

Navigate

New directions in travel, hospitality and leisure

Volume 6 | Summer 2013



In this issue

- A pulse on the tourism industry
- Canadian travel outlook
- Digital Media best practices in the travel industry | Impact of CASL

Special report

- Destination profile | Iceland

Contents

Navigate

This is the sixth edition of our semi-annual publication: *Navigate*. Each issue provides a pulse on the Canadian travel, hospitality and leisure industry and highlights future trends. Each issue also explores a 'hot' topic that is having significant influence on the industry.



Contributors

Deloitte

Dylan Carr
Andrew Cheng
Maureen Convery
Lorrie King
Bernice Pao
Kristina Valentini
Stephen Yu

TIAC

David Goldstein

Ipsos

David Pierzchala

1	What's next?
2	A pulse on the tourism industry
6	Canadian travel outlook
14	Digital Media best practices in the travel industry Impact of CASL
30	Destination profile Iceland
36	Methodology



What's next?

Global arrivals reached a milestone in 2012 surpassing one billion to reach 1.035 billion. Asia-Pacific with 7% growth was the top overall regional performer, while sub-regions South East Asia, North Africa, and Central and Eastern Europe all had 8% growth or higher. Governments continue to see tourism as an effective driver of revenue in a slow growth environment. Countries such as Canada and the U.S. are looking closely at customs and visa requirements to reduce processing time for new emerging market visitors and promote more off-peak seasons. The U.S. has also increased marketing expenditures in target regions through its Brand USA initiative. Strong currency regions such as Canada and emerging markets in South East Asia and Latin America continue to be targets for international travel markets as Eurozone visitors have seen their currency fall again from 2011 levels.

Canada's six emerging and transition markets continue their march towards a larger slice of the Canadian travel market. Currently representing 6% of arrivals, emerging markets will soon near the 10% market share held by the traditional four core markets (U.S. retains 73% of arrivals). Emerging markets continue to grow at rates greater than 5% (with the exception of South Korea) and core markets (in Europe) continue to shrink.

Our survey of Canadian travellers is showing a positive outlook for both domestic leisure and business travel. 25% of Canadians intend to travel more, while 68% suggest that they are as likely as last year to take a personal vacation in the coming 12 months. Domestic business travel intentions are up as 66% of travellers are as likely to take a business trip in the next 12 months compared to 59% at this point last year.

In this edition of *Navigate*, we explore the effect of technology on many aspects of the industry, from data analytics to crowd-sourcing, while also highlighting the regulatory challenges travel, hospitality and leisure companies face (such as Canada's new Anti-Spam Law). We emphasize the importance of maintaining strong consistent communication channels across media platforms, especially in the midst of a crisis.

Our latest 'hot' destination is the not always aptly named Iceland. Its climate, mediated by the North Atlantic current, provides outdoor enthusiasts with plenty of activities for both summer and winter. The Icelandic people were recently recognized by the World Economic Forum as being the most welcoming to tourists. To continue our digital trend we highlight the critically acclaimed marketing campaigns that helped put Iceland on the map (for more than just volcanos).

We hope you enjoy this latest Summer edition of *Navigate* and encourage any feedback or suggestions.

Sincerely,



Lorrie King
Partner and National Travel
Hospitality and Leisure Leader
Deloitte



David Goldstein
President and Chief Executive Officer
Tourism Industry Association of Canada (TIAC)



A pulse on the tourism industry

State of the industry

- Global arrivals have increased 3.9% year-over-year as of December 2012 while global receipts grew by 4% in 2012 vs. 2011. Growth is expected to continue in 2013 only slightly below the 2012 level (+3% to +4%) and in line with United Nations World Trade Organization (UNWTO) long term forecast.
- Arrivals to Canada from the U.S. grew 2.2% to help drive a 1.8% increase in arrivals in 2012. Canada's other travel markets grew slightly with emerging and transition markets exhibiting greater than 5% growth, while transitional core markets continued to decline. Canada's tourism receipts increased at a reasonable 4.4% for the 12-month period powered by non-U.S. receipts growth of 5.8%.
- The Canadian hospitality sector is steady with revenue per available room (RevPAR) and average daily rate growing 1.4% and 1.7% over the 12-month period to March 2013.
- Our April 2013 survey of Canadian leisure travellers suggests that Canadians' intentions to travel to the U.S. and within Canada for the next 12 months have increased relative to the previous period.

A pulse on the tourism industry

Industry snapshot – International	
Global tourism arrivals (2012)	1.035B (+3.9%)
Global tourism receipts (2012)	\$1,074.57B* (+4%)
Canada's international travel deficit (2012)	\$17.85B (+9.6%)
Industry snapshot – Canada	
International arrivals to Canada – LTM as of December 2012	
U.S.	11.9M (+2.2%)
All other countries	4.5M (+0.9%)
Total	16.3M (+1.8%)
Canadian tourism receipts – LTM as of December 2012	
U.S.	\$7.243B (+2.4%)
All other countries	\$10.107B (+5.8%)
Total	\$17.350B (+4.4%)
Canadian hospitality metrics	
Canadian hospitality metrics – LTM as of March 2013	
Occupancy rate	54.8% (-0.3%)
Revenue per available room (RevPAR)	\$69.21 (+1.4%)
Average daily rate (ADR)	\$126.4 (+1.7%)
Traveller outlook	
Percentage of survey respondents who are more or as likely to travel to a specified destination for a personal vacation over the next 12 months**	
Within Canada	93% (vs. 92%)
To the U.S.	79% (vs. 78%)
Outside North America	65% (vs. 65%)
Percentage of survey respondents who are more or as likely to travel to a specified destination for business travel over the next 12 months**	
Within Canada	90% (vs. 84%)
To the U.S.	72% (vs. 73%)
Outside North America	64% (vs. 62%)

Note: Dollar figures are in Canadian Dollars

Source: UNWTO, Statistics Canada, STR Global, Ipsos; Canadian Tourism Commission. July 2010 – June 2012 report; Ontario Ministry of Tourism / PKF Hotel industry statistics for Canada

*Converted from original value of \$1,075 BUSD using Bank of Canada's 2012 average exchange rate of 1USD = 0.9996 CAD

**Traveller outlook % in parentheses represent responses from Summer 2012 Navigate survey (April 2013 – May 2013 vs. April 2012 – May 2012)

Travel deficit widens as Canadians continue to spend more abroad

Canadian tourism receipts (from foreigners), payments (by Canadians abroad) and resulting travel deficit

(In CAD \$Billions)



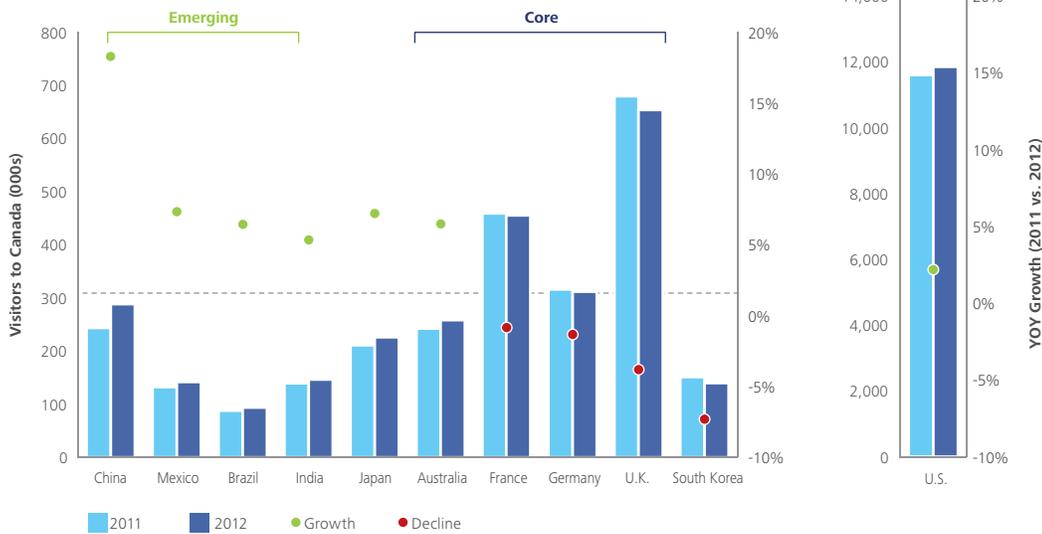
Source: Statistics Canada – International Travel Account

- Total inbound travel receipts grew approximately 4% while spending abroad grew almost 7% in 2012, causing Canada’s international travel deficit to increase to \$17.8 billion
- Canada’s travel deficit with the U.S. grew by \$1.4 billion to close at \$14.5 billion, as Canadians spent 7.8% more than in 2011
- This may be driven by the continued strength of the Canadian dollar as well as increases in personal duty exemptions announced in June 2012
- American travellers spent only 2.4% more in Canada this past year in line with the 2.2% increase in visits

Emerging markets fuel Canada's arrivals growth

Canadian arrivals from key international markets

2011 vs. 2012



Source: Canadian Tourism Commission – Tourism Snapshot

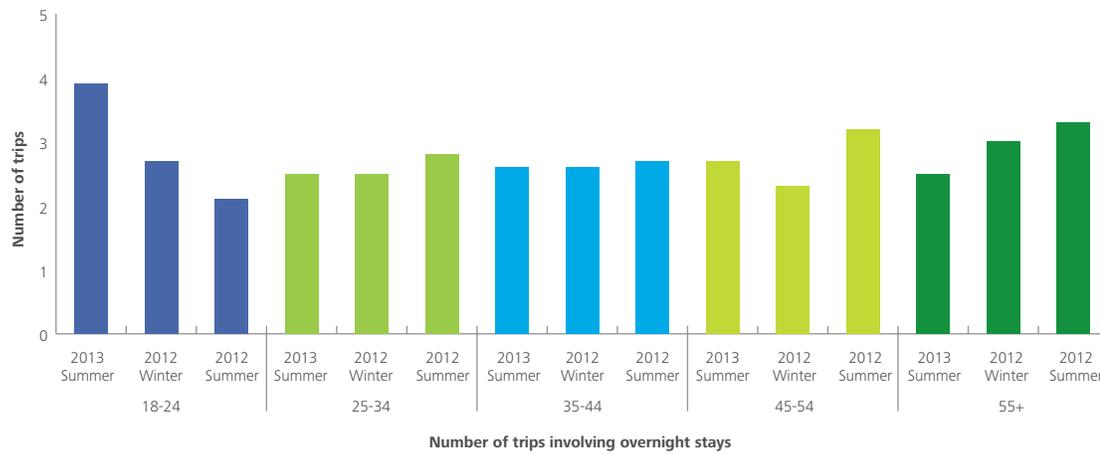
- A 2.2% increase in U.S. arrivals and an 11.2% increase in emerging market arrivals drove an overall 1.8% increase in year-over-year arrivals
- China (+18.3%), Mexico (+7.3%), Brazil (+6.4%) and India (+5.3%) along with a resurgent Japan (7.2%) continue to offset losses in some of our core markets
- Australia (+6.5%) was the sole bright spot among the overall -1.1% decline in core market arrivals



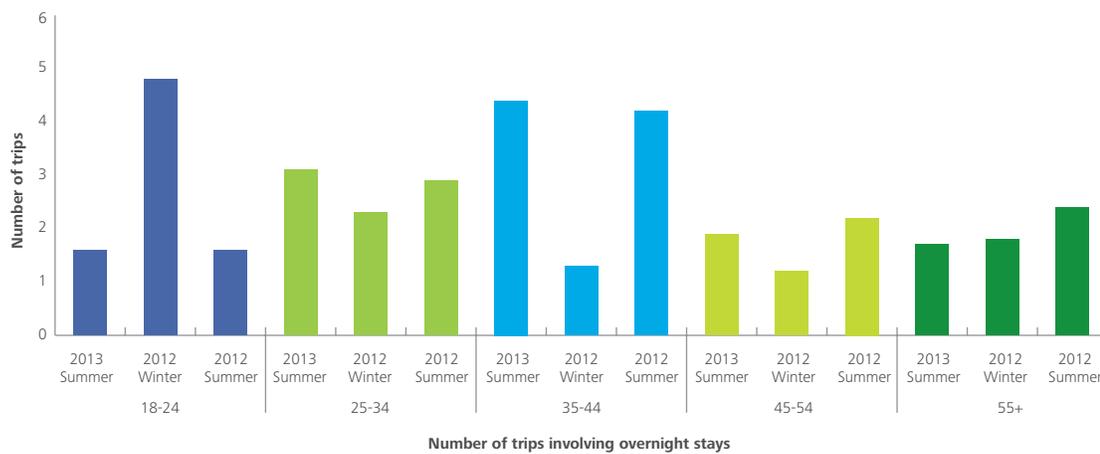
Canadian travel outlook

Where and how are Canadians travelling?

Leisure visits in past 12 months



Mix of business and leisure visits in past 12 months

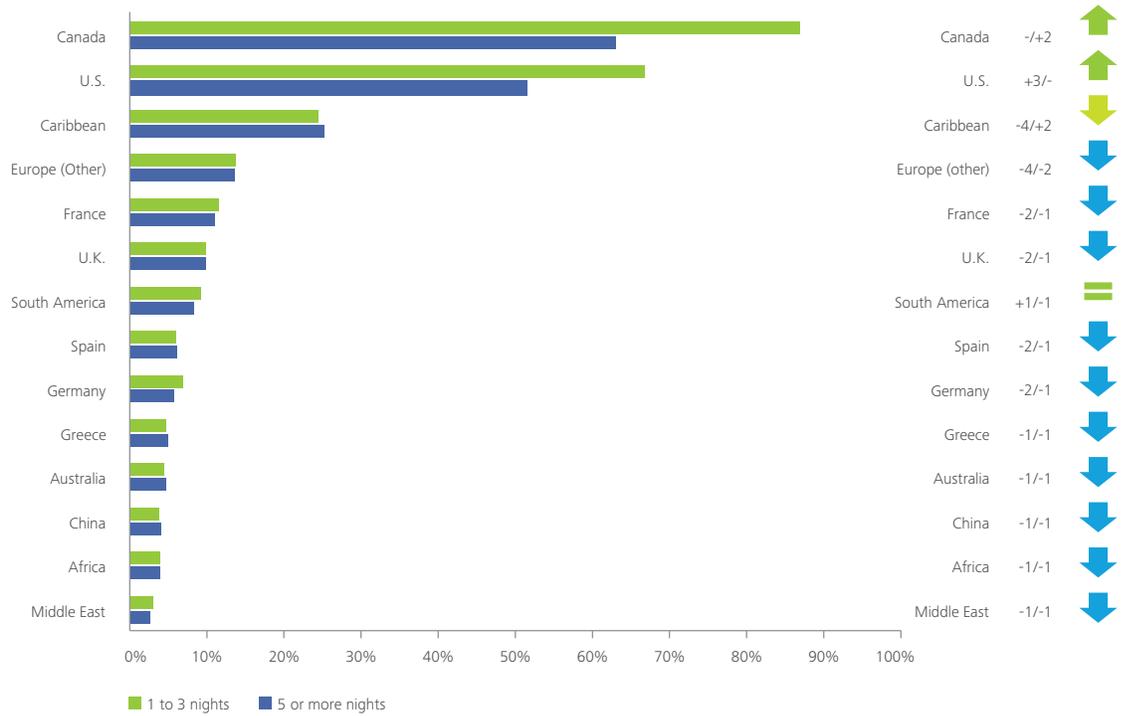


- Young travellers continue to take the most leisure trips
- 35-44 year-olds took the most trips combining leisure with business travel in the past 12 months

Where and how are Canadians travelling? (continued)

Very or somewhat likely to take a vacation to the following destinations over the next 12 months

Basis point change from Winter 2012 survey (1 to 3/5+ nights)

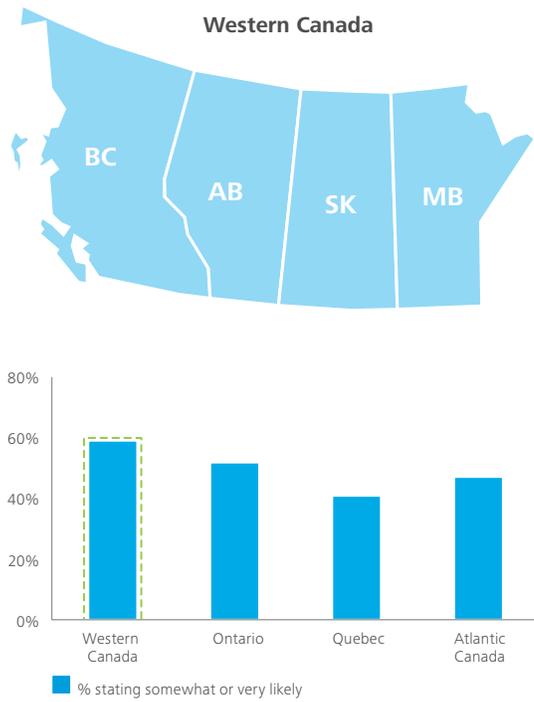


Canadian travellers stating they are somewhat or very likely to take a vacation of 5 or more nights has increased compared to last survey, while their intention to take a shorter trip within Canada has not changed

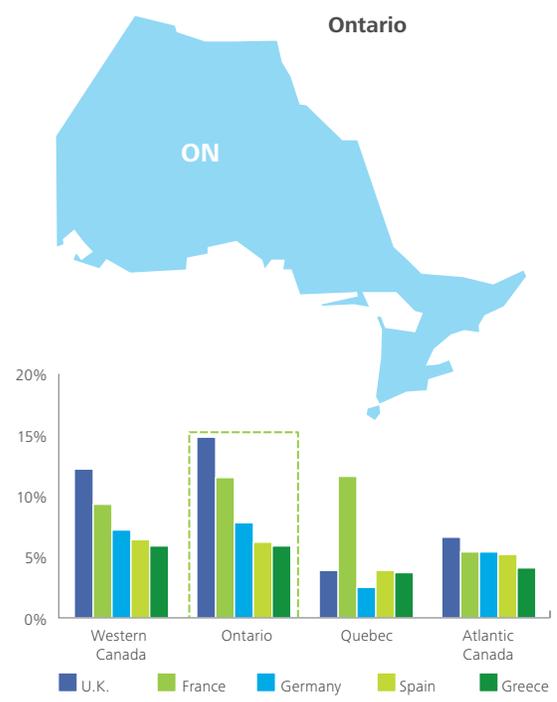
- Intentions to take a short vacation to the U.S. have increased, likely due to a strong Canadian dollar, more focused marketing and increased duty allowances for travellers staying less than a week
- Travellers may be tapped out on short stays in the Caribbean, but are more interested in longer and potentially more exploratory vacations

Regional flavour

What is the likelihood that you will take a vacation for 5 or more nights to the U.S. over the next 12 months?



What is the likelihood that you will take a vacation for 5 or more nights to the U.K., France, Germany, Greece or Spain over the next 12 months?

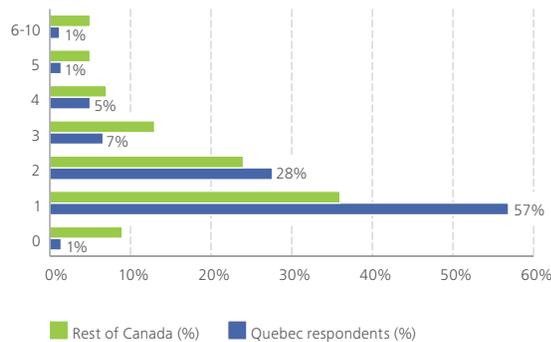


- Western Canadians are most likely to visit the U.S. in the next 12 months

- Ontarians are the most avid Euro-trip planners. Ontario has the highest proportion of respondents intending to visit U.K., France, Germany Spain and Greece in the next 12 months.

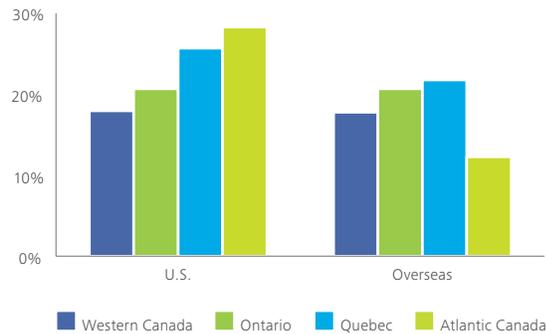
Regional flavour (continued)

**Number of leisure trips in the past 12 months
(Quebec vs. rest of Canada)**

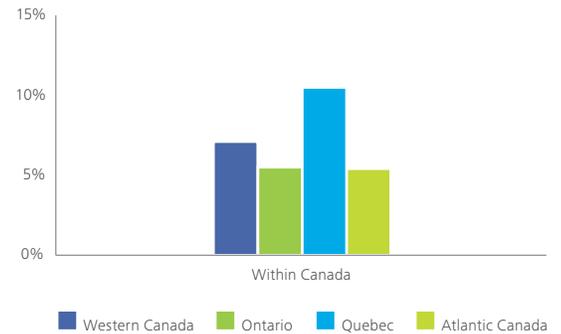


Compared to last year, are you more or less likely to travel to the following destinations for a personal vacation over the next 12 months?

More likely



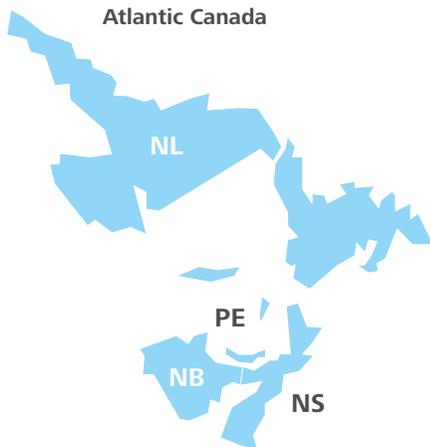
Less likely



- Compared to the rest of Canada, Quebecers are most likely to take at least one leisure trip with more than half taking one vacation in the past 12 months

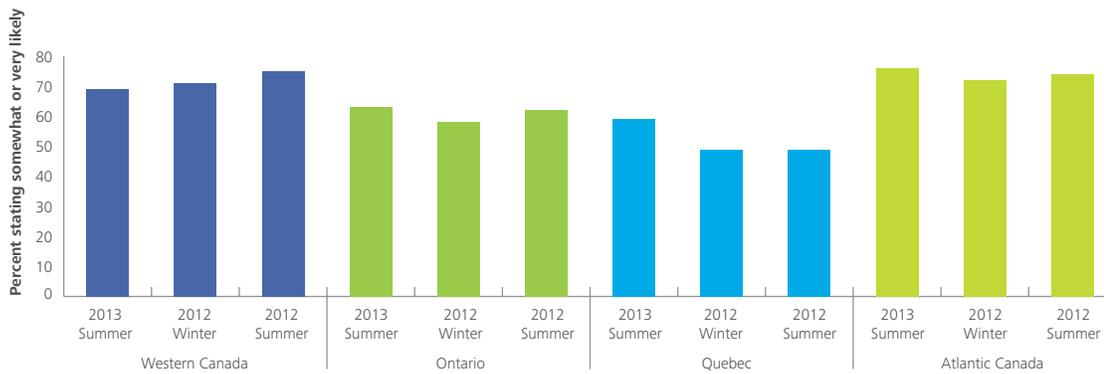
- Compared to last year, Quebecers are more likely to travel abroad and second most likely to travel to the U.S. than any other Canadian region. They were also less likely to travel within Canada than in the past 12 months

Regional flavour (continued)



- 76% of Atlantic Canadians are planning a trip greater than 5 nights within Canada in 2013
- Atlantic Canadians were most likely to combine business trips with leisure travel in the past 12 months

What is the likelihood that you will take a vacation for 5 or more nights within Canada over the next 12 months?



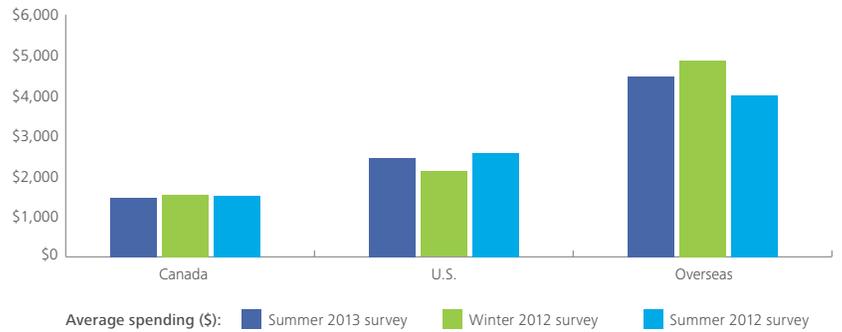
Mix of business and leisure visits in past 12 months



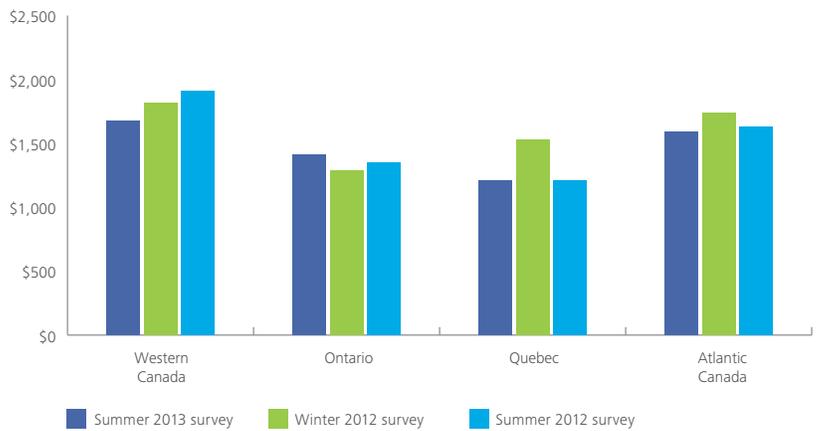
Canadians continue to spend more overseas

- Canadians travelling overseas spent \$399 (on average) less on travel compared to 6 months ago
- Domestic spending declined marginally while spending south of the border increased 16%
- Ontarians were the only regional group to increase their spending within Canada
- Western Canadians continued to spend the most though have fallen 12% from a year ago

Average spending on travel in past 12 months

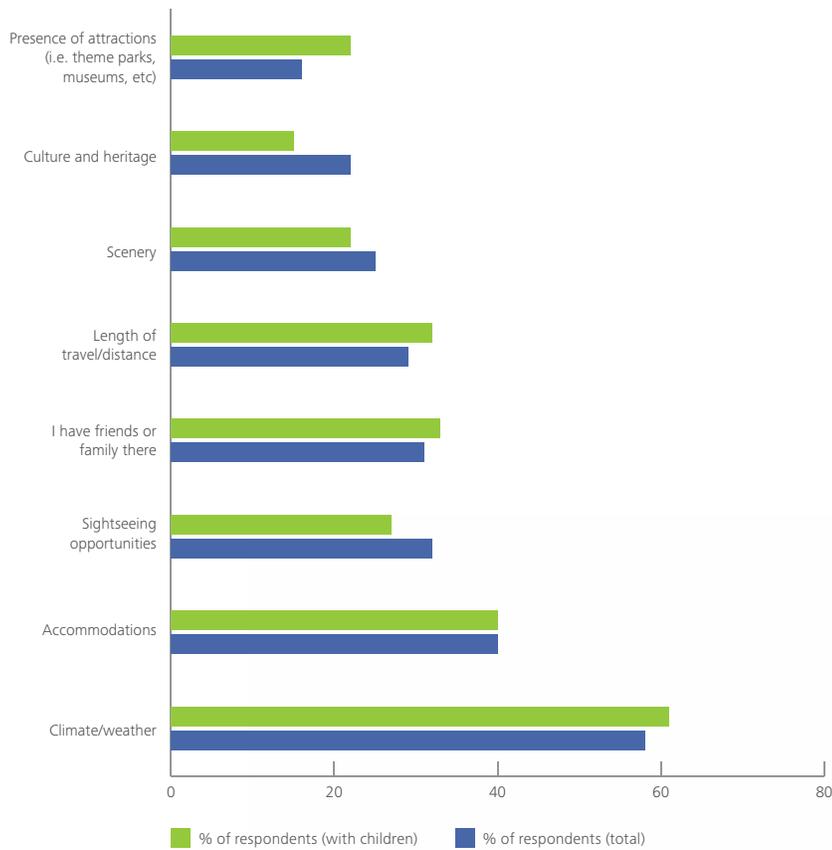


Average spending within Canada



The majority of Canadians choose destinations based on desired climate or weather and seek to save money on lodging, but differences exist between respondents with children and the national average

Not including price, what are your three most important decision criteria when selecting one destination over another?



- Households with children had the same top two criteria (climate and accommodations) as the overall survey, but presence of friends and family, length of travel, and presence of attractions were more important criteria for choosing a destination than sightseeing, scenery or culture and heritage

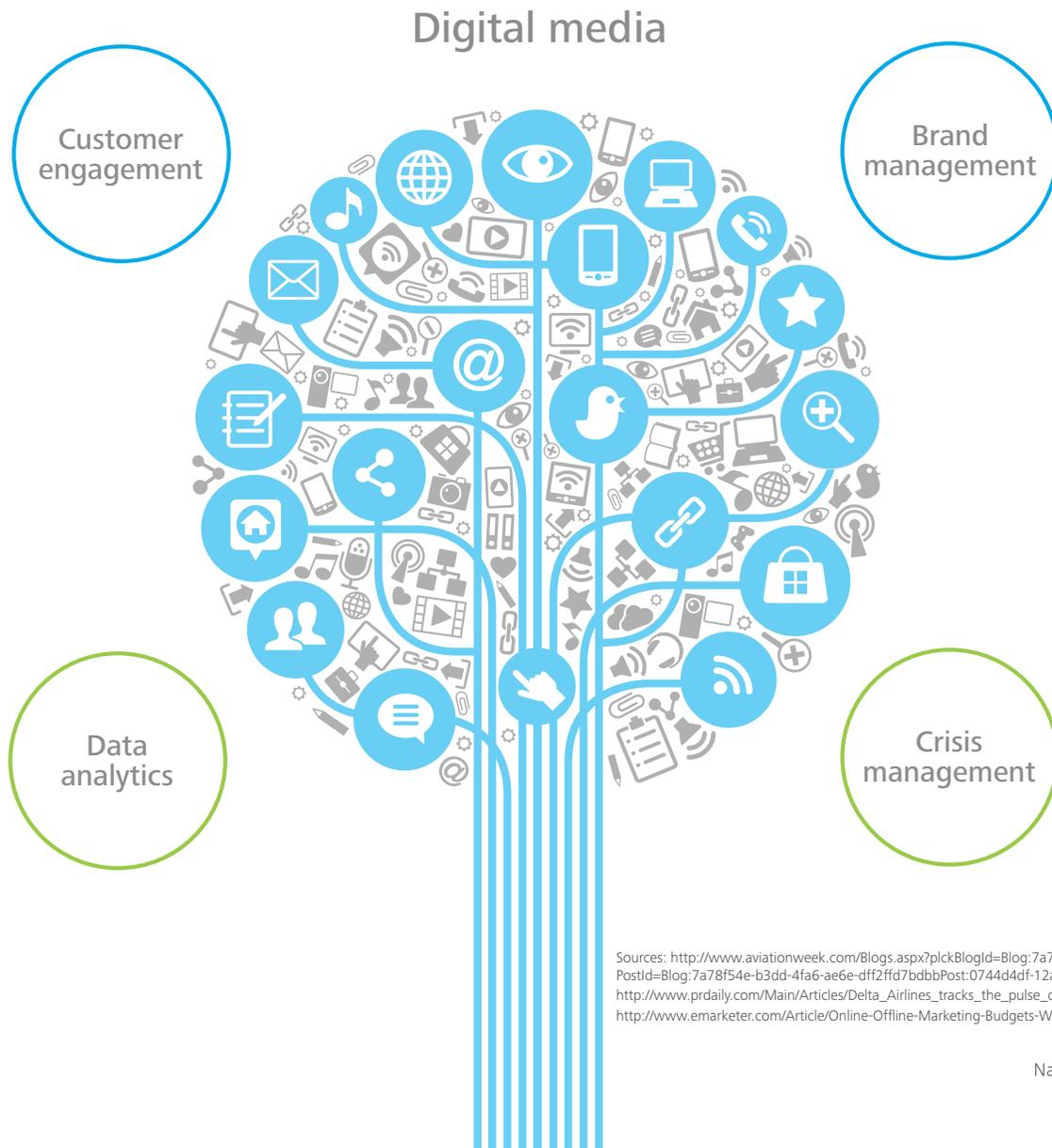




Digital media best practices in the travel industry

Digital media can be used to engage customers, drive insightful analytics, and manage in times of crisis

- Digital media is no longer restricted to only corporate web sites as it also includes blogs, photo and video sharing, micro-blogs, social networking, location-based services, and mobile applications.
- Corporations are increasingly allocating dedicated staff and money to leverage the capabilities of social media in innovative ways. Almost 75% of airlines plan to increase their social media budget in 2013.
- 71% of companies worldwide said they would grow their digital marketing budgets in 2013, up from 68% in 2012. Only 20% of companies are planning to increase their traditional marketing budgets in 2013, compared to 16% in 2012.
- There is a greater opportunity for travel, hospitality and leisure companies to leverage digital media platforms to increase customer engagement, drive insights from analytics, and manage crisis moments.



Sources: <http://www.aviationweek.com/Blogs.aspx?plckBlogId=Blog:7a78f54e-b3dd-4fa6-ae6e-dff2ffd7bddd&plckPostId=Blog:7a78f54e-b3dd-4fa6-ae6e-dff2ffd7bdddPost:0744d4df-12a7-47a0-9320-cc14a3c37c8>
http://www.prdaily.com/Main/Articles/Delta_Airlines_tracks_the_pulse_of_its_customers_r_13967.aspx
<http://www.emarketer.com/Article/Online-Offline-Marketing-Budgets-Worldwide-Rise-2013/1009744>

Digital media is changing the landscape of data analytics for travel, hospitality and leisure organizations

The four dimensions of Big Data in travel, hospitality and leisure (THL)

1 Volume

Travel data will more than double in the next five years as a result of digitized passenger information on tickets/reservations, and information from mobile devices and social media.

2 Variety

Data comes in a wider variety, such as transactional, web, text, image, audio, video, blogs, ratings and 'likes'.

3 Velocity

It is no longer sufficient for THL organizations to collect and disseminate data – it must be done in real-time or near real-time.

4 Value

Data must be leveraged in such a way so as to improve internal operating capabilities and customer experience, and drive incremental revenue.

Sources: IDC Manufacturing Insights white paper (<http://www.slideshare.net/HPenterprise/data-and-analytics-focus-in-the-travel-and-transportation-industry-by-idc-manufacturing-insights>); http://www.deloitte.com/view/en_US/us/Services/additional-services/deloitte-analytics-service/4bc6282334daa310VgnVCM3000003456f70aRCRD.htm#; http://img.lightrading.com/evi/pdf/psi0911_toc.pdf; <http://www.prnewswire.com/news-releases/analytics-makes-a-positive-difference-in-the-recovering-travel-industry-130568863.html>; Gartner: Agenda Overview for Analytics, Business Intelligence and Performance Management, 2013

Key stats on data

Big Data represents a largely untapped source of customer, product, and market intelligence for THL organizations

- 6 billion mobile phones in use today, representing 87% of the world's population
- 1.2 billion mobile web users in the world today, representing 17% of the world's population
- 30 billion pieces of content shared on Facebook every month
- More than 60 billion intelligent devices exist in the world today and is expected to rise to more than 200 billion by 2015

A lottery and gaming corporation is able to use analytics to understand and identify fraudulent behaviours

- Data analytics can help THL organizations address enterprise risk issues such as fraud.
- Lottery and gaming corporation is able to use data analytics to review 13 years of lottery data to determine the level of insider wins in that period.
- The method involves determining data anomalies that would identify patterns of inappropriate ticket transactions.

Sources: Deloitte Analytics - Sample Case Studies and Wins deck



An airline is able to leverage traditional and social media data to build better customer response teams



Analytics can be used in the THL industry to derive actionable insights from large amounts of data in areas such as company operations, workforce efficiency and customer satisfaction

- Analytics can be used in the THL industry to derive actionable insights from large amounts of data in areas such as company operations, workforce efficiency and customer satisfaction.
- For example, an airline executive is able to use advanced analytics and visualization technology to access real-time data on his/her mobile device.
- The analytics outputs include interactive summary dashboards showing:
 - Each airport is colour-coded based on company objectives and plans;
 - Performance against the company's five-year plan;
 - Performance of key areas such as customer service, flight operations, employees, network, and finances;
 - Employee stats, employee recommendations, and competitor information; and
 - Real-time listening on social media channels referencing each airport.
- In this case, the executive is able to ensure that airline staff are able to respond immediately to any potentially harmful social media sentiments to greatly improve customer satisfaction and experience.
- Visualization platforms, which gather and present real-time operational and digital media data, effectively allow organizations to understand their business and drive decision making in an entirely new way.

Sources: Descriptions and photos taken from Deloitte USA Real-time Airline Dashboard Video http://www.deloitte.com/assets/Dcom-UnitedStates/Local Assets/Multimedia/us_ba_Deloitte Analytics HIVE_Airlines Dashboard_01092013.wmv

Vail Ski Resorts' EpicMix app drives engagement and provides insightful analytics

A versatile and popular application

- Vail Resorts' EpicMix app offers skiers and riders a seamless way to digitally capture and share their mountain experience.
- The app available for iPhone and Androids was downloaded by more than 40,000 people in 2011 and contributed to 275,000 Facebook postings.
- The app allows customers to track their vertical feet skied, see live stats from the mountain, use their smartphone as lift tickets and to view their photos taken by resort photographers.

Customer engagement and data analytics

- The customer experience incorporates chat and photo sharing, and gamifies the mountain experience through integration of points, levels, and pins.
- The app provides true value to the customer and, in exchange, the data collected allows for insightful analytics.
- Data on the runs/ticket, lift usage and how these behaviours change based on weather or holidays, provide deep insight for targeting customers and optimizing Vail's product and service strategies.

Social media and beyond

- In addition to the EpicMix app, Vail also drives customer engagement through its Facebook, Twitter, and Instagram sites. Vail's main web site also includes videos, live webcam feeds, images and a company blog.
- Announced in 2013, the next generation EpicMix app will be EpicMix Academy, which will allow ski school students of all ages to earn digital pins for completing certain skills or classes and track their progress.



Vail Resorts' EpicMix app offers skiers and riders a seamless way to digitally capture and share their mountain experience

Sources: http://news.vailresorts.com/article_display.cfm?article_id=1181
<http://www.digitalbuzzblog.com/vail-resorts-epicmix-photo-rfid-2011/>
<http://www.enterprisemobilehub.com/blogs/pcalento/ski-resorts-rfid-lift-tickets-and-enterp>
<http://www.forbes.com/sites/christophersteiner/2012/12/03/the-top-10-ski-resorts-in-the-united-states-for-2013/2/>
<http://denver.cbslocal.com/2013/03/06/next-generation-of-epicmix-focuses-on-ski-school/>

G Adventures is leveraging crowdsourcing to build their brand and drive engagement



Crowdsourcing is the process of getting ideas, work or funding from a crowd of people. This concept is already being leveraged in the THL industry to build company brand image and drive customer engagement.

What is crowdsourcing?

- Crowdsourcing is the process of getting ideas, work or funding from a crowd of people. This concept is already being leveraged in the THL industry to build company brand image and drive customer engagement.

G Adventures is using crowdsourcing

- Travel company G Adventures in partnership with The Planeterra Foundation has launched a crowdsourcing campaign called 'G Project' to source ideas that will make a positive impact on the world, under the categories of freedom, beauty, knowledge and community.

- Top ideas are determined by a public vote with four finalists chosen by a panel of esteemed judges. The finalists then attend the "Summit in the Jungle" (Costa Rica) to give a "Dragons Den-type" pitch to three judges. The winner receives \$25,000 to make their idea a reality.

Implications for THL organizations:

- Crowdsourcing initiatives such as this build buzz around the organization, drive engagement across multiple digital media platforms, and can generate incredible amounts of brand awareness.

Sources: <http://dailycrowdsource.com/crowdsourcing-basics/what-is-crowdsourcing>
<http://www.thisisyourplanet.com/>

The social media channels of a company can be critical in a moment of crisis

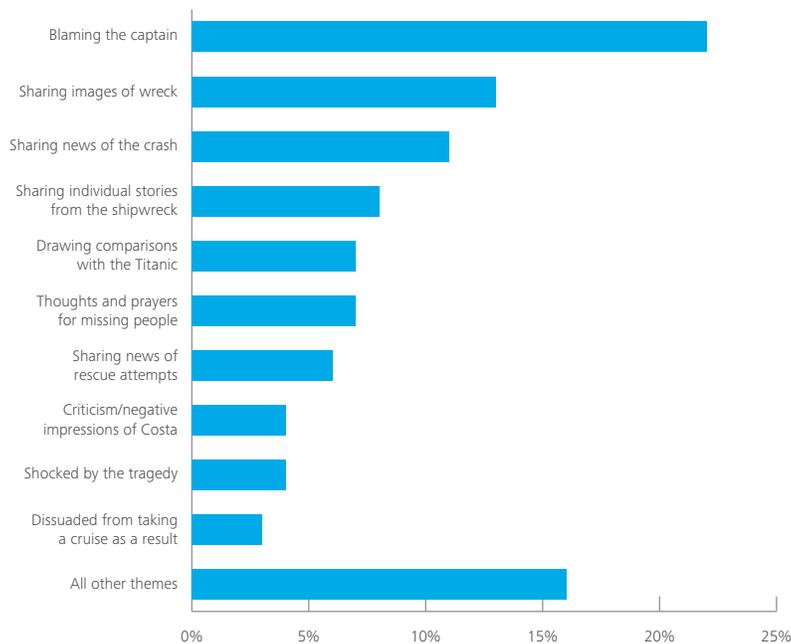
Social media is the direct interface of the company during a moment of crisis

- Costa Cruises (subsidiary of Carnival Corporation & plc) operates a corporate site along with Twitter, Facebook, YouTube and a company blog.
- The demise of Costa Concordia on January 13, 2012 resulted in the proliferation of conversations about the crash in the social media space, which amplified between January 13 to 16, 2012.
- For a 3-4 hour period on January 14, all Costa Cruises corporate sites were inaccessible and social media represented the sole direct interface with the company.

Implications for THL organizations

- Organizations must readily ensure a strong social media strategy in order to listen effectively to discussions, analyze trends and respond in an effective and timely manner.
- Coordinating consistent messages across all digital media platforms in an efficient manner is critical to keeping customers up-to-date and well-informed, especially in moments of crisis.

Focus of conversations around the Costa Cruises crash



Impact of crisis

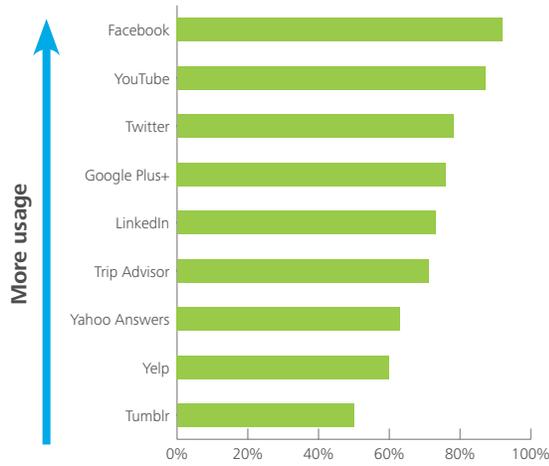


Sources:

Graph: <http://www.prmoment.com/904/costa-concordia-pr-disaster-and-how-it-hit-social-media.aspx>
<http://www.slideshare.net/Brendan/costa-concordia-digital-crisis-management-the-first-48-hours>
<http://business.time.com/2012/03/08/in-the-wake-of-the-costa-concordia-tragedy-cruise-prices-drop-by-12/>
<http://m.theglobeandmail.com/globe-investor/dont-bet-on-smooth-sailing-for-norwegian/article7341640?service=mobile> (stats on share price)
<http://money.cnn.com/2013/02/13/investing/carnival-stock/index.html>
<http://www.thespec.com/living/travel/article/887634--rough-sailing-for-cruise-industry-after-concordia-disaster-carnival-triumph-ordeal>

Facebook, YouTube and Twitter are the most regularly used digital media tools for Canadian travellers

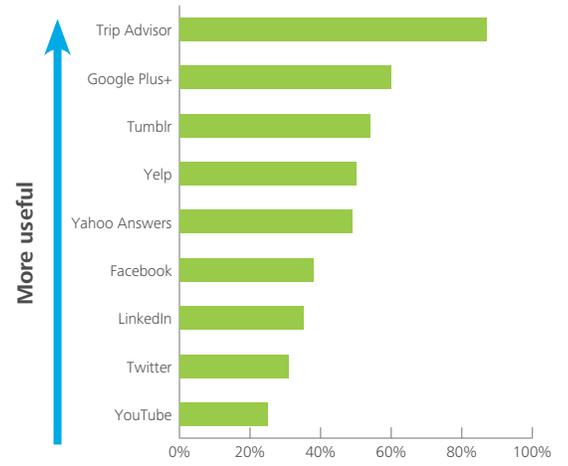
Which of the digital media tools do you use regularly for your travel experience?



Source: Ipsos

Canadian travellers use Facebook, YouTube and Twitter most regularly in their travels.

Which of the digital media tools do you find to be the most useful for your travel experience?

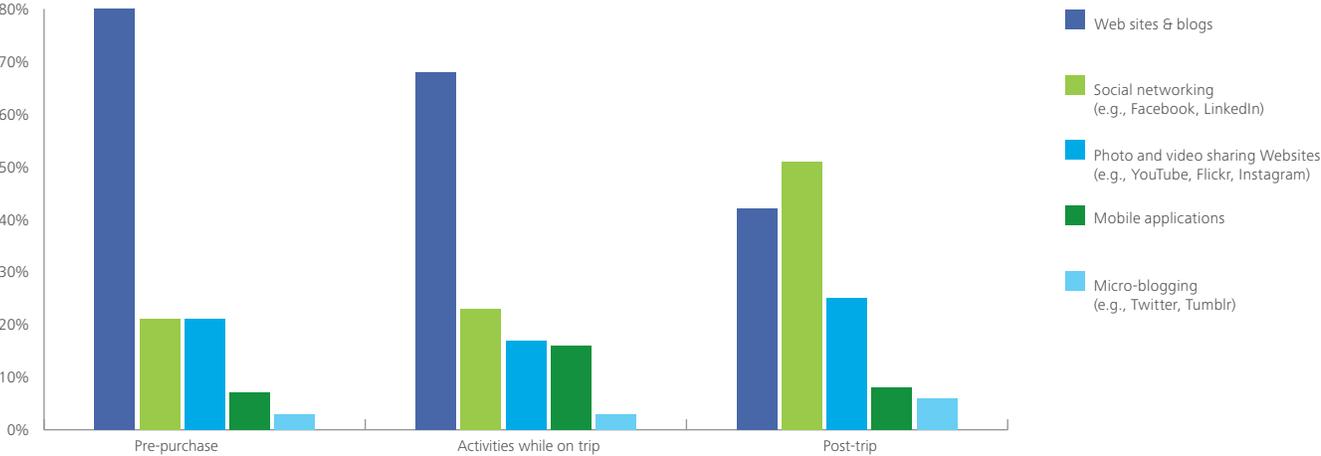


Source: Ipsos

Canadian travellers find TripAdvisor, Google Plus+ and Tumblr to be the most useful in their travels.

Web sites and blogs are most often used after a trip

Which digital media tools do you use during the various phases of your vacation travel experience?



Source: Ipsos

Note: Pre-purchase includes reading reviews and researching destinations. Activities while on a trip include determining which attractions or restaurants to visit in the area. Post-trip includes posting pictures and writing reviews.



Canada's
Anti-Spam Legislation
& the impact
on the THL industry

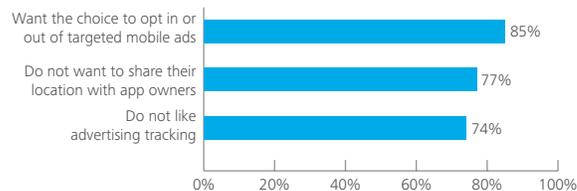
Privacy concerns limit consumer usage of applications and web sites, a key growth channel for many THL organizations

About Canada's Anti-Spam Legislation (CASL)

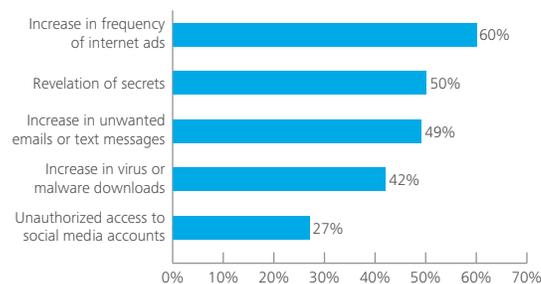
- Industry Canada passed Bill C-28 – Fighting Against Internet and Wireless Spam Act into law in December 2010, also known as Canada's Anti-Spam Law (CASL). It is expected to come into full force in 2014, one year after Industry Canada finalizes the regulations.
- According to a recent Deloitte poll, only 13% of organizations say they understand CASL requirements and have begun to apply them to their businesses.
- CASL will be the toughest anti-spam law in the world and is much tougher than its U.S. counterpart – CANSPAM.
- Texts, tweets, Facebook posts and emails will all fall under its purview.
- In fact, CASL and its regulations will apply to any electronic message sent in connection with a 'commercial activity', even if it is sent without the expectation of making a profit.
- Simply encouraging participation in a commercial activity is enough to potentially get caught by this Act.

Canadians want control of their privacy¹

Number of respondents



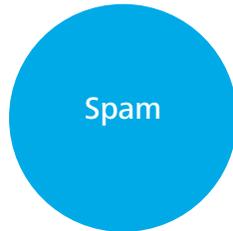
Consumers fear the consequences of using unsecured web sites²



Sources: Deloitte publication, *Managing the message*, December 2012
(1) Canadian Marketing Association, April 2011 (2) Deloitte Social Media Marketing Challenges Market Intelligence, May 2011

Industry Canada passed Bill C-28 – Fighting Against Internet and Wireless Spam Act into law in December 2010, also known as Canada's Anti-Spam Law (CASL). It is expected to come into full force in 2014, one year after Industry Canada finalizes the regulations.

CASL has strict rules in three specific areas with serious penalties for non-compliance



Includes unsolicited commercial emails, including false, misleading or deceptive subject lines and headers



Includes the installation of computer programs on another's computer



Includes harvesting, phishing and pharming of email addresses

Enforcement and risks

The Canadian Radio-Television Telecommunications Commission (CRTC), the Privacy Commissioner of Canada, and the Competition Bureau will all play a role in enforcing CASL. In addition to sharing information among themselves, these agencies can coordinate with foreign jurisdictions to pursue violators.

Organizations that do not comply risk serious penalties

- Up to **\$10 million per violation** for corporations
- **Criminal charges** for organizations that make false or misleading representations regarding the sender or subject of a commercial electronic message (CEM)
- **Civil charges** enabling businesses and consumers to seek damages of \$200 per violation, to a maximum of \$1 million per day
- **Personal liability** for company officers and directors who knowingly infringe the law
- **Vicarious liability** for companies whose staff do not comply
- **Investigation** of spam messages, which recipients can send to a Government of Canada reporting centre. Activities related to phishing, email harvesting and the use of spyware/malware will also be investigated

According to a recent Deloitte poll, only 22% of organizations have a customer relationship management (CRM) system equipped to handle CASL.

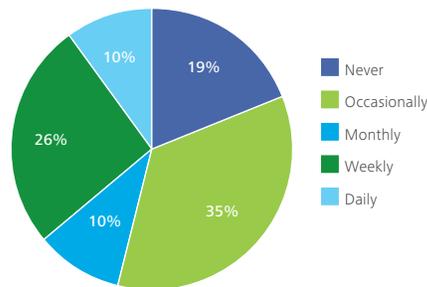
Over 80% of Canadians say they receive unsolicited communications from THL organizations with some frequency

Considerations for THL organizations:

While digital media is increasingly critical to the success of THL organizations, industry professionals should actively consider the following in an effort to ensure compliance with CASL.

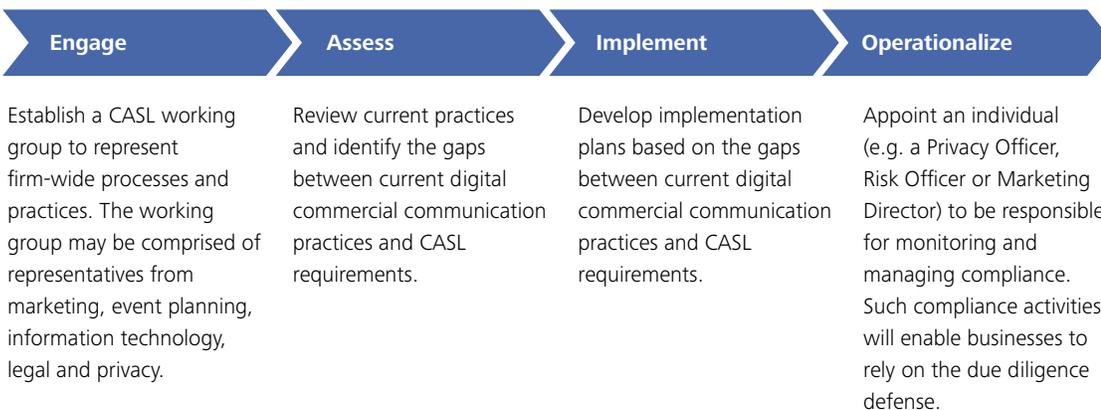
- One year:** Once CASL is enforced, THL organizations will have one year to ensure compliance.
- Consent:** The general rule is that businesses must obtain express or implied consent from recipients before sending a commercial electronic message.
- Third-parties:** In ensuring compliance, organizations need to consider their affiliations and communications with and through third parties and customer data acquired through third parties.
- Mobile:** Compliance to CASL is more difficult with mobile than it is through email communications.
- Preparation:** Organizations that take proactive measures to ensure compliance to CASL will be in better position to succeed. The CASL readiness roadmap outlined below can help businesses get started.

How often do you receive unsolicited communications from THL organizations?



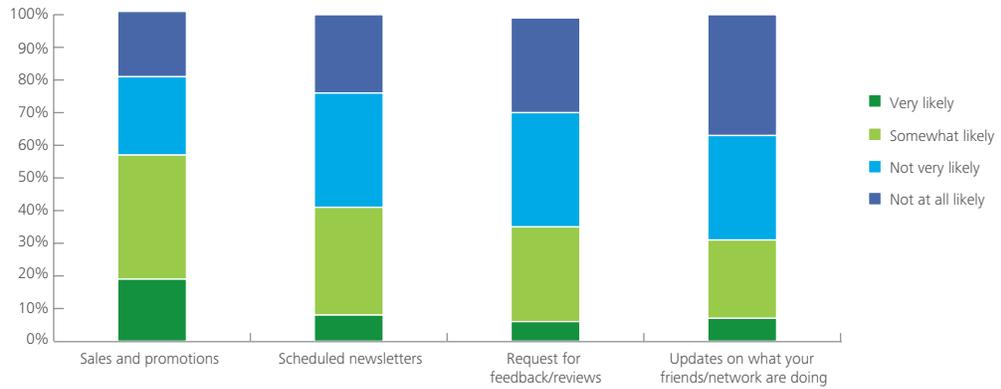
Source: Ipsos

- Over half of Canadians say they receive unsolicited communications from THL organizations at least once a month
- 10% of Canadians say they receive unsolicited communications from THL organizations on a daily basis.



Canadians are most likely to welcome sales and promotional communications from THL organizations

How likely are you to welcome communication from THL organizations for the following?



Source: Ipsos

- **More than half of Canadians** are very likely to welcome sales and promotional communications from THL organizations
- **Almost 60% of Canadians** are not very likely or not likely at all to welcome scheduled newsletters
- **Only a third of Canadians** welcome updates from THL organizations on what their friends/network are doing

THL companies are starting to get ready for CASL

- A travel agency client is 'refreshing' customer consent prior to when CASL comes into force to ensure the agency has express permission to continue to send emails and other marketing information through digital channels (e.g., Facebook blasts, Twitter campaigns).
- Since it will be an offence under CASL when it is in force to send an email to a prospective client asking for his or her permission to send them marketing materials, an airline is embarking now on a 'refer a friend' program. Other companies are buying more prospect lists in 2013 to try and increase their current customer base before CASL is in force.
- A hotel company is reviewing its partnership agreements (e.g., contracts) with its third parties to ensure it can continue to exchange guest information in compliance with CASL and continue to participate in joint marketing initiatives through email and social media.
- A travel tour operator is conducting a comprehensive review of its unsubscribe language for customers who receive e-newsletters to ensure they can easily opt out of receiving these newsletters through their mobile devices if they choose.

"Many THL companies use email and other digital channels to communicate with customers. But no one wants a \$10 million fine under the Act or to be seen as a spammer. Taking time to understand CASL's basic requirements now is worth the effort. Additionally, some THL clients have told us that their CASL compliance efforts have had unexpected benefits, such as being able to clean up customer and prospect lists, or receiving funding for CRM system enhancements, or accelerating the implementation of a digital marketing campaign to test drive customer sentiment around certain products before CASL is in force."

Miyo Yamashita,

Partner, Enterprise Risk Services and
Consumer Business Toronto Leader

Destination profile

Iceland



Overview: Iceland

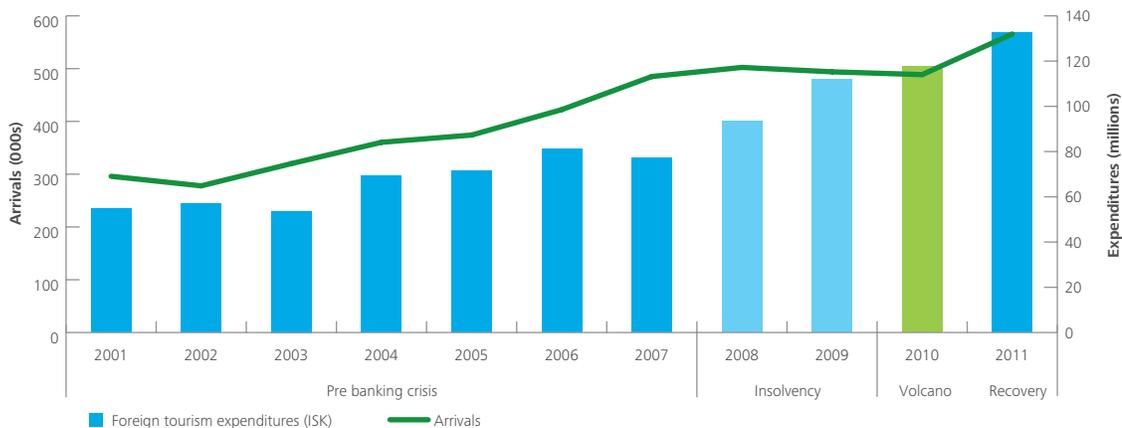
- A banking collapse followed by a volcanic eruption brought the ire of mainlanders on both sides of the Atlantic; however, the resourceful Icelandic people have turned a series of bad news stories into raised awareness of Iceland as a unique and pristine travel destination.
- Those looking for more information about the Nordic island would likely stumble across a charming social media campaign and stunningly beautiful landscapes.
- In 2000, the annual number of visitors exceeded the total resident population for the first time. Since then, tourism has grown by about 7% on average each year.
- In the last ten years, visits and foreign tourism consumption have jumped 142% spurring the development of a sophisticated tourism industry.
- With the help of Icelandair (who recently recorded a 2012 profit increase of 22%) the Keflavik airport welcomed 647,000 visitors in 2012, up 20% from 2011.

Iceland facts

- **Population:** 321,857 (Feb 2013 estimate)
- **Capital:** Reykjavik (the Greater Reykjavik Area in the south-west accounts for almost two-thirds of the country's population)
- **Governance:** The world's oldest parliamentary democracy (established by the Vikings)
- Island's climate is surprisingly temperate given its northern latitude
 - Average summer temperatures: 10°C to 13°C (rise as high as 20°C to 25°C)
 - Average winter temperatures range from 0°C in the lowlands to -10°C in the highlands

Performance highlights

- 2012 Arrivals by air and sea: 672,000 (+18.8% YOY)
- Overnight stays for Q1 2013 are up 25.7%, compared to Q1 2012
- Ranked 9th in Europe and 16th overall in the Travel & Tourism Competitiveness Index conducted by the World Economic Forum in 2013
- Ranked 1st for *attitude of population toward foreign visitors* and 5th for *quality of the natural environment* in the Travel & Tourism Competitiveness Index conducted by the World Economic Forum in 2013
- Offers 9,863 rooms in 343 hotels and guesthouses; Increased its hotel supply by 5.2% and occupancy rate by 4.5% in 2011
- 2012 winner of Best in Travel Readers Choice Award for country and capital city

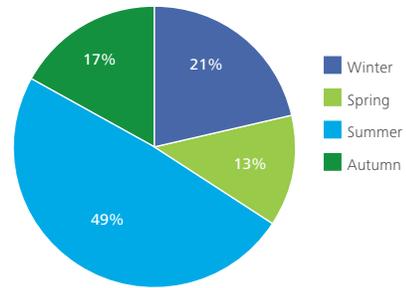


Sources: World Economic Forum – Travel and Tourism Competitive Index; Statistics Iceland; Icelandic Tourist Board; Keflavik Airport Statistics (<http://www.kefairport.is/English/Shortcuts/Statistics/Passengers-Statistics/2012/>)

Marketing

- Following the 2010 volcanic eruption, the tourism marketing campaign Inspired by Iceland won the 2011 gold at the European Effie marketing communications awards for delivering the best results from social media.
- The campaign, known for its high participation rates from both Icelandic people and foreigners, continues to this day and recently completed an initiative in 2012 calling on people to rename Iceland to better represent what it meant to them.
- In three weeks, more than 10,000 people responded with suggestions that included Lavaland, Puffinland, Wonderland and the Promised Land with selected 'short list winners' earning trips to visit Iceland.

Proportion of visits by season



Marketing winter

With winter comes shorter darker days, but the Icelandic Tourism Board is seeking to glamorize the shorter days as an excuse to relax in the healthy thermal baths and explore the many cultural aspects of Iceland that are often overlooked during the summer season.

Business travel

To help smooth the distribution of travellers throughout the year, corporate travel is also being targeted by 'Meet in Reykjavik', the official convention bureau for the capital region.

The slogan *Meet in the middle* has been adopted to draw attention to the fact that Iceland is conveniently located for cross-Atlantic meetings, with five hour flights from eastern North American cities and three hours from Central Europe.

May – December 2010 campaign impact



At a cost of £2m, the campaign generated incremental economic benefits to the Icelandic economy of £127.4m and increased visitor numbers 27% against forecasts.

Culinary/entertainment tourism

Known for its welcoming people and authentic community feel, several innovative marketing campaigns have emerged to bring greater attention to Iceland's culinary heritage and arts and music scene.

Most recently *The Largest Supper Club in the World* was promoted as part of Reykjavik's Food & Fun Festival which joins a number of entertaining campaigns including a roving mobile restaurant that hosted dinner parties at dramatic sites around the country, and an open-house experience in which the country's president encouraged locals to open up their homes and give tourists an authentic Icelandic meal and welcome.

Sources: European Effie Awards
<http://pursuitist.com/iceland-hosts-the-worlds-largest-supper-club/>
<http://www.icenews.is/2011/04/06/short-winter-days-could-become-an-iceland-marketing-tool/>
<http://www.cnn.com/2012/12/21/travel/iceland-business>

Tourism marketing success

Iceland's presence across several social media platforms is the charming voice of a young island in the middle of the North Atlantic who simply wants to be a good friend. The project, created by social media agency Takk Takk on behalf of the Icelandic Tourist Board, puts a great deal of effort into crafting each response to maintain the unique voice and develop a connection with every conversation

The project recognizes that each social media tool has its own strengths and weaknesses. For example, Facebook has been a great way to find people already interested in Iceland while Tumblr has been a powerful way to connect with young people who may not be as familiar with Iceland but are more comfortable expressing themselves on the internet.

The Tourism Board recognizes the importance of good digital content but production is purposely low-fi and specifically designed to not feel like typical tourist advertising. Often, the Tourism Board is just as successful in curating excellent content from other visitors, saving the organization the cost of producing expensive promotional videos.



Posted on 15 August 2012 by
your friend, Iceland
0 Comments
61 notes

hello, Iceland! I just thought I'd let you know that today I was feeling quite sad, but I came to your blog and you cheered me right up. thank you for running such a wonderful blog.

- lumberjackbeards-deactivated201

Here is my reply:

Thank you. I will always be here for you (in the middle of the ocean!).

Would you like to write to me, too? You can.



Iceland is having a bit of a volcanic eruption at the moment. My airports have been closed, and many of my people have been evacuated, but nobody is hurt. Everything is going to be alright.



Rachel Nagy Dear Iceland, I really like being your fan, because you crack me up! :) I enjoy reading your emails, and think you are cool and fascinating, especially because I am an undergraduate student of geology! You have all kinds of cool volcano stuff and geology going on...

Yesterday at 00:39 · Like · Comment



Halló Rachel. I am sorry that I crack you up. I do not mean to do this. (And I know what that feels like to crack up. Just look at my pingvellir: <http://goo.gl/P1z9a>) It is true that I have lots of geo-logy for you to study. You can even come and stay with me for a while to do that, like my friend Hayley. <http://goo.gl/fXxqc> -- See you soon.

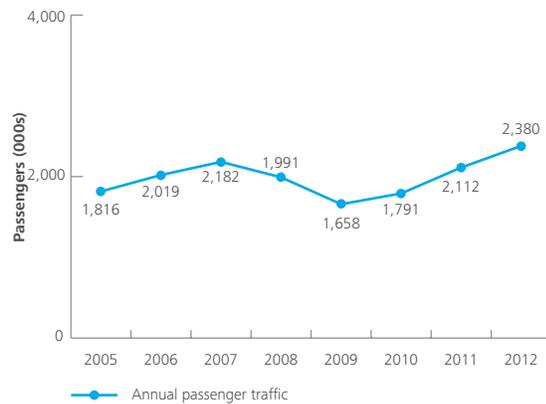
18 hours ago · Like · 1 person

Iceland wants to be your friend!

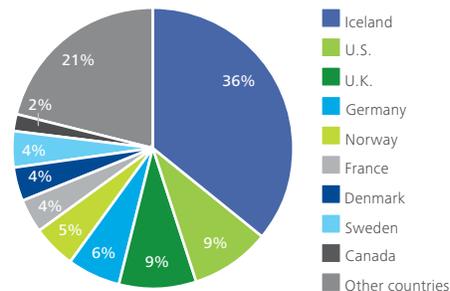
Source: Takk Takk

Access

Annual passenger total through Keflavik International Airport



Airline passengers by country of origin



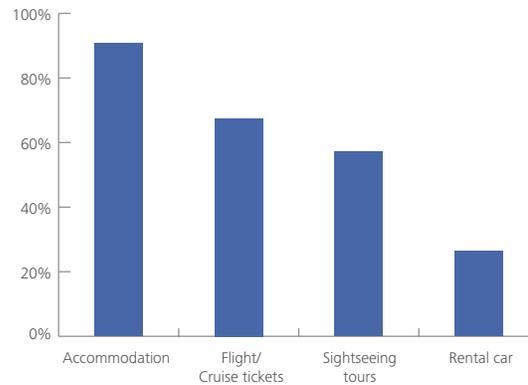
Sources: <http://www.cnn.com/2012/12/14/travel/iceland-tourism-grimsson> – CNN story quoted
<http://www.businesswire.com/news/home/20121017006019/en/Record-Traffic-Continues-Iceland-Tourism>
http://www.icelandreview.com/icelandreview/daily_news/Iceland%E2%80%99s_Wow_Air_Sets_Its_Sights_on_US_Market_0_398600.news.aspx
 Keflavik Airport Statistics
<http://www.kefairport.is/English/Shortcuts/Statistics/Passengers-Statistics/2012/>
 Icelandic Tourist Board

- Due to its low population density, Iceland is ranked highly by the World Economic Forum for its tourism infrastructure, with high rankings in airport density, presence of major car rental companies and hotel rooms per capita.
- Iceland's main international carriers Icelandair and Wow Air operate out of Keflavik International Airport (about 50km southwest of Reykjavik) while SAS, Norwegian, Easyjet and Primera Air also offer scheduled flights year-round. More flights are offered during the summer months by Lufthansa, German Wings, and Delta Airlines among others.
- Icelandair announced a 15% increase in flights for 2012 including new destinations in the outdoors-loving markets of Anchorage and Denver.
- Wow Air, after acquiring Iceland Express, offers discount fares from Europe but plans to expand into the U.S. in 2014.
- The Reykjavik Domestic Airport cannot support the same number of large aircraft as Keflavik but is the hub for flying within Iceland to many of the main towns as well as to Greenland and the Faroe Islands.
- Roads in the south-west are well-maintained, however many of the mountain roads and interior of Iceland are impassable in the winter and require 4-wheel drive. Bus service can be inconvenient and lengthy to reach destinations around the country.
- In a summer 2011 internet survey by the Icelandic Tourist Board, 46% of international visitors rented a car to travel, 37% took regular bus routes and 36% took organised tour routes.
- By sea, there is a ferry which operates between Denmark and eastern Seyðisfjörður. It's popularity has fallen 19% to 12,505 visitors in 2011 (from 15,356 in 2007).
- Cruise ship passengers to Iceland have increased from 27,000 passengers in 2000 to approximately 66,000 in 2011, growing approximately 9.3% per year. 95% of vessels that visit Iceland berth in Reykjavik.

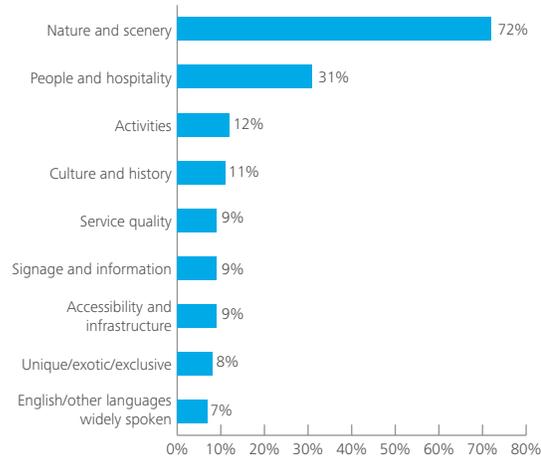
Product

- In an effort to maintain consistently high service and environmental standards, the VAKINN quality assurance organization was introduced by the Icelandic Tourist Board in 2012 as a service for the tourism industry. Only tourism operators meeting the VAKINN'S comprehensive assessment criteria will earn the right to carry Iceland's official quality label. An accommodation rating system already in place will be replaced by the new system in 2013.
- Iceland's off the beaten path credentials continue to be a major draw for hikers and outdoor enthusiasts, while also attracting international tourists with niche offerings such as horseback riding tours, helicopter and heli-skiing tours, and bicycle and motorbike tours.
- Nature and scenery is considered Iceland's top strength by international travellers, but many arts and music festivals including Design March, Reykjavik Fashion Festival, Reykjavik Art Festival, LÓKAL theatre festival, as well as international film and literary festivals are attracting more cultural travellers.
- Iceland has been considered good value for money since its currency devaluation, but as the country's economy recovers the tourism product becomes less affordable. From 2011 to 2013, Iceland dropped 40 places on the WEF's Travel and Tourism Competitiveness Report to a 121st ranking for price competitiveness.
- Visitors generally paid ISK 90,055 (USD \$774) for their air fare/cruise ship ticket. Those on package tours commonly paid \$2,134 for the trip. Packages often included accommodation (90.7%), flight/cruise ship tickets (67.5%), sightseeing tours (57.2%), and a rental car (26.4%).

Included in package tour (%)



What are Iceland's strengths in the tourism industry?



Methodology

Deloitte's Travel, Hospitality & Leisure team and the Tourism Industry Association of Canada (TIAC) research and identify key travel trends across the Canadian and global marketplaces.

In March 2013, we conducted an online survey, which polled 1,155 Canadians aged 18 to 65+, to gauge their insights on future travel trends.

The survey panel (travellers)

Gender		Geography	
Male	48%	Western Canada	26%
Female	52%	Ontario	33%
Age		Quebec	21%
18 – 24	6%	Atlantic Canada	6%
25 – 34	22%	Household income	
35 – 44	10%	Under \$50,000	22%
45 – 54	29%	\$50,000 – \$99,999	35%
55 – 64	22%	\$100,000 – \$149,999	20%
65+	11%	\$150,000 – \$199,999	4%
		\$200,000+	2%
		Undisclosed	17%
		Total respondents	
			1,155



Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte operates in Quebec as Deloitte s.e.n.c.r.l., a Quebec limited liability partnership.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte is the leading professional services firm providing solutions to the Travel, Hospitality & Leisure industry.



The Tourism Industry Association of Canada (TIAC) is the national private-sector advocate for Canada's \$66.9 billion tourism sector. It performs a unique and pivotal role in ensuring the Canadian business and policy environment works for tourism by communicating its importance to Canadians, advocating positive measures, and lobbying government for action.



Ipsos is a global survey-based market research company that provides a fresh perspective on issues and trends of the day. Owned and managed by research professionals, Ipsos conducts 10 million interviews a year, to serve more than 5,000 clients in more than 100 countries.

Founded in 1975, Ipsos is among the largest survey-based research firms in the world, with more than 8,000 employees in 60-plus countries world-wide. In North America, it has more than 1,700 research professionals and support staff located in 26 offices.