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TOURISM CANADA

FINAL REPORT

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INTRODUCTION

Background and Context

The Final Report represents the fifth in a series of reports on the Travel Price/Value Study. The purpose of this report is to present an overview of the key findings presented in Volumes I through IV with an emphasis on the implications of the overall findings. Moreover comparisons will be made between the various groups surveyed.

For further detail we refer you to the following list of reports:

Volume I:
U.S. Telephone Survey Report

Volume II:
Canadian Telephone Survey Report

Volume III:
Exit-Mailback Survey Report

Volume IV:
Trade-Off Analysis Report

Volume V:
Final Report

Volume VI:
The Highlights Report

The final report of the Travel Price/Value Perceptions Study presents a summary of the most comprehensive examination of price and quality perceptions of Canadian tourism products undertaken to date.

This study was commissioned at a time when the tourism industry is confronted with increasing international competition amongst a host of other challenges. To better understand Canada's competitive positioning with respect to the price and the quality of its products, this study undertook an extensive staged research approach to determine the following:

- how Canadian, Americans and other international tourists perceive the price and quality of pleasure travel in canada;
- the role and significance of price in decisions to travel for pleasure in Canada;
- the strengths and weaknesses of the Canadian price structure; and
- the satisfaction of visitors with their vacations in Canada.

To this end, the study was structured into four data collection phases designed to obtain information from pleasure travelers at various stages in their travel decision-making process. This process can be characterized by a sequence of vacation decisions starting with the selection of a destination and vacation activities. It ends with decisions to recommend Canada to others and possibly to return, which are based on the level of satisfaction with the vacation.

Accordingly, the research strategy was to survey:

- potential visitors who include those who are interested in Canada, but who have never been here before; and

- past visitors to Canada, including those who had just recently completed their trips.

In addition, Canadians were surveyed since they continue to constitute the bulk of our domestic tourism market. Acknowledging the increasing significance and growth of the non-U.S. market groups, visitors from Japan, West Germany, United Kingdom and France were also included in the study.

The primary focus os this research is however, on U.S. pleasure travelers because they represent such a large market. The other groups provide comparisons and enable us to put the U.S. findings into perspective. Similarly, these comparisons also enable us to view Canadians' perceptions in a more meaningful context.

In examining the perceptions of a variety of pleasure travelers all commenting on Canada, a number of very interesting results were obtained. many of these results shatter myths that are held about Canadian tourism products.

A further not to be made regarding the context of this study pertains to the broader, political and macro-economic environment that prevailed at the time of the study.

Clearly, any study that-tests the perceptions of price must be put into an economic context. To begin with, the results were obtained in a pre-GST, pre-recession era. In fact, some of our U.S. results relate to travel experiences that occurred up to five years ago. The bulk of the data, however, was obtained in the summer of 1990.

At this time, Canadian prices as evidenced by the Consumer Price Index were creeping upwards. Moreover, travel prices in particular appeared to be escalating beyond the Consumer Price Index. Major changes in the economic environment that have occurred subsequent to the data collection time will not be reflected in the results. We therefore are not in a position to judge the effects of GST, for example, on tourism in Canada. Nevertheless, the study provides excellent baseline data that will permit future surveys to ascertain the impact of the GST.

Organization of the Report

The remaining sections of the report are organized as follows:

- Chapter 2 provides an overview of the conceptual model and research issues underlying the study.
- Chapter 3 briefly summarizes the overall approach and methodology. Further detail on the methodology is appended.
- Chapter 4 highlights the influence of price when selecting Canada as a pleasure trip destination.
- Chapter 5 presents the significant price, quality and satisfaction findings for all groups surveyed. In addition, it discusses the relative similarities and differences amongst these groups.
- Chapter 6 examines how the various perceptions influence future intentions to travel.
- Chapter 7 concludes with an examination of the implications of the study findings.

Appendices

- Appendix I: Detailed methodology
- Appendix II: Characteristics of visitor groups

2. OVERVIEW OF THE RESEARCH DESIGN

Objectives of this Study

The significance of Canada's tourism industry cannot be underestimated. As the second fastest growing service industry, it generated $24 billion in tourism revenues in 1988. Moreover, t generated direct employment for over 600,000 Canadians. Nonetheless, the tourism industry cannot be taken for granted since the pleasure traveller 'or consumer has a worldwide vacation market offering a large number of alternatives to choose from. Therefore, the maintenance of Canada's world tourism market share is of primary concern. Furthermore, the tourism industry is increasingly driven by the consumer's desire for value for money and price competition. The World Tourism Organization at a recent meeting acknowledged the significance of this trend when it determined value to be the single most important driving force for tourism markets over the next several years. Since Canada competes with other countries and more directly with the U.S. for tourism dollars, it must be price competitive. In light of the foregoing, the objectives of this study are to determine the following:

- the role and significance of price as a determinant of travel to Canada;
- strengths and weaknesses of the Canadian price structure;
- price competitiveness of Canadian tourism products.

At present there is a distinct lack of quantitative pricing information. Both private and public tourism sectors require such information to facilitate decision making in following key areas:

- marketing and communications strategy;
- government policy areas i.e. deregulation of transportation, customs & excise, taxation;
- tourism product development;
- pricing structure and strategy of tourism sub-sectors; and
- retail strategies e.g. exchange rate policies.

To address the challenging requirements of this study, a multiple lines of evidence approach is adopted. Such an approach takes into account the complexity of the

Exhibit 2.1

STAGES OF DECISION-MAKING PROCESS

Stage 1 Decision to travel

Stage 2 Information gathering, vacation decision - Primary

- destination, accommodation, transportation

Stage 3 Vacation decision - Secondary

- Meals, activities, etc.

Stage 4 Vacation

Stage 5 Satisfaction / dissatisfaction, decision to return underlying behaviourial decision-making process and the importance of perceptions in influencing behaviour. An overview of the conceptual research model together with a discussion on how the various components are integrated is presented in the following chapters.

The Role of Tourism/Price Research

While there is a need for quantitative pricing information, there is also a need to better understand why consumers behave the way they do particularly with respect to their selection and consumption of tourism products. It is evident from the current literature and research that very little is known regarding prices and tourism behaviour. It is clear that a more general approach that considers all possible influencing factors including price is required to adequately understand the determinants of travel behaviour. Consumer behaviour research has increasingly turned to behaviourial theory to explain the complex psychological processes underlying why consumers behave the way they do.

Understanding these factors that explain consumer behaviour is germane to the task of developing a successful marketing strategy. Consumer desires should constitute the basis for marketing strategies.

The consumption of tourism products is not too different from the consumption of other products, however, consumer research on tourism is less developed. The total tourism product is complex and diverse. Although a number of tourist products are unchangeable (i.e., scenery, beaches, climate), other characteristics such as hotel and dining facilities can be adapted to consumer preferences subject to budget restrictions.

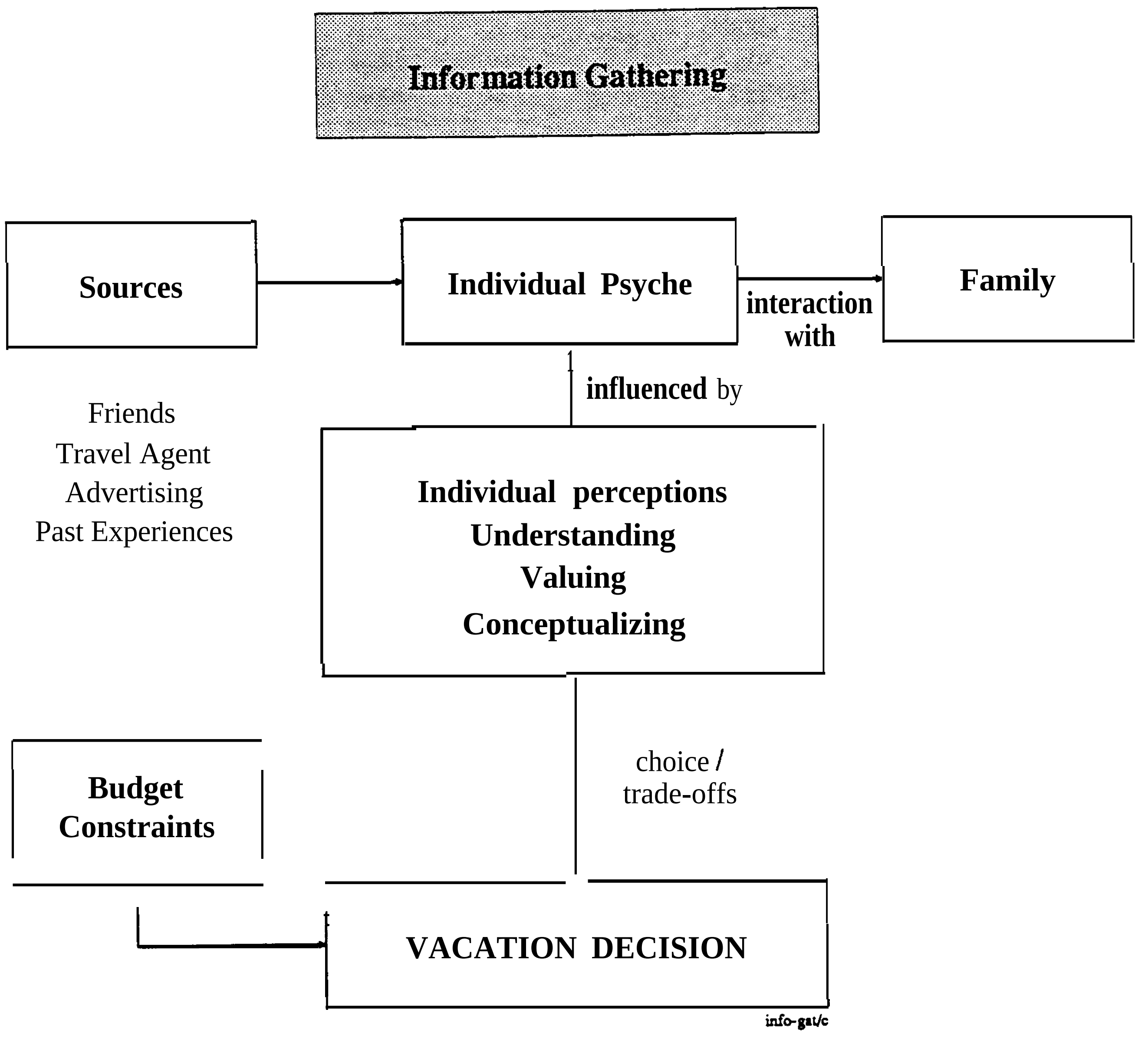
Decision-making Model

Consumer behaviour research indicates to us that the pleasure traveller undertakes a variety of decisions. They include; the initial decision to travel, the choice of transportation and accommodation and activities to undertake while there. Exhibit 2.1 provides an overview of the travel decision-making process which can be thought of as a five stage process.

First, at the inception a decision is made to travel. According to recent studies, the determinants of this initial decision are usually discretionary income, family lifecycle, lifestyle and values. The role of price at this stage is evident by the total budget constraints that a family has.

In spite of the discretionary nature of vacations, increasingly most people consider vacation expenditures to be a necessary part of their budget. Since some empirical evidence is available on this decision and since it is largely accepted that most people do travel, we can proceed on the assumption that this

Exhibit 2.2 — Stage 2



question is not as vital to the study terms as the next stage is.

At the second stage, the potential traveller seeks information about pleasure travel alternatives. The more experienced the traveller, the larger the set of considered alternatives. Individuals can vary in their information search behaviour from those who engage in a long sequence of information acquisition and comparisons to others who make impulsive last minute decisions. A considerable information gathering effort can be expended by individuals contemplating an unknown destination or one requiring a substantial financial outlay. The underlying cognitive and interactive processes that characterize this stage are highlighted in Exhibit 2.2.

At the third stage, a destination decision is made. The pleasure traveller will select from the available destinations based on the information gathered in the second stage, in a manner that maximizes his expected satisfaction. Naturally, any choice will be subject to the available financial and time constraints he faces. Together with the primary destination decision, sub-decisions about accommodation, transportation and activities may also be taken.

Typically, each travel destination will differ with respect to what products it has to offer and with respect to the prices of those same products. One challenge of this study is to assess the role that the prices play for individual tourists relative to other influencing factors. More specifically, we are interested in the role that prices play in the selection of Canada as a travel destination.

The actual vacation activities constitute the fourth stage. In addition to the pre-planned activities, there may also be spontaneous ones undertaken. These activities actually reveal consumer preferences and as a result can provide valuable information for marketers of tourist products.

At the fifth stage, upon completion of the vacation, the traveller experiences satisfaction or dissatisfaction with the vacation. This reflects the relationship between expectation and actual experience. If, for example, the expectations were unreasonable or unconfirmed, then the vacationer would experience a degree of dissatisfaction. Such a relationship confirms the importance of measuring or ascertaining from respondents the comparison between their expectations and experiences. If expectations are highly unrealistic, the source of information could likely be at fault (e.g. the travel agent). The level of satisfaction or dissatisfaction has implications for future vacation plans and may also influence the preferences of others. Since more than half of vacation trip types are undertaken on the recommendation of friends, it is doubly important to determine the source and nature of any dissatisfaction experienced by vacationers.

The research methodology is attentive to the variety of decisions taken by a

Exhibit 2.3

CONCEPTUAL MODEL

Background Variables	Independent Variables	Dependent Variables
Socio-demographics	True Price	Decision to visit Canada
Past Vacation Experience	Perceived Price	Decision to undertake various vacation activities: - Spending behaviour - Length of stay
Trip Type Pre-disposition		
Previous Travel to Canada	Price Comparison	Decision to return attitudes/image satisfaction
Origin	Price Threshold	
	Perceived Quality	

pleasure traveller. Using this multiple lines of evidence approach, we were able to confer with both potential and actual travelers.

The decisions undertaken by travelers will be dependent variables. Price and price perceptions will be the major independent variables as posited by our model in Exhibit 2.3. The model further indicates that these independent variables are a function of numerous intervening or background variables such as socio-demographic characteristics.

Price Relationships / Perceived Prices

Clearly, one of the major research issues of this study is the determination of the perception of prices in Canada. According to behaviour research, it is one's perception that has the greatest capacity to affect behaviour. Consumers make decisions based upon their perceptions of reality in interaction with other intervening variables. Examples of such variables would be socio-demographic characteristics, one's experience and sources of information, etc. and perceived price is a function of these variables.

At present, a variety of perceptions exist concerning tourism products in Canada, much of it being more preliminary in nature than conclusive.

In the past, studies addressing virtually any aspect of price tended to be from an economic perspective. Therefore, any assessments of price were retrospective and coincided with actual prices only. This study is significantly different from these for the following reasons:

- it examines the perceptions held by individuals including perceptions of price, quality and intentions to travel;

- it probes into the reasons why pleasure travelers behave the way they do;

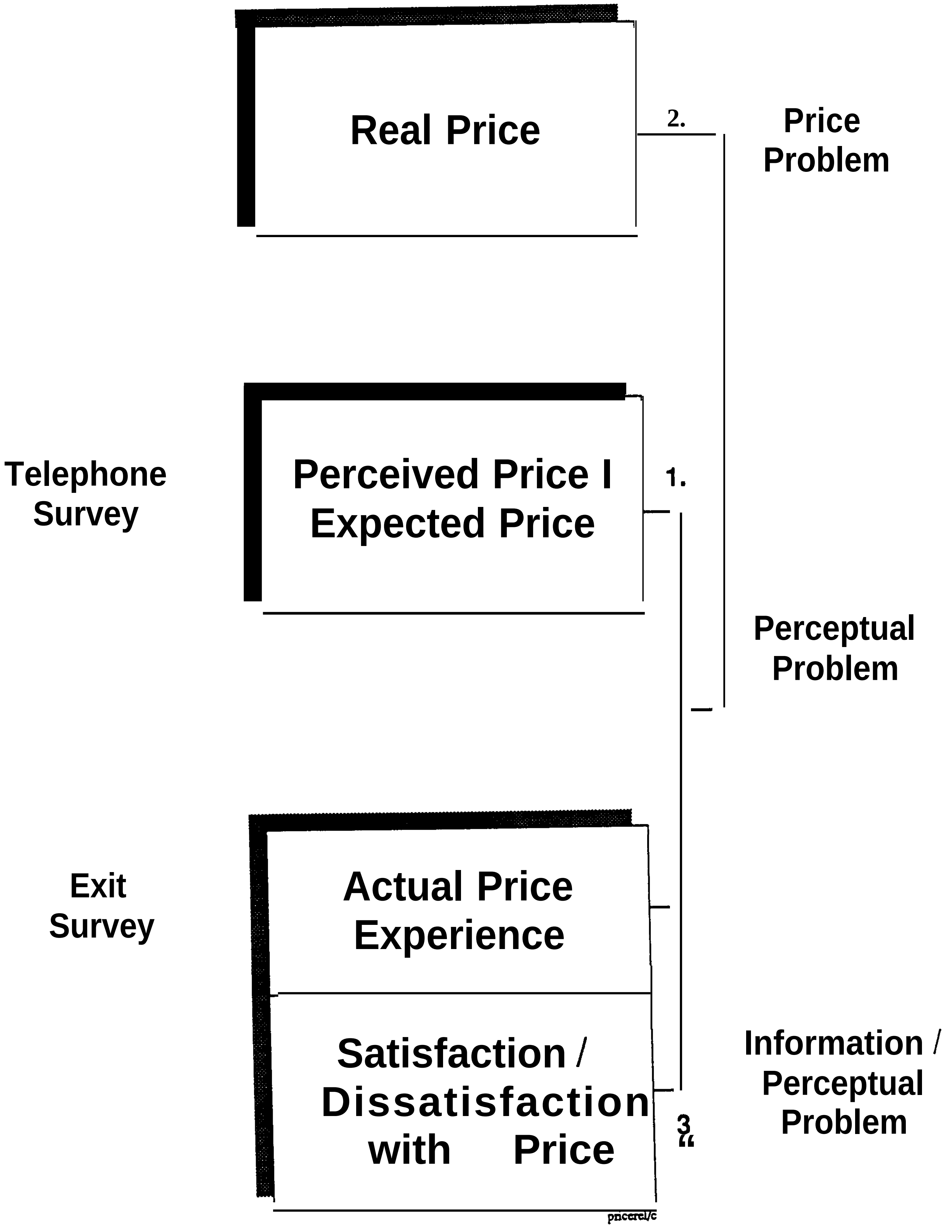
- it acknowledges that any sound marketing strategy must be based upon a clear understanding of travel decisions and that price is only one factor in these decisions.

One purpose of the present study is to determine what perceptions exist regarding the price of specific tourism products in Canada.

Accordingly, it is desirable to survey households in the U.S. who display a high potential for travel to Canada and/or who may have travelled to Canada in the past. From these groups, we wish to obtain perceptions regarding specific tourism products in addition to the relative significance of price vis-a-vis other travel decision attributes.

While perceptions are powerful, it must be remembered that they are also subject to change. It is also important in these situations to ascertain the source of the perceptions so that in the event of identified perceptual problems remedial action can be taken.

Exhibit 2.4 — Price Relationships



As identified in Exhibit 2.4, the whole issue of price perceptions should also be put into context with the actual experience of price and real price. In essence, this exhibit depicts the central purpose of this study.

The distinction between actual prices and perceived prices is an important one to note when reading this report. The purpose of the study was to look at perceptions and the weight that these perceptions have in influencing travel behaviour to Canada.

This is an important area of investigation because value depends on what one gets for one's money. For a product like gasoline, what one gets can be measured in litres. Pleasure travel is an experience however, and what travelers get for their money cannot be quantified except by looking at whether or not, in their opinion, they obtained value for money.

By itself, price is a meaningless indicator if not taken into context with the corresponding quality of the product. In other words, price is too high only in relation to what one is getting for what price. In the absence of other information, price usually signals quality. With any high price there is an implicit expectation for high quality. The way in which price and quality interact is an important component of this study.

Perceptions are the subjective reality of an individual. Individuals behave according to what they think. Regardless of what actual prices may be, it is ultimately one's perception of those prices and of value that counts.

In examining perceptions of potential visitors who have not been to Canada, comparisons can be made to other measures such as the experiences of recent travelers, to determine if there are differences. However, even the actual experience of recent travelers reflects their perceptions and is therefore subjective. To the extent that word of mouth promotes tourism in this country, the experience of travelers and their perceptions and level of satisfaction is of paramount importance.

With respect to the issue of price, we set out to discover what the perceptions were. In addition, we wished to discover if potential travelers were deterred from traveling to Canada because they believed it to be too expensive. Similarly, we wished to ascertain whether visitors to Canada found it expensive and if so, whether they would be deterred from future travel back to Canada because of this. Understanding these issues is very important to understanding how Canada stands competitively on the international scene. It also permits the industry to identify competitive strengths and weaknesses in price structures and corresponding quality. By looking at potential visitors, it is also possible to identify if there are mis-perceptions relative to the experiences of actual visitors.

While a perceptual problem can largely be addressed through a marketing strategy in general and advertising campaign in particular, the pricing problem is a more complex issue to address and can be approached in two different directions through 1) price reductions; or 2) product quality enhancement. The mechanisms for price reduction are not as clearly delineated. Many of the issues pertaining to price reductions lie in the government policy domain of deregulation, taxation, etc. Product quality enhancement is of ongoing concern to the tourism industry at large. The development process will no doubt be enhanced by any information pertaining to tourists' expectations and assessment of quality.

Consumer Assessment of Value

As previously discussed, the final stage of the vacation sequence is to make an assessment of the satisfaction or dissatisfaction experienced with the trip. The evaluation is one that compares the actual experience to the perceived or expected values both in terms of price and quality.

It has implications for future travel intentions and more importantly for the decision to make recommendations to friends and family. The tourist in essence is also rendering a judgement with respect to Canada's competitiveness as a tourist destination.

Competitiveness can be defined in two important ways. First, the quality of the tourism products must be at least comparable, and hopefully, offer alternatives not available elsewhere. Second, services or products of a certain quality must be of a comparable price. In the first instance, the consumer is willing to pay extra for unique products or products of extraordinary quality. For example, a traveller wishing to see the Colosseum will pay a premium to visit Rome because a comparable product does not exist. Where products are, by and large, similar such as ski trips or sun destination trips, the consumer will expect to pay an equal price for products of equal quality. In the absence of any other information, the price of a product gives a consumer some notion as to the quality. U.S. travelers to Canada are accustomed to certain levels of quality for the prices they pay. Accordingly, they have predetermined expectations as to what they expect to receive for a given price. These expectations are not always fair.

The question of value is also closely linked with the concept of quality. Quality is an attribute largely subject to individual preference and rating. The multiplicity of psychological forces within an individual makes it difficult to standardize quality judgments, with implications for the reliability of respondent ratings. Moreover, events of the moment may influence an assessment of value which may not be constant. For example, an expensive gourmet dinner in a candlelight restaurant one evening may be considered to have good quality because the company was enjoyable. On another evening, the meal might appear to be expensive.

Consumer value can be assessed directly in two ways. One way is by the preference shown for commodities as evidenced by direct expenditures. The telephone and exit surveys capture data on expenditures for individual commodities, in addition to a rating of quality for those products consumed.

However, this information does not give us complete information with respect to consumer preferences or to what trade-offs were made by consumers. In order to assess the individual thresholds for price variations versus consumption of commodities, we would need to perform trade-offs analyses. The various surveys should also provide an ordering of consumer preferences for various tourism commodity attributes such as quality of accommodation. Such an approach will also enable us to identify consumer preferences for products attributes which currently do not exist.

In summary, an assessment of value can be detected on a post-vacation consumption basis and on a simulated preference and trade-off basis.

The understanding of the Price/Quality/Value link and how it impacts upon travel/consumption decisions is critical to not only the study design but also to the meaningful interpretation of results.

Exhibit 3.1

Data Collection Method	Data Collection Instrument	Target Sample	Sample Size	Major Research Questions
U.S. Phone	• Telephone survey	• American residents aged 16 and over • Past visitors (trip taken in past 5 yearn) • Potential visitors (seriously considered visiting Canada) • From Atlanta, Dallas, Minneapolis, New York, Portland, San Francisco or Random National Sample	Past = 743 Potential = 2,462	• What are the perceptions regarding prices /value in Canada? • What are the sources of these perceptions? • What is the role of price in the selection of a vacation destination and in the choice of activities while on vacation? • How important is price as a determinant of travel to Canada? • How do perceptions of visitors and non-visitors compare' • What is the perception of price /quality as compared to the U.S.?
Canadian Phone	• Telephone survey	• Canadian residents aged 16 and over • Has taken an overnight pleasure trip of at least 100 miles away one way	1,203	• How do Canadians perceive the price/quality of Canadian tourism products? • Does the price/quality of tourism products affect their vacation decisions? • How do Canadians rate the price/quality of Canadian tourism products vis-a-vis the U.S. and other countries?
U.S. Exit / Mailback	• On-site survey • Mailback survey	• Permanent resident of the United States • Leaving Canada by air or by car • In Canada for the purpose of a pleasure trip • Stayed in Canada overnight	Air = 2,001 Car = 4,488	• What were the impressions of price quality as experienced by tourists? • How did the experience of price compare with the expectations? • How do prices /quality compare in the U. S.? • What was the level of satisfaction /dissatisfaction?
Trade Off Analysis	• Mailback survey	• Received Mailback survey upon completion of U.S. Exit Survey	2,222	• What are the trade-offs made between price and other factors? • What are the consumer preferences regarding tourism product attributes? • What are the price thresholds which consumers have before switching preferences or changing their decisions?
Overseas Exit	• On-site survey	• Permanent resident of the United Kingdom, France, West Germany or Japan . In Canada for the purpose of a pleasure trip • Stayed in Canada overnight	European = 600 Japanese = 501	. Are there differences between U.S. Canadian, U. K., Japanese and West German tourists with respect to: • price perceptions • price/quality assessments • value for money rating • overall satisfaction

data-col/c5

3. SUMMARY OF THE METHODOLOGIES

The phases of this study as highlighted in Exhibit 3.1, are outlined as follows:

Phase I: U.S. Telephone Survey

A total of 3,205 interviews were conducted with potential and past U.S. visitors to Canada. Interviews were conducted with pleasure travelers who were defined to be persons who had taken a non-business trip within the last three years. A potential visitor was defined as someone who was a pleasure traveller who was interested in Canada but who had not visited in the past five years. A past visitor was defined as someone who had travelled for pleasure in Canada in the past five years. The overall sample consisted to two parts; 801 interviews were completed from a random national sample, and 2,404 interviews were conducted in six American cities, Atlanta, Dallas, Minneapolis, New York, Portland, and San Francisco.

In the first phase of the study, the primary objective was to assess the price perceptions that were held of Canada by potential visitors who were contemplating a pleasure trip here. These perceptions could then be compared to the actual experiences of recent visitors to determine if potential visitors had perceptions or expectations which were unrealistic and which could deter travel to Canada. The identification of misperceptions also allows the identification of opportunities to effectively target market this group of potential visitors.

Phase II: Canadian Telephone Survey

A total of 1,203 interviews were completed with pleasure travelers in all regions of Canada. As defined in the U.S. study, a pleasure traveller was a person who had taken a non-business trip in the last three years that was at least 100 miles away from home. The main objective of this phase was to assess Canadians' price perceptions of tourism products in this country compared to those in other countries.

The domestic tourism market is presently confronted with a host of issues, among them the increasing flow of Canadian tourism dollars out of the country. Although Canadian are predisposed to take 'sun' vacations in the winter and visit friends and family in Europe, it is important to understand the role that price plays in influencing travel decisions, particularly as it pertains to the U. S., our main competition. It is also important to understand price/quality perceptions held of Canada by Canadians and how Canada is positioned relative to other destinations.

Phase III: Exit Survey

The exit survey was a comprehensive phase which involved the following components:

- 4,500 road exist interviews with departing American travelers;
- 2,000 airport interviews with departing American travelers;
- 500 interviews with departing Japanese travelers at airports across Canada;
- 600 interviews with departing visitors from the United Kingdom, France and West Germany.

American travelers, only, were distributed a mailback questionnaire with a conjoint analysis or trade-off analysis exercise.

The objective of the survey was to obtain current feedback of visitors regarding their experience and perception of prices in Canada their overall satisfaction with their trip vis-a-vis similar trips in their own country.

Phase IV: Trade-off Analysis

The trade-off exercise was administered to departing visitors from the United States within the mailback portion of the exist-mailback survey. A total of 2,222 mailback surveys with trade-off exercises were completed. The trade-off study consisted of the presentation of numerous travel packages, varied by price and other product attributes such as the level of quality. Respondents were asked to indicate their preferences by rating each package with respect to their likelihood of using such a package.

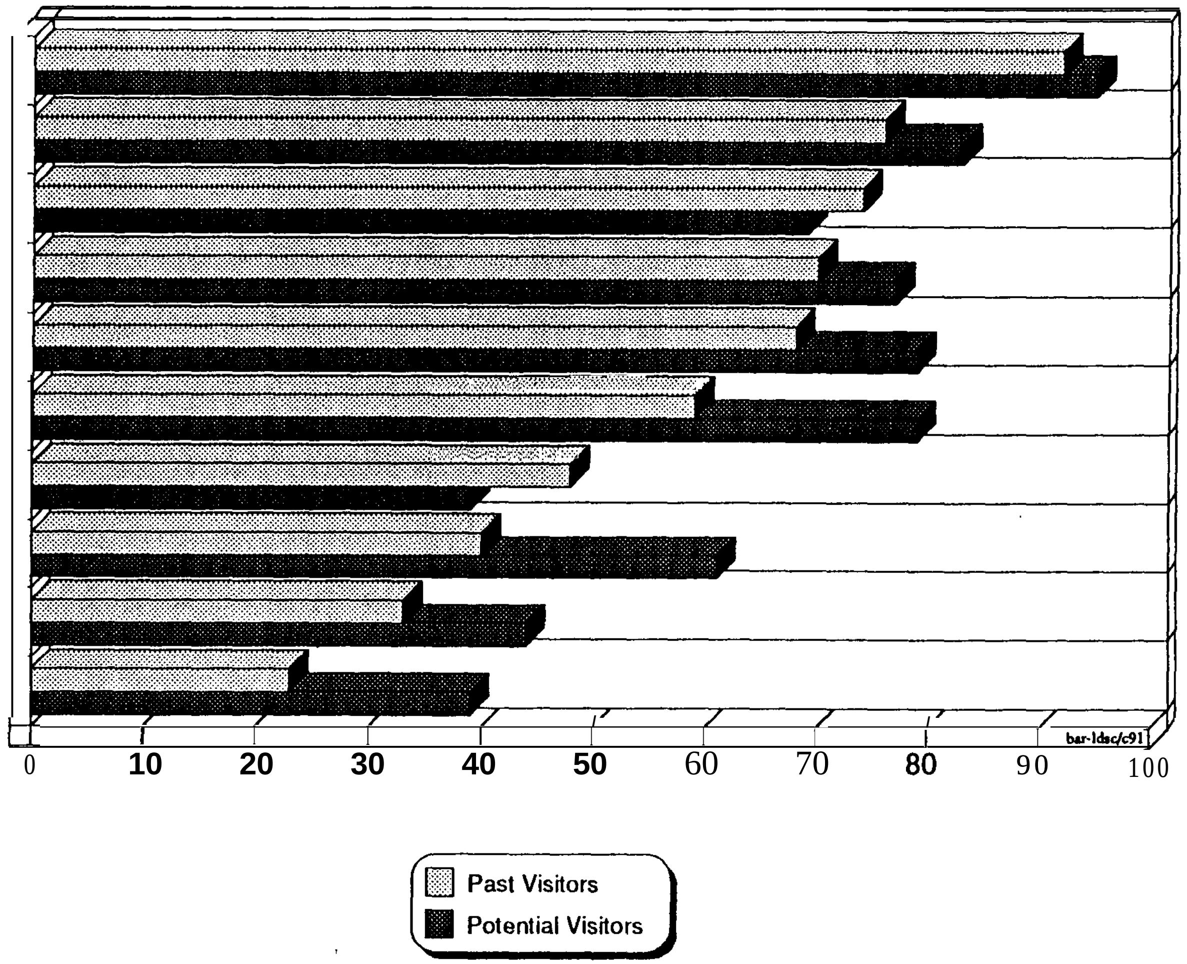
Acknowledging that consumers make a series of trade-offs between price and various product attributes, the objective of this exercise was to better understand this aspect of the decision-making process and to better understand the preference of tourists in a general manner. The results present a range of possibilities for the preferred travel packages as rated by air and car travelers.

Further detail on the methodology is provided in Appendix I.

Exhibit 4.1 — Importance of Factors when Deciding on a Destination — Total Sample

Respondents who indicated "Important" or "Somewhat Important"

	%	Avg.
1. Opportunity to enjoy beautiful scenery (n= 3192)	92	3.60
	9s	3.65
2. Quality of accommodation at destination (n= 3182)	76	2.98
	83	3.25
3. Chance to experience another culture (n= 3186)	74	2.94
	69	2.87
4. Quality of meals at destination (n= 3178)	70	2.85
	77	3.06
5. Price of accommodation at destination (n= 3170)	68	2.77
	79	3.11
6. Cost of transportation to destination (n= 3187)	59	2.62
	79	3.15
7. Exchange rate of the American dollar (n= 3025)	48	2.37
	39	2.10
8. Fine dining at destination (n= 3188)	40	2.13
	61	2.66
9. Price of gasoline at destination (n= 3170)	33	1.93
	44	2.28
10. Availability of package tours once at destination (n= 3163)	23	1.68
	39	**2.11**



Note — Responses based on a scale that ranged from 4 = Very Important to 1 = Not at **all** Important.

4.
INFLUENCING FACTORS

Introduction

An individual is influenced by a number of factors when contemplating and then selecting a vacation destination. While many of these factors are qualitative in nature, some, including price are more quantitative. When taking into account individual differences, not all factors are equally important especially when different types of trips at various locations are being contemplated.

Increasingly, pleasure trips are undertaken because people are ultimately seeking an ‘experience’ of sorts. For example, there is a strong desire on the part of a large segment of travelers to experience new cultures and generally speaking, broaden their horizons. As travelers generally become more educated and experienced, their pleasure travel needs also vary. Because many of these factors are subjective in nature and change with each circumstance, the factors are difficult to standardize. Nevertheless, in spite of the romantic nature of pleasure trips, most consumers are constrained by a budget and to a large extent, all consumers seek value for money.

In this chapter, we present the relative importance of various influencing factors by group surveyed.

Past and Potential U.S. Visitors

When we asked past visitors the important of various influencing factors in selecting their trip to Canada, price was not the most important consideration. In fact, Americans are still primarily interested in qualitative factors such as beautiful scenery. The change to experience new cultures was also rated as an important influencing factor by a significant number-of respondents.

The results shown in Exhibit 4.1, have interesting implications. The fact that price is not high on this list is indeed good news. It illustrates that past visitors, who on average travel several times a year, are interested in visiting Canada per se, and not because they were influenced by a promotional package or cheap air fare.

The importance of beautiful scenery cannot be discounted. In the past, Canada was almost exclusively portrayed as a land of beautiful scenery buy devoid of any city life, culture or excitement.

While an emphasis on culture is important and must be made, the study results suggest that U.S. travelers are by and large still interested in beautiful scenery. We have found this to be true as well for all other groups surveyed.

The importance of experiencing new cultures is a particularly significant finding. It is one distinctive and advantageous factor that Canada has relative to U.S. destinations, although the U.S. offers cultural diversity as well.

When there is the attraction of something new or different, the significance of price is less. This is especially important when comparisons between the U.S. and Canada are drawn. Canada basically competes with the U.S. as a vacation destination. Since the tourism products we offer are often similar, there is pressure to have comparable or competitive prices. However, if a product is considered to be unique, it is more likely that, in the consumer's mind, a premium in price will be worth the experience. Otherwise, if products are comparable with similar quality the expectations are for similar prices.

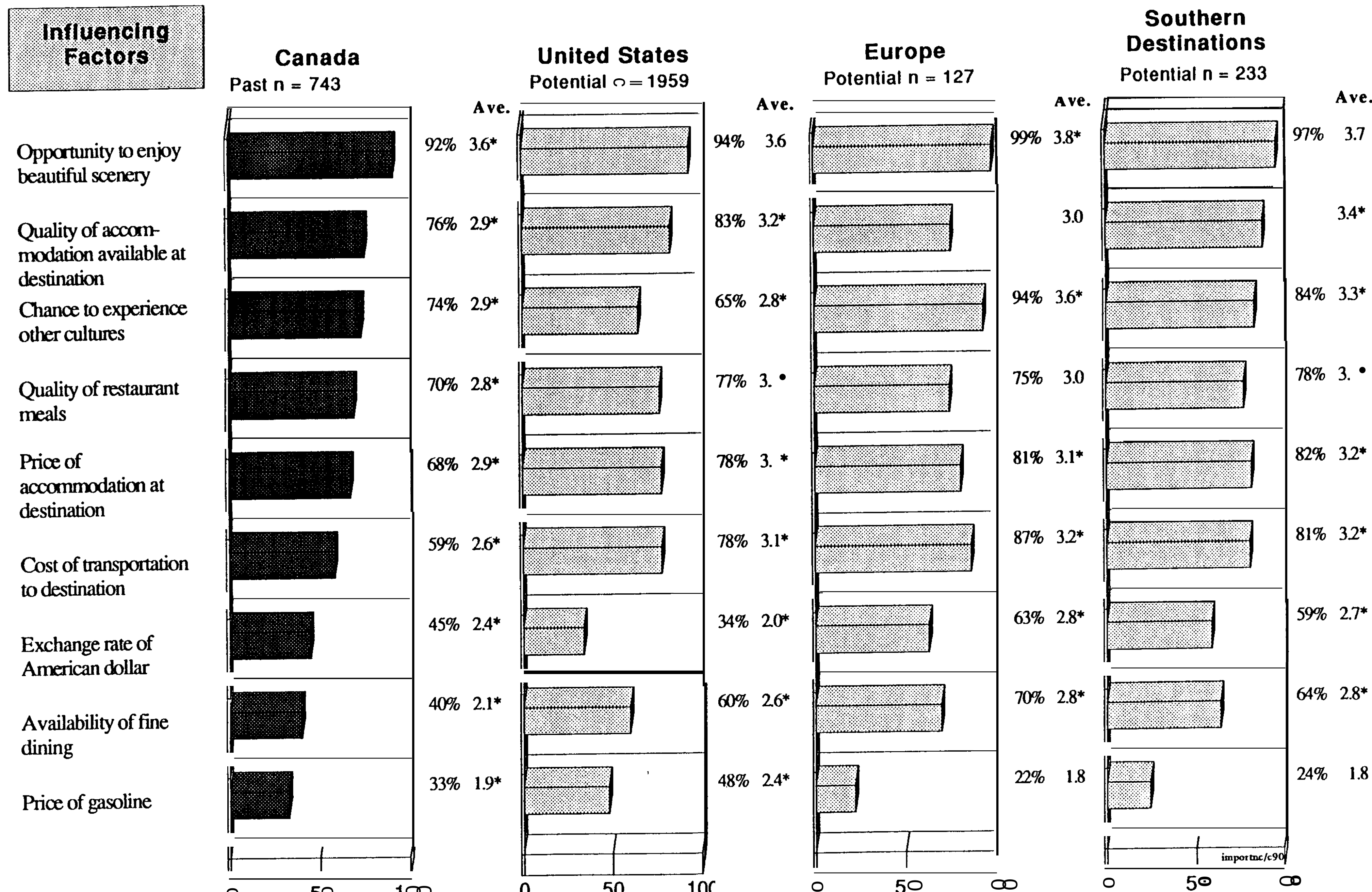
These results clearly indicate that at the initial decision of selecting Canada as a destination, price is not the most important factor. It may not be surprising that price is not the most important factor in selecting a destination when one considers some of the primary motivations for travel. Nevertheless, travel plans are constrained by a budget for most people, although we found that approximately 20% of the Americans interviewed said they were price insensitive.

The market implications of this finding are that prices do not and should not play a role in image or broad-based promotional strategies. As will be seen in subsequent chapters however, prices become somewhat more important with respect to other travel destinations and at different stages of the decision-making process.

We also asked potential U.S. visitors to Canada to indicate what influenced them to travel to their most recent pleasure trip destination. The results are presented in Exhibit 4.2. These travelers constitute a potential market in the sense that the nudging required to stimulate this group to visit can be more targeted and probably more cost effective than groups who are not interested in taking vacations out of the U.S. or who have no interest in visiting Canada. Most of these potential travelers had last travelled in the U.S. (1989) while fewer had been to Europe and Southern destinations (Mexico, Carribean, South America, Cuba, and Central America). For all destinations, and for southern ones in particular, prices in general were more important than for travel in Canada.

These results show that price is not a major consideration among past visitors in their decision to come to Canada. This suggest that Canada's competitive advantage is primarily its unique characteristics rather than price. We will

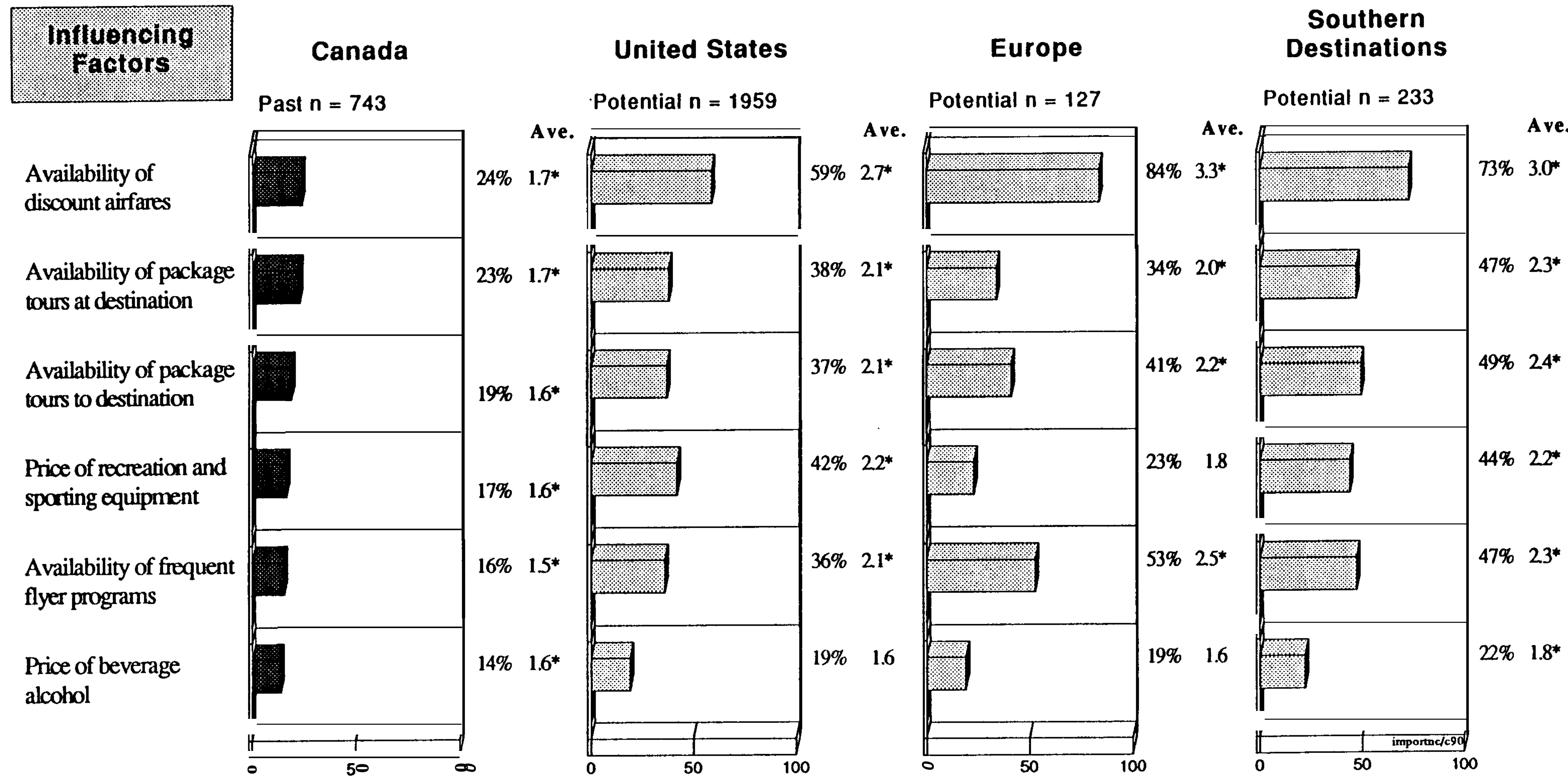
Exhibit 4.2 — mportance of Factors n Decision to Travel to Canada Compared to Other Destinations



Note— Ave. = Averages were based on a scale from 1 "Not at all important" to 4 "Very important"
Percentages report the portion of respondents who indicated that a factor was "Somewhat" or "Very important"
* Indicates a significant difference between Canada and the other destination

Source — U.S. Telephone Survey

Exhibit 4.2 — Importance of Factors in Decision to Travel to Canada Compared to Other Destinations



Notes— Ave. = Averages were based on a scale from 1 "Not at all important" to 4 "Very important"
Percentages report the portion of respondents who indicated that a factor was "Somewhat" or "Very important"
* Indicates a significant difference between Canada and the other destination

Source — U.S. Telephone Survey

also show in later sections that Canada also offers very good value for money. Still, it is obvious that price is important to potential visitors in their choice of other destinations. This would suggest that there are opportunities to attract these people through the use of pricing strategies such as discount airfares.

Canadian Pleasure Travelers

Canadian pleasure travelers were asked to rate the importance of various factors with respect to their most recent pleasure trip. The most recent pleasure trip as presented in Exhibit 4.3 was primarily in Canada followed by the United States, southern destinations and Europe.

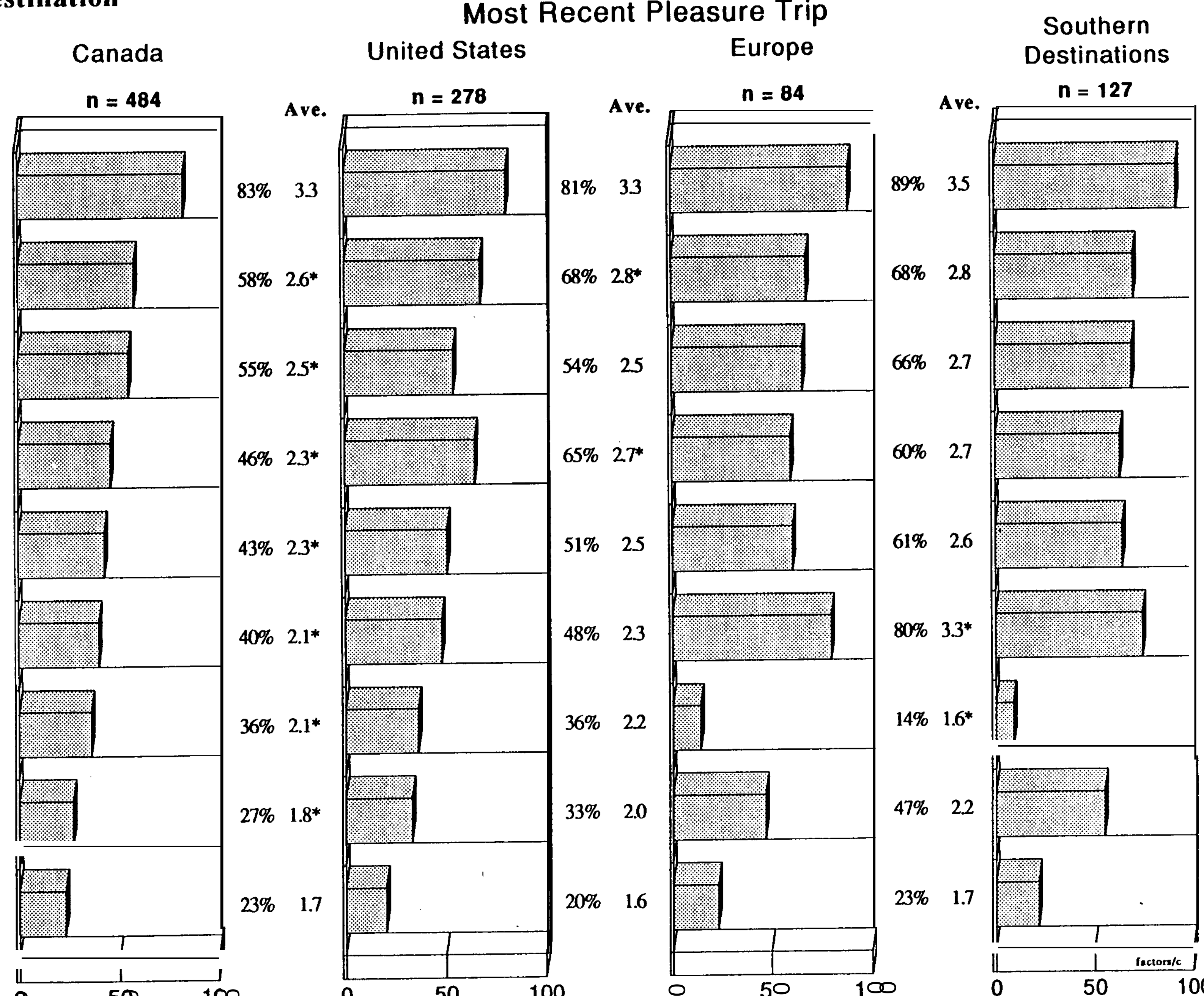
It is evident from this exhibit that Canadian also considered beautiful scenery to be important regardless of the destination selected, as was the case with the U.S. travelers. Price was not the most important factor for any destination but was, relatively speaking, more important for southern destinations and Europe than it was for the U.S. and least of all, Canada. In particular, prices relating to discount airfares, package tours and frequent flyer programs tended to be more important for travel to Europe and southern destinations. These results highlight three interesting issues:

- prices and especially transportation costs are more important for travel outside of Canada;
- prices overall are less influential with respect to travel in Canada. Many Canadians are traveling in Canada to visit friends and family and the cost of transportation is less when the distance involved is less; and
- the chance to experience new cultures, is not as important for travel to the U.S. as it is to European and southern destinations.

The factors that influence travel to Canada almost parallel the factors that influence travel to the U.S. This would suggest that travel in Canada is more similar in nature to travel in the U.S. than it is to Europe and southern destinations.

Other qualitative factors of note are the quality of accommodation, and restaurant meals and the chance to experience new cultures. One would expect this latter factor to be very important if we accept the notion that for the most part, pleasure trips expand one's horizons. Clearly it is, but only as far as European and Southern destinations are concerned. It is not as important to travelers who stayed in Canada or visited the U.S. There are several possible explanations for this, the most plausible of which has to do with the types of trips Canadians take in Canada. For example, Canadians tend to stay close to home when taking an outdoors type of vacation. This type of vacation usually involves children and is not typically an expensive trip and has an average duration of a few days. In addition, Canadians travel to visit friends and relatives and are thus not motivated

Exhibit 4.3 — Importance of Factors in Decision of Pleasure Trip Destination by Most Recent Pleasure Trip Destination

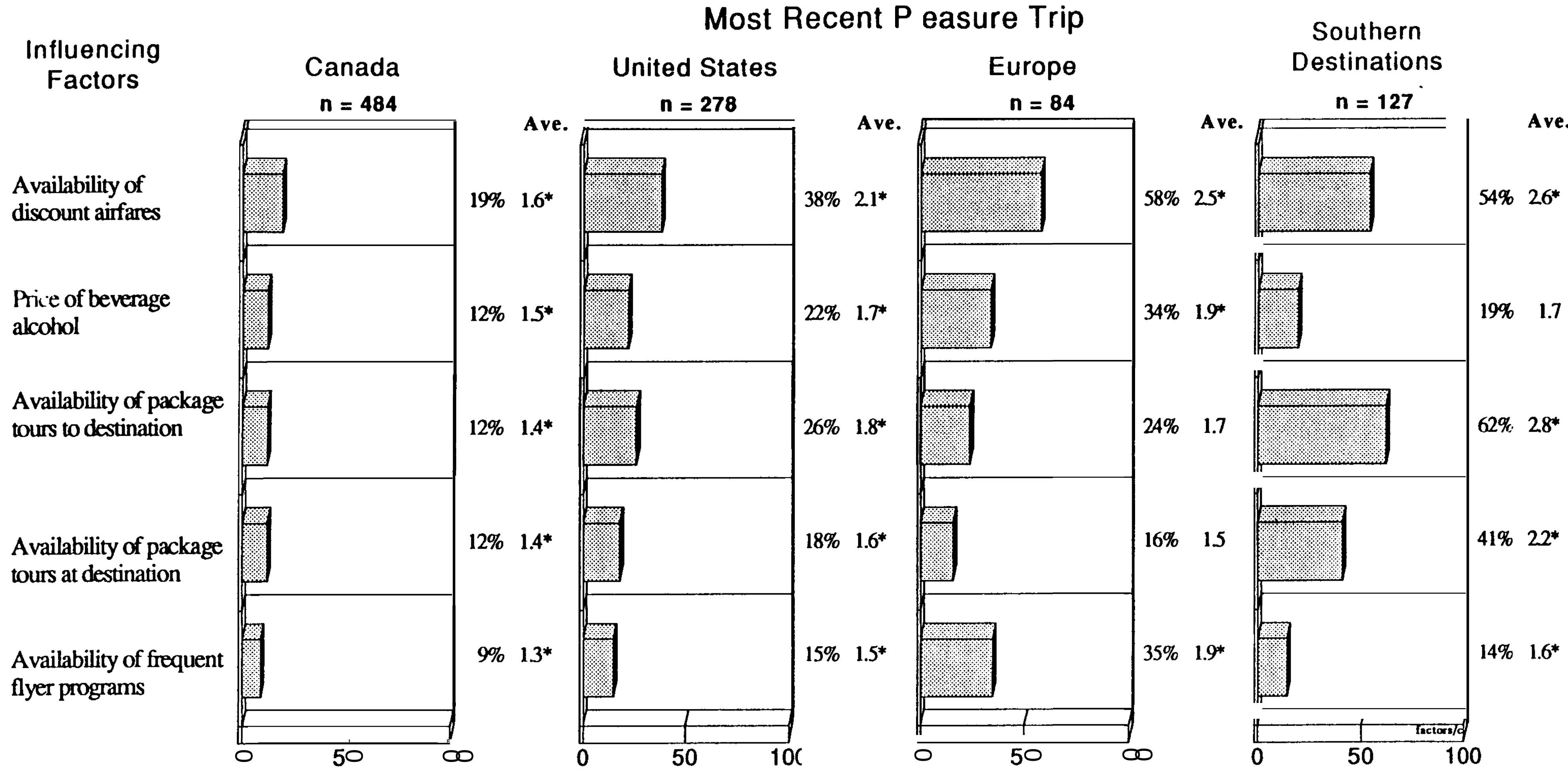


Influencing Factors	Canada (n = 484) %	Canada Ave.	United States (n = 278) %	United States Ave.	Europe (n = 84) %	Europe Ave.	Southern Destinations (n = 127) %	Southern Destinations Ave.
Opportunity to enjoy beautiful scenery	83%	3.3	81%	3.3	89%	3.5	92%	3.6
Quality of accommodation available at destination	58%	2.6*	68%	2.8*	68%	2.8	70%	3.0*
Quality restauran meals	55%	2.5*	54%	2.5	66%	2.7	69%	2.9*
Price of accommodation at destination	46%	2.3*	65%	2.7*	60%	2.7	63%	2.8*
Cost of transportation to destination	43%	2.3*	51%	2.5	61%	2.6	64%	2.9*
Chance to experience other cultures	40%	2.1*	48%	2.3	80%	3.3*	74%	3.1*
Price of gasoline	36%	2.1*	36%	2.2	14%	1.6*	9%	1.3*
Availability of fine dining	27%	1.8*	33%	2.0	47%	2.2	55%	2.6*
Price of recreation & sporting equipment	23%	1.7	20%	1.6	23%	1.7	22%	1.9

Notes— Ave. = Averages were based on a scale from 1 "Not at all important" to 4 "Very important"
Percentages report the portion of respondents who indicated that a factor was "Somewhat" or "Very important"
* indicates a significant difference between Canada and the other destination

Source — U.S. Telephone Survey

Exhibit 4.3 — Importance of Factors in Decision of Pleasure Trip Destination by Most Recent Pleasure Trip Destination (continued)



Notes — Ave. = Averages were based on a scale from 1 "Not at all important" to 4 "Very important"
Percentages report the portion of respondents who indicated that a factor was "Somewhat" or "Very important"
* indicates a significant difference between Canada and the other destination

Source — U.S. Telephone Survey

to experience new cultures. It is, therefore, not difficult to comprehend why this factor would be more important for foreign destinations. It is surprising, however, that culture is not an important factor either, for most of the respondents who travelled to the U.S.

This result can have interesting implications as far as is the relative positioning of the Canadian tourism product is concerned. If many Canadians perceive the U.S. to be similar to Canada, at least with respect to culture, this can only be to Canada's advantage. In essence, it would seine to put Canada on a more level playing field. Canada can then compete on a product attribute/pricing basis with emphasis on the beautiful scenery. It is much more difficult to compete with the lure of a different culture.

As far as the prices for specific products and services are concerned, a number of interesting observations can be made. As with the U.S. study results, the price of accommodation is ranked as a more important factor than the others by less than half of Canadian travelers and by more than half of travelers to the U.S. For travelers to Europe and southern destinations, marginally more respondents considered the cost of transportation to be more important than the price of accommodation. Also, for these two groups, the availability of discount airfares is important to a significant number of respondents. Not surprisingly, the availability of package tours was important to more southern destination travelers compared to those who chose other destinations. This finding prompts us to pose the question of whether package tours were important because more were available and therefore more likely to influence the decision to travel to these locations. Would travel to these destinations continue at the same rate in the absence of package tours and would package tours be an influencing factor to travel in Canada if more were available? These are indeed interesting questions and in fact, this type of perspective can be adopted for many of the pricing factors. In other words, are these factors, relatively speaking, important to fewer Canadian travelers because:

- prices are prohibitive in Canada but pleasure travel occurs in spite of it? or;

- will pleasure travel occur in Canada in spite of any of these influencing factors, i.e. is it subject to other factors?

The tentative hypothesis that we wish to make at this point is that prices are not by and large considered important in selecting Canada as a pleasure destination because;

- the prices in some cases are not attractive enough to influence travel;

- much of the travel will occur anyway; and

- if prices in general were good (accommodation, transportation, average alcohol) and airfares are discounted and if package tours were

Exhibit 4.4- Most Frequently Mentioned Reasons for Choosing Canada as a Vacation Destination by Country of Ongin

	United Kingdom (n=200)	France (n=200)	West Germany (n=198)	Japan (n=501)
Visit family or friends	84%	38%	51%	26%
Always wanted to come	18%	25%	15%	11%
Beautiful scenery and nature	1070	17%	33%	38%
Wanted to see a specific place (e.g. Rockies, Anne of Green Gables, Olympic site, etc.)	17%	9%	18%	52%
Have been here before	12%	6%	16%	4%

Note: Respondents were allowed multiple response
Source: Foreign Visitor Exit Surveys

available then more pleasure travelers could be influenced to select Canada.

Again, while Canadian are not traveling here because of price, there may be opportunities to attract them to Canadian destinations through the use of pricing strategies such as discount airfares.

Non-U.S. Groups

Visitors from Europe and Japan were questioned on the reasons they chose to visit Canada. Exhibit 4.4 identifies the most frequently mentioned reasons. For visitors from different countries, there were different reasons for choosing Canada.

- For visitors from Europe, the most frequently mentioned reason was that they came to Canada to visit family and friends. This was by far the most important reason for the majority of travelers from the United Kingdom.

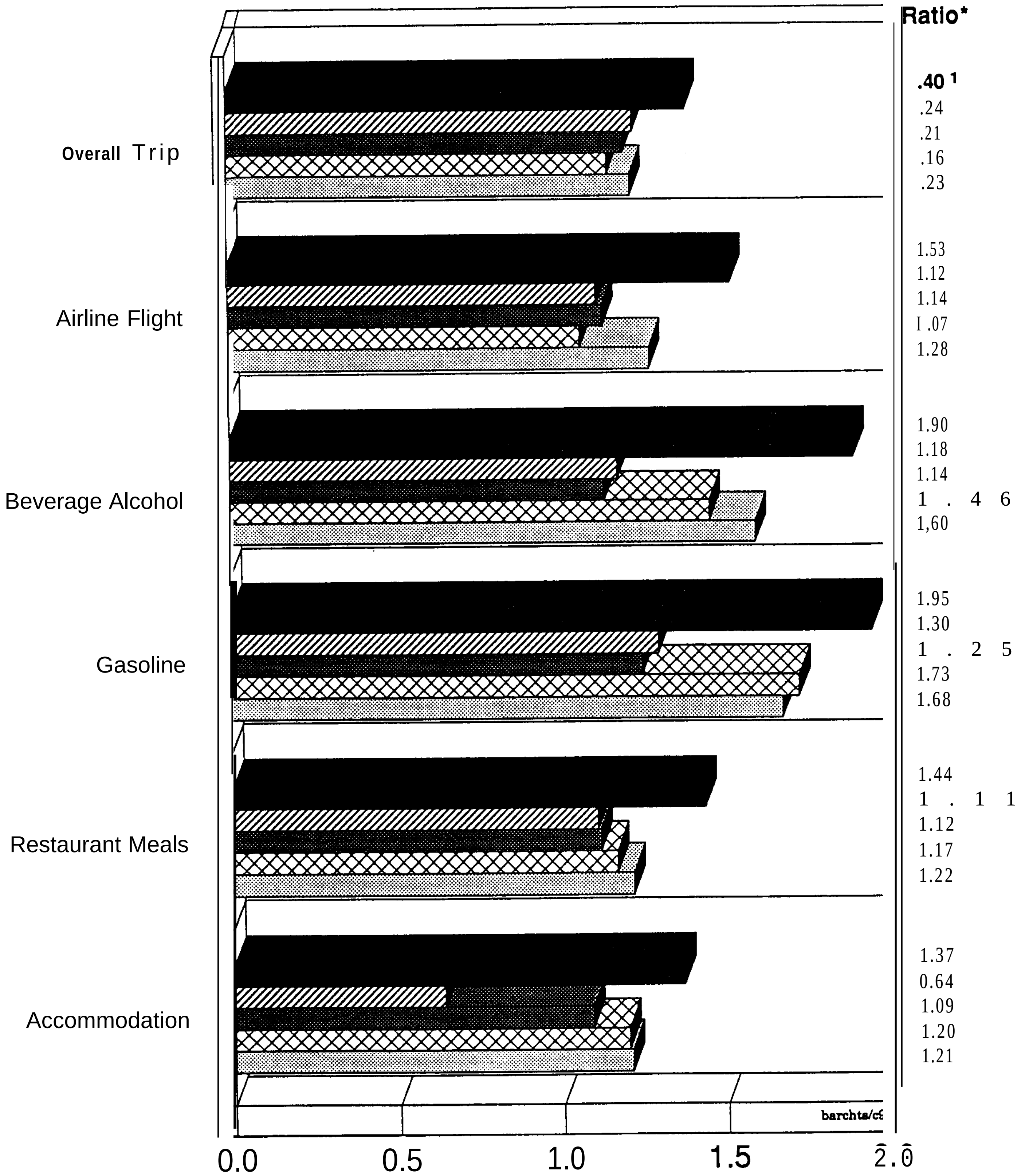
- Though more visitors from West Germany and France mentioned family and friends, other reasons were also sited. A third of West Germans identified beautiful scenery and nature as a reason and a quarter of the French reported that they had always wanted to come.

- Half of the Japanese visitors, 52%, indicated that they had come to see a specific place (for example, the Rockies, the Olympic site, Anne of Green Gables). The next most frequently mentioned reason by 38% was the beautiful scenery and nature.

In general these results indicate that price per se has little to do with influencing travel to Canada. Previously, we discussed that Americans were influenced to visit Canada by beautiful scenery, quality of accommodation and new cultures. The Europeans and Japanese differ from the Americans somewhat, although a desire for beautiful scenery is clearly a common influencing factor.

Neither the Europeans or Japanese indicated that they are attracted by our culture whereas it is exactly this perceived difference in culture which attracts many Americans.

Exhibit 5.1 — Comparison Between Pleasure Travelers Regarding Perceptions of the Price in Canada Relative to the U.S. Price



* Ratio: Canadian Price/U.S. Price
[1] The Candian price is 1.4 times the Us. Price

Source: U.S. Telephone Survey
Canadian Telephone Survey
American Visitor Exit / Mailback Survey

5.
PRICE, QUALITY AND SATISFACTION

Price Perceptions

OVERALL PRICE PERCEPTIONS

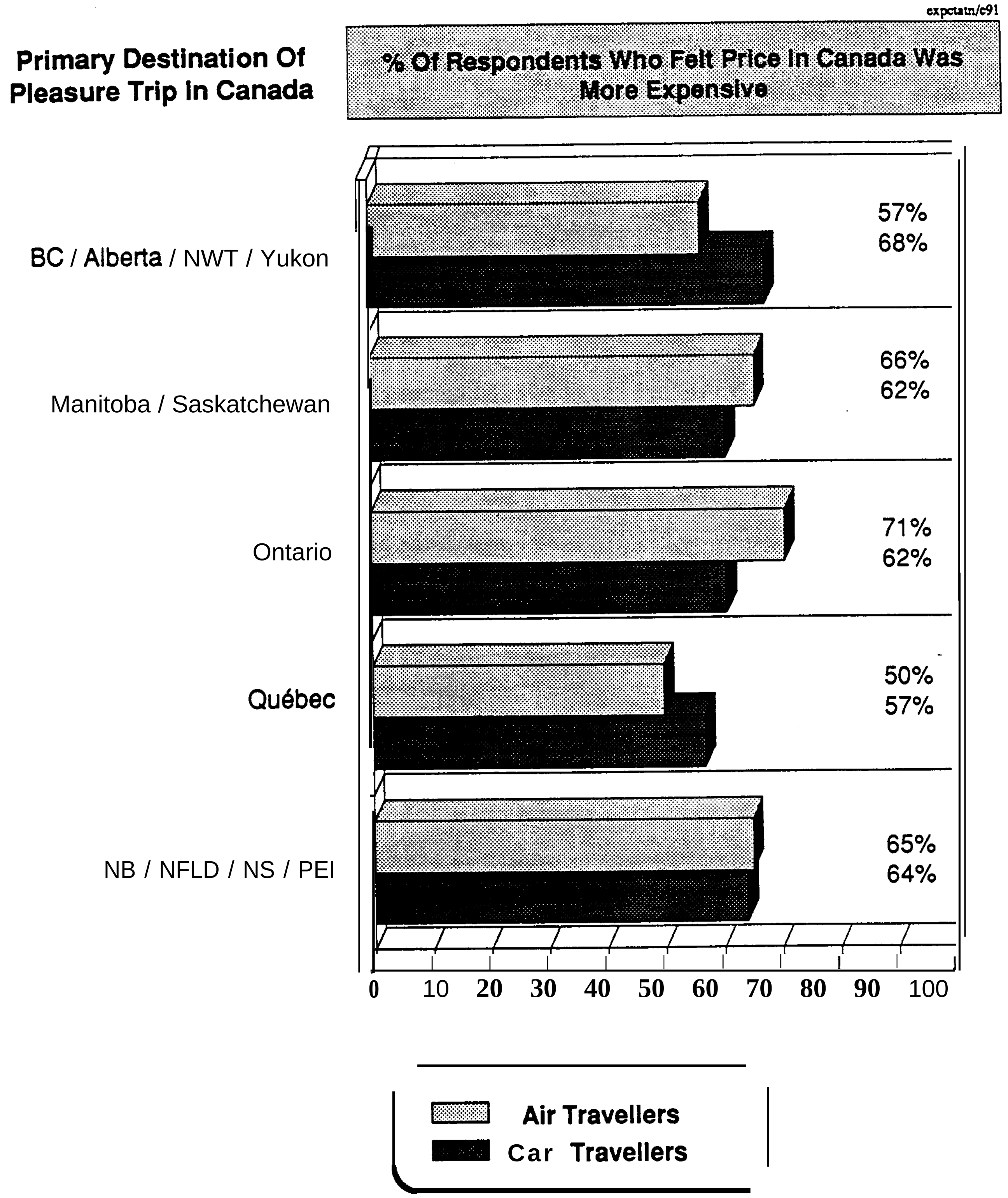
Gauging price perceptions is not a simple undertaking. The range of products and their corresponding levels of price and quality are potentially endless. To be meaningful, the pricing information obtained must be anchored or standardized so that comparisons can be made. Accordingly, U.S. respondents were asked to cite what they had paid for an item in Canada and what they would expect to pay for a comparable item in the U.S. All answers were expressed in U.S. dollars. The ratio of these two prices enable us to gauge the extent to which the price in Canada differed from that in the U.S.

We were more interested in the perceived differences in price rather than accuracy of the price itself.

Exhibit 5.1 provides comparative price perceptions obtained for all groups surveyed. The American groups are comparing prices in Canada to what they would expect to pay for comparable items in the U.S. Canadians were asked to make the same comparisons but in Canadian dollars. As is evident in this exhibit, prices were perceived to be higher in Canada by Americans. Past U.S. visitors consider gasoline to be the most expensive product, relative to prices in the U.S. Recent visitors when interviewed at the exit survey stage have even higher price perceptions for gasoline. Gasoline is an interesting point of comparison because it is virtually a commodity. Quality and perceptions of value do not come into play very much, although there are still regional variations. Based on comparisons of actual prices in March of 1991 (CAA/Runzheimer study) Canadian prices were 74% higher than in the U.S. This is most consistent with the data provided by the exiting car and air travelers. More of these travelers also consider Ontario to be more expensive as illustrated in Exhibit 5.2.

Perhaps the most overwhelming result of this study is the nature of the price perceptions held by Canadians of Canadian products. Like the U.S. travelers, the Canadian travelers were asked to give prices paid in the U.S. and the expected price to be paid in Canada. Clearly, Canadians find the prices in Canada to be much more expensive than in the U. S., and more so than Americans making the same comparison.

Exhibit 5.2 —
Comparison Between Expected Price In Canada Of Overall Trip To Price In The U.S.



Source — American Visitor Exit / Mailback Survey

Another key observation in the similarity of the potential visitors' perceptions to those of recent visitors. As previously discussed, the perceptions of potential visitors also become their expectations with respect to any future trip. Moreover, we were interested in whether these perceptions differed significantly from those of actual travelers.

With respect to both of these concerns, we have the following observations to make:

- with the exception of gasoline and beverage alcohol prices, the remaining price perceptions do not differ greatly from those of visitors either past or recent;

- the expected prices are not unreasonable given objective data from a variety of sources.

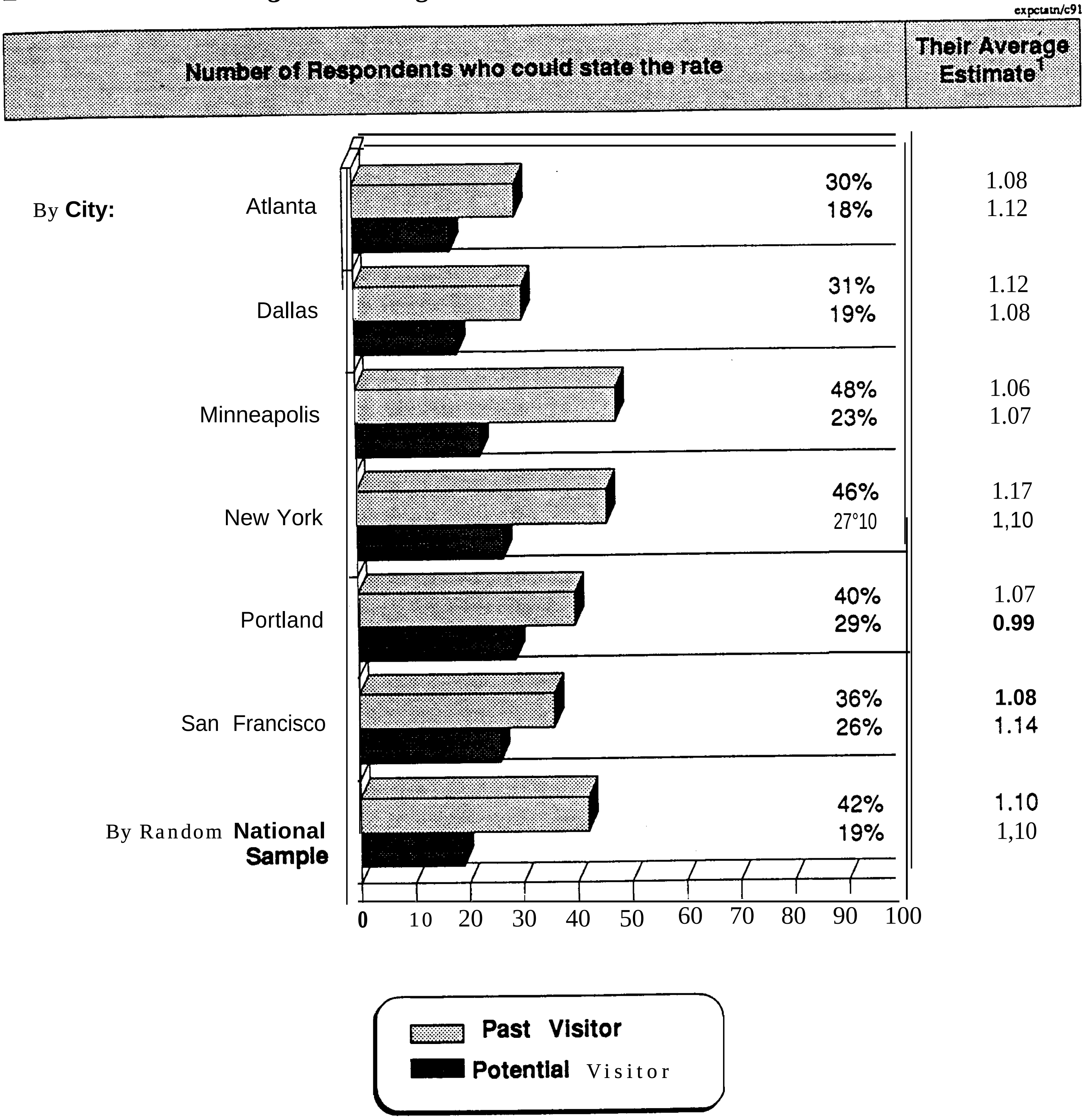
The implications of these price perceptions is that potential visitors will not be greatly disappointed with prices in Canada. However, judging by the response of recent visitors, there may be disappointment with beverage alcohol and gasoline prices. Besides these two products, we do not consider the price perceptions of potential visitors to be erroneous relative to actual visitors.

Comparisons were also made in general between past visitors who had visited up to 5 years ago and the very recent visitors. Acknowledging the importance of current pricing information, we considered the responses of visitors currently departing the country to be the "acid test" so to speak. We further believe that the price perceptions of past and potential visitors were distorted by lack of awareness of the exchange rate.

When Americans were asked to provide information on the price paid in Canada and the expected price in the U.S. for a list of items, they were asked to state their response in U.S. dollars. One would expect a discounting of the exchange rate to occur in their estimation. However, when specifically asked to state the exchange rate, the awareness level was very low for both past and potential visitors who participated in the U.S. Telephone Survey. As is evident in Exhibit 5.3, very few Americans were even aware of the rate of exchange. Past visitors tended to be more aware than potential visitors.

Exhibit 5.3 — Knowledge of Exchange Rate Of U.S. To Canadian Dollar

expctatn/c91



[1] The amount of Canadian money one receives for one U.S. dollar

Both groups, however, tended to understate the exchange rate relative to the rate that existed at the time of the survey of about $1.16 Canadian for one U.S. dollar. Taking into account this lack of awareness, the price comparisons may indeed have been overstated resulting in a higher price perception than may have actually been the case. With respect to Americans who were interviewed departing Canada in the summer of 1990, the awareness level of the exchange rate was very high. Thus, the effect of lack of awareness should be absent from their perceptions.

In this regard the most obvious differences in perception was for accommodation prices. Previously, past visitors included in the telephone survey said that accommodation prices were cheaper in Canada. Recent visitors, however, found accommodation to be more expensive but not to a great extent.

We believe that this difference may in part be explained by the significant price increases to accommodation prices in the past few years as evidenced in the accommodation price index.

The most surprising finding of the exit survey was the marked difference between the air and car traveller. A number of price perception differences were evident from these two groups. The car travelers tended to consider everything, with the exception of beverage alcohol, to be more expensive than the air traveller.

In summary, several key observations emerge with respect to prices in Canada:

- all prices are considered to be higher in Canada;
- beverage alcohol and gasoline are considered to be the most expensive products;
- with the exception of these two products, most other prices are closer in range across all groups with recent visitors having slightly higher perceptions across all products;
- among recent visitors, car travelers had higher price perceptions than air travelers; and
- Canadians have by far the highest price perceptions of all pleasure travelers.

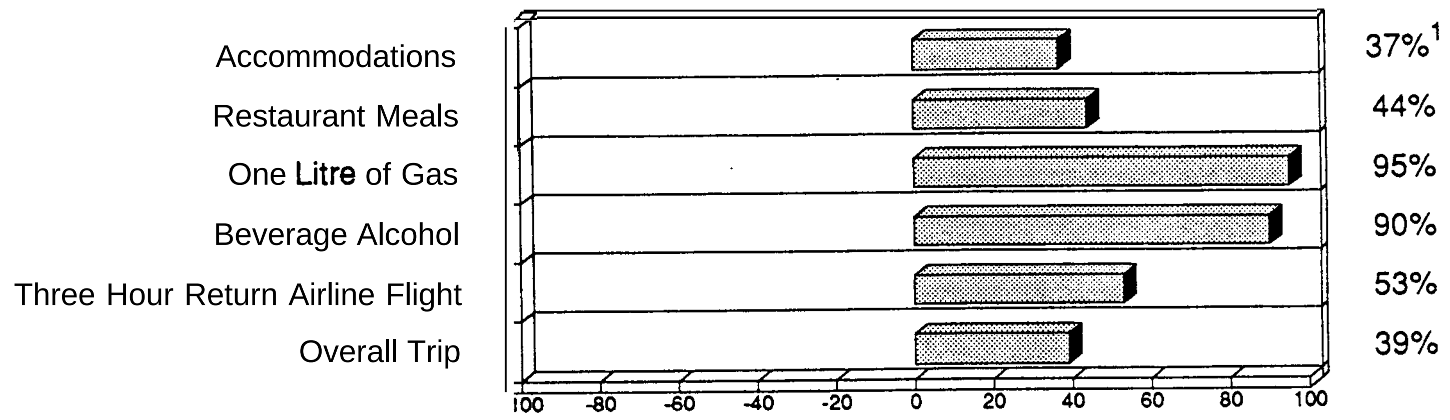
CANADIAN PRICE PERCEPTIONS

As noted previously, Canadian perceive our prices to be higher compared to those in the U.S. As is evident from Exhibit 5.4, similar results are evident with respect to comparisons of price perceptions between other countries and Canada.

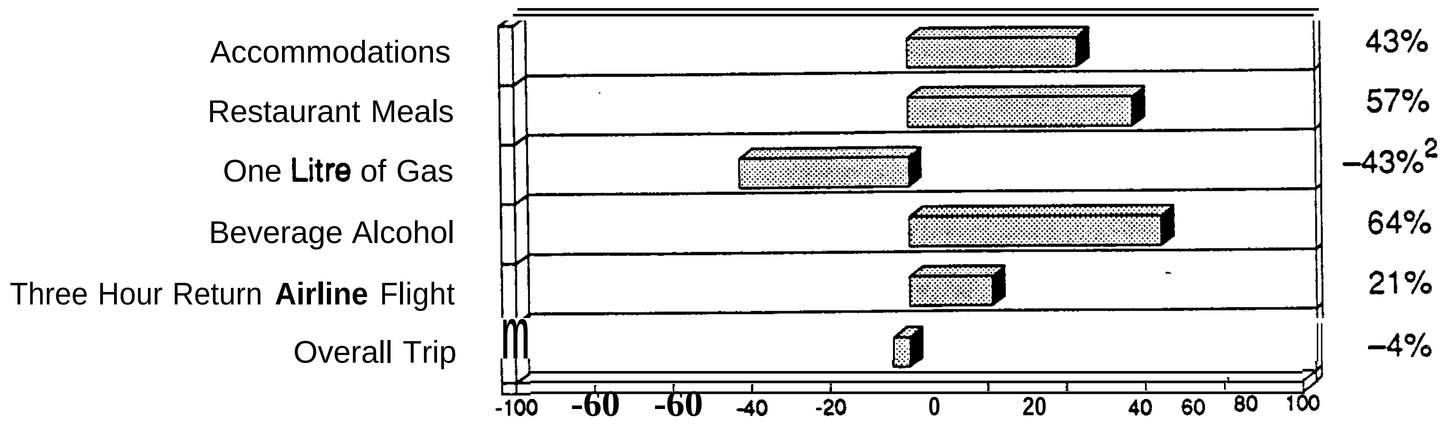
Although prices are considered cheaper in the U.S. they are not, by comparison to Europe and southern destinations, the cheapest. Relatively speaking, gasoline and air fares are perceived to be cheaper in the U.S. but other prices are not. While accommodation and beverage

Exhibit S.4 — Price Expectations in Canada Compared To Respondents' Most Recent Pleasure Trip Taken Outside Canada

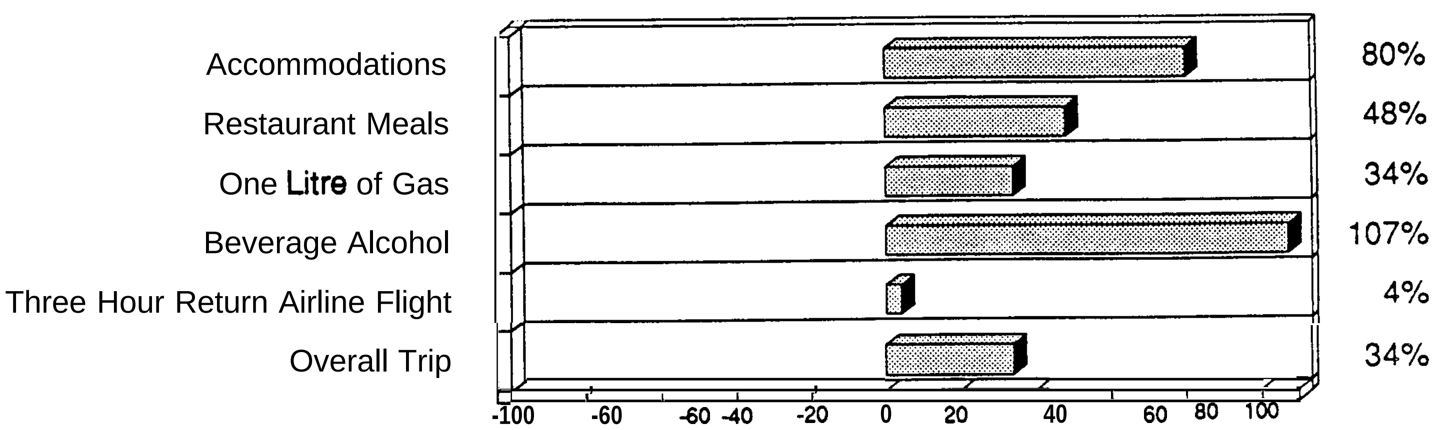
Prices in Canada Compared to Prices in the United States —



Prices in Canada Compared to Prices in Europe —



Prices in Canada Compared to Prices in Southern Destinations —



1 Reads — Canadians who had been to the U.S. said the prices for accommodation in Canada were 37% higher than in the U.S.
2 Reads — Canadians who had been to Europe said the price for gas in Canada was 43% lower than in Europe
Source — Canadian Telephone Survey

alcohol products are considered to cost less in the southern destinations, restaurant meals are considered cheaper in Europe. Only one product, gasoline, is considered to be cheaper in Canada and only when compared to prices in Europe.

Canadians believe that prices in this country are, generally speaking, higher than they are in the U.S. This believe is also evidenced by the increasing number of Canadians who drive across the border to do their shopping. But do Canadians believe that Americans and others perceive our prices the same way we do?

The Americans certainly do not share the same view. Why do Canadians have such obviously distorted perceptions? To answer this question, one would have to understand the source of these perceptions. To begin with, some of the perceptions are not necessarily wrong. We have enough objective evidence to know that gasoline and beverage alcohol products are more expensive in this country (CAA/Runzheimer, March, 1991). The problem is one of magnitude. In other words, we perceive prices to be so much more expensive than Americans do.

Why do we believe these products are so much more expensive? It's possible that the perception of prices overall are influenced by specific prices, say gasoline or beverage alcohol. Also, the differences in the cost of shopping across the border could be generalized to tourism related products and sources. At present we have insufficient evidence to explain why Canadians think this way. Nevertheless, it is important to chip away at these perceptions for they ultimately affect the flow of tourism dollars outside the country in addition to Canadians being perhaps less than enthusiastic about our tourism product.

Canadian Perception by Region of Origin

Relative price perceptions were also compiled by origin of interview. The results are presented in Exhibit 5.5. Since Canada is a large, diverse country, with differential price levels between provinces, it is important to establish an anchor or base to the Canadian prices as cited in the study. It is assumed then, that respondents offered the local prices of products when making comparisons to their foreign trips. We can therefore illustrate on a regional basis, where high price perceptions are most apparent.

Overall, there is a broad range in perceived prices, but on average, Canadian prices are seen as approximately 50% greater than foreign prices. While these results primarily reinforce the initial finding of higher price perceptions in Canada, they also highlight clearly the extent to which the price perceptions vary. Some prices are seen to range as much as 200% higher. The extent of the price differential is shocking, to say the least, especially when compared to the price perceptions of the U.S. pleasure travelers. While they also

Exhibit 5.5: Price Expectations by Origin of Interview

Item	Difference Between Vacationers' Last Trip Outside Canada and Prices In:				
	... Maritimes	Quebec	Ontario	Manitoba & Saskatchewan	Alberta B.C., N.W.T. & Yukon
Accommodation (n=369)	27%*	33%	53%	42%	51%
Restaurant meals (n=520)	29%	35%	58%	55%	45%
One litre of gas (n=194)	78%	75%	58%	84%	64%
Beverage alcohol (n=274)	200%	104'%0	76%	100%	79%
3 hour return airline flight (n=170)	31%	33%	34%	76%	4770
Total trip (n=473)	38%	25%	27%	57%	39%

[1] READS: Maritimers said accommodation prices were 27% higher in Canada than they were during their last trip outside of Canada.

considered Canadian prices to be higher, the range of perceptions was much lower with at most a 12% to 25% price differential. Moreover, many U.S. respondents from selected cities considered Canadian prices to be even cheaper.

As far as specific commodities are concerned, the following observations can be made:

- accommodation in Canada, together with restaurant meals, were considered cheaper by Maritime respondents and more expensive by Ontario respondents;

- gas prices were considered higher by Manitoba and Saskatchewan residents but cheaper by Ontarians;

- beverage alcohol was considered to be far more expensive in Canada by Maritime respondents and cheaper by Ontario respondents;

- a three hour airline flight was cheaper for Maritimers but more expensive for Manitoba and Saskatchewan respondents; and

- Quebec had the lowest price perceptions for total trips costs and Manitoba and Saskatchewan had higher perceptions.

It is evident from these results that some differences do exist in price perceptions between the regions and could easily be the subject of further price studies. In spite of these differences, however, there is no marked pattern of consistency. The Maritimes would have the lowest price perceptions on average, if beverage alcohol were excluded. Quebec has the next lowest price perceptions followed by Alberta and British Columbia. The highest price perceptions are held by the Northwest Territories and Yukon, Ontario and finally Manitoba and Saskatchewan. While it is understandable why Ontario might have higher price perceptions, especially when you consider the effect of prices in Toronto, it is not apparent why prices are higher in Manitoba and Saskatchewan. Perhaps the destinations visited by respondents in this region were much cheaper in comparison to other destinations.

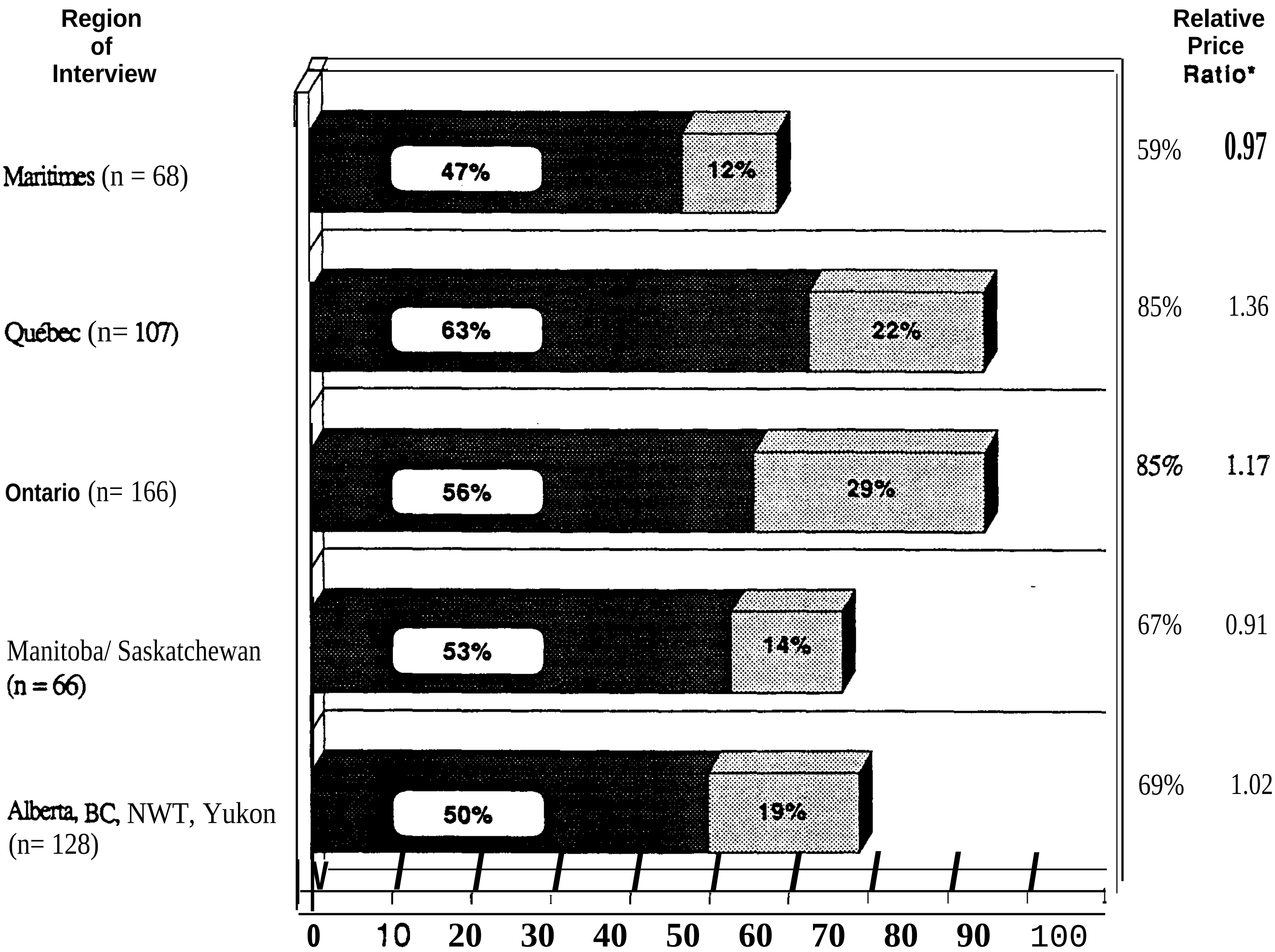
Interprovincial Price Comparisons

Although much of the travel undertaken by Canadians is interprovincial, price comparisons between the provinces was not a primary focus of this study. As interprovincial travel represents a net displacement of internal tourism dollars, the concern at present is the loss of domestic tourism dollars to foreign competitors.

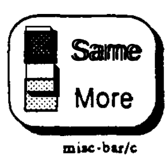
Nevertheless we have obtained some indication as to how expensive it is to travel within one's own province as compared to traveling outside. Respondents who indicated that they had recently travelled interprovincially were asked to rate their region as being the same, more or less expensive than the

Exhibit 5.6 — Comparison Between Expected Price of a Similar Pleasure Trip Taken Within Own Region to that of Most Recent Pleasure Trip Outside Own Region Within Canada *

Percentage of Respondents Who Indicated That Price of a Trip inside Own Region is the "Same" or "More Than a Price of a Trip Outside Region:**



*Ratio = $\frac{\text{Price of trip in own Region}}{\text{Price of trip outside Region}}$



Numbers > 1 include price inside region is relatively more expensive than price outside
Numbers < 1 include price inside region is relatively less expensive than price outside

region they travelled in last. The results are presented in Exhibit 5.6. A significant number of respondents from the Maritimes find it cheaper to travel in their region whereas the opposite is true for travelers from Quebec and Ontario. Although over half of these respondents considered travel in their province to cost the same as outside, a significant proportion considered it more expensive, especially in Ontario. Relatively speaking, the remaining regions believe that their prices are the same or less than other provinces.

The relative price ratios as presented in this exhibit, further give the extent to which each region considers its prices to be greater or in some cases lower than those of other regions. Unfortunately, due the small numbers obtained, we were unable to “indicate in any meaningful way, the price comparison by region visited. Nonetheless the results give a firm idea of price perceptions in one’s own region. To arrive at these ratios, respondents were asked for two prices. The first was the amount paid for the overall trip on their most recent pleasure trip in another province. Next they were asked the price expected to pay in their own province for a similar trip. As the results clearly indicate, residents of Manitoba and Saskatchewan held the lowest price perceptions, considering their prices to be approximately 10% less. At the other extreme is Quebec where respondents perceive their travel prices to be 36% more expensive.

NON-U.S. PRICE PERCEPTIONS

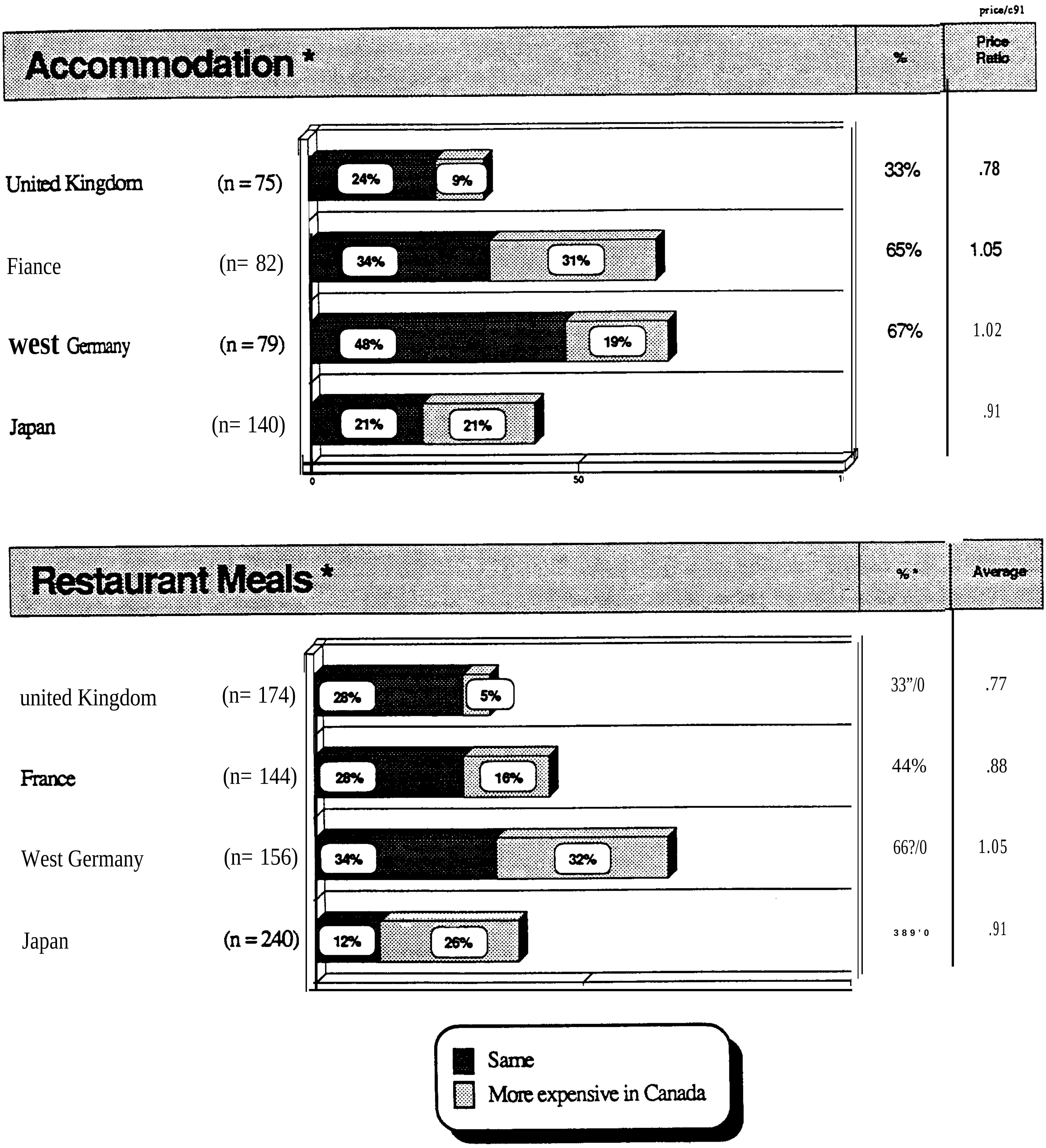
Visitors from Europe and Japan were also asked about their perceptions regarding prices in Canada versus prices at home for similar items characteristic of a vacation trip. The list of items included the cost of:

- accommodation;
- restaurant meals;
- one litre of gasoline;
- beverage alcohol;
- a three hour return airline flight per person; and
- the overall trip.

Exhibit 5.7 presents the results for some of the items for visitors of different nationalities. With the exception of restaurant meals, the majority of respondents declined to provide an answer regarding the price of certain items in Canada and at home. Only one item, a three hour airline flight, was excluded from the exhibit because of the very small sample size. For all items, a higher proportion of respondents from Europe than from Japan were able to provide the pricing data. The reasons for this might include indifference or a lack of awareness about prices. Because of the small numbers, these results should be interpreted with some caution. Of the respondents who did respond, a number of items of interest emerged:

- For accommodation, restaurant meals and gasoline a majority of all the visitors perceived that the price of

Exhibit 5.7 — Comparison Between Price in Canada and Price for Similar Item in Own Country



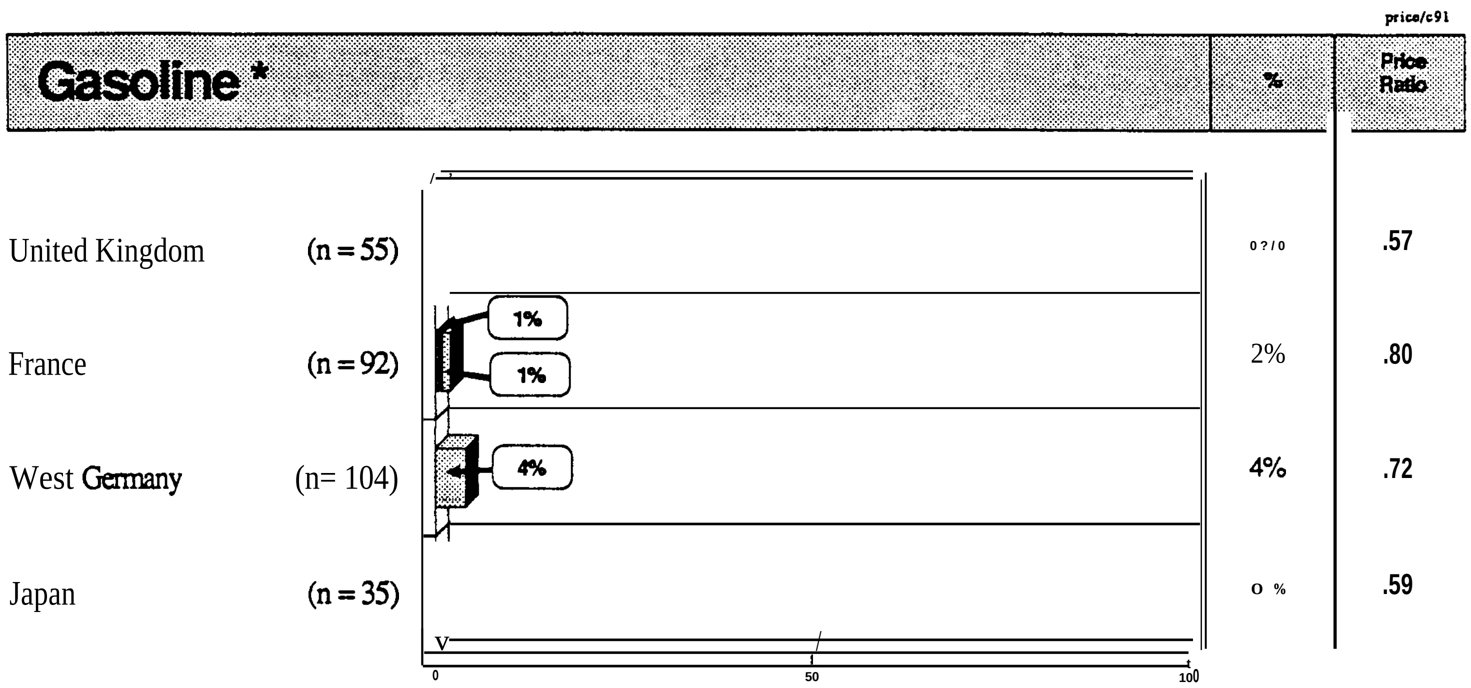
Notes; a) Ratio represents Cdn. price/price in own country

b) Differences between countries are statistically significant

c) Comparisons were computed from the price ratios

Seance - Foreign Visitor Exit Surveys

Exhibit 5.7 — Comparison Between Price in Canada and Price for Similar Item in Own Country (Continued)



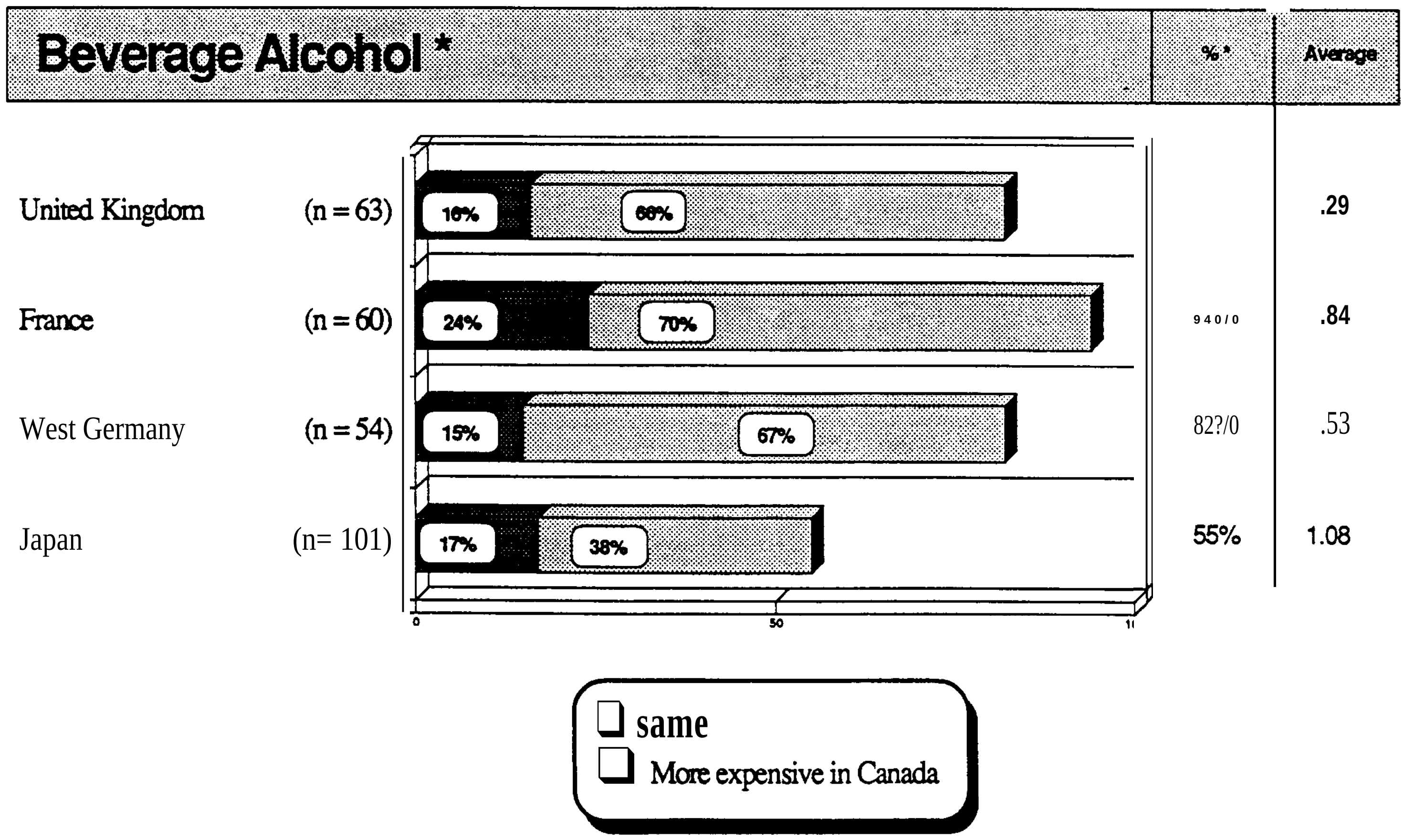
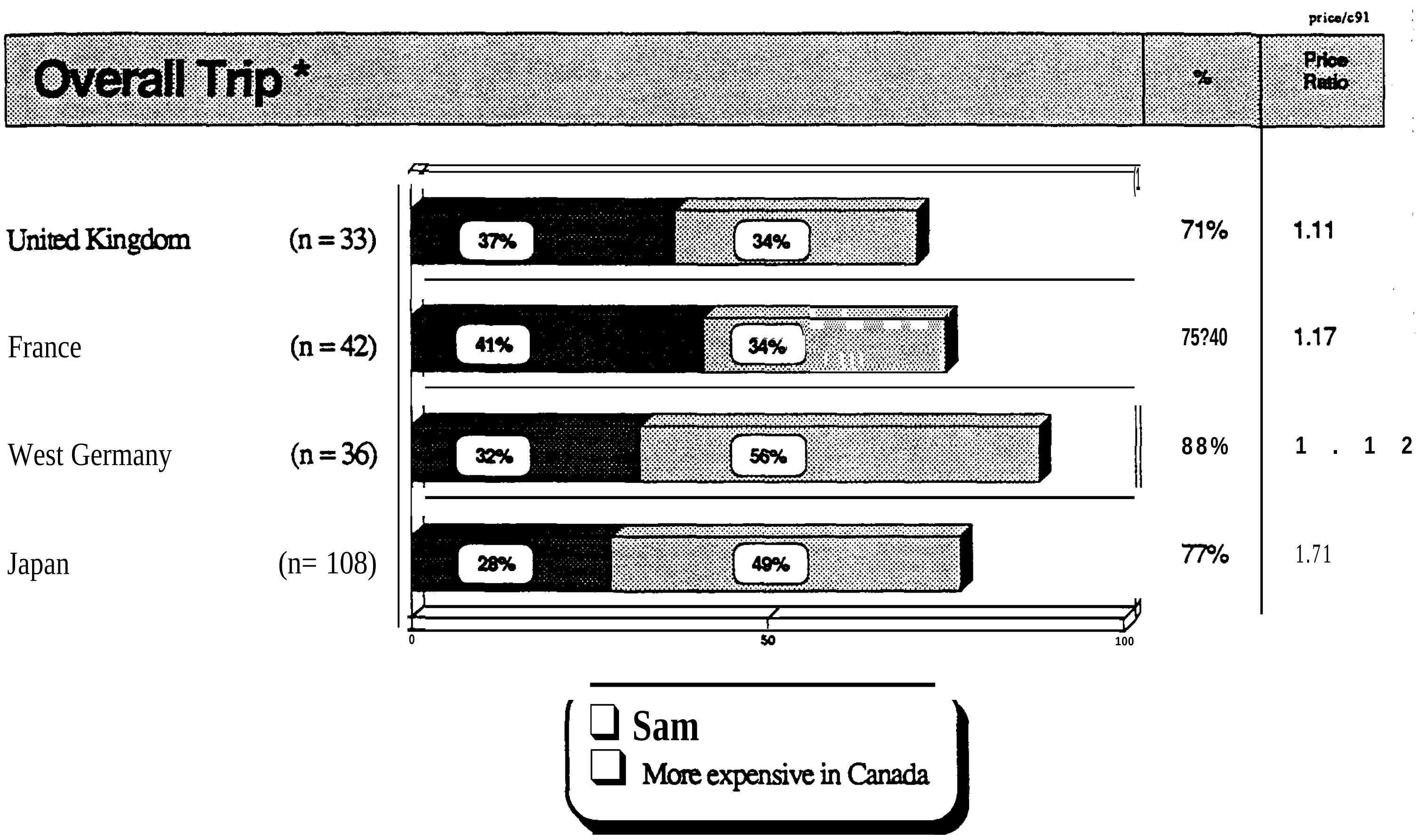


Exhibit 5.7 — Comparison Between Price in Canada and Price for Similar Item in Own Country (Continued)



these items in Canada to be the same or less than the prices at home.

- With respect to the price of the overall trip, only a fifth of the respondents were able to provide price data. Of these respondents, one third of the visitors from the U. K., and France perceived the price to be higher in Canada than at home, whereas 56% of visitors from West Germany and 49% of visitors from Japan perceived the price in Canada to be higher than that at home.

- Except for the Japanese, the price of beverage alcohol was perceived to be substantially higher in Canada than at home.

The price perceptions of the European visitors are especially interesting when compared to the perceptions of Canadians who travelled in Europe. For example, when compared to European accommodation prices, Canadians considered our prices to be 43% more expensive. The Europeans find us approximately the same or cheaper. Restaurant meals were considered to be even more expensive in Canada, at least 57% more by Canadians, Europeans consider our meals to be cheaper.

Two more or less consistent items appear to be beverage alcohol and gas. Canadians and Europeans consider our prices to be cheaper for gas but more expensive for beverage alcohol. These results continue to demonstrate the perceptional problems of Canadians when considering the domestic tourism product.

Quality Perceptions

OVERALL QUALITY PERCEPTIONS

As previously discussed, the issue of price and the concept of ‘expensive’ must be examined in relation to the corresponding quality. The determination of the quality perceptions of visitors was tackled from a number of directions. Respondents were asked to rate the quality on a ten point scale and to indicate whether they thought the quality in Canada was the same, worse or better than in the U.S. They were also asked to consider the value for money they obtained on their trip to Canada. Exhibit 5.8 provides comparisons of the quality of the overall trip to Canada.

Overwhelmingly, the results indicate that the quality of the Canadian product is as good or better than in the U.S. In fact, these high quality ratings bugger the high price perception to a large extent and assure us that visitors are receiving value for money with a few exceptions.

In some instances, we noted that the quality ratings of recent travelers were somewhat lower than those who had come to Canada two or three years ago. This was particular evident with the car traveller. In contrast, the air travelers included in the exit interviews said that

Exhibit 5.8: Perceptions Regarding Canada Compared to Quality in Quality in the U.S.

	Quality of Overall Canadian Trip Compared to U.S. Trip		
	Same	**Better**	**Worse**
Distribution of Responses			
Canadian	*57%*	*26%*	**17%**
U.S. Past Visitors	63%	33%	4%
U.S. Potential Visitors	64%	34%	2%
U.S. Air Travelers	68%	30%	2%
U.S. Car Travelers	71%	24510	5%
Quality Rating[1]			
Canadian	**7.6**	**7.7**	**5.8**
U.S. Past Visitors	8.2	8.6	7.3
U.S. Potential Visitors	7,7	8.2	*7.0*
U.S. Air Travelers	8.0	9.1	5.4
U.S. Car Travelers	7.7	8.6	4.9

[1] Quality Ratings are based on a scale from 1 to 10.

Source: U.S. Telephone Survey
Canadian Telephone Survey
American Visitor Exit/Mailback Survey

the quality was higher than what past visitors said it was.

This is a particularly disturbing result for many reasons. To begin with, the relative dissatisfaction with quality evident with the car traveller is a marked denature from the results obtained from the past visitors. The car traveller to Canada continues to represent the majority of visitors and accordingly, these results cannot be overlooked. Although the vast majority still consider the quality to be the same or better, the ratings were quite harsh on the part of those who thought the quality was worse. These somewhat harsher quality ratings are also evident with respect to individual products as highlighted in Exhibit 5.9. Compared to air travelers, they were clearly less pleased with the quality of Canadian products.

Although the results are positive and are good news for the industry, the quality of tourism products cannot be taken for granted. The challenge confronting the industry is to maintain and bolster quality especially in light of increasing prices. It is likely more difficult to control prices than it is to improve quality. Furthermore, there are high expectations for quality. Visitors will be disappointed if their high expectations are not met.

CANADIAN PERCEPTION OF QUALITY

Although Canadians overall rate the quality of travel products in Canada favorable, they are in some instances harsher in judging quality compared to Americans. Canadians who perceive quality to be worse consider it to be much worse than other groups.

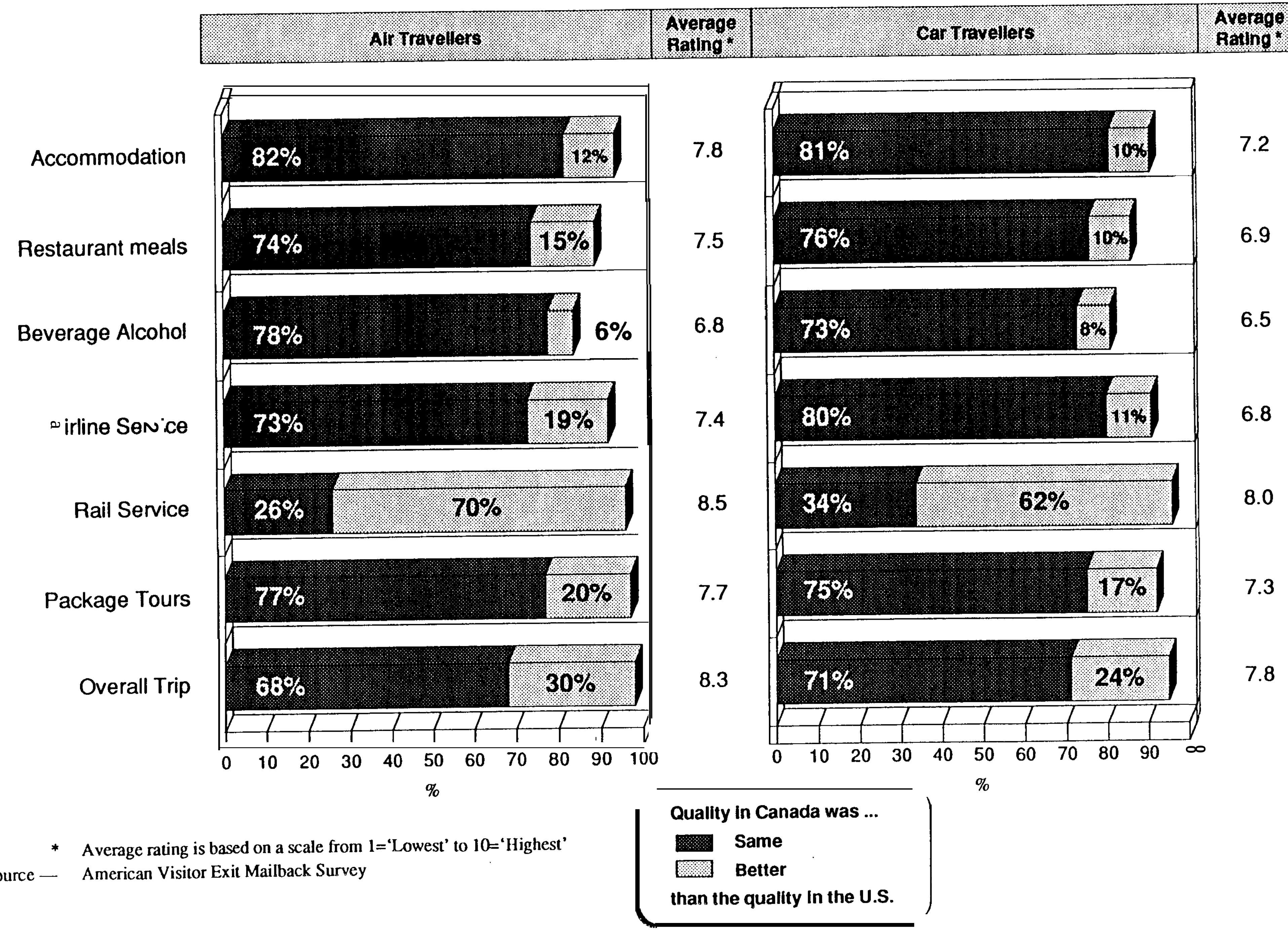
As was highlighted in Exhibit 5.8, significantly more Canadians considered quality to be worse in Canada compared to the U.S. For this group, the corresponding quality rating was also harsher but not as severe as the car and air travelers' ratings. For those Canadians who believed quality to be the same or better in Canada, the quality ratings were markedly lower than the American ratings.

These results are indeed interesting. When coupled with the higher price perceptions held by Canadians, the results become synergistically worse in the same way that the U.S. results become better.

If the study of Canadian price/quality perceptions had been conducted in isolation of other visitors groups, the conclusion might have been a more positive one. However, when we compare our perceptions of price and quality to those of the Americans the difference is significant.

Canadians must somehow be made aware of how favorably we are

Exhibit 5.9 — Comparison of Canadian Quality to U.S. Quality by Recent U.S. Visitors



* Average rating is based on a scale from 1='Lowest' to 10='Highest'

Source — American Visitor Exit Mailback Survey perceived by others and how the quality of our products is not seen to be a problem.

NON-U.S. SATISFACTION WITH QUALITY AND VALUE FOR MONEY

Visitors from the U.K., France, West Germany and Japan were asked if they were very, somewhat or not satisfied with the overall quality for the following list of items:

- accommodation;
- restaurant meals;
- beverage alcohol;
- the overall trip;
- gifts, clothes and merchandise;
- package tours; and
- transportation in Canada.

Exhibit 5.10 presents the results. Significant differences were observed for all items between visitors of different nationalities regarding the extent of their satisfaction.

The satisfaction associated with the quality of the overall trip ranks higher than the level of satisfaction with the other items. The majority of all visitors, from a high of 95% for visitors from the U.K. to 74% of visitors from Japan, responded that they were very satisfied. An impressive 100% of visitors from all four countries said they were either very or somewhat satisfied.

With respect to individual items, however, there was a wider variation in the levels of satisfaction expressed by the visitors from different countries. Some interesting differences can be observed from Exhibit 5.10.

- The majority of visitors from the U.K. expressed themselves as very satisfied with all the items.

- Visitors from France were less than 'very satisfied' on most items. The majority of visitors from France were 'very satisfied' with the quality of accommodation and package tours but the majority were only 'somewhat satisfied' with the quality of the restaurant meals (61%), beverage alcohol (69%), and gifts, clothes and other merchandise (50%).

- Visitors from Japan and West Germany were the least likely to be 'very satisfied'. They were-the largest proportion of visitors who were 'somewhat satisfied' on most of the items including accommodation, restaurant meals, package tours, gifts, clothes and other merchandise, and transportation within Canada.

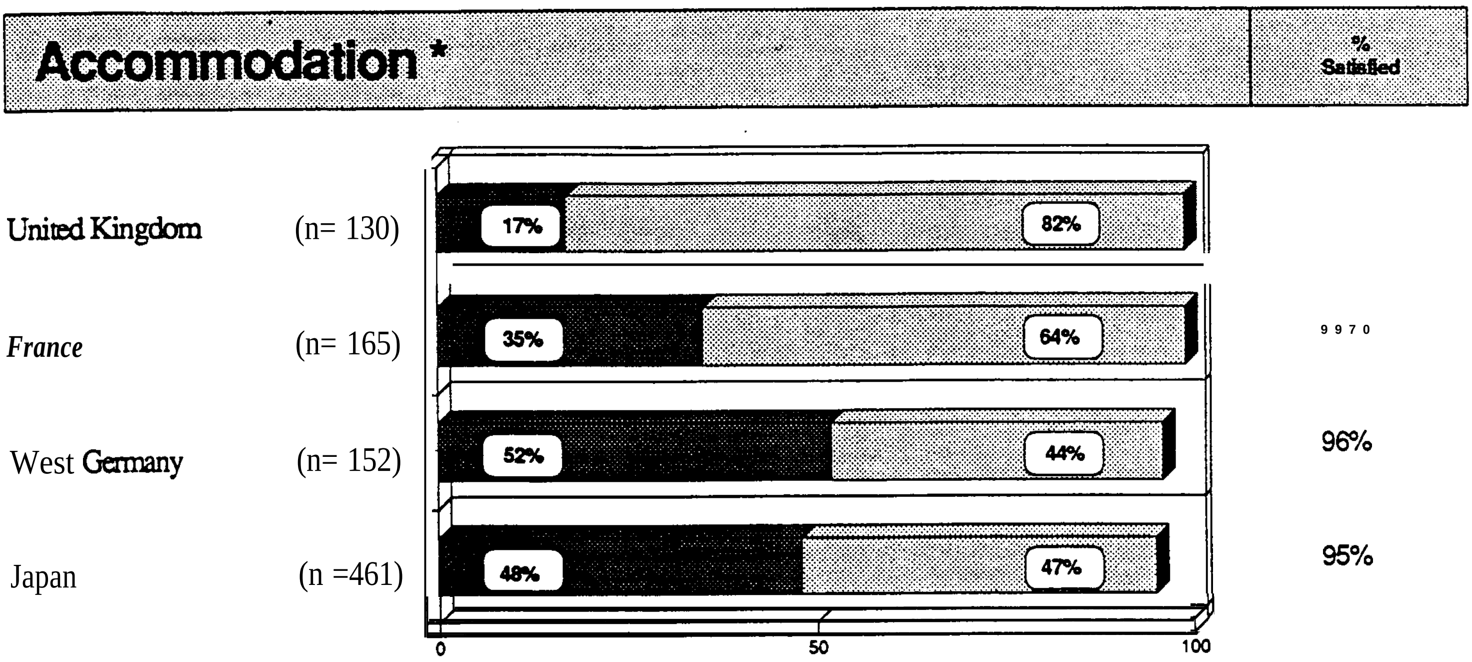
VALUE FOR MONEY

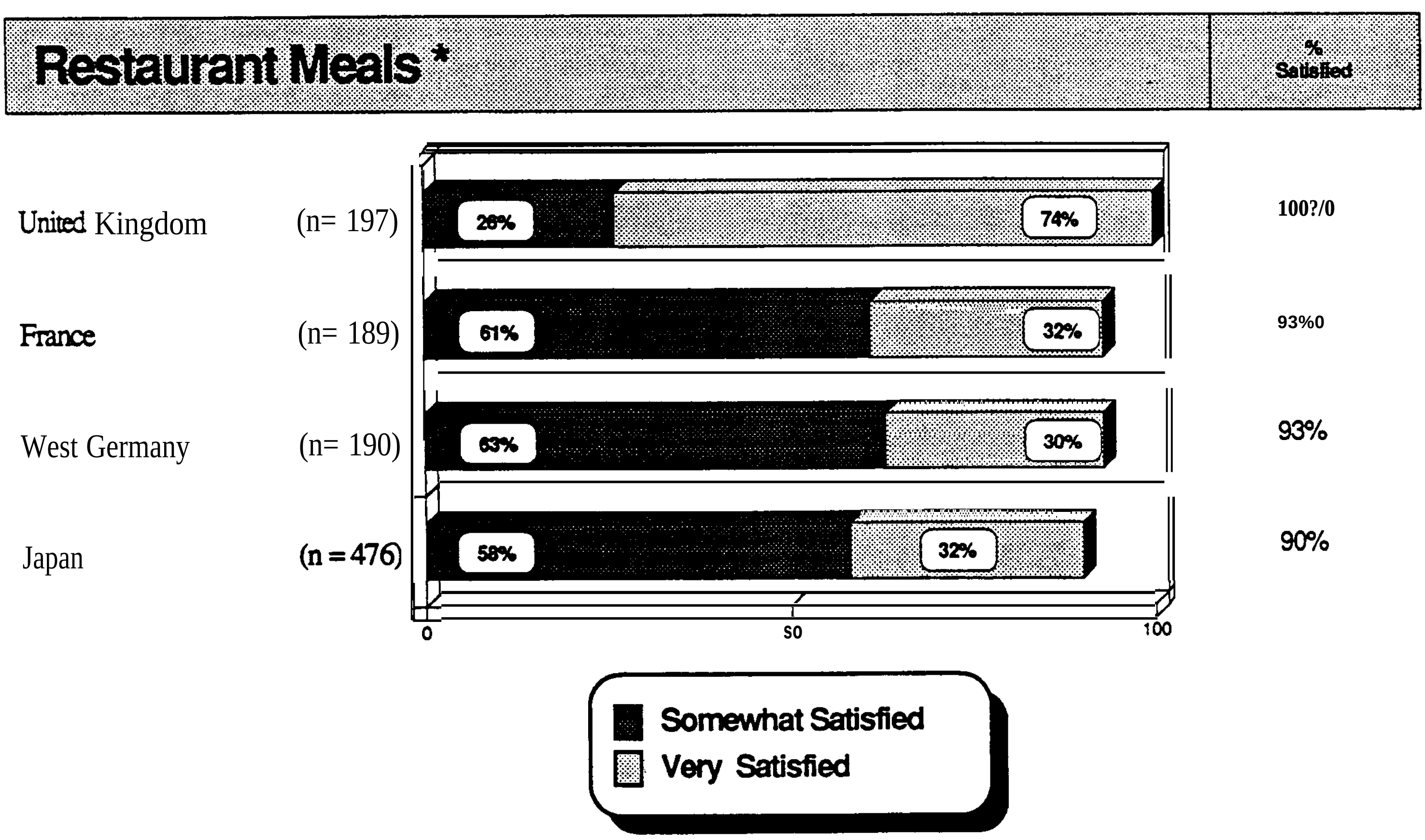
Visitors from the United Kingdom, France, West Germany and Japan were asked to rate the following list of items in terms of their value for money:

- accommodation;

Exhibit 5.10 — Satisfaction with Overall Quality in Canada by Visitors from the U. K., West Germany, France and Japan

overall/c91





Note: * Ideates significant differences between groups

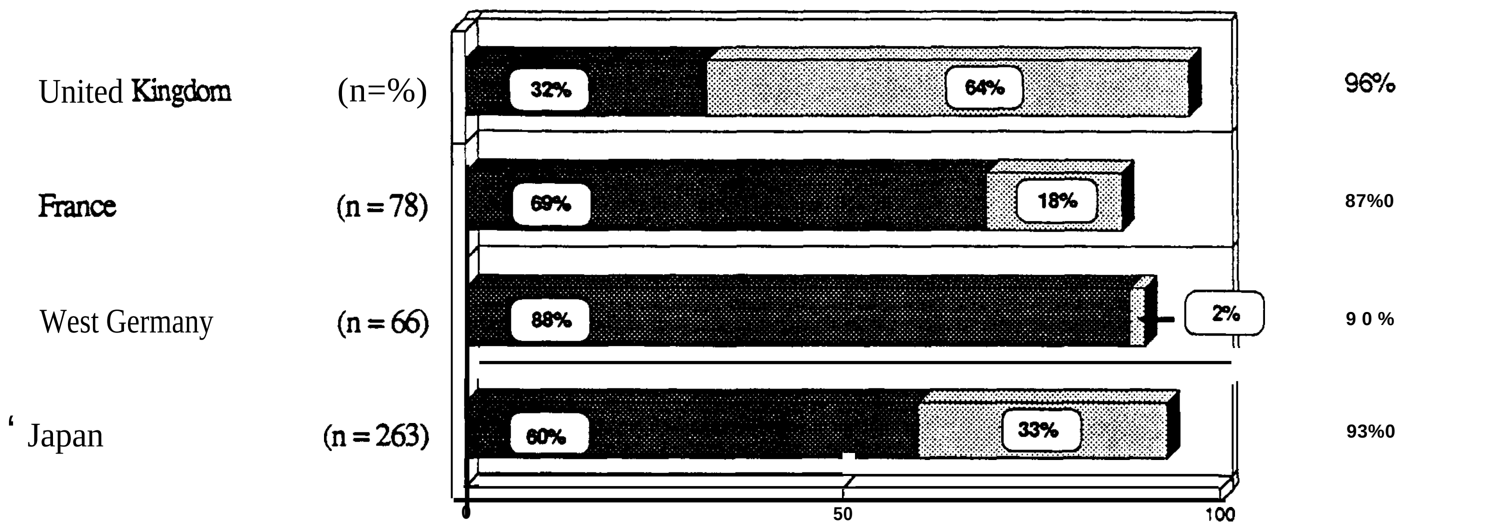
Sources: American Visitor Exit Survey
Foreign Visitor Exit Survey

Exhibit 5.10 — Satisfaction with Overall Quality in Canada by Visitors from the U. K., West Germany, France and Japan (Continued)

overall/c91

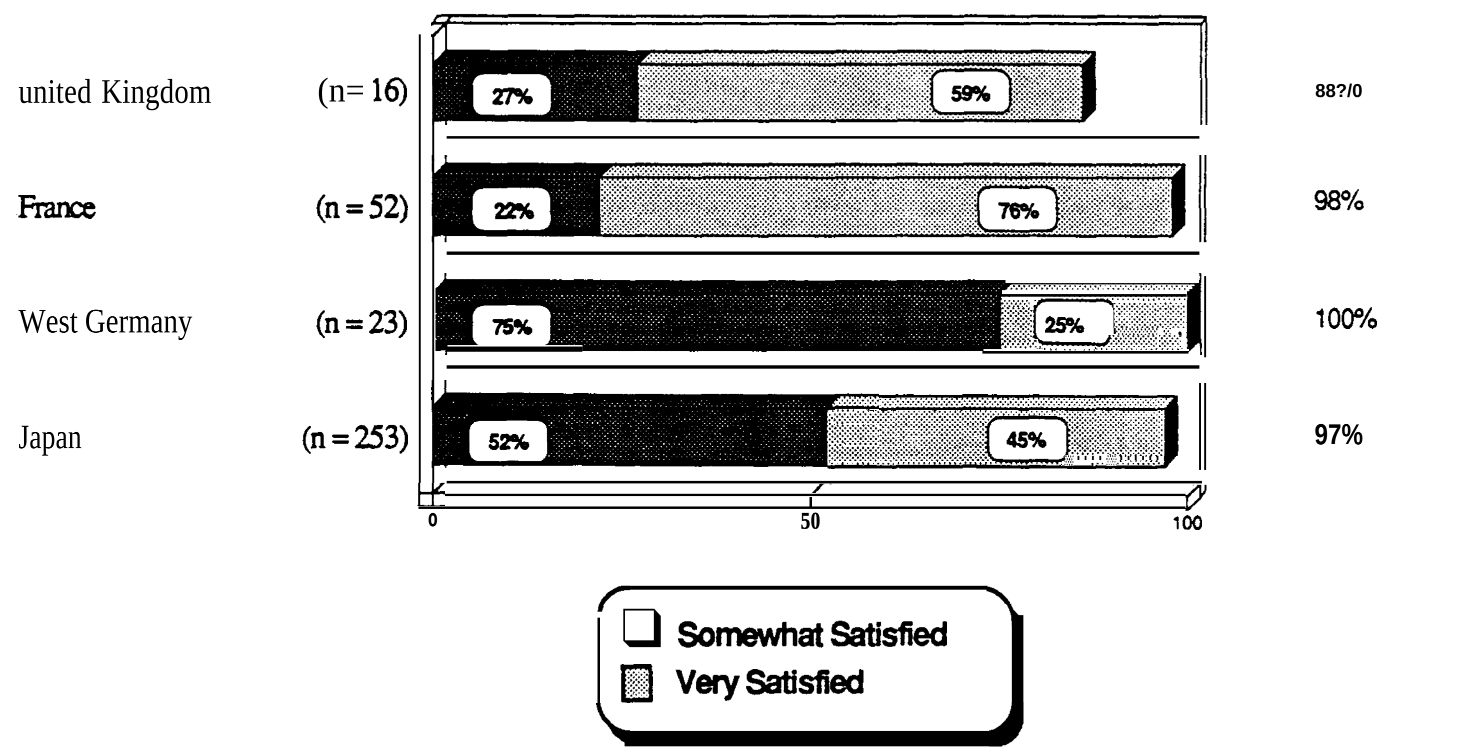
Beverage Alcohol *

% Satisfied



Package Tours *

% Satisfied

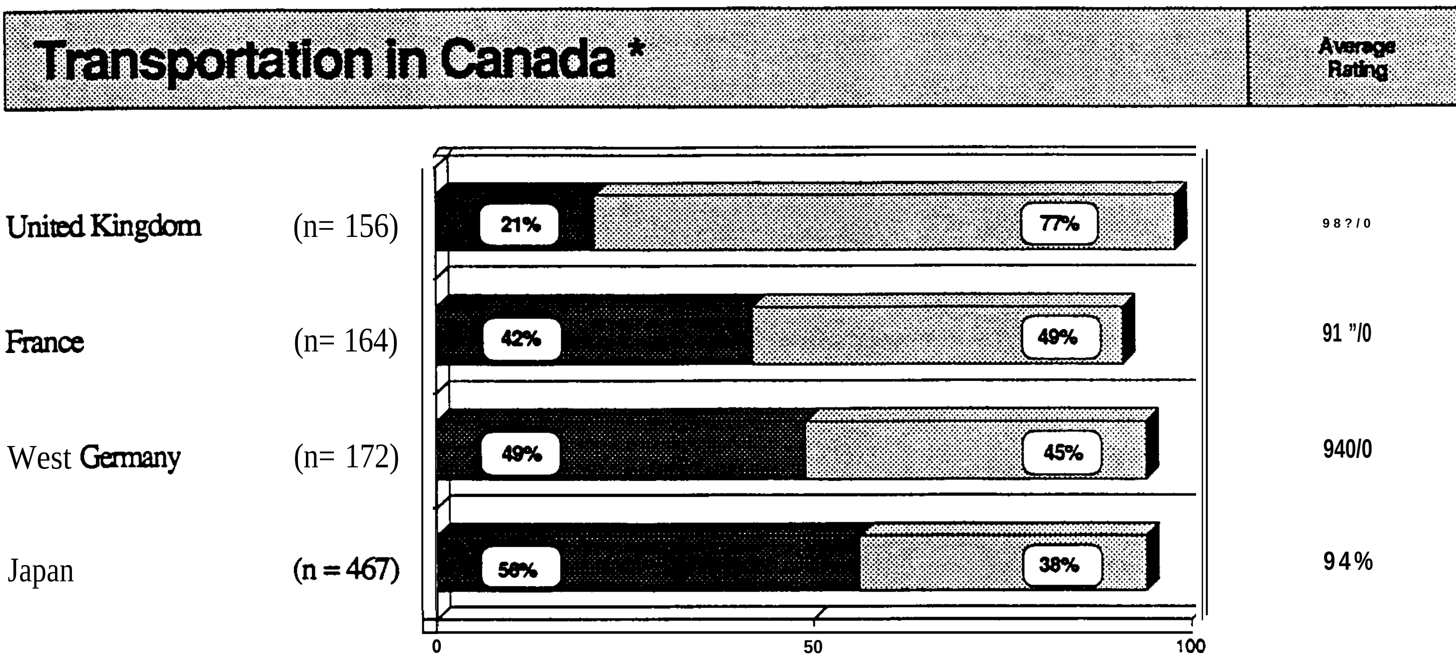


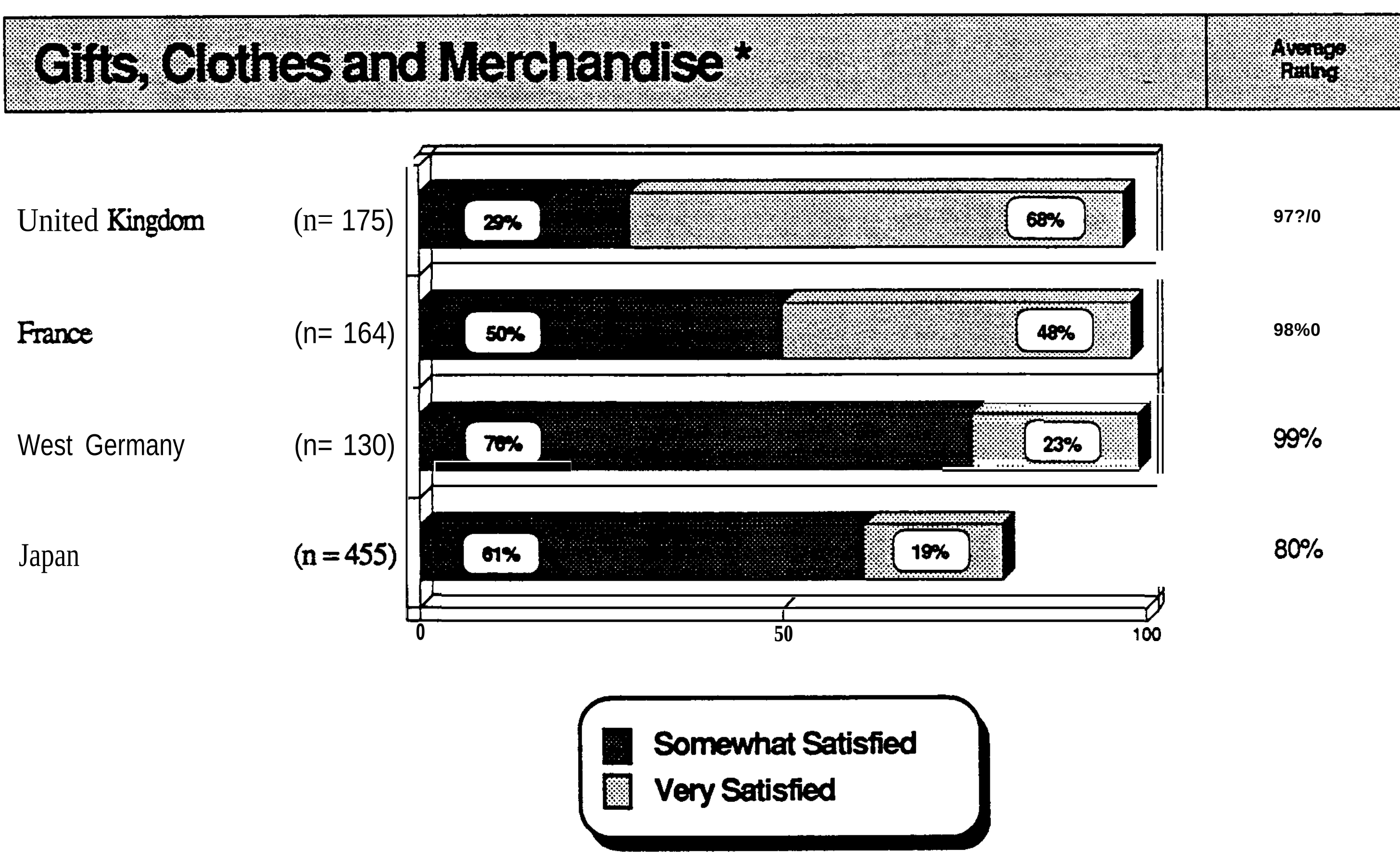
Note: * indicates significant differences between groups

Sources: American Visitor Exit Survey
Foreign Visitor Exit survey

Exhibit 5.10 — Satisfaction with Overall Quality in Canada by Visitors from the U. K., West Germany, France and Japan (Continued)

overall/c91



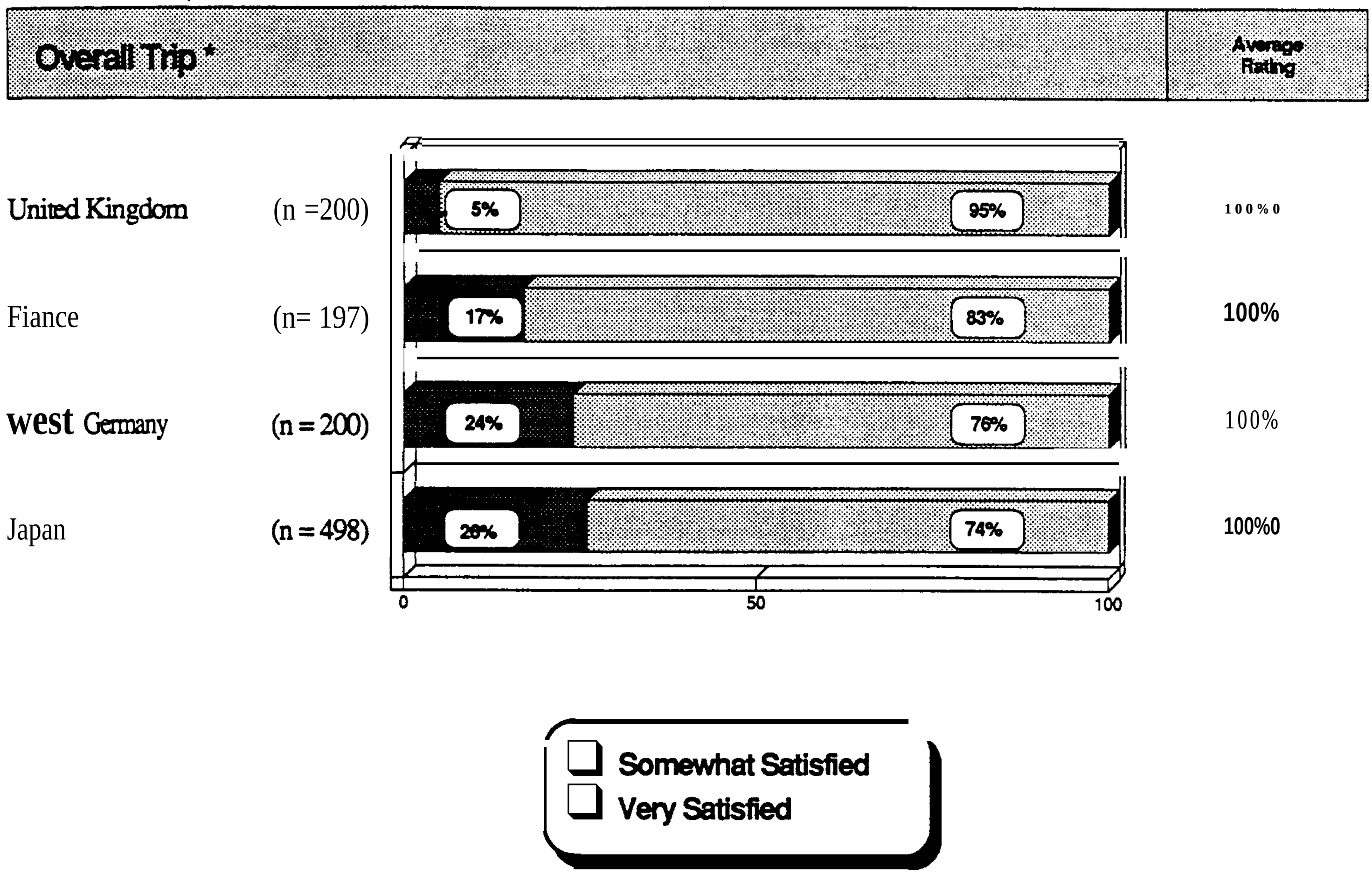


Note: "*" indicates significant differences between groups

Sources: American Visitor Exit Survey
Foreign Visitor Exit Survey

Exhibit 5.10 —Satisfaction with Overall Quality in Canada Experienced by Visitors from the U. K., West Germany, France and Japan

overall/c91



Note "*" indicates significant differences between groups

Sources: American Visitor Exit Survey
Overseas Visitor Exit Survey

- restaurant meals;
- beverage alcohol;
- local transportation;
- recreation activities;
- gifts, clothes or other merchandise; and
- package tours to your destination.

Exhibit 5.11 presents the results. Overall, the majority of visitors from abroad felt that they received good value for money. Some interesting differences do emerge between the nationalities:

- Visitors from the United Kingdom were the most positive regarding the value for money. A higher proportion rated the quality for the amount paid as very good value than the other nationalities for all items with the one exception of beverage alcohol.
- Between the different items, beverage alcohol was ranked lowest in value for money by all nationalities. Between the nationalities, visitors from France were significantly less impressed with the value for money received with only half of the respondents reporting that they felt they received good value for their money.

Comparisons between U.S. Groups

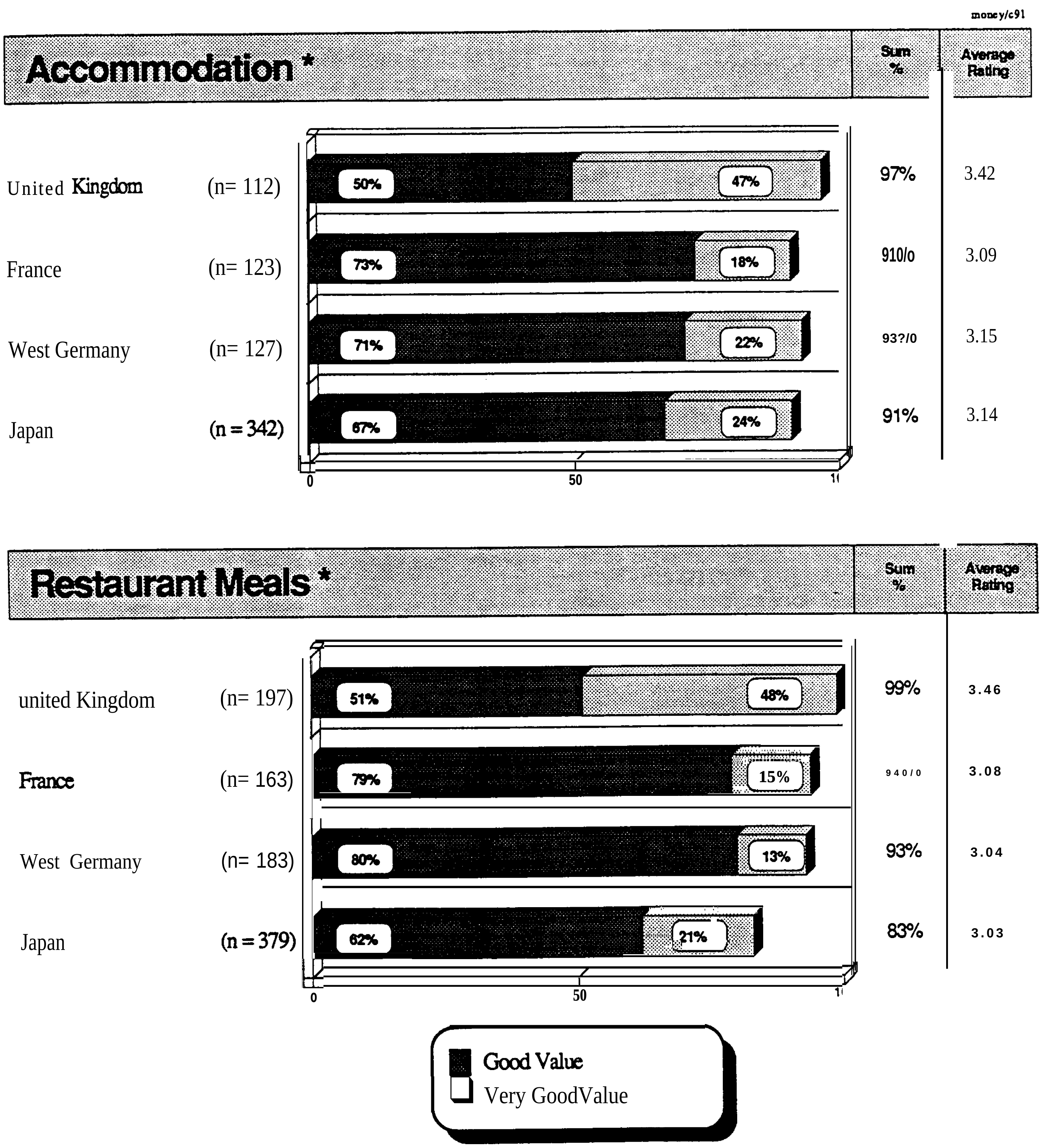
The multiple lines of evidence approach enabled us to confer with U.S. travelers at different stages of the travel decision-making process. In addition, outlining the perceptions of past visitors enabled us to ascertain if any trends were evident in the assessments made of Canada's tourism products.

Although a significant proportion of past visitors had travelled to Canada at least two years ago, more than half had travelled to Canada over five years ago. Throughout this time, significant economic changes occurred such as inflation in general and increased prices for travel related commodities in particular. Furthermore, we have seen a narrowing in the relative advantage of our exchange rate.

Our study, however, does not "take into account the impacts of the GST or the recession. Because of the passage of time the perceptions of past visitors were considered to be less than fully reliable especially when considering that respondents were asked to recall prices paid at the time of the trip may have become hazy and impeding the accurate recollection of quality and satisfaction.

For these reasons, the results of the exit survey were considered to have the following advantages:

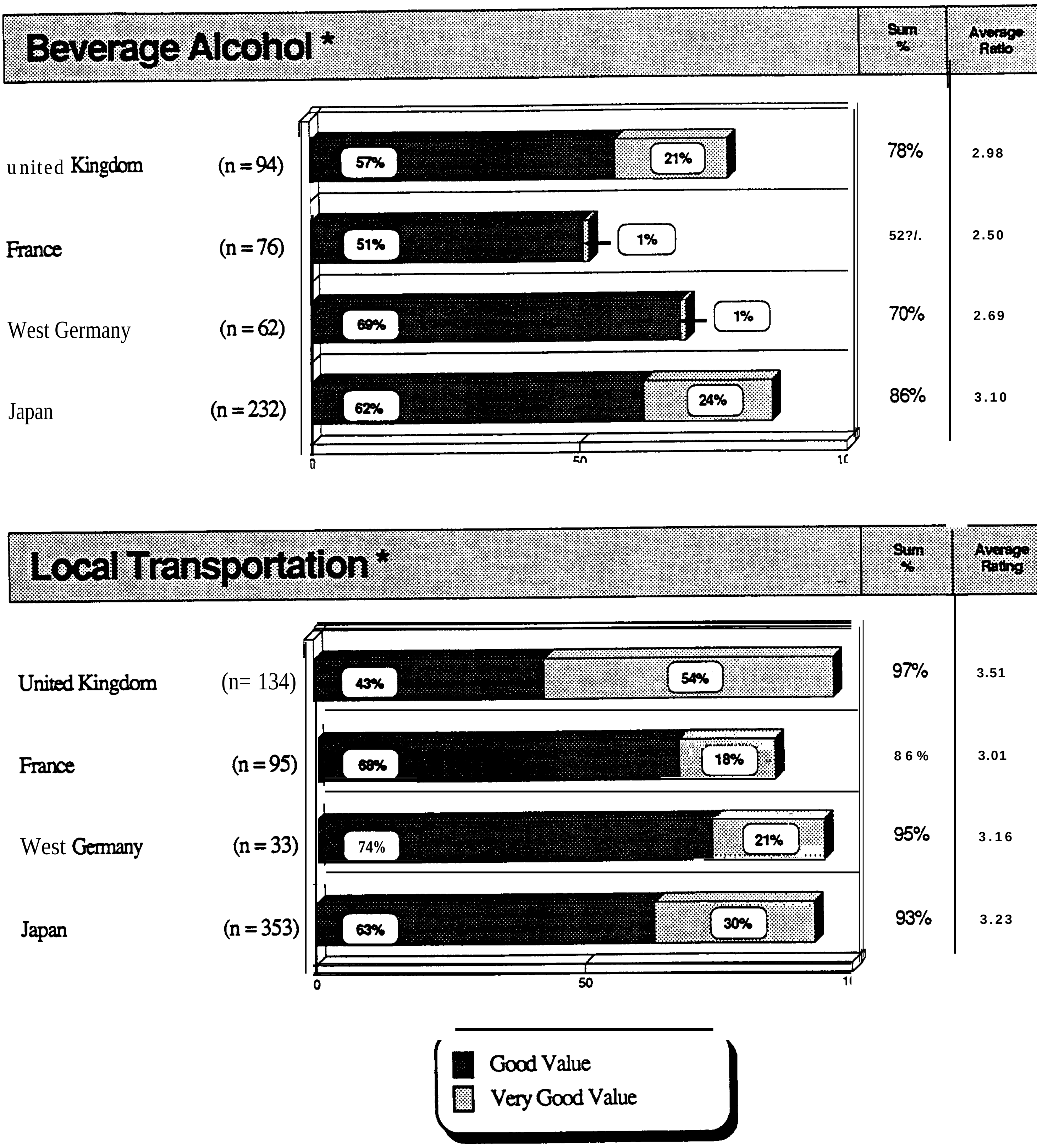
Exhibit 5.11 —Value for Money by Nationality



Note: a) Average Rating based on a scale from 1 = "Very Poor Value" to 4 = "Very Good Value"
b) * Significant differences were observed between groups for all items

Exhibit 5.11 —Value for Money by Nationality (Continued)

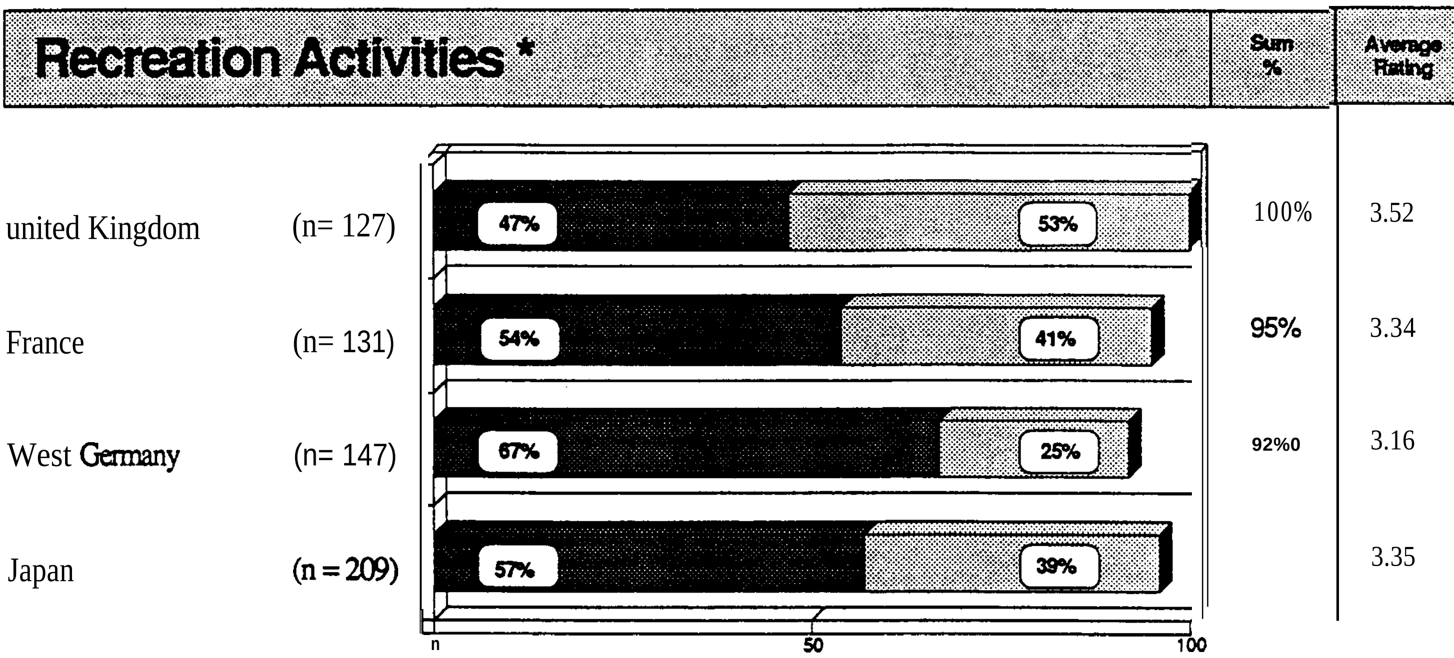
money/c91

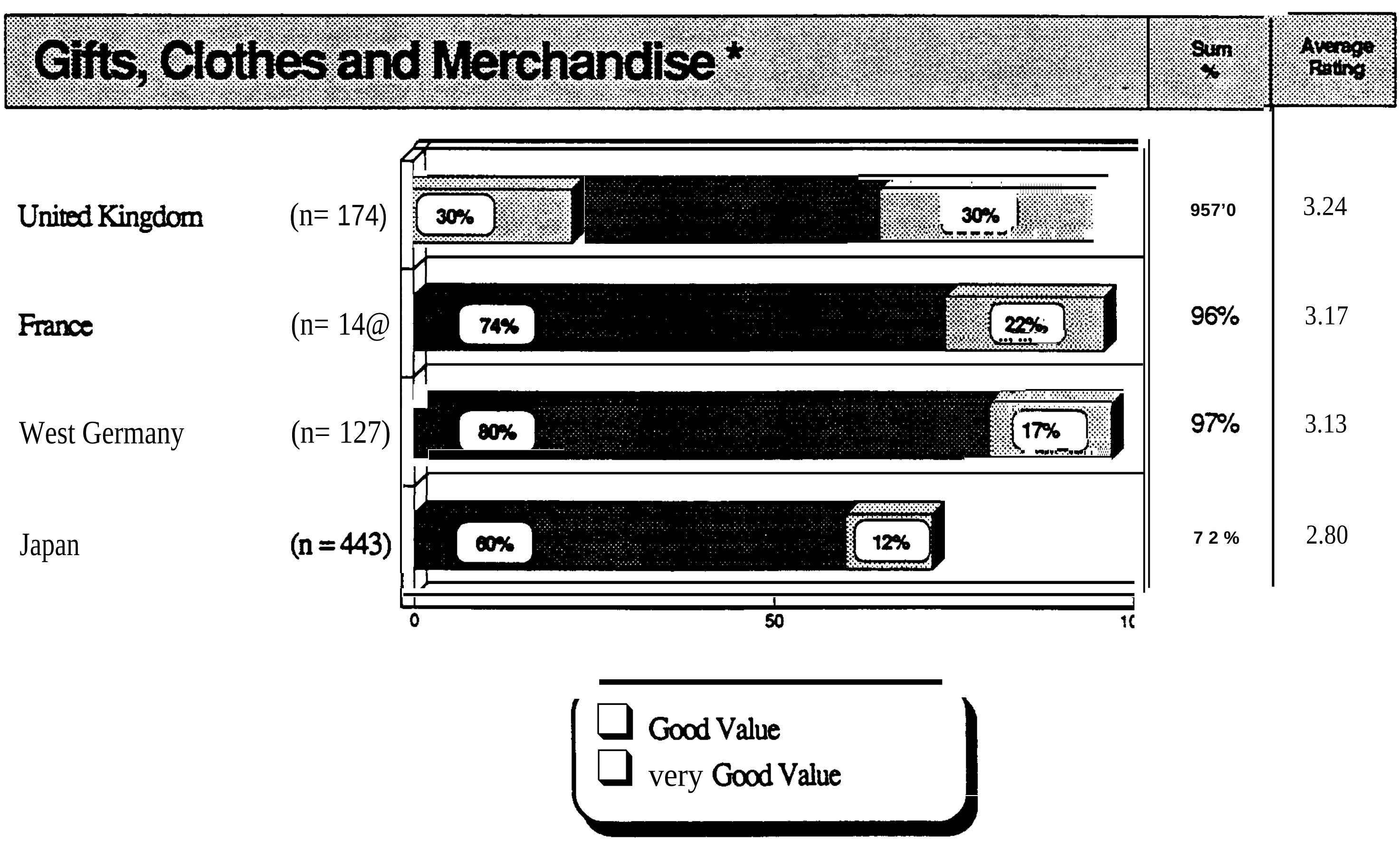


Note: a) Average Rating based on a scale from 1 = "Very Poor Value" to 4 = "Very Good Value"

b) * Significant differences were observed between groups for all items

Exhibit 5.11 —Value for Money by Nationality (Continued)

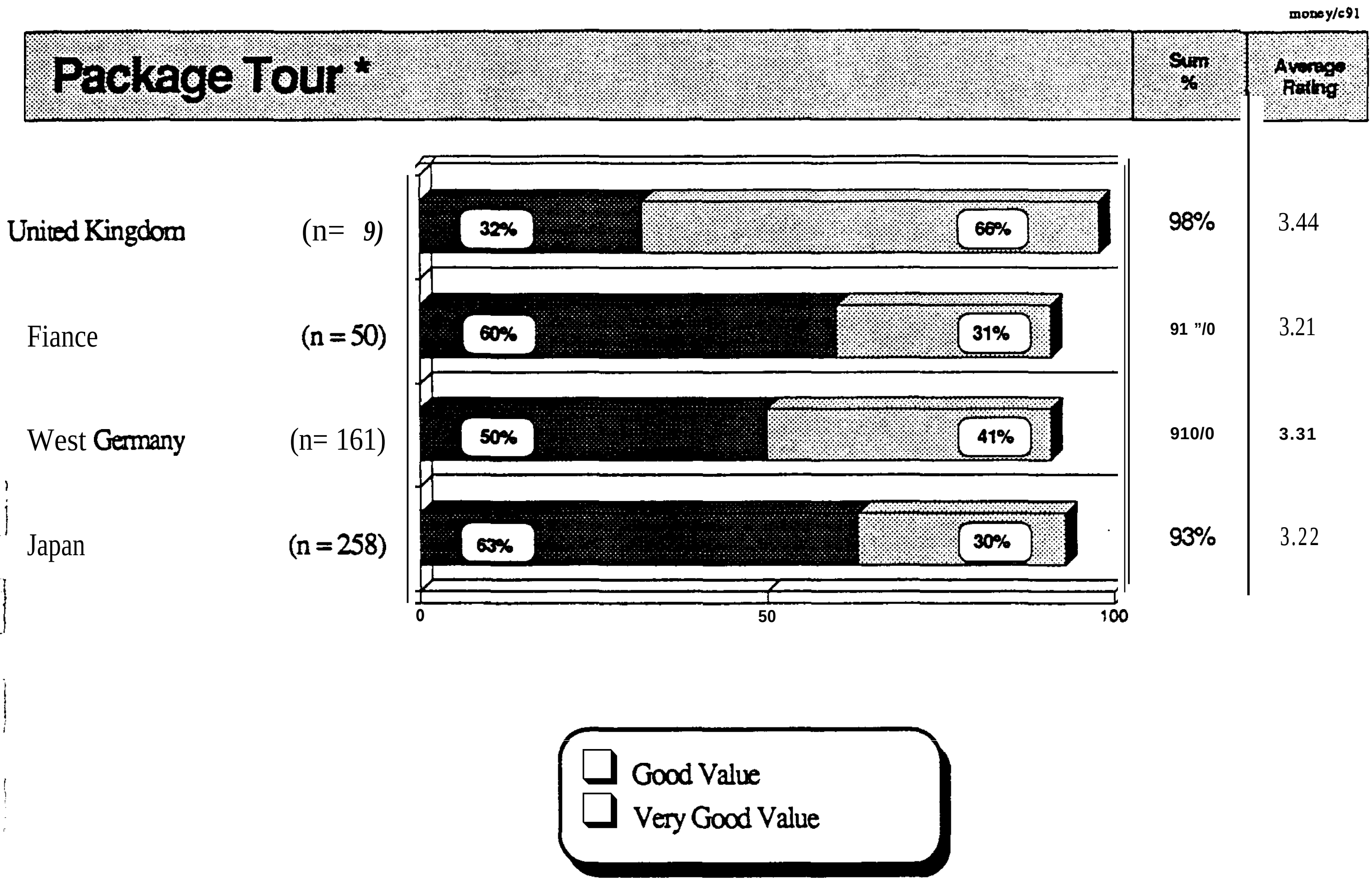




Note: a) Average Rating based on a scale from 1 = "Very Poor Value" to 4 = "Very Good Value"

b) * Significant differences were observed between groups for all terns

Exhibit 5.11 —Value for Money by Nationality (Continued)



Note: a) Average Rating based on a scale from 1 = "Very Poor Value" to 4 = "Very Good Value"

b) * Significant differences were observed between groups for all items

- the perceptions are current therefore resulting in more accurate price and quality assessments; and

- the level of satisfaction can be more accurately gauged.

The exit survey was considered to be the major methodological component of this study, constituting the ‘acid test’ so to speak of U.S. visitors perceptions of prices and quality in Canada. Accordingly, we attribute the greatest weight of the overall results to this component.

The results obtained from this phase enable us to remark on the following:

- the current strength of the tourism industry’s product offerings;

- a more accurate reading of the price/quality perceptions held; and

- the reasonableness of the perceptions held by potential visitors.

When we examine the results across all U.S. groups some perplexing observations can be made between price/quality perceptions and ensuing level of satisfaction.

PRICE PERCEPTIONS

It was evident that past visitors overall held the lowest price perceptions of all groups. In their opinion, the most expensive product was gasoline which was considered to be 30% more expensive in Canada compared to the U.S. The only product considered to be cheaper in Canada was accommodations.

The past visitor to Canada was, generally speaking, more representative of the car traveller with a clear majority having travelled to Canada by some sort of vehicle. To a large extent, their responses can more meaningfully be compared to those of the car traveller as obtained through the exit survey.

The price perceptions of departing tourists shows a significant shift especially with respect to two products: beverage alcohol and gasoline. Apart from these two more obvious exceptions, the price perceptions of other products including the overall trip were roughly comparable to those of past visitors although, marginally more so. Interestingly enough, car travelers considered air flights to be more expensive than air travelers and conversely, air travelers thought gasoline to be more expensive than car travelers. These perceptions perhaps reinforce their respective mode of transportation to Canada and to some extent reflect familiarity with the price.

The most obvious departure from the past visitors is the higher price perception for accommodations. Exit survey respondents, air and car traveller alike, considered these to be 20% higher in Canada compared to the U.S. Past visitors unanimously considered them to be cheaper in Canada. What can account for this major shift in these perceptions? Possible explanations include:

- increased prices;
- decreased or constant quality;
- faulty perceptions on the part of past visitors.

Although the study of objective prices was clearly beyond the scope of this study, we did look to various price indices in an attempt to explain the major shift in accommodation price perception. What was evident were the following relationships:

- overall, the Consumer Price Index (CPI) in Canada showed steep increases over the past five years;
- the Travel Price Index showed a steeper slope than the CPI over this period; and
- both the Accommodation Price Index and Travel Price Index in Canada rose at considerably steeper rates than similar American indices.

Such an analysis is by no means exhaustive but offers evidence that accommodation prices did increase substantially over the past few years; enough to possibly influence the perception of current visitors.

Considering the relative importance of the price of accommodations in influencing travel to Canada, this shift in price perceptions cannot be discounted. More importantly, past visitors displayed considerably more price sensitivity towards this product than the potential visitors.

More specifically, they were more intolerant to price increases and when the price is equal to that in the U. S., a significant proportion of respondents indicated that they would be deterred from traveling in Canada.

QUALITY

How did the corresponding quality perceptions of the various groups compare? As is evident in Exhibit U.S. past visitors gave the highest quality ratings for accommodations. both air and car exit travelers down-graded the quality somewhat although more so on the part of the car traveller. When taken into context with the corresponding price perceptions, recent travelers were definitely harsher in assessing accommodations. Remember that a higher price perception, coupled with a lower quality rating synergistically combine to 'worsen' the overall effect in the same manner that a lower price perception and higher quality rating 'betters' the overall result.

High prices are buffered to an extent by a corresponding high quality rating given for the quality in Canada to be the same or better than in the U.S. Only a small percentage (2 to 4%) considered the quality to be worse in Canada.

Recent visitors had other mixed assessments of the quality of products. Car travelers downgraded the quality of restaurant meals whereas air travelers rated them more favorably compared to past visitors. As was noted extensively in Volume III-The Exit Survey Report; there were marked and statistically significant differences between the air and car traveller.

When it comes to dining out, the former group show a marked preference for fine dining at least more frequently than car travelers do. Car travelers therefore, are rendering an assessment that leans towards casual or informal dining and quick counter service.

Beverage alcohol, although not as highly rated to begin with, is further downgraded by both air and car travelers. It is clear that beverage alcohol was given the harshest assessment by exit travelers considering both the price and quality perceptions. The reasons for this shift are not clear. While beverage alcohol prices were subject to some price increases by objective measures, the increases were not extraordinary.

The quality of an airline flight in Canada was downgraded by car travelers and upgraded by air travelers compared to the rating given by past visitors. It is not surprising that past visitors would not favorably perceive air travel since they are already predisposed against taking this mode of transportation. The results of the trade-off analysis show that with prices held constant, car travelers would not switch to air travel. nevertheless there is a decreased perception of quality but this perception is not that important.

Air travelers on the other hand rate the quality more favorably than past visitors which is an encouraging finding. Air travelers also had the lowest price perception of air fares with the prices in Canada and the U.S. considered to be almost equal.

Recent visitors had considerably higher quality ratings for intercity rail service than past visitors.

The overall assessment of the trip was rated as higher by air travelers and lower by car travelers compared to past visitors. Similarly air travelers perceived the least price difference of an overall trip. Car travelers approximated past visitors in their assessments.

Therefore when we couple price perceptions and quality ratings, it is apparent that recent travelers (both air and car) are harsher on:

- beverage alcohol;
- accommodations.

Additionally, car travelers are harsher on:

- restaurant meals;
- airline flights; and
- overall trip.

Air travelers, however, are more positive about:

- restaurant meals;

- airline flights;
- intercity rail; and
- overall trip.

The only product rated more favorably by car travelers was intercity rail service.

It is evident from the results that there is a departure from the assessment made by past visitors of their trip to Canada several years ago. This is partially evident on the part of the car traveller who generally speaking had higher price perceptions and lower quality ratings. Air travelers on the other hand, had in most cases, lower price perceptions(compared to car travelers) but higher quality ratings. Overall, their assessments can be considered even more favorably than those of past visitors.

The price and quality perceptions of the potential visitors are amazingly consistent with those of past and recent visitors. There are no profound differences in these perceptions which leads us to conclude:

- overall these perceptions are not unreasonable;
- with the exception of beverage alcohol and gasoline there is not likely to be a great surprise in terms of price; and
- quality expectations are high and there will be some disappointment if these quality expectations are not met.

SATISFACTION

If we were to pause and contemplate the price/quality perceptions of the various U.S. groups we would expect the car travelers to be less satisfied with their trip than past visitors were.

The results clearly do not support this hypothesis even with higher price perceptions and lower quality ratings in most cases, the vast majority of car travelers were very satisfied. In fact 89% were very satisfied compared to only 63% of past visitors who were very satisfied.

These results are, to say the least, puzzling but nevertheless reassuring that even if the satisfaction is exaggerated, visitors are not leaving the country disgruntled or unhappy about their trip here.

The overall high levels of satisfaction with the trip say a lot about the relative importance of each component. Unlike a product such as a washing machine where the product attributes are clearly assessed, a pleasure trip is an 'experience'. various components of a trip can ultimately enhance or possibly detract from the overall experience of a trip but the assessment of a trip or satisfaction derived is largely a subjective one and hence any number of factors, apart from product attributes, can influence one's satisfaction. Some of the more uncontrollable factors include the climate, illness and the like.

American visitors are clearly telling us that while they considered our prices to be higher, they believed our quality also to be high. These contributing to the overall satisfaction. Despite the fact that many recent travelers were harsher in assessing our product. They displayed greater satisfaction with their trip.

To fully appreciate these results would have to consider Canada's product offering in a world-wide context. Perhaps in a world increasingly plagued with terrorism, hostility, pollution and crime, Canada is a desirable destination. In the mind of an American traveller, the opportunity to travel in a safe, beautiful, clean and friendly environment with comparable amenities, proximity and yet culturally different, may be the trade-off made with any higher prices.

Comparisons between non-U.S. Visitor Groups

It is apparent that interesting observations can be made regarding the perceptions of non-U.S. visitors. In some ways these groups display some cohesiveness which makes them collectively different from the different from the U.S. travelers and in many ways each nationality is unique. This is especially evident with the Japanese, who are by far the most unique group of travelers.

Overall, all groups had difficulty expressing their price perceptions of Canada. This could have been due to their lack of familiarity with the exchange rate. Nevertheless we were able to obtain price perceptions both directly and indirectly.

With respect to the price of an overall trip in Canada, all groups considered to be more expensive in Canada compared to home. However we look at the price perception of specific products, they are considered to be cheaper in Canada. This would lead us to believe that when commenting on the overall trip, they are including airfare, which naturally, would make the cost of trip to Canada, more expensive than traveling at home.

Other consistencies were with respect to gasoline and beverage alcohol prices. Gasoline was considered to be less expensive in Canada by all groups whereas beverage alcohol products were considered to be more expensive in Canada by all groups. Mixed responses were evident for accommodation and restaurant meal prices. Visitors from France and West Germany consider accommodation prices to be slightly more expensive in Canada and West German visitors alone consider restaurant meals to be more expensive in Canada.

Despite the mixed reactions over the prices in Canada, there were stronger assessments regarding the satisfaction with quality and also value for money obtained.

The vast majority of all groups reported that they were satisfied with the quality of various product in Canada. Overall the highest level of satisfaction was reported by visitors from the U.K. collectively they were 'very satisfied' with the quality of the following:

- the overall trip (95%);
- accommodations (82%);
- transportation in Canada (77%);
- restaurant meals (74%);
- gifts, clothes and merchandise (68%); and
- beverage alcohol (64%).

By comparison, a lesser proportion of West German travelers were 'very satisfied' with the following products:

- accommodations (44%);
- restaurant meals (30%);
- beverage alcohol (2%).

Japanese visitors (1990) were the least 'very satisfied' with the quality of gifts, clothes and merchandise and with the overall trip (74%).

All other responses fall within these parameters.

With respect to value for money assessments the following observations were made:

- with the exception of beverage alcohol, all groups considered that they received value for money, either good or very good value for most products;
- visitors from the U.K. received the highest value for money, for accommodations and restaurant meals;
- visitors from France and West Germany received the lowest value for money and for beverage alcohol; and
- the Japanese consider that they received the lowest value for money, for gifts, clothes and merchandise.

The relatively high satisfaction of the U.K. visitors is a perplexing result given the nature of the trip undertaken here. The vast majority are motivated to visit friends and family in Canada with some incidental touring as a part of their trip. Because of the nature of their trip they are more inclined to stay with friends and family in addition to eating there most of the time. When they do dine out it is primarily for informal and casual dining and to a lesser extent quick counter service. Nevertheless they stay the longest and are overall, the most satisfied group.

The West Germans on the other hand are the least satisfied of the group but this difference is not fully explained by the nature of their trip. They also visit family and friends (but to a lesser extent) and take a touring type trip also. They lean more towards camping than the U.K. visitors and also frequent informal or casual dining. Almost half of the U.K. visitors had been here before.

The French travelers show subtle differences in that they lean more towards a touring trip with Quebec as the foremost destination. The types of accommodation used were more widespread but dining establishments frequented were similar to the other Europeans.

The most distinguishing feature of the U.K. visitor was the vast number who were here to visit friends and family. Perhaps this type of trip motivation lends itself to less disappointment and hence more satisfaction. The expectations may not be as high since the primary purpose of the trip is to visit relations. A similar pattern was evident amongst the U.S. air travelers who were visiting friends and relatives.

The Japanese can be singled out but as a unique group. They are motivated to come here for different reasons and while they are here, they consume a somewhat different mix of products. They are harder to please for some things although the West Germans are almost as difficult to please. Given their propensity to shop, they are the least satisfied with that particular product offering. More importantly however, they are not as strongly satisfied as the other visitors with respect to the overall trip. This assessment may have something to do with the fact that of all the groups interviewed, they consider the overall trip in Canada to be the most expensive when compared to prices in Japan.

When compared overall with U.S. travelers, the non-U.S. group did not have similar high price perceptions- in fact quite the contrary, but they didn't display similar levels of satisfaction with the products compared.

Exhibit 6.1: Price Expectations and Their Influence on the Decision to Travel to Canada by Respondents Certain to Travel to Canada and Not Certain

Item	Past Visitors				Potential Visitors			
	% Difference Between Expected Cdn and U.S. Prices		% of Respondents in which Price Influences Decision to Come to Canada		% Difference Between Expected Cdn and U.S. Prices		% of Respondents in which Price Influences Decision to Come to Canada	
	Certain	Not Certain	Certain	Not Certain	Certain	Not Certain	Certain	Not Certain
Accommodation	- 36%	- 36%	29%	40%	8%	15%	41%	54%
Restaurant meals	11%	12%	14%	21%	9%	13%	24%	25%
Gallon of US gas	37%	28%	18%	20%	25%	26%	16%	22%
Beverage alcohol	15%	20%	2%	3%	12%	15%	3%	3%
3 hour return airline flight	3%	18%	21%	32%	7%	18%	37%	45%
Total Trip	25%	23%	36%	51%	13%	23%	47%	60%

Notes:
- "Certain" are those [illegible]ndents who indicated 9 or 10 chances in 10 of travelling to Canada within the next 2 years, "Not Certain" are the remaining respondents
- "-" means Canadian price is less expensive, "+" means Canadian price is more expensive

6. FUTURE INTENTIONS TO TRAVEL .

Having examined the price, quality and satisfaction assessments of visitors, we focus on the relative importance of these perceptions. The relative importance of these perceptions is based primarily on their ability to influence key decision variables such as the decision to return to Canada and more importantly, the decision to recommend Canada to friends and family.

Likelihood to Return

PAST AND POTENTIAL VISITORS

While the focus has primarily been on comparing past visitors to potential visitors, we were nonetheless interested in the price perceptions of those who indicated they were certain or almost certain of coming to Canada. This certainty translates into a probability of nine out of ten chances. Such a commitment, at least aptitudinally, warranted a closer look.

Respondents who indicated that they were certain of coming to Canada or returning to Canada were singled out and their responses were compared to those less certain of coming. More specifically, we compared what prices were influential to their decision and the relative degree of their price perception. The results are displayed in Exhibit 6.1 which distinguishes the 'certain' group within the past visitors and the potential visitors. Many interesting patterns are evident in this exhibit.

When we looked at past visitors, price is, overall, and for particular items, less influential to those certain of coming than to the others. Similarly, prices are also of less significance to potential visitors who are certain of coming. As far as price perceptions are concerned, differences also occur between those certain of coming and the remaining respondents. For potential visitors who were certain, their price perceptions were lower. These perceptions were significantly lower for airfare, total trip and accommodation prices and marginally lower for restaurant meals, beverage alcohol and gasoline. Past visitors who were certain of coming had a lower price perception for accommodations but a much higher perception of the gas prices and a marginally higher perception of the total trip costs. Restaurant meals, beverage alcohol, and airfare were considered less expensive than for their less certain counterparts.

Although these results are positive it does not mean that we can summarily dismiss price as not being a problem and not being important. To begin with a few caveats ought to be noted here.

The high level of satisfaction derived on a post trip basis can be exaggerated to an extent. Research shows that consumers tend to be enthusiastic on the point rather than the opposite. In other words there is a tendency to overstate satisfaction unless one is very dissatisfied.

The post trip recency could in part account for this although the responses of past visitors corroborate the finding of high satisfaction levels.

When is Price Important?

Most consumers of tourism products do have price thresholds, that is they will tolerate prices up to a ceiling before they change their minds. How sensitive are tourists to price increases? At what point will they stop coming? Exhibit 7.1 displays the high price thresholds of American pleasure travelers. To begin with, over half of the past visitors said they were not influenced in their decisions to come to Canada by the price of a trip and so the price thresholds expressed are for those who indicated that price would affect their decisions. Past visitors will tolerate greater price increases before they decide not to come. When these price increases are in the magnitude of twice the price, only 30% of past visitors will cease to come.

These results illustrate how firm our traditional market is and confirms the relative resistance to price at this stage. Potential visitors are more influenced by the overall price of a trip and consequently 30% of this group will not come to Canada when the price is 50% more than in the U.S.

Although they also display a certain degree of price insensitivity, they are more influenced by marginal price increases. At present price perception levels, approximately 20% of price sensitive potential visitors would not come to Canada. Should this perception go up by 20 points, however, it would result in another 10% choosing not to come to Canada. The price sensitivity of the potential visitors will have to be considered carefully if an aggressive strategy to stimulate new visitors is considered.

Price was found to matter significantly at the point when a travel package is selected consisting of a mix of components of a trip. Exhibit 7.2 depicts the relative influence of different factors included in a simulation exercise which was part of the mailback survey. Clearly price is more important in the selection of a travel package and especially for the car traveller.

Many Americans are interested in travel packages. Although the study shows that few were taken in Canada, they were attractive for other destinations. This would indicate a potential opportunity. Of course, the success of travel packages is dependent upon the most preferred products being combined to ensure their maximum attractiveness. As a result of our extensive trade-off analysis, we have identified the following preferences:

- American visitors who travelled to Canada by car prefer packages which include traveling by car (even when all other factors including cost were held constant), and they have a higher preference for mid-priced hotels and casual dining than air travelers.

- American visitors who travelled by air to Canada prefer packages which include traveling by air and they have higher preferences for resort or luxury accommodations and fine dining than car travelers.

These results illustrate that there is potential to stimulate travel with the creative use of packages aimed at improving the overall utility of a trip. They also further illustrate the steadfastness of the preferences expressed by air and car travelers. Even with price held constant, most were not interested in switching their preferences.

It should be noted that potential visitors are not just on the border states but live throughout the U.S. and they would prefer travel by air to Canada. The previous results also showed that the availability of discount airfare was very important in the selection of the destinations which they did visit. As was discussed earlier, they are also more price sensitive than past travelers. To attract these people, travel packages including discount airfare will be essential. Communicating the very high levels of satisfaction of past visitors and the very high quality of travel-in Canada would also be a positive influence.

8. CONCLUSION

Perhaps the most significant implication of the Price/Value Study is the good news about Canada's tourism product offerings. It is indeed, reassuring and gratifying to know that all visitors leaving this country who were interviewed, including Americans, British, French, West German and Japanese are almost without exception satisfied with their trip. Despite the higher price perceptions, visitors are pleased with the quality of product obtained and believe that they obtained value for money. More importantly, visitors are eager to return and recommend Canada as a vacation destination to their friends and family.

These are important findings for a country that depends on repeat tourism business and word of mouth promotion.

We have reason to be pleased with the offerings of our industry but cannot take the situation for granted. Markets change, and the macro-environment is constantly changing to respond to political and economic forces. The pressure to compete effectively is increasingly evident. Against this backdrop of complex forces, the industry must not only broaden its markets but endeavour to maintain its current market share.

To maintain it current market share the industry must confront the erosion of the domestic market and seek creative, stimulative devices such as discounted air fares and travel packages to attract more Canadian travelers.

Although it is difficult for Canada to compete with European and southern destinations because they offer different experiences, we can still compete with the U.S. These study results show that Canadians will continue to travel to foreign destinations despite what domestic prices might be and would do so even if prices were lower in Canada. On the other hand, Canadians do not travel to the U.S. primarily to experience new cultures as they do, for example, to Europe. They are attracted by certain factors such as shopping and the substantial differences in perceived prices. This puts Canada on a more level playing field and permits us to compete on a product by product basis, all other factors considered equal.

The most disturbing result concerning the domestic market is the marked difference in price perception and the corresponding quality rating by Canadians of our own product. Why are we harsher critics of ourselves? This attitude is not without consequence as is evidenced by Canadians' disinclination to recommend their own country as compared to Americans.

Canadians must be made aware of the benefits of being enthusiastic ambassadors of their country. They must also be made aware of how highly we are regarded by other nations.

With respect to the U.S. market, it is clear that we have strong tourism products but there are opportunities for growth as well as challenges to be met. Although price is not the most important factor in attracting visitors to Canada, it has been shown to be somewhat more influential so far as other destinations are concerned. More specifically, discount air fares, travel packages and frequent flyer programs have been influential. While price is not a reason for choosing Canada as a destination, it definitely is for some destinations such as southern "sun" destinations.

Price, therefore, can also be used in a stimulative capacity to encourage the potential market. The U.S. market also indicated a preference for air travel to Canada and our study also delineated preferred travel packages for air travelers.

We believe that one of the keys in stimulating these new markets is to acknowledge the profound difference between the air and car traveller. Surprisingly, the mode of transportation is a major distinguishing variable that can serve as basis for future marketing strategies.

The results of the conjoint analysis add an interesting dimension to the price perceptions information obtained so far. The results clearly facilitate a much better understanding of our markets including their needs and desires that could serve as a cornerstone to future marketing efforts.

The study results also demonstrate a dramatic shift in the overall relative importance of price. With the selection of the trip components as expressed in a package, price is much more important than it was previously illustrated to be in selecting a destination. Moreover, we also evidence a shift in individual product importance. Restaurant meals are considerably more prominent with respect to the balance of the overall package equation.

The most profound result is the significant difference between the air and the car traveller to Canada. In fact, these groups are so steadfast in their preferences, and this is especially true for car travelers, that they would almost refuse to switch preferences regardless of the cost. Almost without exception, car travelers insist on traveling by car, enjoy casual dining and prefer mid-priced hotels.

Furthermore, price is the most influential factor for this group. Air travelers overall, tend to be more affluent as evidenced by their socio-demographics and consequently prefer air travel, fine dining and resort accommodations.

The relative influence of cost was found to be correlated with socio-demographics in both groups. The more affluent and/or older a traveller become, the less important price became. For these people, restaurant meals and accommodations became more influential. While both groups were indifferent to entertainment, it did become more influential for people under 30.

These results further provide us with some insights as to why car travelers, as demonstrated in the exit survey report, were fussier in their assessment of quality and held higher price perceptions than air travelers. Perhaps within the constraints of their budgets, they were seeking a particular mix of products that may not have been easily attainable for the touring type of trip. Considering the nature of the touring trip, it is not surprising if stumbling upon the desired products is almost by accident. It could be that their expectations for a certain level of quality and perhaps even type of product were not met. It might also be a problem of communication -- tourists simply not knowing where to get the desired type of product. The importance of the car traveller cannot be underestimated or taken for granted. They continue to constitute the bulk of our U.S. tourist market and accordingly we must continue to serve their needs.

With respect to air travelers, this market was considered to display the strongest potential for growth. To this end, packages should be developed that attract more air travelers keeping in mind the preferences stated in this report. The resort industry is perhaps not as developed here as it is in the U.S. but the results clearly demonstrate that there is a demand for such a product and accordingly merits consideration.

The traditional U.S. market, although well satisfied at the moment, must continue to be well served in the future. The expectations for quality are high and quality is necessary to buffer the impact of higher price perceptions. If prices cannot be lowered, then quality has to be enhanced.

Given the complex taxation environment it is probably much more difficult to lower prices. Two key products subject to high prices are gasoline and beverage alcohol. To what extent can these prices continue to escalate? While they are not key products in terms of influencing travel, dissatisfaction with these products can potentially contribute to, and possibly erode, the overall satisfaction derived from a trip.

Other products are more critical to the balance in the overall equation, particularly accommodations. Both the price and quality of accommodations are important to American travelers. The type of food service provided is also very important in the selection of a travel package. Information regarding the quality of this product must be made available to visitors, although not necessarily as a main part of an advertising message.

An advertising campaign for Canada must first and foremost position it as a beautiful environment with a different culture that offers substantial value. For traditional markets, price and quality should be a secondary message. For potential markets price can be stimulative. Promoting the relative advantage of the exchange rate can have positive effects in enhancing Canada's image as a price competitive destination.

APPENDIX 1

RESEARCH DESIGN

RESEARCH DESIGN

Questionnaire Development

The development of all questionnaires was largely an iterative process where feedback from the Client Authority and the Steering Committee was obtained and integrated to the extent possible.

To ensure the clarity and timing of the questionnaires, pretests were conducted. The pretests for the telephone questionnaires were conducted under the same conditions as the actual surveys. The pretests for the exit and mailback surveys were conducted through focus groups in Boston, with Americans who have visited Canada for a pleasure trip in the past.

U.S. TELEPHONE SURVEY

The U.S. Telephone Survey for past visitors to Canada contained 118 questions and was comprised of 4 sections designed to meet the specified requirements. The sections are:

- Section 1: Previous Travel Pattern/Travel Behaviour, WhOSe purpose was to collect basic information on past pleasure trips to Canada;
- Section 2: Factors in Travel Decision-Mating, where participants were asked to rate the importance of specific factors, including prices, on influencing their travel decisions during their most recent pleasure trip to Canada;
- Section 3: Price/Quality/Satisfaction Rating, where respondents were asked to compare prices and quality of their most recent trip to Canada with those for a similar trip in the U.S. Another set of questions probed other aspects of the respondents' perceptions of Canada including their likelihood to recommend Canada as a destination, and awareness of the exchange rate and proposed GST;
- Section 4: Demographics, which included a series of basic questions designed to establish a personal profile of the various participants to this study.

The U.S. Telephone Survey for potential visitors contained 155 questions and was comprised of the following 5 sections:

- Section 1: Previous Travel Pattern/Travel Behaviour, which collected basic information about past pleasure trips;

- Section 2: Influencing Factors, where participants were asked to rate the importance of specific factors and prices on their most recent pleasure trip;

- Section 3: Perceptions of Canada, which collected basic information about the likely characteristics of a potential trip to Canada;

- Section 4: Price/Quality Perceptions, examined the perceptions of the prices and quality of various commodities in Canada as compared to a comparable item in the U.S. This section also examines price thresholds and the likelihood of visiting Canada;

- Section 5: Demographics.

As determined with the Client Authority, an eligible respondent was one who was at least 16 years of age, at their permanent residence and had taken a pleasure trip in the past three years. A pleasure trip was defined as being at least 100 miles one way, overnight, and for reasons other than business. If they had visited Canada within the past 5 years they were given Version A -- "Visited Canada". If they had only considered traveling to Canada, Version B -- "Never Visited Canada" would be administered to them.

CANADIAN TELEPHONE SURVEY

The Canadian questionnaire contains approximately 50 questions, and comprises 5 sections designed to meet the specified requirements. The sections are:

- Section 1: Previous Travel Pattern/Travel Behaviour, whose main purpose is to collect basic information on past pleasure trips outside and within Canada;

- Section 2: Factors in Travel Decision-Making, where participants are asked to rate the importance of specific factors including prices on influencing their travel decisions during their most recent pleasure trip;

- Section 3: Price/Quality/Satisfaction Rating, where respondents are asked to compare prices of their most recent trips both outside and within Canada. Another set of questions probed other aspects of the respondents' perceptions of Canada including their likelihood to recommend travel within Canada, and the impact of the GST on future travel in Canada;

- Section 4: Northern Canada Experiences, which probe respondents' past and future pleasure travel experiences in Northwest Territories and Yukon; and

- Section 5: Demographics, which includes a series of basic questions

Exhibit A - — Tourism Canada — Canadian Questionnaire Interview Pattern According to the Types of Pleasure Trips

Section of Questionnaire	Section 1 Previous Travel Pattern / Behaviour		Section 2 Factors in Travel Decision Making		Section 3 Price / Quality / Satisfaction Rating			Section 4 Northern Canada Experience	Section 5 Demographics
Question Numbers / Question 1b.	Q.2 to Q.3 Trips outside Canada	Q.4 to Q.14 Trips within Canada	Q.15 Destination of most recent trip	Q.16 to Q.17 Importance of factors / prices	Q.18 to Q.19 $ spent in other province / value for money	Q.20 to Q.22 Price comparison outside / inside Canada	Q.23 to Q.26	Q.27 to Q.32	Q.33 to Q.46
Travelled only within own province / territory									
Travelled in other province / territory but not outside Canada									
Travelled only within own province / territory and outside Canada									
Travelled in other provinces and also outside Canada									
Travelled only outside Canada									

pattern/c

Portions / Sections Asked

designed to establish a personal profile of the various participants to this survey.

Respondents were screened according to the following criteria. They had to be a Canadian resident, who is at least 16 years of age and who has taken an overnight pleasure trip of at least 100 miles away one way. Depending on the type of pleasure trips taken during the past three years, eligible respondents were divided into 5 categories. Each of these categories was subject to a specific set of questions.

Exhibit Al-1 provides an overview of the five possible interview patterns that are presented in the Canadian questionnaire.

EXIT SURVEYS FOR AMERICAN, U. K., FRENCH, WEST GERMAN AND JAPANESE VISITORS

The final European and Japanese visitor exist survey contains approximately 23 questions. The questionnaire was designed to independently collect data on the perceptions and attitudes of foreign travelers. The final instrument was translated and administered in French, German and Japanese. The American visitor exit survey contains only 14 questions. This questionnaire was designed to collect data in conjunction with the mailback survey.

All of the exit surveys consist of 2 sections designed to meet the specified requirements. The sections are:

- *Travel Pattern: The* purpose of this section is to collect basic information about the trip in Canada, including types of accommodation, transportation, food establishments and sources of information used, travel group composition and length of stay. Price, quality, satisfaction and value for money ratings are also included in this section.

- *Demographics:* This section includes a series of basic questions designed to establish a personal profile of the various participants to this survey.

Following completion of the exit surveys, American visitors were given a mailback survey to be completed at home and returned.

The mailback survey consists of approximately 15 questions, grouped into the following 3 sections:

- *Travel Experience in Canada:* This section collects more detailed information than was obtained on the exit surveys. Some of the questions deal with types of accommodations, food establishments and sources of information used. More detailed information about prices paid for various commodities, quality ratings and value for money perceptions is also obtained.

- *Demographics:* The purpose of this section is to enhance the personal profile of the various participants in the study.

Exhibit Al-2: Sample Characteristics

Region	Population*	% of Total Population	Total Completes				Percentage of Total Completes	
			Version			Confidence Interval **	Version	
			A	B	Total		A	B
Atlanta	2,138,143	0.95	51	348	399	5.00	13	87
Dallas	1,957,401	0.86	56	342	398	5.00	14	86
Minneapolis	2,137,133	0.94	88	318	406	4.90	22	78
New York	8,274,961	3.65	88	312	400	5.00	22	78
Portland	1,105,750	0.49	119	281	400	5.00	30	70
San Francisco	1,488,895	0.66	96	305	401	5.00	24	76
U.S. National Sample	*226,546,000*	100	245	556	801	3.50	31	69
Total			743	2,462	3,205	1.70	23	77

exh-a/cs1

* Numbers represent the total population for the Metropolitan Statistical Areas (MSA)

** Results obtained from the sample in each region are accurate for the population of each region as 'a whole within + x percentage points, 95 out of 100 times.

Note: Version A included visitors to Canada within the past 5 years.
Version B included potential visitors.

- *Rating of Travel Packages:* Ratings of twenty potential travel packages, to be used in the Trade-Off Analysis Report, were collected through the mailback survey.

Respondents were screened according to the following criteria:

- Permanent resident of the United States, the United Kingdom, France, West Germany or Japan;

- They had to be in Canada for the purpose of a pleasure trip; and

- They hadtohave stayed in Canada overnight.

Sample Design

U.S. TELEPHONE SURVEY

While the focus of the survey was clearly targeted towards potential American travelers, that is someone who is a pleasure traveller but has not visited Canada, interviews were also conducted with past American travelers to Canada.

A total of 3,205 interviews were conducted in the United States, with potential and past travelers to Canada. This overall sample consisted of two parts: 801 interviews were completed from a random national sample, and 2,404 were conducted in six specific large American centres: Atlanta, Dallas, Minneapolis, New York, Portland, and San Francisco. These centres were selected in close consultation with Client authority. Exhibit Al-2 presents the principal regions where the interviews took place with the sample actually . completed in each region, and Exhibit Al-3 presents the overall response rates obtained.

In order to increase the probability of tapping higher potential pleasure travelers, the sampling approach targeted higher socio-economic areas within the centres by using a random digit-dialing method, and selecting certain telephone exchange areas. For each centre, the sample was pulled according to the Metropolitan Statistical Area (MSA) definitions.

Exhibit Al-4 provides sample characteristics as compared to the U.S. population.

A total of 3,205 interviews were completed. All the field procedures described above contributed to an average response rate of 25%. While this is somewhat low, it is consistent with the expected response rate based on the pre-test.

CANADIAN TELEPHONE SURVEY

The sample was designed to give us an equal confidence interval in each of our 6 pre-defined regions: Atlantic, Quebec, Ontario, Manitoba / Saskatchewan, Alberta / B. C., Yukon / NWT.
Exhibit Al-5a shows a breakdown of the sample by region. The overall results were then weighted by the percent of

Exhibit Al-3: Response Rate

Total number of calls answered	*25,848*
Total number of terminated calls	*7,770*
Total number of refusals	1,221
Total number of unqualified/language barrier calls	1,407
Total number of refusals before screening	11,158
Total number of completed interviews	3,205
Response rate*	*24%*

exh-a/c9

* The response is based on the number of people who, after being contacted and qualified, participated in the survey.

Exhibit Al-4: Sample Characteristics Compared to U.S. Population

	Sample in Region	% of Sample in Region	Population in Region	% of U.S. Population in Region
Northeast	585	18.3	*50,600,000*	20.3
Midwest	623	19.5	*59,800,000*	23.9
south	993	31.0	*87,300,000*	34.9
West	1002	31.2	*52,300,000*	20.9

exh-a/c9

Source: U.S. Bureau of the Census, 1980 Census of Population, Vol. 1, Chapter A (PC80-1-A); Current Population Reports; series P-25, Nos. 1017 and 1024.

Average Sample Household Income:	$ 46,120*
Average U.S. Household Income (1987):	$30,759
The 80th percentile income level for U.S. households (1987): (i.e. 80% of U.S. households earn less than this income level)	$52,910

Some: U.S. Bureau of the Census, Current Population Reports, series P-23, No. 157, and unpublished data.

Exhibit Al-5a: Sample Characteristics

Region	Population (000's) *	% of Total Population	Total Completes	Coinfidence Interval +/–
Atlantic	2,296	8.9	205	6.8%
Québec	6,632	25.6	192	7.1%
Ontario	9,407	36.3	198	7.0%
Manitoba /Saskatchewan	2,095	8.1	201	6.9%
Alberta /British Columbia	5,356	20.8	205	6.8%
Northwest Territories / Yukon	81	0.3	202	6.9%
Total	25,869	100.0	1,203	2.8%

* Source Canadian Markets. The Financial Post

Exhibit A1-5b

	Atlantic	Québec	Ontario	Man / Sask	Alta / BC	Yukon / NWT	Total
Total Number of Calls Answered	813	1,153	1,305	797	1,090	891	6,049
Total Number of Refusals /Terminated	125	220	266	173	236	78	1,098
Total Number of Non-Contacts	483	733	834	423	654	611	3,738
Total Number of Completed Interviews	205	200	205	201	200	202	1,213
Response Rate *	62%	48%	44%	54%	46%	72%	52%

exhibits

* Response Rate is based on the number of people who, after being contacted and qualified participated in the survey

total population that each region represented. (For a more detailed discussion see the section on weighting.)

Telephone numbers were randomly generated for each region in sufficient quantity to complete the fieldwork. Exhibit A1-5b shows the actual response rate by region. The overall response rate of 52% is normal for a survey of this length.

EXIT SURVEYS

The samples for each survey were designed to provide a fair representation of the proportion of tourists visiting from each country and arriving at each airport or border crossing. The overall results for the surveys were then weighted" as a proportion of the percent of total visitors from each country who travel through each airport or border crossing. (For a more detailed discussion see the section on weighting.)

Visitors to Canada were randomly approached at airport terminals, while they were awaiting their flight home, or at border crossings while they waited to go through customs. Mail surveys, along with an incentive to participants, were given to all willing American respondents. Exhibits Al-6a and A1-6b shows the actual responses rates for both the American exit and the mailback surveys. Exhibit Al-7 shows the actual response rates for the European and Japanese surveys, by country of origin.

Fieldwork

All telephone interviews were conducted by experienced staff from a centrally monitored telephone facility. Prior to actual interviewing, all field personnel were thoroughly trained and briefed on the project. During the interviewing phase, supervisors visually monitored all interviewing on an on-going basis and randomly checked the recording of responses, and listened-in on interviews. A minimum of two interviews per interviewer were validated each day by calling back respondents to determine whether they were qualified, how they were recruited and interviewed, and whether key questions were asked. If there was any indication of irregularity, 100% of an interviewer's work was validated.

A minimum of three attempts. were made to contact each respondent before a respondent was considered a "non-contact".

U.S. TELEPHONE SURVEY

The fieldwork took place between January 9 and February 4, 1990. The telephone interviews were generally conducted between 3:30 p.m. and 12:00 (mountain time) on weekdays, and between 11:00 a.m. and 11:00 p.m. during weekends.
Interviews took 38 minutes on average to complete. The actual length varied significantly, however, according to the version of the questionnaire used.

Exhibit Al-6a – American Exit Surveys Field Report

<u>Car Travelers</u>

	Contacts*	Refusals		Completed		Response
		#	%	#	%	rate**
St. Stephens	543	9	1.7	456	84.0	98.1%
Rainbow Bridge	2,636	357	13.5	896	34.0	71.5%
Queenston Bridge	2,178	182	8.4	899	41.3	83.2%
Sault Ste. Marie	936	32	3.4	444	47.4	93.3%
Emerson	770	95	12.3	499	64.8	84.0%
Lacolle	543	17	3.1	437	80.5	96.3%
Coutts	519	34	6.6	358	69.0	91.3%
Pacific Highway	912	61	6.7	499	54.7	89.170
Total	*9,037*	*787*	*8.7*	*4,488*	*49.7*	*85.170*

<u>Air Travelers</u>

	Contacts*	Refusals		Completed		Response
		#	??0	#	%	rate**
Dorval	1,110	30	2.7	339	30.5	91.9%
Pearson	4,681	40	0.9	670	14.3	94.4'%0
Calgary	1,157	6	0.5	370	32.0	98.4%
Edmonton	863	84	9.7	242	28.0	74.2%
Vancouver	1,069	46	4.3	380	35.5	89.270
Total	*8,880*	*206*	*2.3*	*2,001*	*22.5*	*90.7%*

Note: * contacts include people who were ineligible due to the screeners, and terminated interviews.
** calculated as # completed / (# completed + # refusals)
1 interview from Mirabel
2 interviews from Fort Erie
16 interviews where no location was circled by interviewer

Exhibit A1-6b – American Mailback Surveys Response Rate

Completed Exit Surveys	6,509
# Refusals to Accept Mailback Survey	220
# Mailback Surveys Distributed	6,289
# Mailback Surveys Completed	2,725
Response Rate	43%

Exhibit Al-7 - Foreign Exit Surveys Field Report

Japanese Interviews

	Contacts*	Refusals		Completed		Response rate**
		#	%	#	%	
Pearson Terminal 1	1,804	3	0.2	141	7.8	97.9%
Pearson Terminal 2	490	1	0.2	44	9.0	97.8%
Edmonton	4	0	0	4	100.0	100.0%
Vancouver	803	67	8.3	312	38.9	82.3%
Total	3,101	71	2.3	501	16.2	87.6%

European Interviews

	Contacts*	Refusals		Completed		Response rate**
		#	%	#	%	
Mirabel	464	23	5	134	28.9	85.4%
Pearson Terminal 1	805	5	0.6	67	8.3	93.1%
Pearson Terminal 2	3,734	13	0.4	262	7.0	95.3%
Vancouver	448	3	0.7	137	30.6	97.9%
Total	5,451	44	0.8	600	11.0	93.2%

Note:
* Contacts include people who were ineligible due to the screeners, and terminated interviews.
** Calculated as # completed / (# completed + # refusals)

CANADIAN TELEPHONE SURVEY

The fieldwork took place between March 17 and April 1, 1990. The telephone interviews were generally conducted between 5:00 p.m. and 12:00 a.m. (eastern standard time) on weekdays, and between 12:00 p.m. and 12:00 a.m. during weekends.

Although interviews took 26 minutes on average to complete, the actual length varied significantly.

EXIT SURVEYS

The fieldwork took place between July 13 and September 10, 1990. The interviews were generally conducted between 8:00 a.m. and 12:00 a.m.

All interviews were conducted by experienced interviewers. The interviewers were fully bilingual, and capable of conducting the interviews in the respondent's mother tongue. Prior to the actual interviewing, all field personnel were thoroughly trained and briefed on the project. During the interviewing phase, supervisors visually monitored all interviewing on an ongoing basis. If there were any indications of irregularity, 100% of an interviewer's work was validated.

The American surveys took an average of 10 minutes to complete. The European and Japanese exit surveys took an average of 20 minutes to complete. In both cases, however, the actual length varied significantly.

Coding

All questionnaires were processed according to coding policies developed by CLCG personnel. During the process a series of standard quality control checks were implemented to ensure the delivery of highly reliable results based on a thoroughly "cleaned" database.

In selecting questionnaires for review for the development of codes for open-ended questions, the code development group made sure to sample questionnaires for each region, and by type of participants. Codes were usually developed using results from at least 40% of the total sample. Responses which surfaced in a particular sub-group were broken out in the codes and special care was made in order not to lump codes together in a "miscellaneous" code.

Data Processing

In cleaning, errors or inconsistencies were checked against original source documents when available. Forced or non-look-up cleaning could lead to significant loss of information by wiping out any observed differences between sub-groups.
Quality control checks began the moment the interviews were conducted and ended only when the database was thoroughly "cleaned" and ready for analysis.

Fully cleaned data were incorporated into SPSS computer files, and were

Exhibit Al-8: Weighting Applied to Survey Data

Province	Population ('000s)	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Newfoundland	571	2.2%	51	.5098	26
Prince Edward Island	128	0.5%	13	.4615	6
Nova Scotia	883	3.4%	80	.5125	41
New Brunswick	715	2.8%	61	.5574	34
Quebec	6,632	25.6%	192	1.6042	308
Ontario	9,408	36.4%	198	2.2070	437
Manitoba	1,083	4.2%	100	.5100	51
Saskatchewan	1,012	3.9%	101	.4653	47
Alberta	2,402	9.3%	92	1.2174	112
British Columbia	2,954	11.4%	113	1.2212	138
Northwest Territories	56	0.2%	138	.0145	2
Yukon	25	O.l%	64	.0560	1
Total	25,869	100%	1,203		1,203

summarized in aggregate tables which are included in a separate appendix.

The aggregate tables are a concise version of the interview schedules, with question titles and answer descriptions "annotated" with the limited number of print characters available in the computer print-out. For each questions, frequency and percentage distributions of answers given by all the respondents are presented. Question numbers correspond exactly to those on the interview schedules. The latter may be consulted to see the exact wording of each question asked.

Weighting

In the cases of the Canadian Telephone Surveys, the original survey data did not reflect the actual distribution of the populations. For the Canadian Telephone Survey, in order to present a representation of the population across the country, the data was weighted according to each province's proportion of the overall Canadian population. Exhibit Al-8 presents the overall population distribution across the country and the corresponding weighting applied to the sample.

Weighting was used in the Exit surveys in order to represent the flow of visitors of each nationality, through each airport or border crossing.

For the U.S. survey, the data was weighted according to each airport's or border crossing's proportion of visitors from the United States to Canada, in order to provide a fair representation of the actual flow of American visitors to Canada. The flow of visitors through each airport or border crossing is for the months of July and August, 1989. The weight factors were calculated separately fro the airports and the border crossings because of the disproportionate sampling between these two groups, and because the air travelers and car travelers *were* treated as two separate groups for analysis purpose. Exhibit Al-9 presents the proportion of visitors arriving at each airport or border crossing, and the corresponding weighting applied to the sample.

The original survey data did not reflect the actual distribution of visitors from the United Kingdom, France, West German and japan arriving at airports across Canada. In order to present the results as a representation of the opinions of visitors from each of the four countries, the data for each of the four countries was weighted according to each airport's proportion of visitors form that country to Canada. The flow of visitors through each airport is for the entire year of 1989, as monthly data was not available.

Exhibit A1-10 presents the proportion of visitors from each country arriving at each airport, and the corresponding weighting applied to the sample.

Exhibit Al-9 – Weighting Applied to American Survey Data

American Air Travelers

	Flow for July, August 1989	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Dorval	86,746	17.25	339	1.02	346
Pearson 1	117,167	23.30	336	1.39	467
Pearson 2	112,653	22.40	334	1.34	448
Calgary	48,344	9.61	370	0.52	192
Edmonton	14,449	2.87	242	0.24	58
Vancouver	123,590	24.57	380	1.29	490
Unweighed (Mirabel)	5,316	1.06	1	Loo	1
Total	502,949	100.00	2,001		2,002

American Car Travelers

St. Stephens	90,295	7.94	456	0.78	356
Lacolle	137,954	12.13	437	1.25	546
Queenston Bridge	197,363	17.36	899	0.87	782
Rainbow Bridge	210,320	18.50	896	0.93	833
Sault Ste. Marie	109,015	9.59	444	0.97 -	431
Emerson	112,653	9.91	499	0.89	444
Coutts	35,669	3.41	358	0.39	140
Pacific Highway	243,701	21.43	499	1.93	963
Unweighed (missing)			16	1.00	16
(Fort Erie)	346,228	30.45	3	1.00	3
Total	1,136,970	100.00	4,504		4,514

Exhibit A1-10 – Weighting Applied to European and Japanese Survey Data

United Kingdom

	Flow for 1989	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Mirabel	28,592	7.50	3	5.00	15
Pearson 1	136,279	35.77	33	2.17	72
Pearson 2	143,519	37.67	114	0.66	75
Vancouver	72,586	19.05	50	0.76	38
Total	380,976	100.00	200		200

France

	Flow for 1989	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Mirabel	134,814	77.32	122	1.27	155
Pearson 1	11,371	6.52	20	0.65	13
Pearson 2	23,515	13.49	58	0.47	27
Vancouver	4,660	2.67	0	0.00	0
Total	174,360	100.00	200		195

West Germany

	Flow for 1989	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Mirabel	17,039	11.26	9	2.50	23
Pearson 1	40,104	26.50	14	3.79	53
Pearson 2	47,457	31.36	90	0.70	63
Vancouver	46,712	30.87	87	0.71	62
Total	151,312	100.00	200		200

Japan

	Flow for 1989	%	Survey Data n	Weighting Variable Applied	Weighted Survey Data
Pearson 1	49,128	24.37	141	0.87	123
Pearson 2	20,123	9.98	44	1.14	50
Vancouver	130,028	64.50	312	1.04	324
Edmonton	2,320	1.15	4	1.44	6
Total	201,599	100.00	501		503

Sample Representativeness

A number of analyses were conducted to assess the quality of the data.

The results for each survey were, for example, reviewed for possible "outliers". Results found to be "extreme", that is out of range compared to the average, were located, identified, and compared to the original questionnaires, when available. Corrections were made if necessary.

U.S. TELEPHONE SURVEY

The sample for the U.S. telephone survey was designed to include a minimum of 50 past visitors to Canada (pleasure travelers who had travelled to Canada within the last 5 years) in each city, and a minimum 200 past visitors in the national random sample. The national random sample is considered to be accurate to within plus or minus 6% for past visitors and plus or minus 4% for potential visitors (pleasure travelers who had not travelled to Canada within the past 5 years). The smaller samples in each of the cities have a greater margin of error of plus or minus 6% for potential visitors and up to plus or minus 14% for past visitors in the individual cities.

In view of its limitation as an evaluation tool, the survey cannot predict a particular situation. It can, however, provide a "snapshot" of opinion at a specific moment in time only, with a determined level of accuracy. We further conducted a series of statistical tests to determine if there were significant differences between city and random national sample respondents with respect to socio-demographic characteristics. There were no significant differences found in household size, household composition, education, occupation, income, sex, and the role in vacation decisions of the household. Statistical differences in age, marriage and home ownership were found between the two groups, but they were not important in the interpretation of the results. For example, a higher proportion of the city respondents were single but for both city and the random national sample, the majority of respondents were married or living as married. Also, a slightly higher proportion of city respondents rented but for both groups over two thirds of the respondents owned.

Similar tests were conducted on the data collected on the price and quality perceptions, and the likelihood of coming to Canada. No important differences were found. Because the differences between the city and the random national sample were not meaningful in an interpretive sense, we have presented the findings broken out between past and potential visitors but not separately for the city and the random national sample except as shown.

CANADIAN TELEPHONE SURVEY

Once the data was weighted, we conducted a number of analyses to assess the quality of the data.

Exhibit AI-11: Representativeness of Survey Data

Sociodemographic Characteristics	Weighted Survey Data	1986 Census Statistics Canada
Sex		
Male	43%	49%
Female	57%	51%
Age		
Under 30	309?0	33%
30 to 39	28%	21%
40 to 54	21%	21%
55 to 64	9%	12%
65 and over	12%	13%
Marital Status		
Single	35%	43%
Married	57%	49%
Widowed	5%	5%
Divorced	4%	3%
Education		
Less than grade 9	6%	17%
Grade 9 to 13	46%	40%
Some post-secondary education	16%	19%
Non-university with diploma	1270	14%
Graduated university	20%	10%
Total Household Income		
Under $25,000	23%	42%
$25,000 to $49,999	45%	3770
$50,000 and over	32%	21%
Residential Status		
Own	65%	62%
Rent	34%	37%
Other	2%	1%
Average Number of People Per Household	2.9	2.8

We compared the socio-demographic sample statistics to 1986 Census data to determine the representativeness of our data. Exhibit AI-11 presents the characteristics for the weighted survey data and the 1986 Census data. In general, the survey is representative of the general population with a few exceptions. A higher proportion of respondents to the Canadian Travel Price Telephone Survey were married, in possession of a university degree, and earned higher than average income.

Given the overall quality of the data, including the response rates, we believe that results obtained provide a reliable source of data for this Travel Price / Value Perceptions Study.

EXIT SURVEYS

For the American surveys, significance tests were conducted on the exit survey data to determine if there were major differences between American visitors who responded to the mail survey and American visitors who did not respond.

We found no significant differences between respondents and non-respondents on pricing data collected from the exit survey. Exhibit AI-12 presents trip and socio-demographic characteristics by respondents and non-respondents. Some differences were found to be statistically significant but with respect to the overall results these differences were not large. Overall, respondents and non-respondents were very similar in their trip and socio-demographics characteristics.

Given the overall quality of the data obtained in all of the telephone and exit surveys, including the response rates, we believe that the results obtained provide a reliable source of data for this Travel Price / Value Perceptions Study.

Exhibit AI-12 –Characteristics of American Visitors by Respondents and Non-respondents to Mail Survey

	Respondents	Non-Respondents
Trip Characteristics		
• Length of Vacation (days)	6.6	6.4
• Transportation to Canada*		
- Air	33%	29%
- Car	67%	71%
• Overall Cost of Trip*		
- Under $1,000 U.S.	68%	72%
- $1,000 to $1,999	18%	18%
- $2,000 and over	14%	11%
• Total number in Group*	2.45	2.54
• Quality Rating (1 to 10)	8.6	8.5
• Likelihood of Recommending Canada to Friends*		
- Not likely	1%	2%
- Somewhat likely	9%	12%
- Very likely	90%	86%
• Likelihood of Returning to Canada		
- Not likely	9%	8%
- Somewhat likely	13%	13%
- Very likely	78%	79%
Socio-demographic Characteristics		
• Education*		
- High school or less	23%	28%
- Technical school or some college	19%	21%
- College graduate or more	58%	51%
• Income		
· Under $25,000 U.S.	15%	17%
- $25,001 to $49,000 U.S.	3770	3770
- $50,000 to $74,999 Us.	24%	23%
- Over $75,000 U.S.	24%	23%
• Age*	48	44

* Significant differences at a 5% level
Source: American Visitors Exit Survey

APPENDIX II

SELECTED CHARACTERISTICS OF AMERICAN, EUROPEAN AND JAPANESE VISITORS

Exhibit A2-1 — Characteristics of American Visitors to Canada

	Past Visitors	Potential Visitors	Air Travellers	Car Travellers
Most Preferred: Destination	British Columbia (33%)	N/A	Ontario (36%)	Ontario (47%)
Trip Type	Touring Vacation (42%)	Touring Vacation (32%)	Visit friends/@ atives (40%)	Touring vacation (51%)
Transportation to Canada	car (56%)	Air (52%)	Air	car
Accommodation	Mid-priced hotel (38%)	Mid-priced hotel (74%)	Luxury hotel (3890)	Mid-priced hotel (36%)
Average Number of: People In Group	4.67	3.20	1.80	2.78
Children in Group	0.62	0.65	0.17	0.58
Length of Stay	6.8 days	8.9 days	8.6 days	5.5 days
Information Sources	Friends/family (56%)	Brochures/pamphlets (87%)	Friends/family (58%)	Friends/family (56%)
Expenditures per person per day (Cdn$)	$130.55	$141.21	$210.28	$125.34
Are Most Likely to be: Age	Low to mid 40's	Low to mid 40's	Mid 40's	Mid 40's
Income Level ($US)	$25,000-$49,999 (41%)	$25,000-$49,999 (45%)	$75,000 and over (33%)	$25,000-$49,999 (38%)
Education	Some college/ university (27%)	Some college/ university (28%)	Completed post-graduate (24%)	Completed high school (23%)
Occupation	Professional (29%)	Professional (27%)	Retired (19%) or professional (18%)	Retired (20%) or professional (16%)

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Sources — U.S. Telephone Survey
American Visitor Exit / Mailback Survey

Exhibit A2-2— Characteristics of European and Japanese Visitors to Canada

	United Kingdom	France	West Germany	Japan
Most Preferred:				
Destination	BC / Alta / NWT I Yukon (38%)	Québec (71%)	Ontario (43%)	BC / Alta / NWT / Yukon (59%)
Trip Type	Visit friends / relatives (83%)	Touring Vacation (60%)	Visit friends/relatives Touring Vacation (50% each)	Touring vacation (65%)
Accommodation	Home of friends/ relatives (75%)	Home of friends/ relatives (37%)	Home of friends/ relatives (44%)	Luxury hotel (45%)
Average Number of:				
People In Group	1.98	2.07	2.13	1.56
Children in Group	0.20	0.29	0.20	0.30
Length of Stay	26.4 days	22.3 days	23.4days	13.0 days
information Sources	Friends /family (83%)	Friends /family (56%)	Friends /family (67%)	Travel agent /tour operator or books (44% each)
Expenditures per person per day (Cdn$)	$160.81	$156.01	$210.41	$224.02
Are Most Likely to be:				
Age	Mid 40's	Late 30's	Low 40's	Mid 30's
Income Levei ($US)	$36500-$48,500 (21%)	Under $16,500 (22%)	$46,000 and over (41%)	Under $30,000 (27%)
Education	Completed comprehensive or grammar school (28%)	Some college/ university or completed college (24% each)	Some college / university (24910)	Completed university (30%)
Occupation	Skilled labour (22%)	Professional (32%)	Professional (24%)	Clerical (22%)

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Sources — U.S. Telephone Survey
American Visitor Exit/ Mailback Survey