



Have you ever taken a cruise vacation?

Yes	34%
No	66%

Why not?

Too expensive	24%
Not interested	21%
Prefer all-inclusive	27%
Too crowded	8%
Prefer independent travel	23%
Other	21%

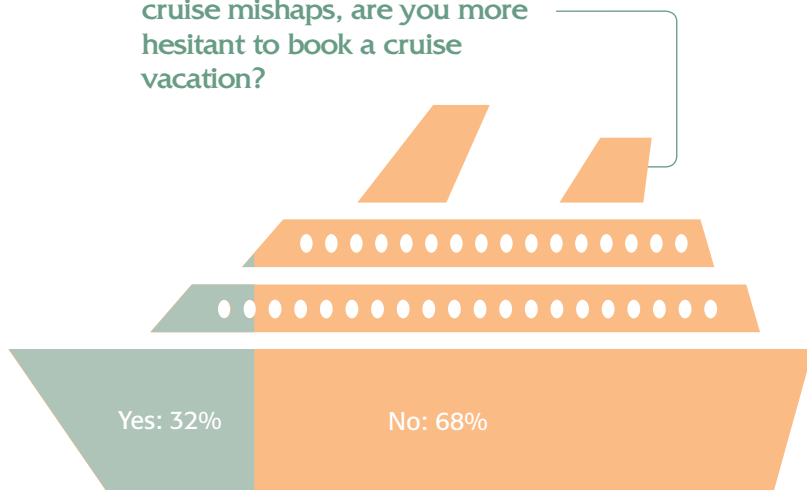
TRAVELWEEK'S 2012 ULTIMATE TRAVEL SURVEY

The Consumer Report

Just about every tourist board will tell you that Canadians are some of the best travellers in the world, vacationing for longer durations and venturing deeper into destinations, where others just see the top cities and move on. Even in budget-minded times, we continue to travel, choosing to cut back on other 'frills' rather than give up our hard-earned getaways. Sometimes a mild winter can make us forget to spin the globe, and to that we say, let it snow, let it snow, let it snow.

Travelweek's 2012 Ultimate Travel Survey compiles the travel dreams (and realities) of consumers across the country, surveyed from a qualified distribution list over the course of two weeks in June and July. Some 5,609 respondents took part. All were a minimum of 18 years of age and residents of Canada.

Following the string of recent cruise mishaps, are you more hesitant to book a cruise vacation?



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Long touted as the great untapped market, new-to-cruising clients still outnumber the ship-savvy by a ratio of two to one. Many say they prefer all-inclusives, or independent travel. Cruise lines who say their greatest competitors aren't other cruise lines but all-inclusive resorts — and who offer an almost (or sometimes, completely) all-inclusive product with lots of space for privacy — still have their work cut out for them when it comes to getting their message out. The good news is, while specific cruise lines and brands may see a slow-down in bookings following high-profile mishaps, the vast majority of travellers still say they wouldn't hesitate to book a cruise.



DESTINATIONS

Where are you planning to vacation in the next 12 months?

USA	14%
Canada	7%
Europe	12%
Caribbean	42%
Mexico	13%
Cruise	5%
Other	7%

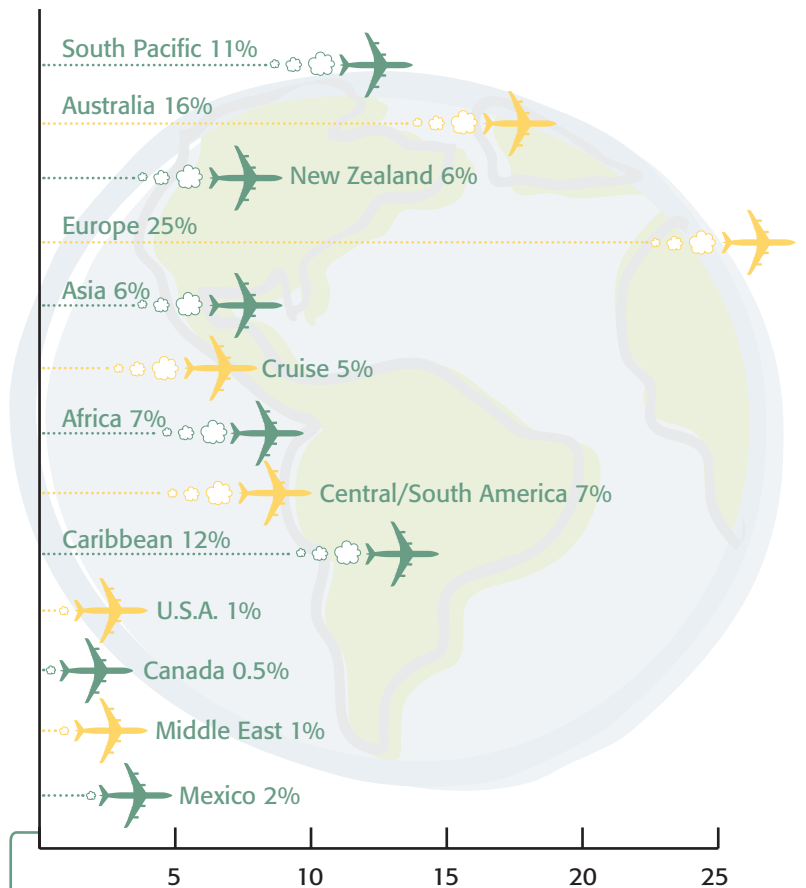
Which European country is your primary destination?

Italy	20%
England	15%
Spain	11%
France	14%
Germany	6%
The Netherlands	4%
Switzerland	2%
Portugal	5%
Other	24%

Which Caribbean country is your primary destination?

Dominican Republic	25%
Cuba	28%
Jamaica	14%
St. Lucia	4%
The Bahamas	5%
Aruba	4%
St. Martin/St. Maarten	4%
Bermuda	1%
Mexico	10%
Other	6%

The hot spots for 2012: Italy, Mexico, Cuba



If time and money were no object, where would you take your next vacation?

Canadians love their sun, and the most reliable (and usually cheapest) place to get some guaranteed rays is, of course, the Caribbean. The island region had the strongest showing with vacation planners this year, followed by the U.S. and Mexico. Europe demand is steady, while interest in North American vacations – whether here at home or south of the border – is down slightly from last year. Once time and money are no object, travellers dream of exotic getaways in the South Pacific, Australia and New Zealand.

Europe, also with a strong showing, manages to pique our interest both as an aspirational getaway and a viable vacation option, the perfect combination when it comes to destination marketing. Italy got the most nods from UTS respondents heading to Europe in the next 12 months, followed by England, France, Spain and Germany.

To the Caribbean, Cuba edged ahead of the D.R., but just barely, as the two are virtually tied at 28% and 25%. Most sun spots held steady, with the exception of Mexico, which showed a good two-fold-plus increase to 13% this year among UTS respondents planning a vacation this year.



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AGENCY RELATIONS

How do you typically book your travel arrangements for a leisure vacation?

Internet	77%
Travel agent	20%
Reward points/program	2%
Other	1%

Have you ever booked travel through a home-based travel agent?

Yes	29%
No	71%

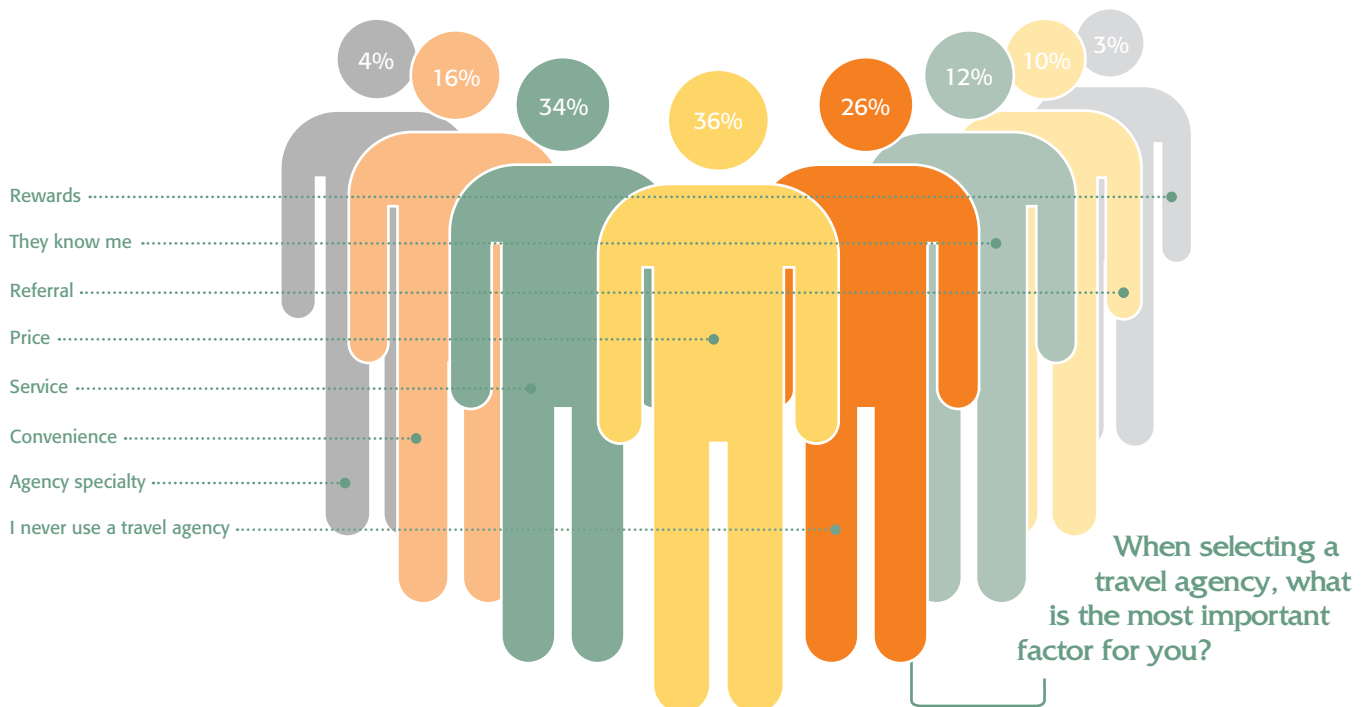
Why not?

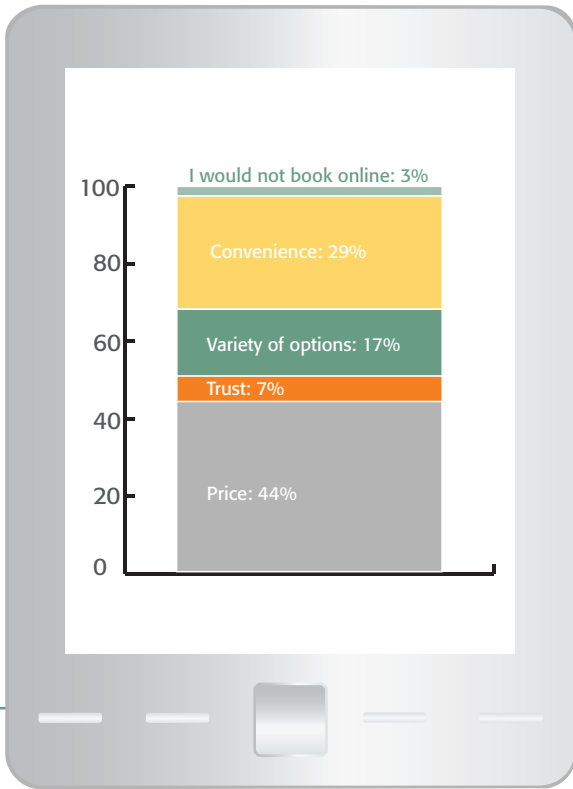
I don't know how to find one	38%
I already book with a traditional travel agency	16%
I don't think they can do as good a job as an agency	10%
I never book with travel agents	37%

It's all about price, yes, and service, of course, and now convenience too, as consumer scour the travel landscape for both the lowest rate, researched on the double and with a smile. No wonder retailers are so busy. When it comes to deal-makers (or deal-breakers) in the hunt for a good agency, convenience showed the biggest jump this year, with a five-fold increase.

More consumers are finding their way to home-based agencies, from 22% last year to 29% this year. Most say they're not sure how to find home-based agents (and more likely, haven't heard of home-based agents), compared to a small percentage who would question a home-agent's competence, suggesting it's a matter of visibility and marketing, not distrust, that makes most travellers hesitant to try this relatively new retail model.

While there may be quibbles over price tags, consumers are still in the mood to travel, and they might even spend a bit more than usual. According to a new study from the Wyndham Hotel Group, 70 per cent of would-be travellers say they'll keep their vacation budget steady this year, and the remainder are putting even more money towards their 2012 trip. The Wyndham study polled five countries around the world, including Canada, and showed that after accommodation the majority of Canadians spend the bulk of their vacation dollars on entertainment and excursions. Worldwide, of those respondents looking to cut back on expenses, only 24% said they would consider forgoing their vacations.





What is the greatest motivating factor to use the Internet when booking any portion of your vacation itinerary?

When researching your vacation, what tool do you find most useful?

Use both the Internet and brochures	34%
Prefer Internet	60%
Prefer tour company brochure	1%
Word-Of-Mouth	4%
Other	1%

Which of the following travel-related websites do you frequently visit for information on vacation travel planning?

Expedia	54%
Travelocity	34%
Tripadvisor.com	54%
RedTag.ca	87%
Aircanada.com	28%
Westjet.com	37%
Hotel/Resort sites	19%
Airline sites	15%
Hotels.com	14%
Tourist board sites	8%
None of the above	2%

Do you use travel blogs and travel advice sites like Trip Advisor when making a decision of what hotel to book?

Yes	76%
No	24%

Use of travel advice sites like Trip Advisor saw a 6% jump this year

Those clients (most of them, anyway) who used to take their business down the street just to save a few bucks are now on the Internet, and maybe that's the best place for them. Price-hounds can sift through OTA sites and meta-search engines to their hearts' content, looking for the absolute bargain-basement deal. The smartest agencies have combined both in-house expertise and a strong online presence, because that's what customers want. Price (44%) is still king but convenience (29%) is a strong second this year, up two-fold from last year as an Internet motivator and showing an increase with agency selection as well.

Love it or hate it, Trip Advisor and other travel advice sites continue to grow as a major influence on consumer travel decisions, with three out of four respondents saying they consult these sites when booking hotels. While you'll never know if that negative review was posted by a bona fide traveller or a scheming competitor, most of us see the value of these powerful 'word of mouth' opinion sites, and the trend of hoteliers actively responding to bad (or good) reviews brings a new level of accessibility to the industry. Travellers are already online so much, it's not surprising that the number of researchers who prefer Internet product information to printed brochures continues to rise.



INSURANCE

When travelling within Canada but outside your home province, or to the U.S., do you purchase travel insurance?

Yes	31%
No	69%

What type of travel insurance coverage do you carry when you travel on vacation?

Covered by employer benefits	44%
Purchase insurance coverage per trip	26%
Purchase annual travel insurance policy	11%
Credit card coverage	15%
I do not have any insurance coverage when I travel	5%

What is the main reason you would not purchase travel insurance?

Too expensive	28%
Too much hassle	3%
I'm covered through my credit card	35%
I'm covered through my Government Health Insurance Plan (GHIP)	22%
I'm only going away for a short time	8%
I don't think anything will happen to me	5%

Only six in 10 respondents say they purchase travel insurance

It's possibly the least glamorous travel purchase, and (hopefully) the least used, but when you need it, travel insurance and away-from-home medical coverage can be a life-saver, literally. Every Canadian should be buying it, but that's just not the case, and in fact the number of travellers who said they do not purchase medical, baggage and/or cancellation insurance was up this year, from 31% to 43%. A recent survey by BMO Insurance puts that figure even higher. Their 2012 Summer Travel Insurance Study shows that six in 10 Canadians do not regularly purchase travel insurance before leaving the country, and only half realize they're responsible for medical costs incurred outside Canada.

The real complacency sets in with out-of-province travel within Canada, or to the U.S. More than two-thirds of UTS respondents said they do not buy travel insurance when venturing outside their home province within Canada, or across the border. That's also up from last year (59%). They say Canadians aren't a risk-taking bunch, but you'd never know it from our travel insurance purchases, or lack thereof. And that's despite those 'holiday from hell' stories that routinely pop up in the news, where an uninsured traveller who breaks a leg on a U.S. vacation racks up a \$20,000 bill.

With their high commissions, travel insurance policies are an attractive sell, and it's not for lack of trying on the part of retailers that most Canadians are under-insured when they vacation. Most Canadians have some coverage through their work place or credit card, but no one on a hospital bed wants to hear that their coverage falls short. Transportation strikes and other unforeseen upsets have made cancellation insurance crucial as well.



When travelling, do you purchase medical, baggage and/or cancellation insurance?



Have the annual gross sales of your agency increased over the past three years?

Yes	48%
No	9%
They're about the same	22%
I don't know	22%

Compared to three years ago, has your sales mix changed so that point-to-point air bookings are declining, and complex air/leisure products are increasing?

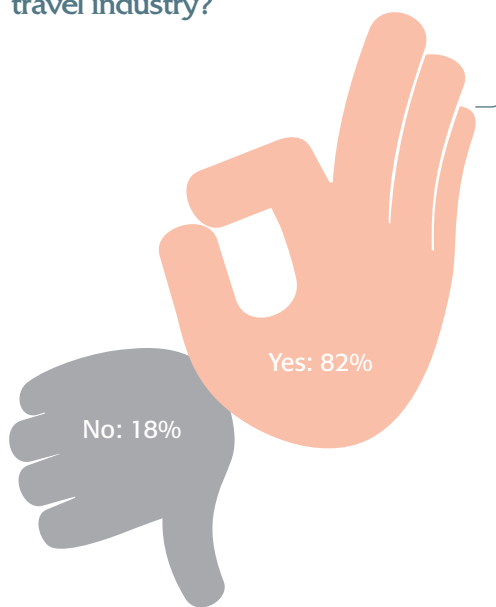
Yes	70%
No	30%

TRAVELWEEK'S 2012 ULTIMATE TRAVEL SURVEY

The Trade Report

Travel agents, travel counsellors, bricks-and-mortar, home-based, online, offline – no matter what the label, this industry knows a thing or two about selling travel. And almost 20 years after the Internet invasion, agents continue to do what they do best: finding the best vacations (and prices) for a long list of loyal clientele. Travelweek's 2012 Ultimate Travel Survey: The Trade Report compiles the input of retailers across the country, surveyed from a qualified distribution list over the course of two weeks in June and July. Some 303 respondents took part. All were a minimum of 18 years of age and residents of Canada.

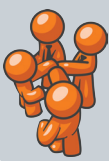
Are you generally optimistic about the future of the retail travel industry?



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It's been a tumultuous ride these past few years but almost half (48%) of retailers surveyed say sales are up compared to three years ago, and another 22% said sales levels are about the same. Close to 70% say they're seeing more complex bookings come in as clients continue to take their basic, point A to point B air bookings online. It can be a tough business, but retailers are resilient, and optimistic too: eight out of 10 agents say they see good times ahead for the travel industry.



THE WORKFORCE

Does your travel agency have outside sales reps?

Yes	64%
No	36%

Is the outside sales rep/home-based business a positive step for the travel industry?

Yes	71%
No	29%

Do you see yourself in the retail travel industry 10 years from now?

Yes	67%
No	33%

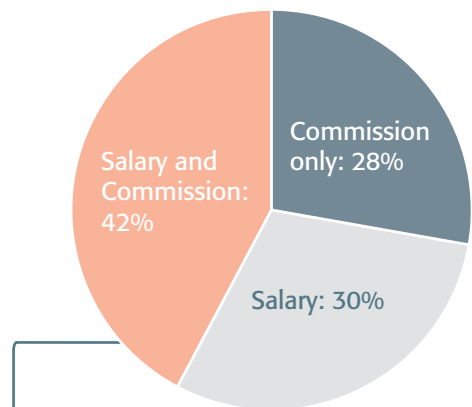
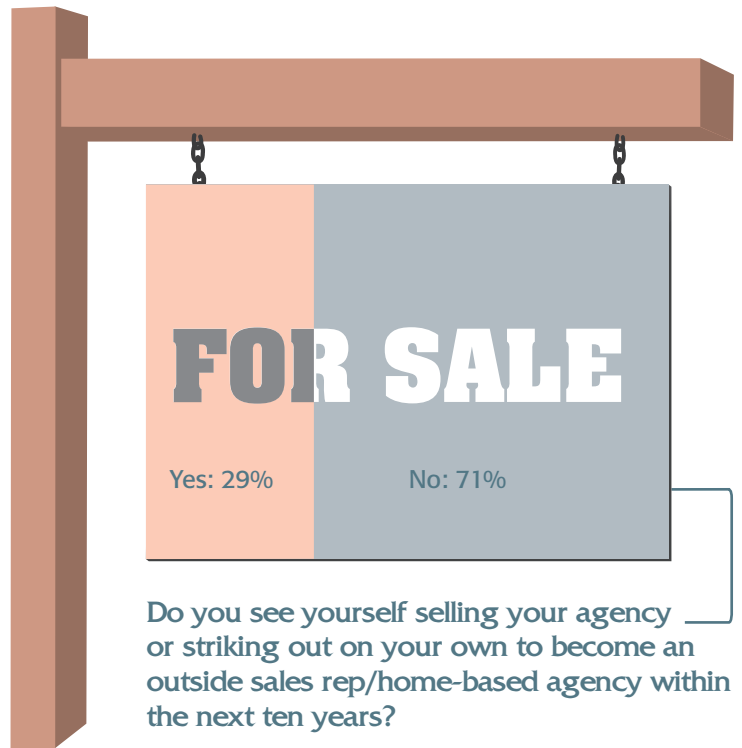
Why not?

Retirement	61%
Want to seek new challenges	18%
Concerned about the future prospects of the travel industry	14%
Other	7%

How old are you?

Under 25	5%
26-35	10%
36-45	23%
46-55	33%
56-65	21%
66-75	8%
Over 75	1%

Two-thirds of agents say they'll be in the industry 10 years from now



How are travel counsellors compensated in your agency?

No matter what happens in the travel industry, somehow, retailers make it work. And they see a future. More than two-thirds of agents (67%) say they'll still be in the industry 10 years down the road, and that's up almost 10% over last year's result. Those looking to make a change say retirement looms (61%) — a clear indication of the challenging demographics of the retail industry — or they're seeking new opportunities (18%). Just 14% said they're concerned about future prospects in travel. The home-based trend, seen as little more than a blip just a few years ago, is gaining momentum with an increasing number of agents (29%, up from 22% last year) saying they can see themselves going home-based in the next decade.

Learning CENTRE

Expand your knowledge with **TRAVELWEEK'S LEARNING CENTRE**

The screenshot shows the Learning Centre website interface. At the top, there is a navigation bar with links for HOME, COURSES, REWARDS, DEAN'S LIST, and CONTACT US. A search bar is also present. The main content area is divided into several sections. On the left, there is a featured program titled "BERMUDA TOURISM SPECIALIST PROGRAM" with a description: "Feel The Love - Join the Bermuda Department of Tourism online training program and understand why Bermuda is considered the 'Jewel of the Atlantic'. Register now and learn how to better position yourself to sell Bermuda more effectively!". Below this, there are sections for "SPECIALIST PROGRAMS" including "Bermuda Tourism Specialist Program", "Grand Wailea Specialist Program", and "Sandals Resorts - Module One". On the right side of the interface, there is a "SIGN IN" section with fields for Email and Password, and a "SIGN IN" button. A "REGISTER" link is also visible in the top right corner.

Featuring some of the latest and greatest in online learning from organizations such as the Bermuda Department of Tourism, the German National Tourist Office, Sandals and Beaches Resorts and Iberostar Hotels and Resorts.

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NICHES & SPECIALTIES

Has the range of products you sell changed in recent years?

Yes	71%
No	29%

Has your agency discussed narrowing its selling focus to concentrate on more profitable niche markets?

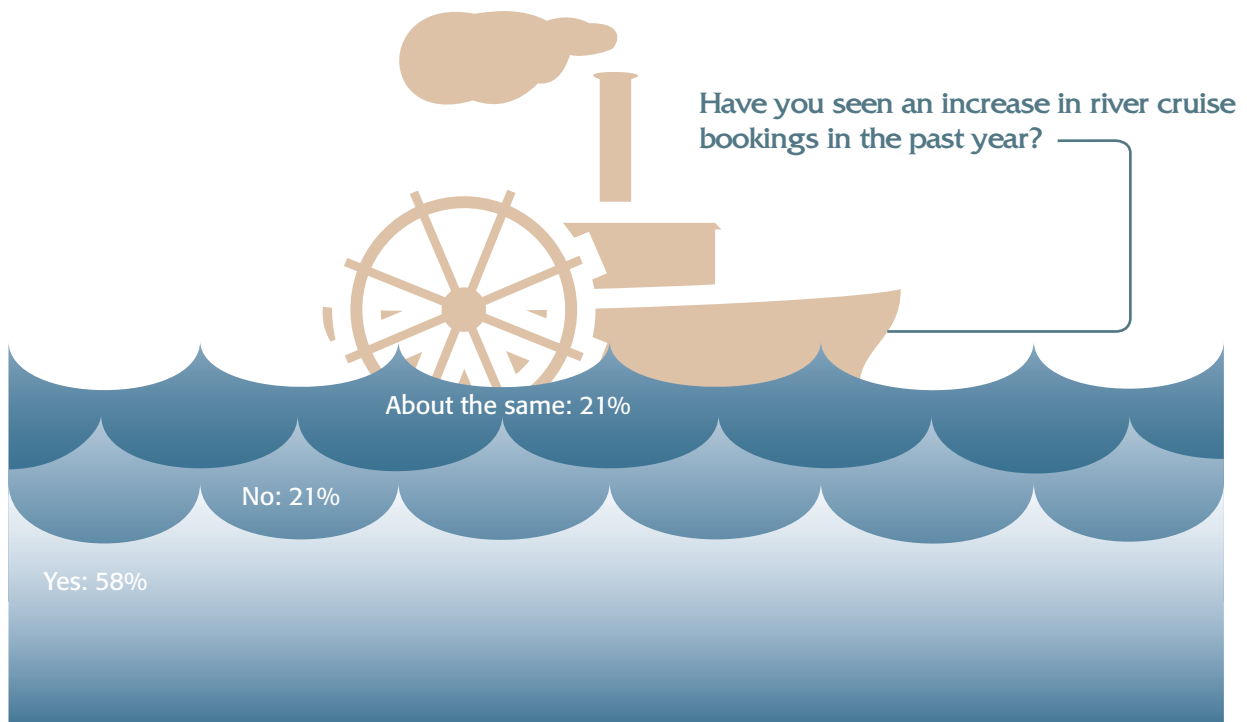
Yes	31%
No	25%
I don't know	25%
Our agency has already done this	19%

Which niche markets? (select all that apply)

Cruise (luxury or river)	75%
Weddings & Honeymoons	60%
Luxury	49%
Incentive	22%
Senior groups	29%
Culinary	18%
FIT	46%
Adventure	46%

In a very short time it's gone from buzz-word to bona-fide, and now niche travel has arrived. And in keeping with the niche trend, agents are heeding the call to 'specialize, specialize, specialize', becoming nimble sellers of a few regions, travel styles or products rather than generic purveyors of all. Many retailers want to see their sales focus go beyond traditional ITC packages to include cruises, weddings and honeymoons and adventure travel, and more agents this year said their agency had discussed going niche, or had already done so. River cruise sales are off the charts, with 58% of agents saying they've seen an increase this year.

Luxury cruises and river cruises topped the list for agents looking for a new niche focus





Are you selling fewer mass-market cruise lines due to low fares and high Non-Commissionable Fees (NCFs)?

Do you charge clients a service fee to book cruises to make up for the growth of Non-Commissionable Fees (NCFs)?

Yes	22%
No	78%

If you charge clients a service fee to book cruises, are you now promoting land-based vacations more often?

Yes	46%
No	54%

Following the string of recent cruise mishaps, are you finding that clients are more reluctant to book a cruise?

Yes	14%
No	52%
About the same	35%

Which cruise line do you get the most requests for?

Royal Caribbean Cruise Line	38%
Holland America Line	14%
Princess Cruises	15%
Carnival Cruise Lines	11%
Norwegian Cruise Lines	6%
MSC Cruises	1%
Uniworld Boutique River Cruises	3%
Oceania Cruises	3%
Avalon Waterways	4%
Ama Waterways	5%

22% of agents levy a fee to make up for NCFs

Despite the controversial Non-Commissionable Fees (NCFs), most retailers are still selling mass-market cruise lines, and only 22% are charging a service fee to make up the difference with the NCFs. The fees are a tricky issue, and frustrating, but with the number of cruise lines levying them it's a slice of the market that's just too big and popular to ever consider a stop-sell. Cruise lines have long been the retailer's biggest champion and the complex nature of cruise bookings means consumers will continue to seek out agents for this type of vacation. A CLIA study released earlier this year showed that over two-thirds of cruisers (68%) book their sailings with agents – although that number is down from 74% four years ago. Discounted fares have brought commissions down, and the ongoing battle over NCFs have some retailers questioning their relationship with cruise lines, but the good news is that despite some high-profile cruise mishaps over the past several months, bookings for the majority of cruise brands continue to roll in.



ONLINE PRESENCE

What percentage of your bookings are made through the GDS?

0-20%	35%
21-50%	23%
51-75%	16%
76%+	14%
I don't know	12%

Does your agency have a booking engine on its website for clients to book online?

Yes	63%
No	37%

What percentage of your business is booked online through your agency?

0%	8%
1-9%	26%
10-24%	13%
25-49%	8%
50%+	14%
I don't know	32%

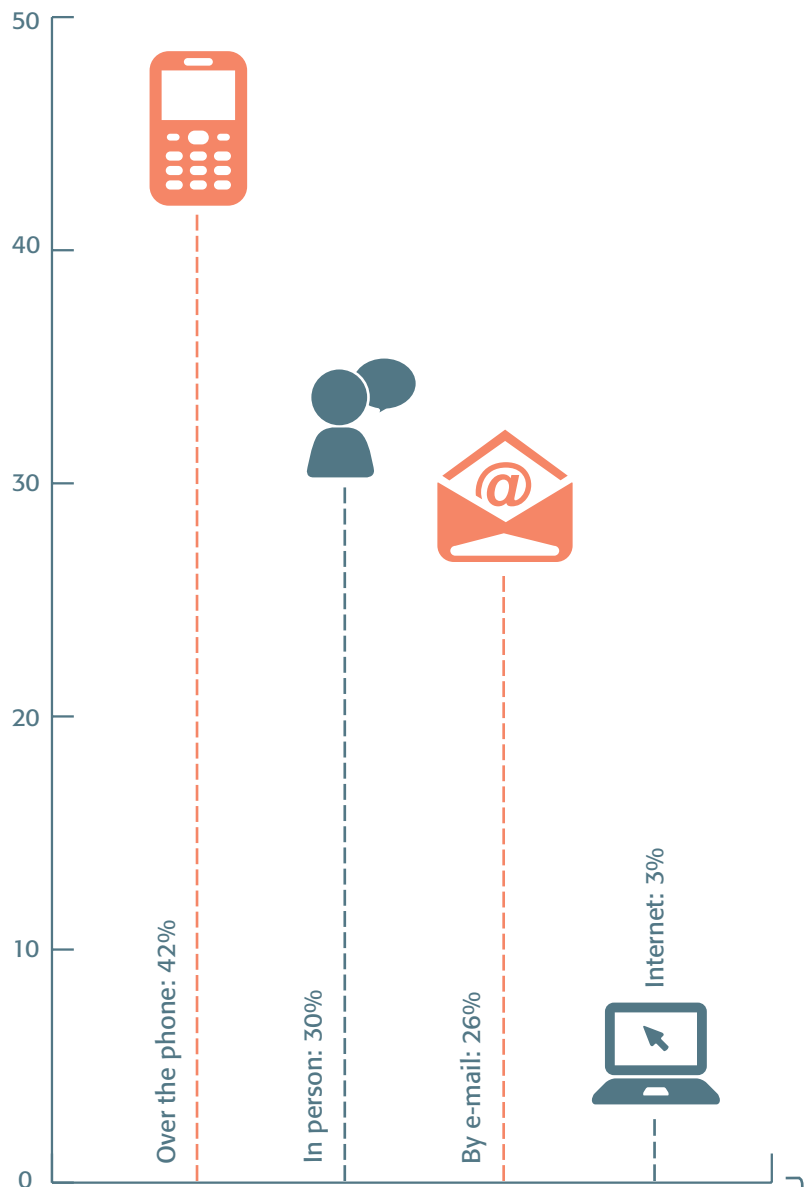
Do you offer a price discount to clients who book on your website?

Yes	24%
No	76%

For which leisure product/service do you charge your clients a service fee? (select all that apply)

Airline ticket	86%
Hotel only	44%
Visa/passport application	35%
FIT Booking	27%
Research/consulting	24%
Cruise vacation	19%
Package holiday	20%
Insurance policies	8%
We don't charge service fees	11%

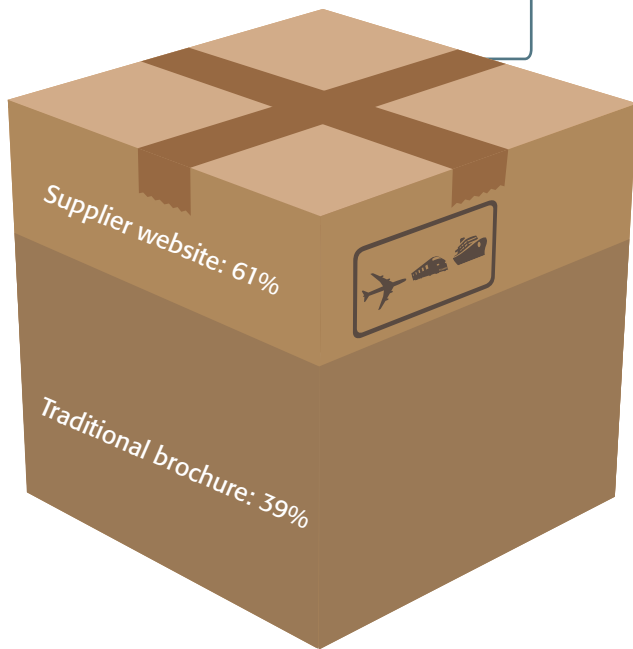
Three cheers for the telephone: it's quick, it's easy, and it's always available (with no chances for embarrassing typos). Despite the high-tech revolution, most inquiries (and sales) still come in by phone, with in-person sales and e-mail dealings a close second and third. Six in ten agents say their agency has a booking engine on their website, but just 24% say those bookings get a price break.



Which is the most popular means for your clients to book their vacation with your agency?



Which is the most effective sales tool when selling a tour operator package?



Are customers requesting and taking brochures as often as they did three years ago?

Yes	35%
No	28%
Same	22%
I don't know	16%

How do you communicate with your clients when they return from their vacation? (select all that apply)

E-mail	68%
Phone	56%
Mail them a letter	18%
They usually communicate with me	13%
I don't usually communicate when they return	8%

What incentives does your agency offer your clients? (select all that apply)

Reward program	31%
Payment options	15%
Price discounts	18%
Value-added services	50%
We offer no additional incentives	24%

What media does your travel agency use to promote its products? (select all that apply)

Newspapers	57%
Radio	28%
TV	13%
Direct Mail	45%
Agency website	71%
E-newsletter	50%
Contests	18%
Social Media	47%
Paid online ads (Google Ads)	7%
Blogging	12%

Although today's young people will no doubt prefer e-versions in the years to come, for now, the printed brochure is holding steady with travellers eager to put a picture to their vacation dreams. Six in 10 agents say traditional brochures are still the best sales tool, versus supplier websites. "With some website presence as well — but people like brochures," notes one agent, while another praises e-brochures targeted specifically to the client's needs. Getting away from the digital page-by-page replica format most e-brochures take today, the future more likely lies with dynamic product-showcase sites like Sandals Resorts' The Wedding Designer, where users pick and choose each element and then create an online 'Inspiration Board'. While the Sandals site is targeted to brides and grooms (and backed by \$2 million worth of photography), the basic puzzle-piece format, picking up on the popularity of a site like Pinterest, could work for many product lines.

Of course, the fractured format of social media sites like Facebook and Twitter (and Pinterest) — these sites are like a giant electronic cork board, where we pin our thoughts and more importantly, our photos — has influenced not just how we organize our lives, but also how we market our brands and our products. While traditional outlets like TV and radio ads held steady, social media jumped from 29% last year to 47% this year, among agencies promoting their products and services. Blogging was up too, from 6% to 12%.



PREFERRED SUPPLIERS

Do you feel that incentives from tour operators (e.g. cash rewards, etc) targeted specifically at the booking agent are hurting the industry by jeopardizing preferred supplier agreements?

Yes	25%
No	75%

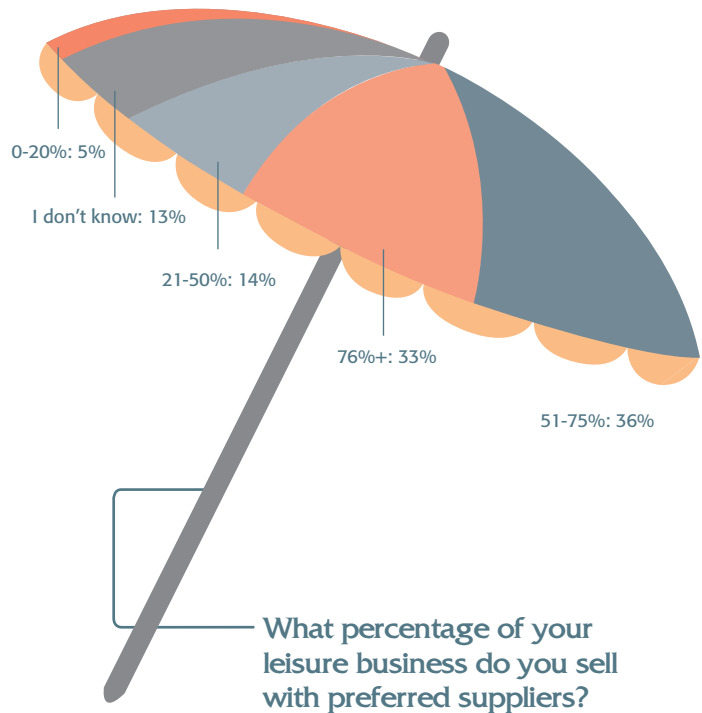
Why do you sell preferred suppliers?

Higher commissions	58%
Better services than non-preferred	39%
Preferred pricing; Personal relationships	39%
Head office/ management mandate	28%
Consumer preference	12%
I don't sell preferred suppliers	3%
I don't know	5%

Which of the following incentives motivates you to book a supplier's product?

Cash/extra commission	68%
Travel	16%
Points	14%
Merchandise	2%
Other	2%

One-third of agents direct 75%+ of leisure bookings to preferred suppliers



Preferred supplier agreements have long been a win-win for the industry. How strong is that system now? Last year, 42% of retailers said they directed three-quarters or more of their leisure business to preferred suppliers. This year, that number dropped to 33%. Suppliers have a vested interest in supporting those who support them back. Meanwhile agents are under increased pressure from clients to keep the bias out of their sales pitch, but those override dollars are crucial.

Suppliers eager to cut through the 'noise' with compelling incentives are still targeting individual booking agents with cash rewards and the like, and not surprisingly, as agents do their best to make a buck, three out of four retailers say they don't have a problem with the practice. Is it a case of short-term gain – for a gift card here and a reward dollar there - leading to long-term pain for traditional preferred supplier agreements? Or is it just a new way of doing business – one that's more immediate, and maybe more 'bespoke', just like the type of travel consumers are clamouring for these days. One thing's for sure, especially in these tight times: as direct-to-agent incentives become more popular, chipping away at negotiated agreements, something's got to give.

Higher commission (58%) is still the number one reason agents cite for booking preferred suppliers, but better service (39%), preferred pricing (39%) and personal relationships rate highly too. Only one in four agents say they are motivated to book preferred suppliers based on mandates from head office or management.