Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch Year 1

China - Key Findings

Canadian Tourism Commission (CTC)

Canada

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Table of contents

Introduction

Background

The shocks of 2001 and 2003 were strong reminders for the tourism industry regarding the speed of which consumer perceptions and decision-making processes can change based on a single event.

While there has not been a major shock to the tourism industry since 2004, a myriad of technological, social, environmental, and policy changes have occurred, affecting consumer perceptions, attitudes, motivations and travel intentions. Such changes include:

- The escalation of social media websites and their popularity across many age groups;
- The desire for healthier and more sustainable lifestyles;
- Climate change and related advocacy efforts by high-profile personalities; and
- The global financial/economic crisis

To stay on top of and to adjust to the changes occurring in the marketplace, an annual research monitor was initiated to keep a pulse on consumer changes in Canadian Tourism Commission (CTC) key markets.

Objectives

In 2008, the second year of the Global Tourism Watch (GTW) program the study was implemented in eight of CTC's global markets – the US, Mexico, the UK, France, Germany, Australia, Japan and South Korea. 2008 marked the first year of the study in China which was co-funded by a partnership group including British Columbia, Alberta, Ontario, Manitoba, Québec, Yukon and the Northwest Territories.

The research objectives were to collect market intelligence (across all markets in a consistent way) related to four over-arching themes:

- Monitoring key performance indicators;
- Tracking response to Brand Canada;
- Identifying and tracking product opportunities; and
- Providing input into strategic market plans.

The ultimate goal of the GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years. In China, this methodology was modified to an in-person recruit with online completion to ensure a more representative sample of long-haul travellers.

A total of 1,520 Chinese respondents completed the online survey. A quota was set to reach n=200 past travellers to Canada. Fieldwork was conducted in October 2008 to align with the CTC's campaign timing.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omnibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, international Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

In China, the sample was restricted to the cities where Canada will be permitted to market to travellers after it gains Approved Destination Status (ADS) approval – Beijing, Shanghai, Guangzhou and Shenzhen – with the sample evenly split across the four cities.

Analytical Note

Chinese consumers have a well-known tendency to give overly positive or socially desirable responses to surveys, either to foster a positive impression of themselves or to please the survey sponsor. Aided measures such as purchase intentions are typically affected more than unaided measures (e.g., respondents will often choose "very likely" when they actually mean "somewhat likely"). This social desirability bias is a cultural phenomenon that emerges in most surveys regardless of the subject. Consequently, some of the China results may be inflated when compared with other GTW markets, with obvious instances noted throughout the report.

However, it is important to note that the GTW is a tracking study, and the bias does not affect the CTC's ability to track its progress in China on an ongoing basis, with the 2008 results providing a baseline against which future improvements can be measured.

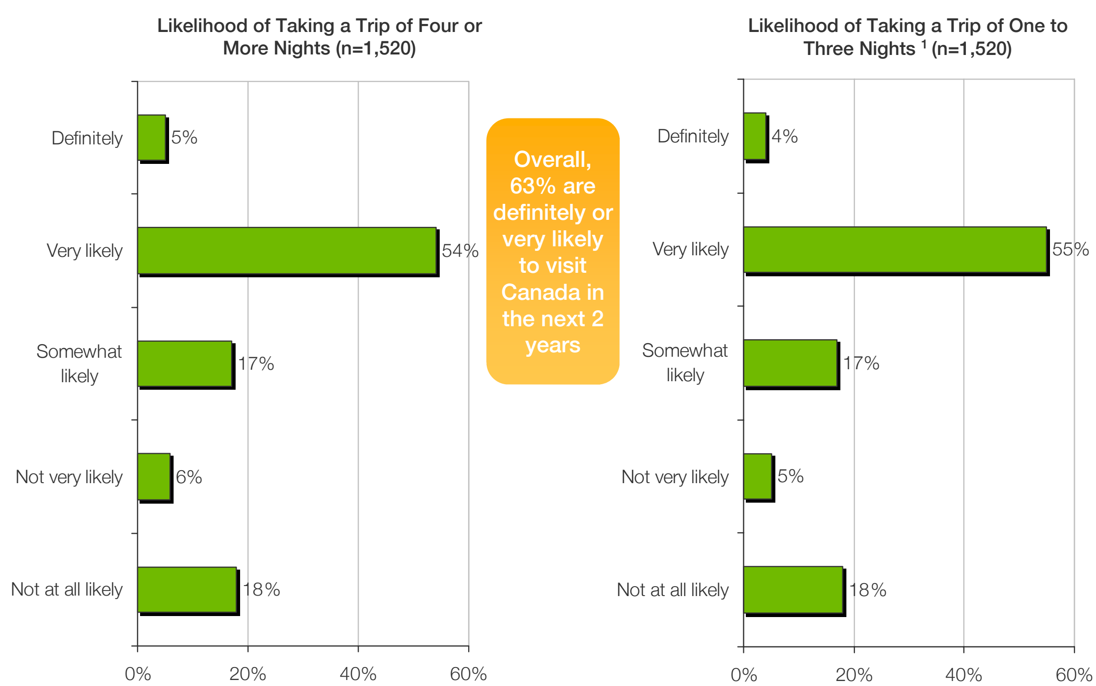
Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

The likelihood of visiting Canada in the next two years was assessed for both shorter stays of one to three nights and longer stays of four or more nights (see **Exhibit 1**). In total, over 6 in 10 Chinese long-haul pleasure travellers say they are either definitely or very likely to visit Canada in the next two years. Travellers are equally likely to be considering a shorter trip to Canada (possibly as an add-on to a US trip), as they are a longer one.

That China tops the list of GTW markets on the travel intentions indicator may come as a surprise. However, as noted earlier, Chinese consumers have a tendency to provide socially desirable responses in surveys, particularly on questions relating to purchase intentions, so these results are no doubt overstated. In fact, only 4% to 5% of Chinese travellers say they will *definitely* visit Canada in the next two years, which places China at the bottom of the pack (with Japan) when comparing the proportion of firmly committed travellers across the nine GTW markets. Still, these results demonstrate an overall enthusiasm towards Canada and strong potential should it be successful in gaining ADS.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: Long-haul pleasure travellers.
Note: [1]Including trips to other countries (e.g., the US) that involve a stay of one to three nights in Canada.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways – the target market and the immediate potential.

The target market is a broader estimate of the market size based on expressed interest among Chinese travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of over 4.6 million travellers with some level of interest in Canada. China ranks eighth among the nine GTW markets in terms of size, however, it should be noted that this ranking is based on the four cities only.

The immediate potential is a more conservative estimate of market size based on those who say they will definitely or are very likely to visit Canada in the next two years. Under this scenario, there are over 3.6 million travellers in the four cities with more immediate potential for conversion. Again, this estimate is likely overstated relative to the other GTW markets as it is based on the 63% likelihood figure. In addition, converting this potential into actual travel will be next to impossible without ADS.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada
Total potential long-haul pleasure travellers (aged 18 plus)	5,740,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years[1]	76%
Size of the target market	4,632,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years	63%
Immediate potential	3,616,000

Base: Long-haul pleasure travellers in Beijing, Shanghai, Guangzhou and Shenzhen (n=1,520).
Note: [1]In assessing interest, respondents were asked to assume that they had an entry visa for each of the destinations.

Canadian Destinations[1] Likely to Visit

Exhibit 3 shows that Ontario is the leading destination of interest among likely travellers to Canada, mentioned by almost 7 in 10. Roughly 5 in 10 express an interest in British Columbia, while around 4 in 10 say they are likely to visit the Atlantic region. Québec garners the interest of a fifth of likely travellers to Canada, while Alberta appeals to just over 10%.

Toronto (50%) and Vancouver (43%) both draw considerable attention from Chinese travellers. No doubt the fact that these cities boast the largest Chinese communities in Canada and are the fastest growing destinations for immigrants from China enhances their familiarity and encourages Visiting Friends and Relatives (VFR) travel. Niagara Falls (43%) and Ottawa (38%) are both seen as iconic destinations in China, which helps to broaden their appeal. Outside of these major destinations, only Victoria appeals to more than a fifth of likely travellers.

Exhibit 3 shows the immediate potential for the regional partners on the GTW study based on current levels of interest. Ontario (2.5 million) and British Columbia (1.9 million) enjoy the greatest potential, with Québec also commanding a sizeable market of 760,000 potential travellers. However, these figures, like the immediate potential for Canada as a whole, may be overstated in comparison with other GTW markets.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	AB	MB	ON	QC	North
Immediate potential for Canada	3,616,000					
Likely to visit province	53%	13%	1%	69%	21%	7%
Immediate potential for the provinces	1,916,000	470,000	36,000	2,495,000	759,000	253,000
Most popular destinations within province	Vancouver (43%) Victoria (31%) Whistler (6%)	Edmonton (6%) Banff (5%) Calgary (4%)	n/a	Toronto (50%) Niagara (43%) Ottawa (38%)	Montreal (13%) Quebec City (10%)	Yukon (4%) NWT (3%) Nunavut (3%)

Base: Long-haul pleasure travellers (n=1,520).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

[1] CTC partner regions only. (British Columbia, Alberta, Manitoba, Ontario, Québec and the North)

Awareness Levels of Canada

Unaided Performance Indicators

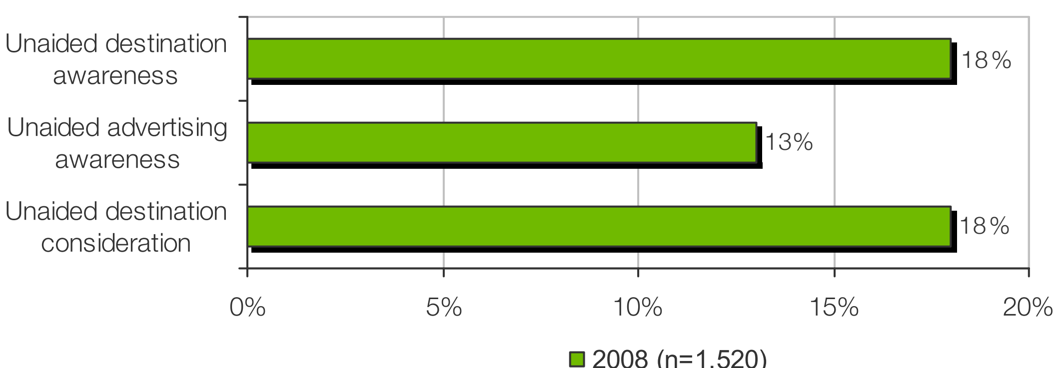
The Global Tourism Watch measured three unaided (or top-of-mind) indicators[2] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

Chinese travellers have strong awareness of individual destinations in Australia, the US, France and the UK, as each of these countries gains significantly in the roll-up, taking the first, second, third and fourth places, respectively. With overall mentions of Canada remaining virtually unchanged (at 18% - **Exhibit 4**), it falls to fifth spot in the roll-up. However, this is fairly positive in view of the fact that Canada is the only country on the list that does not have ADS approval.

Without ADS approval, Canada is not permitted to advertise directly to consumers in China; however, travellers may be exposed to Canada through non-directed sources. As show in **Exhibit 4**, 13% of Chinese travellers indicate that they have seen "advertising" for Canada in the past three months, placing it on par with the US (14%) and New Zealand (13%). Canada no doubt benefitted from a good dose of publicity during the Olympics (as host of the next Games), as well as general exposure through magazines, television shows and Internet websites (e.g., Canadian Tourism Commission, Tourism British Columbia and Air Canada all have Chinese websites). In addition, CTC-China was running its *Perfect Family* promotional campaign on Sohu.com (a highly popular Chinese news and entertainment website) the month before the survey was launched.

While actual travel to Canada lags substantially behind other destinations, Canada places second in terms of consideration levels, with nearly 2 in 10 travellers who are seriously considering a visit in the next two years. The strength of this showing points to an inherent interest in Canada and considerable potential from the Chinese market once group travel is permitted.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: Long-haul pleasure travellers.

[2] Cumulative results including mentions of Canada and sub-destinations within Canada.

Recent and Potential Visitors from China

Target Market for Canada

Exhibit 5 provides demographic profiles of Chinese long-haul travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada.

With almost half of long-haul travellers between the ages of 18 and 34, China is one of the youngest GTW markets, along with South Korea and Mexico. This reflects the rise of the Young Professionals segment in China – wealthy and independent professionals in their 20s and early 30s who have benefitted from China's remarkable economic growth over the last two decades. Young Professionals can be found sipping coffee at one of the many Starbucks in China, shopping for Gucci or Prada, and driving BMWs and Mercedes. Not surprisingly then, they also have the disposable incomes to travel abroad.

Despite their relative youth, over two-thirds of Chinese travellers are married, and 44% have children at home. Over 60% are college or university educated, and 40% have household incomes of 10,000 Yuan per month or more (i.e., CDN$19,000 per year[3]). Although not very high by Western standards, long-haul travellers represent a very wealthy segment in China, as the average annual income in urban China is only 15,800 Yuan (i.e., CDN$30,000 per year).

Recent visitors to Canada are an even more elite group, being older and more likely to be married with families at home. Not surprisingly, income is a driving force for travel to Canada, with recent travellers being considerably more affluent than long-haul travellers in general (i.e., almost half have incomes of 10,000 Yuan per month or more). Travellers interested in Canada are also unique, being more likely than the market at large to be single and well-educated.

Both groups are more likely to have friends and relatives living in Canada (25% to 27%, vs. 14% for long-haul travellers in general), which suggests that VFR is, and will continue to be, a strong driver of Chinese travel to Canada in the near-term. However, this could shift somewhat once group tours to Canada are permitted.

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[3] Exchange rate (October 6, 2008): 1 Yuan = CDN$0.1611.

Exhibit 5 – Target Market Demographics

Gender	All L-H Travellers (n=1,520)	Recent Travellers to Canada (n=213)	Interested in Canada (n=383)
Female	48%	45%	52%
Age			
18 to 24	17%	12%	21%
25 to 34	30%	17%	28%
35 to 44	24%	23%	26%
45 to 54	13%	18%	12%
55 or older	17%	29%	14%
Close Friends or Relatives Living in Canada			
Yes	14%	27%	25%
Have Children in Household Under 18			
Yes	44%	55%	41%
Marital Status			
Married / partnered	68%	82%	62%
Single / never married	27%	15%	35%
Other (e.g. separated, divorced, widowed)	5%	3%	3%
Education			
High school or less	32%	32%	22%
Technical / vocational	7%	6%	5%
Completed college / university	61%	62%	73%
Employment Status			
Employed full-time/part-time	74%	66%	74%
Housewife / homemaker	7%	4%	3%
Retired	12%	25%	10%
Unemployed	0.3%	0.1%	0.2%
Student	5%	4%	9%
Occupation			
Owner/upper management	26%	26%	26%
Manager/executive/supervisor/officer	23%	28%	28%
White collar worker	19%	18%	17%
Blue collar worker	17%	18%	8%
Other	14%	9%	21%
Average Monthly Household Income			
Below 6,999 RMB	28%	26%	27%
7,000 to 9,999 RMB	33%	25%	35%
10,000 to 19,999 RMB	29%	33%	25%
20,000 RMB or above	11%	16%	13%

Note: Blue squares indicate a result that is significantly lower than the total (all long-haul travellers); orange circles indicate a result that is significantly higher than the total.

Target Market for Canadian Regions[4]

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia and Ontario are based on those who say they are most likely to visit the region, while the other profiles are based on those who express an interest in visiting the region (as hardly anyone said they are most likely to visit these regions).

Travellers likely to visit the North are the most distinctive segment, with a proportionately higher percentage in the 45 to 54 age cohort, almost half who are business owners or upper management, and substantially more who are affluent (almost 65% earn 10,000 Yuan or more). The only other notable difference is that travellers likely to visit Québec tend to be on the young side, with almost 60% under age 35.

[4] CTC partner regions only. (British Columbia, Alberta, Québec, Manitoba, Ontario and the North)

Exhibit 6 - Target market for Canada's regions

Gender	Total[1] (n=1,085)	BC[3] (n=405)	AB[2] (n=202)	MB[2] (n=27)[4]	ON[3] (n=469)	QC[2] (n=285)	North[2] (n=82)
Female	50%	51%	46%	49%	50%	52%	58%
Age							
18 to 24	19%	23%	27%	23%	18%	21%	25%
25 to 34	28%	31%	24%	22%	28%	37%	26%
35 to 44	25%	24%	25%	32%	28%	19%	16%
45 to 54	13%	9%	11%	14%	12%	14%	29%
55 or older	15%	14%	13%	8%	13%	9%	5%
Close Friends or Relatives Living in Canada							
Yes	15%	17%	18%	25%	17%	19%	10%
Have Children in Household Under 18							
Yes	46%	38%	46%	62%	48%	45%	51%
Marital Status							
Married / partnered	67%	65%	62%	70%	67%	65%	55%
Single / never married	26%	31%	35%	30%	26%	29%	36%
Other	7%	4%	3%	0%	6%	6%	9%
Education							
High school or less	30%	24%	22%	29%	27%	24%	32%
Technical / vocational	6%	5%	6%	8%	8%	5%	4%
Completed college / university	64%	71%	72%	62%	64%	71%	63%
Employment Status							
Employed full-time/part-time	73%	79%	70%	78%	73%	73%	82%
Housewife / homemaker	9%	5%	4%	12%	10%	8%	10%
Retired	11%	10%	12%	10%	11%	10%	2%
Unemployed	0%	0%	0%	0%	1%	0%	1%
Student	5%	3%	12%	0%	5%	9%	5%
Occupation							
Owner/upper management	28%	30%	20%	17%	27%	29%	48%
Manager/executive/supervisor/officer	24%	23%	25%	48%	26%	26%	15%
White collar worker	19%	18%	17%	15%	20%	19%	11%
Blue collar worker	15%	7%	9%	3%	16%	8%	12%
Other	14%	23%	30%	15%	11%	17%	15%
Average Monthly Household Income							
Below 6,999 RMB	28%	26%	34%	16%	31%	25%	14%
7,000 to 9,999 RMB	32%	26%	38%	50%	32%	36%	22%
10,000 to 19,999 RMB	30%	30%	22%	20%	29%	33%	58%
20,000 RMB or above	10%	18%	7%	15%	7%	7%	6%

Notes:

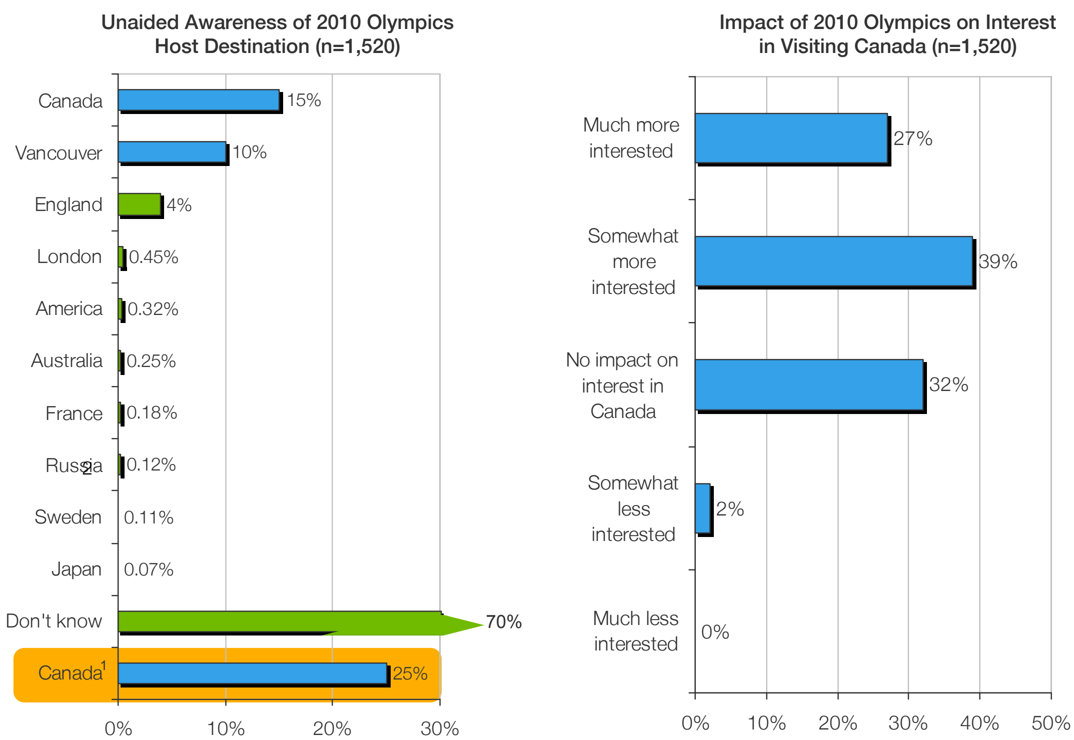
[1] *Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.*
[2] *Those likely to visit the region.*
[3] *Those most likely to visit the region.*
[4] *Results should be interpreted with caution due to the small sample size.*

The Impact of the 2010 Winter Games on Travel to Canada

A quarter of Chinese travellers correctly identify Canada as the host country for the 2010 Olympic Games (see **Exhibit 7**), which is one of the highest scores registered in the GTW study. No doubt the 2008 Games in Beijing generated considerable awareness for the upcoming Games in Vancouver.

Approximately two-thirds of Chinese travellers say that Canada's hosting of the Games increases their interest in visiting the country, which again tops most of the GTW markets. The high impact level suggests that the Games will provide an unprecedented opportunity to enhance awareness and perceptions of Canada in China and generate post-Games travel, particularly since many other avenues of reaching consumers remain closed to Canada.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada



Base: Long-haul pleasure travellers.
Note: [1] Includes all mentions of Canada, British Columbia, Vancouver and Whistler.

Canada’s Product Strengths and Weaknesses

Exhibit 8 presents a map showing product strengths and weaknesses for Canada in China. This looks at impressions of Canada’s product offerings vs. the importance of these products to Chinese travellers on their long-haul trips. The purpose is to identify products of importance to the Chinese market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are important in the minds of travellers in planning their long-haul trips and for which Canada is favourably viewed. As in all GTW markets, nature is Canada’s forte, with landscapes and water-related scenery particularly well perceived. Exploring cities close to nature and self-touring are also top-rated products, which again is the case in many of the GTW markets.

Unique to China, however, is the fact that major events are viewed as a strong point for Canada, which may be related to the relatively high awareness of Canada’s role as host of the 2010 Games. Also unique to China is that sampling local flavours emerges as a strength – the only cultural attribute to do so across all of the GTW markets.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. For China, these include most of the outdoor activities, with skiing winning out as the country’s strongest niche product. Canada’s spa and wellness products are also very favourably viewed.

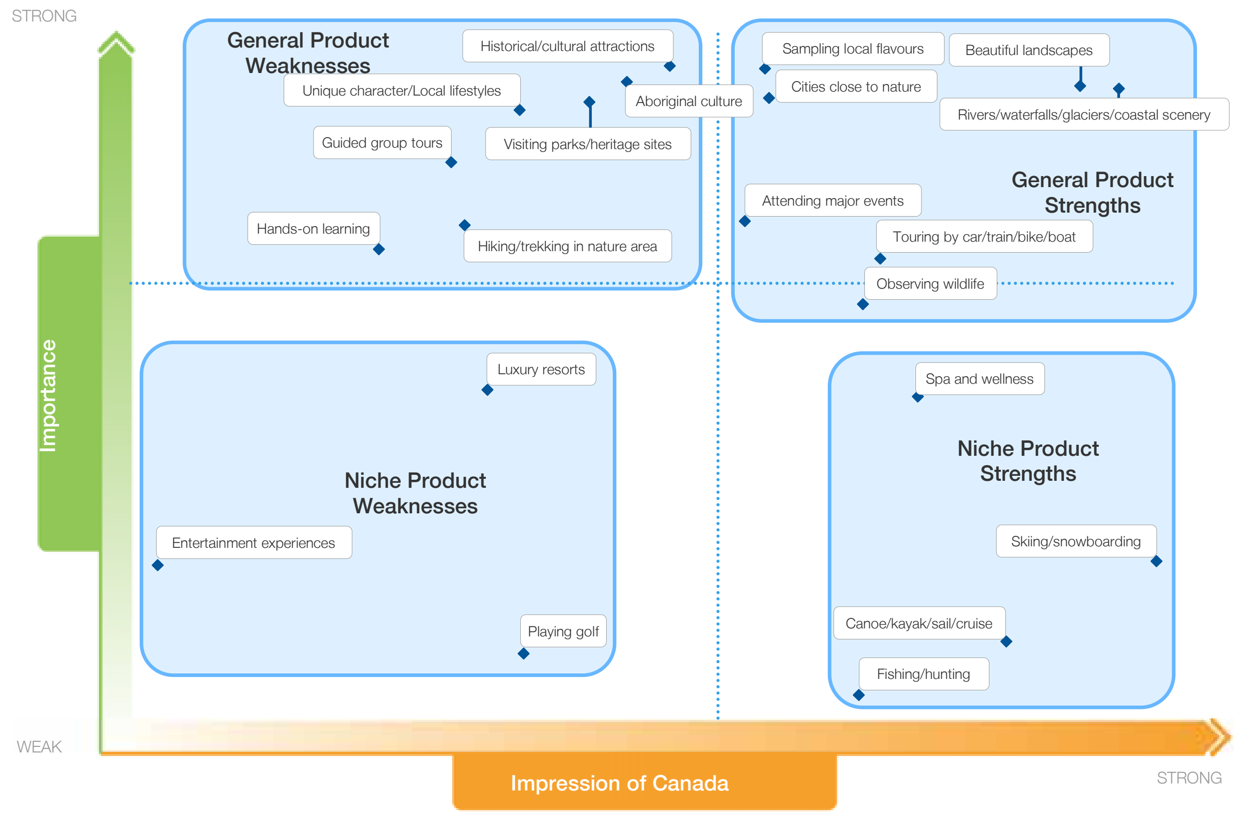
Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. Culture is the real weakness here, suggesting that Canada could do more to shore up awareness of its historical, cultural and aboriginal attractions, and to position the diversity and distinctiveness of Canadian lifestyles as a point of interest for travellers. Two nature/outdoor products could also stand to be strengthened – national parks/heritage sites and hiking/trekking.

In addition, Canada is not currently well rated on its group tour offerings, and likely won’t be until after it receives ADS approval and can actively promote and sell these products in China.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. As such, a considerable investment may be required to improve product perceptions for a lower return. Canada’s niche weaknesses centre on its luxury/pampering products, including entertainment, resorts and golf.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: Long-haul pleasure travellers (n=1,520).

Chinese Views on Environmentally-friendly Travel Products

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

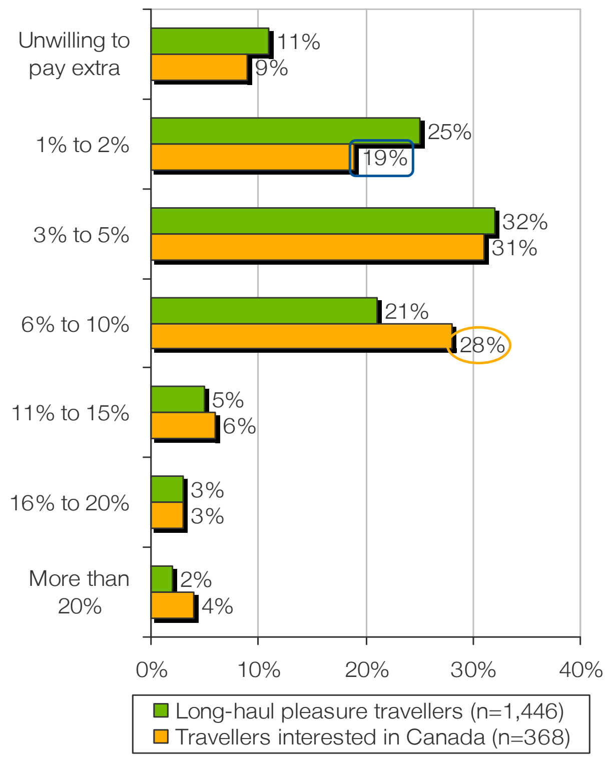
According to *The Economist* magazine, the environment and global warming are currently the issues of highest concern to the Chinese, more so than the economic crisis. Chinese consumers are highly conscious of the state of the environment and eager to play an active role in conservation. Not surprisingly then, Chinese travellers rank alongside those from South Korea, France and Mexico as one of the four most environmentally-conscious GTW markets when it comes to tourism.

Almost 90% of Chinese travellers feel that environmentally-friendly tourism is extremely important. In addition, China is the top-ranked market for making environmental concerns a priority in destination selection (70%) and for actively making environmentally friendly choices on their trips (68%).

While travellers worldwide are acknowledging the importance of eco-friendly travel products, many are unwilling to pay a premium for it. With nine in ten indicating a willingness to pay more for green travel products – the highest of any GTW market – Chinese travellers are firmly committed to putting their beliefs into action. However, they are generally averse to paying a high premium, with the majority (57%) in the 1% to 5% range.

With the China National Tourism Administration declaring 2009 as Chinese Eco-tourism Year, with a slogan of "be a green traveller and experience eco-civilization," environmentally-friendly travel will undoubtedly continue to grow in importance in this market. This bodes well for Canada as potential visitors have favourable perceptions of Canada in this regard (i.e., 90% consider it to be an environmentally friendly destination).

Exhibit 9 – Willingness to Pay a Premium for Environmentally-Friendly Travel Products



Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

How Canada is Perceived by Chinese Travellers

Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into several personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Witty** (e.g., humourous, quick, entertaining, clever, bright, intelligent); and
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy).

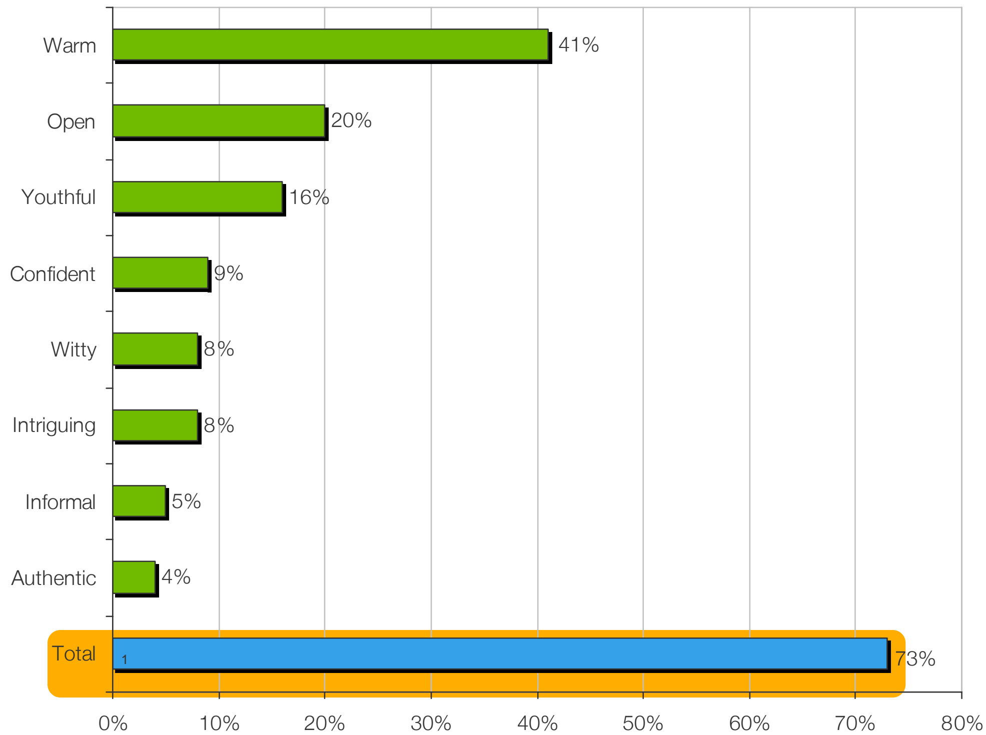
Among the eight dimensions, Warm stands out as the trait that Chinese travellers associate most closely with Canada (see **Exhibit 10**), a finding that is true of most GTW markets.

The second most strongly associated personality trait is Open, at 20%. In fact, with scores of 12% to 27%, the three Asian markets are substantially more inclined to view Canada as Open than the non-Asian markets are (at 2% to 8%), no doubt reflecting their views of Western society as liberal and free-thinking.

While Warm and Open are largely carry-overs from Canada's traditional image, several traits associated with the brand's new direction – Youthful, Confident, Witty and Intriguing – all receive a healthy share of mentions. In particular, 16% of Chinese travellers view Canada as Youthful and 9% describe it as Confident, both the highest postings across the nine GTW markets. This suggests that Canada is seen as a fun and vibrant destination, where travellers can perhaps see something new and different.

Overall, Chinese travellers are the most likely of any market to mention at least one of the eight Brand Canada personality traits on an unaided basis (73%), indicating that their existing conceptions of Canada are already well-aligned to the brand.

Exhibit 10 – Unaided Brand Personality Perceptions



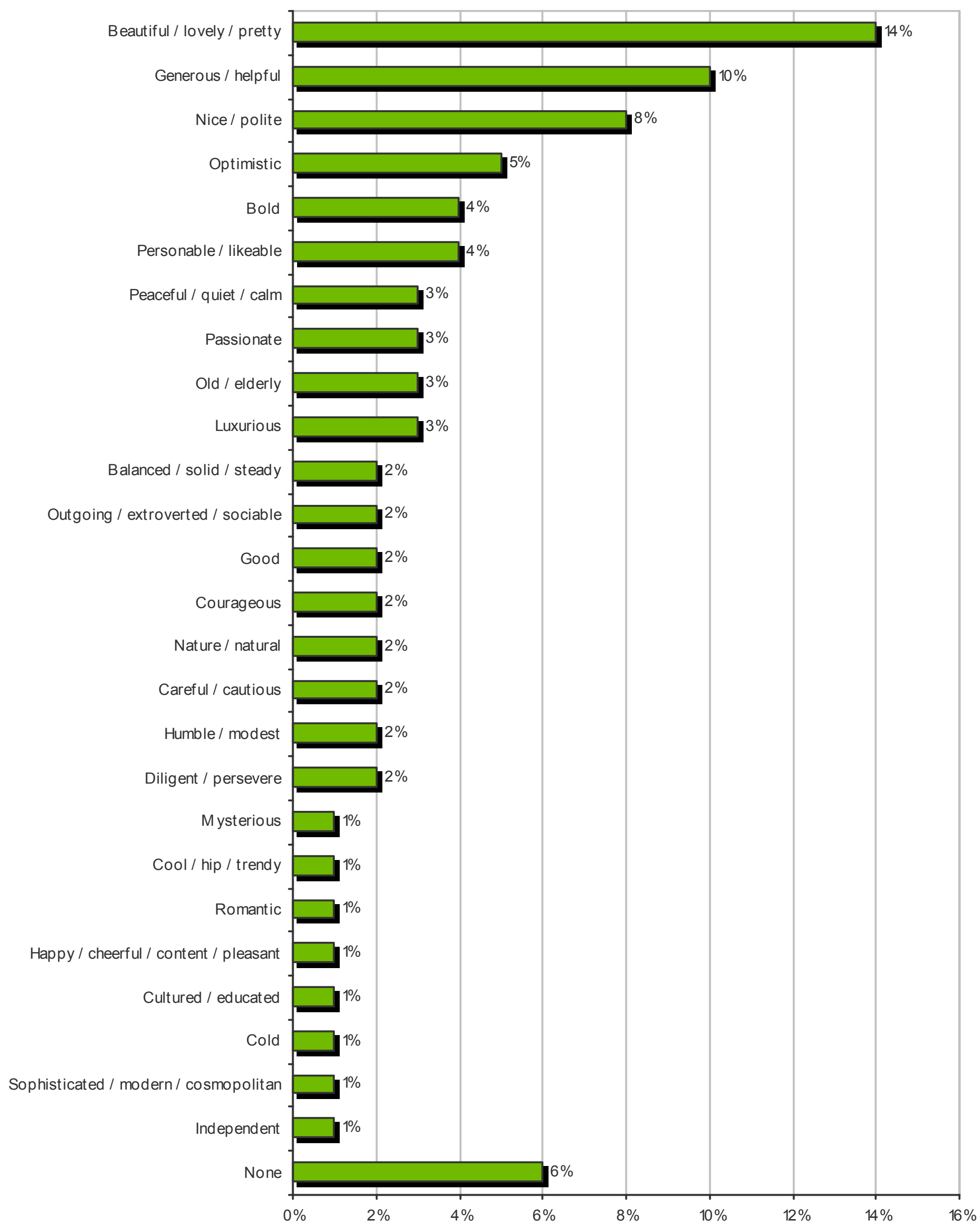
Base: Long-haul pleasure travellers (n=1,520).
Note: [1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Exhibit 11 shows other personality traits that are associated with Canada among Chinese travellers. As in most markets, "beautiful" is a relatively common mention (14%), alluding to Canada's spectacular scenery and nature offerings.

Beyond its beauty, the mild-mannered attributes associated with Canada's traditional image emerge loud and clear through references to "generous/helpful" (10%), "nice/polite" (8%), "personable/likeable" (4%), "peaceful/quiet/calm" (3%), "old/elderly" (3%), "balanced/solid/steady" (2%), "good" (2%), "careful/cautious" (2%), "humble/modest" (2%), "diligent" (2%) and "happy/cheerful/pleasant" (1%). These descriptors paint a picture of Canada as a friendly, serene and worry-free travel destination, where nothing unforeseen is likely to happen.

However, mentions of "optimistic" (5%), "bold" (4%), "passionate" (3%), "courageous" (2%) and "independent" (1%) show a more self-assured side of Canada as a tourist destination, and one that is perhaps a trail-blazer or leader in its field. Mentions of "luxurious" (3%), "outgoing/ extroverted/sociable" (2%), "cool/hip/trendy" (1%), "cultured/educated" (1%) and "sophisticated/ cosmopolitan" (1%) also support a more vibrant image of Canada as a modern and affluent nation, and a good place to go to experience Western lifestyles and culture.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,520).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

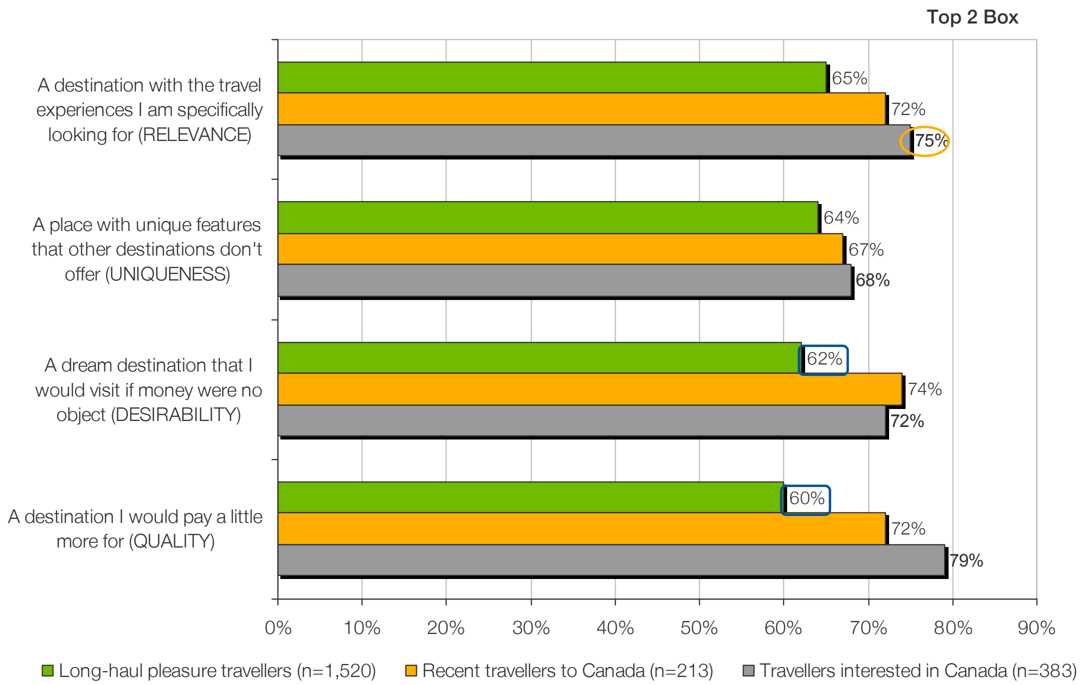
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in China, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

As shown in **Exhibit 12**, Canada is generally seen as offering good value to Chinese travellers, A closer look at the results shows that Canada is felt to have the experiences that travellers are looking for and a product portfolio that offers something unique and different. As in most markets, Quality is awarded the poorest rating of the four value components, but at 60%, is still high relative to other GTW markets. That Chinese travellers hold Canada in such high esteem is welcome news, and augers well for Canada's performance in this market once it gains ADS.

Recent and potential visitors to Canada have an even better appreciation of the value of the Canadian travel experience and are more likely to view Canada as a dream destination and one for which they would pay more. Potential visitors are also more likely to see Canada as having products that are relevant to them.

Exhibit 12 – Value Perceptions



Base: Long-haul pleasure travellers.
*Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale. Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Recent Travellers to Canada: those who have visited Canada in the past 3 years (pleasure trip, 4 or more nights, 1 or more nights in paid accommodations).
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

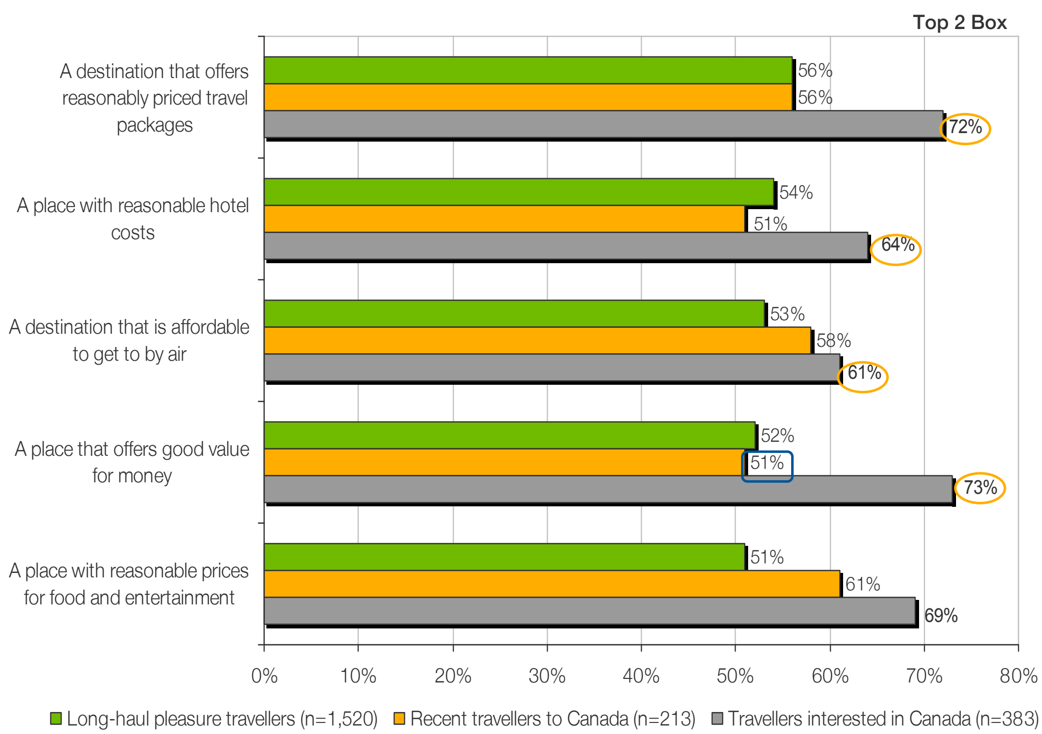
Price Perceptions

In addition to brand image and destination value, cost plays a major role when it comes to destination decision-making. Accordingly, **Exhibit 13** shows how Canada is perceived by Chinese travellers on various travel cost components.

Ratings of the cost components range from a high of 56% for reasonably priced travel packages down to 51% for food and entertainment. Given that the Chinese market is extremely price-sensitive, with travellers often choosing packages on the basis of lowest overall price rather than itineraries and inclusions, strong price perceptions are paramount in converting interest into actual trip taking.

Again, potential visitors tend to view Canada more favourably across all components, with ratings in the range of 61% to 73%.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
*Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale. Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Recent Travellers to Canada: those who have visited Canada in the past 3 years (pleasure trip, 4 or more nights, 1 or more nights in paid accommodations).
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Motivation for Visiting Canada

Key Motivations for Visiting Canada

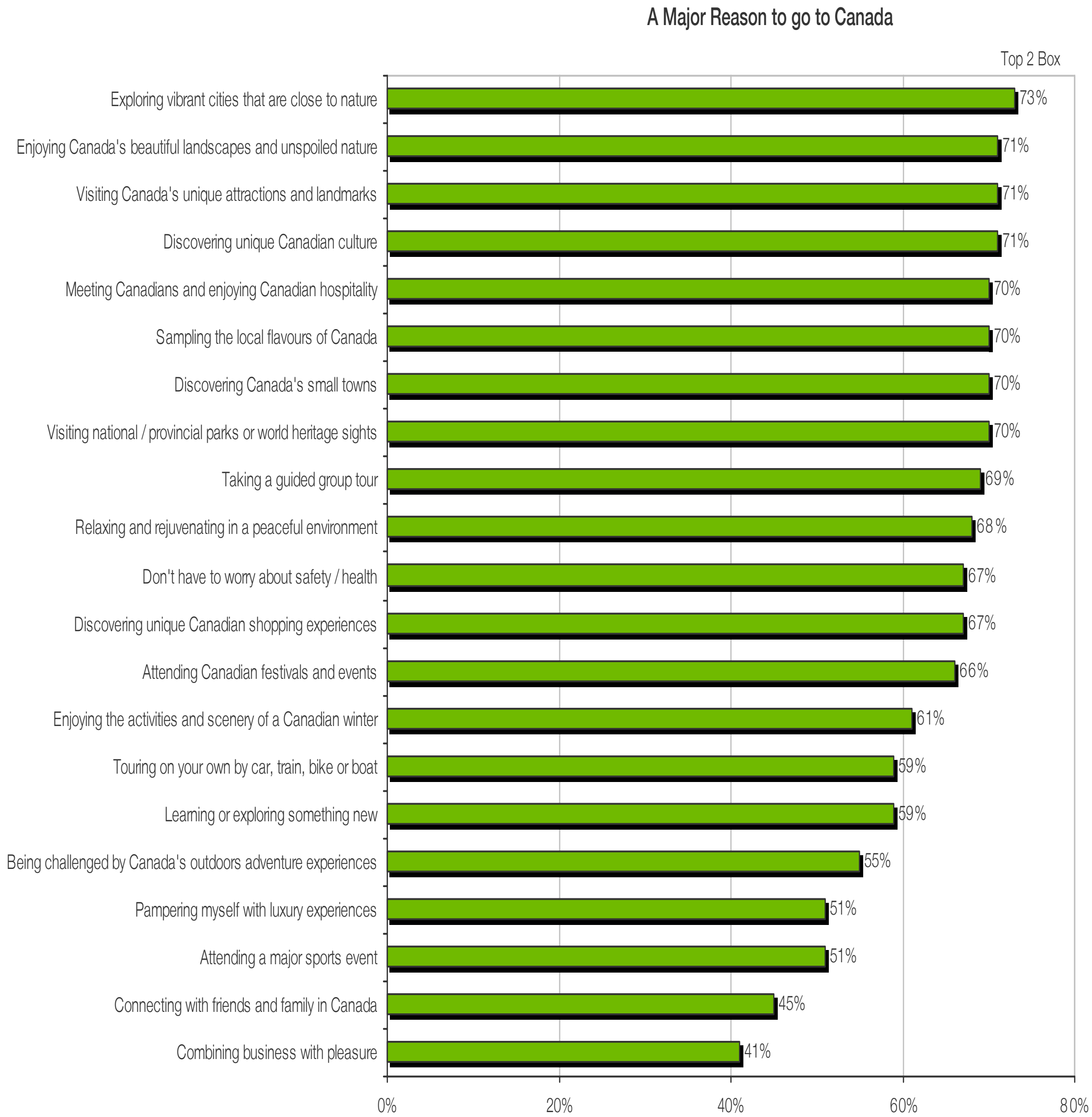
Travellers that are likely to visit Canada were asked to indicate their reasons for considering a visit. As shown in **Exhibit 14**, several motivators are clustered together at the top of the list, with vibrant cities close to nature emerging in the number one spot. This makes China the only market where this motivator posted a better than fourth place finish, but it is not surprising that general city sightseeing against a backdrop of wondrous scenery would appeal to these relatively new world travellers. Enjoying unspoiled nature and unique attractions/landmarks are also among the top motivators, not just for the Chinese, but across all GTW markets.

Canadian culture and people are also of keen interest to Chinese travellers. More specifically, they are highly motivated by discovering Canada's unique culture, meeting Canadians, sampling the local cuisine, exploring some of Canada's smaller towns and visiting world heritage sites, all at 70% or higher.

Two other motivators stand out for China when compared with other GTW markets. Guided group tours, at 69%, and shopping, at 67%, are both the highest rankings and the highest absolute scores of any GTW market. Shopping is an absolutely indispensable part of any Chinese trip abroad, with luxury branded cosmetics and fashions (e.g., Chanel and Louis Vuitton) in highest demand. In this respect, Chinese travellers are similar to Japanese tourists were when that market first opened up, with shopping, group touring, city sightseeing and famous attractions all of high relative importance for a long-haul trip. This suggests that similar marketing strategies and messages could be appropriate for China.

On the other hand, learning something new (59%) is on the low side compared with the other GTW markets, a trend that is common to all of the Asian markets. Although Chinese travellers enjoy trying new activities and seeing new things, they view travel as a reward for hard work and, as such, may be less interested in purely educational or learning experiences when they come to Canada. Although a growing niche in China, outdoor adventure has not gained widespread popularity and receives a fairly low score (55%) compared with other markets, which is again similar to Japan.

Exhibit 14 – Key Motivations for Visiting Canada



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=1,121).
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale.

Barriers in Attracting Visitors from China

Barriers for Travel to Canada

Exhibit 15 shows why Chinese long-haul pleasure travellers are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that *are* likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

Competition from other destinations is the most notable barrier for travel to Canada (mentioned by almost 90% of travellers). Moreover, nearly four in ten mention this as a major barrier, rather than a minor one, for visiting Canada. This is not surprising in view of the emerging nature of long-haul travel in China. When Chinese travellers are finally ready to venture beyond Asian destinations, many want to visit Australia and Europe before heading further afield.

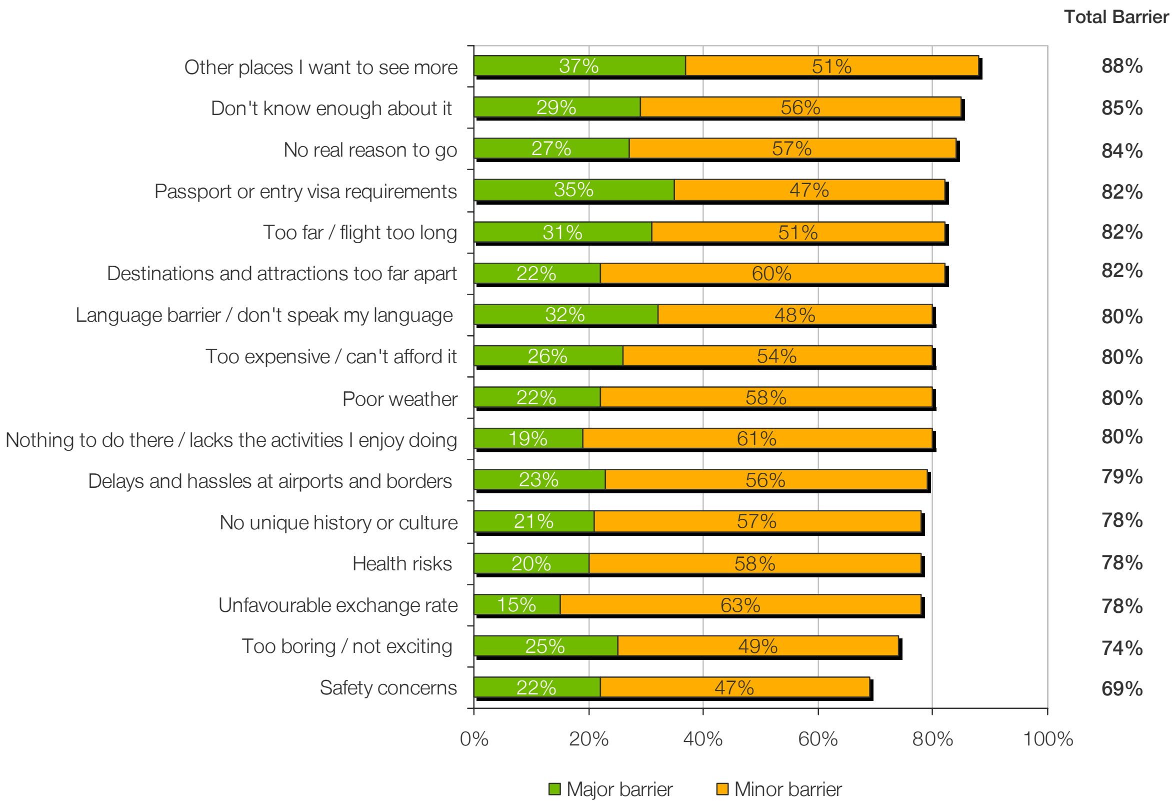
Unsurprisingly, another major barrier for Canada is lack of awareness. Fully 85% of those who are unlikely to visit Canada in the near term say that they don't know enough about it. Lack of awareness may also be a factor for those who say they have no real reason to go to Canada (84%). As a destination that has not been open to Chinese travellers, these results are in line with expectations. However, it is also clear that Canada has considerable work ahead of it in terms of building awareness and familiarizing travellers with its products once the market does open up.

Another major roadblock to market development is visa requirements. Canada is known in China for having low pass rates, slow processing times and a complex application process when it comes to granting visas to Chinese travellers. This is reflected in the high mentions of visa requirements as a travel barrier, which at 82%, is far higher than in any other GTW market. In fact, China is the only market where visa issues emerge among the top five barriers. With group travel to Canada pre-empted, individual and business visas are currently the only way to visit, so Canada may want to focus some attention on getting this process streamlined.

In addition to visas, other practical barriers are also prevalent in the upper half of the list. Long flights, large distances between attractions, transportation delays, language barriers and poor weather are all mentioned by around 8 in 10 travellers. Of these, difficulties with English is the one mentioned most often as a major barrier (32%), but at the same time, is the one most easily mitigated through the use of tour guides and Chinese signage at airports, hotels and attractions. Long flights is also a major issue (31%), especially given that many Chinese prefer taking shorter vacations to avoid being away from work for a prolonged period of time.

As was the case for travel barriers in general, the affordability of a trip to Canada is less of a concern for Chinese travellers than it is in most other overseas markets, where it tends to weigh in as one of the top two barriers. Only 26% of Chinese travellers cite this as a major roadblock, which again may be partly due to a reluctance to admit that cost is an issue.

Exhibit 15 – Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future (n=399).

Sources of Information for Chinese travellers

Sources of Information on Canada

Exhibit 16 shows that, even without the ability to advertise directly to travel consumers, Canada has been very successful at using the media and travel trade to generate awareness of and interest in Canada as a vacation destination, with Chinese travellers learning about Canada from a wide variety of sources.

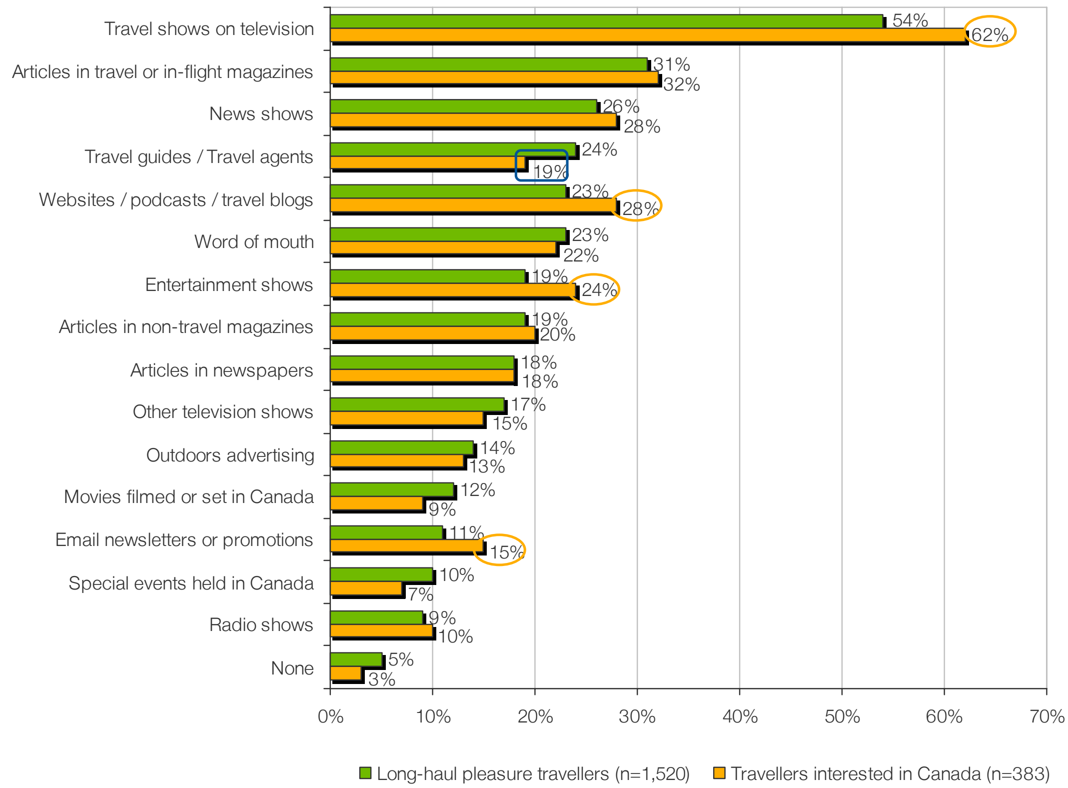
The majority of information on Canada is received via television, with travel shows being the most effective channel at 54%. Television news shows are also an important source at 26%, perhaps because the Chinese view the news as a reliable source of information. In fact, China is the only GTW market where news shows rank among the top five information sources on Canada. Entertainment shows (19%) and other television shows (17%) also make the top ten list.

Other traditional media used to obtain information on Canada include articles in magazines (particularly travel magazines at 31%, but also non-travel magazines at 19%), and newspapers (18%).

Traditionally, Chinese travellers have turned to travel agents and friends/family members for information on travel destinations, and the exhibit confirms that these are indeed key sources for information on Canada. Online media can also be a good way to reach Chinese travellers, with about a quarter of the target market having seen information on Canada via websites, podcasts or travel blogs in the last three months.

Generally, the same sources can be used to reach potential travellers to Canada, although online media and entertainment shows may have relatively more influence with this key target group.

Exhibit 16 – Sources of Information on Canada (past 3 months)



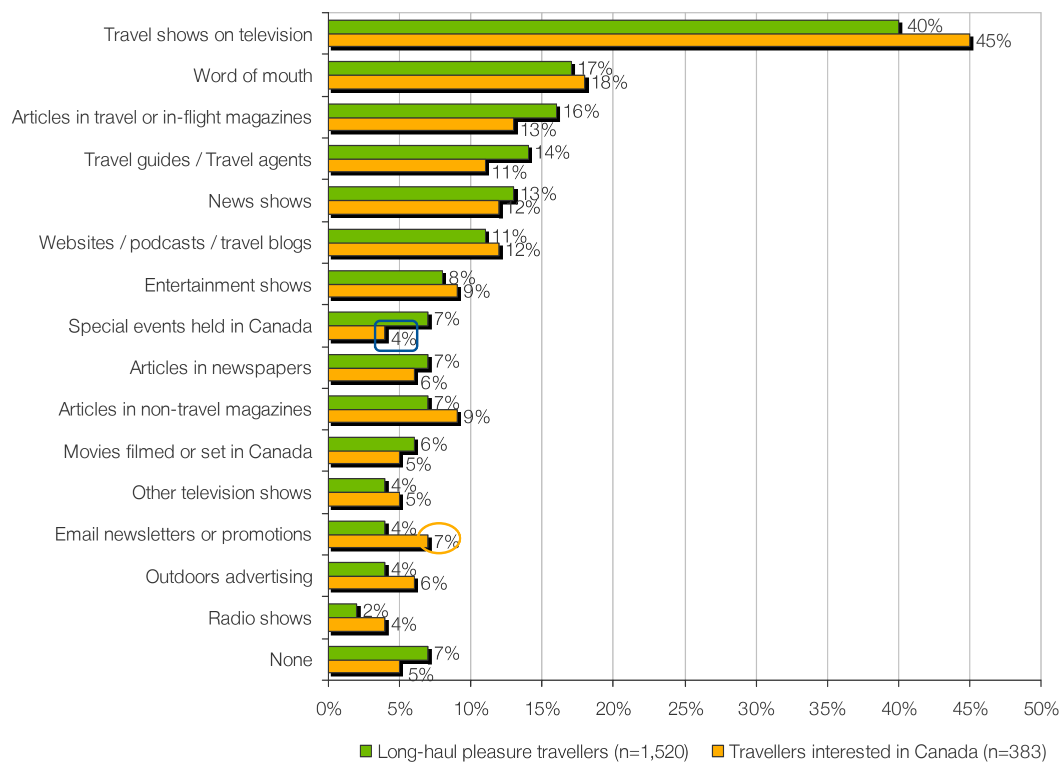
Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Top Information Sources for Increasing Canada's Appeal

Travel shows do more than just disseminate information to Chinese travellers – they also play a crucial role in enhancing Canada's appeal as a tourist destination. **Exhibit 17** shows that developing television features on Canada is by far the best way for the CTC and its partners to create excitement and generate buzz around Canada in the Chinese market.

Although the top sources for increasing appeal are generally the same as the main information channels, a major difference is the importance of word of mouth, which has moved up in the ranks to second spot. Chinese travellers clearly value the recommendations of family, friends and colleagues to confirm what they have seen or read in the media. This emphasizes the importance of delivering an enjoyable and rewarding vacation experience to Chinese visitors, as they can act as "ambassadors" to spread the word on Canada when they return home.

Exhibit 17 – Top Information Sources for Increasing Canada's Appeal



Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

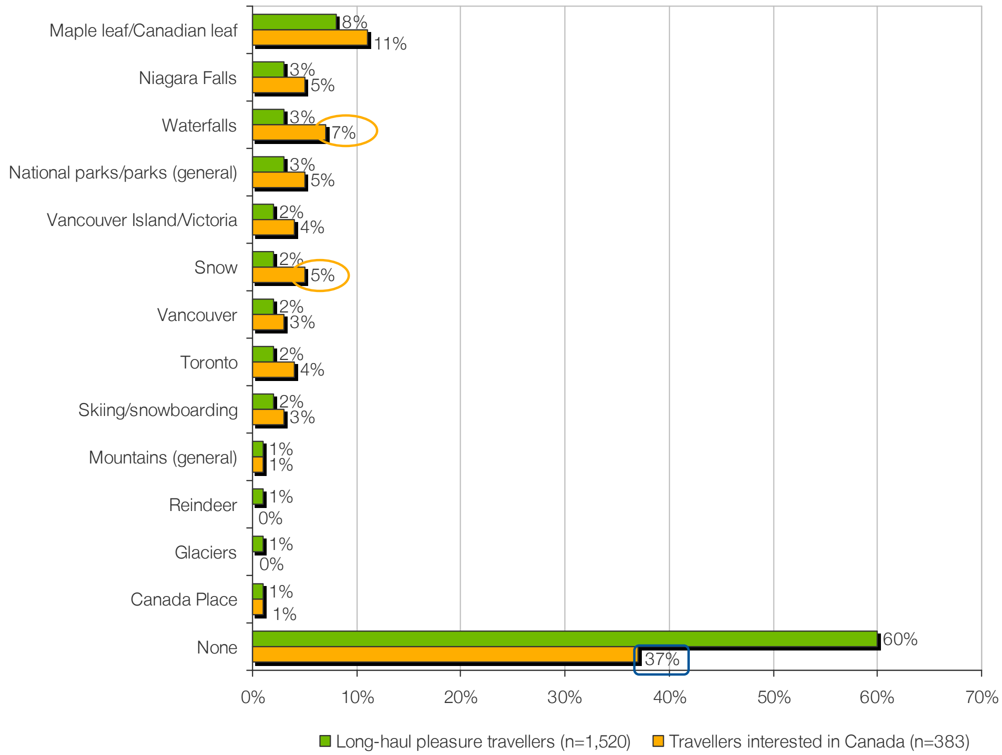
Icons or Images that Inspire Interest in Canada

Exhibit 18 shows that Chinese travellers are largely inspired by traditional images and icons of Canada. Canada is known to many Chinese as the "Maple Leaf Country," so it is not surprising that the maple leaf stands out as the most frequently mentioned image. Chinese travellers are also well aware of, and inspired by, Canada's most recognizable natural attraction – Niagara Falls (or waterfalls for those who may not know it by name). Chinese travellers are also stirred by the country's natural beauty (e.g., national parks, mountains) and by winter imagery (e.g., snow, skiing, reindeer, glaciers).

As popular immigration destinations, many Chinese are familiar with Vancouver and Toronto, both of which appear on the icons list. Vancouver is also recognized as the gateway to Asia and the host of the upcoming 2010 Olympic Games. Vancouver Island/Victoria is commonly connected with Vancouver in the Chinese media, while Canada Place is one of the more recognizable icons of Vancouver in China.

However, what really stands out about this exhibit is that 60% of Chinese travellers cannot name any icons/images relating to Canada, which is the highest percentage of any GTW market. This again points to lack of awareness about the specifics of Canada travel in the Chinese market. While worrisome at first, this can also be viewed as an opportunity for Canada to define itself in accordance with its brand, without having to combat the pre-conceived images and impressions that exist in many other markets.

Exhibit 18 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.
*Notes: Blue squares indicate a result that is significantly **lower** than another group; orange circles indicate a result that is significantly **higher** than another group.*
Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Conclusion and Considerations

The Chinese long-haul travel market is the fastest growing and most rapidly evolving of the GTW markets, having expanded by over 400% in the past decade. With China's economic and cultural rebirth, a growing segment of affluent young professionals has developed, with both the desire and the financial means to see the world. Fanning the fire is a rapidly growing number of ADS destinations, improved international air access and a strong Yuan that has boosted the purchasing power of Chinese travellers abroad. With a projected 100 million outbound tourists from China by 2020, it is clear that we are just seeing the tip of the iceberg, with boundless opportunities for destinations wanting to increase their Chinese visitation.

A relatively high proportion of travellers in the four cities surveyed have had a recent taste of long-haul travel (22% have taken a trip in the last three years), although much of this travel is still within Asia. Market sentiments remained optimistic at the time of the survey, with close to 40% of long-haul travellers planning to ramp up their travel in the next three years, and only 6% who plan to travel less. However, China has now begun to feel the effects of the global economic downturn, with GDP growth slowing to its lowest level in five years. If things continue to worsen in 2009, this could have a profound effect on near-term travel plans.

With a target market of over 5.7 million long-haul travellers interested in visiting Canada, China holds unquestionable opportunity for the Canadian tourism industry. However, Canada faces some fundamental challenges in fulfilling this potential – a restriction on group travel, the inability to advertise directly to Chinese consumers, and formidable competition from destinations like Australia, Europe and the US that are already open to Chinese travellers. These roadblocks contribute immeasurably to Canada's low overall awareness and penetration in this market. In view of this, the CTC and its partners may want to continue building awareness and enhancing Canada's presence through non-directed sources to capitalize on individual travel and to ready the market for when ADS approval is granted.

On the bright side, Canada enjoys some major strengths in China that can be used to advantage once the market does open up. Chinese travellers find Canada inherently appealing, have strong perceptions of the value of the Canada travel experience, and demonstrate good initial alignment with the brand. Canada is also seen as having a diverse product portfolio, with perhaps the best positioning on cultural products of any GTW market.

Specific marketing implications arising from this study that the CTC and its partners may wish to consider, depending on its mandate, priorities and budgets are as follows:

Key Performance Indicators

Build general awareness of Canada. While Canada has captured the interest of Chinese travellers, Canadian destinations, products and experiences are not particularly well-defined in their minds, suggesting an acute need for awareness building. Canada may want to play up the international renown of major cities such as Vancouver and Toronto, highlight its world-class attractions (particularly iconic sights like Niagara Falls, Banff/Lake Louise and Canada Place), and emphasize opportunities to see its unique combination of spectacular nature and diverse culture first-hand.

Encourage add-on travel to the US. With the US opening up to Chinese travellers, visitation to this destination is anticipated to boom over the next few years. This presents strategic opportunities to encourage add-on travel to Canada. The iconic drawing power of Niagara Falls and its shared border with the US makes this a particularly good bet for add-on travel, perhaps combined with a visit to nearby Toronto. Atlantic Canada attracts higher than average interest in China, and could be positioned as an add-on to a New York City trip, while British Columbia and Alberta may be viable options for those visiting Los Angeles and/or San Francisco.

Brand Performance

Leverage emotional engagement with the brand. The GTW results show that Canada has captured the imagination and engaged the emotions of Chinese travellers. Canada is seen as a destination that enables self-expression, offers opportunities to create unforgettable personal travel stories and provides an authentic and emotive travel experience. The CTC and its partners may want to build on this vision of Canada, highlighting the feeling of freedom, the thrill of once-in-a-lifetime experiences, and the emotional highs that accompany its authentic and deep travel experiences.

Continue to diversify Canada's image. Although Chinese travellers are more closely aligned with the Brand Canada personality traits than travellers in any other GTW market, perceptions of Canada still lean toward the conventional. Canada tends to be seen as a friendly, welcoming and relaxing destination where travellers can enjoy themselves in a safe and worry-free environment. While there are some who view Canada as fun, exciting, vibrant and trendy, these elements of the brand could stand to be considerably augmented. Promoting its multicultural diversity, Western lifestyles, cosmopolitan cities and prestigious international events might be a good way for Canada to highlight the more charismatic aspects of the brand, and craft a more dynamic image.

Enhance cost perceptions. Canada scores relatively well on value and price in China compared to other GTW markets, while brand perceptions are around the norm. But in terms of absolute scores, price lags behind value and brand – a distinct drawback in a market that is known for its price-sensitivity. Chinese travellers will often choose destinations and travel products on the basis of lowest absolute cost, ostensibly to maximize the dollars available for shopping. Consequently, introductory specials may be an important consideration for enticing travellers when the market first opens up, while tour products targeted at non-luxury travellers should avoid expensive extras.

Product Opportunities

Maintain Canada's position of strength on nature/outdoor products. While generating an appeal beyond natural beauty and outdoor activities is clearly desirable, nature/outdoors remains Canada's core value proposition, not just in China, but throughout the world. Canada outshines all other competitors in this respect, particularly when it comes to skiing/snowboarding and water-related scenery. In order to cement its leadership status, Canada could continue to enhance awareness of its offerings in China, possibly through the growing number of outdoor groups and clubs in the country. The CTC could also build on the highly appealing *Vibrant Cities close to Nature* Unique Selling Proposition[5] (USP), highlighting the unique juxtaposition of Canada's modern and trendy cities with spectacular nature on a grand scale. Indeed, China is the only market where this is the single most important reason for travellers to visit Canada.

Differentiate itself from Australia. Because Canada and Australia share many of the same strengths in China (e.g., nature, outdoors, touring, cities, spa/wellness), it will be critical to differentiate the Canadian travel experience from that of Australia. This is all the more important given Australia's natural advantages of proximity and cost, not to mention having been an approved group travel destination for over 10 years. Canada could emphasize its distinctive nature products (e.g., mountains, tundra, aurora borealis, whale watching, polar bears, moose, etc.) and craft a unique identity through its cultural offerings (e.g., Inuit and indigenous peoples, Acadian and French-Canadian culture, lifestyles in Atlantic fishing towns and western communities, etc.)

Ensure market readiness of Canada's touring products. Although Canada has diverse product strengths in China, touring and sightseeing offer the best immediate potential when the market first opens up. The Chinese are still very generalized travellers who want to do a bit of everything on their trips, and like Japanese tourists, they prefer to see Canada via a guided tour rather than striking out on their own. An appealing way to package Canada might be to position it as a tour of Canada's varied regions, where travellers can absorb vastly different cultures, see changing scenery and shop for regional specialties, akin to the European experience.

Highlight Canada's eco-tourism products. Chinese long-haul pleasure travellers are among the most environmentally conscious of the GTW markets when it comes to tourism. Not only do they have a highly favourable impression of Canada as an environmentally friendly destination, but they are willing to pay more for "green" experiences. This indicates excellent opportunities for Canada to build on and leverage the eco-tourism theme in China, perhaps with tie-ins to Chinese Eco-Tourism Year (2009).

Build on Canada's unique cultural and heritage offerings. Unlike the other GTW markets, Canada's cultural products are positioned fairly well in China and provide a firm foundation for the CTC and its partners to build on. Historical/cultural attractions, aboriginal culture and major events hold particular promise as Canada is close on the heels of the market leaders. Moreover, culture emerges as a top motivator for visiting Canada, with sampling local cuisine, meeting Canadians and exploring heritage sites also high on the list for Chinese travellers. Bringing a taste of these experiences to their own back yard in the form of high-profile in-market events (e.g., wine/food festivals, cultural events, exhibitions of Inuit art) could go a long way to enhancing perceptions and stoking interest.

Strategic Marketing

Target the affluent and the elite. While overseas travel has become increasingly accessible over the last decade, it is still largely the domain of the business and social elite. Moreover,

[5] Unique Selling Proposition: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.

overseas travel tends to be a tacit measure of social standing in China, a key reason why photos in front of major attractions is a popular souvenir. Given the cost of a trip to Canada, the CTC and the regions may want to target a more upscale crowd, particularly the rising Young Professionals segment, but also well-to-do middle-agers who may be interested in more exclusive and upper-end travel opportunities.

Continue to promote Canada through non-directed channels. Although Canada cannot advertise directly to Chinese consumers, it can continue to promote itself through non-directed channels. While features on television travel shows are likely to be most effective, other good vehicles could be articles in magazines and newspapers, coverage of high-profile events in the news media, and pop culture featurettes on entertainment shows. Given the importance of word of mouth in this market, encouraging user-generated online content (e.g., photo galleries, testimonials and stories on travel blogs and forums) could also help to reach and influence Chinese travellers.

Leverage the 2010 Olympic Games. Spring-boarding off the excitement and awareness of the 2008 Olympic Games in Beijing, the fact that Canada is playing host to the upcoming Olympics is both well known and influential to Chinese travellers. Clearly, the 2010 Games will provide an unprecedented opportunity to enhance awareness and perceptions of Canada as a vacation destination in China. The fact that it is a Winter Olympics presents further opportunities to highlight Canada's outdoor activities (e.g., skiing, skating), natural beauty (e.g., national parks, mountains) and winter imagery (e.g., snow, glaciers), as well as strengthen Canada's reputation for staging major events and spectacles.