{ SRI LANKA
TOURISM
ALLIANCE

TRACKING SRI LANKA'S DESTINATION BRAND HEALTH

A Twenty31 Consulting Quantitative Research Study

For the Sri Lanka Tourism Alliance

10th February 2023 – Tracking Wave Report (2 of 4)

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10th February 2023

It is vital for Sri Lanka to track how their destination brand is perceived in the market in order to develop and launch an evidence-based strategy to drive higher-value, sustainable tourism.

To support Sri Lanka's destination recovery, the Sri Lanka Tourism Alliance with the financial support of YouLead, commissioned Twenty31 Consulting Inc., to develop an insights report drawing on a custom quantitative research survey of representative samples of identified travel consumers in major outbound travel markets. The overarching objective was to provide current insights on travel consumer perceptions of Sri Lanka's destination brand. These research insights have the potential to directly inform recovery planning for the tourism industry.

Why Destination Brand Health Research Matters.
Sri Lanka Tourism Development Authority's current statistics provide factual information on total visitor arrivals, traveller origin and tourism spend (i.e., assuming the resumption of the exit survey). In tourism research circles these metrics are the basic data points needed to understand macro growth and performance. However, this data provides limited understanding of consumer issues, market dynamics and travel consumer insights. Best-practice in international destination management and marketing outlines the need to benchmark brand standing and travel consumer perceptions, and then over time track performance.

The following report provides a snapshot of how identified travel consumers perceive Sri Lanka's destination relative to a 'normative benchmark' competitive destination. These market research insights are invaluable to design products and experiences that will resonate with travel consumers; understand ideal markets and determine how best to connect with them; and design PR, travel trade and marketing strategies and tactics that will move consumers down the Path to Purchase.

Destination Canada, Tourism Ireland, Visit Britain, Tourism Australia, Dubai Tourism and Commerce Marketing, South African Tourism, Abu Dhabi Department of Culture and Tourism, Ras Al Khaimah Tourism Development Authority and other select Destination Marketing Boards are becoming increasingly successful in driving higher-value tourism to their destinations because they invest in conducting, analyzing and utilizing market research, specifically focused on brand health and consumer insights.

This report draws on an analysis of select questions focused on Sri Lanka using an existing destination brand health study launched by Twenty31 in October 2022 and tracked in February 2023, with comparisons to an April 2021 wave. The Tourism Alliance has plans to track these findings on a 6-month basis into 2023 and 2024.

This report presents the topline destination 'brand-health' results from a quantitative market research study surveying statistically representative samples of travel consumers in January/February 2023.

Methodology

The findings detailed in this report are based on an opinion survey of a representative sample of n=600 to n=800 identified travel consumers in each of 8 outbound travel markets. Fieldwork was carried out online in January/February 2023, using market research consumer panels. A representative sample of the online population in each market was drawn, stratified by age, gender and region. This sample was then sent a survey invitation by email, and respondents screened to identify leisure travellers. These were defined as those who either:
- Had taken an international overnight holiday/vacation trip in the past three years (i.e., since January 2020); and/or
- Are likely to take an international overnight holiday/vacation trip in the next two years (i.e., by January 2025).

While the market research study is conducted in 26 markets per wave, the Sri Lanka Tourism Alliance instructed Twenty31 to provide results on 8 key outbound travel markets:
- France
- Germany
- India
- Italy
- Kingdom of Saudi Arabia (KSA)
- Russia
- Spain
- United Kingdom (UK)

Results are representative of the online adult traveller population in each market and are considered accurate within +/- 2 to 3 percentage points, 19 times out of 20. The survey uses a questionnaire developed by Twenty31 Consulting. It was fielded in English and official languages in each country.

Note: all figures in the charts in this report are expressed in percentages (%), unless otherwise indicated. Total percentages may not add to 100 because of rounding. Question wording and the base sample size is provided in the bottom of select pages.

This report focused on the results from interviews with travel consumers in eight key outbound travel markets.

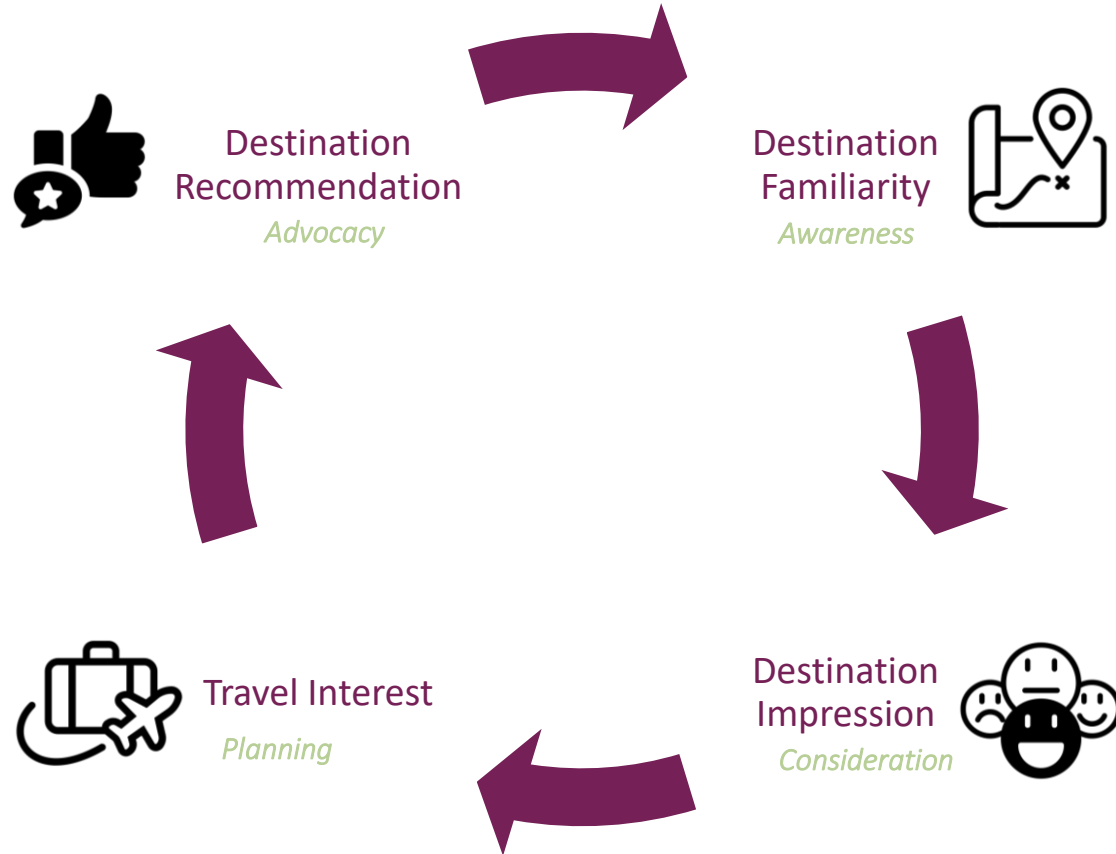FEBRUARY 2023 WAVE SURVEY MARKETS
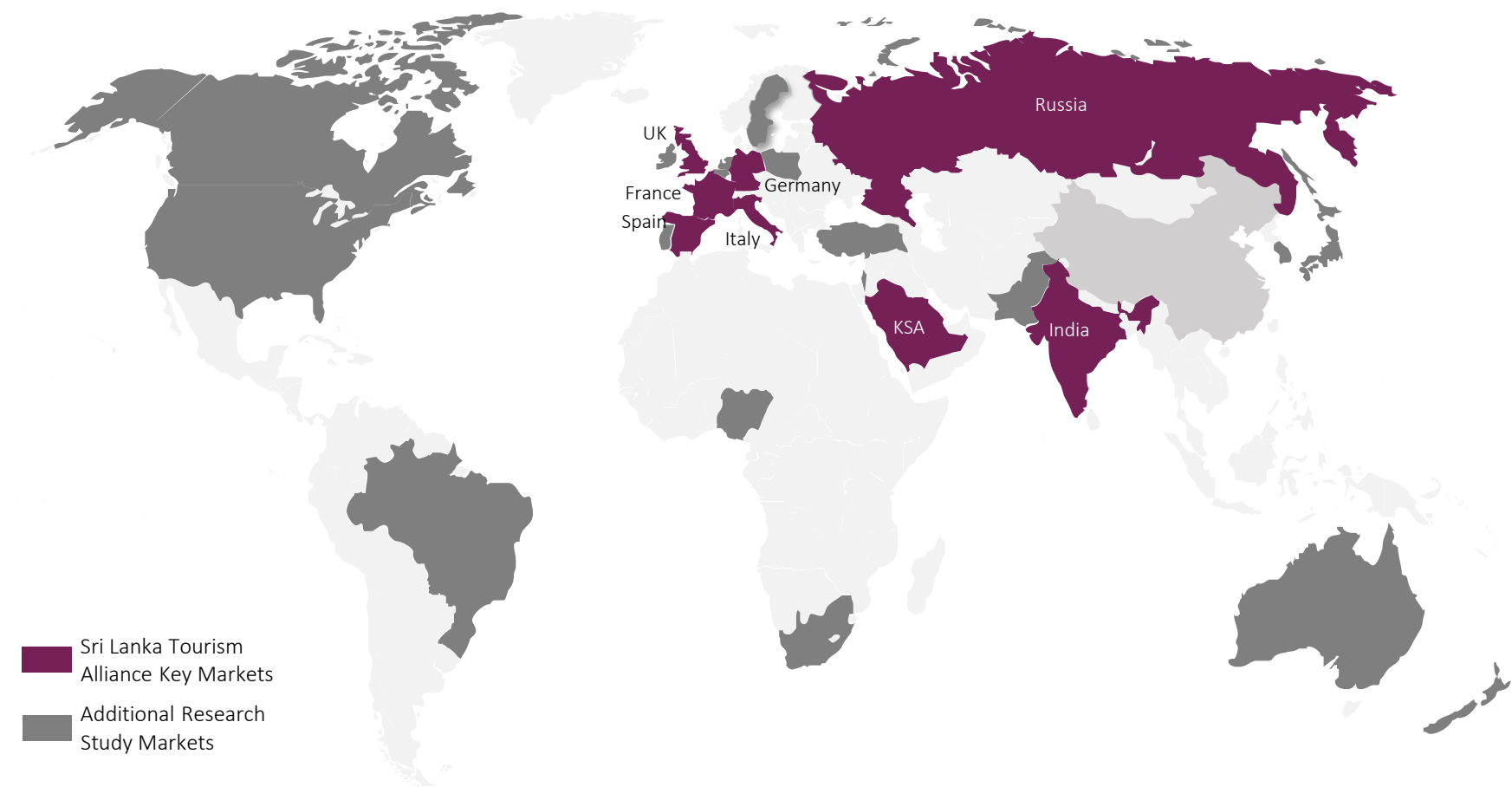
Legend:
- Sri Lanka Tourism Alliance Key Markets
- Additional Research Study Markets

Almost <u>60%</u> of the **DECISION TO TRAVEL** to a destination is influenced by the **PERCEPTION** of the **TOURISM BRAND**

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Destination brands need to be measured and tracked on a consistent basis in order for DMOs and their industry partners to understand how best to influence and invest in the market to maximize ROI.

MEASURING DESTINATION BRAND HEALTH ALONG THE TRAVEL ADVOCACY LOOP

Destination Recommendation
Advocacy

Destination Familiarity
Awareness

Travel Interest
Planning

Destination Impression
Consideration

KEY IMPLICATIONS FOR SRI LANKA

- The linear Path to Purchase model has transitioned to more of an Advocacy Loop, in part because of how the market has shifted due to the COVID-19 pandemic.

- For over a decade, Sri Lanka's travel and tourism industry has focused much of their promotion efforts on international travel trade shows and PR activities. While visitor numbers dramatically increased since 2009, yield has trailed and seasonality and dispersion have not been effectively addressed.

- Sri Lanka needs a defined, evidence-based, and integrated marketing, communications/PR and travel trade strategy, and more importantly, resources to implement this strategy and continuously measure performance.

- In the absence of such a strategy, Sri Lanka risks sustainable economic growth.

Source: Twenty31 Consulting 2022 Q4 Destination Brand Health Tracking Survey
Question wording: "How familiar are you with what each of the following have to offer as destinations for holiday/vacation travel? (Sri Lanka)
Responses: 4 and 5 on a Five-Point Scale ("Know the destination; Know the destination very well")
Base Size: n=600 to n=800 per each survey market

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Overall familiarity of Sri Lanka's destination offering has increased slightly since October 2022 in six of the eight source markets

BRAND: FAMILIARITY WITH SRI LANKA, 2021 VS. 2022 & 2023

Legend: ■ April 2021 Data   ■ October 2022 Data   ■ February 2023 Data

KEY IMPLICATIONS FOR SRI LANKA

- Brand familiarity, along with consumer confidence are the two most important variables driving travel decisions.

- In six of the eight survey markets, the familiarity scores for Sri Lanka have slightly improved since the October, 2022 wave.

- While the increase in familiarity is relatively minor, with the exception of the Indian market, it does suggest the Tourism Alliance's on-going promotions efforts are potentially having some material impact on increasing awareness of Sri Lanka as a travel destination.

- These results also reaffirm the great potential and opportunity in the Indian market for Sri Lanka's tourism industry: relatively high brand familiarity and an increase in ratings post Sri Lanka's turbulent 2022.

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Overall impression of Sri Lanka's destination offering has substantially increased since October 2022 in all key source markets

BRAND: IMPRESSION OF SRI LANKA, 2021 VS. 2022 & 2023

April 2021 Data   **October 2022 Data**   **February 2023 Data**

KEY IMPLICATIONS FOR SRI LANKA

- Brand impression is a key variable influencing if a travel consumer will move down the path to purchase.

- Across the board, in all major source markets, impression of Sri Lanka's destination offering has improved since October 2022.

- These results are somewhat to be expected:
  - Sri Lanka's political situation has stabilized and despite on-going economic challenges, mainstream Western media are not covering Sri Lanka as lead headlines
  - The Tourism Alliance's nascent marketing efforts could be having some positive impact in the market

Overall interest in travelling to Sri Lanka has increased substantially since October 2022 in all key source markets, especially in Europe.

BRAND: INTEREST IN TRAVELLING TO SRI LANKA, 2021 VS. 2022 & 2023

Legend: ■ April 2021 Data ■ October 2022 Data ■ February 2023 Data

Markets: France, Germany, India, Italy, KSA, Russia, Spain, UK, Average (Survey Markets)
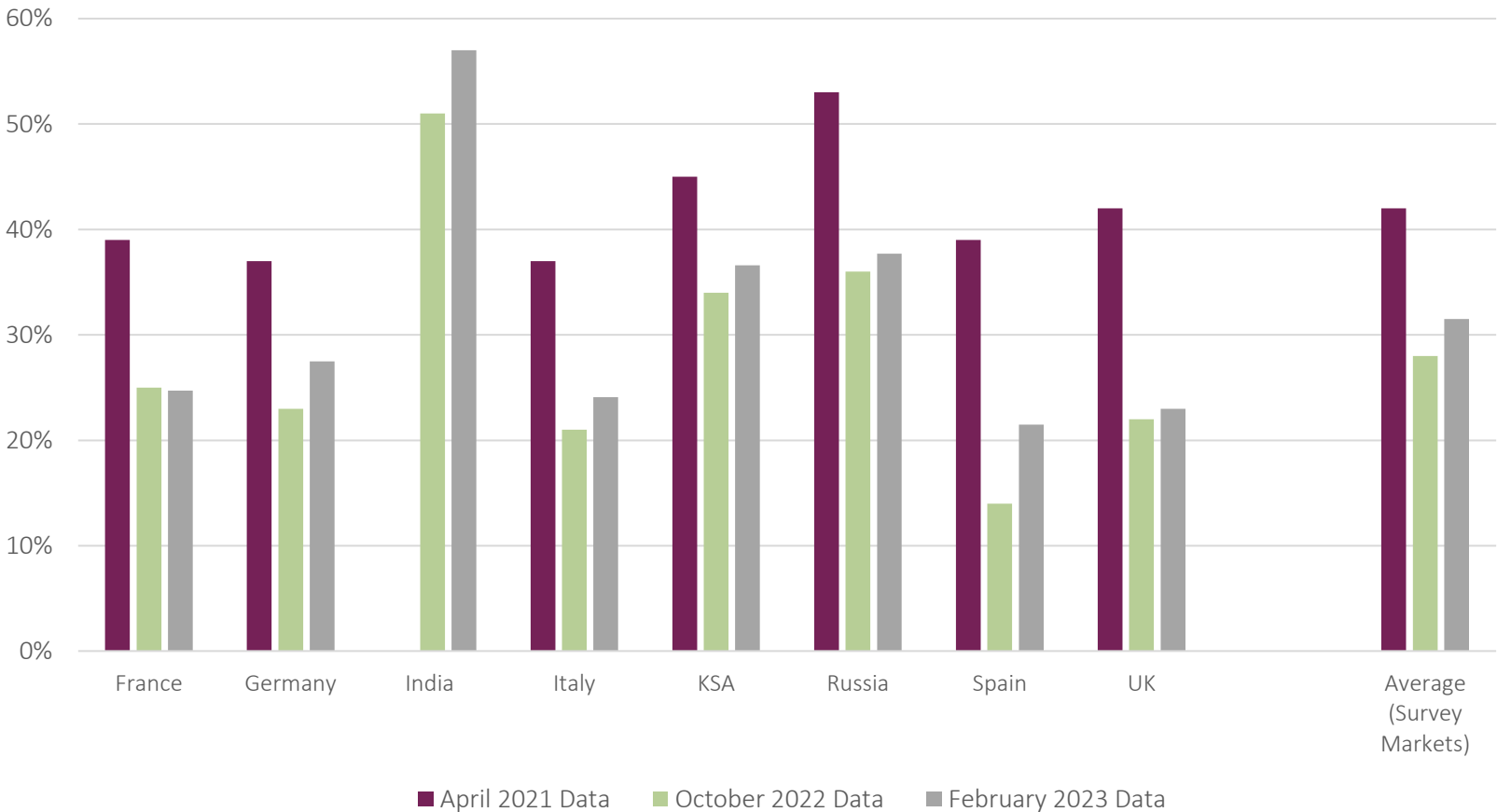
KEY IMPLICATIONS FOR SRI LANKA

- Interest in travel to a destination indicates forward opportunity and brand potential.

- Across the board, in all major source markets, interest in travelling to Sri Lanka has jumped from October 2022.

- European markets have seen the largest increase in interest numbers since October 2022 potentially in part to two scenarios: 1. Sri Lanka's economic and political situation are no longer top of mind with mainstream media; and 2. Generally speaking, interest levels for destinations tend to increase in Q1 given Europeans tend to plan vacations during this timeframe

Source: Twenty31 Consulting 2023 Q1 Destination Brand Health Tracking Survey
Question wording: "How interested are you in travelling to the following destinations in the next 12-months?" (Sri Lanka)
4 and 5 on a Five-Point Scale ("Interest to travel to the destination; Very interested to travel to the destination")
Base Size: n=600 to n=800 per each survey market

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Those recommending Sri Lanka as a destination have slightly increased since October 2022 in all but one key source market.
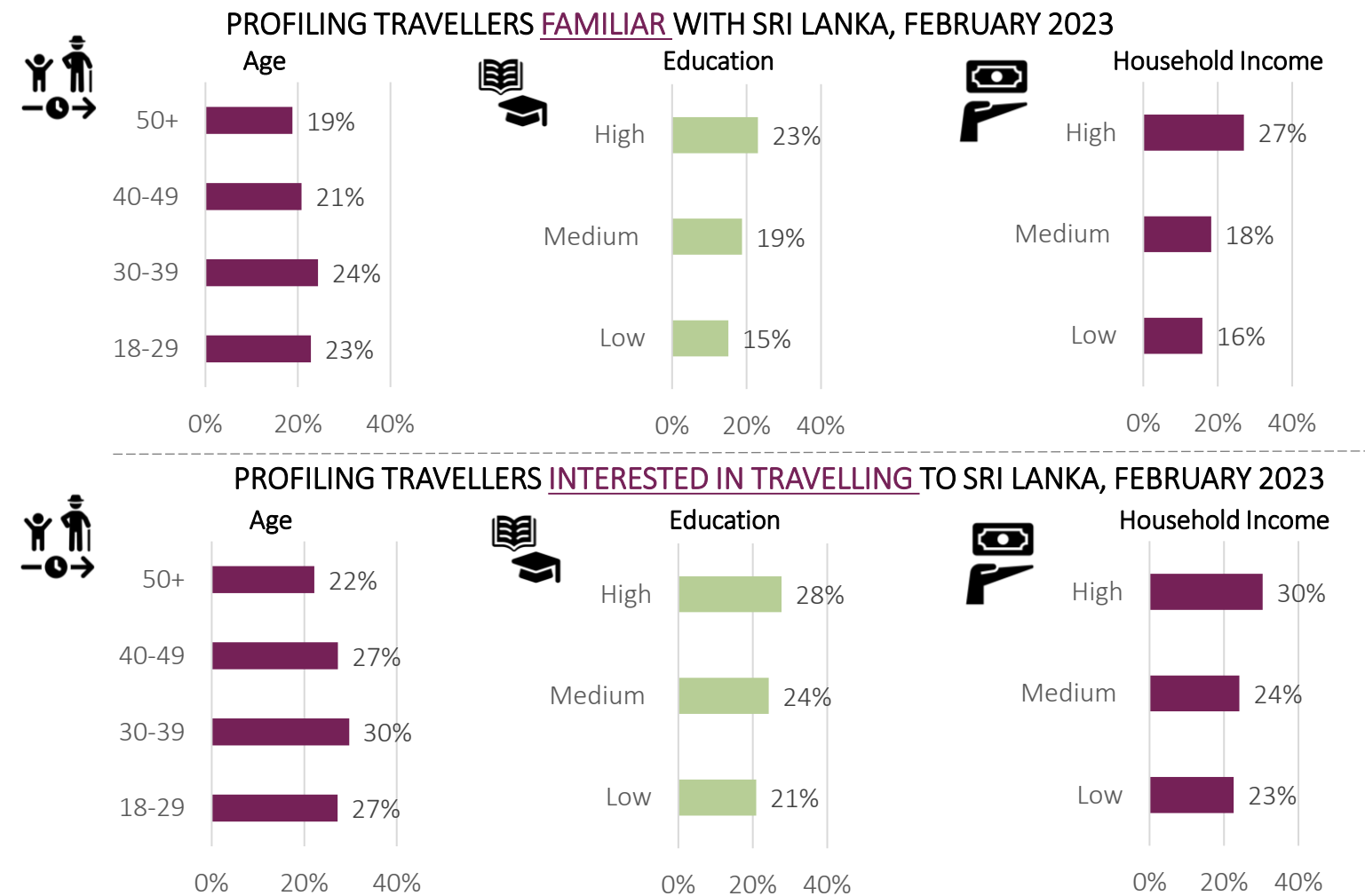
BRAND: RECOMMENDING SRI LANKA AS A HOLIDAY DESTINATION, 2021 VS. 2022 & 2023

Legend: ■ April 2021 Data   ■ October 2022 Data   ■ February 2023 Data

KEY IMPLICATIONS FOR SRI LANKA

- Recommendation is a key measure of destination brand loyalty and linked to the perception of delivering on the visitor experience.

- With the exception of France, Sri Lanka's recommendation scores have increased in all survey markets, with the largest increases in Spain and India.

- However, recommendation scores are substantially down from April 2021, indicating a cautious travel consumer audience.

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Travel consumers familiar with Sri Lanka with an interest in travelling to the destination over index as younger, highly educated, with higher household incomes.

PROFILING TRAVELLERS FAMILIAR WITH SRI LANKA, FEBRUARY 2023

Age
- 50+: 19%
- 40-49: 21%
- 30-39: 24%
- 18-29: 23%

Education
- High: 23%
- Medium: 19%
- Low: 15%

Household Income
- High: 27%
- Medium: 18%
- Low: 16%

PROFILING TRAVELLERS INTERESTED IN TRAVELLING TO SRI LANKA, FEBRUARY 2023

Age
- 50+: 22%
- 40-49: 27%
- 30-39: 30%
- 18-29: 27%

Education
- High: 28%
- Medium: 24%
- Low: 21%

Household Income
- High: 30%
- Medium: 24%
- Low: 23%

KEY IMPLICATIONS FOR SRI LANKA

- In the absence of a defined, evidence-based segmentation strategy, defining and profiling high-potential segments by demographic, psychographic, values, and life stage attributes, Sri Lanka should look to identify likely travellers based on age, education and household income categories (note – Gender is typically not a defining variable to determine travel potential).

- Travel consumers familiar with Sri Lanka and interested in travelling to the destination, tend to be younger, highly educated, and with higher disposable incomes.

- This correlates to the perception of Sri Lanka being a valued destination delivering on expectations of the visitor experience.

Source: Twenty31 Consulting 2023 Q1 Destination Brand Health Tracking Survey
The above slides present the age, education and income demographic data for the average of the eight October 2022 reported survey markets; Low, medium, and high thresholds are used for education and income based on market averages and then normalized at the global level. This allows for comparison across markets.
Base Size: n=600 to n=800 per each survey market

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Twenty31 Consulting is a research and strategy management consultancy working with destination leaders to define and build sustainable, competitive advantage.

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