DESTINATION CANADA

Global Tourism Watch

2018 Mexico Public Summary Report

Canada

Table of Contents

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).

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 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 216 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: 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

AUG

2018

Geographical Definition for Qualified Trips

Outside of: Mexico and Central America

GTW Sample Distribution

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

Recent visitors to Canada:	**216**
Other travellers:	**1,285**
Total sample size:	**1,501**

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, World Economic Outlook, October 2018).*

Just before the time of data collection in July 2018, Mexico's general election saw Andrés Manuel López Obrador of the leftist Morena party win the Presidency by a large majority, with over 53% of the popular vote *(National Electoral Institute and Preliminary Electoral Results Program (PREP))*. This is the first time a leftist politician has become President in three decades *(Reuters, July 2018*). Although the transition to power would not take place until December 2018, there was mixed reaction to this drastic change in leadership. Some of Lopez Obrador's policymaking was said to worry investors and weigh on investor confidence (*The Economist Intelligence Unit - Mexico*). Yet, public investment plans announced by Lopez Obrador could also potentially strengthen growth in the country (*OECD Economic Outlook, Volume 2018 Issue 2).*

At the time of data collection, Mexico was in deep in negotiations with the US on a trade deal to replace what was formerly known as NAFTA. A preliminary trade agreement between the United States and Mexico was announced by US President Trump and signed on August 28, 2018. However, the future of the trilateral agreement to also include Canada remained uncertain due to unresolved issues between the United States and Canada (*IMF, October 2018*). The agreement was modified to include Canada, signed into agreement in November 2018 by all three countries, and renamed the United States-Mexico-Canada Agreement (USMCA) *(Office of the United States Trade Representative, August 2018).* Both private and public investment was expected to strengthen in Mexico as a result of the US-Mexico-Canada trade agreement (*OECD Economic Outlook, Volume 2, 2018*).

Mexico's economy stalled in the second quarter of 2018 *(Bloomberg, August 2018).* While the country's growth projections for 2018 were still up 2.2%, this was revised down from early 2018 levels due to uncertainty surrounding the NAFTA agreement and the new president elect's policy agenda (*International Monetary Fund, World Economic Outlook, October 2018*). In 2017, Mexico's inflation rate had risen steadily and sharply, averaging at 6% (*Statista*). Inflation has since declined and was projected to continue to fall to 4.8% in 2018 and move towards the central bank's target of 3% by 2020 (*International Monetary Fund, World Economic Outlook, October 2018*).

Mexico's unemployment rate, which had been on a downward trend since 2014, bottomed out at 3.3% in 2017, at its lowest levels since 2004 and ranking 4th lowest globally (*OECD, 2018*). However, the unemployment rate was expected to increase slightly reaching 3.6% in 2018 (*UN International Labour Organization – World Employment Social Outlook Trends, 2018*). Mexico's consumer confidence index stood at 49.6 points in August 2018 – a substantial increase of 8.1 points since July 2017. Confidence levels in Mexico are were close to the global average of 50.5 in August 2018 *(Thomson Reuters/Ipsos Primary Consumer Sentiment Index).*

Mexican residents took just over 19 million trips abroad in 2017, which was down from 20 million trips in 2016 (*World Tourism Organization, Yearbook of Tourism Statistics, 2018*).

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market has remained stable at 1.56 million in 2018 compared to 1.59 million in 2017.*
- ✓ *The long-haul travel outlook dropped significantly to 0 in 2018, down from +8 in 2017.*
- ✓ *Interest in BC has softened since 2016 (46% in 2018, down from 49% in 2017, and 52% 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 Mexican 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		**3.19 million**	
Target market for Canada (dream to purchase stage)	**85%**	**84%**	**81%**
Size of the target market	**2.72 million**	**2.66 million**	**2.59 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years[1])	**64%**	**60%**	**60%**
Size of the immediate potential	**1.74 million**	**1.59 million**	**1.56 million**
Actual Visitation	**243,460**	**385,626**	**404,402**

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

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

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

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

The long-haul travel market size is derived from a 2016 omnibus study of the 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 is marginally lower than previous years (81%, versus 84% in 2017, and 85% in 2016). Based on the 2018 result, the size estimate for long-haul Mexican travellers is 2.59 million, down slightly from 2.66 million in 2017 and 2.72 million in 2016. This result suggests that Canada's overall base of interested travellers in the Mexican market is slowly declining.

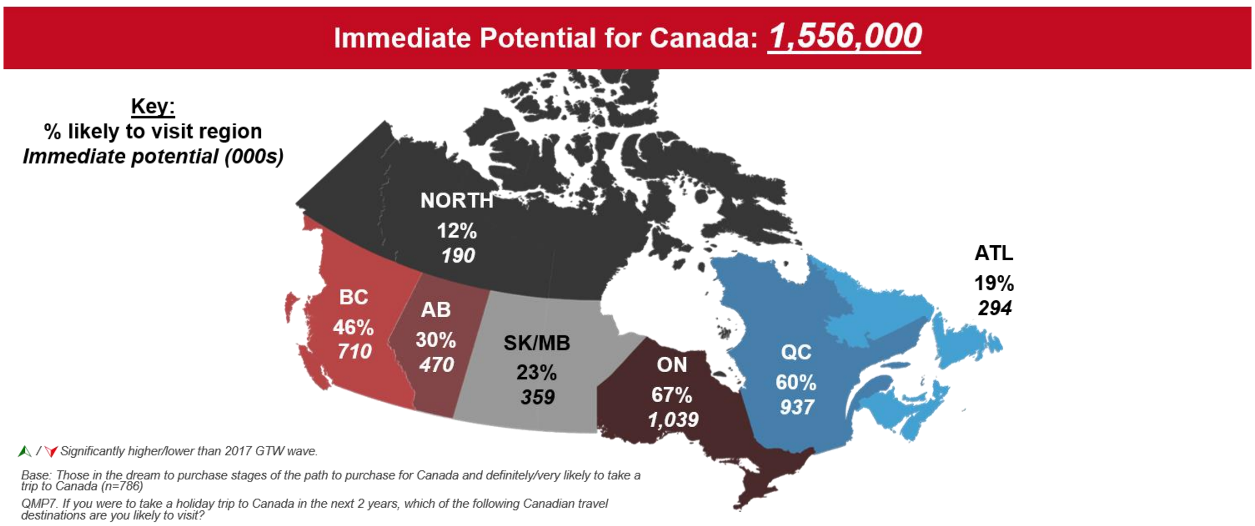
The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years. The 60% result in 2018 is consistent with 2017, but down marginally from 64% in 2016. There are 1.56 million travellers with immediate potential for conversion in 2018, a small decrease of 30,000 from 2017 (1.59 million).

Among Destination Canada's ten international markets, Mexico was ranked last for immediate potential market size. However, actual visitation from Mexico was ranked 6th among Destination Canada's international markets in 2018. This means that Canada is continuing to do well at converting potential travellers to actual visitors in the Mexican market. One of the key challenges of the Mexican market is that the long-haul travelling population is a relatively small proportion of the total population; however, those who do travel have the means and capacity to travel extensively.

For context, Canada attracted 404,000 visitors from Mexico in 2018, up 5% from the 386,000 Mexican visitors in 2017[1]. The 404,000 arrivals represent 26% of the immediate potential market.

Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (1.56 million). Ontario continues to hold the greatest appeal (67% or 1 million potential visitors), followed by Quebec (60% or 937,000 potential visitors). BC (46%) and Alberta (30%) continue to be the next most likely provinces to visit; however, interest levels for BC have softened since 2016 (46% in 2018, down from 49% in 2017, and 52% in 2016).

Potential Market Size for the Regions



The ongoing uncertainty with NAFTA re-negotiations and transition to a new left-wing President at the time of fielding may have contributed to long-haul travel intentions dropping in 2018. There is a significantly lower proportion of Mexican travellers reporting that they intend to spend more on long-haul travel in 2018 compared to 2017, resulting in a long-haul outlook of 0, down significantly from +8 in 2017, but in line with 2016 (-1).

The short-haul travel outlook continues to be negative, with more Mexican travellers saying they will spend less on leisure travel within Central America (-21, down significantly from -14 in 2017).

While Mexican travellers continue to be more likely to travel within their own country, the domestic travel outlook has also dropped significantly (+20, down from +28 in 2017).

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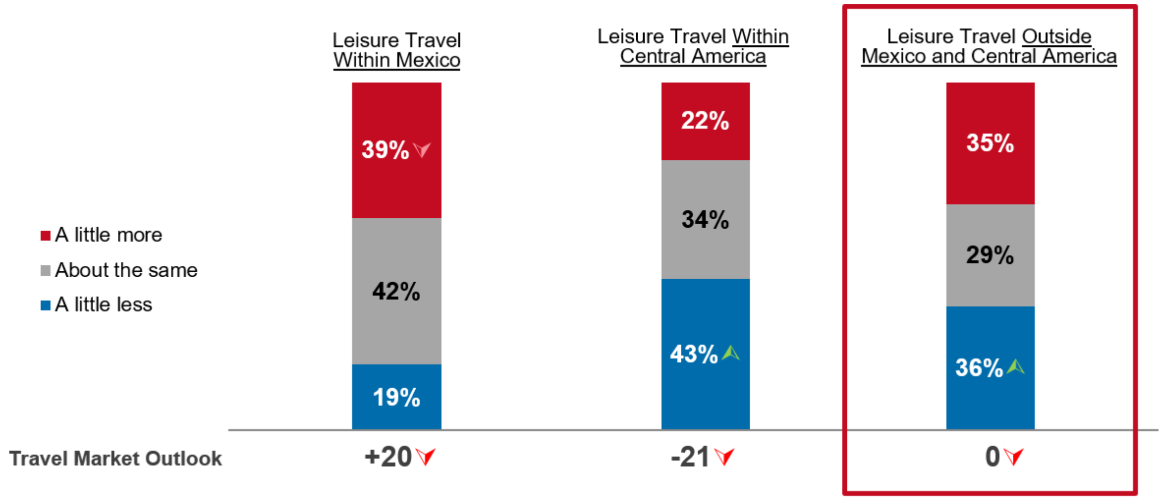
1 *Destination Canada, Tourism Snapshot, December 2018.*

Spending Intentions (in the Next 12 Months)



Significantly higher/lower than 2017 GTW wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=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 is now ranked 2nd on destination knowledge (tied with the US).*
- ✓ *Canada also moved into 2nd spot on NPS (tied with the UK and Italy), following only slightly behind France. The US saw a significant increase in NPS but remains in last place.*

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 Mexico, these 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 now ranks 2nd across all metrics – unaided consideration, aided consideration, destination knowledge and NPS. In fact, Canada has improved its positioning, moving from 5th to 2nd spot on both destination knowledge (tied with the US) and on NPS (tied with Italy and the UK).

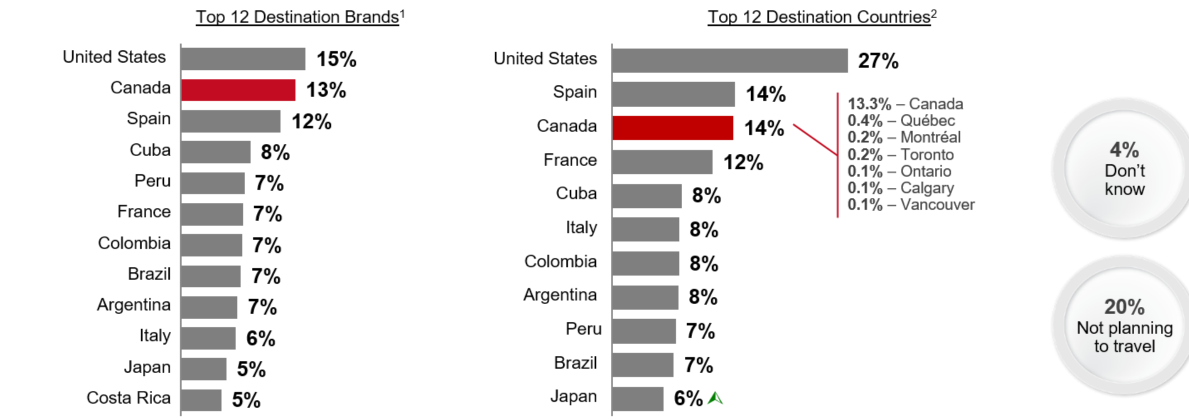
Consideration

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, 14% of Mexican travellers mentioned Canada as a destination under serious consideration in the next 2 years, down marginally from 2017 and 2016 (both 16%). Canada is tied with Spain on this metric but continues to trail the US by a large margin. Of note, unaided mentions of the US and Spain are also down directionally year-over-year (for the US, 27% down from 31% in 2017 and for Spain, 14% down from 16% in 2017).

Those who have visited Canada recently continue to be more likely to mention Canada on an unaided basis (34%).

Unaided Long-Haul Destination Consideration (Next 2 Years)



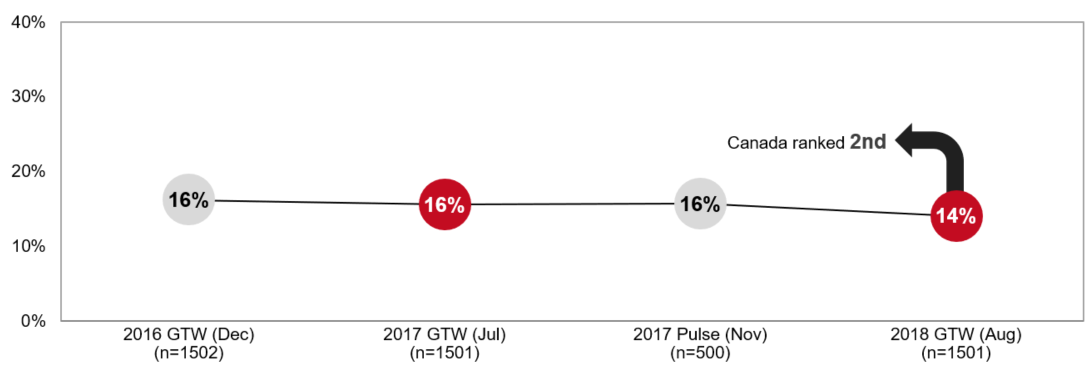
▲/▼ Significantly higher/lower than 2017 GTW wave.

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=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.)

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 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, 42% say they are seriously considering Canada for a leisure trip in the next 2 years, trending downwards from 44% in 2017 and 46% in 2016. Canada continues to be in 2nd place behind the US (45%) and ahead of Spain in 3rd place (34%, down significantly from 38% in 2017). Of note, Germany has also seen significant declines in aided consideration in 2018 (18%, down from 23% in 2017).

Both recent visitors to Canada (70%) and those considering a visit (62%) 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

Thirty-eight percent of all Mexican travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, marginally higher than 36% in 2017.

Among those considering Canada, destination knowledge stands at 51%, also marginally higher than 2017 (47%) and 2016 (49%). Canada has improved from 5th spot in 2017 to 2nd spot in 2018, behind Japan (52%), but tied with the US (51%).

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 36% of those in the dreaming stage are knowledgeable about Canadian travel opportunities, moving up to 45% among those in the considering stage, and further to 52% among those actively planning 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=1501)	Recent Visitors to Canada[1] (n=216)	Considering Canada[2] (n=782)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**14%**	**34%**	**23%**
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	**38%**	**66%**	**48%**

▲ / ▼ 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 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 among all respondents)

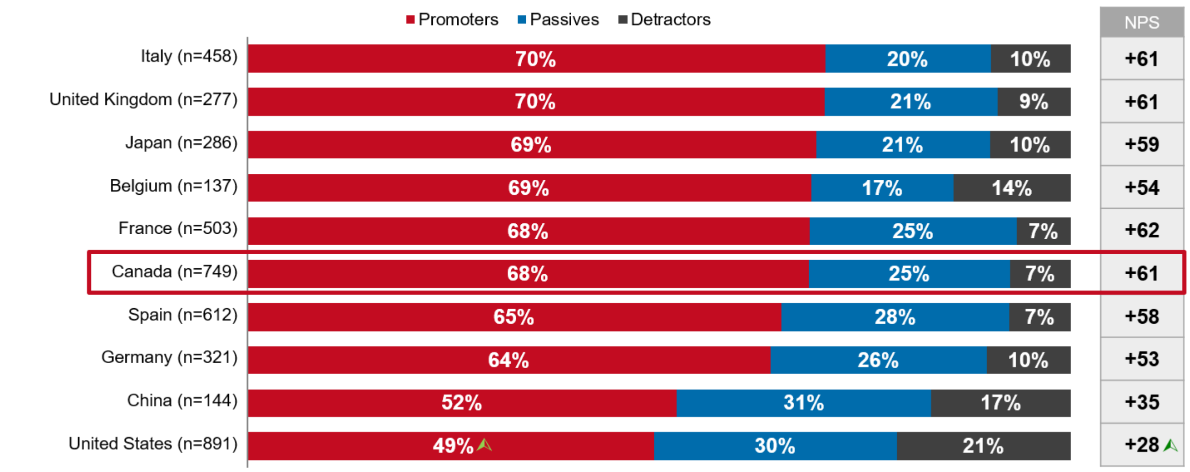
Net Promoter Score (NPS)

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.

France achieved the highest NPS result (+62) among Mexican travellers in 2018, followed very closely by Italy (+61), the UK (+61), and Canada (+61), Japan (+59), and Spain (+58). While shifts are not statistically significant, Canada's proportion of Promoters has grown from 64% in 2017 to 68% in 2018, while the proportion of Detractors has declined from 9% to 7% year-over-year; this led to an improvement in NPS from +56 to +61, and a jump in rank from 5th to tied for 2nd. The US continues to be in last place among the competitive set even though its NPS result has significantly improved from +20 in 2017 to +28 in 2018, due to a significant increase in Promoters (49%, up from 43% in 2017).

When the results for Canada are examined among past three year visitors, the NPS result is +69, up significantly from 2017 (+58); among those who have not visited Canada in the past 3 years, the results is +20. This strongly 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 +36, which is substantially lower than that of past three year visitors – this indicates the need to develop strategies that encourage visitors to advocate either during or immediately after a trip to Canada.

Net Promoter Score



/ Significantly higher/lower than 2017 GTW wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) considering visiting each country
QMP11. Whether you have visited or not, how likely are you to recommend each of the following holiday destinations to a friend, family member or colleague?

Path-to-Purchase

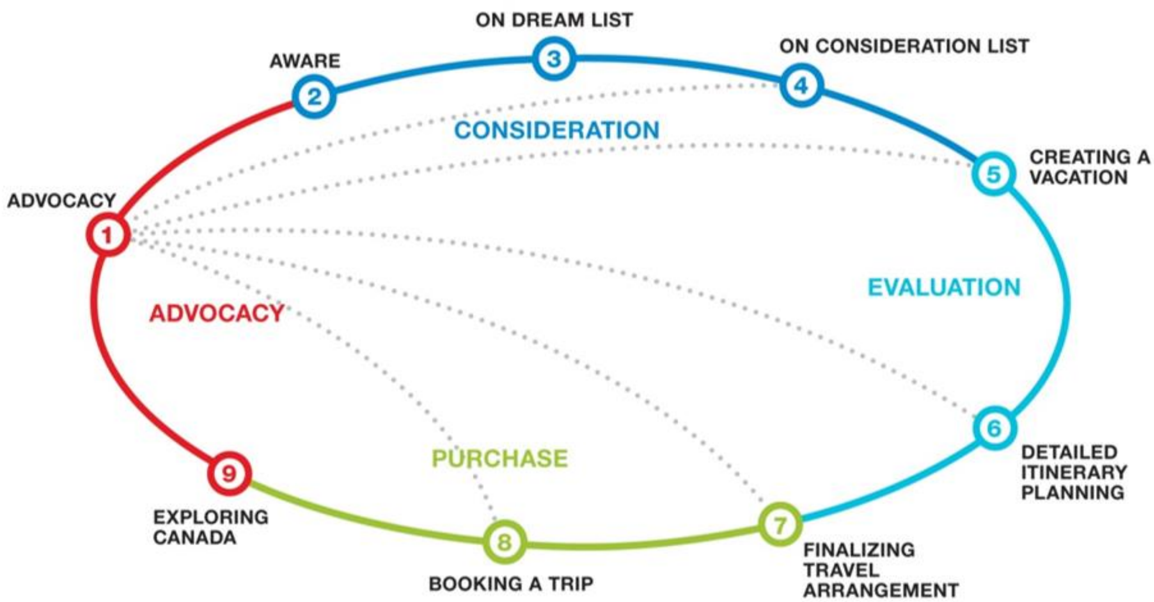
HIGHLIGHTS

- ✓ *Mexican travellers are significantly more likely to be in the active planning stages for Canada in 2018.*
- ✓ *The US and Italy also saw significant increases in active planning in 2018, solidifying the US in the top position and moving Italy into 3rd, behind Canada.*

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.

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

Destination Canada's Path-to-Purchase Model



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

Destination Canada's Path-to-Purchase Model

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

Dream to Purchase

Consider to Purchase

Active Planning

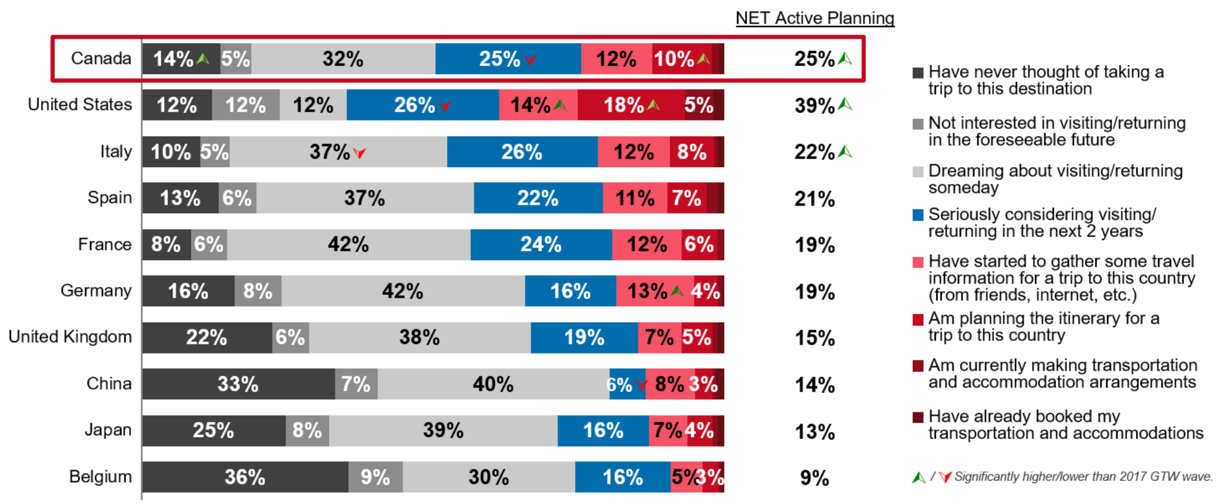
The US continues to have the strongest Path-to-Purchase, with significant increases in Mexican long-haul travellers actively engaged in planning a visit (39%, up from 23% in 2017). These increases come specifically from those gathering information (14%, up 6% from 2017) and those who are planning an itinerary (18%, up from 9% in 2017). At the same time, travellers seriously considering a trip in the next 2 years dropped significantly (26%, down from 35% in 2017). These results show that the US is successfully moving Mexican travellers along the Path-to-Purchase.

Canada follows a similar pattern to the US. While still 2nd to the US, Mexican travellers actively planning a trip to Canada is up significantly (25%, up from 20% in 2017) with a significant increase at the itinerary planning stage (10%, up significantly from 5% in 2017). As more Mexican travellers move into active planning, those considering a trip is down significantly (25%, from 29% in 2017). Despite these positive changes along the Path-to-Purchase, a significantly higher proportion of travellers also noted they had never thought of taking a trip to Canada (14%, up from 10% in 2017).

Italy also saw significant gains in actively planning in 2018 (22%, up from 12% in 2017) as the proportion of Mexican travellers at the dreaming stage declined significantly (37%, down from 49% in 2017). Of note, Italy is now ranked 3rd for active planning among the competitive set (up from 8th position in 2017) and is posing an increasing threat.

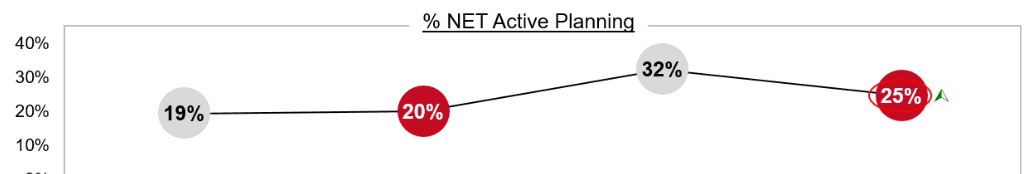
There are some shifts of note with other destinations in the competitive set. Germany saw a significant increase in the proportion who have started to gather information for a visit (13%, up significantly from 6% in 2017), while China saw a significant drop in the proportion of Mexican travellers saying they are seriously considering visiting in the foreseeable future (6%, down significantly from 14% 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=1502)	2017 GTW (Jul) (n=1501)	2017 Pulse (Nov) (n=500)	2018 GTW (Aug) (n=1501)
Have never thought of taking a trip to this destination	10%	10%	7%	14%
Not interested in visiting/returning in the foreseeable future	5%	6%	4%	5%
Dreaming about visiting/returning someday	35%	35%	34%	32%
Seriously considering visiting/returning in the next two years	31%	29%	23%	25%
Have started to gather some travel information for a trip to this country	10%	12%	16%	12%
Am planning the itinerary for a trip to this country	8%	5%	13%	10%
Am currently making transportation and accommodation arrangements	1%	1%	2%	1%
Have already booked my transportation and accommodations	0%	1%	1%	1%

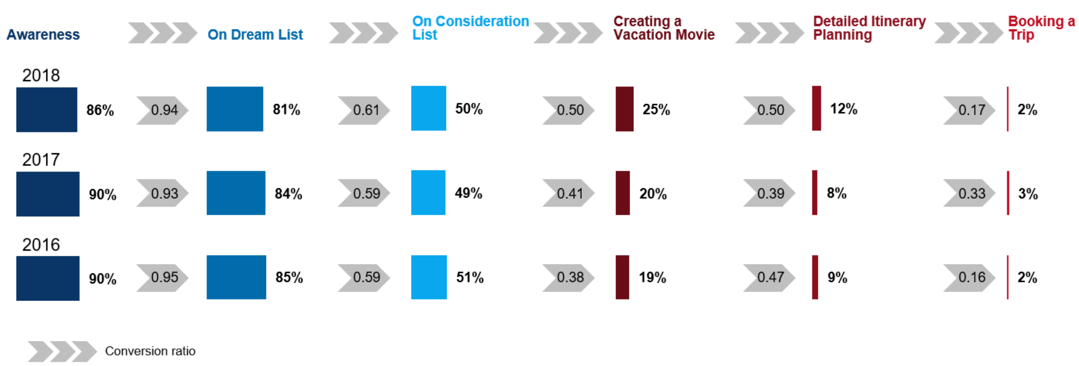
/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

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 remains average in 2018 across the purchase cycle with the exception of converting potential travellers from itinerary planning to actually booking a trip. It is notable that 2018 conversion rates are higher in 2018 between the lower stages of Canada's Path-to-Purchase: consideration to creating a vacation movie (+9%) and creating a vacation movie to detailed itinerary planning (+11%), but not from detailed itinerary to booking a trip where conversion has declined to 17% and is back to 2016 levels. These results indicate that Canada has been more successful than previous years at retaining Mexican travellers throughout the purchase cycle and suggests that there is prospect for increased Mexican arrivals in subsequent years However, weaker conversion performance between the final stages of the Path-to-Purchase indicates that visitation softened in 2018.

Relative to the US, Canada's top competitor in the Mexican market, the conversion result between dreaming and consideration stages remains low. With improved results between creating a vacation movie to detailed itinerary planning, there is an opportunity to now place a greater focus on improving conversion between the dreaming and consideration stages. Travellers go no further than the dreaming stage because they have an incomplete vision of what their holiday in Canada could look like. In their minds, they cannot visualize a satisfying holiday concept – one that will address all of their fundamental holiday needs. Motivation to move forward from the dreaming stage occurs as travellers learn about different urban, cultural and experiential opportunities available in Canada.

Path-to-Purchase Conversion – Canada

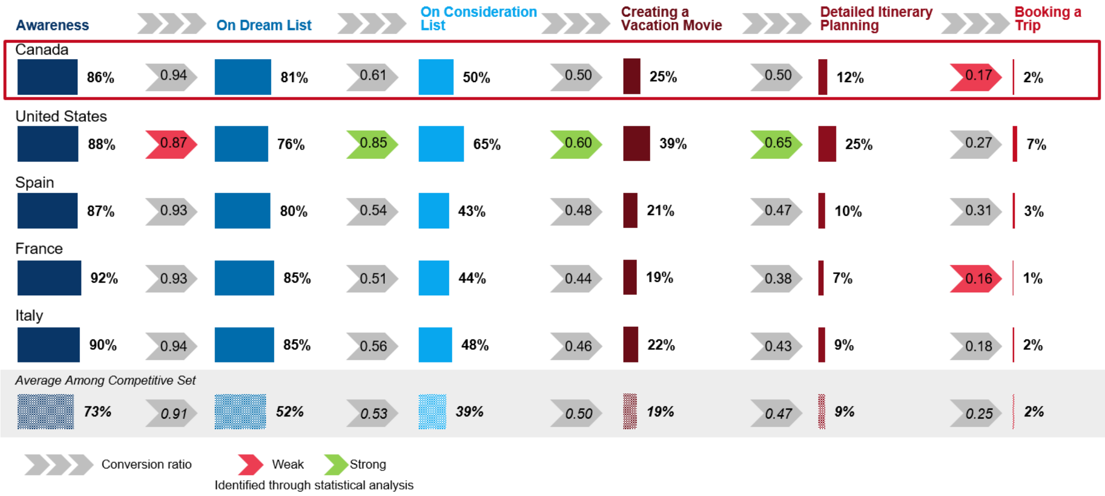


Looking at conversion results among competitors, the US continues to show below average results at getting on travellers' dream list, yet it is the only destination that has above average results for conversion between any other stages, namely getting on travellers' consideration list, moving to creating a vacation movie, and finally to detailed itinerary planning.

For context, the US recorded 17.8 million arrivals from Mexico in 2017 (down 4% from 2016), while Canada welcomed 386,000 (up by 58% from 2016). [2]

[2] *Destination Canada, US National Travel & Tourism Office.*

Path-to-Purchase Conversion – Top Competitors



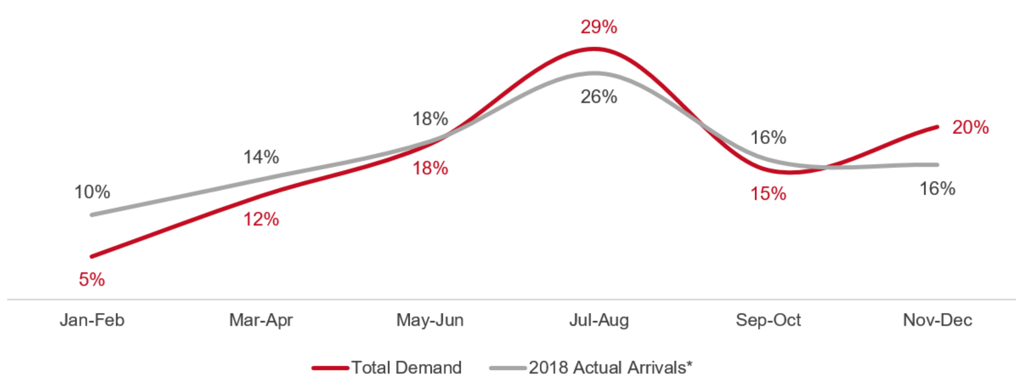
Time of Year Interest

HIGHLIGHTS

✓ *An opportunity exists to fill the November to December demand gap.*

A new question added to the Global Tourism Watch in 2018 asked prospective Mexican visitors which time of year they would consider visiting Canada. July to August (29%) is the most popular time of year, followed by November to December (20%) and May to June (18%). Compared to the distribution of actual Mexican arrivals in 2018, the largest gap in demand is for the months of November to December where those interested (20%) are higher than those actually visiting (16%). Given compression issues in the peak July to August months, an opportunity exists to fill the November to December demand gap to relieve pressures.

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



** Source: 2018 StatsCan Frontier Border Counts.*
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1276); 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

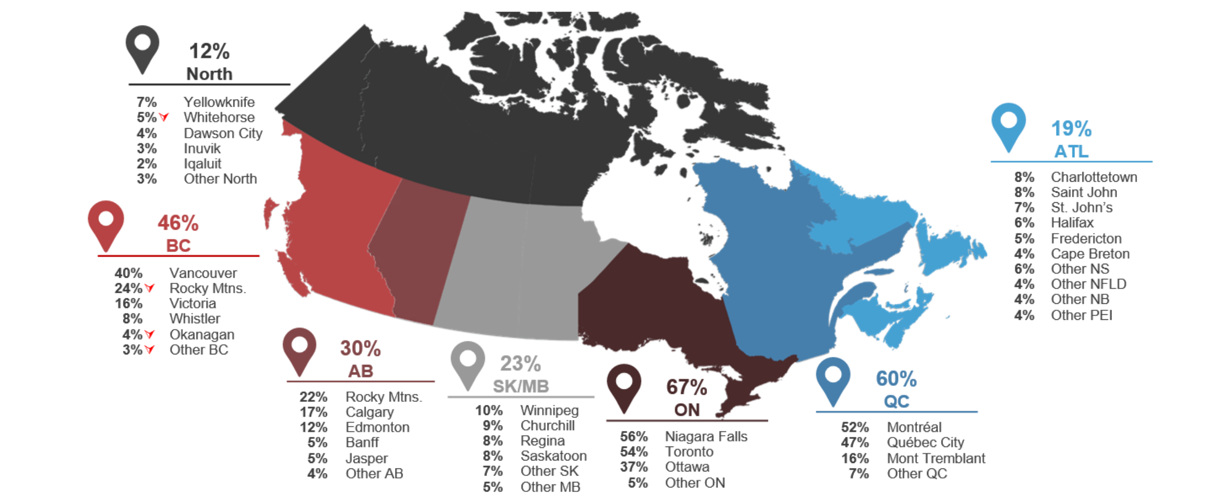
- ✓ *Several significant decreases in interest were recorded in 2018 for the BC Rocky Mountains, the Okanagan, other areas in BC, and Whitehorse.*
- ✓ *Niagara Falls continues to hold greater appeal for Mexican travellers than any other destination.*

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 2017, with Ontario (67%) and Quebec (60%) being the most popular provinces.

Niagara Falls (56%) and Toronto (54%) are the top destinations, followed by Montreal (52%) and Quebec City (47%). Vancouver (40%) and Ottawa (37%) round out the most popular city destinations for Mexican travellers. Outside of urban destinations, the Rocky Mountains remain a top draw with 24% of probable visitors heading to BC for this experience and 22% saying they would go to Alberta. Of note, Mexican travellers are less interested in going to BC to see the Rocky Mountains in 2018 (24%, down significantly from 31% in 2017) while interest in the visiting the Rocky Mountains in Alberta is constant.

While interest in visiting BC remains relatively stable relative to 2017, interest in specific destinations within the province have declined significantly: in addition to the drop noted for the Rocky Mountains, decreases are noted for the Okanagan (4%, down from 7% in 2017) and other regions in BC (3%, down from 7% in 2017). Whitehorse also recorded a significant decrease in interest in 2018 (5%, down from 8% in 2017).

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

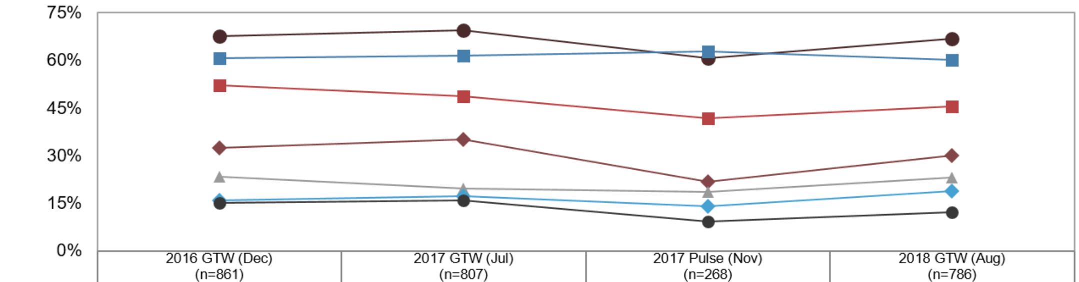


Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=786)
QMP7. If you were to take a vacation trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

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

The trended results show that interest in individual provinces and regions has remained relatively consistent since 2016, with BC seeing a slow downward trend. The only significant change to note is the increase in likelihood to visit Alberta in 2018 compared to the Pulse Check wave conducted in November 2017; however, 2018 results (30%) are consistent with 2017 and 2016.

Canadian Destinations Likely to Visit – Provinces/Regions Trended



	2016 GTW (Dec) (n=861)	2017 GTW (Jul) (n=807)	2017 Pulse (Nov) (n=268)	2018 GTW (Aug) (n=786)
BC	52%	49%	42%	46%
AB	33%	35%	22%	30%
SK/MB	23%	20%	19%	23%
ON	68%	69%	61%	67%
QC	61%	62%	63%	60%
ATL	16%	17%	14%	19%
North	15%	16%	9%	12%

/ 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. Overall, Niagara Falls is selected by 28% of prospective visitors and continues to outperform Montreal (13%), Vancouver (12%), Quebec City (10%), the Rocky Mountains (8%), and Toronto (7%).

Most Appealing Canadian Destination – Top 10 Mentions

Other NS	0.7%
Other MB	0.5%
Other NFLD	0.4%
Other QC	0.4%
Other SK	0.2%
Other North	0.1%

Winnipeg	1.1%
Victoria	1.1%
Yellowknife	0.9%
Mont Tremblant	0.7%
Charlottetown	0.7%
Edmonton	0.7%
Whistler	0.7%
Okanagan	0.6%
Churchill	0.5%
Saskatoon	0.5%
Dawson City	0.3%
St. John's	0.3%
Halifax	0.3%
Saint John	0.3%
Jasper	0.2%
Iqaluit	0.2%
Whitehorse	0.2%
Fredericton	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=786)

QMP8. And, which place in Canada most appeals to you?

Vacation Activities

HIGHLIGHTS

- ✓ *Northern lights, natural attractions, nature parks, local food and drink, historical sites, and fine dining are the top activities of interest as well as trip anchor activities for Mexican travellers.*
- ✓ *Younger travellers aged 18-34 are more likely to be interested in outdoor activities while travellers aged 35-54 are more likely to be interested in a variety of city and nature based activities.*

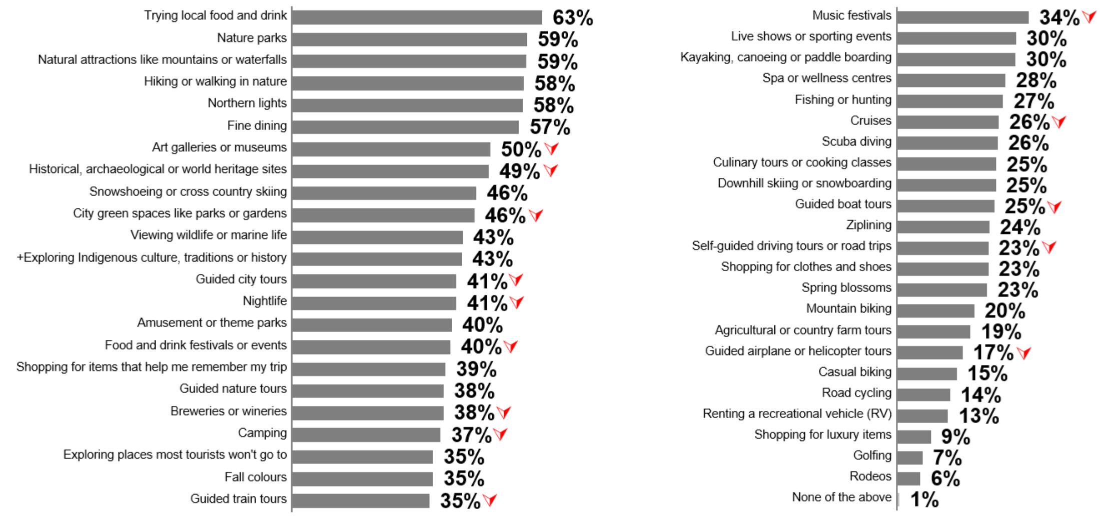
Mexican travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The chance to sample local food and drink continues to be the most sought-after holiday experience. This is followed by several nature-based activities, including: visiting nature parks, seeing natural attractions like mountains and waterfalls, hiking/walking in nature, and viewing the Northern lights. Rounding out the top ten are: fine dining, visiting art galleries/museums, visiting historical sites, snowshoeing or cross country skiing, and visiting city green spaces. There are some significant decreases from 2017 to 2018 among the top ten, namely interest in visiting museums/art galleries (50%, down from 57%), visiting historical sites (49%, down from 57%) and visiting city green spaces (46%, down from 51%).

Outside of the top ten activities, there were several significant decreases from 2017 to 2018, including: guided city tours, nightlife, attending food and drink festivals, breweries and wineries, camping, guided train tours, attending music festivals, cruises, guided boat tours, self guided driving tours, and guided airplane/helicopter tours.

Travellers aged 35-54 are more likely to be interested than younger travellers aged 18-34 in a variety of city based activities, including: trying local food, fine dining, guided city tours, amusement or theme parks, and shopping for clothes and shoes. They are also more interested in several nature based activities, including: visiting nature parks, seeing natural attractions, seeing Northern lights, visiting historical sites, wildlife viewing, and hiking/walking in nature. The top ten activities among Mexican travellers aged 35-54 are all the same compared to general Mexican travellers with one exception: viewing wildlife (46%) replaces snowshoeing/cross country skiing.

Younger travellers aged 18-34 are more likely than travellers aged 35-54 to be interested in outdoor activities such as: snowshoeing/cross country skiing, camping, fishing/hunting, downhill skiing/ snowboarding, ziplining, road cycling, and golfing. The top ten activities among travellers aged 18-34 are also similar to that of the general Mexican traveller, except that nightlife (47%) and camping (46%) replace city green spaces and historical sites.

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=1501)
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 Mexican travellers which vacation activities are important enough that they would base an entire trip around them.

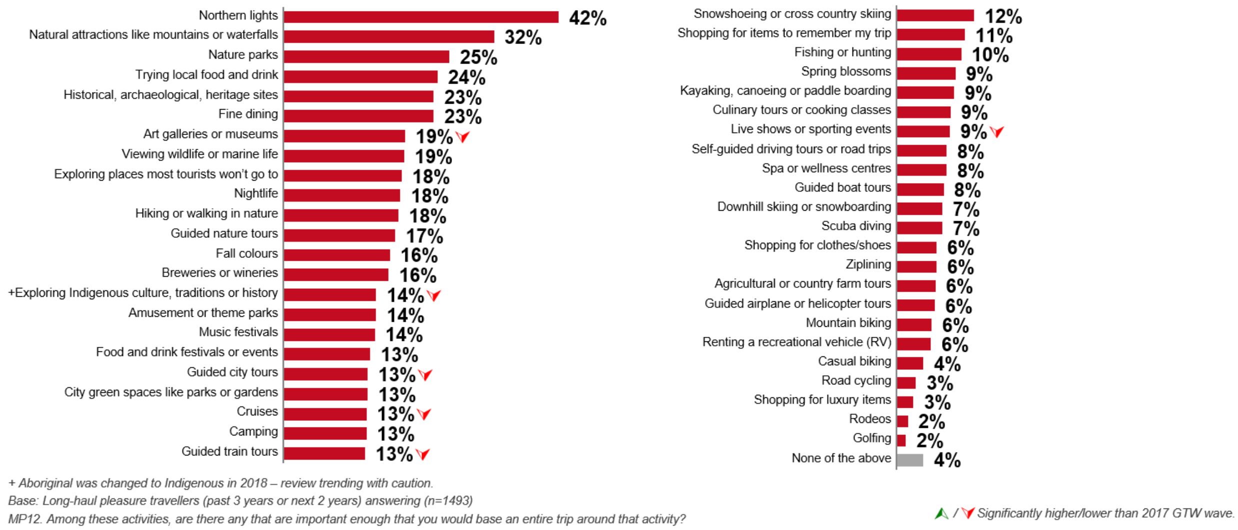
Consistent with 2017, seeing Northern lights (42%), seeing natural attractions (32%), visiting nature parks (25%), trying local food and drink (24%), visiting historical sites (23%), and fine dining (23%), are the top trip anchor activities. All of these are also among the top activities of interest for Mexican travellers. Given that Mexican travellers are willing to anchor a trip around these activities, messaging about their availability in Canada is recommended. These anchors are particularly important to highlight at the creating a vacation movie stage of the Path-to-Purchase since travellers are looking to create a framework around what their trip could look like.

Visiting art galleries/museums dropped significantly as a trip anchor in 2018 and is no longer a top anchor activity (19%, down from 24% in 2017). The following also experienced significant decreases in 2018: exploring Indigenous culture (14%, down from 20% in 2017), guided city tours (13%, down from 16%), cruises (13%, down from 19%), guided train tours (13%, down from 18%), and attending live shows or sporting events (9%, down from 11%). Of note, the wording changed from Aboriginal culture in 2017 to Indigenous culture in 2018, and the decrease may be a reflection of that change.

Among top trip anchor activities, Mexican travellers aged 35-54 are more likely than younger Mexican travellers 18-34 to cite almost all activities, including seeing natural attractions, visiting nature parks, trying local food/drink, visiting historical sites, and fine dining. The top ten trip anchor activities among Mexican travellers aged 35-54 are similar to that of the general Mexican traveller except that nightlife is replaced by hiking or walking in nature.

Those aged 18-34 indicate a higher interest than those aged 35-54 in anchoring a trip around ziplining, mountain biking, and road cycling, but none of these are top trip anchor activities. The top ten trip anchor activities among younger Mexican travellers aged 18-34 are similar to those of the general Mexican traveller except visiting breweries or wineries and guided nature tours outplace visiting historical sites and art galleries/ museums.

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=1493)
MP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

Barriers

HIGHLIGHTS

- ✓ *Cost continues to be the primary deterrent to visiting Canada, marginally ahead of poor weather. The top cost-related barriers are cost of flights to Canada and cost of accommodation.*
- ✓ *Concerns about visa requirements are still high (25%) despite Canada removing visas for Mexican visitors in December 2016.*

All Mexican long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent (31%), marginally ahead of poor weather (27%) and visa requirements (25%). Although visa requirements were lifted in December 2016, this barrier had remained a primary concern among Mexican travellers (25% in 2018, consistent with 26% in 2017, and up significantly from 21% in 2016). This suggests Canada could be doing more to communicate the removal of visa requirements for Mexican travellers.

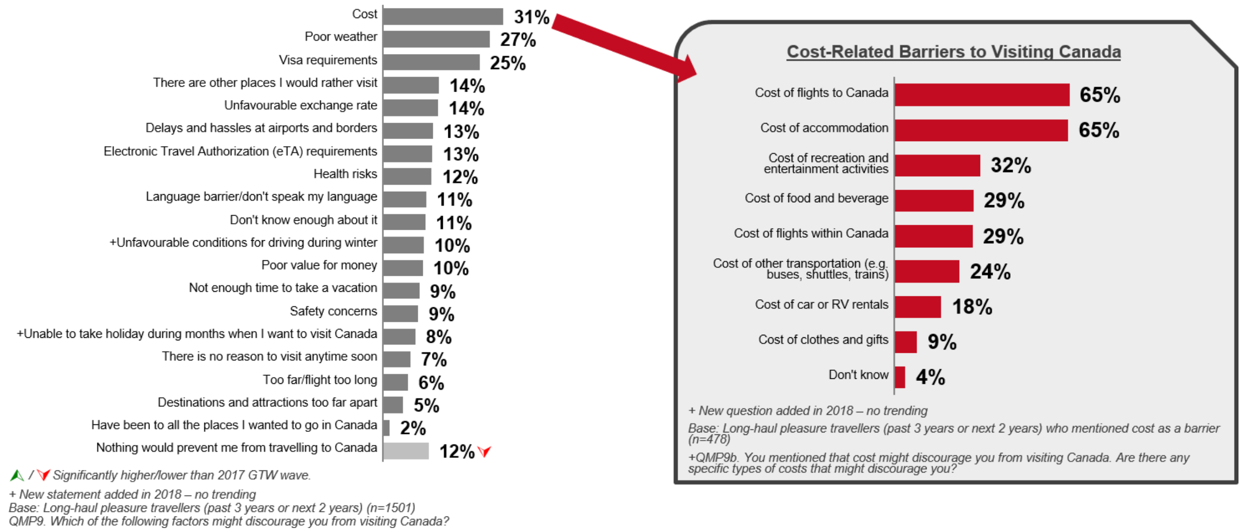
Although there are no significant changes on specific barriers, there is a significant decrease in those who say that nothing will prevent them from visiting Canada (12%, down from 17% in 2017).

Younger travellers aged 18-34 are more likely than those aged 35-54 to be concerned about language barriers, safety, delays and hassles at airports/borders, lack of time to take a vacation, and inability to take a vacation at the time they want to visit Canada. Travellers aged 35-54 are more likely to cite poor weather as a deterrent and say nothing will prevent them from visiting Canada.

A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of flights to Canada (65%) and the cost of accommodation (65%) are of greatest cost-related concerns, followed entertainment costs (32%), food and beverage costs (29%) and cost of flights within Canada (29%).

While cost remains among the top barriers for those who visited Canada in the past (23%), they are much less likely to cite it as a barrier compared to those who have never been (36%). Past visitors are less likely to mention visa requirements (19% versus 29%), language barriers (6% versus 15%), and lack of knowledge (5% versus 10%). However, they are more likely to state that they have been everywhere they want to go in Canada (4% versus 0%) and that nothing would prevent them from visiting (15% versus 9%).

Key Barriers for Visiting Canada



Recent Trip Profile

HIGHLIGHTS

- ✓ *Use of a travel agent/tour operator to book accommodation for trips to Canada is down significantly while use of accommodation sharing websites is up significantly.*
- ✓ *Mexican travellers continue to show a preference for mid-priced hotels over any other accommodation type.*

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 (58% took such a trip). If the most recent trip encompassed more than one destination, the data reflects where the most time was spent.

Trip Purpose

The primary reason for travelling among all Mexican long-haul travellers to any destination continues to be for holiday purposes (52%), followed by visiting friends and family (23%).

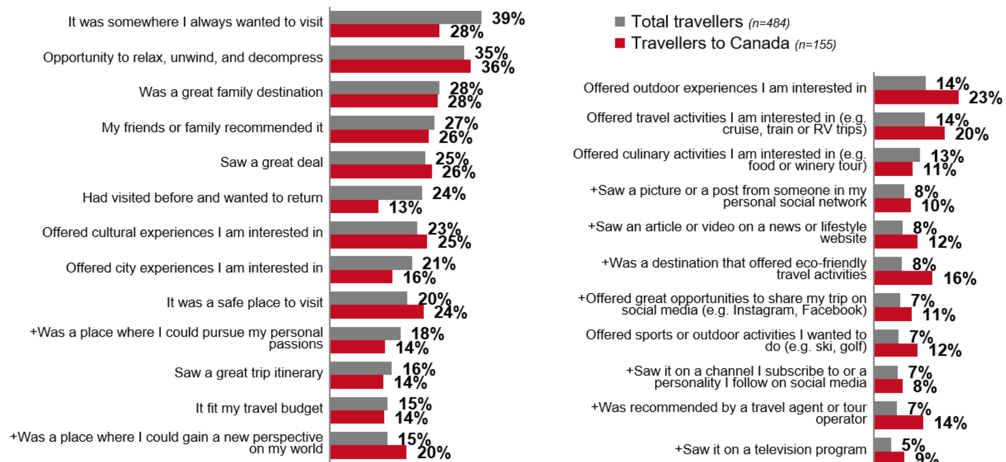
Going on a holiday (71%) is also the primary purpose for a trip specifically to Canada, a wide margin ahead of visiting family and friends (15%) and combined business/personal reasons (9%).

Motivators

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

The longstanding desire to visit remains the primary reason for selecting the holiday destination among travellers generally (39%), followed by the opportunity to unwind, relax and decompress (35%). Among visitors to Canada, the opportunity to unwind, relax and decompress is the primary reason (36%), followed by the longstanding desire to visit (28%) and being a great family destination (28%).

__Factors Influencing Destination Selection__



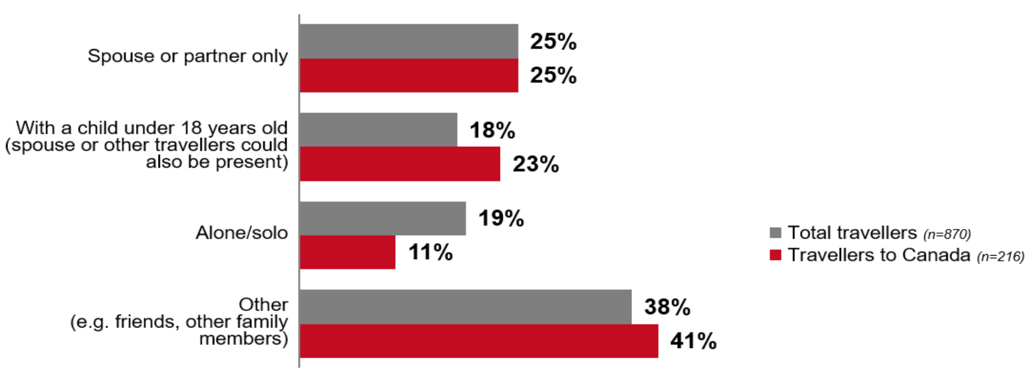
/ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

Travel Party

Mexican travellers to any long-haul destination travelled solely with their spouse or partner (on a couple's trip) for 25% of total trips. Those travelling with children under the age of 18 accounted for 18% of total trips, while solo travel made up an additional 19% of trips. The remaining 38% 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, 25% travelled solely with their spouse or partner. The proportion travelling with children under 18 to Canada is 23%, which is one of the larger family travel markets for Canada (behind only India and the US). Solo travel accounted for 11% of trips to Canada and the remainder of trips (41%) consisted of other travel parties.

__Travel Party__

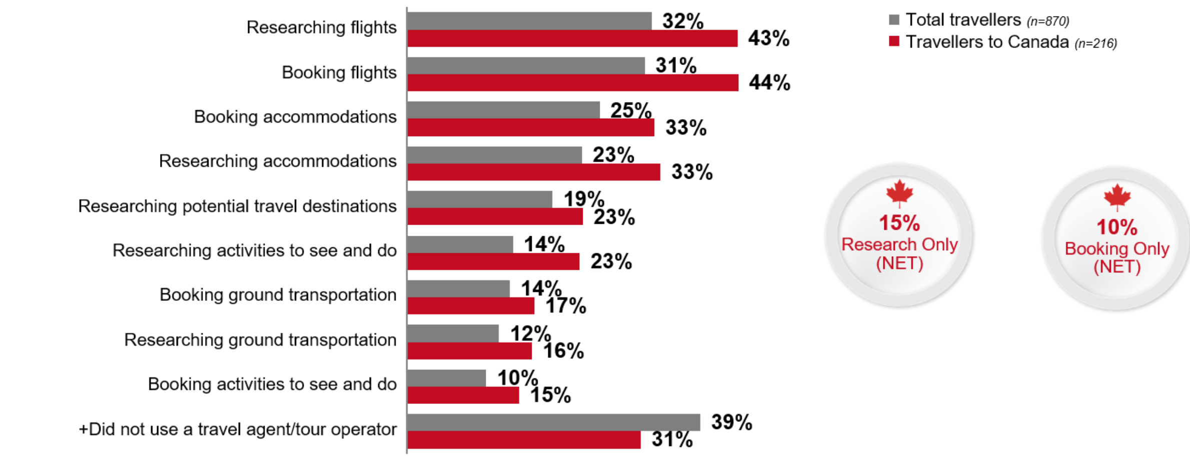


Base: Long-haul pleasure travellers (past 3 years)
QRT4. With whom did you travel on this trip?

Booking

Sixty-one 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. Travel agent/tour operators are most often used for researching flights (32%), booking flights (31%), and booking accommodations (25%). Travel agent/tour operator use is higher among visitors to Canada (69%), with travel agents/tour operators being used most often for booking flights (44%) and researching flights (43%).

Travel Agent/Tour Operator Usage



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

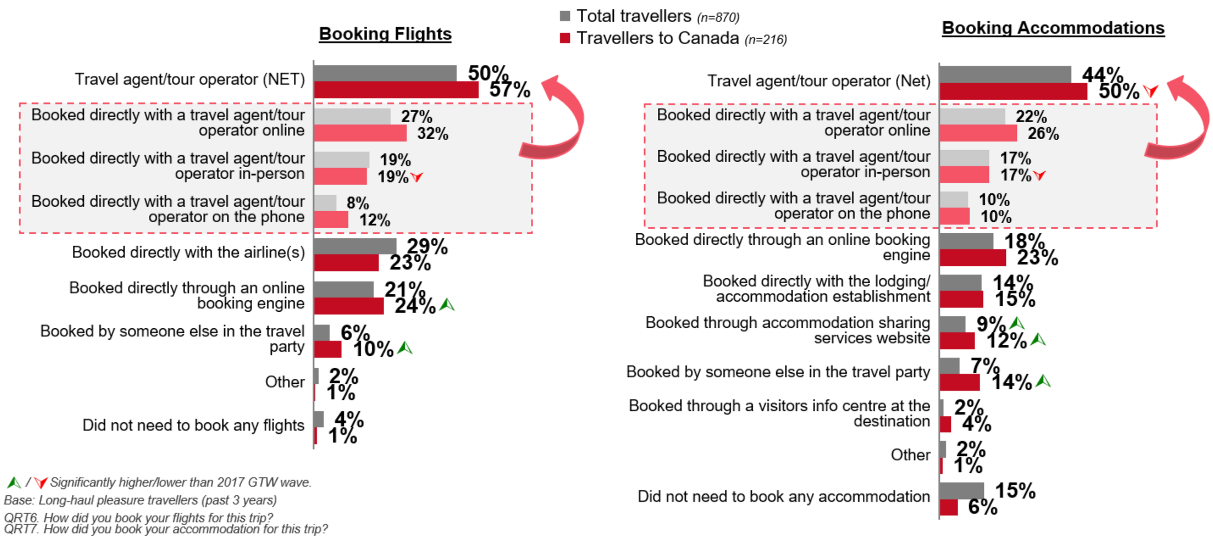
In terms of flights, the most popular way to book a trip to any destination is through a travel agent/tour operator (50%), with booking directly with a travel agent/tour operator online being the most prevalent (27%). This is followed by booking directly with the airline (29%), and online booking engines (21%).

The pattern for trips to Canada is similar, with the most popular way to book flights being through a travel agent/tour operator (57%). The most prevalent way to book flights to Canada is through a travel agent/tour operator online (32%), followed by online booking engines (24%, up significantly from 13% in 2017) and booking directly with the airline (23%). Booking directly with a travel agent/tour operator in-person has decreased significantly (19%, down from 32% in 2017).

For accommodation, booking with a travel agent/tour operator is also most popular (44%), with booking directly with a travel agent/tour operator online being the most common method (22%). This is followed by booking via an online booking engine (18%), directly with a travel agent/tour operator in-person (17%), and directly with the provider (14%). Although still a less popular option, booking through an accommodation sharing site increased significantly in 2018 (9%, up from 5% in 2017).

Among those who visited Canada, using a travel agent/tour operator continues to be the most common method to book accommodation, but usage has decreased significantly in 2018 (50%, down from 63% in 2017); most of this decrease is attributable to booking directly with a travel agent/tour operator in-person (17%, down significantly from 30%). Similar to overall accommodation bookings, booking through an accommodation sharing site increased significantly for trips to Canada (12%, up from 4% in 2017).

Booking of Flights and Accommodations



Forty-four percent of Mexican travellers indicated that at least a portion of their trip was part of an organized group tour. The proportion taking organized group tours among recent travellers to Canada is even higher, with 55% indicating that they participated in an organized group tour. Travellers aged 35-54 (37%) are less likely to than younger travellers aged 18-34 (56%) and general Mexican travellers (44%) to say that they took an organized group tour on their recent trip.

A large majority of all group tours are booked through a travel agent/tour operator (80%), including those booked to Canada (79%). Organized group tours are most often booked through a travel agent/tour operator online (38%) or through a travel agent/tour operator in-person (36%). Similar results are seen for group bookings to Canada, with bookings made through a travel agent/tour operator in-person (45%) being more common than use of a travel agent/tour operator online (35%).

Type of Accommodation

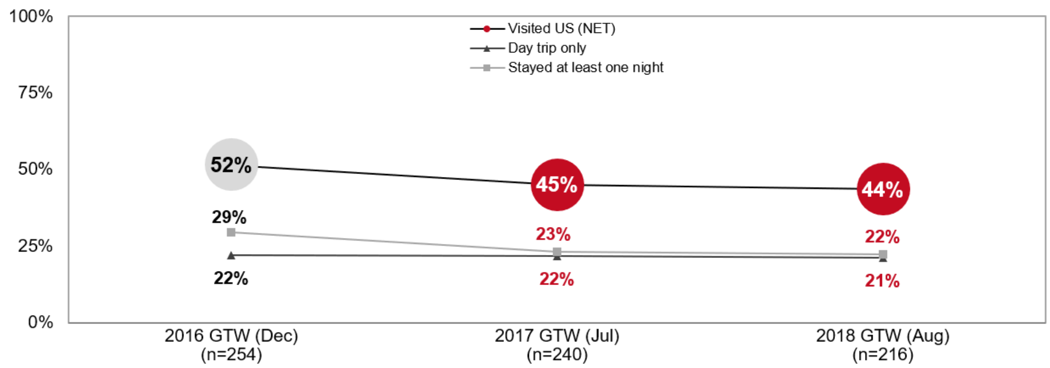
Overall, Mexican travellers continue to be more than twice as likely opt for mid-priced hotels (40%) than any other accommodation, including budget hotels (16%), rental houses/apartments (15%), luxury hotels (15%), Bed & Breakfasts (14%), and homes of friends or relatives (14%).

Recent Mexican visitors to Canada, also stay at mid-priced hotels most often (41%) followed by budget hotels (19%), rented houses/apartments (16%), luxury hotels (14%), Bed & Breakfasts (15%), and homes of friends or relatives (14%).

US Visitation

Consistent with 2017, combining a trip to Canada with a visit to the US is common among Mexican travellers (44%), but is trending down from 2016 (52%). The proportion of those staying overnight (22%) and those going to the US for day trips (21%) are similar. While day trips have remained consistent between 2016 and 2018, there continues to be a trend of less overnight stays (22% in 2018, consistent with 23% in 2017, but directionally down from 29% 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?

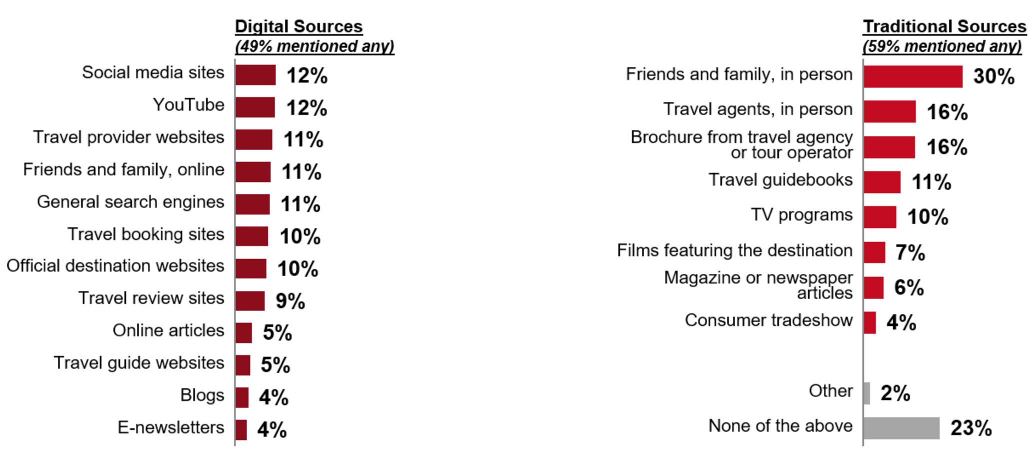
Information Sources

HIGHLIGHTS

- ✓ *Friends and family in-person are cited as the most influential source in destination selection by Mexican travellers.*
- ✓ *Travel agents are also seen as influential, with in-person interactions and brochures being the second most important sources in influencing destination choice.*

A new question added in 2018 asked Mexican travellers whether they had booked a trip in the past three years based on a recommendation from any sources. Traditional sources (59%) are slightly more likely to be cited as influential compared to digital sources (49%). The top source by a wide margin is personal recommendations from friends and family (30%), followed by travel agents in person and brochures from a travel agency or tour operator (both 16%). Social media sites and YouTube (both 12%) are the next most influential.

Influence of Sources in Destination Selection



+ New question added in 2018 – no trending,

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

+MT5. In the past 3 years, have you booked a trip based on a recommendation from any of the following sources?