



Canadian Tourism
Commission

Commission canadienne
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Global Tourism Watch

South Korea Summary Report - 2011



Canada

Table of Contents

1. Research Objectives	1
2. Methodology.....	1
3. Market Outlook and Potential.....	1
4. Unaided Destination Awareness.....	4
5. Canada’s Value & Price Perceptions	6
6. Product Interest	8
7. Competitive Product Positioning	10
8. Sources of Information on Canada.....	12
9. Key Barriers for Travel to Canada.....	14
10. Conclusions: Key Take-Aways.....	16

1. Research Objectives

The Canadian Tourism Commission initiated a Global Tourism Watch (GTW) program in 2007 to expand the consumer-based intelligence in its key markets; the Canadian domestic market was later introduced in 2009. In 2011, India and Brazil were added to the study. 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 in the past three years where they stayed at least four or more nights with at least one night in paid accommodations or plan to take such a trip in the next two years. Trips had to be outside of South Korea, China and Japan.

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In South Korea, the target was n=1,500 long-haul pleasure travellers, with a quota of n=200 recent travellers to Canada. The survey was conducted in June 2011.

3. Market Outlook and Potential

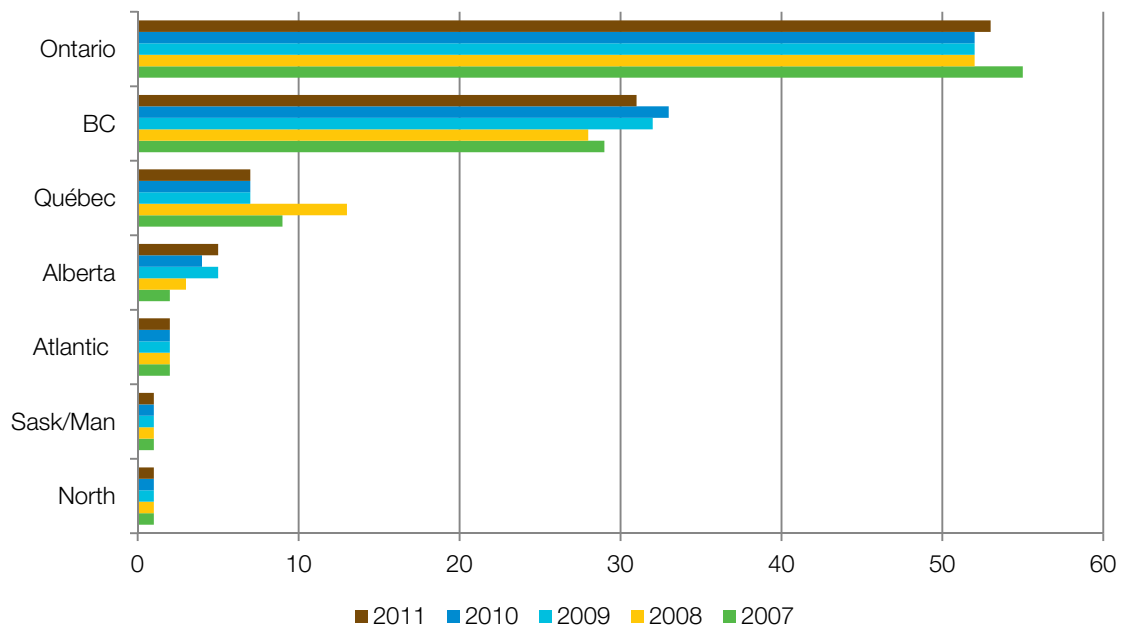
Over 90% of Korean travellers say that long-haul travel is important to them, which is unchanged from previous years. However, a closer look at the results shows notable fluctuations in the proportion of those who feel that long-haul travel is very important. These ups and downs closely reflect the shifts in market composition over the last five years, with more committed, high-frequency travellers being more apt to make long-haul travel a priority. As such, the percentage of travellers who feel that long-haul travel is very important rose by 5 percentage points (ppt) to hit 50% in 2011. Again, the picture has returned to the way it was in 2009, when the higher proportion of avid travellers boosted very important levels up to 51%.

After recovering from a weak +37 in 2009 to a strong +51 in 2010, the GTW market outlook indicator has softened to +48, with the proportion of travellers who say they will travel more in the next three years falling from 56% to 52%. However, the outlook is actually not that bad when compared to the performance of other indicators (i.e., intensity and importance), which have both reverted fully to recessionary levels. At +48, the outlook measure is still vastly above the low of +37 posted in 2009, with a diminishing number of travellers who say they will travel less in the next three years (4%, down from 8% in 2009). This is cause for optimism, particularly in view of the economic turmoil that prevailed in South Korea at the time of the 2011 survey.

Consistent with the results for interest in Canada, travel intentions are seeing a mild upswing in 2011, returning to 2009 levels after slipping in 2010. In fact, at 36%, travel intentions are now at a record high. Again, this is likely because of the greater preponderance of affluent and high-frequency travellers in the market in 2011. The more robust travel intentions are primarily being driven by longer vacations of four or more nights, which have jumped from 24% in 2010 to a five-year high of 28%. While shorter trips of one to three nights (e.g., add-on travel to the US) have been holding steady since 2009, at 30%, intentions are still significantly higher than the baseline value of 24%.

Exhibit 3.1 shows the destination of choice for Korean travellers that are likely to visit Canada. All regions exception of British Columbia are holding steady in 2011, with Ontario and British Columbia continuing to be the preferred destinations.

Exhibit 3.1 Canadian Destination Most 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.

Exhibit 3.2 quantifies the immediate potential for the regional partners of the GTW study based on current levels of interest. The potential is obviously substantial for British Columbia and Ontario (over 3 million potential visitors each), with good potential for Québec and Alberta as well (over 2 million visitors each).

Exhibit 3.2 Size of the immediate potential for Canada

	CDA	BC	ON	QC	AB	YK	NU
Immediate Interest¹	36%	88%	81%	61%	49%	13%	9%
Potential (M)²	4.3	3.7	3.4	2.6	2.1	0.6	0.4

Base: Long-haul pleasure travellers (n=1,533).

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=1,122).

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

² Results are from the random telephone omnibus survey undertaken in 2010. Base is general population aged 18 plus.

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

4. Unaided Destination Awareness

To measure top-of-mind awareness for Canada, respondents were asked to name destinations that come to mind for a long-haul vacation.

While destinations in South-East Asia have directly benefited from the languishing Korean economy and growing popularity of discount airfares, they are typically not the first destinations that come to mind when Korean travellers think about possible vacation destinations. In fact, most of these destinations do not even make the top 15 list, indicating that their current popularity may be driven purely by economics and convenience.

As in previous years, the top vacation spots in terms of awareness are the US and Australia, both of which lead all other destinations by a wide margin. France and Canada are third and fourth, respectively, with awareness levels that are about half of that achieved by the US. These two destinations compete closely, being within one ppt of each other in all five years of the GTW, however, this is the first year in which France has actually topped Canada. Europe continues to have strong appeal in this market, with the UK, Switzerland, Italy and Spain all emerging in the top ten. Europe tends to be viewed as an exotic, once-in-a-lifetime dream destination by Korean travellers, who enjoy its sophistication and culture, as well as incredible shopping opportunities.

In terms of major shifts, awareness of both Australia and France has been increasing steadily since bottoming out in 2009, having essentially returned to baseline levels in 2011. The US is also trending upward from the 37% posted in 2010 to a five-year high of 40%. Turkey and Brazil are the only other destinations to see a significant shift in 2011 (up 3 ppt from 2010 in both cases).

Awareness of Canada has fluctuated between 19% and 22% throughout the course of the GTW study and currently sits at 20%, which is the same as in 2010.

Exhibit 4.1 Unaided Destination Awareness
(showing top 5 countries only)

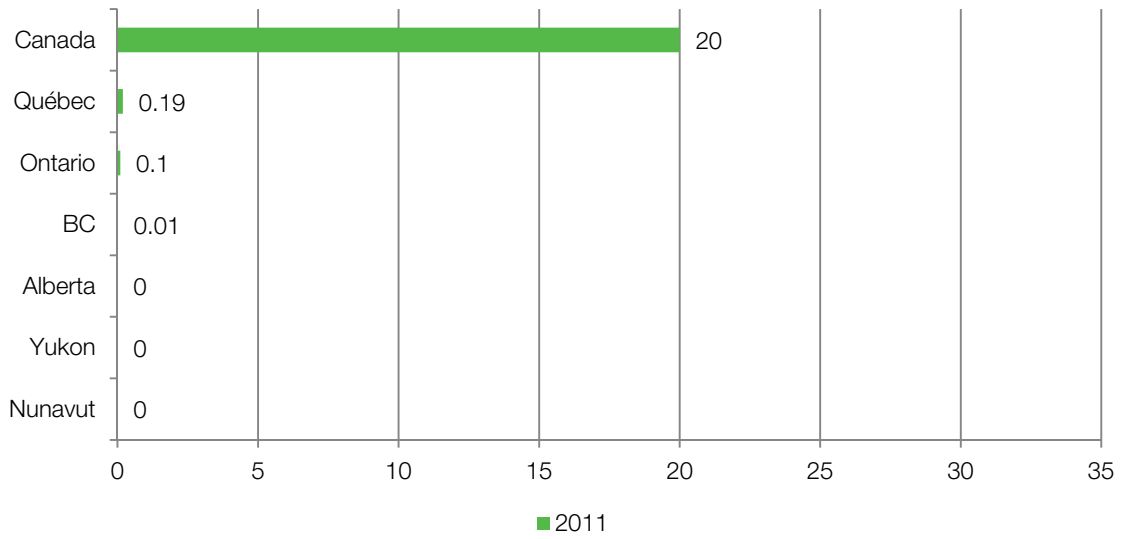
	2007	2008	2009	2010	2011
1. US	38%	37%	37%	37%	40%
2. Australia	36%	38%	31%	34%	36%
3. France	21%	22%	18%	20%	21%
4. Canada	22%	22%	19%	20%	20%
5. UK	14%	18%	15%	14%	16%

Base : Long-haul pleasure travellers (2011 n=1,533)

Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.

Exhibit 4.2 shows that Korean travellers have very limited awareness of specific destinations within Canada.

Exhibit 4.2 Unaided Awareness of Canada's regions



Base: Long-haul pleasure travellers (n=1,533)

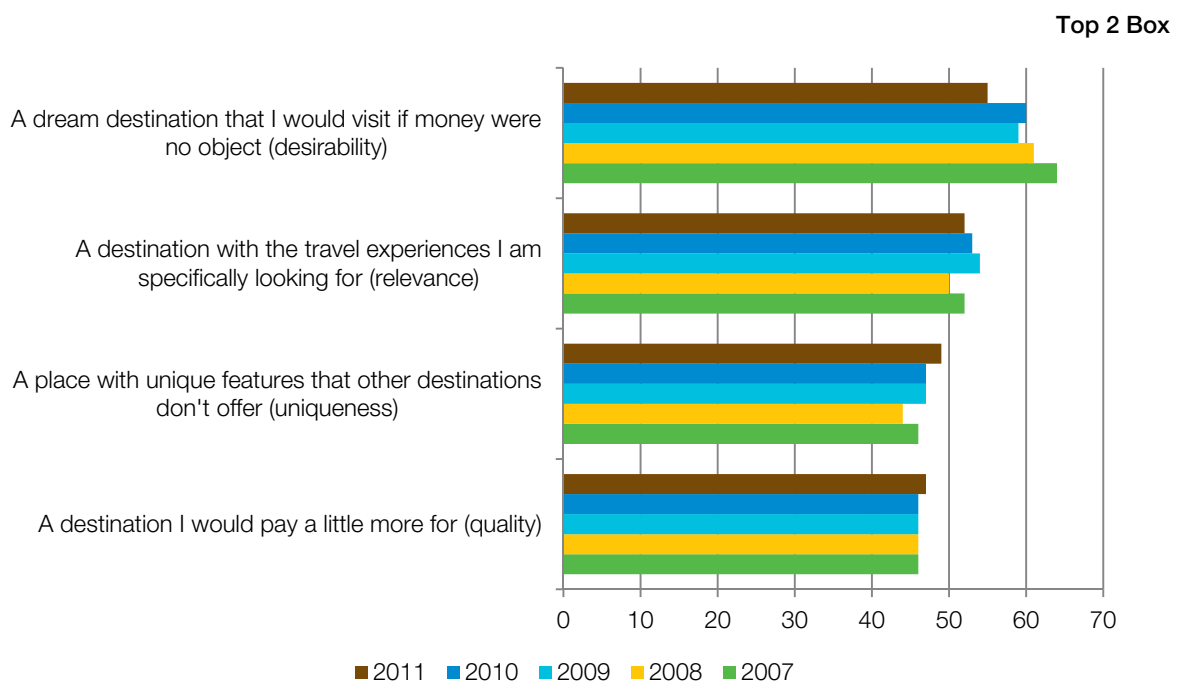
Note: Only GTW regional partners are included.

5. Canada's Value & Price Perceptions

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.

"Desirability" has dropped another 5 ppt, deepening an overall downward swing from 64% in 2007 to just 55% in 2011. On the other hand, Canada is making headway on "Uniqueness", climbing from 44% in 2008 to 49%. Clearly, the CTC and its partners have made some inroads in their attempts to differentiate Canada from its competitors, but these successes have not enriched Canada's standing as a dream destination among Korean travellers.

Exhibit 5.1 Value Perceptions



Base: Long-haul pleasure travellers (2011 n=1,533)

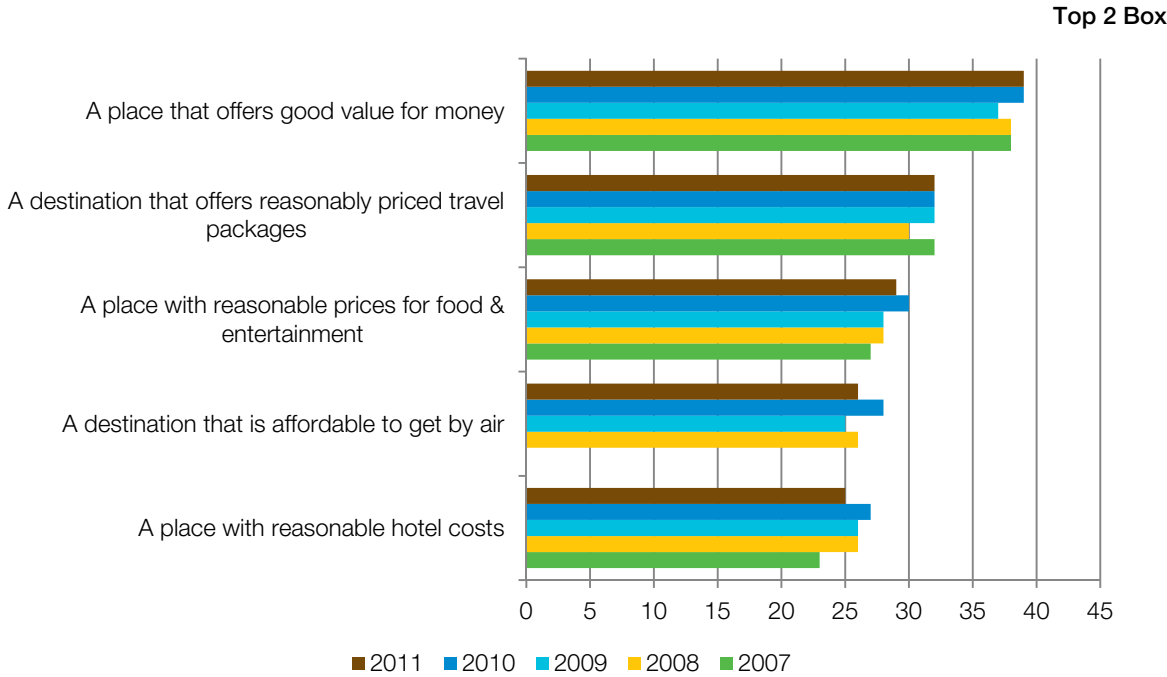
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree"

In addition to brand image and destination value, cost plays a major role when it comes to destination decision-making.

All of the individual price attributes have remained flat in 2011, with none of the five having seen any lasting improvement over the baseline wave. While "hotel and food/entertainment costs" have been on an upswing since 2007, both measures have now cooled, with perceptions of airfare costs having also dipped slightly.

One reason for the anaemic performance in 2011 might be related to the lack of improvement in the exchange rate relative to other destinations. While the Won appreciated by 8% to 17% against the UK, European and US currencies between the 2009 and 2011 studies, it rose by only 4% against the Loonie, offering no relief to holiday-makers on pricey Canadian trips.

Exhibit 5.2 Price Perceptions



Base: Long-haul pleasure travellers (2011 n=1,533)
 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".

6. Product Interest

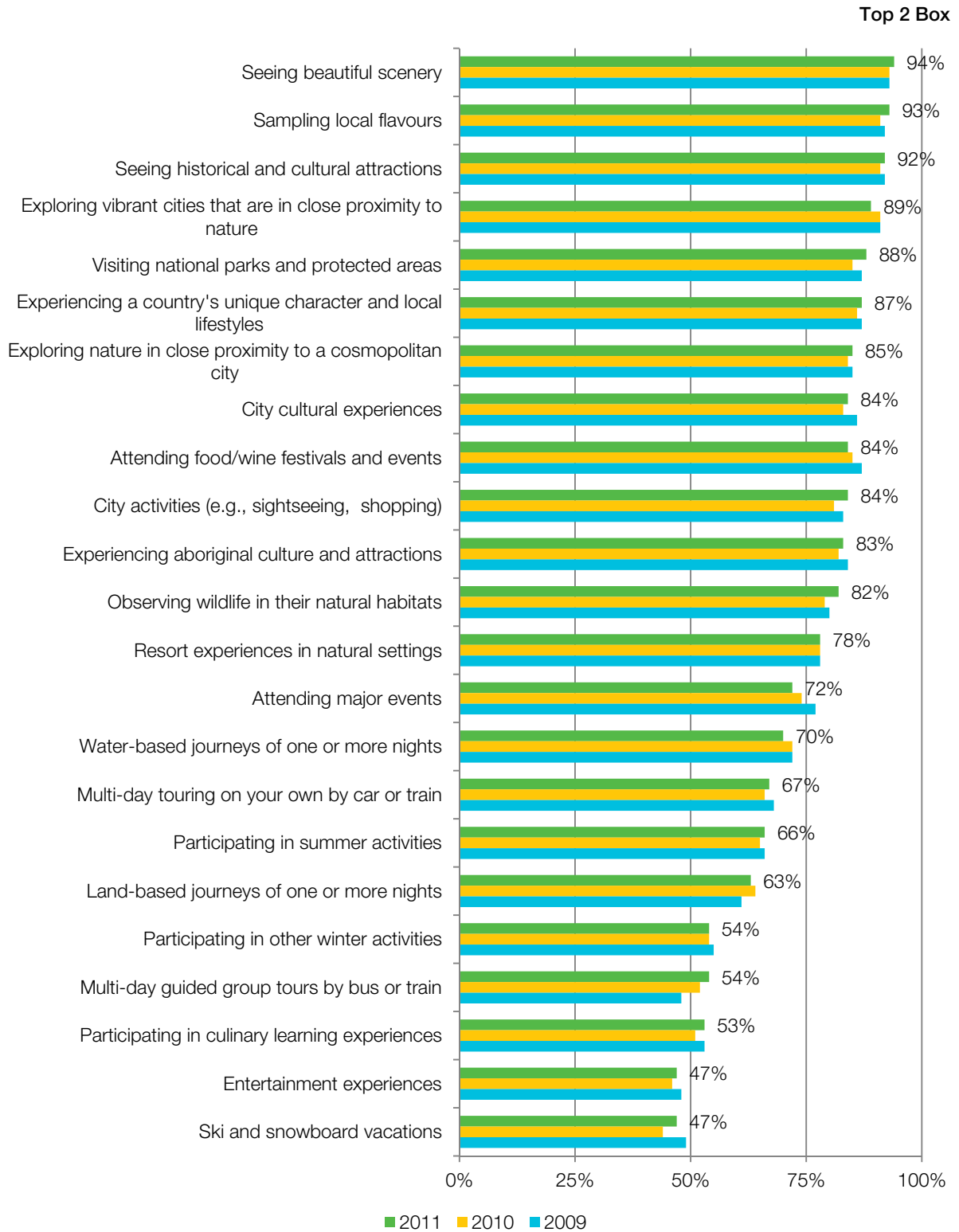
Koreans continue to enjoy a good mix of vacation pursuits, with nature, culinary, city and culture products all well-represented among the top ten activities (see [Exhibit 6.1](#)). Touring, outdoor products and a couple of specific city experiences continue to dominate the bottom ten activities in 2011. Notably, however, water-based journeys and winter activities are ranked higher in South Korea than in any other GTW market. For many Korean travellers, travel is bound up with the desire to enhance both their physical and mental health through activity and outdoor adventure. As such, they tend to seek out products and experiences that refresh, invigorate and improve their well-being (e.g., skiing, white water rafting, climbing, hiking, etc.).

Although 2011 has brought with it a number of ups and downs in terms of product preferences, there appears to be few commonalities with respect to the shifts. An exception is that nature appears to be winning more interest from Korean travellers in 2011, with national parks (88%) and wildlife observation (82%) both on an upswing. This trend could be related, in part, to the growing demand for ecotourism among Korean travellers, both at home and abroad, with Yosemite National Park in California, for one, seeing a rising number of Korean visitors in 2011.

Multi-day guided group tours (54%) and city activities such as shopping and sightseeing (84%) are also up in 2011 vs. previous years. Despite the struggling economy and increased emphasis on value for money in their destination choices, those who are continuing to travel remain enthusiastic shoppers. In fact, Korean travellers are among the top revenue generators for many shopping destinations, usually trumping their Japanese counterparts in terms of expenditures. The Korean luxury shopping market continues to be strong, particularly for European destinations such as France and Italy.

On the other hand, major events and food/wine festivals have both been headed downward since 2009. Tourism New Zealand also reports a downward trend for interest in food/wine festivals/events among their Korean visitors in 2011. Still, 84% (and a 9th place rank), the overall appeal of these experiences remains higher in South Korea than in any other GTW market.

Exhibit 6.1 Product Interests



Base: Long-haul pleasure travellers (2011 n=1,523; 2010 n=1,491; 2009 n=1,501).

Notes: Top 2 Box refers to a rating of always or often important on a 4-point importance scale.

Results not comparable to previous years due to changes to the product list in 2009.

7. Competitive Product Positioning

Exhibit 7.1 shows that Canada's product positioning in South Korea is fairly tenuous. With just a single product where it is the top-ranked competitor (scenery), and three where it ranks second (ski vacations, winter activities and national parks), Canada's performance in this market is arguably the worst of any GTW market. In addition, Canada's standing has dropped on four products in 2011:

- From 4th to 5th on major events as a result of a 5 ppt fall for Canada, likely due to the waning impact of having hosted the Olympic Games. The UK has taken up the slack, with a 7 ppt increase, no doubt a result of the Royal Wedding in 2011 and the upcoming Olympics in London;
- From 1st to 2nd on winter activities due to a significant increase for Switzerland that moved it into the top spot;
- From 6th to 7th on local lifestyles, the combined result of a small 2 ppt drop for Canada and a 1 ppt uptick for the US; and
- From 6th to 7th on food/wine festivals due to a 2 ppt dip for Canada and a 1 ppt uptick for New Zealand.

On the bright side, Canada has improved its rank on national parks (from 3rd to 2nd), nature close to cities (from 4th to 3rd) and historical/cultural attractions (from 7th to 6th), helped along by erosion in New Zealand's scores. Canada has also seen a significant gain on summer activities (up 3 ppt to 22%), although its rank has not changed.

Australia continues to provide stiff competition for Canada in the Korean market, with nine number one products, besting Canada on most of its traditional strengths. Moreover, it continues to make inroads in the Korean market, having strengthened significantly in 2011 on land-based journeys (up 4 ppt) and local lifestyles (up 5 ppt), and trending upward on aboriginal culture, culinary learning and food/wine festivals/events.

Canada's strategic focus in the near-term might be to gain leadership on skiing and winter activity vacations, as it lags behind Switzerland by only a few percentage points. Achieving supremacy over Australia on nature close to cities and cities close to nature is also well within Canada's grasp, as it trails by only 7 ppt in each case. Touring also offers good potential for Canada to broaden out its product strengths, although the focus should probably be on self-touring.

Exhibit 7.1 Competitive Positioning

	1	2	3	4	5	6	7
Seeing beautiful scenery	CAN 43%	AUS 39%	NZ 36%	USA 33%	SWI 31%	UK 7%	FRA 7%
Participating in other winter activities	SWI 55%	CAN 54%	USA 18%	NZ 17%	AUS 12%	FRA 8%	UK 7%
Ski and snowboard vacations	SWI 55%	CAN 51%	USA 19%	NZ 18%	AUS 12%	FRA 9%	UK 7%
Visiting national parks and protected areas	AUS 49%	CAN 36%	USA 34%	NZ 34%	SWI 19%	FRA 9%	UK 8%
Resort experiences in natural settings	AUS 47%	NZ 40%	CAN 31%	USA 23%	SWI 21%	FRA 10%	UK 8%
Observing wildlife in their natural habitats	AUS 63%	NZ 43%	CAN 31%	USA 19%	SWI 13%	UK 6%	FRA 5%
Exploring nature in close proximity to a cosmopolitan city	AUS 36%	USA 30%	CAN 29%	NZ 26%	SWI 19%	FRA 19%	UK 19%
Water-based journeys of one or more nights	AUS 43%	NZ 39%	CAN 28%	USA 21%	SWI 16%	UK 12%	FRA 10%
Experiencing aboriginal culture and attractions	NZ 58%	AUS 52%	CAN 21%	USA 15%	SWI 13%	UK 8%	FRA 7%
Exploring vibrant cities that are in close proximity to nature	AUS 36%	USA 29%	NZ 29%	CAN 29%	SWI 28%	FRA 19%	UK 18%
Multi-day touring on your own by car or train	USA 38%	AUS 32%	SWI 29%	CAN 26%	FRA 22%	NZ 19%	UK 18%
Land-based journeys of one or more nights	AUS 43%	NZ 34%	SWI 25%	CAN 25%	USA 21%	FRA 13%	UK 13%
Participating in summer activities	AUS 57%	NZ 39%	USA 26%	CAN 22%	SWI 12%	FRA 11%	UK 8%
Multi-day guided group tours by bus or train	USA 33%	FRA 27%	AUS 26%	SWI 25%	CAN 24%	UK 23%	NZ 19%
Attending major events	USA 41%	UK 39%	FRA 33%	AUS 19%	CAN 16%	SWI 16%	NZ 11%
City activities (e.g., sightseeing, shopping)	USA 58%	FRA 42%	UK 39%	AUS 16%	CAN 14%	SWI 12%	NZ 9%
Entertainment experiences	USA 72%	UK 27%	FRA 27%	AUS 14%	CAN 13%	NZ 9%	SWI 6%
Seeing historical and cultural attractions	FRA 53%	UK 47%	USA 22%	AUS 19%	SWI 17%	CAN 13%	NZ 13%
City cultural experiences	FRA 54%	UK 52%	USA 37%	AUS 13%	SWI 12%	CAN 11%	NZ 10%
Experiencing a country's unique character and local lifestyles	AUS 39%	NZ 37%	SWI 26%	FRA 24%	UK 20%	USA 19%	CAN 18%
Sampling local flavours	FRA 58%	AUS 29%	SWI 26%	NZ 21%	USA 19%	UK 17%	CAN 13%
Participating in culinary learning experiences	FRA 56%	AUS 25%	SWI 21%	USA 20%	NZ 16%	UK 15%	CAN 12%
Attending food/wine festivals and events	FRA 66%	AUS 24%	SWI 20%	UK 19%	USA 17%	NZ 15%	CAN 12%

Base: Long-haul pleasure travellers (n=1,533).

Notes: 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, SWI = Switzerland, UK = United Kingdom, FRA = France.

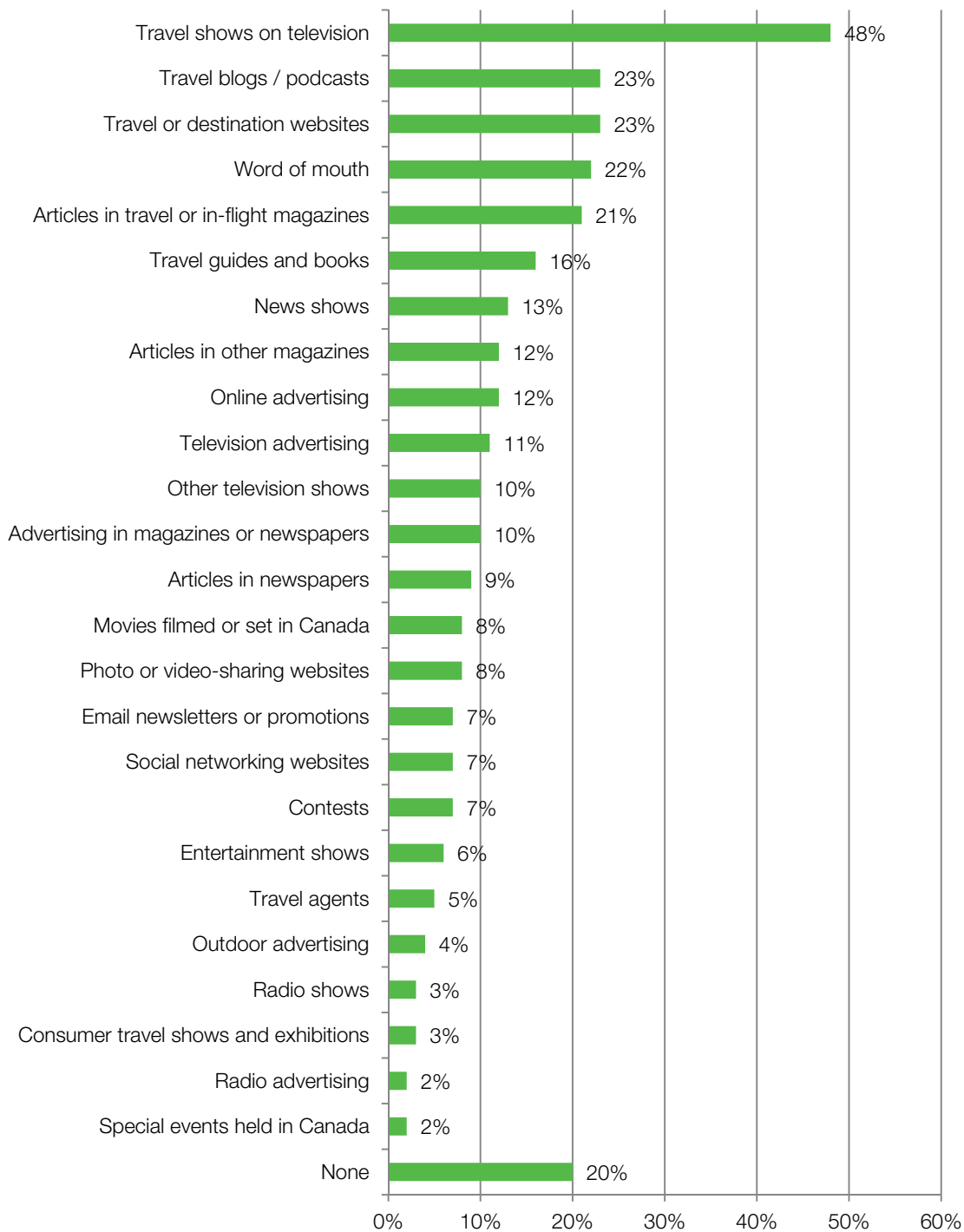
8. Sources of Information on Canada

Exhibit 8.1 shows that approximately 8 in 10 Korean long-haul travellers indicated they saw promotional information on Canada in the three months leading up to the survey, which is fairly strong by GTW standards. In fact, among the markets surveyed on a national basis (excluding China, Mexico and Brazil), South Korea emerges with the highest penetration after the domestic market.

Although the list of information sources has changed in 2011, the top five sources are very similar to previous years. Television travel shows remains the source with the highest reach (almost 50%), with travel blogs, websites, word of mouth and travel magazine articles also in the top five (at 21% to 23%). While most of the top information sources are fairly typical of other GTW markets, the popularity of travel blogs/podcasts (23%) is distinctive. While travel blogs tend to sit in the bottom half of the list in other markets (i.e., 15th or lower), they rank second in South Korea. This might be attributable to the CTC's Canada Supporters program, where young Koreans are invited to explore Canada and blog about their trip. In fact the fourth wave of this campaign was announced in Seoul while the 2011 GTW survey was under way.

Online media tend to be more important than other sources in South Korea in general. In addition to blogs/podcasts, online advertising and photo/video-sharing websites are also ranked higher than in any other GTW market (9th and 15th, respectively). However, social networking sites and email newsletters/promotions are no more important than in other markets.

Exhibit 8.1 top sources of information on Canada in the past three months



Base: Long-haul pleasure travellers (n=1,533)
 Note: Question changed in 2011, so results are not comparable to previous years.

9. Key Barriers for Travel to Canada

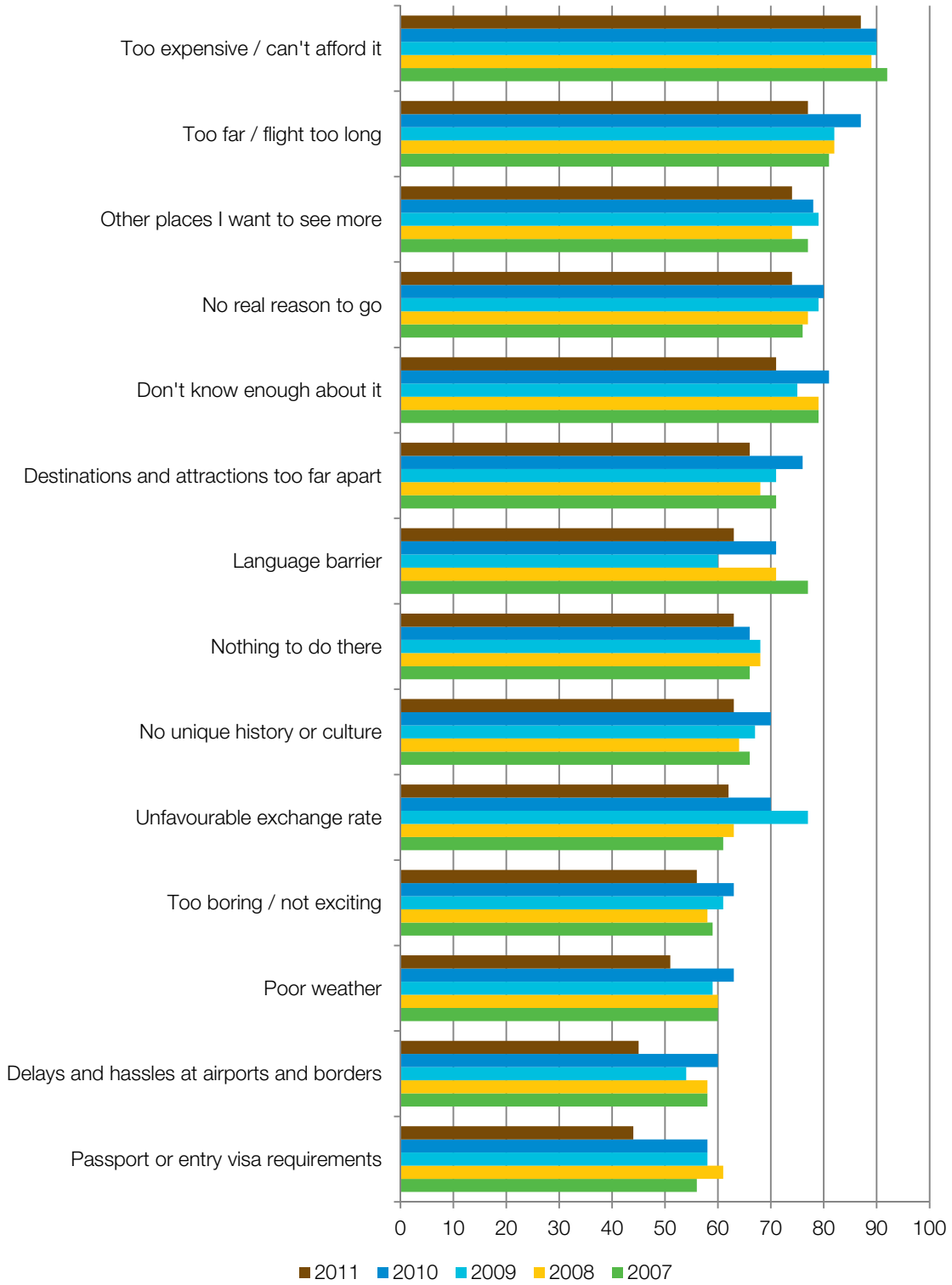
Dovetailing with the stronger motivations to visit Canada, most of the major travel barriers have diminished to some degree in 2011 (see [Exhibit 9.1](#)). In fact, all of the barriers are now sitting at or near record lows except language issues, although even this is down significantly since last year. There are indications that some of these drops may be related to shifts in the socio-demographic composition of the long-haul market, with many items showing a surge in 2010, followed by a drop in 2011. With a return to the more affluent and sophisticated traveller base that dominated the market in 2009, barriers related to lack of knowledge (e.g., don't know enough about Canada, no unique history/culture, poor weather,) and travel inexperience (e.g., too far, destinations in Canada too far apart, language barriers, airport/border hassles) have dropped back down accordingly.

Other challenges have also abated for Canada in recent years, including "exchange rates" as a barrier, which has fallen by 15 ppt since 2009, mirroring the downward trajectory of this barrier for long-haul in general due to the stronger Won. In addition, passport/visa requirements has slipped since 2010 (15 ppt), as have safety (10 ppt) and health (13 ppt) concerns.

Despite these shifts, practical considerations like high costs and long distances remain the two main obstacles for the fifth straight year, both at over 75%. In addition, competition from other destinations, no compelling reason to go and don't know enough about Canada have been mentioned by over 70% of travellers in each of the last five years, pointing to their entrenchment as obstacles for Canada. Taken together, these results suggest that the CTC and its partners should continue to build awareness in South Korea, make travellers aware of specific travel opportunities in Canada, highlight distinctive world-class products that make Canada a one-of-a-kind destination, develop cost-effective packaged products and push value for money messages in this market.

Exhibit 9.1 Key Barriers for visiting to Canada

Top 2 Box



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future (2011 n=383; 2010 n=401; 2009 n=390; 2008 n=517; 2007 n=438).

Notes: Percentage is the sum of major barrier and minor barrier responses.

10. Conclusions: Key Take-Aways

Like many other markets, South Korea's economy cooled in 2011, with manufacturing and export growth slowing to their weakest levels since late 2009 and agriculture hit hard by flooding over the summer. Moreover, the impact of the struggling US economy and debt crisis in Europe is expected to come to a head in 2012, indicating that there is no turnaround in sight for the export-dependent Korean economy.

- While the Korean Won is still weak by historical standards, it has strengthened markedly since the 2009 GTW, gaining 17% against the US dollar, 9% against the Euro and 8% against the British pound. As a result, both affordability and unfavourable exchange rates have moderated as long-haul travel barriers since 2009. While the Won did not appreciate to the same degree against the buoyant Canadian dollar, exchange rates have also dropped off as a deterrent for travel to Canada in 2011.
- With the positive effects of the stronger Won helping to offset some of the economy-induced losses, the GTW market outlook indicator has taken only a mild hit so far, and at +48 is nowhere near the recessionary low of +37 posted in 2009. In fact, the +48 is the highest posting of any market except Brazil, and dovetails with the strong forward looking incidence rate among the general population (23% are very likely to take a trip in the next 2 years, vs. only 14% in 2007). These results are cause for optimism and suggest that the Korean long-haul market may resume its meteoric growth once economic conditions improve.
- The tough economic times, stronger Won and shift in market composition have, not unexpectedly, affected the destination choices of Korean consumers. Many of those who have continued to travel have been favouring more frequent trips to closer, less expensive Asian destinations. As a result, vacation spots such as Thailand, Vietnam and the Philippines have all continued to see robust increases in their Korean visitation in 2011 despite the beleaguered economy. In addition to financial pressures on consumers, this trend is being driven by the proliferation of budget airlines linking South Korea with destinations in southeast Asia, a trend that will continue to heat up over the next few years.
- At the same time, more affluent travellers are taking advantage of the vastly improved USD exchange rate and relaxed visa requirements to travel to the US, while others are flocking to Europe for duty-free shopping following the signing of the Korea-European Union free trade agreement.
- Little progress has been made in terms of how Korean travellers perceive Canada, with the Brand Perceptions, Value Perceptions and Price Perceptions having remained flat over the last four years. Moreover, all three measures are on shaky ground, ranking among the poorest scores for Canada across the 12 GTW markets. Enhancing the Value Perceptions is likely a major priority given the extent to which value attributes emerge as key drivers for Korean travellers. "Quality" and "Desirability" demand the most improvement, with Canada's world-class nature and outdoor products no doubt the most direct route to convincing travellers that a Canadian vacation is worth the cost of admission. Boosting the Price Perceptions by introducing shorter, more attractively-priced products is also critical at a time when Korean travellers are becoming more price-sensitive and seeking vacation deals.

- Undoubtedly, a key contributor to the poor perceptions of Canada in South Korea is the weak competitive positioning of its products, which is arguably the worst of any GTW market. Aside from scenery, Canada has no other products where it is regarded as the market leader. Switzerland bests Canada on skiing and winter pursuits, while Australia wins out on most other nature and outdoor pursuits. In addition to this, Australia offers the mix of nature, culture and cuisine that is irresistible to Korean travellers and continues to make inroads on all of these products.
- Canada's strategic focus might be to gain the leadership position on Active Adventure, a standing that it holds in almost every other GTW market. Given its wide-ranging offerings promoting health, revitalization and wellness, Canada is in a compelling position to benefit from the wellbeing craze that is currently sweeping South Korea. Winter activities are an obvious starting point, with national parks and wildlife also good areas to focus on due to their rising popularity. Canada has also made some headway on summer activities in 2011 and should try to sustain this momentum. A secondary focus could include Personal Journeys, a key driver of travel to Canada, with water-based journeys, land-based journeys and self-touring all representing good opportunities for development. Vibrant Cities could also be added into the mix for diversity.