DESTINATION CANADA

Global Tourism Watch

2018 China 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 Chinese market: the US, France, Germany, Switzerland, Russia, Australia, Spain, Netherlands, New Zealand, Italy, Sweden, UK, Belgium, and India. The countries included represent 95% of the outbound travel volume to long-haul destinations which are considered direct competitors to Canada (e.g., non-beach destinations).

Questionnaire Changes

In 2018, questions were added in the following areas:

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

Methodology

Data was collected via an online survey and has been weighted to represent the Chinese long-haul travel population. The target population in China was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of East Asia (including China, Hong Kong, Macau, Japan, South Korea, and Taiwan) where they had stayed at least 4 nights with a minimum of 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years. The regions of Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Shenyang, Hangzhou, Suzhou, Xian, Qingdao and Nanjing were included in this survey and data has been weighted to represent the long-haul travel population within these regions.

Data was gathered from 2,202 respondents in China, including 404 recent visitors to Canada, in August 2018. Results are compared against previous GTW waves (data gathered in December 2016 and July 2017). In addition, select comparisons are made to the 2017 Pulse Check study conducted in November 2017. The Pulse Check is a shorter version of the GTW study, conducted to monitor movement of key metrics on a more frequent basis.

Throughout the report, statistically significant differences (95% confidence interval) from one wave to the next are denoted by arrows in the charts: green arrows pointing up if the metric has increased and red arrows pointing down if the metric has decreased. Results were also analyzed among different segments and demographic cohorts; throughout the report, references are made where there are statistically significant differences compared to the general traveller.

Study Overview: China Market

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

Timing of Fieldwork

AUG
2018

Geographical Definition for Qualified Trips

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

GTW Sample Distribution

Sample distribution: **Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Shenyang, Hangzhou, Suzhou, Xian, Qingdao, Nanjing**

Recent visitors to Canada:	**404**
Other travellers:	**1,798**
Total sample size:	**2,202**

Background

China is the second largest economy in the world according to the IMF GDP Nominal ranking, with 15.0% share of global GDP *(International Monetary Fund, October 2018)*.

China remains one of the world's fastest growing economies. In 2017, the country's economy grew 6.9% but then started to lose steam in 2018. Growth eased to 6.7% year-on-year in the second quarter of 2018, down from 6.8% in the first quarter. It was the weakest pace of expansion since the third quarter of 2016 amid an intensifying trade war with the US and efforts to deleverage debt and financial risks *(Trading Economics, July 2018).*

The US has been steadily imposing tariffs on Chinese goods since January. China has retaliated with tariffs on several US imported goods. In August 2018, coinciding with the time of data collection, the US administration imposed a 25% tax on a second wave of goods worth $16 billion US. The escalation of trade tensions resulted in a decline in the exchange rate, which was halted by government interventions, and a drop in stock prices *(OECD, November 2018)*. At the time of data collection, growth in China was projected to moderate to 6.6% in 2018 and 6.4% in 2019 *(International Monetary Fund, August 2018)*.

China's unemployment rate decreased to a record low of 3.8% in the second quarter of 2018 from 3.9% in the first quarter. Inflation rose to a six-month high of 2.3% year-on-year in August of 2018 from 2.1% in the previous month and well below the Chinese government's target of around 3% for 2018 *(Trading Economics, August 2018)*.

China's consumer confidence index stood at 73.6 points in August 2018, having increased steadily over the last 12 months (+6.6 since August 2017). China held on to the top spot globally, well above the global average of 50.5 *(Thomson Reuters/Ipsos Primary Consumer Sentiment Index, August 2018).*

China continues to lead global outbound travel. Chinese travellers took an estimated 162 million trips outside of China in 2018. They remain the world's top spenders with expenditures of $258 billion US, up 5% from 2017. (*China Outbound Tourism Research Institute & UNWTO, 2018*). At the time of data collection, the impact of the trade war with China on the US tourism sector was starting to show. In July

2018, China's embassy in Washington issued a security travel warning to Chinese tourists *(Reuters, July 2018).* Preliminary data revealed that Chinese outbound bookings to the US for travel from August to December 2018 were down 9.6% compared to the same time last year, while Chinese outbound bookings worldwide were up 5.5%. The biggest impact was on bookings for group travel (6 or more passengers) which was down 34% compared to the previous year. By comparison, Chinese bookings for travel to Canada was up 8% for travel through to the end of the year *(Inbound, August 2018)*.

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market increased to 11.1 million Chinese travellers in 2018, compared to 10.9 million in 2017, a small increase of 180,000 potential travellers.*
- ✓ *Interest in visiting BC has increased significantly in 2018 (58%, from 49% in 2017) and is in line with 2016 results. Following a similar pattern, interest in visiting the North/Arctic is also up significantly in 2018 (16%, up from 12% in 2017, but consistent with 15% in 2016).*
- ✓ *The long-haul travel outlook dropped significantly in 2018 (+17, down from +25 in 2017, but in line with +17 in 2016). A similar pattern is evident for the short-haul travel outlook (+15, down from +19 in 2017, but consistent with +16 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 Chinese market for Canada in two ways – the macro target market and the immediate potential market.

Size of Potential Market to Canada (Next 2 Years)

Measure	2016 GTW (Dec)	2017 GTW (Jul)	2018 GTW (Aug)
Long-haul pleasure travel market	20.12 million		
Target market for Canada (dream to purchase stage)	82%	81%	81%
Size of the target market	16.54 million	16.34 million	16.20 million
Immediate potential for Canada (definitely/very likely to visit in next 2 years[1])	62%	67%	69%
Size of the immediate potential	10.30 million	10.93 million	11.11 million
Actual Visitation	610,139	695,123	737,379

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

[1] Includes respondents likely to visit Canada for a trip of 1 to 3 nights, or a trip of 4 nights or more.

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

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

The long-haul travel market size is derived from a 2014 omnibus study of the Chinese adult population. Long-haul travel incidence is comprised of travellers who indicate that they have travelled for a long-haul pleasure trip in the past three years or intend to do so in the next two years.

The proportion of GTW respondents who are in the dream to purchase stages for Canada is stable year-over-year (81%). Based on the 2018 result, the size estimate for long-haul Chinese travellers is 16.2 million, down marginally from 16.3 million in 2017 and 16.5 million in 2016. This result suggests that Canada's overall base of interested travellers is contracting slightly in the Chinese market.

The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years (69%, up from 67% in 2017 and 62% in 2016). There are 11.1 million travellers with immediate potential for conversion in 2018, a small increase of 180,000 potential Chinese travellers (compared to 10.9 million potential travellers in 2017).

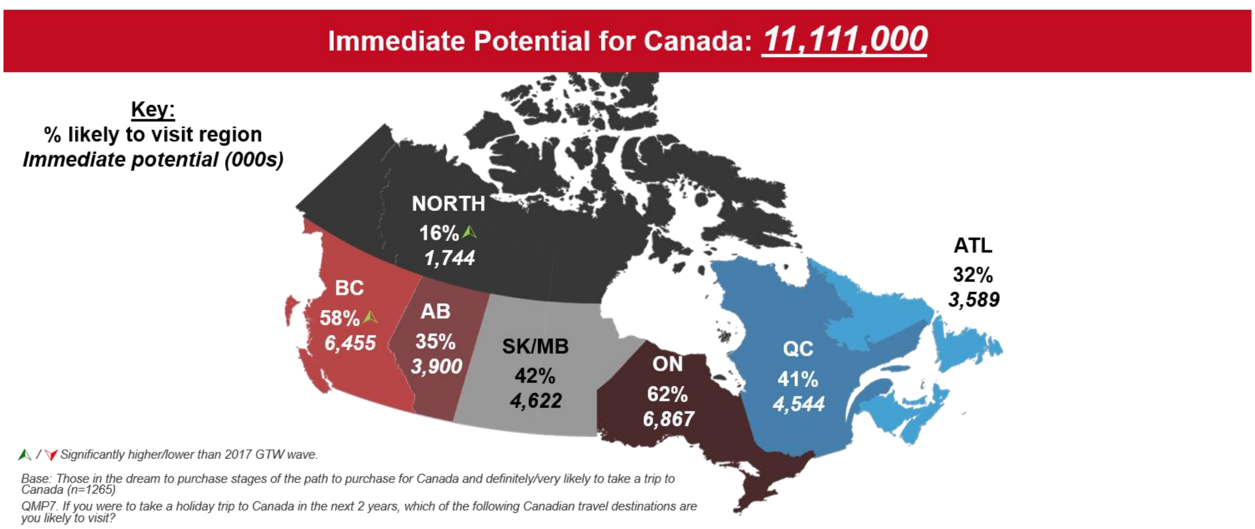
Among Destination Canada's ten international markets, China was ranked 2nd in immediate potential market size (behind the US). However, actual visitation from China was ranked 3rd among Destination Canada's international markets in 2018. This means that Canada has room to improve on converting potential travellers into actual visitors in the Chinese market.

For context, Canada attracted 737,000 visitors from China in 2018, up 6% from the 695,000 Chinese visitors in 2017[1]. The 737,000 arrivals represent 7% of the immediate potential market.

Also of note is the demonstrated interest in Canada's regions among the immediate potential market (11.1 million). Ontario continues to hold the greatest appeal (62% or 6.9 million potential visitors). Interest in visiting BC is up significantly (58%, up from 49% in 2017 and in line with 62% in 2016). This translates into a potential market for BC of 6.5 million in 2018 compared to 5.3 million in 2017.

The Prairies (Saskatchewan/Manitoba) (42%) and Quebec (41%) remain in 3rd and 4th spot. The North recorded a significant increase in 2018 (16%, up from 12% in 2017, but consistent with 15% in 2016).

Potential Market Size for the Regions



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

The proportion of Chinese travellers saying they will spend more on long-haul travel continues to exceed those who say they will spend less, resulting in a long-haul outlook of +17 in 2018. This represents a significant decline from 2017 (+25), but is in line with the 2016 long-haul travel outlook (+17).

The short-haul travel outlook is +15 in 2018 (down significantly from +19 in 2017, but consistent with +16 in 2016). The market outlook for domestic travel is holding steady at +36 (versus +33 in 2017).

Spending Intentions (in the Next 12 Months)

/ Significantly higher/lower than 2017 GTW wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=2202)
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

- ✓ *Unaided consideration of Canada has decreased significantly to 6%, down from 10% in 2017, but still above the 2016 result of 4%. Canada remains behind the US, Australia and France on this unaided metric.*
- ✓ *However, Canada remains in top spot for aided consideration, ahead of the US, Australia, and France.*
- ✓ *Canada is lagging in terms of destination knowledge, slipping from 7th to 13th place in 2018, as other competitors saw improvements on this metric.*

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

The outlook for Canada in China remains favourable. Out of the 15 competitive destinations that respondents were asked to evaluate, Canada remains in 4th place on unaided consideration (behind the US, Australia and France) and also remains in 1st place on aided consideration. However, for destination knowledge, Canada has fallen from 7th place in 2017 to 13th place in 2018.

Consideration

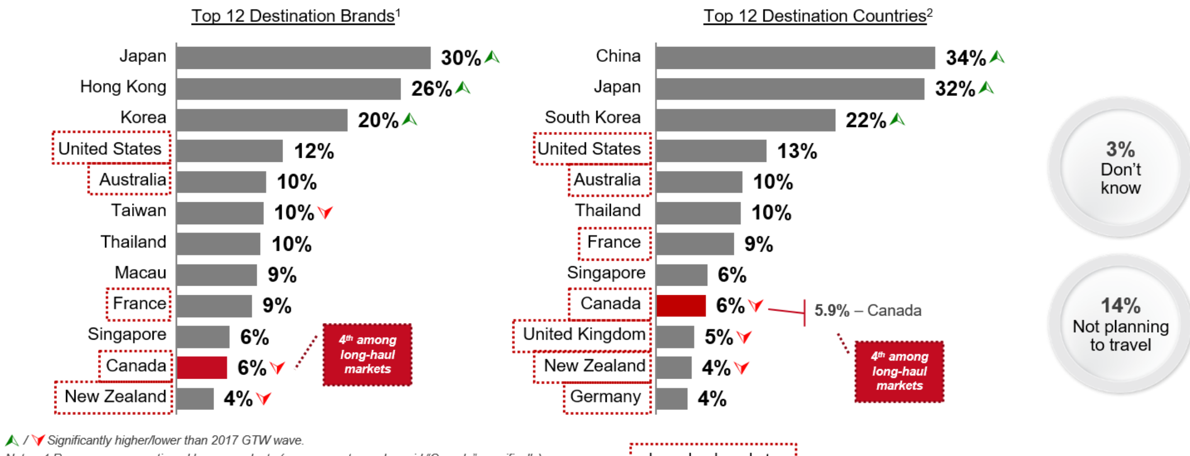
Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective,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

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

On an unaided basis, 6% of Chinese travellers mentioned Canada as a destination under serious consideration in the next 2 years, a significant decrease from 2017 (10%) but still above the 2016 result (4%). Among long-haul destinations, Canada continues to trail behind the US (13%), Australia (10%), and France (9%). Of note, unaided mentions of several short-haul destinations have increased significantly since 2017: China (34%, up from 27%), Japan (32%, up from 25%), and South Korea (22%, up from 16%). Similar to Canada, unaided mentions of several non-Asian destinations have also decreased significantly: the UK (5%, down from 6%) and New Zealand (4%, down from 6%).

Those who have visited Canada recently remain more likely to mention Canada on an unaided basis (18%) compared to general Chinese travellers; however, unaided consideration among this group is also down significantly from to 2017 (35%). Chinese travellers continue to mention very few specific places in Canada, suggesting knowledge of specific Canadian destinations remains low.

Unaided Long-Haul Destination Consideration (Next 2 Years)



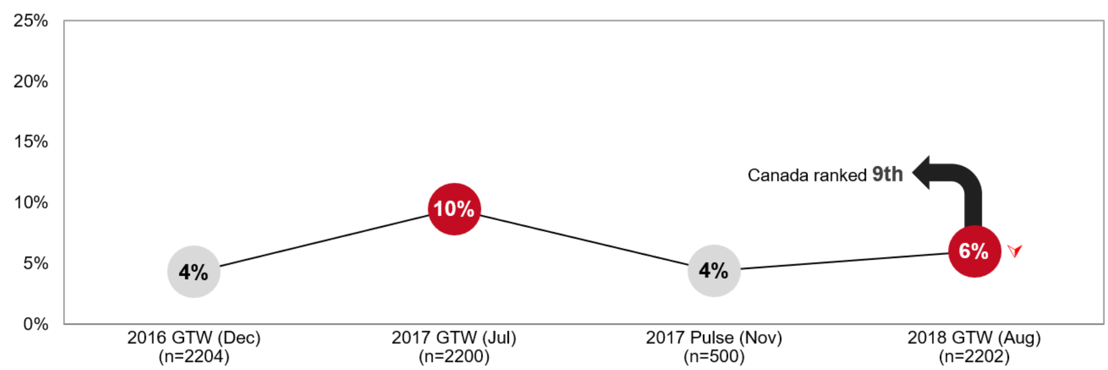
/ Significantly higher/lower than 2017 GTW wave.

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

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=2202)

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan) in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)

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



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

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

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan) in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)

Aided consideration represents the proportion of travellers who say they would seriously consider visiting a destination, but only after they are prompted with a list of competitive destinations. Travellers who have aided consideration for Canada may not be thinking of Canada top-of-mind, but they are considering a visit. Continued prompts and cues through marketing efforts could help move these considerers down the Path-to-Purchase.

On an aided basis, 37% say they are seriously considering Canada for a leisure trip in the next 2 years, similar to 2017 (36%). Canada remains in 1st place on this metric, ahead of Australia (30%), France and the US (both at 29%). Recent visitors to Canada and those considering a visit also rank Canada first overall in aided consideration among all destinations in the competitive set.

Knowledge

Twenty-three percent of all Chinese travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, in line with 2017 (25%). Among those considering Canada, destination knowledge stands at 28%, a marginal decrease from 2017 (33%), but consistent with 2016 (28%). Among those considering each competitive destination, the US (46%), France (44%, up significantly from 35% in 2017), Australia (41%, up significantly from 35% in 2017), the UK (39%), and Spain (37%) have the highest knowledge levels. While knowledge of Canada has remained consistent, other destinations are seeing modest improvements and, as a result, Canada has slipped from 7th spot to 13th spot on this metric.

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 17% of those in the dreaming stage and 18% of those in the considering stage are knowledgeable about Canadian travel opportunities, moving up to 38% among those actively planning a visit. Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the Path-to-Purchase.

Key Performance Indicators

Key Performance Indicators (KPIs) for Canada – Summary

Indicator	Definition	All Long-Haul Travellers (n=2202)	Recent Visitors to Canada[1] (n=404)	Considering Canada[2] (n=1367)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**6%** ▼	**18%** ▼	**9%** ▼
Competitive positioning on destination consideration	Rank on the consideration list among 15 destinations	**1**	**1**	**1**
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	**23%**	**51%**	**29%** ▼

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

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

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

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

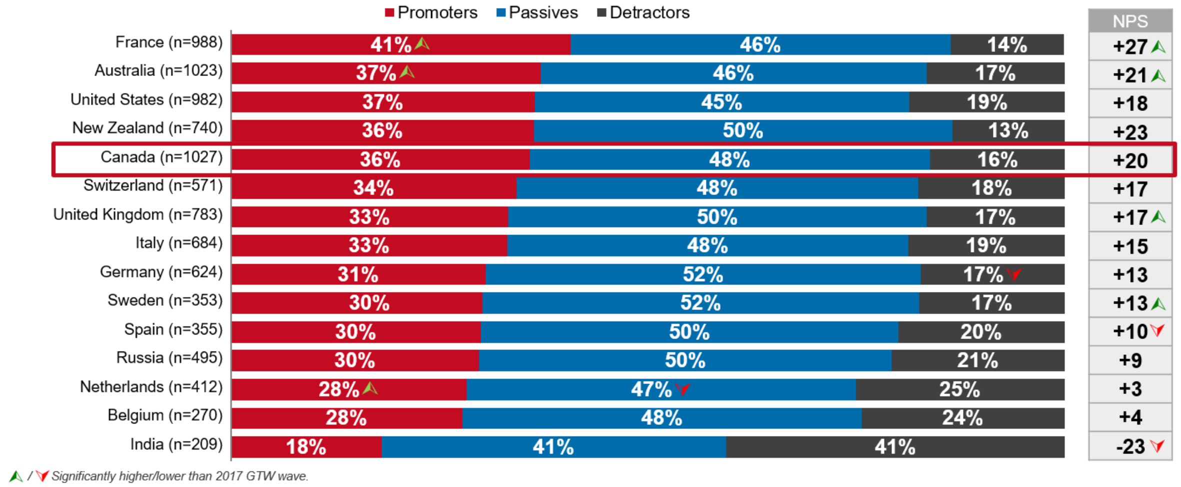
Net Promoter Score (NPS)

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

NPS results are generally up in 2018. Of note, France saw a significant improvement (+27, up from +18 in 2017) and has surpassed New Zealand to achieve the top result on this metric. New Zealand (+23) is in 2nd place, followed by Australia (+21, up significantly from +13). Canada is in 4th place with (+20) and has moved ahead of the US (+18). Significant increases were also recorded by the UK (+17, up from +10 in 2017) and Sweden (+13, up from +3 in 2017). Significant decreases are evident for Spain (+10, down from +13) and India (-23, down from -11) in 2018.

When the results for Canada are examined among past three year visitors, the NPS result is +34, up significantly from 2017 (+19); among those who have not visited Canada in the past 3 years, the NPS result is -11. This underscores the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return. Among those who have ever visited Canada, the NPS result is -1, which is significantly lower than that of past three year visitors – this indicates the need to develop strategies that encourage visitors to advocate either during or immediately after a trip to Canada.

Net Promoter Score



Base: Long-haul pleasure travellers (past 3 years or next 2 years) considering visiting each country
QMP11. Whether you have visited or not, how likely are you to recommend each of the following holiday destinations to a friend, family member or colleague?

Path-to-Purchase

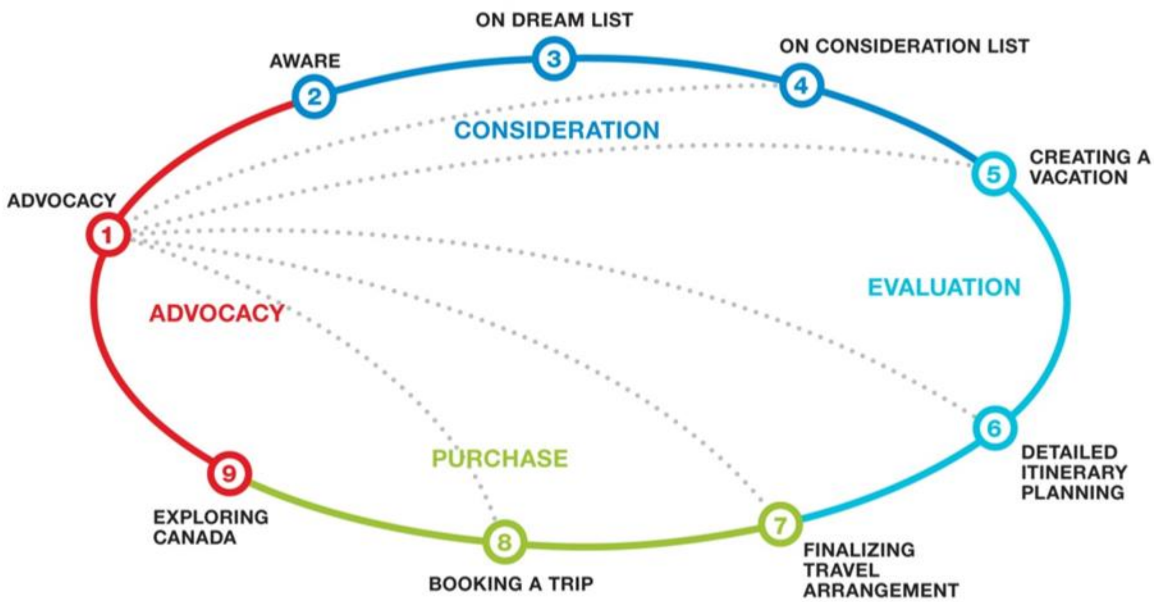
HIGHLIGHTS

- ✓ *The Path-to-Purchase for Canada has remained similar to 2017, with a significant increase noted only in the proportion of Chinese travellers who are in the itinerary planning stage.*
- ✓ *Canada continues to be one of the top destinations in terms of active planning, along with Australia, New Zealand and 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. Advocacy happens during and after the actual visit. As evidenced from the NPS results, recent Canada visitors are more likely to be Promoters, making it important to encourage recent visitors to share experiences.

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

Destination Canada's Path-to-Purchase Model



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

Destination Canada's Path-to-Purchase Model

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

Dream to Purchase

Consider to Purchase

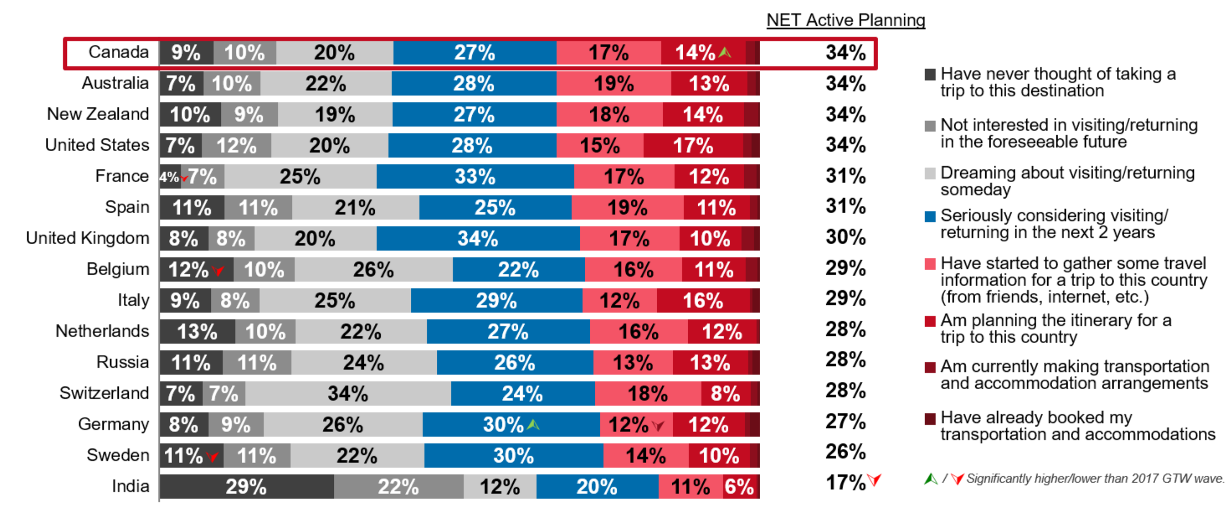
Active Planning

Path-to-Purchase results for 2018 are largely unchanged from 2017. Canada continues to be among the top destinations for which Chinese travellers are actively engaged in planning a visit (34%, consistent with 2017). Of note, the percentage planning an itinerary for a visit to Canada has increased significantly (14%, up from 12% in 2017).

Other destinations with the same percentage of Chinese travellers in the active planning stages include Australia, New Zealand, and the US. India is the only destination to see a significant shift in active planning results, with significantly fewer Chinese travellers actively planning a visit in 2018 (17%, down from 25% in 2017).

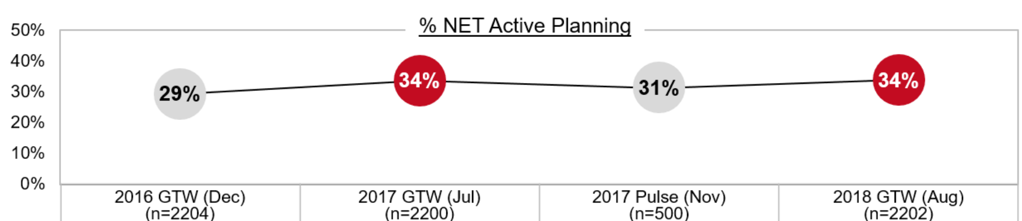
There are some trends to note with other destinations in the competitive set. The proportion of Chinese travellers who have never thought of visiting France has decreased significantly from 9% in 2017 to 4%. Belgium (12%, down from 24%) and Sweden (11%, down from 18%) also saw significant declines at this stage. Germany has significantly fewer Chinese travellers at the information gathering stage (12%, down from 20%), with a corresponding shift at the seriously considering stage (30%, up from 20% in 2017).

Stage in the Purchase Cycle by Country



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

Stage in the Purchase Cycle – Canada Trended



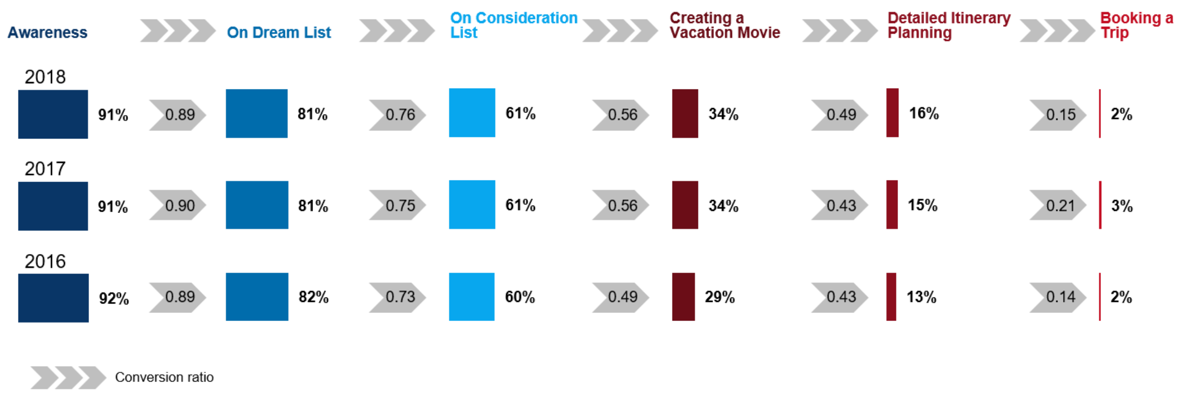
	2016 GTW (Dec) (n=2204)	2017 GTW (Jul) (n=2200)	2017 Pulse (Nov) (n=500)	2018 GTW (Aug) (n=2202)
Have never thought of taking a trip to this destination	8%	10%	9%	9%
Not interested in visiting/returning in the foreseeable future	10%	9%	8%	10%
Dreaming about visiting/returning someday	22%	21%	23%	20%
Seriously considering visiting/returning in the next two years	30%	27%	28%	27%
Have started to gather some travel information for a trip to this country	17%	19%	17%	17%
Am planning the itinerary for a trip to this country	11%	12%	12%	14%
Am currently making transportation and accommodation arrangements	1%	3%	3%	2%
Have already booked my transportation and accommodations	1%	1%	-	1%

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

The charts below show Canada's progress converting travellers at crucial steps in the purchase cycle relative to top competitors. 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 across the purchase cycle remains consistent relative to 2017, with a slight uptick in conversion between creating a vacation movie and detailed itinerary planning (+6%), but a lower conversion between itinerary planning and booking (-6%). This resulted in a marginally lower booking rate (2%, down from 3% in 2017). Despite the increased conversion result between creating a vacation movie and detailed itinerary planning, this remains Canada's weakest area comparative to other top destinations like the US and Italy. Conversion between creating a vacation movie to detailed itinerary planning continues to 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.

Path-to-Purchase Conversion – Canada

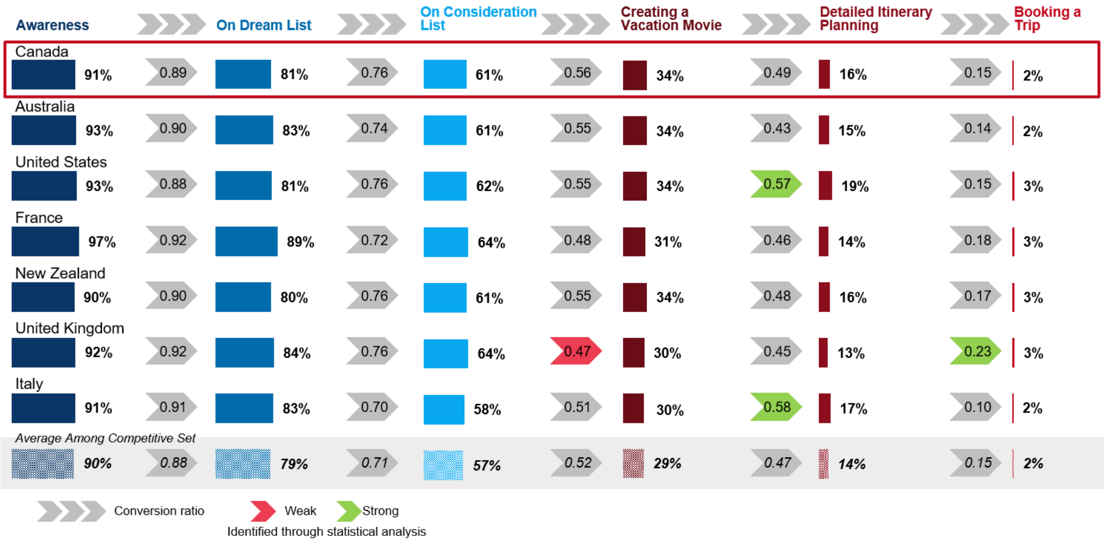


Looking at conversion results among competitors, the US and Italy are strong at converting travellers from the vacation movie stage to the detailed itinerary planning stage in 2018. The UK is weak at converting travellers between the considering and vacation movie stages but is strong at the final stage, booking a trip. This suggests that Chinese travellers may be finding it difficult to build an idea of what a trip to the UK could look like but have a stronger tendency to follow though once they have moved beyond any initial obstacles.

For context, the US recorded 3.2 million arrivals from China in 2017 (up 4% from 2016), while Australia saw 1.3 million in 2018 (up 5% from 2017), Canada welcomed 737,000 in 2018 (up 6% from 2017), and New Zealand logged 448,000 in 2018 (up 7% from 2017).[2]

[2] Destination Canada, US National Travel & Tourism Office, Tourism Australia, and Tourism New Zealand.

Path-to-Purchase Conversion – Top Competitors



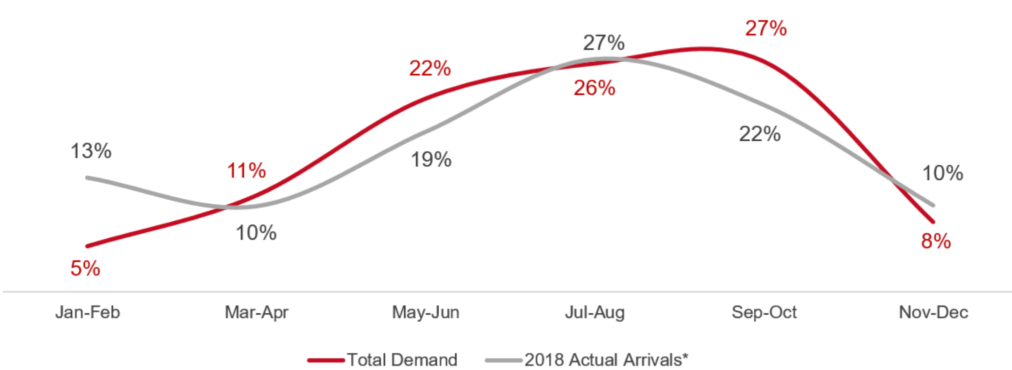
Time of Year Interest

HIGHLIGHTS

✓ *An opportunity exists to fill the September to October and the May to June demand gaps.*

A new question added to the Global Tourism Watch in 2018 asked prospective Chinese visitors which time of year they would consider visiting Canada. September to October (27%) is the most popular time of year, closely followed by July to August (26%) and May to June (22%). Compared to the distribution of actual arrivals from China in 2018, the largest gap in demand is for the months of September to October, where the proportion interested (27%) is higher than the proportion actually visiting (22%) and May-June (22% interested and 19% of visitation). Given compression issues in the peak July to August months, an opportunity exists to fill the September to October and May-June demand gaps to relieve pressures.

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



* Source: 2018 StatsCan Frontier Border Counts.
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1804); data re-based to create distribution of demand
QPC3. What time of year would you consider taking a vacation trip to Canada in the next 2 years?

Canadian Destination Interest

HIGHLIGHTS

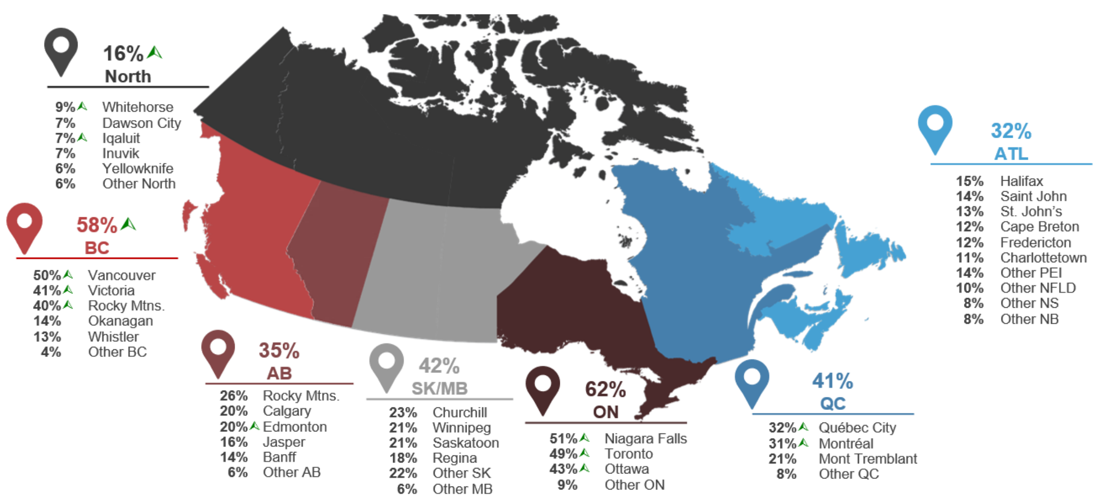
- ✓ *Interest in BC and the North have increased significantly in 2018, but have rebounded from significant declines in the previous wave.*
- ✓ *Similar rebounds from 2017 declines were witnessed in 2018 for several top destinations: Niagara Falls, Toronto, Vancouver, Victoria, BC Rockies, Quebec City and Montreal rose significantly in 2018, but remain generally in line with 2016 results.*

Chinese 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. Ontario continues to be the most popular province (62%), followed by BC (58%, up significantly from 49% in 2017, but consistent with 62% in 2016). The Prairies (42%) and Quebec (41%) are the next most popular destinations. Interest in the North is up significantly in 2018 (16%, up from 12% in 2017, but consistent with 15% in 2016).

Niagara Falls, Toronto, and Vancouver continue to be the most popular destinations. All three saw significant improvement in 2018, however the proportions are similar to 2016 results, suggesting a rebound from the declines in 2017: Niagara Falls (51%, up from 45% in 2017 and consistent with 51 % in 2016); Toronto (49%, up from 41% in 2017, and consistent with 48% in 2016), and Vancouver (50%, up significantly from 39% in 2017, but below 55% in 2016).

There are several other significant shifts in likelihood to visit in 2018. Destinations with significantly stronger results in 2018 include Victoria (41%, up from 34% in 2017, but below 46% in 2016), the Rocky Mountains (40%, up from 31% in 2017, but below 44% in 2016), Ottawa (43%, up from 37% in 2017, and consistent with 44% in 2016), Quebec City (32%, up from 27% and consistent 31% with 2016), Montreal (31%, up from 26% in 2017, and consistent with 31% in 2016), and Edmonton (20%, up from 15% in 2017 and 17% in 2016). While the North continues to be the region that elicits the lowest interest, the proportion of Chinese travellers who would like to visit Whitehorse and Iqaluit has increased significantly since 2017 (9%, up from 5% for Whitehorse, and 7%, up from 4% for Iqaluit).

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

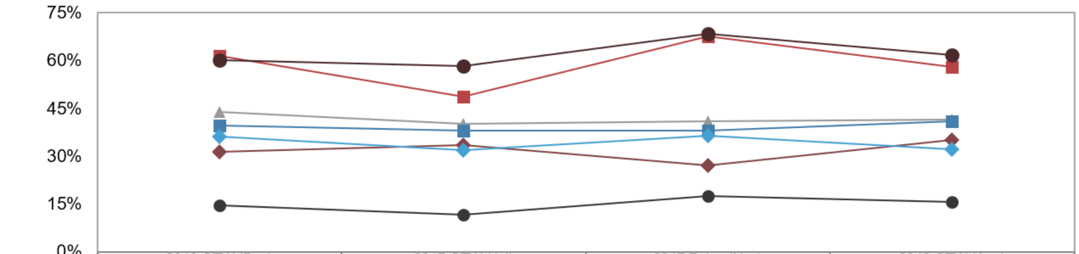


Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1265)
QMP7. If you were to take a vacation trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

/ Significantly higher/lower than 2017 GTW wave.

The trended results show that interest in BC and the North are significantly higher compared to 2017, but have only rebounded from significant decreases between 2016 and 2017.

Canadian Destinations Likely to Visit – Provinces/Regions Trended



	2016 GTW (Dec) (n=1219)	2017 GTW (Jul) (n=1277)	2017 Pulse (Nov) (n=264)	2018 GTW (Aug) (n=1265)
BC	62%	49%	68%	58%
AB	31%	34%	27%	35%
SK/MB	44%	40%	41%	42%
ON	60%	58%	68%	62%
QC	40%	38%	38%	41%
ATL	36%	32%	36%	32%
North	15%	12%	18%	16%

/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada
QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Niagara Falls, selected by 28% of prospective visitors, remains the most popular destination by a wide margin. Vancouver is the 2nd most appealing destination (9%, up significantly from 6% in 2017, but consistent with 11% in 2016), followed by the Rocky Mountains (8%) and Toronto (7%). Two destinations have seen significant decrease in appeal, Quebec City (2%, down from 4% in 2017) and the Okanagan (<1%, down from 2% in 2017).

Most Appealing Canadian Destination – Top 10 Mentions

Other SK	3.0%
Other PEI	2.1%
Other North	1.9%
Other NFLD	1.1%
Other NS	0.7%
Other NB	0.6%
Other QC	0.6%
Other MB	0.5%
Other AB	0.3%
Other ON	0.3%

Edmonton	2.1%
Québec City	1.9%
Banff	1.7%
Jasper	1.4%
Charlottetown	1.3%
Cape Breton	1.1%
Halifax	1.1%
Saskatoon	1.0%
Saint John	0.8%
Fredericton	0.8%
Regina	0.8%
Dawson City	0.7%
Winnipeg	0.7%
Okanagan	0.4%
St. John's	0.2%
Iqaluit	0.2%
Inuvik	0.1%

/ Significantly higher/lower than 2017 GTW wave.
Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1265)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

HIGHLIGHTS

- ✓ *Trying local food and drink, seeing natural attractions like mountains and waterfalls, and historic sites are the most popular vacation activities of Chinese travellers. Interest levels in all top activities are up significantly in 2018 but are in line with 2016 results.*
- ✓ *Similarly, natural attractions, historic sites, and local food and drink are the top trip anchor activities. Interest levels in several top trip anchor activities are also up significantly from 2017.*

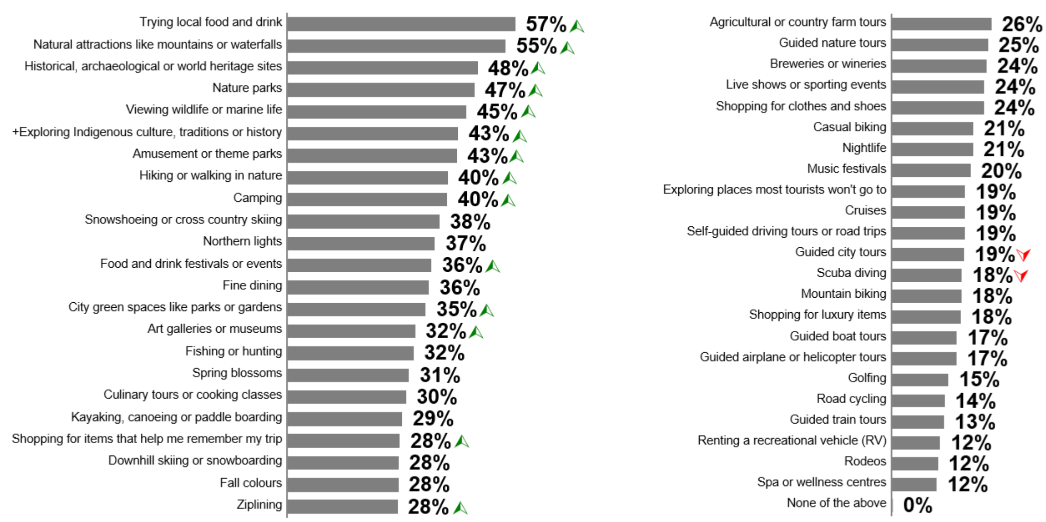
Chinese travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The rank order of top activities is consistent with 2017, but interest levels are up significantly for many activities and are back in line with 2016 results.

The top activities include: trying local food and drink (57%, up from 49% in 2017), seeing natural attractions like mountains and waterfalls (55%, up from 50%), visiting historical sites (48%, up from 43%), visiting nature parks (47%, up from 43%), wildlife viewing (45%, up from 42%), and exploring Indigenous culture (43%, up from 35%). Indigenous was previously called Aboriginal and it is not possible to know whether increased interest is due to the wording change. Rounding out the top ten activities are amusement parks (43%, up from 38%), hiking/walking in nature (40%, up from 33%), camping (40%, up from 36%), and snowshoeing/cross country skiing (38%).

While not as popular, interest in the following activities is up significantly in 2018: food and drink festivals (36%, up from 32% in 2017), visiting city parks (35%, up from 31%), visiting art galleries/museums (32%, up from 26%), shopping for souvenirs (28%, up from 25%), and ziplining (28%, up from 23%). Additionally, Chinese travellers show significantly less interest in guided city tours (19%, down from 22% in 2017) and scuba diving (18%, down from 21%).

Travellers aged 35-44 indicate similar levels of interest in activities compared to general Chinese travellers, whether it be city activities, outdoor activities, or other things to see and do. In fact, the top ten activities among travellers aged 35-44 are all the same as those for the general Chinese traveller, with slightly different ordering.

General Activities/Places Interested In – All Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=2202)
QMP10. In general, what activities or places are you interested in while on holiday?

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

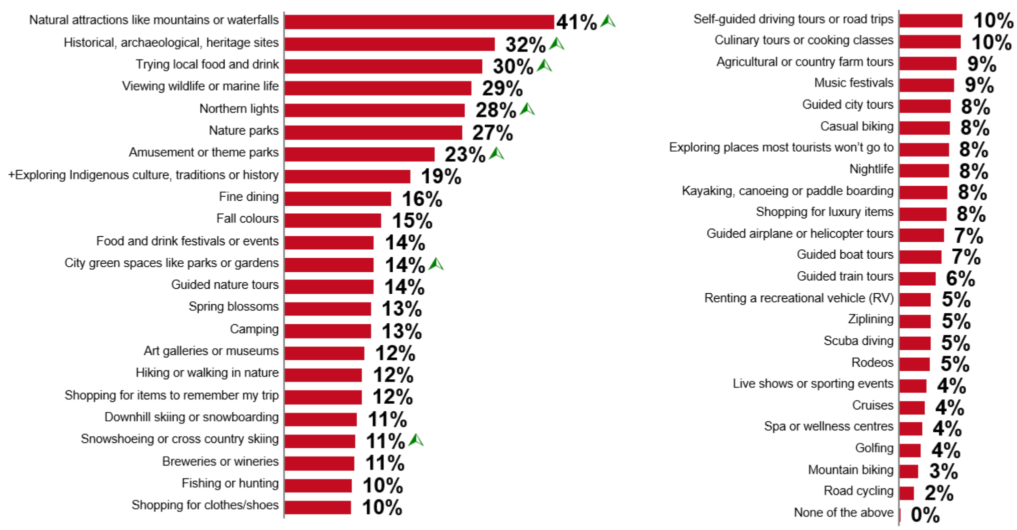
Trip Anchor Activities

A question added in 2017 asked Chinese travellers which vacation activities are important enough that they would base an entire trip around them. Top trip anchor activities are consistent with 2017, but interest levels are generally higher: seeing natural attractions (41%, up significantly from 37% in 2017), visiting historical sites (32%, up significantly from 26%), trying local food and drink (30% up significantly from 25%), wildlife viewing (29%, up from 26%), and seeing Northern lights (28%, up significantly from 23%).

While not top trip anchor activities, interest in amusement parks has increased significantly (23%, up from 18%) as well as interest in city green spaces (14%, up from 11%) and snowshoeing/cross country skiing (11%, up from 9%).

The top trip anchor activities for travellers aged 35-44 are similar to those of the general Chinese traveller population.

Trip Anchor Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=2196)
MP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

Significantly higher/lower than 2017 GTW wave.

Barriers

HIGHLIGHTS

- ✓ *Poor weather remains the primary deterrent to visiting Canada, followed by not having enough time to take a vacation. Both top barriers increased significantly in 2018 but are consistent with 2016 results.*
- ✓ *Cost is not as strong of a barrier for Chinese travellers. Of those concerned with cost, the price of flights to Canada is the top concern.*

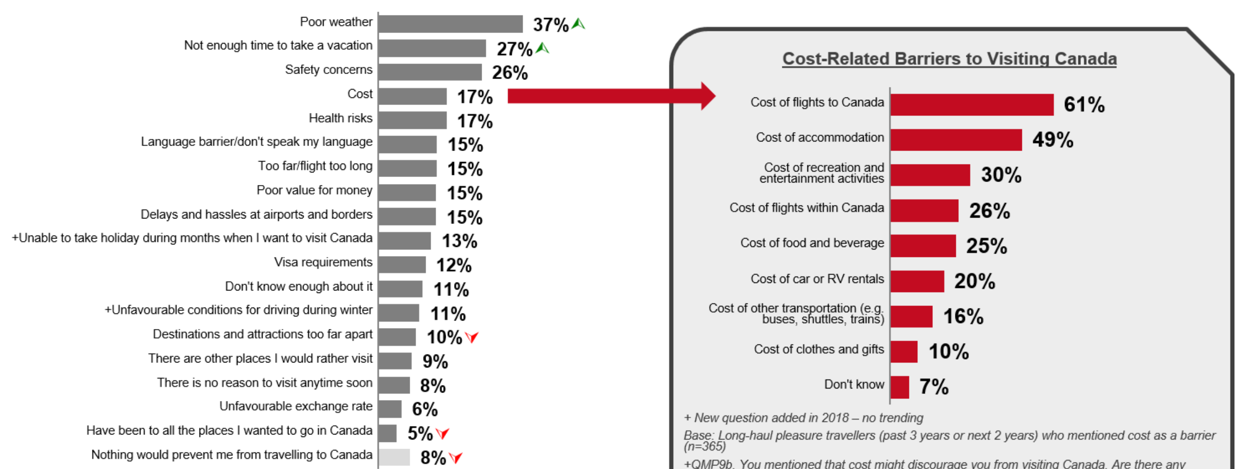
All Chinese long-haul travellers were asked what could prevent them from visiting Canada. Poor weather remains the primary deterrent. This barrier was mentioned by 37% of Chinese travellers, a significant increase from 31% in 2017, but similar to 36% in 2016. The second most important barrier, not having enough time to take a vacation, also increased significantly (27%, up from 22% in 2017, but consistent with 25% in 2016). Safety concerns (26%) were overtaken by not enough time to a take vacation and is now the third strongest barrier. Compared to other markets, Chinese travellers are less concerned about cost (17%).

There are some significant decreases to note in 2018: destinations and attractions being too far apart (10%, down significantly from 12% in 2017) and having already been to all the places I want to go in Canada (5%, down from 7% in 2017). A lower proportion of Chinese travellers also say nothing would prevent them from travelling to Canada (8%, down from 11% in 2017).

A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of flights to Canada (61%) is the greatest cost-related concern, followed by accommodation costs (49%).

Those who have never visited Canada are more concerned about cost and value for money compared to past visitors to Canada. Cost is mentioned as a barrier by 23% of Chinese travellers who have never visited Canada, versus 12% among past visitors. Poor value for money is mentioned as a barrier by 18% of Chinese travellers who have never visited Canada, versus 11% among past visitors.

Key Barriers for Visiting Canada



▲/▼ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=2202)
QMP9. Which of the following factors might discourage you from visiting Canada?

Recent Trip Profile

HIGHLIGHTS

- ✓ *25% of recent visitors to Canada used a travel agent/tour operator to conduct research only without following through on actually booking any trip components.*
- ✓ *Chinese travellers continue to be very likely to travel as part of an organized group. However, the proportion saying their whole trip was an organized group tour has decreased significantly and a corresponding shift is evident in Chinese travellers indicating that only a part of their trip was part of a group tour..*
- ✓ *Use of luxury hotels among visitors to Canada is up significantly in 2018 and now is tied with mid-priced hotels as the most popular type of accommodation.*
- ✓ *Combining a trip to Canada with a visit to the US is down significantly in 2018. Day visits are relatively constant, but overnight stays are down significantly from 2017.*

The following section provides details on the most recent long-haul trip taken by Chinese travellers to competitive set destinations in the past 3 years (81% 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

Consistent with 2017, the primary reason for travelling among all Chinese long-haul travellers to any destination continues to be for holiday purposes (65%), followed distantly by combined business/personal reasons (13%).

Going on a holiday is also the primary purpose for taking a trip specifically to Canada (70%, up significantly from 57% in 2017, but consistent with 69% in 2016). The next most common purpose mentioned for taking a trip to Canada is combined business/ personal reasons (10%, down significantly from 15% in 2017, but consistent with 10% in 2016).

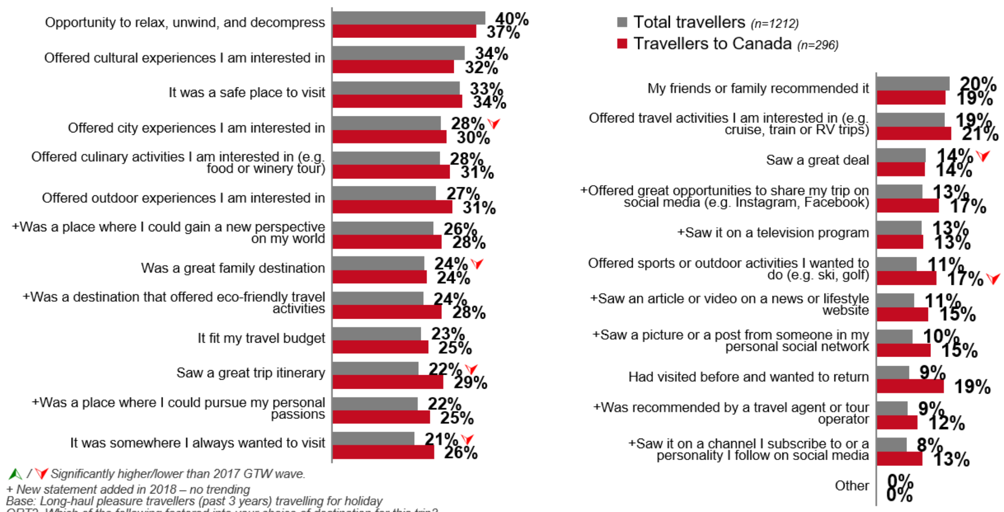
Motivators

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

Offering opportunities to relax, unwind and decompress remains the primary reason for selecting the holiday destination, both among travellers generally (40%) and visitors to Canada (37%). Interesting cultural experiences and being a safe place to travel are the 2nd and 3rd most influential factors for destinations overall, as well as among visitors to Canada. Having visited before and wanting to return is a much stronger motivator for recent visitors to Canada (19%) compared to travellers generally (9%) – this underscores the importance of repeat travel for Chinese travellers to Canada.

Among all Chinese travellers, other motivating factors that have dropped in importance compared to 2017 include city experience (28%, down from 34%), being a great family destination (24%, down from 30%), a great trip itinerary (22%, down from 27%), a longstanding desire to visit (21%, down from 27%), and seeing a great deal (14%, down from 17%). Motivations to visit Canada specifically remain similar to 2017, except for sports/outdoor activities which has declined significantly (17%, down from 24% in 2017).

Factors Influencing Destination Selection



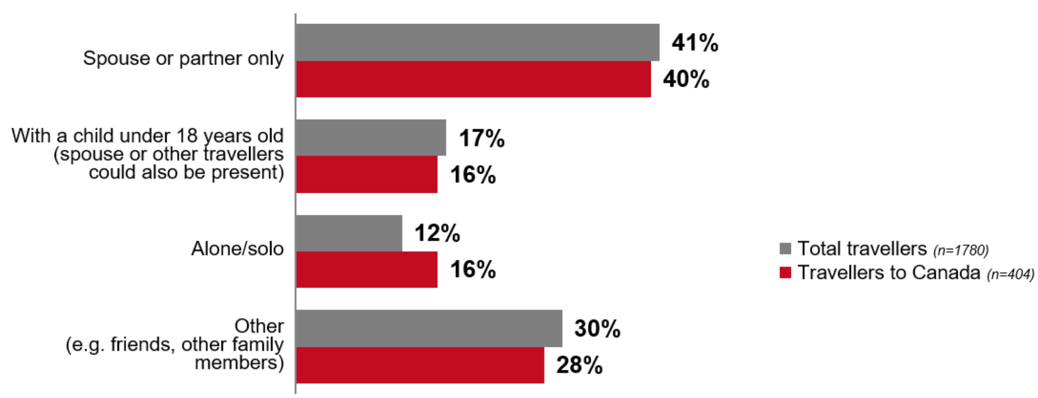
/ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

Travel Party

Chinese travellers to any long-haul destination travelled solely with their spouse or partner (on a couple's trip) for 41% of total trips. Those travelling with children under the age of 18 accounted for 17% of total trips, while solo travel made up an additional 12% of trips. The remaining 30% of trips were a combination of other travel parties, such as travelling with other family members, friends, or business colleagues.

Among those who travelled to Canada, 40% travelled solely with their spouse or partner. There is a significant decrease in the proportion travelling with children under 18 (16%, down from 23% in 2017). Solo travel represented 16% of trips to Canada and the remainder of trips (28%) consisted of other travel parties.

Travel Party



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

Booking

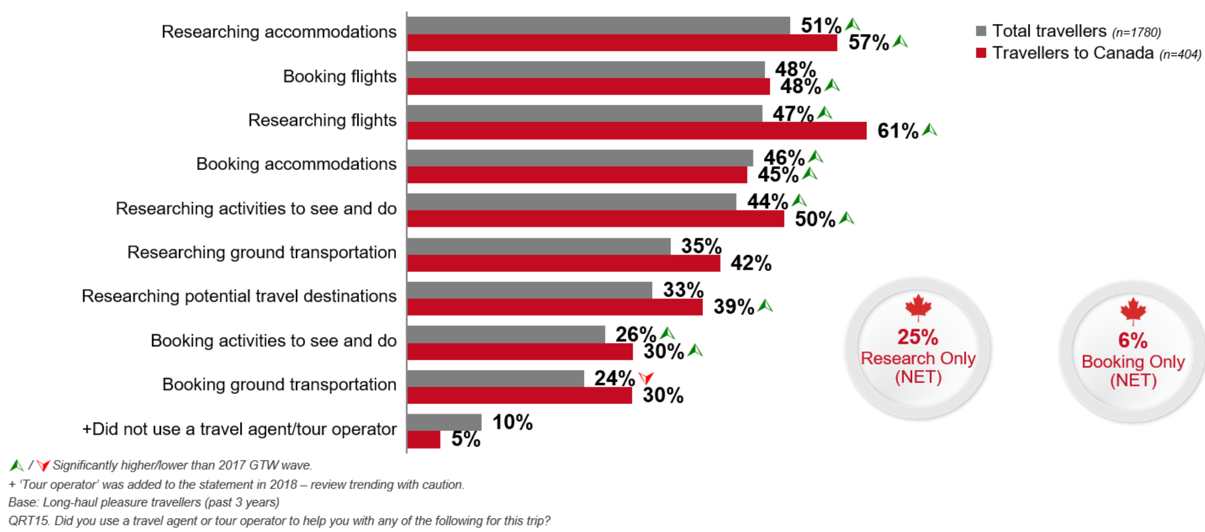
Ninety percent of all Chinese travellers report consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Several research and booking-related activities have seen significant increases in 2018, both among Chinese travellers in general as well as for visitors to Canada specifically.

Chinese travellers to Canada are most likely to use a travel agent/tour operator for research purposes: to research flights (61%, up significantly from 40% in 2017), followed by researching accommodations (57%, up significantly from 43%), and researching activities to see and do (50%, up significantly from 38%). Use of a travel agent/tour operator for researching these trip components have also increased significantly among Chinese long-haul travellers generally.

Chinese visitors to Canada are also significantly more likely to use a travel agent/tour operator for booking flights (48%, up from 40%), booking accommodation (45%, up from 29%), and booking things to see and do (30%, up from 16%).

It is important to note that 25% of recent visitors to Canada only conducted research with travel agents/tour operators without following through on booking any trip components.

Travel Agent/Tour Operator Usage



In terms of flights, the most popular way to book is a trip to any destination is through a travel agent/tour operator (65%). Booking directly with a travel agent/tour operator online is the most prevalent (38%, up significantly from 34% in 2017), followed by travel agent/tour operator in-person (27%, down significantly from 31%), and travel agent/tour operator by phone (17%, down from 22%). Booking directly through online booking engines is the next most popular option (46%).

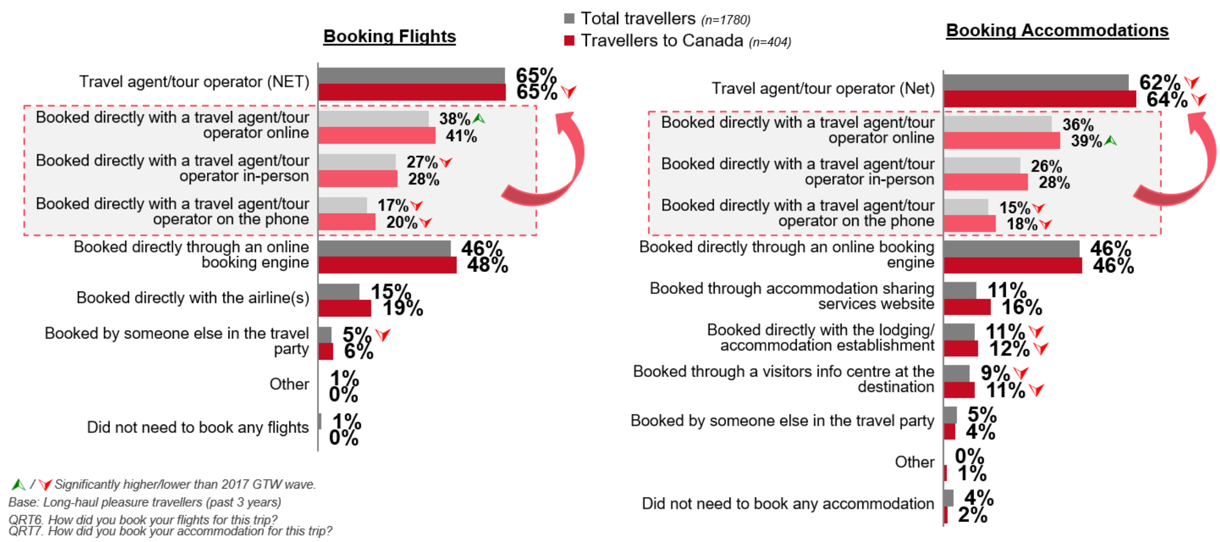
Those who have travelled to Canada report very similar flight booking behaviour to Chinese long-haul travellers in general. However, usage of travel agents/tour operators for booking flights has decreased significantly among Chinese travellers to Canada (65%, down from 78% in 2017), particularly booking with a travel agent/tour operator over the phone (20%, down from 36% in 2017).

For accommodation, booking with a travel agent/tour operator is most popular (62%) but has declined in usage in 2018 (down significantly from 66% in 2017). Booking via an online booking engine is the next most popular option for booking accommodations (46%). When booking directly with a travel agent/tour operator, online continues to be the most common method (36%), followed by in-person (26%); significant declines have been noted for booking directly with a travel agent/tour operator on the phone (15%, down from 19% in 2017).

Among those who visited Canada, booking accommodation via a travel agent/tour operator is also the most common approach (64%, down significantly from 72% in 2017), driven by a decline in booking with travel agents/tour operators over the phone (18%, down from 34%).

Booking accommodation directly with the provider is not as common, and this booking method continues to decline significantly, both among Chinese travellers in general (11%, down from 14%), and among those who visited Canada (12%, down from 20%). Booking accommodation at a visitor information centre is also significantly less popular generally (9%, down from 13%) and among visitors to Canada (11%, down from 17%).

Booking of Flights and Accommodations



Eighty-two percent of Chinese long-haul travellers indicated that at least a portion of their trip was part of an organized group tour, down significantly from 85% in 2017. While organized group travel continues to be very common among Chinese travellers, organizing at least part of the trip independently is becoming more popular. The proportion saying their whole trip was an organized group tour has decreased significantly from 2017 (36%, down from 44%). A significantly larger proportion of Chinese travellers indicate only part of their trip was with an organized group (47%, up from 41%).

Seventy-eight percent of Chinese travellers to Canada indicated that at least a portion of their trip was part of an organized group tour, down significantly from 85% in 2017. Of those who participated in a group tour on their trip to Canada, 37% were part of a group tour for their whole trip and 41% for only a part of their trip.

Most group tours are booked through a travel agent/tour operator, with 82% booking for trips generally and 85% for trips to Canada. Use of travel agents/tour operators online to book group tours is up significantly both to destinations generally (49%, up from 42%) and to Canada specifically (56%, up from 39%). Booking group tours to Canada with a travel agent/tour operator in-person is down significantly (38%, down from 47%) as is booking over the phone (27%, down from 35%). Booking directly through an online booking engine is up significantly among travellers to generally (42%, up from 37%), but unchanged for Canada.

Type of Accommodation

Overall, Chinese travellers continue to opt for mid-priced hotels (38%) and budget hotels (34%) for accommodation.

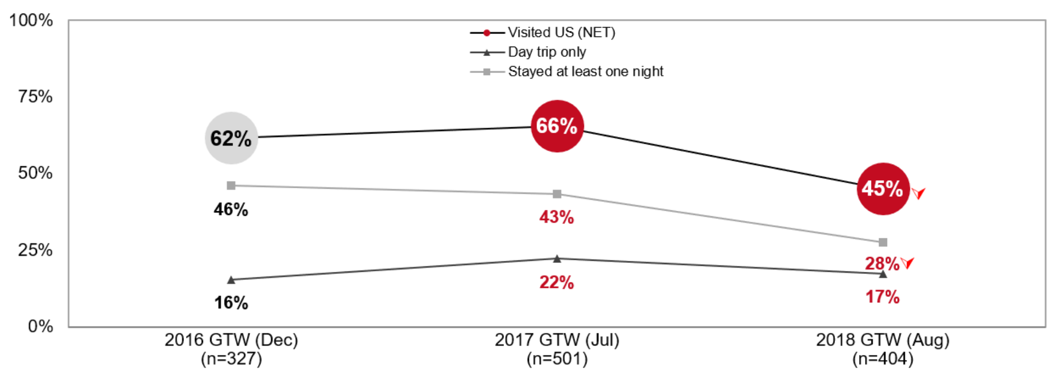
Chinese travellers used B&Bs (24%), luxury hotels (22%) and rented apartments/Airbnb (18%) to a similar extent as in 2017. The proportion of travellers staying in the following accommodation types decreased significantly in 2018: hostel/dormitory accommodation (11%, down from 14% in 2017), a cottage or second home (8%, down from 11%), and with friends/relatives (6%, down from 8%).

Among Chinese travellers to Canada, staying in a luxury hotel has become more popular (33%, up significantly from 25% in 2017) and is tied with mid-priced lodging (33%) as the most used accommodation type. On the other hand, visitors to Canada are significantly less likely to have stayed in a hostel/dormitory (10%, down 18% in 2017) or the home of friends and relatives (6%, down from 11%).

US Visitation

Combining a trip to Canada with a visit to the US is still common among Chinese travellers, although dual nation trips are declining. In 2018, 45% of Chinese visitors to Canada also visited the US, a significant decrease from 66% in 2017. While same day visits are holding steady (17%), overnight stays are significantly down (28%, down from 43% in 2017 and 46% in 2016).

Canada & US Visitation – Trended



/ Significantly higher/lower than 2017 GTW wave.

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

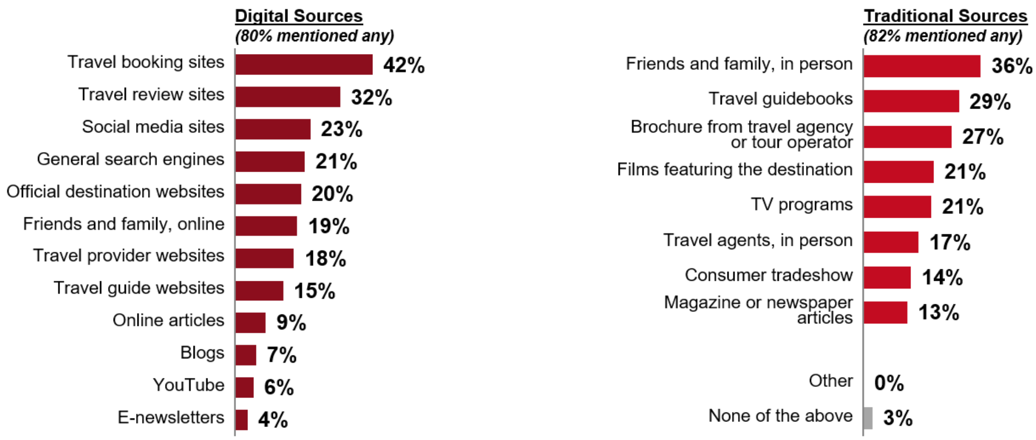
Information Sources

HIGHLIGHTS

- ✓ *Digital sources and traditional sources are similarly influential on the selection of travel destinations.*

A new question added in 2018 asked Chinese travellers whether they had booked a trip in the past three years based on a recommendation from any sources. Chinese travellers are equally as likely to mention digital sources (80%) and traditional sources (82%) as being influential. The top digital sources are travel booking sites (42%), travel review sites (32%), social media sites (21%) and official destination websites (20%). The most influential traditional sources are friends and family in-person (36%), travel guidebooks (29%), and brochures from travel agents/tour operators (27%).

Influence of Sources in Destination Selection



+ New question added in 2018 – no trending,
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=2202)
+MT5. In the past 3 years, have you booked a trip based on a recommendation from any of the following sources?