DESTINATION CANADA

Global Tourism Watch

2018 South Korea Public Summary Report

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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 South Korea market: the US, France, Germany, Switzerland, Australia, United Kingdom, Spain, Russia, India, Italy and Portugal. 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).

Questionnaire Changes

In 2018, questions were added in the following areas:

- Cost-related barriers to visiting Canada;
- Time of year of a potential visit to Canada; and,
- Sources of inspiration in destination selection.

Methodology

Data was collected via an online survey and has been weighted to represent the South Korean long-haul travel population. The target population in South Korea 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 1,503 respondents in South Korea, including 201 recent visitors to Canada, in August 2018. Results are compared against previous GTW waves (data gathered in December 2016 and July 2017). 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 (95% confidence interval) 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 analyzed 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: South Korea 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

AUG

2018

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:	**201**
Other travellers:	**1,302**
Total sample size:	**1,503**

Background

South Korea is the world's 12th largest economy, accounting for a 1.9% share of global GDP *(International Monetary Fund, October 2018)*.

In May 2017, liberal candidate Moon Jae-in became president following the impeachment of Park Geun-hye. After decades of rapid economic growth and global integration, South Korea has become a high-technology, industrialized, trillion-dollar economy, but President Moon faces daunting challenges that include an aging population, low worker productivity, and the need to implement a structural shift away from overreliance on an export-led growth model. Touting "income-led growth" to create a "people-centered economy," the government has increased its intervention in the economy with measures to alleviate household debt pressures, increase corporate taxes and marginal income tax rates, and raise the minimum wage *(The Heritage Foundation, January 2019)*. At the time of data collection, weaker global growth and heightened uncertainty from US-China trade tensions also risked undermining South Korea's economic growth. With intermediate goods accounting for four-fifths of South Korea's exports to China, its largest trading partner, South Korea is vulnerable to higher import barriers on Chinese exports to the United States *(OECD, November 2018)*.

South Korea's economy advanced 2.8% year-on-year in the second quarter of 2018, matching the 2.8% growth recorded for the previous quarter and slightly below the 2.9% market estimate *(Trading Economics, September 2018)*. Economic growth is projected to remain close to 3% through 2020, as fiscal stimulus offsets sluggish employment growth, which reflects double-digit hikes in the minimum wage in 2018-19 *(OECD, November 2018)*. Coinciding with the time of data collection, the unemployment rate rose to 4.2% in August 2018, up from 3.8% a month earlier, and hitting an eight-year high as mandatory minimum wages rose *(Trading Economics, August 2018)*.

In August 2018, inflation eased to 1.4%, down from 1.5% in the previous three months, representing a five-month low. This undershot market expectations of 1.5% and left the rate once again below the Bank of Korea's 2.0% target *(Focus Economics, September 2018)*. At the time of data collection, inflation was expected to edge up toward the 2% target in the near term *(OECD, November 2018)*.

In August 2018, the South Korean Consumer Confidence Index slid to 44.2; down from 46.1 six months earlier and 47.1 a year prior (*Thomson Reuters / Ipsos Primary Consumer Sentiment Index, August 2018*). South Korea is the 9th largest outbound tourism market, growing a strong 12.3% year-over-year and reporting US$30.6 billion in tourism expenditure in 2017. *(United Nations World Tourism Organization, April 2018)*. South Korean residents took a record 28.7 million overseas holidays in 2018, an 8% increase over 2017. Although still growing at a strong pace, after a period of rapid double-digit growth since 2015 (+20% in 2015, +16% in 2016, +18% in 2017), the South Korean outbound travel market is showing signs of stabilizing. *(Korea Tourism Organization, January 2019)*.

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market rose to 8.7 million South Korean travellers in 2018, compared to 8.2 million in 2017, an increase of 460,000 potential travellers.*
- ✓ *This increase in immediate potential is due to a rising trend among South Korean travellers definitely or very likely to visit Canada in the next 2 years (53%, up from 51% in 2017 and 47% in 2016).*
- ✓ *The international travel outlook dropped significantly in 2018 and stands at +1, down from +7 in 2017 and returning to 2016 levels.*

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 South Korean market for Canada in two ways – the macro target market and the immediate potential market.

Size of Potential Market to Canada (Next 2 Years)

Measure	2016 GTW (Dec)	2017 GTW (Jul)	2018 GTW (Aug)
Long-haul pleasure travel market	**19.96 million**		
Target market for Canada (dream to purchase stage)	**89%**	**81%**	**82%**
Size of the target market	**17.70 million**	**16.23 million**	**16.45 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years[1])	**47%**	**51%**	**53%**
Size of the immediate potential	**8.39 million**	**8.24 million**	**8.70 million**
Actual visitation	**244,442**	**293,862**	**245,757**

▲ / ▼ Significantly higher/lower than 2017 GTW wave.
[1] Includes respondents likely to visit Canada for a trip of 1 to 3 nights, or a trip of 4 nights or more.
Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years); Immediate potential for Canada = dream to purchase stages for P2P for Canada
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?

The long-haul travel market size is derived from a 2016 omnibus study of the South Korean 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 is stable year-over-year (82%, versus 81% in 2017); however, it remains significantly below 2016 (89%). Based on the 2018 result, the size estimate for long-haul South Korean travellers is 16.5 million, up from 16.2 million in 2017, but down from 17.7 million in 2016. The result suggests Canada may be losing some appeal among the broader South Korean long-haul travel market.

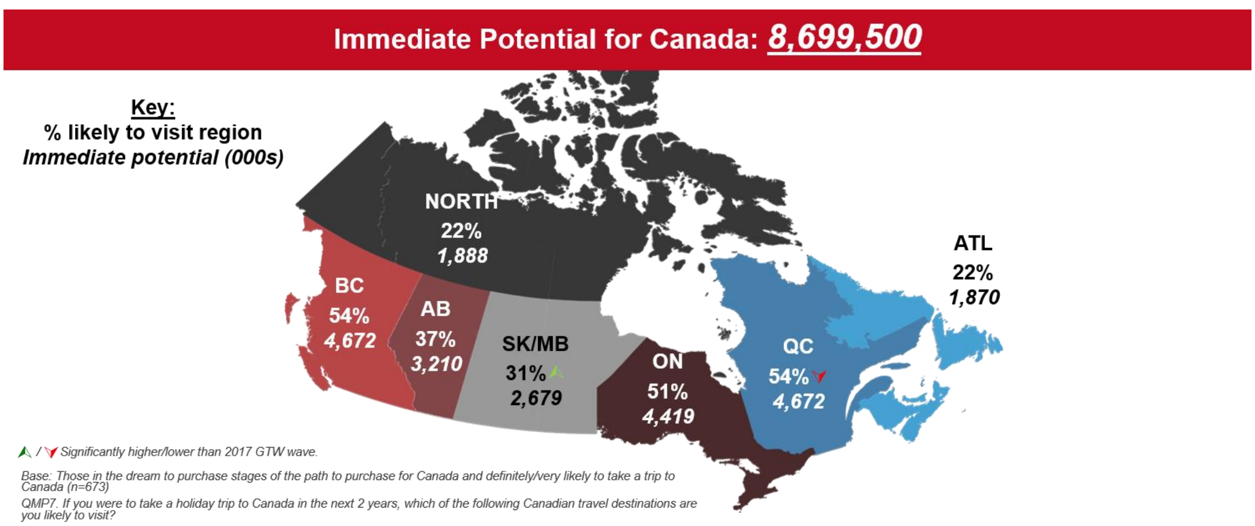
The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years. The 53% result in 2018 is trending upward from 51% in 2017 and 47% in 2016 – this suggests that there is an increase in interest in visiting Canada in the short-term. There are 8.7 million travellers with immediate potential for conversion in 2018, an increase of 460,000 potential South Korean travellers (compared to 8.2 million potential travellers in 2017).

Among Destination Canada's ten international markets, South Korea was ranked 3rd in immediate potential market size (behind the US and China). However, actual visitation from South Korea was ranked 10th among Destination Canada's international markets in 2018. This means that Canada has room to improve on converting potential travellers into actual visitors in the South Korean market.

For context, Canada attracted 246,000 visitors from South Korea in 2018, down 16% from the 294,000 South Korean visitors in 2017[1]. The 246,000 arrivals represent 3% of the immediate potential market.

Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (8.7 million). Fifty-four percent of South Korean travellers are interested in BC and Quebec, with an immediate potential market of 4.7 million visitors each., Interest in Quebec dropped significantly in 2018, back down to 2016 levels (54%, down from 61% in 2017, but consistent with 54% in 2016). Interest in Ontario, the 3rd most popular destination, continues to soften (51%, down directionally from 54% in 2017 and 58% in 2016).Interest in visiting the Prairies (Saskatchewan/Manitoba) is up significantly in 2018 (31%); however the proportion is similar to 2016 results (29%), suggesting a rebound from a decline in 2017 (25%).

Potential Market Size for the Regions



Long-haul travel intention is measured by the difference between the proportion who say they will spend more on long-haul travel minus those who say they will spend less. In South Korea, 2018 long-haul travel intentions have reverted to 2016 levels, (+1, down from +7 in 2017, and consistent with +1 in 2016).

The short-haul travel outlook is on par with the long-haul outlook in 2018(+1, directionally down from +5 in 2017, but above -3 in 2016).

The market outlook for domestic travel has also returned to 2016 levels, suggesting the increase in 2017 may have been driven by the Olympic Winter Games hosted in Pyeongchang in February 2018. The proportion of South Korean travellers reporting that they intend to spend more on domestic travel has decreased significantly, while the proportion reporting that they intend to spend the same increased significantly. This results in an overall domestic outlook of +6, which is significantly below the 2017 outlook (+15) but consistent with the 2016 outlook (+8).

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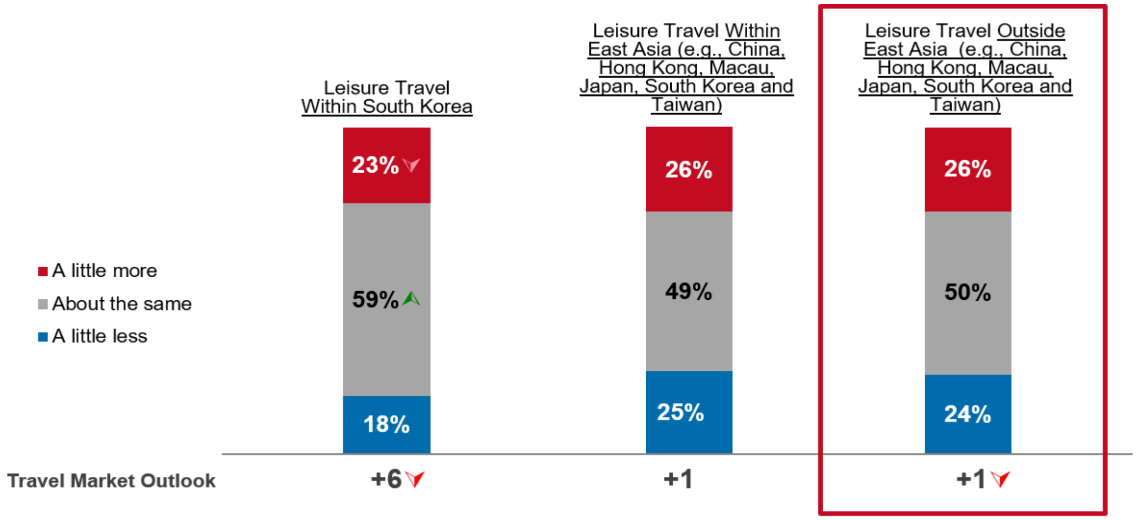
[1] *Destination Canada, Tourism Snapshot, December 2018.*

Spending Intentions (in the Next 12 Months)



/ Significantly higher/lower than 2017 GTW wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1503)
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

- ✓ *Even though respondents are asked to think of long-haul destinations, South Korean travellers remain very short-haul focused.*
- ✓ *Canada moved ahead of Australia in 2018 and is now the top ranked destination under consideration on an aided basis.*
- ✓ *Switzerland is posing a stronger threat to Canada in 2018 with a significantly higher Net Promoter Score (NPS) result.*

The GTW tracks the following Key Performance Indicators (KPIs) for Canada: unaided and aided destination consideration, aided destination knowledge, and Net Promoter Score (NPS). Canada's performance is tracked against key competitors for the long-haul travel market. For South Korea, these are the US, France, Germany, Switzerland, Australia, United Kingdom, Spain, Russia, India, Italy and Portugal.

The outlook for Canada in the South Korean market remains favourable. Out of the 12 competitive destinations that respondents were asked to evaluate, Canada is now ranked 1st on aided consideration (previously behind Australia and tied with the US in 2017), 3rd on unaided consideration (behind the US and Australia) and moves up one position to 7th, ahead of Spain, on destination knowledge (behind the US, UK, Germany, Switzerland, France and Australia).

Consideration

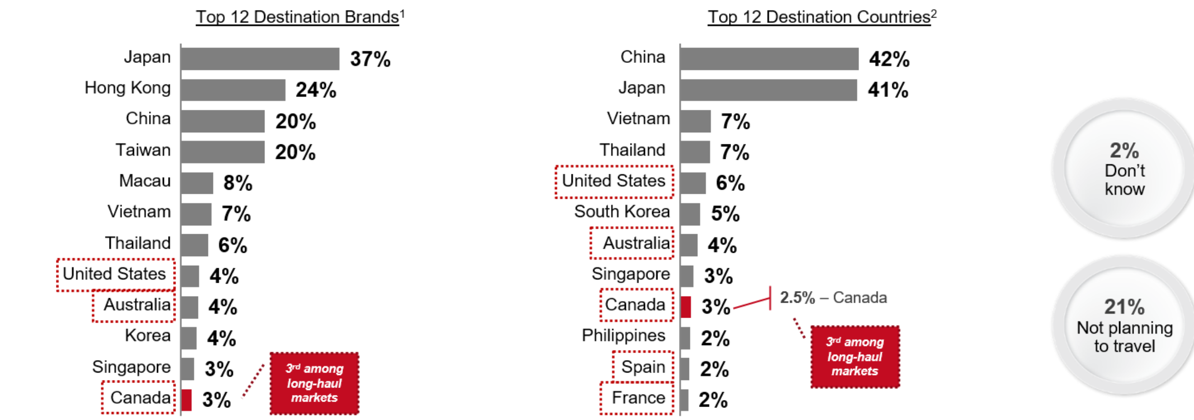
Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective, 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 short-haul destinations within Asia. This could speak to the fact that many South Korean travellers are short-haul focused when thinking of travel destinations and could represent a challenge for convincing South Korean travellers to go further abroad.

On an unaided basis, 3% of South Korean travellers mentioned Canada as a destination under serious consideration in the next 2 years, consistent with 2017 (2%) and 2016 (3%). Among long-haul destinations, Canada is marginally ahead of Spain (2%) and France (2%) on this metric but continues to trail the US (6%) and Australia (4%).

Mentions of Canada among recent visitors mirror levels seen among South Korean travellers generally (3%). No specific places in Canada were mentioned by South Korean long-haul travellers, with most just saying Canada, suggesting knowledge of specific Canadian destinations is low.

Unaided Long-Haul Destination Consideration (Next 2 Years)



/ Significantly higher/lower than 2017 GTW wave.

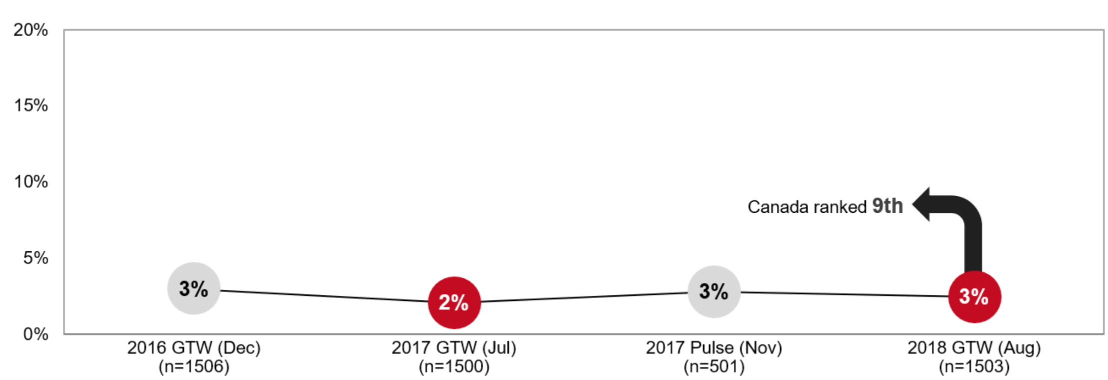
Note: [1] Responses as mentioned by respondents (e.g., percentage who said "Canada" specifically).
[2] Roll-up of brand mentions by country (e.g., percentage who said "Canada" or any destination in Canada).

Long-haul markets

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1503)

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.)

Unaided Long-Haul Destination Consideration (Next 2 Years) – Canada Trended



/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.

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.)

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, 28% of South Korean travellers continue to say they are seriously considering Canada for a leisure trip in the next 2 years, consistent with 2017 and 2016. Canada has taken over the top spot for aided consideration, due to a decline in mentions for both the US (27%, down from 28% in 2017 and 30% in 2016) and Australia (25%, down significantly from 29% in 2017 and 2016). Russia saw significantly improved aided consideration results in 2018 (12%, up from 6% in 2017), while India saw a significant drop in mentions (5%, down from 7% in 2017).

Both recent visitors to Canada and those considering a visit rank Canada first overall in aided consideration among all destinations in the competitive set.

Knowledge

Thirteen percent of all South Korean travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, unchanged from 2017 and 2016.

Among those considering Canada, destination knowledge stands at 23%, consistent with 2017 and 2016. Knowledge of travel opportunities in Spain dropped significantly in 2018 (20%, down from 28%), which has moved Canada into 7th spot, behind the US (35%), UK (29%), Germany (29%), Switzerland (27%), France (26%), and Australia (26%).

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 13% of those in the dreaming stage are knowledgeable about Canadian travel opportunities, moving up to 18% in the considering stage and further to 38% among those actively planning a trip to Canada. Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the Path-to-Purchase.

Key Performance Indicators

Key Performance Indicators (KPIs) for Canada – Summary

Indicator	Definition	All Long-Haul Travellers (n=1503)	Recent Visitors to Canada[1] (n=201)	Considering Canada[2] (n=598)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**3%**	**3%**	**7%**
Competitive positioning on destination consideration	Rank on the consideration list among 12 destinations	**1**	**1**	**1**
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	**13%**	**38%**	**23%**

/ Significantly higher/lower than 2017 GTW wave.

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 among all respondents)

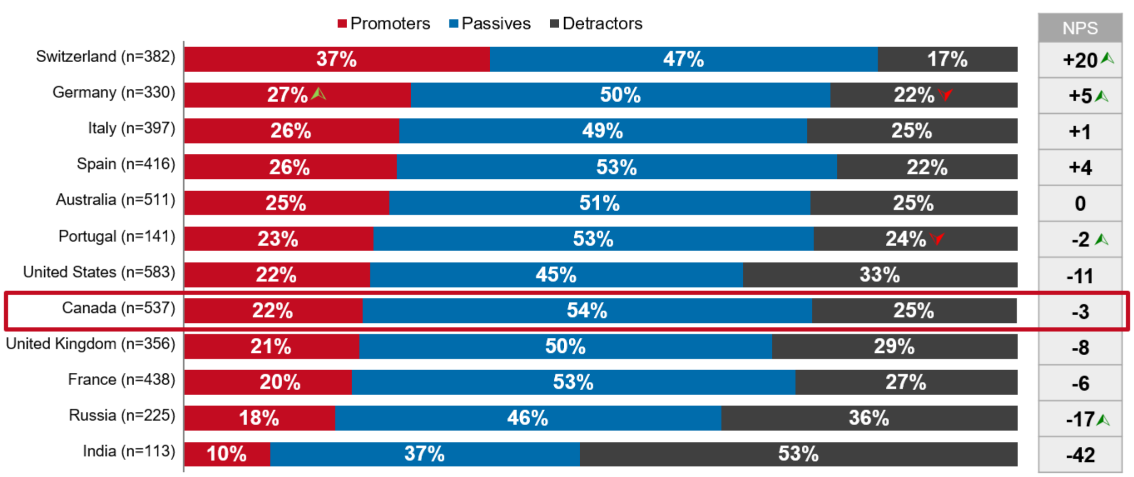
Net Promoter Score (NPS)

The Net Promoter Score (NPS) measures the likelihood of travellers to recommend a destination. Results are gathered among travellers with 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 Detractors (0-6 rating) from Promoters (9-10 rating). Passives are those who provided a rating of 7-8.

Switzerland has the most Promoters and the fewest Detractors, resulting in the highest NPS result among South Korean travellers in 2018 (+20, up significantly from +12 in 2017). Germany has moved into second place (+5, up significantly from -15 in 2017), with significantly more Promoters (27%, up from 17%) and significantly fewer Detractors (22%, down from 32% in 2017), while Spain (+4) has dropped into third spot (down from +9 in 2017). Italy is the only other country in the competitive set with a positive NPS result (+1, up from -3 in 2017). Portugal has seen a significantly positive shift in its NPS result (-2, up significantly from -24 in 2017). For Russia, while Detractors are twice as prevalent as Promoters, the NPS score has seen significant improvement in 2018 (-17, up from -30 in 2017). Canada has marginally fewer Promoters and slightly more Passives in 2018, causing the NPS to fall to -3 (compared to +2 in 2017). India continues to have the lowest NPS result among countries in the competitive set (-42, down from -37 in 2017).

When the results for Canada are examined among past three year visitors, the NPS result is +4 (down from +17 in 2017); among those who have not visited Canada in the past 3 years, the NPS result is -37. This underscores the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return. Among those who have ever visited Canada, the NPS result is -15, which is significantly lower than that of past three year visitors – this indicates the need to develop strategies that encourage visitors to advocate either during or immediately after a trip to Canada.

Net Promoter Score



/ Significantly higher/lower than 2017 GTW wave.
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 holiday destinations to a friend, family member or colleague?

Path-to-Purchase

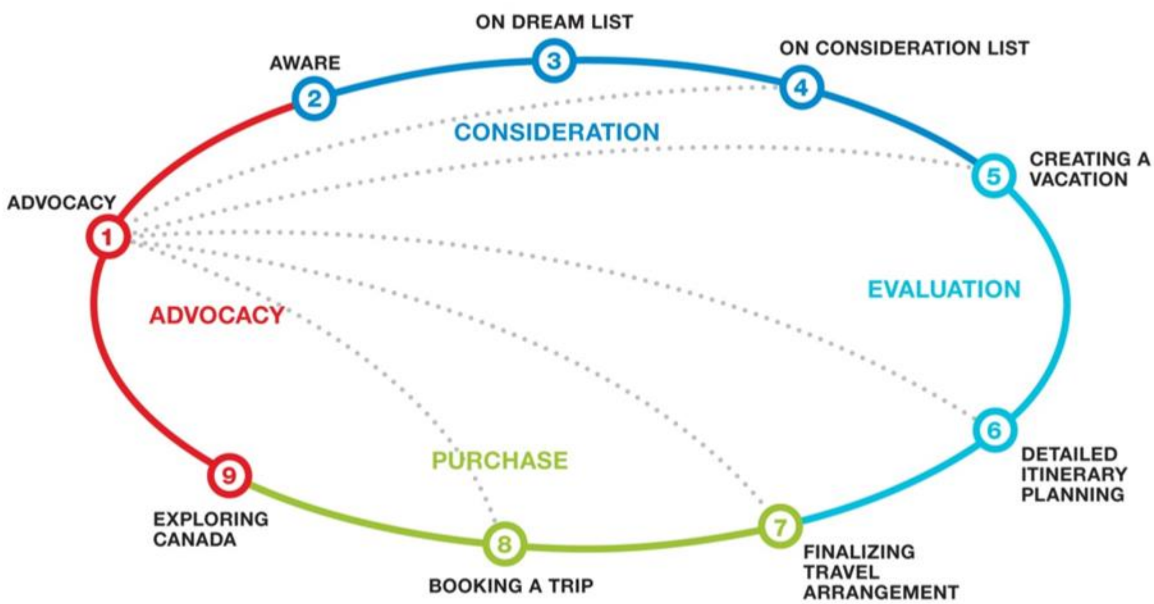
HIGHLIGHTS

- ✓ *South Korean travellers are more likely to be in the active planning stage for Canada, recording a significant increase in 2018 compared to 2016 and 2017.*
- ✓ *Improvements at converting travellers from considering to creating a vacation movie in 2018 indicate that Canada has been more successful in retaining South Korean travellers into the lower parts of the Path-to-Purchase.*

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. Advocacy happens during and after the actual visit. As evidenced from the NPS results, recent Canada visitors are most likely to be Promoters, making it important to encourage recent visitors to share experiences.

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

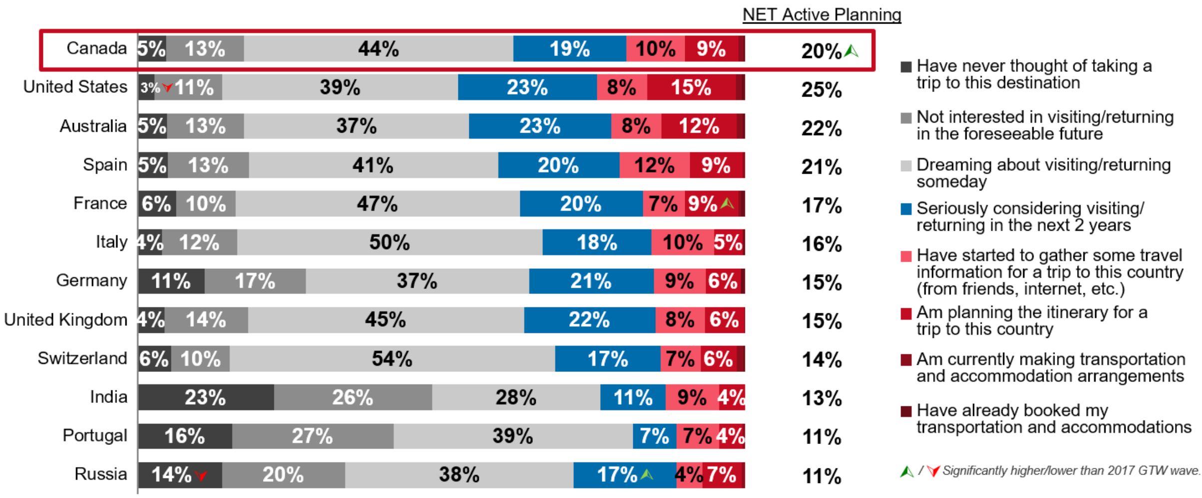
The US has moved ahead of Australia, with 25% of South Korean long-haul travellers actively engaged in planning a visit (up from 18% in 2017), and a further 23% seriously considering a trip in the next 2 years. In 2018, the US recorded a significant decline in travellers who have never thought of visiting (3%, down from 7% in 2017), suggesting that the US might be of increasing interest to South Korean travellers. Australia follows the US with 22% actively engaged in planning a visit and another 23% seriously considering a trip in the next 2 years.

For Canada, 20% of South Korean travellers are actively planning a trip (up significantly from 15% in 2017 and 2016). Active planning rates are even higher among recent visitors to Canada (46%), highlighting the opportunity for repeat visitation.

Canada and Spain have very similar Path-to Purchase results among South Korean travellers. However, in 2018, Spain logged 491,000 arrivals from South Korea and Canada recorded 246,000 South Korean travellers.

There are some trends to note with other destinations in the competitive set. France saw a significant increase in itinerary planning in 2018 (9%, up from 4% in 2017), while Russia saw a significant increase in seriously considering (17%, up from 8% in 2017) and a commensurate decline in the uninterested category (14%, down from 24% in 2017).

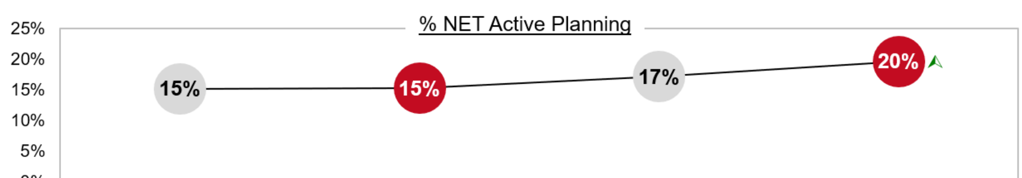
Stage in the Purchase Cycle by Country



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?

From 2016 to 2018, there have been two key shifts in the Path-to Purchase for Canada, in opposite directions. The first shift occurred between 2016 and 2017 and continued into 2018: a downward shift in the Path-to-Purchase from the dreaming stage (45% in 2017, down significantly from 53%), with potential travellers moving into the not interested stages (19% in 2017, up significantly from 11% in 2016). The second shift occurred between 2017 and 2018, where the proportion actively planning a trip to Canada increased significantly (20%, up from 15% in 2017 and 2016). After a period of rapid growth in outbound travel since 2015, year-over year increases have stabilized in 2018. These shifts in Canada's Path-to-Purchase suggest that the South Korean long-haul travel market may be maturing as they better understand their own travel preferences: those who are not interested have moved out of Canada's Path-to-Purchase and those who are still interested are progressing through the Path-to-Purchase.

Stage in the Purchase Cycle – Canada Trended



	2016 GTW (Dec) (n=1506)	2017 GTW (Jul) (n=1500)	2017 Pulse (Nov) (n=501)	2018 GTW (Aug) (n=1503)
Have never thought of taking a trip to this destination	4%	6%	6%	5%
Not interested in visiting/returning in the foreseeable future	7%	13%	12%	13%
Dreaming about visiting/returning someday	53%	45%	43%	44%
Seriously considering visiting/returning in the next two years	20%	21%	22%	19%
Have started to gather some travel information for a trip to this country	8%	8%	10%	10%
Am planning the itinerary for a trip to this country	6%	7%	6%	9%
Am currently making transportation and accommodation arrangements	1%	1%	1%	1%
Have already booked my transportation and accommodations	1%	0%	0%	0%

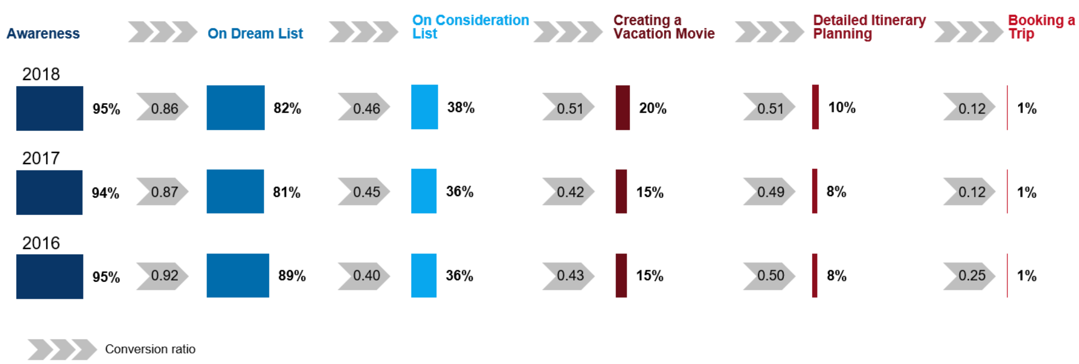
/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

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'.

Canada's performance continues to be average in 2018 across the purchase cycle. 2018 results have seen strong improvement in conversion between the consideration and creating a vacation movie stage (+9%). This indicates that Canada has been more successful than previous years at retaining South Korean travellers into the lower part of the purchase cycle and suggests that there is prospect for increased South Korean arrivals in subsequent years.

With such strong improvement between consideration and creating a vacation movie, it is prudent to help these potential travellers move forward in the Path-to-Purchase. However, Canada's performance continues to be weakest at the next stage, comparatively to other top destinations, at converting travellers from creating a vacation movie to the detailed itinerary planning phase – this continues to be a potential area of focus for Canada. Travellers at this stage are primarily self-motivating and will explore the many sources available to build their dream trip; they seek authenticity and real-life experiences in their search for advice.

Path-to-Purchase Conversion – Canada



Looking at conversion results among competitors, the US continues to excel at converting travellers to the detailed itinerary planning stage. Previously average, the US also has above average performance in 2018 at getting on South Korean travellers' consideration list. At the final stage, booking a trip, the US is marginally ahead of all other destinations, converting 2% of prospective visitors to actual visitors. Like the US, Australia continues to be above average at converting South Korean travellers between the dreaming and considering stages as well as between the creating a vacation movie and detailed itinerary planning stages. Switzerland, which is a potential emerging competitor for Canada, saw below average conversion results between the dreaming to consideration stages, but above average conversion at the booking stage. This suggests that South Korean travellers may be finding it difficult to build an idea of what a trip to Switzerland could look like but have a stronger tendency to follow though once they have moved beyond any initial obstacles.

For context, the US recorded 2.3 million arrivals from South Korea in 2017 (up 18% from 2016), while Australia saw 288,000 in 2018 (down 5% from 2017), Canada welcomed 246,000 in 2018 (down 16% from 2017), and Spain logged 491,000 in 2018 (up 10% from 2017).

Path-to-Purchase Conversion – Top Competitors

	Awareness		On Dream List		On Consideration List		Creating a Vacation Movie		Detailed Itinerary Planning		Booking a Trip
Canada	95%	0.86	82%	0.46	38%	0.51	20%	0.51	10%	0.12	1%
United States	97%	0.88	86%	0.55	47%	0.52	24%	0.66	16%	0.10	2%
Australia	95%	0.87	82%	0.55	45%	0.48	22%	0.63	14%	0.10	1%
Spain	95%	0.86	82%	0.50	41%	0.51	21%	0.44	9%	0.04	0%
Switzerland	94%	0.90	85%	0.37	31%	0.44	14%	0.53	7%	0.19	1%
France	94%	0.90	84%	0.44	37%	0.46	17%	0.59	10%	0.12	1%
Average among competitive set	*92%*	*0.83*	*76%*	*0.45*	*35%*	*0.48*	*17%*	*0.51*	*8%*	*0.10*	*1%*

Conversion ratio Weak Strong
Identified through statistical analysis

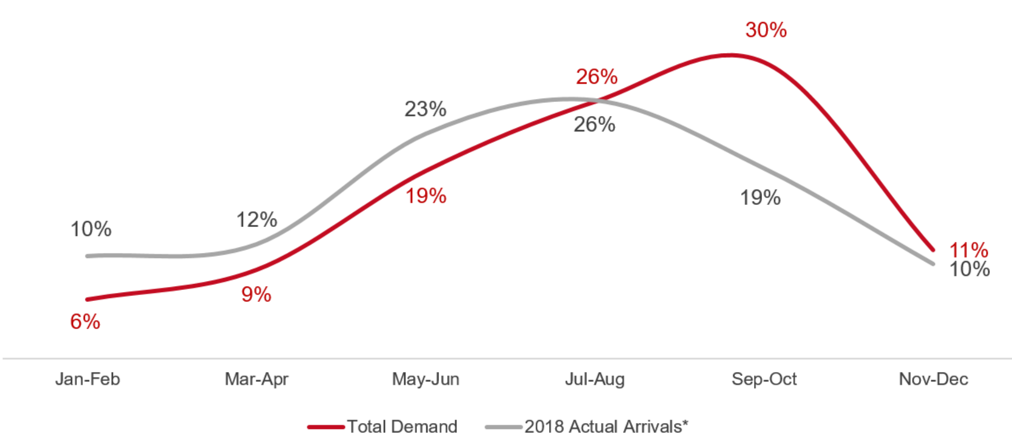
Time of Year Interest

HIGHLIGHTS

✓ *An opportunity exists to fill the September to October demand gap.*

A new question added to the Global Tourism Watch in 2018 asked prospective South Korean visitors which time of year they would consider visiting Canada. September to October (30%) is the most popular time of year, followed by July to August (26%) and May to June (19%). Compared to the distribution of actual South Korean arrivals in 2018, the largest gap in demand is for the months of September to October, where those interested (30%) is substantially higher than those actually visiting (19%). Given compression issues in the peak July to August months, an opportunity exists to fill the September to October demand gap to relieve pressures.

Time of Year Interested in Visiting Canada (Next 2 Years) versus Actual Arrivals



** Source: 2018 StatsCan Frontier Border Counts.*
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1161); data re-based to create distribution of demand
QPC3. What time of year would you consider taking a vacation trip to Canada in the next 2 years?

Canadian Destination Interest

HIGHLIGHTS

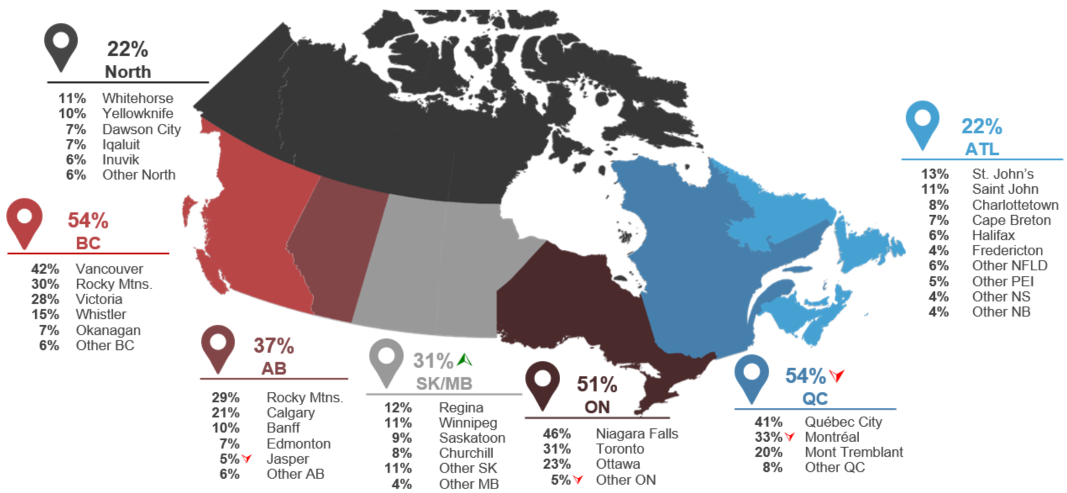
- ✓ *There have been significant declines in interest for Quebec, Montreal, and Jasper in 2018.*
- ✓ *The decline in interest for Quebec places BC in a tie with Quebec for the most likely travel destination among South Korean travellers.*

South Korean 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 Quebec is down significantly and has returned to 2016 levels (54%, down from 61% in 2017). Despite the drop, the province remains in top spot (tied with BC). Interest in Saskatchewan/Manitoba is up significantly in 2018 (31%, up from 25% in 2017), however the proportion is similar to 2016 results (29%), suggesting a rebound from the decline in 2017.

Niagara Falls (46%) remains the most mentioned destination, followed by Vancouver (42%) and Quebec City (41%). Montreal saw a significant drop in 2018 (33%, down from 39% in 2017). Despite the drop, Montreal remains the 4th most mentioned destination, slightly ahead of Toronto (31%) and the Rocky Mountains (29%).

Other than lower interest in Montreal, the only other significant shift is a drop in interest in visiting Jasper (5%, down from 10% in 2017) and other regions of Ontario (5%, down from 8% in 2017).

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

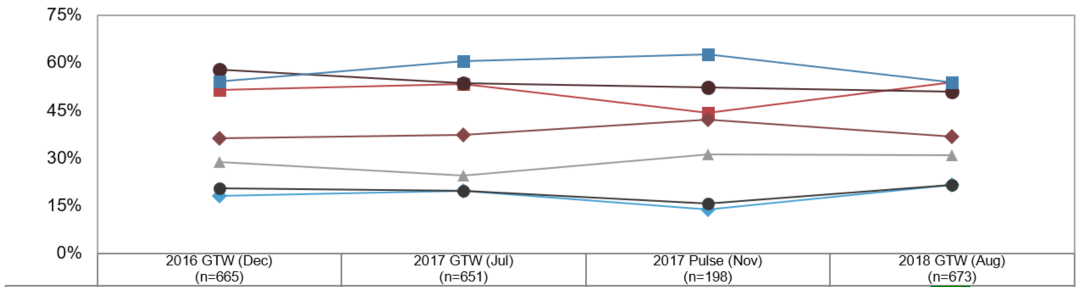


Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=673)
QMP7. If you were to take a vacation trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

/ Significantly higher/lower than 2017 GTW wave.

Interest in BC and the Atlantic provinces dropped in the 2017 Pulse wave, but both rebounded in 2018. Interest in the Prairies began to rise in the 2017 Pulse wave, with the increase becoming significant in 2018. Quebec experienced a significant decline in 2018, but interest levels are in line with 2016.

Canadian Destinations Likely to Visit – Provinces/Regions Trended



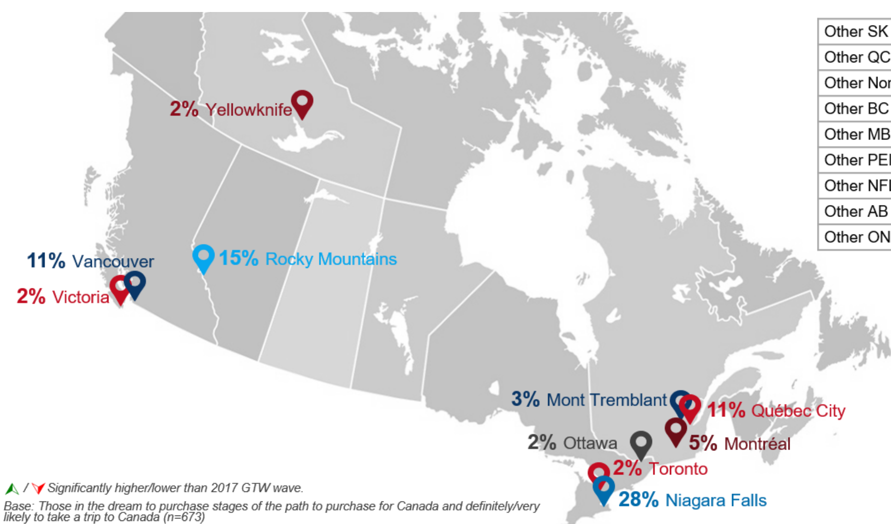
	2016 GTW (Dec) (n=665)	2017 GTW (Jul) (n=651)	2017 Pulse (Nov) (n=198)	2018 GTW (Aug) (n=673)
BC	52%	53%	44%	54%
AB	36%	37%	42%	37%
SK/MB	29%	25%	31%	31%
ON	58%	54%	52%	51%
QC	54%	61%	63%	54%
ATL	18%	20%	14%	22%
North	21%	20%	16%	22%

/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
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
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?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Niagara Falls, selected by 28% of prospective visitors, remains the most popular destination by a wide margin, while the Rockies (15%) remains in 2nd spot. Vancouver and Quebec City remain the most attractive city destinations (both 11%). Results continue to suggest Canada's landscape-based icons (Niagara Falls and the Rocky Mountains) still hold greater appeal for South Korean 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 South Korean travellers.

St. John's (1%, up from 0% in 2017) was the only destination to see a significant increase in appeal, while Calgary, Whitehorse, and Other Ontario registered significant declines.

Most Appealing Canadian Destination – Top 10 Mentions



Other SK	1.7%
Other QC	1.1%
Other North	0.8%
Other BC	0.7%
Other MB	0.4%
Other PEI	0.4%
Other NFLD	0.2%
Other AB	0.2%
Other ON	0.1%

Banff	1.4%
St. John's	1.3%
Calgary	0.9%
Okanagan	0.8%
Churchill	0.8%
Halifax	0.7%
Dawson City	0.7%
Edmonton	0.6%
Saskatoon	0.6%
Whitehorse	0.5%
Inuvik	0.5%
Jasper	0.4%
Whistler	0.4%
Saint John	0.3%
Cape Breton	0.2%
Winnipeg	0.2%
Fredericton	0.1%
Charlottetown	0.1%
Regina	0.1%

/ Significantly higher/lower than 2017 GTW wave.
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=673)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

HIGHLIGHTS

- ✓ *Older travellers aged 55+ are more interested than younger travellers in participating in nature based activities such as: hiking/walking in nature, visiting nature parks, seeing natural attractions, and wildlife viewing.*
- ✓ *Younger travellers aged 25-34 are more likely than older travellers to be interested in city based activities such as: shopping for souvenirs, shopping for clothes/shoes, attending live shows/sporting events, visiting breweries/wineries, and seeing spring blossoms.*
- ✓ *Seeing natural attractions, hiking/walking in nature, trying local food/drink, and visiting nature parks are the top trip anchor activities for South Korean travellers.*

South Korean travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. Natural attractions and hiking or walking in nature remain the most sought-after holiday experiences, followed by trying local food and drink, visiting nature parks, and visiting city green spaces. These are followed by culinary tours/cooking classes, visiting spa/wellness centres, visiting historical sites, visiting art galleries/museums, and viewing wildlife.

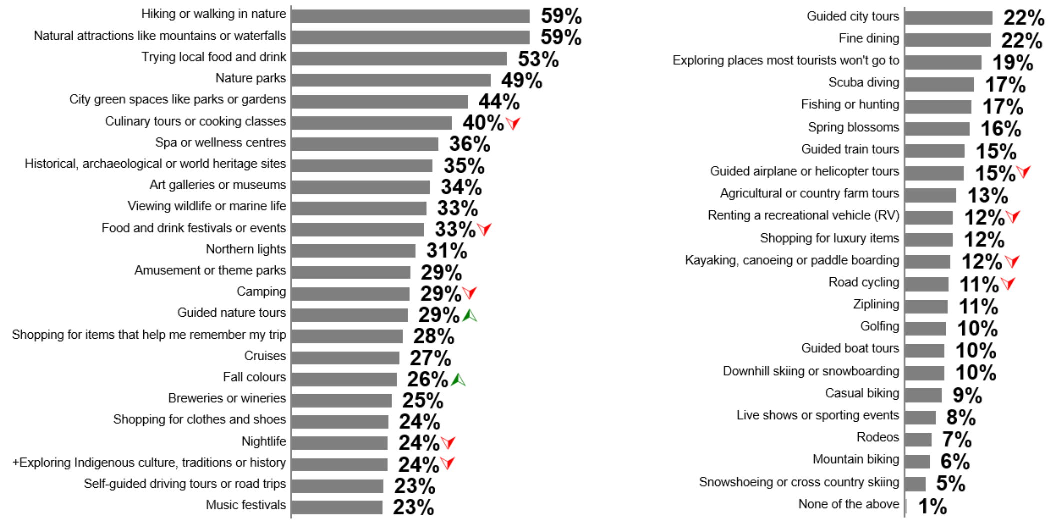
Culinary tours/cooking classes saw a significant decline in 2018 (40%, down from 47% in 2017) and is now the 6th highest ranked activity (down from 5th in 2017). Interest in food & drink festivals (33% in 2018, down from 38% in 2017) and camping (29%, down from 35%) also dropped significantly in 2018. These activities are no longer in the top 10 activities and have been replaced by visiting spa/wellness centres and wildlife viewing.

Outside of the top ten activities, there were several significant shifts to note between 2017 and 2018. Several activities experienced significant downward shifts, including exploring Indigenous culture (24%, down from32% in 2017). Indigenous was previously called Aboriginal and it is not possible to know whether decreased interest is due to the wording change. Significant drops are also noted for nightlife (24%, down from 30%), guided airplane/helicopter tours (15%, down from 18%), RV rentals (12%, down from 16%), , kayaking/canoeing (12%, down from 15%), and road cycling (11%, down from 14%). Guided nature tours (29%, up from 25%) and fall colours (26%, up from 20%) are the only activities to see a significant upward shift.

Older travellers aged 55+ are more interested than younger travellers in participating in nature based activities such as: hiking/walking in nature, visiting nature parks, seeing natural attractions, and wildlife viewing. They are also more interested in visiting historical sites, exploring Indigenous culture, guided city tours, guided train tours, guided nature tours, cruises, and visiting spa/wellness centres. The top ten activities among South Korean travellers aged 55+ are all the same compared to general South Korean travellers with the exception of guided nature tours (41%) which takes the place of visiting art galleries/museum (33%).

Younger travellers aged 25-34 are more likely than older travellers to be interested in city based activities such as: shopping for souvenirs, shopping for clothes/shoes, attending live shows/sporting events, visiting breweries/wineries, and seeing spring blossoms. They are also more interested in active activities like kayaking/canoeing, downhill skiing/snowboarding, casual biking and scuba diving.. The top ten activities among South Korean travellers aged 25-34 are all similar to that of the general South Korean traveller except that attending food/drink festivals (37%), shopping for souvenirs (35%), and Northern lights (35%) take the place of visiting art galleries/museums (33%), visiting spa/wellness centres (32%), and visiting historical sites (29%).

General Activities/Places Interested In – All Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,503)
QMP10. In general, what activities or places are you interested in while on holiday?

▲ / ▼ Significantly higher/lower than 2017 GTW wave.

Trip Anchor Activities

A question added in 2017 asked South Korean travellers which vacation activities are important enough that they would base an entire trip around them.

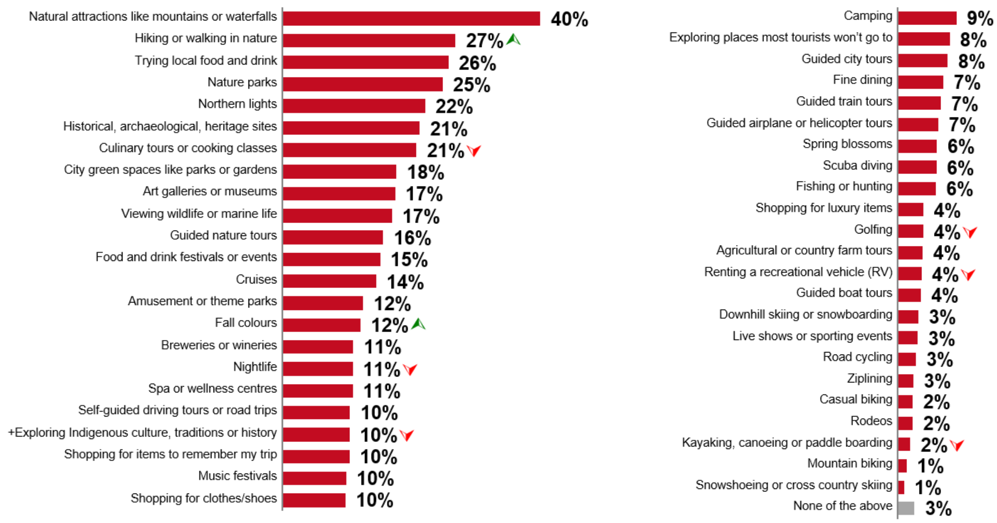
Consistent with 2017, seeing natural attractions (40%) is the top trip anchor activity by a wide margin. Significantly higher interest in hiking/walking in nature in 2018 (27%, up from 23% in 2017) moved this activity into 2nd spot, ahead of trying food & drink (26%), and visiting nature parks (25%). All of these are also among the top activities of interest for South Korean travellers. Given that South Korean travellers are willing to anchor a trip around these activities, messaging about their availability in Canada is recommended. These anchors are particularly important to highlight at the creating a vacation movie stage of the Path-to-Purchase since travellers are looking to create a framework around what their trip could look like.

While not a top trip anchor activity, interest in fall colours is up significantly in 2018 (12%, up from 9% in 2017). Given South Korean travellers interest in visiting Canada in September to October, promoting the opportunity to see fall foliage is recommended. There are several downward shifts to note in trip anchor activities: cooking/culinary tours (21% down from 25% in 2017), nightlife (11% down from 14%), exploring Indigenous culture (10% down from 18%), golfing (4% down from 6%), renting an RV (4% down from 6%), and canoeing/kayaking (2%, down from 4%). Once again, the decreased interest in Indigenous culture may be a reflection of the wording change from Aboriginal.

South Korean travellers aged 55+ are more likely than younger travellers to cite several nature based activities, guided tours, exploring Indigenous culture, visiting historical sites, golfing and cruises as trip anchor activities. The top ten trip anchor activities among South Korean travellers aged 55+ are all similar to that of the general South Korean traveller except that guided nature tours (25%) and cruises (22%) are more popular than visiting art galleries/museums (20%) and visiting city green spaces (19%).

Those aged 25-34 indicate higher likelihood compared to older travellers to anchor a trip around shopping for clothes/shoes, visiting breweries/wineries, downhill ski/snowboarding, and scuba diving. The top ten trip anchor activities among South Korean travellers aged 25-34 are all similar to that of the general South Korean traveller except that food/drink festivals (17%) are more popular than viewing wildlife (13%).

Trip Anchor Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=1495)
MP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

▲/▼ Significantly higher/lower than 2017 GTW wave.

Barriers

HIGHLIGHTS

- ✓ *Length of flight remains the primary deterrent to visiting Canada, followed by cost.*
- ✓ *The cost of flights to Canada is the greatest concern among those citing cost as a barrier.*
- ✓ *Mentions of poor weather increased significantly in 2018.*

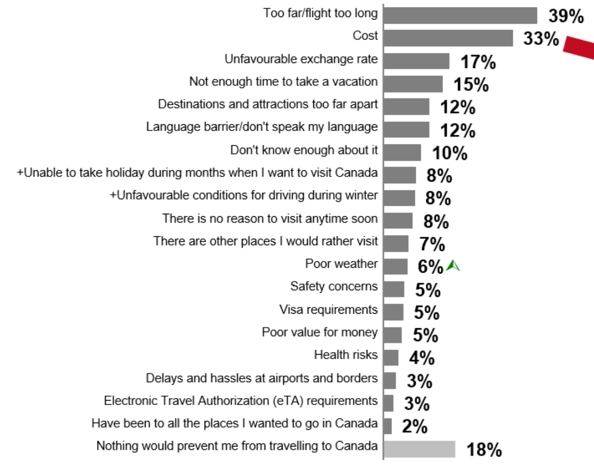
All South Korean long-haul travellers were asked what could prevent them from visiting Canada. The length of flight remains the primary deterrent (39%), followed by cost (33%). The top two barriers continue to far outpace the next closest impediments – the unfavourable exchange rate (17%) and lack of time to take a vacation (15%).

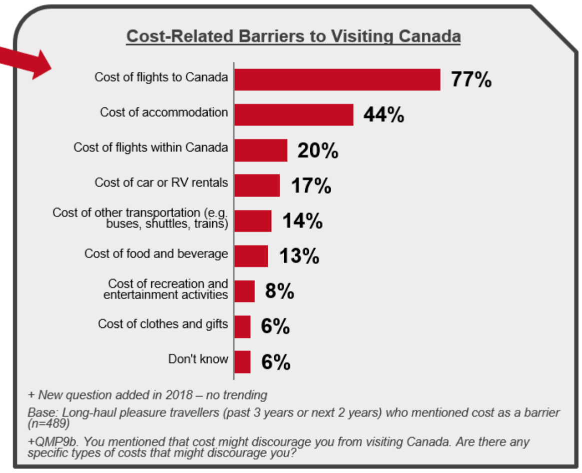
There is one significant increase to note in 2018: at 6%, poor weather is up significantly, at up from 4% in 2017, but in line with 2016 results.

A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of flights to Canada (77%), followed by accommodation costs (44%), and cost of flights within Canada (20%) are the greatest cost-related concerns.

While cost remains an important barrier among those who have visited Canada in the past (25%), they are much less likely to cite it as a barrier compared to those who have never been (37%). Past visitors are more likely to mention poor weather (9%) versus those who have not visited Canada (5%), poor driving conditions in the winter (12% versus 6%), delays and hassles at borders (5% versus 2%) and indicate they have been to all the places they want to visit in Canada (4% versus 1%).

Key Barriers for Visiting Canada





/ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1503)
QMP9. Which of the following factors might discourage you from visiting Canada?

Recent Trip Profile

HIGHLIGHTS

- ✓ *South Koreans travelling for holiday purposes to Canada now rank the opportunity to relax and unwind ahead of a longstanding desire to visit as the primary reason for visiting.*
- ✓ *For trips to any destination, travel agent/operator usage has declined for both flight and accommodation bookings.*
- ✓ *Organized group travel is down for both trips in general and trips to Canada.*
- ✓ *There is a downward trend in the proportion of South Korean travellers combining a trip to Canada with a visit to the US. Day visits are steady, but overnight visits are declining.*

The following section provides details on the most recent long-haul trip taken by South Korean travellers to competitive set destinations in the past 3 years (53% 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

The primary reason for travelling among all South Korean long-haul travellers to any destination continues to be for holiday purposes (70%), followed distantly by visiting friends and family (14%). Going on a holiday (72%) is also the primary purpose for taking a trip specifically to Canada. The next most common purpose mentioned for taking a trip to Canada is visiting friends and relatives (14%).

Motivators

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

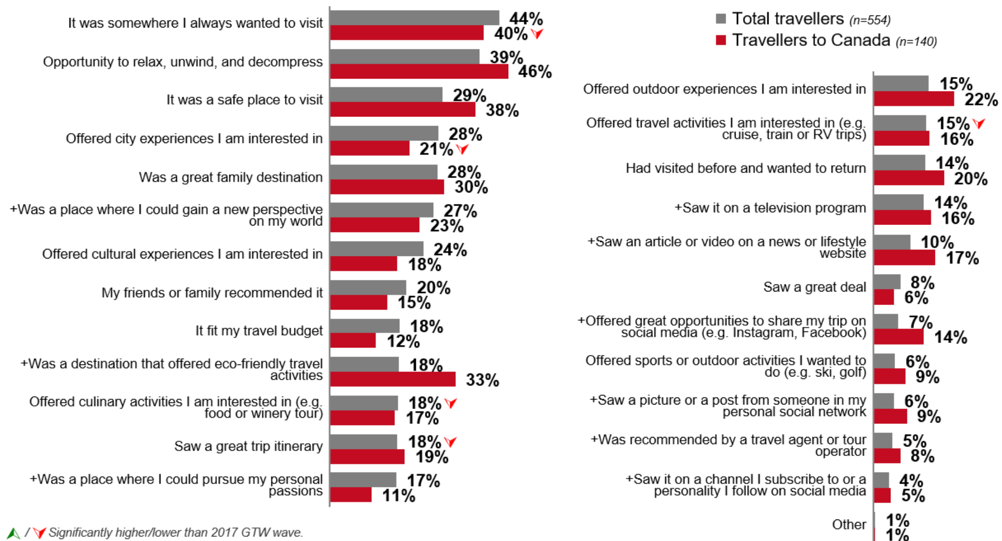
The longstanding desire to visit remains the primary reason for selecting the most recent holiday destination among travellers generally (44%), this is followed by the opportunity to relax and unwind (39%) and being a safe destination (29%).

Among all South Korean travellers, culinary activities were mentioned significantly less as a motivator in 2018 (18%, down from 27% in 2017), as were mentions of seeing a great trip itinerary (18%, down from 24% in 2017), and a destination offering travel activities of interest (15%, down from 27% in 2017).

Among visitors to Canada, the opportunity to relax and to unwind (46%, up from 41% in 2017) is now the primary reason for visiting, moving ahead of a longstanding desire to visit (40%, significantly down from 57% in 2017). Safety also continues to be an important motivator for South Korean travellers visiting Canada (38%), while city experiences were mentioned significantly less often as a motivator for visiting Canada in 2018 (21%, versus 35% in 2017).

It is notable that eco-friendly travel activities is a much stronger motivator for recent travellers to Canada (33%) compared to travellers generally (18%).

Factors Influencing Destination Selection



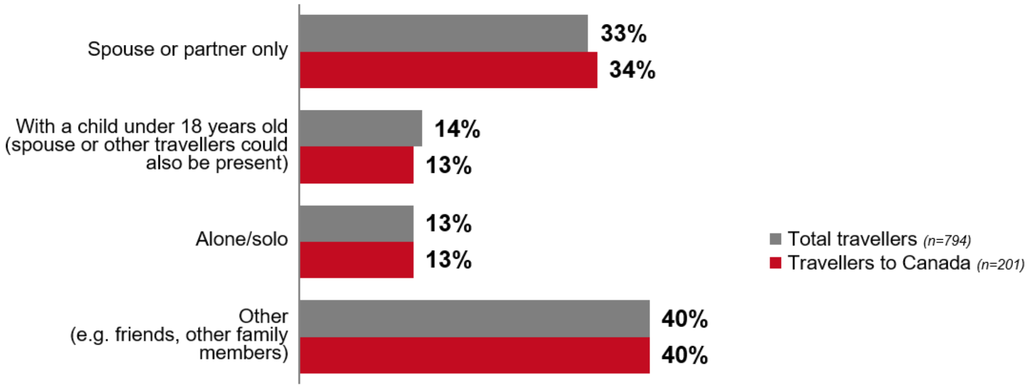
/ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

Travel Party

South Korean travellers to any long-haul destination travelled solely with their spouse or partner (on a couple's trip) for 33% of total trips. Those travelling with children under the age of 18 accounted for 14% of total trips, while solo travel made up an additional 13% of trips. The remaining 40% of trips were a combination of other travel parties, such as travelling with other family members, friends, or business colleagues.

Among those who travelled to Canada, 34% travelled solely with their spouse or partner. The proportion travelling with children under 18 to Canada is 13% and solo travel accounted for 13% of trips. The remainder of trips (40%) consisted of other travel parties.

Travel Party



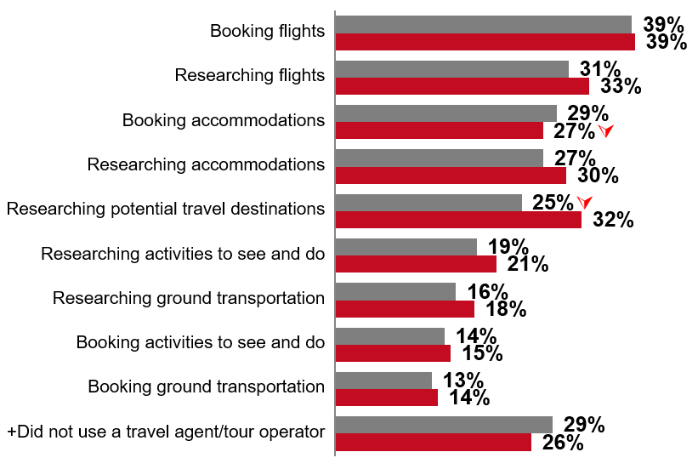
Base: Long-haul pleasure travellers (past 3 years)
QRT4. With whom did you travel on this trip?

Booking

Seventy-one percent of all South Korean travellers report consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Travel agent/tour operators are most often used for booking flights (39%), researching flights (31%), and booking accommodations (29%). Among South Korean travellers generally, travel agents/tour operators are being consulted less often for researching potential travel destinations (25%, down significantly from 30% in 2017).

Travel agent/tour operator use (74%) is slightly higher among visitors to Canada. Booking flights (39%), researching flights (33%), researching potential destinations (32%), and researching accommodations (30%) are the most common uses of travel agents/tour operators for recent trips to Canada.

Travel Agent/Tour Operator Usage



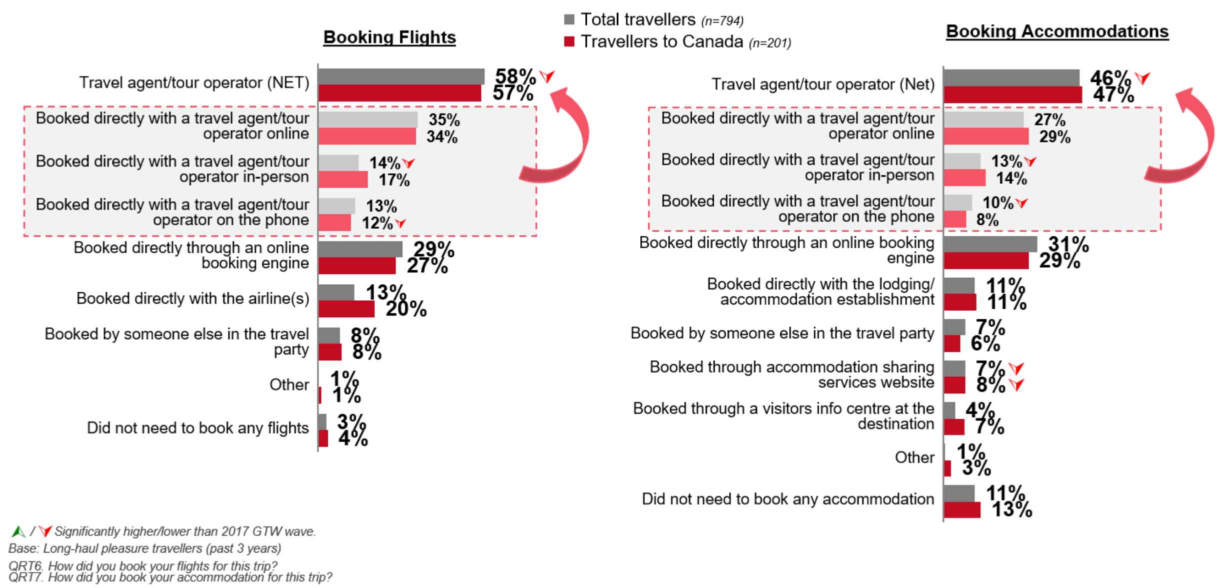
▲/▼ Significantly higher/lower than 2017 GTW wave.
+ 'Tour operator' was added to the statement in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years)
QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

In terms of flights, the most popular way to book a flight to any destination continues to be through a travel agent/tour operator (58%, down significantly from 64% in 2017). Booking directly with a travel agent/tour operator online is the most prevalent (35%), while booking directly with a travel agent/tour operator in-person has declined significantly (14%, down from 22% in 2017). Booking directly through an online booking engine is the next most popular option (29%), followed by booking directly with the airline (13%).

The pattern for trips to Canada is similar, with the most popular method being through a travel agent/tour operator (57%). Booking with travel agent/tour operator online (34%) is most prevalent, followed by use of online booking engines (27%), and directly with the airline (20%). Booking directly with a travel agent/tour operator on the phone has declined since 2017 (12%, down significantly from 21%).

For accommodation, booking with a travel agent/tour operator is most popular (46%), but has declined in usage in 2018 (down significantly from 52% in 2017). Booking via an online booking engine is the next most popular option for booking accommodations (31%). When booking directly with a travel agent/tour operator, online continues to be the most common method (27%); significant declines have been noted for both booking directly with a travel agent/tour operator in-person (13%, down from 17% in 2017) and on the phone (10%, down from 14% in 2017). Booking accommodations through accommodation sharing services websites is down significantly among both total travellers (7%, down from 11% in 2017) and visitors to Canada (8%, down from 16% in 2017).

Booking of Flights and Accommodations



Fifty-eight percent of South Korean travellers to any destination indicated that at least a portion of their trip was part of an organized group tour, down significantly from 63% in 2017. The proportion taking organized group tours among recent visitors to Canada is comparable, with 56% indicating that they participated in an organized group tour (down significantly from 68% in 2017).

A large proportion of group tours, both in general (82%) and to Canada (80%), are booked with a travel agent. Booking through a travel agent/tour operator online is the most common. For trips to any destination, there has been a decline in group tours being booked directly with a travel agent/tour operator both in-person (24%, down from 32%) and over the phone (17%, down from 25%).

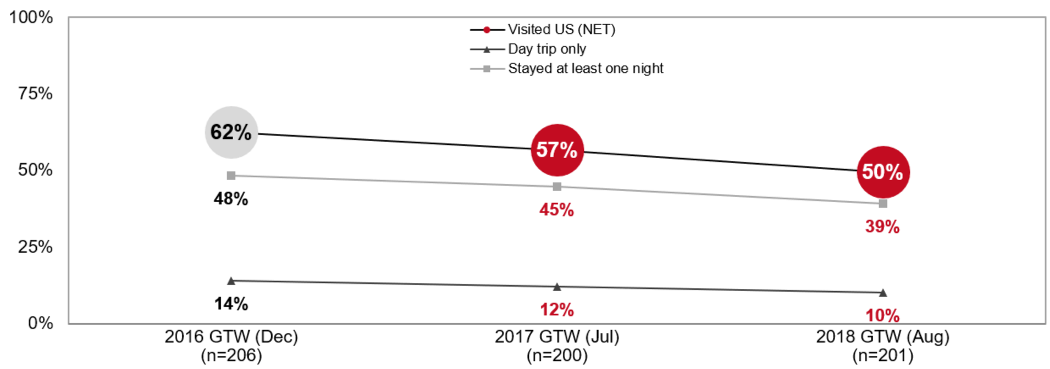
Type of Accommodation

Overall, South Korean travellers continue to opt for mid-priced hotels (56%) considerably more often than any other type of accommodation, including luxury hotels (22%), budget hotels (17%), and rented houses or apartments (12%). Younger travellers aged 25-34 are more likely than older travellers aged 55 to stay in less expensive options such as budget hotels (24% versus 14%), rented houses or apartments (16% versus 8%), hostels (12% versus 4%), and B&Bs (8% versus 1%). Recent South Korean visitors to Canada also stayed at mid-priced hotels considerably more often than any other accommodation (60%). While representing only a small proportion of accommodation options when travelling, there is a decline in the usage of B&Bs when travelling to Canada (3%, down from 9% in 2017).

US Visitation

Combining a trip to Canada with a visit to the US is still common among South Korean travellers, although dual nation trips are declining. In 2018, 50% of South Korean visitors to Canada also visited the US, a significant decrease from 62% in 2016. While same day visits are holding steady, overnight stays are trending downward (39%, down from 45% in 2017 and 48% in 2016).

Canada & US Visitation – Trended



Significantly higher/lower than 2017 GTW wave.

Base: Travellers to Canada

QRT13. Did you also visit the U.S. during this trip, either for a day or overnight stay?

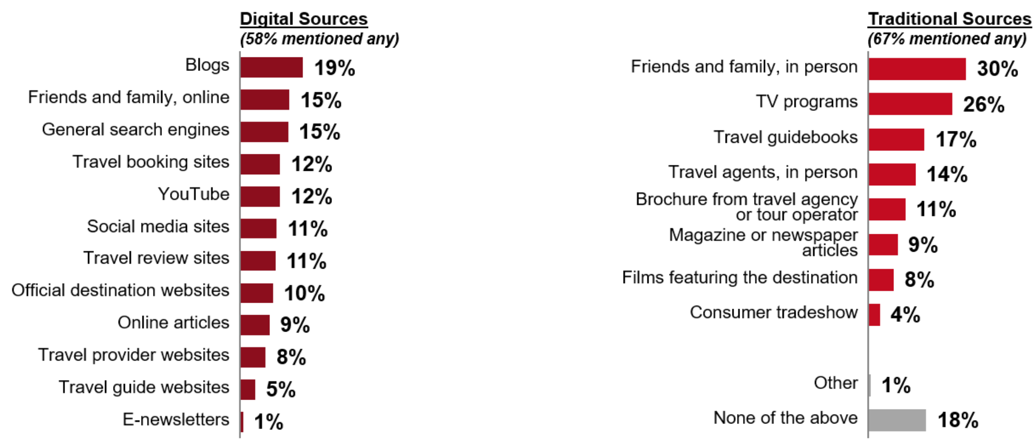
Information Sources

HIGHLIGHTS

- ✓ *South Korean travellers are most like to mention personal recommendations from friends and family and TV programs as sources of influence.*

A new question added in 2018 asked South Korean travellers whether they had booked a trip in the past three years based on a recommendation from any sources. South Korean travellers are more likely to mention traditional sources (67%), with personal recommendations from friends and family (30%) being the top source, followed by TV programs (26%), travel guidebooks (17%), and travel agents (14%). Among digital sources, blogs (19%), friends and family online (15%), and general search engines (15%) were the most influential.

Influence of Sources in Destination Selection



+ New question added in 2018 – no trending,
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1503)
+MT5. In the past 3 years, have you booked a trip based on a recommendation from any of the following sources?