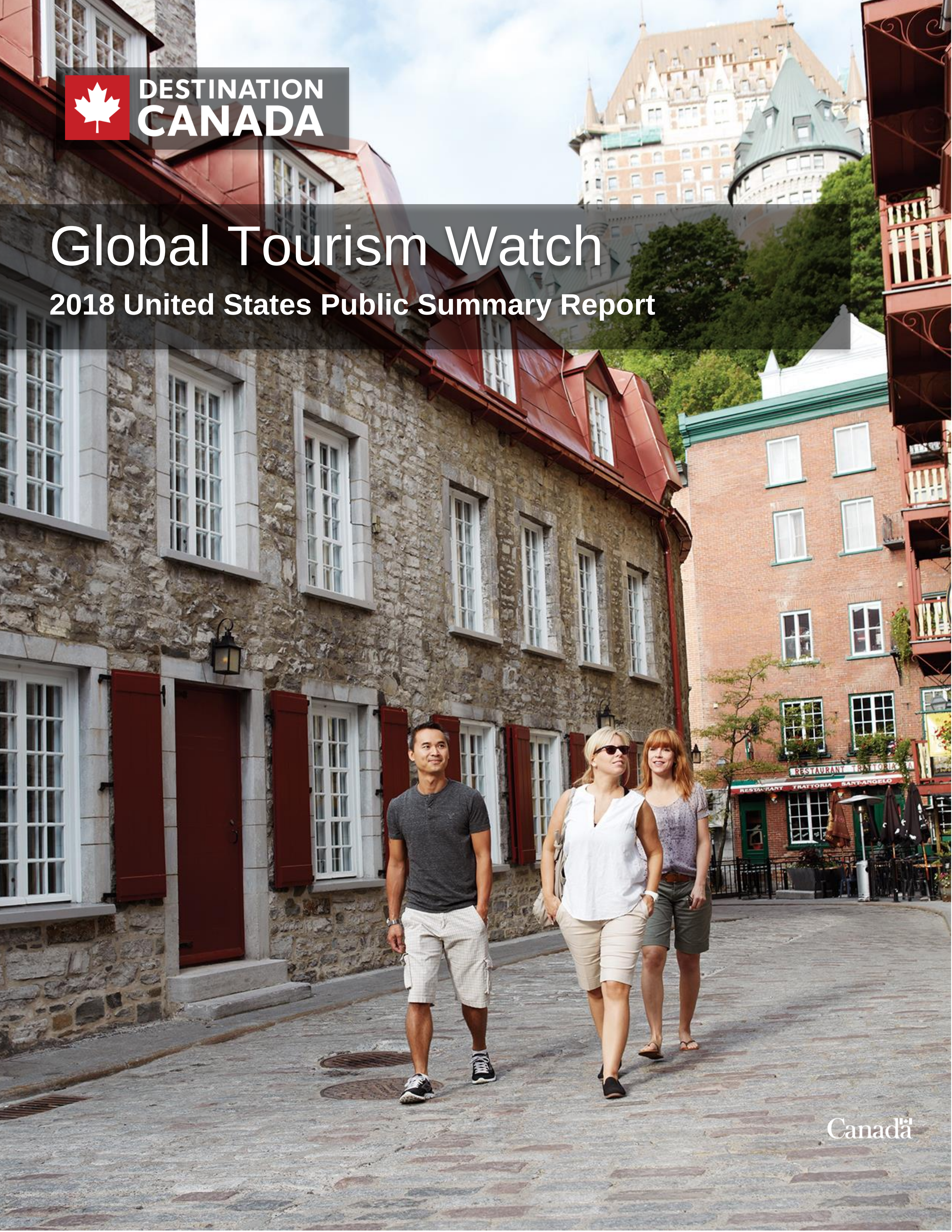
DESTINATION CANADA



Global Tourism Watch

2018 United States Public Summary Report

Canada

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Introduction

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

The overall objectives of the GTW study are to:

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

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

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

Questionnaire Changes

In 2018, questions were added in the following areas:

- Cost-related barriers to visiting Canada;
- Time of year of a potential visit to Canada; and,
- Sources of inspiration in destination selection.

Methodology

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

Data was gathered from 4,472 respondents in the US, including 1,220 recent visitors to Canada, in August 2018. Additional sample was collected to reach a minimum sample size of n=250 in the following cities of interest: Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, San Francisco, and Washington, DC. Results are compared against previous GTW waves (data gathered in December 2016 and July 2017). In addition, select comparisons are made to the 2017 Pulse Check study conducted in November 2017. The Pulse Check is a shorter version of the GTW study, conducted to monitor movement of key metrics on a more frequent basis.

Throughout the report, statistically significant differences (95% confidence interval) from one wave to the next are denoted by arrows in the charts: green arrows pointing up if the metric has increased and red arrows pointing down if the metric has decreased. Results were also analyzed among different segments and demographic cohorts; throughout the report, references are made where there are statistically significant differences compared to the general traveller.

Study Overview: United States Market

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

Timing of Fieldwork

AUG

2018

Geographical Definition for Qualified Trips

Out-of-state

GTW Sample Distribution

Sample distribution:	**National**
Recent visitors to Canada:	**1,220**
Other travelers:	**3,252**
Total sample size:	**4,472**
Sample distribution:	**Border[1]**
Recent visitors to Canada:	**450**
Other travelers:	**550**
Total sample size:	**1,000**
Sample distribution:	**Near Border[2]**
Recent visitors to Canada:	**351**
Other travelers:	**650**
Total sample size:	**1,001**
Sample distribution:	**South[3]**
Recent visitors to Canada:	**250**
Other travelers:	**750**
Total sample size:	**1,000**

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

Background

The United States, the world's largest economy, accounts for approximately 24% of global GDP (*International Monetary Fund, October 2018*).

In July 2018, the US economy was continuing to show strong growth, supported by fiscal expansion. The economic momentum was expected to strengthen in line with the April World Economic Outlook forecast, with growth projected at 2.9% in 2018 and 2.7% in 2019 *(International Monetary Fund, July 2018)*. However, ongoing trade disputes remained an important source of uncertainty and risk for the country *(Trading Economics, August 2018)*.

NAFTA negotiations were underway throughout 2018, with the US reaching a deal with Mexico in late August. At the time of data collection, Canada was still in negotiations with the US and facing a deadline of August 31. President Trump threatened to move ahead with a bilateral US-Mexico deal as well as imposing punitive tariffs on Canadian-made cars *(The Guardian, August 2018)*.

The US has been steadily imposing tariffs on Chinese goods since January 2018 in an effort to ease competition between US companies and their Chinese rivals. China has retaliated with tariffs on several US imported goods. In August 2018, coinciding with the time of data collection, the US administration imposed a 25% tax on a second wave of goods worth $16 billion US. Many economists, including Mark Carney, the governor of the Bank of England, warned that further escalation of trade disputes could hurt the US economy the most, with the potential to lower US economic growth by as much as 5% *(The Guardian, July 2018)*.

The cost of living was up 2.9% year-over-year in July 2018. Annual inflation, which matched the 2.9% pace from June, remained at the highest level since February 2012 *(US Bureau of Labor Statistics, July 2018)*. In the six months leading up to data collection, the US dollar had appreciated by over 9% *(Trading Economics, August 2018)*.

The labour market continued to show strength in job creation. The unemployment rate was unchanged at 3.9% in August 2018, slightly above market expectations of 3.8%. *(US Bureau of Labor Statistics, August 2018)*.

Consumer spending increased 0.4% in August 2018, which was in line with market expectations *(Trading Economics, August 2018)*. During the same time period, the Consumer Confidence Index stood at 61.8 points (-0.3 points since February 2018). It was the third highest result globally, behind China and India (*Thomson Reuters / Ipsos Primary Consumer Sentiment Index, August 2018*).

The US is the 2nd largest outbound market globally, behind only China, spending $135 billion in 2017, up 9.3% from 2016. This translates to a $13 billion increase year-over-year and is the largest increase in absolute terms among the top spending travel markets (*United Nations World Tourism Organization, April 2018).* For domestic leisure travel, Americans took 1.8 billion trips in 2018, up 2% from 2017 *(US Travel Association, March 2019).*

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market has decreased to 44.2 million travellers in 2018, compared to 53 million in 2017, a decrease of 8.8 million potential travellers.*
- ✓ *This decrease in immediate potential is due to a significant drop in US travellers definitely or very likely to visit Canada in the next 2 years (42%, down significantly from 52% in 2017).*
- ✓ *The international travel outlook continues to soften and stands at -11 in 2018, down significantly from 2016 (-7).*

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

Size of Potential Market to Canada (Next 2 Years)

Measure	2016 GTW (Dec)	2017 GTW (Jul)	2018 GTW (Aug)
Long-haul pleasure travel market for Total US	**150.27 million**		
Size of the target market	**102.62 million**	**102.83 million**	**105.02 million**
Size of the immediate potential	**47.61 million**	**53.01 million**	**44.20 million**
Actual visitation	**13.9 million**	**14.2 million**	**14.4 million**

▲/▼ Significantly higher/lower than 2017 GTW wave.

Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years); Immediate potential for Canada = dream to purchase stages for P2P for Canada

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

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

The proportion of GTW respondents who are in the dream to purchase stages for Canada is stable year-over-year (70%, compared to 68% in 2017 and 2016 respectively). Based on the 2018 result, the size estimate for out-of-state US travellers is 105 million, up from 102.8 million in 2017 and 102.6 million in 2016. This result shows that Canada is maintaining its overall base of interested travellers in the US market.

The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years. The 42% result in 2018 is a significant decrease from 52% in 2017 – this suggests that there is a decreased urgency to visit Canada. There are 44.2 million travellers with immediate potential for conversion in 2018, a decrease of 8.8 million potential US travellers (compared to 53 million potential travellers in 2017).

Among Destination Canada's ten international markets, the US was ranked 1st in immediate potential market size. Actual visitation from the US continues to also be ranked 1st among Destination Canada's international markets in 2018[1].

For context, Canada attracted 14.4 million visitors from the US in 2018, up 1% from the 14.2 million US visitors in 2017[2]. The 14.4 million arrivals represent 33% of the immediate potential market.

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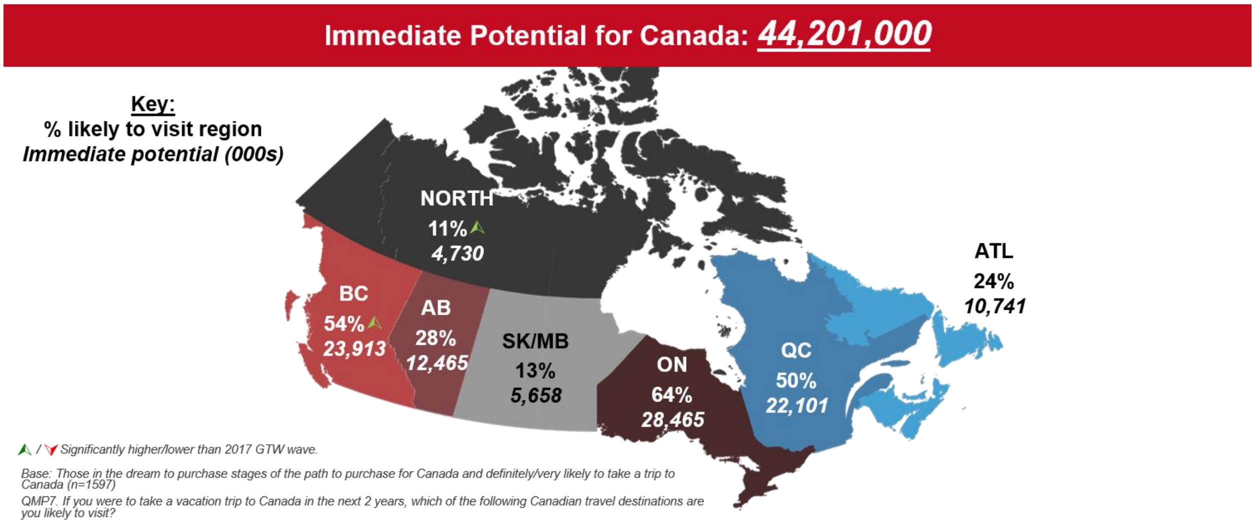
[1] *Destination Canada, Tourism Snapshot, December 2018.*

[2] *Ibid*

Also of interest is the demonstrated interest in Canada's regions among the immediate potential market (44.2 million). Ontario continues to hold the greatest appeal (64% or 28.5 million potential visitors), followed by BC (54% or 23.9 million potential visitors), and Quebec (50% or 22.1 million potential visitors).

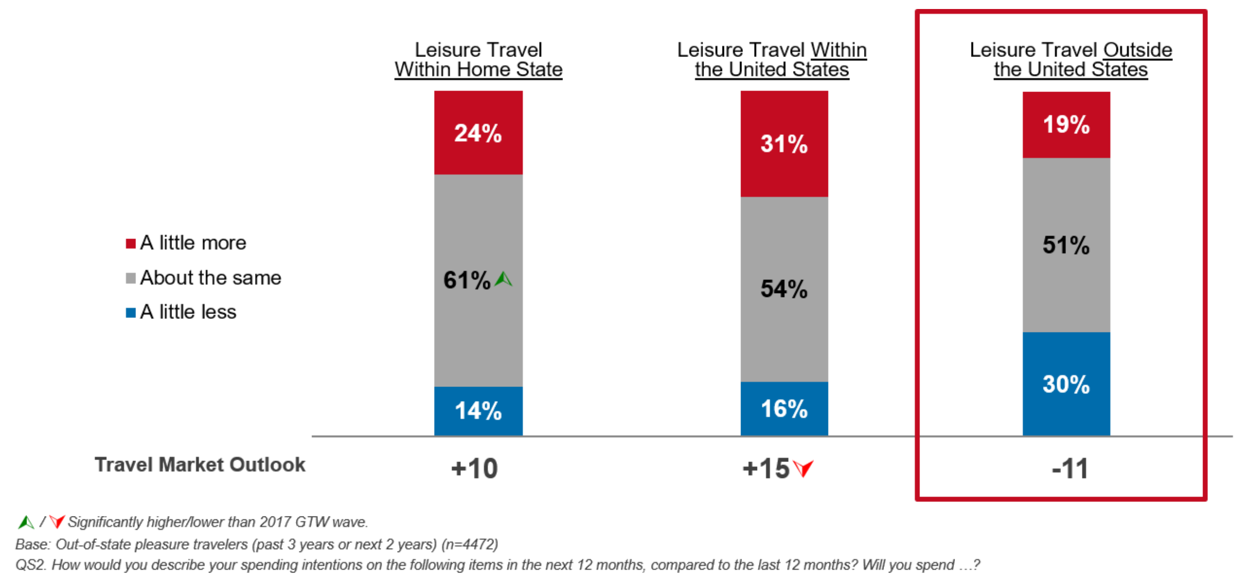
Interest in visiting BC is up significantly in 2018 (54%, up from 49% in 2017); however, compared to 2017, this translates to a loss in actual volume of potential visitors (23.9 million, down from 26.0 million) given the overall decline in the immediate potential market size. Interest in visiting the North is also up significantly (11%, up from 7% in 2017) and this translates into 4.7 million potential visitors, up from 3.9 million visitors in 2017.

Potential Market Size for the Regions



The international travel outlook continues to soften. The proportion of US travellers saying they will spend less on travel outside the US continues to exceed those who say they will spend more, resulting in an international travel outlook of -11 in 2018 (down from -9 in 2017 and significantly down from -7 in 2016). US travellers continue to be more likely to travel within the US (outlook +15, down significantly from +18 in 2017) or within their state (outlook +10).

Spending Intentions (in the Next 12 Months)



Competitive Environment – Key Performance Indicators Summary

HIGHLIGHTS

- ✓ *Unaided consideration of Canada is significantly lower in 2018 (5%, down from 7% in 2017).*
- ✓ *Knowledge of travel opportunities in Canada has decreased significantly among US travellers (23%, down from 30% in 2017)*
- ✓ *Canada's NPS result dropped significantly to +17 (compared to +20 in 2017). Several domestic destinations also recorded lower NPS results in 2018.*

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

The outlook for Canada in the US continues to be modest. Out of the 13 competitive destinations that respondents were asked to evaluate, Canada is 9th on aided consideration and 12th on both unaided consideration and destination knowledge.

Consideration

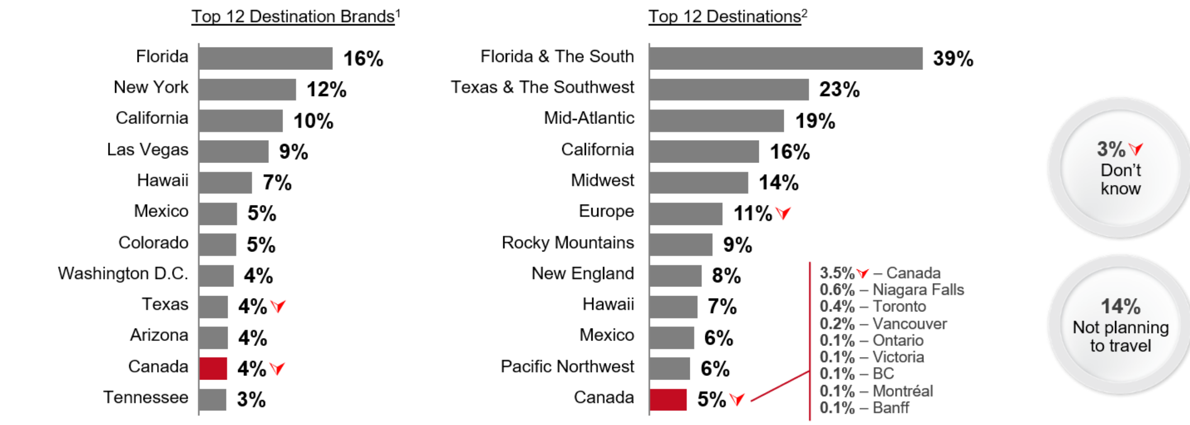
Unaided consideration represents top-of-mind presence of destinations in the consumer mindset and requires travellers to think of destinations without being prompted. Unaided consideration indicates that a strong impression has rooted in the mind of a traveller for a destination. From a marketing perspective, travellers who have Canada on their unaided consideration list may be easier to attract since they are actively thinking of Canada as a travel destination.

On an unaided basis, 5% of US travellers mentioned Canada as a destination under serious consideration in the next 2 years, down significantly from 2017 and 2016 (both 7%). Of note, unaided mentions of Europe also dropped significantly in 2018 (11%, down from 13% in 2017).

The dominance of domestic destinations continues, with 72% of travellers mentioning a destination within the US (unchanged from 2017 levels).

Those who have visited Canada recently continue to be more likely to mention Canada on an unaided basis than general US travellers (23% versus 5%). US travellers continue to mention very few specific places in Canada, suggesting knowledge of specific Canadian destinations remains low.

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



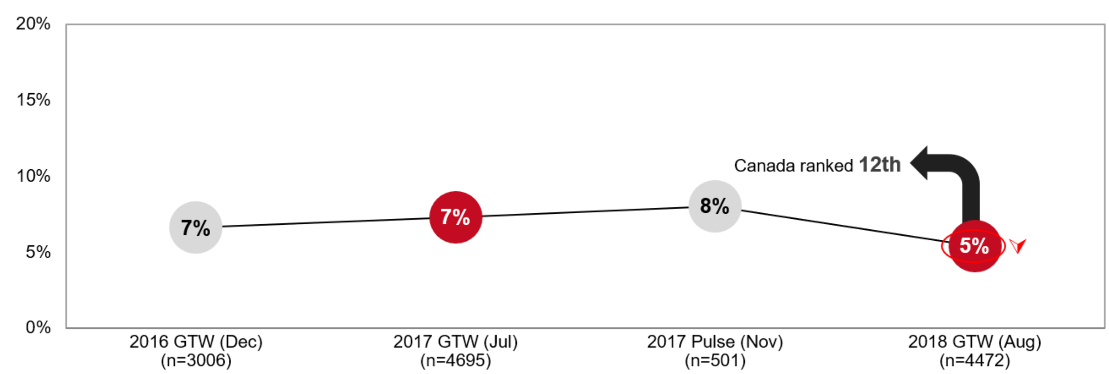
/ Significantly higher/lower than 2017 GTW wave.

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

Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4472)

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

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



/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.

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

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

Aided consideration represents the proportion of travellers who say they would seriously consider visiting a destination, but only after they are prompted with a list of competitive destinations. Travellers who have aided consideration for Canada may not be thinking of Canada top-of-mind, but they are considering a visit. Continued prompts and cues through marketing efforts could help move these considerers down the Path-to-Purchase.

On an aided basis, 27% say they are seriously considering Canada for a leisure trip in the next 2 years, similar to 2017 (29%). This result is well behind three US regions: Florida & the South (56%), Mid-Atlantic (38%), and Texas & the Southwest (36%). Several destinations including Hawaii (29%), Europe (29%), New England (27%), Midwest (27%), and Pacific Northwest (27%) saw similar results to Canada. Significant increases can be seen in aided consideration for Rocky Mountains (32%, up from 27% in 2017) and the Midwest (27%, up from 25% in 2017). Recent visitors to Canada rank Canada first overall in aided consideration among all destinations in the competitive set.

Knowledge

Twenty-three percent of all US travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, which is significantly lower than in 2016 and 2017 (both 30%).

Among those considering Canada, destination knowledge stands at 34%, down significantly from 2017 and 2016 (43% and 44% respectively). Among those considering each competitive destination, knowledge of several destinations also dropped significantly in 2018 compared to 2017, notably California (53% down from 58%), Mid-Atlantic (51%, down from 57%), Europe (47%, down from 56%), Pacific Northwest (41%, down from 47%), and Alaska (30%, down from 42%). Canada continues to be ranked 12th out of 13 competitors.

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 16% of those in the dreaming stage are knowledgeable about Canadian travel opportunities, moving up to 31% in the considering stage and further to 53% among those actively planning a trip to Canada. Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the Path-to-Purchase.

Key Performance Indicators

Indicator	Definition	All Out-of-State Travelers (n=4472)	Recent Visitors to Canada[1] (n=1220)	Considering Canada[2] (n=2019)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	5%▼	23%▼	13%
Competitive positioning on destination consideration	Rank on the consideration list among 13 destinations	12	1	2
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	23%▼	58%▼	39%▼

▲ / ▼ *Significantly higher/lower than 2017 GTW wave.*

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

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

QS8. You mentioned that you are likely to take an out-of-state vacation trip in the next 2 years. Which destinations are you seriously considering? (Please list up to 3 destinations.)
QBVC1. You may have already mentioned this before, but which destinations would you seriously consider visiting in the next 2 years?
QMP3. How would you rate your level of knowledge of vacation opportunities in each of the following destinations? (asked among all respondents)

Net Promoter Score (NPS)

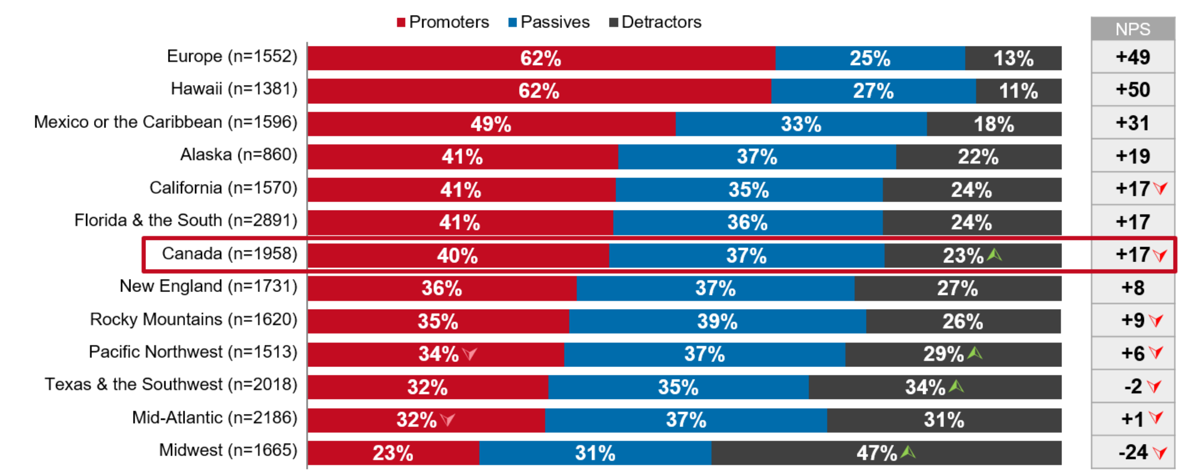
The Net Promoter Score (NPS) measures the likelihood of travellers to recommend a destination. Results are gathered among travellers with each destination in their consideration set (have visited previously and/or considering a visit). The measure has an 11pt scale (0-10). The score is calculated by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

Consistent with 2017, Europe and Hawaii achieved the highest NPS result in 2018 (+49 and +50 respectively). Europe and Hawaii have the same number of Promoters (62%) but Europe has slightly more Detractors than Hawaii (13% versus 11%) and slightly fewer Passives than Hawaii (25% versus 27%). Mexico or the Caribbean follows with a NPS result of +31.

Canada's NPS performance has dropped significantly to +17 (down from +20 in 2017), with a significant increase in Detractors (23%, up from 19% in 2017). Several US regions also saw significant drops in NPS results in 2018: California (+17, down from +25 in 2017), Rocky Mountains (+9, down from +15), Pacific Northwest (+6, down from +17), Mid-Atlantic (+1, down from +9), Texas & the Southwest (-2, down from +5) and Midwest (-24, down from -16).

When the results for Canada are examined among past three year visitors, the NPS result is +36 (consistent with +33 in 2017); among those who have not visited Canada in the past 3 years, the NPS result is -29. This strongly underscores the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return. Among those who have ever visited Canada, the NPS result is -12, which is significantly lower than that of past three year visitors – this indicates the need to develop strategies that encourage visitors to advocate either during or immediately after a trip to Canada.

Net Promoter Score



/ Significantly higher/lower than 2017 GTW wave.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) considering visiting each country
QMP11. Whether you have visited or not, how likely are you to recommend each of the following destinations to a friend, family member or colleague?

Path-to-Purchase

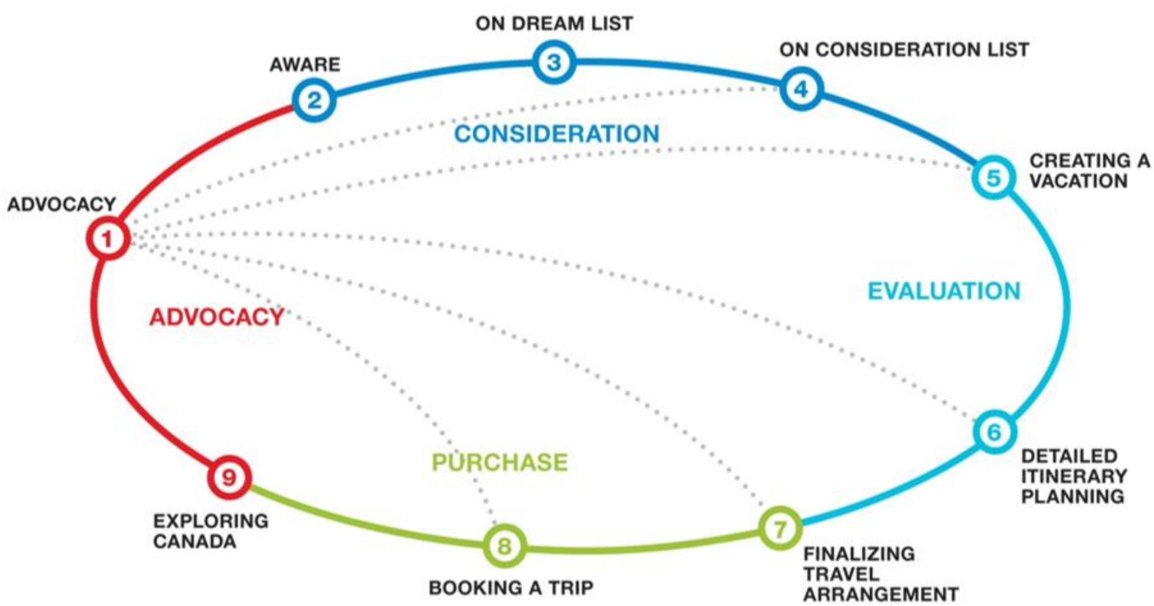
HIGHLIGHTS

- ✓ *US travellers are less likely to be in the active planning stage for Canada (13%, down significantly from 16% in 2017).*
- ✓ *Additional focus could be placed on moving travellers from the consideration phase to creating a vacation movie, where conversion is weaker than other competitors.*

Like any other expensive and discretionary consumer product, there is a purchasing or decision-making cycle associated with out-of-state travel: consumers move through progressive stages from not knowing anything about a destination to booking a trip. Advocacy happens during and after the actual visit. As evidenced from the NPS results, recent Canada visitors are most likely to be Promoters, making it important to encourage recent visitors to share experiences.

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

Destination Canada's Path-to-Purchase Model



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

Destination Canada's Path-to-Purchase Model

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

Dream to Purchase
Consider to Purchase
Active Planning

The US resident outbound market totaled 93 million in 2018, up 6% from 2017. Travel to overseas countries (41.8. million) increased 9%, visits to Mexico totalled 36.9 million (up 6%), visits to Europe totalled 17.7 million (up 12%), while visitation to Canada (14.3 million) was flat[3].

Florida & the South continue to have the strongest Path-to-Purchase, with 28% of US out-of-state travellers actively engaged in planning a visit and a further 35% seriously considering a trip in the next 2 years.

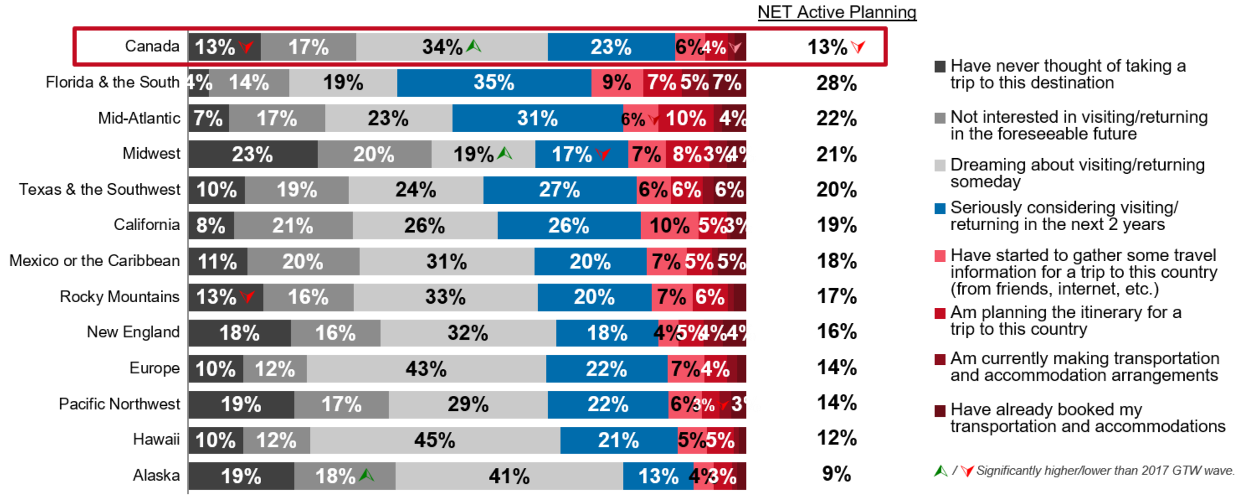
Canada remains behind most destinations in the competitive set, with 13% of US out-of-state travellers actively planning a visit (down significantly from 16% in 2017). This result is due to significantly fewer prospective visitors at the itinerary planning stage (4%, down from 6% in 2017).

Also of note, significantly fewer US travellers say they have never thought of visiting Canada (13%, down from 16%), while significantly more are dreaming about visiting someday (34% versus 29% in 2017). This suggests there is some positive momentum in the US market, but the challenge is moving potential visitors along the Path-to-Purchase in the short-term

With the exception of Canada, active planning results are consistent with 2017. The Midwest has significantly fewer travellers seriously considering a visit relative to 2017 (17%, down from 22%), and significantly more in the dreaming phase (19%, up from 12% in 2017). The Rocky Mountains saw a significant drop in travellers who have never thought of taking a trip there (13%, down from 19% in 2017).

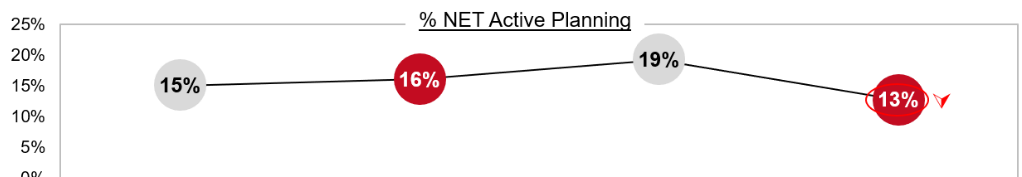
[3] *U.S. Department of Commerce, International Trade Administration, National Travel and Tourism Office (NTTO).*

Stage in the Purchase Cycle by Country



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

Stage in the Purchase Cycle – Canada Trended



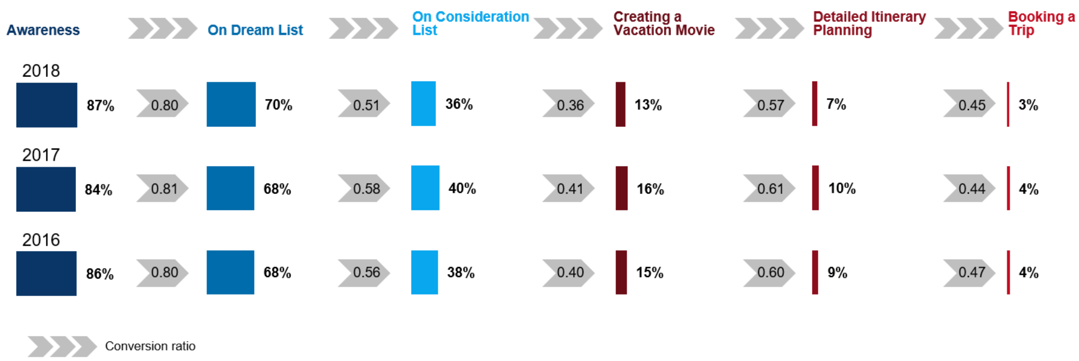
	2016 GTW (Dec) (n=3006)	2017 GTW (Jul) (n=4695)	2017 Pulse (Nov) (n=501)	2018 GTW (Aug) (n=4472)
Have never thought of taking a trip to this destination	14%	16%	11%	13%
Not interested in visiting/returning in the foreseeable future	17%	16%	17%	17%
Dreaming about visiting/returning someday	30%	29%	32%	34%
Seriously considering visiting/returning in the next two years	23%	24%	20%	23%
Have started to gather some travel information for a trip to this country	6%	6%	7%	6%
Am planning the itinerary for a trip to this country	5%	6%	9%	4%
Am currently making transportation and accommodation arrangements	2%	2%	2%	1%
Have already booked my transportation and accommodations	2%	3%	1%	2%

/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a vacation trip?

The charts below show Canada's progress converting travellers at steps in the purchase cycle relative to top competitors. For reference, also shown is the average across the entire competitive set. 'Strong' and 'weak' conversion ratios were derived through statistical analysis; specifically, if a conversion ratio is greater than one standard deviation from the average, then it is considered 'strong' and if a conversion ratio is lower than one standard deviation from the average, then it is marked as 'weak'.

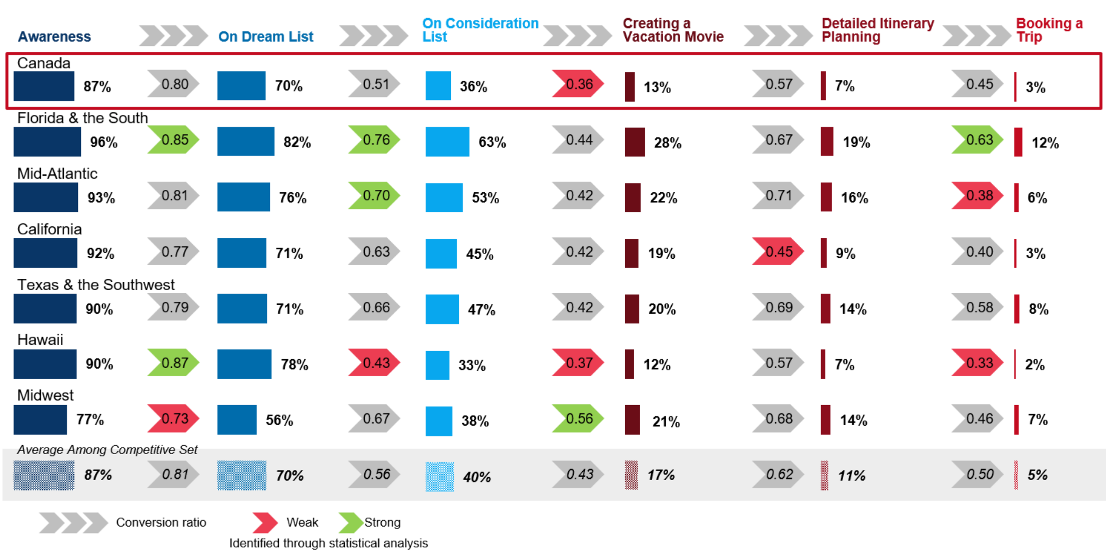
Relative to top competitors, which are all domestic destinations, Canada's performance continues to be average across most of the purchase cycle. Canada's results are consistent with 2017, with the exception of having a weakness in 2018 at converting travellers from the consideration phase to creating a vacation movie (-5%). This is the first time in three years of tracking that Canada has had a weakness at this stage. Moving prospective travellers from the consideration stage to creating a vacation movie could be a potential area of focus for Canada: travellers at this stage are seeking to put some type of framework around a trip concept and are looking for guidance on what the best itinerary might be. Travellers need to have an idea of the core concept of their trip before they can move ahead.

Path-to-Purchase Conversion – Canada



Florida & the South and Hawaii are strong at converting travellers from the awareness to dream stage in 2018. Consistent with 2017, Florida & the South and Mid-Atlantic continue to excel at getting on travellers' consideration list but remain average across the next two stages of the Path-to-Purchase. At the final stage, booking a trip, Florida & the South remains far above average converting 12% of prospective visitors to actual visitors (stable since 2016). The Midwest continues to be strong at converting travellers between the consideration and vacation movie stage, where Canada has a weakness. It may be worthwhile to understand why the Midwest has been more successful compared to competitive destinations at moving US travellers forward from consideration to building a vacation movie.

Path-to-Purchase Conversion – Top Competitors



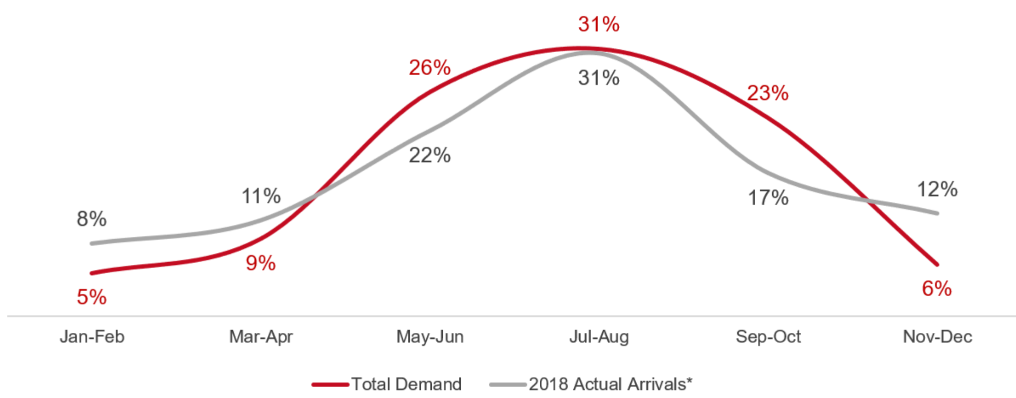
Time of Year Interest

HIGHLIGHTS

✓ *An opportunity exists to fill the May to June and September to October demand.*

A new question added to the Global Tourism Watch in 2018 asked prospective US visitors which time of year they would consider visiting Canada. July to August (31%) is the most popular time of year, followed by May to June (26%) and September to October (23%). Compared to the distribution of actual US arrivals in 2018, the largest gap in demand is for the months of September to October, where those interested (23%) are higher than those actually visiting (17%) and May to June (26% interested compared to 22% of actual visitation). Given compression issues in the peak July to August months, an opportunity exists to fill both the September to October and May to June demand gaps to relieve pressures.

Time of Year Interested in Visiting Canada (Next 2 Years) versus Actual Arrivals



** Source: 2018 StatsCan Frontier Border Counts.*
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=3313); data re-based to create distribution of demand
QPC3. What time of year would you consider taking a vacation trip to Canada in the next 2 years?

Canadian Destination Interest

HIGHLIGHTS

✓ *Vancouver and the Rocky Mountains, both top draws in BC, experienced significant increases in interest. There is also a significant increase in interest in Niagara Falls in 2018.*

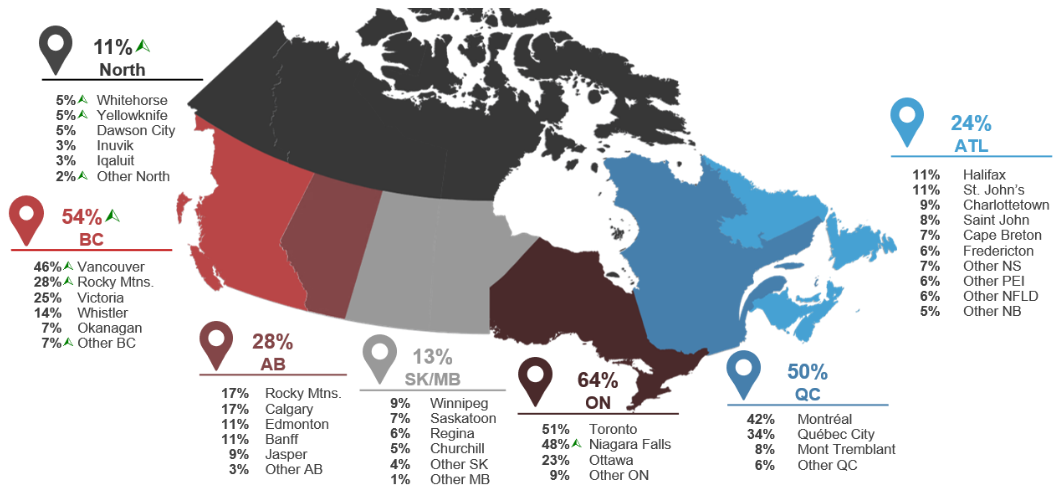
✓ *Although still low relative to the rest of the country, significant increases in interest were also seen in the North.*

US travellers in the dream-to-purchase stages and indicating they are definitely/very likely to visit Canada in the next 2 years were asked which parts of the country they would likely visit.

Results are relatively consistent with past years with Ontario continuing to be the most popular province (64%); Toronto (51%) and Niagara Falls (48%) are the top destinations. Interest in visiting Niagara Falls increased significantly in 2018 (48%, up from 43% in 2017). BC continues to be the 2nd most popular province, with a significant increase interest in 2018 (54%, up from 49% in 2017).

Vancouver (46%, up significantly from 39% in 2017) and the Rocky Mountains (28%, up significantly from 22% in 2017) are the top draws, followed by Victoria (25%). A significantly higher number of travellers are also interested in other areas of BC (7%, up from 5% in 2017). Quebec is the 3rd most popular province (50%), with Montreal (42%) and Quebec City (34%) being the primary interests. The Rocky Mountains (17%) and Calgary (17%) tied for top draws in the province of Alberta (28%). While interest in the North is still low, it increased significantly in 2018 (11%, up from 7% in 2017).

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

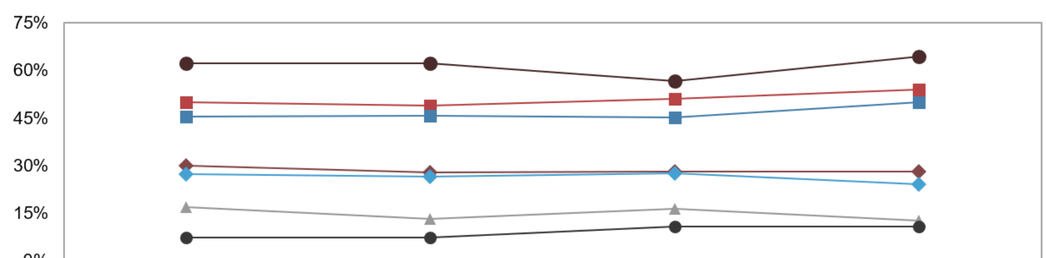


Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1597)
QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

/ Significantly higher/lower than 2017 GTW wave.

The trended results show that interest in individual provinces and regions has continued to be relatively consistent since 2016, with the exception of significant increases for BC and the North in 2018.

Canadian Destinations Likely to Visit – Provinces/Regions Trended



	2016 GTW (Dec) (n=1300)	2017 GTW (Jul) (n=1976)	2017 Pulse (Nov) (n=184)	2018 GTW (Aug) (n=1597)
BC	50%	49%	51%	54%
AB	30%	28%	28%	28%
SK/MB	17%	13%	16%	13%
ON	62%	62%	57%	64%
QC	46%	46%	45%	50%
ATL	27%	27%	28%	24%
North	8%	7%	11%	11%

/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1597)
QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Consistent with 2017, Niagara Falls is the top draw (21%) and is widening its lead over Toronto (14%). The appeal of Niagara Falls has risen significantly since 2016 (from 16% to 21% in 2018). Toronto continues to be the most attractive city destination, followed by Vancouver (13%) and Montreal (10%). With the exception of Niagara Falls, US travellers continue to be drawn more to Canada's major cities than its landscapes.

Most Appealing Canadian Destination – Top 10 Mentions

Other ON	1.7%
Other NS	0.8%
Other BC	0.6%
Other SK	0.6%
Other QC	0.4%
Other AB	0.3%
Other PEI	0.3%
Other NB	0.3%
Other NFLD	0.3%
Other North	0.3%

Ottawa	1.4%
Whistler	1.4%
Cape Breton	0.9%
Halifax	0.8%
Regina	0.8%
Jasper	0.7%
Winnipeg	0.7%
Churchill	0.6%
Edmonton	0.6%
Okanagan	0.6%
Fredericton	0.6%
Mont Tremblant	0.5%
Saint John	0.4%
Whitehorse	0.4%
St. John's	0.3%
Dawson City	0.2%
Inuvik	0.1%

▲/▼ Significantly higher/lower than 2017 GTW wave.
Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=1597)
QMP8. And, which place in Canada most appeals to you?

Vacation Activities

HIGHLIGHTS

- ✓ *US travellers are significantly more interested in many vacation activities in 2018, including top ranked activities such as local food & drink, natural attractions, and hiking or walking in nature.*
- ✓ *Seeing natural attractions, Northern lights, cruises, visiting historical sites, and viewing wildlife remain the top trip anchor activities for US travellers. Interest in seeing the Northern lights is up significantly in 2018.*

US travellers were asked about which activities and experiences they seek while on vacation in general, regardless of the destination. Trying local food and drink and seeing natural attractions continue to be the most sought-after vacation experiences. These are followed by nature-based activities including hiking or walking in nature, visiting nature parks, and viewing wildlife. Rounding out the top are more experiential offerings including: historical sites, food and drink festivals, seeing the Northern lights, fall colours, and visiting art galleries/museums. The results are similar to 2017 with the exception of seeing fall colours, which moved into the top ten and is now ranked 9th. Shopping for items to remember a trip has dropped out of the top 10 for 2018.

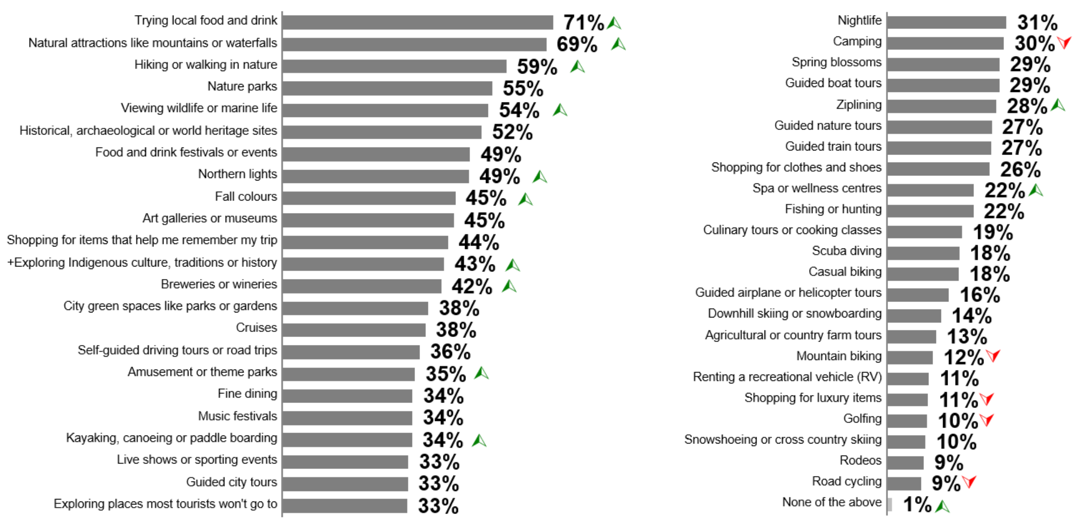
Within these top ten activities, there were several significant upward shifts from 2017 to 2018 including: trying local food and drink (71%, up from 66%), natural attractions (69%, up from 64%), hiking/walking in nature (59%, up from 52%), viewing wildlife (54%, up from 49%), seeing the Northern lights (49%, up from 44%) and fall colours (45%, up from 42%).

Outside of the top ten activities, there were several significant shifts from 2017 to 2018,including: Indigenous culture (43%, up from 33% - previously the activity was called Aboriginal culture, so the shift may be attributable to the wording change), breweries or wineries (42%, up from 37%), amusement parks (35%, up from 32%), kayaking (34%, up from 31%), ziplining (28%, up from 25%), and spa/wellness (22%, up from 19%). Significant downward shifts were seen in the following activities: camping (30%, down from 33%), mountain biking (12%, down from 16%), shopping for luxury items (11%, down from 14%), golfing (10%, down from 13%), and road cycling (9%, down from 13%).

Travellers aged 25-44 are significantly more likely to be interested in several activities compared to general US travellers. These include city activities such as: nightlife, shopping for clothes and shoes, spa/wellness, and culinary tours/classes. They are also significantly more likely to be interested in guided airplane/helicopter tours and RV rentals as well as the following outdoor activities: camping, fishing/hunting, kayaking, ziplining, skiing/snowboarding, mountain biking, and scuba diving.

The top ten activities among travellers aged 25-44 are all similar to that of the general US traveller, with slightly different ordering, and the exception that art galleries/museums are replaced by breweries/wineries.

General Activities/Places Interested In – All Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=4472)
QMP10. In general, what activities or places are you interested in while on holiday?

/ Significantly higher/lower than 2017 GTW wave.

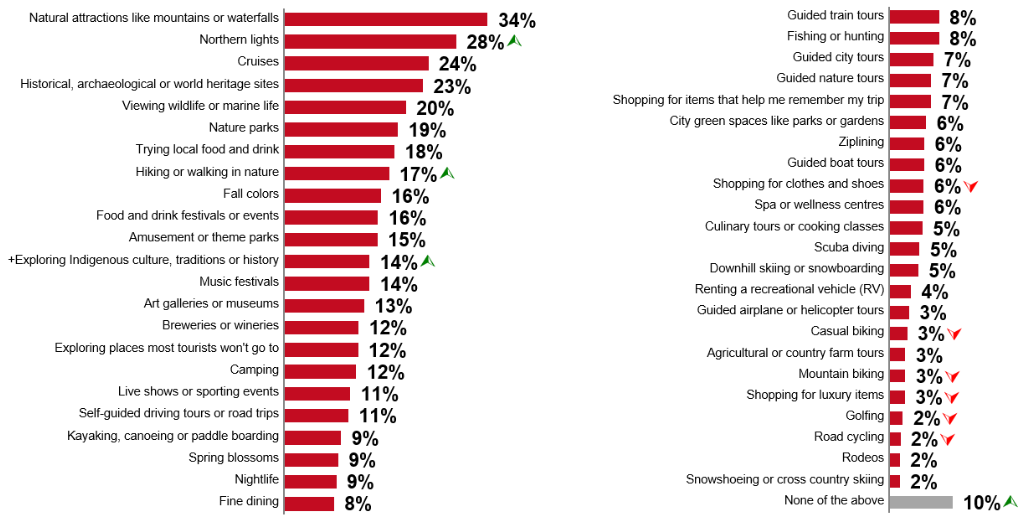
Trip Anchor Activities

A question added in 2017 asked US travellers which vacation activities are important enough that they would base an entire trip around them. Consistent with 2017, natural attractions (34%), seeing the Northern lights (28%, up significantly from 23% in 2017), cruises (24%), and historical sites (23%) are the top trip anchor activities. Interest in wildlife viewing (20%) is in 5th place in 2018 (compared to 7th place in 2017). With the exception of cruises, all of the top trip anchor activities are also among the top activities of interest among US travellers. Given that US travellers are willing to anchor a trip around these activities, messaging about their availability in Canada is suggested. These anchors are particularly important to highlight at the creating a vacation movie stage of the Path-to-Purchase since travellers are looking to create a framework around what their trip could look like.

While not top trip anchors, several activities are down significantly in 2018 including: shopping for clothes and shoes (6%, down from 8% in 2017), casual biking (3%, down from 5%), mountain biking (3%, down from 4%), shopping for luxury items (3%, down from 4%), golfing (2%, down from 4%), and road cycling (2%, down from 3%). There are also two significant increases to note: hiking or walking in nature (17%, up from 15% in 2017) and Indigenous culture (14%, up from 11%, although this shift may be attributable to the wording change from Aboriginal).

The top trip anchor activities for travellers 25-44 are similar to those of the general US traveller population. The only exception is amusement/theme parks which fall into the top 10 for this group while fall colours does not.

Trip Anchor Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) answering (n=4425)
MP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

/ Significantly higher/lower than 2017 GTW wave.

Barriers

HIGHLIGHTS

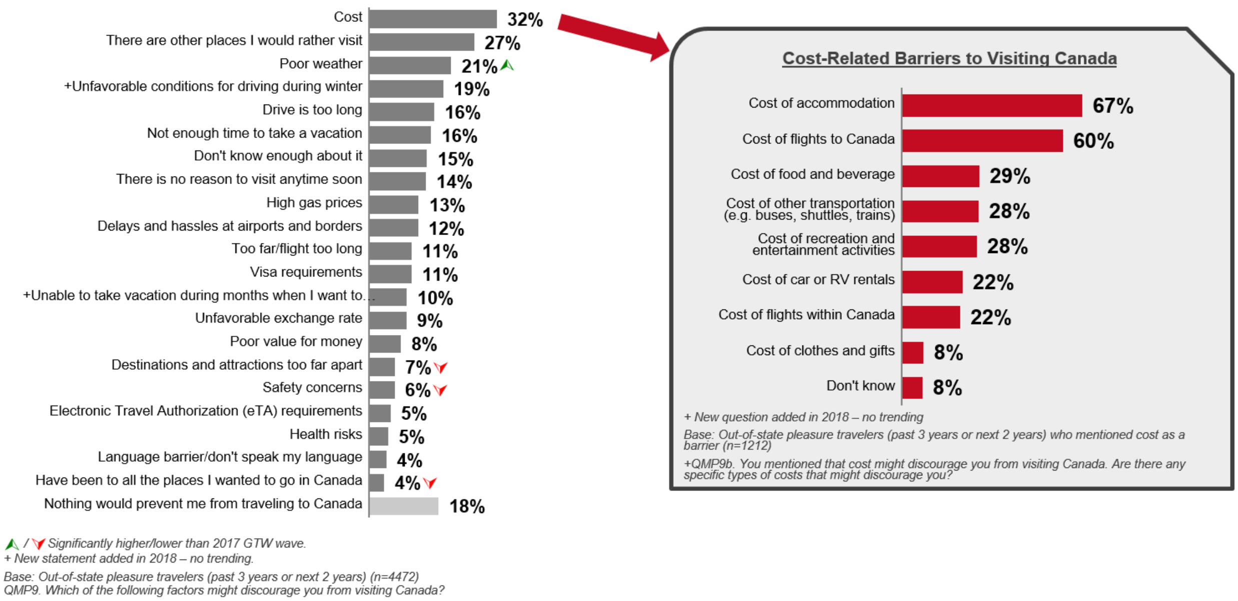
- ✓ *The cost of accommodation and flights to Canada are the greatest concerns among those citing cost as a barrier.*
- ✓ *Mentions of poor weather have risen significantly, making it the 3rd most common deterrent in 2018.*

All US out-of-state travellers were asked what could prevent them from visiting Canada. Unchanged from 2017, cost continues to be the primary deterrent (32%). The next most frequently cited impediments include the desire to visit other places (27%) and the perception that Canada has poor weather (21%, a significant increase from 16% in 2017).

There are some significant decreases to note in 2018: destinations/attractions being too far apart (7%, down from 9% in 2017), concerns about safety (6%, down from 9%), and having been to all the places they want to go in Canada (4%, down from 5%). A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of accommodation (67%), followed by flight costs to Canada (60%) are the greatest cost related concerns.

While cost continues to be the top barrier among those who have visited Canada in the past (27%), they are much less likely to cite it as a barrier compared to those who have never been (40%). Past visitors are more likely to mention high gas prices (14% versus 10%) and unfavourable exchange rates (11% versus 7%) compared to those who have never been. However, past visitors are also more inclined to say nothing will prevent them from visiting (20% compared to 13%).

Key Barriers for Visiting Canada



Recent Trip Profile

HIGHLIGHTS

- ✓ *Visitors to Canada were significantly less influenced by safety in 2018. Repeat visitation was also mentioned significantly less as a motivator among this group.*
- ✓ *Among visitors to Canada, the most popular way to book flights and accommodation is still with a travel agent/tour operator, but usage is significantly lower than it was in 2017. Instead, booking direct is on the rise.*
- ✓ *The propensity to use a luxury property is considerably higher among visitors to Canada compared to all US travellers. The use of rental houses/apartments has seen a significant increase, while other budget-friendly options such as camping and a hostel/dormitory have seen significant decreases.*

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

Trip Purpose

The primary reason for travelling among all US out-of-state travellers, generally (51%) and to Canada specifically (66%), continues to be for vacation purposes. Visiting friends and relatives (VFR) is the 2nd most cited reason for travel (31% of all trips), but is less important for trips to Canada (17%).

Motivators

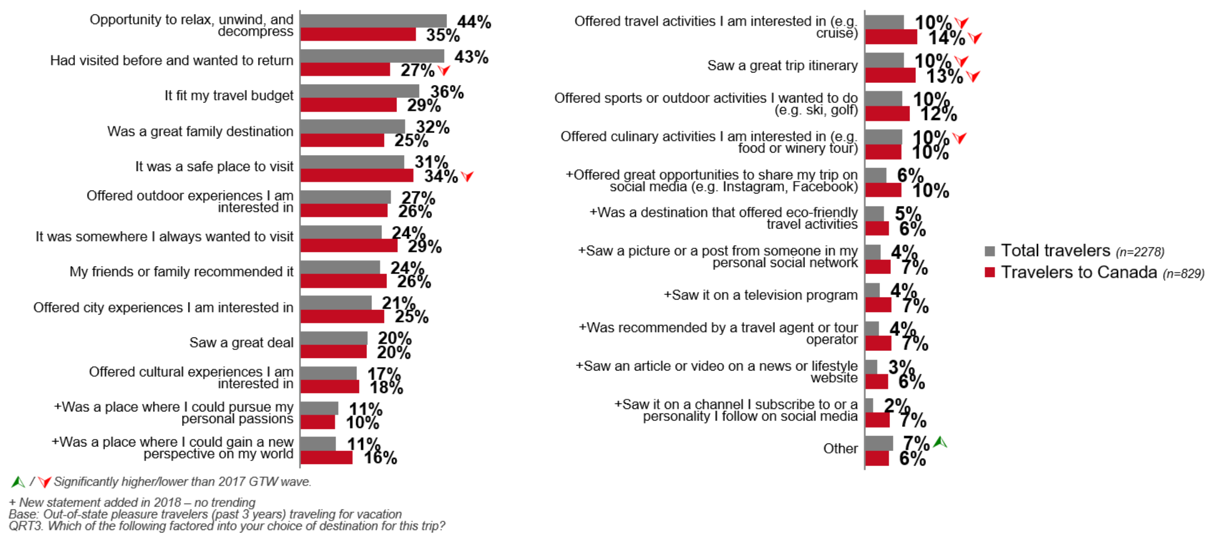
Those travelling for vacation purposes were asked about factors which influenced their choice of destination.

The desire to relax and decompress continues to be the primary reason for selecting the vacation destination, both among travellers generally (44%) and visitors to Canada (35%). Repeat visitation ranks as the second most influential factor for destination selection among US travellers generally (43%); however, this is a relatively less important reason for choosing to visit Canada (27%). Instead, safety is the second most important motivator for US travellers choosing to visit Canada (34%).

Among all US travellers, interesting travel activities was mentioned significantly less as a motivator in 2018 (10%, down from 15% in 2017), as are mentions of a great trip itinerary (10%, down from 15% in 2017), and culinary activities (10%, down from 13% previously).

Visitors to Canada were less influenced by safety in 2018 (34%, down from 40% in 2017). Repeat visitation (27%, down from 35% in 2017), interesting travel activities (14%, down from 20%), and great trip itinerary (13%, down from 21%) were also mentioned significantly less as motivators among recent visitors to Canada.

Factors Influencing Destination Selection

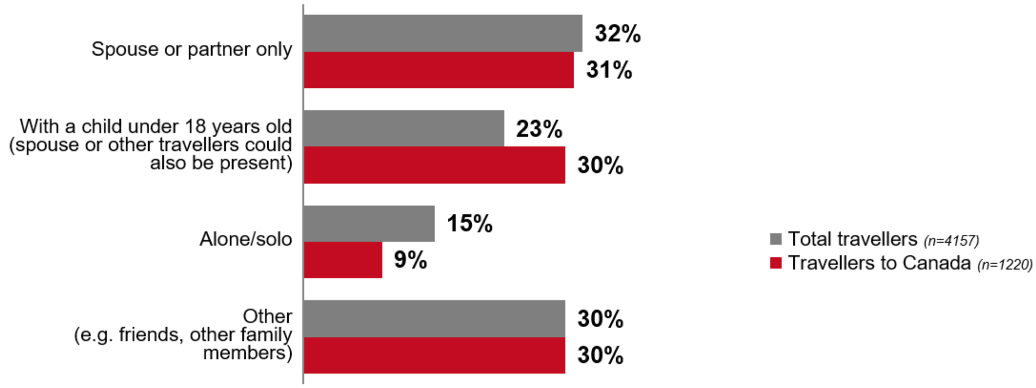


Travel Party

US travellers to any long-haul destination travelled solely with their spouse or partner (on a couple's trip) for 32% of total trips. Those travelling with children under the age of 18 accounted for 23% of total trips (down from 28% in 2017), while solo travel made up an additional 15% of trips. The remaining 30% of trips were a combination of other travel parties, such as travelling with other family members, friends, or business colleagues.

Among those who travelled to Canada, 31% travelled solely with their spouse or partner. The proportion travelling with children under 18 to Canada is 30%, which is one of the larger family travel markets for Canada (behind only India). Solo travel accounted for an additional 9% of trips. The remainder of trips (30%) consisted of other travel parties.

Travel Party

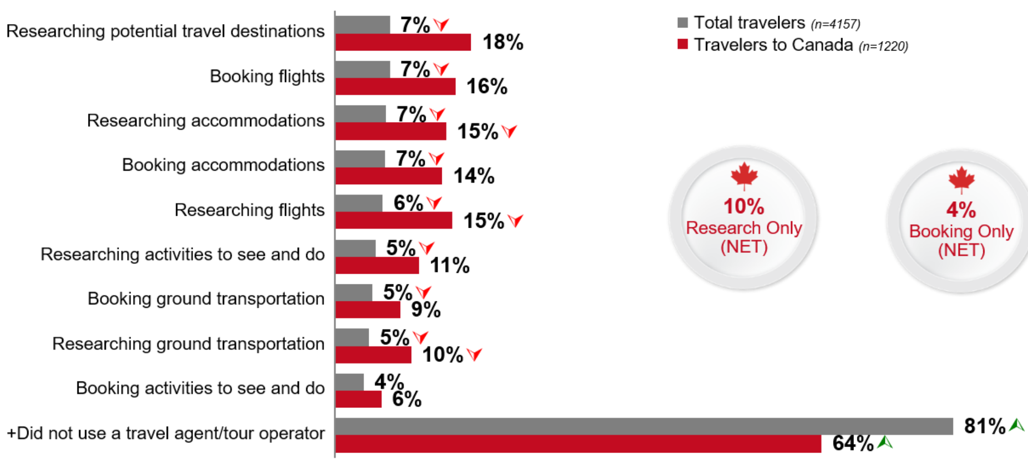


Base: Out-of-state pleasure travelers (past 3 years)
QRT4. With whom did you travel on this trip?

Booking

Nineteen percent of all US travellers report consulting a travel agent/tour operator on their most recent out-of-state trip for either planning or booking purposes. This is significantly less than those who did so in 2017 (29%). Travel agent/tour operator use is also significantly lower among recent visitors to Canada (36% down from 46% in 2017). Among travellers generally, there are significant decreases in the use of a travel agent/tour operator in all steps of the researching and booking process in 2018. For those who visited Canada, there are significant decreases for researching accommodation (15%, down from 19%), researching flights (15%, down from 22%), and researching ground transportation (10%, down from 13%).

Travel Agent/Tour Operator Usage



/ Significantly higher/lower than 2017 GTW wave.
+ 'Tour operator' was added to the question in 2018 – review trending with caution
Base: Out-of-state pleasure travelers (past 3 years)
QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

In terms of flights, the most popular way to book is a trip to any destination is directly with the airline (25%), followed by booking through online booking engines (18%). Travel agents/tour operators are used by just 15% of travellers for booking flights, and usage dropped significantly (down from 25% in 2017).

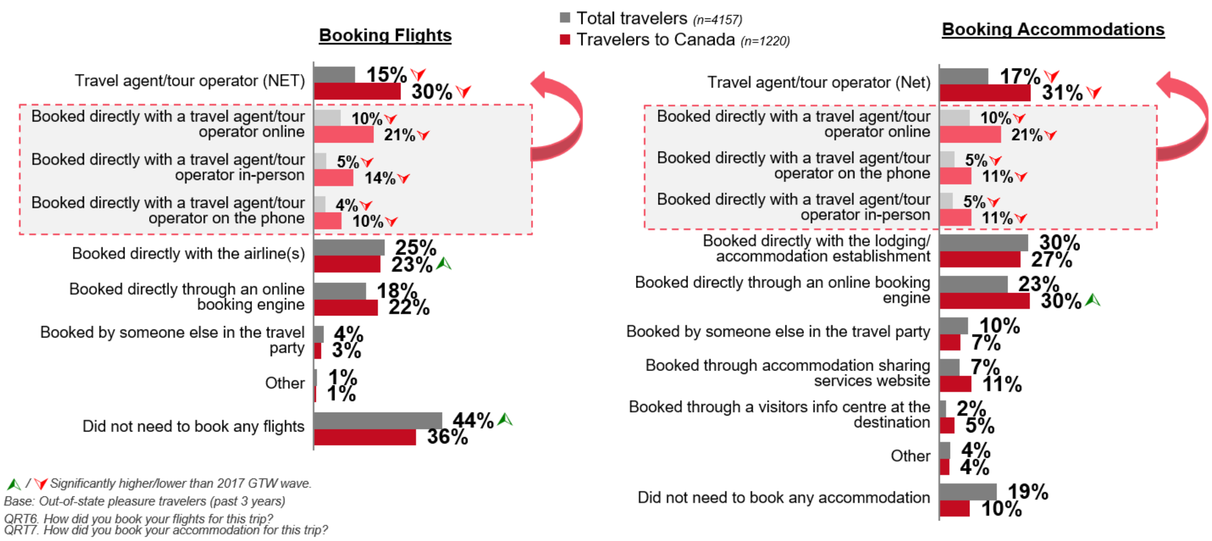
The pattern for trips to Canada is different, with travel agent/tour operator use being the most popular way to book, although it is significantly lower than 2017 (30%, down from 41%). Booking with a travel agent/tour operator online is still the most prevalent way of booking flights through a travel agent/tour operator, but use is down significantly in 2018 (21%, down from 28% in 2017).

Booking directly with the airline among travellers to Canada is up significantly (23%, up from 19%). Note that 44% of all out-of-state trips did not include a flight (significantly up from 36% in 2017). In addition, 36% of trips to Canada did not include flying, which suggests that US travellers are increasingly driving or taking other modes of transportation to their Canadian destination. This is supported by the fact that air arrivals in 2018 were down 3.1% from 2017, whereas auto arrivals (+2.4%) and other modes of arrivals (+10.1%) were up year-over-year.[4]

For accommodation, US travellers are most likely to book directly with the accommodation provider (30%) followed by booking directly through an online booking engine (23%). Booking with a travel agent/tour operator is down significantly in 2018 (17%, down from 26% in 2017).

Among those who visited Canada, using a travel agent/tour operator to book accommodation is still most prevalent but has decreased significantly in 2018 (31%, down from 44% in 2017); declines are evident across all travel agent/tour operator channels. Use of online booking engines is on the rise (30%, up significantly from 23% in 2017), and is followed by booking directly with the accommodation provider (27%).

Booking of Flights and Accommodations



Seventeen percent of US travellers to any destination indicated that at least a portion of their trip was part of an organized group tour (down significantly from 26% in 2017). The proportion taking organized group tours among recent visitors to Canada is higher but also down significantly in 2018 (31%, down from 45% in 2017).

Most group tours to Canada are booked with a travel agent/tour operator (85%), with booking through a travel agent/tour operator online being most common (60%). Use of online booking engines is on the rise for group tours to Canada (29%, up significantly from 19% in 2017).

[4] Destination Canada, Tourism Snapshot, December 2018.

Type of Accommodation

Overall, US travellers continue to prefer mid-priced hotels (43%) for accommodation, followed by luxury hotels (22%, down significantly from 26%). While representing only a small proportion of accommodation options when travelling, there are significant drops for most other accommodation types in 2018 including: budget hotel/motel (14%, down from 17%), home of friends or relatives (12%, down from 15%), camping (5%, down from 6% previously), hostel or dormitory (3%, down from 5%) and staying at a cottage/second home (3%, down from 5% in 2017).

Recent US visitors to Canada also stayed at mid-priced hotels most often (41%). The propensity to use a luxury property is considerably higher among visitors to Canada than general US travellers (33% compared to 22%). The use of rental houses/apartments was up significantly in 2018 (19%, up from 13% in 2017), while other budget-friendly options such as camping (9%, down from 13%) and a hostel/dormitory (4%, down from 10%) have seen significant decreases.

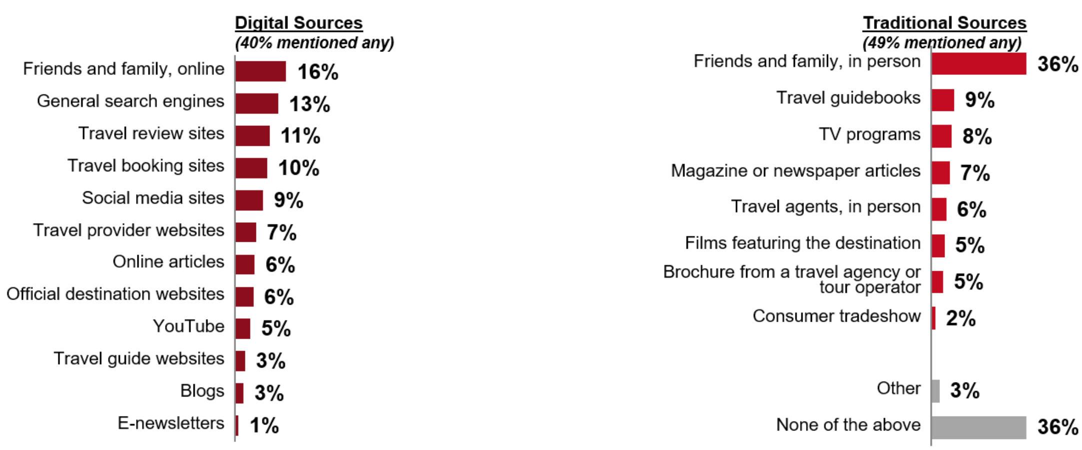
Information Sources

HIGHLIGHTS

✓ *US travellers are most likely to have booked a trip based on recommendations from friends and family, both in-person and online.*

A new question added in 2018 asked US travellers whether they had booked a trip in the past three years based on a recommendation from any sources. The top source by a wide margin is personal recommendations from friends and family (36%), followed by friends and family online (16%), and general search engines (13%). Travel review sites (11%) and travel booking sites (10%) were the next most influential.

Influence of Sources in Destination Selection



+ New question added in 2018 – no trending,
Base: Out-of-state pleasure travelers (past 3 years or next 2 years) (n=4472)
+MT5. In the past 3 years, have you booked a trip based on a recommendation from any of the following sources?