

Canada: Tourism Market Insights 2017

This tourism report provides an outlook on key market insights on a global, national and provincial scale for Canada. In addition, it includes key behavioural trends and characteristics of travellers from Canada.

Obtaining a thorough understanding of when and where travel consumers search and source their information sheds light and insight on how to effectively influence travellers' decision as they plan their next trip.

Inbound Tourism Trends

- According to the latest Euromonitor International trends on Canada, the weak Canadian dollar was not the only incentive for visits from international travellers in 2017. Canada celebrated its 150th birthday with nationwide events, drawing both international and domestic travellers.
- There was free admission to more than 200 national parks and historic sites across the country, as well as airline and site promotions throughout the year. Montreal, turned 375 and also hosted many events.
- Trends further indicated that WestJet Airlines Ltd reported plans to enter the cheapest end of air travel by launching an ultra-low cost carrier modelled on Ryanair. Canada JetLines also had strategies to enter the same band. Currently, flights in Canada are some of the most expensive in the world. Having ultra-low cost options will stop many Canadians from having to fly to the United States to find them.
- Canada's primary strengths are its strong brand reputation as a friendly, politically stable and safe country for international visitors as well as its unique natural wilderness experiences. Increased federal funding to support Canada's tourism industry is viewed as another significant strength as it puts tourism in a more competitive position to grow in the long term.
- Weaknesses include the country's geographical distance from most other countries and the necessity for access by air travel only for all international visitors with the exception of those from the United States. Additionally, visa requirements put travellers from several nations off travelling to Canada.
- Regulations resulting in higher than average airline fees and taxation placed on travellers coming to Canada add to the disadvantage of air-only access by acting as a deterrent for cost-conscious travellers.
- The main opportunity for Canada is the weak Canadian dollar, which results in a favourable currency exchange for many international travellers, in particular the United States and Europe. This inevitably leads to increased international inbound arrivals and visitor spending within the country.
- Canada's primary threat is low oil prices, which has a significant impact on overall economic activity and corporate business travel spending within the oil- and gas-rich regions of the country.
- Inbound arrivals grew 4% in terms of number of trips during 2017 boosted by Canada's 150th birthday. Celebrations and events across the country attracted tourists from all over the world. Both the New York Times and Lonely Planet put Canada at the top of their list of places to visit in 2017.
- Canada's Tourism Commission (CTC) continues to actively promote Canada through the brand "Canada Keep Exploring". The brand emphasises the country's natural wildlife, vibrant cities right next to nature, award-winning Canadian local cuisine and being the perfect getaway for the active adventure traveller.
- Destination Canada continues to work with partners to maximise the impact of their efforts. Because Canada is mostly reached by air, the tourism board joined forces with Air Canada and West Jet in 2017 to collaborate on strategic marketing.
- The United States remained Canada's largest trading partner and strongest source of inbound tourists in 2017. Canada is increasingly attractive to United States travellers for meetings and conventions, as the exchange rate makes it an affordable destination. In leisure tourism, Canadian destinations within easy driving distance of the United States, experience the greatest benefit. American holidays to Canada often include visits to ski resorts, shopping and dining, all at a relative discount due to the weakened Canadian dollar.

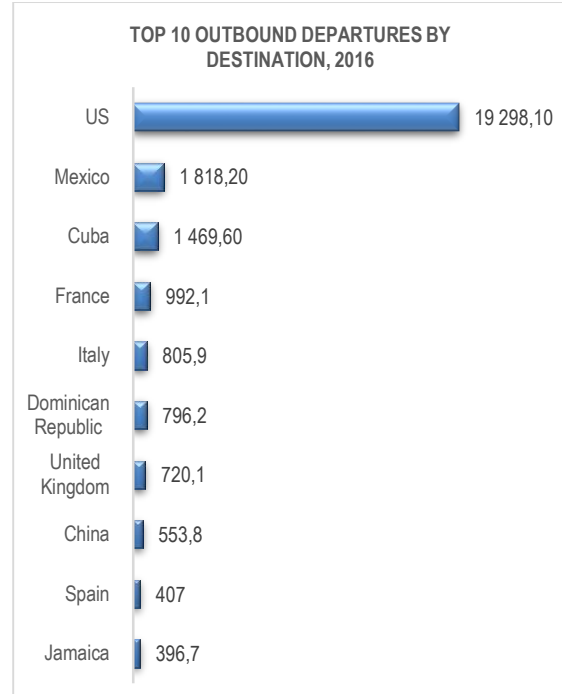
Outbound Tourism Trends

CANADIAN TRAVELLER TRENDS, 2016/17	
Paid holiday	17.0
Public holidays	9.0
Annual leave	26.0
Age profile	35-49 years (5.6 million)
Seasonality by month (Number of people)	August (2.1 million)
	March (1.9 million)
	July (1.9 million)
Top travel group size	Singles (10.8 million)

Source: Euromonitor International, 2017

- Domestic leisure travel portrayed a positive growth into 2017, mainly due to Canada's 150th confederation anniversary and Montreal's 375th anniversary. The low Canadian dollar and energy prices continued to fuel domestic tourism in 2017.
- Outbound trips are expected to grow by 2% in 2017. United States travel deals aimed to attract Canadians despite the poor performance of the dollar in 2017.
- The exchange rate has a big impact on both inbound and outbound tourism. One of Canada's biggest competitors is the United States and when the United States dollar is strong, Canada becomes a more appealing holiday destination.

- A positive economic outlook and improvements in the energy sector stimulated domestic business travel. Expanded flight routes across Canada also made business travel more convenient.



Source: Euromonitor International, 2017

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Understanding the Canadian Digital Consumer

- Recent trends have shown that consumer behaviour in Canada are changing as people move towards digital payment methods.
- Trends further indicate that Canadians started to use a wide range of connected digital devices such as PCs, tablets and smartphones for their everyday needs, including purchasing goods online.
- Canadian consumers are choosing to shop online due to convenience, time saving and the ability to shop anywhere and anytime, as well as the ability to see and compare prices on a wide selection of goods and services across different retailers. The Internet has thus become a key channel for commerce in Canada.
- Canada has recorded one of the highest internet penetration rates in the world. According to Euromonitor International data from 2016, the number of households in Canada with access to the internet grew by 2% over the course of 2015, reaching 87% of the total number of households in Canada.
- According to CARDonline, 23 million Canadians are accessing digital content through their home and work PCs

every day, while Euromonitor International data demonstrates that 73% of Canadian households owned a smartphone in 2016, and 44% owned a tablet. Furthermore, Euromonitor International research indicates that Canada's digital consumer index is only 47.2 points out of 100, which reflects the current digital readiness and it is expected that it will reach 52.3 by 2020.

- Canada has the highest social media network penetration rate in the world and 82% of Canadians regularly use social networks, compared with 75% of Americans.
- 2017 trends confirmed that the most popular social network in Canada was Facebook with a 47% penetration rate nationwide. Although social networks are extremely popular among digital retailers, they are not yet producing the types of returns that many had originally hoped for.
- The use of portable devices such as smartphones and tablets continues to grow rapidly in Canada, with social media the top activity undertaken on these devices.
- According to Euromonitor International, 61% of Canadian households owned a smartphone in 2014; two years later in 2016, this ownership rate had increased to 76%, the

result of a 12% CAGR, which indicates that, towards the end of 2017, three out of four Canadian households owned a smartphone.

- Euromonitor International data further indicated that 82% of mobile telephone subscribers in Canada in 2016 were subscribed to mobile internet services, while 2016 also saw 99.4% of the Canadian population covered by a 3G mobile cellular network.
- Compared with other age groups, millennials are especially active on their smartphones, including the use of

applications. Brands whose target audience includes mainly young people should therefore be particularly concerned with offering integrated mobile solutions across both browser and mobile apps.

- Overall, mobile devices will inevitably evolve to become a required marketing channel for brands focused on driving consumer-centric growth. Some brands such as iPhone and Samsung are already taking advantage of the latest developments in technology to reach consumers in exciting new ways.

Understanding the Canadian Path to Purchase

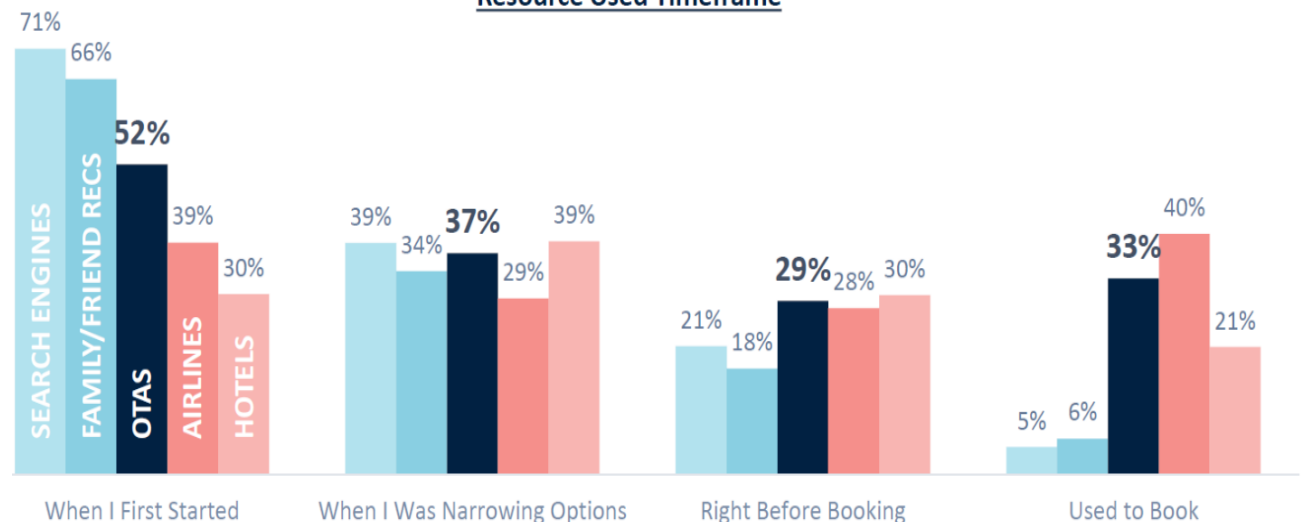
Expedia Media Solutions commissioned comScore to conduct a study on the travel path to purchase in Canada. ComScore thus combined online travel behavioural data with data collected through a custom survey. Survey respondents included Canadian residents aged 18 years and over, and specifically those who have booked travel online within the past six months.

Behavioural data and surveys were conducted during April 2016 and highlighted the following key travel and purchasing trends:

- **30 million** Canadian digital users consume **148 billion** digital minutes each month.
- **7 out of 10** digital users consume travel content.
- **Mobile reaches 64%** of all Canadian online travel users, and grew from the reach of 54% recorded during the same period of the previous year.
- During April 2016, online travel usage reflected 35% mobile only, 29% used multi-platform and 36% used desktop only.
- **50% smartphone owners** engage with their device when planning trips, while **57% of tablet owners** used their device for research.

- **56%** travelled with their spouse or partner and **19% travelled alone.**
- **63% millennial travel bookers** considered 2 or more destinations during their research phase.
- **33%** of online travel bookers engage with Online Travel Agents (OTAs) throughout their booking path, followed by TripAdvisor (26%), accommodation (17%) and airlines (13%).
- **OTAs & family/friend** recommendations are the top resources Canadians use first while deciding on a destination.
- **OTAs (Expedia.com etc.) & family/friend** recommendations also ranked as the most influential online resources in the decision-making process.
- **Travel costs & accommodation** are the most critical factors in helping travel bookers decide on a destination.
- **38%** of travel bookers are influenced by advertising when considering more than one destination.

Resource Used Timeframe

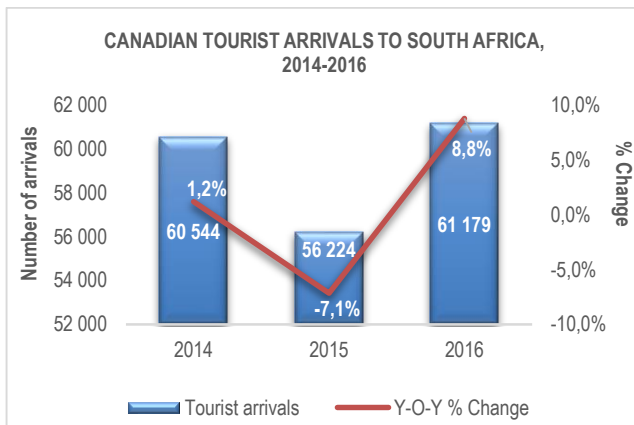


Source: Expedia Media Solutions, 2017

Profile of the Canadian Traveller to South Africa:

1. How many Canadian tourists visit South Africa per year?

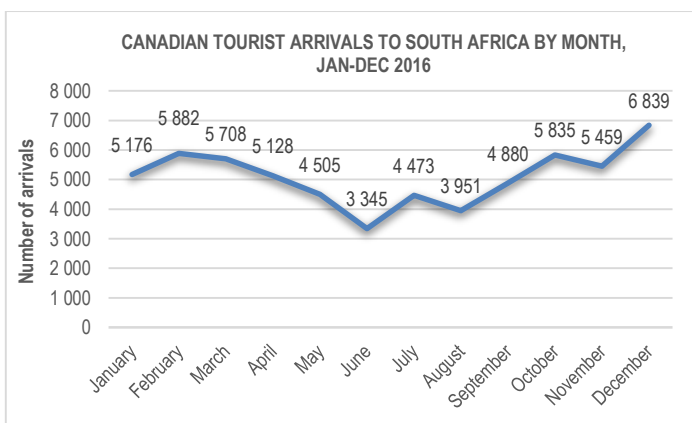
- South Africa recorded over 60,000 Canadian tourists in 2016 and increased by 8.8% year-on-year. Between January and September 2017, South Africa already welcomed a total of 46,860 Canadian tourists, reflecting a solid growth of 8.9% year-on-year.



Source: SATourism, 2017

2. Which months do they prefer travelling to South Africa?

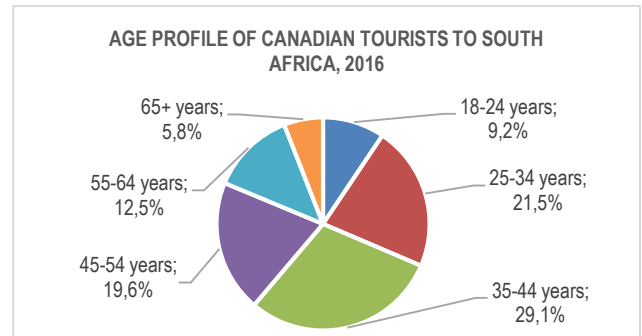
- During 2016, the largest share of Canadians travelled to South Africa during December (6,839), February (5,882), October (5,835) and March (5,708). These peak months indicate that the summer period draws the largest share of arrivals from this market.
- Euromonitor International global seasonality trends further indicated that the largest number of Canadians travel during August (2.1 million), followed by an average of 1.9 million during March and July. This is an extremely important opportunity for South Africa who are currently receiving the largest volume from this market during summer.



Source: SATourism, 2017

3. What is the age profile of the Canadian tourists to South Africa?

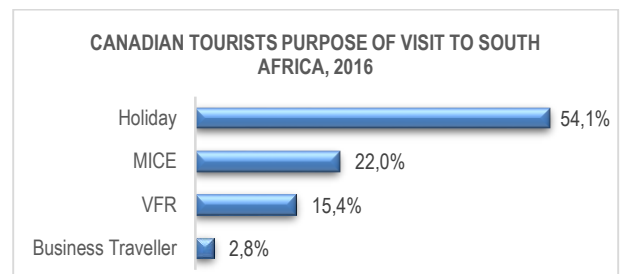
- Nearly 60% of the Canadian market to South Africa is between the age of 18 and 44 years, representing a fairly young market.



Source: SATourism, 2017

4. What is their main reason for travelling to South Africa?

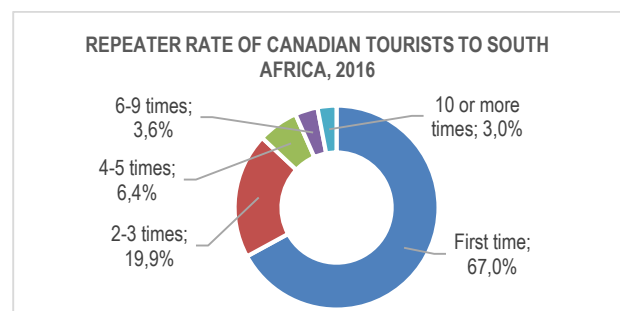
- Holiday ranked as the top reason for travel to South Africa. This comes as no surprise when looking back on their preferred period of travelling to the country. 22% of Canadians travelled for MICE (Meetings, Incentives, Conferences and Exhibitions) and 2.8% enjoyed leisure activities while on business.



Source: SATourism, 2017

5. How often do Canadian tourists travel to South Africa?

- 67% of Canadians travelled to South Africa for the first time in 2016, and 19.9% returned back to the country 2-3 times.

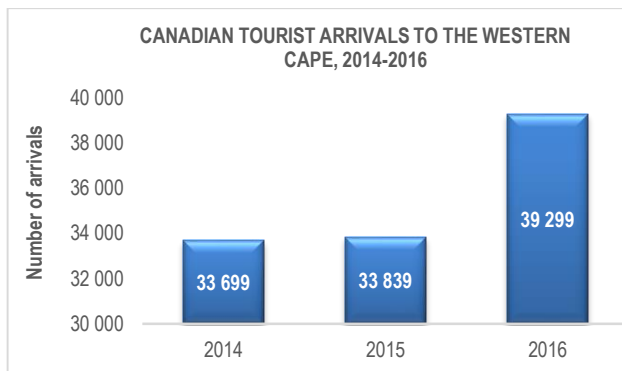


Source: SATourism, 2017

Profile of the Canadian Traveller to the Western Cape:

1. How many Canadian tourists visit the Western Cape per year?

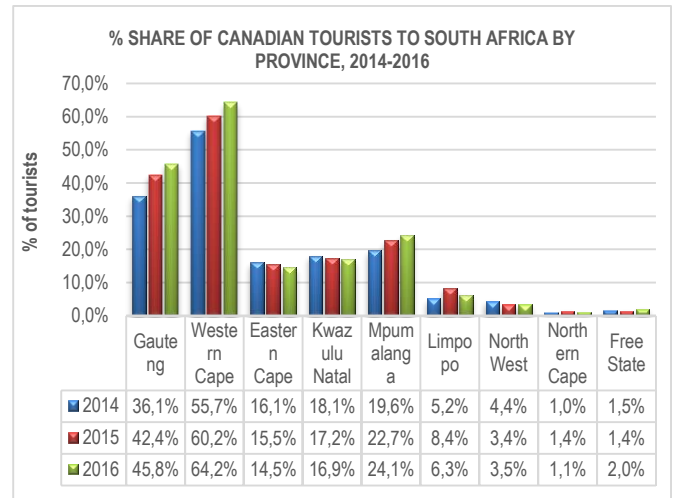
- Over the last three years (2014-2016) the Western Cape saw consecutive year-on-year growth from this market. The year 2016 reflected a strong performance in particular, recording 39,299 Canadians and increasing by a double digit 16.1%.
- Between January and March 2017, the Western Cape already saw an increase of 9.4% in arrivals from Canada, portraying a positive outlook for the year ahead.



Source: SATourism, 2017

2. How attractive is the Western Cape to the Canadian market?

- Of all the provinces, the Western Cape held the highest share of arrivals from the Canadian market and held a solid share year-on-year.



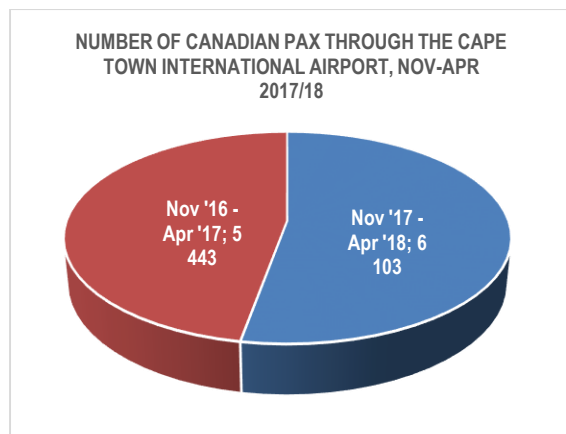
Source: SATourism, 2017

CANADIAN TRAVELLER TRENDS	2015	2016	% Change
Total Foreign Direct Spend in the Western Cape	R0.3 billion	R0.4 billion	+20.4%
Average spend in the Western Cape	R11,500	R11,000	+4.5%
Total bed nights spent in the Western Cape	307,000	323,000	+5.2%
Total formal bed nights spent in the Western Cape	208,000	237,000	+13.9%
Average length of stay in the Western Cape	10.2 nights	9.3 nights	-

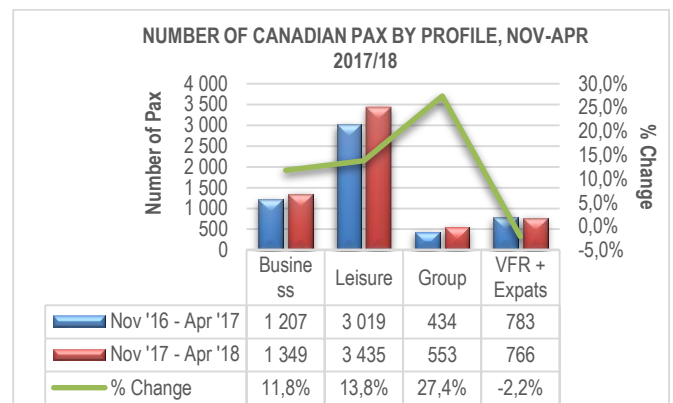
Source: SATourism, 2017

LOOKING AHEAD: Do we foresee continued growth from the Canadian market?

- According to ForwardKeys booking trends, a total of 6,103 Canadian travellers are expected through the Cape Town International Airport between November and April 2017/18. This number represents the share of Canadians who specifically booked travel via online travel agencies.
- Canadian booking trends for the six months ahead indicate a strong share of leisure travellers, followed by those who specifically travelled for business. While leisure and business were the largest booking segments, group travel is emerging as a popular form of travelling, and grew by 27.4% year-on-year.

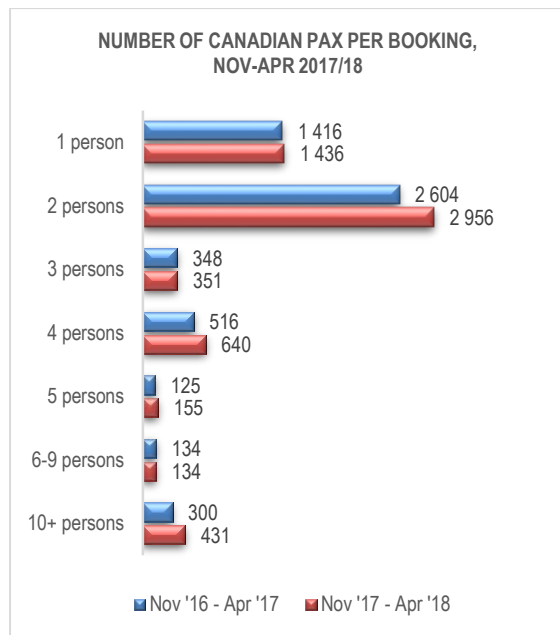


Source: Forwardkeys, 2017



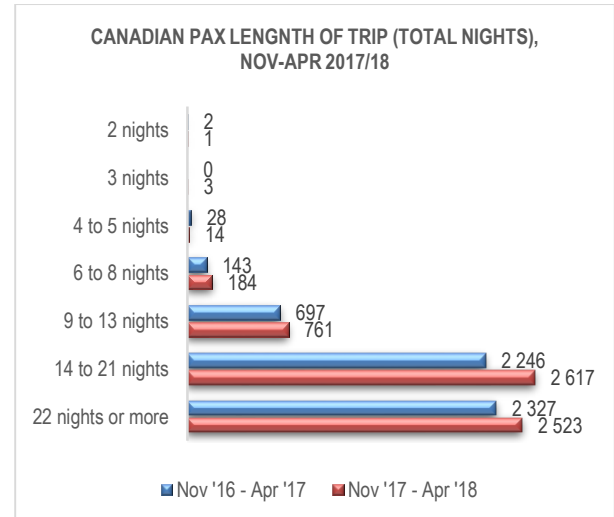
Source: Forwardkeys, 2017

- From the future booking trends seen below, it is evident that the Canadian market largely travel in pairs and alone. The share of solo travellers can likely be attributed to the business travel market.

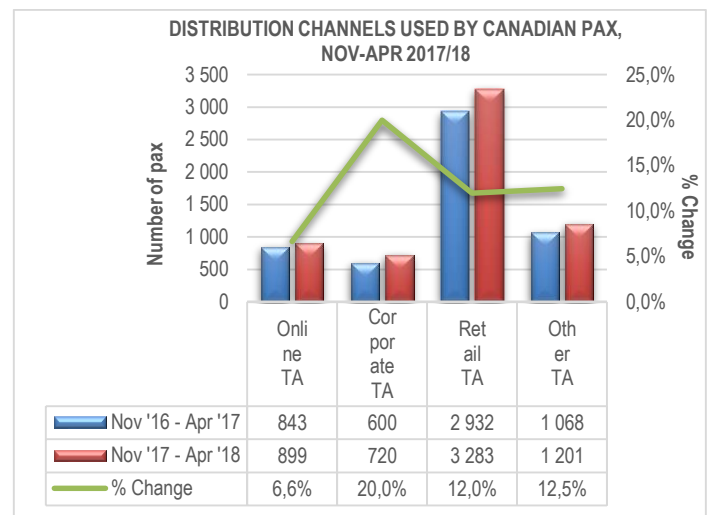


Source: Forwardkeys, 2017

- Between November and April 2017/18, the largest share of Canadian bookers indicated a 14-21 night stay in Cape Town, followed by over 2,000 Canadians who will be staying for over 22 nights or more.
- The largest number of Canadian pax conducted their online bookings via retail travel agencies. However, bookings via corporate travel agencies reflected the highest year-on-year growth, rising by 20%.



Source: Forwardkeys, 2017



Source: Forwardkeys, 2017

Key findings for Destination Marketers:

- Global trends (Expedia Media Solutions) have indicated that mobile usage is growing with mobile engagement. However, it is still less than desktop usage amongst Canadians. These preferred online channels is key for marketers to know how to engage with this market.
- Travel is considered a time-consuming purchase amongst Canadians, resulting in hundreds of visits to travel sites during the weeks leading up to their purchase. Their frequent site visits create an even bigger opportunity for marketers to reach this market, largely due to their strong online presence.
- Throughout their booking path, online travel agencies had the highest level of engagement across all travel site categories, accounting for more than 30% of total site visits. Booking trends also indicated that their booking

channel preference is retail travel agencies. It is extremely important for marketers to link to these channels for even greater awareness of their offerings.

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