DESTINATION CANADA

Global Tourism Watch

2017 UK 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 UK market: the US, India, Thailand, Australia, China, South Africa, Japan, Iceland, and New Zealand. 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 UK long-haul travel population. The target population in the UK was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of Europe, North Africa and the Mediterranean 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 1,504 respondents in the UK, including 300 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: United Kingdom 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: Europe, North Africa and the Mediterranean

GTW Sample Distribution

Sample distribution:	**National**
Recent visitors to Canada:	**300**
Other travellers:	**1,204**
Total sample size:	**1,504**

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 only metric to see significant variation is the proportion actively planning a trip to Canada, which stands at 16% in the Pulse Check, up from 12% in previous GTW waves. The fact that only one metric was significantly different suggests seasonality of survey fielding does not affect results for Canada in the UK market.

Key Metrics Tracking

	Pulse Check 2017 (November 2017) *(n=502)*	**GTW 2017 (July 2017)** *(n=1504)*	**GTW 2016 (December 2016)** *(n=1506)*
Unaided Consideration of Canada	**12%**	**12%**	**12%**
Aided Consideration – Canada	**39%**	**42%**	**43%**
Destination Knowledge (Top2Box) – Canada *(Among those considering Canada)*	*(n=226)* **34%**	*(n=768)* **37%**	*(n=788)* **36%**
Actively Planning a Trip to Canada	**16%** ▲	**12%**	**12%**
Past visitation to Canada	**37%**	**40%**	**39%**

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

Background

The UK economy was ranked 6th among global economies, overtaken by France mid-year, but marginally ahead of India (*International Monetary Fund, October 2017).* As a result of uncertainly around Brexit negotiations, which are scheduled to be complete by spring 2019, UK growth forecasts have been scaled back from 2% to 1.5% for 2017 and 1.4% for 2018 (*Bank of England, August 2017*). Further, India's surging economy is predicted to overtake the UK's in 2018, which will relegate the UK to 7th spot among global economies (*Forbes, 2017*).

Since June 2016, when the UK voted to leave the European Union, the economy has weakened considerably; the British pound (GBP) has declined in value 13% against the US dollar and 16% against the Euro, and consumer spending has slowed (*Telegraph, August 2017)*. The pound's value is predicted to continue faltering as markets see the UK having a diminished role in the global economy (*Business Insider, April 2017*).

In April 2017, Prime Minister Theresa May called a snap election to try to cement her Conservative party's majority while the party was far ahead in the polls. Her tactic failed as her Conservative party lost its parliamentary majority in the June 8th election. May was forced to find support among the Democratic Unionist Party to continue to govern. The resulting political instability continued to impact economic conditions and consumer confidence as the UK began another round of Brexit negotiations in late June 2017 (*Telegraph, June 2017*).

Inflation rates continue to rise as the value of the pound falls and the price of goods increases. In July 2017, inflation was 2.6%, above the 2% target set by the Bank of England (*BBC News, August 2017*). Another contributor to inflation is the rise in the price of oil since November 2016, which is exacerbated by the decline of the GBP against the US dollar (*Bank of England, February 2017*). These factors are expected to filter down into costs of goods and services, including air travel.

Despite the faltering economy, the UK's unemployment rate dropped slightly in 2017 and stood at 4.4% in Q2 2017, down from 4.8% in 2016 (*Office for National Statistics, 2017*). While unemployment numbers are encouraging, wages have fallen in real terms since 2008 when inflation is taken into account, which impacts purchasing power (*GfK, July 2017*).

Amidst continuing economic uncertainty, Consumer confidence was at 49.7 in July 2017 which is similar to 50.2 six months ago but down from 50.9 one year ago *(Thomson Reuters / Ipsos Primary Consumer Sentiment Index, July 2017).*

UK residents took nearly 71 million trips abroad in 2016, which was a record (*Visit Britain, May 2017*). However, a drop is expected in 2017. In addition, outbound expenditure is expected to drop significantly in 2017 (-4.2%) as a result of the declining value of the pound and reduced international travel (*World Travel and Tourism Council, 2017*).

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market remains relatively unchanged from the previous year: 4.82 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 -3 in 2017, down significantly from +3 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 UK 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 UK 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 (72%, versus 70% in 2016) is used to calculate a target market estimate of 14.22 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 (34%, versus from 35% in 2016). This translates into a market of 4.82 million travellers with more immediate potential for conversion, which is unchanged from 2016 (4.87 million).

Among Destination Canada's ten international markets, the UK was ranked 5th in immediate potential market size (behind the US, China, South Korea, and Germany). However, actual visitation from the UK was ranked 2nd among Destination Canada's international markets in 2017[1]. This means that Canada is doing well at converting potential travellers to actual visitors in the UK market.

For context, Canada attracted 801,000 visitors from the UK in 2017, slightly less than the 833,000 visitors from the UK in 2016[2]. The 801,000 arrivals represent 17% 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	**19.70 million**
Target market for Canada (dream to purchase stage)	**72%**
Size of the target market	**14.22 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years)	**34%**
Immediate potential	**4.82 million**

Significantly higher/lower than 2016.

Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years) (n=1504); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=1097)
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 (4.82 million). Results are similar to the previous year, where Ontario continues to hold the greatest appeal (60% or 2.89 million potential visitors), followed closely by BC (58% or 2.80 million potential visitors). Alberta is solidly in 3rd spot, appealing to 45% of potential visitors (2.15 million) and Quebec appeals to 36% of potential visitors (1.74 million). There is growing separation in interest levels for Alberta and Quebec among UK travellers – although the individual results in 2017 are not significant changes for each province, interest in Alberta and Quebec were more in-line with each other in 2016 (40% and 38% respectively.)

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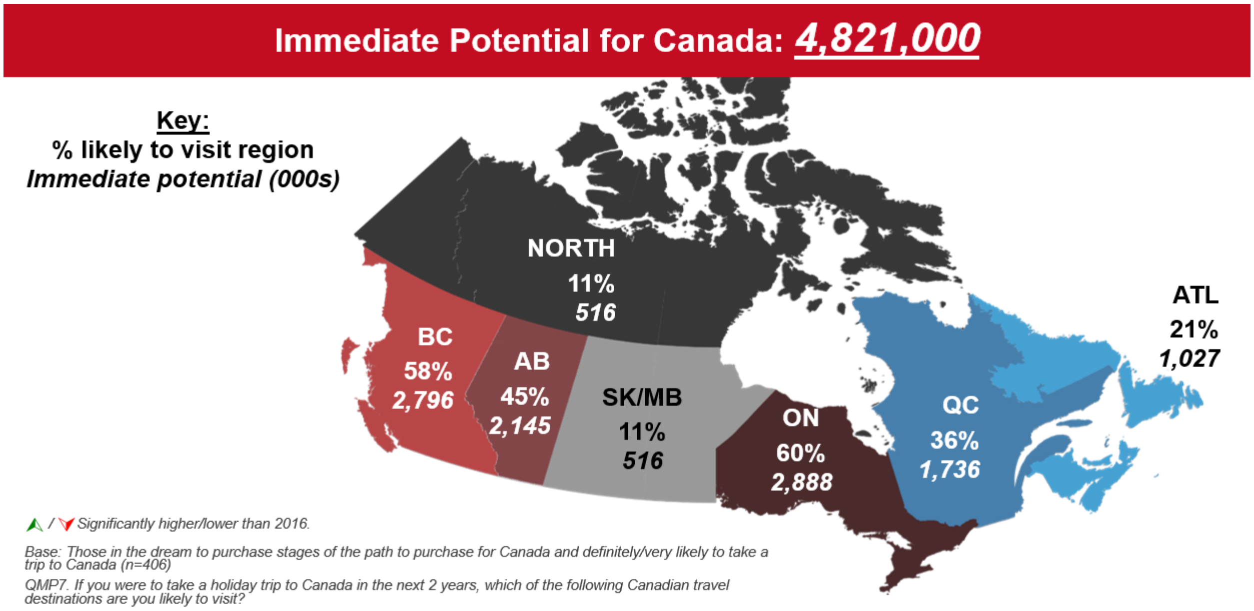
1 *Destination Canada, Tourism Snapshot, December 2017.*

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

Potential Market Size for the Regions



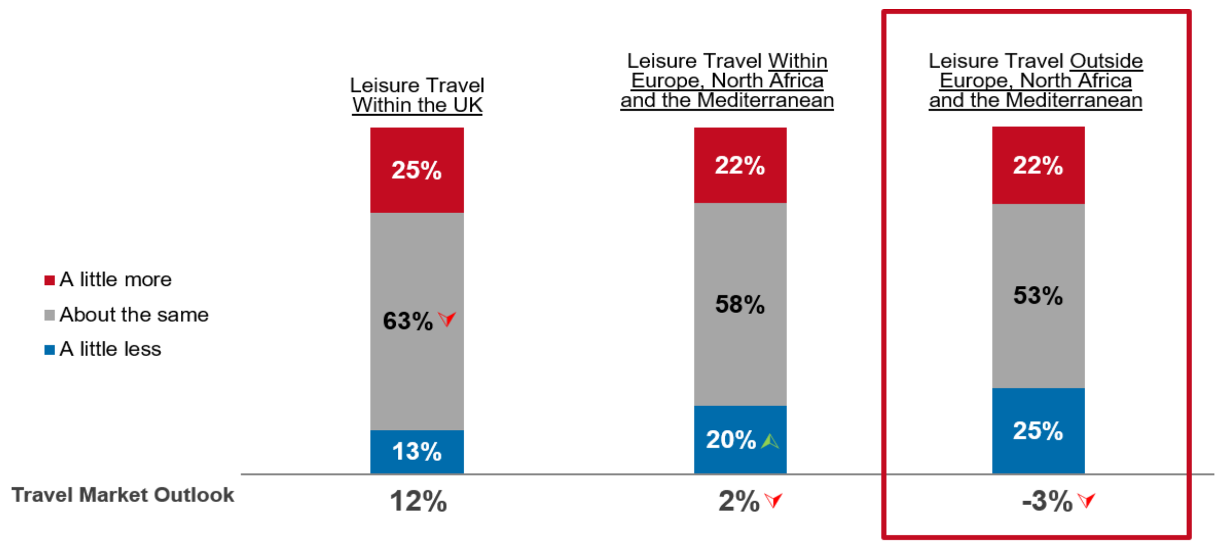
/ Significantly higher/lower than 2016.

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=406)

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?

In light of the ongoing uncertainty surrounding Brexit and the resulting political and economic instability, it is not surprising that long-haul travel intentions continue to soften. The proportion of UK travellers saying they will spend less on long-haul travel now exceeds those who say they will spend more, resulting in a long-haul outlook of -3 in 2017, down significantly from +3 in 2016. The short-haul travel outlook is also waning, dropping significantly from +8 in 2016 to +2 in 2017. Instead, UK travellers appear more likely to travel within the country (outlook of +12, consistent with 2016). This finding is supported by Visit Britain which is predicting Brexit will have a similar impact on domestic travel as the 2008 financial crisis. Visit Britain data shows 7.3 million UK residents took a “staycation” in the first quarter of 2016, up 10% over the same period in 2015.[3]

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=1504)

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 …?

3 *Willis Towers Watson, April 2017.*

Competitive Environment – Key Performance Indicators Summary

HIGHLIGHTS

- ✓ *Unaided and aided mentions of the US dropped significantly in 2017. This could be an opportunity for other destinations, including Canada, to capitalize on.*
- ✓ *Growing knowledge of South Africa and New Zealand has relegated Canada to 6th spot on aided destination knowledge (from 4th in 2016).*

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 the UK, these destinations are the US, India, Thailand, Australia, New Zealand, South Africa, Japan, China, and Iceland.

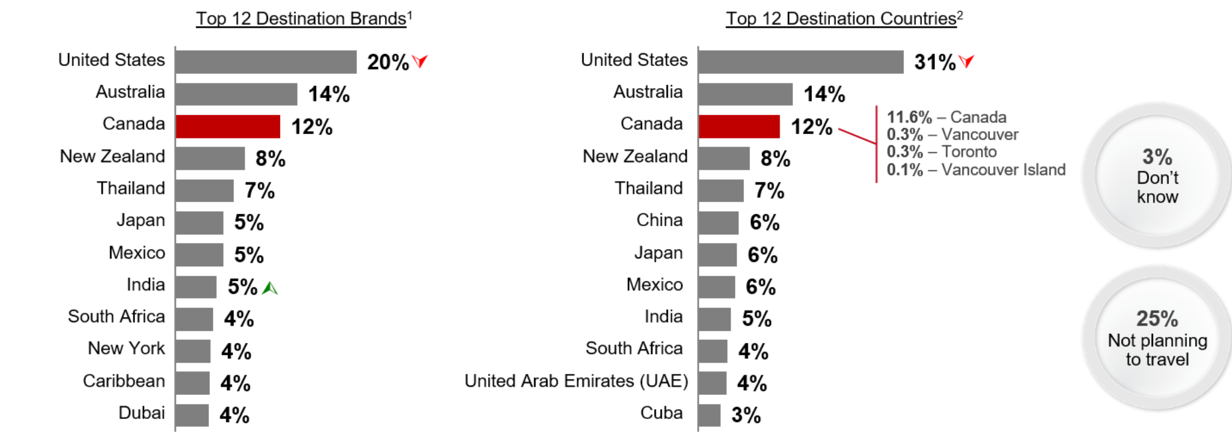
The outlook for Canada in the UK remains favourable. Out of the 10 competitive destinations that respondents were asked to evaluate, Canada is 2nd to the US on aided consideration, 3rd on unaided consideration (behind the US and Australia) and 6th (down from 4th in 2016) on destination knowledge (behind the US, Australia, South Africa, Thailand, and New Zealand).

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. On an unaided basis, 12% of UK travellers mentioned Canada as a destination under serious consideration in the next 2 years, unchanged from 2016. Canada remains 3rd on this metric, behind Australia and the US. Of note, unaided mentions of the US dropped significantly this year (31%, down from 39% in 2016).

Older travellers aged 55+ were more likely to mention Canada (15%). Those who have visited Canada recently are also more likely to mention Canada on an unaided basis (31%). Very few specific places in Canada were mentioned by UK 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)



/ Significantly higher/lower than 2016.

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=1504)

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of Europe, North Africa and the Mediterranean 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, 42% percent say they are seriously considering Canada for a leisure trip in the next 2 years, unchanged from 2016. Canada remains in 2nd place behind the US and substantially ahead of 3rd place Australia (31%). Of note, aided consideration of the US also fell significantly this year (58%, down from 62% in 2016). These drops in unaided and aided consideration could be in response to stricter entry requirements proposed by the new US administration in April 2017 (*Guardian, April 2017*). If this trend towards declining interest in the US continues, this could be an opportunity for other destinations, including Canada, to capitalize on.

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, with younger travellers continuing to represent a greater long-term opportunity.

Knowledge

Aided destination knowledge measures knowledge of travel opportunities in each destination among those with that destination in their consideration set. Twenty-six percent of all UK 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 37%, also unchanged from 2016. However, growing knowledge of South Africa (44%, up significantly from 30% in 2016) and New Zealand (39% versus 34% in 2016) has relegated Canada to sixth spot, behind the US (58%), Australia (46%), South Africa (44%), Thailand (39%), and New Zealand (39%). 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, 40% of UK 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 most likely to have visited previously (53%). Those considering a trip to Canada are considerably more likely to have visited previously (48%). 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=1504)	Recent Visitors to Canada[1] (n=300)	Considering Canada[2] (n=541)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**12%**	**31%**	**29%**
Competitive positioning on destination consideration	Rank on the consideration list among 10 destinations	**2**	**1**	**1**
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	**26%**	**56%**	**40%**
Past visitation:				
Past visitation	% who have ever visited Canada for pleasure	**40%**	**99%**	**52%**

▲ / ▼ 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 Europe, North Africa and the Mediterranean 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?

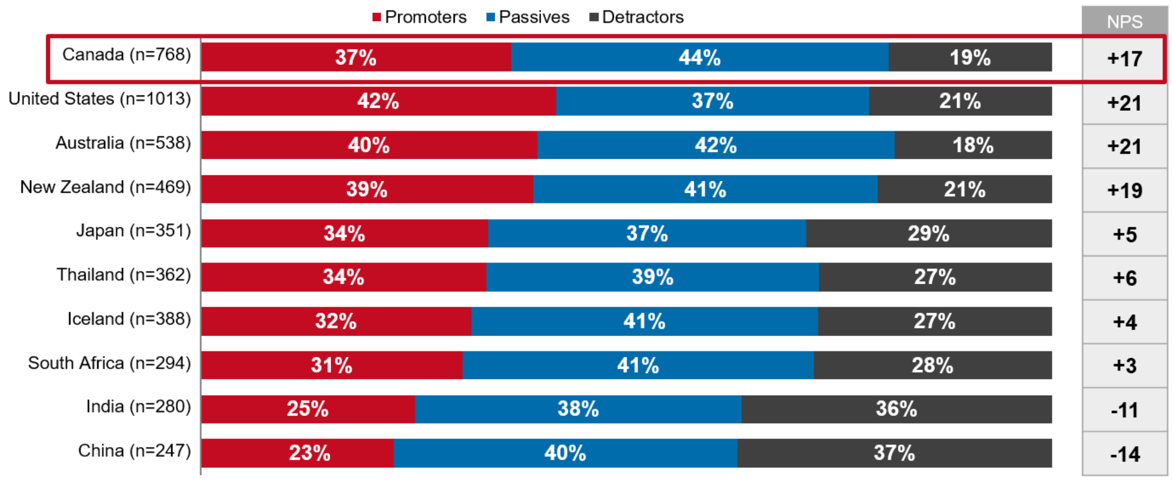
Net Promoter Score (NPS)

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 Detractors (0-6 rating) from Promoters (9-10 rating). Passives are those who provided a rating of 7-8.

The US and Australia achieve the highest NPS result among UK travellers (+21). The US has slightly more Promoters than Australia (42% versus 40%), but also has more Detractors (21% versus 18%). New Zealand follows with a NPS result of +19, with Canada close behind at +17. Canada has the largest proportion of Passives (44%) of any destination in the competitive set, suggesting that many UK travellers do not have a strong opinion on Canada. Interestingly, the top performing competitors are all English-speaking destinations, which may speak to UK travellers associating language with a certain level of comfort and ease.

When the results for Canada are examined among recent visitors, the score rises to +39, underscoring the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return.

Net Promoter Score



+ New question added in 2017 – no trending.
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

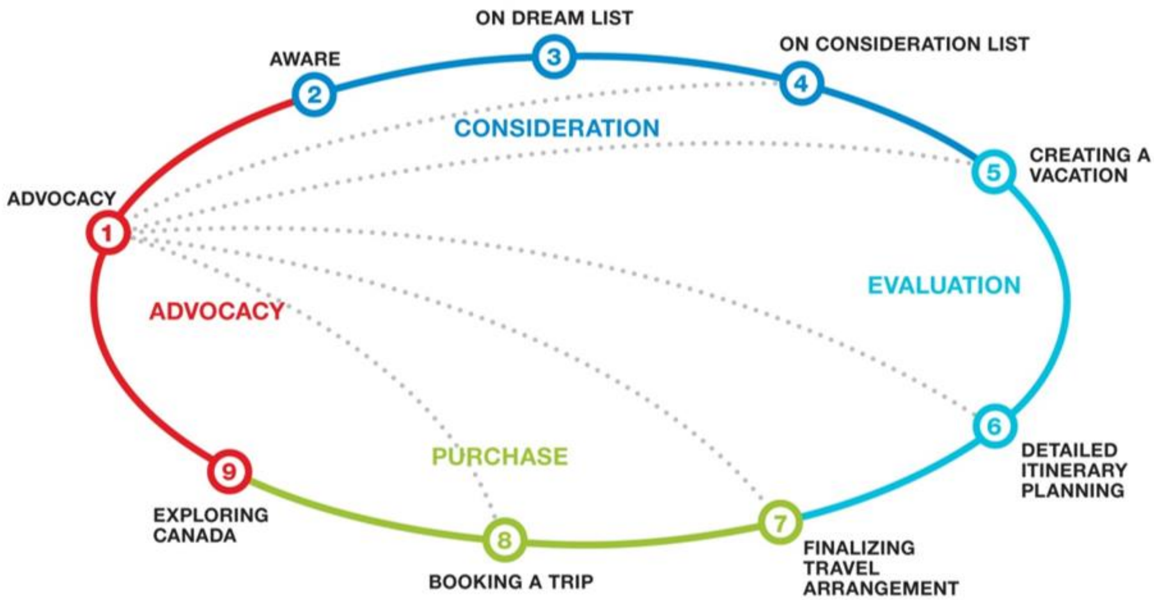
- ✓ *Younger travellers aged 18-34 indicated increased active planning for trips to Canada in 2017, they are also more likely to be actively planning a trip to Canada than those aged 35+.*
- ✓ *Additional focus could be placed on moving travellers from the consideration phase to creating a vacation movie, where conversion is weakest.*

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

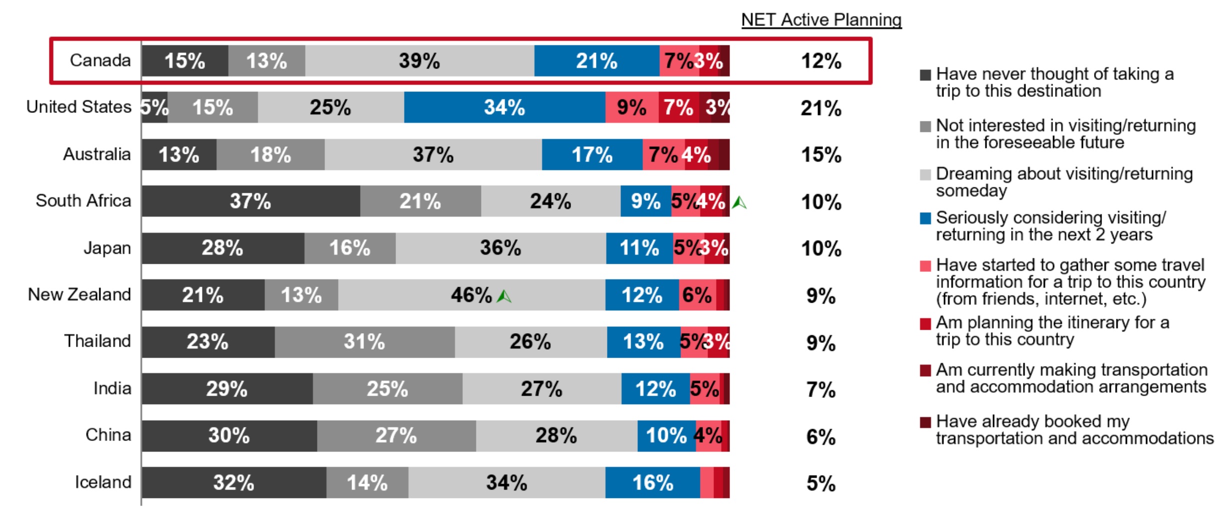
Active Planning

The results are similar to 2016 for top ranking destinations. The US continues to lead, with 21% of UK long-haul travellers actively engaged in planning a visit and an additional 34% 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, 12% of UK travellers are actively planning a trip, unchanged from 2016. Notably, younger travellers aged 18-34 are more likely to be actively planning a trip to Canada than those aged 35+. Sixteen percent of younger travellers aged 18-34 indicated they were actively planning a trip to Canada in 2017, up significantly from 2016 (11%), which suggests Canada's appeal among younger travellers may be on the rise.

Canada remains behind Australia in the active planning phase, but ahead of Australia in the seriously considering phase.

There are some shifts to note with other destinations in the competitive set. South Africa saw a significant increase in travellers at the itinerary planning stage (4%, up significantly from 1% previously). Despite the positive momentum, 58% of UK travellers have never thought of or are not interested in visiting South Africa versus 28% for Canada, suggesting that South Africa's appeal is somewhat limited. New Zealand recorded a significant increase in the proportion in the dreaming phase (46%, up from 35% previously). However, New Zealand's positive shift in the dreaming stage comes with some shift away from the seriously considering stage (12% compared to 17% previously). New Zealand now has the largest proportion of travellers at the dreaming phase of any competitor, suggesting it is an aspirational destination for many UK travellers.

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)

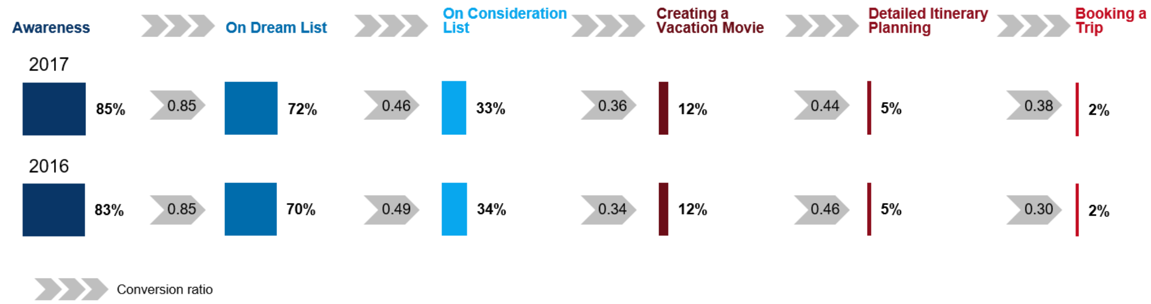
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

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'.

At the dreaming stage, Canada's performance is above average in 2017 (compared to average in 2016). Although the proportion (0.85) remains the same year-over-year, Canada's performance at this stage is 'strong' compared to the competitive average in 2017. Canada's performance is weakest at converting travellers from the consideration phase to creating a vacation movie – this could be a potential area of focus for Canada. Travellers at this stage are seeking to put some type of framework around a trip concept and are looking for guidance on what the best itinerary might be. Travellers need to have an idea of the core concept of their trip before they can move ahead.

UK travellers who are currently in the creating a vacation movie stage for Canada cite the following as the top sources that helped them gather information: friends and family, in person (49%), general search engines (29%), travel guidebooks (27%), TV programs (26%), and brochures from a travel agency/tour operator (23%).

Path-to-Purchase Conversion – Canada

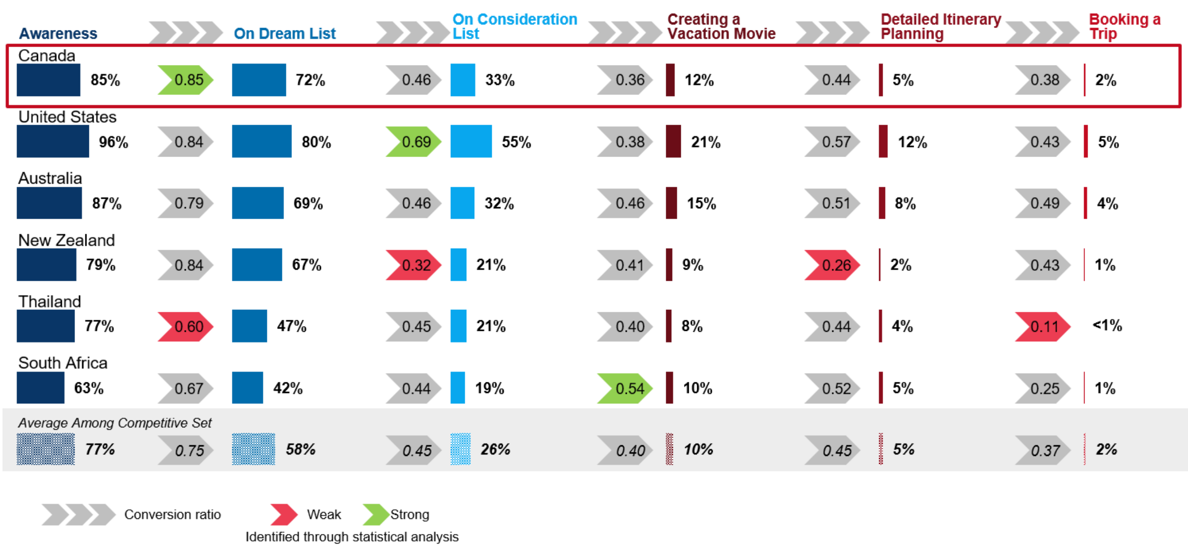


The US excels at getting on travellers' consideration list and South Africa recorded above average results at the creating a movie stage. Given South Africa's increase in the aided destination knowledge measure, this positive movement could be something to watch out for.

At the final stage, booking a trip, the US remains ahead of all other destinations, converting 5% of prospective visitors to actual visitors, versus 7% previously. Canada has converted 2% of UK travellers into actual visitors, unchanged from 2016. In contrast, Australia is converting 4% of prospective travellers now (up from 2% previously) while Thailand, New Zealand, and South Africa saw lower conversion rates this year (2% to 1% or less). Some of these shifts may be related to seasonality.

For context, the US recorded 4.6 million arrivals from the UK in 2016, while Thailand saw 994,000 in 2017, Canada welcomed 801,000 (down 6% from 2016), Australia logged 732,000 (up 2% from 2016), South Africa attracted 448,000 (unchanged from 2016), and New Zealand saw 251,000 arrivals (up 13%). The declines in conversion rates for the US are supported by preliminary 2017 data showing UK arrivals are down 6% from 2016.[4]

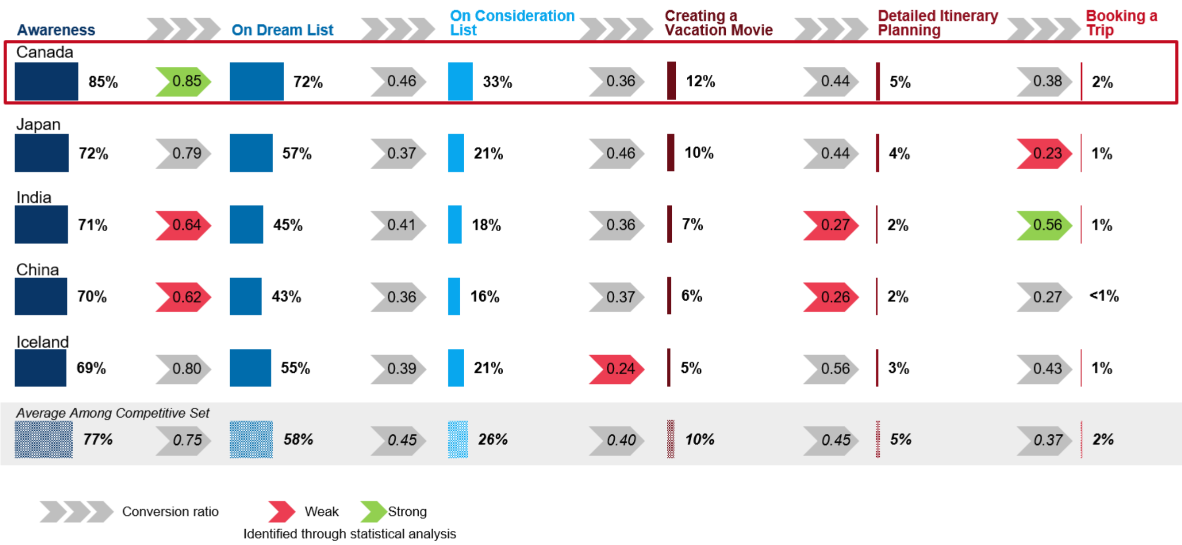
Path-to-Purchase Conversion – Top Competitors



4 *Destination Canada, US National Travel & Tourism Office, Tourism Australia, Department of Tourism Thailand, South Africa Tourism Board and Tourism New Zealand.*

Examining purchase cycle results for destinations visited less frequently by UK travellers is also illuminating. Most notably, India is a strong performer at the final stage this year, seeing an above average conversion ratio between detailed itinerary planning and actual booking, outperforming even the US at this stage. However, India's conversion results are distorted due to weak performance at dreaming and itinerary planning phases, which may be related to a higher propensity for VFR travel.

Path-to-Purchase Conversion – Rest of Competitors



Destinations

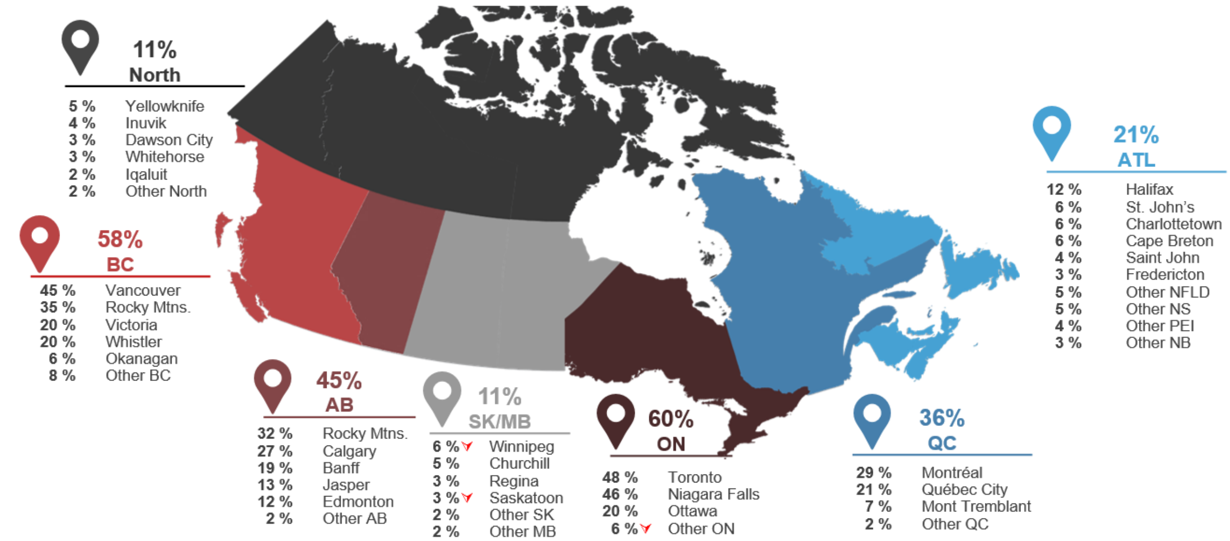
HIGHLIGHTS

- ✓ *There are several significant shifts in likelihood to visit in 2017, with Winnipeg, Saskatoon and other Ontario regions trending downwards year-over-year.*
- ✓ *Banff and other BC regions saw a significant increase in 2017 for most appealing destination.*

UK 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. Results are similar to 2016, with Ontario continuing to be the most popular province (60%); Toronto (48%) and Niagara Falls (46%) are the top destinations. British Columbia is close behind (58%), with Vancouver being the primary draw (45%). Montreal (29%) and Quebec City (21%) are the 3rd and 4th most popular city destinations for UK travellers. However, there are several significant shifts in likelihood to visit in 2017, with Winnipeg, Saskatoon and other Ontario regions trending downwards year-over-year.

There is clear interest in visiting the Rocky Mountains, with 35% of probable visitors heading to BC for this experience and 32% saying they would go to Alberta.

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



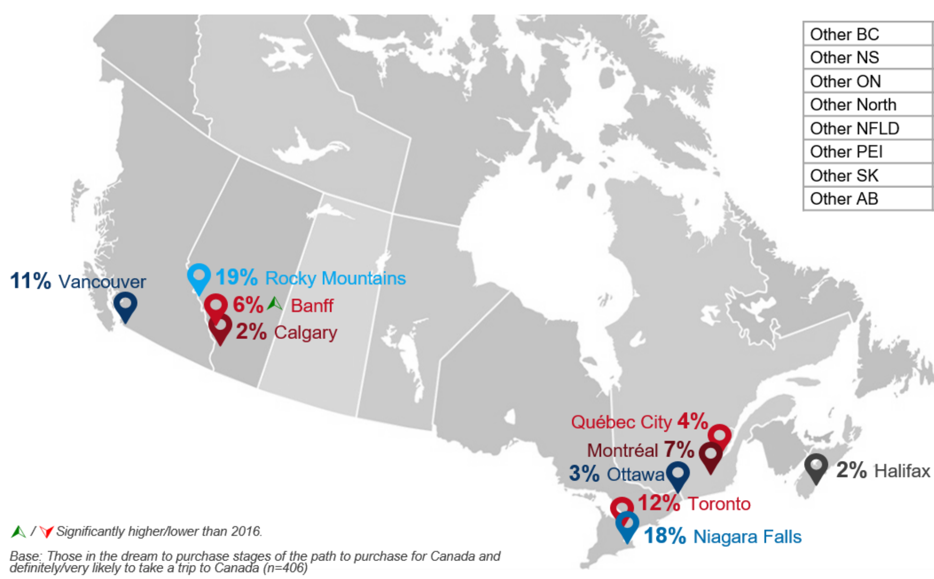
▲ / ▼ Significantly higher/lower than 2016.

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=406)
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, the Rocky Mountains selected by 19% of prospective visitors, narrowly outperforms Niagara Falls (18%) in 2017. The top cities are Toronto (12%), followed by Vancouver (11%) and Montreal (7%). Results suggest Canada's landscape-based icons (Rocky Mountains and Niagara Falls) still hold greater appeal for UK travellers than city destinations and is consistent with the low level of knowledge UK travellers generally have of Canadian vacation opportunities. 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 UK travellers.

Banff (6%, up from 3% previously) and other BC regions (2.4%, up from 0.3%) were the only destinations to see a significant change.

Most Appealing Canadian Destination – Top 10 Mentions



Other BC	2.4% ▲
Other NS	1.2%
Other ON	1.1%
Other North	0.2%
Other NFLD	0.2%
Other PEI	0.2%
Other SK	0.1%
Other AB	0.1%

Churchill	1.3%
Whistler	1.1%
Victoria	0.7%
Jasper	0.7%
Fredericton	0.6%
Winnipeg	0.6%
Inuvik	0.6%
Charlottetown	0.4%
Saskatoon	0.3%
St. John's	0.3%
Dawson City	0.2%
Yellowknife	0.1%
Edmonton	0.1%
Regina	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=406)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

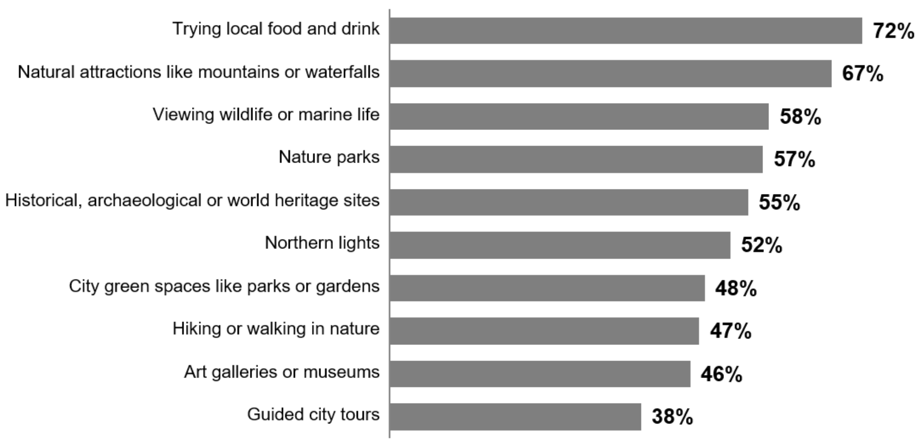
HIGHLIGHTS

- ✓ *Natural attractions, Northern lights, wildlife viewing and historical sites are the top trip anchor activities for UK travellers.*
- ✓ *Popular activities that Canada could better promote to UK travellers: Northern lights, guided nature tours, food and drink festivals, fall colours and exploring places most tourists won't go.*

UK 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 the exception of guided city tours, which is now ranked 10th (shopping for souvenirs and clothes was previously 10th, but was split into two separate activities for 2017 and, as a result, neither activity appears in the top 10). The chance to sample local cuisine and drink remains the most sought-after holiday experience. This is followed by seeing natural attractions such as mountains and waterfalls, viewing wildlife, visiting parks, historical sites, and Northern lights. Apart from Northern lights and hiking/walking, which hold the greatest appeal for travellers aged 35-54, the top activities all hold stronger than average appeal for older travellers aged 55+.

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

General Activities/Places Interested In – Top 10

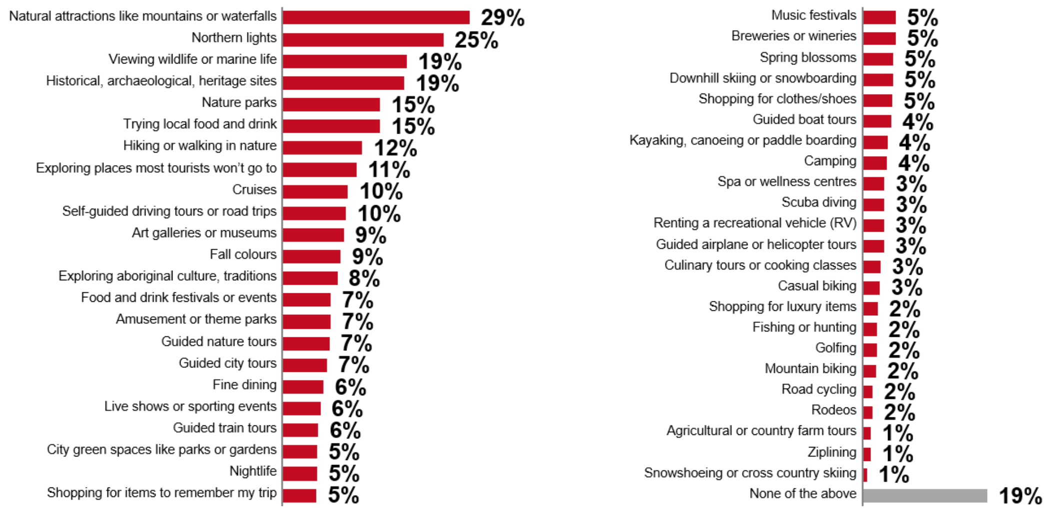


▲/▼ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1504)
QMP10. In general, what activities or places are you interested in while on holiday?

Trip Anchor Activities

A new question added in 2017 asked UK travellers which vacation activities are important enough that they would base an entire trip around them. Natural attractions (29%), Northern lights (25%), wildlife viewing (19%), and historical sites (19%) are the top trip anchor activities. All of these are also among the top activities of interest among UK travellers. Given that UK travellers are willing to anchor a trip around these activities, focus could be placed on messaging about their availability in Canada. These anchors are particularly important to highlight at the creating a vacation movie stage of the path-to-purchase since travellers are looking to build a framework around what their trip could look like.

Trip Anchor Activities



+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=1491)
+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.

Generally, participation rates are high for widely available activities such as trying local food and drink, seeing natural attractions, hiking or walking in nature, and visiting art galleries or museums. 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 UK travellers, participation gaps are most pronounced for:

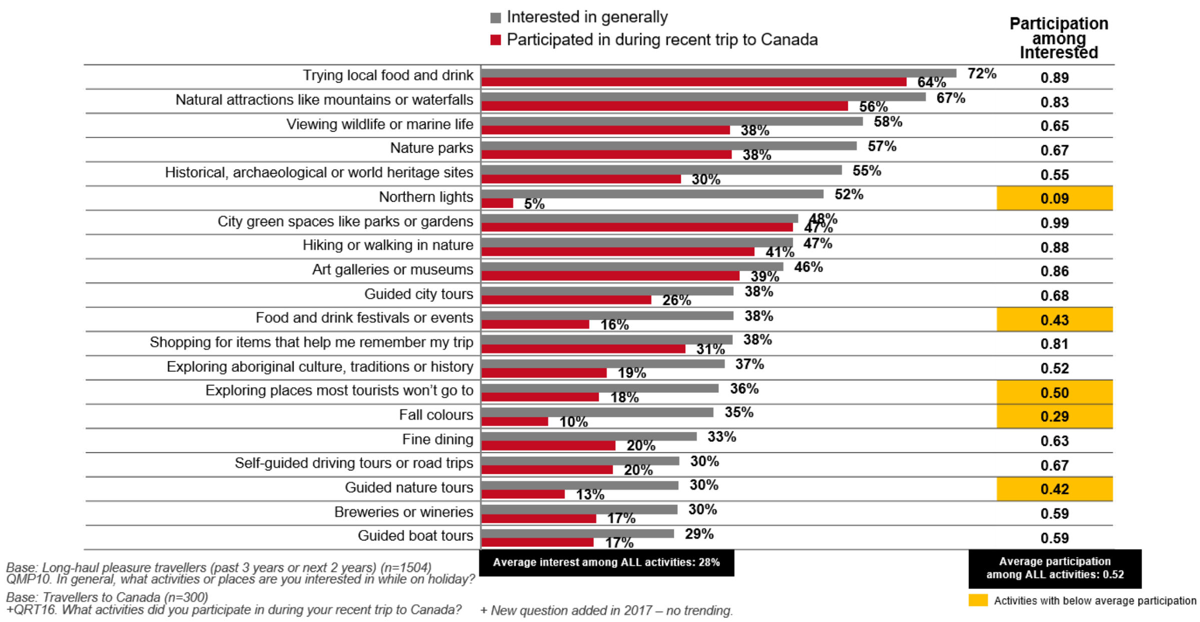
- Northern lights
- Fall colours
- Guided nature tours
- Food and drink festivals
- Exploring places most tourists won't go

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

Guided nature tours and food and drink festivals are two other 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, both are well positioned as add-ons for UK travellers. In addition, product development for fall colours could assist in generating increased demand for shoulder season travel and communication about off-the-beaten-path locales could promote further exploration to lesser-known areas.

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 UK travellers.

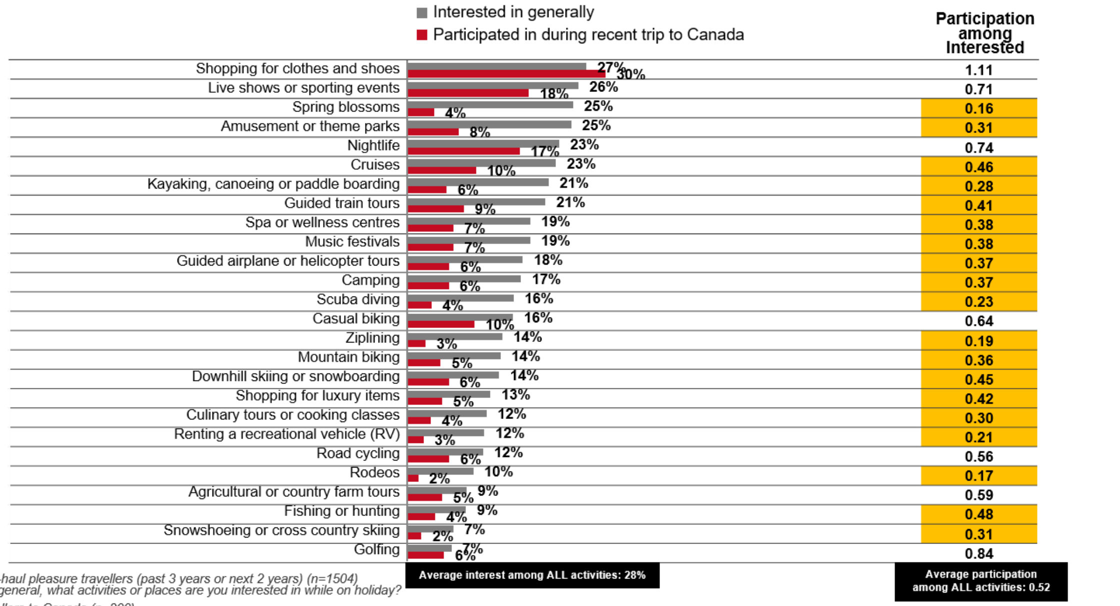
Soft Activities:

- Cruises
- Guided train tours
- Spa or wellness centres
- Music festivals
- Guided airplane or helicopter tours
- Culinary tours or cooking classes

Active Activities:

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

Niche Activities with Below Average Interest



Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1504)
QMP10. In general, what activities or places are you interested in while on holiday?
Base: Travellers to Canada (n=300)
+QRT16. What activities did you participate in during your recent trip to Canada? + New question added in 2017 – no trending.

Barriers

HIGHLIGHTS

- ✓ *Cost remains the primary deterrent to visiting Canada, cited twice as often as the next closest impediments – the desire to visit other places and the length of the flight.*
- ✓ *Older travellers aged 55+ have fewer barriers to visiting and are most likely to say nothing will prevent them from travelling to Canada. They represent the best immediate opportunity.*
- ✓ *Those further along at the evaluation stage (gathering information or planning a visit) are now more likely to cite cost as a potential barrier than those at the consideration phase suggesting that price/value concerns intensify as UK travellers proceed through the purchase cycle.*

All UK long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent, cited twice as often as the next closest impediments – the desire to visit other places and the length of the flight. Younger travellers aged 18-34 are most likely to mention cost, feel it is too far, cite poor weather, say they don't have enough time to take a vacation, be concerned about visa requirements, and indicate they do not know enough about the destination. Older travellers aged 55+ are most likely to say there are other places they would rather visit and are the most concerned about airport hassles/border delays, but they remain the most likely to say nothing will prevent them from visiting Canada.

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 the increasing availability of direct flights between the UK and Canada (up 3% over 2016[5]) and shorter travel times relative to other long-haul destinations such as Thailand, South Africa, and Australia/New Zealand, may help address issues around distance to travel to Canada.

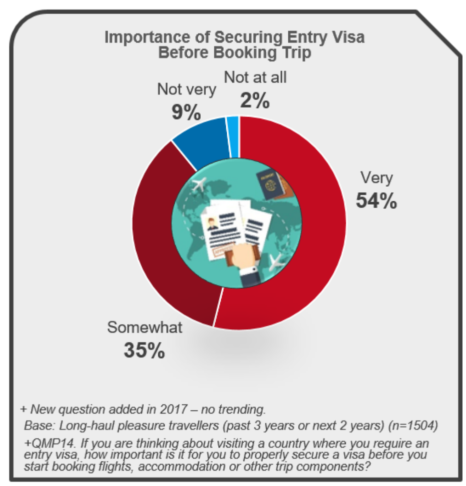
Emphasizing the ability to anchor a trip to specific regions/experiences rather than having to see the whole country, or that you don't have to see the whole country all at once, could help counter the notion that Canadian destinations are too far apart. Secondary barriers such as don't know enough about it and lack of a compelling reason to visit can be addressed through advertising. It is notable that even though there are no formal visa requirements for UK citizens to enter Canada (95% of respondents said they were UK citizens), 8% 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 UK travellers, with 89% saying securing an entry visa before booking is important. Note this question is not destination specific.

Older travellers 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 (30%), they are much less likely to cite it as a barrier compared to those who have never been (47%). Past visitors are more likely to mention delays and hassles at borders as a barrier (11%) versus those who have not visited Canada (6%).

Key Barriers for Visiting Canada



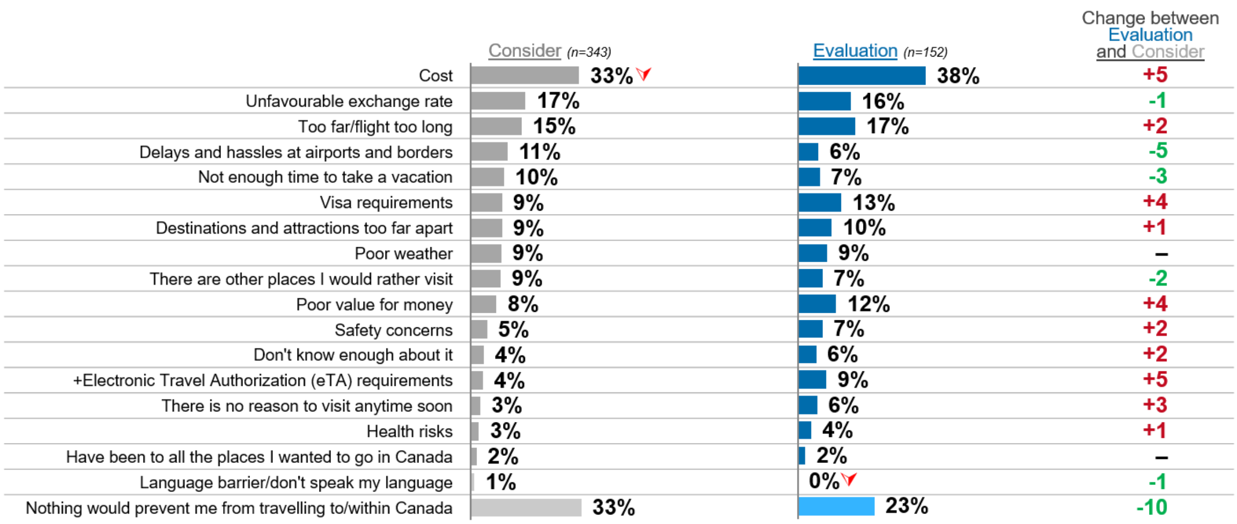
+ New response option added in 2017 – no trending.
▲ / ▼ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1504)
QMP9. Which of the following factors might discourage you from visiting Canada?

[5] *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 those considering a visit, cost remains the top barrier, but has declined significantly from 2016. An unfavourable exchange rate, a related impairment, remains in 2nd spot.

In a change from 2016, those at the evaluation stage are more likely to cite cost as a potential barrier than those at the consideration phase. An unfavourable exchange is the 2nd most cited barrier at this stage and value for money concerns rise, suggesting that price/value concerns intensify as UK travellers proceed through the purchase cycle. This shift is likely related to the recent depreciation of the GBP. Concerns about flight length, visa and eTA requirements also rise. Similar to 2016, the proportion saying nothing would prevent them from visiting Canada is lower among those in the evaluation stage than in the consider stage. This suggests the cumulative effect of increased barriers are putting some UK travellers at risk of changing their minds about visiting Canada as they proceed along the path-to-purchase. Stressing the value a Canadian vacation can offer and addressing issues around visa and eTA requirements may help alleviate these concerns.

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

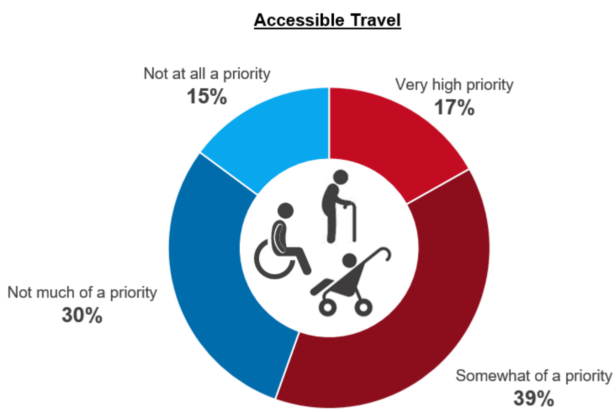
QMP9. Which of the following factors might discourage you from visiting Canada?

Niche Markets

Additional questions were added for 2017 to size particular niche markets. Accessible tourism, which strives to make a destination accessible to everyone, regardless of physical limits, disability, or age, is relevant for 56% of UK travellers, with 17% seeing it as a very high priority. Interestingly, younger travellers aged 18-34 are most likely to see accessibility as a priority. Those in the evaluation 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 UK travellers.

Another niche market of interest is the LGBT market. Ten percent of UK travellers self-identify as being a member of the LGBT community. They are more likely to be aged 18-55 and are more likely to have visited Canada previously. Those in the evaluation stage for Canada are more likely to identify as LGBT, which suggests communicating Canada's offerings for LGBT travellers may prove compelling to move these travellers down the path-to-purchase.

Niche Market Sizing



+ New question added in 2017 – no trending.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1504)

+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?

+ New question added in 2017 – no trending.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1504)

+QD7. We recognize these are personal questions, but many of our clients are interested in supporting a diversity of lifestyles, and it is for this reason that we are interested in the opinions of people of all sexual orientations and gender identities. We would also like to remind you that all of your responses will be kept strictly confidential. Do you identify as part of the LGBT community?

Recent Trip Profile

HIGHLIGHTS

✓ *42% of recent UK visitors to Canada consulted a travel agent/tour operator. Travel agents/tour operators are most likely to be utilized for bookings.*

The following section provides details on the most recent long-haul trip taken by UK travellers to competitive set destinations in the past 3 years (70% 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

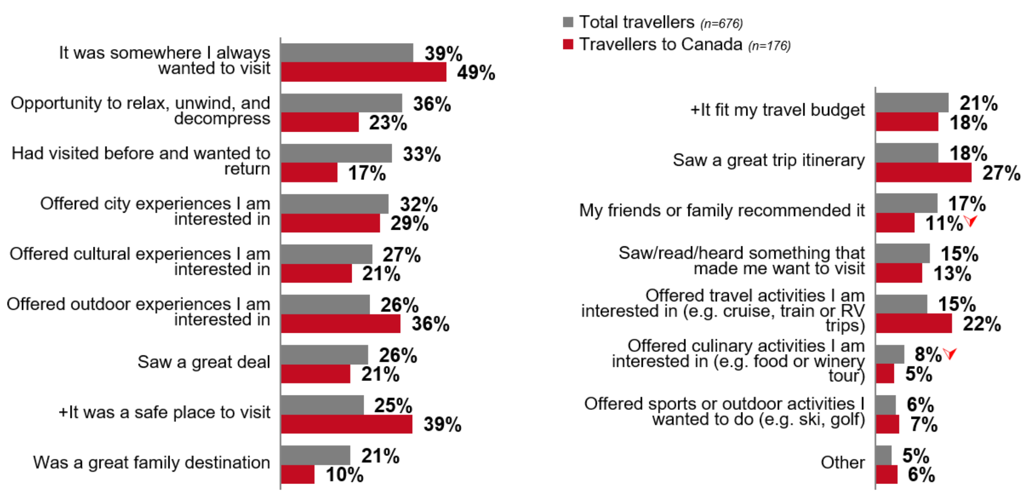
Unchanged from 2016, the primary reason for travelling among all UK long-haul travellers was for holiday purposes (cited by 65% of all travellers). Also the same as in 2016, 56% cited holiday as the primary purpose for a trip to Canada, but a disproportionate number (31%) mentioned visiting friends and relatives as their primary purpose, underscoring the importance of VFR (Visiting Friends and Relatives) as a reason for UK travellers to visit Canada.

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, both among travellers generally and visitors to Canada. Almost as important to UK travellers is the opportunity the destination offered for relaxation. However, relaxation opportunities were relatively less important as a motivation to choose Canada. A similar pattern is evident for desire to return and cultural experiences, which are primary motivators, but less so for Canada. Instead, safety was a primary motivation for choosing Canada as were outdoor experiences. Also, city experiences were an important factor in the decision-making process, both for destinations generally and Canada specifically.

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?

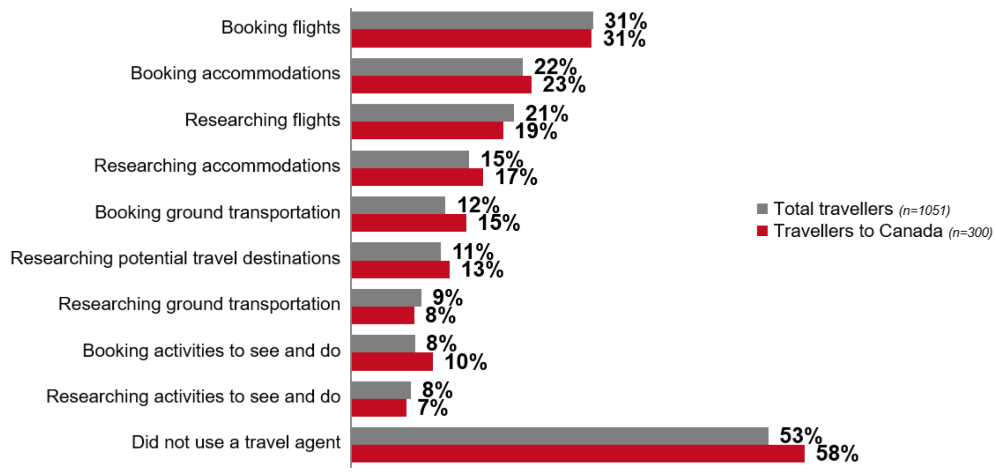
Travel Party

Regardless of destination, UK travellers were most likely to be accompanied by their spouse (59%), which is in line with 2016. This is particularly common among older travellers aged 55+ (69% travelled with their spouse). Fifteen percent of UK 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 or other family members. Travel party composition was similar among those who visited Canada although significantly less travel parties contained children in 2017 (10%, down from 17%) and there were more solo travellers relative to 2016 (21%, versus 13% previously).

Booking

Forty-seven percent of all UK travellers report 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 (39%), while younger travellers aged 18-34 report higher use (53%). Travel agent/tour operator use is slightly lower among visitors to Canada (42%). An additional question added in 2017 shows that travel agents/tour operators are most likely to be used for bookings rather than earlier in the planning cycle.

Travel Agent/Tour Operator Usage

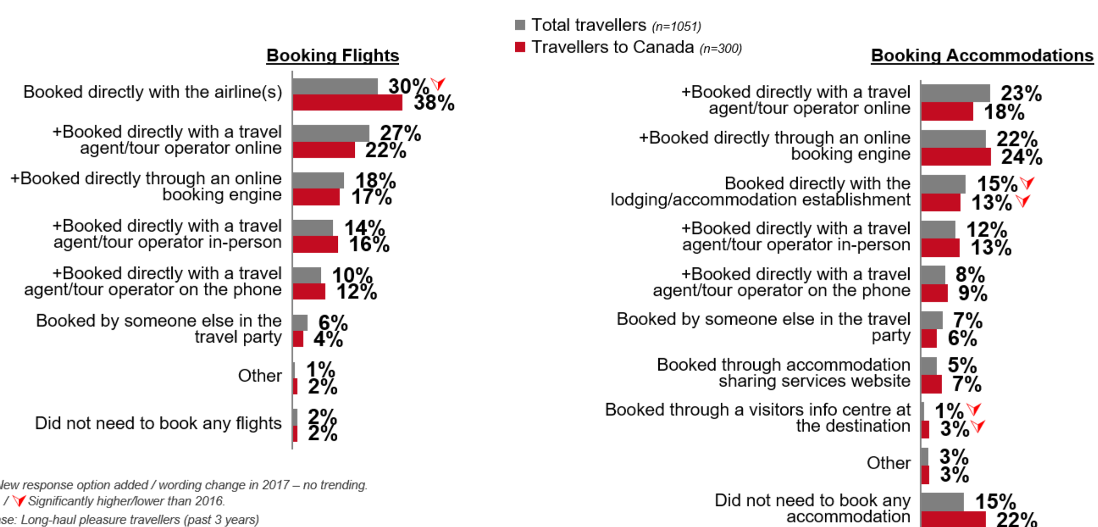


+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years)
+QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

However, overall booking patterns underscore a diminishing role for travel agents/tour operators. In terms of flights, the most popular way to book is directly with the airline (30%), followed by use of travel agents/tour operators online (27%), and online booking engines (18%).

For accommodation, travel agents/tour operators online are the most popular (23%), followed by booking via an online booking engine (22%), and directly with the provider (15%).

Booking of Flights and Accommodations



+ New response option added / wording change in 2017 – no trending.
▲ / ▼ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years)
QRT6. How did you book your flight for this trip?
QRT7. How did you book your accommodation for this trip?

Thirty-four percent of UK travellers to Canada indicated that at least a portion of their trip was part of an organized group tour. This is the lowest proportion of participation in organized group tours among all of Destination Canada's key markets. Booking group travel online with a travel agent/tour operator is the most common way to arrange organized group tours (49%).

Type of Accommodation

Regardless of destination, UK travellers continue to show a preference for mid-priced hotels (46%) followed by luxury hotels (31%). A similar pattern exists among recent visitors to Canada where 57% opted for a mid-price hotel and 26% for a luxury property. Although VFR is a primary reason for taking a trip to Canada (31%), only 10% of UK travellers actually stay with friends and family.

Information Sources

HIGHLIGHTS

- ✓ *Personal recommendations from friends and family are cited as a top information source throughout the purchasing cycle. Encouraging past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks is key.*
- ✓ *TV programs are important in the initial stages and travel guidebooks are influential throughout the purchase cycle.*

Examining information sources by path-to-purchase stages is informative. Personal interactions with friends and family are the most influential source at all stages except planning, when they drop to 2nd place. Online information from friends and family is also influential at the initial and final stages 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. Guidebooks also play an important role throughout the planning process and are influential at all stages but the arrangement making stage. TV programs are a top 5 source up until the planning stage, underscoring the importance of this medium in awareness building. In the latter stages, online sources such as review sites (planning stage), travel booking sites (arrangements), and general search engines (arrangements and booking) emerge as influential sources. Travel agents/tour operators are influential at the booking 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=562)	*(n=343)*	*(n=98)**	*(n=54)**	*(n=12)****	*(n=34)***
Top 5 Sources	Friends and family, in person **46%**	Friends and family, in person **38%**	Friends and family, in person **49%**	Travel guidebooks **28%**	Friends and family, in person **42%**	Friends and family, in person **33%**
	TV programs **32%**	Travel guidebooks **18%**	General search engines **29%**	Friends and family, in person **26%**	Friends and family, online **34%**	Travel agents, in person **32%**
	Films featuring destination **14%**	TV programs **15%**	Travel guidebooks **27%**	Brochure from travel agency/tour operator **23%**	Travel provider websites **32%**	Travel guidebooks **24%**
	Friends and family, online **13%**	Friends and family, online **15%**	TV programs **26%**	TV programs **19%**	Travel booking sites **31%**	General search engines **22%**
	Travel guidebooks **13%**	Brochure from travel agency/tour operator **12%**	Brochure from travel agency/tour operator **23%**	Travel review sites **17%**	General search engines **30%**	Friends and family, online **15%**

+ New question added in 2017 – no trending.
** Small base size (<100), interpret with caution. ** Very small base size (<50), interpret with extreme 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=1103)
+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]?