DESTINATION CANADA

Global Tourism Watch

2017 US Public Summary Report

Canada

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Introduction

Destination Canada began conducting the annual Global Tourism Watch (GTW) program in 2007. The primary purpose of this research program is to provide consumer-based intelligence in 11 core markets around the world: Australia, China, France, Germany, India, Japan, Mexico, South Korea, the United Kingdom, the United States, and the domestic Canadian market.

The overall objectives of the GTW study are to:

- Monitor awareness, travel intentions, and other key market indicators for Canada and the regions;
- Assess perceptions of Canada and track brand performance against competitors over time;
- Identify the general experiences sought by travellers, and identify growth opportunities;
- Identify motivators and barriers for travel to Canada; and,
- Determine the influence of various information sources on destination selection.

The GTW permits direct comparison of Canada to competing destinations in each market. Destination Canada has designated the following destinations as competitors in the US market:

- Florida & the South (e.g. North Carolina, South Carolina, Georgia, Louisiana, Tennessee, Virginia)
- Mid-Atlantic (e.g. New York, Washington, DC, New Jersey, Pennsylvania)
- Texas & the Southwest (e.g. Arizona, Nevada, New Mexico, Utah)
- New England (e.g. Massachusetts, Maine, Vermont, New Hampshire, Connecticut)
- Rocky Mountains (e.g. Colorado, Idaho, Montana, Wyoming)
- Midwest (e.g. Illinois, Wisconsin, Minnesota, Ohio, Michigan)
- Pacific Northwest (e.g. Washington and Oregon)
- California
- Alaska
- Hawaii
- Mexico/Caribbean
- Europe

Methodology

Data was collected via an online survey and has been weighted to represent the US out-of-state travel population. The target population in the US was residents aged 18 years and older, who have a valid passport or intend to obtain one, and who have taken an out-of-state pleasure trip where they have stayed at least 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Data was gathered from 4,695 respondents in the US, including 1,290 recent visitors to Canada, in July 2017. Furthermore, in 2017, additional sample was collected to reach a minimum sample size of n=250 in the following cities of interest: Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, San Francisco, Seattle, and Washington, DC. Results are compared against the previous GTW wave (data gathered in December 2016). In addition, select comparisons are made to the 2017 Pulse Check study conducted in November 2017. The Pulse Check is a shorter version of the GTW study, conducted to monitor movement of key metrics on a more frequent basis.

Throughout the report, statistically significant differences from one wave to the next are denoted by arrows in the charts: green arrows pointing up if the metric has increased and red arrows pointing down if the metric has decreased. Results were also analysed among different segments and demographic cohorts; throughout the report, references are made where there are statistically significant differences compared to the general traveller.

Study Overview: United States Market

The target population are residents aged 18 years and older, who have a valid passport or intend to obtain one and who have taken an out-of-state pleasure trip, where they had stayed at least 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Timing of Fieldwork

JUL

2017

Geographical Definition for Qualified Trips

Out-of-state

GTW Sample Distribution

Sample distribution:	National
Recent visitors to Canada:	1,290
Other travelers:	3,405
Total sample size:	4,695

Sample distribution:	Border[1]
Recent visitors to Canada:	496
Other travelers:	713
Total sample size:	1,209

Sample distribution:	Near Border[2]
Recent visitors to Canada:	425
Other travelers:	1,082
Total sample size:	1,507

Sample distribution:	South[3]
Recent visitors to Canada:	369
Other travelers:	1,610
Total sample size:	1,979

[1] Border states include: Idaho, Maine, Michigan, Minnesota, Montana, New Hampshire, North Dakota, Vermont, Washington, and New York.
[2] Near border states include: Connecticut, Delaware, District of Columbia, Illinois, Indiana, Iowa, Maryland, Massachusetts, New Jersey, Oregon, Rhode Island, South Dakota, Wyoming, Ohio, Pennsylvania, and Wisconsin.
[3] South states include: Alabama, Alaska, Arizona, Arkansas, California, Florida, Georgia, Hawaii, Louisiana, Mississippi, New Mexico, Oklahoma, South Carolina, Texas, Colorado, Kansas, Kentucky, Missouri, Nebraska, Nevada, North Carolina, Tennessee, Utah, Virginia and West Virginia.

Seasonality

Fielding for the 2017 GTW study was conducted in July, which is different from 2016 timing (December), but consistent with timing for years before 2016. A Pulse Check study was conducted in November 2017, which allows comparison of key metrics across three waves to determine whether seasonality of survey fielding is a factor in results.

The only metric to see significant variation is the proportion actively planning a trip to Canada, which stands at 19% in the Pulse Check, up from 16% and 15% in previous GTW waves. The fact that only one metric was significantly different suggests seasonality of survey fielding does not affect results for Canada in the US market.

Key Metrics Tracking

	Pulse Check 2017 (November 2017) *(n=501)*	GTW 2017 (July 2017) *(n=4695)*	GTW 2016 (December 2016) *(n=3006)*
Unaided Consideration of Canada	**8%**	**7%**	**7%**
Aided Consideration – Canada	**26%**	**29%**	**30%**
Destination Knowledge (Top2Box) – Canada *(Among those considering Canada)*	*(n=158)* **49%**	*(n=2145)* **43%**	*(n=1552)* **44%**
Actively Planning a Trip to Canada	**19%** ▲	**16%**	**15%**
Past Visitation to Canada	**69%**	**67%**	**68%**

▲ / ▼ Significantly higher/lower than previous wave.

Background

The United States, the world's largest economy, accounts for approximately 25% of global GDP (*International Monetary Fund, October 2017*). At the time of data collection, the US presidential administration was nearly six months into its current term. Despite a decline in election-related risks, policy uncertainty remained at a high level in terms of regulatory and fiscal policies. As a result, in October 2017, growth forecasts were revised down to 2.2% for 2017 and 2.3% for 2018. Market expectations of fiscal stimulus were also receding in mid-2017 *(International Monetary Fund, October 2017).*

The cost of living was flat in June 2017, and the annual rate of inflation failed to gain traction, advancing only 1.6% since June 2016 *(US Bureau of Labor Statistics, June 2017)*. Overall, the US dollar depreciated in the first half of 2017. A slight appreciation against the Canadian dollar was offset by small depreciations against the euro and yen and a substantial rise in the value of the peso *(Deloitte, 2nd Quarter 2017 Report)*.

The labour market closed the second quarter of 2017 recording healthy gains, with continued strength in job creation. Unemployment rates continued to fall from 4.9% in 2016 to 4.4% in June 2017. However, average hourly earnings growth remained unchanged at 2.5% *(US Bureau of Labor Statistics, June 2017)*.

Consumer spending increased 0.3% in July, the fastest pace in three months *(US Department of Commerce, July 2017)*. The Consumer Confidence Index stood at 61.5 points in July 2017 (+3.9 points since January). It was the fourth highest result globally (*Thomson Reuters / Ipsos Primary Consumer Sentiment Index, July 2017*).

US residents took 80.2 million trips abroad in 2016, up 8% from 2015 *(US Department of Commerce, National Travel and Tourism Office, December 2017)*. The US is the 2nd largest outbound market globally, spending $124 billion in 2016, up 8% from 2015 (*United Nations World Tourism Organization, April 2017).*

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market has increased from the previous year: 53.0 million travellers are definitely or very likely to visit Canada in the next 2 years (versus 47.6 million in 2016).*
- ✓ *The international outlook for US travellers continues to soften, while the outlook for domestic travel, both within and beyond state of residence, has seen significant increases.*

GTW data is used to estimate the size of the potential market for Canada. The table below provides an estimate of the size of the potential US market for Canada in two ways – the macro target market and the immediate potential market.

The out-of-state travel market size is derived from a 2016 omnibus study of the US adult population. Out-of-state incidence is comprised of travellers who indicate that they have travelled out-of-state on a pleasure trip in the past three years, or intend to do so in the next two years.

The proportion of GTW respondents who are in the dream to purchase stages for Canada is used to calculate a target market estimate of 102.8 million. In the table below, this figure is broken out by Destination Canada's three defined US regions:

- **Border:** Idaho, Maine, Michigan, Minnesota, Montana, New Hampshire, New York, North Dakota, Vermont and Washington.
- **Mid-Haul:** Connecticut, Delaware, District of Columbia, Illinois, Indiana, Iowa, Maryland, Massachusetts, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Wisconsin, and Wyoming.
- **South**: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Utah, Virginia, and West Virginia.

The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years. Significant increases were recorded in each US region in 2017. This translates into a market of 53.0 million travellers with more immediate potential for conversion, which has increased from 2016 (47.6 million).

Among Destination Canada's ten international markets, the US was ranked 1st in immediate potential market size. Actual visitation from the US was ranked 1st among Destination Canada's international markets in 2017[1].

For context, Canada attracted 14.3 million visitors from the US in 2017, an increase from the 13.9 million visitors from the US in 2016[2]. The 14.3 million arrivals represent 27% of the immediate potential market.

Size of Potential Market to Canada (Next 2 Years)

Measure	Size of Potential Market to Canada		
	Border	**Mid-Haul**	**South**
Long-haul pleasure travel market	**26.1 million**	**39.0 million**	**85.2 million**
Target market for Canada (dream to purchase stage)	**74%**	**70%**	**66%**
Size of the target market	**19.3 million**	**27.1 million**	**56.4 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years)	**63%**▲	**49%**▲	**49%**▲
Immediate potential	**12.2 million**	**13.2 million**	**27.6 million**
	Total US = 53.0 million		

▲ / ▼ Significantly higher/lower than 2016.

Base: Target market for Canada = out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=3427)

QMP1. Which of the following best describes your current situation when thinking about each of the following destinations for a holiday trip?
QMP6. Realistically, how likely are you to take a vacation trip to Canada in the next 2 years?

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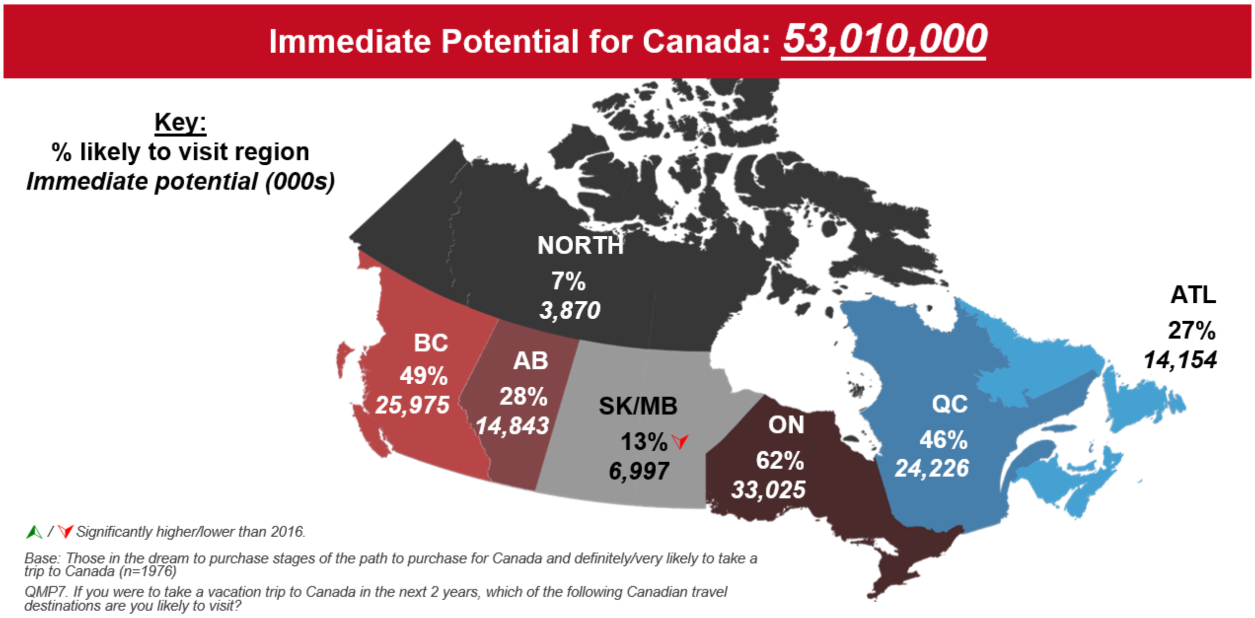
1 *Destination Canada, Tourism Snapshot, December 2017.*

2 *Destination Canada, Tourism Snapshot, December 2016 & December 2017.*

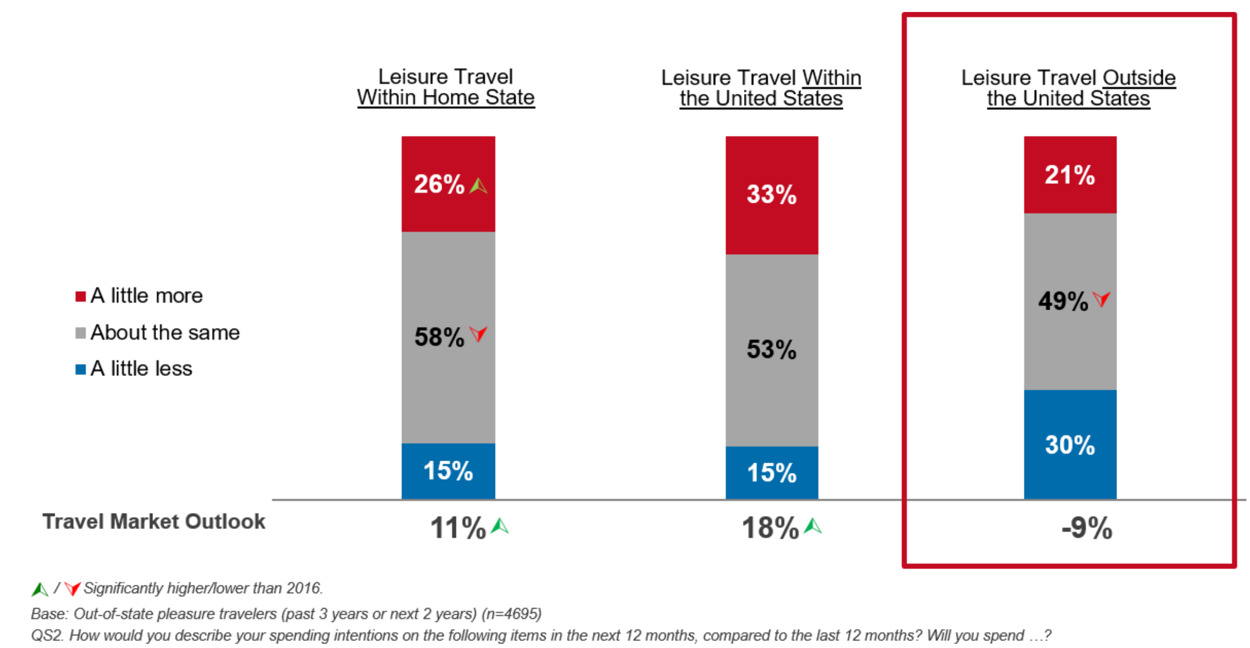
Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (53.0 million). Ontario continues to hold the greatest appeal (62% or 33 million potential visitors), followed by BC (49% or 26 million potential visitors) and Quebec (46% or 24.2 million potential visitors).

Potential Market Size for the Regions



International travel intentions among US travellers continue to soften. The proportion of US travellers saying they will spend less on travel outside the US continues to exceed those who say they will spend more, resulting in an international travel outlook of -9 in 2017 (down from -7 in 2016). Instead, US travellers are significantly more likely to travel within the US, but beyond their state (outlook +18, up from +15 in 2016) or within their state (+11, up from +8 in 2016).

Spending Intentions (in the Next 12 Months)



Competitive Environment – Key Performance Indicators Summary

HIGHLIGHTS

- ✓ *Domestic destinations continue to dominate on an unaided basis, spurred by increases for California.*
- ✓ *Canada has jumped 2 spots to 7th in terms of aided mentions due to significant declines in mentions for New England and the Midwest.*
- ✓ *Travellers from New York are among the most likely to mention Canada on both an unaided and aided basis.*

The GTW tracks the following Key Performance Indicators (KPIs) for Canada: unaided and aided destination consideration, aided destination knowledge, and past visitation. Canada's performance is tracked against key competitors for the out-of-state market. For the US, these destinations are Florida & the South, Mid-Atlantic, Texas & the Southwest, New England, Rocky Mountains, Midwest, Pacific Northwest, California, Hawaii, Alaska, Europe, and Mexico/Caribbean.

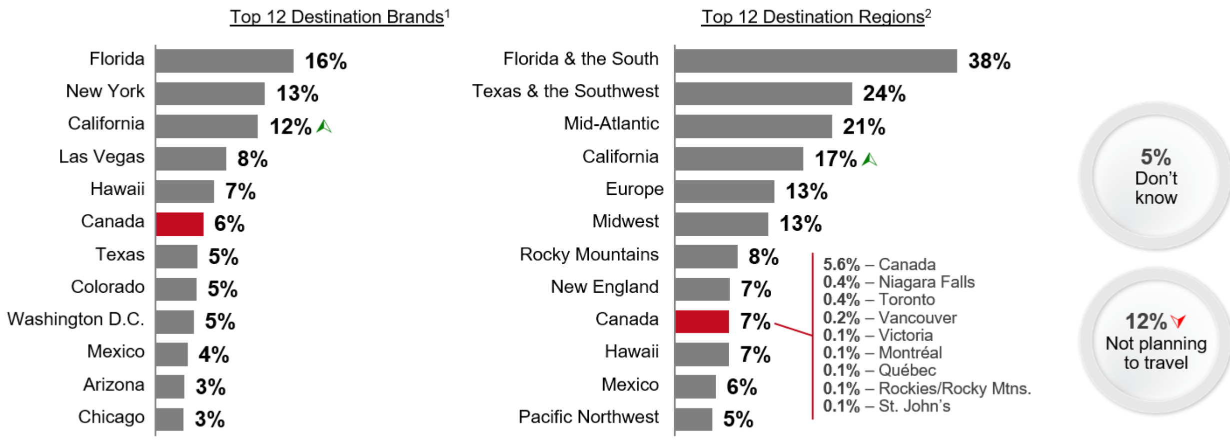
The outlook for Canada in the US remains modest. Out of the 13 competitive destinations that respondents were asked to evaluate, Canada is in a 4-way tie for 5th spot on aided consideration, tied for 8th spot on unaided consideration, and 12th on destination knowledge (unchanged since 2016).

Consideration

Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective, travellers who have Canada on their unaided consideration list may be easier to attract since they are actively thinking of Canada as a travel destination. On an unaided basis, 7% of US travellers mentioned Canada as a destination under serious consideration in the next 2 years, unchanged from 2016. The dominance of domestic destinations has increased this year, with 72% of travellers mentioning a destination within the US (up significantly from 69% in 2016); this increase is spurred by a significant increase in mentions of California (17%, up from 13% in 2016).

Travellers aged 25-44 (9%) and New York residents (10%) are more likely to mention Canada on an unaided basis, Both recent visitors to Canada (30%) and those considering a visit (14%) are also more likely to mention Canada.

Unaided Out-of-State Destination Consideration (Next 2 Years)



Significantly higher/lower than 2016.

Note: [1] Responses as mentioned by respondents (e.g., percentage who said "Canada" specifically).
[2] Roll-up of brand mentions by country (e.g., percentage who said "Canada" or any destination in Canada).

Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695)

QS8. You mentioned that you are likely to take an out-of-state vacation trip in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)

Aided consideration represents the proportion of travellers who say they would seriously consider visiting a destination, but only after they are prompted with a list of competitive destinations. Travellers who have aided consideration for Canada may not be thinking of Canada top-of-mind, but they are considering a visit. Continued prompts and cues through marketing efforts could help move these considerers down the path-to-purchase. On an aided basis, 29% say they are seriously considering Canada for a leisure trip in the next 2 years, consistent with 2016. This proportion is well behind three US regions: Florida & the South (54%), Mid-Atlantic (39%), and Texas & the Southwest (37%). Several destinations including California, Europe, Mexico/Caribbean, and the Rocky Mountains saw similar results to Canada. Significant declines in mentions for New England (28%, down from 31% in 2016) and the Midwest (25%, down from 28% in 2016) helped improve Canada's ranking. Of note, younger travellers aged 18-34 express stronger than average consideration of most destinations. Residents of Seattle and New York also express stronger than average interest in Canada, as do both recent visitors to Canada and those considering a visit.

Knowledge

Aided destination knowledge measures knowledge of travel opportunities in each destination among those with that destination in their consideration set. Thirty percent of all US out-of-state travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, unchanged from 2016 levels. Among those considering Canada, destination knowledge stands at 48% (also unchanged from 2016), but trails most US regions, Mexico/Caribbean, and Europe. It is not unexpected that knowledge of travel opportunities in Canada is low given that Destination Canada only began marketing activities in 2016, after a long hiatus in the US. Efforts to boost knowledge of Canadian travel opportunities could help to move potential visitors along the path-to-purchase.

Visitation

In terms of past visitation, 67% of US out-of-state travellers indicate that they have visited Canada on a leisure trip at some point in their lifetime, consistent with 2016 levels. Those most likely to have visited Canada previously include older travellers aged 55+ (79%), as well as those living in Seattle (82%), Boston (79%), and New York (78%). Those considering a trip to Canada are also considerably more likely to have visited previously (79%). Messaging designed to encourage repeat visitation is suggested since past visitors to Canada voice considerably higher interest in returning.

Key Performance Indicators

Indicator	Definition	All Out-of-State Travelers (n=4695)	Recent Visitors to Canada[1] (n=1290)	Considering Canada[2] (n=2160)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	7%	30%	14%
Competitive positioning on destination consideration	Rank on the consideration list among 13 destinations	7	1	1
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	30%	64%	48%
Past visitation:				
Past visitation	% who have ever visited Canada for pleasure	67%	98%	79%

▲ / ▼ Significantly higher/lower than 2016.

1 Visited Canada in the past 3 years (pleasure trip of 1 or more nights, with at least 1 night in paid accommodations).
2 Those in the consider to purchase stages of the path to purchase for Canada.
3 For trips in the next 2 years.

Base: Out-of-state pleasure travelers (past 3 years or next 2 years)

QS8. You mentioned that you are likely to take an out-of-state vacation trip in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)
QBVC1. You may have already mentioned this before, but which destinations would you seriously consider visiting in the next 2 years?
QMP3. How would you rate your level of knowledge of vacation opportunities in each of the following destinations (asked only for destinations in consideration set)?
QRT14a. Approximately, how many times have you been to Canada?

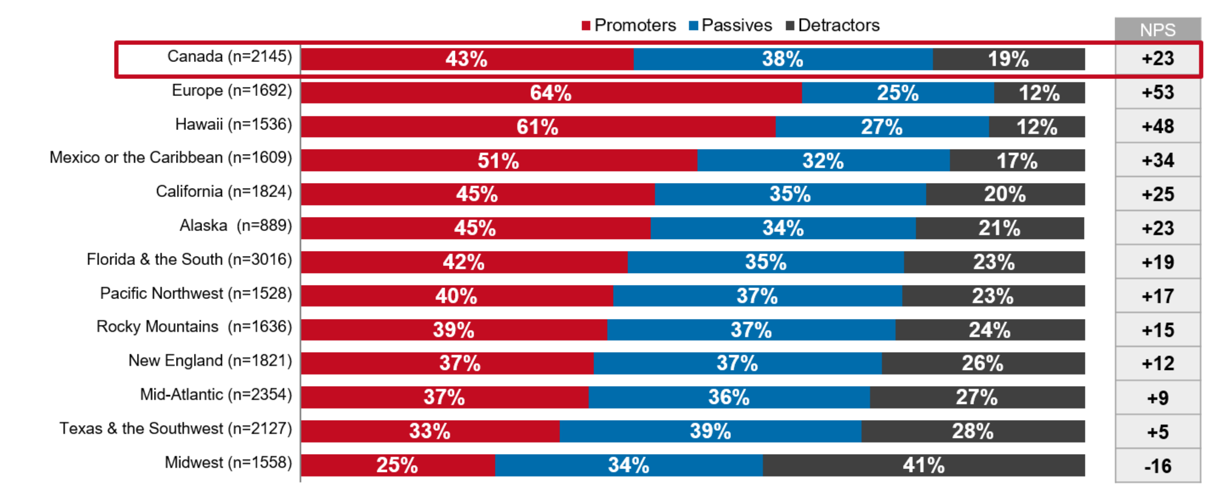
Net Promoter Score (NPS)

The Net Promoter Score (NPS) measure was added in 2017 (previously asked in 2015). NPS measures the likelihood of travellers to recommend a destination. Results are gathered among travellers for each destination in their consideration set (have visited previously and/or considering a visit). The measure has an 11pt scale (0-10). The score is calculated by subtracting Detractors (0-6 rating) from Promoters (9-10 rating). Passives are those who provided a rating of 7-8.

Europe and Hawaii achieve the highest NPS result among US travellers (+53 and +48, respectively). Europe has slightly more Promoters than Hawaii (64% versus 61%), but the two destinations have the same number of Detractors (12% each). Mexico or the Caribbean follows with a NPS result of +34, with California (+25), Alaska (+23) and Canada (+23) fairly close behind.

When the results for Canada are examined among recent visitors, the score rises to +33, underscoring the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return.

Net Promoter Score



+ New question added in 2017 – no trending.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) considering visiting each country
+QMP11. Whether you have visited or not, how likely are you to recommend each of the following destinations to a friend, family member or colleague?

Path-to-Purchase

HIGHLIGHTS

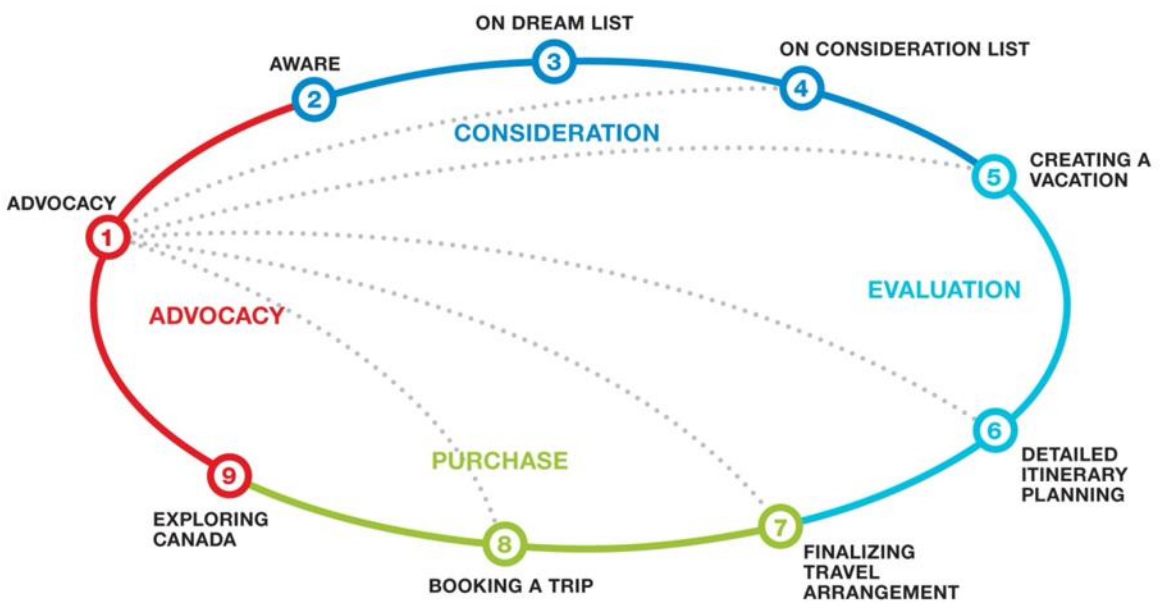
- ✓ *New Yorkers and travellers aged 25-44 are among the most likely to be actively planning a trip to Canada.*
- ✓ *Canada's performance is no longer below average at converting US travellers between the creating a movie and itinerary planning stages.*
- ✓ *Additional focus could be placed on moving travellers from the consideration phase to creating a vacation movie, where conversion is weakest.*

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

The final stage, advocacy, happens during and after the actual visit.

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

Destination Canada's Path-to-Purchase Model



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

Destination Canada's Path-to-Purchase Model

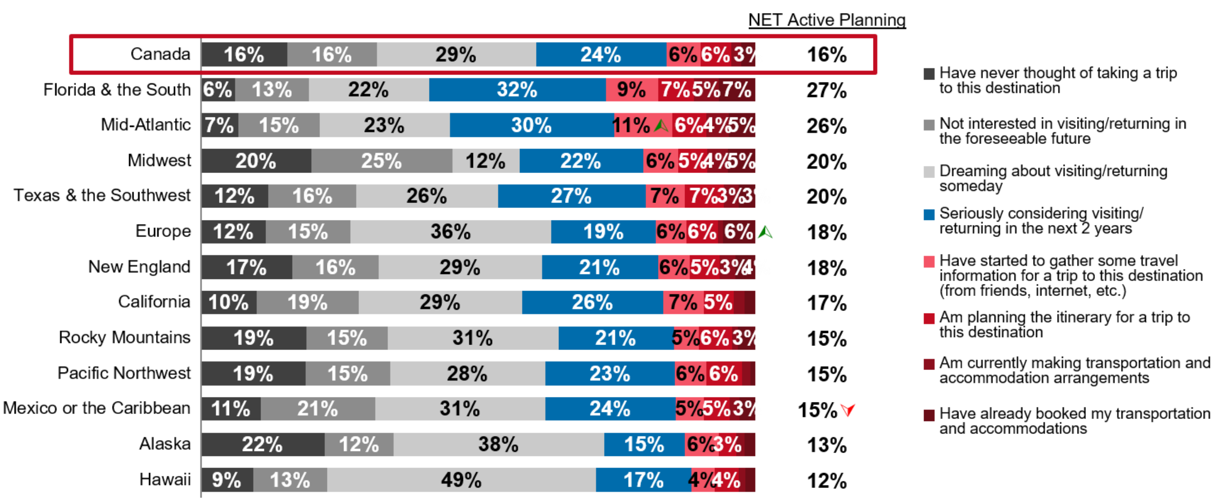
Unaware	Have never thought of taking a trip to this destination
Aware	Not interested in visiting/returning in the foreseeable future
On Dream List	Dreaming about visiting/returning someday
On Consideration List	Seriously considering visiting/ returning in the next 2 years
Creating a Vacation Movie	Have started to gather some travel information for a trip to this destination
Detailed Itinerary Planning	Am planning the itinerary for a trip to this destination
Finalizing Travel Arrangements	Am currently making transportation and accommodation arrangements
Booking a Trip	Have already booked my transportation and accommodations

Dream to Purchase (On Dream List to Booking a Trip)
Consider to Purchase (On Consideration List to Booking a Trip)
Active Planning (Creating a Vacation Movie to Booking a Trip)

Florida & the South continues to lead, with 27% of travellers actively engaged in planning a visit, followed closely by the Mid-Atlantic (26%), which has seen a significant increase in travellers at the gathering information stage (11%, up from 5% in 2016). Canada remains behind many destinations in the competitive set, with 16% of US out-of-state travellers actively planning a trip, consistent with 2016. Those among the most likely to be actively planning a trip to Canada include travellers in New York (24%), and travellers aged 25-44 (23%).

There are some shifts to note with other destinations in the competitive set. Mexico or the Caribbean saw a significant decline in out-of-state travellers actively planning a trip in 2017 (15%, down from 21% in 2016). Results from the November 2017 Pulse Check indicate that this shift for Mexico or Caribbean may be affected by seasonality or political climate since proportions reverse the decline and shift to levels even higher than 2016. Europe saw a significant increase at the already booked stage (6%, up from 2% in 2016). This shift for Europe does not seem to be affected by seasonality as results from the November 2017 Pulse Check wave remain consistent with July 2017. Hawaii continues to have the largest proportion of travellers at the dreaming phase of any competitor (49%), suggesting it is an aspirational destination for many US travellers.

Stage in the Purchase Cycle by Destination



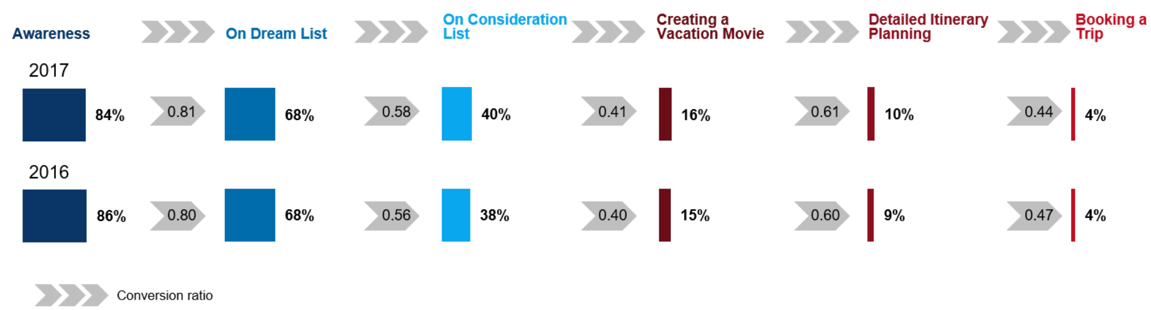
/ Significantly higher/lower than 2016.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) – note all respondents evaluated Canada plus 2 randomly selected destinations from the competitive set (n=varies)
QMP1. Which of the following best describes your current situation when thinking about each of the following destinations for a vacation trip?

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

Relative to top competitors, which are all domestic destinations, Canada's performance is now average across the purchase cycle. Previously, Canada was considered to have a weakness at the itinerary planning stage, but no longer does due to the average dropping at the itinerary planning stage across the competitive set (0.63, versus 0.67 in 2016). Canada's performance is weakest at converting travellers from the consideration phase to creating a vacation movie – this could be a potential area of focus for Canada. Travellers at this stage are seeking to put some type of framework around a trip concept and are looking for guidance on what the best itinerary might be. Travellers need to have an idea of the core concept of their trip before they can move ahead.

US travellers who are currently in the creating a vacation movie stage for Canada cite the following as the top sources that helped them gather information: friends and family, in person (38%), social media sites (26%), general search engines (25%), travel guidebooks (24%), and travel review sites (23%).

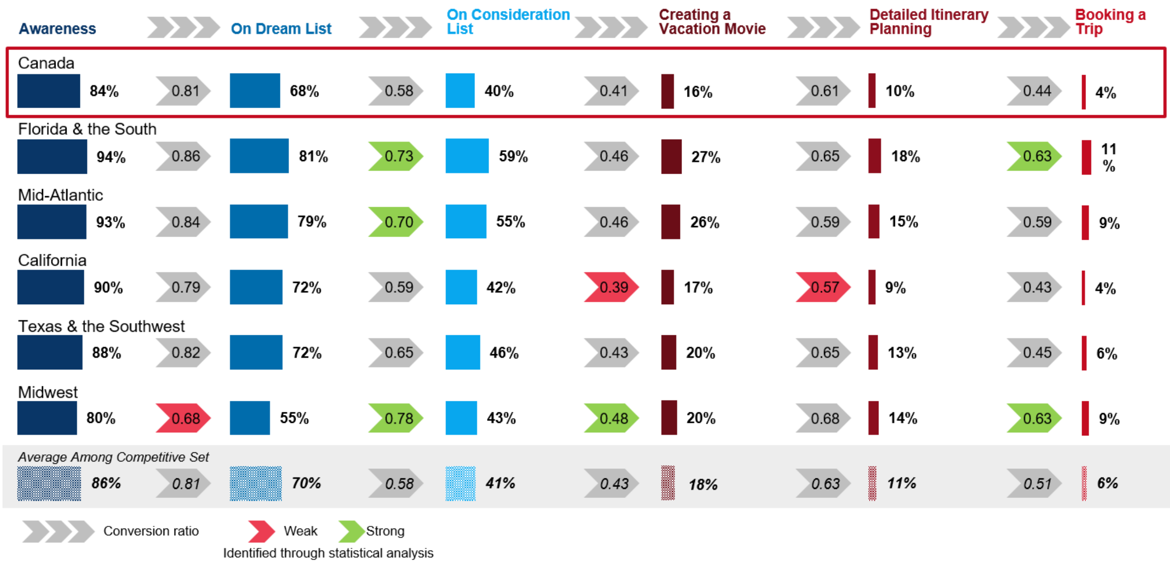
Path-to-Purchase Conversion – Canada



Florida & the South, the Mid-Atlantic, and the Midwest excel at getting on travellers' consideration list, however, the Midwest records below average results at getting on travellers' dream list. The Midwest also excels at the creating a movie stage, while California is below average at both the creating a movie and itinerary planning stages.

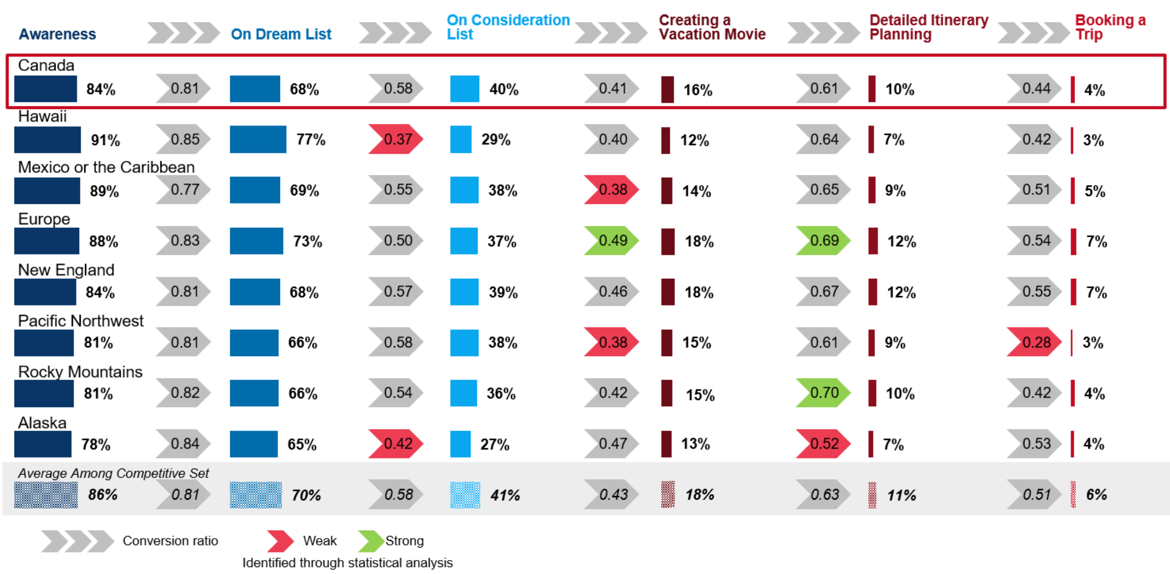
At the final stage, booking a trip, Florida & the South records above average results and remains ahead of all other destinations, converting 11% of prospective visitors to actual visitors (unchanged since 2016). The Midwest also excels at this stage, converting 9% of prospective visitors (up from 6% in 2016), which puts the Midwest on par with the Mid-Atlantic (9%, unchanged since 2016). By comparison, Canada is converting 4% of US travellers into actual visitors (unchanged from 2016), Texas & the Southwest is converting 6% of prospective travellers (versus 5% previously), and California saw lower conversion rates this year (4%, versus 7% in 2016). Some of these shifts may be related to seasonality.

Path-to-Purchase Conversion – Top Competitors



Examining purchase cycle results for destinations visited less frequently by US travellers is also insightful. Most notably, Europe is a strong performer at the creating a movie and itinerary planning stages in 2017, seeing above average conversion ratios, and outperforming all other destinations in the competitive set at these stages. The Rocky Mountains is also a strong performer at the itinerary planning stage, but momentum drops at the trip booking stage.

Path-to-Purchase Conversion – Rest of Competitors



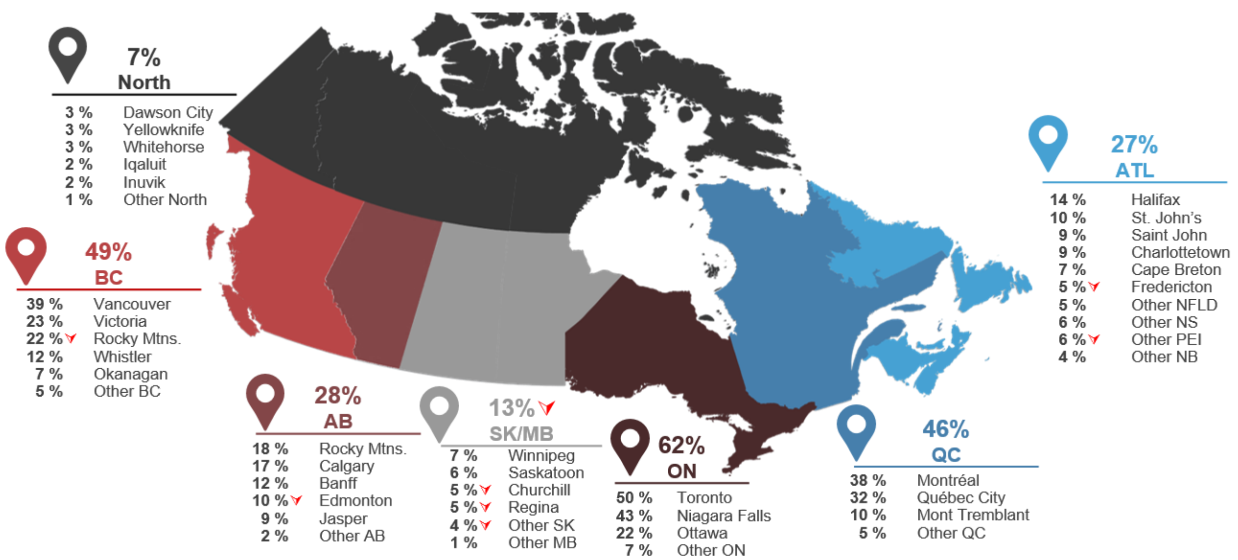
Destinations

HIGHLIGHTS

- ✓ *There are several significant downward shifts in likelihood to visit in 2017, including with BC's Rocky Mountains, Edmonton, Fredericton, other PEI regions, and the Prairie provinces (including Churchill, Regina, and other regions within Saskatchewan).*
- ✓ *Montreal saw a significant decline in 2017 for most appealing destination.*

US travellers in the dream-to-purchase stages and indicating they are definitely/very likely to visit Canada in the next 2 years were asked which parts of the country they would likely visit. Results are similar to 2016, with Ontario continuing to be the most popular province (62%); Toronto (50%) and Niagara Falls (43%) are the top destinations. BC is the 2nd most popular province (49%); Vancouver (39%), Victoria (23%), and the Rocky Mountains (22%) are the top draws, although the BC Rockies has seen a significant decline in mentions (down from 27% in 2016). Despite the decline, there is clear interest in visiting the Rocky Mountains, with an additional 18% saying they would go to Alberta for the experience. Quebec is the 3rd most popular province (46%), with Montreal (38%) and Quebec City (32%) being the primary interests.

Canadian Destinations Likely to Visit (Among those definitely/very likely to visit)

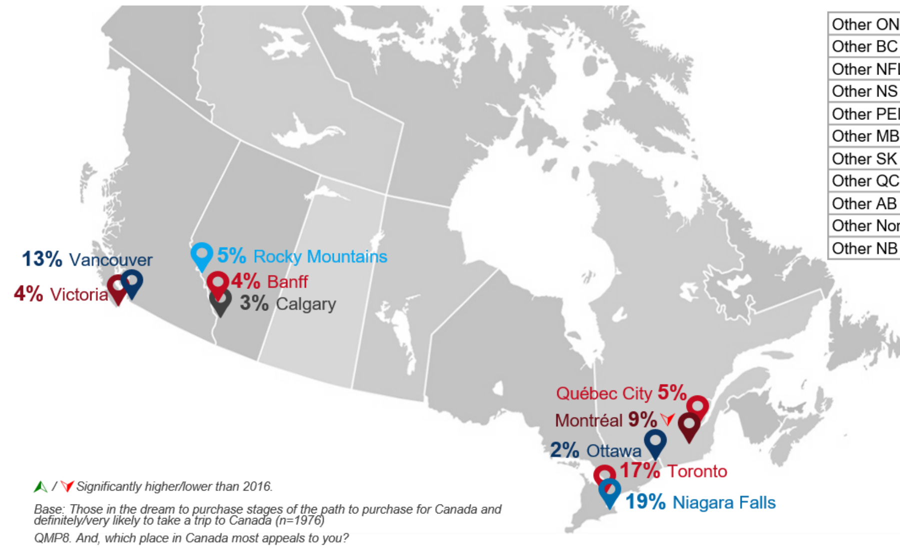


▲ / ▼ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1976)
QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Overall, Niagara Falls selected by 19% of prospective visitors, narrowly outperforms Toronto (17%) in 2017. The other top cities are Vancouver (13%), followed by Montreal (9%), which is the only destination to see a significant change (down from 14% previously). With the exception of Niagara Falls, US travellers continue to be drawn more to Canada's major cities than its landscapes.

Most Appealing Canadian Destination – Top 10 Mentions



Other ON	1.6%
Other BC	0.9%
Other NFLD	0.7%
Other NS	0.6%
Other PEI	0.6%
Other MB	0.3%
Other SK	0.3%
Other QC	0.3%
Other AB	0.2%
Other North	0.1%
Other NB	0.1%

Churchill	1.5%
Edmonton	1.3%
Halifax	1.2%
Charlottetown	1.0%
Jasper	1.0%
Cape Breton	0.8%
Whistler	0.8%
Winnipeg	0.8%
Regina	0.7%
Mont Tremblant	0.6%
Fredericton	0.6%
Saint John	0.6%
St. John's	0.6%
Saskatoon	0.6%
Okanagan	0.6%
Dawson City	0.4%
Inuvik	0.2%
Whitehorse	0.2%
Yellowknife	0.1%

Vacation Activities

HIGHLIGHTS

- ✓ *Natural attractions, Northern lights, historical sites, cruises, nature parks, trying local food and drink, and wildlife viewing are the top trip anchor activities for US travellers.*
- ✓ *Popular activities that Canada could better promote to US travellers: Northern lights, food and drink festivals, cruises, canoeing/kayaking/paddle boarding, amusement parks, and fall colours.*

US travellers were asked about which activities and experiences they seek while on vacation in general, regardless of the destination. The results are similar to 2016, with trying local food and drink and seeing natural attractions remaining the most sought-after vacation experiences. This is followed by nature parks, hiking or walking in nature, historical sites, and viewing wildlife.

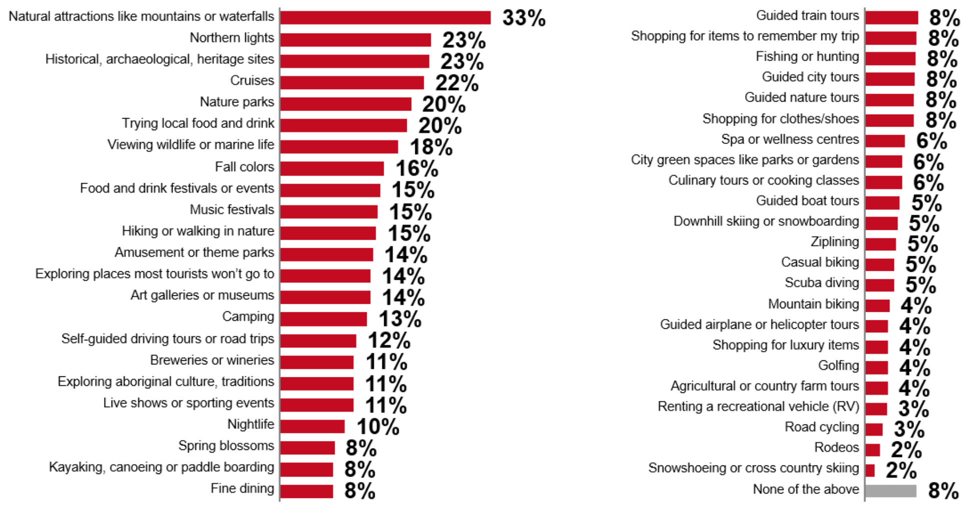
General Activities/Places Interested In – Top 10

+ New response option added in 2017 – no trending.
/ Significantly higher/lower than 2016.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695)
QMP10. In general, what activities or places are you interested in while on vacation?

Trip Anchor Activities

A new question added in 2017 asked US travellers which vacation activities are important enough that they would base an entire trip around them. Natural attractions (33%), Northern lights (23%), historical sites (23%), cruises (22%), nature parks (20%), and trying local food and drink (20%) are the top trip anchor activities. With the exception of cruises, all of these are also among the top activities of interest among US travellers. Given that US travellers are willing to anchor a trip around these activities, focus could be placed on messaging about their availability in Canada. These anchors are particularly important to highlight at the creating a vacation movie stage of the path-to-purchase since travellers are looking to build a framework around what their trip could look like.

Trip Anchor Activities



+ New question added in 2017 – no trending.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) answering (n=4667)
+QMP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

Activities of Interest & Participation in Canada

Another new question added in 2017 looks at participation in activities among recent visitors to Canada. Actual participation data is presented in tandem with general vacation interests to identify any gaps. The activities are grouped into "Popular" activities (those with above average interest among all activities) and "Niche" activities (those with below average interest.) Gaps in participation are identified by calculating the proportion of recent visitors who participated in an activity versus general interest in an activity. Activities with below average participation are highlighted to indicate the largest gaps.

Generally, participation rates are higher for widely available activities such as trying local food and drink, natural attractions like mountains or waterfalls, nature parks, and shopping for souvenirs. Activities where participation is higher than general interest (participation rates over 1.0), indicate that Canada is doing well at delivering on the activity. Travellers could be fulfilling their stated activity interests, or travellers could be opportunistic when coming across activities in destination – either way, the activities are accessible to visitors from this market.

Among popular activities for US travellers, participation gaps are most pronounced for:

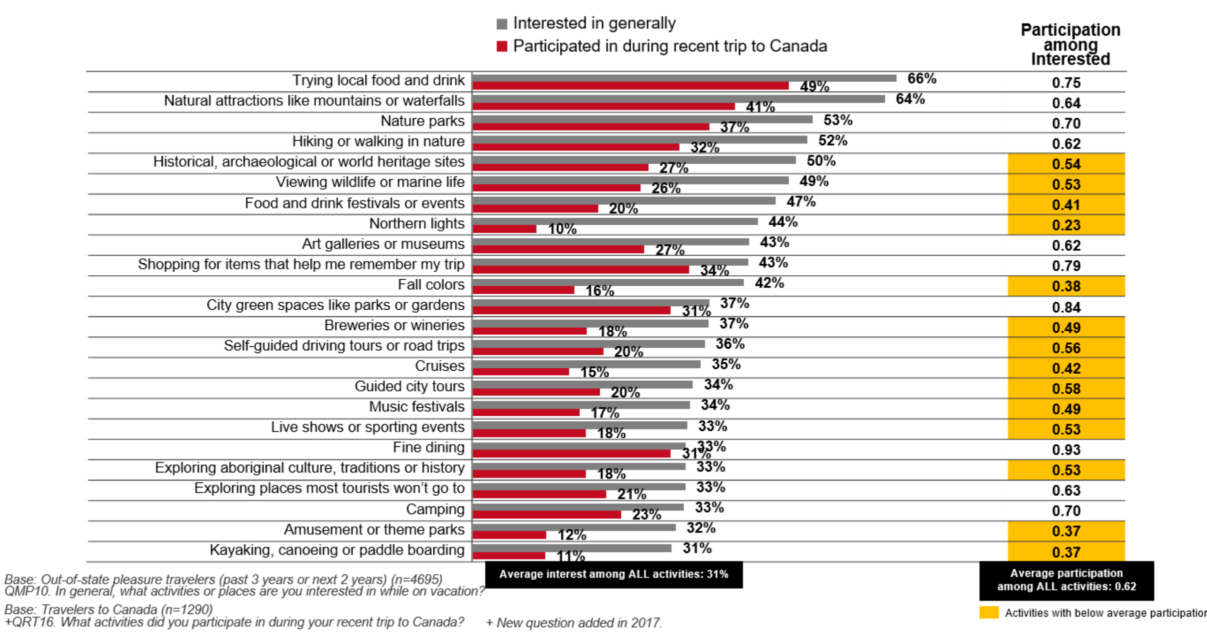
- Northern lights
- Kayaking, canoeing, or paddle boarding
- Fall colours
- Food and drink festivals or events
- Cruises
- Breweries or wineries
- Music festivals

There is an opportunity for the Canadian tourism industry to either further develop or more clearly communicate offerings in these areas since there is evident interest that is going unmet.

Northern lights, the activity with the largest gap, is also one of the top activities that US travellers would anchor a trip around. Several communication points could be addressed to increase participation in Northern lights activities among US travellers, including improved messaging on accessibility and differentiation of the Canadian experience compared to domestic and European offerings.

US travellers also express that they would anchor a trip around food and drink festivals and cruises – both are well positioned to attract US travellers through improved communication and marketing. Kayaking, canoeing or paddle boarding, breweries and wineries and music festivals are other activities where improved communication could increase participation. Although they are not among the top trip anchor activities, given the wide availability of marketable products, all are well positioned as add-ons for US travellers. In addition, product development for fall colours could assist in generating increased demand for shoulder season travel.

Popular Activities with Above Average Interest



Among the less popular or niche activities, there are many large gaps in participation among recent visitors to Canada and general interest. Most notable are niche activities with large gaps in participation and wide availability of marketable products. These activities fall into two groups, soft and active activities; there is opportunity to better position these activities as add-ons for different types of US travellers.

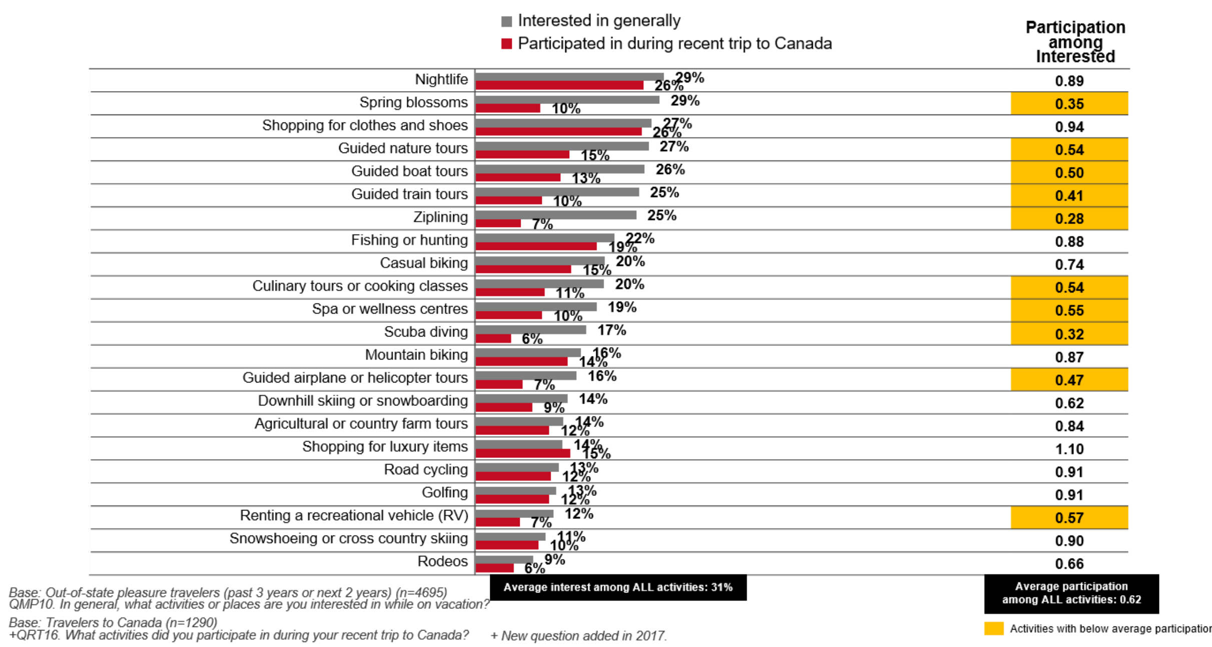
Soft Activities:

- Guided train tours
- Guided airplane or helicopter tours
- Guided boat tours
- Guided nature tours
- Culinary tours or cooking classes
- Spa or wellness centres

Active Activities:

- Ziplining

Niche Activities with Below Average Interest



Barriers

HIGHLIGHTS

- ✓ *Cost remains the primary deterrent to visiting Canada. Mentions of inclement weather have fallen significantly.*
- ✓ *Not enough time to take a vacation is the 2nd most frequently mentioned barrier among those at both the evaluation (gathering information or planning a visit) and consideration stages.*

All US out-of-state travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent (31%). The next most frequently cited impediments include a desire to visit other places (25%) and driving time (18%). The perception that Canada has inclement weather has seen a significant decline in mentions (16%, down from 20% in 2016). Results from the November 2017 Pulse Check indicates that this shift in the weather related barrier may be affected by seasonality since proportions tend to return to levels from November 2016. With the exception of poor weather and a desire to visit other places, all of the top 10 barriers are more pronounced among younger travellers aged 18-34. While younger US travellers represent an opportunity for Canada, there are several disparate barriers to overcome.

The cost barrier can be indirectly dispelled through messaging about the value offered by a Canadian vacation experience. Highlighting the increasing availability of direct flights between the US and Canada (up 4% over 2016[3]) and equal travel times relative to driving or flying to other competitive destinations may help address issues around lengthy drive times. Emphasizing the ability to anchor a trip to specific regions/experiences rather than having to see the whole country, or that you don't have to see the whole country all at once, could also help counter the notion that the drive is too long or that there isn't enough time to take a vacation to Canada.

Other barriers such as a preference for other destinations, a lack of knowledge, and the lack of a compelling reason to visit can be addressed through advertising. It is notable that even though there are no formal visa requirements for US citizens to enter Canada (97% of respondents said they were US citizens), 11% of respondents listed visa requirements as a barrier to visiting. The Electronic Travel Authorization (eTA) requirement was included as a response option for 2017. Six percent saw it as a possible barrier, although US citizens are not subject to the eTA.

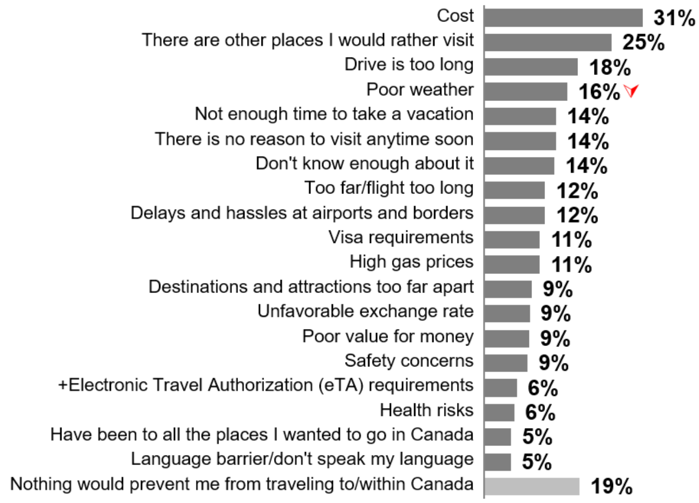
An additional question asked respondents about the impact of entry requirements on booking. It appears this is an important consideration for US travellers, with 95% saying securing an entry visa before booking is important (73% said it was very important). Note this question is not destination specific.

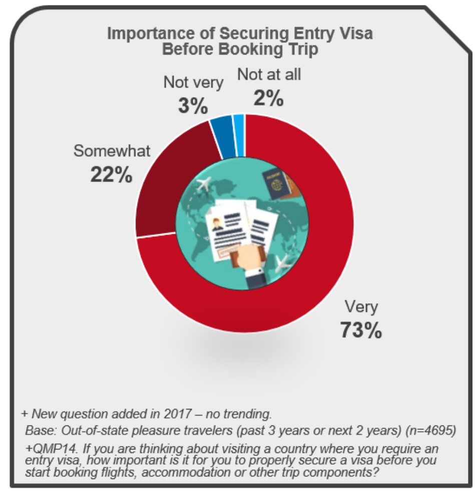
Older travellers represent a good immediate opportunity as they are less concerned with cost and are most likely to say nothing will prevent them from visiting. From a lifetime value standpoint, younger travellers may require more efforts to attract, but the pay-off can be greater. Attracting younger travellers will take more effort as travellers need to be informed about what Canada can offer as well as dispel perceptions about the amount of time needed and the distance to travel. From a strategic marketing viewpoint, Destination Canada could consider focusing branding awareness efforts on younger travellers and split tactical efforts in collaboration with partners between the younger and older generation.

While cost remains the top barrier among those who visited Canada in the past (28%), they are less likely to cite it as a barrier compared to those who have never been (38%). Past visitors are also considerably more likely to say that nothing would prevent them from visiting Canada (21%) versus those who have not visited Canada (14%).

[3] *Destination Canada, Tourism Snapshot, December 2017.*

Key Barriers for Visiting Canada



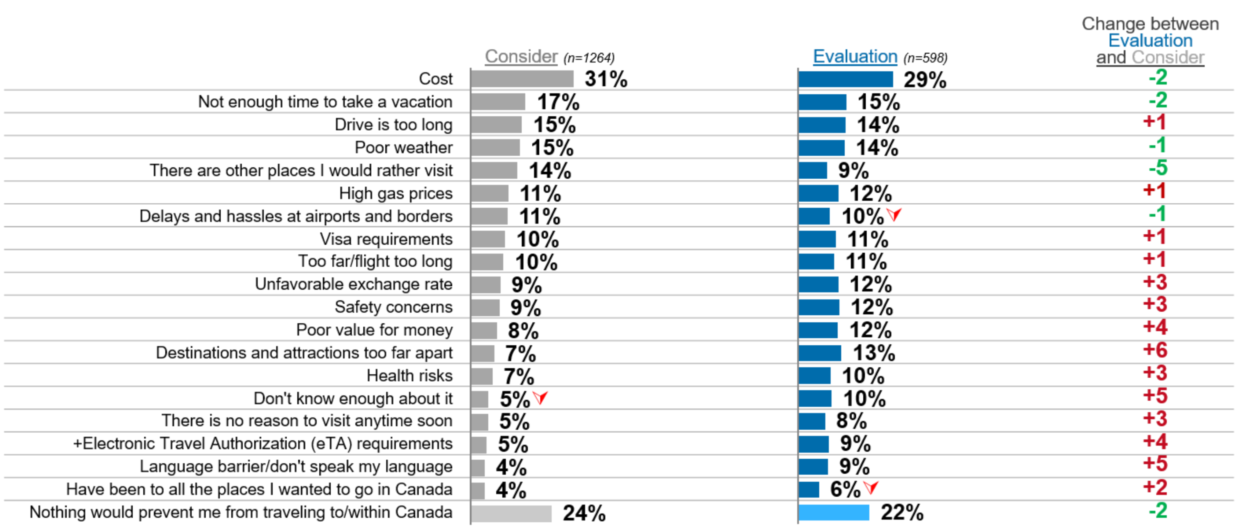


+ New response option added in 2017 – no trending.
▲/▼ Significantly higher/lower than 2016.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695)
QMP9. Which of the following factors might discourage you from visiting Canada?

Examining barriers at key path-to-purchase stages provides additional insight. Those in the evaluation stage (gathering information or planning a visit) are further along the path-to-purchase than those in the consideration stage. For both those considering a visit and those at the evaluation stage, cost remains the top barrier, while not enough time to take a vacation jumps to 2nd place.

In a change from 2016, those at the consideration stage are less likely to cite lack of knowledge as a potential barrier (5% down significantly from 8% in 2016). Meanwhile, those at the evaluation stage are less likely to mention delays and hassles at the airports and borders (10%, down from 15%) as well as having been to all the places they want to go in Canada (6%, down from 10%). As US travellers proceed through the purchase cycle practical concerns about distance between destinations, a potential language barrier, and lack of knowledge rise.

Key Barriers for Visiting Canada – by Path-to-Purchase Segments



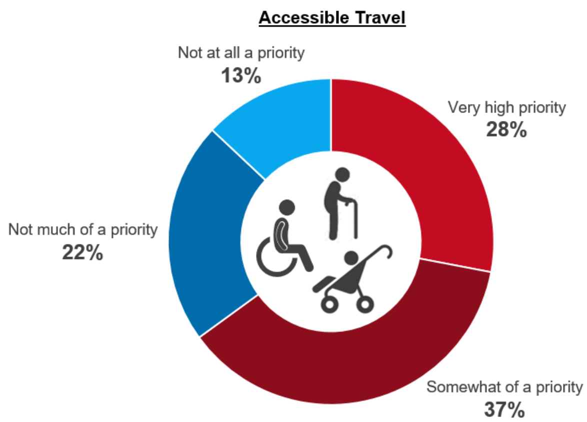
+ New response option added in 2017 – no trending.
▲/▼ Significantly higher/lower than 2016.
Base: Out-of-state pleasure travellers in specific path-to-purchase segments
QMP9. Which of the following factors might discourage you from visiting Canada?

Niche Markets

Additional questions were added for 2017 to size particular niche markets. Accessible tourism, which strives to make a destination accessible to everyone, regardless of physical limits, disability, or age, is relevant for 65% of US travellers, with 28% seeing it as a very high priority. US travellers in the purchase stage for Canada are most likely to see accessibility as a priority (81%), as are younger travellers aged 25-34 (72%), those with children in the household (78%), and New Yorkers (71%).

Another niche market of interest is the LGBT market. Fourteen percent of US travellers self-identify as being a member of the LGBT community. They are more likely to be male (21%), live in households with children (21%), aged 25-44 (23%), live in Seattle and New York (18%) and be in the purchase stage for Canada (32%).

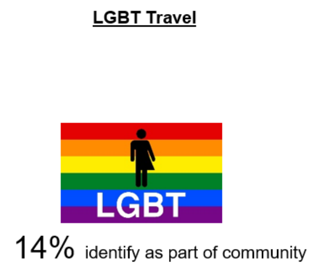
Niche Market Sizing



+ New question added in 2017 – no trending.

Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695)

+QMP13. Accessible tourism strives to make tourist destinations, products and services accessible to everyone regardless of physical limits, disability or age. How much of a priority is having accessible travel options for you and your companions?



+ New question added in 2017 – no trending.

Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4695)

+QD7. We recognize these are personal questions, but many of our clients are interested in supporting a diversity of lifestyles, and it is for this reason that we are interested in the opinions of people of all sexual orientations and gender identities. We would also like to remind you that all of your responses will be kept strictly confidential. Do you identify as part of the LGBT community?

Recent Trip Profile

HIGHLIGHTS

- ✓ *There has been a significant decline in out-of-state travellers mentioning VFR as their primary purpose for travelling, while there has been a significant increase in travellers to Canada citing a personal event as their primary purpose.*
- ✓ *Safety was the primary reason cited for visiting Canada.*
- ✓ *46% of recent US visitors to Canada consulted a travel agent/tour operator. Travel agents/tour operators are equally utilized for researching and booking.*
- ✓ *Bookings made directly with airlines and lodging/accommodation establishments have dropped significantly among all US travellers and visitors to Canada.*
- ✓ *The use of luxury hotels has risen among US travellers, while the use of B&Bs among visitors to Canada has dropped.*

The following section provides details on the most recent out-of-state trip taken by US travellers to competitive set destinations in the past 3 years (93% took such a trip). If the most recent trip encompassed more than one destination, the data reflects where the most time was spent.

Trip Purpose

Unchanged from 2016, the primary reason for travelling was for holiday purposes among all US travellers (51%) as well as travellers to Canada (65%). There has been a significant decline in the proportion of out-of-state travellers mentioning visiting friends and relatives (VFR) as their primary purpose (29%, down from 33%); however, VFR travel for all out-of-state travellers remains more common than for travellers to Canada (17%, down from 19% in 2016).

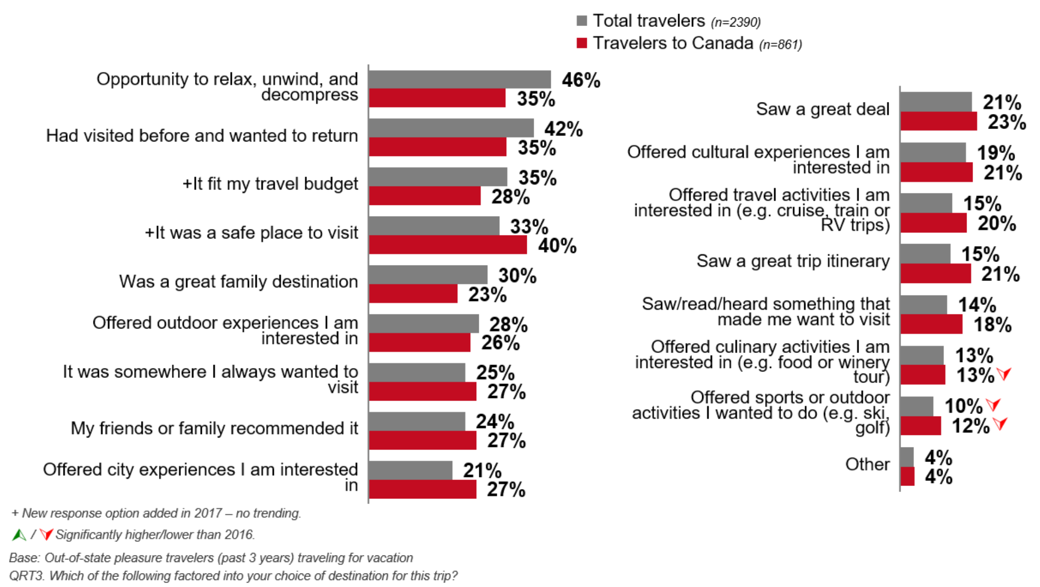
There has been a significant increase in the proportion of travellers to Canada citing a personal event as their primary reason for travelling (6%, up from 3%).

Motivators

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

Once again, the desire to relax and decompress (46%) topped the list among travellers generally. Repeat visitation (42%) is also important to travellers, followed by a destination fitting within their travel budget (35%). For visitors to Canada, safety (40%) was the primary motivation for choosing Canada, followed by the desire to relax and decompress (35%) and repeat visitation (35%). Among visitors to Canada, there has been a significant decline in mentions of culinary activities (15%, down from 18%) and sports or outdoor activities (12%, down from 17%).

Factors Influencing Destination Selection



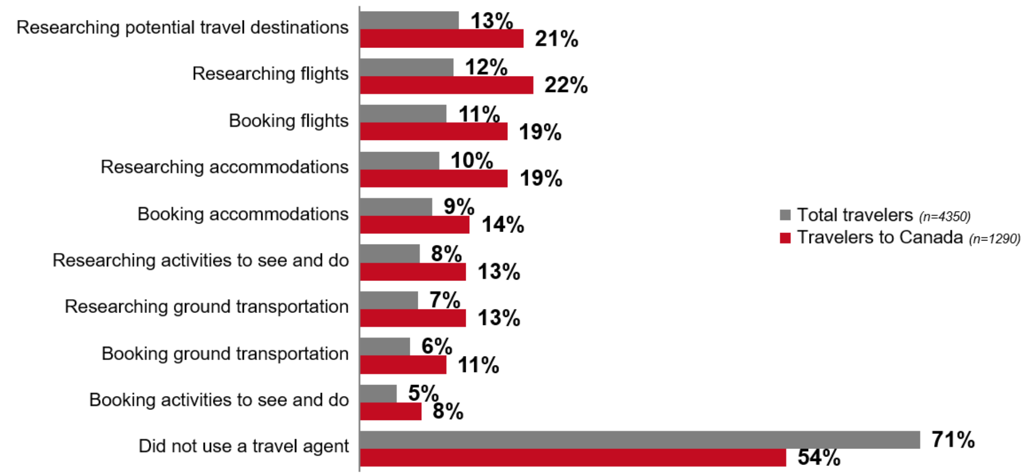
Travel Party

Regardless of destination, US travellers were most likely to be accompanied by their spouse (64%), compared to 61% in 2016. This is particularly common among travellers aged 25-44 (71% travelled with their spouse). Twenty-eight percent of US travel parties contained children under the age of 18 (also the most common among those 25-44 years). There has been a significant drop in US travellers travelling solo (13%, down from 15%). Travellers to Canada were even more likely to travel with their spouse (72%) and to travel with children (34%), which suggests that there is some potential in the family market.

Booking

Twenty-nine percent of all US travellers report consulting a travel agent/tour operator on their most recent out-of-state trip for either planning or booking purposes. Travellers aged 25-44 report higher usage of travel agents/tour operators (47%). Travel agent/tour operator use is also higher among visitors to Canada (46%). An additional question added in 2017 shows that travel agents/tour operators are used fairly equally for both bookings and research.

Travel Agent/Tour Operator Usage

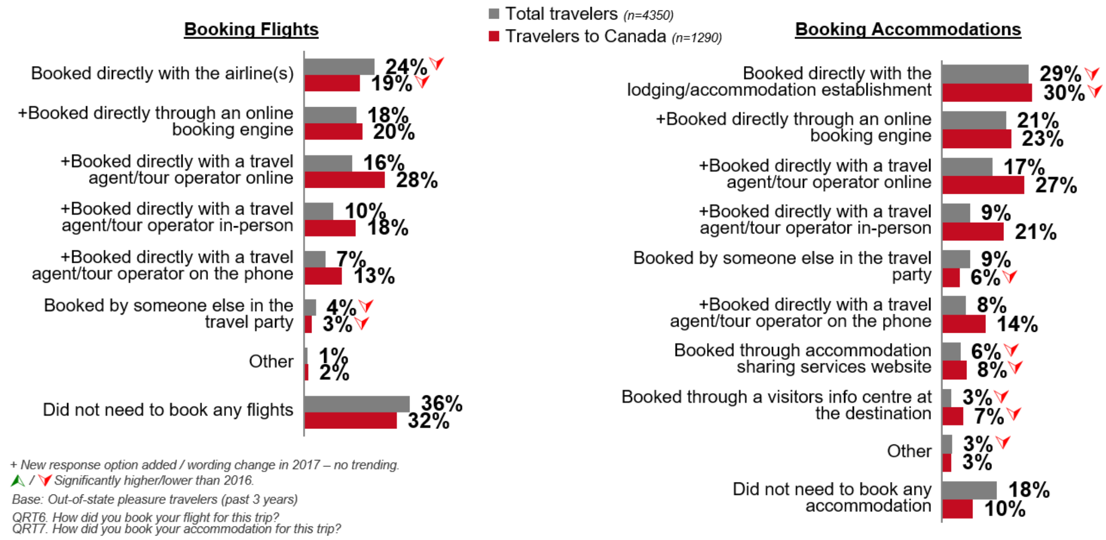


+ New question added in 2017 – no trending.
Base: Out-of-state pleasure travelers (past 3 years)
+QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

In terms of flights, the most popular way to book remains directly with the airline (24%), despite a significant decline in mentions (24%, down from 28%). This is followed by the use of travel agents/tour operators online (18%) and travel agents/tour operators in-person (16%). For trips to Canada specifically, booking flights using a travel agent/tour operator online (28%) is more common than travel agents/tour operators in-person (20%) or directly with the airline (19%). Booking directly with the airline has also seen a significant decline in mentions among travellers to Canada (19%, down from 32%). Note that 36% of all out-of-state trips did not include a flight and 32% of trips to Canada did not include flying, which suggests that a substantial proportion of US travellers drive to their destination.

When booking accommodations, US travellers are most likely to book directly with the accommodation provider, although this option has also seen a significant decline in mentions (29%, down from 34% in 2016). This is followed by booking directly through an online booking engine (21%) and booking directly with a travel agent/tour operator online (17%). For trips to Canada, booking directly with the accommodation provider remains the most popular (30%), but has also seen a significant decline in mentions (30%, down from 37%). Booking directly with a travel agent/tour operator online (27%) is the next most popular, followed by an online booking engine (23%). The use of a travel agent/tour operator in-person is considerably more common among travellers to Canada (21%) versus US travellers in general (9%).

Booking of Flights and Accommodations



Organized group travel is fairly common among US travellers, especially those who visited Canada (45% indicated at least a portion of their trip was part of an organized group). Booking group travel with a travel agent/tour operator online is the most common way to arrange organized group tours (57%).

Type of Accommodation

Similar to 2016, regardless of destination, US travellers show a preference for mid-priced hotels (40%). Luxury hotels (26%, up significantly from 22%), is the next most popular accommodation type. A similar pattern continues among recent visitors to Canada (40% opted for a mid-price hotel), although the propensity to use a luxury property is considerably higher among visitors to Canada (36%). The use of B&Bs has dropped significantly among Canadian visitors (12%, down from 16%), and is now less common than budget hotels (17%), rental accommodations (13%), and staying with friends or relatives (13%).

Information Sources

HIGHLIGHTS

- ✓ *Personal recommendations from friends and family are cited as a top information sources throughout the purchasing cycle. Encouraging past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks is key.*
- ✓ *TV programs are important at every stage other than information gathering, underscoring the importance of this medium throughout the purchase cycle.*

Examining information sources by path-to-purchase stages is informative. Personal interactions with friends and family are the most influential source at all stages except making arrangements, when it drop to 3rd place. Online information from friends and family is also influential at the initial stages of the purchase cycle. This underscores the need to encourage past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks. TV programs are the most influential at the making arrangements stage and are a top 5 source at every other stage except information gathering, underscoring the importance of this medium throughout the purchase cycle. Online sources also play an important role throughout the planning process, with social media sites being influential up until the planning stage, general search engines influential at the information gathering and planning stages, and travel review sites influential at the gathering stage. Magazines play an important role in the early stages and again during booking, while guidebooks emerge as important at the itinerary planning stage. Travel agents/tour operators are influential at the itinerary planning and booking stages.

Top Information Sources for Canada – by P2P Stage

Information sources that…	**Dreaming** *…inspired you to think about a trip to Canada*	**Seriously Considering** *…encouraged you to seriously consider visiting Canada*	**Started Gathering** *…helped you gather some information for a trip to Canada*	**Planning Itinerary** *…helped you plan your itinerary for a trip to Canada*	**Making Arrangements** *…helped you make transport and / or accom arrangements for a trip to Canada*	**Already Booked** *…helped you book your transportation and / or accom for a trip to Canada*
	(n=1267)	(n=1264)	(n=281)	(n=317)	(n=115)	(n=183)
Top 5 Sources	Friends and family, in person **40%**	Friends and family, in person **40%**	Friends and family, in person **38%**	Friends and family, in person **34%**	TV programs **45%**	Friends and family, in person **35%**
	TV programs **25%**	TV programs **20%**	Social media sites **26%**	Travel guidebooks **32%**	Brochure from travel agency/tour operator **28%**	TV programs **26%**
	Friends and family, online **17%**	Friends and family, online **17%**	General search engines **25%**	TV programs **26%**	Friends and family, in person **26%**	Travel agents, in person **17%**
	Magazine or newspaper articles **15%**	Social media sites **16%**	Travel guidebooks **24%**	General search engines **23%**	Consumer tradeshow **26%**	Magazine or newspaper articles **17%**
	Social media sites **14%**	Magazine or newspaper articles **14%**	Travel review sites **23%**	Travel agents, in person **22%**	Travel guidebooks **26%**	Travel guidebooks **16%**

+ New question added in 2017 – no trending.
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=3427)
+QMT3. Earlier you mentioned that you [insert P2P stage for Canada]. Where did you see, read or hear information that [inspired/encouraged/helped in P2P stage for Canada]?