DESTINATION CANADA

Global Tourism Watch

2018 Germany 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 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).

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 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 1,501 respondents in Germany, including 301 recent visitors to Canada, in August 2018. 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: 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

AUG

2018

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:	**1,200**
Total sample size:	**1,501**

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 2018*).

Germany remains the European Union's most politically and economically influential member nation *(The Heritage Foundation, January 2019)*. At the time of data collection, political tensions lingered, with Chancellor Angela Merkel having secured a fourth term in March 2018 when her centrist Christian Democratic Union (CDU) and its junior partner, the Bavaria-based conservative Christian Social Union (CSU), formed a tenuous coalition with the Social Democratic Party. Electoral support for the CDU/CSU bloc was waning in July 2018, due in part to political tensions over Germany's immigration policy. A possible escalation in trade tensions between the European Union and the United States also loomed, with American protectionist rhetoric escalating and tariffs being imposed. Despite risks associated with an escalation in trade tensions and a political scene that remained difficult to navigate, the economy looked poised to record another year of robust growth *(OECD, July 2018)*. Economic growth was projected to remain solid, backed by strong job creation and a fiscal stimulus. In October 2018, the IMF revised Germany's growth forecast to 1.9% for 2018, and 1.9% for 2019 (*International Monetary Fund, October 2018*).

The outlook for the labour market remained strong in the second quarter of 2018, with the unemployment rate reaching its lowest level since German reunification, and further improvements expected into 2019. In July 2018, Germany's unemployment rate stood at 3.6%, substantially below the OECD average of 5.5% *(OECD, July 2018)*.

Inflation eased to 2.0% in July 2018, marginally down from 2.1% the month prior, and in line with market expectations. Consumer prices were expected to increase by 0.1% in August 2018 *(Trading Economics, August 2018)*.

Germany's consumer confidence index remained the highest among the European nations at the time of data collection but had been unchanged for six months. In August 2018, the consumer confidence index stood at 57.2 points; an increase of 0.5 points over a twelve-month period (*Thomson Reuters/Ipsos Primary Consumer Sentiment Index, August 2018*). Business confidence was, however, forecasted to improve into 2019 (*Focus Economics, August 2018*), which could bode well for travel.

Germany remains the world's 3rd largest outbound market in terms of tourism expenditures, which increased 9.4% in 2017 to \$89.1 billion US (*United Nations World Tourism Organization, April 2018*).

Market Potential

HIGHLIGHTS

- ✓ *The immediate potential market has increased to 5.50 million travellers in 2018 compared to 5.10 million in 2017, an increase of 400,000 travellers.*
- ✓ *The proportion of German respondents who are in the dream to purchase stages for Canada increased (66%, up significantly from 62% in 2017 and 60% in 2016).*
- ✓ *The long-haul travel outlook continues to trend upwards and is up significantly from 2016 (+8 in 2018, +4 in 2017 and +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.

Size of Potential Market to Canada (Next 2 Years)

Measure	2016 GTW (Dec)	2017 GTW (Jul)	2018 GTW (Aug)
Long-haul pleasure travel market	19.88 million		
Target market for Canada (dream to purchase stage)	60%	62%	66%▲
Size of the target market	11.87 million	12.23 million	13.18 million
Immediate potential for Canada (definitely/very likely to visit in next 2 years[1])	37%	42%	42%
Size of the immediate potential	4.38 million	5.10 million	5.50 million
Actual Visitation	369,216	401,387	405,984

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

[1] Includes respondents likely to visit Canada for a trip of 1 to 3 nights, or a trip of 4 nights or more.

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 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 increased significantly in 2018 (66%, up from 62% in 2017 and 60% in 2016). Based on the 2018 result, the size estimate for long-haul German travellers is 13.18 million, up from 12.23 million in 2017 and 11.87 million in 2016. This result shows that Canada is expanding its overall base of interested travellers in the German market.

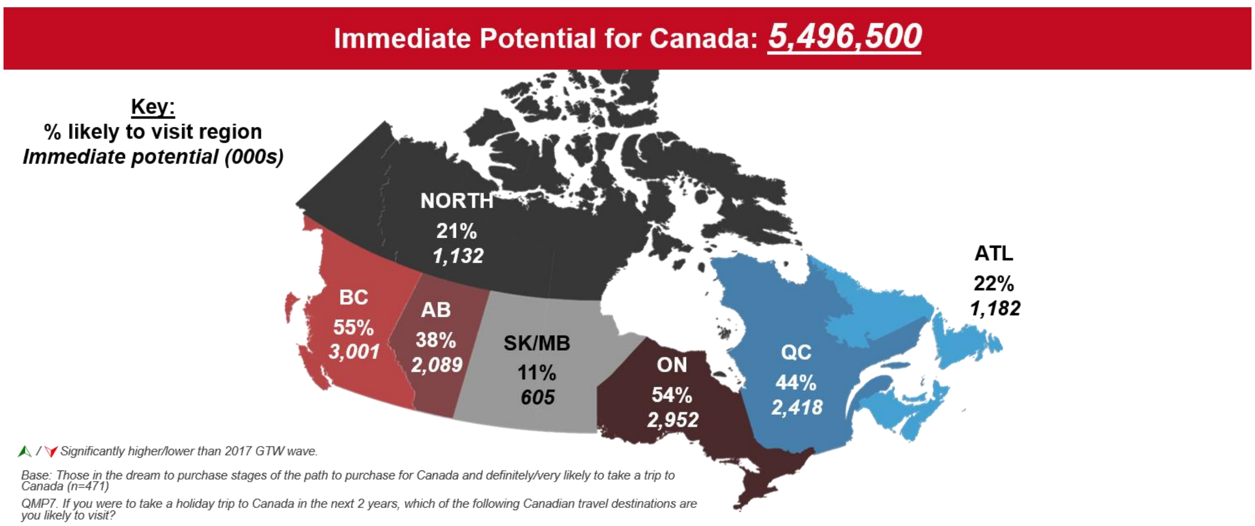
The immediate potential is a more conservative estimate based on GTW respondents who say they are definitely or very likely to visit Canada in the next two years (42% in 2018, unchanged from 2017, and up significantly from 37% in 2016). This translates into a market of 5.50 million potential German travellers with immediate potential for conversion in 2018, which is up by 400,000 from 2017 (5.10 million).

Among Destination Canada's ten international markets, Germany was ranked 5th, down from 4th in 2017, in immediate potential market size (behind the US, China, South Korea, and now the UK). Actual visitation from Germany continues to be ranked 5th among Destination Canada's international markets in 2018. This suggests that Canada is performing at expectations in converting potential travellers to actual travellers in the German market.

For context, Canada attracted 406,000 visitors from Germany in 2018, up 1% from the 401,000 German visitors in 2017[1]. The 406,000 arrivals represent 7% of the immediate potential market.

Also of interest is the demonstrated interest in Canada's regions among the immediate potential market (5.50 million). In 2018, BC has reclaimed the top position as the region with the most interest, appealing to 55% (or 3 million potential visitors); this result is up from 52% in 2017, but consistent with 2016 levels (55%). Ontario follows closely, appealing to 54% (or 3 million potential visitors). Quebec (44%) and Alberta (38%) continue to be the next most likely provinces to visit.

Potential Market Size for the Regions

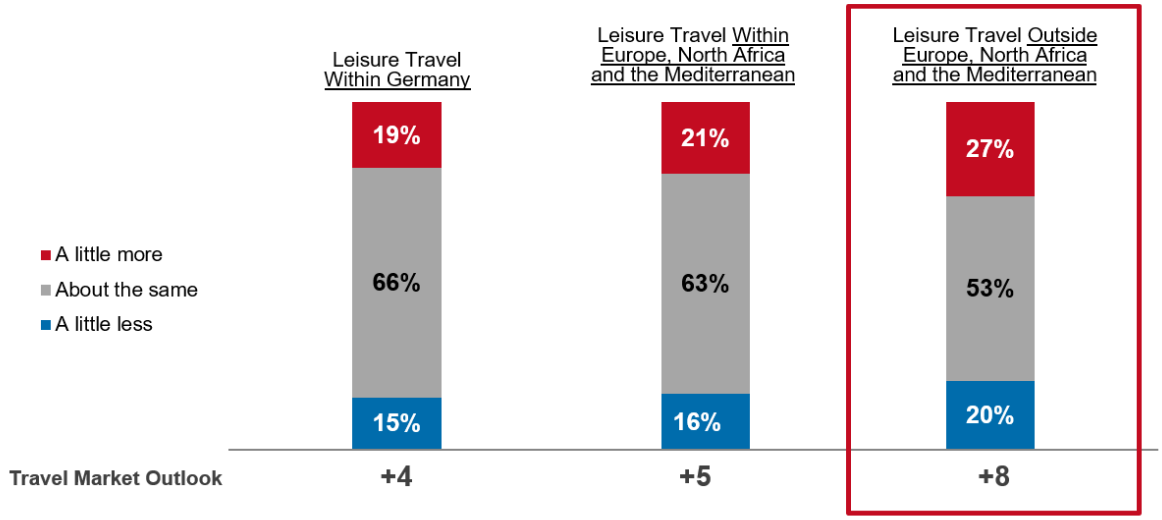


The proportion of German travellers saying that they intend to spend more on long-haul travel exceeds those who say they will spend less; this gap continues to widen, resulting in a long-haul travel outlook that is trending upward, from 0 in 2016 to +4 in 2017 and +8 in 2018.

The short-haul travel outlook is also trending upward, from +1 in 2016 to +3 in 2017 and +5 in 2018. The market outlook for domestic travel (+4) is unchanged compared to 2017.

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

Spending Intentions (in the Next 12 Months)



Significantly higher/lower than 2017 GTW wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)
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

- ✓ *Unaided consideration of Canada is up significantly (11%, up from 8% in 2017).*
- ✓ *Aided consideration for Canada has been trending upwards, moving from 36% in 2016, to 38% in 2017 and 41% in 2018.*
- ✓ *Destination knowledge of Canada is down significantly, while knowledge of the US is up significantly.*
- ✓ *Australia has claimed the top position for NPS, moving Canada into 2nd spot.*

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 long-haul travel market. For Germany, these are the US, India, Thailand, Australia, China, South Africa, Japan, Iceland, and South Korea.

The outlook for Canada in Germany continues to be favourable. Out of the 10 competitive destinations that respondents were asked to evaluate, Canada regains 3rd spot for unaided consideration with a significant increase in mentions (behind the US and Thailand) and remains in 2nd position behind the US on aided consideration. However, Canada's drops to 4th place on destination knowledge (down from 3rd in 2017), trailing the US, Thailand, and Australia, and 2nd place on NPS (down from 1st) falling behind Australia.

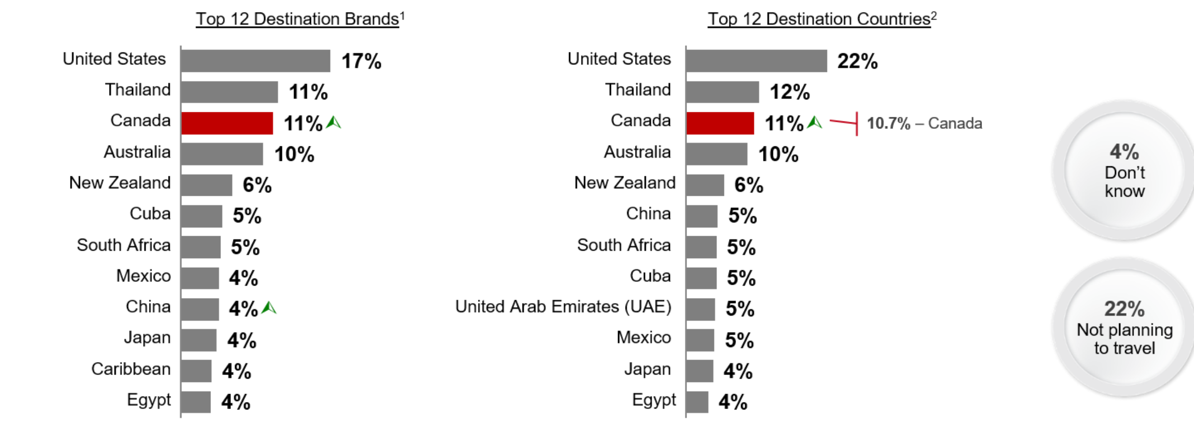
Consideration

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, 11% of German travellers mentioned Canada as a destination under serious consideration in the next 2 years, up significantly from 2017 (8%). Canada has surpassed Australia on this metric and regains 3rd position (the same rank Canada held on this metric in 2016). Canada continues to trail Thailand (12%), and by a larger margin, the US (22%). Of note, following a significant increase in 2017, unaided mentions of the US in 2018 have softened in 2018 (22% compared to 25% in 2017).

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

Unaided Long-Haul Destination Consideration (Next 2 Years)



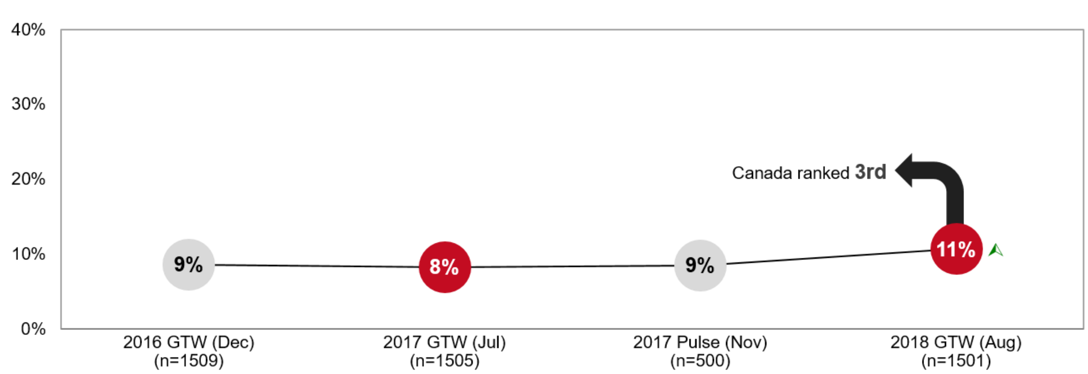
/ Significantly higher/lower than 2017 GTW wave.

Note: [1] Responses as mentioned by respondents (e.g., percentage who said "Canada" specifically).
[2] Roll-up of brand mentions by 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=1501)

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.)

Unaided Long-Haul Destination Consideration (Next 2 Years) – Canada Trended



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

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.)

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, 41% say they are seriously considering Canada for a leisure trip in the next 2 years. This aided result has been trending upwards since 2016 (up from 38% in 2017 and up significantly from 36% in 2016). Canada remains in 2nd place behind the US (43%) and substantially ahead of Thailand (32%). Thailand saw significantly improved aided consideration results in 2018 (32% versus 26% in 2017), jumping from 4th to 3rd spot and signaling increasing interest in the destination among German travellers. Of note, Japan and China have also seen significantly increased aided consideration results in 2018 (17% for Japan, up from 14% in 2017, and 14% for China, up from 9% in 2017). Aided consideration for South Africa has significantly decreased in 2018 (21% down from 24% in 2017), eliminating the significant improvement the destination experienced in 2017.

Both recent visitors to Canada and those considering a visit 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 important to attract new visitors.

Knowledge

Twenty-three percent of all German travellers rate their knowledge of travel opportunities in Canada as either excellent or very good, marginally down from 26% in 2017, but consistent with 23% in 2016.

Among those considering Canada, destination knowledge has fallen to 33%, decreasing significantly from 2017 (40%) and 2016 (39%). Knowledge of other competing destinations has remained relatively consistent with the exception of the US which is up significantly in 2018 (56%, up from 49% in 2017). The US has widened its lead over Thailand (44%) and Australia (37%). Canada sits in 4th spot (down from 3rd in 2017) and is tied with Japan and Iceland (both at 33%).

Knowledge of travel opportunities in Canada steadily rises as travellers move down the Path-to-Purchase: 23% of those in the dreaming stage are knowledgeable about Canadian travel opportunities, moving up to 30% in the considering stage, and further to 40% among those actively planning a visit. 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

Key Performance Indicators (KPIs) for Canada – Summary

Indicator	Definition	All Long-Haul Travellers (n=1501)	Recent Visitors to Canada[1] (n=301)	Considering Canada[2] (n=535)
Intentions:				
Unaided destination consideration	% who mentioned Canada or a destination in Canada on their consideration list[3]	**11%** ▲	**23%**	**27%**
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	**23%**	**57%**	**35%** ▼

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

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 among all respondents)

Net Promoter Score (NPS)

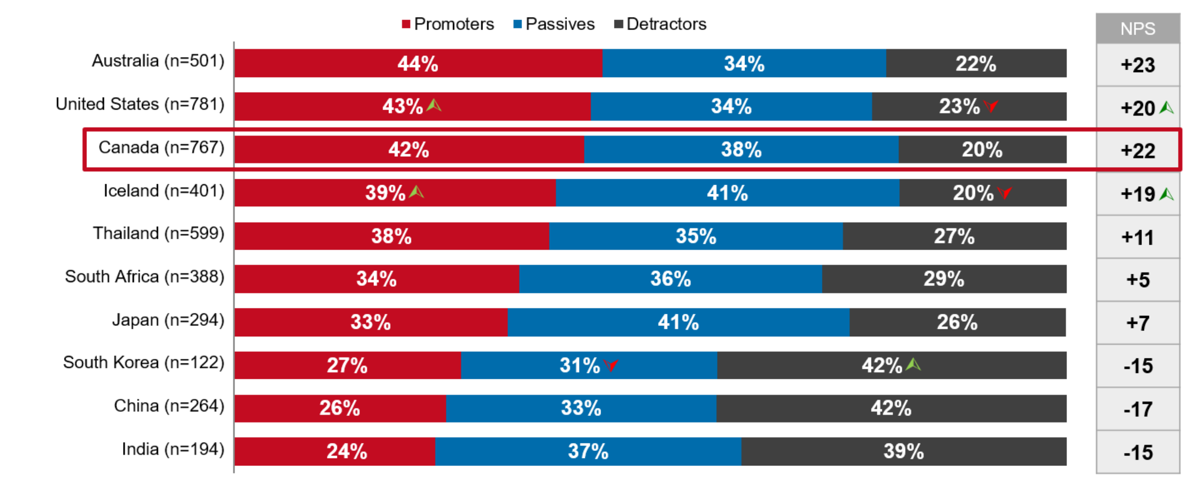
The Net Promoter Score (NPS) measures the likelihood of travellers to recommend a destination. Results are gathered among travellers with each destination in their consideration set (have visited previously and/or considering a visit). The measure has an 11pt scale (0-10). The score is calculated by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

In 2018, Australia (+23) has edged out Canada (+22) to claim the top position for NPS among German travellers. Australia’s NPS result has marginally increased (+23 versus +19 in 2017) while NPS for Canada has remained unchanged year-over-year.

Compared to 2017 results, there are several significant changes. The US and Iceland have seen positive shifts in their NPS results, with significantly more Promoters for both the US (43%, up from 38% in 2017) and Iceland (39%, up from 29% in 2017) and significantly fewer Detractors (23%, down from 28% in 2017 for the US and 20%, down from 29% for Iceland). These shifts have resulted in NPS scores of +20 for the US (up significantly from +9 in 2017) and +19 for Iceland (up significantly from 0 in 2017). In contrast, NPS for South Korea has directionally decreased (-15, down from -1 in 2017); this decrease in NPS for South Korea is due to a significant increase in Detractors (42%, up from 27% in 2017).

When the results for Canada are examined among past three year visitors, the NPS result is to +38 (unchanged from 2017); among those who have not visited Canada in the past 3 years, the NPS result is -21. 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 +10, which is substantially 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: 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 holiday destinations to a friend, family member or colleague?

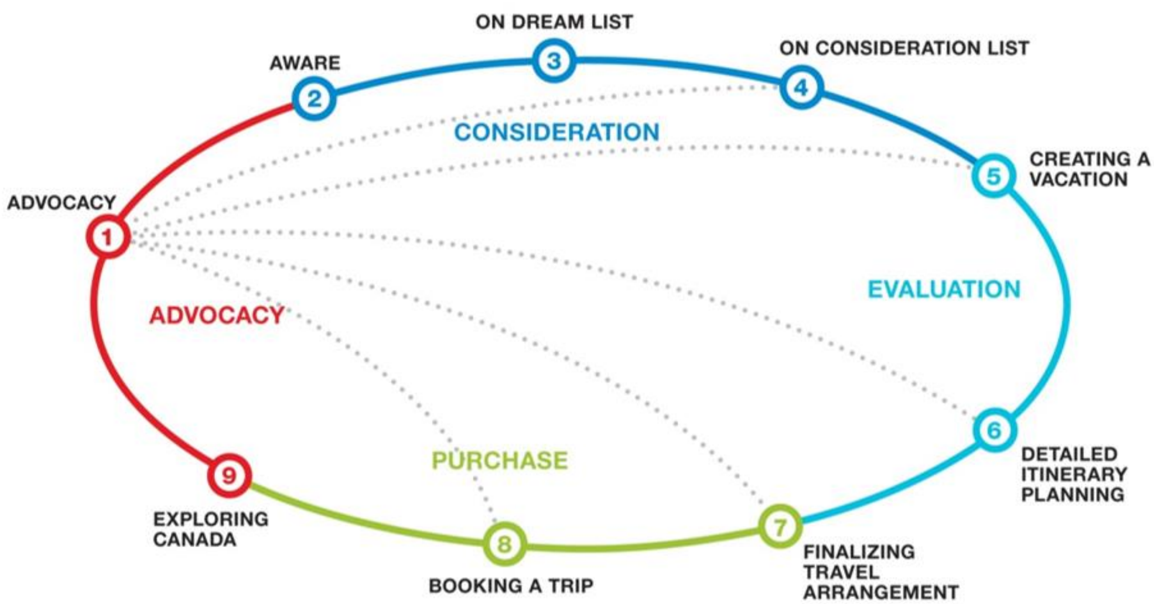
Path-to-Purchase

HIGHLIGHTS

- ✓ *Canada continues to hold a strength in converting travellers between the awareness and dreaming stages.*
- ✓ *With improved performance at converting German travellers between creating a vacation movie and detailed itinerary planning, additional focus could now be placed on moving travellers from the dreaming to consideration stage, where Canada's performance is low relative to the US.*

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. 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

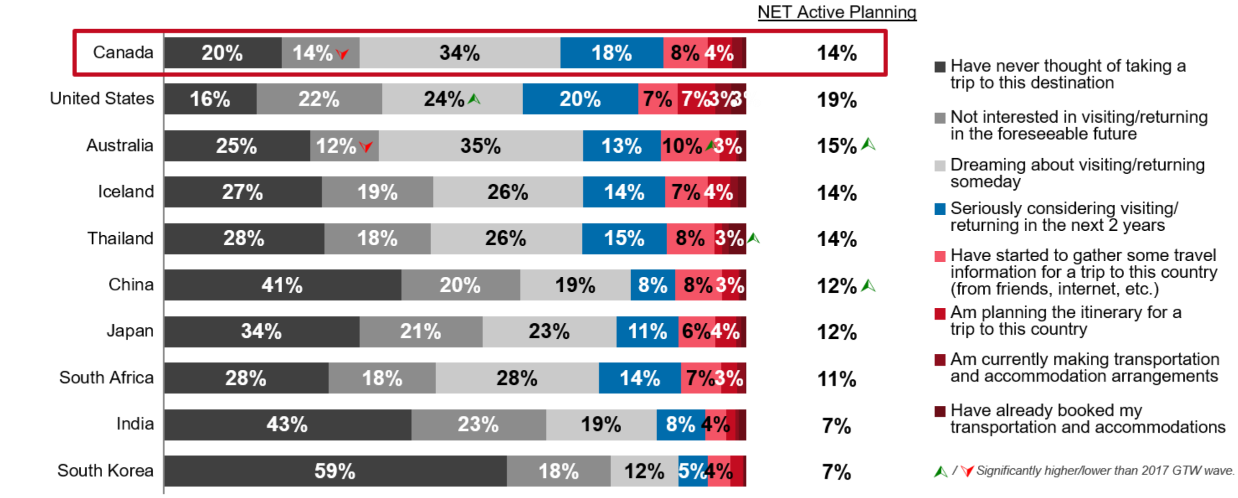
The US continues to have the strongest Path-to-Purchase, with 19% of German long-haul travellers actively engaged in planning a visit and a further 20% seriously considering a trip in the next 2 years. In 2018, the US recorded a significant increase in travellers at the dreaming stage (24%, up from 16% in 2017) as the proportion indicating that they are not interested is trending down (22%, down from 28% in 2017).

Australia follows with 15% of travellers actively planning a trip in 2018 (up significantly from 9% in 2017), propelling Australia from 5th into 2nd place on this metric. This jump is a result of a significant increase in those that have started to gather more information (10%, up from 5% in 2017). In addition, Australia experienced a significant decrease in German travellers stating they were not interested in visiting the destination (12%, down from 18% in 2017).

For Canada, 14% of German travellers are actively planning a trip, on par with 2017 (13%). Canada trails the US and Australia, and ties with Iceland and Thailand at the active planning phase. Notably, Canada saw a significant drop in those not interested in 2018 (14%, down from 17% in 2017 and 2016); those who have never thought of visiting is also trending downwards (20%, down from 22% in 2017 and 24% in 2016).

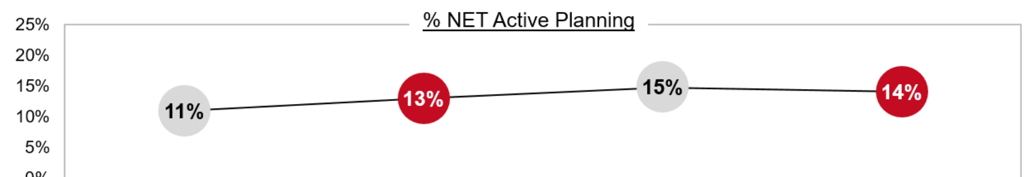
There are several significant shifts in the purchase cycle for other destinations in the competitive set. China saw a significant gain in active planning in 2018 (12%, up from 7% in 2017). Thailand recorded a significant increase in travellers at the booking stage (3%, up from 1% in 2017). For South Africa (which was in 2nd spot in 2017 and is now 8th), the proportion of travellers in the active planning stage has directionally declined (11%, down from 16% in 2017), with more German travellers falling into the dreaming phase (28%, up from 23% in 2017).

Stage in the Purchase Cycle by Country



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?

Stage in the Purchase Cycle – Canada Trended



	2016 GTW (Dec) (n=1509)	2017 GTW (Jul) (n=1505)	2017 Pulse (Nov) (n=500)	2018 GTW (Aug) (n=1501)
Have never thought of taking a trip to this destination	24%	22%	24%	20%
Not interested in visiting/returning in the foreseeable future	17%	17%	16%	14%
Dreaming about visiting/returning someday	33%	32%	30%	34%
Seriously considering visiting/returning in the next two years	16%	16%	15%	18%
Have started to gather some travel information for a trip to this country	7%	8%	9%	8%
Am planning the itinerary for a trip to this country	3%	3%	3%	4%
Am currently making transportation and accommodation arrangements	1%	1%	1%	2%
Have already booked my transportation and accommodations	0%	1%	1%	1%

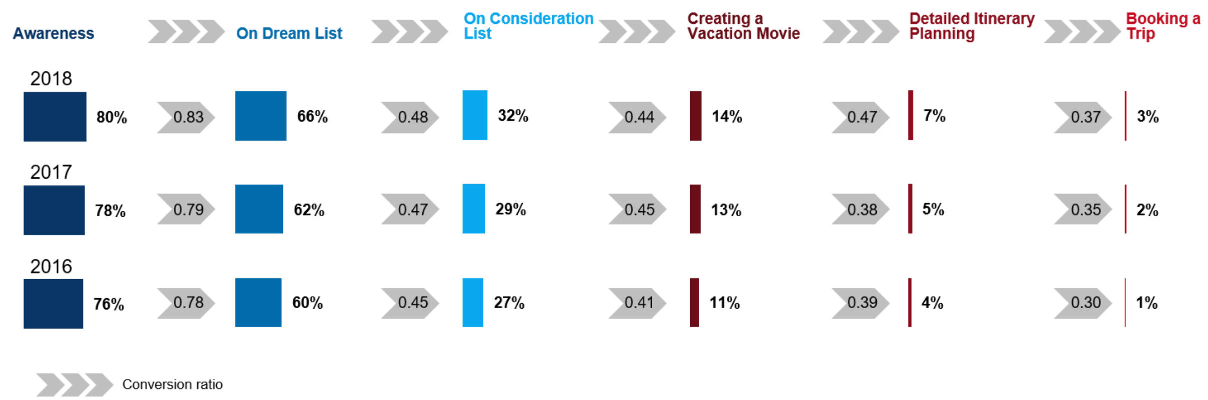
/ Significantly higher/lower than 2017 GTW wave. / Significantly higher/lower than 2017 Pulse wave.
Base: Long-haul pleasure travellers (past 3 years or next 2 years)
QMP1. Which of the following best describes your current situation when thinking about each of the following countries for a holiday trip?

The charts below show Canada's progress converting travellers at crucial 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'.

In 2018, Canada's performance remains above average between the awareness and dreaming stages. The proportion (83%) is up marginally year-over-year (+4%) and Canada's performance at this stage continues to be 'strong' compared to the competitive average in 2018. It is notable that 2018 conversion rates are generally stable or higher than previous years across most stages of Canada's Path-to-Purchase. The largest increase in conversion over 2017 is between creating a vacation movie to detailed itinerary planning (+9%). This indicates that Canada has been more successful than previous years at retaining German travellers throughout the purchase cycle and suggests that there is prospect for increased German arrivals in subsequent years

Relative to the US, Canada's top competitor in the German market, the conversion result between dreaming and consideration stages remains low. With improved results between creating a vacation movie to detailed itinerary planning, there is an opportunity to now place a greater focus on improving conversion between the dreaming and consideration stages. Travellers go no further than the dreaming stage because they have an incomplete vision of what their holiday in Canada could look like. In their minds, they cannot visualize a satisfying holiday concept – one that will address all of their fundamental holiday needs. Motivation to move forward from the dreaming stage occurs as travellers learn about different urban, cultural and experiential opportunities available in Canada.

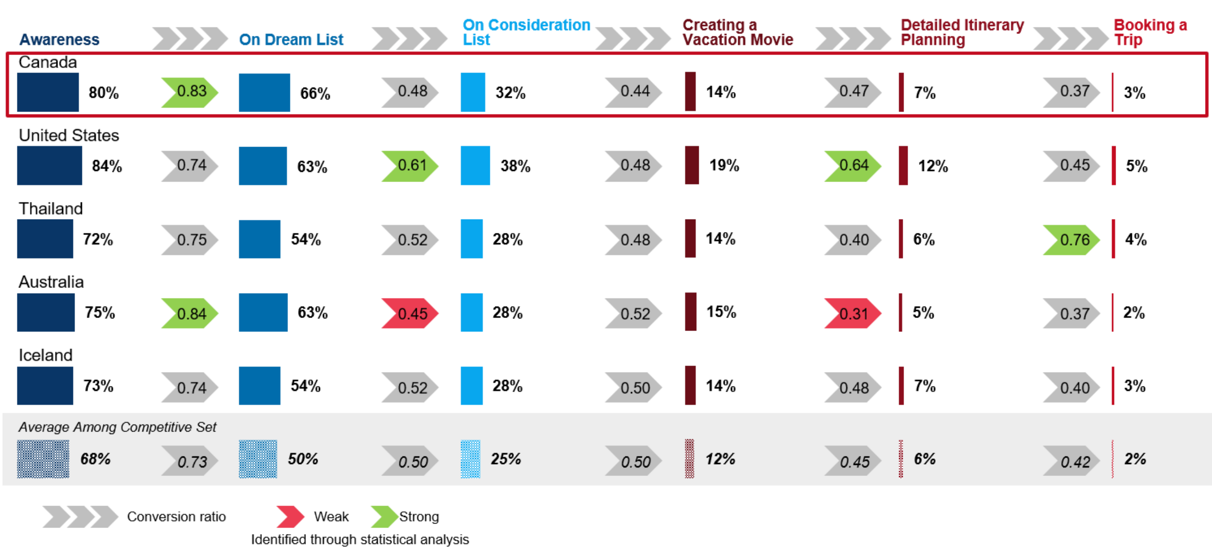
Path-to-Purchase Conversion – Canada



Looking at conversion results among competitors, the US continues to excel at getting on travellers' consideration list. Previously average, the US has above average performance in 2018 at converting German travellers into the detailed itinerary planning stage. Thailand is now above average at converting from the detailed itinerary to the booking and Australia is above average at converting German travellers into the dreaming stage.

For context, the US recorded 2.1 million arrivals from Germany in 2017 (up 2% from 2016), while Thailand saw 849,000 in 2017, and Iceland attracted 156,000 in 2017 (up 17% from 2016). In 2018, Canada welcomed 406,000 (up 1% from 2017) and Australia logged 207,000 (down 1% from 2017)[2].

Path-to-Purchase Conversion – Top Competitors



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[2] *US National Travel & Tourism Office, Tourism Australia, Destination Canada, Icelandic Tourist Board, and Thailand Ministry of Tourism.*

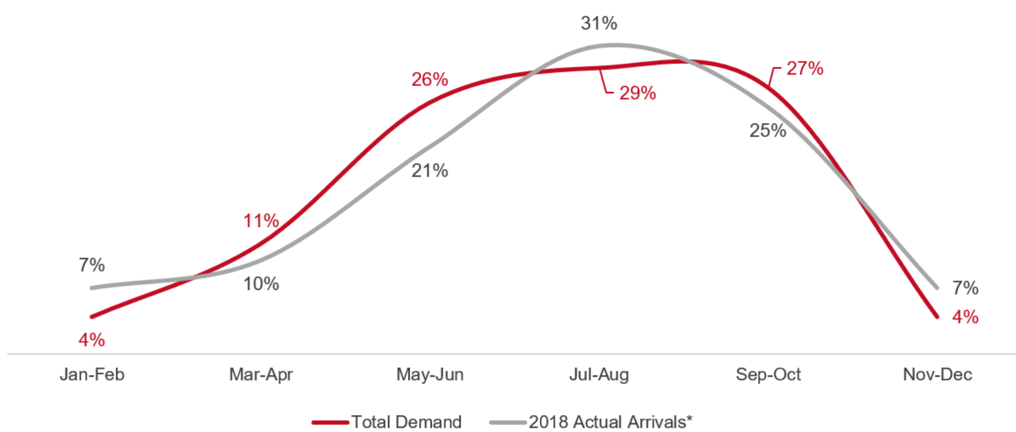
Time of Year Interest

HIGHLIGHTS

✓ *An opportunity exists to fill the May to June demand gap.*

A new question added to the Global Tourism Watch in 2018 asked prospective German visitors which time of year they would consider visiting Canada. July to August (29%) is the most popular time of year, followed by September to October (27%) and May to June (26%). Compared to the distribution of actual German arrivals in 2018, the largest gap in demand is for the months of May to June, where those interested (26%) are higher than those actually visiting (21%). Given compression issues in the peak July to August months, an opportunity exists to fill the May to June demand gap 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=1028); 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

✓ *Interest in the North is up significantly, driven by increased interest in Yellowknife and other regions in the North.*

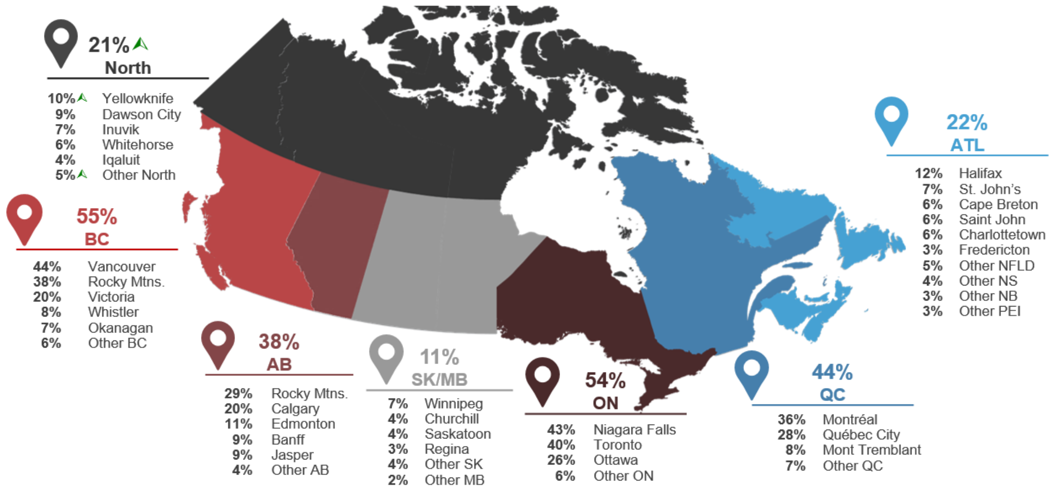
✓ *Canada's landscape-based icons (Niagara Falls and Rocky Mountains) continue to hold greater appeal for German travellers than city destinations.*

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. British Columbia (55%) and Ontario (54%) continue to be the most popular provinces.

Vancouver (44%) is the most mentioned destination among German travellers, marginally ahead of Niagara Falls (43%) and Toronto (40%). Montreal (36%), Quebec City (28%) and Ottawa (26%) round out the most popular city destinations for German travellers. Outside of urban destinations, the Rocky Mountains remain a top draw with 38% of probable visitors heading to British Columbia for this experience and 29% saying they would go to Alberta.

Interest in the North is up significantly in 2018 (21%, up from 15% in 2017), this is driven by increased interest in Yellowknife (10%, up from 5% in 2017) and other regions in the North (5%, up from 2% in 2017).

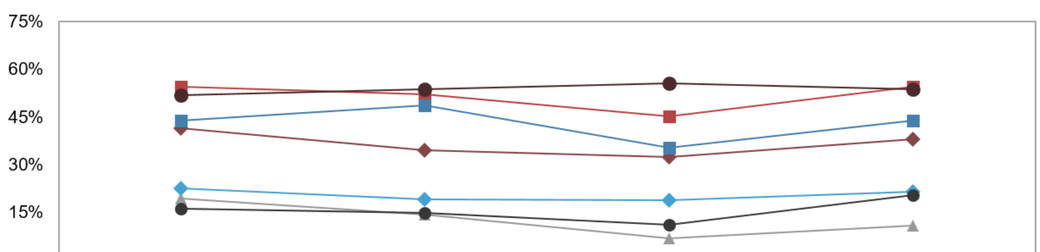
Canadian Destinations Likely to Visit (Among those definitely/very likely to visit)



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=471)
QMP7. If you were to take a vacation 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 remained relatively consistent since 2016. Changes to note are the significant increase in visiting the North in 2018 as well as a downward trend from 2016 to 2018 for the Prairies (11% in 2018, down from 14% in 2017 and 19% in 2016).

Canadian Destinations Likely to Visit – Provinces/Regions Trended



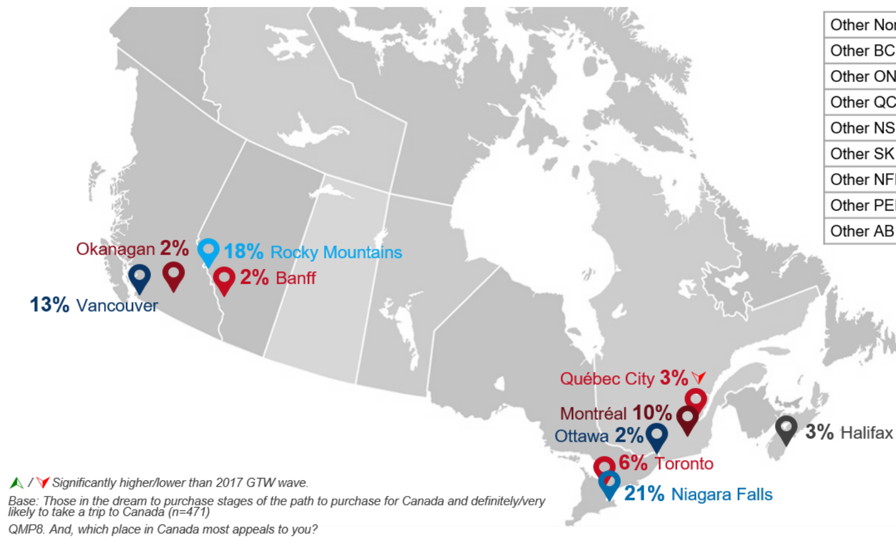
	2016 GTW (Dec) (n=398)	2017 GTW (Jul) (n=440)	2017 Pulse (Nov) (n=114)	2018 GTW (Aug) (n=471)
BC	55%	52%	45%	55%
AB	42%	35%	33%	38%
SK/MB	19%	14%	7%	11%
ON	52%	54%	56%	54%
QC	44%	49%	35%	44%
ATL	23%	19%	19%	22%
North	16%	15%	11%	21% ▲

▲ / ▼ 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
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. Overall, Niagara Falls is selected by 21% of prospective visitors and continues to outperform the Rocky Mountains (18%) and Vancouver (13%). The appeal of these three destinations has remained relatively consistent since 2016, with Niagara Falls and the Rocky Mountains always claiming the top two spots. These results suggest Canada's landscape-based icons (Niagara Falls and Rocky Mountains) generally hold greater appeal for German travellers than city destinations. 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.

Of note, interest in Quebec City has significantly dropped (3%, down from 7% in 2017, but consistent with 3% in 2016). Other destinations that saw significant changes in appeal include: Victoria (0.6%, down from 2% in 2017) and other North regions (2%, up from 0.4% in 2017).

Most Appealing Canadian Destination – Top 10 Mentions



Other North	2.0% ▲
Other BC	1.3%
Other ON	1.0%
Other QC	0.6%
Other NS	0.4%
Other SK	0.3%
Other NFLD	0.2%
Other PEI	0.2%
Other AB	0.1%

Inuvik	1.2%
Jasper	1.1%
Calgary	1.0%
Cape Breton	0.8%
Saint John	0.8%
Charlottetown	0.7%
Edmonton	0.7%
Yellowknife	0.6%
Victoria	0.6% ▼
Dawson City	0.6%
Winnipeg	0.5%
Whitehorse	0.4%
Iqaluit	0.2%
St. John's	0.2%
Saskatoon	0.2%
Mont Tremblant	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=471)

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

Vacation Activities

HIGHLIGHTS

- ✓ *Natural attractions, visiting nature parks, wildlife viewing, and hiking/walking are the top trip anchor activities for German travellers.*
- ✓ *German travellers aged 45-65 are more interested in guided city and nature tours compared to travellers aged 25-34.*
- ✓ *Travellers aged 25-34 are more drawn to a number of active outdoor activities as well as seeing the Northern lights, seeing spring blossoms, self-guided driving tours/road trips, visiting amusement/theme parks, nightlife, attending music festivals, attending live shows/sporting events, shopping, and visiting spa or wellness centres.*

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 2017, with trying local food and drink remaining the most sought-after holiday experience. This is followed by several nature-based activities, including: hiking or walking in nature, visiting nature parks, seeing natural attractions like mountains and waterfalls, and viewing wildlife. Rounding out the top ten activities are: exploring places most tourists won't go (41%, down significantly from 46% in 2017), exploring Indigenous culture (40%, down significantly from

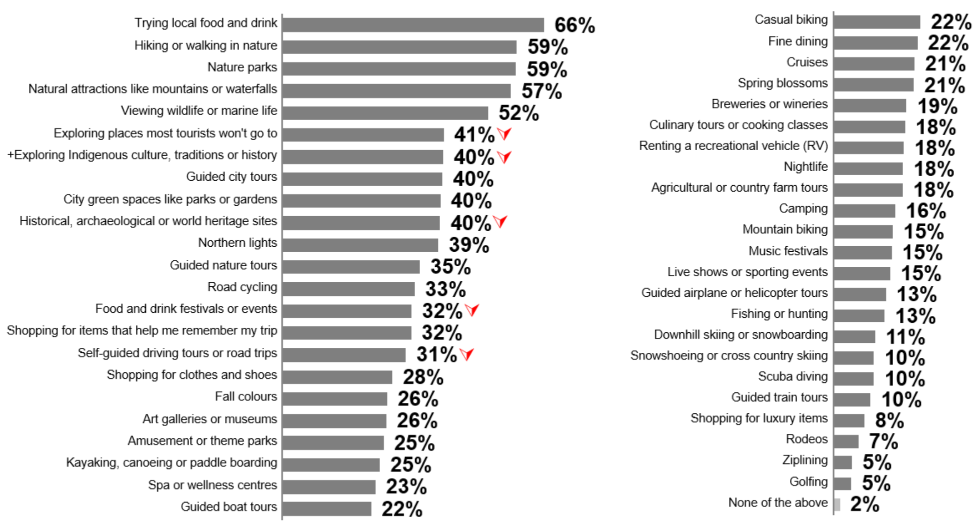
47%), guided city tours, visiting city green spaces, and visiting historical sites (40%, down significantly from 44%). Previously, Indigenous culture was called Aboriginal culture and it is not possible to know whether decreased interest reflects lower interest in Indigenous culture or is due to the wording change. Despite some significant decreases in interest, the top ten activities continue to be largely the same with one exception: food and drink festivals (32%, down significantly from 39%) is now replaced by guided city tours.

Outside of the top ten activities, self guided driving tours/road trips had a significant shift downwards (31%, down from 36%).

German travellers aged 45-64 are more interested than travellers aged 25-34 in participating in guided city tours and guided nature tours. The top ten activities among German travellers aged 45-64 are all the same compared to that of the general German traveller, except that the Northern lights (37%) replaces visiting city green spaces.

Travellers aged 25-34 are more likely than their older counterparts to be interested in seeing the Northern lights, seeing spring blossoms, self-guided driving tours/road trips, visiting amusement/theme parks, nightlife, attending music festivals, attending live shows/sporting events, shopping, and visiting spa or wellness centres. They are also more interested in participating in a range of outdoor based activities including: road cycling, kayaking/canoeing, camping, mountain biking, downhill skiing/snowboarding, snowshoeing/cross country skiing, ziplining, and golfing. The top ten activities among German travellers aged 25-34 are similar to that of the general German traveller, except that Northern lights (46%), shopping for souvenirs (38%), and self-guided driving tours (38%) take the place of exploring Indigenous culture, visiting historical sites, and participating in guided city tours.

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=1501)
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 German travellers which vacation activities are important enough that they would base an entire trip around them.

Consistent with 2017, natural attractions (36%), nature parks (32%), wildlife viewing (30%), and hiking/walking in nature (26%) are the top trip anchor activities. All of these are also among the top activities of interest for German travellers.

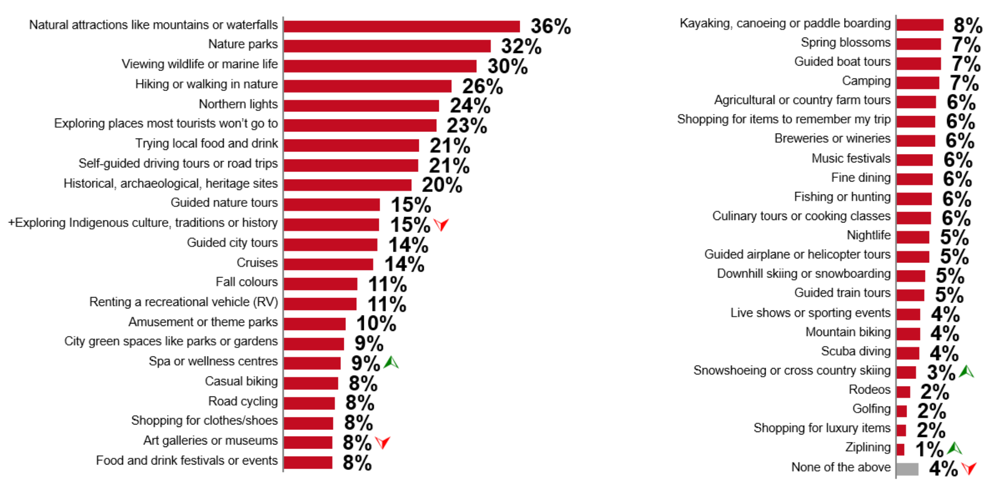
While not top trip anchor activities, two activities had significant decreases in 2018: exploring Indigenous culture (15%, down significantly from 24%) and visiting art galleries/museums (8%, down from 10%). Once again, the decreased interest in Indigenous culture may be a reflection of the wording change from Aboriginal. Additionally, two activities had significant increases: visiting spa or wellness centres (9%, up from 6% in 2017) and snowshoeing/cross country skiing (3%, up from 2%)

German travellers aged 45-64 are more likely than travellers aged 25-34 to cite viewing wildlife, trying local food and drink, visiting historical sites, guided nature tours, exploring Indigenous culture, and guided city tours as trip anchor activities. The top ten trip anchor activities among German travellers aged 45-64 are all similar to that of the general German traveller except that exploring Indigenous culture narrowly outplaces self-guided driving tours (both 17%).

Travellers aged 25-34 indicate higher likelihood compared to travellers aged 45-64 to anchor a trip around self-guided driving tours, kayaking/canoeing, camping, attending music festivals, and attending live shows/events. The top ten trip anchor activities among German travellers aged 25-34 are also similar to that of the general German traveller except that cruises (12%) are slightly more popular than guided nature tours (10%).

Approximately two-thirds of German travellers who are interested in self-guided driving tours/road trips and renting recreational vehicles indicate that they would anchor a trip around these activities. The level of interest in these specific touring activities is unique to the German market.

Trip Anchor Activities



+ Aboriginal was changed to Indigenous in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years or next 2 years) answering (n=1480)
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

- ✓ *Cost remains the primary deterrent to visiting Canada, followed by the length of flight and desire to visit other places.*
- ✓ *The primary cost-related barrier is the cost of flights to Canada and the cost of accommodation.*
- ✓ *German travellers are significantly more concerned about visa requirements and health risks than in 2017.*

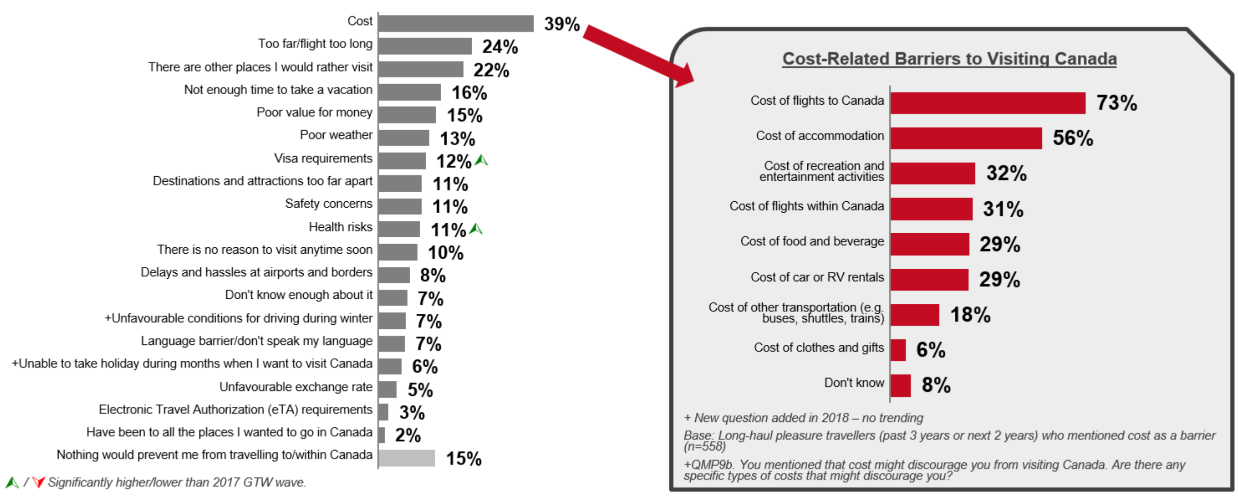
All German long-haul travellers were asked what could prevent them from visiting Canada. Cost remains the primary deterrent (39%), followed distantly by concerns about the length of the flight (24%) and the desire to travel to other places (22%). Travellers aged 25-34 are more likely than those aged 45-64 to mention visa requirements as a barrier for travel to Canada. Older travellers aged 45-64 are more likely to say that there is nothing that would prevent them from visiting Canada.

There are two significant increases in barriers to note in 2018 among German travellers: visa requirements (12%, up from 9% in 2017, but in line with 2016) and health risks (11%, up from 7% in 2017).

A new question added in 2018 asked those concerned about cost to elaborate on specific types of costs. The cost of flights to Canada (73%) is greatest cost-related concern, followed by accommodation costs (56%).

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 (45%). Past visitors are less likely to cite distance to travel (16% versus 28%), preference to visit other places (13% versus 26%), destinations and attractions being too far apart (8% versus 13%), and lack of knowledge about Canada (4% versus 9%). Past visitors are more likely to state that they have already been all the places they wanted to travel to in Canada (5%), but they are also more inclined to say nothing will prevent them from visiting (19% versus 12%).

Key Barriers for Visiting Canada



▲ / ▼ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)
QMP9. Which of the following factors might discourage you from visiting Canada?

Recent Trip Profile

HIGHLIGHTS

- ✓ *Use of travel agents/tour operators for either planning or booking purposes is up significantly in 2018. Notably, the use of travel agents/tour operators for researching accommodations has significantly increased (26%, up from 21% in 2017).*
- ✓ *German travellers continue to show a preference for mid-priced hotels over any other accommodation type. Visitors to Canada are more likely to mention that they stayed at a camping/trailer park compared to German travellers to any destination.*
- ✓ *While the proportion of German travellers visiting the US as part of a trip to Canada is relatively steady, there is a significant decline in overnight stays (26%, down from 33% in 2017) and an upward trend in day visits (21%, up from 17%).*

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

The primary reason for travelling among all German long-haul travellers to any destination continues to be for holiday purposes (65%), followed distantly by visiting friends and family (16%).

Going on a holiday (66%) is also the primary reason to take a trip specifically to Canada, followed by visiting friends and family (18%)

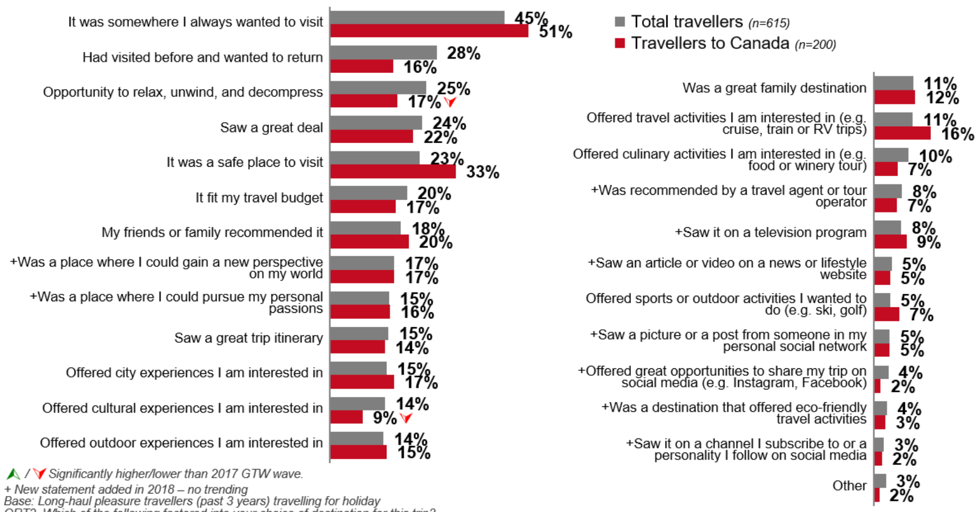
Motivators

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

The longstanding desire to visit remains the primary reason for selecting the holiday destination, both among travellers generally (45%) and visitors to Canada (51%). Past visitation to the destination ranks as the second most influential factor among German travellers generally (28%); however, this is a relatively less important reason for choosing to visit Canada (16%). Instead, safety continues to be the second most important motivator for German travellers visiting Canada (33%).

Among visitors to Canada, the opportunity to relax and to unwind was mentioned significantly less as a motivator in 2018 (17%, down from 28% in 2017), as are mentions for interesting cultural experiences (9%, down from 16% in 2017).

Factors Influencing Destination Selection



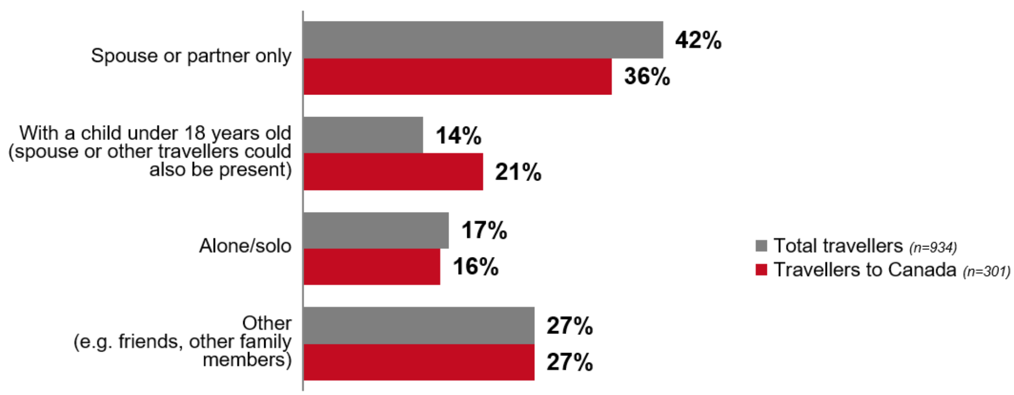
▲/▼ Significantly higher/lower than 2017 GTW wave.
+ New statement added in 2018 – no trending
Base: Long-haul pleasure travellers (past 3 years) travelling for holiday
QRT3. Which of the following factored into your choice of destination for this trip?

Travel Party

German travellers to any long-haul destination travelled solely with their spouse or partner (on a couple's trip) for 42% of total trips. Those travelling with children under the age of 18 accounted for 14% of total trips, while solo travel made up an additional 17% of trips. The remaining 27% 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, 36% travelled solely with their spouse or partner. The proportion travelling with children under 18 to Canada is 21%, which is one of the larger family travel markets for Canada (tied with the UK and behind only India, the US and Mexico). Solo travel accounted for 16% of trips to Canada and the remainder of trips (27%) consisted of other travel parties.

Travel Party



Base: Long-haul pleasure travellers (past 3 years)
QRT4. With whom did you travel on this trip?

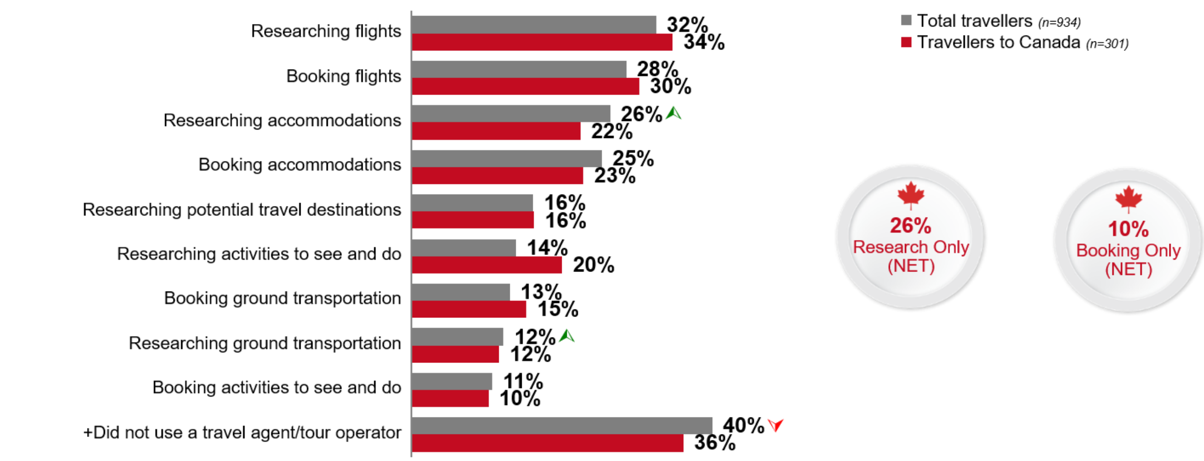
Booking

Sixty percent of all German travellers report consulting a travel agent/tour operator on their most recent long-haul trip for either planning or booking purposes, up significantly from 55% in 2017. Travel agent/tour operator use is slightly higher among visitors to Canada and is up marginally in 2018 (64%, up from 60% in 2017). For both German travellers generally and those visiting Canada, travel agents/tour operators are most likely to be used for researching and booking flights and accommodations.

For German travellers generally, the use of travel agents/tour operators has increased significantly for researching accommodations (26%, up from 21% in 2017) and researching ground transportation (12%, up from 9%).

It is important to note that 26% of recent visitors to Canada only conducted research with travel agents/tour operators without following through on booking any trip components.

Travel Agent/Tour Operator Usage



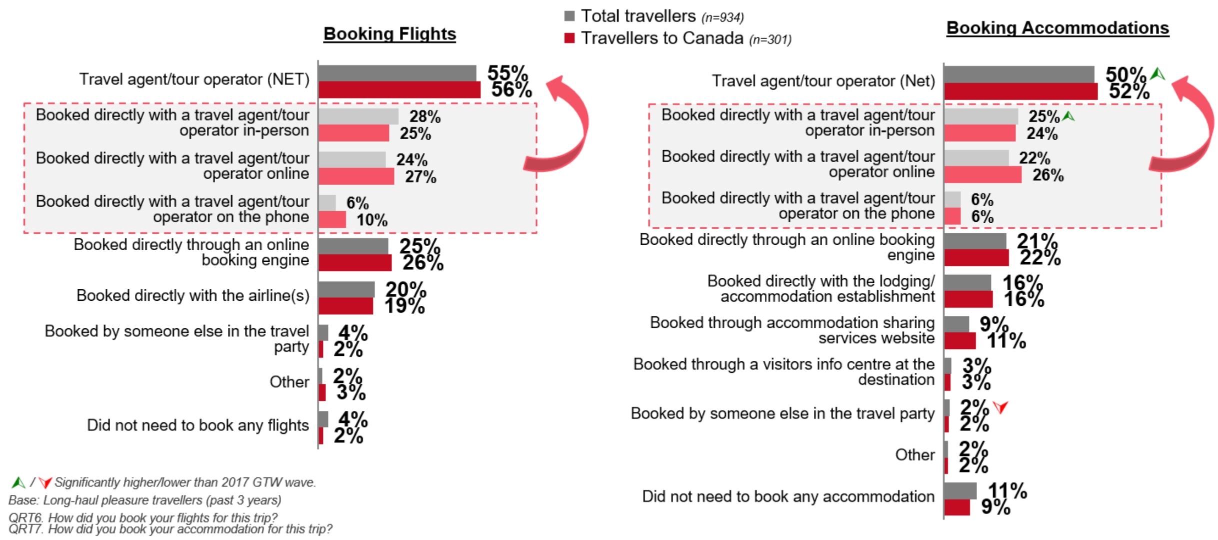
▲/▼ Significantly higher/lower than 2017 GTW wave.
+ 'Tour operator' was added to the statement in 2018 – review trending with caution.
Base: Long-haul pleasure travellers (past 3 years)
QRT15. Did you use a travel agent or tour operator to help you with any of the following for this trip?

The most popular way to book a flight to any destination is through a travel agent/tour operator (55%), with booking directly with a travel agent/tour operator in-person being the most prevalent (28%), followed by directly with a travel agent/tour operator online (24%). Booking directly with online booking engines (25%) and directly with the airline (20%) are the next most common methods.

The pattern for booking trips to Canada is largely similar, with the most popular way to book flights being through a travel agent/tour operator (56%). The most prevalent way to book flights to Canada is through a travel agent/tour operator is online (27%), followed by in-person (25%).Booking directly with online booking engines (26%) and booking directly with the airline (19%) are the next most common methods.

For accommodation, booking with a travel agent/tour operator is also most popular and is up significantly in 2018 (50%, up from 45% in 2017). Booking directly with a travel agent/tour operator in-person is the most common method and is also up significantly (25%, up from 20% in 2017). This is followed by booking directly with a travel agent/tour operator online (22%), booking via an online booking engine (21%), and directly with the provider (16%). Among those who visited Canada, the results are similar except that booking directly with a travel agent/tour operator online (26%) is slightly more common than booking in-person (24%).

Booking of Flights and Accommodations



Thirty-seven percent of German travellers indicated at least a portion of their trip was part of an organized group. Organized group travel was equally as common among recent travellers to Canada (40%).

A large majority of all group tours are booked through a travel agent/tour operator (85%), including those booked to Canada (81%). Organized group tours are most often booked through a travel agent/tour operator in-person (39%) or through a travel agent/tour operator online (37%). Similar results are seen for group bookings to Canada, with bookings made through a travel agent/tour operator in-person (38%) being slightly more common than use of a travel agent/tour operator online (36%).

Type of Accommodation

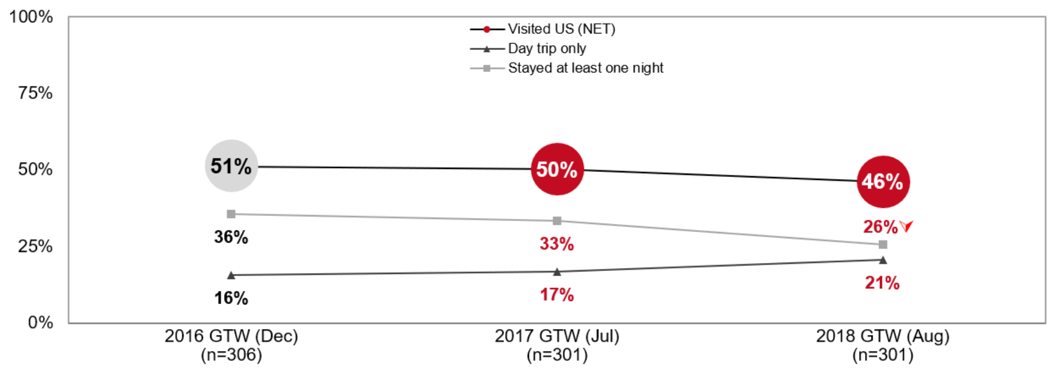
Regardless of destination, German travellers continue to show a preference for mid-priced hotels (56%) over any other accommodation type. Following distantly are rented houses/apartments and luxury hotels (both at 15%).

Recent German visitors to Canada also stay at mid-priced hotels most often (47%) followed by rented houses/apartments (20%) and budget hotels (17%). Visitors to Canada are more likely to mention that they stayed at a camping/trailer park (13%) compared to German travellers to any destination (5%).

US Visitation

Consistent with 2017, combining a trip to Canada with a visit to the US is common among German travellers (46%). While the proportion of German travellers visiting the US is relatively steady, there is a significant decline in overnight stays (26%, down from 33% in 2017) and a corresponding rise in day visits (12%, up directionally from 17%).

Canada & US Visitation – Trended



/ Significantly higher/lower than 2017 GTW wave.

Base: Travellers to Canada
QRT13. Did you also visit the U.S. during this trip, either for a day or overnight stay?

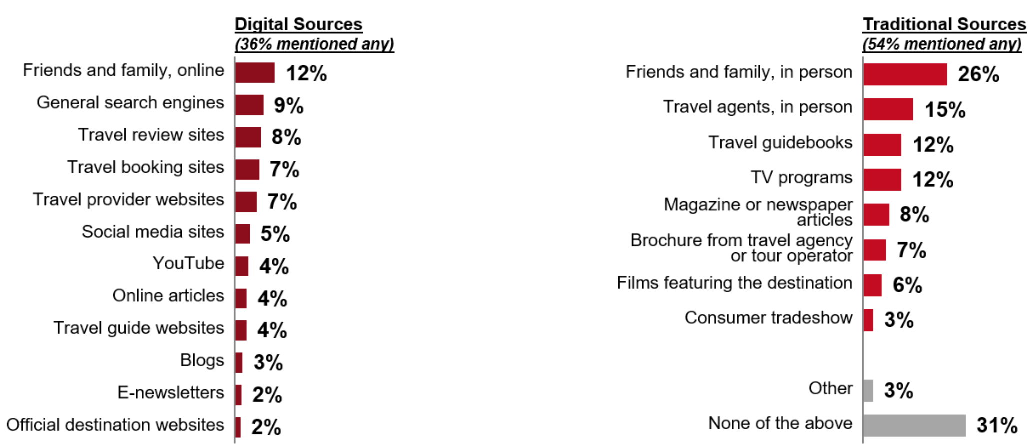
Information Sources

HIGHLIGHTS

✓ *German travellers are more likely to list traditional sources as influential in destination selection, with digital being relatively less important.*

A new question added in 2018 asked German travellers whether they had booked a trip in the past three years based on a recommendation from any sources. Traditional sources (54%) are most likely to be cited as influential, with in-person recommendations from friends and family (26%) being the top source, followed by in-person travel agents (15%). Travel guidebooks and TV programs (both 12%) were the next most influential traditional sources. Digital sources are less likely to be seen as influential (36%) compared to traditional sources (54%). Among digital sources, online recommendations from friends and family (12%) are the most influential, followed by general search engines (9%).

Influence of Sources in Destination Selection



+ New question added in 2018 – no trending,
Base: Long-haul pleasure travellers (past 3 years or next 2 years) (n=1501)
+MT5. In the past 3 years, have you booked a trip based on a recommendation from any of the following sources?