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***A Strategic Plan For Tourism Development
In the Keewatin Region Of The Northwest
Territories***

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A STRATEGIC ACTION PLAN
FOR
TOURISM DEVELOPMENT
IN THE KEEWATIN REGION
OF THE NORTHWEST TERRITORIES:

FINAL DRAFT

MARCH 1990

BRIAR INTERNATIONAL
BUSINESS RESOURCES INC.

A STRATEGIC ACTION PLAN
FOR
TOURISM DEVELOPMENT
IN THE KEEWATIN REGION
OF THE NORTHWEST TERRITORIES:

Prepared for
TRAVEL KEEWATIN
and the
GOVERNMENT OF THE NORTHWEST TERRITORIES,
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM.

MARCH 1990

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*Executive
Summary*

**INTRODUCTION
TO THE REPORT**

1. INTRODUCTION

This report has been prepared for Travel Keewatin and the Department of Economic Development and Tourism of the Government of the Northwest Territories.

This reflects the second of a two-part process aimed at strengthening and rejuvenating the tourism industry of the Keewatin region. The industry faces major dilemmas in sustaining its base and allocating and optimizing its resources. Furthermore it has recognized that the amount of financial resources and subsidies traditionally sourced from government and government-funded agencies may no longer be available, as restraint affects public programs on which industry has relied heavily.

This has provoked an urgent need to re-evaluate and redefine the medium term product and market development strategies of the region. This was undertaken in two distinct phases.

PHASE I

In the first phase of reassessment, the region's industry strengths and weaknesses were analyzed and evaluated.

The final report of the first phase "Strategic Examination ..." stated that "This [process] is particularly timely, since significant changes in political, public policy and private sector circumstances have occurred and more are foreseen. Major impacts on all forms of resources are anticipated, ranging from infrastructure development to financial and human resources. Thus, there is an urgent need to strategically plan future direction, buffer potentially negative conditions and maximize the effectiveness and efficiency of all resources and development initiatives."

The feasibility of sustaining the existing industry base and expanding tourism in the Keewatin region was evaluated and strategic guidelines established - to provide the background and framework for specific initiatives proposed for the medium term.

A comprehensive review included:

- infrastructure, plant and product development,
- human resource issues,
- market development,
- roles and responsibilities,
- management practices and
- organizational relationships.

PHASE II

The second stage is the work or action plan resulting from the examination and evaluation. The planning reflects a fundamental change in industry development philosophy from accelerated, inefficient, not self-sustainable, ineffective development to a re-orientation "back to basics".

One of the key conclusions reached during the strategic examination of past performance and documented in the first report: "A Strategic Examination of Tourism Development in the Keewatin, Northwest Territories" was pivotal to the planning approach. The tourism industry development to date is not self-sustainable in the Keewatin with current practices.

Until now, all aspects of tourism sector building in the Keewatin has been totally dependent on government funding, highly ambitious, and the development processes implemented in a highly fragmented fashion.

The major shifts in planning approach have therefore been to focus on strong integration, consolidating and optimizing resources, focusing on and enhancing strengths, reducing weaknesses and highly cooperative implementation.

As an action plan, activities are specified for the Keewatin tourism industry over the next eighteen months to three years. These activities are framed in programs supporting the strategic framework or guidelines established in the first phase. Generally, successful delivery of the various activities is dependent on and the primary responsibility of industry. The provision of assistance and facilitation is the primary responsibility of the government.

The resulting action plans are to reflect the consensus of government and industry to the highest degree possible.

The project committee convened in meetings and comprised representatives from the Keewatin tourism industry, Travel Keewatin (the region's tourism industry association), the Government of the Northwest territories (Department of Economic Development and Tourism) and a consultant from Briar International Business Resources Inc. Establishment of this committee was to facilitate the processes required to complete the project as it usually proves a good model for consortia work.

This process is a renewal of support and commitments to the Keewatin tourism industry, by both the tourism industry itself and the Government of the Northwest Territories.

1.1 TERMS OF REFERENCE.

The terms of reference for the assignment comprised the following distinctive objectives and tasks, for the development of an action plan for tourism development in the Keewatin region.

- a) Consultations with government and industry regarding the contents and impacts of Phase I;
- b) A planning workshop in Rankin Inlet, comprising government and industry representatives;
- c) An action plan based on the workshop results, which determines:
 - 1) specific results and impacts to be achieved;
 - 2) priorities determined for product and infrastructure development, improvement and upgrading;
 - 3) priorities determined for market development;
 - 4) agreements, commitments, activities, specific tasks to be executed;
 - 5) agreed roles and responsibilities of government and industry in completing each task;
 - 6) resources committed to delivering results, such as human, time and financial;
 - 7) source of resources (industry or contributions agreements);
 - 8) methodologies, techniques or processes; and,
 - 9) timeframes.

This paper also incorporates recommendations of the consultant. It functions as a work plan which outlines initiatives to be undertaken immediately and in the short term, and supports the strategic changes needed for the Keewatin tourism industry's continuing progress.

As with the first phase, this phase does not include detailed sectoral examination of economic and investment opportunities. This planning will directly serve the immediate needs of the tourism industry of the Keewatin region, the tourism zone association: Travel Keewatin, the Government of the Northwest Territories and organizations and agencies who are a potential source of funding.

2.0 BACKGROUND

The economy of the Keewatin is simple, comprised of very few sectors. As is the case with the rest of the NWT, its predominantly resource-based economy is supplemented by government and a sizeable service sector. There are few earning options and few industrial alternatives. This makes tourism relatively more significant to the region's economy.

The tourism industry has become an important economic sector of the Keewatin and has achieved significant positive results and long-term benefits for the region's residents. Its development history is very short, evolving to its present composition only within the last 5 years.

Looking back, this young industry has much to be proud of:

- a new industry has been developed in the region,
- employment is higher throughout the region,
- income of the region is higher, as a direct consequence of this new source of "foreign" revenues,
- there is a legacy of long-term benefits in the establishment of public and private infrastructure and facilities, and
- quality of life is enhanced.

There have been many significant catalysts which have combined to produce very fast growth in the industry:

- a community-based tourism strategy;
- milestone strategic planning of development and marketing for the region in the mid 1980's;
- strong entrepreneurial support among Keewatin private sector to diversify the regional economy with tourism;
- strong and effective political support for tourism development in the region;
- large investments in capital, infrastructure and facilities development by government;
- large investments by government in market development;
- major contributions and assistance programs through the Economic Development Agreement (NWT-Canada);
- powerful leadership, effective lobbying, innovative programming, creative marketing and steadfast determination of the regional tourism zone association: Travel Keewatin; and
- new, incremental investments and participation in this new industry by the residents of the Keewatin.

The Keewatin tourism industry has undergone tremendous and obvious changes in these five years. Development has essentially remained the product of a few members of the private sector who have recognized the potential economic benefits for the region's population.

This core among the Keewatin private sector has aggressively and innovatively pursued growth, demonstrating strong leadership and taking advantage of opportunities to the maximum extent possible.

However the momentum of continuing rapid growth has dissipated. Most of the catalysts described above no longer exist, or are so modified as to provide little sustainment.

In fact, the absence of most of the catalysts and removal/reduction of other sources of outside assistance, now threaten the basic foundation of the industry. The industry is now seeking to buffer and reduce negative impacts caused by changing circumstances and to eliminate weaknesses.

Additional factors affecting the performance of the region are the increasingly constricted resources in all forms, severe limitations in project delivery and human resource short-falls. Also, beyond the enthusiastic small core of participants in the industry, tourism has not attracted a large number of local population involvement and benefits have not been truly distributed throughout the communities of the region.

These remain major issues and objectives to fulfill throughout the medium and long terms. However, the most pressing issues involve the stabilizing of the existing tourism industry, the protection of current investments in the region and the establishment of a strong foundation for renewal in the medium term (about 3-5 years).

In the long term, consolidation should lead to additional substantial progress, infrastructure and plant development, health, prosperity and ultimately industry self-sufficiency in the long term.

Both the Keewatin tourism industry and the Government of the NWT (GNWT) have recognized the importance and positive results which will be produced by strategic adjustment to the region's various project plans at this time.

The future business conditions and prospects for government financing are expected to change to a much less positive environment for development of the industry. Therefore, this action plan assumes a very restricted level of external, public resources which the industry could tap.

Immediately and over the next five years, industry will change to reflect more fiscal restraint, enhance its competitiveness and give greater priority to developing its human resources. Priorities which are determined reflect programs, projects and activities which are achievable with the current level of human, time and financial resources.

Attention to these priorities is crucial in order for the Keewatin region to turn-around and ultimately prosper in an increasingly complex tourism marketplace. Without strong restraint, significant hardship may be inflicted on the region's tourism economy in general and the individual operators and employees in particular. Continuing with past practices is not only inappropriate but would ultimately lead to the collapse of the industry.

Important considerations will be filling in the product gaps and the undertaking of initiatives which enhance existing industry base, eliminate imbalances in the supply or demand sides, improve the region's competitiveness and price stability in tourism markets and produce healthy net results-net revenues for the region. These concerns will continue to have to have a bearing on future progress and performance.

Together with the GNWT, in a new spirit of strong cooperation, the industry is striving to restore progress and positive evolution. Growth objectives must be sustainable.

INDUSTRY PROFILE

3.0 INDUSTRY PROFILE

The Keewatin tourism region in the middle of the NWT, is described as part of the "eastern Arctic", flanking the Hudson Bay. This region is one of six "zones" defined by the GNWT for public administrative purposes.

It comprises seven small to medium-sized communities (in NWT context), on the shores of the Hudson Bay except for the "inland" community of Baker Lake.

Visitor accommodation is limited in all communities - with the largest capacity in Rankin Inlet (the regional centre). The rest of the region is wilderness and uninhabited. Two international-class fishing lodges, a naturalist lodge and some fishing and hunting outpost camps operate in season.

The type and availability of accommodation facilities and transportation services determined the style of visitation until the introduction of outfitter and guide training programs in the past few years. Services are still generally limited and need further support for expansion.

The industry is represented collectively through Travel Keewatin, the association of the Keewatin Tourism Zone.

Until recently, all tourism facilities and services were generally provided on demand in response to visitation and sold on an individual basis. Within the last three years, agreements have been struck with major tour operators with major success in developing package tours into the region. These have ranged from cruises to rail tours (now discontinued) and air special interest tours. Government and industry have had to commit to new and additional costs as part of and in support of these agreements.

The tourism product profile of the region is limited. It essentially comprises four market categories:

- a) Non-consumptive outdoors
- b) Consumptive outdoors
- c) Culture/history, general touring
- d) Business travel

The number of operators and enterprises delivering these products is few and not all communities of the region offer tourism services (by choice).

3.1 NON-CONSUMPTIVE OUTDOORS CATEGORY

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- the entire region is dominated by this category, thus offering the largest number of potential visitors;
- strong assets include unlimited pristine scenery; abundant outdoors opportunities; a world-class game sanctuary, the Thelon; two National Heritage Rivers, the Kazan and the Thelon; Marble Island; plentiful exotic wildlife;
- limited accommodation in the region promotes "self-sufficient" travellers such as campers, canoeists, trekking and hiking enthusiasts, naturalists, field scientists (biologists, geologists, anthropologists, etc.);
- experienced licensed guides are available in most communities, enhancing all types of outdoor travel;
- a world-class naturalist lodge at Wager Bay offers outstanding wildlife viewing opportunities to travellers who wish comfortable accommodations and hospitality services;
- unique historical and cultural sites (such as traditional Inuit camps and Thule sites) enhance the travel value and experience of all visitors to the region.

3.2 CONSUMPTIVE OUTDOORS CATEGORY

This category has two special-interest, sub-categories: sportsfishing and sportshunting.

Fishing:

- in addition to outfitters and guides, there are a few operators of fishing camps and two resident-owned fishing lodges;
- Ekaluk Lodge is well-maintained and has a good tradition of operating successfully;
- Ferguson Lake Lodge has completed major upgrading recently, operates the longest season, has several diversified types of vacation packages and is a showcase for this tourism category in the region;
- both are international-class lodges.

Hunting:

- a limited number of tags are available for hunting caribou and polar bear;
- excellent outfitting/guide services are available.

Caribou Inuit
theme in
11 Baker
Lake
associated with
Thelon-Kaya

3.3 CULTURE/HISTORY

- the entire region offers excellent opportunities for visitors to experience authentic "living history" in Northern traditions and culture;
- the region is rich in Inuit and whaling history, ancient traditional camps, Thule sites and artifacts,
- these abundant historic and cultural sites are of major anthropological and archeological significance;
- the lack of interpretive guides results in most Keewatin communities being able to offer elements of this category on a self-guided basis only;
- tourism development in Eskimo Point has been directed specifically to the culture/history category, producing international attractions such as the cultural centre, a strong local interpretive tour service, the museum underway and other proposed development (unfortunately there is very little tourism accommodation);
- suitable accommodation for this category is available in Rankin Inlet, Repulse Bay and at Ferguson Lake Lodge whose operator will offer fully interpreted culture/historical tours.

3.4 BUSINESS TRAVEL

- most of the business travel to the region entails government and contract workers (such as construction workers) visiting a "job site";
- recently completed new development and redevelopment of accommodation now provides for expanded services to the business travel market;
- modern hotel and lodge facilities enable major meetings, retreats and small conferences (up to 150-200 people in Rankin Inlet);
- business travel offers an opportunity to extend the tourism season to the shoulder and off-season periods, impacting particularly on the lodging sector;
- special meetings and small conferences will also extend the operating season of fishing lodges.

3.5 OTHER OBSERVATIONS

There is no in-bound tour operator in the region and tour groups are therefore required to self-plan and purchase. Travel Keewatin, the industry association plays a major role in liaison, information gathering and coordination since there is otherwise little coordination or packaging of various tourism products.

In addition to generating enhancements to development and facilities, the industry is seeking ways to optimize all of its resources. It is searching for effective methods of filling critical gaps, correcting weakness and improving performance.

In the short term, it is seeking incremental revenues for existing product and services as well as normally idle structures. This would generate some additional operating costs (such as for hotels, lodges and camps) - by extending operations to shoulder seasons - but would lower the average ratio of annual costs to revenues. ✓

Hotel operators generally operate at full capacity during the tourism season. During this period, business travel competes with tourists for accommodation. However, the tourism season is extremely short and this creates a serious problem. Operators must finance their accommodation facilities with an annual vacancy rate approaching 80%.

The region needs to test this larger concept: that of maximum utilization of facilities during the spring and fall, the times when the accommodation sector is traditionally vacant - particularly lodges. Increasing the use of all facilities by the local population, its friends, relatives and other northern residents must be pursued.

In addition to using the basic facilities already built, the increased volume of visitors would inject additional revenues into the region through the purchase of additional goods, services, souvenir products, etc.

The potential feasibility of using normally unutilized capacity by operating additional tours and or through the expansion of existing tours requires verification. On the surface, the high basic cost of operations, unique features and attributes, and destination profile would appear to offer disadvantages to operators.

Not enough is known about a wide range of factors to confidently proceed with the promotion of any added tourism activity. The immediate priority is to reduce current operating costs associated with the present levels of business, to contribute to producing net revenues.

The region's dependence on air transportation for access and mobility between communities severely handicaps potential for visitation. The overall costs of operation are basically higher due to the isolation of the region - leading historically to distorted pricing policies in an attempt to suppress tour costs and promote a market-competitive price.

Another critical pillar of tourism development success is missing. Tourism does not enjoy popularity with the general population of the Keewatin communities. Development must offer rewards which match the aspirations of the residents. There is a need to build a strong development base and platform for future expansion, which is in tandem with the interests of the local people.

The most significant conclusion of the strategic examination and of the planning commitments suggests that without the external resources and contributions of government, tourism may be a futuristic economic concept for the Keewatin region. It may be "way ahead of its time".

The planning process must therefore acknowledge a very long-term results horizon with frequent repetition of tasks in order to build a strong base of participation and interest by local residents in this business.

The major findings of the study phase reflect the need for such a major building process, with long-term commitments for the region. There are many areas of development which must be addressed in order to stimulate a healthy economic sector.

4.0 PLANNING PRINCIPALS

The following are planning principals applied to the plan process:

1. It is desirable to set or restate a development goal for the industry;
3. Mission statements are needed; then define (or modify) and execute the agreed roles and responsibilities for product and market development between the various segments of the Keewatin tourism industry;
4. Objectives and mile-stones for the industry should be measurable and achievable, in economic terms (which includes employment and infrastructure);
5. Projects and tasks should support each objective in a prioritized fashion;
6. It is preferable to determine improvements and development according to a relative scale of potential success;
7. Resources are to be consolidated behind industry strengths and leadership qualities;
8. Decisions and future expenditures are to be based on current available resources, however limited they may be;
9. It is desirable to take advantage of any available government resources, but these should be considered as bonuses and supplementary to basic operating costs - for which the industry has full responsibility;
10. Leverage as many incremental resources and contributions as possible from private sector sources, consortiums, partnerships, etc.
11. Maximize effectiveness and efficiencies of all resources; and,
12. Eliminate further experimentation and stop unproductive efforts and processes, in favour of known methods of success.

These planning principals would be applied equally to the supply side (facilities, infrastructure and plant development) and the market demand side.

4.1 INDUSTRY GOAL/MISSION STATEMENT

Every organization and industry needs a road map - a vision of where it is going and at least a rough idea (strategy) of how to get from here to there. It is this vision, or "goal" which helps it make better choices with regards to where it is heading.

The setting of goals and the delineation of roles and responsibilities are vital to the future evolution of the Keewatin tourism industry. They have been proposed as follows.

GOAL:

**"TO FOSTER A HEALTHY, PROSPEROUS TOURISM
INDUSTRY IN THE KEEWATIN REGION OF THE
NORTHWEST TERRITORIES"**

**DIRECTIONAL
STATEMENT:**

"Consolidate, enhance and optimize the existing base of the Keewatin tourism industry."

**INDUSTRY BUSINESS
CULTURE:**

"Constantly pursue excellence and leadership in the tourism field, and enthusiastically apply sound business practices with the utmost professional conduct and ethics."

4.2 INDUSTRY ORGANIZATION/ROLES

The industry is organized simply.

- a) The Keewatin refers to a sectoral (tourism) geographic region or "zone". It is one of six in the NWT.
- b) All operators within this region are members of the tourism industry association of the zone: Travel Keewatin.
- c) As one of six zone associations, Travel Keewatin is a member of the NWT Tourism Industry Association (TIA).
- d) In varying circumstances, a regional industry operator may be represented by Travel Keewatin and/or the TIA.
- e) The Government of the Northwest Territories maintains a regional office, for local representation, liaison and administration.
- f) Assistance to industry is available from internal or all the above resources.

In general terms, the following describes various roles and responsibilities of participants in this industry.

Industry Members:

Whether a member is an owner, operator or staff in the hospitality industry, the primary roles and responsibilities are to:

- create,
- package,
- promote,
- sell and
- deliver the highest quality product and/or service possible to the tourist.

Travel Keewatin:

This is the association of the Keewatin tourism industry.

It has three main areas of roles and responsibilities:

a) it provides collectively beneficial services for its members, such as:

- conducting research,
- informs,
- educates,
- provides liaison between members and other contacts, and
- coordinates and manages issues and projects among its members;

b) it improves the cost-efficiency and effectiveness of many efforts by eliminating areas of possible duplication of work-load and associated costs among members (i.e. through joint marketing, regional proposal preparation, project administration); and,

c) as the industry's representative, it lobbies government and outside interests for the benefit of its members.

Tourism Industry Association of the NWT:

This association represents all members of the tourism industry throughout the NWT, of which the Keewatin industry is one of six regional sections.

It performs the same basic functions as the regional associations, except on a much more generalized scale. (It does not address issues at the individual operator level.)

The Government of the Northwest Territories:

The GNWT has the primary roles of catalyst, facilitator and public administration of all industry development, growth and prosperity. It universally represents NWT private and public sectors and applies instruments of aid and public policy according to circumstances. Macro and micro issues are within its domain.

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5.0 STRATEGIC OBJECTIVES

The directional changes are presented in the following, with more detailed discussion comprised in the first phase report.

Over the long term, the following adjustments will create a sectoral environment which comprises the critical factors of success.

1. Fill the gaps in the product base.

Only comprehensive and competitive tourism infrastructure, plant and products will create the threshold and critical mass needed to stimulate spontaneous growth.

2. Develop unquestionable competitive advantages and strengths.

The industry needs to create a major motivator/attraction which will stimulate travel specifically to the Keewatin, maintain tourism interest for longer than 24 hours and provide a foundation for the Keewatin as a tourism destination. Over the long term, the region will develop a "landmark", a totally unique attribute which can be exploited for believable international acclaim.

This does not necessarily mean a physical structure, but could be an international event, festival, site activity, societal characteristic, natural phenomenon, etc. It would be incorporated as a "must see/do" in all types of travel packages for the Keewatin.

Although a major challenge, this is a prerequisite to establishing and maintaining a long-term reputation for excellence and true exclusivity in one product. This would also provide a catalyst for the return of the industry's dynamism and progressive development.

3. Execute market development efforts in arenas where the Keewatin can compete with strength and not face well-established competition.

In the past, Keewatin has aggressively pursued marketing results on a very large scale, with limited success compared to the high costs. Essentially the product base does not support this scale of competition, there is no financial base to sustain it and there are many strong, well-established competitive leaders. Competitive practices/market development will be modified to appropriate scale and scope, to achieve increased success.

?

CAN my marketing support it?

6.0 WORK PLAN DIRECTION

The existing industry must be protected and strengthened. The short term strategic direction has been modified to produce immediate, measurable results directly related to the initiatives.

RECOMMENDED ADJUSTMENTS

1. Redefine and/or fine-tune development and marketing objectives in view of current circumstances.
2. Modify development strategies to reduce weaknesses, increase resident motivation and generate highest possible benefits throughout all communities.
3. Refocus utilization of industry plant to incorporate higher use by local population, when not used by tourists.
5. Improve/upgrade existing facilities.
6. Improve existing products to highest quality tourism industry standards.
7. Increase cost-effectiveness and efficiencies of efforts and resources.
8. Modify product development strategies to create focus of excellence for region and comprehensive "mini-destinations" at communities and products.
9. Consolidate and emphasize strengths.
10. Modify target markets to reflect precise matching of strengthened tourism products to highest potential market segments.
11. Fine-tune marketing processes and activities for highest yield.
12. Identify and deliver strongest potential market appeals.
13. Increase incremental net benefits of tourism throughout the Keewatin region, in economic, social, cultural, education terms.

7.0 DEVELOPMENT APPROACH/PHILOSOPHY

Development will be in keeping with the desires and aspirations of the local population. Once support and a desire for participation has been expressed, development projects should reflect a "total product" approach.

Integration of all facets of development must occur beginning with the concept feasibility stage and continuing throughout the construction and/or renovation.

Both the supply and demand sides of Keewatin's tourism sector will be planned to be mutually supportive, beneficial and progressive. Each community which is presently providing tourism services will over time "fill the gaps", to ensure that their community can be a "mini-destination" with all the services needed by the marketplace.

Total acceptance and enthusiastic support at the community level is much more critical for tourism to succeed than other industries. Existing development in the Keewatin now requires major assistance and support to develop the human resource component and financial self-reliance.

In view of the great current weaknesses in public interest and resources, improvements will have to occur over an extended period of time. It will be inappropriate to expect to achieve major change in the circumstances or factors which presently suppress the industry, without substantial, sustained and developmental building-block efforts.

It will be necessary at first to concentrate on making many small improvements in a lot of areas in order to establish an adequate base of support. In order to succeed, emphasis is needed on sustained investment in knowledge and interest-building, coupled with tenacity and perseverance.

Also, it will be necessary to accept that there will be areas of weakness which cannot be influenced or improved upon - particularly in the early stages. It may take many years before results are evident. Or, in some circumstances, objectives may not be achievable.

The intent is to obtain the maximum benefits from all the opportunities for improvements - relative to whatever degree they may or may not exist.

8.0 OVERVIEW OF ADJUSTMENTS FOR NEXT 18 TO 36 MONTHS:

It is intended that the action plan yield the following specific results and impacts:

- a) stabilize the existing base of industry to prevent further possible erosion;
- b) protect and strengthen current plant and infrastructure investments;
- c) undertake no new development until the present base is strong;
- d) promote only the best, most marketable products in each market category, but provide complete information on all products and operations to all enquiries; and
- e) support the stated goals and objectives for the benefit of all Keewatin residents.

8.1 IMPACT OF ADJUSTMENTS ON COMMUNITIES

The following chart shows the impact of these adjustments on the various communities.

REPULSE BAY

- | | |
|---|---|
| 1. Theme: | Scenery, wildlife, history |
| 2. Infrastructure, plant and product development: | Complete planned expansion of tourism accomodation.
Seek park designation for Wager Bay.
No additional development not already planned.
Develop self-guided tours. |
| 3. Human resources: | Stimulate community tourism committee.
Tourism attitude and awareness program.
Guide Training as desired.
Provide specific training and skills building for the Sila naturalist lodge. |
| 4. Market development: | Incorporate in Travel Keewatin program, according to appropriate market category. |

DeLant

CORAL HARBOUR

1. Theme: Wildlife, Coates Island
2. Infrastructure, plant and product development: Encourage arts and crafts shop
Establish community-based tour
No new development.
3. Human resources: Stimulate community tourism committee.
Tourism attitude and awareness program.
Guide Training as desired.
4. Market development: Incorporate in Travel Keewatin program, according to appropriate market category.

CHESTERFIELD INLET

1. Theme: History, hunting, fishing, wildlife
2. Infrastructure, plant and product development: Establish community walking tour. No new development.
3. Human resources: Tourism attitude and awareness program.
4. Market development: Incorporate in Travel Keewatin program, according to appropriate market category.

BAKER LAKE

1. Theme: Waterways, wildlife, fishing, culture *a Koyan h*
2. Infrastructure, plant and product development: Continue with designation of Thelon River as Heritage Waterway.
Plan some basic ^{Lanau} public facilities at Thelon River.
Plan visitor centre for future development. - Upgr to Baker Lake *Campyon h*
No other development.
3. Human resources: Stimulate community tourism committee.
Tourism attitude and awareness program.
Guide Training as desired.
4. Market development: Incorporate in Travel Keewatin program, according to appropriate market category.
Emphasis on the Outdoors non-consumptive markets.

ESKIMO POINT (Arviat)

1. Theme: Arts/crafts, culture, history, barrenlands
2. Infrastructure, plant and product development: Proceed with planned Museum, airport and community signs.
3. Human resources: Hospitality program.
Guide Training as desired.
4. Market development: Incorporate in Travel Keewatin program, according to appropriate market category.
Emphasis on culture/history markets.

WHALE COVE

1. Theme: Traditional Inuit life, fishing, hunting, arts/crafts, culture.
2. Infrastructure, plant and product development: No new development
3. Human resources: Tourism attitude and awareness program
4. Market development: Incorporate in Travel Keewatin program, according to appropriate market category.
De-emphasize.

RANKIN INLET

1. Theme: Gateway to region, history, culture
2. Infrastructure, plant and product development: Complete planned regional visitor centre.
Community signage program.
Airport signage.
Initiate preliminary development of Meliadine site *down m. gable T1*
Establish community tour. *S.k.*
3. Human resources: Stimulate community tourism committee
Tourism attitude and awareness program
Guide Training as desired.
Guide training specifically for employees of Ferguson Lake Lodge

- 4. Market development:** Incorporate in Travel Keewatin program, according to appropriate market category. Emphasis on business and as gateway to rest of region. Emphasis for Ferguson Lake and Ekaluk Lodges on sportsfishing market.

The balance of this document indicates the delivery needs and responsibilities of the various tourism "partners" to achieve these adjustments.

9.0 DEVELOPMENT PROGRAM

DEVELOPMENT PROGRAM AT-A-GLANCETIMING: January 1990 through 1992OBJECTIVES:

- * To improve the quality of life and welfare of the Keewatin residents.
- * To increase community and individual self-reliance and participation in the tourism industry development process.
- * To improve existing infrastructure and facilities.
- * To produce examples of viable, sustainable, successful and beneficial development.
- * To create infrastructure as and where required for participating communities to appropriately service tourists.
- * To provide facilities which will produce optimum revenues for tourism operators and incremental benefits for local population.
- * To create important and marketable attractions which will stimulate new tourism to the region.
- * To stimulate additional revenues through the sales of new/additional derivative services such as interpretive tours/guiding.
- * To contribute to a long-term legacy of positive evolution in public and private regional development.

BENEFICIARIES:

- Individual residents of the Keewatin.
- Northern tourism operators and employees of the industry.
- Tourists and other tour operators.

PRIORITIES:

- Public infrastructure and facilities.

TARGET COMMUNITIES:

- Eskimo Point
- Repulse Bay
- Baker Lake
- Rankin Inlet
- plus parks planning.

IMMEDIATE PROJECTS:

1. Complete the nomination process and designation of Thelon and Kazan Rivers as Heritage Waterways.
2. Complete accommodation enhancement in Repulse Bay and the designation of Wager Bay as a park.
3. Museum in Eskimo Point (Arviat).
4. Community and Airport Signage in Eskimo Point and Rankin Inlet.
5. Visitor centres in Eskimo Point and Rankin Inlet. *and Baker Lake*
6. Meliadine Site.
7. Continue with GNWT parks plan.
8. Proceed with GNWT Capital plan.

IMPLEMENTATION PRIORITIES:

1. Continue and/or complete development of projects underway.
2. Initiate preliminary concepts and design work on projects which are planned but not started.
3. Identify and determine feasibility of potential long term development projects (beyond 5 years).

EVALUATION:

1. Level and type of community participation.
2. Ultimate impacts on local population.
3. Ultimate impact on marketplace in terms of enquiries and sales.
3. Cost/benefit analysis.

10.0 DEVELOPMENT SITUATION OVERVIEW

The GNWT and the Keewatin tourism industry are committed to encourage tourism and to capital project expenditures such as: visitor reception centres, interpretive programs, guided tours and facilities consistent with visitor demand.

Presently, the capacity, type and style of visitation to the Keewatin region is directly controlled by the accommodation and transportation sectors. Future tourism initiatives intend to offer major benefits to the local economy without disruptions to the local resources.

Until recently, major upgrading has occurred in the region's infrastructure and public services - coupled with a strong construction/up-grading boom in the private accommodation sector. Development has now reached a plateau. The major building period is over and private operators are now focusing on consolidating efforts and completing or upgrading/improving existing projects and facilities.

The rapid construction in the industry is now followed by concerns on issues of operating and management efficiencies, financial management and stabilization. Many operations require serious financial assistance. The limited financial resources of the private sector also reduce prospects of new projects in the medium term.

Public infrastructure and facilities will be the focus of concentration over the next three years. This reflects a more precise response to existing tourism clientele needs, enhancing tour packaging opportunities.

Both the visitor market and the capacity of the region to absorb large numbers of visitors is quite limited. Development must be sensitive to the thresholds of capacity for visitation, given the environment and facilities available in the Keewatin.

This shift also facilitates a much needed period of transition and finetuning by the private sector of its own development achievements.

More public infrastructure supports the need for infrastructure and facilities development for the existing tourism base. This base has the highest potential to contribute substantial incremental revenues to the region. With additional enhancements, the present operators, guides and outfitters will improve their product offering. Additional participation and expansion will also be stimulated.

Visitation to the Keewatin is presently made up of culture/history enthusiasts, non-consumptive outdoors adventurers, consumptive (sportsfishing and hunting) tourists and business travellers.

Tourism is an important economic resource for the region. National and territorial parks are a significant tourism asset for the communities which are outfitting and receptive bases for park visitors. This activity brings new revenues to the areas. Economic benefits are also dispersed throughout other communities, as visitors destined for the Keewatin parks pass through them (such as Repulse Bay, Baker Lake or Rankin).

In addition to tourism appeals, the outputs of this development will create economic and qualitative benefits for local residents. It is an excellent foundation for the Keewatin as an enhanced tourism destination with significant new attractions and marketable appeals.

10.1 STRATEGIES

The development projects proposed create a focus for development over the next 36 months, reflecting a specific set of strategies:

- a) consolidate and integrate development initiatives of the Keewatin with the development programs of other zones in the Northwest Territories;
- b) place emphasis on public infrastructure and facilities development, proportionate to available resources;

- c) concentrate development where it is appropriate and wanted by the local population;
- d) improve existing infrastructure, whether public or private, particularly in tourism-ready communities;
- e) ensure consistency wherever possible throughout the region, obtain efficiencies (such as volume discounts or amortized design costs for several locations) and eliminate new and costly design work by benefiting from successful development projects in other NWT regions;
- f) encourage and ensure high level participation in development processes and construction by local residents;
- g) undertake development only if it will produce tangible and complete products and if any future lack of resources will not threaten its survival; and,
- h) concentrate on long term development initiatives which will produce immediate results and benefits (e.g. parks, campgrounds, interpretive centres -where appropriate).

10.2 PROJECTS/ACTIVITIES

BUDGET

1. Complete nomination process and designation of Thelon and Kazan Rivers as Heritage Waterways.
2. Complete accommodation enhancement in Repulse Bay, Wager Bay Park Designation
3. Museum in Eskimo Point (Arviat).
4. Community and Airport Signage in Eskimo Point and Rankin Inlet.
5. Visitor centres in Eskimo Point and Rankin Inlet.
6. Meliadine Site.
7. Continue with GNWT parks plan.
8. Proceed with GNWT Capital plan.

10.3 IMPLEMENTATION/ADMINISTRATION

Projects will be implemented with the full participation of Keewatin industry and regional population. A development coordinating group (such as a "joint government-industry committee") may oversee the entire development processes of planning, implementation, administration, and comprehensive review. This could be as simple as comprising one representative from Travel Keewatin and one from the local office of the GNWT.

All projects are to be integrated with other aspects of tourism development, including human resource development, product development and package tours, as well as marketing.

10.4 DELIVERY RESPONSIBILITIES

Keewatin Private Industry:	Participate in all aspects of design and completion to the maximum extent possible, including any contracts for services which may be appropriate.
Travel Keewatin:	Collect information, represent industry, coordinate and liaise between industry and government, execute contracts for services to government.
GNWT Regional Office:	Collect, analyze and evaluate information; represent GNWT; coordinate and liaise between government and industry; plan, administer and monitor government funded projects.
GNWT Department Headquarters:	Provide planning, human and financial resources as needed for all aspects of public development planning and industry consultations; liaison between external and internal development-oriented groups and interests; project administration and control; evaluate effectiveness and cost/benefits.
Other Organizations:	Participate as required. (e.g. Parks Canada, Environment Canada)

HUMAN RESOURCES REQUIRED:

Regional GNWT office, GNWT Yellowknife, Travel Keewatin

FUNDING SOURCE(S):

- GNWT, through Tourism and Parks
- Parks Canada

11.0 HUMAN RESOURCE DEVELOPMENT

HUMAN RESOURCE DEVELOPMENT PROGRAM AT-A-GLANCE

TIMING: January 1990 through 1992

OBJECTIVES:

- * To enhance the quality of life and welfare of the residents of the Keewatin
- * To generate awareness, knowledge and understanding of the benefits of tourism as an economic and social activity
- * To provide additional economic options and benefits to the region's population and increase community and individual self-reliance
- * To develop the labour knowledge and business skills needed to create new businesses and to provide services consistent with market needs
- * To produce added value for tourism products, to substantiate product costs in marketplace
- * To stimulate the highest-quality hospitality services and top satisfaction levels among visitors.

TARGET AUDIENCE

- Operators and employees of the Keewatin
- Available and potential resident labour force
- Communities' population

BENEFICIARIES:

- Individual residents of the Keewatin
- Northern tourism operators and employees in the industry.
- Tourists.

PRIORITIES

- Communities which already have tourism
- Communities which require significant human resource development in order to increase participation in the tourism industry and perform quality hospitality services.

TARGET COMMUNITIES: All communities for tourism attitude and awareness.

Added customized assistance for:

- Repulse Bay
- Wager Bay, Sila Lodge
- Eskimo Point
- Baker Lake
- Ferguson Lake Lodge and other outfitting/guide services
- Rankin Inlet

IMMEDIATE PROJECTS:

1. Tourism awareness and hospitality training
2. Community tourism committees, where desirable
3. Outfitter/guide training program
4. Interpretive guide training program
5. Arctic College and other courses in tourism
6. Training exchanges

IMPLEMENTATION PRIORITIES:

1. Deliver available training with current resources.
2. Retool or replace inappropriate programs.
3. Identify and determine feasibility of long term projects.

EVALUATION:

1. Level of visitor satisfaction.
2. Level and type of community participation in program.
3. Community attitude and awareness levels.
4. Number of new tourism services.

12.0 HUMAN RESOURCES SITUATION OVERVIEW

As stated earlier, tourism has grown tremendously in the past five years. There has been a major injection of private and public sector investment in infrastructure and facilities and the market has produced large numbers of new visitors to the region. The largest proportion of these have been one-day visitors in large group tours operated by Via Rail and the Smithsonian Institute (cruise).

However, the pace of growth has been much faster than the availability of a highly motivated and well trained labour pool. The industry has been successful in involving approximately 30% of the entire potential labour force of the region. However, additional potential human resources are limited to a current pool of 394 (Feb 1989).

Development of the resident labour force to appropriately participate in this new industry remains difficult. With tourism a relatively new concept for the seven Keewatin communities, the development of positive attitude and awareness will be a long process. Changes will not occur in the short term, yet short-term remedies are critical. Innovative approaches must be conceived and considered.

The development of a well-trained hospitality industry is critical to the success of the sector. Existing businesses are faced with serious issues of lack of labour, high cost of and lack of training, lack of staff retention and high turn-over.

Furthermore, the success of packaging appropriate products and then attracting southern tour operators and wholesalers is dependent upon the quality and availability of guiding and outfitting services. Travel throughout the Keewatin without these essential services is not recommended.

12.1 PROBLEMS

- the economic framework of the region is essentially dependence on government and a traditional subsistence economy
- the Keewatin economy overall is not capitalistic or an "open market", making western economic models less applicable
- "western" concept of a wage economy is new and not wholly embraced by the population
- issues of labour performance and productivity have their foundation in societal values and beliefs which conflict with western expectations
- tourism is a new industry for the Keewatin
- available labour is limited
- high turn-over, drop-out rate of employees, new operators
- many negative perceptions: conflicts with culture, lifestyle, disruption of community life
- not favoured by population at large
- conflicting values (education, business and job skills)
- high level of visitor dissatisfaction
- wage scales cannot compete with alternate job prospects for any resident with education or training
- few training opportunities and minimal resources
- training costs are prohibitive for operators and government assistance programs are generally inappropriate
- poor quality tourism products are delivered
- need for more guides

12.2 OPPORTUNITIES

- provides additional income opportunity for local residents, by diversifying the economy
- gradual and positive evolution of receptiveness and hospitality towards visitors
- community awareness improving slowly
- provides residents with the ability to retain the more traditional skills of their culture (eg. sewing, making traditional tools/implements, and the various on-the-land skills).
- the majority of Keewatin tourism industry is resident owned and operated - providing an excellent example to other residents of the region.

12.3 STRATEGIES

The development of a well trained labour pool for the tourism industry of the Keewatin depends on stimulating a very high, positive level of support and participation throughout the population.

However, it must be acknowledged that this will only come about with major and fundamental societal changes throughout the population - in attitudes, perceptions, economic values and economic models. To participate in a western-style economy, the society generally will have to simulate and adopt western economic models.

The Keewatin's economy, as is that of the majority of the NWT, is based on government. Although the Keewatin is part of a western economic country, the majority of the Keewatin residents are still in a land/marine-based subsistence economy. Furthermore, even now this is generally a **preferred** economic framework by choice of the people.

The region's lack of industrial development and wealth makes it de facto a "welfare state". Only in the past few decades have there been some endeavors to change and integrate more into western economic activity. However in this regard, these initiatives tend to have been imported with new residents to the region and not understood or accepted wholeheartedly by the general population.

Developing an appropriately skilled and highly motivated labour force will therefore be a much more difficult and a very long process in these circumstances. It is important to not seek or impose an "instant fix-it" or "cure-all" remedy, which may appear to address present circumstances but which is doomed to failure in the long term.

There are developmental and evolutionary complexities which are very characteristic of and similar to other non-western societies in less developed areas throughout the world. A long-term perspective and sensitivity to the interests of the population collectively will be critical to influencing any change.

Specific programs are required to address industry needs and the population composition. The industry is young and requires ongoing training and skills development throughout - top to bottom.

The communities of the region require encouragement and assistance in becoming supportive of and involved in tourism and tourism businesses. Furthermore, the contributions and assistance programs offered by various government agencies must be tailored and/or modified to benefit the characteristics of the industry.

The needs are wide-ranging, depending on the audience.

I. Industry Training:

Improve the calibre and effectiveness of existing industry personnel through the following initiatives:

- provide hospitality training to existing personnel
- concentrate on cross-cultural interaction and emphasize public relations skills;
- provide skills upgrading opportunities to existing personnel, including interpretive guide/outfitter training
- provide specialized knowledge and hospitality skills for different products
- provide on-the-job training
- establish North-South "apprenticeship exchanges" for various staff (southern staff also become informal promoters in marketplace);
- develop and/or import mentors, role models, coaches and "working buddies" who can teach by example
- provide small business education and training

II. Communities:

Create a high level of support and positive attitude towards tourism through:

- a "volunteer" or "fraternal" tourism committee in each community which would be informal
- attitude and awareness program
- hospitality program
- tourism sensitization in early school years for children (tomorrow's potential labour force) - facilitate interaction with visitors

III. Available and Future Labour:

Encourage members of the available work force to become involved in tourism and particularly those who have dropped out, by:

- providing opportunity and training in hospitality services
- providing interpretive guide training
- providing outfitters/guide training
- providing small business education and training
- provide regular and adult education courses in tourism
- providing on-the-job training

IV. Training Programs:

Undertake training and skills-building initiatives and produce the highest productivity and efficiency gains for the industry, by:

- delivering programs which meet the needs of the trainee
- retooling or replacing programs which are not effective
- ensure eligibility and screening criteria are correct

12.4 PROJECTS/ACTIVITIES

1. Interpretive Guide Training Course.

- target at least one candidate from each community for training, who would become the local guide/host during the tourist season;
- imbed in the course, cross-cultural interaction and public relations skills;
- imbed in the course, basic business management skills;
- the basic training could occur in a central community for all candidates, followed with finalization and customization of their hosting routine in their home community.

LENGTH: 3 days
 TIMING: Just before tourism season
 PARTICIPANTS: Summer students or other available labour
 COSTS: \$10,000
 SOURCE: Hospitality Awareness Program, Coop funding:
 GNWT contributions and private sector.

2. Outfitter/Guide Training Course.

- conduct level 1 and 2 courses, for personnel of lodges and outfitters/guides.
- imbed in the course, basic business management skills;
- the training for all candidates would occur in an area which provides conditions similar to the regular operating environment of the guides and outfitters; or if sufficient funding is available, the training would take place.

LENGTH: 1 week each level.
 TIMING: Just before tourism season
 PARTICIPANTS: Prospective outfitters, guides
 COSTS: \$
 RESOURCES: Guide Training Program, Coop funding: GNWT contributions and private sector.

3. Hospitality Awareness.

- Travel Keewatin would carry out community information programs in communities and local schools;
- community tourism "committees" would be encouraged to provide the catalyst and ongoing support for tourism at the local level;
- these would also reinforce training and skill development programs

LENGTH: throughout the year.
 PARTICIPANTS: Community residents, potential future participants
 COSTS: \$
 RESOURCES: Hospitality Awareness Program, Coop funding: GNWT contributions and private sector.

4. On the Job Training and Education Programs.

These will be delivered through private sector and current educational programs. Some financial assistance is available through GNWT contributions program on a coop basis. An example is assistance for package tour development.

12.5 IMPLEMENTATION/ADMINISTRATION

Training programs already exist for interpretive guiding, outfitter/guiding and tourism attitude and awareness.

Coordination of training needs would be done through Travel Keewatin with input and support from the local office of the GNWT. Travel Keewatin will make the necessary applications for assistance and training delivery.

Everyone involved in tourism, public or private would participate in hospitality awareness development. The specific program initiatives would be executed by Travel Keewatin with the assistance of any new community "tourism committee". Such a community-based group would quicken the pace of tourism sensitization and enhancement at the local level and would ensure that development is sustainable.

If a community "tourism committee" is not possible at the outset, then contact, information and interaction should flow through any and all other possible community groups which presently exist. The intent is to sensitize as many people as possible as often as possible.

12.6 DELIVERY RESPONSIBILITIES

Keewatin Private
Industry:

Identification of training needs and candidates

Travel Keewatin:

Identifying training needs
Applications for training assistance and training delivery
Coordination, logistics of training process
Monitoring of final results

GNWT regional Office:

Input and assistance to needs
Identification of sources of assistance
Channeling of applications
Local monitoring of training process
Administration of contributions and assistance

GNWT Headquarters:

Approval of applications
Inter-departmental negotiations
Inter-governmental negotiations (e.g. with CEIC)

MAJOR PARTNERS

Keewatin Communities (Chambers or offices)
GNWT - Department of Economic Development and Tourism
GNWT - Arctic College
NWT-TIA (Temporary)
Canada Employment and Immigration
Southern private sector (for any exchanges)

PERFORMANCE INDICATORS

Improved quality of hospitality services
Higher level of visitor satisfaction
Increased participation by local residents in tourism

HUMAN RESOURCES REQUIRED:

Regional GNWT office, GNWT
Yellowknife, Travel Keewatin

FUNDING SOURCE(S):

- GNWT, through Tourism and
Parks and the Department of
Education
- CEIC
- Keewatin Industry
- Joint-program partners from
southern private sector may
have potential.

13.0 PRODUCT DEVELOPMENT

PRODUCT DEVELOPMENT PROGRAM AT-A-GLANCE

TIMING: November 1987 through April 1988

OBJECTIVES:

- * To improve existing products and attractions.
- * To produce new, added sales for the Keewatin industry
- * To produce new tourism products which support the needs of high potential markets.
- * To produce new package tours.
- * To create increased benefits to the region, in economic and social terms.

BENEFICIARIES:

- Individual residents of the Keewatin
- Northern tourism operators and employees of the industry.
- Tourists and other tour operators.

PRIORITIES:

- Community self-guided tours
- Community interpretive tours (guided)
- Package tours with existing products.

TARGET COMMUNITIES:

- Eskimo Point
- Repulse Bay
- Baker Lake
- Rankin Inlet

IMMEDIATE PROJECTS:

1. Support existing package tours in Eskimo Point.
2. Create community walking tours for Repulse Bay and Baker Lake
3. Design interpretive guided tour to the Meliadine Site
4. Support or replace existing guided tours.
5. Improve existing package tours.
6. Design additional community-based package tours.

IMPLEMENTATION PRIORITIES:

1. Support and improve existing products.
2. Initiate preliminary concepts and design work on new products.
3. Concentrate on tours and packaging that exists, before considering further product development.

EVALUATION:

1. Level and type of community participation.
2. Ultimate impacts on local population.
3. Ultimate impact on marketplace in terms of enquiries and sales.
3. Cost/benefit analysis.

14.0 PRODUCT SITUATION OVERVIEW

The Keewatin has made remarkable advances in product offering and packaging. In the past few years, agreements with southern tour operators have produced excellent package tour designs which address the needs of the tourism market.

Lodge operators offer excellent packages and have the potential to offer a top quality product. However, community packaging is not available, logistics are difficult and while tour designs were appropriate, product delivery has not consistently matched expectations.

Delivery has remained a problem, particularly with no inbound tour operator in the region. Past attempts by the private sector to launch this service were unsuccessful and the venture was not self-financing.

There is also continuing unreliability or lack of comprehensive tourism products, services (such as ground-handling and operators in various communities), facilities, rental equipment. There are not enough self-guided opportunities and the trip experience value is very low without interpretation.

Operators in the industry, the wholesalers/packagegers and the consumers require quality products and services which are consistent and reliable. With assistance from the GNWT, Travel Keewatin will have to adjust its functions to include a greater emphasis on packaging and community hosting.

1. More Product Development is Needed

- a) Only one informal community tour is available, located in Rankin. Documentation is needed and the tour operation moved to the private sector for delivery.
- b) The other communities require tours designed and delivered.

2. More Wholesale Networks Developed

With the design of additional tours, additional wholesalers can be targeted to sell the Keewatin destination, using the tours as examples for developing their own "exclusive" tours.

3. Product Delivery Assurance

Accomplishing the first two tasks is futile if the delivery of the product cannot be guaranteed in a dependable manner with quality customer service.

a) The design of the tours is much easier to accomplish than their delivery, given current manpower circumstances. Most operators are fully occupied delivering their own product and have little additional resources to deliver additional tours.

b) The new product delivery will offer seasonal, part-time earnings, during the summer. This may be of very modest interest to local residents, particularly those seeking substantial regular income.

c) Ideally, a highly motivated in-bound tour operator will see this as an opportunity to diversify the income base with activity which offers substantial prospects.

d) A "safety net" series of backup delivery options are required to ensure that if the private sector is unable to ultimately deliver the products, then a neutral agency, non-government organization, or government body provides the appropriate resources. At the present time, government policy does not allow for the provision of such services even on an "emergency" basis. Therefore these services will have to be derived solely from an outside agency or other non-government organization in the event of a "crisis".

4. Manpower Resource Assurance

The delivery of any additional products is directly based on the availability of labour resources. If these are not available in existing appropriate sources, then supplementary labour will be required.

14.1 STRATEGIC DIRECTION

The region needs concentration on complete tourism products whose quality is assured and consistent. True product differentiation and credible, marketable and deliverable features are also critical to the success of tourism marketing.

Every effort should be made to deliver the best quality products/services as sold by southern tour wholesalers and packagers. It is much cheaper to maintain existing clientele than to develop new tours.

Assistance is required in designing appropriate products and packaging these for the marketplace. Help is also needed in providing community hosting and interpretive guiding. Delivery emphasis should shift to Travel Keewatin, until the operations are profitable and can be privatized.

Fine-tuning the product for optimum results includes ensuring:

- A Motivated, Service-Oriented Labour Force
- Community-Based Tours and Services, which are full of things to see and do
- Entertainment
- Special Events
- Important Attractions
- Market Appeals
- Lots of Opportunity for Impulse Purchases
- Maximum use of Facilities
- Appropriate Pricing*

*Pricing should be correctly formulated to include all costs - especially operations, the future costs of marketing and the costs of commissions for sales which are booked through an agent. (Agents could include Travel Keewatin)

Interim support could be as follows:

- a) Tour packaging/designing: Keewatin Travel Association; travel agency, individual operators, regional office of the GNWT;
- b) In-bound tour operator: Taxi service in Rankin, travel agency, individual operators, Travel Keewatin;
- c) Tour wholesalers: Calm Air, NWT/Air Canada, Canadian Airlines, Odyssey Tours, etc.

Services are currently performed by:

- a) Tour packaging/designing: regional office of the GNWT; individual operators
- b) In-bound tour operator: regional office of the GNWT;
- c) Tour wholesalers: Odyssey Tours and a few other special interest group tour leaders. (After two years and for varying reasons, Fiesta Tours, Via Rail and the Smithsonian Institute are no longer selling the Keewatin.)

The resources are insufficient at the industry level to design and produce/enhance more products. Furthermore, the loss of major sellers in the marketplace has a severe negative impact.

Not only is there a resulting and direct loss of revenue. These wholesalers are not easy to replace, the pool of travel packagers is quite small, non-expanding and finite, and these are part of the "lead establishment" in the business. Their actions and initiatives are monitored as signals to the rest of the wholesale travel trade (with the exception of Via Rail).

Readjustment is therefore critical to consolidate resources to achieve this important work. Any loss in operators should be replaced by tours conducted through Travel Keewatin, a business development organization/cooperative or on a volunteer basis.

14.2 PROJECTS/ACTIVITIES

1. TOUR PACKAGING/DESIGNING

In the absence of an independent operator/business person providing this service for a fee, the following are suggested for consideration. It is absolutely essential that this function be performed by someone.

Option #1:

Travel Keewatin staff should be in a very good position to design and package tours for the region. They, along with the GNWT, should have access to the most accurate and current information about existing and potential products/services in the area, as well as factors of quality, price, reliability and dates.

Option #2:

The association may determine that it has insufficient human resources to perform this function without some outside supplementary aid at this time. The existing staff appears to execute a large measure of administrative work. Consideration may be given to contracting out as much of this as possible to reclaim human resources, which could then be applied towards tour designing. Or, if additional resources are inevitable, consideration could be given to optimizing existing total resources by having this function executed cooperatively between the GNWT and Travel Keewatin.

Travel Keewatin staff would provide human resources, while the GNWT would provide the support facilities such as office accommodation and operating costs. However, at this time, government policy does not provide for this type of assistance, subsidization or "cross-subsidization" to a non-profit association.

Option #3:

If significant assistance is required for operating and staff resources, then a business development organization/cooperative could be created to perform this function on behalf of the industry. This business entity could receive support and financial aid from the GNWT, within present contributions programs, while maintaining complete operational independence.

Option #4:

In the absence of any integration of this function within another activity, whether as described above or otherwise, this function should be performed by someone (or several individuals) on a volunteer basis. Simply, it should be done.

The "designer" staff:

- identifies major and minor tourism attractions and activities in target communities which can be sold for additional revenues;
- designs tour itinerary(ies) which incorporates "major" attractions and appropriately paces (spaces) them for the tourist for optimum value;
- ensures that time is allotted for optional activities (at added cost) which would be the "minors";
- negotiates with "sub-contractors" from the industry (tourism operators, transportation companies, facilities owners, etc.) for delivery of the various tour components, pricing, conditions and guarantees, and sales commissions;
- promotes and sells finalized packages to in-bound tour operator, tour wholesalers or direct to tourists (rare, usually only if designer performs other two functions).

DURATION: On-going.
PARTICIPANTS: Prospective outfitters, guides
COSTS: \$40,000 (direct financial)
RESOURCES: Coop funding: GNWT & private sector.

2. IN-BOUND TOUR OPERATOR IN COMMUNITIES

Each community requires an inbound tour operator, to provide hosting services and interpretive guided tours. Resources for these operators may be available in the communities or may have to be purchased on a seasonal basis (such as summer students). The tour operator:

- buys pre-packaged community tour or designs own tour(s);
- promotes and sells tours directly to incoming tourists or to wholesalers (to include in their tours);
- delivers tours in the community.

Until a high demand is created for these services, tours may be provided only occasionally. Therefore, consideration should be given to ensuring that this is not expected to be a major source of income for the operator, but a secondary source.

DURATION: Tourism season
TIMING: Just before tourism season for training and throughout season during implementation.
PARTICIPANTS: Prospective outfitters, guides
RESOURCES: Coop funding; GNWT contributions and private sector.

14.3 IMPLEMENTATION/ADMINISTRATION

The main issue of product development will be the precision with which products match market demand and needs. All projects will be integrated with existing products, development direction, human resources and marketing needs.

The primary objective will be to strengthen the present tourism operations and to stimulate opportunities for growth.

14.4 DELIVERY RESPONSIBILITIES

- Keewatin Private Industry: Identify or create marketable products.
Ensure quality and reliability of product.
Support design services.
- Travel Keewatin: Provide design and implementation services.
Identify most marketable assets which can be packaged.
Execute all aspects of design.
Test products to ensure feasibility. Collect information, represent industry, coordinate and liaise between industry and government, execute contracts for services to government.
- GNWT Regional Office: Collect, analyze and evaluate information; represent GNWT; coordinate and liaise between government and industry; plan, administer and monitor government funded projects.
- GNWT Department Headquarters: Provide operational support and financial resources as available; liaison between private sector interests and government; project input and consultation; evaluate cost/benefits.
- Other Organizations: Participate as required. (e.g. Southern tour operators, air carriers)

HUMAN RESOURCES REQUIRED: Travel Keewatin, operators, Regional GNWT office, GNWT Yellowknife

FUNDING SOURCE(S): - GNWT Contribution Programs

Other Potential funding partners:

Airlines	Hotels, Lodges
Transportation companies	Other Industry Operators
Southern Tour Wholesalers	

14.5 POTENTIAL FOR IMMEDIATE (SHORT-TERM) TOURISM REVENUE GROWTH

The following opportunities for additional revenues are based on the **existing** plant facilities and infrastructure. However, new human and financial resources are required. Added resources required for marketing purposes could be leveraged through corporate sponsorships and major joint ventures.

- more community-based packages and touring packages;
- business traveller "impulse purchases", pre/post business tourism products;
- all naturalist activities;
- water activities, expeditions, cruises;
- day and evening recreation and leisure activities, entertainment packages;
- special events and attractions (summer and fall fairs, invitational competitions, races, fish fries, "beach barbecues", etc.);
- meetings business from NWT business and government population;
- post-convention tours...from Winnipeg;
- sportsfishing and sportshunting promotions;
- more canoeing and camping traffic

15.0 STABILIZING AND REINFORCING THE INDUSTRY

STABILIZING AND REINFORCING PROCESS-AT-A-GLANCE

TIMING: January 1990 through 2000

OBJECTIVES:

- * To correct structural weaknesses in the Keewatin tourism industry.
- * To strengthen and secure the financial underpinnings of the industry.
- * To improve the supply and demand inter-relationships.
- * To improve the management of markets and their impacts on operations and operational expense.
- * To produce a viable, sustainable, successful and beneficial private sector base.
- * To create industry self-reliance.
- * To contribute to a long-term legacy of positive development.

BENEFICIARIES:

- Individual residents of the Keewatin
- Northern tourism operators and employees of the industry.
- Government of the NWT

PRIORITIES:

- Private infrastructure, facilities and operations.

IMMEDIATE PROJECTS:

1. Undertake financial and operational audits of businesses which are having difficulties (e.g. management, operations, financial).
2. Implement cost-accounting procedures throughout to determine real costs of operations and revenues required for offset.
3. Correct product packaging (in presentation terms) and pricing to ensure the generation of net profits.
4. Correct market development and market management to yield maximum profits.
5. Refinance operations as required for long-term viability.

EVALUATION:

1. Preservation of existing facilities and operations.
2. Ultimate economic and social benefits for local population.
3. Level of self-sufficiency of industry.
3. Ultimate impact in marketplace.
3. Cost/benefit analysis.

15.1 INTRODUCTION

It is obvious that the structural weaknesses in the industry previously discussed have to be eliminated as quickly as possible. Although the physical development of the industry has been implanted, the critical deliverables of product and services require major improvement.

However, even more crucial than fine-tuning the operations, is the financial foundation of the industry. The financial base is presently very unstable and the industry appears to not be able to finance itself from revenues. This must be immediately addressed and resolved.

The considerations which follow are presented for discussion and very critically, as background and basis for the subsequent market development approach proposed.

16.0 OVERVIEW OF CIRCUMSTANCES OF THE INDUSTRY

Simultaneous with the growth and development of facilities and infrastructure in the region, market demand has been stimulated and major growth in tourism achieved.

The industry has generated a large amount of new revenues for the region - in fact millions. However, at what cost? At first glance, tourism appears to have provided major economic benefit to the region. Or, has it created an unserviceable debt burden which has the potential to bring extreme damage and ruin confidence in the future of tourism in the Keewatin?

What is required to stabilize and sustain the present private sector of the Keewatin is revenues. Not just total revenues - but more importantly, net revenues. Profits which will actually stay in the region and enhance the welfare of the local residents.

Why has the industry not been able to keep up with costs?

- The region's plant and infrastructure has been developed without sustainable operating ability, an established client base or a ready market.
- There was little or no allowance for an essential start-up period which new businesses must finance at a loss, until the client base evolves enough to finance the operations.
- There was perhaps a miscalculation and underestimation of the difficulties of generating sufficient revenues, in circumstances which are not favourable.

At this point, bringing stability and strength to the private sector is essential. This means rethinking critical issues of financial recovery and adopting new policies and practices which will enable the industry to offset costs.

Standard business management and development practices must be incorporated into the industry at large. Corrections are needed in the areas of finance, product costs, packaging, product pricing and market targeting. Cost recovery must be the first priority and as such, should dictate the type and volumes of visitation needed.

It is important to realize that although the industry developed very quickly, the recovery process may take a long time. It may take at least 10 years to stabilize the industry. Furthermore, the costs of stabilizing the industry may be significantly higher than the capital costs and operational investments to date.

It is inappropriate to accept gross revenues as an indication of healthy performance. The true indicator of health is the net revenues. These are what is left over in the communities, after all the "bills are paid".

In order to determine the adjustments and marketing approach which must be undertaken, estimates have been developed of:

- a) the total revenues generated for the Keewatin in 1989, based on the visitation;
- b) the profits or net revenues generated; and
- c) the financing requirements of the industry.

Absolute and accurate numbers are not essential to prove the main problem. Some basic estimates provide a strong indication that the industry requires radical solutions.

The attempt was made to be as practical and realistic as possible in the estimates. In determining total revenues, varying expenditure figures were allocated according to the type of visitation described. In the absence of finite data, amounts are arbitrary, including the use of "\$1400 per person", quoted in government (GNWT) as new tourism revenues.

Estimates of profits were calculated based on segmenting the tourist expenditures into categories and the type of visitation into two groups, one which uses commercial accommodation and the other which does not.

It is assumed that operating and overhead costs are lower for visitors who do not use commercial accommodation, since they tend to contribute incremental revenues to operations which are not solely tourism based but which also service the local population. Also, the accommodation sector operates at a much higher cost level (break-even point) than other services.

It is also essential to understand the minimum threshold requirements of financing the industry. In the absence of actual data, calculations can be based on a theoretically assigned value and adjusted as needed.

For example, if the industry represents investments of roughly \$10 million, it will cost about \$30.8 million to finance over 20 years at a 15% amortized rate.

This requires a minimum level of gross revenues, annually, of approximately \$3,082,000.

Of this: - \$1,540,800 is required to finance the investments,
- \$1,340,500 is required to finance the operations, and
- \$ 200,704 would be left over for distribution as profits.

The following indicates a major probable shortfall of tourism revenues in the Keewatin.

16.1 ANALYSIS OF REVENUE PERFORMANCE OF 1989

Composition and expenditure contribution of the 1989 visitors to the Keewatin are based on the following.

Visitor type	Volumes	Estimated Revenue per person \$	Total Revenue Contribution \$
<u>GROUPS:</u>			
A) Visitation - not Involving Accommodation			
cruise ship	180	@ 500	90,000
day tours	325	@ 200	65,000
outdoor adventure	12	@ 1000	12,000
<u>friends/relatives(VFR)</u>	<u>400</u>	<u>@ 500</u>	<u>200,000</u>
sub-totals:	917		367,000
B) Visitation with Expenditures for Accommodation			
naturalist packages	24	@ 1400	33,600
general touring	96	@ 1400	134,400
individual travellers	35	@ 1400	49,000
fishing	141	@ 2500	352,500
sportshunting- caribou	17	@ 3500	59,500
polar bear	3	@20000	60,000
<u>business travel</u>	<u>295</u>	<u>@ 1400</u>	<u>413,000</u>
sub-totals:	611		1,102,000
TOTAL:	1528		1,469,000

16.2 ESTIMATES OF COSTS

In attempting to determine the extent of financial redress required, it was attempted to determine the "cost of doing business" in the Keewatin and the revenues required to support the business. Without any actual financial figures available, a theoretical approach was adopted. This provides the basis for direction-setting, particularly in market management and development.

Costs have been designated in three particular component categories, with the following definitions.

Product cost: This includes all out of pocket expenses (including materials) and operating overhead required to sell a product or services. This would include capital expenses but does not include any financing costs (interest) related to capital expenses - which would be derived from gross profits.

Packaging/Support Services: This includes services required on an on-going basis such as business directory listings, accounting, legal, insurance.

Salaries/Personnel: This includes income and benefits for employees and operators in the industry.

In estimating cost of sales for each of the groups of visitors, the following ratios have been allocated.

Group A)

This group does not stay in the communities, using tourism accommodation. Therefore, while the allocated expenditure amount is lower per visit, there is also a comparable reduction in the cost of the product and the services associated with providing that product.

- product cost	= 50% of revenues
- packaging/support services	= 5% of revenues
- salaries/personnel	= 15% of revenues
TOTAL PRODUCT COST	= 70% of revenues
Contribution to Profit	= 30% of revenues *

Group B)

This group does stay in commercial accommodation, thereby increasing the overall expenditures per visit. However, the provision of accommodation also increases the costs of the product and associated services.

- product cost	= 55% of revenues
- packaging/support services	= 10% of revenues
<u>- salaries/personnel</u>	<u>= 15% of revenues</u>
TOTAL PRODUCT COST	= 80% of revenues
Contribution to Profit	= 20% of revenues *

* Net profits will reflect the residual profits after the removal of variable costs including financing costs, promotion, marketing and any sales commissions to the trade.

16.3 ESTIMATES OF NET PROFITS

Based on 1989 visitation figures above, the net profits for the year have been estimated as follows.

Group A) - for this group, it is assumed that a relatively small percentage of gross profits may be allocated to variable costs: perhaps 10%

- this would suggest a net profit contribution equal to 20%, representing \$73,400 in new revenues.

Group B) - a much higher percentage of gross profits is assumed to be allocated to variable costs, since sales are more dependent on marketing and trade support. This may easily be as high as 15%. based on commissions of 10% to the trade and a 5% marketing promotional cost.

- this would suggest a net profit contribution equal to 5%, representing \$55,100 in new revenues.

While every opportunity to reduce costs should be pursued, it would appear that the main requirement is to increase revenues substantially. Not only must operations costs be covered, but participants in the industry should obtain a fair financial reward and be motivated to reinvest and grow in the industry.

At present, this does not appear promising. The 15% salary component represents \$220,000 in income to the industry. However, distributed amongst approximately 300 people, the average income then becomes about \$735 per year. Even if the income represents 50% of total revenues (\$735,000), income distribution would average \$2450. per year.

While the foregoing exercise is useful as a first step, it only serves as a first step. It is totally based on assumptions and arbitrarily assigned values. It also treats all tourism businesses identically and implies that all require management and financial remedy.

The industry is neither operated nor financed collectively as a single entity and therefore, the financial solvency of individual enterprises will vary widely.

Rather than use guesses and estimates on which to base decisions, a more precise analysis is required of each operation on an individual basis. Not all businesses require remedial assistance, and those which do will require a variety and combination of different aid. (e.g. Generating more revenues will not compensate for inappropriate management practices.)

What is known is that some operations are in financial jeopardy and others in extreme difficulty. However, not all Keewatin enterprises are in financial difficulty. Some are highly profitable. Each must therefore be reviewed independently and appropriate action taken, customized to the circumstances.

To pinpoint specific and effective corrective assistance needed, the following are recommended. Caution is noted however, that all processes should be highly simplified and adjustments easy to sustain.

16.4 PROJECTS/ACTIVITIES

1. Undertake financial and operational audits of businesses which are having difficulties (e.g. management, operations, financial).
2. Implement cost-accounting procedures throughout each business to determine the real costs of operations and the minimum revenues required for offset.
3. Correct product packaging (in presentation terms) and pricing to ensure the generation of net profits.
4. Correct market development and market management to yield maximum profits.
5. Establish simple financial plans and refinance operations as required for long-term viability.

16.5 IMPLEMENTATION/ADMINISTRATION

The individual businesses and operations in the Keewatin have the primary responsibility for any examinations, operating and financial adjustments to their enterprise. Each business will have to determine any areas of apparent difficulty, if assistance is needed/desired and the source of the assistance.

Traditional sources of assistance should be tapped as available. Businesses in difficulty, without resources or recourse to assistance from traditional private sector sources (banks, legal counsel, etc.) will need assistance from government. When a private enterprise has been built with extensive public funding, government has a vested interest in ensuring its solvency and success.

If the circumstances of a business failure are such that government assistance cannot correct and eliminate the problems, then the business should be dissolved and/or if possible, replaced by a suitable operation.

Government should fulfill specific roles:

1. consulting and guidance to businesses which need medium level of adjustments (e.g. product pricing assistance) to become profitable; including producing/creating basic operating manuals, financial models and simple plans for tourism businesses,* and,
2. in the advent of unresolvable failure, the government should encourage dissolution of the enterprise - thereby protecting the operator from further damage.

* These materials could subsequently be used throughout the NWT.

NOTE: Particularly when government has made substantial financial contributions to an enterprise, there is a strong need and obligation for an emergency process of "salvaging" public funds.

One consideration could be that government policy be changed so that in certain situations, through temporary government intervention, enterprises not be allowed to fail entirely and that losses be minimized. A "public" financial receiver/consultant and firm comptroller for businesses in serious jeopardy could temporarily assist with operations and financial management, until an ailing business was restructured. Government would not assume total private operations and financial management - but would help strictly on a temporary, emergency basis - and only if there were any assets to salvage. At present, government can provide research and consulting assistance which could be used to the utmost. Government cannot get involved within a business.

Increased involvement would require change in Government policy.

16.6 DELIVERY RESPONSIBILITIES

Keewatin Private Industry: Concentrate on correcting internal problems, including identifying areas/need for assistance and source(s) of assistance.

Travel Keewatin: Provide information on sources of assistance; coordinate and liaise between industry and government, administer any services for government and/or industry (identify prospects and qualify leads to precisely match business services.)

GNWT Regional Office: Collect, analyze and evaluate information; assist industry in identifying problems and solutions; work with industry to resolve; represent GNWT; coordinate and liaise between government and industry; plan, administer, implement and monitor government funded measures.

GNWT Department Headquarters:--Provide human and financial resources as required for appropriate roles in industry's operational and financing correction practices; administration and control of participation; evaluate effectiveness and cost/benefits.

Other Organizations: Participate as required. (e.g. Banks, Lawyers, Accountants, etc.)

HUMAN RESOURCES REQUIRED: Private Industry, Regional GNWT office, GNWT Yellowknife, Travel Keewatin

FUNDING SOURCE(S):

- Private industry
- Lending institutes, business support services (legal, accounting, insurance)
- GNWT

17.0 MANAGING MARKET DEMAND

This is the second key area, which in addition to financial consolidation, will dictate the stabilization, strengthening and medium-term viability of tourism businesses in the Keewatin.

One of the most significant opportunities which currently exists is to assist the existing base through effective market management, market development and re-development.

Contributions of revenues from existing visitation is substantially lower than the minimum which appears to be needed to service operations throughout the region.

Effective and efficient management of market demand has a positive, direct impact on the profitability of the industry. This demands a strong understanding of the inter-relationships between supply and demand and the ultimate impacts of specific characteristics within each.

Improving sales and the residual benefits of products for the Keewatin industry requires stronger control of certain supply characteristics. These include: product make-up, intrinsic values, stimulated sales, packaging (in marketing terms) and pricing.

Demand side characteristics of importance include: the classification of visitors according economic impact potential, the cost of servicing these visitors and the value of different types of clients. Controlling these is a function of the marketing work.

Increasing the aggregate volumes of visitors is not the answer. It is inappropriate to take one revenue figure and apply it to all visitors since expenditures vary according to services bought. Therefore, it is necessary to define specific types of preferred tourists according to net benefit objectives and the targeted volumes for each.

By carefully selecting the targeted clients according to their impact on operations, operational expense and contributions to profit, operators can minimize unprofitable products and services and improve profitable operations.

Managing market demand will involve:

- adjusting product characteristics, including price (upwards);
- adjusting the composition of visitors and the revenues stimulated by each visitor type; and,
- increasing the average expenditures per visitor.

17.1 PRODUCT CONSIDERATIONS

a) A complete product approach, should ensure that as many "sell-through" product sales are incorporated as possible, stimulating sales throughout the communities.

- In addition to a tourism itinerary, additional sales could be imbedded in the package, thereby forcing additional expenditures. Examples are including: a souvenir product of Northern art or craft ranging from \$100 to \$200; a speaker or demonstration guest for interpretation, lecture, entertainment, etc.; an extra side trip requiring outfitting and/or guiding; a special event requiring additional hosting, entertainment, etc.

b) Sound basic itineraries are one of the most important needs, ensuring that there is a good blend of major activities which are unique and very positive/attractive to the prospective client.

- The aim should be for a balanced schedule of planned or "guaranteed" activities and optional activities, in which the visitor can elect to participate, according to interest.

- Ensure adequate viewing and participation time, but beware of long periods of inactivity, leading to boredom, low satisfaction rates among visitors.

c) Itineraries should deliberately not try to cram every possible local/regional tourism experience into one tourism visit.

- Segregate major experiences into key attractions for two or more return visits.

d) As many resources and services of the communities as possible should be used extensively in the delivery of the final products.

- Hospitality establishments can provide meals, snacks, facilities for "meetings" and events.- Sightseeing, guiding and outfitting services are available. Specialized lectures, interpretive tours and other scheduled group activities will generate opportunities for local group leaders and suppliers. Souvenirs can be purchased from local artisans and included in the product as part of the "goodies" which visitors receive.

e) Length of stay should be controlled through planning basic minimum one-week packages.

- shorter alternate lengths would be discouraged through "incentive pricing". For example, if the length of stay was less than one week, the per day costs would increase.

17.2 PRICING PROCESS

Pricing is a critical factor in the success of any product. If it is too low or too high, it becomes an impediment to sales. If the product is exotic at a very low price, the price-value relationship is damaged with the product value losing credibility. However, the product and service quality must be impeccable to justify any expensive price.

The pricing considerations:

- a) product design,
 - the sale of highly marketable comprehensive tourism packages which specifically force the injection of new revenues into the region because they include and emphasize the use of the region's community services and local resources;
- b) competitive analysis,
 - ensuring successful business development in the aggressive competitive arena of a volatile marketplace, standard price promotion methods, and encouraging outside sales through a commission base (through travel agents, meeting planners, etc.);
- c) strong price structure,
 - reflecting an examination of the costs of operating with all other variable costs, and the determination of a reasonable gross profit margin which will support all fixed and variable costs; and,
- d) market demand,
 - assessing the quality and types of services required as a minimum and relative market price thresholds, as well as promotional pricing considerations (e.g. incentive pricing described above, discount pricing during "shoulder" periods, such as first and last weeks of season, etc.).

There are three key issues regarding price:

- the development of a standard pricing policy;
- the visibility and marketability of price as an important component of the product;
- the appropriate interpretation of price according to the marketplace (e.g. foreign currencies).

Pricing should be standardized for a fairly comprehensive itinerary over specific time frames (6 days/5 nights)* throughout the season. It should be structured with the ability to accommodate most client requests for customization, except for extraordinary demands, such as a side-trip to other NWT regions.

Opportunities to inject additional revenues into the region beyond the base created by the basic product should be pursued and encouraged (purchases of local goods, crafts; pre and post tours extending the vacation period).

Prices should be shown in as comprehensive a manner as possible. For example, return airfare should be shown in addition to the one-week package price. What the price includes as basic components should be identified along with it: "including all accommodation, meals, transportation".

All correspondence and promotional materials should include price as an important component of the product offer. If it is presented properly, it will actually enhance the quality and value perception in the target markets.

The price should be appropriate to the marketplace in terms of currency base. If the primary target market segments are American, pricing in the United States should be stated in U.S. dollars based on Canadian rates and showing the tourism package with and without transportation.

The establishment of a basic price should be reinforced and maintained as such: a minimum comprehensive price. It should not be tampered with or "adjusted" at random. This is critical in order to maintain the integrity of the product.

Price points should be specified based on a two-tier approach:

- a) a retail price, which is the published public price;
- b) a wholesale price, which is the published public price less commissions/sales rate (min. 10%).

The retail price would apply to the general public and businesses.

The wholesale price would apply to all reservations made through the travel trade and to minimum bulk reservations made by businesses (e.g. bookings for 10 or more rooms, based on double occupancy - 20 people). The equivalent of the wholesale rate could also be offered as a public discount price during specific slow times. With the exception of predetermined periods, at the beginning and end of the summer season, discounts should not apply.

The main underlying foundations for strict rigidity are the limited capacity and availability of product in the Keewatin and the absolute imperative to recover capital and operating costs in a very limited annual time-frame.

17.3 SUMMARY

The composition and distribution of economic benefits from tourism sales can be highly controlled through product design.

Proper pricing will ensure that the intake of funds exceeds the costs of servicing each sale, provides a contribution towards the seasonal set-up costs and generates appropriate net revenues (profits). These net revenues could then be used for a variety of needs, such as offsetting increased operating expenses, contributing to capital projects, equipment purchases, etc.

Targeting selected high-yield market segments as a priority will increase profitability of operations. The value of the overall industry will be enhanced based on the composition of visitors and the net revenues stimulated by each visitor type.

18.0 MARKET DEVELOPMENT

MARKET DEVELOPMENT PROGRAM AT-A-GLANCE

TIMING: January 1990 through March 1991

OBJECTIVES:

- * Increase total visitation to the Keewatin region.
- * Recapture at least 10% of past traffic as repeats (200)
- * Specifically increase volumes of visitors who stay more than 24 hours by 10% or 30 people.
- * Increase level of expenditure per person per visit by \$200
- * Increase levels of satisfaction amongst visitors by 15% to 60% of all visitors being satisfied with their trip.
- * Increase plant utilization by tourists to 30% of current capacity from 20%.
- * Stimulate plant utilization by local residents equivalent to 20% of current capacity.
- * Generate awareness, knowledge, motivation & intent to travel to the Keewatin
- * Build international reputation of excellence for one exclusive attribute
- * Generate highest-quality leads and convert to sales.
- * Ensure direct involvement in marketing by operators.
- * Establish effective distribution networks through collateral industries.
- * Compile comprehensive measurable data for program evaluation.

TARGET AUDIENCES:

- High Potential Tourists
- High Expenditure Tourists
- NWT residents, businesses and politicians
- Influential groups
- Travel trade
- Travel media

MARKET DEVELOPMENT PRIORITIES

Target four main target market segments in North America:

- culture/history (group travel)
- outdoors adventure travel
- consumptive outdoors travel
- business travel

TARGET MARKETS:

1. United States
2. Canada
3. NWT
4. Proximity markets for business travel

PROPOSED CAMPAIGN COMPONENTS:

1. Highly targeted print advertising and promotions to prequalified prospects, primarily in U.S. markets with air links to the Keewatin and with coverage in Canada for impact on awareness, knowledge, interest and motivation. (magazines, direct mail marketing)
2. Concurrent editorial features and special "documentaries" dedicated to the Keewatin in vertical media, including television science, nature, historical documentary series and sportsfishing programs.
3. Strong direct marketing, promotional and cross-merchandising activities.
4. Special integration of activities specifically designed to maximize impact on influential groups such as sportsfishing and hunting clubs and associations, travel trade and media.
5. Cooperative lead generation & fulfillment with GNWT.
6. Sales Tracking.

CREATIVE & PROMOTIONAL APPROACH:

To execute a very product specific program which allows maximum specific promotion and integration of individual private sector operators who are the leaders in their product categories.

Apply "hard sell" techniques to produce actual bookings and/or high potential leads.

PERFORMANCE MEASUREMENT: Sales generated by program.
Incremental number of enquiries for the Keewatin over previous season.

RESEARCH & EVALUATION:

1. Prospect enquiry analysis.
2. Evaluation of effectiveness of program components.
3. Cost/benefit analysis.

FUNDING OPTIONS:

1. Self-funded by industry
2. Self-funded on cost-recovery basis through program sales
3. Joint funding with private sector partners
4. Subsidized funding from GNWT

18.1 MARKET DEVELOPMENT SITUATION OVERVIEW

Market development initiatives have enjoyed major support from government programs in parallel with industry growth. The significant development of new facilities in the past few years has created new market opportunities.

Now is the time to adjust the composition of target markets to precisely match the base of products to market demand and to generate the highest potential net revenues.

Objectives should be very specific, short-term, measurable and achievable. The ultimate impact of the marketing process is in economic terms: net revenues - profits.

A sound understanding is required of the relationships between various tourism product characteristics and appeals of the Keewatin and potential tourism market segments. This includes the market's values assigned and/or associated with various elements of the natural environment, existing or future built facilities and infrastructure, and the region's cultural, historical, archeological heritage.

Factors which impact on tourism behavior and consumption need to be reflected in marketing methods and techniques and the precision of product-market matches. Market development is also dependent on travel trends, socio-political-economic factors, ease and facility of access to the region and availability of hospitality services and supporting tourism services - such as licenced guides and outfitters.

An understanding of the characteristics of the market segments which participate in present tourism is needed to manage future market development and related tourism activities.

As discussed in the previous chapter, well-targeted marketing will produce the best results, leading to strengthening and revitalizing the industry.

18.2 PROBLEMS

- increasing competition, including other NWT destinations
- reduced marketing budget and limited industry resources
- elimination of marketing subsidies beyond 1990
- high prices compared to developed destinations
- short season and minimal shoulder season visitation
- development very limited
- capacity very low
- delivery problems
- image and perception of region being difficult to reach and has a forbidding environment

18.3 OPPORTUNITIES

- successful efforts of past marketing campaigns
- product categories can be precisely matched to special interest market segments
- Keewatin is accessible and has abundant pristine wilderness
- changing travel demands to more exotic, "educational" travel
- changing demographics to higher disposable income and more leisure time
- shoulder seasons and off-season can attract tourism
- unique cultural identity based on historical and Northern people
- destination profile can be marketed as exotic destination
- price can be used as lever to support exotic and "exclusive" personality

18.4 STRATEGIC CONSIDERATIONS

Successfully marketing the Keewatin tourism products involves setting a new approach, which is highly directed, very simplified and targets only the highest potential vertical markets.

A fully integrate marketing mix is crucial, including direct marketing, advertising, public relations, promotional support, etc.

It is critical that awareness and general interest be quickly converted to serious motivation and actual sales in the short term, in support of the short-term objectives of the industry. Immediate action and motivation to travel is needed within the next 12 months.

1. The Keewatin marketing programs should be destination and product specific, promoting its strongest members and leading operations in each product/market category and unique benefits to well-defined target segments.
2. Marketing activities should be directly related and prioritized according to high potential, high expenditure special interest markets for maximum return on investment;
3. Initiatives will aim to maintain primary markets and focus on product-market matching and encouraging product diversification and identification;
4. Increase activity in developing and special interest markets - focusing on up-scale segments and product differentiation;
5. Improve marketing results of industry, encourage and coordinate higher level of participation by the Keewatin industry and establish joint marketing agreements with tour operators/wholesalers who are leaders in target special interest market segments;
6. Joint programming with leisure travel operators and special interest operators/wholesalers, carriers and travel influencers and others should be emphasized, to maintain existing package tours and seek to increase number of package tours available through new agreements;

7. Strengthen service orientation marketing and competitive information, new approaches/programs with key influencers, responding quickly to market needs and opportunities;

8. Ensure results-oriented, value for money initiatives; build in immediate feedback mechanisms, including booking and lead generating techniques;

9. Exchange and integrate research data and plan cooperatively with the GNWT, major partners (e.g. carriers, wholesalers) and others promoting the Keewatin.

18.5 COMMUNICATIONS IN SUPPORT OF THE KEEWATIN'S TOURISM PROMOTIONS PROGRAMS

Marketing planning should entail a mix of activities intended to stimulate the most effective and efficient results. The largest proportionate volume of activity would be aimed at priority geographic target markets and specific market segments with the highest potential for visitation. Communications to the general travel community would be primarily public and press relations with highly targeted direct mail to selected audiences.

The ultimate impact of overlaying several communications methods, would be the achievement of program objectives in a shorter time-frame, due to the synergistic impact of repetitive communications in diverse environments.

Communications mix:

- a) Public Relations (public speaking, presentations, events, general enquiry handling);
- b) Media Relations (special interest, business media and mass media);
- c) Media Advertising in prequalified highly targeted media;
- d) Direct Mail to high potential target segments;
- e) Multi-media Trade Promotions (prequalified according to criteria);
- f) Multi-media target promotions to special interest audiences according to objective(s) (such as outdoors enthusiasts, culture/history buffs, business executives);
- g) Multi-media target promotions to potential sources of significant influence (academic institutions, professional associations, societies, organizations, clubs, other influencers);
- i) Joint multi-media promotions with key industry partners (e.g. airlines, government, tour operators).

The process would comprise the following:

1. Awareness building
2. Attitudinal change
3. Target audience motivation
4. Lead generating and qualifying
5. Enquiry fulfillment, followup, reminders
6. Lead conversion to actual sales.

Since the marketing budgets are limited, the marketing program would have to be heavily dependent on targeted publications, direct mail and special events to reach the highest potential target audiences.

To achieve the most effective and efficient communications in support of Keewatin's tourism, an optimum media mix would comprise communications through:

- a) media relations in the product categories' "most influential" media, to build a foundation of positive image, awareness, perceptions and attitudes towards Keewatin as an attractive tourism destination;
- b) direct marketing in the best "sales producing" media in each of the target product categories, reinforcing the general image-building process, provide information customized to the unique circumstances of the category, inform and motivate the target audience to plan a Keewatin visit;

c) direct marketing in the "most influential" business publications which reach selected industry segments, to communicate specialized services for meetings, business travel information, appropriate case studies and specific business "offers" and opportunities;

d) direct mail marketing to special interest audiences, to produce measurable results in the form of highly interested respondents who are motivated to specific action (e.g. book tour, request qualified information); and,

e) other mass media (through public and media relations) to increase the volume and frequency of positive editorial coverage supporting the marketing objectives of the Keewatin.

18.6 SPECIAL INTEREST MARKETS

The industry needs sales - not only interest.

As a priority, activities should be directed to special interest groups. If marketing budgets are too limiting, these should be the ONLY targets, with no media expenditure against broader audiences.

The following specialized segments should be considered as a priority.

Group Influencers

These should be the first priority of the region, including tour operators and wholesalers, clubs, associations, chambers of commerce, group recreational associations, travel clubs, etc.

- market products which are ready for market, leaders as examples of category;
- heighten/increase development in primary markets and create in developing marketing, awareness of the Keewatin as preferred travel destination;
- create awareness of and promote specific cultural products, events and attractions;
- promote value added benefits of a Keewatin vacation;
- maintain current visitation level seeking cultural experience, increasing length of stay and expenditure per visit;
- increase intent to travel to Keewatin in high potential developing market segments.

Non-consumptive Outdoors Adventure

- create positive attitudes and awareness of Keewatin's outdoors adventure products
- increase present number of outdoors enthusiasts lovers travelling to Keewatin, primarily by targeting clubs and groups
- generate additional research and market information regarding specialized industry for use by industry

Consumptive Outdoors

Sportsfishing & Hunting

- increase present number of visitors, through highly directed marketing and promotions (e.g. shows)
- generate qualified leads for operators to convert to actual sales
- increase positive attitude and awareness towards Keewatin as fishing, hunting and incentive travel destination
- generate incremental research and planning information

Business travel

- increase awareness of Keewatin products for meetings and business travel in primary markets
- target specific geographic markets of opportunity, and industry sector segments
- promote best resources and attractions of the region (maybe only 3)
- work cooperatively with public and private sector partners to penetrate markets more effectively
- increase number of leads and meetings booked
- generate additional research and planning information

Trade Relations

- strengthen partnerships and relations with influential trade
- promote awareness, knowledge and competitiveness through leading products
- ensure optimum use of resources
- create favourable climate for agreements and partnerships
- produce additional agreements

Media Relations

- strengthen partnerships and relations with influential media for each product category
- promote awareness, knowledge and competitiveness of region through leading products
- ensure optimum use of resources
- create favourable climate for maximum editorial coverage and promotion of region.

18.7 PRODUCT LINE DEFINITION

1. Cultural, history

- anthropology, history, archeology
- living history, traditions, customs, language
- people, cross-cultural exchange, entertainment
- architecture, environment, natural history
- education forum

2. Outdoors Non-consumptive

- outdoors adventure, camping, canoeing
- wildlife viewing, photography
- natural history, geology, biology
- education forum

3. Consumptive

- sportsfishing:
 - lodge based
 - camp based
 - community based
 - education forum
- sportshunting:
 - lodge based
 - camp based
 - education forum

4. Business

- NWT business travel
 - business conducted locally + tag-on purchases
 - meetings, small conferences + tag-on purchases
- southern business travel
 - "retreat" meetings, small conferences
 - pre-/post convention tours
- educational forum (business training)

Since the various sources of marketing are diverse, there is a requirement for a high level of coordination and cooperation between these sources. Travel Keewatin can best perform this role to ensure all marketing opportunities are optimized and to take advantage of any circumstance for reinforcing the objectives of the zone. There should also be concerted effort to present a similar, consistent image and message in the marketplace - regardless of the source.

Financial resources should be dedicated in a prioritized fashion to the highest producing, cornerstone initiatives in each of the pre-requisite activities. Opportunities should be pursued to create multi-purpose aids and tools; consolidate information and materials; as well as measures to reduce production costs.

Consideration should also be given to delegating certain responsibilities for marketing to outside marketing sources in order to reduce burden (TravelArctic, southern tour operators/wholesalers). Leveraging marketing activity from other organizations will also improve market impact and results exponentially.

Some examples for consideration include:

- a) contra arrangements with other destinations (e.g. exchange of customer lists);
- b) "twinning" with major Southern city(ies);
- a) strengthen/modify TravelArctic image advertising for Keewatin to support its objectives with a set amount of effort;
- b) lever major promotion from influential media for FAM cost;
- c) tap existing networks such as government, Canadian Consulates, reservation systems, carrier agents, wholesaler networks;
- d) make wholesalers responsible for own expenses;
- e) lever corporate sponsorship for costs of special promotions and tailor products to suit (excellent opportunity for events);
- f) lever corporate advertising revenues/sponsorship for activities;
- g) "sell" information packages to enquirers (this is an excellent mechanism to qualify prospects and ensure genuine interest).

EVALUATION

- incremental sales
- incremental leads
- incremental promotional and media support
- incremental agreements

FUNDING SOURCE

- Industry
- Partners
- GNWT