2005 Japanese Travel Consumer Study

An Analysis of Travel Trends and Canada's Competitive Market Position

Canadian Tourism Commission
Vancouver, 2006

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Table of Contents

Executive Summary

Canada's Japanese leisure tourism industry has been severely depressed for the last five years as the combined impact of the outbreak of Severe Acute Respiratory Syndrome (SARS), an aging population, the Iraq War, weak economies in Japan and abroad, a soaring Canadian dollar, and ongoing problems in the airline industry have caused a substantial decline in spending by Japanese international visitors since 2000.

This is the backdrop against which the Canadian Tourism Commission (CTC), and its regional partners will be launching a new Canada brand into Japan in 2006. To plan for marketing activities the CTC understands that it must obtain a read of the current market environment. Past consumer research conducted in Japan in 1995 and 2000, needs to be updated to account for recent geopolitical and economic events.

The CTC engaged GlobeScan to update current consumer research and conduct an analysis of the Canada brand relative to that of Canada's international travel competitors. The following report outlines the findings of this research.

Market Size and Current Issues

The incidence of long-haul pleasure travel in Japan is 16.7 percent of the adult population. This includes those who have taken a long-haul pleasure trip in the past three years and those who are planning such a trip in the next year. This represents an estimated market of approximately 17.5 million potential long-haul pleasure travellers in Japan.

Overall since 2000, the total incidence rate has dropped from a rate of 25.5 percent to 16.7 percent. This represents a major loss of approximately 8.7 million adult Japanese consumers. The loss is attributable to a substantial decrease in the incidence rate for those Japanese planning to travel long-haul within the upcoming year and a decrease in the incidence rate of Japanese who travelled to destinations other than Canada within the last three years. The incidence rate of Japanese who travelled outbound to destinations other than Canada is 14.8 percent of the total adult Japanese population. This represents a decline of 25 percent over 2000 (incidence rate of 19.6% in 2000). The incidence rate of Japanese planning to travel within the next 12 months is 1.0 percent of the adult population. This represents a decline of 76 percent since 2000 (incidence rate of 4.3% in 2000). Based on the data the overall long-haul travel incidence rate appears to be greatly constrained by the substantial decrease in anticipated trips.

Concern about terrorism is clearly constraining Japanese travel, at least to some destinations. With the present state of political and security tension in the Middle East and parts of South East Asia, 75 percent of respondents agree that "concern about terrorism is a very important factor in [their] travel planning." Events such as 9/11, the Bali bombings and the Iraq War all significantly impacted on the Japanese long-haul market in terms of travel confidence and preferred destinations.

The threat of Avian Flu, although important, is considered a less important barrier to travel plans than the threat of terrorism, with 27 percent of respondents agreeing with the statement that they are, “waiting for the threat of Avian Flu to disperse before taking an overseas holiday.”

Negative views regarding the economy have diffused substantially since 2000, with only 21 percent of respondents now agreeing with the statement that they are “waiting until the economy improves before taking an overseas holiday”, versus 73 percent recorded in 2000. It should be noted, however, that the sustained slump in the Japanese economy has greatly impacted the overall travel market in terms of the perceptions of value and cost.

Travel Patterns and Trip Characteristics

In terms of Japanese respondents’ most recent trip, the most popular outbound destinations are Hawaii (14%) and Mainland USA (13%), followed by countries in Europe (10%) and China (8%). Travel to the USA has fallen six points from 1995, with Canada dropping two points.

China is the most popular Asian destination with 8 percent of respondents mentioning that they have travelled there, a doubling of its 1995 share. Of great interest is the 7 percent of respondents mentioning that they have travelled to Thailand. Travel to Asian destinations has increased dramatically since 2000. Canada now faces a much more dynamic competitive environment as a result.

Japanese long-haul travellers are travelling more with spouses and significant others versus friends and business associates. Although less so, travel with children has increased. Additionally, the number of Japanese travelling alone versus in groups has increased consistently since 1995. This suggests the growing importance of the fully-independent traveller (FIT) segment. The relatively high use of packaged vacation travel has remained consistent, yet the number of Japanese reporting ‘group’ travel has decreased.

Since 1995 there has been a very large trend towards shorter long-haul pleasure trips of 4-7 nights, and away from two-week trips. In 2005, 76 percent of recent travellers travelled for 4-7 nights on their most recent long-haul trip outside of Japan. Some of this may be a function of the reduced number of outbound business trips and a corresponding decrease in opportunities to extend business trips by adding vacation time in the destination country.

The shift towards shorter vacations suggests that overall Japanese spending on individual long-haul travel should also be decreasing; the analysis proves this hypothesis. Japanese are taking shorter trips and spending less per person per trip.

Trip Planning and Decision Making

When asked who decided on the destination for their most recent long-haul pleasure trip, two-thirds of respondents mention themselves, up sharply from 2000. The influence of spouses and partners has also increased.

The percentage of Japanese travellers who consider the Internet to be among the most important sources of information for trip planning has grown nine-fold since 2000 to 45 percent. After the Internet, and consistent with previous years, brochures and family/friends are the primary sources of information used to plan trips.

While a large majority of Japanese travellers continue to book their long-haul pleasure trips one to two months in advance, there has been a slight shortening of the travel horizon. This may be indicative of a decline in confidence in future capacity to travel as family, employment, cost and other constraints contribute to uncertainty.

Recent Travel to Canada

The Vancouver region and Niagara Falls continue to be ranked as top travel destinations for Japanese travelling to Canada, although many locations appear to have experienced a decline in visits. Central Canadian destinations such as Ottawa, Montreal, Quebec City and Muskoka/Algonquin Park, however, have gained in importance as destinations visited. These findings suggest that Japanese travellers may be exploring new Canadian destinations. Popular destinations such as Vancouver, Victoria and Banff have seen significant declines in Japanese visitors.

Japanese travellers to Canada overwhelmingly travel to Canada for pleasure travel purposes. In fact, the proportion of Japanese travelling to Canada mainly for pleasure vacations has increased to 75 percent in 2005 from 58 percent in 1995, and from 69 percent in 2000. The increase is a direct result of fewer Japanese travellers coming to Canada for business purposes.

Consistent with long-haul pleasure travel to destinations other than Canada, Japanese travellers to Canada are increasingly travelling with their spouse/significant other at the expense of travelling with friends and children. Additionally, a growing number of Japanese travellers to Canada are choosing to travel alone as opposed to travelling within a group or with business associates.

Per person trip expenditures have decreased significantly from 2000 levels. While this finding is not unique to travel to Canada, it is slightly more pronounced given the appreciation of the Canadian dollar relative to the Yen and the subsequent loss in Japanese spending power.

Despite Canada’s image as a destination for outdoor activities and nature, large percentages of Japanese are engaging in typically urban activities while in Canada. Shopping, fine dining, and taking in culture or historical sites are each activities that two in ten or more Japanese travellers report having done while in the country.

Future Potential Travel

When long-haul travellers are asked to indicate their interest in travelling to select destinations within the next two years, Italy and Australia rate highest, with Canada, Hawaii and the rest of the USA attracting relatively equal interest. When asked how likely they are to visit these same destinations, Canada ranks last.

Almost four in ten Japanese travellers to Canada indicate that they would be very likely to travel to Canada again within the next five years. A similar proportion say they would be somewhat likely.

Travel Motivations and the Canada Brand

Respondents were asked to rate the importance of a series of attributes that they might consider in selecting an overseas holiday destination. Overall, safety-related attributes are ranked as most important by Japanese consumers, with over 50 percent describing ‘personal security’ and ‘being free from the threat of terrorism’ as “extremely important.” Clearly, many Japanese do not feel at ease travelling in the current geopolitical climate.

Trip and activity related attributes are ranked as moderately important, with attributes related to urban and outdoor experiences, such as nice scenery, good food, having fun and being entertained and experiencing a different culture considered top in these categories. The availability of flights and all-inclusive packages are considered less important, suggesting that consumers first look for a desirable travel experience, and then concern themselves with logistics.

With improved economic conditions, price-related attributes are deemed to be of less importance. This is also reflected by the decrease in the number of Japanese consumers since 2000 who agree that they are waiting for the economy or the exchange rate to improve before taking a vacation. Issues of value though, are top of mind when consumers decide on a destination.

Based on advanced analysis, two key drivers of Canada’s travel brand were determined. Cultural experience and Outdoor environment stand to have the greatest impact on Japanese consumers’ perceptions of Canada as a premier long-haul travel destination. Canada is well known for its outdoor environment, wilderness and nature in Japan, but less so for its urban attractions. There is evidence that the country’s current brand image does not extend beyond the outdoor environment. The fact that entertainment and shopping are among the top elements driving Canada’s overall image is crucial insight for positioning in the Japanese market. Informing travellers that Canada delivers well in these areas will help expand Canada’s brand image from ‘natural and safe’ to a ‘complete package’ involving safe and entertaining cities, blending urban amenities with beautiful wilderness and the outdoors.

Introduction

Background

Canada's Japanese leisure tourism industry has been severely depressed for the last five years as the combined impact of the outbreak of Severe Acute Respiratory Syndrome (SARS), the Iraq War, weak economies in Japan and abroad, a soaring Canadian dollar, and ongoing problems in the airline industry have caused a substantial decline in spending by Japanese international visitors since 2000.

This is the backdrop against which the Canadian Tourism Commission (CTC), and its regional partners will be launching a new Canada brand into Japan in 2006. To plan for marketing activities the CTC understands that it must obtain a read of the current market environment. Past consumer research conducted in Japan in 1995 and 2000 needs to be updated to account for recent geopolitical and economic events.

The CTC engaged GlobeScan to update current consumer research and conduct an analysis of the Canada brand relative to that of Canada's international travel competitors. The following report outlines the findings of this research.

The objective of this study was to conduct a survey of Japanese long-haul pleasure travellers to ascertain their purchasing patterns. More specifically, the research objectives were to conduct:

- An examination of Japanese perceptions of overall price/value issues related to Canadian tourism products;
- An analysis of Japanese consumers' perceptions toward package cost components in Canada and other destinations;
- An analysis of trip planning and booking patterns;
- A review of consumers' buying habits in terms of package tour purchases;
- An analysis of consumers' purchasing patterns;
- An examination of trip types being purchased:
- An investigation of current challenges and opportunities for Canada in the Japanese market;
- An analysis of the Canada travel brand in Japan.

Methodology

The 2005 study was based on the questionnaire of two previous CTC studies conducted in 2000 and 1995. To account for recent changes in Japan's consumer privacy laws and to minimize costs to the CTC, GlobeScan used a combined two-phase telephone and online survey methodology. To obtain the current incidence rates of travel, 2,649 respondents completed the telephone screener of approximately three to five minutes. Respondents 18 years and older from the metropolitan areas of Tokyo, Osaka and Nagoya were chosen through random selection using current adult Japanese phone records. These markets were chosen to replicate the sample from the 2000 and 1995 studies. These three cities are also the predominate regions of focus for the CTC in Japan.

Respondents were screened to meet set travel criteria; respondents had to have travelled for a long-haul pleasure trip to Canada or another overseas destination within the last three years or to intend to take a similar trip within the following year. These data were used to determine travel incidence rates, to enable accurate weighting of results of the second phase of the research.

Next, a total of 1,461 respondents completed a core online questionnaire of twenty minutes, during the first two weeks of December 2005. The survey sample was obtained from the online panel of 70,000 adult Japanese consumers hosted by Nikkei Research, GlobeScan's partner in Japan. The survey focused on Japanese long-haul pleasure travel (please see Appendix A). Long-haul pleasure travel was defined as a trip of four nights or longer, by plane, outside of Japan.

Results of the telephone screener were weighted to match current Japanese census data. The census data was obtained from the Japanese Census Bureau, Ministry of Internal Affairs and Communications. Using this weighted data, GlobeScan next segmented the data according to age, gender and travel profile (Long-haul travellers to Canada, Long-haul travellers to other destinations and Planners). The online survey data were also segmented to match the telephone screener segments. Using the weighted telephone data segments as a guide, GlobeScan weighted the online survey data proportionally. This weighting methodology resulted in data comparable to previous CTC research.

The study sample was as follows:

Tokyo: 807;
Osaka: 442;
Nagoya: 212;
Total: 1,461

Respondent quotas were as follows:

Travellers to Canada: 334 (23%);
Travellers to other countries: 832 (57%);
Consumers who did not travel in the last three years, but plan to travel in the next year: 295 (20%);
Total: 1,461 (100%)

The total 2005 sample of 1,461 respondents was an increase over the 2000 study (915 respondents), resulting in a more robust sample for analysis.

The travel incidence numbers were weighted according to the proportion of the population of the three sample regions relative to the total adult Japanese population and their subsequent market share of total Japanese outbound travel (please see Chapter 1). As such the travel incidence numbers can be projected to the total adult Japanese population. The online survey results, presented herein are representative of the long-haul population in the three sample regions, Tokyo, Osaka and Nagoya.

Organization of this Report

The remainder of this research report is organized in chapters according to content themes. Where relevant, the report also draws on information from a literature review that was conducted as part of this study, as well as on the local in-market knowledge of Nikkei Research who conducted the survey fieldwork in Japan. The results of the 2005 study are compared to similar data from the 2000 and 1995 reports.

Chapter 1: “Japanese Long-Haul Market – Trends” presents an overview of the changes that have taken place in the long-haul travel market since 2000. The contraction of the long-haul market is presented in the context of an aging population and increased competition from South-East Asian destinations.

Chapter 2: “Canada Brand Analysis” provides a strategic review of the Canada travel brand in Japan including an analysis of the key motivators of Japanese long-haul traveller’s destination choices. A competitive view of four international destinations is also included in this chapter.

Chapter 3: “Consumer Profiles and Motivators: Segmentation Analysis” examines the dynamics of the Japanese long-haul travel consumer, profiling segments of the market according to demographic and interest attributes. The potential market for Canada is determined through advanced analysis.

Chapter 4: “Characteristics of Long-Haul Pleasure Travellers” provides relevant information on the basic travel patterns of Japanese long-haul travellers, including destinations visited, length of trip and spending habits, among other key metrics. Data specific to Ontario, Alberta and British Columbia, who are the regional partners for this study are included.

Chapter 5: “Travel Planning” looks at the Japanese long-haul market’s trip decision-making, planning and booking patterns. Patterns related to planning of vacations to international destinations, Canada and Canadian regions are included.

Chapter 6: “Package Travel” looks at packaging Japanese travel to Canada, including preferred Canadian destinations and product combinations for this market.

Chapter 7: "Future Travel and Competitive Analysis" provides insight into Japanese long-haul travellers' value for money and satisfaction perceptions of Canada vis a vis other competing destinations. Intentions and likelihood to travel to Canada and other destinations is explored.

Chapter 8: "Conclusions and Strategic Implications" provides final conclusions on the potential of the Japanese long-haul market and insight into strategic issues the Canadian tourism industry should examine.

Chapter 1: Japanese Long-Haul Market – Trends

Key Highlights

- Japanese long-haul travellers to Canada are typically older than those travelling to other destinations. The aging of the Japanese population presents challenges and opportunities for the Canadian tourism industry.
- Japanese long-haul travellers still place a high value on travel, but are taking fewer trips and not travelling as far as they used to. Travel to South East Asian destinations and China has greatly increased since 2000. Japan is seen as a major source of visitors for many countries aggressively marketing around the world which are all endeavouring to gain a larger slice of the declining outbound market.
- Japanese long-haul travellers decreasingly mention economic reasons constraining their travel plans, though safety and security issues have emerged in the minds of most travellers.
- Many of the challenges faced by Canada's tourism industry are not unique, but rather representative of the overall trends taking place in the Japanese long-haul market.

Travel Context

In terms of Japanese respondents' most recent trip (Exhibit 1.1), the most popular outbound destinations are Hawaii (14%) and Mainland USA (13%), followed by other countries in Europe (10%) and China (8%). Travel to the USA has fallen six points from 1995, with Canada dropping two points.

China is the most popular Asian destination with 8 percent of respondents mentioning that they have travelled there, a doubling of its 1995 share. The growth in Japanese travel to China has been driven by a major increase in business joint ventures between the two countries with over 50% of the arrivals increase related to business and combined business/leisure travel. This demand has also driven airline capacity to now over eight million seats per annum with higher profitability being achieved through business class sales, leaving high economy class capacity available at cheap rates.

Through long term cultural association including a major television drama series, South Korea has always been a desired and accessible destination for Japanese travellers (5% of respondents mention that they have travelled there).

Of great interest is the 7 percent of respondents mentioning that they have travelled to Thailand. The Tourism Authority of Thailand has gained broad appeal in Japan in recent years through the successful repositioning of Thailand as a 'rejuvenation' destination. Thailand is now aggressively targeting late middle aged women and young couples. In essence they have taken an experience-based approach and connected the right benefits to the right segments.

Consistent with similar research conducted for Tourism Australia, destinations in South East Asia, such as Vietnam and Malaysia have also seen dramatic growth in Japanese tourist arrivals since 2000. Factors such as close geographic proximity to Japan, aggressive tourism promotion and the availability of relatively low-cost packages have vaulted these Asian destinations into the mainstream Japanese tourism market.
The Canadian tourism industry is now facing major competition from these shorter-distance destinations. A recent market capacity study by Tourism Australia suggests the Japanese travel market is flooded by low-cost packages to Asian destinations.

In sum, America as a whole remains strong in the Japanese market, while Canada is not regarded as a top destination. Other findings in this study suggest that Italy, based on its urban and cultural offerings is well positioned to gain share in the coming years.

Exhibit 1.1 - Destinations Visited on Most Recent Long-Haul Pleasure Trip
2005

Subsample: Respondents who had been on a four night or longer trip outside of Japan in the past 3 years (*n*=1166)

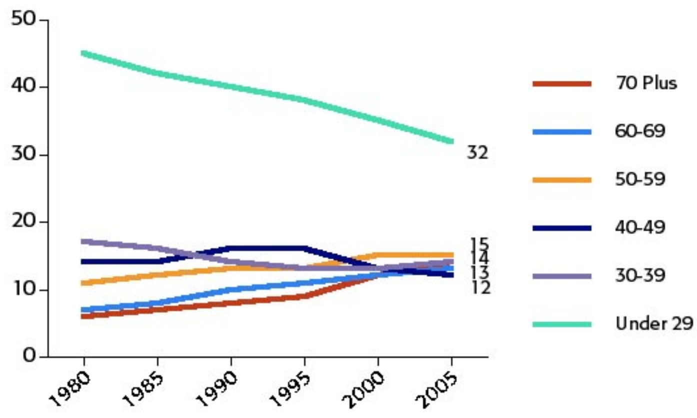
It is important to note that these data refer to Japanese travellers' most recent long-haul trip and that the data differ from the information provided in the telephone screener questionnaire, where respondents were asked to mention all countries they had travelled to in the past three years.

Demographic Shift

Since 1980, the number of Japanese adults 50 years and younger has decreased from 76 percent to 58 percent in 2005 (a 24% drop), while the population 50 years plus has increased from 24 percent to 42 percent in 2005 (a 75% increase) (see Exhibit 1.2). Compounding this demographic shift is an annual average population growth rate in Japan of 0.05 percent, substantially below the Organisation for Economic Co-operation and Development (OECD) average of 0.67 percent. This suggests the population is sustaining marginal growth while challenged by a dramatically aging population.

General age ranges from the 2005 data were compared to the results in the 2000 study (see Exhibit 1.3). The age ranges compared were based on available data from the 2000 study. While travellers to Canada have generally not changed since 2000, travellers to other long-haul destinations and planners, those mentioning interest in travelling long-haul within the next 12 months, have changed dramatically.

Exhibit 1.2 - Japanese Population
By Age Range, 1980–2005



Source: Statistics Bureau, Japanese Ministry of Internal Affairs and Communications

There has been a 12 point drop in the number of travellers to other long-haul destinations aged 50 plus since 2000 (28% in 2005 vs 40% in 2000), while the number of travellers aged 30-39 has increased by 14 points (30% in 2005 vs 16% in 2000). The pattern is similar with planners where the number of travellers aged 50 plus decreased by 16 points since 2000 (29% in 2005 vs 45% in 2000), while the number of travellers aged 29 and under increased by 14 points since 2000 (39% in 2005 vs 25% in 2000). The data suggests that the older segments of the population are interested in Canada, while those travelling to competing destinations and those planning future travel are more inclined to be younger. Given the growth in travel to South East Asian destinations and China, it appears the younger segments of the population are driving this growth.

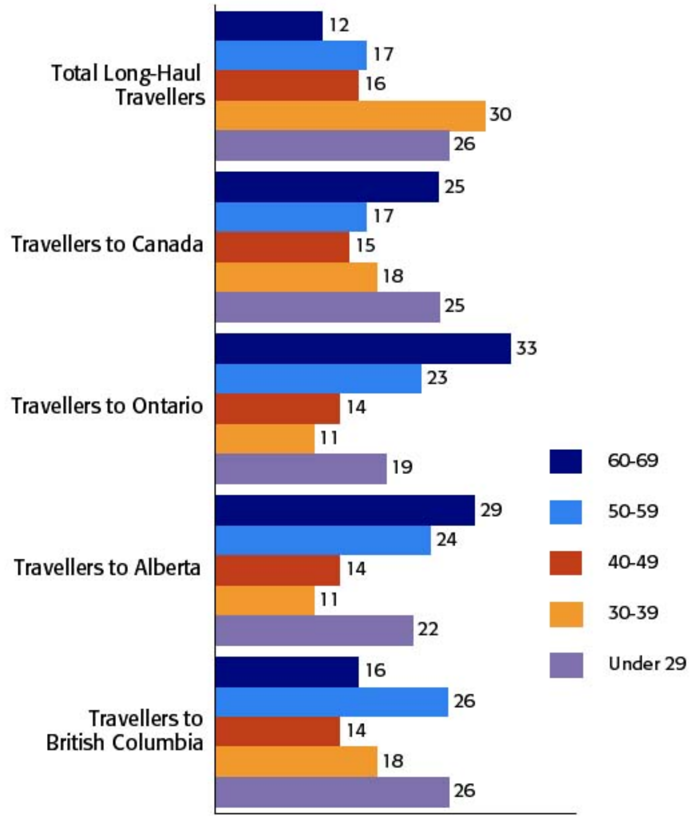
Exhibit 1.3 - Long Haul Travellers
By Age Range, 2000–2005

	Travellers to Canada		Travellers to other destinations		Planners	
	2005	2000	2005	2000	2005	2000
50 plus	42	42	28	40	29	45
40-49	15	17	16	14	17	13
30-39	18	18	30	16	15	17
Under 29	25	23	26	30	39	25

Exhibit 1.4 provides a clear picture of the population differences in the long-haul travel market in 2005. Travellers to Canada are older, while travellers to other destinations are typically younger. From a regional perspective, both Ontario and Alberta attract the late middle aged and seniors segments, while British Columbia attracts a larger percentage of under 30 year olds.

Exhibit 1.4 - Long Haul Travellers

By Age Range, 2005



Travel Incidence Rates

As in the 1995 and 2000 studies, the incidence rates of long-haul travel outside of Japan, travel to Canada and planned long-haul travel outside of Japan within the last year were determined through the weighted screener questions during the telephone stage of the research. These incidence rates were then adjusted to reflect the entire adult population of Japan rather than just the three regions sampled (as was done in the 2000 and 1995 Japan consumer studies). The Tokyo, Osaka and Nagoya regions account for 44 percent of the adult population of Japan, but 60 percent of all outbound departures in 2005.

Consequently the calculated incidence rates over-represent the true incidence of long-haul pleasure travel in Japan and were weighted down (i.e., multiplied by 43.59/60.00) to take into account the lower propensity for travel in the other (non-sampled) regions of Japan. As such, the weighted incidence rates provided are representative of the total Japanese adult long-haul travel market.

The incidence of long-haul pleasure travel in Japan is 16.7 percent of the adult population (see Exhibit 1.5). This includes those who have taken a long-haul pleasure trip in the past three years and those who are planning such a trip in the next year. This represents an estimated market of approximately 17.5 million potential long-haul pleasure travellers in Japan.

Overall since 2000, the total incidence rate has dropped from a rate of 25.5 percent to 16.7 percent. This represents a major loss of approximately 8.7 million adult Japanese consumers. The loss is attributable to a substantial decrease in the incidence rate for those Japanese planning to travel long-haul within the upcoming year and a decrease in the incidence rate of Japanese who travelled to destinations other than Canada within the last three years. The incidence rate of Japanese who travelled outbound to destinations other than Canada is 14.8 percent of the total adult Japanese population. This represents a decline of 25 percent over 2000 (incidence rate of 19.6% in 2000). The incidence rate of Japanese planning to travel within the next 12 months is 1.0 percent of the adult population. This represents a decline of 76 percent since 2000 (incidence rate of 4.3% in 2000).

When the 2005 long-haul travel incidence rate to destinations other than Canada for various age brackets was compared against the total Japanese population in those same age ranges for 2005, 2000 and 1995, it appears the net effect of the aging population is not a major factor in the overall decline in the travel incidence rate. These findings were calculated by applying the 2005 incidence rates by age bracket to the 2000 and 1995 data, in essence, holding the incidence rate constant to determine any effect based on population changes. The under 29 and 40-49 age brackets experienced 15 and 20 percent declines respectively from 1995-2005. The 30-39, 50-59 and 60-69 age brackets, however, experienced positive gains of 16 percent, 12 percent and 15 percent respectively. This suggests that the decline in travel incidence rate has not been greatly impacted by the aging population.

The 2005 long-haul travel incidence rate to destinations other than Canada for the 50-70 years age bracket was compared against the 2000 data. In 2000, 40 percent of the population aged 50-70 years old were classified as long-haul travellers. In 2005 this number dropped to 28 percent. When each of these numbers was applied to the actual 50-70 years old population for each of the respective years, an accurate picture of the decline in incidence rate is obtained. In 2000 13.6 million long-haul travellers were 50-70 years old. In 2005 this number dropped to 9.8 million long-haul travellers, a 28 percent decrease.

According to comparable data from the 2005 JTB Report, there was a significant decline of over 4 million outbound travellers from Japan (a 22.5% decline) from 2000-2003, which contributed to double digit Japanese tourist arrival losses for Australia, Italy, United Kingdom and Switzerland. Although the travel decline during this period was made worse by the effects of SARS in 2003, the lingering effects of the economy did precipitate the downward spiral. The contraction in the overall long-haul outbound market (trips longer than 4 plus nights) can be attributed to a complex series of factors, including:

- An aging population
- A sustained slump in the Japanese economy;
- An appreciation of numerous foreign destination currencies (Canada, Australia) against the Yen;
- Changes in travel purpose and consumer needs;
- Changes in the marketing and distribution environment;
- The impact of significant world events such as 9/11, SARS and the Iraq War;

- Aviation developments especially in Asia with the dynamic growth of discount operators;
- Competitor activity and the growth of South East Asian and Chinese destinations offering two-three night excursions.

Exhibit 1.5 - Incidence Rates of Long-Haul Travel
1995–2005

	2005 *n*=1461	2000 *n*=915	1995 *n*=1200
Population			
Total Japanese population	127,611,000	125,860,000	123,611,000
Total Japanese adult population (18+)	104,637,000	102,466,000	94,794,000
Incidence Rates			
Pleasure travellers to Canada (past 3 years)	0.9%	1.6%	1.7%
Pleasure travellers other Long-Haul destinations	14.8%	19.6%	18.3%
Planners (next year)	1.0%	4.3%	6.1%
Total Long-Haul pleasure travel incidence	16.7%	25.5%	26.1%
Potential Market Size			
Total adult Long-Haul pleasure travellers	17,474,000	26,128,000	24,741,000

It should be noted that overall outbound travel from Japan appears to be making marginal returns back to pre-SARS levels, although long-haul destinations such as Canada, Australia and Mainland USA are still facing challenges in terms of visitor arrivals. Later in this report evidence will be presented to suggest that destinations closer to Japan in South East Asia may be benefiting from the resurgence in outbound travel as Japanese travel for shorter periods. The frequency of trips to these South East Asian destinations could be increasing at the expense of longer distance destinations. Clearly, further research needs to be done to investigate this hypothesis.

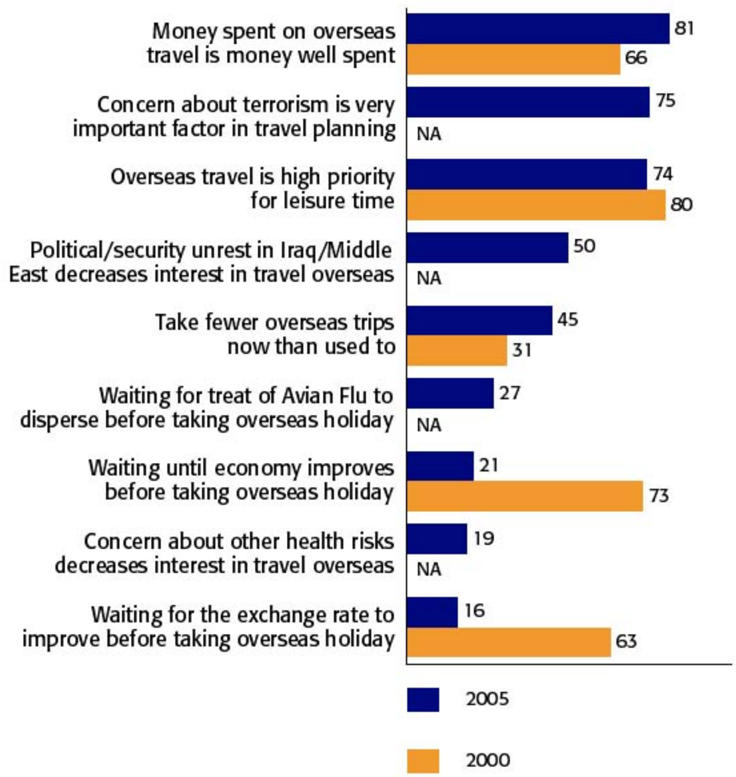
Travel Attitudes and Market Barriers

Consumers attach a high normative value to overseas travel (see Exhibit 1.6), as evidenced by 81 percent of respondents who agree that "money spent on overseas travel is money well spent" and by 74 percent of respondents who agree that "overseas travel is a high priority for my leisure time." However, an increase in the percentage agreeing that travel is money well spent, and a decrease in the percentage saying that travel is a high personal priority further suggests that factors other than cost are prohibiting them from acting on their travel desires. Long-haul travel may now be viewed as an activity based on perceptions associated with value.

Concern about terrorism is clearly constraining Japanese travel, at least to some destinations. With the present state of political and security tension in the Middle East and parts of South East Asia, 75 percent of respondents agree that "concern about terrorism is a very important factor in [their] travel planning." Events such as 9/11, the Bali bombings and the Iraq War all significantly impacted on the Japanese long-haul market in terms of travel confidence and preferred destinations. The Canadian tourism industry clearly has a major stake in the international response to terrorism, especially considering Canada's reputation as a safe and secure destination.

Exhibit 1.6 - Attitudes Toward Overseas Travel

"Strongly Agree (4)" and "Somewhat Agree (3)", 2000 vs 2005



The threat of Avian Flu, although important, is considered a less important barrier to travel plans than the threat of terrorism, with 27 percent of respondents agreeing with the statement that they are, "waiting for the threat of Avian Flu to disperse before taking an overseas holiday."

Negative views regarding the economy have diffused substantially since 2000, with only 21 percent of respondents now agreeing with the statement that they are "waiting until the economy improves before taking an overseas holiday", versus 73 percent recorded in

2000. It should be noted, however, that the sustained slump in the Japanese economy has greatly impacted the overall travel market in terms of the perceptions of value and cost.

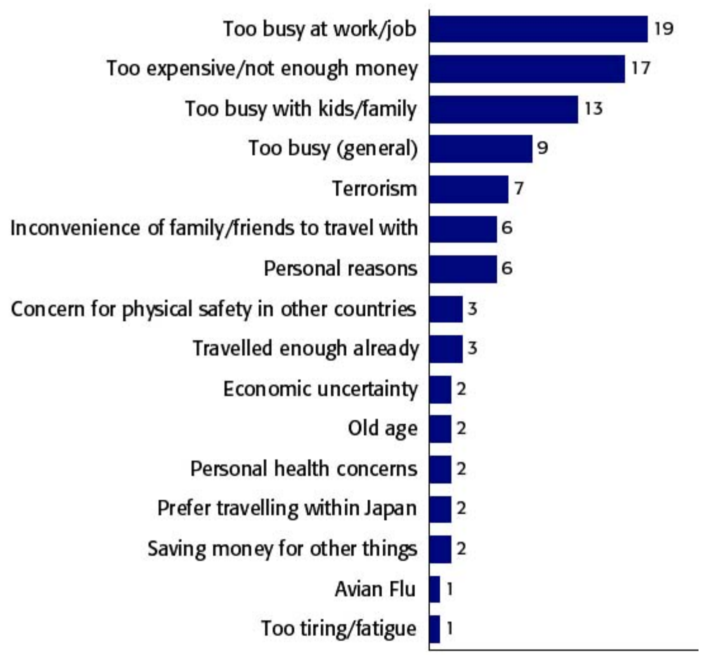
Up 14 points from 2000, nearly half of Japanese travellers agree that they now take fewer overseas trips than they used to. This data does partially support the finding of the decline in the incidence rate of Japanese planning to make outbound long-haul trips in the next year. With over one in two Japanese adults now agreeing that they take fewer overseas trips, Canadian tourism marketers face an uphill battle in not only selling Canada in the competitive environment, but also 'selling' the virtues of long-haul travel in general.

When asked why they take fewer overseas trips than they used to (see Exhibit 1.7), respondents cite job reasons (19%), personal financial reasons (17%), and family reasons (13%). These constraints are also reflected in the finding that Japanese are taking shorter trips than they used to involving less time and less of a financial commitment.

Macro geopolitical and financial concerns, although important are less top of mind, with 8 percent of respondents citing terrorism as a concern, 3 percent of respondents citing concern over personal safety in overseas countries, 2 percent mentioning economic uncertainty and 1 percent mentioning Avian Flu.

Exhibit 1.7 - Reason for Taking Fewer Overseas Trips

Unprompted, First Mention, 2005



Note: No comparison can be made with 2000 data due to changes with the 20(questionnaire

Subsample: Respondents who take fewer overseas trips than they used to (*n*=6

Chapter 2: Canada Brand Analysis

Key Highlights

- Research suggests that the Canadian destination brand lacks salience in Japan and there are underlying perceptions that Canada is no longer a 'fashionable' destination. Canada consistently ranks below Hawaii and Australia for both urban and outdoor products. Canada, however, ranks high on issues of security and safety.
- Cultural and outdoor factors are driving Japanese long-haul travellers' perceptions of Canada's travel brand. Although Canada is seen as performing well from a cultural experience standpoint, negative perceptions of Canada's weather are negatively impacting perceptions of Canada's outdoor product and resulting in brand deterioration.
- The Canada Brand has eroded since 2000: Destinations in Asia, especially China and Thailand have successful emerged as mainstream tourism destinations for Japanese travellers. The growth of these tourism destinations since 2000 presents Canada with numerous branding challenges.

Selecting an Overseas Travel Destination

Respondents were asked to rate the importance of a series of attributes that they might consider in selecting an overseas holiday destination. For reporting purposes, GlobeScan grouped the attributes by theme: safety-related, trip-related, activity-related and price-related. The following four charts (see Exhibits 2.1-2.4) list the percentage of respondents ranking each attribute as 'extremely important', (5 on a 5-point scale).

Exhibit 2.1 - Importance of 'Safety-Related' Attributes in Selecting an Overseas Holiday Destination

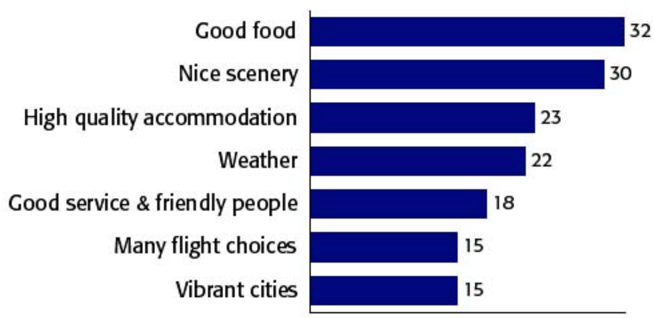
"Extremely Important (5)," 2005

Note: No comparison can be made with 2000 data due to changes with the 2005 questionnaire

Overall, safety-related attributes (see Exhibit 2.1) are ranked as most important by Japanese consumers, with over 50 percent describing 'personal security' and 'being free from the threat of terrorism' as "extremely important." Clearly, many Japanese do not feel at ease travelling in the current geopolitical climate.

Exhibit 2.2 - Importance of 'Trip-Related' Attributes in Selecting an Overseas Holiday Destination

"Extremely Important (5)," 2005



Note: No comparison can be made with 2000 data due to changes with the 2005 questionnaire

Trip (see Exhibit 2.2) and activity (see Exhibit 2.3) related attributes are ranked as moderately important, with attributes related to urban and outdoor experiences, such as nice scenery, good food, having fun and being entertained and experiencing a different culture considered top in these categories. The availability of flights and all-inclusive packages are considered less important, suggesting consumers first look for a desirable travel experience, and then concern themselves with logistics. It should be noted however, that the readily available supply of short-getaway packages to Asian and Pacific destinations is a threat Canada faces.

Exhibit 2.3 - Importance of 'Activity-Related' Attributes in Selecting an Overseas Holiday Destination

"Extremely Important (5)," 2005

Note: No comparison can be made with 2000 data due to changes with the 2005 questionnaire

With improved economic conditions, price-related attributes (see Exhibit 2.4) are deemed to be of less importance. This is also reflected by the decrease in the number of Japanese consumers since 2000 who agree that they are waiting for the economy or the exchange rate to improve before taking a vacation. Issues of value though, are top of mind when consumers decided upon a destination.

Exhibit 2.4 - Importance of 'Price-Related' Attributes in Selecting an Overseas Holiday Destination

"Extremely Important (5)," 2005

Note: No comparison can be made with 2000 data due to changes with the 2005 questionnaire

Impressions of Select Overseas Travel Destinations

Consumers were asked which of five destinations (Canada, Australia, Hawaii, Italy and Mainland USA) is the best place to go for each of the travel attributes they were asked to rate in importance. The following four tables (see Exhibits 2.5-2.8) list the percentage of consumers selecting each destination as the top for the respective attributes.

Exhibit 2.5 - Best Destination for 'Safety-Related' Attributes: Select Overseas Destinations
Percentage Mentioning Destination as Top, 2005

	CDN	USA	HI	ITY	AUS
Personal Security	28	3	33	3	32
Free from the threat of terrorism	29	2	24	5	39
Safe and clean environment	32	4	31	5	27
Health safety	15	13	50	4	17

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest % rating destination as top

Canada is ranked as the top destination for nice scenery and for having a safe and clean environment, both attributes that Japanese consumers rate as relatively important when making vacation destination choices. Overall, fewer respondents rank Canada as the top destination compared to both Australia and Mainland USA.

Exhibit 2.6 - Best Destination for 'Trip-Related' Attributes: Select Overseas Destinations
Percentage Mentioning Destination as Top, 2005

	CDN	USA	HI	ITY	AUS
Nice scenery	41	5	13	18	22
Good food	5	6	12	69	8
High quality accommodation	11	23	44	11	10
Weather	4	5	63	7	19
Good service and friendly people	15	6	40	10	28
Many flight choices	2	45	44	5	3
Vibrant cities	3	56	16	18	6

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest % rating destination as top

Hawaii is overwhelmingly ranked as the top destination for trip, activity and price-related attributes. Italy is ranked as the top destination for new experiences and a place where consumers can enrich their knowledge. Japanese rate culture relatively highly in terms of an attribute they base their destination decision on and Italy is top-of-mind as a place to experience a new culture. Of the four markets tested, Italy is Canada's major competition in terms of a cultural destination offering quality food, shopping and urban attractions.

Exhibit 2.7 - Best Destination for 'Activity-Related' Attributes: Select Overseas Destinations
Percentage Mentioning Destination as Top, 2005

	CDN	USA	HI	ITY	AUS
Have fun and be entertained	6	25	25	25	17
Experience a different culture	9	13	6	56	15
See something new/ different	16	17	5	36	24
Variety of things to see and do	9	20	14	34	22
Opportunities to enrich your knowledge	8	20	4	60	7
Good shopping	3	13	41	39	3
Outdoor recreation	15	4	50	2	29
Opportunities to indulge in luxury	7	14	36	33	9
Availability of all-inclusive packages	6	14	45	22	12

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest % rating destination as top

Interestingly, Japanese long-haul consumers rank Australia as the top destination offering a favourable exchange rate. To combat the increases in Australian tourism product costs caused by the 27 percent appreciation of the Australian dollar relative to the Yen from 2001 to 2004, numerous Australian travel operators slashed prices. The result in 2005 has been a dramatic drop in yield, predominantly felt by the education and lucrative business travel segment, and the resultant perception by Japanese travellers of a favourable exchange rate, when in fact the opposite is true.

Exhibit 2.8 - Best Destination for 'Price-Related' Attributes: Select Overseas Destinations
Percentage Mentioning Destination as Top, 2005

	CDN	USA	HI	ITY	AUS
Inexpensive airfare to destination	3	18	64	3	10
Low prices for food/ entertainment	10	16	32	15	25
Inexpensive packages to your destination	4	11	67	5	12
Low prices for accommodation	13	17	32	10	27
Inexpensive transportation within the destination	8	15	48	9	19
Low prices for shopping	8	17	37	18	18
A favourable exchange rate	12	24	22	11	29

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest % rating destination as top

The fifth table (see Exhibit 2.9) lists the ranking of Canada on each attribute (based on the five tested travel destinations), comparing 2005 to 2000 results. There appears to be little to no difference in Japanese opinions of Canada as the top vacation destination for each of the travel attributes. The exceptions, however, are the price-related attributes, where Canada's ranking improved marginally since 2000. This point is key considering the challenges posed by the competing destinations in Europe and Hawaii and the decline they faced because of perceptions in Japan that their product was expensive or cost-prohibitive.

Exhibit 2.9 - Best Destination for Trip Attributes: Canada
By Canada's Ranking out of Five Destinations, 2000 vs 2005

	2005	2000
Activity Related		
Have fun and be entertained	5	5
Experience a different culture	4	4
See something new/different	4	3
Variety of things to see and do	5	4
Opportunities to enrich your knowledge	3	3
Good shopping	4	5
Outdoor recreation	3	N/A
Opportunities to indulge in luxury	5	4
Availability of all-inclusive packages	5	5
Price-Related		
Inexpensive airfare to destination	4	5
Low prices for food/entertainment	5	5
Inexpensive packages to your destination	5	5
Low prices for accommodation	4	4
Inexpensive transportation within the destination	5	5
Low prices for shopping	5	4
A favourable exchange rate	4	5
Safety-Related		
Personal security	3	N/A
Free from the threat of terrorism	2	N/A
Safe and clean environment	1	2
Health safety	3	N/A
Trip-Related		
Nice scenery	1	1
Good food	5	3
High quality accommodation	3	4
Weather	5	N/A
Good service & friendly people	3	3
Many flight choices	5	N/A
Vibrant cities	5	N/A

Destination Performance

Consumers were asked to rate the performance of Canada and two of the four other tested destinations on the stated travel attributes (see Exhibits 2.10-2.13).

Canada is rated highest on a majority of the safety-related attributes (see Exhibit 2.10), with Australia and Hawaii rated slightly lower and Italy and Mainland USA lowest. Canada's and Australia's relative distance from the Middle East and large, mainly rural geographies could be factors in Japanese perceptions of what constitutes a safe and secure destination. Given the importance that Japanese consumers place on safety-related attributes when deciding on a travel destination, Canada has a distinct competitive advantage over Mainland USA, Italy and Hawaii.

Exhibit 2.10 - Performance on 'Safety-Related' Attributes: Select Overseas Destinations
"Excellent (5)," and "Good (4)," 2005

	CDN	USA	HI	ITY	AUS
Personal security	**52**	4	41	12	46
Free from the threat of terrorism	**58**	2	27	15	50
Safe and clean environment	**67**	16	59	20	62
Health safety	47	25	**58**	16	45

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest performance rating
Subsample: Canada (*n*=1461), Mainland United States (*n*=734), Hawaii (*n*=741), Italy (*n*=754), Australia (*n*=693)

Regarding Mainland USA specifically, Canada has a perceptual advantage over the USA in the following areas:

- Outdoor recreation
- Scenery
- Good food
- Accommodations
- Weather
- Service and friendly people
- All of the health and safety attributes

Exhibit 2.11 - Performance on 'Trip-Related' Attributes: Select Overseas Destinations
"Excellent (5)," and "Good (4)," 2005

	CDN	USA	HI	ITY	AUS
Nice scenery	83	36	72	75	78
Good food	32	13	42	78	36
High quality accommodation	42	35	66	34	43
Weather	24	17	74	24	56
Good service & friendly people	53	20	62	36	60
Many flight choices	20	63	72	19	24
Vibrant cities	27	61	45	49	40

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest performance rating
Subsample: Canada (*n*=1461), Mainland United States (*n*=734), Hawaii (*n*=741), Italy (*n*=754), Australia (*n*=693)

Canada is at a disadvantage with respect to the USA in the following areas:

- Shopping
- Luxury
- Availability and cost of packages
- Inexpensive airfare
- Flight choices
- Vibrant cities

Exhibit 2.12 - Performance on 'Activity-Related' Attributes: Select Overseas Destinations
"Excellent (5)," and "Good (4)," 2005

	CDN	USA	HI	ITY	AUS
Have fun and be entertained	55	64	70	74	66
Experience a different culture	58	56	39	78	63
See something new/ different	64	56	42	79	67
Variety of things to see and do	60	64	59	76	65
Opportunities to enrich your knowledge	38	42	18	76	45
Good shopping	19	41	74	74	33
Outdoor recreation	56	27	82	12	67
Opportunities to indulge in luxury	23	29	48	48	26
Availability of all-inclusive packages	38	47	75	56	51

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest performance rating
Subsample: Canada (*n*=1461), Mainland United States (*n*=734), Hawaii (*n*=741), Italy (*n*=754), Australia (*n*=693)

Not surprisingly, given the prevalence of nature imagery in Canada's marketing and communications material in Japan, Japanese consumers rate Canada extremely high on having nice scenery (see Exhibit 2.11). Again, as is the case for safety-related attributes, Japanese consumers place a high level of importance on destinations of choice offering nice scenery.

Hawaii is rated highly on price, activity and trip-related attributes. As a top destination for Japanese consumers, Hawaii appears to be an extremely competitive destination for the availability of affordable packages, flights, accommodations, food and entertainment. Japanese consumers also give high ratings to Hawaii's performance as an urban and outdoor destination. Hawaii performs well on outdoor recreation and shopping.

Exhibit 2.13 - Performance on 'Price-Related' Attributes: Select Overseas Destinations
"Excellent (5)," and "Good (4)," 2005

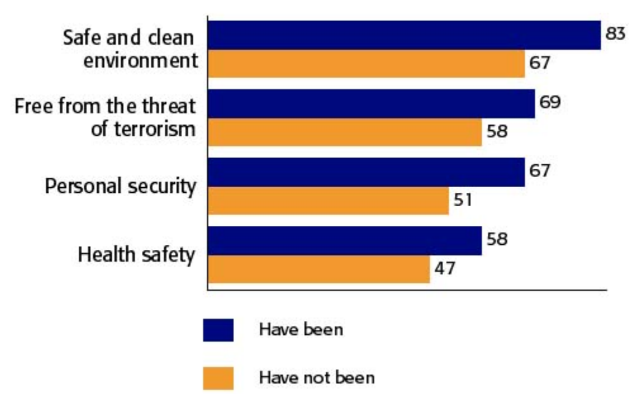
	CDN	USA	HI	ITY	AUS
Inexpensive airfare to destination	11	32	51	11	18
Low prices for food/ entertainment	16	18	32	22	24
Inexpensive packages to your destination	15	28	60	14	25
Low prices for accommodation	13	12	27	10	19
Inexpensive transportation within the destination	13	19	39	13	18
Low prices for shopping	14	20	38	26	21
A favourable exchange rate	15	13	17	9	23

CDN = Canada
USA = Mainland United States
HI = Hawaii
ITY = Italy
AUS = Australia
Purple Box= Highest performance rating
Subsample: Canada (*n*=1461), Mainland United States (*n*=734), Hawaii (*n*=741), Italy (*n*=754), Australia (*n*=693)

Impressions vs Reality

GlobeScan segmented travellers who had been to Canada versus those who had not been to Canada and compared performance ratings of Canada on the stated travel attributes (see Exhibits 2.14-2.17). The results show that consumers who have been to Canada in the past rate Canada's performance consistently higher than those who have not been to Canada. This suggests that Canada is exceeding consumers' expectations on the attributes measured.

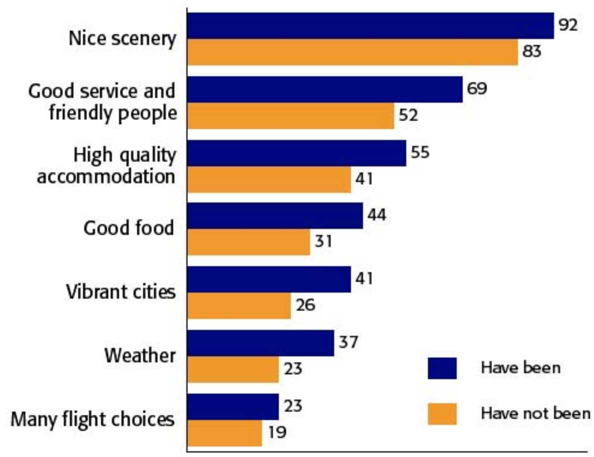
Exhibit 2.14 - Performance on 'Safety-Related' Attributes: Canada
"Excellent (5)," and "Good (4)," Travellers Who Have Been to Canada vs Travellers Who Have Not Been to Canada, 2005



Subsample: Travellers who have been to Canada (*n*=334);
Travellers who have not been to Canada (*n*=1109)

Exhibit 2.15 - Performance on 'Trip-Related' Attributes: Canada

"Excellent (5)," and "Good (4)," Travellers Who Have Been to Canada vs Travellers Who Have Not Been to Canada, 2005



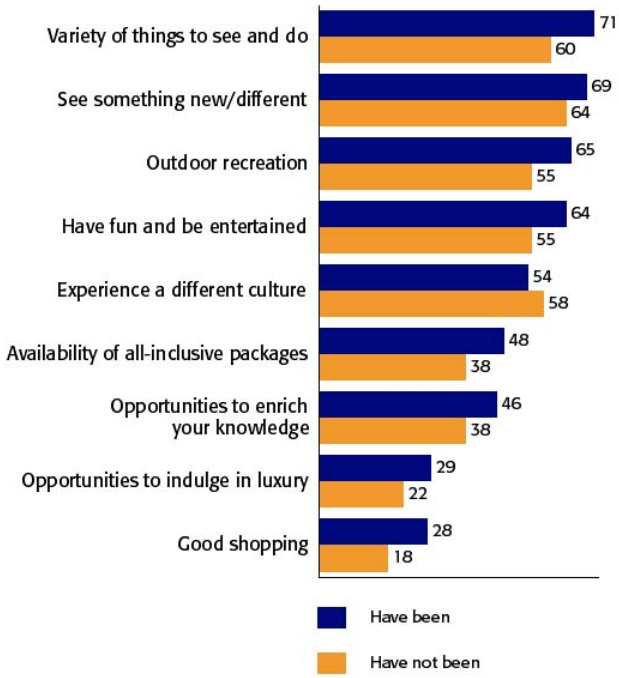
Subsample: Travellers who have been to Canada (n=334);
Travellers who have not been to Canada (n=1109)

Testimonials by past travellers to Canada, especially by travel opinion leaders, and word-of-mouth viral marketing could be tactics employed to raise interest in travelling to Canada.

The notable exception, however, is a slightly lower performance rating for 'experiencing a different culture' for travellers who have been to Canada (see Exhibit 2.16).

Exhibit 2.16 - Performance on 'Activity-Related' Attributes: Canada

"Excellent (5)," and "Good (4)," Travellers Who Have Been to Canada vs Travellers Who Have Not Been to Canada, 2005

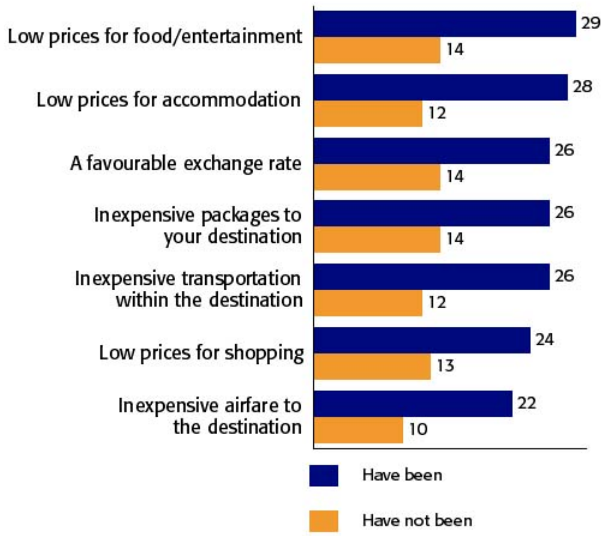


Subsample: Travellers who have been to Canada (*n*=334); Travellers who have not been to Canada (*n*=1109)

Various factors could account for this such as established cultural and business links between Canada and Japan, resulting in a 'familiar' travel environment for Japanese travellers while in Canada.

Exhibit 2.17 - Performance on 'Price-Related' Attributes: Canada

"Excellent (5)," and "Good (4)," Travellers Who Have Been to Canada vs Travellers Who Have Not Been to Canada, 2005



Subsample: Travellers who have been to Canada (*n*=334); Travellers who have not been to Canada (*n*=1109)

Drivers of Travel Brand Reputations

GlobeScan employed the statistical techniques of principle component analysis and multiple regression to identify the drivers of Canada's travel brand among Japanese who have recently visited Canada and their relative importance for Japanese consumers. Drivers analysis is based on the principle that the myriad of criteria used to describe brand reputation can be distilled to a manageable number of factors (drivers), and that these factors can be ranked by the degree to which they explain or drive Japanese consumers' perceptions of Canada's brand.

The travel brand reputation attributes were identified in questions 23a and 23b of the survey, a series of 27 performance measurements (please see the beginning of this chapter).

As a dependent variable, GlobeScan used an aggregate of questions 21 and N6: satisfaction and value for money (see Chapter 7). Data were grouped using Principal Component Analysis (PCA), a statistical technique that groups survey responses according to the importance of each in contributing to agreement with the dependent variables.

PCA serves two main functions: 1) it helps reveal underlying response patterns and 2) it reduces a large number of individual ratings on brand reputation attributes to a smaller and more manageable set of drivers. Those attributes that fall within the same driver tend to ‘fit’ the same mental space in how people assess the travel destination. Each brand reputation driver is then named by studying its component attributes to determine the underlying pattern linking them together.

The drivers, consisting of factored attributes, are then used as inputs or independent variables in the regression analysis. The derived importance Japanese consumers placed on each of the attributes related to travel was determined using regression analysis. This output was deemed ‘derived importance.’

The seven travel brand drivers for Canada and the corresponding attributes that comprise each driver are detailed below. The first attribute presented in each driver is the ‘leading’ attribute. It is the strongest attribute in the driver.

The relative importance of each of Canada’s travel brand reputation drivers is presented below from most to least important:

- **Cultural experience**: Seeing something new and different; Having fun and being entertained; Enriching your knowledge; A variety of things to see and do; Experiencing a culture different from your own; Nice scenery; Indulging in luxury
- **Outdoor environment**: The weather; Outdoor recreation
- **Good food/shopping**: Good food; Good shopping opportunities; High quality accommodation
- **Safety**: Free from the threat of terrorism; Personal security; A safe and clean environment
- **Good Service**: Good service and friendly people
- **Prepaid packages**: Low-cost packages to the destination; Low-cost airfare to the destination; Availability for all-inclusive packages
- **Costs in Canada**: Low prices for food and entertainment; Low prices for shopping; A favourable exchange rate; Inexpensive transportation within the country; Low prices for accommodation

Drivers that appear at the bottom of the list are not unimportant, but instead, stand to have a relatively lower impact than the drivers that appear at the top of the list on brand reputation.

The data were then placed on a quadrant map (see Exhibit 2.18) to reveal the relative importance of each travel brand driver in the context of how well Japanese consumers state that Canada is performing as a travel destination. The impact of the perceived performance of the attributes has on overall favourability of the destination was determined. On the Y axis, derived importance scores produced by the regression analysis are plotted. On the X axis, stated performance scores for the attributes are plotted.

Cultural experience and Outdoor environment stand to have the greatest impact on Japanese consumers’ perceptions of Canada as a premier long-haul travel destination. Canada is well known for its outdoor environment, wilderness and nature in Japan, but less so for its urban attractions.

In fact, there is evidence that the country's current brand image does not extend beyond the outdoor environment. The fact that entertainment and shopping are among the top three elements driving Canada's overall image is crucial insight for positioning in the Japanese market. Informing travellers that Canada delivers well in these areas will help expand Canada's brand image from 'natural and safe' to a 'complete package' involving safe and entertaining cities, blending urban amenities with beautiful wilderness and the outdoors.

The quadrant analysis highlights which of the travel brand drivers Canada needs to focus on in order to improve its overall brand as a premier tourism destination in Japan. Each of the four quadrants is labelled and explained below:

Top Left Quadrant: "Needs Attention" – Drivers in this quadrant are important travel brand drivers on which Japanese consumers give Canada below average performance ratings. Any brand marketing strategy must address drivers situated in this quadrant.

Top Right Quadrant: "Maintain Performance" – Drivers in this quadrant are important travel brand drivers on which Canada is given above average performance ratings. It is on these drivers that Canada can best leverage its current performance and continue to highlight successes in market.

Exhibit 2.18 - Canada's Travel Brand: Performance vs Importance

Bottom Left Quadrant: "Monitor" – Drivers in this quadrant are neither important, nor given strong performance ratings. Canada, however, may wish to occupy new space on the positioning map as a result of defining its travel brand strategy, and performance on drivers in this quadrant may need to be selectively improved.

Bottom Right Quadrant: "Demonstrate Value" - Drivers in this quadrant have low impact on brand reputation (i.e., they are relatively less important than other drivers), but on which Canada gets above average performance ratings. While these drivers may not presently have an impact on brand reputation, they can serve as positioning differentiators and may potentially grow in importance over time.

Maintain Performance: There are two major drivers of Canada's travel brand in this quadrant: Cultural Experience and Safety. Canada is seen as a destination where travellers can see something new and different, have fun and be entertained. These are attributes Japanese consumers determine are important for a long-haul pleasure trip and where Canada performs well. Additionally, Safety and the associated attributes that define this factor, such as personal security and being free from the threat of terrorism are important attributes where Canada performs well. It may be that Canada is seen as a safe destination because of its expansive wilderness; these two factors may reinforce themselves. Since personal security and safety are most at issue in cities, and because Canada can make well founded claims in the area, the fact that Canada has safe cities should be communicated. Canada should continue to focus on these drivers as a competitive advantage, incorporating a safety theme.

Needs Attention: There are two main drivers in this quadrant: Good food/shopping and Outdoor environment. Good food/shopping is an important driver for Canada to address and could offer a unique point of difference given its high importance and lower than average performance ratings. Although Canada is not currently associated with this driver, this is more likely driven by a lack of knowledge (of specific unique food and shopping experiences) than by negative association. As past research shows, Japanese consumers are less likely to associate good food and shopping experiences with Canada versus other international destinations such as Italy. This could mainly be due to a lack of awareness of specific travel opportunities, as opposed to believing that Canada lacks good food and shopping experiences. One option may be to promote the fact that some of the world's most well regarded chefs practice in Toronto and Vancouver.

In terms of Outdoor environment, Canada has an average performance rating which is primarily due to negative perceptions of Canada's weather. Japanese travellers rate Canada relatively highly on outdoor recreation, but extremely low on weather. As an example, Hawaii is rated as the top destination for outdoor recreation and having good weather. This suggests that Japanese travellers are looking for outdoor activities while enjoying good, comfortable weather. The challenge for Canada is to highlight Canada's outdoor experiences that consumers can enjoy in temperate, 'good' weather, such as hiking in summer and skiing in the winter. Canada has a competitive advantage over other international destinations with the four established seasons where different outdoor activities can be experienced year-round.

Monitor: This quadrant contains three drivers of Canada's travel brand: Good service, Prepaid packages and Costs in Canada. These are relatively unimportant drivers of Canada's travel brand currently, but since cost is included here, importance can change in the future. Given the continued rise in the Canadian dollar relative to the Yen and the prevalence of low-cost packages to Asian destinations, Canada's tourism industry should continue to monitor the perceived 'value' of Canadian product offerings relative to competitors.

Demonstrate Value: There are no major drivers of Canada's travel brand in this quadrant (i.e., no attributes that Japanese consumers view as not important and on which Canada is seen as performing well). In other words, there are no attributes measured in the survey in which Canada has invested in its performance but that are of little importance to travellers.

Drivers of Value for Money and Satisfaction – Canada

Exhibit 2.19 - Factors Driving Performance of Satisfaction and Value for Money: Canada's Travel Brand

	Satisfaction	Value for Money
Cultural experience	1	1
Outdoor environment	4	2
Good food/shopping	2	4
Safety	3	3
Good service	5	6
Prepaid packages	6	5
Costs in Canada	7	7

While the foregoing analysis has been conducted using an aggregated dependent variable to provide a comprehensive understanding of what drives Canada's overall brand image, disaggregating the variables provides some additional insight. Exhibit 2.19 ranks the relative importance of factors driving overall satisfaction with travel to Canada, and perceived value for money separately. For the most part, the rank order of importance is similar for both dependent variables. However, the belief that Canada provides a good outdoor environment is more important in driving perceived value for money than overall satisfaction. Spending time in nature or outdoors is seen as a low-cost, high return activity. When it comes to overall satisfaction, however, good food and shopping (more aligned with urban activities and entertainment), play a greater role than the outdoor environment. The implication is that luxurious and comfortable urban experiences are fundamental to delivering an excellent all-round travel product to the Japanese market.

Competitive Environment

GlobeScan took the output of the original regression analysis identifying the travel brand drivers and applied it in the context of the performance of each of the four competitive destinations, Mainland USA, Hawaii, Australia and Italy. As a dependent variable, GlobeScan used an aggregate of questions 10 and N5: satisfaction and value for money (see Chapter 7). The overall factors and the associated attributes are the same for each of the markets, but the relative importance of the factors in driving travel brand reputation is unique to each destination.

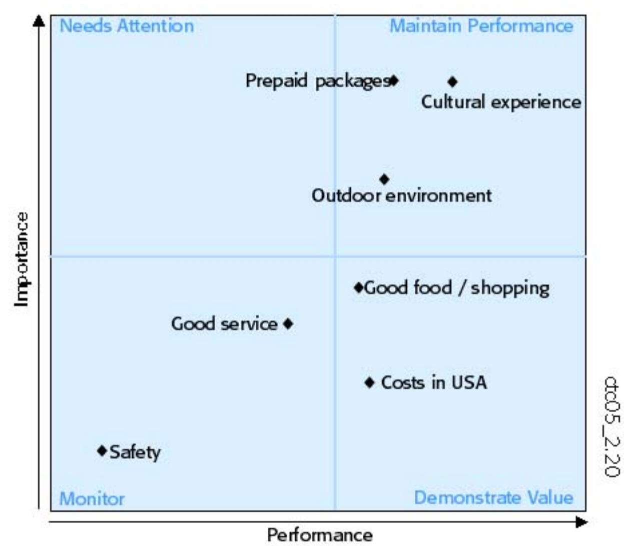
By understanding the distinctive drivers of brand reputation for these competing destinations, Canada can tailor marketing messaging to target the potential conversion markets and offer an enhanced placement of Canada within the crowded tourism marketing environment.

Mainland USA

The seven drivers of Mainland USA's travel brand reputation in Japan are listed below in order of overall importance in driving brand reputation:

1. Prepaid packages
2. Cultural experience
3. Outdoor environment
4. Good food/shopping
5. Good service
6. Cost in USA
7. Safety

Exhibit 2.20 - Mainland USA's Travel Brand: Performance vs Importance



Please refer to Exhibit 2.20. The availability of prepaid packages, the cultural experience and to some extent the outdoor environment are the key drivers of Mainland USA's travel brand reputation. The high number of American tour operators and airlines operating in the Japanese market are major contributors to Japanese consumers' positive perceptions of Mainland USA. Given the well established American presence in Japan it is understandable that Japanese consumers have come to expect a high level of awareness of their needs and preferences in terms of package offerings. The analysis further suggests that the American tourism industry is meeting those expectations.

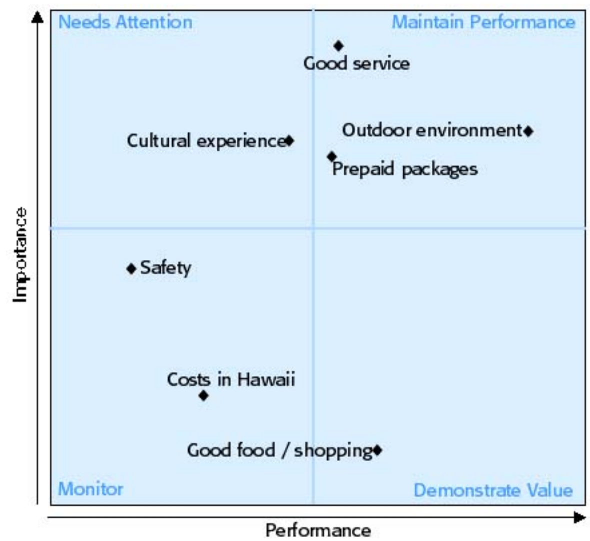
Not surprisingly, the outdoor environment is an important driver and one in which Mainland USA performs relatively well. Positive perceptions of the weather in the US could be a factor in this driver's positive rating. The US, however is challenged by negative perceptions of safety and service quality, though these are less important in driving overall satisfaction with Mainland USA as a travel destination.

Hawaii

The seven drivers of Hawaii's travel brand reputation in Japan are listed below in order of overall importance in driving brand reputation:

1.
2. Good service
3. Outdoor environment
4. Cultural experience
5. Prepaid packages
6. Safety
7. Costs in Hawaii
8. Good food/shopping

Exhibit 2.21 - Hawaii's Travel Brand: Performance vs Importance



Please refer to Exhibit 2.21. Good service, the outdoor environment and to some extent prepaid packages are the key drivers of Hawaii's travel brand reputation. Data from the 2005 Hawaii Visitors and Convention Bureau Inbound Travel report mentions that Japanese travelling to Hawaii are increasingly classified as independent travellers seeking a 'rounded' vacation experience. The driver's analysis appears to corroborate this as Japanese value a high quality urban experience (good friendly service) with the availability of outdoor product. Both elements are driving perceptions of Hawaii's travel brand reputation and are key areas where Hawaii is meeting consumer expectations. Canada's outdoor product is at a disadvantage in competing with Hawaii given the high value Japanese place on 'good' weather and the positive rating for Hawaii on this attribute.

Australia

The seven drivers of Australia's travel brand reputation in Japan are listed below in order of importance in driving brand reputation:

1. Cultural experience
2. Good food/shopping
3. Good service
4. Safety
5. Outdoor environment
6. Costs in Australia
7. Prepaid packages

Please refer to Exhibit 2.22. The cultural experience and good food/shopping are the main drivers of Australia's travel brand reputation. These findings directly compare with available research conducted for Tourism Australia, which suggest that awareness and positive perceptions of Australian urban experiences are high in Japan. The overall brand, however, is constrained by lack of awareness of regional destinations in Australia and the availability of quality outdoor products (e.g. Ayers Rock, the Outback, etc.). Tourism Australia is of the belief that their brand in Japan is facing a threat of becoming associated with lower-cost shopping and city experiences, also known as an *An-Kin-Tan* destination (shorter, cheaper, closer).

Exhibit 2.22 - Australia's Travel Brand: Performance vs Importance

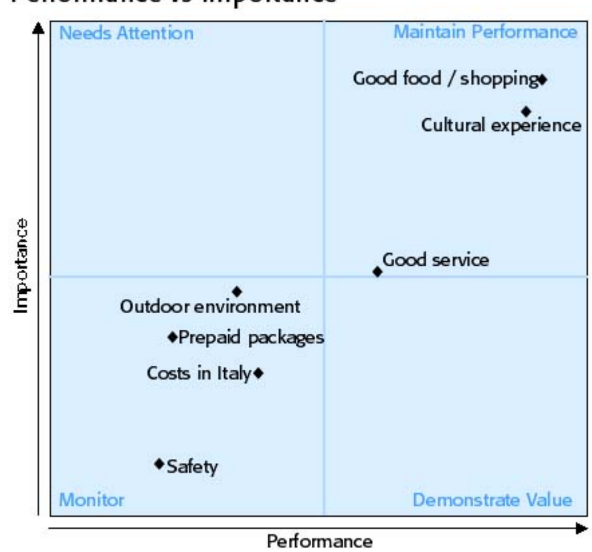
Of note, Tourism Australia does not consider Canada to be a competing destination, and only considers similarly priced destinations in the Asia/Pacific region to be competitors. A recent report commissioned by Tourism Australia, makes no reference to Canada when discussing existing and emerging competitors.

Italy

The seven drivers of Italy's travel brand reputation in Japan are listed below in order of importance in driving brand reputation:

1. Good food/shopping
2. Cultural experience
3. Good service
4. Outdoor environment
5. Prepaid packages
6. Costs in Italy
7. Safety

Exhibit 2.23 - Italy's Travel Brand: Performance vs Importance



Please refer to Exhibit 2.23. Good food/shopping and the cultural experience are the main drivers of Italy's travel brand reputation. Images of urban attractions such as museums, historical and cultural sites and cafés are positively associated with a vacation in Italy. Japanese increasingly place high value on the ability to experience a different culture and have a unique travel experience when deciding upon a travel destination. Italy is perceived as a ‘fashionable’ tourism destination, a position that Tourism Australia has noticed Australia is increasing not associated with. As in the case of Mainland USA, Italy is also challenged by negative perceptions of tourism product costs and safety issues. Italy also lacks quality outdoor product.

Chapter 3: Consumer Profiles and Motivators: Segmentation Analysis

Key Highlights

- A series of segmentation analysis have identified key interest and demographic segments of the total Japanese long-haul population. Two interest segments, Catered Explorers and Outdoor Enthusiasts appear to have a higher likelihood of current and future travel to Canada. Based on the profiles provided, marketers can use this information to tailor marketing messages for these audiences.
- The final segmentation, a decision tree analysis was conducted to uncover the primary motivators of travel to Canada. Canada's cultural experience, associated with having fun and being entertained; enriching personal knowledge and experiencing different cultures, is the primary motivator of Japanese long-haul travel to Canada. The analysis suggests that approximately 50 percent of the market has the potential to be motivated to travel to Canada given positive perceptions of Canada's cultural experience.
- Canada's food and shopping experiences motivate approximately 11 percent of the market, while Canada's traditionally mainstay, the outdoor environment positively motivates a further 24 percent of the market.
- Although an important issue for Japanese long-haul travellers and an issue where Canada is positively associated with, safety and security is only a primary motivating factor for 10 percent of the market.
- It appears that Canada's destination competitors, namely Hawaii and Australia are only recently targeting consumers from an interest and experience position. Canada does have an opportunity to take a market leading position by adopting the use of the recommended segmentation models for marketing purposes.

To better understand the identity, behaviours and characteristics of Japanese travellers, GlobeScan applied two segmentation analyses to uncover and profile key segments within the overall consumer market. The first segmentation is based on consumer interests and motivations, while the second segmentation is based on the demographic profile of the market. Finally, both segmentations are input to a decision tree analysis to uncover the primary motivators of travel to Canada.

Interest Segmentation

This segmentation was based on self reported importance of different attributes of international long-haul travel. Essentially these are the criteria motivating destination choices for Japanese long-haul travellers. Seven segments were identified, two of which – constituting 32 percent of the survey sample – are shown to be of strategic interest to the Canadian Tourism Commission.

Based on self reported importance of various attributes of international travel, listed in question 23a and 23b of the survey, all respondents were grouped into segments using the cluster analysis procedure. This approach provides marketing groups with a basis for product positioning and assists advertising and communications agencies to develop targeted messaging strategies. It is a highly effective approach since it is based on the fundamental factors that motivate Japanese long-haul consumers to travel.

Cluster analysis produced seven discrete segments of respondents with like-minded views and interest with respect to travel. To validate the segmentation and to visualize segments in the psychographic space, the technique known as multiple discriminant function analysis (MDA) was employed.

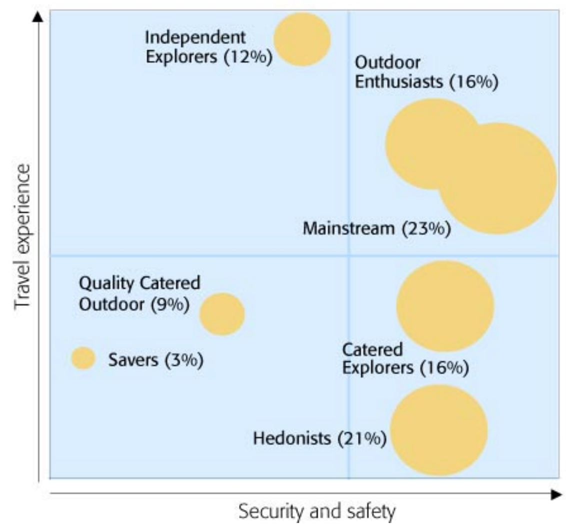
MDA helps to understand how distinguishable the segments are and what variables play the most important roles in differentiating the segments. MDA grouped all variables employed to produce the segmentation into the two functions or dimensions that most differentiate between the seven segments. These functions form the axes of the segmentation map:

Horizontal axis: Safety and Security
Vertical axis: Travel Experience

Horizontal axis - Safety and Security: This axis is dominated by attributes associated with personal security, having a safe and clean environment, health and being free from the threat of terrorism. The further to the right on the horizontal axis, the more the market segments are 'driven' or motivated by these attributes. As an example, Hedonists are more concerned about safety and security than Independent Explorers.

Vertical axis: Travel Experience: This axis is dominated by attributes associated with outdoor recreation, having the chance to see something new and different on vacation, experiencing a different culture and being entertained; essentially, the full travel package or ‘experience’. The further up the vertical axis, the more the market segments are ‘driven’ by these attributes.

Exhibit 3.1 - Japanese Consumer Segmentation Map



The data from the interest segmentation was overlaid against a series of questions to better understand the potential of individual segments to travel to Canada. The first exercise overlaid the segments against respondents’ answers to question 14 (past travel to Canadian destinations), question N3a (interest in travelling to Canada), question N14a (likelihood of travel to Canada) and question 26c (reasons for not visiting Canada). The results are graphically represented in the correspondence map below. Based on the output seven ‘interest’ categories were determined:

1. Likely new – travellers likely to come to Canada who did not previously travel to Canada
2. Likely repeat – travellers likely to come to Canada who have previously travelled to Canada
3. Probably – travellers who have a higher interest in travelling to Canada, but a low expressed likelihood of Canadian travel
4. Expensive – travellers who believe Canada is too expensive
5. Lack of attractions – travellers who believe Canada lacks attractions
6. Already been – travellers who have been to Canada in the past and express no interest to return
7. Excuses – travellers who express financial and personal reasons why they are not interested in travelling to Canada

The correspondence map (see Exhibit 3.2) highlights Catered Explorers as likely new travellers to Canada and Outdoor enthusiasts as likely repeat travellers to Canada.

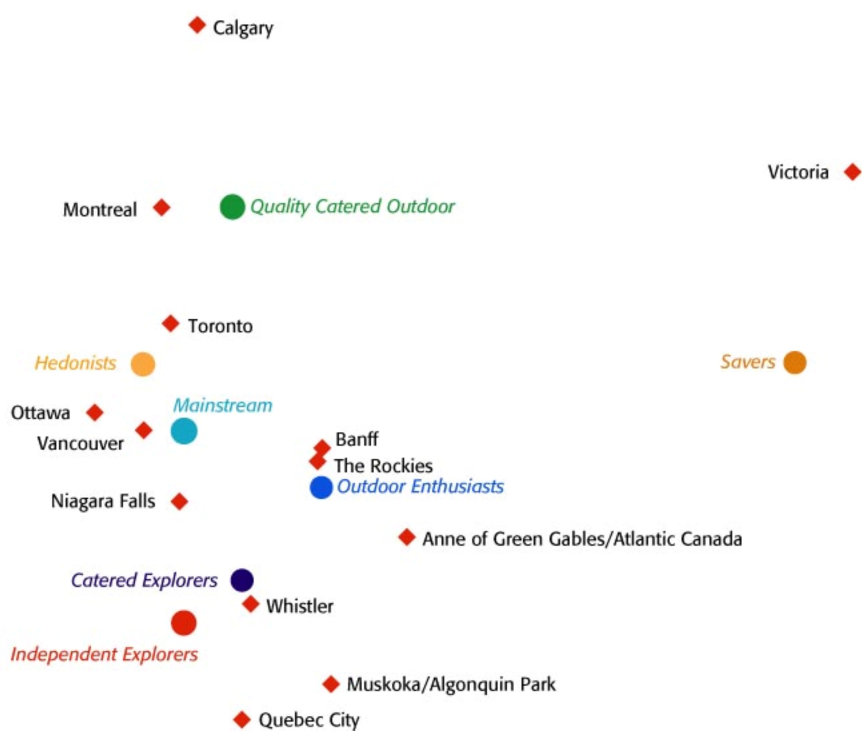
The second exercise (see Exhibit 3.3) overlaid the interest segments against question 28a (region of Canada the traveller would most likely visit). Outdoor Enthusiasts are likely to visit The Rockies and Banff, while Catered Explorers are likely to visit Whistler and Niagara Falls.

Exhibit 3.2 - Interest in Travelling to Canada

By Market Segment

Exhibit 3.3 - Likelihood of Travel to Canada: Specific Destinations

By Market Segment



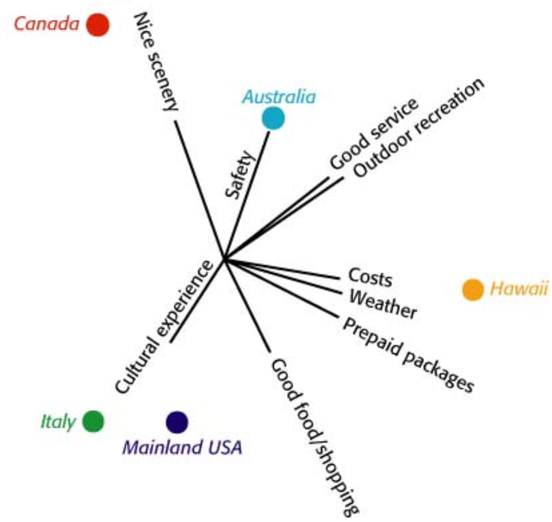
Interest Segment Profiles

The Catered Explorers and Outdoor Enthusiasts market segments are considered of strategic interest to the Canadian tourism industry based on their overall profile, likelihood of new and repeat travel to Canada and reported interests matched by Canada's competitive product offerings. The following profiles provide relevant information marketers can use to tailor messaging to specifically target these segments of the Japanese population.

Catered Explorers

- Older segment, most likely single, with high levels of post secondary education and higher household incomes
- Interested in shorter length, packaged vacation trips
- Attributes related to safety, cultural experiences and availability of prepaid packages are important motivational factors this segment looks for in long-haul vacation destinations.
- This interest segment positively associates nice scenery, safety and good service with Canada.

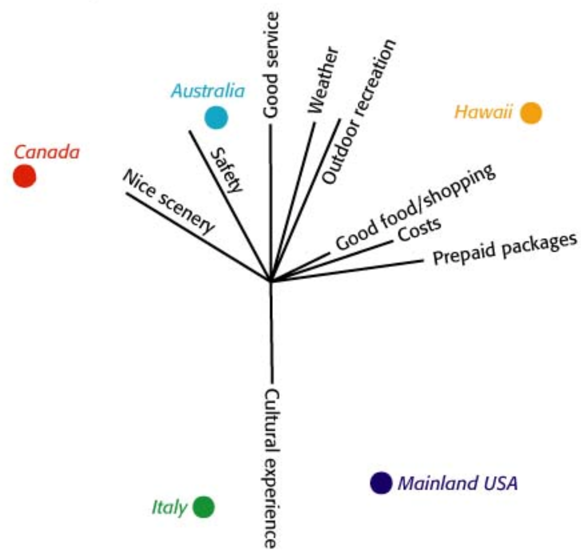
Exhibit 3.4 - Perceptual Map: Catered Explorers Market Segment



Outdoor Enthusiasts

- Older segment, most like to be married/living with spouse or significant other, with high levels of post secondary education and mid-to-high household incomes.
- Interested in longer length, packaged travel vacations.
- Attributes related to nice scenery and outdoor recreation are important motivational factors this segment looks for in long-haul vacation destinations.
- This interest segment positively associates nice scenery and safety with Canada.

Exhibit 3.5 - Perceptual Map: Outdoor Enthusiasts Market Segment



The Catered Explorers (see Exhibit 3.4) and Outdoor Enthusiasts (see Exhibit 3.5) interest segments were matched against six of the seven brand reputation drivers as well as the individual attributes, weather, outdoor recreation and nice scenery. These attributes were individually tested to emphasize the importance of these attributes in driving perceptions of Canada's outdoor product. The following principles are used to interpret the relative positions of countries and drivers/attributes on the map. The length of a line indicates the discriminating strength of the reputation driver/attribute. In other words, the longer the line, the more it differentiates from other drivers/attributes. Angles drawn from the centre between two drivers/attributes, or between two countries on the map, or between a driver/attribute and a country on the map, show how closely they are correlated. An angle less than 90 degrees denotes a positive correlation; the smaller the angle the stronger the relationship. At 90 degrees there is no relationship between the driver/attribute and a country. From 90 to 180 degrees, the drivers/attributes are negatively correlated; the closer the angle is to 180 degrees, the stronger the negative relationship.

This output was graphically represented in concert with how these interest segments perceive Canada relative to the four competitive destinations. Overall, the two interest segments have very similar perceptions of Canada. Canada is positively associated with nice scenery and a being a safe destination. Negative connotations of poor weather and a lack of or inferior food and shopping experiences are challenges Canada faces.

Market Segment Profile: Outdoor Enthusiasts

Demographic Profile

- Over representation among males
- Older segment with a higher concentration within the 50+ age bracket
- Higher skew among unemployed and retired population
- More likely to be married/living with spouse or significant other
- High levels of college/post secondary education
- Over represented among middle income earners

Travel Profile: General

- Destination choices less likely driven by price factors

Travel Profile: Most Recent Trip to Canada

- More likely to have taken a pleasure vacation on their most recent trip
- More likely to have taken an eight-ten night long-haul vacation
- More likely to have travelled to Ontario and/or Quebec, done a nature/outdoor activity or gone downhill skiing/snowboarding
- More likely to have travelled alone or with a spouse or significant other versus have travelled with children, parents or friends
- Eight in ten chose their destination themselves
- More likely to have booked their trip two months in advance
- More likely to have booked trip using a travel agent or through a discount air ticket supplier versus directly with the destination
- More likely to have used a vacation package

Market Segment Profile: Catered Explorers

Demographic Profile

- Slightly over represented among males compared to the total population
- Older segment with a higher representation among the 55-64 age bracket
- Over represented among single population
- High levels of college/post secondary education
- Four in ten are white-collar workers
- Over represented among high income earners

Travel Profile: General

- Destination choices more likely to be driven by the availability of package vacations

Travel Profile: Most Recent Trip to Canada

- Eighty percent came to Canada for a pleasure vacation
- More likely to have taken a shorter 6-7 night vacation

- More likely to have travelled to The Rockies, and/or Banff, done a history/cultural related activity and general sightseeing
- More likely to have travelled with their spouse/significant other versus having travelled with other family or friends
- Higher likelihood that they chose their travel destination themselves
- More likely that they booked their trip two months in advance
- More likely to have used a travel agent to book their trip
- Most likely of all segments to have used a vacation package

Market Segment Profile: Quality Catered Outdoor

Demographic Profile

- Slightly higher skew among the under 30 and over 60 age brackets
- Most likely of all segments to be males
- Seven in ten are married/living together with their spouse or significant other
- Over represented among white-collar workers, administrators and managers
- Over represented among college/undergraduate educated population
- Middle income earners

Travel Profile: General

- Destination choices more likely to be driven by the availability of packages and flights

Travel Profile: Most Recent Trip to Canada

- More likely to have done a combined business/pleasure vacation in Canada
- More likely to have taken a shorter five-seven night vacation
- More likely to have visited The Rockies, Banff and/or Calgary, done nature/outdoor activities and stayed at a mountain or country resort
- Most likely of all segments to have travelled with their spouse or significant other versus with friends or other relatives
- More likely that they booked their trip two months in advance
- Higher likelihood that they used a travel agent to book their trip versus going to the airline or destination (resort/hotel) directly
- Five in ten used a vacation package

Market Segment Profile: Mainstream

Demographic Profile

- Evenly distributed among the population with a slightly higher skew in the 55-60 age bracket
- Closely matches the total Japanese population
- Six in ten are married/living together with their spouse or significant other
- Highly concentrated among middle income earners

Travel Profile: Most Recent Trip to Canada

- Over represented among those who studied in Canada

- Over represented among the population who have taken a shorter seven night vacation or a longer 30+ day vacation
- More likely to have visited Vancouver, Victoria and/or Ottawa, done nature/outdoor related activities, viewed the Northern Lights and shopped
- More likely to have travelled with friends versus with business associates or spouses/significant others
- Seven in ten chose their travel destination themselves
- More likely that they booked their trip one month in advance
- More likely to have used a travel agent to book their trip
- More likely to have used a vacation package

Market Segment Profile: Hedonists

Demographic Profile

- Middle-aged segment with a higher skew in the 44-54 age bracket
- Over represented among females
- Higher skew among housewives, freelancers and self employed population
- Most likely of all segment to have family or close friends living in Canada
- More likely to be married/living with spouse or significant other
- Higher skew among those with junior college level post-secondary education

Travel Profile: Most Recent Trip to Canada

- More likely to have travelled to Canada for a pure pleasure vacation versus combining the trip with business
- Over represented among the population who have taken a longer eight-twelve night vacation
- More likely to have visited Toronto, Niagara Falls and/or Montreal and done urban-related activities such as shopping, fine dinning and attended the theatre
- More likely to have travelled with friends versus with business associates or with spouses or significant others
- More likely that they booked their trip one month in advance
- More likely to have booked their trip directly with the destination

Market Segment Profile: Independent Explorers

Demographic Profile

- Younger segment with a higher skew in the under 40 age brackets
- Slightly over represented among females
- Most likely of all segments to be single
- More likely to be white-collar workers
- High levels of post-secondary education
- High skew among both high and low income earners

Travel Profile: General

- Destination choices less likely driven by price factors

Travel Profile: Most Recent Trip to Canada

- More likely to have visited Canada for a longer 12-15 night vacation

- More likely to have visited Western Canada including Victoria and/or Whistler and done general sightseeing and nature/outdoors activities
- Most likely of all segments to have travelled alone
- Eight in ten chose their travel destination themselves
- More likely that they booked their trip three months in advance
- Least likely of all segments to have used a vacation package
- Most likely of all segments to have travelled to Canada to visit friends/relatives

Market Segment Profile: Savers

Demographic Profile

- Over represented among the 25-34 and 50-54 age brackets
- Slightly higher skew among males
- Most likely of all segments to be married/living with spouse or significant other
- Higher skew among middle income earners

Travel Profile: General

- Destination choices are more likely driven by price factors

Travel Profile: Most Recent Trip to Canada

- More likely to have travelled to Canada's West Coast, including Vancouver and/or Victoria
- More likely to have travelled with their spouse or significant other versus with friends or business associates
- More likely to have booked their trip two months in advance
- More likely to have booked their trip through a travel agent or discount air ticket supplier
- More likely to have visited Canada for a shorter four-seven night vacation

Demographic Segmentation

The second segmentation is based on demographic patterns occurring in the sample. All respondents were grouped according to homogeneous patterns associated with responses to all demographic questions in the survey. Each of the demographic groups is considered a mutually exclusive segment of the overall long-haul market. This approach was loosely based on the demographic segmentation conducted in the 2000 consumer study. Although the exact methodology was not copied due to insufficient information, the output of the 2005 demographic segmentation provides a similar grouping of the Japanese long-haul market. The segments were named according to the overall themes existing in the data. The information contained in the profiles will allow marketers to target specific communications channels and marketing media of interest to these segments. The six demographic segments are:

- Nest Dwellers
- Career Starters
- Fathers
- Couples
- Young Professionals
- Mothers

Nest Dwellers are the most likely of any group to be between 30 and 39 years of age and located in the middle income earning bracket. They are highly educated males, typically white collar workers and who are married or living with a partner/significant other. They are the least likely of any segment to be interested in visiting Canada. The general traits of Nest Dwellers are:

- More likely to be males
- Most likely of all segments to be 30-39 years of age
- More likely to live with one other person; More likely to be married or living with partner/significant other
- Least likely of all segments to have visited Canada in the past three years
- Eight in ten are white collar workers
- Nine in ten completed college, undergraduate or postgraduate studies
- Most likely of all segments to be middle income earners
- Higher skew among the Hedonist interest segment
- Most likely of all segments to not be interested in visiting Canada in the next two years

Career Starters are typically female and more likely than any other segment to be a university/college student. They are more likely to live with other people as opposed to living on their own. They are likely to be new and repeat visitors to Canada. The general traits of Career Starters are:

- More likely to be female
- Over represented among those aged 20-24

- More likely to live in larger households
- Least likely of all segments to have travelled outbound from Japan in the last three years
- Higher skew among those who are single
- Most likely of all segments to be a university/college student
- Most likely of all segments to be in the Mainstream interest segment
- Higher skew among those who are likely to be new and repeat visitors to Canada

Fathers are the most likely of all segments to have visited Canada in the past. They are likely to live with their families and 90 percent are over the age of 40. Nine in ten Fathers have completed post-secondary education and they are the most likely of all segments to earn an above average income. The general traits of Fathers are:

- 90 percent are over 40 years of age
- More likely to live with family
- Most likely of all segments to have visited Canada for a holiday of at least four nights or more in the past three years
- Most likely of all segments to work in an administration or managerial level position
- Most likely of all segments to be retired
- Nine in ten have completed college, undergraduate or postgraduate studies
- Most likely of all segments to earn an above average income
- Most likely of all segments to be in the Quality Catered Outdoors or Outdoor Enthusiasts interest segments
- Most likely of all segments to be a repeat visitor of Canada

Couples tend to be between the ages of 25 and 34 years of age and are the most likely of any segment to be married or living with a partner. Females are more likely to be the decision makers in these relationships and nine out of ten people in a couple are white collar workers. Couples are not as interested in visiting Canada compared to the other demographic segments. The general traits of Couples are:

- The primary decision maker is more likely to be female
- More likely to be 25-34 years of age
- Least likely of all segments to live on their own
- Higher skew among those who did not visit Canada for a holiday in the past three years
- Most likely of all segments to be married/living together with their spouse/significant other
- Nine in ten are white collar workers
- More likely than any other segment to have completed technical or vocational school as their highest form of education
- More likely to be in the Mainstream interest segment
- Higher skew among those who are not interested in visiting Canada

Young professionals are the most likely of all segments to be under 30. They are the most highly educated segment, but also the most likely to earn a below average income. Nine in ten young professionals are single and they are the most likely to be new visitors to Canada. The general traits of Young Professionals are:

- Most evenly split gender breakdown among all demographic groups
- Most likely of all segments to be under 30 years of age
- Five in ten live on their own
- Nine in ten are single
- Most likely of all segments to have completed college, undergraduate or postgraduate studies
- Most likely of all segments to earn a below average income
- Most likely of all segments to be in the Independent Explorers or Catered Explorers interest segments
- Most likely of all segments to be new visitors to Canada

Mothers are middle aged and are more likely to live with their family. Nine in ten mothers are married. 78% of mothers are housewives who do not work outside the home. Mothers are the most likely of all segments to have already been to Canada. The general traits of Mothers are:

- Middle aged segment with a higher concentration of those who are 30-39 and 50-59
- More likely to live with family
- Over nine in ten mothers are married
- 78% are housewives who do not work outside the home
- Most likely of all segments to have completed junior college as their highest level of education
- Most likely of all segments to be in the Hedonist interest segment
- Most likely of all segments to have already been to Canada

Classification Tree - Motivations Analysis

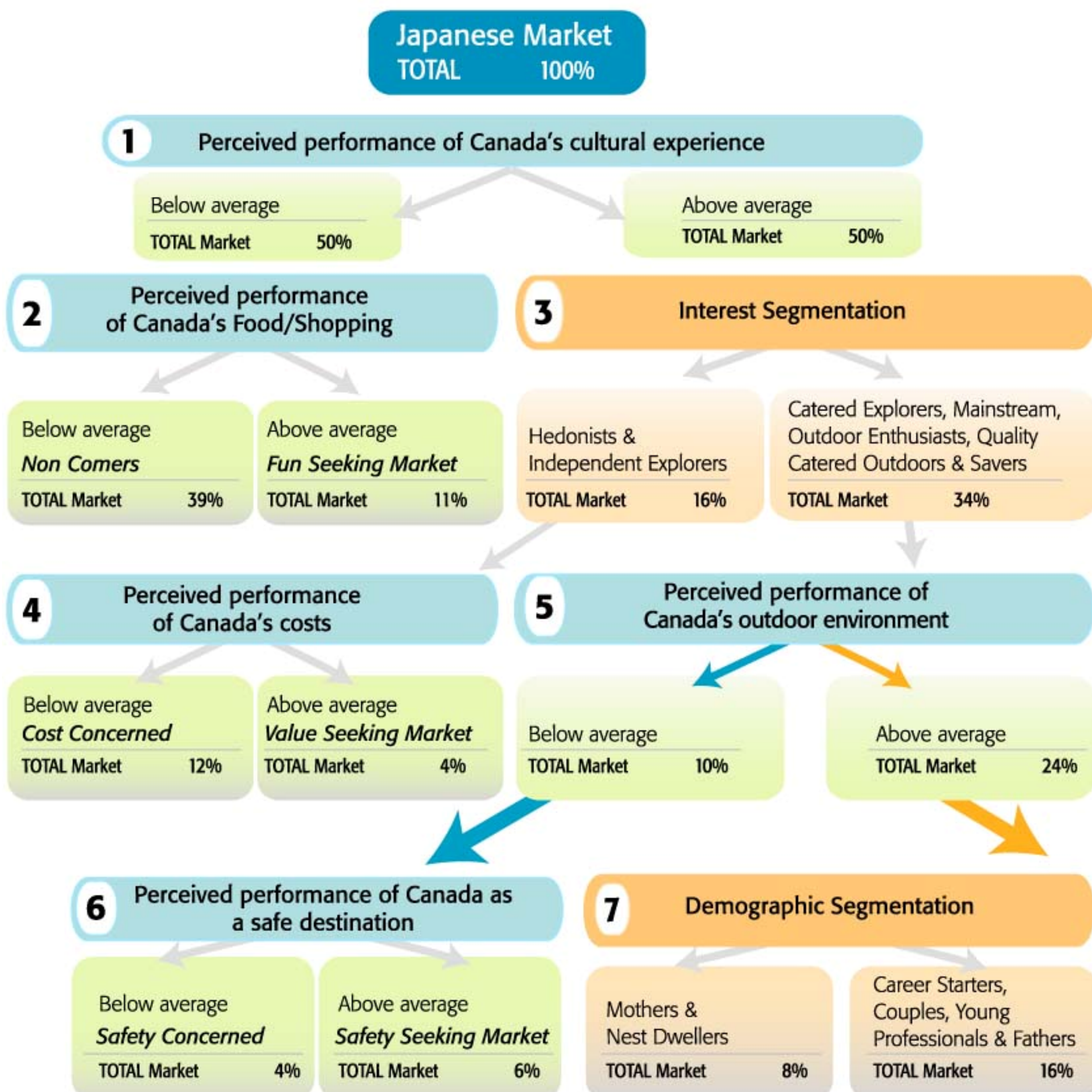
A classification tree is a nested model used to segment the population according to a successive series of variables. At each level of the tree, it chooses the single most predictive differentiator between two sides of the population in relation to a dependent variable (e.g., likelihood of coming to Canada). By doing so, it identifies paths of decision making, or motivators, associated with specific segments of the population. This path can then be exploited by marketers to develop targeted brand positioning and marketing programs.

The six demographic segments and seven interest segments were used in this analysis. Based on respondents' answers to questions N3a (interest in travelling to Canada within the next two years) and N14a (likelihood of travelling to Canada within the next two years), respondents were then categorized within each segment into three groups:

'Prospects' (high interest and high likelihood), 'Would be prospects' (high interest and low likelihood), and 'Non prospects' (low interest and low likelihood). Respondents with low interest and high likelihood were not categorized and were excluded from the analysis.

The following chart (see Exhibit 3.6) provides a graphical representation of the market segments in the Japanese long-haul market. 'Total Market' refers to the size of the respective segment as a percentage of the total Japanese long-haul traveller population.

Exhibit 3.6 - Classification Tree Analysis
Market Segmentation: Japanese Long-Haul Travellers



Total Market

1. The total Japanese long-haul market can be segmented in roughly equal market groups based on consumer perceptions of Canada's cultural experience. The cultural experience is the primary differentiating factor that segments those who are interested in visiting Canada from those who are not. It is comprised of the associated attributes of: Seeing something new and different; Having fun and being entertained; Enriching your knowledge; A variety of things to see and do; Experiencing a culture different from your own; Nice scenery; and Indulging in luxury. Long-haul travellers who have above average perceptions, or are motivated by positive perceptions of Canada comprise 50 percent of the market, while those who have a below average perception comprise the other 50 percent of the market.

Food and Shopping Motivators

2. Of the 50 percent of the market who have below average perceptions of Canada's cultural experience, the market is again segmented into two groups based on consumer perceptions of Canada's food and shopping travel products. The food/shopping factor (see Chapter 2) is comprised of the associated attributes of: Good food; Good shopping opportunities; and High quality accommodation. Long-haul travellers who have above average perceptions, or are motivated by positive perceptions of Canada make up 11 percent of the total market ('Fun Seeking Market'), while those who have a below average perception make up 39 percent of the market ('Non Comers').
    a. In summary, one of the key motivational segments of the Japanese long-haul market is the 'Fun Seeking Market'. This group, comprising approximately 11 percent of the total market is motivated by Canada's food and shopping product, despite their relatively low perceptions of Canada's cultural experience.
    b. Approximately 39 percent of the total Japanese long-haul market is considered a non potential for Canada based on negative perceptions of Canada's cultural experience and food and shopping products. This market is not motivated by Canada's product offerings and contains a high number of non prospects.

Cultural Experience Motivators

3. Of the 50 percent of the market who have above average perceptions of Canada's cultural experience, the market can be segmented according to the interest segmentation: Hedonists and Independent explorers are more motivated by cost related factors and account for 16 percent of the market, while the Catered Explorers, Outdoor Enthusiasts, Quality Catered Outdoors, Mainstream and Savers markets are more motivated by outdoor environment related factors. The second group comprises roughly 34 percent of the market.

Cost Motivators

4. The Hedonists and Independent Explorers market segments can be further segmented into two distinctive market groups based on consumer perceptions of

Canada's costs. The cost factor (see Chapter 2) is comprised of the associated attributes of: Low prices for food and entertainment; Low prices for shopping; A favourable exchange rate; Inexpensive transportation within the country; and Low prices for accommodation. Long-haul travellers who have above average perceptions, or are motivated by positive perceptions of Canada make up 4 percent of the total market ('Value Seeking Market'), while those who have a below average perception make up 12 percent of the market ('Cost Concerned').

a. In summary, one of the key motivational segments of the Japanese long-haul market is the 'Value Seeking Market'. This group, comprising approximately 4 percent of the total market is motivated by Canada's value priced travel products. This is likely too small a market to be worth targeting however.
b. Approximately 12 percent of the total Japanese long-haul market is considered cost-concerned, meaning they are driven by competitively priced product and package offerings and believe Canada is currently not offering these. This market is interested in Canada's cultural experiences and can be converted to potential visitors with the right value offering.

Outdoor Environment Motivators

5. The other interest segments (Catered Explorers, Outdoor Enthusiasts, Quality Catered Outdoors, Mainstream and Savers) can be further segmented into two distinctive groups based on perceptions of Canada's outdoor environment. The outdoor environment factor (see Chapter 2) is comprised of the associated attributes of: The weather; and Outdoor recreation. Long-haul travellers who have above average perceptions, or who are motivated by positive perceptions of Canada make up 24 percent of the market, while travellers who have below average perceptions of Canada make up 10 percent of the market.

6. Of the 24 percent of the market who have above average perceptions of Canada's outdoor environment, the market can be segmented according to the demographic segmentation: Mothers and Nest Dwellers and Career Starters, Couples, Young Professionals and Fathers. Mothers and Nest Dwellers make up 8 percent of the total market while the second demographic grouping makes up 16 percent of the market. The second group (Career Starters, Couples, Young Professionals and Fathers) are highly motivated by Canada's cultural product offerings and Canada's outdoor environment. Marketing should specifically target these consumers with an urban and outdoor value proposition. Additionally these distinctive groups can be specifically targeted based on demographic characteristics.

Safety Motivators

7. Of the 10 percent of the market who have a below average perception of Canada's outdoor environment, the market can be segmented into two groups based on consumer perceptions of Canada being a safe and secure destination. The safety factor (see Chapter 2) is comprised of the associated attributes of: Free from the threat of terrorism; Personal security; and A safe and clean environment. Long-

haul travellers who have above average perceptions, or are motivated by positive perceptions of Canada make up 6 percent of the total market (‘Safety Seeking Market’), while those who have a below average perceptions make up 4 percent of the market (‘Safety Concerned’).

a. In summary, one of the key motivational segments of the Japanese long-haul market is the ‘Safety Seeking Market’. This group, comprising approximately 6 percent of the total market is motivated by Canada’s safe and welcoming environment. So despite the weather, Canada is a safe destination choice.
b. Approximately 4 percent of the total Japanese long-haul market is considered safety-concerned, meaning they are driving by issues of safety and personal security but believe Canada might not be the best place to travel to in the current global climate. This market has a low potential to come to Canada (28% Prospects).

Chapter 4: Characteristics of Long-Haul Pleasure Travellers

Key Highlights

- There has been a visible shift towards shorter-length trips and a decline in both business and group travel. Additionally a growing number of Japanese long-haul travellers are choosing fully independent travel (FIT) options.
- Yield, to Canada has suffered as a result of the changing travel patterns and the appreciation of the Canadian dollar relative to the Yen.
- Although general sightseeing and outdoor related activities dominate Japanese travellers' itineraries while in Canada, urban related activities are gaining in popularity.
- Canada appears to be facing similar issues as Australia in terms of the lack of dispersal travel throughout Canada. The Canada Brand might be at risk as Japanese travellers to Canada only experience a brief snapshot of the current offering of Canadian travel product. This will ultimately lead to decreases in overall consumer satisfactions as limited travel does not fully deliver on the Canada brand promise. Additionally, repeat travel and future travel recommendations will suffer.

The following analysis is based on respondents' most recent trip outbound from Japan of four nights or more recorded in the last three years. Travellers were screened based on trips taken to Canada or other destinations outside of Japan.

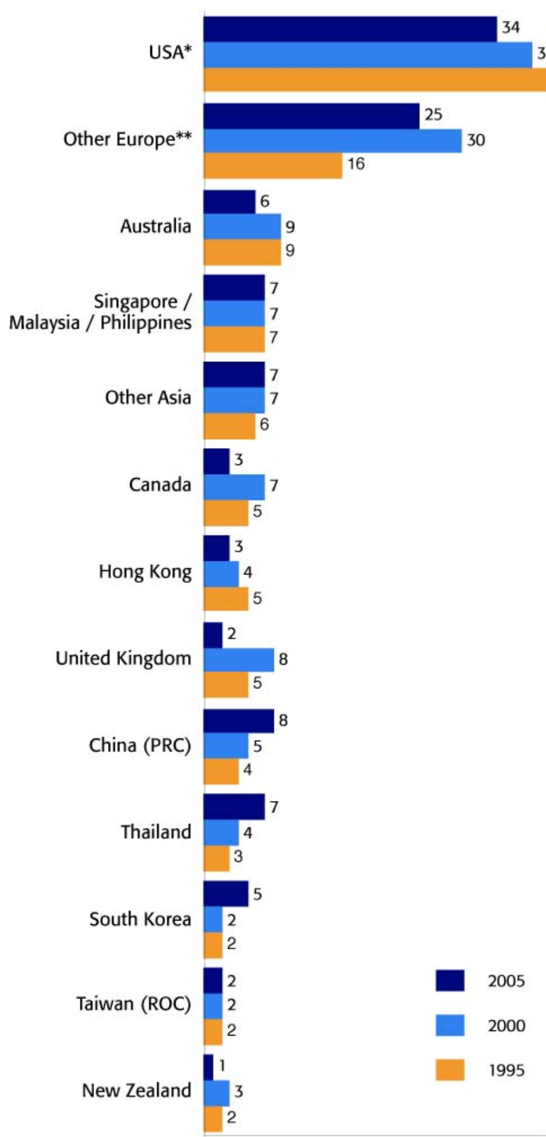
Travel to All Destinations Excluding Canada

Destinations Visited

USA (when Hawaii and Guam are included) and Other Europe (not including the United Kingdom) are the two most popular destinations for long-haul pleasure travel mentioned by respondents (see Exhibit 4.1). Both destinations experienced declines since 2000, perhaps as the Japanese explore new destinations and avoid ones they deem less secure. When Hawaii and Guam are disaggregated from Mainland USA, the most popular outbound destinations are Hawaii (14%), followed by Mainland USA (13%) (please see Chapter 1, Exhibit 1.1). Travel to the USA has fallen six points from 1995.

Asian destinations such as Thailand and South Korea have made substantial gains since 2000. China has also experienced gains. Apart from the aggressive tourism promotion and availability of lower priced package offerings, these increases may be attributed to a perception that Asian countries in the immediate geographic vicinity to Japan are exposed to less risk of terrorism or other forms of insecurity. Recent research by Tourism Australia cites China, Vietnam and Thailand as the new destinations of choice for Japanese outbound travellers. Effective marketing campaigns by the Thai and Vietnamese governments and competitively priced product offerings

Exhibit 4.1 - Destinations Visited on Most Recent Long-Haul Pleasure Trip
1995–2005



*includes Hawaii & Guam
**includes Switzerland, France, Spain, Italy, and Other Europe countries
Subsample: 2005 Study (n=1166), 2000 Study (n=715), 1995 Study (n=997)

have resulted in the growth in Japanese arrivals since 2000.

A decreased number of Japanese holiday travellers cite Canada as the place they have most recently visited for a holiday trip (3%), compared with 2000 (7%) and 1995 (5%). Various factors mentioned in Chapter 1 have constrained travel to Canada since 2000.

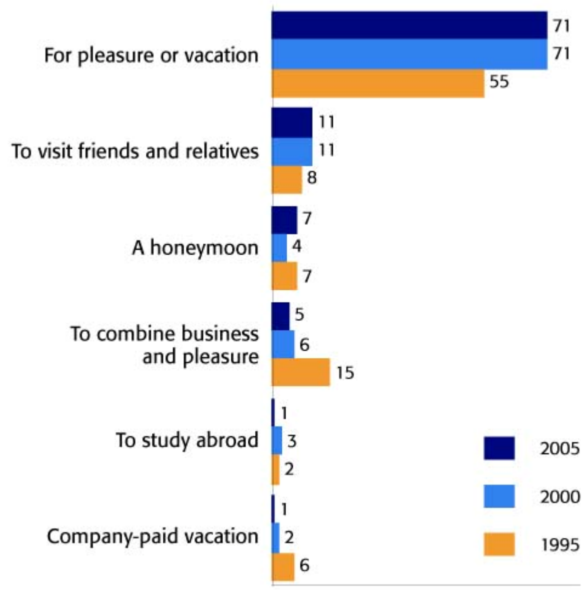
Main Trip Purpose

Japanese long-haul travellers overwhelmingly travel on vacation for pleasure travel reasons (see Exhibit 4.2). This is consistent with 2000 numbers.

The number of pleasure trips combined with business, however, has declined notably. This is not surprising considering the sustained challenges in the Japanese economy since the mid 1990's, resulting in decreased business travel and company-sponsored vacations (incentive trips). The role of companies in pleasure travel overall has clearly diminished.

A comparison of similar data from Tourism Australia and the Hawaii Visitors and Convention Bureau suggests the decrease in business travel from Japan is a global trend. Both of these competing destinations have experienced dramatic and sustained contractions of this high-yield segment since 2000.

Exhibit 4.2 - Main Purpose of Most Recent Trip Taken by Japanese Long-Haul Pleasure Travellers
1995–2005



Subsample: 2005 Study (*n*=832), 2000 Study (*n*=639), 1995 Study (*n*=1,001)

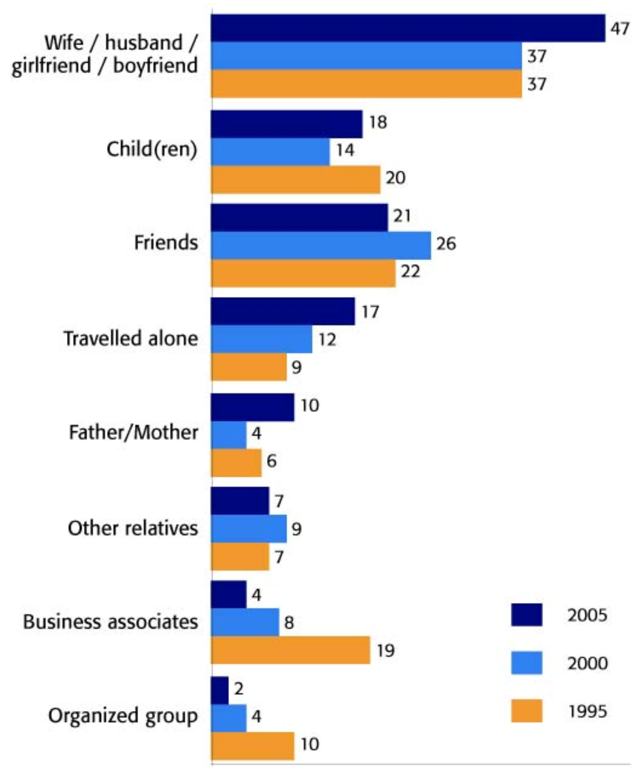
Party Composition

Japanese long-haul travellers are travelling more with spouses and significant others versus friends and business associates (see Exhibit 4.3). Although less so, travel with children has increased. This dove-tails with the findings of increased growth in tourism by younger segments of the market to Asian destinations.

Additionally, the number of Japanese travelling alone versus in groups has increased consistently since 1995. This suggests the growing importance of the fully-independent traveller (FIT) segment. As data later in the report revels, the relatively high use of packaged vacation travel has remained consistent, yet the number of Japanese reporting 'group' travel has decreased.

Overall, the makeup of the Japanese travel party has become narrower and more concentrated, made up of very close relations. Marketing and package design could be optimized to these characteristics.

Exhibit 4.3 - Person(s) Travelled with on Most Recent Long-Haul Pleasure Trip
1995–2005

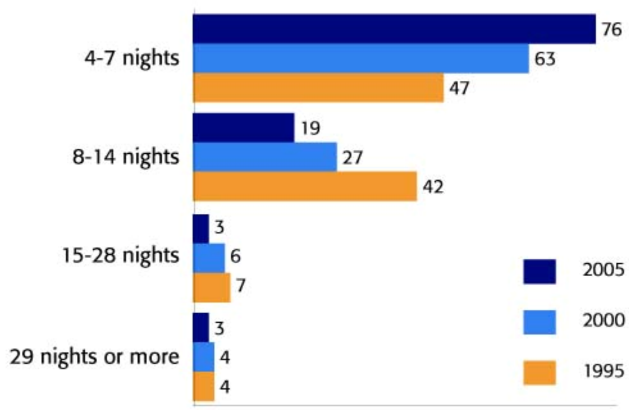


Subsample: 2005 Study (n=832), 2000 Study (n=641), 1995 Study (n=1,001)

Length of Stay

Since 1995 there has been a very large trend towards shorter long-haul pleasure trips of 4-7 nights, and away from two-week trips (see Exhibit 4.4). In 2005, 76 percent of recent travellers travelled for 4-7 nights on their most recent long-haul trip outside of Japan. Some of this may be a function of the reduced number of outbound business trips and a corresponding decrease in opportunities to extend business trips by adding vacation time in the destination country. As such, it may be important to communicate to Japanese travellers that Canada is a suitable destination for one-week trips, and provide packages that fit that timeframe. Lack of time to travel due to employment and family responsibilities is likely at play here. Asian destinations are exploiting this trend and offering short package vacations for the Japanese market.

Exhibit 4.4 - Number of Nights Away from Home On Most Recent Long-Haul Pleasure Trip
1995–2005



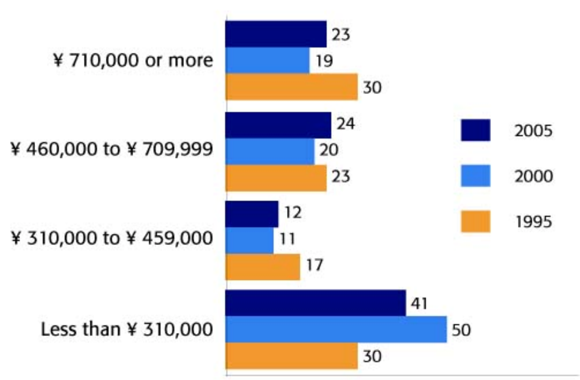
Subsample: 2005 Study (*n*=832), 2000 Study (*n*=638), 1995 Study (*n*=984)

Trip Expenditures

The shift towards shorter vacations suggests that overall Japanese spending on individual long-haul travel should also be decreasing; the analysis proves this hypothesis. Japanese are taking shorter trips and spending less per person per trip (see Exhibit 4.5a and 4.5b).

Total spending per party has slightly increased since 2000 (¥ 678,800 in 2005), however, various factors could account for the overall increase in party spend, but decrease at the person level. Respondents' interpretation of party size could have changed since 2000 where more business and group travel was recorded. The overall spend per trip, however, was only applied to a small group or individual. As an example, a respondent could have travelled with a group of 40 but stated that the total party budget was only

Exhibit 4.5a - Approximate Total Trip Expenditures (Per Party) on Most Recent Long-Haul Pleasure Trip
1995–2005



Subsample: 2005 Study (*n*=830), 2000 Study (*n*=590), 1995 Study (*n*=903)

travelling with spouses and immediate family, suggesting the travel budget is applied over more individuals.

Regardless, Japanese are spending less in 2005 per person and per day. Given that these figures include air transportation, the overall spend in market would be typically lower.

Exhibit 4.5b - Average Per Party, Per Person, and Per Person Per Day Expenditures on Most Recent Long-Haul Pleasure Trip
1995–2005

	2005	2000	1995
Per party	¥ 678,800	¥ 488,600	¥ 633,300
Per person	¥ 248,000	¥ 311,300	¥ 406,200
Per person per day	¥ 36,100	¥ 43,600	¥ 47,100

Source: Q3, Q8a, Q8b

Travel to Canada

Destinations Visited

The Vancouver region and Niagara Falls continue to be ranked as top travel destinations for Japanese travelling to Canada, although many locations appear to have experienced a decline in visits (see Exhibit 4.6). Central Canadian destinations such as Ottawa, Montreal, Quebec City and Muskoka/Algonquin Park, however, have gained in importance as destinations visited. These findings suggest that Japanese travellers may be exploring new Canadian destinations.

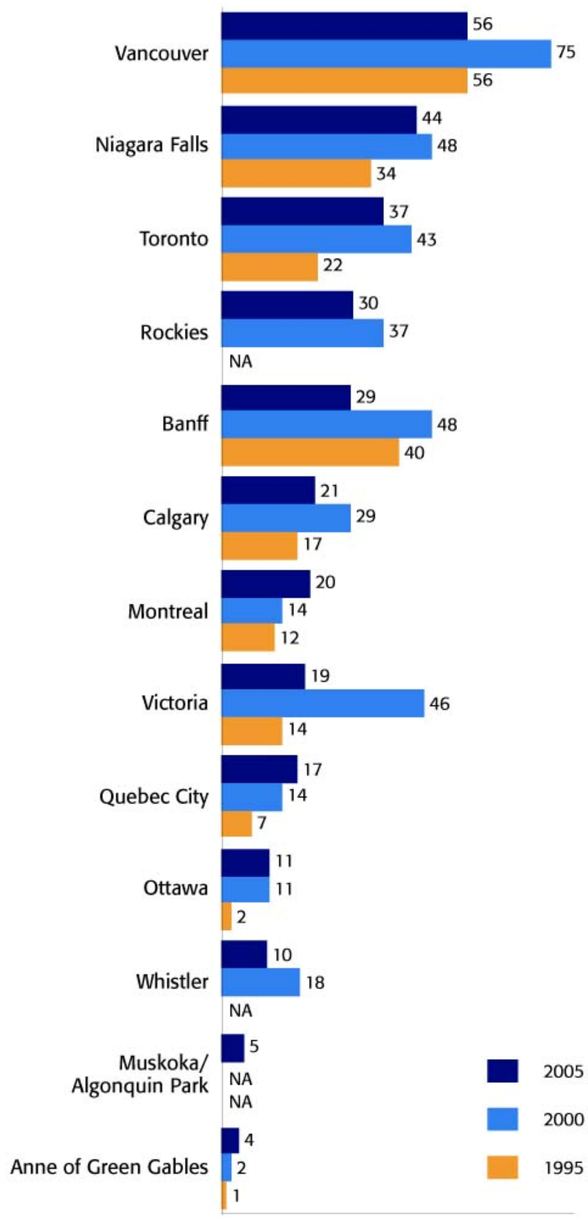
Popular destinations such as Vancouver, Victoria and Banff have seen significant declines in Japanese visitors.

Overall, however, it appears that Japanese travellers are visiting fewer Canadian destinations on their trips. This is consistent with the fact that the Japanese are taking trips of shorter durations. This potentially poses a longer-term strategic challenge for Canada, as competing destinations such as Australia and Hawaii are currently facing this problem of decreased ***'dispersal'*** within their destinations. Simply stated, Japanese are travelling to major urban centres such as Sydney and Honolulu at the expense of regional dispersal travel to surrounding regional destinations. According to research conducted for Tourism Australia, travellers to single country destinations, also known as 'mono' travellers typically spend less, resulting in a decrease in overall yield.

Tourism Australia now calculates mono travellers as 20% of all Japanese travellers, up from 10% in 2000. A major contributing factor to this change in travel pattern has

Exhibit 4.6 - Destinations in Canada for Japanese Pleasure Travel

1995–2005



Subsample: 2005 Study (*n*=334), 2000 Study (*n*=209), 1995 Study (*n*=353)

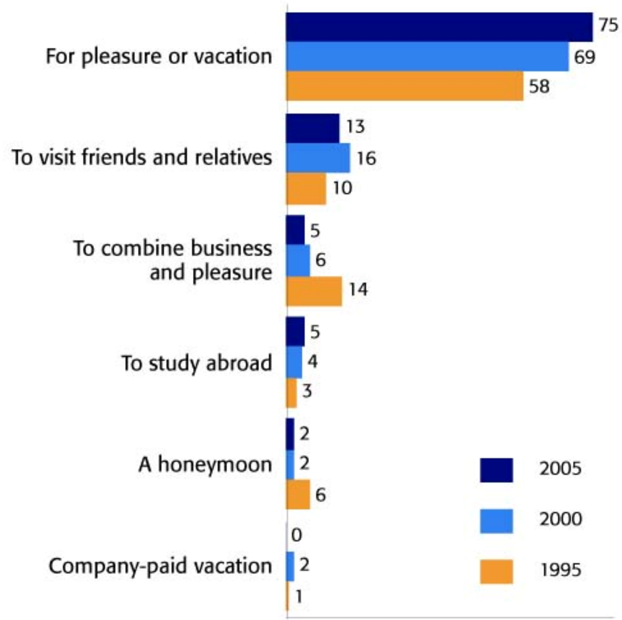
been a fragmented and regionally focused marketing push in Japan. Canada should be cautious of this and continue to promote the Canada Brand and available tourism products on a macro scale.

Main Trip Purpose

Japanese travellers to Canada overwhelmingly travel to Canada for pleasure travel purposes (see Exhibit 4.7). In fact, the number of Japanese travelling to Canada mainly for pleasure vacations has increased to 75 percent in 2005 from 58 percent in 1995, and from 69 percent in 2000. The increase is a direct result of fewer Japanese travellers coming to Canada for business purposes. Competing destinations have experienced a similar dynamic, in fact recent research by Tourism Australia confirms that 83 percent of Japanese visitors to Australia in 2005 came for pleasure travel reasons. This suggests a global trend of decreased business travel.

Exhibit 4.7 - Main Purpose of Most Recent Trip Taken by Japanese Long-Haul Pleasure Travellers To Canada

1995–2005



Subsample: 2005 Study (*n*=334), 2000 Study (*n*=207), 1995 Study (*n*=300)

There has been a marginal increase in the number of Japanese coming to Canada for educational purposes, such as language instruction and post-secondary educational exchanges (5% in 2005 compared to 4% in 2000). Although a small segment of the overall market, as in other competing destinations such as Australia, this segment represents a growth potential. Between 2000 and 2005, Australia recorded double-digit growth in educational tours. In comparison to business travel, it appears this segment has been more resilient to the shocks posed by SARS and the downturn in the economy.

Party Composition

Consistent with long-haul pleasure travel to destinations other than Canada, Japanese travellers to Canada are increasingly travelling with their spouse/significant other at the expense of travelling with friends and children (see Exhibit 4.8).

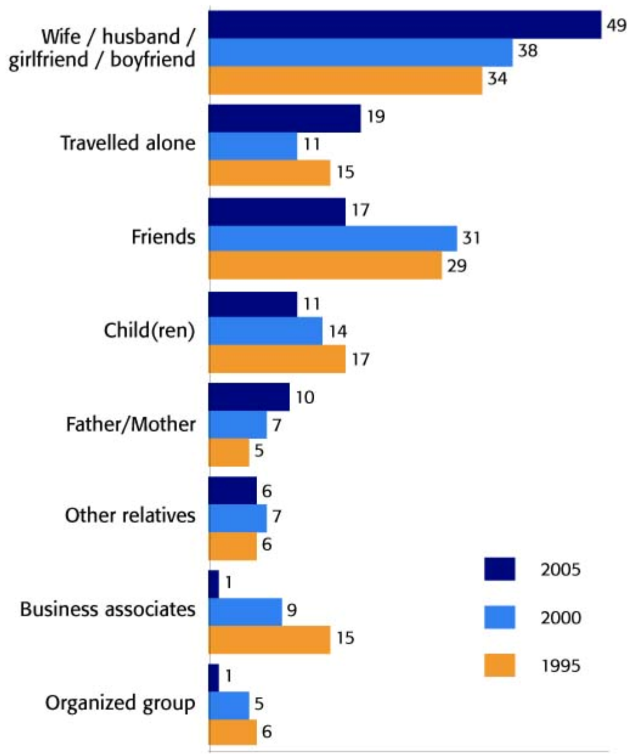
Additionally, a growing number of Japanese travellers to Canada are choosing to travel alone as opposed to travelling within a group or with business associates.

Concerns about the safety and security of family members, a decline in package group travel, adjustments in supply resulting from the economic downturn and the increase in independent booking and travel, especially through the Internet, may all be behind these shifts.

This trend is not unique to Canada as recent consumer research conducted for Tourism Australia, the Hawaii Visitors and Convention Bureau and Tourism New Zealand highlight the growth in couples and independent travel.

Exhibit 4.8 - Person(s) Travelled with on Most Recent Pleasure Trip to Canada

1995–2005



Subsample: 2005 Study (n=334), 2000 Study (n=209), 1995 Study (n=299)

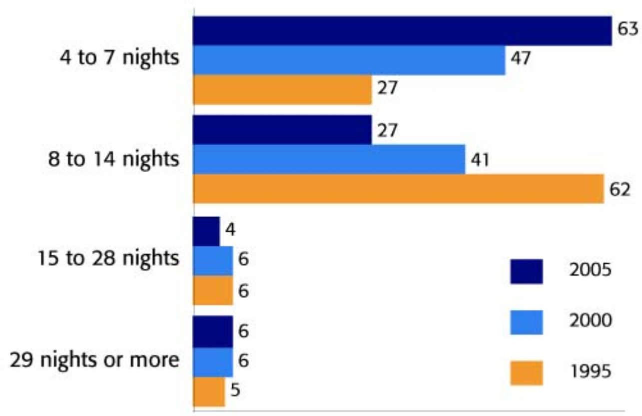
Length of Stay

Like their trips to other countries, Japanese trips to Canada in 2005 are shorter than they were in 2000 and 1995 (see Exhibit 4.9). A majority of Japanese visits to Canada are of four to seven nights in duration. The percentage of travellers to Canada spending eight to 14 nights in Canada has more than halved since 1995. Some of the shortening is likely attributable to the decrease in opportunities to augment a business trip with a vacation as business travel has declined.

However, Japanese tourists tend to spend more time in Canada than they do in other countries they visit. This is likely a function of distance from Japan, and the longer in-country travel distances in Canada compared with other destinations. As a comparison, the average length of stay for Japanese travellers to Hawaii recorded in 2005 was 5-6 nights.

Exhibit 4.9 - Number of Nights Away from Home On Most Recent Pleasure Trip to Canada

1995–2005



Subsample: 2005 Study (*n*=334), 2000 Study (*n*=207), 1995 Study (*n*=296)

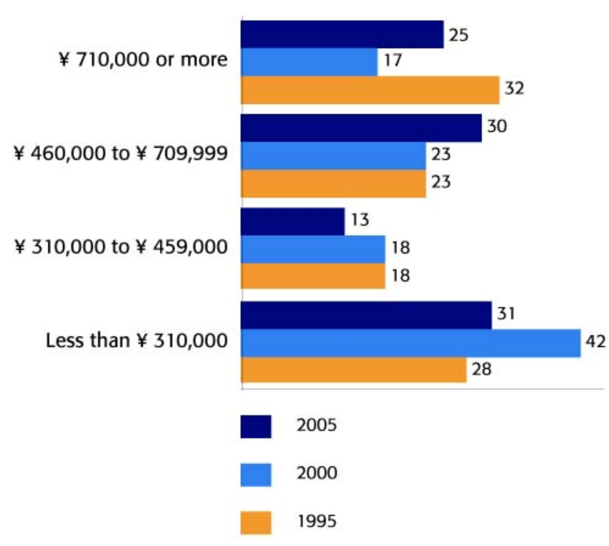
Travel Expenditures

Per person trip expenditures have decreased significantly from 2000 levels. While this finding is not unique to travel to Canada, it is slightly more pronounced given the appreciation of the Canadian dollar relative to the Yen and the subsequent loss in Japanese spending power.

From 2000-2005, the Canadian dollar appreciated 20 percent against the Yen. Although overall per party spending increased 43 percent from 2000 to 2005, when exchange rates are factored in the overall increase is substantially lower at 15 percent. The average per party expenditure recorded in 2000 was ¥513,900 or $7,082 (average annual Canadian dollar to Japanese Yen exchange rate for 2000). In 2005 the average per party expenditure recorded was ¥736,500 or $8,127 (average annual Canadian dollar to Japanese Yen exchange rate for 2005).

Exhibit 4.10a - Approximate Total Trip Expenditures (Per Party) on Most Recent Pleasure Trip to Canada

1995–2005



Subsample: 2005 Study (*n*=334), 2000 Study (*n*=187), 1995 Study (*n*=274)

Exhibit 4.10b - Average Per Party, Per Person, and Per Person Per Day Expenditures on Most Recent Long-Haul Pleasure Trip to Canada
1995–2005

	2005	2000	1995
Per party	¥ 736,500	¥ 513,900	¥ 696,000
Per person	¥ 325,900	¥ 329,900	¥ 476,200
Per person per day	¥ 41,400	¥ 39,900	¥ 48,100

When average per person and average per person per day expenditures are calculated, the story is much less positive. Although the average expenditures have been relatively stable, given the depreciation in the Yen, Japanese spending has actually decreased. Per person expenditures have gone from ¥329,900 or $4,546 (average annual Canadian dollar to Japanese Yen exchange rate for 2000) in 2000, to ¥325,900 or $3,596 (average annual Canadian dollar to Japanese Yen exchange rate for 2005) in 2005; a 21 percent decrease in dollar terms.

Per person per day expenditures have gone from ¥39,900 or $550 in 2000 to ¥41,400 or $457 in 2005.

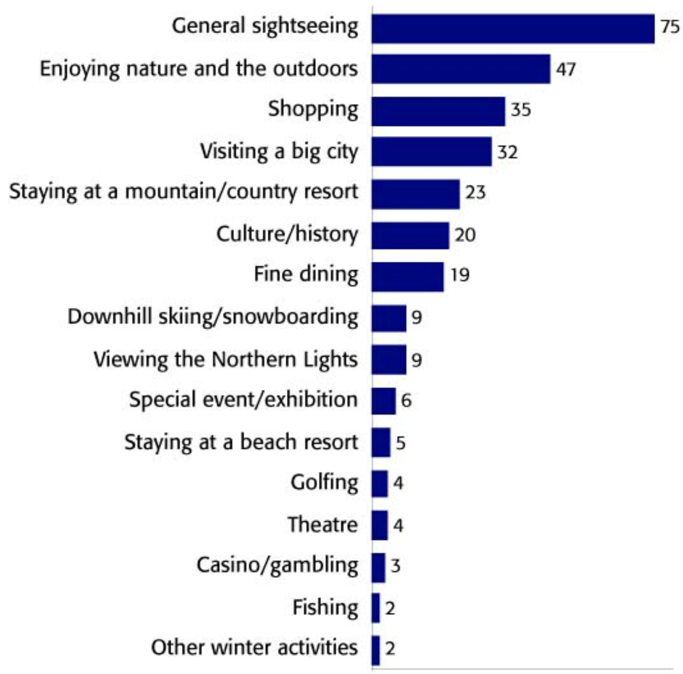
By no means is Canada alone in this situation. The Australian dollar relative to the Yen has appreciated 45 percent during this same period; a contributing factor in the 24 percent decrease in per person spending ($3,865 AUD in 2000 to $2,927 AUD in 2005) by Japanese travellers to Australia.

Vacation Activities

Despite Canada's image as a destination for outdoor activities and nature, large percentages of Japanese are engaging in typically urban activities while in Canada (see Exhibit 4.11). Shopping, fine dining, and taking in culture or historical sites are each activities that two in ten or more Japanese travellers report having done while in the country. Other analysis by GlobeScan has shown that Canada's performance on urban attributes is important for overall satisfaction and repeat travel.

Golfing, fishing and winter activities are not considered top activities of choice by Japanese travellers to Canada.

Exhibit 4.11 - Activities Done While on a Pleasure Trip to Canada
2005



Subsample: Respondents who had travelled to Canada (*n*=334)

Travel to Canadian Regions

To undertake the analysis of the three specific Canadian regions, namely Ontario, Alberta and British Columbia, GlobeScan segmented the data based on Japanese consumers' stated destination on their most recent pleasure trip to Canada. The destinations were grouped according to province:

Ontario
- Toronto
- Ottawa
- Niagara Falls
- Muskoka/Algonquin Park

Alberta
- Calgary
- Banff
- Rockies

British Columbia
- Vancouver
- Victoria
- Whistler

Multiple mentions within single provinces (i.e. individual consumers mentioning Victoria and Vancouver) were counted as one visit. No comparable data exists from the 2000 or 1995 Japan consumer research studies with which to make comparisons. Additionally, data is only reported where distinct differences exist between the Canada and regional levels.

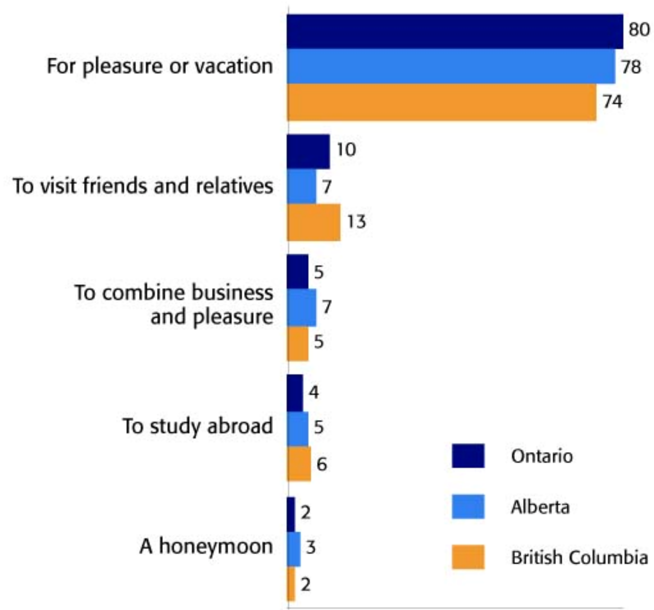
Main Trip Purpose

As with travel to Canada in general, Japanese travellers to specific Canadian provinces travelled for pleasure or vacation purposes (see Exhibit 4.12).

British Columbia displays the highest proportion of Japanese visiting friends and relatives (VFR), which is not surprising considering the increased number of cultural and social links between Japan and the West Coast of Canada compared to other provinces. British Columbia also has a slightly higher proportion of visitors travelling for educational purposes.

Exhibit 4.12 - Main Purpose of Most Recent Trip Taken by Japanese Long-Haul Pleasure Travellers To Canada

By Canadian Regions, 2005



Subsample: Respondents who had travelled to Canada; Ontario (n=169), British Columbia (n=204), Alberta (n=129)

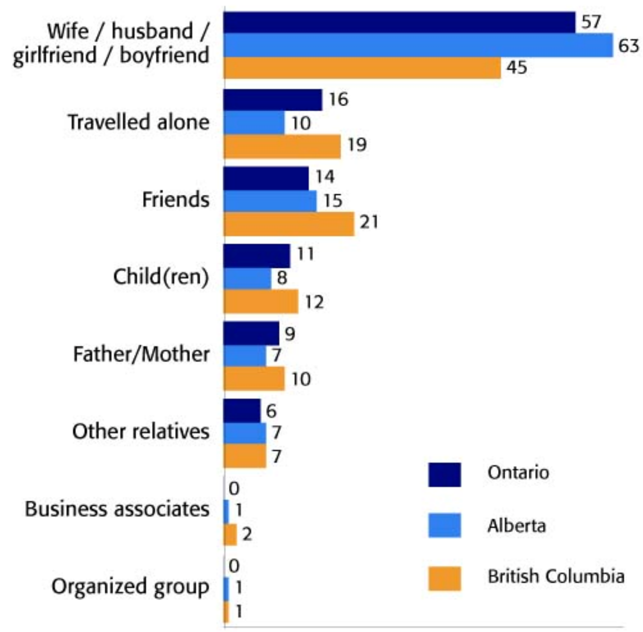
Party Composition

One in three travellers to Ontario and Alberta mention their spouse/significant other as the person who decided on the destination (see Exhibit 4.13). The greater distance in travel to Ontario and associated increase in travel budget could suggest that those travelling there consult on their travel plans with their spouses/significant others in more detail, as opposed to making individual decisions. Also, travel to Ontario and Alberta is more common with partners and spouses than it is to BC. Travellers to BC are more likely than others to have travelled alone or with friends.

Consistent with general travel to Canada, the number of respondents travelling with business associates or with an organized group is extremely small.

Exhibit 4.13 - Person(s) Travelled with on Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



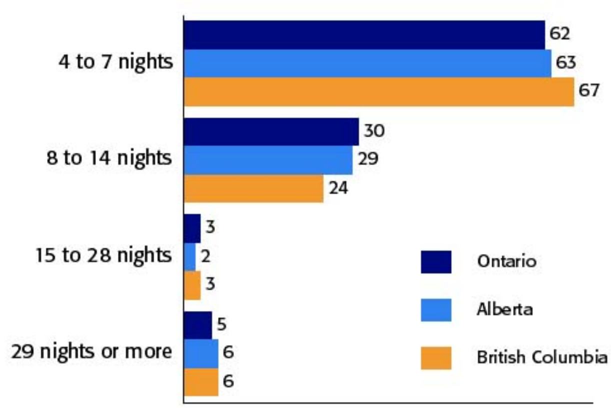
Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Length of Stay

Japanese travellers to Ontario and Alberta are more likely than travellers to British Columbia to stay for a trip of 8-14 nights (see Exhibit 4.14). Trips to British Columbia are generally shorter with two-thirds of travellers taking a trip of 4-7 nights. Although relatively small, there is a segment of the market that travels for a month or longer, which could correspond with VFR and educational travel.

Exhibit 4.14 - Number of Nights Away From Home on Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

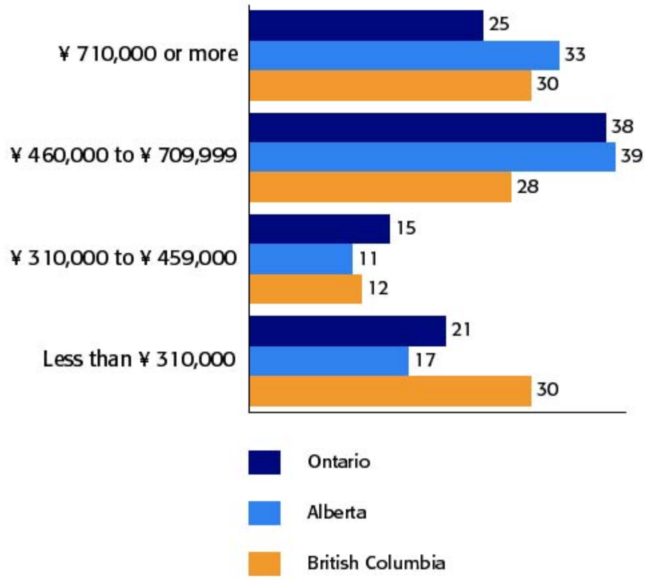
Travel Expenditures

Consistent with their shorter trips, one third of Japanese travellers to British Columbia spend less than ¥310,000, while travellers to other provinces tend to spend more (see Exhibit 4.15a). One third of travellers to Alberta spend more than ¥710,000.

When average spending figures are compared the data reveals an interesting story (see Exhibit 4.15b). Travellers to Alberta have the highest per party expenditures at ¥999,000 or $11,024 (average annual Canadian dollar to Japanese Yen exchange rate for 2005). Travellers to Ontario, however, have the highest per person (¥354,800 or $3,915) expenditures, almost $300 higher than the Canadian average. Geography could be a major contributing factor in the increased spending by visitors to Ontario as increased travel costs are a reality.

Exhibit 4.15a - Approximate Total Trip Expenditures (Per Party) on Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Exhibit 4.15b - Average Per Party, Per Person, and Per Person Per Day Expenditures on Most Recent Long-Haul Pleasure Trip to Canada

By Canadian Regions, 2005

	Ontario	Alberta	British Columbia
Per party	¥ 688,400	¥ 999,000	¥ 821,800
Per person	¥ 354,800	¥ 350,100	¥ 331,300
Per person per day	¥ 45,200	¥ 45,900	¥ 44,800

Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Vacation Activities

In terms of activities undertaken while on vacation, Japanese travellers to Ontario are more likely to participate in urban activities such as general sightseeing, visiting cities (Toronto, Ottawa), shopping, attending the theatre or participating in cultural and historical activities (see Exhibit 4.16). Travellers to Alberta are more likely to undertake outdoor activities such as enjoying nature, staying at a mountain/country resort, golfing, fishing and winter activities. Travellers to British Columbia are more likely than others to engage in both urban and outdoor activities such as downhill skiing or snowboarding, enjoying nature, shopping and fine dinning.

Exhibit 4.16 - Activities Done While on a Pleasure Trip to Canada
By Canadian Region, 2005

	Ontario	Alberta	British Columbia
General sightseeing	88	82	76
Enjoying nature/outdoors	47	63	51
Visiting a big city	42	37	33
Shopping	38	33	37
Staying at a mountain/ country resort	29	41	26
Culture/history activities	24	17	18
Fine dinning	24	20	20
Special event/exhibition	7	4	6
Staying at a beach resort	7	5	5
Golfing	6	8	6
Viewing Northern Lights	6	8	7
Casino/gambling	5	4	4
Downhill skiing / snow boarding	4	8	12
Theatre/concerts	4	2	4
Other winter activities	3	4	2
Fishing	2	5	3

Subsample: Respondents who had travelled to Canada;
Ontario (n=169), British Columbia (n=204), Alberta (n=129)

Chapter 5: Travel Planning

Key Highlights

- The Internet is gaining in importance as an information source and booking tool predominantly due to the growth in the FIT and unstructured travel markets. There is an important opportunity for the Canadian Tourism Commission and its regional destination partners to coordinate information delivery on the Internet to ensure effective brand presence.
- The move to less structured travel programs will require not only an assessment of the current range of product offerings, but also whether existing distribution channels are still relevant. Some traditional industry players, namely travel agents, still dominate the travel process and their overall importance for Canada is noted.

Travel to All Destinations Excluding Canada

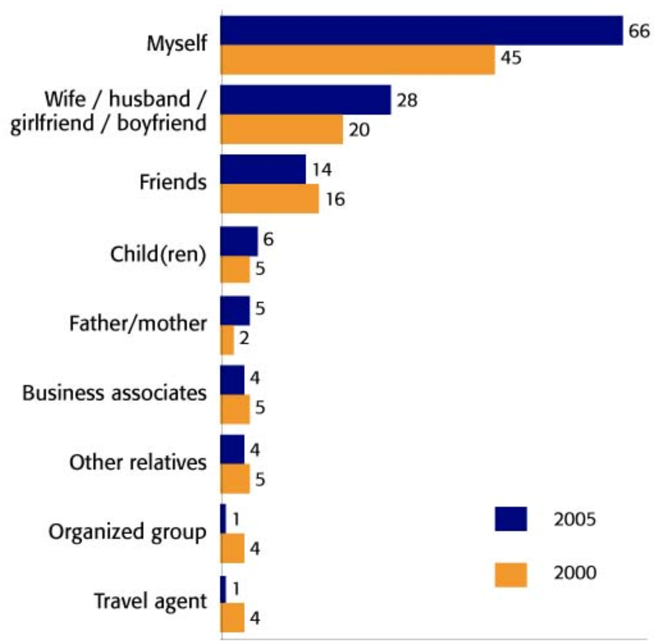
Key Decision Maker

The survey sample clearly contains a high percentage of primary decision makers. When asked who decided on the destination for their most recent long-haul pleasure trip, two-thirds of respondents mention themselves, up sharply from 2000 (see Exhibit 5.1). With increased access to travel information via the Internet and the resulting increase in decision autonomy, word-of-mouth and influence from others is becoming less important, necessitating precisely targeted marketing and a good Internet presence.

The influence of spouses and partners has also increased. This could reflect the observed narrowing of the travel party makeup to members of the immediate family.

Exhibit 5.1 - Person(s) Who Decided on Destination For Most Recent Long-Haul Pleasure Trip

2000 vs 2005



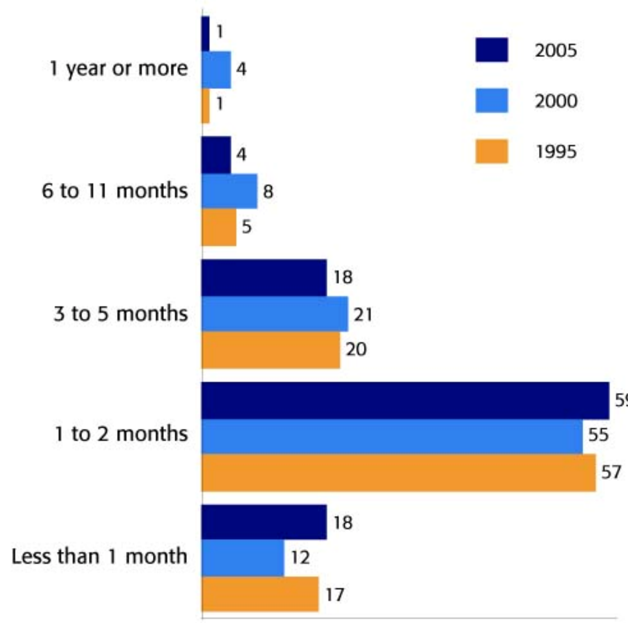
Subsample: 2005 Study (n=832), 2000 Study (n=641)

Booking Horizons

While a large majority of Japanese travellers continue to book their long-haul pleasure trips one to two months in advance, there has been a slight shortening of the travel horizon (see Exhibit 5.2). This may be indicative of a decline in confidence in future capacity to travel as family, employment, cost and other constraints contribute to uncertainty. More importantly, however, the shift likely reflects structural changes enabling more flexible booking and travel, the use of the Internet, and the growing independence of the Japanese market.

Exhibit 5.2 - Amount of Time before Departure When Most Recent Long-Haul Pleasure Trip Was Booked

1995–2005



Subsample: 2005 Study (*n*=832), 2000 Study (*n*=606), 1995 Study (*n*=975)

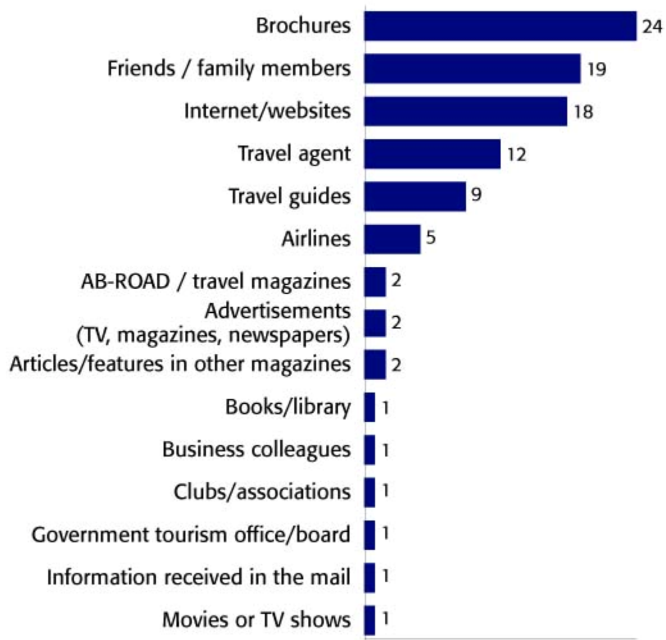
Information Sources Used

The percentage of Japanese travellers who consider the Internet as among the most important sources of information for trip planning as has grown nine-fold since 2000 to 45 percent (see Exhibits 5.3 and 5.4). A GlobeScan syndicated survey conducted nationwide in Japan in late 2000 found that only one-third of the Japanese adult public had used email or accessed the Internet in the previous six months. It should be recalled, however, that the current study was conducted exclusively with Internet users, so these numbers are inflated. The telephone screener portion of this study found that 55 percent of Japanese surveyed have access to the Internet at home or at work. More had likely used the Internet in libraries or cafes in the past six months. It would be safe to assume, then, that at least one-quarter of Japanese long-haul travellers would deem the Internet to be one of their most important sources of trip planning information.

Consistent with previous years, brochures and family/friends are the primary sources of information used to plan trips. According to a 2000 JTB report, the travel agent brochure has remained one of the largest single sources of destination information for consumers and the positioning of their tour brochures at over 10,000 consumer points makes them a marketing 'must'.

Exhibit 5.3 - Most Important Sources Of Information Used in Planning Trip

Most Important, First Mention Only, 2005

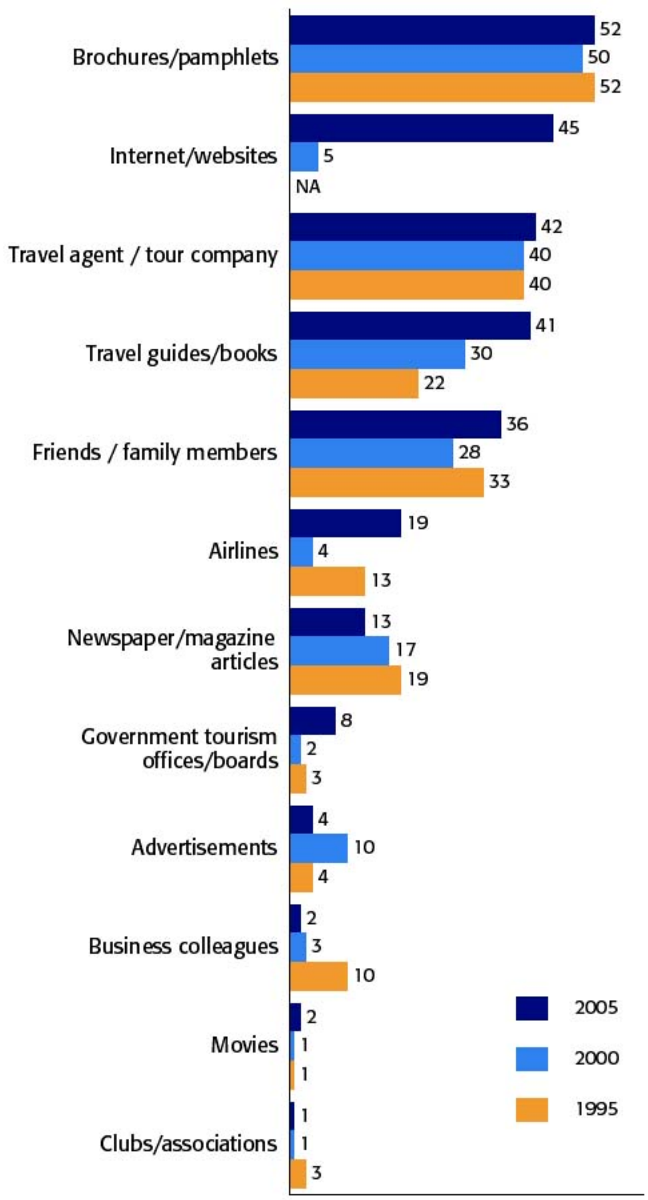


Subsample: Respondents who had not travelled to Canada (*n*=832)

An additional sign of the growing independence of Japanese travellers is that the percentage who say that books and travel guides are important resources for trip planning has nearly doubled. Travellers are also increasingly getting travel information from airlines.

Exhibit 5.4 - Sources of Information Used For Planning Most Recent Long-Haul Pleasure Trip

Combined Mentions, 1995–2005

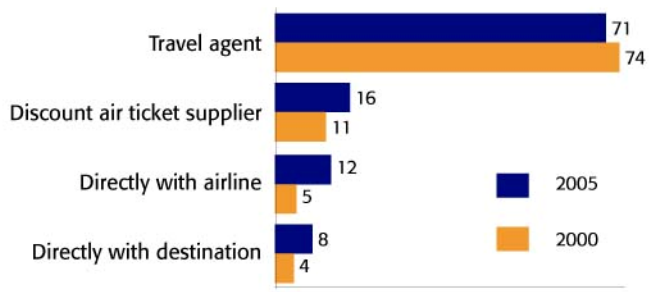


Subsample: 2005 Study (*n*=832), 2000 Study (*n*=608), 1995 Study (*n*=1,000)

Where Trip Was Booked

Japanese consumers generally book their long-haul pleasure trips through travel agents, despite the fact that travel agents are not the top source of information for trip planning (see Exhibit 5.5).

Exhibit 5.5 - Where Most Recent Long-Haul Pleasure Trip Was Booked
2000 vs 2005

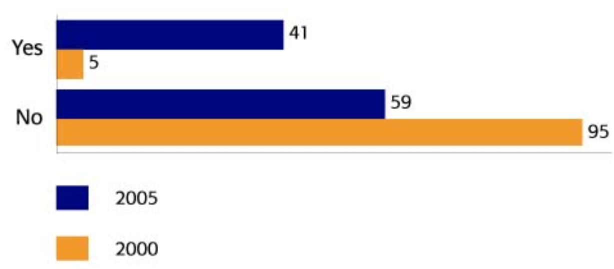


Subsample: 2005 Study (n=832), 2000 Study (n=617)

Not surprisingly, given the decrease in airline ticket commissions to travel agents, the prevalence of discount tickets offered directly by airlines, and more widespread Internet access, more Japanese are now booking their long-haul pleasure trips through airlines.

The number of Japanese using the Internet to book trips has increased dramatically since 2000 (see Exhibit 5.6). Given the online methodology used for this study, however, these results should be interpreted with caution.

Exhibit 5.6 - Use of the Internet for Booking a Part of Most Recent Long-Haul Pleasure Trip
2000 vs 2005



Subsample: 2005 Study (n=832), 2000 Study (n=595)

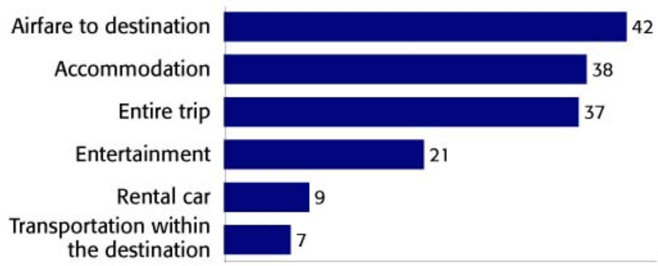
These findings suggest that Canadian tourism industry has a good opportunity to access the Japanese market directly, and should ensure an effective Japanese Internet presence.

Trip components most commonly purchased on the Internet include airfare, accommodation, or entire trip packages (see Exhibit 5.7). Ranked fourth is entertainment, suggesting that a significant proportion of Japanese have made up their mind in detail on what they want to do in Canada before they leave home. These results directly compare to findings in Tourism Australia's recent market report, suggesting the growth in Internet travel usage is dominated by the independent travel market and long-haul travellers searching for air ticket deals.

It should be noted that whilst the market is moving to a less structured environment, the travel agent remains an absolutely essential component, especially in terms of booking all types of travel.

Exhibit 5.7 - Trip Components Booked through The Internet for Most Recent Long-Haul Pleasure Trip

2005



Subsample: Respondents who had booked any part of their trip through the Internet (n=332)

Travel to Canada

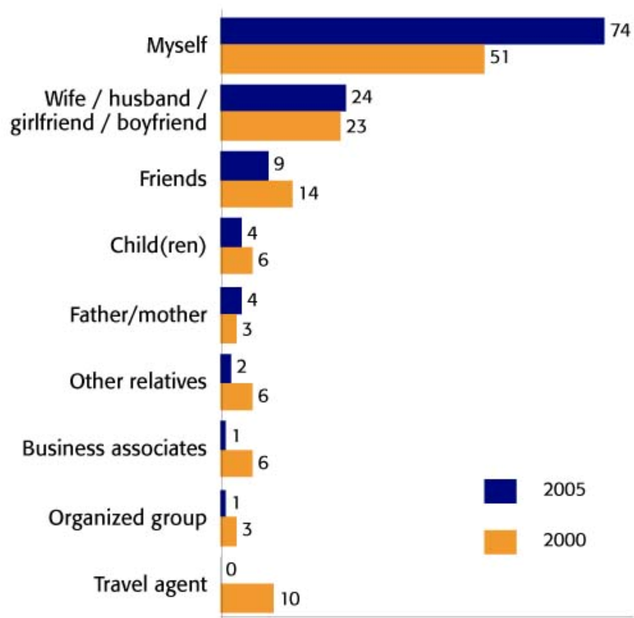
Key Decision Maker

When asked who decided on Canada as the destination for their most recent long-haul pleasure trip, three-quarters of respondents mention themselves as the primary decision maker (see Exhibit 5.9). Compared with travellers to other countries, travellers to Canada are somewhat more likely to have made the decision to go there themselves.

Given the growing importance of the Internet and the availability of 'self-searching' capabilities for travel ideas and products, it is not surprising that individuals are increasingly deciding on the choice of destination autonomously.

Exhibit 5.9 - Person(s) Who Decided on Destination For Most Recent Pleasure Trip to Canada

2000 vs 2005



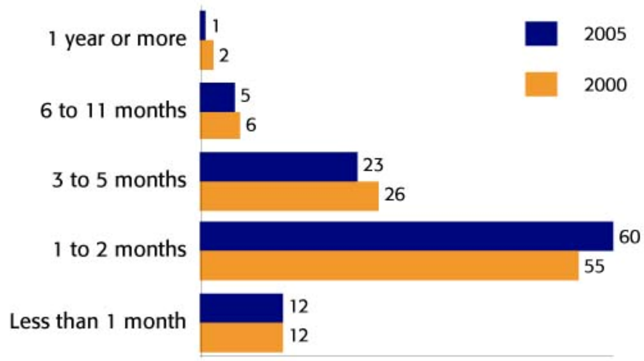
Subsample: 2005 Study (n=334), 2000 Study (n=209)

Booking Horizons

Japanese travellers tend most to book their travel to Canada 1-2 months in advance (see Exhibit 5.10). There is a small shift toward shorter travel horizons. This reflects observations for travel to other countries, but is somewhat less pronounced for Canada.

Exhibit 5.10 - Amount of Time before Departure When Most Recent Pleasure Trip to Canada Was Booked

2000 vs 2005



Subsample: 2005 Study (n=334), 2000 Study (n=202)

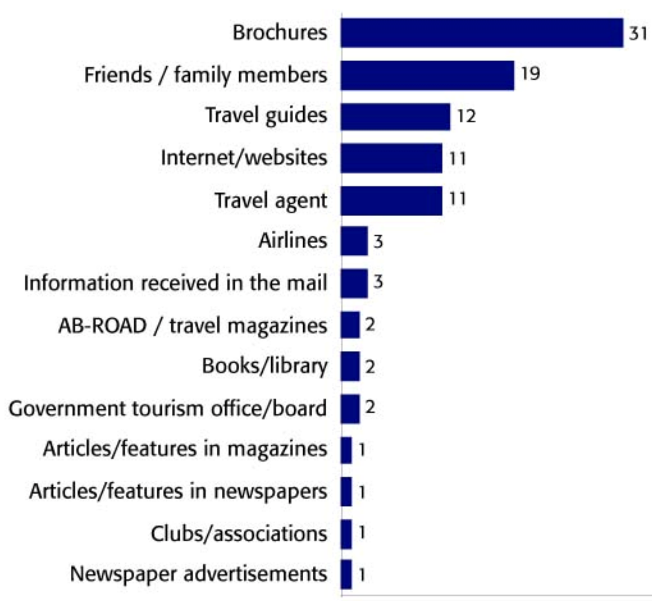
Information Sources Used

Brochures and family/friends are the main sources of information used in planning pleasure trips to Canada (see Exhibit 5.11). There is very little difference in the use of information sources for travel to Canada versus other destinations.

Since 2000, the Internet has increased in importance as a source of trip planning information with 40 percent of Japanese now saying it is among the most important sources of information for travel planning (see Exhibit 5.12). Again, however, the reader is reminded that, unlike in previous studies, this survey was conducted via the Internet, so the sample naturally contains people inclined to use the Internet as an information source for such things as travel. There are no distinctions in information sources used to plan Canadian regional travel.

Exhibit 5.11 - Most Important Sources Of Information Used in Planning Trip to Canada

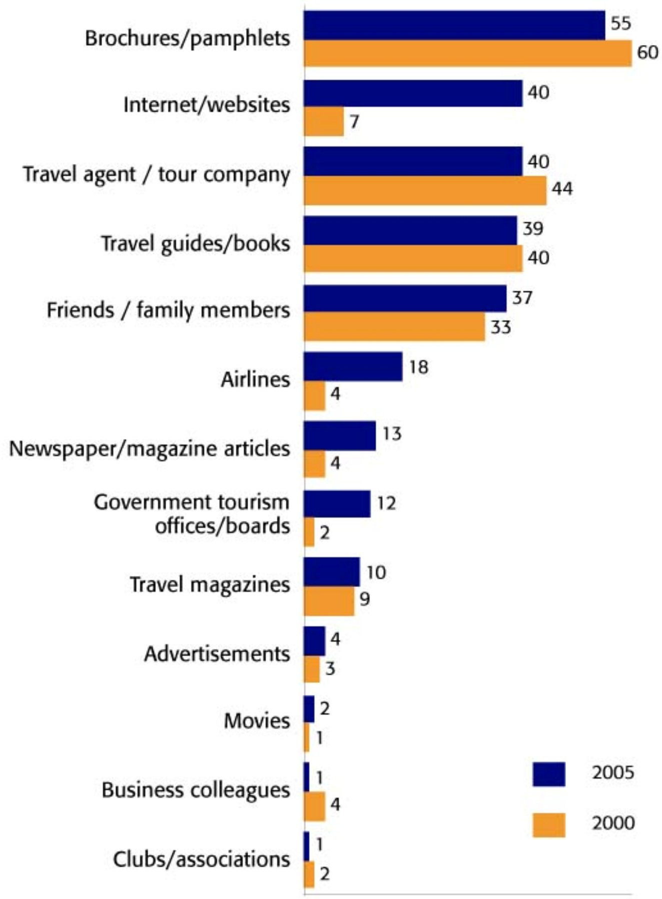
Most Important, First Mention Only, 2005



Subsample: Respondents who had travelled to Canada (n=334)

Exhibit 5.12 - Sources of Information Used For Planning Most Recent Pleasure Trip to Canada

Combined Mentions, 2000 vs 2005

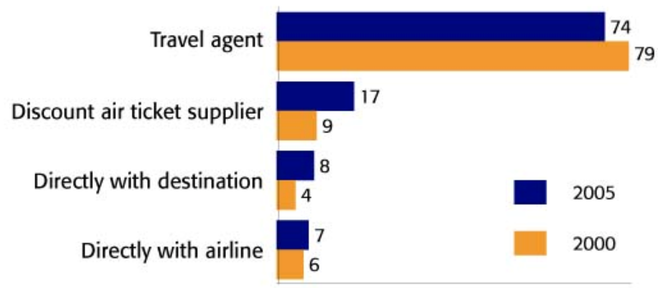


Subsample: 2005 Study (*n*=334), 2000 Study (*n*=203)

Where Trip Was Booked

As is the case for long-haul pleasure trips to destinations other than Canada, three-quarters of Japanese book their trips to Canada through travel agents (see Exhibit 5.13). Notably, the percentage of travellers who book trips via discount suppliers of air travel has doubled since 2000, likely reflecting an increased availability of discount suppliers, and an overall tendency toward independent research, decision making and travel.

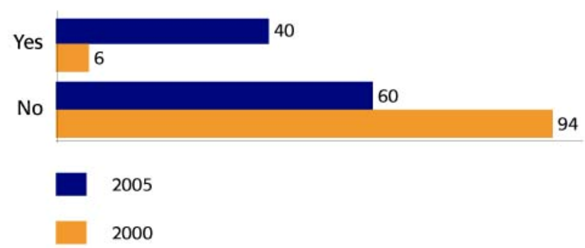
Exhibit 5.13 - Where Most Recent Pleasure Trip To Canada Was Booked
2000 vs 2005



Subsample: 2005 Study (n=334), 2000 Study (n=198)

This is also reflected by the apparently large increase in percentages who book travel through the Internet (see Exhibit 5.14). The increase is likely exaggerated, however, due to the use of the Internet to conduct the survey.

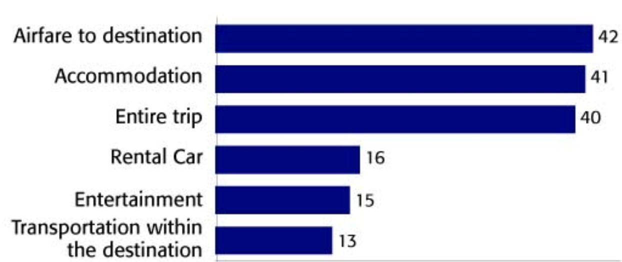
Exhibit 5.14 - Use of the Internet for Booking A Part of Most Recent Pleasure Trip to Canada
2000 vs 2005



Subsample: 2005 Study (n=832), 2000 Study (n=595)

Compared with travellers to other countries, relatively few Japanese book entertainment over the Internet, suggesting a possible opportunity for Canadian suppliers to connect directly with travellers.

Exhibit 5.15 - Trip Components Booked through The Internet for Most Recent Pleasure Trip to Canada
2005



Subsample: Respondents who had booked any part of their trip through the Internet (n=139)

Travel to Canadian Regions

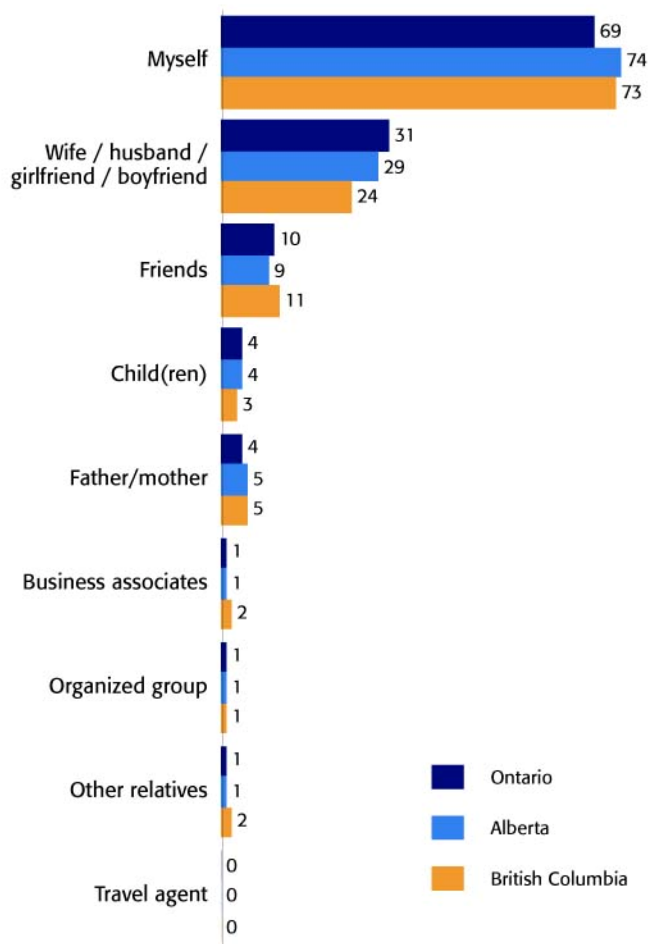
Key Decision Maker

An overwhelming majority of Japanese travellers to the three study regions describe themselves as the primary decision maker regarding the destination of travel (see Exhibit 5.17).

One in three travellers to Ontario and Alberta mention their spouse/significant other as the person who decided on the destination. The greater distance in travel to Ontario and associated increase in travel budget could suggest that those travelling there consult on their travel plans with their spouses/significant others in more detail, as opposed to making individual decisions. Also, travel to Ontario and Alberta is more common with partners and spouses than it is to BC. Travellers to BC are more likely than others to have travelled alone or with friends.

Exhibit 5.17 - Person(s) Who Decided on Destination For Most Recent Pleasure Trip to Canada

By Canadian Region, 2005



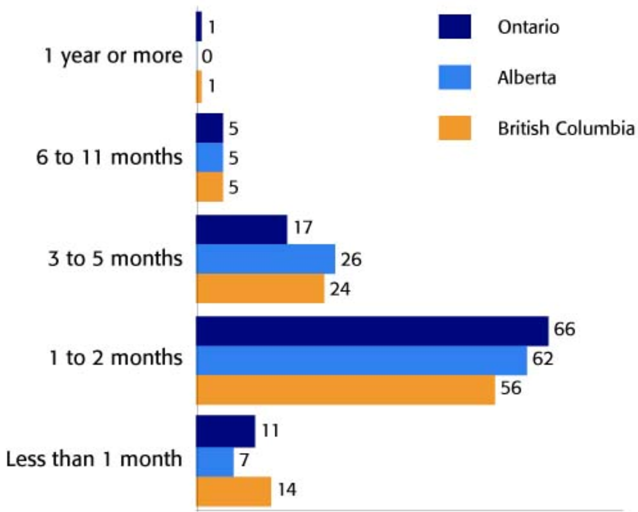
Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Booking Horizons

A majority of travellers book their trips to Canadian provinces one to two months in advance (see Exhibit 5.18). Those travelling beyond British Columbia to Alberta and Ontario, however, tend to book further in advance. This is not surprising considering the need for additional onward flights and transportation from the West Coast.

Exhibit 5.18 - Amount of Time before Departure When Most Recent Trip to Canada Was Booked

By Canadian Region, 2005



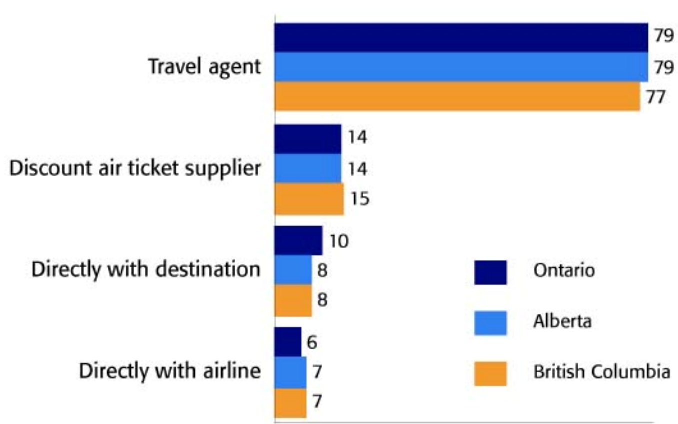
Subsample: Respondents who had travelled to Canada; Ontario (n=169), British Columbia (n=204), Alberta (n=129)

Where Trip Was Booked

There are no significant differences in where consumers book their travel according to provinces visited (see Exhibit 5.19). Even with the growth in Internet usage, travel agents are still regarded as the primary booking source distantly followed by discount air ticket suppliers. Research conducted for Tourism Australia mentions that a sustained lack awareness in Japan of specific Australian regional destinations and regional product offerings has resulted in increased numbers of potential travellers seeking the input of travel agents before booking holidays to Australia. Despite the lack of available research regarding Japanese awareness levels of Canadian regional destinations, a similar pattern for Canada could be a factor here. Clearly, travel agents are an important part of the overall travel marketing and communications channel.

Exhibit 5.19 - Where Most Recent Pleasure Trip To Canada Was Booked

By Canadian Regions, 2005

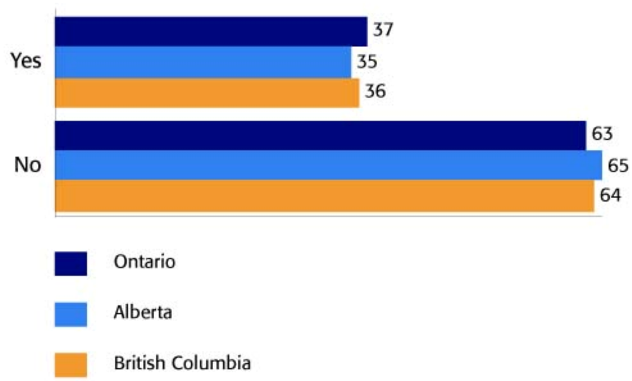


Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Over one-third of travellers to Canada's regions book a part of their trip using the Internet (see Exhibit 5.20). There appears to be no significant differences in Internet bookings according to provinces visited. The importance of a visible Internet presence for each of the three provinces is noted however, especially to build awareness and regional brand presence within the context of the overall Canada umbrella brand.

Exhibit 5.20 - Use of the Internet for Booking A Part of Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



Subsample: Respondents who had travelled to Canada; Ontario (n=169), British Columbia (n=204), Alberta (n=129)

Chapter 6: Package Travel

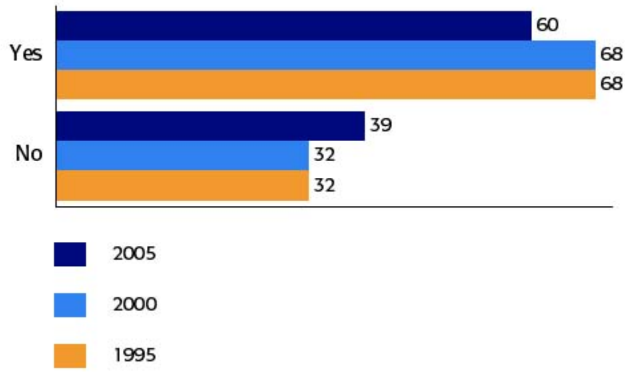
Key Highlights

- Package travel use remains high among Japanese long-haul travellers even with the decline in group travel.
- Given the changing travel patterns of Japanese long-haul travellers, specifically the growth in shorter trips and smaller party sizes, there appears to be a need in the market for more free time (skeleton) packages with available options for consumers to tailor their travel experience.
- The research suggests long-haul travellers are seeking both urban and outdoor experiences for future trips to Canada. While Canada is not primarily associated as a top urban destination, Canada does have the potential to compete effectively in this market.
- Changes in travel patterns to less structured programs have also opened the opportunity for direct communications with Japanese consumers, especially through the use of the Internet and electronic medium.
- The Canadian tourism industry (product suppliers) face a challenge: to understand and respond to Japanese travellers' changing needs, especially with the new increased unstructured traveller requirements.
- The CTC might wish to conduct a survey of the current program and package options currently available in Japan to ensure that they effectively represent the contemporary Canada experience sought by Japanese consumers.

Past Travel

Packaged travel continues to be the dominant form of travel, but the number of respondents using packages has decreased slightly since 2000 (see Exhibit 6.1).

Exhibit 6.1 - Use of Packages on Most Recent Long-Haul Pleasure Trip
1995–2005

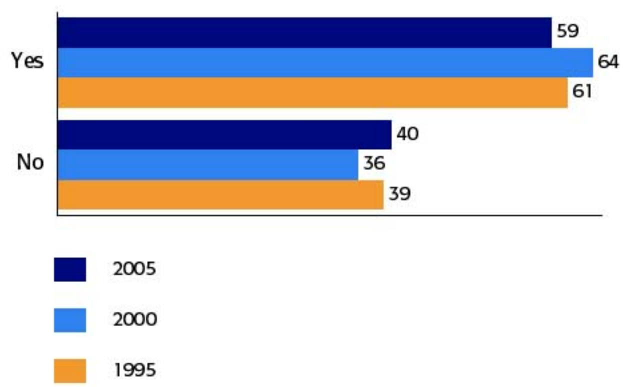


Subsample: 2005 Study (*n*=832), 2000 Study (*n*=619), 1995 Study (*n*=1,001)

This further reflects the growing influence of the Internet and the resulting direct availability to travellers of individual travel product components. This also presents an opportunity for Canadian suppliers of individual travel products. Up until two years ago, the major travel brochures were mostly a 'catalogue listing' of products in the program offering. These brochures were not consumer friendly and offered little in the way of 'experience' themed products. The Internet and subsequent consumer-centric travel brochures offered by Hawaii, and to some extent regional destinations in Australia, has greatly driven demand by consumers for self-tailored travel experiences.

Travel packages are purchased by six in ten Japanese travellers to Canada (see Exhibit 6.2). Since 2000, however, the proportion of Japanese using package travel has decreased somewhat in favour of independent travel.

Exhibit 6.2 - Use of Packages on Most Recent Pleasure Trip to Canada
1995–2005



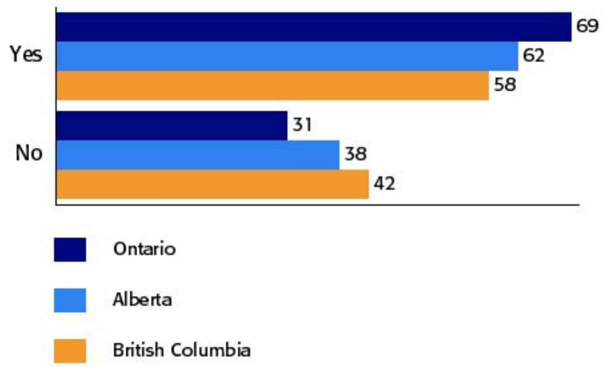
Subsample: 2005 Study (*n*=334), 2000 Study (*n*=207), 1995 Study (*n*=300)

According to a recent JTB Report, between 1990 and 2004 there was a major shift in the way outbound travel from Japan was purchased. In the fully inclusive package business there was a major reduction from 80 percent to 50 percent share, taken up by a 30 percent increase in the unstructured free time (skeleton) package area. In the air only sector, there was a decrease of 30 percent business share replaced by a 30 percent increase in the holiday share. Although directly comparable data is not available from the 2005 Japan consumer study, these JTB results do provide a relative benchmark of the changes in the market.

While six in ten travellers to Canada use packages, people visiting Ontario are more likely than travellers to British Columbia and Alberta to do so (see Exhibit 6.3). As a point of caution, Tourism Australia is currently grappling with an eroding national brand in Japan due to the fragmentation of marketing efforts and package offerings solely focusing on specific regions in the country. Evidence suggests that these focused regional trips are shorter and result in lower yield.

Exhibit 6.3 - Use of Packages on Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



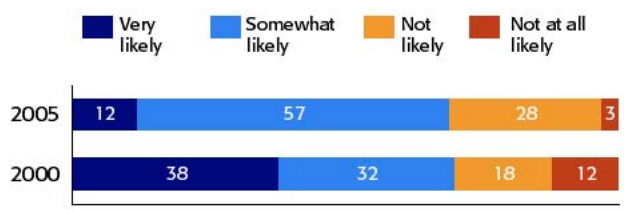
Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Future Travel

The percentage of future travellers to Canada who would be very likely to purchase a travel package has decreased significantly, an additional indication of a shift toward independent travel (see Exhibit 6.4).

Exhibit 6.4 - Likelihood of Using a Package for Future Pleasure Trip to Canada

2000 vs 2005



Subsample: Respondents interested in visiting Canada; 2005 Study (*n*=966); 2000 Study (*n*=561)

Japanese are also increasingly purchasing trip components such as meals, attraction tickets and city tours/short trips while in Canada, rather than before departure from Japan (see Exhibits 6.5 and 6.6).

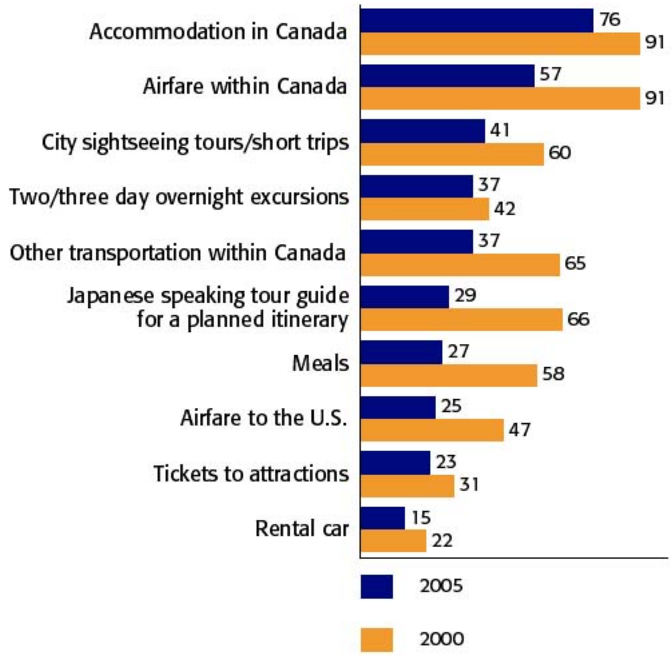
It seems that the Japanese market is maturing and growing more confident with increasing travel experience. As such, travellers may be becoming more discerning as well. The creation and promotion of modular packages based on engaging, appealing and relevant Canadian experiences needs to be developed and made available in Japan particularly for the independent travellers or those purchasing ‘individualized’ packages.

Japanese planning to visit British Columbia are least likely to use packages on future travel compared to the other two provinces. These travellers are more likely to plan to purchase sightseeing packages, short getaway trips and book rental cars and other local transportation upon arrival in Canada, while travellers to Alberta are more likely to plan to book these package components in Japan.

Exhibit 6.6 lists the likelihood of using a package for future pleasure travel to Canada’s regions.

Exhibit 6.5 - Package Components Would Purchase in Japan Prior to Departure to Canada

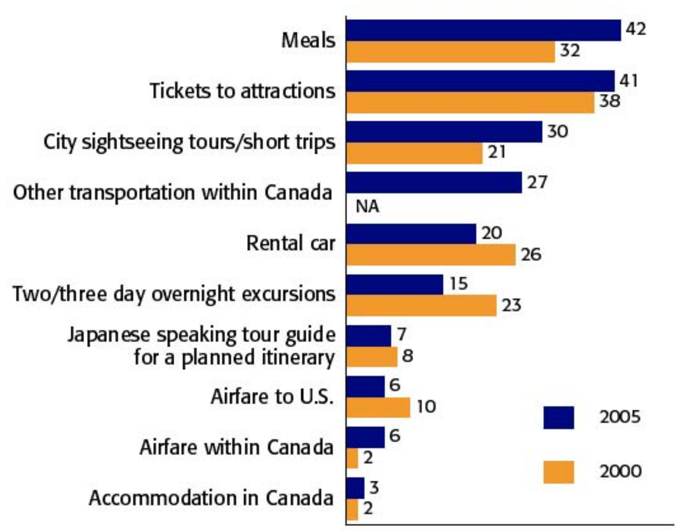
2000 vs 2005



Subsample: Respondents interested in visiting Canada in the next five years who are very or somewhat likely to use a package; 2005 Study (*n*=666); 2000 Study (*n*=399)

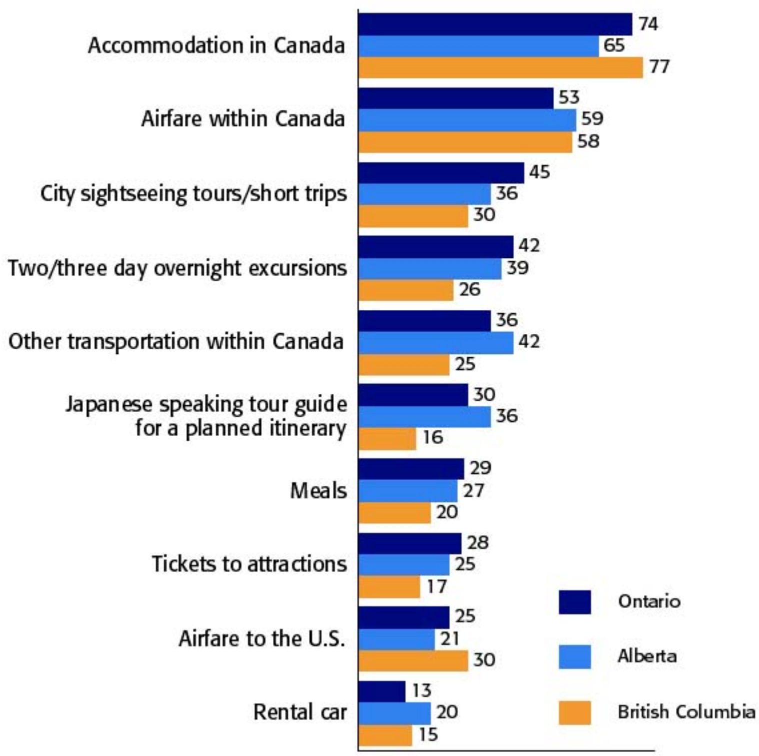
Exhibit 6.6 - Package Components Would Purchase in Canada Upon Arrival

2000 vs 2005



Subsample: Respondents interested in visiting Canada in the next five years who are very or somewhat likely to use a package; 2005 Study (*n*=666); 2000 Study (*n*=399)

Exhibit 6.7 - Package Components Would Purchase in Japan Prior to Departure to Canada
By Canadian Regions, 2005



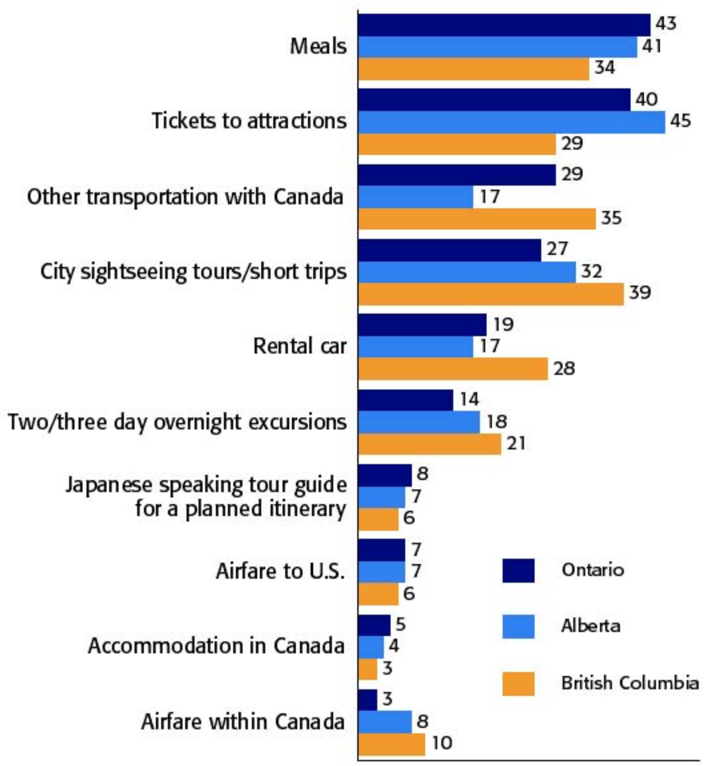
Subsample: Respondents interested in visiting Canada who are very or somewhat likely to use a package; Ontario (n=212), British Columbia (n=151), Alberta (n=137)

Exhibit 6.7 lists the package components future pleasure travellers to Canada's regions would purchase prior to departure to Canada.

Exhibit 6.8 lists the package components future pleasure travellers to Canada's regions would purchase upon arrival in Canada.

Exhibit 6.8 - Package Components Would Purchase in Canada Upon Arrival

By Canadian Regions, 2005

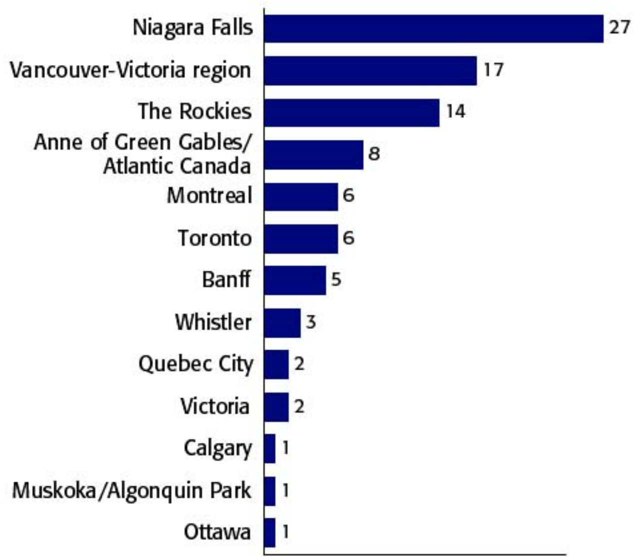


Subsample: Respondents interested in visiting Canada who are very or somewhat likely to use a package; Ontario (*n*=212), British Columbia (*n*=151), Alberta (*n*=137)

Destination Packaging – Canada

Niagara Falls, followed by the Vancouver-Victoria region is the top destination of choice for future travel to Canada. Past travellers to Canada, however, are most likely to have visited Vancouver/Victoria, with Niagara ranking second (see Exhibits 6.9 and 6.10).

Exhibit 6.9 - Region Most Likely to Visit on Future Pleasure Trip to Canada: Next Five Years
2005

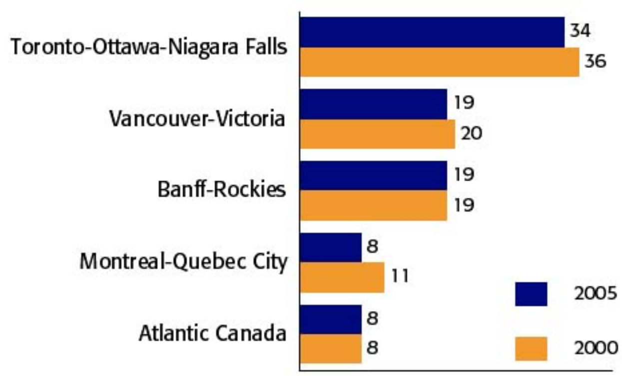


Subsample: Respondents who are interested in visiting Canada (*n*=966)

The difference may be indicative of a future shift in travel behaviour, with an increase in interest in central and eastern destinations.

Nature viewing trips are the type of trip Japanese travellers would most like to take on their future vacation to Canada (see Exhibit 6.11). This has changed minimally since 2000. Canada's primary image in Japan appears to have changed little.

Exhibit 6.10 - Region Most Likely to Visit on Future Pleasure Trip to Canada: Next Five Years
2000 vs 2005

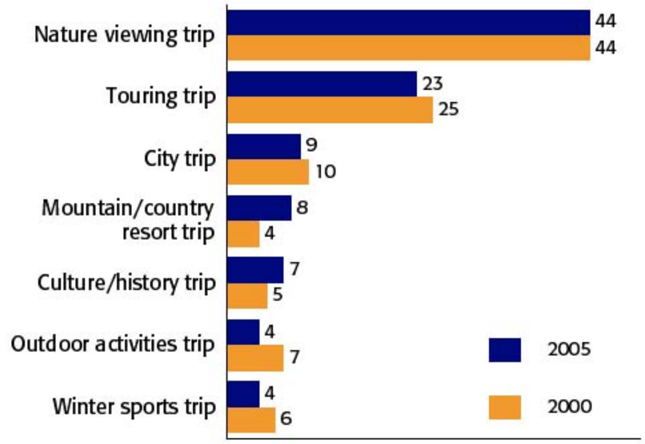


Subsample: Respondents interested in visiting Canada; 2005 Study (*n*=966); 2000 Study (*n*=560)

The following three tables (see Exhibits 6.12-6.14) illustrate cross-tabulations of variables pertaining to future destinations and trip types of choice. Across the top of the first table, respondents' primary destination is indicated, with destinations of secondary interest identified in the left column. The next table tabulates primary trip type of interest across the top, versus activities of secondary interest on the left. Thirdly, primary destinations of interest are tabulated by trip types of interest. Empty cells in the tables denote very limited or no likelihood of combination.

Exhibit 6.11 - Trip Type Most Likely to Take on Future Pleasure Trip to Canada: Next Five Years

2000 vs 2005



Subsample: Respondents interested in visiting Canada; 2005 Study (*n*=966); 2000 Study (*n*=580)

With respect to primary and secondary destinations, interest appears to transcend east-west barriers, with many planning on visiting western destinations also being interested in visiting Niagara Falls, for example.

Exhibit 6.12 - Destination Packaging: Other Destinations Would Like to Visit by Preferred Destination
2005

Other Destinations Would Like to Visit	Top Destination: Vancouver	Victoria	Whistler	The Rockies	Banff	Calgary	Toronto	Muskoka / Algonquin Park	Niagara Falls	Ottawa
Vancouver	-	66	59	41	52	34	30	43	37	32
Victoria	35	-	17	16	21	11	4	-	13	29
Whistler	8	10	-	6	23	-	-	-	4	-
Rockies	38	34	34	-	56	52	16	33	43	38
Banff	18	15	22	25	-	38	11	-	9	7
Calgary	6	19	4	14	19	-	11	13	4	3
Toronto	24	16	7	21	5	14	-	32	21	3
Muskoka/Algonquin Park	6	3	-	9	6	39	12	-	10	3
Niagara Falls	43	7	35	48	35	12	47	62	-	38
Ottawa	11	-	12	5	-	-	4	2	11	-
Montreal	16	3	13	15	2	39	7	-	16	5
Quebec City	7	7	-	5	5	-	7	-	7	5
Anne of Green Gables/ Atlantic Canada	13	-	-	10	7	2	7	12	23	2
U.S.A.	20	7	7	13	10	-	25	4	19	5

Subsample: Respondents interested in visiting Canada in the next two years; 2005 Study (*n*=966)

Some combinations of trip types and additional activities of interest appear more common than other combinations. For example, travellers planning on taking a winter sports trip to Canada also hope to see cities and experience nature. People planning a city trip also hope to experience nature. Japanese planning nature trips show a clear pattern of secondary interest in touring-related activities. It is also apparent that such travellers are unlikely to be interested in winter sports.

When preferred destinations are cross-tabulated against primary trip type of interest, interest appears to be fairly well aligned with what the specific destinations have to offer. Interestingly, people planning nature trips are as interested in Niagara Falls as they are in the Rockies, providing some indication of how Niagara Falls is perceived in Japan.

Exhibit 6.13 - Product Packaging: Other Activities Interested in Doing by Top Trip Types
2005

Other Activities Interested in Doing	Top Trip Types: A city trip	A touring trip	A nature viewing trip	A trip to enjoy outdoor activities	A mountain or country resort trip	A culture or history trip	A winter sports trip
City sightseeing	-	25	16	10	6	39	42
Touring	29	-	37	12	18	32	29
Nature viewing activities	42	69	-	61	60	50	61
Outdoor activities	17	17	21	-	35	3	19
Staying in a resort	24	22	26	17	-	23	31
Cultural or history-related activities	20	29	25	13	14	-	22
Winter sports	6	8	5	31	13	1	-

Subsample: Respondents interested in visiting Canada in the next two years; 2005 Study (*n*=966)

Exhibit 6.14 - Destination and Product Packaging: Preferred Destinations by Top Trip Types
2005

Top Trip Types	Top Destination: Vancouver	Victoria	Whistler	The Rockies	Banff	Calgary	Toronto	Muskoka / Algonquin Park	Niagara Falls	Ottawa
A city trip	17	5	1	4	6	-	18	-	5	-
A touring trip	30	18	10	22	18	6	28	36	24	-
A nature viewing trip	39	46	10	54	54	43	35	30	51	89
A trip to enjoy outdoor activities	3	16	16	8	6	3	2	19	2	-
A mountain or country resort trip	7	15	19	8	5	39	2	16	6	3
A culture or history trip	3	-	-	1	5	-	1	-	10	8
A winter sports trip	1	-	44	2	5	-	12	-	1	-

Subsample: Respondents interested in visiting Canada in the next two years; 2005 Study (*n*=966)

Destination Packaging – Regions

In terms of future destination and activity packaging, future travellers to Ontario are more likely than travellers to other provinces to plan to combine their vacation with a trip to Alberta (see Exhibit 6.15). While in Ontario, they are more likely to plan to take a nature viewing trip, a touring trip, or a culture/history trip. Travellers to Alberta have an equal likelihood of combining their trip with a visit to either Ontario or British Columbia. While in Alberta they are more likely than those travelling elsewhere to take a nature viewing trip, a touring trip or a mountain/country resort trip. Travellers to British Columbia are more likely than others to combine their vacation with a trip to Ontario. While in British Columbia, travellers are likely to take either outdoors or urban based trips.

The following chart lists the main destination in Canada (top row) that Japanese consumers would like to visit on their next vacation. The corresponding numbers list the percentage likelihood travellers would combine their trip with a visit to one of the destinations in Canada listed in the left-hand column. Generally, consumers visiting each of the three destinations are as likely to visit one of the other two provinces as they are to choose to remain in their primary destination province.

Exhibit 6.15 - Destination Packaging: Other Destinations Would Like to Visit by Preferred Destination
By Canadian Regions, 2005

	Top Destination		
Other Destinations Would Like to Visit	Ontario	Alberta	British Columbia
Ontario	37	52	53
Alberta	42	41	47
British Columbia	40	53	44

Subsample: Respondents interested in visiting Canada; Ontario (*n*=115), British Columbia (*n*=101), Alberta (*n*=102)

The following chart (see Exhibit 6.16) lists the main destination in Canada (top row) that Japanese consumers would like to visit on their next vacation. The corresponding numbers list the percentage of consumers who would like to take one of the following trip types in the destination province.

Exhibit 6.16 - Destination and Product Packaging: Preferred Destinations by Top Trip Types
2005

	Top Destination		
Top Trip Types	Ontario	Alberta	British Columbia
A city trip	7	4	13
A touring trip	25	20	26
A nature viewing trip	49	53	35
A trip to enjoy outdoor activities	2	7	6
A mountain or country resort trip	6	9	9
A culture or history trip	8	2	2
A winter sports trip	3	3	7

Subsample: Respondents interested in visiting Canada; Ontario (*n*=298), British Columbia (*n*=233), Alberta (*n*=196)

Future travellers to Alberta are more likely to be upmarket consumers looking for an outdoor vacation. These travellers are more likely to plan to purchase travel components, such as transportation within Canada (airfare, rental cars and other transportation) and tour guide bookings ahead of time in Japan. Travellers to Alberta are more likely than travellers to other provinces to use packages.

Future travellers to British Columbia are more likely to be mid-to-lower-end consumers looking for a combined outdoor/urban vacation. These travellers are more likely to plan to purchase travel components, such as short excursions and city tours while in Canada. These travellers are more likely to be independent-travel oriented and less likely to purchase package components.

Future travellers to Ontario are more likely to be higher income consumers looking for an outdoor touring experience. These travellers are looking for nature viewing and cultural trips on future vacations to Ontario.

While past travellers to Canadian regions are more likely to have done a general sightseeing vacation, future travellers to Canada are more likely to plan to do an outdoor nature viewing vacation.

Chapter 7: Future Travel and Competitive Analysis

Key Highlights

- Canada faces stiff competition particularly from Hawaii and Australia as both of these destinations have recently launched aggressive integrated product development and marketing strategies to increase Japanese visitation. Additionally since 2000, China and South East Asian countries have emerged as major destinations for Japanese travellers seeking shorter-length, lower-cost vacations.
- There is a real need for Canada to not only focus on Japanese arrivals, but also on increasing yield, dispersal travel within Canada and repeat visitation to effectively compete longer term.

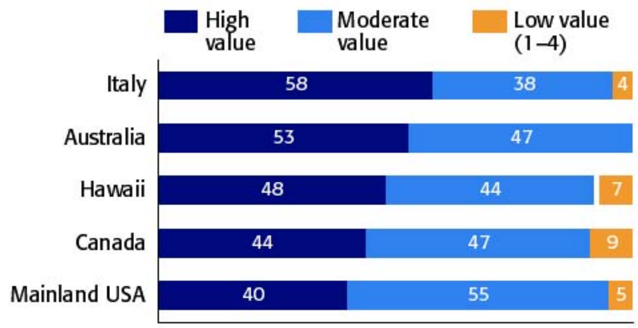
Trip Ratings – Country Destinations

Travellers were asked to rate their overall satisfaction with the long-haul destination that they most recently visited, and then to rate five destinations on 'value for money' (see Exhibits 7.1 and 7.2). Overall, Japanese respondents rate Italy as the top destination, closely followed by Australia.

Anecdotally, Italy is popular in Japan across age groups in part due to the high value Japanese place on good food and Italy's current reputation for cuisine. Italy is also well regarded for its historic sites.

Exhibit 7.1 - 'Value for Money' Ratings Most Recent Long-Haul Pleasure Trip - Select Countries

2005



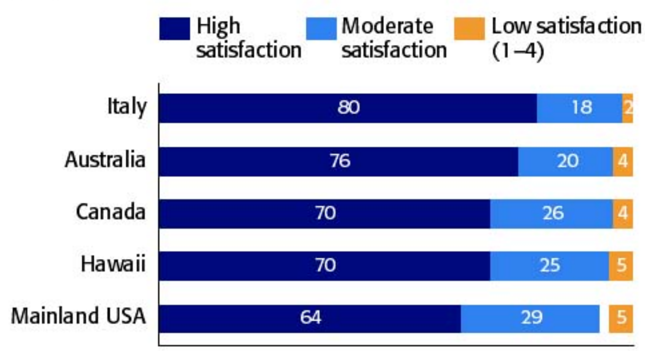
The white space in this Exhibit represents "DK/NA."
Note: Comparable data was not reported in the 2000 study with which to make comparisons
Subsample: Respondents who have travelled to the following destinations: Mainland USA (n=94), Hawaii (n=120), Italy (n=44), Australia (n=47), Canada (n=334)

Australia, particularly the east coast, is well liked for its natural attributes. Travellers who visit Australia for a specific purpose, such as diving, score the country well, but tourists looking for a more diverse experience score the country lower. Repeat travel intentions to Australia are consequently lower than to other countries. Italy and Mainland USA are likely to offer more than can be covered in one trip (with trip lengths becoming shorter).

Hawaii draws repeat travellers, probably because of its relative proximity and the ongoing appreciation for beach holidays. Repeat travel is higher for Canada than Australia, and on par with Italy. This finding suggests that, while Australia and Canada occupy a very similar brand space, Canada has advantages over Australia, likely related to a diversity of travel options and experiences.

Exhibit 7.2 - Satisfaction Ratings Most Recent Long-Haul Pleasure Trip – Selection Countries

2005



The white space in this Exhibit represents "DK/NA."
Subsample: Respondents who have travelled to the following destinations: Mainland USA (n=94), Hawaii (n=120), Italy (n=44), Australia (n=47), Canada (n=334)

Respondents who had travelled to Canada were asked to rate how Canada performed on 'value for money,' and also to indicate their overall level of satisfaction with their trip to Canada. Forty-four percent of respondents believe their trip to Canada yielded high value for money (between eight and ten on a ten-point scale), and 70 percent are highly satisfied with their trip (between seven and ten on a ten-point scale).

In terms of value for money, Canada ranks fourth of the five countries on which this study concentrates. Italy ranks first, 14 points higher than Canada. Nonetheless, Canada rates higher than our closest destination competitor, mainland USA.

On trip satisfaction, Canada ranks third behind Italy and Australia, and ahead of both Hawaii and Mainland USA, which is ranked fifth.

Of the primary destinations within Canada, Toronto and Banff are seen to provide the best value to Japanese travellers, with Calgary last (see Exhibit 7.3). Satisfaction ratings are somewhat reversed, with travellers to Banff being the most likely to be highly satisfied with their Canadian trip, and travellers to Toronto being least likely (see Exhibit 7.4). Cost likely factors into the value for money scores much more than it plays a role in overall satisfaction.

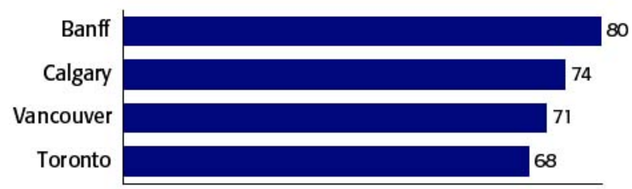
Exhibit 7.3 - 'Value for Money' Ratings: Most Recent Pleasure Trip to Canada

"High Value for Money (8-10)," by Main Destination Visited in Canada, 2005

Note: Comparable data was not reported in the 2000 study with which to make comparisons
Subsample: Toronto (n=121), Calgary (n=62), Banff (n=101), Vancouver (n=187)

Exhibit 7.4 - Satisfaction Ratings: Most Recent Pleasure Trip to Canada

"High Satisfaction (8-10)," by Main Destination Visited in Canada, 2005

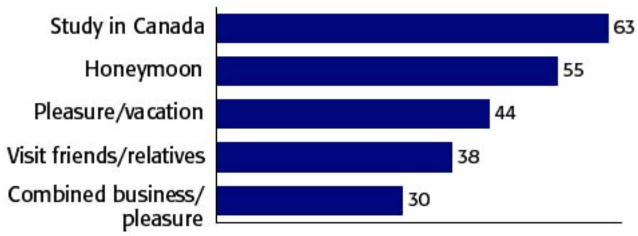


Subsample: Toronto (n=121), Calgary (n=62), Banff (n=101), Vancouver (n=187)

Similarly, people who visit Canada primarily to visit friends and relatives score Canada lower than most people visiting for other purposes on value for money, but they appear to be more likely than others to be highly satisfied with their trip (see Exhibits 7.4b and 7.5). Canada may be exceeding the expectations of those who travel to Canada to visit friends and family as travellers discover unexpected attributes on offer.

Exhibit 7.4b - 'Value for Money' Ratings: Most Recent Pleasure Trip to Canada

"High Value for Money (8-10)," by Main Purpose of Trip to Canada, 2005

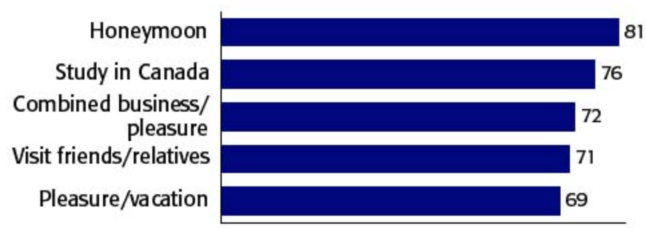


Note: Comparable data was not reported in the 2000 study with which to make comparisons
Subsample: Study in Canada (n=22), Combined business/pleasure (n=12), Honeymoon (n=10), Pleasure/vacation (n=241), Visit friends/relatives (n=48)

In brief, high ratings for Canada's outdoors and nature drive perceptions of value for money. Food and shopping opportunities are more important for overall trip satisfaction than perceived value for money. Otherwise, drivers of the two variables are generally similar.

Exhibit 7.5 - Satisfaction Ratings: Most Recent Pleasure Trip to Canada

"High Satisfaction (8-10)," by Main Purpose of Trip to Canada, 2005



Subsample: Study in Canada (n=22), Combined business/pleasure (n=12), Honeymoon (n=10), Pleasure/vacation (n=241), Visit friends/relatives (n=48)

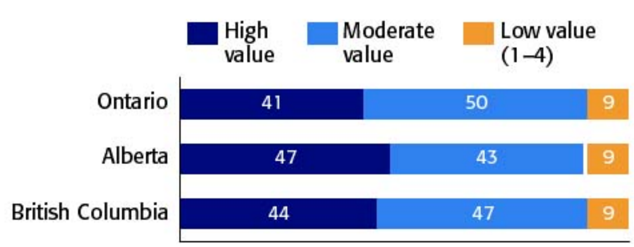
Trip Ratings – Regional Destinations

Travellers to all provinces report a high level of satisfaction with their most recent trip, while value for money ratings are lower (see Exhibits 7.6 and 7.7).

Japanese travellers to Alberta, however, report marginally higher levels of satisfaction and value for money compared with visitors to other provinces.

Exhibit 7.6 - 'Value for Money' Ratings: Most Recent Pleasure Trip to Canada

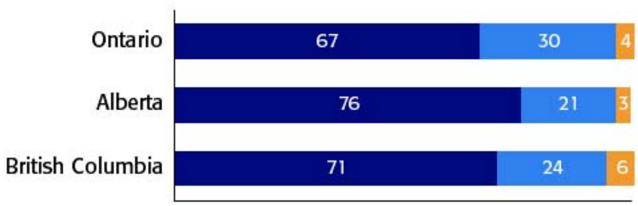
By Canadian Regions, 2005



Subsample: Respondents who had travelled to Canada; Ontario (n=169), British Columbia (n=204), Alberta (n=129)

Exhibit 7. 7 - Satisfaction Ratings: Most Recent Pleasure Trip to Canada

By Canadian Regions, 2005



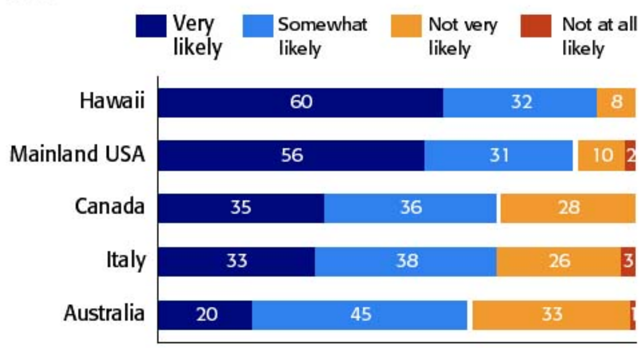
Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

Repeat Travel – Country Destinations

Almost four in ten Japanese travellers to Canada indicate that they would be very likely to travel to Canada again within the next five years (see Exhibit 7.8). A similar proportion say they would be somewhat likely. The size of the potential repeat market is significantly higher than Australia's share as Australia is more likely to be seen as a single-purpose destination. Canada's share is similar to Italy's, but much lower than Hawaii's and that of the rest of the USA.

Exhibit 7.8 - Likelihood of Repeat Travel to Select Destinations Within the Next Five Years

2005



The white space in this Exhibit represents "DK/NA."
Note: Comparable data was not reported in the 2000 study with which to make comparisons
Subsample: Respondents who have travelled to the following destinations: Mainland USA (*n*=94), Hawaii (*n*=120), Italy (*n*=44), Australia (*n*=47), Canada (*n*=334)

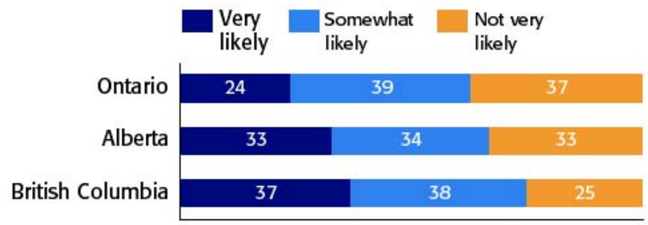
Interestingly, few Japanese completely rule out the possibility of repeat travel to the destinations they most recently visited, including Canada. This finding underscores the extent to which travel is engrained in the normative Japanese outlook.

Repeat Travel – Regional Destinations

When asked to indicate the region they would like to travel to in the future, consumers are more likely to mention British Columbia than other regions (see Exhibit 7.9). Also, people who have visited British Columbia previously are more likely than past travellers to other Canadian destinations to plan to take a return trip to Canada.

Exhibit 7.9 - Likelihood of Return Travel To Canada Within the Next Five Years

By Canadian Regions, 2005



Note: 0 percent of respondents indicate that it is "not at all likely" that they will return to Canada within the next five years.
Subsample: Respondents who had travelled to Canada; Ontario (*n*=169), British Columbia (*n*=204), Alberta (*n*=129)

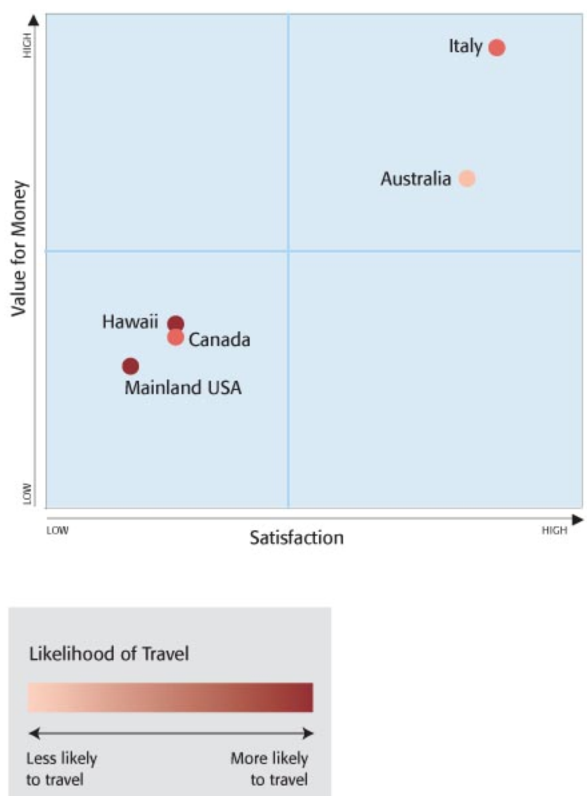
Satisfaction vs Value for Money

When asked about value for money of their most recent trip, respondents give modest ratings. However, when asked about trip satisfaction, travellers display high levels of satisfaction with their most recent long-haul trip. Travellers to Italy and Australia express the highest level of satisfaction. This suggests other factors beyond trip cost, factor into Japanese consumers' perceptions of the ideal vacation.

GlobeScan plotted the mean scores from travellers' ratings of value for money and satisfaction for their most recent trip and compared them to their likelihood of return travel to the same destinations within the next five years (see Exhibit 7.10). Although Italy and Australia are ranked as the top destinations for both value for money and satisfaction, Japanese consumers express a higher likelihood to travel to Hawaii and mainland USA.

Exhibit 7.10 - Satisfaction vs Value for Money: Most Recent Trip to Select Destinations

By Likelihood to Travel to Destination Within Next Five Years, Average Ratings*



*Satisfaction and Value for Money based on a 10 point scale, Likelihood of Travel based on a 4 point scale.

When asked about value for money of their most recent trip, respondents give modest ratings. However, when asked about trip satisfaction, travellers to the three study provinces display high levels of satisfaction with their most recent trip to Canada. Travellers to Alberta express the highest level of satisfaction.

GlobeScan plotted the mean scores of travellers' ratings of value for money and overall satisfaction with their most recent trip and compared them to their likelihood of return travel to Canada within the next five years (see Exhibit 7.11). As the chart indicates, all three metrics are correlated.

Exhibit 7.11 - Satisfaction vs Value for Money: Most Recent Trip to Select Canadian Regions

By Likelihood of Repeat Travel to Destination Within Next Five Years, Average Ratings*

*Satisfaction and Value for Money based on a 10 point scale, Likelihood of Travel based on a 4 point scale.

Future Intentions

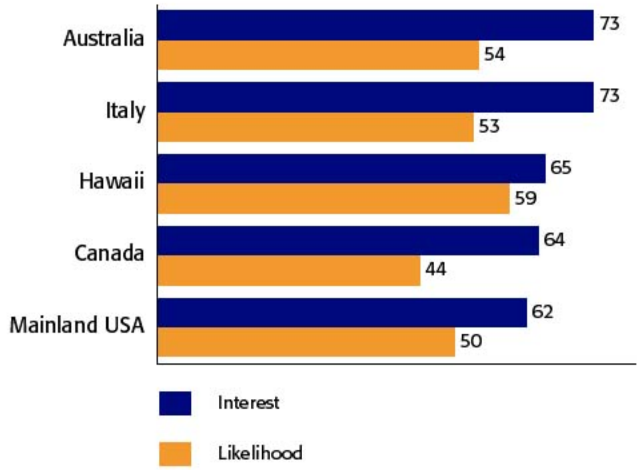
When long-haul travellers are asked to indicate their interest in travelling to select destinations within the next two years, Italy and Australia rate highest, with Canada, Hawaii and the rest of the USA attracting relatively equal interest (see Exhibit 7.12).

When asked how likely they are to visit these same destinations, Canada ranks last.

Despite the widespread interest in Italy, the gap between interest and likelihood of travelling there is widest for Italy, perhaps due to the cost and distance involved in travelling there, or previous experience for the latter. Canada and Mainland USA also experience a similar issue. The gap is narrowest for Hawaii.

Exhibit 7.12 - Interest and Likelihood of Travelling to Select Destinations Within the Next Two Years

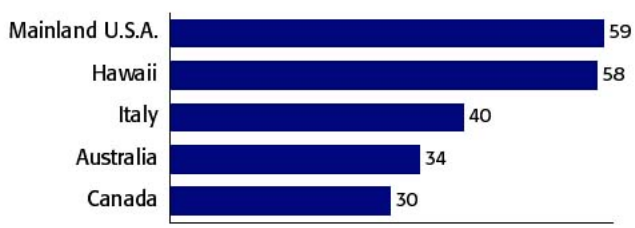
"Very Interested (4)" and "Somewhat Interested (3)" vs "Very Likely (4)" and "Somewhat Likely (3)," 2005



People who have previously visited Hawaii and the rest of the USA tend much more than others to be interested in travelling to Canada within the next two years, perhaps because they are accustomed to North American travel (see Exhibit 7.13). People who have experience in Italy and Australia are less interested in Canada, suggesting that distinct market segments exist.

Exhibit 7.13 - Japanese Interested in Travelling to Canada Within the Next Two Years

By Countries Previously Visited, 2005



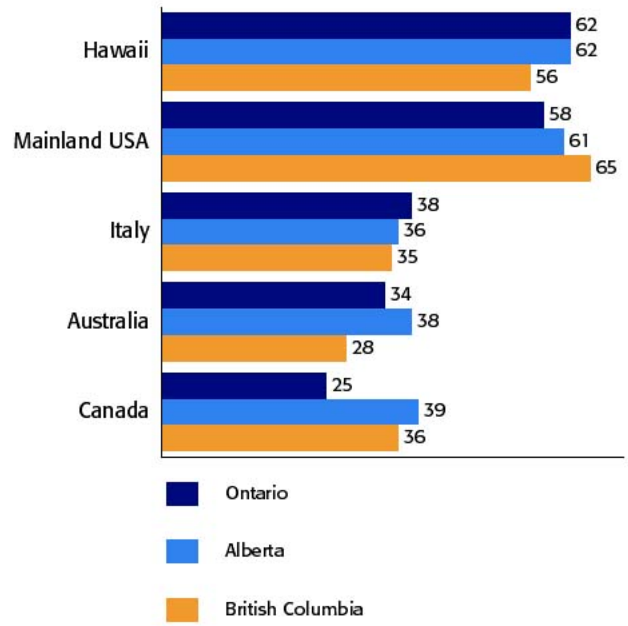
Subsample: Respondents who are interested in visiting Canada within the next two years (n=966)

Future travellers to Ontario are least likely to have travelled to Canada in the past compared to the other Canadian provinces (see Exhibit 7.14). Future travellers to Alberta are more likely to have travelled to Australia, while future travellers to British Columbia are more likely to have travelled to Mainland USA.

When travellers who are not interested in travelling to Canada are asked why they are not interested in travelling there, the most common explanations are that they prefer other countries (to Canada), that they have a desire to travel to a new destination (they had previously been to Canada), and that they believe that Canada lacks things to see and do (see Exhibit 7.15).

Exhibit 7.14 - Japanese Interested in Travelling to Canada Within the Next Two Years

By Canadian Regions and Countries Previously Visited, 2005

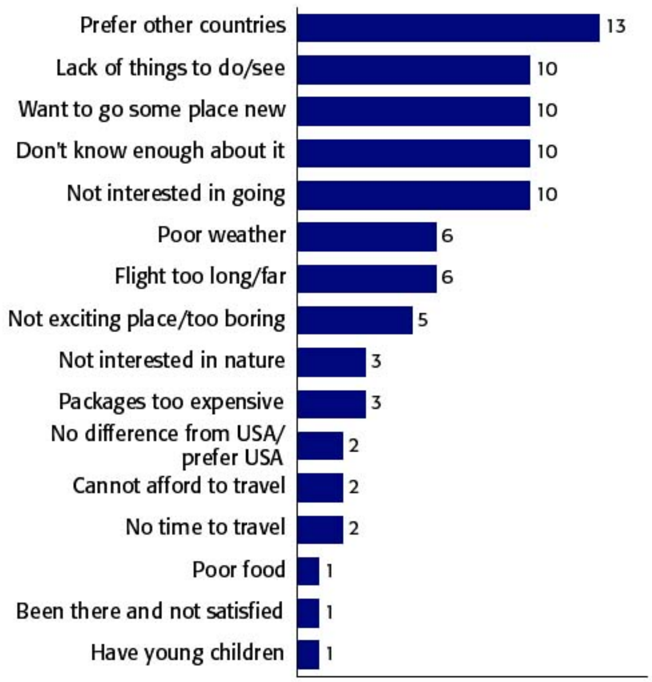


Subsample: Respondents interested in visiting Canada; Ontario (*n*=293), British Columbia (*n*=228), Alberta (*n*=193)

Roughly one-third of Japanese who are not interested in travelling to Canada within the next two years offer explanations that are based on perceptions of Canada having a lack of things on offer or major distinctions from the USA, rather than mentioning a lack of interest or previous experience in Canada (23 percent), practical obstacles such as time, cost and distance (13 percent), or the climate (6 percent). This finding suggests that with effective communications that address those perceptions, interest in Canada can be increased.

Exhibit 7.15 - Reason Why Not Interested in Visiting Canada

Unprompted, First Mention, 2005



Note: No comparison can be made with 2000 data due to changes with the 2005 questionnaire.
Subsample: Respondents who are not interested in visiting Canada within the next two years (*n*=488)

Chapter 8: Strategic Implications and Conclusions

Key Market Segments

Based on the analysis there exists five key market segments representing 57 percent of the total Japanese long-haul population with a potential to visit Canada. These market segment groups are:

1. Fun Seeking Market: 11 percent of the total Japanese long-haul population. This market segment is motivated by food and shopping related trip attributes.
2. Cost Concerned Market: 12 percent of the total Japanese long-haul population. This market segment is motivated by cultural experience related trip attributes offered at competitive prices
3. Value Seeking Market: 4 percent of the total Japanese long-haul population. This market segment is motivated by cultural experience related trip attributes and value-priced product.
4. Safety Seeking Market: 6 percent of the total Japanese long-haul population. This market segment is motivated by cultural experience related trip attributes and destinations considered safe and secure. This market is explained in more detail below.
5. Demographic markets: 24 percent of the total Japanese long-haul population. These demographic segments as a whole are motivated by cultural experience related trip attributes and Canada's outdoor environment. They can be specifically targeted based on the profile of the interest and demographic segments they belong to.

Safety and Security

The challenges experienced since 2000 in the Japanese travel market are not specific to Canada, but rather systemic to the total Japanese outbound travel market. While economic issues were the primary factor which caused an erosion in Canada's market share in 2000, evidence exists to suggest that the economy is taking a backseat to issues of safety and security as a travel constraint in 2005 and beyond.

Seventy-six percent of respondents in 2005 agree that concerns about terrorism are very important factors in travel planning, while 51 percent agree that the political/security unrest in the Middle East has decreased their overall interest in overseas travel. Additionally, factors associated with safety and security rank highest among all attributes respondents believe are important when selecting an overseas holiday destination (personal security: 56%, and free from the threat of terrorism: 55%).

An important factor driving Canada's travel brand in Japan is Safety and the associated attributes which define this factor, namely being free from the threat of terrorism, personal security and having a safe and clean environment. Japanese travellers identify Canada as performing well in these areas. Overall, however, safety related themes are not the primary motivating factor for Japanese long-haul travellers' destination choices. As the analysis demonstrates, safety themes resonate with a relatively small percentage of the total Japanese long-haul population, namely 10 percent (Safety Concerned and Safety Seeking market segments).

Recommendation

- Safety as a competitive advantage for Canada could form a part of the overall communications message to potential long-haul travellers from Japan, but should not be a main positioning message. The risk of heightening anxiety about travel generally should be carefully weighed. Safety must not convey dullness as well. Literal communications about safety should be avoided, but subtle reassurances about Canada's strength in the area may be effective.

Shorter Trips and Repeat Travel

Japanese are taking shorter trips. This presents challenges for Canada's tourism industry in sustaining volume market share. The fact that the incidence rate of travellers to Canada has decreased to 0.9 percent of the population from 1.7 percent of the population recorded in 1995 suggests that repeat travel to Canada may be becoming rarer than in the past. It is important to note that frequency of trips to Canada was not tested. The growth of travel to Asian destinations could be both driving this trend to shorter trips and also meeting demand in terms of package offerings.

Recommendations

- Marketing in Japan should focus on higher spending segments of the market (e.g. Outdoor Enthusiasts). Indeed, GlobeScan's segmentation analyses indicate that the market segments that are most likely to travel to Canada tend to spend more than others.
- While Japanese travellers are in Canada, marketing should encourage repeat travel by highlighting other additional signature destinations within Canada. Compared with Australia which occupies a similar brand space to Canada's, Canada is less likely to be perceived as a single-purpose destination. Testimonials by past travellers to Canada, especially by travel opinion leaders, and word-of-mouth viral marketing could be tactics employed to raise interest in repeat travel to Canada.
- Additionally, communications messaging should highlight to Japanese travellers that Canada is a suitable destination for one-week trips. This is dependent, however, upon the marketplace providing services and packages that fit that timeframe.

Independent Travellers

A growing segment of the Japanese travel market is choosing to travel alone rather than with organized groups or with business associates. The number of Japanese travelling alone on trips to Canada has increased substantially from 11 percent in 2000 to 20 percent in 2005. At the same time, an increasing number of Japanese travellers mention that they themselves decided on their trip destination (76% in 2005 versus 51% in 2000), suggesting an increasing focus on the individual. The Internet and the availability of ‘self-searching’ capabilities for travel ideas and products is a contributing factor to the trend towards independent travel. While consumers are increasingly travelling alone or in smaller parties and their use of packages has decreased, they still have a high likelihood of using package vacation products for travel to Canada. Overall, however, the market has matured in both age and experience, has gained travel confidence, and has adopted and maintained the new forms of independent and less expensive travel that travellers first made use of during the economic downturn.

Recommendations

- The makeup of the Japanese travel party has become narrower and more concentrated, made up of very close relations. Marketing and package design should be optimized to these characteristics. Package offerings which focus on the ability to tailor experiences to individual preferences and those that also focus on the needs of solitary travel should be made available and promoted.
- The research also suggests that the Canadian tourism industry has a good opportunity to access the Japanese market directly (rather than through intermediaries in Japan) as a result of the increased use of the Internet and independent behaviour. It is crucial that the CTC and its partners ensure an effective Internet presence with e-commerce capacity in Japan.

Couples Travel

A growing segment of the Japanese travel market is choosing to travel with their spouses or significant others.

Recommendation

- In addition to marketing package travel for solo travellers, packages focusing on ‘couples’ travel and their specific needs and preferences should be promoted.

Urban Travel

Japanese travellers are looking for a balance of outdoor experiences and urban attractions while on vacation. Two key elements factor into destination choices, value for money and overall satisfaction. The belief that Canada provides a good outdoor environment is more important in driving perceived value for money than overall satisfaction. Spending time in nature or outdoors is seen as a low-cost, high return activity. When it comes to overall satisfaction, however, good food and shopping (more aligned with urban activities and entertainment), play a greater role than the outdoor environment. Hawaii is viewed as the top international destination to experience both outdoor and urban attractions, but Canada is well positioned to deliver in this area as well.

Recommendation

- Canada’s value proposition in Japan should focus on how Japanese travellers can not only experience Canada’s outdoors, but also enjoy Canada’s quality urban attractions such as good food and accommodations. To take advantage of the importance of safety to Japanese travellers and Canada’s positive performance in this area, subtly (but not literally) positioning Canada as offering safe cities could attract visitors. Personal safety is most an issue in urban environments.

Weather

Perceptions of Canada's climate are hindering the brand, despite the country's seasonality and regionality which provide ample opportunity to experience moderate and favourable conditions and engage in climate-specific activities.

Recommendation

- The comfort of high-quality urban amenities and accommodations should be coupled with communications about Canada's natural beauty and awesome wilderness. Wherever possible, imagery of natural beauty should include undertones of outdoor personal comfort. Further research should be undertaken to better understand how to overcome perceptions about poor weather.

Other Markets

Other outbound travel markets in Asia, such as Thailand, South Korea and China may also be undergoing some of the changes found by the present study in Japan. Specifically, these include a maturing market in terms of both age and travel experience, a shift toward independent travel, shortened trip durations, and anxiety about security.

Recommendation

- To assess the risk that challenges found in Japan are not unique to that country, past research in other countries should be updated and enhanced to measure new dynamics.

Appendix A: Questionnaire

Screener

N1. Please indicate which city you live in: **MARK ONE**.

Tokyo
Osaka
Nagoya
Other **DISCONTINUE**

SC1. Are there any family members, including yourself, who are working for any of the following industries?

Airline company
Travel agency
Government travel bureau
Airport
Mass media/ad agency/marketing research company

No
Yes **TERMINATE**

SC2a. How many people, including yourself, are in your household?
PLEASE ENTER THE NUMBER.

People __

SC2b. How many people among them are 18 years of age or older? **SELECT ONE**.

1
2
3
4
5 or more

SC5. Please mark the age group that you belong to. **SELECT ONE**.

18 – 19
20 – 24
25 – 29
30 – 34
35 – 39
40 – 44
45 – 49
50 – 59
60 – 64
65 – 69
70 or older 11 **TERMINATE**

SC4. Please indicate your sex **SELECT ONE**.

Male
Female

SC6. In the past three years, that is since November 2002, have you taken a holiday trip by plane, to somewhere outside Japan for four nights or longer? Please include trips to visit friends and relatives and business trips on which you combined business with a holiday trip.

Yes
No **SKIP TO SC8**

IF YES IN SC6 ASK:
N12. How many overnight trips of four nights or longer have you taken outside of Japan in the past 3 years? **SELECT ONE**.

1-2
3-5
6-10
10 or more

IF YES IN SC6 ASK:
SC7. Which countries outside Japan did you visit for a holiday of four nights or more in the past three years? **PLEASE MARK ALL THAT APPLY**.

North America
Canada
Mainland U.S.A.
Hawaii
South Pacific
Guam/American Samoa/Saipan
Puerto Rico/US Virgin Islands
Other South Pacific
South/Central America / Caribbean
Mexico
Central/South America
The West Indies/Caribbean
Africa
South Africa
Other Africa
Europe
UK
Switzerland
France
Spain
Italy
Other Europe
Australia / New Zealand
Australia

New Zealand

Asia

Russia / Former USSR (CIS)
China (PRC)
South Korea
Thailand
Singapore/Malaysia/Philippines
Taiwan (ROC)
Hong Kong
Other Asia/Middle East

SC8. In the next twelve months, how likely is it that you will take a holiday trip by plane somewhere outside of Japan for 4 nights or longer? Are you: **SINGLE RESPONSE**

Definitely going to take such a trip
Very likely to take such a trip
Somewhat likely to take such a trip
Not very likely to take such a trip
Not at all likely to take such a trip

SC9. **RESPONDENT QUOTAS (SEGMENT EACH RESPONDENT INTO ONLY ONE GROUP). DO NOT SHOW**.

Travellers to Canada (SC7 = 1)
Travellers to other countries (SC7 = 2 to 27)
Those who did not travel in the last 3 years, but plan to travel in the next year (SC6 = 2 and SC8 = 1)
Those who did not travel in the past 3 years and who do not intend to take such a trip in the next year (SC6 = 2 and SC8 = 2 to 5) **DISCONTINUE**

IF SC9 = 3 SECTION 3

Section 1: Most Recent Trip

Now please think about your most recent holiday trip of four nights or longer outside of Japan.

1a. Which countries did you visit on your most recent holiday trip? Don't include places that were airport stop-overs only. **MARK ALL THAT APPLY [USE LIST BELOW] IF ONLY ONE DESTINATION AT Q1a TRANSFER CODE TO Q1b AND SKIP TO Q2**.

1b. **(IF VISITED MORE THAN ONE PLACE):** In which place did you stay the longest? **SINGLE RESPONSE ONLY**.

North America

Canada
Mainland U.S.A.
Hawaii

South Pacific

Guam/American Samoa/Saipan
Puerto Rico/US Virgin Islands
Other South Pacific

South/Central America / Caribbean
Mexico
Central/South America
The West Indies/Caribbean

Africa
South Africa
Other Africa

Europe
UK
Switzerland
France
Spain
Italy
Other Europe

Australia / New Zealand
Australia
New Zealand

Asia
Russia / Former USSR (CIS)
China (PRC)
South Korea
Thailand
Singapore/Malaysia/Philippines
Taiwan (ROC)
Hong Kong
Other Asia/Middle East

IF SC9 = 1 (TRAVELLER TO CANADA) GO TO SECTION 2.

2. What was the main purpose of your most recent trip? **READ LIST. SINGLE RESPONSE**.

To visit friends or relatives
For pleasure or a vacation
To combine business and pleasure
For a honeymoon
For a company-paid vacation
To study abroad
Other **PLEASE SPECIFY**

3. On this trip, how many nights in total, were you away from home? **ENTER NUMBER. CHECK – SHOULD BE FOUR OR MORE NIGHTS. IF NOT, GO BACK TO Q1A AND ASK ABOUT MOST RECENT TRIP OF FOUR OR MORE NIGHTS**.

Nights__

4. When you originally left Japan for this trip, with whom were you travelling?
PLEASE MARK ALL THAT APPLY.

Travelled alone
Wife/husband/girlfriend/boyfriend
Child/children
Father/mother
Other relatives
Friends
Organized group/club
Business associates
Other **PLEASE SPECIFY**

5. Who decided on the destination for your trip? **PLEASE MARK ALL THAT APPLY**.

Myself
Wife/husband/girlfriend/boyfriend
Child/children
Father/mother
Other relatives
Friends
Organized group/club
Business associates
Travel agent
Other **PLEASE SPECIFY**

6. What were the three most important sources of information used in planning your trip?
PLEASE ENTER UP TO THREE RESPONSES, IN ORDER OF IMPORTANCE.
[RECORD UP TO THREE RESPONSES IN ORDER OF MENTION]

Brochures/pamphlets
Friends/family members
Travel agent
Airline
AB-ROAD/travel magazines
Articles / features in other magazines
Articles / features in newspapers
Television advertisements
Newspaper advertisements
Magazine advertisements
Information received in the mail
Internet / website
Business colleagues
Movies or TV shows
Books / Library
Travel guides (e.g. Chikyu no Arukikata)
Automobile associations (e.g., JAF)
Government tourism office / board

Clubs / associations
None
Other **PLEASE SPECIFY**

7a. How far in advance did you actually book your trip? **ENTER NUMBER IN APPROPRIATE BOX**.

Weeks__ OR Months__ OR Years__

7b. And with whom did you book your trip? **PLEASE MARK ALL THAT APPLY**.

Travel agent
Discount air ticket supplier
Directly with airline
Directly with the destination
Other **PLEASE SPECIFY**

7c. Did you book any part of the trip through the Internet?

Yes
No **SKIP TO Q8a**

7d. Which part of the trip did you book through the Internet? **PLEASE MARK ALL THAT APPLY**.

Entire trip
Airfare to the destination
Transportation within the destination
Accommodation
Rental car
Entertainment
Other **PLEASE SPECIFY**

8a. Thinking now about the expenditures of all the people included in your travel budget, approximately what was the total amount spent on your trip (including air travel, food, accommodation, transportation, entertainment, shopping, souvenirs, etc., but not pre-trip shopping)? If you are unsure, please just enter your best estimate. **ENTER VALUE.**

10,000 ¥__

8b. Including yourself, how many people were included in the travel budget? **ENTER NUMBER IN BOX**.

People__

9. Did you use a package where accommodation or something else was purchased together with your flight before you left Japan?

Yes
No

[IF VISITED MORE THAN ONE PLACE IN Q1a]: Now we are talking about the place you spent the longest amount of time in on your trip, that is, **[ENTER DESTINATION IN Q1b]**.

10. Overall, on a scale of 1 to 10, where one means "extremely low value for money" and 10 means "extremely high value for money", how would you rate your most recent holiday to **[DESTINATION 1b]** in terms of its value for money? **SELECT ONE**.

N5. Now please think about your overall level of satisfaction with your most recent holiday to **[DESTINATION** 1b]. On a scale of 1 to 10, where one means "extremely low satisfaction" and 10 means "extremely high satisfaction," how would you rate your overall satisfaction with your most recent holiday **to [DESTINATION 1b]**? **SELECT ONE**.

11. And in the next 5 years, how likely is it that you will take another holiday to **[ENTER DESTINATION IN Q1b]**? **SELECT ONE**.

Very likely
Somewhat likely
Not very likely
Not at all likely

NOW SKIP TO SECTION 3

Section 2: Most Recent Trip to Canada [IF SC9 = 1]

Now we would like to ask you about your most recent holiday trip of four or more nights to Canada.

12. What was the main purpose of this trip to Canada? MARK ONE RESPONSE.

To visit friends or relatives
For pleasure or a vacation
To combine business and pleasure
For a honeymoon
For a company-paid vacation
To study abroad
Other **[PLEASE SPECIFY]**

13a. On this trip, how many nights in total, were you away from home? **ENTER NUMBER. CHECK – SHOULD BE FOUR OR MORE NIGHTS**.

Nights__

13b. And how many nights were you in Canada? **ENTER NUMBER. IF FOUR OR MORE NIGHTS, SKIP TO Q 14.**

Nights__

IF LESS THAN FOUR NIGHTS IN CANADA IN 13b, ASK:

N11. What other countries did you visit on this trip in which you visited Canada? **PLEASE MARK ALL THAT APPLY**.

North America

Canada

Mainland U.S.A.
Hawaii
South Pacific
Guam/American Samoa/Saipan
Puerto Rico/US Virgin Islands
Other South Pacific
South/Central America / Caribbean
Mexico
Central/South America
The West Indies/Caribbean
Africa
South Africa
Other Africa
Europe
UK
Switzerland
France
Spain
Italy
Other Europe
Australia / New Zealand
Australia
New Zealand
Asia
Russia / Former USSR (CIS)
China (PRC)
South Korea
Thailand
Singapore/Malaysia/Philippines
Taiwan (ROC)
Hong Kong
Other Asia/Middle East

14. Which of the following major sites did you visit while in Canada? **PLEASE MARK ALL THAT APPLY**.

Vancouver
Victoria
Whistler
Rockies
Banff
Calgary
Toronto
Muskoka / Algonquin Park
Niagara Falls
Ottawa
Montreal

Quebec City
Anne of Green Gables
Other **PLEASE SPECIFY**

N13. And on this trip to Canada, which of the following types of activities did you take part in? **PLEASE MARK ALL THAT APPLY.**

Visiting a big city
General sightseeing
Enjoying nature and the outdoors
Staying at a beach resort
Staying at a mountain or country resort
Cultural or history-related activities (e.g., museums)
Downhill skiing or snowboarding
Other winter activities
Golfing
Fishing
Viewing the Northern Lights
Going to a casino or other gambling
Attending the theatre, concerts or other live shows
Fine dining
Shopping
Going to a special event or exhibition
Other Please specify

15. When you originally left Japan for this trip, with whom were you travelling? **PLEASE MARK ALL THAT APPLY**.

Travelled alone
Wife/husband/girlfriend/boyfriend
Child/children
Father/mother
Other relatives
Friends
Organized groups/club
Business associates
Other **PLEASE SPECIFY**

16. Who decided on the destination for your trip? **PLEASE MARK ALL THAT APPLY**.

Myself
Wife/husband/girlfriend/boyfriend
Child/children
Father/mother
Other relatives
Friends
Organized group/club
Business associates

Travel agent
Other **PLEASE SPECIFY**

17. What were the three most important sources of information used in planning your trip to Canada? **PLEASE ENTER UP TO THREE RESPONSES, IN ORDER OF IMPORTANCE [RECORD UP TO THREE RESPONSES IN ORDER OF MENTION]**

Brochures/pamphlets
Friends/family members
Travel agent
Airline
AB-ROAD/travel magazines
Articles / features in other magazines
Articles / features in newspapers
Television advertisements
Newspaper advertisements
Magazine advertisements
Information received in the mail
Internet / website
Business colleagues
Movies or TV shows
Books / Library
Travel guides (e.g., Chikyu no Anikikata)
Automobile associations (e.g., JAF)
Government tourism office / board
Clubs / associations
Other/None **PLEASE SPECIFY**

18a. How far in advance did you actually book your trip to Canada? **ENTER NUMBER IN APPROPRIATE BOX.**

Weeks__ OR Months__ OR Years__

18b. And with whom did you book your trip to Canada? **PLEASE MARK ALL THAT APPLY**.

Travel agent
Discount air ticket supplier
Directly with airline
Directly with the destination
Other **PLEASE SPECIFY**

18c. Did you book any part of your trip through the Internet?

Yes
No **SKIP TO Q19a**

18d. Which part of the trip did you book through the Internet? **PLEASE MARK ALL THAT APPLY**.

Entire trip

Airfare to the destination
Transportation within the destination
Accommodation
Rental car
Entertainment
Other **PLEASE SPECIFY**

19a. Thinking now about the expenditures of all the people included in your travel budget, approximately what was the total amount spent on your trip to Canada (including air travel, food, accommodation, transportation, entertainment, shopping, souvenirs, etc., but not pre-trip shopping)? If you are unsure, please just enter your bet estimate. **ENTER VALUE IN BOX**.

10,000 ¥__

19b. Including yourself, how many people were included in the travel budget? **ENTER NUMBER IN BOX**.

People__

20. Did you use a package where accommodation or something else was purchased together with your flight before you left Japan?

Yes
No

21. Overall, on a scale of 1 to 10, where one means "extremely low value for money" and 10 means "extremely high value for money", how would you rate your holiday to Canada in terms of its value for money?

N6. Now please think about your overall level of satisfaction with your most recent holiday to Canada. On a scale of 1 to 10, where one means "extremely low satisfaction" and 10 means "extremely high satisfaction," how would you rate your overall satisfaction with your most recent holiday to Canada? **SELECT ONE**.

22. And in the next 5 years, how likely is it that you will take another holiday to Canada? **SELECT ONE**.

Very likely
Somewhat likely
Not very likely
Not at all likely

Section 3: Perceptions and Attitudes Towards Overseas Travel

[ASK ALL]

23a. Below is a list of factors that people might consider in selecting an overseas holiday destination. Using a scale of 1 to 5 where 1 is not at all important and 5 is extremely important, please indicate how important each of the following is to you in selecting a destination. By important, we mean that you would be willing to pay a little more to go to a destination that offered it.

a. High quality accommodation
b. Good food
c. Good shopping opportunities
d. Availability of all-inclusive packages
e. A variety of things to see and do
f. Good service and friendly people
g. A safe and clean environment
h. Nice scenery
i. The chance to see something new and different
j. Opportunities to have fun and be entertained
k. Opportunities to enrich your knowledge
l. Opportunity to indulge in luxury
m. Opportunity to experience a culture different from your own
n. Free from the threat of terrorism
o. Many flights to choose from
p. Personal security
q. Vibrant cities
r. The weather
s. Outdoor recreation
t. Health safety

23b. For each of the following price-related attributes, please indicate how important or not important it is in influencing your selection of an overseas holiday destination. Please use a scale of 1 to 5 where 1 is not at all important and 5 is extremely important.

a. Inexpensive packages to your destination
b. Inexpensive airfare to the destination
c. Inexpensive transportation within the destination
d. Low prices for accommodation
e. Low prices for shopping
f. Low prices for food and entertainment
g. A favourable exchange rate

24. Thinking about the following destinations **[FOR EACH RESPONDENT CHANGE ORDER IN WHICH DESTINATIONS APPEAR] –** the mainland U.S., Hawaii, Canada, Italy and Australia – which do you feel would be the best place to go for each of the following? Your choices can be based on your impressions or anything that you have seen, heard or read. Which destination do you feel would be best for: **FOR EACH ITEM PLEASE MARK ONE COUNTRY**.

a. High quality accommodation
b. Good food
c. Good shopping opportunities
d. Availability of all-inclusive packages
e. A variety of things to see and do
f. Good service and friendly people

g. A safe and clean environment
h. Nice scenery
i. The chance to see something new and different
j. Opportunities to have fun and be entertained
k. Opportunities to enrich your knowledge
l. Opportunity to indulge in luxury
m. Opportunity to experience a culture different from your own
n. Free from the threat of terrorism
o. Many flights to choose from
p. Personal security
q. Vibrant cities
r. The weather
s. Outdoor recreation
t. Health safety
u. Inexpensive packages to your destination
v. Inexpensive airfare to the destination
w. Inexpensive transportation within the destination
x. Low prices for accommodation
y. Low prices for shopping
z. Low prices for food and entertainment
aa. A favourable exchange rate

N2. Now we would like you to rate three different possible travel destinations on each of the aspects you considered in the previous question. Please use a scale of 1 to 5 where 1 is extremely poor and 5 is excellent. If you are unsure, please use your general knowledge about each country to give us your best estimate. **ALWAYS ASK CANADA FIRST, FOLLOWED BY TWO OF THE REMAINING COUNTRIES ROTATED**.

a. High quality accommodation
b. Good food
c. Good shopping opportunities
d. Availability of all-inclusive packages
e. A variety of things to see and do
f. Good service and friendly people
g. A safe and clean environment
h. Nice scenery
i. The chance to see something new and different
j. Opportunities to have fun and be entertained
k. Opportunities to enrich your knowledge
l. Opportunity to indulge in luxury
m. Opportunity to experience a culture different from your own
n. Free from the threat of terrorism
o. Many flights to choose from
p. Personal security
q. Vibrant cities
r. The weather
s. Outdoor recreation

t. Health safety
u. Inexpensive packages to your destination
v. Inexpensive airfare to the destination
w. Inexpensive transportation within the destination
x. Low prices for accommodation
y. Low prices for shopping
z. Low prices for food and entertainment
aa. A favourable exchange rate

25. Below are some general statements describing how people might feel about overseas holiday travel. For each statement, please indicate whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree.

a. Overseas travel is a high priority for my leisure time
b. I take fewer overseas trips now than I used to
c. I am waiting until the economy improves before I take an overseas holiday
d. Money spent on overseas travel is money well spent
e. I am waiting for the exchange rate to improve before I take an overseas holiday
f. I am waiting for the threat of Avian Flu to disperse before I take an overseas holiday
g. My concern about other health risks makes me less interested in traveling overseas
h. My concern about terrorism is a very important factor in my travel planning
j. The political and security unrest in Iraq and the Middle East makes me less interested in traveling overseas

IF AGREE (3 OR 4) THAT THEY TAKE FEWER OVERSEAS TRIPS THAN THEY USED TO ABOVE in Q25e, ASK:
N7. What would you say is the main reason that you take fewer overseas trips than you used to? **ENTER ONE RESPONSE**.

Section 4: Future Travel to Canada [ASK ALL]

N3. How interested are you in traveling to each of the following destinations within the next two years? Are you very interested, somewhat interested, somewhat uninterested or not at all interested in traveling to:

a) Canada
b) Mainland USA
c) Hawaii
d) Italy
e) Australia

N14. And how likely is it that you will actually visit each of these same countries within the next two years? Would you be very likely, somewhat likely, somewhat unlikely, or not at all likely to visit:

a) Canada
b) Mainland USA
c) Hawaii

d) Italy
e) Australia

26c. **IF NOT INTERESTED IN CANADA (I.E., Q N3a = 02 OR 01) ASK**: Why are you not interested in visiting Canada? **PLEASE ENTER UP TO THREE RESPONSES. PRECODE LIST [DO NOT SHOW]**

Been there before and want to go some place new
Been there before and not satisfied
Friends have been there and were not satisfied
Canada is too expensive (in general)
Airfare to Canada is too expensive
Packages to Canada are too expensive/no low-priced packages
Accommodation is too expensive
Transportation within Canada is too expensive
Too many extra taxes (e.g., sales tax, GST, accommodation taxes)
Flight to Canada too long/too far
Not enough flights to Canada
Poor exchange rates
Poor accommodation quality
Too big/main attractions too far apart
Poor transportation services within Canada (e.g., plane, bus, train)
Poor weather/too cold
Language difficulties
Lack of things to see and do there
Not an exciting place to visit/too boring
Prefer more exotic places
Don't know enough about it
Lack of interesting packages to Canada
Simply not interested in going
Don't have friends or relatives in Canada
Can't afford to travel
Too old to travel
Have young children
No time to travel
Illness/disabled
No one to travel with
Other

IF ASKED Q26c NOW SKIP TO SECTION 6 DEMOGRAPHICS.

27a. If you were to go on a holiday trip to Canada in the next five years, how likely would you be to use a package where accommodation or something else is purchased together with your flight before you leave Japan? **SELECT ONE**.

Very likely
Somewhat likely
Not likely **SKIP TO Q28a**
Not at all likely **SKIP TO Q28a**

27b. What parts of your package would you purchase in Japan ahead of time for your trip to Canada? **PLEASE MARK ALL THAT APPLY**.

27c. Which additional items would you purchase once you arrived in Canada? **PLEASE MARK ALL THAT APPLY**. **SHOW LIST SKIPPING THOSE MARKED IN 27B. MULTIPLE RESPONSE**.

Airfare within Canada
Other transportation within Canada
Airfare to the U.S.
Accommodation in Canada
Meals
A Japanese speaking tour guide to take you on a planned itinerary
A rental car
City sightseeing tours/short excursions
Two or three day excursions with overnight accommodation
Admission tickets to attractions and entertainment

28a. If you were to take a holiday trip to Canada in the next five years, which region of Canada would you be most likely to visit? **PLEASE MARK ONE ANSWER**.

28b. And on this trip to Canada, which other regions or destinations would you likely visit in combination with your trip to **[INSERT RESPONSE FROM 28a]**? **PLEASE MARK ALL THAT APPLY**.

Vancouver-Victoria region
Victoria
Whistler
The Rockies
Banff
Calgary
Toronto
Muskoka / Algonquin Park
Niagara Falls
Ottawa
Montreal
Quebec City
Anne of Green Gables / Atlantic Canada
Other parts of Canada **PLEASE SPECIFY**
Do not know **SKIP TO Q29a**

SHOW FOR 28b ONLY.

The U.S.
Other Countries
Do not know

29a. If you were to take a holiday trip to Canada in the next five years, which of the following types of trips would you be most likely to take? **PLEASE MARK ONE ANSWER**.

A city trip
A touring trip
A nature viewing trip
A trip to enjoy outdoor activities
A mountain or country resort trip
A culture or history trip
A winter sports trip
Do not know **SKIP TO Q30A**

29b. And on this trip to Canada, which other types of activities would you be interested in doing in combination with your **[INSERT RESPONSE FROM 29a]**? **PLEASE MARK ALL THAT APPLY**. **SHOW LIST SKIPPING RESPONSE FROM 29a.**

City sightseeing
Touring
Nature viewing activities
Outdoor activities
Staying in a resort
Cultural or history-related activities
Winter sports
Do not know

N4. Finally, please mark the countries below that you have ever visited in the past. **MARK ALL THAT APPLY**.

Canada
USA
Hawaii
Italy
Australia

Section 5: Demographics [ASK ALL]

So that we can tabulate your responses, we would like to ask you some questions that would be used for statistical purposes only.

33. Do you have any close friends or relatives living in Canada at the present time?

Yes
No

34. What is your marital status?

Single
Married/living together
Separated/divorced/widowed
Other
Prefer not to answer

35. Which one of the following categories best describes your occupation?
University/College Student
White-collar worker
Blue-collar worker
Administrator / Manager
Specialist / Freelancer
Self-employed
Housewife, not working outside the home
Unemployed
Retired
Other

36. What is the highest level of education that you have completed?
High school
Technical or vocational school
Junior college
College or university

37. Which of the following categories best describes your gross annual household income before taxes in 1999? Please include all wages, salaries, pensions and income from other sources.
Less than ¥3 million
¥ 3.0 - ¥ 4.999
¥ 5.0 - ¥ 6.999
¥ 7.0 - ¥ 9.999
¥ 10.0 - ¥ 11.999
¥ 12.0 - ¥ 14.999
¥ 15.0 million or over
Prefer not to answer

THANK YOU AND END THE INTERVIEW.

For questions please contact:
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