



Allowing our stories to shine Larger than Life


2018-19 MARKETING STRATEGY

A strategy to share Yukon's stories

Through the lense of our Larger than Life brand, we share the rich culture and wonder of the Yukon with curious travellers. We deliver our incredible stories in the right place, at the right time through a targeted approach to consumer marketing. We begin by getting on the radar of potential travellers and then remain present throughout their decision making journey. Our 2018-19 plan builds on past success, while increasing our focus towards sharing relevant and compelling Yukon content with potential visitors.



Introduction



OUR PRIMARY AND SECONDARY MARKETS OF GERMAN-SPEAKING EUROPE, BRITAIN, AUSTRALIA AND JAPAN CONTINUE TO GROW

Photo credit: Atsushi Sugimoto

2018 – Capitalizing on the momentum.

The country's 150th birthday in 2017 stimulated an already growing interest in Canada that resulted in record-breaking years for visitation to Canada and Yukon.

In 2017, Canada welcomed 20.8 million tourists. Yukon also experienced record breaking visitation numbers as reflected by key indicators including border crossing statistics, air arrivals, overnight visitation and retail sales.

This is certainly Canada's time to shine. Our long-standing reputation as a beautiful, caring, liberal-minded country with one of the highest standards of living on earth have all combined to make Canada a highly attractive travel destination.

To ensure Yukon continues to benefit from this momentum, the Government of Yukon made the decision to continue with the successful Yukon Now marketing program that was set to end on March 31, 2018. The marketing program saw a record \$7.2M invested equally by Canada and the Government of Yukon (\$900,000 each per year) over four years to promote Yukon as a year round travel destination. Buoyed by impressive results, Tourism Yukon will continue to invest the Yukon Now resources in our domestic, U.S and overseas markets to stimulate further growth.

Two years ago, Tourism Yukon started to shift its consumer marketing operations as we began to embrace an integrated “always on”, digital centric, data-driven and content based approach to our marketing that puts the consumer at the heart of everything we do. Where we used to try to pull consumers in through traditional, static advertising, this new approach allows us to “fish where the fish are, with the right bait”, by pushing out the right content, to the right people, at the right time, whether that potential visitor has just watched their first episode of Yukon Gold, or they saw one of our commercials on our Facebook page.

In 2018-2019, we will continue to embrace this approach in connecting potential visitors with Yukon's Larger than Life brand. We will embrace new technologies, such as a new customer relationship management (CRM) system and continue to enhance our recently redesigned travelyukon.com website. We will also take steps to enhance our partnerships with proven producers in our overseas markets. Our content strategy, with Destination Canada's Explorer Quotient research at its core, combined with the increasingly surgical digital marketing tools available to us, gives us the ability to share the Yukon's incredible story to consumers and partners more cost-effectively, and more compellingly, than ever before.

We look forward to working with our industry partners to capitalize on the momentum that has been generated over the past number of years and invite you to explore how we will do just that in the following pages.

- Pierre Germain, Director of Tourism

Photo credit: Atsushi Sugimoto

Why invest in strategic tourism marketing?

A healthy and sustainable tourism sector raises revenue not only for local tourism businesses, but also for other businesses in the supply chain as well as providing spillover benefits to other sectors and raising the overall quality of life of Yukoners.

Tourism is the Yukon's second largest industry and its largest private sector employer. As tourism grows, the number of tourism-related jobs increases and so does the percentage of the Yukon's GDP attributable to tourism which benefits all Yukoners.

The role of Tourism Yukon is to present the Yukon in key global markets as a compelling, year-round travel destination that offers authentic experiences and unique stories.

By maximizing the reach and effectiveness of our marketing programs and by working in collaboration with stakeholders, our goal is to grow the visitor economy for the long term benefit of the tourism industry.

Yukon's Visitor Industry: by the numbers

4.4% OR
\$117.2 MILLION

OF TOTAL ANNUAL GDP ATTRIBUTABLE TO TOURISM IN 2016

\$262.9 MILLION

ANNUAL REVENUE GENERATED BY YUKON
BUSINESSES ATTRIBUTED TO TOURISM IN 2016

APPROX.

3,500 JOBS

IN THE YUKON'S TOURISM SECTOR REPRESENTING
13.5% OF THE WORKFORCE (2016 FIGURES)

Our North Star

Tourism Yukon is a part of the community of storytellers who provide a window into the culture and natural phenomena that compels the world's adventurers, lovers of beauty, and constant explorers to discover the Yukon. We are a source of inspiration, knowledge and practical wisdom for those seeking to experience a place that has no comparison.



The Larger than Life brand

Developing and maintaining a consistent tourism brand is critical in today's crowded and increasingly competitive tourism marketing landscape.

A strong brand identity allows us to create an emotional connection with consumers and share not only our own stories, but also theirs. Through the brand we create a sense of place, drive customer loyalty, command attention, and maintain relevancy.

The Larger than Life brand is about authentic stories, remarkable experiences, a rich history and unique culture and unparalleled nature. The brand positions us as a place filled with possibility with a sense of wonder and discovery. Somewhere that captivates its travellers under the spell of the midnight sun and the dance of the northern lights.

Drawing you in with its wide-open spaces and untouched beauty. Telling you richly woven stories through arts, culture, and the warmth of the locals.

The Larger than Life brand is more than just the logo – it is our manifesto. It frames all of our communications in all channels. In our written and spoken communications, our tone of voice is authentic and down-to-earth, using simple but powerful language – emoting the feeling of open arms, open doors and open minds. It conveys the friendliness, playfulness, and approachability of the people who live here. Our visual communication showcases our awesome natural phenomena while capturing the magic of people experiencing it to its fullest. Our style is real, natural, and in-the-moment, with attention to real life detail as well as creating a sense of the scale of our environment.





A Consumer-Centric Approach

What does this mean? Simply put, it means that we will put the consumer at the heart of everything we do. As an emerging destination in a highly competitive market, we need to move away from the traditional “here today, gone tomorrow” approach that no longer provides us with the profile we require.

All of our marketing, in all channels, will be approached holistically, with an emphasis on generating Yukon-specific travel leads within the digital environment. Digital marketing campaigns will be deployed on a year-round basis with increased activity during key engagement

periods as opposed to less frequent, short duration campaigns. They will be designed to drive awareness and demand, ultimately resulting in the acquisition of new leads.

These leads will, in turn, be nurtured through our engagement efforts in both our paid and owned channels. Content themes that shape our marketing creative will also be emphasized through our media relations program. The content generated by travel journalists and influencers will then be shared with consumers throughout our paid and owned channels. Additionally, content produced under the content strategy will be passed along to our international sales team and the travel trade in all overseas markets to assist them in sharing the Yukon story with their target consumers, helping them to drive sales. We also

ensure that our content and marketing creative aligns with Destination Canada in the US and other international markets.

Through this integrated approach to marketing content and channels such as digital advertising, social media, media relations, our websites and email marketing, we highlight the themes that resonate with our target consumers, provide clarity of voice, consistency in messaging, and the maximum amount of exposure within our target markets.



Content Marketing

Why is content important and why are we moving down this path? Destination content has exploded in recent years because travellers have told destination marketers that it's a valuable and profitable practice to share the story of a destination from many different perspectives.

Whereas once destinations pushed out content to potential travellers through static, mass, one-way communications, travellers now demand personalized communication – content that is made just for them depending upon where they are on the purchase journey. And they want to do more than just consume that content. They want to participate in it, become a part of it and share it.

Content marketing is about giving the prospective traveller what they want. It's about telling our own story and letting travellers tell theirs and share their experience. Price, promotion, and product do not tell the complete Yukon story. The travellers who choose to come to the Yukon are those who are passionate about experiencing the world but they want to see, feel and learn about it before they come here.

This is why we've created a strategy that is all about the traveller and their motivations to travel first and foremost. Our content strategy is about telling emotional, experiential stories that connect with prospective travellers on a human level that are designed to pull them in through engaging, compelling, personalized content. It's meant to drive awareness and consideration. In other words, we want to find and nurture the best possible prospects for a future trip to the Yukon.

THE YUKON'S CONTENT VISION

Our content vision describes the essence of the Yukon experience, the target audience, and Tourism Yukon's role and place in telling the Yukon story:

The Yukon is a welcoming and generous destination of unparalleled beauty and authenticity that captivates visitors under the spell of the midnight sun and the dance of northern lights. Here, visitors feel deeply connected to the land, the pristine wilderness that surrounds them, and the people they encounter or share their journey with. Yukon's rich and unique history, paired with its exceptional geographical location, fuels and nurtures creative, innovative and pioneering spirits.

Tourism Yukon is a part of the community of storytellers who provide a window into the culture and natural phenomena that compels the world's adventurers, lovers of beauty, and constant explorers to discover the Yukon. We are a source of inspiration, knowledge and practical wisdom for those seeking to experience a place that has no comparison.

In order to maximize our return on marketing investments, identifying the right target audience is critical. Tourism Yukon does this by analysing the foundational traveller research provided through our investment in Destination Canada's Explorer Quotient® (EQ®). Not only does this research enable us to identify our best primary and secondary target consumers, it also helps us to refine our understanding of their behaviours and motivators. While each segment has their own view of the world and social values, they share many of the same experience drivers that guide their travel decisions. With this knowledge, we can customize our marketing efforts in each market and more effectively move our best customers along the path to purchase.

Globally, we are targeting Authentic Experiencers and Cultural Explorers who collectively form our primary target segments. In Canada, we have also identified No Hassle Travellers and Free Spirits as secondary targets.

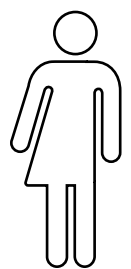
Our Best Customers



Our Best Customers: Learners

AUTHENTIC EXPERIENCERS

Understated travellers looking for authentic, tangible engagement with destinations. Authentic Experiencers have a particularly strong interest in understanding the history of the places they visit through hands-on learning.



51%

55+ YEARS OLD 51% MALE
AVG: 52 49% FEMALE

INCOME (CAD): Average
EDUCATION: Higher than average
OCCUPATION: Higher than average retired

CULTURAL EXPLORERS

Cultural Explorers are defined by their love of constant travel. They embrace, discover and immerse themselves in the culture, people and settings of the places they visit.



47%

35-54 YEARS OLD 34% MALE
AVG: 44 66% FEMALE

INCOME (CAD): Average
EDUCATION: Average
OCCUPATION: Most full-time, higher than average homemaker (8%)

NO-HASSLE TRAVELLERS

No-Hassle Travellers are cautious, dutiful and reserved people who seek secure group travel that allows them to escape from the duties and obligations of everyday life.



52%

55+ YEARS OLD 52% MALE
AVG: 54 48% FEMALE

INCOME (CAD): Higher than average
EDUCATION: Higher than average
OCCUPATION: Full-time, more likely than average retired

FREE SPIRITS

Free Spirits are highly social and open-minded. Their enthusiasm for life extends to their outlook on travel. Experimental and adventurous, they bask in hedonistic experiences that are shared with others.



44%

35-54 YEARS OLD 39% MALE
AVG: 43 61% FEMALE

INCOME (CAD): Slightly higher than average
EDUCATION: Higher than average
OCCUPATION: Full-time. Lower proportion retired

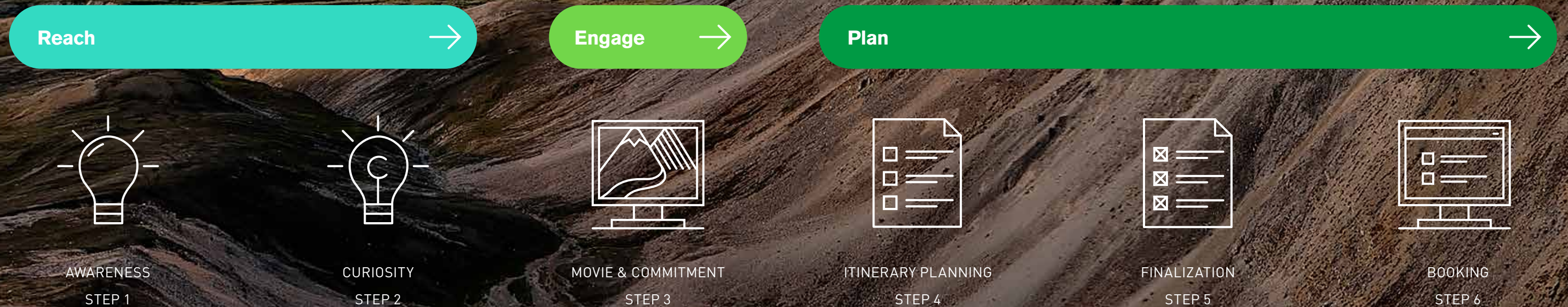
Path to Purchase

An understanding of a consumer's journey along the path-to-purchase model, from destination awareness, through visiting the Yukon, to becoming an advocate for the Yukon, allows us to strategically improve our marketing effectiveness. By engaging consumers in multiple channels with tailored stories and marketing tactics at relevant points along this path we can successfully motivate them through each stage.

Tourism Yukon's programs play a role in steps one through five. However, our primary efforts focus on steps two through four.

Active engagement of consumers begins at step two where consumers dream about someday travelling to the Yukon but do not have concrete plans to do so and lack information about what the destination has to offer.

In step five and beyond, our role becomes less involved and more supportive – assisting consumers to finalize travel plans, including the sharing of travel packages designed by Yukon tourism businesses.



Tourism Yukon employs an integrated multi-channel approach in order to reach our target travellers globally. This strategy allows us to not only connect with consumers through multiple touch points, but to achieve greater efficiency, consistency of brand and influence.

Our Marketing Channels

Our Marketing Channels

CONSUMER MARKETING

Consumer marketing involves communicating directly with our target travellers via a range of strategies. Our goal is to inspire, engage and move them along the path to purchase by serving “the right content, to the right people, at the right time”, particularly in the digital domain. We market directly to consumers in the North American markets. In the overseas markets, we target consumers through strategic partnerships with key tour operators.

TRAVEL TRADE

The travel trade is vital to Tourism Yukon's marketing efforts, particularly in overseas markets. The travel trade encompasses all the supply chain stakeholders from airlines and receptive tour operators through tour operators, wholesalers, online travel agencies to retail travel agents. By working in partnership with the travel trade we can leverage our investments, reach target travellers with specific and timely offers, and increase Yukon products available in each market.

MEDIA, PR AND INFLUENCERS

One of the most cost effective ways to increase destination awareness is through earned media coverage and public relations exposure. By building and maintaining strong relationships with media outlets, journalists and social media influencers globally, we can maximize our investments while building quality content for use in other channel marketing activities.

MEETINGS, INCENTIVES, CONFERENCES & EVENTS (MICE) AND SPORT TOURISM

Tourism Yukon continues to partner with the Yukon Convention Bureau (YCB), which implements a marketing plan designed to promote Yukon as a MICE destination. We also partner with Sport Yukon to support the organization's sport tourism marketing efforts targeted towards national, regional and local sports organizations and stakeholders.



Measurement

Fundamental to all marketing programs is performance measurement. Tourism Yukon sets targets that include several key performance indicators for all of our consumer marketing programs.

Targets for paid media activities include impressions, website visits, clicks and click-throughs to operator sites. Social media targets include likes, shares and comments. For earned media (i.e. stories written by travel writers in newspapers and magazines) the equivalent advertising cost is the usual metric.

Similarly, Key Performance Indicators are set by our market development team to help measure the effectiveness of their work with the international travel trade. These metrics can include the amount of Yukon product being carried by a tour operator year on year, leveraged co-operative marketing amounts, the number of familiarization tours hosted, and equivalent advertising costs of stories written by travel writers, etc.

But this only tells part of the story. Our goal is to better quantify the effectiveness of our marketing communications by ensuring we go beyond clicks and likes to get the “story behind the story”. Six million impressions sounds great, but what does it really mean? In today’s world, where awareness plus engagement equals visitation, we need to create the tools to measure this.

Therefore, in 2018, we will continue to further refine our measurement approach by building on efforts that began in 2017. The goal is to create

a Marketing Performance Index that aggregates the results of work being done in all channels. This will help to better quantify our results and go beyond campaigns to measure the accumulated effect of our efforts. In the international markets, new metrics will also be developed in partnership with key accounts to better define our success there.

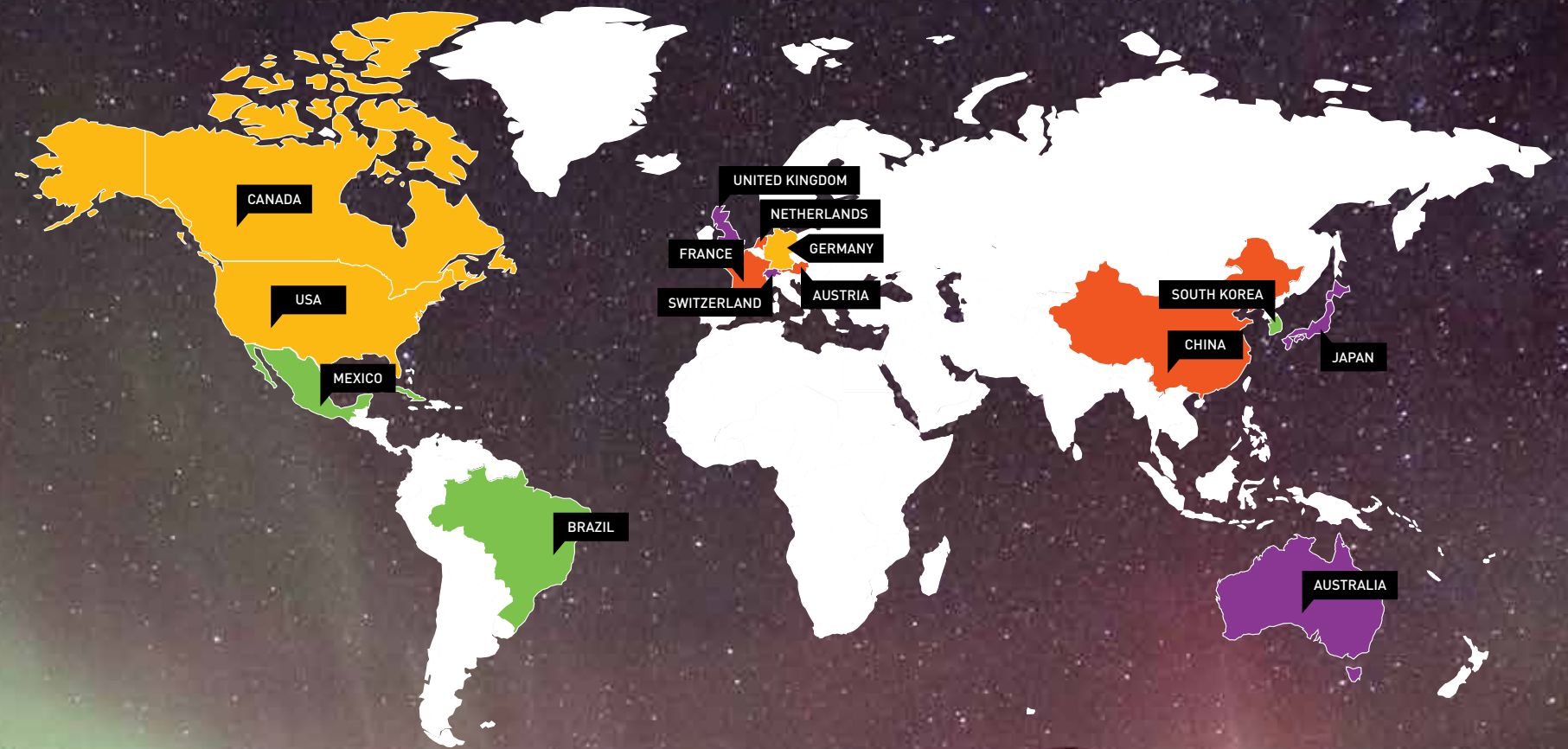
Global Market Overview

Tourism Yukon is currently targeting fourteen geographic markets. Our investments, activities and support for each market are determined by whether the market is classified as Primary, Secondary, Emerging or Monitor.

Markets are initially evaluated using market intelligence from a variety of data sources. In addition, several other factors are also analyzed. Awareness of Canada as a tourism destination is critical. Destination Canada's presence in a market not only supports Tourism Yukon's marketing activities but also provides important and timely market insight. Air accessibility also factors into our decisions – travellers from any market should ideally be able to get here with only one or two stops. Finally, we also consider the types of travel products desired from any travellers and whether that matches what we currently or could potentially offer.

As part of our annual planning process, Tourism Yukon conducts an assessment of each geo-market to review performance over the past year to determine future potential. This ensures that markets with the most potential for the Yukon are prioritized both in terms of budget and related marketing activities. And finally, every few years, Tourism Yukon conducts a Marketing Program Assessment (MPA) to assess the opportunity for growth and to guide investments being made in each of the target geo-markets. The MPA draws on research, industry intelligence, empirical data and key performance indicators that enable strategic geo-market assessment that ultimately drives research-based budget allocations. The most recent MPA was completed in 2014.

The next MPA is anticipated to be conducted in Fall 2019 working using up to date data from the Visitor Exit Survey, currently underway.





Global Market Overview



PRIMARY MARKETS
CANADA, USA, GERMAN-SPEAKING EUROPE

CHANNELS
CONSUMER, TRADE, MEDIA RELATIONS/PR,
AND MICE (CANADA-ONLY)



SECONDARY MARKETS
UNITED KINGDOM, AUSTRALIA, JAPAN

CHANNELS
TRADE, MEDIA RELATIONS/PR, AND CONSUMER
(WHERE DEEMED APPROPRIATE)



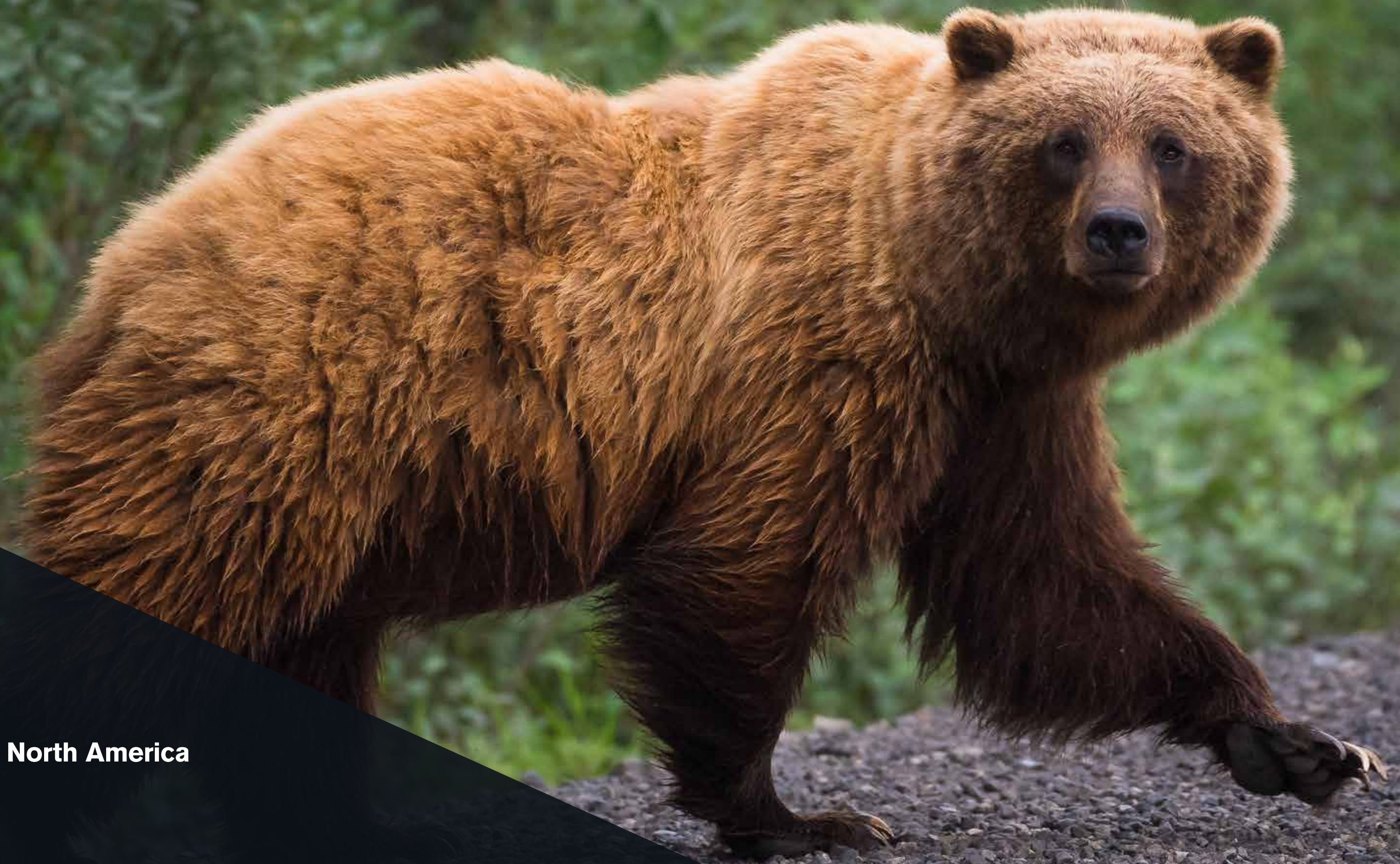
EMERGING MARKETS
NETHERLANDS (BENELUX), FRANCE, CHINA

CHANNELS
MEDIA RELATIONS/PR, TRADE AND LIMITED
CONSUMER



MONITOR MARKET
SOUTH KOREA, MEXICO, BRAZIL

CHANNELS
RESPONSIVE TO TRADE, MEDIA RELATIONS
INQUIRIES



North America



2ND

CANADA IS ALSO EXPECTED TO EXPERIENCE THE SECOND-FATEST GROWTH AMONG THE G7.

Photo credit: Fritz Mueller

Canada

Although the outlook for the Canadian economy in 2018 is generally positive, growth has slowed. Much of Canada's economic growth in 2017 came from consumer debt and real estate markets. Exports have not rebounded as much as expected and with NAFTA negotiations uncertain and the introduction of tariffs by the U.S., the trade outlook is causing concern. In addition, the recent tax overhaul in the U.S. has made Canada less competitive and business investment is starting to leave the country. The Canadian dollar is forecast to remain relatively close to current levels against the US dollar during 2018.

Domestic tourism expenditures grew by 6.3% in 2017¹, driven by Canada 150 celebrations and free admission to national parks and historic sites. A weakened dollar also makes Canada more attractive than the U.S.

Visit USA aggressively targets Canadian travellers who are more likely to head south of the border for leisure travel than they are to stay within Canada. There is a general sense among Canadians that Canada is not as exciting as other destinations and this is compounded among younger travellers who perceive Canada as boring². Additionally, domestic airfares are not competitive – it is, on average, 30% cheaper to fly in the U.S. than in Canada³. However, the launch of three ultra low cost domestic airlines in 2018, Jetlines, Flair and Swoop (a WestJet subsidiary), will create a more competitive environment.

The Global Tourism Watch estimates that the immediate potential domestic market is 8.73 million (those definitely or very likely to travel within Canada but out of province in the next year)⁴. Five percent of these (410,000) have expressed interest in visiting the North with 3% to Whitehorse and 2% to Dawson City. The key barrier to travel within Canada is overall cost which is mentioned twice as often as the next barrier which is the price of gas.

Domestic tourism spending in the Yukon grew by a healthy 7.3% in 2017. Over the next few years, growth in domestic visitor numbers is expected to slow to below 2%, however business and convention travel is expected to be strong in 2018 with several conferences planned for Whitehorse.⁵

Young Cultural Explorers present a significant opportunity for the Yukon because they are “pioneer travellers”. They are ahead of travel trends and visit destinations that are not yet visited by traditional tourists. Given their level of tech savvy and social media connectivity, they can create buzz around emerging destinations and products⁶.

¹ Destination Canada

² Global Tourism Watch 2015

³ Conference Board of Canada

⁴ Global Tourism Watch 2016

⁵ Conference Board of Canada

⁶ Destination Canada

United States

The U.S. economy is buoyant, with the stock market reaching record territory and GDP growth expected to reach 2.7% in 2018, driven by tax cuts and increased federal spending. Consumer confidence surged in February reaching its highest level since 2000. Unemployment is at a 17 year low of 4.1% and expected to continue declining. Inflation is likely to increase slightly prompting further interest rate rises. The introduction of tariffs by the U.S. Administration has raised concerns of a potential trade war, particularly with China, which could negatively impact the economy. The U.S. dollar weakened during 2017 and in 2018 is expected to continue downwards against major currencies. The Canadian – U.S. exchange rate is forecast to remain close to current levels.

The U.S. outbound travel market grew by 9.6% between January and November 2017 which is ahead of the annual forecast of 6%.¹

The number of American visitors to Canada grew by 3.1% in 2017 with a total of 14.3 million visitors. This represents the highest number since 2005. More Americans are arriving in Canada by air - 34% in 2017 which is 10% higher than in 2002.² The main barrier to travel continues to be the perceived cost with 33% of potential travellers citing this as a deterrent, particularly among under-35 travellers³.

The U.S. is by far the largest international market for the Yukon in terms of visitor numbers. However, the majority of visitors are still just “passing through” on their way to Alaska. Although gas prices are expected to head higher, and the purchasing power of the U.S. dollar (down 2.1% in 2017) has weakened, a growing U.S. travel market as well as trends towards longer stays and higher spending still represent an excellent opportunity to encourage visitors to explore more of the Yukon.

Among younger Americans in particular there is strong trend towards authentic travel experiences which is being driven by social media.

They are looking to experience a destination by connecting with its history, people and culture. In addition, there is also increased demand for adventure-based vacations⁴. The Yukon is well-positioned to capitalize on both of these trends.

Destination Canada has identified a potential market of 47.6 million travellers keen to visit Canada in the next two years⁵. Through their Connecting America program they seek to co-invest with partners on creative initiatives that drive collaboration and innovation in order to turn those into actual travellers.

As part of their expanding marketing operation in the USA, Destination Canada has also reinstated the Visiting Journalists Program to assist PMO's by covering the air travel costs of travel writers visiting Canada.

¹ National Tourism and Travel Office

² Destination Canada

³ Global Tourism Watch 2016

⁴ Global Tourism Watch 2015

⁵ Global Tourism Watch 2016



30M

DESTINATION CANADA HAS IDENTIFIED
A POTENTIAL MARKET OF 30 MILLION TRAVELLERS
KEEN TO VISIT CANADA

Use consumer and performance insights to drive content, channel, format and timing, by:

- Developing and applying an insight gathering process

Provide inspiring and engaging storytelling across all channels, by:

- Deploying an effective, consumer-based content strategy
- Producing and gathering content in an appealing and shareable format for the target audience
- Implementing a media relations program emphasizing the content strategy and first-person narrative where possible
- Using influencers and partnerships to further grow the audience and acquire new content

Move consumers further down the purchase journey:

- Developing and deploying content relevant to all stages of the decision-making process. This will ensure a consumer experience through all marketing channels.
- Implementing the newly acquired Customer Relationship Management platform and applying the CRM strategy

2018-19 Strategic Initiatives

NORTH AMERICA (CONSUMER)



International Markets



1.2 MILLION

GERMAN-SPEAKING EUROPE REMAINS THE YUKON'S LARGEST OVERSEAS MARKET. DESTINATION CANADA HAS IDENTIFIED AN 'IMMEDIATE POTENTIAL' MARKET (THOSE LIKELY TO TRAVEL WITHIN TWO YEARS) FOR THE YUKON OF 1.2 MILLION.

Photo credit: Peter Mather

German-Speaking Europe (Germany, Switzerland, Austria)

With the formal re-election of Angela Merkel in March 2018, political and economic stability has returned to Germany. After a positive performance in 2017, the German economy is expected to grow again in 2018 with a GDP forecast of 2.4%. Downside risks include the strong Euro and trade protectionism in the U.S. which is a major export market. Solid economic growth during 2018 is also projected for Austria and Switzerland. The Canadian dollar is forecast to lose ground against the Euro during the year.

The German outbound market is predicted to grow by 2% in 2018.¹ In 2017, a record-breaking 50 million (72%) of all holiday trips were abroad with long-haul travel outside of Europe also setting a record at 8.4%. Travel spending also saw strong growth. Online booking increased and it is anticipated that by 2020 the majority of travel bookings will be made online. For trip planning, Germans still prefer brochures and catalogues as well as advice from travel agents².

There is an increasing trend towards 'green' destinations with travellers more focused on ethically and ecologically sustainable travel. This is a market that is also looking for active outdoor vacations and bespoke touring packages³. Another significant trend is the use of mobile for trip planning, 50% of which is now done by Smartphone. Mobile travel revenue is slated to double by 2020.⁴

In 2017, the number of Germans visiting Canada grew by 5.2% to 388,320 arrivals – the best year since 1999. Air seat capacity also increased by 8.9%.⁵

German-speaking Europe remains the Yukon's largest overseas market. Destination Canada has identified an 'immediate potential' market (those likely to travel within two years) for Northern Canada of 750,000. This figure represents one in five potential visitors to Canada which is significantly higher than that of any of the Yukon's other overseas markets.

Such high travel intention for the Yukon suggests that direct charter service from Frankfurt, extended media coverage and partnerships such as Hannover Zoo, are leading to higher destination awareness and desirability. Given these factors, the Yukon is well positioned to capitalize on emerging market trends.

In 2018, Tourism Yukon will continue to invest in Germany as its largest overseas market. The three-year term of Tourism Yukon's experienced in-market representative was renewed in April 2017.

Cooperative marketing partnerships with proven tour operators will continue to drive strong bookings, primarily for the summer season, but with an effort to drive sales on winter packages as well. With policies on travel to the USA in question, German tour operators are expecting a drop in US business. This, along with favourable sentiment toward Canada and a beneficial exchange rate are likely to make Canadian travel even more popular. As well, compression issues in prime mountain destinations in Alberta and BC are adding to the potential for the Yukon.

¹ ITB World Travel Trends Report 2017/18

² http://reiseanalyse.de/wp-content/uploads/2018/03/RA2018_First-results_EN.pdf

³ Visit Britain

⁴ <https://itb-berlin-news.com/2017/02/27/3-german-travel-market-trends-to-watch/>

⁵ Destination Canada



349,800

IN 2017, VISITATION FROM AUSTRALIA IS EXPECTED TO RISE BY 9% YEAR-ON-YEAR TO 349,800 ARRIVALS.

Photo credit: Peter Mather

Australia

Unlike almost every other developed economy, Australia has been recession free for 26 years. Economic growth is projected to strengthen in 2018 boosted by accommodative monetary policy, increasing commodity exports, non-mining investments and a vibrant global economy. High levels of household debt and slow wage growth represent some drag on the economy. Analysts forecast a weakening Australian dollar through 2018.

The outbound market from Australia grew by 6.2% in 2017 to 10.5 million – its highest level since 2013.¹ The number of Australians visiting Canada rose by 12.6% to over 375,000 arrivals.

Destination Canada research identifies an immediate market potential for Canada of 1.95 million Australians. Of these, younger travellers represent the best immediate opportunity².

Air capacity has been increasing with seasonal flights by Qantas, code-share between Qantas and WestJet, and additional Air Canada services between Brisbane and Vancouver. In 2017, air capacity grew by 28.6%.³ Just over 60% of Australians enter Canada via the U.S., and with growth in seat capacity and strong airfare competition on U.S.-Australia routes, this looks set to continue.

Solid air access, strong product-market match, high visitor advocacy, close collaboration with key trade partners and strong media interest all point to Australia having strong growth potential for the Yukon.

British Columbia attracts the largest share of Australians per year with 62% of direct flights heading to YVR. Arrivals to Canada peak from May through to September and increase again for the winter season over December/January.

Most of the Yukon's Australian visitors arrive via an Alaskan cruise. Traditional cruise/rail/Rockies tours are still favoured by first time visitors to Canada. However, there is a shift towards new Canadian products and destinations by the trade and media which works in the Yukon's favour.

Similarly, repeat visitors to Canada are looking to explore new areas, something the Yukon can leverage. FIT travellers also present a valuable opportunity with not only combination north/south itineraries, but also stand-alone Yukon vacations, including self-drive. Wildlife viewing, outdoor pursuits, scenery, and lodge accommodations are all highly desired products.

For Australians, aurora viewing is a “bucket list” experience. One Australian magazine rated aurora viewing as #1 on its list of 100 Things to Do

in Canada Before You Die. This presents an excellent opportunity for the Yukon, enhanced by the extremely strong Australian ski market for Canada that opens up the possibility for combined ski/aurora viewing vacations.

The Yukon is also well-positioned to meet the demands of Australian travel media who are increasingly seeking destinations that offer unique wildlife experiences, quirky festivals and soft adventures. Tourism Yukon will highlight and share a variety of thematic Yukon stories with Australian media in order to enhance the awareness of what Yukon has to offer. In addition to raising consumer awareness, Yukon experiences featured by the media enhance our ability to persuade tour wholesalers to develop new product offerings for the market.

¹ AFTA Travel Trends February 2018

² Global Tourism Watch 2016

³ Destination Canada



Photo credit: Ines Goovaerts

4,814,000

CANADA'S IMMEDIATE POTENTIAL

SOURCE: STATISTICS CANADA,
2017 INTERNATIONAL TRAVEL SURVEY.

United Kingdom

Economic growth in the U.K. is expected to weaken through 2018. High inflation, weak consumer confidence and uncertainty around Brexit are slowing consumer spending and investment. GDP growth in 2018 is forecast to be just 1.5%. After falling in value against the Canadian dollar in 2017, the British Pound has regained ground and the dollar has dropped sharply over recent months, resulting in a far more favourable exchange rate.

Outbound travel grew 2% last year¹ and the industry was generally optimistic about the future at the 2017 World Travel Market. However, British travellers are confused about the implications of Brexit on their vacations and fear it will lead to an increase in price².

The U.K. is still the world's 5th largest economy, and Britons value travelling a great deal. The Association of British Travel Agencies (ABTA) reports that in 2018 people are preparing to spend more to get the destination they want; are planning further ahead and managing holiday budgets more carefully. Another key trend is that almost 70% of people believe that travel companies should ensure that local people and economies are helped by tourism. Package holidays are still the most popular option for foreign trips because they provide the best value for money³.

The U.K. is Canada's largest overseas market; however 2017 saw a 3.8% decline in visitor numbers, with eight consecutive months of declining arrivals since May 2017. Destination Canada attributes this to economic concerns and the weaker British Pound. However, arrivals were still well ahead of the average in recent years. Air capacity continued to improve with a 3.0% increase in available seats. Key potential clients are over 55's who have the time and money to travel; in fact, they represent 80% of the country's wealth. A high demand for Canadian wilderness experiences is aligned to the Yukon's offerings.

While Destination Canada research indicates that the primary barrier for potential travellers to Canada is a perception that it is too expensive, the Canadian dollar still offers substantial value against the Pound at a time when that is an important consideration. Furthermore, with U.S. government policies on travel causing uncertainty for vacations to that country, British tour operators are bullish on selling Canada and are actively engaged in promoting our destination. Many of the U.K. operators are reporting increases for Canada over USA sales.

The U.K. is the Yukon's third largest overseas market and one which enjoys very strong trade and media partner relationships as well as solid air access on one-stop routes via Vancouver and Calgary.

The trend towards healthier lifestyles is impacting travel decisions with the growth of "micro-adventures" – achievable, short adventures for average people. Nearly one in ten people took an activity holiday in 2016 and this is expected to keep growing⁴.

The most popular sources for information used in planning a long-haul vacation are travel review sites (52%) and search engines (48%)⁵.

Working with a team of in-market representatives employed since 2013, Tourism Yukon has successfully increased the amount of Yukon product carried by the British travel trade in recent years. In 2016, the department renewed its in-market representation for an additional three-year term. Together, we will continue the strategy of educating tour operators and sales staff on Yukon products, in an effort to drive not only Yukon product adoption, but also tour sales.

¹ Office for National Statistics
² ABTA Holiday Habits Report 2017
³ ABTA Travel Trends Report 2018
⁴ ABTA
⁵ Global Tourism Watch 2016



#4

JAPAN IS CANADA'S 7TH LARGEST OVERSEAS MARKET FOR TOURIST ARRIVALS, & THE YUKON'S FOURTH LARGEST INTERNATIONAL MARKET.

Photo credit: Peter Mather

Japan

Japan saw upward economic momentum in 2017 and is now in its second longest economic expansion since the 1940's. Economists predict this will continue through 2018. Unemployment is at a two decade low and manufacturing has been expanding. Potential downside risks to the economy include labour shortages and any sudden slowdown in China which is a key trading partner. Japan has been in a deflationary environment for many years, but 2018 is expected to bring a return to inflation which will provide upward momentum for the Japanese Yen.

In 2017, the Japanese outbound travel market grew 4.5%. The number of Japanese visitors to Canada grew to 304,318, its highest level in ten years and a 0.2% increase over 2016. In 2017, Japan fell to eighth position in terms of Canada's largest overseas markets (it was replaced at number seven by Mexico). A poor exchange rate with the Canadian dollar no doubt contributed to the weak performance.

Air seat capacity on direct flights to Canada increased by 7.0% in 2017 with Air Canada launching a new service from Vancouver to Nagoya. In 2018, they will launch another new service from Montreal to Tokyo Narita.

Japanese Millennials have become the largest segment of the population travelling overseas, with approximately 50% heading overseas at least once in three years¹. Destination Canada have also identified this group as representing the largest opportunity for leisure travel to Canada – 45% of Japanese visitors in 2015 were aged 20-34.

Aurora viewing remains a core product with 46% of long-haul travellers ranking it as a preferred activity². Canada's North attracts a significant 7% of all Japanese visitors to Canada. Despite it being a highly competitive market, the Yukon's opportunity lies in differentiating the experience, particularly around fall aurora viewing. And, with natural beauty and scenery consistently rated as the most exciting aspect of a trip to Canada³, the Yukon is in an ideal position to focus on summer outdoor nature activities. Yellowknife has been the most popular destination for aurora viewing with Japanese visitors; however travel trade clients are realizing that the Yukon has a wider variety of activities/products to offer than just aurora.

Advocacy plays a large role in destination selection and Canada is in a strong position relative to its competitors with respect to positive word of mouth. This is an opportunity which can be leveraged through strategies based on social media and other trusted sources such as travel review websites⁴.

The use of travel agents is still prevalent in Japan; according to the Global Tourism Watch 2016 study, 45% of visitors to Canada use a travel agent with only 20% using online travel agencies.

Through its innovative Canada Theatre program, Destination Canada delivers content designed to appeal to adventurous and experience driven Japanese travellers, in an integrated trade, media and social media campaign.

Moving forward, Tourism Yukon will work to identify key tour operators and build stronger partnerships with them. Through familiarization tours, literature and websites we will enhance destination knowledge with the overall goal of developing a wider variety of tour programs.

¹ Office of International Tourism

² Global Tourism Watch 2016

³ Global Tourism Watch 2016

⁴ Global Tourism Watch 2015

Netherlands / Benelux (Belgium, Netherlands, Luxembourg)

The Dutch economy grew to a ten-year high in 2017 and is expected to remain robust in 2018. Unemployment is at multi-year lows, consumer confidence is high, wages are increasing and fiscal stimulus policies are benefiting private consumption.

Outbound travel from the Netherlands grew in 2017 to a record 19.1 million trips. Economic prosperity is driving this growth with 82% of the population having taken a least one vacation in the last year. A strong Euro and fast growing economy mean this trend is likely to continue through 2018.¹

Although Destination Canada's marketing investment is minimal at present, demand for Canada is strong and with the Euro increasing in value against the Canadian dollar this will likely continue.

Long-haul vacation spending by the Dutch is lower than German-speaking Europe or the U.K., but they tend to stay a long time (on average 18 to 21 days). When it comes to trip planning and destination choice, user-generated content is increasingly favoured over traditional professional advice. The use of mobile technology is also on the rise. The typical Benelux traveller is technologically savvy and will shop online for the best deals. They are also conscious of tourism sustainability issues².

According to Travel South USA research, travellers from Benelux (the Netherlands, Belgium and Luxembourg) enjoy off the beaten track travel – they want authentic, personal experiences and see themselves as travellers, not tourists. Health and fitness is a priority in their lives and this is reflected in a preference for active travel experiences. Allied to this is the appeal of “digital detox” where they can leave behind electronics and disconnect from work and social obligations. “Away from it all” destinations resonate with this group. They are also increasingly attracted to music and food festivals. All of these trends

dovetail very well with Yukon product offerings.

The Netherlands, while not a large market, has been a consistent performer for the Yukon. Efforts to grow the amount of Yukon products carried in the market have been paying off with a considerable increase in new product being offered by key accounts.

In addition, the Yukon enjoys good one-stop air access to the Yukon via Edmonton, Calgary and Vancouver. In-market sales representation has also led to new promotional opportunities with the trade and media.

The industry organized Canada Marketing Committee, in which Tourism Yukon participates, develops promotional initiatives and partnership opportunities that include hosting a consumer travel website www.welkomincanada.nl and sponsoring marketplace events.

¹ <https://www.baltuscommunications.com/en/news/outbound-tourism-the-netherlands-highest-figures-in-history/>

² Tourism Ireland



17%

THE DUTCH ECONOMY IS EXPECTED
TO CONTINUE IMPROVING THROUGH 2017
WITH GDP GROWTH AROUND 2%.



9%

IN 2016 THE FRENCH MARKET MARKET TO CANADA GREW 9% TO ITS HIGHEST LEVEL EVER. AIR CAPACITY ALSO GREW BY 6.6%.

Photo credit: Rhonda Krause

France

Although consumer and business confidence have weakened since January, the French economy is still projected to show strong growth through 2018 and 2019. With the threat by President Macron's administration to reform the public service, labour unions have organized massive nationwide strikes from March to June, 2018 which could weigh on economic activity. The Canadian dollar is expected to weaken against the Euro.

In 2017, the number of French travellers to Canada grew by 4.6%, setting a new record of 571,000 arrivals. There was also growth of 2.7% in air capacity.

Tourism Australia research indicates that the USA and Canada are the most aspired to and intended long-haul destinations among French travellers. Canada, however, suffers a challenge with conversion. Part of this may be due to the fact that French travellers perceive Canada and the U.S. as having price parity while also stating that the biggest barrier to visiting Canada is that it is too expensive. This suggests that they don't see Canada as offering a unique value proposition when

compared to the U.S. With the continued exchange rate gap between the USD and CAD, an opportunity exists to grow awareness of Canada's value and unique attributes¹.

2017 saw a 23% decline in French visitors to the Yukon. French language services at the supplier level, an excellent relationship with L'Association Franco-Yukonnaise, enhanced air access through Vancouver, and strong in-market support from Destination Canada all enhance the Yukon's potential in this market.

Other opportunities for the Yukon include French travellers' interest in learning about Aboriginal people and a desire to combine urban experiences with nature activities. Trying unique local cuisine is also high on their agenda with more than half actively pursuing it on their last trip². This fits well with the continued growth of unique culinary experiences in the Yukon.

French travellers use a combination of online and offline sources for travel planning and inspiration, relying heavily on travel guide books and search engines. The majority book their vacation through a travel agent either in person or online³.

In 2017, Tourism Yukon will continue its partnership with L' Association Franco-Yukonnaise (AFY) to define and manage its marketing activities in France. Key to the annual strategy is to continue in partnership with Destination Canada on several of its activities in order to extend Tourism Yukon's overall market budget and messaging reach.

Lastly, the re-launch of the Travelyukon.com consumer website will include a French language mirror-site which will support in French consumers with access to inspirational and detailed trip planning information.

²⁶ Global Tourism Watch 2015

²⁷ Global Tourism Watch 2015 & 2016

²⁸ Tourism Australia



Photo credit: Government of Yukon

10 MILLION

CANADA MAINTAINS A STRONG COMPETITIVE POSITION IN CHINA. MORE THAN 10 MILLION CHINESE LONG-HAUL PLEASURE TRAVELLERS INTEND ON VISITING CANADA IN THE NEXT TWO YEARS.

SOURCE: STATISTICS CANADA, 2017 INTERNATIONAL TRAVEL SURVEY.

China

The Chinese economy is moving towards more sustainable growth levels and economists forecast that it will grow by 6.4% in 2018. However, clouding the economic outlook is a potential trade war with the U.S. In addition, the debt ratio continues to rise, raising concerns that there may be a sharp decline in growth in the medium term. The value of the Yuan has strengthened against the Canadian dollar over the past 6 months.

China remained the largest source of outbound tourists globally in 2017, reaching a new high of 130.5 million departures, a year-on-year increase of seven percent. Spending also increased 5% to an estimated \$115.5 billion. However, 70% of these trips are to Hong Kong and Macau. Outside of Asia, the U.S. is the most popular destination. Within China, the largest regional markets are Shanghai, Beijing, Guangzhou and Shenzhen. Although the long-haul market is large, competition for the Chinese travel dollar is intense with major destinations like the U.S., Australia and New Zealand making sizeable investments in their marketing efforts.

The number of Chinese visitors to Canada reached a record level in 2017 with arrivals up 11.8% from the previous year. This was, however, well below Destination Canada's growth forecast of 23%. China is Canada's third largest market in terms of arrivals (behind the U.S.

and U.K.) and the second largest market in terms of tourist receipts. Destination Canada project strong growth from China in the coming year, with the Canadian and Chinese governments announcing 2018 as the Canada-China Year of Tourism. The Canadian Government has set a goal to double the number of Chinese visitors to Canada by 2021.

Air capacity grew by 24.8% year-on-year, with flights now servicing Vancouver, Toronto, Montreal and Calgary. WestJet is currently in negotiations to begin services to China.

Key factors include a new full year Air China route from Beijing to Montreal started in September 2015, additional seat capacity on Air Canada flights to Toronto and Vancouver, more flights by China Eastern Airlines, Xiamen Airlines adding 68 new flights to Vancouver and in June 2016, Hainan Airlines commenced flying into Calgary.

As in other markets, Millennials are becoming increasingly important. In 2016, 42% of recreational travellers to Canada were 20 – 44 years old. According to the ITB World Travel Trends Report, Millennials now comprise approximately 60% of all Chinese travellers. Additionally, more than 50% of travellers are now FIT and the demand for package tours is declining, in line with Millennial travel preferences.

Chinese travellers especially in FIT, are increasingly interested in new tourism products, customized itineraries and themed programs. The new wave of Chinese tourists consider themselves explorers and

seek travel experiences that emphasize local lifestyle through things such as cuisine, culture and history¹.

According to the most recent Longwoods study, perceptions of Canada on most of the key drivers of consideration are family atmosphere, worry-free and sports and recreation. China is now the Yukon's fifth largest international market. Destination Canada has identified an immediate market potential of 1.5 million for Canada's North. The China Tourism Academy recently noted that as air pollution in China has become more serious, air quality and the natural environment have become important factors in destination choice. These, along with the growing trend towards FIT travel, especially self-drive/RV and off-the-beaten-track destinations are opportunities that the Yukon can leverage.

Clearly, aurora viewing represents an excellent opportunity for the Yukon and there has been increasing interest from the trade for Yukon aurora viewing product. Through partnership with local tour operators, Tourism Yukon is able to expand international business via collaboration on familiarization tours and training seminars to create stronger awareness.

¹ Attract China 2015
¹ Global Tourism Watch 2016

South Korea

The Korean economy is in good shape with consumer confidence indicating optimism. Growth in 2018 is projected to be 3% with increased government spending, rising exports and stronger domestic consumption fueling growth. Additionally reduced geopolitical tension on the Korean peninsula following meetings between North and South Korean officials is likely to further improve consumer and business confidence. The Korean Won has been gaining strength against the Canadian dollar.

Outbound travel was strong in 2017, rising 18.4% to 26.5 million departures. Korean visitors to Canada also continued to rise, with an increase of 17%, to 286,052, outpacing Destination Canada's forecast and setting a new arrivals record. Air capacity also grew by 17%.

The Yukon also saw growth from the Korean market in 2016 and interest among both the travel trade and consumers is improving,

particularly for aurora viewing. Other growth opportunities are self drives and summer soft adventure.

Destination Canada has identified an immediate market potential of 1.5 million for Canada's North¹.

Korea is a very connected and tech savvy population. They have the highest Internet penetration in Asia and one of the highest in the world, as well as one of the highest smart-phone usage rates. While television and films set in specific countries continue to be very strong influencers when it comes to destination choice, the leading sources are personal blogs and other social media. This is one of the most developed and active social media populations globally which presents an excellent opportunity for the Yukon to reach potential customers. Koreans desire a well-balanced and healthy life and the concept of 'refresh and invigorate' rather than 'relax and unwind' is one that motivates travellers. They will seek out plenty of activities and experiences not available to them at home², a trend the Yukon is well positioned to leverage.

Like many other markets, there is a shift towards Millennial travellers. In 2015, 38% of visitors to Canada were aged between 20 and 34 years of age. This group are predominantly FIT and like to share their stories through various social media channels. Natural attractions continue to be the biggest draw for visitors to Canada. Seeing the Northern lights is also important with 39% of long-haul travellers expressing interest³.

Traditionally, South Korean long-haul travellers have relied heavily on travel agents, but this appears to be changing. Destination Canada research shows that in 2016, 40% booked with a travel agent and almost the same number (39%) used an online travel agency.

Travel agents are an important channel for Tourism Yukon as they can be both an influencer and business partner to increase visitation, introduce new products and to gauge market sentiment. Winter aurora viewing and summer hiking tours remain Yukon's core products in South Korea.

¹ Global Tourism Watch 2016

² European Travel Commission

³ Global Tourism Watch 2016



18%

AIR CAPACITY EXPECTED
TO GROW BY 18% IN 2017

Mexico

Although the Mexican economy is relatively stable, rising inflation and the uncertainty surrounding NAFTA are significant concerns. GDP growth in 2018 is projected to be around 2.2%. After falling in value against the Canadian dollar in 2017, the first quarter of this year has seen the Peso increase 11% against the dollar.

Outbound travel from Mexico has been on the rise since 2011 but most of it is short-haul with 90% going to the U.S. Long-haul travel declined sharply from 2011 to 2013 but has started to trend upwards again since 2014. Mexico is one of the fastest growing areas in Latin America and although it faces economic challenges, the travel market is expected to grow and mature.

After the introduction of visa requirements in 2009, Canada, which is considered a long-haul destination, saw a sharp decline in arrivals. However, in December 2016, the visa requirement was lifted and since then the market has been growing rapidly. In 2017 arrivals grew by 47% to 358,916 arrivals, overtaking Japan as Canada's seventh largest overseas market. Air capacity from Mexico also surged with an increase of 70.6% - the highest growth of all Canada's key markets.

The Yukon too has seen significant positive growth in Mexican arrivals with a year-on-year growth rate of 93%.

Canada is a top-of-mind destination for Mexican long-haul travellers and is ranked second behind the U.S. of all long-haul destinations being seriously considered in the next two years¹.

With nine out of ten outbound travellers heading to the U.S., Canada's challenge is to find ways to differentiate itself as a destination. Destination Canada research indicates that Mexican travellers have an overwhelming appreciation of Canada's nature, a key point of difference with the US. Mexicans are more likely to engage in outdoor and/or active nature-based pursuits in Canada and are also interested in niche activities such as Aboriginal culture and northern lights. The Yukon is in an excellent position to take advantage of all these factors.

¹ Global Tourism Watch 2016



1.6 MILLION

AN ESTIMATED 1.6 MILLION MEXICAN LONG-HAUL PLEASURE TRAVELLERS INTEND ON VISITING CANADA IN THE NEXT TWO YEARS.

SOURCE: STATISTICS CANADA,
2017 INTERNATIONAL TRAVEL SURVEY.



Photo credit: Peter Mather

Brazil

The Brazilian economy recovered faster than expected during 2017 and has emerged from recession. Although consumer confidence is still pessimistic, it is slowly improving. There have been increases in private consumption, a decrease in unemployment and GDP is forecast to grow by 2.5% in 2018. The Brazilian Real is expected to strengthen over the coming year.

In 2017 visitor numbers to Canada grew by a healthy 22% to 139,000 arrivals, which was a new record. Destination Canada attributes this to recent changes in visa requirements. Despite the growth in visitor numbers, air capacity decreased by 16.4%.

The market for the Yukon has primarily been aurora viewing and visitors are generally including it as part of a longer Canada trip. Language is a key challenge with Portuguese services being very limited in the Yukon. Given Destination Canada's decision to discontinue its marketing program in Brazil, Tourism Yukon's efforts in the market are limited.

Develop Key account strategy across markets. To include:

- Identifying KPIs for key accounts
- Formulating communications protocols
- Integrating trade contacts into CRM

Optimize Client Content Acces:

Enhanced collaboration and opportunities arising from this collaboration.

- Clarified roles and responsibilities
- Enhanced people management skills
- Enhanced sales results

Foster international marketing team development:

- Identify and establish work processes with new Content Specialist, and GSAs
- Establish ongoing 'Trade Content Gaps' list as working document
- Conduct 1 or more team fams to survey new Yukon product as available/suitable

Key Initiatives

INTERNATIONAL MARKETS

