Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch Year 2

South Korea – Key Findings

Canadian Tourism Commission (CTC)

Canada

www.canada.travel

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Introduction

Background

The shocks of 2001 and 2003 were strong reminders for the tourism industry regarding the speed of which consumer perceptions and decision-making processes can change based on a single event.

While there has not been a major shock to the tourism industry since 2004, a myriad of technological, social, environmental, and policy changes have occurred, affecting consumer perceptions, attitudes, motivations and travel intentions. Such changes include:

- The escalation of social media websites and their popularity across many age groups;
- The desire for healthier and more sustainable lifestyles;
- Climate change and related advocacy efforts by high-profile personalities; and
- The global financial/economic crisis

To stay on top of and to adjust to the changes occurring, an annual research monitor was initiated in 2007 to keep a pulse on consumer changes in CTC key markets.

Objectives

In 2008, the second year of the GTW program was implemented in nine global markets – the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea. The Year 2 research was co-funded by a partnership group including British Columbia, Alberta, Ontario, Quebec,Yukon and the Northwest Territories.

The research objectives are to collect market intelligence (across all markets in a consistent way) related to four over-arching themes:

- Monitoring key performance indicators;
- Tracking response to Brand Canada;
- Identifying and tracking product opportunities; and
- Providing input into strategic market plans.

The primary focus of the 2008 reports is on identifying shifts in each market since 2007. The ultimate goal of the GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years.

A total of 1,704 South Korean respondents completed the online survey. A quota was set to reach n=200 past travellers to Canada. Fieldwork was conducted in March 2008 to align with the CTC's campaign timing.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

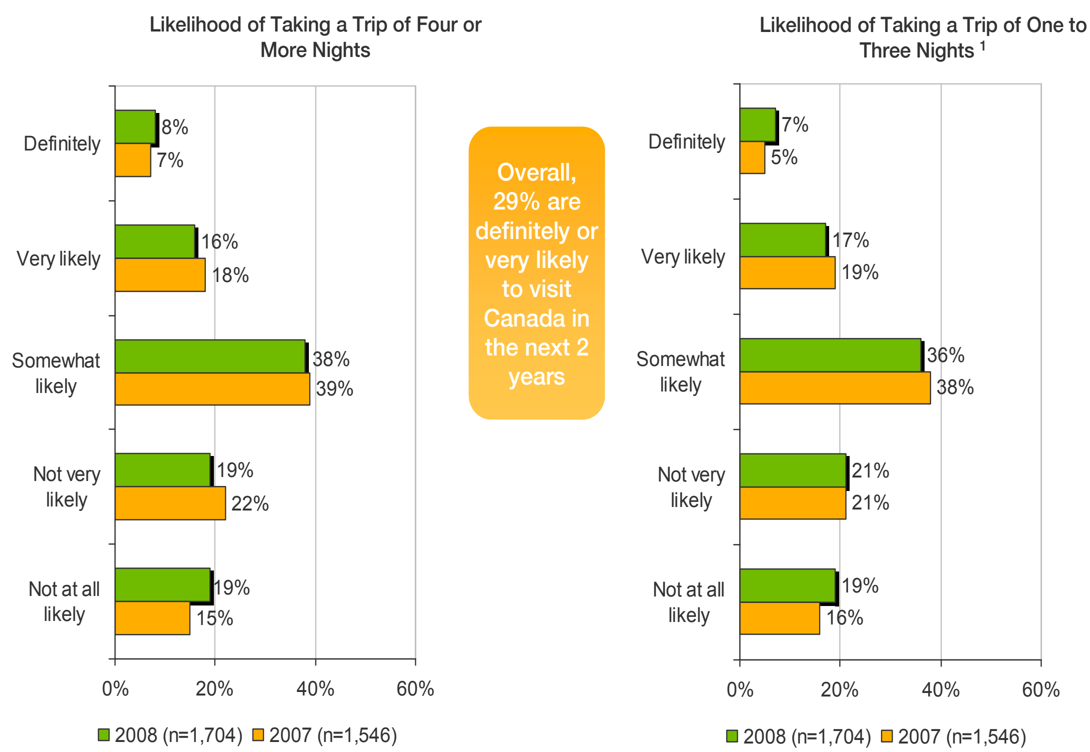
Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omunibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, interntional Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

The likelihood of visiting Canada in the next two years was assessed for both shorter stays of one to three nights and longer stays of four or more nights (see **Exhibits 1**). The results show that the total proportion of Koreans who are definitely or very likely to visit Canada has dipped slightly in 2008, falling from 32% to 29%. This should not be a cause for concern at this point, as it is not a significant change, but a trend that merits watching in view of the tougher economic times ahead.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: Long-haul pleasure travellers.

Note: [1]Including trips to other countries (e.g. the US) that involve a stay of one to three nights in Canada.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways – the target market and the immediate potential.

The target market is a broader estimate of the market size based on expressed interest (very or somewhat) among Korean travellers interested in visiting Canada in the next two years. This yields a target market of almost 6.2 million travellers with some level of interest in Canada.

The immediate potential is a more conservative estimate based on those who say they will definitely or are very likely to visit Canada in the next two years. Under this scenario, there are more than 2.3 million travellers with immediate potential for conversion. Again, this makes South Korea one of the smaller markets in terms of immediate potential for Canada.

Although there is clearly a sizeable potential market for Canada, converting interest into actual travel will be a challenge due to low awareness, competition from better known and/or closer destinations, and the cost of a trip to Canada in a market where financial reasons are the main constraint for travel.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada
Total potential long-haul pleasure travellers (aged 18 plus)	8,183,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years	76%
Size of the target market	6,219,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years	29%
Immediate potential	2,373,000

Base: Long-haul pleasure travellers (n=1,704)

Canadian Destinations[1] Likely to Visit

Exhibit 3 indicates that BC and Ontario are the leading destinations of interest among likely travellers to Canada, with interest at or above the 85% mark. South Korea continues to be one of the only GTW markets where interest in BC is on par with that of Ontario – in most other markets, Ontario is clearly number one. Quebec also enjoys a good measure of popularity in South Korea, at 73%.

Approximately 35% to 40% say they will visit the Atlantic region and Alberta, however interest in the lesser-known destinations – e.g., the North and the Prairie provinces – is fairly low, as would be expected of an emerging market with little detailed knowledge about Canada.

Vancouver is the individual destination that draws the most attention from Korean travellers (almost 80%), which is not surprising given its proximity to South Korea and the large Korean population there. Niagara Falls posts a very healthy 70%, and Montreal is the next most popular city at 55%. Despite its large Korean population, Toronto wins the interest of under half of likely travellers. Outside of these major destinations, only Quebec City (41%), Calgary (26%) and Victoria (23%) appeal to more than a fifth of likely travellers.

Exhibit 3 shows the size of the immediate potential for the regional partners on the GTW study based on current levels of interest. The market sizes are obviously substantial for Ontario and BC, but the Korean market also offers good potential for Quebec and Alberta.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	ON	QC	AB	North
Immediate potential for Canada	2,373,000				
Likely to visit province	87%	85%	73%	36%	17%
Immediate potential for the provinces	2,065,000	2,017,000	1,732,000	854,000	403,000
Most popular destinations within province	Vancouver (78%) Victoria (23%) Whistler (13%)	Niagara Falls (70%) Toronto (46%) Ottawa (15%)	Montreal (55%) Quebec City (41%)	Calgary (26%) Banff (7%) Edmonton (5%)	Yukon (10%) NWT (8%) Nunavut (5%)

Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=1,135). Note: Provincial estimates are not additive since travellers may visit more than one region on a single trip.

[1] Of CTC partner regions (British Columbia, Alberta, Ontario, Quebec, the North).

Awareness Levels of Canada

Unaided Performance Indicators

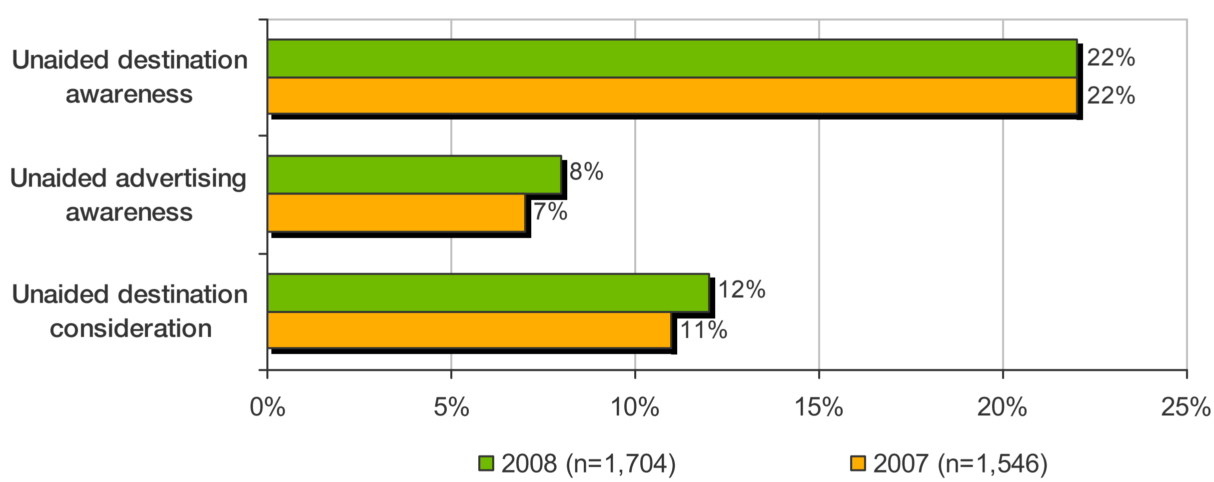
The Global Tourism Watch measured three unaided (or top-of-mind) indicators[2] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

In terms of unaided destination awareness, Canada is holding steady at 22% of long-haul respondents mentioning Canada as a destination which comes to mind for a long-haul vacation. Canada remains a distant third, along with France, which is behind Australia and US.

For top-of-mind Canadian travel advertising, the results have generally stayed the course since 2007, with 8% of long-haul respondents mentioning that they had seen or heard Canadian advertising relating to travel or holidays within three months of the survey. The top three destinations remain the same as last year, with Australia solidly out in front of Thailand and the US. There has been a minor reshuffling in the lower ranks of the top five, with New Zealand and Canada replacing the Philippines and Singapore.

Regarding unaided destination consideration, Canada ranked third, with 12% of long-haul respondents mentioning that they are seriously considering Canada and Canadian destinations for their holiday trips in the next 2 years. Australia and the US ranked first and New Zealand has now climed from seventh to fourth place, providing more competition for Canada in the upper ranks.

Exhibit 4 - Unaided Performance Indicators



Base: Long-haul pleasure travellers.

2 Accumulative results are mentions of Canada and sub-destinations within Canada.

Recent and Potential Visitors from South Korea

Target Market for Canada

Exhibit 5 provides demographic profiles recent travellers to Canada and travellers interested in visiting Canada.

Both recent and potential visitors to Canada represent more elite groups of travellers compared with the long-haul market at large, having more education, holding more senior positions in the workforce, and in the case of recent visitors, earning vastly higher incomes. The fact that it is more affluent travellers who ultimately end up making the trip to Canada despite a much broader appeal, confirms that Canada is positioned as a high-end destination. Recent visitors to Canada are also older (46% between 35 and 54), possibly because the older segments tend to have the earning power and financial means to support a trip to Canada. However, at almost 40%, the 18 to 34 segment is still sizeable and should not be ignored.

As was the case last year, both recent and potential visitors are more likely to have friends and relatives living in Canada, confirming the strong influence of VFR as a pull factor for travel to Canada.

Exhibit 5 – Target market demographics for Canada

Gender	All L-H Travellers (n=1,704)	Recent Travellers to Canada (n=213)	Interested in Canada (n=531)
Female	47%	51%	45%
Age			
18 to 24	14%	13%	12%
25 to 34	31%	24%	29%
35 to 44	20%	26%	18%
45 to 54	18%	20%	20%
55 or older	18%	17%	20%
Close Friends or Relatives Living in Canada			
Yes	22%	41%	30%
Have Children in Household Under 18			
Yes	40%	53%	42%
Marital Status			
Married / partnered	59%	57%	62%
Single / never married	38%	41%	36%
Other (e.g. separated, divorced, widowed)	3%	2%	2%
Education			
High school or less	35%	28%	29%
Completed college / university	65%	72%	70%
Employment Status			
Employed full-time/part-time	57%	58%	60%
Housewife / homemaker	17%	17%	16%
Retired / unemployed	4%	2%	3%
Student	14%	16%	12%
Occupation			
CEO / Chairman / Managing Director / President	7%	16%	11%
Director / GM/VP/CFO / Treasurer / Secretary / Controller	7%	10%	8%
Owner / Partner	10%	10%	11%
Manager / Executive / Supervisor / Officer	26%	35%	25%
Other skilled / unskilled white collars	20%	12%	18%
Skilled / unskilled blue collars	7%	6%	5%
Other	22%	11%	22%
Average Monthly Household Income			
Under 3 million won	23%	10%	21%
3 to 3.99 million won	20%	15%	17%
4 to 5.99 million won	32%	32%	32%
6 to 7.99 million won	14%	15%	16%
8 million won or above	12%	28%	14%

*Note: **Blue squares** indicate a result that is significantly lower than the total (all long-haul travellers); **orange circles** indicate a result that is significantly higher than the total.*

Target Market for Canadian Regions[3]

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for BC, Ontario and Quebec are based on those who say they are *most* likely to visit the region, while the other profiles are based on those who express an interest in visiting the region, given the fairly low proportion of travellers who say they are most likely to visit these regions.

There are few meaningful differences across the regions, the most notable being that potential BC travellers tend to be younger, while those interested in the North are older and more affluent.

3 Of CTC partner regions (British Columbia, Alberta, Ontario, Quebec, the North).

Exhibit 6 - Target market for Canada's regions

Gender	TOTAL (n=1,135)[1]	BC[3] (n=325)	ON[3] (n=590)	QC[3] (n=133)	AB[2] (n=428)	North[2] (n=197)
Female	46%	55%	42%	43%	44%	50%
Age						
18 to 24	13%	16%	10%	20%	9%	10%
25 to 34	28%	34%	27%	25%	27%	25%
35 to 44	19%	19%	19%	13%	20%	17%
45 to 54	20%	18%	21%	20%	24%	23%
55 or older	20%	13%	23%	22%	20%	26%
Close Friends or Relatives Living in Canada						
Yes	27%	27%	25%	28%	31%	24%
Have Children in Household Under 18						
Yes	42%	42%	41%	47%	43%	44%
Marital Status						
Married / partnered	62%	55%	67%	54%	66%	68%
Single / never married	36%	43%	31%	43%	31%	29%
Other	3%	2%	3%	4%	4%	3%
Education						
High school or less	33%	34%	32%	35%	31%	34%
Completed college / university	67%	65%	68%	65%	69%	66%
Employment Status						
Employed full-time/part-time	59%	58%	60%	61%	60%	60%
Housewife / homemaker	16%	16%	18%	10%	17%	18%
Retired/Unemployed	3%	4%	2%	6%	3%	1%
Student	13%	15%	10%	19%	10%	12%
Occupation						
CEO / Chairman / Managing Director / President	8%	10%	7%	12%	9%	7%
Director / GM/VP/CFO / Treasurer / Secretary / Controller	8%	12%	6%	8%	10%	11%
Owner / Partner	11%	9%	12%	10%	12%	8%
Manager / Executive / Supervisor / Officer	27%	23%	30%	25%	28%	30%
Other skilled / unskilled white collars	19%	21%	20%	16%	17%	17%
Skilled / unskilled blue collars	6%	7%	6%	4%	6%	6%
Other	20%	19%	19%	26%	18%	22%
Average Monthly Household Income						
Under 3 million won	19%	19%	20%	16%	19%	17%
3 to 3.99 million won	20%	21%	21%	17%	19%	15%
4 to 5.99 million won	33%	33%	32%	34%	30%	30%
6 to 7.99 million won	15%	11%	16%	18%	17%	19%
8 million won or above	14%	15%	11%	15%	15%	20%

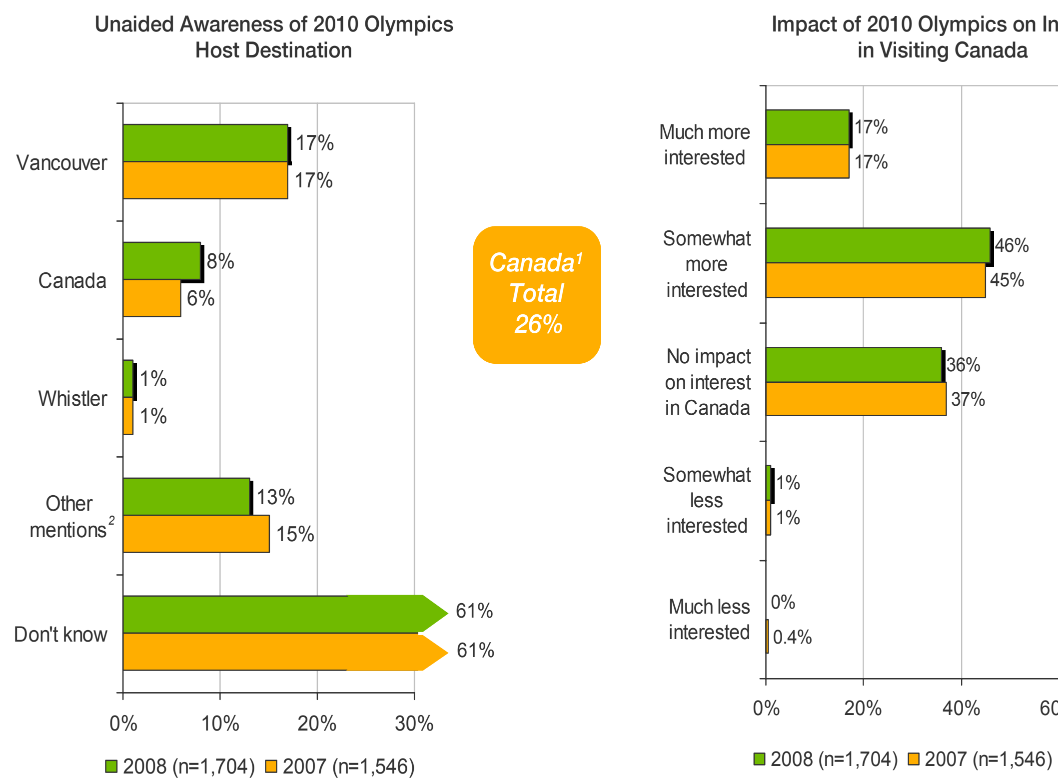
Notes:
[1] Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Those likely to visit the region.
[3] Those most likely to visit the region.

The Impact of the 2010 Winter Games on Travel to Canada

Over 1 in 4 Koreans correctly identify Canada as the host country for the upcoming 2010 Winter Games, which has not increased measurably since last year (see **Exhibits 7**). However, this is still on the high side relative to other GTW markets, possibly because South Korea had bid on the 2010 Games and lost out to Canada.

Approximately 63% of Korean travellers say that Canada's hosting of the Games increases their interest in visiting the country – again unchanged from last year, and again very high. This suggests that the Games will provide an unprecedented opportunity for Canada to not only enhance awareness and perceptions of the country among those watching the Games in South Korea, but to entice sports-loving Koreans to Canada to experience this prestigious event first-hand.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada



Base: Long-haul pleasure travellers.

Note: [1] Includes all mentions of Canada, Vancouver and Whistler.

[2] Includes all mentions of China, Russia, Beijing, Sochi for 2008 plus Germany, London, Pyeong Chang, Australia, Turin for 2007

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product strengths and weaknesses map for Canada in South Korea, which looks at impressions of Canada's product offerings vs. the importance of these products to Korean travellers on their long-haul trips. The purpose is to identify products of importance to the Korean market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their long-haul trips and for which Canada is favourably viewed. Nature continues to be Canada's strong suit, including rivers/waterfalls/glaciers/coastal scenery, beautiful landscapes, and to a lesser extent, national parks and wildlife. Cities close to nature and self-touring are strengths as well, although given their importance in this market, an active effort should be made to improve their positioning. Two outdoors items – hiking and kayaking/canoeing – also emerge as general product strengths, while skiing and fishing/hunting are **niche product strengths** that appeal to more limited segments of the market.

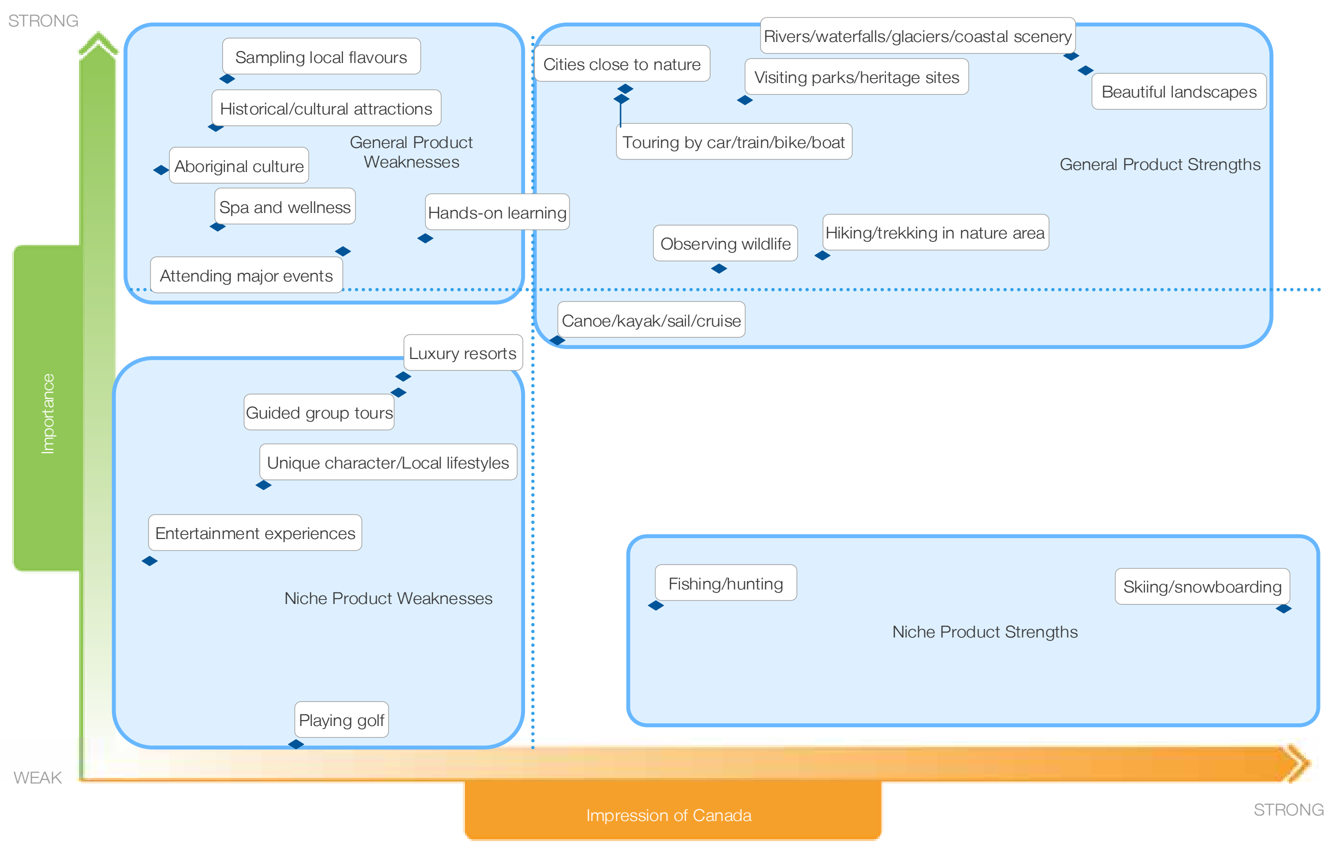
Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. Within the Korean market, Canada faces ongoing challenges when it comes to positioning the country as a destination for cultural experiences, with most cultural products falling out as weaknesses, including a new attribute – sampling local flavours.

Like last year, spa and wellness, major events (e.g., sports, exhibitions) and hands-on learning also emerge as general product weaknesses for Canada, with the latter showing the most potential for improvement of any product in this group. The Olympics obviously provide a golden opportunity for enhancing perceptions of major events in Canada, and spa/wellness could also be an area of focus, given the importance of well-being travel in this market.

Niche product weaknesses are unfavourably perceived products that appeal to smaller groups of travellers. For South Korea, luxury travel products tend to fall into this category (e.g., entertainment, luxury resorts and golf). In addition, with guided tours now qualified as *group* tours specifically, this product has been downgraded from a general product strength last year to a niche product weakness this year, due to a combination of lesser interest and weaker impressions of Canada.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,704).
Note: Impression ratings of Canadian products are relative to other destinations in the competitive set.

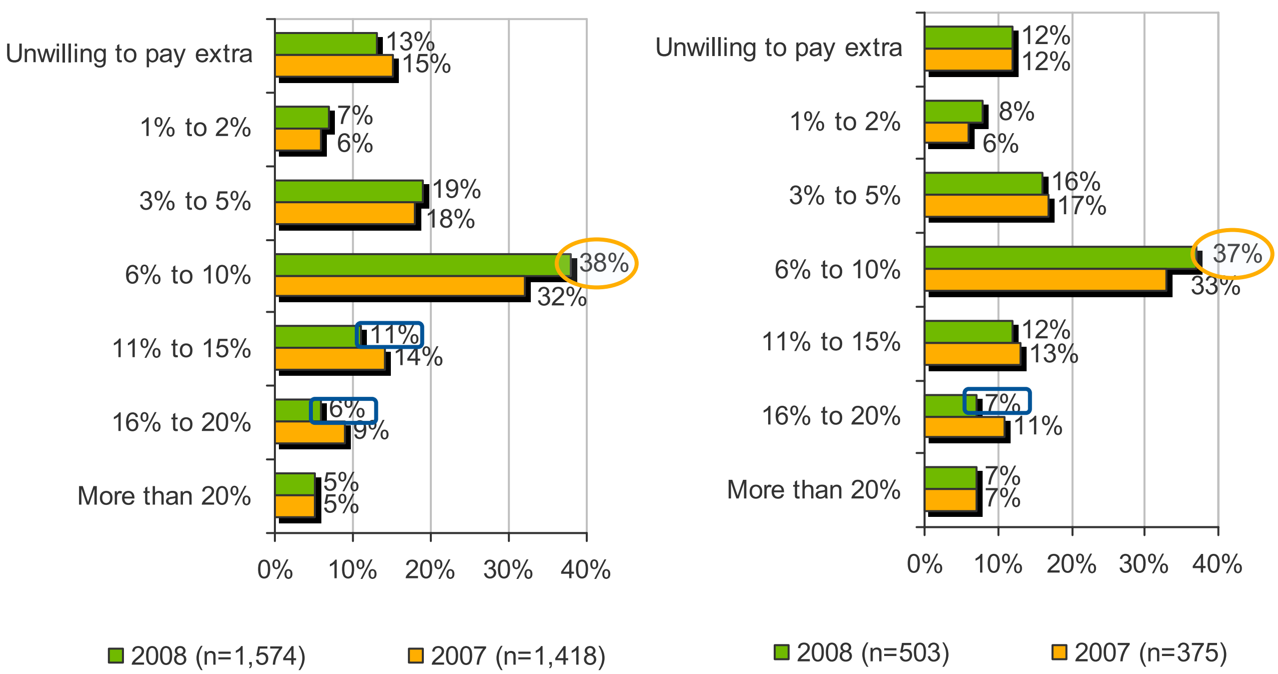
Korean Views on Environmentally-friendly Travel Products

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

The desire to live a lifestyle of health and sustainability (LOHAS) is a burgeoning phenomenon in South Korea, which may explain why this market ranks as one of the top three GTW markets in terms of support for environmentally-friendly travel.

However, **Exhibit 9** shows a major shift in 2008. Koreans are now less willing to pay a high premium for green travel. While 28% were willing to pay a surcharge of more than 10% last year, this has slipped to 22% this year, which could reflect a greater price-sensitivity in the marketplace due to higher inflation and a more worrisome economic situation. A similar shift was seen for those travellers interested in Canada.

Exhibit 9 – Willingness to Pay a Premium for Environmentally-Friendly Travel Products



Base: Long-haul pleasure travellers

Base: Travellers interested in Canada.

*Notes: **Blue squares** indicate a result that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*

How Canada is Perceived by Koreans

Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

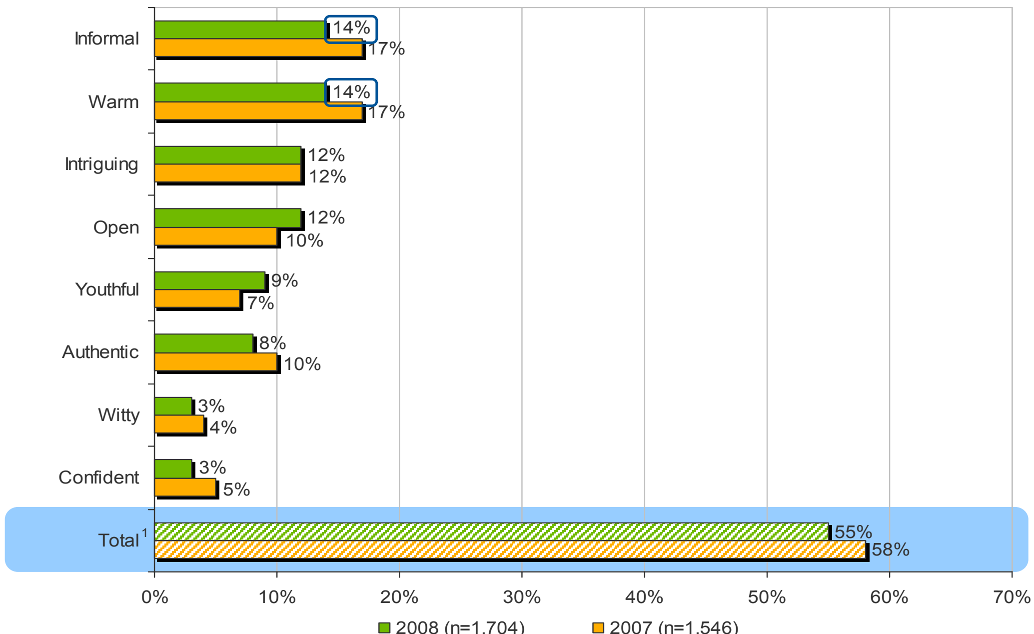
- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive); and
- **Witty** (e.g., humorous, quick, entertaining, clever, bright, intelligent).

Exhibit 10 shows declines this year in the two top brand personality traits – Informal and Warm. Although at first glance, the drop in Warm appears to be associated with the moving of the fieldwork to Winter, this same trend was seen in most of the CTC markets done to date, including those fielded in June. This suggests that there are other reasons for the reduced perception of warmth and friendliness, such as a focus by the CTC on some of the newer Brand Canada traits.

Despite the drop seen for Informal, at 14%, the rating is still very high by GTW standards, and suggests that Canada is seen as a place where Korean travellers can unwind in a laid-back environment. This aligns well with their general perceptions of Canada as a place that is associated with peacefulness and freedom.

If Intriguing, Witty, Youthful and Confident are viewed as being the newer dimensions of Brand Canada (i.e., rather than carryovers from the old brand), then Canada fares reasonably well in South Korea relative to other markets on these newer traits. Still, more work needs to be done to lend greater excitement, energy and depth to Canada's brand, as the old traits still tend to dominate in this market.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers

Note: [1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

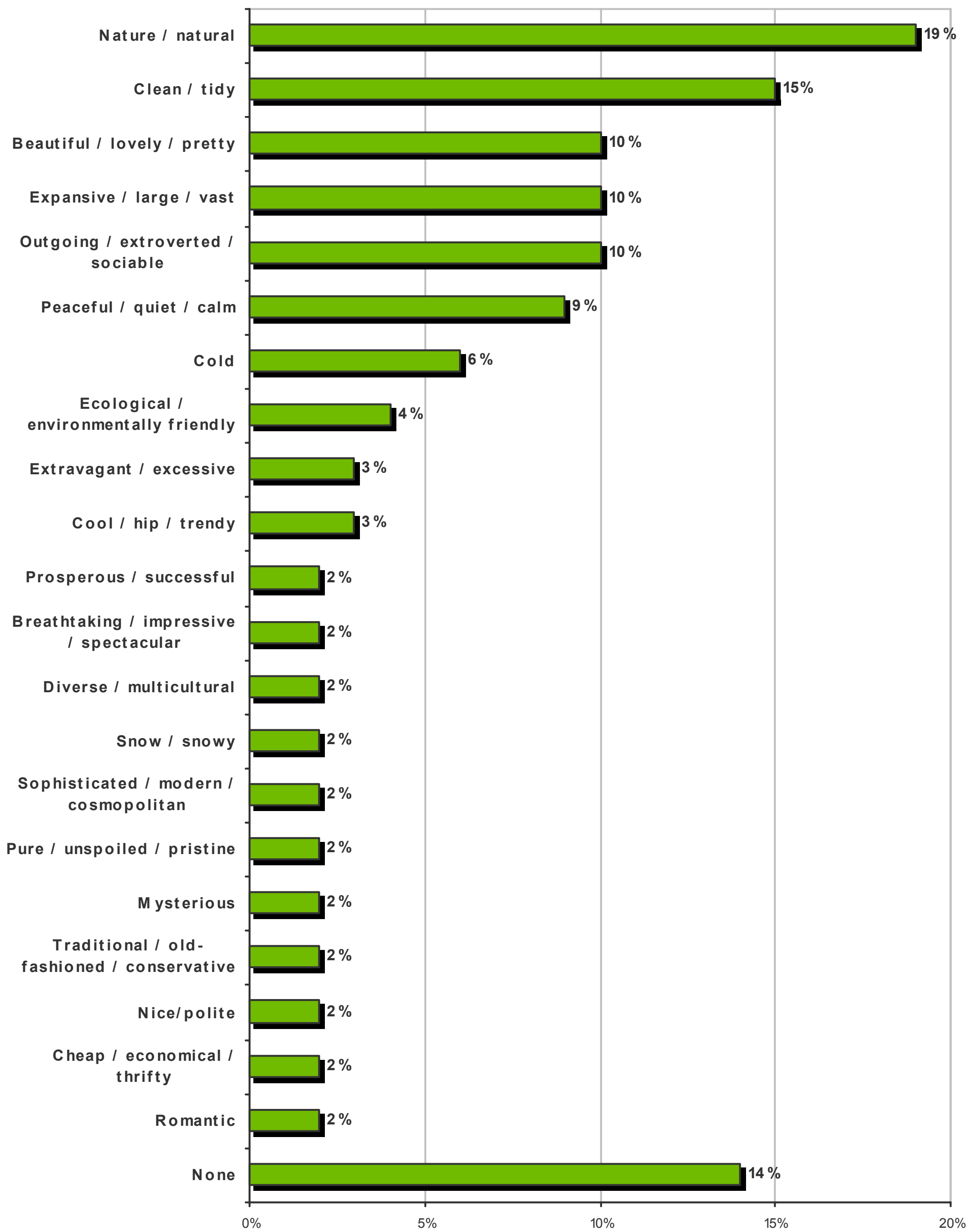
***Blue squares** indicate a result that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*

Other personality traits that are associated with Canada among Korean travellers are much the same as last year. As shown in **Exhibit 11**, "nature/natural" is the top trait, mentioned by about 1 in 5, supported by other nature-related adjectives like "beautiful" (10%), "expansive/vast" (10%), and "environmentally-friendly" (4%), as well as "breathtaking/ spectacular" and "pure/unspoiled/pristine" further down the list. Mentions of cold and snow also play heavily into the outdoors imagery.

Several mentions are in keeping with the clean, peaceful and relaxing image of Canada that is held by so many Koreans. Exceptionally high mentions of "clean/tidy," combined with the 9% who volunteer "peaceful/calm" suggests that Canada is seen as the antithesis of overcrowded and polluted cities like Seoul. As a result, positioning Canada as a place for stress relief and invigoration would be highly attractive to Korean travellers, who are known to seek rejuvenation on their holidays.

Like last year, there are some signs that Canada's new image is making headway in South Korea. Mentions of "outgoing/extroverted," "prosperous/successful," "cool/hip/trendy," and "cosmopolitan/ modern" suggest that in some circles at least, Canada is viewed as a dynamic and prestigious destination.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,704).

Value Perceptions

For a destination to have value, it should:

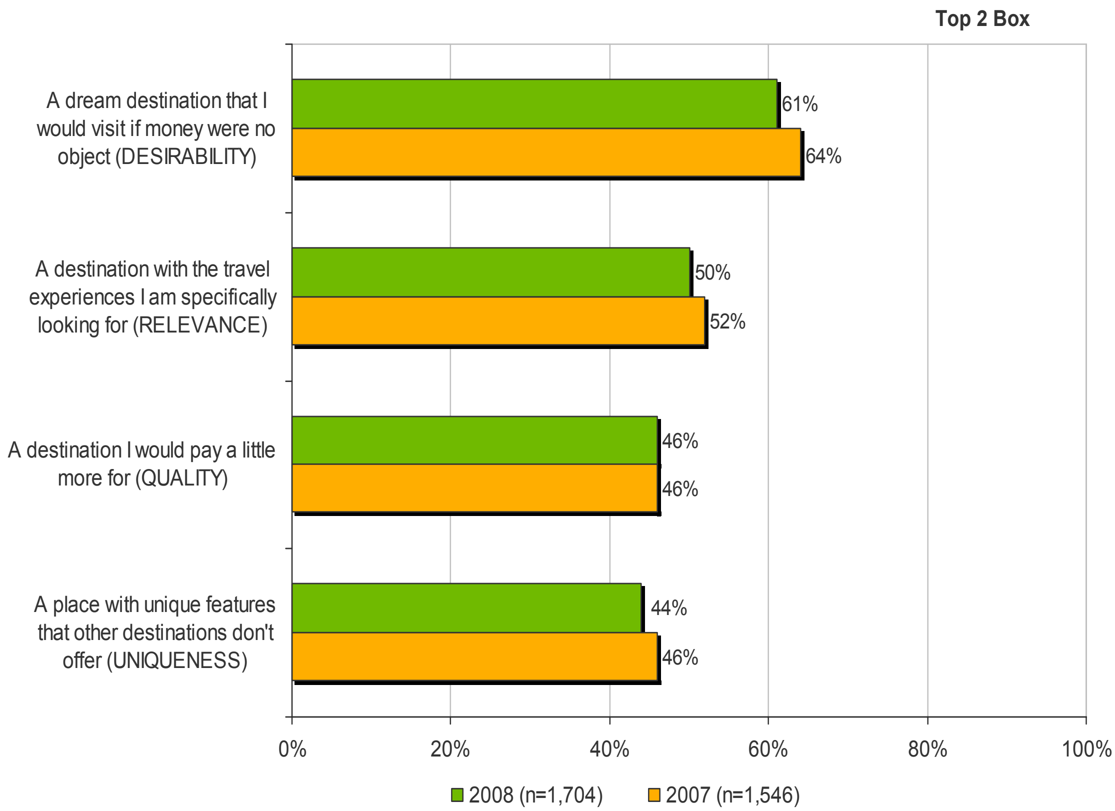
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in South Korea, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

Exhibit 12 shows that there have been no notable changes on any of the four dimensions since last year. Canada continues to perform best on the Desirability dimension, with over 60% who consider it to be a dream destination. This again shows that Canada has strong inherent appeal to Korean travellers.

Scores on the other dimensions are much lower and need to be improved, particularly the Uniqueness rating, which remains among the lowest of any market. This points to ongoing awareness issues and the need for Canada to differentiate itself and its products in the Korean marketplace.

Exhibit 12 – Value Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale.

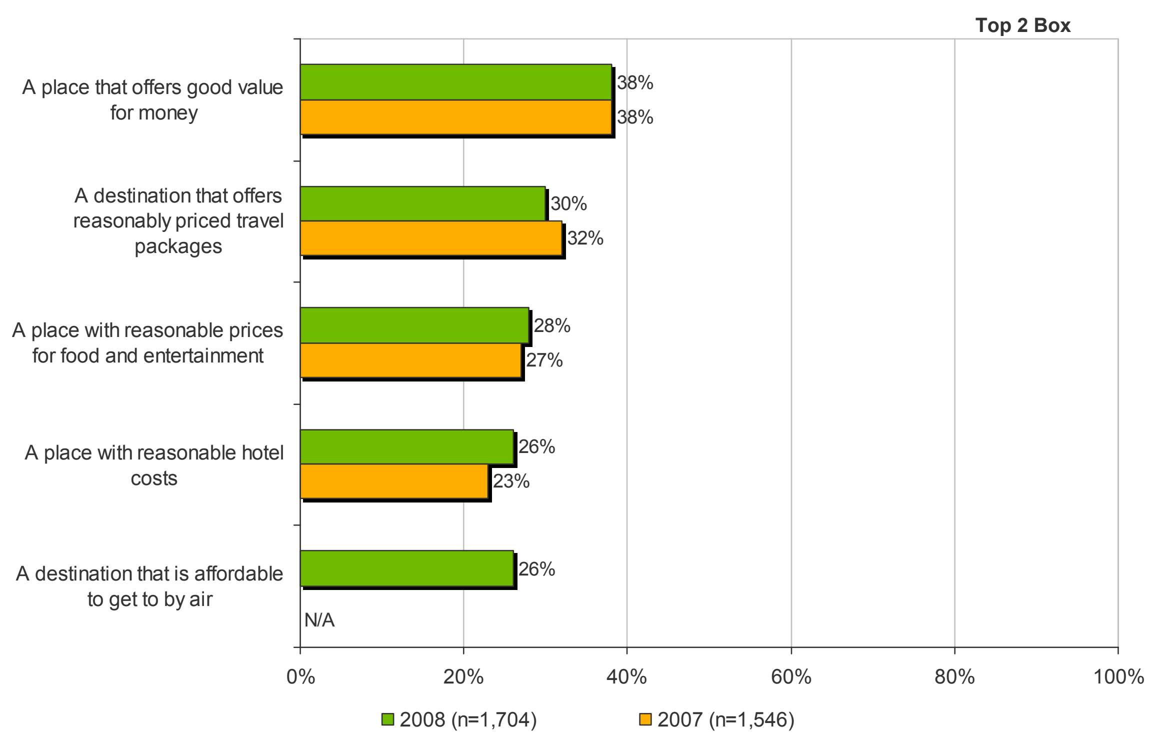
Price Perceptions

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. **Exhibit 13** shows how Canada is perceived by Korean travellers on various travel cost components.

Generally, the price ratings are on par with last year for all attributes. Airfare and hotel costs are the most notable concerns for Korean travellers, although none of the scores are particularly strong.

The results suggests major challenges ahead in marketing Canada as an affordable destination in this price-conscious market, particularly given the abundance of cheap package tours to short- and mid-haul destinations. For the near-term, Canada's best bet is to continue to position itself as a prestigious destination for wealthier Koreans.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale.

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

Nature has waned as a reason for visiting Canada among those likely to visit (or are considering a trip), with landscapes/unspoiled nature, unique landmarks and winter scenery/activities all down somewhat this year (see **Exhibit 14**). This could be partly related to the Winter field period (i.e., exploring nature being less appealing in the Winter), although interest in outdoors adventure has managed to remain robust.

Even with these drops, nature and the outdoors are still the main draws for Canada among Korean travellers. Along with the aforementioned activities, over 70% are motivated by seeing national/provincial parks/protected areas and 65% are interested in vibrant cities close to nature. The latter suggests that the CTC has taken a step in the right direction with the Vibrant Cities on the Edge of Nature USP[4], as nature can clearly be leveraged to create interest and excitement around Canada's cities in South Korea.

In addition, over 70% say they want to relax and rejuvenate in a peaceful environment, which indicates that Canada does have some "well-being" appeal in this market. Combined with exceptional natural settings and a worry-free environment (60%), this makes a strong case for wellness-oriented trips to Canada.

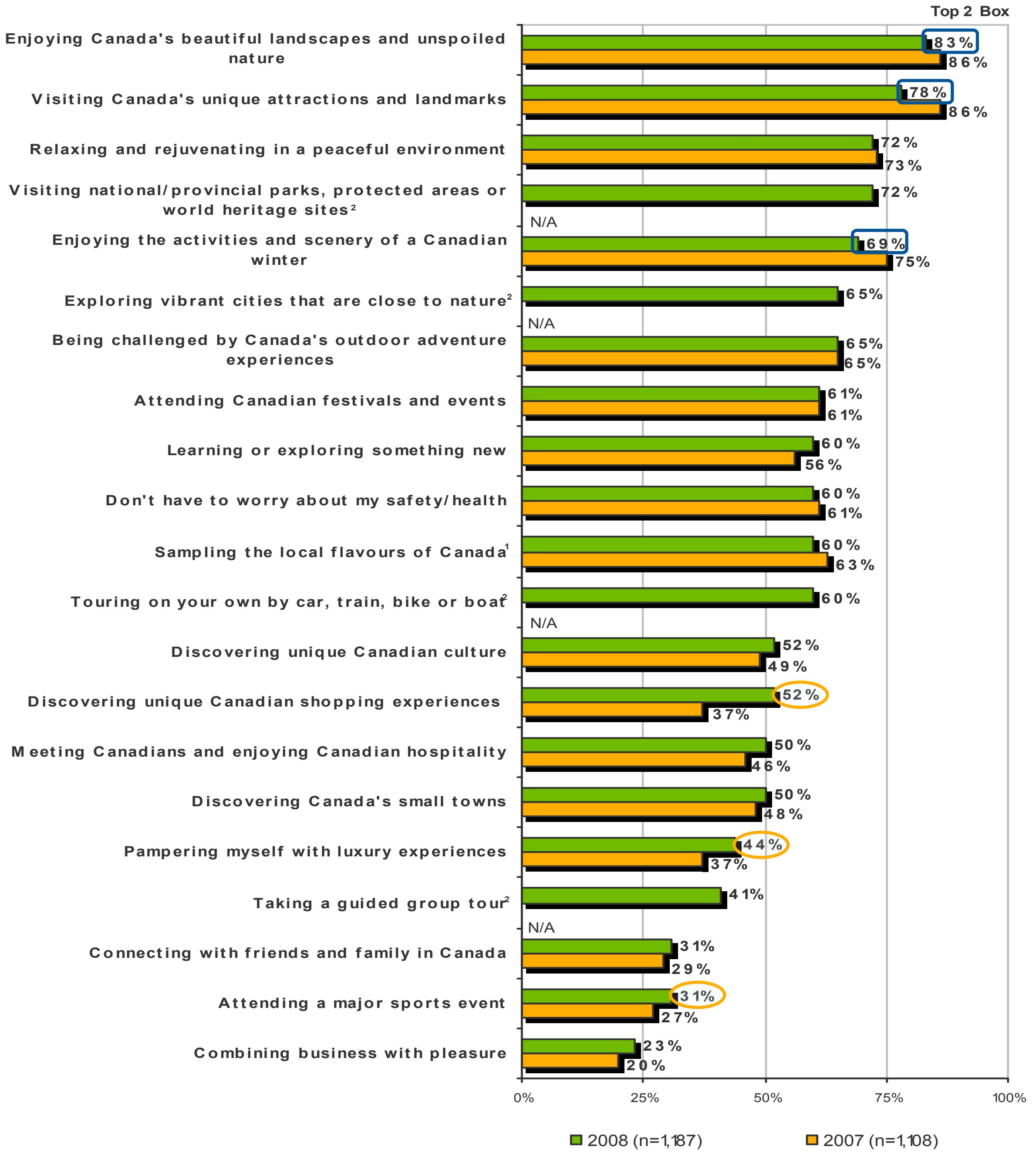
Touring was added to the motivational battery this year, and the results show that even given the immaturity of the market, independent touring (60%) is a far stronger motivator for Canada than guided group tours are (around 40%). This emerged for the product interests as well, and suggests that self-touring will be the most critical component of the *Personal Journeys* USP.

Urban experiences such as shopping, luxury travel and sports events all gained strength as triggers for travel to Canada in 2008. This is a highly positive sign as it indicates a more diverse and progressive image for Canada in the Korean market.

However, there has been little to no movement on the cultural motivators in 2008, and these are still lower than desired given the importance of culture to this market. Cultural festivals/events and local flavours (both at over 60%) remain some of the best opportunities for Canada to deliver culture to Korean travellers.

[4] USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians

Exhibit 14 – Key Motivations for Visiting Canada



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
Notes: Top 2 box refers to a rating of always or often important on a 5 point scale.
Blue squares *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007.*
1 Item changed slightly in 2008. 2 Not asked in 2007.

Regional Motivations[5]

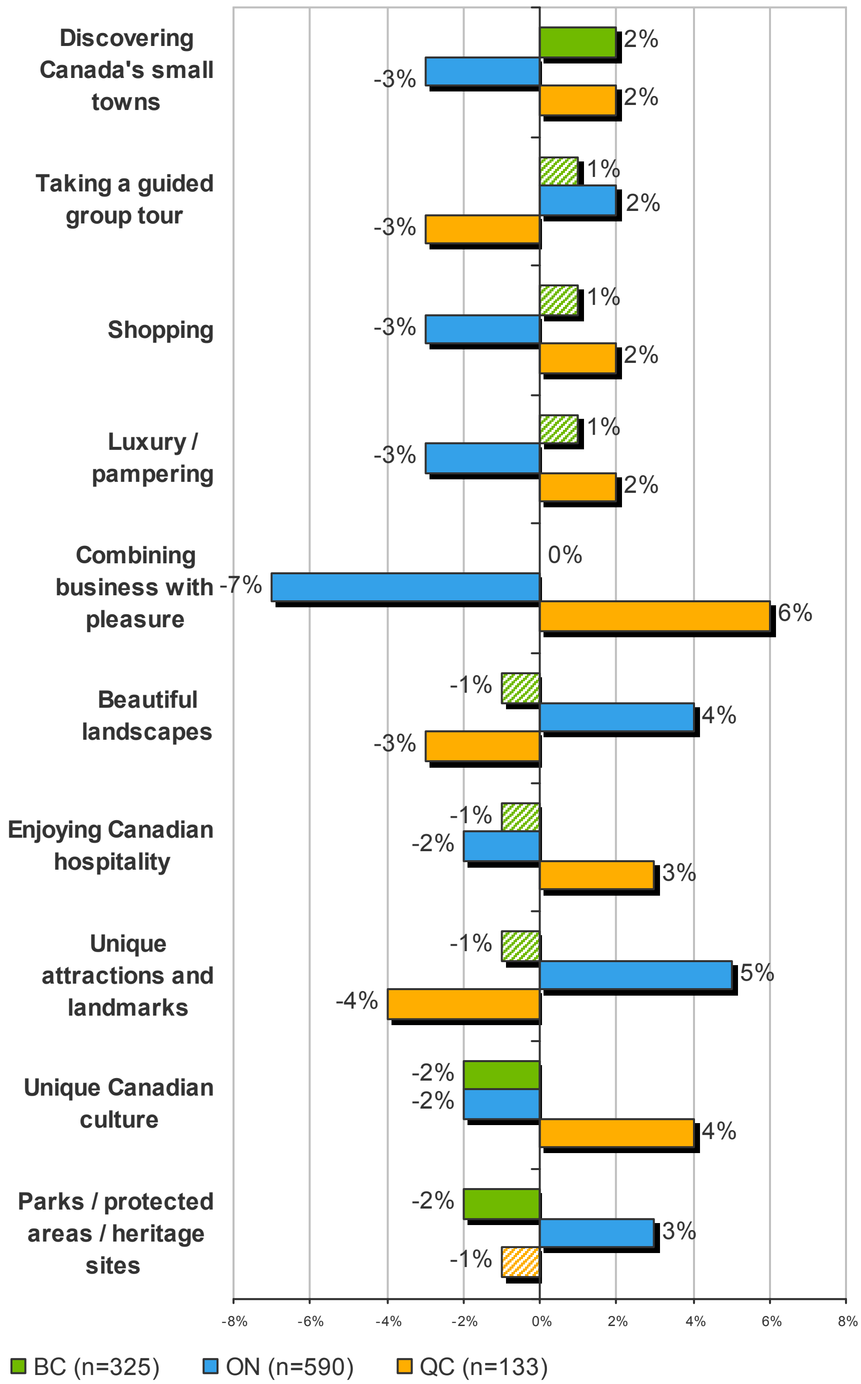
Exhibit 15 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove “group and attribute” effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions.

In the **Exhibit 15**, high positive values indicate motivations that are of greater relative importance for a region, while high negative values represent motivations that are of lesser relative importance. The exhibit shows that:

- Travellers likely to visit **Ontario** are more likely to be motivated by natural attractions and landmarks (e.g., Niagara Falls), landscapes, and parks/protected areas/heritage sites, indicating that like last year, Ontario is perceived by Koreans as the best destination for grand nature.
- Potential visitors to **Quebec** are more apt to be seeking unique cultural experiences, a taste of Canadian hospitality and small town charms, indicating a general awareness of this region’s specific strengths in terms of its unique peoples and cultures. But Quebec (i.e., Montreal) is also seen as having secondary strengths in urban experiences (e.g., shopping, luxury and opportunities to combine business with pleasure).
- **British Columbia** is equally popular for small town experiences and is second to Quebec for shopping and pampering.
- None of the other GTW partner regions had a sufficiently large sample size (of those most likely to visit) to be included in this analysis.

5 Motivations of GTW regional partners with sufficient sample size.

Exhibit 15 - Regional Motivations



Base: Travellers most likely to visit British Columbia, Ontario (for 2007) or Quebec (for 2008).
Sample sizes for other regions were too small to be included.
Note: Solid bars with high positive values represent motivations that are of greater relative importance for a region, while solid bars with high negative values represent motivations that are of lesser relative importance for a region. Hatched bars represent low values that are not differentiating motivations.

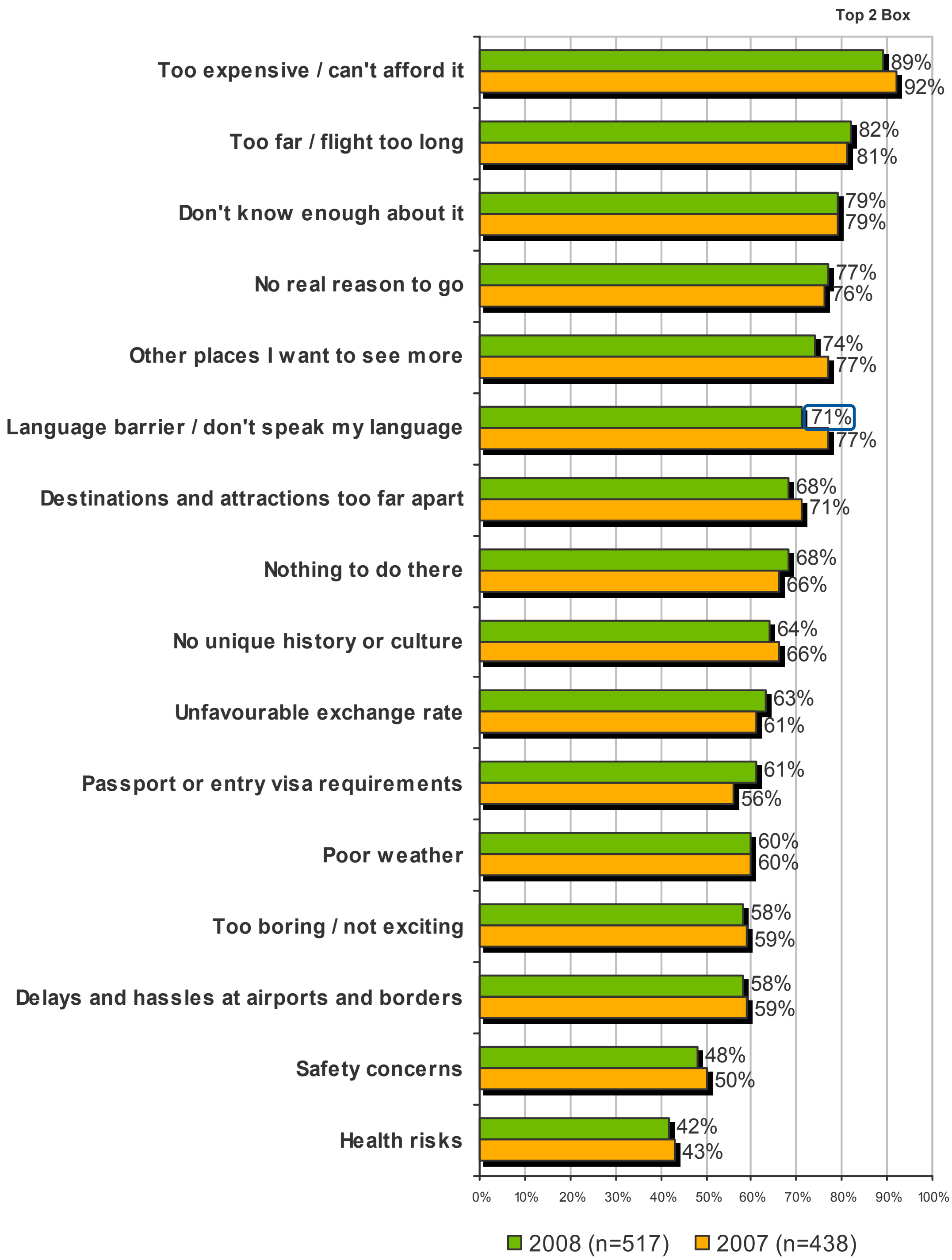
Barriers in Attracting Visitors from South Korea

Barriers for Travel to Canada

The 2007 study indicated that the roadblocks for Canada in South Korea are both pervasive and severe due to the embryonic nature of the market. Virtually all of the barriers were more prominent in South Korea than in other GTW markets, and the situation does not appear to have improved any this year (see **Exhibit 16**).

The expense, the distance, and lack of knowledge about Canada remain entrenched at the top of the list in terms of major issues. In fact, South Korea looks set to continue on its Year 1 path where it had the highest scores of any GTW market on these three attributes. But Koreans are also more likely to cite perceptual barriers such as an unexciting image and practical barriers such as safety/health risks and entry requirements as disincentives for visiting. The good news is that many of these issues should start to moderate as Korean travellers become more sophisticated and overall awareness of Canada improves.

Exhibit 16 – Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future.

Notes: Percentage is the sum of major barrier and minor barrier responses. ***Blue squares*** *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007.*

Information Sources for South Korean Travellers

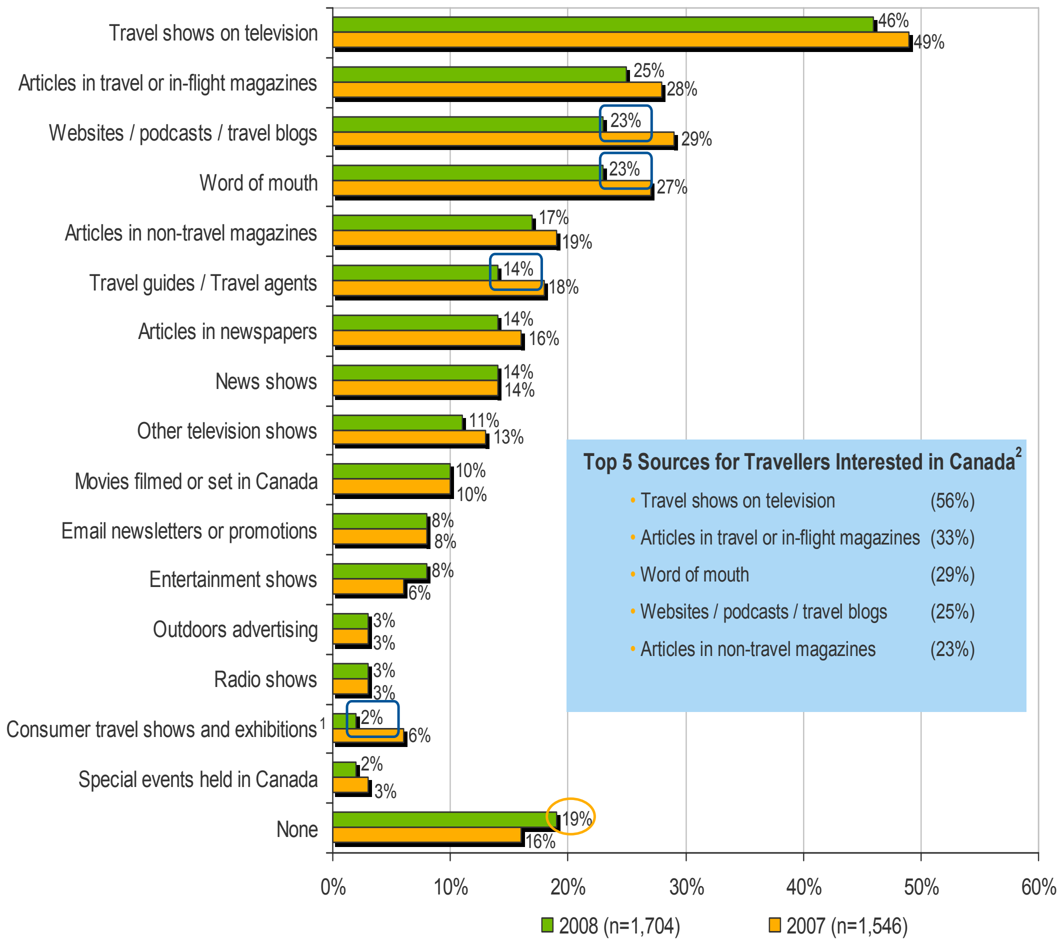
Sources of Information on Canada

Exhibit 17 shows that Korean long-haul travellers generally saw less promotional information on Canada in 2008 than in 2007. The largest drops were seen for websites/podcasts/travel blogs, word of mouth, travel guides/travel agents and consumer travel shows, all of which saw a four to five percentage point drop this year. However, the top five media sources remain the same as last year, with some minor shifts in their rank order.

Word of mouth and websites/podcasts/travel blogs also declined as information sources for potential travellers to Canada. However, travellers interested in Canada still tend to be significantly more likely to have seen information on Canada across many sources than long-haul travellers as a whole, and may generally be targeted via the same sources as the general travelling population.

Television travel shows remain the leading source of information on Canada, by far, with 46% of all long-haul travellers, and more than half of those interested in Canada, who saw information here in the last three months. This suggests that television features on Canada, location placements on popular Korean television programs, endorsements by Korean television celebrities, advertising during travel shows and other television-related initiatives continue to be excellent ways for the CTC to reach Korean travellers, with almost twice the penetration of any other information source.

Exhibit 17 – Sources of Information on Canada (past 3 months)

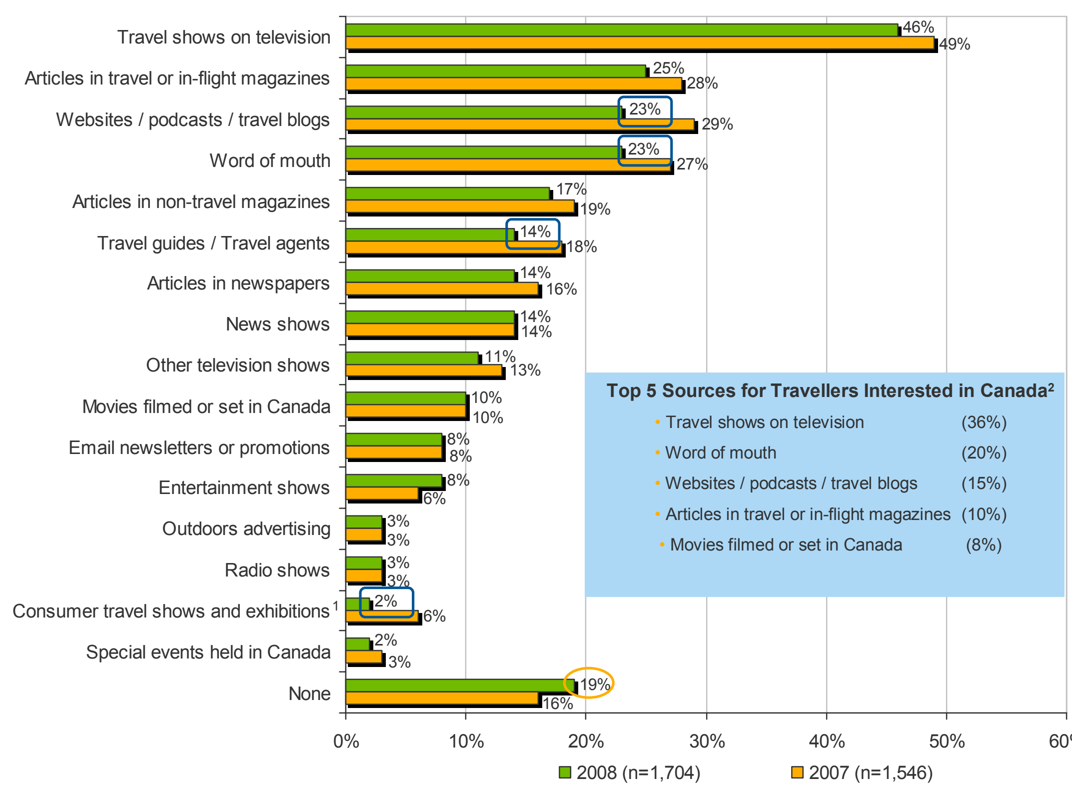


*Base: Long-haul pleasure Notes: **Blue squares** indicate a result travellers.*
*that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*
1 Item changed slightly in 2008.
2 Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Top Information Sources for Increasing Canada's Appeal

The top information sources for increasing Canada's appeal also saw a downward trend (see **Exhibit 18**), with word of mouth and online sources again seeing the biggest drops for both potential visitors to Canada and travellers in general.

Exhibit 18 – Top Information Sources for Increasing Canada's Appeal

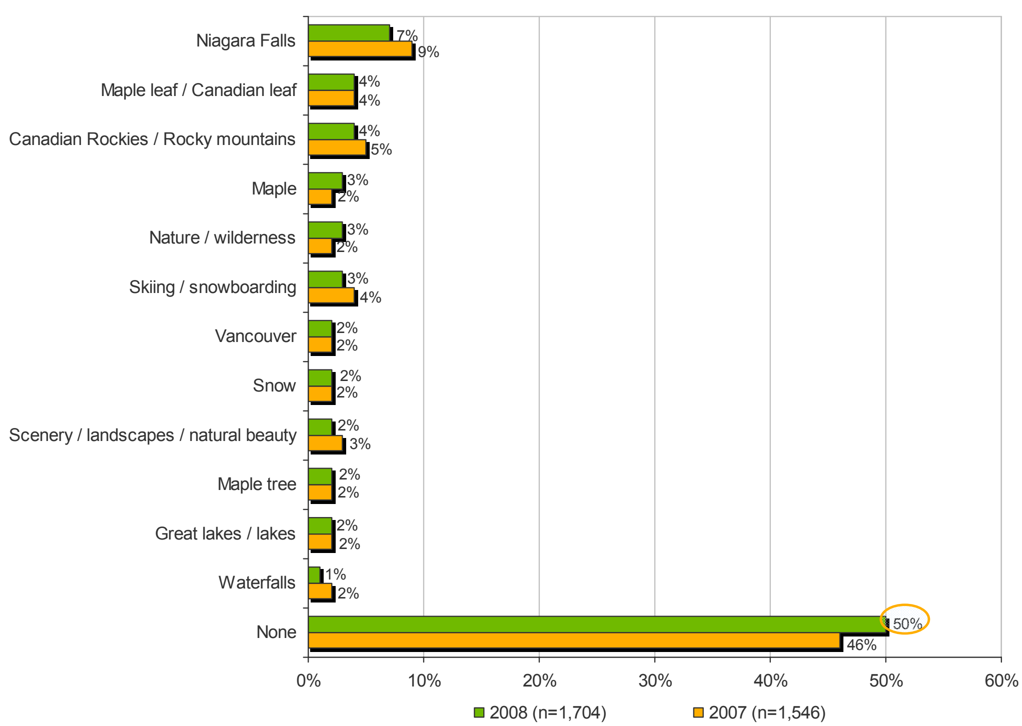


Base: Long-haul pleasure travellers.
*Notes: **Blue squares** indicate a result that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*
1 Item changed slightly in 2008.
2 Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Icons or Images that Inspire Interest in Canada

Exhibit 19 shows that Korean travellers continue to lack awareness about Canada. None of the images or icons register widely in this market, and half of all travellers are unable to think of any icons/images that inspire interest in Canada, which is up from 2007. The inspirational icons/images identified by travellers largely parallel last year's results, with major landmarks like Niagara Falls and the Rockies, imagery relating to maple leaves/trees, nature/scenery in general and skiing/snow dominating the mentions.

Exhibit 19 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.
*Notes: **Blue squares** indicate a result that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*

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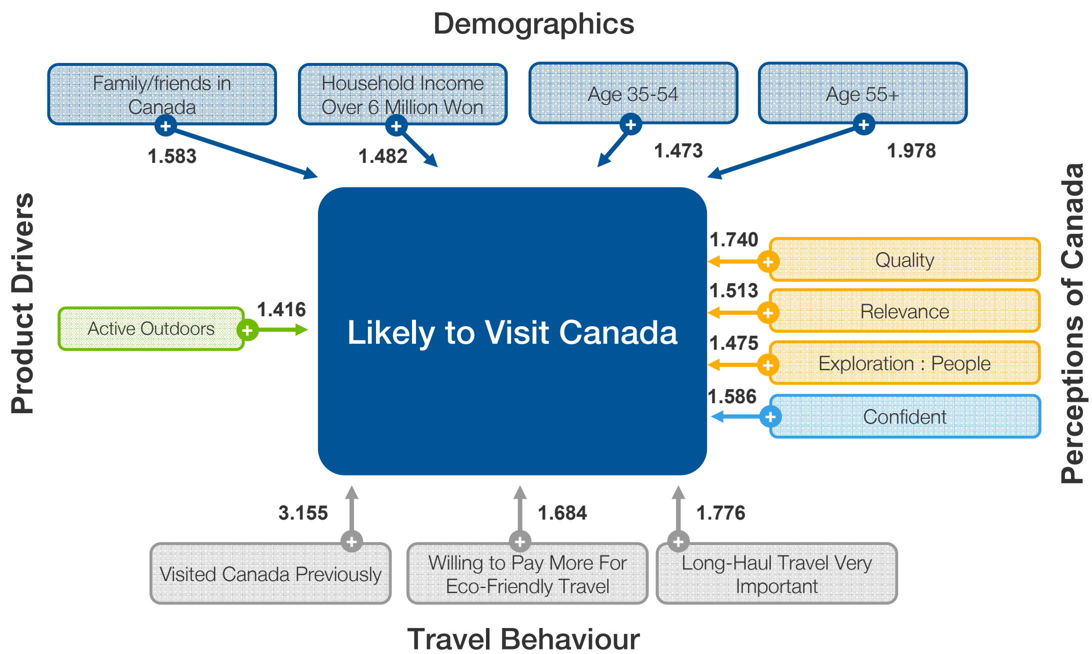
The Key Drivers for Visiting Canada

A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

Exhibit 20 summarizes the results of the key drivers model, which are generally similar to last year.

- Past travel to Canada continues to be the strongest predictor of future travel intentions. In fact, everything else being equal, those who have visited Canada in the past are three times as likely to say they will visit Canada in the next two years than those who have never been to Canada.
- Those for whom long-haul travel is very important are again more likely to consider a trip to Canada, which is not surprising given the distance and the cost.
- Having close friends and relatives in Canada is another key driver of travel intentions, which is consistent with previous findings relating to VFR.
- As seen earlier, Canada appeals to an older demographic. Those over 55 are about twice as likely to say they will visit than those under 35, while those 35 to 54 are almost 1.5 times as likely to visit. Independently of this, Canada also tends to attract high-end travellers (i.e., those with monthly incomes over 6 million Won).
- Outdoors activities remain a strong pull factor for Canada, meshing well with a "well-being" theme. Moreover, those concerned about the environment and willing to pay for eco-friendly products are more likely to visit.
- Like last year, value and image perceptions of Canada also have a strong influence on the purchase decision. In particular, those who view Canada as offering high quality products of direct relevance to them are more likely to visit, as are those who see Canada as having a unique character and interesting people.

Exhibit 20 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers.(n=1,704)

Notes: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

Like many of the other GTW markets, South Korea's economy has slowed markedly, with performance in the first quarter of the year hitting a 3-year low and the economic forecast being progressively downgraded as 2008 wears on. The negative outlook is due to a combination of inflationary pressures, a weak Won, weak domestic demand and a deteriorating outlook for Korean exports as global economies cool. As a result, the economy is expected to finish the year at 4.4% growth, down from 5% in 2007.

With the slowing economy, consumer confidence in South Korea has hit new lows over the last few months and consumer spending is already down. As a result, the long-haul travel market can be expected to lose some momentum in the coming year. In support of this, the GTW indicates that the outlook among long-haul travellers has moderated this year, although the fact that over half say they will travel more in the next three years than in the last three years indicates that a heavy dose of optimism still exists. Another trend to watch is the worsening relations with North Korea that is keeping more South Koreans at home this year. Although the proportion of travellers who are letting this situation affect their travel plans is still very low, it could become a going concern if tensions become worse.

As in several other GTW markets, the tougher market conditions have already resulted in a shift in the demographic composition of the Korean long-haul market. The travelling population is a wealthier crowd this year, likely because those of lesser means have temporarily dropped out of the market or switched to short-haul travel. In response to this, Canada may wish to focus on the upscale segments of this market, develop budget-conscious offers for mid-tier segments and promote value for money messages in its marketing initiatives.

The key performance indicators (KPIs)[6] for Canada have stayed the course since last year, with no significant changes in any measure. However, there have been some directional shifts this year that bear watching in Year 3. Although interest in Canada has edged upward since the 2007 study, visitation intentions have veered in the opposite direction, likely a result of growing cautiousness in the marketplace due to the dampened economy. This indicates that conversion could become more of a challenge for Canada in the next year and that Canada may have to become more aggressive in its marketing efforts to maintain its current visitor flows.

Compared with other GWT markets, Canada is still struggling with low awareness and lack of knowledge in South Korea, making it difficult to compete against well-known powerhouse destinations like the US and Australia, which remain the staunch market leaders. Moreover, New Zealand and the UK have made some strong strides this year on a number of indicators, raising the bar in terms of competition for Canada.

[6] KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.

As in all markets, the results suggest that Canada may want to improve the Culture and People aspects of its brand image to avoid seeming one-dimensional. Canada would also benefit from improvements on the Quality and Relevance components of Value, which continue to emerge as key purchase decision drivers for Koreans.

The good news is that Canada has gained some ground against its competitors on the product side. On the Outdoors dimension, it has emerged as a market leader alongside Australia, thanks to erosion on some of Australia's scores. On Nature, it is now a major threat to Australia's leadership position as a result of strong gains on rivers/waterfalls and further declines on Australia's end. These results obviously point to the viability of the *Active Adventure among Awe-Inspiring Natural Wonders* USP in Korea, although Canada would likely benefit from differentiating itself from Australia on this front. *Vibrant Cities on the Edge of Nature* also appears to be a strong selling point as this concept has high appeal among Korean travellers, as well as strong leadership potential for Canada.

There has also been positive movement for Canada this year on both the Luxury (e.g., resorts, spas) and the Culture dimensions, which is good news in terms of strengthening and diversifying Canada's image as a vacation spot. Although spa/wellness remains a product weakness for Canada, the importance of well-being travel in South Korea may merit a greater focus, particularly since Canada is seen as attractive for a rejuvenation-oriented holiday. As was the case for vibrant cities, Canada's spectacular natural settings could be leveraged to enhance the desirability of its spa and luxury products.

Playing into the diversification trend is the fact that urban experiences (e.g., shopping, luxury, major sports events) are growing motivators for travel to Canada. Major events obviously offer immediate opportunities for improvement with the Olympics on the horizon. Like last year, Korea emerges as one of the top GTW markets that can be targeted with Olympics-related travel, and Canada should continue to work with partners and Olympics sponsors to promote Games-related travel in the months leading up to the event.