DESTINATION CANADA

Global Tourism Watch

2017 Germany Public Summary Report

Canada

Table of Contents

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 German market: the US, India, Thailand, Australia, China, South Africa, Japan, Iceland, and South Korea. The countries included represent 95% of the outbound travel volume to long-haul destinations which are considered direct competitors to Canada (e.g., non-beach destinations).

Methodology

Data was collected via an online survey and has been weighted to represent the German long-haul travel population. The target population in Germany was residents aged 18 years and older, who have taken a long-haul pleasure trip outside of Europe, North Africa and the Mediterranean where they had stayed at least 4 nights with a minimum of 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 1,505 respondents in Germany, including 301 recent visitors to Canada, in July 2017. Results are compared against the previous GTW wave (data gathered in December 2016). In addition, select comparisons are made to the 2017 Pulse Check study conducted in November 2017. The Pulse Check is a shorter version of the GTW study, conducted to monitor movement of key metrics on a more frequent basis.

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

Study Overview: Germany Market

The target population are residents aged 18 years and older, who have taken a long-haul pleasure trip, where they had stayed at least 4 nights with a minimum of 1 night in paid accommodation in the past 3 years, or plan to take such a trip in the next 2 years.

Timing of Fieldwork

JUL

2017

Geographical Definition for Qualified Trips

Outside of: Europe, North Africa and the Mediterranean

GTW Sample Distribution

Sample distribution:	**National**
Recent visitors to Canada:	**301**
Other travellers:	**1,204**
Total sample size:	**1,505**

Seasonality

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

The only metric to see significant variation is the proportion visiting Canada previously, which rose to 33% in the 2017 wave of the GTW (up significantly from 29% in 2016) and remains consistent at 34% into the Pulse Check wave. The fact that only one metric was significantly different suggests seasonality of survey fielding does not affect results for Canada in the German market.

Key Metrics Tracking

	Pulse Check 2017 (November 2017) *(n=500)*	**GTW 2017 (July 2017)** *(n=1505)*	**GTW 2016 (December 2016)** *(n=1509)*
Unaided Consideration of Canada	**9%**	**8%**	**9%**
Aided Consideration – Canada	**34%**	**38%**	**36%**
Destination Knowledge (Top2Box) – Canada *(Among those considering Canada)*	*(n=184)* **34%**	*(n=730)* **40%**	*(n=705)* **39%**
Actively Planning a Trip to Canada	**15%**	**13%**	**11%**
Past Visitation to Canada	**34%**	**33%** ▲	**29%**

▲ / ▼ Significantly higher/lower than previous wave.

Background

Germany has the largest national economy in Europe. According to the IMF GDP Nominal ranking, Germany is the fourth largest economy in the world, with 4.6% share of global GDP (*International Monetary Fund, October 2017*).

At the time of data collection, a federal election was looming, with Angela Merkel, Chancellor of Germany and leader of the centre-right Christian Democratic Union, running for a fourth term. Despite the political uncertainty in the run-up to September's federal election, the spectre of Brexit, and elections earlier in the year in the Netherlands and France, leading economic indicators in Germany reached multi-year highs during the first half of 2017 (*Knight Frank, H2 2017*). In October 2017, the IMF raised Germany's growth forecast to 2.0% for 2017, and 1.8% for 2018 (*International Monetary Fund, October 2017*).

The outlook for the labour market remained strong halfway through 2017, although the upswing in employment was expected to soften into 2018. In June 2017, Germany's unemployment rate fell to 3.8%, the lowest jobless rate since November 1980, and a 0.4% improvement over the previous year. Unemployment forecasts predicted unemployment rates to level out at 3.8% by the end of 2017, and rise to 4.0% in 2018 (*Trading Economics, July 2017*).

Inflation rose from 1.6% to 1.7% in July 2017, overshooting market expectations by 0.2%. Consumer prices were expected to increase by 1.8% in August 2017 (*Trading Economics, July 2017*). Overall, for 2017, inflation is projected to average 1.6%, and to remain relatively stable at 1.5% in 2018 (*International Monetary Fund, October 2017*).

Germany's consumer confidence index stood at 56.8 points in July 2017, an increase of 1.3 since January 2017 (*Thomson Reuters/Ipsos Primary Consumer Sentiment Index, July 2017*). It is the highest of any European nation. Further, consumer confidence is forecasted to continue to improve into 2018 (*Trading Economics, July 2017*), boding well for travel.

Record levels of migration to Germany in recent years have eased concerns around the aging population. While policies are being considered to raise the age of retirement, the reduction in the labour supply might not be as drastic as was previously feared. According to the government's latest calculations, Germany's population could remain above 80 million until 2060 *(Project Syndicate, April 2017*).

German residents took nearly 91 million trips abroad in 2016. Germany is the world's 3rd largest outbound market in terms of tourism expenditures, which increased 3% in 2016 to $80 billion US (*United Nations World Tourism Organization, April 2017*).

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market increased significantly from the previous year: 5.10 million travellers are definitely or very likely to visit Canada in the next 2 years (versus 4.38 million in 2016).*
- ✓ *Germany has moved into 4th spot in immediate potential market size (from 6th place in 2016), passing the UK and France.*
- ✓ *The difference between the proportion of German travellers saying they will spend more on long-haul travel and those saying that they will spend less has increased, resulting in an improved long-haul outlook of +4 in 2017, up significantly from +1 in 2016.*

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 German market for Canada in two ways – the macro target market and the immediate potential market.

The long-haul travel market size is derived from a 2016 omnibus study of the German adult population. Long-haul travel incidence is comprised of travellers who indicate that they have travelled for a long-haul 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 (62%, versus 60% in 2016) is used to calculate a target market estimate of 12.23 million.

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 (42%, up significantly from 37% in 2016). This translates into a market of 5.10 million travellers with more immediate potential for conversion, up from 4.38 million in 2016.

Among Destination Canada's ten international markets, Germany was ranked 4th in immediate potential market size (behind the US, China, and South Korea). Germany was 6th in immediate potential in 2016, but has moved ahead of the UK and France in 2017. In terms of actual visitation, Germany remains in 5th spot among Destination Canada's international markets in 2017[1]. This means there is room for growth in the German market.

For context, Canada attracted 388,000 visitors from Germany in 2017, slightly more than the 369,000 visitors from Germany in 2016[2]. The 388,000 arrivals represent 8% of the immediate potential market.

Size of Potential Market to Canada (Next 2 Years)

Measure	Size of Potential Market to Canada
Long-haul pleasure travel market	**19.88 million**
Target market for Canada (dream to purchase stage)	**62%**
Size of the target market	**12.23 million**
Immediate potential for Canada (definitely/very likely to visit in next 2 years)	**42%** ▲
Immediate potential	**5.10 million**

▲ / ▼ Significantly higher/lower than 2016.

Base: Target market for Canada = long-haul pleasure travellers (past 3 years or next 2 years) (n=1505); Immediate potential for Canada = dream to purchase stages for P2P for Canada (n=976)

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?

Also of interest is the demonstrated interest in Canada's regions among the Immediate Potential market (5.10 million). Ontario has surpassed BC in 2017, appealing to to 54% (or 2.75 million potential visitors) versus 52% in 2016. BC was picked by 52% (or 2.66 million potential visitors), versus 55% previously. Quebec is solidly in 3rd spot in 2017, appealing to 49% of potential visitors (2.49 million), up from 44% previously. Interest in Alberta has dropped to 35% of potential visitors (1.77 million), down from 42% in 2016.

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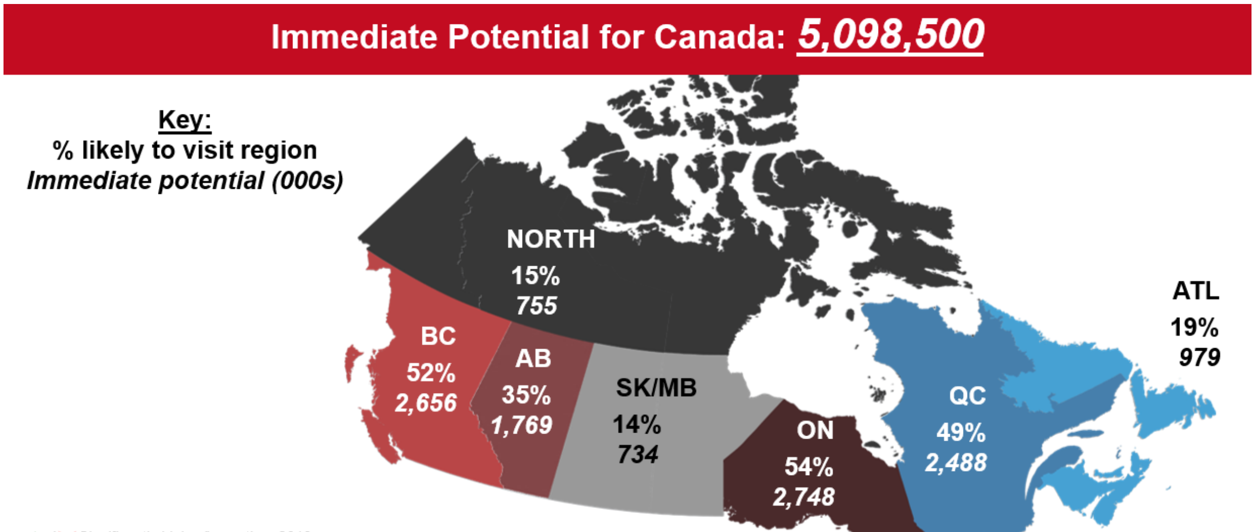
1 *Destination Canada, Tourism Snapshot, December 2017.*
2 *Destination Canada, Tourism Snapshot, December 2016 & December 2017.*

There is growing separation levels for Quebec and Alberta among German travellers – although the individual results in 2017 are not significant changes for either province, interest in Quebec and Alberta were more in-line in 2016 (44% and 42%, respectively).

Potential Market Size for the Regions



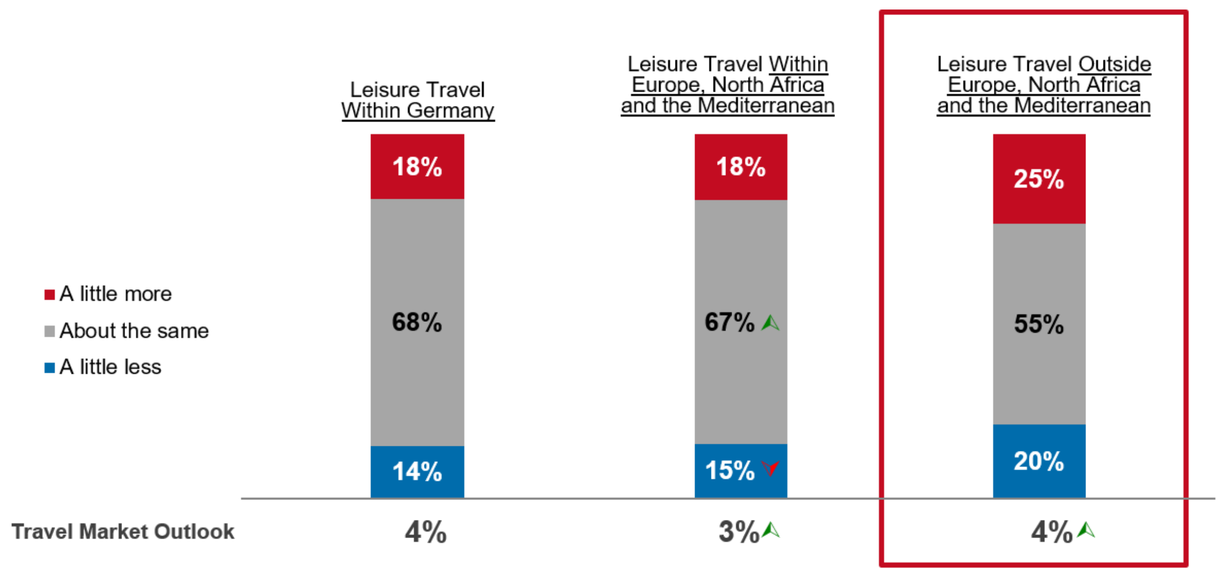
/ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=440)

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?

In light of the strong economic environment, it is not surprising that long-haul travel intentions are improving. The difference between the proportion of German travellers saying they will spend more on long-haul travel and those saying that they will spend less has increased, resulting in a long-haul outlook of +4 in 2017, up significantly from +1 in 2016. The short-haul travel outlook is also improving, growing significantly from +1 in 2016 to +3 in 2017. German travellers' intentions to travel within the country remain relatively stable (outlook of +4, versus +5 in 2016).

Spending Intentions (in the Next 12 Months)



/ Significantly higher/lower than 2016.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)

QS2. How would you describe your spending intentions on the following items in the next 12 months, compared to the last 12 months? Will you spend …?

Competitive Environment – Key Performance Indicators Summary

HIGHLIGHTS

- ✓ *Canada achieved the highest NPS result among the competitive set, narrowly ahead of Australia.*
- ✓ *Canada dropped below Australia in unaided consideration while the US saw a significant increase in mentions.*

The GTW tracks the following Key Performance Indicators (KPIs) for Canada: unaided and aided destination consideration, aided destination knowledge, and past visitation. Canada's performance is tracked against key competitors for the long-haul travel market. For Germany, these destinations are the US, India, Thailand, Australia, South Africa, Japan, China, South Korea and Iceland.

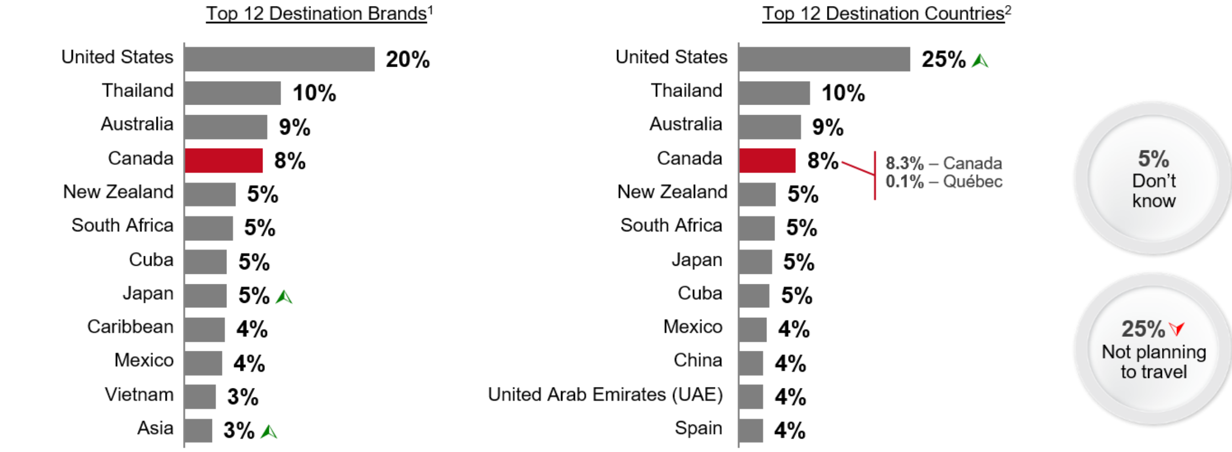
The outlook for Canada in Germany remains favourable. Out of the 10 competitive destinations that respondents were asked to evaluate, Canada continues to be 2nd to the US on aided consideration and 3rd on destination knowledge (behind the US and Thailand), while dropping to 4th (down from 3rd in 2016) on unaided consideration (behind the US, Thailand and Australia).

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, 8% of German travellers mentioned Canada as a destination under serious consideration in the next 2 years, similar to 2016 (9%). Australia jumped ahead of Canada in 2017, shifting Canada to 4th spot, also behind the US and Thailand. Of note, unaided mentions of the US increased significantly this year (25%, up from 21% in 2016).

Those who have visited Canada recently are more likely to mention Canada on an unaided basis (24%). Very few specific places in Canada were mentioned by German long-haul travellers, with the majority just saying Canada, suggesting knowledge of specific Canadian destinations remains low.

Unaided Long-Haul Destination Consideration (Next 2 Years)



Significantly higher/lower than 2016.

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

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of Europe, North Africa and the Mediterranean 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, 38% percent say they are seriously considering Canada for a leisure trip in the next 2 years, consistent with 2016 (36%). Canada remains in 2nd place behind the US (42%) and substantially ahead of 3rd place Australia (27%). Of note, South Africa saw a significant increase (24%, up from 20% in 2016).

Recent visitors to Canada rank Canada first overall in aided consideration among all destinations in the competitive set. Knowing that past visitors are more interested in returning, it is also important to attract new visitors, with younger travellers continuing to represent a greater long-term opportunity. Younger travellers aged 25-34 express stronger than average interest in several destinations, including the US, Thailand, and Japan. Canada does not see any significant differences among age groups or target segments.

Knowledge

Aided destination knowledge measures knowledge of travel opportunities in each destination among those with that destination in their consideration set. Twenty-six percent of all German long-haul travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, slightly higher than 2016 levels (23%). Among those considering Canada, destination knowledge stands at 40%, similar to 2016 (39%). Canada remains in third spot behind the US (49%) and Thailand (42%) on this metric. Of note, knowledge of Japan increased significantly this year (40%, up from 28% in 2016). Efforts to boost knowledge of Canadian travel opportunities could pay off by helping to move potential visitors along the path-to-purchase.

Visitation

In terms of past visitation, 33% of German long-haul travellers indicate that they have visited Canada on a leisure trip at some point in their lifetime, which is significantly higher than in 2016 (29%). Those considering a trip to Canada are considerably more likely to have visited previously (51%). Messaging designed to encourage a repeat visit is recommended since past visitors to Canada voice considerably higher interest in returning.

Key Performance Indicators

Indicator	Definition	All Long-Haul Travellers (n=1505)	Recent Visitors to Canada[1] (n=301)	Considering Canada[2] (n=503)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**8%**	**24%**	**23%**
Competitive positioning on destination consideration	Rank on the consideration list among 10 destinations	**2**	**1**	**1**
Destination knowledge:				
Aided awareness of travel opportunities in Canada	% with excellent/very good knowledge of travel opportunities in Canada	**26%**	**57%**	**43%**
Past visitation:				
Past visitation	% who have ever visited Canada for pleasure	**33%** ▲	**98%**	**51%**

▲ / ▼ Significantly higher/lower than 2016.

1 Visited Canada in the past 3 years (pleasure trip of 4 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: Long-haul pleasure travellers (past 3 years or next 2 years)

QS8. You mentioned that you are likely to take a long-haul holiday trip outside of Europe, North Africa and the Mediterranean 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 holiday opportunities in each of the following destinations (asked only for destinations in consideration set)?
QRT14a. Approximately, how many times have you been to Canada?

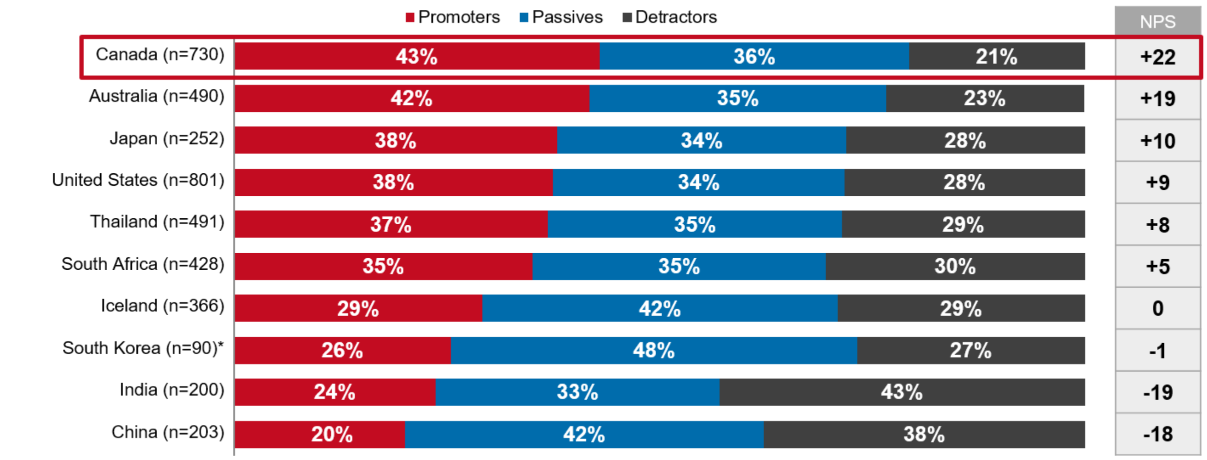
Net Promoter Score (NPS)

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

Canada achieves the highest NPS result among German travellers (+22). Australia follows with a NPS result of +19. There is a considerable gap between the top-ranked destinations and the next closest competitors, 3rd place Japan (+10) and 4th place US (+9). Detractors outnumber Promoters for three destinations in the competitive set, South Korea, China, and India, resulting in negative NPS assessments.

When the results for Canada are examined among recent visitors, the score rises to +38, underscoring the opportunity to capitalize on advocacy from recent visitors as well as encouraging them to return.

Net Promoter Score



+ New question added in 2017 – no trending.
** Small base size (<100), interpret with caution.*
Base: Long-haul pleasure travellers (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

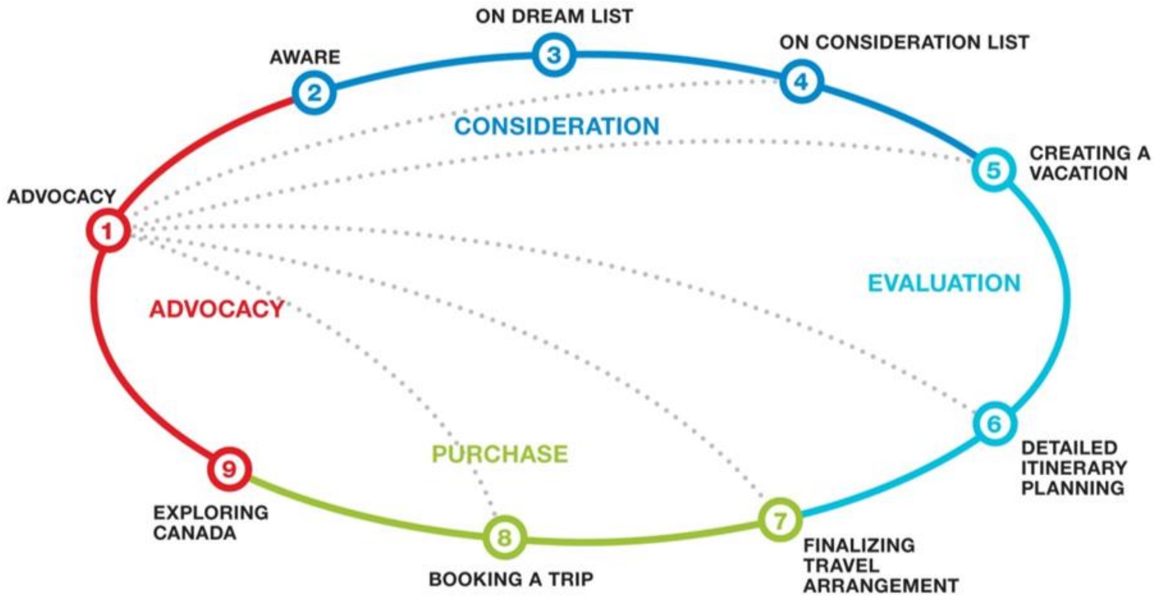
- ✓ *The US recorded a significant drop at the dreaming stage with much of the shift moving into the not interested stage; however, this was somewhat mitigated by marginal gains in the active planning phases.*
- ✓ *South Africa has significantly more travellers in the active planning phase and is now 2nd to the US.*
- ✓ *Younger travellers aged 25-34 are more likely to be actively planning a trip to Canada.*

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

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

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

Destination Canada's Path-to-Purchase Model



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

Destination Canada's Path-to-Purchase Model

Unaware	Have never thought of taking a trip to this destination
Aware	Not interested in visiting/returning in the foreseeable future
On Dream List	Dreaming about visiting/returning someday
On Consideration List	Seriously considering visiting/ returning in the next 2 years
Creating a Vacation Movie	Have started to gather some travel information for a trip to this 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

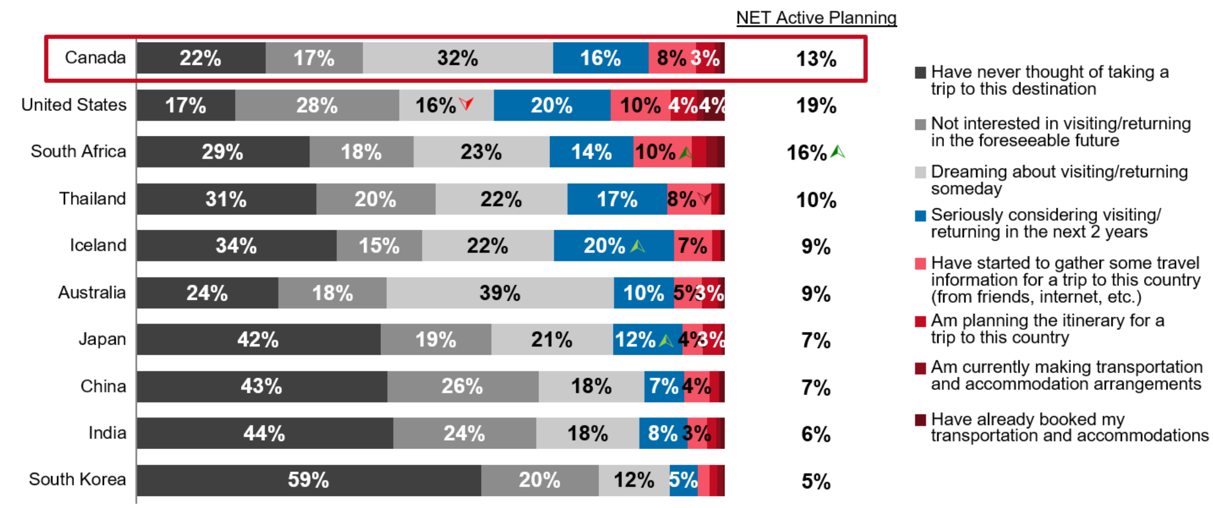
There are some shifts to note with top-ranked destinations in the competitive set. The US continues to lead, with 19% of German long-haul travellers actively engaged in planning a visit (versus 15% in 2016) and an additional 20% seriously considering a trip. Of note, the proportion in the dreaming phase has dropped significantly in 2017 (16%, down from 24% in 2016), with more German travellers indicating they are not interested in visiting the US (28%, compared to 21% in 2016); however, this was somewhat mitigated by marginal gains in the active planning phases for the US.

South Africa saw a significant increase in travellers in the information gathering phase (10%, up significantly from 5% previously) and in travellers actively engaged in planning a visit (16%, up significantly from 9% previously). South Africa is now ranked 2nd for active planning, compared to 5th spot (tied with Iceland) in 2016. South Africa has moved ahead of Canada (13%, compared to 11% in 2016), Thailand (10%, versus 12%), and Australia (9%, versus 11%). The increase in active planning results for South Africa remain stable into the 2017 November Pulse Check wave, which indicates that the shifts are not seasonal in nature and South Africa is becoming an emerging threat within the German travel market.

With 13% of German travellers actively planning a visit, Canada is in 3rd spot. Notably, younger travellers aged 25-34 are more likely to be actively planning a trip to Canada (17%). Canada also has the second largest proportion of travellers in the dreaming phase after Australia, suggesting it is an aspirational destination for many German travellers.

There are some shifts to note with other destinations in the competitive set: Japan and Iceland both recorded significant increases in the proportion indicating they are seriously considering a visit.

Stage in the Purchase Cycle by Country



▲/▼ Significantly higher/lower than 2016.

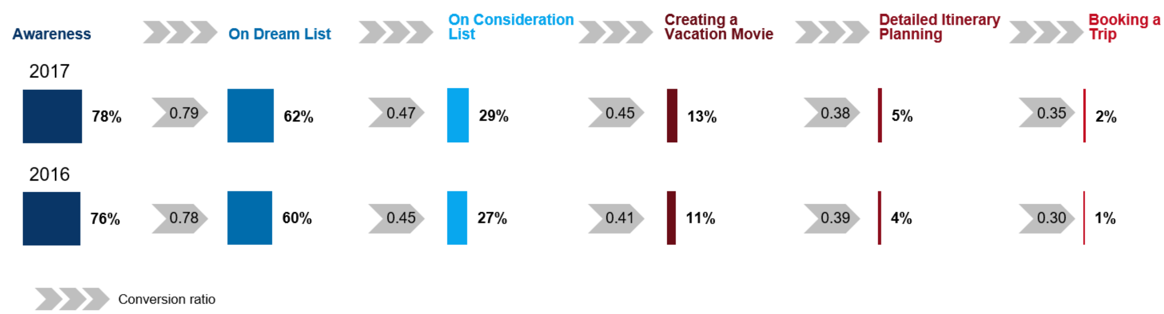
Base: Long-haul pleasure travellers (past 3 years or next 2 years) – note all respondents evaluated Canada plus 2 randomly selected countries from the competitive set (n=varies)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for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

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

At the dreaming stage, Canada's performance is above average in 2017 (compared to average in 2016). Although the proportion (0.79) is similar to 2016, Canada's performance at this stage is 'strong' compared to the competitive average in 2017. Canada's performance is weaker at converting travellers from the creating a vacation movie stage to the detailed itinerary planning phase. This could be a potential area of focus for Canada. At the detailed itinerary planning stage, travellers are primarily self-motivating and will explore the many sources available to build their dream trip; they seek authenticity and real-life experiences in their search for advice.

German travellers who are currently in the itinerary planning stage for Canada cite the following as the top sources of information that helped them plan their trip: travel guidebooks (36%), brochures from a travel agency/your operator (26%), magazines/newspaper articles (23%), general search engines (22%) and, friends and family, online (21%).

Path-to-Purchase Conversion – Canada

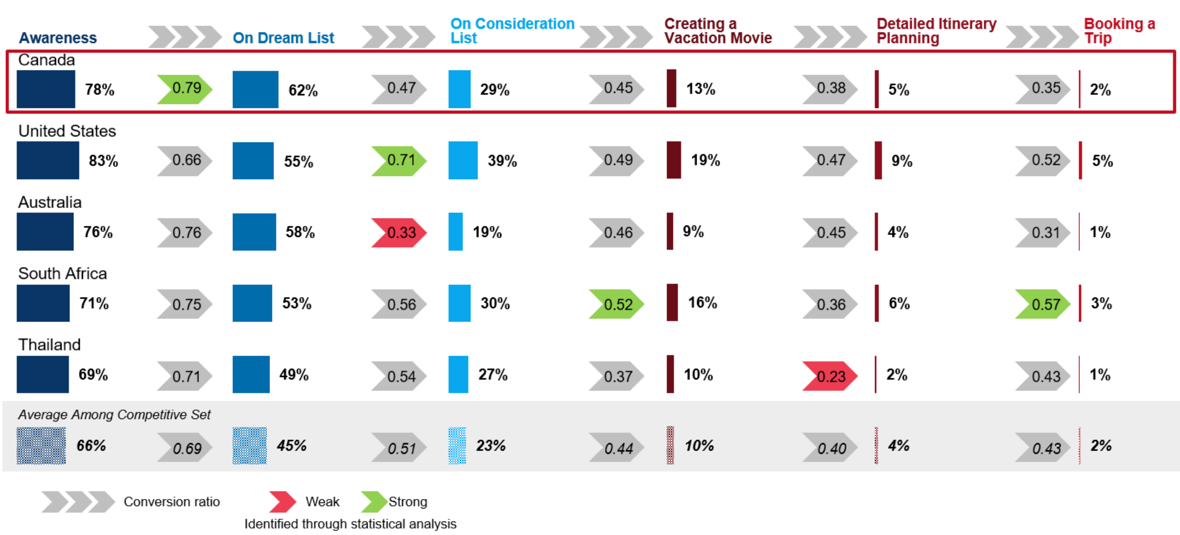


The US excels at getting on travellers' consideration list and South Africa recorded above average results at the creating a movie stage and booking a trip.

At the final stage, booking a trip, the US remains ahead of all other destinations, converting 5% of prospective visitors to actual visitors, versus 3% previously. Canada has converted 2% of German travellers into actual visitors, which is slightly higher than in 2016 (1%), while South Africa also improved conversion rates this year (3%, from 2%). In contrast, Thailand, Iceland, Japan and South Korea saw lower conversion rates this year (2%-3%, falling to 1%).

For context, the US recorded 2 million arrivals from Germany in 2016 and preliminary 2017 results show the market is flat. Thailand saw 849,000 in 2017, Canada welcomed 388,000 (up 5%), South Africa attracted 349,000 (up 12%), and Australia logged 207,000 arrivals (up 3%)[3].

Path-to-Purchase Conversion – Top Competitors



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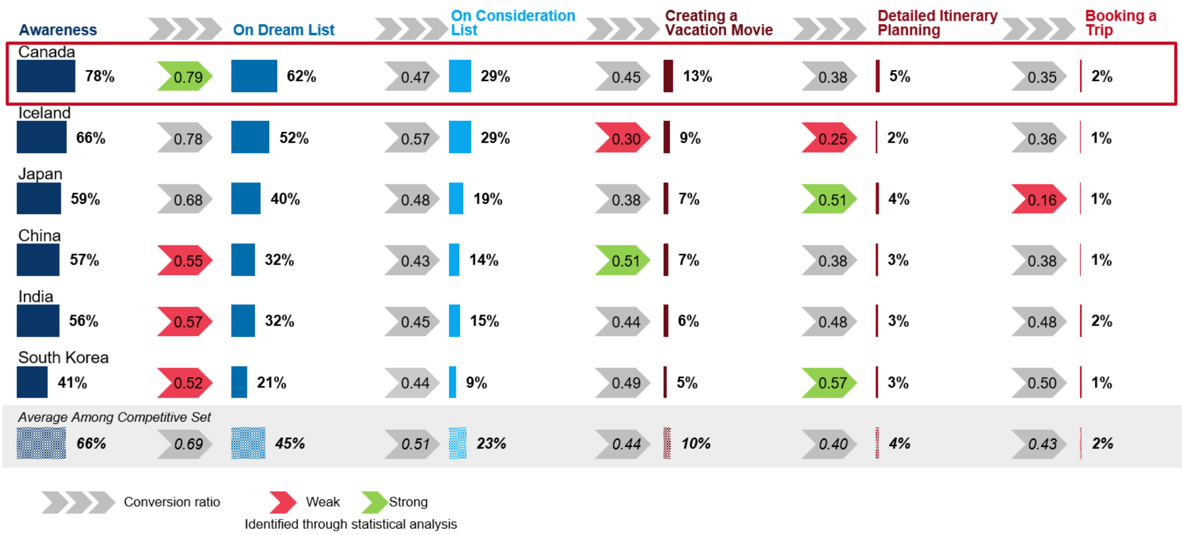
[3] Destination Canada, US National Travel & Tourism Office, Tourism Australia, Department of Tourism Thailand, South Africa Tourism Board.

Examining purchase cycle results for destinations visited less frequently by German travellers is also illuminating. Most notably, China, India and South Korea are all weaker performers at the dreaming phase. However, once on the dream list, China is seeing an above average conversion ratio between consideration list and creating a vacation movie, while South Korea is a strong performer between the vacation movie and detailed itinerary planning stages.

Path-to-Purchase Conversion – Rest of Competitors



Destinations

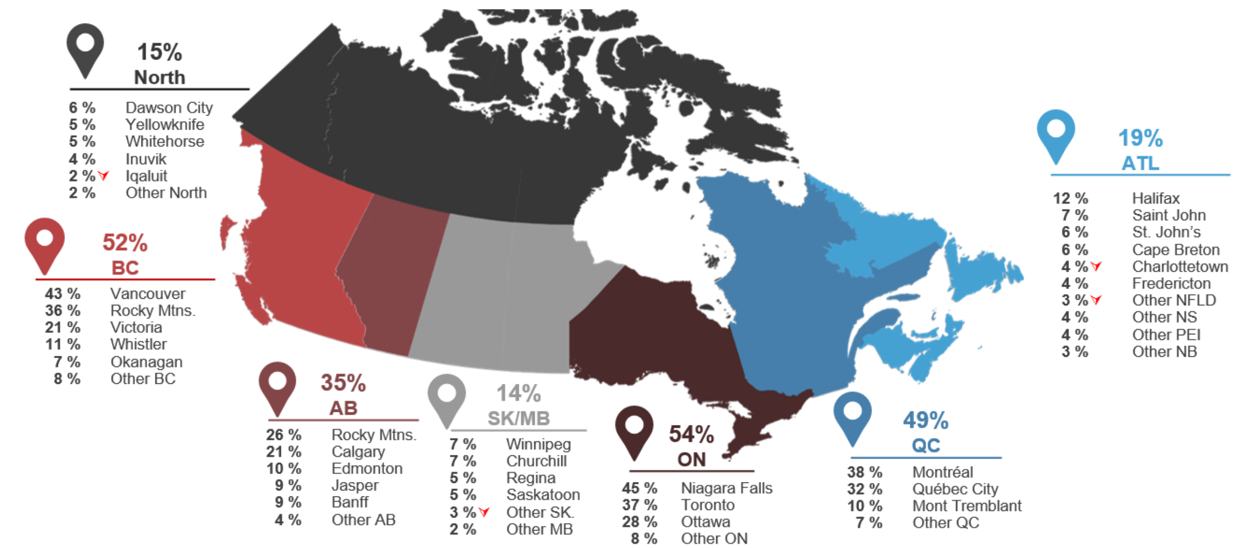
HIGHLIGHTS

- ✓ *Ontario moved ahead of BC as top region of interest. In addition, Quebec moved ahead of Alberta to take 3rd place, suggesting that German travellers are becoming more interested in the Eastern provinces at the expense of the Western regions.*
- ✓ *Quebec City recorded a significant increase in terms of most appealing destination.*

German 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. In 2017, Ontario (54% versus 52% in 2016) took the top spot from British Columbia (52% compared to 55%) as the most popular province. Niagara Falls (45%) and Toronto (37%) are the top Ontario destinations. However, Toronto is only the 3rd most popular city among German travellers, being surpassed by Vancouver (43%) and Montreal (38%). There is clear interest in visiting the Rocky Mountains, with 41% of probable visitors heading to BC for this experience and 32% saying they would go to Alberta for this.

Charlottetown (4%, down from 8%) and Iqaluit (2%, down from 5%) are the only destinations to record a significant shift in 2017; these declines do not seem to be related to seasonality since the lower proportions remain stable into the November 2017 pulse check wave.

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



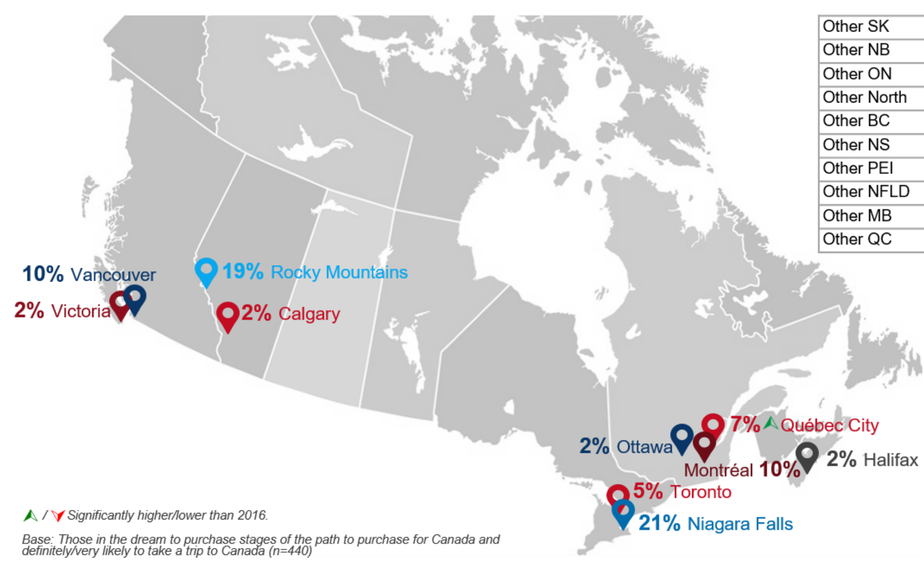
/ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=440)

QMP7. If you were to take a holiday trip to Canada in the next 2 years, which of the following Canadian travel destinations are you likely to visit?
QMP7a-g. Within [province/region], which travel destinations are you likely to visit?

An additional question asked potential visitors to identify the one Canadian destination holding the greatest appeal. Overall, Niagara Falls selected by 21% of prospective visitors, narrowly outperformed the Rocky Mountains (19%) in 2017. The top cities are Vancouver and Montreal (10% each), followed by Quebec City (7%) and Toronto (5%). Quebec City was the only destination to see a significant change (7%, up from 3% previously). Results suggest Canada's landscape-based icons (Rocky Mountains and Niagara Falls) still hold greater appeal for German travellers than city destinations and is consistent with the low level of knowledge German travellers generally have of Canadian vacation opportunities. There continues to be an opportunity to use well known natural landscapes as anchors and highlight their proximity to cities and lesser known/desirable destinations to attract German travellers.

Most Appealing Canadian Destination – Top 10 Mentions



Other SK	0.4%
Other NB	0.4%
Other ON	0.4%
Other North	0.4%
Other BC	0.3%
Other NS	0.3%
Other PEI	0.3%
Other NFLD	0.2%
Other MB	0.1%
Other QC	0.1%

Churchill	1.4%
Banff	1.4%
Cape Breton	1.2%
Edmonton	1.1%
Winnipeg	1.1%
Mont Tremblant	1.0%
Jasper	0.9%
Dawson City	0.8%
Saskatoon	0.7%
Okanagan	0.6%
Inuvik	0.4%
St. John's	0.4%
Whistler	0.3%
Fredericton	0.3%
Whitehorse	0.3%
Saint John	0.1%

/ Significantly higher/lower than 2016.

Base: Those in the dream to purchase stages of the path to purchase for Canada and definitely/very likely to take a trip to Canada (n=440)

QMP8. And, which place in Canada most appeals to you?

Vacation Activities

HIGHLIGHTS

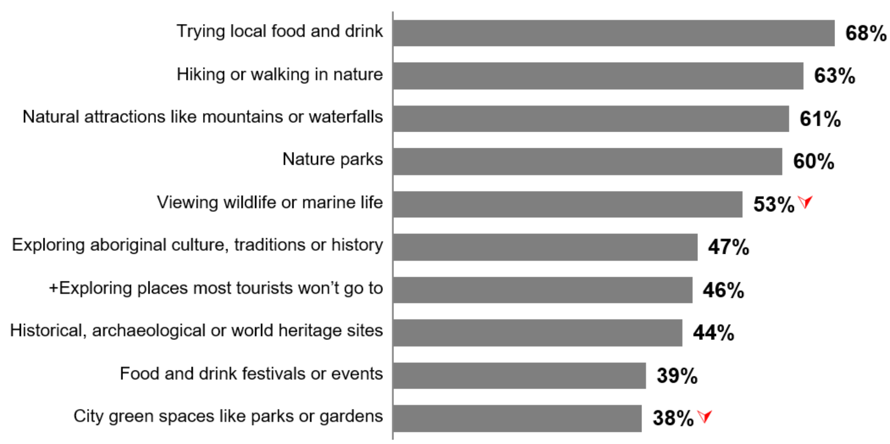
- ✓ *Nature-based activities including natural attractions, parks, wildlife viewing, and hiking are the top trip anchor activities for German travellers.*
- ✓ *Popular activities that Canada could better promote to German travellers include Northern lights, historic sites, food & drink festivals, guided city tours, guided nature tours, and exploring places most tourists won't go.*

German travellers were asked about which activities and experiences they seek while on holidays in general, regardless of the destination. The results are similar to 2016 with the exception of exploring places most tourists won't go (a new option added in 2017) in 7th spot and food and drink festivals in 9th place. Note shopping for souvenirs and clothes was previously 10th, but was split into two separate activities for 2017 and, as a result, neither activity appears in the top 10. While still in 5th spot, the popularity of wildlife viewing dropped significantly in 2017 (53%, down from 58% previously). Similarly, city parks saw a significant decline (38% compared to 42%) and is now in 10th spot.

The chance to sample local cuisine and drink remains the most sought-after holiday experience. This is followed by hiking/walking in nature, seeing natural attractions such as mountains and waterfalls, visiting parks, and viewing wildlife. Interest levels are relatively consistent across age groups for the top activities, with the exception of sampling local food & drink and natural attractions holding greater appeal for travellers aged 35+.

These results bode well for Canada, which can offer the full range of experiences German travellers say they seek.

General Activities/Places Interested In – Top 10

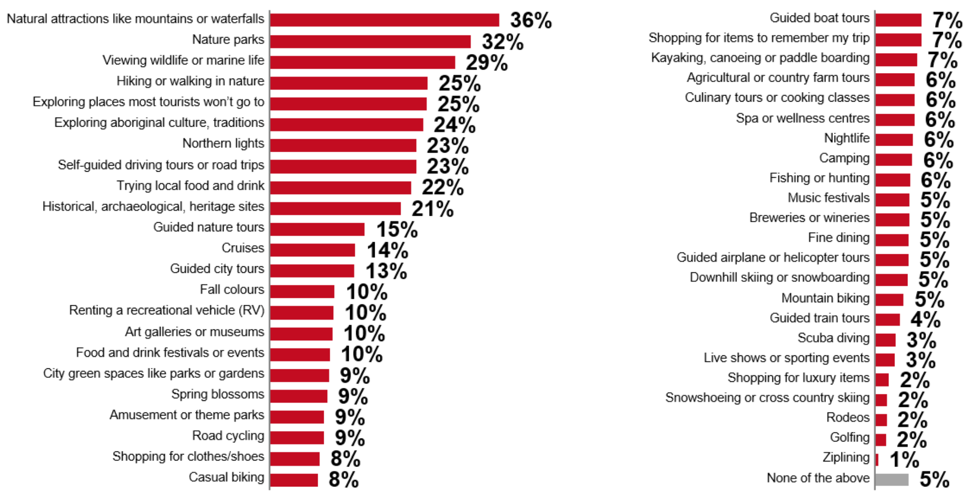


+ New response option added in 2017 – no trending.
/ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)
QMP10. In general, what activities or places are you interested in while on holiday?

Trip Anchor Activities

A new question added in 2017 asked German travellers which vacation activities are important enough that they would base an entire trip around them. Natural attractions (36%), nature parks (32%), wildlife viewing (29%), hiking/walking (25%), and exploring places most tourists won't go (25%) are the top trip anchor activities. All of these are also among the top activities of interest among German travellers. Given that German travellers are willing to anchor a trip around these activities, focus could be placed on messaging about their availability in Canada. These anchors are particularly important to highlight at the creating a vacation movie stage of the path-to-purchase since travellers are looking to build a framework around what their trip could look like.

Trip Anchor Activities



+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=1488)
+QMP12. Among these activities, are there any that are important enough that you would base an entire trip around that activity?

Activities of Interest & Participation in Canada

Another new question added in 2017 looks at participation in activities among recent visitors to Canada. Actual participation data is presented in tandem with general vacation interests to identify any gaps. The activities are grouped into "Popular" activities (those with above average interest among all activities) and "Niche" activities (those with below average interest). Gaps in participation are identified by calculating the proportion of recent visitors who participated in an activity versus general interest in an activity. Activities with below average participation are highlighted to indicate the largest gaps. In Germany's case, actual participation is higher than general interest for several activities – to account for this, the average is calculated only among those activities with actual participation gaps (participation rates under 1.0).

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

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

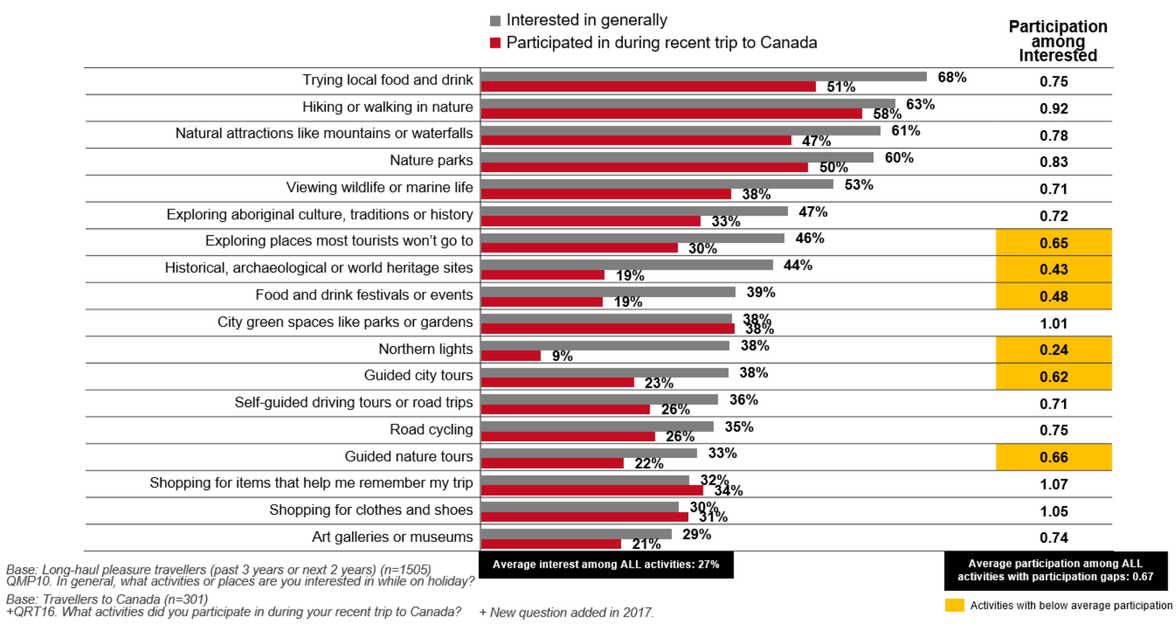
- Northern lights
- Historic sties
- Food and drink festivals
- Guided city tours
- Exploring places most tourists won't go
- Guided nature tours

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

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

German travellers also express that they would anchor a trip around exploring places most tourists won't go. Improved communication about off-the-beaten-path locales could promote further exploration to lesser-known areas. Historic sites, food and drink festivals, guided city tours, and guided nature tours are other activities where improved communication and marketing could increase participation. Although they are not among the top trip anchor activities, given the wide availability of marketable products, they are well positioned as add-ons for German travellers.

Popular Activities with Above Average Interest



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

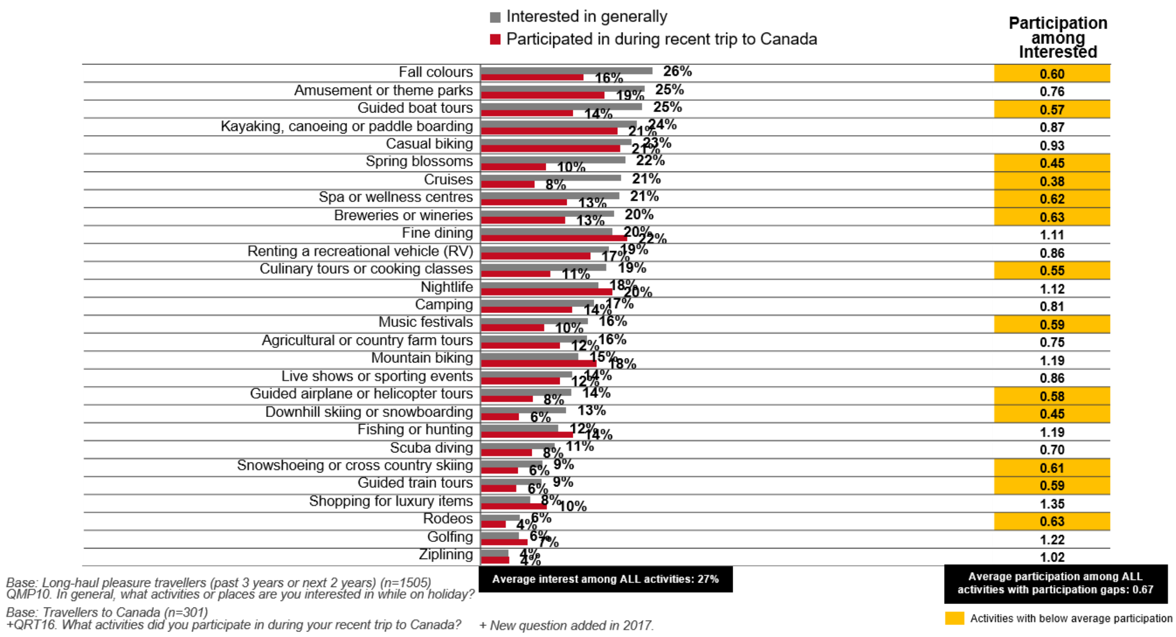
Soft Activities:

- Cruises
- Culinary tours or cooking classes
- Guided boat tours
- Guided airplane or helicopter tours
- Guided train tours
- Music festivals
- Spa or wellness centres
- Breweries/wineries

Active Activities:

- Downhill skiing or snowboarding
- Snowshoeing or cross-country skiing

Niche Activities with Below Average Interest



Barriers

HIGHLIGHTS

- ✓ *Cost remains the primary deterrent, but it is cited as a barrier by significantly less travellers than in 2016.*
- ✓ *Those further along at the evaluation stage are more likely to say nothing will prevent them from visiting, suggesting that as German travellers proceed through the purchase cycle and become more informed, they foresee fewer issues with visiting Canada.*

All German long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent, but it is cited as a barrier by significantly fewer travellers compared to 2016 (38%, down from 42%). Cost is an acute barrier for younger travellers aged 18-34. The length of the flight and a desire to visit other places are secondary barriers for German travellers, unchanged from 2016. Older travellers aged 45-64 are more likely to say that the length of the flight is preventing them from travelling to Canada.

While the cost barrier is challenging to address, it can be indirectly dispelled through messaging about the value offered by a Canadian vacation experience. Highlighting the increasing air seat capacity between Germany and Canada (up 8.9% over 2016[4]) and shorter travel times relative to other long-haul destinations such as Thailand, South Africa, and Australia may help address issues around distance to travel to Canada.

Emphasizing the ability to anchor a trip to specific regions/experiences rather than having to see the whole country, or that you don't have to see the whole country all at once, could help counter the notion that Canadian destinations are too far apart. Secondary barriers such as don't know enough about it and lack of a compelling reason to visit can be addressed through advertising. It is notable that even though there are no formal visa requirements for German citizens to enter Canada (97% of respondents said they were German citizens), 9% of respondents listed visa requirements as a barrier to visiting. This is a significant improvement over 2016 when 13% named visa requirements as an impediment. The Electronic Travel Authorization (eTA) requirement was included as a response option for 2017, yet only 4% saw it as a possible barrier.

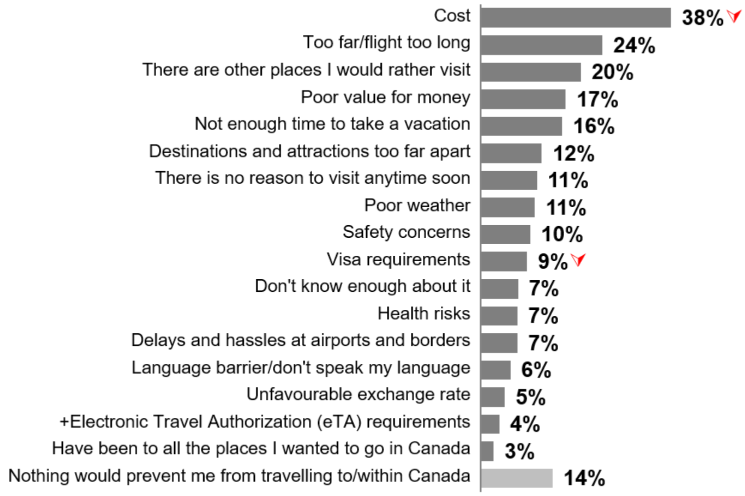
An additional question asked respondents about the impact of entry requirements on booking. It appears this is an important consideration for German travellers, with 80% saying securing an entry visa before booking is important. Note this question is not destination specific.

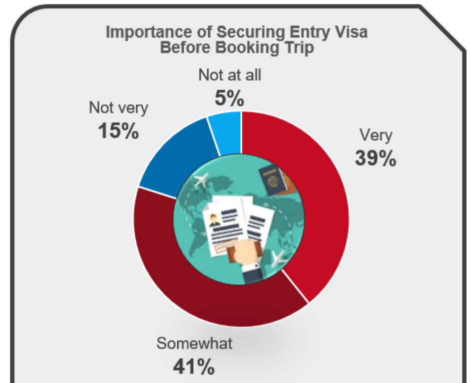
Based on their desire to visit Canada and the barriers that could prevent them from visiting, older travellers aged 45-64 and younger travellers aged 25-34 represent a similar immediate opportunity. From a lifetime value standpoint, younger travellers present a greater opportunity. From a strategic marketing viewpoint, Destination Canada could consider focusing branding awareness efforts on younger travellers and split tactical efforts in collaboration with partners between the younger and older generation.

While cost remains the top barrier among those who visited Canada in the past (28%), they are much less likely to cite it as a barrier compared to those who have never been (43%). Past visitors are more likely to mention safety concerns (14%) and delays and hassles at airports and borders (10%) as a barrier compared to those who have not visited Canada (8% and 6% respectively).

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

Key Barriers for Visiting Canada





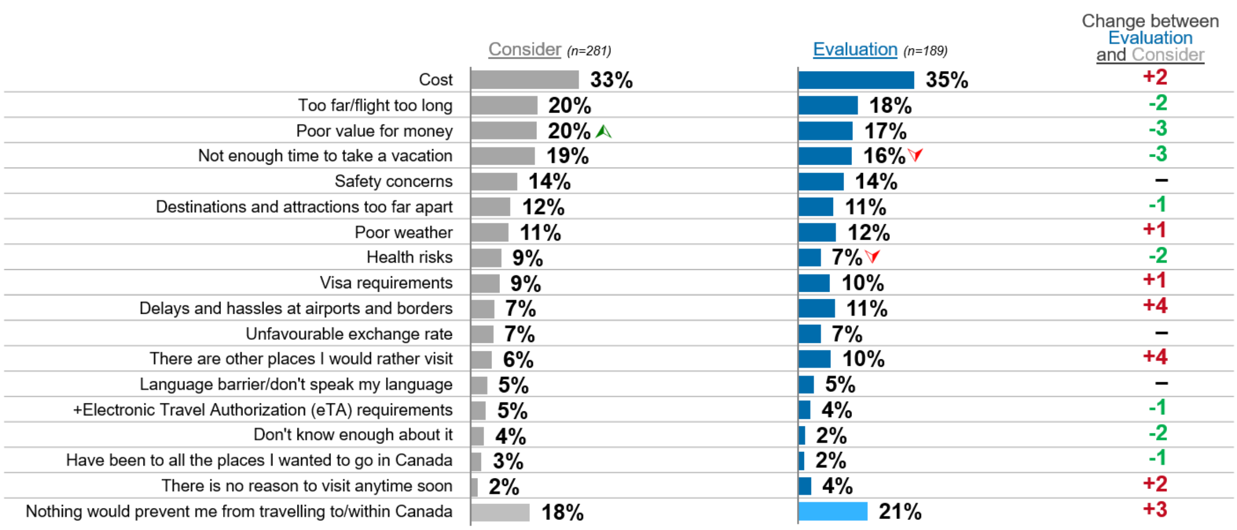
+ New question added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)
+QMP14. If you are thinking about visiting a country where you require an entry visa, how important is it for you to properly secure a visa before you start booking flights, accommodation or other trip components?

/ Significantly higher/lower than 2016.
+ New response option added in 2017 – no trending.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)
QMP9. Which of the following factors might discourage you from visiting Canada?

Examining barriers at key path-to-purchase stages provides additional insight. Those in the evaluation stage (gathering information or planning a visit) are further along the path-to-purchase than those in the consideration stage. For those considering a visit, cost remains the top barrier. Flight length (20%) and poor value for money (20%, up significantly from 13% in 2016) are tied for 2nd spot.

In a change from 2016, those at the evaluation stage are more likely to cite cost as a potential barrier than those at the consideration phase. Concerns about delays and hassles at airports and borders and a preference for other places also rise as German travellers proceed through the purchase cycle. Notably, concerns related to lack of vacation time (16%, down from 27%) and health risks (8%, down from 14%) have declined significantly this year. In a change from 2016, those in the evaluation stage are now more likely to say nothing will prevent them from visiting, suggesting that as German travellers proceed through the purchase cycle and become more informed, they foresee fewer barriers to visiting.

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



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

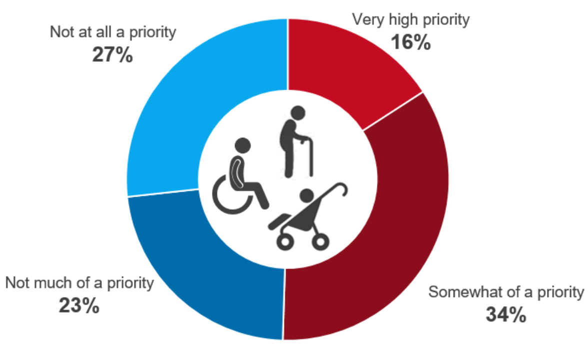
Niche Markets

Additional questions were added for 2017 to size particular niche markets. Accessible tourism, which strives to make a destination accessible to everyone, regardless of physical limits, disability, or age, is relevant for 51% of German travellers, with 16% seeing it as a very high priority. Free Spirits aged 45-64 are more likely to see accessibility as a priority as are households with children. Those in the evaluation stage for Canada are more likely to see accessibility as a priority, which suggests communicating Canada's commitment to accessible tourism could be a draw for German travellers.

Another niche market of interest is the LGBT market. Nine percent of German travellers self-identify as being a member of the LGBT community. They are more likely to be male and under the age of 55. Those in the evaluation stage for Canada are more likely to identify as LGBT, which suggests communicating Canada's offerings for LGBT travellers may prove compelling to move these travellers down the path–to-purchase.

Niche Market Sizing

Accessible Travel



+ New question added in 2017 – no trending.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)

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

LGBT Travel

9% identify as part of community

+ New question added in 2017 – no trending.

Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1505)

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

Recent Trip Profile

HIGHLIGHTS

- ✓ *Safety was the 2nd most important motivator for choosing to visit Canada.*
- ✓ *60% of German visitors to Canada consulted a travel agent/tour operator.*

The following section provides details on the most recent long-haul trip taken by German travellers to competitive set destinations in the past 3 years (62% took such a trip). If the most recent trip encompassed more than one destination, the data reflects where the most time was spent.

Trip Purpose

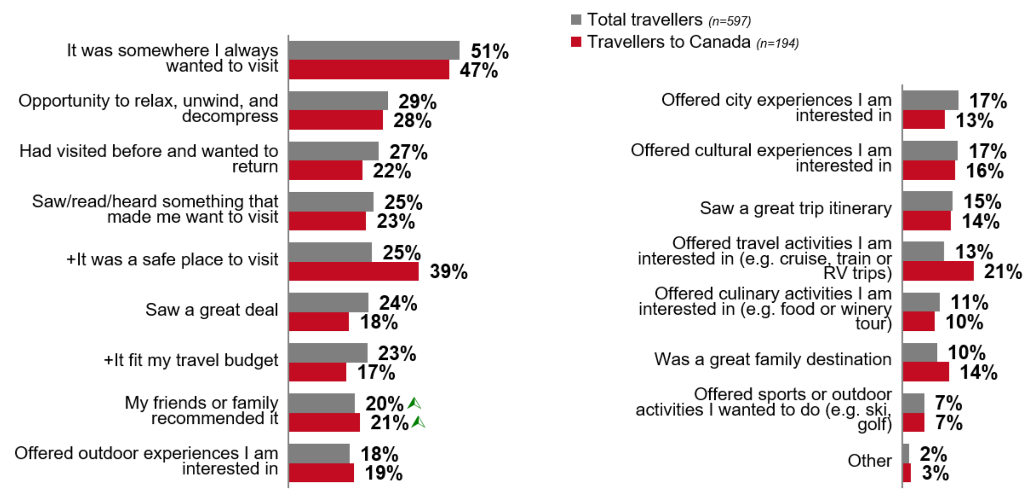
Unchanged from 2016, the primary reason for travelling was for holiday purposes among all German long-haul travellers (65%), with visiting friends and relatives a distant second (15%). Similar proportions are evident among recent travellers to Canada.

Motivators

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

Once again, a longstanding desire to visit was by far the primary reason for choosing the destination, both among travellers generally (51%) and visitors to Canada (47%). Secondary reasons among all German travellers are the opportunity the destination offered for relaxation (29%) and a desire to return (27%). Safety (39%) was the 2nd most cited motivation for visiting Canada, followed by the opportunity for relaxation (28%). Relatively more important in the choice for visiting Canada were the types of activities available (21% for Canada compared to 13% of all destinations). Personal recommendations are also more important for German travellers in 2017, up significantly among travellers generally (20%, up from 14%) and Canada specifically (21%, up from 12%).

Factors Influencing Destination Selection



+ New response option added in 2017 – no trending.

▲/▼ Significantly higher/lower than 2016.

Base: Long-haul pleasure travellers (past 3 years) travelling for holiday

QRT3. Which of the following factored into your choice of destination for this trip?

Travel Party

Regardless of destination, German travellers were most likely to be accompanied by their spouse (60%) which is in line with 2016. This is particularly common among older travellers aged 45-64 (68% travelled with their spouse). Thirteen percent of German travel parties contained children under the age of 18 (13%, up significantly from 10%). Despite the increase, the family market remains small. Younger travellers aged 18-34 were the most likely group to have travelled with their parents or other family members. Travel party composition was similar among those who visited Canada.

Booking

Fifty-five percent of all German travellers reported consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes. Travel agent/tour operator use is slightly higher among visitors to Canada (60%). An additional question added in 2017 shows that travel agents/tour operators are just as likely to be used at the booking stage and earlier in the planning cycle. Notably, visitors to Canada were more likely to consult a travel agent/tour operator for help researching things to see and do.

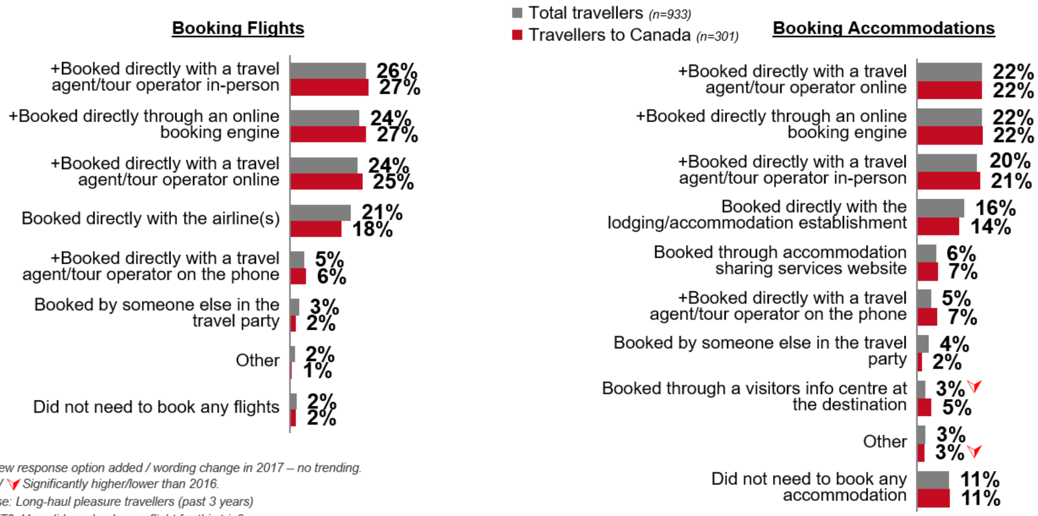
Travel Agent/Tour Operator Usage

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

Booking patterns for flights suggest a mixed preference among German travellers, while the most popular way to book is in-person with a travel agent/tour operator (26%), it is followed closely by use of online booking engines (24%), travel agents/tour operators online (24%) and directly with the airline (21%).

This mixed preference is also true for accommodation, where travel agents/tour operators online and online booking engines are the most popular (22% each), followed by travel agents/tour operators in-person (20%).

Booking of Flights and Accommodations



+ New response option added / wording change in 2017 – no trending.
/ Significantly higher/lower than 2016.
Base: Long-haul pleasure travellers (past 3 years)
QRT6. How did you book your flight for this trip?
QRT7. How did you book your accommodation for this trip?

Thirty-six percent of German travellers to Canada indicated that at least a portion of their trip was part of an organized group tour. Besides the UK, Germany has the second lowest proportion of participation in organized group tours among all of Destination Canada's key markets. Booking group travel in-person with a travel agent/tour operator is the most common way to arrange organized group tours (42%).

Type of Accommodation

As in 2016, regardless of destination, German travellers show a preference for mid-priced hotels (51%) followed by luxury hotels (17%). A similar pattern continues among recent visitors to Canada (52% opted for a mid-price hotel and 18% for a luxury property). Of note, camping is relatively more popular among visitors to Canada (12% versus 4% generally).

Information Sources

HIGHLIGHTS

- ✓ *Personal recommendations from friends and family are cited as a top information source throughout most of the purchasing cycle. Encouraging past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks is key.*
- ✓ *TV programs are important in the initial stages and travel guidebooks are influential throughout the purchase cycle.*

Examining information sources by path-to-purchase stages is informative. Personal interactions with friends and family are the most influential source in the early stages (dreaming, considering and information gathering), but drop in importance at itinerary planning before re-emerging in the final stages. This underscores the need to encourage past visitors to Canada to advocate and share their experiences, both online and in-person, with their personal networks. TV programs are also influential at the initial stages of the purchase cycle, underscoring the importance of this medium in awareness building. Guidebooks start to play a more important role as travellers begin gathering information and are the top source for itinerary planning and post-booking stages. In the latter stages, online sources such as review sites and general search engines also emerge as influential sources. German travellers find travel agents/tour operators to be influential at the booking stage.

Top Information Sources for Canada – by P2P Stage

Information sources that…	**Dreaming** *…inspired you to think about a trip to Canada*	**Seriously Considering** *…encouraged you to seriously consider visiting Canada*	**Started Gathering** *…helped you gather some information for a trip to Canada*	**Planning Itinerary** *…helped you plan your itinerary for a trip to Canada*	**Making Arrangements** *…helped you make transport and / or accom arrangements for a trip to Canada*	**Already Booked** *…helped you book your transportation and / or accom for a trip to Canada*
	(n=473)	(n=281)	(n=126)	(n=63)*	(n=19)***	(n=14)***
Top 5 Sources	Friends/family, in person **43%**	Friends/family, in person **39%**	Friends/family, in person **47%**	Travel guidebooks **36%**	General search engines **30%**	Travel guidebooks **37%**
	TV Programs **43%**	TV Programs **32%**	Travel guidebooks **38%**	Brochure from travel agency/tour operator **26%**	Friends/family, online **23%**	Travel agents, in person **22%**
	Films featuring destination **28%**	Films featuring destination **22%**	Brochure from travel agency/tour operator **27%**	Magazine or newspaper articles **23%**	Friends/family, in person **22%**	Travel review sites **20%**
	Travel guidebooks **24%**	Travel guidebooks **19%**	General search engines **27%**	General search engines **22%**	Films featuring destination **22%**	Friends/family, in person **19%**
	Magazine or newspaper articles **21%**	Magazine or newspaper articles **18%**	TV Programs **26%**	Friends/family, online **21%**	Magazine or newspaper articles **22%**	General search engines **17%**

+ New question added in 2017 – no trending.
** Small base size (<100), interpret with caution.* **** Extremely small base size (<30), directional finding only.*
+ New question added in 2017 – no trending.
Base: Those in the dream to purchase stages of the path to purchase for Canada (n=976)
+QMT3. Earlier you mentioned that you [insert P2P stage for Canada]. Where did you see, read or hear information that [inspired/encouraged/helped in P2P stage for Canada]?