Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch Year 3

South Korea - Key Findings

Canadian Tourism Commission (CTC)

Canada

www.canada.travel

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Introduction

Background

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission (CTC) implemented an ongoing Global Tourism Watch (GTW) program in 2007 to expand consumer-based intelligence in its core markets.

In 2009, the third year of the program, the GTW was implemented in ten markets – Canada, the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea[1]. The Year 3 research was co-funded by a regional partner group that included British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Atlantic Canada, Yukon and Northwest Territories.

Objectives

The GTW program was designed to collect market intelligence across core markets in a consistent way. The specific study objectives were set around following four over-arching themes:

- Monitor key performance indicators;
- Track response to Brand Canada;
- Identify and track product opportunities; and
- Provide input into strategic market plans.

The primary focus of the 2009 reports is on identifying shifts in each market since 2007. 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.

Ultimately, the GTW study will provide the CTC, its partners and the Canadian tourism industry with information to help enhance Canada's marketing strategies globally and draw international travellers to its shores.

[1] The 2009 program is the second year in which China was included and the first year in which Canada was included.

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. For all markets, pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips.

A total of 1,516 South Korean respondents (including 209 recent travellers to Canada) completed the online survey. Fieldwork was conducted in May 2009 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, international Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

South Korea Competitive Set

To assess Canada's positioning in the Korean market, a number of questions in the survey asked respondents to rate Canada against key competitors, as identified by the CTC. The competitive set for South Korea was as follows: Australia, the US, the UK, Germany, Thailand, and the Philippines.

South Korea Study Partners

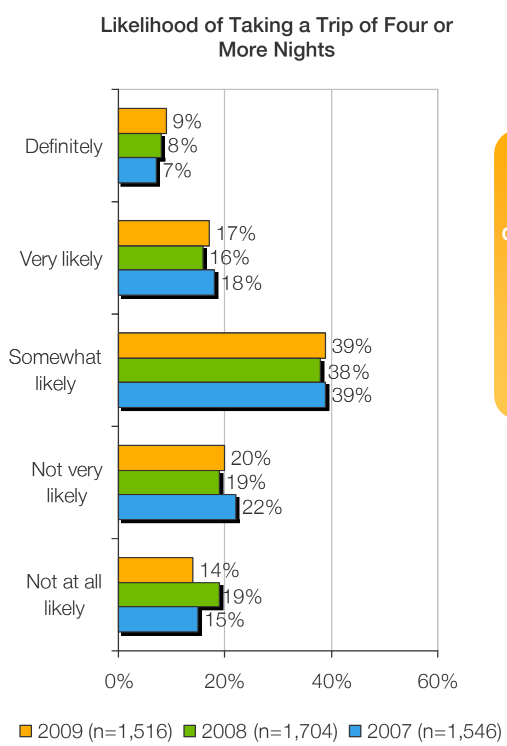
Regional partners for the Year 3 study in South Korea include: Alberta, British Columbia, Northwest Territories, Ontario, Québec and Yukon.

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

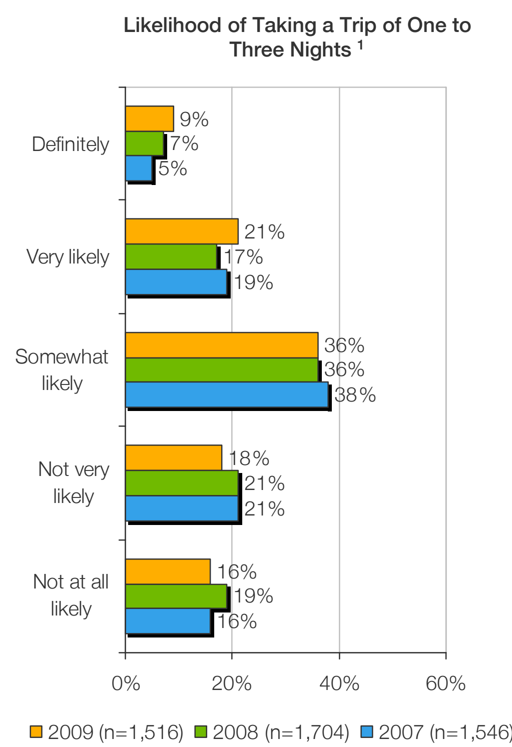
Likelihood of Visiting Canada

Consistent with the upswing in traveller interest, travel intentions have surged this year, gaining six percentage points to hit 35% (see Exhibits 1). No doubt the increasing popularity of the US is driving this shift, as it is primarily shorter trips or add-on travel that is on the rise. While longer vacations of four or more nights have not increased materially, it is reassuring to see that the proportion of negatively committed travellers (i.e., those who are "not at all likely" to visit Canada) has dropped from 19% to 14%.

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



Overall, 35% are definitely or very likely to visit Canada in the next 2 years[2]



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.

[2] Includes trips of one to three nights or four nights or more.

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 among Korean travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of over 6.3 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 over 2.8 million travellers with more immediate potential for conversion. Again, this makes South Korea one of the smaller international markets in terms of immediate potential for Canada.

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	77%
Size of the target market	6,301,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years [1]	35%
Immediate potential	2,864,000

Base: Long-haul pleasure travellers (n=1,516).

Note: [1] Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations[2] Likely to Visit

Over the course of the last two years, destination interest in the Korean market has seen some major shifts (see **Exhibit 3**). The popularity of Ontario and Québec is waning (driven primarily by losses for Niagara Falls and Montreal), while the popularity of British Columbia and Alberta is picking up (driven by gains for Victoria, Whistler, Calgary, Banff and Edmonton). The shift in interest from central to western Canada mirrors a trend common to many GTW markets, and may be at least partly attributable to activities around the 2010 Olympics. Certainly, British Columbia has been able to maintain and strengthen its number one position over Ontario in the last two years.

Manitoba, Saskatchewan, Northwest Territories and Nunavut naturally side with the west, enjoying healthy increases in appeal this year. However, the Atlantic region is down substantially, with Prince Edward Island sustaining the heaviest losses.

Exhibit 3 also shows the size of the immediate potential for the regional partners of the GTW study based on current levels of interest. The potential is obviously substantial for British Columbia and Ontario (at two to three million potential visitors), with good potential for Québec and Alberta as well (one to two million visitors).

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	ON	QC	AB	YK	NT
Immediate potential for Canada	2,864,000					
Likely to visit region[1]	92%	84%	65%	49%	12%	13%
Immediate potential for the regions	2,635,000	2,406,000	1,862,000	1,403,000	344,000	372,000
Most popular destinations within region	Vancouver (79%) Victoria (31%) Whistler (16%)	Niagara (68%) Toronto (58%) Ottawa (27%)	Montreal (45%) Québec City (43%)	Calgary (32%) Banff (10%) Edmonton (9%)	n/a	n/a

Base: Long-haul pleasure travellers (n=1,516).

[1] Base for percentages is 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=1,109).

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

[2] CTC partner regions only. (British Columbia, Alberta, Ontaio, Québec, Yukon and Northwest Territories)

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators[3] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

To measure brand awareness, respondents were asked to name destinations that come to mind for a long-haul vacation. **Exhibit 4** shows a roll-up of the awareness results for Canada. The country roll-up figure is the total awareness for a country, including all sub-destinations (i.e., total awareness for Canada includes mentions of "Canada" itself and all destinations within Canada).

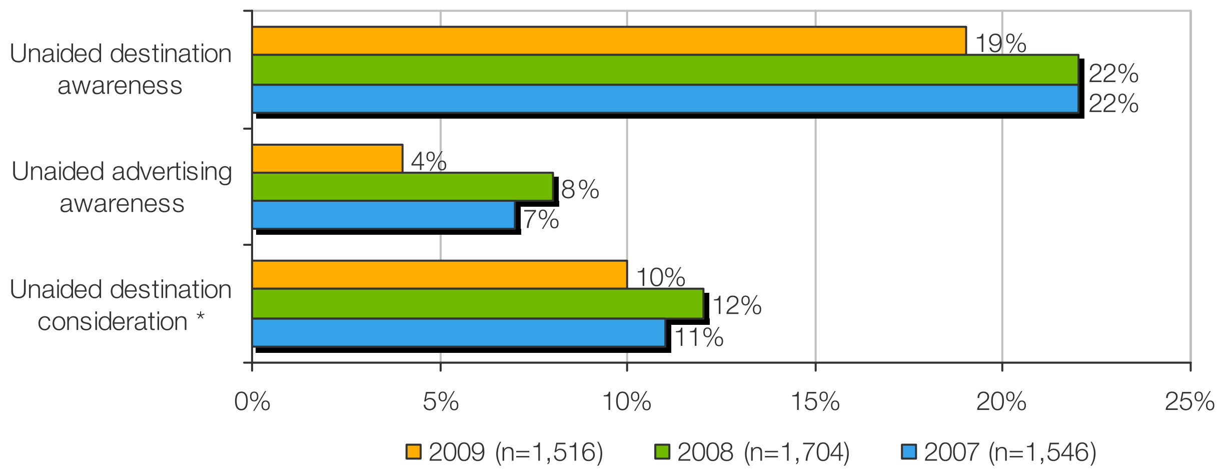
While the US and Australia have been battling it out for the top spot since the tracking study began, the US emerges as the clear winner in 2009 at 37%. In fact, the US is the only one of the top five destinations whose awareness has remained steadfast this year, with the recent implementation of visa waivers for Korean tourists no doubt keeping it top-of-mind. Australia, Canada (19%) and France are all down significantly over past years, with New Zealand also trending downward.

The prevailing trend is a downward one, with Australia, New Zealand, Thailand, the Philippines, Singapore, Canada and Vietnam all down significantly this year in terms of unaided advertising recall. This likely reflects the current travel environment, with travel-related advertising being less salient to individuals who are not planning to travel in the near-term. A penetration level of only 4% makes this one of the weakest Canadian campaigns across the GTW markets this year. The 7th place ranking is also fairly poor by GTW standards and indicates that Canada has been unable to distinguish its advertising in this market.

France, Canada and New Zealand round out the top five destinations being considered for upcoming trips by Korean travellers, with all scores remaining effectively unchanged since last year. However, at 10%, Canada's consideration score in South Korea is the lowest of any GTW market conducted to date, and like the other performance measures, is in need of reinforcement to ensure that Canada is solidly on the radar of Korean travellers.

[3] Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: Long-haull pleasure travellers
** Base : Those who are planning on taking a long-haul trip in the next two years 2009 (n=1,324) / 2008 (n=1,436) / 2007(n=1.295)*
Notes: Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

Recent and Potential Visitors from South Korea

Target Market for Canada

Exhibit 5 provides demographic profiles of Korean long-haul travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada.

The Korean long-haul travel market continues to be characterized by its youthfulness, a reflection of the fact that the median age of the population in South Korea is just 35. With 45% of long-haul travellers in general, and 43% of potential travellers to Canada, between the ages of 18 and 34, the CTC and its partners may want to ensure that their campaigns don't alienate a younger audience.

As is true of many GTW markets, the trend to a more affluent travelling population has deepened in 2009, with the proportion of those who have household incomes of 6 million won per month (CDN$67,000 per year[4]) or more increasing from only 23% in 2007 to 34% in 2009. A similar trend can be seen among both potential travellers to Canada (27% to 39%) and those that have recently visited (32% to 44%). Clearly, South Korea's economic woes and the badly devalued won have affected the marketplace dramatically, with only wealthier Koreans in a position to continue taking long-haul trips.

Recent visitors to Canada remain a more elite group of travellers when compared with long-haul travellers in general, being older (45% are 45 or older), with higher incomes (26% earn 8 million won per month (CDN$89,000 per year) or more) and more senior positions in the workforce (65% have senior management positions). This confirms that, despite Canada's broader appeal, it is still more of a high-end destination for this market, with less affluent and younger Koreans likely deterred by the high cost of a trip.

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 (Visiting Friends and Relatives) as a pull factor for travel to Canada.

[4] Exchange rate (May 4, 2009): 1 South Korean won = CDN$0.000929.

Exhibit 5 – Target Market Demographics

Gender	All L-H Travellers (n=1,516)	Recent Travellers to Canada (n=209)	Interested in Canada (n=459)
Female	47%	51%	51%
Age			
18 to 24	16%	13%	16%
25 to 34	29%	25%	27%
35 to 44	17%	18%	17%
45 to 54	21%	28%	23%
55 or older	18%	17%	18%
Close Friends or Relatives Living in Canada			
Yes	25%	55%	32%
Have Children in Household Under 18			
Yes	40%	42%	41%
Marital Status			
Married / partnered	60%	63%	59%
Single / never married	37%	33%	37%
Other (e.g., separated, divorced, widowed)	3%	4%	3%
Education			
High school or less	33%	31%	31%
Completed college / university	67%	67%	68%
Employment Status			
Employed full-time / part-time	58%	62%	58%
Housewife / homemaker	14%	14%	13%
Retired	2%	3%	3%
Unemployed	2%	0%	2%
Student	18%	17%	17%
Occupation			
CEO / Chairman / Managing Director / President	8%	11%	9%
Director/ GM/VP/ CFO/ Treasurer/ Secretary/ Controller	9%	13%	11%
Owner / Partner	8%	9%	9%
Manager / Executive / Supervisor / Officer	31%	32%	33%
Other skilled / unskilled white collars	21%	19%	18%
Skilled / unskilled blue collars	5%	3%	5%
Other	18%	13%	16%
Average Monthly Household Income			
Under 3 million won	16%	14%	14%
3 to 3.99 million won	18%	10%	16%
4 to 5.99 million won	32%	33%	32%
6 to 7.99 million won	18%	18%	19%
8 million won or above	16%	26%	20%

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[5]

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 British Columbia, Ontario and Québec 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 travellers to British Columbia and Québec tend to be younger (and hence are more likely to be students).

[5] CTC partner regions only. (British Columbia, Alberta, Ontario, Québec, Yukon and Northwest Territories)

Exhibit 6 - Target market for Canada's regions

Gender	Total[1] (n=1,109)	BC[3] (n=359)	ON[3] (n=564)	QC[3] (n=80)[4]	AB[2] (n=546)	North[2] (n=214)
Female	47%	46%	49%	46%	43%	43%
Age						
18 to 24	14%	18%	10%	28%	12%	14%
25 to 34	27%	31%	27%	21%	22%	18%
35 to 44	17%	20%	17%	9%	19%	16%
45 to 54	23%	17%	25%	26%	27%	27%
55 or older	19%	15%	22%	17%	20%	26%
Close Friends or Relatives Living in Canada						
Yes	29%	30%	27%	21%	31%	33%
Have Children in Household Under 18						
Yes	42%	41%	41%	44%	44%	46%
Marital Status						
Married / partnered	61%	54%	65%	57%	68%	63%
Single / never married	36%	44%	31%	42%	29%	31%
Other	4%	2%	4%	1%	3%	6%
Education						
High school or less	30%	33%	27%	42%	30%	36%
Completed college / university	70%	67%	73%	58%	70%	64%
Employment Status						
Employed full-time / part-time	60%	56%	63%	62%	61%	62%
Housewife / homemaker	14%	13%	15%	10%	14%	11%
Retired	3%	1%	3%	2%	3%	5%
Unemployed	2%	2%	1%	3%	2%	3%
Student	16%	22%	11%	22%	13%	12%
Occupation						
CEO / Chairman / Managing Director / President	9%	6%	9%	11%	9%	13%
Director / GM/VP/CFO / Treasurer / Secretary / Controller	10%	8%	11%	8%	11%	7%
Owner / Partner	8%	10%	8%	13%	9%	10%
Manager / Executive / Supervisor / Officer	32%	36%	30%	26%	32%	30%
Other skilled / unskilled white collars	20%	23%	19%	18%	20%	15%
Skilled / unskilled blue collars	4%	2%	6%	4%	4%	6%
Other	17%	15%	17%	21%	15%	19%
Average Monthly Household Income						
Under 3 million won	14%	13%	14%	18%	13%	14%
3 to 3.99 million won	18%	18%	18%	19%	18%	21%
4 to 5.99 million won	33%	32%	36%	27%	31%	29%
6 to 7.99 million won	18%	21%	16%	19%	21%	19%
8 million won or above	17%	17%	16%	16%	17%	17%

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.

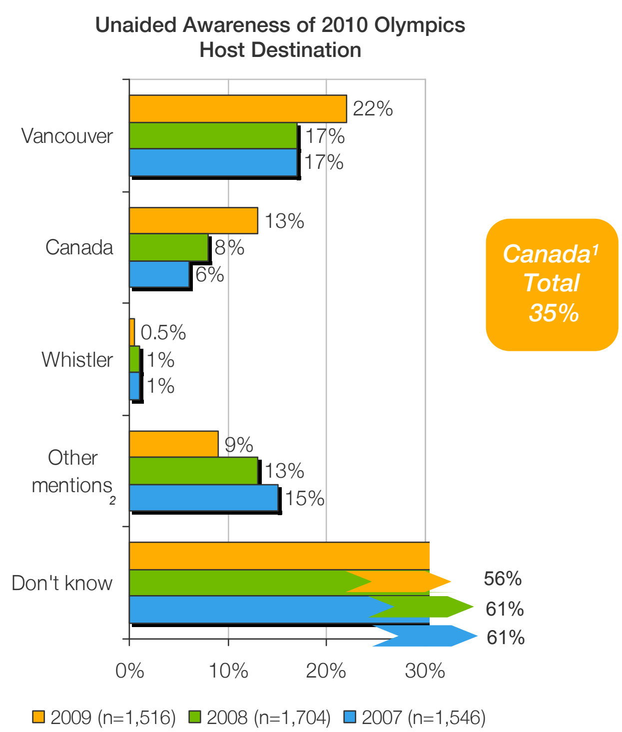
[4] Results should be interpreted with caution due to the small sample size.

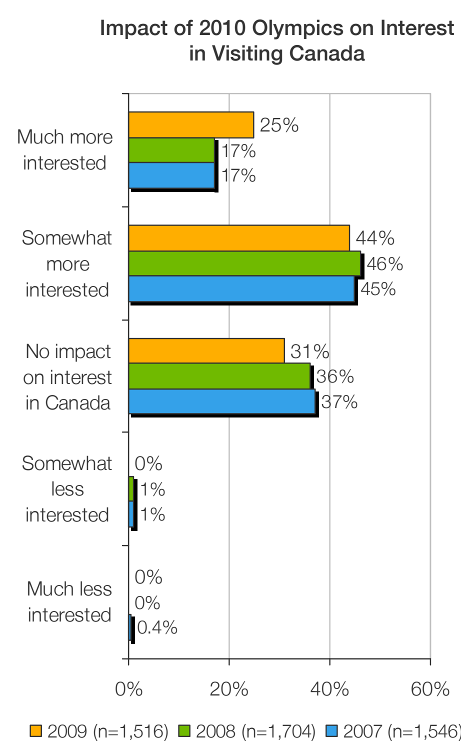
The Impact of the 2010 Winter Games on Travel to Canada

As in every market completed to date, awareness of Canada as the host country for the 2010 Olympic Games has increased measurably since last year (see **Exhibit 7**). At 35%, total awareness in South Korea continues to exceed that of most other markets, and the same is true of the proportion that cite Vancouver specifically (22%). These rather exceptional awareness levels no doubt stem from the fact that South Korea unsuccessfully bid against Canada for the 2010 Games.

The proportion of travellers who say that hosting the Games enhances their interest in visiting Canada has risen as well, increasing seven percentage points since 2007 to hit 69%. Again, this is high by GTW standards, indicating 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 encourage conversion after the Games.

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 destinations of than Canada

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 in South Korea, including beautiful scenery, national parks, and to a lesser extent, wildlife. All of the hybrid products – cities close to nature, nature close to cities and resorts in natural settings – emerge as strengths as well, pointing to the considerable power of Canada’s natural attributes to enhance virtually everything they are paired with.

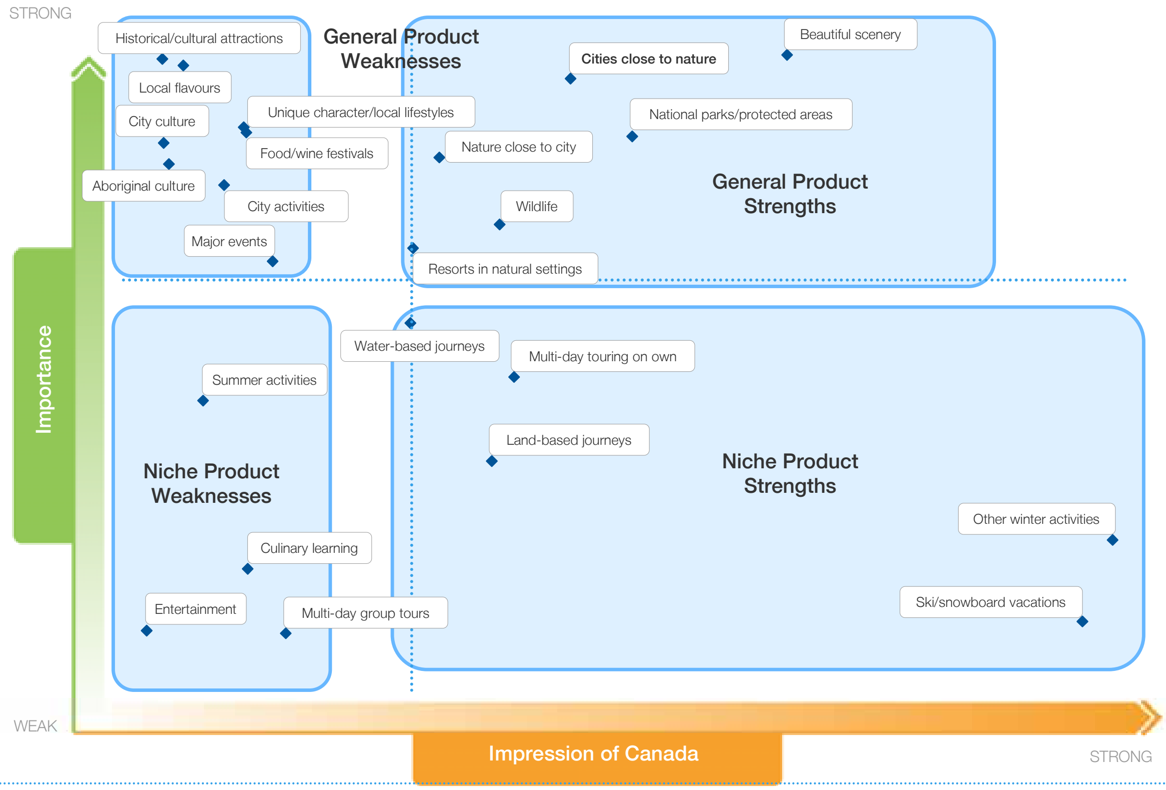
Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. For South Korea, these include outdoor activities such as ski vacations, other winter activities, land-based journeys and water-based journeys. Self-touring also emerges as a niche strength for Canada.

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. As in all markets, Canada faces ongoing challenges in South Korea when it comes to positioning itself as a destination for cultural experiences, with all of the cultural products falling out as weaknesses. Canada’s culinary products also leave much to be desired in the eyes of Korean travellers, with local flavours and food/wine festivals both classified as weaknesses. In addition, Canada’s stand-alone city products (e.g., city activities, city culture and major events) are perceived as limitations when not coupled with nature.

Niche product weaknesses are unfavourably perceived products that appeal to smaller groups of travellers. As a result of steeper competition, Canada’s summer offerings are not rated as well as its winter products, earning them a prime spot among Canada’s niche weaknesses. This vulnerability calls for enhanced marketing initiatives given the pre-eminence of Canada’s abundant summer products (e.g., fishing, golf, cycling) and the relatively high popularity of these products in South Korea. In the case of entertainment, culinary learning and group tours, however, interest is relatively low and as such, is likely not worth the investment on Canada’s part to improve product perceptions.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,516).

South Korean Views on Environmentally-friendly Travel Products[6]

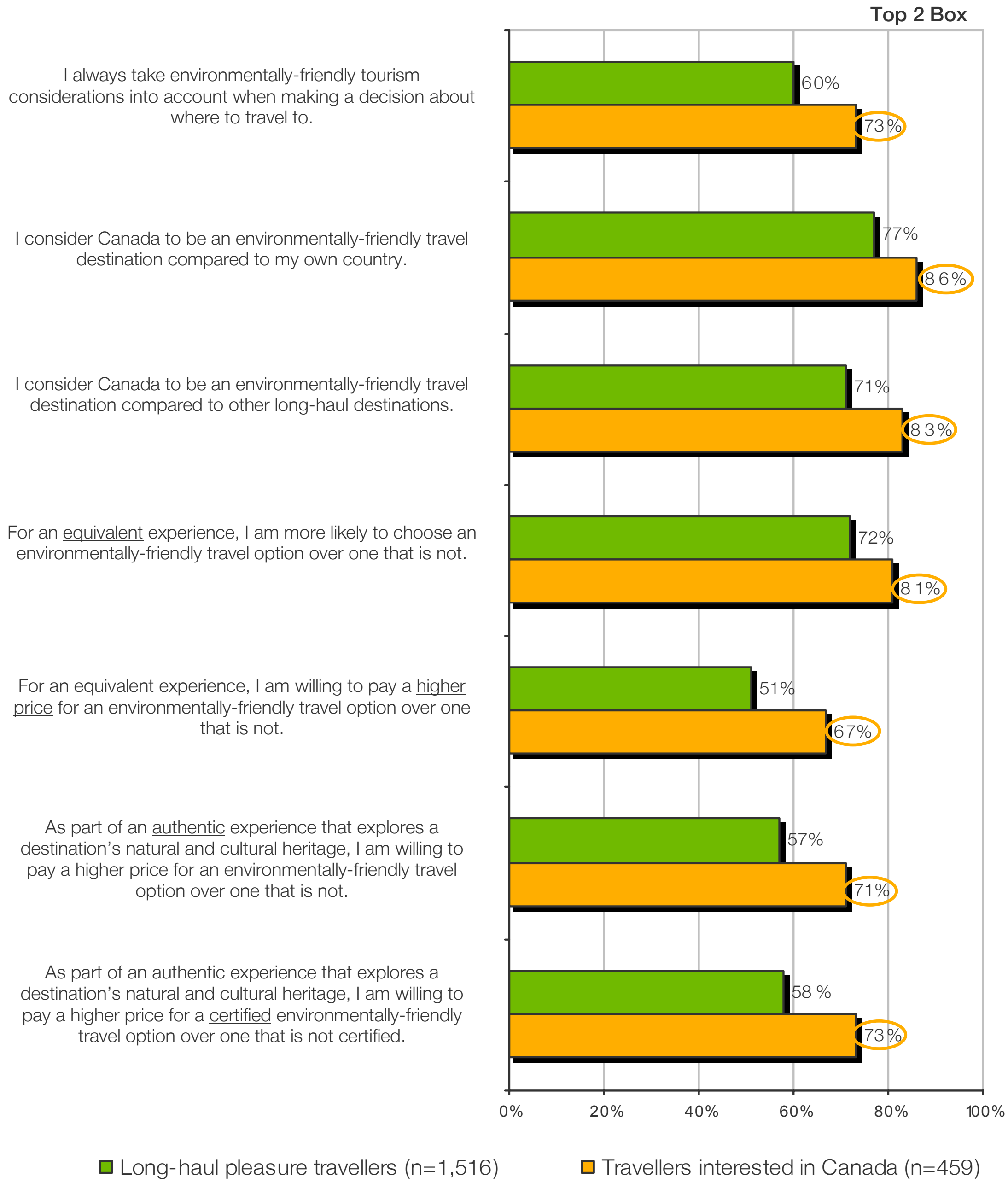
Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

In 2009, South Korea continues to set an example for most other GTW markets when it comes to environmental awareness. As shown in **Exhibit 9**, approximately 6 in 10 travellers say they take environmentally-friendly considerations into account when deciding on a travel destination, while 7 in 10 say they will choose an eco-friendly option over an equivalent one that is not. At just over 5 in 10, Korean travellers also express a greater willingness than travelers from most other markets to pay a premium for an environmentally-friendly tourism experience. This figure increases to almost 6 in 10 for an authentic eco-friendly experience that provides insights into a destination's natural and cultural heritage, certified or otherwise.

With 77% who consider Canada to be an environmentally-friendly destination compared with their own country and 71% who consider it to be environmentally-conscious relative to other countries, Korean travellers would most likely be receptive to Canadian products and messaging with an environmental theme.

[6] Question changed in 2009, therefore results are not comparable to past years.

Exhibit 9 – Attitudes Toward Environmentally-Friendly Travel



Base: Long-haul pleasure travellers.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

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. Travellers interested in Canada: those who are very interested in visiting Canada in the next two years.Question changed in 2009 so results are not comparable to past years.

How Canada is Perceived by South Korean Travellers

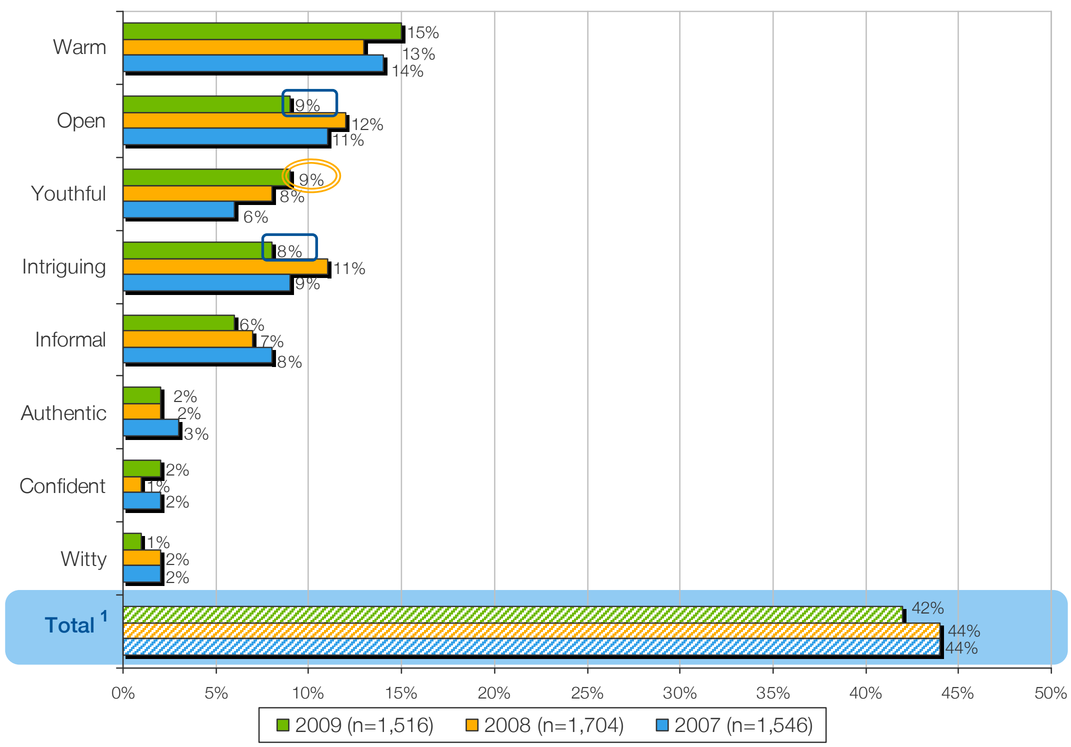
Unaided Brand Personality Perceptions

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 reveals some fluctuations in the brand personality traits this year. Although impressions of Canada as Intriguing and Open have dropped, this has been partially offset by strengthening perceptions of Canada as Youthful. As a result, overall alignment with the brand Canada personality traits has stayed the course at just over 40%. That Koreans view Canada as Youthful is highly encouraging, as a fun and vibrant destination image is more apt to connect with this predominantly young market (45% are 18 to 34). The CTC and its partners may want to continue to foster this impression over the next few years, along with enhancing Canada's overall excitement value and appeal.

Exhibit 10 – Unaided Brand Personality Perceptions



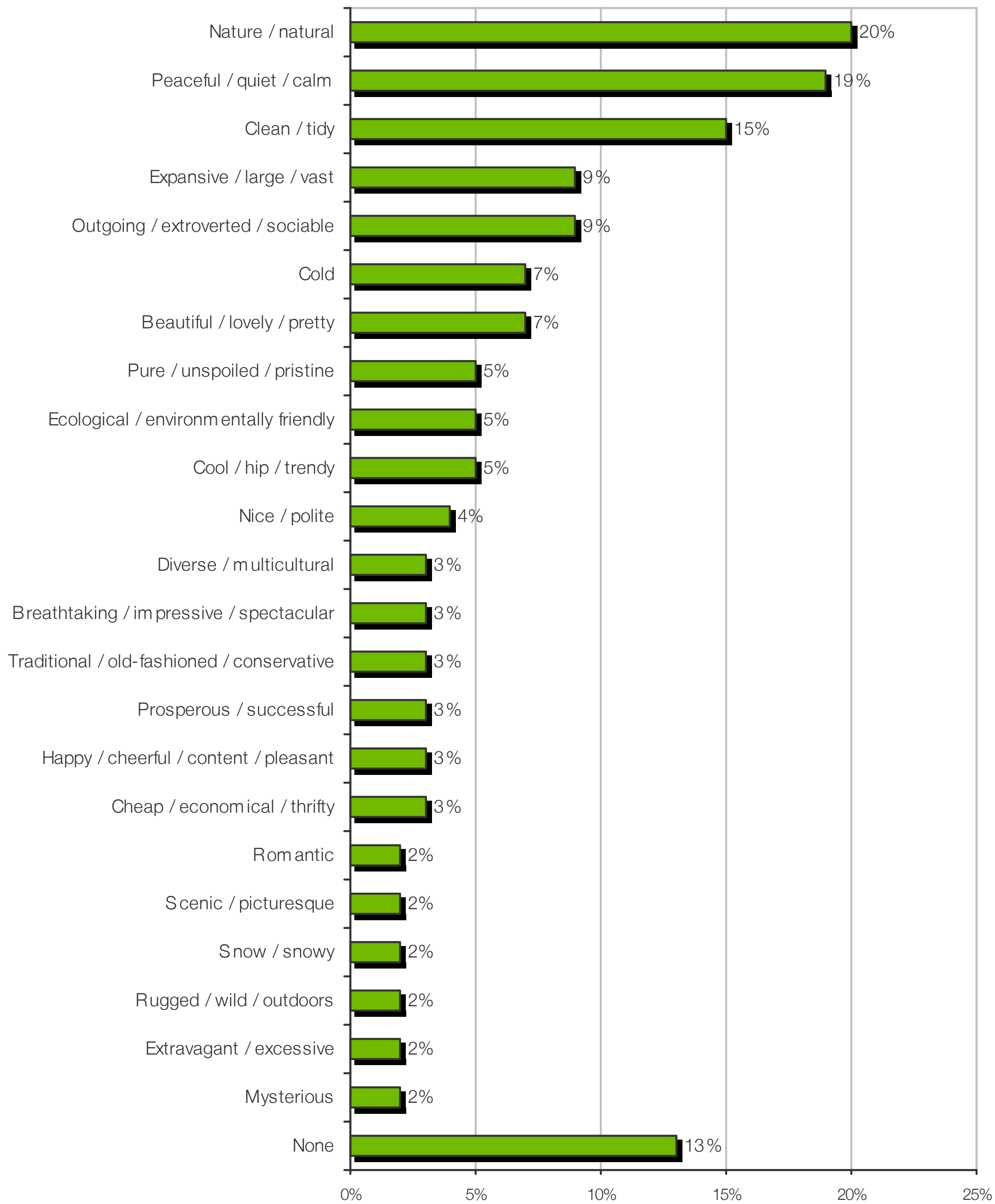
Base: Long-haul pleasure travellers.
Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.
Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.
[1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Other personality traits associated with Canada among Korean travellers are shown in **Exhibit 11**. "Nature/natural" is again the top trait, mentioned by about 1 in 5, with "beautiful/lovely" (7%) and "breath-taking/spectacular" (3%) obviously alluding to Canada's stunning natural beauty. Koreans also acknowledge that Canada's nature is unspoiled and protected (e.g., "pure/pristine," "rugged/wild" and "environmentally-friendly"), which is in keeping with their overwhelmingly positive perceptions of Canada as an eco-friendly travel destination (see Chapter 5). Images of "cold" and "snow" inevitably surface when thinking about Canada, as does the country's incredible vastness.

Like last year, many Koreans have a mental picture of Canada as peaceful, relaxing and clean, indicating that Canada could successfully position itself as a leading destination for rejuvenation holidays in this market. This is particularly true of western Canada, whose world-class resorts, spas and hot springs would be highly appealing to Korean travellers seeking a dose of rest and relaxation.

Again, however, the opposite view of Canada prevails in some circles, with mentions of "outgoing/extroverted," "cool/hip," "prosperous/successful" and "extravagant/excessive" indicating that Canada is viewed by some as a trendy and prestigious destination.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,516).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

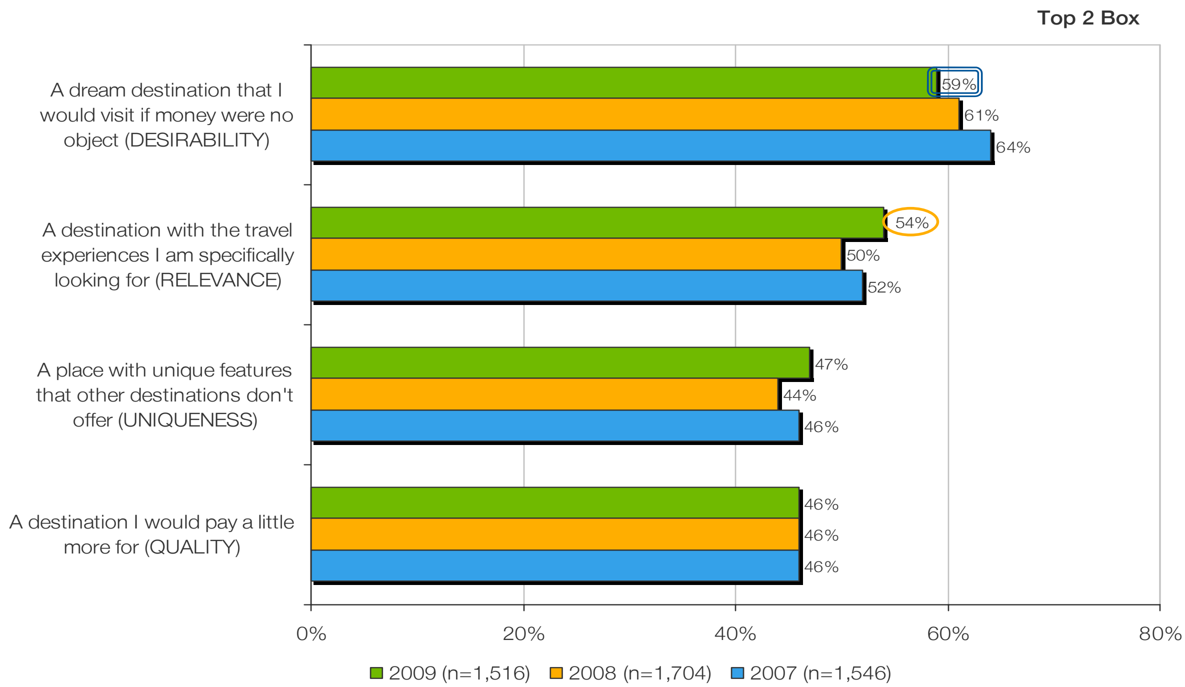
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

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 reveals that Canada's Desirability score in the Korean market has been sinking since 2007, dropping by five percentage points to just under 60%. This dovetails with the fact that Canada is losing ground to its competitors in this market, particularly the US which is now more accessible and attractive to Koreans. This slippage may also reflect the higher proportion of travellers who have visited Canada before, resulting in fewer who regard it as a dream destination. Again, Canada should consider strengthening its presence and positioning in the Korean market to boost its overall desirability as a vacation spot.

On the other hand, the Relevance score is up significantly. The Uniqueness score is also trending upward, but at 47%, is still underperforming compared with other markets, calling for ongoing awareness building around Canadian products and experiences to differentiate them in the minds of Korean travellers.

Exhibit 12 – Value Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".
Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.
Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

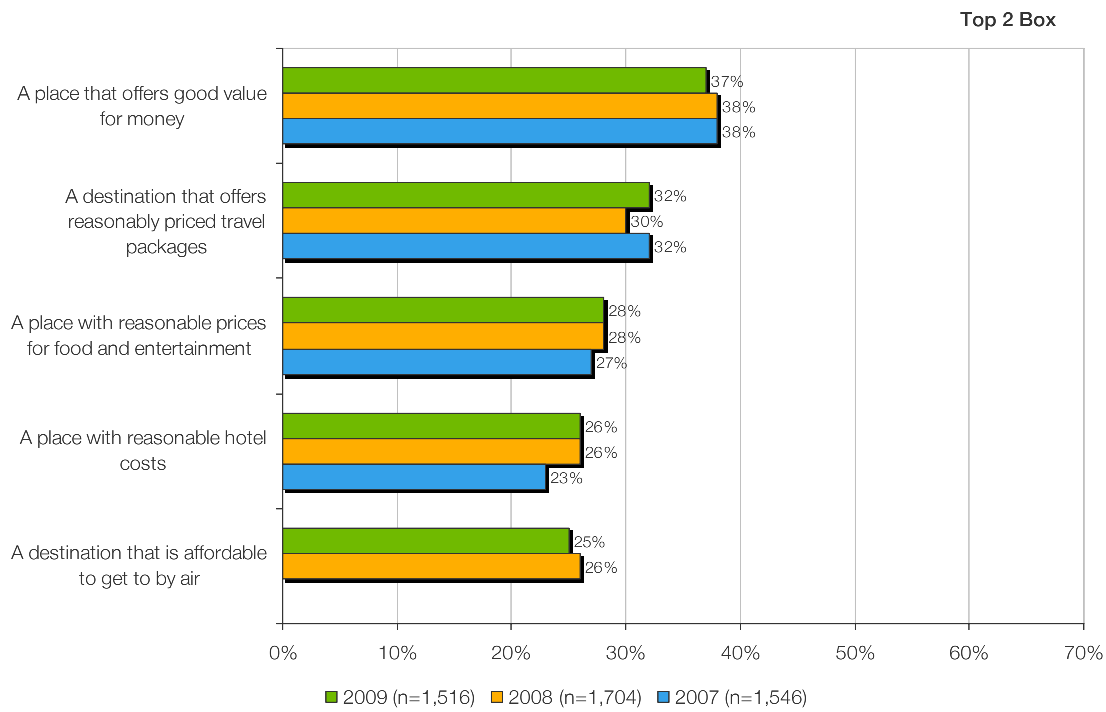
Price Perceptions

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.

The ratings on the individual price attributes have held steady since 2007. Airfare, hotel costs and food/entertainment prices remain the most notable concerns for Korean travellers this year, all with scores of under 30% and all towards the bottom of the scale when benchmarked against other markets. As a result, the Price Perception is one of the lowest of any GTW market.

Coupled with Canada's poor top-of-mind presence and tepid brand image, impressions of Canada as an expensive destination will be challenging to deal with. All the more so in today's environment of restraint – an environment that is seeing Korean travellers choosing local destinations, trading down to less expensive hotels, taking shorter trips and eating less while away from home. Canada may want 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.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

The motivational attributes were changed this year to harmonize the reasons for wanting to visit Canada with the motivations for long-haul travel in general (see **Exhibit 14**). While the top five motivations for long-haul travel overall revealed a good mix of nature, culture, cuisine and cities, nature tends to dominate the top five reasons for visiting Canada, with three of the five motivations being nature-oriented (i.e., scenery, national parks and wildlife). This clearly reflects Canada's perceived strengths among Korean travellers.

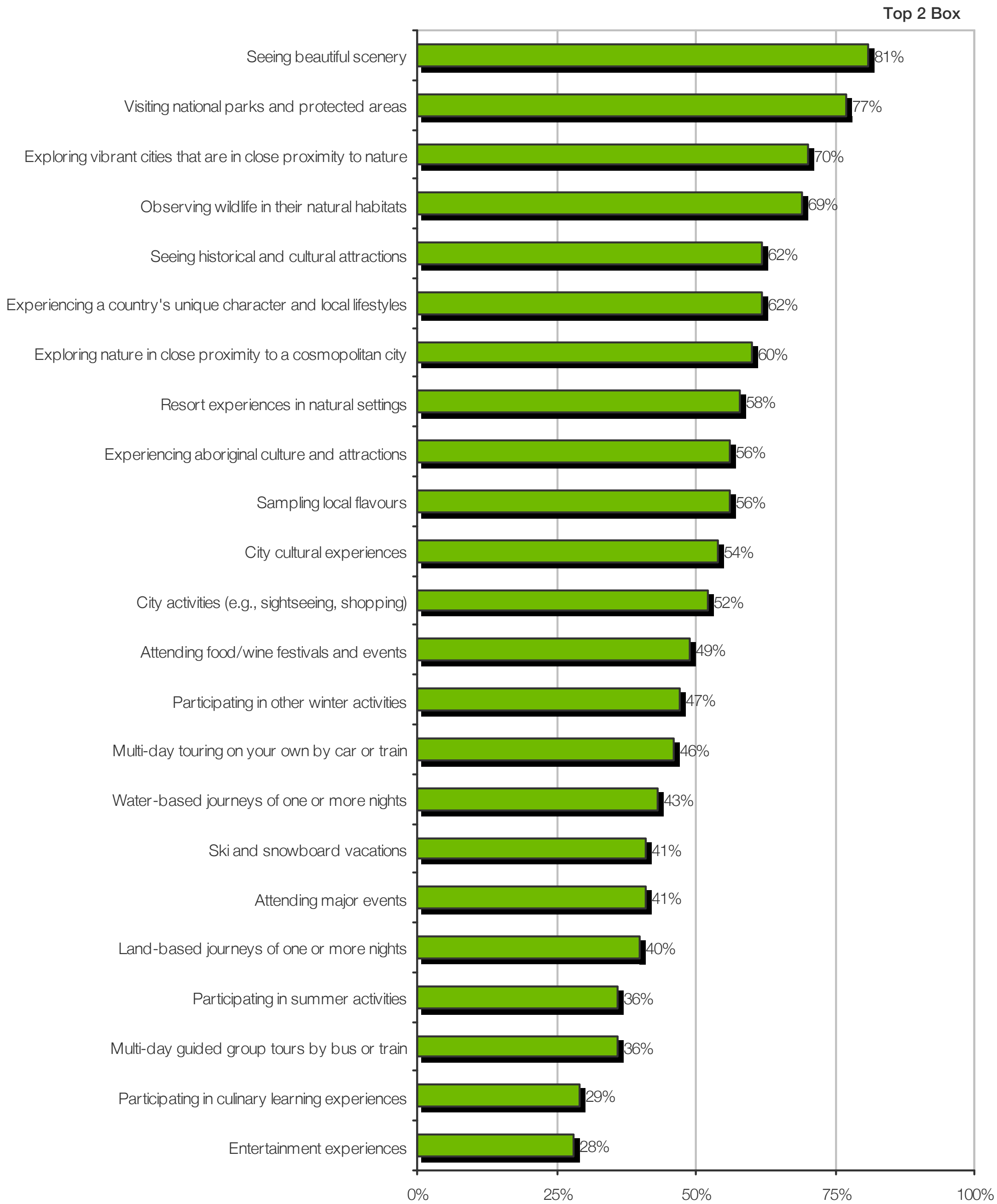
Visiting Canadian cities and resorts also appeal to Korean travellers when combined with nature, with cities close to nature being the biggest draw for Canada among the hybrid products (70%), as it is for long-haul travel as a whole. Koreans are also interested in exploring Canada's unique historical and cultural attractions, its distinct cultures and local lifestyles, and its aboriginal culture (all between 55% and 65%), no doubt carried by the strong general interest in culture in this market.

Cuisine does factor into Canada's appeal, but to a much lesser degree than Koreans' overall vacation interests would suggest, with sampling local flavours and food/wine festivals both in the mid-range of the chart. Likely Canada's poor competitive standing on these products is insufficient to spark the interest of Korean travellers. City experiences also do not impress when they are not twinned with nature.

Although Korean travellers love to indulge in physical activity, winter activities, and to a lesser extent, ski/snowboard vacations achieve a better than expected rank for travel to Canada, no doubt driven by the high profile of Canada's unrivalled winter products. In fact, at close to 50%, winter activities are a much stronger draw than summer activities are at only 36% – a reversal of the general preferences in this market. As noted previously, improving impressions of its summer activities would help Canada to gain a broader base of interest in South Korea.

Self-touring (46%) continues to be a much stronger motivator for travel to Canada than guided group tours are (36%), which is consistent with the strong independent streak exhibited by Korean travellers.

Exhibit 14 – Key Motivations for Visiting Canada



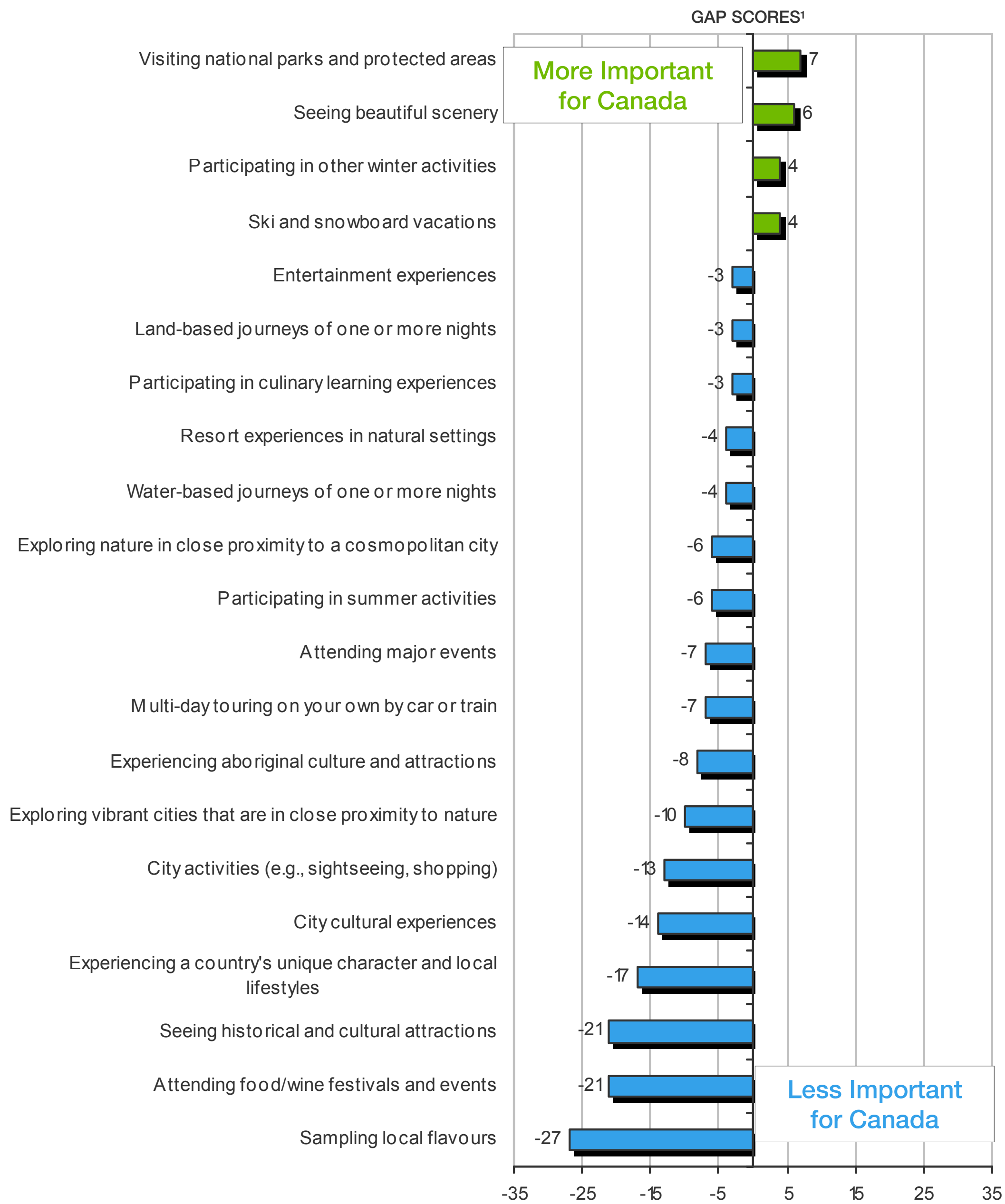
Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=1,126).

Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale where 1 is "Very Unimportant" and 5 is "Very Important".

Differences in Motivations for Travel to Canada vs. Long-haul Destinations

Exhibit 15 shows that the only motivations that are more important for driving travel to Canada than for long-haul destinations in general are nature and winter experiences. However, there are a host of travel drivers that are *less* important for travel to Canada, spanning a variety of vacation pursuits. Somewhat surprisingly, both land and water-based journeys are on this list, as are hybrid products (e.g., resorts in natural settings, nature close to cities, cities close to nature), likely because destinations such as Australia are perceived as being stronger for these activities. The attributes with the largest gaps, however, are related to cuisine, culture and city experiences, which of course dovetail with Canada's competitive weaknesses in this market. Again, these results point to the need for awareness building in the Korean market, with the first priority being to gain a leadership position on traditional strengths like outdoor activities.

Exhibit 15 – Diffrences in Motivations for Travel to Canada vs. Long-haul Destinations in General



Base: Motivations for travel to long-haul destinations in general: Long-haul pleasure travellers (n=1,501).

Base: Motivations for travel to Canada: 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=1,126).

Notes: Only significant differences are shown.

[1]A positive gap score indicates a motivation that is stronger for Canada relative to long-haul destinations in general. A negative gap score indicates a motivation that is weaker for Canada relative to long-haul destinations in general.

Regional Motivations[7]

Exhibit 16 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.

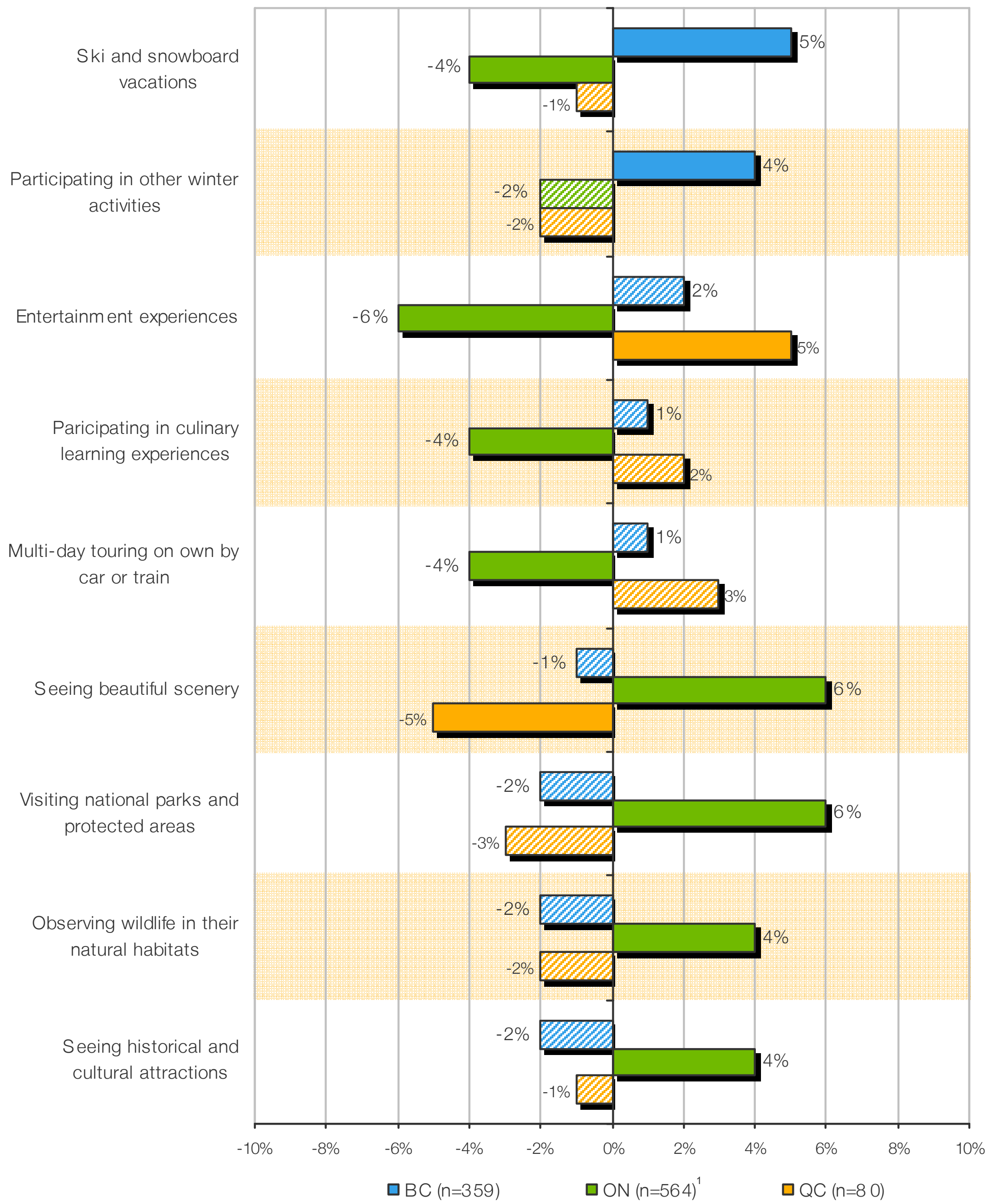
In the exhibit, high positive values indicate motivations that are of greater *relative* importance for a region, while high negative values represent motivations that are of lesser *relative* importance. The exhibit shows that:

- Travellers likely to visit **Ontario** are more likely to be motivated by scenery (e.g., Niagara Falls), national parks and wildlife, indicating that like last year, this region is seen as being tops for nature. Ontario is also perceived as a good place for seeing historical/cultural attractions, lending the region added diversity.
- The 2008 results showed that the **Québec** region (e.g., Montreal) is strongly associated with urban offerings, so it comes as no surprise that potential travellers to this region are more apt to be seeking entertainment experiences.
- With growing awareness of Vancouver as the host of the 2010 Olympic Games, **British Columbia** has now emerged as the region of choice for those interested in ski/snowboard vacations and other winter pursuits.

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.

[7] Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



Base: Travellers most likely to visit British Columbia, Ontario or Québec. Sample sizes for other regions were too small to be included.

Notes: 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.

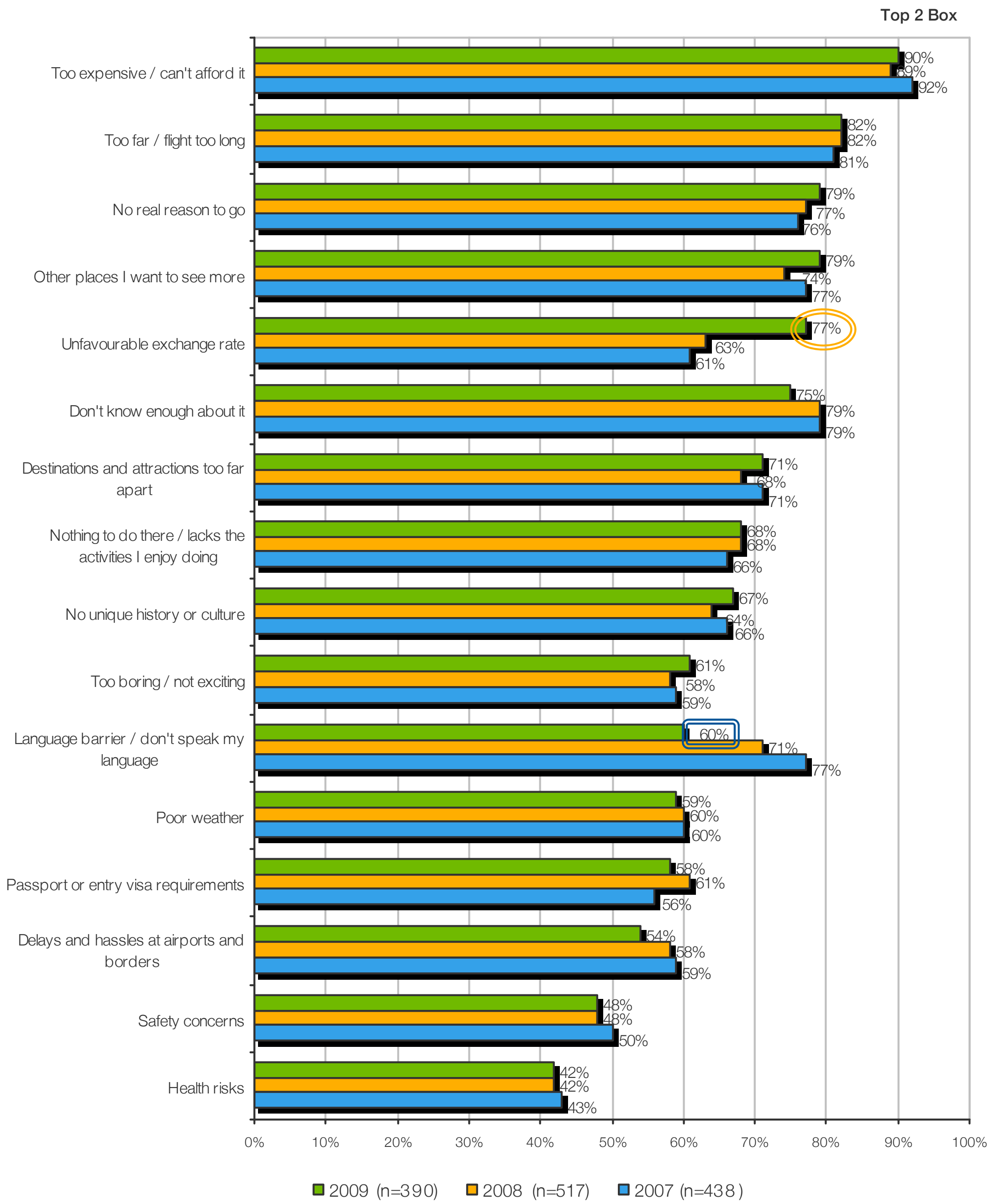
[1] Results should be interpreted with caution due to the small sample size.

Barriers in Attracting Visitors from South Korea

Barriers for Travel to Canada

As is typical of the Asian markets, the barriers for visiting Canada among Korean travellers are fairly acute, with five barriers that are cited by more than three-quarters of long-haul travellers that are unlikely to visit Canada in the next two years (see **Exhibit 17**). For the third year in a row, practical considerations like high costs and long distances are the two main obstacles, both at over 80%. In addition, when coupled with a stronger desire to see other destinations, the lack of a compelling reason to visit Canada becomes a potent disincentive for Korean travellers. To counterbalance this, the CTC could promote major one-time events like the Olympics, as well as enhancing general knowledge of specific attractions, destinations and things to do in Canada.

Exhibit 17 – 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.
Double blue squares indicate a significant downward trend since 2007.; Double orange circles indicate a significant upward trend since 2007.
Results for past travellers to Canada who are unlikely to re-visit in the near future are not shown due to small sample size.

Sources of Information for South Korean Travellers

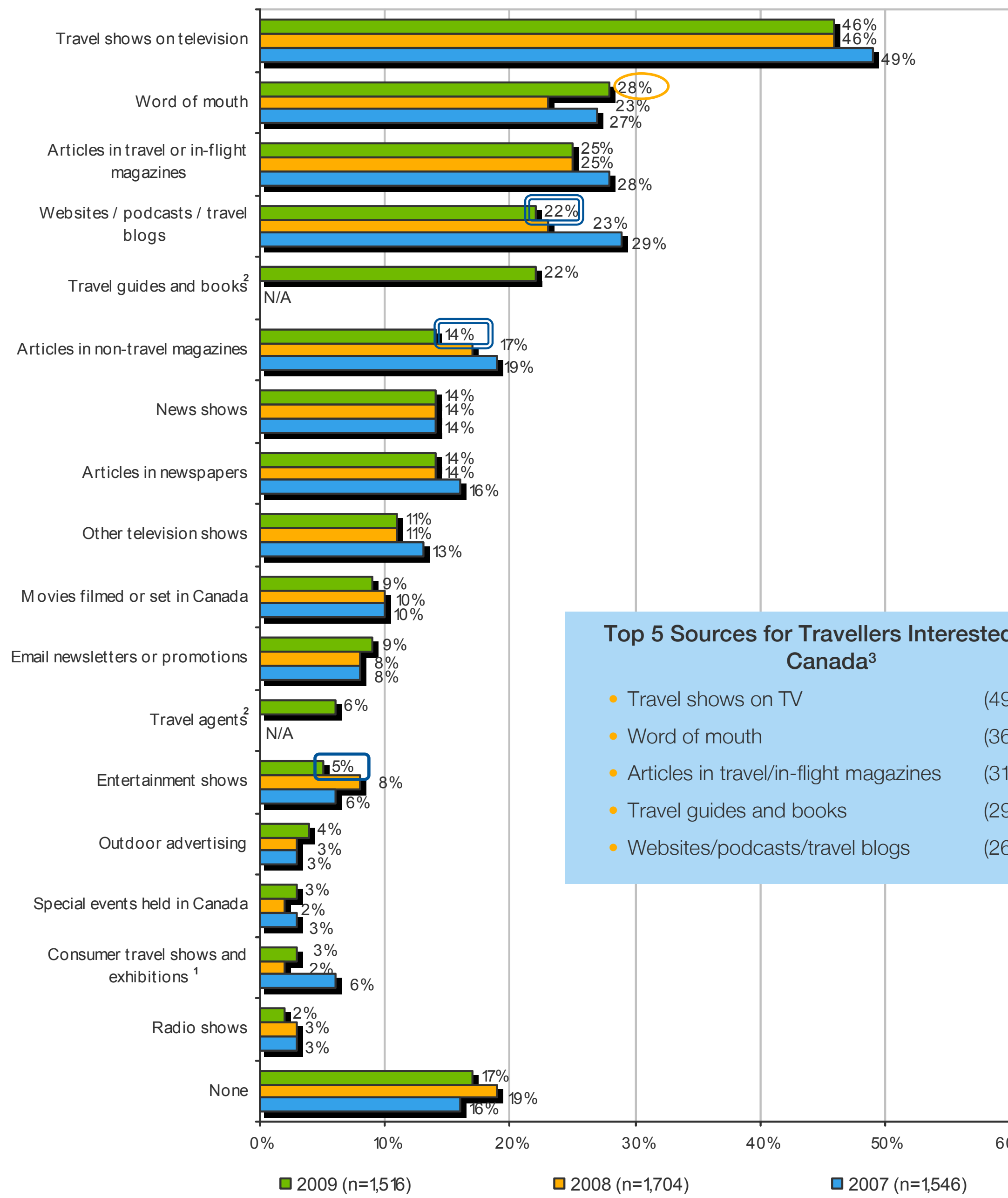
Sources of Information on Canada

Exhibit 18 shows that approximately 83% of Korean long-haul travellers saw promotional information on Canada in 2009, which is fairly high by GTW standards.

There have been some shifts among the top information sources relative to previous years, with word of mouth rebounding to the highs of 2007 and both online media and non-travel magazines veering downward to hit new lows. Despite these shifts, the leading information sources remain consistent with previous years, with television travel shows by far the most prominent source (reaching almost half of all Korean long-haul travellers), and word of mouth, travel magazines and travel websites/podcasts/blogs also highly effective marketing channels (reaching 20% to 30%). Joining the top five this year is travel guides and books, indicating that travel-specific media are still the most successful way to connect with travellers in this market.

Potential travellers to Canada can be targeted through the same five sources. Compared with 2008, potential visitors now rely less on travel television shows and more on word of mouth.

Exhibit 18 – Sources of Information on Canada (past 3 months)



Top 5 Sources for Travellers Interested in Canada[3]

- Travel shows on TV (49%)
- Word of mouth (36%)
- Articles in travel/in-flight magazines (31%)
- Travel guides and books (29%)
- Websites/podcasts/travel blogs (26%)

Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

[1] Item changed in 2008.

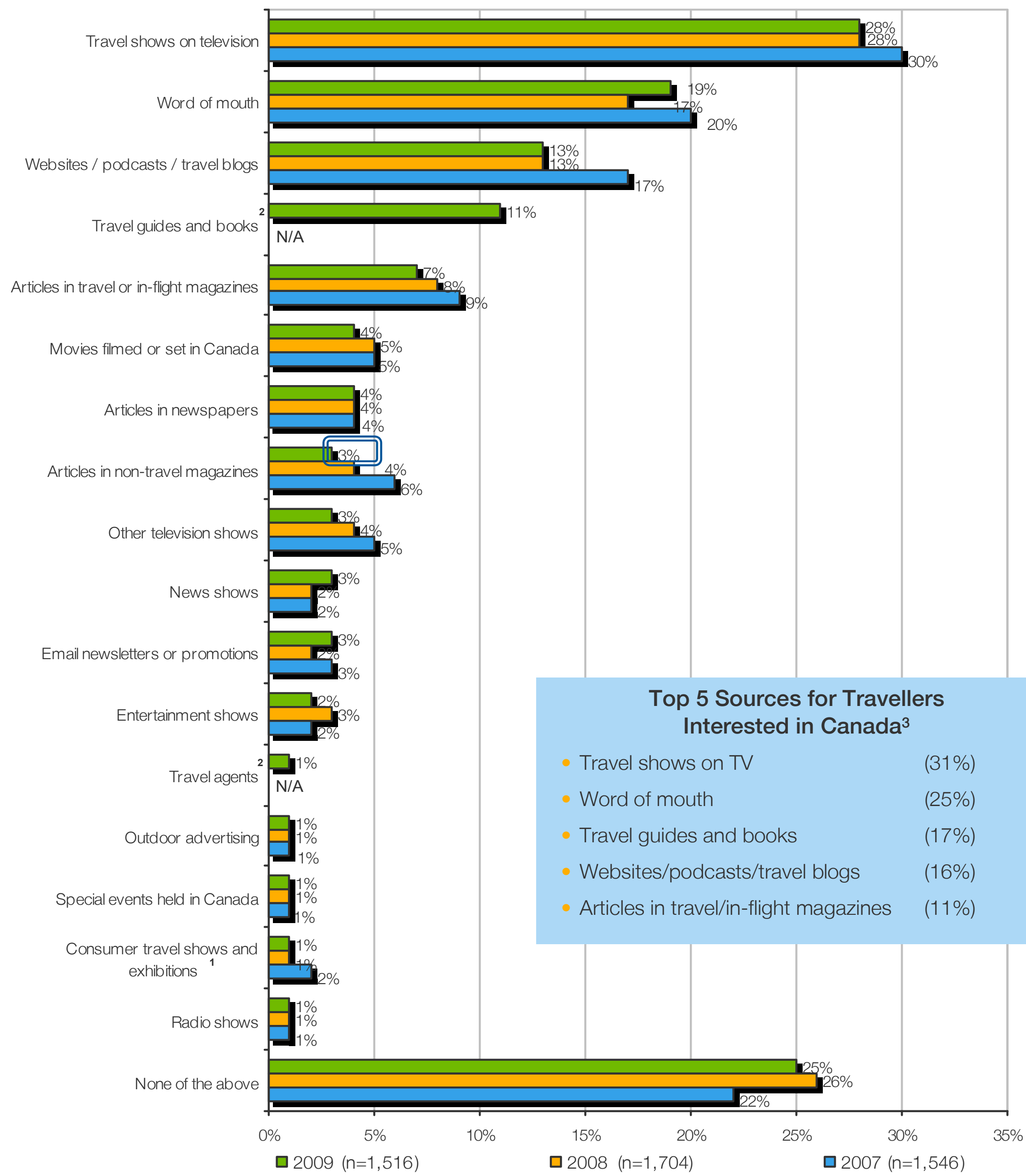
[2] Item changed in 2009.

[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=459).

Top Information Sources for Increasing Canada's Appeal

The best sources for increasing Canada's appeal are the same as the top information sources in general, with no major shifts among the top five for both travellers overall and potential visitors to Canada (see **Exhibit 19**).

Exhibit 19 – Top Information Sources for Increasing Canada's Appeal



Top 5 Sources for Travellers Interested in Canada[3]

- Travel shows on TV (31%)
- Word of mouth (25%)
- Travel guides and books (17%)
- Websites/podcasts/travel blogs (16%)
- Articles in travel/in-flight magazines (11%)

Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007. Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

[1] Item changed in 2008.

[2] Item changed in 2009.

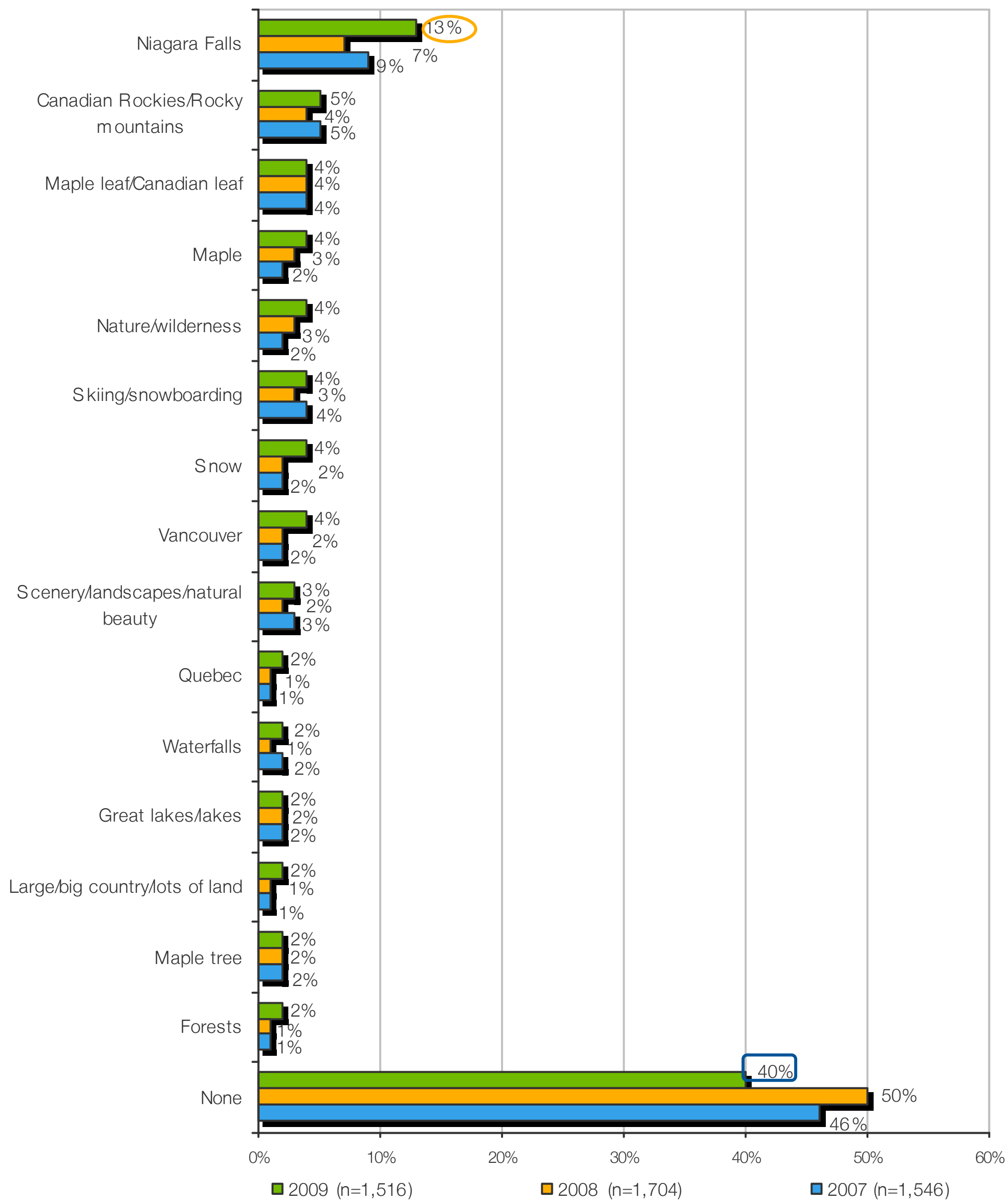
[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=459).

Icons or Images that Inspire Interest in Canada

The most notable result in **Exhibit 20** is a positive one. Compared with previous years, proportionately more travellers this year were able to identify icons/images that inspire interest in Canada (60%). This increase is primarily driven by a surge in mentions of Niagara Falls, although virtually all images/icons are up one to two percent over last year. This trend is in line with the more sophisticated long-haul travelling population this year, with proportionately more travellers who are knowledgeable about Canada and have visited Canada before.

As in past years, the responses are dominated by major natural landmarks, maple leaf imagery, winter imagery and nature/scenery in general. Mentions of Vancouver are also fairly prominent this year, likely linked to enhanced awareness around the 2010 Olympic Games

Exhibit 20 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2008; Double blue squares indicate a significant downward trend since 2007.

Orange circles indicate a result that is significantly higher than 2008; Double orange circles indicate a significant upward trend since 2007.

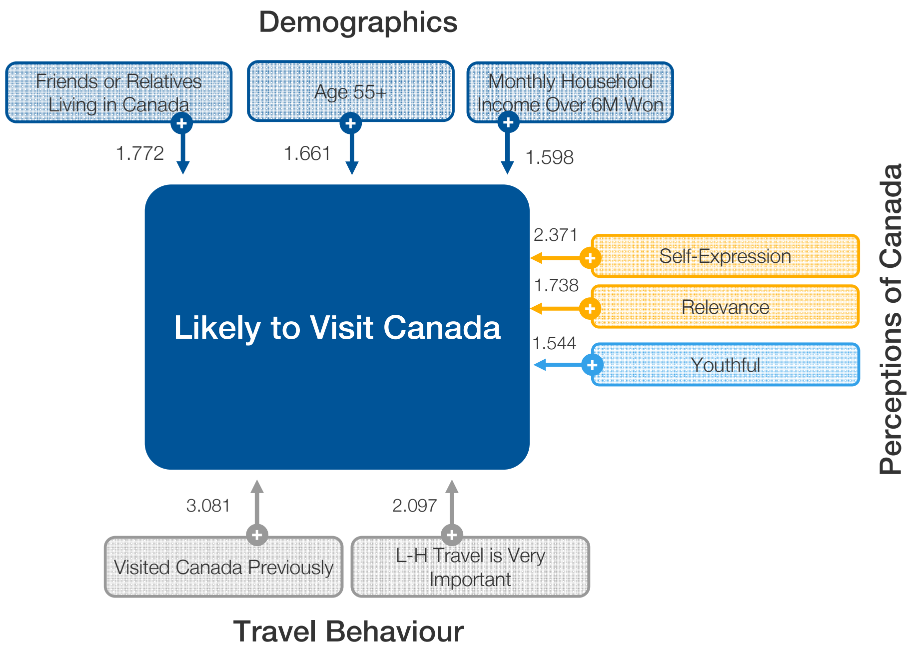
Key Drivers for Visiting Canada

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 21 summarizes the results of the key drivers model, which are broadly similar to previous years, with one very notable difference:

- Past travel to Canada continues to be the strongest predictor of future travel intentions. Everything else being equal, those who have visited Canada before are three times more likely to say they will visit Canada than potential first time travellers.
- As was the case in past years, those who consider long-haul travel to be very important or have friends/relatives in Canada are more likely to consider a trip.
- Canada continues to appeal to an older and more affluent demographic in South Korea, with travellers over the age of 55 and earning incomes of more than 6 million won per month (i.e., CDN$67,000 per year) being more predisposed to visiting.
- Despite the fact that interested travellers tend to be older than the norm, the model indicates that presenting a youthful face to Korean travellers (e.g., by conveying Canada as a fun, vibrant and energetic destination), would enhance its appeal and increase the likelihood of travel. In addition, those who view Canada as a place for self-expression or as having products that are directly relevant to them are more likely to make the trip.
- Alarmingly, two of the three primary EQ types targeted by the CTC in South Korea – Personal History Explorers and Cultural History Buffs – are less likely than other groups to express an interest in Canada, which likely stems from perceived weaknesses in Canada’s cultural offerings. Strong actions are needed to ratchet up impressions of Canada’s cultural products if it is to successfully attract these two groups to its shores.

Exhibit 21 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,516).
Note: 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

Although the Korean economy narrowly averted a recession in the first quarter of the year, the forecasted full-year contraction of 1.8% for 2009 will still be the country's worst economic performance in over a decade. Coupled with soaring unemployment and falling income growth, the struggling economy has shaken consumer confidence, leaving a more skittish travel market that has cut back not only on international travel, but domestic holidays as well. Equally devastating on the long-haul market has been the unchecked slide in the won, which depreciated by a staggering 30% against the US dollar between the 2007 and 2009 studies.

Not surprisingly then, the GTW market outlook indicator has dropped from a healthy +52 in 2007 to a more modest +37 in 2009. This is consistent with the 10% decline seen in outbound travel from South Korea last year and the even steeper fall anticipated by the KTO for 2009. The harsh new realities have also changed the face of the Korean market over the last two years. Lower-end travellers and intenders have temporarily put their long-haul travel plans on hold, leaving a market of more upscale, experienced and committed travellers that seek value in their travel destinations.

Symptomatic of the unfavourable travel climate, Canada's performance on the KPIs[8] this year is decidedly unimpressive. Several of the unaided measures are down significantly, including both destination and advertising awareness. However, many other destinations are in the same boat, with widespread drops in one or more of the unaided measures for Australia, several European destinations, and many of the key tourist spots in south-east Asia. The US is the only major competitor to emerge unscathed on the unaided measures, with the implementation of visa waivers for Korean tourists in November 2008 no doubt keeping it top-of-mind.

More alarmingly, Canada is losing ground to its competitors on the aided indicators, having dropped a rank on all three measures. Its 4th and 5th place rankings on knowledge and advertising recall leave much to be desired, while its limited increase on interest has been superseded by far stronger competitor gains. Enhancing both general awareness of Canada and knowledge of specific vacation opportunities could go a long way to shoring up these KPIs and improving Canada's lukewarm competitive standing in South Korea.

On the bright side, interest in Canada remains high compared with other GTW markets indicating that there is a strong inherent interest in Canada in this market. Moreover, this interest has not waned, pointing to a rapid recovery in visitor flows once the Korean economy gets back on track, although some remedial activity may be needed to boost Canada's visibility in this market. Long-term travel intentions for trips of one to three nights are also up this year, no doubt reflecting the mounting popularity of the US as a result of the visa waiver program. As such, Canada may want to ensure that it is set to capitalize on potential add-on travel as Korean interest in the US explodes over the next few years.

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

With respect to perceptions of Canada, all three indices – the Brand Perception, Value Perception and Price Perception – have held steady this year, although some shifts are evident on individual attributes. Most notably, Canada's desirability score has been sinking since 2007, which dovetails with Canada's slide in the competitor rankings. On the positive side, Canada is seeing strong gains in the perceived relevance and authenticity of its products. Still, the Brand Perception remains mediocre and the Price Perception is one of the lowest of any GTW market, calling for a concerted effort to improve these measures.

Enhancing perceptions of Canada is all the more important in the current environment of restraint, with Koreans increasingly hesitant to take expensive trips and more closely scrutinizing destinations for value. In fact, the struggling economy has ushered in an era of "controlled luxury," with Korean consumers beginning to frown on their former conspicuous consumption of luxury brands. Luxury is gradually being redefined as personal experiences that result in cherished memories, a trend that meshes well with Canada's brand promise of extraordinary personal stories. However, the CTC may want to better convey this brand promise to Koreans, as performance on this measure lags behind the other GTW markets.

While actual visitors to Canada tend to be older (i.e., over 45), Canada has a much broader appeal in the Korean market, which tends to be quite youthful overall. With over 40% of potential visitors to Canada between the ages of 18 and 34, Canada may want to ensure that its marketing initiatives do not alienate younger Koreans. In fact, the key drivers model suggests that presenting a youthful face to this market will help to spark travel to Canada, regardless of traveller age. Reassuringly, a growing number of Koreans do view Canada as Youthful, but more could be done to cultivate it as a destination with a youthful and energetic vibe.

Canada's challenges in the Korean market are compounded by poor product positioning. Canada posts just three number one products in this market – scenery, ski vacations and winter activities. This is due in large part to Australia's formidable presence in South Korea, with this destination having a commanding lead on many of Canada's traditional strengths, including nature, outdoor and city-nature hybrid products. As a result, Australia emerges ahead of Canada on the Active Adventure, Personal Journeys and Vibrant Cities USPs[9]. In fact, Canada's performance on these USPs (second, third and fourth place, respectively) is among the worst of any market completed to date. A key priority for the CTC will be to gain a stronger foothold on these USPs, with national parks, land-based journeys, self-touring, cities close to nature and nature close to cities offering the strongest possibilities for improvement.

Canada also posts a weak showing on Local Cuisine and Connecting with Locals (6th and 7th, respectively), but this is par for the course among the GTW markets. Still, improvements are critical, as diversity is the key to winning the attention of Korean travellers. Awareness building around Canada's cultural products is clearly called for to reverse these shifts and move ahead on a more positive path.

As a final note, there are signs of upward momentum in the Korean economy, and experts say that South Korea will lead the world on the road to recovery late this year. Even the

[9] 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.

long-suffering won has rallied somewhat over the last few months. Some risks remain, however, including the heavy reliance of South Korea's export-oriented economy on a global recovery, a weak job market and rising oil prices, but it is safe to say that the worst is over and the Korean travel market could begin to strengthen in 2010.