Canadian Tourism Commission
Commission canadienne du tourisme

Global Tourism Watch 2010

China - Summary Report

Canada

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1. Research Objectives

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets. The overall objectives of the GTW study are:

- To monitor awareness, travel intentions and other key market indicators for Canada and the regions;
- To assess perceptions of Canada and track brand performance over time;
- To identify the general experiences sought by travellers, assess Canada's competitive positioning on key products and identify growth opportunities;
- To identify motivators and barriers for travel to Canada, as well as media sources and images that lift Canada's appeal.

2. Methodology

The target population for the online survey was residents aged 18 and older, who had taken a pleasure trip where they stayed at least four nights paid in accommodation in the past three years, or who plan to take such a trip in the next two years.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In China, the sample was restricted to cities where Canada is permitted to market to travellers under the Approved Destination Status (ADS) agreement (Beijing, Shanghai, Guangzhou and Shenzhen) with the sample evenly split across the four cities. The target national sample was n=1,500 long-haul pleasure travellers, with a quota of 200 for recent travellers to Canada in the past three years. The survey was conducted in August 2010.

3. Market Health & Outlook

Based on the travel patterns in the past three years or plans to travel in the next two years, the incidence of China's long-haul international travel is 23%, translating into a total market potential of 4.7 million. The immediate potential - those that will definitely or very likely visit Canada in the next two years - is 48% or 2.3 million travellers. **Exhibit 3.1** shows the regional preference, with strong immediate potential for British Columbia.

Exhibit 3.1 Size of the immediate potential long-haul pleasure travel market

	CDA	BC	AB	MB	ON	QC	YK	NT
Immediate Interest[1]	48%	86%	27%	6%	68%	20%	5%	4%
Potential (M)	2.3	2.0	0.6	0.1	1.6	0.5	0.1	0.09

Base: Long-haul pleasure travellers (n=1,518).
[1]Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=1,069).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

The importance placed on long-haul travel by Chinese travellers remained relatively stable, dipping marginally in 2010 (91%) from 94% in 2009, but above 2008 levels (86%).

4. Unaided Destination Awareness

To measure Canada's brand awareness, respondents were asked about their top-of-mind awareness of destinations for a long-haul vacation. Canada has seen a steady decline in top-of-mind awareness since 2008 among potential Chinese visitors, falling to 13% of long-haul pleasure travellers surveyed in 2010. In 2010, the US and France saw a resurgence in top-of-mind awareness with increases of 2 points and 5 points respectively over 2009.

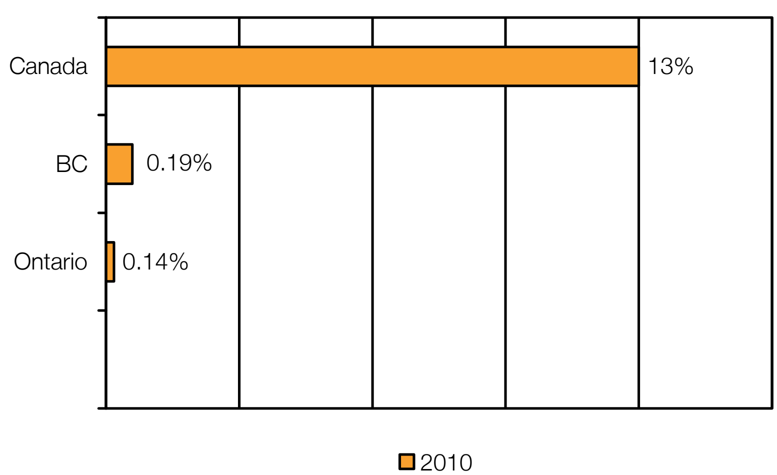
Exhibit 4.1 Unaided Destination Awareness

	2008	2009	2010
1. US	29%	23%	25%
2. France	27%	16%	21%
3. Australia	31%	20%	15%
4. Canada	18%	15%	13%
5. UK	23%	11%	12%

Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?
Base: Long-haul pleasure travellers (n=1,518).
Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

As illustrated in **Exhibit 4.2**, as a general rule Canada's regions do not have top-of-mind awareness in China.

Exhibit 4.2 Unaided AWARENESS OF Canada's regions

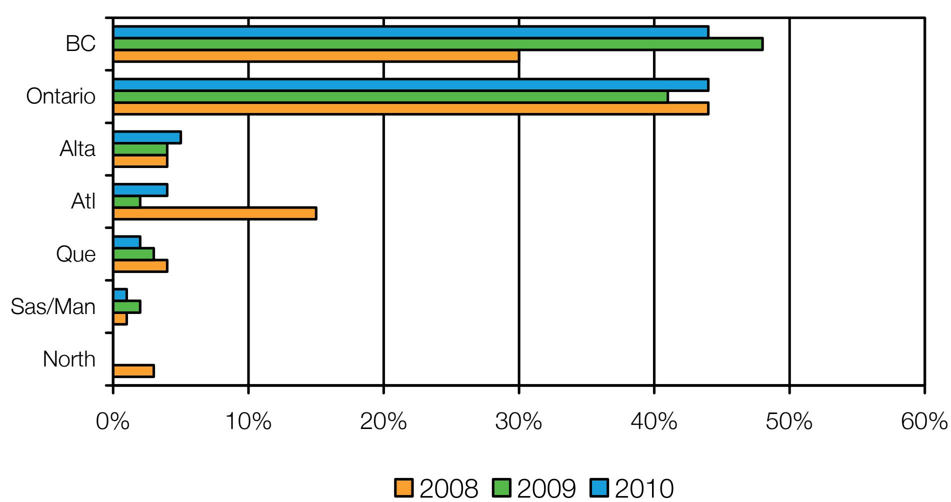


Base: Long-haul pleasure travellers (n=1,518).
Note: Only GTW regional partners are included.

In 2009, GDP growth in China dipped moderately to 9.6%. However, it quickly recovered in 2010 with growth of 10.4%. In line with economic improvements in 2010, there was an eight-point increase in long-haul pleasure travellers from China who were definitely or very likely to visit Canada in the next two years, reaching 48%.

- In 2010, China had the same percentage (42%) of long-haul Chinese visitors who were interested in shorter vacations in Canada of one to three nights and of those looking for a longer stay of four or more nights.
- However, short-break trips saw the greater upswing in popularity, increasing five percentage points over 2009, perhaps indicating a growing trend in shorter add-on trip to Canada as part of a US holiday.

Exhibit 4.3 Canadian Destination Likely to Visit



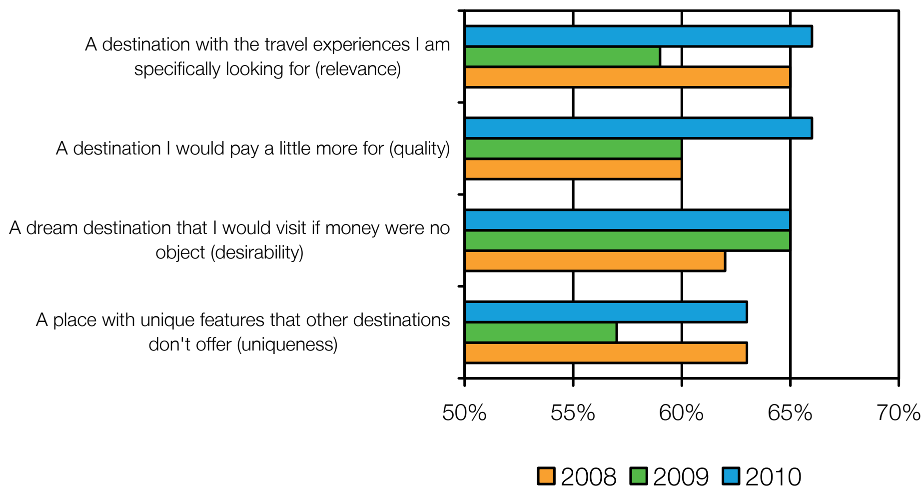
Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

In 2010, Ontario closed the gap with British Columbia as the most likely destination to visit while in Canada, with 44% of those surveyed choosing either destination. Alberta saw a moderate lift in appeal in comparison with 2009, while Quebec still remained low on Chinese visitors radar.

5. Canada's Value & Price Perception

Canada's success as a travel destination cannot be measured only by the degree to which its brand has established itself. It is important for Brand Canada to be perceived as offering value at a good price.

Exhibit 5.1 Value Perceptions

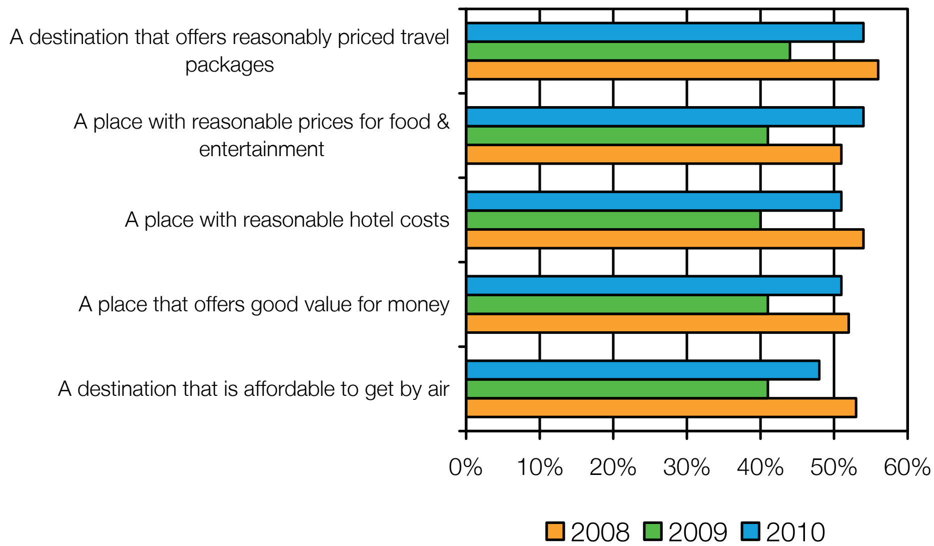


Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

Exhibit 5.1 shows the majority of value perceptions improving in 2010, with Chinese travellers overall perceiving Canada as offering excellent value as a travel destination. Canada saw relevance rebound to a new all-time high of 66% this year. Also, there was a jump in Canada's quality appeal (66%), with Canada being seen as a destination Chinese visitors would be willing to pay a little extra for. This is good news as Chinese visitors tend to be quality conscious travellers.

Cost also plays a major role when it comes to travel destination decision-making. **Exhibit 5.2** shows how Canada is perceived by Chinese travellers on various travel cost components.

Exhibit 5.2 Price Perceptions



Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

China's price perceptions of Canada saw a notable rebound in 2010, with each measure returning to near 2008 levels. Despite the slight overall decline over 2008, China still reports relatively strong price perceptions of Canada in comparison with other GTW markets. In 2010, 54% of those surveyed believed that Canada offered reasonable prices for food and entertainment a 13-point increase over the previous year. However, Canada still faces some challenges in convincing Chinese visitors that it is an affordable destination to get to by air, with this measure performing five points below its 2008 high of 48%.

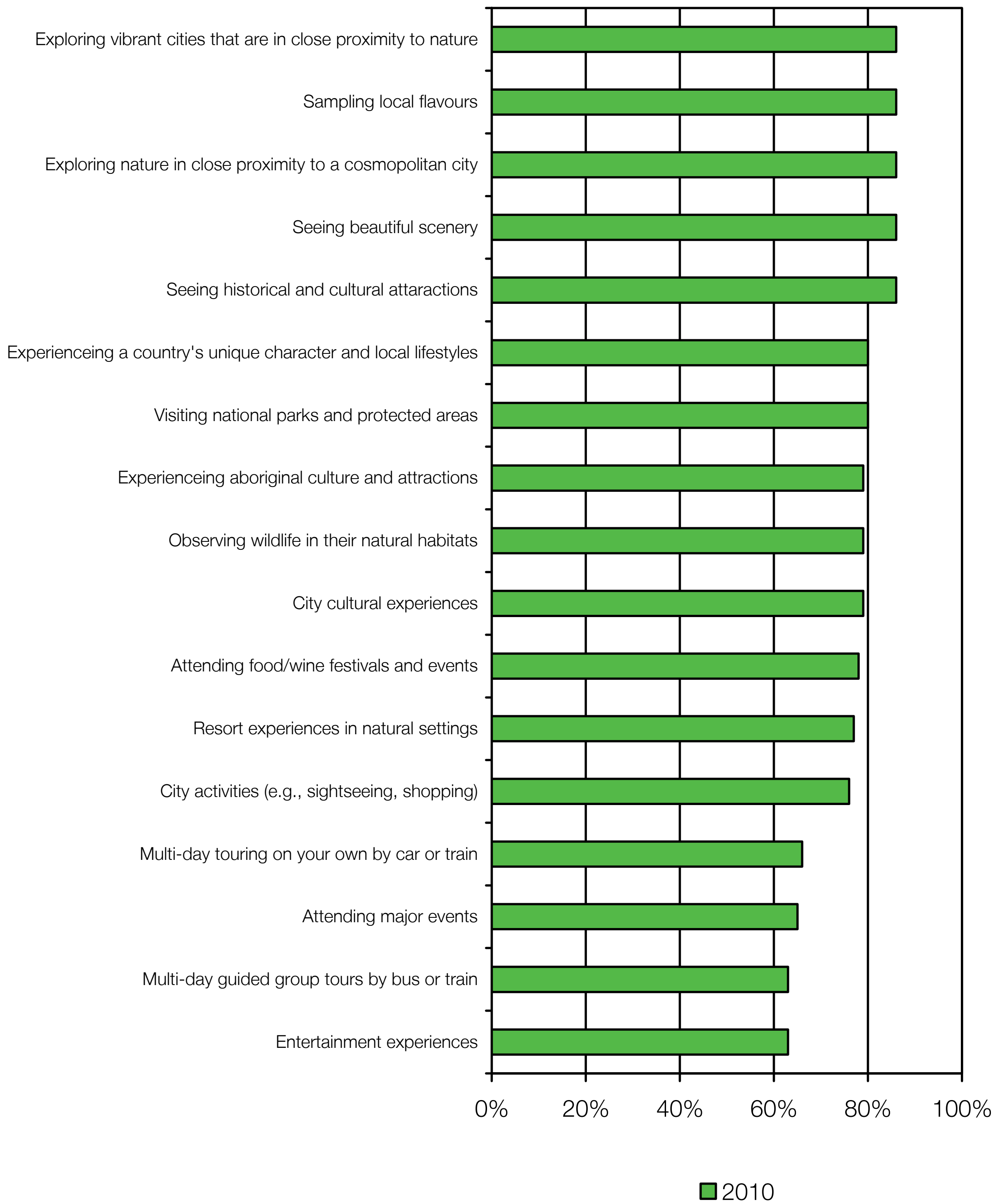
6. Product Interest

When it comes to overall long-haul travel, Chinese travellers are generalist's reporting a relatively high degree of interest in the majority of travel-related products and activities. In 2010, 11 of the products shown in **Exhibit 6.1** resonated with approximately 80% of respondents. Long-haul pleasure travellers from China appear to value nature experiences that are still close to city comforts and experiences, with the exploring cities close to nature and exploring nature close to cities measures tied among the top five travel related experiences for this market.

Culture is another product theme that seems to spike long-haul Chinese traveller's interests, with sampling local flavours and seeing historical and cultural attractions also among the top five products of interest appealing to 86% of respondents. At 79%, Chinese visitors showed a stronger than average affinity towards experiencing aboriginal culture and attractions when compared with other GTW markets.

While lower on the appeal list, touring independently or in a group and attending events and entertainment experiences still appealed to over 60% of those surveyed, again showing that this is a group willing to almost try it all with the right encouragement.

Exhibit 6.1 Product Interests



Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

7. Competitive Product Positioning

Exhibit 7.1 highlights Canada's product scores against comparable competitive long-haul travel destinations. Canada could work towards strengthening awareness of Canadian travel products among potential Chinese visitors. Exhibit 7.1 illustrates an overall low perception of Canada's Unique Selling Propositions and associated experiences with awareness levels ranking at around 20% to 40% for most experiences. However, it is important to note that awareness of travel activities in competitive destinations, such as the US, Australia and New Zealand, also ranks relatively low when compared with other GTW markets, indicating an opportunity to influence this emerging travel market.

Canada was among the top three destinations for three out of the five top ranked travel-related experiences by Chinese long-haul travellers. Canada came in first place for seeing beautiful scenery at 41%, second place for exploring nature in close proximity to a cosmopolitan city (35%) and third place for exploring vibrant cities in close proximity to nature, seven points behind both Australia and New Zealand at 30%.

Canada however ranked among the bottom two travel destinations for seeing historical and cultural attractions (23%) and sampling local flavours (24%), both of which were also ranked among the top five travel experiences among Chinese long-haul travellers.

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Ski and snowboard vacations	**CAN**	USA	AUS	UK	NZ	GER	FRA
Participating in other winter activities	**CAN**	USA	AUS	UK	NZ	GER	FRA
Seeing beautiful scenery	**CAN**	AUS	NZ	USA	UK	FRA	GER
Exploring nature in close proximity to a cosmopolitan city	AUS	**CAN**	NZ	USA	FRA	UK	GER
Visiting national parks and protected areas	USA	AUS	**CAN**	NZ	UK	FRA	GER
Exploring vibrant cities that are in close proximity to nature	AUS	NZ	**CAN**	USA	UK	FRA	GER
Observing wildlife in their natural habitats	AUS	NZ	**CAN**	USA	UK	FRA	GER
Water-based journeys of one or more nights	AUS	NZ	**CAN**	USA	UK	FRA	GER
Participating in summer activities	AUS	NZ	USA	**CAN**	FRA	UK	GER
Attending major events	USA	UK	GER	**CAN**	FRA	AUS	NZ
Experiencing aboriginal culture and attractions	AUS	USA	NZ	**CAN**	UK	GER	FRA
City activities (e.g., sightseeing, shopping)	FRA	USA	UK	**CAN**	AUS	GER	NZ
Resort experiences in natural settings	USA	AUS	UK	FRA	NZ	**CAN**	GER
Multi-day touring on your own by car or train	UK	USA	FRA	GER	AUS	**CAN**	NZ
City cultural experiences	UK	FRA	USA	GER	AUS	**CAN**	NZ
Seeing historical and cultural attractions	UK	FRA	GER	USA	AUS	**CAN**	NZ
Entertainment experiences	USA	UK	FRA	AUS	GER	**CAN**	NZ
Experiencing a country's unique character and local lifestyles	USA	AUS	FRA	UK	NZ	GER	**CAN**
Land-based journeys of one or more nights	UK	AUS	USA	NZ	FRA	GER	**CAN**
Sampling local flavours	FRA	AUS	UK	USA	GER	NZ	**CAN**
Multi-day guided group tours by bus or train	UK	USA	FRA	GER	AUS	NZ	**CAN**
Attending food/wine festivals and events	FRA	GER	UK	USA	AUS	NZ	**CAN**
Participating in culinary learning experiences	FRA	USA	UK	GER	NZ	AUS	**CAN**

Base: Long-haul pleasure travellers (n=1,518).
Note: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.
Legend: CAN = Canada, USA = United States, AUS = Australia, NZ = New Zealand, GER = Germany, FRA = France, UK = United Kingdom.

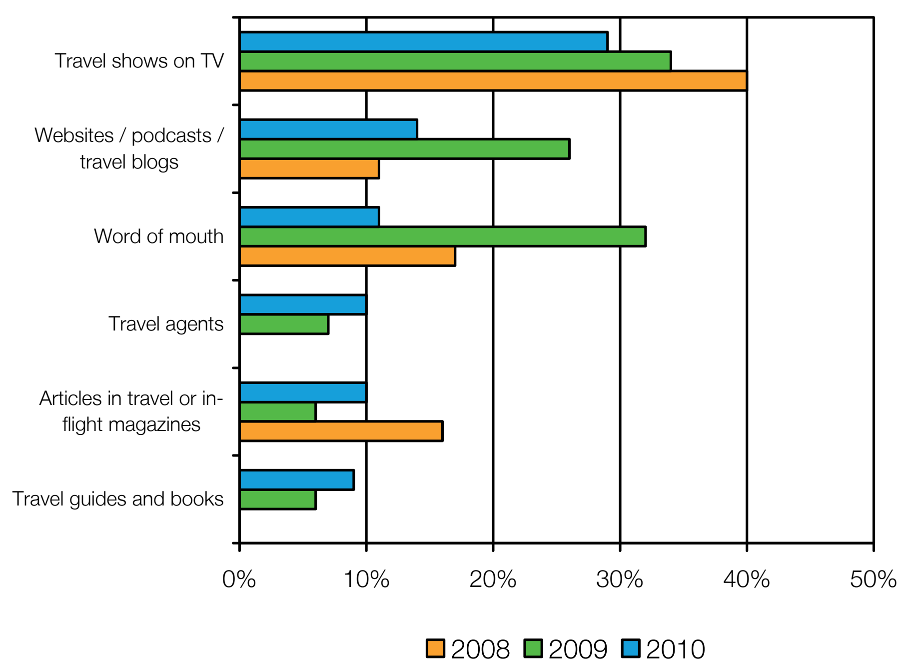
8. Sources of Information for Increasing Canada's Appeal

In 2010, TV shows and websites/podcasts/travel blogs were the most effective means of influencing travel to Canada, despite seeing notable drops of five points and 12 points respectively.

Print media appears to have had less of an appeal among the Chinese long-haul travel market, with 10% of those surveyed identifying articles in travel or inflight magazines as increasing Canada's appeal as a travel destination.

This year, there was a three-point bump in the influence travel agents had on increasing Canada's overall appeal.

Exhibit 8.1 Top sources of information



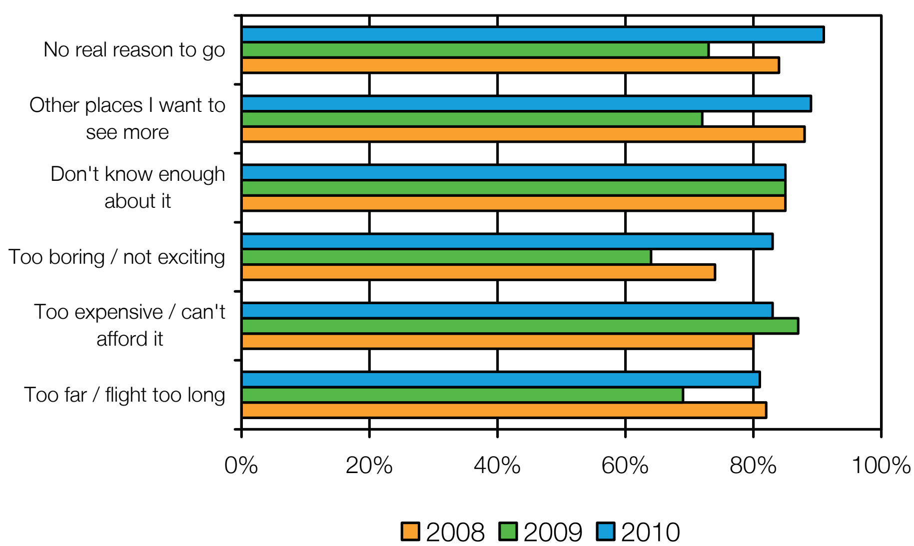
Base: Long-haul pleasure travellers.
Note: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

9. Key Barriers for Travel to Canada

It's important to know barriers to travel to Canada, as these concerns could lead travellers to select alternative destinations. Among long-haul Chinese travellers who said that they were unlikely to visit Canada in the near future, there were increases in the perception that there was no real reason to go (+18 points); there were other places they wanted to see more (+17 points); it was too boring a destination (+19 points); and that the flight was too long (+12 points).

However, in 2010 there was a four-point decline in the perception that Canada was too expensive of a travel destination and that they could not afford to visit. This shift was most likely a reflection of China's economy strengthening in 2010.

Exhibit 9.1 Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future.
Note: Percentage is the sum of major barrier and minor barrier responses.
Result for past travellers to Canada who are unlikely to re-visit in the near future are not shown due to small sample size.

10. Conclusions: Key Take-Aways

China reported strong growth in inbound travel to Canada in 2010, up 21.2% year-over-year:

- China represents one of CTC's smaller potential long-haul international markets, at approximately 4.7 million. However, in 2010 this market appears to be poised for growth reporting an eight-point increase among those surveyed who said they were likely to visit Canada in the next two years, reaching 48%;
- When asked unprompted what destinations comes to mind for a long-haul travel destination, Chinese long-haul travellers ranked Canada fourth in 2010, behind the US, France and Australia. Unfortunately, Canada has reported a decline in top-of-mind awareness since 2008, falling to 13% in 2010;
- Ontario closed the gap with British Columbia in 2010 as the most popular Canadian destination among long-haul Chinese pleasure travellers, with 44% of those surveyed stating that they were most likely to visit either province;
- In 2010, the majority of value perceptions of Canada saw increases among Chinese long-haul pleasure travellers. Both Canada's relevance and quality measure reached new all-time highs, with 66% of respondents stating that Canada offered the travel experiences they were looking for and that they were willing to pay a little extra to visit this destination;
- China's price perceptions of Canada as a travel destination rebounded, most likely linked to a stronger economic outlook in 2010. Canada saw a 13-point jump in the perception that it offered reasonable prices for food and entertainment, but still faces challenges in being perceived as an affordable destination to get to by air;
- This year, long-haul Chinese pleasure travellers found TV travel shows (29%) and websites/podcasts/travel blogs (14%) as the most likely sources of information to increase Canada's appeal as a travel destination;
- Chinese long-haul travellers appear to be generalist's ranking the majority of travel-related experiences as appealing, while finding it difficult to identifying destination leaders for specific experiences. Canada is in a leading position, or close to it, for three of the top five ranked experiences: seeing beautiful scenery, exploring nature in close proximity to a cosmopolitan city and exploring vibrant cities in close proximity to nature;
- Canada should address key barriers for travel by highlighting unique and distinctly Canadian experiences that are affordable and easy-to-get-to.