DESTINATION CANADA

Global Tourism Watch

2017 Japan Public Summary Report

Canada

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Introduction

Destination Canada began conducting the annual Global Tourism Watch (GTW) program in 2007. The primary purpose of this research program is to provide consumer-based intelligence in 11 core markets around the world: Australia, China, France, Germany, India, Japan, Mexico, South Korea, the United Kingdom, the United States, and the domestic Canadian market.

The overall objectives of the GTW study are to:

- Monitor awareness, travel intentions, and other key market indicators for Canada and the regions;
- Assess perceptions of Canada and track brand performance against competitors over time;
- Identify the general experiences sought by travellers, and identify growth opportunities;
- Identify motivators and barriers for travel to Canada; and,
- Determine the influence of various information sources on destination selection.

The GTW permits direct comparison of Canada to competing destinations in each market. Destination Canada has designated the following destinations as competitors in the Japanese market: the US, the UK, France, Italy, Germany, Netherlands, Spain, Switzerland, India, Australia, Finland, Sweden, and Russia. The countries included represent 95% of the outbound travel volume to long-haul destinations which are considered direct competitors to Canada (e.g., non-beach destinations).

Methodology

Data was collected via an online survey and has been weighted to represent the Japanese long-haul travel population. The target population in Japan was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of East Asia (including China, Hong Kong, Macau, Japan, South Korea, and Taiwan) where they had stayed at least 4 nights with a minimum of 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Data was gathered from 1,500 respondents in Japan, including 200 recent visitors to Canada, in July 2017. Results are compared against the previous GTW wave (data gathered in December 2016). In addition, select comparisons are made to the 2017 Pulse Check study conducted in November 2017. The Pulse Check is a shorter version of the GTW study, conducted to monitor movement of key metrics on a more frequent basis.

Throughout the report, statistically significant differences from one wave to the next are denoted by arrows in the charts: green arrows pointing up if the metric has increased and red arrows pointing down if the metric has decreased. Results were also analysed among different segments and demographic cohorts; throughout the report, references are made where there are statistically significant differences compared to the general traveller.

Study Overview: Japan Market

The target population are residents aged 18 years and older, who have taken a long-haul pleasure trip, where they had stayed at least 4 nights with a minimum of 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Timing of Fieldwork

JUL

2017

Geographical Definition for Qualified Trips

Outside of: East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan)

GTW Sample Distribution

Sample distribution: **National**

Recent visitors to Canada: **200**
Other travellers: **1,300**
Total sample size: **1,500**

Seasonality

Fielding for the 2017 GTW study was conducted in July, which is different from 2016 timing (December), but consistent with timing for years before 2016. A Pulse Check study was conducted in November 2017, which allows comparison of key metrics across three waves to determine whether seasonality of survey fielding is a factor in results.

The fact that no metrics were significantly different suggests seasonality of survey fielding does not affect results for Canada in the Japanese market.

Key Metrics Tracking

	Pulse Check 2017 (November 2017) *(n=500)*	GTW 2017 (July 2017) *(n=1500)*	GTW 2016 (December 2016) *(n=1504)*
Unaided Consideration of Canada	**5%**	**3%**	**3%**
Aided Consideration – Canada	**19%**	**15%**	**15%**
Destination Knowledge (Top2Box) – Canada *(Among those considering Canada)*	*(n=110)* **25%**	*(n=374)* **21%**	*(n=371)* **21%**
Actively Planning a Trip to Canada	**7%**	**8%**	**9%**
Past Visitation to Canada	**34%**	**39%**	**35%**

▲ / ▼ *Significantly higher/lower than previous wave.*

Background

Japan's economy is the 3rd largest in the world, accounting for 5.9% share of global GDP (*International Monetary Fund, October 2017*). However, Japanese economic growth has been erratic for several years. After a volatile 2015, the Japanese economy expanded by 1% in 2016 due to an uptick in exports *(Japan Times, February 2017)*. Prime Minister, Shinzo Abe, in power since 2012, has adopted a package of economic revitalization measures called *Abenomics*. The three tenets of *Abenomics* are an aggressive monetary policy, a flexible fiscal policy, and a long-term growth strategy through structural reform (*The Tokyo Foundation, February 2017*).

The outlook for 2017 calls for a modest improvement with GDP growth forecasted at 1.5% (up from 1% in 2016), aided by stronger international trade and fiscal stimulus from the Japanese government. Forecasts call for growth close to 1% in 2018 *(OECD, November 2017).* Japan has the largest government debt ever recorded in the OECD, which poses a serious risk *(OECD, November 2017)*. There are some global factors that could bring instability to the Japanese economy, including ongoing tensions with North Korea, Britain's exit from the EU, and trade tensions with the US, which is Japan's second largest export market after China. Japan has the second largest trade surplus with the US, with the bulk being auto exports *(Japan Times, February 2017).* The yen has weakened against the US dollar since the US election, which has further aided Japanese exporters *(Japan Times, February 2017)*.

Productivity remains a challenge for Japan. With a declining labour force due to an aging population (26% of the population was aged 65+in 2015), increased productivity is needed to grow the economy.While immigration could have a positive impact on overall growth, there is long-standing opposition to immigration among the Japanese population.

In April 2017, Japan's unemployment rate was at 2.8%, which is the lowest level observed since 1994. It is predicted that the unemployment rate between 2017 and 2020 will remain at 3.2% *(Japan Times, May 2017).*

The inflation rate remains below the Bank of Japan's target of 2%. It is predicted to hover around 1% through 2018 (*OECD, November 2017*). Despite improving economic conditions, Japanese Consumer Confidence only inched up in 2017 and stood at 43.8 in July 2017 (*Thomson Reuters / Ipsos Primary Consumer Sentiment Index, July 2017*).

Preliminary estimates show outbound travel increased by 4.5% in 2017 to 17.9 million trips abroad *(Japan National Tourism Organization, 2018)*.

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market remains relatively unchanged from the previous year: 2.55 million travellers are definitely or very likely to visit Canada in the next 2 years.*
- ✓ *The proportion saying they will spend less on long-haul travel exceeds those who say they will spend more, resulting in a long-haul outlook of -15 in 2017, significantly improved from -19 in 2016.*

GTW data is used to estimate the size of the potential market for Canada. The table below provides an estimate of the size of the potential Japanese market for Canada in two ways – the macro target market and the immediate potential market.

The long-haul travel market size is derived from a 2016 omnibus study of the Japanese adult population. Long-haul travel incidence is comprised of travellers who indicate that they have travelled for a long-haul pleasure trip in the past three years, or intend to do so in the next two years.

The proportion of GTW respondents who are in the dream to purchase stages for Canada (66% in 2017 versus 62% in 2016) is used to calculate a target market estimate of 10.33 million.

The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years (25% in 2017 versus from 27% in 2016). This translates into a market of 2.55 million travellers with more immediate potential for conversion, which is unchanged from 2016 (2.61 million).

Among Destination Canada's ten international markets, Japan was ranked 9th in immediate potential market size (behind the US, China, South Korea, Germany, the UK, France, India, and Australia). Actual visitation from Japan was ranked 8th among Destination Canada's international markets in 2017[1].

For context, Canada attracted 304,000 visitors from Japan in 2017, virtually unchanged from 2016[2]. The 304,000 arrivals represent 12% of the immediate potential market.

Size of Potential Market to Canada (Next 2 Years)

Measure	Size of Potential Market to Canada
Long-haul pleasure travel market	**15.65 million**
Target market for Canada (dream to purchase stage)	**66%**
Size of the target market	**10.33 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years)	**25%**
Immediate potential	**2.55 million**

/ Significantly higher/lower than 2016.

Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years) (n=1500); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=1025)

QMP1. Which of the following best describes your current situation when thinking about each of the following destinations for a holiday trip?
QMP6. Realistically, how likely are you to take a holiday trip to Canada in the next 2 years?

Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (2.55 million). Interest in BC is up significantly in 2017 (63% or 1.60 million potential visitors, up from 51%), and has overtaken Ontario (57% or 1.46 million potential visitors).Interest in Alberta is also up significantly in 2017 (46% or 1.17 million potential visitors, up from 34%), and is now higher than Quebec (40% or 1.01 million visitors).

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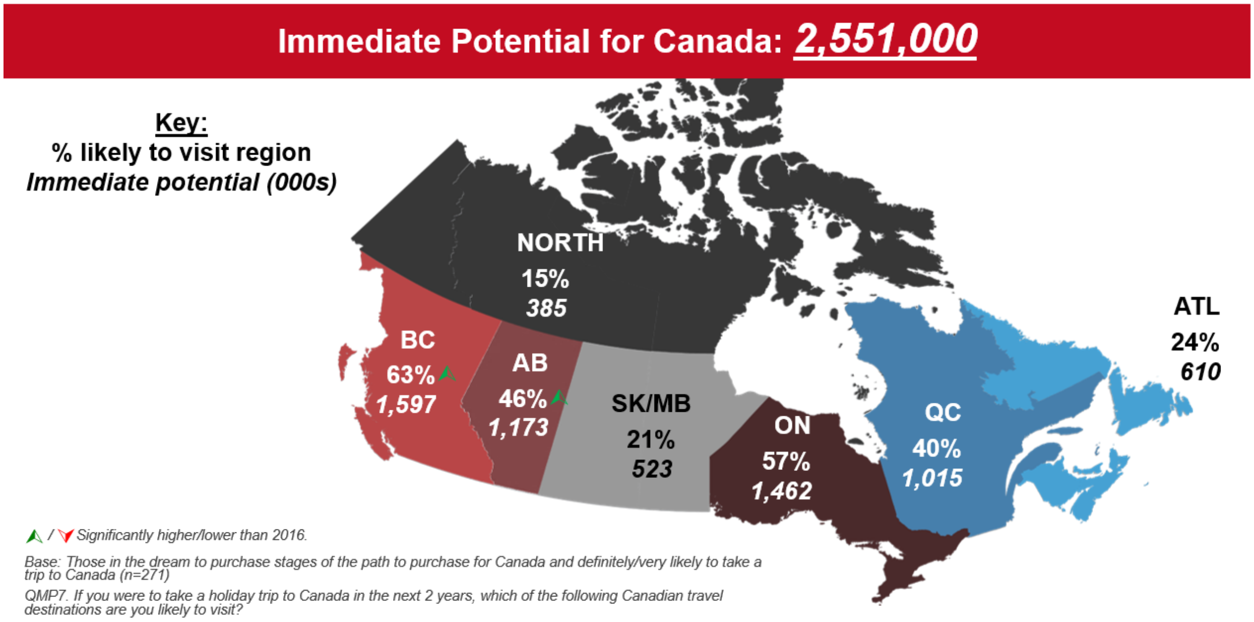
1 *Destination Canada, Tourism Snapshot, December 2017.*
2 *Destination Canada, Tourism Snapshot, December 2016 & December 2017.*

Potential Market Size for the Regions



Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=271)

QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?

The proportion of Japanese travellers saying they will spend less on long-haul travel continues to exceed those who say they will spend more, resulting in an unfavourable long-haul outlook of -15. However, the 2017 result is a significant improvement from -19 in 2016. The short-haul travel outlook (-23 versus -26 in 2016) as well as the outlook for domestic travel (+6 versus +5 in 2016) has remained stable.

Spending Intentions (in the Next 12 Months)

Significantly higher/lower than 2016.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1500)

QS2. How would you describe your spending intentions on the following items in the next 12 months, compared to the last 12 months? Will you spend …?

Competitive Environment – Key Performance Indicators Summary

HIGHLIGHTS

- ✓ *Among long-haul destinations, Canada remains 5th on unaided consideration, behind the US, Australia, Italy, and France.*
- ✓ *When compared to all unaided mentions (including short-haul destinations), Canada does not show up in the list of top 12 destinations; across all of Destination Canada's key international markets, Japan is the only country where this is the case.*
- ✓ *Unaided mentions of the US and Italy increased significantly in 2017.*
- ✓ *All Net Promoter Score (NPS) results are negative with the exception of Spain, which received a score of zero.*

The GTW tracks the following Key Performance Indicators (KPIs) for Canada: unaided and aided destination consideration, aided destination knowledge, and past visitation. Canada's performance is tracked against key competitors for the long-haul travel market. For Japan, these destinations are the US, Spain, Italy, France, the UK, Switzerland, Germany, Australia, Sweden, Finland, Russia, Netherlands and India.

Out of the 14 competitive long-haul destinations that respondents were asked to evaluate, Canada is tied with the UK in 5th for unaided consideration (behind the US, Australia, Italy, and France), and is also 5th on aided consideration (trailing the same competitors). However, Canada is in 10th position on destination knowledge (behind Spain, Italy, France, the UK, the US, Switzerland, Germany, Australia, and India).

Consideration

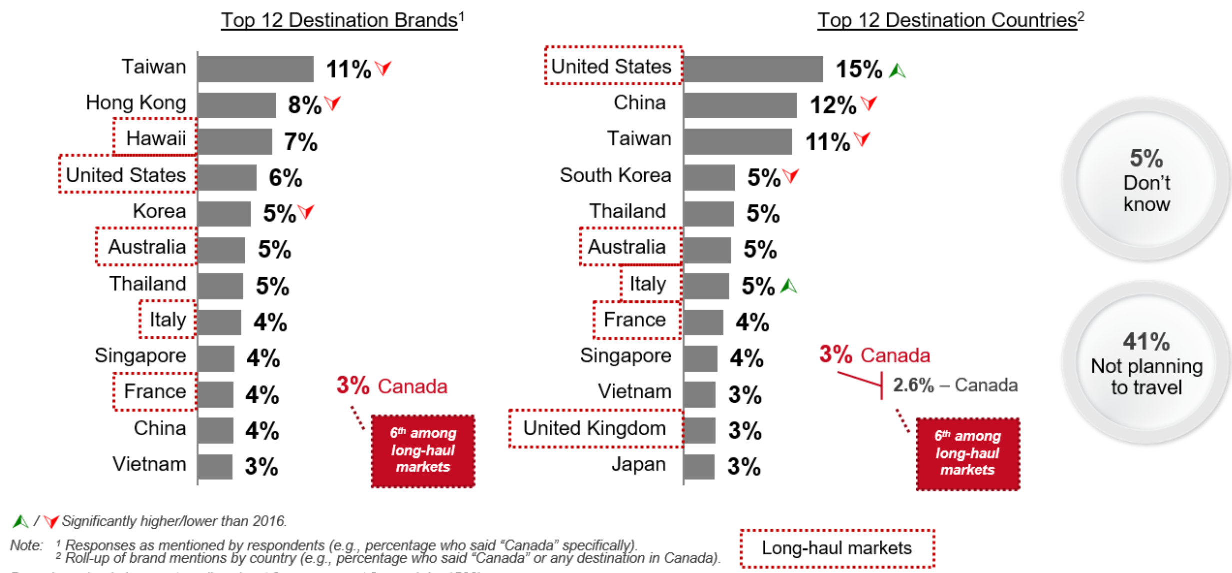
Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective, travellers who have Canada on their unaided consideration list may be easier to attract since they are actively thinking of Canada as a travel destination.

It is important to note that even though respondents are asked to list out long-haul destinations that they would consider visiting on an unaided basis, many respondents still mention Japan and other short-haul destinations such as China, Taiwan, and South Korea. This could speak to the fact that many Japanese travellers are very domestic and short-haul focused when thinking of travel destinations, and could represent a challenge for convincing Japanese travellers to go further abroad.

On an unaided basis, 3% of Japanese travellers mentioned Canada as a destination under serious consideration in the next 2 years, unchanged from 2016. Among long-haul destinations, Canada remains 5th on this metric, behind the US, Australia, Italy, and France. However, when compared to all unaided mentions, Canada does not show up in the list of top 12 destinations; across all of Destination Canada's key international markets, Japan is the only country where this is the case. Of note, unaided mentions of the US (15%, up from 10%) and Italy (5%, up from 3%) improved significantly this year. Results from the November 2017 Pulse Check wave suggests that seasonality of survey field timing does not have an effect on path-to-purchase measures for these competitive destinations. Any significant shifts between December 2016 and July 2017 results have remained stable in the November 2017 Pulse Check wave.

While there are no differences across age or target segments, those who have visited Canada recently are more likely to mention Canada on an unaided basis (8%). Very few specific places in Canada were mentioned by Japanese long-haul travellers, with the majority just saying Canada, suggesting knowledge of specific Canadian destinations remains low.

Unaided Long-Haul Destination Consideration (Next 2 Years)



Note: [1] Responses as mentioned by respondents (e.g., percentage who said "Canada" specifically).
[2] Roll-up of brand mentions by country (e.g., percentage who said "Canada" or any destination in Canada).
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1500)
QS8. You mentioned that you are likely to take a long-haul holiday trip outside of East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan) in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)

Aided consideration represents the proportion of travellers who say they would seriously consider visiting a destination, but only after they are prompted with a list of competitive destinations. Travellers who have aided consideration for Canada may not be thinking of Canada top-of-mind, but they are considering a visit. Continued prompts and cues through marketing efforts could help move these considerers down the path-to-purchase. On an aided basis, 15% say they are seriously considering Canada for a leisure trip in the next 2 years, similar to 2016. Canada remains in the 5th place trailing the US, Australia, Italy and France. The consideration of different destinations on an aided basis has remained stable among long-haul travellers.

It is interesting to note that younger travellers aged 18-34 express stronger than average interest in visiting the US, while Canada does not see any significant differences. Both recent visitors to Canada and those considering a visit rank Canada first overall in aided consideration among all destinations in the competitive set. Knowing that past visitors are more interested in returning, it is important to attract new visitors.

Knowledge

Aided destination knowledge measures knowledge of travel opportunities in each destination among those with that destination in their consideration set. Ten percent of all Japanese long-haul travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, unchanged from 2016 levels. Among those considering Canada, destination knowledge stands at 21%, also consistent with 2016. Knowledge of other competitor destinations have remained relatively consistent, with the exception of Spain which saw a significant increase (27%, up from 18% in 2016). Canada sits in 9th place (tied with India) on this metric. Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the path-to-purchase.

Visitation

In terms of past visitation, 39% of Japanese long-haul travellers indicate that they have visited Canada on a leisure trip at some point in their lifetime, consistent with 2016 levels. Older travellers aged 55+ are more likely to have visited previously (42%). Those considering a trip to Canada are considerably more likely to have visited previously (63%). Messaging designed to encourage a repeat visit is recommended since past visitors to Canada voice considerably higher interest in returning.

Key Performance Indicators

Indicator	Definition	All Long-Haul Travellers (n=1500)	Recent Visitors to Canada[1] (n=200)	Considering Canada[2] (n=275)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**3%**	**8%**	**10%**
Competitive positioning on destination consideration	Rank on the consideration list among 14 destinations	**5**	**1**	**1**
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	**10%**	**29%**	**19%**
Past visitation:				
Past visitation	% who have ever visited Canada for pleasure	**39%**	**100%**	**63%**

/ Significantly higher/lower than 2016.

1 Visited Canada in the past 3 years (pleasure trip of 4 or more nights, with at least 1 night in paid accommodations).
2 Those in the consider to purchase stages of the path to purchase for Canada.
3 For trips in the next 2 years.

Base: Long-haul pleasure travellers (past 3 years or next 2 years)

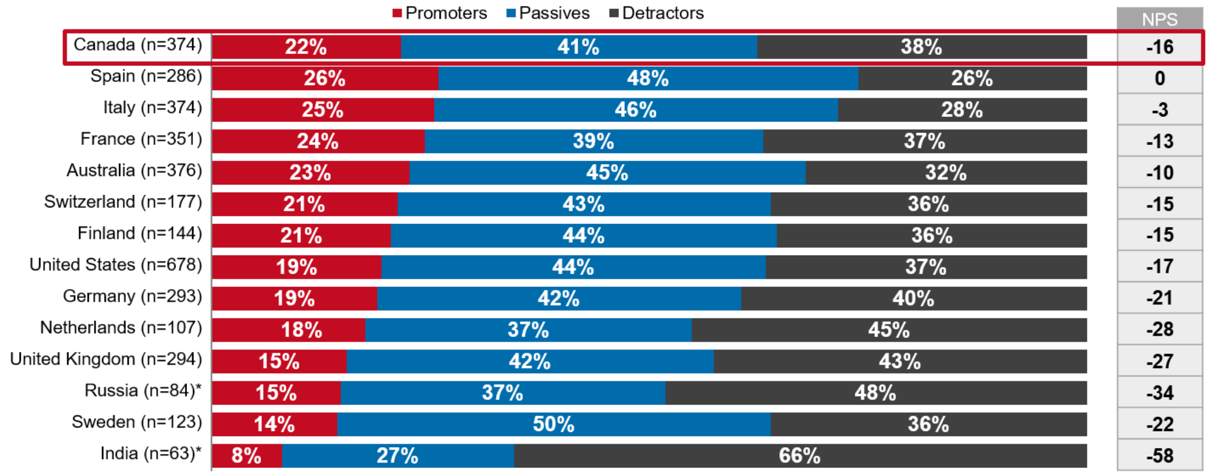
QS8. You mentioned that you are likely to take a long-haul holiday trip outside of East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan) in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)
QBVC1. You may have already mentioned this before, but which destinations would you seriously consider visiting in the next 2 years?
QMP3. How would you rate your level of knowledge of holiday opportunities in each of the following destinations (asked only for destinations in consideration set)?
QRT14a. Approximately, how many times have you been to Canada?

Net Promoter Score (NPS)

The Net Promoter Score (NPS) measure was added in 2017 (previously asked in 2015). NPS measures the likelihood of travellers to recommend a destination. Results are gathered among travellers for each destination in their consideration set (have visited previously and/or considering a visit). The measure has an 11pt scale (0-10). The score is calculated by subtracting Promoters (9-10 rating) from Detractors (0-6 rating). Passives are those who provided a rating of 7-8.

For most destinations, there are more detractors than promoters, leading to negative NPS results among all competitors, except for Spain. Japan is unique among all of Destination Canada's key markets since all NPS scores are negative. Japanese travellers may have lower NPS scores compared to Destination Canada's other markets because of cultural reasons; they are not often boastful about their general accomplishments and this may lead to lower rates of advocacy because they are less likely to bring up their positive travel experiences. However, on a relative basis, Spain (0), Italy (-3), Australia (-10), France (-13), Switzerland and Finland (both at -15) have the most favourable NPS results among Japanese travellers. Canada (-16) is almost at par with the US (-17). When the results for Canada are examined among recent visitors, the score rises to -5, suggesting that encouraging advocacy from past visitors may have some success in the Japanese market.

Net Promoter Score



+ New question added in 2017 – no trending.
** Small base size (<100), interpret with caution.*
Base: Long-haul pleasure travellers (past 3 years or next 2 years) considering visiting each country
+QMP11. Whether you have visited or not, how likely are you to recommend each of the following destinations to a friend, family member or colleague?

Path-to-Purchase

HIGHLIGHTS

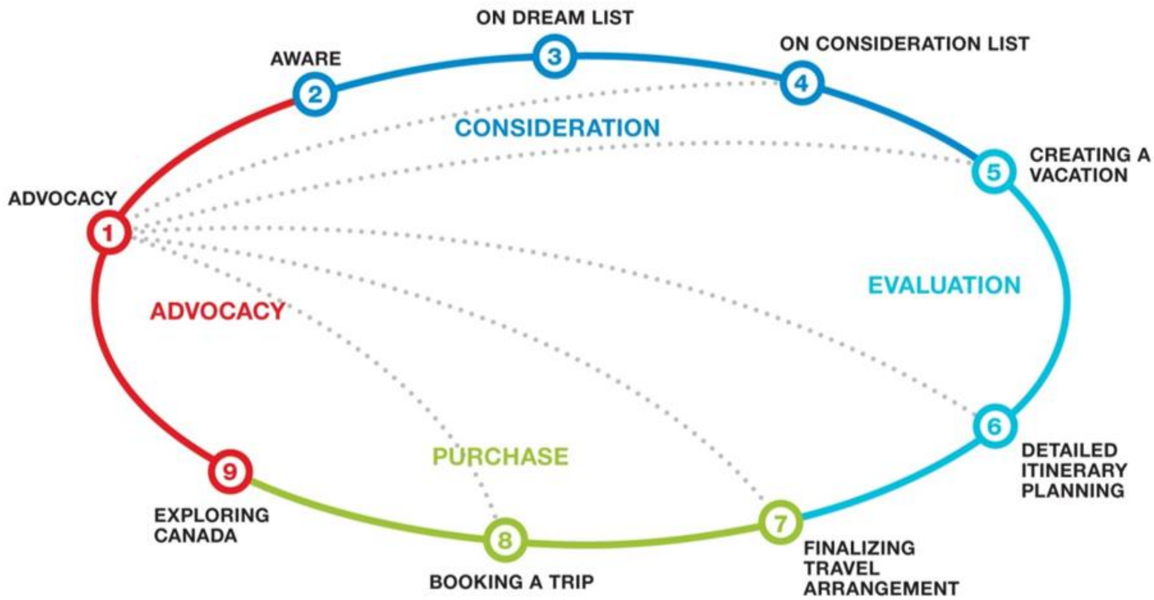
- ✓ *Canada's performance is average until the booking stage where the conversion rate is strong. This is a change from 2016 when Canada's performance was average throughout the purchase cycle.*
- ✓ *Across all of the key international markets, Japan has the weakest conversion between the dreaming and consideration phases of the path-to-purchase. Additional focus could be placed on this area for the Japanese market.*

Like any other expensive and discretionary consumer product, there is a purchasing or decision-making cycle associated with long-haul travel: consumers move through progressive stages from not knowing anything about a destination to booking a trip.

The final stage, advocacy, happens during and after the actual visit.

Destination Canada wants to understand where the organization can have the greatest influence in converting those with interest in Canada to actual visitors.

Destination Canada's Path-to-Purchase Model



In addition to looking at individual stages of the P2P, Destination Canada has identified phases travellers move through in the purchase cycle. Key phases are defined below and are referenced throughout this report.

Destination Canada's Path-to-Purchase Model

Unaware	Have never thought of taking a trip to this destination
Aware	Not interested in visiting/returning in the foreseeable future
On Dream List	Dreaming about visiting/returning someday
On Consideration List	Seriously considering visiting/ returning in the next 2 years
Creating a Vacation Movie	Have started to gather some travel information for a trip to this country
Detailed Itinerary Planning	Am planning the itinerary for a trip to this country
Finalizing Travel Arrangements	Am currently making transportation and accommodation arrangements
Booking a Trip	Have already booked my transportation and accommodations

Dream to Purchase

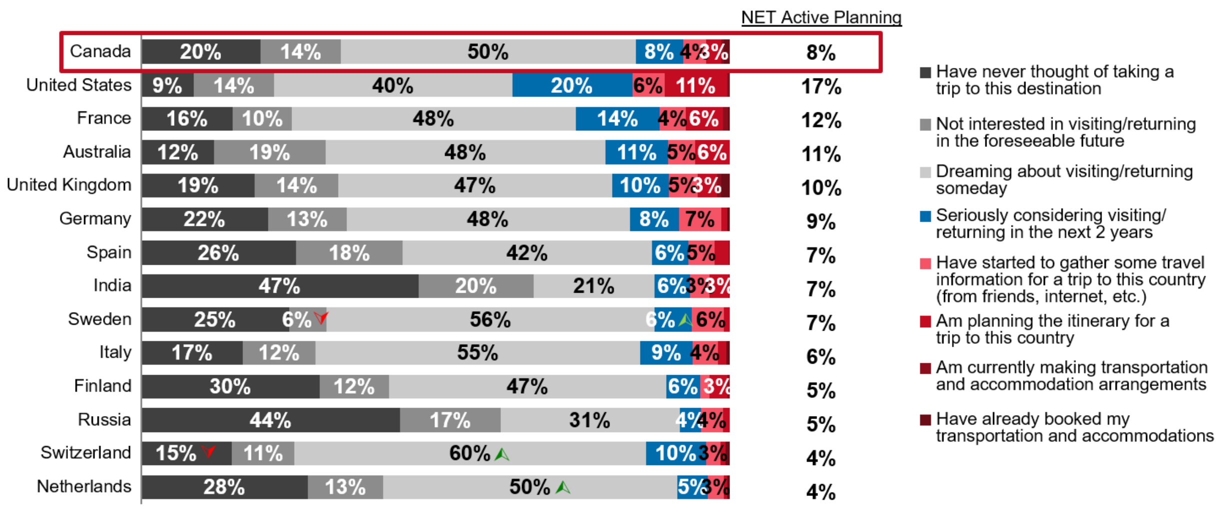
Consider to Purchase

Active Planning

The results are similar to 2016 for top ranking destinations. The US continues to lead, with 17% of Japanese long-haul travellers actively engaged in planning a visit and an additional 20% seriously considering a trip. While far ahead of other destinations, it is important to note that the US has not gained ground on this metric since 2016. For Canada, 8% of Japanese travellers are actively planning a trip, unchanged from 2016. Canada lags behind the US, France, Australia, the UK and Germany in the active planning phase.

There are no shifts to note among Canada's primary competitors in the Japanese market, but a few among secondary competitors. Switzerland saw a significant increase in the dreaming phase and a drop in the proportion saying they were not interested in visiting. The Netherlands also recorded a significant increase in the dreaming phase, while Sweden saw significantly fewer in the not interested phase and a jump in seriously considering.

Stage in the Purchase Cycle by Country



Significantly higher/lower than 2016.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) – note all respondents evaluated Canada plus 2 randomly selected countries from the competitive set (n=varies)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

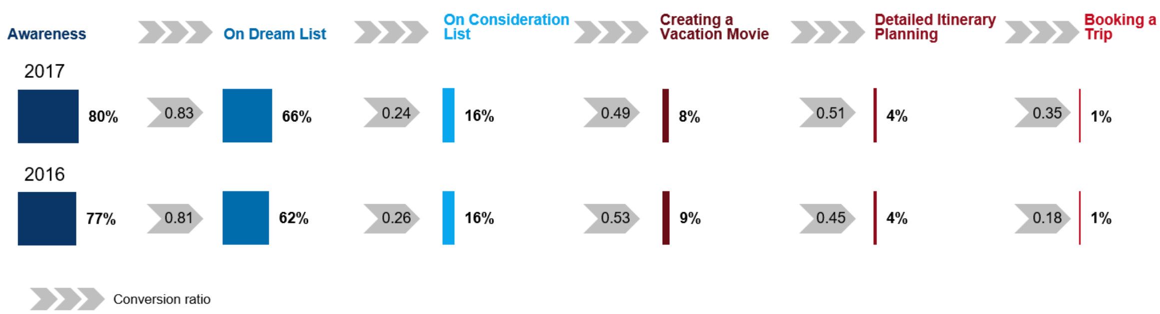
Getting travellers to move through the purchase cycle to booking a trip is critical. The charts below show Canada's progress converting travellers at crucial steps in the purchase cycle relative to top competitors (determined by past 3-year visitation) and other destinations in the competitive set. For reference, also shown is the average across the entire competitive set. 'Strong' and 'weak' conversion ratios were derived through statistical analysis; specifically, if a conversion ratio is greater than one standard deviation from the average, then it is considered 'strong' and if a conversion ratio is lower than one standard deviation from the average, then it is marked as 'weak'.

Across the path-to-purchase, Canada's performance is average in 2017 until the booking stage where Canada's conversion rate is strong. This is a change from 2016 when Canada's performance was average throughout the purchase cycle. Across all of the key international markets, Japan has the weakest conversion between the dreaming and consideration phases of the path-to-purchase. Although performance at this stage is average compared to all other competitive destinations, it is low in relation to US performance. Additional focus could be placed on this area of the path-to-purchase for the Japanese market.

The reason travellers go no further than the dreaming stage is because they have an incomplete vision of what their holiday could look like. In their minds, they cannot visualize a satisfying holiday concept – one that will address all of their fundamental holiday needs. It is very difficult for a prospective traveller who has only limited knowledge of Canada to find information that will guide them effortlessly toward a suitable itinerary.

Japanese travellers who are currently in the seriously considering stage for Canada cite the following as the top sources that encouraged them to consider Canada as a holiday destination: travel guidebooks (40%), TV programs (33%), brochures from a travel agency/tour operator (29%), official destination websites (24%), and friends and family, in person (24%).

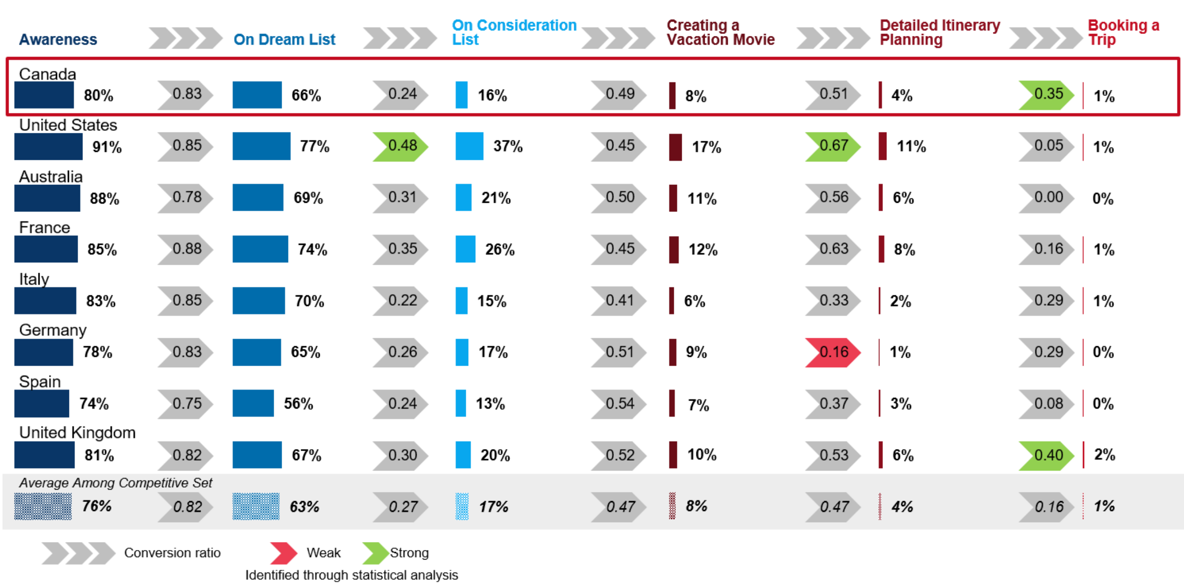
Path-to-Purchase Conversion – Canada



The US excels at getting on travellers' consideration list and at the detailed itinerary planning stage. At the final stage of booking a trip, the US converts 1% of prospective visitors to actual visitors; this conversion rate has softened from 3% in 2016. The UK saw improved conversion rates at the booking stage in 2017 and is now at 2%, up from 0% in 2016. Results from the November 2017 Pulse Check wave suggests that these competitive shifts at the booking stage may be due to seasonality, with the US seeing stronger conversion in the winter period and the UK in the summer period. Canada's conversion rate between itinerary planning and booking is above average in 2017, yet has constant at 1%.

For context, the US recorded 3.6 million arrivals from Japan in 2016, while 1.1 million visited Italy, France attracted 400,000, and the UK saw 212,000. Australia enjoyed a substantial increase in 2017 with 434,600 visitors from Japan, up 4% from 2016. Canada registered 304,000 arrivals in 2017, unchanged from 2016.[3]

Path-to-Purchase Conversion – Top Competitors



[3] *National Travel and Tourism Office, US; Destination Canada; Tourism Australia, Direction générale des entreprises (France), Visit Britain, and Agenzia Nazionale del Turismo (Italy).*

Examining purchase cycle results for destinations visited less frequently by Japanese travellers is also illuminating. India is above average between the dreaming and considering stage, where it was below average in 2016. This shift does not seem to be affected by seasonality trends, indicating that India may be gaining ground within the Japanese market.

Path-to-Purchase Conversion – Rest of Competitors

	Awareness		On Dream List		On Consideration List		Creating a Vacation Movie		Detailed Itinerary Planning		Booking a Trip
Canada	80%	0.83	66%	0.24	16%	0.49	8%	0.51	4%	0.35	1%
Switzerland	85%	0.87	74%	0.19	14%	0.29	4%	0.39	2%	0.50	1%
Sweden	75%	0.91	69%	0.19	13%	0.51	7%	0.15	1%	0.00	0%
Netherlands	72%	0.82	59%	0.15	9%	0.42	4%	0.27	1%	0.50	1%
Finland	70%	0.83	58%	0.19	11%	0.46	5%	0.68	3%	0.15	1%
Russia	56%	0.70	39%	0.22	9%	0.58	5%	0.24	1%	0.00	0%
India	53%	0.63	33%	0.38	13%	0.52	7%	0.51	3%	0.03	0%
Average Among Competitive Set	*76%*	*0.82*	*63%*	*0.27*	*17%*	*0.47*	*8%*	*0.47*		*0.16*	*1%*

Conversion ratio Weak Strong
Identified through statistical analysis

Destinations

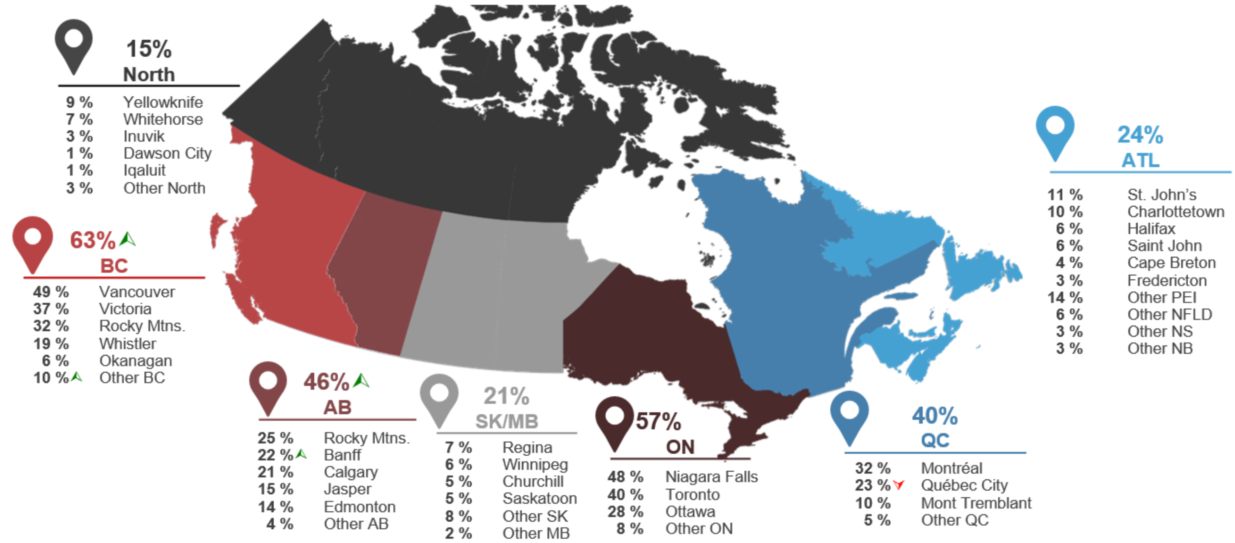
HIGHLIGHTS

- ✓ *Interest in Western Canada is on the rise with BC and Alberta seeing significant increases in 2017.*
- ✓ *Interest in visiting Banff is up significantly while Quebec City saw a significant decline.*

Japanese travellers in the dream-to-purchase stages and indicating they are definitely/very likely to visit Canada in the next 2 years were asked which parts of the country they would likely visit. Interest in visiting BC is up significantly (63%, up from 51% in 2016) and has surpassed Ontario (57%, compared to 62%) as the top province. Vancouver (49%), Niagara Falls (48%), and Toronto (40%) are the top destinations. Interest in Alberta has also increased (46%, up significantly from 34%) and now outranks Quebec (40%, compared to 49% previously). Overall, the shifts in ranking suggest that those who are intending to visit within the next 2 years are more interested in the Western provinces versus a year ago.

There is clear interest in visiting the Rocky Mountains, with 32% of probable visitors heading to BC for this experience and 25% saying they would go to Alberta. There is also increased interest in Banff (22%, up from 13% in 2016). Interest in Quebec City has significantly declined from 34% in 2016 to 23% in 2017.

Canadian Destinations Likely to Visit (Among those definitely/very likely to visit)



/ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=271)
QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Overall, Niagara Falls selected by 27% of prospective visitors, continues to outperform Vancouver (14%) and the Rocky Mountains (10%). The appeal of these destinations, as well as relative rankings, has remained the same since 2016. Results suggest Canada's landscape-based icons (Rocky Mountains and Niagara Falls) generally hold greater appeal for Japanese travellers than city destinations. There continues to be an opportunity to use well known natural landscapes as anchors and highlight their proximity to cities and lesser known/desirable destinations to attract Japanese travellers.

Most Appealing Canadian Destination – Top 10 Mentions

Other PEI	4.9%
Other SK	1.5%
Other North	0.9%
Other ON	0.4%
Other BC	0.3%
Other QC	0.2%
Other AB	0.1%

Victoria	1.9%
Whistler	1.5%
Fredericton	1.2%
Edmonton	1.1%
Okanagan	1.1%
Charlottetown	1.0%
Whitehorse	0.9%
Saskatoon	0.9%
Churchill	0.7%
Regina	0.4%
Iqaluit	0.4%
Mont Tremblant	0.4%
Winnipeg	0.2%
Ottawa	0.2%
Saint John	0.1%

/ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=271)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

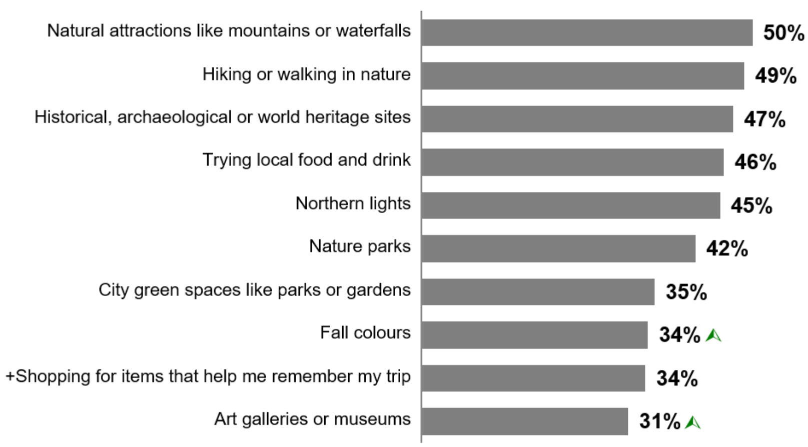
HIGHLIGHTS

- ✓ *Interest in fall colours and art galleries/museums is up significantly in 2017.*
- ✓ *Natural attractions, historical sites, Northern lights, trying local food, nature parks, and hiking or walking in nature are the top trip anchor activities for Japanese travellers.*
- ✓ *Popular activities that Canada could better promote to Japanese travellers: culinary tours or cooking classes, viewing wildlife, Northern lights, Aboriginal culture and traditions, cruises, art galleries or museums.*

Japanese travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The results are similar to 2016 with natural attractions being most popular followed by hiking/walking in nature, historic sites, nature parks, and seeing the Northern lights. Japanese travellers remain interested in city activities such as trying local food and drink, city green spaces and parks, and shopping for items to remember the trip.. Interest in fall colours is up significantly in 2017 (34%, up from 28% in 2016), driven by older travellers aged 55+. Art galleries/museums is a new entrant in the top activities in 2017 (31%, up from 27%), displacing guided city tours.

These results bode well for Canada, which has can offer the full range of experiences Japanese travellers say they seek.

General Activities/Places Interested In – Top 10

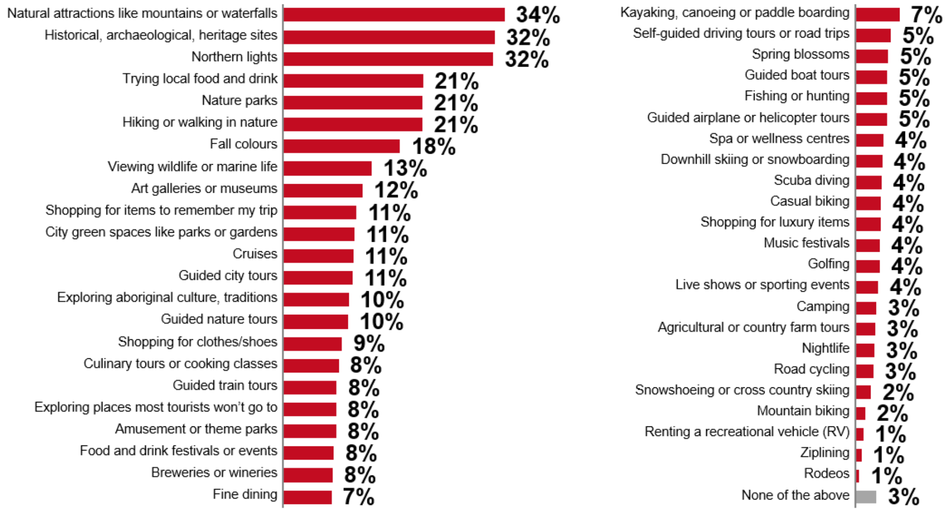


+ New response option added in 2017 – no trending.
/ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1500)
QMP10. In general, what activities or places are you interested in while on holiday?

Trip Anchor Activities

A new question added in 2017 asked Japanese travellers which vacation activities are important enough that they would base an entire trip around them. Natural attractions (34%), historic sites (32%), Northern lights (32%), trying local food (21%), nature parks (21%), and hiking or walking in nature (21%) are the top trip anchor activities. All these activities are among the top activities of interest among Japanese travellers. Given that Japanese travellers are willing to anchor a trip around these activities, focus could be placed on messaging about their availability in Canada. In the Japanese market, these anchors are particularly important to highlight earlier on at the dreaming and considering stages of the path-to-purchase to help build a vision of a holiday concept that meets traveller needs.

Trip Anchor Activities



+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=1448)
+QMP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

Activities of Interest & Participation in Canada

Another new question added in 2017 looks at participation in activities among recent visitors to Canada. Actual participation data is presented in tandem with general vacation interests to identify any gaps. The activities are grouped into “Popular” activities (those with above average interest among all activities) and “Niche” activities (those with below average interest.) Gaps in participation are identified by calculating the proportion of recent visitors who participated in an activity versus general interest in an activity. Activities with below average participation are highlighted to indicate the largest gaps. In Japan’s case, actual participation is higher than general interest for several activities – to account for this, the average is calculated only among those activities with actual participation gaps (participation rates under 1.0).

Generally, participation rates are high for widely available activities such as seeing natural attractions, trying local food and drink, hiking or walking in nature, seeing historic sites, and visiting nature parks and city green spaces. Activities where participation is higher than general interest (participation rates over 1.0), indicate that Canada is doing well at delivering on the activity. Travellers could be fulfilling their stated activity interests, or travellers could be opportunistic when coming across activities in destination – either way, the activities are accessible to visitors from this market.

Among popular activities for Japanese travellers, participation gaps are most pronounced for:

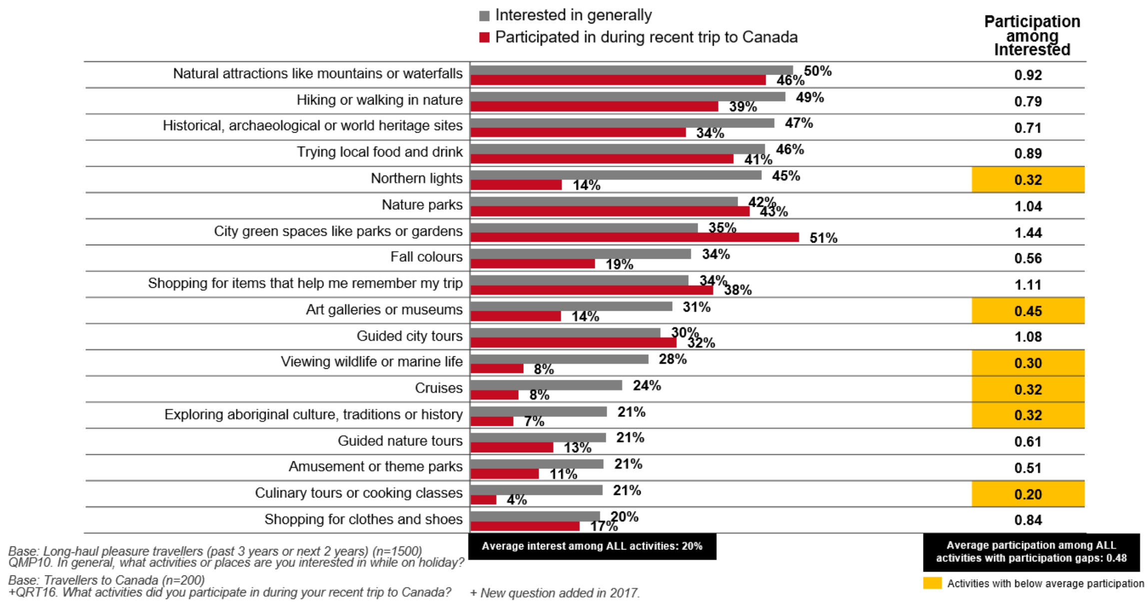
- Culinary tours or cooking classes
- Viewing wildlife or marine life
- Northern lights
- Cruises
- Exploring Aboriginal culture, traditions or history
- Art galleries or museums

There is an opportunity for the Canadian tourism industry to either further develop or more clearly communicate offerings in these areas since there is evident interest that is going unmet.

Northern Lights, an activity with one of the largest gaps, is also one of the top activities that Japanese travellers would anchor a trip around. Several communication points could be addressed to increase participation in Northern lights activities among Japanese travellers, including improved messaging on accessibility and differentiation of the Canadian experience compared to European offerings.

Culinary tours/cooking classes, wildlife viewing, cruises, exploring Aboriginal culture, and art galleries/museums are all activities where improved communication and marketing could increase participation. Although they are not among the top trip anchor activities, given the wide availability of marketable products, all are well positioned as add-ons for Japanese travellers.

Popular Activities with Above Average Interest



Among the less popular or niche activities, there are many large gaps in participation among recent visitors to Canada and general interest. Most notable are niche activities with large gaps in participation and wide availability of marketable products. These activities fall into two groups, soft and active activities; there is opportunity to better position these activities as add-ons for different types of Japanese travellers.

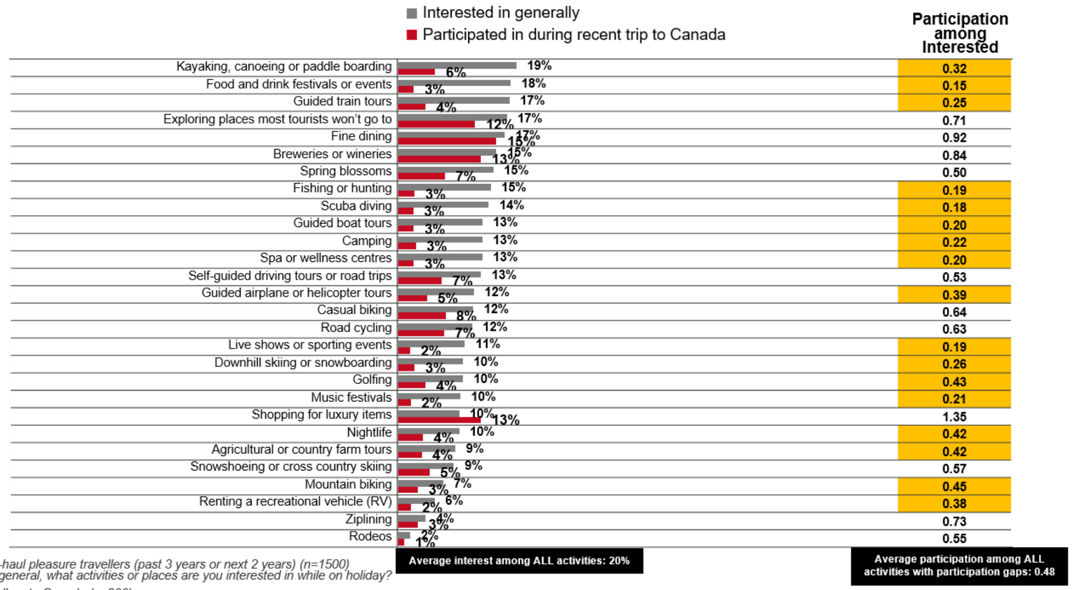
Soft Activities:

- Food and drink festivals and events
- Live shows or sporting events
- Spa or wellness centres
- Guided boat tours
- Music festivals
- Guided train tours
- Guided airplane or helicopter tours

Active Activities:

- Fishing or Hunting
- Downhill skiing or snowboarding
- Kayaking, canoeing or paddle boarding
- Mountain biking

Niche Activities with Below Average Interest



Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1500)
QMP10. In general, what activities or places are you interested in while on holiday?

Base: Travellers to Canada (n=200)
+QRT16. What activities did you participate in during your recent trip to Canada?

+ New question added in 2017.

Barriers

HIGHLIGHTS

- ✓ *Japanese travellers are less concerned about flight length, language barriers, health risks, exchange rate, and visa requirements than they were previously.*
- ✓ *The proportion of Japanese travellers who say nothing will prevent them from visiting Canada is up significantly in 2017.*

All Japanese long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent (28%), followed by the desire to visit other places (20%, up from 17% in 2016), which has jumped ahead of concerns about the length of the flight (19%, down significantly from 26%). Travellers aged 18-54 are most likely to mention multiple barriers including cost, lack of vacation time, visa requirements, and indicate they do not know enough about the destination. Older travellers aged 55+ are the least likely to be concerned about cost and are the most likely to say nothing will prevent them from visiting Canada. Twenty-three percent of Japanese travellers now say nothing will prevent them from visiting Canada, up significantly from 20% in 2016.

There are some significant downwards shifts to note in peripheral barriers, including language barriers (6%, down from 10%), health risks (4%, down from 7%), visa requirements (2%, down from 4%), and exchange rate (1%, down from 2%).

While the cost barrier is challenging to address, it can be indirectly dispelled through messaging about the value offered by a Canadian vacation experience. Highlighting that the direct air capacity to Canada from Japan increased by 7% over 2016[4] may help address issues around distance to travel to Canada. As noted, this distance barrier has dropped significantly since 2016.

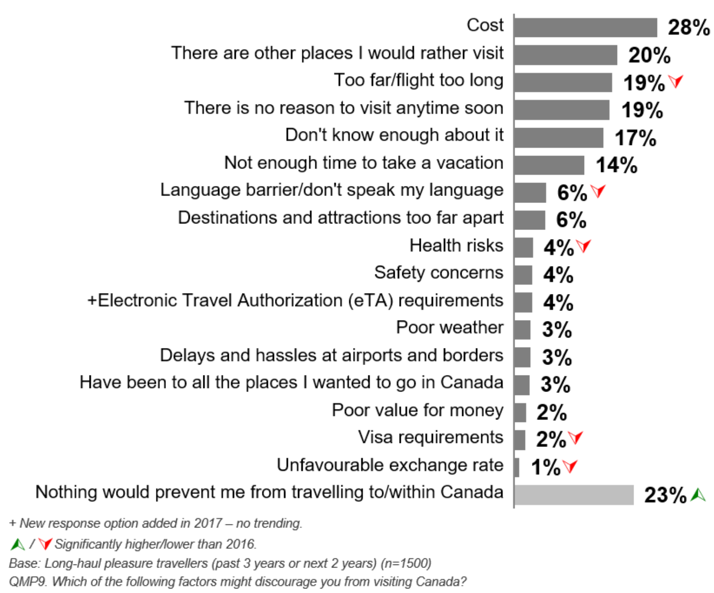
Barriers such as don't know enough about it and lack of a compelling reason to visit can be addressed through advertising. Although there are no formal visa requirements for Japanese citizens to enter Canada (99% of respondents said they were Japanese citizens), 2% of respondents listed visa requirements as a barrier to visiting. The Electronic Travel Authorization (eTA) requirement was included as a response option for 2017, yet only 4% saw it as a possible barrier.

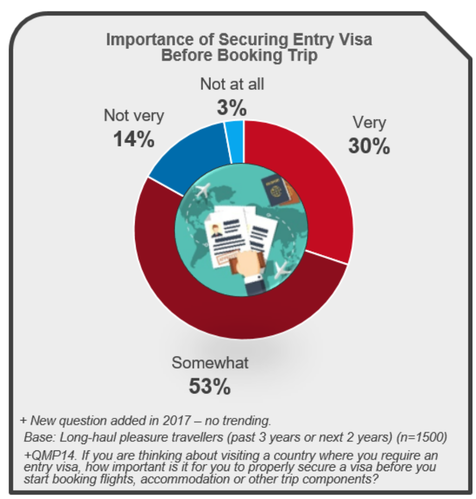
An additional question asked respondents about the impact of entry requirements on booking. It appears this is an important consideration for Japanese travellers, with 83% saying securing an entry visa before booking is important. Note this question is not destination specific.

Older travellers aged 55+ represent the best immediate opportunity as they are less concerned with cost and have the strongest desire to visit Canada. From a lifetime value standpoint, younger travellers may require more efforts to attract, but the pay-off can be greater. Attracting younger travellers will take more effort as travellers need to be informed about what Canada can offer as well as dispel perceptions about distance to travel. From a strategic marketing viewpoint, Destination Canada could consider focusing branding awareness efforts on younger travellers and split tactical efforts in collaboration with partners between the younger and older generation.

While cost remains the top barrier among those who visited Canada in the past (24%), they are less likely to cite it as a barrier compared to those who have never been (30%). Past visitors are more likely to mention they have been to all the places they want to visit in Canada (8%) compared to 2% to non-visitors.

Key Barriers for Visiting Canada





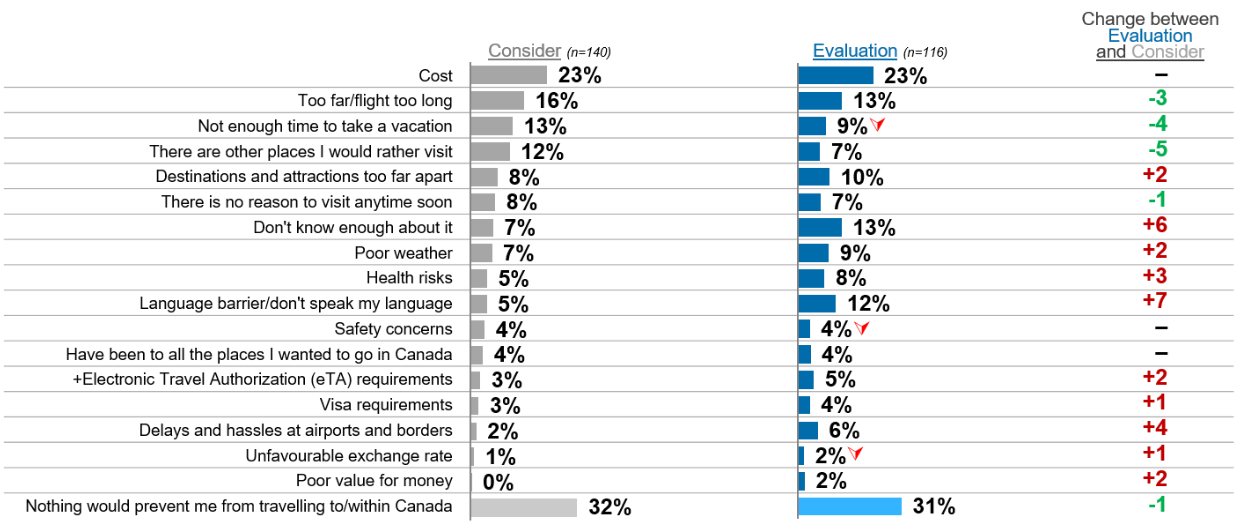
4 *Destination Canada, Tourism Snapshot, December 2017.*

Examining barriers at key path-to-purchase stages provides additional insight. Those in the evaluation stage (gathering information or planning a visit) are further along the path-to-purchase than those in the consideration stage. For both those considering a visit and those at the evaluation stage, cost remains the top barrier. In 2016, those in the evaluation phase were more likely to cite cost as a potential barrier than those in the consideration phase (27% in evaluation versus 16% in consideration). This has changed in 2017, with cost concerns equally important at both stages.

As potential visitors progress from consideration to the evaluation phase, lack of knowledge about Canada equals concerns about flight length. Worries about a potential language barrier also intensify. Of note, there are several significant declines in barriers for those in the evaluation stage, including lack of vacation time (9%, down from 18% in 2016), safety concerns (4%, down from 11%), and an unfavourable exchange rate (2%, down from 8%).

In a change from 2016, those in the evaluation stage who say nothing will prevent them from visiting is similar to levels among those in the consideration stage (-1% gap versus -7% gap in 2016).

Key Barriers for Visiting Canada – by Path-to-Purchase Segments

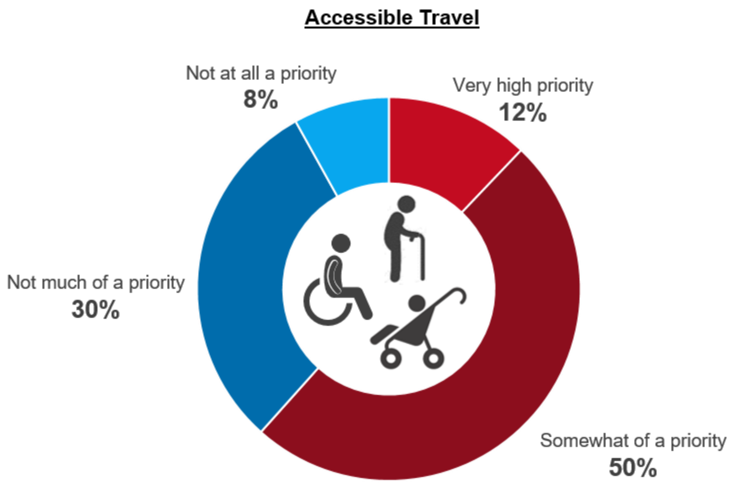


+ New response option added in 2017 – no trending.
/ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers in specific path-to-purchase segments
QMP9. Which of the following factors might discourage you from visiting Canada?

Niche Market

An additional question was added for 2017 to the market for accessible travel. Accessible tourism, which strives to make a destination accessible to everyone, regardless of physical limits, disability, or age, is relevant for 62% of Japanese travellers, with 12% seeing it as a very high priority. Interestingly, travellers aged 25-34 are most likely to see accessibility as a high priority (17%), while travellers aged 55+ are the most likely to see it as somewhat of a priority (53%). Those in the consideration stage for Canada are more likely to see accessibility as a priority, which suggests communicating Canada's commitment to accessible tourism could be a draw for Japanese travellers.

Niche Market Sizing



+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1500)
+QMP13. Accessible tourism strives to make tourist destinations, products and services accessible to everyone regardless of physical limits, disability or age. How much of a priority is having accessible travel options for you and your companions?

Recent Trip Profile

HIGHLIGHTS

- ✓ *75% of Japanese travellers consulted a travel agent/tour operator for their most recent trip.*
- ✓ *Flight and accommodation bookings are most often done through a travel agent/tour operator, either online or in-person.*
- ✓ *Japanese travellers prefer mid-price and luxury hotels but preference for luxury hotels has increased significantly from 2016, driven by older travellers aged 55+.*

The following section provides details on the most recent long-haul trip taken by Japanese travellers to competitive set destinations in the past 3 years (59% took such a trip). If the most recent trip encompassed more than one destination, the data reflects where the most time was spent.

Trip Purpose

Unchanged from 2016, the primary reason for travelling among all Japanese long-haul travellers was for holiday purposes (cited by 64% of all travellers). For Canada, 58% cited holiday as the primary purpose (versus 65% in 2016). The second most common reason is visiting family and friends, which was the primary purpose of 14% for travellers to Canada versus 10% for all travellers.

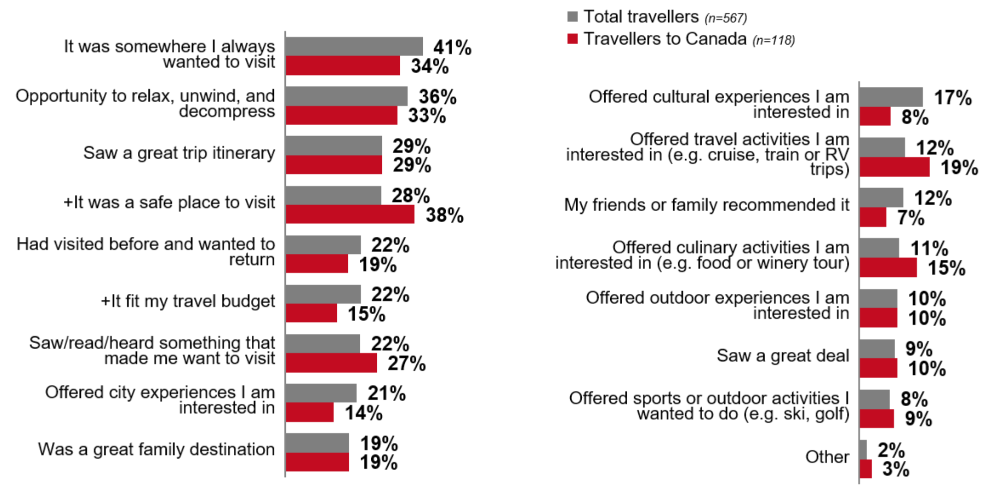
Motivators

Those travelling for holiday purposes were asked about factors which influenced their choice of destination.

Once again, a longstanding desire to visit was the primary reason for choosing the destination among travellers generally. Those who visited Canada cited safety as their top motivation. Almost as important to Japanese travellers is the opportunity the destination offered for relaxation, although less so for Canada.

Seeing a great trip itinerary continues to be an important factor influencing selection of travel destinations among Japanese travellers, overall and for Canada. Seeing/reading/hearing something about Canada was also relatively more important for those who chose Canada.

Factors Influencing Destination Selection



+ New response option added in 2017 – no trending.
▲/▼ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

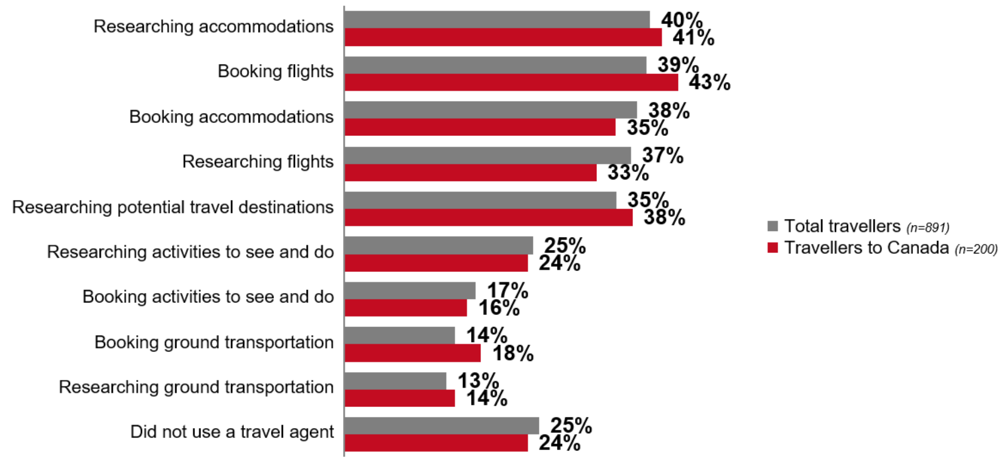
Travel Party

Regardless of destination, Japanese travellers were most likely to be accompanied by their spouse (59%) which is in line with 2016. This is particularly common among older travellers 55+ (65% travelled with their spouse). Just 9% of Japanese travel parties contained children under the age of 18 (most common among those 35-54 years), which suggests the family market is small. Younger travellers aged 18-34 were the most likely group to have travelled with their parents. Travel party composition was similar among those who visited Canada.

Booking

Seventy-five percent of all Japanese travellers reporting consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Travellers aged 35-54 are less likely to consult a travel agent/tour operator (69%), while younger travellers aged 18-34 report higher use (80%). Travel agent/tour operator use is about the same among visitors to Canada (76%). An additional question added in 2017 shows that travel agents/tour operators are most commonly used for researching and booking accommodation and flights, as well as for trip inspiration.

Travel Agent/Tour Operator Usage

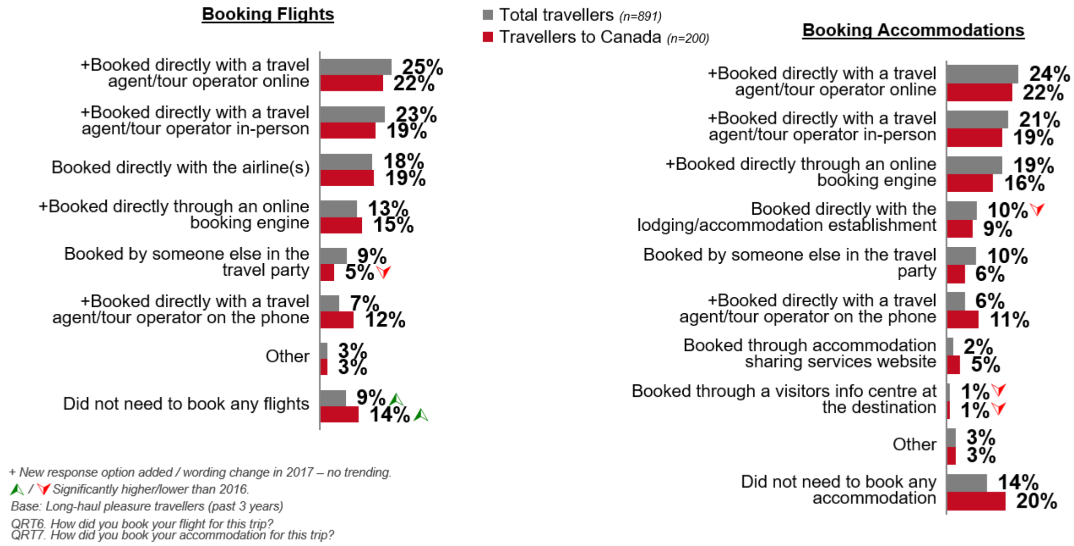


+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years)
+QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

Regardless of destination, the most popular way to book flights is with travel agents/tour operators online (25%), travel agents/tour operators in-person (23%), and directly with the airline (18%). Similar patterns are seen for flight bookings among visitors to Canada. The proportion saying they did not need to book flights was up significantly among travellers generally and specifically to Canada. There was a significant drop in visitors to Canada relying on someone else in the party to book flights in 2017 (5%, down from 16% in 2016).

For accommodation, travel agents/tour operators online are also the most popular (24%), followed by travel agents/tour operators in-person (21%), booking via an online booking engine (19%), and booking directly with the accommodation provider (10%). Booking accommodation either directly with the accommodation provider (down from 15% in 2016) or through a visitor information center at the destination (1%, down from 4%) has declined significantly from 2016.

Booking of Flights and Accommodations



Organized group travel is fairly common among Japanese travellers (57% indicated at least a portion of their trip was part of an organized group). Organized group travel is even more prevalent among those who visited Canada (62%). Booking group travel with a travel agent/tour operator online is the most common way to arrange organized group tours (40%).

Type of Accommodation

As in 2016, regardless of destination, Japanese travellers show a preference for mid-priced hotels (48%) followed by luxury hotels (35%). Preference for luxury hotels has increased from 28% in 2016. Increased preference for luxury hotels is driven by older travellers 55+.

Information Sources

HIGHLIGHTS

- ✓ *TV programs are most important in the initial stages of the purchase cycle; it is one of the top two sources from the dreaming to planning stages.*
- ✓ *Travel guidebooks play a role in multiple stages, being one of the top two sources in all but the making arrangements stage.*
- ✓ *Brochures from travel agents/tour operators and personal recommendations from friends and family are also important information sources throughout the purchasing cycle.*

Examining information sources by path-to-purchase stages is informative. TV programs are one of the top 2 most influential sources at all stages until making arrangements, underscoring the importance of this medium in awareness building. Similarly, travel guidebooks are important until the marking arrangements stage, but then reappear in top spot for booking. Brochures from travel agents/tour operators are also an important source throughout the purchase cycle, although they are most important when making arrangements.

Personal interactions with family and friends are a fairly important source in the initial stages, with online information from friends and family becoming more influential at the final stage of the purchase cycle. This underscores the need to encourage past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks.

Other online sources such as travel provider websites, general search engines, and travel booking sites, are important at specific stages of the purchase cycle. In-person interactions with travel agents/tour operators are only considered influential at the making arrangements stage.

Top Information Sources for Canada – by P2P Stage

Information sources that…	**Dreaming** *…inspired you to think about a trip to Canada*	**Seriously Considering** *…encouraged you to seriously consider visiting Canada*	**Started Gathering** *…helped you gather some information for a trip to Canada*	**Planning Itinerary** *…helped you plan your itinerary for a trip to Canada*	**Making Arrangements** *…helped you make transport and / or accom arrangements for a trip to Canada*	**Already Booked** *…helped you book your transportation and / or accom for a trip to Canada*
	(n=750)	(n=140)	(n=60)*	(n=56)*	(n=7)***	(n=12)***
Top 5 Sources	TV programs **45%**	Travel guidebooks **40%**	TV programs **43%**	Travel guidebooks **57%**	Brochure from travel agency/tour operator **44%**	Travel guidebooks **28%**
	Travel guidebooks **29%**	TV programs **33%**	Travel guidebooks **35%**	TV programs **34%**	General search engine **25%**	Online articles **28%**
	Friends and family, in person **25%**	Brochure from travel agency/tour operator **29%**	Magazine or newspaper articles **31%**	Brochure from travel agency/tour operator **33%**	Travel provider websites **25%**	Brochure from a travel agency/tour operator **22%**
	Magazine or newspaper articles **17%**	Official destination website **24%**	Friends and family, in person **26%**	Magazine or newspaper articles **32%**	Travel guidebooks **17%**	Friends and family, online **16%**
	Brochure from travel agency/tour operator **13%**	Friends and family, in person **24%**	Brochure from travel agency/tour operator **23%**	Friends and family, in person **25%**	Travel agents, in person **15%**	Travel booking sites **5%**

+ New question added in 2017 – no trending.

** Small base size (<100), interpret with caution.* **** Extremely small base size (<30), directional finding only.*

Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1025)

+QMT3. Earlier you mentioned that you [insert P2P stage for Canada]. Where did you see, read or hear information that [inspired/encouraged/helped in P2P stage for Canada]?