



Canadian Tourism
Commission

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du tourisme

Canada

Canada Millennial Domestic Travel Summary Report



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Introduction

Over the past decade or so, millennial travel has emerged as an increasingly important segment of the international tourism sector. In 2010, millennials (youth born in the 80s and early 90s)¹ generated US \$165 billion in tourism receipts and 187 million international visits around the world, accounting for 20% of total global travel². What's more, millennial travel is forecast to grow in the future. The number of international millennial trips is expected to nearly double to reach about 300 million trips per year by 2020³.

Beyond the sheer size of the youth travel segment, the unique character of this market offers many other benefits to the tourism sector:

- Millennials often spend more in destinations than other tourists because they travel for longer periods.
- Millennials travel more frequently and further than other age groups.
- Millennials are likely to return to the destination over their lifetime.
- Millennials are pioneer travellers who discover and promote destinations not yet visited by traditional tourists.
- Millennials play an important role in the tourism landscape and image of destinations.
- Millennials are instigators of travel trends and thrive on influencing others.
- Millennials are at the cutting edge of technology and are more connected than any other age group making them more likely to use technology to make recommendations.
- A large percentage of millennials value travel as an essential aspect of their lives.

Millennial travel is no longer regarded as a niche market but rather as a catalyst for future growth. Many destinations around the world are investing significant resources to develop the millennial-oriented tourism segment.

Canada is also tapping into the millennial travel segment potential. In light of Canada's 150th anniversary in 2017, the Canadian Tourism Commission (CTC) has developed a domestic millennial travel strategy to encourage the Canadian millennials to explore Canada. As part of this strategy, the CTC commissioned a number of studies and market profiles on Canadian travel to provide more information about this market to industry stakeholders.

¹ In this report, the words "millennials," "youth," "young travellers" and "young Canadians" are used interchangeably. The CTC defines millennials as "young travellers, aged 18 to 34, travelling without children or without their parents." It is important to note that all secondary sources on which this report depends use their own definition of the youth/millennial travel segment, which may or may not be consistent with that used by the CTC.

² WYSE Travel Confederation/UNWTO. The Power of Youth Travel, 2011. The UNWTO defines youth travel to include all independent trips for periods of less than one year by people aged 16-29.

³ Youth travel forecast prepared by the UNWTO.

Purpose and Scope

The purpose of this report is to summarize recent studies and market profiles on the Canadian domestic millennial travel segment.

The scope of this report is to:

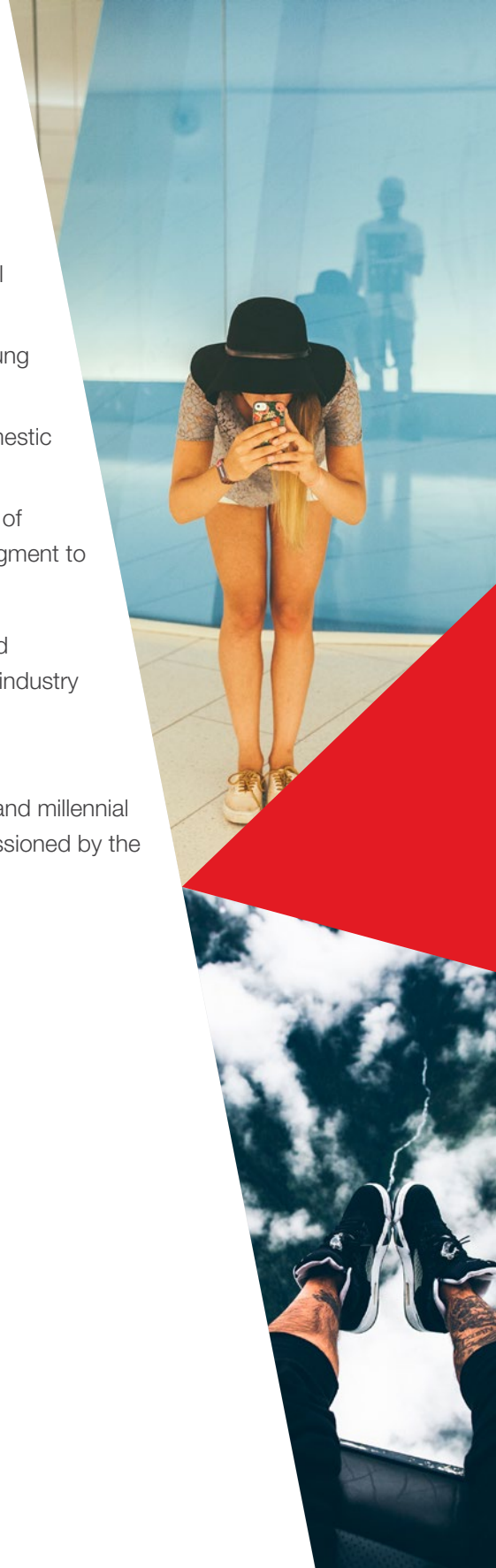
- Define Canada's millennial travel segment.
- Identify the size, role and potential of the Canadian millennial travel segment.
- Present research findings on the travel characteristics of young Canadian travellers.
- Evaluate Canada's position and prospects for millennial domestic travel.

Overall, this report is intended to provide a better understanding of strategic issues pertaining to Canada's domestic youth travel segment to government and industry stakeholders.

This document does not outline the CTC's strategic direction and integrated plans. This information is available to Canadian travel industry partners upon request.

Approach

This report draws upon existing international literature on youth and millennial travel and summarizes the key findings of recent studies commissioned by the CTC over the past years.





1.0

Canada's Millennial Travel Segment

1.1 Defining the Millennial Travel Segment

Canada's domestic millennial travel segment can be broadly defined as Canadians in the 18-to-34 age group travelling within Canada for leisure, visiting family and friends, and other purposes not related to full-time work or study. The millennial travel segment is comprised of Generation Y members, often referred to as the "dot.com generation" or "digital natives."

1.2 Why Canada's Millennial Travel Segment Matters

Over the past few years, there has been growing interest in understanding the economic impact and benefits of millennial travel. In Canada and elsewhere, millennials are becoming an increasingly valuable travel segment for the tourism sector. A number of key observations can be made about the size and potential of the Canadian millennial travel segment.

1. A sizeable and growing market

As of 2014, there were an estimated 8.25 million Canadians in the 18-to-34 age group, accounting for approximately 23% of Canada's total population and 29% of the national adult population⁴. The population of this age group is growing at a moderate pace of 1.2% per year, which is a slightly higher growth rate than that of the overall Canadian population (1.1%)⁵. CTC research estimates that the Canadian millennial segment interested in travelling within Canada for pleasure totals approximately 4.6 million potential travellers⁶.

In addition, millennials are "time-richer" than other age segments—the greater amount of discretionary time they enjoy allows them to travel more often and spend more time in their chosen destination⁷.

2. Domestic millennial travel: a way to address Canada's international travel deficit

Canada's international travel account deficit was \$17.64 billion in 2012. Canadians made over 32 million trips outside of Canada compared to 16 million international trips to Canada by non-residents⁸.

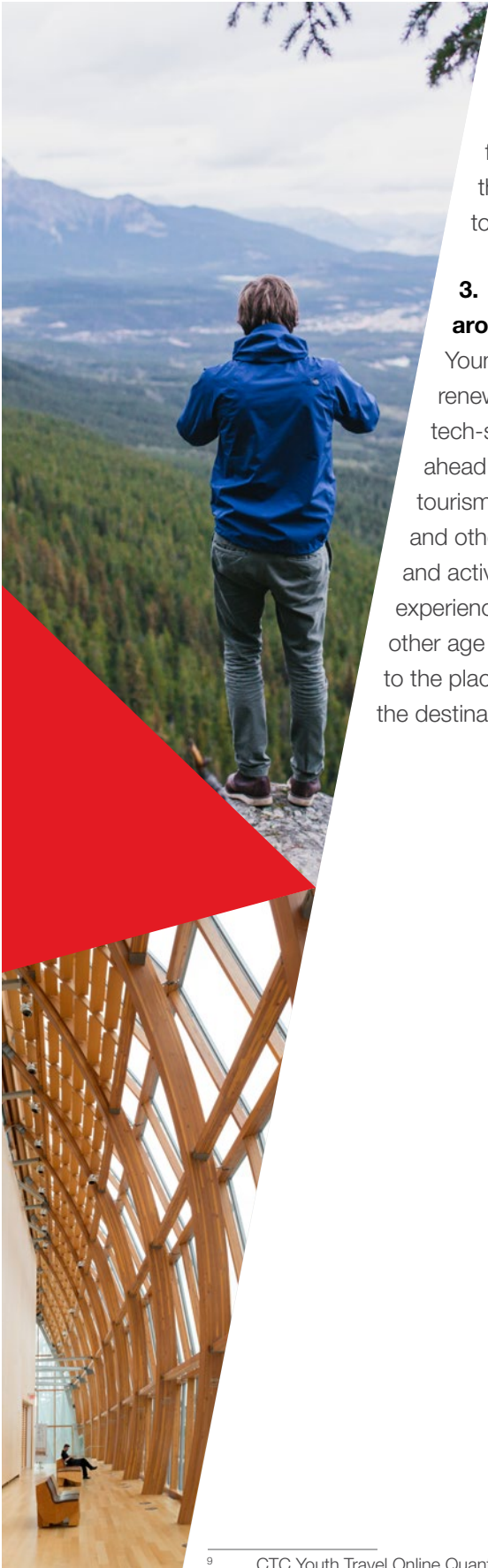
⁴ Statistics Canada, 2011 Census and Table 051-0001—estimates of population, by age group and sex, for July 1.

⁵ Ibid. The average annual growth rate is for the period from 2010 to 2014.

⁶ This figure is a CTC estimate calculated on the size of the potential domestic traveller market (i.e. individuals considered to be definitely/very/somewhat/interested in travelling within Canada for pleasure) in the 2013 Canada Summary Report of the Global Tourism Watch (GTW).

⁷ MNP Economic and Research Practice: Canada Youth Travel Industry Profile, Final Report. Study commissioned by the Canadian Tourism Commission, January 23, 2014.

⁸ Canadian Tourism Commission, Tourism Snapshot. 2012 Year-in-Review, 7th Edition.



The millennial travel segment contributes greatly to Canada's international travel deficit. Young Canadians travel more internationally than domestically (an average of 2.5 recent international trips vs 1.7 trips within Canada)⁹ and stay overseas for longer periods than when travelling within Canada. Increasing the number of trips within Canada by young Canadians is a way to help reduce Canada's major international travel deficit.

3. Youth travel adds atmosphere to, and creates a “buzz” around, travel destinations

Young travellers have played a key role in the emergence of new (or renewed) Canadian travel destinations in recent years. Connected, tech-savvy, independent and intrepid, young travellers tend to stay ahead of travel trends and often create the initial buzz around emerging tourism hotspots due to their remarkable ability to attract their peers and others to their preferred destinations. Because they are tech savvy and actively engaged with social media to communicate their travel experiences, they are natural promoters and influencers, more so than any other age group. Young travellers also tend to add atmosphere and vitality to the places they visit, in turn providing a new, fresh and “cool” image to the destinations.

⁹ CTC Youth Travel Online Quantitative Survey conducted by TNS Canada, September 2011.



2.0

Characteristics of Young Canadian Travellers

The characteristics of the millennial travel segment differ from those of other travel segments. Millennials have different decision criteria for when, where, how and why they travel compared to people in other age groups. The following sections present the differences that make the millennial travel segment so unique.

2.1 Values and Culture

The millennial travel segment highly values travel as a life experience. In a poll conducted in 2010, about half of Canada's millennials considered travel to be one of the most important aspects of their lives, higher than any other age segment¹⁰. For young Canadians, travel is more than just vacation. It is often an essential component of their personal growth and learning process. As a result, Canadian millennials tend to plan more trips than individuals in other age categories¹¹.

The millennial travel segment tends to embrace social values, innovation and environmental consciousness. Millennials particularly seek social and experiential travel activities and experiences that will lead to personal growth. They value authenticity, new and unique things, self-confidence and technology. Young travellers also place significant importance on their community and friends. This segment is more environmentally and socially aware than any other age segment.

These values and cultural aspects have major implications on how young travellers develop their travel plans and where they decide to travel.

2.2 Social Values of Target EQ Types

Cultural Explorers, Authentic Experiencers and Free Spirits are still the target, but they have some unique attributes when we look at these EQ types by age group.

1. Travel motivations, like “show off” and “exhibitionism,” are high for all three types (not just Free Spirits).
2. Values similar between all types include: culture sampling, need for uniqueness, personal expression, and pursuit of novelty.
3. Free Spirits are receptive to advertising but highly discriminating as consumers.

¹⁰ Ipsos Reid poll conducted in 2010 and commissioned by Deloitte and the Tourism Industry Association of Canada (TIAC).

¹¹ Ibid.

4. The learners in these groups place low importance on brands and may even reject them. They favour more local, smaller businesses.
5. Appealing to learners through emotionally meaningful experiences and personal expression works well.

2.3 Trip Planning and Decision-Making Criteria

Millennials plan their trip differently than other age segments. The following points have been identified as key trip-planning factors and decision-making criteria among young Canadian travellers.

1. Price, climate and presence of attractions/events are the key drivers for destination selection

- Millennials place significant importance on price, climate/weather and the presence of attractions/events when selecting a travel destination (the presence of family/friends and sightseeing are more important among older demographic groups).
- The top influences affecting destination choice are past experience, advice from family and friends, and the Internet¹².

2. Time of travel: price is a key factor

- The dates for which millennials can obtain the best price for their trip is the main criterion for selecting the time of travel.
- Millennials also place relatively high importance on when they can get vacation time from work and school, their friends' availability and the best time to visit their chosen destination.

3. The internet is the number one booking and planning channel for millennials

- The majority of young Canadian travellers (62%) book their trip online¹³. Of these, 68% use separate websites to book their travel arrangements, 17% book through a discount or last-minute travel site and 15% through a vacation-packaging site. Less than 12% of young travellers in the study booked a trip through a travel agent¹⁴.

2.4 Travel Patterns

The travel behavior of millennials segment differs slightly from other age segments, particularly in terms of trip purpose and destinations visited.

1. Main trip drivers

The order of importance of travel drivers of young Canadians vary slightly by age segment. The top drivers for domestic travel for 18-to-34 year olds¹⁵ are:

- Outdoors
- Culture
- Spectator Sports
- Theme Parks

¹² CTC Youth Travel Online Quantitative Survey conducted by TNS Canada, September 2011.

¹³ Ibid.

¹⁴ MNP Economic and Research Practice. Canada Youth Travel Industry Profile, Final Report. Study commissioned by the Canadian Tourism Commission, January 23, 2014. Note that booking methods statistics in the study applies to both domestic and international travel by Canadian youth.

¹⁵ TAMS Canada, special tabulations prepared by Research Resolutions.

- Historic sites / buildings
- Culinary
- Shopping.

2. Preferred travel activities

Travellers take part in a wide array of travel experiences that may not have been the primary travel motivator but that bring a greater depth to their travel experience.

When asked about what activities they undertook during their most recent pleasure trip of seven nights or longer, young Canadian travellers broadly follow typical tourist patterns, with the following activities amongst the most popular¹⁶:

- Eat and drink local food
- Visit popular tourist attractions
- Visit cultural attractions
- Relax on a beach
- Meet local people
- Visit family or friends
- Attend events and festivals
- Get off the beaten track
- Hiking/trekking.

3. Destinations visited

Young Canadian travellers are drawn to a wide range of travel destinations. Canada itself is an important destination for this segment.

- Canada (out-of-province) and the US are the most popular destinations for recent pleasure trips of seven nights or longer taken by young Canadians, followed by the Caribbean/Mexico, Europe and Asia¹⁷.
- About 45% of young Canadians have travelled within Canada (out-of-province) and nearly 50% have travelled abroad for at least three consecutive days in the past three years¹⁸.
- About 34% of the Canadian millennial segment travelled within Canada (out-of-province) and 31% to the US for trips of seven nights or longer¹⁹.

¹⁶ CTC Youth Travel Online Quantitative Survey conducted by TNS Canada, September 2011.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.



4. Incidence and length of pleasure travel

Despite not yet actively targeting millennials, incidence and length of travel for millennials is generally higher than, but varies by, the province of origin of the traveller.

- On average, young Canadians take 3.7 out-of-province pleasure trips of three nights or more over a three-year period, including 1.7 trips within Canada and 2.5 trips abroad. They take an average of 2.2 out-of-province pleasure trips of seven nights or longer over a three-year period.²⁰
- Incidence of out-of-province pleasure travel varies by province, with millennials residing in Ontario and the Atlantic provinces taking more trips on average than young travellers from other provinces. Quebec millennials take the smallest average number of out-of-province pleasure trips.
- The average trip length (trips of seven nights or longer) is 13.6 nights for the entire Canadian millennials segment, but is longer for the 19-24-year segment (14.2 nights) and shorter for the 25-29-year segment (12.7 nights).²¹
- July is the most popular time to travel for young Canadians.

5. Travel spending

Young Canadian travellers are cost-conscious when selecting services such as accommodation and transportation, but will travel for longer periods, making their per trip spend considerable. A large share of the millennial segment is composed of full-time students or recent graduates, so the cost of travel is an important factor for them.

- Budget constraints appear to be a significant factor in the choice of the travel destination. Six out of ten young travellers would have chosen a different destination on their most recent trip of seven nights or longer had their travel budget been larger²².
- More than half of young travellers spent \$2,000 or less during their last pleasure trip of seven nights or longer, including about 23% who spent less than \$1,000²³.
- The average spend per trip within Canada by young Canadian travellers is \$1,500²⁴.

²⁰ CTC Youth Travel Online Quantitative Survey conducted by TNS Canada, September 2011.

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid.



3.0

Interest in Canada as a Travel Destination

Canada is facing fierce competition from other destinations in attracting young travellers. Some destinations have actively targeted youth for several years now while others offer very low price points. Some barriers to travel can be addressed through awareness building and partnerships. This section of the report examines the domestic millennial segment's interest in Canada as a potential travel destination.

3.1 Interest in Travelling Within Canada

Young Canadians are generally keen on travelling within Canada. The travel industry needs to give Canadian millennials a reason to visit Canada now keeping in mind that:

- Nine out of ten young Canadians are very or somewhat interested in visiting a Canadian destination beyond their home province in the next few years.
- British Columbia is the province that holds the greatest appeal to young Canadians, followed by Ontario, Quebec and Alberta.
- Among dream Canadian vacation experiences, young Canadians think of (1) visiting British Columbia, (2) driving across Canada, (3) visiting Vancouver, (4) taking trip by train, (5) enjoying food/dining/restaurants and (6) experiencing culture/festivals.

3.2 Canada's Strengths as a Millennial Travel Destination

Young Canadian travellers consider Canada to be an attractive travel destination, with experiences well-suited to their needs. Canada offers a wide range of exciting travel experiences for young travellers including:

- Vast geography, diverse landscape and beautiful scenery
- Wide range of exciting sport/outdoor activities
- Wide range of season-specific outdoor activities (i.e. winter, summer, fall activities)
- Vibrant cities close to nature
- Wide range of major cultural and sports events
- Opportunities to socialize and meet other people
- Learning experiences.

3.3 Weaknesses

Despite the wide range of existing appealing travel experiences, young Canadians and industry representatives have identified a number of weaknesses with respect to domestic travel:

- **High costs of travelling within Canada.** This is the main barrier to domestic millennial travel, as this group is particularly price sensitive. Two issues noted include the difficulty in being able to obtain discount rail or air prices for domestic flights and the lower cost of air transportation to other countries relative to domestic air travel. What's more, the average daily cost of travelling abroad is often lower than in Canada. As a result, Canadian millennials typically choose to travel outside of Canada.
- **A generally unfavourable perception of Canada.** Canadian millennials perceive foreign countries as more exotic and adventurous than Canada. They see Canada as too comfortable and more expensive—a country that should be explored at an older age. Many millennials also believe that Canada is too boring/not exciting²⁵. The idea that Canada has poor weather conditions, particularly for those wanting sun and beaches, also adds to the unfavourable perception of Canada as a travel destination²⁶.
- **Lack of focus on millennials by tourism industry.** The Canadian tourism industry has not focused on marketing Canada as a tourism destination domestically to youth, even though Canada has desirable product offerings. In contrast, many destinations such as New Zealand, Australia and in Europe are directly targeting a younger generation of travellers.
- **Lack of awareness of Canada's tourism product offerings.** Millennials often view the rest of Canada as the same as their home town. They are unaware of the many different regions, cultures and experiences that exist across the country. Over a quarter of millennials who identified a barrier to travel to Canada mentioned that there was a lack of appealing activities and that there was no real reason to travel to another part of Canada, suggesting an awareness deficit regarding Canada's tourism offering among Canadian millennials²⁷.
- **Lack of millennial-oriented tourism infrastructure.** While Canada has attractive product offerings and a strong tourism industry, Canada lacks the same network of affordable accommodation and transportation options available in other destinations. Relationships between youth-oriented suppliers and PMOs are not yet strongly established.

²⁵ CTC Youth Travel Online Quantitative Survey conducted by TNS Canada, September 2011. The percentages reflect the share of young Canadians not interested in travelling within Canada who mentioned the barrier.

²⁶ Ibid.

²⁷ Ibid.

3.4 Opportunities

A number of opportunities exist to expand the domestic millennial travel segment in Canada, including:

- Leverage Canada's diverse landscape.
- Develop a variety of product offerings for millennials.
- Promote information/experience sharing among travellers.
- Leverage Canada's 150th anniversary in 2017.
- Leverage Canada's cultural and artistic experiences.

This document does not outline the CTC's strategic direction and integrated plans, which discuss how to leverage the Canada's strengths and address many of the country's opportunities and weaknesses. Being competitive in nature, this information is available only to Canadian travel industry partners upon request.

For more information

For more information about the Canada Millennial Domestic Travel Summary Report, please contact the Research Team of the Canadian Tourism Commission at:

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