Global Tourism Watch

2017 Mexico Public Summary Report

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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 Mexican market: the US, Spain, France, Italy, Japan, Germany, the UK, China, and Belgium. 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 Mexican long-haul travel population. The target population in Mexico was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of Mexico and Central America 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. The regions of Mexico City, Guadalajara and Monterrey were included in this survey and data has been weighted to represent the long-haul travel population within these regions.

Data was gathered from 1,501 respondents in Mexico, including 240 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: Mexico 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: Mexico and Central America

GTW Sample Distribution

Sample distribution: **Mexico City, Guadalajara, Monterrey**

Recent visitors to Canada:	**240**
Other travellers:	**1,261**
Total sample size:	**1,501**

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 32% in the Pulse Check, up from 20% and 19% 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 Mexican market.

Key Metrics Tracking

	Pulse Check 2017 (November 2017) *(n=500)*	GTW 2017 (July 2017) *(n=1501)*	GTW 2016 (December 2016) *(n=1502)*
Unaided Consideration of Canada	**16%**	**16%**	**16%**
Aided Consideration – Canada	**43%**	**44%**	**46%**
Destination Knowledge (Top2Box) – Canada *(Among those considering Canada)*	*(n=254)* **45%**	*(n=780)* **47%**	*(n=812)* **49%**
Actively Planning a Trip to Canada	**32%** ▲	**20%**	**19%**
Past Visitation to Canada	**39%**	**37%**	**37%**

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

Background

Mexico is the second largest economy in Latin America. According to the IMF GDP Nominal ranking, Mexico is the 15th largest economy in the world, with 1.4% share of global GDP *(International Monetary Fund, October 2017)*.

At the time of data collection, the US presidential administration was nearly six months into its current term. While many political uncertainties lingered, the Mexican economy performed better than expected during the first half of 2017. The country's growth forecast for 2017 was revised up from 1.7% to 1.9% on the back of strong activity in the first quarter of the year, with an unchanged forecast for 2018 *(International Monetary Fund, July 2017).*

At the time of data collection, employment in Mexico had been rising since August 2014. In July 2017, the level of unemployment in Mexico was at 3.2%, its lowest level since 2008 *(OECD, July 2017).* While inflation had risen sharply for 12 straight months and stood at 6.3% *(International Monetary Fund, July 2017),* economists were predicting that consumer price increases were finally stabilizing and were cautiously optimistic about the country's economic future *(Bloomberg, July 2017).* More specifically, inflation is projected to average 5.9% for 2017 before dropping to 3.8 in 2018 *(International Monetary Fund, October 2017).*

Concerns over trade have had an impact on Mexican confidence levels. At the time of data collection, the first round of the North American Free Trade Agreement (NAFTA) negotiations were expected to begin a month later, and sentiments were improving. The Mexican peso touched an 18-month high in July 2017, having appreciated on average 17% against the US dollar since the start of the year *(Banxico, July 2017).*

Mexico's consumer confidence index stood at 41.5 points in July 2017 – an increase of 3.5 points since January *(Thomson Reuters/Ipsos Primary Consumer Sentiment Index).* The gradual and steady improvement in consumer confidence in the first half of the year had economists commending the country's economic resiliency. Future confidence predictions were, however, difficult to predict at the time of data collection, as they were largely dependent on the outcome of NAFTA negotiations *(Focus Economics, July 2017).*

Mexican residents took just over 20 million trips abroad in 2016 *(United Nations World Tourism Organization, Yearbook of Tourism Statistics, 2017)*. While outbound expenditure is expected to increase modestly in 2017, it is expected to be at a more subdued rate than seen in 2015 (+16%) and 2016 (+13%) *(World Travel and Tourism Council, March 2017).*

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market has dipped slightly from the previous year: 1.59 million travellers are definitely or very likely to visit Canada in the next 2 years.*
- ✓ *The proportion saying they will spend more on long-haul travel exceeds those who say they will spend less, resulting in a long-haul outlook of +8 in 2017, up significantly from -1 in 2016. Travel outlook has also improved significantly in terms of spending intentions for travel within Mexico and for short-haul travel.*

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 Mexican 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 Mexican 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 (84%, versus 85% in 2016) is used to calculate a target market estimate of 2.66 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 (60%, versus 64% in 2016). This translates into a market of 1.59 million travellers with more immediate potential for conversion, which is down slightly from 2016 (1.74 million).

Among Destination Canada's ten international markets, Mexico was ranked last for immediate potential market size. However, actual visitation from Mexico was ranked 7th 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 Mexican market. Given Canada's positive sentiment in the Mexican market, the challenge is to consider how to grow the potential market size in Mexico. This could mean expanding the current market footprint beyond Mexico City, Guadalajara and Monterrey into secondary regions.

For context, Canada attracted just under 359,000 visitors from Mexico in 2017, an increase of 47% over 2016 when 243,000 travellers from Mexico visited Canada[2]. The 359,000 arrivals represent 23% 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	**3.19 million**
Target market for Canada (dream to purchase stage)	**84%**
Size of the target market	**2.66 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years)	**60%**
Immediate potential	**1.59 million**

/ Significantly higher/lower than 2016.
Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years) (n=1501); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=1266)
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 note is the demonstrated interest in Canada's regions among the Immediate Potential market (1.59 million). Results are similar to the previous year, where Ontario continues to hold the greatest appeal (69% or 1.1 million potential visitors), followed by Quebec (62% or 980,000 potential visitors). BC is solidly in 3rd spot, appealing to 49% of potential visitors (776,000), while Alberta appeals to 35% of potential visitors (559,000).

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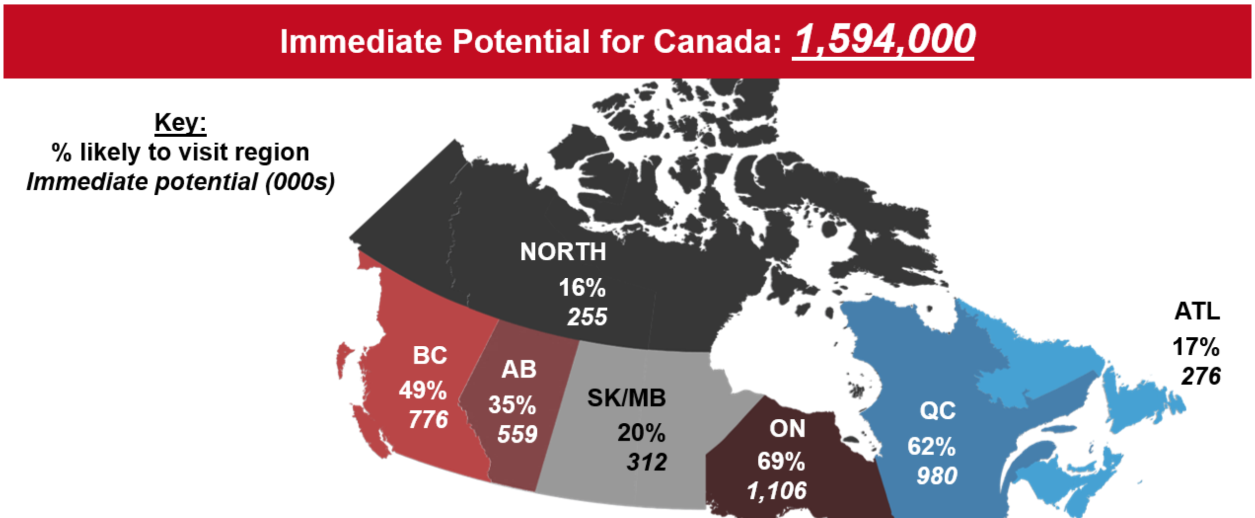
1 *Destination Canada, Tourism Snapshot, December 2017.*
2 *Destination Canada, Tourism Snapshot, December 2016 & December 2017.*

Potential Market Size for the Regions



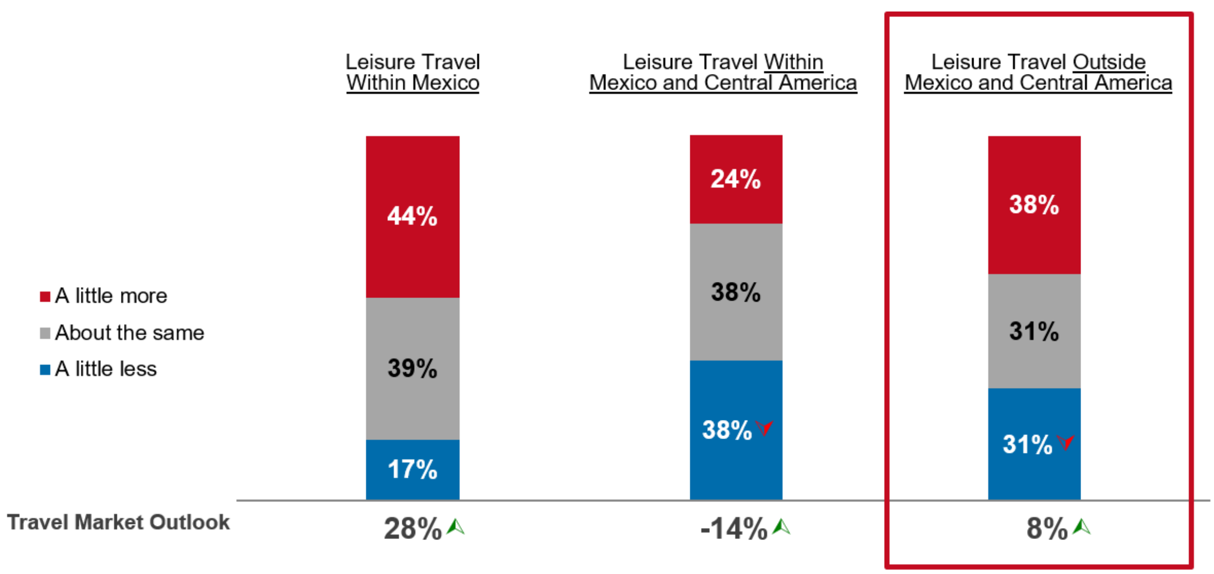
/ Significantly higher/lower than 2016.

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=807)

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

The proportion of Mexican travellers saying they will spend more on long-haul travel now exceeds those who say they will spend less, resulting in a long-haul outlook of +8 in 2017, up significantly from -1 in 2016. Despite a marked improvement, the short-haul travel outlook remains negatively skewed, with fewer saying they will spend more versus less on leisure travel within Central America (-14, up significantly from -21 in 2016). Instead, Mexican travellers appear even more likely to travel within their country (outlook of +28, up significantly from +23 in 2016).

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=1501)

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

- ✓ *Canada remains in 2nd spot for unaided and aided consideration behind the US, but now shares this rank with Spain for unaided consideration.*
- ✓ *The UK and Italy have dropped to 6th spot on aided destination knowledge (UK was 1st and Italy was 3rd in 2016). However, growing knowledge of Japan and Spain (in 1st and 2nd respectively, both up from 7th) has kept Canada in 5th spot.*

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 Mexico, these destinations are the US, Spain, France, Italy, Japan, Germany, the UK, China, and Belgium.

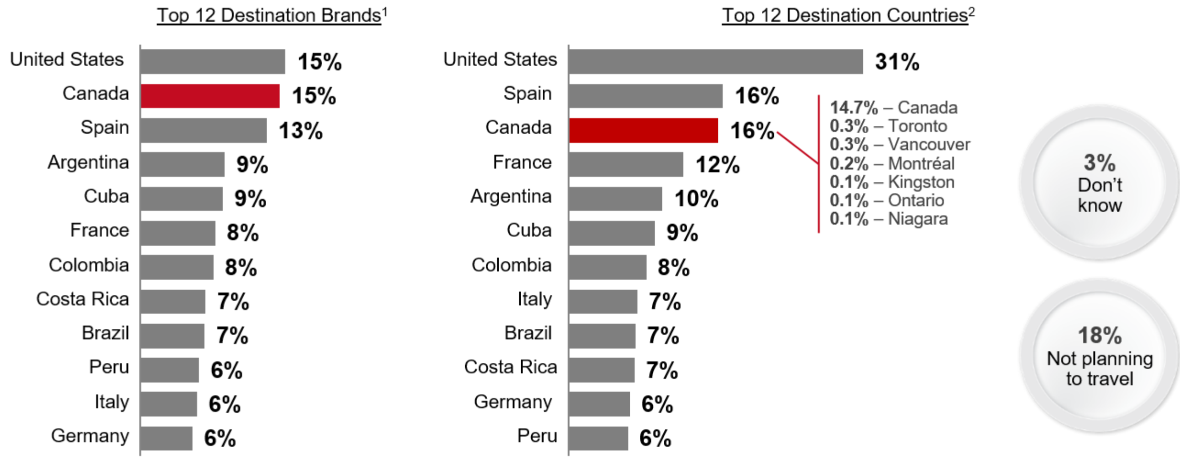
The outlook for Canada in Mexico remains favourable. Out of the 10 competitive destinations that respondents were asked to evaluate, Canada is 2nd to the US on aided consideration, tied for 2nd with Spain on unaided consideration (behind the US), and 5th on destination knowledge (behind Japan, Spain, the US, and France).

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, 16% of Mexican travellers mentioned Canada as a destination under serious consideration in the next 2 years, unchanged from 2016. Canada continues to trail the US by a large margin (31%, versus 32% in 2016), and is now tied with Spain (16%, versus 13% in 2016) for 2nd place.

Younger travellers aged 18-34 were more likely to mention Canada (20%). Those who have visited Canada recently are also more likely to mention Canada on an unaided basis (35%). Very few specific places in Canada were mentioned by Mexican 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=1501)

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of Mexico and Central America 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, 44% percent say they are seriously considering Canada for a leisure trip in the next 2 years (versus 46% in 2016). Canada remains in 2nd place, only slightly behind the US (45%, versus 50% in 2016) and ahead of Spain in 3rd place (38%, versus 36% in 2016).

On an aided basis, younger travellers aged 18-34 express stronger than average interest in Germany and Japan, while Canada and the remaining destinations do not see any significant differences among age groups. Both recent visitors to Canada (63%) and those considering a visit (47%) rank Canada first overall in aided consideration among all destinations in the competitive set. Knowing that past visitors are more interested in returning, it is important to attract new visitors.

Knowledge

Aided destination knowledge measures knowledge of travel opportunities in each destination among those with that destination in their consideration set. Thirty-six percent of all Mexican long-haul travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, versus 38% in 2016. Among those considering Canada, destination knowledge stands at 47% (versus 49% in 2016), which puts Canada in 5th spot behind Japan (53%), Spain (51%), the US (49%), and France (49%). Results suggest that Mexican travellers have a clear interest in visiting Canada but may not have as strong an understanding of what they could do during their trip. 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, 37% of Mexican 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+ remain the most likely to have visited previously (42%). Similarly, those considering a trip to Canada are more likely to have visited previously (43%). Messaging designed to encourage a repeat visit is recommended since past visitors to Canada voice higher interest in returning.

Key Performance Indicators

Indicator	Definition	All Long-Haul Travellers *(n=1501)*	Recent Visitors to Canada[1] *(n=240)*	Considering Canada[2] *(n=786)*
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**16%**	**35%**	**27%**
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	**36%**	**63%**	**47%**
Past visitation:				
Past visitation	% who have ever visited Canada for pleasure	**37%**	**99%**	**43%**

/ 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 Mexico and Central America 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?

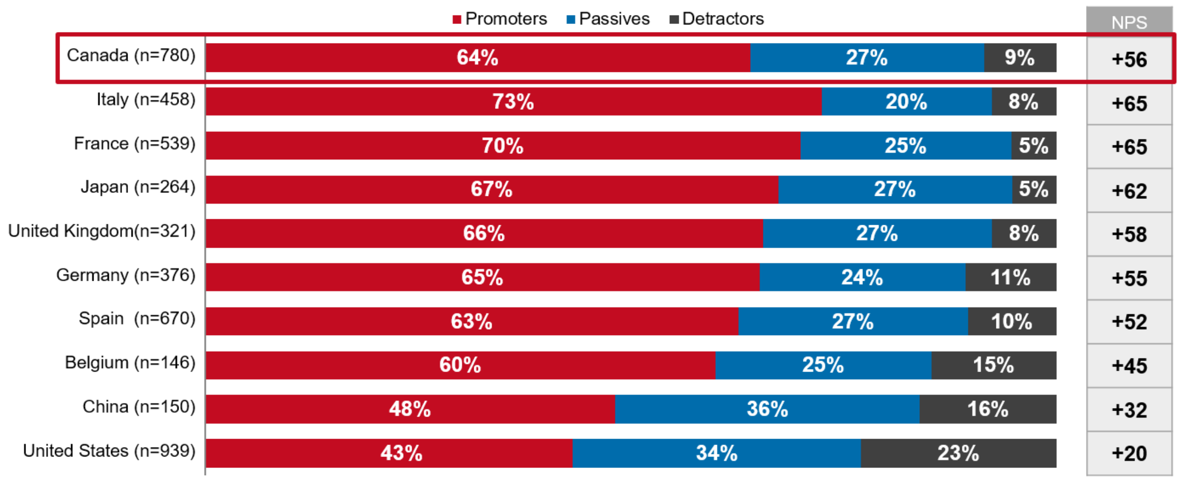
Net Promoter Score (NPS)

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.

Italy and France achieve the highest NPS result among Mexican travellers (+65). Italy has slightly more Promoters than France (73%, versus 70%), but also has more Detractors (8%, versus 5%). Japan follows with a NPS result of +62, followed by the UK at +58 and Canada at +56. The US sits in last place among the competitive set with a NPS result of +20, and the largest proportion of Detractors (23%).

When the results for Canada are examined among recent visitors, the score increases slightly to +58.

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

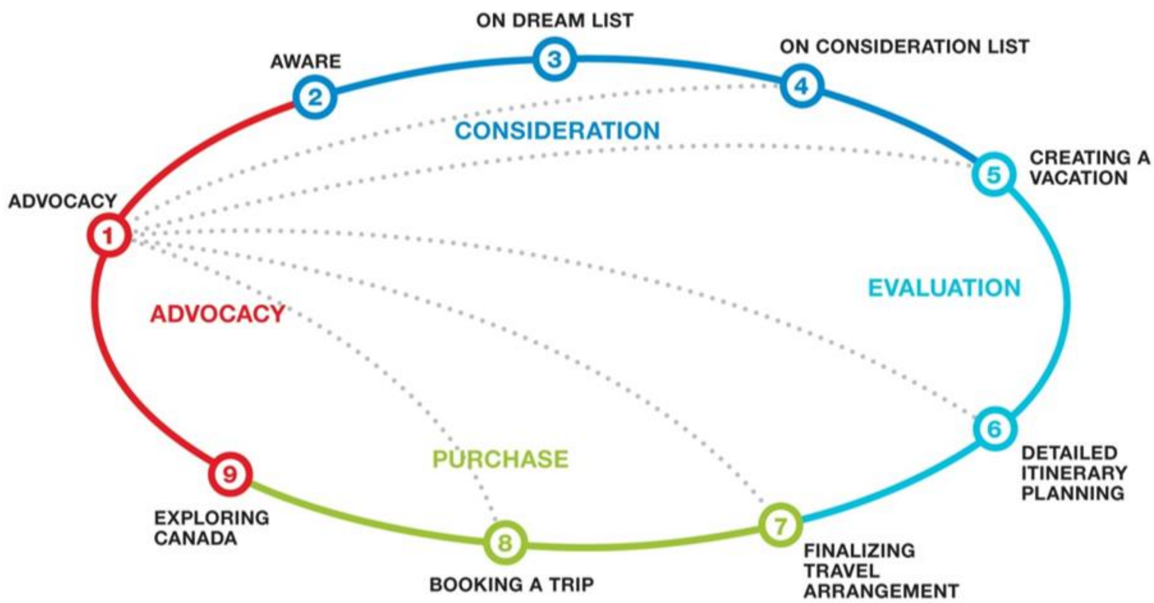
- ✓ *Canada is now in 2nd place behind the US in terms of Mexican travellers actively engaged in planning a trip (previously behind the US and Spain in 2016).*
- ✓ *Younger travellers aged 18-34 indicated increased active planning for trips to Canada in 2017, they are also more likely to be actively planning a trip to Canada than those aged 35+.*
- ✓ *Canada's performance remains average at converting Mexican travellers across the purchase cycle. Additional focus could be placed on moving travellers from creating a vacation movie to itinerary planning, where Canada performs much weaker than the US.*

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

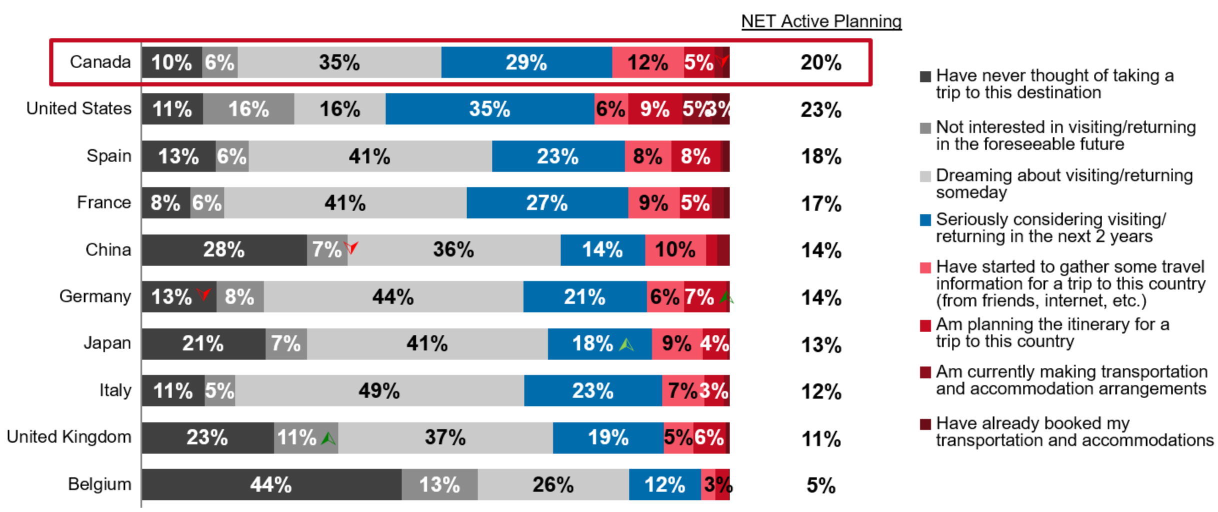
Consider to Purchase

Active Planning

The results are similar to 2016 for top ranking destinations. The US continues to lead, with 23% of Mexican long-haul travellers actively engaged in planning a visit and an additional 35% seriously considering a trip. While still ahead of other destinations, it is important to note that the US has lost ground on these metrics since 2016. Canada is now ahead of Spain in 2nd spot, with 20% of Mexican travellers actively planning a trip, and another 29% seriously considering a trip in the next two years. Notably, younger travellers aged 18-34 are more likely to be actively planning a trip to Canada than those aged 35+. Twenty-six percent of younger travellers aged 18-34 indicated they were actively planning a trip to Canada in 2017, up significantly from 21% in 2016, which suggests Canada's appeal among younger travellers may be on the rise.

There are some shifts to note with other destinations in the competitive set. While not significant shifts, the proportion of Mexican travellers actively planning a trip to China increased from 10% in 2016 to 14% in 2017, propelling China from 9th to 5th, while the proportion of Mexican travellers actively planning a trip to the UK decreased from 16% to 11%, relegating the UK from 5th to 9th spot. In addition, Japan saw a significant increase in Mexican travellers seriously considering a visit in the next 2 years (18%, up significantly from 7% in 2016), while China recorded a significant drop in the proportion not interested in visiting China (7%, down significantly from 14% in 2016). Germany saw a significant decline in the proportion who have never thought of taking a trip to Germany (13%, down significantly from 25% in 2016), while the UK saw a significant rise in the proportion of Mexican travellers saying they are not interested in visiting the UK in the foreseeable future (11%, up significantly from 5% in 2016).

Stage in the Purchase Cycle by Country



/ Significantly higher/lower than 2016.

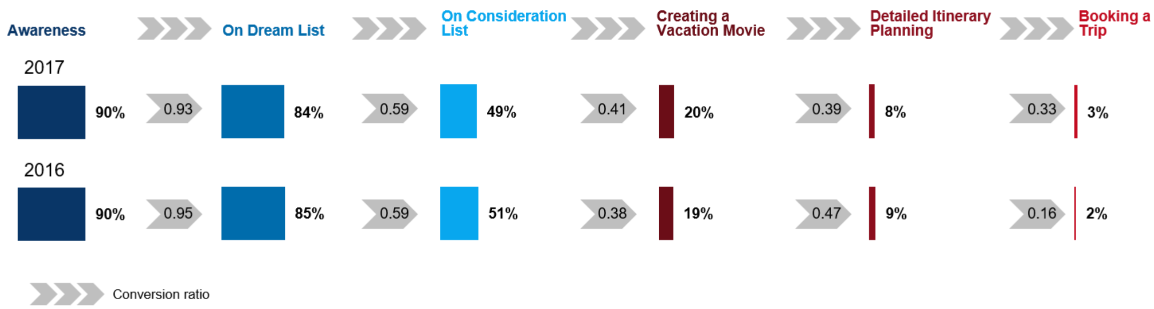
Base: Long-haul pleasure travellers (past 3 years or next 2 years) – note all respondents evaluated Canada plus 2 randomly selected countries from the competitive set (n=varies)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for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

Canada's performance remains average in 2017 across the purchase cycle. Canada's performance at converting travellers from creating a vacation movie to the detailed itinerary planning stage has declined from 2016 to 2017. In addition, Canada is comparatively weakest from the detailed itinerary to booking a trip, although performance has improved since 2016. In comparison to the top performing US, Canada's performance is weaker at converting travellers from the creating a vacation movie stage to the detailed itinerary planning phase. This could be a potential area of focus for Canada. At the detailed itinerary planning stage, travellers 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.

Mexican travellers who are currently in the itinerary planning stage for Canada cite the following as the top sources of information that helped them plan their trip: friends and family, in person (34%), brochures from a travel agency/tour operator (28%), travel guidebooks (24%), friends and family, online (23%), and travel agents/tour operators, in-person (22%).

Path-to-Purchase Conversion – Canada



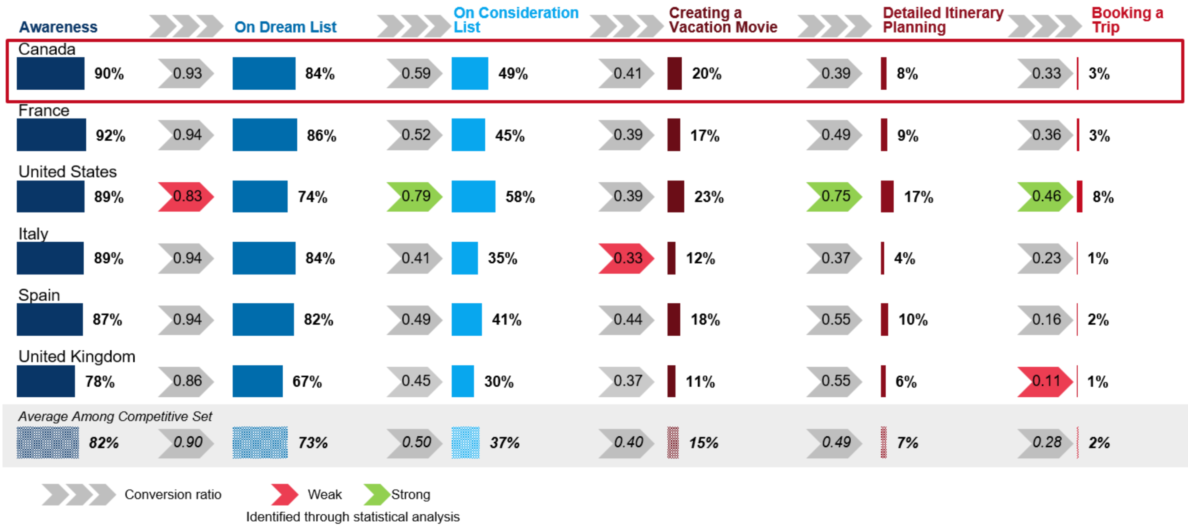
While the US records below average results at getting on travellers' dream list, it is the only destination that has above average results for any stage, namely getting on travellers' consideration list, detailed itinerary planning, and booking a trip.

As a result, at the final stage of booking a trip, the US remains ahead of all other destinations, converting 8% of prospective visitors to actual visitors (versus 6% previously). Canada has converted 3% of Mexican travellers into actual visitors (versus 2% in 2016), as has France (3%, versus 1% in 2016). In contrast, the UK records a below average conversion ratio at getting Mexican travellers to book a trip. Given that less Mexican are also actively planning a trip the UK, this is a potential opportunity for other destinations, including Canada, to capitalize on.

For context, the US recorded 18.7 million arrivals from Mexico in 2016, while Spain logged 366,000, Canada welcomed 243,000, and the UK saw 106,000 arrivals.[3]

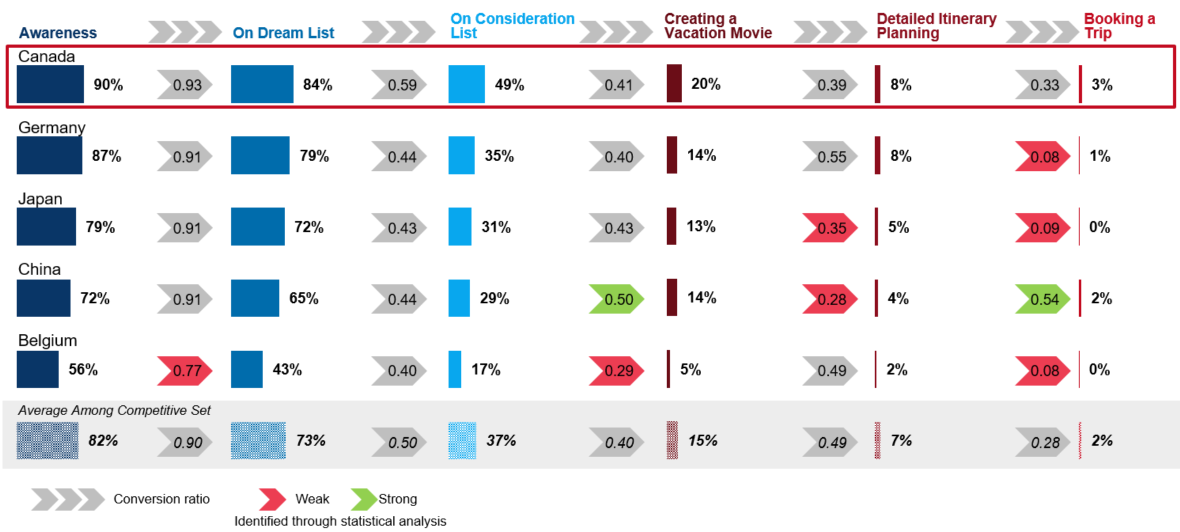
[3] *Destination Canada, US National Travel & Tourism Office, Instituto Nacional de Estadística, and Visit Britain.*

Path-to-Purchase Conversion – Top Competitors



Examining purchase cycle results for destinations visited less frequently by Mexican travellers is also illuminating. Most notably, China is a strong performer at the final stage this year, seeing an above average conversion ratio between consideration and creating a vacation movie as well as between detailed itinerary planning and actual booking. However, China's conversion results are distorted due to weak performance at the itinerary planning phase.

Path-to-Purchase Conversion – Rest of Competitors



Destinations

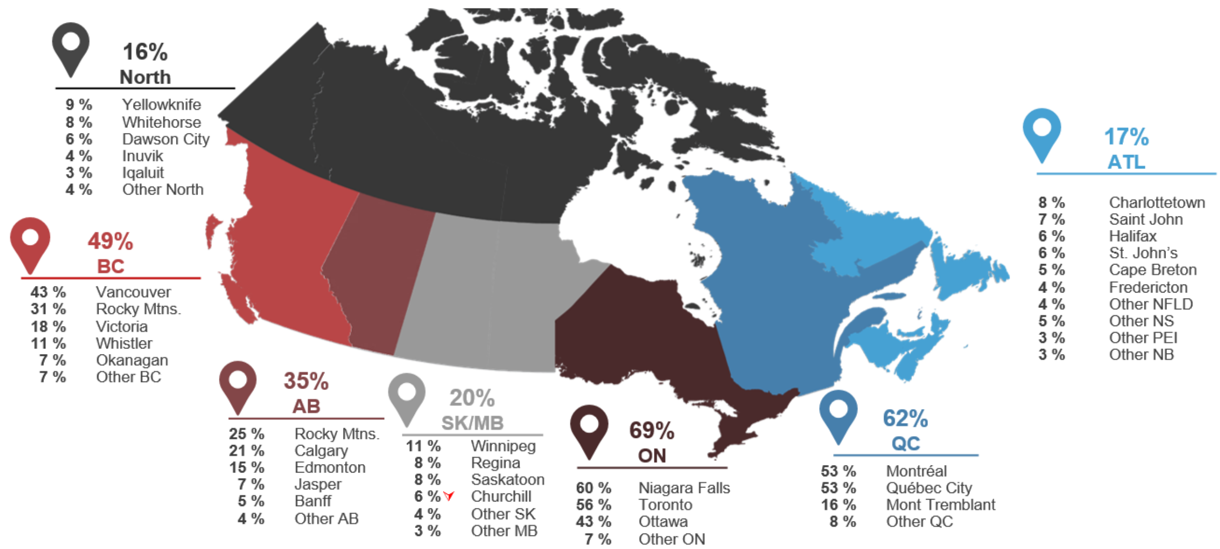
HIGHLIGHTS

- ✓ *With the exception of Churchill, where interest has declined year-over-year, there are no significant shifts in 2017 for other destinations within Canada.*

Mexican 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 (69%); Niagara Falls (60%) and Toronto (56%) are the top destinations. Quebec remains close behind (62%), with Montreal and Quebec City tied as primary draw (53%, respectively). British Columbia also holds appeal (49%), with Vancouver (43%) being the primary interest. There is also clear interest in visiting the Rocky Mountains, with 31% of probable visitors heading to BC and 25% saying they would go to Alberta for this experience.

Churchill is the only destination to record a significant shift in 2017, moving from 10% in 2016 down to 6% in 2017; this decline is not related to seasonality since the lower proportion remains stable at 4% into the November 2017 pulse check wave.

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=807)
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. Results are similar to 2016, with Niagara Falls continues to outperform all other destinations, with 30% naming it as the most appealing destination. Montreal (14%), Quebec City (11%), Vancouver (10%), Toronto (8%), and the Rocky Mountains (8%) are the other most appealing destinations. Niagara Falls continues to be mentioned more often by those who have never visited Canada before.

Most Appealing Canadian Destination – Top 10 Mentions

Other NS	0.8%
Other SK	0.4%
Other North	0.3%
Other ON	0.3%
Other AB	0.2%
Other QC	0.2%
Other MB	0.1%
Other BC	0.1%

Churchill	0.7%
Mont Tremblant	0.7%
Whistler	0.7%
Jasper	0.7%
Victoria	0.6%
Regina	0.6%
Charlottetown	0.5%
Cape Breton	0.5%
Saint John	0.5%
Edmonton	0.5%
Halifax	0.5%
Saskatoon	0.5%
Inuvik	0.4%
Yellowknife	0.3%
Whitehorse	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=807)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

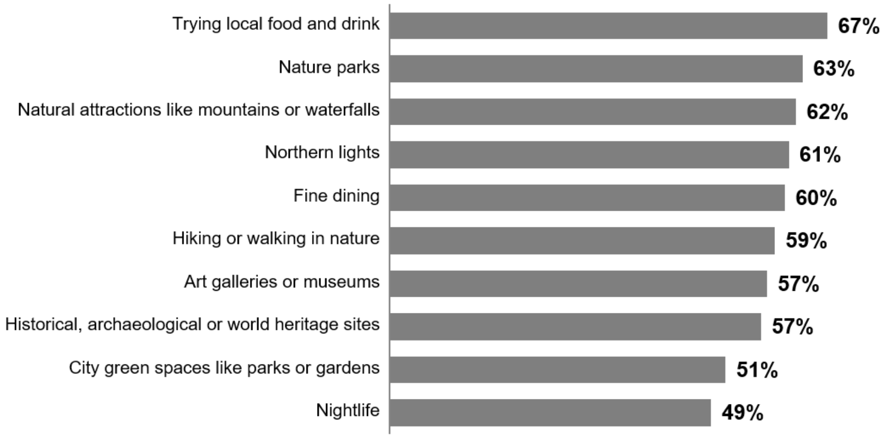
HIGHLIGHTS

- ✓ *Northern lights, natural attractions, nature parks, historical sites, local food and drink, fine dining, and art galleries or museums are the top trip anchor activities for Mexican travellers.*
- ✓ *Popular activities that Canada could better promote to Mexican travellers: Northern lights, guided train tours, food and drink festivals, fall colours, snowshoeing or cross-country skiing.*

Mexican travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The results are very similar to 2016 with the exception of nightlife which is now ranked 10th, up from 11th while snowshoeing or cross-country skiing has dropped out of the top 10 into 11th spot. The chance to sample local cuisine and drink is now the most sought-after holiday experience, followed by visiting nature parks, seeing natural attractions such as mountains and waterfalls, and Northern lights. Apart from natural attractions and hiking/walking, which hold the greatest appeal for travellers aged 35-54, and as nightlife which is more sought after by travellers aged 18-34, all other top activities hold stronger than average appeal for older travellers aged 55+.

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

General Activities/Places Interested In – Top 10

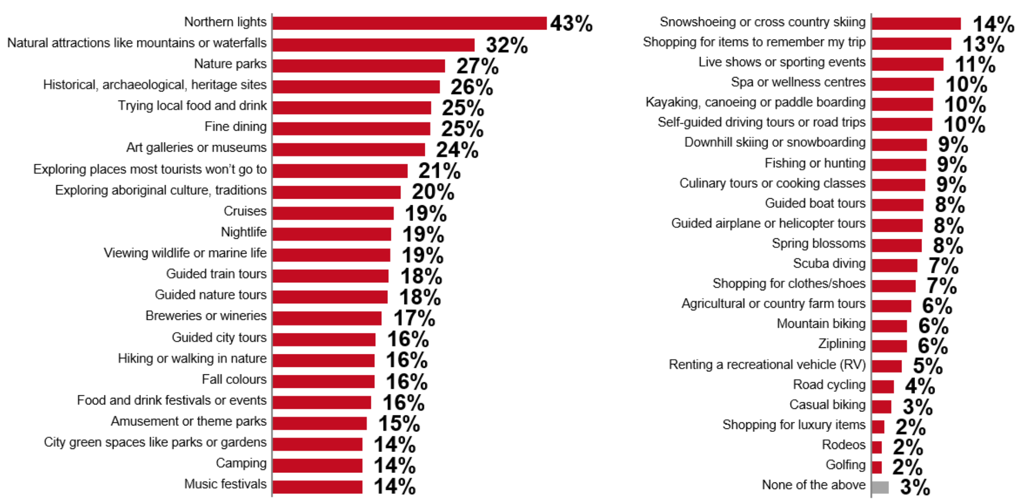


▲/▼ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)
QMP10. In general, what activities or places are you interested in while on holiday?

Trip Anchor Activities

A new question added in 2017 asked Mexican travellers which vacation activities are important enough that they would base an entire trip around them. Northern lights (43%), natural attractions (32%), nature parks (27%), historical sites (26%), local food and drink (25%), fine dining (25%), and art galleries or museums (24%) are the top trip anchor activities. All of these are also among the top activities of interest for Mexican travellers. Given that Mexican 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=1498)
+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, visiting nature parks, 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 Mexican travellers, participation gaps are most pronounced for:

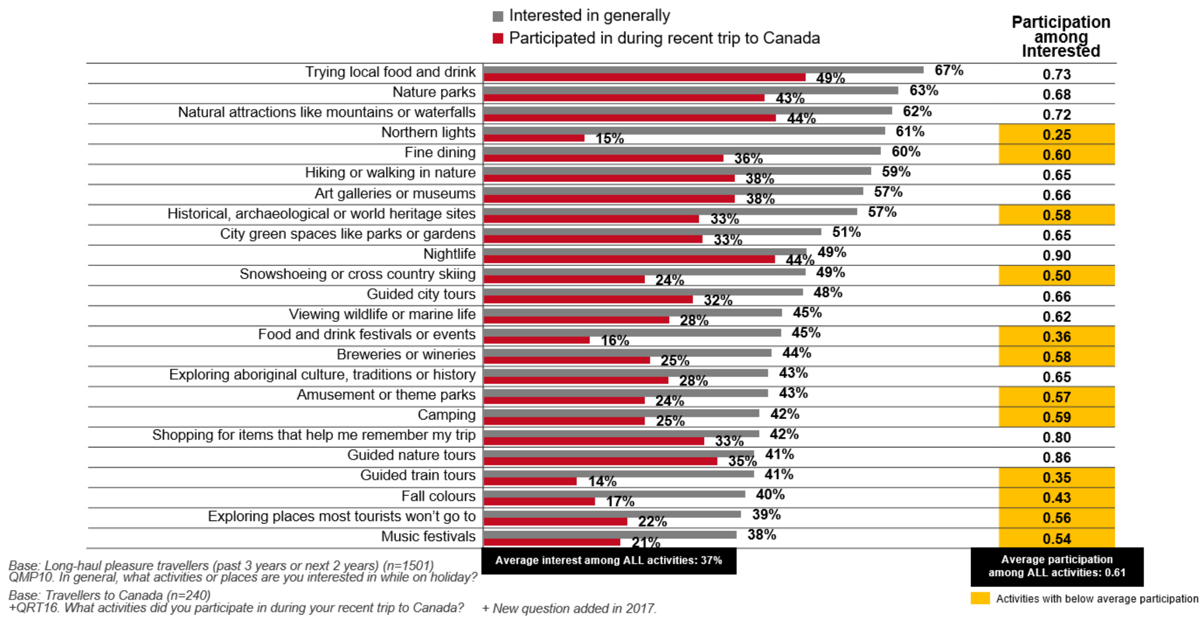
- Northern lights
- Guided train tours
- Food and drink festivals
- Fall colours
- Snowshoeing or cross-country skiing

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

Food and drink festivals, guided train tours and snowshoeing or cross-country skiing are 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, these activities are well positioned as add-ons for Mexican travellers. In addition, product development for fall colours could assist in generating increased demand for shoulder season travel.

Popular Activities with Above Average Interest



Among the less popular or niche activites, there are several 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 Mexican travellers.

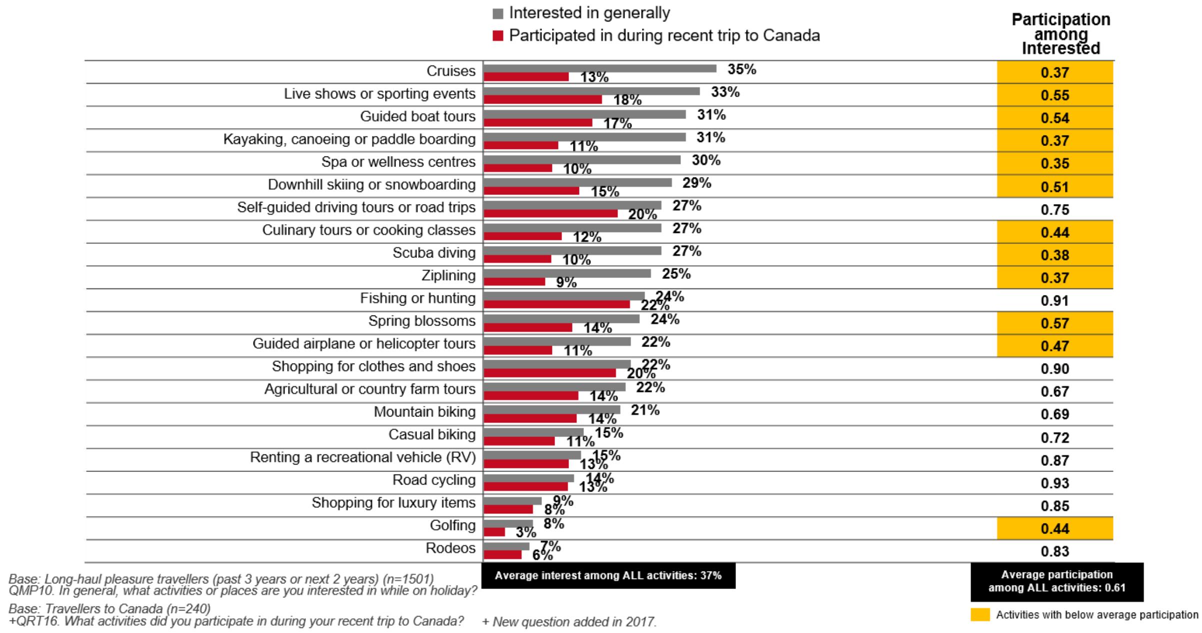
Soft Activities:

- Cruises
- Live shows or sporting events
- Guided boat tours
- Spa or wellness centres
- Culinary tours or cooking classes
- Guided airplane or helicopter tours

Active Activities:

- Kayaking, canoeing or paddleboarding
- Downhill skiing or snowboarding
- Ziplining

Niche Activities with Below Average Interest



Barriers

HIGHLIGHTS

- ✓ *Cost remains the primary deterrent and may be affected by seasonality in survey timing – this suggests that Mexican travellers may find Canada more expensive to travel to during the winter months.*
- ✓ *Mentions of visa requirements have increased significantly despite visa requirements being replaced with the Electronic Travel Authorization (eTA). Visa requirements is now ahead of an unfavourable exchange rate, which has seen a significant drop in mentions.*
- ✓ *Travellers aged 35+ have fewer barriers to visiting and are more likely than travellers aged 18-34 to say that nothing will prevent them from travelling to Canada.*
- ✓ *There has been a significant rise among those at the consideration stage saying nothing would prevent them from visiting Canada.*

All Mexican long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent, but has seen a significant decline in mentions (29%, down from 35% in 2016); however, seasonality could be affecting this barrier since the proportion citing cost increases back up to 36% in the November 2017 pulse check wave. This suggests that Mexican travellers may find Canada more expensive to travel to during the winter months. Cost is now only marginally ahead of the barriers of poor weather (27%) and visa requirements (26%, up from 21% in 2016). Mentions of visa requirements have increased significantly, putting it into 3rd place ahead of an unfavourable exchange rate, which has seen a significant drop in mentions (16%, down from 24% in 2016). The visa requirement for Mexican travellers was lifted on December 1, 2016 and replaced with the Electronic Travel Authorization (eTA). The eTA requirement was included as a response option for 2017, and 13% saw it as a possible barrier. It is expected that visa requirements will decrease as a barrier over time as Mexican travellers become more aware of the change. However, the November 2017 pulse check results suggest that Mexican travellers are continuing to have confusion over the changes, (28%, stable vs 2017 at 26%). Continued efforts to clarify entry requirements through education and messaging could help alleviate this barrier moving forward.

Younger travellers aged 18-34 are most likely to cite a language barrier, say they don't have enough time to take a vacation, and indicate that they do not know enough about the destination. Older travellers aged 55+ are least likely to mention cost, be concerned about visa requirements, perceive poor value for money, and cite safety concerns. They are also most likely to say there is nothing that will prevent them from visiting Canada.

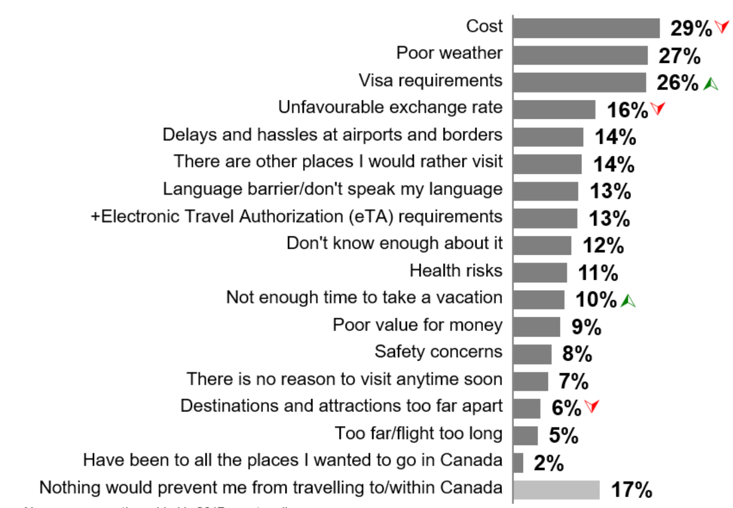
While the cost barrier is challenging to address, it can be indirectly dispelled through messaging about the value offered by a Canadian vacation experience. Poor weather can be dispelled through messaging and advertising highlighting the variety of outdoor activities available throughout all four seasons, while secondary barriers such as other places I would rather visit, language barriers, and don't know enough about it can be addressed through advertising.

An additional question asked respondents about the impact of entry requirements on booking. It appears that this is an important consideration for Mexican travellers, with 83% saying securing an entry visa before booking is very important, and another 14% saying it is somewhat important. Note this question is not destination specific.

Travellers aged 35+ represent the best immediate opportunity as they have less concerns about visiting 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 language barriers. 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 one of the top barriers among those who visited Canada in the past (24%), they are less likely to cite them as barriers compared to those who have never been (31%). Those who have never visited Canada are also much more likely than past visitors to be concerned about language barriers (15%, versus 9%), to say that there are other places they would rather visit (16%, versus 10%), to indicate that they don't know enough about Canada (15%, versus 6%), and to believe that there is no reason to visit anytime soon (8%, versus 5%).

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=1501)

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

+ New question added in 2017 – no trending.

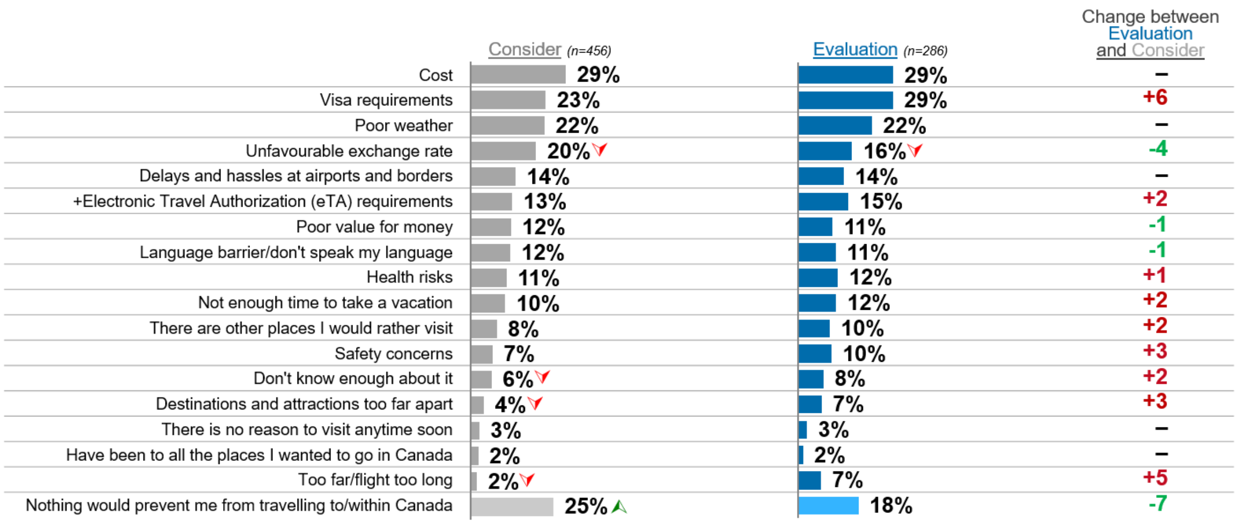
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)

+QMP14. If you are thinking about visiting a country where you require an entry visa, how important is it for you to properly secure a visa before you start booking flights, accommodation or other trip components?

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. Cost, visa requirements, and poor weather remain the top three barriers both for those considering a visit and those at the evaluation stage, although visa requirements continue to be of greater concern to those at the evaluation stage.

A notable change in 2017 is that unfavourable exchange rate has declined significantly among Mexican travellers in both the consideration and evaluation stages. Those at the consideration stage are also significantly less likely to say they don't know enough about Canada, that the country's destinations and attractions are too far apart, and the flight is too far. Furthermore, there has been a significant increase in the proportion of those at the consideration stage saying nothing would prevent them from visiting Canada.

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



+ New response option added in 2017 – no trending.

▲ / ▼ Significantly higher/lower than 2016.

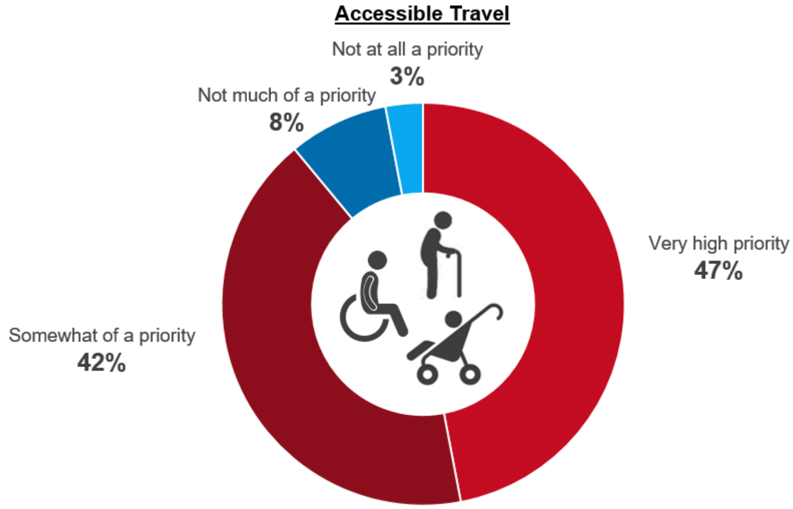
Base: Long-haul pleasure travellers in specific path-to-purchase segments

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

Niche Market

An additional question was added for 2017 to size the market for accessible travel. Accessible tourism, which strives to make a destination accessible to everyone, regardless of physical limits, disability, or age, is relevant for 89% of Mexican travellers, with 47% seeing it as a very high priority. Given that most Mexican travellers see accessibility as a priority, this suggests that communicating Canada's commitment to accessible tourism could be draw for Mexican travellers.

Niche Market Sizing



+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)
+QMP13. Accessible tourism strives to make tourist destinations, products and services accessible to everyone regardless of physical limits, disability or age. How much of a priority is having accessible travel options for you and your companions?

Recent Trip Profile

HIGHLIGHTS

- ✓ *74% of recent Mexican visitors to Canada consulted a travel agent/tour operator. Travel agents/tour operators, both online and in-person, are generally used for all aspects of planning and booking trips to Canada.*

The following section provides details on the most recent long-haul trip taken by Mexican travellers to competitive set destinations in the past 3 years (60% 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

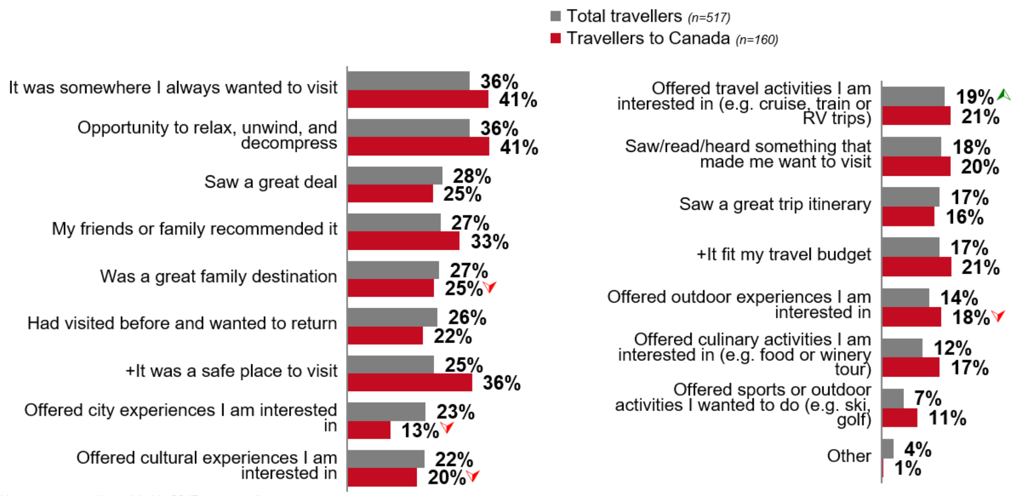
Similar to 2016, the primary reason for travelling among all Mexican long-haul travellers was for holiday purposes (cited by 54% of all travellers) – more than twice as often as visiting with friends and family (24%). Also similar to 2016, 68% cited holiday as the primary purpose for a trip to Canada, a wide margin ahead of the next most stated reasons of visiting family and friends (14%) and combined business/personal reasons (10%).

Motivators

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

Once again, a longstanding desire to visit and opportunities to relax were primary reasons for choosing a destination, both among travellers generally and visitors to Canada. The next factors influencing destination selection in general are great deals, recommendations from friends or family, a desire to return, and safety. For trips to Canada, safety and recommendations from friends and family were among the top motivators.

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?

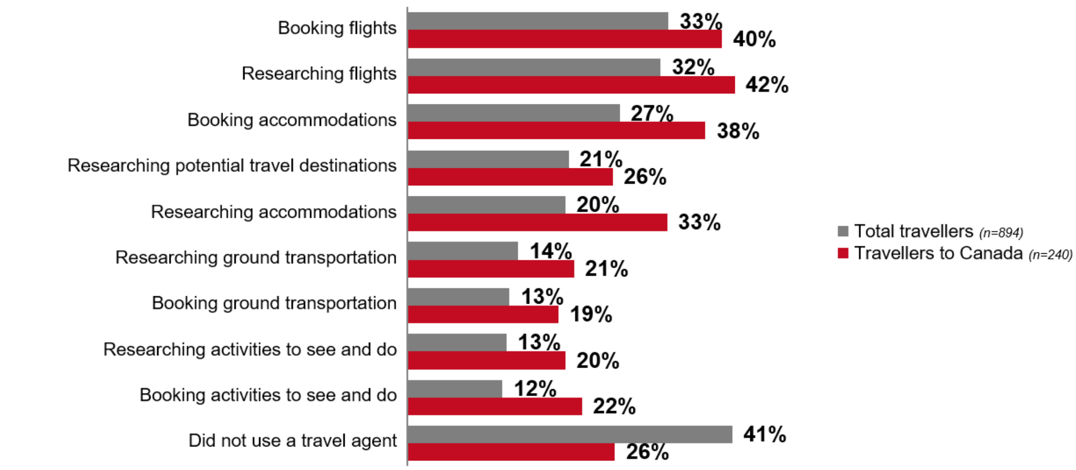
Travel Party

Regardless of destination, Mexican travellers were most likely to be accompanied by their spouse (48%) which is in line with 2016. This is particularly common among travellers aged 35-54 where 57% travelled with their spouse. Twenty-one percent of Mexicans travelled alone on their most recent trip, and another 19% travelled with children under 18 (also most common among those 35-54). Among those who visited Canada, travel parties comprised of a spouse (58%) and children under the age of 18 (26%) are more common.

Booking

Fifty-nine percent of all Mexican travellers report consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Travellers aged 55+ are less likely to consult a travel agent/tour operator (46%), while younger travellers aged 18-34 report higher use (65%). Travel agent/tour operator use is even higher among visitors to Canada (74%). An additional question added in 2017 shows that travel agents/tour operators are, for the most part, equally used for both researching and booking purposes. For accommodations however, travel agents/tour operators tend to be used more often for booking rather than earlier in the planning cycle. Travel agents/tour operators are used more by travellers to Canada than travellers in general for all research and booking tasks.

Travel Agent/Tour Operator Usage

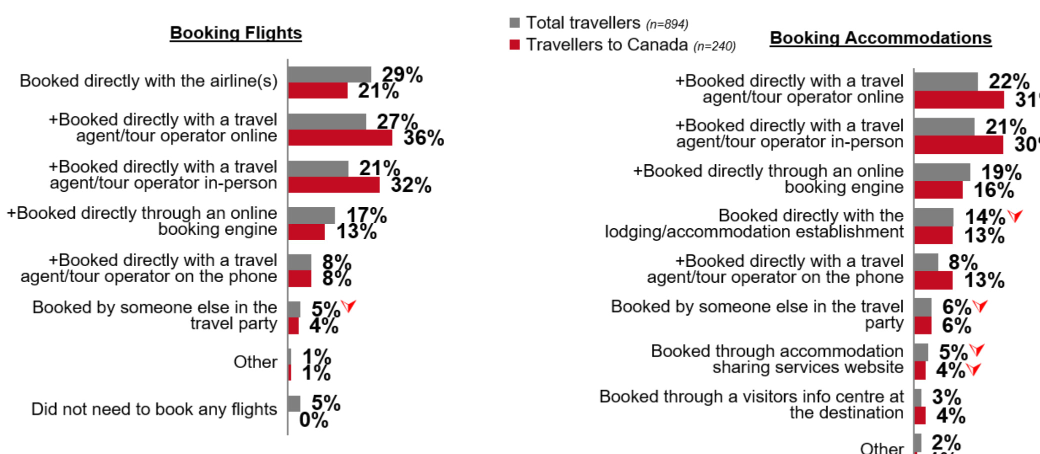


+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years)
+QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

In general, the most popular way Mexican travellers book flights is directly with the airline (29%), followed by travel agents/tour operators online (27%), and travel agents/tour operators in-person (21%). For travel to Canada, flights are more commonly booked through travel agents/tour operators online (36%) and travel agents/tour operators in-person (32%) than directly with the airline (21%).

For accommodation in general, travel agents/tour operators online (22%) and travel agents/tour operators in-person (21%) are the most popular, followed by booking via an online booking engine (19%). For trips to Canada, travel agents/tour operators online (31%) and in-person (30%) are almost twice as popular as using an online booking engine (16%).

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?

Organized group travel is fairly common among Mexican travellers (43% indicated at least a portion of their trip was part of an organized group), especially among those who visited Canada (62%). Booking with a travel agent/tour operator in-person (46%) or a travel agent/tour operator online (44%) are the most common ways to arrange organized group tours to Canada.

Type of Accommodation

Regardless of destination, Mexican travellers continue to be more than twice as likely to stay in a mid-priced hotel (42%) than any other accommodation, including luxury hotels (19%), budget hotels (16%), Bed & Breakfasts (16%), and with friends or relatives (12%). While a similar ranking of preferences continues among recent visitors to Canada, the use of mid-priced hotels has dropped significantly (37%, down from 51% in 2016).

Information Sources

HIGHLIGHTS

- ✓ *Personal recommendations from friends and family are cited as a top information source throughout the purchasing cycle up until booking. Encouraging past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks is key.*
- ✓ *TV programs, brochures, and magazines play an important role at initial stages.*
- ✓ *Online sources such as YouTube, general search engines, travel review sites, travel booking sites, and official destination sites are more influential in the latter stages.*

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 booking, when they drop out of the top 5. Online information from friends and family is also influential at the itinerary planning stage of the purchase cycle. This underscores the need to encourage past visitors to Canada to advocate and share their experiences, both in-person and online, with their personal networks. TV programs are the second most influential source in the dreaming and considering stages, underscoring the importance of this medium in awareness building. Brochures from travel agencies and tour operators are a top 5 source up until the making arrangements stage, while magazines play an important role up until itinerary planning. In the latter stages, online sources such as YouTube (making arrangements and booking), general search engines (making arrangements), travel review sites (booking), travel booking sites (booking), and official destination sites (booking) become more influential.

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=480)	(n=456)	(n=182)	(n=104)	(n=27)***	(n=17)***
Top 5 Sources	Friends/family, in person **48%**	Friends/family, in person **57%**	Friends/family, in person **52%**	Friends/family, in person **34%**	Friends/family, in person **49%**	Travel review sites **32%**
	TV programs **33%**	TV programs **25%**	Brochure from a travel agency/tour operator **38%**	Brochure from travel agency/tour operator **28%**	YouTube **38%**	Travel booking sites **30%**
	Films featuring destination **28%**	Magazines or newspaper articles **23%**	Social media sites **30%**	Travel guidebooks **24%**	TV programs **28%**	Travel agents, in person **25%**
	Brochure from a travel agency/tour operator **26%**	Travel guidebooks **22%**	YouTube **28%**	Friends/family, online **23%**	General search engines **24%**	Official destination sites **20%**
	Magazine or newspaper articles **24%**	Brochure from a travel agency/tour operator **22%**	Magazine or newspaper articles **28%**	Travel agents, in person **22%**	Travel guidebooks **24%**	YouTube **20%**

+ New question added in 2017 – no trending.
**** Extremely small base size (<30), directional finding only.*
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1266)
+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]?