Canadian Tourism Commission

Commission canadienne du tourisme

Global Tourism Watch Year 2

Japan - Key Findings

Canadian Tourism Commission (CTC)

Canada

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Introduction

Background

The shocks of 2001 and 2003 were strong reminders for the tourism industry regarding the speed of which consumer perceptions and decision-making processes can change based on a single event.

While there has not been a major shock to the tourism industry since 2004, a myriad of technological, social, environmental, and policy changes have occurred, affecting consumer perceptions, attitudes, motivations and travel intentions. Such changes include:

- The escalation of social media websites and their popularity across many age groups;
- The desire for healthier and more sustainable lifestyles;
- Climate change and related advocacy efforts by high-profile personalities; and
- The global financial/economic crisis

To stay on top of and to adjust to the changes occurring in the marketplace, an annual research monitor was initiated to keep a pulse on consumer changes in CTC key markets.

Objectives

In 2008, the second year of the GTW program was implemented in nine global markets – the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea. The Year 2 research was co-funded by a partnership group including British Columbia, Alberta, Ontario, Yukon and the Northwest Territories.

The research objectives are to collect market intelligence (across all markets in a consistent way) related to four over-arching themes:

- Monitoring key performance indicators;
- Tracking response to Brand Canada;
- Identifying and tracking product opportunities; and
- Providing input into strategic market plans.

The primary focus of the 2008 reports is on identifying shifts in each market since 2007. The ultimate goal of the GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years.

A total of 1,535 Japanese respondents completed the online survey. A quota was set to reach n=300 past travellers to Canada. Fieldwork was conducted in September 2008 to align with the CTC's campaign timing.

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

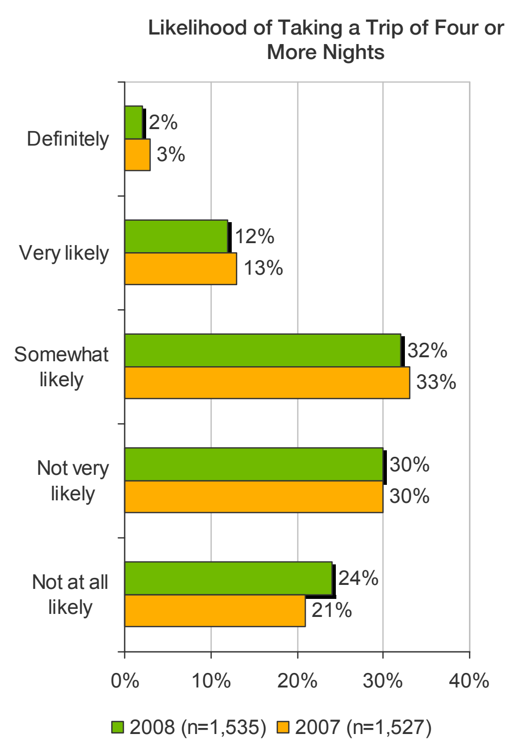
Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omunibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, interntional Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

Outlook on Travel to Canada and the Regions in the Next 2 Years

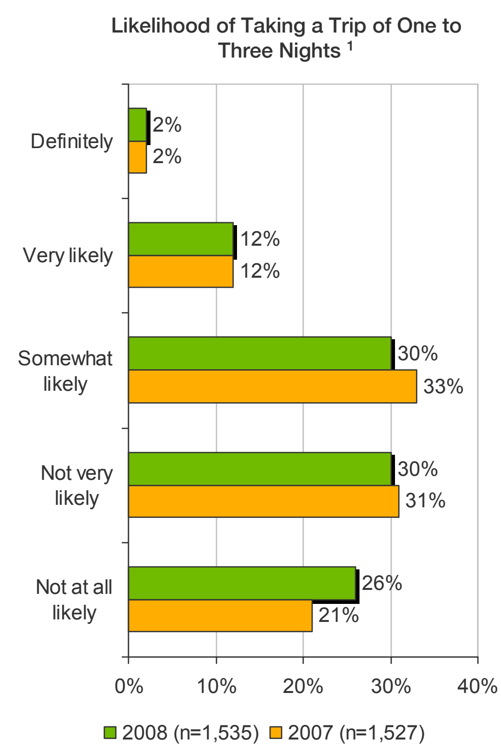
Likelihood of Visiting Canada

Although overall interest in Canada is up, the likelihood of actually visiting Canada is trending downward (see **Exhibits 1**), particularly for longer trips of four or more nights. With only 16% of travellers who say they will definitely or are very likely to visit Canada in the next two years, Japan is the weakest GTW market in terms of travel intentions, reflecting the current stay-at-home mindset of Japanese travellers. In addition, the proportion of travellers that are negatively committed (i.e., not at all likely to visit Canada) has increased from 21% to 26% for short trips of less than four nights. These results point to profound challenges for Canada in converting travel from Japan in the near-term, despite the fact that interest is actually growing.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Overall, 16% are definitely or very likely to visit Canada in the next 2 years



Base: Long-haul pleasure travellers.

Note: [1]Including trips to other countries (e.g., the US) that involve a stay of one to three nights in Canada.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways. The target market is a broader estimate of the market size based on expressed interest among Japanese travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. With interest levels up this year, the size of the target market has increased to more than 13 million travellers.

The challenges of converting this market, however, are underscored by the relatively small immediate potential. This is a more conservative estimate of market potential based on travellers who say they will definitely or are very likely to visit Canada in the next two years. At 3.0 million travellers, this is down from last year, a clear sign of the shrinking near-term potential for Canada in this market. While Japan ranks as the third largest target market for Canada (behind the US and the UK), when looking at the immediate potential for conversion, it drops down to sixth place.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada
Total potential long-haul pleasure travellers (aged 18 plus)	19,070,000
Target Market for Canada	
Very/somewhat interested in visiting Canada in the next 2 years	71%
Size of the target market	13,540,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years	16%
Immediate potential	3,051,000

Base: Long-haul pleasure travellers (n=1,535)

Canadian Destinations[1] Likely to Visit

British Columbia has now overtaken Ontario as the region that elicits the greatest interest from likely travellers to Canada (see **Exhibit 3**). While British Columbia gained five percentage points to hit 76% (with Vancouver and Whistler driving the gains), Ontario has dropped to 75%.

For the most part, the popularity of other regions remains the same as last year, with 5 in 10 interested in Québec, 4 in 10 likely to visit Alberta and about a quarter drawn to the Atlantic region. The North sees a somewhat softer market this year (tumbling from 15% to 11%), while the Prairie region continues to hold little appeal for this market at only 2%.

Symptomatic of the lower than average interest in Canada, Japanese travellers continue to be among the least interested of any GTW market in Ontario, Québec, Atlantic Canada, the North and the Prairies.

Among individual cities/attractions, Niagara Falls and Vancouver continue to draw the most attention from Japanese travellers, with around two-thirds of the market who want to see these destinations. There is also reasonable interest in Toronto and Victoria, with Banff, Calgary and Ottawa being the only other GTW regional partner destinations that appeal to over a fifth of the market.

Exhibit 3 shows the immediate potential for the regional partners on the GTW study based on current levels of interest. The best potential is for Ontario and British Columbia, each at about 2.3 million travellers.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	AB	ON	North
Immediate potential for Canada	3,051,000			
Likely to visit province	76%	40%	75%	11%
Immediate potential for the provinces	2,319,000	1,220,000	2,288,000	336,000
Most popular destinations within province	Vancouver (66%) Victoria (32%) Whistler (15%)	Banff (24%) Calgary (22%) Jasper (10%)	Niagara Falls (68%) Toronto (44%) Ottawa (22%)	NWT (6%) Yukon (6%) Nunavut (1%)

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 (n=713).

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

[1] Of CTC partner regions. (British Columbia, Alberta, Ontario and the North)

Awareness Levels of Canada

Unaided Performance Indicators

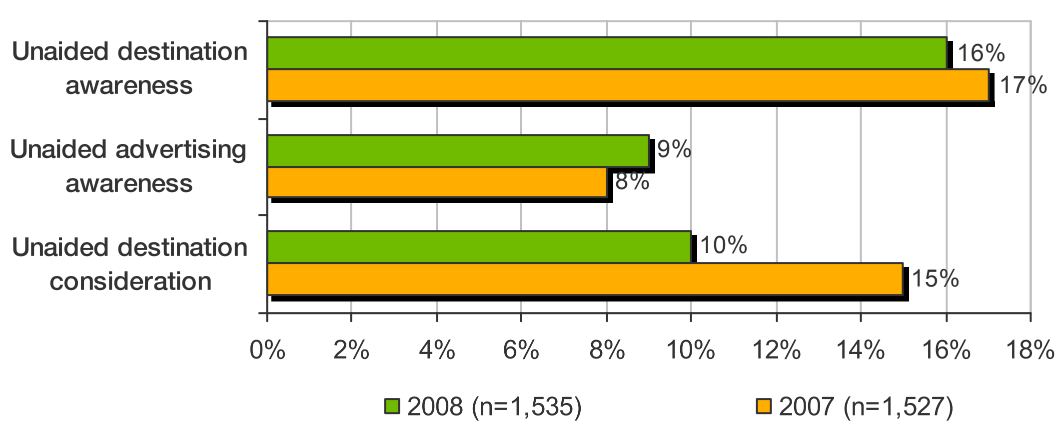
The Global Tourism Watch measured three unaided (or top-of-mind) indicators[2] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

To measure brand awareness, respondents were asked to name destinations that come to mind for a long-haul vacation. Canada rounds out the top five countries, being mentioned by 16% of Japanese travellers. This is essentially unchanged since last year. The top two destinations remain the same as last year, with the strongest presence by the U.S. (57%) followed by Australia (30%). Italy is the only destination on the list to see a notable increase in awareness (21%), which put Italy ahead of France (17%) in the ranks this year.

Unaided recall of advertising for Canada in the past three months sits at 9%. While this is not particularly remarkable, the 2008 results do bear some good news for Canada. Of the foremost destinations advertising in Japan, Canada is the only one that did not see a notable drop in advertising awareness in 2008. Australia, Italy, France and the US all saw declines of three or four percentage points, enabling Canada to advance in the ranks from fifth to third place.

No shifts are apparent in unaided destination consideration in 2008, with the top five destinations being identical to last year and in the same rank order. At 10%, Canada's score is effectively unchanged from last year and remains 4th in the ranks. Consistent with unaided awareness, the US emerges at the top of the list, with just under a third of the market. Australia, Italy, Canada and France make up the next tier of destinations being considered.

Exhibit 4 - Unaided Performance Indicators



Base: Long-haul pleasure travellers.

2 Accumulative results are mentions of Canada and sub-destinations within Canada.

Recent and Potential Visitors from Japan

Target Market for Canada

Exhibit 5 provides demographic profiles of Japanese long-haul travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada.

In 2008, Japanese long-haul travellers continue to be distinguished by their older age, with almost 40% of the market who are aged 55+. They are also more likely to be empty nesters, with fewer who still have children living at home (24) compared to other GTW markets. This reflects the fact that the Japanese population is aging faster than any other developed nation, with the silver segment having doubled in size over the last 15 years.

Potential travellers to Canada continue to be fairly similar to the market as a whole, with the most notable differences being higher incomes, a female skew, and more who have friends or relatives living in Canada. Compared with 2007, travellers interested in Canada are skewing older this year, with nearly 60% who are 45+.

Unchanged from last year, Canada tends to attract a distinct demographic of younger, more affluent women. Over 40% of recent Japanese travellers to Canada are under 35, over half earn 8 million yen per year or more and over 60% are women. About a third have friends or family in Canada, which is almost double that of potential travellers and triple that of long-haul travellers in general, indicating that Visit Friends and Relatives (VFR) continues to be a primary predictor of Japanese travel to Canada. Notably, recent visitors are now more affluent than in 2007 (i.e., 33% with annual incomes over 10 million Yen, vs. only 27% last year), indicating that lower income groups may have been forced to cancel or postpone trips to Canada this year in response to economic or financial hardships.

Exhibit 5 – Target market demographics

Gender	All L-H Travellers (n=1,535)	Recent Travellers to Canada (n=205)	Interested in Canada (n=382)
Female	49%	63%	56%
Age			
18 to 24	10%	11%	9%
25 to 34	21%	30%	18%
35 to 44	15%	18%	17%
45 to 54	15%	8%	16%
55 or older	39%	32%	41%
Close Friends or Relatives Living in Canada			
Yes	10%	33%	17%
Have Children in Household Under 18			
Yes	24%	24%	26%
Marital Status			
Married / partnered	68%	69%	69%
Single / never married	26%	27%	22%
Other (e.g. separated, divorced, widowed)	6%	4%	9%
Education			
High school or less	21%	18%	21%
Technical / vocational	20%	21%	23%
Completed college / university	58%	60%	56%
Employment Status			
Employed full-time/part-time	61%	63%	63%
Housewife / homemaker	22%	25%	22%
Retired	6%	4%	6%
Unemployed	1%	1%	1%
Student	6%	5%	5%
Occupation			
White-collar worker	55%	59%	57%
Blue-collar worker	4%	2%	3%
Administrator / Manager	3%	1%	3%
Self-employed	10%	9%	10%
Specialist / Freelancer	12%	11%	13%
Other	16%	17%	15%
Average Annual Household Income			
Less than 4 million yen	18%	10%	17%
4 million to 4.9 million yen	12%	14%	10%
5 million to 7.9 million yen	28%	26%	24%
8 million to 9.9 million yen	15%	18%	16%
10 million to 14.9 million yen	18%	22%	23%
15 million or more yen	8%	11%	11%

*Note: **Blue squares** indicate a result that is significantly lower than the total (all long-haul travellers); **orange circles** indicate a result that is significantly higher than the total.*

Target Market for Canadian Regions[3]

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia and Ontario are based on those who say they are *most* likely to visit the region, while the profiles for Alberta and the North are based on those who express an interest in visiting these regions, given the relatively low proportion of travellers who say they are most likely to do so.

[3] Of CTC partner regions. (British Columbia, Alberta, Ontario and the North)

Exhibit 6 - Target market for Canada's regions

	TOTAL (n=713)[1]	BC[3] (n=216)	AB[2] (n=290)	ON[3] (n=318)	North[2] (n=87)[4]
Gender					
Female	50%	49%	43%	50%	46%
Age					
18 to 24	8%	8%	5%	9%	4%
25 to 34	16%	20%	10%	14%	15%
35 to 44	14%	15%	15%	11%	17%
45 to 54	14%	16%	18%	13%	20%
55 or older	47%	42%	52%	54%	45%
Close Friends or Relatives Living in Canada					
Yes	16%	25%	14%	10%	14%
Have Children in Household Under 18					
Yes	21%	21%	21%	20%	23%
Marital Status					
Married / partnered	70%	69%	74%	71%	73%
Single / never married	24%	26%	20%	24%	21%
Other	6%	5%	7%	5%	6%
Education					
High school or less	17%	15%	17%	21%	14%
Technical / vocational	21%	18%	20%	21%	24%
Completed college / university	62%	67%	63%	57%	61%
Employment Status					
Employed full-time/part-time	62%	62%	64%	60%	73%
Housewife / homemaker	23%	22%	22%	23%	17%
Retired	6%	5%	6%	6%	6%
Unemployed	1%	1%	1%	1%	0%
Student	5%	5%	4%	7%	3%
Occupation					
White-collar worker	56%	60%	55%	52%	47%
Blue-collar worker	3%	2%	4%	3%	7%
Administrator / Manager	3%	2%	2%	4%	5%
Self-employed	11%	11%	13%	12%	11%
Specialist / Freelancer	13%	16%	13%	12%	18%
Other	14%	8%	12%	18%	13%
Average Annual Household Income					
Less than 4 million yen	15%	10%	11%	18%	22%
4 million to 4.9 million yen	9%	10%	10%	8%	5%
5 million to 7.9 million yen	27%	30%	27%	26%	21%
8 million to 9.9 million yen	16%	15%	17%	18%	16%
10 million to 14.9 million yen	23%	22%	24%	23%	20%
15 million or more yen	9%	13%	11%	7%	15%

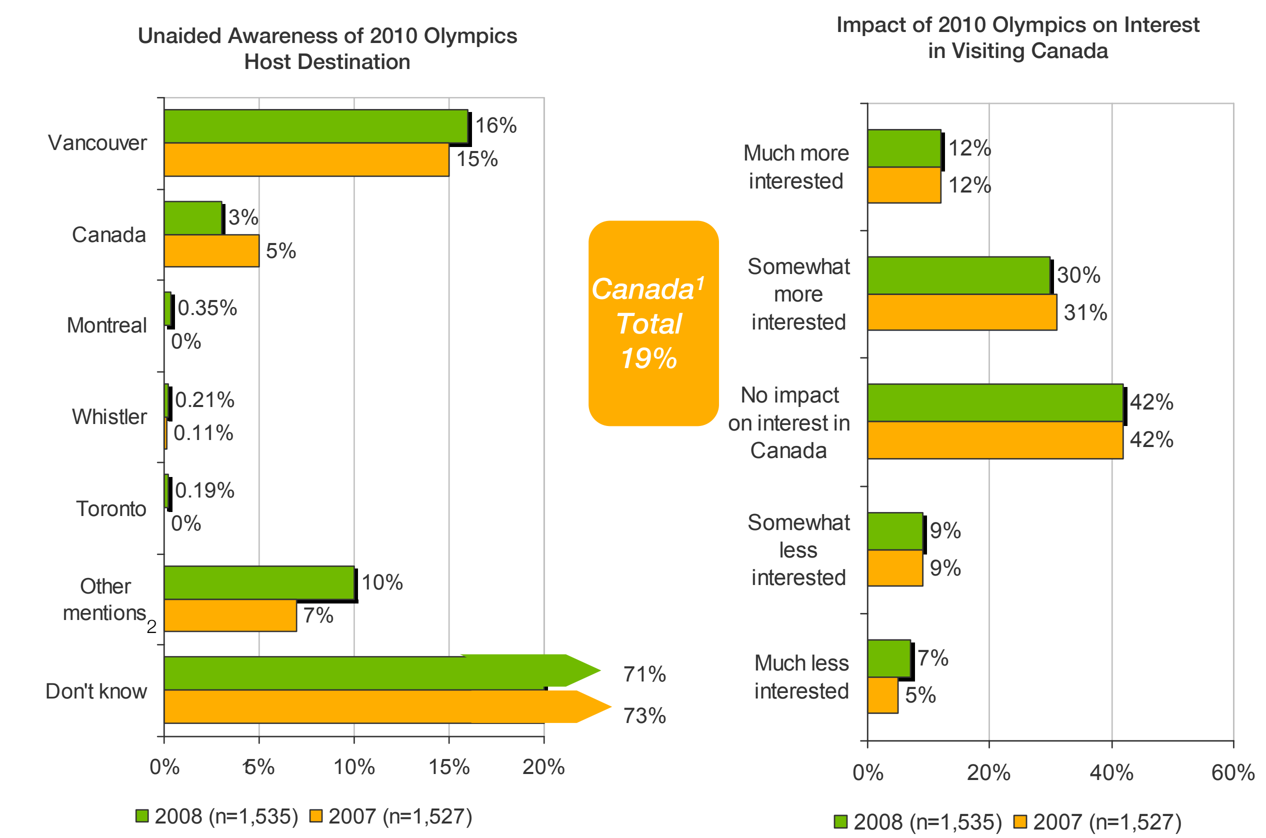
Notes:
[1] Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
[2] Those likely to visit the region.
[3] Those most likely to visit the region.
[4] Results should be interpreted with caution due to the small sample size.

The Impact of the 2010 Winter Games on Travel to Canada

Exhibits 7 shows that about a fifth of the market correctly identifies Canada as the host of the 2010 Vancouver Olympic and Paralympic Winter Games, with "Vancouver" continuing to account for the lion's share of the mentions.

Over 40% of Japanese travellers say that hosting the Olympics has enhanced their desire to visit Canada, which is unchanged from last year. This is far lower than in the other Asian markets, but still a solid result, particularly when compared with the European markets.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada



Base: Long-haul pleasure travellers.

Note: [1] Includes all mentions of Canada, British Columbia, Vancouver and Whistler, Montreal and Toronto.

[2] Includes all mentions of China, Beijing, England, London, Russia, Soichi, Germany, Nagano for 2008 plus Turin for 2007.

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Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product strengths and weaknesses map for Canada in Japan which looks at impressions of Canada's product offerings vs. the importance of these products to Japanese travellers on their long-haul trips. The purpose is to identify products of importance to the Japanese market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their long-haul trips and for which Canada is favourably viewed. Like last year, nature is Canada's key product strength, including scenic landscapes, waterscapes and national parks/heritage sites. New in 2008, cities close to nature also emerge as a general strength for Canada, although its positioning could stand some improvement.

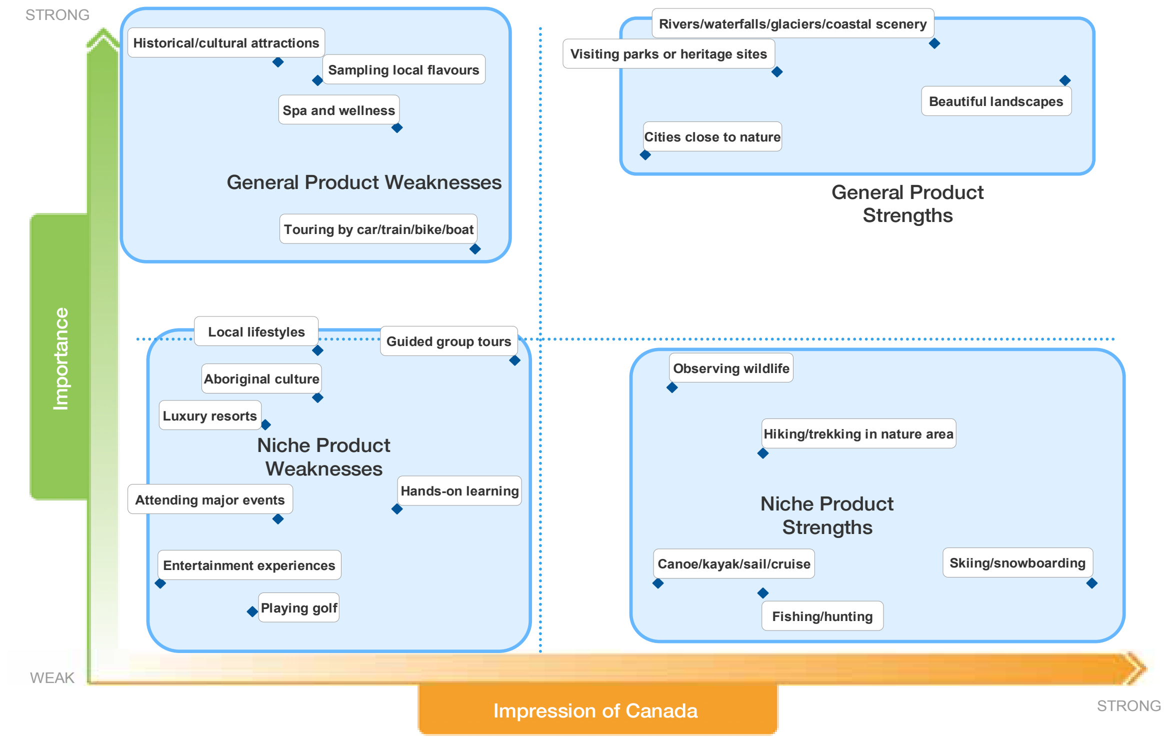
Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. For Japan, these include outdoor activities such as skiing/snowboarding, fishing/hunting and hiking/trekking. Canoeing/kayaking and wildlife just edge in as strengths, indicating room to improve perceptions of both products. The good news is that virtually all of these appear to be growth markets in Japan.

Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. In 2008, these include historical/cultural attractions, local flavours, spa/wellness products, and to a lesser extent, self-touring. Given the importance of these products to Japanese travellers, it makes sense to focus marketing and product development efforts in these areas.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. These include luxury products (e.g., resorts, entertainment, golf) and cultural products (e.g., local lifestyles, aboriginal culture), as well as guided group tours, major events and hands-on learning. Essentially, any product that is not nature/outdoor related is a weakness (general or niche) for Canada, confirming the narrow view that Japanese travellers currently have of Canada.

Exhibit 8 – Product Strengths and Weaknesses Map



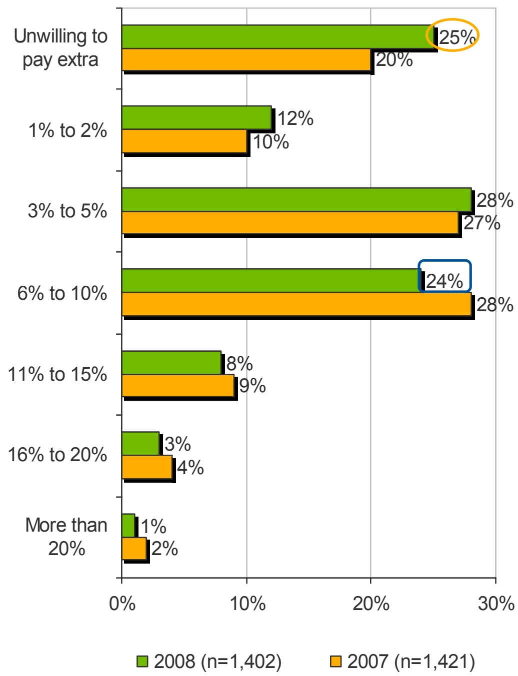
Base: Long-haul pleasure travellers (n=1,535).

Japanese Views on Environmentally-friendly Travel Products

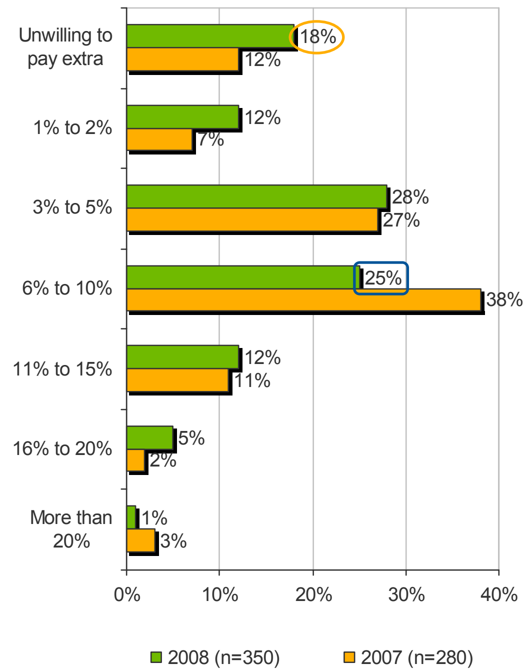
Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

Japanese travellers are becoming notably less environmentally conscious, with a significant drop this year in the proportion of those who feel that environmentally-friendly travel is important. As a result, there is growing resistance to paying a premium for green travel products, although this may be driven in part by the mounting price-sensitivity in this market. The same trend is seen for those travellers interested in Canada. Japanese travellers are also less likely to feel that Canada is an environmentally-friendly destination this year, a finding that was also evident in South Korea.

Exhibit 9 – Willingness to Pay a Premium for Environmentally-Friendly Travel Products



Base: Long-haul pleasure travellers



Base: Travellers interested in Canada.

Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

How Canada is Perceived by Japanese Travellers

Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality dimensions, each comprised of a group of related personality traits. These include the eight dimensions encompassed by Brand Canada, as defined by the CTC:

- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive); and
- **Witty** (e.g., humourous, quick, entertaining, clever, bright, intelligent).

As shown in **Exhibit 10**, significantly fewer Japanese travellers think of Canada as Warm this year, a finding that has repeated itself in virtually every GTW market in 2008. This is likely due to continued global branding initiatives by the CTC to evolve Canada's image away from warm and friendly to one that is more vibrant and exciting.

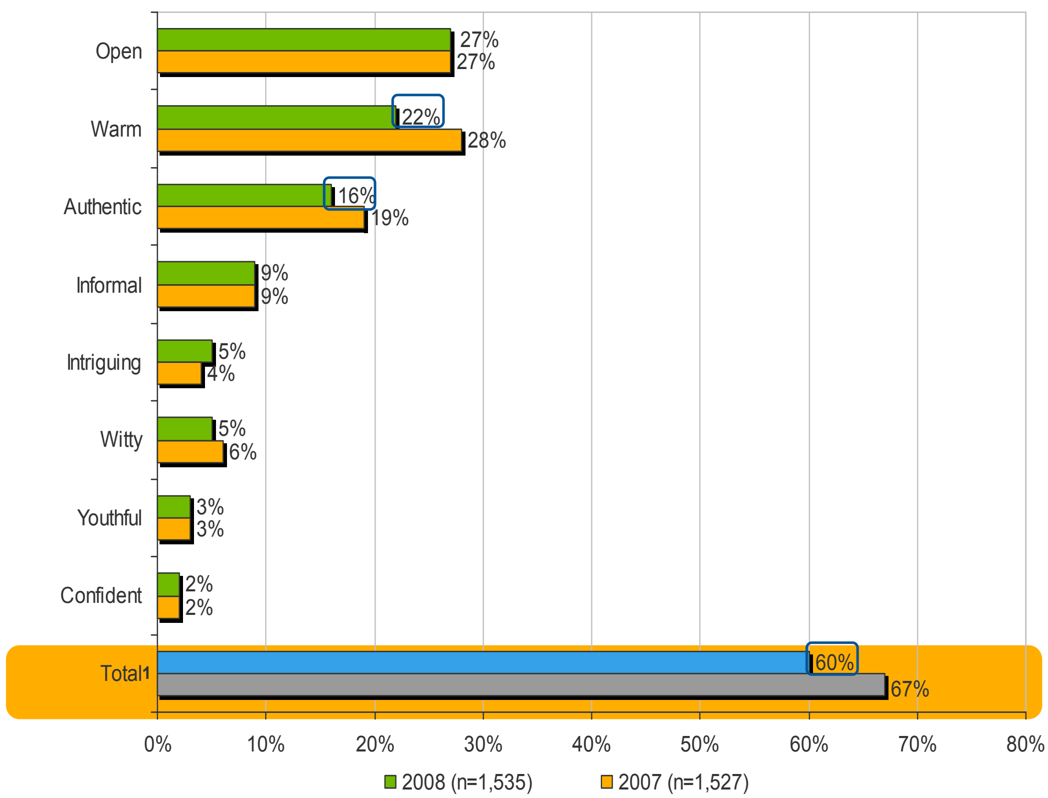
As a result of the drop for Warm, Open is now the trait most commonly associated with Canada in Japan, indicating that Canada conveys a strong sense of acceptance and freedom to the Japanese. Interestingly, the Asian markets are far more likely to view Canada as Open than the non-Asian markets, with Japan awarding the highest score of all, at 27%.

Authentic rounds out the top three traits, echoing Canada's reasonably strong performance on this item in the brand image perception results. Although it has seen a decline this year, Canada is still more likely to be perceived as Authentic in Japan than anywhere else.

With Informal emerging as the only other trait to be cited by more than 5% of travellers, it becomes clear that Canada's brand personality in Japan remains relatively low-key, rather than being exciting or edgy. Canada is seen as being welcoming, open-minded, casual and real, but not really interesting, energetic or bold. The CTC may want to remedy this through its marketing programs to raise Canada's profile in Japan and spark interest among segments that may have disregarded Canada because of its unexciting image.

The drops on Warm and Authentic this year mean that Japanese travellers are less aligned with the Brand Canada personality traits in 2008. Approximately 60% mention at least one of the eight personality traits on an unaided basis, down from 67% last year. Still, this is on the high side compared with most other GTW markets, even if the strong score does tend to be driven by the more traditional brand personality components.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers

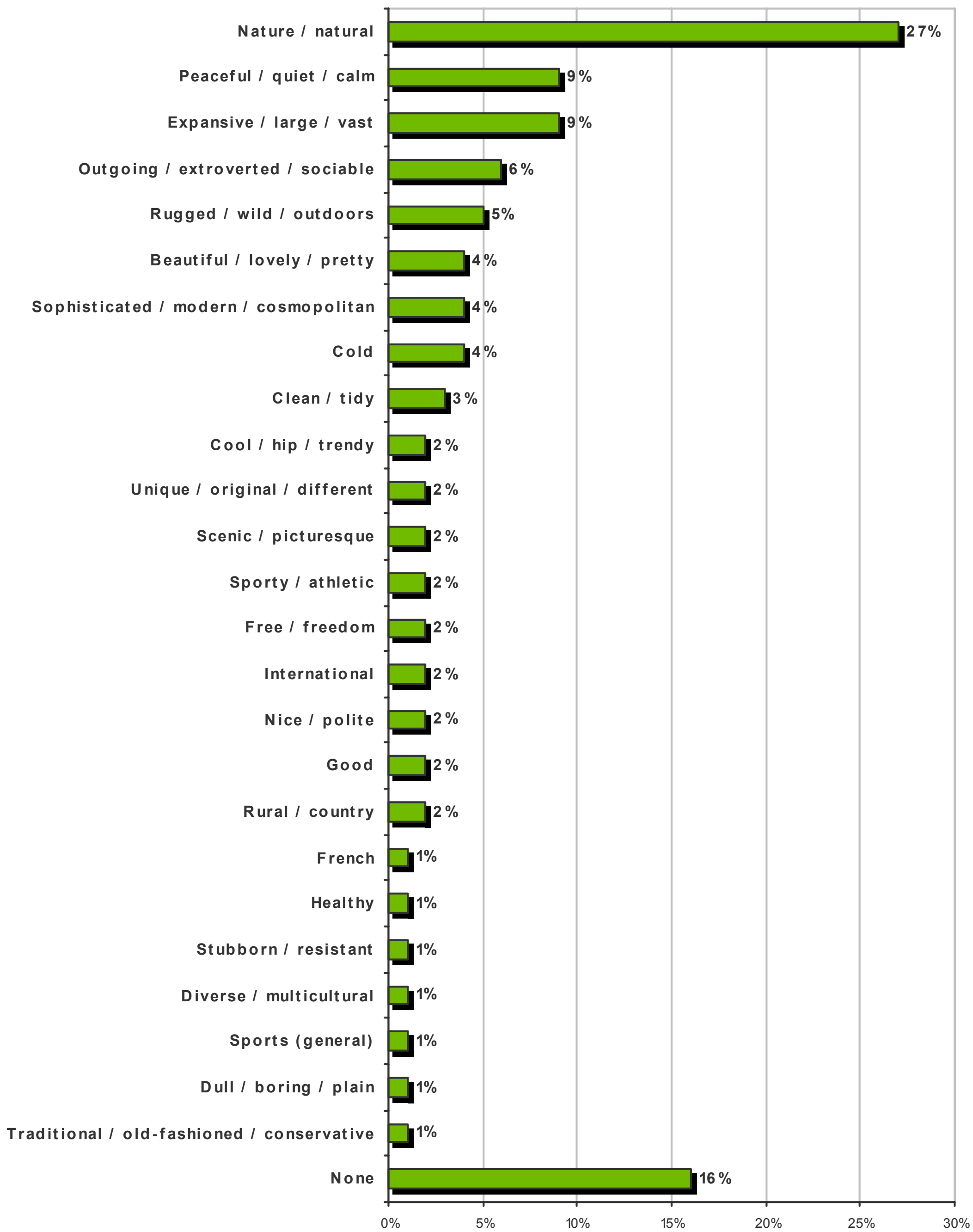
Note: [1] Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

***Blue squares** indicate a result that is significantly lower than 2007; **orange circles** indicate a result that is significantly higher than 2007.*

Exhibit 11 shows other personality traits that are associated with Canada in Japan. The results indicate that Canada's traditional image is still very much in evident among Japanese travellers, with nature and the outdoors, a peaceful and relaxing environment, scenic vistas, vast spaces and cold weather dominating their mental picture of Canada. In addition, Japanese travellers continue to view Canada as offering a clean and healthy environment that lends itself to physical and outdoor pursuits. This view emerges clearly in the mentions of "clean/tidy," sporty/athletic," "healthy" and "sports (general)," and ties in nicely with the current Japanese penchant for health and wellness experiences.

Reassuringly, there are indications that a more lively and exciting image is at least starting to break through in the relatively frequent mentions of "outgoing/extroverted" and "modern/cosmopolitan," and to a lesser extent, "cool/hip/trendy."

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,535).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

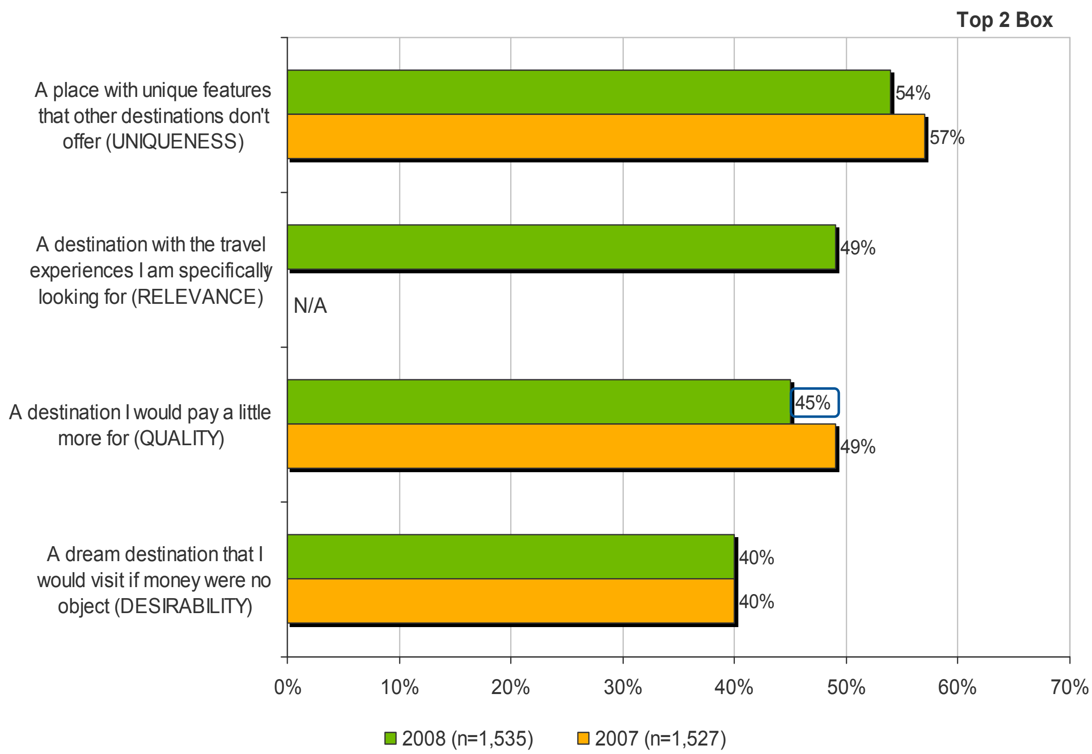
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in Japan, respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

Exhibit 12 shows that Quality perceptions have suffered in Japan over the past year, falling significantly from 49% to 45%. Japan is, in fact, the only GTW market where impressions of Quality have eroded in 2008; in most other markets, this measure has either remained stable or increased. However, Japanese travellers are also exhibiting a more extreme reaction to deteriorating external conditions than their counterparts in other GTW markets. With travellers actively cutting back on their trips and becoming more cautious in their vacation choices, it is likely that they are now more critical in assessing destination quality.

In terms of the other value components, Uniqueness is also trending downward in 2008, but has not declined significantly. Moreover, Canada's overall Desirability continues to be on the low side, which is consistent with its understated image and its low top-of-mind scores in Japan.

Exhibit 12 – Value Perceptions



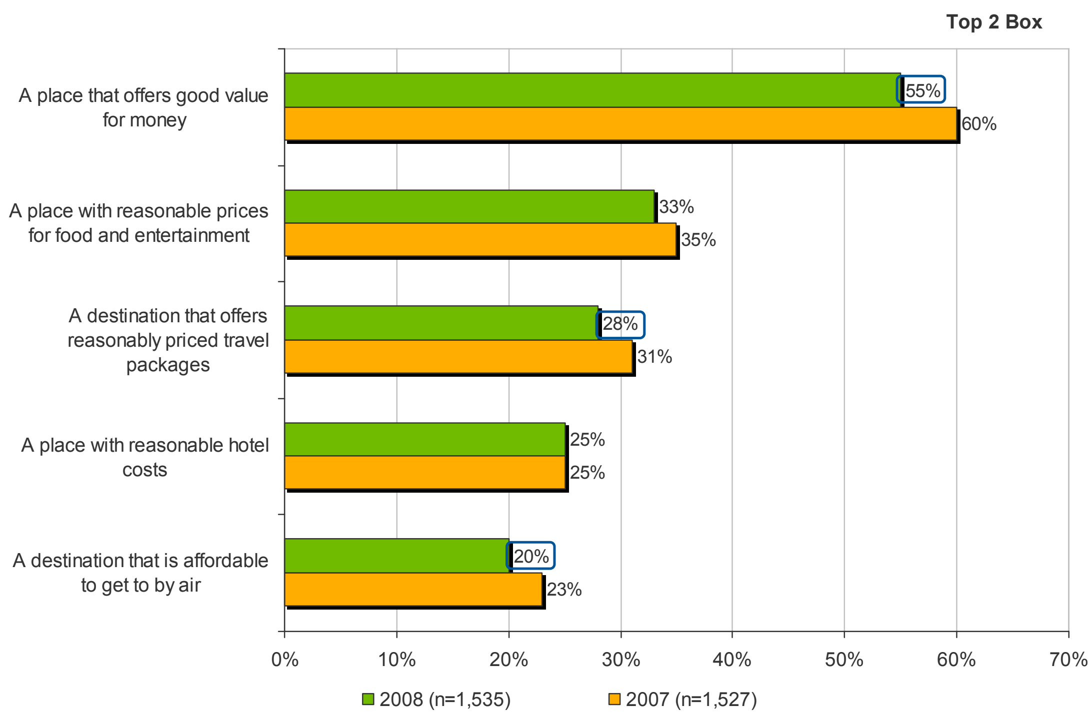
Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale. ***Blue squares*** *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007.*

Price Perceptions

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. **Exhibit 13** shows how Canada is perceived by Japanese travellers on various travel cost components.

There is bad news for Canada on the price perceptions front as well. Impressions of value for money and the affordability of airfare to Canada have both dropped significantly in 2008, while the scores for travel packages and food/entertainment costs are both trending downward. This is despite the fact that the Yen appreciated 18% against the Canadian dollar between the 2007 and 2008 surveys, greatly improving the purchasing power of Japanese visitors to Canada. In view of this, it is likely that the hefty fuel surcharges on airfare to Canada and the intensified price-sensitivity in the marketplace have contributed to the disappointing results this year.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 with 1 being "strongly disagree" and 5 being "strongly agree" on a 5-point scale. ***Blue squares*** *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007.*

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

The 2007 study revealed that unique attractions/landmarks and beautiful landscapes/nature are the two top reasons for Japanese travellers to visit Canada. As **Exhibit 14** shows, both motivators have slipped in 2008, a trend that was observed in South Korea as well. As a result, national parks and world heritage sites (85%) are now the number one draw for Canada in Japan. Moreover, Japan is the only GTW market where this is the case, pointing to extraordinary interest in these types of experiences and excellent opportunities for Canada to market its countless national parks and 14 official world heritage sites in Japan. Australia, for one, has built a large component of its 2008 Japanese marketing campaign around its world heritage sites.

Vibrant cities close to nature "Unique Selling Propositions" (USP[4]), a new item this year, debuts at 73%. Although this is only about average in terms of an absolute score, its fourth place ranking in Japan is very strong. The fact that small town experiences have gained more than 10 percentage points this year and are now of interest to over 60% of the market, indicates good opportunities to combine visits to exciting big cities and charming small towns in Canadian itineraries. The inclusion of small towns would also provide opportunities to absorb a bit of local culture while in Canada.

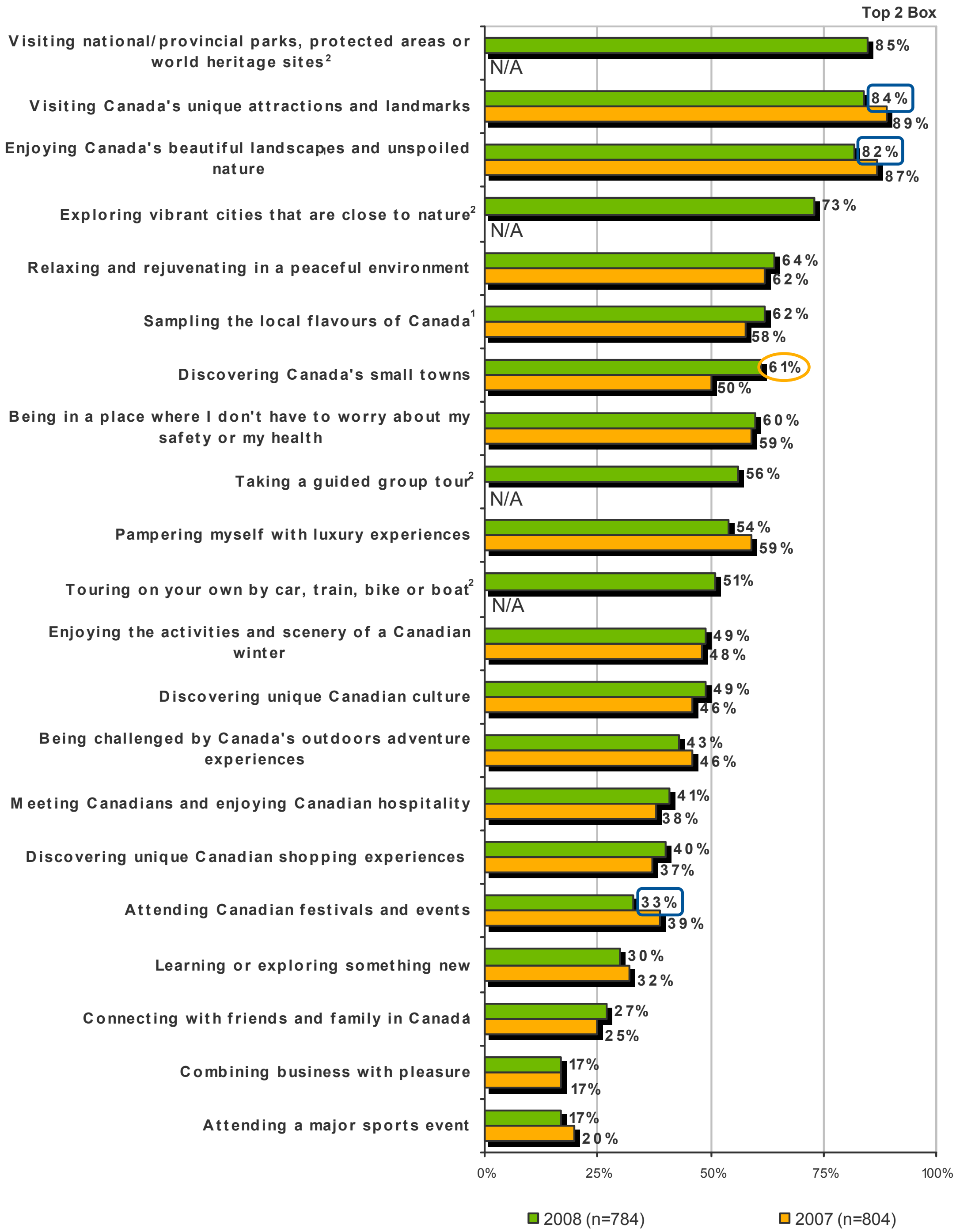
Another new motivation this year – guided group tours – also debuts among the top 10 motivators (56%), making Japan one of two markets (China being the other) where guided tours are important in generating travel to Canada. In fact, these are the only two markets where guided touring is rated higher than self-touring, which shows that although group travel has been waning in Japan, the tradition of large groups of Japanese travelling together on guided tours has not vanished entirely.

The Japanese market is also atypical in that pampering and luxury experiences are among the top 10 motivations for visiting Canada. This is down slightly in 2008, but not significantly so. The continued importance of luxury travel in the face of today's tougher economics, no doubt reflects the high importance of wellbeing in Japan and the traditional belief that hard work should be rewarded.

The 2008 study also shows a weakening of event travel as a reason to visit Canada. Festivals and events have cooled significantly this year, while sports events are trending downward.

[4] USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.

Exhibit 14 – Key Motivations for Visiting Canada



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.
Notes: Top 2 Box refers to a rating of always or often important on a 5-point scale. ***Blue squares*** *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007. 1 Item changed slightly in 2008. 2 Not asked in*

Regional Motivations[5]

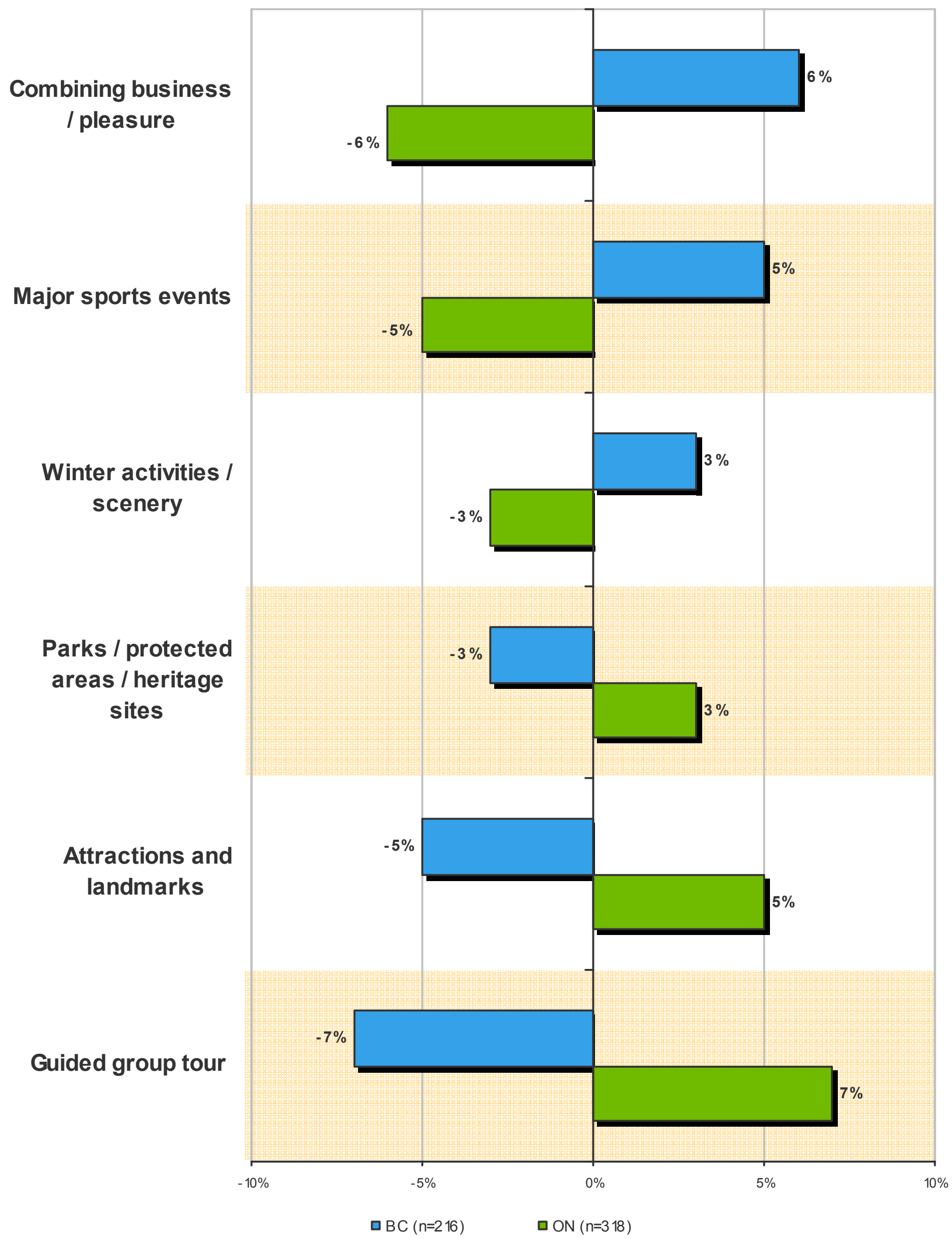
Exhibit 15 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove "group and attribute" effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions. In the exhibit, high positive values indicate motivations that are of greater *relative* importance for a region, while high negative values represent motivations that are of lesser *relative* importance.

Overall, there are very few differences by region (only Ontario and British Columbia had large enough sample sizes for this analysis). Those interested in visiting **Ontario** are more likely to be traditional tourists that are motivated by guided group tours designed to take in Canada's key attractions, landmarks, national parks and heritage sites. This is consistent with a demographic profile that leans toward less educated and less affluent travellers.

Those who prefer **British Columbia** are more likely to be motivated by the opportunity to attend major sports events (e.g., the Olympics) and participate in winter activities (e.g., skiing), which is consistent with the fact that this region tends to attract a far younger crowd. Vancouver is also recognized as a gateway to Canada's business and industrial sector, as evidenced by the strong appeal of combined business/pleasure travel.

5 Motivations of GTW regional partners with sufficient sample size.

Exhibit 15 - Regional Motivations



Base: Travellers most likely to visit British Columbia or Ontario. Sample sizes for other regions were too small to be included.

Note: Solid bars with high positive values represent motivations that are of greater relative importance for a region, while solid bars with high negative values represent motivations that are of lesser relative importance for a region.

Barriers in Attracting Visitors from Japan

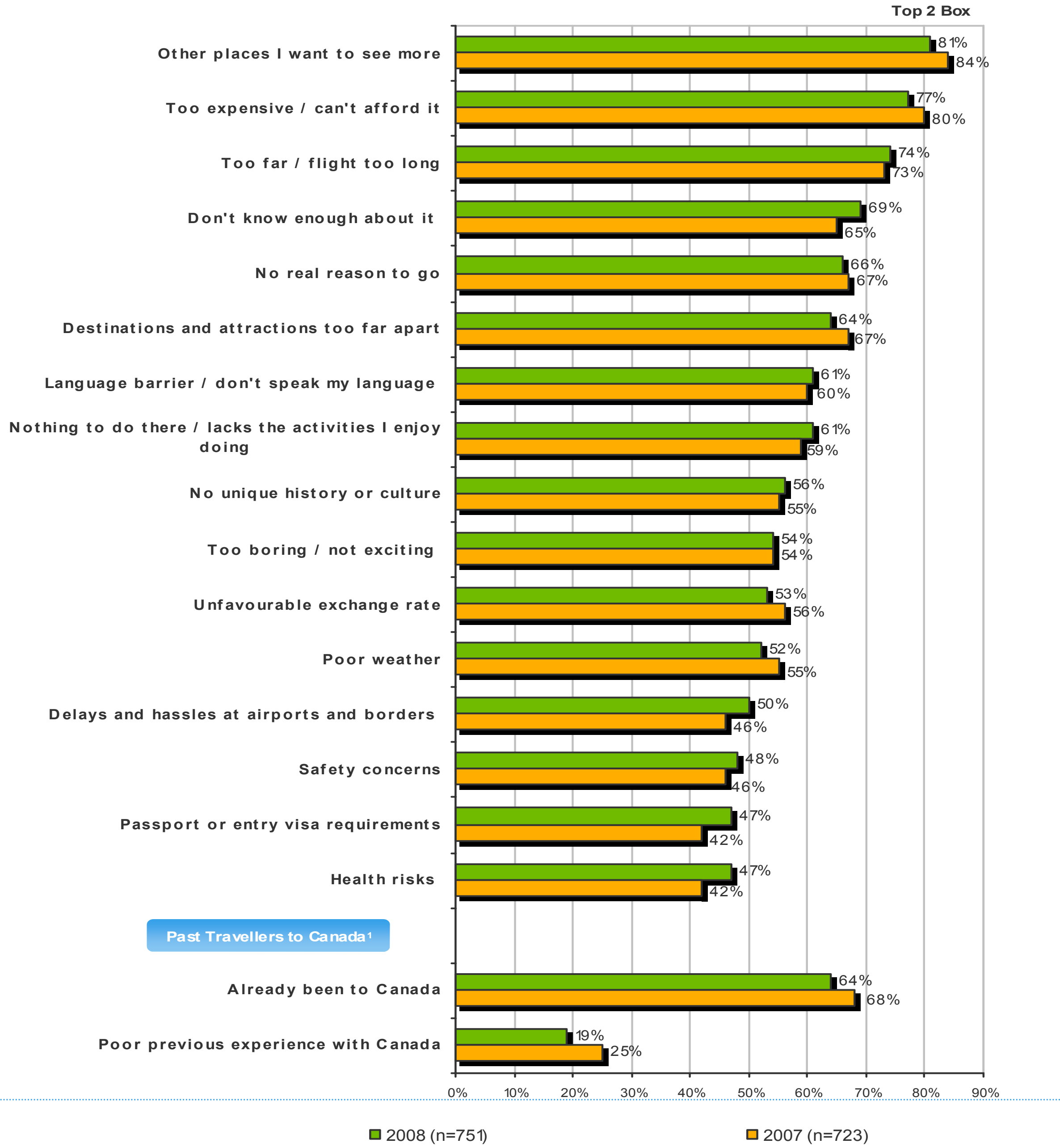
Barriers for Travel to Canada

Exhibit 16 shows why long-haul travellers from Japan are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that *are* likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

The barriers for travel to Canada have stayed remarkably consistent since last year, with no significant shifts whatsoever. Competition from other destinations remains the top barrier among those unlikely to visit Canada (81%), followed by affordability (77%), distance (74%), lack of awareness (69%) and lack of a reason to go (66%). None of these come as any great surprise, but with competition, cost and distance being the top three barriers, competing with lower-cost options in Asia will continue to be a challenge for Canada in 2009. Canada could also benefit from enhancing awareness and giving travellers more concrete and immediate reasons to visit. The fact that nothing to do, no unique history/culture and too boring are all mentioned by over half of Japanese travellers only serves to emphasize the need to build awareness and fill information gaps.

Practical concerns like language, airport/border hassles and passport/visa requirements tend to be less prominent as roadblocks for Japanese travellers than for those in the other Asian markets, no doubt because they are more experienced and sophisticated long-haul travellers.

Exhibit 16 – Key Barriers for Visiting Canada



Base: Long-haul pleasure travellers who are unlikely to visit Canada in the near future .

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

[1] Base is long-haul pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future; 2008 (n=116), 2007 (n=105).

Sources of Information for Japanese travellers

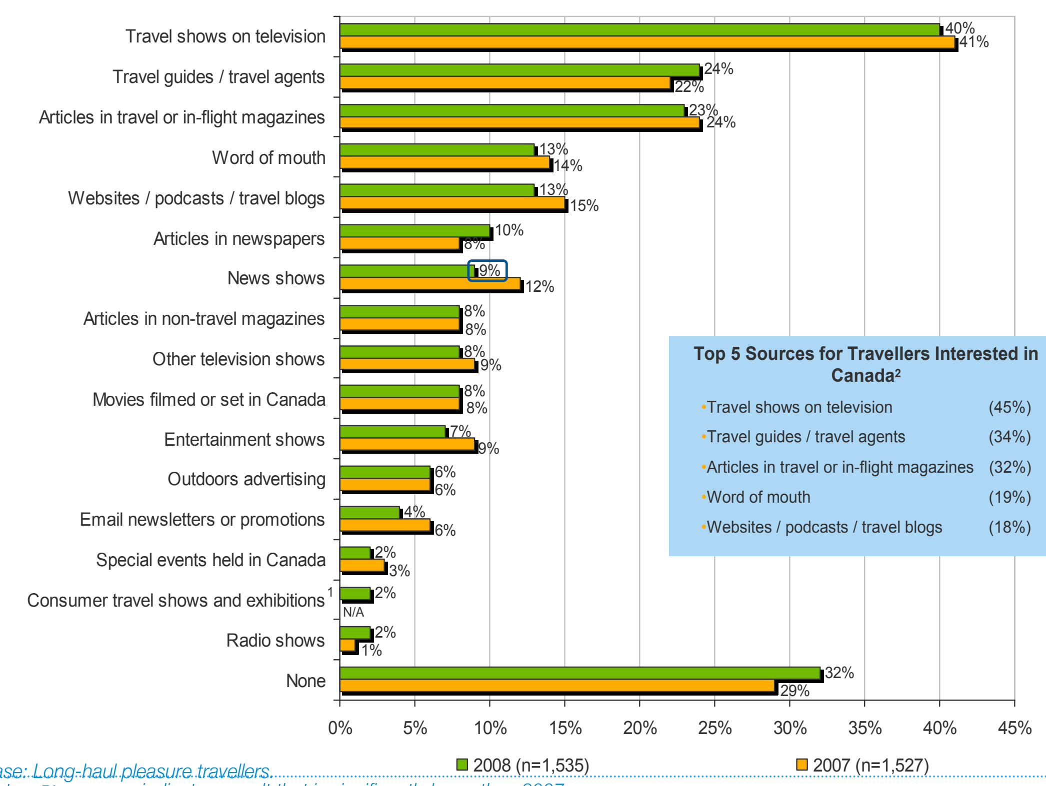
Sources of Information on Canada

Exhibit 17 reveals only one key shift in terms of where Japanese long-haul travellers saw information on Canada in the past three months. Compared with 2007, fewer saw information on news shows this year (9%, vs. 12% last year), which is not surprising as news coverage of Canada would naturally change from month to month, and year to year.

Among potential visitors to Canada, there has been a steep decline for information seen on websites, podcasts and travel blogs (from 27% to 18%), which dovetails with the older skew of this segment in 2008. With more than 40% of the potential market over the age of 55, Canada should not rely on online media alone to reach them.

As in most markets, television travel shows are still the single most popular source of information on Canada for both potential visitors (45%) and long-haul travellers in general (40%). In fact, Japan is aligned with the other Asian markets in that television tends to carry more weight as an information source than in Europe, Australia or the US.

Exhibit 17 – Sources of Information on Canada (past 3 months)



Base: Long-haul pleasure travellers.
*Notes: **Blue squares** indicate a result that is significantly lower than 2007;*
[1] Item changed slightly in 2008.
[2] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

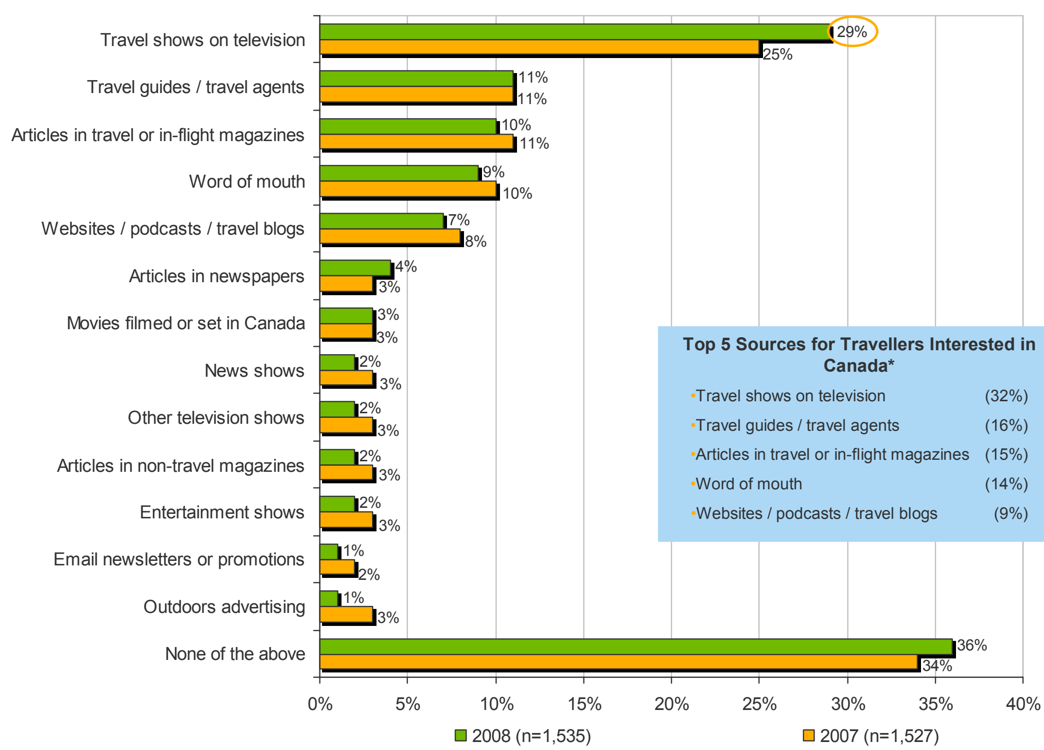
Top Information Sources for Increasing Canada's Appeal

The top information sources for increasing Canada's appeal remain the same as last year (see **Exhibit 18**). Television travel shows continue to hold sway at the top of the list, and at 29%, have actually picked up this year in terms of their influence. The fact that travel shows are mentioned by almost three times as many travellers as the next most influential source (travel guides/agents at 11%) suggests serious consideration of this channel as a primary means of promoting Canada. Although expensive, travel shows could be an effective vehicle for broadening perceptions of Canada, accelerating acceptance of the new brand and enhancing knowledge of key Canadian travel experiences in Japan.

Travel guides/agents, travel/in-flight magazines, word of mouth and online media also make the top five list, with all other sources cited by less than 5% of travellers.

Among potential visitors to Canada, websites/podcasts/travel blogs have again tumbled in terms of importance, falling from second place last year to fifth place this year, aligning the top five sources with those for the market as a whole. Television travel shows prevail here as well, with about twice as many potential travellers citing this over travel guides/agents.

Exhibit 18 – Top Information Sources for Increasing Canada's Appeal



Base: Long-haul pleasure travellers.
*Notes: **Orange circles** indicate a result that is significantly higher than 2007.*
** Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.*

Icons or Images that Inspire Interest in Canada

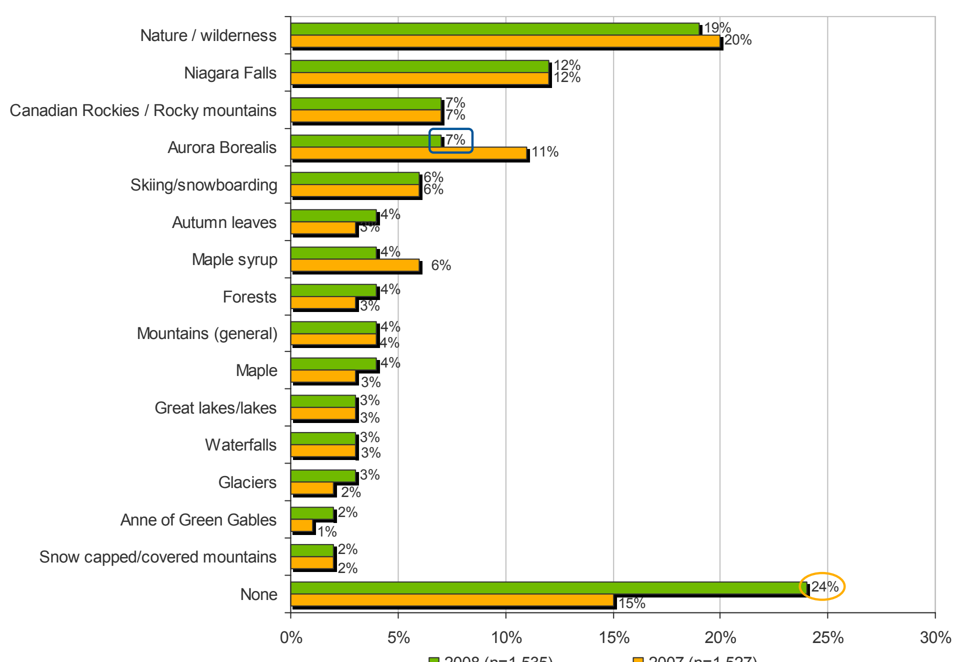
Exhibit 19 shows that nature imagery continues to dominate the imaginations of Japanese travellers when thinking of inspirational images of Canada. Except for Anne of Green Gables, a popular attraction for Japanese women, all of the other items on the list are nature-related.

Iconic landmarks like Niagara Falls and the Rocky Mountains are particularly important for driving interest in this market, as are images of mountains and waterfalls in general. Forests, trees and fall colours are other appealing images, particularly maple trees, which are more strongly associated with Canada in Japan than in most other GTW markets. Winter images (e.g., skiing, snow-capped mountains, glaciers) emerge again in 2008, despite the fielding of the study in late Summer/early Fall, testifying to the strength of their linkages with Canada in the minds of Japanese travellers.

The only significant drop this year is for the Aurora Borealis (from 11% in 2007 to 7% in 2008). This is consistent with tour operator reports that aurora-watchers from Japan have dropped acutely this year, with at least one Canadian aurora specialist folding as a direct result.

Alarming is the increase in travellers identifying that there are no images or icons that inspire interest in Canada, up 9% to 24%. This result suggests that possibly the greater efforts should be made to promote Canada's new brand including extraordinary personal travel experience in line with Japanese strong interests in nature and culture pursuits.

Exhibit 19 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.
Notes: ***Blue squares*** *indicate a result that is significantly lower than 2007;* ***orange circles*** *indicate a result that is significantly higher than 2007.*

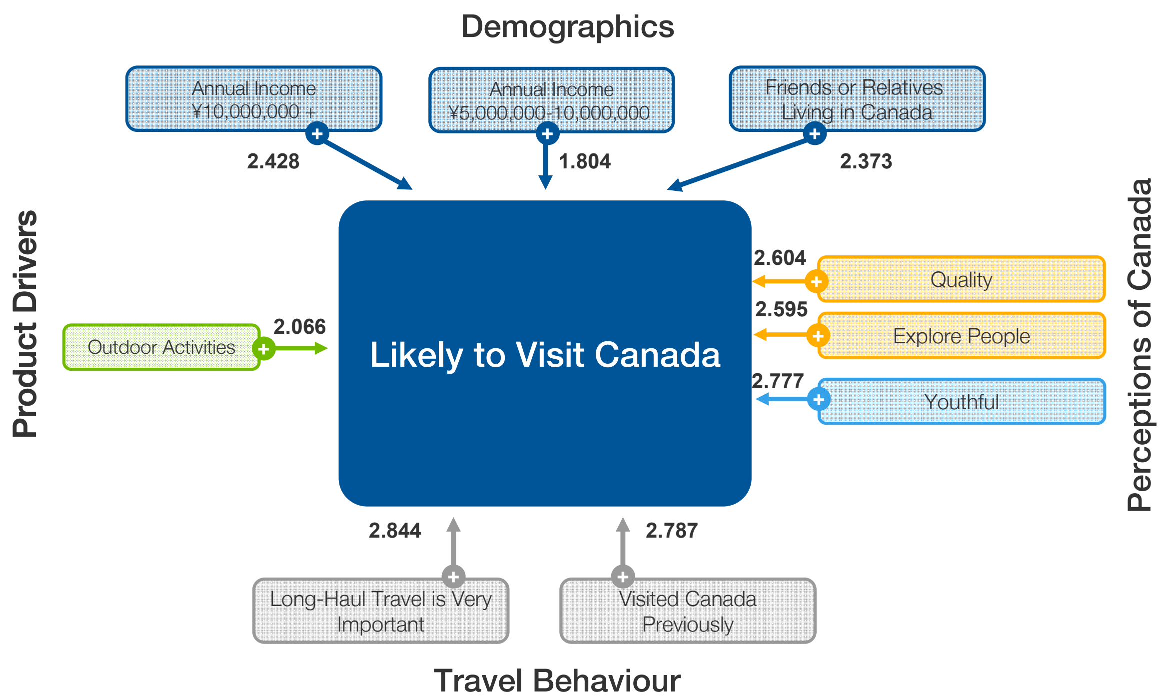
The Key Drivers for Visiting Canada

A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

The key drivers for Japanese interest in visiting Canada (shown in **Exhibit 20**) are generally similar to last year:

- Although having friends and relatives in Canada was the single biggest predictor of future travel intentions in 2007, this now takes a backseat to some of the other drivers in the model, with previous travel to Canada and the importance placed on long-haul travel being the two greatest influencers on the likelihood of visiting in the next two years.
- In the face of harsher economic times, it is not surprising that income has become a more important part of the travel equation. Travellers with annual incomes between 5 and 10 million Yen are almost twice as likely to visit Canada than lower income groups, while those earning over 10 million Yen are almost two and a half times more likely to visit.
- Perceptions of Canada continue to have a strong influence on the purchase decision. Quality is a key perceptual driver in Japan, again pointing to the need to enhance the perceived eminence and value of Canadian travel products and experiences. Those who see Canada as a people destination, and as a fun, vibrant and exciting place, are also more likely to be drawn there than those who do not share these sentiments. All three of these attributes are rated poorly in Japan, and could be strengthened to encourage more travel from this market.
- Outdoor activities remain a strong pull factor for Canada, as is true in virtually every GTW market.

Exhibit 20 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,535).

Notes: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

Long-haul destinations the world over are wondering where their lucrative Japanese tourists have vanished to, with virtually every major destination seeing a decline in arrivals from this market in 2008. While some Japanese travellers have turned to closer Asian destinations like Bali, Macau and Malaysia, others are opting for domestic travel or are simply staying home. This trend is a pandemic one that is being driven by the flagging Japanese economy, higher living costs, steep fuel surcharges to long-haul destinations and a deep-rooted pessimism in the market that has severely dampened consumer spending. Alarmed by the gloom and doom in the media, Japanese travellers are battening down the hatches in preparation for bad times ahead. This only serves to intensify the already waning priority of long-haul travel among consumers, a trend that began to gather steam in the late 1990s as younger Japanese started to look to other ways of spending their disposable income.

Accordingly, the 2008 study shows that Japan now holds the least promise of any GTW market in terms of the near-term outlook. Japan has the highest proportion of travellers who plan to cut back on their long-haul travel over the next 3 years, which at 23%, is more than double that of the next highest market. Even this is optimistic as market conditions have worsened considerably since the 2008 survey was conducted. With the Japanese economy sliding into recession in the third quarter of the year, the stay-at-home trend will only intensify, and it remains to be seen whether the strengthening Yen and government economic stimulus package will have any positive effects in buoying the market in 2009.

The good news is that interest in Canada remains robust, and if anything, has strengthened. Canada is now the second most appealing destination for Japanese travellers among the competitive set, usurping even Hawaii. There are some indications that these positive results are at least partly tied to a strong 2008 advertising campaign. Among its foremost competitors, Canada is the only destination whose advertising awareness did not erode in 2008, holding its own in the face of substantial competitor declines. However, Canada remains visibly weak in terms of top of mind awareness and consideration among Japanese travellers. It is ranked 5th on unaided awareness, 5th on familiarity and 4th on unaided consideration for upcoming trips, and in each case, posts one of the lowest scores of any GTW market. This suggests that a primary focus for the CTC in the near-term could be improving excitement and buzz around Canada as a desirable and trendy destination.

Despite growing interest, travel intentions are trending downward in 2008, exhibiting levels that are extremely poor by GTW standards and pointing to profound challenges for Canada in converting interest into firm travel plans. Currently, only 1% of the market can be considered committed travellers, which converts to no higher than in emerging markets like South Korea and China

The two Canada travel groups – recent visitors and potential visitors – are cause for hope, as the indicators for these segments remain much stronger than average. Moreover, recent visitors buck the overall market trends, with travel intentions on the ascent and no deterioration in the market outlook or travel intentions. In fact, awareness and interest in Canada is up, although immediate purchase intentions are still experiencing downward pressure. These results show that the long-term prospects for Canada remain healthy once the market returns to more normal conditions. In the meantime, Canada may want to target a more affluent segment of travellers, as income is becoming a more important driver of travel to Canada in today's harsh economics.

While the Key Performance Indicator (KPI[6]) results are mixed, the news on the brand health front is mostly negative. Japan is the GTW market with the weakest overall brand health, by far. Improving these measures is becoming increasingly important for Canada as the competition intensifies for a dwindling number of increasingly critical and price-sensitive travellers.

Many of the brand perception issues likely arise from the Japanese market's one-dimensional view of Canada. While Canada has done a great job at establishing itself as an unchallenged leader in the nature/outdoor arena and making *Active Adventure among Awe-Inspiring Natural Wonders* a solid selling point in Japan, it is perceived as being weak in other areas of key importance to the Japanese, such as history/culture and luxury/pampering.

Culture is perhaps Canada's single greatest weakness in appealing to Japanese travellers, particularly members of the "silver" segment, which represent about 40% of the potential market. The remarkable popularity of the Anne of Green Gables attraction among Japanese women in the 1990s is a testament to the strong allure that historical/cultural attractions and heritage sites can have for this market. Canada could benefit from promoting similar attractions in Japan, as well as developing specialized history/culture packages and tour routes of its world heritage sites.

On the luxury front, the best opportunities for Canada are spa/wellness experiences. The current wellbeing/rejuvenation trend in Japan shows no sign of letting up, even in the face of today's harsher economics. In fact, spa/wellness experiences have increased in importance since 2007, while pampering/luxury remains a top 10 motivator for visiting Canada. Twinning spa/wellness with nature (e.g., resort spas in natural settings, Banff hot springs) could be a good way for Canada to capture the attention of Japanese travellers looking to get away from all the gloom and doom.

The fact that Canada leads the competition on *Vibrant Cities Close to Nature*, coupled with the fact that this is the 4th most important trigger for travel to Canada, suggests that tying urban activities into natural surroundings is also key to selling Canada's city experiences in Japan. With small towns growing as a motivation, itineraries and routes that feature a good mix of nature, cities and towns are likely to be perceived as having the most value. These also represent good opportunities for Canada to become a market leader on guided group tours to mirror its already established lead on self-touring. In fact, Japan is perhaps the GTW market where Canada is best positioned to promote *Personal Journeys by Sea, Air, Land or Rail*, tying into the current Japanese trend for journeys of experiences.

[6] KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.