

TRAVEL & TOURISM

Tourism can create jobs and business opportunities, but not without competitive marketing, community support and product development.

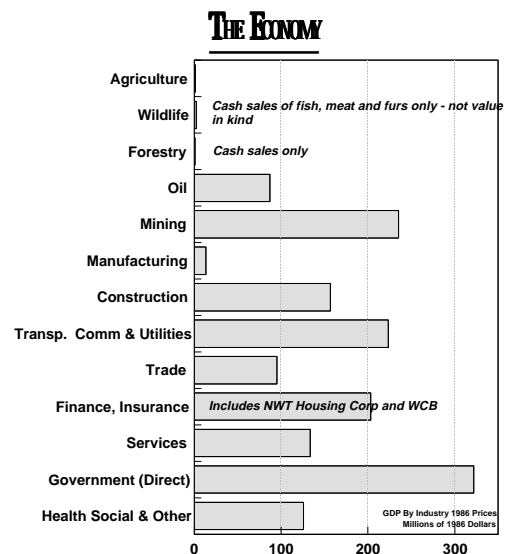
1. THE TRAVEL INDUSTRY TODAY

The "travel and tourism" industry has seen tremendous growth over the past 2 decades, both in terms of sales and growth in the number and quality of facilities and services. In recent years, however, the number of tourists has increased little, and in 1996, tourism travel actually declined in some regions. And unlike some other industries, growth and investment, while often concentrated in larger centres, has also occurred in smaller communities.

Based on current indicators, it is estimated that roughly 50,000 vacationers and business travellers annually spend \$65-million on NWT goods and services.

Tourism is our 3rd largest export, behind mining and petroleum products. Tourism is also our largest renewable resource industry, contributing more to the economy than the combined sales of agriculture, forestry, fishing and trapping. Tourism provides an excellent market for local arts and crafts, utilizing many traditional skills, and is compatible with the principles of sustainable development.

Tourism (non-business) travel contributes an estimated \$35 million to the GDP, net of inflation.



Although tourism is not a separate industry within the GDP, it is estimated to contribute over \$40 million per year, to the economy

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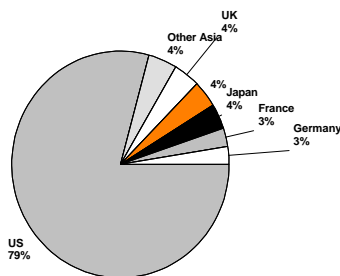
1.2 NATIONAL AND GLOBAL TRENDS

TOURISM SECTORS

The industry is comprised of eight tourism trade sectors: Accommodation; Food & Beverage; Adventure Tourism; Transportation; Travel Trade; Events & Conferences; Attractions and Tourism Services. The sectors are interdependent on each other. When tourists come to the NWT, they likely purchase a good or service from a number of these businesses if not all. This makes for a fragmented industry that is highly dependent on many uncontrollable variables. For example, if a tourist feels "ripped off" by a local taxi company, this might ruin their entire experience.

National tourism statistics have just been released for 1995; foreign and domestic visitors to Canada spent a record \$41.8 billion, a \$2.8 billion increase over 1994. Most of these tourists came from the USA, which accounts for 79% of the total market.

Origin of Tourists to Canada in 1995



Canada now captures about 3% of world tourism sales and ranks 11th among nations. Tourism ranks fourth among Canadian export industries. Concurrent with these increases the federal government raised the investment in marketing from \$15 million in 1993, to \$50 million in 1995, and to \$65 million in 1997. Unfortunately these dollars and programs are primarily available through "buy-ins" by marketing partners, such as the NWT. Resources will need to be identified to leverage funds from federal programs.

1.3 GLOBAL MARKET TRENDS OF INTEREST TO THE NWT

Adventure travel — outdoor leisure activity in unusual, exotic and/or wilderness locations — is the fastest-growing tourism market in the world today.

Although this group represents a growing share of our tourism trade, we have just begun to tap into the ever-increasing number of affluent international retirees who have the time, resources and desire to engage in "soft-adventure" focused on history, nature and wildlife viewing, culture, crafts and ecotourism. By the turn of the century roughly one-third of the American population will have joined this "grey travel" boom. In addition, younger North American and European adults are showing a growing interest in both soft adventure and hard adventure products such as kayaking, canoeing, dogsledding, hiking, and cross-country skiing. This same segment may also be interested in aboriginal cultures and history.

Many of the activities of interest to adventure travellers can be developed within the NWT. We certainly have the basic ingredients to succeed. If appropriately developed, adventure travel could become the NWT's principal source of tourism revenues.

Sport Fishing - Internationally, sport fishing is not a growth market. However, it is a market area where the NWT can substantially increase its sales. There are still an estimated 12 million anglers in North America of which the NWT needs to attract only a small percentage to make a major impact on the territorial tourism industry.

Big Game Hunting - Likewise, NWT outfitters need to entice a fraction of the international big-game hunting market to be successful. The number of hunters appears to be growing at a modest rate while opportunities for big-game safaris are diminishing worldwide. These two factors augur well for future

demand. Also to our advantage, we have a virtual monopoly on some species of animals and we are considered the "last frontier" by the North American hunting community. However, many tourists, who are aware of the NWT as a destination, tend to perceive the NWT as remote and expensive. In reality, we are far more accessible and less expensive than many other hunting destinations.

Auto Touring - With roughly 13,000 trips annually, auto touring is currently the largest single source of territorial visitors. However, these tourists spend relatively little during their travels, compared with the other packaged tour travellers. Even so, this is our single largest market. It is also supported through an extensive system of parks and visitor centers.

According to the GNWT's current marketing strategy, the NWT could capture a far greater share of the North American rubber tire traffic, provided we aggressively market the NWT as a destination and develop and enhance the necessary infrastructure, attractions and services. Paved roads, campgrounds, visitor centers, information on attractions and improved community services all work towards improving the satisfaction of "rubber tire" visitors.

If our products are developed, there may also be opportunities to draw "rubber tire" travellers into more remote regions of the NWT.

Demographic Trends - A significant trend is the aging of the North American population. In 1990 the median age in the US was 33 years. This will rise to 36 by the year 2000, and 39 by the year 2010. The number of people between 45 and 54 years of age will increase by nearly 48% by the turn of the century. This relative increase in older people has implications for marketing and product development.

2. CURRENT TERRITORIAL TRENDS

Every 5 years the Department of Resources, Wildlife and Economic Development (RWED) conducts a comprehensive survey of tourism in the NWT. The next major survey is scheduled prior to the 1999 division of the NWT. This should provide each territory with good base line tourism data.

In between surveys the Department relies on a variety of indicators to assess tourism trends. The major sources of information are ferry crossing, campground permits and visitor center activity.

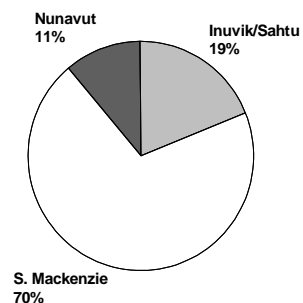
Based on this year's indicators it would appear there has been a small increase in Baffin Island and Hay River tourism, hardly any growth in Inuvik and North Slave and an apparent decline in the Deh Cho and Fort Smith area. Operators in the Keewatin and Kitikmeot have also reported slow seasons

2.1 DISTRIBUTION OF TOURISM WITHIN THE NWT

About 11% of all visitors travelled to Nunavut, 19% to the Inuvik/Sahtu region and 70% travelled to the southern Mackenzie.

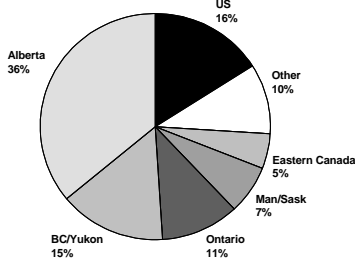
Visitors to Nunavut spend more than those in the Western Arctic, \$118 per day in Nunavut compared to \$65 per day in the Western NWT. These higher expenditures raise Nunavut's share of tourism spending to about 22%, slightly less than twice its share of tourists.

Tourist Destinations Within the NWT



Almost 3/4 of all tourists to the NWT come from other provinces. Non-Canadian travel is dominated by the USA.

Origins of Visitors to the NWT

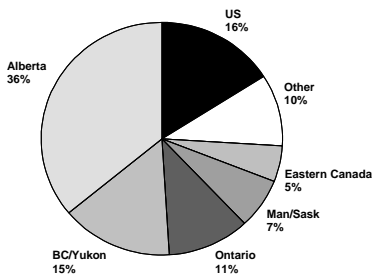


However, like many industries in the NWT, markets vary significantly between regions, and even between communities. In terms of the NWT there are 3 major destination areas (Nunavut, Inuvik/Sahtu and Southern Mackenzie). Each of these regions has identifiable markets and to some degree, unique challenges.

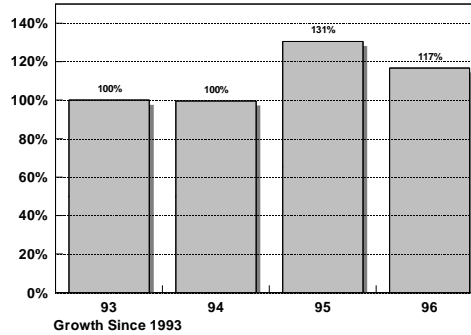
2.2 SOUTHERN MACKENZIE VISITATIONS

The Western NWT, which includes the North Slave, South Slave and Deh Cho regions, accounts for 70% of all visitors to the NWT. The vast majority of these visitors are from Western Canada, over 60% being residents of Alberta or BC.

Origin of Visitors to the Southern Mackenzie



Deh Cho Visitations

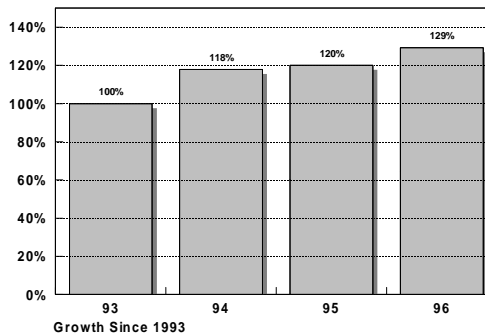


Tourism travel indices are calculated from a variety of indicators. They attempt to show the general trends in tourism traffic within each region of the NWT.

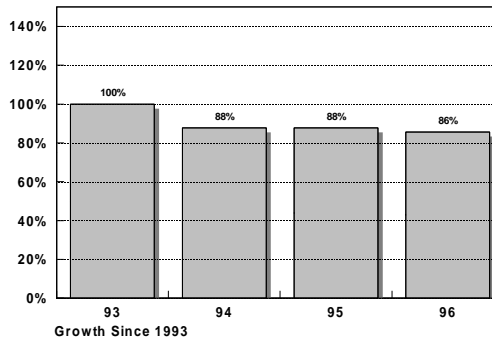
Visitor indices for the current year are down over most of the region. Summer statistics showed decline in the North Slave and the Deh Cho. In the Deh Cho this downturn comes after a year of rapid growth.

Although statistics for the South Slave are positive, only Hay River had any increase in traffic. In fact, aside from Hay River, all major communities within the Western Arctic registered declines in summer tourism traffic.

South Slave Visitations



North Slave Visitations

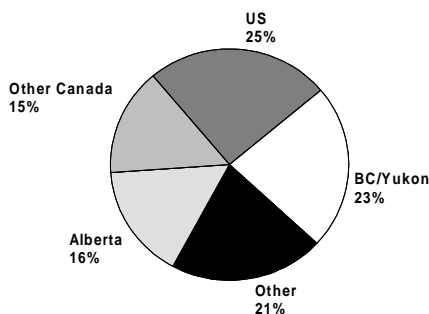


2.3 THE INUVIK AND SAHTU REGIONS

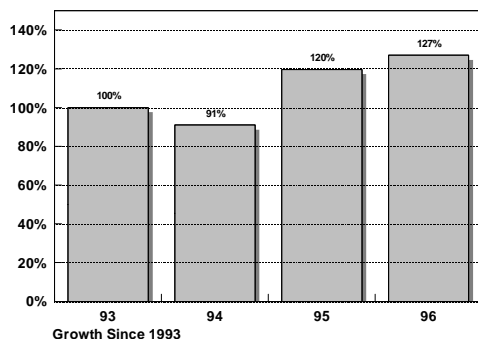
This region accounts for about 19% of total summer tourism traffic. The vast majority of visitors to this region drive from the Alaska Highway. The portion of Canadians visiting Inuvik is lower than other areas of the NWT; forty-eight percent of this region's tourists are from outside of Canada. A large portion of visitors (29%) travel to Inuvik "to see the Arctic".

Summer visitations to the Sahtu are presently associated with river touring and fly-in packages. During the summer season, tourism traffic to the Sahtu represents a small portion of the Inuvik region's total visitation. This area, however, has a large number of outfitters and makes significant sales during the fall hunting season.

Origin of Visitors to Inuvik/Sahtu Regions



Inuvik Visitations



Tourism travel to the Inuvik region is heavily influenced by traffic along the Alaska Highway. Although not shown on this chart, the peak year of visitations was 1991, the 50th anniversary of the Alaska Highway.

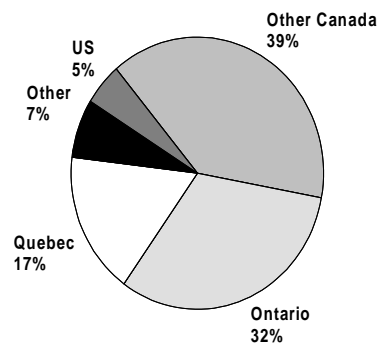
2.4 NUNAVUT AND THE BAFFIN

Indicators from the Baffin indicate a steady growth in leisure or tourism travel. The number of pleasure or tourist travelers to the Kitikmeot and Keewatin regions of Nunavut is too small to measure with any degree of certainty as the numbers simply fluctuate too widely between different years. According to operators within these two regions, however, tourism sales are down from last year.

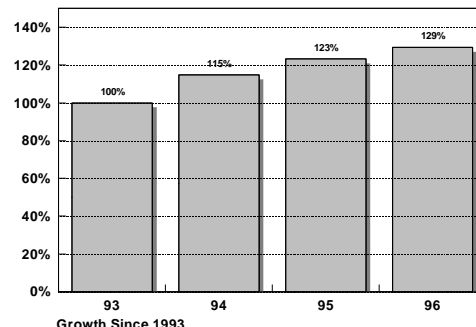
If one were to look at the typical profile of a tourist to Nunavut, you would find:

- most (72%) are Canadian;
- close to 2/3 (61%) have a university degree
- most are affluent, with over 3/4 having family incomes exceeding \$75,000.
- most are of working age
- parties stay an average of 9 days in Nunavut
- 11% used the "800" number
- 20% of tourists visited a park
- 17% were visiting relatives or friends

Origins of Tourists to Nunavut



Baffin Visitations



3. INGREDIENTS FOR SUCCESS

3.1 INTRODUCTION

The potential tourism market for the NWT is huge. Based on research undertaken by Angus Reid for the western provinces, an estimated 70,000+ people in the northwestern US are very interested in visiting the NWT. Based on predictions from the NWT *"Tourism Model"*, we could expect 73,000 visitors by 1999 — an increase of 11,000 over five years.

However, recent tourism trends are discouraging. Increased tourism will not happen by itself. Realizing our potential means:

- 1 Maintaining and expanding awareness of the NWT and Nunavut as two travel destinations;
- 2 Competitive marketing programs;
- 3 Continued product development;
- 4 Appropriate packaging of our tourism assets;
- 5 Identifying resources for development and sources of investment.

The overall goal should be to develop and promote products that will maintain and increase the number of visitors to the NWT, and keep those visitors in the NWT for as long as possible.

When looking at the strength of the NWT, we need to examine why tourists travel to our region, what they do when they are here, what they like and don't like. Finally, we need to catalogue our unique advantages and identify the appropriate financial and human resources required to both develop and market tourism.

3.2 RESOURCES

OTHER NATURAL ADVANTAGES

The NWT has a number of distinct features which hold tremendous potential appeal to adventure travellers, auto tourists and

sports hunters and anglers. These include:

- remote and exotic geographic location "on top of the world", the Arctic Circle, and access to the Arctic Ocean, the Northwest Passage and the North Pole;
- northern lights and 24 hour day, 24 hour night;
- strong and vibrant aboriginal culture with a highly-acclaimed reputation in the world of arts and crafts;
- colourful history encompassing trading posts, whaling sites, the Franklin and Amundson expeditions, the Mad Trapper, the Canol Road, Thule sites, gold mining, diamond deposits, etc;
- awesome "untouched" wilderness scenery with unique or rare flora and fauna, ancient rocks, karst topography (hot springs, sinkholes), fjords, fossils and canyons;
- relatively modern guest facilities as well as adequate communications and transportation systems, at least in the major centers;
- abundant fresh water, scenic lakes and waterfalls;
- no sales tax;
- good air connections from major southern airports

We could start by looking at why people visit the NWT. First, they must be aware of the NWT as a tourism destination, and have an understanding of the products we offer. Visiting friends and relatives is one reason for visiting. A desire to see the Arctic was also important for visitors to Inuvik and Nunavut.

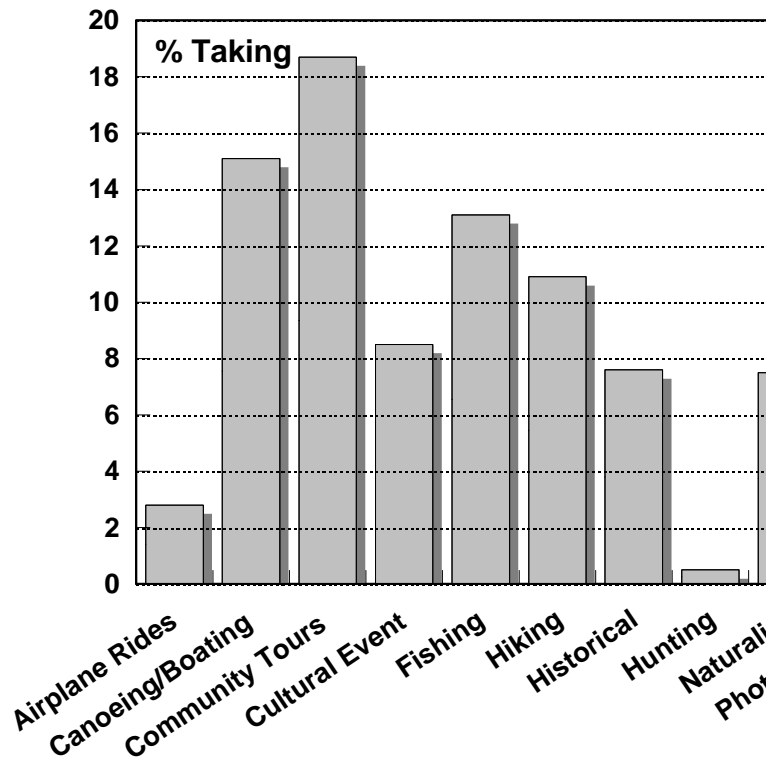
In terms of direct media influences, articles written in newspapers or magazines have an important impact on influencing travel to the NWT. Other influences include magazine advertisements and sales through trade and consumer shows.

WHAT ACTIVITIES TOURISTS UNDERTAKE IN THE NWT

There is considerable variation in visitor activities between different regions of the NWT but all communities and regions have the potential to increase their share of tourism revenues. Overall community sight-seeing was the most popular activity while fishing and canoeing were the most favored activities of visitors to the southern Mackenzie. Visitors travelling the Dempster were most

likely to report community visits and cultural events as the most popular activities. Visitors to Nunavut also reported community visits as being the most important activity followed by fishing and hiking.

What Tourists Did While Visiting the NWT (1994 Exit Survey)



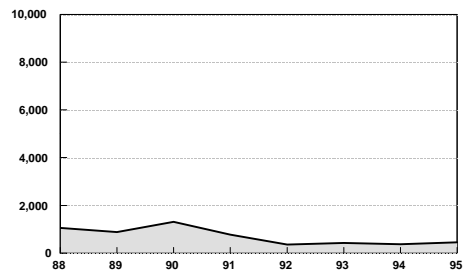
NWT PARKS AND VISITOR CENTRES

The NWT has a broad range of national and territorial parks. Six national parks have been established in the NWT; three in Nunavut and three in the Western NWT. Three other national parks are also being planned for Nunavut.

Most people visiting National Parks do so in the West. About 92% of all national park permits are sold in the Western NWT.

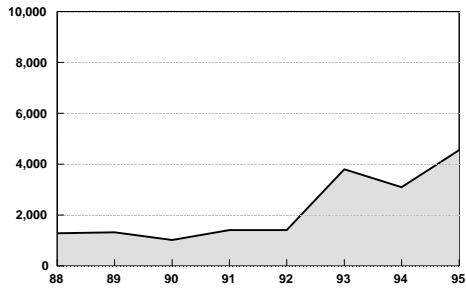
Auyuittuq National Park

Visitors to the National Park - Annual Totals



Nahanni National Park

Visitors to the National Park - Annual Totals



Wood Buffalo National Park

Visitors to the National Park - Annual Totals



TERRITORIAL PARKS

There are 51 territorial parks and visitor centres in the NWT; most territorial parks cater to road visitors and residents and most (75%) are located in the western Arctic.

These facilities represent a significant investment, and a significant asset. Many tourists, especially independent travellers, require a minimum level of service and facilities.

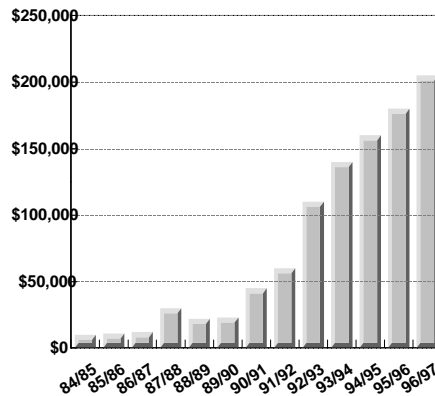
Statistics for the 1995 campground season indicate that nonresidents of the NWT spent 16,409 person nights in territorial campgrounds. While visitors made use of all facilities within the NWT, as expected, the most heavily used territorial parks were situated close to larger communities or along major highways. The 5 top campgrounds were:

- Fred Henne (Yellowknife) - 22%
- Happy Valley (Inuvik) - 18%
- Chuk (Inuvik) - 11%
- Hay River - 10%
- Lady Evelyn (Kakisa) - 9%

Last year 25,000 NWT Park permits were sold.

GNWT Sales of Parks Permits

GNWT Park Revenues



While territorial parks contribute to making a visitor's stay more enjoyable, they must be complemented by other products and services.

RATING OF USAGE

Based on results from the 1994 Exit survey and annual permit sales, visitors to Nunavut used campgrounds much less than visitors to other regions. (20% responding to questions on campgrounds), visitor centres were visited by at least half of visitors in all areas. Campgrounds in Inuvik and Southern Mackenzie regions received very high ratings for enjoyment. In contrast, a significant number of visitors to Nunavut rated campgrounds as poor (15%). This may be biased by the general lack of facilities in Nunavut and the relatively poor quality of camping facilities at many national and territorial parks. On the positive side, research also indicates that tourists who use campgrounds in Nunavut tend to spend more money and stay longer than other visitors to the Territory.

3.3 HUMAN RESOURCE DEVELOPMENT

Human resource studies of western and northern Canada's tourism industry, completed between 1985 and 1993, have identified the following education and training issues within the industry:

- poor human resource management and training practices;

- high staff turnover;
- poor image of tourism as a viable career alternative;
- low training and education levels;
- low self esteem among tourism workers; and,
- post secondary training and education is not recognized as being vital to the industry.

Recommendations associated with these studies have also been consistent. The major recommendations made about education include:

- 1 Industry driven initiatives to meet the current and future training needs of industry;
- 2 Develop and implement occupational standards and on-the-job training programs within the Industry;
- 3 Maintain and enhance career awareness programs;
- 4 Coordinate and articulate post secondary training needs.

Part of this training involves basic hospitality skills - how to greet people and make them feel welcome. About 900 people have taken this training in the NWT.

In the provinces, tourism businesses have found that training lowers staff turnover, improves customer service and increases sales and profits. In recognition of this, the major trend in the industry today is towards the empowerment of frontline staff. This means the first person the tourist sees about a problem is empowered to deal with the issue. Giving workers this type of authority means having trust in your staff, and improving their decision making and problem solving skills.

We also need to recognize the investment and work of tourism businesses. In recognition of establishments that undertake training and certification, an effort should be made to inform customers of their efforts to train and certify staff.

There is also a trend towards multi-skill development within the industry. This trend provides staff within the industry an opportunity to secure higher wages and to expand into full time employment.



TRAINING OPTIONS FOR THE NWT

Tourism training is mainly “on the job” training. In most cases this means some form of workplace skill training along with more formal technical training.

There is a need to develop service standards in cooperation with tourism operators and the provinces. As found in other provinces, this will improve the efficiency and quality of products provided in our tourism businesses.

The NWT should also continue to implement opportunity awareness programs. These programs are designed to get young people interested in the industry and its career opportunities.

3.4 INVESTMENT AND CAPITAL

Communities need to welcome and encourage private investment. While people in some communities may wish to develop all opportunities through community corporations or local people, this is often not feasible nor possible. Local and outside investors bring resources and new expertise into the local economy and they may already have developed access to markets. Communities that want to develop their tourism capabilities, and to create jobs, will have to create a welcome investment climate. Otherwise tourism jobs and opportunities will be lost to other regions or communities.

Investors and lending institutions need investment security. For small communities, one of the impediments to private sector investment is the lease-only policy with respect to land (commercial and residential). Investors demand security and many banks will not finance business ventures if there is any doubt regarding the tenure or sale of leases. If there is a possibility of the land being repossessed prior to completion of the mortgage period, or if the banks perceive any problem with selling the asset if the borrower fails to meet his or her obligations, they will not finance the project. This means no investment and a lost business opportunity.

ACTIONS TO ATTRACT INVESTMENT

With today's economic environment, it will be necessary to attract private equity and capital. The role of government is changing within Canada and the NWT. Funding from government is often limited because of fiscal restraint combined with competing priorities for scarce resources. Future business and employment financing will require private sector participation and investment. In some cases this means forming new partnerships to attract investment, using bank loans, or attracting new business and equity.

Capital is a fluid commodity and people and institutions invest their money where it is safe and where they can get the best returns. Essentially, this means that communities and businesses will have to ensure investors that they represent a good investment.

MARKETING NWT TOURISM OPPORTUNITIES TO INVESTORS

The first step in developing new tourism products is to identify potential markets and interested investors (either in the community or outside). The investor then has to assess the opportunities, recruit and train staff, secure financing, purchase equipment, assets and insurance. Business must assess the best means of developing the attraction and promoting it for sale. Along every step of the way, the community should be working with, and assisting the business.

3.5 PUBLIC INFRASTRUCTURE

Parallel with private business, public infrastructure is essential to the development of tourism. In addition to roads, trails and airports, tourists need access to financial and communications services. Some aspects of public infrastructure can also act to attract tourists or encourage them to stay longer.

For example, we have very few campgrounds with electricity and water hookups for RV's. If we wish to attract more RV's, we may need to consider such upgrades and recoup the cost through user fees. Marketing-related infrastructure such as static

displays and exhibits also require periodic upgrading to ensure tourists have information which may influence them to stay longer.

Some of the people travelling to the NWT, especially those on high value package tours, are business people who need regular communications with their offices.

It is also likely that future tourism sales can be greatly expanded through increased access to the Internet. This means tapping into new methods of marketing.

DIRECTIONS TO TAKE

The improvement and development of new roads and airports benefits the tourism industry. Although much progress has been made, the condition of our roads is a concern to many visitors driving up here in the summer. Circle driving routes would be more enticing to the road-touring market.

Tourists are satisfied with the condition of airports, but not too pleased about airfares. Although tourists expect to pay higher fares in the NWT, they would be more likely to fly to other destinations in the NWT if the fares were lower.

Tourists were very pleased with the quality of campgrounds and visitor centers, especially in the western NWT. Most of these services and facilities have now been developed, and while they represent a significant cost, maintenance is necessary to maintain high levels of visitor satisfaction.

However, compared to other destinations in North America we have very few campgrounds with electricity and water hook-ups for RV's. If we wish to attract a larger share of this market (a real possibility with all the improvements to our highway system) we will have to expand our range of services.

Public infrastructure can also be used for marketing. For example, marketing efforts at the NWT visitor center at Dawson City lures many tourists up the Dempster Highway to Inuvik and Fort MacPherson. Similar investments in facilities outside the NWT may act to lure tourists from major airports or from other highway systems.

Static displays and exhibits also need periodic replacement. Information needs to be kept current, and displays need to reflect changing market conditions.

3.6 MARKETS AND SALES

The NWT has a wealth of natural and cultural attractions. These features require appropriate packaging and marketing before they can produce income and jobs. In other words, communities in partnership with businesses must convert their tourism assets into products which tourists want to buy at a price they are willing to pay.

For example, a river near a community might offer a viable canoeing product. However, without proper marketing and development, there will be no sales and no jobs.

PRICING AND PACKAGING

Once the consumer is aware of our tourism products, the prices we charge must be competitive with similar products sold in other parts of the world. This is often difficult in the NWT for three reasons:

- it is comparatively expensive for tourists to get here and to travel within the NWT;
- our costs in general are higher than those of competitors further south; and
- the comparatively short summer season means NWT businesses cannot offer as many summer season trips per year as their competitors.

REALISTIC EXPECTATIONS

When selling a tourism experience it is very important to deliver what you promise and to be accurate in your description of services, facilities and products. Expectations play an important role in determining a visitor's satisfaction. If tourists expect to see caribou on a field trip and don't, they will feel "cheated". They would be unlikely to return and will likely give a bad report to friends and neighbours.

ROLES OF GOVERNMENT AND INDUSTRY ASSOCIATIONS

New marketing agencies have been established in Nunavut and the Western Arctic. At the same time, the government continues

to play a role in tourism marketing, provides assistance for the development of new establishments and helps businesses with marketing and product development. Government is also responsible for the development and maintenance of supporting facilities like parks and campgrounds.

These roles and responsibilities need to be discussed and defined.

MARKETING THE NWT TO TOURISTS

The intent of tourism advertising is to increase general consumer awareness of the Northwest Territories as a tourist destination in selected areas of Canada, the United States and, to a lesser extent, Europe and Japan. Once an image and awareness of the NWT is established, marketing efforts can shift towards promoting the NWT's main product segments (outdoor adventure, sports hunting and fishing, and auto touring). Sub-segment marketing efforts are targeted even more specifically at niche markets and undertaken by individual tourism operators and businesses.

CAPITALIZING ON DIVISION IN 1999

With the creation of two new territories in 1999, tourism will be provided with a unique opportunity to capitalize on "free advertising". The creation of a new territory will create a lot of media and public interest. Exposure on the news and in papers will create a new awareness of both territories.

Taking advantage of this opportunity will be critical to tourism development in both regions.

TYPES OF MARKETING ACTIVITIES

The mix of marketing activities are extensive and often best known by the industry itself and partners in development. Industry Associations in both Nunavut and the western NWT are likely the best agencies to coordinate these pan-territorial marketing efforts. While we have often lacked information in the past, today we have a better understanding of the market. We know that the Inuvik region, the south Mackenzie and Nunavut are attractive to different markets,

although there are strong overlaps. The proportion of non-Canadian visitors is the highest in the Inuvik region, primarily because of the Dempster Highway and its vicinity to the Alaska Highway. Visitation to the south Mackenzie is dominated by Alberta and BC residents, while road travellers outnumber fly-in visitors, but not by nearly the same proportion as they do in the Inuvik region.

In Nunavut, the Baffin region enjoys by the far the "lion's share" of visitors. Throughout the Eastern Arctic visitors tend to be older, well-educated and affluent.

The NWT needs to develop a comprehensive tourism development strategy for Nunavut and the western NWT. Some of the options to be considered in the marketing mix are presented below.

Media advertising - magazines, newspapers and/or on TV programs, that market research indicates are read or watched by audiences most likely to be interested in the product being promoted;

- purchasing address lists of potential clients (e.g. readers of canoeing magazines) and mailing product information directly to their homes;
- advertising and selling products on the Internet and replacing printed brochures with CD-ROM discs.

Media relations - arranging for journalists to experience and write articles about a product, or sending press releases to appropriate media;

Consumer Shows - attending appropriate product-specific consumer shows (e.g. sportsmen or boat shows) that attract the kind of people who are likely to be potential customers;

Travel Trade relations - attending travel trade shows to promote a product among travel agents, wholesalers, airlines etc. with a specific interest in the product being marketed;

- addressing meetings of nonprofit travel clubs and associations (e.g. the Sierra Club) with an interest in the product;
- using travel agent and wholesaler familiarization tours.

The cost and effectiveness of each of these marketing activities depends on the type of product, objectives and financial resources available. The identification of the necessary resources to undertake competitive marketing will be a priority challenge for the NWT if the tourism industry is to prosper.

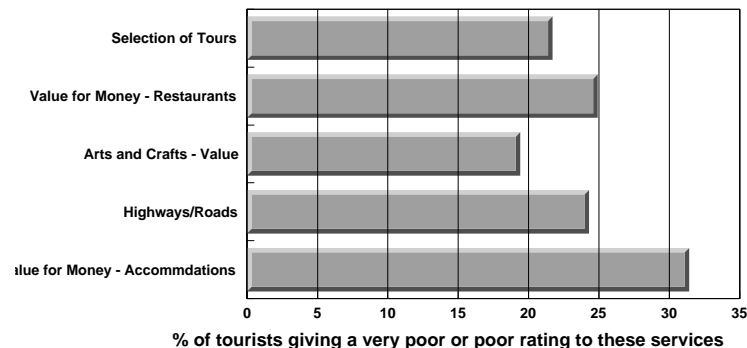
MARKETING PROGRAM DELIVERY

Some of the operational issues for consideration include:

- 1 **Can the communities/operators afford to market products alone?** Effective promotion is expensive and usually requires a minimum level of spending, and it must be continued over a number of years. Many of the tourism businesses in the NWT remain small and have only a limited budget that can be allocated to marketing.
- 2 **Should the NWT investigate sharing the cost of marketing research and monitoring with other provinces?** These provinces also operate with budget constraints and have their own research agendas.
- 3 **Should communities/operators handle marketing or make arrangements to partner with government or industry associations.** Preparing and placing advertisements, managing direct-mail campaigns, travelling to shows, answering generic inquiries, etc., requires special expertise that benefits from economies of scale, and requires a consistent pan-territorial message.
- 4 **Is there more room for joint ventures?** External agencies and tourism wholesalers have easier access to markets and more experience. For example, several communities are offering polar bear hunts organized by a southern-based sales agent. The southern partner takes care of the marketing and pays HTA members to guide hunters on their trips. The outfitter needs to make a profit from these hunts, and the guides gain experience and can earn more than they would from a polar bear skin alone. Without the involvement of the business partners these jobs probably wouldn't exist.

Areas for Improvement

Successful marketing involves adequate resources and a flow of information. Operators and marketing organizations need to know what products and services are well received. It is equally important to have a good understanding of what people don't want or like. Although the vast majority of recent visitors (over 90%) felt their trip exceeded expectations, some products and services received a relatively low rating. People visiting the NWT expect to pay higher prices, but still complain about the high price for accommodations, roads, value-for-money in restaurants, the range of shopping which is available, the selection and price of tours, and prices charged for some crafts. By improving on these services or demonstrating value-for-money, we can increase visitor satisfaction and expand repeat visits and "word of mouth" sales.



- 5 **How should scarce funds be allocated and are resources sufficient?** The eastern and western industry associations will have the mandate and most of the available funds for tourism marketing for each of the territories. What about product development, which remains the responsibility of the Government. Should tourism development be mandated to the tourism industry? Marketing budgets have been reduced and the cancellation of the EDA means there will be significantly less money available for marketing and none for training. How should the Government assist the tourism industry? Will the industry recognize the need to share common fixed costs, like responding to advertising inquiries?

MARKET RESEARCH

Information is essential to the success of any business venture. If anything, it is even more important to tourism businesses, which are often considered fragmented and thus dependent on other uncontrollable products and services provided by various businesses. For example, the typical tourist will use airline services, campgrounds, service stations, taxis, restaurants, buy crafts and undertake a host of other unrelated activities. A bad experience with any of these could create a negative impression about their whole trip.

What Tourists Like About NWT Services - Success to Build On

From the 1994 exit survey we can also determine what services tourists liked in the NWT. The following chart shows the percentage of tourists who gave a service an excellent rating or better. As shown, campgrounds and visitor centers received the highest ratings. In fact over 54% of visitors gave visitor centers an excellent rating and only 3% rated them as very poor. Campground and the selection of arts and crafts also received very high ratings. It is interesting that tourists were impressed with the selection of arts and crafts but at the same time, expressed concerns over the pricing. The same is true with restaurants and hotels - tourists had real problems with value for money with both hotels and restaurants, but gave service a fairly high rating.



For marketing, success depends on knowing:

- Who and how many people are presently visiting us;
- How and when they decide to travel to a destination;
- What do people like;
- What do we need to improve;
- Where our largest potential markets are.

Answers to these questions are not free. They require a commitment to data gathering, analysis and research. The NWT needs to look at:

- undertaking a new exit survey in 1998/99 — with separate studies being done for the western NWT and Nunavut.
- collecting statistics at all ferries and visitor centers;
- continuing partnership research initiatives with larger provinces like Ontario and Alberta, where appropriate;
- examining methods of increasing its involvement with the Canadian Tourism Commission's Research Group;
- cataloging and distributing statistics and research information needs for use by industry associations and businesses.

PHOTO LIBRARY

The NWT tourism photo library represents one of the best promotional assets within the territory. Aside from the need to expand and enhance this collection on a continual basis, there is a need to catalogue and archive this material to CD ROM.

This material is the prime image source for travel literature, web sites, promotional literature, displays, advertisements and audio visual production. Tourism associations, operators, magazines, newspapers, and travel writers all need to have access to this material.

DIGITAL/INTERNET STRATEGY

While the rest of the world has promotional material on CD ROM and the Internet, we have just entered the digital age. While

we have started the development of "web sites" on the Internet, there are few linkages with operators. Nor do we have many CD ROM promotional materials for distribution to consumer, trade and/or media representatives.

3.7 REGULATIONS AND TAXATION

In the future, we will need to discuss and clarify whether the authority for licensing should be transferred to communities, regions, land claim groups or remain with the territorial government. The current licensing process results in confusion because it is not clear if communities and/or other organizations have a veto over any development and whether or not there is a reasonable threat on federal land. The responsibilities of land claim groups and governments especially need to be clarified.

We need to look at the impact of the government's policy on government employee travel, which limits employee use of bed and breakfast establishments. The intention is to support NWT hotels, but in so doing, the government is constraining the development of competing accommodation. Bed and breakfast establishments are highly rated by a segment of the travel market. In particular, they are often more cost effective, require less capital and are easier to run and manage than a hotel. Healthy competition between one or more community hotels and/or bed & breakfasts often results in an improvement in the quality of accommodations and service, and possibly lower prices.

4. CONCLUSIONS

Tourism potential in the NWT is extremely good and could reach 73,000 visitors from the current 50,000 by 1999. Wilderness land and water, unique cultures, fish, animals, and vegetation all contribute to our attraction. Tourism is also largely a sustainable resource, one which can enhance or preserve the NWT's cultural and environmental integrity. In many ways it is consistent with aboriginal lifestyles.

The midnight sun in summer and aurora in winter add to the attraction.

Furthermore, this potential can be realized in a community of any size and by businesses from large hotels and airlines to a self-employed outfitter or guide.

Recent trends, however, have not been encouraging, with numbers leveling off this past summer. Although general economic conditions elsewhere may be the cause, it underscores the need to continually develop products, properly package them for the consumer, and market them effectively.

Division of the NWT will create new challenges and opportunities. The creation of Nunavut and a new territory in the western NWT will increase awareness about the NWT and create new opportunities for marketing. At the same time, each territory will have less marketing money. Travel between some parts of Nunavut (especially the Kitikmeot) will require a new level of cooperation.

To ensure maximum benefits and continued positive word-of-mouth advertising, industry training remains essential. Development of occupational standards, career awareness in schools, and specific workplace training will all contribute to a better-trained workforce, which in turn can provide better service and products to tourists.

Private sector investment is crucial to ensure a growing capacity to accommodate tourists. The private sector is in the best position to develop community-specific products and put together the necessary financing. Government can help by ensuring the licensing process is as simple as possible, while ensuring tourists can have confidence in licensed products and services. Communities can stimulate development by welcoming investment and visitors.

Government continues to have an important role in the provision of public infrastructure in support of tourism. Good roads and airports are the most basic requirement, and

a system of parks and visitors' centres provides a means to attract, accommodate, inform, and lengthen the stay and expenditures of tourists. The current system of parks and visitors services is highly rated, but some roads continue to receive criticism.

Marketing remains a key factor for success. Tourism is a very competitive global business, but we do have some advantage in that we tend to benefit from nearby provincial markets and the United States. Europe is also a growing market for wilderness tourism. Attracting tourists will continue to require regular marketing by industry, ensuring a consistent message, delivered on a regular basis. eastern and western tourism associations have the lead in marketing.

Government maintains its role of providing market research to industry and individual businesses to ensure plans address changing market circumstances.

By working together, government and industry can make the most of this major sector.