



The Northwestern US Market

The Northwestern US tourism market includes the states of Alaska, Washington, Oregon, Idaho, Montana, North Dakota, South Dakota and Minnesota. These states are major tourism markets and revenue generators for the Western Provinces and two territories. However, the market is not growing, either in the NWT or other western provinces. Recent data provided by Statistics Canada indicates travel from these states to be declining or flat.

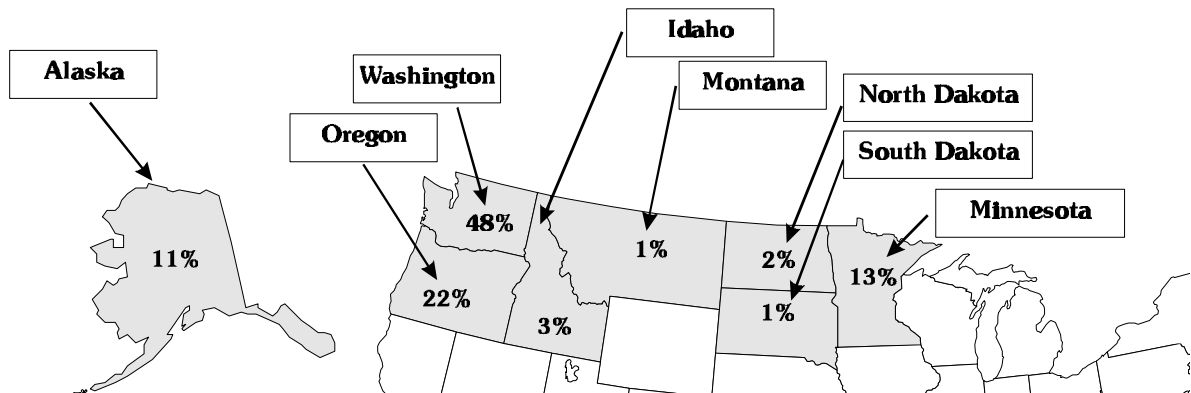
To better understand travel behavior in this important market area, the Department of Economic Development and Tourism worked with its provincial counterparts to fund a comprehensive research study on travel patterns in these states. The study was completed by Angus Reid in November of 1994 (Angus Reid is a national company which specializes in political polling and market analysis). They prepared a detailed assessment of the tourism market in these states for the Western provinces

and NWT in addition to a separate chapter for each territory and province. This newsletter reviews some of those findings.

For the NWT, the overall objectives of this review were to:

- Determine the size of the market and the NWT's potential share: pg.2;
- Assess whether people in this area know about the NWT and competing tourism destinations, and their current advertising awareness: pg.3;
- Determine which segments of this market offer the best opportunities for the NWT: pg.4;
- Assess the regions demographic profile and the type of tourism products the market wants: pg.5;
- Determining how people in this area plan their trips and where they get their information: pg.6.

NWT's Potential Market Distribution - 1995 Northwestern US States



The NWT's Potential Market

The potential market in these states was estimated by:

1. Limiting the market to families with incomes exceeding \$30,000 US per year;
2. Eliminating families who have not traveled in the last two years;
3. Including only those families interested in visiting western or northern Canada.

These adjustments result in some states, like Alaska, having a larger market than their population would suggest. The total potential market for western and northern Canada in these states is about 1.5 million likely visitors.

When travelers from these states were asked to think about Western and Northern Canada as a travel destination and asked to name the places that came to mind, the Northwest Territories was mentioned by 4% of the survey population. Although the NWT had the lowest level of awareness, Saskatchewan was almost as low at 5%. The Yukon and Manitoba were tied at third, both being mentioned as a destination by 9% of the travelers.

When travelers were prompted with a destination or name, like Yellowknife, awareness increased significantly, with 87% stating they had heard of the NWT.

The overall market potential of the NWT can be determined by examining the percentage of travelers who mentioned it as a destination versus the percentage of travelers who say they are definitely, very or somewhat likely to visit the NWT next year.

In our case, Angus Reid found that more travelers stated they were planning to visit the NWT next year than were able to name it as a destination without being prompted by Angus Reid. This indicates that when prompted about a trip to the NWT, travelers show a significantly higher interest in visiting. However, without being prompted, many people would not think of the NWT as a destination.

If they are made aware of the NWT as a destination, we could expect up to 75,000 households being very interested in visiting the NWT each year. Figure 2 shows the distribution of this potential market; as shown in the chart, half of these households are from Washington State, 22% from Oregon, 13% Minnesotans, and 10% from Alaska. Other states each make up less than 3%.

Figure 1

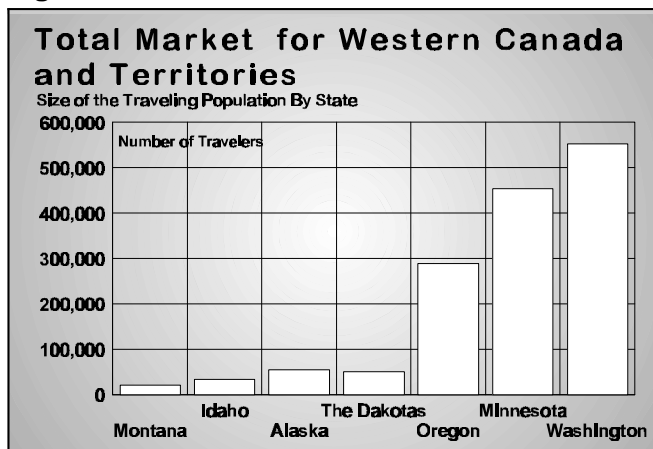
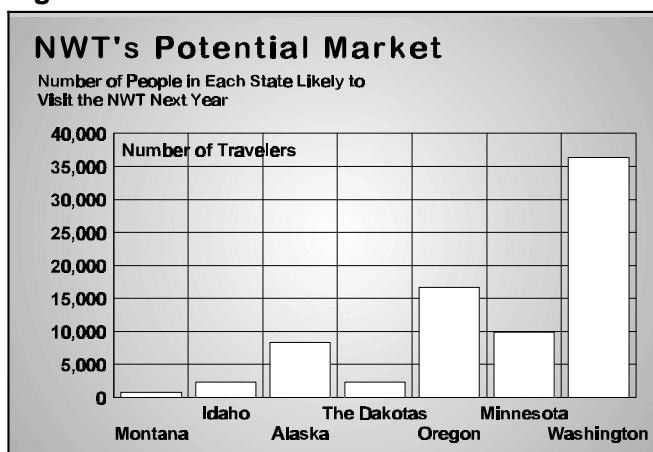


Figure 2



Two factors that determine the NWT's potential market are "interest in visiting and potential market size. For example, Alaska has the highest interest, but because of its relatively small size it drops to fourth place. By contrast our largest market is Washington State, where only 4% of the potential tourists were interested in the NWT as a destination but the potential market is very large.

The state with the lowest awareness of the NWT is Oregon, yet this state has the second largest number of people planning to visit the NWT next year: Figure 4 on page 3 shows awareness of the NWT by state.

The Existing Market

Although Angus Reid estimated that 75,000 people in these states are very interested in visiting the NWT next year, past visitations from these states have been much smaller. From its survey, Angus Reid estimates annual visitations from these states at around 3,500. This is consistent with tourism estimates derived from NWT traffic flows which indicate these states represent about 6% of our total market. Angus Reid's estimate of our current market is shown in the Table 1 below:

Table 1

| State | Have Visited the NWT Over the Last Two Years |
|-------------|--|
| Washington | 3,152 |
| Minnesota | 1,433 |
| Oregon | 1,361 |
| The Dakotas | 358 |
| Alaska | 788 |
| Idaho | 70 |
| Montana | 71 |

The largest variance between potential and current markets is the state of Oregon. Although almost 17,000 people from Oregon are planning to visit the NWT next year, only about

1,300 stated they had traveled to the NWT within the past year. This gap likely reflects the overall low awareness of the NWT as a travel market or destination (Figure 3). For example, travelers may find a trip to the NWT attractive until they learn more about the cost and distances involved.

Overall recall of the NWT is low across all states. As shown in Figure 4, Alaska has the highest awareness of the NWT as a tourism destination. Oregon, which has a high number of people wanting to visit, has the lowest awareness.

Figure 3

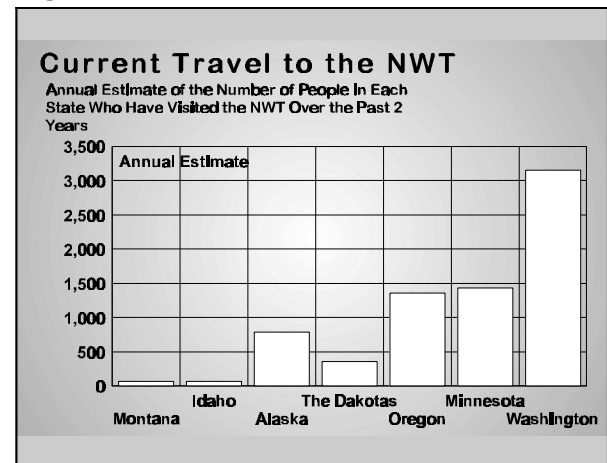
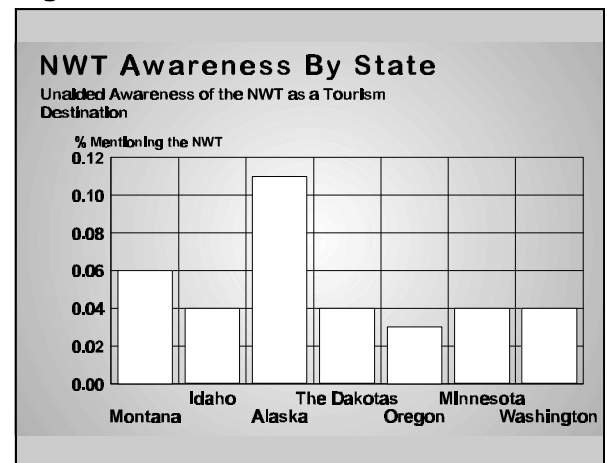


Figure 4



Opportunity Grid

Angus Reid used profiles of the traveling public to develop an **opportunity grid** for the NWT. The grid shows the relationship between the importance of a travel product and its association with the NWT. The chart is divided into four areas. The upper right area represents our current strengths; these are the products/attractions which tourists rate high, and these are the ones they closely associate with the NWT. The lower left area represents products not rated high and not associated with the NWT.

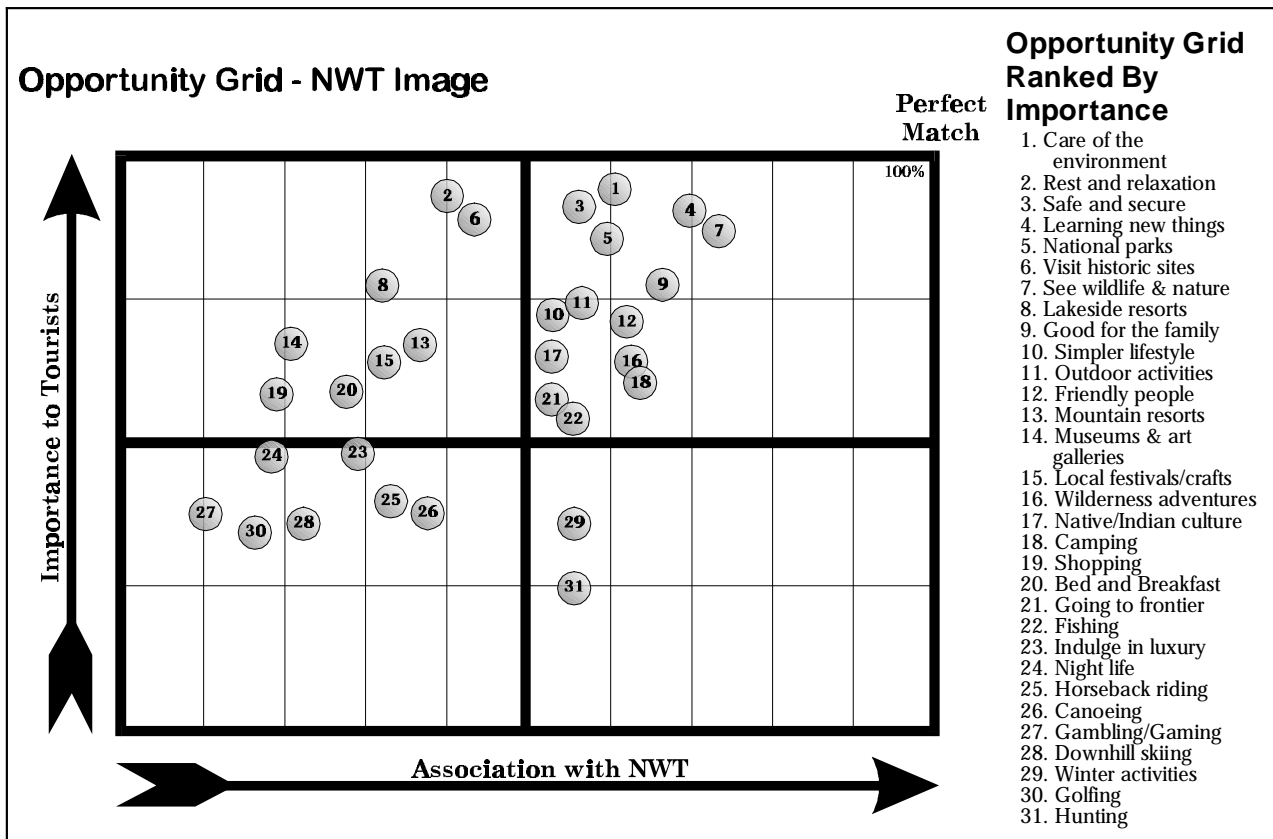
Attractions are also ranked; for example, "Care of the Environment"(1) is ranked the most important factor in determining a destination while "Hunting"(31) is rated least important.

Services in the upper right corner for the NWT include safe and secure area (3), care of the environment (1), learn new things (4), National Parks (5), wildlife and nature (7), good

for the family (9), outdoor activities (11) and simpler lifestyles (10). These are highly rated products and they are closely associated with the NWT. Other positive attractions, while not as important to the overall market, are also closely associated with the NWT; wilderness adventure (16), camping (18), fishing (22) and going to the frontier (21).

The upper left area shows services rated highly, but not associated with the NWT. These are areas for market development and/or increased awareness. They include rest and relaxation (2), historic sites (6), lakeside resorts (8), mountain resorts (13), museums and local festivals/crafts (15).

Two products closely associated with the NWT but of less importance to this market include winter activities and hunting. These are shown as numbers 29 and 31 in the lower right section of the chart.



Activities in the lower left corner of the chart are activities neither highly rated nor associated with the NWT. It is interesting to note that canoeing (26) is neither highly desired, nor closely associated with the NWT. This conclusion is supported by the market analysis conducted by the Department of Economic Development and Tourism during the summer of 1994. Other activities rated low by people in these states include:

- Gaming and gambling
- Golfing
- Downhill skiing
- Horseback riding

Differences Between States

There were some slight difference in the products and benefits travelers feel important when choosing their vacation destination. The following section outlines the major differences of interest to the NWT.

Washington State

Residents of the state rated products very similar to those in the opportunity matrix (pg. 4). They rated care of the environment somewhat higher than average, and sports events, entertainment and fishing lower than average.

Oregon

Of the states surveyed, Oregon represented our second largest potential market. Residents of the state place more emphasis on care of the environment and rest and relaxation. They are more likely than residents of other states to feel that native culture and camping are somewhat or very important.

Minnesota

Minnesotan's place the greatest importance on going to places they feel safe and secure. This is followed by places that take good care of the environment and rest and relaxation. They also place above average importance on "lake side resorts" which are very popular travel destinations in their state. They also place greater importance on bed and breakfast and country inns, while placing less importance on camping and going to frontier areas where few people have visited before.

Alaska

Residents of Alaska are more adventure oriented. They place greater emphasis on going to frontier areas, fishing and getting to know the local people. They put slightly less emphasis on feeling safe and secure, national parks and forests, wildlife, lakeside resorts and experiencing a simpler lifestyle than do the residents of other states.

Since many of these products are found in their own state, they may not be as important when choosing a destination. The top attraction for Alaskan's is rest and relaxation followed by care of the environment.

Travel Planning

When planning a trip to western or northern Canada, the primary source of information is “word of mouth” from either friends or family. Travel guides and brochures were second followed by newspaper or magazine articles. Government tourist boards and 800 numbers were the most important source of information for 6% of travelers. The use of travel agents when visiting northern or western Canada was extremely low; only 6% of travelers relied on them as a primary source of information.

Out of this total market, people who have traveled to the NWT are more likely to have spoken with friends or family members and less likely to have used a travel agent or brochure, or to have placed a 1-800 phone call for further information. These results confirm initial findings from the Travel 94 Exit Survey and Tourist Diary.

Trip Timing

People tended to plan their trips within 3 months of their vacation; only 27% of travelers required a period longer than 3 months.

How People Travel

People traveling to western provinces or territories from these states generally travel as two or more adults without children. Only 7% traveled by themselves while 46% traveled in

parties exceeding two adults. The vast majority, 77%, traveled by private vehicle. Air transport was used 9% of the time, Campers and RV’s 4% and Buses 2%.

Segmenting the Market by Interest

Angus Reid divided the potential market into 7 distinct groups. **Explorers** are extremely interested in outdoor activities such as climbing, biking, camping and viewing wildlife.

High Life Enthusiasts represent the high end of the market. They are interested in camping and wilderness adventure, however they are seeking luxury activities and enjoy a social atmosphere and like traveling in style.

The **Safe and Familiar** group also enjoy camping and outdoor family activities. However, they avoid any risky activity like skiing or visiting the last frontier. They are most likely to visit places they have been before.

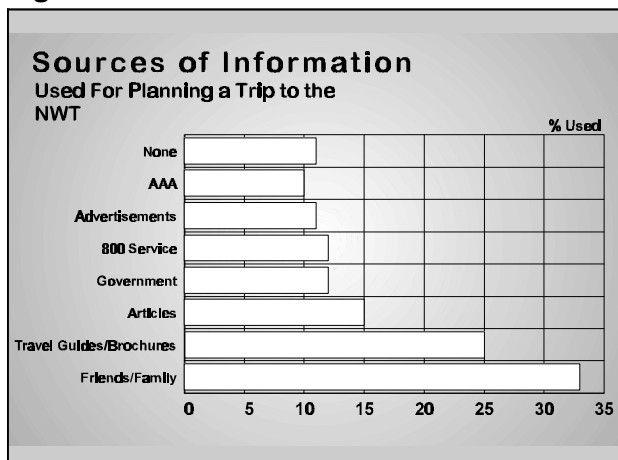
The **Pampered Planners** will pay for luxury. They are also more likely to purchase a packaged tour and use a travel agent. They also enjoy top end resorts.

Luxury Entertainment Seekers are more interested in style and entertainment than camping. Their primary interest is shopping and visiting resorts.

The **Heritage** segment is interested in museums, historic sites, art galleries, local festivals and crafts.

The final segment is **Field and Stream**, which is largely composed of hunters and fishermen who are independent travelers and prefer to take shorter trips.

Figure 5



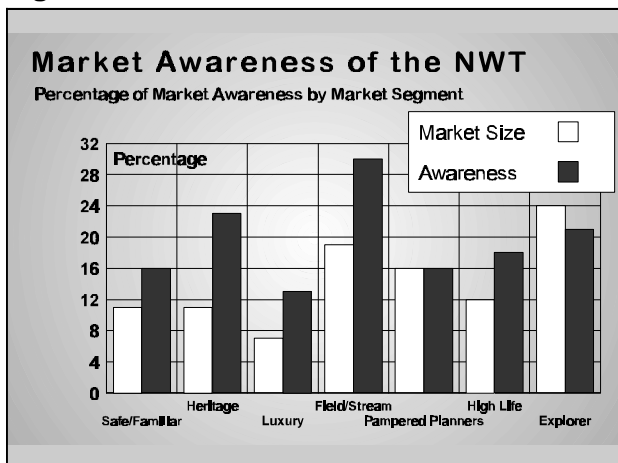
Segmentation of Target Markets

In Figure 6, the NWT's potential market for each segment is shown as the white bars while awareness of the NWT is shown as black bars.

In terms of the market, the two largest segments are the Explorer and Field and Stream segments. Of these two, the Explorer segment is largest, accounting for 1/4 of all potential travelers.

The 3 smallest market segments include the Heritage, Safe and Familiar and the Luxury segments. While the Heritage segment has a strong advertising awareness of the NWT, this segment has less interest in wilderness adventures or visiting a frontier area, both of which are strongly associated with the NWT.

Figure 6



Although the Safe and Familiar segment has a strong interest in NWT products, they are less likely to visit a frontier area, venture far from home or visit a place they haven't been before.

Pampered planners have a greater interest in the NWT, but would only be interested if "high end" or luxury guided tours and packages were available. While the High Life segment are not averse to the NWT and our current products, they are more interested in social and shopping experiences, products they do not closely associate with the NWT.

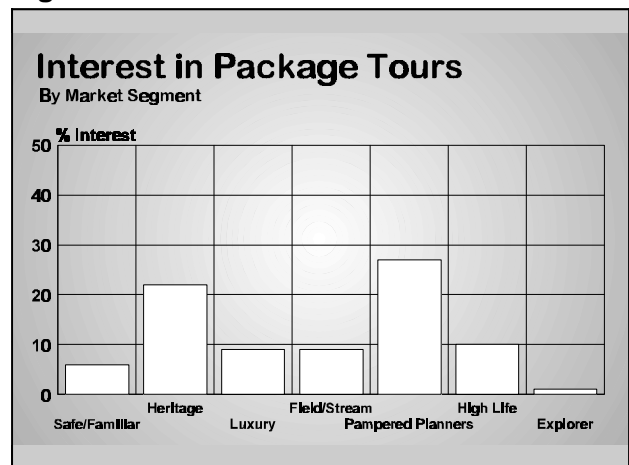
The two largest market segments, the Explorer and the Field and Stream segments place a high importance on wildlife and nature, wilderness adventure and on visiting the last frontier. Both segments also strongly associate these activities with the NWT.

However, these groups differ significantly with regard to the purpose of their trips. The primary interest of the field and stream group is harvesting wildlife (hunting and fishing) while the Explorer group is adverse to harvesting and more interested in viewing wildlife and learning new things. The Explorer segment also places greater emphasis on aboriginal culture while it is of little interest to the Field and Stream segment.

Package Tour Market

The Pampered Planners and Heritage segments of the market are more interested in package tours than any other segment. The chart below shows demand for package tours by market segment. The major demand is in the Pampered Planners segment; this segment also expresses the third highest interest in visiting the NWT. Our largest market segment, "Explorers" has little interest in package tours.

Figure 7



Conclusion

Even though interest and knowledge of the NWT may be low in many of these northern states, they still represent a significant market. For example, although only 4% of the market in Washington state expressed a desire to travel to the NWT in 1995, this represents over 22,000 households. Capturing even a portion of this group would significantly affect visitations to the NWT. Convincing this group to actually visit the NWT will not be easy, but we can focus our effort by taking advantage of the market research undertaken by Angus Reid.

Increasing Awareness

Overall, Angus Reid found a very low awareness of the NWT in all states. This was especially true in our second largest potential market, Oregon, which had the lowest awareness rate. Once people in this state were made aware of the NWT as a potential destination, they expressed considerable interest in visiting.

Low Capture Rates

Although Angus Reid estimates that over 70,000 residents in these states are planning to visit the NWT in 1995, historic capture rates have been around 5% of this total or 3,000 visitors. Current estimates place this market at around 6% of tourist traffic.

Considering this large gap, current tourism could be significantly increased by encouraging more people who are planning to visit the NWT to actually make the trip.

Targeting States

Angus Reid argues that the NWT can get the highest return on its investment by marketing in states with the highest awareness of the NWT and the highest interest in visiting. Their primary recommendation is Alaska where 22% of potential travelers stated they are likely to visit the NWT.

On the other hand, the largest potential market is Washington State where it is estimated nearly 37,000 households are "planning" to visit the NWT. However, interest in visiting the NWT exceeds awareness. Only when people were made aware of the NWT did they express an interest in visiting. This means the NWT would have to increase awareness in order to capture an increased share of the market.

Market Segment

Explorers and "field and stream" market segments are most important to the NWT. However, each has different interests and what turns one group on, may turn the other off. For example, "explorers" want to learn more about native culture while the "field and stream" segment is not at all interested. Hunting and fishing are primarily important to the "field and stream" segment, while they are a negative factor to the "explorer" segment. Different market approaches are likely required for each segment.

EXTRA, EXTRA ... READ ALL ABOUT IT!

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The “*pampered tourist*” also represents a potential market, but only after package tours are fully developed.

