# Global Tourism Watch

## 2016 Japan Summary Report

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# 1. 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 12 core markets around the world: Australia, Brazil, 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 Japanese market: the US, United Kingdom, France, Italy, Germany, Netherlands, Spain, Switzerland, India, Australia, Finland, Sweden, and Russia.

## 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 (e.g., 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 1,504 respondents in Japan, including 203 recent visitors to Canada, in December 2016. In the past, data has been gathered earlier in the year (April through July), which is prime planning season for summer travel to destinations such as Canada. It is believed the timing of data collection impacts results and the later field window this wave may be responsible for some shifts in Key Performance Indicators (KPIs).

*Figure 1.1: 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.*
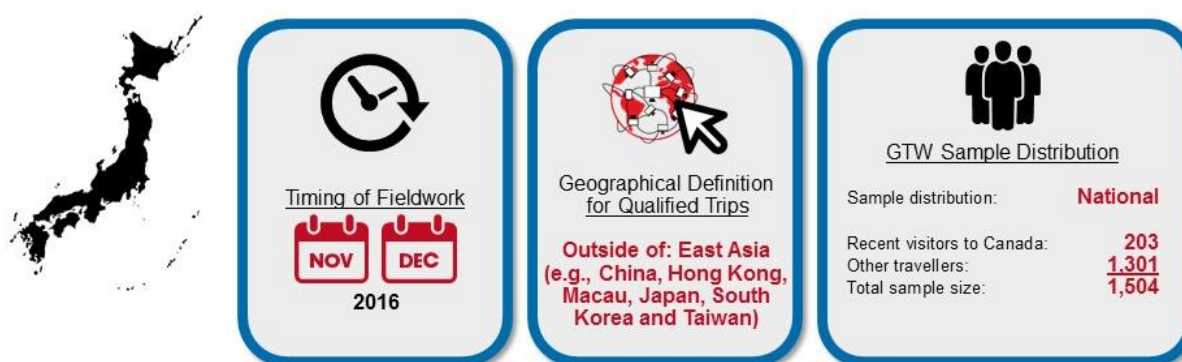
## Background

The Japanese economy is ranked the 3rd largest global economy, with a 5.9% share of global GDP (*World Economic Forum, 2017*). However, Japanese economic growth has been sporadic for several years. Japan fell into an economic recession in the last quarter of 2014, and after a volatile year in 2015, the country saw some positive, although small, gains in the first quarter of 2016, fueled by higher government spending and a moderate increase in private consumer spending *(BBC News, May 2016)*.

The GDP growth rate in 2016 was 1%. The outlook for 2017 calls for a modest improvement with GDP growth forecasted at 1.4%. However, there are some global factors that could bring instability, including US economic measures, Britain's exit from the EU, and France's presidential election. Furthermore, it is still uncertain how Japan will handle its free trade strategy *(OECD, 2017)*.

Productivity is another challenge for Japan. With a declining labour force due to an aging population, increased productivity is needed to grow the economy; however, Japan's productivity has been low or negative since the global financial crisis in 2008. While immigration could have a positive impact on overall growth, there is long-standing opposition to immigration among the Japanese population.

In November 2016, Japan's unemployment rate was at 3.1%, which is the lowest level observed in 20 years. It is predicted that the unemployment rate between 2017 and 2020 will remain at 3.2%.

Inflation was at 0.5% in November 2016, and for 2017, the inflation rate is estimated to increase from 0.7% in the first quarter to 1.1% in the fourth quarter.

Japan held national elections in July 2016, in which the incumbent governing coalition won a comfortable victory, consolidating power for Prime Minister Shinzo Abe. Voters sided with the coalition's agenda centered on economic revitalization and defense policy reform, as well as promises to revise the constitution *(The New York Times, July 2016)*.

Despite ongoing economic uncertainty, Japanese Consumer Confidence closed 2016 at 43.1, the highest level since September 2013 (*Focus Economics, January 2017*).

Japan's outbound travel increased by 5.6% in 2016, reaching over 17 million visits abroad. In 2017, outbound travel is expected to continue to grow at a similar pace *(Japan National Tourism Organization, 2017)*. However, tourism expenditures have been dropping since 2012, declining by 1.5% in 2016 to US$23.7 billion. The outlook is more positive for 2017, with outbound travel spending forecasted to grow by approximately 5% to US$24.9 billion *(World Travel and Tourism Council, 2017)*.

## 2. Market Potential

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.

The long-haul travel market size is derived from a 2016 omnibus study of the Japanese adult population. Note that the long-haul market size was last calculated in 2010 and has declined by 2.4 million. This decline is explained by an overall decrease in the incidence of long-haul travellers in the Japanese market from 17% in 2010 to 15% in 2016. 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 incidence of past three year travel has decreased since 2010 (from 14% to 13%) and the next two year outlook for long-haul travel has also decreased (from 8% to 7%).

The proportion of GTW respondents who are in the dream to purchase stages for Canada (62%) is used to calculate a target market estimate of 9.7 million.

The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years. This translates into a market of 2.61 million travellers with more immediate potential for conversion.

Among DC's eleven international markets, Japan is ranked 8th in immediate potential market size (behind the US, China, South Korea, France, the UK, Germany and India) . However, actual visitation from Japan was ranked 7th among DC's international markets in 2016[1]. This means that Canada is doing well at converting potential travellers to actual visitors in the Japanese market.

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[1]  *Destination Canada, Tourism Snapshot, December 2016.*

For context, Canada attracted 304,000 visitors from Japan in 2016, an increase of 10% over 2015[2]. The 304,000 arrivals represent 12% of the immediate potential market.

*Figure 2.1: Size of Potential Market to Canada (Next 2 Years)*

| Measure | Size of Potential Market to Canada |
|---|---|
| Long-haul pleasure travel market | **15.65 million** |
| Target market for Canada (dream to purchase stage) | **62%** |
| Size of the target market | **9.76 million** |
| Immediate potential for Canada (definitely/very likely to visit in next 2 years) | **27%** |
| Immediate potential | **2.61 million** |

Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=954)
QMP1. Which of the following best describes your current situation when thinking about each of the following destinations for a holiday trip?
QMP6. Realistically, how likely are you to take a holiday trip to Canada in the next 2 years?

Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (2.61 million). Ontario holds the greatest appeal (62% or 1.62 million potential visitors), followed closely by BC (51% or 1.34 million potential visitors), with Quebec and appealing to 49% of potential visitors (1.28 million potential visitors).

*Figure 2.2: Potential Market Size for the Regions*



Immediate Potential for Canada: *2,607,000*

Key:
% likely to visit region
*Immediate potential (000s)*

NORTH 12% *310*
ATL 24% *623*
BC 51% *1,335*
AB 34% *894*
SK/MB 26% *665*
ON 62% *1,616*
QC 49% *1,275*

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=268)
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?

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[2]  *Destination Canada, Tourism Snapshot, December 2016.*

Despite being the world's third largest economy, Japan's economic growth remains sluggish due to ongoing economic instability. As such, it is not surprising that Japanese travellers are erring on the conservative side when it comes to predicting short-term leisure travel. The proportion of Japanese travellers saying they will spend less on long-haul travel far surpasses the proportion saying they will spend more, both for short-haul travel (-26) and long-haul travel (-19). Instead, Japanese travellers are more likely to increase spending on travel domestically (+5).

*Figure 2.3: Spending Intentions (in the Next 12 Months)*



Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
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 …?
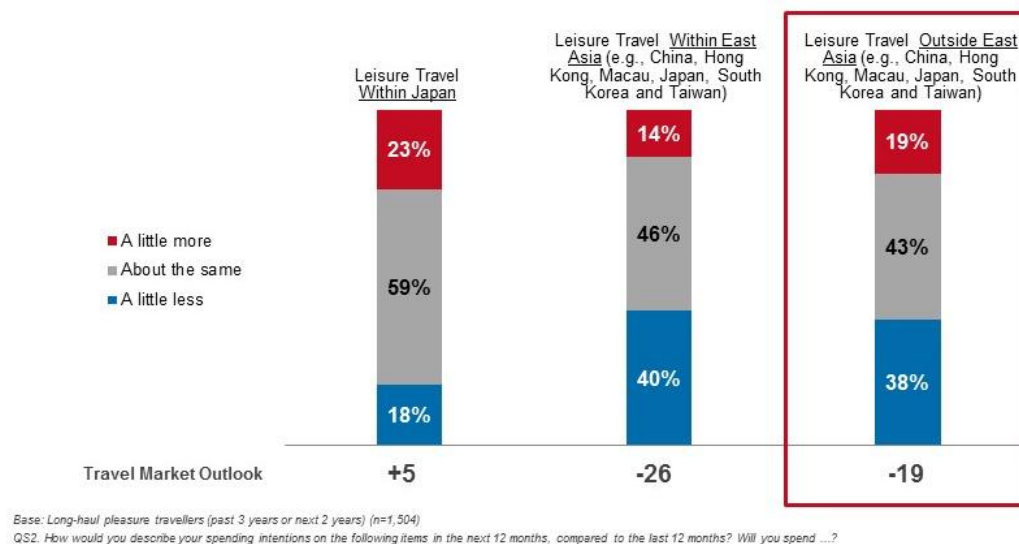
# 3. Competitive Environment – Key Performance Indicators Summary

The outlook for Canada in Japan is quite favourable. Out of the 14 competitive destinations that respondents were asked to evaluate, Canada is in 5th place on unaided consideration and aided consideration and 7th place for destination knowledge.

The GTW tracks the following Key Performance Indicators (KPIs) for Canada: unaided and aided destination consideration, aided destination knowledge, and past visitation. Canada's performance is tracked against key competitors for the long-haul travel market. The competitive set was updated for 2016 to reflect actual travel patterns from each market. 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). For Japan, these destinations are the US, United Kingdom, France, Italy, Germany, Netherlands, Spain, Switzerland, India, Australia, Finland, Sweden, and Russia. The UK, Netherlands, Spain, Switzerland, India, Finland, Sweden, and Russia were not in the competitive set previously. It is also important to note that 2016 data was collected in December versus earlier in the year (April to July) in previous years. Seasonality may have impacted KPI results this year, although it is impossible to know how much the results might have been affected.

# Consideration

Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective, travellers who have Canada on their unaided consideration list may be easier to attract since they are actively thinking of Canada as a travel destination. On an unaided basis, 3% of Japanese travellers mentioned Canada as a destination under serious consideration in the next 2 years, in line with Italy (also 3%) and very close to Australia and Thailand (4% each), but trailing the US by a wide margin (10%). Older travellers aged 55+ were more likely to mention Canada (4%) as were those who had visited Canada recently Canada (6%). 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 is low.

It is important to note that even though respondents are asked to list out long-haul destinations 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. 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.

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. Canada fares better on an aided basis with 15% saying they are seriously considering Canada for a leisure trip in the next 2 years, on par with France (15%) and just behind Australia (16%) and Italy (17%). Once again, the US is far ahead (29%). Younger travellers aged 18-34 demonstrate a stronger preference for travelling to both the US and Italy, while there are no significant differences by age for interest in Canada. Recent visitors to Canada express stronger consideration, ranking Canada second overall in aided consideration, just behind the US among all destinations in the competitive set.

# Knowledge

The aided destination knowledge KPI (previously called aided awareness, but changed for clarity purposes) measures knowledge of travel opportunities in each destination. Nine percent of all Japanese long-haul travellers rate their knowledge of travel opportunities in Canada as either excellent or very good. Among those considering Canada, destination knowledge stands at 21%, behind India (32%), the UK (30%), France (25%), the US (27%), Australia (24%), and tied with Switzerland, Germany, and the Netherlands. Efforts to boost knowledge of Canadian travel opportunities could help to move potential visitors along the path-to-purchase.

## Visitation

In terms of past visitation, 35% of Japanese long-haul travellers indicate that they have visited Canada on a leisure trip at some point in their lifetime. Japanese travellers aged 35-54 are least likely to have been to Canada. Those considering a trip to Canada are considerably more likely to have visited previously (62%). Messaging designed to encourage a repeat visit is recommended since past visitors to Canada voice considerably higher interest in returning.

*Figure 3.1: Key Performance Indicators*

**Key Performance Indicators (KPIs) for Canada – Summary**

| Indicator | Definition | All Long-Haul Travellers (n=1,504) | Recent Visitors to Canada[1] (n=203) | Considering Canada[2] (n=265) |
|---|---|---|---|---|
| **Intentions:** | | | | |
| Unaided destination consideration | % who mentioned Canada or a destination in Canada on their consideration list[3] | 3% | 6% | 12% |
| Competitive positioning on aided destination consideration | Rank on the consideration list among 14 destinations | 5 | 2 | 1 |
| **Destination knowledge:** | | | | |
| Aided awareness of travel opportunities in Canada | % with excellent/very good knowledge of travel opportunities in Canada | 9% | 30% | 21% |
| **Past visitation:** | | | | |
| Past visitation | % who have ever visited Canada for pleasure | 35% | 98% | 62% |

[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.)
QEVC1. You may have already mentioned this before, but which destinations would you seriously consider visiting in the next 2 years?
QMP3. How would you rate your level of knowledge of holiday opportunities in each of the following destinations (asked only for destinations in consideration set)?
QRT14a. Approximately, how many times have you been to Canada?

# 4. Path-to-Purchase

Like any other expensive and discretionary consumer product, there is a purchasing or decision-making cycle associated with travel: consumers move through progressive stages from not knowing anything about a destination to booking a trip.

Through additional research, Destination Canada has developed a nine stage Path-to-Purchase (P2P) model for long-haul travel, starting with awareness of the opportunity and interest in a destination, through to planning an itinerary, and booking travel and accommodations. The final stage, advocacy, happens during and after the actual visit.

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

*Figure 4.1: DC's Path-to-Purchase Model*
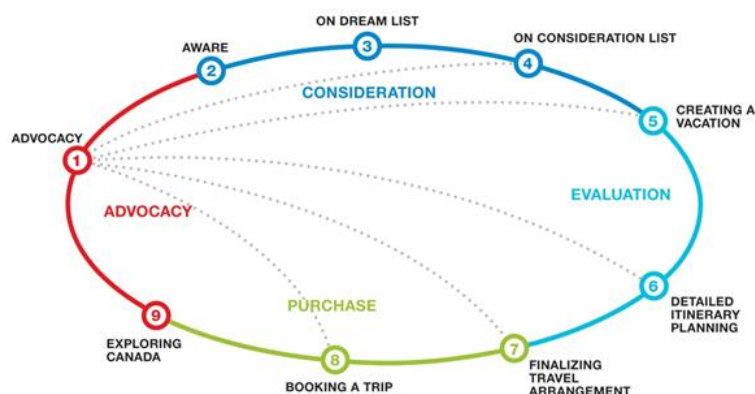


In addition to looking at individual stages of the P2P, Destination Canada has identified phases travellers move through in the purchase cycle. Key phases are defined below and are referenced throughout this report.

*Figure 4.2: DC's Path-to-Purchase Model*



Overall, not many Japanese long-haul travellers appear to be actively engaged in planning a visit to any competitive set destination. Only 13% are actively planning a trip to top destinations (France and the US). The US is arguably in a stronger position than France with 18% seriously considering a trip vs 12% for France. Australia, the UK and Italy follow with each seeing 10% in the active planning stage.

Just 9% of Japanese long-haul travellers are actively planning a trip to Canada, with an additional 8% seriously considering a visit. Younger travellers aged 18-34 are over represented in the active planning phase. Once again, results may be impacted by the timing of data collection in 2016 (respondents may be thinking of winter trips). For this reason, 2016 results should not be compared with previous years.

The majority of Japanese long-haul travellers are in the dreaming phase for all competitive set destinations, including Canada (46% are at this stage). Those dreaming of Canada are more likely to be older travellers aged 55+ (49%).

*Figure 4.3: 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?
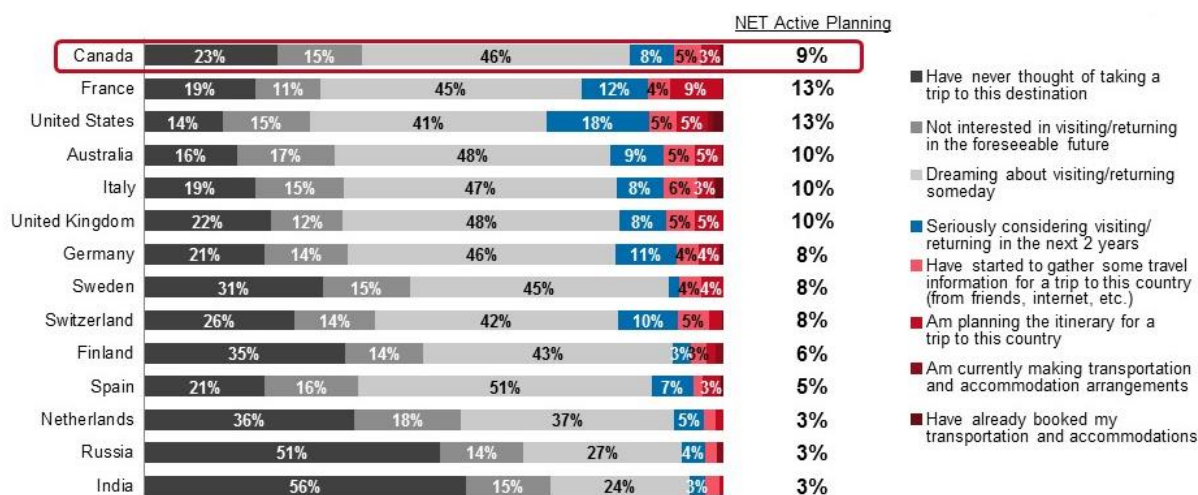
Getting travellers to move through the purchase cycle to booking a trip is critical. The charts below show Canada's progress converting travellers at crucial steps in the purchase cycle relative to top competitors (determined by past 3-year visitation) and other destinations in the competitive set. For reference, also shown is the average across the entire competitive set. 'Strong' and 'weak' conversion ratios were derived through statistical analysis, specifically if a conversion ratio is greater than one standard deviation from the average, then it is considered 'strong' and if a conversion ratio is lower than one standard deviation from the average, then it is marked as 'weak'.

At the dreaming stage, Canada's performance is average as are all of the other top competitors with the exception of the US, which is the strongest performer. Of note, France has a particularly strong conversion ratio from awareness to dreaming, even higher than the US, but this is not maintained through the purchasing cycle.

At the creating a vacation movie stage, Canada's performance remains average along with other top competitors, with the exception of the US, which is weak at this stage. Since this stage is focussed on information gathering, ensuring prospective visitors can find the information they seek is paramount. The key to helping prospective visitors move further along in the purchase cycle is to provide information which presents a full picture of what a trip to Canada could look like e.g., a focal point to anchor a trip or itinerary suggestions.

At the final stage, booking a trip, Canada has converted 1% of prospective visitors into actual visitors, on par with Germany, and just behind Italy (2%) and the US, which holds the top spot at 3%.

For context, the US recorded 3.6 million arrivals from Japan in 2016, while Italy saw 1.1 million in 2016, Germany logged 545,000,and Canada welcomed 304,000[3].

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[3]  *Destination Canada, US National Travel & Tourism Office, Italian Tourism Board, Department of Tourism Thailand, Statistisches Bundesamt*

*Figure 4.4: Path-to-Purchase Conversion – Top Competitors*

| | Awareness | | On Dream List | | On Consideration List | | Creating a Vacation Movie | | Detailed Itinerary Planning | | Booking a Trip |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Canada | 77% | 0.81 | 62% | 0.26 | 16% | 0.53 | 9% | 0.45 | 4% | 0.18 | 1% |
| United States | 87% | 0.83 | 71% | 0.43 | 31% | 0.42 | 13% | 0.63 | 8% | 0.33 | 3% |
| Australia | 84% | 0.80 | 67% | 0.29 | 20% | 0.53 | 10% | 0.49 | 5% | 0.06 | 0% |
| France | 81% | 0.86 | 70% | 0.35 | 25% | 0.53 | 13% | 0.70 | 9% | 0.03 | 0% |
| Italy | 81% | 0.81 | 66% | 0.28 | 18% | 0.56 | 10% | 0.44 | 5% | 0.36 | 2% |
| Germany | 79% | 0.82 | 65% | 0.29 | 19% | 0.44 | 8% | 0.52 | 4% | 0.17 | 1% |
| United Kingdom | 78% | 0.84 | 66% | 0.27 | 18% | 0.55 | 10% | 0.50 | 5% | 0.00 | 0% |
| *Average Among Competitive Set* | *73%* | *0.80* | *59%* | *0.28* | *16%* | *0.54* | *9%* | *0.57* | *5%* | *0.29* | *1%* |

Conversion ratio    Weak    Strong
Identified through statistical analysis

Examining purchase cycle results for destinations visited less frequently by Japanese travellers is also informative. Few of these destinations record above average conversion rates at any stage, with the exception of Russia, which has a strong conversion ratio at the booking stage.

While examining what Russia is doing to convince Japanese travellers to move from planning to booking is worthwhile, it is important to keep in mind the proportion booking is equivalent to Canada's result. Further, the relative size of the market is also important to bear in mind with Russia attracting just 93,500 Japanese visitors in 2015[4].

*Figure 4.5: Path-to-Purchase Conversion – Rest of Competitors*

| | Awareness | | On Dream List | | On Consideration List | | Creating a Vacation Movie | | Detailed Itinerary Planning | | Booking a Trip |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Canada | 77% | 0.81 | 62% | 0.26 | 16% | 0.53 | 9% | 0.45 | 4% | 0.18 | 1% |
| Spain | 79% | 0.80 | 63% | 0.20 | 12% | 0.42 | 5% | 0.67 | 4% | 0.14 | 1% |
| Switzerland | 74% | 0.81 | 60% | 0.30 | 18% | 0.43 | 8% | 0.31 | 2% | 0.13 | 0% |
| Sweden | 69% | 0.78 | 54% | 0.17 | 9% | 0.82 | 8% | 0.51 | 4% | 0.00 | 0% |
| Finland | 65% | 0.79 | 52% | 0.17 | 9% | 0.64 | 6% | 0.52 | 3% | 0.45 | 1% |
| Netherlands | 64% | 0.71 | 46% | 0.19 | 9% | 0.39 | 3% | 0.39 | 1% | 0.00 | 0% |
| Russia | 49% | 0.71 | 35% | 0.21 | 7% | 0.45 | 3% | 0.34 | 1% | 1.00 | 1% |
| India | 44% | 0.67 | 30% | 0.19 | 6% | 0.53 | 3% | 0.23 | 1% | 0.00 | 0% |
| *Average Among Competitive Set* | *73%* | *0.80* | *59%* | *0.28* | *16%* | *0.54* | *9%* | *0.57* | *5%* | *0.29* | *1%* |

Conversion ratio    Weak    Strong
Identified through statistical analysis

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[4] *Federal State Statistics Service.*

# 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. Ontario is the most popular province (cited by 62%), with Niagara Falls (49%), Toronto (47%) and Ottawa (35%) driving this interest. To the West, 51% would travel to BC, with particular interest in Vancouver (42%), Victoria (30%), and the Rocky Mountains (22%). Interest in Quebec (49%) is on par with BC, and primary interest is in cities such as Montreal (38%) and Quebec City (34%). Alberta is the 4th more popular province (34%), with the Rocky Mountains (25%) being the main attraction. Older travellers aged 55+ show above average interest in Ontario and Alberta.

*Figure 4.6: Canadian Destinations Likely to Visit (Among those definitely/very likely to visit)*
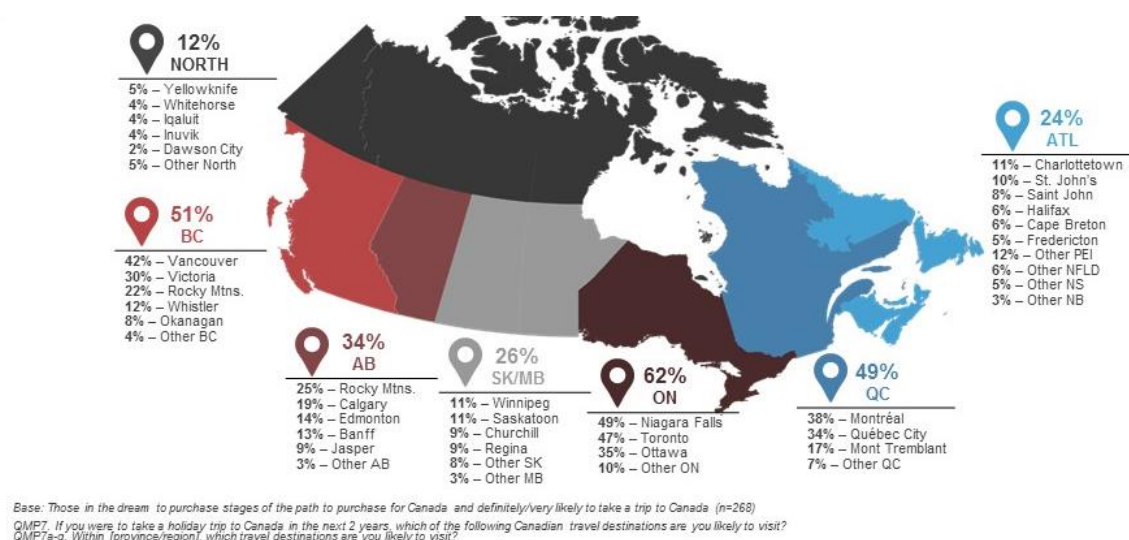


An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Niagara Falls, selected by 25% of potential visitors, is clearly the top attraction followed by Vancouver (11%), and the Rocky Mountains (10%). This would suggest Canada's landscape-based icons (Niagara Falls and the Rocky Mountains) still clearly hold greater appeal for Japanese travellers than Canada's city destinations and is consistent with the low level of knowledge Japanese travellers generally have of Canadian vacation opportunities. There is 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.

*Figure 4.7: Most Appealing Canadian Destination – Top 10 Mentions*



| Charlottetown | 2.5% | Other PEI | 2.7% |
|---|---|---|---|
| Mont Tremblant | 2.1% | Other North | 2.5% |
| Ottawa | 1.8% | Other ON | 1.3% |
| Edmonton | 1.8% | Other NS | 0.9% |
| Whistler | 1.2% | Other SK | 0.6% |
| Regina | 0.9% | Other NFLD | 0.3% |
| Cape Breton | 0.8% | | |
| Winnipeg | 0.7% | | |
| St. John's | 0.7% | | |
| Saskatoon | 0.5% | | |
| Inuvik | 0.4% | | |
| Yellowknife | 0.3% | | |
| Jasper | 0.2% | | |
| Okanagan | 0.1% | | |
| Iqaluit | 0.1% | | |

11% Vancouver
5% Victoria
10% Rocky Mountains
3% Banff
3% Calgary
4% Churchill
Québec City 5%
Montréal 8%
4% Toronto
25% Niagara Falls

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=268)
QMP8. And, which place in Canada most appeals to you?

# 5. Vacation Activities

Japanese travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. Natural attractions like mountains or waterfalls is their top preference followed by hiking or walking in nature, Northern lights, and visiting historical sites. The top activities generally hold stronger than average appeal for older travellers aged 55+.

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

*Figure 5.1: General Activities/Places Interested In – Top 10*



| Activity | % |
|---|---|
| Natural attractions like mountains or waterfalls | 52% |
| Hiking or walking in nature | 48% |
| Northern lights | 46% |
| Historical, archaeological or world heritage sites | 46% |
| Nature parks | 42% |
| Trying local food and drink | 42% |
| City green spaces like parks or gardens | 37% |
| Shopping for souvenirs and clothes | 35% |
| Guided city tours | 31% |
| Fall colours | 28% |

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
QMP10. In general, what activities or places are you interested in while on holiday?

In terms of things to see & do, Japanese travellers are most interested in natural attractions like mountains or waterfalls (52%). They also show strong interest in seeing the Northern lights (46%), visiting historical, archaeological or world heritage sites (46%) and visiting nature parks (42%). While less popular overall, guided boat tours and RV rentals hold greater appeal for younger travellers aged 18-34.

*Figure 5.2: General Activities/Places Interested In – Things to See & Do*

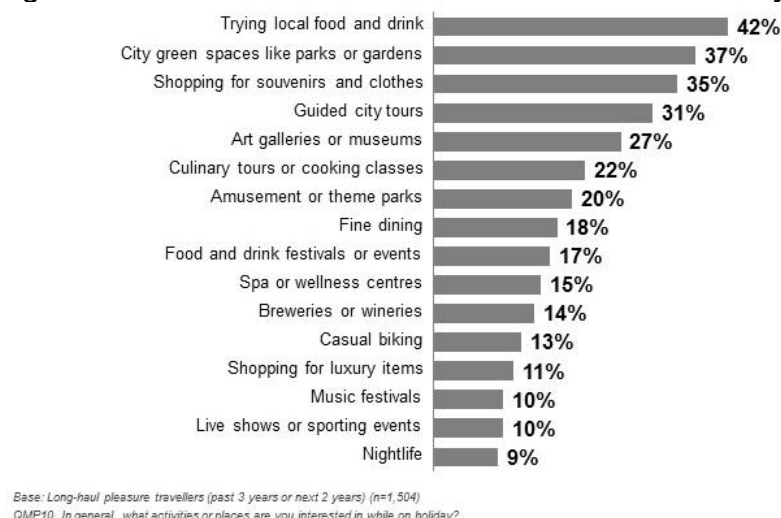| | |
|---|---|
| Natural attractions like mountains or waterfalls | 52% |
| Northern lights | 46% |
| Historical, archaeological or world heritage sites | 46% |
| Nature parks | 42% |
| Fall colours | 28% |
| Viewing wildlife or marine life | 27% |
| Exploring aboriginal culture, traditions or history | 23% |
| Cruises | 21% |
| Spring blossoms | 21% |
| Guided train tours | 18% |
| Guided nature tours | 18% |
| Guided airplane or helicopter tours | 12% |
| Agricultural or country farm tours | 10% |
| Guided boat tours | 9% |
| Renting a recreational vehicle (RV) | 7% |

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
QMP10. In general, what activities or places are you interested in while on holiday?

Among city activities specifically, trying local food and drink holds the greatest appeal for Japanese travellers (42%). The next most frequently selected city activities are visiting city green spaces like parks or gardens (37%), shopping for souvenirs and clothes (35%), and guided city tours (31%). Some city activities, such as visiting parks and green spaces and guided city tours, are of more interest to older travellers aged 55+, while others are of more interest to younger travellers aged 18-34 such as shopping for souvenirs and luxury items, amusement parks, nightlife, and live entertainment.

*Figure 5.3: General Activities/Places Interested In – City Activities*

| | |
|---|---|
| Trying local food and drink | 42% |
| City green spaces like parks or gardens | 37% |
| Shopping for souvenirs and clothes | 35% |
| Guided city tours | 31% |
| Art galleries or museums | 27% |
| Culinary tours or cooking classes | 22% |
| Amusement or theme parks | 20% |
| Fine dining | 18% |
| Food and drink festivals or events | 17% |
| Spa or wellness centres | 15% |
| Breweries or wineries | 14% |
| Casual biking | 13% |
| Shopping for luxury items | 11% |
| Music festivals | 10% |
| Live shows or sporting events | 10% |
| Nightlife | 9% |

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
QMP10. In general, what activities or places are you interested in while on holiday?

In terms of outdoor activities, Japanese travellers are most interested in hiking or walking in nature (48%). With substantially fewer mentions, kayaking, canoeing or paddle boarding (16%), scuba diving (14%), fishing or hunting (13%), and camping (13%) are the next most frequently cited outdoor activities. Generally, older travellers aged 55+ are least interested in outdoor activities, but do express the most interest in hiking or walking in nature, while younger travellers aged 18-34 express stronger interest in a range of outdoor activities.

*Figure 5.4: General Activities/Places Interested In – Outdoor Activities*



Hiking or walking in nature — 48%
Kayaking, canoeing or paddle boarding — 16%
Scuba diving — 14%
Fishing or hunting — 13%
Camping — 13%
Golfing — 12%
Road cycling — 12%
Downhill skiing or snowboarding — 10%
Snowshoeing or cross country skiing — 8%
Mountain biking — 8%
Ziplining — 3%

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
QMP10. In general, what activities or places are you interested in while on holiday?

# 6. Barriers

All Japanese long-haul travellers were asked what could prevent them from visiting Canada. Cost is the primary deterrent, cited slightly more often as the next closest impediment, the length of the flight. Younger travellers aged 18-34 are most likely to indicate that they do not know enough about Canada, raise safety concerns, mention visa requirements, and note unfavourable exchange rates. Older travellers aged 55+ are least likely to mention cost, not enough time to take a vacation, and poor value for money as deterrents to visiting Canada. In fact, they are also the most likely to say that nothing will prevent them from coming to Canada. While cost remains the top barrier among those who have visited Canada previously (23%), they much less likely to cite it as a barrier compared to those who have never been (34%).

While the cost barrier is challenging to address, it can be indirectly dispelled through messaging about the value offered by a Canadian vacation experience. Highlighting the increasing availability of direct flights between Japan and Canada (up 12% over 2015[5]) and similar travel times to the West Coast of Canada relative to other long-haul destinations such as Australia and Europe, may help address issues around distance to travel to Canada.

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[5] *Destination Canada, Tourism Snapshot, December 2016.*

Secondary barriers such as don't know enough about it and lack of a compelling reason to visit can be addressed through advertising. Emphasizing the ability to anchor a trip to specific regions/experiences rather than having to see the whole country, or that you don't have to see the whole country all at once, could help counter the notion that Canadian destinations are too far apart. Other peripheral reasons including health risks, hassles at borders and airports, and visa requirements are issues for the Canadian government to address. It is notable that even though there are no formal visa requirements for Japanese citizens to enter Canada, respondents likely included the recently introduced Electronic Travel Authorization (eTA) as a proxy for the visa requirements response option. In fact, a similar is pattern was observed in other markets where no visas are required for Canada. Although not explored in this survey given timing, the new eTA requirement is a potential barrier. Collaboration with key accounts in Japan could assist in identifying whether more clarity is needed about this new entry requirement.

While older travellers are less concerned with cost and express having more time to take a vacation, younger travellers are farther down the path-to-purchase, and from a lifetime value standpoint, the pay-off can be greater as past travellers to Canada express greater desire to return than those who have not been to Canada. Attracting younger travellers will take more effort as travellers need to be informed about what Canada can offer as well as dispel perceptions about safety.
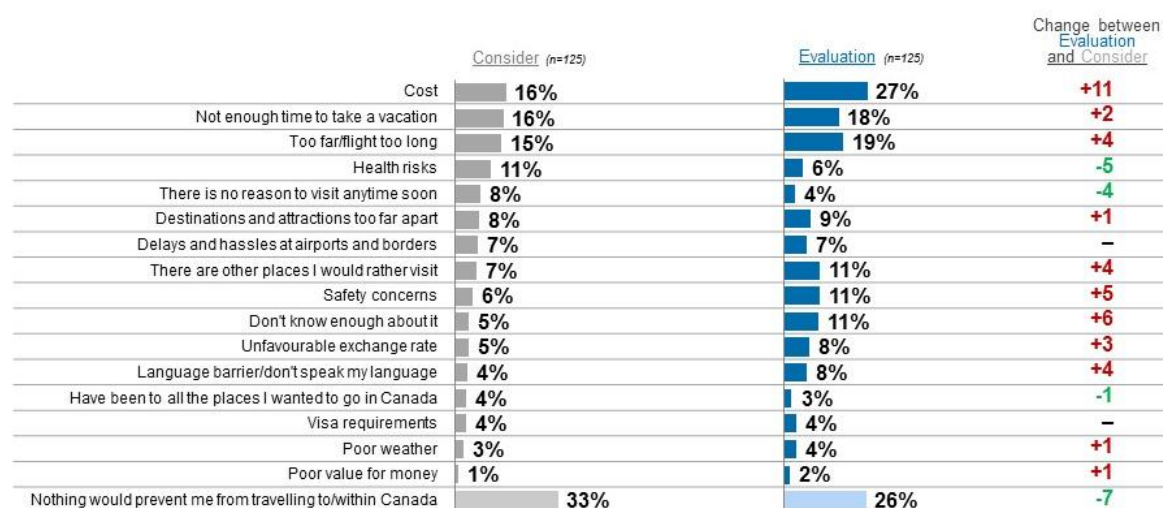
*Figure 6.1: Key Barriers for Visiting Canada*

| | |
|---|---|
| Cost | 30% |
| Too far/flight too long | 26% |
| Don't know enough about it | 19% |
| There are other places I would rather visit | 17% |
| There is no reason to visit anytime soon | 16% |
| Not enough time to take a vacation | 14% |
| Language barrier/don't speak my language | 10% |
| Health risks | 7% |
| Destinations and attractions too far apart | 7% |
| Safety concerns | 6% |
| Delays and hassles at airports and borders | 5% |
| Visa requirements | 4% |
| Poor weather | 4% |
| Poor value for money | 4% |
| Have been to all the places I wanted to go in Canada | 3% |
| Unfavourable exchange rate | 2% |
| Nothing would prevent me from travelling to/within Canada | 20% |

*Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)*
*QMP9. Which of the following factors might discourage you from visiting Canada?*

Examining barriers at key path-to-purchase stages provides additional insight. For those considering a visit, cost is among the top barriers but less so compared to those in the evaluation stage. The perception of cost is more pronounced at the evaluation stage, as is the perception of flight length which becomes the 2nd top barrier. Canada struggles in moving travellers from the consideration phase to the latter stages in the purchase cycle, so finding ways to emphasize where Canada can provide value is important.

Health risks are more pronounced at the consideration stage and decrease when moving into the evaluation stage (gathering information or planning a visit). The desire to visit other places, safety concerns, and lack of knowledge are more pronounced in the evaluation stage compared to the consideration stage. Providing sample itineraries with detailed information on destinations, regions or experiences may help counter the lack of knowledge about Canada and increase the desire to visit. Notably, the proportion saying "nothing would prevent them from visiting Canada" is lower among those in the evaluation stage than in the consider stage. This suggests the cumulative effect of increased barriers are putting some Japanese travellers at risk of changing their minds about visiting Canada as they proceed along the purchase path.

*Figure 6.2: Key Barriers for Visiting Canada – by Path-to-Purchase Segments*



| | Consider (n=125) | Evaluation (n=125) | Change between Evaluation and Consider |
|---|---|---|---|
| Cost | 16% | 27% | +11 |
| Not enough time to take a vacation | 16% | 18% | +2 |
| Too far/flight too long | 15% | 19% | +4 |
| Health risks | 11% | 6% | -5 |
| There is no reason to visit anytime soon | 8% | 4% | -4 |
| Destinations and attractions too far apart | 8% | 9% | +1 |
| Delays and hassles at airports and borders | 7% | 7% | – |
| There are other places I would rather visit | 7% | 11% | +4 |
| Safety concerns | 6% | 11% | +5 |
| Don't know enough about it | 5% | 11% | +6 |
| Unfavourable exchange rate | 5% | 8% | +3 |
| Language barrier/don't speak my language | 4% | 8% | +4 |
| Have been to all the places I wanted to go in Canada | 4% | 3% | -1 |
| Visa requirements | 4% | 4% | – |
| Poor weather | 3% | 4% | +1 |
| Poor value for money | 1% | 2% | +1 |
| Nothing would prevent me from travelling to/within Canada | 33% | 26% | -7 |

Base: Long-haul pleasure travellers in specific path-to-purchase segments
QMP9. Which of the following factors might discourage you from visiting Canada?

# 7. Recent Trip Profile

The following section provides details on the most recent long-haul trip taken by Japanese travellers to competitive set destinations in the past 3 years (49% took such a trip). If the most recent trip encompassed more than one destination, the data reflects where the most time was spent.
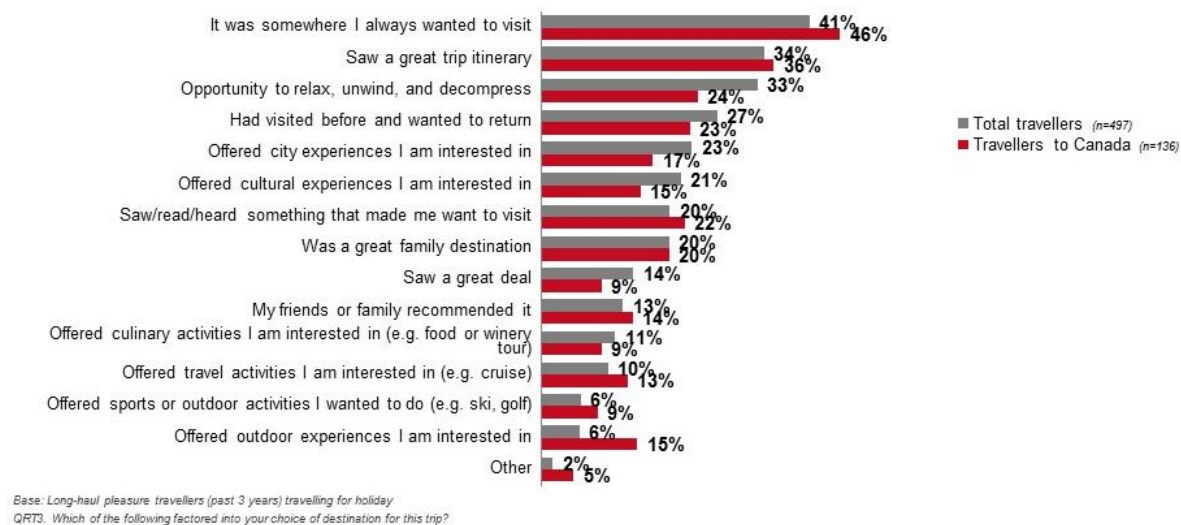
## Trip Purpose

The primary reason for travelling among all Japanese long-haul travellers was for holiday purposes (cited by 66% of all travellers). In Canada's case, 65% cited holiday as the primary purpose. Whether among all travellers or those to Canada specifically, holiday was mentioned four times more frequently than the next closest trip purpose, to visit family and friends (cited by 12% of all travellers and 14% of all travellers to Canada).

# Motivators

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

A longstanding desire to visit was the primary reason for choosing the destination, both among travellers generally and visitors to Canada, followed by seeing a great itinerary, and the opportunity for relaxation. However, relaxation opportunities were relatively less important as a motivation to choose Canada. A similar pattern is evident for city experiences, cultural experiences, and great deals which are stronger motivators for travel in general than for Canada. Conversely, outdoor experiences are a stronger motivator for travel to Canada than in general.

*Figure 7.1: Factors Influencing Destination Selection*



Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

# Travel Party

Regardless of destination, Japanese travellers were most likely to be accompanied by their spouse (61%). This is more prevalent among travellers aged 35+, especially older travellers aged 55+ (72% travelled with their spouse). Only nine percent of Japanese travel parties contained children under the age of 18, which suggests the family market is small. Younger travellers aged 18-34 were the most likely group to have travelled with friends or their parents.

Organized group travel is popular with Japanese travellers; 45% of all trips were part of a group while 47% of trips to Canada were as part of a group.

# Booking

Japanese long-haul travellers continue to be reliant on travel agents, but patterns are starting to change. Forty-one percent booked flights through a travel agent, followed by use of online travel agencies (32%) and direct with airlines (21%). Those who visited Canada recently were more likely to use travel agents (45%) than online travel agencies (20%). In addition, menare more likely to book through travel agents, while women are more likely to indicate that the flights were booked by someone else in their travel party.

For accommodation, the reverse is true, with online travel agencies being most popular (37%), followed by booking direct with a travel agent (33%). However, those who visited Canada were equally likely to have booked using an online travel agency (34%) as through a travel agent (33%). Similar to flight bookings, men are more likely to rely on a travel agent, while women are more likely to have someone else in the travel party responsible for booking arrangements, suggesting that the key decision influencer for travel bookings may be men.

# Type of Accommodation

Regardless of destination, Japanese travellers show a preference for mid-priced hotels (53%) followed by luxury hotels (28%) and budget properties (12%). The same pattern is true among recent visitors to Canada with 51% opting for a mid-priced hotel and 33% for a luxury property; the next most prevalent accommodation type for recent visitors to Canada is staying with friends and family at 10%.
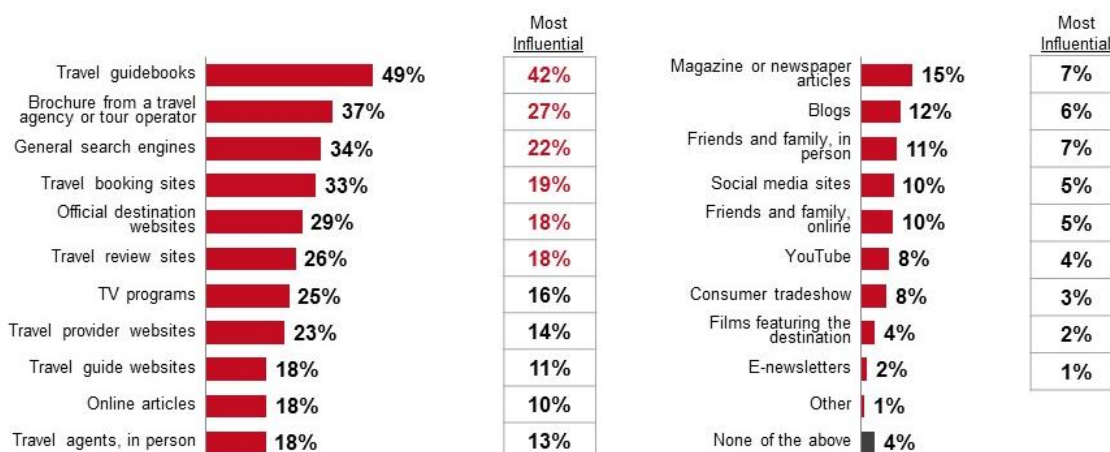
# 8. Marketing Tactics

## Sources Used to Look for Information

Japanese long-haul travellers rely heavily on travel guidebooks (49%) and brochures from a travel agency (37%) for finding information on potential vacation destinations. While the two most popular information sources used by Japanese long-haul travellers are offline, the next most used are online: general search engines, travel booking sites, official destination websites, and travel review sites.

The most used offline sources are also viewed as most influential. Specifically, travel guidebooks were deemed the most influential information source by the largest number of Japanese long-haul travellers (42%), followed by a brochure from a travel agency (27%). However, the most commonly used online sources (general search engines, travel booking sites, official destination websites, and travel review sites) are the next most influential as well. In order to meet the needs of Japanese travellers, it is important to ensure that both offline and online sources are inspiring and interesting.

*Figure 8.1: General Source of Destination Information / Most Influential Source*



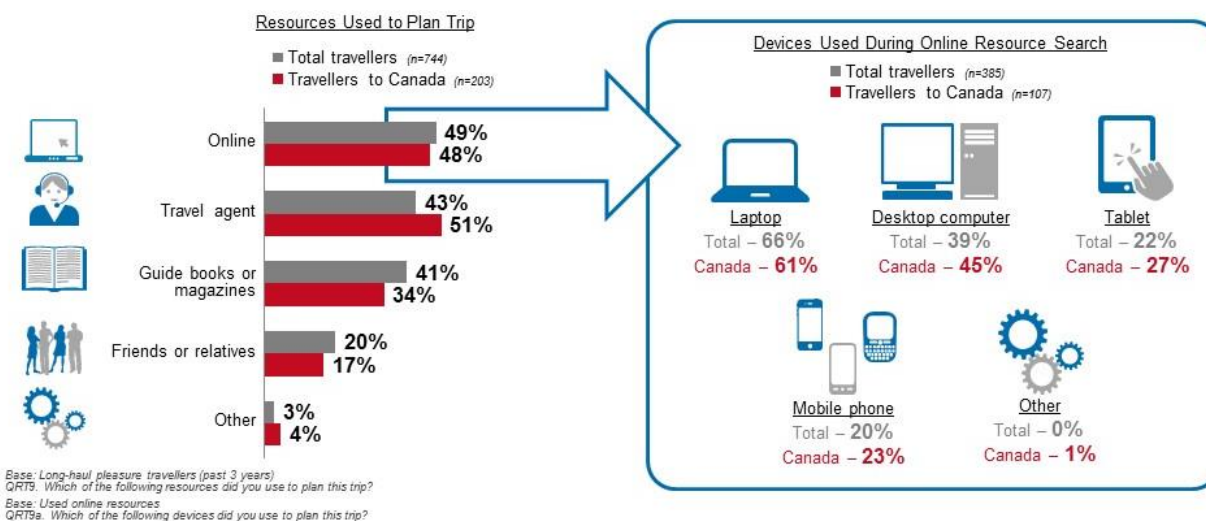| | | Most Influential | | | Most Influential |
|---|---|---|---|---|---|
| Travel guidebooks | 49% | 42% | Magazine or newspaper articles | 15% | 7% |
| Brochure from a travel agency or tour operator | 37% | 27% | Blogs | 12% | 6% |
| General search engines | 34% | 22% | Friends and family, in person | 11% | 7% |
| Travel booking sites | 33% | 19% | Social media sites | 10% | 5% |
| Official destination websites | 29% | 18% | Friends and family, online | 10% | 5% |
| Travel review sites | 26% | 18% | YouTube | 8% | 4% |
| TV programs | 25% | 16% | Consumer tradeshow | 8% | 3% |
| Travel provider websites | 23% | 14% | Films featuring the destination | 4% | 2% |
| Travel guide websites | 18% | 11% | E-newsletters | 2% | 1% |
| Online articles | 18% | 10% | Other | 1% | |
| Travel agents, in person | 18% | 13% | None of the above | 4% | |

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1,504)
QMT1. When you research possible vacation destinations for your next trip, what sources do you use to look for information?
Base: Long-haul pleasure travellers (past 3 years or next 2 years) who mentioned an information source (n=1,436)
QMT2. Please select the 3 most influential information sources.

## Resources, Devices Used to Plan Recent Trip

Despite a heavy reliance on travel guidebooks (41%) and travel agents (43%), Japanese long-haul travellers do use online resources (49%) to plan vacations, with laptops and desktops being the most commonly used devices. Mobile phones are used less commonly for travel planning, but are more popular among younger travellers aged 18-34.

Of note, those visiting Canada rely more on travel agents (51%) and less on guidebooks (34%). Personal recommendation from friends and family are the least used resource when planning a trip (20%).

*Figure 8.2: Resources and Devices Used to Plan Trip*



Resources Used to Plan Trip
■ Total travellers (n=744)
■ Travellers to Canada (n=203)

| | Total | Canada |
|---|---|---|
| Online | 49% | 48% |
| Travel agent | 43% | 51% |
| Guide books or magazines | 41% | 34% |
| Friends or relatives | 20% | 17% |
| Other | 3% | 4% |

Devices Used During Online Resource Search
■ Total travellers (n=385)
■ Travellers to Canada (n=107)

Laptop
Total – 66%
Canada – 61%

Desktop computer
Total – 39%
Canada – 45%

Tablet
Total – 22%
Canada – 27%

Mobile phone
Total – 20%
Canada – 23%

Other
Total – 0%
Canada – 1%

Base: Long-haul pleasure travellers (past 3 years)
QRT9. Which of the following resources did you use to plan this trip?
Base: Used online resources
QRT9a. Which of the following devices did you use to plan this trip?

# 9. Destination Canada's Japanese Target

Destination Canada has identified a more defined target for marketing efforts in Japan. Analysis and findings on this target are available to Destination Canada's marketing partners; for more information, please contact Destination Canada to become a marketing partner.