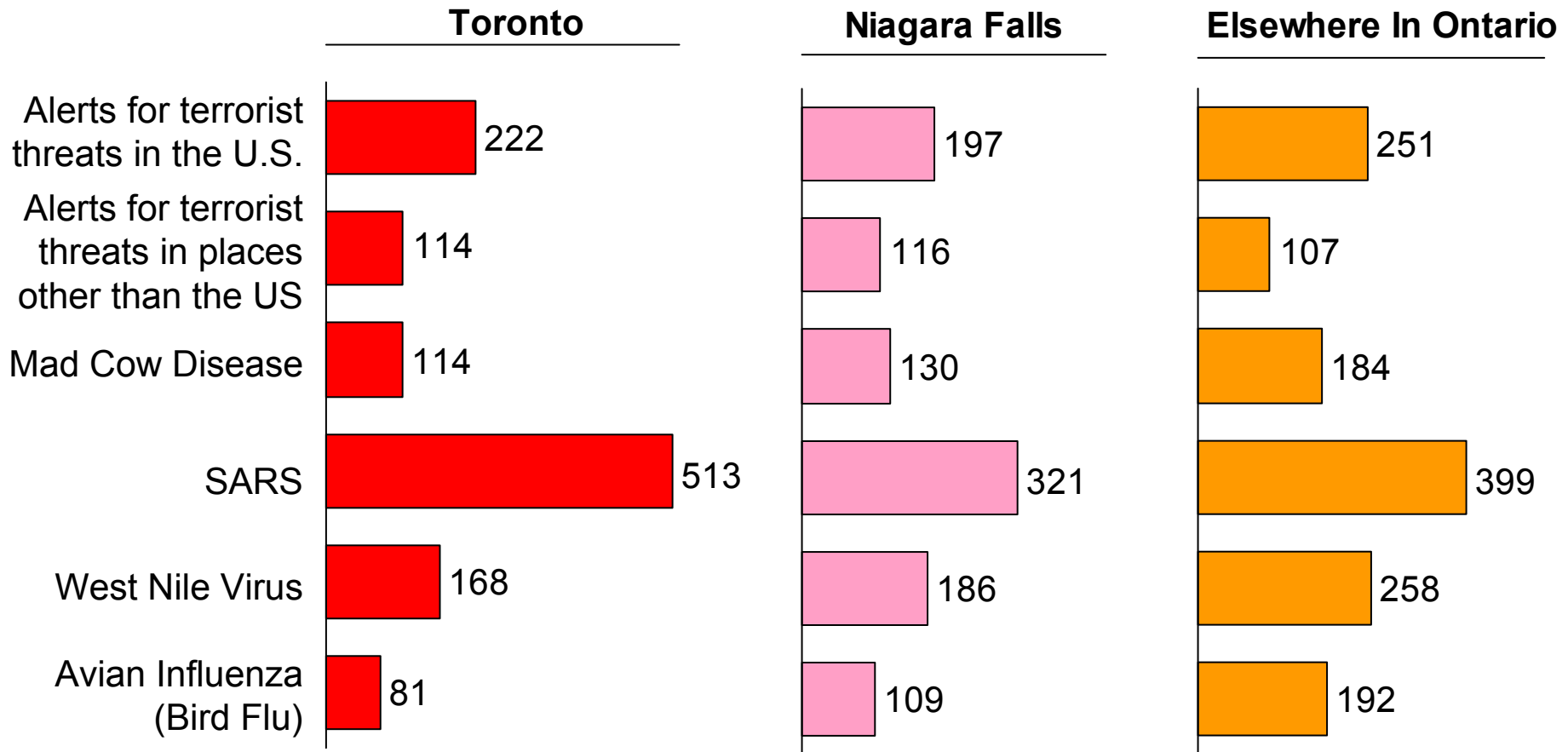


* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Q. Now I'd like to ask you about some specific events that have taken place in the recent past. Have you heard of... ?

Impact of negative events on intent to travel to specific destinations during coming season (as of May '04)

Projected number of Canadian travellers* (in thousands) who are less likely to visit each destination in June/Aug



* Have taken an overnight trip in the past two years or will take one in the next 12 months.

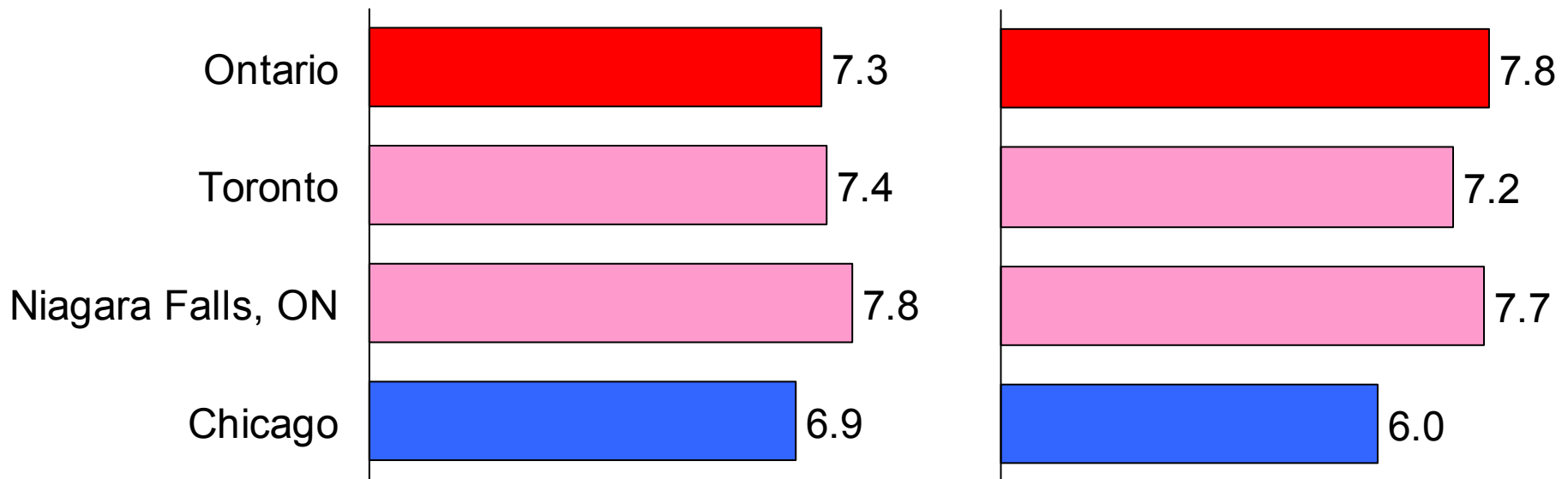
Destination Perceptions

Overall rating as travel destination (as of May '04)

Average on 10-point scale

Among total American travellers*

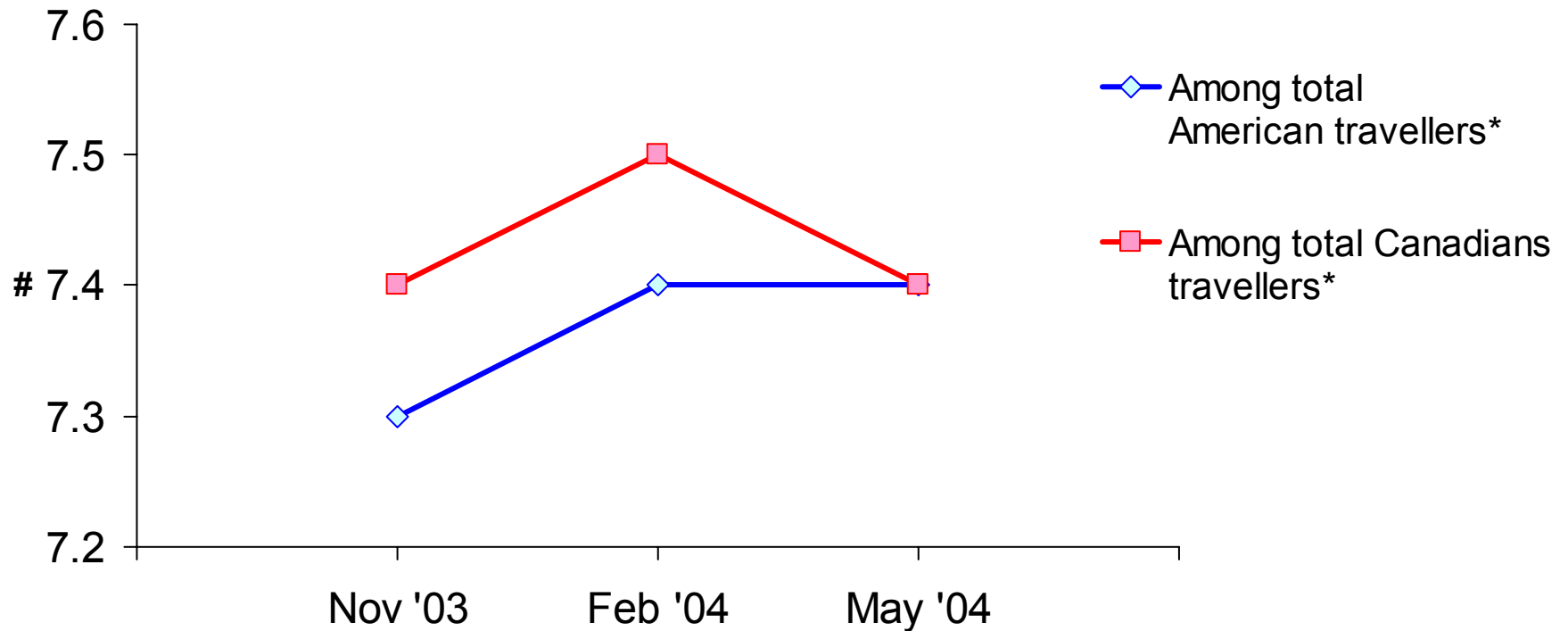
Among total Canadian travellers*



* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Trend in value for the money impressions of Ontario

Average on 10-point scale



* Have taken an overnight trip in the past two years or will take one in the next 12 months.

Ratings For Specific Characteristics

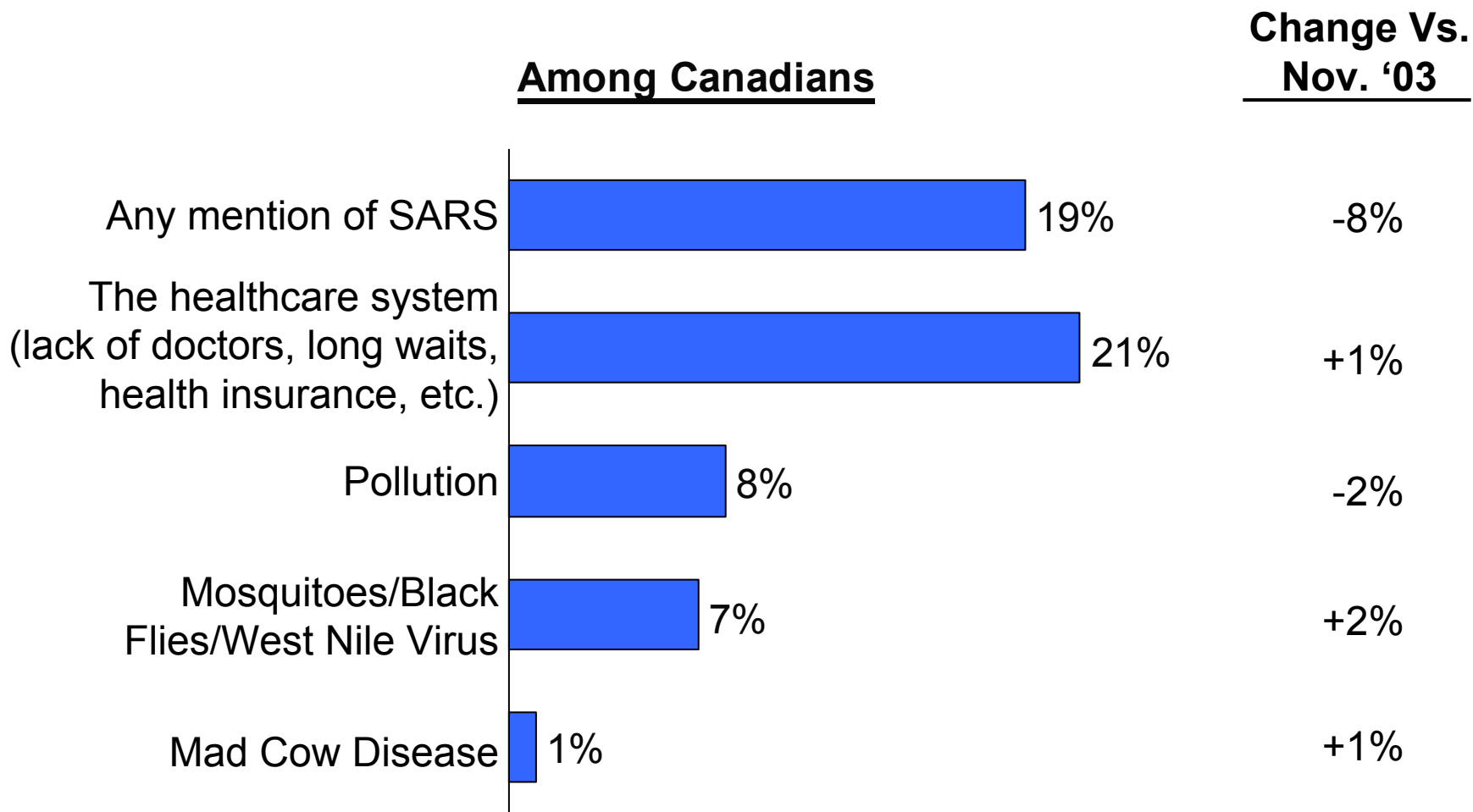
Ontario Imagery Ratings

Average on 10-point scale among Canadian travellers

	Among Canadians			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
Attributes In Order Of Importance:					
Safe from terrorists & criminals	8.4	8.5	8.4		±0.0
Good value for the money	7.4	7.5	7.4		±0.0
Friendly destination	8.0	8.2	7.9	-0.1	
Don't have to worry about your health	8.3	8.5	8.4		+0.1
Lots to see and do	8.1	8.3	8.2		+0.1
Good health services for visitors	8.1	8.0	8.1		±0.0
Offers destinations you can drive to	8.5	8.6	8.5		±0.0


Volunteered Health Issues Associated With Ontario

Percent of those who rate Ontario 7 or lower as a destination where you don't have to worry about your health








Ontario Ratings For Trip Types

Average on 10-point scale among Canadians travellers

	Among Canadians			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
	Nature & outdoors	8.0	8.1	8.0	
Touring trip	7.3	7.4	7.3		±0.0
Big city trip	7.2	7.4	7.2		±0.0
Arts, culture & history	7.2	7.3	7.2		±0.0
Resort trip	6.7	6.9	6.6	-0.1	

Toronto Ratings For Trip Types

Average on 10-point scale among Canadians travellers

	Among Canadians			Change Since Nov '03	
	Nov. '03	Feb. '04	May '04	-	+
	Shopping, restaurants, nightlife	8.1	8.1	8.0	-0.1
Arts, culture & history	7.7	7.8	7.6	-0.1	
Strolling around to see buildings/sights	7.3	7.4	7.2	-0.1	
Family vacation	6.7	6.9	6.4	-0.3	
Overall rating	7.5	7.5	7.2	-0.3	
"Must See" destination	7.3	7.5	7.0	-0.3	



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