



Global Tourism Watch

2018 Japan Public Summary Report



Table of Contents

Introduction	1
Questionnaire Changes	1
Methodology.....	1
Background.....	2
Market Potential	3
Competitive Environment – Key Performance Indicators Summary	5
Consideration	5
Knowledge	7
Net Promoter Score (NPS).....	8
Path-to-Purchase	9
Time of Year Interest.....	13
Canadian Destination Interest.....	14
Vacation Activities	16
Trip Anchor Activities	17
Barriers.....	18
Recent Trip Profile.....	19
Trip Purpose.....	19
Motivators.....	19
Travel Party.....	20
Booking	21
Type of Accommodation	22
US Visitation.....	22
Information Sources	23

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 in the Japanese market: the US, the UK, France, Italy, Germany, Netherlands, Spain, Switzerland, India, Australia, Finland, Sweden, and Russia. 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 Japanese long-haul travel population. The target population in Japan was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of East Asia (including China, Hong Kong, Macau, Japan, South Korea, and Taiwan) where they had stayed at least 4 nights with a minimum of 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Data was gathered from 1,501 respondents in Japan, including 200 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: Japan 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.



 <p><u>Timing of Fieldwork</u></p>  <p>AUG 2018</p>	 <p><u>Geographical Definition for Qualified Trips</u></p> <p>Outside of: East Asia (e.g., China, Hong Kong, Macau, Japan, South Korea and Taiwan)</p>	 <p><u>GTW Sample Distribution</u></p> <p>Sample distribution: National</p> <p>Recent visitors to Canada: 200 Other travellers: 1,301 Total sample size: 1,501</p>
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Background

Japan's economy is the 3rd largest in the world, accounting for a 6.1% share of global GDP (*International Monetary Fund, October 2018*). Japan has had an extended period of strong economic growth, due in part to six years of *Abenomics*; a set of aggressive monetary and fiscal policies, combined with structural reforms, advocated by Prime Minister Shinzo Abe, to pull Japan out of its decades-long deflationary slump. In place since the December 2012 general election, *Abenomics* has led to lower fiscal deficits, near-record unemployment, and higher female labour force participation (*International Monetary Fund, November 2018*). While economic growth is expected to remain solid, some downside risks remain. Weaker global growth and heightened uncertainty from US-China trade tensions could undermine growth. Furthermore, inflation remains stubbornly low, and challenges exist with respect to the aging and shrinking of Japan's population (*International Monetary Fund, November 2018*). Government debt relative to GDP, which remains the highest ever recorded in the OECD area, requires a detailed consolidation program that includes gradual hikes in the consumption tax, beginning with a planned increase in 2019, which could hinder near-term growth momentum (*OECD, November 2018*).

At the time of data collection, the Japanese economy had advanced 0.7% in the second quarter of 2018, marking the highest growth rate since the first quarter of 2017 (*Trading Economics, September 2018*). After a temporary softening in the first quarter, owing to weak private consumption and investment, GDP growth was expected to strengthen over the remainder of 2018 and into 2019 (*International Monetary Fund, July 2018*).

Productivity remains a challenge in Japan. The Japanese population is aging fast – over the next four decades the share of the population aged 65 years and older will rise from its current three-in-ten persons to almost four-in-ten persons. This will depress growth and productivity due to a shrinking and aging labour force and a shift toward consumption, while fiscal challenges will magnify with rising age-related government spending and a shrinking tax base (*International Monetary Fund, November 2018*).

In August 2018, coinciding with data collection, Japan's unemployment rate edged down to 2.4% from 2.5% in the previous month, and slightly below market expectations of 2.5%. Meanwhile, the jobs-to-applicants ratio stood at 1.63, the same as in July and the highest since January 1974 (*Trading Economics, September 2018*).

The inflation rate remained below the Bank of Japan's target of 2% in August 2018, rising to 1.3% year-on-year, from 0.9% in the previous month, and above market consensus of 1.1% (*Trading Economics, September 2018*).

In August 2018, the Japanese Consumer Confidence Index slid to 44.4; down from 45.0 six months earlier. It was, however, 1.8 points higher than the level (42.6) recorded at the same time a year prior (*Thomson Reuters / Ipsos Primary Consumer Sentiment Index, August 2018*).

Japan is the 18th largest outbound tourism market, relatively unchanged year-over-year and reporting US\$18.2 billion in tourism expenditure in 2017. The number of outbound tourists reached 17.9 million in 2017 (*United Nations World Tourism Organization, April 2018*).

Market Potential

HIGHLIGHTS

- ✓ *The proportion of Japanese travellers in the dream to purchase stage for Canada continues to trend upwards and has significantly increased since 2016 (69% in 2018, up from 62% in 2016).*
- ✓ *Actual visitation is on the decline despite increased interest and immediate potential results, indicating an opportunity for better conversion across the Path-to-Purchase among Japanese travellers.*
- ✓ *Long-haul market outlook continues to improve in 2018 following a significant improvement in 2017 but remains negative.*

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 Japanese 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	15.65 million		
Target market for Canada (dream to purchase stage)	62%	66%	69%
Size of the target market	9.76 million	10.33 million	10.75 million
Immediate potential for Canada (definitely/very likely to visit in next 2 years ¹)	27%	25%	27%
Size of the immediate potential	2.61 million	2.55 million	2.86 million
Actual visitation	303,726	295,333	251,235

▲ / ▼ 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 Japanese 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 on the rise (69%, up from 66% in 2017, and up significantly from 62% in 2016). Based on the 2018 result, the size estimate for long-haul Japanese travellers is 10.75 million, up from 10.33 million in 2017 and 9.76 million in 2016. This result shows that Canada is expanding its overall base of interested travellers in the Japanese market.

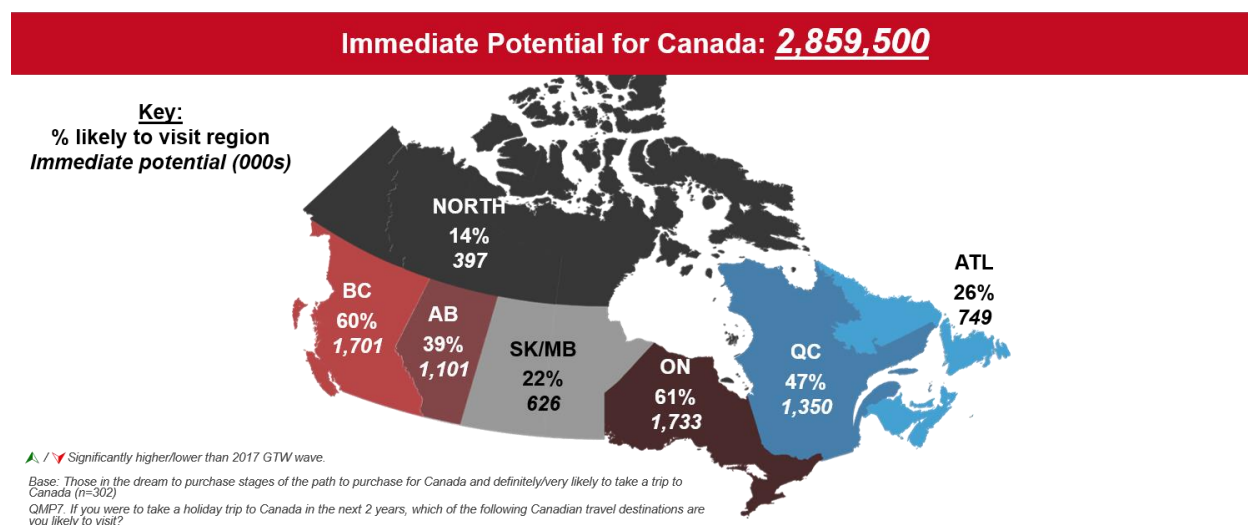
The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years (27% in 2018 compared to 25% in 2017, but equivalent to 27% in 2016). This translates into a market of 2.86 million potential Japanese travellers with more immediate potential for conversion, which is up by 300,000 from 2017 (2.55 million).

Among Destination Canada’s ten international markets, Japan was ranked 8th in immediate potential market size (behind the US, China, South Korea, the UK, Germany, France, and India). However, actual visitation from Japan was ranked 9th among Destination Canada’s international markets in 2018. This suggests that Canada has an opportunity to convert more potential travellers to actual visitors in the Japanese market.

For context, Canada attracted 251,000 visitors from Japan in 2018, down a substantial 15% from 295,000 visitors in 2017¹. The 251,000 arrivals represent 9% of the immediate potential market.

Also of interest is the demonstrated interest in Canada’s regions among the immediate potential market (2.86 million). Ontario (61%) and BC (60%) continue to have the highest interest, with an immediate potential market of 1.7 million visitors each. Interest is strongest among Japanese travellers aged 55+ for both Ontario (67%) and BC (67%). Though not a significant change, interest in Quebec (47%) is higher than Alberta (40%), reversing 2017’s trend (Quebec was 40% and Alberta 46% in 2017).

Potential Market Size for the Regions

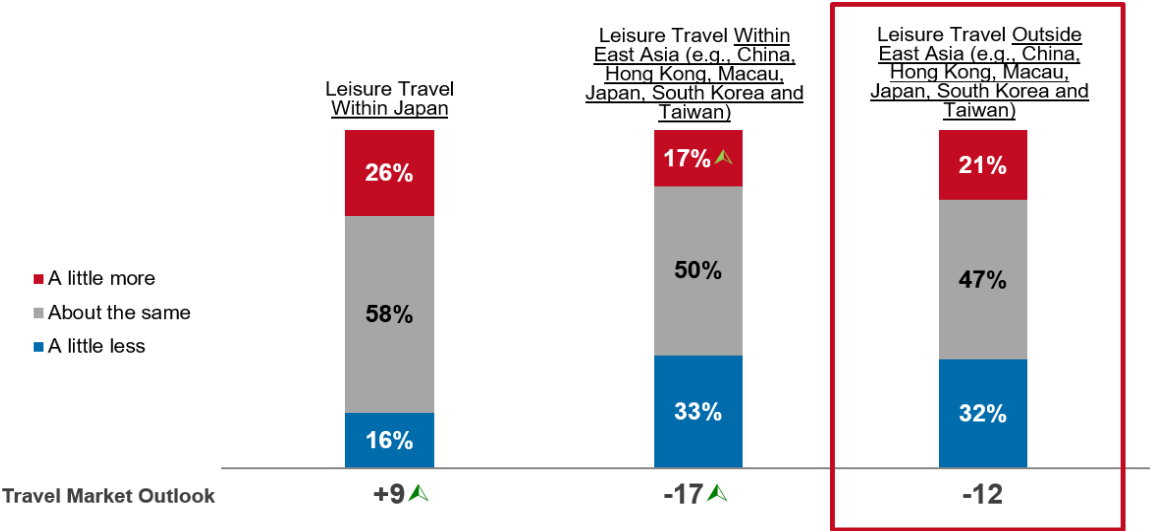


The proportion of Japanese travellers saying they will spend less on long-haul travel continues to exceed those who say they will spend more, resulting in an unfavourable long-haul travel outlook (-12). However, the 2018 result is an improvement versus 2017 (-15) and a significant improvement from -19 in 2016.

The short-haul travel outlook significantly improved in 2018 among the broader Japanese traveller population (-17, up from -23 in 2017). The outlook for domestic travel also significantly improved in 2018 (+9, up from +6 in 2017) and has also increased significantly from +5 in 2016.

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

- ✓ Even though respondents are asked to think of long-haul destinations, Japanese travellers remain very short-haul focused. Unaided mentions of South Korea significantly increased from 2017.
- ✓ Destination knowledge of France and Italy is down significantly.
- ✓ Canada’s NPS result is stable, while several top competitors (US, France, Italy, and Spain) saw significantly lower results. The UK saw a significant increase on NPS.

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 Japan, these are the US, the UK, France, Italy, Germany, Netherlands, Spain, Switzerland, India, Australia, Finland, Sweden, and Russia.

The outlook for Canada in Japan is modest. Out of the 14 competitive destinations that respondents were asked to evaluate, Canada remains in 5th spot, tied with Spain and the UK, on unaided consideration (behind the US, Australia, Italy, and France). Canada is also 5th behind the same countries on aided consideration. Canada ranks 10th on destination knowledge trailing Switzerland, the UK, Australia, Spain, the US, the Netherlands, Finland, Russia, and Sweden.

Consideration

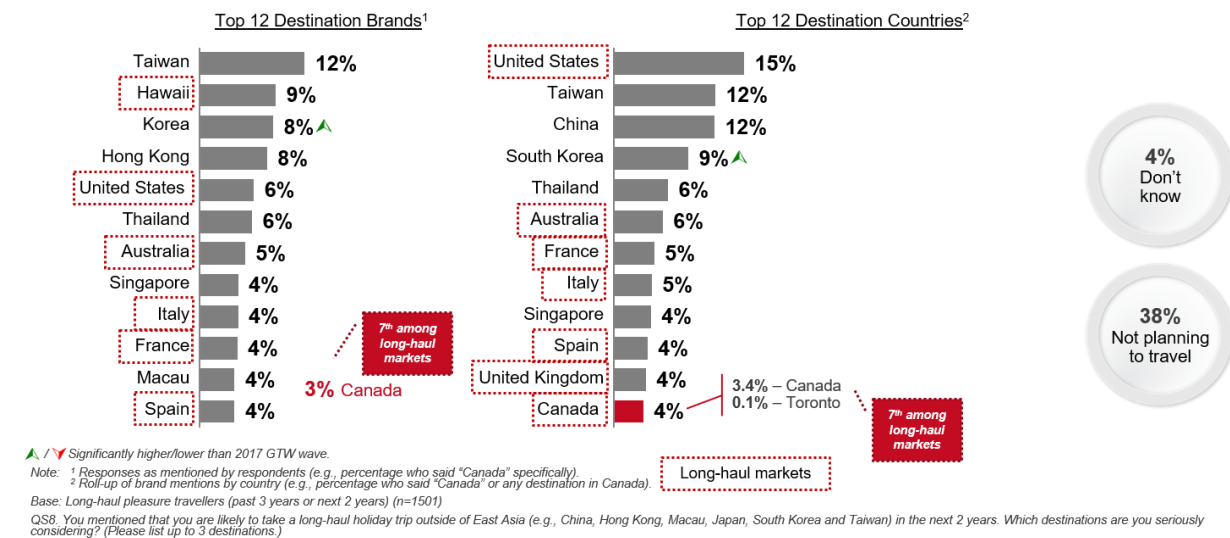
Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective,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

It is important to note that even though respondents are asked to list out long-haul destinations that they would consider visiting on an unaided basis, many respondents still mention Japan and other short-haul destinations such as China, Taiwan, and South Korea. South Korea's unaided result is even up significantly in 2018 (9%, up from 5% in 2017). This could speak to the fact that many Japanese travellers are very domestic and short-haul focused when thinking of travel destinations and could represent a challenge for convincing Japanese travellers to go further abroad.

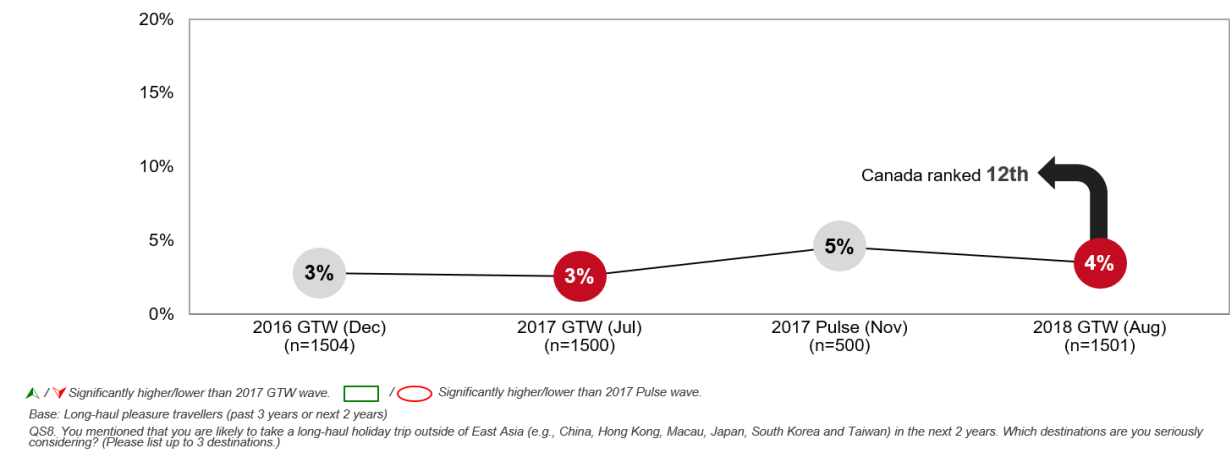
On an unaided basis, 4% of Japanese travellers mentioned Canada as a destination under serious consideration in the next 2 years, up marginally from 2017 and 2016 (3%). Among long-haul destinations, Canada remains tied for 5th with Spain and the UK on this metric continuing to trail behind the US, Australia, France and Italy. The modest improvement means Canada now makes the list of top 12 destination countries.

Those who have visited Canada recently remain slightly more likely to mention Canada on an unaided basis (5%). Similar to 2017, very few specific places in Canada were mentioned by Japanese long-haul travellers, with the majority just saying Canada, suggesting knowledge of specific Canadian destinations remains low.

Unaided Long-Haul Destination Consideration (Next 2 Years)



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



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, 16% say they are seriously considering Canada for a leisure trip in the next 2 years, relatively unchanged since 2017 and 2016 (15%). Of note, Italy (20%, up from 17% in 2017) and the Netherlands (8%, up from 4% in 2017) saw significant increases on aided consideration among Japanese travellers in 2018. Consistent with unaided consideration among the competitive set, Canada ranks 5th on this metric behind the US, Australia, Italy, and France (and tied with the UK and Spain).

Similar to 2017, recent visitors to Canada and those considering a visit rank Canada higher in aided consideration among all destinations in the competitive set compared to general Japanese travellers. Knowing that past visitors are more interested in returning, it is important to attract new visitors.

Knowledge

Ten percent of all Japanese travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, consistent since 2016.

Among those considering Canada, destination knowledge stands at 25% (versus 19% in 2017). Knowledge of other competitor destinations has remained relatively consistent with the exception of France (8%, down significantly from 26% in 2017) and Italy (9%, down significantly from 27% in 2017). Canada sits in 10th place (down from 9th in 2017) on this metric.

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 8% of those in the dreaming stage are knowledgeable about Canadian travel opportunities, moving up to 24% in the considering stage and further to 26% among those actively planning a trip to Canada. Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the Path-to-Purchase.

Key Performance Indicators

Indicator	Definition	All Long-Haul Travellers (n=1501)	Recent Visitors to Canada ¹ (n=200)	Considering Canada ² (n=330)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list ³	4%	5%	13%
Competitive positioning on destination consideration	Rank on the consideration list among 14 destinations	6	4	1
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	10%	32%	25%

▲ / ▼ 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.)

Q5V01. 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)

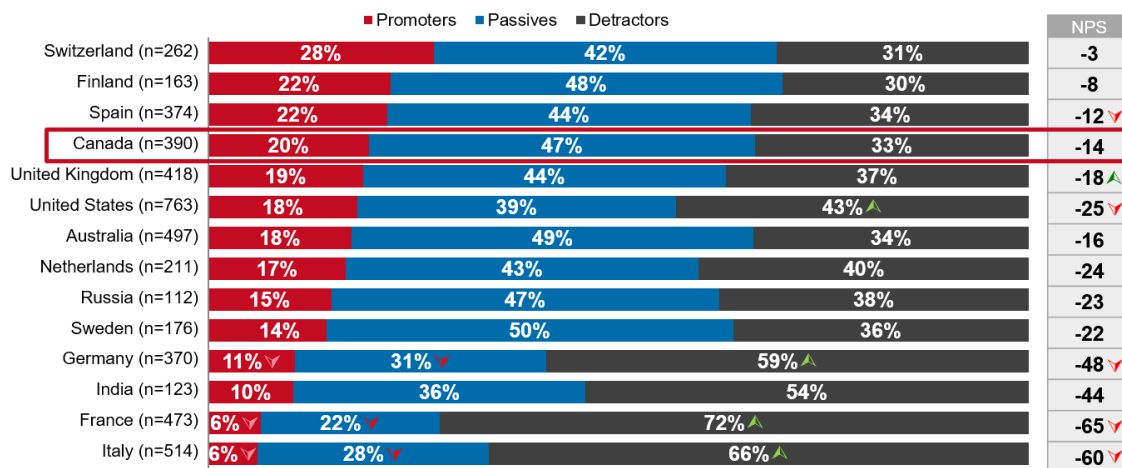
The Net Promoter Score (NPS) measures the likelihood of travellers to recommend a destination. Results are gathered among travellers with each destination in their consideration set (have visited previously and/or considering a visit). The measure has an 11pt scale (0-10). The score is calculated by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

Consistent with 2017, there are more detractors than promoters, leading to negative NPS results for all destinations. Japan is unique among all of Destination Canada's key markets for this reason. Japanese travellers may have lower NPS results compared to Destination Canada's other markets because of cultural reasons; they are not often boastful about their general accomplishments and this may lead to lower rates of advocacy because they are less likely to bring up their positive travel experiences. However, on a relative basis, Switzerland (-3), Finland (-8) and Spain (-12, down significantly from 0 in 2017) have the most favourable NPS results, followed by Canada (-14, up marginally from -16 in 2017) and Australia (-16).

Compared to 2017 results, there are several significant changes. Canada and the US are no longer ranked similarly, as the number of detractors for the US significantly increased in 2018 (43%, up from 37%) leading to a significantly lower NPS result (-25, down from -17 in 2017). Similarly, Germany, France and Italy had significant increases in detractors and significant decreases in promoters. These shifts lead to a significant decrease in 2018 NPS results compared to 2017 for Germany (-48, down from -21), France (-65, down from -13), and Italy (-60, down from -3). In contrast to other European competitors, the UK saw an improved NPS result in 2018 (-18, up significantly from -27 in 2017).

When the results for Canada are examined among past three year visitors, the NPS result is -20 (significantly down from -5 in 2017); among those who have not visited Canada in the past 3 years, the NPS result is -59. 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 -32, which is significantly lower than that of past three year visitors – this indicates the need to develop strategies that encourage visitors to advocate either during or immediately after a trip to Canada.

Net Promoter Score



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

Base: Long-haul pleasure travellers (past 3 years or next 2 years) considering visiting each country

QMP11. Whether you have visited or not, how likely are you to recommend each of the following holiday destinations to a friend, family member or colleague?

Path-to-Purchase

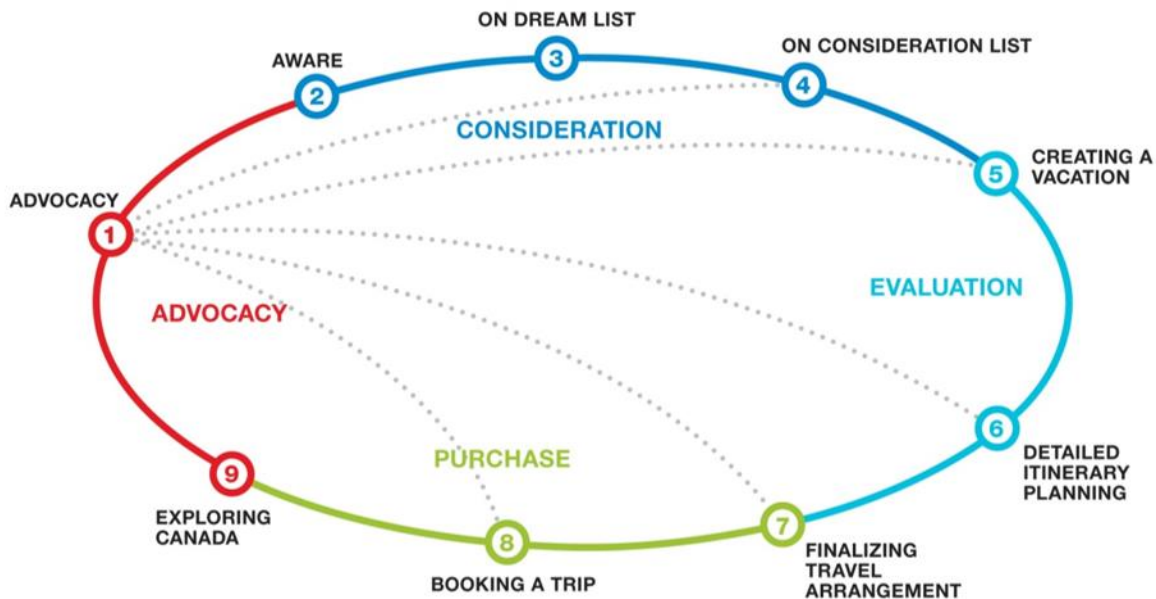
HIGHLIGHTS

- ✓ Germany has surpassed the US at the active planning stage of the Path-to-Purchase. In addition, Spain saw a significant increase in active planning and is now tied with the US.
- ✓ Canada's performance is average across the Path-to-Purchase and no longer holds a relative strength at conversion to the booking stage.

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] Dream to Purchase] Consider to Purchase
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] Active Planning
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		

Japanese residents took approximately 19 million overseas holidays in 2018, up from 17.9 million in 2017. Roughly 70% of this travel was within Asia and a further 20% was to the US, with only 1% share for Canada².

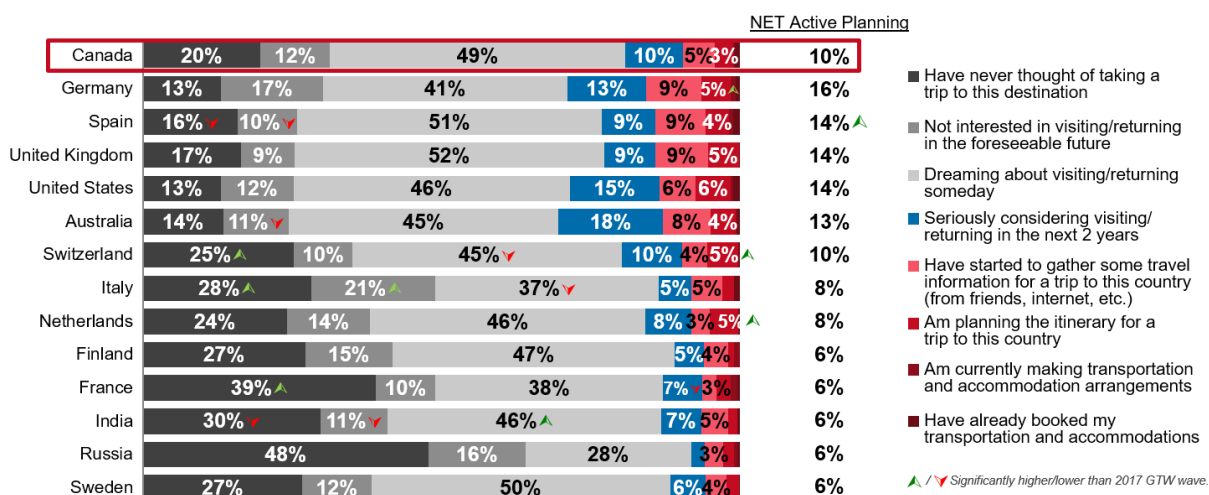
The US no longer leads in active planning (14%, down from 17% in 2017) surpassed by Germany (16%, up from 9% in 2017). Spain (14%), and the UK (14%) are tied with the US. Of note, the active planning result for Spain has significantly increased since 2017 (14%, up from 7%) as fewer Japanese travellers express disinterest in the destination.

For Canada, 10% of Japanese travellers are actively planning a trip, marginally up from 8% in 2016 and 2017. Canada trails Germany, Spain, the UK, the US and Australia, and ties with Switzerland at the active planning phase. Active planning rates are highest among younger travellers aged 25-34 (15%) and lowest among older travellers aged 55+ (8%).

There are significant shifts in the purchase cycle across several destinations in the competitive set including: Germany, Australia, Switzerland, Italy, the Netherlands, France, and India; however, the movements are not strong enough to significantly impact the net active planning results for any of these destinations.

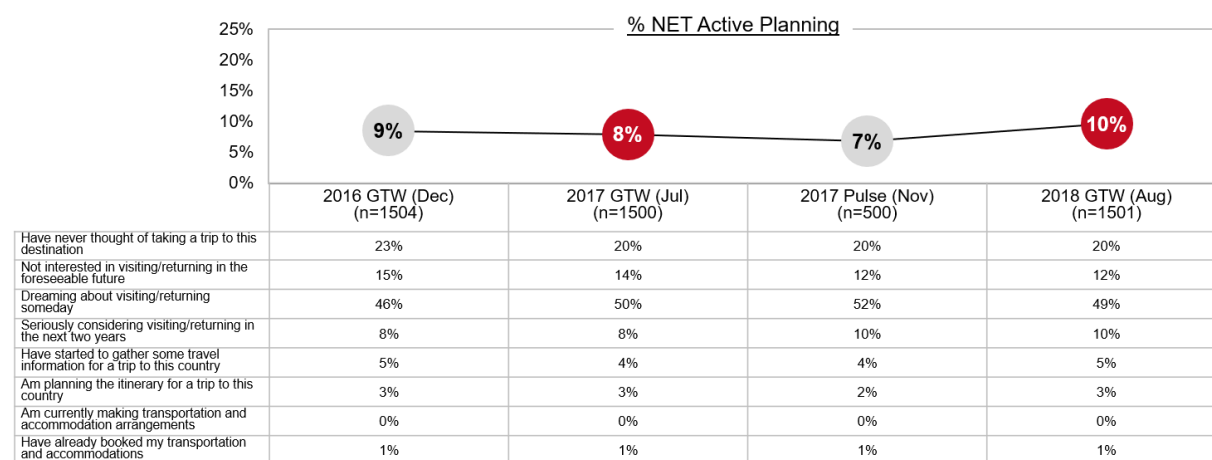
²JTB Tourism Research & Consulting Co, 2019.

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



▲ / ▼ Significantly higher/lower than 2017 GTW wave. 9% / 8% 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?

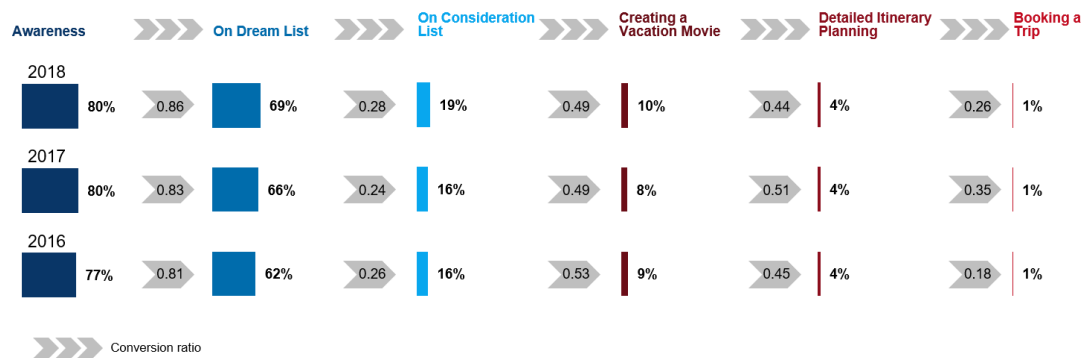
The charts below show Canada's progress converting travellers at crucial steps in the purchase cycle relative to top competitors. For reference, also shown is the average across the entire competitive set. 'Strong' and 'weak' conversion ratios were derived through statistical analysis; specifically, 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'.

Across the Path-to-Purchase, Canada's conversion performance is average in 2018, which is a shift from 2017, where Canada's performance at the booking stage was relatively strong. Canada continues to have one of the lowest conversion rates between the dreaming and consideration phases of the Path-to-Purchase. Although performance at this stage is at average compared to all other competitive destinations, it is low in relation to both key competitors, Australia and the US. There is an opportunity to place a greater focus on this stage of the Path-to-Purchase for the Japanese market. Once in the consideration set, Canada has a greater opportunity (relative to Australia and the US) to move travellers into the vacation movie stage, increasing the chances of conversion throughout the remainder of the Path-to-Purchase.

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.

Compared to previous years, there is some modest improvement in 2018 between the aware to dreaming stage (+3%) as well as between the dreaming to consider stage (+4%). This signifies that Canada is growing its overall base of potential Japanese travellers. However, conversion performance between stages further down the Path-to-Purchase are weaker than 2017 results, indicating softening planning (-7%) and visitation (-9%).

Path-to-Purchase Conversion – Canada

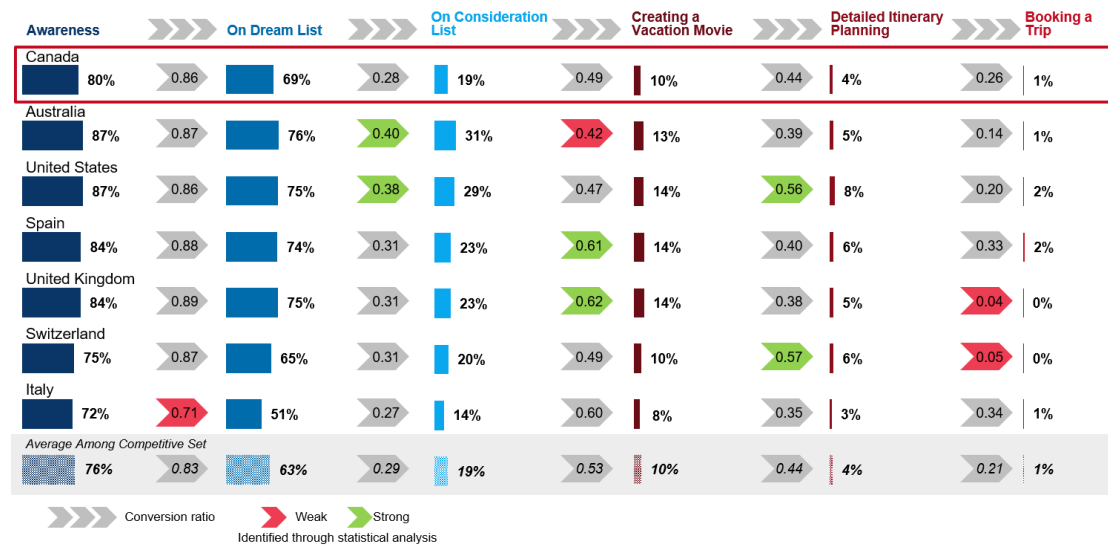


Looking at conversion results among competitors, the US continues to excel at getting on travellers' consideration list and moving them into the detailed itinerary planning stage. Australia has a relative strength in getting on Japanese travellers' consideration list, however, it has a relative weakness at converting between considering and creating a vacation movie. Both Spain and the UK show relative strengths between the considering and creating a vacation movie stages, however, the UK has a relative weakness at moving travellers between detailed itinerary planning and booking. Switzerland has a relative strength between the creating a vacation movie and detailed itinerary planning stages but is also weak at moving travellers between detailed itinerary planning and booking.

For context, in 2018 Australia recorded 469,000 arrivals from Japan (up 8% from 2017), while Spain welcomed 548,000 travellers (down 7%), Canada recorded 251,000 in 2018 (down 15%) and Switzerland attracted 212,000 (down 3%). In 2017, the US recorded 3.6 million visitors from Japan (virtually unchanged from 2016), Italy saw 933,000 (up 2% from 2016), and the UK logged 247,000 (up 2% from 2016).³

³ Destination Canada and JTB Tourism Research & Consulting Co.

Path-to-Purchase Conversion – Top Competitors



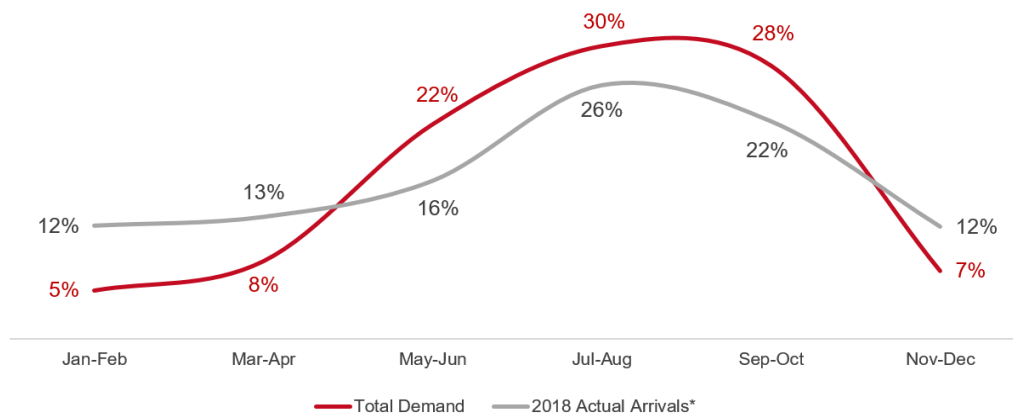
Time of Year Interest

HIGHLIGHTS

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

A new question added to the Global Tourism Watch in 2018 asked prospective Japanese visitors which time of year they would consider visiting Canada. July to August (30%) is the most popular time of year, closely followed by September to October (28%). Compared to the distribution of actual Japanese arrivals in 2018, the largest gap in demand is for the months of May to June and September to October, where those interested (22% and 28% respectively) are higher than those actually visiting (16% and 22% respectively). Given compression issues in the peak July to August months, an opportunity exists to fill the May to June and September to October demand gaps to relieve pressures.

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



* Source: 2018 StatsCan Frontier Border Counts.
 Base: Those in the dream to purchase stages of the path to purchase for Canada (n=1057); 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

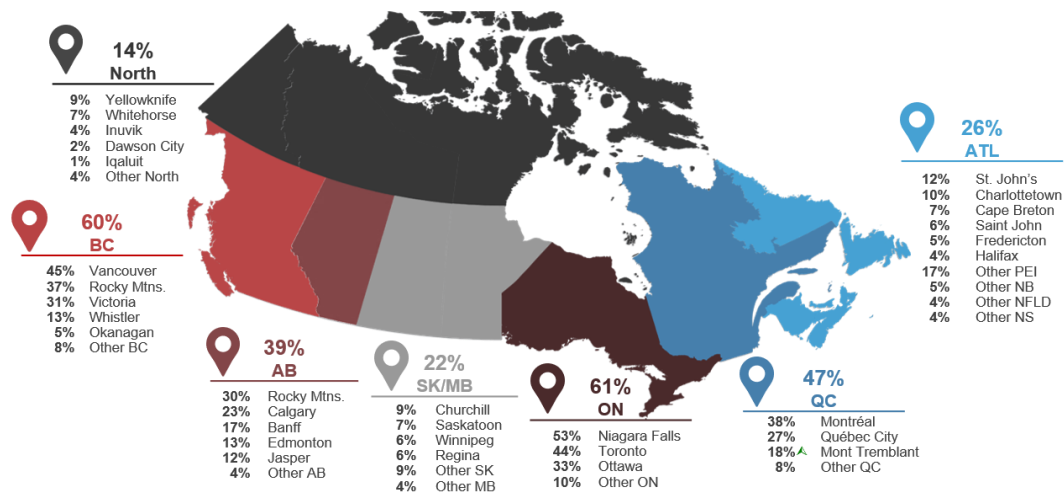
- ✓ Interest in visiting Mont Tremblant is up significantly in 2018. This is the only destination recording a significant shift in 2018.
- ✓ Canada's landscape-based icons (Rocky Mountains and Niagara Falls) continue to hold greater appeal for Japanese travellers than city destinations.

Japanese 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 (61%) and BC (60%) being the most popular provinces.

Although not a significant increase since 2017, Niagara Falls (53%) is now the most mentioned destination among Japanese travellers, outpacing Vancouver (45%) and Toronto (44%). Montreal (38%) and Ottawa (33%) round out the most popular city destinations for Japanese travellers. Outside of urban destinations, the Rocky Mountains remain a top draw with 37% of probable visitors heading to BC for this experience and 30% saying they would go to Alberta.

Interest in visiting Quebec is on the rise (47%, up from 40% in 2017) likely driven by a significant increase in interest for Mont Tremblant (18%, up from 10% in 2017). The increased interest in Mont Tremblant may represent an opportunity to market shoulder season activities such as fall colours and winter sports to reduce demand in peak travel periods.

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

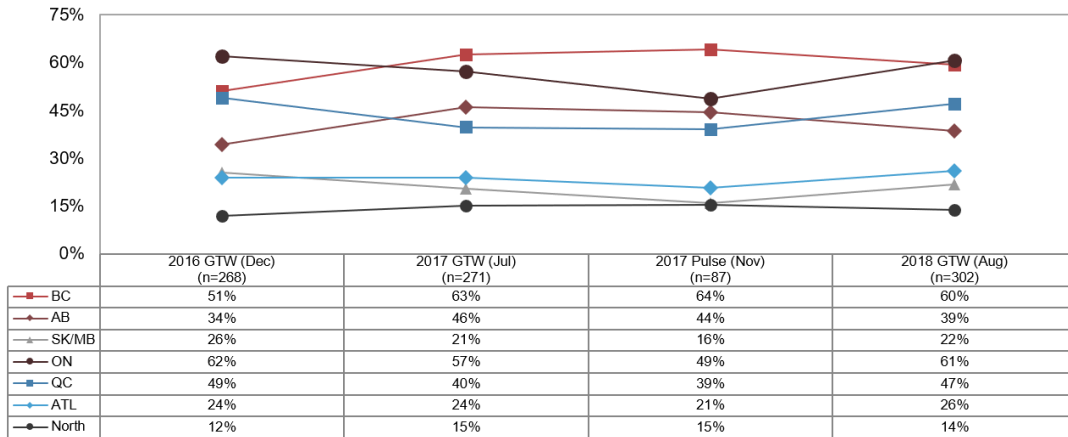


Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=302)
 QMP7. If you were to take a vacation trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
 QMP7a-g. Within [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.

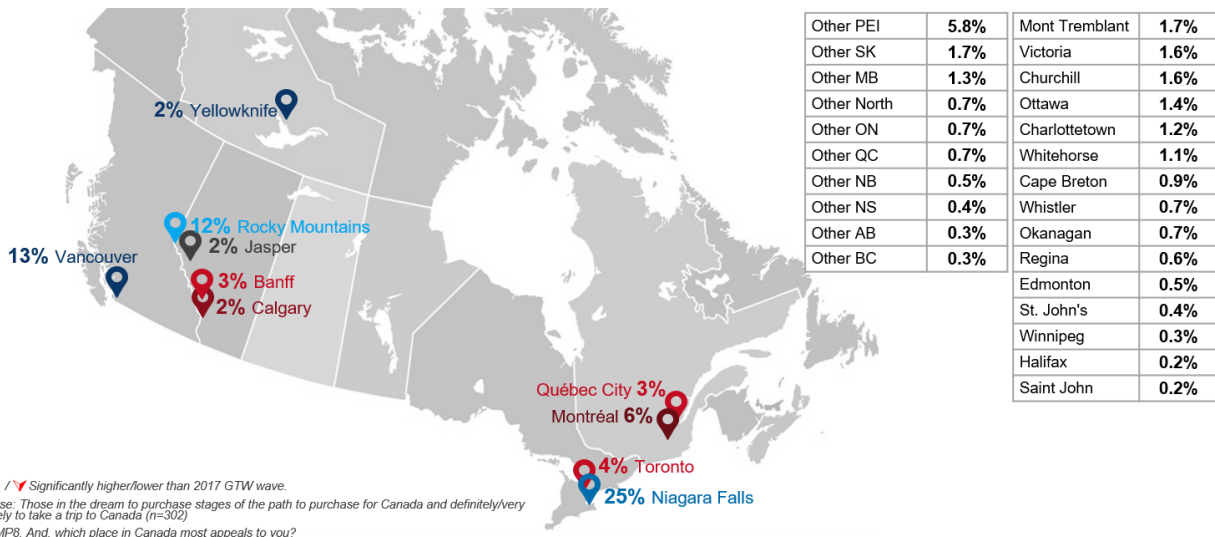
Canadian Destinations Likely to Visit – Provinces/Regions Trended



▲ / ▼ 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 25% of prospective visitors and continues to outperform Vancouver (13%) and the Rocky Mountains (12%). The appeal of these destinations, and their relative rankings, has remained consistent since 2016. Results suggest Canada’s landscape-based icons (Rocky Mountains and Niagara Falls) generally hold greater appeal for Japanese travellers than city destinations. There continues to be an opportunity to use well known natural landscapes as anchors and highlight their proximity to cities and lesser known/desirable destinations to attract Japanese travellers.

Most Appealing Canadian Destination – Top 10 Mentions



Vacation Activities

HIGHLIGHTS

- ✓ *Visiting historical sites, natural attractions, Northern lights, and local food and drink continue to be the top trip anchor activities for Japanese travellers.*
- ✓ *Interest in fall colours as a trip anchor continues to grow, following a significant increase in 2017. The increasing interest in fall colours could be used to promote shoulder season travel, especially among older travellers aged 55+, who are most interested in this activity.*
- ✓ *Younger travellers aged 25-34 are drawn to more active activities while older travellers aged 55+ have a preference for more leisurely activities.*

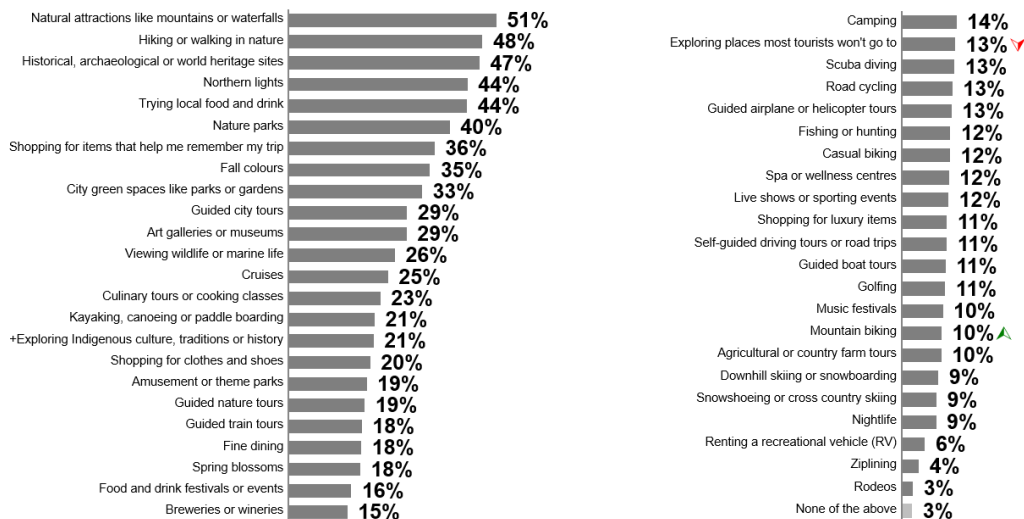
Japanese travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The results are similar to 2017, with natural attractions, hiking or nature walks, and visiting historical sites remaining the most popular. These are followed by the Northern lights, trying local food and drink, nature parks, shopping for souvenirs, fall colours, city green spaces, and guided city tours.

Outside of the top ten activities, there are few significant shifts from 2017 to 2018. Exploring places most tourists won't go had a significant shift downwards (13%, down from 17% in 2017), while mountain biking saw a significant increase (10%, up from 7% in 2017).

Older travellers aged 55+ are more interested than younger travellers in participating in leisurely activities such as: visiting natural attractions, hiking/walking in nature, seeing historical sites, nature parks, fall colours, spring blossoms, city green spaces, cruises, and guided city tours. The top ten activities among Japanese travellers aged 55+ are all the same compared to general Japanese travellers.

Younger travellers aged 25-34 are more likely than older travellers to be interested in active activities such as: camping, road cycling, and snowshoeing or cross country skiing. They are also more interested in amusement or theme parks. The majority of top ten activities among younger Japanese travellers aged 25-34 are similar to that of the general Japanese traveller except theme/amusement parks (32%), shopping for clothes and shoes (26%), and culinary tours/cooking classes (26%) take the place of visiting city green spaces (24%), fall colours (22%), and guided city tours (20%).

General Activities/Places Interested In – All Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
 Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,501)
 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 Japanese travellers which vacation activities are important enough that they would base an entire trip about them.

Consistent with 2017, visiting historical sites (34%), natural attractions (33%), Northern lights (32%) and trying local food and drink (22%) are the top trip anchor activities. The top ten trip anchor activities in 2018 are consistent with 2017, however, in 2018, fall colours (21%, up significantly versus 18% in 2017) outpaces hiking/walking (20%) and nature parks (19%). Older travellers aged 55+ (28%) are more likely to anchor a trip around fall colours than Japanese travellers generally.

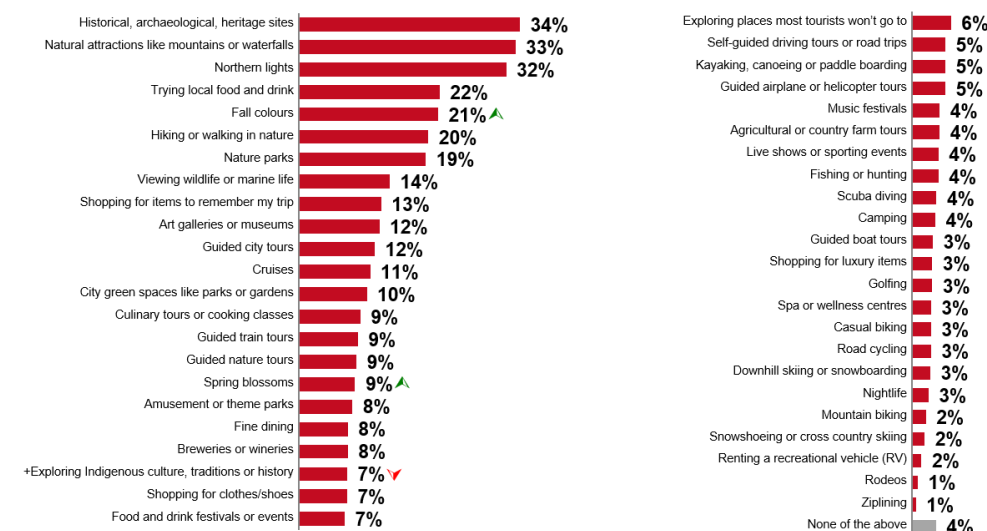
While not top trip anchor activities, interest in spring blossoms (9% versus 5% in 2017) is up significantly in 2018. Exploring Indigenous culture (7% versus 10% in 2017) is down significantly. Previously referred to as Aboriginal culture, it is not possible to know whether the significant shift reflects decreased interest in Indigenous culture as a trip anchor activity or is due to the wording change.

Among top trip anchor activities, Japanese travellers aged 55+ are more likely than younger Japanese travellers to cite visiting historical sites, natural attractions, fall colours, hiking/walking in nature, guided city tours, and cruises as trip anchor activities. The top ten trip anchor activities among older travellers aged 55+ are largely similar to that of the general Japanese traveller except that guided city tours (15%) and cruises (15%) are slightly more popular than shopping for souvenirs (13%) and visiting art galleries/museums (12%).

Those aged 25-34 indicate a higher interest than older travellers in anchoring a trip around amusement/theme parks, nightlife, and food/drink festivals. The top ten trip anchor activities among Japanese travellers aged 25-34 are largely similar to that of the general Japanese traveller except that amusement/theme parks (12%) and food/drink festivals (10%) are more popular than viewing wildlife (9%) and visiting art galleries/museums (9%).

In the Japanese market, these anchors are particularly important to highlight earlier on at the dreaming and considering stages of the Path-to-Purchase to help prospective visitors build a vision of a holiday concept that meets needs.

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=1461)

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

- ✓ Cost remains the primary deterrent to visiting Canada, followed by the length of flight.
- ✓ The primary cost-related barrier is the cost of flights to Canada.
- ✓ Japanese travellers are more concerned about health risks and poor value for money than in 2017.

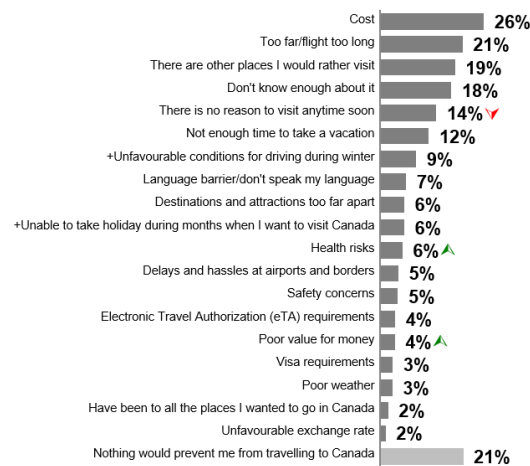
All Japanese long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent (26%), and is followed by concerns about the length of the flight (21%) and the desire to travel to other places (19%). Younger travellers aged 25-34 are more likely than older travellers aged 55+ to mention lack of vacation time, safety concerns, poor value for money, visa requirements and poor weather as barriers. Older travellers aged 55+ are more likely to say nothing will prevent them from visiting Canada.

There are some significant increases to note in 2018. The lack of reason to visit Canada in the short-term is significantly down from 2017 (14%, down from 19%). Concerns about health risks are significantly up (6%, up from 4% in 2017 but consistent with 7% in 2016). Poor value for money is also up significantly (4%, up from 2% in 2017).

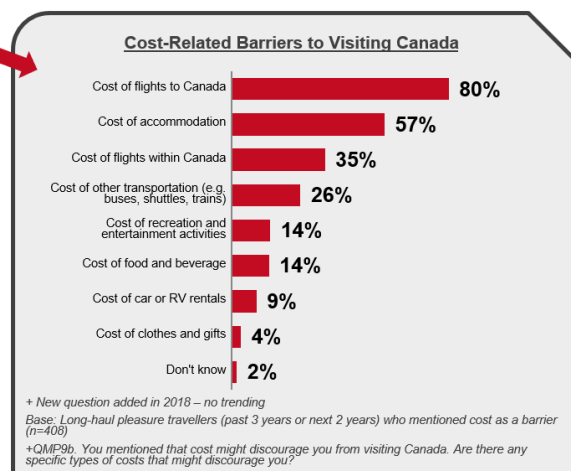
A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of flights to Canada (80%) is the greatest cost-related concern, followed by accommodation costs (57%) and cost of flights within Canada (35%).

While cost remains the top barrier among those who have visited Canada in the past (19%), they are much less likely to cite it as a barrier compared to those who have never been (30%). Past visitors are less likely to cite distance to travel (14% versus 25%), lack of knowledge about Canada (9% versus 23%), and the language barrier (4% versus 8%). However, they are more likely to state that they have already been all the places they wanted to travel to in Canada (6%) and poor weather (5%).

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=1501)
 QMP9. Which of the following factors might discourage you from visiting Canada?



+ New question added in 2018 – no trending
 Base: Long-haul pleasure travellers (past 3 years or next 2 years) who mentioned cost as a barrier (n=408)
 +QMP9b. You mentioned that cost might discourage you from visiting Canada. Are there any specific types of costs that might discourage you?

Recent Trip Profile

HIGHLIGHTS

- ✓ *Flight and accommodation bookings are most often completed through a travel agent/tour operator, particularly among younger travellers aged 25-34.*
- ✓ *Japanese travellers are less likely to visit the US as part of a trip to Canada. Day visits are constant, but overnight stays are down significantly since 2016. This declining appetite for dual nation visits could be contributing to declines in overall Japanese visitation to Canada.*

The following section provides details on the most recent long-haul trip taken by Japanese travellers to competitive set destinations in the past three years (64% 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 Japanese long-haul travellers to any destination continues to be for holiday purposes (63%), followed distantly by visiting friends and family (11%).

Consistent with 2017, going on a holiday (66%) is also the primary reason to take a trip specifically to Canada.

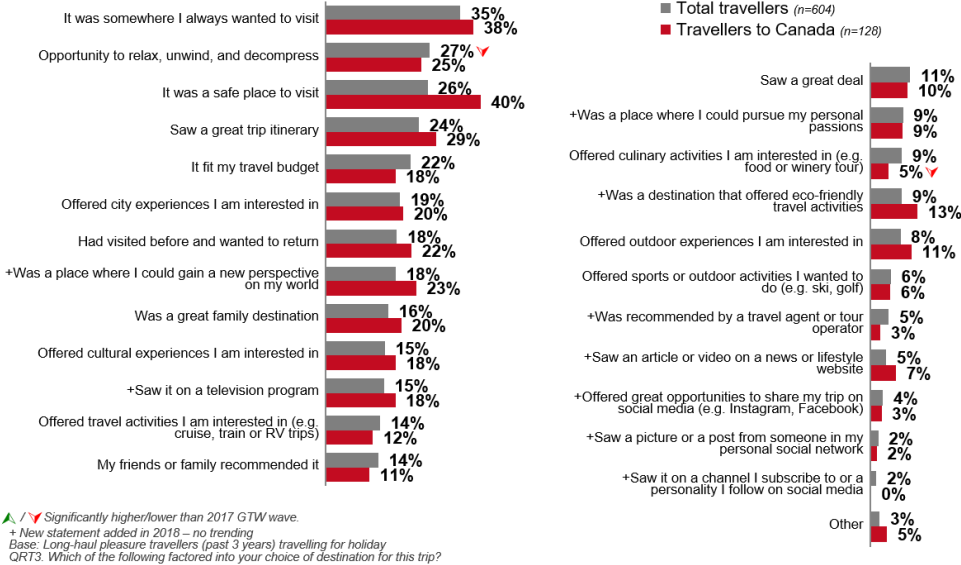
Motivators

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 Japanese travellers generally (35%), followed by the opportunity to relax and unwind (27%, down significantly from 36% in 2017), safety (26%) and seeing a great trip itinerary (24%). Those who have visited Canada continue to cite safety (40%) as their top motivation. This is followed by the longstanding desire to visit (38%) and seeing a great trip itinerary (29%).

In addition to the significant decrease in Japanese travellers who take a holiday to relax, mentions of travel for culinary activities is significantly down (5%, down from 15% in 2017) among recent travellers to Canada.

Factors Influencing Destination Selection

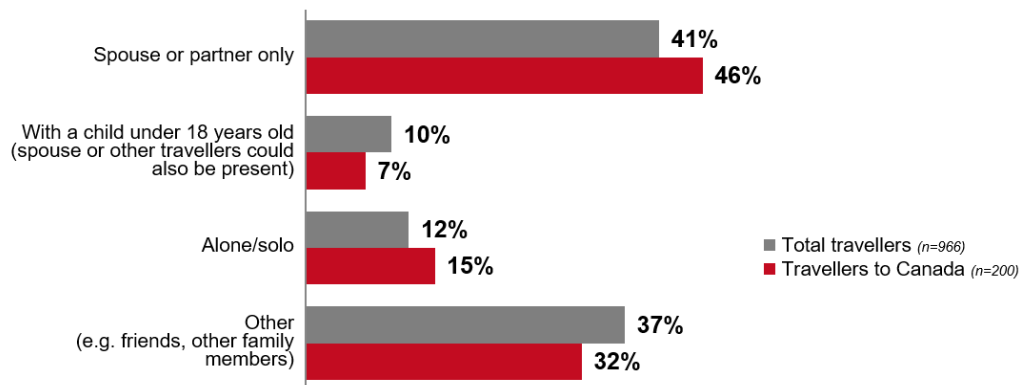


Travel Party

Japanese 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 10% of total trips, while solo travel made up an additional 12% of trips. The remaining 37% 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, 46% travelled solely with their spouse or partner. The proportion travelling with children under 18 to Canada is 7% and solo travel accounted for 15% of trips. The remainder of trips (32%) consisted of other travel parties.

Travel Party



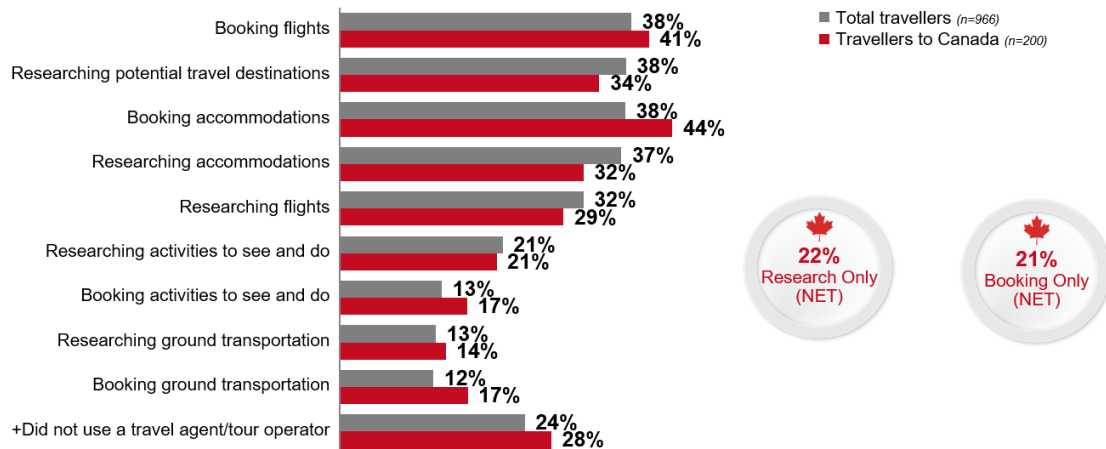
Base: Long-haul pleasure travellers (past 3 years)
 QRT4. With whom did you travel on this trip?

Booking

Seventy-six percent of all Japanese travellers report consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Travel agent/tour operators are most often used for booking flights (38%), researching potential travel destinations (38%), and booking accommodations (38%). Younger travellers aged 25-34 are more likely to use a travel agent/tour operator (86%) relative to travellers aged 55+ (74%). The younger group is more likely to consult a travel agent/tour operator at the research stage, particularly for flights (39% versus to 29%).

Travel agent/tour operator use (72%) is slightly lower among visitors to Canada. Booking accommodations (44%) and booking flights (41%) are the most common uses of travel agents/tour operators for recent trips to Canada.

Travel Agent/Tour Operator Usage



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

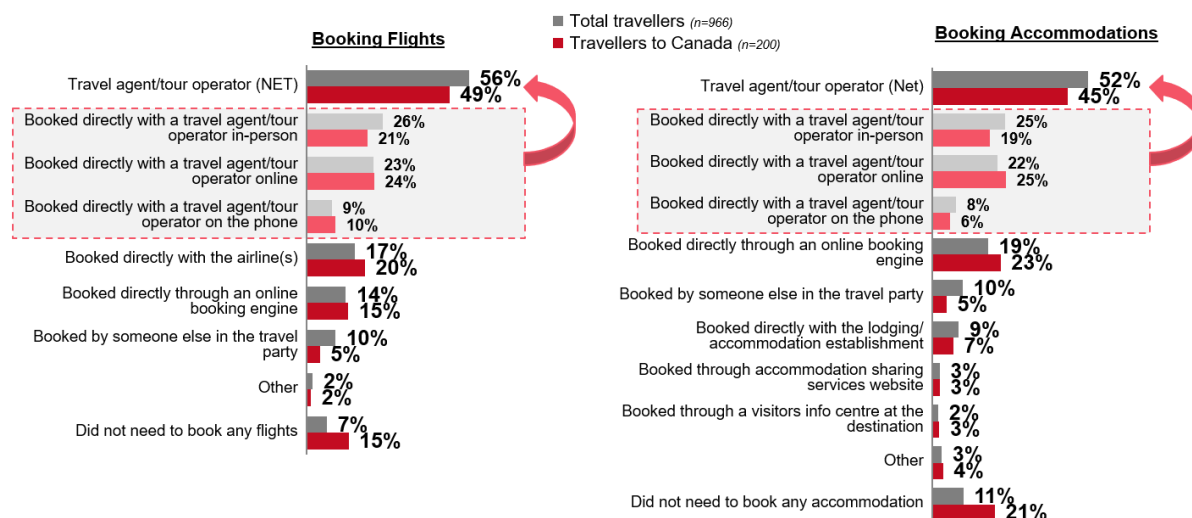
Consistent with 2017, the most popular way to book flights is through a travel agent/tour operator (56%). Booking directly with a travel agent/tour operator in-person is the most prevalent (26%), followed by booking directly with a travel agent/tour operator online (23%). Booking directly with the airline (17%) is the next most popular method, followed by booking through an online booking engine (14%).

Younger travellers aged 25-34 are more likely to use a travel agent/tour operator to book flights (74%) compared to general Japanese travellers (56%) and travellers aged 55+ (53%).

The pattern for booking trips to Canada is largely similar, with the most popular method being through a travel agent/tour operator (49%). Booking with travel agent/tour operator online (24%) is most prevalent, followed by a travel agent/tour operator in-person (21%), and directly with the airline (20%).

For accommodation, booking with a travel agent/tour operator is also most popular (52%) among all Japanese travellers. Booking directly with a travel agent/tour operator in-person is the most common method (25%), followed by booking with a travel agent/tour operator online (22%). Again, younger travellers aged 25-34 are more likely to use a travel agent/tour operator to book accommodation (71%) compared to Japanese travellers generally (52%).

Booking of Flights and Accommodations



▲ / ▼ Significantly higher/lower than 2017 GTW wave.
 Base: Long-haul pleasure travellers (past 3 years)
 QRT6. How did you book your flights for this trip?
 QRT7. How did you book your accommodation for this trip?

Consistent with 2017, organized group travel continues to be a popular option among Japanese travellers, with 56% indicating at least a portion of their trip was part of an organized group. Organized group travel was equally as prevalent among recent travellers to Canada (59%).

Younger travellers aged 25-34 (65%) are more likely to say that at least a portion of their last trip was part of an organized tour compared to older travellers aged 55+ (57%).

A large majority of all group tours are booked through a travel agent/tour operator (85%), including those booked to Canada (87%). Among general trips taken by Japanese travellers, booking through a travel agent/tour operator online happens just as often as booking through travel agent/tour operator in-person (38% for both). Use of a travel agent/tour operator online (41%) is slightly more common than an in-person interaction with a travel agent/tour operator (38%) when making group bookings to Canada.

Type of Accommodation

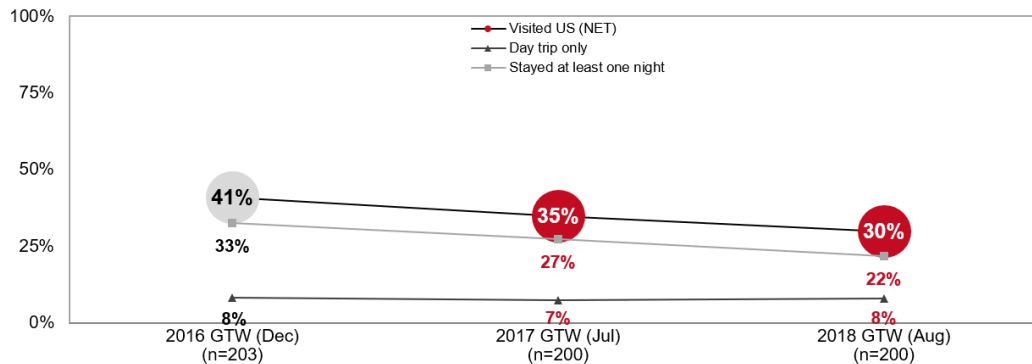
Regardless of destination, Japanese travellers continue to show a preference for mid-priced hotel/motels (47%), followed by luxury hotels (33%). This same pattern is true among both younger travellers aged 25-34 and older travellers aged 55+. However, younger travellers aged 25-34 state they have stayed in budget hotels/motels (20%) more often than their older counterparts aged 55+ (8%).

Recent Japanese visitors to Canada also stay at mid-priced hotels most often (50%) followed by luxury hotels (39%).

US Visitation

Combining a trip to Canada with a visit to the US continues to trend downwards (30%, down from 35% in 2017). While the proportion of Japanese travellers visiting the US on day visits is steady, there is a downward trend in overnight stays (22%, down from 27%). This declining appetite for dual nation visits could be contributing to declines in overall Japanese visitation to Canada.

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?

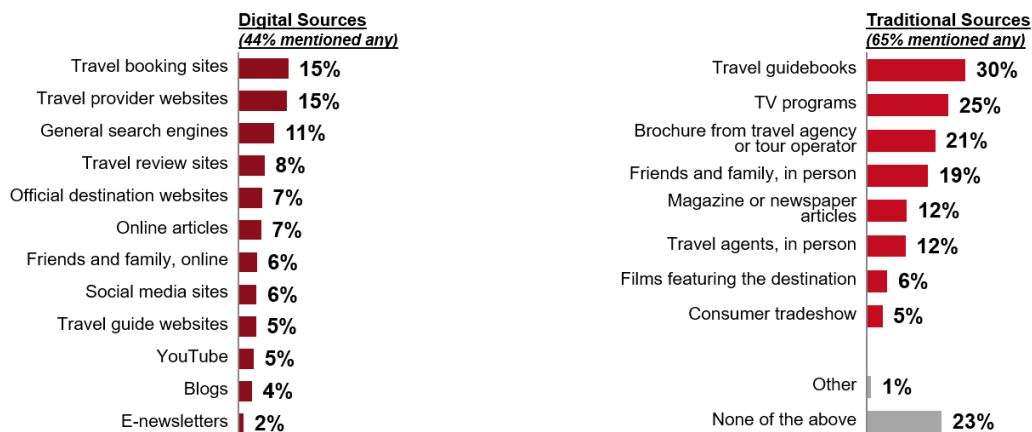
Information Sources

HIGHLIGHTS

- ✓ Japanese travellers are more likely to list traditional sources as influential in destination selection, with digital being relatively less important.
- ✓ Travel guidebooks are seen as the most influential source overall.
- ✓ Personal recommendations from friends and family ranked 4th, which is different than other markets where it is often top ranked.

A new question added in 2018 asked Japanese travellers whether they had booked a trip in the past three years based on a recommendation from any sources. The majority of Japanese travellers cite traditional sources (65%), with travel guidebooks (30%) being the top source, closely followed by TV programs (25%) and brochures from travel agencies/tour operators (21%). Unlike other markets, Japanese travellers are less likely to cite personal recommendations from friends/family (19%). Digital sources are less likely to be seen as influential (44%) compared to traditional sources (65%). Among digital sources, travel booking sites and travel provider websites (each with 15%) are 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?