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1. Research Objectives

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

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

2. Methodology:

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

Pleasure trips included vacation or holiday trips, trips to visit friends and relatives, and combined business-pleasure trips. In Japan, the target national sample was n=1,500 long-haul pleasure travellers, with a quota of 200-300 for recent travellers to Canada in the past three years.

3. Market Health & Outlook:

Based on the travel patterns in the past three years or plans to travel in the next two years, the incidence of Japanese long-haul international travel is 17%, translating into a total market potential of 18.1 million. The immediate potential, those that will definitely or very likely visit Canada in the next two years is 15% or 2.7 million travellers, which is well below the average seen across the nine international GTW markets. **Exhibit 3.1** shows the regional preference, with strong immediate potential for British Columbia and Ontario.

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

	CDA	BC	AB	ON	YK	NT
Immediate Interest¹	15%	80%	41%	73%	5%	8%
Potential (M)	2.7	2.2	1.1	2.0	0.1	0.2

Base: Long-haul pleasure travellers (n=1,505).

¹Base 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=682).

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

The importance placed on long-haul travel by Japanese travellers slipped to 84% down four percentage points over 2009.

4. Unaided Destination Awareness

To measure Canada's brand awareness, top-of-mind destinations for a long-haul vacation were requested. Canada saw a significant decline in unaided awareness in Japan in 2010, posting the lowest unaided awareness among CTC's nine international GTW markets.

Exhibit 4.1 Unaided Destination Awareness

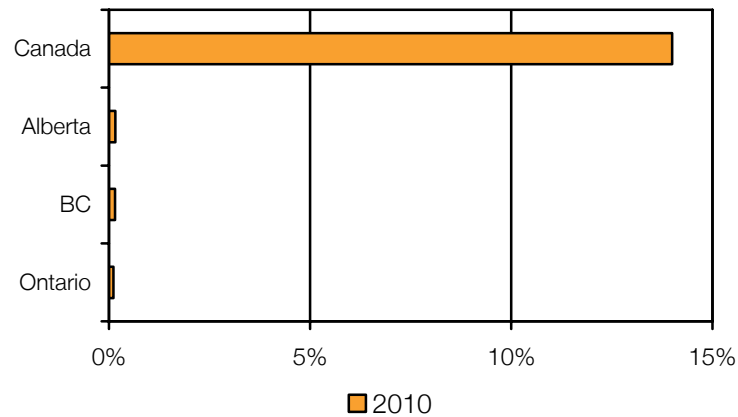
	2007	2008	2009	2010
1. US	57%	57%	50%	50%
2. Australia	34%	30%	24%	26%
3. France	18%	17%	17%	20%
4. Italy	17%	21%	19%	14%
5. Canada	17%	16%	16%	14%

Q. In general what destinations come to mind for a long-haul holiday outside of [L-H definition]?

Base: Long-haul pleasure travellers (n=1,505).

As illustrated in [Exhibit 4.2](#), as a general rule, Canada's regions do not have top-of-mind awareness in Japan.

Exhibit 4.2 Unaided AWARENESS OF Canada's regions



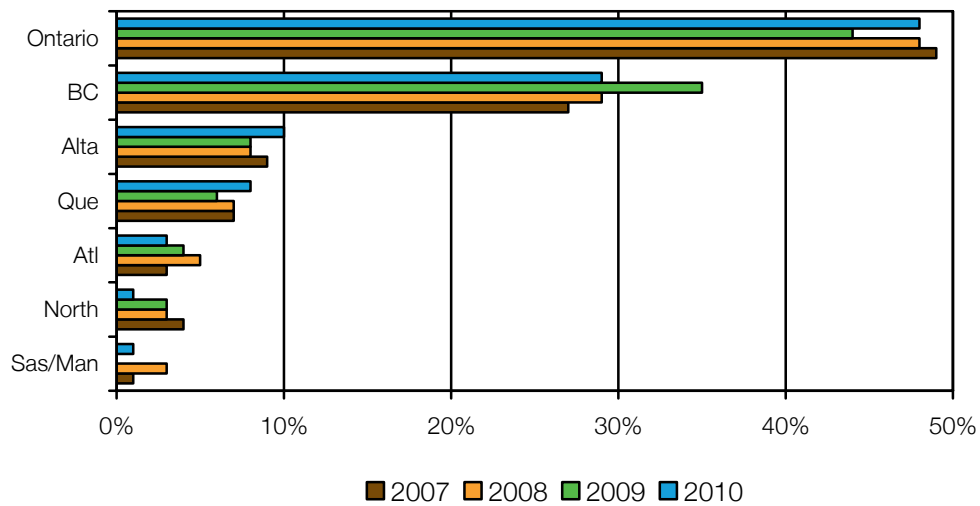
Base: Long-haul pleasure travellers (n=1,505).

Note: Only GTW region partners are included.

Despite experiencing a moderate economic recovery through 2010, future Japanese travel intentions are down. Overall, 15% of those surveyed indicated that they are definitely or very likely to visit Canada in the next two years for a trip of four or more nights. That reflects a notable six-point decline over 2009 (21%), but a more moderate one-point decline over 2008 (16%). This shift may reflect the fact that in 2009 those who could afford to travel, were more avid diehard travellers.

- Travellers who intended to definitely or very likely take a trip of one to three nights and those planning on taking a trip of four or more nights, decreased by six-points over 2009;
- This reflects an across-the-board decline in both short-break and longer-break travel from this market.

Exhibit 4.3 Canadian Destination Likely to Visit



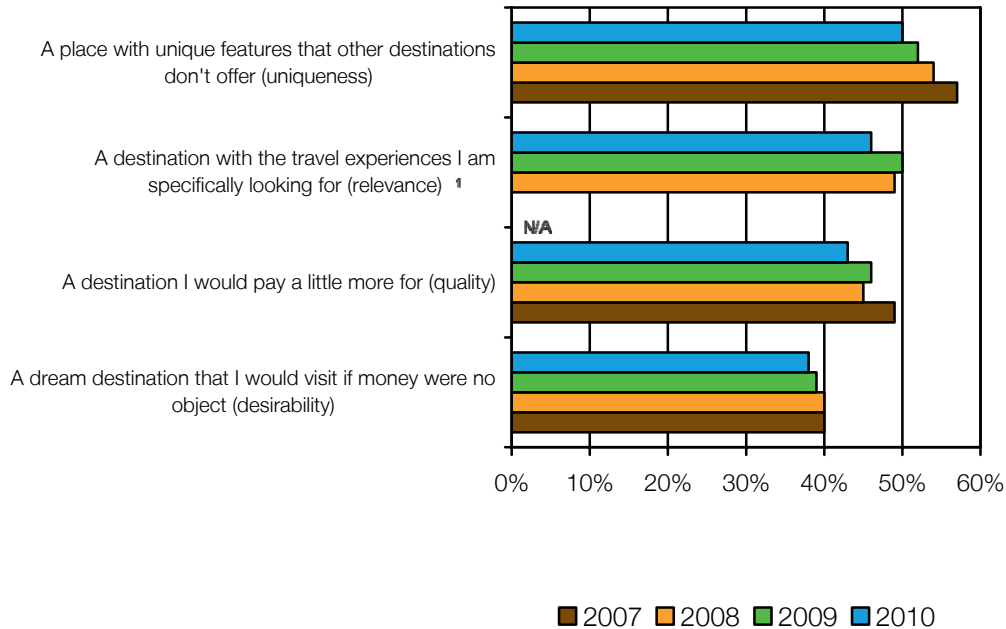
Base: Those likely to visit Canada in the next 2 years and/or those who are/or those who are considering, have decided to visit or have booked a trip there.

Ontario saw an increase as the Canadian destination most likely to visit, while British Columbia posted a significant six-point decline returning to 2008 levels (29%), following intensified interest in visiting British Columbia for the 2010 Winter Games.

5. Canada's Value & Price Perception

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

Exhibit 5.1 Value Perceptions



Base: Long-haul pleasure travellers.

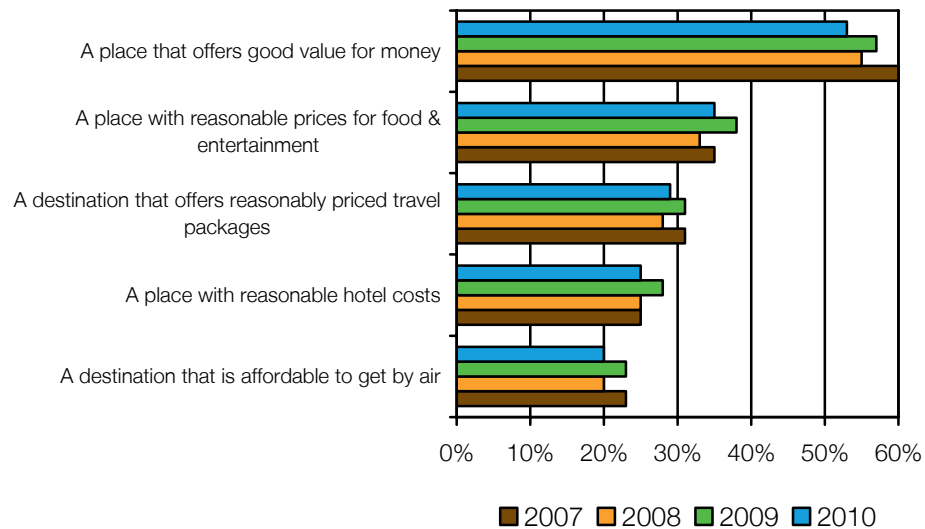
Notes: Top 2 Box refers to a rating of 4 or 5-point scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree".

¹Item not comparable in 2007.

This year there were declines in all of Canada's value perceptions measures. The uniqueness measure has suffered a steady year-over-year decline, falling to 50% in 2010. This is one of the lowest ratings for that category across the GTW nine markets. In addition, Japan posts one of the lowest score among GTW markets for desirability.

Cost also plays a major role when it comes to travel destination decision making. [Exhibit 5.2](#) shows how Canada is perceived by Japanese travellers on various travel cost components.

Exhibit 5.2 Price Perceptions



Base: Long-haul pleasure travellers.

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

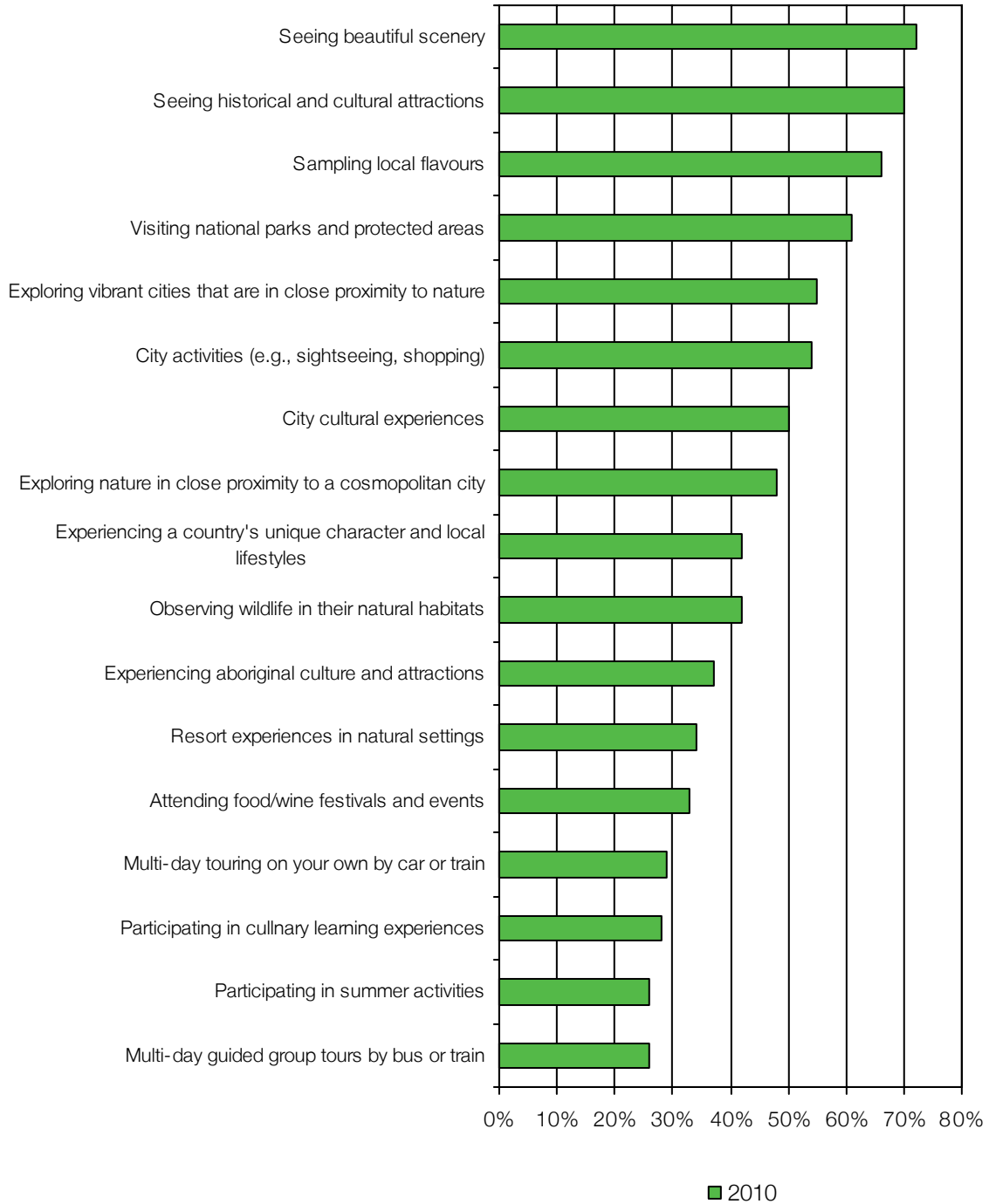
In 2010, declines were posted among the majority of GTW's price perception measures, in part driven by the depreciation of the Yen against the Canadian dollar in the first half of 2010.

6. Product Interest

In 2010, Japanese travellers registered a notable six-point decline in their interest to see historical and cultural attractions, while seeing beautiful scenery is now the No. 1 Canadian travel product of interest. This is not a surprising shift as Japanese travellers recognise Canada as the leader among competitive destinations for beautiful scenery. However, a product gap persists for seeing historical and cultural attractions, because Canada is perceived as not being strong in this area.

While nature and culture products make up the top five experiences, they are closely followed by city-related experiences. This poses an opportunity to build on Canada's reputation as a leader for "exploring vibrant cities that are in close proximity to nature" and "exploring nature in close proximity to a cosmopolitan city" by Japanese travellers.

Exhibit 6.1 Product Interests



Base: Long-haul pleasure travellers.

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

7. Competitive Product Positioning

As in most GTW market, Canada is seen as having incomparable outdoor activities (ski vacations, other winter activities and water-based activities). However, Japanese visitors report a low general interest in these areas. Japanese product interests that coincide with Canadian product strengths include: seeing beautiful scenery, vibrant cities close to nature, nature close to cosmopolitan cities, and resort experiences in nature.

Exhibit 7.1 Competitive Positioning

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

Base: Long-haul pleasure travellers (n=1,505).

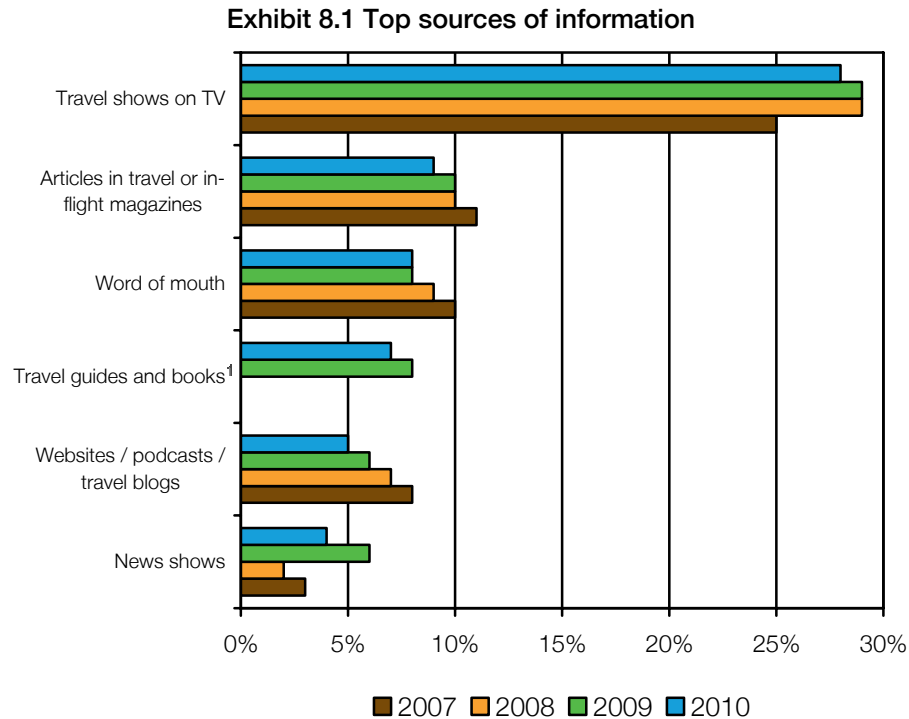
Notes: Figures represent the percentage of respondents choosing the destination among the top 3 places to go for each attribute.

Legend: CAN=Canada, AUS=Australia, USA=United States, NZ= New Zealand, FRA=France, GER=Germany, ITA=Italy.

Australia is seen as a close competitor in terms of wildlife and nature/outdoors as well as with connecting with locals. France and Italy continue to be viewed as strong leaders in terms of culinary, historical and cultural travel experiences.

8. Sources of Information for Increasing Canada's Appeal

As shown in previous years, television travel shows continue to be by far the most efficient way to increase Canada's appeal among Japanese travellers (30%). Travel magazines, word of mouth and travel guides are other complementary channels to improve Canada's appeal.

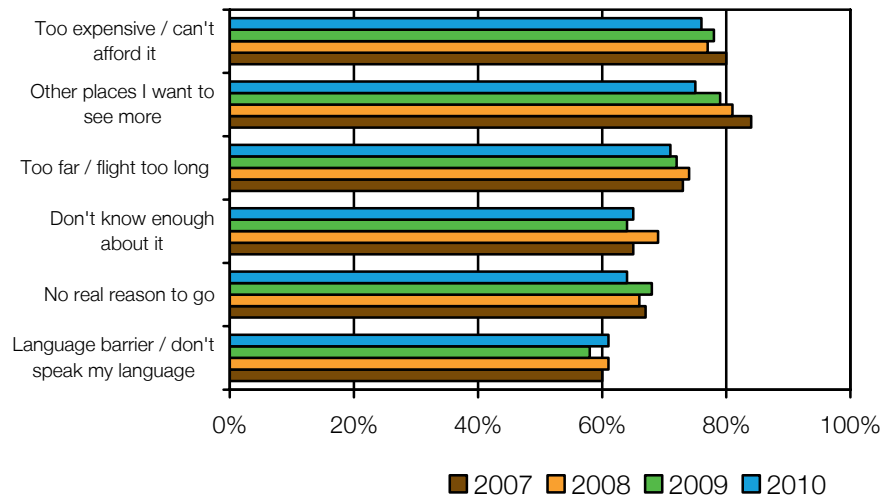


Base: Long-haul pleasure travellers.
¹Item changed in 2009.

9. Key Barriers for Travel to Canada

Competition and affordable travel options are the most notable barriers for travel to Canada at 76% and 75% respectively. These are followed by concerns regarding travel distance and a lack of knowledge of what Canada has to offer as a travel destination. It's important to know barriers to travel to Canada, as these concerns of those interested in visiting Canada could lead them to select alternative destinations.

Exhibit 9.1 Key Barriers for Visiting Canada



*Base: Long-haul pleasure travellers who are likely to visit Canada in the near future.
Notes: Percentage is the sum of major barrier and minor barrier responses.*

10. Conclusions: Key Take-Aways

Japan posted a stronger than expected rebound in overnight trip arrivals to Canada in 2010 and continues to be one of Canada's strongest Asia-Pacific inbound travel markets.

- With an improving economic environment, Japan's potential long-haul pleasure travel market for Canada stands at a notable 18.1 million. However of this group, only 15% or 2.7 million will definitely or are very likely to visit Canada in the next two years, well below the average across the nine international GTW markets;
- Canada faces some strong competition in the area of unaided awareness. It tied in fourth place with Italy after failing to experience any growth in the past four years;
- With a weakening Yen in the first half of 2010, Japanese travellers were increasingly price sensitive, with all of GTW's price perception measures deteriorating. Notable is the seven-point decline in the perception that Canada is a place that offers good value for money since 2007. However, Japanese price sensitivities may have improved in latter 2010 as the Yen appreciated again the Canadian dollar;
- There is a growing opportunity to build on the Japanese strong awareness of Canada as a leading destination for seeing beautiful scenery and for offering city experiences in close proximity to nature, along with exploring nature in close proximity to cosmopolitan cities;
- Ontario posted a four-point increase as the Canadian destination most likely to visit, while British Columbia saw a significant six-point drop in favorability after hosting the 2010 Olympic Winter Games;
- Canada's historical and cultural attractions offer an area of potential growth. This is an area of interest of Japanese travellers where Canada has performed poorly in the past. Canada faces stiff competition from Italy, France, Germany, the US and Australia;
- Canada should address key barriers for travel by highlighting unique and distinctly Canadian experiences that are affordable and easy-to-get-to.