U.S. Outbound Leisure Travel Overview

Presented by
Ed McWilliams, Ph.D.
Snr. Vice President
D.K. Shifflet & Associates. Ltd.

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to

Canadian Chapter, TTRA

Kelowna, BC

US Leisure Travel to Canada
Presentation Outline

- Background & Methodology
- 4 Cs of US Travel Post 9-11
- Market Assessment
  - U.S. Visitor Volume
  - Destination Satisfaction & Value Ratings
- Targeting
  - U.S. Traveler Demographics
- Positioning
  - Party Composition
  - Stay Purpose
  - Activities
- Communicating
  - Visitor Origin Markets
- Where is the Market Headed?
  - Growth Segments

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DKS&A Company Overview

- Founded in 1982, DKS&A specializes in syndicated and custom market research in the travel and tourism industry.
- Our syndicated study *PERFORMANCE/Monitor*℠ is the largest, ongoing travel tracking study in the industry.
  - Mail out an average of 45,000 surveys monthly
    - Each survey collects the previous 3 months of travel behavior.
    - More than 70,000 traveling households respond to the survey each year. This results in more than 145,000 stays at destinations throughout the U.S.
  - Each returned survey is rebalanced to accurately represent the U.S. population
    - age, gender, income, education, number of adults, and state of residence
- New in 2005 - TIA Partnership for TravelScope & Great New Products!
- New in 2005 -Added Online Sample
  - Side Note-Only conducting studies online? -Better know your customer well!

DKS&A Client Types

- Hotels: 35+ Separate Chains
- Associations: TIA, AH&LA, IH&RA, DMAI
- Timeshare: Several Companies
- Destinations: 20+ States, 52+ CVBs
- Governments: U.S.A., Canada +
- Attractions: Major Theme Parks
- Credit Cards, Rental Cars, Airlines
- Financial: Accounting Firms, Wall Street

Definitions Used in this Presentation

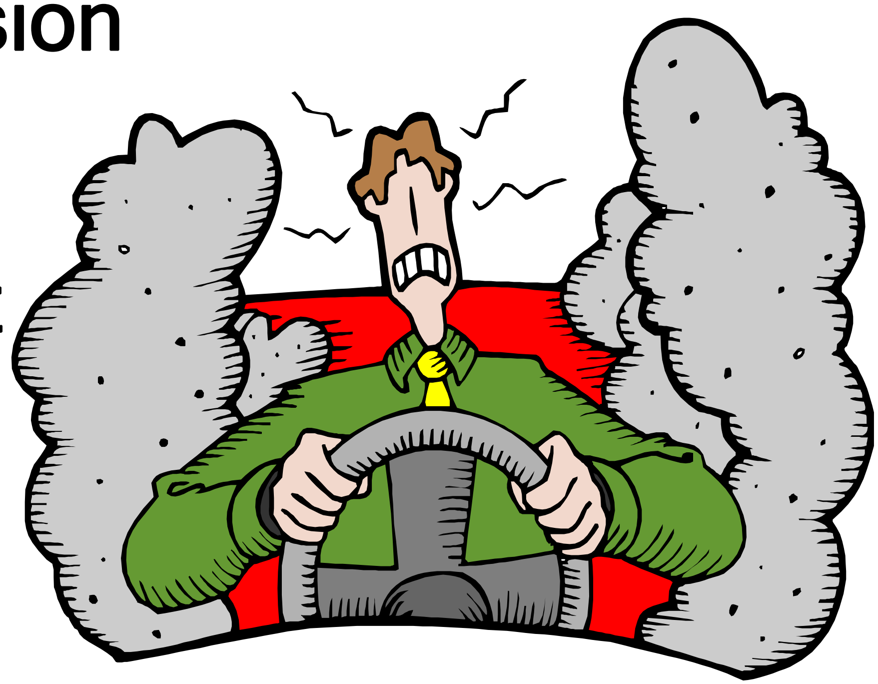
- TRIP:
  The basic unit of measurement of the DKS&A traveler database. A travel party leaving home to visit one or more destinations is one trip.
- PERSON-TRIP:
  Adds to TRIP the size of the travel party. A family of four visiting a destination is four-person trips.
- STAY:
  A travel party visits one or more destinations on a trip. Each Destination captures a Stay (day or overnight) from the travel party.
- PERSON-STAY:
  Adds to Stay the size of the travel party. A family of four visiting destinations A & B is four person stays for destination A and four person stays for Destination B for a total of 8 person stays.
- ROOM-NIGHTS:
  The room demand generated by a travel party staying in a hotel, motel, bed & breakfast, all-suite, and resort hotel. In this presentation we are excluding condo/timeshare ownership or rental, campgrounds, and second-home ownership or rental. A couple staying in a hotel for five nights is five room nights. For perspective, hotels and motels account for 95+% of all paid accommodations on a trip basis.

2000-2005

Six Years of Dramatic Social Changes

Three Major Consumer Shocks 2000-2005

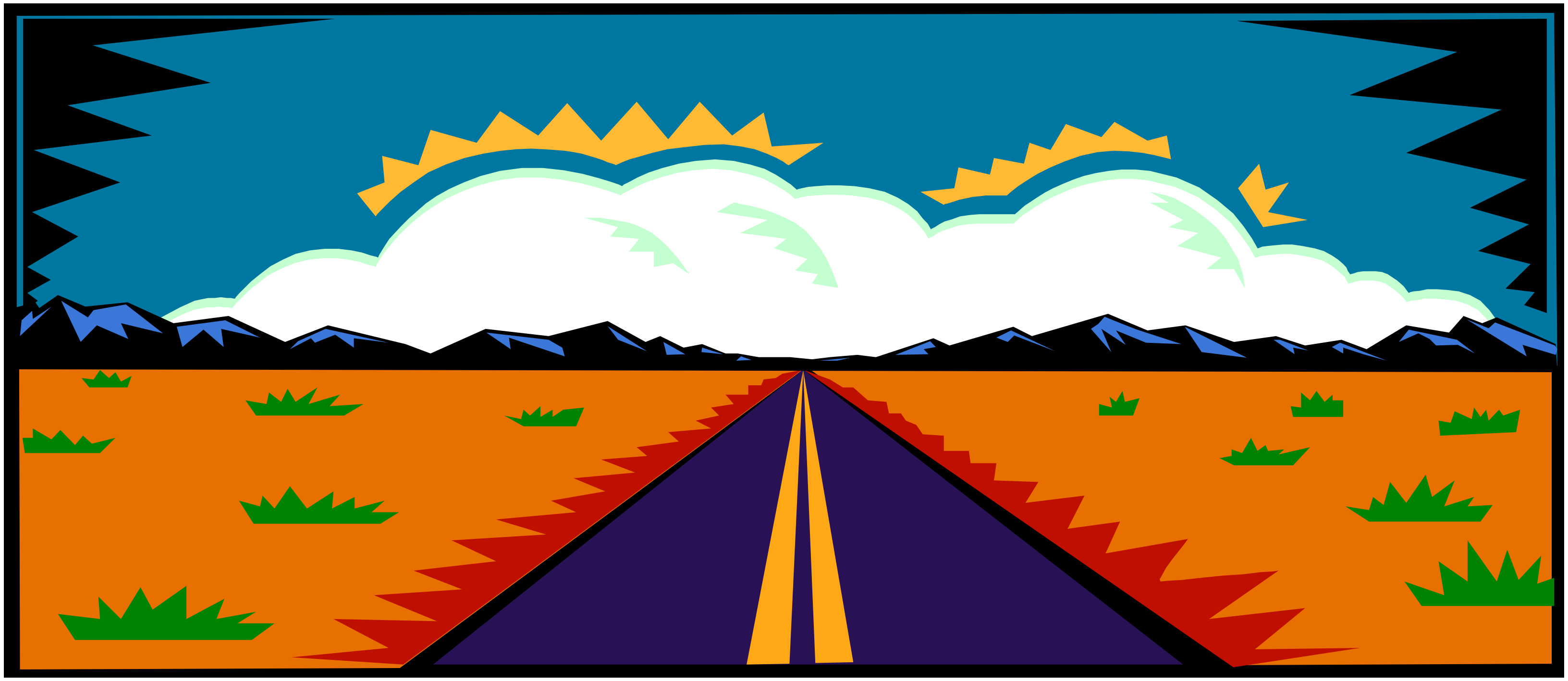
- National Recession
- 9-11
- 2005 Gulf Coast Hurricanes



The 4 C's of Travel Post 9-11

- Control
- Connection
- Cutting Costs
- Close to Home

Where are we now ?



Travel Intelligence: DKS&A Marketing Model

Market Assessment

How many visitors did Canada attract and what's their market share?

What were visitors' acceptability ratings of Canada?

Targeting

Who is Canada's visitor?

Positioning

How to better position Canada's travel products and services?

Communicating

Where to advertise and promote to attract travelers to Canada?

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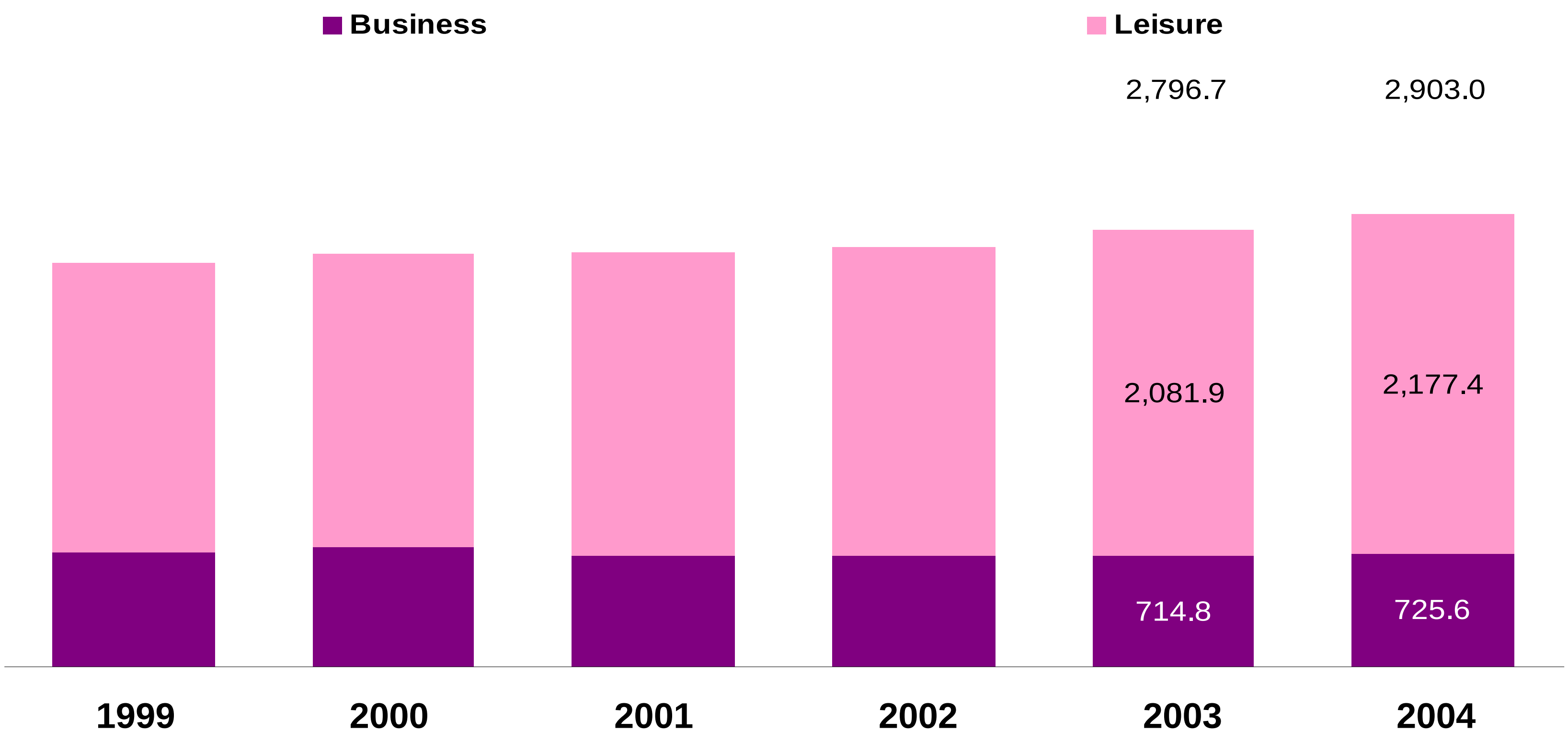
What is the size and scope of tourism nationally?

What are the trends?

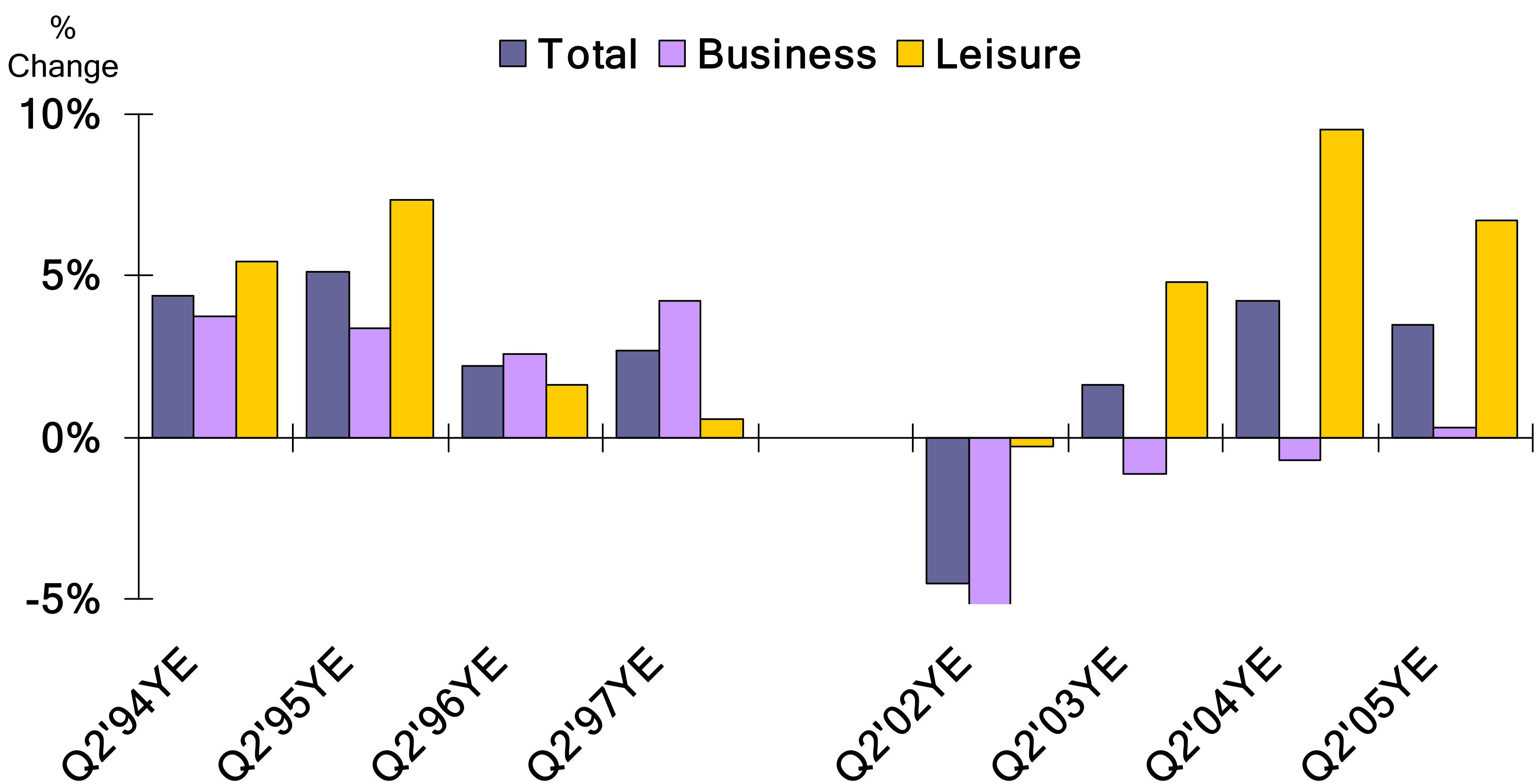
U.S. Person-Stays Volume: Business vs. Leisure
(1999-2004/millions)

U.S. residents visiting U.S. destinations produced a record 2.90 billion Person-Stays in 2004 (+3.8%). The leisure segment led this growth (4.6%). By comparison, the business segment grew only 1.5% in 2004. Leisure grew from 71% of all Person-Stays in 1992 to a record 75% in 2004.



In mid 90's Business and Total Industry Closely Matched- This Time Business Very Slow to Recover

HML Paid Room-Nights



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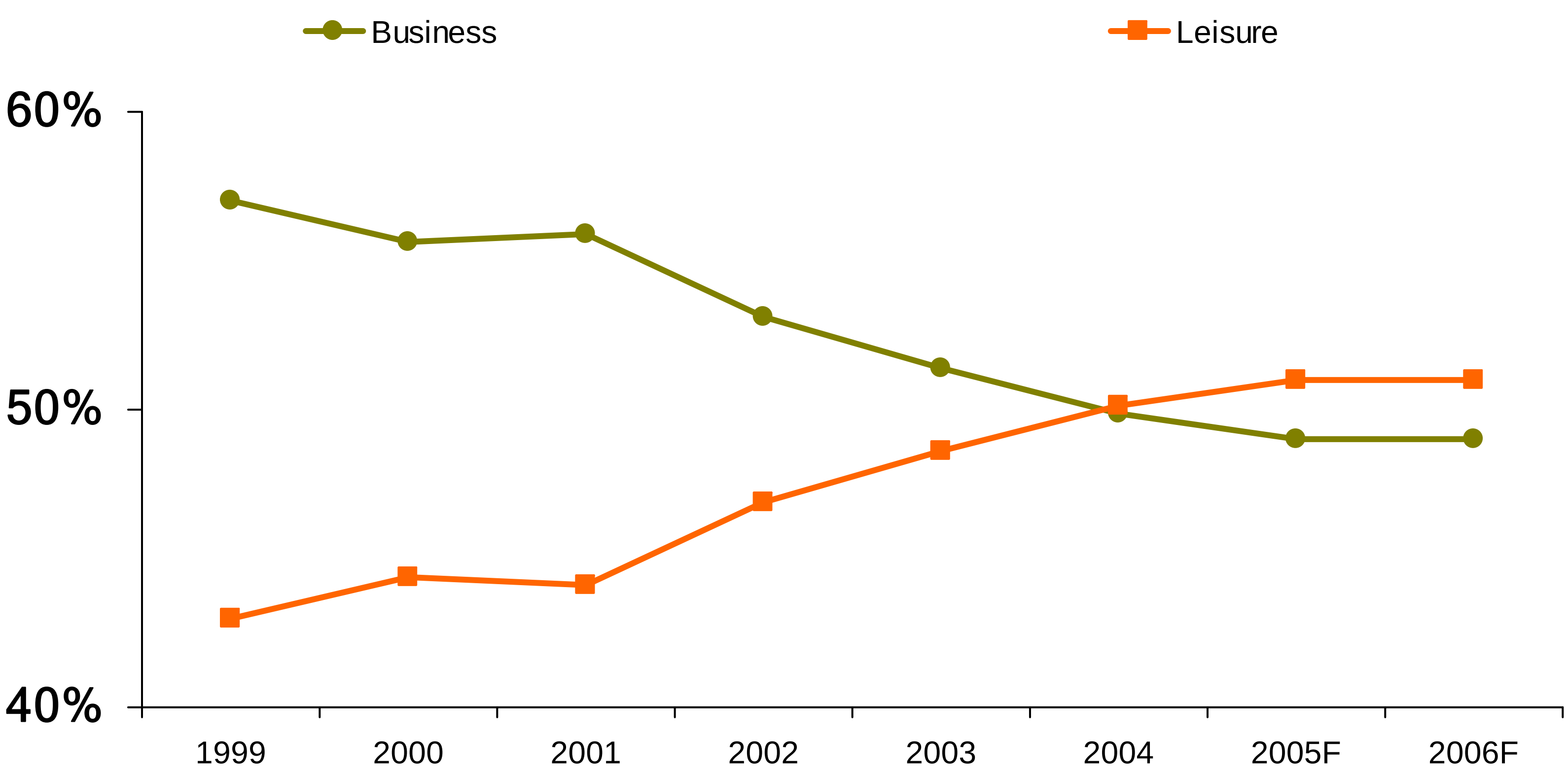
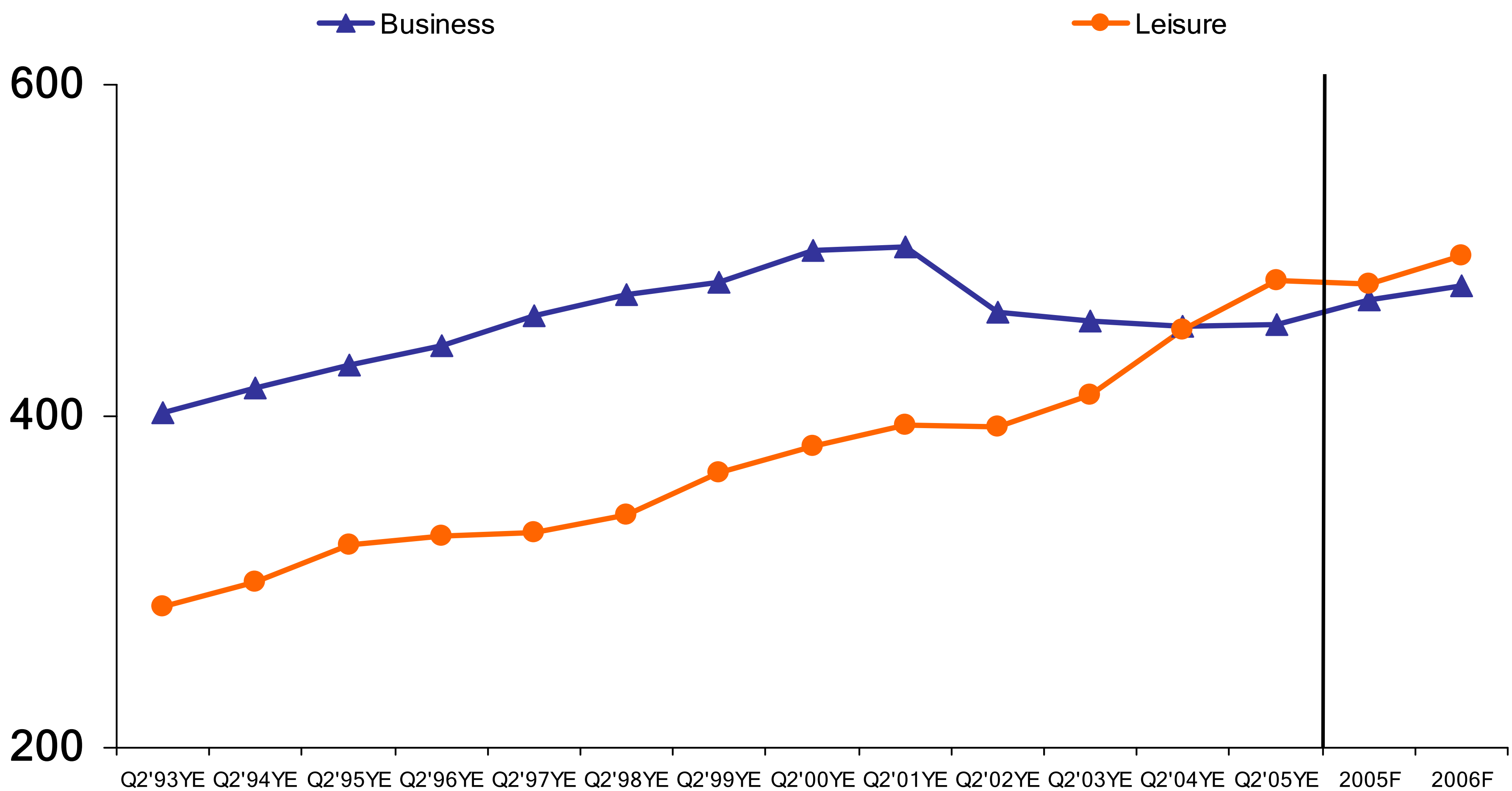
U.S. Domestic Room-Nights Volume: Business vs. Leisure

(1999-2006F/% of Paid Hotel Room-Nights)

In 2004, leisure room nights surpassed business room nights in share of total for the first time. How have you changed your marketing strategies in response?

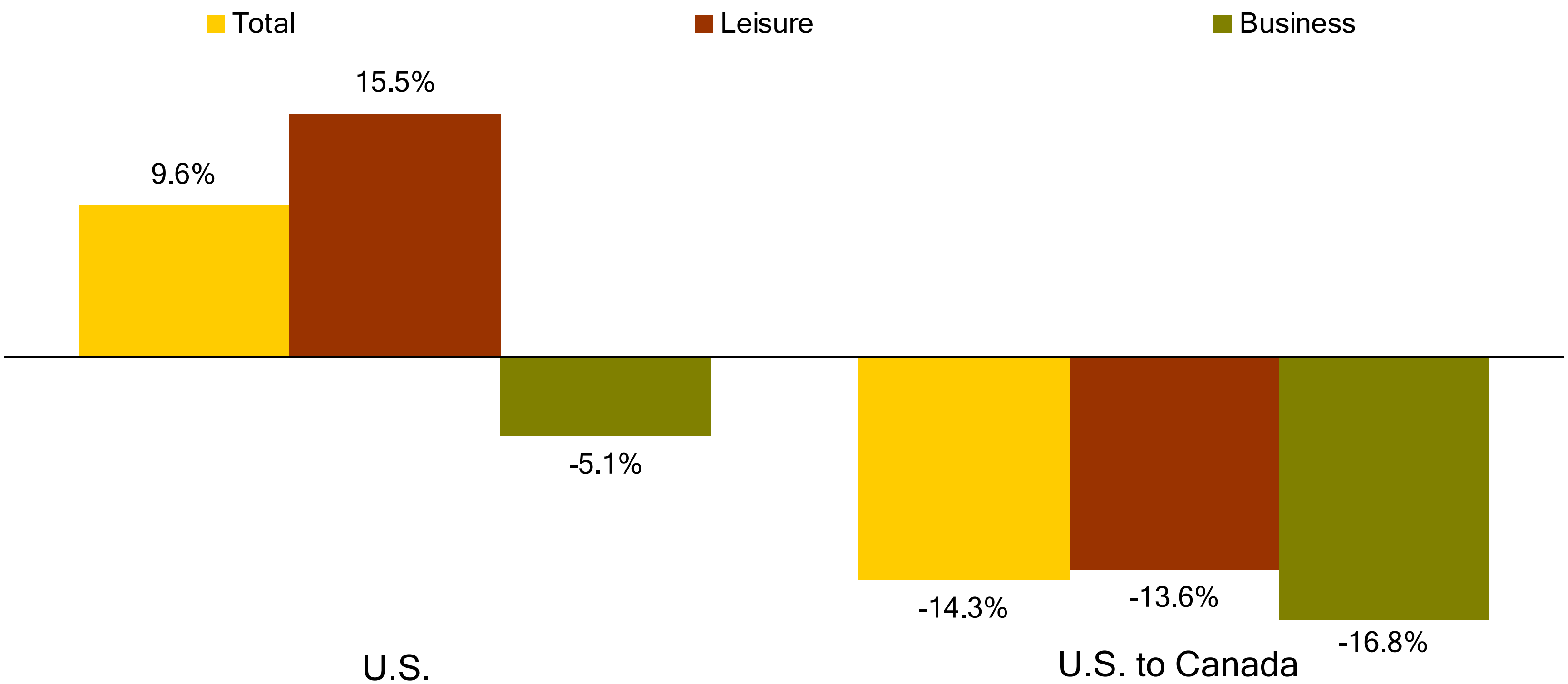


U.S. Leisure Nights Now Surpassing Business
(1993 - 2006F/ Millions of Total Paid Hotel Room-Nights)



Change in U.S. Travel Volume
(2000 vs. 2004/ % of Person-Stays by U.S. Residents)

- US Business Travel slow to recover-slower still to Canada
- US Leisure Travel led US industry Recovery
- US Leisure to Canada rose 01-02 then fell and remains depressed
- Canada net losses are significant.



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Leisure Guests

Now Provide The Most

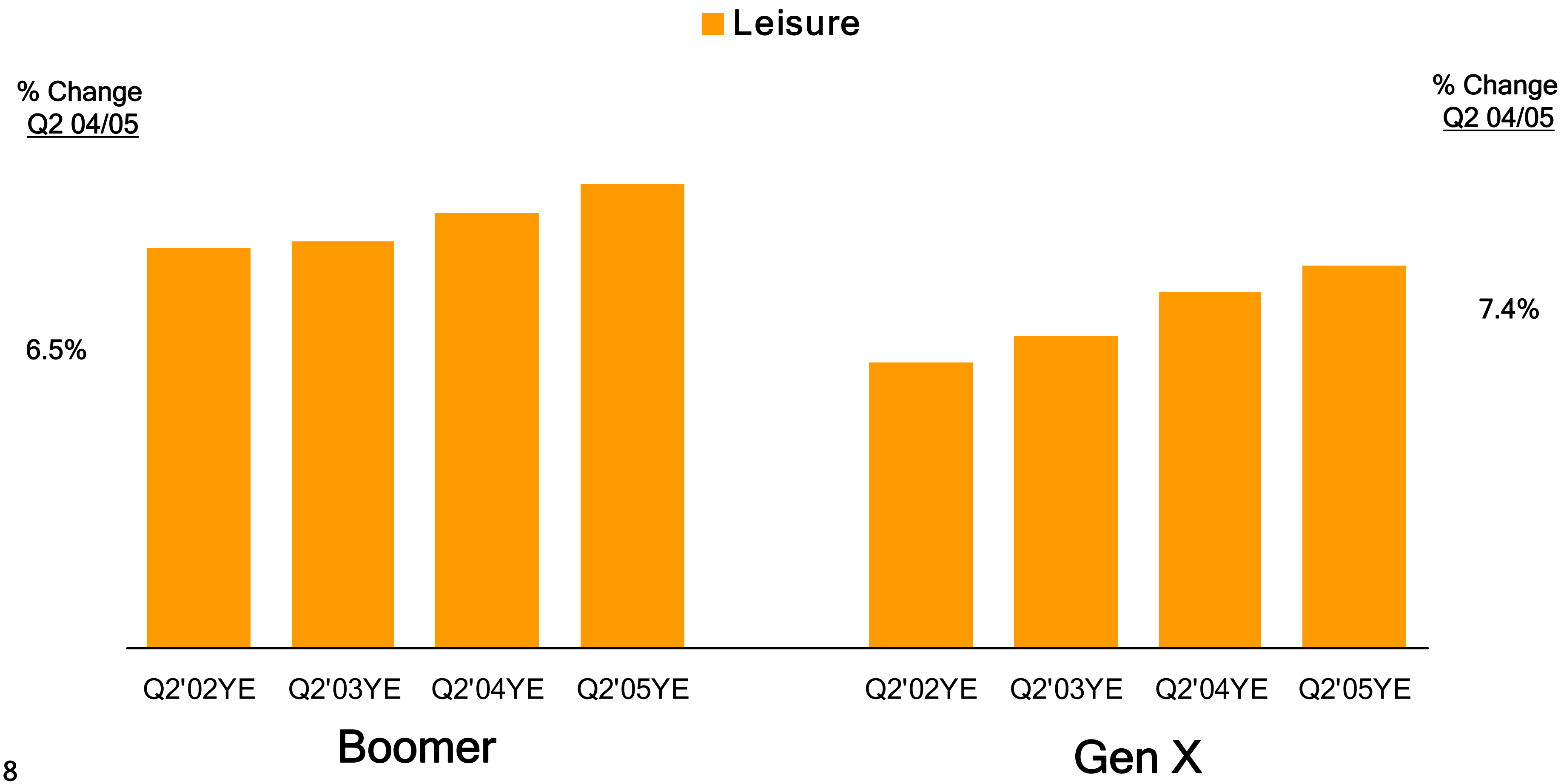
Industry Room-Nights.

Leisure Guests Are Changing

and Different

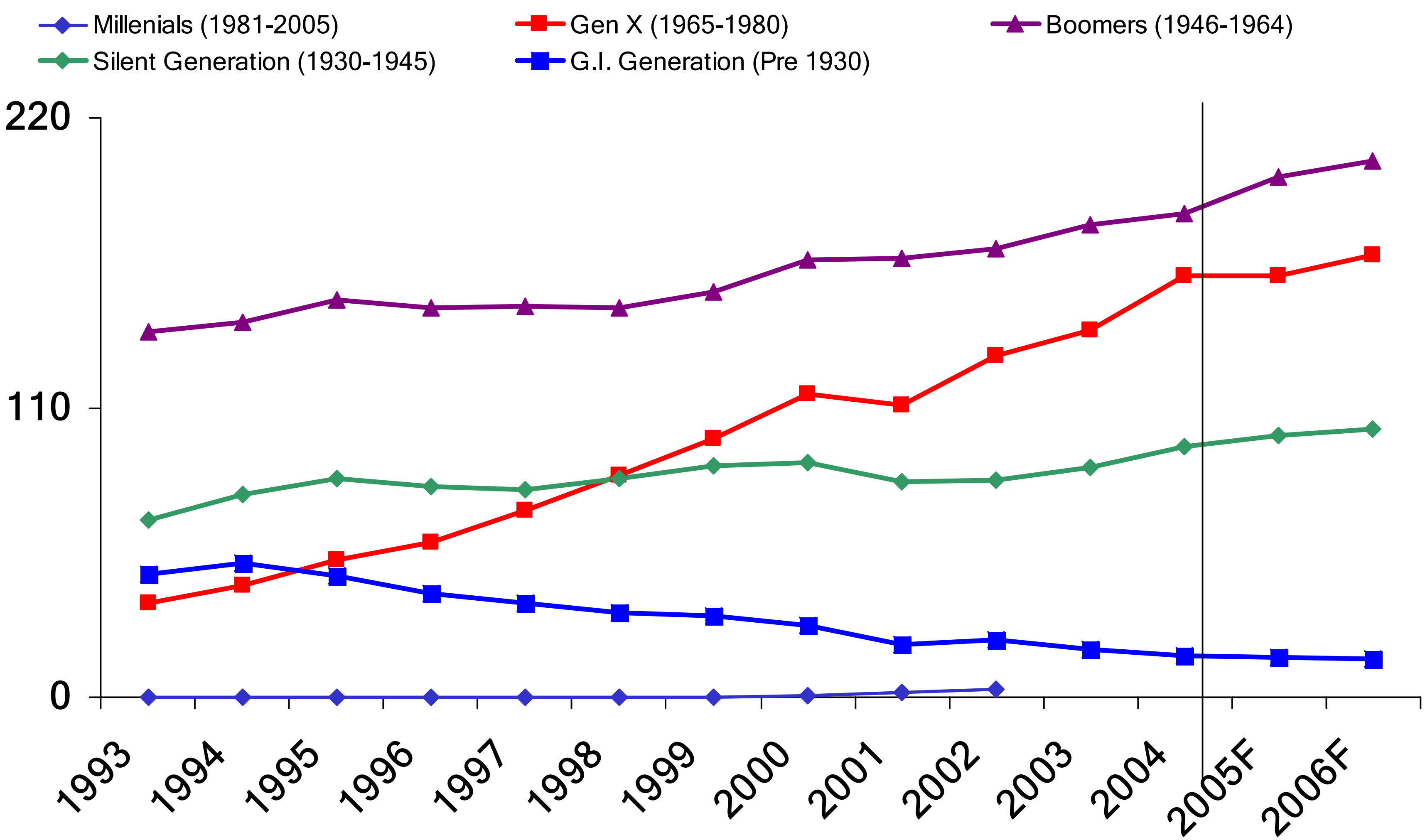
U.S. LEISURE: Gen X Driving Growth
(2002-2005/Millions of Paid Hotel Room-Nights)

Faster growth among Gen X results in volume gains.



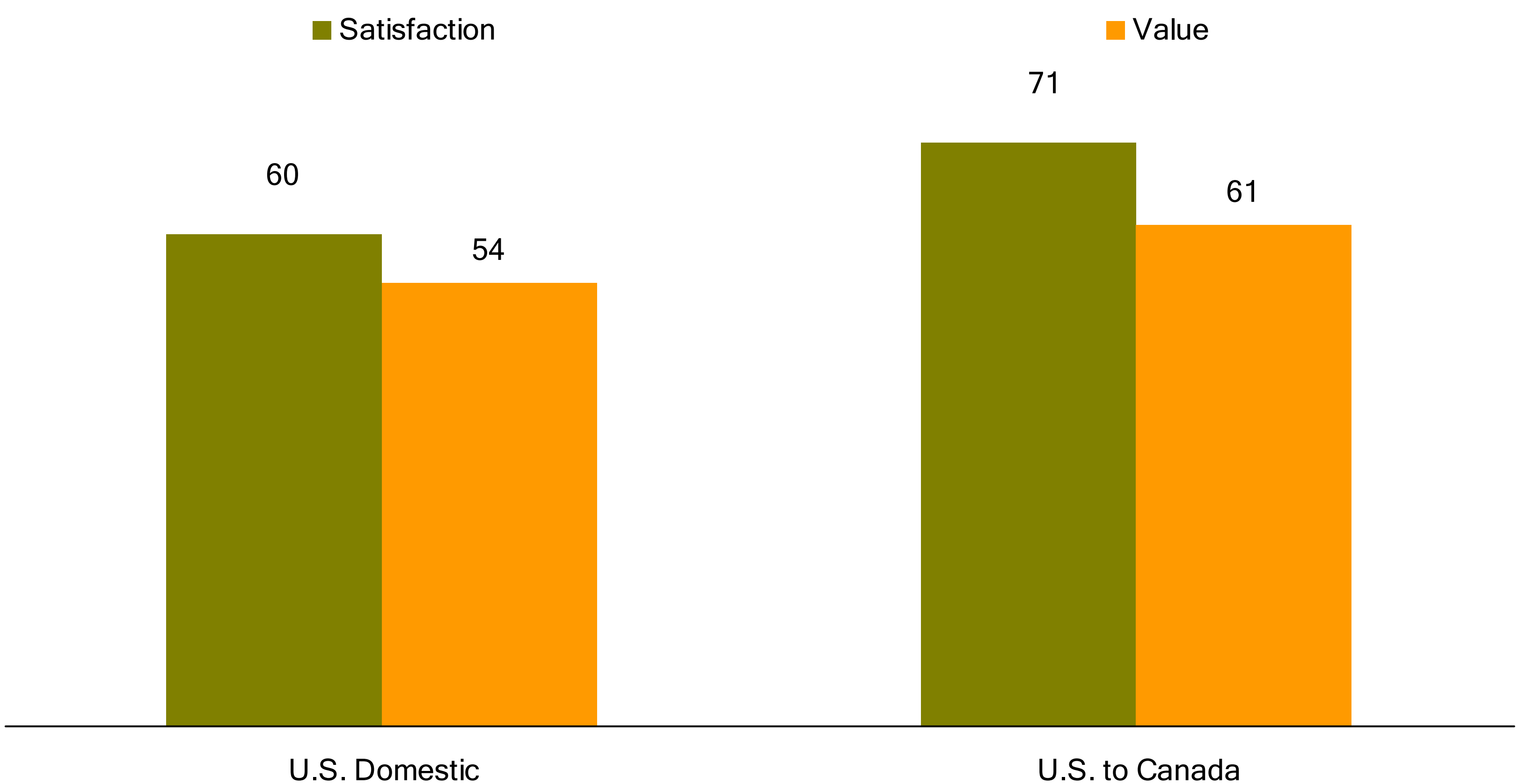
Gen X, Boomer Leisure on Rise

(1993-2006F/Millions of Total Leisure Paid Hotel Room-Nights)



Leisure Satisfaction & Value Excellent Ratings (8-10)
(2004/% of Leisure Person-Stays by U.S. Residents)

- US Visitors to Canada rate their Stays higher in Satisfaction and Value than their Stays in the US.



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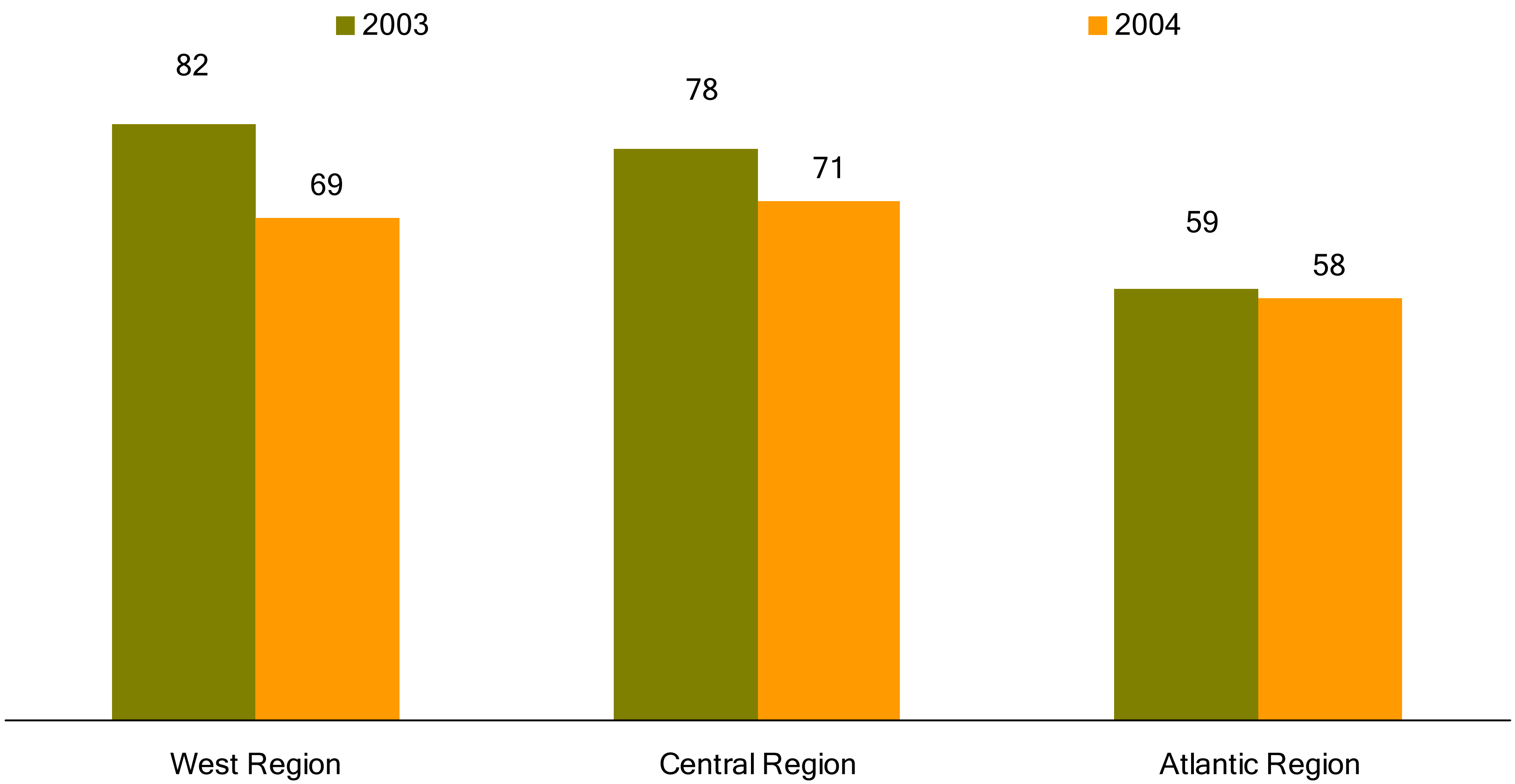
Canada's Satisfaction Excellent Ratings (8-10)
(2003 vs. 2004/% of Canada Person-Stays by U.S. Residents)

• **US Traveler Ratings Vary Across Canada**



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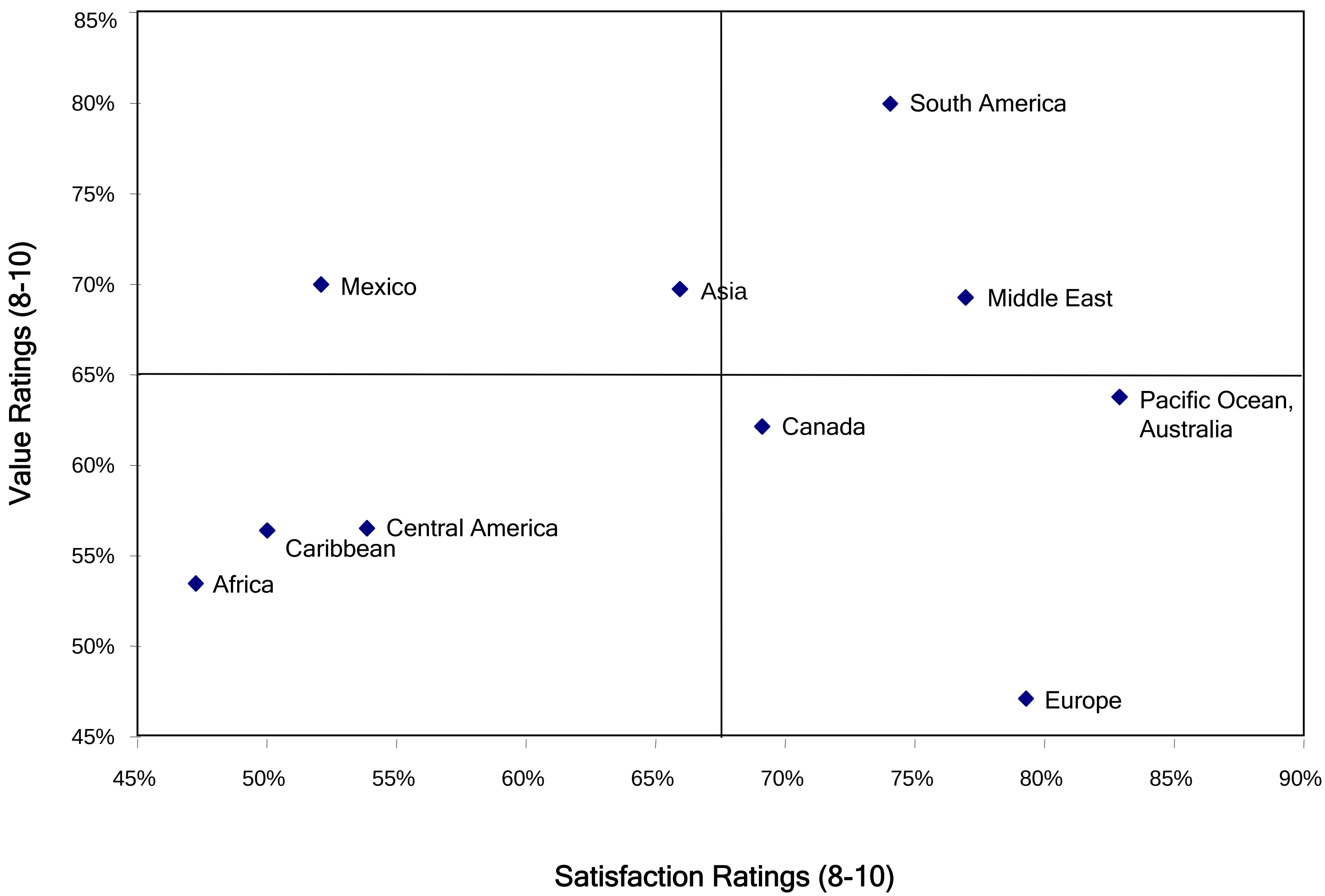
International Destination Satisfaction & Value Ratings
(2004/% of Total International Person-Stays by U.S. Residents)



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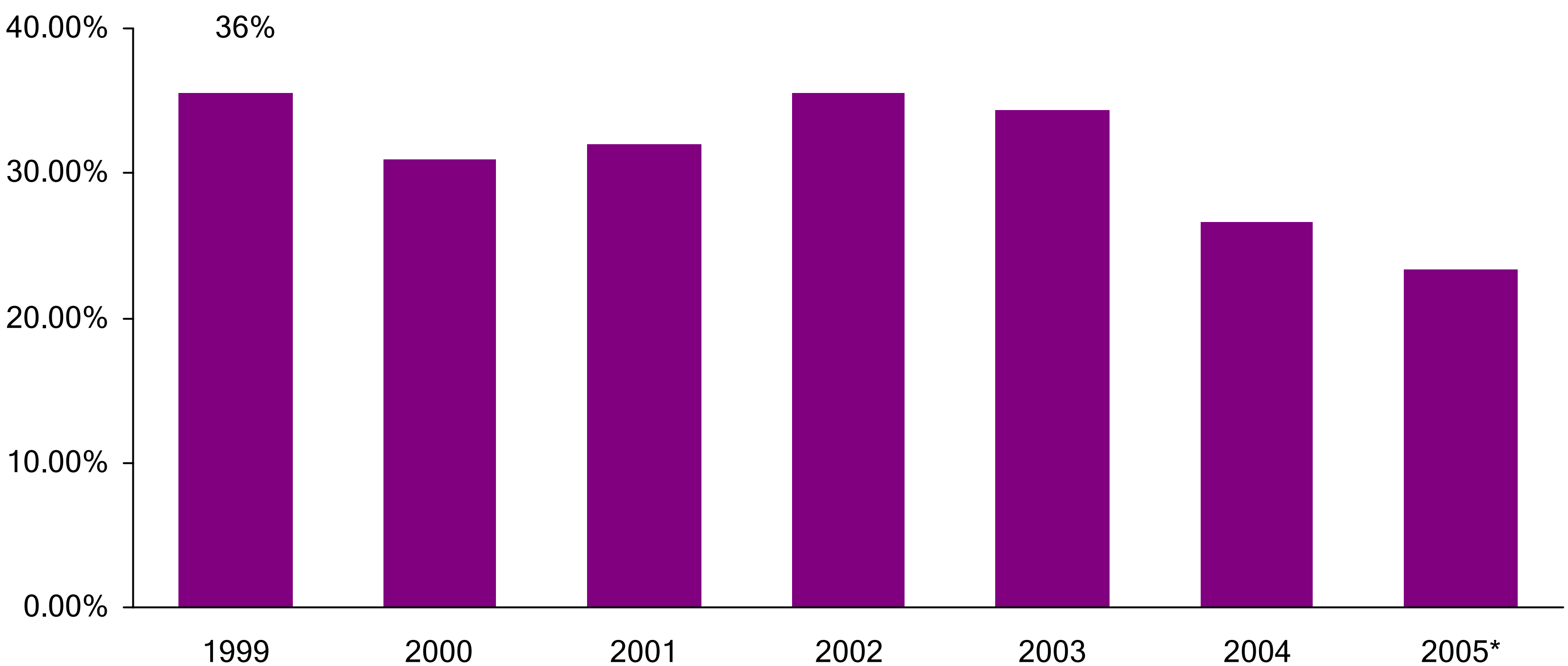
Canada's Share of U.S. Outbound Leisure Travel
(1999-2004/% of Leisure Canadian Person-Stays by U.S. Residents)

- Canada share has been in decline since 2002.



* Q1 and Q2 2005

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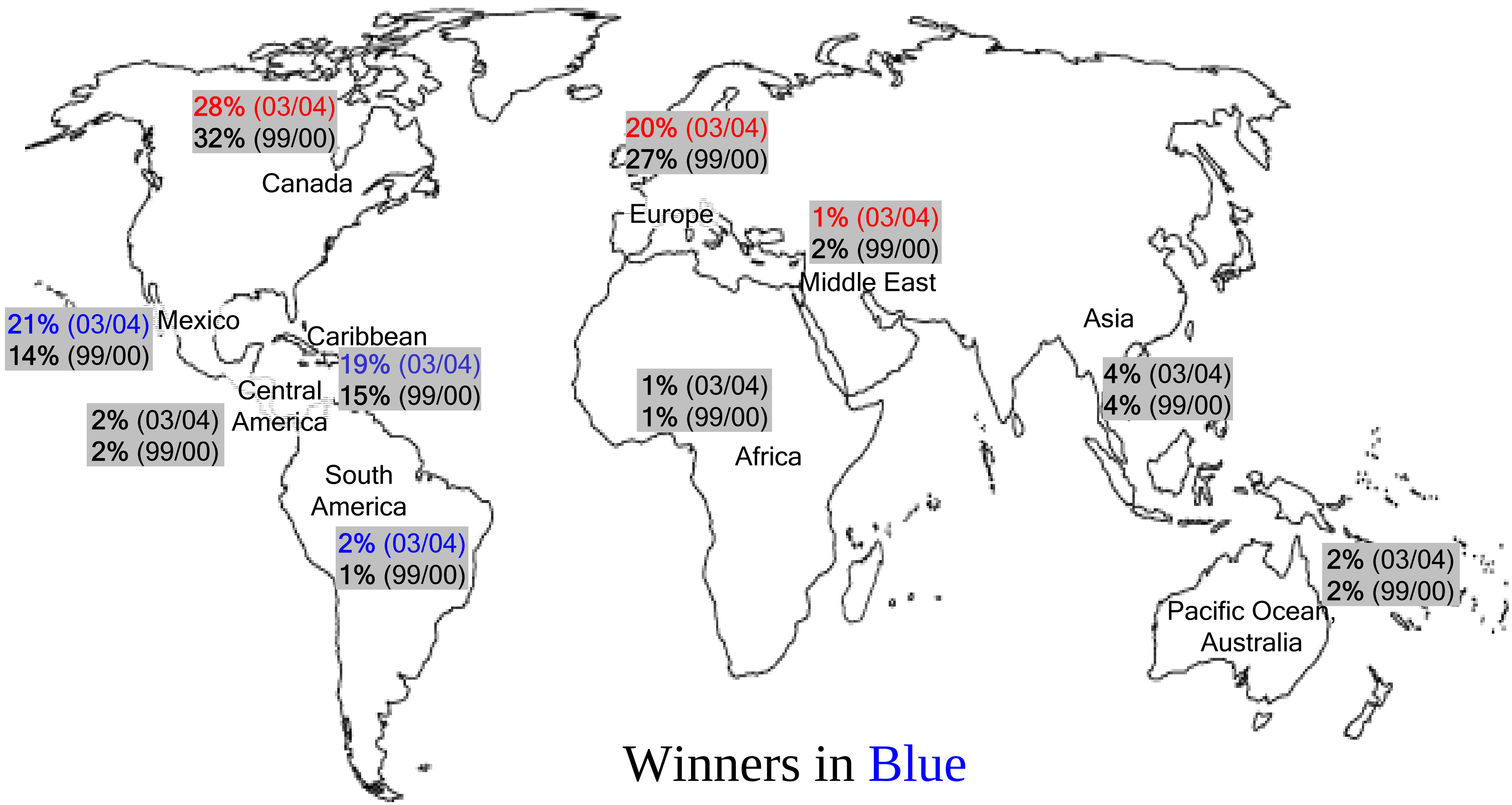
U.S. Outbound Share of Travel Volume

(1999/2000 vs. 2003/2004/% of International Person-Stays by U.S. Residents)



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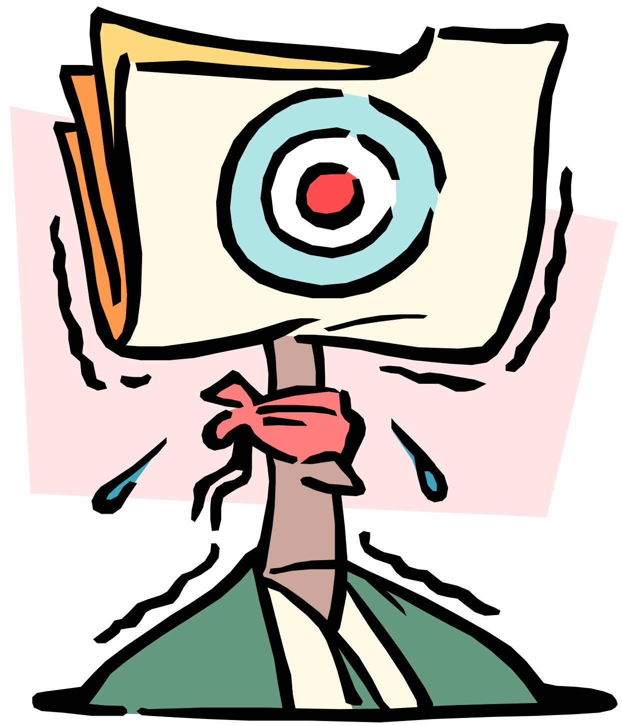
DKS&A
TARGETING



Average HH Income of Total U.S. Travelers
(2003 vs. 2004/$000 of Person-Stays by U.S. Residents)

- Average Income of US visitors to Canada rose in 2004.
- This was driven by share growth in older more affluent travelers and a share drop in younger less affluent travelers.

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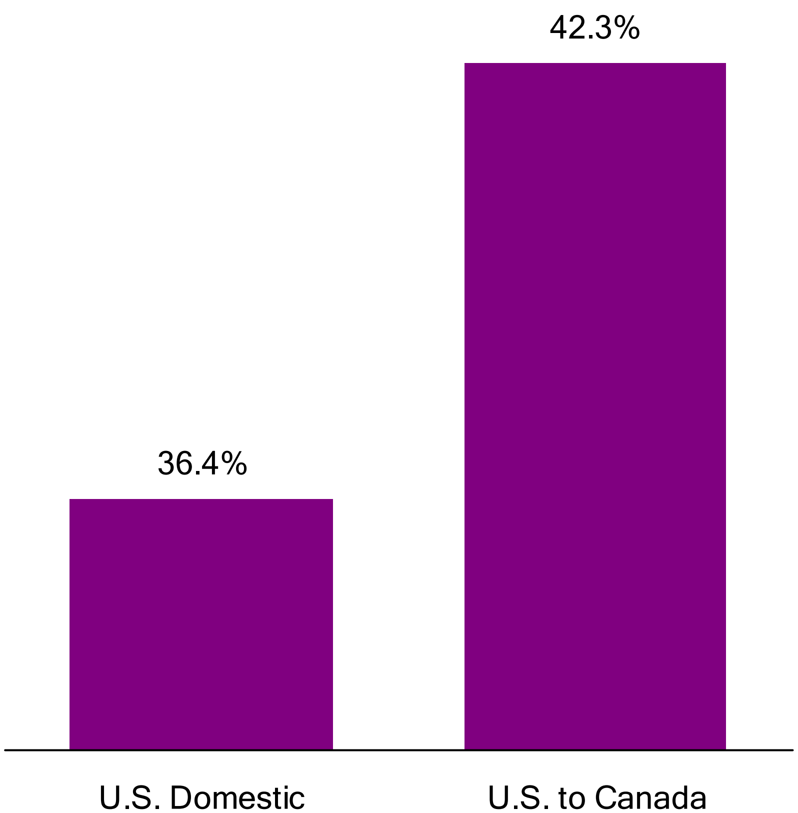
College Graduate Level of Total U.S. Travelers

(2004/% of Person-Stays by U.S. Residents)



- Among US residents total travel, Canada captures a higher share of educated travelers than the does the US.

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Lifestage Analysis

Lifestage analysis combines three variables

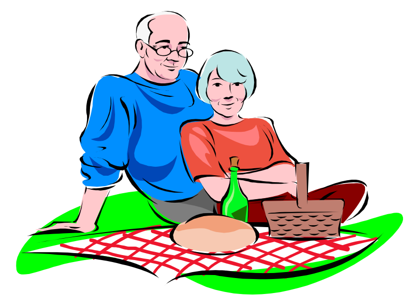
1) age

2) household income, and

3) presence of children in the household

into one variable creating seven mutually-exclusive segments.

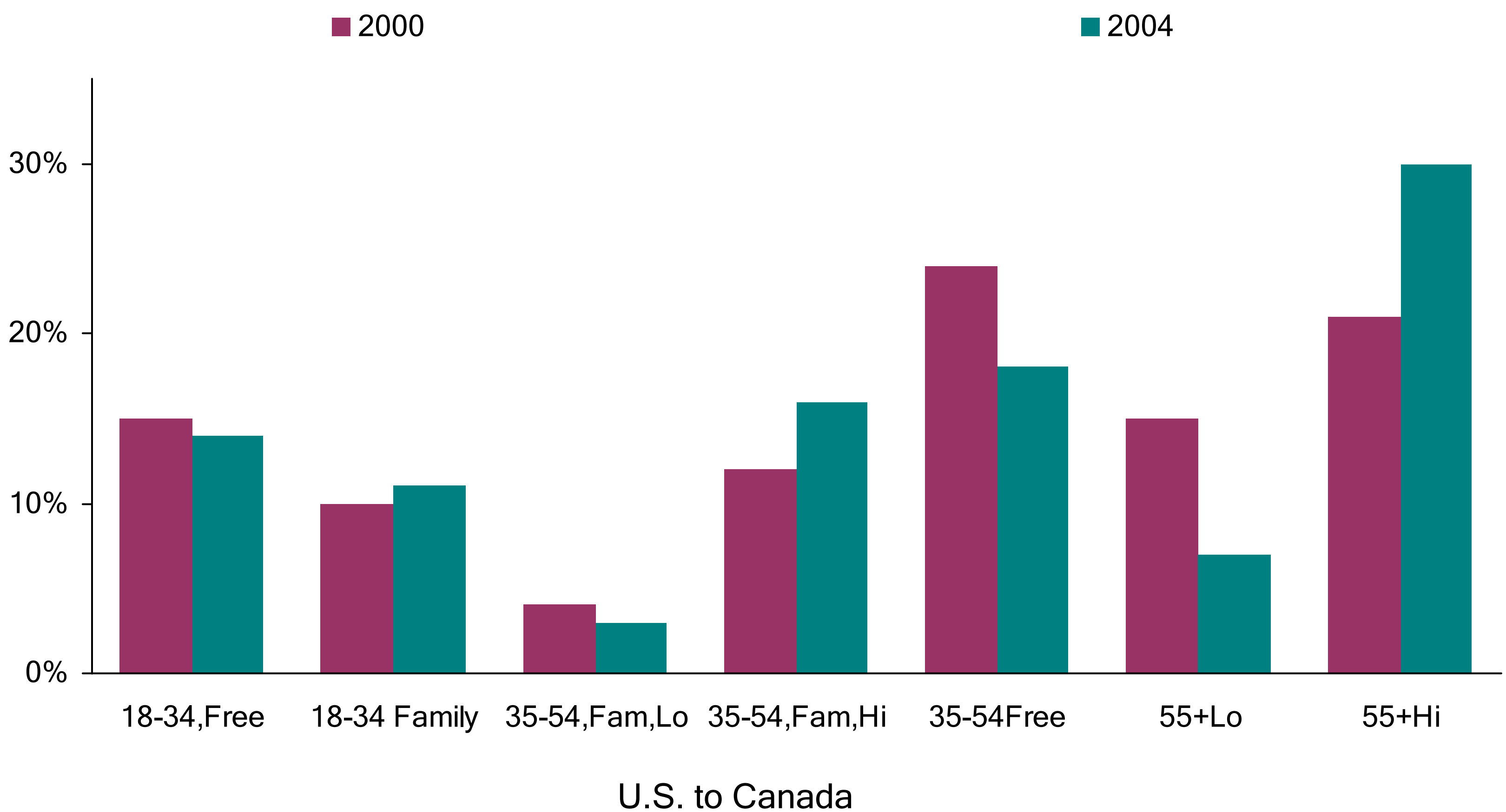
Age: 18-34	Age of the household head.
1) Free	No children under 18 in the household
2) Family	One or more children under 18 in the household.
Age: 35-54	Age of the household head.
3) Free	No children under 18 in the household
4) Lo Fmly	HHIncome under $50K, 1+children
5) Hi Fmly	HHIncome $50K or higher,1+children
Age: 55+	Age of the household head.
6) Lo Free	HHIncome under $50K and no children
7) 7) Hi Free	HHIncome $50K or higher



Change in Share of Room Nights by Lifestage

(2003-2004/$ of Roomnights by U.S. Residents to Canada)

- Greatest growth among affluent 35-54 families & 55+ Hi
- Greatest loss among 35-54 couples & less affluent.
- While 18-34 Couple up in stays, down in nights.



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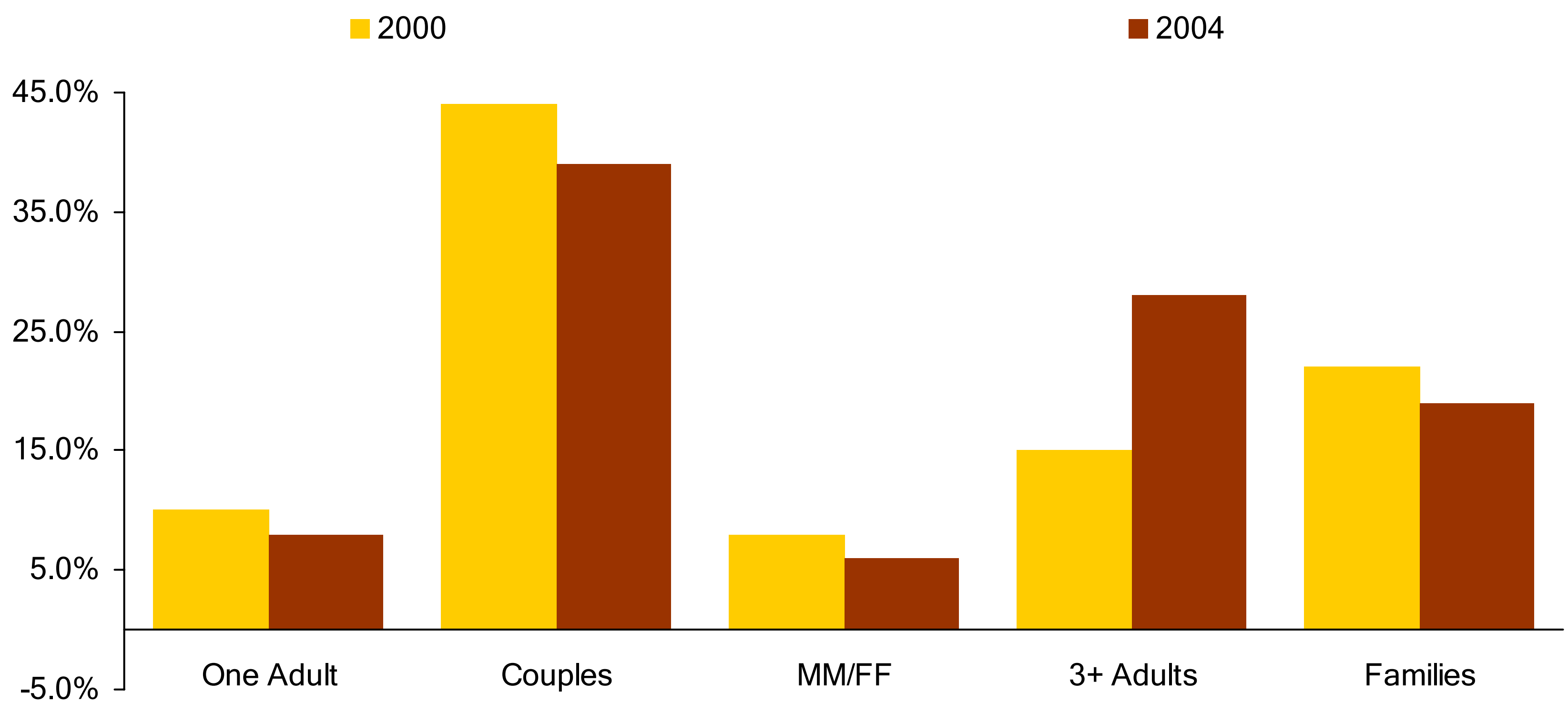
Travel Party Composition
(2004/% of Leisure Domestic and Canada Travel Party by U.S. Residents)



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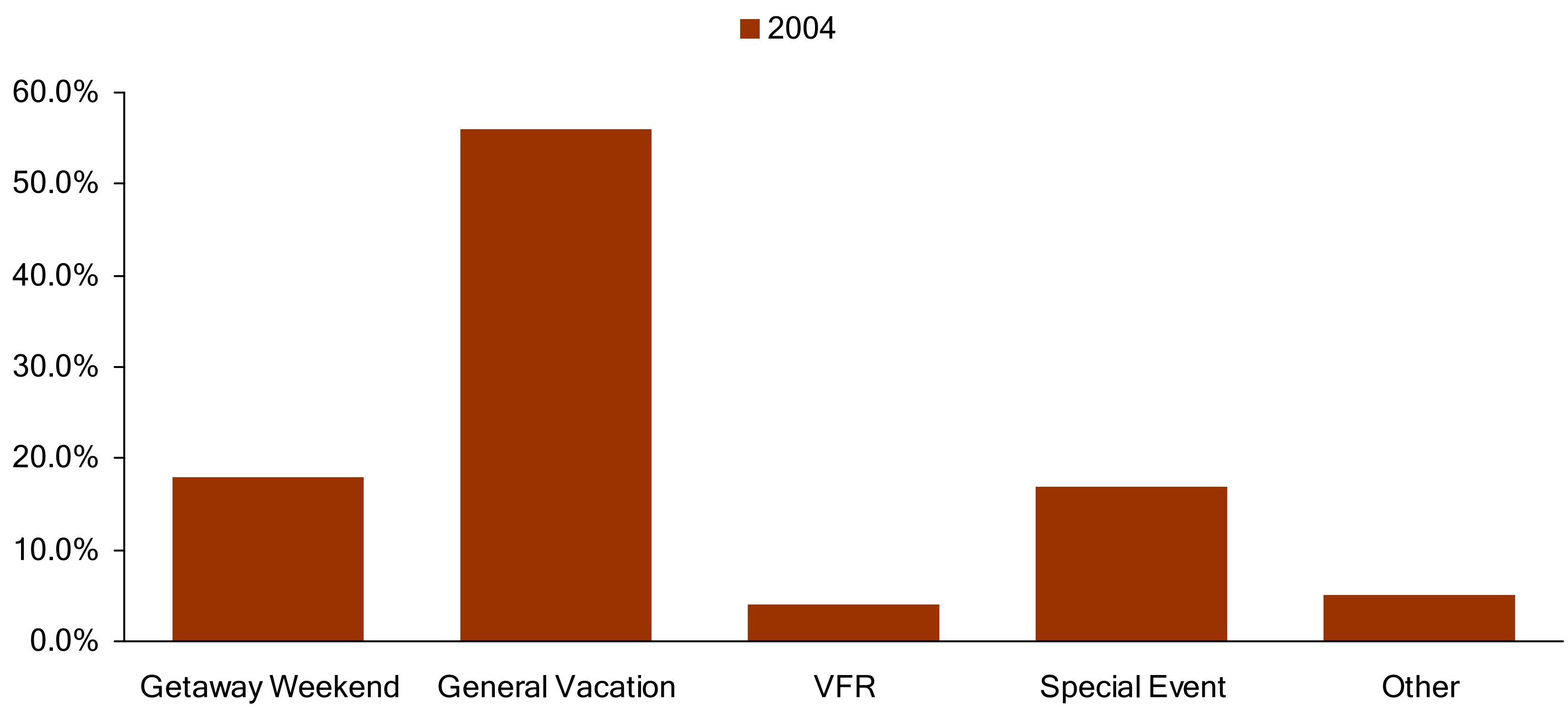
Leisure Purpose of Stay
(2004/% of Leisure Room Nights by U.S. Residents)

- General Vacation accounts for more than half of all Room Night sales.
- Getaway Weekend accounts for less than 20%.
- Share of Getaway Weekend was up 01-03, declined in 04.
- Gen Vacation rose in 01-Has declined since.



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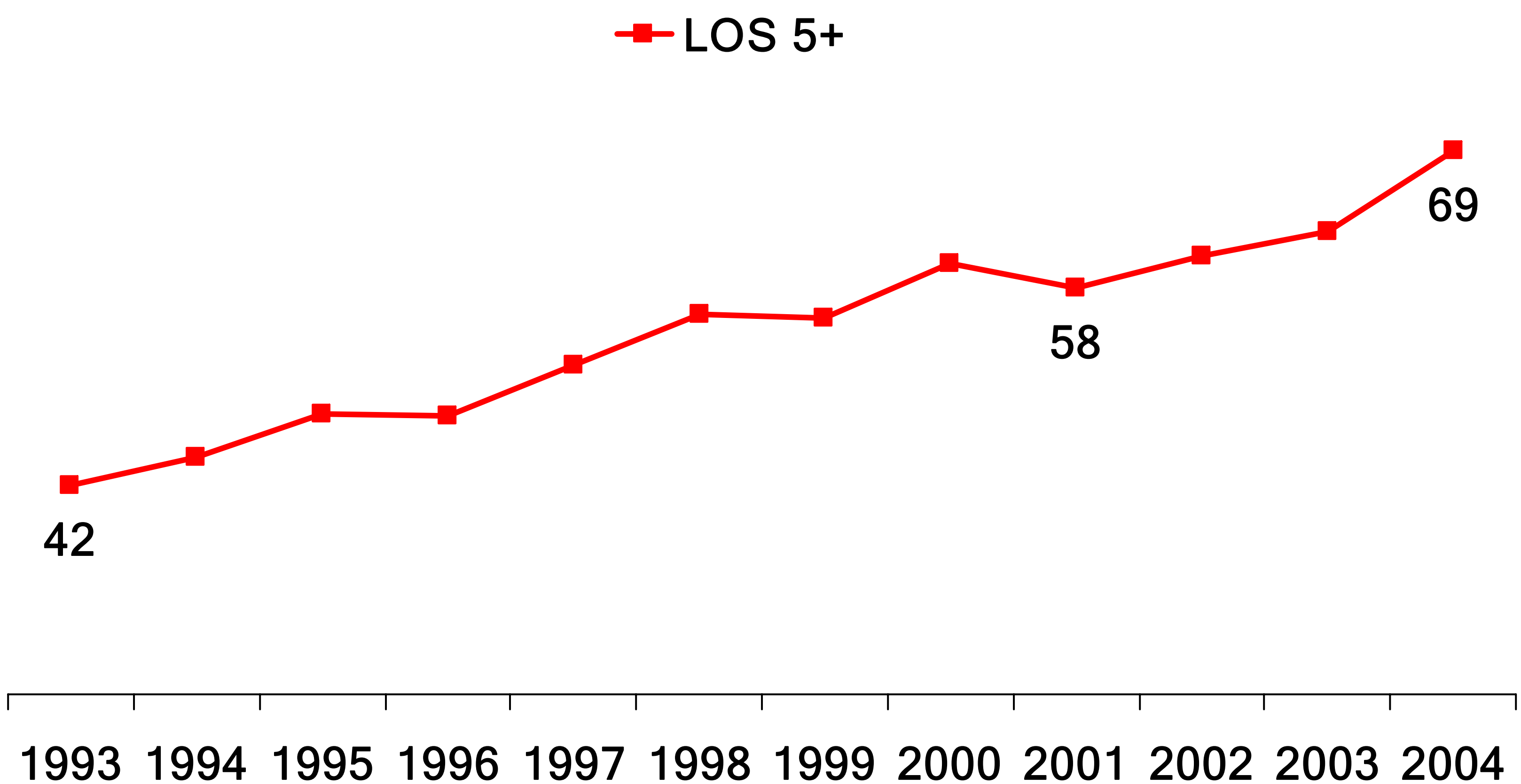
Entitlement: Longer US Vacations Growing
(1993-2004/Millions of U.S. General Vacation Room-Nights)

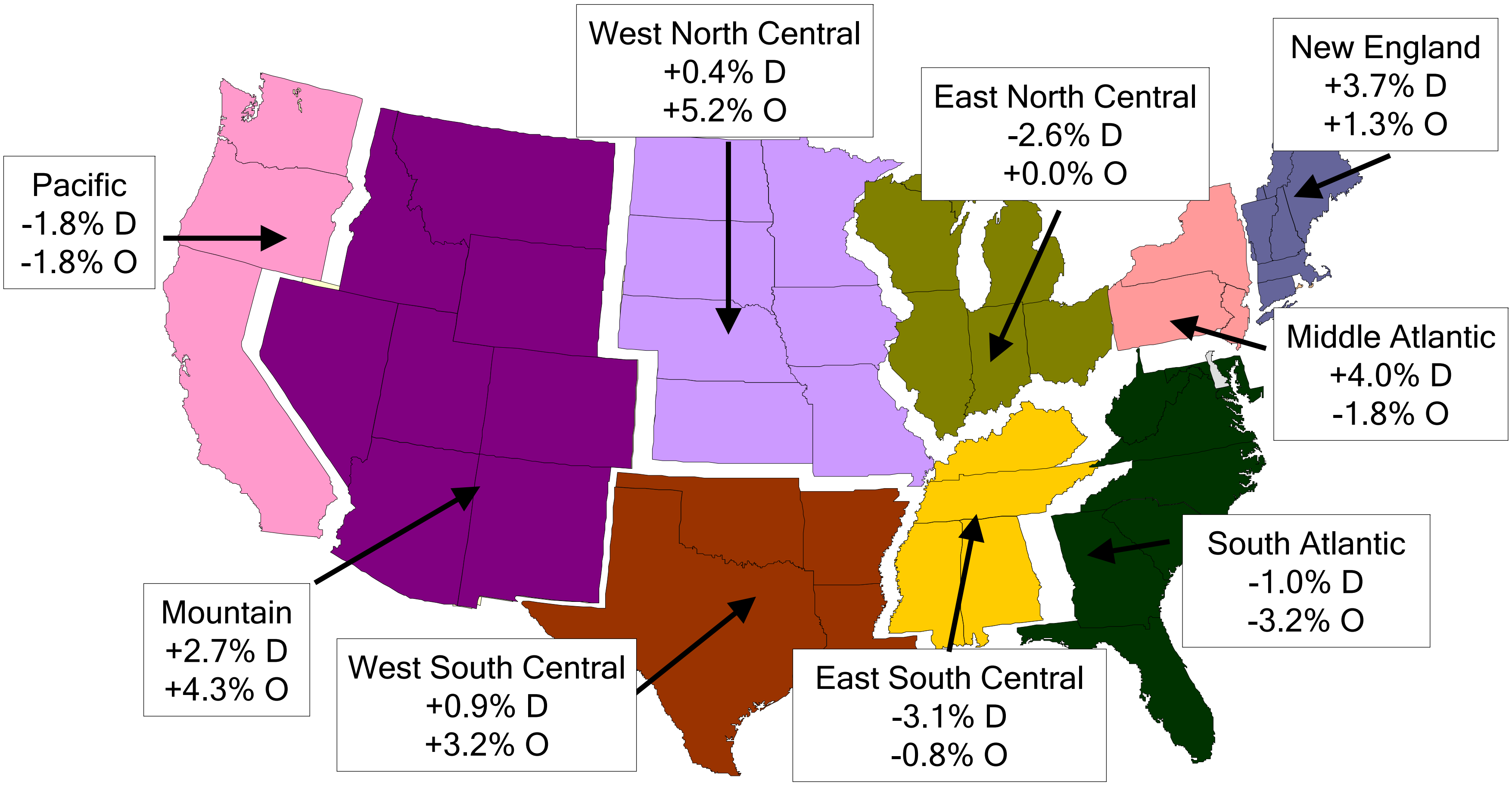
- Overall US Leisure Demand for 5+ night stays has grown 9% since 9-11
- 5 + Night US Vacation travel since 9-11 has grown by 19%.
- Canada length of stays among US 5+ Night is down among growth segments



Communicating

Regions as Drivers and Benefactors of Growth

(2003 vs. 2004/% change of Leisure Domestic Person-Stays by U.S. Residents)



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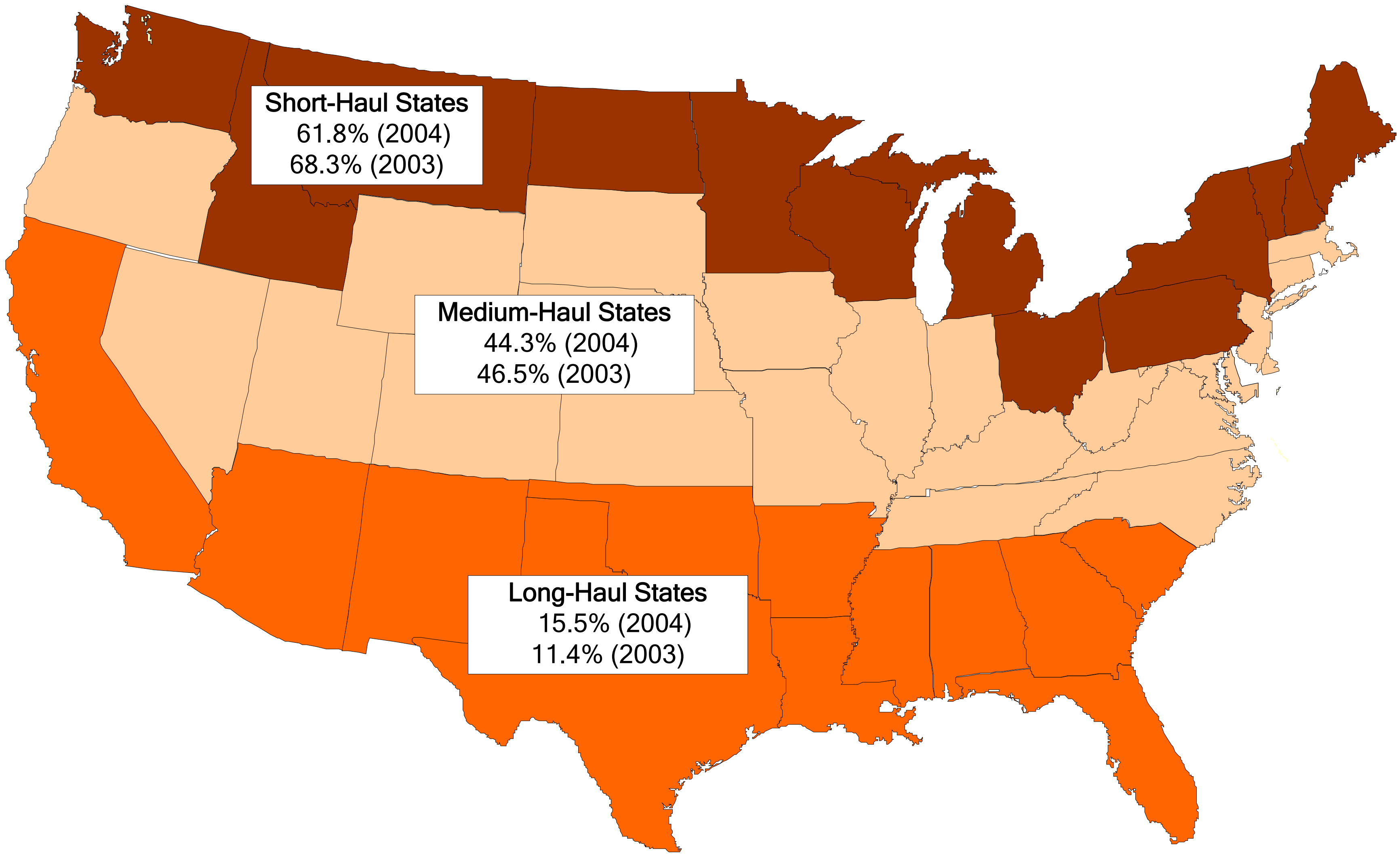
Origin State's Share of U.S. Total Outbound Travel to Canada
(2003-2004/% of Total Canadian Person-Stays by U.S. Residents)



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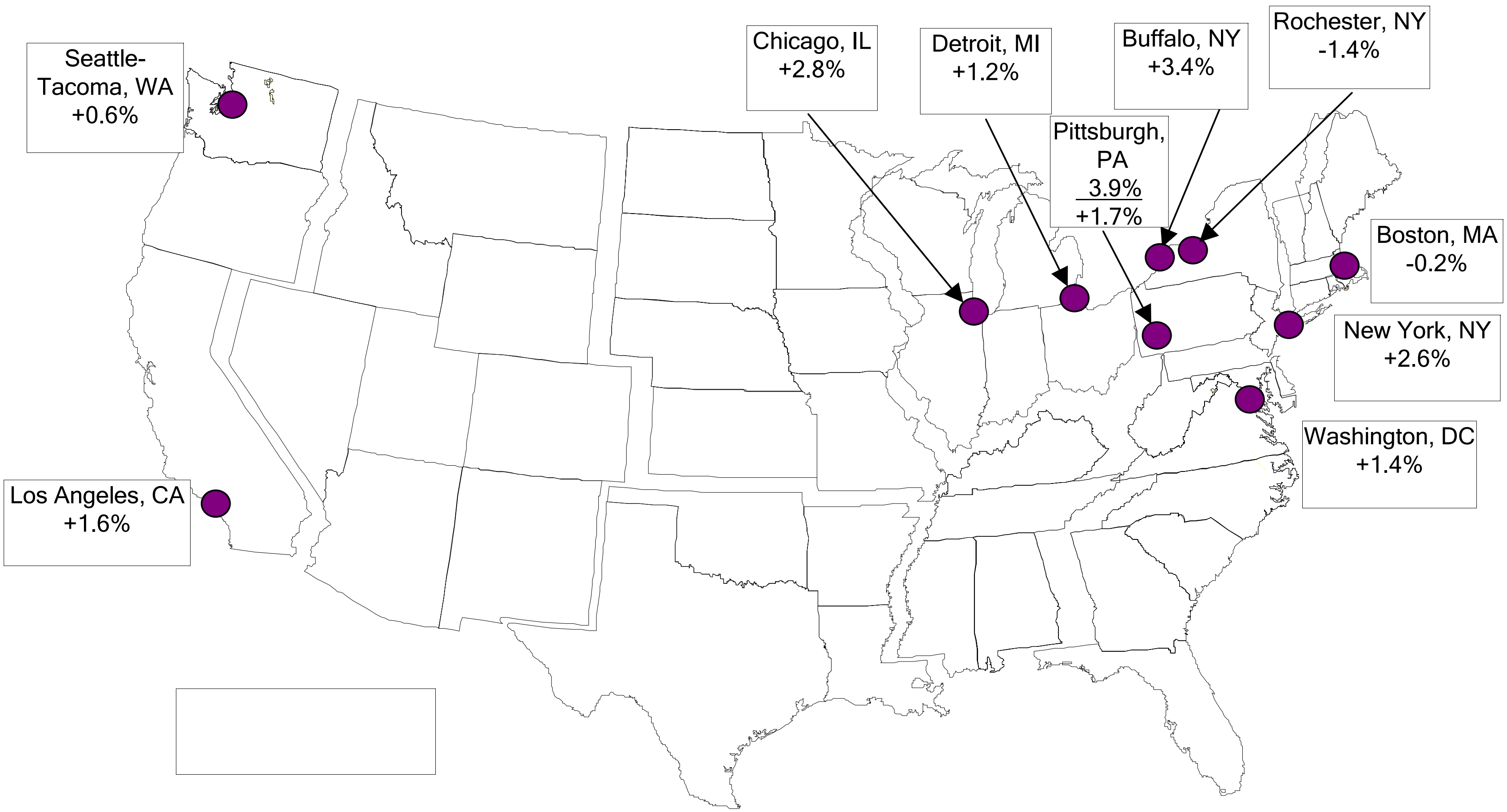
Top DMA Feeder Markets for Canada

(2000-2004/ % Change in share of Overnight Leisure Person-Stays by U.S. Residents)



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Summary: Factors Driving Share/Revenue Loss from US

- Share and Volume of Total US outbound ito Canada is down for both Business & Leisure travel. Decline in Leisure runs counter to US trends.
- Shares of Weekend Getaway trips are rising and Average Stay length rose slightly.
- Shares of General Vacation travel dropped and then recovered in 2004.
- However stay length for Vacation Travel and thus # of Room Nights continued a decline.
- Though party size grew slightly (do to more 3+ adult parties), so did number in hotel rooms so effect on Room sales was flat.
- Transfer of room night share from Hotels to Condo-Timeshare has occurred since 9-11.
- Condo Timeshare is small share of total Room Nights but up 20% in Person Stays, up 10% in share of Room Nights.

Summary: Positive Signs Among Target Segments

- Rising Income Levels among visitors
- Rising education level among visitors.
- Shift to older travelers with more income and discretionary time.

Where is the U.S. Leisure Market Headed?

Where is the U.S. Leisure Market Headed? Segments to Target

- Segments with the greatest near term leisure growth in paid lodging:
  - 55+ No Kids Hi
  - 35-54, Family , HI
  - 35-54, No Kids   Big Loss Segment, Growth in US-Big Declines in Canada

- Segment with the greatest spending growth:
  - 55+ No Kids,HI

- Package trip sales including cruise-strongest growth from:
  - 55+ no Kids, HI
  - 35-54, No Kids- Problem segment with sharp declines to Canada

Canada Activity Participation
(2000 vs. 2004/% of Canadian-US Leisure Stays by U.S. Residents)

Activity	US to Canada
	2000 vs. 2004
Touring/Sightseeing	Up
Dining	Up
Nature/Culture: Ecotravel	Up
Other Adventure Sports	Up
Hunt, Fish	Up
Boat/Sail	Up
Concert, Play, Dance	Flat
Snow Ski	Flat
Play Golf	Flat
Shopping	Flat
Festival, Craft Fair+	Flat
Night Life	Down
Hike, Bike	Down
Camping	Down
Watch Sport Events	Down
Entertainment	Down
Museum, Art Exhibit	Down
Beach/Waterfront	Down
Parks: National, State+	Down
Theme/ Amusement Park	Down
Gamble	Down
Group Tour	Down
Visit Historic Site	Down

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Ed McWilliams

Snr. Vice President, Account Services

D.K. Shifflet & Associates, Ltd.

Falls Church, Virginia 22043

Phone: 703.536.0575

Fax: 703.536.0580

Email: emcwilliams@dksa.com