Global Tourism Watch Year 3

Japan - Key Findings

Canadian Tourism Commission (CTC)

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Introduction

Background

Driven by the launch of a new global brand and ongoing challenges in Canada's priority markets, the Canadian Tourism Commission (CTC) implemented an ongoing Global Tourism Watch (GTW) program in 2007 to expand consumer-based intelligence in its core markets.

In 2009, the third year of the program, the GTW was implemented in ten markets – Canada, the US, Mexico, the UK, France, Germany, Australia, Japan, China and South Korea[1]. The Year 3 research was co-funded by a regional partner group that included British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Atlantic Canada, Yukon and Northwest Territories.

Objectives

The GTW program was designed to collect market intelligence across core markets in a consistent way. The specific study objectives were set around following four over-arching themes:

- Monitor key performance indicators;
- Track response to Brand Canada;
- Identify and track product opportunities; and
- Provide input into strategic market plans.

The primary focus of the 2009 reports is on identifying shifts in each market since 2007. 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.

Ultimately, the GTW study will provide the CTC, its partners and the Canadian tourism industry with information to help enhance Canada's marketing strategies globally and draw international travellers to its shores.

[1] The 2009 program is the second year in which China was included and the first year in which Canada was included.

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. For all markets, pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips.

A total of 1,530 Japan respondents (including 222 recent travellers to Canada) completed the online survey. Fieldwork was conducted in September 2009 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.

Japan Competitive Set

To assess Canada's positioning in the Japanese market, a number of questions in the survey asked respondents to rate Canada against key competitors, as identified by the CTC. The competitive set for Japan was as follows: Hawaii, Mainland US, Germany, Thailand, Australia and New Zealand.

Japan Study Partners

Regional partners for the Year 3 study in Japan include: Alberta, British Columbia, Northwest Territories, Ontario and Yukon.

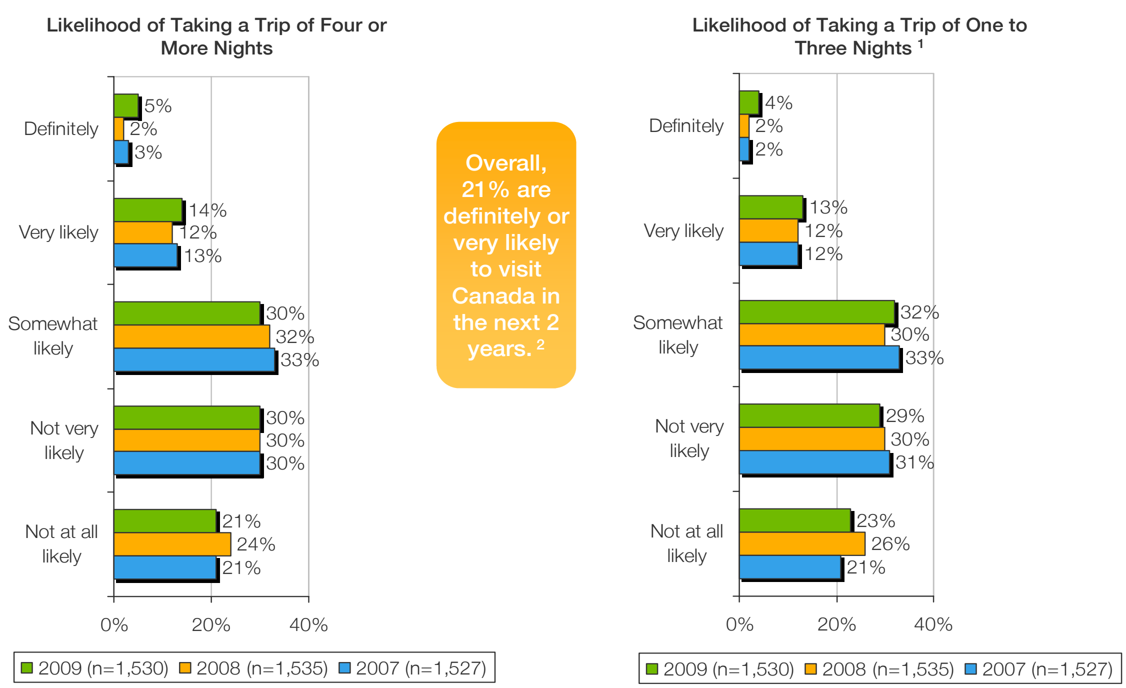
Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

Exhibit 1 bears good news for Canada. Although awareness, consideration and interest have all remained flat in 2009, travel intentions have picked up. Approximately 19% of travellers say they will definitely or are very likely to take a holiday trip of four or more nights to Canada in the next two years, up from 14% a year ago. Similarly, the proportion who are likely to take a shorter trip of one to three nights to Canada (e.g., as part of a trip to the US), has increased from 14% to 17%.

On a combined basis, travel intentions have strengthened from 16% to 21%, making Japan one of only two GTW markets where things are looking up. This dovetails with the fact that Japan is the only market other than China where the outlook indicator has not decayed substantially this year. While these forward-looking metrics indicate a good deal of optimism in this market, a full recovery in Japanese visitation to Canada could be a long time coming given the overall cautiousness of Japanese travellers and heavy competition from closer and less expensive long-haul destinations.

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



Base: Long-haul pleasure travellers.

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

[2] Includes trips of one to three nights or four nights or more.

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. While interest in Canada is on the weak side in comparison with other markets, the sheer size of the long-haul traveller population in Japan yields a relatively large target market of more than 13 million travellers.

The immediate potential 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. For Japan, the immediate potential stands at 4 million travellers, making it the third largest overseas market for Canada.

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	69%
Size of the target market	13,158,000
Immediate Potential for Canada	
Will definitely/very likely visit Canada in the next 2 years [1]	21%
Immediate potential	4,005,000

Base: Long-haul pleasure travellers (n=1,530).
Note: [1] Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations[2] Likely to Visit

With solid gains in its popularity over the last few years, British Columbia has become the leading regional destination in Canada (see **Exhibit 3**). At 82%, the province has seen more than a ten point increase in travellers likely to visit since 2007, with Vancouver, Victoria and Whistler all up substantially in appeal. As in the other Asia-Pacific markets, this could be due to increased awareness of British Columbia as a result of activities around the upcoming Olympic Games, as well as travellers seeking cost savings in a tougher economy (i.e., cheaper airfare to western Canada).

Ontario (76%), Québec (51%) and Alberta (40%) are the next most popular provinces for Japanese travellers, with no significant shifts in interest over the past two years. Prince Edward Island rounds out the top five at 14%, making Japan the only GTW market where Prince Edward Island tops the other Atlantic provinces in terms of popularity. This is clearly a testament to the enduring popularity of *Anne of Green Gables* among the Japanese, with visitation surging by 70% in 2008 in celebration of the 100th anniversary of the book. A new movie *Looking for Anne* recently opened in Japan and should help to boost Prince Edward Island's popularity in 2010.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	BC	AB	ON	YK	NT
Immediate potential for Canada	4,005,000				
Likely to visit region[1]	82%	40%	76%	7%	9%
Immediate potential for the regions	3,284,000	1,602,000	3,044,000	280,000	360,000
Most popular destinations within region	Vancouver (71%) Victoria (42%) Whistler (17%)	Banff (22%) Calgary (21%) Edmonton (13%)	Niagara (64%) Toronto (50%) Ottawa (33%)	n/a	n/a

Base: Long-haul pleasure travellers (n=1,530).
[1] Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=785).
Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

[2] CTC partner regions only. (British Columbia, Alberta, Ontario, Yukon and Northwest Territories)

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators[3] – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

To measure unaided destination awarness, respondents were asked to name destinations that come to mind for a long-haul vacation. The exact response was recorded, whether this was "Toronto," "Ontario" or "Canada." The top brands, as specifically mentioned by respondents, are shown in **Exhibit 4.** The top five destinations in terms of unaided destination awareness among Japanese travellers have remained unchanged since the inception of the tracking study. The US continues to have a commanding lead over other destinations, even with a seven point drop since last year.

Australia has also been losing traction in the Japanese market, with a four point drop in 2008, followed by a six point drop in 2009. Although Australia manages to hang on to second place, Italy is rapidly gaining on it and is well positioned to overtake it should it sustain further losses.

France and Canada round out the top five, with no change in unaided destination awareness for either destination over 2008. At 16%, Canada's performance in Japan leaves much to be desired, being the lowest of any GTW market after China. Its fifth place rank is also unimpressive, with the US being the only market where Canada fares worse.

The US emerges as the frontrunner in Japan for unaided advertising awarness for the third consecutive year (**Exhibit 4**). However, a progressive drop in the recall of US advertising, from 27% in 2007 to 20% in 2009, means that Australia is now a close second to the US at 15%. Like last year, Italy and Canada are battling it out for third place (at 8%), with France close behind (at 6%). All other destinations sit at 5% or less, with no significant shifts over previous years.

Consistent with the unaided awareness results, unprompted destination consideration of the US for upcoming trips has softened in 2009, and at 29%, is now four percentage points below the 2007 benchmark. Regardless, the US is well-positioned at the top of the destination consideration list, with the second most popular destination – Italy – at only 11%.

Australia has also experienced a slump in its consideration levels, mirroring its weaker awareness this year. At 10% (down four points from 2007), Australia has dropped to third place in the competitor rankings behind Italy, with France and Canada both close on its heels. At 8%(see **Exhibit 4**), the consideration level for Canada in Japan is now the worst of any GTW market, as is its fifth place positioning among competitors. No other shifts emerged in 2009, with all other destinations holding steady at 7% or less.

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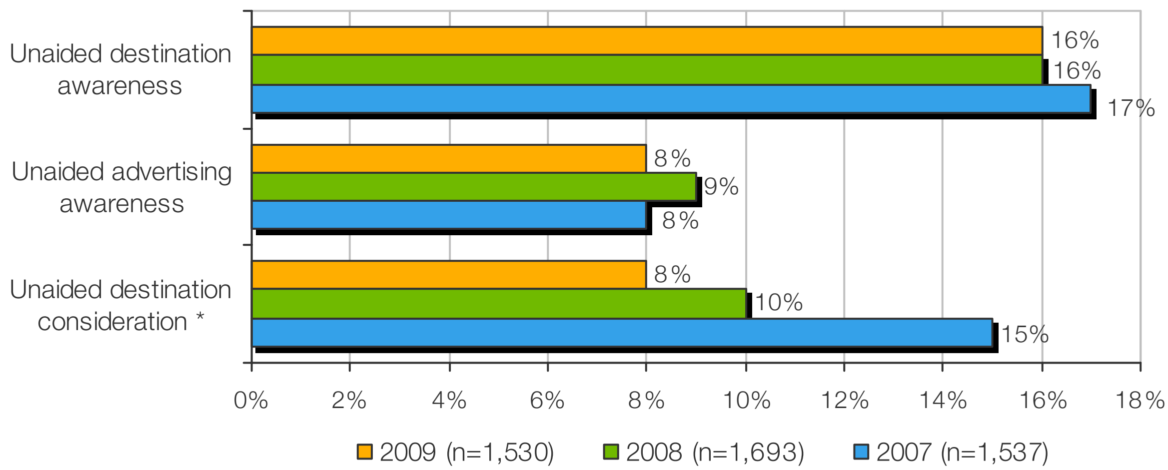
[3] Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



Base: Long-haull pleasure travellers
** Base : Those who are planning on taking a long-haul trip in the next two years 2009 (n=1,095) / 2008 (n=1,535) / 2007(n=1,527)*
Notes: Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in 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.

As in many of the GTW markets, the global economic downturn and resulting uncertainties have pressured those of lesser means to temporarily drop out of the long-haul market in Japan, with the 2009 results showing a marked shift to more well-educated and high-income travellers. Approximately 64% of Japanese travellers now have a college/university education (up from 58% in 2008), 10% have incomes of 15 million yen (CDN$175,000[4]) or more (up from 7% in 2007) and almost 70% have full or part-time jobs (up from just over 60% last year).

These trends are even more pronounced among potential visitors to Canada, with the over 15 million yen group up by 9 points since 2007 and the university-educated group up 10 points over last year. Similar trends emerge among recent visitors, suggesting that Canada may want to target a more upscale demographic until the market returns to more normal conditions.

No other shifts in market composition are apparent in 2009. Recent visitors continue to be a more distinctive segment of travellers, being younger, more affluent and more likely to be women. VFR (Visiting Friends and Relatives) remains an important catalyst of travel to Canada, particularly among recent visitors, where almost a third have friends and relatives living there.

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[4] Exchange rate (September 7, 2009): 1 Yen = CDN$0.0122.

Exhibit 5 – Target Market Demographics

	All L-H Travellers (n=1,530)	Recent Travellers to Canada (n=222)	Interested in Canada (n=363)
Gender			
Female	48%	61%	53%
Age			
18 to 24	7%	13%	7%
25 to 34	23%	28%	24%
35 to 44	17%	15%	20%
45 to 54	13%	11%	13%
55 or older	39%	32%	37%
Close Friends or Relatives Living in Canada			
Yes	10%	31%	16%
Have Children in Household Under 18			
Yes	25%	29%	27%
Marital Status			
Married / partnered	68%	66%	69%
Single / never married	28%	30%	28%
Other (e.g., separated, divorced, widowed)	5%	4%	4%
Education			
High school or less	18%	13%	16%
Technical / vocational	18%	20%	18%
Completed college / university	64%	67%	66%
Employment Status			
Employed full-time / part-time	68%	65%	73%
Housewife / homemaker	18%	21%	15%
Retired	4%	3%	3%
Unemployed	2%	0%	2%
Student	5%	6%	4%
Occupation			
White-collar worker	58%	61%	61%
Blue-collar worker	5%	5%	4%
Administrator / Manager	4%	2%	3%
Self-employed	9%	9%	10%
Specialist / Freelancer	10%	9%	9%
Other	14%	15%	13%
Average Annual Household Income			
Less than 4 million Yen	19%	14%	16%
4 million to 4.9 million Yen	13%	10%	11%
5 million to 7.9 million Yen	27%	26%	27%
8 million to 9.9 million Yen	16%	16%	16%
10 million to 14.9 million Yen	16%	21%	15%
15 million or more Yen	10%	14%	15%

*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[5]

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, Ontario and Alberta are based on those who say they are *most* likely to visit the region, while the profile for the North is based on those who express an interest in visiting, given the relatively low proportion of travellers who say they are most likely to do so.

Generally, there are few distinguishing characteristics between those with different regional affinities, although there are some exceptions. Travellers who select **Ontario** are less likely to have friends and relatives in Canada, indicating that they may want to visit the province based on its own merits. Those interested in **British Columbia** are more likely to have families, while those who select **Alberta** are more likely to be affluent men.

[5] CTC partner regions only. (British Columbia, Alberta, Ontario, Yukon and Northwest Territories)

Exhibit 6 - Target market for Canada's regions

Gender	Total[1] (n=785)	BC[3] (n=286)	AB[3] (n=69)[4]	ON[3] (n=321)	North[2] (n=111)
Female	48%	44%	35%	51%	49%
Age					
18 to 24	7%	9%	4%	6%	5%
25 to 34	22%	25%	25%	19%	25%
35 to 44	17%	19%	18%	16%	14%
45 to 54	12%	10%	16%	13%	7%
55 or older	43%	37%	36%	46%	49%
Close Friends or Relatives Living in Canada					
Yes	15%	21%	24%	9%	13%
Have Children in Household Under 18					
Yes	23%	30%	19%	20%	13%
Marital Status					
Married / partnered	67%	67%	67%	68%	61%
Single / never married	29%	29%	32%	28%	30%
Other	4%	4%	1%	4%	9%
Education					
High school or less	15%	16%	9%	17%	18%
Technical / vocational	17%	14%	16%	20%	15%
Completed college / university	68%	70%	75%	63%	67%
Employment Status					
Employed full-time / part-time	70%	76%	81%	67%	77%
Housewife / homemaker	17%	14%	8%	20%	14%
Retired	4%	3%	7%	4%	4%
Unemployed	1%	1%	0%	1%	1%
Student	4%	5%	1%	3%	2%
Occupation					
White-collar worker	59%	56%	58%	63%	53%
Blue-collar worker	4%	6%	6%	3%	5%
Administrator / Manager	5%	6%	7%	4%	8%
Self-employed	9%	10%	10%	9%	15%
Specialist / Freelancer	10%	11%	9%	8%	6%
Other	12%	11%	10%	13%	13%
Average Annual Household Income					
Less than 4 million Yen	17%	13%	15%	19%	13%
4 million to 4.9 million Yen	12%	16%	8%	11%	15%
5 million to 7.9 million Yen	25%	24%	31%	25%	18%
8 million to 9.9 million Yen	17%	14%	13%	19%	22%
10 million to 14.9 million Yen	16%	18%	10%	15%	16%
15 million or more Yen	13%	14%	23%	11%	16%

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.

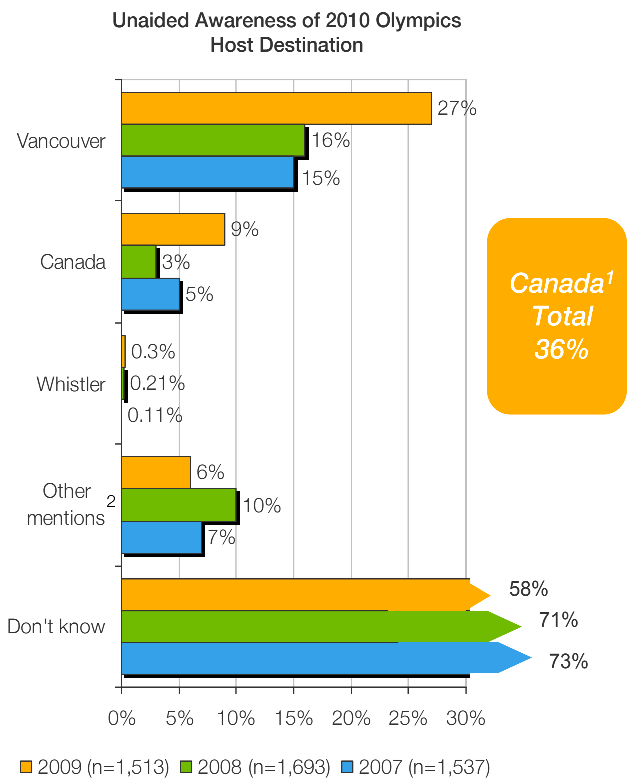
The Impact of the 2010 Winter Games on Travel to Canada

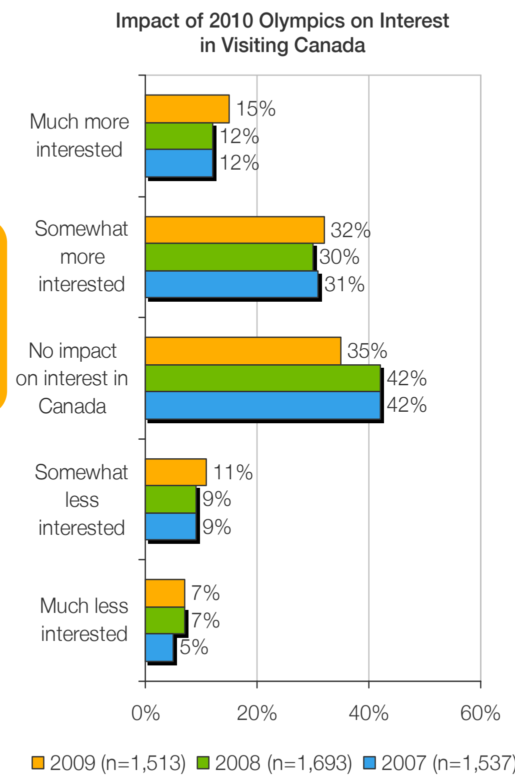
With publicity around the 2010 Olympic Games gearing up, awareness of Canada as the host destination has vaulted upward in Japan. As shown in **Exhibit 7**, awareness has almost doubled since last year to hit 36%. This is far higher than the 25% seen in Australia, which was fielded at the same time as Japan, and the 24% in China, which was fielded a month later. Indeed, Japan now leads the other markets in terms of awareness around the location of the Games.

Japan is also distinctive in that the proportion of travellers who mention “Vancouver” outnumber those who mention “Canada” 3 to 1. In most other markets, the mentions tend to be more equally split, with the exception of China, where more people mentioned “Canada”. Again, this shows high awareness of Olympics-related activities, possibly because Japan recently bid on the 2016 Games.

Another positive sign is that proportionately more travellers now say that hosting the Olympics has enhanced their desire to visit Canada, with 47% who are somewhat or much more interested in visiting, up from 42% last year. Although not as high as in the other Asian markets, the impact score is far higher than in the US or Europe, pointing to good opportunities for Canada to leverage the Games in appealing to Japanese travellers and sports enthusiasts alike.

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.

[2] Includes all mentions of destinations other than Canada, British Columbia, Vancouver and Whistler.

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a map showing product strengths and weaknesses for Canada in Japan. This 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 Japan market where Canada is perceived favourably or where perceptions are a problem.

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. As in past years, nature is Canada's key product strength, including beautiful scenery, national parks and, to a lesser extent, wildlife. The two hybrid products (cities close to nature and nature close to cities) also edge in as strengths, but their marginal positioning points to room for improvement.

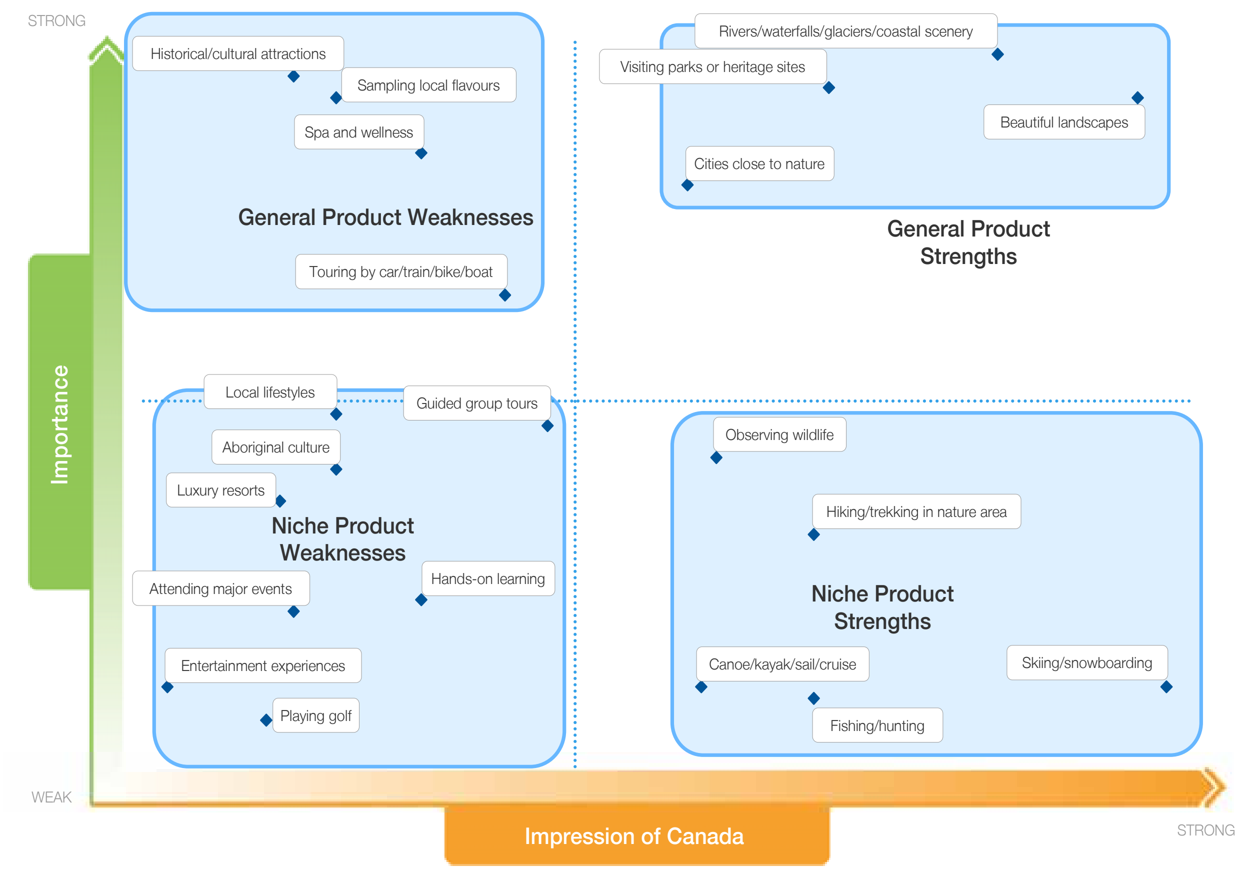
Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. Ski/snowboard vacations and winter activities are Canada's strongest niche products hands-down, with land-based journeys (e.g., hiking or cycling trips) and water-based journeys (e.g., kayaking or canoeing trips) being other assets for Canada. Resorts in natural settings are also an important niche, again underscoring the power of Canada's incredible nature to enrich products that it is teamed with.

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. Canada faces some real challenges in positioning itself as a destination for cultural and stand-alone city experiences in Japan. In fact, the general product weaknesses relate solely to these areas. Historical/cultural attractions would likely be a good focal point for the CTC and its partners, given the high affinity of Japanese travellers for these products, with the *Anne of Green Gables* attraction being an ideal example of a past success for Canada that could be emulated with other products.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. Touring products and summer activities are likely the only areas worthy of development here as they are more highly rated and could be pushed into niche strength territory with limited investment. In addition, major events could see improvements on its own as a result of the 2010 Olympic Games.

Exhibit 8 – Product Strengths and Weaknesses Map



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

Japan Views on Environmentally-friendly Travel Products[6]

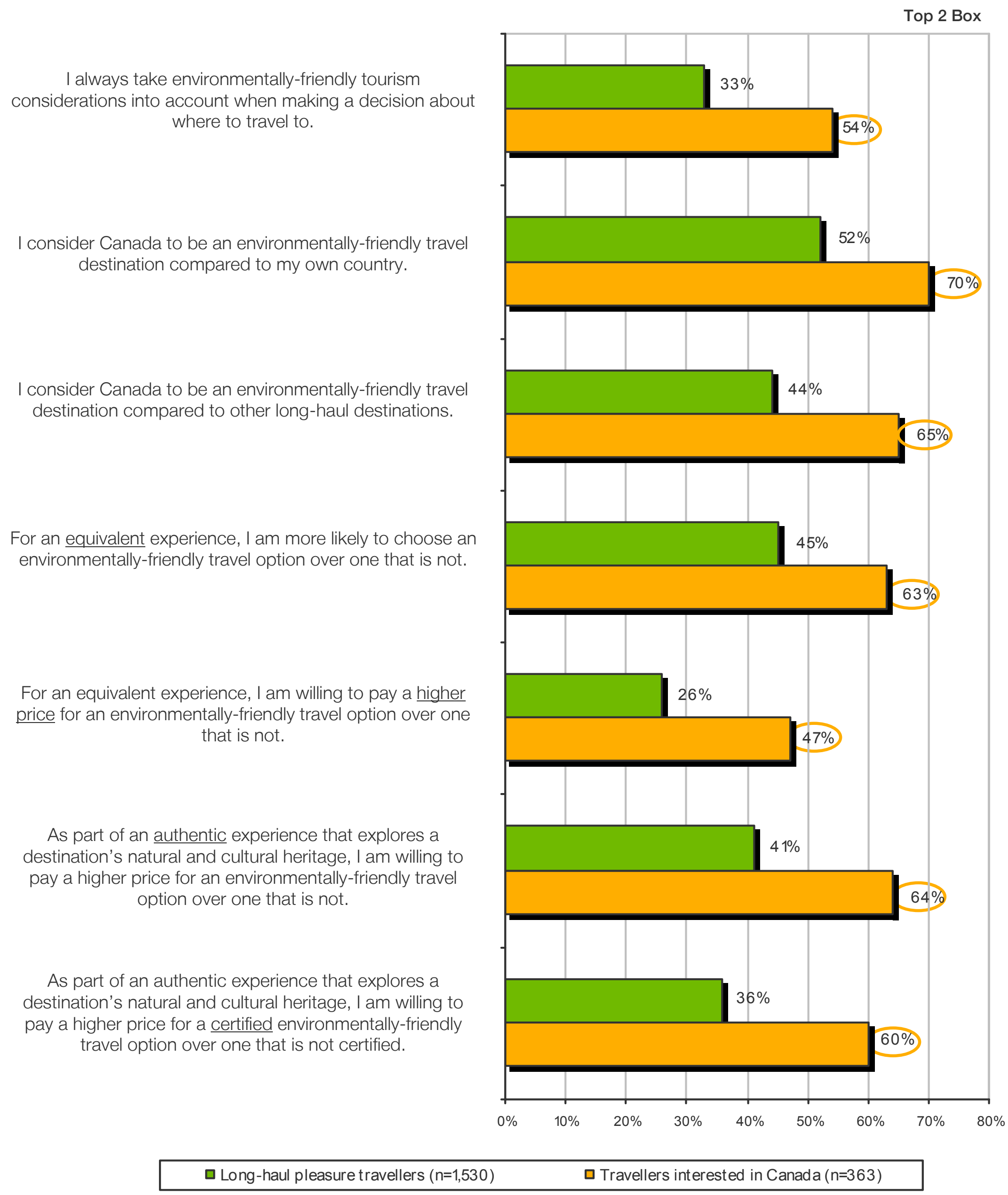
Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

Relative to other GTW markets, Japanese travellers continue to be in the mid-range when it comes to environmental consciousness. As shown in **Exhibit 9**, approximately a third of travellers say they take environmentally-friendly considerations into account when deciding on a travel destination. While more (45%) will choose a green travel option over an equivalent one that is not, only a quarter are willing to pay a premium for this, which is again a lukewarm score. When considering an authentic environmentally-friendly experience that provides insights into a destination's natural and cultural heritage (certified or otherwise), the proportion that is willing to pay a surcharge increases to the 35% to 40% range.

While over half consider Canada to be an environmentally-friendly travel destination relative to Japan, somewhat fewer view it as being green relative to other long-haul destinations (44%). The good news is that potential travellers to Canada are significantly more favourable on both counts (65% to 70%), and generally more conscious of the environment when making travel decisions.

[6] Question changed in 2009, therefore results are not comparable to past years.

Exhibit 9 – Attitudes Toward Environmentally-Friendly Travel



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".
***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.*
Travellers interested in Canada: those who are very interested in visiting Canada in the next two years.
Question changed in 2009 so results are not comparable to past years.

How Canada is Perceived by Japanese Travellers

Unaided Brand Personality Perceptions

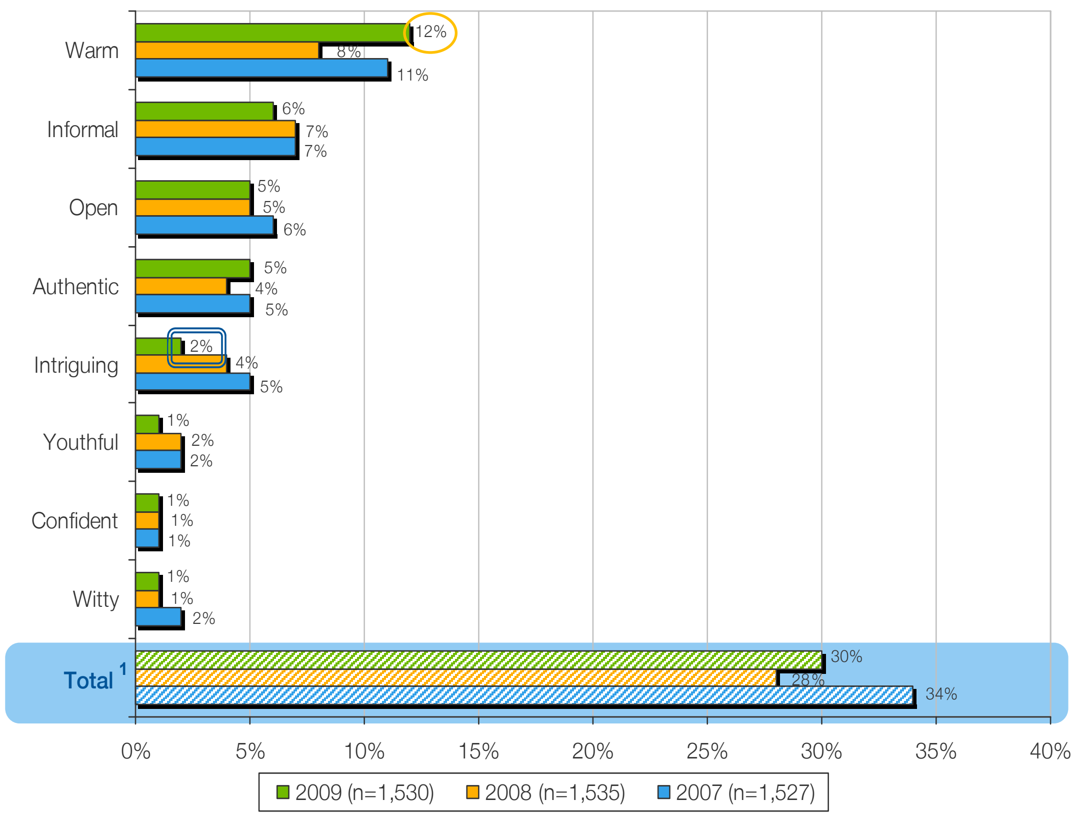
Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into a number of personality 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., humorous, quick, entertaining, clever, bright, intelligent).

After dipping last year, perceptions of Canada as Warm have bounced back to 2007 levels, which could be linked to the improved perceptions of the people side of its brand this year. The only other shift in the unaided brand personality results is a drop in the proportion of people who see Canada as Intriguing (see **Exhibit 10**).

Overall alignment with the brand personality traits now sits at 30%, which is not substantially different than last year. However, Japan now ranks as the most divergent market from Canada's desired brand personality on an unaided basis. Even more alarming perhaps, is the exceptionally poor results on the more progressive traits – Intriguing, Youthful, Confident and Witty – with Japan having the lowest score on three out of the four traits. This underscores the fact that Canada has been largely unable to convey the more effervescent and dynamic side of its brand personality, something that the CTC and its partners may want to remedy in short order to raise Canada's profile and desirability in Japan.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: Long-haul pleasure travellers.

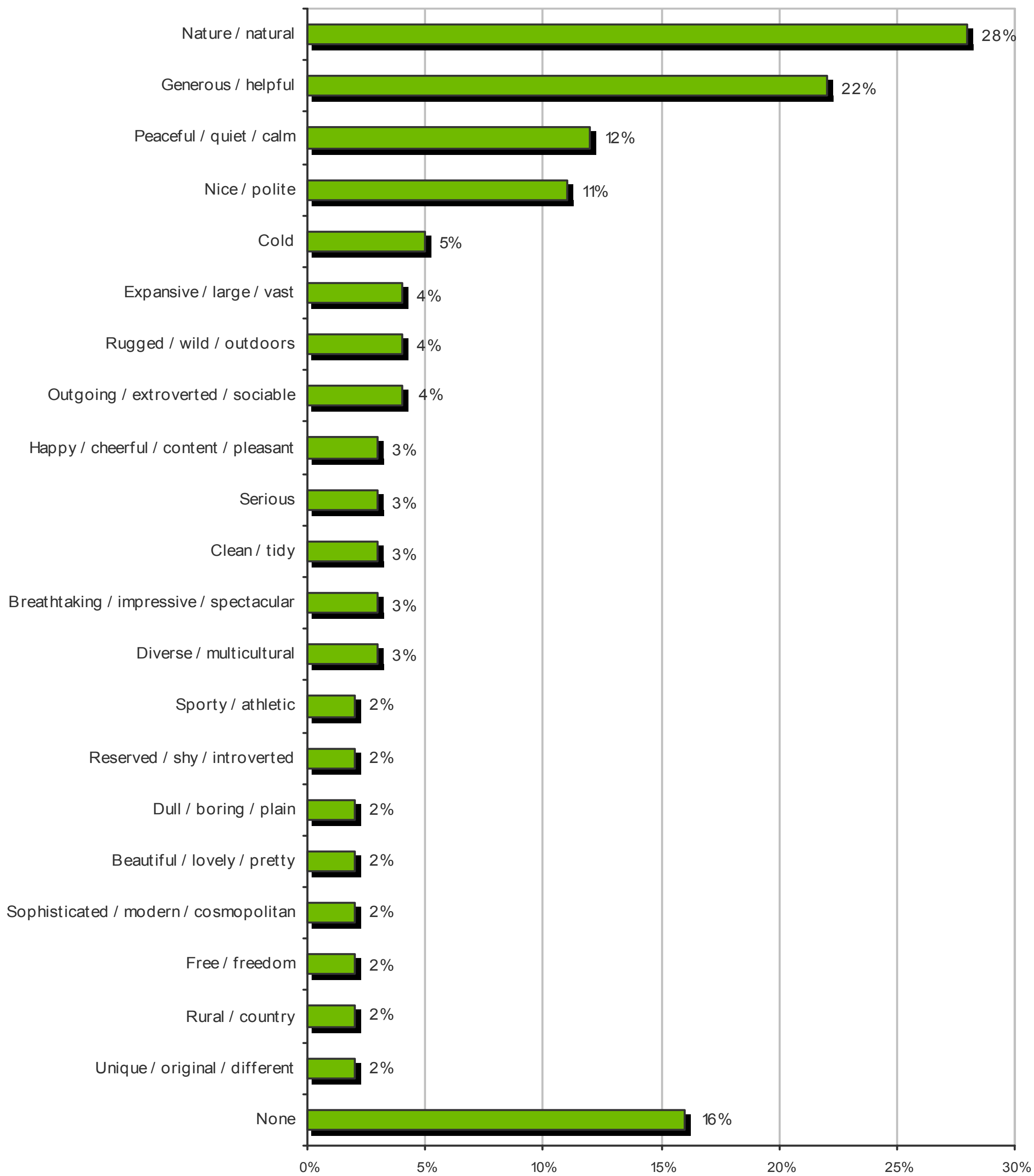
Notes: ***Blue squares*** *indicate a result that is significantly lower than 2008;* ***Double blue squares*** *indicate a significant downward trend since 2007.*

Orange circles *indicate a result that is significantly higher than 2008;* ***Double orange circles*** *indicate a significant upward trend since 2007.*

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

Exhibit 11 shows other personality traits that are associated with Canada in Japan. The results indicate that Canada's traditional image still reigns in this market, with Canada seen as a nice, relaxing, clean and friendly place for nature-lovers. Less pervasive are impressions of a vast and cold expanse of land that is ideal for outdoor activities, sports and roughing it in the wilderness. Occasionally, Canada's squeaky clean image borders on the negative, with mentions of "reserved/shy," "dull/boring" and "serious" hinting at a lack of fun and excitement.

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: Long-haul pleasure travellers (n=1,530).

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:

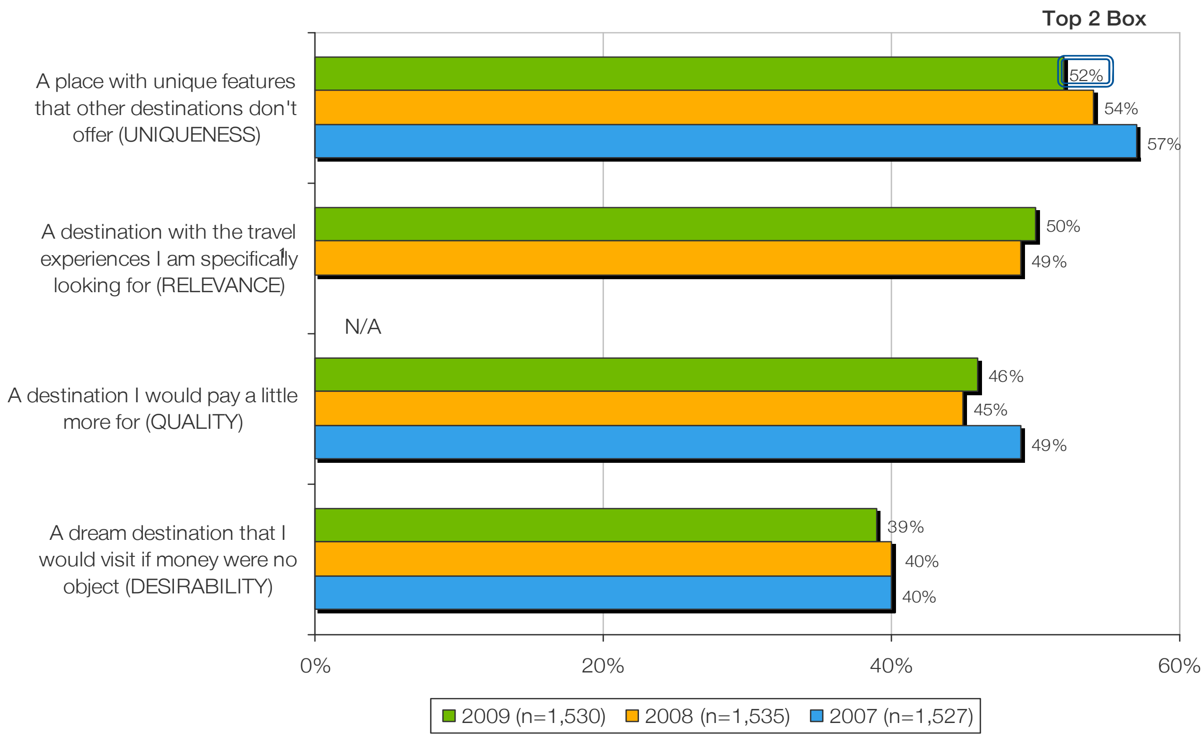
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

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

Exhibit 12 shows that there has been a decline in Canada's value perception in Japan Uniqueness has been dropping steadily since 2007, and at just over 50%, is one of the lowest ratings for Uniqueness across the GTW markets, which was the case last year as well. Canada also continues to suffer from Desirability issues in Japan. The 39% score is again on the low side, and suggests that the majority of travellers do not view Canada as a dream destination.

The economic downturn has made consumers more wary and value-conscious, a trend that is expected to linger on until well after the economy recovers. Moreover, Japanese consumers have become more individualistic than in the past, obsessed with discovering something new and unique. Destinations that offer innovative products and life-changing experiences that are marketed in a novel or unique way are the ones that are seen as offering value in Japan.

Exhibit 12 – Value Perceptions



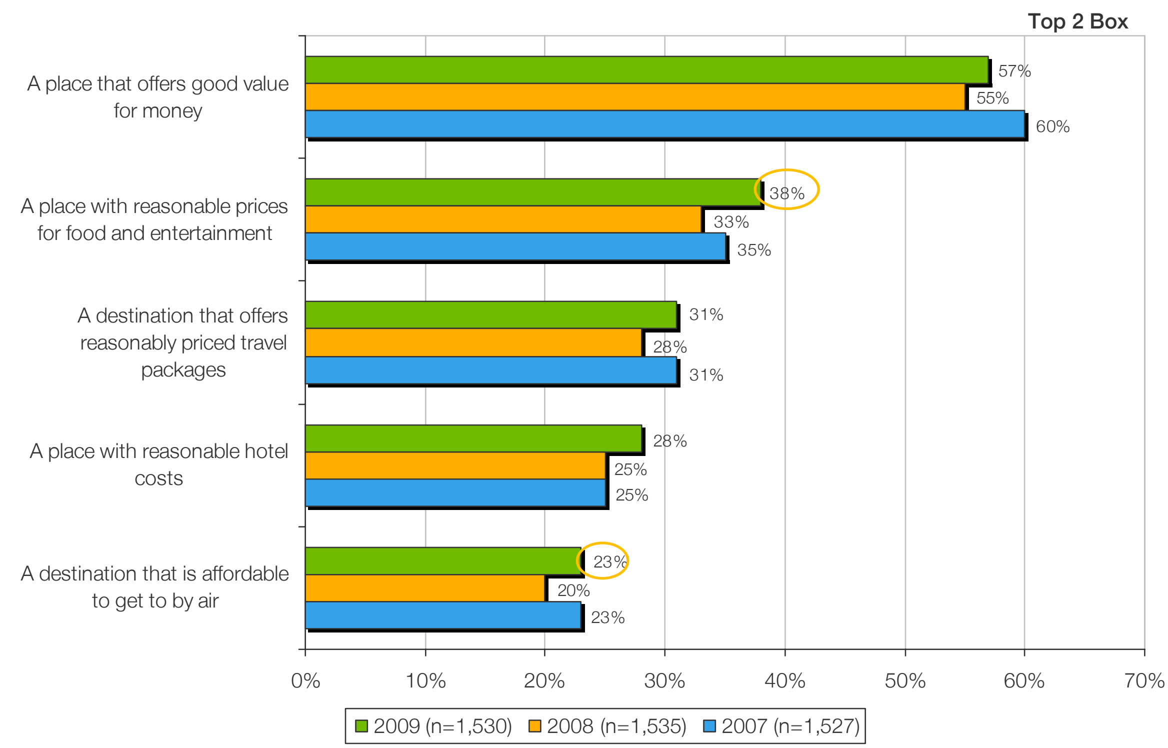
Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".
***Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007.*
***Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.*
[1]Item not comparable in 2001. VPI for 2007 excludes this item.

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.

The news on the price perceptions front is much more positive. Canada has seen healthy increases on the ratings for both the affordability of airfare and food/entertainment prices, while the scores for travel package prices and hotel costs are trending upward. This is due to a combination of factors, including the steep rise of the Yen against the Canadian dollar over the last year, the temporary elimination of fuel surcharges from airfare (reinstated shortly after the GTW was conducted) and a more affluent market resulting from the withdrawal of lower income travellers.

Exhibit 13 – Price Perceptions



Base: Long-haul pleasure travellers.
Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".
***Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007.*
***Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.*

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

In **Exhibit 14**, nature clearly leads the way in terms of reasons for visiting Canada, with the top five motivations all relating to, or leveraging, Canada's spectacular nature. Beautiful scenery, national parks, nature close to cities, cities close to nature and wildlife all motivate travel to Canada for more than two-thirds of the market.

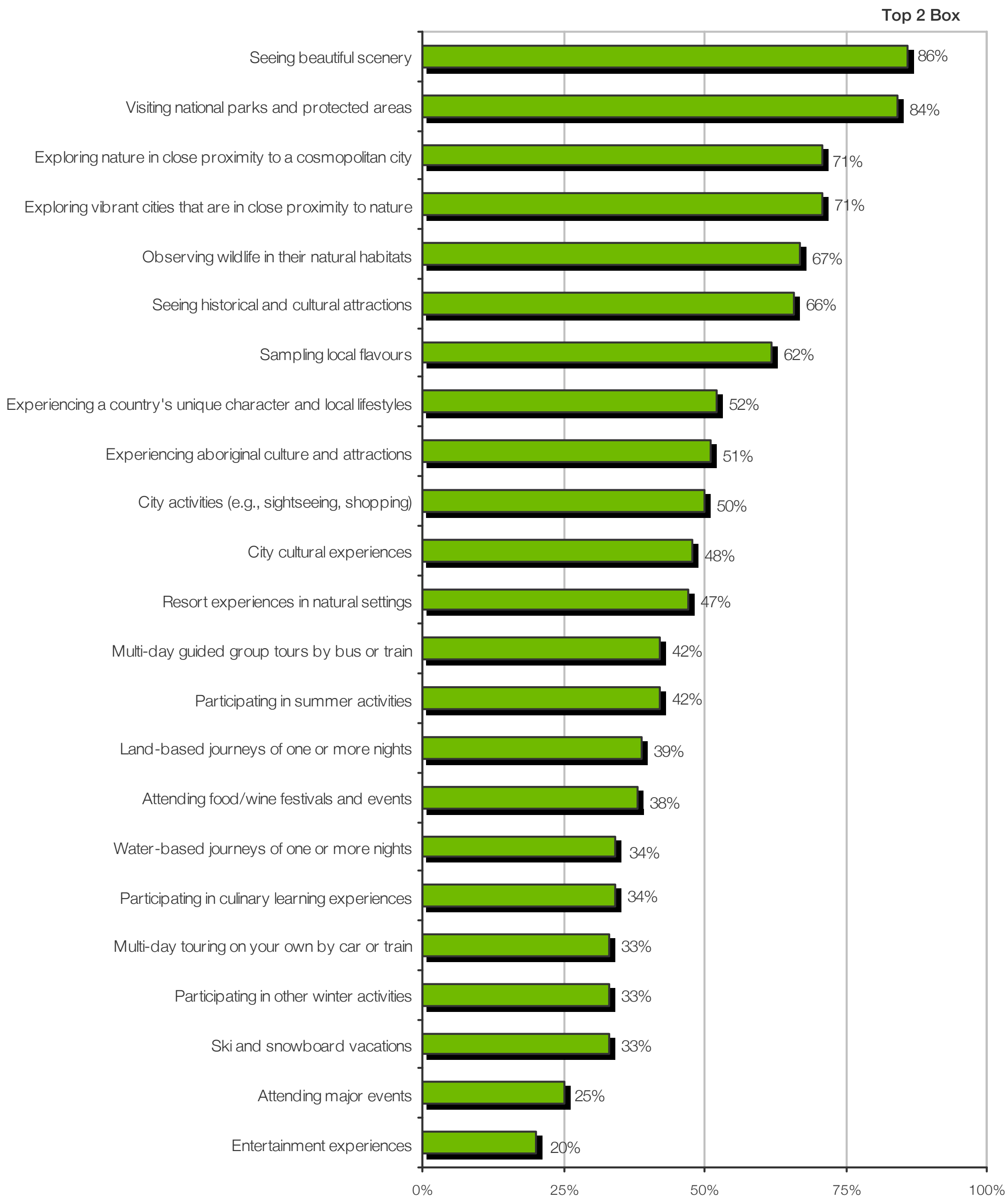
Culture takes a back seat to nature for travel to Canada, with cultural attributes filling spots six to nine. While historical/cultural attractions were the top vacation pursuit for travel in general, this ranks sixth for travel to Canada. Similarly, local flavours was third overall, but only seventh for Canada. Ranked at number eight, the popularity of absorbing local lifestyles is low by GTW standards, but this is also true of the market as a whole and is not specific to Canada.

City activities are next, with sightseeing/shopping and city culture appealing to around half the market. As with culture, city experiences have lower than average ranks when it comes to spurring travel to Canada as a result of nature being entrenched at the top of travellers' *must do* lists.

While self-touring edged out guided tours for overall product interests, guided group tours is generally preferred to self-touring as a way of seeing Canada. In fact, at 33%, the popularity of independent touring is about half the level seen in other GTW markets. This suggests that Japanese travellers still don't feel entirely comfortable on their own in Canada, or perhaps they view guided tours as a more convenient way of touring such a vast country.

Outdoor activities cluster at the bottom of the list. However, in a reversal of general interests, ski vacations and winter activities (both at 33%) are rated higher than events and entertainment (20% to 25%), which reflects Canada's known strengths. At 34%, culinary learning is a fairly important niche motivator, reflecting this market's interest in deeper culinary experiences.

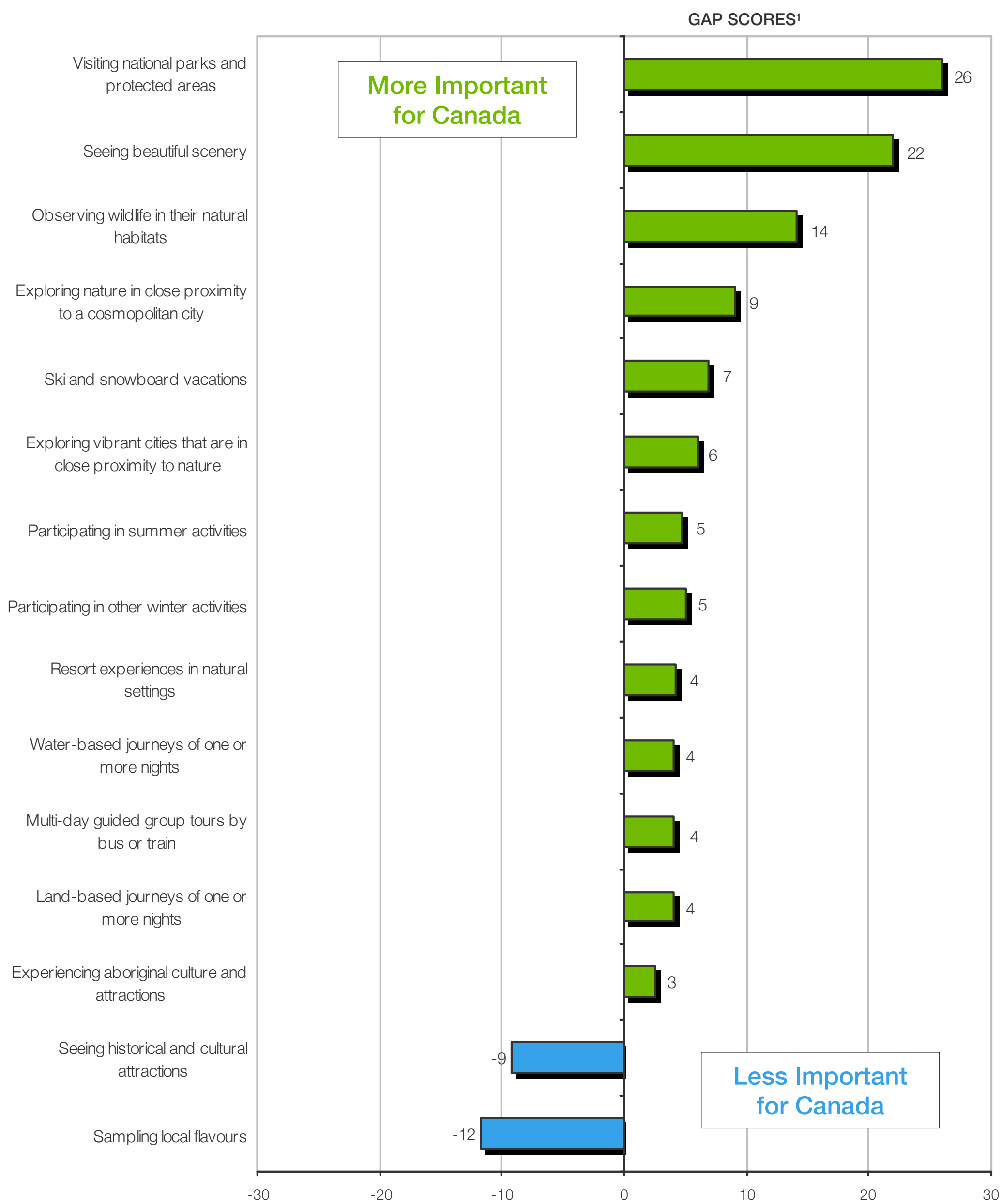
Exhibit 14 – Key Motivations for Visiting Canada



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 (n=852).
Note: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale where 1 is "Very Unimportant" and 5 is "Very Important".

Exhibit 15 highlights the motivations that are more important for travel to Canada than for long-haul travel in general. Unsurprisingly, these include nature and outdoor activities, as well as hybrid products such as city and resorts teamed with nature. Beyond the great outdoors, guided tours and aboriginal culture are motivations that are of higher relative importance for driving travel to Canada, with Japan the only market where the latter is true. Other aspects of culture, however, are less effective at drawing travellers to Canada.

Exhibit 15 – Diffrences in Motivations for Travel to Canada vs. Long-haul Destinations in General



Base: Motivations for travel to long-haul destinations in general: Long-haul pleasure travellers (n=1,515).

Base: Motivations for travel to Canada: 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=852).

Notes: Only significant differences are shown.

[1]A positive gap score indicates a motivation that is stronger for Canada relative to long-haul destinations in general. A negative gap score indicates a motivation that is weaker for Canada relative to long-haul destinations in general.

Regional Motivations[7]

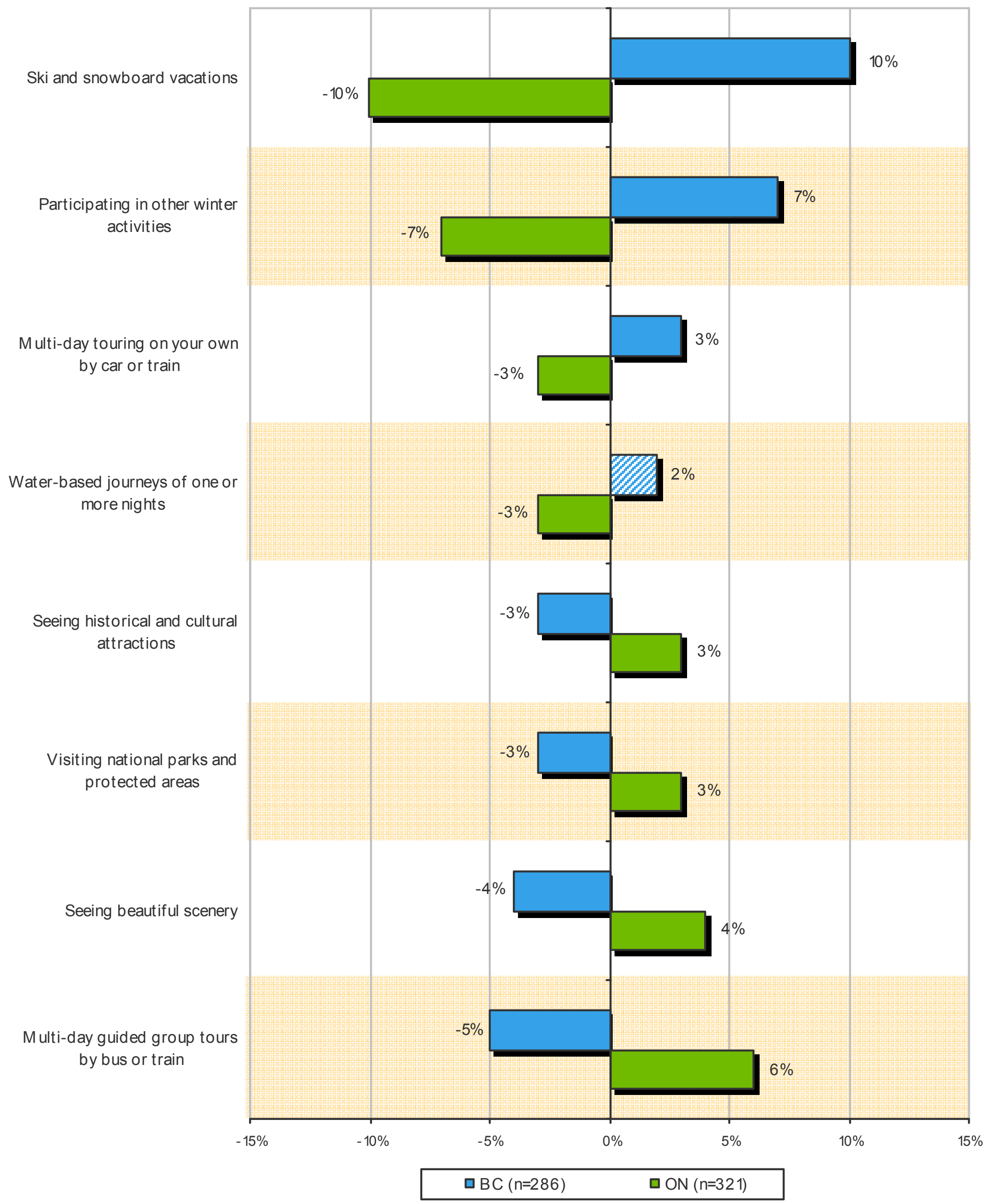
Exhibit 16 shows how travellers that are likely to visit each of the GTW partner regions are differentiated from each other in their motivations for visiting Canada. Note that motivational scores have been re-calibrated to remove "group and attribute" effects to better emphasize the differences between 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):

- Like last year, those interested in visiting **Ontario** are more likely to be traditional tourists who prefer guided group tours designed to take in Canada's key points of interest (e.g., historical/cultural attractions, national parks, etc), while at the same time providing opportunities to absorb its beautiful scenery.
- On the other hand, those who choose **British Columbia** are more apt to explore Canada on their own. This province also tends to appeal to ski aficionados and winter enthusiasts.

[7] Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



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

Notes: 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. Hatched bars represent low values that are not differentiating motivations.

Barriers in Attracting Visitors from Japan

Barriers for Travel to Canada

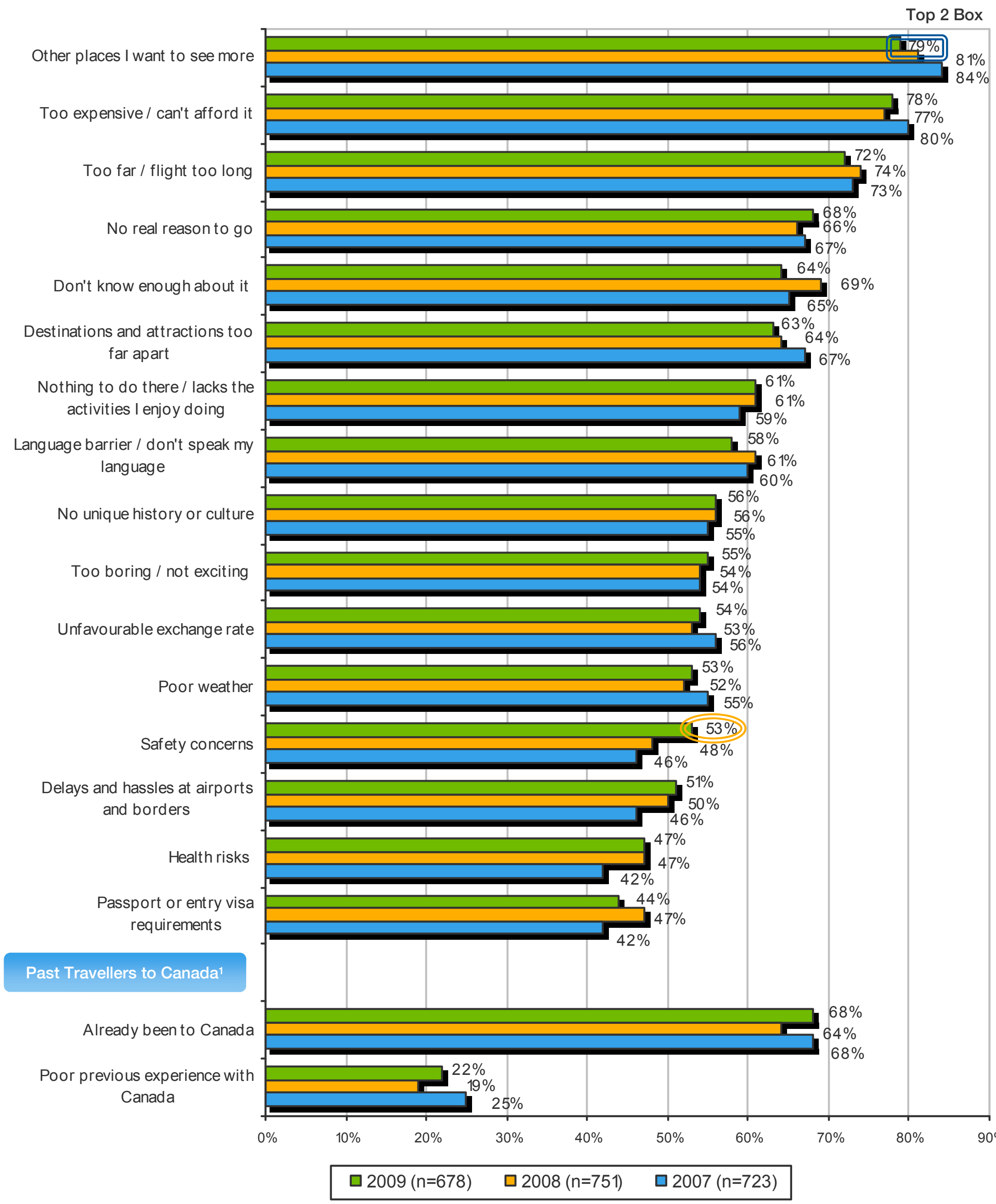
Exhibit 17 shows why long-haul travellers from Japan are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that *are* likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

The barriers for travel to Canada have stayed remarkably consistent over the last few years. The only major shifts in 2009 are that competition from other destinations has moderated as a barrier, while safety concerns are up. All of the other barriers have stayed put, with competition, cost and distance remaining the top three travel deterrents for the third year in a row. This suggests that Canada may continue to lose out to short and medium-haul destinations in the Asia-Pacific region until the economy recovers and income growth resumes.

With lack of knowledge and no real reason to go among the top five barriers, and perceptions that Canada is a lacklustre destination persisting in the marketplace, Canada will need to continue awareness building initiatives in Japan to enhance familiarity with specific destinations/ experiences and give travellers more compelling reasons to visit.

Consistent with the fact that they are more likely to view winter imagery as inspirational, Japanese travellers rank poor weather far lower than most other markets as a deterrent for travelling to Canada (ranked 12th vs. 3rd to 8th in most other markets). They also express less concern about exchange rates (ranked 11th), which is no doubt due to the buoyant Yen.

Exhibit 17 – 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.

***Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007. **Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.*

[1] Base is long-haul pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future (2009 n=109; 2008 n=116; 2007 n=105).

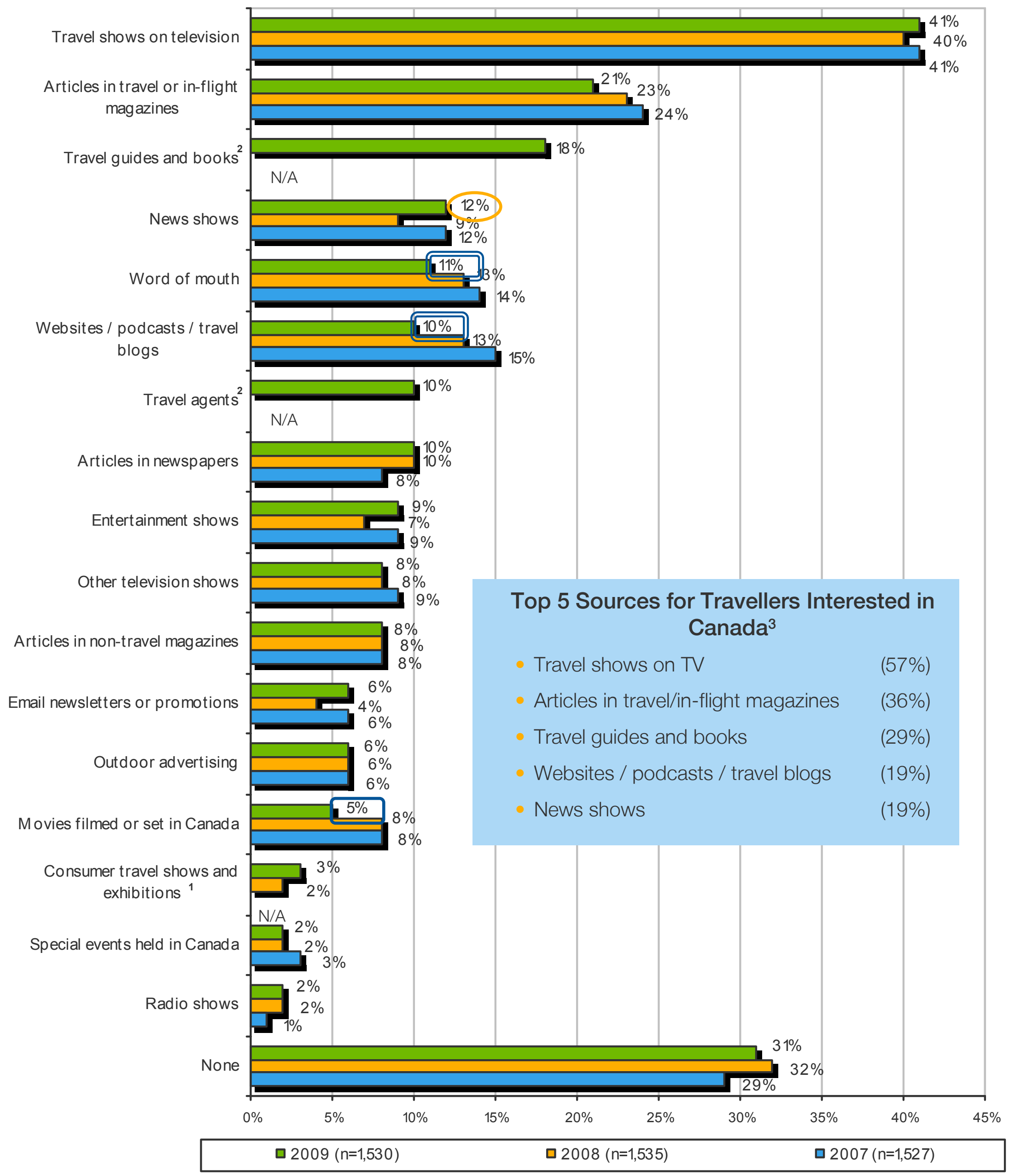
Sources of Information for Japanese Travellers

Sources of Information on Canada

Exhibit 18 reveals that a healthy 69% of Japanese travellers saw or heard information on Canada in the past three months, which is unchanged from previous years. However, there have been a number of shifts in terms of where this information was seen. After dipping last year, news shows have increased as an information source for Canada, which may be partly due to increasing Olympics-related coverage. On the other hand, word of mouth and websites/podcasts/travel blogs have both witnessed a cooling trend since 2007. While movies filmed/set in Canada are also down this year, 2010 may see a rebound with the new Anne of Green Gables movie out in Japan.

Despite these shifts, the top three information sources have remained constant since the inception of the tracking study, namely television travel shows, travel magazines and travel guides/books. These same sources can be used to reach potential travellers to Canada, with an expected reach of 30% to 60%. Television travel shows continue to hold sway at the top of the list, and in fact, have risen 12 percentage points since last year.

Exhibit 18 – Sources of Information on Canada (past 3 months)



Base: Long-haul pleasure travellers.

*Notes: **Blue squares** indicate a result that is significantly lower than 2008; **Double blue squares** indicate a significant downward trend since 2007. **Orange circles** indicate a result that is significantly higher than 2008; **Double orange circles** indicate a significant upward trend since 2007.*

[1] Item changed in 2008.

[2] Item changed in 2009.

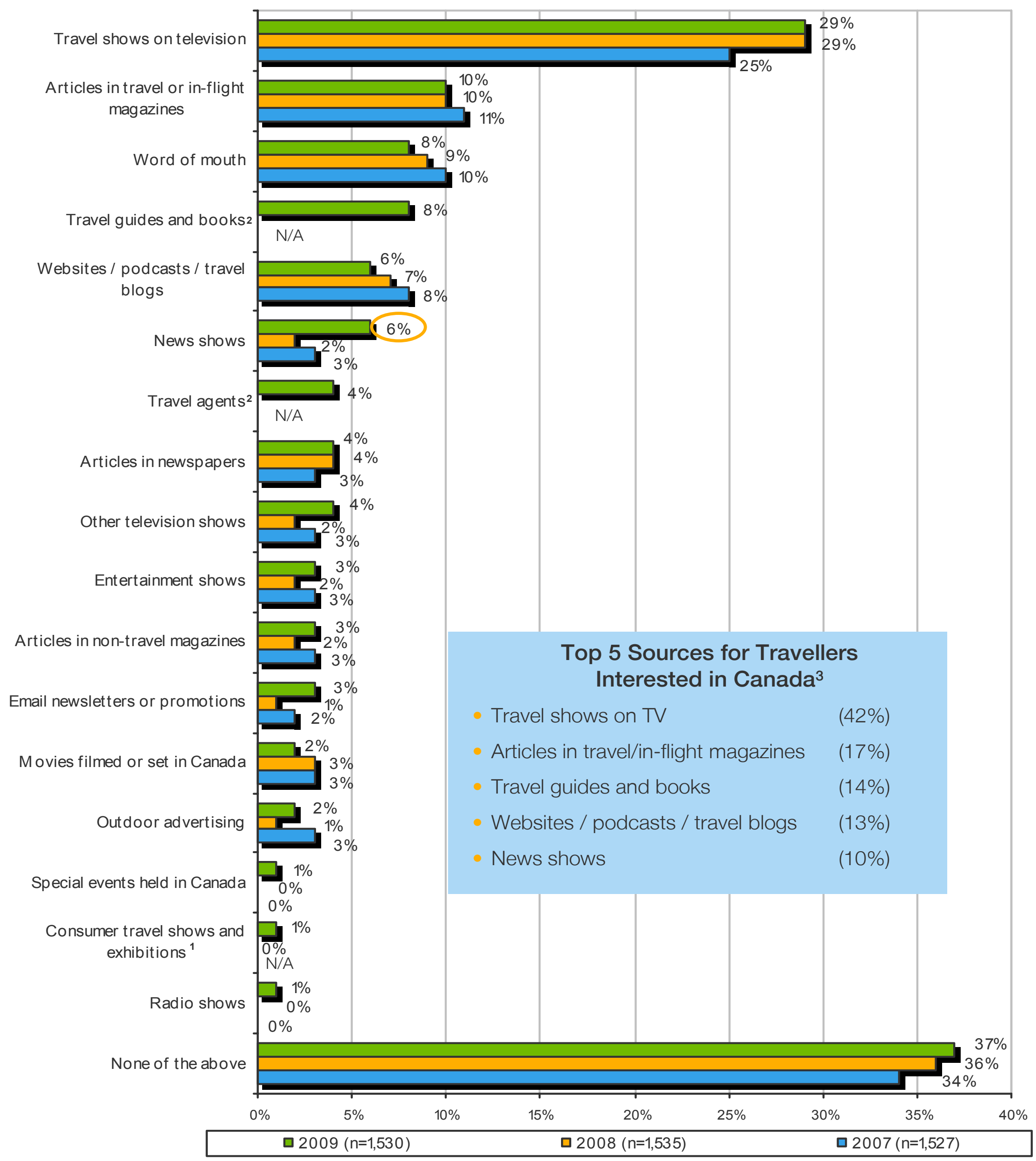
[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=363).

Top Information Sources for Increasing Canada's Appeal

Television travel shows are by far the best way for Canada to increase its appeal among the Japanese, with almost 30% who endorse this influential information source (see **Exhibit 19**). Travel magazines, word of mouth and travel guides are other ways to lift Canada's appeal (at 8% to 10%), while an increase in the popularity of news shows to 6% results in a tie with websites/podcasts/travel blogs for fifth place.

The top information sources for increasing Canada's appeal among potential visitors are also those with the highest overall penetration of the target group, with an increase in the efficacy of television travel shows observed here as well (from 32% to 42%). This suggests that television features on Canada and advertising during travel shows are excellent ways for the CTC and its partners to reach the potential market in Japan.

Exhibit 19 – Top Information Sources for Increasing Canada's Appeal



Base: Long-haul pleasure travellers.

Notes: ***Blue squares*** *indicate a result that is significantly lower than 2008;* ***Double blue squares*** *indicate a significant downward trend since 2007.* ***Orange circles*** *indicate a result that is significantly higher than 2008;* ***Double orange circles*** *indicate a significant upward trend since 2007.*

[1] Item changed in 2008.

[2] Item changed in 2009.

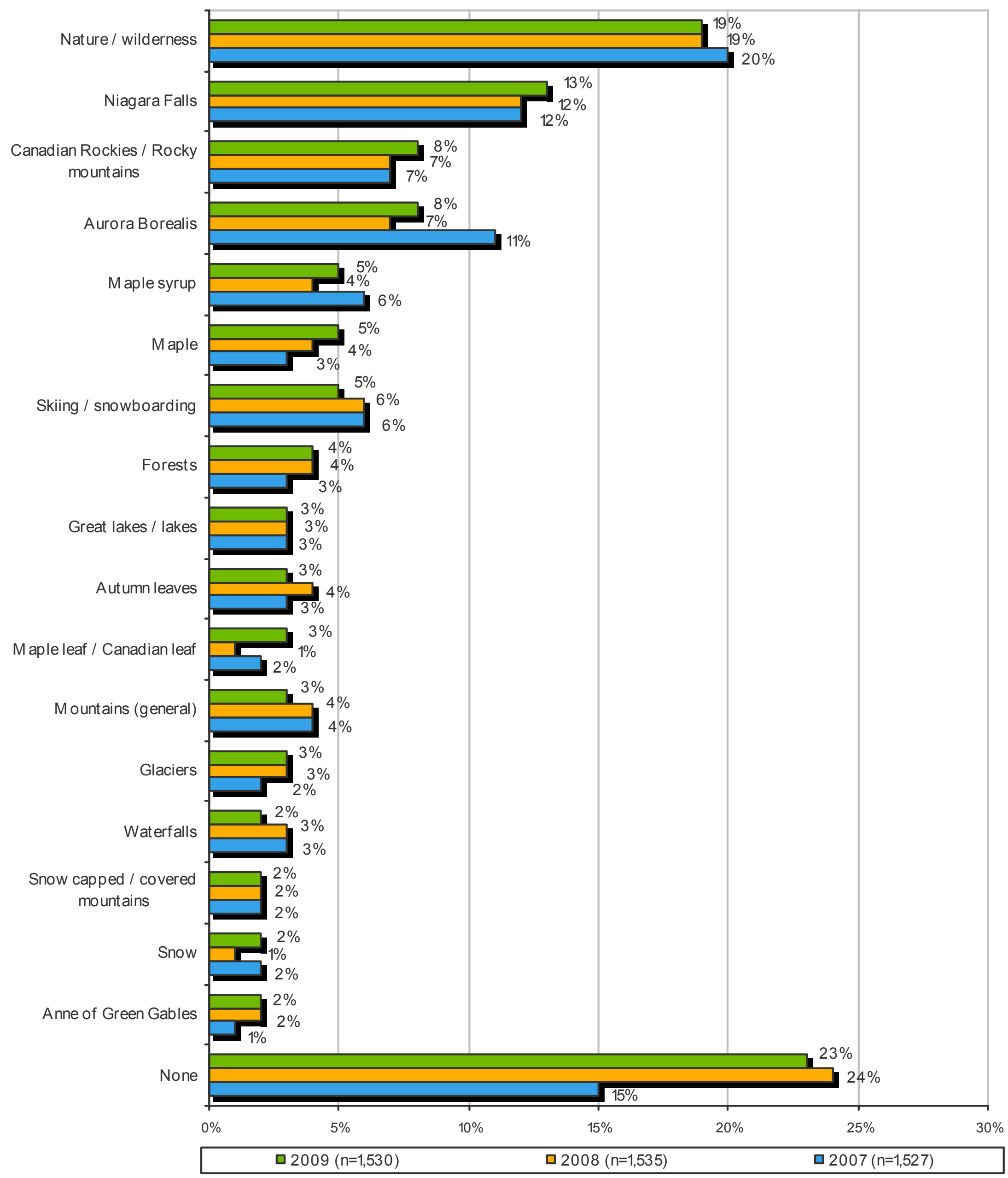
[3] Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years (n=363).

Icons or Images that Inspire Interest in Canada

Exhibit 20 shows that nature imagery continues to dominate the imaginations of Japanese travellers when thinking of inspirational images of Canada, particularly iconic images such as Niagara Falls, the Rocky Mountains and the maple leaf. Winter imagery is also readily associated with Canada (e.g., skiing, glaciers, snow, the aurora borealis, maple syrup), with autumn imagery also having the ability to thrill.

Forests, lakes, mountains and waterfalls are other nature-related mentions, with Anne of Green Gables the only non-nature mention on the entire list. The one-dimensional slant of these responses is again indicative of the need to diversify Japanese travellers' view of Canada through the inclusion of imagery relating to cities, culture and touring (e.g., historical-cultural attractions, world heritage sites, local flavours, events and festivals, train tours).

Exhibit 20 – Icons or Images that Inspire Interest in Canada



Base: Long-haul pleasure travellers.
Notes: ***Blue squares*** *indicate a result that is significantly lower than 2008;* ***Double blue squares*** *indicate a significant downward trend since 2007.*
Orange circles *indicate a result that is significantly higher than 2008;* ***Double orange circles*** *indicate a significant upward trend since 2007.*

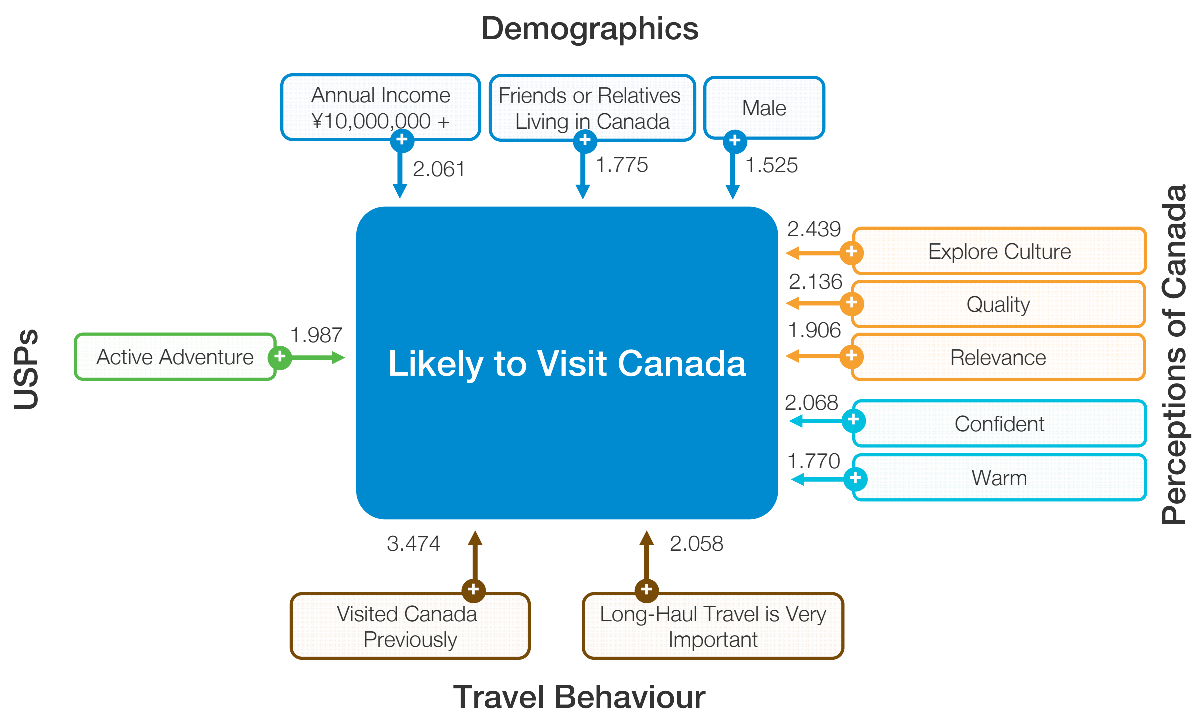
The Key Drivers for Visiting Canada

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 of Japanese interest in Canada (shown in **Exhibit 21**) are generally similar to previous years:

- As in both 2007 and 2008, those who have visited Canada before, have friends or relatives living there or have made long-haul travel a priority in their lives are more predisposed to visiting Canada in the next two years. Interestingly, VFR has become progressively less important as a pull factor over the years, while previous travel experience with Canada has taken on greater importance. Everything else being equal, those who have been to Canada before are around three and a half times more likely to want to visit than those who have not – a clear testament to the appeal of the Canadian travel experience.
- As in previous years, income is a key driver of travel to Canada, with those who have annual household incomes of over 10 million Yen (i.e., CDN$117,000) being more likely candidates for Canada. Men are also more likely to express positive travel intentions than women, which has emerged in other GTW markets as well.
- Consistent with other years and other markets, Active Adventure remains a strong drawing card for Canada.
- Perceptions of Canada continue to influence the purchase decision. On the brand side, travellers who view Canada as a great place to explore culture are more likely to pay a visit, again emphasizing the importance of strengthening perceptions of cultural products in Japan. On the value side, both Quality and Relevance emerge in the model, echoing results from previous years. Clearly, enhancing the perceived eminence of Canadian travel products and making them personally relevant for potential travellers, will go a long way to driving interest in this market.
- Finally, those who view Canada as Confident and Warm are more likely to be planning a visit, indicating the need to paint a bolder picture of Canada and one that assures visitors of a good time for all.

Exhibit 21 – Key Drivers for Likelihood to visit Canada



Base: Long-haul pleasure travellers (n=1,530).
Note: 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

After enduring the worst economic slump in the postwar era, things are finally looking up for the world's second largest economy, with a stronger than expected expansion in Q3 of 2009, increasing factory output and a resumption of export growth. However, Japan is far from being out of the woods, with widespread concern over whether the economy will lose steam once government pump-priming measures are withdrawn. Certainly, economists expect slow growth going forward in view of the strong yen, deflationary pressures, a tough job market, falling wages and sluggish private consumption.

With the recession now over, consumer confidence is enjoying a rebound, although the general mood in the country can best be described as one of guarded optimism. The GTW results back this up, with the market outlook indicator having bottomed out and showing signs of an impending upswing. In addition, the poor economy has eased as a travel barrier, dropping back down to late 2007 levels.

The outbound travel market is also showing signs of life, with Japanese departures returning to positive growth in August 2009. In fact, departures in September were up a remarkable 16% over last year, driven partly by the Silver Week holiday this year. Short-haul destinations in Asia appear to have turned around first, although travel to Hawaii and parts of Europe also saw healthy increases in Silver Week travel. This bodes well for a recovery in arrivals to Canada, but this will likely be down the road due to the ongoing cautiousness of Japanese travellers, the high cost of a trip to Canada and heavy competition from closer and/or newer destinations.

Although it may be tempting to blame the recession, H1N1 and a focus on short-haul destinations for Canada's shrinking Japanese market, the truth is that visitation has been dwindling steadily for well over a decade, with Japanese arrivals to Canada now at half the level seen in the late 1990s. The GTW results suggest that at least some of Canada's difficulties in Japan are rooted in an outdated image that is in need of refreshing, a lack of clarity around the value of the Canadian travel experience, and a narrow view of Canada's product offerings, all of which result in poor awareness of the country as a travel destination.

Unaided awareness and consideration levels for Canada in Japan are among the lowest of the ten GTW markets, both in an absolute sense and in terms of Canada's ranking against competitors. The same is true of both overall interest in Canada and the intensity of that interest. In fact, the 21% who are very interested in Canada is far below the 30% to 50% seen in most other international markets. And while travel intentions have picked up from the lows of last year, Japan continues to rank with Australia as having the poorest immediate travel potential for Canada. Clearly, the faltering KPIs suggest that Canada is no longer a "hot" destination for Japanese travellers, and Canada may want to heed this wake-up call if it still wants to be in the game.

Coupled with the fact that lack of knowledge and no real reason to go are among the top five barriers for travel to Canada, the poor awareness/consideration/interest levels suggest that the CTC and its partners may want to strengthen awareness of specific Canadian destinations and experiences to better compel travellers to visit. In addition, there are good opportunities to tap into the repeat travel market (almost 3 in 10 Japanese long-haul travellers have visited Canada before), with previous experience gaining momentum as a travel driver in this market. Again, building awareness of new attractions, destinations and experiences will be important for Canada to realize this potential.

The GTW suggests that Canada's weak brand health is at the heart of its difficulties in Japan. There have been steady drops in perceptions of Canada as an Intriguing and Unique destination since 2007, and the country continues to suffer from Desirability issues among Japanese travellers. The GTW results also show that Canada's traditional, but rather bland, image is still deeply entrenched in Japan, perhaps more so than in any other GTW market.

These results are bad news at a time when the Japanese market is starting to mature and evolve. The recession has left in its wake a new breed of Japanese consumer, one that is more cautious about spending money and willing to consider alternatives if they offer better value. Today's travellers are looking for unique, deep and individualistic experiences and are often willing to pay more for something that is truly different or life-changing. As such, Canada needs to reaffirm its value and uniqueness in the Japanese market. And while the new brand appears to be a good fit with Japanese travellers' intrinsic reasons for travelling, Canada may need to accelerate promotion and acceptance of the brand for it to make a real difference. On the positive side, Canada has enriched perceptions of its culture and people over the past year, which is definitely a step in the right direction.

Changing Japanese vacation interests are also having an impact on how travellers view Canada's product offerings. The market is starting to move beyond passive touring to more experiential travel, with a snapshot in front of Niagara Falls no longer enough to drive travel. Although Canada is recognized for its incredible nature and outdoor products, it tends to be seen as having few other assets. Moreover, both Australia and New Zealand offer tough competition for Canada in this regard, with the advantages of being closer and less expensive. Japanese consumers tire of products easily and constant innovation in both product offerings and marketing is needed to capture their attention. Unless Canada is seen as offering something beyond the old standby of spectacular nature, Japanese travellers may decide to give it a miss.

In terms of opportunities to broaden its product offerings, the Vibrant Cities USP offers the best chance for Canada to move up in the competitor ranks. A concerted focus on hybrid city-nature products could help to boost Canada from fourth to second place behind the US. In addition, the 2010 Olympic Games offer untold possibilities for enriching perceptions of the city of Vancouver and of Canada's ability to host major events among millions of affluent Japanese travellers and sports-lovers. Already, British Columbia has seen some positive impact on interest in visiting the province as a direct result of hosting the Games.

Canada could also bolster impressions of its cultural products, with an emphasis on historical/cultural attractions that might be of interest to Japanese travellers. The CTC could leverage the new Anne of Green Gables movie to promote an old favourite, while introducing new products, possibly based on other books, movies, historical events or true-life occurrences that have captured the Japanese imagination. Similarly, increasing awareness of Canada's unique dining experiences and regional specialties may help to boost its positioning on Local Cuisine. Although it is in first place, Canada could also strengthen its position on the

Personal Journeys USP as Australia is close on its heels, with land-based journeys and self-touring being the prime opportunities for improvement.